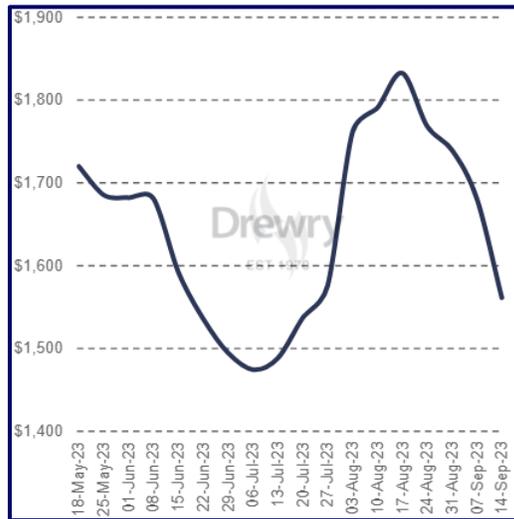


**GLOBAL  
TRANSPORTATION  
MARKET REPORT  
September 2023**

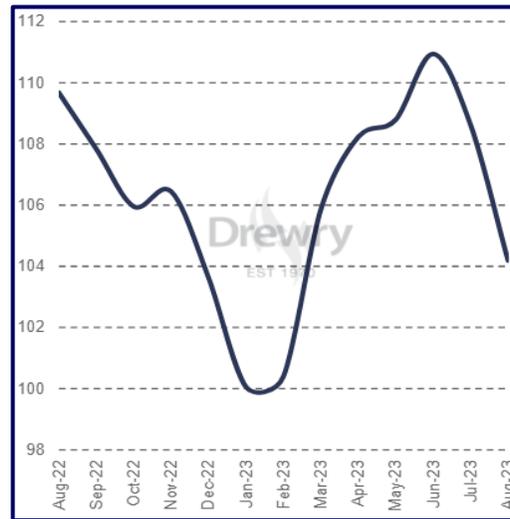


# GLOBAL OCEAN TRENDS

World Container Index



Global Port Throughput



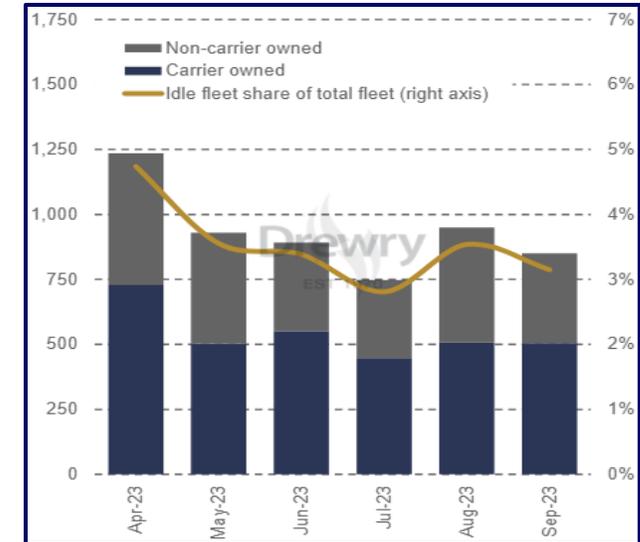
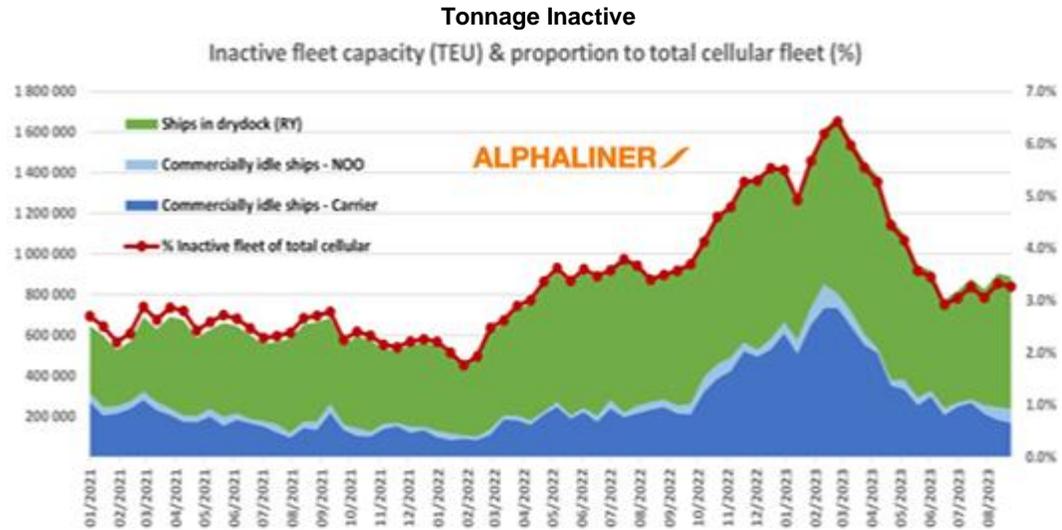
Bunker



Source: Drewry Marine Research

- Headhaul import rates have normalized more than their backhaul counterparts. Rates remain elevated on exports from the United States and Europe.
- While rates are manageable, shifting sailing schedules remain a challenge that is likely to continue along with capacity outweighing demand and order books remaining full.
- OPEC production cuts are beginning to affect the bottom line for carriers, further complicating pricing levels amid softening rates.
- As consumer demand continued to weaken, the H1 2023 result for port throughput remained down. Leading U.S. and European ports reported declines across the board.
- Analysts continue to expect a muted peak season.

# CAPACITY AND IDLE FLEET



- 249 ships are inactive, representing 889,000 TEU. This is a slight decrease from the previous month, accounting for 3.3% of the global fleet.
- Carriers received more than 25 new vessel deliveries in August, with MSC, OOCL and HLAG each taking delivery of 23,000+ TEU vessels. In September, MSC received another 10 vessels, including a 24,000 TEU ship.

# OCEAN TRADE LANES

- Amid severe drought, the Panama Canal authority continues to restrict the number of daily vessel transits.
- Carriers continue to blank sailings as capacity remains abundant.
- The ILWU ratified a collective six-year agreement, ending negotiations that spanned the past few months.
- Attention now turns to the International Longshoremen's Association on the U.S. East Coast as the union prepares for negotiations to renew their collective bargaining agreement, due to expire Sept. 30, 2024.

Trade Lane	Status	Comments
TPEB to USEC	Available space; quick booking turn time.	
TPEB to USWC	Available space; quick booking turn time.	
CBP to N Eur	Available space; quick booking turn time.	
CBP to MED	Available space; quick booking turn time.	
SE Asia to N Eur	Available space; quick booking turn time.	
SE Asia to MED	Available space; quick booking turn time.	
ISC to US	Available space; quick booking turn time.	
N Eur to ISC	Available space; quick booking turn time.	

Trade Lane	Status	Comments
N Eur to AP	Available space; quick booking turn time.	
MED to AP	Available space; quick booking turn time.	
US to N Eur	Available space; quick booking turn time.	
US to MED	Available space; quick booking turn time.	
MED to US	Available space; quick booking turn time.	
N Eur to US	Available space; quick booking turn time.	
US to ISC	Available space; quick booking turn time.	
Med to ISC	Available space; quick booking turn time.	

	Available space; quick booking turn time.
	Capacity well utilized; some space available.
	Demand higher than supply; space agreements challenged.

# OCEAN CARRIER UPDATES

## 2M



## Ocean Alliance



## THE Alliance



- After shutting down its East Asia – Eastern Mediterranean "TLX" service, CMA CGM will re-deploy its vessel, the Eiffel, to the Northern Europe – Eastern Mediterranean "NC Levant Express" service.
- HMM excluded Hapag-Lloyd from the short list of bidders for a majority stake in the Korean carrier, narrowing the field of candidates to LX Group, Harim Holdings and Dongwon Holdings.
- TS Lines revised its Japan – Taiwan – South China – Southern Vietnam "JTK3" service, swapping Taichung in favor of Kaohsiung for the Taiwan call. Gwangyang, South Korea, was removed entirely.
- CMA CGM ended its weekly Turkey – Algeria "Turaf Express" service. The line will continue to cover the Turkey – Algeria trade through its service network in the Mediterranean via transshipment at Marsaxlokk.
- Hapag-Lloyd extended its bi-weekly ECSA – South Africa – West Africa "SAT" service to include Pointe Noire and Cape Town.
- ZIM plans to reorganize its service offering between the Mediterranean and India via a renewed vessel sharing agreement with MSC between North Europe, Israel and Egypt. This "ZIM North Europe Israel" service will replace the Europe – Mediterranean leg of the "ZIM."

# MEXICO AND TRANSBORDER

- Ocean Updates

## Mexican port throughput contracts 3.1%

- Although the volume of TEUs that moved through Mexican ports in the first seven months of 2023 decreased by 3.1% year-over-year, the figure still represents the nation's second highest January-to-July freight volume in six years.
- Excluding 2020 (which was impacted by the pandemic), volume through Mexican ports has increased annually since 2018.
- Volume in TEUs handled by Mexican ports during January-July:
  - 2018 - 3,855,536
  - 2019 - 4,139,360
  - 2020 - 3,639,030
  - 2021 - 4,440,559
  - 2022 - 4,810,128
  - 2023 - 4,659,516

# MEXICO AND TRANSBORDER

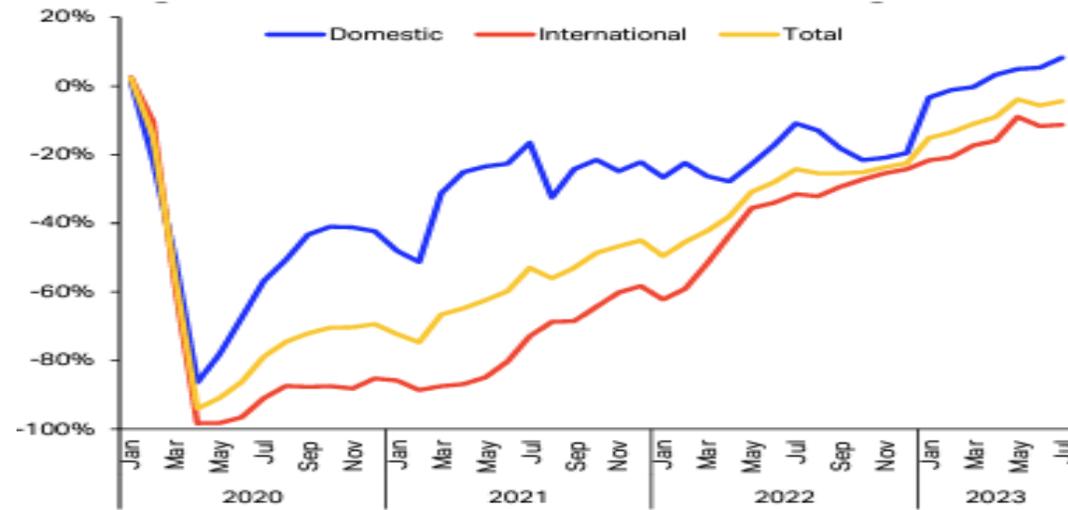
- Air Updates

## More than a dozen airlines pull landings from Mexico City International Airport

Following the opening of Felipe Ángeles International Airport (AIFA) in March 2022, and the federal government's efforts to reduce operations to 43 flights per hour at Mexico City International Airport (AICM), more than a dozen airlines ceased landing at AICM on Sept.1, 2023.

- Amerijet International
- Cargo Jet Airways
- Cargolux Airlines International
- Estafeta Carga Aérea
- Ethiopian Airlines Corporation
- Federal Express
- Galistar
- DHL de Guatemala
- Latam Cargo
- Aerotransportes Más de Carga
- Qatar Airways
- Turkish Airlines
- Emirates Cargo
- United Parcel Service

## Growth in Passenger Throughput (International and Domestic)



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

## AIR FREIGHT OVERVIEW

- July air cargo demand decreased 0.8% year-over-year.
- Belly freight additions helped capacity increase an additional 11.2%.
- Manufacturing and exports remain sluggish; analysts don't expect any significant spikes in the second half.
- Rate levels are expected to remain stable in the coming quarters.

	World share <sup>1</sup>	July 2023 (% year-on-year)				July 2023 (% ch vs the same month in 2019)			
		CTK	ACTK	CLF (%-pt) <sup>2</sup>	CLF (level) <sup>3</sup>	CTK	ACTK	CLF (%-pt) <sup>2</sup>	CLF (level) <sup>3</sup>
<b>TOTAL MARKET</b>	<b>100.0%</b>	<b>-0.8%</b>	<b>11.2%</b>	<b>-5.1%</b>	<b>42.1%</b>	<b>-3.3%</b>	<b>3.2%</b>	<b>-2.8%</b>	<b>42.1%</b>
Africa	2.0%	2.9%	11.0%	-3.3%	41.7%	3.1%	-18.0%	8.5%	41.7%
Asia Pacific	32.4%	2.7%	26.0%	-10.4%	45.7%	-4.1%	8.7%	-6.1%	45.7%
Europe	21.8%	-1.5%	5.3%	-3.3%	47.2%	-14.1%	-11.8%	-1.2%	47.2%
Latin America	2.7%	0.4%	10.0%	-3.1%	32.2%	-0.7%	9.0%	-3.1%	32.2%
Middle East	13.0%	1.5%	17.1%	-6.3%	41.1%	1.7%	12.0%	-4.2%	41.1%
North America	28.1%	-5.2%	0.5%	-2.2%	37.0%	5.8%	6.4%	-0.2%	37.0%
<b>International</b>	<b>86.9%</b>	<b>-0.4%</b>	<b>10.8%</b>	<b>-5.4%</b>	<b>47.7%</b>	<b>-3.4%</b>	<b>0.9%</b>	<b>-2.1%</b>	<b>47.7%</b>
Africa	2.0%	2.8%	10.8%	-3.3%	42.5%	4.0%	-17.6%	8.8%	42.5%
Asia Pacific	29.7%	0.9%	18.4%	-9.4%	54.1%	-3.4%	5.1%	-4.8%	54.1%
Europe	21.5%	-1.5%	6.0%	-3.8%	49.6%	-14.5%	-13.4%	-0.6%	49.6%
Latin America	2.3%	-0.2%	13.8%	-5.1%	36.5%	1.7%	20.0%	-6.6%	36.5%
Middle East	13.0%	1.5%	17.3%	-6.4%	41.4%	1.7%	12.1%	-4.2%	41.4%
North America	18.4%	-1.8%	2.0%	-1.7%	44.8%	8.6%	4.8%	1.5%	44.8%

<sup>1</sup>% of industry CTKs in 2022

<sup>2</sup>Change in load factor

<sup>3</sup>Load factor level

**Note:** the total industry and regional growth rates are based on a constant sample of airlines combining reported data and estimates for missing observations. Airline traffic is allocated according to the region in which the carrier is registered; it should not be considered as regional traffic. Historical statistics are subject to revision.

# CAPACITY DEVELOPMENT

- As demand remains muted, airlines' cargo ton kilometers and volume continues to slump.
- Purchasing managers indexes in major economies remain compressed, indicating a high ceiling for post-pandemic rebounds.
- Freight previously captured by air carriers over the past few years has returned to ocean carriers or has yet to be ordered.
- Current demand and capacity is being fueled by increases in passenger travel (belly freight), while charter demand has subsided.
- A muted peak season is the prevailing consensus among forecasters.

International CTK growth by Carrier Region



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

# AIR TRADE LANES

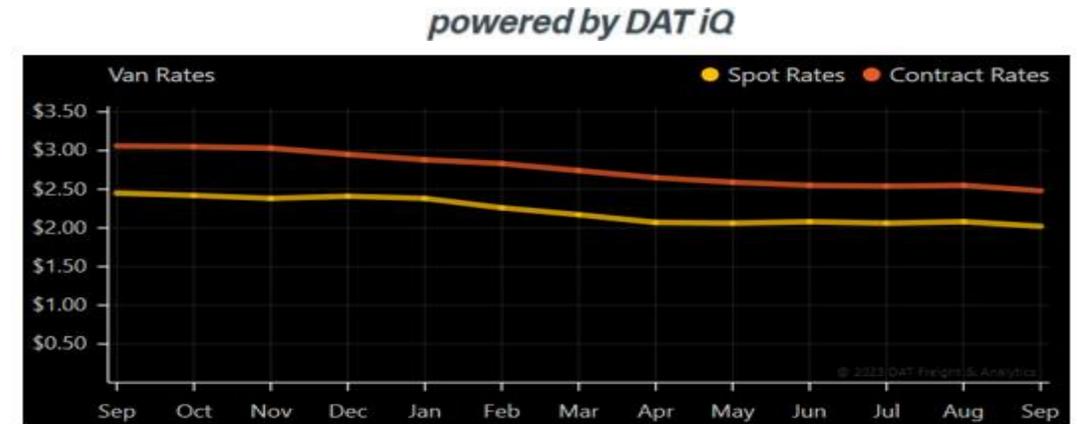
- Across most trade lanes, rates on the spot market have remained stable.
- Long-term, stable rates are expected through the end of the year.
- Passenger load factors approached 2019 levels, reaching an industry-wide average of 85.2% (just 0.4% shy of full recovery). Forward-looking ticket sales suggest this momentum will continue in the near term.
- Ground handling delays remain minimal.
- OPEC production cuts are being monitored as supply reaches the markets in the coming months.

Trade Lane	Status	Comments
AP to US	Available space; quick booking turn time.	
US to AP	Available space; quick booking turn time.	
Europe to AP	Available space; quick booking turn time.	
AP to Europe	Available space; quick booking turn time.	
Europe to US	Available space; quick booking turn time.	
US to Europe	Available space; quick booking turn time.	

Trade Lane	Status	Comments
US to LATAM	Available space; quick booking turn time.	
LATAM to US	Available space; quick booking turn time.	
Europe to LATAM	Available space; quick booking turn time.	
LATAM to Europe	Available space; quick booking turn time.	
India to US	Available space; quick booking turn time.	
US to India	Available space; quick booking turn time.	

	Available space; quick booking turn time.
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# NORTH AMERICAN TRANSPORTATION



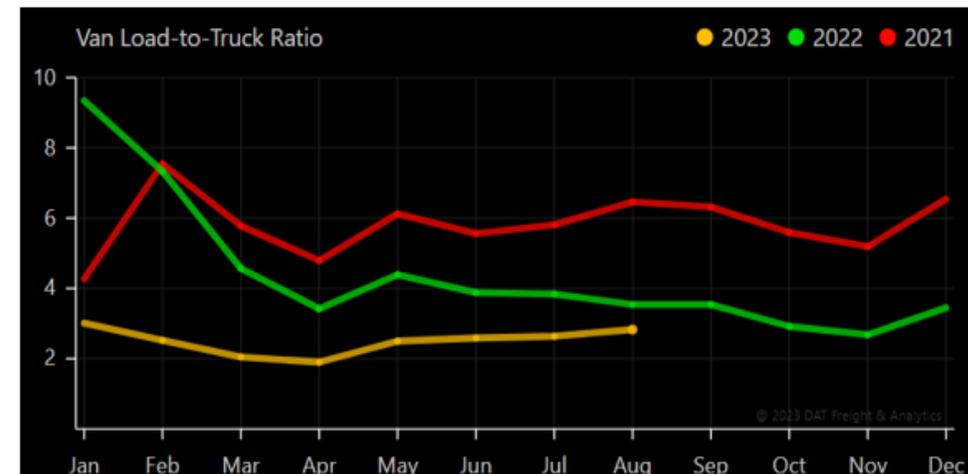
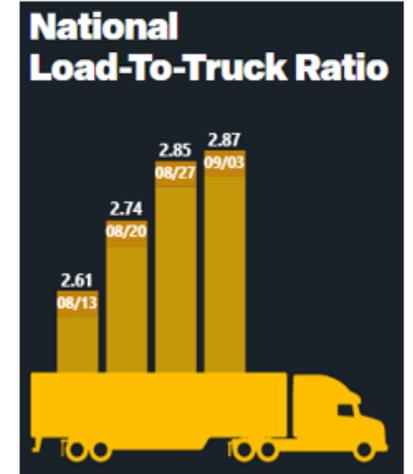
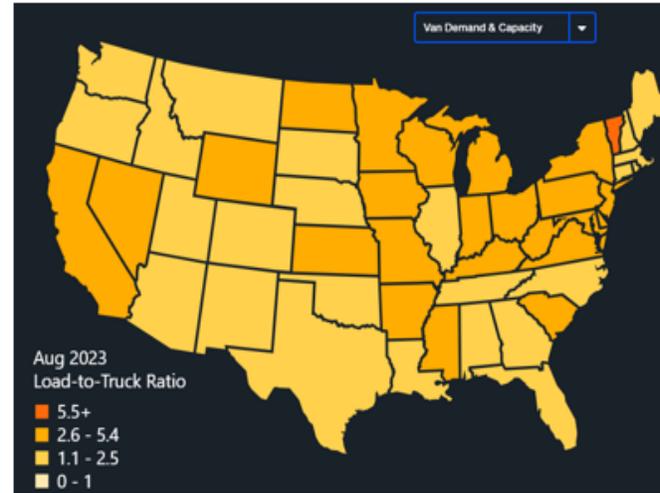
- Flat spot and contract rates are persisting well into the second half of 2023. Contributing factors include lackluster U.S. import volumes and decreased consumer demand.
- Year to date, nearshoring in Mexico is up 25%. With more manufacturers moving production closer to U.S. consumers, demand for transborder shipping is on the rise. Automotive and industrial manufacturers were among the first to embrace nearshoring and there are a growing number of e-commerce and consumer goods companies joining this supply chain trend.
- While job openings declined to their lowest level since March 2021, they remain above pre-pandemic levels. One survey indicates a slowdown in hiring, with private sector employers adding 177,000 jobs in August – far fewer than the 371,000 added in July and short of economists' forecast of 200,000.

# NORTH AMERICAN TRANSPORTATION

- Load-to-driver capacity remains favorable in most U.S. markets.
- AIT and other industry leaders remain conservative regarding the upcoming peak season.
- Click below to hear AIT's Chief Business Officer, Greg Weigel, talk about peak season expectations.

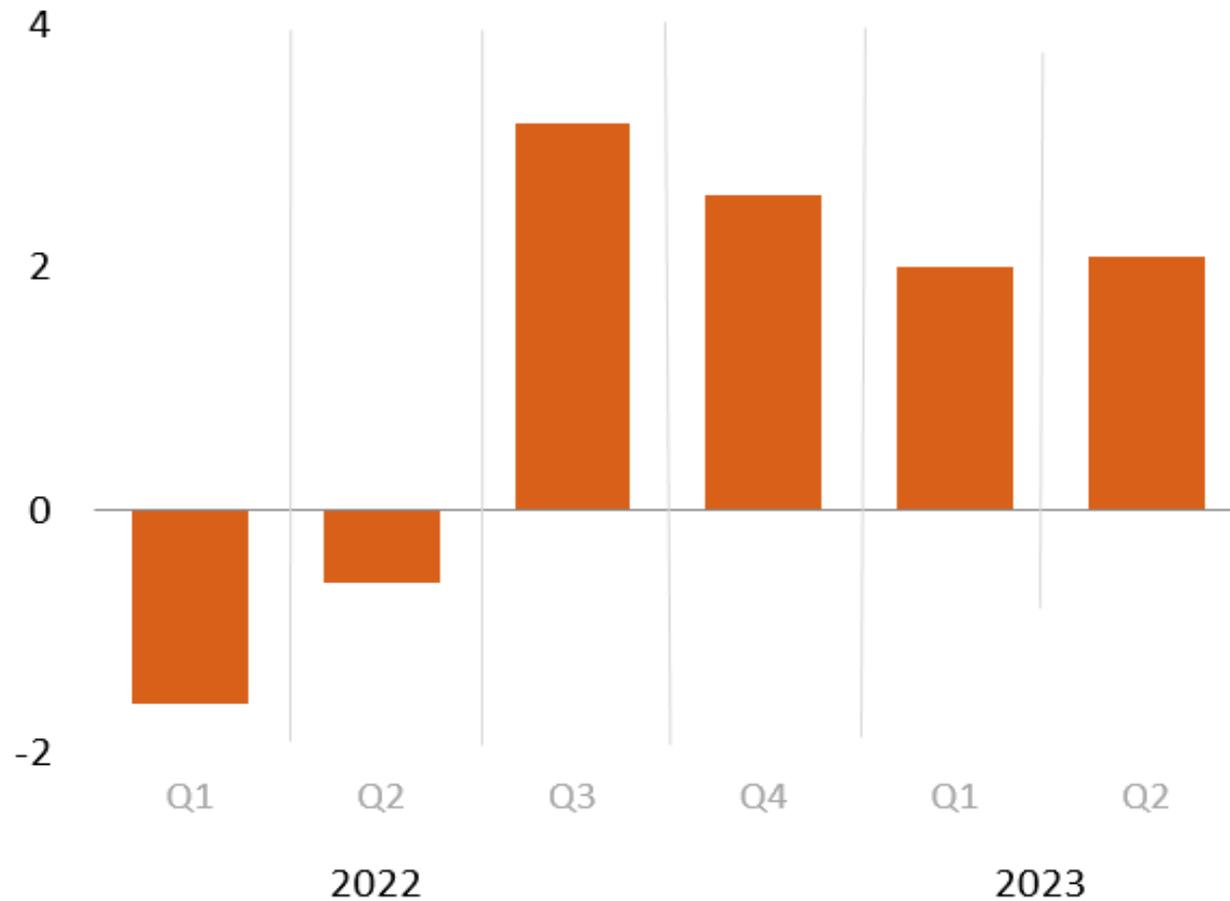


## Dry Van Capacity Data



powered by DAT iQ

## Real GDP: Percent change from preceding quarter



U.S. Bureau of Economic Analysis

Seasonally adjusted annual rates

## ECONOMIC INDICATORS

- The Conference Board forecasts that the growth seen in many parts of the economy will gradually buckle under mounting headwinds later this year, leading to a very short and shallow recession.
- This outlook is associated with numerous factors, including elevated inflation, high interest rates, dissipating pandemic savings, lower government spending, and the resumption of mandatory student loan repayments.
- Real GDP growth is forecasted to slow to 1.9% in late 2023 and then fall to 0.5% in 2024.
- As inflation and interest rates abate in 2024, expect consumption to resume expansion.

Source: The Conference Board

# TURN INSIGHTS INTO ACTION WITH AIT

**Partner with a global network of experts on logistics plans tailored to you**

Now that you know what's on the horizon for the coming month, it's time to strategize. But you don't have to do it alone. Let us put our 40+ years of experience across every industry, mode and region to work for your organization.

## **North American Domestic Product**

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