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OCEAN FREIGHT MARKET UPDATE

SEPTEMBER 2022 –
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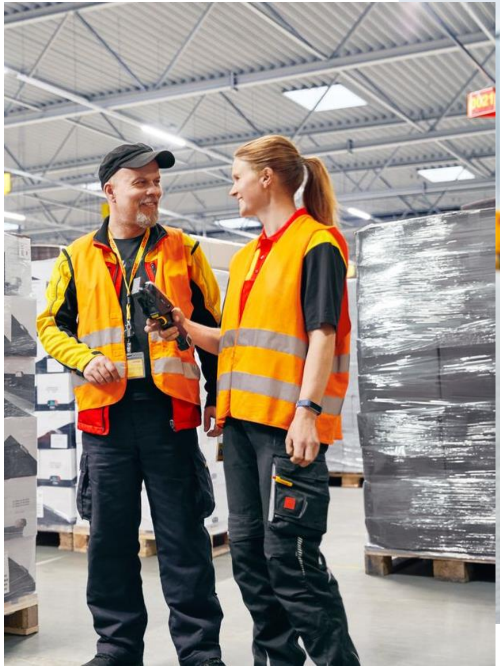
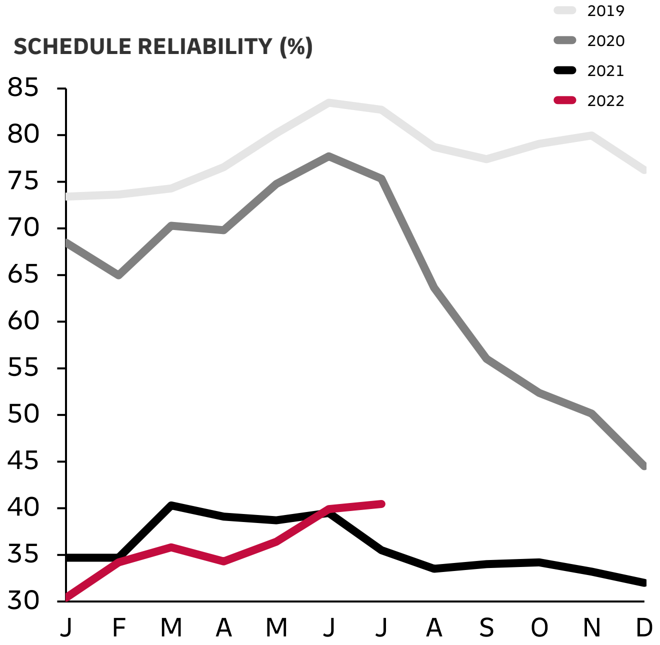
Ocean Freight Market update – September 2022



Topic of the month
Ocean Schedule Reliability

Schedule reliability trending upwards

- July was the third consecutive month that schedule reliability improved MoM to 40.5%.
- The lowest reliability was again recorded on the **Asia-US East Coast** trade (15.9%) while the **South America-Mediterranean** trade was the best performing trade (64.0%).
- On the **Transpacific** reliability increased MoM in both directions: 39.8% in June to 39.6% in July on the Westbound and 36.2% to 38.6% on the Eastbound leg.
- On the **Asia-North Europe** trade performance has been improving since March and now stands at 31.5%. Also, on the **Transatlantic** the figures went up to 29.8% on the westbound and 39.6% on the eastbound leg.
- The **Asia-South America** trades performed comparably well: 49.6% Asia-ECSA and 53.9% Asia-WCSA.
- In a report on voyage time Alphaliner came to the conclusion last November that good carrier-terminal arrangements are the best way to reduce berthing delays.



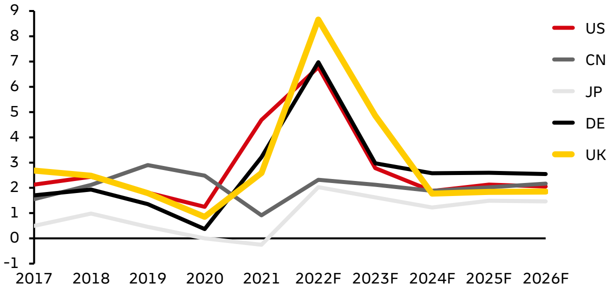
Source: Sea Intelligence, DHL, Alphaliner

High level market development

ECONOMIC OUTLOOK GDP GROWTH BY REGION[1)]

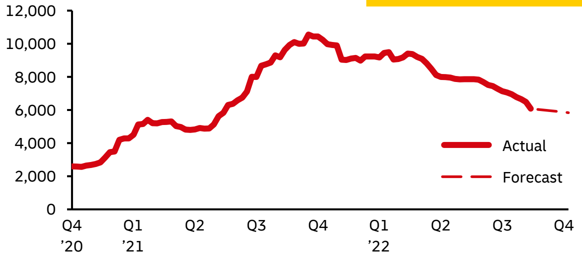
	2022F	2023F	2024F	2025F	2026F	CAGR (2023-26)
AMER	2.3%	2.3%	2.4%	2.3%	2.6%	2.4%
ASPA	4.1%	4.6%	4.3%	4.2%	4.2%	4.2%
EURO	1.3%	1.8%	2.0%	1.7%	1.8%	1.8%
MEA	4.3%	3.7%	3.3%	3.2%	3.1%	3.2%
DGF World	**2.8%**	**3.1%**	**3.1%**	**2.9%**	**3.0%**	**3.0%**

INFLATION, YOY in %[2)]

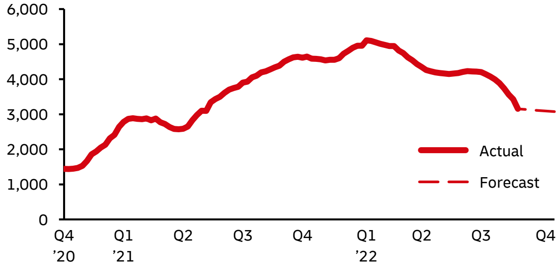


Surcharges related to e.g., equipment & space availability are not reflected in WCI & SCFI

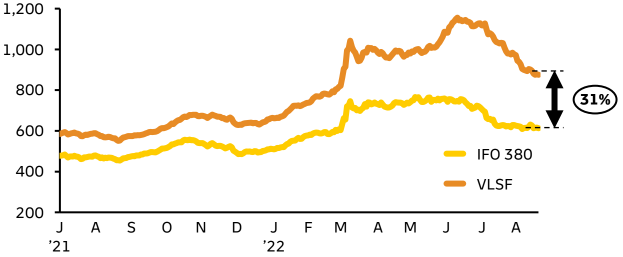
WORLD CONTAINER INDEX (WCI)[3)]



SHANGHAI CONTAINERIZED FREIGHT INDEX (SCFI)[4)]



BUNKER PRICES[5)]

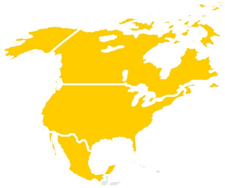


1) Real GDP, Copyright © IHS Markit, now part of S&P Global, Q2 2022 Update 3 Jun '22. All rights reserved; 2) IHS Markit, now part of S&P Global, Q4 2021 Update 24 Mar '22. All rights reserved; 3) Drewry, in USD/40ft container, including BAF & THC both ends, 42 individual routes, excluding intra-Asia routes; 4) Shanghai Shipping Exchange, in USD/20ft ctnr & USD/40ft ctnr for US routes, including BAF, EBAF, CAF, PSS, WRS, PCS & SCS/SCF/PTF/PCC, excl. THC, 15 routes from Shanghai; 5) Source: DHL

Major trades –
Market outlook September 2022 month-on-month development

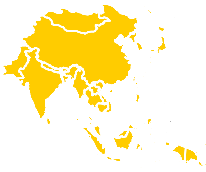
EUROPE

Import region	Capacity	Rate
AMNO	=	=
AMLA & MX	=	=
ASPA	=	=/-
MENAT	=	=
SSA	=	=



NORTH AMERICA

Import region	Capacity	Rate
EURO	=	=
AMLA	--	++
ASPA	=	=
MENAT	-/+	=/+
SSA	=	=



ASIA PACIFIC

Import region	Capacity	Rate
EURO	-	-
AMNO	=	=
AMLA	+ EC / + WC	= EC / - WC
ASPA	-	+
MENAT	-	+
OCEANIA	=	-

LATIN AMERICA*

Import region	Capacity	Rates
EURO	-/=	+
AMNO	-	++
ASPA	=	+
MENAT	=	+
SSA	=	+

Source: DHL
*incl Mexico and Central America/Cenac

KEY										
	Strong Increase	++	Moderate Increase	+	No Change	=	Moderate Decline	-	Strong Decline	--

Market outlook September 2022
Ocean Freight rates – Asia-Pacific exports

ASPA-EURO	General September outlook is expected to be flat, major concern remains the port congestion in Europe which delays schedules, increases blank sailings and adds port omissions. In addition the upcoming typhoon season is expected to further disrupt the schedules.
ASPA-AMNO	USEC still impacted by port congestion. Waiting time at Savannah approx. 18 days. Overall equipment situation has improved. Spot rates to the USWC have slightly decreased due to weaker demand.
ASPA-AMLA	Extra loader services are deployed to ECSA in order to ease the backlog situation, however ongoing full utilization keeps rates high. For WCSA and MX the extra loaders and the launch of new services on higher supply/tonnage brought a reduction of FAK vatos rates, but long term deals are still keeping up as a rebound is expected.
ASPA-MENAT	Market demand was weak to MENAT in August with various issues such as high inflation and interest rates, raw material shortage at origin and holiday season. Space on headhaul leg was largely available and carriers' overall equipment availability improved compared to previous months. For September we expect a volume recovery with higher forecasts seen from customers and market rates are expected to rebound in September before Golden Week holidays. We strongly recommend bookings to be made 2-3 weeks in advance for September.
ASPA-ASPA	Demand recovery is slower than expected. But with Golden Week holiday approaching, we expect volumes to increase in September. Space and equipment situation is improving except for key South-East Asia exporting countries that still face difficulty in securing space and equipment. Strong demand and preference for direct services remains as to avoid potential delays at transshipment ports. Advance booking remains necessary. Expected to see continuous increase in BAF surcharges as carriers announce emergency fuel surcharge or increase the frequency of reviewing BAF quantum.

Source: DHL

Market outlook September 2022
Ocean Freight rates – Other major trades

EURO-AMNO

The ports in the US and CA remain highly congested. Especially in NYC, SAV, HOU, LAX/LGB, OAK and VAN vessels have to expect extended berth-waiting time. The ripple effects on all inland operations paired with capacity and labor reductions remain in place leading to extended dwell times, truck-, rail-, and chassis-shortages, resulting in pick-up and delivery delays. Terminals and yards in Toronto are also highly congested, which is leading to back-log at the sea terminals as well. Demand on all services on the Transatlantic remains high. Rates remain stable at high level, but the cost development might be further impacted by the development of the energy prices and environmental influences, i.e. current low water on the Rhine and other rivers in Europe and potentially on the St. Lawrence. The Port Authority of New York and New Jersey recently announced an implementation of a container imbalance fee for ocean carriers. The fee, effective as off Sep 1st, 2022, is intended to reduce the number of excess empty containers dwellling at the port and to free up much needed capacity for import containers. Even though no carrier stepped forward so far, it has to be expected that carriers will pass the associated costs to the market.

EURO-ASPA+MEA

Asia: relaxed space situation. No issues with capacity only vessel delays and congestions. Rate-wise, we still see reductions to Asia.
AU/NZ: congestion situation improved. The direct service is still well utilized. NZ-situation has also improved, no congestion in place any longer. Rates on the direct service are still stable at a high level but transshipment rates are decreasing.
MEA: Space is available. Rates remain at a stable level. No issues with equipment. Demand to middle east remains also on a stable level.

AMNO-EURO

Rates remain flat over August. No change to capacity. Space remains extremely tight ex Savannah, Charleston & Houston.

AMNO-ASPA

AMNO – ASPA: Rates and Capacity are stabilizing after the blitz of Imports and carriers prioritizing empties back to Asia.
AMNO – SPAC: cargo back log and severe capacity situation remains ongoing.

AMLA Exports

AMLA – AMNO & INTRA: Brief pricing softening in BR's market due to low lumber production. Labor restrictions and terminal construction are causing added delays in Peru (port omissions up to 3 weeks by some carriers). Inflation in Argentina is affecting overall import volumes.
AMLA – ASPA: High utilization out of ECSA remains, with strong demand for commodities specially from BR (cotton season). WCSA/MEX/WCCA – Carriers remain open for new opportunities to China, specially moving in 40´ Box and HC containers. Container imbalance is still impacting the trade. WCSA ports impacted by operational issues and bad winter weather.
AMLA – EURO, MENAT & SSA: MX EC to Med continues to face capacity restraints, increased by a direct service leaving the market in July. SAEC continues to struggle with capacity and rising rates.

Source: DHL

Economic outlook & demand evolution – With inflation cresting, the global economy can achieve a soft landing

Energy supply problems and high inflation will push Western Europe into recession. The UK slipped into recession in Q2 as high inflation eroded household incomes and consumer sentiment plunged to a record low. With consumer price inflation at 10.1% YoY in July and headed higher (with a 75% October increase in gas and electricity rate caps), the UK recession is expected to linger through the spring quarter of 2023. Eurozone real GDP growth was higher than expected (0.7% QoQ in Q2 thanks to inventory accumulation and pent-up demand for services. Growth prospects are rapidly deteriorating, however, in response to continuing energy supply shortages, accelerating prices, the ongoing Russia-Ukraine war, and tightening financial conditions.

The US economy is a paradox of stagnant real GDP and surging employment. Although real GDP decreased slightly in H1, do not call it a recession! Since Dec '21, the monthly indicators used by the National Bureau of Economic Research in dating business cycles have posted solid gains, including employment, industrial production, real personal income excluding transfer payments, and real retail sales. Meanwhile, a sharp slowdown in inventory accumulation has pulled down real GDP. HIS Markit forecasts a period of sluggish economic growth through the end of 2023, as moderate gains in consumer spending and government purchases are offset by significant declines in residential and commercial construction.

Mainland China's economy continues to struggle. After declining 2.6% QoQ in Q2, real GDP is expected to recover in Q3, although July data indicate subpar growth in services and manufacturing. The government's dynamic zero-COVID policy will remain in place through at least Mar '23, preventing a return to normalcy and limiting the effectiveness of the government's new stimulus programs. The housing market remains in a deep recession, and declining land sales are hurting local government finances.

Japan's inflation situation remains uniquely benign. Although it continues to rise incrementally. Consumer prices rose 0.1% m/m and 2.5% y/y in June, compared with y/y increases of 2.4% in April and May. Real GDP increased 0.5% q/q (2.2% annualized) in the second quarter, building on upwardly revised growth in the first quarter. Private consumption advanced 0.6% q/q, benefiting from pent-up demand following the lifting of pandemic restrictions. Spending on restaurants and hotels rose substantially. Fixed investment, government consumption, and exports posted modest gains.

Asia Pacific's emerging markets will support global growth as other regions falter. Real GDP growth is projected to pick up to 4.2% in 2022 and 4.5% in 2023. India, Indonesia, Vietnam, the Philippines, Bangladesh, and Cambodia will likely achieve growth rates of 5–7%. This performance reflects strong intraregional growth dynamics related to regional free-trade agreements, efficient supply chains, competitive costs, and steady inflows of foreign direct investment

The JPMorgan Global Composite Output Index (compiled by S&P Global) decreased 2.7 points to a two-year low of 50.8 in July, as sustained growth in emerging markets was offset by contractions in developed economies. Worldwide growth in new orders and employment slowed, while export sales declined.

Source: IHS Markit, now part of S&P Global, IHS Purchasing Manager Index Manufacturing, a PMI at 50 is considered neutral, expanding above 50, and business shrinking below 50

Carrier Financial results 6 Months 2021–2022 (US$ million) Another new record.

CMA CGM & COSCO 2nd quarter results pending

Carrier	Revenue 2021	Revenue 2022	Revenue %	Operating Profit 2021	Operating Profit 2022	Operating Profit %	Operating Profit Margin 2021	Operating Profit Margin 2022	Net Profit 2021	Net Profit 2022	Net Profit %
COSCO SHIPPING Holdings 6), 9)	9'255	15'627	69%	2'883	6'242	117%	31.2%	39.9%	2'356	4'346	84%
CMA CGM 2), 5), 9)	8'586	14'850	73%	2'975	8'538	187%	34.6%	57.5%	2'090	7'199	244%
Maersk Group 8)	17'990	28'910	61%	7'844	17'812	127%	43.6%	61.6%	6'463	15'369	138%
ONE 3)	5'776	9'019	56%	2'924	5'859	100%	50.6%	65.0%	2'559	5'499	115%
Hapag-Lloyd	10'551	18'562	76%	4'240	10'942	158%	40.2%	58.9%	4'240	10'942	158%
Evergreen Marine Corp. 1), 5), 7)	6'807	11'623	71%	3'440	7'822	127%	50.5%	67.3%	3'213	7'114	121%
HMM	4'662	8'072	73%	2'104	4'936	135%	45.1%	61.1%	319	4'919	1442%
Zim	4'126	7'145	73%	2'156	4'636	115%	52.3%	64.9%	1'478	3'047	106%
Yang Ming	4'858	7'265	50%	2'560	4'815	88%	52.7%	66.3%	2'122	3'910	84%
Wan Hai	3'105	5'231	68%	1'449	2'963	104%	46.7%	56.6%	1'210	2'380	97%
Average 4)			**67%**			**127%**	**45.7%**	**62.1%**			**150%**

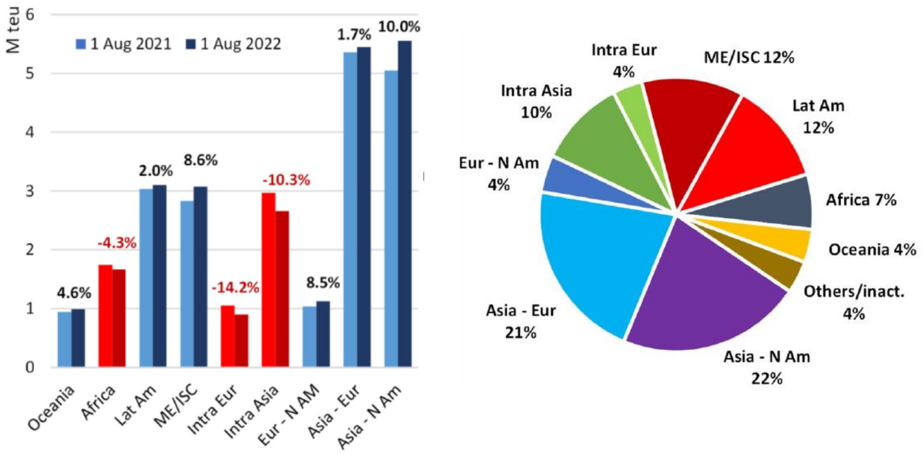
Source: Alphaliner, DynaLiners; n.a. = not available, n.m. = not meaningful; 1) local currency numbers were converted into US$ using the average exchange rate for relevant financial period; 2) container shipping segment only, excl. CEVA Logistics, Net Profit for Group; 3) result is Q1 Japanese financial year, i.e. Apr-Jun not calendar year; 4) Average excluding ONE, CMA CGM; 5) operating profit is EBIT; 6) COSCO Shipping Lines and OOCL, excl. terminals; 7) not consolidated for Evergreen Group; 8) Ocean segment only; Net Profit for Group; 9) result is Q1 2022

Capacity 1/3

Despite a **year-on-year cellular fleet growth of 3.8%** as per 1 August, three trades have shown a significant reduction over the last 12 months.

- The Intra-Europe liner capacity has decreased by 14.2%. Intra-Asia services offering was reduced by 10.3% and all Africa-related services by 4.3%.
- The withdrawal of nearly 150,000 TEU slots from intra-European services can partly be explained by the Ukraine conflict and the closure of many regular services to/from Russia. On the other side carriers have continued to shift relatively small vessels from regional trades to East West or big North South serviced to take advantage of the high freight rates.
- Carriers are shifting more capacity this year to Transatlantic (+8.5% vs LY) and Middle East / Indian Subcontinent (+8.6% vs LY).
- Asia – North America remains the largest trade in terms of fleet deployment.
- Capacity offering between the Far East and Europe has remained fairly static so far this year.

Global Trade deployment by cellular TEU capacity (01 Aug 2022)



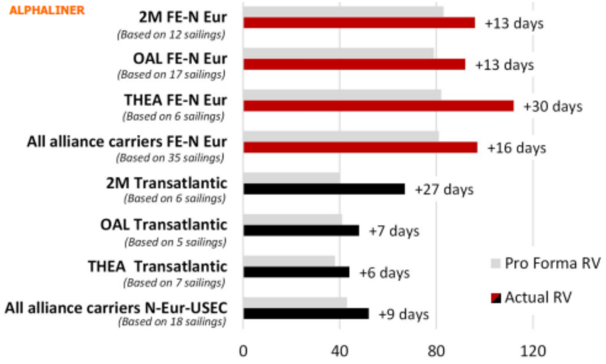
UK-based **DKT Allseas** is calling at the **Scottish port of Greenock** with its **China - Bangladesh - North Europe 'China Xpress' service**, since the 2nd half August. The new call will **offer Scotland** its **first direct container service to and from Asia**. With a much reduced transit time compared to what traditional ocean carriers may offer, the service will also give Scottish shippers the chance to avoid delays at Continental European ports, via which a good share of Scotland-bound cargoes from Asia are generally transshipped.

Source: Alphaliner, Dynaliners, Carriers

Capacity 2/3

Vessel delays due to port congestion have **slightly reduced in the China – North Europe trade**. Ships currently arrive on average 16 days late in China for their next roundtrip, which represents a reduction of 4 days compared to a survey done in May this year. However **port congestion remains a huge problem**, causing disruptions to schedules. Congestion has **worsened** in the **North Europe – US East Coast trade**, where carriers get a double whammy on both sides of the Atlantic Ocean. Increased waiting times in ports such as Savannah, Houston and New York add to the vessels delays experienced in the big North European hubs. Container ships deployed in regular alliance service on the North Atlantic currently arrive on average 13 days too late in Europe for their next voyage, up from 9 days in October last year. There are huge differences in vessel delays per carrier. This leads to the conclusion that good carrier terminal arrangements can clearly limit the impact of liner service disruptions and reduce waiting times.

Incoming ship delays in the 2nd H of July 2022



In an effort to improve schedule reliability, **ZIM** will **temporarily skip the New York** (Newark) calls of its **Southeast Asia – South China - US East Coast loop** 'ZSE' as of August. ZIM's move was prompted by port congestion issued at the US East Coast's largest container port. Further to this, the 2M partners MSC and Maersk, as well as ZIM, will also temporarily move the Newark call of their joint Far East – US East Coast 'Emerald / TP16 / ZSA' service from overstrained APM Terminal Newark to the PNCT terminal. According to the carriers, the 'ZSE' loop's omission of Newark and the switch of terminal on the 'Emerald / TP 16/ ZSA' will last for at least six weeks depending on how the congestion problems evolve.

The **USEC – ECSA** 'SEC' / 'New Tango' service operated jointly by **Hapag-Lloyd and Maersk** (including affiliates Hamburg Sud and Sealand Americas) will continue to **skip calls at Norfolk, Charleston and Port Everglades** until the **end of November 2022**. Persistent port congestion issues on the US East Coast have now prompted the carriers to extend the scheduled port omissions once more.

Hapag-Lloyd and **ONE** will continue to operate their joint **North Europe - Middle East - Indian Sub Continent 'IOS' service** throughout Q3 and Q4 with a series of **alternate and/or skipped calls** to **restore schedule reliability**. While Hazira will remain skipped, Nhava Sheva and Mundra will be served on an alternating basis. In Europe, Antwerp and London Gateway Port will similalry be served on alternating sailings only.

Source: Alphaliner, Dynaliners, Carriers

Capacity 3/3

Hapag-Lloyd has announced temporary **port call adjustments** to the **Far East - West Coast North America** ‘PN2’ and ‘PN3’ services of THE Alliance. These adjustments will be put in place from mid-August to late-September. Affected by **ongoing port congestion** on the **northwest coast of North America**, the THEA members Hapag-Lloyd, Ocean Network Express (ONE), Yang Ming and HMM have decided to temporarily **omit Vancouver** from the ‘PN2’ rotation while simultaneously adding an eastbound call at Shanghai. Meanwhile, the ‘PN3’ will momentarily **skip Tacoma**. This Washington State port was only just added to the loop’s rotation in July as an alternative to Seattle that had been skipped since March.

ONE and **Yang Ming** have finally carried out a the long-expected **split** of their **Southeast Asia - China - US West Coast ‘FP2’ pendulum** service, operated within the scope of THE Alliance, into two separate loops. The loop has been cut in two, with the 18 x 14,000 TEU ships of the 'FP 2' pendulum re-deployed to a new North Europe - Southeast Asia loop (named ‘FE5’) and a Southeast Asia - South China - California service (‘PS7’). The 'FE5' will be staffed with 10 ships, 5 each from ONE and Yang Ming, with the THEA partners Hapag-Lloyd and HMM as coloaders. On the Transpacific Southwest 'PS7' of THE Alliance, ONE will (at least for now) act as the sole vessel operator and provide all of the service’s 8 x 14,000 TEU ships. Port congestion problems will see the 'PS7' turn on a 10 to 11 week round trip with some gaps in the otherwise weekly schedule. Splitting the pendulum will result in additional calls at the South East Asian ports of Laem Chabang, Cai Mep and Singapore. Nevertheless, the decoupling will **enhance schedule reliability** for the **'FE5'**, since the ships on this **Asia - Europe** loop are no longer affected by port congestion and waiting times on the US West Coast.

For the **first time in years**, the **number of fully cellular container vessels sold for demolition** in the first half of 2022 **dropped to zero**, as recycling sales continue to evolve at historic lows. The highly remunerative charter and freight markets, which have prompted both non-operating vessel owners and liner operators to keep trading their older vessels and steer clear of the recycling scene despite attractive demolition prices, are the main cause of this scrapping drought. Container ship demolition sales are expected to remain particularly subdued in the 2nd half of 2022, with current full-year estimates of 30,000 TEU likely to be substantially less by the end of the year, and possibly even lower than the 16,500 TEU recycled in 2021.
However **demolition volumes** are **expected to rise** again in **2023** as 2.3 Mteu of **newbuild capacity hits the market**. Also the impact of the new IMO 2023 regulation on the least efficient ships could see a significant chunk of the current cellular fleet, particularly units of 20-25 years of age (806 units in total), and older ones, becoming serious scrapping candidates over the next two years, especially in case of subdued demand. In **2024 recycling sales** are expected to **rise even more**, as a further 2.8Mteu of newbuild capacity will hit the market. Alphaliner forecasts a demolition sales of 250,000 TEU for full year 2023 and 350,000 for 2024

Source: Alphaliner, Dynaliners, Carriers

Carriers

Hapag Lloyd has introduced a new **fleet upgrade program** which the carrier intends to apply to more than 150 ships of its fleet. With the aim to reduce fuel and CO2-emissions, Hapag Lloyd invests USD Bn in 12 x 23,660 TEU newbuildings. In order to reach its goal to reduce CO2 emissions by 30% already by 2030, the carrier will also have to technically modernize its existing fleet. This will be realized by installing new fuel efficient propellers on at least 86 ships to reduce bunker consumption and emissions by 10 to 13%. 36 ships are to receive a new flow-optimized (smaller) bulbous bow. All 150 ships will receive a resistance-reducing coat of anti-fouling paint on the part of the exterior hull beneath the waterline during their next maintenance drydockings. The first retrofit propeller will be installed in September in Dubai on the 7,506 teu NINGBO EXPRESS trading on the West Med-Red Sea-ME-ISC service Hapag jointly operates with CMA CGM and COSCO, with most of the measures to be conducted by 2025.

HMM announced a **USD 11.5bn expansion programme** involving growth at its container, logistics and bulk divisions, while also confirming its ambition to become one of only eight container 'super carriers' operating more than 1 Mteu. The carrier's plan involves expanding its current container fleet from 820,000 TEU to 1.2 Mteu by 2026. It will also invest over the next four years in a range of other initiatives, securing core assets such as ships, terminals, and logistics facilities. HMM unveiled the mid to long-term strategy, saying it required a solid foundation for future growth given the growing uncertainty from ever-changing economic circumstances.

Source: Alphaliner, Dynaliners, Carriers

Rules & Regulations

US Congress debates on new Clean Shipping Act. Legislation to cut US shipping emissions ahead of IMO targets is set to be debated in Congress following the submission of a new bill by two members representing the ports of Long Beach and Los Angeles. The Clean Shipping Act 2022 which, if passed, would eliminate carbon emissions by ships serving the US by 2040, and outlaw in-port ship emissions by 1 January 2030. The legislation would be enforced by the US Environmental Protection Agency (EPA). The bill would also set carbon intensity standards for fuels used by ships, consistent with the 1.5 degree decarbonization pathway set by the Paris Agreement. Thus it would call for lifecycle carbon dioxide-equivalent reductions of 20% from 1 January 2027, 45% from 1 January 2030, 80% from 1 January 2035, and 100% from January 1, 2040, relative to the 2024 baseline. The legislation would affect all carriers serving the US.

EU launches review of Block Exemption. The European Commission (EC) has begun its review of the liner Consortia Block Exemption. Starting with an 8-week period where it will seek the views of stakeholders. The evaluation will help the Commission decide whether the Exemption should be terminated or extended, with or without amendments, when it expires in April 2024. Interested parties have until October 3 to submit their feedback. The so-called Block Exemption does not apply to the three major container alliances, who are required to apply for specific licenses. The Exemption allows lines with a combined market share of below 30% to enter into cooperation agreements or consortia. While the EC acknowledged that current market conditions were exceptional, there were suggestions of a potential shift in tone at the Commission. The impact of the current challenges “brings useful lessons on the role of consortia in the productivity of liner shipping services, as well as the overall efficiency and resilience of the global logistics system,’ it said. The assessment of whether the Exemption is still fit-for-purpose will also take into account (i) the trend towards consolidation between carriers, (ii) their vertical integration and (iii) cross-membership between consortia since 2020. The launch follows an open letter three weeks’ ago from 10 forwarding and cargo groups including FIATA and CLECAT calling for a review in time to enact potential new measures before the 2024 expiry. It pointed to similar investigations in the US which have led to regulatory changes. The European Block Exemption was first adopted in 2009, and twice extended in 2014 and 2020.

Source: Alphaliner, Dynaliners

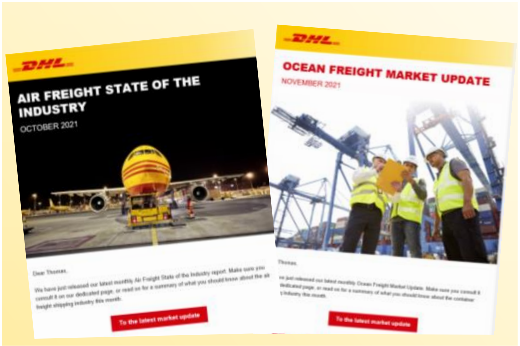
Did you know?
Top 10 Carriers – owned ships vs. chartered ships

Rank	Operator	Current TEU	Current Ships	Owned TEU	Owned Ships	Chartered TEU	Chartered Ships	% Chart	On Order TEU	On Order Ships	O/E %	Market Share
1	MSC	4,471,123	692	1,904,964	367	2,566,159	325	57%	1,533,730	114	34%	17.3%
2	APM-Maersk	4,273,105	733	2,519,341	344	1,753,764	389	41%	306,165	28	7%	16.5%
3	CMA CGM Group	3,293,101	579	1,508,931	212	1,784,170	367	54%	641,489	68	19%	12.7%
4	COSCO Group	2,898,786	468	1,570,627	178	1,328,159	290	46%	586,672	34	20%	11.2%
5	Hapag-Lloyd	1,768,785	250	1,102,381	120	666,404	130	38%	402,310	21	23%	6.8%
6	Evergreen Line	1,576,025	202	874,621	125	701,404	77	45%	544,292	57	35%	6.1%
7	ONE	1,503,759	202	787,587	90	716,172	112	48%	441,026	32	29%	5.8%
8	HMM	818,075	76	553,676	36	264,399	40	32%	184,027	17	22%	3.2%
9	Yang Ming	685,189	93	216,346	51	468,843	42	68%	23,720	2	3%	2.6%
10	Zim	500,518	134	28,681	8	471,837	126	94%	389,904	44	78%	1.9%

Source: Alphaliner

STAY IN TOUCH WITH THE EXPERTS

ARE YOU READY TO MOVE FORWARD?



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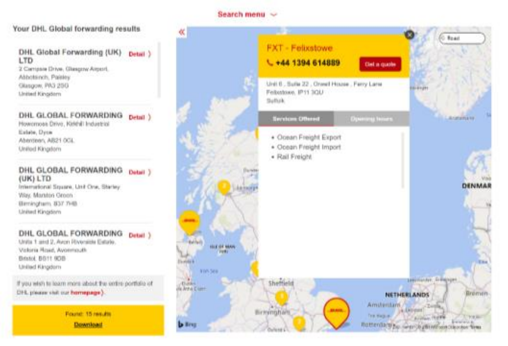

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BACK-UP

Market outlook September 2022 – Ocean Freight rates additional trades (1/3)

EURO-AMLA + MX	**MX:** No changes vs. previous month: High demand into Mexico continues and sufficient pre-notice on bookings should be given (advising 6-7 weeks, as for AMLA). We see some rate stabilization with all carriers extending rates into Q3, 2022. **South America:** Capacity situation remains tight with only MSC being more flexible on short-term, albeit at high rates and limited free times. Equipment situation not improving. Rates stabilizing, with all carriers extending rates into Q3, 2022.
EURO-MENAT	Space is available. Rates have been mostly extended.
EURO-SSA	**South Africa:** Ongoing tight capacity, delays and vessel schedule disruptions, as well as extended waiting times for berthing. Last sailing under DAL B/L with MOL Presence end of August. Thereafter Hapag Lloyd fully integrated the former DAL business. **West Africa:** space remains tight across all carriers. Pre-bookings 3-4 weeks in advance are required. Congestion situation in major transshipment hubs decreases. **East Africa:** High vessel utilization, space is very tight. Pre-bookings 3-4 weeks in advance are required.
AMNO-MENAT	USCHS / USSAV ports remain omitted for several key USEC to Mideast services indefinitely! Capacity is improved and open to Turkey and most of North Africa, except Egypt remains a challenging destination due to transshipment port congestion.
AMNO-SSA	Rates remain stable, mainly due to the recovery of the trade continuing to be slower than expected. Hapag is re-launching their service via transshipment in North Europe.
AMNO-AMLA	USHOU / SAV & CHS are experiencing the most significant disruptions for services into LATAM. Minor pockets of relief are quickly absorbed in the market with extra loaders (i.e. ex USHOU to WCSA by MSC). USGULF expected to continue with bi-weekly omissions through Q4.

Source: DHL

Market outlook September 2022 – Ocean Freight rates additional trades (2/3)

EURO MED-AMNO	Space constraints, equipment shortage and congestion at origin / destination ports continue. Rates stable till end of Q3, 2022.
EURO MED-AMLA	ECSA and WCSA trade ar both stable.
EURO MED-ASPA and MENAT	ASPA : slight softening of rates depending on the service and alliance, issue on empties, blanks, and congestion in MED hubs. MENAT : stable, with congestion in MED hubs.
EURO MED-SSA	Unchanged/stable.
ASPA-SPAC	Equipment and schedule reliability remains an ongoing issue. Market rates from CN into AU further reduced in 2H August due to slow down in volumes. This situation is expected to extend till 1H September. For CN-AU spot rates require to be checked case by case with volumes forecast, however larger carriers maintain FAK level as lowest offer. Auckland congestion situation remains serious and only 1 or 2 vessels available in a month due to constant delays.

Source: DHL

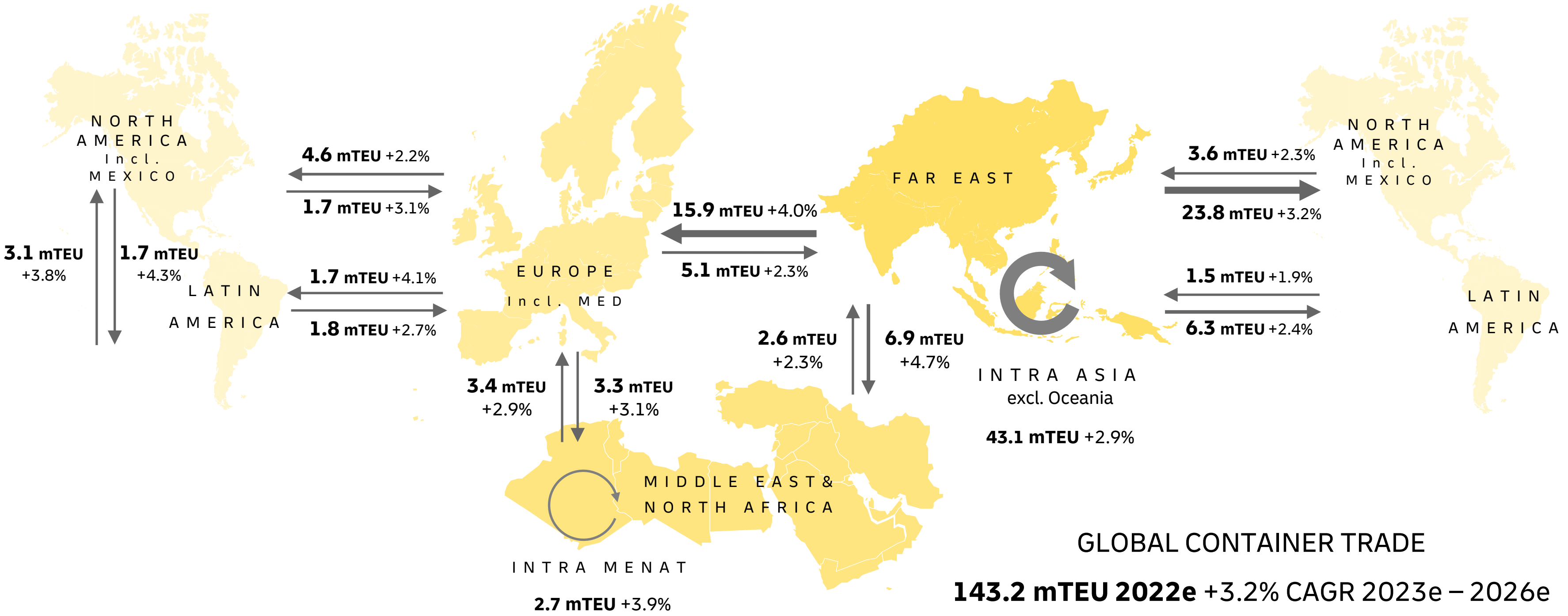
Market outlook September 2022 – Ocean Freight rates additional trades (3/3)

MENAT Exports

Intra Gulf & ISC: Space opening up and carriers are keen to support new business. No Rate increase expected on this trade.
Asia: Carriers providing special allocations. Equipment and space available. Rates are stable for East Asia sector and extending support with weekly space commitment.
Oceania: Space for Australia & New Zeland has opened up. Market Rates decreased over the last month .
Europe & MED : Most carriers are aggressively looking for more bookings. Some carriers are offering sharp rates on spot basis while few others are trying to hold on to higher levels.
Africa (West & South): Space on this trade is opening on selected few carriers and carriers are offering special rate during Aug and Sep.
Africa (East): New capacity added on this trade, hence rates are expected to decrease. However booking to TZ continues to be a challenge owing to congestion.
AMNO: Space on USEC and USWC is open. Some of the Asian carriers have started to accept booking from MEA to USWC. Space on EC is open as carriers face lower volume.
AMLA: ex Gulf : most of the carriers are not accepting bookings due to limited allocation. Situation expected to remain.

Source: DHL

Market volume 2022 – 2026



GLOBAL CONTAINER TRADE

143.2 mTEU 2022e +3.2% CAGR 2023e – 2026e

Source: Seabury Jun22 update

State of the industry – Ocean Carrier alliances

THE ALLIANCE

HAPAG-LLOYD
ONE
YANG MING
HMM

OCEAN ALLIANCE

OOCL
CMA CGM
CHINA COSCO SHIPPING
EVERGREEN

2M

MAERSK LINE
MSC

Source: Carriers

Acronyms and Explanations – Ocean Freight glossary

AMLA – Latin America
AMNO – North America
AR – Argentina
ASPA – AsiaPacific
BR – Brazil
CAGR – Compound Annual Growth Rate
CENAC – Central Amercia and Caribbean
CNC – CNC Line (Cheng Lie Navigation Co. Ltd.)
DG – Dangerous Goods
DWT – Dead Weight Tonnage
EB – Eastbound
ECSA – East Coast South America (synonym for SAEC)
ECRS - Emergency Cost Recovery Surcharge
EGLV – Evergreen Marine Corp
EURO – Europe
GRI – General Rate Increase
HMM – Hyundai
HL – Hapag-Lloyd
HSFO – High-Sulphur Fuel Oil (< 3.5% Sulphur)
HSUD – Hamburg Süd
HWS – Heavy Weight Surcharge
IA – Intra Asia
IPBC – India Pakistan Bangladesh Ceylon (= Sri Lanka)
IPI – Inland Point Intermodal
ISC – Indian Sub Continent (synonym for IPBC)
MEA - Middle East and Africa
MENAT – Middle East and North Africa
ML – Maersk Line
mn – Millions
MoM – Month-on-Month
NOO – Non-operating (vessel) owners
NOR - Non-operating reefer
OCRS – Operational Cost Recovery surcharge
OOCL – Orient Overseas Container Line

OWS – Overweight Surcharge
PH – Philippines
PMA - Pacific Maritime Association
PNW – Pacific North West
Ppt. – Percentage points
PSW – Pacific South West
QoQ – Quarter on quarter
SAEC – South America East Coast
SAWC – South America West Coast
SOC - Shipper Owned Container
SOLAS – Safety of Life at Sea
SPAC -
SPRC – South People's Republic of China – South China
SSA – Sub-Saharan Africa
SSL – Steam Ship Line
T – Thousands
TA - Trans Atlantic
TEU – Twenty foot equivalent unit (20' container)
TSA – Trans Pacific Stabilization Agreement
USGC – US Gulf Coast
US FMC – US Federal Maritime Commission
USEC – US East Coast
USWC – US West Coast
VGM – Verified Gross Mass
VLCS – Very Large Container Ship
VLSFO – Very Low-Sulphur Fuel Oil
VSA – Vessel Sharing Agreement
WB – Westbound
WCSA – West Coast South America (synonym for SAWC)
WHL – Wan Hai
WRS – War Risk Surcharge
YML – Yang Ming Line
YoY – Year-on-Year
YTD – Year-to-Date
THEA – The Alliance

Source: DHL