

BAR Update on Current Market Shipping Conditions – August 2022

United States West Coast including Vancouver



Remains a very difficult trade, congestion and the resultant delays in Los Angeles, coupled with unprecedented demand continues to cause issues throughout the West Coast.

Los Angeles and Oakland are still experiencing delays, limits on available allocation and over booking due to vessel schedule changes means it's difficult to secure bookings, when bookings are accepted they are increasingly likely to be rolled or experience other delays.

Seattle and Portland aren't being served via the USWC due to this congestion, Rail services over the USEC are possible, but are more expensive and likely to experience delays on the struggling rail services.

Vancouver continues to be omitted as a port of call on the Alliance AL5 all water service, this is likely to continue into 2023, however some carriers are offering a rail service over Montreal.

Blank sailings and vessels delays caused by this congestion means cargo being rolled is still a common occurrence as carriers work to bring their schedules back on track.

- **United States and Canadian East Coast**, have seen some improvements, but due to continued unprecedented demand space remains tight, which impacts booking availability. Additionally, the USEC can also feel the knock-on effects of delays and vessel changes from the USWC. Members are advised to book as far ahead as possible.
- **Oceania**, continues to suffer, increased congestion at the transshipment ports in Asia and the increase in feeder costs from Asia to Oceania continues to drive the rates upwards as carriers seek to address these issues. The general market continues to experience rolling suspensions on this service, while the MTC is usually exempt of these suspensions, our small allocations are quickly filled, with the next available vessel with space often over 8 weeks ahead.
- **ONE Line**, have just increased their rates on this trade and limited our allocation.
- **Hapag Lloyd**, will shortly be reinstating their service to New Zealand.
- **Asia**, is the one trade where rates have and are being reduced, as carriers fight for cargo on the return leg to get equipment back to Asia. Space and bookings shouldn't generally be a problem, as carriers have introduced additional capacity on the lucrative Asia Westbound route.
- **Middle East**, is suffering due to increased demand, a lack of capacity and carriers omitting Middle East calls on their Far East services in an effort to get vessels back on schedule. Rates from OOCL have recently increased, significantly on 20ft equipment.
- **India and subcontinent**, are again suffering for the same reasons as the Middle East, and this trade also recently experienced an increase from OOCL.

- **Latin America and the Caribbean**, remain static. Many carriers are only accepting bookings on a case by case basis as there is little regular traffic to maintain allocations, which means members need to be wary it may take some time to have bookings accepted.
- **Mediterranean**, has seen services removed, and coverage lessened in an effort to improve schedules back to Asia. Many ports are no longer called direct increasing both rates and transit times. ZIM for example changed their service and now offer far less coverage. This means booking to some locations has become very difficult and cost have generally increased.
- **South Africa**, has just gone through a revamp due to the purchase of DAL by Hapag Lloyd, this means we only have two options on this trade now. Additionally, the inland African locations served through South Africa continue to experience issues, carriers are no longer offering these services due to inland infrastructure issues, or when accepted they will likely experience delays.
- **West and East Africa** are again suffering from limited carriers and services, while some improvement has been made to the coverage initially offered, these trades remain expensive and unreliable.

Ancillaries:

PORT STRIKE



The port of Felixstowe has announced that its workers have voted to strike for 8 days starting on the 21st August 2022. While it is hoped this will still be averted, members need to be aware of the impact this might have on their shipments, both Export and Import, especially those due to be delivered in during this period. There may also be knock on effects at other ports as vessels are diverted.

FUEL/BUNKER COST MTC contracts have a quarterly fuel review built into them, this is a mechanism which compares the average price of fuel quarter on quarter and then adjusts the rates up or down based on this change. With the current energy supply issues, we are obviously seeing significant increases when these fuel reviews take place, which in some cases can add as much as \$350 to a container freight cost. Members and their customers need to be aware of these possible increases, when booking and sailing around these review points.

EXCHANGE DIFFERENCES



Members are reminded that carriers quote ocean freight and associated charges in local currency, usually USD, and will only convert those charges to GBP when the freight invoice is raised. Due to the current large swings in USD/GBP exchange rates, members quoting customers freight in GBP have been exposed to significant currency losses. Members should therefore consider this, with

hedging exchange rates or stipulating quotes are subject to exchange differences common solutions.

HAULAGE, while I no longer see the continued problems with bookings and no shows that I did last year, the service has fundamentally changed. In that hauliers will generally only service bookings that load via warehouse. While residential loads are still technically possible these are usual the first jobs dropped when a haulier is overbooked. Impacted by the increases in fuel costs, Hapag Lloyd are applying a £30 per container increase to their haulage tariff as of the 15th August 2022. This will apply to any haulage that takes place after this date.

If you need further information on any of these developments please let me know by emailing paul.felton@moverstradingclub.co.uk