

HBI NEWSLETTER

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USA: The robotization of ports which risks blocking

On May 12, 2022 in San Francisco, USA, negotiations will begin between the dockers union(*) and the port handling companies. The negotiations promise to be complicated and very tense. The point of contention is terminal automation. Dockers are worried about mass job cuts and the risk of hacking into computer systems.

Since 2019, automated terminals have processed boxes twice as fast as traditional terminals.

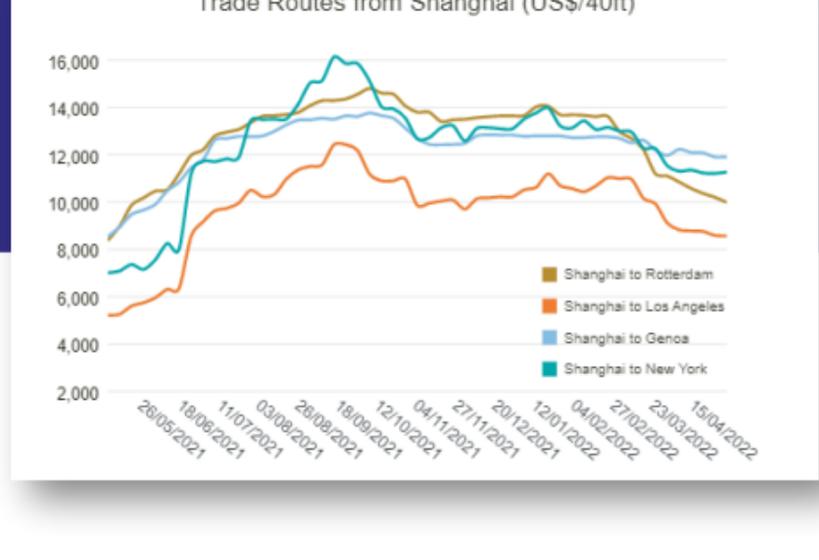
(*): International Longshore and Warehouse Union: ILWU



A glance at the Freight Rates

Drewry's composite World Container Index fell 0.5% last week, but is 41.2% higher than the same week in 2021.

Most shipping companies have extended Asia/Europe rates on the second half of May. Space on vessels is becoming scarce (blank sailings). An increase in freight rates is expected on June 1, 2022, and there may be an 'Early Summer Peak Season' if the situation in Shanghai continues to improve and factories resume exports in a significant way.



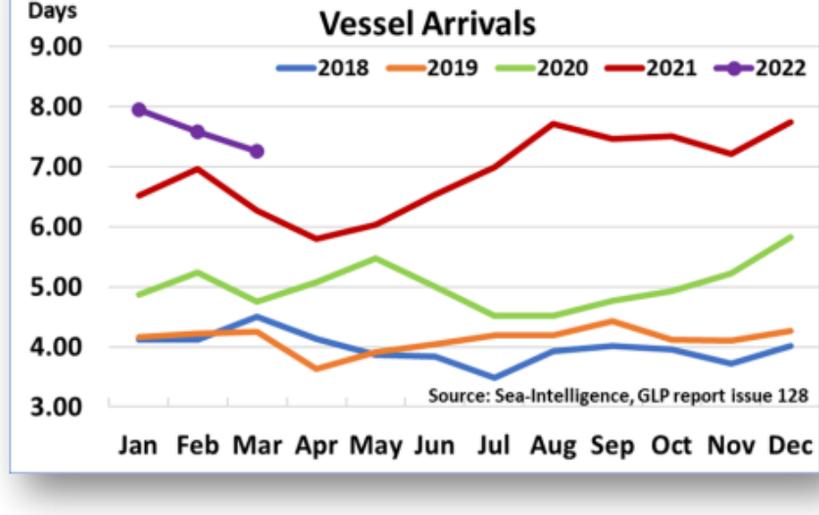
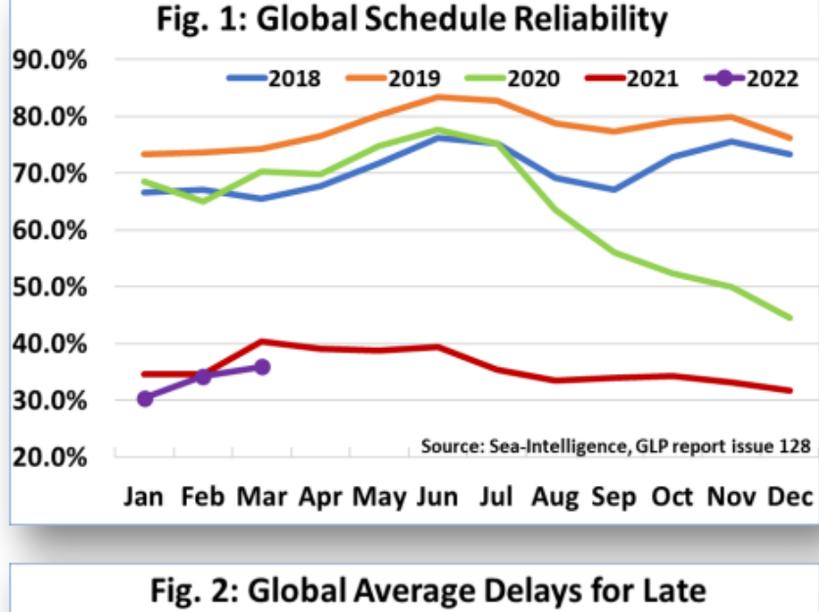
Situation in Shanghai



The COVID-19 situation in Shanghai is improving, the number of daily cases is falling. About 70 percent of Shanghai's 1,800 key enterprises have resumed operations, but the export volume hasn't increased yet. A strong rebound in exports is expected for early June.

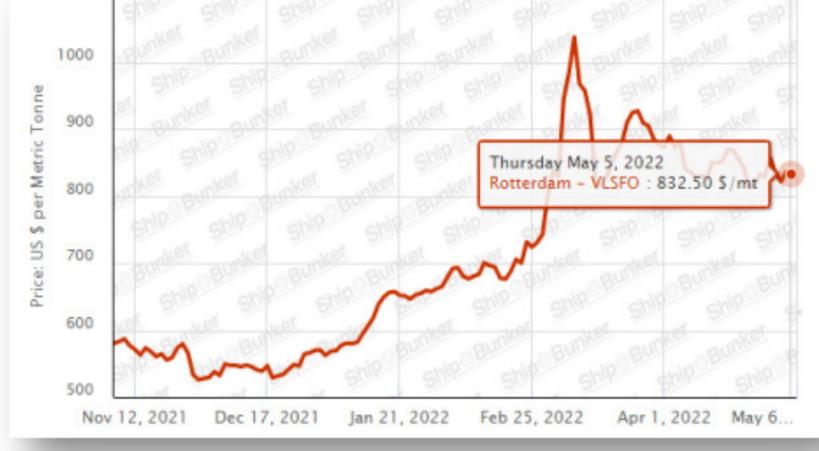
Transit times reliability

The study published by Sea Intelligence on April 29 shows a gradual improvement in schedule reliability and a reduction in delays since the start of the year. Despite this improvement, the average delay has been more than 7 days since August 2020 (fig. 2)



Fuel prices

Still supported by a potential embargo of Russian oil in Europe despite opposition from some members of the European Union, oil markets are still high. At the same time, the OPEC oil-producing countries have agreed to a further, but marginal, increase in their production of black gold, a choice reinforced by the many risks weighing on demand (inflation, lock down in China)



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