



April 9, 2021

VOLUME SURGES, EQUIPMENT SHORTAGE AND SPACE AVAILABILITY TO WORSEN

Vessels out of China and surrounding S.E. Asia origins are fully booked for the month of April, with most vessels at 99% utilization departing this week or later. The impact of several weeks of void sailings and the full ramp up of production, post Chinese New Year, are creating volatility that is going to be significant in the weeks to come on the Transpacific Eastbound Trade. With demand already into May, there is growing concern space will be difficult to achieve if bookings are not being made immediately.

Premium/Equipment Surcharges have returned out of China, S.E. Asia and ISC region ports, as space is tight and the return of container shortages impact current and future demand. This is taking place at the same time that the Transpacific Eastbound Carrier Contracts are being negotiated, and to be implemented on/after May 1st. Where many analysts had predicted the volumes to remain strong through Q3 before a possible letup, there is now greater support and belief that we will face many obstacles through Q4. With Chinese New Year starting February 1, 2022, any momentum could even carry over into early Q1 of 2022.

East Coast ports are preparing for increased congestion as vessels delayed from the Suez Canal blockage begin to arrive to the USA. This will further impact key ports like the ports of New York and New Jersey, Norfolk, and Charleston, where previous weeks have been impacted by delays, chassis shortages and truck power as volumes have started to surge.

The ports of Los Angeles and Long Beach continue to experience the ongoing congestion with an average of 30 vessels anchored in San Pedro Bay. Vessels are still experiencing 7 to 14 days of sitting anchored, with then another potential 5 days of dwell time upon berthing at their respective terminals waiting to be unloaded. Chassis and truck power remain unpredictable while demurrage and detention continue to play a factor in overall costs.

Rail movement inland from both East and West coasts continue to experience a high level of delay. Port terminals remain congested and rail car shortages have created major delays in containers getting loaded to rail. The delays are further compounded at the destination rail ramps, where chassis shortages and truck power are contributing to rising congestion limiting space and slower train unloading. Delays from West Coast Ports like Los Angeles/Long Beach, Seattle/Tacoma and Vancouver, Canada, have grown from 7 to 14 days over standard rail transits, while at the peak of surges, containers have been known to be delayed as much as 30 days moving on the rail.

Export delays and cancellations are increasing significantly as empty containers are being prioritized over full containers while the steamship lines prioritize repositioning the empty equipment back to origins. Together with vessel delays of inbound containers, rail ramp and terminal congestion, chassis shortages, lack of truck power and an increase in booking rejections by the steamship lines, the outbound ocean freight mode has become very unstable and unreliable. This is now a pattern that has become more relevant each month since last October. There are continued warnings of cancellations and postponements by the carriers until the imbalance in equipment improves.

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Lockdowns from a sharp increase in COVID-19 cases have recently impacted areas of India and Bangladesh as new concerns rise globally. There has not been any direct impact on trade and transportation to mention as of yet, but could become a factor if things deteriorate in the weeks to come.

As usual, we must continue to advise that there is still a great deal of uncertainty ahead and major challenges to endure, some that are unforeseen at this time and which has been proven between each of our News Flashes and guidance to our clients. We do highly recommend that you continuously review your supply chain and keep preparing for continued disruptions, volatility in costs, increased congestion, and long delays. Please continue to book your shipments weeks in advance as we have guided. Due to volatility around the globe, this advice can be applied to all modes at this time. Please do your best to plan well in advance and communicate with all parties involved in your transactions. Do not hesitate to contact us should you have questions or need further guidance.

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