



**Date: 5 July 2024**

## Key Notes

- An average of **~7 408 containers** was handled per day, with **~7 710 containers** projected for next week.
  - Rail cargo handled out of Durban was reported at **2 949** containers, up **↑8%** from last week.
  - Cross-border queue: **↑0,1**; transit: **↓0,6 hrs**; SA borders: **9,4 hrs (↓10%)**; SADC borders: **3,8 hrs (↓17%)**.
  - SARS trade stats for May: exports are up by **↑5,7%** (m/m), imports **↓0,5%**, trade surplus of **R20,5 billion**.
  - Freight rates continue to increase by **↑10,3% (\$550)**, trading at **\$5 868** per 40-ft container.
  - Global air cargo were up by **↑12%** in H1 2024, with Africa up by **↑6%**, in Q2. Prices are at **\$2,51/kg**.
- i. Port operations - General**
- Port operations this week were mainly constrained by adverse weather, equipment breakdowns and shortages, and congestion.
    - Adverse weather and high swells disrupted operations at the Cape Town Port this week, while congestion and equipment challenges proved to be the main operational constraints in Durban.
    - Adverse weather conditions and an engine failure on the MSC Capella ensured operational delays at our Eastern Cape ports.
    - Additionally, no major incidents were reported by TFR on the ConCor this week.
    - Lastly, this week, industry concerns were raised about the lack of vessels calling for the Port of Cape Town.
- ii. Port operations – Performance metrics**
- CTCT stack occupancy for GP containers was at **20%**, reefers at **72%**, and empties at **34%**.
  - The terminal operated with eight STS cranes, 24 RTGs, and 45 hauliers.
  - CTCT handled **~1 281 (↓35%, w/w)**. An increased average of **~1 567** is projected this week.
  - DCT Pier 1: Stack occupancy is **45%** for GP containers and **37%** for reefers.
  - DCT Pier 1 handled **~1 472 (↑5%, w/w)** containers a day, with a decreased average of **~1 402** projected this week.
  - Average TTT for DCT Pier 1 this week: **73 minutes (↓18%, w/w)**, with a staging time of **53 minutes (↑2%, w/w)**.
  - DCT Pier 2: Stack occupancy was **60%** for GP containers and **51%** for reefers.
    - The terminal operated with ten gangs on the waterside.
    - The number of available straddle carriers fluctuated between **52** and **56** this week.
    - For a brief period during the night shift on Thursday, the terminal operated with **60 straddles**.
  - DCT Pier 2 handled **~2 887 (↓3%, w/w)** containers a day, with a decreased average of **~2 680** projected this week.
  - Average TTT for DCT Pier 2 this week: **107 minutes (↑24%, w/w)**, with a staging time of **100 minutes (↓89%, w/w)**.
  - A queue of vessels waiting outside Durban has built up and remains. At midday on Friday, six vessels were waiting for Pier 2, five for Pier 1, and one for Point terminal.
  - In the last week (*29 June to 5 July*), rail cargo handled out of Durban was reported at **2 949** containers, up by **↑8%** from the previous week's **2 729** containers.
- iii. SARS merchandise trade statistics: May**
- The headline shows a preliminary monthly trade surplus of **R20,5 billion** for May.



- The YTD figures show a trade surplus of **R45,2 billion**, significantly improving from the **R18,2 billion** trade surplus recorded in 2023.
- Monthly trade shows that exports increased from April by **↑5,7%** (m/m), while imports decreased by **↓0,5%** (m/m).
- Annually, export flows for May 2024 were **R178,4 billion** and **↓2,4%** (y/y) lower compared to May 2023, while import flows were **↑7,3%** lower compared to 2023, having decreased from **R170,7 billion** to **R158,3 billion** in the current period.

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

- The median border crossing times at South African borders increased by around **an hour**, averaging **9,4 hrs** (**↓10%**, w/w) for the week.
- In contrast, the greater SADC region (excluding South African controlled) decreased by almost **an hour** and averaged **~3,8 hours** (**↓17%**, w/w).
- **Plumtree border:**
  - The recent update from the Plumtree border, which connects Botswana and Zimbabwe, highlights a significant disruption in westbound traffic.
  - The standstill is primarily due to tax clearance constraints between the ZIMRA and transporters.
  - Some transporters cannot produce the ITF263 Tax Clearance certificate when requested – and, without this document, transporters cannot proceed across the border, resulting in a considerable queue in the neutral buffer zone between the two countries.
- In summary, cross-border queue time averaged **~8,7 hours** (**unchanged** from the previous week's **~8,7 hours**), indirectly costing the transport industry an estimated **\$8,7 million (R159 million)**. Furthermore, the week's average cross-border transit times hovered around **~4,7 hours** (down by **~0,6 hours** from the **~5,2 hours** recorded in the previous report), at an indirect cost to the transport industry of **\$3,4 million (R62 million)**. As a result, the total indirect cost for the week amounts to an estimated **~\$12,2 million (R221 million)**, down by **~R10 million** or **↓4%** from **~R231 million** in the previous report.

**v. Global shipping industry**

- The global containership fleet has exceeded the **30 million TEU** milestone for the first time, with **51** new containerships delivered in June, bringing the total number of ships delivered in the first six months of this year to **271 units** for **1,68 million TEU**.
  - As mentioned last week, the vessel diversions from the Red Sea to the Cape route have effectively removed more than **1,6 million TEU** from the market since the beginning of December – roughly the same capacity added to the fleet subsequently.
  - A further **1,49 million TEU** is scheduled for delivery later in the 2<sup>nd</sup> half of the year, with only minimal slippages expected.
- The global container fleet grew by **↑10,3%** (y/y) in June, as the huge capacity injection of **2,85 million TEU** slots helped carriers deploy more ships in liner services between Asia/Indian Subcontinent and Europe.
- With the recent editions, MSC has now breached the **20% barrier** – controlling a fifth of all capacity globally.<sup>1</sup>
  - Interestingly, capacity increases on all other trades (except for Asia-EU/US) were below the global average, except for Latin America.
  - These movements explain, to a degree, where South Africa's capacity is going.

<sup>1</sup> Goldstone, C. 03/07/2024. [Box ship buys push MSC to record 20% market share of liner trade capacity.](#)



- In May 2024, the global schedule reliability for vessels improved by **↑3,8%** (m/m), reaching **55,8%**, the highest figure for the year and **↑1,2%** above the previous peak of **54,6%**.
  - Despite this monthly improvement, when compared year-on-year, schedule reliability was still **↓11%** lower.
  - Although there was a notable improvement in schedule reliability, the average delay for late vessel arrivals worsened, with delays increasing by **0,34 days** (m/m) to an average of **5,10 days**.
- Global port congestion is taking another **2,24 million TEU** of capacity out of the system, approximately **7,5%** of the total fleet, as Singapore continues to be a significant contributor to the problem despite efforts.<sup>2</sup>
  - In South Africa, port congestion at the Port of Durban improved in the last week, as Durban's queue-to-berth ratio improved to **0,72** on Wednesday.<sup>3</sup>
  - The "*Cancelled Sailings Tracker*" decreased this week and is trending at **7%**.<sup>4</sup>
- Container freight rates have sped up again this week and increased by **↑10,3%**. Drewry's "*World Container Index*" is up by **\$550**, trading at **\$5 868** per 40-ft container.<sup>5</sup>
  - The increases are driven by Chinese outbound rates, as Shanghai to Rotterdam, Genoa, LA, and NY are all up (**↑10%**, **↑7%**, **↑12%**, and **↑17%**, respectively).
- For charter rates, the Harper Petersen Index (Harpex) has also increased again this week, with the index trading at **1 973 points** on Friday, up by another **↑1,7%** (w/w) and **↑63%** (y/y) compared to this time last year.<sup>6</sup>
- Other developments included **(1)** Ceva restructures as it integrates Bolloré and **(2)** Maersk pulling out of DB Schenker bid.

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

- The daily average of air cargo handled at ORTIA in the previous week amounted to **507 084 kg** inbound (**↓11%**, w/w) and **318 339 kg** outbound (**↑11%**), resulting in an average of **825 423 kg per day**.
- Despite another slight reduction for the week, the industry remains up versus last year (**↑6%** versus June 2023) but is now slightly below the same volume as pre-pandemic times (**↓9%** versus June 2019).

#### vii. International air industry

- In the first half of 2024, global air cargo tonnages increased by **↑12%** compared to the same period in 2023, with a consistent **↑11%** growth in Q2 following a **↑12%** rise in Q1.
  - Although June showed a **↑9%** (y/y) increase, it was slightly below the year's average monthly growth.
  - Demand from all main global regions increased in the first half of 2024, with Asia Pacific and MESA leading with **↑19%** each.
- On the pricing front, average global air cargo rates stood at **\$2,39 per kilogram**, marking an **↓8%** decrease annually.
  - However, rates rebounded to **↑2%** above the previous year's level in Q2 at **\$2,46/kg**, driven by significant increases from Asia Pacific (**↑10%**) and MESA (**↑47%**).
- In other aviation news, the IATA *Wings of Change Africa* conference was held this week in Johannesburg.<sup>7</sup>

<sup>2</sup> Li, M. 04/07/2024. [With almost all box ships arriving late, Singapore acts to reduce time in port.](#)

<sup>3</sup> Linerlytica. 03/07/2024. [Port Congestion Watch.](#)

<sup>4</sup> Drewry. 05/07/2024. [Cancelled Sailings Tracker.](#)

<sup>5</sup> Drewry. 04/07/2024. [World Container Index.](#)

<sup>6</sup> Harper Petersen Index. 05/07/2024. [HARPER PETERSEN Charter Rates Index.](#)

<sup>7</sup> IATA. 05/07/2024. [Wings of Change Focus Africa.](#)



- The theme was "*Towards a More Resilient and Sustainable African Aviation.*"
- Some further key takeaways from the conference included:
  - Poor connectivity is the most significant constraint for the aviation industry in Africa
  - Fuel is the most significant cost factor in aviation (~**35-40%** of operating expenses) and is even more expensive in Africa (around **↑20%** more compared to the rest of the world)
  - South African airports impose the highest economic tax per passenger
  - The average profit per passenger is **\$6,1 per passenger** – in Africa, it is only **\$0,9 per passenger**
  - Aviation safety practices in Africa continue to improve – and are very well regulated and mandated in South Africa.