ATLANTIC FORWARDING SPAIN

C/ Garrotxa, 6-8, Edif. B, Planta 1ª, Módulo D, Parque Empresarial Mas Blau I, 08820 - El Prat de Llobregat (Barcelona) CIF: B64457500

EU/WMED trade Market report 2021-07-20

1) General market situation.

Demand for ocean freight continues to outstrip supply as peak season heats up, pushing Asia-North Europe rates past the $13000/FEU mark, rising 7% or so, and will continue its upward trend. Additionally, ocean carriers are creating new huge surcharges they are loading on top of already colossal FAK rates. The latest to land on the desks of embattled transpacific shippers is Hapag-Lloyd's 'value-added surcharge' of $5,000per 40ft from 15 August due to extraordinary demand from China and the resulting operational challenges along the transport chain, ex China to the US and Canada, and uncertainty if it will also implement to Europe and Mediterranean trade lanes. With effected by terminal and quay congestion in Antwerp and schedule delays which have prompted the 2M alliance partners Maersk and MSC to temporarily omit the Antwerp call on their AE55 / Griffin loop for a period of six weeks, AE6 service will omit Le Havre but retain the call at Antwerp, starting from WK28.Container and space remain big issues in China ports, as the pandemic disrupted port operations, resulting in the build-up and slow return of empty containers. Most carriers have already overbooked till end of Jul, especially exports from Shanghai, Ningbo, Yantian, Xiamen, etc. In that case, the only solution to grab available space is by using carriers' premium service which normally will charge more around USD 500-1000/teu on the top of FAK rates. Besides for China ports, new Covid restrictions are disrupting manufacturing and logistics in South-east Asia, creating order backlogs and shipping delays. Like In Malaysia, a prolonged nationwide lockdown has disrupted sectors and there's a similar situation unfolding in Thailand, Vietnam, India, Indonesia, container shortages and high freight costs will still last.

>>> Civil unrest South Africa – Impact on operations:

A serious disruption to South Africa supply chains has been caused by the civil unrest in the country with the situation being tense due to rioting, looting and burning of vehicles across the country. Container shipping lines serving the South African gateway of Durban have suspended detention and demurrage charges at the port. The impact of the political unrest has resulted in some of depots being shut down and terminals operating with a slow production.
Maersk advisories: https://www.maersk.com.cn/news/articles/2021/07/15/civil-unrest-south-africa-impact-on-operations

>>> 2M Alliance revises services schedule:

2M Alliance is forced to apply several changes in its Griffin/AE55 and Lion/AE6 schedule due to the rapidly increased demand and measures to fight the pandemic across ports and supply chains. As a result of the high yard density and exceptional waiting time for its vessels in the port of Antwerp, 2M Alliance has decided to combine the calls at Antwerp for its Griffin/AE55 and Lion/AE6 services starting from week 28, for the duration of six weeks. Consequently, the Griffin/AE55 service will omit Antwerp and induce Le Havre instead, while the Lion/AE6 service will omit Le Havre but retain the call at Antwerp.
Maersk advisories: https://www.maersk.com.cn/news/articles/2021/07/12/far-east-asia-to-north-europe-ae55-ae6-service

2) Forecast in Q3.

Last year was unlike any other in shipping, as the industry grappled with the onset and fallout of COVID. The first half of 2021 brought even more action. Things show no signs of calming down in the second half. As China's economy recovers from the Covid-19 pandemic, that disruption has disrupted vessel schedules, delaying vessels, and ultimately led to a decline in overall vessel capacity, has seen rates across all routes firming. There is growing concern that all but the biggest businesses will be unable to absorb or pass on to their customers these massive freight cost increases. Meanwhile, the extraordinary numbers posted across the container shipping universe have prompted politicians and regulators in many countries to get involved, trying to find solutions to ease difficulties for exporters hit by the double whammy of immense freight rates and record delayed box arrivals. According to current market situation, there is no indication that spot rates or charter rates will fall materially before next year.