DSV Air & Sea

Ukraine-Russia conflict
market update March 2022

Ocean update on Russia

Main Ocean Carriers Cancelling service to Russia

MSC, Maersk, CMA CGM, Hapag-Lloyd, ONE, Yang Ming suspend Russia services; tankers shun Russian oil

Most main line carriers have ceased acceptance to Russian ports, and Belarus, a close ally of Russia.

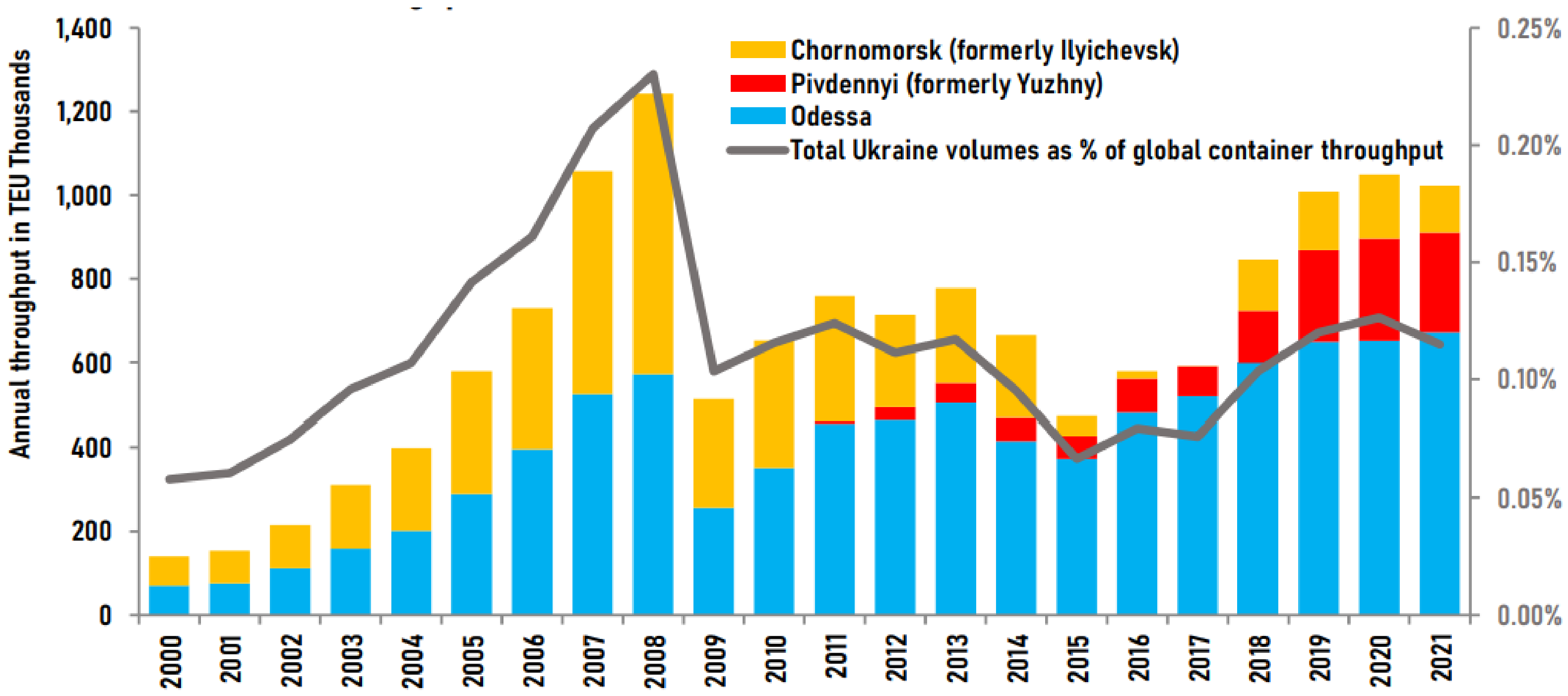
Cosco of China (or subsidiary OOCL) or Evergreen of Taiwan. Russia-based FESCO are also expected to continue their network.

A number of smaller feeder operators (1-2 services each) have also yet to give notice of any changes to booking acceptance.

The two primary transhipment feeder hubs for Russia's Baltic ports, Hamburg and Rotterdam, have closed for further movement of cargo. Additional ports are expected to follow

Ocean update on Ukraine

Container throughput at Ukrainian Ports



All the carriers we track report ceasing acceptance into Ukraine.

Currently one container vessel remains stuck in Odessa, the 9,400 TEU Joseph Schulte, deployed by Cosco on OCEAN Alliance's MED3 service from Asia

The total Ukranian container throughput of 1m TEU in 2021 account for 0,11% of global container volumes

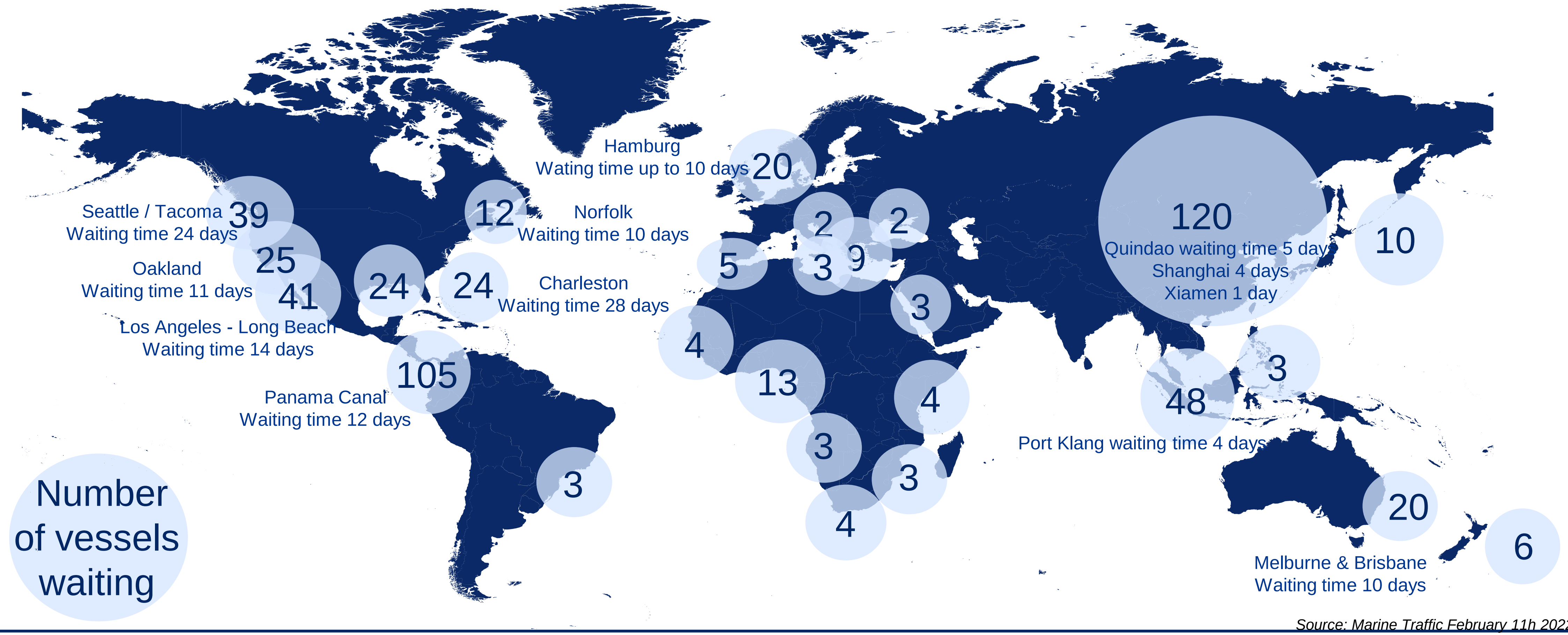
Cancellation of Eurasian railway due to Russian sanctions

Eurasian Landbridge there is not an official cancellation of the service, but Russian Railways are specifically sanctioned. DSV has stopped acceptance to RAIL corridor, and it is already working on alternative solutions via economy airfreight to Europe and fast ocean products.

Port congestion

Global port congestion

12.3% of the global vessel capacity effectively removed, congestion moving to US East Coast – 3,10M Teu affected

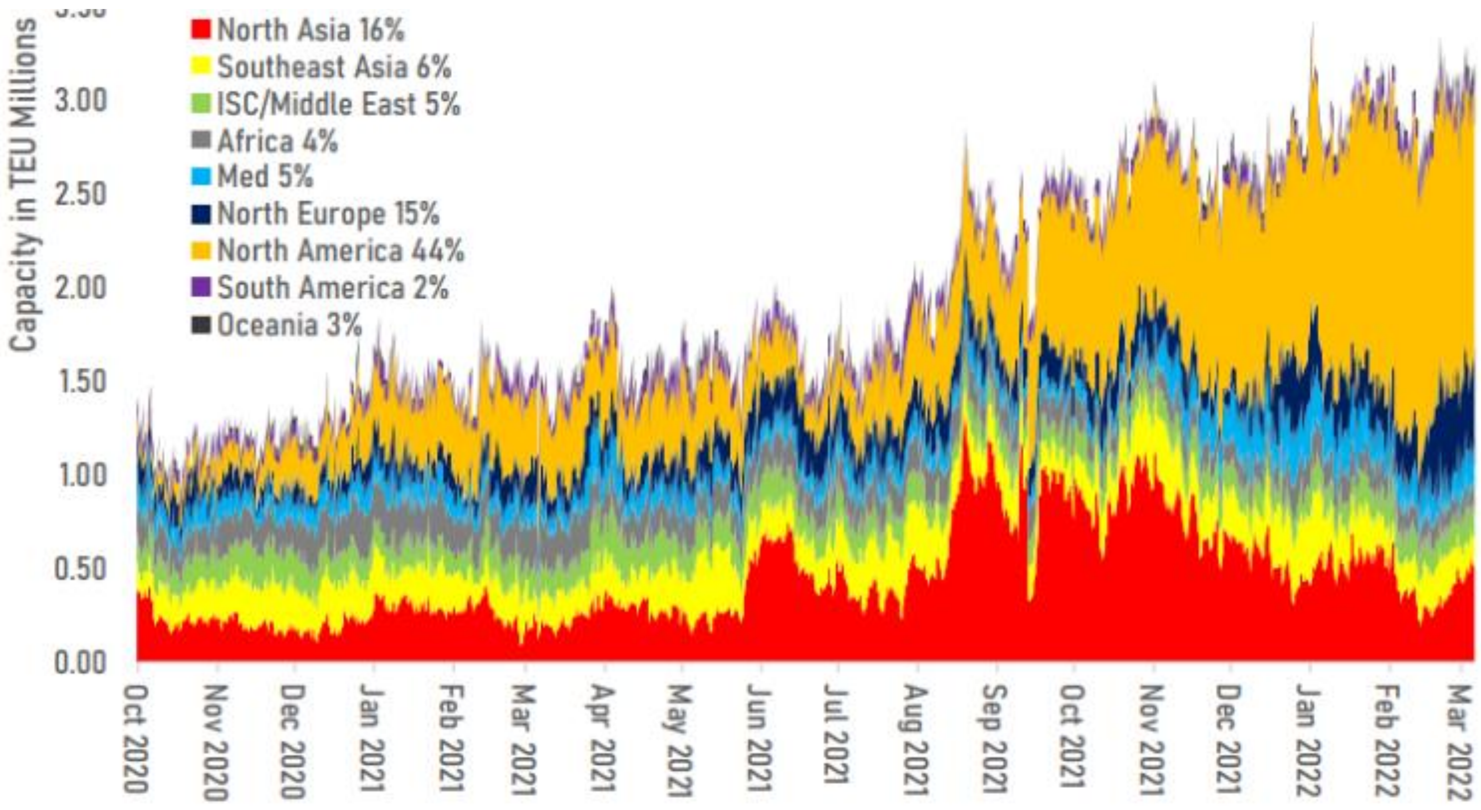


Source: Marine Traffic February 11h 2022

Port congestion stabilizes at a high level

Port congestion by region

Breakdown as at 6 march 2022



Source: Linerlytics

Total vessel capacity affected by port congestion remains unchanged globally at 3.1m teu, but there has been some shifts in the past weeks, with improvements in North America negated by rising congestion in ASIA and AUSTRALIA.

In the US there was continued improvements seen in LA with the total number of ships waiting in San Pedro bay area falling to a 6 month low of **41 ships**. However congestion has shifted to other west coast gateways with **39 ships at Seattle / Tacoma and 25 ships at Oakland**. Waiting times at **Vancouver** are longer than in Los Angeles.

Ocean update

Trade Update

Intra-Asia – 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 4th February 2022

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					
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					
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.

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

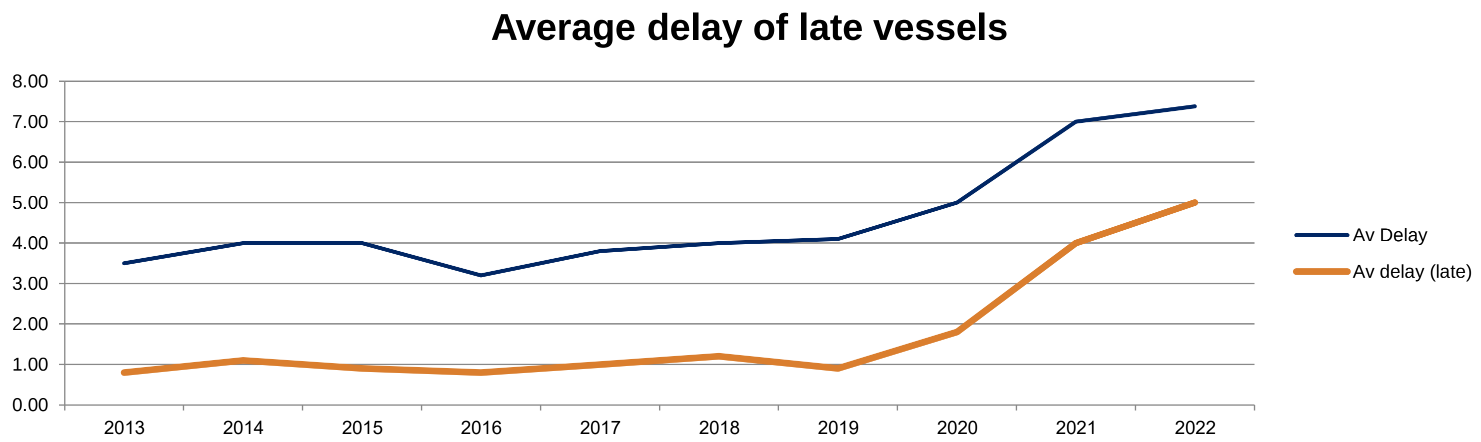
Supply vs. Demand Traffic Light

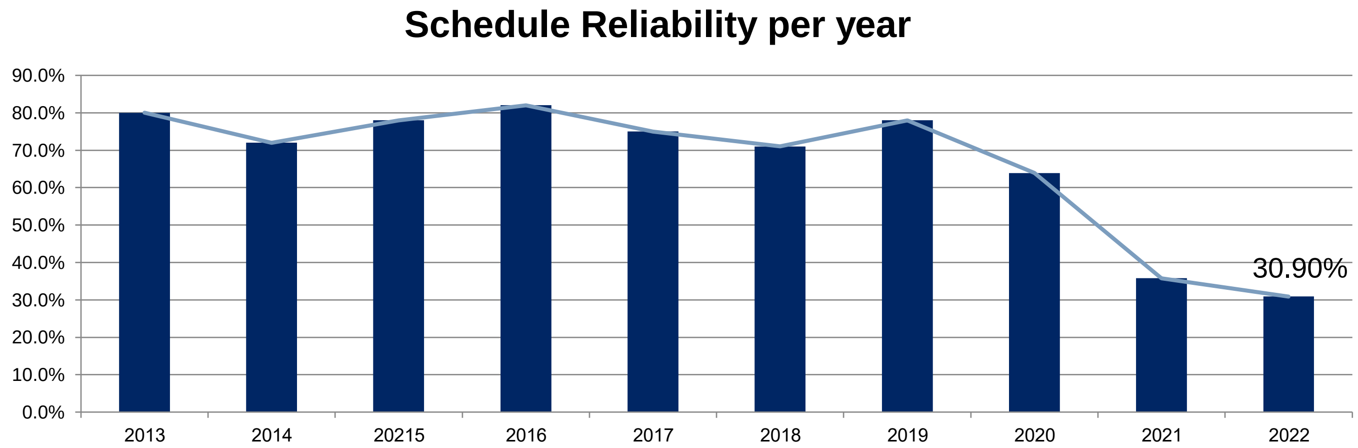
Port	Week 3				Week 4			
	20GP	40GP	40HQ	45HQ	20GP	40GP	40HQ	45HQ
YAT								
IWN								
NAN								
HKG								
SGH								
NPO								
XIM								
FOO								
TST								
HSK								
DAI								

Source: MSC, Maersk line

Global Liner performance on January 2022

Schedule reliability was down at 30,9% and 7,38 days of delay (no improvement)





Source: Sea-Intelligence Maritime Analysis

Vessel reliability per tradelane on December improving in most of trades:

- ASIA – North America WC: **13,5% reliability** 10 days of delay
- ASIA – EUROPE: **33% reliability** and 7 days of delay (2% better)
- EUROPE – North America: **43%** and 5 days of delay
- EUROPE – ASIA: **26% reliability** and 5 days of delay (10% decrease)
- ASIA – OCEANIA: **13,7% reliability** and 8 days of delay

Bunker price development
Global 4 Port Average

VLSFO levels at historial all time high levels
In view of the rapidly increasing bunker fuel prices as a result of the RU/UA crisis we see that most of bunkers levels will need to move from quarterly to monthly. This is pushing extremely high cost, as per Sea Intelligence it represents at additional of USD 70 per TEU globally.

Source: Ship&Bunker

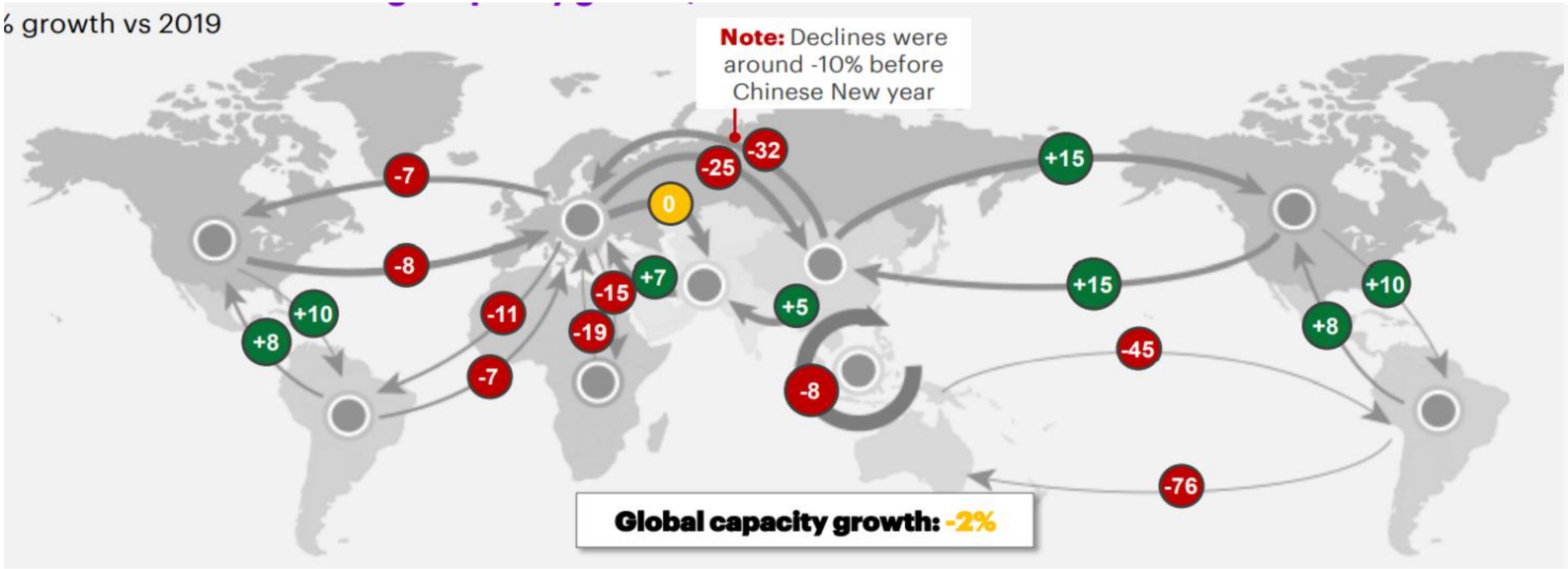
Airfreight Update

Key impacts of the Ukraine – Russia conflict to Airfreight

- As the air cargo industry slowly grew accustomed to a post-Covid market, another event with significant consequences to the industry has taken place: the war between Russia and Ukraine
- The air cargo industry is primarily impacted by reciprocal airspace bans between Russia and other countries, which went to effect Sunday February 27th
- This has caused a large impact on ASIA to EUROPE trade, carriers are using the “southern route” which is 2 to 3 hours longer
- Japan and South Korea carriers had to cancel service to Europe
- Jet fuel charges have been implemented and we expect war risk surcharges to be implemented in the future if the conflict is extended in the time

Global international air cargo capacity was down -2% (vs. 2019) between Feb 21–Mar 6, 2022

Total international air cargo capacity growth, Feb 21 – Mar 6 vs same weeks in 2019



The war in Ukraine has caused a major capacity decline on the (direct) Asia Pacific – Europe trade lane

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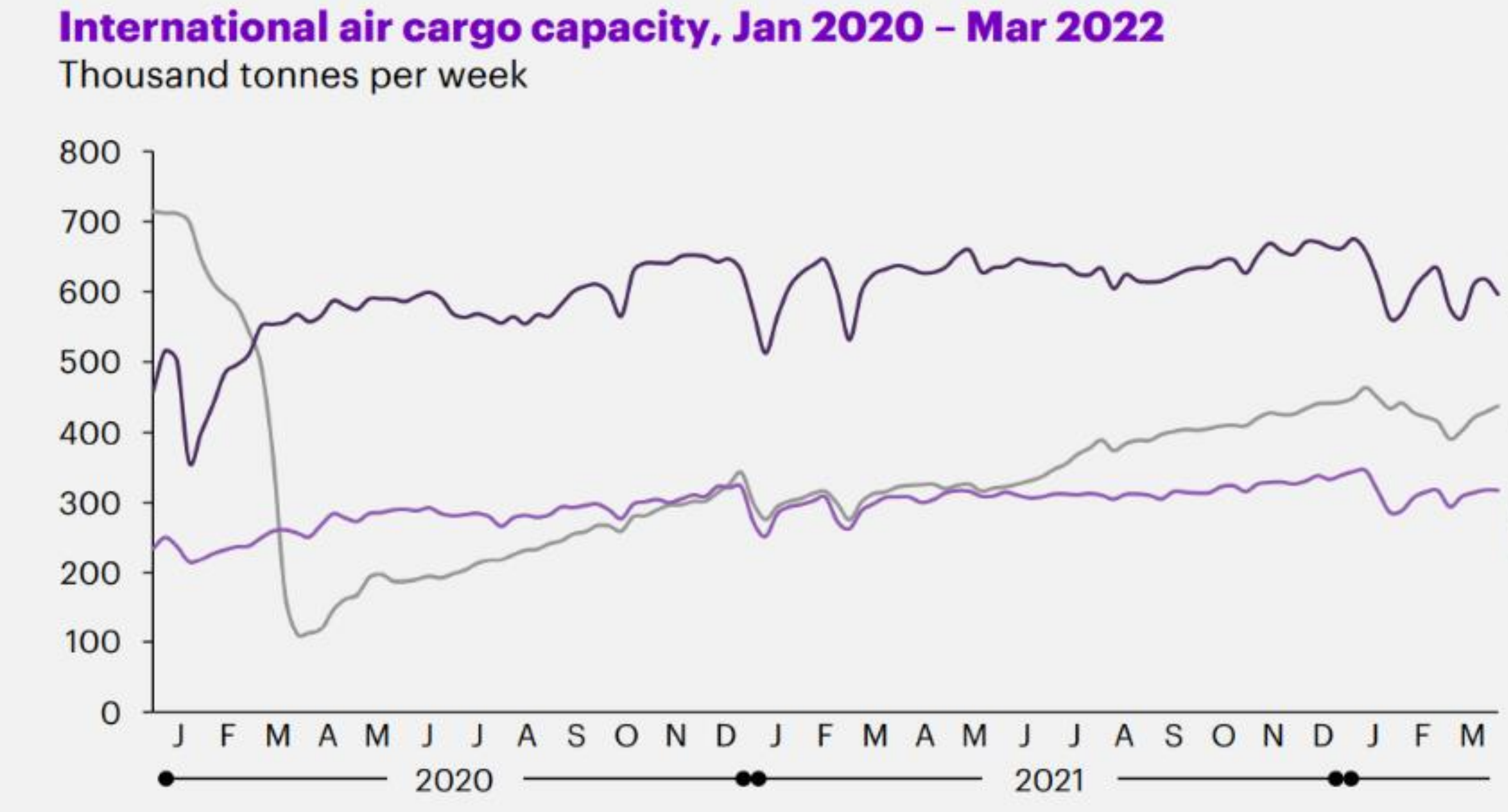
Global international air cargo capacity increased +4% vs. the previous two weeks, mostly due to belly recovery



	vs. 2019[1]	vs. previous two weeks[2]
Total capacity	-2%	+4%
Freighters Airline operations	+28%	+4%
Passenger belly Widebody aircraft only	-37%	+5%
Freighters Integrator operations	+37%	+2%

Freighter capacity has recovered from its dip over Chinese New Year, but is now also impacted by the war in Ukraine