

# DSV Market update

January 2022



# Global COVID-19 Global Status Overview

The W.H.O. warned that more than half of Europe could be infected with the Omicron variant within six to eight weeks

## EUROPE

**Europe:** The number of new cases has grown exponentially since the beginning of the year, the less vaccinated nations in Europe have recorded more than seven million cases in the first week of 2022, more than doubling over a two-week period. Italy required all workers 50 and older to be vaccinated.

**UK:** Britain Introduces Tougher Covid Measures People in England will be urged to work from home and have to show proof of vaccination.

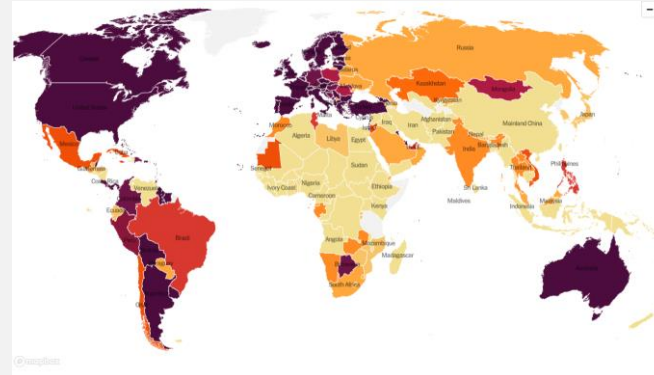
## NORTH AMERICA

With the Omicron variant spreading rapidly, the country is averaging more than 700,000 new cases a day, far more than at any previous point in the pandemic. Omicron appears to cause less severe illness than prior forms of the virus, but has contributed to a surge in hospitalizations

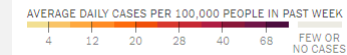
## LATIN AMERICA

Flights to Colombia has been cancelled

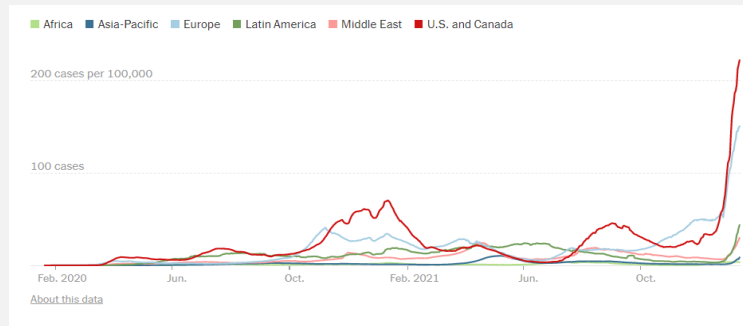
## COVID-19 Hot Spots



### Hot spots



## Cases per region: Peaks in Europe and US & Canada



## AFRICA and MIDDLE EAST

**South Africa** early reports from South Africa, where Omicron is prevalent, indicate that it spreads faster than previous variants but may cause less serious illness.

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

## ASIA PACIFIC

**China:** China declared victory over an outbreak in the city of Xi'an but has left in place most lockdown measures as the country continues its zero-Covid strategy. With officials on edge over the start of the Winter Olympics next month in Beijing, more than 20 million people in at least five cities remained confined to their homes.

**Indonesia:** Lock downs of population, DSV staff is working from home at the moment

**Hong Kong** Government reimposed strict social distancing regulations Cathay Pacific announced immediate major cuts to its to & from Hong Kong flight schedule both passenger and cargo services

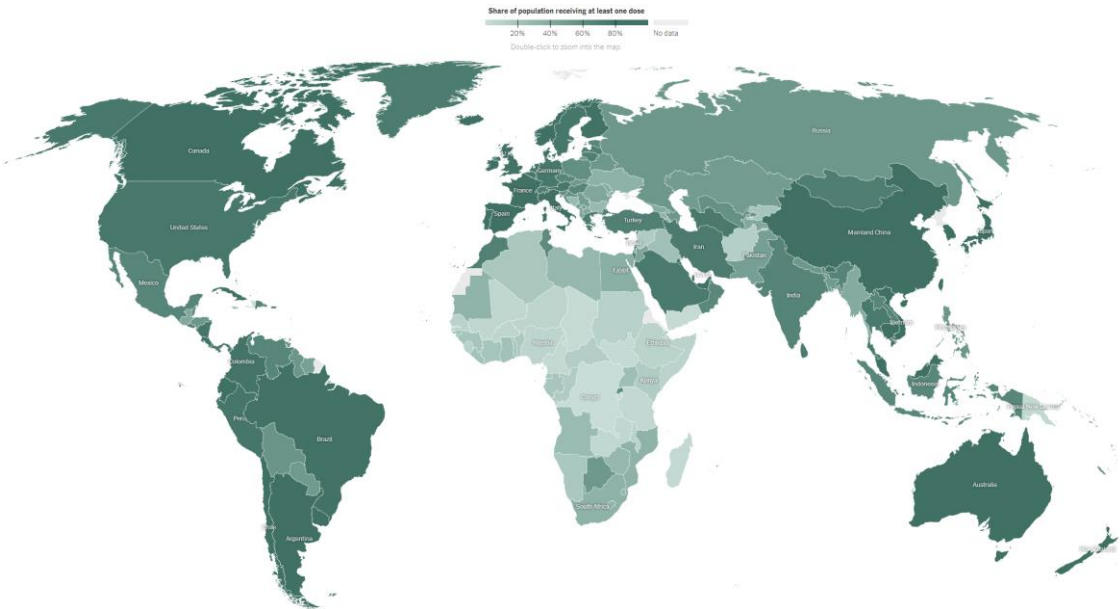
## INDIAN SUB-CONTINENT.

**India:** banned political rallies for a week as cases soared, But election officials said that local assembly elections in five states, representing a total population of about 250 million, would proceed as planned starting in February.

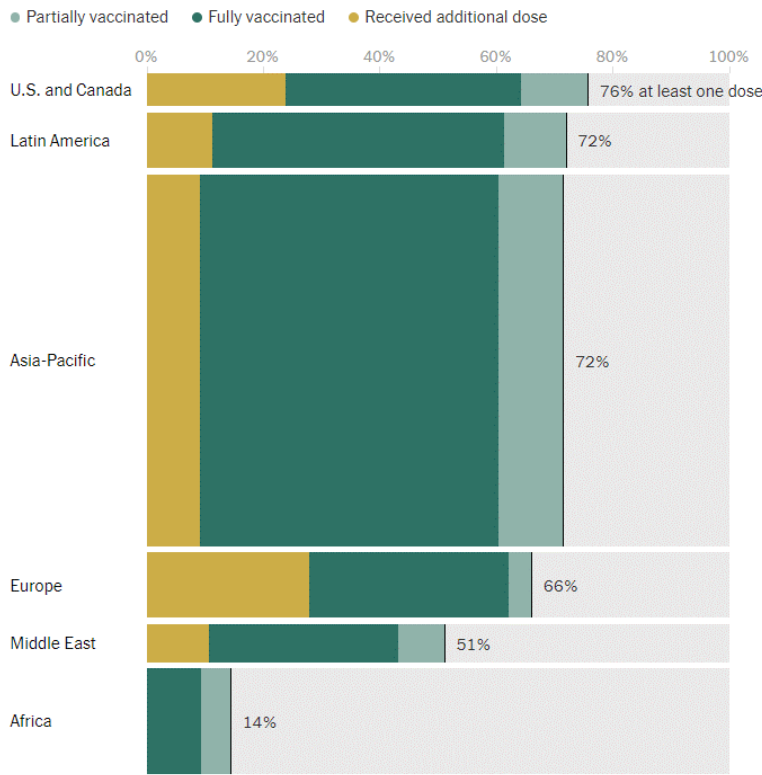


# More than 4.69 billion people worldwide have received a dose of a Covid-19 vaccine, equal to about 61.1 percent of the world population.

% of Population with COVID-19 vaccination with at least one dose



Vaccination rates by region



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

# China update



DSV

# COVID China Zero tolerance and its impact on operations

## Latest status in Tianjin & Xi'an as of week 2

### Tianjin

- Community lockdown in place. Efficiency of operations is impacted.

#### Xingang Terminal

- Terminal operations continue to proceed.
- On-shore & off-shore CY operation for inbound containers is impacted.
- Empty containers can be picked up from CY for export, and laden containers can be gated into terminals.
- Vessel berthing continues to proceed, no official notice from carriers for vessel omission.
- CFS operation reopened for inbound LCL shipments release.

#### Road Transportation

- Road transportation in/out Tianjin still face efficiency problem due to diversified certificate requirements.

#### Tianjin Airport

- Terminal operations is impacted partially, warehouse handling impacted due to manpower shortage. Import bonded warehouse operations opened.

### Xi'an

- Community lockdown in place. A "Temporary Electronic Pass for Freight Vehicles" has been specially issued for transportation of necessities and medical supplies, and the rest of the activities and transportation will be suspended until further notice.

#### Xi'an Airport

- Most International & all domestic pax flights have cancelled.
- Terminal handling for normal cargo has been suspended due to strict control, such as isolation of airport personnel and trucking restriction.

#### Road Transportation

- Pickup/Delivery for normal cargo within/to/from Xi'an cannot be arranged for the time being.

#### Rail Transportation

- Rail service is still available in/out Xi'an station, but huge congestion & backlog to/from Xi'an Station, therefore we do not recommend transporting cargo from Xi'an railway station for any goods which are urgent for your production line
- Limited capacities and slow moving due to road restriction and strict epidemic prevention measures



# Other relevant Covid-19 disruption updates

- **Re-opening border between Vietnam and China:** The border and customs clearance at Dongxing between China and Vietnam is reopening after having been shut for 3 weeks.
- **Yangtze river:** 200 river pilots on the Yangtze River have been quarantined. This has significantly reduced river traffic connecting Shanghai to the inland parts of Shanghai. Not only does this impede the export of cargo from central China, it also impedes the movement of empty containers back into central China.
- **Port of Ningbo:** Trucking operations slowed last week after health authorities imposed testing requirements on drivers and forced factories to close. Trucking services in Jinhua Yongkang, the mid-high-risk area in the Beilun factory district and the area outside the Zhejiang province, are suspended under the strict regulation by the epidemic prevention policy.
- **Hong Kong-based airline Cathay Pacific** has scaled back by two-thirds all-cargo flights because of strict quarantine restrictions for pilots, while the city has banned flights from eight countries, including the U.S., for two weeks.
- **Winter Olympics:** 4-20 February, it is still uncertain what the implications of the event, as no official control policy has been published yet, it is expected more security controls in road and not sure about discontinuity of some factories.



# Overview of power curbs in multiple origins

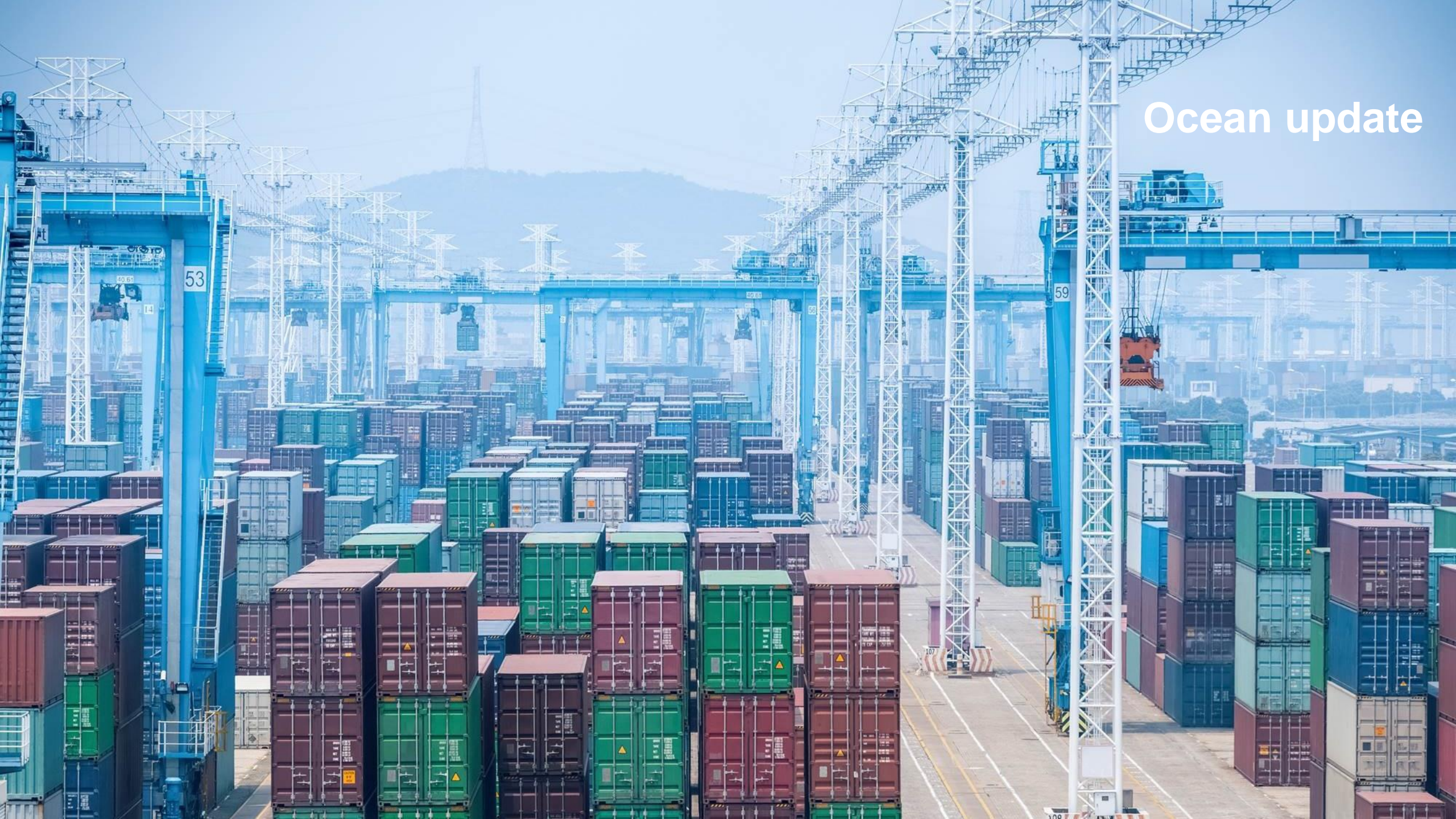
## Week 2

Origins	Market Influence	Grade
Dalian	Although the power outage can range from a few hours to a few days, only few factories are subject to power restrictions, almost no impact.	Green
Tianjin	The Winter Olympics and power rationing in winter is expected that nearly 1/3 of small factories will take holiday in advance in the 2nd half of January. The estimated impact would be around 25%.	Orange
Qingdao	The power curb impact had been moderated in Shandong province. The influence is less than 10%.	Green
Nanjing / Suzhou	The extent of power rationing is reduced, with impact dropping to around 5%	Green
Shanghai	No big variance in previous weeks after National Day. As the volume is still stable, still around over 4000+ TEU ex SHA.	Green
Ningbo	The power rationing measures have ended for the time being. Although it might be reimplemented again, there's no impact towards factories at present.	Green
Xiamen	Based on the current supply and demand situation, from Nov.01, the implementation of the power rationing have been temporarily suspended.	Green
Fuzhou	Based on the current supply and demand situation, from Nov.01, the implementation of the power rationing have been temporarily suspended.	Green
Shenzhen	The power rationing keep running and overall impact on production capacities reduce by 5-8%.	Green
Guangzhou	Power rationing is on-going, some factories will delay the order after CNY holiday. Overall productivity capacity is reducing around 4-8%.	Green
Zhongshan	Towards the arrival of the lunar new year, the power control measures have not changed, and the impact is about 8%.	Green

Grade	Green	Yellow	Orange	Red
Influence	0-10%	10-20%	20-30%	over 30%



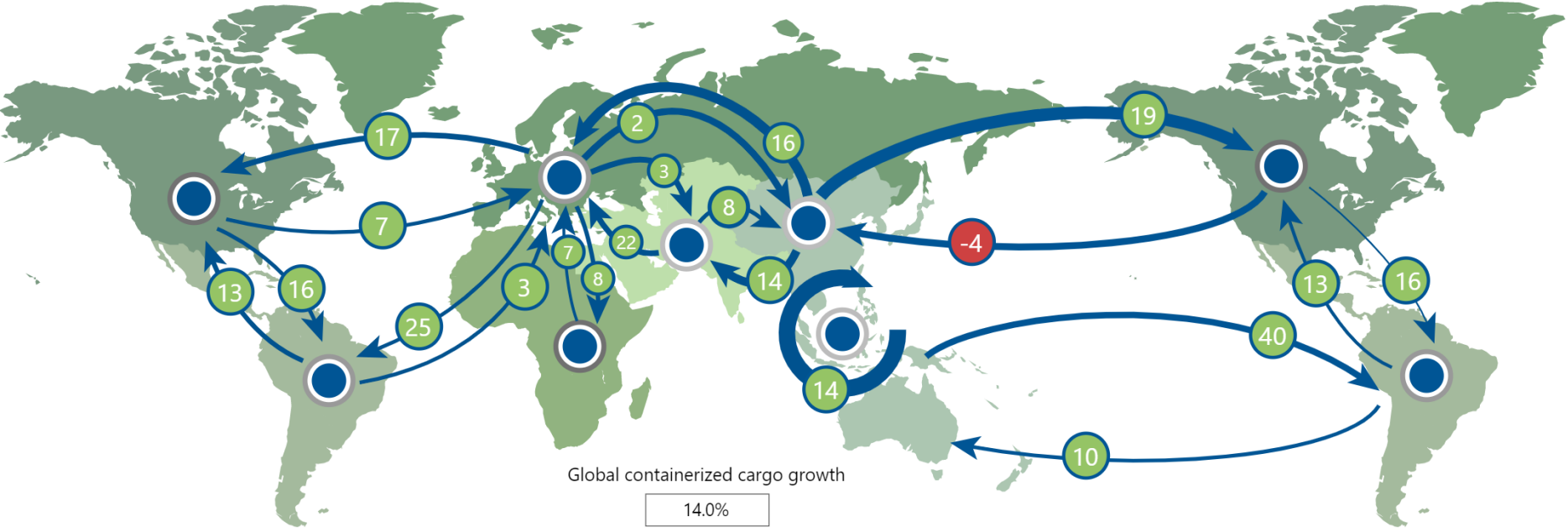
Ocean update





# Global container grew 14% (Jan-Oct 2021)

China to USA was the biggest trade in terms of containers transported



Waiting to receive last November and December numbers we can see that global port congestion could slow total growth for 2021

# The Impact of COVID-19 on our Industry, especially the US

## Congestion: COVID-19 slows operations for ships and ports



### Strong demand of products

Due to COVID 19 consumers under pandemic situation buy more products online. Therefore, the container volume has grown 25 % (pre-covid). Supply chains have experienced unprecedented disruptions. Manufacturers are producing fewer goods as they face their own difficulties. Additionally, some facilities are unable to operate efficiently due to workforce reductions and/or regional lockdowns, or due to illness within the workforce.

([www.marshmcclennan.com](http://www.marshmcclennan.com))



### Limiting Factors

The global demand for goods has created all types of imbalances and shortages in global ocean shipping networks.

- Vessel anchorage / Port cancelations
- Container Dwelling
- Chassis/Rail Cart Shortages
- Volume Vs. Work Force (Labor Disruptions)
- Hinterland Capacity
- Equipment Shortages/Imbalances

(<https://unctad.org/>)

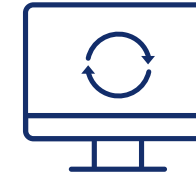


### Impact

Since the second half of 2020 there has been an increase in freight rates. While demand for containerized goods has been higher than expected, shipping capacity has been constrained by logistical hurdles and bottlenecks and shortages in container shipping equipment.

Unreliable schedules, and port congestion have also led to a surge in surcharges and fees, including demurrage and detention fees.

(<https://unctad.org/>)



### Status Quo

- Ships are stranded offshore for days, even weeks, waiting to unload in some areas.
- Containers are buried in enormous stacks in clogged terminal yards.
- Trucks wait in line for hours (up to eight or nine hours in some cases) to pick up a single container.
- Equipment imbalance creating shortages in areas in desperate need of them.

(<https://yuken-usa.com/>)



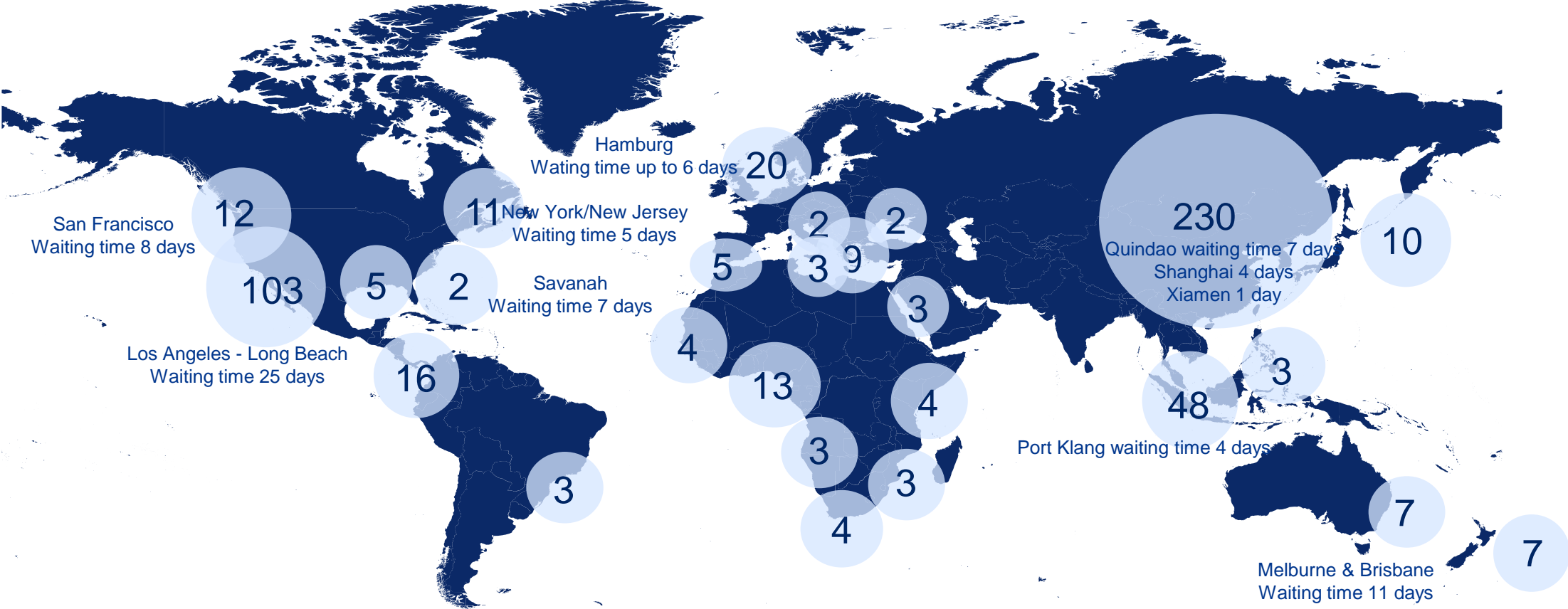
### Outlook

- This situation is not only affecting the US but the whole globe.
- It's unreasonable to think that these issues are going to be resolved in a speedy manner, especially considering how long some places were/still are closed due to COVID.
- The crisis does not just affect ocean shipping but the entire supply chain.
- This situation is likely to continue until late 2022.



# Global port congestion

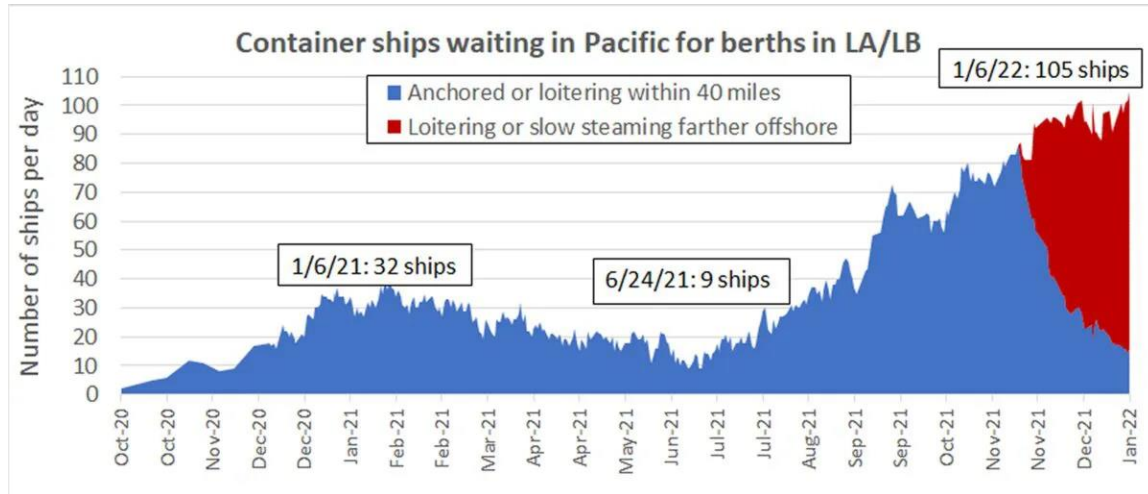
11.5% of global vessel capacity is unavailable, terminal congestion in Europe seem to continue worsening and no improvements in Los Angeles



Source: Marine Traffic January 10h 2022

# 105 container ships are waiting to dock at California ports

16 vessels at the port waters while 89 were further out



- **Anchorage not improving:** The Marine exchange confirmed 16 vessels were in port waters and 89 were or slow steaming outside the newly designated Safety and Air Quality Zone, which extends 150 miles to the west of the ports and 50 miles to the north and south.
- Most of the vessels loitering or slow steaming are located of the Baja peninsula, waiting for berth.

Source: Marine Traffic January 10h 2022



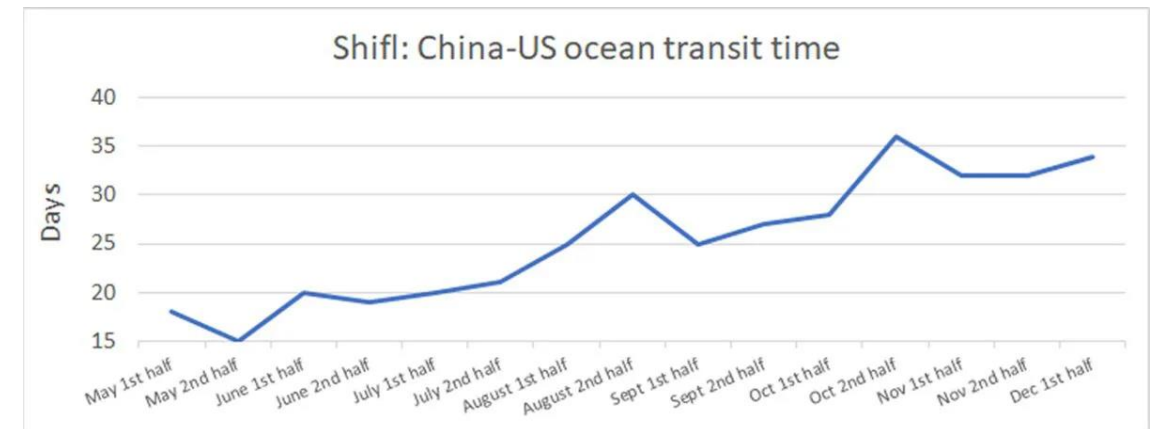
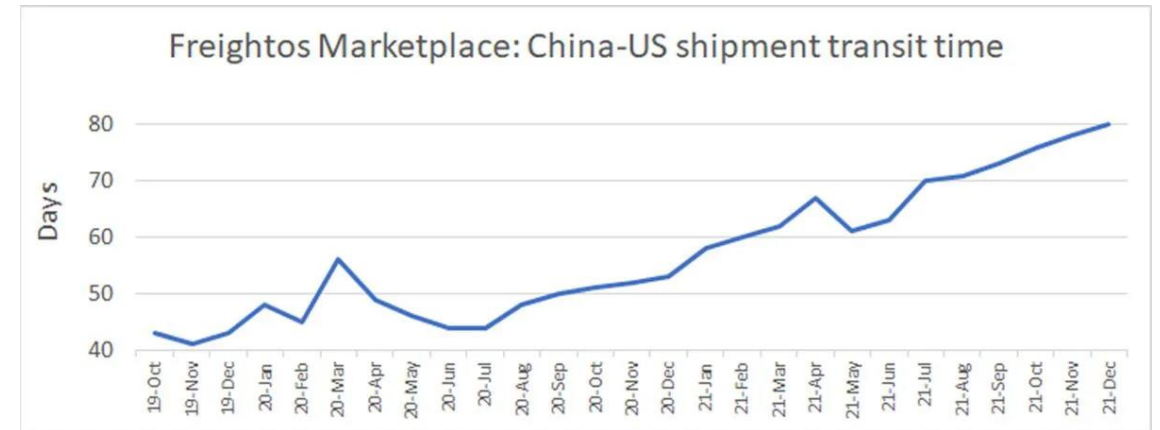
# Imports take ‘dramatically longer’ to reach US as bottlenecks bite

The trans-Pacific cargo move can now take over three months. According to multiple sources, average transit times have risen to double pre-COVID levels — and they’re still increasing.

Methodologies and data sources differ, so time estimates vary. But each dataset shows the same trend: With every passing month, more vessels, container equipment and goods inventories are getting waylaid in the Pacific.

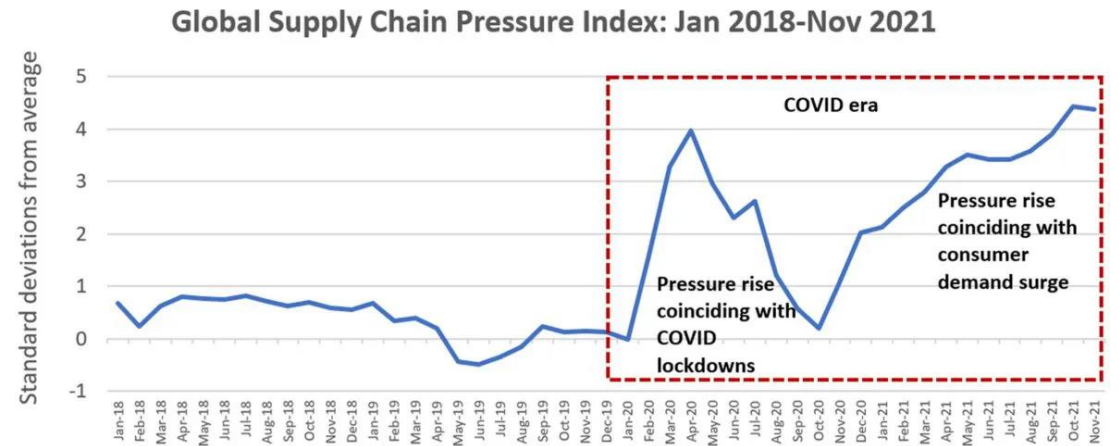
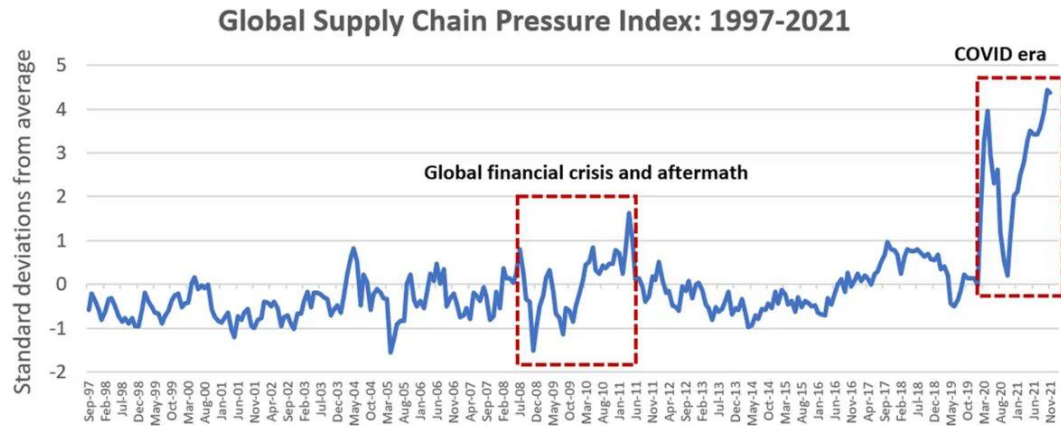
The average monthly transit time is measured from China to U.S. ports, with the majority going to the West Coast ports. The delivery times are measured on an end-to-end basis, generally warehouse to warehouse.

Freightos calculated that it took **an average of 80 days** in December for trans-Pacific cargo, with FCL at 72 days and LCL at 82 days. The average transit time is **51% or 27 days higher than in December 2020** and **86% or 37 days longer than in December 2019**, pre-COVID.



Source: Freightos and Shifl

# New index measures supply chain pressure — and it's really high



Researchers at the New York Federal Reserve have a new way to measure the logistics chaos that's being partially blamed for consumer price inflation: the Global Supply Chain Pressure Index (GSCPI). The new measure aggregates 27 indicators — including two shipping indexes, the Baltic Dry Index (BDI) and Harpex index — into a standard deviation from the average since 1997. It's designed to provide a more comprehensive summary of potential disruptions affecting global supply chains.

But the index decreased just 1.4% in November from October, after rising 2,115% between October 2020 and October 2021. The index is at the historical highest levels and it seems that it will recover very slow.

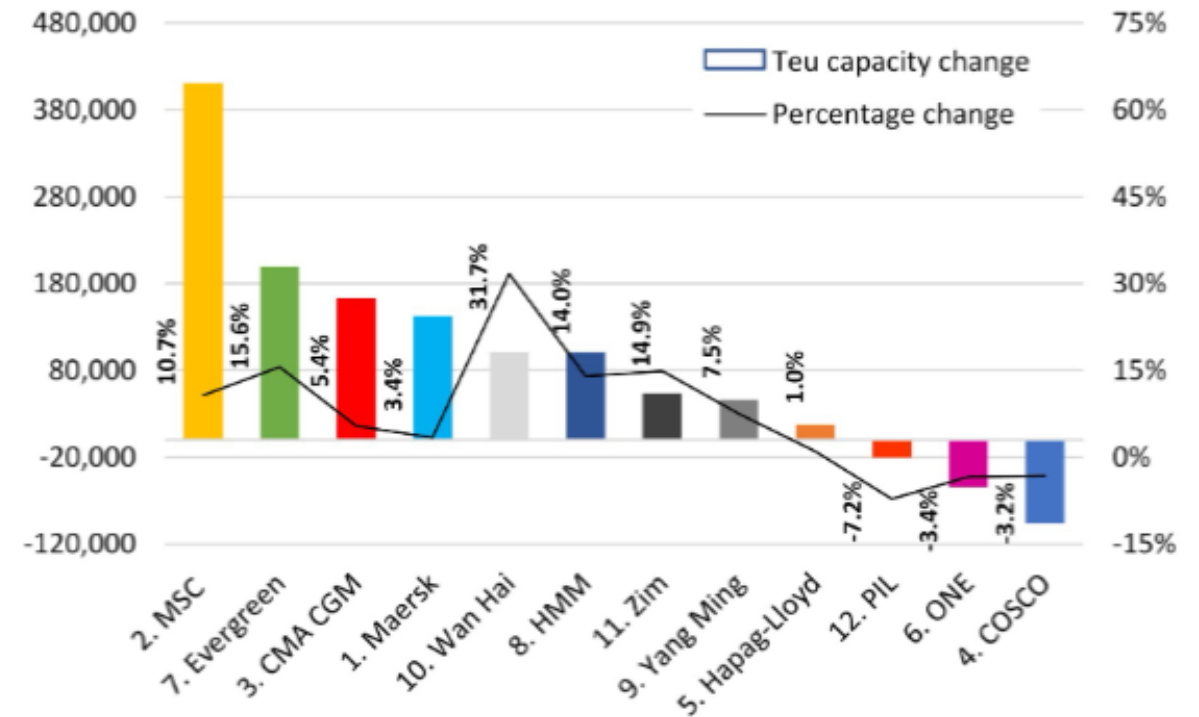
*Source:* data from Gianluca Benigno, Julian di Giovanni, Jan Groen and Adam Noble



# MSC and Wan Hai Lines are biggest winners in bullish 2021

Year on year capacity comparison on the top-12 carriers shows major discrepancies between winners and loser

- MSC's raid on the second hand market helped to add almost 411,000 slots
- Wan Hai registered the strongest growth percent with a 31,7%
- COSCO and ONE saw their fleets decline
- The SCFI reached a record high of 5,047 points on the last day of 2021



# Trade Update

## Asia Pacific Equipment Situation

SOUTH EAST ASIA					
Location	20DV	40DV	40HC	20RE	40HR
PORT KLANG	-	-	-	D	S
PENANG	D	D	D	-	S
PASIR GUDANG	D	D	D	-	S
HO CHI MINH / VUNG TAU	D	D	D	S	D
TANJUNG PELAPAS	-	-	D	-	-
HAIPHONG	-	D	D	-	S
DANANG	D	D	D	-	S
QUINHON	D	D	D	-	-
JAKARTA	-	-	D	S	S
SURABAYA	D	D	D	-	S
SEMARANG	D	D	D	-	-
BELAWAN	D	-	D	-	S
PANJANG	D	S	-	-	D
PALEMBANG	D	-	-	-	-
SINGAPORE	D	D	S	S	S
BANGKOK	D	D	D	-	-
LAEM CHABANG	D	D	D	S	-
SONGKHLA	D	D	D	-	S
CAMBODIA	-	D	D	-	S
**YANGON	D	-	D	-	D
MANILA	S	D	D	S	S
CHITTAGONG	S	-	-	-	-

\*\* basis on current political situation \*\*

Update as of 24<sup>th</sup> December 2021

D – Deficit  
S – Surplus

CHINA					
Location	20DV	40DV	40HC	20RE	40HR
DALIAN	D	D	D	-	-
XINGANG	D	D	D	S	S
QINGDAO	D	D	D	-	D
SHANGHAI	D	D	D	S	S
NINGBO	D	D	D	S	D
HONGKONG	D	D	D	S	S
SHEKOU	D	D	D	-	D
YANTIAN	D	D	D	-	D
XIAMEN	S	D	D	-	D
QINZHOU	S	S	S	-	-
SHANTOU	D	D	D	-	-
FUZHOU	D	D	D	-	-
KAOHSIUNG	D	-	D	-	S
TAICHUNG	D	D	D	-	S
KEELUNG	D	-	-	-	S

JAPAN					
Location	20DV	40DV	40HC	20RE	40HR
YOKOHAMA	S	D	D	S	S
TOKYO	S	S	S	-	S
NAGOYA	-	-	D	-	-
OMAZAKI	-	-	-	-	-
YOKKAICHI	D	D	D	-	-
OSAKA	S	-	-	S	S
KOBE	D	D	D	-	S
HAKATA	-	D	D	-	S

SOUTH KOREA					
Location	20DV	40DV	40HC	20RE	40HR
PUSAN	D	-	D	S	S
KWANGYANG	D	D	-	-	-
SEOUL / INCHEON	D	-	D	-	-

### Container shortage & Poor schedule reliability:

- All equipment types remain tight across Asia.
- Capacity discipline among carriers is expected to remain unchanged
- Shipper should consider booking as early as possible 3-4 weeks in advance.

Update as of 24<sup>th</sup> December 2021

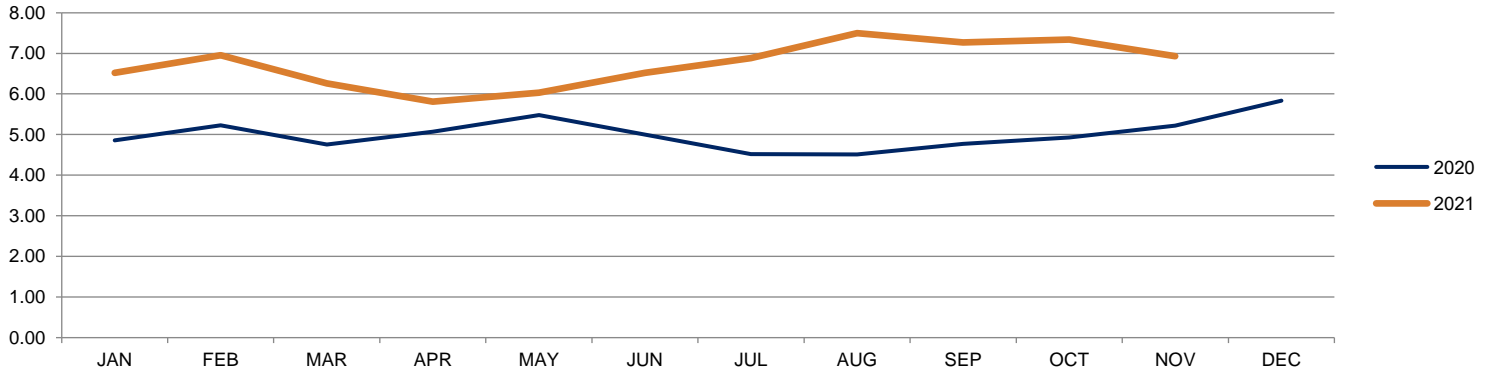
Fully Covered	No pick up control
Tightly Covered	Require pick up control (e.g. CY-6)
Gap	Supply gap within 1 day
Shortage	Consecutive supply gap, requires EQU prioritization

Port	Supply vs. Demand Traffic Light							
	Week 51				Week 52			
	20GP	40GP	40HQ	45HQ	20GP	40GP	40HQ	45HQ
YAT								
IWN								
NAN								
HKG								
SGH								
NPO								
XIM								
FOO								
TST								
HSK								
DAI								

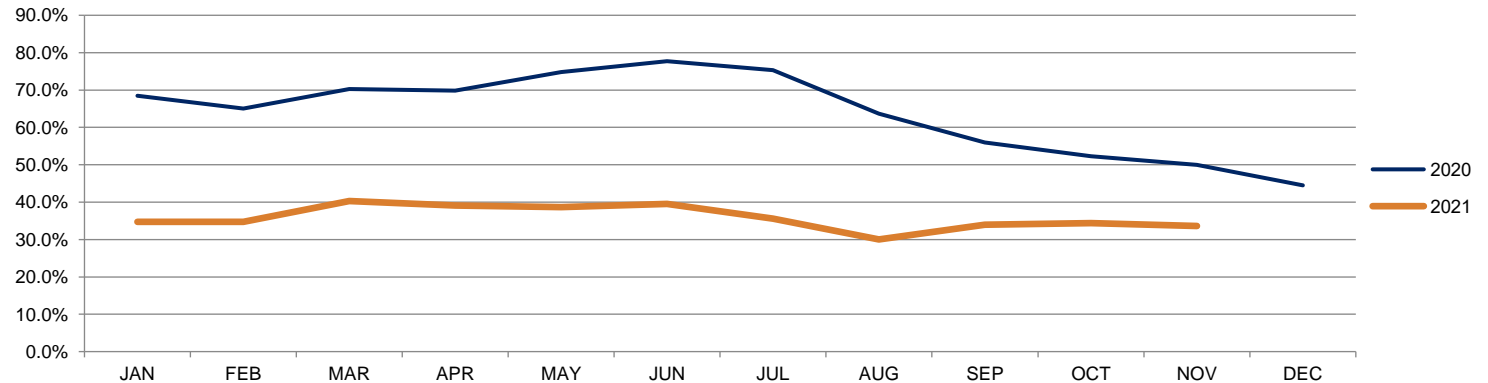
# Schedule reliability recorded a marginal improvement

Small improvement, only ASIA EROPE had an improvement to 24%

Average delay of late vessels



Schedule Reliability



Source: Sea-Intelligence Maritime Analysis

Vessel reliability per tradelane:

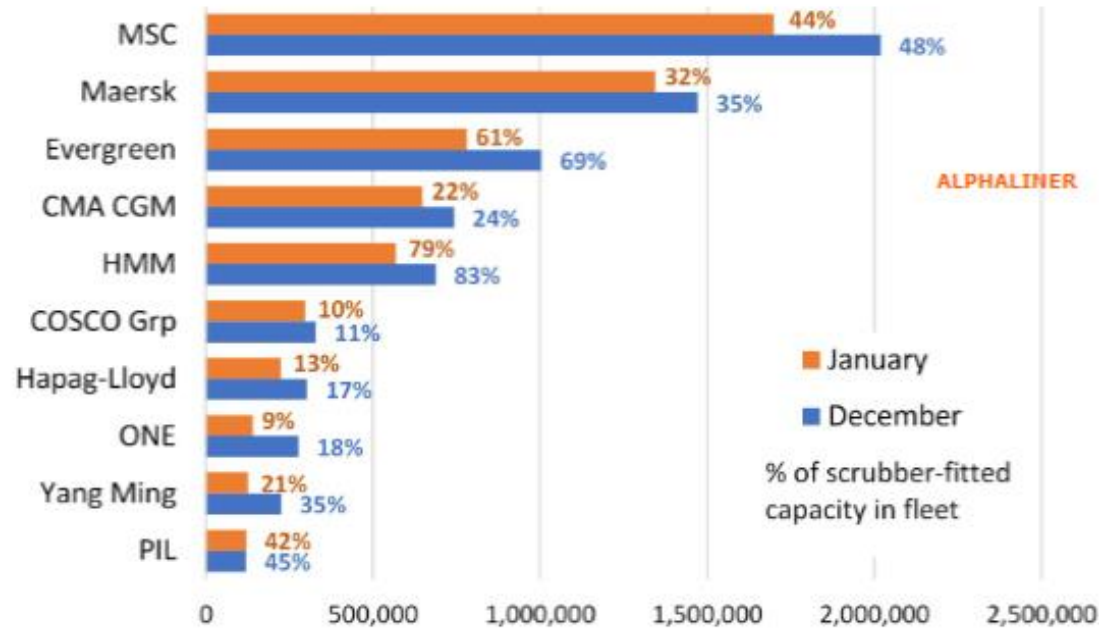
- ASIA – North America: **10% reliability** 13 days of delay (not improving)
- ASIA – EUROPE: **24% reliability** and 8 days of delay (2% more worst)
- EUROPE – North America: **35%** and 8 days of delay
- EUROPE – ASIA: **13% reliability** and 8 days of delay
- ASIA – OCEANIA: **11,5% reliability** and 9 days of delay





# Scrubber-fitted capacity reaches 30% of fleet

Scrubber-fitted capacity (teu) by carrier and proportion fleet



The number of scrubber-fitted container ships has raised to 850 as of 20 December, an increase of 150 ships compared to the start of the year. The total capacity of the scrubber-fitted fleet now equals 7.52 Mteu – just shy of 30% of the total container fleet, up from 25% at the start of the year.

Owners and scrubber-fitted tonnage are once again enjoying the benefits of a significant price gap between low and high sulphur bunkers, with the greatest advantage being felt Asia.

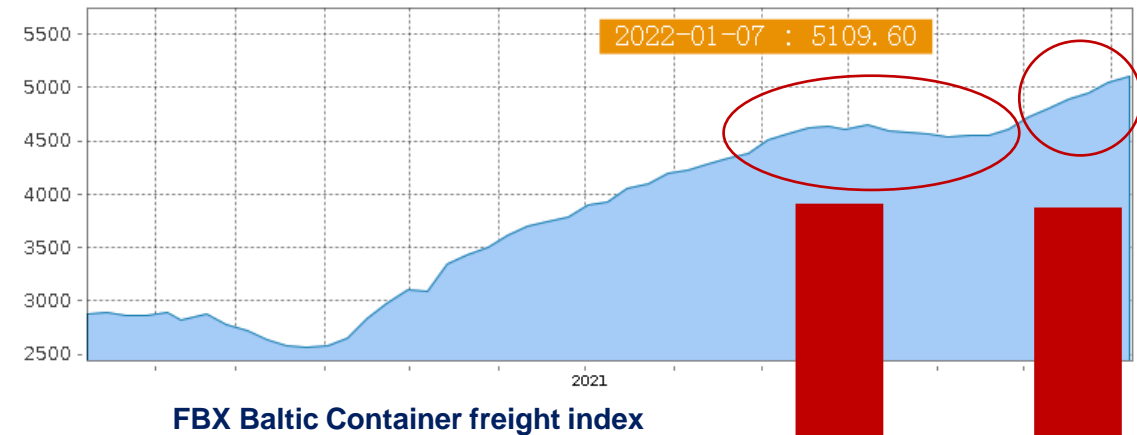
Source: Alphaliner

# Container index: Discrepancy between FBX index and SCFI

FBX Baltic index shows real “spot” rates while SCFI shows contract levels

- **The SCFI index** when the market increased after Shenzhen closure exploded last July 21, the index was "frozen" and did not reflect the increase in the market.
- Shipping companies **implemented surcharges** and additional to load cargo and the SCFI did not include.
- The **FBX BDI considers all the cost with surcharges** billed and it reflected all the increases on July 21
- **The SCFI is up**, at the moment while **FBX is going down** since it peaked on November 21
- The FBX is down because shipping companies are applying **fewer surcharges** to current contracts, while raising prices to all shippers through the new contracts and this is why SCFI is increasing, the gap between contract and spot rates is being reduced and we see both index should align.

Shanghai Containerized Freight Index

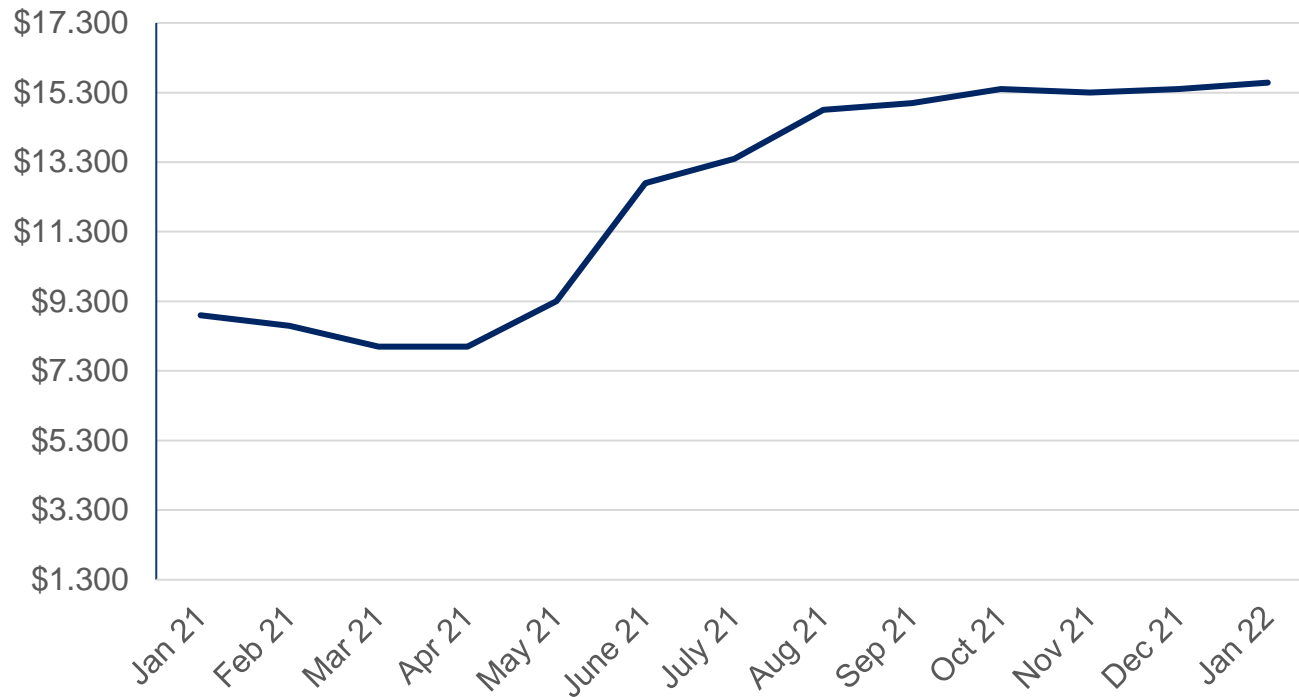


Source: Freightos FBX BDI index and SCFI -

# Ocean Freight Asia - Europe

Rates are increasing, space is under pressure

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



Source: SCFI Week 02-2022

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

### All time high for SCFI levels

#### SCFI Levels Week 2-2022:

- Shanghai – North Europe: USD 15,594/ FEU
- Shanghai – Mediterranean: USD 15,040/ FEU

- Capacity is key – more than ever before
- SCFI has reached it's all time high - it might increase further on short notice prior chinese new year.
- Carriers hardly grant any space without allocation
- Spot „premium“ rates seem stable

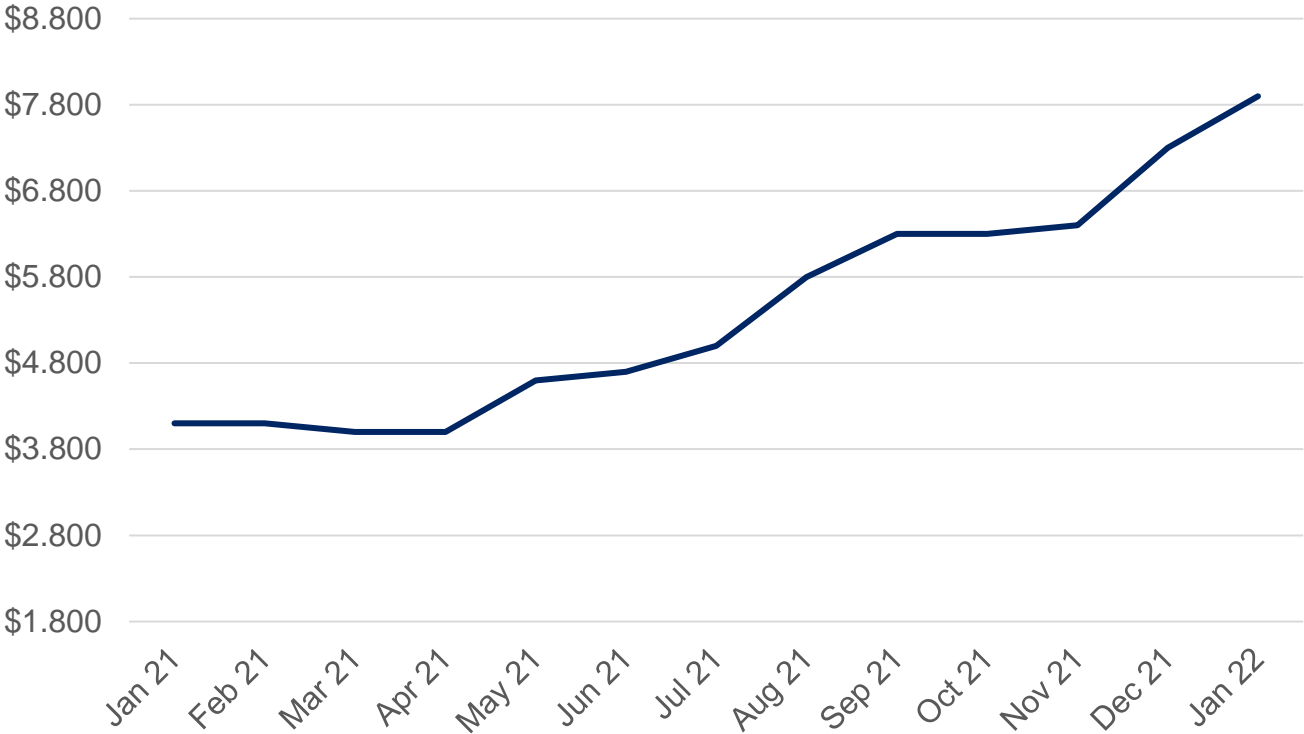
Ongoing service disruptions with severe delays lead to some port omissions. Due to the upcoming CNY, various omissions are expected in February week 05 + 06



# Ocean Freight Asia - North America

Rates are increasing again, cargo is increasing to east coast due to situation in Los Angeles

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



Source: SCFI Week 02 2022

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

**Lines are still blanking sailings to the USA due to the congestion and for them to get their schedules back**  
SCFI Levels Week 02-2022:

- Shanghai – US West Coast: USD 7,994/ FEU
- Shanghai – US East Coast: USD 11,729/ FEU

**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.**

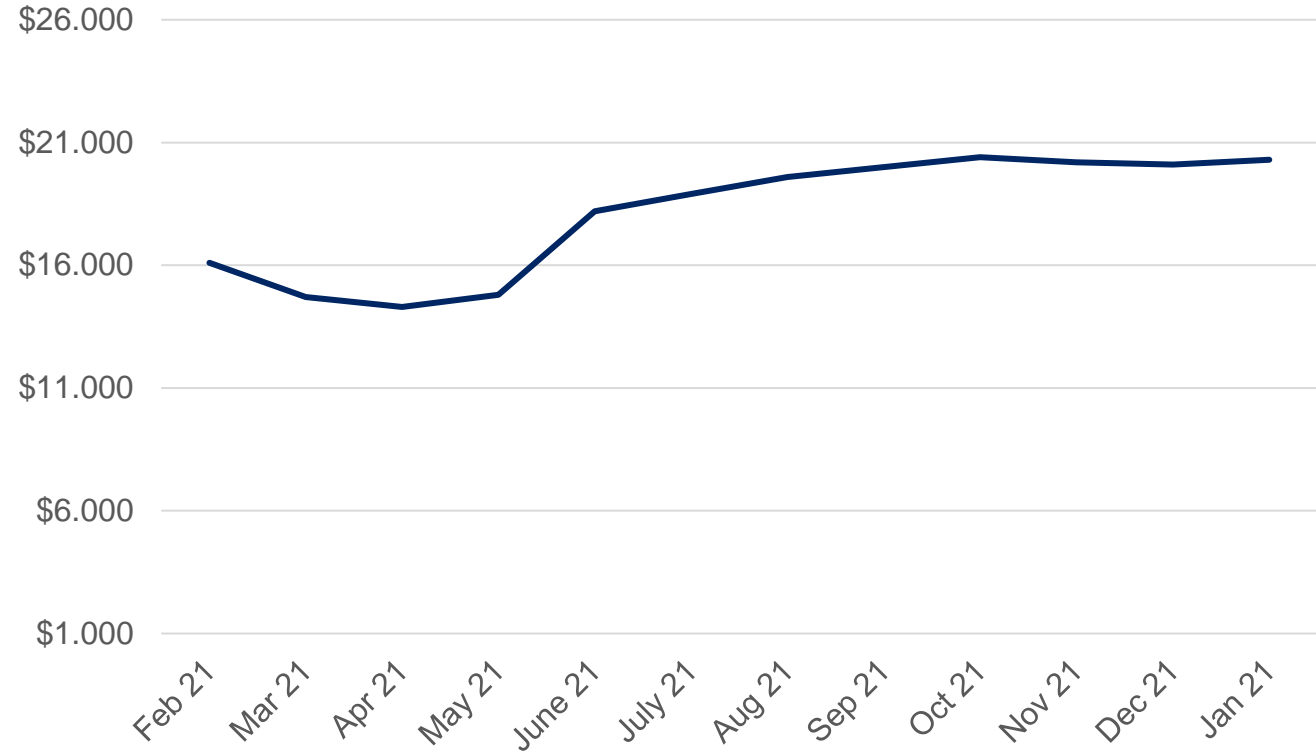
- The market remains strong and we see increases in the premium spot rates for this month.



# Ocean Freight Asia – South America (East Coast)

Capacity remains unchanged

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



Source: SCFI Week 02-2022

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 02-2022:

- Shanghai – Santos: USD 20,336/ FEU

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

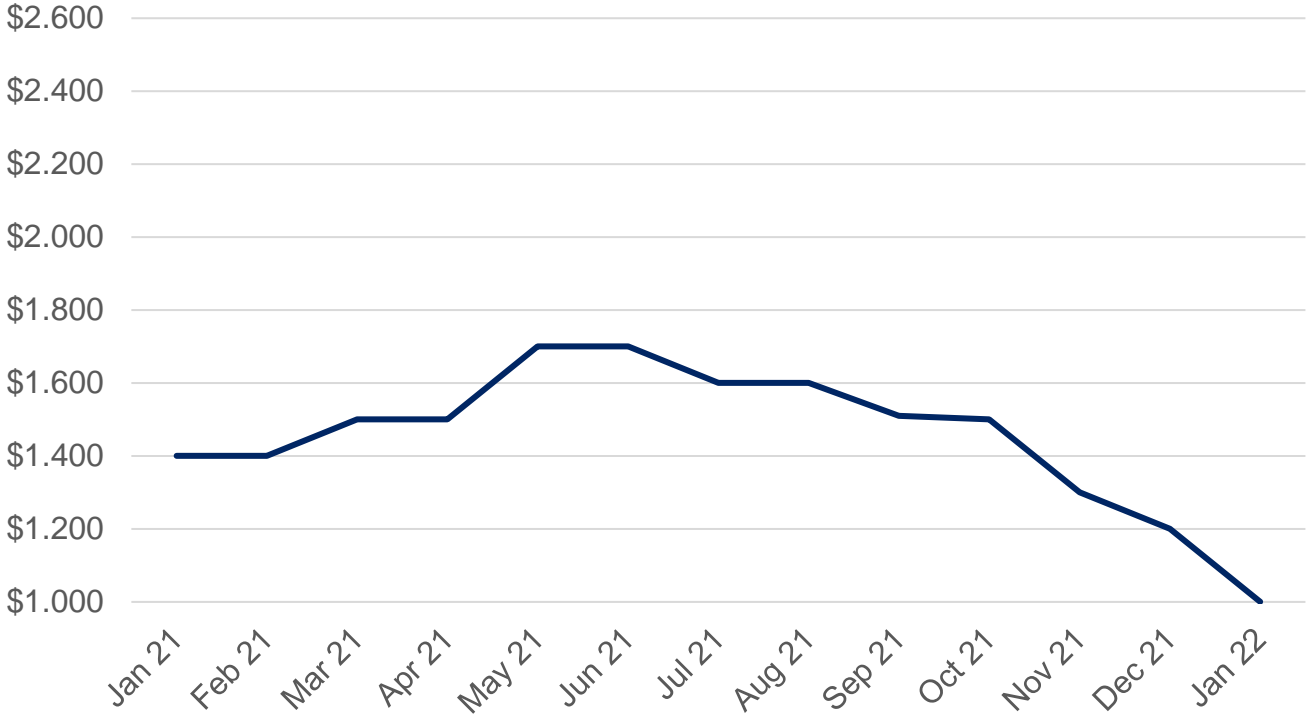
- ECSA: Average of 30K TEU/week supply + European routing (adding up to 8-10%).
- WCSA/MEX : Average of 78K TEU/week supply.



# Ocean Freight Europe – Asia

Space available with ongoing operational challenges

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



Source: Freightos Baltic Week 02-2022

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 02-2022:

- Europe to ASIA : USD 1,038/ FEU

### Ongoing softening in the spot market

- Sufficient space available on the majority of loops
- Ongoing operational challenges due to port congestion, vessel delays and equipment availability problems
- Overall weak volume production during slack season
- Volumes are expected to remain soft during Jan

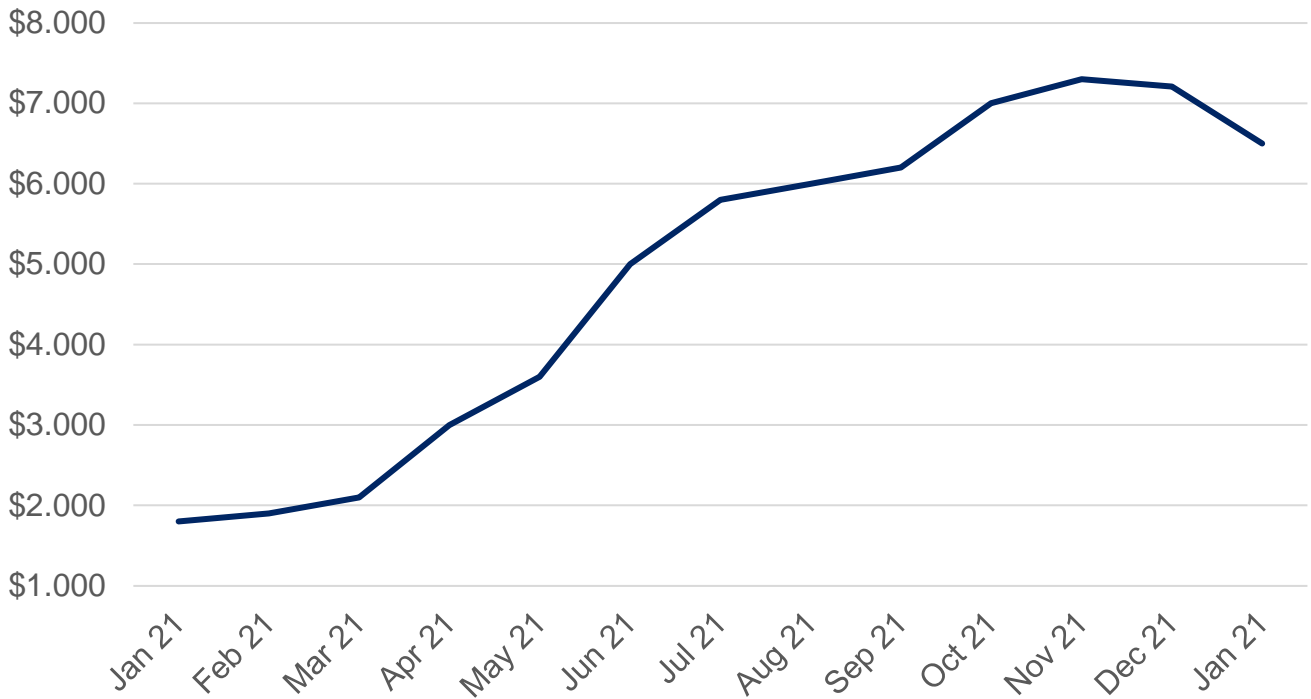




# Ocean Freight Europe – North America

Situation unchanged, space and equipment are the key issue

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



Source: Freightos Baltic W02-2022

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 02-2022:

- Rotterdam – New York: USD 6,528/ FEU

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

- Congestion surcharge in place by majority of Ocean Carriers for United Kingdom ports.
- Ocean freight rates are stable. Q4 levels are in line with the previous Q2 '21 FAK levels .The majority of ocean carriers have not sent GRI notices.

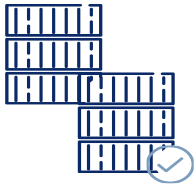


# Trade Update

## Intra Asia



### Demand



- Upcoming Pre-CNY peak combined with COVID development implies continuous capacity shortages, especially in countries / areas in lockdown
- Major ports like Ningbo, Tianjin, Xian have been under lockdown. Port congestion and schedule reliability is likely to be greatly impacted due to this.
- After COVID lockdown, SEA countries export rebounded which led to growing equipment / space demand ex SEA POLs
- Singapore and Port Klang have serious port congestion problem and waiting time can be up to 7 days.

### Rate



- Westbound space & equipment situation will remain extremely tight in Q1
- IA Short Sea see rate level surging >100%
- Escalating Bunker / LSS will be continued
- Carriers are reluctant to quote for long term rate due to the uncertain market

### Supply



- Temporary Cargo Suspension to South China before CNY induces space shortage, equipment imbalance and port congestion during CNY
- Continuous or last-minute blank sailings lead to low schedule reliability & capacity reduction
- Structural equipment shortage in most Asian ports
- Carriers reduce APAC capacity to cope with EU and TP volume
- Chartering keep hitting record high and insist for longer period contract, min 3 yrs
- Based on the above, most carriers are reluctant to offer additional capacity for short term or next year







# Airfreight Update

# What to expect from 2022 and beyond?



## Air trade

- Key indicators hint towards continued autonomous air trade growth in coming months
- Ocean congestion unlikely to be fully resolved in 2022
- Demand and supply likely to remain out of sync



## Air capacity (2022)

- Pandemic's global development will dictate recovery of international widebody passenger flights
- Freighter capacity is likely to be sustained for as long as strong air trade demand persists



## Air capacity (Long Term)

- Many freighter aircraft will have reached retirement age by 2025
- Current (factory-built) freighter order book is rather limited
- Unsure how many planned conversions will materialize



# 2021 Summary of the airfreight industry

2021

**+15pp**  
Global air cargo  
load factor



All-time  
high:  
**25M**  
Tonnes air  
trade



**+240k**  
Tonnes from  
China to US  
vs 2019



International air  
cargo capacity

**-9%**  
vs 2019



**1450**  
Widebody  
passenger  
aircraft parked



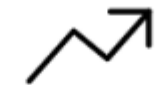
**+200%**  
Air cargo yields

Asia Pacific  
export growth  
YTD  
**+1.1M**  
tonnes



Automotive  
rebounds;  
**+23%** vs. 2019

**70 / 30**  
Freighter vs. belly  
share

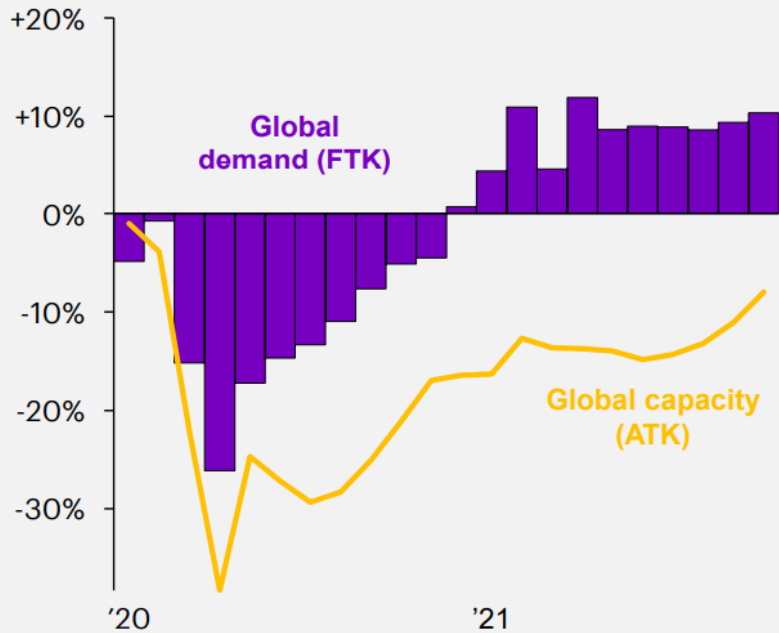


**-26%**  
Record change  
in inventories-  
to-sales ratio

# The air cargo demand-supply imbalance has pushed load factors to historically high levels

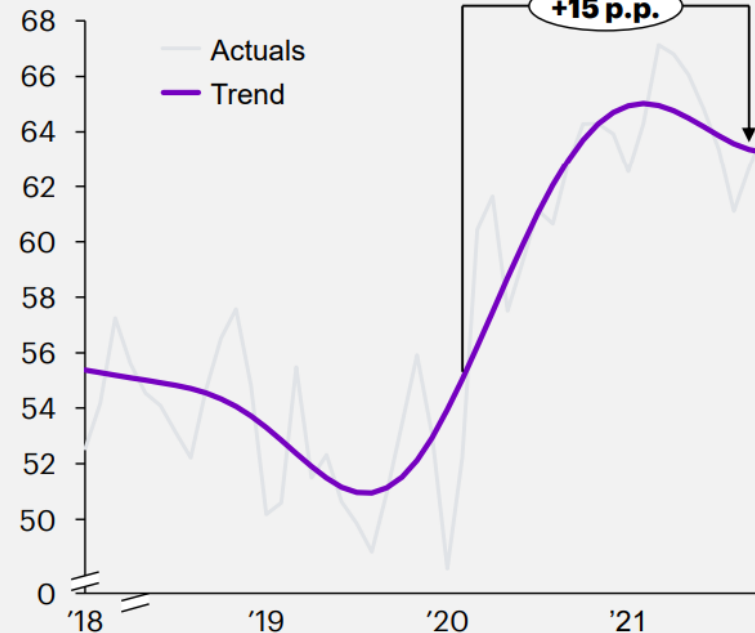
## Air traffic & Cargo Capacity

Growth vs same month of 2019 (%)



## Int'l load factor development

FTK/ATK (%)



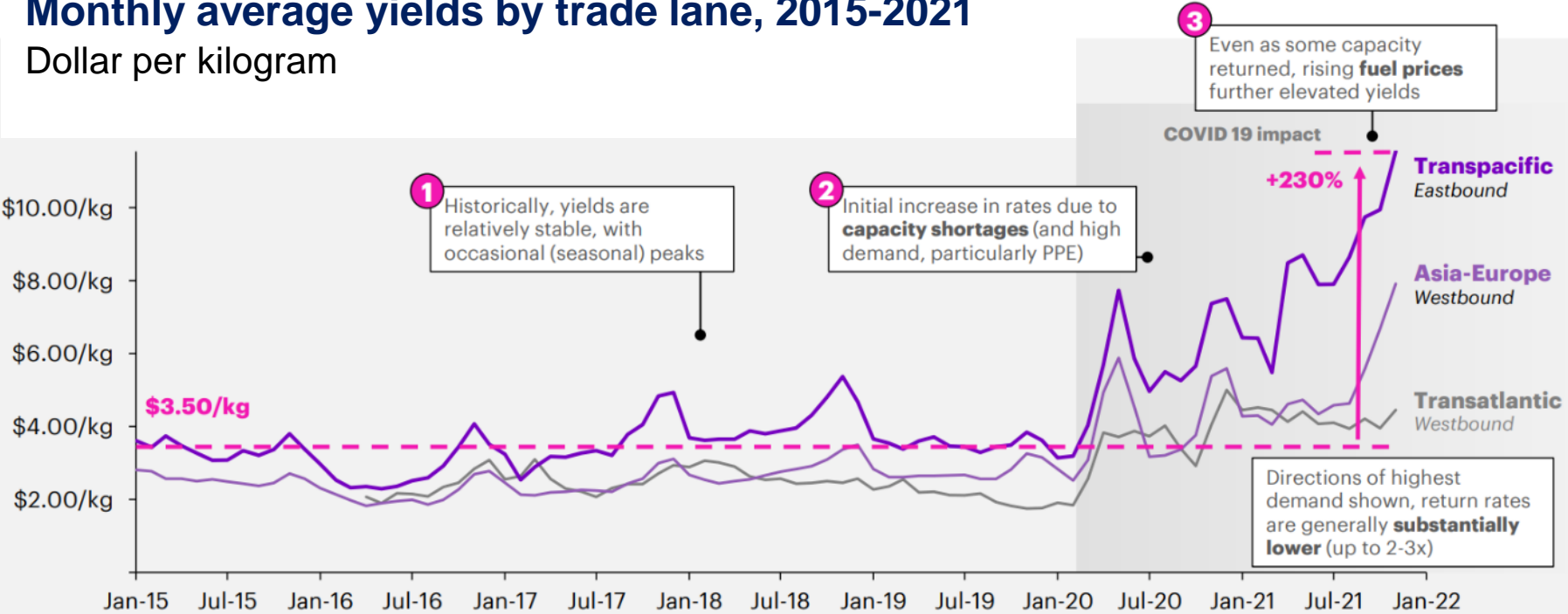
Load factors have increased 15 p.p. since the beginning of the pandemic

Notes: Gross yields based on IATA cargo eChartbook (until October 2019), WACD yield data (until August 2021); FTK & ATK data based on IATA Carrier Tracker CTK and ACTK, respectively, till August 2021; Source: IATA eChartbook; IATA Monthly Traffic Results; IATA Air Freight Monthly Analysis; WorldACD website; Accenture analysis (January 2022)

# Air cargo yields reach all-time highs, mainly due to the demand-supply imbalance and increased fuel prices

## Monthly average yields by trade lane, 2015-2021

Dollar per kilogram



Air freight rates have increased by as much as 200% post-COVID, showing strong volatility

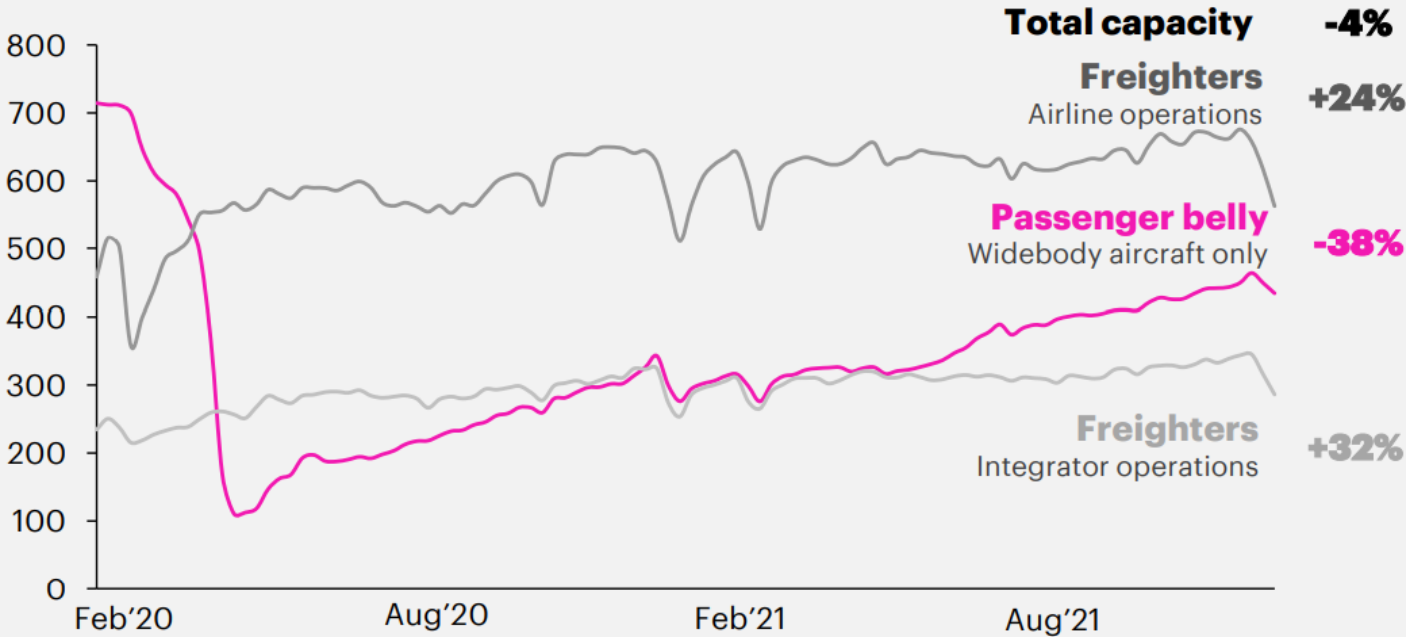
Note: International air trade and international (direct) leg capacity only; Capacity for all widebody freighter and passenger aircraft only;  
 Source: Seabury Cargo Global Air Trade and Capacity Tracking databases, Seabury Cargo analysis (October 2021)

# International air cargo capacity is -4% lower in Q4 2021 (vs 2019), due to slow recovery of passenger belly capacity

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

Thousand tonnes per week

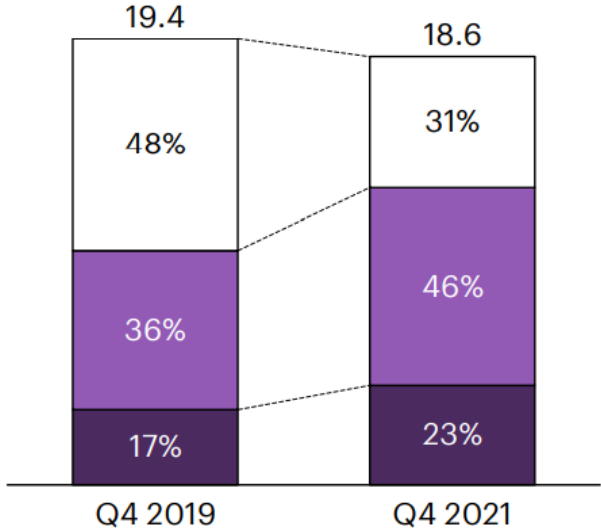
Q4 2021 vs. Q4 2019



## Capacity by aircraft type

Million tonnes, Q4 2021

□ Pax Belly   ■ Freighter   ■ Integrator

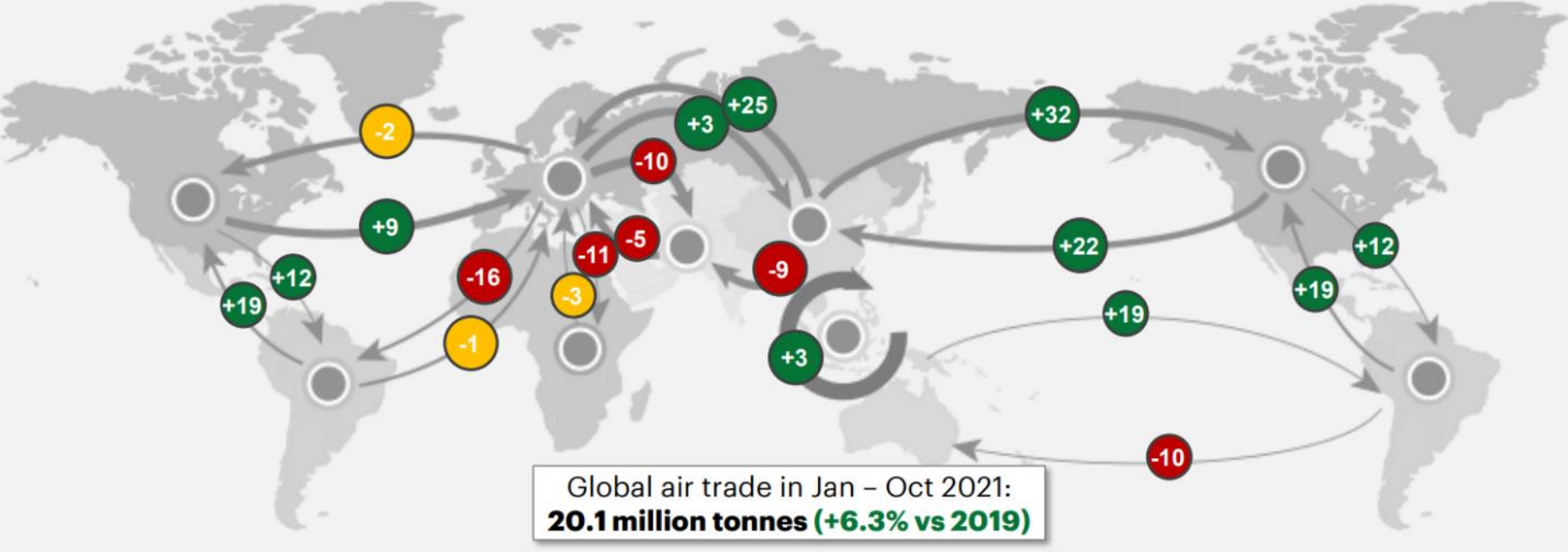


Only 31% of international air cargo capacity is provided by passenger belly (vs 48% in 2019)



# Global air trade grew +6.3% in '21 vs '19, with Transpacific Eastbound making half of the total growth (+562k tonnes)

## Air trade growth, 2021 vs 2019 % growth vs 2019



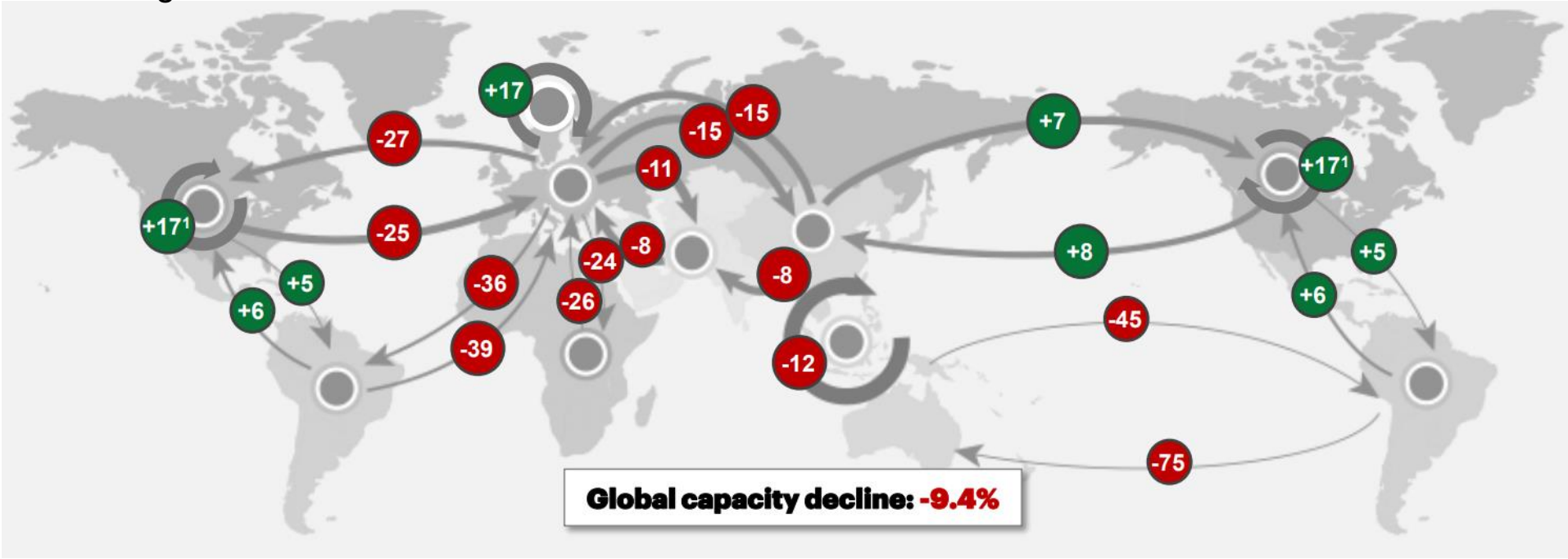
Global air trade is expected to reach all-time high of 25 million tonnes for the full year of 2021 (+6.8% vs 2019)

Notes: 1) Jan–Oct 2021 vs Jan–Oct 2019  
Source: Seabury Cargo Air Trade Database, Seabury Cargo Air Trade Forecast Database, Seabury Cargo analysis (January 2022)

# International air cargo capacity remained -9% below 2019 levels in 2021, with large differences on trade lanes

## International air cargo capacity growth, 2021

% growth vs 2019



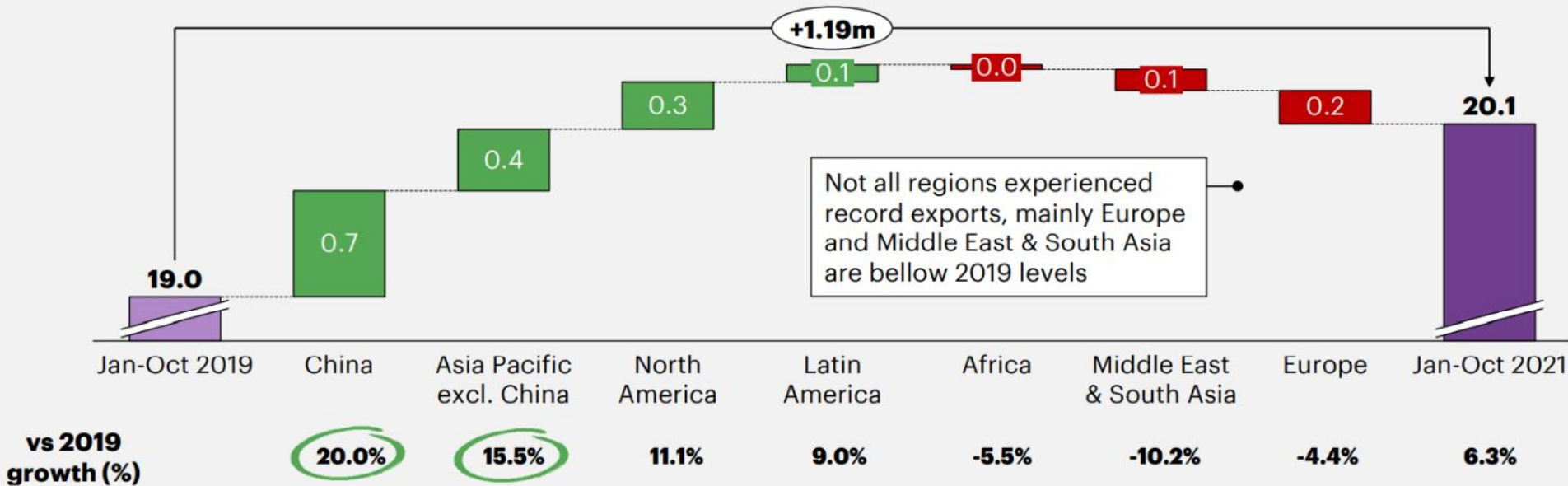
Intra-Europe and Intra-North America trade lanes experienced most significant growth in 2021

Note: Direct international capacity only; All freighters and widebody passenger aircraft only; 1) Only intra-North America includes domestic capacity  
 Source: Seabury Cargo Capacity Tracking database, Seabury Cargo analysis (January 2022)

# Asia Pacific and especially China air exports account for the majority of growth in 2021 (+1.1m tonnes vs 2019)

## Air trade growth by origin, 2019 – 20211

Million Tonnes

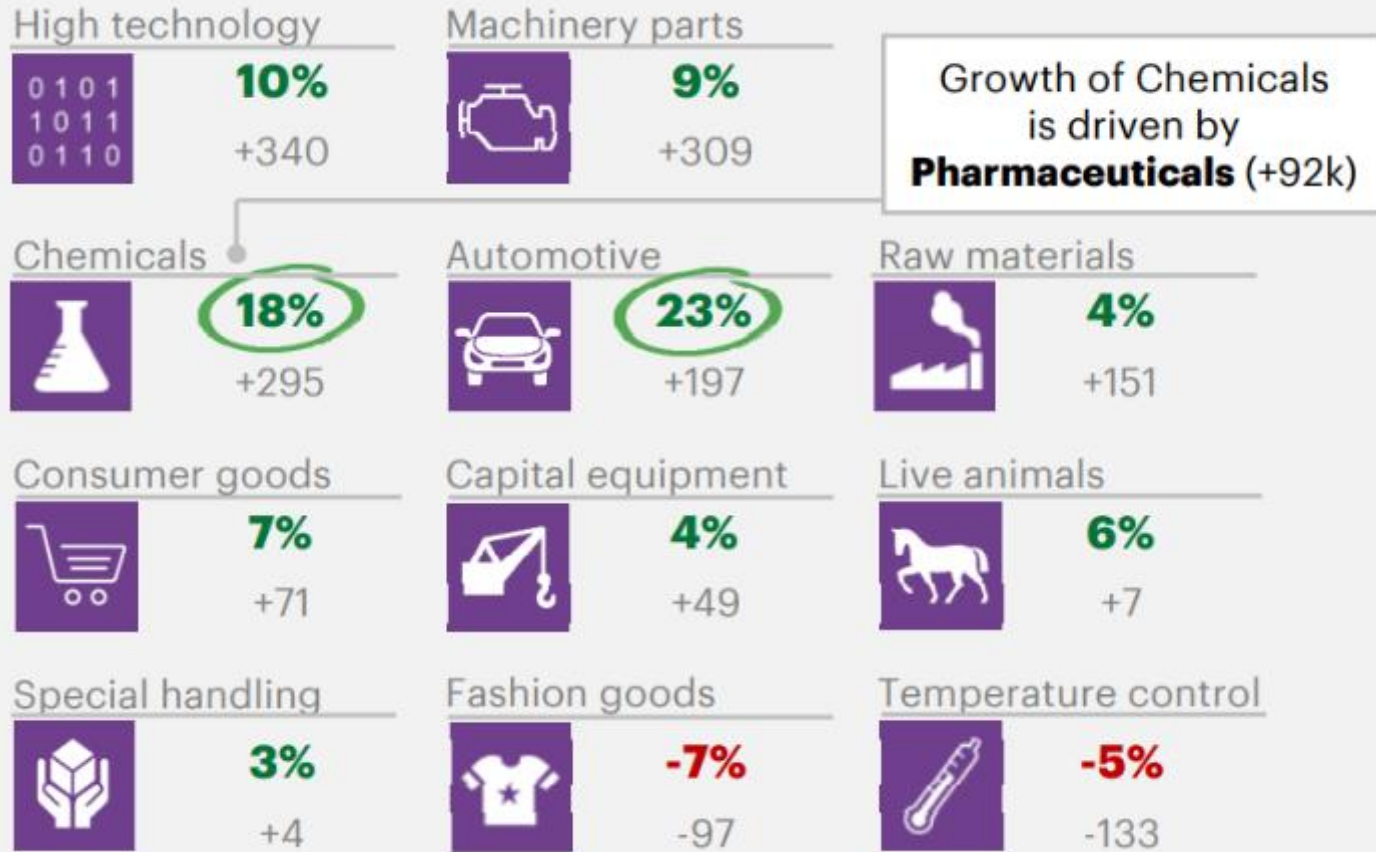


China air exports outgrew other regions at +20% increase vs 2019

Notes: 1) Jan–Oct 2021 vs Jan–Oct 2019

Source: Seabury Cargo Air Trade Database, Seabury Cargo analysis (January 2022)

# 2021 was a very strong year for Automotive (+23%) and Chemicals (+18%) in particular



- **High technology** shows the largest growth in absolute terms driven by Computers (+205k) and Semiconductors (+135k)

- Growth in Machinery parts is mainly due to an increase in **Electrical components** (+120k)

- **Automotive saw the largest recovery**, with a strong increase in exports from Germany (+65k), China (+50k) and USA (+50k) and imports to USA (+84k)

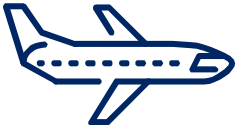
- **Both Fashion goods and Temperature control** stay below 2019 levels, however Fashion has been recently improving

Notes: 1) Jan–Oct 2021 vs Jan–Oct 2019  
 Source: Seabury Cargo Air Trade Database, Seabury Cargo analysis (January 2022)



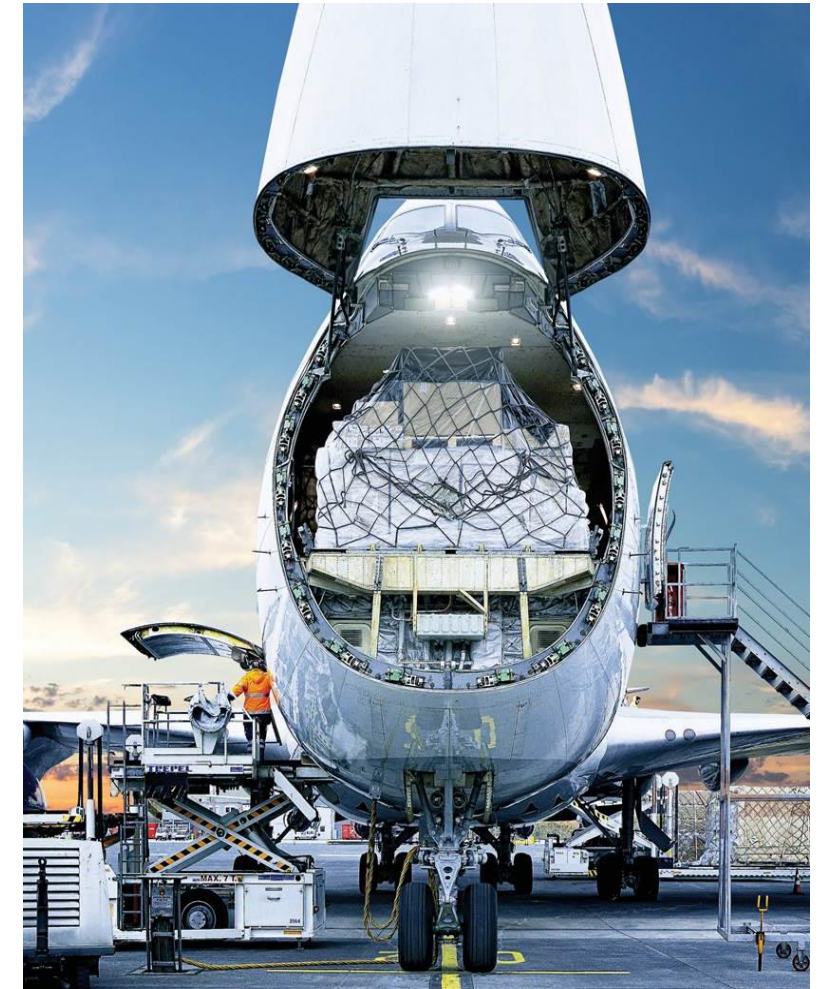
# Air Freight

## Asia Pacific Overview











As per week 2 status, which is evolving and depends on latest updates

Capacity Outlook	Origin	Origin airport
<b>Tight Space</b>	Mainland China	PVG
	Hong Kong	HKG
	Bangladesh	DAC
	Indonesia	CGK
	Malaysia	PEN, KUL
	Philippines	MNL
	Sri Lanka	CMB
	Thailand	BKK
	Vietnam	SGN
	New Zealand	AKL
<b>Backlog</b>	Australia	BNE, MEL, SYD
	India	DEL, MAA, BOM
	Japan	NRT, KIX
	South Korea	ICN
	Singapore	SIN
	Vietnam	HAN



# Air freight market overview

The new Omicron variant is reducing air space available and disrupting airline operations

TRADE LANE	COMMENTS	RATES AND SPACE	
<b>Exports from China / Hong Kong</b>	<ul style="list-style-type: none"> <li>Demand and rates continue to climb this week all time high rates. Due to the Omicron variant, the market has reacted quicker than anticipated. Limited capacity is available at higher rates. Capacity constraints and high demand are expected to continue past the traditional peak season.</li> </ul>		
<b>Exports from JP, KR and South Asia</b>	<ul style="list-style-type: none"> <li>Capacity is tight and high rates. Some flights on the FEWB trade lane have been cancelled due to uncertainty regarding the new Covid variant .</li> <li>Space ex-Vietnam remains critical. Cathay Pacific cancelled several flights as preventative measures against the new variant.</li> </ul>		
<b>Exports from India/Bangladesh</b>	<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>		
<b>Export from Europe</b>	<ul style="list-style-type: none"> <li>The demand capacity imbalance still continues, as is evident amongst the squeezed rates, which increased further this week . We see some re-introduction of passenger routes on the Transatlantic.</li> </ul>		
<b>Exports from NAM</b>	<ul style="list-style-type: none"> <li>US export demand will remain at high levels until the last weeks of December. Larger shipments from major outbound gateways can take 2 to 4 days from booking to uplift into the EU, LATAM, or Asia.</li> </ul>	