SAVINO DEL BENE®
Global Logistics and Forwarding Company

CARGO MOVEMENT UPDATE

Date: 16 February 2024

Key Notes

- An average of **~7 827 containers** was handled per day, with **~8 103 containers** projected for next week.
- TNPA stats for January: containers: down by ↓2% (m/m) but up by ↑7% (y/y). Total bulk: down by ↓10% (m/m) and up by ↑1% (y/y). Vehicles trade is up by ↑8% (m/m), but down by a massive ↓42% (y/y).
- Cross-border queue times were **↓1,0 hours** (w/w), with transit times **↓0,7 hours** (w/w); SA borders increased by **~1,2 hours**, averaging **~11,8 hours** (**↑11%**); Other SADC borders averaged **~6,5 hours** (**↑10%**).
- The GEP *Global Supply Chain Volatility Index* increased to **↓0,12** in January from **↓0,44** in December.
- Global freight rates have again decreased this week – by **↓1,4%**, or **$53** to **$3 733** per 40-ft container.
- International air cargo volumes were way down last week (**↓12%**), as rates are up to **$2,39 per kg**).

i. Port operations - General

- Despite another week of some praiseworthy performance by TPT, port operations this week were still constrained by adverse weather conditions accompanied by equipment challenges and shortages.
    - Minimal delays were reported at the Port of Cape Town this week, while continuous equipment breakdowns were the primary source of operational difficulties in Durban.
    - High swells and adverse weather ensured operational delays in the Eastern Cape, while marine equipment challenges ensured extensive operational delays at the Port of Richards Bay.
    - Minimal reports were received from TFR this week; however, the TFR annual shutdown was in full swing this week, with train services between Durban and the Reef resuming on 16 February.

ii. Port operations – Performance metrics

- CTCT stack occupancy for GP containers was **29%**, reefers at a high of **67%**, and empties at **19%**.
- CTCT handled **~1 925** (**↓10%**, w/w) containers a day, with a decreased average of **~1 325** projected this week.
- DCT Pier 1: Stack occupancy is **57%** for GP containers.
    - **1 245** imports on hand, with **93** being unassigned
- DCT Pier 2: Stack occupancy was **64%** for GP containers and undisclosed for reefers.
    - The terminal operated with **11 gangs**.
    - Towards the end of the week, the terminal had about 58 straddles in operation but also experienced some breakdowns, which brought this number down.
    - The current availability of straddle carriers in the terminal stands at approximately **~61%**, reflecting a shortfall of around **↓24%** compared to the minimum number required to meet industry demand and achieve acceptable productivity levels.
- DCT Pier 1 handled **~1 298** (**↑8%**, w/w) containers a day, with an increased average of **~1 478** projected this week.
- DCT Pier 2 handled **~2 797** (**↓9%**, w/w) containers a day, with an increased average of **~3 176** projected this week.
- Average TTT for DCT Pier 1 this week: **114 minutes** (**↑2%**, w/w), with a staging time of **41 minutes** (**↓60%**, w/w).
- Average TTT for DCT Pier 2 this week: **115 minutes** (**↑20%**, w/w), with a staging time of **191 minutes** (**↓9%**, w/w).

- In the last week (*10 to 16 February*), rail cargo handled out of Durban was reported at **1 480** containers (although these numbers do not include Pier 1 figures for the last two days), down by **↓29%** from the previous week's **2 092** containers.

iii. TNPA: January update

- For January, the two main sectors show that containers are down by **↓2%** (m/m), and total bulk cargo shipped is down by **↓10%**, as the following table shows the respective changes versus December.
- In total, Transnet Port Terminals handled **16,9 million metric tonnes** of bulk cargo during January, which was similar compared to the average monthly volumes handled in 2023 (**17,1 million**).
  - One could argue that January is typically a slow month as the year operations get up and running for the year; but the throughput is significantly down compared to the 10-year monthly average of **18,4 million** (see *Figure 2* for the comparison across the last five years).
- With containers, the cyclical average for January is **~329 600 TEUs** in the eight years, including this.
- Annual figures for the primary industries show some improvement on last year's December in containers (both landed – **↑11%** – and shipped – **↑3%**), as well as liquid bulk (**↑12%**) and breakbulk (**↑18%**).
  - There has, however, been a slight drop in dry bulk (**↓1%**) and a significant decrease in vehicle trade (**↓42%**).
- Versus 20219, the picture becomes bleaker, as there has been some improvement in January 2019 figures for containers landed (**↑1%**) and vehicles trade (**↑12%**) sectors.
  - Unfortunately, there has been a slight drop in breakbulk figures (**↓3%**) and a significant decrease in containers shipped (**↓14%**), liquid bulk (**↓23%**), and especially dry bulk (**↓27%**).

iv. Local and cross-border road:

- The median border crossing times at South African borders increased by **around 75 minutes**, averaging **~11,8 hours** (**↑11%**, w/w) for the week. In contrast, the greater SADC region (excluding South African controlled) increased by **half an hour** and averaged **~6,5 hours** (**↑10%**, w/w).
- SAPS issued a statement addressing high levels of inconsiderate driving on the N4, warning of arrests for trucks occupying double lanes and impounding vehicles at SAPS VCIU after two hours
  - A driver was arrested for this offence, with the truck retrieved within 45 minutes; the driver faces a choice of paying R3 000 as an admission of guilt or appearing in the Komatipoort Magistrates Court
- SARS notified of system upgrades for Friday, 16 February, from 18:00 to 21:00 and on Saturday from 14:00 to 16:00.
- Kasumbalesa DRC implemented a new Traffic Management System called ITM, operated by a private sector service provider, replacing the old system "Trafigo".
  - Despite initial glitches, reassurances have been provided that the system change won't disrupt the movement
  - However, Kasumbalesa Zambia reported receiving no prior notice from their DRC counterparts regarding the system transition
- The Northbound queue to Kasumbalesa has extended to 25kms during the week.
  - There is, however, a buffer zone between Chililabombwe and Konkola Toll Plaza, where no trucks are allowed to queue for safety reasons
  - The change from the previous management system to the current one has resulted in some serious problems.

- The Lobito Corridor, launched by US President Joe Biden at the G7 Summit in 2023, aims to integrate the African continent through a trans-African rail line stretching from the Indian Ocean to the Atlantic Ocean, boosting regional trade, expanding export possibilities, and connecting critical mineral-rich regions in the DRC to global markets while reducing carbon emissions[1].
    - The PGI Lobito Corridor Private Sector Investor Forum in Lusaka witnessed significant commitments and partnerships, including a $250 million debt facility from the DFC to the AFC, a feasibility study grant from the USTDA for a solar power project in Zambia, a six-year export shipment term-sheet with a Canadian mining company, and agreements with Congolese and Zambian companies for critical mineral development and cobalt refinery financing respectively.
    - Ivanhoe Mines, which are developing the Kamoa-Kakula copper complex in DRC, have agreed to rail up to 250 000 tons of copper annually along the newly built Lobito Atlantic rail Corridor to the Angolan port of Lobito.
- In summary, cross-border queue time averaged **~2,4 hours** (down by **~1,0 hours** from the previous week's **~3,4 hours**), indirectly costing the transport industry an estimated **$2,8 million** (**R54 million**). Furthermore, the week's average cross-border transit times hovered around **~7,1 hours** (up by **~0,8 hours** from the **~6,3 hours** recorded in the previous report), at an indirect cost to the transport industry of **~$5,2 million** (**R99 million**). As a result, the total indirect cost for the week amounts to an estimated **~$8 million** (**R153 million**, up by **~R1 million** or **↑0,3%** from **~R152 million** in the previous report).

v. Global supply chain volatility

- The GEP *Global Supply Chain Volatility Index*, a key metric monitoring various supply chain dynamics, increased to **↓0,12** in January from **↓0,44** in December, marking its highest level since last April.
    - Despite nine consecutive months of excess capacity at global suppliers, the downturn has weakened to its lowest point since last April, indicating a notable reduction in spare capacity across global supply chains.
    - Transportation costs surged to a 15-month high in January due to disruptions in the Red Sea, prompting commercial ships to take longer routes.
    - There was also a slight increase in safety stockpiling, with businesses reporting higher inventory building due to supply or price concerns, albeit lower than levels seen during the post-pandemic supply crunch of 2021-2022.

vi. Global shipping industry

- Global port congestion is slowly creeping up and currently affecting **~6,5%** of the total fleet, as both Durban and Cape Town remain on the first page of the "*Port Congestion Watch*" – albeit both with queue-to-berth ratios of **less than one**[2].
- The "*Cancelled Sailings Tracker*" has dropped this week and is currently trending at around **9%**[3].
- Lastly, some carriers' financials have been reported for Q4 2023, as Maersk blamed over-capacity for its record EBIT losses in 4Q, but it failed to mask the fact that Maersk has continuously under-performed the market.
    - Maersk reported EBIT losses of **↓$920 million** for its Ocean business, with EBIT margins dropping to **↓12,8%** in the 4th quarter of 2023, which is more than **↓5%** lower than its liner peers that have announced their latest quarterly results[4].

[1] African Review. 12/02/2024. A boost for investment into Lobito Corridor.
[2] Linerlytica. 14/02/2024. Port Congestion Watch.
[3] Drewry. 16/02/2024. Cancelled Sailings Tracker.
[4] Linerlytica. 14/02/2024. Market Pulse – Week 7.

- Continuing from the last couple of weeks' decrease, global container rates dropped again, as the "*World Container Index*" is down by **↓1,4%** (or **$53**) to **$3 733** per 40-ft container[5].
    - The weekly changes mean that the composite index remains up by **↑91%** higher compared to the same week last year and **↑163%** higher than the average 2019 pre-pandemic rates of **$1 420**.
- Elsewhere, charter rates continue to creep up and exemplify competitiveness, as the Harper Petersen Index (*Harpex*) is currently trending at ***1 120 points***, up by **↑2,1%** (w/w) and roughly similar to 2023 levels (***1 119 points***)[6] for the first time this year.
- Further developments of note included **(1)** capacity shortages are set to continue in the automotive industry, **(2)** DB Schenker sale, and **(3)** Houthis renew Red Sea attacks.

vii. International air industry – South Africa

- The daily average volume of air cargo handled at ORTIA the previous week amounted to **370 944 kg** inbound (**↓13%**, w/w) and **225 387 kg** outbound (**↓2%**), resulting in an average of **596 311 kg per day**.
    - The industry remains well down on cyclical levels (**↓21%** versus February 2023 and an alarming **↓33%** versus February 2019).
    - Moreover, the levels remain far below the pre-pandemic levels of February 2020 (**~74%**).
- The average domestic air cargo moved last week was **~44 320 kg** per day, down by **↓13%** compared to the previous week and remains significantly down compared to last year's level (**~77%**).
    - However, the level is currently trending only at **~44%** compared with the same period pre-pandemic in 2019.

viii. International air industry

- In the high-frequency data, the global air cargo industry was way down last week (**↓12%**, w/w) – very similar to the South African market.
    - Much of the volume loss can be attributed to the start of the "*Year of the Dragon*", as China's air import tonnages dropped sharply in the final few days leading up to the Lunar New Year (LNY) on 10 February.
    - In the analysis of week 6 (5 to 11 February), China experienced a **↓15%** decline in inbound air cargo tonnages, while outbound tonnages decreased by just **↓2%** as the Lunar New Year (LNY) holiday approached.
    - This decline follows a surge in tonnages and rates in the previous two weeks as shippers rushed to ship goods before the holiday period.
    - Both inbound and outbound cargoes are expected to decrease further.
    - Global average rates slightly increased in week 6 (currently trending at **$2,39 per kg**), similar to the pattern observed last year ahead of LNY.

[5] Drewry. 15/02/2024. World Container Index.
[6] Harper Petersen Index. 09/02/2024. HARPER PETERSEN Charter Rates Index.