



DSV Air & Sea

Market update June 2022



Cargo truck driver strike in Korea

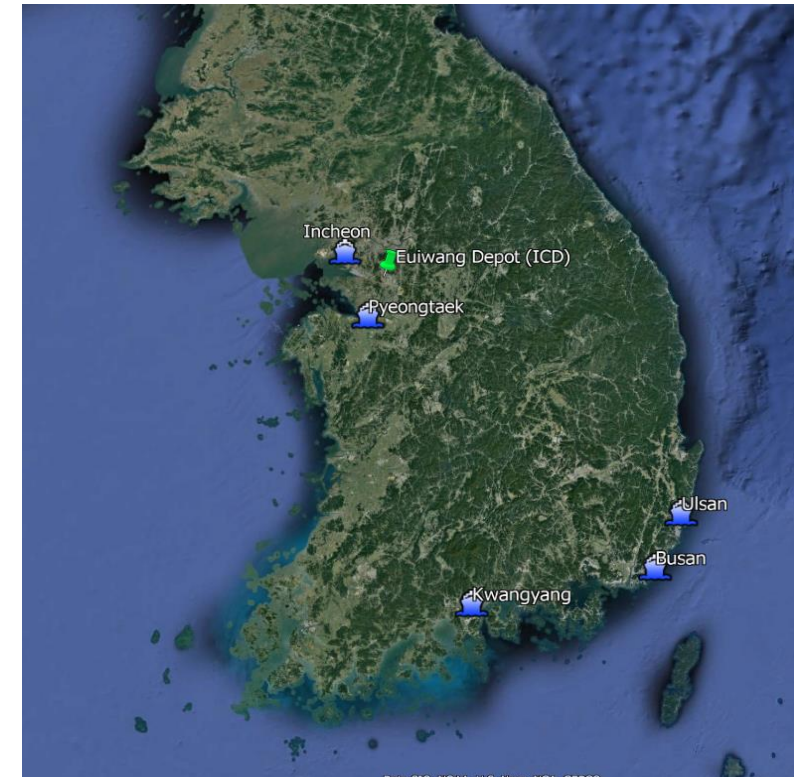
DSV update - Impact on port operations

Current Status

- A Truck Union strike was rolled out mid night last Monday (Jun 6th) with concerns over soaring fuel price and demand for minimum pay guarantee. The unionized cargo truck drivers on Tuesday (Jun 14th) have decided to end their walkout that caused nationwide logistic disruptions and delays after reaching an agreement with the government over a freight rate system.
- Primarily the impact applies for OCEAN shipments. No major impact to AIR shipments, but we are closely monitoring AIR shipment delivery.
- We have seen severe operation disruptions at all key ports and Euiwang Depot (ICD) since no container in and out allowed with the union blocking the main gateway.
- The Truck Union mentioned that they would do their best to normalize local transportation, but we expect that it will take 1 or 2 weeks to be back to normal.

Outlook and mitigation plan

- DSV KR suggest shippers to consider other options than ocean freight for the time being, especially from adjacent countries (JP, CN), in view of the strike and consequent challenges on container in/out. If there are any urgent ocean shipments in the coming 1-2 weeks, we recommend switching to air freight for small volume of cargo.
- DSV team is working with alternative options such as seeking resources from truckers to arrange delivery for high priority shipments.



Russia/Ukraine war: Current status

June - 2022

Latest sanctions confirmed:

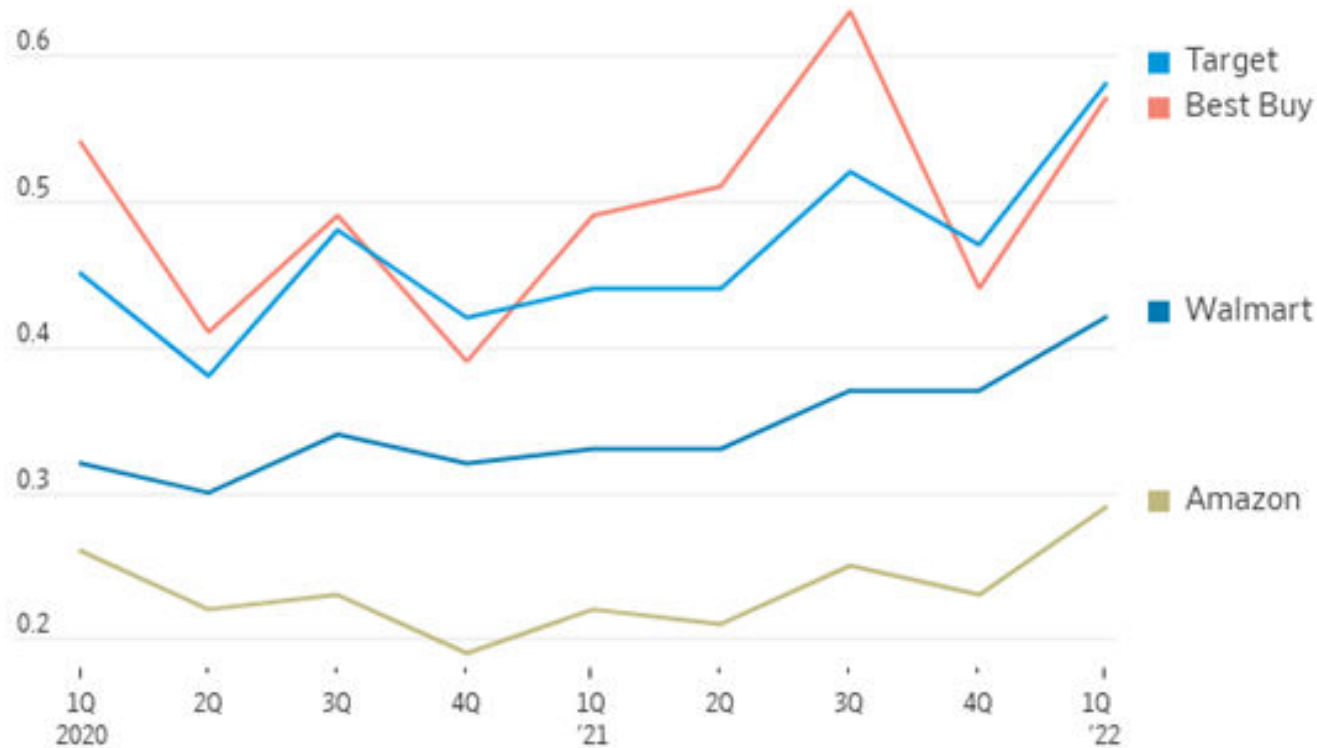
- After some deliberation in recent weeks, the EU has presented its sixth package of sanctions. This latest package targets both **Russia and Belarus**.
- Central to the new EU sanctions is a prohibition of imports and transfers of Russian **crude oil and petroleum products** involving the EU, or any EU persons or entities.
- A ban on the export and transfer of additional **advanced technology goods, in particular chemicals**, to Russia
- A ban on imports and transfers into the EU of additional Russian high revenue goods, such as certain **alcoholic beverages**





Target's Stores Inventory Miss, adding some pressure to transpacific trade and US retail sector

Inventory-to-sales ratios



Source: S&P Global Market Intelligence

Source: WSJ

Target stores, one of the largest importer in the USA, with an estimated import volume of 650,000 TEUs per year, is undertaking a rapid reset of its supply chain after concluding that its inventories are overstuffed and out of step with consumer buying trends. The retailer is cancelling orders and preparing to start discounting to clear out goods,

Target's inventory was up by 43% in the April quarter as demand for some categories declined faster than expected and supply-chain snarls delayed other goods past their ideal selling window.

The warning from the big-box bellwether is roiling the retail sector, following reports from Macy's, Gap and others that they are also overstocked.

Covid update China



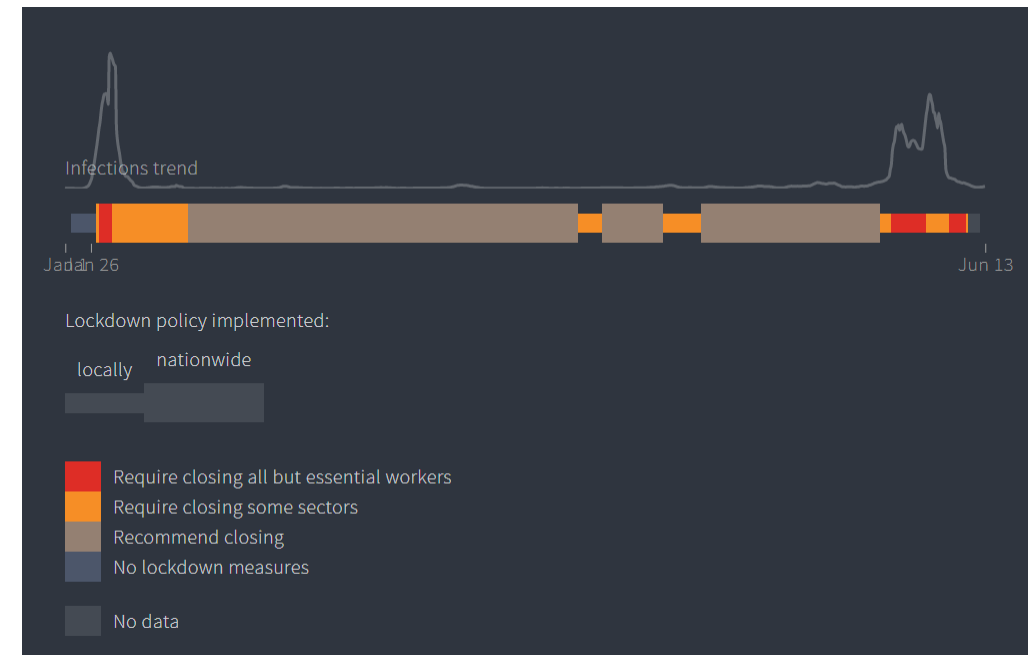
China Is Walking Back Virus Loosening Weeks After Reopening

China is starting to re-impose Covid-19 restrictions just weeks after major easing in key cities

After the re-opening in Shanghai in June 1st, China is starting to re-impose Covid-19 restrictions just weeks after major easing in key cities, raising concern the country may once again employ strict lockdowns to control its outbreak.

Millions of businesses had begun bringing their operations back online and sending workers back to offices. As of a week ago, car maker Tesla Inc. had brought its manufacturing capacity back to 70%, according to people familiar with the matter, while the city's main Pudong International Airport was handling about 80% of its pre-Covid lockdown cargo levels, according to official data.

China is unlikely to shift its Covid-Zero approach any time soon, with President Xi Jinping preparing for a Communist Party leadership reshuffle later this year at which he's expected to secure a precedent-breaking third term as president.



Latest Shanghai quarantines add more pressure to supply chains

The latest quarantine restrictions come at a time when trucking capacity recovered to around 80%.

The mass quarantine measures imposed this past weekend in Shanghai (June 10th), including highway closures, severely affected trucks carrying exports bound for the city's port. Trucks loaded with cargoes and containers were unable to enter the Shanghai terminal.

Many shippers have no choice but to change the loading ports to Ningbo or other small ports along the Yangtze River.

The Port of Ningbo, which became the alternative port destination, is now showing an increase in congestion since Covid cases keep showing up in certain Shanghai districts.

People in 15 of Shanghai's 16 districts this weekend were ordered to be tested for the fast-spreading omicron variant. Five districts barred residents from leaving their homes.

The districts include Pudong, home to Tesla's gigafactory, Merck, Covestro, L'Oreal, Thermo Fisher, SC Johnson, Siemens, Bosch, SAIC-GM and Advanced Micro-Fabrication Equipment; and the specialty chemical manufacturing district of Xuhui. Apple, Sony, and Volkswagen have all said Shanghai's "zero Covid" restrictions have impacted the supply of materials needed to make their products.



Operational updates: China



Open, majority work in office
DSV SHA OFFICES

Lockdown in Shanghai ended 1st Jun
Logistics performance is gradually improving nationwide

Updates as of Jun 14, & subject to changes due to the evolving COVID situation.

General Updates

- All North China offices resume back to office.
- For Shanghai, majority of our staff are working in office this week. It's expected to be back to normal gradually from next week.

Air Freight

- Services and operations have largely resumed in airport terminals, airlines, and customs.
- Both import and export LTL services have resumed normal operation.
- According to the COVID restrictions from Beijing government, starting June 06, all cargo entering Beijing airport must be stored in the terminal for 10 days after arrival before pickup. For urgent shipments, CNEE can apply for pickup from the terminal through an original stamped guarantee.

Sea Freight

- Terminals remain in normal operation.
- CY are fully opened with fairly normal operation.
- CFS is operating normally and will gradually resume full day service this week. The backlog at Import CFS has not been cleared quickly as some consignees have not been able to pick up their cargoes yet.
- FCL/LCL trucking capacity is gradually returning to normal, but more and more compounds are being re-blocked and more areas are requesting nucleic acid test (NAT) for all.
- Cities in Jiangsu/Zhejiang are starting to step up preventive measures such as 7+7 days quarantine for drivers to and from Shanghai and strict control on highway entrances, which might impact trucking service.
- Blank sailing will reduce from the beginning of July.

Latest restrictions re COVID-19

APAC

Note: The following updates are based on various online sources and subject to changes due to the evolving COVID situation.

Australia

- Australia lifts COVID-19 pre-departure test requirement for vaccinated international arrivals and cruise ships ban from Apr 17.
- From Apr 18, unvaccinated Australian citizens & permanent residents can leave AU without an individual travel exemption.

New Zealand

- From May 16, Visitor Visa application open to Pacific Island Forum countries, excluding AU
- From Jul 4, application for work visa, including Accredited Employer Work Visa open
- Application for visitor visa and student visas open starting Jul 31

Mainland China

- On Jun 1, Shanghai ended covid lockdown and gradually move towards a return to normalcy
- Beijing eased curbs in parts of the capital. Shopping malls, theaters, etc. will be allowed to reopen. Still, restaurant dining remains banned citywide starting from May 29

Hong Kong

- From May 1, HK gov lifts the ban on non-HK residents entering HK.
- HK eased more social-distancing rules on May 5. Second stage of relaxation in social-distancing has been implemented on May 19.

Taiwan

- From 9 May, Taiwan cut down COVID-19 quarantine from 10 to 7 days and PCR test requirement remains in place for all arrivals
- TW is abandoning zero-Covid strategy and launch a “new Taiwanese model” of Covid-19 containment

Japan

- Starting Jun 10, foreign tourists will be allowed to enter Japan on package tours
- Japan will double the cap on overseas arrivals to 20,000 people per day and divided countries and regions into 3 groups starting from June

Korea

- KR is set to increase the number of weekly flights on international routes to 762 in June
- Starting from June 1, international arrivals will be required to undergo a PCR test within 3 days of entry into KR

Singapore

- From April 1, fully vaccinated travelers can enjoy quarantine-free travel in SG
- On Apr 26, SG simplified covid measures, no social distancing or group limits at social gathering.

Malaysia

- Gov announced end to all COVID-19 testing and insurance requirements for fully vaccinated travelers from May 1.
- MY eased covid measures from May 1, e.g. it's optional to wear masks outdoors and allow unvaccinated people to dine out.

Vietnam

- From May 15, Vietnam gov lifted quarantine and other travel restrictions for both vaccinated and unvaccinated foreign visitors
- Vietnam restored immigration and visa procedures. E-visa for a stay of up to 30 days is available to citizens from 80 countries starting from May 15

Cambodia

- Starting Apr 21, quarantine for unvaccinated or non-fully vaccinated travellers entering Cambodia is reduced from 14 to 7 days. Travellers enter by land borders must take 2 rapid tests while enter by air must take 1.

Thailand

- From June 1, Thailand will simplify Thailand Pass registration and entry rules for international arrivals.
- TH lifts curbs on nightlife from June, night clubs and karaoke bars will resume regular hours

Myanmar

- Myanmar has reopened to foreign nationals. All fully vaccinated visitors from around the world can enter Myanmar now.
- Business eVisa applications was resumed on Apr 1, tourist eVisas was resumed on May 15

Philippines

- From May 30, Philippines will lift pre-departure COVID-19 test for fully-vaccinated entrants.
- Philippines extended domestic COVID-19 restrictions of varying levels nationwide through June 15

Indonesia

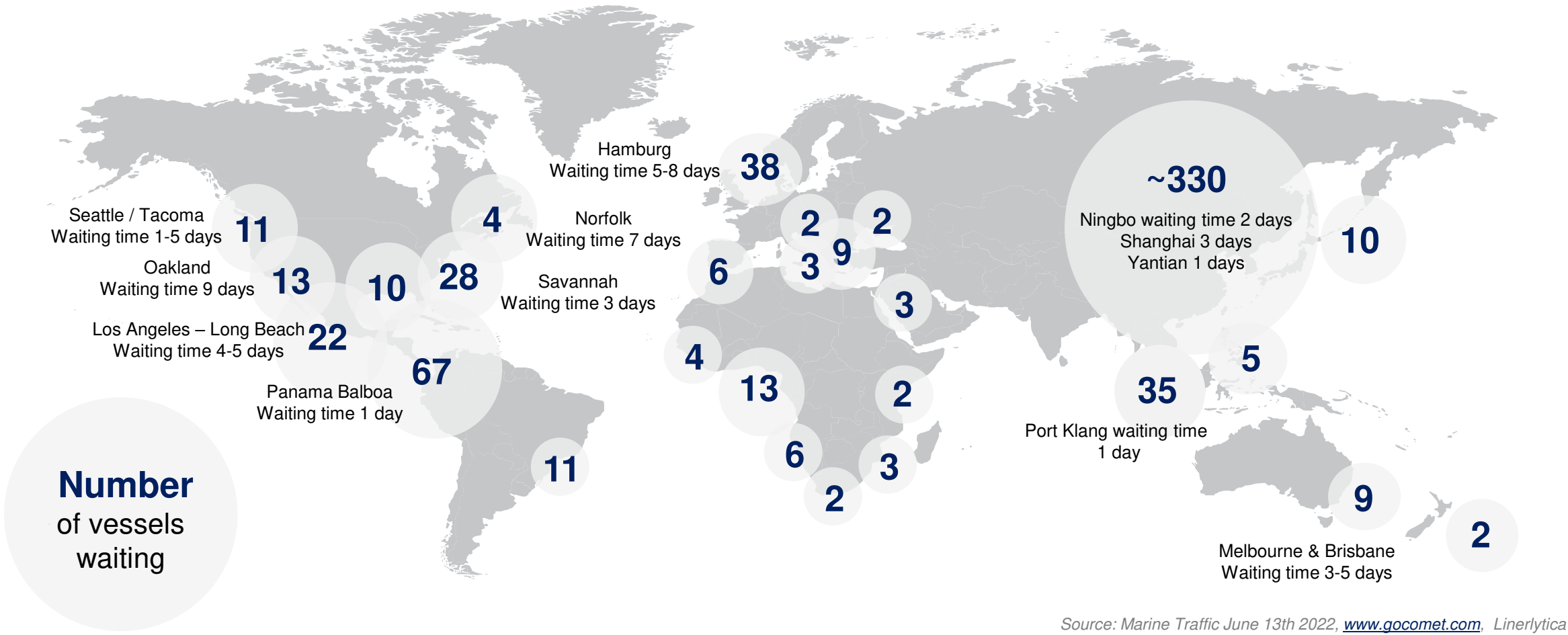
- Indonesia has extended domestic COVID-19 curbs under four-level public activity restriction system on May 24
- Free Visa & Visa on Arrival are available for international entry via Bali, Jakarta, Surabaya, Medan, Makassar, Manado, Yogyakarta, Batam and Lombok.

Port congestion

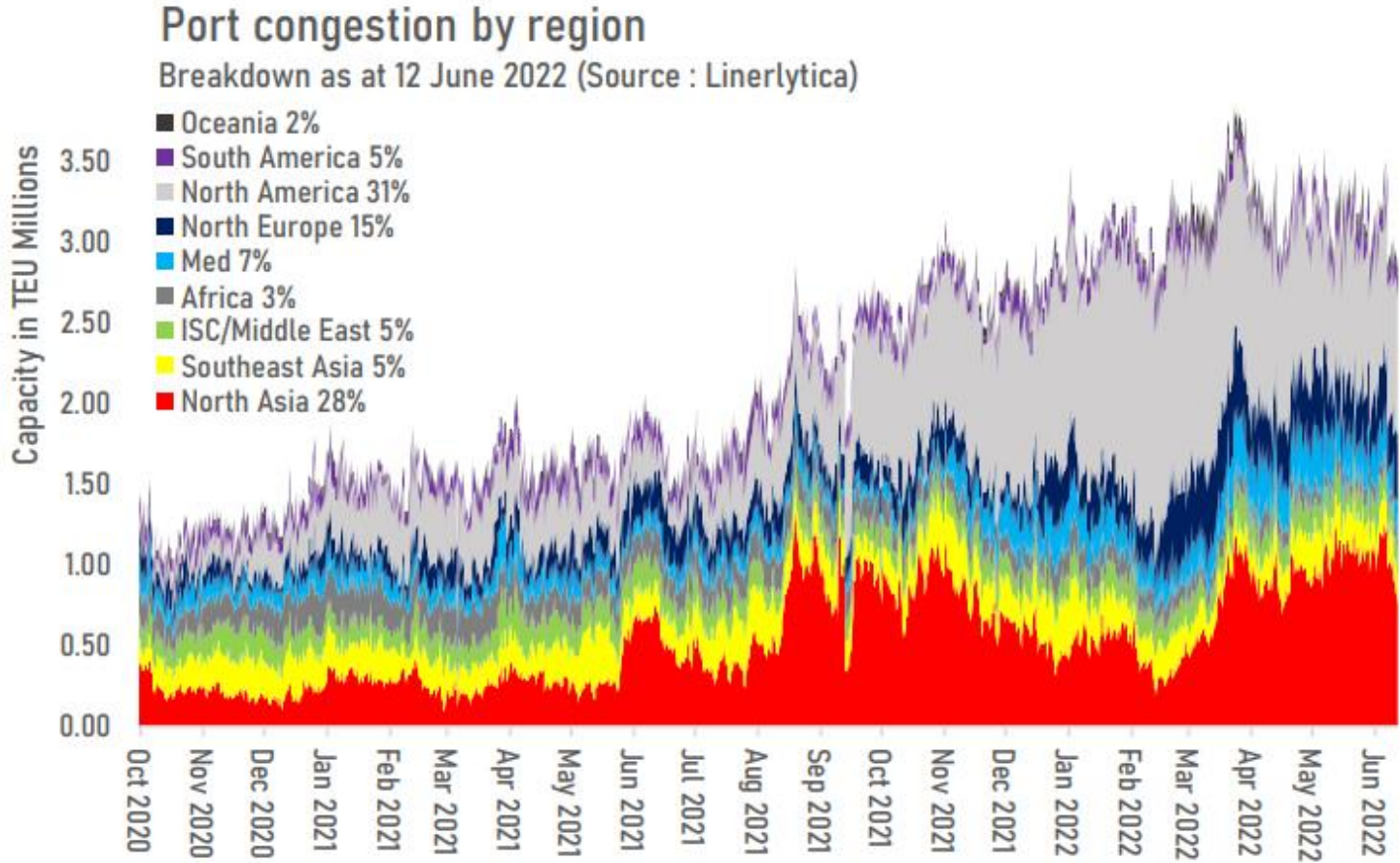


Global port congestion

11,1% of the global vessel capacity effectively removed, congestion moving now to Europe and North America



Global congestion is improving due to improvements in Chinese ports



Source: Linerlytica (June 2022)

Global port congestion dropped from 13.1% to 11.1%, due mainly to the fall in Chinese port congestion.

North American congestion is picking up again after its recent improvements, and the region now exceeds North Asia in terms of total TEU tied up at anchor, regaining the spot that it vacated in April.

Congestion In Europe is picking up again with German dockworkers going on a warning strike on 9 June.

U.S. ports feel the pinch

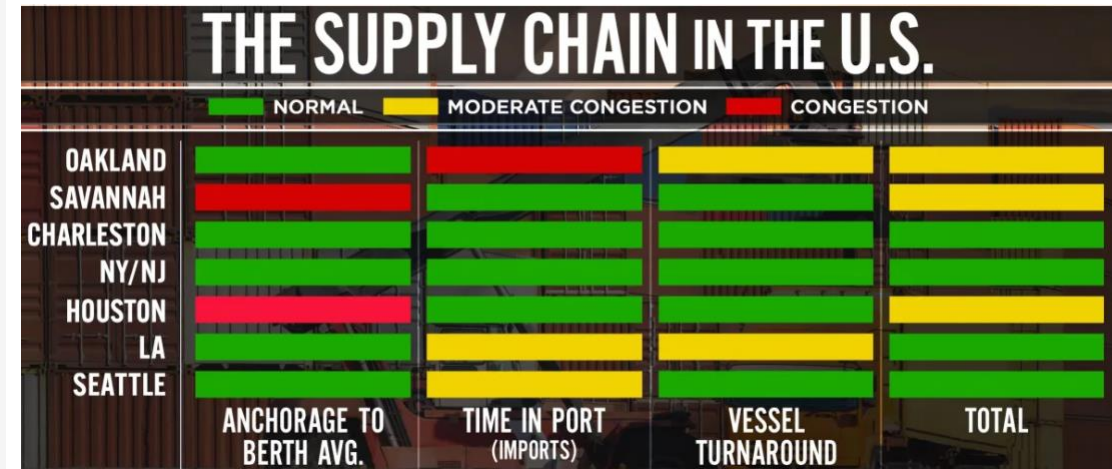
Congestion measured in the number of waiting cargo vessels outside major ports is now worse on the East and Gulf coasts than on the West Coast

The increase in West Coast cargo comes at a time when ports in the West are slowly processing import containers due to a lack of rail options and trucks being used as makeshift warehouses.

Congestion at the ports of Los Angeles and Long Beach, California, has affected the Port of Oakland, California, which has been skipped by the ocean carriers that are looking to make up time on their schedules. This is having an impact on the amount of U.S. export containers leaving the port. Logistics managers are also trying to regain some control by moving more containers to the East Coast and Gulf Coast. Now those ports are getting clogged up, too.

Congestion measured in the number of waiting cargo vessels outside major ports is now worse on the East and Gulf coasts than on the West Coast, a major shift compared to the start of 2022

To keep up with growing container volume, the Port of Houston recently announced gate hours on Saturdays for the rest of the year. Warehouses at the Port of Savannah, Georgia, are 99% full and are using their pop-up container storage lots to free up land capacity.



Europe labor strife

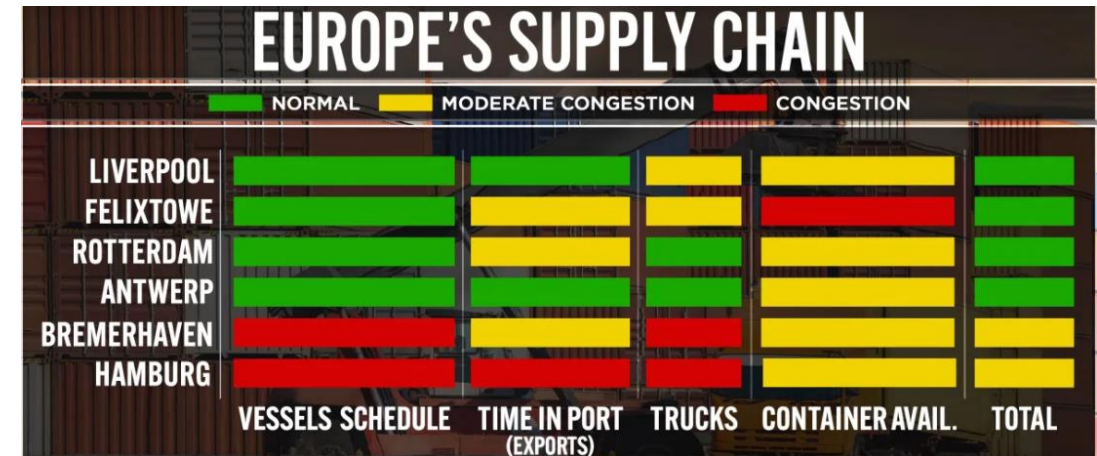
Union of port operators in Germany followed through on its “warning strike” that disrupted one of the afternoon shifts at the ports of Emden, Bremen, Bremerhaven and Wilhelmshaven.

Negotiations continue between the union ver.di, which represents about 70% of the port workforce, and the Central Association of German Seaport Companies.

The system is already under strain and any loss of manpower will only add to the congestion.

Feeder operators see up to five days of delays waiting for berth to pick up their containers, and round trips between Rotterdam – Dublin – Rotterdam has increased from six to nine days. More vessels need to be injected by the feeder operators to keep the schedule somehow reliable.

The Port of Hamburg in Germany, Europe’s third-largest container port and the largest railway port, is crucial for automotive parts, lithium batteries, chemical and retail industries.





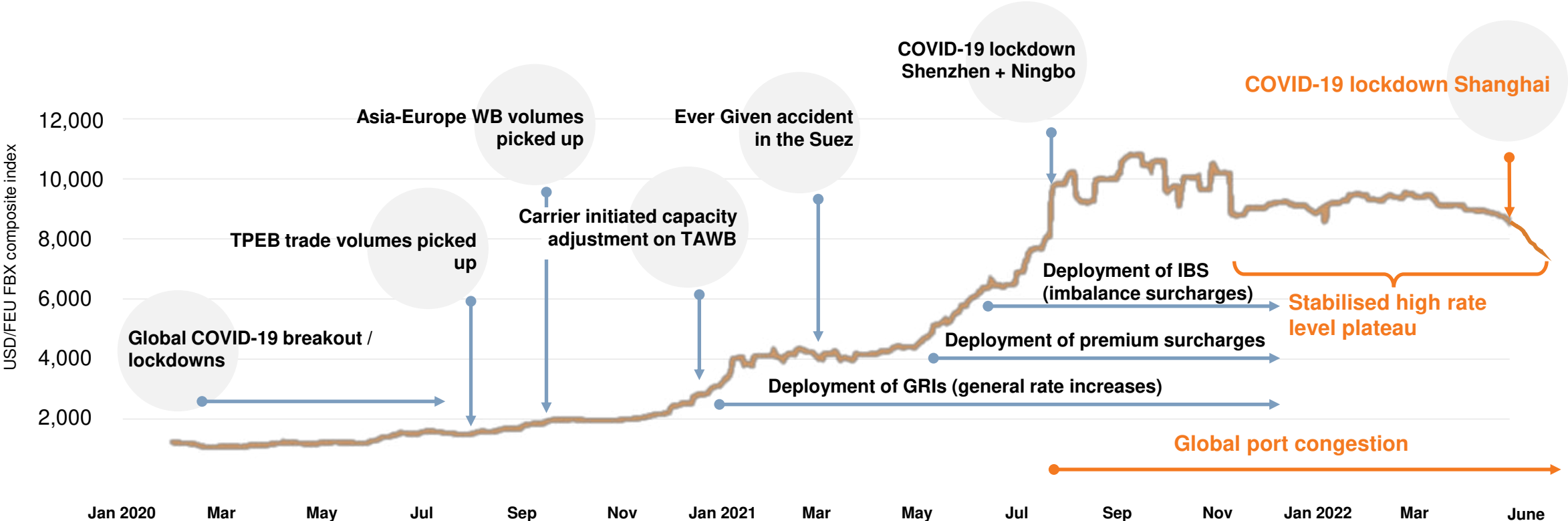
Ocean update

DSV

Ocean market triggers over the last 24 months

From overcapacity to historically high freight rates

- Surge in demand in H2-2020.
- Carriers deployed additional capacity.
- Investments in additional container equipment.
- Many of the corrective actions have been eaten up by port congestion.



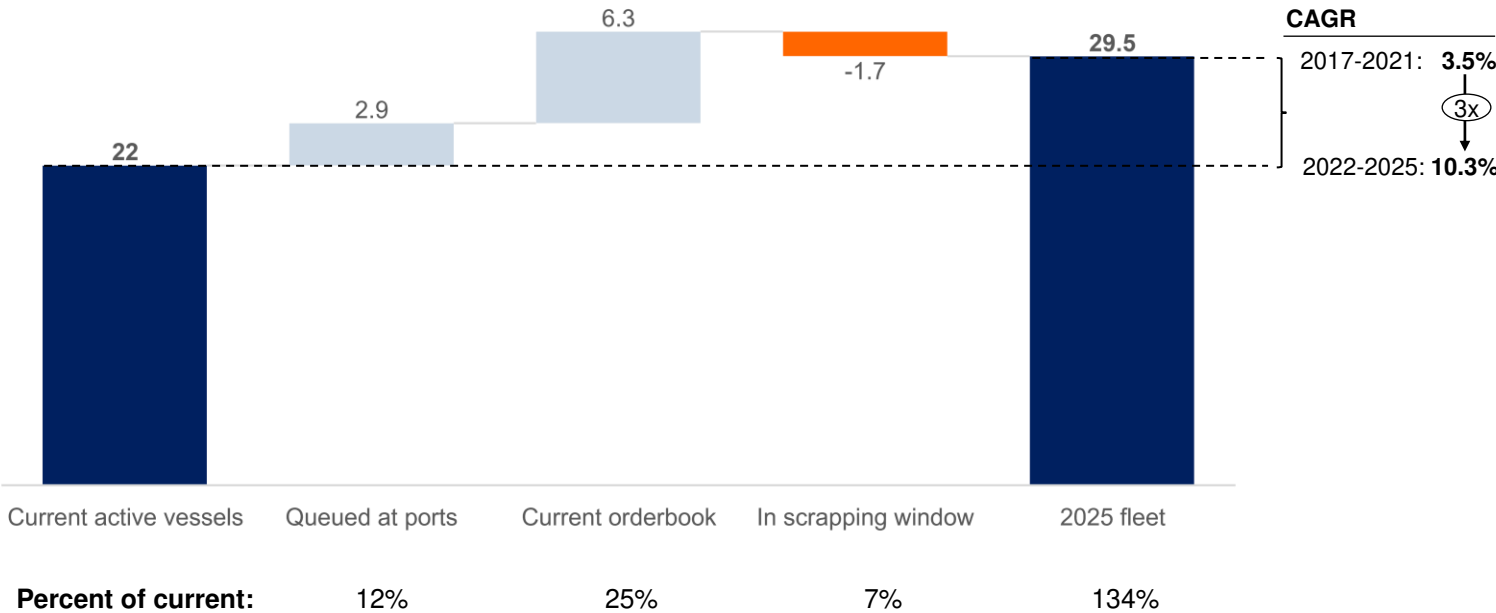
Source: FBX composite index

Available container capacity

In 2025 the global container capacity could be one-third higher than today

Global capacity projection by status, 2025

Million TEU



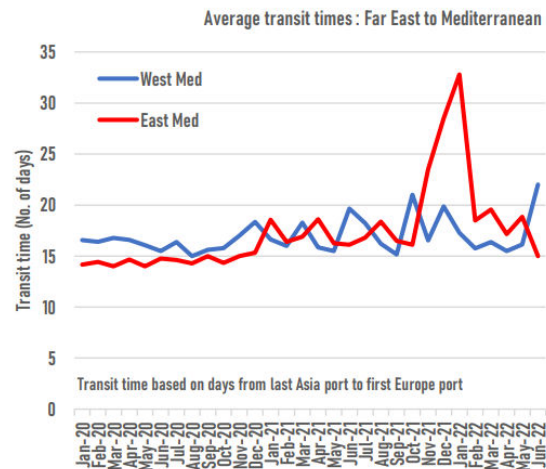
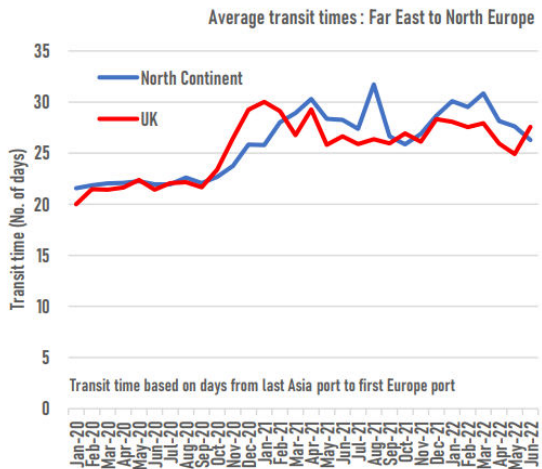
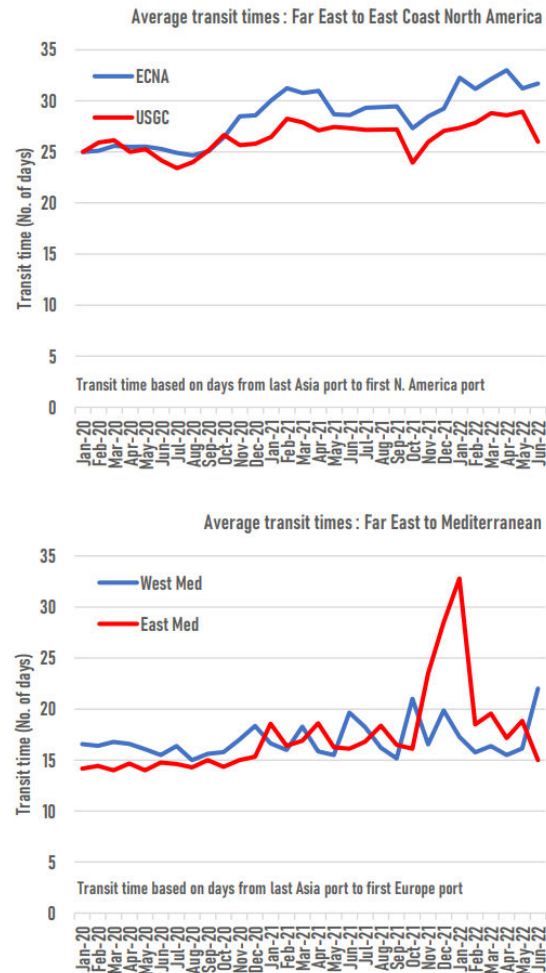
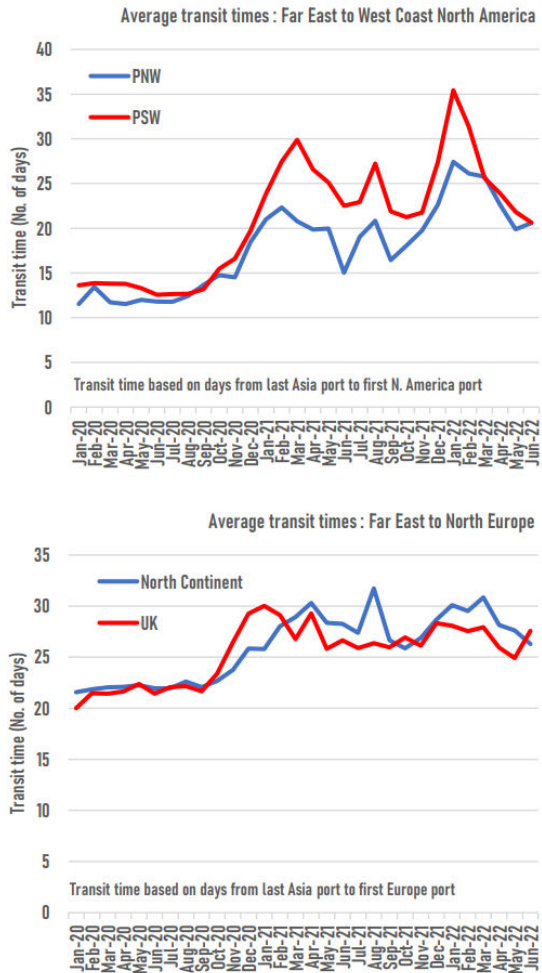
Source: Q1 2022 – Seabury Cargo – Ocean Market Dynamics

Comments

- Various ongoing initiatives and investments to reduce global port congestions – incl. void sailing programs to stabilise vessel rotations.
 - Will release capacity back to the trades by reducing waiting time for the vessels.
- Material new build program, especially in the ULCV segment (> 20,000 TEU ships) to further benefit from unit cost efficiency.
- Not reflected compensating capacity as a result from IMO2023 slow steaming on non-dominant lanes.
- Not reflected temporary capacity reductions by vessel in yard maintenance for retrofitting for IMO2023 compliance.



Transit time performance, improvements seen in the Los Angeles and USEC ports and worsening in Vancouver and Europe



On the USWC, the Los Angeles and Seattle services currently have similar transit times, but the performance of individual ports are mixed with average transit times to Los Angeles of between 15 to 24 days while Seattle transit times average between 12 to 35 days with Vancouver currently suffering the worst berthing delays.

USEC performance remains poor, with long delays still seen in New York and Savannah while Norfolk and Charleston have improved.

In North Europe, there was a slight improvement in Antwerp this was negated by increased delays in German and UK ports. In the Med, the congestion in Piraeus has improved significantly with delays now averaging less than 2 days, but West Med delays have increased in Malta.

A Deep Divide on Automation Hangs Over West Coast Port Labor Talks



The dockworkers' union, which gave in to some automation in highly contentious talks in years past, wants to draw a line against any further use of automated cranes, self-driving vehicles and other equipment they fear could replace some of the best-paying union jobs in the nation.

According to the union, cost-savings of increased robotics would go to shipping lines based overseas,

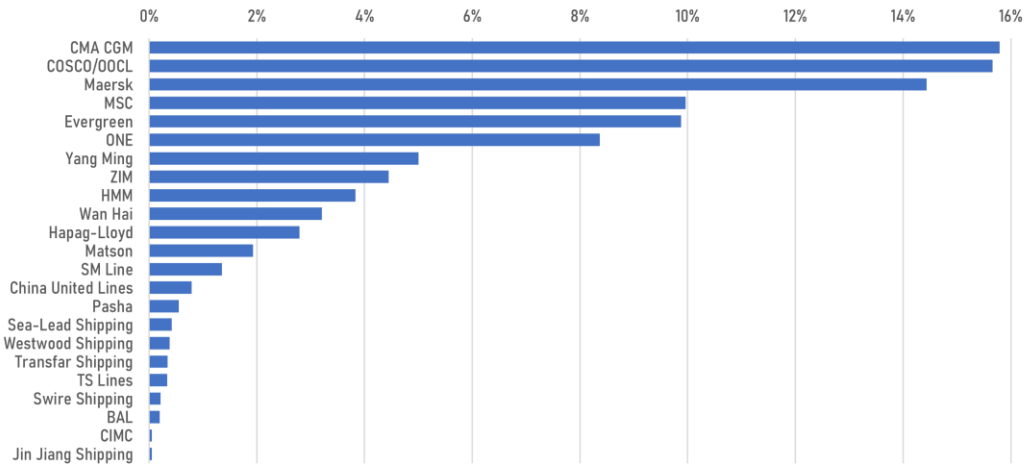
The dispute at the docks is part of a continuing debate over the growing use of automation in U.S. industrial facilities, including goods-picking robots in warehouses, and self-driving vehicles and drones in parcel delivery.

The current contract will expire by the end of the month and by July port workers could go on strike to force negotiations.

President Joe Biden disparages ocean carriers, calls price increases "outrageous"



Capacity share of Transpacific carriers (June 2022)

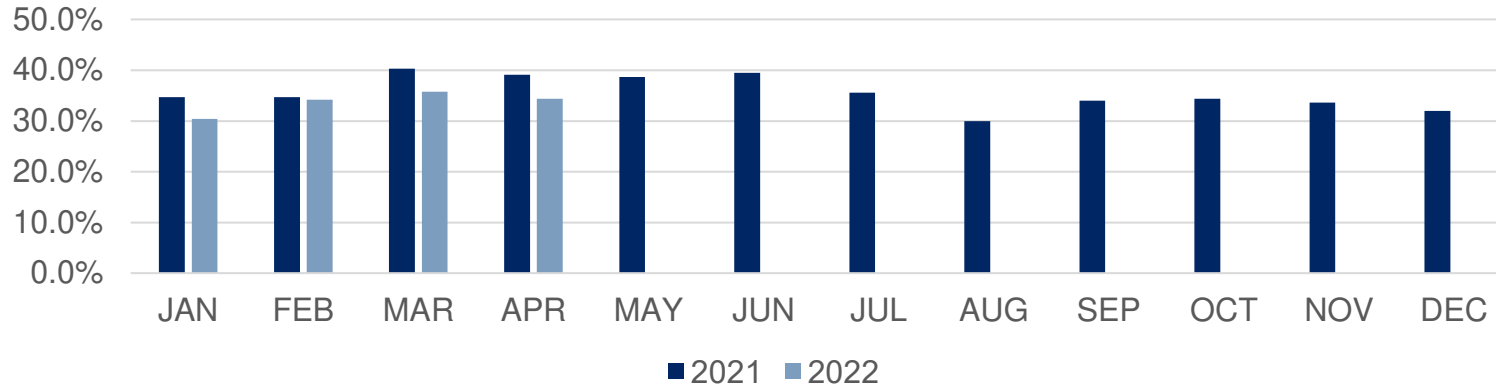


- The president has called the congress to crack down on the global liners, and he is moving the congress, as per his words: “As you know, one of the big reasons why prices are going up is the cost of shipping things – across the Pacific, in particular. There’s only nine shipping companies – nine, N-I-N-E – major ocean line shipping companies who ship from Asia to the United States.”
- The US administration claims that 9 major ocean carriers operating under the 3 Alliances on the transpacific trade have been able to raise freight prices by as much as 1,000% over the past 2 years.
- **The assertion is incorrect, as there are currently 23 carriers that operate regular container services between Asia and the US.** Of these, only 72% of the capacity are operated within the 3 Alliance arrangements, while 28% are operated independently. 9 of the 23 carriers only entered the transpacific route in the last 2 years.
- The FMC has already concluded that Asia to North America is a perfect competitive market

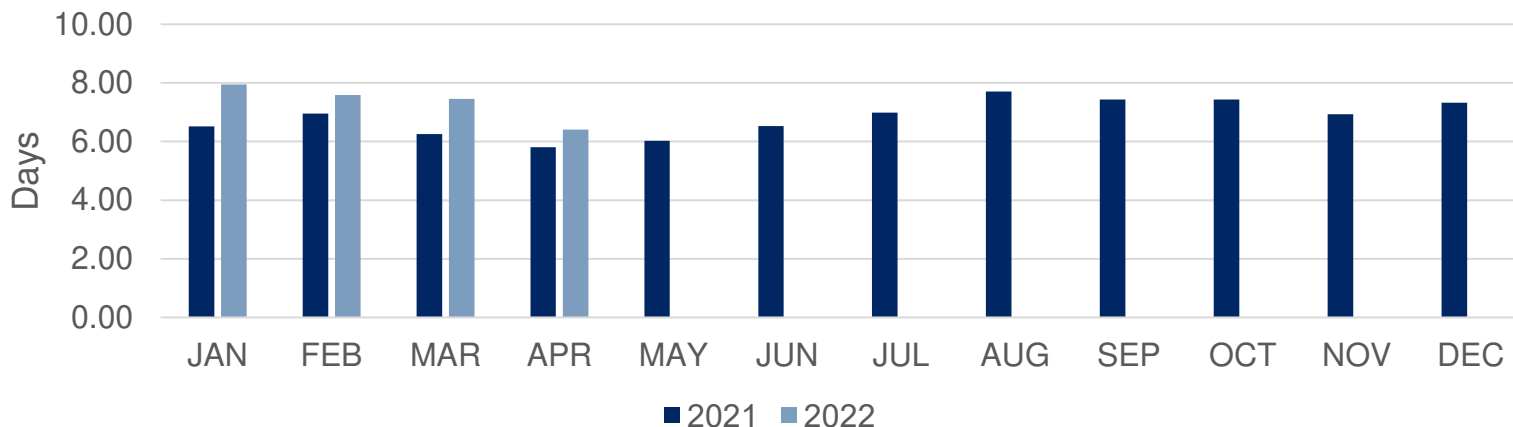
Global Liner performance on April 2022

Schedule reliability declined and now is 34,4% and 6,41 days of delay (small improvement)

Carriers Schedule Reliability 2021 vs 2022



Average Delays 2021 vs 2022



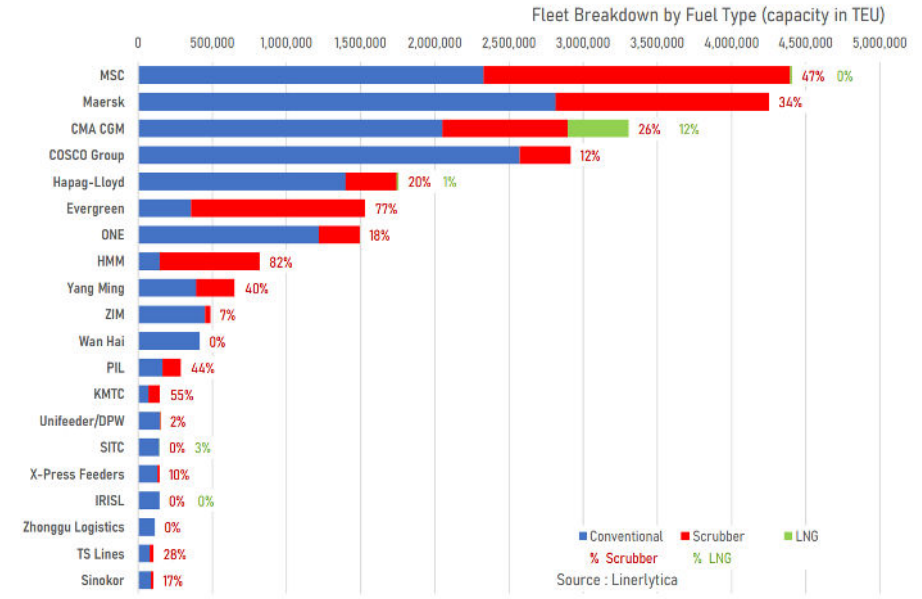
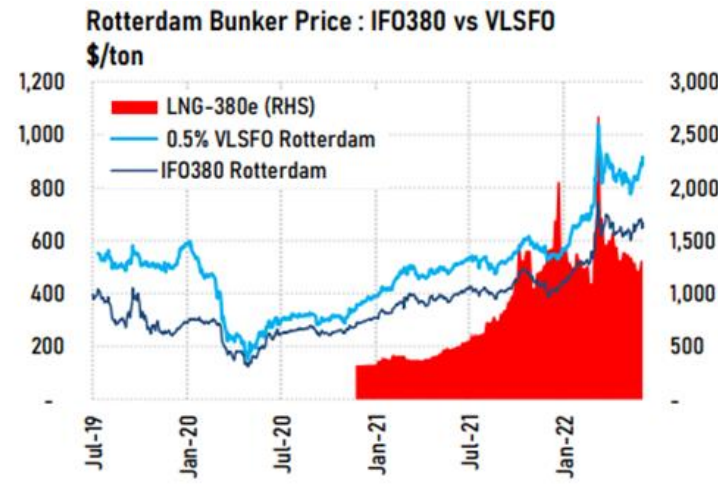
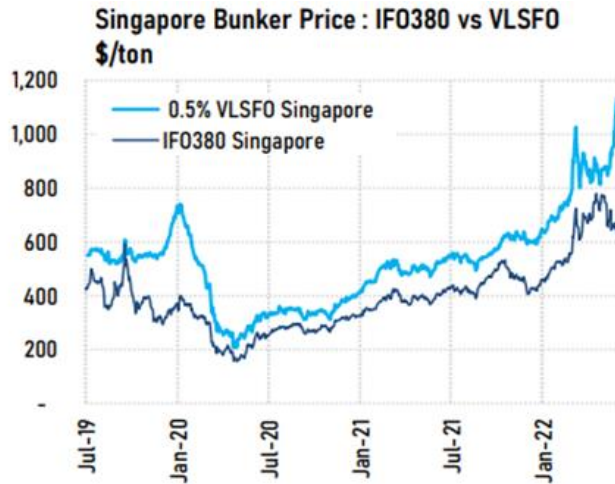
Vessel reliability per tradelane on April:

- ASIA – North America WC: **13,7% reliability** 9 days of delay
- ASIA – EUROPE: **24,5% reliability** and 10 days of delay
- EUROPE – North America: **35,7%** and 10 days of delay
- EUROPE – ASIA: **32,7% reliability** and 6 days of delay (5% improvement)
- ASIA – OCEANIA: **14,2% reliability** and 8 days of delay

Bunker price development

The VLSFO-HSFO spread is going to record levels reaching \$471/mt in Singapore

Bunker Q2 22 Average of VLSFO



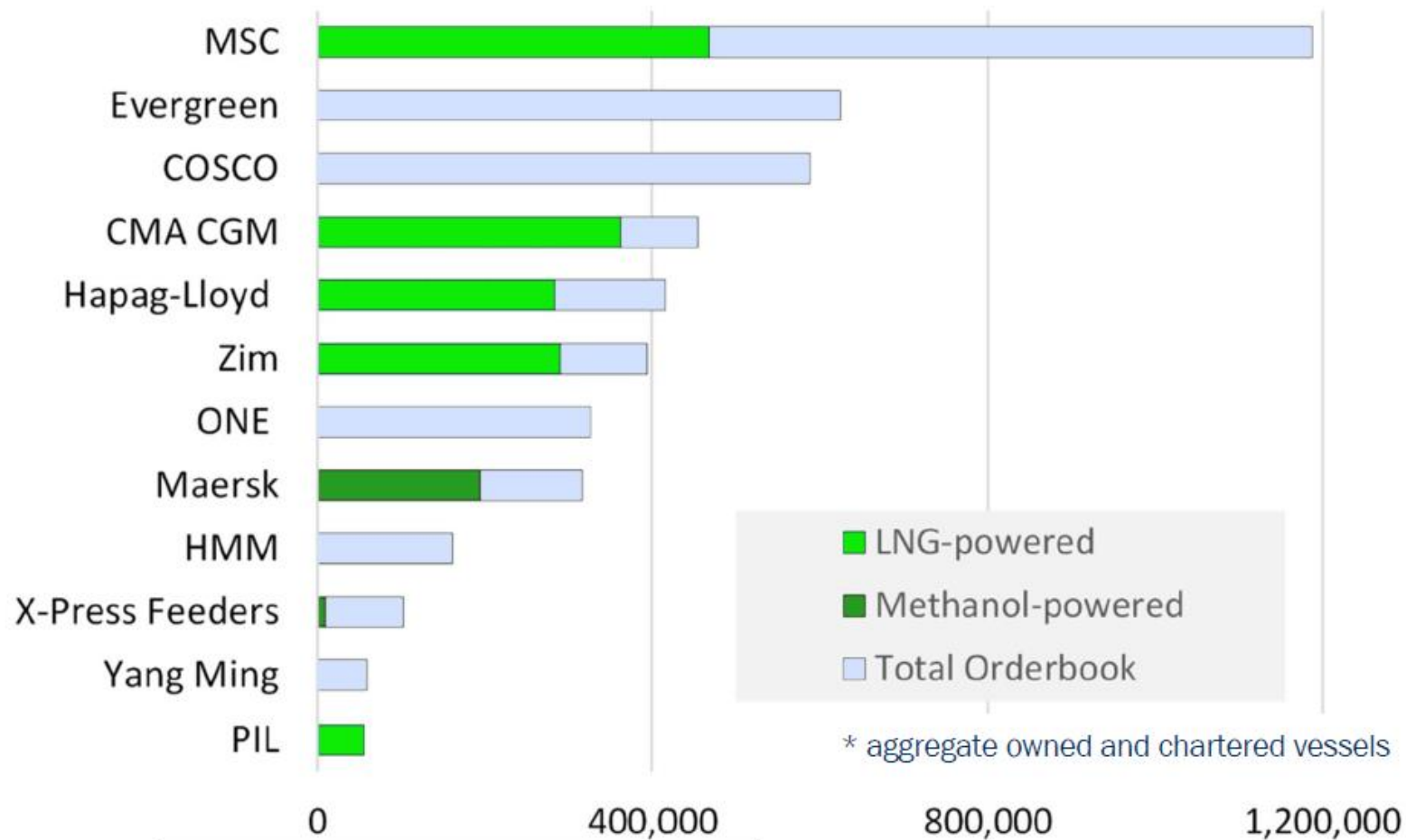
Carriers with container vessels with scrubbers installed will make a difference in their operating cost compared to non scrubbers installed

The spread is going to record levels over the increase we have experience in OIL cost. This will add pressure to carriers to increase bunker revisions or to reduce part of their current margin. Carriers are starting to revise bunker prices on a monthly basis and this will add some pressure to current high rates per container despite of container volumes dropping this 2022. We can foresee capacity being removed for scrubber installation since business case makes good sense now.

Source: Ship&Bunker - LinerLytica

LNG and Methanol propulsion

Orderbook by carrier



LNG-powered ship order 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

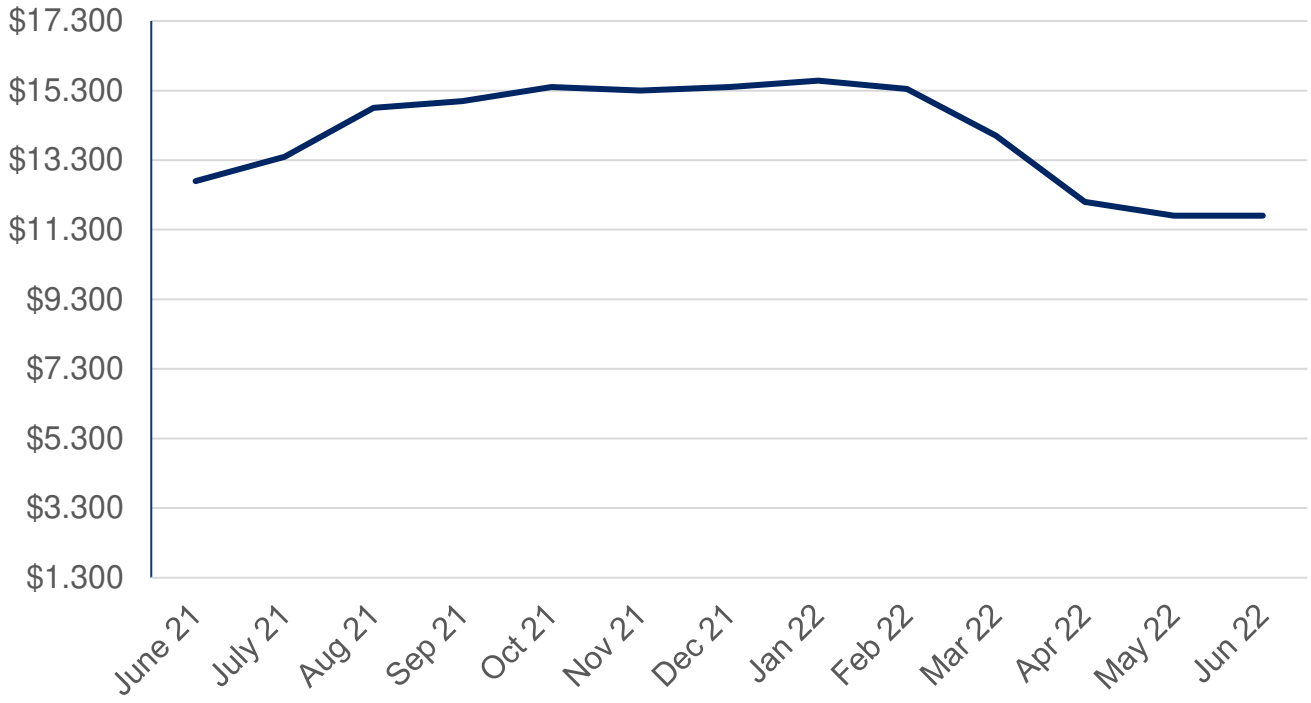
The average size of LNG unit ordered by the main carriers is 14,400 teu, with Hapag-Lloyd's 23,660 teu ships currently the only megamax on order

Source: Alphaliner

Ocean Freight Asia - Europe

Service keep being delayed and heavily disrupted

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



Source: SCFI Week 23-2022

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 stoped accepting bookings for the time being in some origins

It is expected rates to increase in the coming weeks with a raise of volumes

SCFI Levels Week 23-2022:

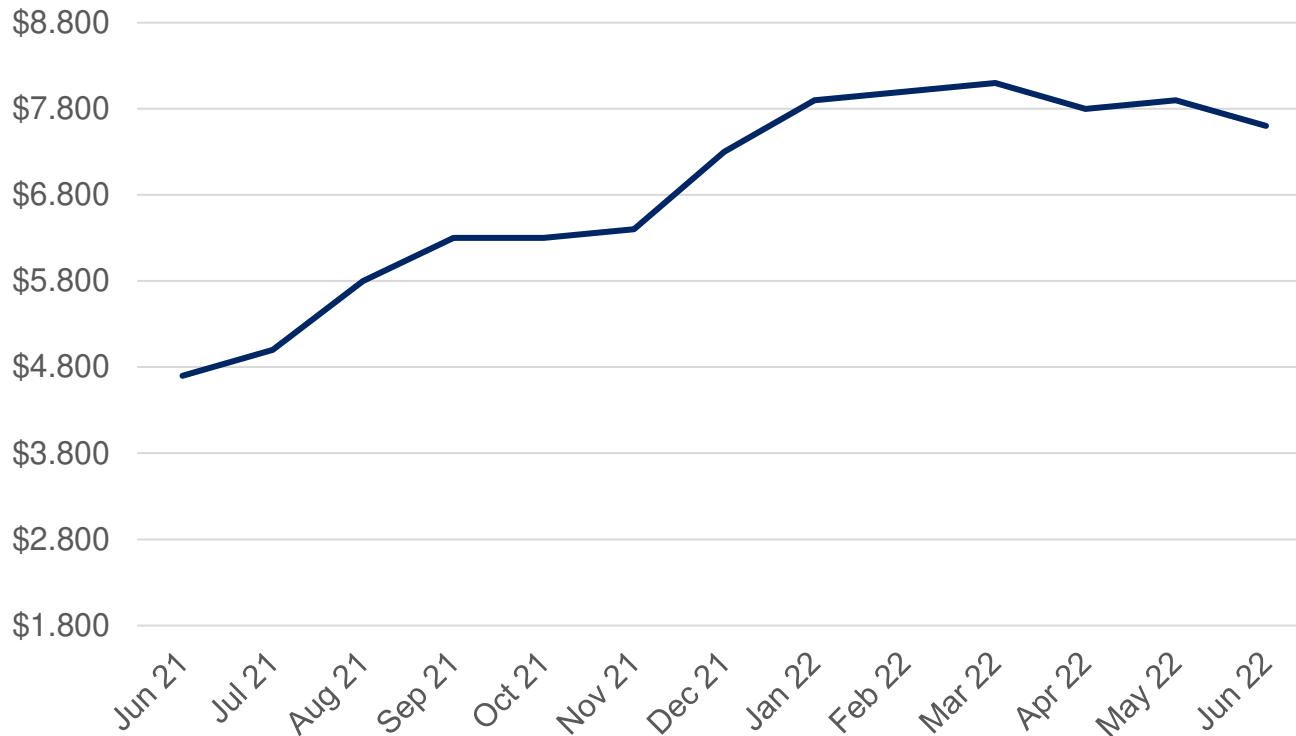
- Shanghai – North Europe: USD 11,686/ FEU
- Shanghai – Mediterranean: USD 13,114/ FEU
- Services keep being delayed and heavily disrupted
- Equipment availability is good. In some areas we face shortages but not on a to serious level.
- Carriers announcing another 7 blank sailings in JUNE – 5 less than in MAY which can be seen as a reaction of upcoming cargo rush forced by SHA re-opening



Ocean Freight Asia - North America

Lines are still blanking sailings to the USA due to the congestion and for them to get their schedules back to pro forma

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



Source: SCFI Week 23 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

The market remains strong, but are seeing some slack to the USWC. Rates still remain high overall

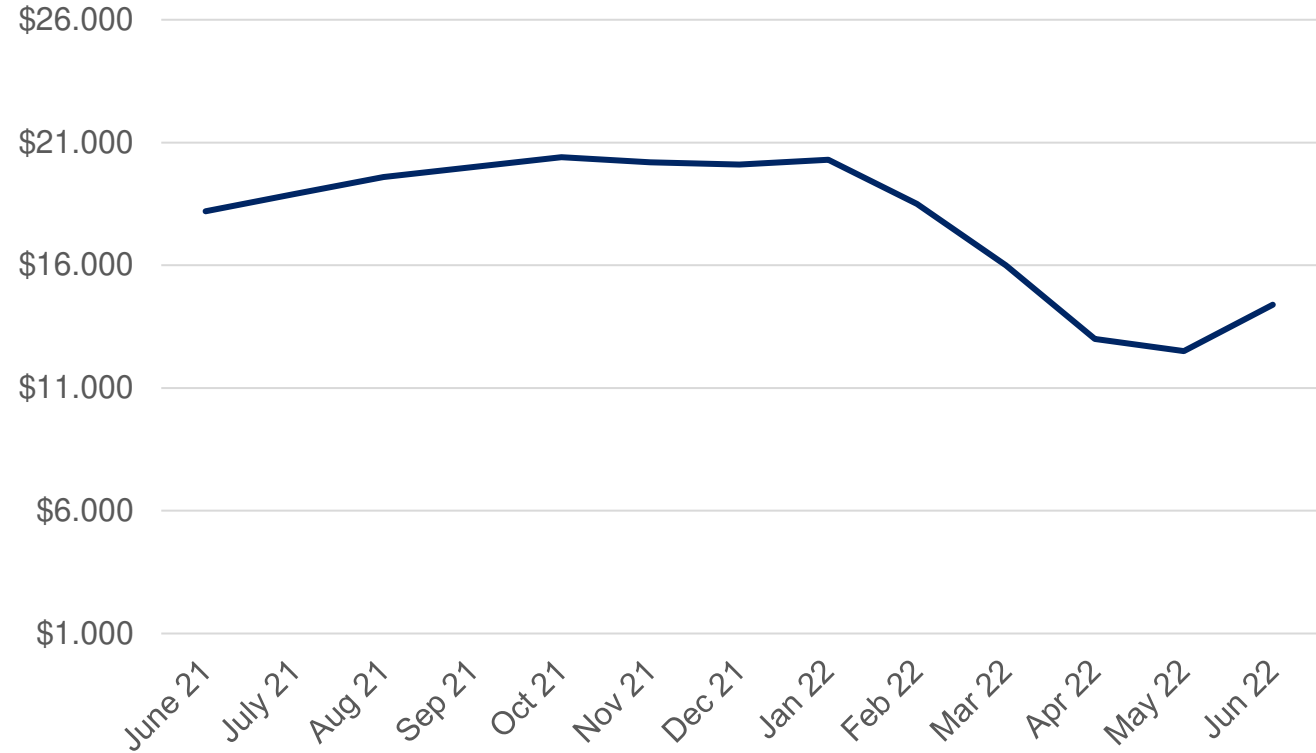
SCFI Levels Week 23-2022:

- Shanghai – US West Coast: USD 7,630/ FEU
- Shanghai – US East Coast: USD 10,098/ FEU
- Spot rates have moved down for many carriers from May to June 2022 and we expect even more decreases in June.
- The ongoing COVID situation in China will continue to impact the market in future weeks and will most likely lead to uncertainty in rate levels in July and beyond.
- Demand has slowed a bit in June but we expect it to pick up in July.

Ocean Freight Asia – South America (East Coast)

Capacity remains unchanged, we expect further shortages because of existing back-logs

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



Source: SCFI Week 23-2022

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

- Shanghai – Santos: USD 14,432/ FEU

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

- ECSA: Some carriers are full and rolling into ECSA and no longer accepting new deals/fillings, only floating FAK.
- WCSA: Overall vessel utilization is increasing as we enter Q3. +100% utilization is expected soon and with that, ocean rates are expected to increase once again.

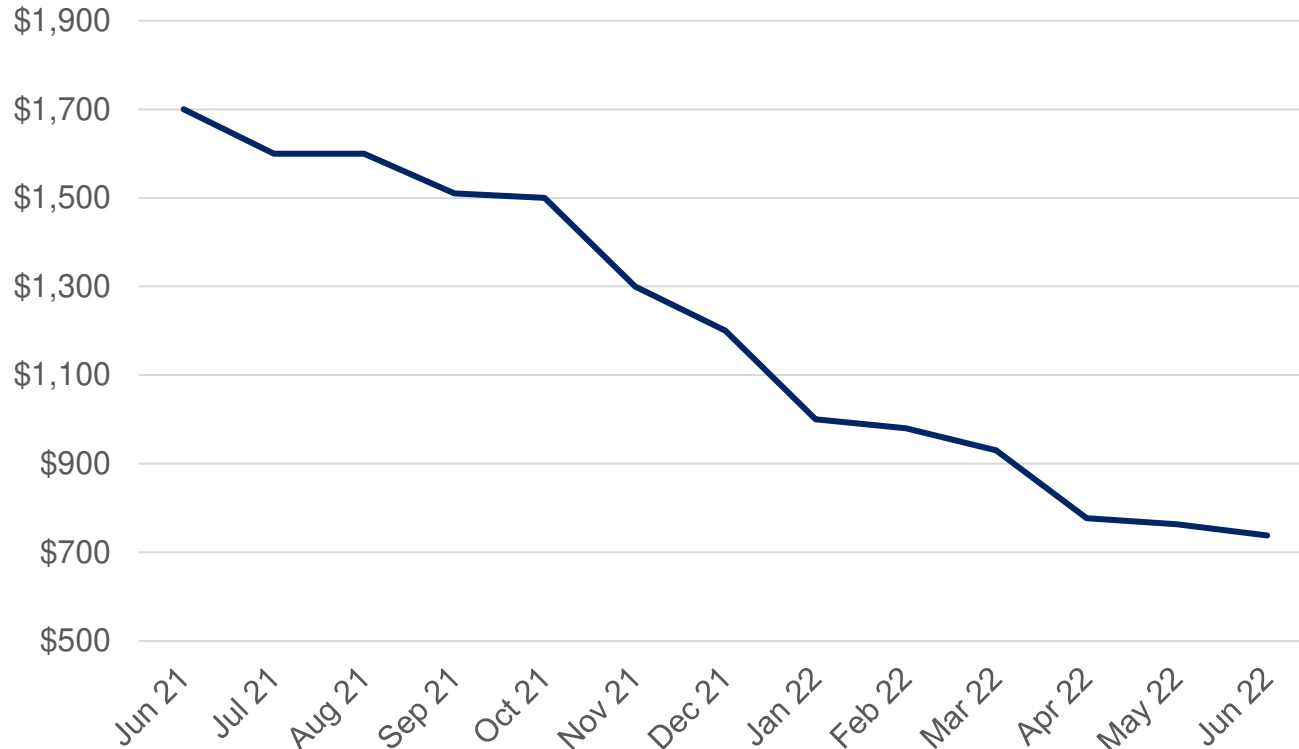
We recommend being open to any kind of equipment available, being 20, 40's Dry or HC and also to NOR (non-operating reefers)



Ocean Freight Europe – Asia

Overall volumes have slightly recovered, however liftings remain on low level

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



Source: Freightos Baltic Week 23-2022

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Freightos Baltic (FBX12) index Levels 23-2022:

- Europe to ASIA : USD 738/ FEU

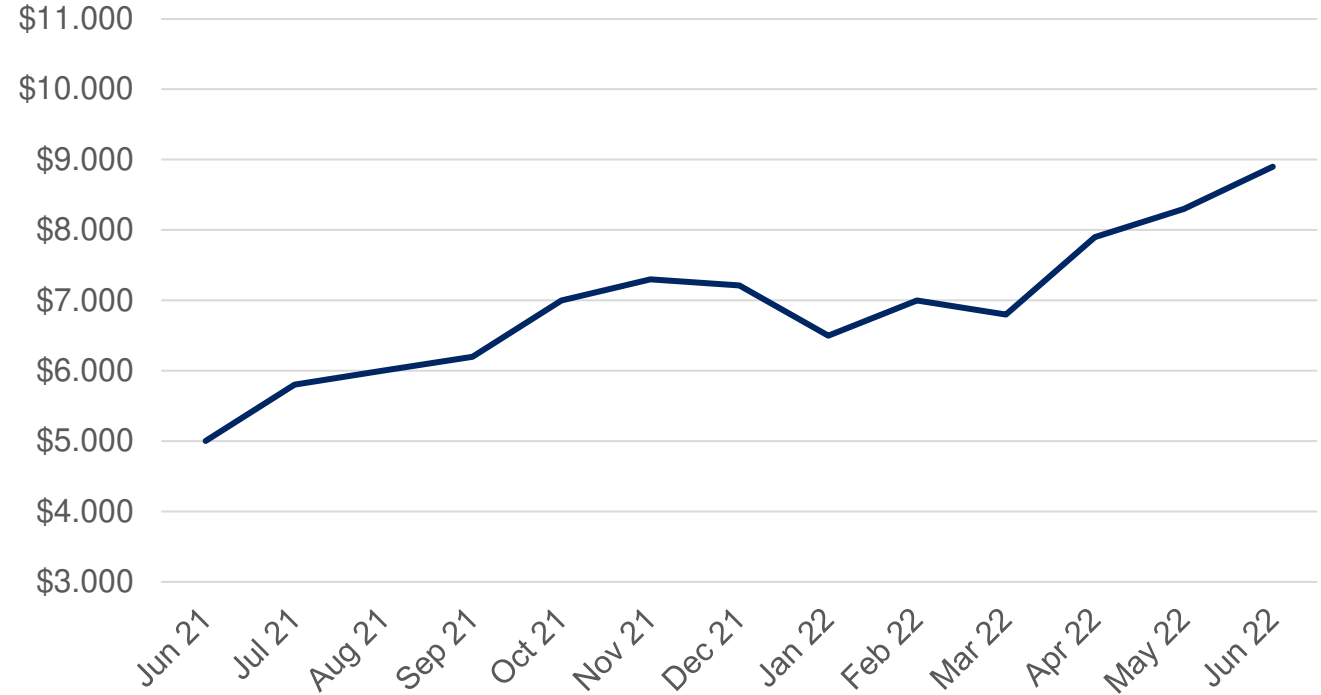
Ongoing softening in the spot market

- Spot market remains under pressure
- Ongoing downward trend also in the mid- and long-term segment
- 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.

Ocean Freight Europe – North America

Congestion in both North American and European ports affects service

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



Source: Freightos Baltic W23-2022

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 23-2022:

- Rotterdam – New York: USD 8,969/ FEU

Bookings need to be placed 6-8 Weeks in advanced

- 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 spot levels indicating carriers believe the market will remain high but stable.
- Future unpredictable but we do not expect carriers to stop pushing for increases.

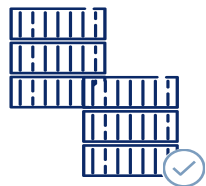


Trade Update

Intra Asia

As per week 23 status, which is evolving and depends on latest updates

Demand



- Despite the reopening in Shanghai, volumes remains soft. Expectations remain high for a rebound in volumes for the summer peak season, with new orders for container boxes returning in force and container manufacturers fully booked until August.
- After COVID lockdown, SEA countries export rebounded which led to growing equipment / space demand ex SEA POLs.

Rate



- Spot freight rates continued to trend downwards on the Asia-Europe and Transpacific routes. The composite SCFI increase was driven by rebounds on the Latin America and Middle East routes.
- Long-term rate level remains elevated + ongoing uptrend for Bunker / Low Sulfur Surcharge.
- Charter rates have continued to regain ground with increased activity ahead of the summer peak season as carriers are still forced to cover their requirements in a market where vessel supply remains tight.







Supply



- China port congestion is clearing up, with more capacity available from the second half of June.
- Chinese port congestion was down across the board, with all 3 main port regions (North, Central, South China) registering declines in berthing delays and vessel queues are falling.
- Restrictions that were put in place in Yangtze Area by various carriers including DG and reefer cargoes have mostly been mostly lifted.



Ocean freight market overview – Difficult to predict trends

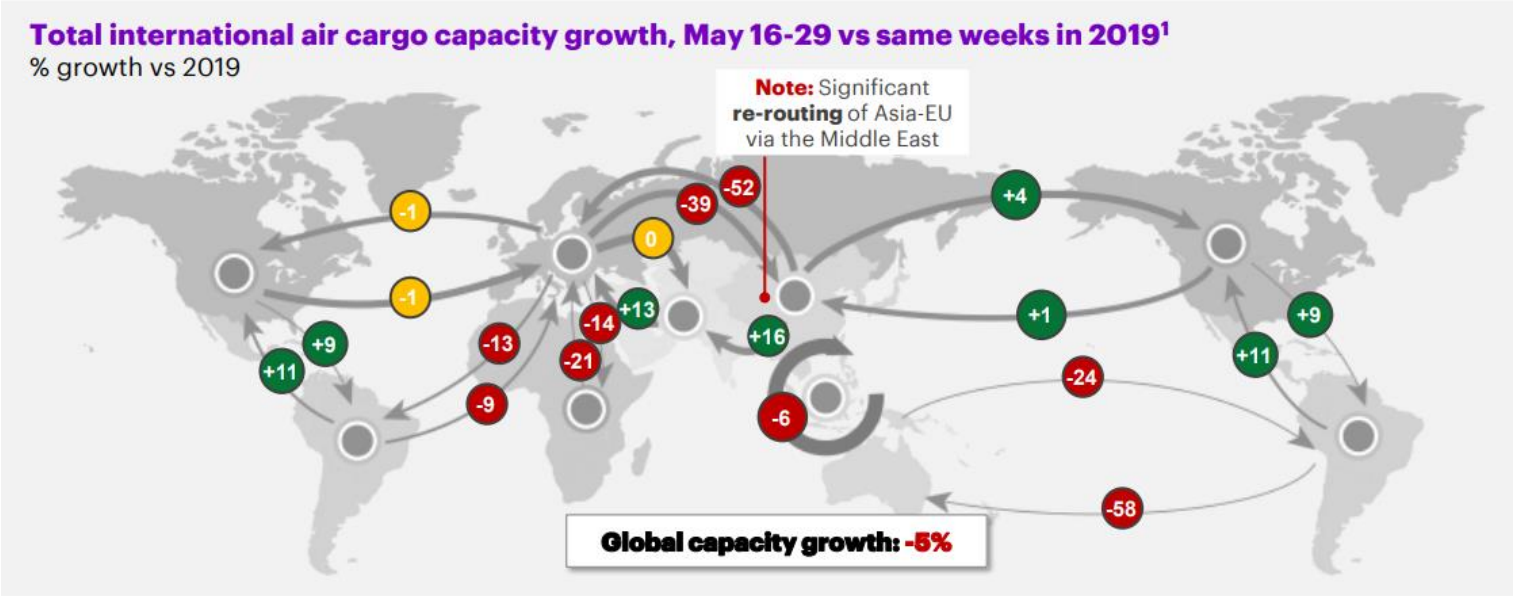
TRADE LANE	COMMENTS	RATES AND SPACE	
ASIA to Europe	<ul style="list-style-type: none"> • Expect increase on volumes by end of June • Space is still tight from China and there is equipment shortage (specially 40') • Long term rates will increase due to BAF 	↓	
ASIA to NAM	<ul style="list-style-type: none"> • Market remains strong • Equipment shortage, specially in Vietnam and China • Space starts to be open 	→	
Europe to NAM	<ul style="list-style-type: none"> • Congestion in both North American and European ports affects service • Vessel are full and less capacity available • It seems rates will remain strong for the rest of the year 	↑	
Exports from India	<ul style="list-style-type: none"> • Capacity is key more than ever • Shipping lines are temporary open space • Shortage of equipment continues especially with CMA CGM, Cosco in the SEI locations 	→	
ASIA to LATAM	<ul style="list-style-type: none"> • Booking needs to be placed one month in advance • ASIA to LATAM due to longer transit times needs to offset with higher rates • Rates are stable 	↑	
INTRA ASIA	<ul style="list-style-type: none"> • Port congestion improving in some south Asian ports • New bunker level. Australian ports are still congested but improving • Equipment under shortage (long haul trades receive the equipment before intra Asia) 	↓	

Airfreight update

DSV



Global international air cargo capacity is down -5% (vs. 2019)



- International wide-body belly capacity is down 57% on trade lanes to and from Asia.
- Asia-Europe capacity impacted by the closure of Russian air space and exit of Russian cargo airlines.
- Current lockdown in Shanghai affects ~25% of total air cargo capacity out of Greater China.
- Congestion at airports is a challenge – especially in US.

Significant change in capacity mix since 2019

Airline freighters	+19%
Passenger belly	-34%
Integrator freighters	+40%

Source: Seabury Cargo – Air cargo capacity update 20 May 2022

Wide-body belly capacity is far from 2019 levels

The future market will depend more on freighters

Scheduled wide-body belly capacity on key lanes summer 2022 vs. summer 2019

-43%

Intra-Asia Pacific

-9%

Transatlantic

-49%

**Asia Pacific -
Europe**

-41%

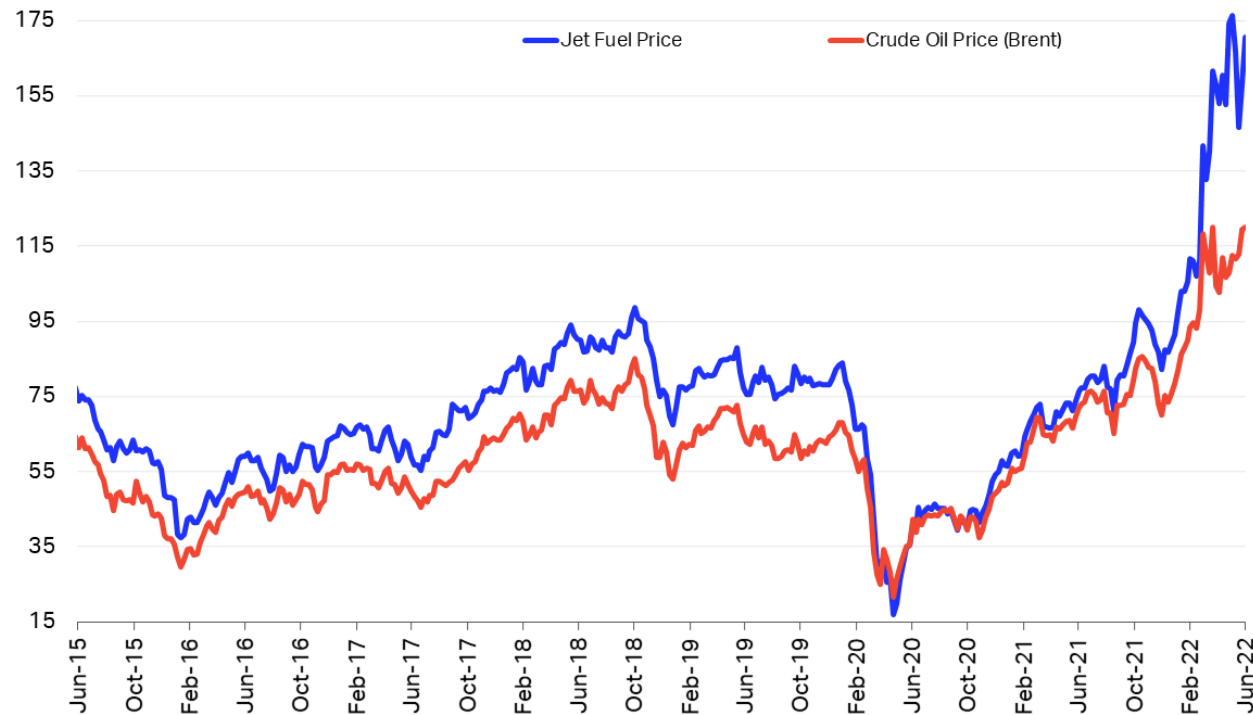
Transpacific

Source: Seabury Cargo – Air cargo market dynamics Q1 2022

Jet fuel price developments – largest levels of the last 7 years

We can expect jet fuel cost at the highest levels in the last years

Jet Fuel & Crude Oil Price (\$/barrel)



Source: S&P Global, Refinitiv Eikon

There is a shortage globally on oil destilates and in many parts of the world is difficult to find jet fuel.

In Africa where some of the supplies were coming from Russia have a full impact

In the US, there is a shortage of Jet fuel from the refineries and they are also having issues to get fuel from Europe.

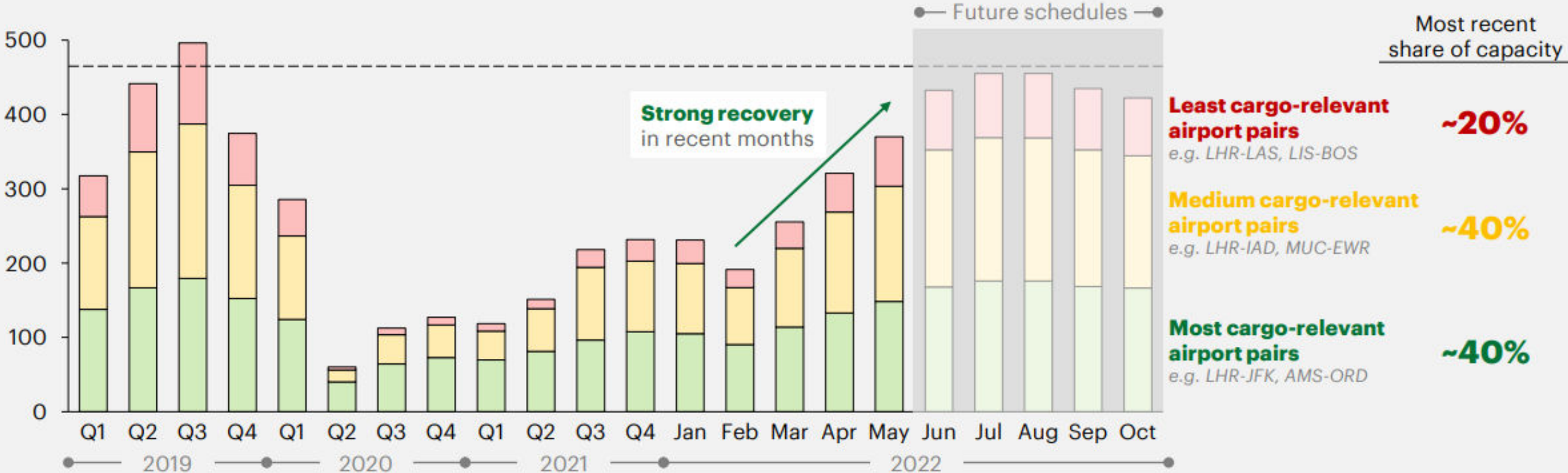
In general inventories of jet fuel at the airports are extremely low and we can see that jet fuel has increased during this year at a faster speed that the price of the Crude Oil Price.

This has a direct impact on airfreight cost and we can expect more volatility with the summer flights schedules.

Despite stagnating growth (at +2%), March 2022 ranked as the third-highest month for air cargo ever

Widebody belly Transatlantic air cargo capacity by airport pair category, 2019-2022

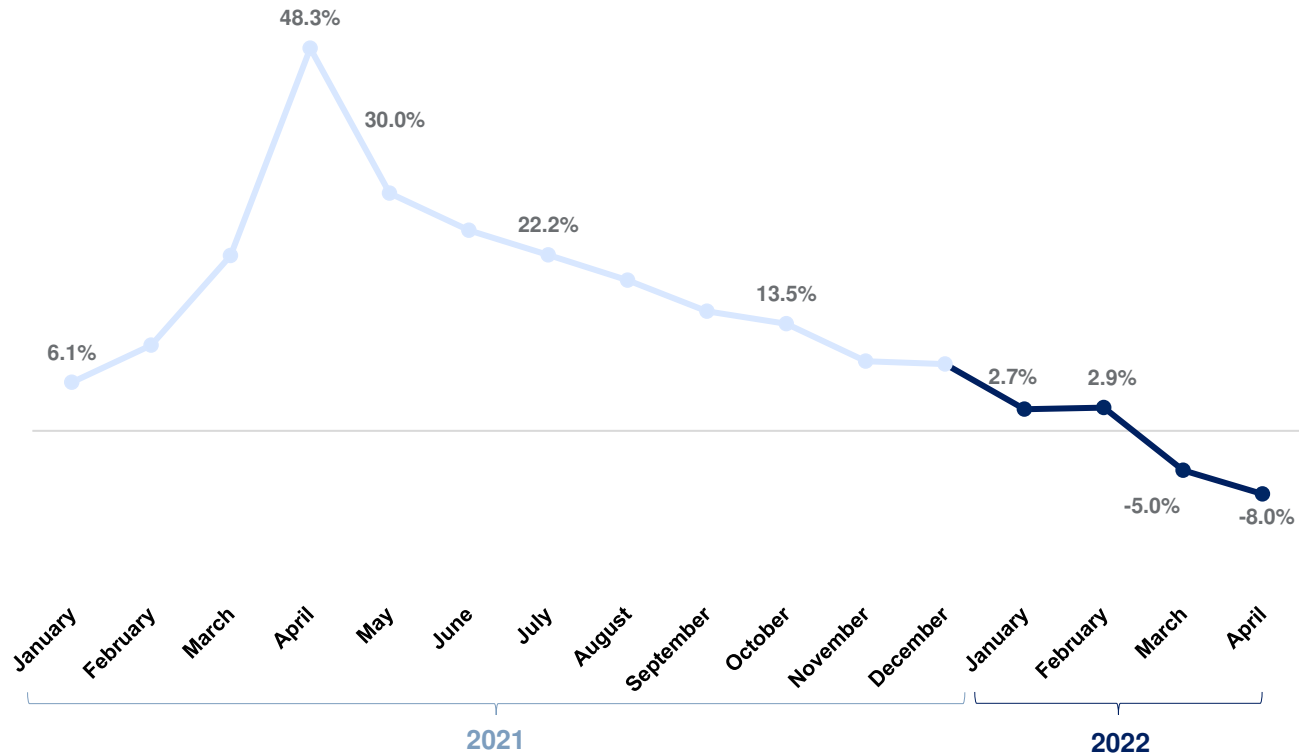
Thousand tonnes per month



Air trade to/from USA continued to blossom, and impact of sanctions on Russian air trade becomes apparent

What to expect from 2022 and beyond?

Volume YoY growth (%) 2022







Source: Jan 2021 – Apr 2022 from IATA Air Cargo Market Analysis

Outlook

- Demand depends on macro economy and consumer confidence.
- Continued service disruptions from COVID-19 lockdowns.
- Capacity impact from Russia/Ukraine crisis.
- Air market impacted by ocean freight disruptions.
- Belly space missing on trade lanes to and from Asia.
- Cost inflation – especially related to fuel.
- Rates are likely to remain elevated versus pre-pandemic levels.

Air freight market overview

Market is currently “slow” but stable still affected on closures in China

TRADE LANE	COMMENTS	RATES AND SPACE	
Exports from China / Hong Kong	<ul style="list-style-type: none"> Demand is weak after the long holiday and isn't expected to recover until mid-June. Carriers continue to return to their original capacity levels, however given the weak demand in the market TPEB rates have decreased slightly while FEWB rates remain stable. 	↓	
South East Asia	<ul style="list-style-type: none"> The market ex-Thailand is quite soft with carriers eager for cargo. TPEB demand ex-Vietnam is continuing to pickup. Rates in the meantime have increased slightly but are expected to continue to rise in the second half of June. 	↓	
Exports from India/Bangladesh	<ul style="list-style-type: none"> Demand remains soft as we approach the second half of June. This has led to carriers passing on rate deductions for many key lanes Capacity is waiting to recover 	→	
Export from Europe	<ul style="list-style-type: none"> Demand is stable at reduced levels while fast/high-end fashion is still showing higher demand due to the season change. Capacity is stable at an all time high, rate levels are starting to reduce especially on the transatlantic (TA) trade lane. 	↓	
Exports from NAM	<ul style="list-style-type: none"> Demand remains high, especially into Europe. Capacity is manageable and has already surpassed 2019 pre-covid levels. Rates have slightly softened 	↓	