

Logistics for Europe

Towards resilient and competitive supply chains

## INTERPRETING MARKET INDICATORS

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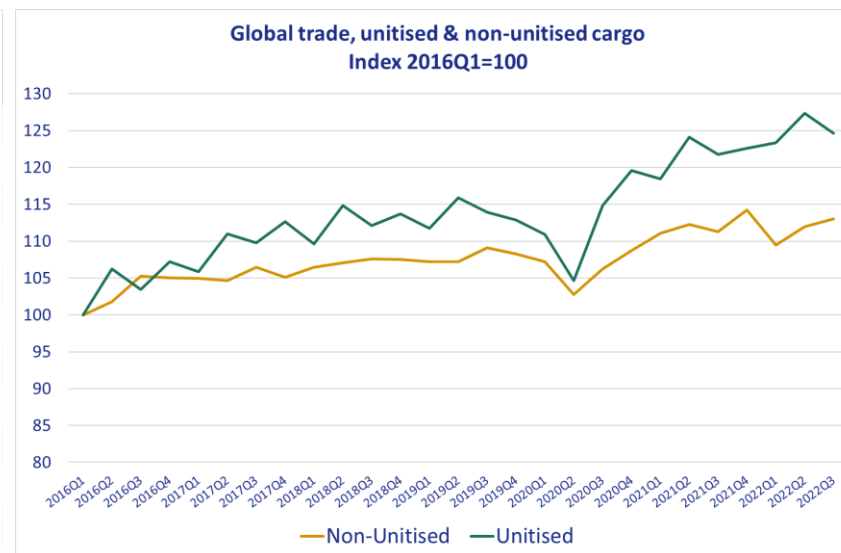
25<sup>th</sup> November 2022

## Market indicators using public domain sources: Q3 2022

- Chinese data suggests only marginal drop in exports in Q3
- West Coast USA ports experience severe decline
  - but East Coast USA ports experience significant growth
- Principal European ports fall of 4-5% over all of 2021
  - but no additional drop-off in Q3
- Holding containerization rates constant market, appears to be flat, year on year
- But Container Trade Statistics (CTS) evidence from the lines shows 8% fall globally
- Market concentration exceeds 30% share test in several markets
- Service reliability continues to decline and direct connectivity index falling

# Containerisable cargo flows

	2022Q3	Year To Date (YTD)	Previous Quarter (PQ)	Previous Year (PY)
Agricultural	219	631	7.8%	7.9%
Metals	12	38	-7.6%	0.4%
Oils & fats	22	66	-0.1%	-9.1%
Chemicals	168	507	-1.8%	-0.9%
Ores	507	1,485	3.1%	0.6%
Forest products	102	314	-6.0%	-4.0%
Energy:				
- Coal	321	896	9.9%	-4.2%
- Oil & gas	1,113	3,353	0.3%	3.0%
Other	476	1,410	-5.1%	3.2%
<b>Total Non-Unitised</b>	<b>2,940</b>	<b>8,700</b>	<b>0.9%</b>	<b>1.5%</b>
<b>Unitised</b>	<b>642</b>	<b>1,934</b>	<b>-2.1%</b>	<b>2.3%</b>
<b>TOTAL Tonnes</b>	<b>3,582</b>	<b>10,634</b>	<b>0.4%</b>	<b>1.7%</b>



Note: Unitisable traffic is estimated on the basis of long run ratios of unitization based on country x country x commodity flows and the scale of traffic available and explains long-run trends in unit load volumes derived from other sources.

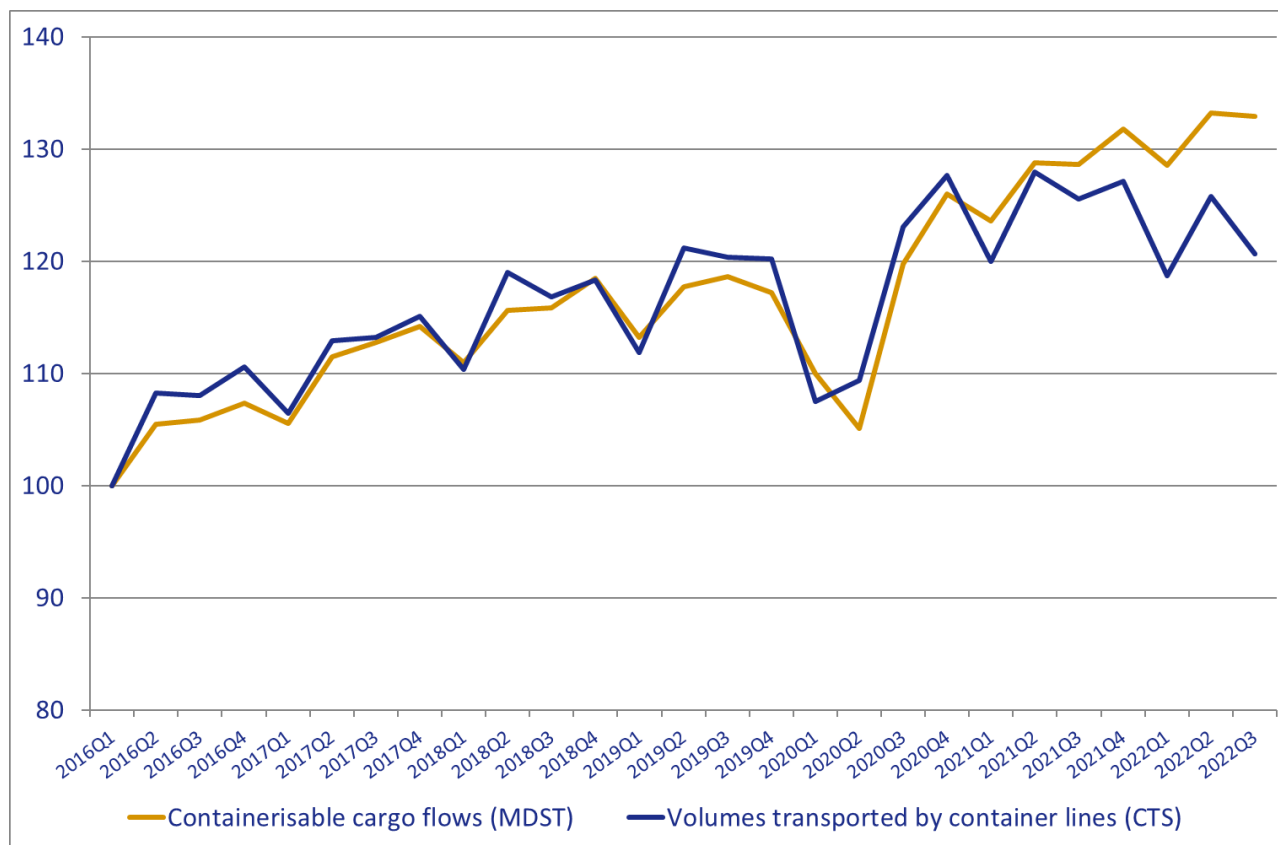
Source: MDS Transmodal, World Cargo Database November 2022

- Global trade overall remained substantially flat in 2022Q3 compared to 2022Q2
  - and increased by 1.7% compared to 2021Q3.
- Unitisable traffic contracted on a quarter-to-quarter comparison by 2.1%
  - but up by 2.3% compared to same quarter last year
- Some unitisable trade probably diverted to non-unitised modes or non-liner shipping
  - consequence of rising freight rates and falling reliability.

# Containerisable cargo flows

Containerisable cargo flows and volumes transported by container shipping lines (CTS)

Index 2016Q1=100: 'containerisable cargo' based on consistent % for each commodity (MDST)



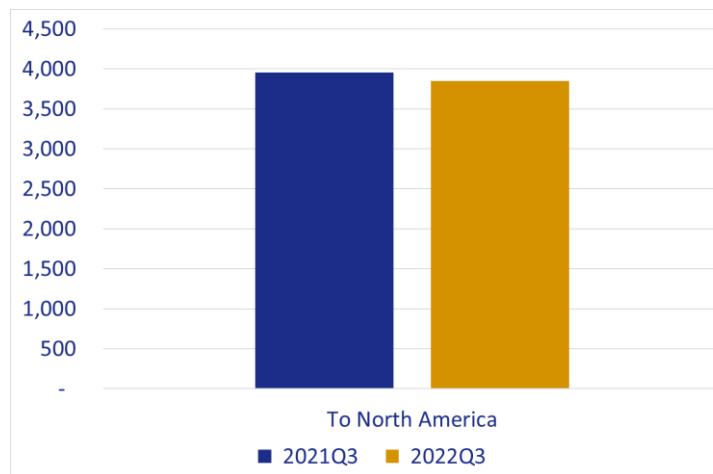
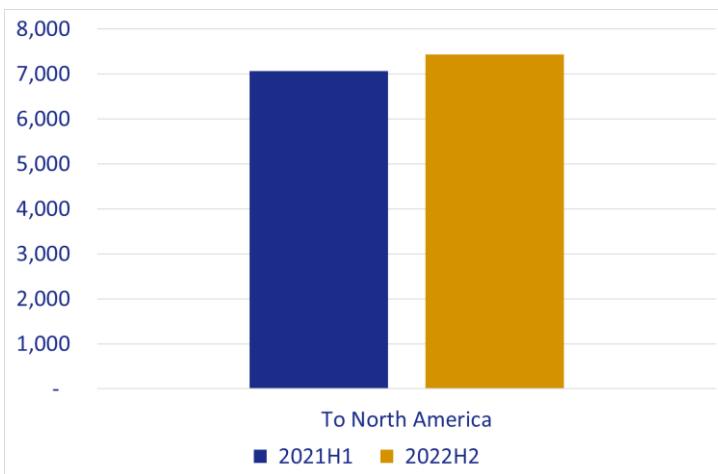
Source: MDS Transmodal, World Cargo Database and CTS

# Chinese export data (estimated loaded TEU) ('000s)

- based on consistent unitization rates

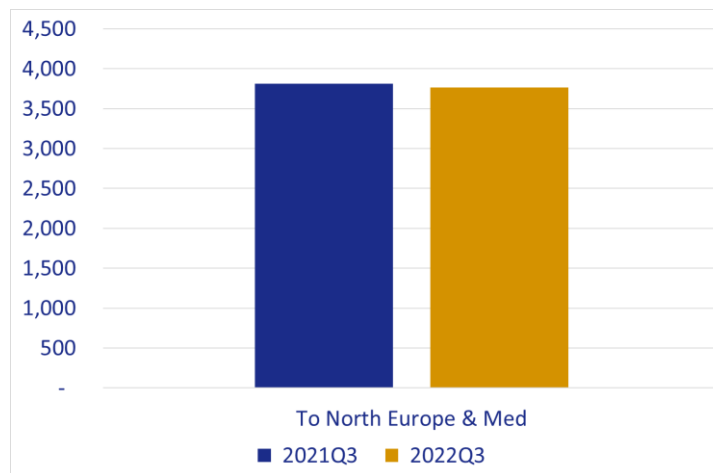
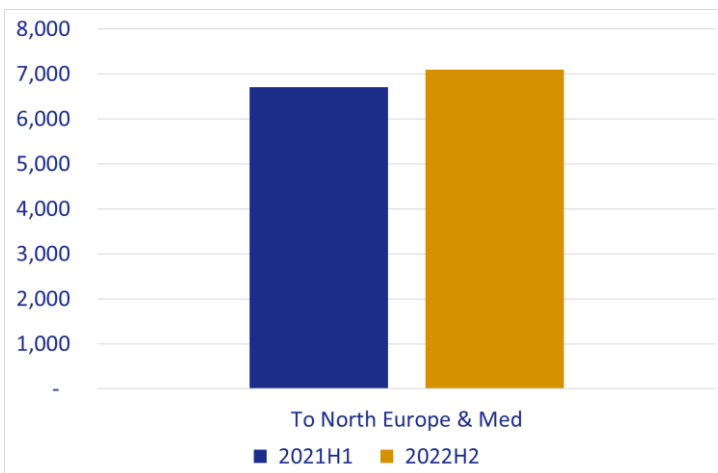
Q1 + Q2 2022

Q3 2022



In 2022:

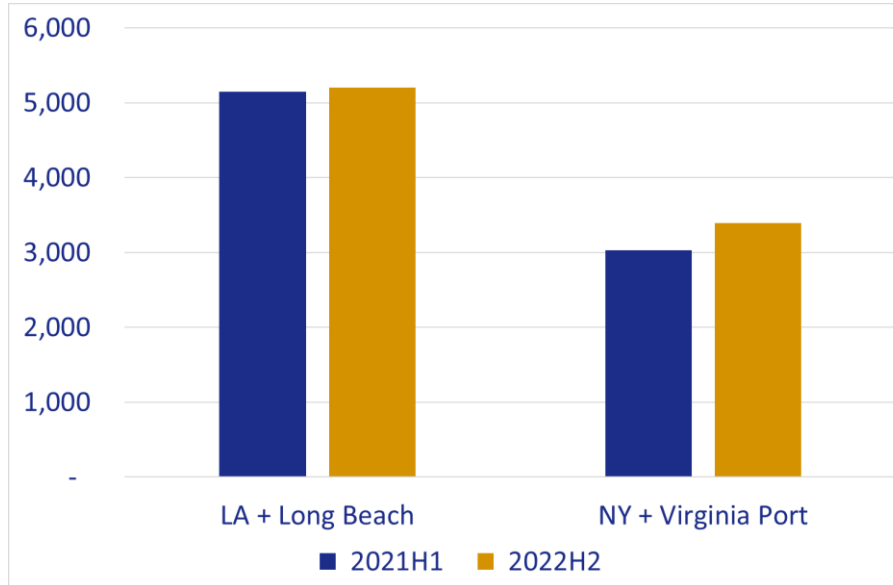
- Marginal growth to both markets in H1
- Marginal fall in Q3



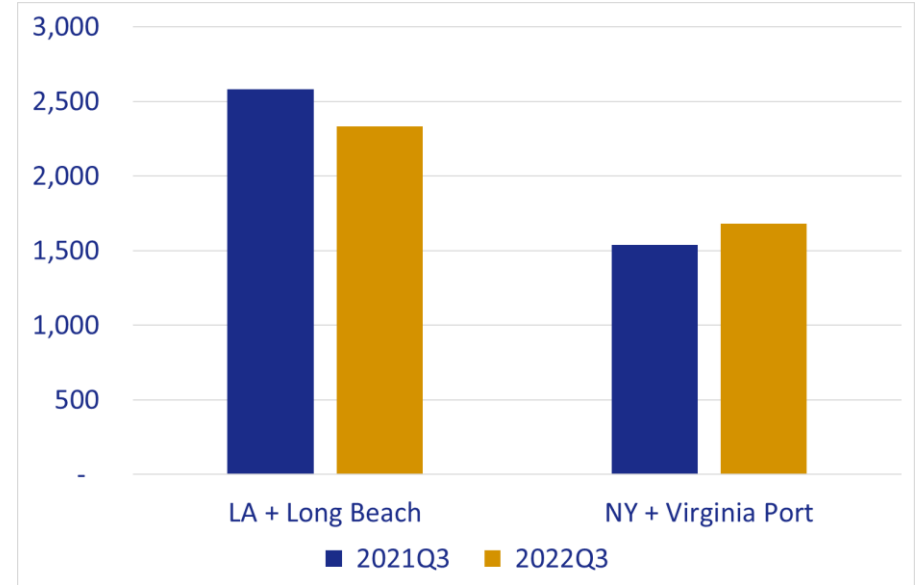
# Principal US ports, loaded imports TEU ('000s)

- decline for west coast ports and growth in east coast

**Q1 + Q2 2022**



**Q3 2022**



Source: Individual port authorities statistics

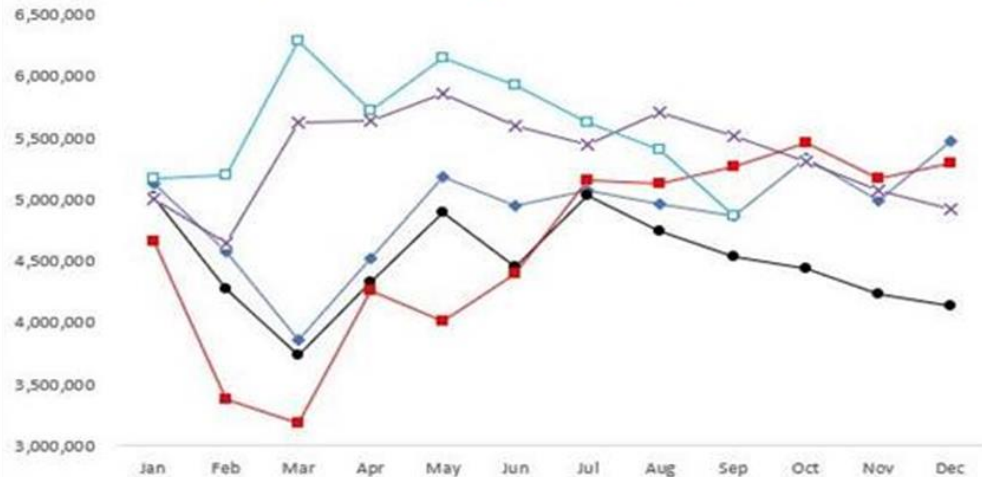
## 2022

- Market share in West Coast ports falling throughout the year.
- Growth continues in Q3 in East Coast ports

# Analysis by US supply chain academic (Jason Miller) of US trade data for containerized tonnages

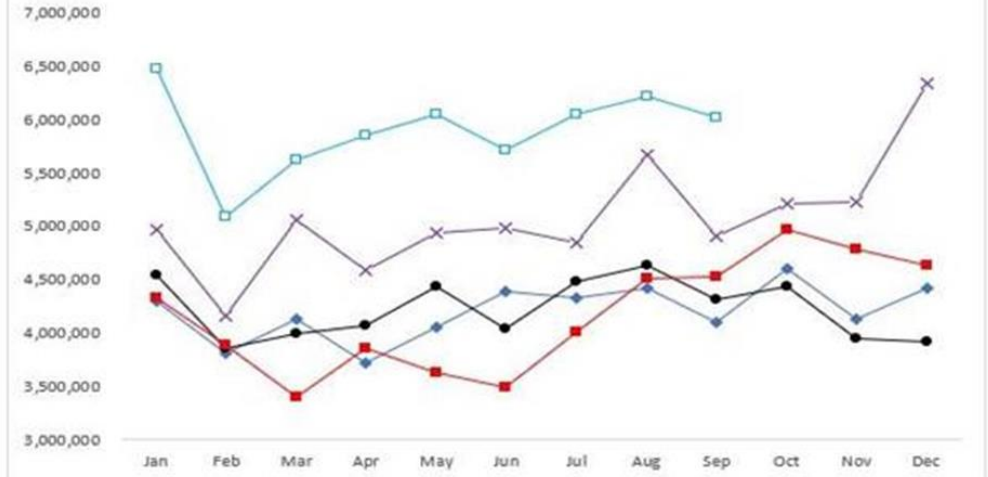
Metric Tons of Containerized Waterborne Imports to the West Coast Ports from Asia

—◆— 2018 —●— 2019 —■— 2020 —×— 2021 —□— 2022



Metric Tons of Containerized Waterborne Imports to the East & Gulf Coast Ports from Asia

—◆— 2018 —●— 2019 —■— 2020 —×— 2021 —□— 2022



Source: Jason Miller, Supply chain professor helping industry professionals better use data ([https://www.linkedin.com/posts/jason-miller-32110325\\_supplychain-supplychainmanagement-shipsandshipping-activity-6995734800602972160-R1xx/?utm\\_source=share&utm\\_medium=member\\_desktop](https://www.linkedin.com/posts/jason-miller-32110325_supplychain-supplychainmanagement-shipsandshipping-activity-6995734800602972160-R1xx/?utm_source=share&utm_medium=member_desktop))

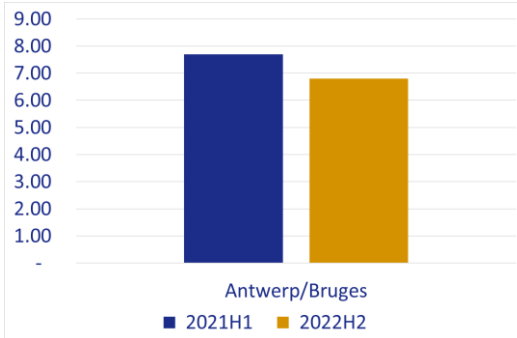
Green line above tracks total tonnes in 2022 (ex Asia only)

- only marginal fall in September when all ports taken into account
- overall volumes remaining well above previous years

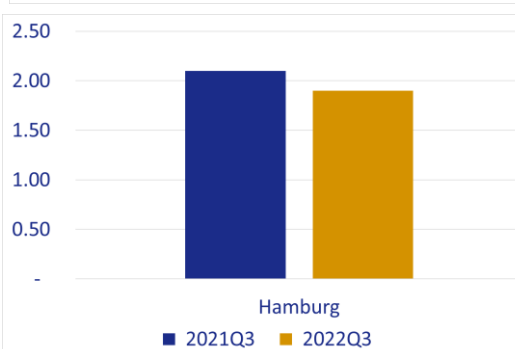
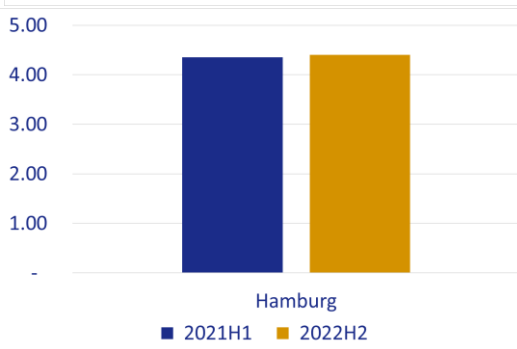
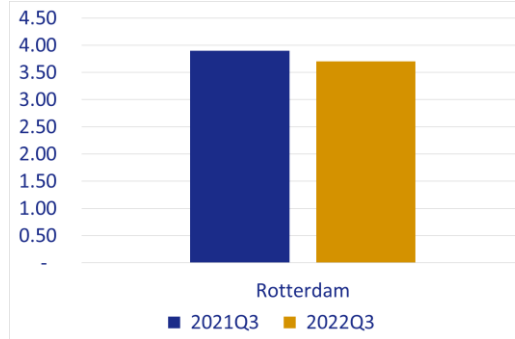
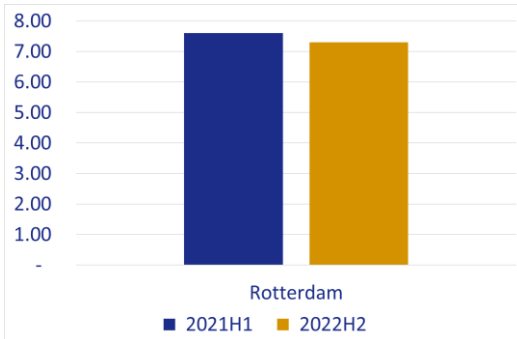
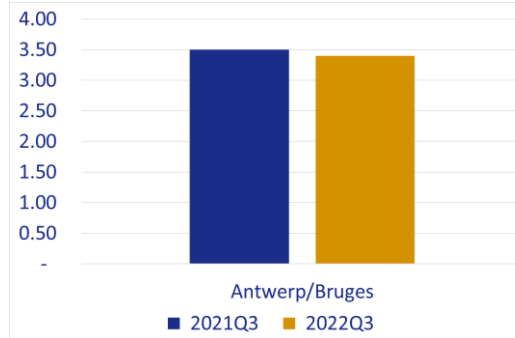
# Key European ports: millions TEU

- decline of 4-5% but consistent throughput the year

## Q1 + Q2 2022



## Q3 2022

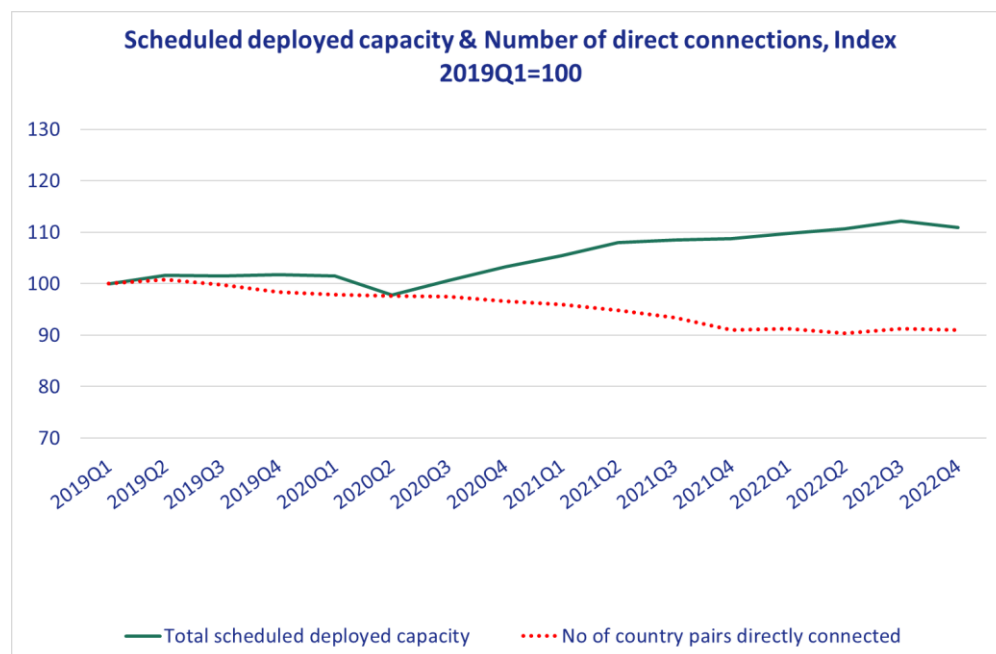


## In 2022

- Three major NW European ports all report 4-5% decline throughput the year
- No specific fall-off in Q3



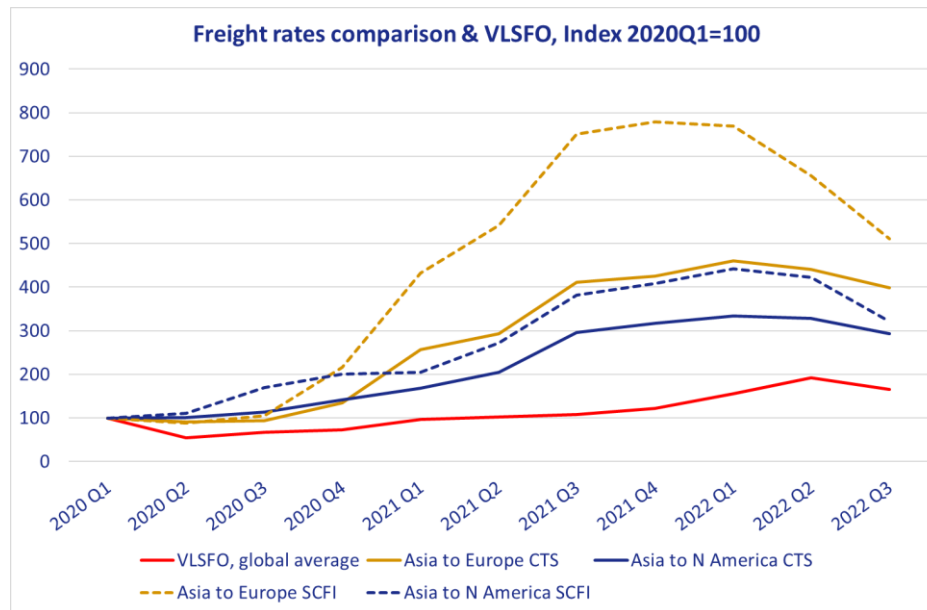
# Capacity and connectivity: global



Source: MDS Transmodal, Containership Databank November 2022

- Total service capacity grew substantially until Q4 2022
- Overall number of countries directly connected continued to fall
- Dependence on transshipment therefore continuing to grow

# Freight rates



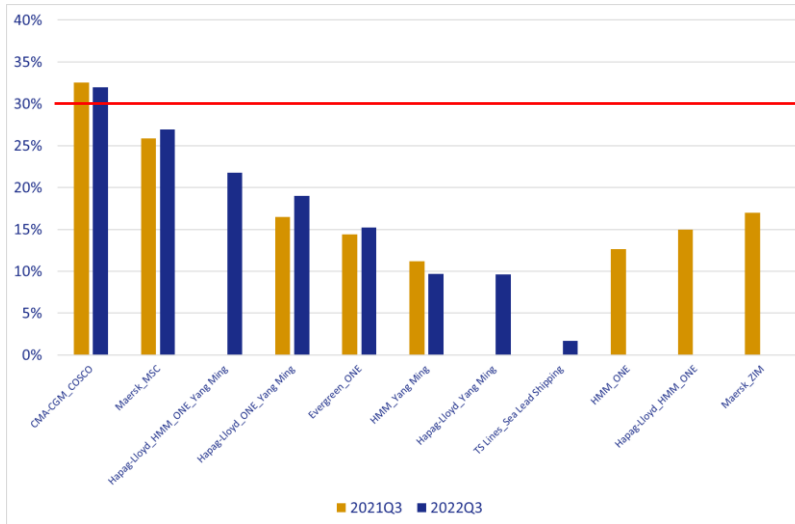
Source: MDS Transmodal, Container Trades Statistics & SCFI

- Spot rates on from Shanghai to both North America and Europe are continuing to fall but not yet returned to pre-pandemic levels.
- Price Indices reported by CTS now also falling but only slowly
  - suggesting majority of the main shipping lines reporting to CTS deriving most of their revenue from longer term contracts than hitherto

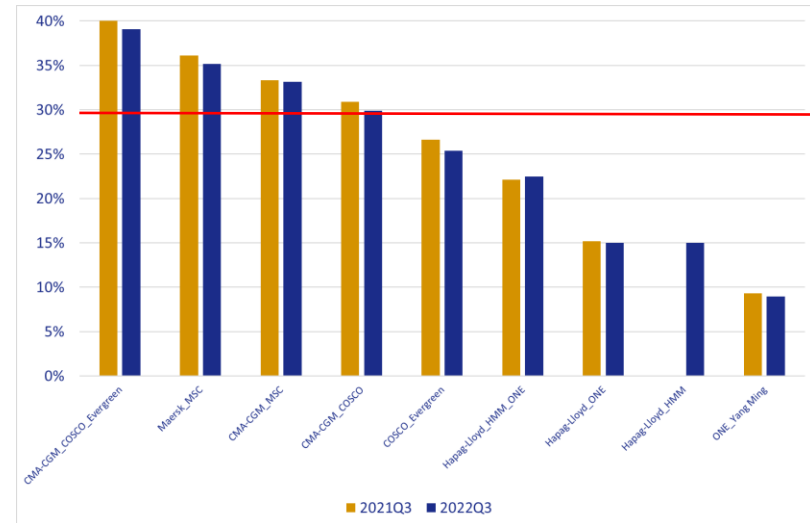
# Market Competitiveness (MDST/OECD-ITF)

## - Consortia' combined market shares

Far East - North America (direct services only)



Far East - North Europe & Mediterranean\*



\* For this analysis we have focused only on capacity offered on the EU + UK, which is estimated to account for circa 97% of the capacity offered on whole Far East - North European & Mediterranean market.

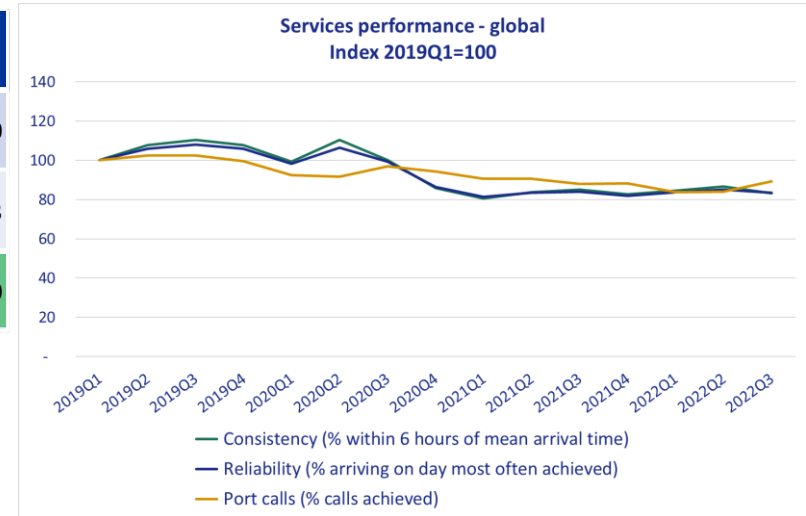
Source: MDS Transmodal Consortia & Alliances Database Nov 2022 (<https://link.springer.com/article/10.1057/s41278-022-00225-x>)

- On the Far East – North America trade lane, the number of consortia has remained stable, one of which estimated to have a combined market share of 30% or more.
- On the Far East – North Europe & Mediterranean, number of consortia has gone up from 8 to 9 in last year, with 4 consortia estimated to have a combined market share of over 30%.

# Service performance

## - consistency and reliability

	2022Q3	YTD	PQ (% points)	PY (% points)
Consistency (% within 6 hours of mean arrival time)	43%	44%	-1.8	-1.0
Reliability (% arriving on day most often achieved)	51%	52%	-1.0	-0.3
Port calls (% calls achieved)	75%	72%	4.5	1.0



Source: MDS Transmodal based on AIS (Automatic Identification System) data

- Consistency of arrival times and reliability of same day arrival both calling marginally
- Proportion of port call achieved now improving

# Conclusions

- Evidence from trade and ports data suggests that underlying trade volumes declining marginally
- Line service quality now stabilising
- Traffic reported through CTS for the major lines appear to reflecting high contract rates
  - clear evidence of elasticity as semi-bulk/bulk cargo finds alternative methods
- Lines adjusting to the level of demand likely at higher rates than prevailed pre-pandemic

Thank you!

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