Take your supply chain to the next level

Find all the insights to grow your business further in Asia Pacific in our latest market update for June.

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ALL THE WAY

Global manufacturing and service sentiment remains positive but there is no doubt there are mounting concerns about rising inflation and the wider impact of the Russia-Ukraine conflict with consumer spending in Europe already starting to dip. That said, Maersk sees demand from Asia to all major markets including North America, Europe and the Africa remaining firm in the approaching peak season with Shanghai continues to return to normal from its lengthy lockdown.

Maersk bolstered its network this month, closing the acquisition of global freight forwarder Senator International and launching its first coastal service in New Zealand. The Senator deal will boost Maersk's airfreight capabilities while the inauguration of its New Zealand Coastal service will improve port connectivity and schedule reliability for customers in New Zealand.

Market Trends

Headwinds are building for the global economy amid increasing concern about the impact of inflation, the Russia-Ukraine conflict and continuing supply chain disruptions partly from China's zero-Covid-19 policy. Data showed that while the global Purchasing Manager's Index, which reflects business sentiment in the manufacturing and service sectors, was broadly stable at 51.5 in May. Despite on-going economic and geopolitical shocks there is concern the global economy is losing momentum. Consensus forecasts suggest the global economy will grow by 3% this year although projections show this will ease to 2.9% next year. Inflation and the Russia-Ukraine conflict are increasing the risk of a sharp slowdown or recession although they are not yet part of the consensus view. Data also shows that while the US is experiencing unprecedented consumer demand, consumer spending in Europe and Britain has dipped below historic trends and the current spending boom has peaked.

Trending Topic

New Zealand service: Maersk is launching a dedicated New Zealand Coastal service, Maersk Coastal Connect, in July that will be a game changer in restoring reliability of the New Zealand supply chain. The service will have a weekly call frequency at Tauranga, Timaru and Lyttelton and fortnightly coverage at Nelson and Auckland. The service will enable improved connectivity to international markets via our hubs, while offering superior domestic coverage. This additional investment of a dedicated New Zealand coastal service, coupled with our recently announced plans to build a cold chain facility in Hamilton, will create significant value for customers in the New Zealand market. The Maersk group remains the most reliable carrier in Oceania with its OC1 service to the US providing 93% reliability. The Southern Star service, linking Oceania with Southeast Asia, is the most reliable, delivering 94% schedule reliability in April.

Senator acquisition finalised: Maersk has announced the closing of the acquisition of global freight forwarding company Senator International. Senator has a well-developed airfreight network comprising own controlled flights and long-term partnerships with top airlines, a well-established full container load (FCL) and less than container load (LCL) network and specialized services such as packaging, warehousing and distribution across five continents. The acquisition will enable Maersk to offer an even wider range of products and the ability to provide flexible and integrated logistics solutions to our customers, allowing them to speed up or slow down cargo depending on their changing supply chain needs. Senator will add its broad industry expertise and product knowledge to Maersk's existing network and provide customers with increased flexibility and redundancy in their supply chains.

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Ocean Update

Anne-Sophie Zerlang Karlsen,
Head of Asia Pacific Ocean Customer Logistics

"The situation in Shanghai is stabilizing and in general the ports in China are working well - however we continue looking for options that can give us flexibility in our overall network to increase reliability for our customers. Our new coastal product in New Zealand is a great example - this will enable us to offer more options for our customers and will enable us a more smooth delivery overall in spite of the continued global supply chain challenges."

Shanghai edges towards normality: With Shanghai emerging from a two-month lockdown, export empty pickup and laden gate-in volumes have recovered to 98% and 80% of normal weekly levels respectively by mid-June, while the pick-up of laden import containers had almost returned to normal levels. Demand is forecast to be back to normal levels by the end of June and start to increase in July with the seasonal peak for many trades. Export volumes to Africa, Latin America and Oceania are forecast to be strong while the transpacific and North Europe markets are sluggish reflecting the varying economic outlook for these economies. Recently, we have had some sporadic supply gap in China's eastern and northern ports - mainly because the unexpected strong demand from the market. We are working on solutions to speed up 20'dry evacuation from other regions as well, rebalancing the stock with Asia to cater for export customers' demand. We foresee the situation will soon be improved.

Port congestion: Terminal congestion remains critical across North Europe, particularly in Rotterdam and Bremerhaven, causing on-going operational disruption across the global supply chain that impacts yard density levels and vessel waiting times. Labor unrest, including strikes, at German and Belgian ports including Hamburg, Bremerhaven and Antwerp, is expected to cause further disruption.

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Key Market Outlook Across Trade Lanes

Trade	Trade Statement	The most critical destination port situation update
Asia Pacific - North Europe	Demand on the North Europe trade is stable and we expect demand to pick up throughout July/August as we approach the traditional summer peak. We continue to reset voyages to ensure our customers have a stable and consistent schedule available. Details are released in customer advisories. Congestion at North Europe ports shows little improvement and we are seeking alternative options to minimize delays. These include adding a call at Zeebrugge on the AE1 and AE6 services.	Bremerhaven and Rotterdam are the most severely congested. We have a dedicated customer advisory with updates on our most important North European ports; Click here to find out more
Asia Pacific - Mediterranean	There is stable demand on the Mediterranean trade and our whole network is largely full. We forecast a summer peak in July and August due to both the peak season and strong advance bookings from some key customers. We will also deploy gap loaders to maintain service to customers. Port congestion at Haifa and Koper has slightly improved but services are still impacted. We are trying to find alternatives including re-routing by feeder.	Haifa/Koper are facing delays of 3-4 days. Due to feeder restrictions, we cannot accept any short-term cargo for Israel, Tunisia and Algeria until further notice.
Asia Pacific - North America	Export volumes to North America in June and July are expected to show a slight uptick with demand strengthening from mid-July into August. The North American ports situation is still critical and capacity loss is expected to continue due to missed sailings caused by port congestion. Due to high berth congestion at Vancouver, vessels are spending 50% longer at berth. Dwell time for outbound rail shipments is 12 days. Prince Rupert terminal still requires 100% match-back and the dwell time for outbound rail cargo is 5 days. Due to the severe congestion at Pacific North West ports we are seeing missed sailings on our TP1 and TP9 services. Delays are likely because congested terminals at Vancouver and Prince Rupert prevent us from sending more loaders to mitigate the capacity loss. On the west coast contract negotiations, both the ILWU and PMA expect talks to go beyond the July 1st expiration of the existing deal.	Generally, waiting times at USEC ports vary between 0-3 days. For specific ports wait times are – Savannah, 7 days; Houston has increased to 14 days; Los Angeles/Long Beach has reduced to 15 days; Oakland, 7 days; Seattle, 2 days; Vancouver increased to 35 days with 107% yard density; Prince Rupert reduced to 10 days with 115% yard density. Match back is required.

Asia Pacific - Latin America	Demand on both WCSA and ECSA improved from mid-May. Vessels are full and cargo rolling is a possibility. Capacity utilization is over 95%. Demand in June and July is expected to remain strong and cargo rolling is likely due to increased demand, supported by Shanghai's re-opening.	
Asia Pacific - West Central Asia	We expect space will be tight due to stronger demand following the resumption of production after the ending of Shanghai's lockdown coupled with the capacity reduction in the market. Pakistan banned the import for all non-essential luxury goods including cars/cell phones/cosmetics from mid-May. We continue to liaise with our automotive and technology customers about the future outlook. The situation in Sri Lanka is improving following the appointment of a new prime minister and cabinet. The new government said it would launch a rapid renewable energy generation to overcome the ongoing energy crisis facing the country.	Colombo: the port situation, including berthing and navigational activities, is back to normal.
Asia Pacific - Africa	East Africa: Service to Mombasa is running smoothly; Dar Es Salaam is back to weekly calls. We suggest customers plan advance bookings for the summer peak season. West Africa: the positive outlook continues across West Africa markets. Vessels are fully utilized with sporadic cargo rolling. Port conditions are stable except for Abidjan where there are longer waiting times. SPOT is open for all corridors to accommodate customers' peak cargoes. South Africa: Demand is picking up and all vessels are full. We need to more NORs to Durban. 20ft containers for SPOT are limited.	Dar Es Salaam: waiting time 5 days; Abid-jan: waiting time 7 days.

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Asia Pacific - Oceania	Overall demand in June is strong and we expect the trend to continue in July. A new Trans-Tasman service is planned in Auckland that will provide LCL service from Sydney and Melbourne into Auckland from August. The Southern Star service will reinstate Brisbane call in July which will improve our Southbound service scope and utilization. Vessel sliding and port omissions are expected to continue despite the improvement seen on overall schedule reliability.	
Oceania - World	Australia to Asia demand remains strong as cotton and seed exports started to Southeast Asia and China. Brisbane is the main export port which is putting pressure on container availability due to higher demand. Volumes are expected to increase later from Sydney and Melbourne. Australia's citrus export season has started with demand to Korea/Japan from east coast Australia. Supply chain disruption, especially on the US west coast, has increased the lead time for ocean transport to North America which is expected to negatively impact demand for citrus exports to North America during the June-September peak season. Reefer export demand from Oceania remains strong with equipment issues alleviating from July. The New Zealand reefer peak season has been prolonged due to supply chain disruptions with demand forecast to remain strong until early August.	Berthing delays affected all Australian ports with average delays of between 1-3 days due to bad weather. High winds also prevented containers being offloaded from vessels and delays in unpacking and availability of LCL cargo.
Import - Asia Pacific	Covid update: Shanghai ended citywide lockdown from 1 June, while outbreaks in Tianjin and Beijing are under control. With vessel delays and port congestion in Europe and North America, on-time cargo delivery to Asia may be impacted. Fore-time extension products for both Spot and contract customers are available; Value added service products (Eco delivery, Accelerator, Flex Hub) can be discussed during tender negotiations.	Container supply at the Keelung depot is critical and we suggest customers place bookings into Kaohsiung, Hong Kong or any other Chinese ports as alternative solutions. Sakura feeder service in Japan is still facing capacity shortage and the Japan team is taking steps to clear the bottleneck.

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Air Update

With passenger levels yet to reach pre-Covid levels, airlines are not yet increasing flight frequencies. Consequently, air cargo rates remain relatively high. But the expected increase in passenger numbers will encourage airlines to introduce more frequencies which will bring much needed capacity into the market.

Greater China: With the easing of lockdown restrictions in Shanghai, flights have recovered and trucking capacity is expected to be back to normal around mid-June. Shanghai Pudong has a shortage of scheduled air cargo capacity to cities including New York, London, Narita and Bangkok; shipments are by our own charters or BSA.
Our Liege-Hong Kong-Liege charter flights are running smoothly.

Australia and New Zealand: The Australian Government has announced it will not extend the IFAM program for perishable cargo exporters which means perishable cargoes will be carried on general cargo flights. Market talk indicates about 70% of general air cargo capacity is now pre-allocated to perishable suppliers.

Japan: The five largest consolidators including Nippon Express, Kintetsu Express and Yusen Logistics saw a 9% drop in air cargo volumes in May partly due to the lockdown in Shanghai which especially hit the automotive industry.

Vietnam, Cambodia and Myanmar: Vietnam remains quite strong with additional services added by Qantas into Oceania easing freight costs on most import lanes.

Indonesia, Philippines: Cargo exports from Indonesia and the Philippines are stable in June although supply chains are affected by raw material issues during the lockdown in Shanghai. Indonesian export markets see some improvement into Oceania although capacity is limited for direct flights.

Thailand, Malaysia, Singapore: The Senator acquisition gives Maersk its own controlled capacities between Singapore and Germany. Demand from several industries especially high-tech, semiconductor, electronic and consumer goods continued to be high. Capacity into China, particularly Shanghai, is still controlled and rates remained high.

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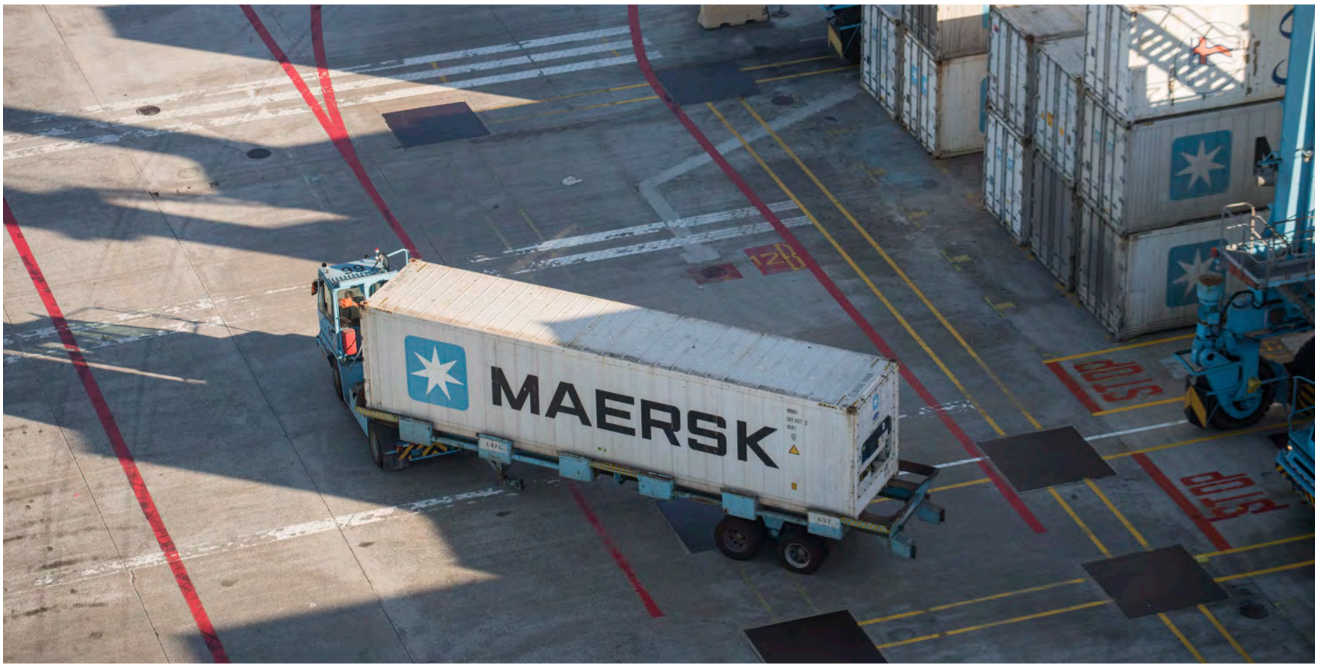
Inland Services Update



China: Our first multimodal shipment between China and Thailand was successfully completed in early June. Total transit time from Chongqing via Vientiane and cross border truck to Thailand was nine days.

All depots in Shanghai resumed operations from June 1 and the capacity of Maersk's trucking services from Shanghai returned to around 80% of pre-lockdown levels by mid-June. Warehousing operations in key ports in China, including Shanghai, are working normally despite COVID-19.

Cross-border trucking capacity between Hong Kong and south China has increased moderately from about 20% to about 30-40% of normal capacity. Maersk is using a combination of trucking and barge services to service customer needs.

Japan and Korea: The volume of inland container movements in Japan is stable for both exports and imports. All China multimodal rail services from Japan and Korea are suspended due to the Russia-Ukraine conflict. A nationwide strike by unionized truck drivers in South Korea, which ended on June 15, adversely affected cargo volumes at key ports including Busan while also increasing yard densities.

Philippine: Fuel prices continue to increase and are now 80% higher than at the start of 2022, impacting trucking costs. The I80 service which includes calls at Manila and Batangas is experiencing an average eight-day delay due to accumulated waiting time at previous ports.

Singapore: With Covid lockdown in Shanghai being lifted we see volumes increasing as backlogs are cleared.

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Major Ports Update

Vessel Waiting Time Indicator

	Less than 1 day	1-3 days	More than 3 days
APA Ports	Busan, Dalian, Xingang, Xiamen, Nansha, Yantian, Singapore, Port Klang, Tanjung Pelepas	Qingdao, Shanghai, Shekou, Hong Kong, Lyttleton, Tauranga, Melbourne, Brisbane	Ningbo, Auckland, Sydney
Rest of World	Tema, Apapa	Beira, Seattle, Newark, Norfolk, Charleston, Miami	Rotterdam, Bremerhaven, Haifa, Koper, Long Beach, Los Angeles, Oakland, Vancouver, Prince Rupert, Savannah, Houston, Abidjan, Dar Es Salaam

Remark: Numbers are dynamic and subject to change.

Digital innovation as an enabler of change

Technology is fast becoming the common enabler in the transformation of global transport and logistics. For long, the industry has been trailing more progressive sectors such as ecommerce and travel where tech giants have disrupted entire industries by enhancing the customer experience through digital technology. In recent years, the digitization of global supply chains has started to catch up. Customers want simple solutions with high transparency on price, instant confirmations on bookings and track & trace functionality, similar to what they're used to when they're buying a book or a plane ticket.

Maersk has taken the lead in the industry's response to new demands with the introduction of digital breakthroughs such as Maersk Spot that offers simpler and more reliable short-term shipping, including an instant price and loading guarantee, with an option to buy a wide variety of add-ons. With Maersk Spot, what you see is what you get.

Maersk is accelerating transformation journey leveraging technology in the parts of the business that bring most value to the customer, and digital innovation remains key to offer customers a simple end-to-end solution. To this end, Maersk works to reduce complexity by digitising global trade, and we saw significant growth in digital solutions.

Twill by Maersk is the end-to-end digital product designed for small and medium-sized customers without in-house logistic capabilities. It has continued to gain momentum and has an average volume of above 4,700 FFE per week in 2021, up from an average of 1,173 FFE per week in 2020. Learn more about Twill. https://www.twill.net/

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