



OCEAN FREIGHT MARKET UPDATE

JUNE 2021

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HIGHLIGHTS (1/2)

Highlight

Months go by and look the same. Demand is still skyrocketing leading to new record freight levels and the shipping industry continues to face the same operational issues : space and equipment scarcity, port congestion, poor schedule reliability. And the more time goes by, the farther seems a return to a “normal” situation. **Most outlooks now state that things will only start to ease after the Golden Week.**

Freight rate increases are concerning every route, North/South trades and cross trade now being impacted too, as vessels are fully booked. All carriers are implementing GRI and further surcharges every month, even every fortnight.

Logically, charter market remains on upward trajectory and there is less and less tonnage available despite charter rates at a highest level.

Unsurprisingly this freight rate leap is driven by extreme capacity and equipment shortages,

especially across Asia.

Carrier's blank-sailed 5 - 10 % of weekly sailings to try to recover disrupted schedules, reducing an already insufficient capacity.

On most trades, advance booking notice of 3 or more weeks before the cargo ready date is recommended, and premiums are often charged on top of freight rates in order to secure space. However, the number of container rollovers at major box ports went on increasing and affected 39 % of all shipments last month.

Port congestion is still very important in Europe and North America due to the current disorganization of the shipping lines and the continual changes to sailing schedules. Port terminals are under pressure and industrial relations are coming increasingly tensed; this might lead to social unrest which would aggravate the existing chaos.



HIGHLIGHTS (2/2)

Service

Even though March 2021 was expected to be the worst month, the situation deteriorated again in April and the schedule reliability dropped to 39.2 % with a gap of – 30.6 % to April 2020.

On the other hand, the average delay for LATE vessel arrivals continued to improve and reached 5.68 days in April (vs 6.27 in March). This figure is however higher by 0.61 days than the one of April 2020.

Carriers are still fighting to recover schedule integrity by implementing “schedule recoveries” or “contingency plans” in the form of blank-sailings, omits or changes in services.

Shipping lines

The shipping companies go on publishing spectacular results for Q1-2021 like Maersk, Hapag-Lloyd, Evergreen, ZIM and Hyundai.

Due to available cash, carriers have placed orders for

new vessels. The orderbook-to-fleet ratio currently stands at 17.6% and could cross 20%.

Conclusion... the situation is more than challenging

No improvement within the coming months, the situation might even deteriorate. All the Trade lanes are concerned and impacted.

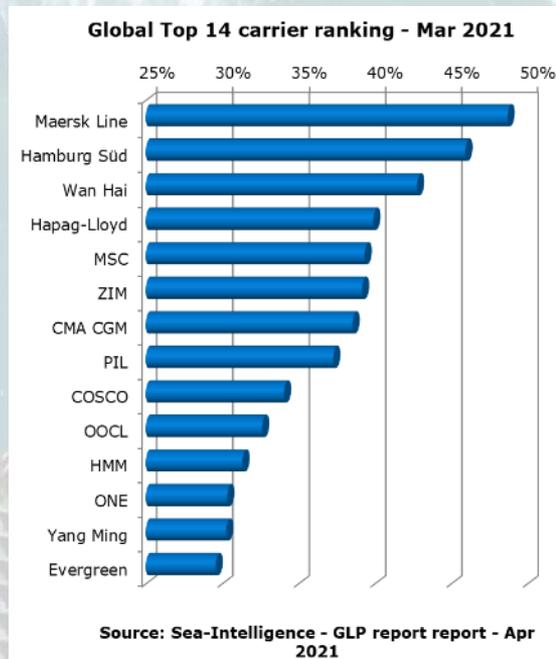
- Increase of the rates for the next 4 weeks before
- Shortage of equipment will be a real concern in the next 4 to 6 weeks
- Demand for space is still stronger than the capacity offered carriers
- Peak season is still on going
- SUEZ canal consequences will remain at least, up to end of June

FOCUS

SHIPPING LINES GLOBAL SCHEDULE RELIABILITY



Top-14 carriers	2020-Q2	2020-Q3	2020-Q4	2021-Q1	2021-Q2	Feb/21	Mar/21	Trend vs
								M-1
CMA CGM	75%	66%	50%	35%	44%	34%	39%	↑
COSCO	73%	63%	47%	30%	41%	28%	34%	↑
Evergreen	79%	63%	43%	26%	40%	22%	30%	↑
Hamburg Süd	82%	74%	55%	42%	38%	39%	46%	↑
Hapag-Lloyd	74%	65%	49%	36%	53%	34%	40%	↑
HMM	77%	58%	34%	25%	52%	21%	31%	↑
Maersk Line	79%	71%	56%	46%	41%	44%	49%	↑
MSC	77%	69%	50%	36%	53%	35%	39%	↑
ONE	71%	57%	37%	26%	40%	23%	30%	↑
OOCL	72%	62%	45%	29%	38%	26%	33%	↑
PIL	68%	51%	39%	31%	47%	29%	37%	↑
Wan Hai	78%	56%	50%	34%	56%	25%	43%	↑
Yang Ming	71%	56%	35%	24%	49%	19%	30%	↑
ZIM	79%	66%	49%	36%	43%	36%	39%	↑



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 33 major trade lanes.

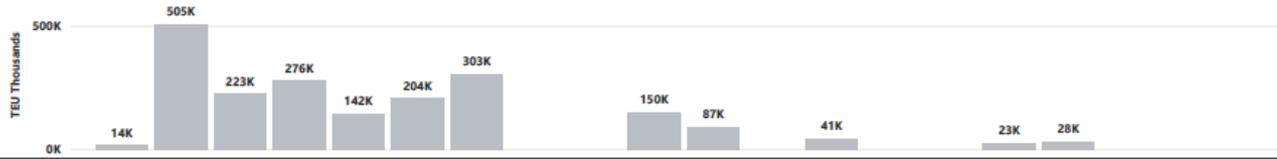
FOCUS

CARRIERS' NEWBUILDING DELIVERY SCHEDULE



Top 20 Carriers Newbuilding Delivery Schedule

2023-25
Scheduled
Deliveries



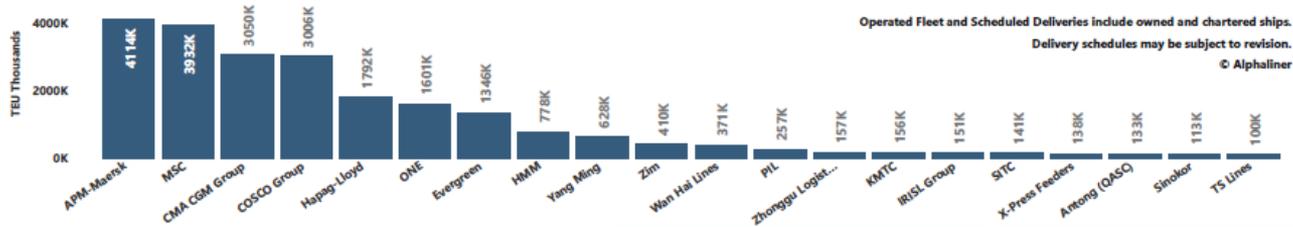
2022
Scheduled
Deliveries



2021
Scheduled
Deliveries



Operated Fleet
As at 1 May 2021



Operated Fleet and Scheduled Deliveries include owned and chartered ships.

Delivery schedules may be subject to revision.

© Alphaliner



CLICK TO GO TO EACH TRADE LANE

**NORTH
AMERICA**

EUROPE

**ASIA
PACIFIC**



MARKET OUTLOOK | ASIA

In June, vessel utilization is expected to remain strong, and rate will also continue to increase. Equipment shortage situation will become more critical in June due to several blank sailings program on other trades.

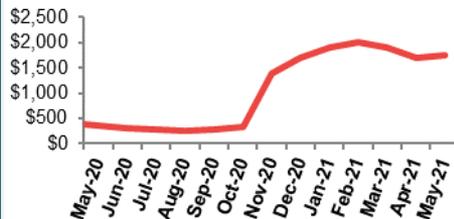
Customers are advised to exercise flexibility in the equipment type e.g. replacing 2 x 20' with 1 x 40'HC so that more choices will be available.

It is more prevalent for main liner operators to prioritize booking and equipment over short haul in view of the big gap in profitability. Hence more opportunity for niche intra Asia players.

Spot booking will be more interesting to the carriers due to competition in equipment and space and this is aggravated by the port congestion in several Asia ports.

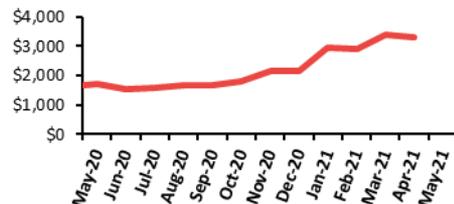
RATE EVOLUTION

INTRA ASIA (Shanghai-Singapore)



RATE EVOLUTION

SOUTH ASIA / EUROPE (Nhava Sheva - Rotterdam)



OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q1 2021	→	↗	↗	↗
Q2 2021	→	↗	↗	↗
June 2021	→	↗	↗	↗
Q4 2021	→	↗	↗	↗

OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q1 2021	→	↗	↗	↗
Q2 2021	→	↘	↘	→
June 2021	→	↘	↘	→
Q3 2021	→	↘	↘	→

- ↗ Upward trend
- Flat trend
- ↘ Downward trend

Rates are generally extended for June. Space will remain tight for the coming months.

Equipment shortage is worsening and will remain so till summer. India being the main impacted country. Import flows to the area are not sufficient to cater to westbound demand. The country is also facing bad weather with Typhoons impacting the ports' operations. Equipment is still allocated on first come basis

Covid situation

- India: improvement with an excepted situation "under control" from the 2nd half of June
- Sri Lanka: increase in number of cases with lockdowns and curfew
- Pakistan: situation under control

Source: Bolloré Logistics, Drewry Index



MARKET OUTLOOK | ASIA

Robust consumer demand is expected to continue through the summer-fall season, extending the period of an extended demand cycle.

US retailers are upping their forecast for imports in the coming months, suggesting that shippers who are already struggling to secure vessel capacity in Asia will find it even more difficult.

Congestion at ports in Northern China and Southeast Asia, as well as in Los Angeles-Long Beach and Oakland, is idling containerships for weeks on end.

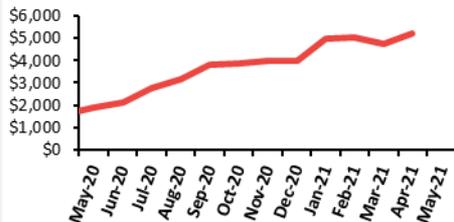
Current projections the congestion is expected to last until through the summer and rail hubs continue to be additional chokepoints.

Since vessels are slow in leaving Asian ports and are delayed when they reach US ports, vessel and equipment capacity are being artificially constrained and shippers are competing to secure space and equipment.

Space and equipment shortages are at unprecedented levels in the eastbound trans-Pacific because the transit time in the end-to-end supply chain from the factory in Asia to the US port to the destination in the US interior has doubled. What should be a 35-day transit time from Shanghai to Chicago is now 73 days.

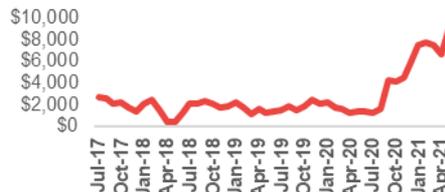
RATE EVOLUTION

ASIA / NORTH AMERICA (Shanghai-Los Angeles)



RATE EVOLUTION

ASIA / SOUTH AMERICA (Shanghai-Lazaro Cardenas)



OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q1 2021	🔴	🟢	🟢	➡
Q2 2021	🔴	🟢	🟢	🟢
June 2021	🔴	🟢	🟢	🟢
Q3 2021	🔴	🟢	🟢	➡

OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q1 2021	🔴	🟢	🟢	🟢
Q2 2021	🔴	🟢	🟢	🟢
June 2021	🔴	🟢	🟢	🟢
Q4 2021	➡	🟢	🟢	🟢

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

Demand remains strong from Asia to Latam in June. Carriers are reporting full ships and same forecasting for June. Rolling of containers is expected.

Equipment shortage situation in Asia remains tight and expected to continue.

Rates are on the uptrend, escalating sharply by the week and this is expected to continue due to the tight space.

Maersk, Hamburg Sud and ONE announced restriction on booking acceptance to Colombia especially to Buenaventura due to the operations performed at the terminals have been impacted and the yards density are close to their maximum levels (congestion).

Schedules continue to be impacted by the slow operations at ports due covid-19. One case of crew members onboard MSC Lily bound for ECSA was tested positive at HKG and vessel had to be quarantine at HKG anchorage.

Carrier's pricing strategy remains the same as no offers for quarterly or long-term NACs and tenders as their commitment for long term.

Source: Bolloré Logistics

MARKET UPDATE



MARKET OUTLOOK | ASIA

Space and equipment remain very tight on all Africa trades while demand outlook is still strong through Q3.

In the Asia/West Africa route rates continue to be on a higher side. Space and Equipment are not available to cover the bookings. Some businesses are still subject to carriers' premium surcharges to be able to load. We foresee market will remain very strong in the summer period.

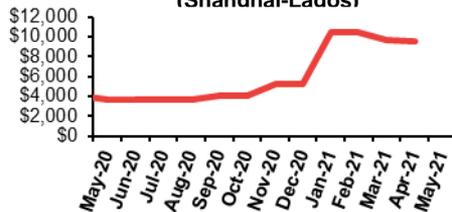
Rates along with BRAF have been increased in June on NAF market. Strong demand rebound but carriers are limiting their capacity to this market. No visibility on pricing in coming months but a certitude that rate will continue to go up.

Asia to SOUTH AF & EAF:

Space is still very tight in all services even if EAF trade seems less impacted driven by horn of Africa which is very dynamic. Equipment is also still a major issue in this market. In ZA market allocations on NACs continue to face fulfillment issues. Rates are subjected to space, roll overs and equipment availability.

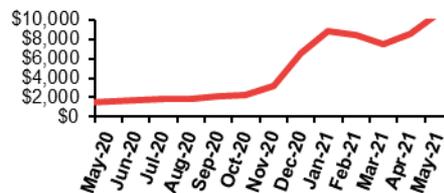
RATE EVOLUTION

ASIA / AFRICA (Shanghai-Laos)



RATE EVOLUTION

ASIA / EUROPE (Shanghai-Rotterdam)



Asia to Europe trade is facing serious space shortage and further increase rates.

The lack of capacity and available containers continues to intensify across all Asia.

Situation is caused by high demand, too many blank sailings which reduces capacity, and insufficient equipment repositioning. It will not improve soon as the traditional summer peak season is coming.

Following the SCFI, Asia to North Europe spot rates increased by +574% at the end of May compared to same time last year.

OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
June 2021	↘	↗	↗	↗
Q1 2021	↘	↗	↗	↗
Q2 2021	↘	↗	↗	↗
Q3 2021	↗	↗	↗	↗

OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q1 2021	↗	↗	↗	↗
Q2 2021	↗	→	→	↗
June 2021	↘	↗	↗	↗
Q4 2021	→	↗	↗	→

- ↗ Upward trend
- Flat trend
- ↘ Downward trend

Source: Bolloré Logistics

MARKET UPDATE

JUNE 2021 10





MARKET OUTLOOK | EUROPE



Export to Latin America

Demand is still super high and space is also very tight. To respond to this massive demand, carriers decided to apply PSS or increase PSS to Latin America, mostly to South America East Coast (details provided in flash updates).

Due to Covid-19 pandemic, operations in Brazil are very slow.

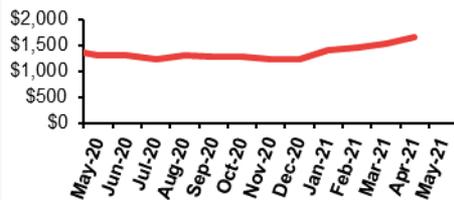
Space on Eurosal XL Service is also really tight, and many carriers announced that they refuse hazardous bookings on this service.

Export to Mexico

Situation is not the same than in North America, but is getting more difficult. We have been suffering of a lack of space and equipment.

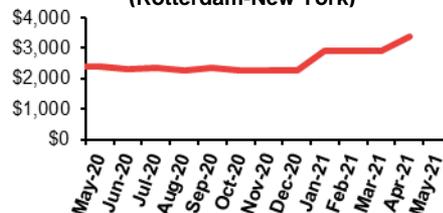
RATE EVOLUTION

EUROPE / SOUTH AMERICA (Rotterdam-Santos)



RATE EVOLUTION

EUROPE / NORTH AMERICA (Rotterdam-New York)



OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q1 2021	🔴	🟢	🟢	🟢
Q2 2021	🔴	🟢	🟢	🟢
June 2021	🔴	🟢	🟢	🟢
Q4 2021	🔴	🟢	🟢	🟢

OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q1 2021	🔴	🟢	🟢	🟢
Q2 2021	🔴	🟢	🟢	🟢
June 2021	🔴	🟢	🟢	🟢
Q4 2021	🔴	🟢	🟢	🟢

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

Export USA

Situation for the coming weeks remain as same as last month : demand is still very high, and space keeps getting tighter and tighter (Ex North Europe and Med). Situation will remain the same up to end 2021.

To provide a better service quality, carriers announced PSS for June and GRIs (details in flash updates).

To evacuate the massive backlog in North Europe, carriers do not hesitate to deploy extra loader in their loop, negatively impacting their profitability.

Many carriers are suffering of a lack of equipment in Europe and Eastern Europe, such as Hapag Lloyd or MSC.

Situation in USA is still complicated. Los Angeles and Oakland are still under congestion and US East Coast are suffering of a lack of chassis in New York and congestion in Charleston/Savannah.

Export Canada

Strike in Montréal port has been cancelled. Impact is small, the few backlog will be evacuated quickly.

Source: Bolloré Logistics



MARKET OUTLOOK | EUROPE



We are still in the same complicated context of lack of equipment and space which remains very tight. We do not expect any improvements till End of June. Regarding West Africa trade, demand is still strong and there is no additional allocations foreseen in the market for the month to come. It is expected that market will be space pressed with an impact in pricing which is still increasing.

Carriers are trying to take advantage of this strong demand, either by implementing PSS, EBS or increasing rate levels for new requests. To be noted: Congestions are still in place In Guinea, Nigeria and Cameroon.

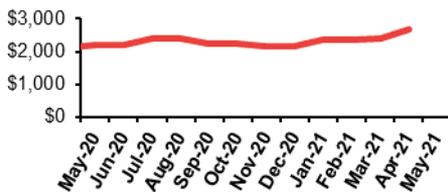
Europe to East Africa Trades are experiencing the same challenges in terms of space and equipment outlook. Biggest LNG projects are put on hold mainly due to security purpose (Mozambique). However, carriers are still applying a PSS in June for Kenya and Tanzania destinations.

No major change in NAF market which remains slower than expected. No volume increased expected in Q2 2021.

ZA market is still under structural and economical pressure. Total market has decreased by 5%. However slight demand recovery is expected in the coming months which should positively impact the market in S1 2021.

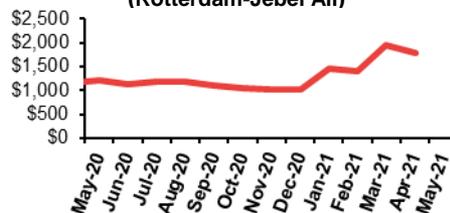
RATE EVOLUTION

EUROPE / AFRICA
(Rotterdam-Lagos)



RATE EVOLUTION

EUROPE / MIDDLE EAST
(Rotterdam-Jebel Ali)



Global market situation is still very tight, demand is strong, it looks like port congestions, space and equipment shortage will last up to Q3/Q4.

Moreover, from North Europe to Middle East CMA recently reduced capacity by 20% (details hereunder in Service detail part). Strategy is to send more containers to Asia in order to increase global profitability.

Less capacity will involve rate increase on this trade.

CMA announced increase per container on FAK rate in June.

OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q1 2021	↘	↗	↗	↗
Q2 2021	↘	↗	↗	↗
June 2021	↘	↗	↗	↗
Q4 2021	↘	↗	↗	↗

OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q1 2021	↘	↗	↗	↗
Q2 2021	↘	↗	↗	↗
June 2021	↘	↗	↗	↗
Q4 2021	→	↗	↗	→

- ↗ Upward trend
- Flat trend
- ↘ Downward trend



MARKET OUTLOOK | EUROPE

Globally the situation is still very tight. West Indies Market continues its strong growth in the same trend as previous months.

Space pressure is very high, specially from North Atlantic to West Indies.

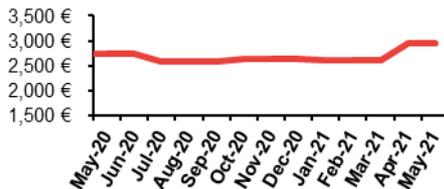
Bookings must proceed at least 2 or 3 weeks before to secure space and equipment, but forecast is not allowed.

To be noted, improvement concerning the lack of equipment with the repositioning of empty boxes in Europe.

No change in terms of tariff and capacity for Q2.

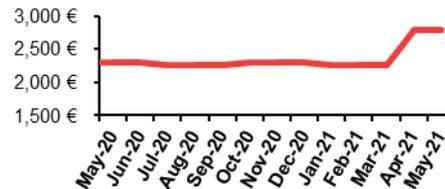
RATE EVOLUTION

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



RATE EVOLUTION

EUROPE / INDIAN OCEAN (Le Havre-Reunion)



OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q1 2021	→	↗	↗	→
Q2 2021	→	↗	↗	↗
June 2021	→	↗	↗	→
Q4 2021	→	↗	↗	↗

OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q1 2021	→	↗	↗	↗
Q2 2021	→	↗	↗	→
June 2021	→	↗	↗	→
Q4 2021	→	↗	↗	↗

- ↗ Upward trend
- Flat trend
- ↘ Downward trend

Demand has been gradually recovering with vessels running full on the Indian Ocean Trade.

VSA (MSC/CMA) is facing huge delay during its north Europe Rotation due to the canal Suez issue and had to omit some POL at origin (like FOS or GENOA) and at destination (like Reunion) to recovery its schedule.

CMACGM is still facing overbooking situation and has implemented a weekly commitment per ZOL of its customers to reduce back log and roll over.

Maersk has still faced a huge congestion in its transshipment's hubs in Salalah and has decided that it would not accept fresh bookings to end of June to fix this issue.

To be noted, improvement concerning the lack of equipment with the repositioning of empty boxes in Europe.

CMA has announced implementation of a new surcharge ERC (emergency revenue charge) for all POLPOD as from 14th June.

Source: Bolloré Logistics



MARKET OUTLOOK | EUROPE

Global market situation is still very tight, demand is strong. Port congestions, blank sailings, equipment and capacity shortage expected to last until Q3 or even until Q4.

Transit times have deteriorated.

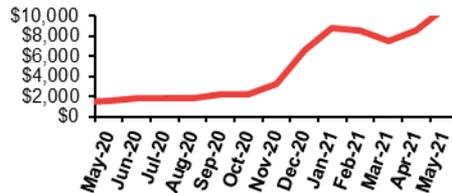
Rates have been globally extended from May to June, carriers having drastically increased level of rates in May readjusted in June.

For regular businesses presently key success factor is to obtain weekly allocation.

Delivery schedules of new ships are expected mainly for 2023, in the meantime carriers carefully monitoring space in order to continue increase of profitability.

RATE EVOLUTION

EUROPE / ASIA
(Rotterdam-Shanghai)



OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q1 2021	↘	↗	↗	↗
Q2 2021	↘	↗	↗	↗
June 2021	↘	↗	↗	→
Q4 2021	→	↗	↗	→

- ↗ Upward trend
- Flat trend
- ↘ Downward trend

Source: Bolloré Logistics



MARKET OUTLOOK | NORTH AMERICA

No capacity reduction for May from US to EU due to the continuous strong demand on the both head haul and backhaul trades.

As at the time of writing, no GRI has been announced for June.

Empty container reposition fee has been announced for selective ramp locations due to dislocation of equipment caused by port congestion and rail congestion.

Selective ports (especially the UK ports) are being omitted on the temporary basis due to congestion and to recover the vessel schedule from the further delays.

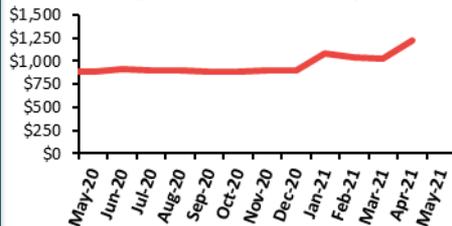
Carriers continue to prioritize the empty repositioning, which is impacting the space allocation on the export trade.

Vessels are booked out for 3-4 weeks.

Premiums for guarantee space are applied to the export trade to gain access to the earlier voyages.

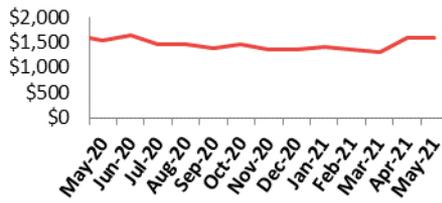
RATE EVOLUTION

NORTH AMERICA / EUROPE NC (New York-Rotterdam)



RATE EVOLUTION

INTRA AMERICAS / NORTH SOUTH (New York-Santos)



OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q2 2021	→	↗	↗	↗
Q3 2021	→	↗	↗	→
June 2021	↘	→	↗	↗
Q4 2021	→	→	→	→

OUTLOOK

	CAPACITY	DEMAND	UTILIZATION	RATES
Q2 2021	→	→	↗	↗
Q3 2021	→	→	↗	→
June 2021	↘	→	↗	↗
Q4 2021	→	→	→	→

↗ Upward trend

→ Flat trend

↘ Downward trend

MARKET UPDATE

Vessel schedule has been interrupted due the port congestion and unforeseen factors such as the weather impact, COVID cases on the vessels, dry-dock without the replacement (no vessel available on the market for leasing!).

No void sailing has been scheduled for June; however, port omission/ rotation charges have been announced in order to recover the vessel schedule and to avoid the further delays.

Carriers continue to prioritize the empty repositioning, with the reduced space for export cargo, carriers are pushing for rate increases, with average rate in crease for Jun is \$300/40' to Caribbean, Central America and West coast South America.

A group of shipping companies has suspended operations at the Port of Buenaventura as the port is full and cargoes are trapped.

Impact on the major transshipment HUB Cartagena expected.

Source: Bolloré Logistics