



OCEAN FREIGHT MARKET UPDATE

DECEMBER 2021



Contents

A large blue container ship is docked at a port. A green gantry crane is positioned over the ship, and several stacks of colorful shipping containers (yellow, red, blue, and grey) are visible on the deck. The sky is blue with some clouds.

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03 TRADE ROUTE ANALYSIS

HIGHLIGHTS (1/2)

Port congestion is still a significant concern for the shipping industry and impacts schedule reliability and equipment availability.

According to analysts, about **12 % of the global fleet is currently cancelled out due to waiting times at major ports, that is more than 560 vessels at mid-November.**

The average waiting time for a port call has increased by 59% in the first nine months of 2021, compared with the same period in 2019. As peak season has passed, spot rates have been slowly stagnating since the end of October.

According to Drewry, **spot rates will probably decrease through next year but will still remain at high levels.** Moreover, the trend is likely to reverse in early January with expected pre-Lunar New Year rush. High spot rates are feeding into strong contract rates.

Considering that there is mounting evidence that short-term rates may be waning, and that huge numbers of

ULCVs on order will be delivered from 2023 onwards, carriers have been busy locking into long-term contracts at elevated rates shippers which, as for them, are anxious to secure space, equipment and timely arrival.

Demand growth forecast for 2022 is a risky exercise.

Although the global GDP outlook remains strong, **demand could be eroded by rising prices, looming energy crisis and a reduction in government financial support.**

In their Q3 2021 Container Forecaster, Drewry analysts highlighted that **“tight shipping capacity conditions are expected to remain through to the end of 2022 and may linger longer still, as Covid-19 outbreaks continue to threaten disruption to key logistics hubs.”** and that **“Global container shipping networks are so stretched that even minor disruption in one part of the world can set off a chain of unintended consequences across global supply chains.”**

HIGHLIGHTS (2/2)

Service

Schedule reliability recorded another marginal improvement in November 2021, maintaining the range of 34%-40% that we have seen throughout the year.

The average delay for late vessel arrivals also recorded a slight improvement, decreasing by -0.09 days M/M to 7.34 days. That said, **the level of delays in 2021 continue to be the highest across each month when compared historically**.

Ocean carriers, obliged to temporarily omit severely congested ports during the current supply chain disruptions, **are rethinking their network coverage in favour of a permanent change to fewer hubs**. For instance, Hapag Lloyd aims at simplifying its network which has become too complex over years of trade evolution and acquisitions, thereby cutting costs by using fewer hubs in order to improve quality of service. Nevertheless, as member of THE Alliance, the carrier has to reach an agreement with its partners prior to this.

Shipping Industry

Major ocean carriers are to make astonishing and unexpected profits.

After reporting even better-than-expected profits for the third quarter, they are being forced yet again to upgrade full-year earnings forecasts. **The cumulative profit for the liner industry could be nearer to \$200bn, that is double the profit made by carriers in the past 20 years.** Unprecedented earnings for container shipping in Q3 see the industry outpacing the world's largest tech giants in terms of Q3 profitability.

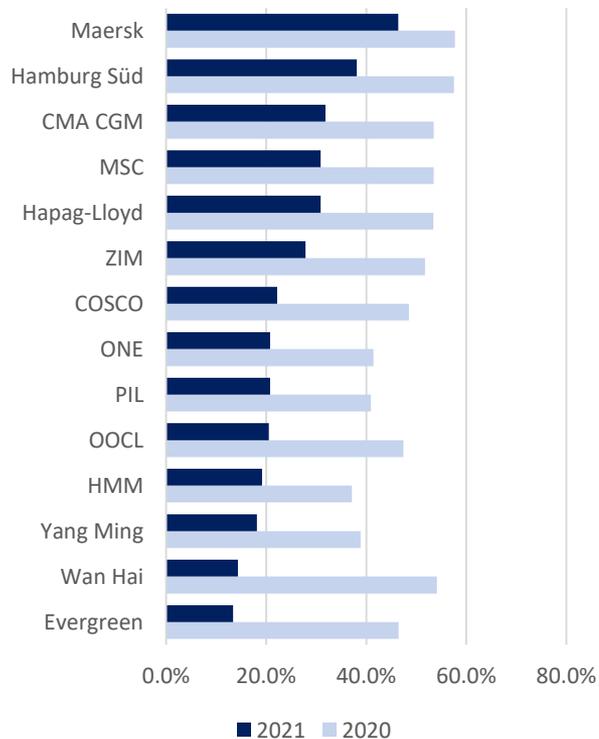
Unsurprisingly carriers do not lack ideas to spend these huge revenues :

Investment in the containership orderbook is the highest it has been in nearly 15 years. According to Drewry, fleet growth will still lag behind demand growth in 2022 but there is a risk of returning to overcapacity from 2023 onwards when recent orders start to be delivered.

FOCUS

SHIPPING LINES GLOBAL SCHEDULE RELIABILITY

TOP RANKING CARRIERS OCTOBER



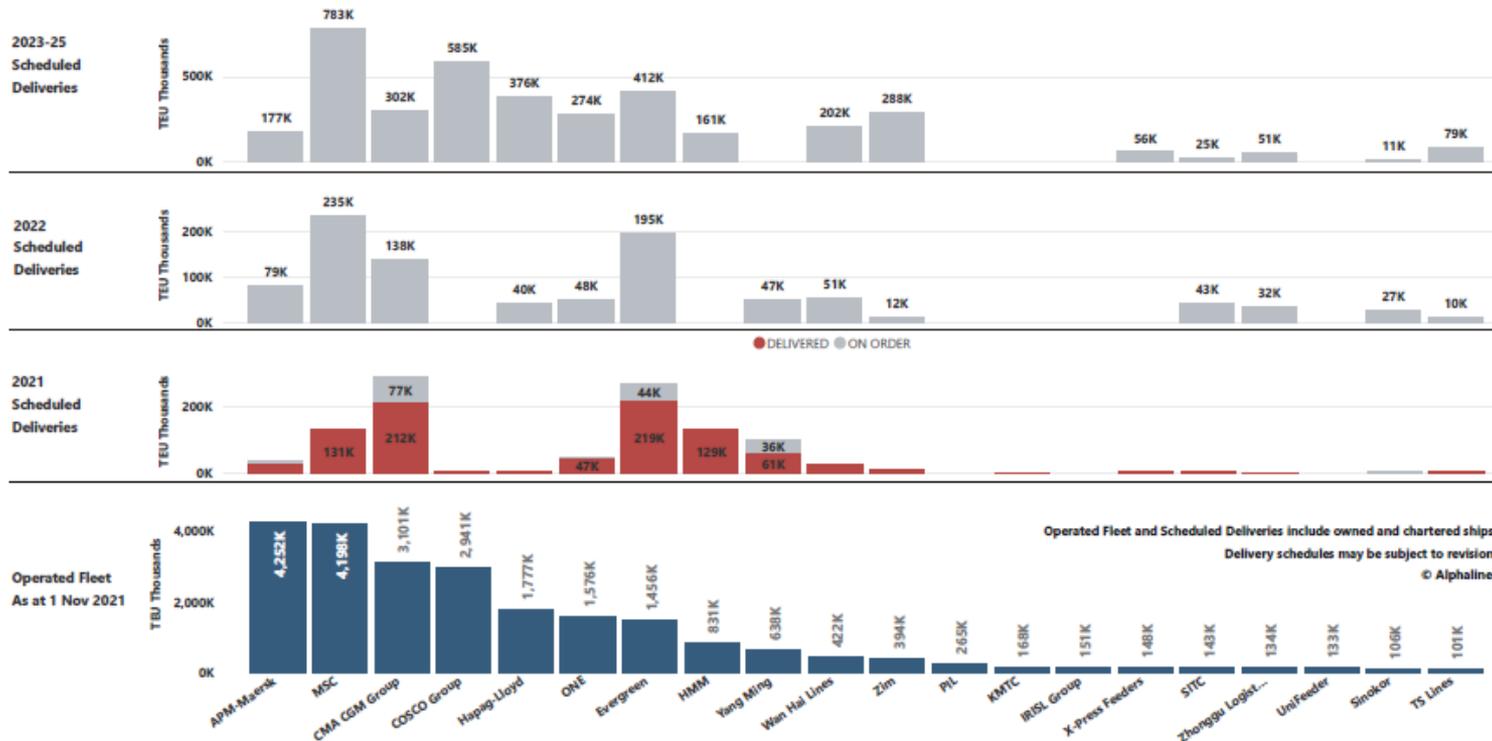
Top-14 carriers	2020-Q3	2020-Q4	2021-Q1	2021-Q2	2021-Q3	Aug/21	Sep/21	Oct/21	Oct 21 Arrivals
CMA CGM	66.0%	50.5%	35.2%	36.5%	30.8%	30.5%	30.2%	31.9%	3,378
COSCO	62.8%	47.1%	30.2%	29.6%	21.4%	19.7%	22.0%	22.2%	2,857
Evergreen	63.3%	43.1%	25.7%	25.0%	13.1%	11.5%	11.6%	13.4%	1,786
Hamburg Süd	74.1%	54.7%	41.8%	43.2%	38.5%	37.8%	37.1%	38.1%	1,902
Hapag-Lloyd	65.2%	49.2%	35.8%	39.6%	31.3%	31.0%	29.0%	30.9%	3,001
HMM	57.6%	33.9%	24.5%	31.1%	21.0%	22.4%	19.5%	19.2%	1,184
Maersk Line	71.2%	55.9%	46.4%	47.3%	45.6%	45.5%	44.1%	46.4%	3,238
MSC	68.7%	50.0%	35.8%	37.9%	32.7%	32.0%	31.0%	30.9%	2,677
ONE	56.7%	37.4%	25.9%	30.0%	21.8%	20.5%	19.8%	20.8%	2,234
OOCL	62.5%	45.0%	28.8%	27.7%	20.1%	18.6%	20.3%	20.5%	2,493
PIL	50.8%	38.6%	30.4%	32.5%	19.0%	16.1%	17.3%	20.8%	949
Wan Hai	56.1%	50.2%	33.9%	29.2%	17.6%	16.7%	19.1%	14.4%	508
Yang Ming	55.5%	34.8%	23.6%	26.6%	18.8%	18.2%	17.4%	18.2%	1,339
ZIM	67.1%	48.6%	35.5%	40.1%	28.9%	25.5%	28.5%	27.9%	1,109

The Global Liner Performance database covers the majority of the deep-sea service identified from 60 different carriers. Currently, the GLP database cover more than 295 active services and more than 165 inactive services, based on more than 430.000 individual vessel arrivals, across 34 major trade lanes.

FOCUS

CARRIERS' NEWBUILDING DELIVERY SCHEDULE

Top 20 Carriers Newbuilding Delivery Schedule



CLICK TO GO TO EACH TRADE LANE



NORTH
AMERICA

EUROPE

ASIA
PACIFIC

MARKET OUTLOOK | ASIA

The Intra Asia trade lane is feeling the “crunch” impact due to the cascading effect of port congestion at T/s port.

Both mainline operators and feeder operators have difficulties in moving the transshipment cargo from/to long haul and hence containers are stuck at T/S ports leading to poor efficiency of the port operations.

With the ease of COVID restrictions especially from Southeast Asia countries (e.g., Vietnam), cargo export will increase from the post lockdown period.

The Baf is expected to increase by USD10-20/teu due to recent higher oil prices.

Equipment will continue to be tight as the export bookings from Asia will be expected to increase due to coming holidays of Lunar New Year

Intra Asia rates are expected to be on uptrend as the shippers must prepare for the Lunar New Year, reopening of the economies and the tight space situation

RATE EVOLUTION



RATE EVOLUTION



OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q3 2021	→	↗	↗	↗
December 2021	→	↗	↗	↗
Q4 2021	→	↗	↗	↗
Q1 2022	→	↗	↗	↗

OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q3 2021	→	↗	↗	↗
December 2021	→	↗	↗	→
Q4 2021	→	↗	↗	↗
Q1 2022	→	↗	↗	↗

- ↗ Upward trend
- Flat trend
- ↘ Downward trend

Rates will remain high with extension compared to November for the main carriers operating on this trade for several reasons :

- Sustained demand in Europe is still expected until the end of the year
- Shortage of containers
- Limited space that leads to severe congestion in main transshipments ports like Colombo

Carriers will still push for spot rates and premium rates to have space and equipment's in priority for short and mid term solutions.

This situation will persist until at least the major part of 2022.

MARKET OUTLOOK | ASIA

Daily container-ship arrivals in California are down 10% in November versus September.

The ports of Los Angeles and Long Beach delay the implementation of additional storage fees for containers with excessive dwell times – The ports announced Monday (11/15) that they will “delay consideration” of the fee until Nov. 29th, citing a 26% reduction in long-dwelling containers since the plan was announced on Oct. 25.

Blank sailings continue to regain schedules or dry-docking ships. Extended delays on U.S. Inland Transits – US Intermodal congestions expected to continue through 2022. However, it is not a given that port congestion will last thru 2022 - Rising inflation and interest rates could put the brakes on consumer demand and lead to a rapid slowdown in global demand.

Slack season expected after golden week
The control on electricity power has limited impact at the moment.

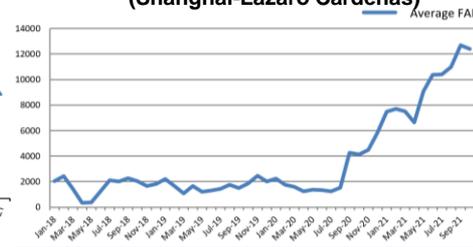
RATE EVOLUTION

ASIA / NORTH AMERICA
(Shanghai-Los Angeles)



RATE EVOLUTION

ASIA / SOUTH AMERICA
(Shanghai-Lazaro Cardenas)



OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q3 2021	🔴	🟢	🟢	🟢
December 2021	🔴	🟢	🟢	➡
Q4 2021	🔴	🟢	🟢	➡
Q1 2022	🔴	🟢	🟢	➡

OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q3 2021	🔴	🟢	🟢	🟢
December 2021	🔴	🟢	🟢	🟢
Q4 2021	🔴	🟢	🟢	🟢
Q1 2022	🔴	🟢	🟢	🟢

- 🟢 Upward trend
- ➡ Flat trend
- 🔴 Downward trend

Space remains tight for December with ongoing impromptu port omissions/sliding of vessels / blank sailings caused by vessel delays due to congestions at both origin and destinations.

These actions are taken by the Carriers in order to minimize the impact on their schedule integrity.

Equipments in general are still tight and (CMA particularly).

CMA has expanded its FAKs until January 2022. Still subject to Quarterly BAF review and PSS if any.

As space is tight, premium spot rates are required in order to get bookings or equipments.

Carriers are continuing with their actions on non acceptance or refraining from accepting Chile bound bookings during certain weeks to minimize their imports due to congestions and move count at destination. Carriers' pricing strategy remains the same as no offers for quarterly or long-term NACs and tenders as their commitment for long term tenders and BCOs is over their allocations. Solution to use NVOCC or on premium for space and equipments

MARKET OUTLOOK | ASIA

Global Africa market is stabilizing for December. Situation remains tight but space is easing up for the coming weeks on WAF market. We can see that demand is less important compared to last year, at the same period.

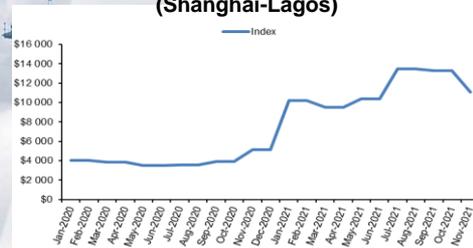
Rates should be extended for the 1st half of December. Market is expected to start increasing again from January 22, before CNY peak season period. Asia/West Africa freight rates will be extended for December.

Lack of space/equipment is still present, but space should soon be available. No change on capacities. NAF trade remains the highest freight rate market in Africa. Weak capacity and lack of service solutions available are keeping the trade under strong tensions. CMA CGM's ban of booking to TUNISIA will continue until further notice.

EAF/SAF markets will face more space difficulties in December as demand is remaining strong on those axes. Freight rates are stabilizing for December.

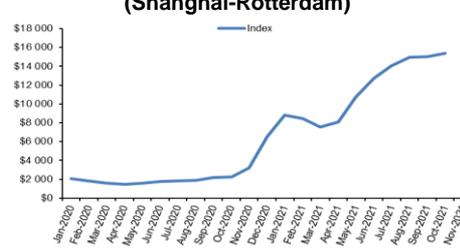
RATE EVOLUTION

ASIA / AFRICA
(Shanghai-Lagos)



RATE EVOLUTION

ASIA / EUROPE
(Shanghai-Rotterdam)



OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q3 2021	↓	↗	↗	↗
December 2021	↓	↗	↗	↗
Q4 2021	↓	↗	↗	→
Q1 2022	↓	↗	↗	→

OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q3 2021	→	↗	↗	↗
December 2021	↓	↗	↗	↗
Q4 2021	→	↗	↗	↗
Q1 2022	→	↗	↗	↗

- ↗ Upward trend
- Flat trend
- ↓ Downward trend

The Shanghai Container Freight Index (SCFI) showed a slight decrease in November reaching.

Most of the carriers announced an extension of the rates for the beginning of December.

There is no sign of market crash, rates might increase due to the traditional peak season ahead of the Chinese New Year holiday which falls on 1 February. In addition to the current restocking and high consumption, the CNY is duly materialized by few omits & blanks sailing.

They have been scheduled until the end of the year to both NWC & MED. There will be no immediate improvement on the horizon, as demand is expected to continue growing into next year. Space & equipment will also remain tight at the beginning of the year.

MARKET OUTLOOK | EUROPE

Situation on the Europe to Latin America route is still complicated as many carriers cancelled Le Havre in their rotations.

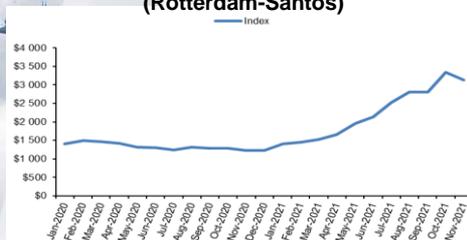
There are also some troubles at some destinations, particularly Chile and Peru with congestions and lack of chassis.

Carriers are applying surcharges to Central America.

As Veracruz and Altamira are in the same loop than the USA East Coast ports, those POD are suffering of delays. For the time being, no announcement of congestions or problem at destination.

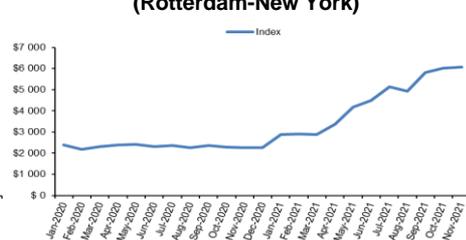
RATE EVOLUTION

EUROPE / SOUTH AMERICA
(Rotterdam-Santos)



RATE EVOLUTION

EUROPE / NORTH AMERICA
(Rotterdam-New York)



OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q3 2021	🔴	🟢	🟢	🟢
December 2021	🔴	➡	➡	➡
Q4 2021	🔴	🟢	🟢	🟢
Q1 2022	➡	➡	➡	➡

OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q3 2021	➡	🟢	🟢	🟢
December 2021	➡	🟢	🟢	➡
Q4 2021	➡	🟢	🟢	➡
Q1 2022	➡	🟢	🟢	🟢

- 🟢 Upward trend
- ➡ Flat trend
- 🔴 Downward trend

Los Angeles / Long Beach, New York, Savannah, and Houston ports are still under massive congestions.

However, daily container-ship arrivals are down 10% in November versus September in California.

Congestion can be "bypassed" by using alternatives ports such as Norfolk, Miami, or New Orleans for example.

Carriers are announcing general rates increases around 1500 USD and 2000 USD / 40' for Q1 2022. It has not been confirmed yet.

No space available ex WMED until at least the end of the year, unless under special contracts with Space Protection.

The situation ex Europe to Canada is better than to the US. Demand is still very high, space is also very tight, but the situation in Montréal is under control. Rates will however stay on a high level and will certainly increase in Q1 2022.

There are no space available ex WMED to Canada until the end of the year. Important congestion levels at Vancouver, where 50 ships are waiting to berth at the moment.

MARKET OUTLOOK | EUROPE

The situation will remain the same in EUR/AFR with the same challenges : lack of space and equipments. No changes are expected until the beginning of 2022.

West Africa's market is still very dynamic and demand continues to be strong. Capacitywise the outlook is still uncertain due to high charter prices. Carriers will continue to apply EIS and PSS in December.

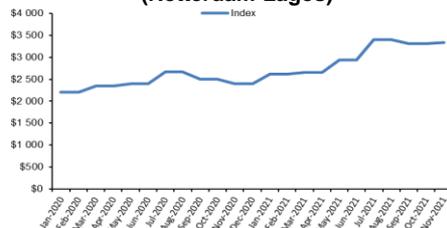
Trade from Europe to East Africa is experiencing a volume slowdown (-15% compared to the same period in 2020). Rates will be extended in December.

The NAF market, led by Algeria seems to show a higher level of volumes.

The SAF market shows slight signs of recovery in Q42021, with the total market back to 2020 levels after a very slow 2021.

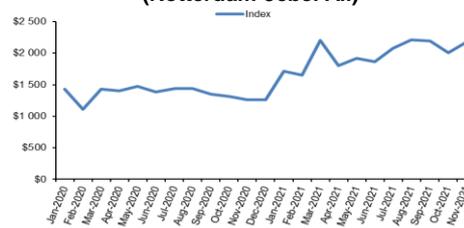
RATE EVOLUTION

EUROPE / AFRICA
(Rotterdam-Lagos)



RATE EVOLUTION

EUROPE / MIDDLE EAST
(Rotterdam-Jebel Ali)



OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q3 2021	⬇️	⬆️	⬆️	⬆️
December 2021	⬇️	⬆️	⬆️	⬆️
Q4 2021	⬇️	⬆️	⬆️	⬆️
Q1 2022	⬇️	⬆️	⬆️	⬆️

OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q3 2021	⬇️	⬆️	⬆️	⬆️
December 2021	⬇️	⬆️	⬆️	➡️
Q4 2021	⬇️	⬆️	⬆️	➡️
Q1 2022	⬇️	⬆️	⬆️	➡️

- ⬆️ Upward trend
- ➡️ Flat trend
- ⬇️ Downward trend

Europe to Middle East trade follows the same trend as Europe to Far East.

The Ongoing situation of congestions in Asia and Europe continues to be tense. Vessel delays, adjustments of rotations, last minute port omissions continue to negatively impact transit time and quality of service, no improvement expected in the coming months.

THEA (The Alliance) continue to skip Jebel Ali on FE3 loop (cargo is routed via IO3 loop).

This missing capacity is used to maintain rates on the high curve.

MARKET OUTLOOK | EUROPE

The Europe to West Indies trade keeps a steady growth from previous months.

Space pressure is high, but improvements can be observed. CMA has assigned one extra loader called Seatrade White on the lane. This vessel has taken all backlog due to many cut & run in the previous weeks.

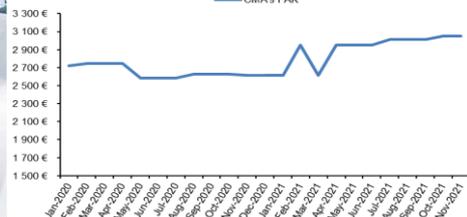
Maersk however still is very tight on space.

Bookings have to proceed at least 2 or 3 weeks before departure to secure space and equipment, but forecast is not allowed.

There is a slight improvement of equipment availability in Europe.

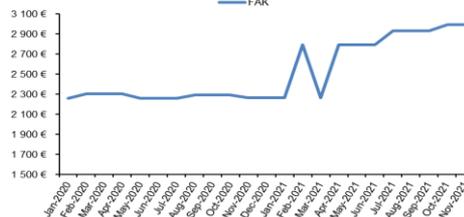
RATE EVOLUTION

EUROPE / FRENCH WEST INDIES
(Le Havre-Pointe-à-Pitre)



RATE EVOLUTION

EUROPE / INDIAN OCEAN
(Le Havre-Reunion)



OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q3 2021	→	↗	↗	↗
December 2021	→	↗	↗	→
Q4 2021	→	↗	↗	↗
Q1 2022	→	↗	↗	↗

OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q3 2021	→	↗	↗	↗
December 2021	→	↗	↗	↗
Q4 2021	→	↗	↗	↗
Q1 2022	→	→	→	→

- ↗ Upward trend
- Flat trend
- ↘ Downward trend

MSC/CMA VSA continue to experience significant delays (15 days on average) upon arrival at Australian ports (particularly the Melbourne terminal with a huge lack of productivity).

Omit and Cut&Run in Europe have been expected to get the service back to its schedule from January

Demand has been gradually recovering and is still stronger than the capacity from carriers with even vessels running full in Indian Ocean trade.

CMA is still facing overbooking situation despite its weekly allocation implementation. The stop for bookings has been announced for the end of December.

MARKET OUTLOOK | EUROPE

RATE EVOLUTION



OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q3 2021	↘	↗	↗	→
December 2021	↘	↗	↗	↘
Q4 2021	↘	→	→	→
Q1 2022	→	→	→	→

The congestion situations in Asia and Europe continue to be tense.

Most of carriers are facing heavy backlogs in hub ports, delaying arrival of cargo at destination. Situation is expected to last up to mid 2022. In order to stabilize the situation carriers are announcing restrictions on bookings acceptance to destinations with tad (e.g., the Philippines are presently a very sensitive destination, Vietnam, Indonesia, and Malaysia are as well).

In Asia on top of CNY holidays and due to COVID quarantines required for the crews of coastal feeders, barge companies in South Asia suspend their service for 1,5 months (from end DEC to mid FEB).

Rates slightly decreased in November and December from North Europe to Asia, they are now stable.

MARKET OUTLOOK | NORTH AMERICA |

Capacity remains steady, USEC services are wide open.

The schedule reliability on TransAtlantic Eastbound continues to decrease and is now below 40%

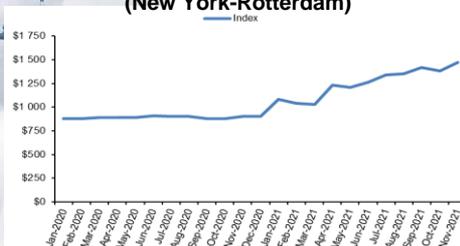
Two blank sailings have been announced, and several ports (mainly SAV and RTM) are being omitted, to avoid the further delay.

GRI have been announced for selected lanes due to the delay on the transshipment port.

IMO2023 surcharge is anticipated to take effect in Q1 2022.

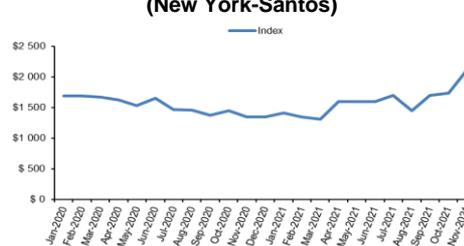
RATE EVOLUTION

NORTH AMERICA / EUROPE NC (New York-Rotterdam)



RATE EVOLUTION

INTRA AMERICAS / NORTH SOUTH (New York-Santos)



OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q3 2021	↘	↗	↗	↗
December 2021	→	→	→	→
Q4 2021	→	→	→	→
Q1 2022	→	→	→	↗

OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q3 2021	→	→	↗	↗
December 2021	↘	→	↗	↗
Q4 2021	→	→	↗	↗
Q1 2022	→	↗	↗	↗

- ↗ Upward trend
- Flat trend
- ↘ Downward trend

No blank sailings have been announced.

Capacity will be reduced by 8.65% in December due to the delay of the vessels led by port congestion.

Demand remains strong.

All services remain at high utilization level.

Rate level to ECSA will remain flat in December with the only exception of MSC, which announced a GRI ex USGC.

GRI to WCSA went through in November, carriers that did not implement the GRI in November are now pushing the increase for December. All carriers are facing severe delays at the transshipment ports.