

The background of the entire page is a photograph of a large white semi-truck driving on a multi-lane highway. The truck is in the center-left of the frame, moving towards the viewer. The road stretches into the distance with other vehicles visible. The sky is overcast. A semi-transparent grey rectangle is overlaid on the right side of the image, and a solid red rectangle is on the left side, both serving as backgrounds for the text.

THE STATE OF FREIGHT

Insight into International Trade and
Logistics and How Gamer Packaging
Navigates Supply Chain Challenges

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OVERVIEW

Overall, global shipping demand has yet to reach a turning point. The demand for ocean freight services from Asia to the U.S. West Coast is solid, while U.S. East Coast levels off.

The US West Coast has experienced an increase in market share for imports from Asia since the ILWU longshore men union signed a new contract. However, the Panama Canal restrictions due to drought conditions may divert or restrict more Asia-US East Coast services to route through the Suez Canal. U.S. East Coast shipments from Asia through the Panama Canal have not been significantly impacted yet, but the situation is under review on a weekly basis.

To maintain rate levels, ocean carriers have suspended service loops, reducing the total capacity in certain trade lanes. For example, the suspension of the PN3 service from Asia to the Pacific Northwest equates to a 13% reduction in capacity, while the suspension of the EC5 service from Asia to the US East Coast results in a 7% reduction.

Ocean carriers have caused supply shortages in October by implementing an excessive number of blank sailings, removing over 20% of the TP/Transpacific trade capacity, which is nearly 600,000 TEU. However, the forecast for November appears to be better, with only about 110,000 TEU related to blank sailings.

The blank sailing program has caused a backlog at main ports in Asia, expected until early November. Roll overs will continue into late October and early November. The ILA contract renewal next year could boost the U.S. West Coast's market share. In the Asia to USA trade, there's a shortage of rail cars in the West Coast, causing rising rail dwell times. The Europe to USA trade has seen capacity opening, but challenges may arise due to the implementation of Europe's ETS carbon tax program in early 2024, aimed at decarbonizing the ocean freight trade.



INTERMODAL

The third quarter has been challenging for Class I carriers in the Intermodal/Rail industry, with rail carloads down 1.5% and intermodal units down 6.3% year-over-year due to higher wages and disruptions caused by hurricanes. Despite a slight increase in average daily loaded domestic intermodal volume compared to the second quarter, there is still excess intermodal capacity with no tightening expected. Intermodal contract rates have also decreased around 17% year-over-year since August 1.

AIR

Passenger travel to China is recovering slower than expected, potentially contributing to a 37% increase in China-North America rates in August. Global tonnage and freight rates have recently stabilized after a dip in August, but volumes remain about 7% lower than last year, with prices more than 40% below 2019 levels. Although there are 270 cargo aircraft and 600 passenger planes waiting for conversions, many of which were ordered during the pandemic era with skyrocketing demand, current orders for the year have declined significantly.

TRUCKING

Trucking volume increased from June to August, defying non-COVID trends. However, this didn't significantly tighten capacity due to oversupply. Rejection rates rose but didn't affect the National Truckload Index. Spot rates remained above 2023 lows but ended August lower than they began. Ontario experienced its highest OTRI value since March 2022. All-in spot rates from LA to Chicago rose 20% since April, while all-in contract rates fell. Shippers may be taking a less cost-centric approach to transportation procurement.



DOMESTIC FREIGHT MARKET OVERVIEW

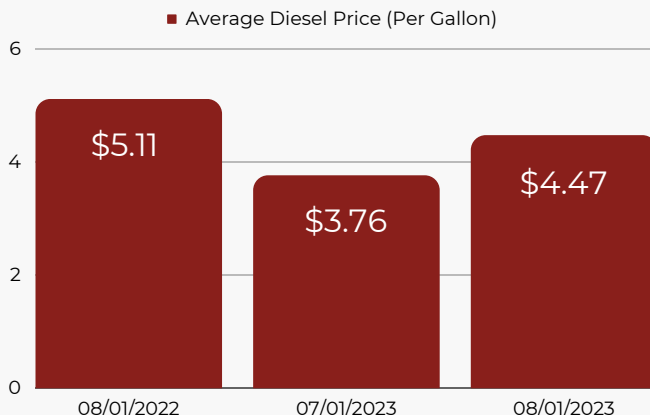
Freight demand was relatively strong in August in relation to the first seven months of the year, but it was still weak in comparison to the previous year. Tender volumes were up 7.4% versus July with a slight uptick in rejection rates. August is typically stronger than July due to the Fourth of July holiday, but tender volumes were also a much stronger 6% above June. Long haul demand drove most of the increase, suggesting shippers were replenishing inventories downstream. This is more typical in September than July and August, but it could suggest the recent demand shift is more of a behavioral one-off situation than a sustainable growth signal. Abundant capacity continues to mask most of the demand pattern changes, though the speed of exits is set to accelerate this winter.



DOMESTIC INDUSTRY TRENDS

Increased Fuel Cost

In 2023, diesel prices have fluctuated from a high of \$4.60/gallon to a low of \$3.76/gallon



Yellow Corp Bankruptcy

In July 2023, Yellow Corp, one of the largest trucking companies in the U.S., declared bankruptcy and ceased operations. This shut down has increased number of shipments to other LTL carriers and caused a slight raise in LTL rates.



HOW GAMER PACKAGING NAVIGATES THE SUPPLY CHAIN

We employ a dedicated team of international logistics experts with extensive experience in the trade who know how to quickly adjust to new market conditions and solve problems immediately. Our logistics solutions are a cut above the rest, with flexibility, innovation, and customization at the core of our approach.

INNOVATION

We use out-of-the-box thinking and regular market evaluations to make informed decisions about our routings and carrier selection. Monthly market reviews help us maintain competitive rates for various services based on factors like routes, carriers, quality, frequency, and reliability.

EVALUATION

We determine the optimal route for each shipment based on our customers' requirements, including delivery dates. For risk management, we often divide larger orders into multiple shipments on different carriers and routes, which ensures that delays on one shipment do not impact the entire order.

ACCOMMODATION

We redirect and offload containers at the first US port of entry to arrange a cross dock operation, meeting customer needs if receiving dates change during transit due to low inventory or other factors.

OBSERVATION

We utilize a comprehensive PO monitoring system with current shipping itineraries for each order/container, updated daily through live vendor updates. This system is readily accessible to our sales teams.

HOW WE ASSESS LOGISTICS SERVICES

PORTS

Factors that affect transportation options include distance to destination, pricing, route availability, and timing, with rail transport taking longer and certain ports having transshipments or limited sailings.

DETENTION & FEES

Selecting appropriate carriers can avoid detention, container storage, port storage, and pre-pull fees.

2X MONTHLY PRICING

Pricing is updated twice a month, so it is possible for prices to change between requesting a quote and booking a shipment. Significant rate changes will be communicated.

SERVICE LEVEL

Transshipments cause delays, and certain ocean lines have better service levels to different ports. Getting in and out of ports can be challenging. Carriers are available in all major ports, but smaller ports may present difficulties or higher costs.

CALCULATING RATE

Although rates are all-inclusive, some charges like custom exams can be expensive and out of our control. Duties and tariffs are not included in our prices, and in China, products can have an additional 25% + duties. We estimate 3 days of chassis fees, but this may not always be possible.





Questions? Contact us today
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