



**Date: 19 January 2024**

## Key Notes

- An average of **~7 699 containers** was handled per day, with **~8 282 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **1 876** containers, down **↓36%** from last week.
- Cross-border queue times were **↑0,2 hours** (w/w), with transit times **↑4,8 hours** (w/w); SA borders increased by **~2,3 hours**, averaging **~9,3 hours** (**↑32%**); Other SADC borders averaged **~6,0 hours** (**↓5%**).
- Tradeshift shows that global trade activity recovered to **four points below** the baseline of 2019.
- Global freight rates have again sharply increased by **↑23%** (or **\$705**) to **\$3 777** per 40-ft container.
- Global air cargo experienced its customary cyclical rebound, up by **↑24%** (w/w); rates **@ \$2,34 per kilo**.

### i. Port operations - General

- The usual operational constraints persisted this week, including adverse weather conditions and continuous equipment breakdowns and shortages.
  - The Port of Cape Town went windbound this week for approximately 36 hours in succession. Meanwhile, approximately 48 operational hours were disrupted in Richards Bay due to bad weather and marine resource challenges.
  - In Durban, concerns from industry arose this week as berth 202 has still not reached the desired depth after seven failed dredging attempts.
  - After the encouraging reports received last week regarding the new conveyor belt installation at the Port of Richards Bay, disaster struck this week as two trains collided on the crucial coal export line.
  - Furthermore, the rail line between Durban and Johannesburg was reopened in the 24 hours between Tuesday and Wednesday after another washaway occurred on Monday evening.

### ii. Port operations – Performance metrics

- CTCT stack occupancy for GP containers was **31%**, reefers at **62%**, and empties at **52%**.
- CTCT handled **~1 309** (**↑42%**, w/w) containers a day, with an increased average of **~1 593** projected this week.
- DCT Pier 1: Stack occupancy is **64%** for GP containers.
  - **2 473** imports were on hand, with **343** units having **road stops** and **356 unassigned**.
  - The terminal recorded **1 572 gate moves** on the landside, with an undisclosed number of cancelled slots and **135 wasted**.
- DCT Pier 2: Stack occupancy was **49% for GP containers** and undisclosed for reefers.
  - The terminal operated with **nine gangs**.
- DCT Pier 1 handled **~1 374** (**↓7%**, w/w) containers a day, with an increased average of **~1 491** projected this week.
- DCT Pier 2 handled **~2 679** (**↑10%**, w/w) containers a day, with an increased average of **~3 043** projected this week.
- Average TTT for DCT Pier 1 this week: **131 minutes** (**↑44%**, w/w), with a staging time of **36 minutes** (**↓47%**, w/w).
- Average TTT for DCT Pier 2 this week: **95 minutes** (**↓8%**, w/w), with a staging time of **67 minutes** (**↑14%**, w/w).
- In the last week (*13 to 19 January*), rail cargo handled out of Durban was reported at **1 876** containers, unfortunately significantly down by **↓33%** from the previous week's **2 926** containers.



**iii. Local and cross-border road:**

- The median border crossing times at South African borders increased by **two and a half hours**, averaging **~9,3 hours (↑32%, w/w)** for the week. In contrast, the greater SADC region (excluding South African controlled) decreased by **around 20 minutes** and averaged **~6,0 hours (↓5%, w/w)**. On average, three SADC border posts took more than a day to cross, including Beitbridge, Kasumbalesa, and Tunduma OSBP (the worst affected at around **two days** to cross).
- Other developments this week included **(1)** the Beitbridge border access fee increase, **(2)** the Likasi bypass road closure, and **(3)** the Zambia carbon tax payment update at Kasumbalesa.
- In summary, cross-border queue time averaged **~2,2 hours** (up by **~0,2 hours** from the previous week's **~2,0 hours**), indirectly costing the transport industry an estimated **\$2,7 million (R51 million)**. Furthermore, the week's average cross-border transit times hovered around **~6,3 hours** (substantially up by **~4,8 hours** from the **~1,5 hours** recorded in the previous report – albeit concentrated at quieter borders), at an indirect cost to the transport industry of **\$4,0 million (R77 million)**. As a result, the total indirect cost for the week amounts to an estimated **~\$6,8 million (~R128 million, down by ~R6 million or ↓4,1% from ~R134 million in the previous report)**.
- Lastly, monthly cross-border road figures for December at key border posts show the following (mostly downward) changes: Beitbridge is down by **↓10%**, Skilpadshek is also down by **↓10%**, RamatIhabama is up by **↑80%**, Kopfontein is down by **↓11%**, and Groblersbrug also down by **↓13%** (all m/m).

**iv. International trade**

- Global trade rebounded during the final three months of 2023 from lows reached the previous quarter, according to Tradeshift, in a report released on Wednesday<sup>1</sup>.
  - The main reason was that a surge in orders fuelled momentum in Q4, with the volume of new orders rising by a remarkable five points above the expected range.
  - The US was the best performer. On the other end of the range were the UK and China.

**v. Global shipping industry**

- Attacks on commercial ships prompting shipping companies to re-route traffic away from the Red Sea continue, as President Biden has pledged to continue strikes against Yemen's Houthis even as he admitted that military action against the rebel group has failed to halt attacks on commercial shipping<sup>2</sup>.
  - The shipping lane facilitates about **11%** of global maritime trade volume and over **19 000 transit calls** annually, which has been drastically reduced since the first attacks took place:
- Sailing via the Cape of Good Hope means unavoidable extra nautical mileage – the distance from Singapore to Rotterdam via the Cape with no other ports in between, for example, is nearly 3 600nm longer than going via the Suez Canal at 8 300nm.
  - However, longer distance doesn't have to mean longer transit times. If carriers want to keep sailing days close to normal when routing via the Cape of Good Hope, they can steam at faster speeds, but that will incur significant extra costs (fuel and vessel primarily), which might not be recoverable from higher freight rates<sup>3</sup>.
  - In a worst-case scenario of prolonged Suez avoidance, the adequate capacity may reduce by **↓9%**, indicating a heavily oversupplied market.

<sup>1</sup> Tradeshift. 17/01/2024. [The Tradeshift Index of Global Trade Health Q4 2023](#).

<sup>2</sup> Al Jazeera. 19/01/2024. [US says 'not at war' with Houthis; Biden admits strikes not halting attacks](#).

<sup>3</sup> Drewry. 18/01/2024. [Red Sea crisis diverts attention back to shipping](#).



- The impact on the global economy, if any, is more likely from higher energy costs than freight rates, contingent on potential oil price increases.
- Global container rates continue to climb at a similar pace compared to the massive space shortages circa end-2021, with some quotes for pre-Chinese New Year already hitting **\$10 000** ex-China because of the Red Sea crisis<sup>4</sup>.
  - The trajectory of average prices does not instil any confidence either, as the "*World Container Index*" continues to rise – this week up by **↑23%** (or **\$705**) to **\$3 777** per 40-ft container<sup>5</sup>.
  - Moreover, in the last month, the index has averaged an increase of nearly **↑25%** a week. +
    - Going back to the worst of the pandemic, the only remotely comparative increase occurred during December/January 2020/2021; however, the average weekly rate back then was only **↑11,2%** a week – emphasising the current desperate times, which are only set to get worse.
  - Charter rates have also rapidly caught up, as the Harper Petersen Index (*Harpex*) is currently trending at **945 points**, up by **↑3,8%** (w/w) but still significantly down on this time last year (**↓20%**)<sup>6</sup>.
- Other developments this week included **(1)** Gemini (Maersk and Hapag-Lloyd) cooperation to set off an alliance domino effect, **(2)** capacity concerns over Maersk's Panama Canal rail bypass, and **(3)** Australian port strike peace talks fail.

#### vi. International air industry – South Africa

- The daily average volume of air cargo handled at ORTIA the previous week amounted to **315 978 kg** inbound (**↑29%**, w/w) and **238 766 kg** outbound (**↑41%**), resulting in an average of **554 744 kg per day**.
  - In fact, outbound averages are already close to the typical daily averages for year-round cargo, potentially indicating that a slight modal shift has happened due to the ongoing delays at our commercial ports and also because of the Red Sea crisis.
  - Consequently, the total volumes are getting close to the comparative period last year (**~92%**) but remain significantly down on the pre-pandemic levels of January 2019 (**~80%**).

#### vii. Domestic air industry – South Africa

For our three primary airports, domestic cargo handled in December shows the following:

- Johannesburg cargo decreased monthly by **↓1%** (m/m) but increased annually by **↑10%** (y/y).
- Cape Town cargo increased monthly by **↑14%** (m/m) but decreased annually by **↓4%** (y/y).
- Durban cargo decreased monthly by **↓15%** (m/m) and decreased annually by **↓13%** (y/y).
- Other airports collectively increased monthly by **↑3%** (m/m) and increased annually by **↑10%** (y/y).

#### viii. International air industry

- Global air cargo tonnages have bounced back in the second week of 2024, following their typical slowdown in the second half of December and the first week of January, according to the latest figures from World ACD data.
  - In the second week of January, global air cargo tonnages experienced a notable rebound, increasing by **↑24%** compared to the previous week.

<sup>4</sup> Wackett, M. 19/01/2024. [Spot rates from Asia 'out of control': pre-CNY quotes of \\$10,000+ reported.](#)

<sup>5</sup> Drewry. 18/01/2024. [World Container Index.](#)

<sup>6</sup> Harper Petersen Index. 19/01/2024. [HARPER PETERSEN Charter Rates Index.](#)



- However, tonnages remain down ex-North America (↓8%) and ex-Europe (↓5%) – and notably Europe to Africa (↓24%).
- Worldwide average rates currently stand at **\$2,34 per kilo**, representing a ↓24% decrease compared to the same period last year but still a substantial increase (↑31%) from January 2019.