

MARKET OUTLOOK & FORECAST – APRIL 20 – MAY 4

With the consensus that ***peak season will start earlier than usual this year, export volumes from Asia volumes should start recovering again in the coming weeks***, regardless of the timing of Shanghai's much-anticipated re-opening. However, Shanghai's eventual re-opening – whether sooner as in this week, or later as in early May – ***will undoubtedly propel the trade into peak-like conditions once again as shippers scramble to process delayed orders and carriers try to manage the surge with what may be limited capacity***. Blank sailings are – for the moment – holding steady at between 15-20% of market capacity, but our view is that there is again a threat of severe under-capacity if a sudden surge in export demand takes place in early May, leaving the market flat footed while an average of 100,000 TEU per week of capacity idles. ***As volumes increase, expect a higher percentage of shipments to move on Premium rate levels***. However, for the coming two weeks we still expect a more gradual winding-up of demand from Shanghai, depending on when manufacturing resumes in full. If the manufacturing recovery is a phased-process though, it may draw out the ramp-up period beyond early May, where we would see a longer more sustained peak condition. Rates will remain relatively stable with some possible softening on the Far East-US West Coast corridor. East Coast rates should remain firm over the coming two weeks.

FORWARD FAK RATE PROJECTIONS AS OF APRIL 20