MARKET OUTLOOK & FORECAST – FEBRUARY 9 - 23

Overall, rates remain stable in early February with no significant increases scheduled for mid-month. Blank sailings will wind down closer to previous levels by end February, but even so this will mean between 20-25% of capacity removed each week as carriers continue to struggle with port congestion and ship displacement. If export volumes from Asia – particularly China and Vietnam – recover quickly in February, carriers could be poised to allocate more volume under premium rates, and/or raise FAK rates in early March. However, if a slower recovery were to occur, shippers will get more access to FAK rates for late February and early March sailings. Retailers in the US have been re-evaluating their longer-term forecasts in light of both softer retail sales in past months and gains in overall inventory levels. Potential fallout from a carrier-imposed restriction of LA/LB CY bookings could include renewed congestion on rail and inland ramp locations, but if this allows terminals to improve productivity and carriers to cycle ships faster, then it would be seen as an aceptable risk. Depending on the breadth of the initiative, it is not out-of-the-question to see IPI rates potentially soften in the coming weeks, especially if post-holiday recovery is slower than expected.

PROJECTED AVERAGE FAK RATES – AS OF FEBRUARY _