

HBI NEWSLETTER

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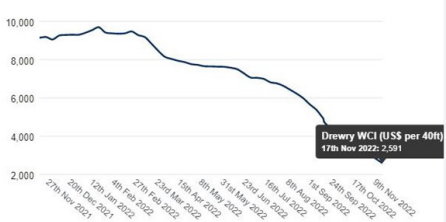
Drewry World Container index : close to \$2500

Drewry's World Container Index composite fell 7% to \$2,591.41 per 40' container this week.

Throughout October, the pace of decline in spot rates on many trades slowed as the previous pace of decline was unsustainable.

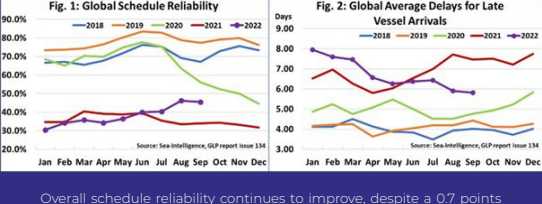
The trade between the Far East and the U.S. West Coast saw the largest decline. On this trade, the spot rate fell from USD 2,604 on October 1 to USD 2,198 on October 31, a drop of USD 400 per TEU.

The pace of rate decline is decreasing without any improvement in market fundamentals.



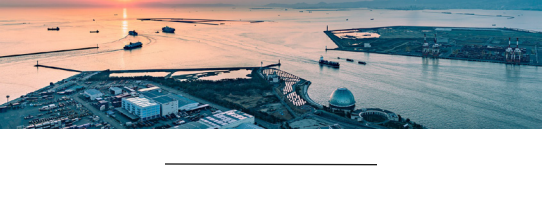
Improvement of port congestion

The improvement of sea transit time and congestion puts importers under pressure. Indeed, as orders are arriving faster, some importers already in overstock must find overflow warehouses to store the orders and to avoid demurrage & detention costs.



Overall schedule reliability continues to improve, despite a 0.7 points decline in reliability in September.

In September 2022, average delay improved again, decreasing by another -0.10 days M/M to 5.81 days. This is the second consecutive month that average delay has fallen below 6 days since April 2021.



Decline in demand

A further monthly decline in Chinese manufacturing activity was recorded in October. The world's second largest economy continues to struggle after the confirmation of the continuation of the zero-covid strategy. Consumer demand continues to be heavily impacted by inflation, interest rate hikes and the prospect of a recession.

While overall demand for container transport is expected to decline further next year, some companies are rapidly lowering their rates to secure maximum pre-booked capacity. While selling one's transport service below cost is not a long-term solution, some carriers will continue to seek market share at all costs.

How long will this go on? That depends on the extent of the drop in demand and how the additional capacity, from both declining congestion and new deliveries, is managed.

Has the drop been so severe that the decline halted ? Some signs show that it has.

MERVENT 2025: Hybrid sail and synthetic fuel container ship



The MERVENT 2025 project aims to create an industrial container ship with hybrid sail/synthetic fuel propulsion. This will enable a reduction of at least 50% in CO2 emissions by 2026.

Led by the company Zéphyr & Borée, based in Morbihan, and several partners, the Mervent 2025 project is selected by the French government as part of the call for expressions of interest 2022 of the Orientation Council for Research and Innovation of the marine industry.

The air cargo market is not taking off

The current global air cargo market is a good reflection of the global economy, with its ups and downs.

Air cargo rates may follow the downward trend in global economic growth. Global air cargo market shows signs of "overcapacity".

So far, global air cargo demand has gradually declined since peaking in the fourth quarter of 2021 and bottomed out during the northern hemisphere's summer slump.

The relaxation of covid 19 sanitary measures in China are contributing to an increase in scheduled passenger flights and thus carrying capacity.



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