OCEAN FREIGHT MARKET UPDATE

MARCH 2023 –
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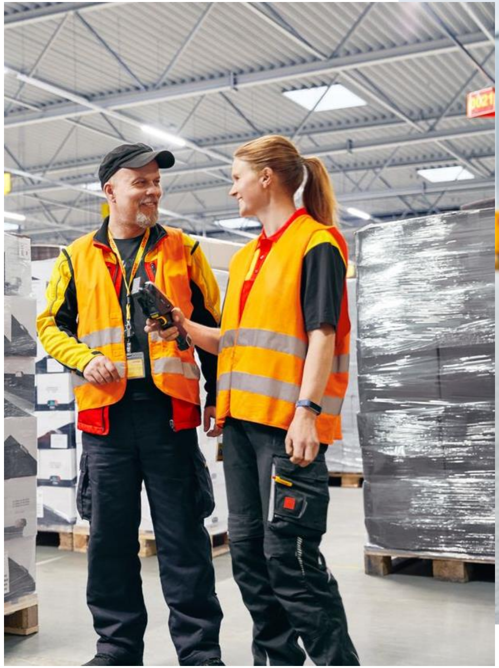
Ocean Freight Market update – March 2023



Topic of the month
Megamax newbuildings to phase into the Asia – Europe trades

The new megamax ships will hit the market at a time of weakening demand on the main East – West trades.

	2023			2024			2025		
	XXX	NPX	MGX	XXX	NPX	MGX	XXX	NPX	MGX
MSC	0	19	14	1	23	0	16	15	4
Maersk Group	0	2	0	0	9	0	0	9	0
2M	**0**	**21**	**14**	**1**	**32**	**0**	2M expires in 2024		
CMA CGM Group	2	2	0	12	11	0	1	9	1
COSOC/OOCL	0	1	6	0	6	6	0	13	0
Evergreen	0	2	0	0	11	1	0	7	2
OCEAN Alliance	**2**	**5**	**6**	**12**	**28**	**7**	**1**	**29**	**3**
Hapag-Lloyd	0	3	6	0	3	5	0	0	1
ONE	4	3	5	6	2	1	0	10	0
HMM	0	0	0	1	12	0	6	0	0
Yang Ming	0	0	0	0	0	0	0	0	0
THE Alliance	**4**	**6**	**11**	**7**	**17**	**6**	**6**	**10**	**1**
Zim	3	8	0	12	2	0	1	0	0
Wan Hai Lines	0	9	0	0	6	0	0	1	0
TOTAL	**9**	**49**	**31**	**32**	**85**	**13**	**8**	**40**	**4**

Source: Alphaliner

The top-11 container lines are scheduled to receive another 89 large container vessels in the remaining course of the year. This number includes **31 megamax (MGX), 41 neopanamx (NPX)** and **9 'other' mainline vessels (XXX)** larger than 7'000 TEU. Depending on market demand, delivery of some of these ships could be deferred to next year.

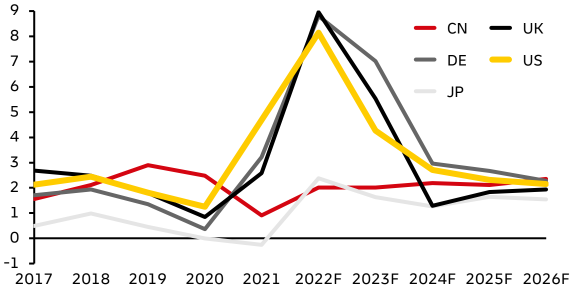
The delivery wave will start rolling on 14 March, when the **24'116 TEU MSC TESSA** will join the 'AE6/Lion' service at Ningbo. Upon delivery, the vessel is expected to become the world's largest container ship - but only for a few days. The **24,188 TEU OOCL SPAIN** will take-over this title on 18 March when it will leave Shanghai to join the Far East-North Europe 'LL3' loop on 21 March, before passing the crown to the **24'346 TEU MSC IRINA** which is to join the Asia–Med 'AE10/Jade' service on 21 March in Qingdao. The first two sister ships of the MSC TESSA will follow her soon. The **24,116 TEU MSC CELESTINO MARESCA** will join her sister in the fleet of the 'AE6/Lion' loop on 28 March in Ningbo, while the **MSC RAYA** will start her maiden voyage on 9 April in Shanghai for the 'AE55 /Griffin' service. Also, in April will Hapag-Lloyd's **23'666 TEU BERLIN EXPRESS**, the first of 12 LNG-powered megamaxes for the carrier, join one of THE Alliance's Far East – North Europe loops.

High level market development

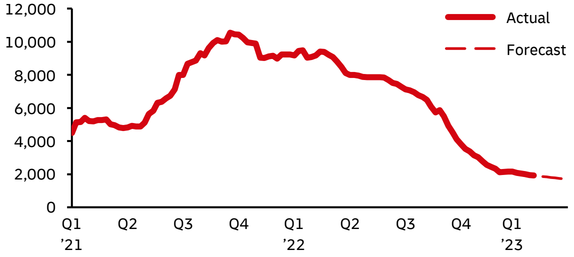
ECONOMIC OUTLOOK GDP GROWTH BY REGION[1)]

	2022F	2023F	2024F	2025F	2026F	CAGR (2023-26)
AMER	2.2%	0.2%	1.5%	2.0%	2.1%	1.9%
ASPA	3.4%	3.8%	4.6%	4.3%	4.3%	4.4%
EURO	2.3%	-0.6%	1.8%	2.1%	1.8%	1.9%
MEA	5.0%	3.1%	3.4%	3.3%	3.0%	3.2%
DGF World	**2.8%**	**1.4%**	**2.8%**	**3.0%**	**2.9%**	**2.9%**

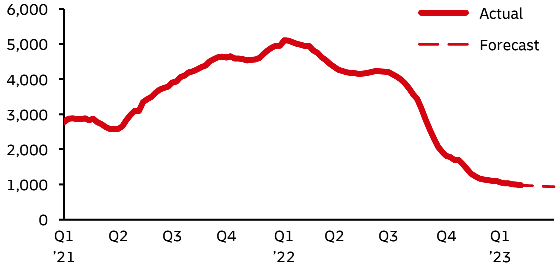
INFLATION, YOY in %[2)]



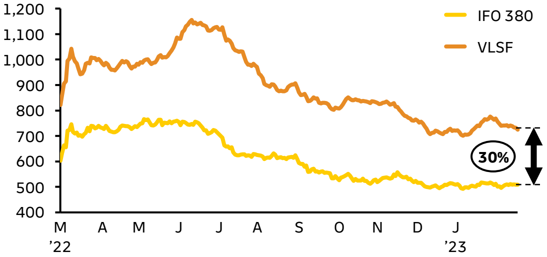
WORLD CONTAINER INDEX (WCI)[3)]



SHANGHAI CONTAINERIZED FREIGHT INDEX (SCFI)[4)]



BUNKER PRICES[5)]



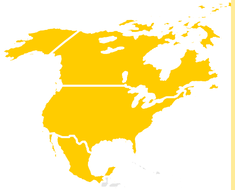
1) Real GDP, Copyright © IHS Markit, now part of S&P Global, Q4 2022 Update 8 Dec '22. All rights reserved; 2) IHS Markit, now part of S&P Global, Q3 2022 Update 5 Sep '22. All rights reserved; 3 & 4) Surcharges related to e.g., equipment & space availability are not reflected in WCI & SCFI; 3) Drewry, 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 March 2023 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 March 2023
Ocean Freight rates – Asia-Pacific exports

ASPA-EURO	The blank sailing program continues after CNY break to balance out demand and supply.
ASPA-AMNO	The port situation globally is improving on both the East and West Coast with vessel dwell decreasing week over week due to softening demand. The volume recovery in March remains slow and carriers are looking for more support.
ASPA-AMLA	After February's blank voyage program and waves of GRI, the rate level of both East Coast and West Coast had been pulled up by 70-90% compared to pre-CNY level. Capacity will resume to 100% in March, market is expecting the rates in 1H to be maintained as the rolling pool effect, and subsequently coming down in 2H March. Caribbeans including Panama is open in March.
ASPA-MENAT	Middle East markets are facing strong volume surge in view of early Eid holidays this year. Coupled with blank sailings starting from Pre Lunar New Year, GRIs are taking place strongly for the Gulf/Red Sea markets. East MED market is affected by blank sailing programs especially from The Alliance but extra loaders deployed by non-Alliance members are counterbalancing capacity thereby diminishing possibility of immediate GRIs. However, stronger forecasts to TR/IL can be seen from customers from mid Feb onwards which could see GRI possibility from March. Earthquake in TR/SY is affecting South-Eastern ports and Iskenderun is now not operational until further notice. African markets are lull but more blank sailings are taking place from carriers to stop rate erosion. In general, March's outlook show signs of volume surge especially for Middle East markets.
ASPA-ASPA	Rate continue to slide but at a much slower pace as capacity of several location had been reported tight. This was resulted from the CNY blank sailing arrangements where roll pool were accumulated at origin and transshipment ports. Time-sensitive cargoes are recommended to load on direct service to prevent any potential delay at transshipment port. In general, carriers have positive outlook in coming months with CN resuming production post CNY.

Source: DHL

Market outlook March 2023
Ocean Freight rates – Other major trades

EURO-AMNO	Ports in Europe and North America remain fluent. Inland transport situation in Europe is generally sufficient but a series of strikes in various countries may lead to short term disruptions and impacting the productivity. Even though the overall situation improved significantly, capacity constraints within the rail yards and chassis shortages still occur throughout the US. Seasonal weather delays have to be expected for truck and rail moves in Canada and the US. Load weight restrictions (Spring Thaw Regulation) will come into effect as of March 6th, 2023 for all truck moves within or through to province of Quebec. Schedule integrity improved further as less port omissions are seen since the vessels are catching up to their original schedule. Vessel space is generally available on short notice but can be tight on certain departures.
EURO-ASPA+MEA	**Asia:** space situation is still relaxed. No issues with capacity only vessel delays, even though a high number of blank sailings in March are expected. Rates are still decreasing slightly and are on a very low level. **AU/NZ:** no space issues any longer and decreasing rates on both services. **MEA:** Space is OK. Rates are decreasing slightly. No issues with equipment. Capacities into East Med available and rates soften for short- and long-term contracts.
AMNO-EURO	The FAK rates are now stable after seeing some reductions in Jan/Feb. There is no change in capacity. Schedules and services are now returning to some normalcy.
AMNO-ASPA	Rates are very stable. Capacity is up and carriers are actively looking for freight.
AMLA Exports	**AMLA – AMNO & INTRA**: NAC short term / long term pricing is flexible with free time conditions. Spot pricing is very fluid, with aggressive levels ex BR & MX in particular. Space is opening up and readily available. Carriers monitoring heavily allocation use & 'no show' bookings. Booking forecasts remain mandatory. **AMLA – ASPA:** Good space availability, due to low demand. Stable rates for same reason. **AMLA – EURO, MENAT & SSA:** Mexico exports to N. Euro, Med and Mideast have softened. Vessels are open. In the middle of contracting season, SAEC market continues the fast, downwards trend to EURO and Med. Rates are back to pre-Covid levels. Only Central America exports and trades to Africa remain at high levels.

Source: DHL

Economic outlook & demand evolution – The global economy moves forward, averting recession

The eurozone may avert a recession, but economic conditions remain challenging. Owing to mild winter weather, high natural gas storage levels, and falling energy prices, the risk of a severe recession has been averted. Consumer and business sentiment has improved. Despite easing, consumer price inflation remains high, at 8.5% YoY in January, eroding household incomes. Rising interest rates, tightening credit standards, and housing market corrections will impede near term grow.

The US economy enters 2023 with a new burst of energy. In January, unemployment rate fell to 3.4%, its lowest level since May 1969. After declines in November and December, retail sales and manufacturing production posted strong rebounds in January. IHS Markit's latest US GDP tracking suggests that real GDP will decrease at a modest 0.5% annual rate in the first quarter of 2023, pulled down by a sharp reduction in inventory accumulation and further declines in residential construction and business equipment investment. Consumer spending remains on a slow growth path, supported by rising employment and savings accumulated during the pandemic but restrained by rising interest rates and rising debt. After 2.1% growth in 2022, we project US real GDP to increase 0.7% in 2023 and 1.6% in 2024.

Asia Pacific will lead all regions in growth as mainland China re-opens. The shift in policy focus from zero-COVID to economic stimulus has advanced mainland China's growth. Tourism surged during the Lunar New Year holidays. However, manufacturing activity has remained sluggish, weak export demand. Consumers remain cautious, saving at a high rate and refraining from large purchases that require financing. Real GDP growth should pick up to 5.6% in 2024 before resuming a long-run deceleration.

Although growth in other parts of Asia Pacific will moderate in 2023, IN, VN, PH, & KH will achieve real GDP growth rates above 5.0%. However, tightening financial conditions and downturns in segments of the electronics industry will lead to more subdued growth in KR, TW, MY, AU, & NZ.

The Middle East and North Africa (MENA) region's growth outlook remains a tale of two halves. With the oil price remaining at around USD90 per barrel and the global outlook for oil demand reasonably solid, the region's oil exporters expect robust growth in 2023 and 2024. In contrast, several oil-importing countries, including Egypt and Tunisia, are confronted with a difficult global financial environment and expect growth to slow in the near term.

In January, the JPMorgan Global Composite Output Index (compiled by S&P Global) climbed 1.6 points to 49.8, signaling a stabilization in economic activity. The global services PMI™ advanced 2.0 points to 50.1, while the manufacturing PMI™ edged up 0.4 point to 49.1. Input costs accelerated, while output price inflation continued to ease.

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

Capacity 1/2

Commercially idle tonnage is now the largest contributor to the inactive container fleet, after the segment recorded an increase of 13 ships for 114’278 TEU over the past fortnight. Overall, the global inactive container ship fleet remained on an upward trajectory this month, with a total increase in capacity of around 140’000 TEU. In its latest survey on 13 February, Alphaliner counted 366 ‘inactive’ container ships with a combined capacity of 1’616’569 TEU. This is equivalent to 6.2% of the global cellular fleet - up from 5.7% two weeks ago.

Despite weaker container markets, MSC continues to buy second-hand tonnage, taking advantage of the massive drop in asset values in the last months. Among its latest acquisitions is the 4’922 TEU ‘classic panamax’ NYK DENEB (Hyundai 5000) which the Geneva-based carrier has snapped up from Singapore-based Eastern Pacific Shipping (EPS) at an undisclosed price. This further acquisition brings to 284 the number of second-hand container vessels bought by MSC since the carrier embarked on its ship buying spree in August 2020.

ZIM has announced a significant restructuring of its standalone Asia - US East Coast ‘ZIM Xpress Baltimore’ loop (‘ZXB’). The Suez Canal-routed service will become an eastbound Asia - USEC round-the-world loop with an extra call at Kingston in Jamaica to connect Southeast Asia and China with ZIM’s Latin America regional network, Philadelphia and the US Gulf. ZIM currently deploys five ships of 2’700 – 4’250 TEU on the ‘ZBX’, which is only half the number of ships needed for weekly sailings. Starting from late February, the Asian rotation will be extended to include Jakarta, Laem Chabang and Haiphong. Ships will sail from Asia to ZIM’s hub at Kingston via the Panama Canal. Norfolk will be added as extra call in the USA, whereafter the vessels will return to Southeast Asia via the Suez Canal.

MSC extends its Asia – US West Coast standalone ‘Sentosa’ service to North India and Sri Lanka. This will not only create direct connections between Nhava Sheva, Mundra, Colombo, the main Southeast Asian ports and the USWC, but also offer additional capacity from Korea, North and Central China, Taiwan and South China to India on the return leg. The ‘Sentosa’ service was launched in April 2021 outside the scope of the 2M Vessel Sharing Agreement with Maersk as a replacement for the direct links between Laem Chabang, Singapore, Long Beach and Oakland provided by the former 2M Europe – Asia – USWC ‘AE6 – TP2 / Lion – Jaguar’ pendulum service. This pendulum service was split in March 2021, leaving Laem Chabang at that time with a direct 2M connection to/from Europe only. During the COVID-19 pandemic, the standalone 'Sentosa' loop provided MSC with much needed extra loader capacity to cope with the very high cargo demand on the Transpacific.

The planned upgrade of the ‘Zim Container Pacific’ (‘ZCP’) to a fleet of 15’000 TEU ships will also see ZIM make some rotation changes to this Far East – US East Coast loop. ZIM, which is the only vessel operator on this service, will implement these changes in coordination with its VSA partners Maersk and MSC, who will also modify a jointly-operated Far East – US East service on which ZIM is a slotter. The ZIM-operated ‘ZCP’ will cease calling at the ports of Jacksonville, Florida, and Wilmington, North Carolina, in the USA. Instead, the service, on which Maersk (‘TP10’) and MSC (‘Amberjack’) are co-loading, will however start calling at Norfolk, Virginia.

Source: Alphaliner, Dynaliners, Carriers

Capacity 2/2

ZIM has announced that it will launch a new independent weekly service between the US East Coast and the West Coast of South America (WCSA). The new line branded 'ZIM Colibri Express' ('ZCX') will place emphasis on refrigerated cargoes from Chile, Peru, Ecuador and Colombia. The 'ZCX' will call at Philadelphia, Miami, Kingston, Buenaventura, Guayaquil, Callao, San Antonio, Callao, Guayaquil, Cartagena (Colombia), Kingston, Philadelphia. The loop will turn in six weeks,
using six yet unnamed vessels of 1'700 TEU, all fitted with a substantial number of reefer plugs. The 'ZCX' is the second direct container service launched in the USEC-WCSA trade route in the space of only two months. It follows the start in December of a weekly USEC - WCSA service by CMA CGM, the 'Americas XL'.

Maersk has announced the temporary suspension of its standalone Southeast Asia - Far East - US East Coast 'TP20' service. This Asia - North America loop turns in ten weeks with 10 classic panamax ships of 4'100 – 4'800 TEU and connects Jakarta, Cai Mep, Shanghai, Ningbo, Busan ... (Panama Canal) ... Mobile, Newark ... (Suez Canal) ... Jakarta. The suspension 'until further notice' is a consequence of forecast reductions in global demand, which prompted Maersk to act and adapt its network capacity. In the forthcoming weeks, several ships will end their voyages in China, which means that the vessels still can act as local feeders from Jakarta to China for Indonesian export cargo to the US West Coast and the US Gulf. Export containers from Jakarta to the US East Coast will be carried by ships of Maersk's regional carrier Sealand Asia to Singapore or Tanjung Pelepas for transhipment on the 2M / Zim Far East - USEC 'TP11 / Elephant / ZNF' and 'TP17 / America / Z7S' services.

Two years after temporarily suspending the loop, MSC will soon re-introduce its Far East - Med 'Dragon' service. This time around, the somewhat revamped loop will offer new direct connections between the Far East, the Italian port of Naples, and Ashdod in Israel. The former 'Dragon' was one of four Asia – Med loops operated under the 2M Vessel Sharing Agreement of MSC and Maersk. Its closure was announced in March 2020 when, in the wake of the COVID-19 outbreak, cargo demand from countries in the Mediterranean Sea region reduced notably. The new 'Dragon', which is to be re-launched from Shanghai on 15 March, will again focus on the Italian and French markets, but it will not serve Beirut or any Spanish ports. Instead, it will call at Ashdod to broaden MSC's coverage of Israel.

South Korean carrier HMM has turned to two compatriot shipyards for the procurement of nine 9'000 TEU container ships with methanol dual-fuel propulsion. According to a filing to the Korean Stock Exchange KRX from 14 February, HMM will invest a total of KRW 1'412'820 M (USD 1.12 bn) in the nine new ships. Based upon the contractually stipulated exchange rate, this translates to USD 124.28 M per vessel. Seven of the ships will be built at the KSOE Group's Hyundai Samho Heavy Industries shipyard and two units will come from HJ Shipbuilding. The yards are expected to build individual, though very similar designs. Deliveries are expected to begin in mid-2025 and the last vessels are believed due in May of 2026. With the nine additional orders, HMM has added 81'000 TEU of capacity to its newbuilding pipeline which now stands at 265'000 TEU and 26 vessels.

Source: Alphaliner, Dynaliners, Carriers

Carriers (1/2)

Maersk Group posted a record operating profit (EBIT) of USD 30.8 bn for 2022, beating last year's earnings by 57%, but the group warned financial results for this year could be a fraction of its latest earnings. At a segment level, Maersk's Ocean division posted EBIT of USD 29.1 bn for 2022 (2021: USD 17.9 bn) on revenues of USD 64.3 bn (2021: 48.2 bn). 4th quarter earnings were lower than a year ago (USD 4.8 bn) as average rates slumped to USD 1'934 per TEU, and liftings fell to 5.6 mTEU – Maerk's lowest quarterly liftings since 2017. Indeed, the carrier confirmed lower volumes, rather than lower rates, drove the earnings decline in the last three months of the year.

HMM increased its group net profit by 89% to KRW 10.1 trn (USD 7.9 bn) in 2022, but saw a sharper-than-average drop in container earnings in the 4th quarter. Operating income for container activities reached KRW 1.2 trn (USD 975 M) for the last three months of the year, less than half the KRW 2.6 trn recorded for the previous quarter. It was the third consecutive quarterly fall in container earnings for the line. Average earnings dropped to USD 1'620 per TEU from USD 2'862 in Q3, while the Q4 container operating margin was 39%, its lowest since the end of 2020. Despite the soft conditions, HMM highlighted an overall 12.2% increase in freight rates over the year, driven by more long-term contract business, though volumes fell 3.5%

Hapag-Lloyd is proposing to distribute EUR 11.1 bn (USD 11.9 bn) in dividends to investors for the 2022 financial year, pending approval by its supervisory board in March. The payout, which is equivalent to EUR 63 per share, represents an 80% uplift on 2021 when stockholders received EUR 35 per share. Hapag-Lloyd recently announced EBIT of EUR 17.5 bn for 2022, up from EUR 9.4 bn the previous year.

Orient Overseas Container Line (OOCL) reported a 35% year-on-year decline in revenues to USD 3.2 bn in Q4 2022, as the line's average freight rates dropped to USD 1'822 per TEU. The biggest contraction was seen on the transpacific and Asia-Europe trades, where revenue fell 43% and 46% respectively to USD 996 M and USD 795 M versus a year ago. However transatlantic revenues rose 28%. Q4 liftings were down 5.6%. The result brings OOCL's total revenues for 2022 to USD 18.7 bn, an increase of 19% on the USD 15.7 bn recorded for 2021. Yearly volumes dropped 6% year-on-year to 7.13 mTEU, while average earnings per TEU were USD 2'619.

During fiscal 9M 2022 (April-December), ONE posted a turnover of USD 24.6 million, 14% more than in the year before. EBITDA and Net profit grew by similar percentages to USD 14.8 billion (+15%) and USD 13.8 billion (+18%), respectively. This is all despite a decline of 8% in carryings to 8.48 million TEU.

Source: Alphaliner, Dynaliners, Carriers

Carriers (2/2)

Maersk Group confirmed Monday that it had filed a lawsuit against Japan's Shoei Kisen, Taiwanese carrier Evergreen, and the technical managers of the EVER GIVEN which blocked the Suez Canal for a period of six days in 2021. Maersk is claiming compensation for delay-related losses caused by the incident. The lawsuit has been filed in the Danish Maritime and Commercial High Court. Shoei Kisen is the owner of the 20'388 TEU vessel which ran aground in the Canal on 23 March 2021 while under charter by Evergreen, blocking the waterway and preventing traffic in both directions. Maersk declined to confirm reports in the Danish media that the claim is in excess of USD 40 M.

French carrier CMA CGM is set to use its increased liquidity to carry out the early redemption of its EUR 525 M bonds due 2026. The move is also expected to have implications for the company's financial reporting. CMA CGM will pay off the full principal amount of the 7.5% bonds as part of its debt reduction strategy initiated in late 2020. With the redemption of the notes it remains to be seen if the world's third largest container carrier, which is not a publicly-listed company, will continue to release its financial results, as required by the bond issue.

Maersk has decided to unify all its companies, such as Hamburg Süd and SeaLand, plus its logistics and airfreight activities, under a single brand name. The re-branding will happen over the course of the year and at different times for the various brands. Non-integrated elements, such as Svitser, APM Terminals and Maersk Container Industry will continue to operate under their existing names.

Source: Alphaliner, Dynaliners, Carriers

Ports

Container volumes at the port of Hamburg dropped 5.1% to 8.3 mTEU in 2022, mirroring a negative trend in many European ports during the year. Declines were even more severe in the last quarter of the year as normal gains in the run-up to Christmas failed to materialize. Q4 volumes fell 12.3% year-on-year. With the decline, Hamburg falls to 20th place in the global port rankings, overtaken by Laem Chabang. The Thai port has added more than 1 mTEU in throughput since 2020, while Hamburg has to date lost around 250,000 TEU. Elsewhere in Europe, annual volumes at Antwerp-Bruges dropped 5.2% in 2022 to 13.5 mTEU, while results are still awaited at Rotterdam. However, with volumes already down 4.4% at the 9-month stage, it is also expected to post significant losses. The trend continued in January. COSCO reported a -20% year-on-year drop in monthly throughput at its Antwerp Gateway terminal, while CSP Zeebrugge recorded a massive -54% decline. Drops were recorded at most of its other European terminals. By contrast, US ports largely maintained their volumes in 2022 at a national level, albeit throughput was significantly redistributed from west to east coast ports.

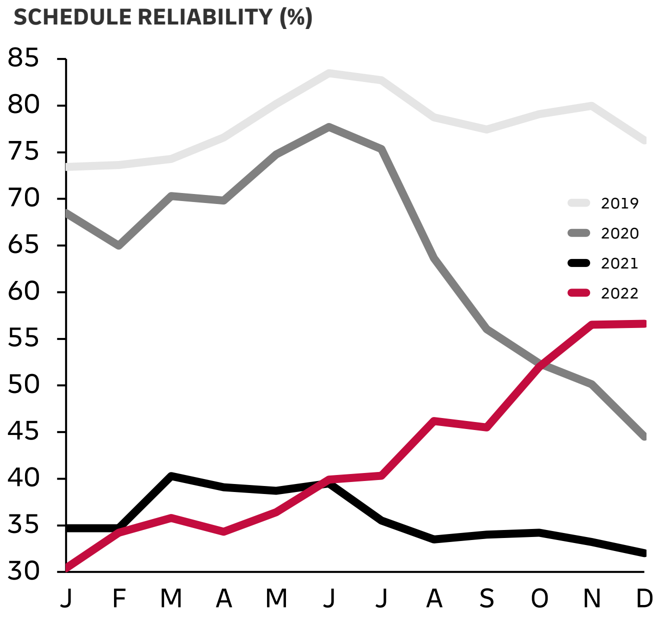
Source: Alphaliner, Dynaliners, Carriers

Ocean Schedule Reliability

Schedule reliability trending sidewards

- After a rapid increase in schedule reliability especially in the second half of 2022 reliability seems to be trending sidewards lately, with the MoM increase of a marginal 0.1 percentage points to 56.6% in December. On a YoY level however, reliability was up 24.8 percentage points.
- In December, schedule reliability improved in 26 of the 34 trade lanes when compared to November, while remaining unchanged on **Asia-Oceania**.
- Reliability increased by 0.6 ptp on **Asia-North America West Coast**, reaching 41.2%, and increased by 1.7 ptp on **Asia-North America East Coast** to 37.2% MoM.
- **Asia-North Europe** registered improvements by 4.0 ptp MoM to 51.8%, while **Asia-Mediterranean** saw schedule reliability increase by 3.8 ptp to 57.9%.
- Schedule reliability increased by 0.8 ptp on **Transatlantic Eastbound** and decreased by -0.6 percentage points on the **Westbound** trade MoM, reaching 49.8% and 37.3%, respectively.
- **Asia-West Coast South America** recorded the largest MoM improvement of 21.1 ptp to 73.5%. On the other end, **Africa-Asia** recorded the largest MoM decline in of -10.7 percentage points to 48.5%.

Source: Sea Intelligence, DHL



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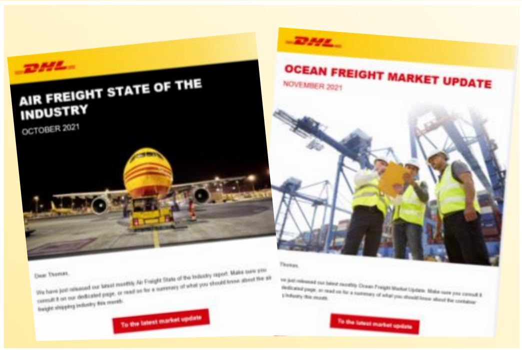
ARE YOU READY TO MOVE FORWARD?



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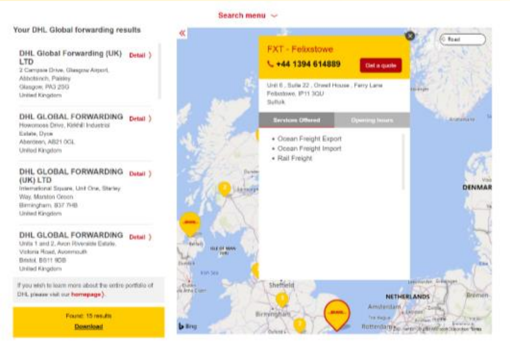

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BACK-UP

Market outlook March 2023 – Ocean Freight rates additional trades (1/2)

EURO-AMLA + MX	**AMLA:** Further reductions received to WCSA. NAC rates continue to decrease slightly to ECSA, reaching new low level as for WCSA. No space issues. **MX:** Market remains more stable than Latam, but with ongoing rate reductions or elimination of PSS surcharges. No space issues.
EURO-MENAT	space and equipment is available. Demand and rates to Middle East remain at a stable level. Capacity into East Med available, along with a slight downfall in rates.
EURO-SSA	**South Africa:** Schedule reliability is still affected by various coincidents (strike actions in South Africa, industrial action in Rotterdam, heavy weather conditions in the Bay of Biscay and further operational delays in Cape Town). **West Africa:** space constrains softening and carriers are able to offer allocation on shorter terms. Still a pre-booking period of a couple of weeks in advance needs to be considered. Congestion situation in major transshipment hubs remains stable. **East Africa:** space situation remians soft. Congestion in the major transshipment hubs is easing up.
AMNO-MENAT	Capacity is opening up for service to Mideast, North Africa and TR/EG. Rates are softening. Turkey / Syria earthquake leaves Iskenderun, TR port closed indefinitely with Mersin, TR port likely taking all cargo destined to Iskenderun, including humanitarian relief.
AMNO-SSA	Capacity is opening up for service to East, South and West Africa, and carriers are hinting at softening rates. Services are settling for now, with carriers finding their groove in the market.
AMNO-AMLA	Vessel reliability increasing month on month creating fluid conversations with carriers. Space constraints easing at Gulf Ports and bottlenecks at transshipment hubs dissipating. NAC & allocation negotiations are flexible. Booking forecasts remain mandatory.

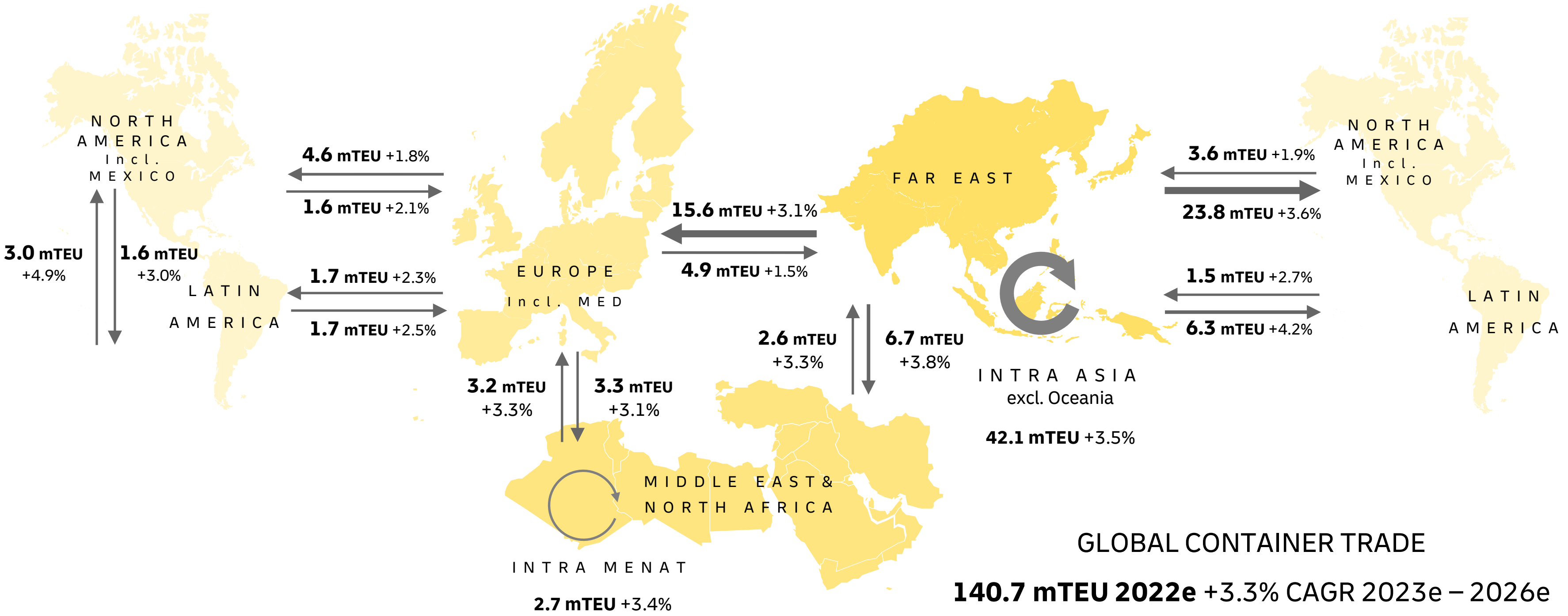
Source: DHL

Market outlook March 2023 – Ocean Freight rates additional trades (2/2)

EURO MED-AMNO	Weak demand. Rates reduced in January and further reductions expected during Q1.
EURO MED-AMLA	ECSA and WCSA trade are both stable
EURO MED-ASPA and MENAT	ASPA : rates reductions depending on the service and alliance MENAT : stable with slight softening of rates
EURO MED-SSA	rate reductions depending on the service and alliance
ASPA-SPAC	Volume recovery after CNY is still slow and do not foresee any sudden surge in volumes expected in March'23 yet. NEA and SEA into AU/NZ rates continue to reduce due to lack of volumes overall. Cyclone have hit NZ which caused bad weather situation and disruptions from 1st-15th Feb'23, NZ congestion is expected to worsen with the Cyclone hit in March'23. Carriers are willing to lower rates for firm spot volumes to gain more volumes.

Source: DHL

Market volume 2022 – 2026



Source: Seabury Dec22 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
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