



GLOBAL TRANSPORTATION MARKET UPDATE

November 2020



NOVEMBER 2020 REPORT: WHAT'S INSIDE

- **AIT's monthly Global Transportation Market Report**

is here to help you make informed decisions about the future of your organization.

- Read on for a quick rundown of current trends and headlines from across modes—and around the world.



[Ocean Trends and Headlines](#)



[Air Trends and Headlines](#)



North America

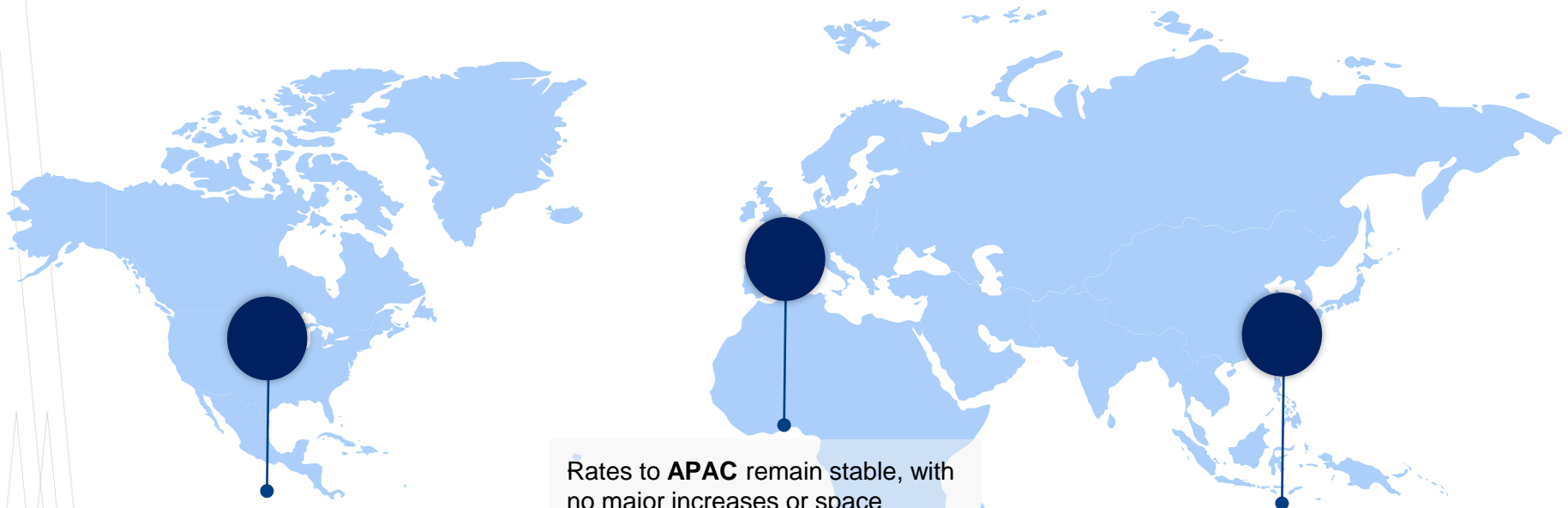
- [Air Freight](#)
- [Expedited LTL](#)
- [Final Mile](#)



[AIT Contact Information](#)

OCEAN PRICING, CAPACITY TRENDS – NOVEMBER 2020

Carriers reposition equipment to Asia, APAC-to-Europe rates double 2019 figures



Carriers continue to look for bookings to reposition equipment to **APAC**, particularly to southeast Asia. Rates are low and capacity open.

Rates to **Europe** are very low, with capacity availability expected to remain through Q4.

Rates to **APAC** remain stable, with no major increases or space issues anticipated for the next few months. Equipment repositioning remains a priority for carriers.

Rates to **Europe** remain stable, with only slight adjustments month-over-month and no major capacity issues.

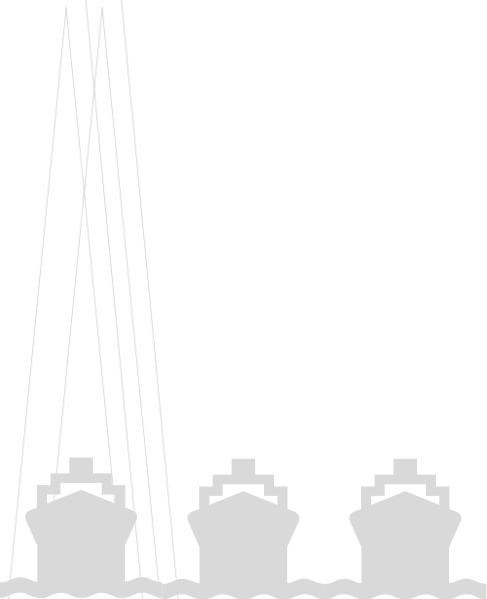
While capacity to **North America** is growing, demand continues to outpace that growth, resulting in spot rates that are double 2020's contracted, fixed rate. We expect strong demand and equipment shortages through the end of the year.

The market conditions and volume for **Europe** trade remain strong, with spot rates nearly 100% higher than one year ago. October's Golden Week triggered blank sailings into this month. And, ahead of contract season, carriers and shippers report 2021 trend forecasting for the trade lane is unpredictable.

TOP OCEAN TRENDS AND HEADLINES

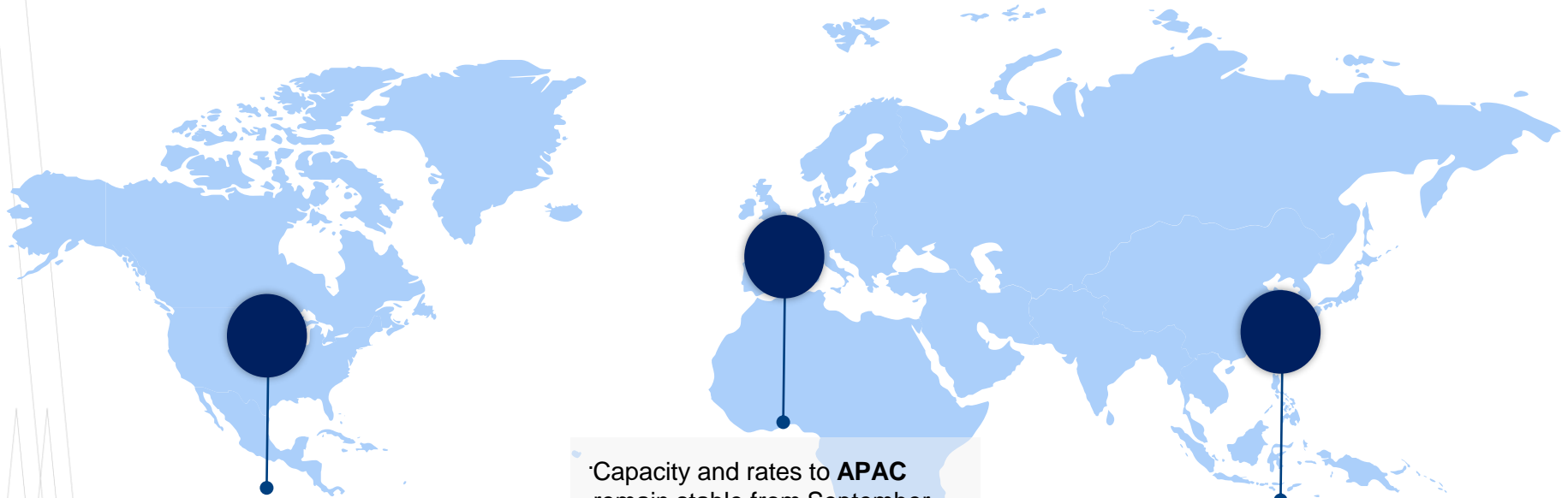
Spot rates rise along with peak season inventory ramp ups

- [Spot freight rates are surging](#) due to blank sailings, demand increases to support inventory ramp ups and continued capacity injections
- In the past month, spot rates have increased by about \$500, with shippers continuing to pay as needed
- Expect [high rates into 2021](#)



AIR PRICING, CAPACITY TRENDS – NOVEMBER 2020

Rates, capacity from APAC tightens with peak season



Pricing to **APAC** continues to trend around pre-COVID levels, thanks to increased lane capacity, with only Southeast Asia rates remaining elevated.

Due to international travel restrictions, charters to **Europe** remain commonplace, with capacity increasing despite low passenger demand. Rates are softening but remain higher than pre-pandemic figures.

Capacity and rates to **APAC** remain stable from September.

Capacity and rates to **North America** continue to hold steady.

Capacity from China to **North America** is extremely tight though the end of the year. And rates from southeast Asia are elevated with similarly tight capacity. Large shipments of personal protective equipment continue, a trend we expect to persist into 2021.

Limited passenger service to **Europe** means capacity is still greatly reduced compared to 2019. Rates remain elevated, with demand continuing to outpace capacity.

TOP AIR TRENDS AND HEADLINES

Market awaits COVID-19 vaccine as capacity crunch continues

- Despite tentative global economy upticks, the [air cargo capacity crunch](#), ongoing since April, continues to impact the market, limiting air cargo volume recovery
- Demand is robust on lanes from Africa and North America, but weak within Asia, as well as to and from Oceania
- The market continues to monitor COVID-19 vaccine development, anticipating potential capacity issues when distribution begins



NORTH AMERICA: U.S. AIR FREIGHT

Retailers ramp up inventories ahead of holidays, layoffs cause airport delays

- Rates estimated to remain at present levels for the short term
- Flight frequency remains flat; however, passenger confidence remains low—keeping major lanes' lift at current levels
- Reduced staffing due to airline restructuring, layoffs and furloughs is causing congestion and cargo service delays at airports
 - AIT recommends planning for early drops in advance of lockouts and recovery time arrivals
- Seasonal surges have arrived earlier than usual due to ocean freight overflow and inventory ramp ups in preparation for possible further pandemic impacts



NORTH AMERICA: EXPEDITED LTL

Peak season surcharges arrive as West Coast import surge continues

- West Coast capacity remains strained as a result of spiking inventory replenishment imports ahead of Black Friday and the holiday season
- Freight volumes continue to increase but remain below pre-pandemic levels
- Inventory replenishment appears to be the key driver of volume improvement; however, the demand for more direct-to-consumer products has led to less heavy-weight industrial freight movement, which is impacting tonnage
- Weight per e-Commerce shipment dropped significantly in September, negatively affecting load factors and resulting in peak season surcharges from most carriers



NORTH AMERICA: FINAL MILE

AIT flexes delivery practices, monitors regions as COVID-19 infections rise

- Nationwide, reinstatement of in-home and white glove services is flexible as infections spike in some regions
 - AIT and our partners remain dedicated to operating with CDC best practices and preventative measures, while continuously monitoring all markets
 - In markets where COVID-19 infections are on the rise, drop-and-go delivery to the first dry space is the alternative
- AIT continues to monitor the following factors likely to influence peak season:
 - Retail bankruptcies
 - COVID-19 infection increases
 - Inventory replenishment leading to import surges



TURN INSIGHTS INTO ACTION WITH AIT

Partner with a global network of experts on logistics plans tailored to you

Now that you know what's on the horizon for the coming month, it's time to strategize.

But you don't have to do it alone.

Let us put our 40+ years of experience across every industry, mode and region to work for your organization.

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