



CURRENT STATE

- According to a joint statement from the International Longshore and Warehouse Union (ILWU) and the Pacific Maritime Association (PMA), cargo operations will continue beyond the contract's expiration, and neither party is preparing for a strike or lockout. Employers and dockworkers say they are aware of the supply chain bottlenecks West Coast ports have been dealing with since last summer and understand how cargo-handling disruptions would severely compound the ports' problems. Neither side explained why the talks were suspended, but sources close to the negotiations said the union felt no progress was being made, adding that the ILWU appeared to be in no rush to reach an agreement before July 1.
- Ocean carriers are forced to make difficult choices as there are not enough container ships to cover all regular liner services fully. Fourteen deep-sea liner services are currently missing half (or more) of the number of vessels required to guarantee a fixed weekly sailing frequency.
- Alphaliner currently counts 28 x 1,100 - 14,000 TEU ships in off-schedule extra voyages between the Far East and the US West Coast, representing a total capacity of 117,500 TEU. Another 24 units of 1,700 - 11,900 TEU (152,600 TEU) are active as extra loaders between the Far East and the U.S. East Coast.
- The threat posed by strikes at ports in Asia, Europe, and the U.S. is weighing heavily on shippers' minds as this year's peak season unfolds.
- US imports from Asia set a new monthly record in May, demonstrating that despite the more than two months of COVID lockdowns in Shanghai and rising inflation in the United States, goods entered the U.S. at a historic pace.
- Los Angeles and Long Beach ports again delayed imposing a container dwell fee.
- Germany is dealing with unseasonably high congestion. Shipping lines serving North Europe's third-biggest container port, Hamburg, braced for further industrial action after wage talks were aborted. German port employers and the union representing dockworkers are planning to hold another round of negotiations to stave off a potentially crippling strike.
- The two largest container hubs of Rotterdam and Antwerp are heavily congested and will be unable or unwilling to handle transshipped German imports if the industrial action escalates.
- South Korean truckers return to work as Seoul considers extending the freight system.
- Carriers have struggled to improve their schedule reliability with congestion on both sides of the Atlantic. On-time performance of 20% on the head-haul westbound trans-Atlantic in April was the highest this year, while schedule reliability on the trade averaged 17.4% over the first four months. That compares with 28.6% from January through April 2021 and 60% over the same period in early 2020, according to Sea-Intelligence Maritime Analysis.
- The Xeneta Shipping Index for May reported a year-to-year increase of 150.6% for contract rates worldwide, which exceeds the sharp rise in costs from higher fuel prices.
- According to the Shanghai Shipping Exchange, the continuous erosion of spot freight rates ex-China which started in early January has also ended.
- The Shanghai Containerized Freight Index (SCFI) has shown slight increases in the past four weeks to reach 4,208 points at the beginning of June.

MARKET FORECAST

- Southern California's ship queue is getting shorter. Twenty-seven container vessels were waiting for berths in Los Angeles or Long Beach on Tuesday, down from a high of 109 in January.
- The 30-day average cargo moving off docks is 179,000 TEUs, down from over 200,000 TEUs recently. The street dwells time for containers and chassis is at nine days.
- Despite surging inflation and waning consumer confidence, Port of Los Angeles sees America's import boom persisting in the months ahead.
- Carriers with a strong foothold on the Transpacific Trade will likely perform better in the second quarter. Many service contracts on this Trade Lane, usually renewed in early May, have been concluded at rates not far below spot freight rates.
- Shippers can expect the record-low schedule reliability recorded on the trans-Atlantic through April to continue for the rest of the year, carriers warn, as US imports from Europe show substantial gains.
- The ten carriers surveyed made a collective operating profit of USD 43.1 bn in Q1 2022. This compares to USD 15.9 bn in the same period a year earlier.

Carrier capacity (teu) vs. operating profit (EBIT USD bn)

Rank by size	Rank by profitability	Carrier	Q1 teu capacity	Q1 EBIT (USD)
1	(2)	Maersk	4,284,000	7.1
2	(1)	CMA CGM	3,210,000	7.5
3	(3)	COSCO Shg	2,929,000	5.9
4	(5)	Hapag-Lloyd	1,751,000	4.6
5	(4)	ONE	1,533,000	5.2
6	(6)	Evergreen	1,477,000	4.0
7	(7)	HMM	820,000	2.5
8	(8)	Yang Ming	663,000	2.5
9	(9)	ZIM	423,000	2.2
10	(10)	Wan Hai	416,000	1.7

*Maersk, CMA CGM, COSCO shipping activities only
EBIT operating profits calculated using current exchange rates

- To recover schedules destroyed by their heavily delayed vessels, carriers have added blank sailings on North Europe-North America and Mediterranean-North America. By the end of July, they will have canceled 117 sailings on those trades, data from Drewry shows.
- The IMO's Marine Environment Protection Committee further accelerates efforts to reduce shipping's CO₂ emissions, seeking agreement on a new and revised 2050 plan within one year. One of the most tangible proposals has been put to death, however.
- Due to various incidents, ocean carriers are increasing their Hazardous misdeclaration fee. The penalty can be as high as USD 30,000 per container.

Sources: Alphaliner, Splash247, JOC, gCaptain, Sea-Intelligence, American Shipper, Shipping Watch

