PUBLIC

OCEAN FREIGHT MARKET UPDATE

NOVEMBER 2021 –
PUBLICATION DATE OCTOBER 30TH, 2021

DHL Global Forwarding – Excellence. Simply delivered.

Contents
Ocean Freight Market update – November 2021

Topic of the month – US Port and Infrastructure update

Ongoing severe port congestion in US ports lead port authorities to implement new rules and fines for idle containers

The **backlog** of **container ships** at the ports of **Los Angeles and Long Beach** counted on Oct 19th was 100 ships waiting to enter and unload, with another 45 ships expected to arrive at the ports shortly. The ports are running out of space and containers are pilling up at docks because delivery is heavily delayed due to lack of rail cars, shortage of truckers and a chassis deficit. The twin ports said in a statement this week that **arriving containers** scheduled to be moved **by truck** will be allowed to stay for **9 days** before fines start accruing. Containers set to move **by rail** can stay at the ports for **3 days**. After that, ocean carriers will be charged **USD 100 per container**, increasing in USD 100 increments per container per day, the statement said. The new rules will go into **effect November 1st**.

US East Coast port of **Savannah** is also suffering **heavy congestion**. Between 22 and 27 vessels have been anchored per day outside Savannah harbor awaiting a berth since September. Waiting times average 8 to 10 days already. Several carriers are temporarily cutting the congested port of Savannah from its trans-Atlantic services and replacing it with a Charleston call. Meanwhile the **Georgia Ports Authority** has implemented a new rule **effective October 18th, 2021**, whereby any unit sitting on the dock for **more than 30 days** will be **drayed to an off-site location** at an additional expense. The associated costs per container are as follows : Truck relocation - $675 / Outbound (from GCT) rail relocation - $900 / Inbound (to GCT) rail relocation - $450. Terminal Storage charges will continue to accrue while the container remains in an off-terminal Authority or Third-Party storage facility, and will be assessed to the ocean carrier. For operating efficiencies, the Authority will not be required to dig for a specific container number stored at the off-terminal storage facilities. The first available container will be provided for subsequent removal from the storage facility.

Husky Terminal Tacoma, Washington will implement a **Long Stay Rehandling Charge** of USD 315 for all local import units that have exceeded 15 calendar days on the terminal, **effective November 1, 2021**.

Source: DHL, Carriers, Alphaliner

US Chassis, Rail, Trucking Situation

- **Chassis and Equipment Shortages**- Due to the massive influx of Ocean import cargo, particularly from Asia Pacific there are significant issues with available warehouse space across the country. This results in containers remaining on chassis for much longer periods of time. Both LCL & FCL products impacted. **Dwell times increased drastically, as well as drayage between port and customer warehouses**

- **Rail** – We continue to see problems with the US intermodal rail network. **Rail delays are occurring across country** (Midwest and Chicago areas), **are facing average of 6-8 weeks dwell time**

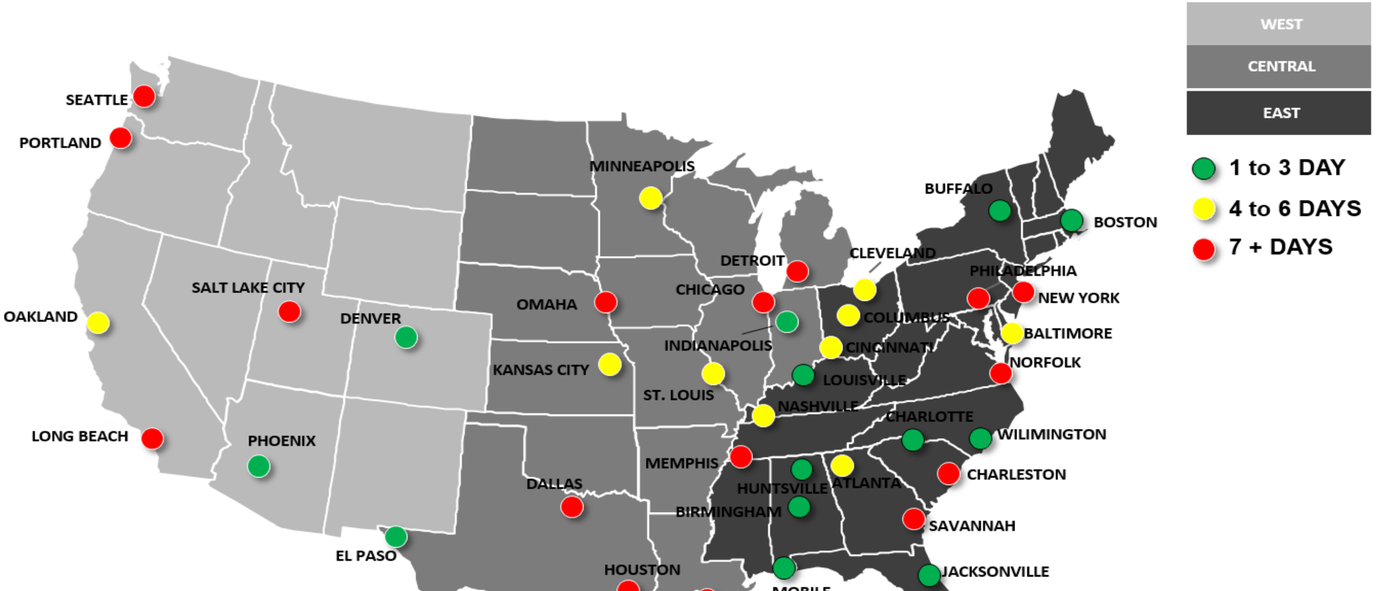
  These issues combined **causes a significant congestion at ocean terminals, rail terminals and Container Freight Stations (CFS)** and often results in delays that can sometimes last several weeks

- **Chassis Situation: Severe**
  USWC, NYC, CHI, LUI, DET,IND, KCS shortages continue

  Motor Carrier Capacity/Availability
  → **NYC/ORF** = 14+ days appt. lead time
  → **SAV/CHS /HOU**= 14+ days appt. lead time
  → **Chicago/Detroit** = 14+ days appt. lead time
  → **LAX/SEA** = 10 + days appt. lead time
  → **Memphis/ PHL** = 7+ days appt. lead time

  - Trucking capacity remains to be a big challenge in the US across the country. Bookings need to be placed well in advance.

CONTAINER TRUCKING AVAILABILITY



Topic of the month – North Europe port congestion

Carriers skip more European ports to cope with delays

Ongoing port congestion at the European northern range main Gateways of **Antwerp, Rotterdam and Hamburg** has seen carriers re-route vessels to smaller alternative ports such as Zeebrugge, Wilhelmshaven and Amsterdam.

Further the big alliances are increasingly **adjusting** their **service rotations** in North Europe to limit the number of calls for certain ships or even for complete Far East – North Europe loops. The comparison with the pro proforma schedules shows that the ships need **up to 54 extra days** to complete **a round trip.**

Carriers have been forced to impose time limits on European terminals for the delivery of export cargoes to avoid **overpopulated stacking areas** which leave little space to receive inbound cargo. Reducing the long average cargo stop over time at European terminals remains crucial to tackling the congestion issue.

Many European ports also face a **shortage of dock labor**. The training of new dockers has slowed during the COVID-19 related lockdown, but new terminal staff are needed due to the high age profile of the current port workforce. Stress on the European port system has also increased as the terminals are now **handling extra loaders** and the relatively small ships introduced by newcomers to the trade on top of the usual ultra large container ships calls.

The market conditions in the heavily congested ports, especially in the US, have resulted in additional costs at port and terminals. DHL Global Forwarding remains fully committed to serving our customers during these difficult times while mitigating the impact of the current situation. Despite DHL's efforts to mitigate these costs, should they be incurred, they will be passed on to the customer. We will continue to monitor the market situation and provide further updates as the market changes. Please contact your local DHL Global Forwarding office for further assistance.

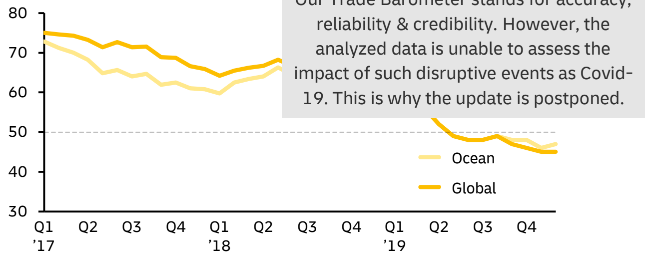
Source: DHL, Carriers, Alphaliner

High level market development

ECONOMIC OUTLOOK GDP GROWTH BY REGION[1)]

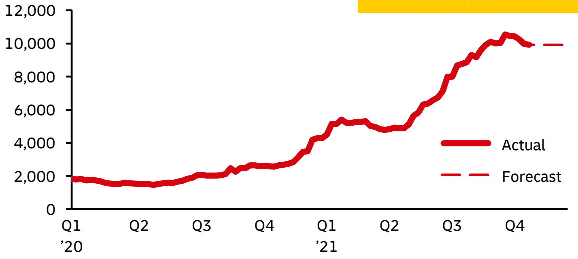
	2021F	2022F	2023F	2024F	2025F	CAGR (2022-25)
AMER	6.0%	4.2%	2.3%	2.4%	2.4%	2.4%
ASPA	6.1%	4.9%	4.4%	4.3%	4.3%	4.3%
EURO	5.1%	4.2%	2.2%	1.8%	1.7%	1.9%
MEA	3.6%	4.4%	4.3%	3.8%	3.5%	3.8%
DGF World	**5.7%**	**4.5%**	**3.2%**	**3.0%**	**3.0%**	**3.1%**

DHL TRADE BAROMETER[2)]

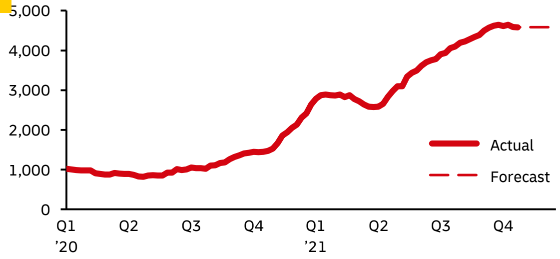


Surcharges related to e.g., equipment & space availability are not reflected in WCI & SCFI

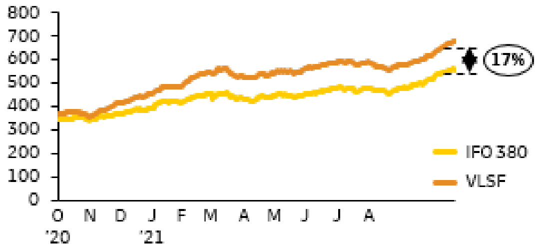
WORLD CONTAINER INDEX (WCI)[3)]



SHANGHAI CONTAINERIZED FREIGHT INDEX (SCFI)[4)]



BUNKER PRICES[5)]



1) Real GDP, Copyright © IHS Markit, Q2 2021 Update 1 Jun '21, Venezuela is excluded from aggregates due to hyperinflation. All rights reserved; 2) DHL Global Trade Barometer Dec19, index value represents weighted average of current growth and upcoming two months of trade, a value at 50 is considered neutral, expanding above 50, and shrinking below 50; 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

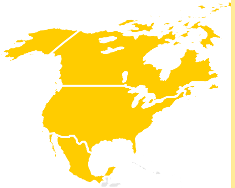
PUBLIC

Major trades – Market outlook November 2021 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	=	+
ASPA	-	++
MENAT	-	=
OCEANIA	-	+

SOUTH AMERICA

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

KEY

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

Source: DHL

Market outlook November 2021
Ocean Freight rates – Asia-Pacific exports

ASPA-EURO	The market continues to remain strong and equipment shortage and capacity constraints will continue into November and maintain the industry-wide challenge. The port congestion will further delay the vessel schedules and add to more blank sailings
ASPA-AMNO	Port congestion remains a problem at Los Angeles and vessels have been piling up at Savannah as well. Carriers have decided to omit Savannah and replace with Charleston instead. Demand remains strong especially to the USEC ports.
ASPA-AMLA	Service disruption and equipment are 2 burning issues for the trade. Space planning must stay agile and adapt to last minute change of schedule. Equipment SOC or NOR are a good alternative. Few extra loaders deployed but still no long term upgrade of capacity; demand shall remain high as the trade enters peak season.
ASPA-MENAT	Equipment stock level at Far East is slowly improving but 40'HCs are still deficit. Vessel blankings/slidings are leading to an overall tight capacity supply. Ongoing port congestion leads to delays. Market demand is still very strong to AFR/EMED. Middle East volumes are slightly decreasing. Red Sea is plagued by capacity shortage and bookings are still strong.
ASPA-ASPA	Space and equipment remains tight resulting from frequent service changes and cancellation. More delays expected in Q4 due to congestions and weather condition. Demand into IPBC is still going strong, Capacity reduction and long dwell time at transshipment port remain the biggest challenge in the coming weeks.

Source: DHL

PUBLIC

Market outlook November 2021
Ocean Freight rates – Other major trades

EURO-AMNO	US: Port and terminal congestions are further accelerating, now also rocketing at the East Coast. Port/Rail/Intermodal system operating beyond their limits. Space demand remains high, while capacity is still affected by instable schedules and port omissions. Situation expected to last well into 2022. CA: Slight relief of the booking situation on Montreal services, as St. Lawrence Water levels are slowly increasing and carriers are able to load more containers again. Rate levels expected to remain stable in November.
EURO-ASPA+MEA	All ie ME/IPBC/ASPA/SPAC: Equipment situation improved a bit, but still tense in inland depots. Asia: space situation stable on nearly all services. Blank sailings planned in November, could impact the situation. Rates are mainly extended or slightly reduced. AU/NZ: still very tense situation due to congestions in all transshipment ports in Asia. Direct service heavily overbooked. Several carriers are not offering services to NZ. Rates are further increasing. MEA: Equipment situation similar to Asia. Space will remain very tight. FE3 service is still omitting Jebel Ali through Q1 2022 at least. Rates have been mostly extended or slightly increased.
AMNO-EURO	No rate increase planned for November. Rates will remain at the same level as per previous month. ZIM will introduce a new monthly service to Europe , bringing an additional 4300 teu's vessel on a monthly rotation.
AMNO-ASPA	Strong decline in capacity, as carriers are still limiting the space back to Asia. Moderate increase in rates due to GRI.
AMLA Exports	**AMLA – AMNO & INTRA:** WCSA heavily impacted on exports (cut/run, port omissions, blank sailings) given domino effect from Europe and USA inbound cargo. Carriers are concentrating on clearing transshipment backlogs to improve schedule reliability. ECSA remains under heavy equipment and space crunch. Carriers are prioritizing Asia outbound cargo. Rates for LATAM exports continue to increase. **AMLA – ASPA:** Capacity is slightly improving from ECSA for November. However bookings need to be placed with 3 weeks in advance. Equipment shortages affect all ports in ECSA for all types of equipment. MX/WCSA generally still workable in terms of space. **AMLA – EURO, MENAT & SSA:** Structural service changes, port omissions, equipment shortages (particularly BR, AR, EC, CO and CL) have continued to plague the region. No capacity expected to be added in 2022. Rates continue to increase. Lack of service selection leads to increasing rates also to SSA. Mexico is a bright spot where export levels remain stable, despite declining service due to several port omissions.

Source: DHL

Economic outlook & demand evolution – Supply imbalances bring higher inflation and lower global economic growth

Western Europe's mid-2021 growth spurt is fading, and input shortages are constraining production. With the easing of pandemic-related restrictions, real GDP likely posted another strong growth rate Q3, led by consumer spending. However, the IHS Markit PMI™ surveys indicate that shortages of electronic components and raw materials are limiting production. Meanwhile, demand is cooling as rising inflation squeezes household real incomes. Eurozones real GDP should increase 5.0% in 2021, 4.0% in 2022, and 2.2% in 2023. While Emerging Europe's growth prospects are a bit stronger, near-term growth is threatened by new waves of COVID-19 cases in several economies, including RU,RO, and the Baltic States.

COVID-19 concerns and worsening supply shortages will delay some US growth beyond 2021. The forecast of real GDP growth was lowered 0.3 percentage point, to 5.4%, in 2021, and 0.2 percentage point, to 4.3%, in 2022. The revisions reflect more cautious consumer spending, fewer light vehicle assemblies, and weak third-quarter exports. On the positive side, a healthy report on retail sales in September indicates resilience in spending as COVID-19 virus infections decline. The forecast assumes passage of the Infrastructure Investment and Jobs Act, but not the Build Back Better reconciliation bill with substantial increases in social spending and taxes. With sustained growth in consumer spending on services, business investment, and exports, real GDP is projected to increase 2.8% in 2023 and 2.7% in 2024.

Mainland China faces headwinds from the real estate downturn and power shortages. Industrial production growth subsided to 3.1% y/y in September from 5.3% in August, with energy-intensive goods such as metals, chemicals, and construction materials hit hardest by power restrictions. Coal-based thermal power, which accounts for 70% of the country's electricity generation, has been constrained by Beijing's decarbonization policies and cessation of coal imports from Australia in 2021. Meanwhile, the government's deleveraging campaign targeting property developers is deflating real estate and construction activity.
Asia Pacific economies are rebounding from third-quarter setbacks. With new COVID-19 cases diving from recent peaks, helped by rapidly rising vaccination rates, Asia Pacific is poised for a strong rebound in late 2021 and early 2022. The recovery of manufacturing production will help to gradually ease global supply-chain disruptions.

High inflation in Latin America is prompting central banks to tighten monetary policies. Monetary authorities in BR, PE, CO, MX, and CL have reacted to high inflation by increasing their policy rates. While this would be a natural move under normal circumstances, it has created controversy in some countries. Emerging economies are still struggling with the pandemic, & some consider today's high inflation to be a temporary shock that will soon be resolved. This higher inflationary environment has led IHS Markit analysts to downgrade real GDP growth forecasts because central banks will likely continue to tighten monetary Policy as needed.

After three months of deceleration, global economic growth slightly strengthened in September. The JPMorgan Global Composite Output Index (compiled by IHS Markit) increased 0.5 point to 53.0, led by growth in services.

Source: IHS Markit, IHS Purchasing Manager Index Manufacturing, a PMI at 50 is considered neutral, expanding above 50, and business shrinking below 50

Capacity 1/2

COSCO Shipping Lines has split its China-WCNA “CEN” service (aka OCEAN Alliance “PSW2”) in to so-called “Transpacific BCO Express Lines”, being a Prince Rupert express line and a Los Angeles express line. This move has not only increased weekly capacity on the trade by 4,250 TEU per direction, but should also address congestion issues as both express lines have only one port of call in North America. Cooperation in Prince Rupert with local railway companies will allow COSCO to offer sea-rail intermodal transportation to cover the US Midwest, including destinations such as Chicago, Memphis and Detroit. The Chinese carrier claims that transit times will be two weeks shorter compared to the current routing via terminals in Los Angeles or Long Beach, where congestion is unavoidable.

South Korean liner operator HMM will launch in early December a standalone service connecting the Far East and South East Asia with the East Coast of South America. This standalone connection will be first for the carrier, which traditionally operates Asia – South America routes with a wider setup of partner lines. A major innovation of this new service, dubbed “FIL” (Far East India Latin America service), will be a wayport call at the Indian port of Kattupalli, allowing HMM to offer a direct service between India and the East Coast of South America. Durban in South Africa will also be served westbound. The service will turn in 12 weeks with a first sailing expected from Busan on 7 December. HMM plans to deploy tonnage of about 5,000 TEU on this route.

Pacific International Lines (PIL), Regional Container Lines (RCL) and China United Lines (CULines) will launch in November, a dedicated service directly connecting Central and South China with the Middle East. PIL will advertise this new loop as “Gulf China Service” (GCS), while the two other partners have yet to reveal their service branding. The dedicated “GCS” will call at Ningbo, Nansha, Shekou, Jebel Ali, Dammam, Ningbo and it is expected to turn in six weeks. According to PIL, the partners have agreed to deploy ships of about 3,000 TEU. By not calling at any of the Malacca Strait transshipment ports in Singapore or Malaysia, the new direct loop will offer shorter transit times between China and the Middle East.

Maersk has announced major changes to its West Coast South America, Caribbean and Central America to/from North Europe network effective January 2022. These include the closure of the North Europe – Mexico – WCSA – Ecuador “Ecubex” service. Maersk will continue to offer three dedicated strings to/from North Europe by reintroducing a reefer oriented “Colombia Express” or “COEX” service in January, offering fast and direct coverage from Turbo and Santa Marta to Europe. The upcoming service revamp should improve reliability and service quality. This is needed according to Maersk as the unprecedented scale of operational challenges during the pandemic has lead to the current significant bottlenecks, capacity challenges and unforeseen delays. Full details of the rotation and fleet of the revised “CRX”, “CLX” and “COEX” services will only be revealed by Maersk in November.

Source: Alphaliner, THE LOADSTAR, Dynaliners, Carriers

Capacity 2/2

ZIM is to launch a North Europe – US East Coast service branded “ZIM North Europe” or “ZNE” in November. The ‘ZNE’ will kick off as a monthly service in the initial phase. ZIM is nevertheless expected to upgrade the service as soon as the carrier manages to find additional vessels. The new Transatlantic loop will start with the 1 November sailing ex Antwerp of the 4,252 TEU SEASPAN DALIAN.

As of November, CMA CGM and Sealand Europe & Med (intra-European carrier of Maersk) will jointly launch a new seasonal Morocco – North Europe service branded as “Agadir Express” or “AGAX” by CMA CGM and as “SLD – Atlantic Sea” by Sealand. It is an annual tradition for CMA CGM and Maersk to offer extra weekly Agadir – North Europe sailings during the citrus fruit export season, which normally lasts from October until April or May. However this is the first time that the two European carriers team up to launch a jointly operated service. This cooperation is most probably the consequence of the difficulty for both carriers to find available and suitable vessels on the charter market.

Source: Alphaliner, THE LOADSTAR, Dynaliners, Carriers

Carriers

SM Line, currently ranked as the 24th largest global carrier, has confirmed it will pursue an IPO on the Korean Stock Exchange in November, raising up to USD 710M for fleet and business development including new services to the US east coast. Pricing for the IPO is set at KRW 18,000 to KRW 25,000, which would generate proceeds of between USD 510M and USD 710M. Funds would be used for fleet and container expansion, as well as further business growth and the adoption of more eco-friendly measures. A book building exercise will be carried out in early November to gauge interest in the offering. It would be the first IPO by a shipping company since KSS Line in 2007. Interest is currently strong among Korean investors for maritime assets. Fellow midsize carrier TS Lines has confirmed it will also pursue an IPO next year, most likely in Hong Kong.

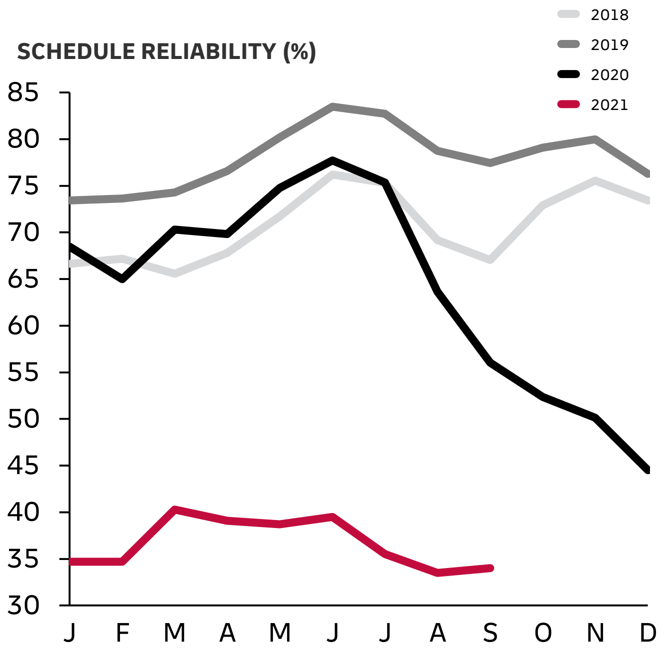
Singapore-based China Navigation Company Pte. Ltd. (CNCo) has announced it will be renamed Swire Shipping Pte. Ltd. Swire said the move was part of a group effort to streamline its brands under the already well-known and recognized Swire name. With the exception of the People's Republic of China, where the established Chinese language brand "Taigu Lunchuan (CNCo)" is retained, the name change to Swire will apply in all other jurisdictions. CNCo today offers multipurpose liner service through Swire Shipping for the global transport of containerized, breakbulk, heavy lift and project cargoes.

Source: Alphaliner, Dynaliners, Carriers

Ocean Schedule Reliability

Marginal improvement in September

- Following a record low of 33.5% in August **schedule reliability** marginally improved to **34.0% in September** despite ongoing port congestion.
- Unsurprisingly, most affected are shipments on the **Transpacific** to US West Coast trade (**10.8%** reliability), followed by **Europe-Asia** and **Asia-Oceania** trades at **12.7%** and **12.9%** respectively. Best performing trade at the moment is **Europe to Indian Subcontinent** where the reliability stands at **73.0%**.
- We expect the situation to **remain well into 2022**



Source: Sea Intelligence, DHL

Did you know?
Smaller carriers evaluating their decarbonization options

Already a while ago, top carriers have started to order more and more vessels with alternative propulsion options such as LNG and methanol. Latest addition to the global **LNG fleet is the CMA CGM HOPE**, a 15’264 TEU maxi-neo-panamax container vessel, Meanwhile, smaller carriers have started to evaluate alternative options as well.

Vessel operator **Unifeeder** has partnered with MAN Energy Solutions, Elbdeich Reederei, LIQUIND Marine, Wessels Marine, and Kiwi to launch the world-first marine trial of carbon-neutral synthetic LNG aboard the 1’112 TEU vessel ELBBLUE. The vessel was **bunkered with S-LNG produced at Kiwi’s power-to-gas facility** in Werlte (Germany). S-LNG is a synthetic form of LNG that is carbonneutral when produced from 100% renewable energy such as wind or solar. Under the trial, the ELBBLUE was fueled with a 50/50 blend of S-LNG and conventional LNG.

Ship managers Visser Shipping and vessel operator **X-Press Feeder** meanwhile have partners with technology provider **Value Martime**, a Rotterdam-based engineering company, to develop a **CO-2 capture and storage** which is being tested aboard the 1’036 TEU NORDICA, a sister vessel of the ELBBLUE. Value Maritime’s system removes CO-2 from the vessels exhaust gas and stores in it a so-called CO-2-battery. The stored gas can then be offloaded onboard and it will be used on land to create a CO-2-rich atmosphere in greenhouses, where the gas accelerates plant growth. After the CO-2 discharge, the battery returns to the vessel, to be recharged with carbon dioxide. The CO-2 storage unit will be changed after each voyage at Rotterdam Short Sea Terminal and it will then be trucked to farms in the Zuid-Holland Province.

It seems that these trials are in line with what shippers are demanding. **Nine of the world’s leading shippers**, including Amazon, Ikea and Unilever, have pledged to **transport their entire of their cargoes on zero emission ships by 2040**, putting renewed pressure on the industry to advance environmental measures. The coalition, named Cargo Owners for Zero Emission Vessels (coZEV), was also backed by Michelin, Patagonia, Tchibo, Brooks Running, Frog Bikes and Inditex (owner of Zara). From 2040, the companies will only use freight services powered by **scalable zero-carbon fuels**, defined as those with zero greenhouse gas emissions on a lifecycle basis which are sufficiently scalable to decarbonize the entire shipping industry, and for which safety and land use concerns have been addressed. LNG, which has been adopted by several carriers, is not included in this definition. The coalition said the measures were aligned with the 1.5°C trajectory contained in the Paris Agreement. They are significantly more ambitious than **IMO efforts to cut shipping emissions by half by 2050**. The coalition said it would work with ocean freight carriers that are maximizing energy efficiency through operational and technical measures and have clear plans to upscale zero-carbon fuels in their operations.

Source: Alphaliner

BACK-UP

Market outlook November 2021 – Ocean Freight rates additional trades (1/3)

EURO-AMLA + MX	AMLA: No change to ECRS for November. Space situation remains unchanged. Rates are slowly stabilizing. Except for bigger rate increase to WCSA. MX: No improvement on the space situation. Rates remain stable with extension from most carriers, with the exception of HSüd and MSC which increase their rates for Q4.
EURO-MENAT	The equipment situation is similar to Asia. Space will remain very tight, also due to the fact that FE3 is still omitting Jebel Ali through Q1 2022 at least. Rates have been mostly extended or slightly increased.
EURO-SSA	South Africa: Space is getting tighter due to schedule disruptions. PSS and Operation Emergency Surcharges are applicable as of November. Further port omission and vessel rotation changes on short-notice. West Africa: space remains tight across all carriers. PSS is in place as of November. Carriers currently avoid to offer for long term business. Even mid term pricing is on the high side. East Africa: very high vessel utilization, space is very tight. Full booking stop to Port Sudan across all carriers until further notice due to port closure as a result of political situation and civil unrests
AMNO-MENAT	Temporary shifting away from Port of Savannah to Charleston should help to avoid congestion issues. USEC to Mideast will likely see a slight opening in capacity since another complementary service will be entering the trade. AWS connections and MLB options from USWC to destination entire region continue to deteriorate, leading to more GRIs from USWC and US Gulf.
AMNO-SSA	USWC challenges lead to high GRIs on services to Africa as well. Continued congestion at North Europe and Med transshipment hubs, as well as increasing congestion at West and North African destination ports support the implementation of GRIs.
AMNO-AMLA	Service disruption on strings to WCSA are expected to continue through end of year. Highly recommend to place bookings 3-4 weeks in advance and maintain flexibility with routings and transit times for optimal coverage. October GRI's announced have been fully implemented.

Market outlook November 2021 – Ocean Freight rates additional trades (2/3)

EURO MED-AMNO	Space constraints, equipment shortage and congestion at origin/destination ports continue. Savannah heavily congested, all transit services except MSC diverted call to CHS. USWC ports strongly congested,100 vessels in front of LAX. Vancouver and Seattle omitted by all direct service. Rates still growing on all NORAM trades.
EURO MED-AMLA	SAEC trade still stable, CARIBE and SAWC impacted by USA congestion.
EURO MED-ASPA and MENAT	Slight softening of rates depending on the service and alliance.
EURO MED-SSA	Unchanged/stable.
ASPA-SPAC	Space and equipment issues continue to be tight. Vessel schedule reliability maintains an issue, blank sailing and delays result in loss of capacity. Early booking forecast required and bookings to be made at least 1 month before vessel eta. Singapore transshipment waiting time now average about 1-2months for majority carriers and carriers are prioritizing premium cargoes first. ANL deploys extra loader in November.

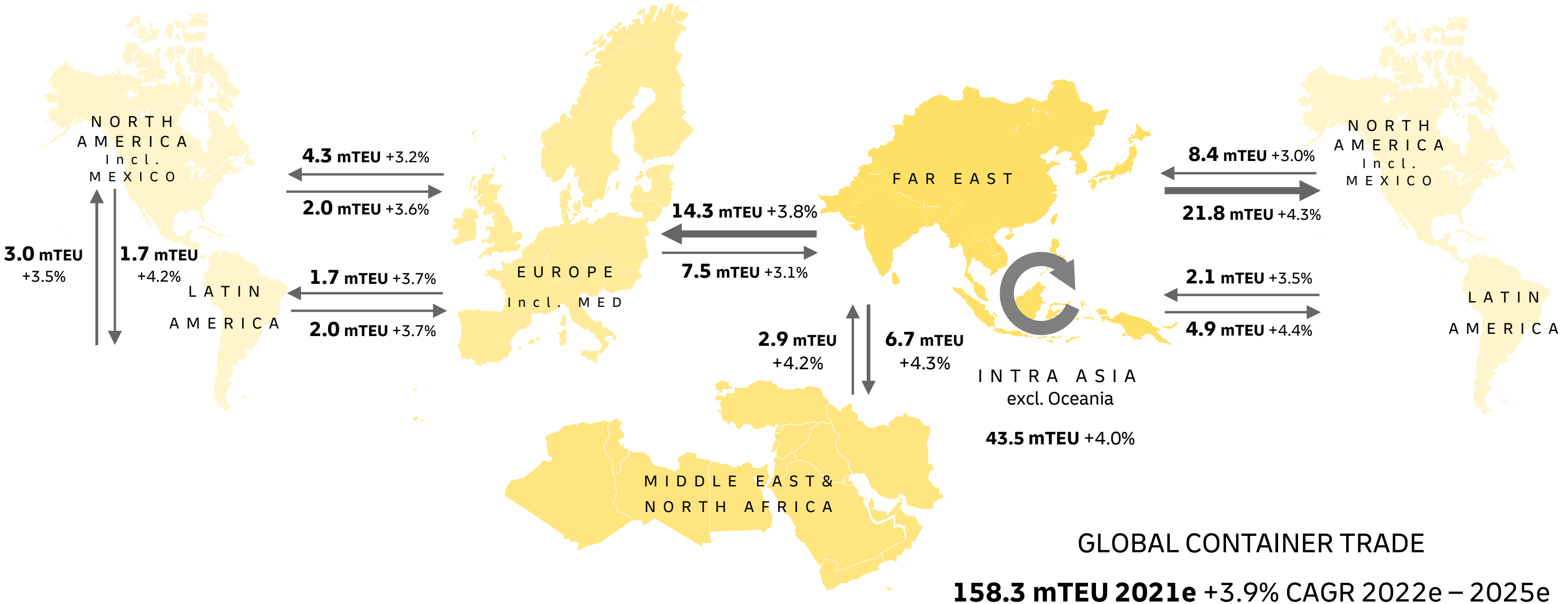
Source: DHL

Market outlook November 2021 – Ocean Freight rates additional trades (3/3)

MENAT Exports	**Intra Gulf & ISC:** Shortage of 20' equipment to Red Sea ports. Rates increased compared to October. **Asia:** Rates on higher side along with equipment shortage for Asia bound cargo. As carriers prefer to reposition empty boxes instead of laden boxes to reduce the turnaround time. Destination free time reduced. **Europe & MED:** Rates continue to increase. Space is tight and is available at premium rate levels. Carriers preferring light weight cargo. **Africa (West & South):** Rates, GRI and Premium surcharges continue to increase. Space only available for bookings made at least 3-4 weeks in advance. Carriers releasing bookings against "Sea Priority/Shipping Guarantee" on most lanes. Carriers' allocation for outbound ex GCC still limited. **Africa (East):** Space situation remains tight. Space only available for bookings made at least 3-4 weeks in advance. Carriers releasing bookings against "Sea Priority/Shipping Guarantee" on most lanes. **AMNO:** Rates continue to increase. PSS/GRI applied by all carriers. Space situation is tight. Bookings need to be placed 3-4 weeks in advance. Carriers not releasing USA East Coast bookings due to transshipment port congestion. **AMLA:** Most of the carriers are not accepting bookings due to limited allocation. Situation expected to remain same in the near future.
North Africa + Turkey Exports	**Europe:** Vessels are full and especially from Egypt carriers implement PSS, ex Morocco space is available. **Asia:** Vessels are full with heavy 20' containers, carriers are looking for 40 containers to stabilize the utilization. **Middle East:** Vessels have capacity and carriers are open for new volume. Severe shortage of 20' containers ex North Africa. **AMLA:** Vessels are full, vessels collecting cargo for all MED countries, there is an on-going export increase from MED, November vessels most likely already closed. **Africa:** Local and global carriers are cleaning the backlog, they increase rates to limit new bookings. Arkas, CMA have limited allocation, ONE still not accepting any volume. Bookings must be placed well in advance. **AMNO:** All vessels are fully booked, carriers are not willing to send equipment to US due to lack of chassis. US West Coast almost closed, with some carriers not accepting bookings. **East Med:** Local carriers are looking for new volume, vessels have capacity especially for Beirut and Alexandria.

Source: DHL

Market volume 2021 – 2025



GLOBAL CONTAINER TRADE

158.3 mTEU 2021e +3.9% CAGR 2022e – 2025e

Source: Seabury Jun21 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)
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
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
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