



Mid-November 2023 North American Freight Market Outlook

Top News

U.S.A and China Look to Stabilize Relations

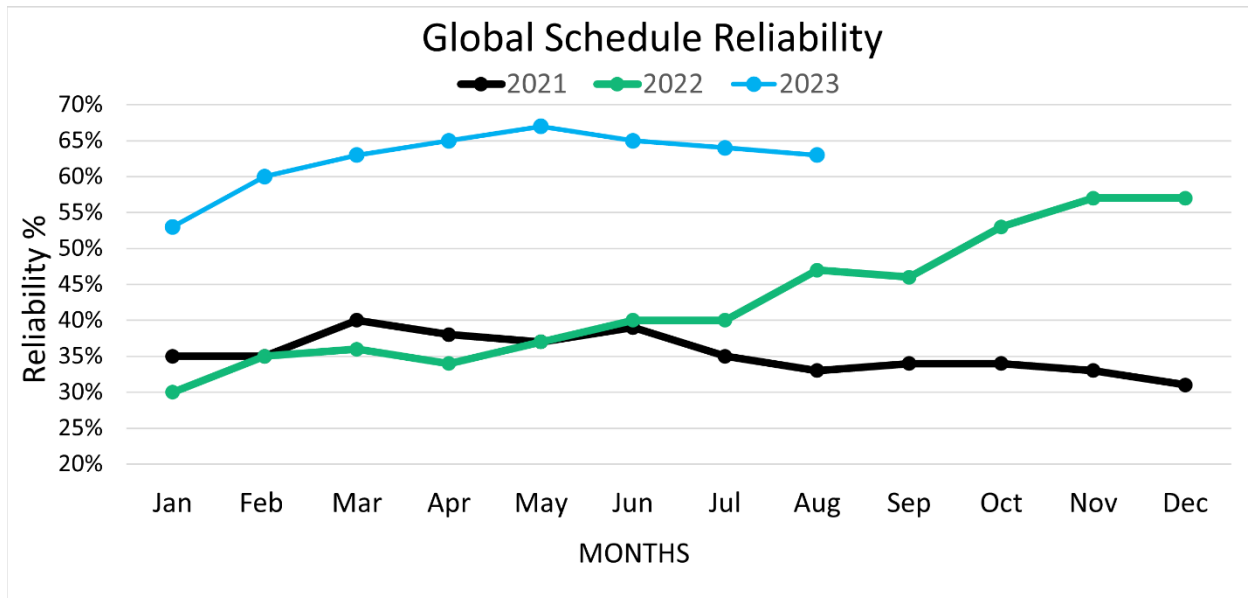
China and the United States have participated in global trade since 1784, fostering a mutually beneficial relationship that has contributed to the growth of both economies. Presently, political tensions between the two nations are affecting the smooth flow of goods and impacting the GDP figures of each country. In anticipation of resolving these tensions, President Joe Biden and President Xi Jinping are scheduled to meet in California on Wednesday November 15 to seek common ground and ease the political strain.

United States October Inflation Data Brings Hope

On November 14, the October United States inflation data was reported, revealing a Consumer Price Index (CPI) of 3.2%, beating expectations. This marked a 0.4% decline from the inflation report in September, posing a challenge for the Federal Reserve to implement another interest rate hikes at their upcoming meeting in December. The current overnight lending rate in the United States sits at 5.4%.

Global Ocean Freight Schedule Reliability

The reliability of the Global Ocean Freight Schedule has witnessed a slight decline since reaching its peak in May 2023. This decrease can be traced back to the rising occurrence of blank sailings, a strategy adopted by steamship lines to boost freight rates. With the ongoing decrease in freight volume, it is anticipated that more blank sailings will be introduced, maintaining the global ocean freight reliability schedule at approximately 60%.



Canadian Customs Update

Control Measures on Transboundary Movement for Batteries

Several international shipments of electronic waste and its components may fall under control measures, potentially necessitating import and export permits according to Canada's Cross-border Movement of Hazardous Waste and Hazardous Recyclable Material Regulations (XBR). The regulated materials include:

- Circuit boards and display devices, along with any equipment containing them.
- All types of cells and batteries, encompassing both rechargeable and non-rechargeable varieties and all chemistries.

- Electronic and electrical equipment in various forms, including whole items, dismantled components, crushed, or shredded pieces.
- Most plastic wastes, irrespective of their form (baled, shredded, single polymer or mixed plastics, and plastics mixed with non-plastic materials).

It's important to note that the XBR specifies the entities eligible to hold permits for the international shipment of hazardous wastes. For details on these restrictions, please refer to Sections 7 (Import Permit Applicant) and 19 (Export Permit Applicant) of the XBR. Proposed amendments to the Regulations aim to broaden the scope of e-waste materials and components currently covered by the XBR.

North America Freight Update

Ocean Freight

Canada West Coast Port Delays

The Vancouver and Prince Rupert ports are experiencing ongoing delays due to terminal congestion in Canada.

- The **Vancouver Port** is currently recovering from the port strike and the current average delay is **8 days**.
- The **Prince Rupert Port** is currently recovering from the port strike and the current average delay is **5 days**.

United States Port Delays

Currently the United States is experiencing port delays, the delays are as follows:

- **Houston** is experiencing an average delay of **5 days**.
- **Los Angeles/ Long Beach** is experiencing an average delay of **10 days**.
- **Oakland** is experiencing an average delay of **5 days**.
- **New York/ New Jersey** is experiencing an average delay of **6 days**.

Ocean Freight Rates Experience a Slight Reduction

As we head into the latter half of November, steamship lines have slightly reduced their ocean freight rates, influenced by subdued cargo volume. This pattern aligns with the prevailing trend in 2023, where steamship lines implement a general rate increase at the start of the month. However, as low volume

persists, rates typically exhibit a decline in the second half of the month, preventing them from maintaining higher levels.

As we look past November, we anticipate a rise in ocean freight rates in anticipation of Chinese New Year. Shippers and importers alike seek to ship their cargo before factories close for the holiday period. If you have any questions or concerns, please reach out to your account manager or email us at info@dtsadvance.com.

Air Freight

Air Export Volume from China to U.S.A Decreases

As product demand in North America experiences a decline, a corresponding decrease is observed in air freight export volume from China to the United States. This downturn can be linked to the reduced buying power of each household, influenced by inflation rates, and diminished disposable income.

Another contributing factor to the diminished volume from China to the United States is the ongoing political tension. Hopes are high for a potential easing of this tension as President Joe Biden and President Xi are scheduled to meet in California on Wednesday, November 15.

Land Freight

Canadian Trucking Companies Increase their FSC Rate Further

As gasoline prices surge, so do trucking companies Fuel Surcharge (FSC) rates. These FSC rates have been gradually inching upwards in response to the escalating costs at the pump during the summer months. August marked the peak of the surge in gas prices, which extended into September, prompting substantial FSC rate hikes in certain regions of Canada. Notably, the greater Vancouver area has increased their FSC rate to 46% for local delivery.

The repercussions of increasing gas prices reverberate throughout the economy. They create adverse economic effects by driving up the costs associated with both products and services. This is primarily due to the fact that performing services or delivering goods become more costly.

While gas prices appeared to stabilize as we entered the latter part of September, the volatility in this area leaves us uncertain about what lies ahead in October.

Canadian West Coast Rail Dwell Times

The most utilized ocean ports in Canada are based in the western provinces, more specifically British Columbia as it is on the transpacific trade route which allows trade with many Asian countries.

The two ports in British Columbia are the Vancouver and Prince Rupert Port, due to the high volume they receive. This volume creates rail dwell times that can cause delays of moving cargo onto the rail. These delays do still play a factor but have improved since 2023 and are expected to improve continuously throughout the year.

The current rail dwell times are as follows:

- The **Vancouver Port** is currently experiencing an average dwell time of **6 days**.
- The **Prince Rupert Port** is currently experiencing an average dwell time of **4 days**.

CN Train Reservation Penalties, Item 2500

The CN is providing reservation services to secure space on the train. This will allow shipment prioritization when the reservation service is used. Reserving a spot is free but modifications and cancelations will incur penalty charges. The charges are as follows:

Units in International Services Excluding Reefer

Cancelations and modifications can be made without a fee until 7:00am local time of the original terminal on the same day of your reserved train service. If cancelations or modifications are made after this time a **\$50** charge will be posted. If a reservation expires a **\$100** charge will be posted to the party that made the reservation.

Reefer Units in International Service

Cancelations and modifications can be made without a fee until 12:00pm local time of the original terminal on the Monday of the week of your reserved train service. If cancelations or modifications are made after this time a **\$150** charge will be posted. If a reservation expires a **\$200** charge will be posted to the party that made the reservation.

Units in Domestic Service

Cancelations and modifications can be made without a fee until 10:00am local time of the original terminal on the same day of your reserved train service. If cancelations or modifications are made after this time a **\$50** charge will be posted. If a reservation expires a **\$100** charge will be posted to the party that made the reservation

CN and CP Congestion Continues to Improve in Q3 2023

In 2022, Canadian terminals experienced heavy congestion, which prevented trucking companies from returning empty containers to the CN and CP. However, the situation continues to improve going into the second quarter of 2023 as shipment demand has dropped, allowing terminals to catch up on the backlog on containers.

As terminal congestion continues to improve, congestion will not be resolved instantaneously. Fortunately, drivers will no longer have to wait for 4-5 hours to drop off a container. The average wait time for drivers is expected to decrease to 2-3 hours.

The decrease in terminal congestion will also help prevent detention charges, as drivers will be able to return containers before the free time expires.