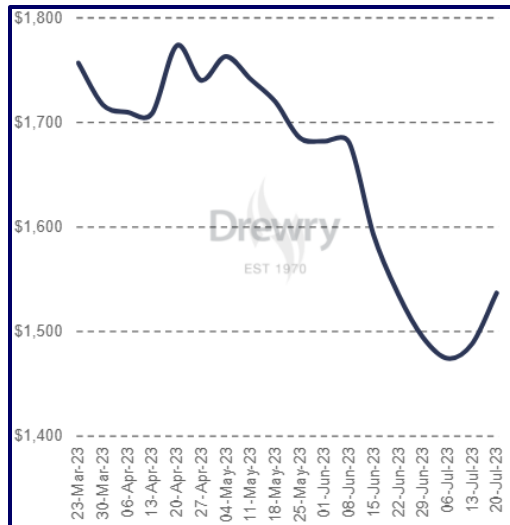


# GLOBAL TRANSPORTATION MARKET REPORT AUGUST 2023

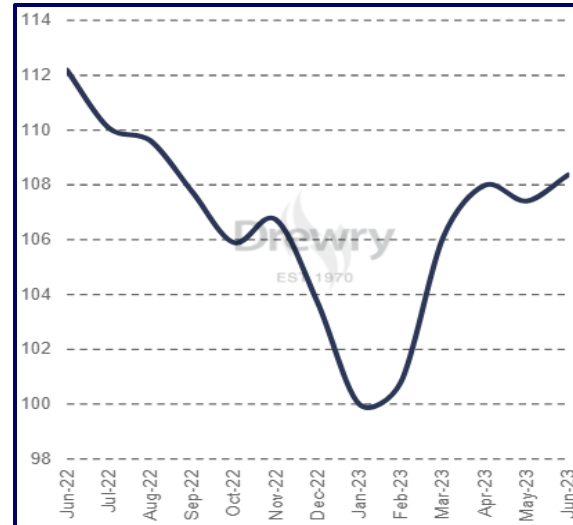


# GLOBAL OCEAN TRENDS

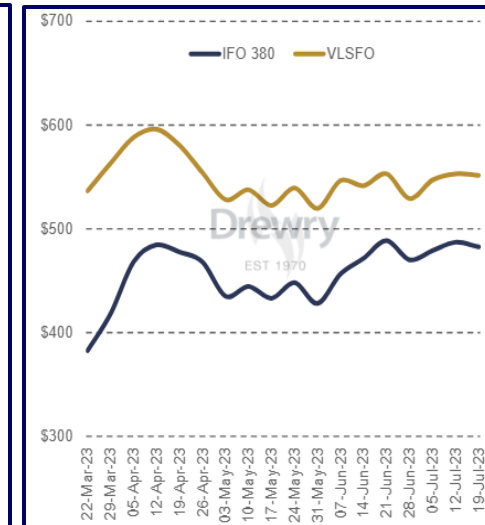
World Container Index



Global Port Throughput



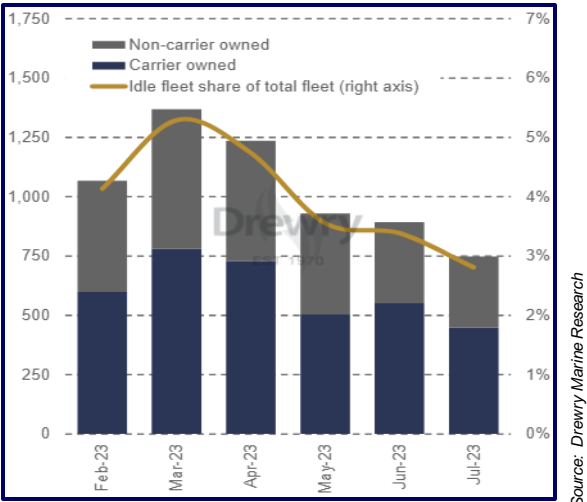
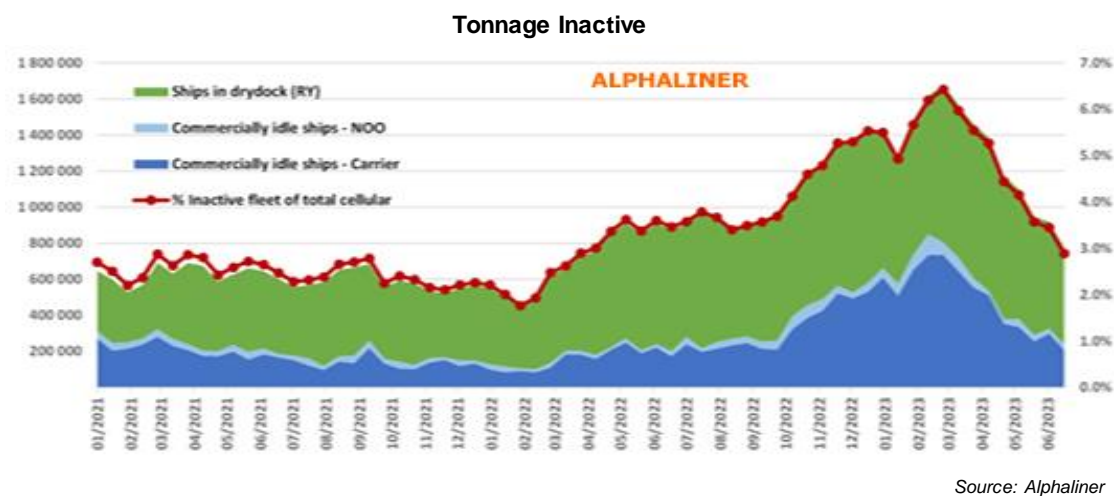
Bunker



Source: Drewry Marine Research

- Global carriers continue to see profits slip as demand remains soft.
- Head haul trades continue to see reduced utilization as retail demand in both Europe and North America has decreased due to high interest rates and continued inflation. Analysts expect this trend to continue into the second half of 2023.
- Carriers have announced general rate increases on transpacific routes from the Far East to the North American West Coast; however, industry experts believe these rates will be difficult to maintain.
- U.S. destinations are seeing slight spot market increases. Analysts are closely watching splash reports ahead of an anticipated injection of capacity.

# CAPACITY AND IDLE FLEET



- Inactive capacity is at 219 ships representing 800,000 TEU. This is a slight decrease from the previous month, accounting for 3% of the global fleet.
- There were nine vessel deliveries in July, including the MSC Berangere, a 5,000+ TEU vessel.

# OCEAN TRADE LANES

- Carriers continue to adjust capacity, making large-scale shifts away from routes to North American West Coast ports with a preference for East Coast destinations instead. Thus far, 23% of carrier capacity has shifted from West Coast destinations; however, eastbound transpacific trade has only seen a 12% cut. At this level of deployment, we anticipate that rates will remain low.
- Spot rates are now below pre-pandemic levels. For example, Shanghai to New York has decreased by more than 80% compared to June 2022 when the rate was \$10,000.
- ILWU Canada will soon vote on a package endorsed by the ILWU caucuses. While we expect work disruption, we do not predict stoppages.

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		
MED to AP		
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



- THE Alliance members Hapag-Lloyd, Ocean Network Express (ONE), Yang Ming and HMM, are reorganizing their Far East – U.S. West Coast transpacific network this month, suspending the transpacific loop PS5.
- The Israeli carrier ZIM is closing its independent operated Far East - North America loop, ZNP, and replacing it with a slot allocation on an MSC service.
- Next month, ONE will enhance its coverage of the trade lane between Western India and Pakistan and the U.S. East Coast. The new IE2 service includes slots on Hapag Lloyd's and CMA CGM's loop between Western India and the U.S. East Coast.
- The Danish short-sea carrier, Unifeeder, added a new loop to connect Europe with the United Kingdom and nominated A2B ENERGY to operate on the new weekly service.



# MEXICO AND TRANSBORDER

- Ocean and Air Updates

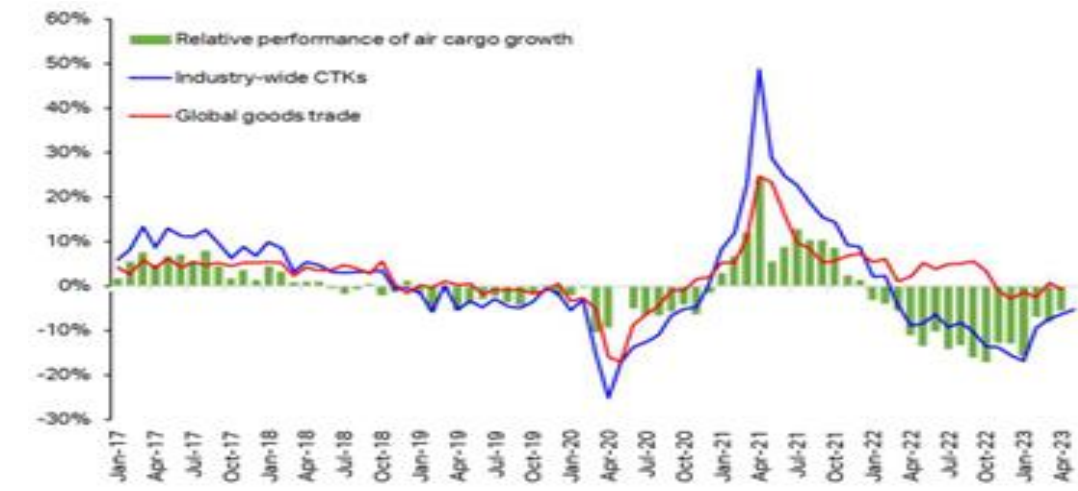
## China-Mexico ocean activity cools off

- Between May and June, ocean freight between China and Mexico decreased 29.43%, dipping below last year's forecasted figure
- Rates on the China-Mexico route dropped 80% from H1 2022 to H1 2023

## Air cargo imports increase

- In the first four months of 2023 alone, air cargo volumes arriving in Mexico increased nearly 5%
- In June, the Mexico City International Airport reported cargo volumes for the first half of 2023 increased 10% compared to the same time period in 2022

	2022			2023			Variación Porcentual		
	Nacional	Internacional	Total	Nacional	Internacional	Total	Nacional	Internacional	Total
ENERO	7,166.4	34,483.6	41,650.0	6,972.9	40,233.9	47,206.7	-2.7	16.7	13.3
FEBRERO	7,396.5	37,969.8	45,366.3	6,512.3	42,045.4	48,557.7	-12.0	10.7	7.0
MARZO	7,980.7	35,608.5	43,589.2	7,625.0	44,651.7	52,276.7	-4.5	25.4	19.9
ABRIL	6,566.3	35,938.6	42,504.9	6,931.4	40,436.2	47,367.6	5.6	12.5	11.4
MAYO	6,924.5	41,250.8	48,175.3	7,923.2	42,312.2	50,235.4	14.4	2.6	4.3
JUNIO	6,247.1	40,330.8	46,577.9	7,031.5	41,927.9	48,959.4	12.6	4.0	5.1
JULIO	7,118.0	42,946.0	50,064.0						
AGOSTO	7,720.3	40,026.2	47,746.5						
SEPTIEMBRE	7,626.5	39,435.0	47,061.5						
OCTUBRE	7,484.2	46,366.2	53,850.4						
NOVIEMBRE	7,411.1	44,817.0	52,228.1						
DICIEMBRE	7,459.7	44,535.3	51,995.0						
Total Junio	42,281.5	225,582.1	267,863.5	42,996.2	251,607.2	294,603.4	1.7	11.5	10.0
Total Anual	87,101.2	483,707.8	570,809.0						



Source: IATA Economics

Sources: IATA Sustainability and Economics, IATA Monthly Statistics, Netherlands CPB

	World share <sup>1</sup>	April 2023 (% year-on-year)				April 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%	-6.6%	13.4%	-9.2%	42.7%	-5.3%	3.2%	-3.8%	42.7%
Africa	2.0%	0.9%	5.3%	-2.1%	48.2%	9.9%	-13.2%	10.1%	48.2%
Asia Pacific	32.4%	-0.4%	41.2%	-18.5%	44.2%	-9.0%	6.6%	-7.6%	44.2%
Europe	21.8%	-8.2%	7.8%	-8.6%	49.7%	-12.2%	-11.6%	-0.3%	49.7%
Latin America	2.7%	-1.6%	8.1%	-3.6%	36.4%	-3.4%	-7.3%	1.5%	36.4%
Middle East	13.0%	-6.8%	10.0%	-7.8%	43.1%	-2.9%	5.1%	-3.5%	43.1%
North America	28.1%	-13.1%	-1.5%	-5.0%	37.3%	3.6%	12.5%	-3.2%	37.3%
International	86.8%	-7.0%	10.7%	-9.4%	49.3%	-5.1%	-0.9%	-2.2%	49.3%
Africa	2.0%	0.3%	5.0%	-2.3%	49.1%	10.4%	-12.2%	10.0%	49.1%
Asia Pacific	29.7%	-3.6%	23.7%	-15.4%	54.4%	-6.8%	-1.2%	-3.3%	54.4%
Europe	21.5%	-8.7%	7.4%	-9.0%	51.3%	-12.7%	-11.3%	-0.8%	51.3%
Latin America	2.3%	-1.0%	11.0%	-5.0%	41.7%	-0.7%	-0.5%	-0.1%	41.7%
Middle East	13.0%	-6.8%	10.1%	-7.9%	43.4%	-2.8%	6.2%	-4.1%	43.4%
North America	18.4%	-12.1%	0.0%	-6.3%	45.9%	4.6%	8.5%	-1.7%	45.9%

<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.

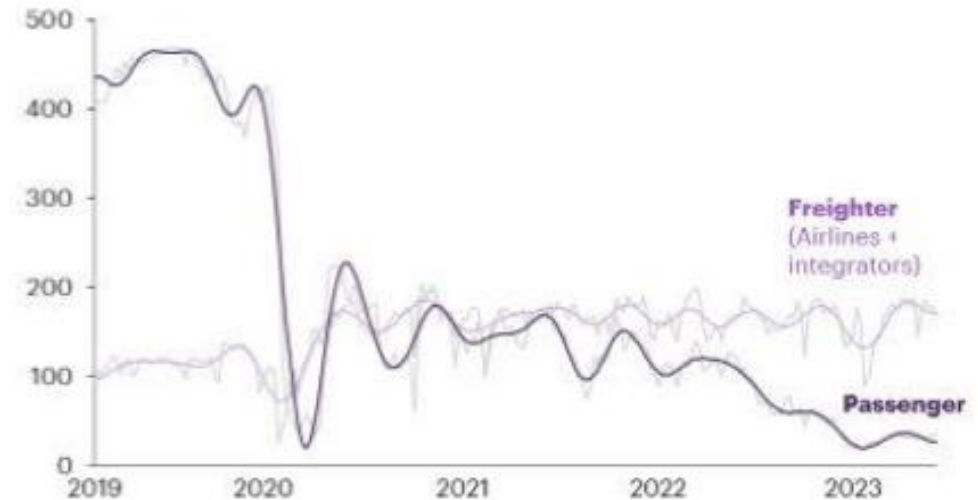
# AIR FREIGHT OVERVIEW

- Industry-wide cargo capacity has returned to pre-pandemic levels with additional space being added in line with heightened summer travel demands.
- Globally, capacity increased more than 14%, resulting in sufficient capacity across all lanes and little to no backlogs.
- Likewise, passenger-to-freighter balances in the global market resemble pre-pandemic levels.
- Stable rate levels are expected to continue until a potential demand increase later in Q3.

# CAPACITY DEVELOPMENT

- Compared to 2019, passenger flights in 2023 between the United States and China are down by more 70% year-to-date.
- Currently, the preferred routes between China and the United States require flight through Russian airspace—restricted for U.S.-based airlines but allowed for China-based airlines. As a result, pricing for China-based airlines is approximately 40% less compared to their U.S. counterparts.
- Currently, available capacity is meeting demand.

**Weekly flights between China and North America, 2019-2023**  
Number of flights



Source: Global Air Trade and Capacity Tracking databases, Accenture Cargo analysis



# AIR TRADE LANES

- Rates on the spot market across most trades are stable with only slight increases on specific trade lanes.
- As the second half of 2023 continues, we expect long-term rates to become more stable.
- IATA forecasts renewable fuel production, including sustainable aviation fuel, will climb to nearly 69 billion liters by 2028, making it more affordable.
- Ground handling delays remain minimal.
- Jet fuel prices remain stable with minimal changes; however, analysts are monitoring OPEC oil production for potential cuts which could lead to price increases through the end of 2023 and into 2024.

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

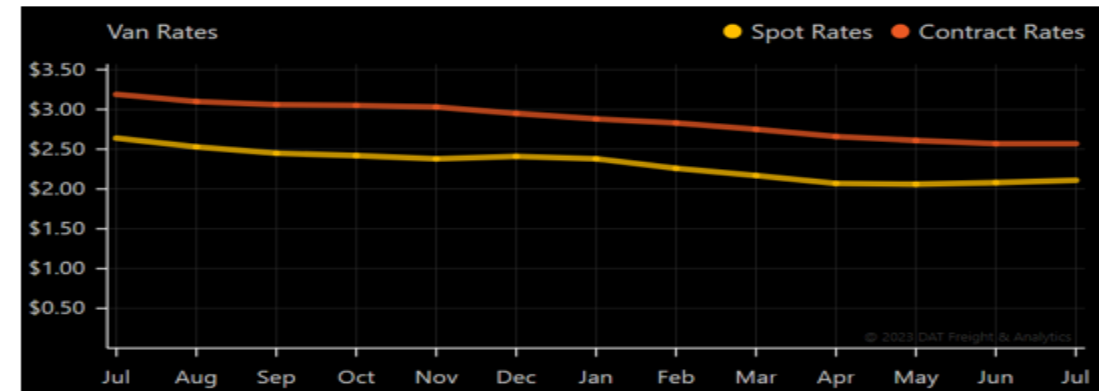
Trade Lane	Status	Comments
US to LATAM		
LATAM to US		
Europe to LATAM		
LATAM to Europe		
India to US		
US to India		

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

# NORTH AMERICAN TRANSPORTATION



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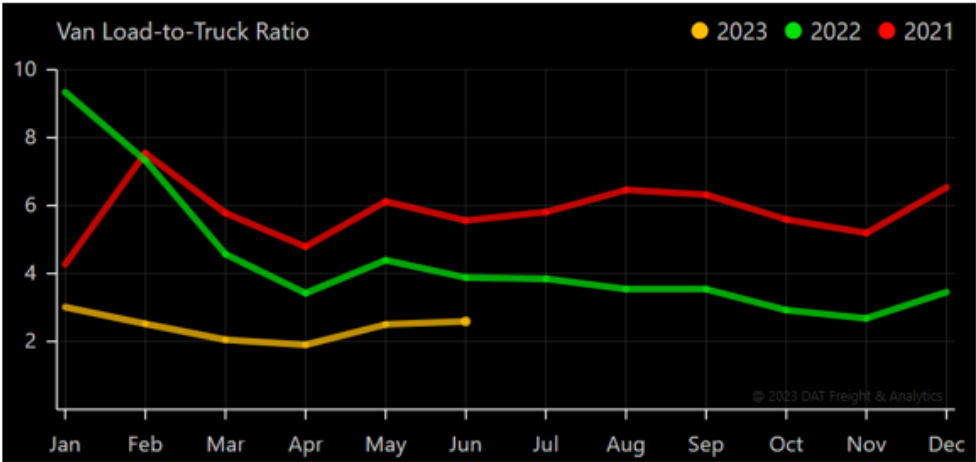
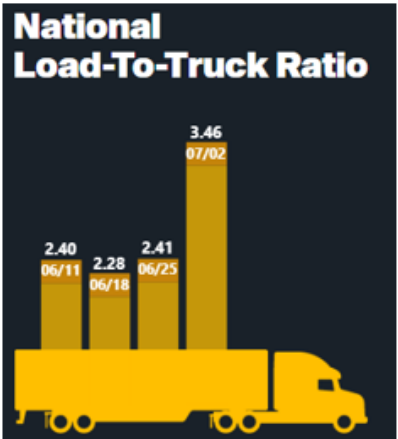
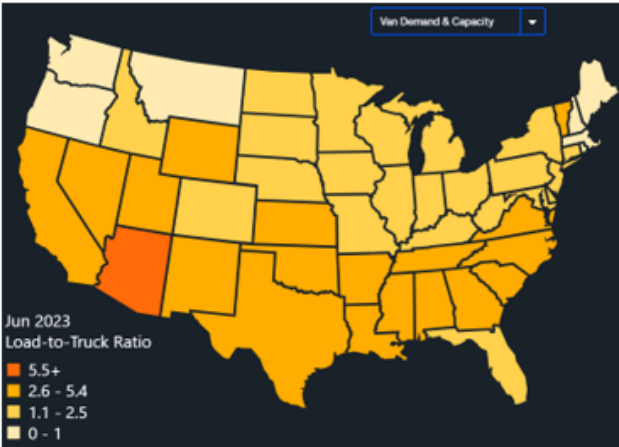


- Market indicators suggest both spot and contract rates will remain flat well into the second half of 2023.
- Warehouse vacancy percentages continue to increase as retailers thin out older inventories. Retailers are also utilizing stores as regional fulfillment centers to move inventories closer to consumers.
- On July 25, UPS and the Teamsters union reached a tentative deal on a new contract, potentially avoiding a labor stoppage that would cripple U.S. supply chains. In a process expected to take nearly a month, the tentative agreement needs to be ratified by about 340,000 union members at UPS to neutralize the threat of a strike.
- The August 6 bankruptcy filing from U.S. LTL provider Yellow Corp., after suspending operations on July 30, is expected to add volume back into the market. Current capacity should absorb this tonnage.

# NORTH AMERICAN TRANSPORTATION

- Load-to-driver capacity remains favorable in most U.S. markets.
- The ratio increased at the end of June due to an end-of-the quarter surge.
- For the second half of 2023, we project a continuation in manageable capacity. Expect end-of-month surges and regional increases, but consistent availability overall.

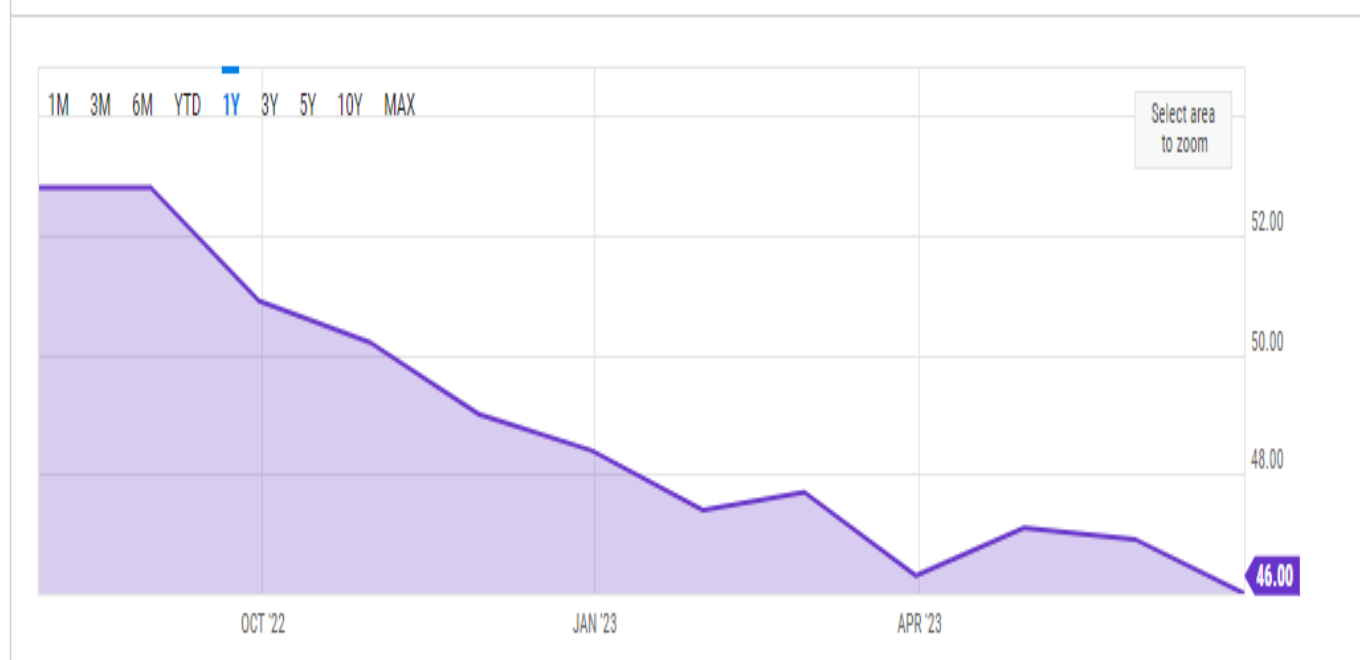
Dry Van Capacity Data



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## US ISM Manufacturing PMI (I:USPMI)

46.00 for Jun 2023



# ECONOMIC INDICATORS

US ISM Manufacturing PMI is at 46.00, down from 46.90 last month and down from 53.00 one year ago. This is a change of -1.92% from last month and -13.21% from last year.

## Mixed Labor Market Signals

Wall Street was rattled by an unexpected surge of new private-sector jobs in the June labor report. ADP reported private sector employers added 497,000 jobs in June, more than doubling the consensus estimate of 220,000. Leisure and hospitality led the gains with 232,000 new hires, followed by construction (97,000).

The June report of monthly employment data painted a more moderate picture, with 209,000 new jobs added, well below the estimate of 240,000, and May's downwardly revised total of 306,000. The report also indicates a decline in job openings and a rise in jobless claims, suggesting that the labor market may be cooling.

**Source: PWA**

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