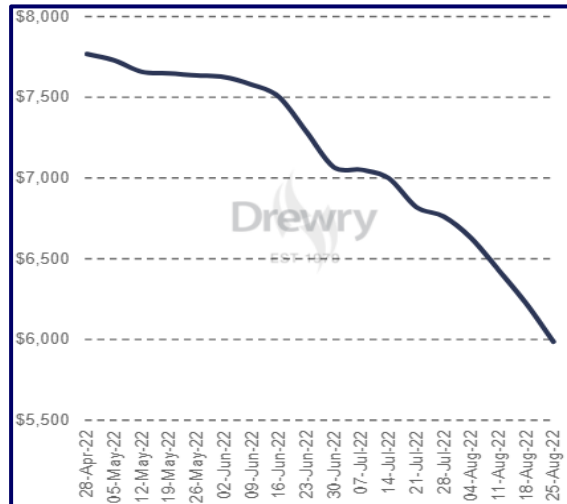


**GLOBAL
TRANSPORTATION
MARKET REPORT
SEPTEMBER 2022**

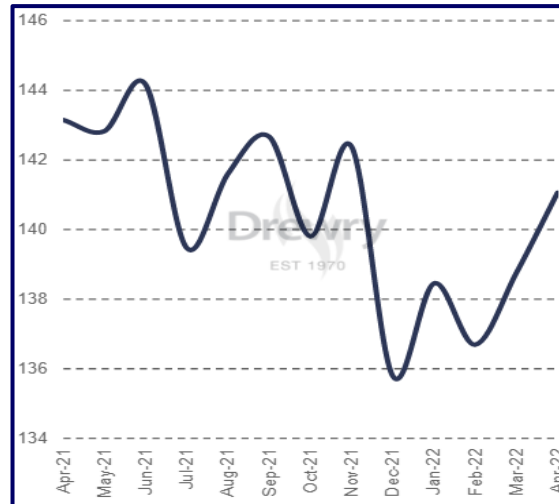


GLOBAL OCEAN TRENDS

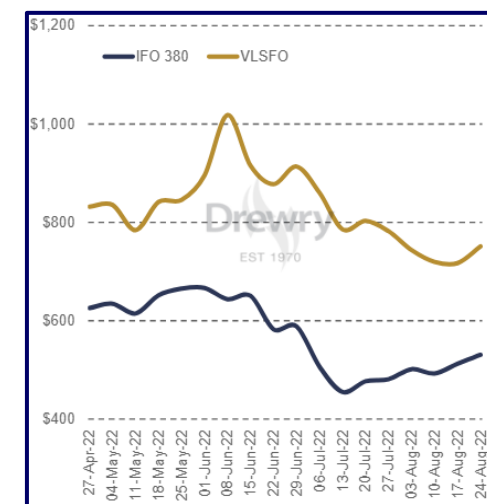
World Container Index



Global Port Throughput



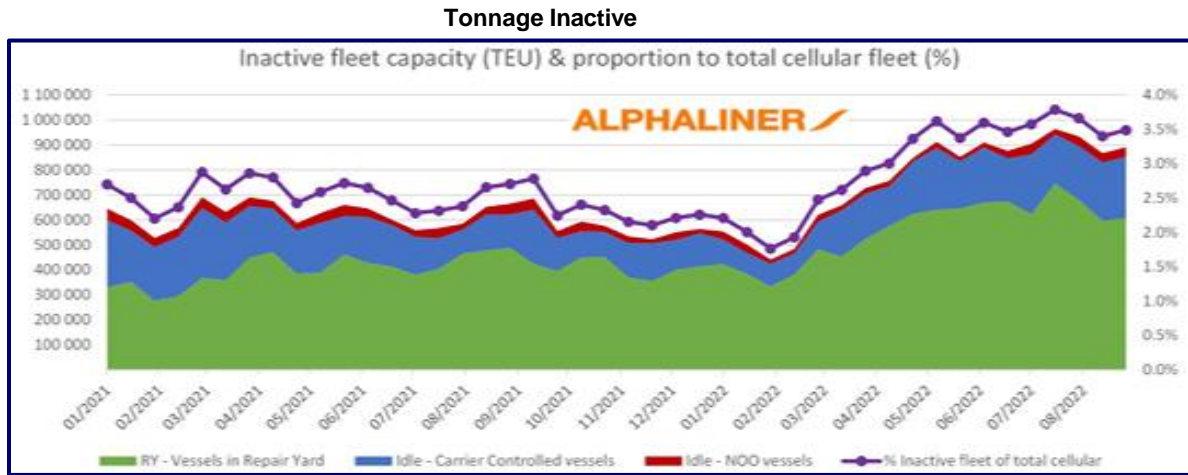
Bunker



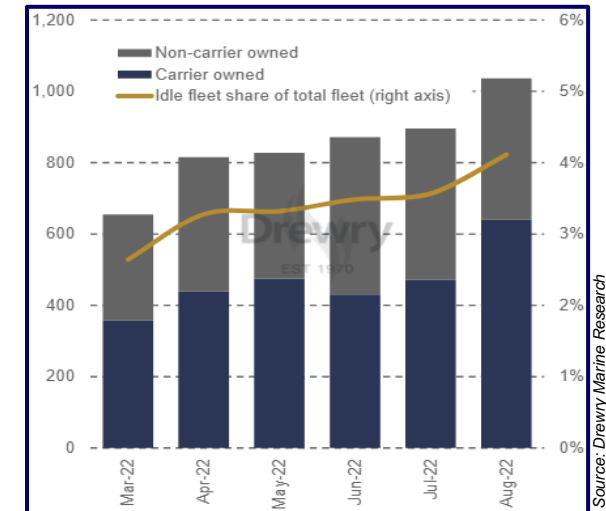
Source: Drewry Marine Research

- Rates are falling despite the historical peak season in advance of Chinese Golden Week. If this trend continues and demand remains low, expect carriers to ramp up blank sailings.
- Carriers facing high operating costs may consider service cuts.
- Rates from Asia to Europe and North America continue to normalize as on-hand U.S. inventory levels increase.
- Markets are likely to continue normalizing through 2022. There should still be a peak season, but ultimately expect a softer overall market.

CAPACITY AND IDLE FLEET



Source: Alphaliner



- Inactive capacity is at 231 ships for 890,840 TEU. This is a slight decrease from the previous month, accounting for 3.4% of the global fleet.
- The global idle fleet continues to include commercially inactive tonnage and ships in the repair yards (the largest amount attributed to the latter).
- 12 vessels were delivered in August, including two 10,000+ TEU deliveries to HLAG and Yang Ming.

OCEAN TRADE LANES

- Carriers that signed higher contract rates are reporting stronger results than those relying on the spot market. As operating expenses increase, even the most profitable carriers are feeling strained.
- After Felixstowe's eight-day strike in August, Liverpool dockworkers announced a strike of their own to begin Sept. 19.
- Carriers are expecting rates will continue to decrease, with services potentially being disrupted as a result.
- ILWU negotiations remain underway with statements being released that some benefit agreements have been made and talks will continue. No strikes have been announced.
- Congestion at U.S. Gulf Coast and East Coast ports continues to tighten as the industry works to avoid West Coast port congestion.

Trade Lane	Status	Comments
TPEB to USEC	Red	Utilization 100%
TPEB to USWC		
CBP to N Eur		Rate increases expected
CBP to MED		
SE Asia to N Eur		
SE Asia to MED		
ISC to US		
N Eur to ISC		Yellow

Trade Lane	Status	Comments
N Eur to AP	Yellow	Stable rates expected
MED to AP		Rates expected to stabilize
US to N Eur	Red	
US to MED		
MED to US	Yellow	Rates expected to hold
N Eur to US	Red	Rates expected to increase
US to ISC		
Med to ISC	Yellow	Increases expected

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

OCEAN CARRIER UPDATES

2M



Ocean Alliance



THE Alliance



- APM Terminals, the port operating branch of the APM Maersk Group, entered into an agreement to divest its 30.75% shareholding in Global Ports Investments to its partner Delo Group, following through with its plan to make an exit from the Russian market.
- Containerships (the intra-European carrier of CMA CGM) will expand its weekly BENI/ISX service connecting Ireland and Europe.
- COSCO Shipping Lines is introducing a new Southeast Asia – India – Middle East service known as AGI2 this month.
- Hapag-Lloyd introduced a new fleet upgrade program to more than 150 ships with the aim to reduce fuel consumption and carbon dioxide emissions.

MEXICO AND TRANSBORDER

Otay II Port of Entry construction starts in Tijuana

Construction on the new port of entry, which is slated to open at the border of California and Mexico in September 2024, began in August. Otay II will have 10 lanes for cargo trucks and is expected to cut waiting times for the area's other ports of entry by 50%.

Mexico extends Carta Porte fee-deferment through 2022

On Aug. 22, the Tax Administration Service (SAT) reported that it will continue to not sanction or fine carriers who do not adequately generate the electronic entry and transfer invoice with the Carta Porte complement through Dec. 31.

MEXICO AND TRANSBORDER

- Air and Ocean Updates

Mexican ports move 8.3% more containers as of July 2022

- The Secretaria de Marina (Semar) released the figures referring to port movement in Mexico. Through July of this year, 4,810,128 TEUs were operated, which translates to an increase of 8.3% YOY.
- According to the agency, 3,490,659 TEUs were moved through the Pacific ports, representing a 12.8% YOY increase.
- Manzanillo handled 1,986,137 TEUs (+1.5%); Lázaro Cárdenas 1,199,261 TEU (+38.5%); Ensenada 249,222 TEU (+19.7%); Chiapas Port 21,726 TEU (-15%); Mazatlan 19,791 TEU (-20%); Guaymas 8,484 TEU (-18.5%); Salina Cruz 2,068 TEUs (+10.8%); and Pichilingue 3,970 TEU.
- Based on the figures collected by the General Coordination of Ports and Merchant Marine of Semar, Gulf of Mexico ports registered 1,319,469 TEUs, a 2% YOY decrease.
- Veracruz handled 682,437 TEUs (+3.1%); Altamira 490,153 TEUs (-7.9%); Progreso 78,437 TEUs (-18.4%), Tuxpan 39,099 TEUs (+33%), Tampico 12,622 TEUs (-1.1%); Coatzacoalcos 12,464 TEUs (+23.8%), Puerto Morelos 3,848 TEUs (+11.7%); and Dos Bocas 409 TEUs.

MEXICO AND TRANSBORDER

Air

- Lufthansa is reporting high capacity from Mexico to Dallas-Fort Worth.
- UPS ordered eight 767 cargo planes from Boeing, bringing its fleet to 108 aircraft, a model that will allow greater efficiency, sustainability.
- The Felipe Ángeles International Airport (AIFA) received its first cargo flight from China on Sept. 1, carrying nearly 100 tons.
- The freighters will have 10 positions that will be in service 24 hours a day, as well as an exclusive runway for their use. In its first phase, the AIFA cargo terminal expects to handle 470,000 tons per year.

Growth in Global Goods Trade



Source: IATA Economics

AIR FREIGHT OVERVIEW

- The easing of restrictions in China and reduced disruption in global supply chains are likely to support world trade and air cargo volumes in the coming months, but high inflation and rising interest rates are expected to dampen demand.
- Volumes continue trending downward against regional capacity developments showing a negative impact to load factor.

	World share ¹	July 2022 (% ch vs the same month in 2019)				Year-to-date (% ch vs the same period in 2019)			
		CTK	ACTK	CLF (%-pt) ²	CLF (level) ³	CTK	ACTK	CLF (%-pt) ²	CLF (level) ³
TOTAL MARKET	100.0%	-3.0%	-7.8%	2.3%	47.2%	1.4%	-8.8%	5.2%	51.8%
Africa	1.9%	1.6%	-25.5%	12.0%	45.2%	13.2%	-14.7%	11.9%	48.2%
Asia Pacific	32.6%	-6.7%	-14.0%	4.4%	56.3%	-3.9%	-18.7%	9.4%	61.1%
Europe	22.8%	-14.8%	-16.3%	0.9%	49.3%	-6.4%	-16.8%	6.4%	57.7%
Latin America	2.2%	-1.6%	-6.9%	2.0%	37.4%	-3.0%	-18.1%	6.4%	41.1%
Middle East	13.4%	-1.6%	-5.0%	1.6%	46.9%	0.6%	-6.8%	3.7%	50.2%
North America	27.2%	12.6%	5.1%	2.6%	39.8%	16.5%	8.8%	2.8%	42.8%
International	87.0%	-3.5%	-9.2%	3.2%	53.0%	1.5%	-9.9%	6.6%	58.1%
Africa	1.9%	2.5%	-24.8%	12.3%	46.0%	14.4%	-13.3%	11.9%	49.1%
Asia Pacific	29.5%	-4.8%	-11.3%	4.3%	63.3%	0.0%	-14.4%	9.7%	67.9%
Europe	22.4%	-14.8%	-18.0%	2.0%	52.2%	-6.5%	-17.3%	7.0%	60.1%
Latin America	1.8%	1.3%	-3.3%	2.1%	45.1%	-1.5%	-16.2%	7.4%	49.6%
Middle East	13.4%	-1.5%	-5.0%	1.7%	47.3%	0.6%	-6.5%	3.6%	50.5%
North America	18.0%	12.5%	2.9%	4.1%	47.3%	16.0%	5.0%	4.9%	51.4%

¹% of industry CTAs in 2021

²Change in load factor vs same period in 2019

³Load factor level

CAPACITY DEVELOPMENT




- Logistics flows remained mostly normal across China as the nation reported 1,334 new COVID cases on Sept. 7, across 31 provinces.
- Zhengzhou Airport North Cargo Terminal is operating as normal, allowing for an additional 1.1 million tons of cargo throughput annually.
- Earlier this month, 26 scheduled flights between China and the United States were suspended. In response, the United States suspended 26 flights to China operated by four China-based airlines throughout the month:
 - Air China CA770; LAX/SZX, on Sep 6, 13, 20 & 27 (4 flights)
 - Air China CA988; LAX/PEK on Sep 18 & 25 (2 flights)
 - Chia Eastern Airlines; MU588; JFK/PVG on Sep 7, 12, 14, 19, 21, 26 & 28 (7 flights)
 - China Southern Airlines CZ328; LAX/CAN on Sep 10, 12, 17, 19, 24 & 26 (6 flights)
 - Xiamen Airlines flight MF830; LAX/XMN on Sep 5, 8, 12, 15, 19, 22 & 26 (7 flights)

AIR TRADE LANES

- Capacity has shown signs of recovery over the summer, as passengers resumed international travel.
- Airlines are expecting to reduce flight schedules as economies slow down.
- Jet fuel prices are also nearly 10% lower than a month ago, and spot prices are also at their lowest point since September last year, potentially boosting demand.

Trade Lane	Status	Comments
AP to US	Red	
US to AP	Yellow	
Europe to AP	Green	
AP to Europe	Red	
Europe to US	Green	
US to Europe	Green	

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

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

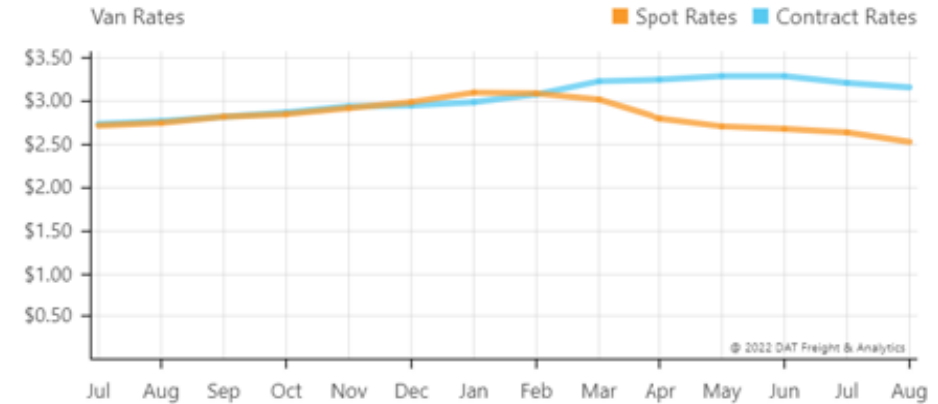
NORTH AMERICAN TRANSPORTATION



National Spot Rates: Van, Flatbed, Reefer

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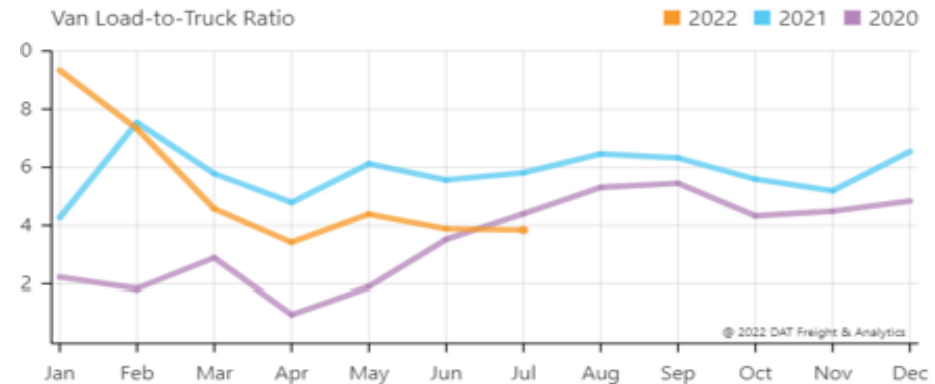
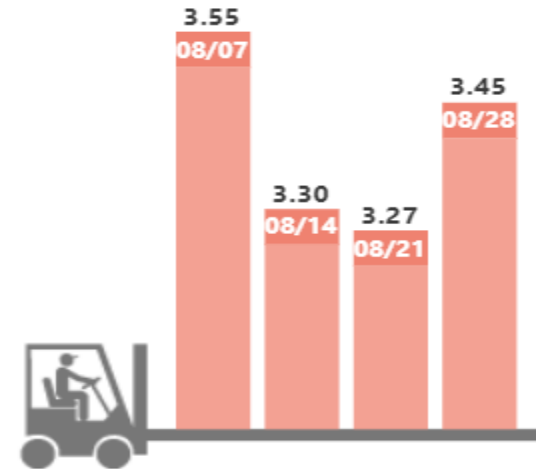
- Spot rates continue to decline, but at a much slower pace as the end of the third quarter approaches. Economists and customers anticipate a softer than normal peak season.
- Legal challenges to AB5 legislation in California continue with the California Trucking Association indicating that it will file a new motion requesting a preliminary injunction under the Federal Aviation Administration Authorization Act of 1994. The CTA argues that the California courts base their own standards for employment rather than what CTA believes will negatively impact services and routings, with an adverse affect on customers. Meanwhile, the AB5 Law remains in effect for California trucking companies.



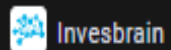
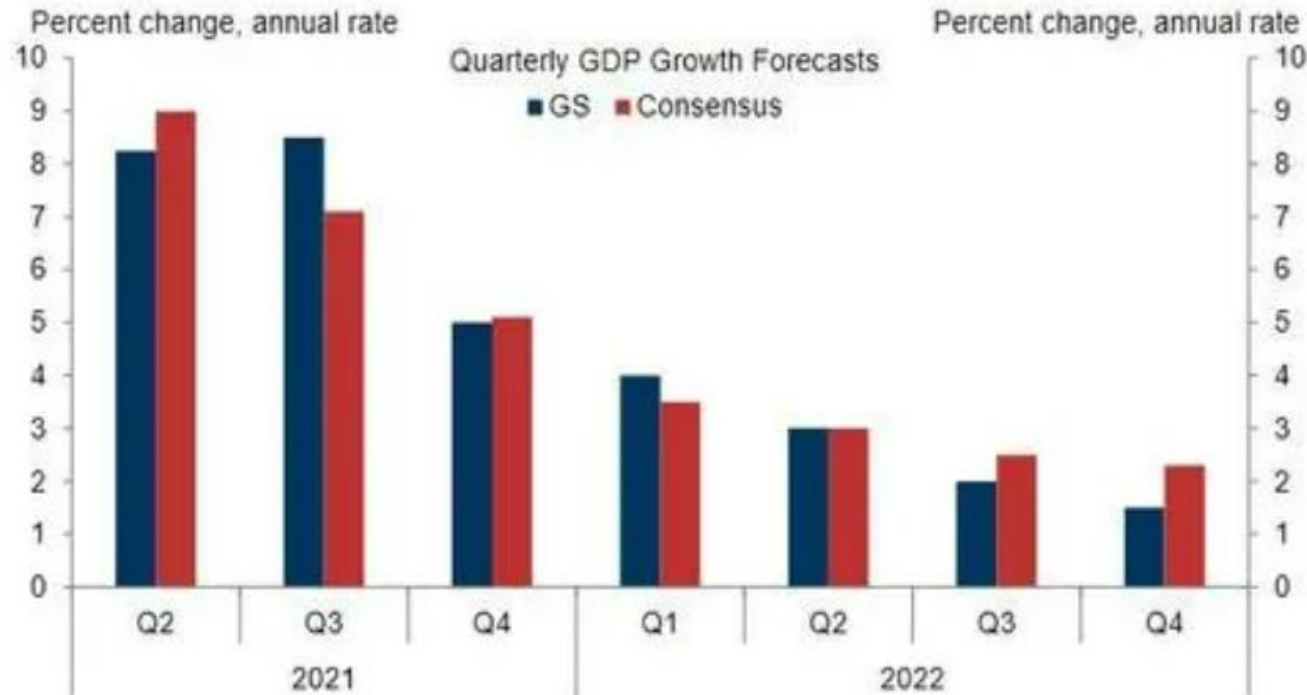
NORTH AMERICAN TRANSPORTATION

- Overall, available capacity is flattening. While some markets like Los Angeles, Dallas and Chicago are seeing tighter capacity, the U.S. market is generally favorable.
- Retailers are hoping consumer spending will increase as the holiday season approaches, and their overstocked inventories will diminish. Shippers will have the capacity and rates available to respond to consumer demand.

National Load-to-Truck Ratio



powered by DAT iQ



IMF Upgrades 2022 Global GDP Projection Just As Economic Growth Peaks - Invesbrain

ECONOMIC INDICATORS

- The Conference Board forecasts that economic weakness will intensify and spread more broadly throughout the U.S. economy in the second half of 2022 with a recession expected to begin before the end of the year.
- This outlook is associated with persistent inflation and increasing Federal Reserve hawkishness. The Board forecasts that 2022 real GDP growth will be 1.3% year-over-year and that 2023 growth will slow to 0.2% year-over-year.

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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.

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