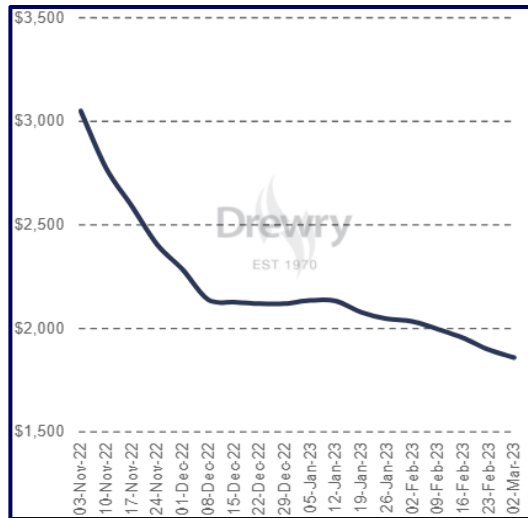


# **GLOBAL TRANSPORTATION MARKET REPORT MARCH 2023**

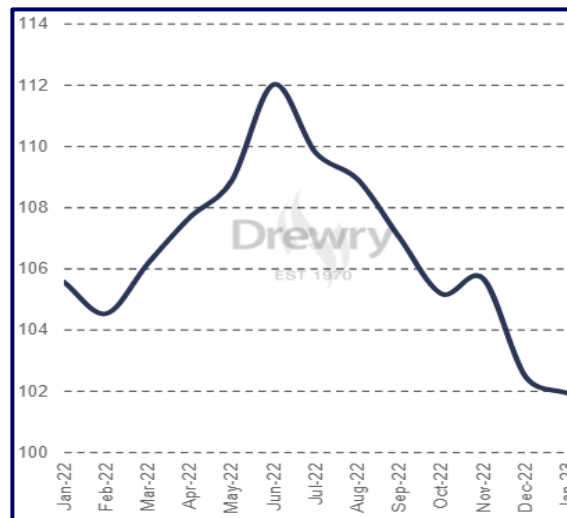


# GLOBAL OCEAN TRENDS

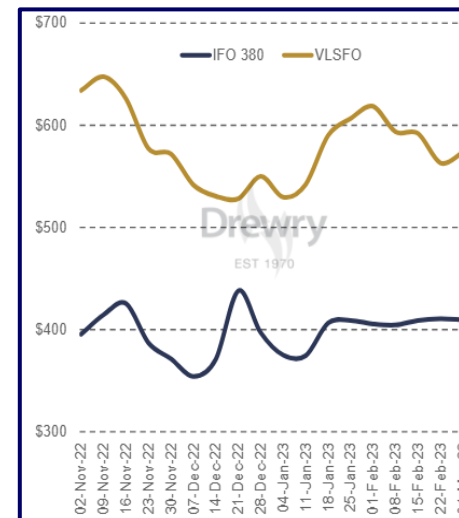
World Container Index



Global Port Throughput



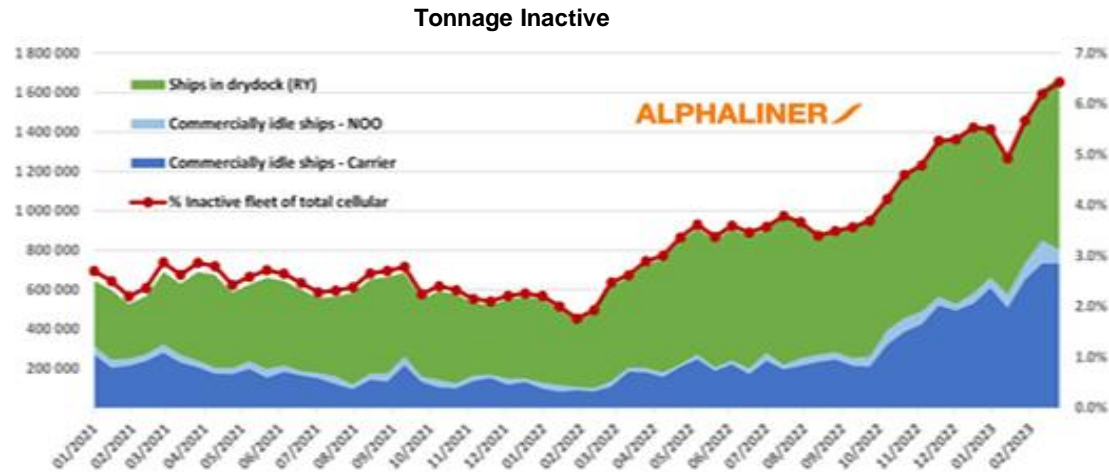
Bunker



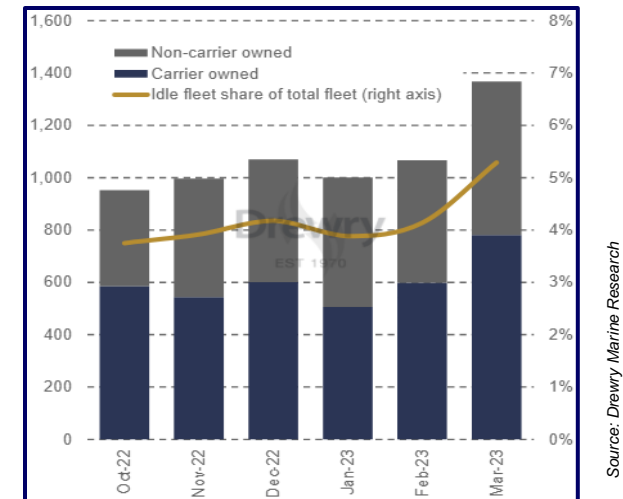
Source: Drewry Marine Research

- Carriers continue to announce blank sailings. The heaviest trade remains transpacific eastbound, followed by Far East westbound to North Europe.
- Drewry analysts suggest new build tonnage arriving to the market combined with less frequent blank sailings may cause a slight increase in capacity. Should this be realized in the near future, rates are not expected to increase.
- Recent behavior – including hesitation to implement more drastic and aggressive blank sailing measures – indicates carriers are focused on market share retention and client loyalty.
- Rate indices continue to decrease, with head haul lanes not expected to rebound to higher levels in the coming weeks.
- Carrier alliances are coming under a closer watch with the announcement of the 2M dissolution. Some analysts are waiting to see if this news will trigger additional alliance reorganizations.

# CAPACITY AND IDLE FLEET



Source: Alphaliner



Source: Drewry Marine Research

- Inactive capacity is at 3,367 ships representing 1,679,935 TEU. This is a slight increase from the previous month, accounting for 6.4% of the global fleet.
- The greatest percentage of ships in the global idle fleet are in the 3,000-to-5,000 TEU range.
- Five vessels were delivered in March, including one 10,000+ TEU vessel delivered to Wan Hai Lines.

# OCEAN TRADE LANES

- The largest ocean carriers, comprising the nine members of the three global alliances plus ZIM and Wan Hai Lines, are scheduled to receive 89 ships in 2023. Some lines may attempt to defer vessel deliveries to 2024.
- Overcapacity remains a major concern as it appears this additional capacity will impact the market at a time of low demand. Expect growing capacity to limit any potential rate increases in coming quarters.
- Blank sailings and other service closure efforts by carriers to counter declining rates are likely to be unsuccessful.
- Large carriers will continue to make aggressive efforts to increase their shares of the global market.

Trade Lane	Status	Comments
TPEB to USEC		
TPEB to USWC		
CBP to N Eur		
CBP to MED		
SE Asia to N Eur		
SE Asia to MED		
ISC to US		
N Eur to ISC		

Trade Lane	Status	Comments
N Eur to AP		Stable rates expected
MED to AP		Rates expected to stabilize
US to N Eur		
US to MED		
MED to US		
N Eur to US		
US to ISC		
Med to ISC		

	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



- Hapag-Lloyd will be a vessel provider for Wan Hai Lines' "AA7" service from the Far East to the U.S. East Coast. Starting in April, both carriers will deploy larger ships with a declared capacity of 7,500-11,500 TEU on the loop.
- MSC's Asia – Med 'Dragon' service (average capacity of 5,800 TEU) will turn in nine weeks, offering a first departure from Shanghai on March 12 with the MSC MICHAELA.
- Evergreen Line has introduced a Korea-China-Taiwan-Straits-Eastern India service, dubbed "FME2".
- In mid-April, ZIM starts a new weekly service connecting U.S. gulf ports with its hub in Kingston, Jamaica. The new line, "Caribbean Gulf Express (CGX)" will call at Kingston, Houston, Mobile, and Kingston.
- MSC's weekly NWC to/from Portbury, Greenock and Liverpool service has returned to Antwerp, where the MSC PSA European Terminal acts as the major North European hub.
- In late February, CNC (part of CMA CGM Group) resumed offering two weekly shuttles between Singapore and Ho Chi Minh City.

# MEXICO AND TRANSBORDER

## **Toll fees increase**

Federal tolls on Mexican highways increased by 7.82%, in accordance with inflation, for the period from December 2021 to December 2022.

## **New truck driver degree**

With an aim to grow the number of available drivers in Mexico, a new program allows students to drive heavy vehicles and special equipment, following six semesters of study.

According to the National Chamber of Cargo Transportation and the National Confederation of Mexican Transporters, the nation is currently facing a 50,000-person shortage of cargo transport operators.

## **Inflation impacts motor carriers**

In 2022, prices increased across the board for Mexico's motor carriers. The price of diesel (carriers' main operating cost) grew 21.8% from 2021. The cost of tires increased 14.2% from the previous year and brake systems rose by 11.3%.

Other vehicle costs also grew from year to year, including body costs (+5.4%), springs (+4%), spark plugs (+2%) and radiators (+1.4%).

Finally, seven other common carrier costs increased last year, including oils and lubricants (+8.3%) and cargo storage (+6.4%).

# MEXICO AND TRANSBORDER

## ■ Ocean Updates

### TEUs at Mexican ports dropped by 6.8% YOY in January 2023

- Pacific ports handled 7.6% fewer TEUs while Gulf of Mexico locations handled 4.6% less in comparison to January 2022 volume.
- All TEUs operated during the first month of 2023 were for high-altitude traffic. There was no record of containers in cabotage traffic.
- The Mexican government has sought to promote the transport of goods through sea cabotage with the application of investments in strategic ports, without any progress in the matter to date.

UBICACION	ALTURA			CABOTAJE			TOTAL		
	2022	2023	%	2022	2023	%	2022	2023	%
<b>PACIFICO</b>	<b>477,738</b>	<b>442,081</b>	<b>(7.5)</b>	<b>788</b>	<b>-</b>	<b>N/C</b>	<b>478,526</b>	<b>442,081</b>	<b>(7.6)</b>
EL SAUZAL, B.C.	-	-	N/C	-	-	N/C	-	-	N/C
ENSENADA, B.C.	28,558	34,262	20.0	-	-	N/C	28,558	34,262	20.0
PICHILINGUE, B.C.S.	1,202	-	N/C	-	-	N/C	1,202	-	N/C
GUAYMAS, SON.	940	1,426	51.7	-	-	N/C	940	1,426	51.7
MAZATLAN, SIN.	2,116	1,698	(19.8)	394	-	N/C	2,510	1,698	(32.4)
MANZANILLO, COL.	269,185	271,716	0.9	-	-	N/C	269,185	271,716	0.9
LAZARO CARDENAS, MICH.	172,849	131,275	(24.1)	-	-	N/C	172,849	131,275	(24.1)
SALINA CRUZ, OAX.	-	-	N/C	394	-	N/C	394	-	N/C
PUERTO CHIAPAS	2,888	1,704	(41.0)	-	-	N/C	2,888	1,704	(41.0)
<b>GOLFO - CARIBE</b>	<b>172,328</b>	<b>164,429</b>	<b>(4.6)</b>	<b>-</b>	<b>-</b>	<b>N/C</b>	<b>172,328</b>	<b>164,429</b>	<b>(4.6)</b>
ALTAMIRA, TAMPS.	63,086	59,197	(6.2)	-	-	N/C	63,086	59,197	(6.2)
TAMPICO, TAMPS.	512	2,637	415.0	-	-	N/C	512	2,637	415.0
TUXPAN, VER.	5,771	3,717	(35.6)	-	-	N/C	5,771	3,717	(35.6)
VERACRUZ, VER.	91,886	88,222	(4.0)	-	-	N/C	91,886	88,222	(4.0)
COATZACOALCOS, VER.	1,203	1,254	4.2	-	-	N/C	1,203	1,254	4.2
DOS BOCAS, TAB.	-	-	N/C	-	-	N/C	-	-	N/C
SEYBAPLAYA, CAMP.	-	-	N/C	-	-	N/C	-	-	N/C
PROGRESO, YUC.	9,497	8,886	(6.4)	-	-	N/C	9,497	8,886	(6.4)
PUERTO MORELOS, Q. ROO	373	516	38.3	-	-	N/C	373	516	38.3
<b>TOTAL</b>	<b>650,066</b>	<b>606,510</b>	<b>(6.7)</b>	<b>788</b>	<b>-</b>	<b>N/C</b>	<b>650,854</b>	<b>606,510</b>	<b>(6.8)</b>

# MEXICO AND TRANSBORDER

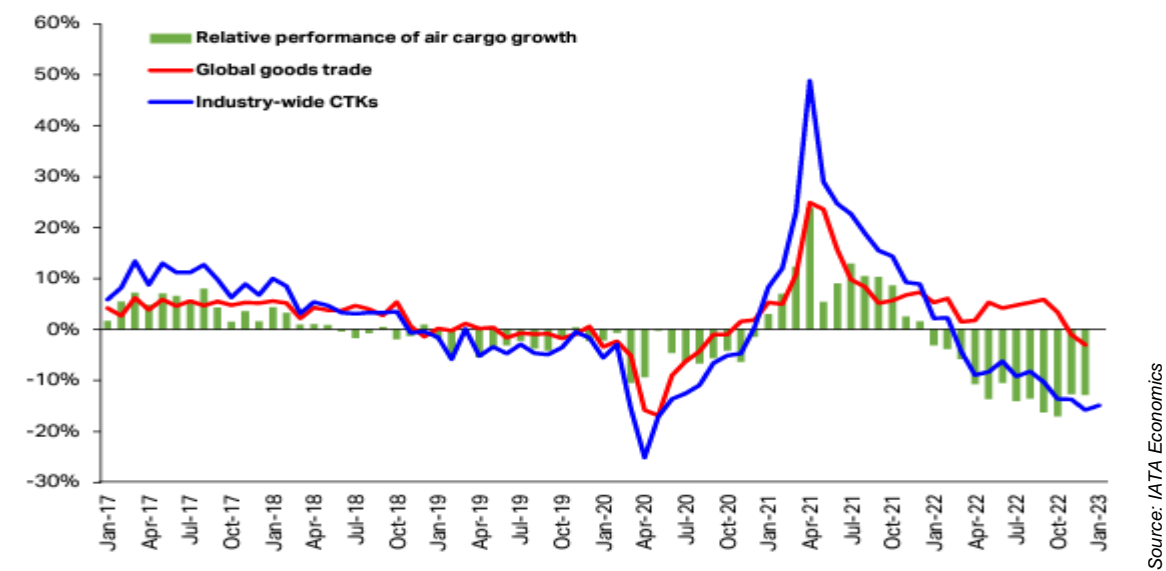
- Air Updates

- China Southern now operates three weekly services to Felipe Ángeles International Airport.
- In January, air cargo in Mexico grew at an annual rate of 8%, with Mexico City International Airport topping the list of the fastest growing, merchandise-moving terminals.

Estadística de carga total manejada por los principales aeropuertos (toneladas)								
Top 10	ene-22	ene-23	Var	% Var	ene 22	ene 23	Var	% Var
Ciudad de México	41,650.0	47,206.8	5,556.9	▲13.3%	41,650.0	47,206.8	5,556.9	▲13.3%
Guadalajara	14,466.6	14,071.8	-394.8	▼2.7%	14,466.6	14,071.8	-394.8	▼2.7%
Querétaro	5,408.2	6,105.6	697.4	▲12.9%	5,408.2	6,105.6	697.4	▲12.9%
Monterrey	5,084.2	5,308.5	224.3	▲4.4%	5,084.2	5,308.5	224.3	▲4.4%
Toluca	2,575.6	3,099.5	523.9	▲20.3%	2,575.6	3,099.5	523.9	▲20.3%
Cancún	3,171.1	3,049.6	-121.5	▼3.8%	3,171.1	3,049.6	-121.5	▼3.8%
Tijuana	2,573.4	2,648.2	74.7	▲2.9%	2,573.4	2,648.2	74.7	▲2.9%
San Luis Potosí	2,142.5	2,226.5	84.0	▲3.9%	2,142.5	2,226.5	84.0	▲3.9%
Mérida	1,939.2	2,170.7	231.5	▲11.9%	1,939.2	2,170.7	231.5	▲11.9%
Hermosillo	1,105.0	1,026.7	-78.3	▼7.1%	1,105.0	1,026.7	-78.3	▼7.1%
Otros	4,930.6	4,947.6	17.0	▲0.3%	4,930.6	4,947.6	17.0	▲0.3%
TOTAL	85,046.3	91,861.4	6,815.1	▲8.0%	85,046.3	91,861.4	6,815.1	▲8.0%



Growth in Global Goods Trade



Sources: IATA Statistics, Netherlands CPB

	World share <sup>1</sup>	January 2023 (% year-on-year)				January 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>
TOTAL MARKET	100.0%	-14.9%	3.9%	-9.9%	44.8%	-11.0%	-6.7%	-2.2%	44.8%
Africa	2.0%	-9.5%	-1.8%	-3.8%	43.9%	8.6%	-12.5%	8.5%	43.9%
Asia Pacific	32.4%	-19.0%	8.8%	-15.5%	45.2%	-18.9%	-9.6%	-5.2%	45.2%
Europe	21.8%	-20.4%	-9.3%	-7.5%	54.1%	-16.0%	-21.6%	3.6%	54.1%
Latin America	2.7%	4.6%	34.4%	-9.3%	32.5%	-1.5%	-4.7%	1.0%	32.5%
Middle East	13.0%	-11.8%	9.6%	-10.0%	41.1%	-10.7%	-3.5%	-3.3%	41.1%
North America	28.1%	-8.7%	2.3%	-5.1%	42.3%	2.4%	7.6%	-2.2%	42.3%
International	86.8%	-16.2%	1.4%	-10.4%	49.4%	-11.4%	-10.1%	-0.7%	49.4%
Africa	2.0%	-9.5%	-2.7%	-3.4%	45.3%	9.7%	-11.9%	8.9%	45.3%
Asia Pacific	29.7%	-20.0%	2.0%	-14.8%	53.9%	-16.3%	-13.4%	-1.9%	53.9%
Europe	21.4%	-21.1%	-10.6%	-7.5%	56.1%	-16.8%	-22.8%	4.0%	56.1%
Latin America	2.3%	4.2%	42.3%	-13.7%	37.3%	4.2%	2.8%	-1.9%	37.3%
Middle East	13.0%	-11.7%	9.8%	-10.1%	41.3%	-10.6%	-3.4%	-3.3%	41.3%
North America	18.4%	-9.6%	2.5%	-6.2%	46.2%	1.2%	3.5%	-1.0%	46.2%

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

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

<sup>3</sup>Load factor level

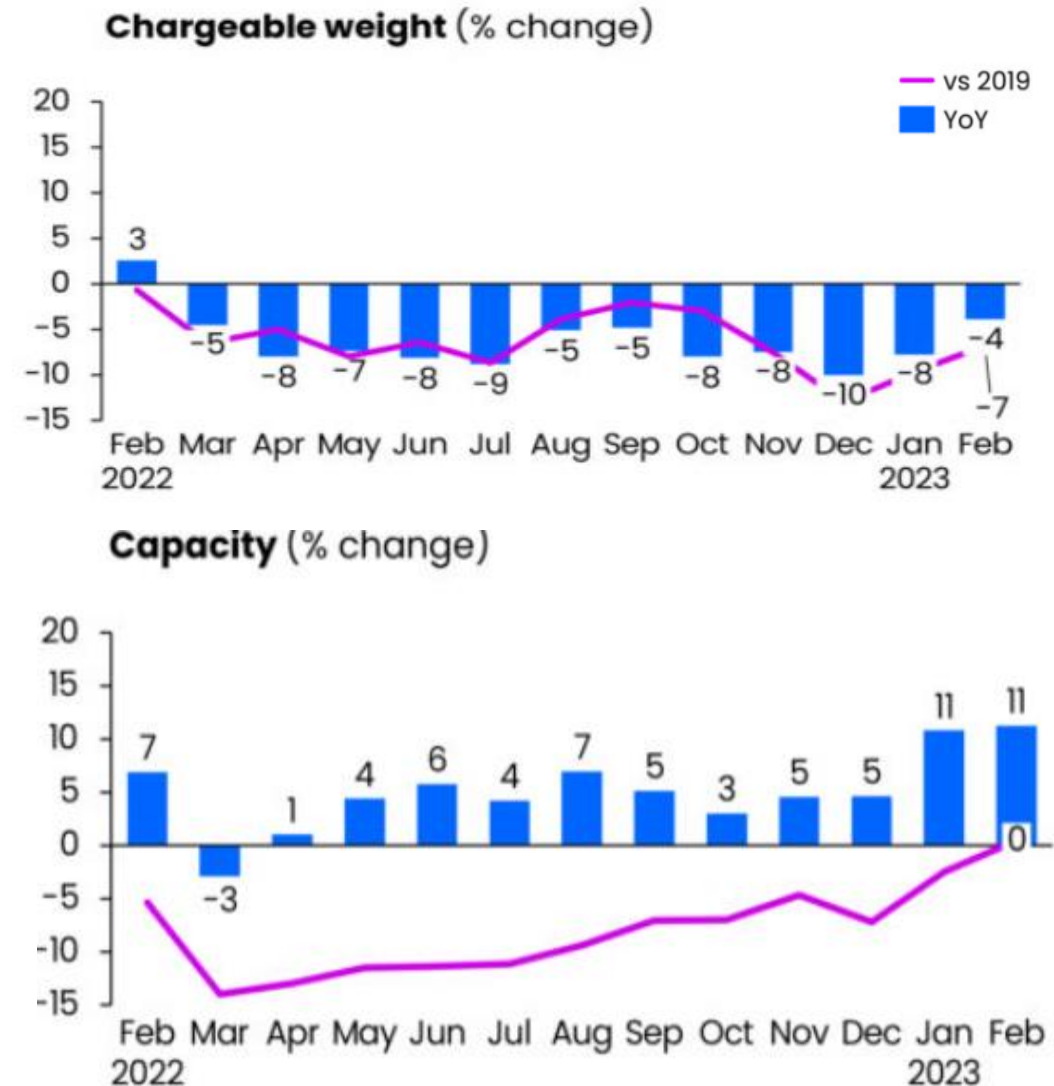
**Note:** the total industry and regional growth rates are based on a constant sample of airlines combining reported data and estimates for missing observations. Airline traffic is allocated according to the region in which the carrier is registered; it should not be considered as regional traffic. Historical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

AIR FREIGHT OVERVIEW

- Demand continues to weaken, with first quarter results including load factors beneath pre-pandemic levels (near 11%).
- Belly capacity is still limited compared to past quarters, but it continues to rebound, with load factors now registering at 44.8%. The ongoing increase in passenger flights continues to boost this capacity.
- Expect further growth for belly capacity as China's reopening continues to positively impact passenger flights.

# CAPACITY DEVELOPMENT

- Tonnes continue to underperform as capacity availability rises.
- Rates are not expected to surge over the course of 2023.
- Shippers are aggressively moving to formal bids for air freight pricing and long-term agreements, reflecting pre-pandemic approaches to transportation procurement.
- Passenger bookings and international seat availability grew in the latter half of the first quarter as a result of easing pandemic policies in China.



# AIR TRADE LANES

- With normalized rates and seasonal similarities to the pre-pandemic market, capacity is expected to grow in the summer due to increased passenger demand.
- A Lufthansa Group IT outage recently led to flight delays, cancellations, and import ground handling delays. The airline is also set to cancel more than 30,000 flights from its original summer 2023 schedule due to ongoing staff shortages.
- Soft demand has reduced load factors by more than 5% compared to the end of 2022.
- Slight volume increases in the latter half of the first quarter were very limited – not enough to significantly impact rates and capacity.

Trade Lane	Status	Comments
AP to US		
US to AP		
Europe to AP		
AP to Europe		
Europe to US		
US to Europe		

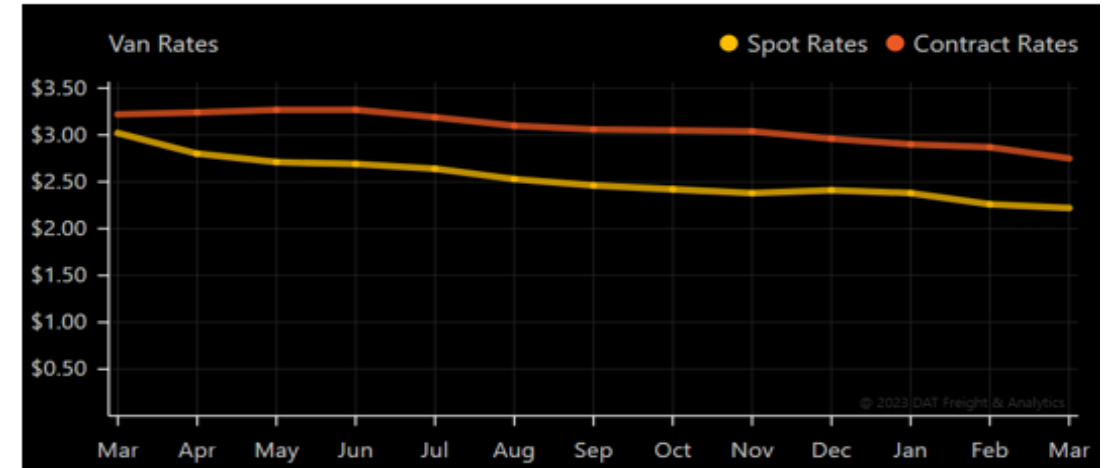
Trade Lane	Status	Comments
US to LATAM		
LATAM to US		
Europe to LATAM		
LATAM to Europe		
India to US		
US to India		

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

# NORTH AMERICAN TRANSPORTATION



*powered by DAT iQ*

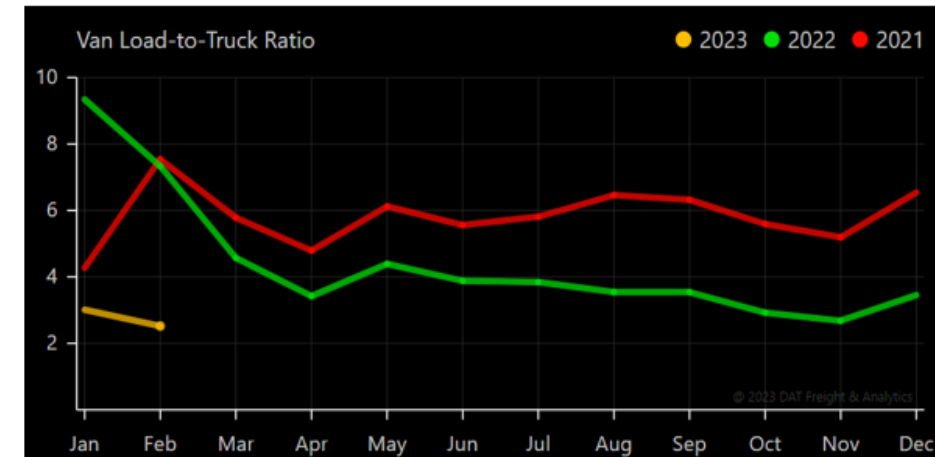
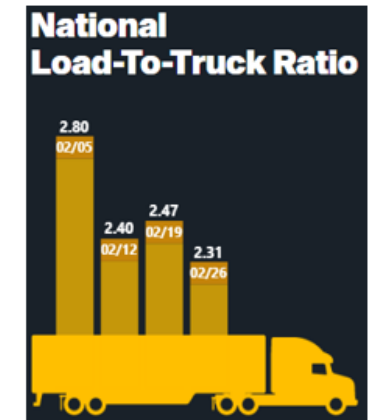
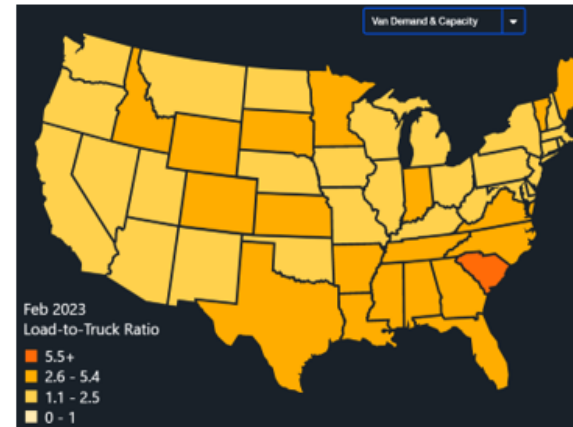


- So far, declines in spot quote rates across all modes of trucking has continued into March 2023.
- U.S. manufacturing is showing signs of slowing, in conjunction with decreased new orders in technology, home goods, and retail. The current manufacturing PMI is 47.7 (a number below 50 signifies a shrinking manufacturing economy).
- Meanwhile, China reported an outsized jump in manufacturing activity, which may positively influence supply chain challenges, fuel commodity prices, and global inflation.

# NORTH AMERICAN TRANSPORTATION

- Load-to-driver capacity remains favorable in most U.S. markets.
- Many factors are contributing to available capacity, such as declines in consumer spending and manufacturing output, as well as excessive inventories driving a decrease in new ordering.

## Dry Van Capacity Data



powered by DAT iQ



# ECONOMIC INDICATORS

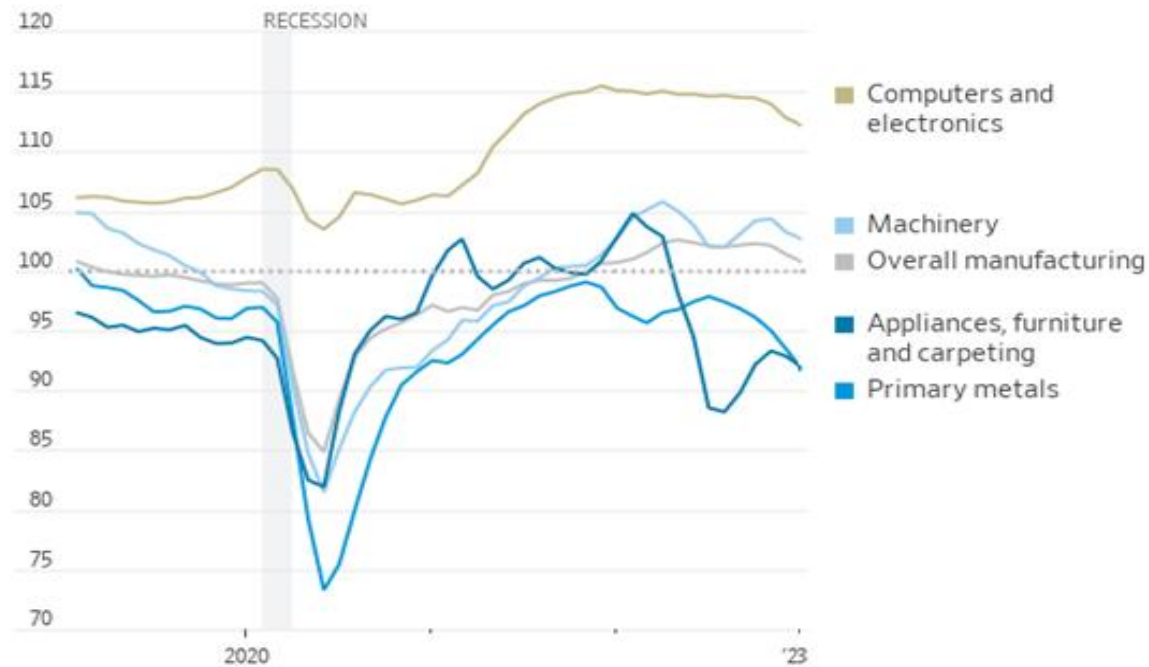
While U.S. GDP growth defied expectations in late 2022, the Conference Board expects persistently high inflation and rising interest rates will soon tip the economy into a brief and mild recession. The CB forecasts that real GDP growth will slow to 0.3% and then rebound to 1.6% in 2024.

Real U.S. consumer spending began to contract in the final months of 2022, and this trend is expected to continue over the coming quarters. Additionally, as the Federal Reserve continues to raise interest rates (the CB forecasts two more 25 basis point hikes over the next two meetings) they expect nonresidential investment to turn negative and residential investment to continue to contract. Finally, volatility in trade and inventory data that boosted growth in Q4 2022 is unlikely to persist in Q1 2023 and will therefore push overall GDP lower.

Labor market tightness will moderate somewhat over the coming quarters but will remain elevated relative to previous economic downturns. This should prevent overall economic growth from slipping too deeply into contractionary territory and facilitate a rebound in late 2023. Inflation will continue to cool over the course of 2023 as well, but the Fed's 2% inflation target will remain elusive. As such, the Federal Reserve will not cut interest rates until next year, in the CB's view.

## Factory Output

Manufacturing production in select sectors



Note: Figures represent a three-month moving average; seasonally adjusted; 100= 2017 output

Source: Federal Reserve

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