TP report for week 20

	Summary	*Supplement*
TP News		**Source: enews@gccports.com, S&P Global**
1	**UPS to eliminate 20K jobs as Amazon decoupling accelerates**	UPS plans to shed about 20,000 front-line positions in 2025 as it manages the decline in unprofitable business from Amazon and a huge restructuring of its delivery network, executives said Tuesday during a first-quarter earnings briefing. The integrated parcel and logistics giant in January reached an agreement to reduce Amazon volumes in its network by more than 50% by June 2026. Outbound deliveries from Amazon fulfillment centers are not profitable compared to returns and outbound volumes from retailers that sell on the Amazon marketplace. About 60% of UPS's Amazon business is lossmaking. Meanwhile, UPS (NYSE: UPS) one year ago announced an aggressive strategy for network consolidation and automation aimed at improving profitability by better matching capacity and labor with lower parcel volumes. Management told analysts on Tuesday that the Amazon transition plan has been factored into the company's network reconfiguration. The optimization plan, called Network of the Future, envisions closing 200 sortation centers over five years. UPS intends to close 164 operational shifts in the first phase of the program, including 73 buildings by the end of June, Chief Financial Officer Brian Dykes said on the earnings conference call. The company, for example, recently disclosed plans to temporarily close a facility in Portland, Oregon, this summer to enable renovations.
2	**NS will drop international intermodal service on several East Coast lanes**	Norfolk Southern Railway will eliminate international intermodal service on more than 20 routes along the US East Coast, including trains between the Port of Virginia and the key inland hub of Memphis, due to insufficient container volumes. The service changes will take effect May 31, according to a notice NS sent to customers that was obtained by the Journal of Commerce. The railroad did not make a formal public announcement, but confirmed the details. "By reallocating those resources, we're reinforcing our broader network to better serve our customers and to ensure we are investing in growth where it's most impactful," Norfolk Southern said in a statement to the Journal of Commerce. The railroad said the services could be restored if a business case arises. Among the affected lanes are two notable routes: the Port of Virginia to Memphis and Chicago to Jacksonville. Norfolk Southern launched trains from Virginia to Memphis with much fanfare in March 2023, but the service never caught on among ocean carriers or shippers who had other options via the ports of Charleston and Savannah. "While we initially saw some interest from the international community for Port of Virginia – Memphis service, the volume ultimately was not strong enough to support the service sustainably over the long term," NS said. "Our commitment to supporting international trade through the Port of Virginia remains strong, and we continue to focus on providing reliable, high-quality service for the lanes where customers need it most."
3	**Uneasy West Coast ports watch as first signs of trade war with China emerge**	Ports and marine terminals along the US West Coast are bracing for what could be a massive drop in imports moving across their docks in the coming weeks as the tangible impacts of blank sailings and half-empty container ships arriving from China become apparent. The effects of the US trade dispute with Beijing will be most visible in Southern California, where stakeholders at the ports of Los Angeles and Long Beach — the US' busiest gateway — expect a huge cut in imports in May, with a 35% decline in Los Angeles and 38% in Long Beach compared with their normal monthly volumes. "Leading indicators forecast a significant dip in container ship arrivals in the next one to two weeks," Kip Louttit, executive director of the Marine Exchange of Southern California, said. The Los Angeles-Long Beach complex, which handles about half of all US imports from Asia, is so far due to experience 59 blanked, or canceled, sailings between May 1 and June 30, according to both ports. That number, which could rise, means that about 65,000 to 71,000 TEUs of imports won't be landing in Southern California each week for the next few weeks.
4	**India-US liners pull early-May rate hikes as capacity stays ahead of demand**	The India-US East Coast market continues to remain bumpy for container carriers to drive any sort of material rate gains, industry sources say. Major carriers on the trade lane last month announced a series of rate hike plans, ranging from $1,000 to $2,500 per container, through May seemingly to take advantage of a potential upturn in shipper bookings linked to a 90-day tariff reprieve in place for Indian exports to the US. But with those demand expectations faltering, carriers have now either jettisoned or substantially lowered the increases they were planning to implement beginning May 1, forwarder sources told the Journal of Commerce. "As of now, volumes are low and spot space on most May sailings, despite a few upcoming blankings, is open," said a sales executive at a Mumbai-based forwarding house who did not want to be identified. "There's a sense of nervousness among carriers about their pricing ability." A second round of general rate increases (GRIs) or peak season surcharges (PSSs) around the middle of May has also been put on the back burner in most cases, forwarder sources confirmed. "We have fully waived the May 11 GRI ($1,500 per container) to the US East/Gulf coasts and North America West Coast," Hapag-Lloyd (India) said in an email sent to customers that was seen by the Journal of Commerce. Additionally, Maersk is understood to have canceled a $1,250-per-container PSS it was to begin charging from May 5 on loads from West India to the US and Canada.
5	**White House reaches trade agreement with United Kingdom**	President Donald Trump said the United Kingdom was buying $10 billion worth of planes from Boeing as part of the trade agreement. President Donald Trump on Thursday announced a trade agreement with the United Kingdom, the first agreement established since his "Liberation Day" tariff announcement against all U.S. trading partners on April 2. Trump said the final details of the agreement, which must be approved by Congress, will be finalized in the coming weeks, but it increases access for agricultural, chemicals, machinery and other products for both countries. "The UK was largely closed, very much closed to trade, and now it's opened," Trump said from the Oval Office. "The deal includes billions of dollars of increased market access for American exports, especially in agriculture, dramatically increasing access for American beef, ethanol and virtually all of the products produced by our great farmers." British Prime Minister Keir Starmer said the agreement will be beneficial to both countries. "This is going to boost trade between and across our countries. It's going to not only protect jobs, but create jobs, opening market access," Starmer said in a statement. Despite the new agreement, the U.S. will continue to impose a 10% baseline tariff on all goods imported from the UK, according to a fact sheet from the White House.
6	**Benchmark diesel price falls fourth straight week amid price war fears**	The benchmark diesel price was down for the fourth straight week. The benchmark diesel price used as the basis for most fuel surcharges fell Monday for the fourth consecutive week, as global oil markets are eyeing the possibility of a market share war that could overwhelm buyers with supplies looking for a home. The Department of Energy/Energy Information Administration price of $3.497 a gallon, down 1.7 cents, is at its lowest level since just before Christmas 2024. Four weeks of declines have dropped the price by 14.2 cents during that period. The DOE/EIA price is now released on Tuesdays, but its effective date is Monday, one day earlier. The latest decline in the DOE/EIA benchmark number comes as the price of ultra low sulfur diesel on the CME commodity exchange has declined significantly in the past week. A settlement Monday of $1.9598 was the lowest since May 20, 2021, and marked a decline of 15.25 cents per gallon in just six trading days. However, some of that decline could also be attributed to the expiration of the May contract on April 30 and the June contract becoming the front month the following day. The market structure known as "backwardation" has prices for future delivery at a level less than current prices. But what is known as the rollover only accounted for a few cents of the decline in those six days. Prices rose Tuesday. At approximately 11:30 a.m., ULSD on CME was up 5.42 cents a gallon to $2.0287.
7	**U.S., China to Jointly Deescalate Tariffs Starting May 14**	The U.S. and Chinese governments after meeting in Geneva, Switzerland, over the weekend announced on Monday, May 12, a joint plan to begin deescalating tariffs, starting May 14. The statement said that both governments will be "moving forward in the spirit of mutual opening, continued communication, cooperation, and mutual respect," following the imposition of significant tariffs a month ago against each other on numerous imported products. The Trump Administration, which called the agreement an "historic trade win for the United States," outlined in this May 12 fact sheet what both countries will do: China will remove the retaliatory tariffs it announced since April 4, 2025, and will also suspend or remove the non-tariff countermeasures taken against the U.S. since April 2, 2025. •China will also suspend its initial 34% tariff on the U.S. it announced on April 4, 2025, for 90 days, but will retain a 10% tariff during the period of the pause. The U.S. will remove the additional tariffs it imposed on China on April 8 and April 9, 2025, but will retain all duties imposed on China prior to April 2, 2025, including Section 301 tariffs, Section 232 tariffs, tariffs imposed in response to the fentanyl national emergency invoked pursuant to the International Emergency Economic Powers Act, and Most Favored Nation tariffs. •The U.S. will suspend its 34% reciprocal tariff imposed on April 2, 2025, for 90 days, but retain a 10% tariff during the period of the pause. •The 10% tariff "continues to set a fair baseline that encourages domestic production, strengthens our supply chains and ensures that American trade policy supports American workers first, instead of undercutting them," the Trump administration said. The NCBFAA Customs Committee and Counsel of Sandler, Travis & Rosenberg, P.A., meanwhile, will monitor the implementation of this trade deal by Customs and Border Protection (CBP), and provide updates to our customs broker members as soon as they become available.
TP Market dynamics		**Source: Shipping Gazanette, S&P Global**
1	**ONE makes big cut in FY 2025 profit forecast due to economic uncertainty**	Ocean Network Express (ONE) on Wednesday slashed its fiscal year 2025 profit forecast by more than 75%, citing economic instability linked to the global tariff war ignited by the Trump administration. Singapore-based ONE said it now expects full-year profits of around $250 million, down from an earlier estimate of $1.1 billion. A fiscal first-half profit of about $350 million will be followed by a $100 million net loss in the last six months of its fiscal year, the carrier projects. ONE's 2025 fiscal year began April 1 and ends March 31, 2026. The carrier said the huge downgrade in profit expectations was made after considering "potential headwinds such as weakened cargo volumes in specific trade lanes and reductions in freight rates across global markets" due to heightened geopolitical and economy uncertainty. FY 2025 revenues will likely be around $8.5 billion in the carrier's first-half period and $8 billion between October and March, down from its earlier forecast of $9.5 billion in the first half and $8.5 billion in the second.
2	**CMA CGM expands air cargo fleet with Air Belgium takeover**	CMA CGM Air Cargo on Wednesday said it has acquired the cargo operations of longtime partner Air Belgium, adding four freighters to its fast-growing fleet covering Europe, Asia and the US. It is the second acquisition this week by a CMA CGM subsidiary following CEVA Logistics' $440 million takeover of Turkish forwarder Borusan Tedarik that was announced Monday. Both deals are aimed at extending the Marseilles-based carrier's control of its end-to-end supply chain. Terms of the Air Belgium deal were not disclosed. "The acquisition of Air Belgium marks an important step in the expansion of the CMA CGM Group's air freight operations in Europe and worldwide," Damien Mazaudier, executive vice president of the air division at CMA CGM Group, said in a statement. "It immediately strengthens our air capacity while addressing current logistical challenges," Mazaudier added, noting that it improved CMA CGM Air Cargo's ability "to anticipate market evolutions."
3	**MSC suspends two US services, rejigs others as tariffs hit Chinese imports**	Mediterranean Shipping Co. has halted two services from China to the US and revamped other container services to the East and Gulf coasts as the Trump administration's tariffs against Beijing continue to weaken freight demand. The world's largest shipping company said in an advisory Wednesday the service suspensions and network changes were "in response to the recent changes in demand for cargo transport from Asia to the US." Following the Trump administration's imposition of 145% tariffs on most Chinese imports, ocean carriers reported seeing container volumes drop by one-third. Hapag-Lloyd and US-based Matson both said volumes out of China dropped 30% after April 9 when the new China tariffs went into effect. The affected MSC services are all part of the carrier's 2025 network following the dissolution of the 2M Alliance with Maersk. In place of Maersk, Zim Integrated Shipping Services has signed on to share vessel space and charter slots on some of MSC's Asia-US routes. The suspensions include the Empire service, which calls three of China's largest ports and the East Coast ports of New York and New Jersey, Norfolk and Baltimore. The service provided 11,500 TEUs in weekly capacity, according to a report from Hong Kong-based logistics provider Honour Lane Shipping. MSC will also suspend the Pelican service from the Chinese ports of Xiamen and Yantian, along with Vietnam's Vung Tau and South Korea's Busan, and calling the Gulf Coast ports of Houston, Mobile and Tampa. Honour Lane said the Pelican service provides weekly capacity ranging between 6,500 and 8,500 TEUs.
4	**New Alliances Begin to Impact Containership Schedule Reliability**	Maersk and Hapag-Lloyd announced their new alliance called the Gemini Cooperation for key east-west trade routes promising 90 percent reliability for the key long-distance trade routes. Based on large investments in terminals and port operations, they are using a new approach based on more feeder routes into hub ports and fewer port calls for the larger vessels on the long-distance routes. The companies have been saying anecdotally that early results showed they were meeting their goals and now the data analysis from Sea-Intelligence for March confirms that the Gemini Cooperation is on target. Sea-Intelligence highlights during their service transition there are multiple ways of measuring performance while reporting that Gemini is achieving between 85.7 and 90.3 percent reliability. Maersk has also said it would be the summer months before the first full results would be available for the new alliance. It predicted that the increased reliability would present an advantage in the market for shippers. This may be especially important in the current turbulent environment where the market is reacting to the tariffs and trade wars. By comparison, the global container shipping sector achieved 57.5 percent schedule reliability in March. A three percent improvement, both month-over-month and year-over-year, Alan Murphy, CEO of Sea-Intelligence highlights it is "the highest level recorded since November 2023." It was also the second consecutive month-over-month increase. For most of 2024, the sector was achieving schedule reliability in the low to mid-50 percent range. For the year it averaged 53 percent. It was below the recent and pre-pandemic averages of 60 percent or higher.
5	**Maersk expects no changes from US port fees**	Under the finalized rule issued by USTR April 17, Chinese-operated and -built ships could be liable for millions of dollars in charges for vessels calling U.S. ports. Maersk (MAERSK-B.CO) in an advisory to customers Thursday said that while the ship fees take effect immediately, the fees will be set at zero dollars for the first 180 days before increasing as of Oct. 14. "At this time, we do not see a direct cost from this initiative impacting Maersk or our customers. We do not anticipate changes to our U.S. port rotations due to the new fees. Your current service plans remain unchanged." The carrier said it continues to monitor developments closely. The USTR in April modified its proposed rule for ship charges after pushback from shippers and other maritime stakeholders. The new plan bases the fees primarily on net tonnage and containers, and only assesses them on the first call of a port rotation, rather than for each call.
TP Trend forecasts		
1	At present, Carriers has basically locked in the system for the second half of May, prioritizing orders from larger BCOs (such as Walmart, Target Store), and leaving very little space for NVOs. The space releases to NVO is also FAK, or the premium space that will soon appear (MSC is already planning to reintroduce diamond space to the market).	
Carrier indications for fixed levels		
1	Carrier plan to surge by $2000 in June, with fix and fak prices increasing simultaneously. It can be foreseen that the second half of May and early June will be exceptionally hot.	