Platts Global Container Weekly Commentary – 02, Oct, 2020

- Demand expected to fall as Golden Week begins
- Ongoing logistics issues leave spot utilization high

Container freight on trans-Pacific routes showed little movement over the course of the week, which was largely expected at this stage as China is off on national holidays celebrating Golden Week from Oct. 1.

This has meant that exporting demand from China has waned significantly, however there are still issues with rolling stock at North Asian ports which are expected to keep utilization high until the end of the Chinese holiday period, at which point exporting demand is anticipated to return.

This has resulted in freight rates along the trans-Pacific trade lanes remaining at all-time highs although some downside is expected in coming weeks, with demand expected to fall following the return of China to the market, highlighted by the increasing number of void sailings in the market.

"We aren't going to see fireworks between now and the end of the year - rates will edge down day after day but we aren't going to fall off a cliff, the number of void sailings shows that carriers won't let this happen," said a US-based freight forwarder.

Platts Container Rate 13 - North Asia-to-West Coast North America - remained flat on the week at $3,800/FEU, with no October General Rate Increases coming into force.

"Why would we push rates higher just to watch them fall?" a carrier source said. "We are going to be lucky if we can keep rates steady over this period, let's not get carried away."

On the Asia Westbound trade lane, however, some upside in freight rates was seen on the back of the increased demand, however as with Trans-Pacific, this is not expected to remain the case long term, with a bearish mood settling over market participants.

PCR1 - North Asia to North Continent - rose $300/FEU to $2,000/FEU on Oct. 2.

Container News:

Shippers look for alternatives after CMA CGM suspends e-bookings on ransomware attack

- CMA CGM suspects data breach
- Follows malware attack on MSC in April 2020

The ransomware attack on French container shipping liner CMA CGM earlier this week continues to impact the company' e-bookings, leading shippers and Non-Vessel Operating Common Carrier, or NVOCC,
scrambling to find alternatives for their shipments.

"There are problems with e-booking. The attack has created panic in the industry. Hapag Lloyd in an advisory informed us that they will avoid loading with CMA CGM altogether and load it with some other operator," an Indian-based NVOCC said.

The cyber-attack on the company's IT infrastructure came at a time when there has been a surge in volume on the Trans-Pacific trade route, on the back of increased demand from the US, Platts reported previously.

The source added that customers are concerned of a potential data breach and problems around tracking their current container shipments on board CMA CGM's vessels.

In a statement released late Sept. 30, CMA CGM said that it suspected a data breach.

"Today [Sept. 30], the back-offices [shared services centers] are gradually being reconnected to the network thus improving the bookings' and documentation's processing times. We suspect a data breach and are doing everything possible to assess its potential volume and nature," CMA CGM said in the statement .

The company has temporarily suspended all access to its e-commerce websites and has advised participants to book through the company's local agents or through -- INTTRA -- ocean shipping's e-market
place.

"Companies are scrambling to reroute bookings to other carriers, concerned CMA cannot deliver their product timely. This attempt may be in vain since a last minute shift of bookings two to three days before the beginning of China's National Holiday week will be difficult to pull off. Vessels will already be overbooked and in some cases, ready to sail," Jon Monroe, founder of Jon Monroe Consulting, said Oct. 1 as part of his weekly commentary.

The cyber-attack on CMA CGM follows a malware attack on another major shipping liner, namely the Mediterranean Shipping Company in April. Major shipping liners, including Maersk Line and COSCO, had also
faced similar attacks on their IT infrastructure back in June 2017 and July 2018, respectively.

THE Alliance adds terminal changes at port of Los Angeles amid cargo surge

- Equipment shortages continue on US West Coast
- "Hectic terminal situation" at Port of Los Angeles

At least two ships arriving at the Port of Los Angeles have been diverted to alternative terminals in response to infrastructure overload and equipment issues owing to the recent surge in trans-Pacific cargo volumes.

The Hyundai Bangkok and the Hyundai Splendor, set to arrive on the US West Coast in early October, will now berth at the Trapac and YTI terminals, respectively.

This was the most recent move made to reduce volume strains and "ease the current hectic terminal situation" at the Port of Los Angeles, said member of THE Alliance, ONE, in a notice to customers on Sept. 29.

The Port of Los Angeles posted a record high container volume in August as strong US demand for consumer goods sharply increased shipping rates.

The port has ongoing operational issues as a result of increased import demand on the trans-Pacific lane and equipment shortages throughout the Pacific Southwest.

Total throughput at the port in August was 961,833 twenty-foot equivalent units, up 12% from the same month last year, the port announced on Sept. 15.

THE Alliance, the smallest of the three container shipping alliances, has a combined capacity of 3.67 million TEUs. ONE is a member along with Hapag-Lloyd, HMM, and Yang Ming Marine.

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