

# Central Ocean Procurement Team

Market Update May'22





# AGENDA

1. GENERAL MARKET UPDATE
2. INSIDE THE CARRIERS
3. DRIVER TOPIC: CONGESTION
4. TRADE UPDATE
5. IMO 2023





# 1. GENERAL MARKET UPDATE



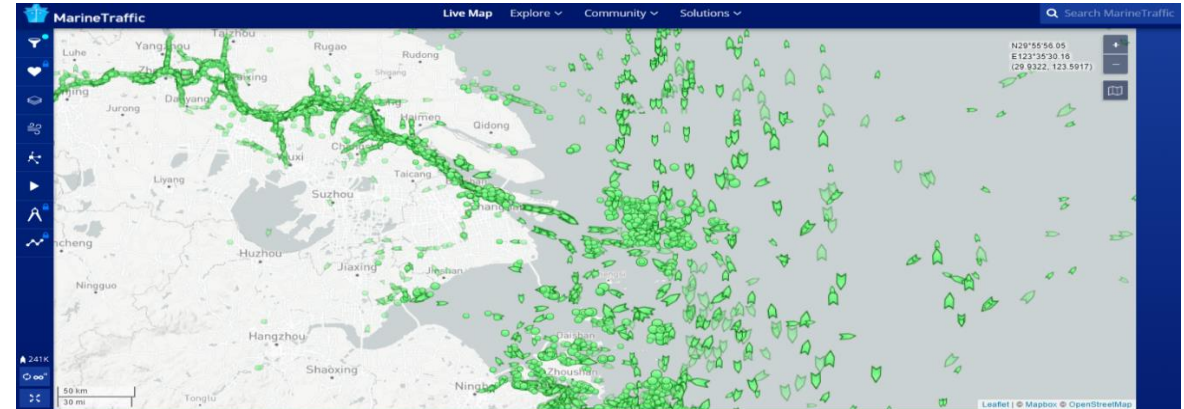


# General Market Update

## Capacities, COVID 19 Lock Down & Congestion

In the previous market update we touched based on the implications by the global port congestion. The situation has not changed since then – the opposite is the case with the still lasting lock down of the city of Shanghai in view of the governmental driven Covid prevention initiatives (zero tolerance strategy). The city is already for more than four weeks in lock down mode and while the port terminals are reporting normal operation, the hinterland supply chains are heavily impacted by the lock down and with that also impact the operation the port. Shortage of truck capacity to deliver and pick up containers from / to the terminals can be seen as one of the core challenges. There is no clear prediction for how long the lock down status will still last. Certain sources expect that it may take up to Jun'22 or later before the restrictions fully disappear. Back in Mar'21 the Ever Given was blocking the Suez channel for total six days – it took the global ocean supply chains months to recover from the accident and to bring back normality to the vessel rotations.

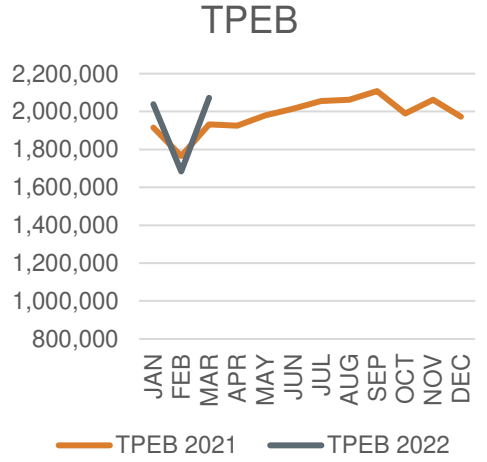
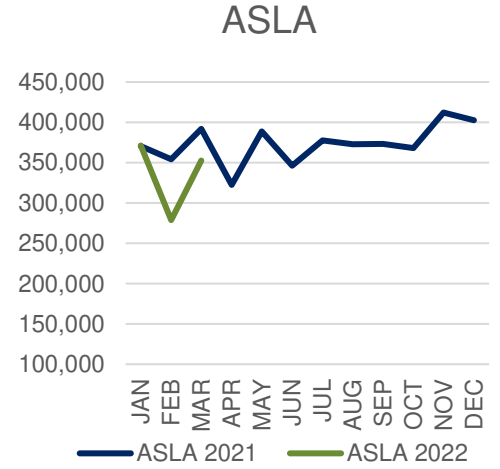
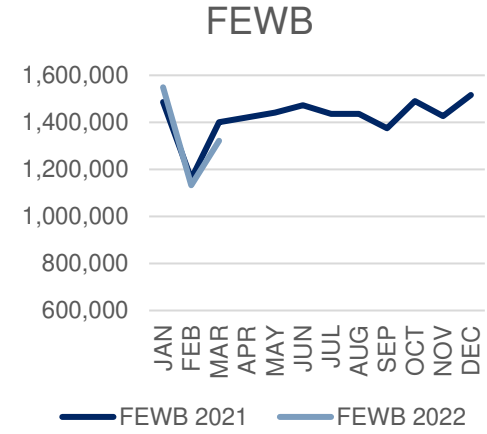
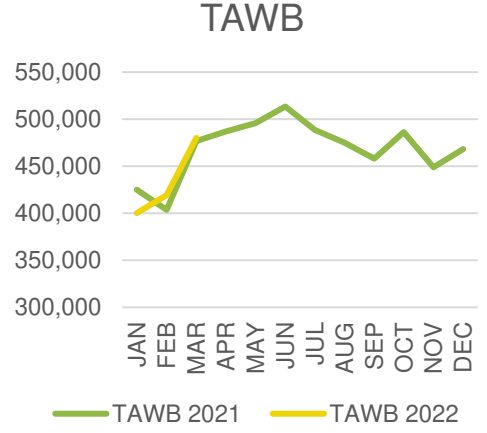
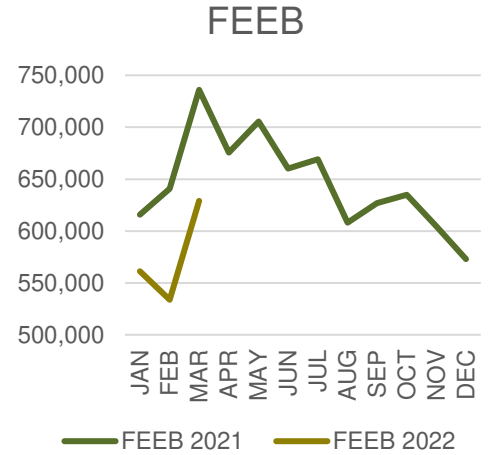
Same time also the Suez case is to be seen as one out of various building blocks for the global port congestion. The lock down of the biggest container port in the world may last 60 days or even more and while the Ever Given case was first hand dominantly impacting the Asia – Europe trade, the material slow down in Shanghai will have a direct ripple effect in to all trades – the impact magnitude is expected to be higher than what we have seen from the accident in the Suez. Beginning May'22 we see the first productions sites in the Shanghai area slowly ramping up the activities again (i.e. Automotive industry). At the same time carriers are working with vessel cancelations and port omissions to react to the lock down situation. Production output volume ready for export will meet less capacity available.



Since the Chinese New Year break the spot rates decreased week over week, which is in line with the overall DSV mid- and long-term projection. The latest developments with the lock down in Shanghai will provide – with a high likelihood – a further imbalance in the supply and demand. As soon as the factories return to normal productivity the export volumes will pile up and it is not expected that the phase in of the required capacity will be fully synchronized with the increasing demand. Too much vessel capacity (~ 12-14% globally) is locked in global port congestions. This also impacts the availability of empty equipment. Next to the capacity itself, also 12-14% of the equipment is locked and not available for return export cargo. Our long-term outlook still foresees a softening of the global ocean freight rate market, while the Shanghai lock down will trigger – with a high likelihood – a stop of the current downwards trend, followed by a temp rate increase as it will also overlap with the summer peak. We can expect this to kick in earlier this year, due to the longer transit times (caused by port congestions), cargo owners need to order / ship the year end products earlier to receive these in time.

# Market Update

Volumes have surpassed pre-COVID19 YoY level on all trades

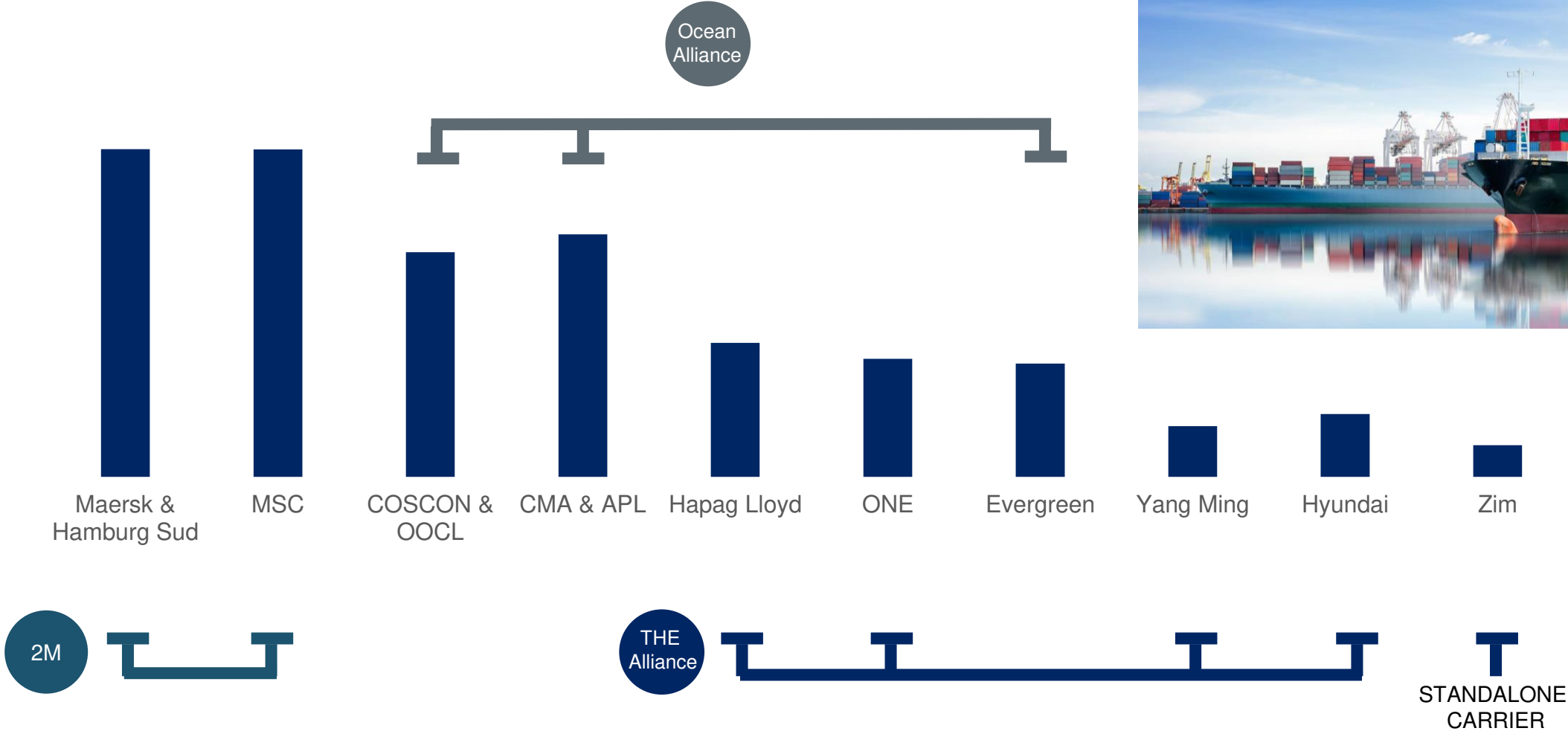


Source: Container Trade Statistics



# Global Market Overview

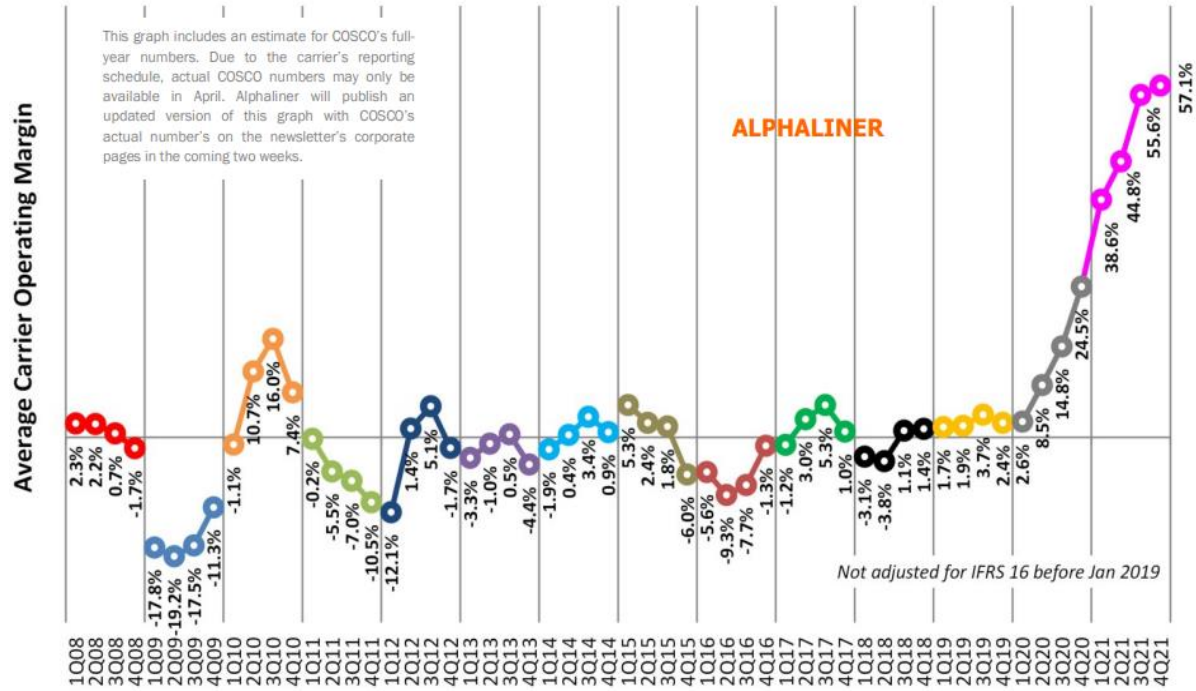
New Alliance set-up January 2022



# General Market Overview

## Carrier Profit margins accelerate as 2021 EBIT set to beat all records

Main carriers: Average core EBIT margin by quarter



Average of CMA CGM (incl APL to 2Q 2016), COSCO Shg (since 1Q 2019), CSCL (to 1Q 2016), EMC, Hanjin (to 3Q 2016), Hapag-Lloyd (incl CSAV to 2014), HMM, Maersk (Ocean from Q120), ONE (from 2Q 2018, formerly KL/MOL/NYK), WHL, YML, Zim

Earnings for nine of the top ten carriers have already reached USD 95 bn for 2021. Nine of the ten leading container carriers publishing public numbers have already generated an operating profit (EBIT) of USD 95 bn for 2021, with only COSCO left to report.

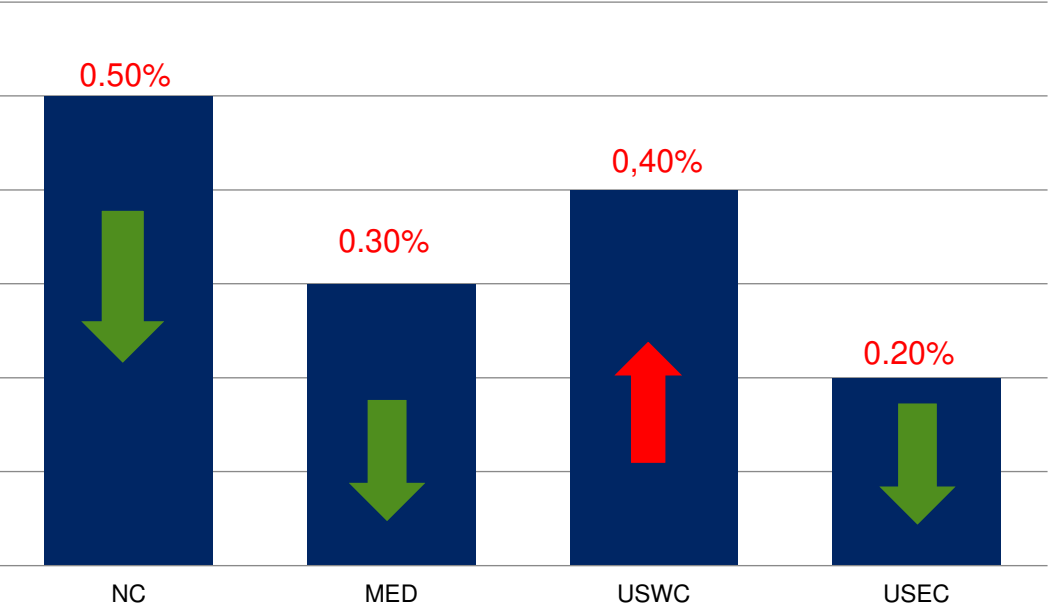
Growth slowed sharply in the fourth quarter, suggesting Omicron was not a game-changer for the industry and the extraordinary expansion seen in the middle of last year was not sustained. Carrier liftings and revenue were also limited in growth by the ongoing port congestion which forced them to skip voyages.

Source: Alphaliner

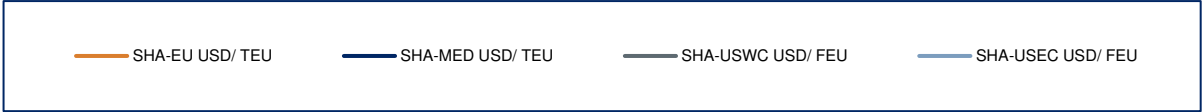
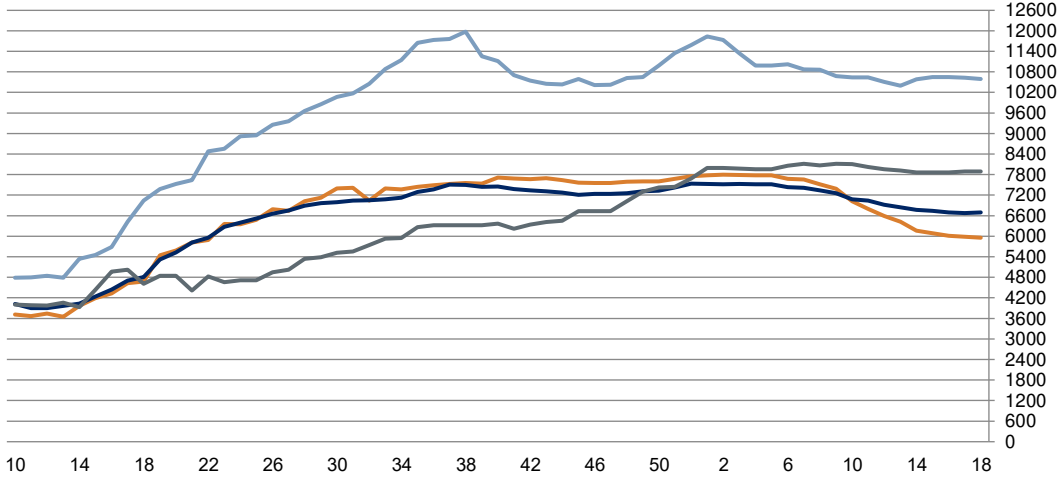
# General Market Update

## SCFI 2021/2022

SCFI week 17 vs 16



SCFI 2021 / 2022

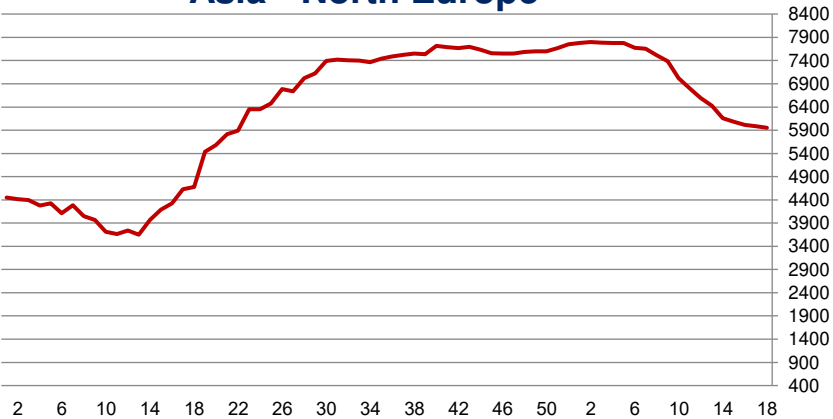




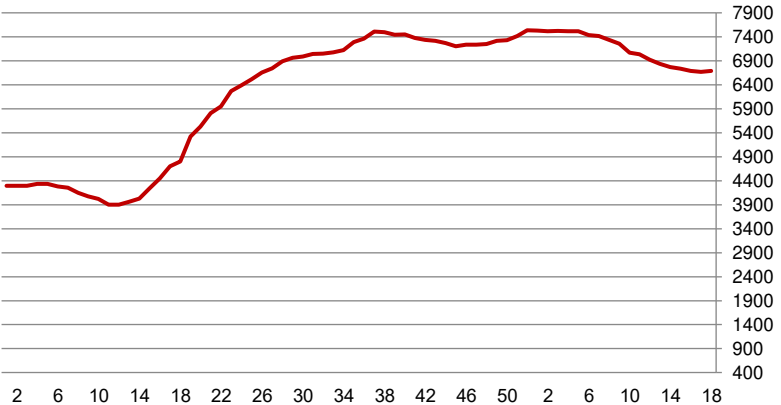
# General Market Update

## Main Trades – SCFI 2021/2022

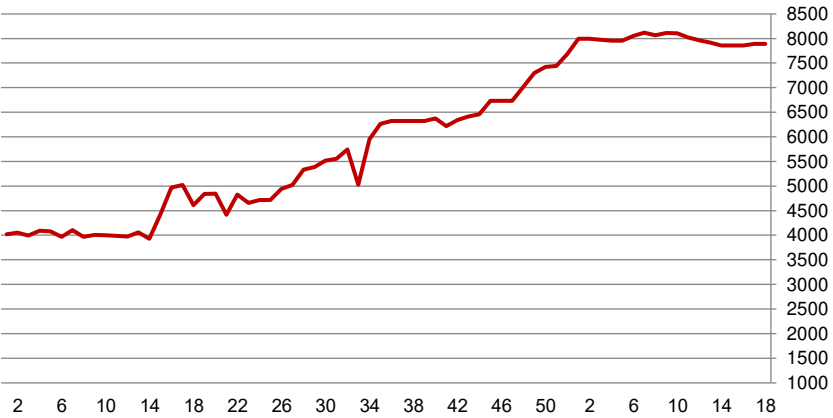
**SCFI 2021/2022**  
**Asia - North Europe**



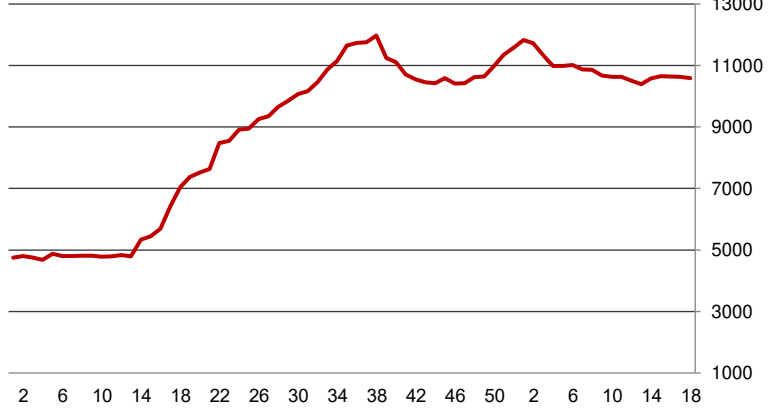
**SCFI 2021/2022**  
**Asia – Med**



**SCFI 2021/2022**  
**Asia – North America West Coast**



**SCFI 2021/2022**  
**Asia – North America East Coast**



## 2. INSIDE THE CARRIERS





# Inside the Carriers

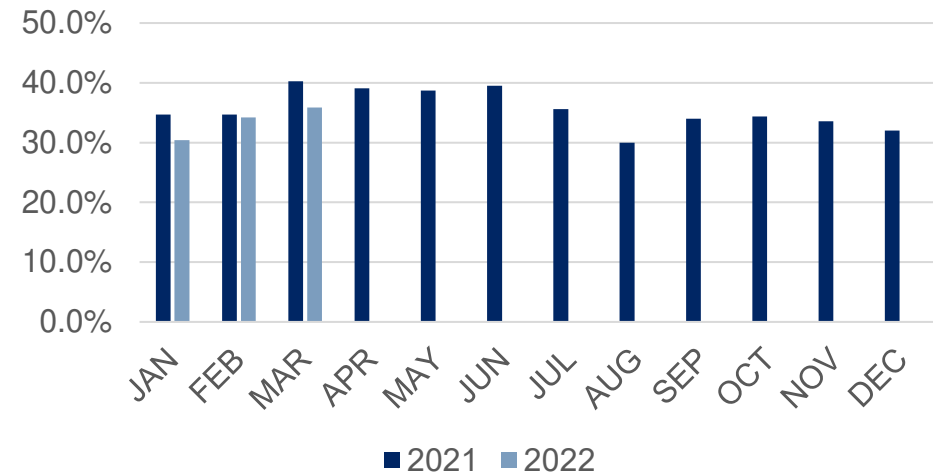
## Reliability

To keep ships on schedule Carriers are being forced to skip an increasing number of congested ports → Impact on the schedule reliability.

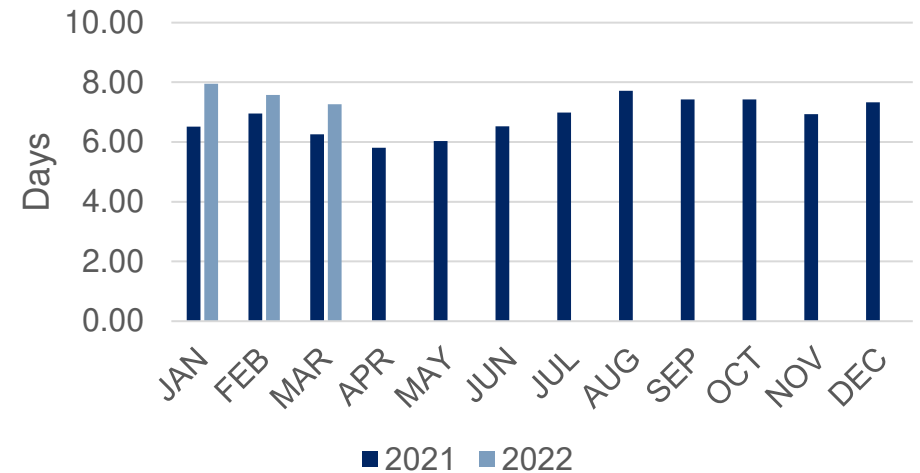
Global schedule reliability continues to slowly creep upwards, recoding a marginal M/M improvement yet again. The March 2022 figure reached 35.9%, which, while the highest figure in 2022 so far, is still slightly below the respective 2021 score, by -4.4 percentage points.



Carriers Schedule Reliability 2021 vs 2022



Average Delays 2021 vs 2022

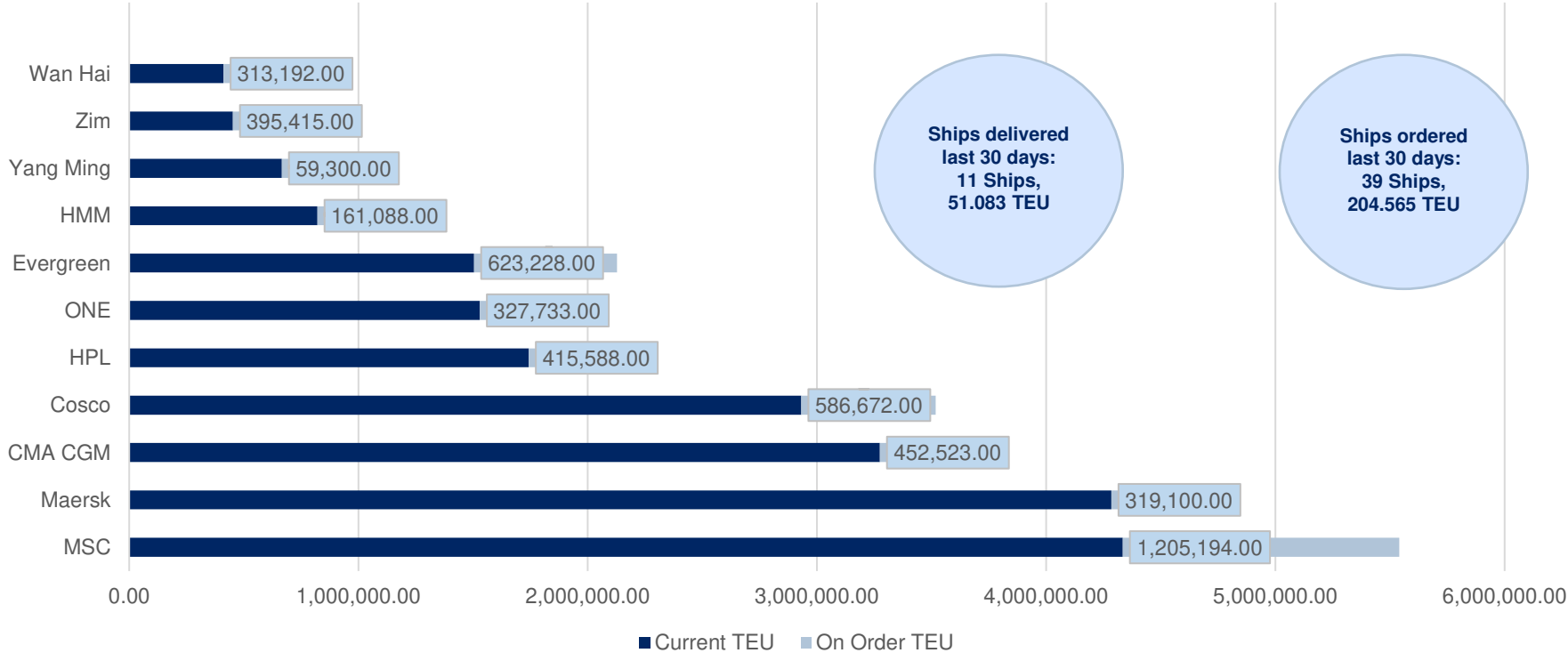


Source: Sea-Intelligence Maritime Analysis - Global Liner Performance Report April 2022

# Inside the Carriers

## Fleet and Orderbook Capacities

Current TEU to On Order TEU Ratio April 2022



The deliveries of several new ships from shipyards in Shanghai and Jiangsu province have been delayed by up to 2 months as a result of the lockdowns in China.

The lockdowns in China has also lengthened the dry docking periods for a number of ships in the Jiangsu and Zhejiang yards and this looks set to continue for the next few weeks.

Source: Alphaliner, Sea-Intelligence, Lynerlytica





# Inside the Carriers

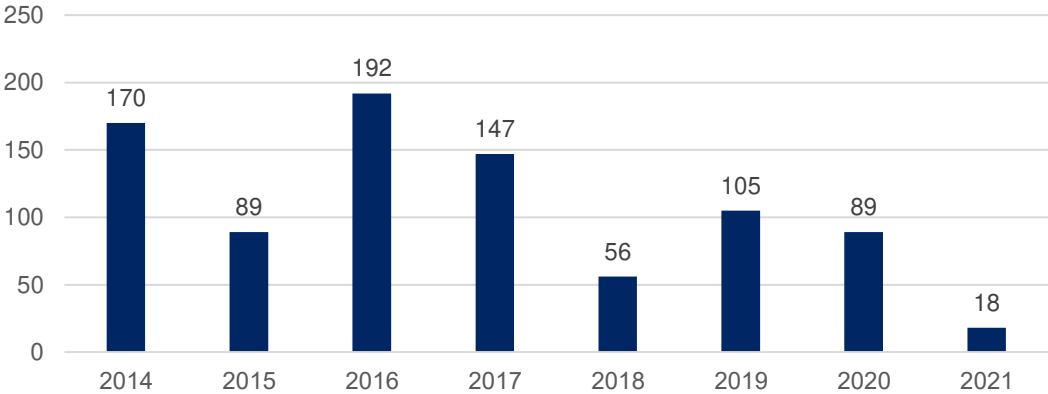
## Scrapping

The number of cellular container vessels sold for demolition in the second half of 2021 was at a historic low, with only four ships for a total of 2489 TEU joining recycling yards.

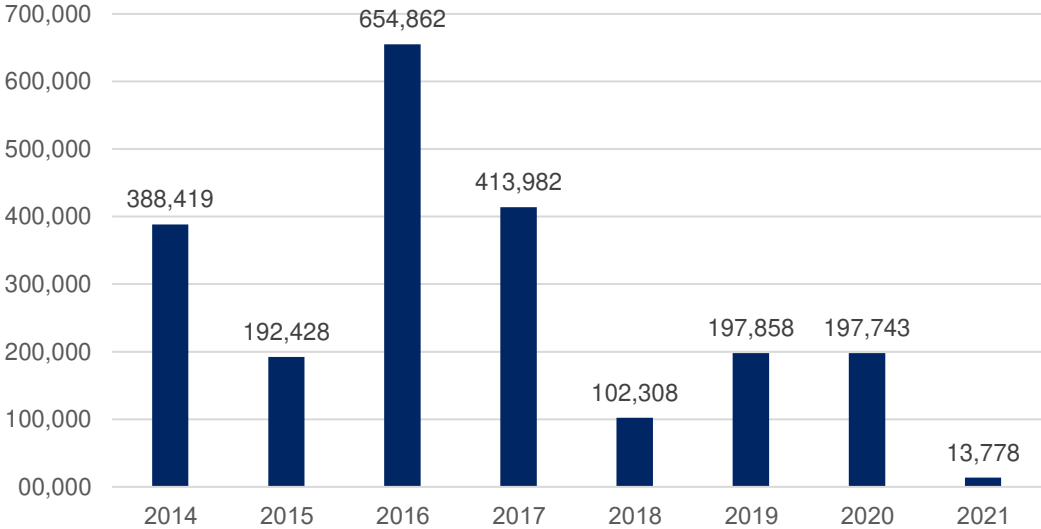
Despite attractive demolition prices throughout 2021, container vessel owners have clearly preferred to keep trading their ships in a boiling hot charter market, where unprecedented profits could be achieved, especially with free-of-debt older tonnage.

Going forward, it is expected that owners will continue to stay clear of the demolition scene as long as the container charter market remains strong, which could extend beyond the first half of 2022. (Alphaliner)

Scrapped container ships worldwide 2014-2021 (Alphaliner)



Scrapped TEU worldwide 2014-2021 (Alphaliner)



Source: Alphaliner



# 3. PORT CONGESTION





# 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/>)

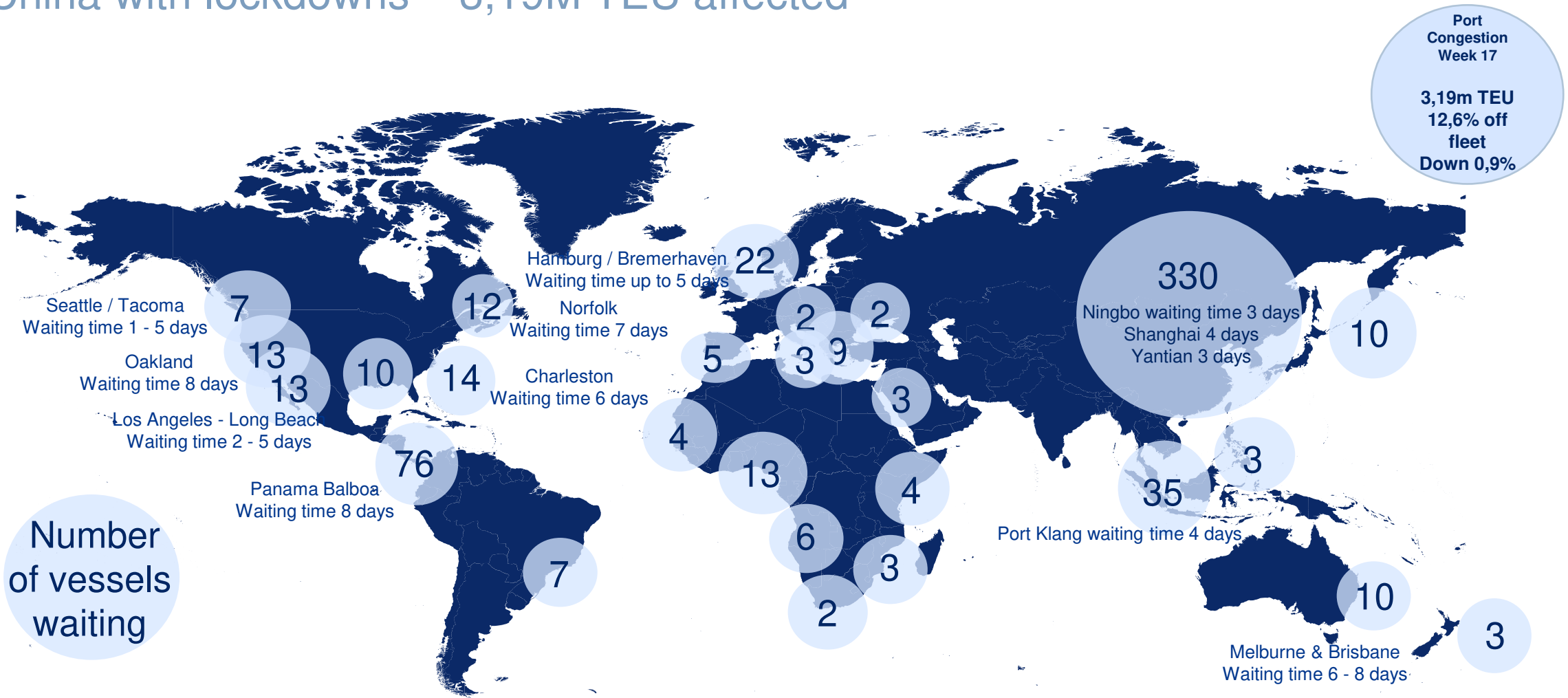


### Outlook

- 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 through the rest of the year and into late 2022.

# Global port congestion

12.6% of the global vessel capacity effectively removed, congestion moving to China with lockdowns – 3,19M TEU affected



Number of vessels waiting

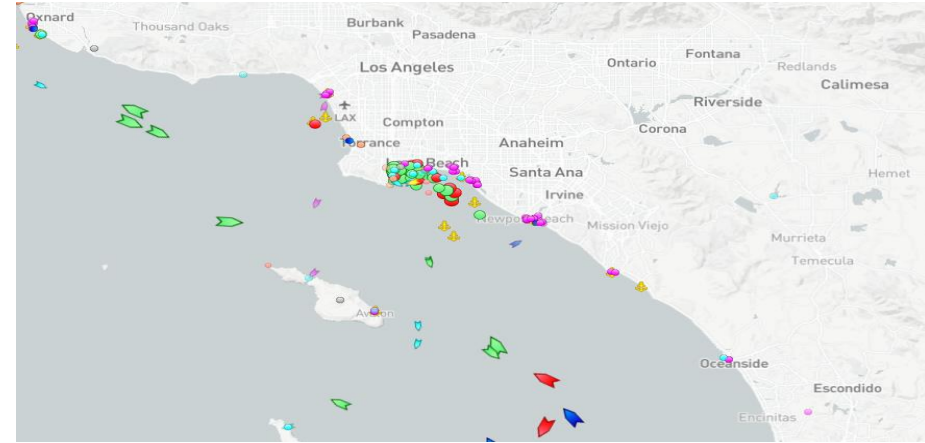
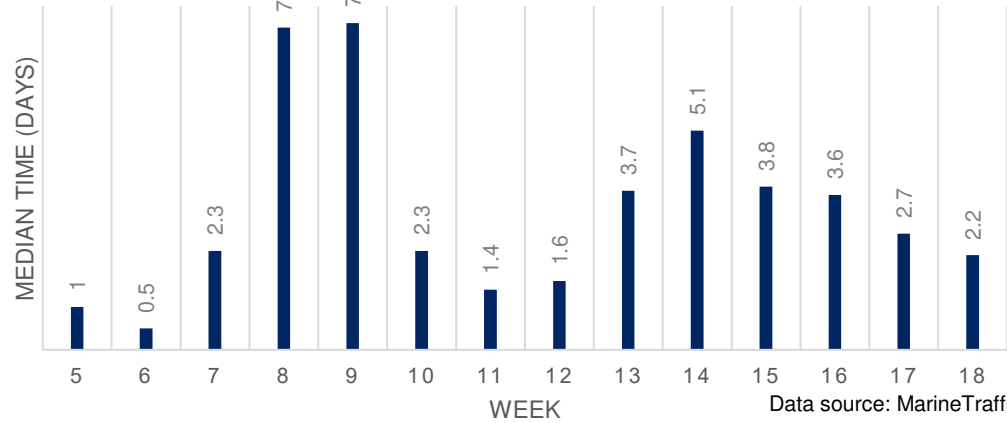
Source: Marine Traffic May 09th 2022, www.gocomet.com



# Port Congestion worldwide

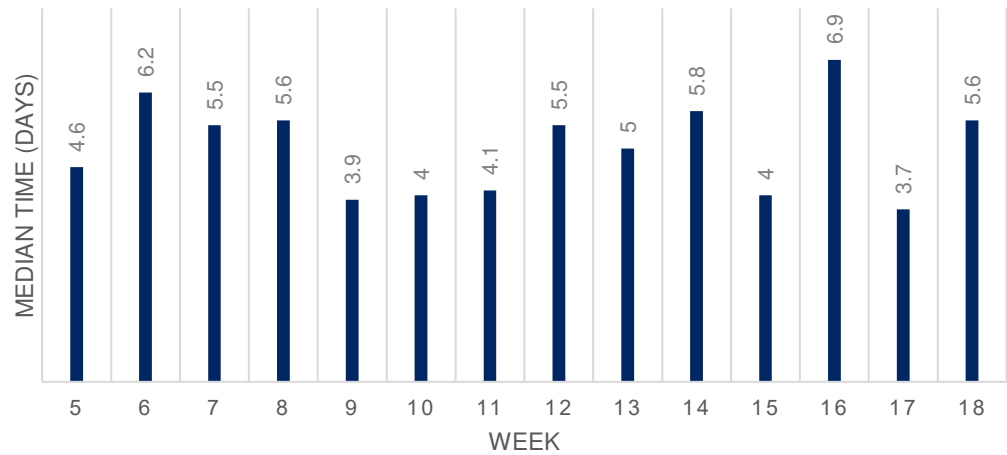
## Inside the Hotspots (10.5.2022)

LOS ANGELES: TIME AT ANCHORAGE

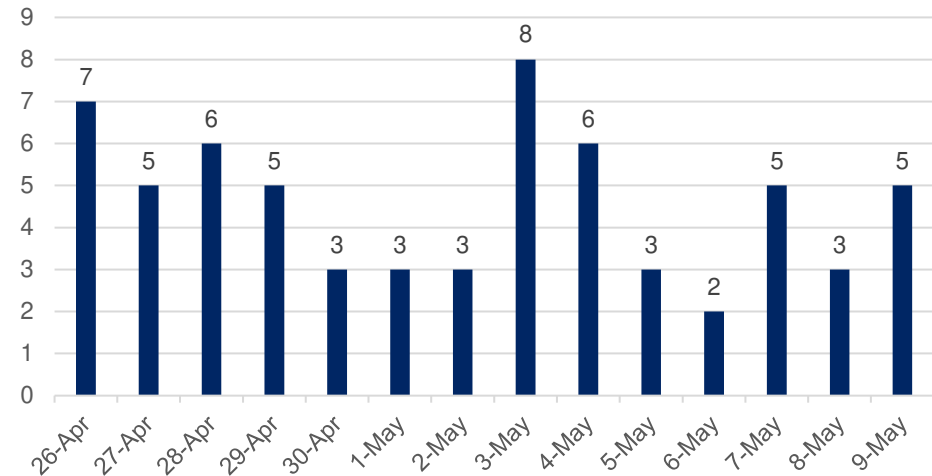


Data source: MarineTraffic

LOS ANGELES: TIME AT PORT



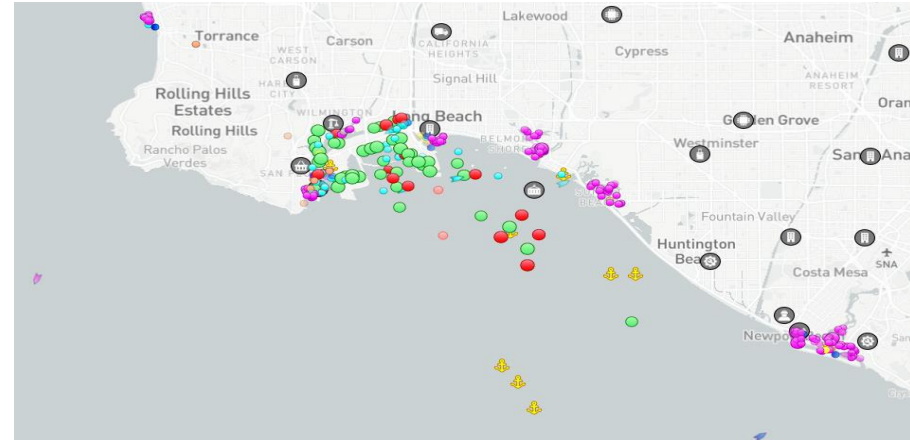
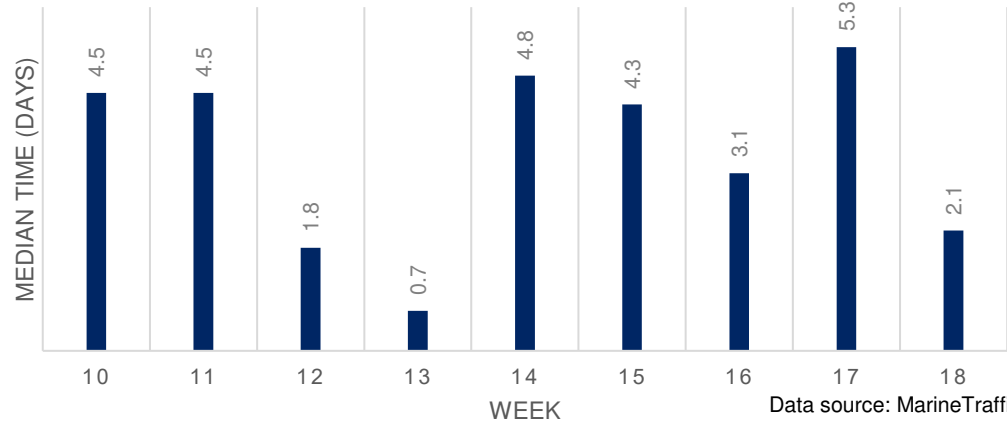
L.A.: Number of Commercial vessels



# Port Congestion worldwide

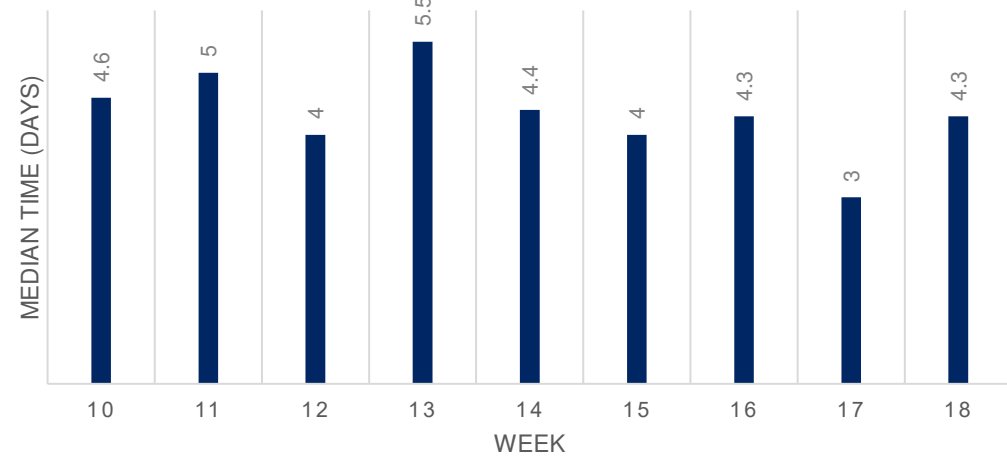
## Inside the Hotspots (10.5.2022)

LONG BEACH: TIME AT ANCHORAGE

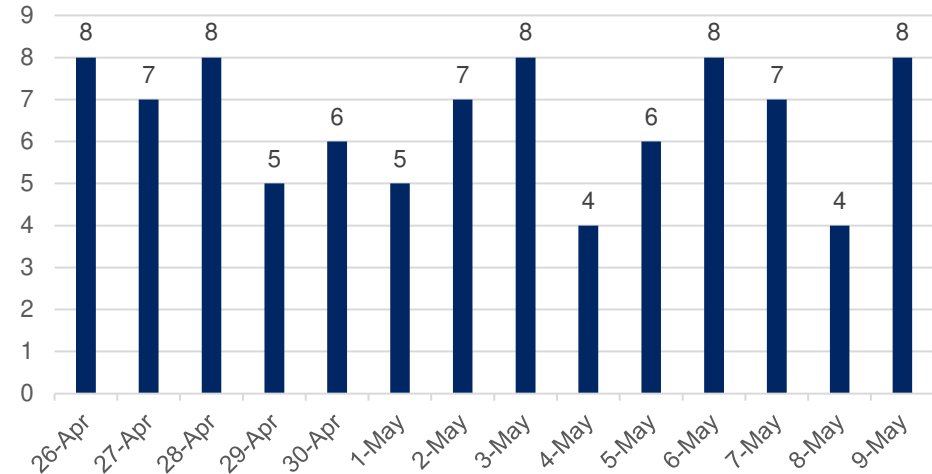


Data source: MarineTraffic

LONG BEACH: TIME AT PORT



LGB: Number of Commercial vessels



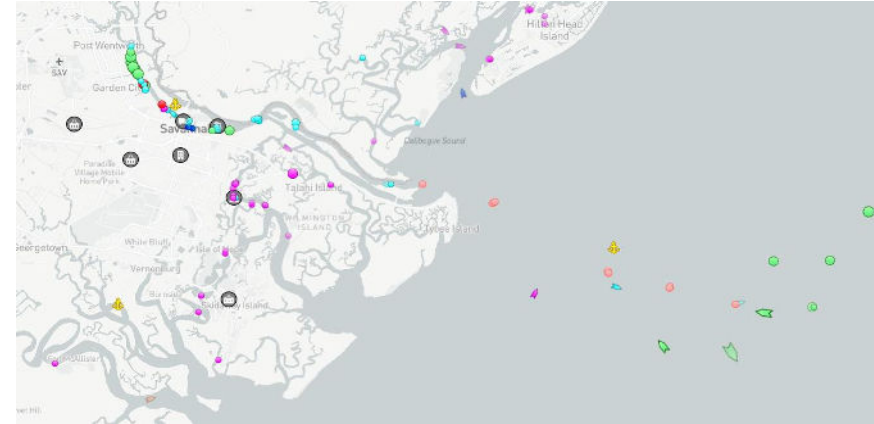
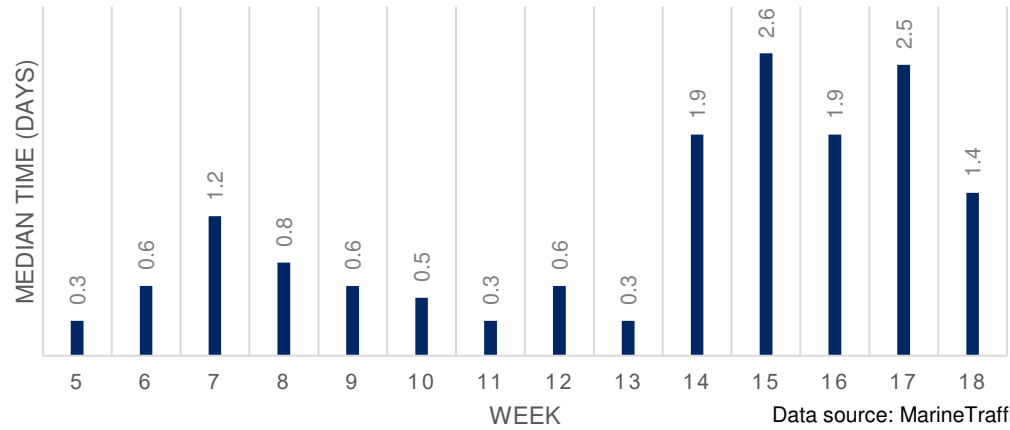
Data source: MarineTraffic



# Port Congestion worldwide

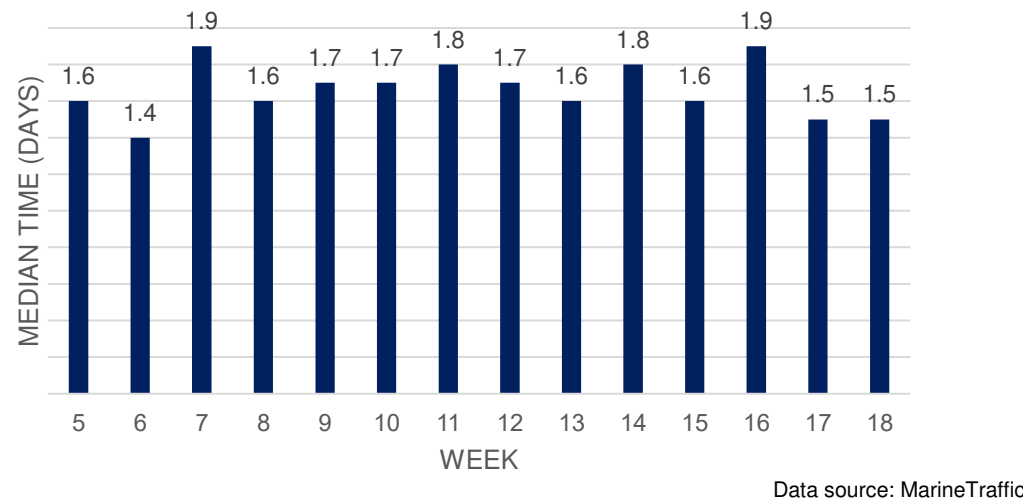
## Inside the Hotspots (10.5.2022)

SAVANNAH: TIME AT ANCHORAGE

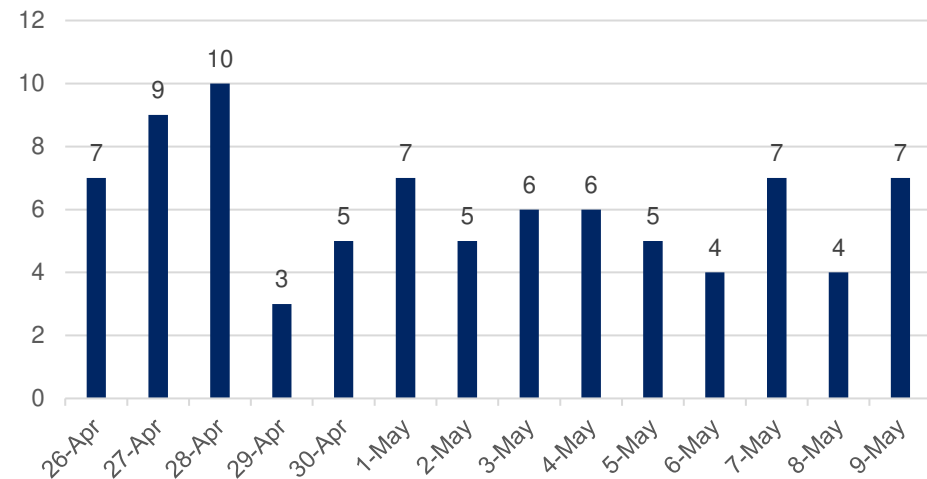


Data source: MarineTraffic

SAVANNAH: TIME AT PORT



Savannah: Number of Commercial Vessels

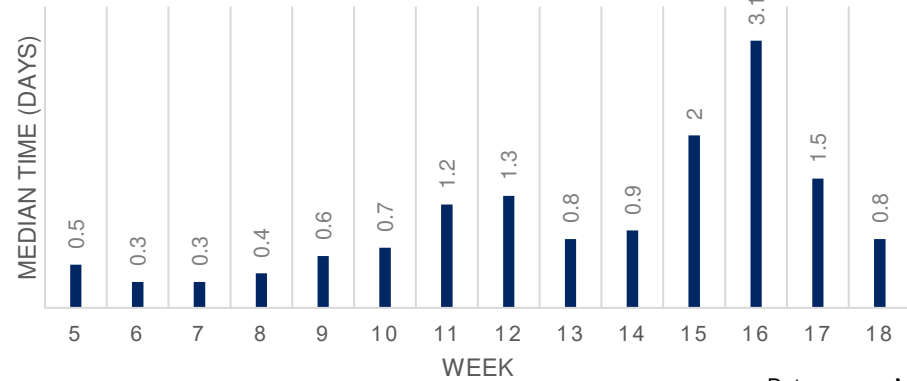


Data source: MarineTraffic

# Port Congestion worldwide

## Inside the Hotspots (10.5.2022)

SHANGHAI: TIME AT ANCHORAGE

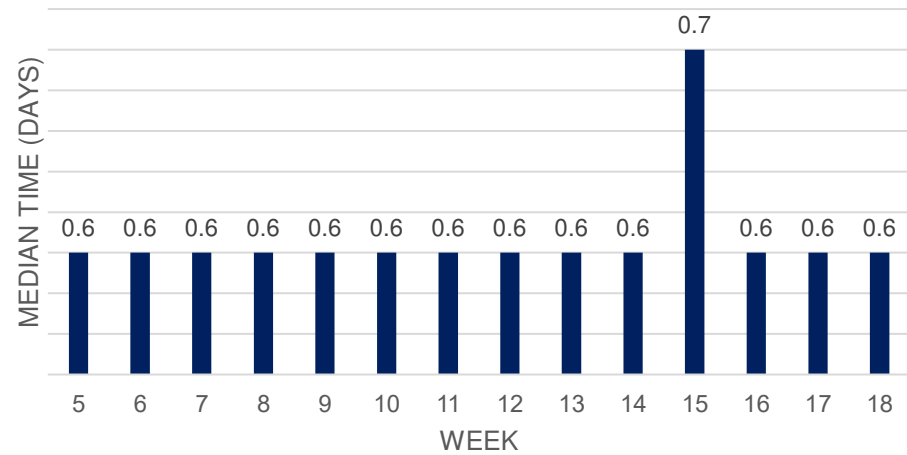


Data source: MarineTraffic



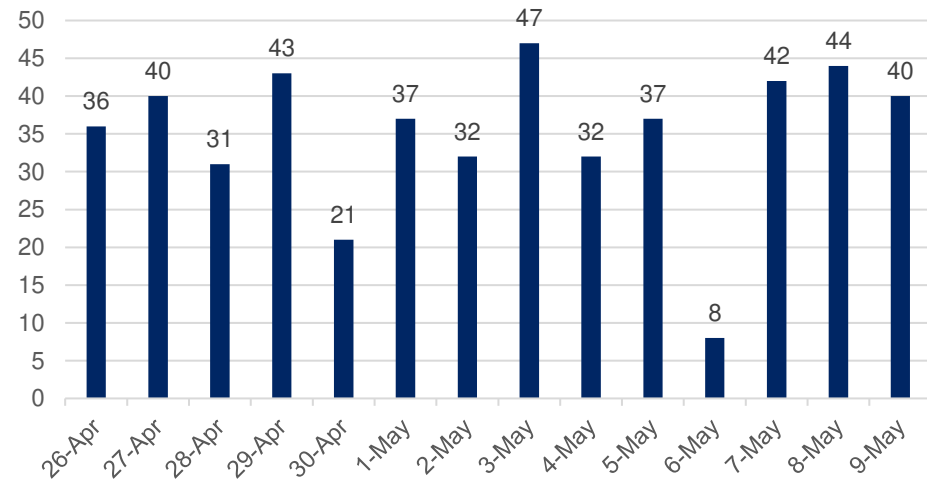
Data source: MarineTraffic

SHANGHAI: TIME IN PORT



Data source: MarineTraffic

SHANGHAI: Number of Container vessels



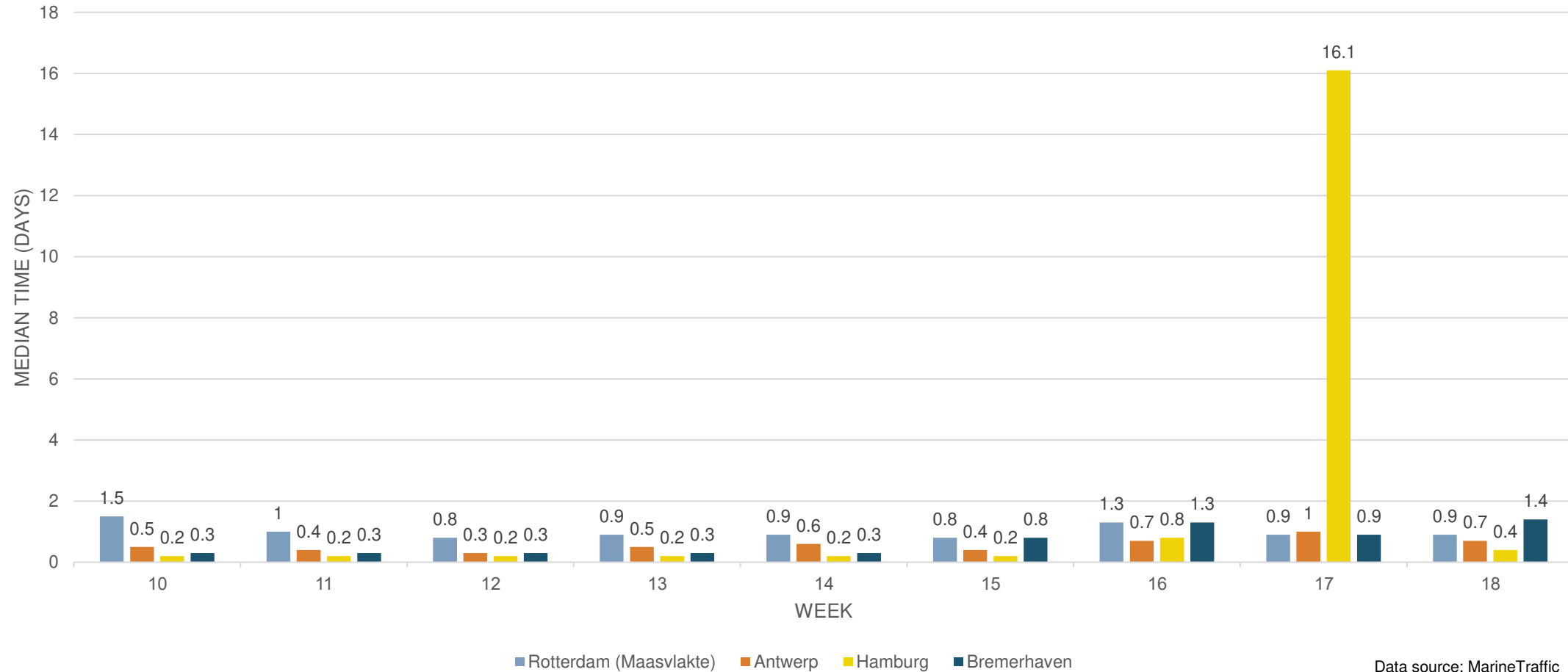
Data source: MarineTraffic



# Port Congestion Europe

Average time at Anchorage – container vessels (10.5.2022)

ENC: TIME AT PORT



# 3. TRADE UPDATE

- FEWB to NWC and MED
- ISC to NWC and MED
- TAWB
- FEEB
- TPEB
- TAEB
- NORAM - LATAM
- ASIA LATAM
- Asia - M. East WB
- Intra Asia incl. ASIA-Oceania and Asia ISC








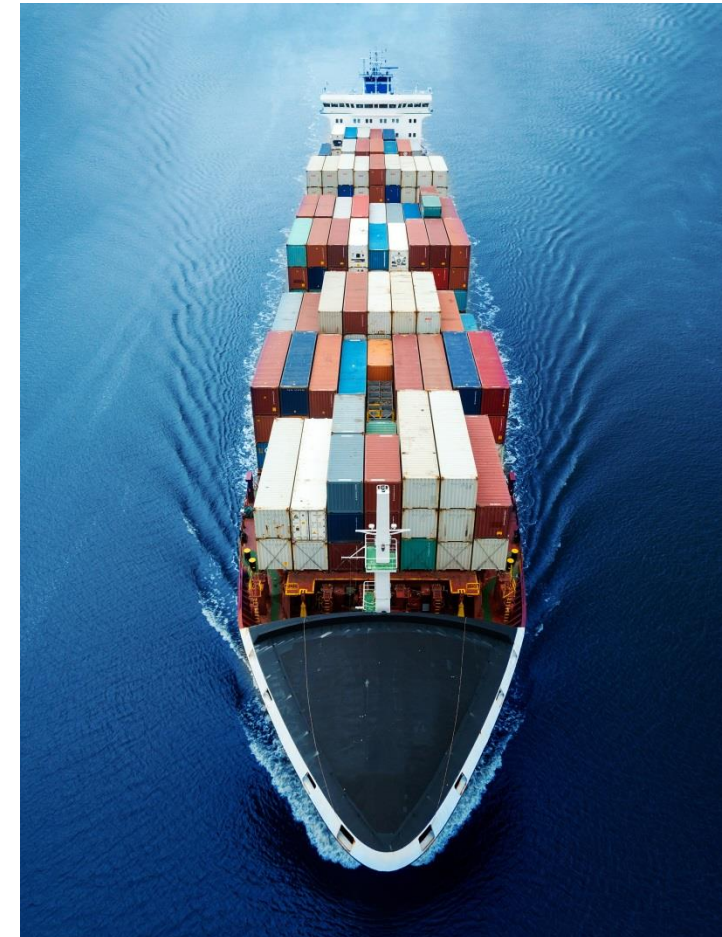


# Trade Update

## Weekly Capacity development

(upcoming 12 weeks based on SeaIntel)

- **Asia – North Europe**
  - Weekly capacity decreases significantly in week 20, and increases drastically in week 27. +12,7% Y/Y
- **North Europe – Asia**
  - Weekly capacity decreases significantly in week 18, 19, 26 and 29 and increases drastically in week 27.
- **Asia – Mediterranean**
  - Weekly capacity decreases significantly in week 18 and 20, and increases drastically in week 23. +10,6% Y/Y
- **Asia – North America East Coast**
  - Weekly capacity decreases drastically in week 20, and increases significantly in week 23. +33,6% Y/Y
- **Asia – North America West Coast**
  - Weekly capacity decreases drastically in week 22, and increases drastically in week 25. +23,4% Y/Y
- **North Europe – North America East Coast**
  - Weekly capacity decreases drastically in week 18, 22 and 25, and increases significantly in week 21. +13,0% Y/Y



# Trade Update

## FEWB Far East Westbound to North West Continent

### Supply / Capacity

- Services keep being delayed and heavily disrupted
- Carriers announcing 12 (!! ) blank sailings in MAY as a tool to stop rate decrease of post-CNY phase
- Capacity variation due to service disruption and high amount of blank sailings week over week
  
- Blank sailing announcements:
  - Week 18/22 6
  - Week 19/22 2
  - Week 20/22 1
  - Week 21/22 3

### Equipment Situation

- Equipment availability is good
  
- We face some issues in individual regions where we have to exchange HC against 40'GP, but no general issue these days
  
- Some carriers ask us to use NOR EQ, but although we don't make use of it we don't face any severe EQ issues

### Demand

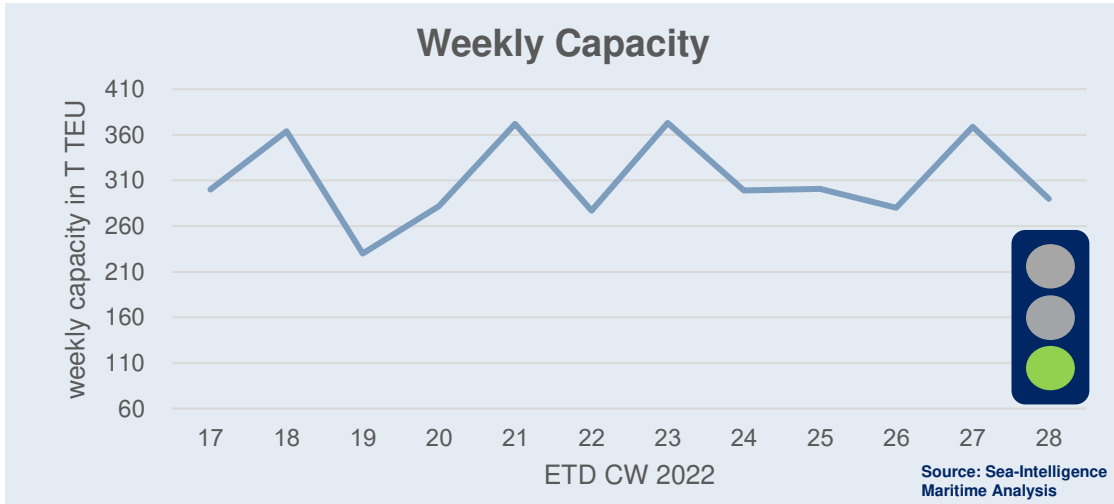
- After some weak weeks we see volumes are picking up end of APR / begin of MAY again
  
- Volume flow on cheap SCFI based agreements is super strong
  
- Performance on dead freight related deals are good

### Market outlook / rate levels / comments

- Latest performance figures show volumes picking up. It is expected that post-CNY dip comes to an end in MAY and spot rates increase again
  
- We suffer under performances on some segments while we over perform other segments - we lose allocation due to not being able to fulfil same where it is available
  
- SHA lockdown ended – volumes picking up like a broken bottleneck

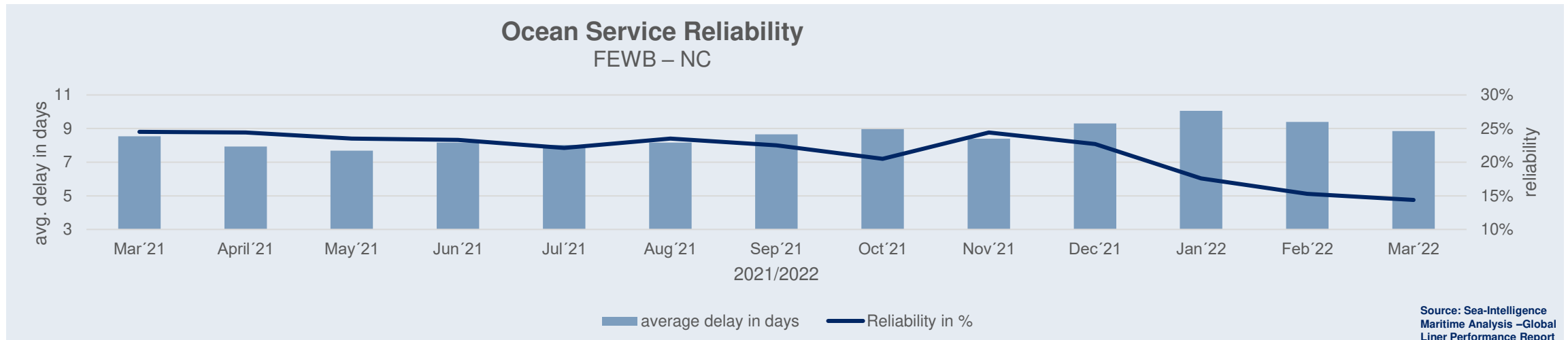
# Trade Update

## FEWB Far East Westbound to North West Continent



### Longterm Rate Outlook

**Stable**





# Trade Update

## FEWB Far East Westbound to Mediterranean

### Supply / Capacity

- Services keep being delayed and heavily disrupted
- Carriers announcing 6 blank sailings in MAY as a tool to stop rate decrease of post-CNY phase
- Capacity variation due to service disruption and high amount of blank sailings week over week
  
- Blank sailing announcements:
  - Week 18/22 3
  - Week 19/22 1
  - Week 20/22 1
  - Week 21/22 2

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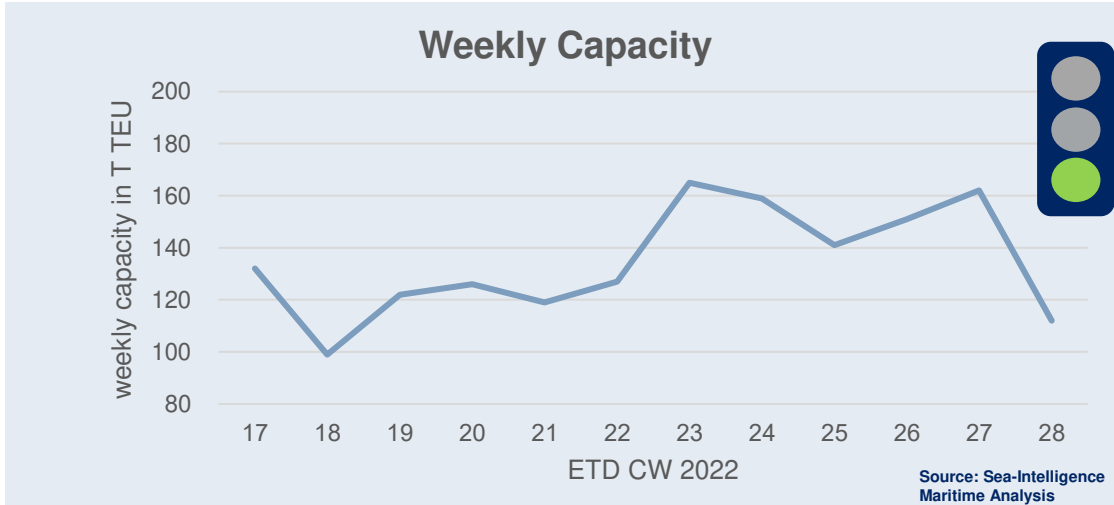
- After some weak weeks we see volumes are picking up end of APR / begin of MAY again
  
- Demand and utilization remain strong – no room for any allocation increase - we face space issues even on FAK/spot terms
  
- Performance on dead freight related deals are good

### Market outlook / rate levels / comments

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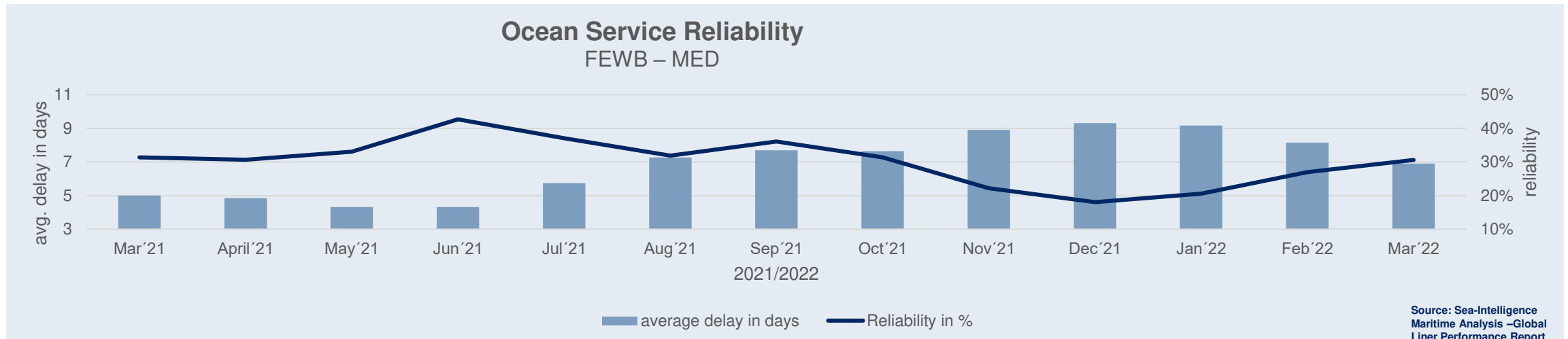
# Trade Update

## FEWB Far East Westbound to Mediterranean



### Longterm Rate Outlook

**Stable**



# Trade Update

## ISC Indian Subcontinent to Europe North West Continent

### Supply / Capacity

- Capacity is key – more than ever before !
- Carriers now moving toward setting up cycle wise allocation like the TEPB trade. Outside of allocation everything comes on premium and spot level which doesn't mean guaranteed space.
- Shipping lines are opening up on space (temporary or long term still to be seen)
- Blanks announced for the upcoming weeks
  - W20: Himalaya

### Equipment Situation / Service Loops / Ports

- Shortage of equipment continues especially with CMA CGM, Cosco in the SEI locations
- Empty Equipment flow is still disrupted by the ongoing Challenges.
- Ongoing Global Carrier schedule reliability impacting arrivals / departures; delays overall.

### Demand

- We have more demand than allocation. Although we are aiming to increase our allocation to be able to provide solutions, and supporting network & sales through pressing carriers to release space outside of agreed allocation.
- Post the Grapes season, demand has been slow therefore vessels are more open for bookings.

### Market Outlook / Rate Levels / Developments

- Space continues to remain tight on back of blanks and port omission.
  - SCFI continues to indicate high rates
  - Bunker going higher on back of Rus-Ukr war
  - Rates may drop due to demand getting a bit slow.
- Carriers opened Longterm market rates
- .Heavy weight cargo not preferred.



# Trade Update

## ISC Indian Subcontinent to Europe Mediterranean

### Supply / Capacity

- Capacity is key – more than ever before !
- Carriers now moving toward setting up cycle wise allocation like the TEPB trade. Outside of allocation everything comes on premium and spot level which doesn't mean guaranteed space.
- Blanks announced for the upcoming weeks
  - W19: IEX

### Equipment Situation / Service Loops / Ports

- Shortage of equipment continues especially with CMA CGM, Cosco in the SEI locations
- Empty Equipment flow is still disrupted by the ongoing Challenges.
- Ongoing Global Carrier schedule reliability impacting arrivals / departures; delays overall.

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- Carriers opened Longterm market rates
- Heavy weight cargo not preferred.

# Trade Update

## TAWB Transatlantic Westbound

### Supply / Capacity

- Carriers continue to try to manage the weekly capacity to keep utilization at maximum thereby maintaining the pressure on capacity and the push on rates. Vessels are being moved around short notice, service slings are rewamped etc.
- Various factors, like draught restrictions, congestion causing significant delays and omission of port calls, limited berthing windows, cut and run in order to restore schedules are currently absorbing available trade capacity and driving additional adhoc adjustments by the carriers.
- Capacity will remain extremely tight within the next months.

### Equipment Situation

- Equipment flows are only partly controllable for the carriers.
- To avoid worsening the various local deficit situations carriers pull back from offering extra free time.
- Turnaround time for inbound containers to become available for outbound loading is increasing due local infrastructure issues in North America, congestion and operational bottlenecks in various European ports

### Demand

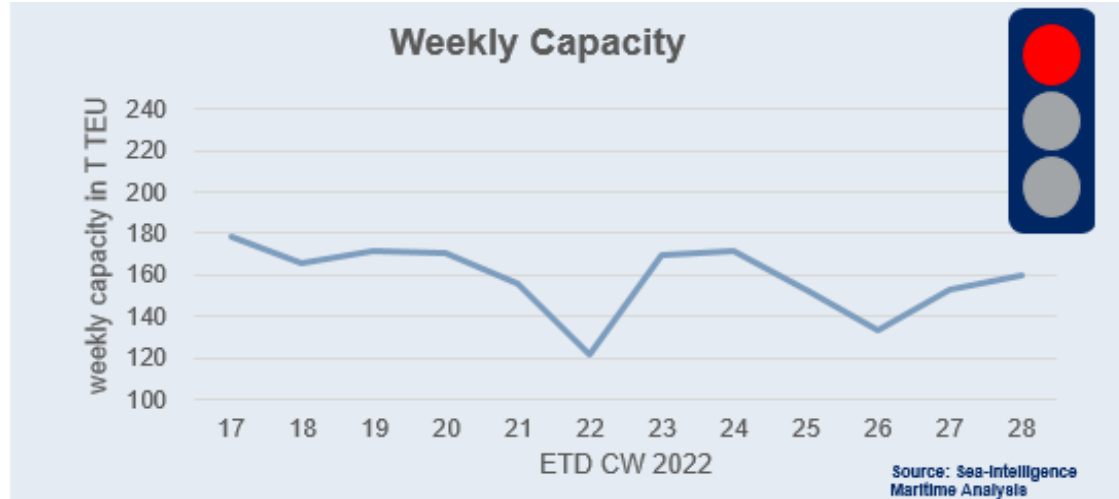
- Short term/mid term the current demand is expected to remain high as shippers are pushing to deliver their orders.
- Seems that H2 2022 will ease up a little provided the current supply chain issues are to continue. Certain industries like the automotive industry is missing raw materials and critical parts like semi-conductors – if not supplied they may have to reduce production and export.
- The sanctions on Russia and Belarus may cause EU production lines to suffer from lack of power (oil and gas) weakening container demand further – on the other hand if the war end soon we could expect even further demand.

### Market outlook / rate levels / comments

- US inland deliveries continuously challenging – rail operators and hauliers capacity under pressure due to terminal congestion, infrastructure issues and legislation.
- Long terms business (12 months +) are offered around current FAK levels indicating carriers believe the market will remain high but stable.
- Future unpredictable but we do not expect carriers to stop pushing for increases.

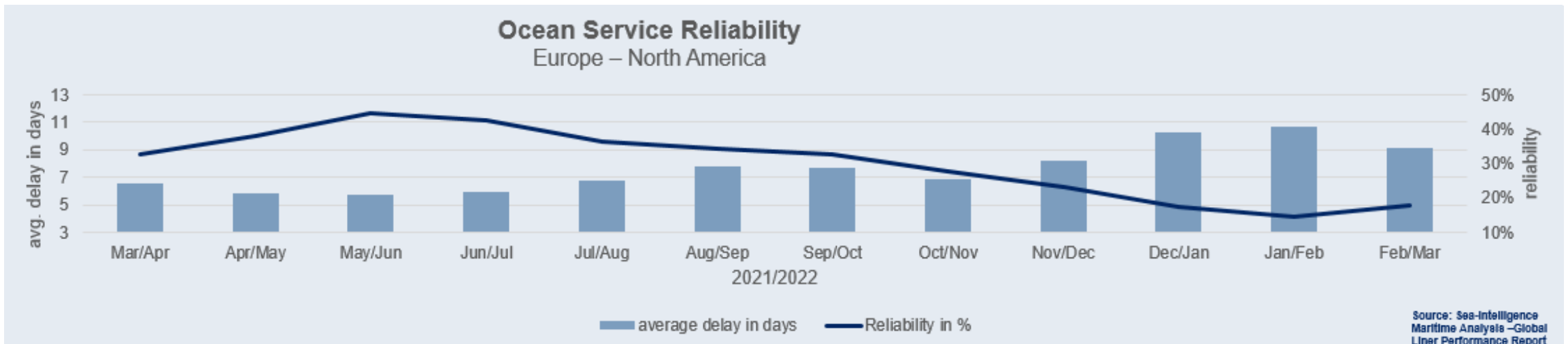
# Trade Update

## TAWB Transatlantic Westbound (Europe to North America)



### Longterm Rate Outlook

Still up





# Trade Update

## FEEB – Europe North Continent to Asia

### Supply / Capacity

- Sufficient space available on the majority of loops
- Ongoing operational challenges due to port congestion, vessel delays and equipment availability problems
- Due to operational constraints at the port of Hamburg, Hapag Lloyd decided to temporarily divert their new „China Germany Express“ (CGX) to Wilhelmshaven. Furthermore POL Le Havre has been added to the EB rotation.

### Equipment Situation

- Situation improved but we continue to see bottleneck situations in various areas (including seaports)
- Precise forecasting resp. equipment planning for larger accounts remains mandatory, especially for hinterland depots and outport areas

### Demand

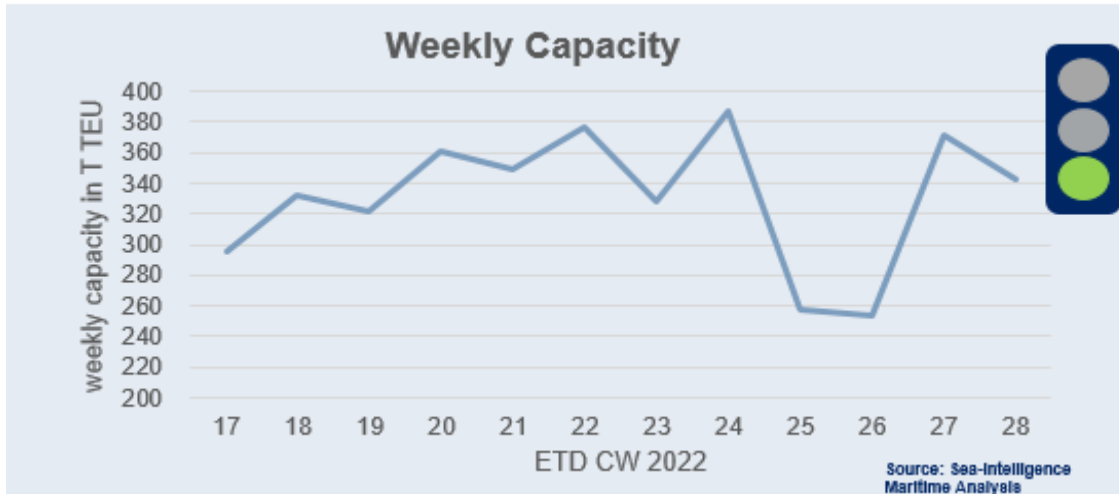
- Overall volumes have slightly recovered, however liftings remain on low level
- Weak volume production in the commodity segment

### Market outlook / rate levels / comments

- Spot market remains under pressure
- Ongoing downward trend also in the mid- and long-term segment
- All carriers are open to discuss new opportunities

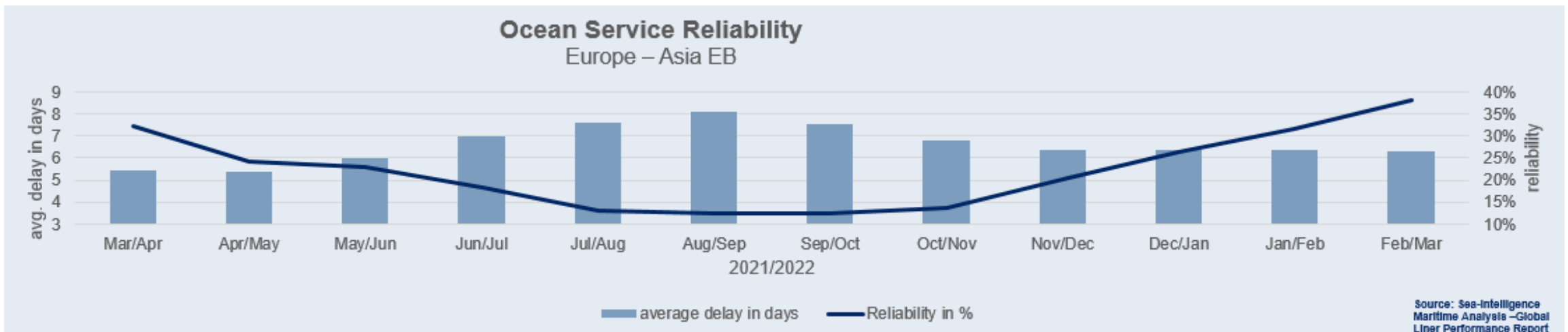
# Trade Update

## FEEB – Europe North Continent to Asia



**Longterm Rate Outlook**

**Slightly down**



# Trade Update

## TPEB Asia – North America

### Supply / Capacity

- All lines have continued to report full and rolling vessels..
- Space remains extremely tight for cargo out of Asia and most predict this will continue into 3rd Qtr 2022 based on projections from importers.
- Lines are still blanking sailings to the USA due to the congestion and for them to get their schedules back to pro forma as many ships are still outside of Asian and US ports waiting for berths. Charleston is the most common omission on the USEC.
- There is no more capacity due to come into the market this year from newbuilds, forecast is 2023 when new ships will start delivering.

### Equipment Situation

All lines are now short on equipment for most of Asia and are requiring customers to use 40'std or 20'std equipment as 40'HC boxes are in short supply. This will most likely continue until the volume moving starts to slow. We are also seeing shortages of all equipment types out of Southeast Asia and the major ports in China. This continues to be the situation and has been increased by long turn around times for boxes which can't be unloaded in the USA. Lines are now stopping bookings due to lack of equipment at origin. The COVID situation in SHA will continue to impact their equipment situation in the coming weeks.

### Demand

- Demand continues to remain strong on the trade as vessels continue to be overbooked and we see roll pools in all ports in Asia.
- We are seeing a slight slowdown in demand due to the ongoing COVID situation in SHA.
- The USWC and USEC are now straining under the amount of imports being moved and we are seeing 20-30 day dwell time at all terminals for local boxes and rail moves are now taking even longer due to shortage of rail cars and trucks to move to rail ramps
- We expect demand to remain strong throughout the 2nd quarter of 2022.

### Market outlook / rate levels / comments

The market remains strong. USWC rates still remain at record levels and USEC rates are at historic highs still. 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 this year. New contract rates are in place for May 2022 contracts at elevated levels. Spot rates have remained the same for many carriers from April to May 2022 and we have even seen slight decreases in rates from some carriers. The ongoing COVID situation in China will continue to impact the market in future weeks and will most likely lead to increased rate levels in June and beyond.



# Trade Update

## TPEB Asia – North America

Longterm outlook



Still up

Weekly Capacity NAWC



Source: Sea-Intelligence Maritime Analysis



# Trade Update

## TAEB – Trans-Atlantic Eastbound (USA – North Europe and Mediterranean)

### Supply / Capacity

- Capacity stable in the trade, however 4-6 weeks advance bookings recommended.
- Port congestion at Savannah and Charleston resulting in port omissions and rotation change to get schedule back on track.
- Port congestion in Seattle causing omissions of the port by ONE, YML and Hapag.
- No capacity will be added to the trade for 2022.

### Equipment Situation

- Equipment availability is still unstable across the USA
- Ports post stable availability, however some of the inland ramps are very low on inventory depending on the equipment type.
- NOR's required in Rotterdam, Hamburg and Bremerhaven

### Demand

- Demand has seen a slight increase, mainly from the PNW area.
- Seattle and surrounding area is a challenge, carriers reluctant to provide rail services from the area cross country to US East Coast ports.
- Carriers prefer routing All water via Panama Canal or via Asia ports. However, the port omissions are creating a greater challenge to secure space.

### Market outlook / rate levels / comments

- Stable over the last quarter
- Q2 Bunker Increases and General rate increases implemented
- Charleston is facing severe congestion leading to carrier port omissions and scheduling adjustments.
- Carriers servicing Odessa and Novorossiysk ports have suspended services due to situation in Ukraine.
- Carriers not open to long-term rate and Named Account rate agreement.

# Trade Update

## TAEB – Trans-Atlantic Eastbound (USA – North Europe and Mediterranean)

### Highlights / Other

#### Chassis

Ongoing chassis shortages continues and has worsen. High street dwell times are affecting greatly equipment availability, exacerbating trucking performance and terminals congestion; resulting in pick up/deliveries delays and extra costs. Most affected areas U.S. West coast, New York, Philadelphia, Norfolk, Houston, Minneapolis, Atlanta, Chicago, Cincinnati, Cleveland, Columbus, Detroit, Louisville, Memphis, Indianapolis, Nashville, Omaha, Savannah, Charleston.

#### Trucking

We continue facing severe intermodal limitations due capacity shortage and volumes spike in several areas of North America.

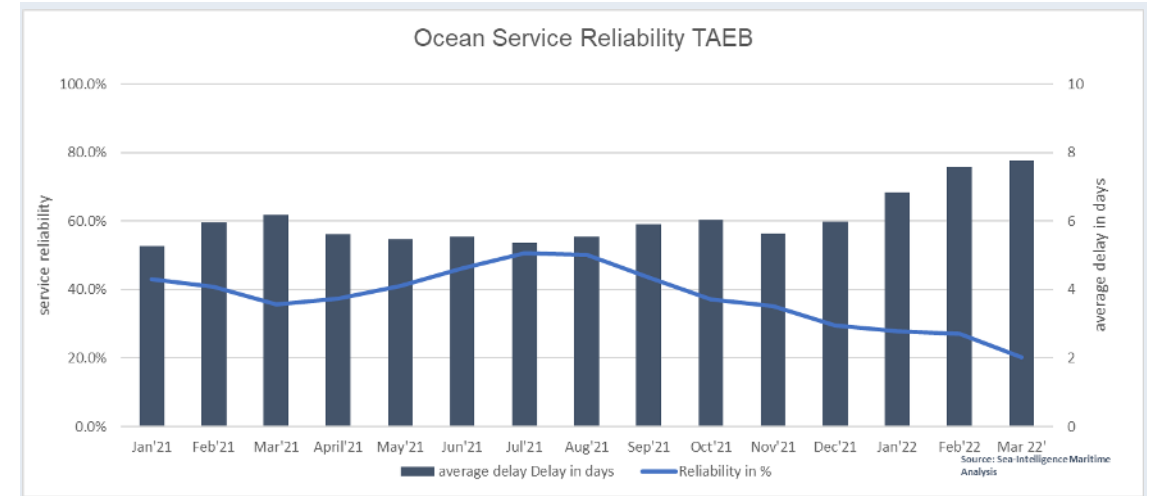
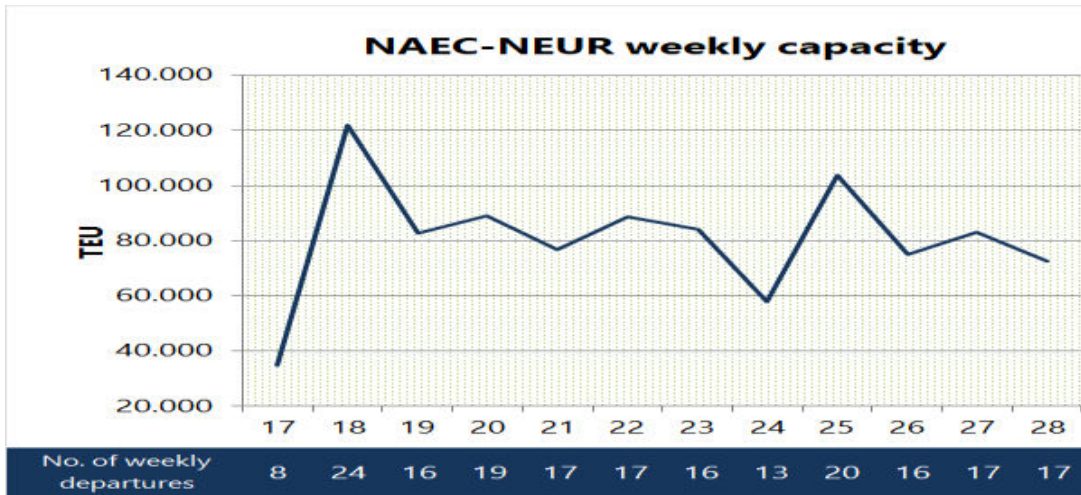
Spot market rates prevail and timeframe to secure truck power continues worsening. Bookings for truck power are now 4 to 6 weeks out.

\*Time to secure Hazmat, Overweight, Reefer drivers in some instances is up to 4 weeks advance booking.



# Trade Update

## TAEB – Trans-Atlantic Eastbound (USA – North Europe and Mediterranean)



Source: Sea-Intelligence  
Maritime Analysis



### Longterm outlook

Stable market through 2022  
Unstable Truck Power and Chassis sourcing  
Quarterly Rate Review

# Trade Update

## NORAM – LATAM (North America – Latin America)

### Supply / Capacity

- Capacity in the Americas continues to be reduced due vessels re-deployment to other services in Asia and Europe. Small vessels/feeders are being positioned instead, or simply vessels are not being replaced. This is being translated into additional pressure for space, allocation and rates increases.
- Most of services from US to LATAM continue running with healthy utilization. Highly affected services are USEC – SAWC (Vessel utilization 120-130%) and USWC – SAWC / SAEC (Vessel utilization 90-120%). Out of the Gulf allocation is starting to get tight (Vessel utilization 95%); and on a minor scale USEC – SAEC (Vessel utilization 90%).
- Hamburg Sud pulls 4 carriers from US-ECSA schedule (Tango Service), placing further pressure on capacity.
- Hamburg Sud brand will be fully engaged in the BCO market and will remove itself from all NVO relationship. Sealand has offered their services in order to fu

### Equipment Situation

Equipment deficit in other regions (Asia and Europe mainly) continues to put pressure on U.S. equipment availability, as carriers are proactively repositioning empty U.S. available stock towards those high revenue trades. Carriers are being more selective on the type of commodities to carry and revenue contribution (Higher paying rates get loading priority). This trend is expected to continue towards remaining of Q2/2022. Low inventory of chassis continue to be a major issue, resulting in pick up/delivery delays of 10 – 14 days  
Carriers continue to promote 40'RF/NOR's to LATAM southbound.

### Demand

- Continued upward trend in Q2 2022 and this year is expected to be stronger because of low inventories, alternate sourcing due to high transport costs ex ASIA and parallel demand increase. Due to booking cancellations, chassis/trucking challenges and lack of space volumes have been impacted.
- Logistics challenges in Asia and Europe, LATAM companies started looking for alt sourcing options ex U.S., has contributed to a surge in capacity.
- Securing space to WCSA remains a challenge with all carriers.

### Market outlook / rate levels / comments

- GRI's continue to remain in effect for SAEC,SAWC and Central America/Caribbean related to cost recovery due to heavy congestion at transshipment ports
- Persistent congestion in transshipment ports (Caribbean/Panama/Colombia).
- SAWC (mainly Chile and Peru) continue being challenging destinations. Service disruptions to this area are expected to continue through Q2 2022. Bookings need to be secured at least 6 weeks in advance within allocation.
- Carriers are less open to long term market rates for new businesses and Allocation is being managed closely. Carriers are cutting allocation for customers that do not show up.
- Opportunities: U.S. East coast – South America East Coast (Dry & NORs) ;Gulf – Central America & Caribbean.
- Bookings involving Pick ups need to be done min 4-6 weeks in advance.
- Performance is being measured tightly; we need to book as committed, otherwise allocation is jeopardized.

# Trade Update

## NORAM – LATAM (North America – Latin America)

### Highlights / Other

#### Chassis

Ongoing chassis shortages continues and has worsen. High street dwell times are affecting greatly equipment availability, exacerbating trucking performance and terminals congestion; resulting in pick up/deliveries delays and extra costs. Most affected areas U.S. West coast, New York, Philadelphia, Norfolk, Houston, Minneapolis, Atlanta, Chicago, Cincinnati, Cleveland, Columbus, Detroit, Louisville, Memphis, Indianapolis, Nashville, Omaha, Savannah, Charleston.

#### Trucking

We continue facing severe intermodal limitations due capacity shortage and volumes spike in several areas of North America.

Spot market rates prevail and timeframe to secure truck power continues worsening. Bookings for truck power are now 4 to 6 weeks out.

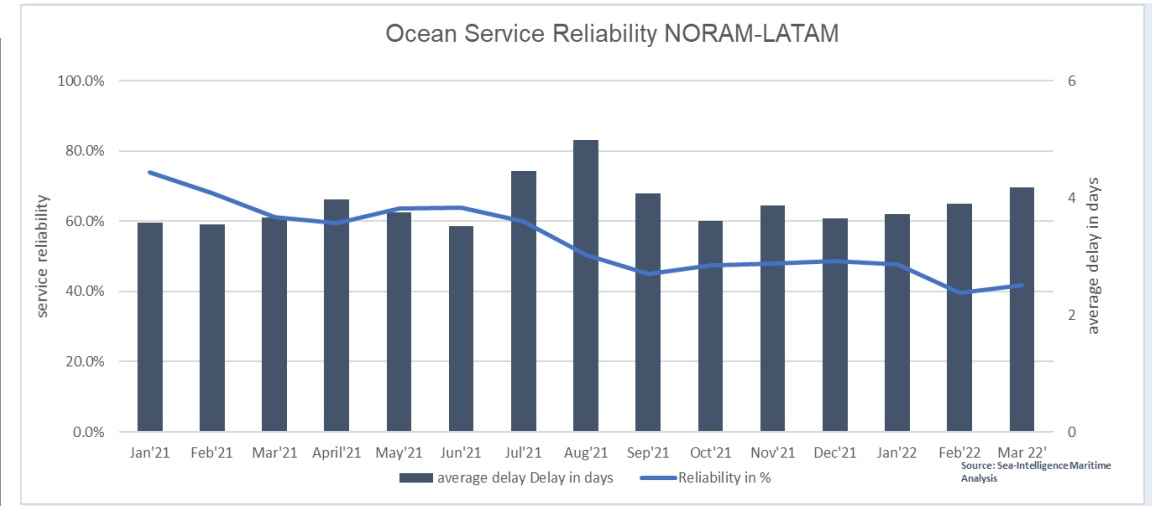
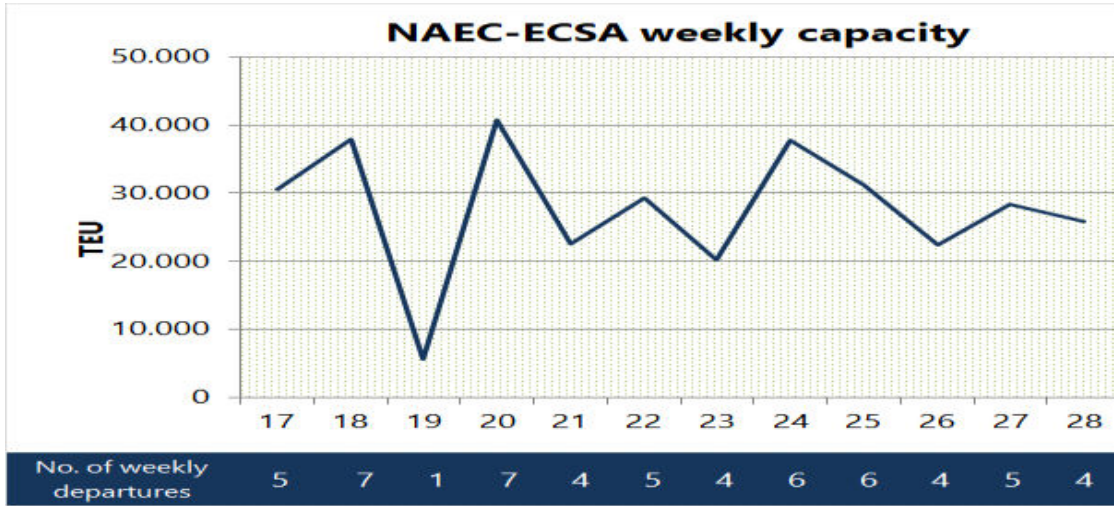
\*Time to secure Hazmat, Overweight, Reefer drivers in some instances is up to 4 weeks advance booking.

#### Port Congestion

Ports of Houston, Charleston, Kingston, Cartagena, Caucedo Heavily Congested due to COVID effects of staffing, terminal closures, etc.

# Trade Update

## NORAM – LATAM (North America – Latin America)



Source: Sea-Intelligence Maritime Analysis



### Longterm outlook

- Allocation monitoring
- Strict Capacity Control
- Continuation of Quarterly Rate Review
- Port Congestion



# Trade Update

## ASIA LATAM (ASLA) EB

### Supply / Capacity

Capacity remains unchanged. Ocean Carriers are NOT adding new tonnage or capacity in the system so soon, despite of some extra-loaders deployed.

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

Blank Sailings have been announced and also expected, as to avoid further rate erosion.

### Equipment Situation

As China enters on another lock-down because of COVID-19, stocks are low and repositioning also jeopardized.

Please expect some shortages during this period.

We recommend monitoring with local offices, as stocks are really dynamic and change within hours.

Side note:

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

### Demand

Demand weakened right after CNY, till the end March (Q1) and as an immediate consequence, ocean freight rates are collapsing.

With that, local heroes (or local freight forwarders) start to price (to quote all kinds of customers) based on the upcoming reductions and NOT on the FAK valid for the week or next two weeks.

As they bet on the reductions, they will price two weeks ahead, giving a substantial reduction on the yet valid FAK.

### Market outlook / rate levels / comments

As vessels are not sailing 100% full, there are opportunities to file new businesses with certain carriers.

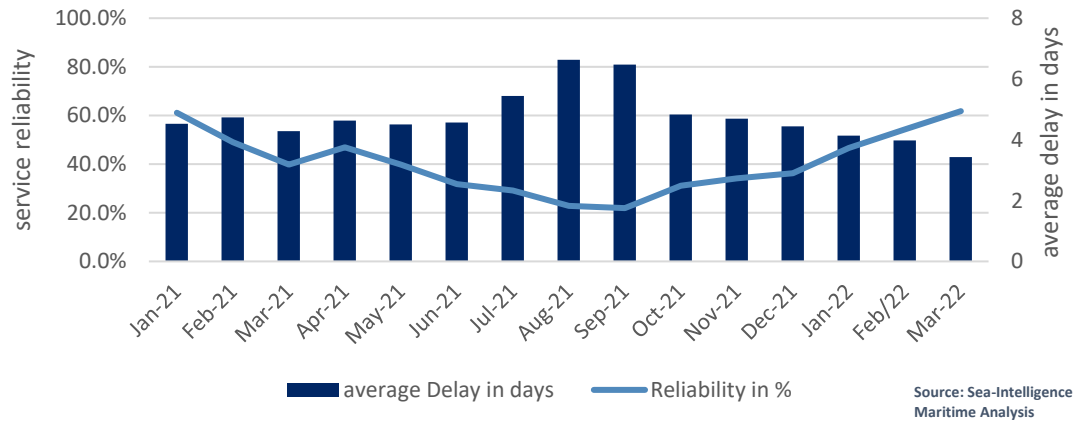
Please explore such opportunities but at the same, take care about our existing customers as our competition will be doing the same: attacking our own.

Feel free to share and bring us new business opportunities, keeping in mind the min. threshold of 600Teu/Year.

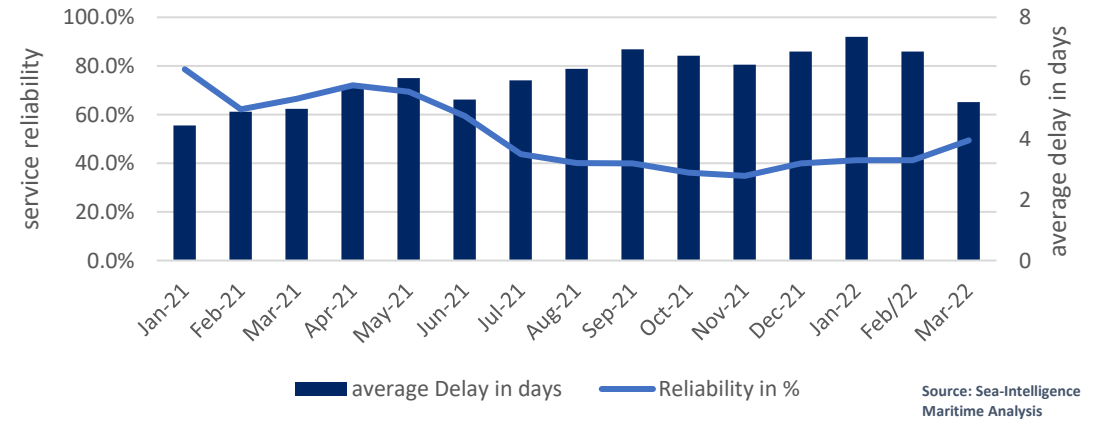
# Trade Update

## ASIA LATAM (ASLA) EB

Ocean Service Reliability ASIA > ESCA



Ocean Service Reliability ASIA > WCSA



### Longterm outlook

High & stable rates throughout 2022  
Possible Price War during Q2

Tighten Space  
Ongoing Schedule Reliability Issues

### Longterm outlook

High & stable rates throughout 2022  
Possible Price War during Q2

Tighten Space  
Ongoing Schedule Reliability Issues

# Trade Update

## ASIA - M. EAST WB

### Supply / Capacity

- Space remains relaxed for both Gulf and Red Sea in April and same is expected to be in May. Especially for Gulf area, space is more available compared to previous months.
- Blank sailings are still applicable in April and May.

### Equipment Situation

- Equipment availability is still an issue from Asia outbound markets for some carriers. CMA, HAPAG and MAERSK report issues with equipment availability in some specific origins.
- HAPAG have some 40'DC/HC shortage and they reject 40ft bookings unless it is under NAC filing.

### Demand













- Overall demand remains low and market is very soft.
- Despite Ramadan ends early May, no any cargo rush is expected. Customers order very low quantum and volume drops significantly in the market.
- Due to fact that competitive SPOT rates available in the market, customers move from long term deals to short/SPOT deals to enjoy current market situation.







### Market outlook / rate levels / comments

Rates continue to drop in April week by week and same is expected in May.

# Trade Update

## Intra-Asia – General Market Situation

Trade Update	Space (Capacity)	Equipment	Schedule Reliability	Price Development
Intra Asia				
Asia-Oceania				
Asia-ISC				

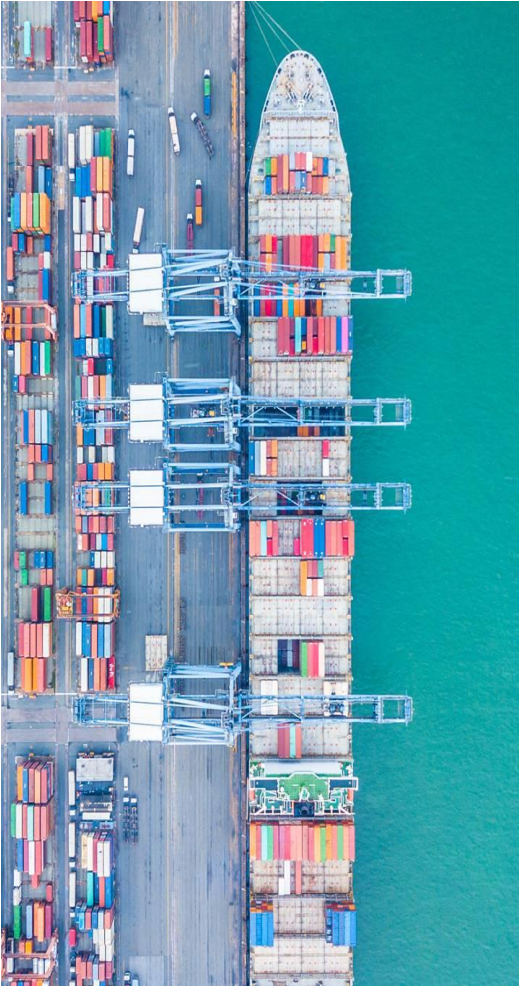
Color Codes	space (Capacity)	Equipment	Schedule Reliability	Price Development
	70%-100% of normal capacity	no Challenges	no Challenges	 Up
	30%-69% of normal capacity	medium challenges	medium challenges	 Stable
	Less than 29% of normal capacity	major challenges	major challenges	 Down



# Trade Update

## Intra-Asia – Service Updates

Carrier	Trade	Commencement	Service
MSC	IASS	27 <sup>th</sup> April	BENGAL - HONG KONG – YANTIAN – SHEKOU – SINGAPORE – TANJUNG PELEPAS – CHATTOGRAM – SINGAPORE – TANJUNG PELEPAS – HONG KONG



# Trade Update

## Intra-Asia – Asia Pacific Equipment Situation

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

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

Update as of 14<sup>th</sup> April 2022

D – Deficit  
S – Surplus

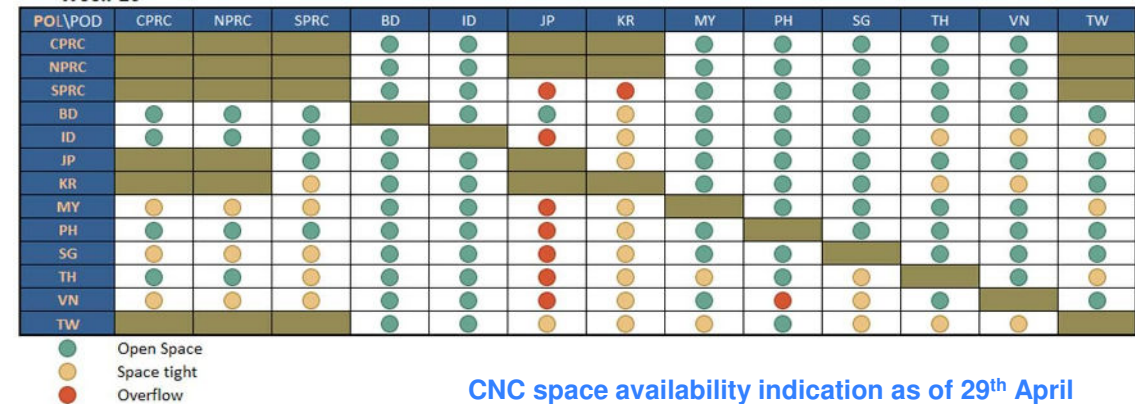
CHINA					
Location	20DV	40DV	40HC	20RE	40HR
DALIAN	D	D	D	-	-
XINGANG	D	D	D	S	S
QINGDAO	D	D	D	-	D
SHANGHAI	D	D	D	S	S
NINGBO	D	D	D	D	D
HONGKONG	-	D	S	S	S
SHEKOU	D	D	D	-	D
YANTIAN	D	D	D	-	D
XIAMEN	-	D	D	-	D
QINZHOU	S	-	-	-	-
SHANTOU	D	D	D	-	-
FUZHOU	D	D	D	-	-
KAOSIUNG	D	D	-	-	S
TAICHUNG	-	D	D	-	S
KEELUNG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

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

SOUTH KOREA					
Location	20DV	40DV	40HC	20RE	40HR
PUSAN	D	-	-	-	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.



CNC space availability indication as of 29<sup>th</sup> April

Source: MSC, Maersk line

# Trade Update

## Asia Pacific Port Situation

Port	Waiting Time (days)	Condition
Shanghai	3-5	heavy berth congestion especially in WGQ 2 and 5 with waiting/delay between 3 to 5 days. CNC stops accepting DG and COC dry bookings into Shanghai local
Ningbo	2-3	heavy berthing delay 2- 3 days. CNC continue to stop accepting new DG bookings into Ningbo
Qingdao	1	Terminals are under moderate berth congestion
Shekou	2	Resources 100% resumed, yard density very high. Berth delay improved waiting time around 2 days
Nansha	0.5	moderate berthing delay by about half a day. Yard utilization healthy.
Yantian	1	Berthing wait less than 1 days, yard density 80%
Hong Kong	0.5	Situation normal. Wait for berthing within 0.5 day
Manila	1	moderated congestion in MNS and MNN, waiting time about 1 day.
Pusan	1	BNCT yard density is around 70%. Berth waiting time around 1 day
Port Kelang	2	operation normal. But berthing wait for 2 days due to bunching arrival.
Singapore	1	congestion situation remains, berth waiting time about 1 day.
Kaoshiung	1	Yard utilization stable at around 90+%, berthing wait for less than 1 day

Source: CNC Link



# 5. IMO 2023

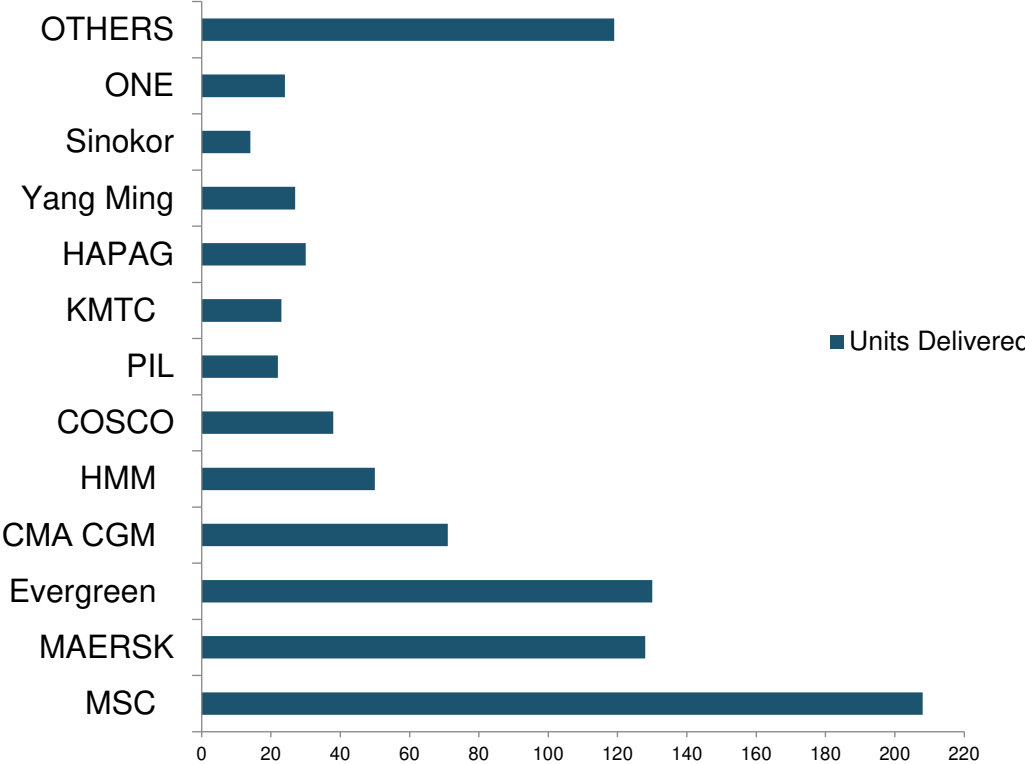




# Scrubber Technology

## Overview

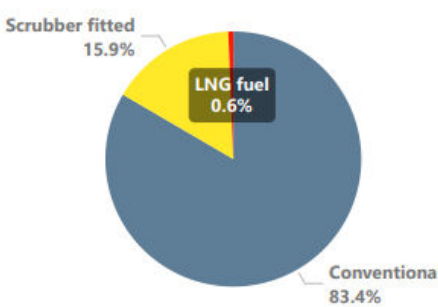
**Scrubber Fleet** (by April 2022)



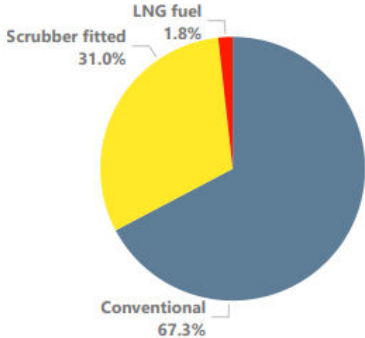
**LNG Fuel and Scrubber Watch** (by April 2022)

	# of Ships	TEU capacity
LNG Fuel	35	441,615
Scrubber Fitted	884	7,794,344

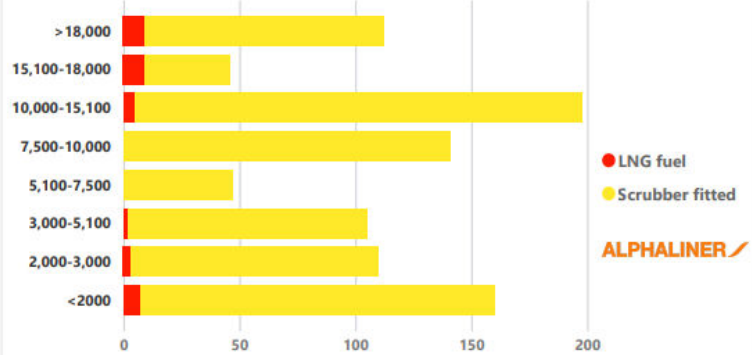
Fleet breakdown by units



Fleet breakdown by TEU



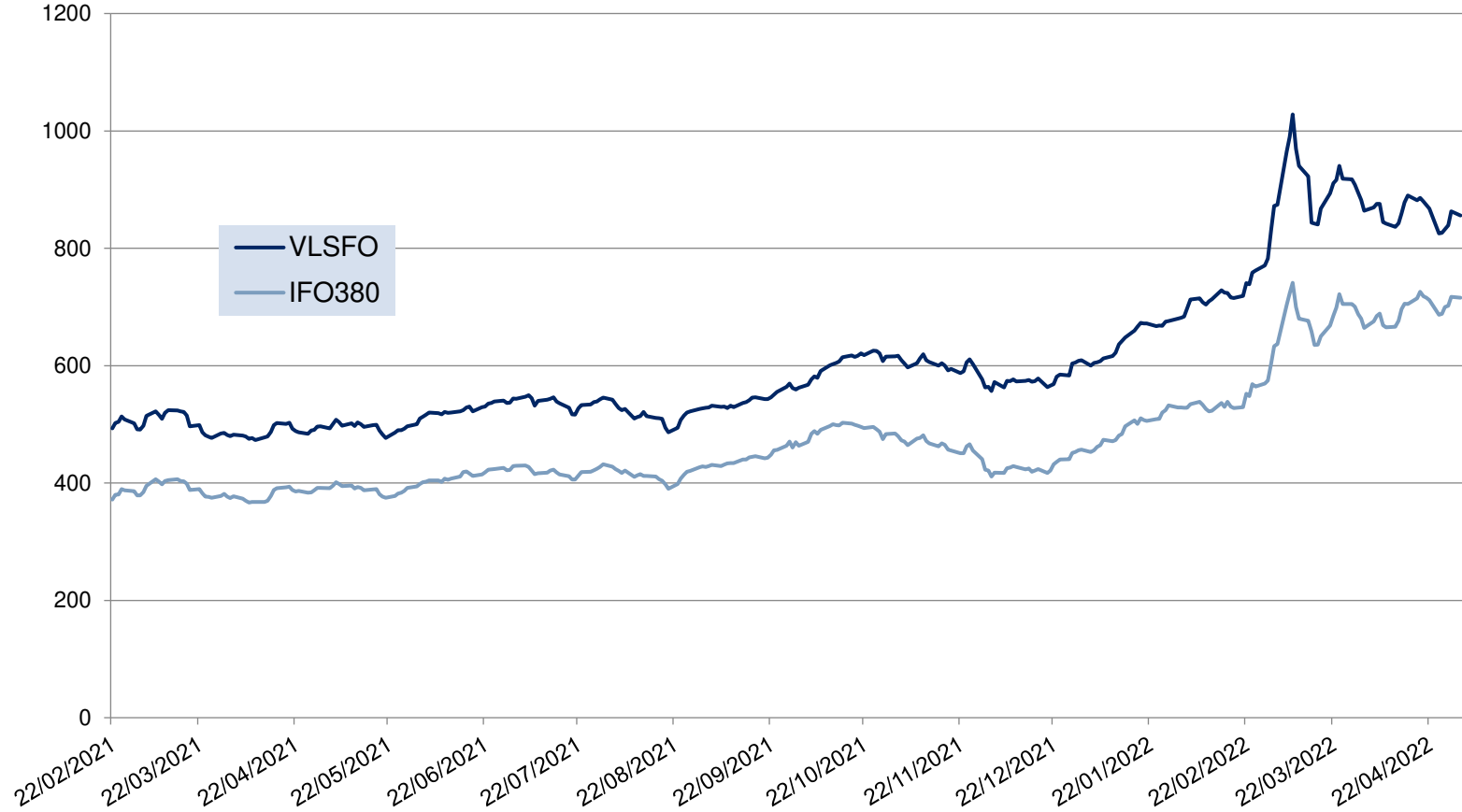
Breakdown of LNG Fuel / Scrubber Fitted Ships by Size



Source: Alphaliner

# Bunker price development

## Global 4 Port Average



Source: Ship&Bunker

### COMMENTS

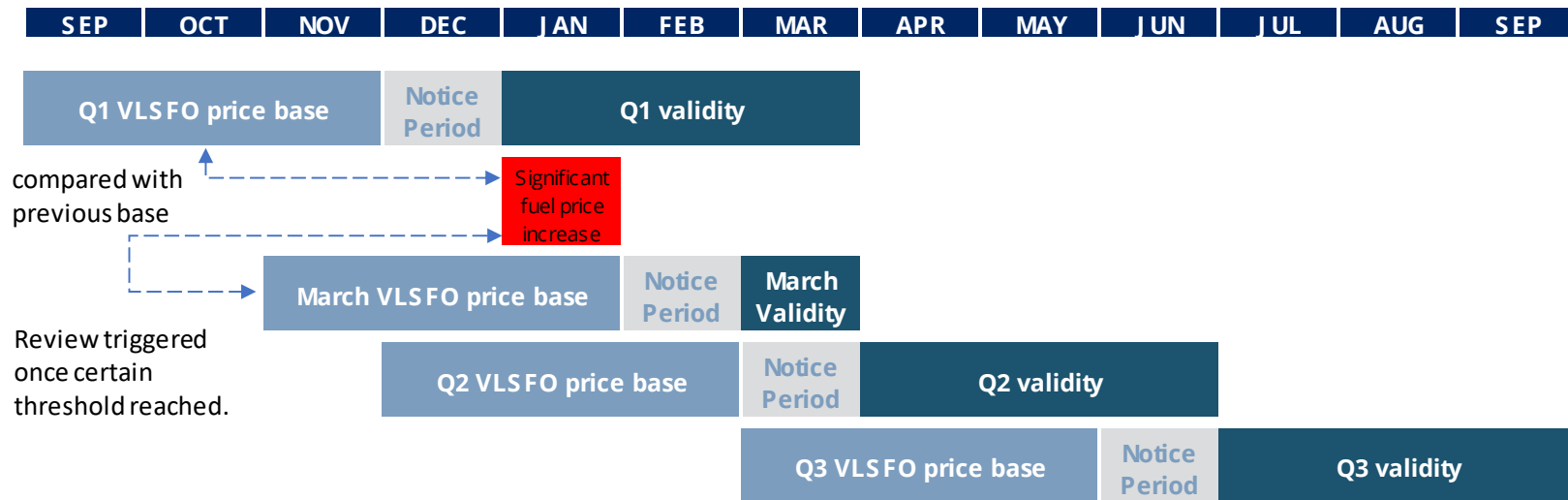
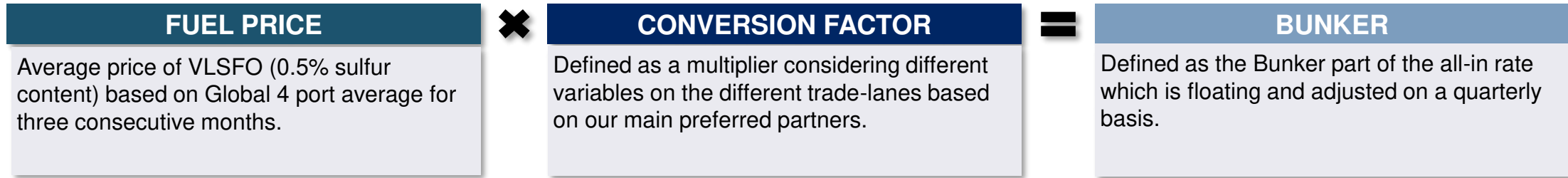
- In March 2022, the average monthly price of very low sulfur fuel oil (VLSFO) stood at 921 U.S. dollars per metric ton, the highest figure in the observed period. The price of VLSFO is strongly influenced by external factors, such as the price of crude oil and market forces of supply and demand. In the past two years, two separate events have had a profound effect on the price of VLSFO: the International Maritime Organization (IMO) sulfur cap on fuel oil in 2020 and, more recently, the Russian invasion of Ukraine and the International Maritime Organization's (IMO) sulfur cap on fuel oil.

Source: Statista



# DSV Bunker

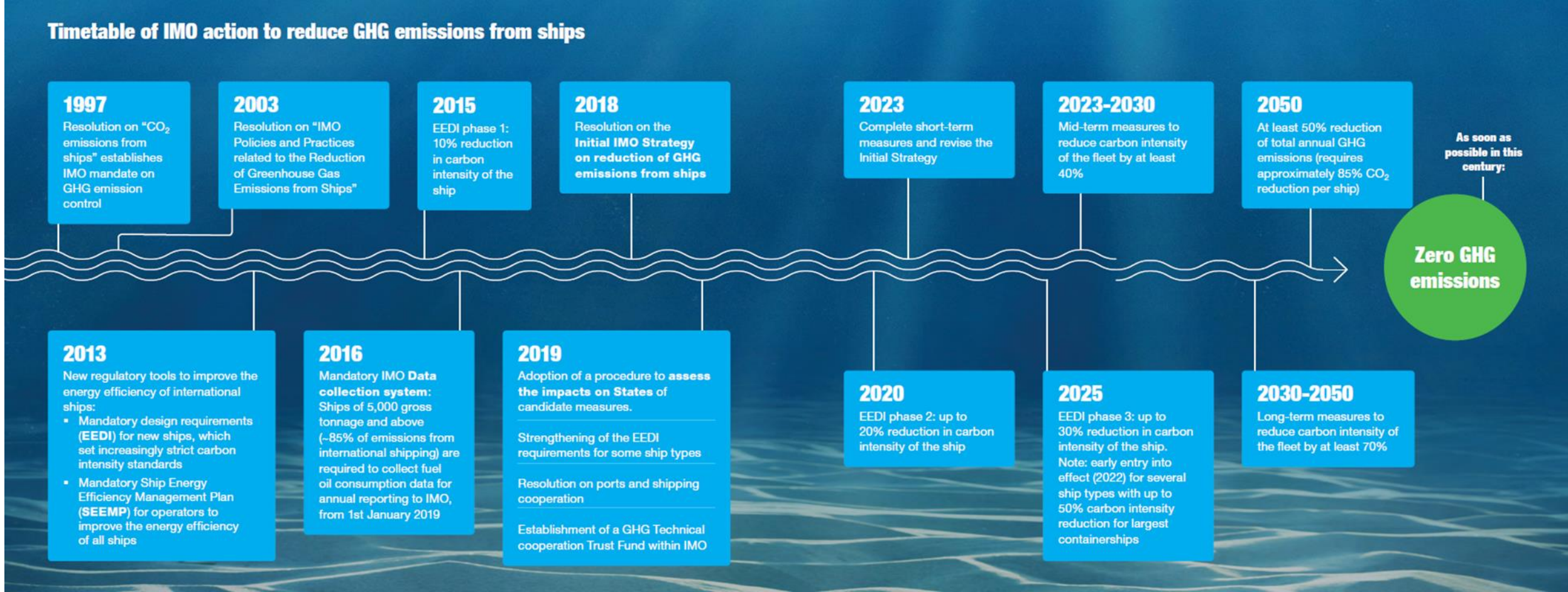
## The DSV Bunker mechanism & review cycle



- COMMENTS**
- A quarterly review cycle is followed
  - Due to the volatility of fuel prices, DSV Panalpina reserves the right to provide an adjustment on a monthly or shorter basis, in case of extra ordinary price increases.
  - In case of an extra ordinary adjustment DSV will provide a sufficient notice period prior to the new levels becoming effective.

# Sustainability resp. GHG requirements in global shipping / IMO regulations

**1 ton of fuel = +/- 3.15 tons of CO<sub>2</sub>** (WTW – from well to wake)

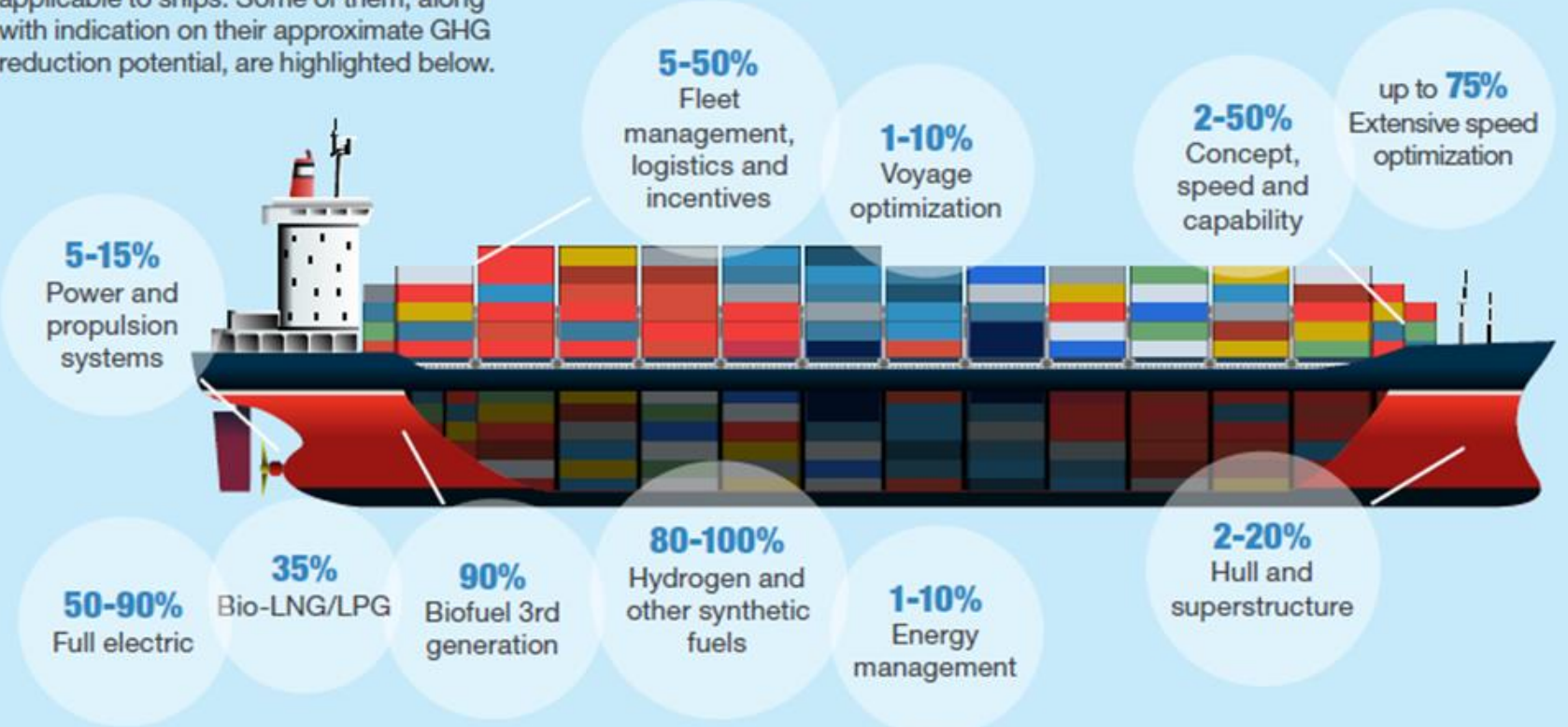




# Sustainability resp. GHG requirements in global shipping

## A wide variety of design, operational and economic solutions

Achieving the goals of the Initial IMO GHG Strategy will require a mix of technical, operational and innovative solutions applicable to ships. Some of them, along with indication on their approximate GHG reduction potential, are highlighted below.



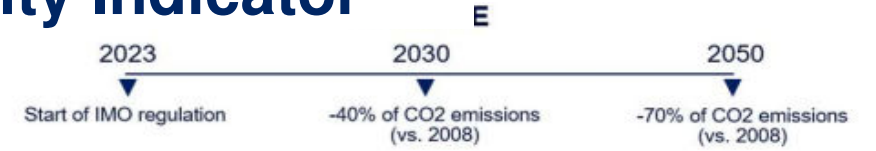
### Time-schedule:

1. **Short term measures - To be completed by 2023**
2. **Mid term measures – From 2023 to 2030**
3. **Long term measures – From 2030 to 2050**

During the last MEPC (Marine Environment Protection Committee) meeting, IMO has ratified 2 important **Short-term** measures

**EEXI – Energy Efficiency for existing ships**  
**CII – Carbon Intensity indicator**

# EEXI = EEDI for existing ships / CII = Carbon Intensity Indicator



## REGULATORY CONTEXT per ship basis

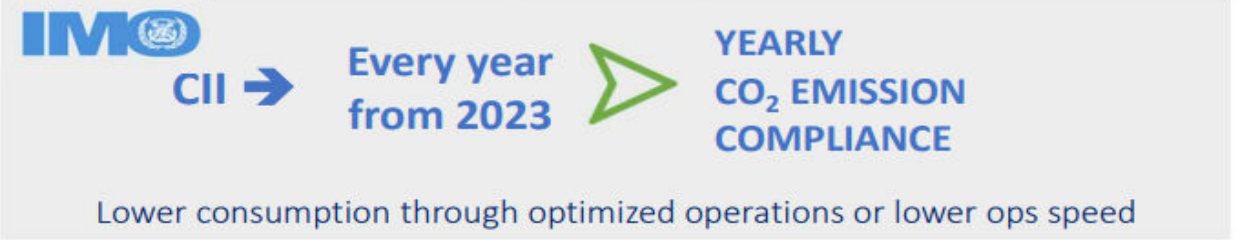
### VESSEL DESIGN



>55% of the World Fleet is not compliant

→ Investment needed to optimise Engine Power Limitation and speed

### VESSEL OPERATIONS



Yearly ranking



- A, B or C ⇒ Compliant
- D ⇒ Non compliant : 3 years to remedy
- E ⇒ Non compliant : 1 year to remedy

CII target reinforcement 2% per year from 2023 to 2026 ≥ 2% after 2026

## ... Leading to the following consequences

- From 2022, most of the 6 000 containerships worldwide will have to go on Drydock to make technical changes to reduce marginally CO<sub>2</sub> emissions (between 2% and 7,5%) : **change of propellers, change of bulbs, minimum Engine power limitation etc.**
- To remain compliant, most of the vessels will have to **reduce their speed** as a **result more ships will be needed to maintain weekly frequencies, reducing further global capacity**

# What can be actually done to reduce the CII?

- Speed reduction
- Vessel's performance
- Voyage planning and monitoring
- Shore Power supply
- Alternative fuels
- Others / TBN

**LNG**  
Comparison to HFO



Subject	Description
Source	Natural gas - main component methane (CH <sub>4</sub> ) a GHG
Emission (2-stroke)	SO <sub>x</sub> minus 95 to 98% ↑

**LPG**  
Comparison to HFO



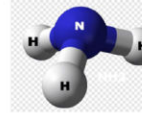
Subject	Description
Source	By product from oil industry – mixture of propane and butane
Emission (2-stroke)	SO <sub>x</sub> minus 95 to 98% ↑

**Methanol**  
Comparison to HFO



Subject	Description
Source	Mainly natural gas or coal – from renewable resources as well
Emission (2-stroke)	SO <sub>x</sub> minus 95 to 98% ↑ same for green methanol ↑
	NO <sub>x</sub> minus 25 (to 80% with EGR/SCR) ✓ same for green methanol ↑
	CO <sub>2</sub> minus 5 to 10% → up to minus 80% for green methanol ↑
International Regulation	Interim guidelines ✓
Impact on EEDI / EEXI / CII	yes yes yes
Bunker facilities	Not developed for deep sea shipping – only by truck or small bunker ships ✗
Energy density	lower -50% ↓
Tank volume	plus ~150% ↓
Main Engine Generator	available, built and in operation ✓ available, built and in operation ✓
Green production	technology available and in production

**Ammonia**  
Comparison to HFO



Description
Chemical combination of nitrogen and hydrogen
minus 95 to 98% (due to pilot fuel) ↑

**Bio-fuel**  
Comparison to HFO



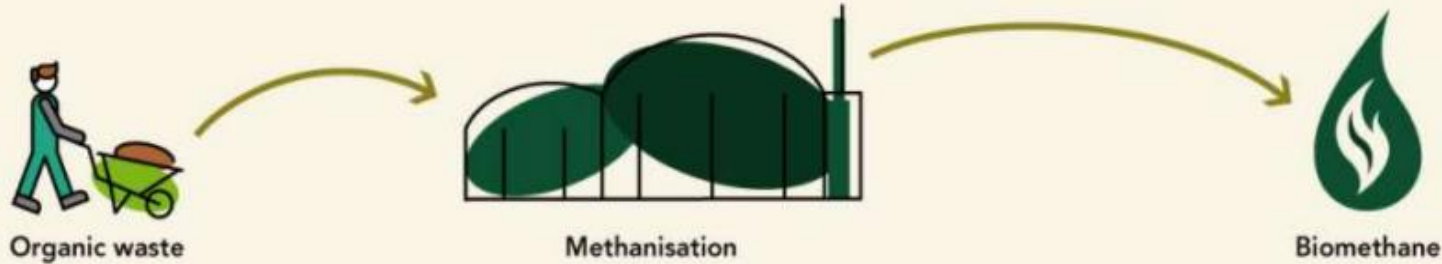
Description	
Biomass/biomass residues - fatty acid methyl ester (FAME)	
SO <sub>x</sub> minus 95% ↑	
NO <sub>x</sub> minus 10 to 20% → or plus 10 to 25% depending on bio-fuel production ↓	
CO <sub>2</sub> minus 30 to 80% ↑	
International Regulation	Existing except for NO <sub>x</sub> ✗
Impact on EEDI / EEXI / CII	no no yes
	Existing and easy as well as fast to establish ✓
	minus 5% →
	plus 3 to 5% →
	available available
	not applicable

Alternative fuel solutions vs. the HFO (heavy fuel oil) – i.e. IFO380, VLSFO etc.



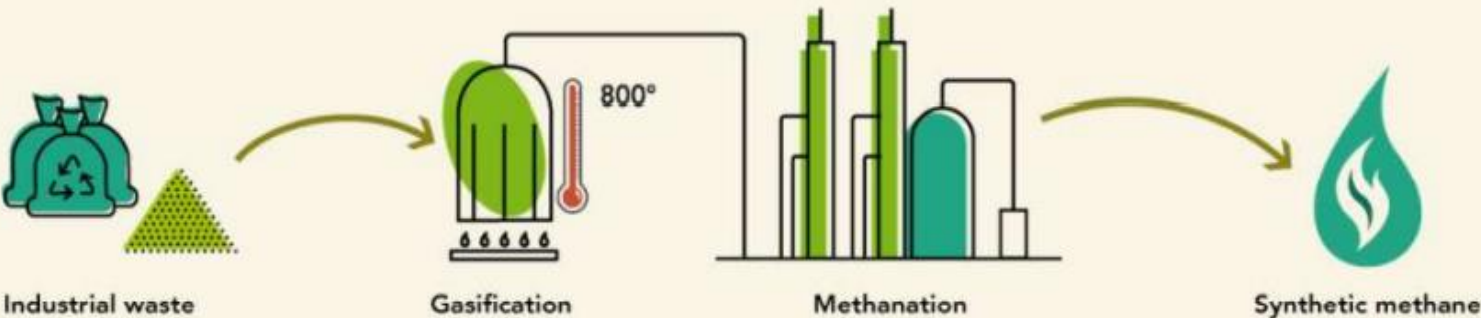
# The decarbonization journey of shipping with green methane

BIOMETHANE



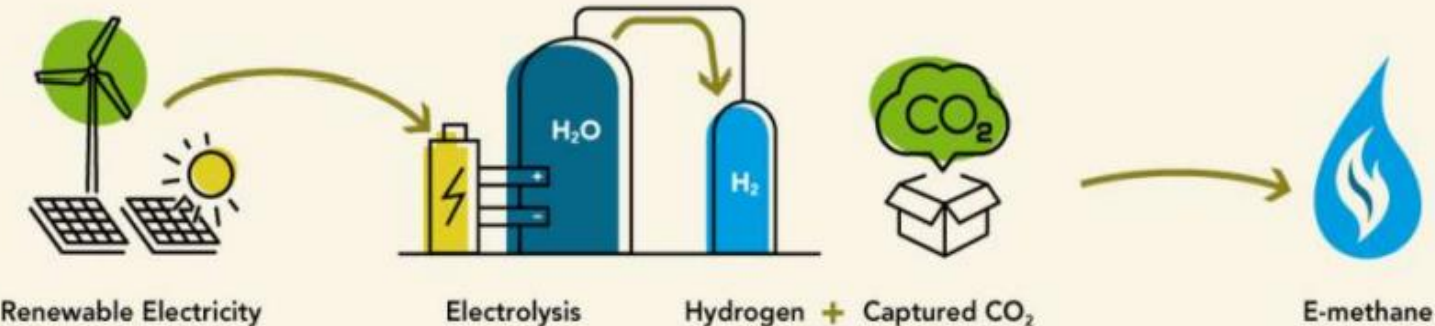
**-67%**  
Greenhouse Gas  
emissions

SYNTHETIC  
METHANE



**up to -80%**  
Greenhouse Gas  
emissions

E-METHANE

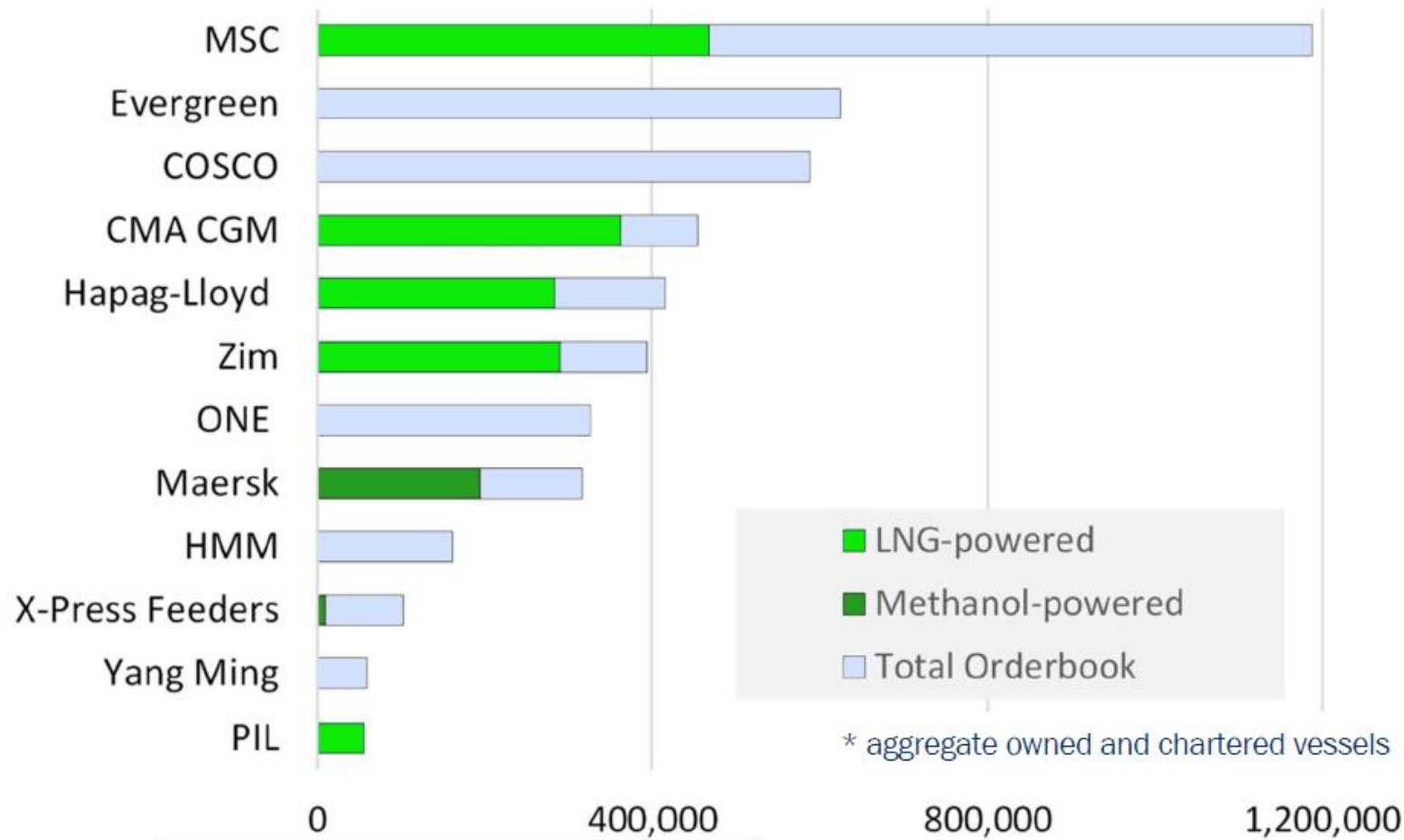


**Aiming  
carbon  
neutrality**



# LNG and Methanol propulsion

## Orderbook by carrier



LNG-powered ship orders now represent **25%** of the orderbook by teu capacity. This figure rises to **28%** if methanol propulsion is added

CMA CGM has made the greatest commitment to LNG, at **80%** of its current orderbook and by far the most ships in service, but MSC now has more capacity on order

The average size of LNG unit ordered by the main carriers is **14,400 teu**, with Hapag-Lloyd's **23,660 teu** ships currently the only megamaxs on order

Source: Alphaliner



**THANK YOU**

**DSV**