

MARKET OUTLOOK & FORECAST – JULY 13 - 27

We do not expect rates to increase in mid-July. Rather, and despite continued blank sailings, spot rates should weaken as the month progresses. While current trade dynamics should remain stable throughout the remainder of the month, the current capacity overhang will prevent carriers from increasing rates in the middle of July and may put any GRI program for August 1st in jeopardy. On the other hand, ***expectation is that blank sailings will increase throughout the course of this month and next, especially if demand does not increase well beyond current levels.*** With Shanghai re-introducing Covid testing, there is some concern over renewed restrictions or lockdowns but thus far there is nothing else to suggest that will take place. The ILWU/PMA contract negotiations have overrun the contract's July 1st expiry date, and to this point there are no reports of coordinated or intentional productivity or labor issues at US west coast ports. However, with the increased dwell times in the LA/LB terminals, ***productivity is slowing, which will increase the number of vessels at anchor, and consequently the number of blank sailings in the coming weeks.*** As such, and in tandem with ongoing congestion at east coast ports, the medium-term capacity picture is more complicated, and we cannot rule out a potential pivot to an under-supply scenario in August, if export volumes from Asia surge as operational blank sailings increase.

FORWARD FAK RATE PROJECTIONS AS OF JULY 13

SPECIAL INSERT – FOCUS INDIA

INDIA – US MARKET UPDATE - JULY

- June 2022 merchandise exports from India grew by 16.78% compared with May 2021
- Freight rates to the US continue to soften in May and June, and into July as volumes soften somewhat
- Space to US East Coast continues to ease, and west coast space has opened as well in early July
- Equipment availability at gateways and ICD's remains stable

MARKET OUTLOOK – JUNE

- Empty container availability will remain stable through July
- Slower volume growth expected in July, and, as such rates will continue to soften
- Previously reported Overweight Surcharge application now weaker, and mitigations expected
- Space will remain generally available for the duration of July
- Rates will most likely not increase in July
- Carriers may attempt to apply an intermodal surcharge effective August 1st; quantum TBD