

Freight carriers say holiday shipments may top 2019's



THE PORT of Long Beach, above, processed more than 800,000 cargo containers in October, the highest monthly total in the terminal's 109-year history. (Bob Chamberlin Los Angeles Times)

BLOOMBERG

Freight carriers including container shippers and cargo airlines say global demand is building toward a seasonal peak that could outstrip last year's as online consumer spending surges during the COVID-19 pandemic.

Container volumes may dip just 2% for 2020 compared with early industry-expert forecasts of a 15% slump, said Rolf Habben Jansen, chief executive of German shipping line Hapag-Lloyd, which is deploying more capacity now than it did during the run-up to year-end holidays in 2019.

"Volume started really coming back from August," Jansen said in an interview Friday. "From everything we see now, it looks like the market is going to remain pretty strong until at least Chinese New Year in mid-February."

Cargolux Airlines International, Europe's biggest freight-only carrier, is experiencing a similar surge in demand and has 30 Boeing Co. 747 freighters in continuous operation.

Although that's partly because a drop in passenger flights has reduced hold space, CEO Richard Forson said consignments of protective gear that dominated earlier in the year are giving way to toys, fashion items and electronic goods, including the latest Apple Inc. iPhone, Sony Corp. PlayStation and Microsoft Corp. Xbox offerings.

October proved to be a record month for dockworkers at the Port of Long Beach, when more than 800,000 cargo containers were processed, a first in the terminal's 109-year history.

"The peak holiday shipping season is supporting our ongoing recovery and record highs," said Mario Cordero, the port's executive director. "We are optimistic about the gradual economic recovery while bracing for any shocks still to come."

The upturn is unlikely to deliver a bumper festive period for high-street retailers battered by the coronavirus outbreak, with internet-focused businesses being the likely beneficiaries. Online Christmas shopping may even surpass store sales in Britain for the first time, according to research published last month by delivery firm ParcelHero. Consumers will spend about the same overall on presents and food as in 2019, it said, but are prevented from shopping in person by a new lockdown that bans nonessential retail.

Container lines are also being boosted by falling prices for bunker fuel, which could help lift Hapag-Lloyd's full-year profit by almost 50% after it previously forecast a decline of as much as one-third.

Still, the Hamburg company's shares traded 10% lower as of Friday afternoon in Frankfurt after it said the average rate charged per standard container was flat in the third quarter and will gain only slightly for the year, despite surges on some routes.

Meanwhile, shippers are struggling with a container shortage in Asia, Jansen said, and ports elsewhere are congested with boxes stuck at terminals.

Cargolux's Forson said the concern now is over whether freight demand could drop in the longer term as global economic growth weakens in the wake of the health crisis, depressing consumer spending.

"Once that happens there's no escape valve for the cargo industry," he said.