

# DSV Market update

October 12<sup>th</sup> 2021



# Global COVID-19 Global Status Overview

## Covid outbreak at Hong Kong airport closed 25% of capacity

### EUROPE

**Europe** Some European countries have reintroduced travel bans, quarantine requirements and other restrictions on unvaccinated travellers from the United States, following a European Union decision to remove the U.S. and other nations from its “safe list.” Romania is the country most affected at the moment in terms of hospitalizations and deaths.

**UK:** The daily trend is going down but one of the countries in Europe with more cases

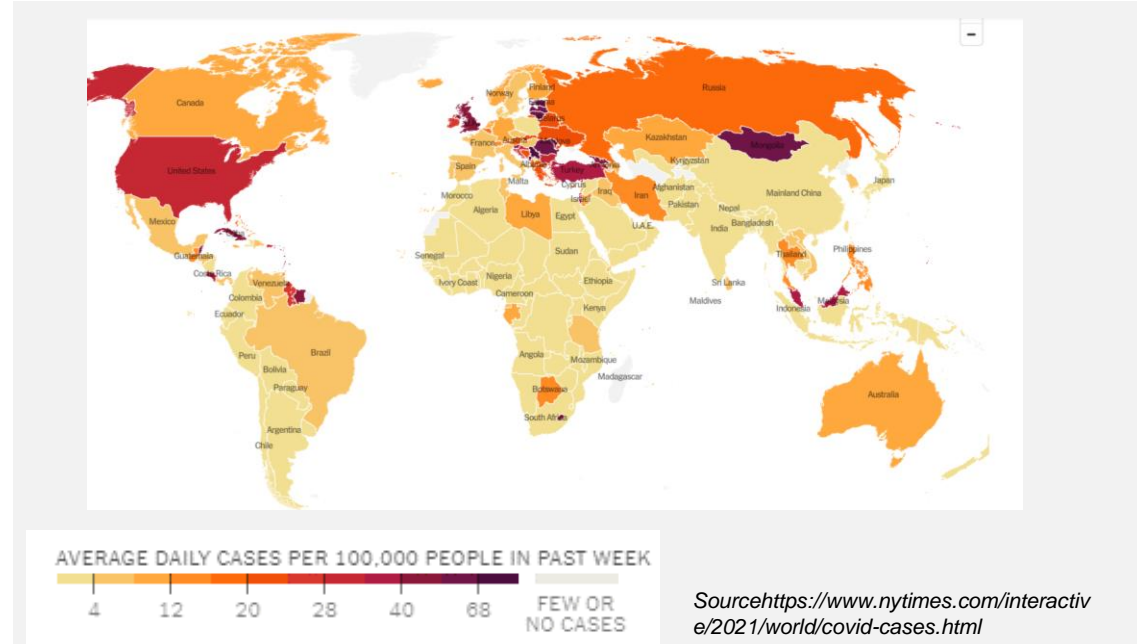
### NORTH AMERICA

The “booster” dosis of the vaccine is currently being discussed as there are concerns on “long term covid-19”

### LATIN AMERICA

All flights from UK India and South Africa are suspended to Argentina, Brazil, Chile, this is still on hold and 14 days quarantine is mandatory

COVID-19 Travel Regulations Map as per NYTimes



### AFRICA and MIDDLE EAST

**South Africa** All passengers must present a negative corona virus test and they are only allowed to travel to 3 airports, Cape Town, Durban and Johannesburg.

**Saudi Arabia** Restrictions to travellers coming from Argentina ,Brazil, India South Africa and United Kingdom

### ASIA PACIFIC

**China:** Operations are resuming PVG and ocean terminals were reopen again.

**Myanmar:** Until October 30<sup>st</sup> all flights to Myanmar are suspended

**Hong Kong** There have been confirmed covid cases in HKG cargo terminal found on OCT 8th. As an immediate consequence, there is 25% of the workforces decreased because of quarantine from those related staffs. Together with the incoming of the typhoon “Kompasu” and “Lionrock”, there are a number of flights cancellations and rescheduling taking place in the coming days

**Australia:** borders are currently closed and entry to Australia remains strictly controlled..

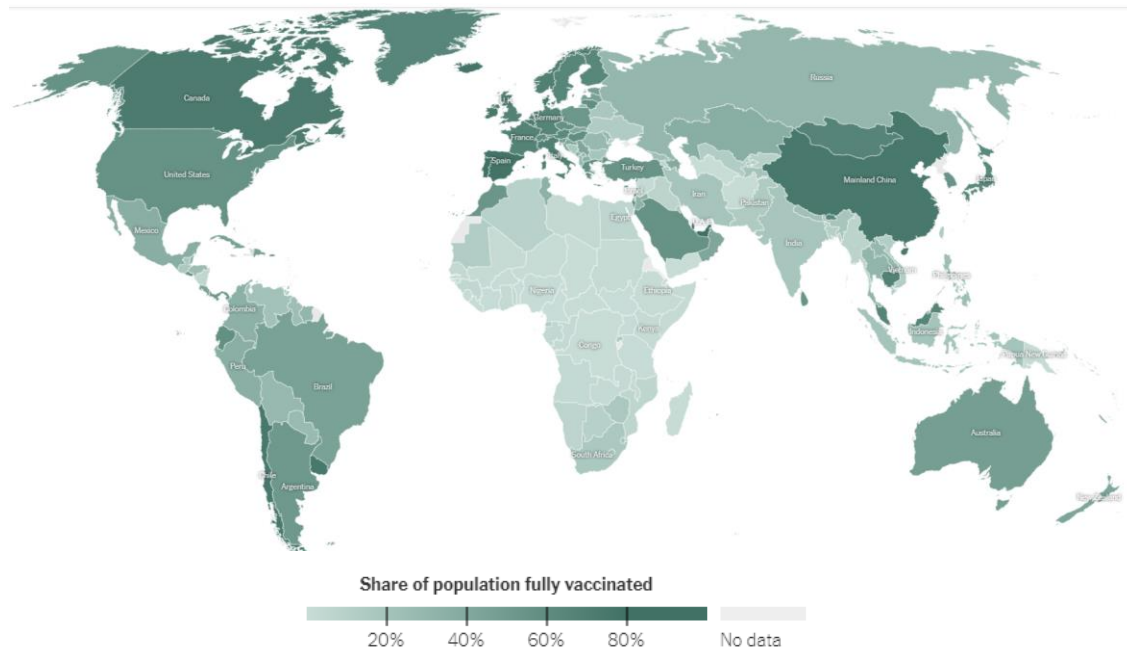
### INDIAN SUB-CONTINENT.

**India:** Until October 30<sup>th</sup> passenger planes are banned to enter the country. Cargo planes are allowed to enter the country.

# More than 3.62 billion people worldwide have received a dose of a Covid-19 vaccine; 47,2% of the world has been fully vaccinated

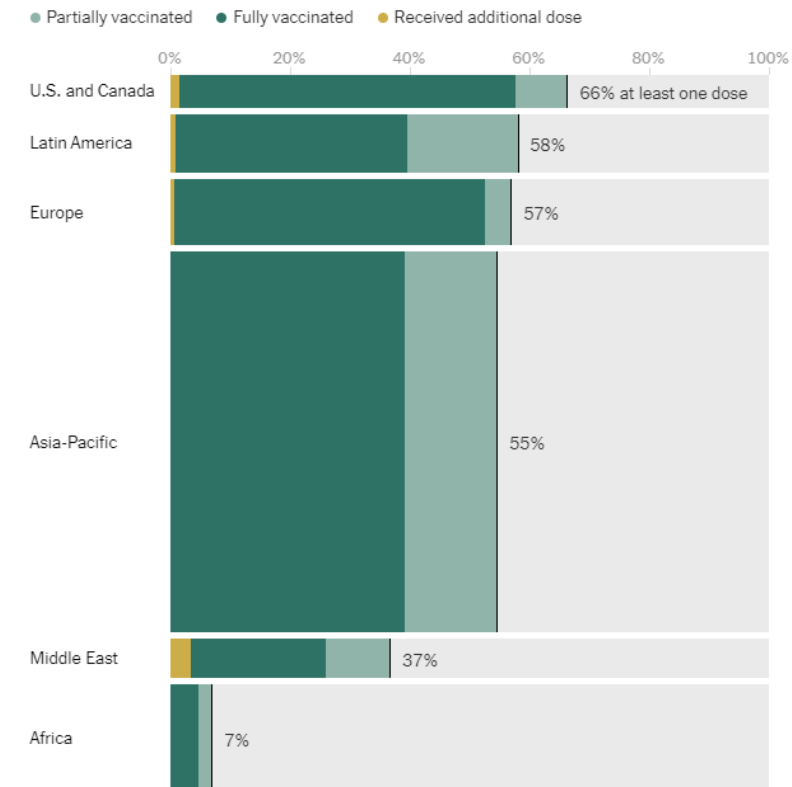
Less wealthy countries are relying on a vaccine-sharing arrangement called Covax, which aims to provide 1.4 billion doses by the end of the year

## Share of the population fully vaccinated against Covid



<https://www.nytimes.com/interactive/2021/world/covid-vaccinations-tracker.html>

## Vaccination rates by region



# Impact on Power Curb in China



**DSV**

# Electricity curbs in China and its general impacts

## Objectives

- ◆ **To reduce carbon emissions**, especially high-polluting industries, to meet emission targets
- ◆ **A steep jump in coal prices**, while China's heavily controlled power pricing system has led to reduction of output by coal-fired power plants for maintaining costs.
- ◆ **Surging demand in Chinese exports**. As a result of the economic rebound from COVID, total electricity use in the first half of the year rose more than 16 percent year-on-year

## Impacts

- ◆ **Power rationing began** in many places since late Q3. Industry insiders predict the situation could worsen as the winter season draws near.
- ◆ **The extent of the policy varies** from province to province and also from industry to industry
- ◆ Subject to levels of local policies, the power curbs have led to **some factories cutting output or halting production entirely**.
- ◆ **High-polluting industries seems the most affected** due to high energy consumption.

# Barometer of Dual Control Targets for Energy Consumption

H1 2021

Province/ Municipality	Energy Consumption Intensity Reduction Schedule Target Warning Level	Total Energy Consumption Control Target Warning Level
Qinghai	✘	✘
Ningxia	✘	✘
Guangxi	✘	✘
Guangdong	✘	✘
Fujian	✘	✘
Xinjiang	✘	!
Yunnan	✘	✘
Shanxi	✘	!
Jiangsu	✘	✘
Zhejiang	!	!
Henan	!	✓
Gansu	!	✓
Sichuan	!	!
Anhui	!	!
Guizhou	!	✓
Shaanxi	!	✓

Province/ Municipality	Energy Consumption Intensity Reduction Schedule Target Warning Level	Total Energy Consumption Control Target Warning Level
Heilongjiang	!	✓
Liaoning	!	✓
Jiangxi	!	✓
Shanghai	✓	✓
Chongqing	✓	✓
Beijing	✓	✓
Tianjin	✓	✓
Hunan	✓	✓
Shandong	✓	✓
Jilin	✓	✓
Hainan	✓	✓
Hubei	✓	✘
Hebei	✓	✓
Inner Mongolia	✓	✓

## Dual Control Targets:

- ✓ Energy Consumption Intensity Reduction Schedule Target
- ✓ Total Energy Consumption Control Target

## Warning Level:

If a province is far from its dual targets, the warning level will be severe.



**Generally smooth**



**Relatively severe**



**Very severe**

\* The order is based on the reduction rate of energy intensity in each region

Source: The State Council, PRC

# Overview of power curbs in multiple origins

Week 41

Origins	Market Influence	Grade
Dalian	Power outage can range from a few hours to a few days, no big impact so far	Green
Tianjin	The target of energy control in 1H of 2021 achieved, no impact	Green
Qingdao	Some factories will be without power for 1~3 days. Most factories still have inventory, so the overall shipment schedule is not affected.	Yellow
Nanjing / Suzhou	power outage can range from a few hours to a few days, getting better compared to pre-national holiday	Green
Shanghai	No impact	Green
Ningbo	The power outage can range from 0 to 3 days. Some factories will not be able to deliver cargo per schedule.	Orange
Xiamen	6 days work and 3 days power outage	Red
Fuzhou	3~4 days work and 4~3 days power outage	Red
Shenzhen	Many factories have their own generator for power supply as an alternative for short term power curb. If the policy goes on for the long run, it will be hard for factories with lower-value goods and OEM products to keep up with production, impacting overall export volume	Green
Guangzhou	In Guangzhou area, some factories will be impacted. The production capacities might be reduced 5-10% for now	Green
Zhongshan	In West Pearl River Delta region, there is no large-scale impact of power outage, but small-scale power restriction measures will be implemented in some industrial areas, there is no obvious restriction on exports. However, it is estimated that the impact of power restriction will gradually increase and under monitor	Green

Grade	Green	Yellow	Orange	Red
Influence	5-10%	20-40%	50-80%	over 90%

- ◆ Some factories have adjusted their working hours to accommodate power outages to ensure the daily production; other factories have to postpone cargo delivery and the sailing schedule.
- ◆ New guideline has been published to protect residential power and reasonable factory production.



HARD HAT AREA

CHINA SHIPPING

COSCO

COSCO SHIPPING

# Ocean freight Update



# 12.5% of the global capacity is now unavailable

Vessel delays are keeping rates artificially high with the same volume transported



**Delays** on ASIA - North America removes 20% of capacity, while Asia – Europe represents 12%



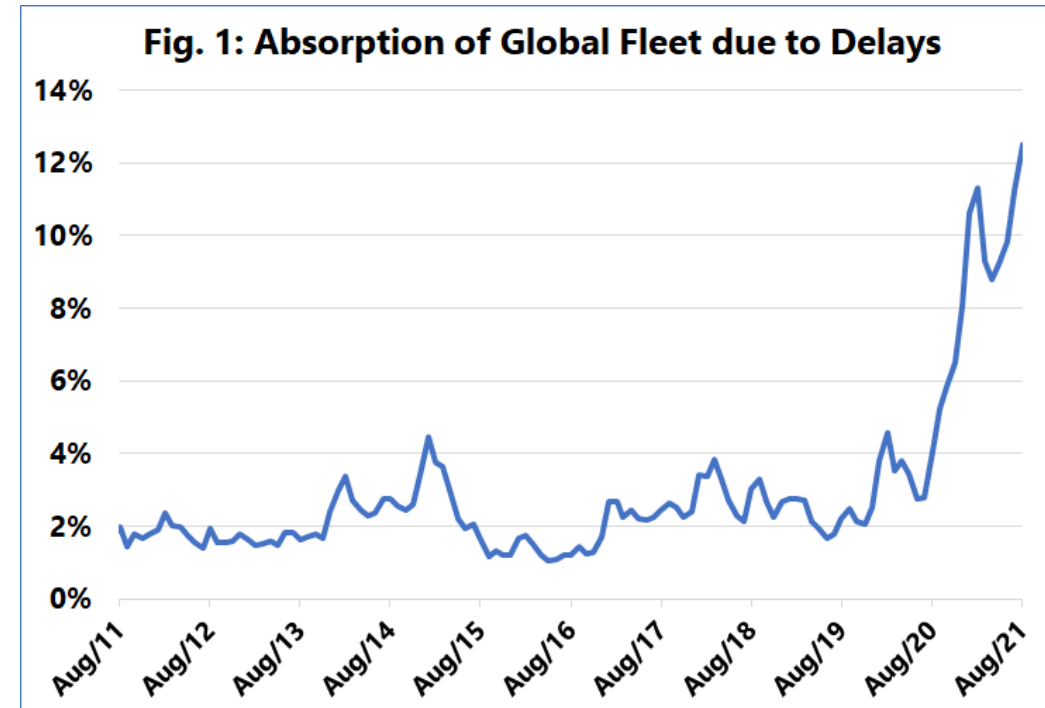
Smaller and more **unefficient vessel** hardware was changed from low paying tradelines to high paying tradelines, adding extra delays



**Container shortage**, Vietnam and Cambodia are reporting lack of available containers for export

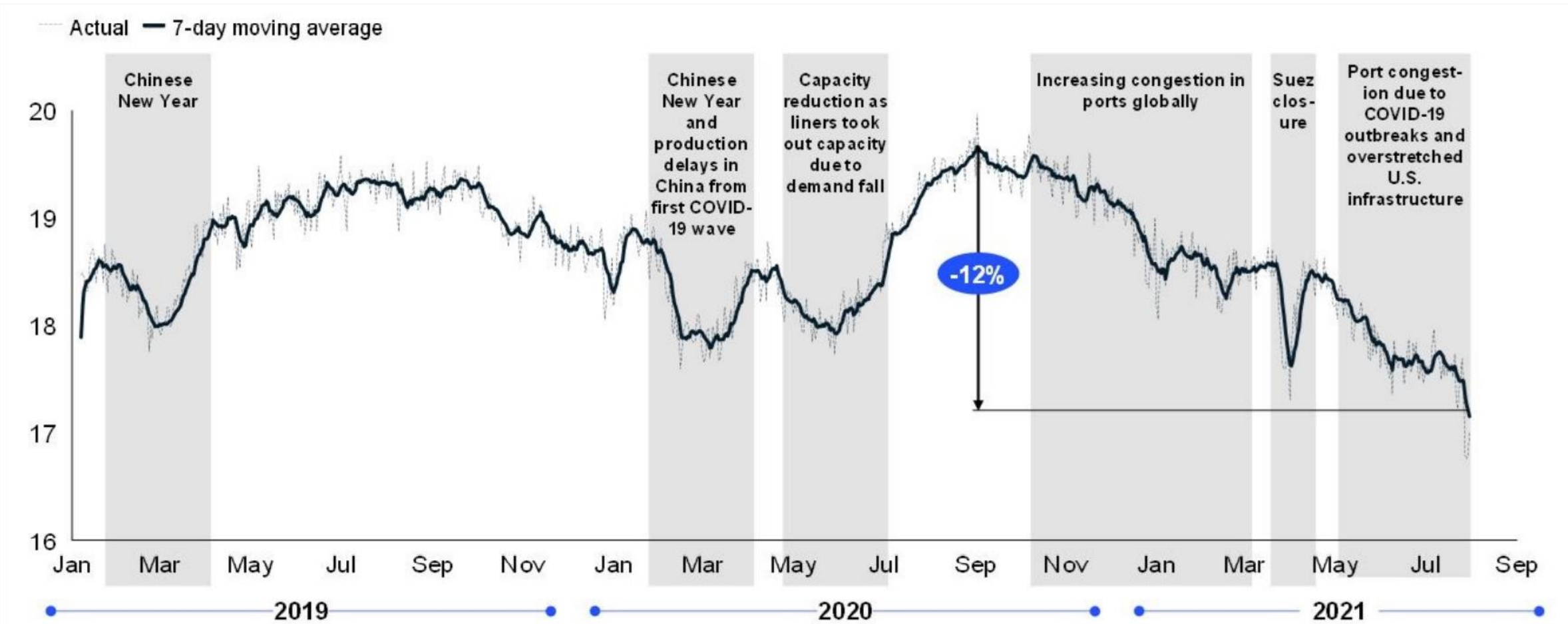


**Lack of port infrastructure**, rail and truck drivers add more delays in the land-side part of operations



Source: Sea Intelligence

# Most Trades not driven by demand but inefficient capacity deployed world-wide are key reason of loss of 12,5% capacity



Daily containership capacity measured in TEU  
 Source: McKinsey DeepBlue





# New IMO regulations to reduce CO2 emissions for 2023

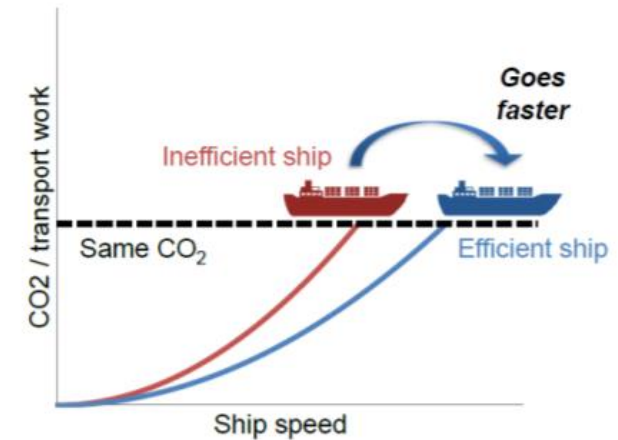
This will potentially decrease the speed of vessels and it will impact on capacity

The IMO targets reduction in CO2 intensity from international shipping by 40% from 2008 levels by 2030 and will implement EEXI (Energy Efficiency Existing Ship Index) and CII (Carbon Intensity Indicator) by January 2023.

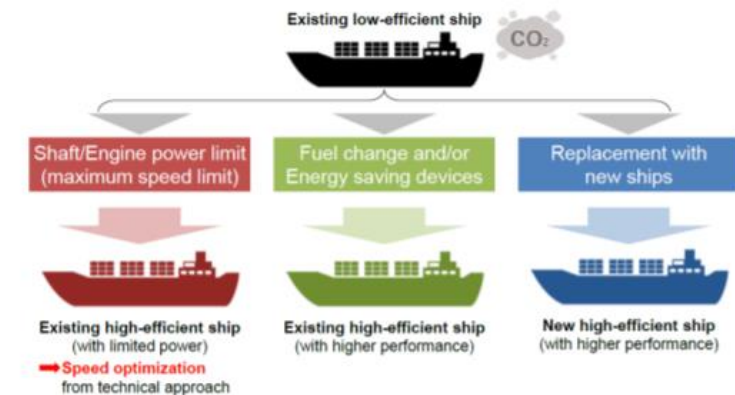
Non-compliant ships may apply performance enhancing measures and/or reducing the engine's power output.

Part of the trading fleet may not be able to comply and may have to be retired

The implementations of EEXI and CII are expected to reduce the average sailing speed of the global fleet



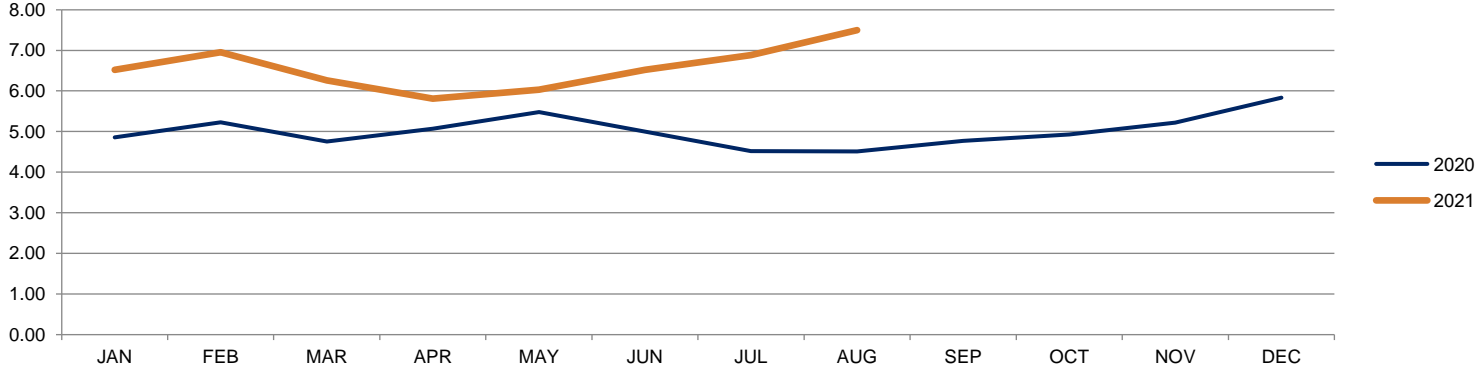
## Alternatives for complying



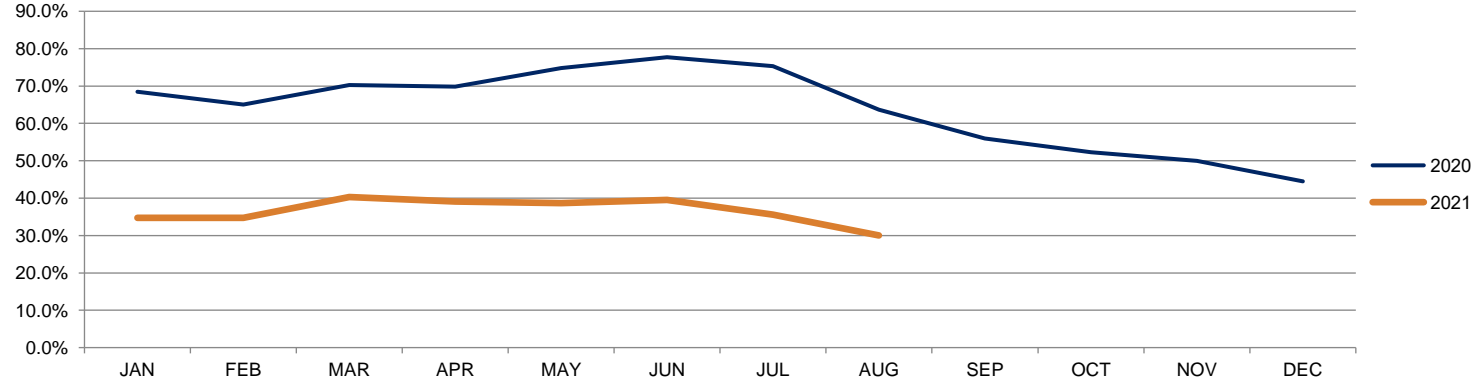
# Schedule reliability drops to an all-time low in August

The average delay for vessel arrivals is more than one week

Average delay of late vessels



Schedule Reliability



Source: Sea-Intelligence Maritime Analysis

Vessel reliability per tradelane:

- ASIA – North America: **10% reliability** 11 days of delay
- ASIA – EUROPE: 23,5% reliability and 8 days of delay
- EUROPE – North America: 36% and 7 days of delay
- EUROPE – ASIA: **13% reliability** and 8 days of delay
- ASIA – OCEANIA: **13% reliability** and 8 days of delay



# Asia Port Situation

Source: Updates from CNC & market news as of week 36

Origin	Port	Waiting Time (days)	Condition
China	Shanghai WGQ	3	Port operations are normal. The heavy congestion situation continues, with waiting time for berth at around 3 days.
China	Ningbo	1-1.5	Port operations are normal, but all terminals are under heavy congestion, with a waiting time for berth of 1-1.5 days.
China	Qingdao	1	QQCT is under congestion, with a waiting time for berth of 1 day.
China	Shekou	1-2	Port operations are normal. Berth congestion is stabilized, with berthing delays of around 0.5-1 day. Yard utilization is high around 85-90% as of week 40
China	Nansha	3	Port operations are normal. Terminals are all still under heavy berth congestion due to recent adhoc calls, the regular services will have vessels facing delay to berth of around 3 days; and adhoc vessels may face longer delay to berth of 4-5 days. Yard utilization is high around 80-85% as of yesterday. Productivity is severely impacted due to tightened epidemic prevention measures, with limited availability of stevedores.
China	Yantian	1-2	Yantian: Port operations are normal. Berth congestion is stabilized, with berthing delays of around 1-2 days. Yard utilization is high around 80-85% as of week 40
China	Hong Kong		Hong Kong: Port operations are normal. HIT is heavily congested with high yard utilization around 95% as of week 40.
Philippines	Manila	1	
Korea	Pusan	1.5-2	Port operations are normal. As of week 40, yard utilization was at 99%. Terminal is still congested with expected waiting time for berth of 1.5-2 days due to brunching arrivals of vessels and additional transshipment activities. Additional transshipments, as contingency, arranged in Pusan in the recent days have worsened the congestion at the yard.
Malaysia	Port Klang	1.5-2	Port operations are normal but with relatively low in productivity.
Singapore	Singapore	1-6	The terminal is under congestion.

# Oceania Port Situation

Country	Port	Status
New Zealand	Ports of Auckland	Continues to operate at or close to capacity across their wharves depending on vessel calls. Average turn time for trucks across the week was sitting at 45 mins
New Zealand	Port of Tauranga	Recently Port of Tauranga had a number of large import vessels call in close succession, and as a result the delivery profile for cargo destined for Metroport has been temporarily pushed out, currently we are seeing delays of around 15 days to have containers railed through to Metroport.
New Zealand	Metroport	Once containers arrive at Metroport we are experiencing unprecedented delays in collections. With long turn times (average of around 2 hours with peaks up to 6 hours) and limited slots – This is making it incredibly difficult for any container movements in and out.
Australia	Patrick Terminals - Sydney AutoStrad	<ul style="list-style-type: none"> <li>• The current delays at the Sydney terminal are as follows:</li> <li>• On window vessels - 4.3 days</li> <li>• Off window vessels - 5.1 days</li> <li>• DP World has no short-term capacity to take sub-contracts, however, capacity may become available mid-month</li> <li>• Hutchinson has no capacity to take sub-contracts</li> <li>• A ban on the performance of overtime commencing at 10:00pm on Friday 15 October 2021 through to 10:00pm Sunday 17 October 2021.</li> <li>• A ban on the performance of shift extensions commencing at 10:00pm on Friday 15 October 2021 through to 10:00pm Sunday 17 October 2021.</li> <li>• A ban on the performance of upgrades and/or work in higher levels commencing at 10:00pm on Friday 15 October 2021 through to 10:00pm Sunday 17 October 2021.</li> </ul>
Australia	Patrick Terminals - Brisbane	<ul style="list-style-type: none"> <li>• The terminal is currently experiencing low-level impact from industrial action</li> <li>• Upcoming terminal stoppages due to industrial action may cause increased delays</li> <li>• The Maritime Union of Australia has given notification of a 12-hour work stoppage Svitzer tugs in Brisbane starting at 1800 on Sunday 10 October through 0600 the following morning.</li> <li>• The union and the towage provider have been in negotiations for a new enterprise agreement since September 2019. The MUA has issued 42 notices of protected industrial action at Svitzer's ports around Australia.</li> </ul>
Australia	Patrick Terminals - Fremantle	<ul style="list-style-type: none"> <li>• The terminal is now being impacted by industrial action and vessel bunching</li> <li>• The result is that delays are increasing for certain vessels up to 7 days</li> <li>• DP World has no capacity for sub-contracting until at least mid-October</li> </ul>
Australia	Patrick Terminals - Melbourne	<ul style="list-style-type: none"> <li>• Our Melbourne terminal schedule is busy with back-to-back vessels for the month of October</li> <li>• Vessels are currently berthing up to 4 days behind schedule. We continue to work with reduced labour availability due to COVID isolation requirements for close contacts.</li> <li>• VICTL has no capacity for sub-contracting due to positive COVID cases and employee isolation requirements</li> <li>• DP World will support Patrick Terminals with subcontracting opportunities at the end of next week to assist in alleviating delays.</li> </ul>

# Asia Port Situation – week 40

Source: Updates from carriers & market news

The status is dynamic and subject to changes, please reach out to you account manager if any enquiry.

ORIGIN	PORT	STATUS	DELAY	REMARKS
China	Shanghai	Heavily Congested	3 days	Port operations are normal. The heavy congestion situation continues, with waiting time for berth at around 3 days.
China	Ningbo	Congested	1 - 2 days	Port operations are normal. All terminals are under moderate congestion, with a waiting time for berth of 1-2 day.
China	Qingdao	Congested	1 - 2 days	QQCT is under congestion, with a waiting time for berth of 1-2 days.
China	Dalian	Congested	1 - 2 days	Port operations are normal with a waiting time for berth of 1-2 days.
China	Shekou	Minor Congested	1 day	Port operations are normal. Berth congestion is stabilized, with berthing delays of around 1 day. Yard utilization is high around 85-90% as of yesterday.
China	Yantian	Congested	1 - 2 days	Port operations are normal. Berth congestion is stabilized, with berthing delays of around 1-2 days. Yard utilization is high around 80-85% as of yesterday.
China	Nansha	Heavily Congested	3 - 5 days	Port operations are normal. Terminals are all still under heavy berth congestion due to recent adhoc calls, the regular services will have vessels facing delay to berth of around 3 days; and adhoc vessels may face longer delay to berth of 4-5 days. Yard utilization is high around 80-85% as of yesterday. Productivity is severely impacted due to tightened epidemic prevention measures, with limited availability of stevedores.
Hong Kong	Hong Kong	Heavily Congested	2 -3 days	Port operations are normal. HIT is heavily congested with high yard utilization around 95% as of yesterday, waiting time is 2-3 days.
Thailand	Bangkok	Heavily Congested	3 days	Waiting time is currently at 3 days due to ongoing terminal congestion (Yard @ 100%, reefer plugs @ 100% capacity) with a First Come First Serve situation at the pilot station.
Vietnam	Ho Chi Minh	Heavily Congested	3 days	Port operations are normal with relatively low in productivity due to lockdown situation since early of August, vessel waiting time is approx 3 days.
Vietnam	Haiphong	Heavily Congested	4- 5 days	Impacted by shortage of Port terminal workforces due to CVD-19 regulation to manage the trucks and Port terminals with heavy congestions, vessel waiting time is around 4-5 days.
Philippines	Manila	Heavily Congested	2 - 3 days	In view of the continuing challenges at the main terminals (CY) and ICD's at and around the Manila area, waiting time is around 2-3 days.
Korea	Busan	Heavily Congested	2 - 3 days	Port operations are normal. In Pusan BNCT: <ul style="list-style-type: none"> <li>• As of 04/OCT, yard utilization was at 99%</li> <li>• Terminal is still congested with expected waiting time for berth of 2 days due to brunching arrivals of vessels and additional transshipment activities.</li> <li>• Additional transshipments, as contingency, arranged in Pusan in the recent days have worsened the congestion at the yard.</li> </ul>
Malaysia	Port Klang	Congested	1 - 1.5 days	Port operations are normal but with relatively low in productivity. Congestion in WP has improved with a waiting time for berth of 1 day due to blockage at berth 22 and 23 for reinforcement repair work till end of October. Also, the yard utilization is high around 90-95%.
Singapore	Singapore	Heavily Congested	3 days	The terminal is under slight congestion with a waiting time for a berth of around 1 day. For vessels with net discharge, they may have to wait 2-3 or more days. These delays are caused by: <ul style="list-style-type: none"> <li>• High inventory utilization</li> <li>• Low productivity due to high yard density &amp; large pool of roll-overs</li> <li>• Extra T/S connection &amp; activities in SIN</li> <li>• Longer port-stay for contactless operations protocols</li> </ul>
Bangladesh	Chittagong	Heavily Congested	3 - 4 days	Reefer yard remains full in Chittagong. Terminals are under severe berth congestion with low productivity an ongoing concern



# Asia Pacific Equipment Situation

Source: Updates from carriers & market news as of week 39

COUNTRY	PORT	20'	40'	40'HC
China	Shanghai	OK	Tight	Tight
China	Ningbo	OK	Tight	Tight
China	Qingdao	Tight	Tight	Tight
China	Tianjin (Xingang)	Tight	Tight	Tight
China	Dalian	Tight	Tight	Tight
China	Xiamen	OK	Tight	Tight
China	Fuzhou	Shortage	Tight	Shortage
China	Nanjing	OK	OK	Shortage
China	Yangzhou	OK	OK	Shortage
China	Zhenjiang	OK	OK	Shortage
China	Taizhou	OK	OK	Shortage
China	Zhangjiagang	OK	OK	Shortage
China	Taicang	OK	OK	Shortage
China	Wuhu	OK	OK	Shortage
China	Changzhou	OK	OK	Shortage
China	Nantong	OK	OK	Shortage
China	Nansha	OK	OK	OK
China	Shenzhen	OK	OK	OK
China	Hong Kong	OK	OK	OK
Cambodia	Phnom Penh	Shortage	Shortage	Shortage
Thailand	Bangkok	OK	OK	OK
Vietnam	Ho Chi Minh	OK	OK	OK
Vietnam	Haiphong	Shortage	Shortage	Shortage
Indonesia	Jakarta	OK	OK	OK
Malaysia	Port Klang	OK	OK	OK
Singapore	Singapore	OK	OK	OK

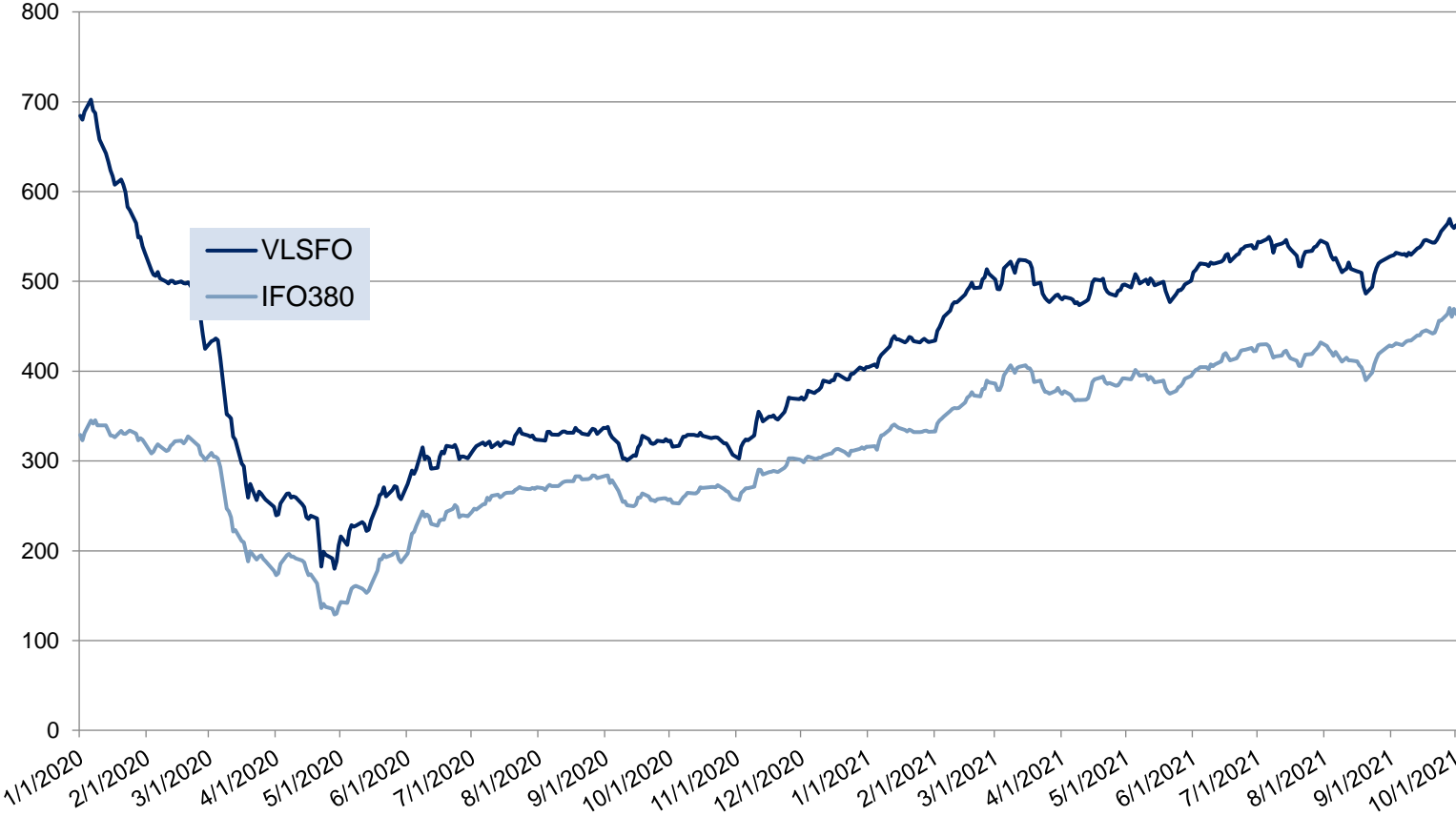
## Key highlights

- North China: 20GP/40GP/40HC demand vs supply appears to be under control.
- East China: Sufficient supply to tide over holiday period (except POL Fuzhou and Yangtze river inland ports, which are running on priority list). Fuzhou 40HC equipment supply is set to improve after the Golden Week national holiday.
- South China: Vast improvement equipment supply in the Shenzhen (Yantian/Shekou-Chiwan), Nansha & Hong Kong areas, supply is currently adequate to cover Golden Week period.

\*These information serves as a heads-up and is subject to changes without prior notice, given the dynamic supply and demand situation across the region.

# Bunker price development

## Global 4 Port Average



- The slight increase in bunker prices in the quarter had little impact on the carriers operating margin
- Rates are driven by current lack of capacity, brent oil prices have increased after the reopening of some economies and airlines.

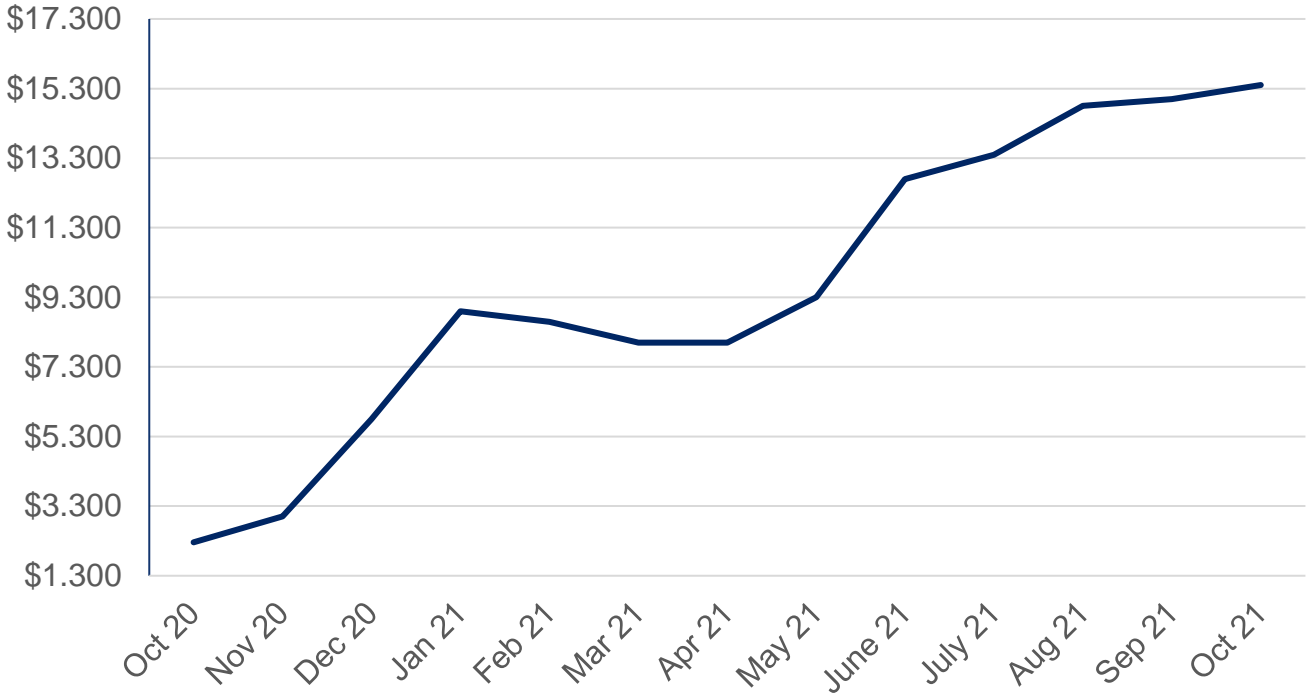
Source: Ship&Bunker



# Ocean Freight Asia - Europe

Stabilization of rates, space and equipment still under pressure

### SCFI – North Europe WB Rate Index (US\$/40ft)



Source: SCFI Week 40

Alert: To guarantee space and equipment carriers are applying additional surcharges that are not part of the index rate aggregation and they can be a large amount. Carriers have partially stopped accepting bookings for the time being in some origins

### Rates have reached to stabilize on the high side

SCFI Levels Week 40-2021:

- Shanghai – North Europe: USD 15,428/ FEU
- Shanghai – Mediterranean: USD 14,896/ FEU

### Ongoing service disruptions with severe delays lead to some port omissions

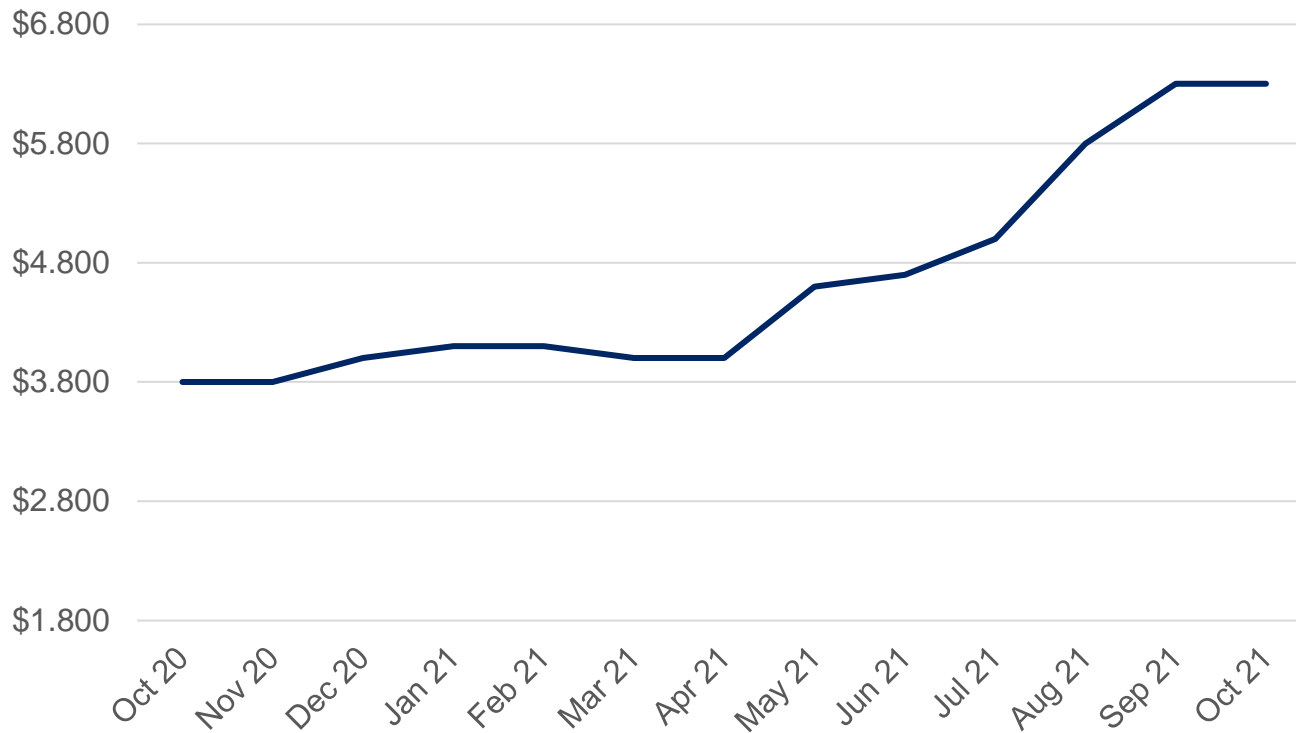
- Long term market rates are not offered anymore for new businesses. Carriers aim to ship as much cargo as possible under spot rates.
- Various blank sailings announced and in progress due to Golden week



# Ocean Freight Asia - North America

All lines are reporting full and rolling vessels through the month of September and into October.

## SCFI Transpacific EB Rate Index (US\$/40ft)



Source: SCFI Week 40 2021

Alert: To guarantee space and equipment carriers are applying additional surcharges that are not part of the index rate aggregation and they can be a large amount. Carriers have partially stopped accepting bookings for the time being in some origins

**The current spot rates plus premiums are now basically the moving rate to get on a vessel for this month and we expect this to continue into 2022**

SCFI Levels Week 40-2021:

- Shanghai – US West Coast: USD 6,371/ FEU
- Shanghai – US East Coast: USD 11,114/ FEU

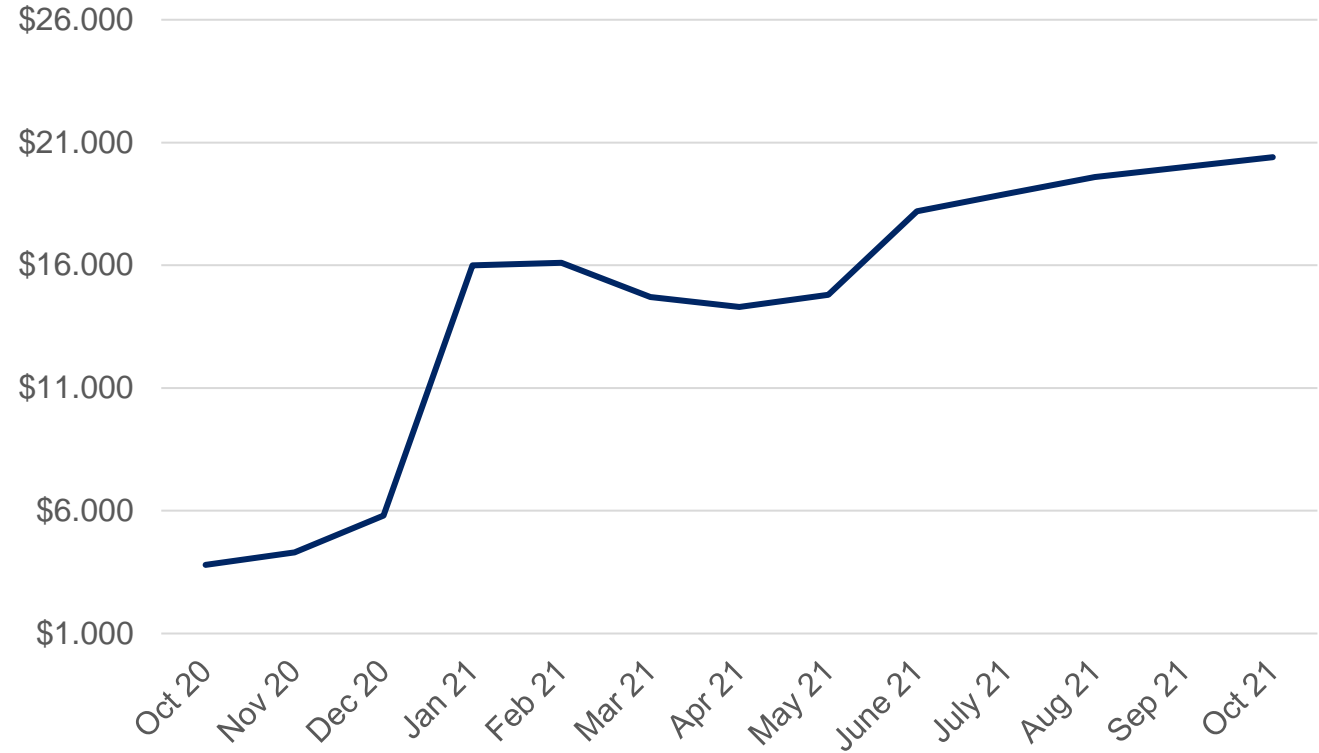
**The USWC and USEC are now straining under the amount of imports being moved and we are seeing 14-20 day dwell time at all terminals for local boxes and rail moves are now taking even longer due to shortage of rail cars**

- Space remains extremely tight for cargo out of Asia and most predict this will continue all the way into 2nd Qtr 2022 based on projections from importers.

# Ocean Freight Asia – South America (East Coast)

Capacity remains unchanged. Ocean Carriers are NOT adding new tonnage or capacity in the system.

## SCFI to Santos Brazil (US\$/40ft)



Source: SCFI Week 40-2021

Alert: To guarantee space and equipment carriers are applying additional surcharges that are not part of the index rate aggregation and they can be a large amount. Carriers have partially stopped accepting bookings for the time being in some origins

### SCFI Levels Week 40-2021:

- Shanghai – Santos: USD 20,452/ FEU

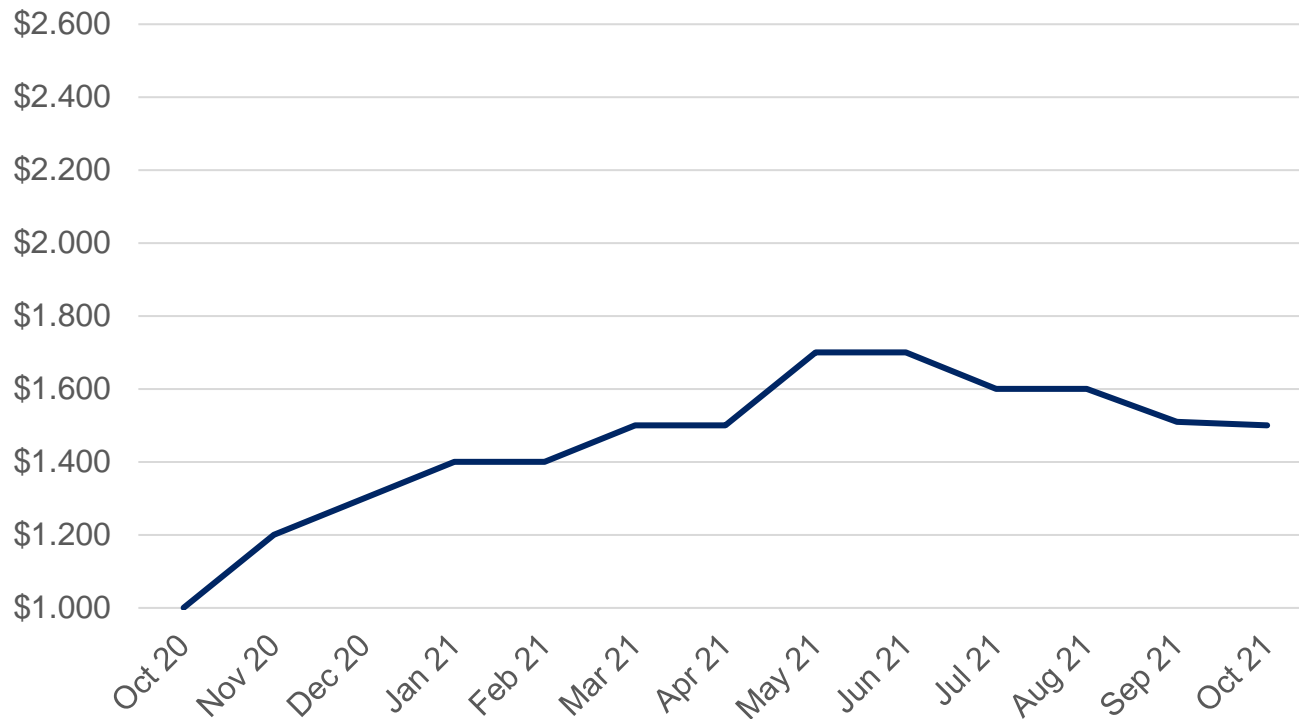
We recommend being open to any kind of equipment available, being 20, 40's Dry or HC and also to NOR (non-operating reefers)

- Ocean-Freight rates are GOING UP AGAIN.
- Chinese golden week will add more pressure to rates and capacity
- The ocean freight market is far from stable.
- As the Spot market (FAK) floats and follows demand, we are seeing rates at never seen levels

# Ocean Freight Europe – Asia

Carriers are turning empty equipment around for repositioning back to the Far East where Transpacific Eastbound rates are higher

## Baltic Freightos Europe to Asia (US\$/40ft)



Source: Freightos Baltic Week 40-2021

Alert: To guarantee space and equipment carriers are applying additional surcharges that are not part of the index rate aggregation and they can be a large amount. Carriers have partially stopped accepting bookings for the time being in some origins

### Freightos Baltic index Levels 40-2021:

- Europe to ASIA : USD 1,469/ FEU

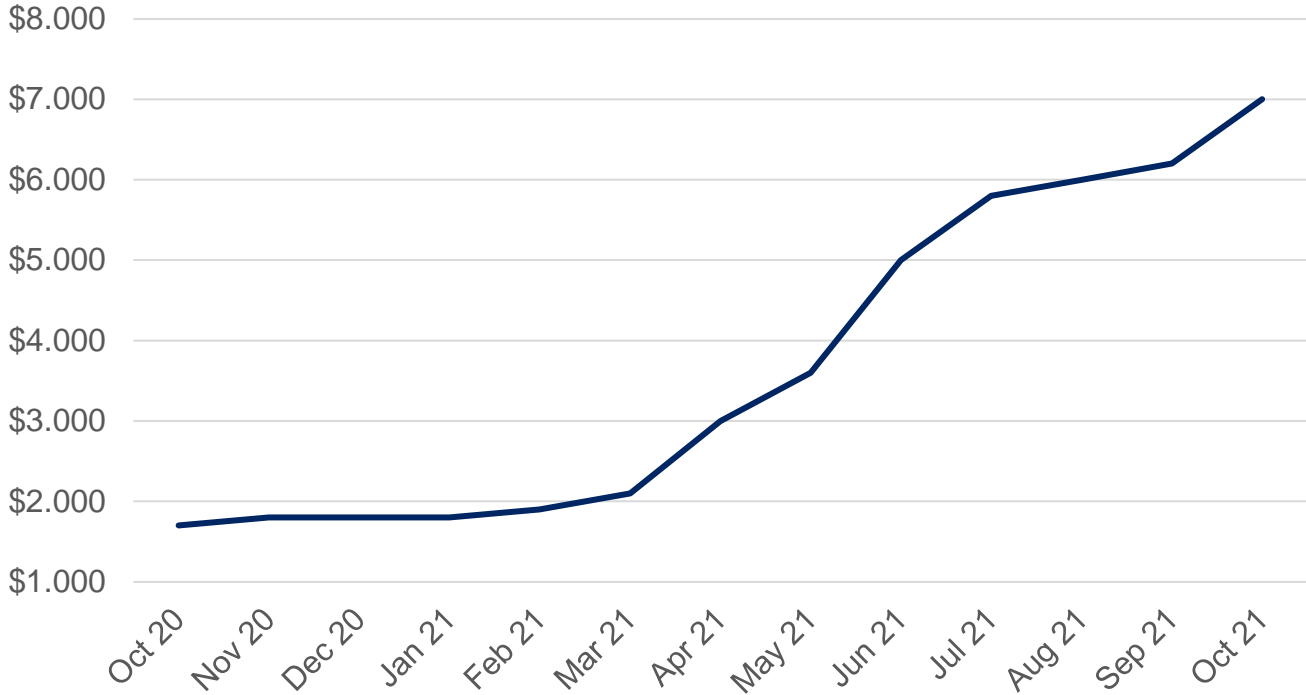
### Transatlantic Trade seeing more blank sailings and vessel schedule timeliness issues

- Congestion (Port Facility) surcharge applicable for the Port of New York.
- Congestion surcharge in place by majority of Ocean Carriers for United Kingdom ports.
- Carriers are expected to push for additional increases as a result of on-going capacity constraints & equipment availability problems

# Ocean Freight Europe – North America

Situation unchanged, space and equipment are the key issue

### Freightos BDI Europe North America (US\$/40ft)



Source: Freightos Baltic W40-2021

Alert: To guarantee space and equipment carriers are applying additional surcharges that are not part of the index rate aggregation and they can be a large amount. Carriers have partially stopped accepting bookings for the time being in some origins

#### Freightos Baltic index Levels Week 40-2021:







- Rotterdam – New York: USD 7,117/ FEU

#### Bookings need to be placed 6-8 Weeks in advanced

- Carriers are turning empty equipment around for repositioning back to the Far East where Transpacific Eastbound rates are higher and more profitable. In some cases empty containers are moved without loaded cargo to expedite repositioning.
- It is expected demand to grow during the month of August



# Ocean freight market overview – Reaching all time high rates

TRADE LANE	COMMENTS	RATES AND SPACE	
<b>ASIA to Europe</b>	<ul style="list-style-type: none"> <li>Lack of Empty Equipment mainly in Vietnam and Cambodia, 40HC for most of China</li> <li>Spot Market rates are on a highest ever level.</li> <li>Demand is growing</li> </ul>	↑	
<b>ASIA to NAM</b>	<ul style="list-style-type: none"> <li>Rates stable on high level after golden weej,</li> <li>Equipment shortage, getting critical in south Asia and south China</li> <li>More ships will anchor in Los Angeles and Oakland</li> </ul>	↑	
<b>Europe to NAM</b>	<ul style="list-style-type: none"> <li>The need of equipment is affecting all trades globally</li> <li>Vessel are full and less capacity available</li> <li>Congestion (Port facility) surcharge for the port of New York applied by Ocean Carriers. This is applicable for all cargo to and from Europe</li> </ul>	↑	
<b>Exports from India</b>	<ul style="list-style-type: none"> <li>Critical to the USWC and Canada. USWC particularly LA/LB is in the most demand and getting to Canada from ISC requires lengthy transshipments in the Medeteranian</li> <li>Space is only confirmed 15 days before departure</li> </ul>	↑	
<b>ASIA to LATAM</b>	<ul style="list-style-type: none"> <li>Booking needs to be placed one month in advance</li> <li>ASIA to LATAM due to longer transit times needs to offset with higher rates</li> <li>Rates are increasing again due to higher demand</li> </ul>	↑	
<b>INTRA ASIA</b>	<ul style="list-style-type: none"> <li>Port congestion at most of Asian ports, prepare shipment 30 days in advance</li> <li>Oceania trade is also high</li> <li>Average Intra asia rate level have increased due to lack of equipment</li> </ul>	↑	

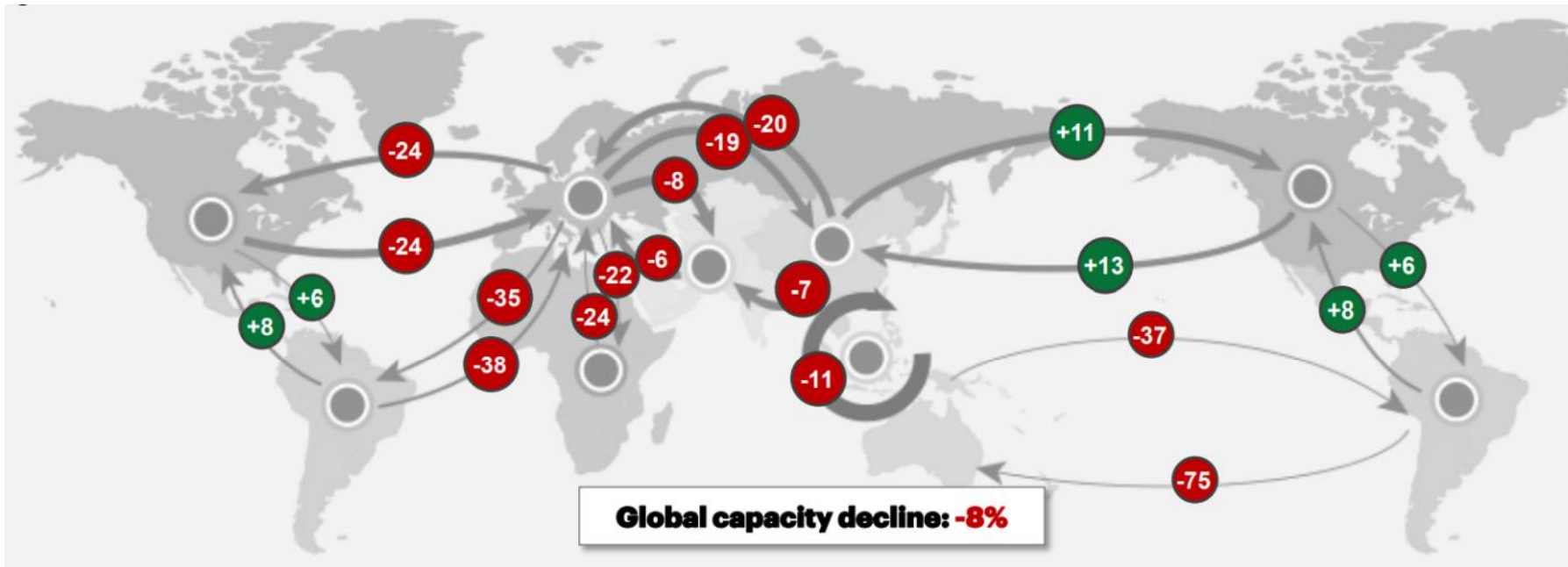


# Airfreight Update



# Air cargo capacity was down -8% between 20 Sep - 3 Oct, compared to the same weeks in 2019

Total air cargo capacity growth, 20 Sep – 3 Oct 2021 vs same weeks 2019  
% growth vs 2019



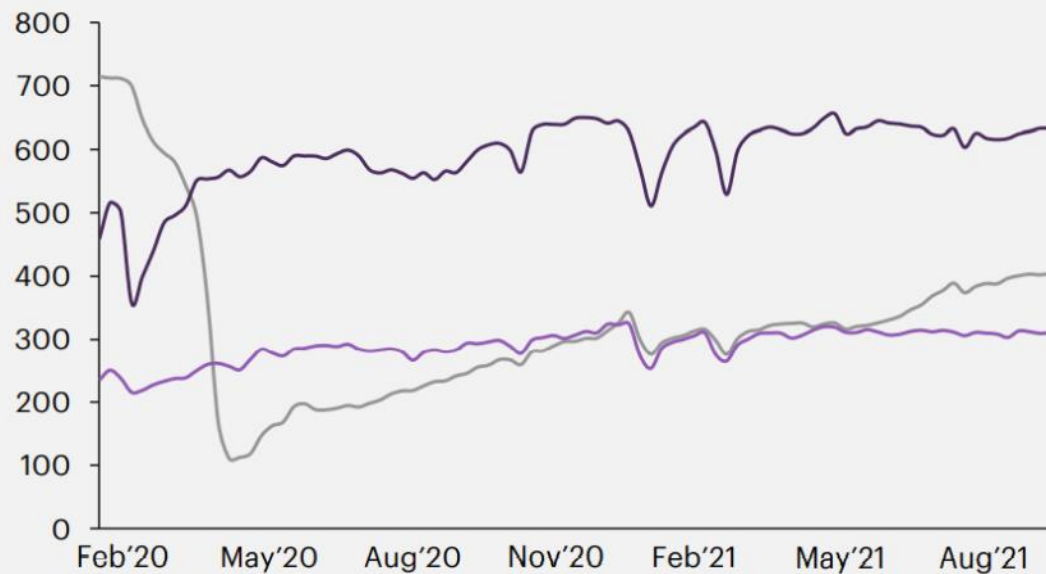
Global recovery to single-digit decline mostly caused by lower capacity in 2019 during these weeks

Note: 5 Sep-10 Sep 2021 compared to 12-25 Aug 2019; Direct flights only; all flows indicate region-to-region capacity; regions indicated by color coding; dates measured in UTC; 1) Total cargo capacity includes int'l widebody passenger and all freighter flights; Source: Seabury Cargo Capacity Tracking database, Seabury Cargo analysis (September 2021)

# Global air cargo capacity remained stable across freighters and widebody belly in the last two weeks

## International air cargo capacity, Feb 2020 – Sep 2021

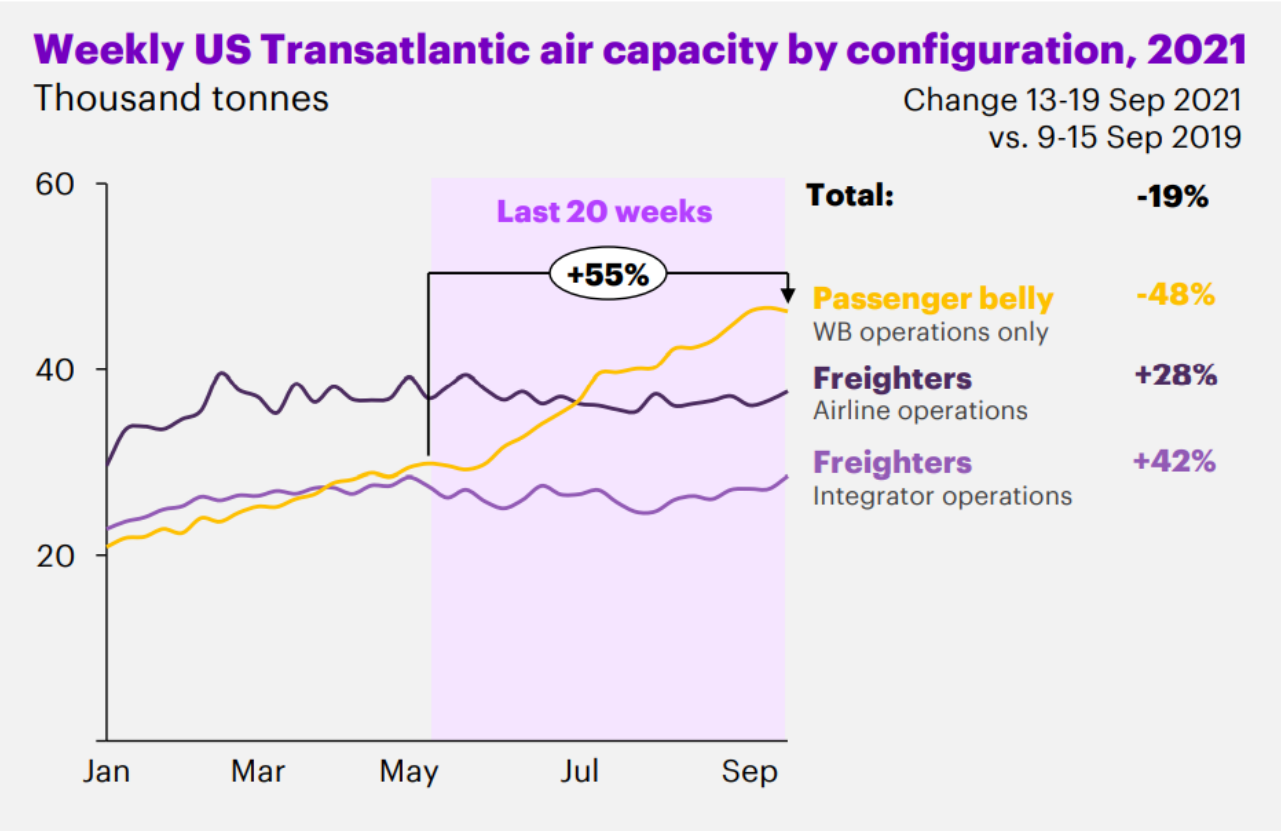
Thousand tonnes per week



Global widebody belly capacity remains up, even after the summer leisure season

Note: Direct international capacity only; All freighters and widebody passenger aircraft only; 1) Comparing the weeks of 23 Aug-Sep 5 2021 to the same weeks in 2019; 2) Comparing the last two weeks available versus the previous two weeks; Source: Seabury Cargo Capacity Tracking database, Seabury Cargo analysis (September 2021)

# US Transatlantic widebody belly cargo capacity grew ~55% over the last 20 weeks, reaching 52% of pre-COVID levels



Will relaxation of US travel restrictions in November further increase Transatlantic widebody belly capacity?

## U.S. to relax travel restrictions for vaccinated foreign air travelers in November

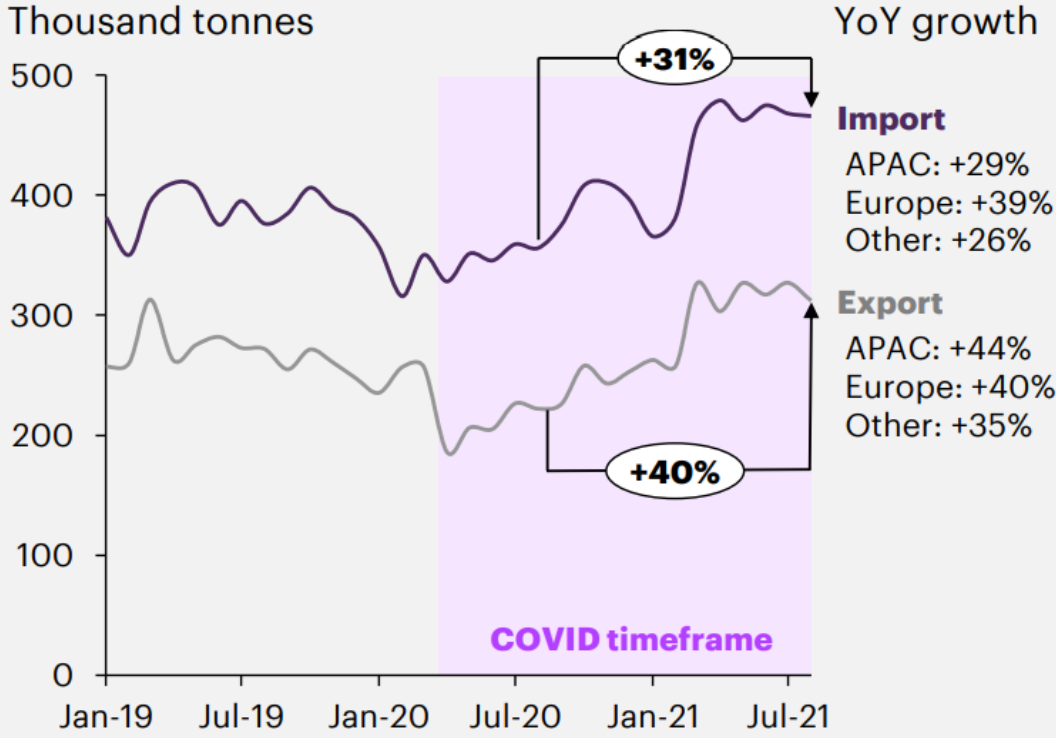
The United States will admit fully vaccinated air travellers from the 26 so-called Schengen countries in Europe.

U.S. to relax travel restrictions for vaccinated foreign air travellers in November.

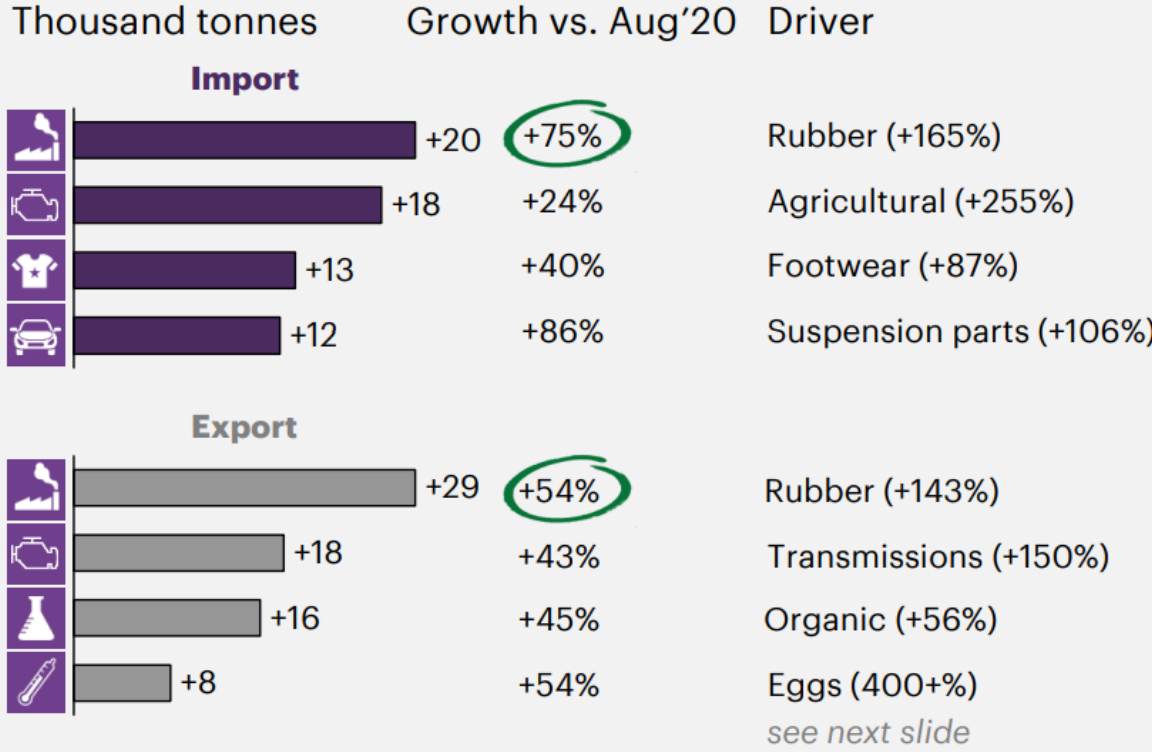
The United States will reopen in November to air travellers from 33 countries including **China, India, Brazil and most of Europe**

# US air trade remained strong in August 2021 (+34% YoY), at close to 800k tonnes

**US monthly air trade by direction, 2019-2021**



**US YoY air trade growth by commodity group, Aug'21**



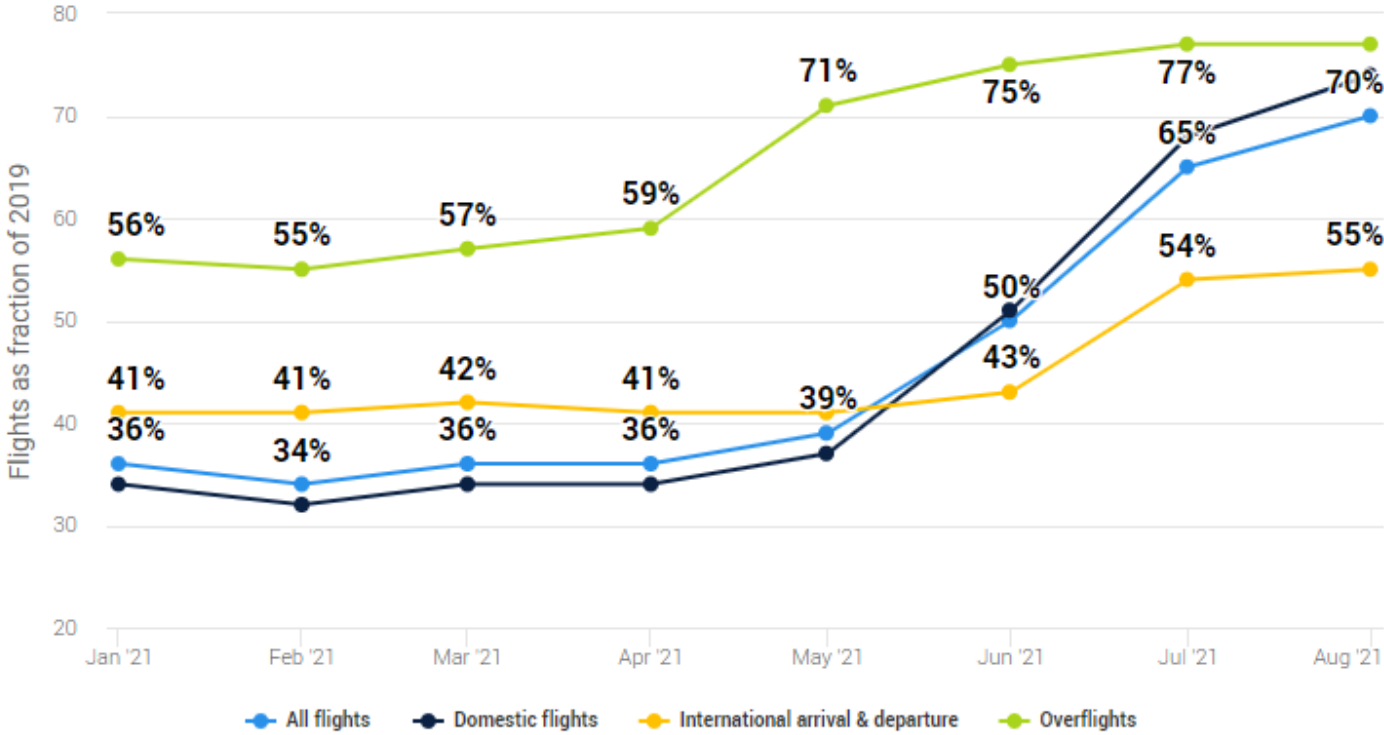
**Raw materials and machinery led growth of both US air imports and exports**

# During August, international flights were back to 55% in Europe

There is a wide variation between countries and traffic flows to each country

## European flights recovery vs pre-Covid levels

Flights as fraction of 2019







International arrivals and departures include long- and short-haul, and both passenger and cargo flights. COVID-19 passenger travel restrictions have mostly affected international passenger flights and this is reflected in the relatively low figures for international flights (as compared to domestic ones). From the graph, UK and Norway remain particularly weak on this flow: still less than half of 2019 levels. Key holiday destinations, on the other hand, saw a rapid recovery in July and even more in August.

Source: <https://www.eurocontrol.int/publication/eurocontrol-data-snapshot-16-recovery-wide-variations>



# Air freight market overview

Rates out of China are near to the highest ever levels and we see more pressure with the holiday week disruption

TRADE LANE	COMMENTS	RATES AND SPACE	
Exports from China / Hong Kong	<ul style="list-style-type: none"> <li>There have been confirmed covid cases in HKG cargo terminal found on OCT 8th. As an immediate consequence, there is 25% of the workforces decreased Rates have increased to US and Europe</li> </ul>	↑	
Exports from JP, KR and South Asia	<ul style="list-style-type: none"> <li>The market demand remains strong through Q3 and extended transit times are expected. More ocean to air conversions are also contributing to higher rates.</li> <li>Some carriers have increased rates to EUROPE going into Q4. The market is tight and will continue through China's National Day Holiday in October</li> </ul>	↑	
Exports from India/Bangladesh	<ul style="list-style-type: none"> <li>Due to covid restrictions situation is critical on space, still more challenge for OCEAN than AIR.</li> <li>All airlines facing issues to get onward for US/Canada specially LAX is very difficult, average transit time 7-9 days</li> </ul>	↑	
Export from Europe	<ul style="list-style-type: none"> <li>European carriers still offer services from Asia to the US East Coast via European hubs (AMS/FRA/CDG), substituting for the heavy demand on the Transpacific. Far East eastbound cargo back to full operational capacity</li> </ul>	→	
Exports from NAM	<ul style="list-style-type: none"> <li>Export demand from the US remains steady and stable, additional capacity on November on trans Atlantic. Large shipments from all major outbound gateways in the US can take 2 to 4 days from booking to uplift into key European and Asian destinations.</li> </ul>	→	