



Date: 13 September 2024

Key Notes

- An average of **~7 940 containers** was handled per day, with **~8 061 containers** projected for next week.
- TNPA stats for August: containers are up by **↑14%** (m/m) but by **↓7%** (y/y) and **↓14%** versus 2019. Bulk: similar to July (up by **↑0,2%**), but down yearly (dry bulk - **↓11%**), liquid bulk (**↑4%**) and vehicles (**↓12%**)
- Rail cargo handled out of Durban was reported at **2 154** containers, up **↑3%** from last week.
- Cross-border queue: **↑0,6 hrs**; transit: **↓1,2 hrs**; SA borders: **11,1 hrs** (**↓18%**); SADC: **5,1 hrs** (**↓30%**).
- Container rates dropped by **↓7,5%** (or **\$607**), trading at **\$4 168/40ft** – down by **\$1 260** in the last month.
- Global tonnages air cargo tonnages dropped slightly this week (**↓1%**). Rates are at **\$2,48 per kilogram**.

i. Port operations - General

- Adverse weather, network outages, and equipment breakdowns constrained operations at our national ports.
 - In Cape Town, port operations were mainly constrained by strong winds and the berthed distress vessel, while adverse weather and equipment challenges ensured operational delays in Durban this week.
 - Strong winds and high swells were the most prominent delays experienced in the Eastern Cape region, as adverse weather conditions and landside congestion disrupted port operations in Richards Bay.
 - Additionally, upon completion of the annual shutdown of the ConCor, the rail network was met with extensive cable theft and a derailment on the line.
 - Finally, the latest reports suggest that the distressed vessel, which berthed at berth 601 at CTCT on 2 September, is anticipated to vacate the berth around 16 September.

ii. TNPA: August Update

- Containers increased by a substantial **↑14%** (m/m), with strong increases from Durban (**↑14%**) – in some part due to the strong citrus exports, East London (**↑33%**), and Port Elizabeth (**↑38%**).
 - The increases are almost exclusively due to exports (**↑29%**).
- At the same time, dry bulk cargo was essentially similar to June (up by **↑0,2%**).
 - Transnet Port Terminals handled **16,8 million metric tonnes** of bulk cargo during August, up by **221 thousand tonnes** from last month and around **↓8%** below the average handled monthly since the start of 2019.
- Cyclically, August is typically a strong month for Transnet and puts the monthly increases in perspective, as container throughput is down by **↓7%** (y/y) and **↓14%** compared to pre-pandemic 2019.
- For the bulk industries, dry bulk is down by the same magnitude annually versus pre-pandemic times (**↓11%**), and liquid bulk is above last year's level (**↑4%**) but also down pre-pandemic (**↓7%**).
 - Breakbulk is down versus last year (**↓21%**) but up versus 2019 (**↑2%**), whereas vehicle trade is down by **↓12%** and slightly down versus 2019 (**↓2%**).

iii. Port operations – Performance metrics

- CTCT stack occupancy for GP containers was recorded at **31%**, reefers at **50%**, and empties at **22%**.
 - The terminal operated with **eight** STS cranes, **24** RTGs, and **55** hauliers towards the end of the week.



- At midday on Friday, there were **three** container vessels at inner anchorage in Cape Town (and several at outside anchorage).
- CTCT handled a reduced **~1 173 (↓25%, w/w)** containers a day. A similar average of **~1 181** is projected this week.
- DCT Pier 1: Stack occupancy was **41%** for GP containers and **40% for reefers**.
 - The terminal had **four STS cranes** and **12 RTGs** in service in service towards the end of the week.
- DCT Pier 1 handled **~1 434 (↓3%, w/w)** containers a day, with a slightly increased average of **~1 496** projected this week.
- Average TTT for DCT Pier 1 this week: **53 minutes (↓31%, w/w)**, with staging time also reducing significantly – at **32 minutes (↓20%, w/w)**.
- DCT Pier 2: Stack occupancy was at **57%** for GP containers and **61%** for reefers.
 - The terminal operated with **11 gangs** on the waterside.
 - The number of available straddle carriers fluctuated widely between **47** and **55** this week.
- DCT Pier 2 handled a similar **~3 149 (↓1%, w/w)** containers a day, with another increased average of **~3 400** projected this week.
- Average TTT for DCT Pier 2 this week: **97 minutes (↑13%, w/w)**, with staging time of **112 minutes (↑27%, w/w)**.
- At midday on Friday, **three** vessels were waiting for Pier 2, **two** for Pier 1, and **four** for Point terminal, with a current estimation of **at least ten additional days added to the schedules**
- In the last week (7 to 13 September), rail cargo handled out of Durban was reported at **2 154** containers, up by **↑3%** from the previous week's **2 093** containers.

iv. Local and cross-border road:

- The median border crossing times at South African borders decreased by around **two and a half hours**, averaging **11,1 hrs (↓18%, w/w)** for the week.
- In contrast, the greater SADC region (excluding South African controlled) decreased by almost the same time – by around **two hours** and averaged **~5,1 hrs (↓30%, w/w)**.
- **South African road infrastructure upgrades set at R307 billion:**
 - South Africa needs R307 billion to repair and upgrade its deteriorating national road network, which is critical for transporting approximately **80% of domestic goods**.¹
 - The South African National Roads Agency (SANRAL) oversees just **4%** of the country's road network. Still, that portion carries **70% of long-distance freight**, with delays caused by contractor failures and organised crime.
 - Transport Minister Barbara Creecy highlighted the need for leadership reforms and improved project monitoring to address the challenges.
- **SARS adds invoice details to EDI messaging:**
 - SARS put out a notice earlier saying that as of Friday, 13 September, invoice details will be added to all EDI Customs Declaration Messages.
 - The change is not mandatory at this stage.
- **Trucks entering Zimbabwe must have a choke block to avoid fines:**
 - On Tuesday, the industry was notified that with immediate effect, all trucks entering Zimbabwe must have a choke block to avoid receiving spot fines.
- In summary, cross-border queue time averaged **~8,8 hours** (up by **~0,6 hours** from the previous week's **~8,1 hours**), indirectly costing the transport industry an estimated **\$13,1 million (R233 million)**.

¹ Freight News. 10/09/2024. [South Africa has a R307bn road infrastructure headache.](#)



Furthermore, the week's average cross-border transit times hovered around **~5,7 hours** (down by **~2,2 hours** from the **~7,9 hours** recorded in the previous report), at an indirect cost to the transport industry of **\$4,2 million (R74 million)**. As a result, the total indirect cost for the week amounts to an estimated **~\$17,3 million (R308 million)**, down by **~R18 million** or **↓1,1%** from **~R326 million** in the previous report.

- Lastly, monthly figures for August indicate that HGVs through Beitbridge were up by **↑1% (m/m)**, Skilpadshiek was up by **↑6%**, Kopfontein was unchanged, and Ramatlabama was down by **↓15%** — the need for leadership reforms and improved project monitoring to address the challenges.

v. Global shipping industry

- MSC and the Premier Alliance have announced a new partnership covering nine Asia-Europe services commencing in February 2025, which will set the stage for a fresh alliance competition next year with the newly formed Gemini Cooperation and the existing OCEAN Alliance.²
- Elsewhere, port congestion remains high and hovers around the **2,5 million TEU mark**, accounting for **8,2% of the global fleet** (the highest level this year).³
 - In South Africa, port congestion at the Port of Durban has again deteriorated this week, as significant capacity waiting to be off-loaded is currently outside at anchorage (some **41 000 TEU**).
 - As such, the queue-to-berth ratio at Durban was **1,29⁴** — another deterioration occurred last week, which was the year's best reading.
- Lastly, almost no capacity is sitting idle (only **~0,3%** of the total fleet), as the *"Cancelled Sailings Tracker"* increased this week (and is standing at **13%**) with several trades being blanked in an attempt to keep rates high.⁵
- Drewry's *"World Container Index"* recorded another significant drop this week. The composite index is down by **↓7,5%** (or **\$607**), trading at **\$4 168** per 40-ft container.⁶
 - The index has dropped by more than **\$1 260** in the last four weeks.
- Meanwhile, charter rates have remained stable as the *Harper Petersen Index* (Harpex) traded around **1 981 points** on Friday.
- Shippers and forwarders have welcomed the reduction in rates and are set to reduce the exorbitant profits made by shipping lines in the last few years; however, not just yet.
 - For Q2 2024, the average return for the carriers rose from **↑11,4%** in January-March to **↑21,6%**, with carriers profiting from three full months of higher rates as shippers frontloaded purchases to avoid potential delivery problems later in the year.
 - Imports have become 'just-in-case' rather than 'just-in-time':
 - Average operating margins for the leading container carriers (the nine largest companies reporting Earnings before Interest and Tax or EBIT) breached **20%** in the second quarter of 2024, a figure only previously recorded during the COVID pandemic.
- Other developments included **(1) DSV and Deutsche Bahn agreeing on a €14,3 billion sale of DB Schenker** and **(2) FMC approving Gemini Cooperation** despite anti-competitive 'concerns'.

² Van Marle, G. 09/09/2024. [New strings attached - shipping shapes up for 2025 with Premier Alliance launch.](#)

³ Linerlytica. 09/09/2024. [Market Pulse – Week 37.](#)

⁴ Linerlytica. 14/09/2024. [Port Congestion Watch.](#)

⁵ Drewry. 30/08/2024. [Cancelled Sailings Tracker.](#)

⁶ Drewry. 12/09/2024. [World Container Index.](#)

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

- The daily average of air cargo handled at ORTIA in the previous week amounted to **560 458 kg** inbound (**↑11%**, w/w) and **397 277 kg** outbound (**↑5%**), resulting in an average of **957 735 kg**.
- This week's substantial increase again sees the comparative figures significantly up versus prior years, as the industry is around **↑20%** versus September 2023 and still up again versus pre-pandemic levels (**↑6%** versus August 2019), which is a very positive sign

vii. International air industry

- In early September 2024, global air cargo spot rates hit a new high, driven by rising tonnages and rates from Asia Pacific to North America and Europe.
- Average spot rates increased by **↑6%** to **\$2,85 per kilogram**, up **↑30%** year-on-year, with notable growth from Asia Pacific (**↑6%**) and Middle East & South Asia (MESA) (**↑7%**), making rates **↑41%** and **↑101%** higher, respectively.
 - Worldwide contract rates also grew by **↑3%** to **\$2,48/kg**.
 - Combined, spot and contract rates averaged **\$2,59/kg**, a **↑3%** (w/w) and **↑16%** (y/y) rise.
 - Global air cargo rates remain volatile, with Asia Pacific origins driving significant increases in both tonnage and pricing.
 - These developments are not surprising, given that Central Asia leads the growth in traffic in Asia, according to IATA "Chart of the Week" two weeks ago.⁷
- Global tonnages dropped slightly (**↓1%**) due to a **↓12%** decline from North America, tied to Labour Day.

⁷ IATA. 30/08/2024. [Central Asia leads the growth in traffic in Asia.](#)