



Trade lane | FEWB

Advisory December 2020

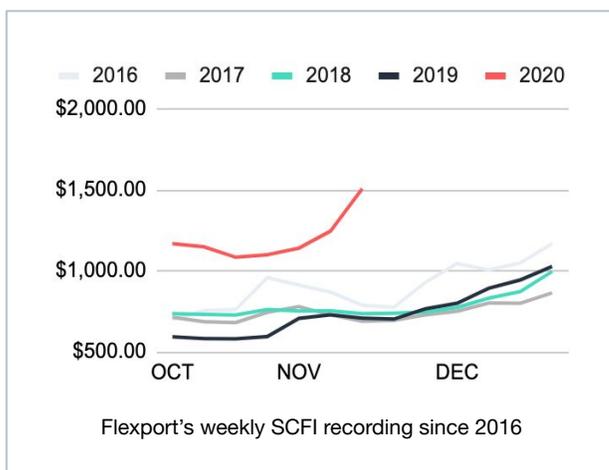


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The experienced volatility in 2020 is not showing any sign of slowing down, also in the last month of the year. “Normal” patterns of trade movement on the Far East Westbound (FEWB) are nowhere to be seen. We expect this situation to remain until Chinese New Year and potentially even further into 2021.

The current strong demand for FEWB is causing **further pressure on the spot market**. The SCFI (Shanghai Containerized Freight Index) indicates the current market volatility:

- North Europe SCFI increased by 21% within 1 week in mid-November with further expected increases as per Industry Expert Lars Jensen.
- Last North Europe SCFI above 1500 USD per TEU was recorded in 2014 before Chinese New Year.



These developments on the spot market are the result of a **bigger gap between spot and negotiated rates** which carriers try to minimize by adding peak season surcharges.

In addition to the pressure of space and rate levels, the current **equipment shortage** adds another layer of volatility on the FEWB trade lane.

As we are gearing towards the upcoming demand peaks of Chinese New Year, the equipment shortage is getting more severe each week. Potential relief is not expected until Q2 2021.

- The first ocean carrier has announced that equipment guarantees are not possible even for premium bookings.
- 40HC are likely to be sold out until Chinese New Year on all non Premium bookings.
- Alternative equipment like 20DC, 40NOR (Non-Operated Reefer) and 40DC should be considered to avoid short term disruptions on supply chains.



To learn more about the FEWB market situation, [Contact us today](#)

The most impacted region is currently in **South East Asia** (eg. Vietnam, Thailand and Indonesia). Due to blank sailings and severe equipment shortages, all services are booked out at least one month in advance with potential relief on limited premium offerings.

The overall FEWB impacts have reached further West, to the **Indian Subcontinent** (ISC). Previously anticipated reliefs have unfortunately not materialized in November. The current pressure is expected to continue during the upcoming peak season (until April 2021) which will mark the end of the traditional peak season (End of India's financial year). Especially the equipment shortage is going to be the main concern within the ISC region.

- Lack of equipment within the ISC region caused by COVID-19 has resulted in a slow down of imports from the Far East. The imbalance of exports and imports is reaching a new record which will result in lower equipment inflow.
- Normal positioning of empty containers from other regions to ISC is currently routed towards the Far East and Southeast Asia due to higher rates on export trades.

In line with the current impact on the FEWB trade lane within Asia and the particular dynamics in Europe, will add further disruption to the overall situation.

Imports into the United Kingdom (UK) remain to be affected by the **current port congestions** and **UK on-carriage limitations**. The current situation in key British ports results in further disruption on the overall FEWB trade lane.

- First ocean vessels have reported about a 10-day waiting time in front of UK ports for berthing. Due to these delays, vessels cannot return in time to Asia which cause further **blank sailings**.
- Empty import containers can often not be handled by the UK ports of Felixstowe, London Gateway and Southampton due to the current congestions. Ocean carriers have started to **force shippers to return empty containers** in British feeder ports like Portsmouth or Tilbury.

In contrast to the current UK situation, European mainland ports are currently less affected. However, a potential **peak season on intermodal** offering from the ports to the hinterland regions is expected due to the upcoming Christmas holidays.

Every supply chain is unique and so are some of the **alternatives available to respond** to the current market conditions. If you have any questions, [please reach out to Flexport for tailored advice!](#)

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