

MARKET OUTLOOK & FORECAST – APRIL 6 - 20

As the market holds its breath for Shanghai's reopening and the freight bonanza that may follow, we draw on the experience of Shenzhen's reopening – where landside transportation restrictions and testing requirements prevented the sudden and unmanageable surge of cargo. Similarly, ***we expect a more gradual export volume recovery in Shanghai due to similar testing, transportation and human resource restrictions as Shenzhen experienced during its own reopening.*** Nearby ports such as Ningbo will see stronger-than-usual volumes as some exporters seek alternatives to Shanghai's transportation logjam. Our expectation is that while FAK rates will not increase in April, ***the percentage of freight moving on Premium and Co-load rates from Shanghai and Ningbo may increase following Shanghai's reopening.*** From South China, the recovery is a gradual, protracted one and following a spate of port omissions by several carriers, ***rates particularly to the US west coast remain under some pressure.*** As mentioned on page 1 FAK rates are now sitting *below* many recently-negotiated contract/BCO rates, particularly those which were concluded in 1Q 22 or before. As BCO and long term rate negotiations wind-down, there is emerging a much wider rate range between contract holders – in some cases up to 30% from low to high - from what we have seen in past years.

FORWARD FAK RATE PROJECTIONS – AS OF APRIL 6