

SUPPLY CHAIN MARKET UPDATES 2023 January

2023/1/17

Prepared by Yusen Logistics Supply Chain Solution



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**Supply Chain
News Tracker**



**Industry Vertical
Updates**



Ocean Freight Trend



Airfreight Trend

173

2022 AMCHAM Engagement Award

Supply Chain Committee

- Highest average attendance
- Trend leader
- Information sharing





India, Vietnam to gain from supply chain shifts away from China in 2023

A survey of global shipping and supply chain industry professionals found that two-thirds of respondents consider India, Vietnam viable alternatives to China and more US businesses are expected to relocate more overseas production to geopolitical allies...

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Ports in Asia boost infrastructure as supply chain issues linger

Major port players in Asia have been battling supply chain issues while investing heavily in both physical and digital infrastructure...

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Port of Prince Rupert proposes ban on polluting scrubbers

The Port of Prince Rupert will be joining the Ports of Vancouver and Seattle who have both committed to limiting the use of scrubbers, that included banning acid dumping machines...

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FAA is years away from upgrading the system that grounded all US flights

The FAA's software that failed on 11Jan was causing thousands of flight delays and cancellations is 30 years old and at least six years away from being updated...

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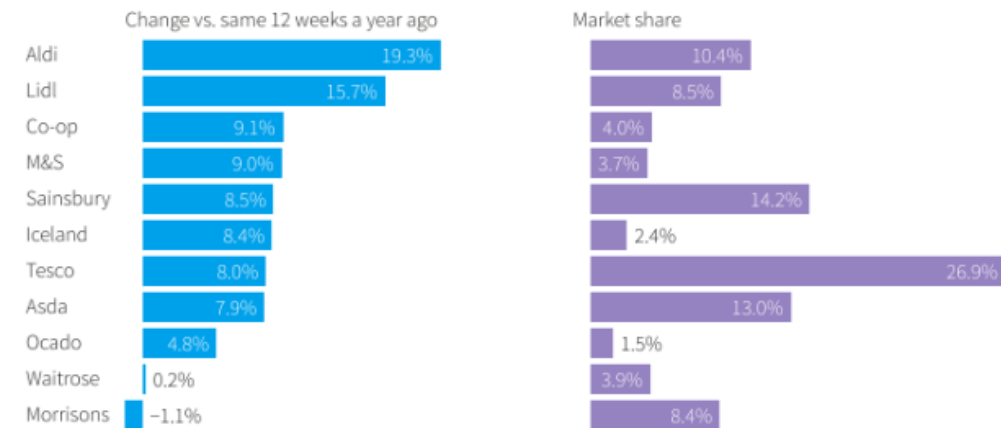
Industry Vertical Updates

UK recession to limit food retail sales growth in 2023 [\(Read\)](#)

Weak confidence around personal finances and a squeeze on disposable income will hold back growth in food retail sales in the U.K. to around 5% in 2023. Per NielsenIQ's comment, UK grocery sales rose 10.9% in the four weeks to Dec. 31 year-on-year, masking a drop in volumes when accounting for inflation. In early December, supermarkets benefited from very cold weather and also from continued rail disruption due to labor strikes. Both held back spend in the hospitality channels helping food retailers to gain "share of calories consumed" from the out-of-home channels. Echoing data from rival market researcher Kantar published last week, NielsenIQ said **discounters Aldi UK and Lidl GB were the best performers** with sales growth while Britain's traditional supermarket Sainsbury's was the best performer with sales up 8.5%, followed by market leader Tesco. Online sales rose 2.8% in December, its share of the grocery market fell to 10.4%, versus 11.2% a year ago.

Disposable
Income

UK grocery spend
(Sales in the 12 weeks to Dec.31 2022 by retailer)



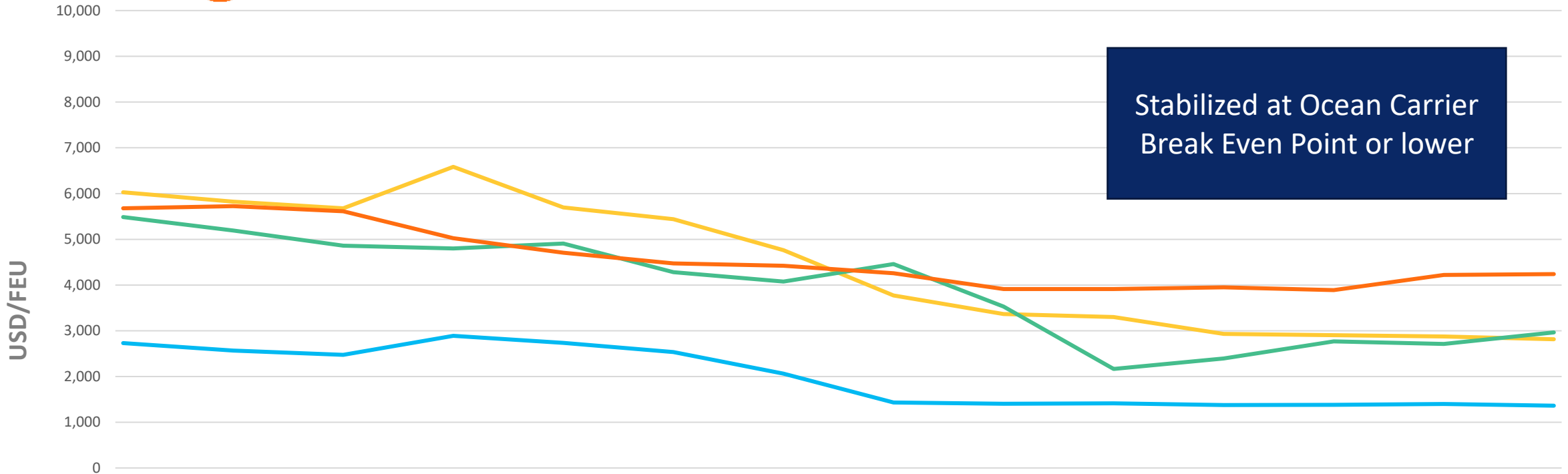
Source: NielsenIQ | Reuters, Jan. 10, 2023 | By Vincent Flasseur

China passenger vehicle sales rise in Dec [\(Read\)](#)

China's passenger car sales rose 2.4% in December as consumers rushed to make use of a subsidy for electric vehicles (EV) before they expired last month, with sales likely to sharply weaken in January. China's decision to end a more than decade-long subsidy for EV purchases has forced automakers, including Tesla (TSLA.O), to deepen discounts to maintain sales, as demand eases in the world's largest car market. Auto makers are bracing "a transitional pain period," with January and February industry-wide sales of EVs and plug-ins in China down between 40% to 60% from year-end levels. **China Passenger Car Association (CPCA) expects sales of new energy cars, mainly EVs, to hit 8.5 million units in 2023, accounting for 36% of total new car sales.**



Freightos Baltic Global Container Index (FBX) in Past 3 Months



	10/14/2022	10/21/2022	10/28/2022	11/4/2022	11/11/2022	11/18/2022	11/25/2022	12/2/2022	12/9/2022	12/16/2022	12/23/2022	12/30/2022	1/6/2023	1/13/2023
China/East Asia to North America West Coast	2,730	2,566	2,475	2,890	2,733	2,534	2,063	1,430	1,403	1,414	1,376	1,381	1,401	1,363
China/East Asia to North America East Coast	6,026	5,824	5,678	6,586	5,698	5,441	4,763	3,770	3,368	3,299	2,929	2,903	2,875	2,814
China/East Asia to North Europe	5,484	5,192	4,861	4,800	4,908	4,283	4,075	4,460	3,530	2,167	2,396	2,767	2,712	2,962
China/East Asia to Mediterranean	5,676	5,723	5,614	5,023	4,706	4,474	4,423	4,259	3,914	3,914	3,948	3,887	4,221	4,239

Ocean Freight Market Updates

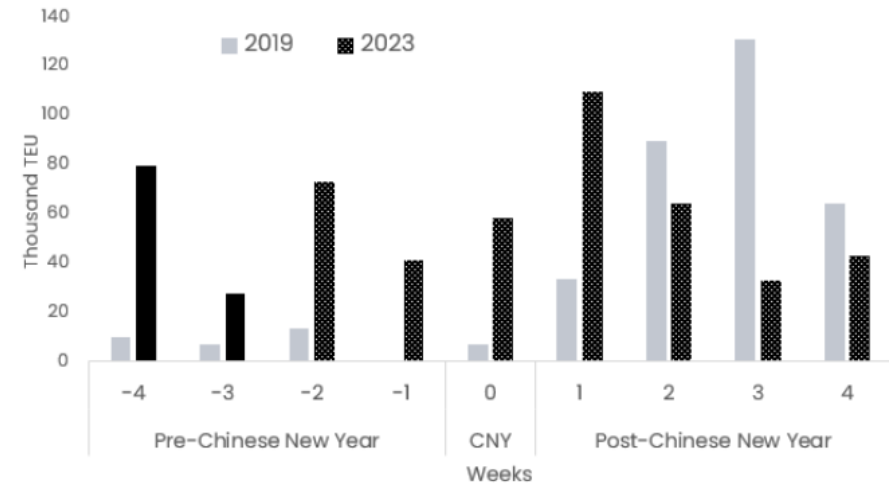
More blank sailings ahead of Chinese New Year

In the four weeks leading up to Chinese New Year, **blank sailings announced before 6 January from Asia to the US West Coast are more than six times higher than the weeks leading up to the holiday in 2019.** This number could still increase as approach the Chinese New Year (CNY), which is being celebrated on 22 January. **Carriers have already announced the blanking of 220,489TEUs,** an increase from the 29,796TEUs blanked in the four weeks up to CNY in 2019.

It is common to have a few blank sailings before Chinese New Year as shippers stock up ahead of the holidays and carriers limit their offerings in the following weeks to match the fall in Chinese manufacturing and subsequent exports. **However, the high level of blank sailings number this year shows just how low demand is.** It's the same story for other major trades out of the Far East to North Europe, blank sailings in the four weeks leading up to CNY are 715% higher than in 2019, currently standing at 226,000TEUs, while those from the Far East to the US East Coast have risen by 340% to 140,000TEUs.

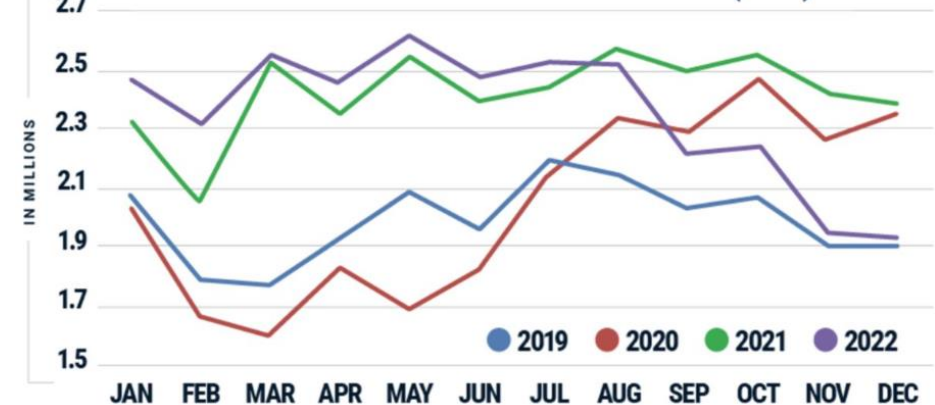
In the U.S., the import patterns appear to be returning to what it was prior to pre-pandemic period. The reported imports for all U.S. ports totaled 1,929,032TEUs in December which is just 1.3% higher than imports level in same period of 2019.

Blanked sailings from Far East to USWC (around Chinese New Year)

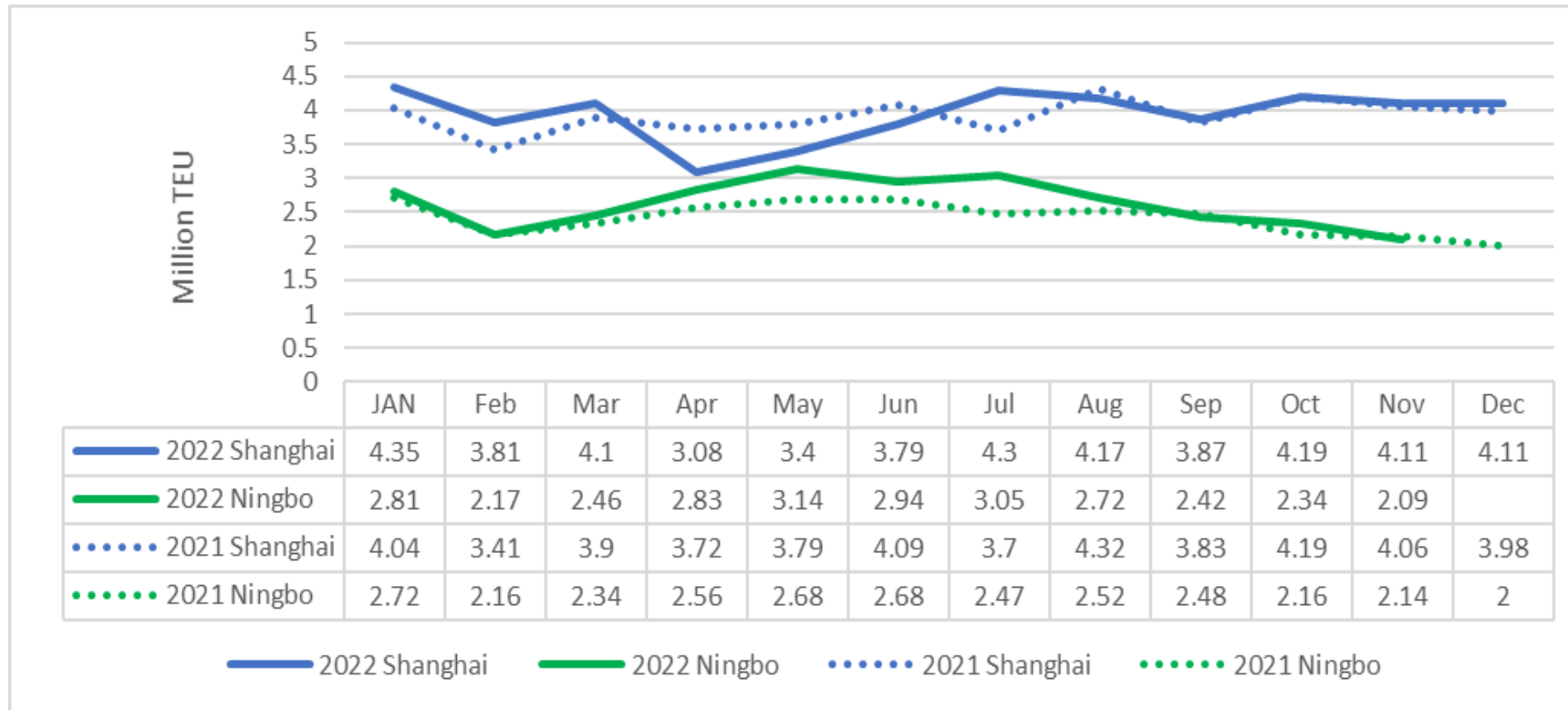


Dotted bars show preliminary data, with carriers still able to announce more blanked

2019-2022 U.S. CONTAINER IMPORT VOLUME (TEUs)



Container throughput of Shanghai Port and Ningbo Port Combined



Laden & Empty moves

Interesting accuracy

Sep/Oct/Nov throughput was
 ↑ up 0.85% yoy

Source: Ministry of Transport of China <https://www.mot.gov.cn/tongjishuju/gangkouhuowulvketl/>
 SIPG <https://www.portshanghai.com.cn/tjsj/index.jhtml>

Ocean Capacity and Rate Trend

Trade	Capacity*	Notes
Asia-North America	Open	<ul style="list-style-type: none"> Although serious blank sailing in Jan, demand is still weak before CNY holiday. More than half of sailing to PSW & PNW will be blank by THE alliance in Jan 2023. Carriers will keep blank sailings / slide of schedule in early Feb 2023. Carriers will extend current FAK till end of Jan. Port congestion is under control except Houston / Oakland / Savannah. No equipment issues. USWC GRI: USD1,000/FEU effective Jan 1. USEC GRI: USD1,000/FEU effective Jan 1.
Asia-Europe	Tight	<ul style="list-style-type: none"> Overall demand is weak due to serious inflation in Europe region, which is driven by the high energy and food cost. There has been continuous blank sailing in the market, mainly due to schedule recovery. Space situation is getting a bit tight in early Jan due to blank sailing and cargo rush before CNY. Expect soft demand during CNY holiday, carriers are accepting booking to create roll pool, some booking may face 2-3 weeks roll over. Equipment supply in AEWB trade is basically sufficient, not much equipment shortage case.
Asia-Latin America	Open	<ul style="list-style-type: none"> Demand is weak to both East Coast South America (ECSA) / West Coast South America (WCSA) and Mexico (MX) before CNY. There will be 1-2 blank sailings by each alliance during CNY period. Rates to ECSA / WCSA and MX will be reduced by around USD50-100/40' in week 3 No equipment issues.

*Based on actual utilization/loading factors of carriers - Extremely Tight : >110% / Tight : 100-110% / Normal : 90-100% / Open : 80-90% / Wide open : <80%

Source: Yusen Internal Research

Ocean Capacity and Rate Trend

¹East Asia; ²South Asia & Oceania; ³China; ⁴Japan; ⁵Oceania

Trade	Capacity*	Notes
EAS ¹ to SAO ²	Normal	<ul style="list-style-type: none"> Normal market demand.
CN ³ to JP ⁴	Normal	<ul style="list-style-type: none"> Normal market demand.
EAS ¹ to OCE ⁵	Normal	<ul style="list-style-type: none"> Stable market demand. Jan GRI is not successful.
EAS ¹ to India	Normal	<ul style="list-style-type: none"> Stable market demand. Carriers prefer light cargo.
SAO ² to EAS ¹	Normal	<ul style="list-style-type: none"> Normal market demand. Rate: carriers are willing to review on a case-by-case basis.
SAO ² to SAO ²	Normal	<ul style="list-style-type: none"> Normal market demand. Rate are stable. Congestion is 1-2 days except Manila with lead time 5 days.
SAO ² to JP ⁴	Normal	<ul style="list-style-type: none"> Normal market demand. Rate in Q1 remains. Congestion is around 1-2 days.
SAO ² to OCE ⁵	Normal (ex SAO)	<ul style="list-style-type: none"> Normal market demand. Overall space is still open for bookings. Rate adjusted downwards because space is open.
SAO ² to India	Normal (ex SAO)	<ul style="list-style-type: none"> Normal market demand.

*Based on actual utilization/loading factors of carriers - Extremely Tight : >110% / Tight : 100-110% / Normal : 90-100% / Open : 80-90% / Wide open : <80%

Source: Yusen Internal Research

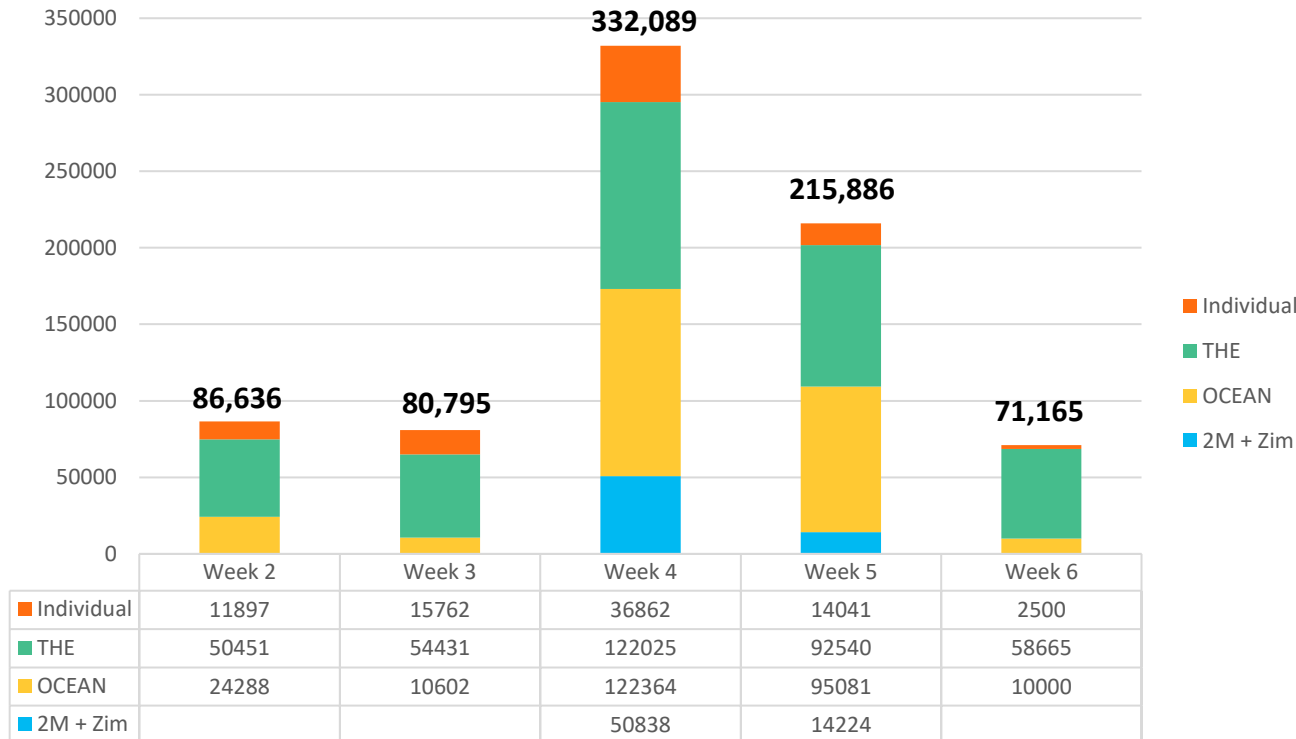
Blank Sailing on Asia-North America lane

Blank sailing report (including other trade lanes)

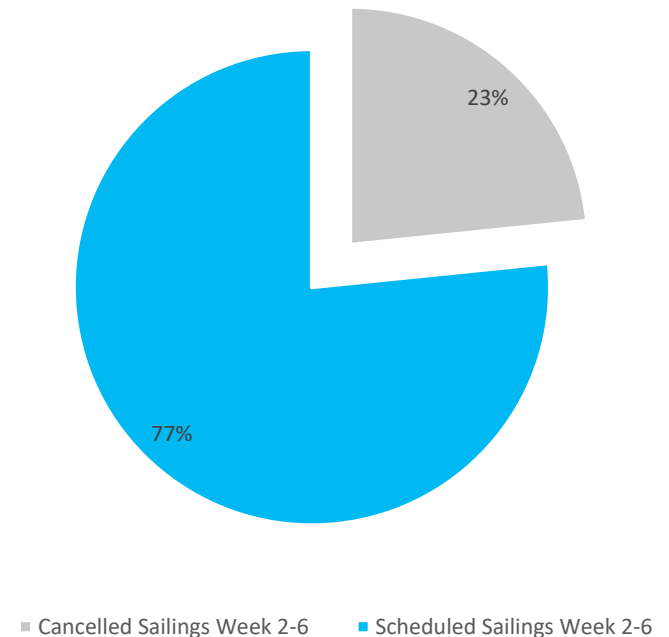
Blank Sailing report - 2023-1-1'

Between **week 2 to week 6**, Drewry sees a total of **786,571 TEU** voided, with a total of 87 blank sailings, 55 from Asia to the West Coast of North America and 32 from Asia to the East coast of North America, out of 372 scheduled sailings. This represents a 23% sailing cancellation rate.

Asia to North America Voided Capacity (TEU/ per week)



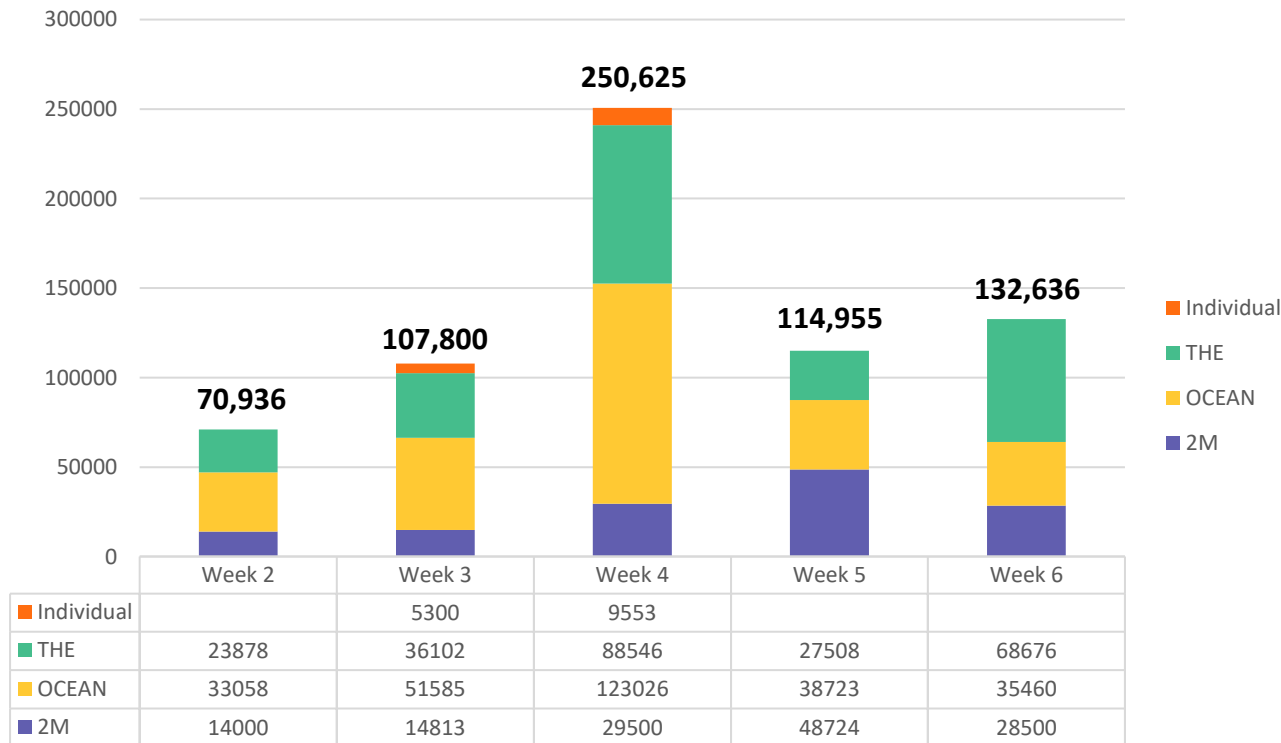
Cancelled vs Scheduled Sailings



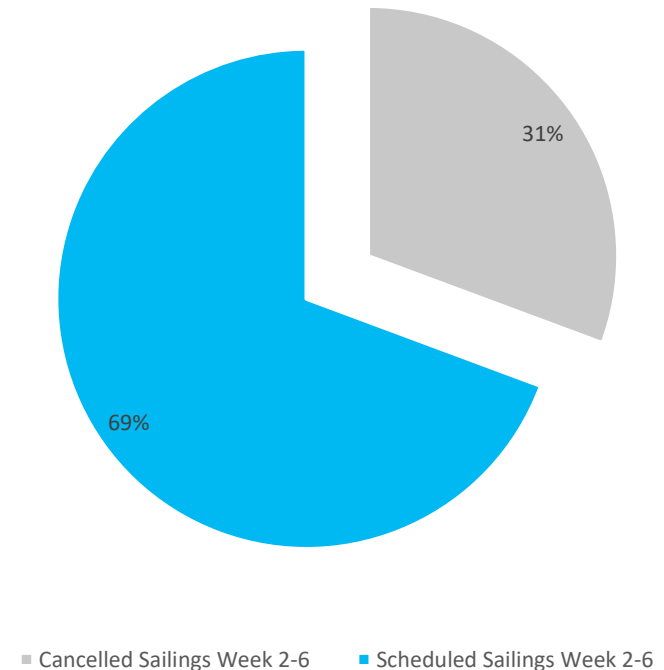
Blank Sailing on Asia-Europe & Mediterranean lane

Between **week 2 to week 6**, Drewry sees a total of **676,952 TEU** voided, with a total of 46 blank sailings, 17 from Asia to Mediterranean and 29 from Asia to Europe out of 150 scheduled sailings. This represents a 31% sailing cancellation rate.

Asia to Europe + Asia to Mediterranean Voided Capacity (TEU/ per week)



Cancelled vs Scheduled Sailings



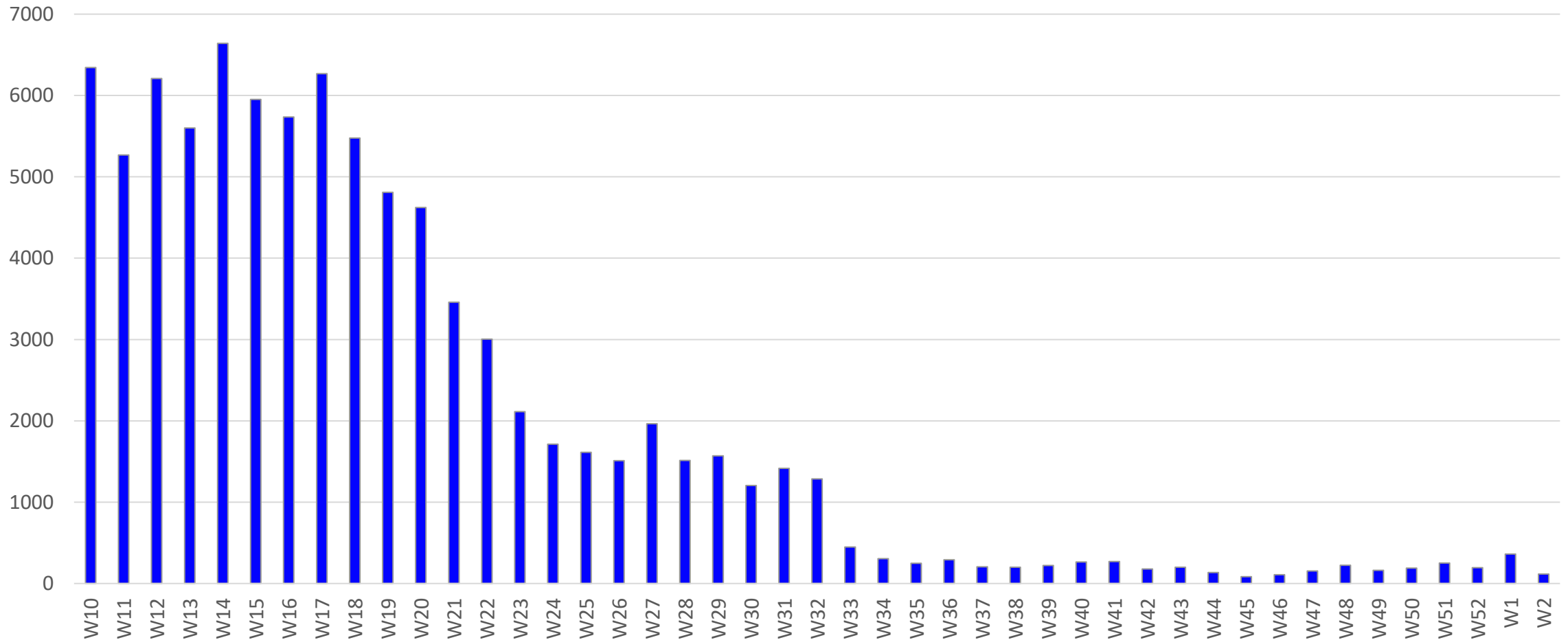
Asia Port Conditions

Port	Condition* (Last update:2023/01/12)	Comments
Shanghai	Normal	<ul style="list-style-type: none"> WGQ: waiting time reduced to around 1 day YS: waiting time is about 1 day
Ningbo	Minor congestion	<ul style="list-style-type: none"> delay about 1 day and a half
Qingdao	Normal	<ul style="list-style-type: none"> overall situation improved, wait for about 1 day only in QQCT
Shekou	Normal	<ul style="list-style-type: none"> minimal delay for berthing. Terminal accept laden gate in at ETB-10 days for CNY
Nansha	Normal	<ul style="list-style-type: none"> no congestion, accepts laden gate in at ETB-14 days for CNY
Hong Kong	Normal	<ul style="list-style-type: none"> no congestion
Pusan	Congestion	<ul style="list-style-type: none"> heavy berthing delay for about 2 days. Yard density about 80%
Singapore	Normal	<ul style="list-style-type: none"> Berth waiting time about 1 day due to bunch arrival
Manila	Heavy congestion	<ul style="list-style-type: none"> waiting time reduce to 2 to 3 days on average
Port Kelang	Normal	<ul style="list-style-type: none"> minor congestion with waiting time within 1 day
Bangkok	Normal	<ul style="list-style-type: none"> average delay about 10 hours

*Based on avg terminal waiting time – Heavy congestion: 3 days or more, Congestion: 2 -2.5 days, minor Congestion: 1.5 days, Normal: 1 day or less

Supply Chain Solutions Customers Backlog Status

Snapshot of Backlog as of Jan 13, 2023



Source: Yusen Logistics Internal Research

Air Freight Market Updates

Asia-Pacific airlines saw air cargo volumes dip 18.6% in Nov 2022: IATA

Asia-Pacific airlines saw their air cargo volumes decrease by 18.6 per cent in November 2022, compared to the same month in 2021. As per IATA, this was the worst performance of all regions and a decline in performance compared to October (minus 14.7 per cent).

The IATA on Monday released data for Nov 2022 global air cargo markets, showing that demand softened as economic headwinds persist. It said that global demand, measured in cargo tonne-kilometers, fell 13.7 per cent compared to Nov 2021 (minus 14.2 per cent for international operations). Similarly, capacity (measured in available cargo tonne-kilometers, ACTK) was 1.9 per cent below Nov 2021. This was the second year-on-year contraction following the first last month (in Oct) since Apr 2022.

At the same time, global air cargo tonnages have shown no sign yet of a post-holiday season recovery, whereas last year there was already an upswing by the end of the first week, the latest preliminary figures from WorldACD indicate, consistent with a continued softening of market conditions. Worldwide rates are currently -28% below their unusually elevated levels this time last year at an average of US\$3.08 per kilo in week 1, despite the effects of higher fuel surcharges, but they remain significantly above pre-Covid levels.

AIR CARGO MARKET IN DETAIL - NOVEMBER 2022	WORLD SHARE ¹	CTK	ACTK	CLF(%-PT) ²	CLF(LEVEL) ³
Total Market	100.0%	-13.7%	-1.9%	-6.7%	49.1%
Africa	1.9%	-6.3%	-11.4%	2.5%	45.8%
Asia Pacific	32.6%	-18.6%	-4.5%	-9.5%	54.5%
Europe	22.8%	-16.5%	-6.6%	-6.8%	56.9%
Latin America	2.2%	2.8%	19.9%	-6.4%	38.2%
Middle East	13.4%	-14.7%	2.1%	-9.3%	47.5%
North America	27.2%	-6.6%	0.3%	-3.1%	41.9%

CTK = Cargo Ton Kilo (demand)
ACTK = Available Cargo Ton Kilo (supply)
CLF = Cargo load factor

CLF: 85-90% is max

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INSIGHT INTO ACTION

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