



Date: 6 September 2024

Key Notes

- An average of **~8 246 containers** was handled per day, with **~8 448 containers** projected for next week.
 - Rail cargo handled out of Durban was reported at **2 093 containers**, down **↓30%** from last week.
 - SARS July trade stats: exports are up by **↑1,8%** (m/m), imports **↑6,6%**, YTD trade surplus: **R85,3 billion**.
 - Cross-border queue: **no change**; transit: **↑1,2 hrs**; SA borders: **13,5 hrs (↓15%)**; SADC: **7,3 hrs (↑28%)**.
 - Global container volume (dry & reefer) is down by **↓0,2%** (m/m) and up by **↑5,6%** (y/y) in July.
 - Container rates dropped by **↓7,8%** (or **\$406**), trading at **\$4 775/40ft**. Dry & reefer price: **↑57,3%** (y/y).
 - IATA reports that air cargo demand grew by **↑13,6%** (y/y) in July, as global capacity grew by **↑8,3%**.
- i. Transnet results – FY 2023/24**
- The major development of this week was the release of Transnet’s financial results for the year ending 31 March 2024.¹
 - Revenue increased by **↑11,6%** to **R76,7 billion**, alongside a notable **↑13,6%** rise in cash generated from operations.
 - Capital investment surged by **↑20,1%**, indicating robust infrastructure spending.
 - However, EBITDA declined by **↓3,6%**, reflecting the operational inefficiencies that have been well-established.
 - The alarming matter remains the fact that Transnet reported a **R7,3 billion loss**, mainly due to a **R4,8 billion** provision for the Natref litigation; however, perhaps more serious has been the fact that the net finance costs rose by **↑14,8%** to **R13,8 billion**.
 - Gearing stands at **46,2%**, within covenant limits, but highlights Transnet's high debt levels and emphasises the absolute need to generate revenue from increased operations in the future.
 - Incidentally, actual versus budgeted throughput in all sub-sectors was down (rail at **↓1,7%**, containers at **↓1,8%**, petroleum at **↓3,7%**, and vehicles at **↓5,1%**).
 - Lastly, the restatements of prior financials indicate historical errors, and auditors have expressed concerns about Transnet's ability to continue as a going concern.
- ii. Port operations - General**
- Adverse weather, high swells, and equipment breakdowns primarily constrained port operations. Network issues and a distress vessel at Berth 601 at the Port of Cape Town represented the primary operational constraints.
 - At the same time, high swells delayed a vessel in Durban for around 31 hours this week. More than 30 operational hours were lost at our Eastern Cape Ports due to strong winds, as minimal delays were reported at the Port of Richards Bay this week.
 - Additionally, minimal rail operations took place on the ConCor this week due to the national shutdown; however, the latest reports received on Thursday morning suggested that everything was on track for operations to resume at 18:00 on Thursday evening.
 - Furthermore, British LPG value chain company Petredec and TFR announced a groundbreaking rail freight solution to transform gas distribution in South Africa this week.
- iii. Port operations – Performance metrics**
- CTCT stack occupancy for GP containers was recorded at **22%**, reefers at **58%**, and empties at **31%**.

¹ Transnet. 02/09/2024. [Integrated Report – 2024](#).



- The terminal operated with **eight STS** cranes, **24 RTGs**, and **55 hauliers** towards the end of the week.
- At midday on Friday, there were **two** container vessels at inner anchorage in Cape Town (and several at outside anchorage).
- CTCT handled a significantly improved **~1 569 (↑72%, w/w)** containers a day. A decreased average of **~1 119** is projected this week.
- DCT Pier 1: Stack occupancy was **70% for GP containers** and **54% for reefers**.
 - The terminal had **six STS cranes** and **15 RTGs** in service on Wednesday.
- DCT Pier 1 handled **~1 473 (↑16%, w/w)** containers a day, with a slightly decreased average of **~1 411** projected this week.
- Average TTT for DCT Pier 1 nearly doubled this week: **102 minutes (↑92%, w/w)**, with staging time also increasing significantly – at **76 minutes (↑138%, w/w)**.
- DCT Pier 2: Stack occupancy was at **68% for GP containers** and **89% for reefers**.
 - The terminal operated with **11 gangs** on the waterside.
 - The number of available straddle carriers fluctuated between **50** and **53** this week.
- DCT Pier 2 handled **~3 181 (↑9%, w/w)** containers a day, with another increased average of **~3 468** projected this week.
- Average TTT for DCT Pier 2 this week: **80 minutes (↓7%, w/w)**, with a similar staging time of **61 minutes (↓31%, w/w)**.
- At midday on Friday, four vessels were waiting for Pier 2, three for Pier 1, and two for Point terminal, with a current estimation of **at least ten additional days added to the schedules**.
- In the last week (*31 August to 6 September*), rail cargo handled out of Durban was reported at **2 093** containers, down by **↓30%** from the previous week's **2 976** containers.
- Additionally, this week, British LPG value chain company Petredec and TFR announced a groundbreaking rail freight solution that aims to transform gas distribution in South Africa.²

iv. SARS Merchandise Trade Statistics: July

- SARS released its latest "Merchandise Trade Statistics" for July, with the headline showing a preliminary monthly trade surplus of **R17,6 billion**.
 - Monthly trade shows that exports increased from June by **↑1,8% (m/m)**, while imports also increased – by **↑6,6% (m/m)**.
 - The YTD figures show a trade surplus of **R85,3 billion**, significantly improving from the **R30,3 billion trade surplus** recorded in 2023.
- Annually, export flows for July 2024 were **R175 billion** and **↑1,9% (y/y)** higher compared to July 2023, while import flows were **↑1,1%** lower compared to 2023, having increased from **R157,4 billion** in the current period.

v. Local and cross-border road:

- The median border crossing times at South African borders decreased by around **two and a half hours**, averaging **13,5 hrs (↓15%, w/w)** for the week.
- In contrast, the greater SADC region (excluding South African controlled) increased slightly – by around **an hour and a half** and averaged **~7,3 hrs (↑28%, w/w)**.
- **Traffic congestion and protest action on major South African roads:**

² Freight News – 05/09/2024 - [Transnet and Petredec sign up for historic LPG project](#)



- N3 Traffic: A video showed a massive queue of heavy vehicles on both lanes of the N3 near Nottingham towards Durban. Trucks were removed to reduce congestion.
- Baobab Tollgate Protest: A protest was attempted at Baobab Tollgate, but heavy police presence prevented traffic disruption.³
- N1 Protest: A community protest regarding service delivery and electricity occurred on the N1 between Solomondale and Botlokwa, with police ensuring traffic movement.
- **Beitbridge security incidents:**
 - A truck driver's belongings were stolen at the Southbound Yard at Beitbridge. Transporters expressed anger due to the \$207 cost of using the entry/exit point.
 - Four similar incidents were reported in the past month, prompting enhanced security measures, including plainclothes officers and improved coordination between ZRP and Zimra.
- **Mamuno OSBP completion and trial run:**
 - The new One-Stop Border Post (OSBP) at Mamuno is nearing completion, with a trial run on 2 September.
 - New procedures, including better data exchange, pre-clearance, and itemised cargo declarations, are being implemented to improve cross-border processes.
- In summary, cross-border queue time averaged **~8,1 hours (essentially unchanged)** from the previous week's **~8,1 hours**), indirectly costing the transport industry an estimated **\$12,4 million (R220 million)**. Furthermore, the week's average cross-border transit times hovered around **~7,9 hours** (up by **~1,2 hours** from the **~6,7 hours** recorded in the previous report), at an indirect cost to the transport industry of **\$6 million (R106 million)**. As a result, the total indirect cost for the week amounts to an estimated **~\$18,4 million (R326 million, up by ~R16 million or ↑4,7% from ~R310 million** in the previous report.

vi. Global shipping industry

- The latest container throughput figures for July from Container Trade Statistics (CTS) show that container volume has decreased by a smidgen this month – down by **↓0,2%** (m/m) after a decrease of **↓1,9%** (adjusted) in June.
 - These figures are significantly better than Drewry's *Nowcast model*, which predicted a **↓4,1%** (m/m) decline for July, as reported last week.⁴
 - Annual throughput is up by **↑5,6%** (y/y), as global demand for complex goods has undoubtedly recovered and remains relatively strong.
 - Container throughput reached a total of around **15,7 million TEUs** – some **300 000 containers** off the record throughput of May.
- The global price index (dry and reefer combined) increased over this period by **↑16,8%** monthly and a substantial **↑57,3%** yearly.
- Despite monthly decreases for the SSA region, yearly SSA trade exports are up – by **↑2,1%** in July.
 - Nevertheless, annual trade remains down for imports at **↓8,8%**.
 - When adding South Africa's share to SSA trade, we see a continuation in the directional flow, as Transnet registered some low throughput numbers in July (**336 599 TEUs**).
 - When measuring these, South Africa accounted for **27%** of SSA imports and **45%** of SSA exports in July, according to TNPA figures.
 - These respective shares are significantly less than the highs of **35%** in February 2022 for imports and **82%** in September 2022 for exports.

³ Siaga, T. 02/09/2024. [Musina residents threaten to shut down tollgate over rising crime at Beitbridge border.](#)

⁴ Drewry. 30/08/2024. [Port Throughput Indices – August 2024.](#)



- Container spot freight rates between Asia and Europe have dropped sharply, with double-digit declines in both the Asia-North Europe and Asia-Mediterranean trades.
 - Drewry's "World Container Index" recorded a significant **↓14%** drop on the Shanghai-Rotterdam route, while Xeneta's XSI Asia-Europe price also fell **↓10%**.
 - Overall, the composite index is down by **↓7,8%** (or **\$406**), trading at **\$4 775** per 40-ft container.⁵
 - The decline is driven by weakening demand, as July shipment volumes from Asia to Europe began to fall.
- Regarding shipping line profits, the global container shipping industry saw profits surge to more than **\$10 billion** in the second quarter due to record volumes and rising freight rates after Red Sea diversions, according to a new analysis.
 - Net income for the world's major container carriers, including Maersk and Cosco, almost doubled from the first three months of the year and topped the **\$8,88 billion** haul from the second quarter of 2023, according to a report released Saturday by industry veteran John McCown.⁶
- Other developments included **(1)** services set to shut down as 'super typhoon' heads for South China and **(2)** Hamburg's city parliament approving MSC's purchase of a stake in HHLA.

vii. International air industry – South Africa

- The daily average of air cargo handled at ORTIA in the previous week amounted to **504 063 kg** inbound (**↓7%**, w/w) and **376 713 kg** outbound (**↑6%**), resulting in an average of **880 775 kg**.
- Despite this week's decrease, the industry remains significantly up versus last year (**↑13%** versus August 2023) and still down on pre-pandemic levels (**↓10%** versus August 2019).

viii. International air industry

- Internationally, air cargo demand grew by **↑13,6%** year-on-year, with international operations rising by **↑14,3%**.
- Capacity increased by **↑8,3%**, driven by a **↑12,8%** growth in international belly capacity and a **↑6,9%** increase in freighter capacity.
 - The air cargo sector benefits from global trade, e-commerce, and maritime shipping constraints, positioning it for a strong year.
 - In July, global manufacturing showed slight expansion, while export orders contracted. Inflation remained stable across major economies, except for a slight rise in China.
- In other air cargo news, Alibaba's Cainiao has launched twice-weekly flights from Xi'an to Liege for faster cross-border parcel deliveries across Europe.
- At the same time, Lufthansa Cargo plans to modernise its Frankfurt hub by **€600 million** to enhance its logistics capabilities.

⁵ Drewry. 05/09/2024. [World Container Index](#).

⁶ Bloomberg. 04/09/2024. [Container Carrier Profits Soar on Record Volumes, Higher Rates](#).