

More choppy waters for shipping

By [Karl Gernetzky](#)

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SA's shipping market is expected to remain under pressure in 2017, with import figures likely to be weaker after low third-quarter import numbers despite a strengthened rand.



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After dismal first-quarter figures, the market had stabilised. But despite this, low growth figures were expected for the rest of 2016 and 2017, Maersk Line Southern Africa trade manager Matthew Conroy told Business Day in a recent interview.

Maersk's Trade Report for the third quarter of 2016 indicated a strengthened rand did not trigger an increase in imports, linked to South African consumers buying fewer auto, retail, and electronic goods. Maersk is the world's largest shipping company, moving about 15% of freight.

The main decline was in container imports, which dropped 9%, specifically imports from the country's largest trade lane, Asia, which declined 14%.

Fruit exports, which represent about 25% of SA's total exports, declined 5% on the back of the drought, which limited citrus output.

SA's main exports - about 60% commodities - are dependent on global demand, while imports, petroleum, and

manufactured goods rely on economic growth and currency levels.

The picture for export container trade was slightly more positive, with the market only having declined 2% year on year - parallel to the decline in the previous quarter.

"We will likely see a market decline for imports in the 7% to 8% range, unless the rand was to strengthen considerably," said Conroy. Regarding exports, he said it was likely the market would continue within its stable trend and fall in the -2% to 0% growth range for 2016.

"I think the negative trend we have seen will continue for the rest of the year [2016] and continue into 2017, although with a lesser extent," he said.

SA's flat growth and Asian demand for commodities - although stabilising - were also flagged by Transnet when presenting its interim results for six months to September 2016. "What we are experiencing at the moment in growth is becoming mediocre - we are seeing a new mediocre normal," Transnet CEO Siyabonga Gama said earlier in November.

Source: Business Day

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