



TRANSPACIFIC EASTBOUND TRADE

MARKET SUMMARY & OUTLOOK

SEPTEMBER 14th 2022

KEY DEVELOPMENTS IN THE LAST TWO WEEKS....

- Supply: Blank sailing activity slower but service suspensions on the rise...
- Demand: Spot-rates continue free-fall with no demand recovery in sight...
- Operational: Rail dwell times increase further as strike threat looms...

STATE OF THE TRADE – SEPTEMBER 14, 2022

Spot-rates in the transpacific are in a continued free-fall, with Asia-US West Coast CY rates having lost over 30% of their value in the last four weeks while Asia-US East Coast rates begin a steeper drop, losing almost 15% since September 1st as forward demand tapers. Blank sailings have eased somewhat in the second half of September, which may be more bad news for carriers as demand slips and average load factors struggle to exceed the 90-percent level. Longer-term, an uptick in service suspensions may come to replace individual blank sailings as CMA CGM announced the suspension of its Golden Gate Bridge service effective September – the sixth such service suspension in the transpacific in the last two months. Port congestion dynamics are mostly unchanged from the last report, and despite LA/LB’s ‘paper’ anchorage report of just 12 ships, there are some 50 vessels slow-steaming or holding outside the port area and not counted in official reporting. Savannah’s berth congestion remains critical with nearly 40 vessels still-at-anchor, and dwell times of up to 18 days. New York and Houston remain status quo both in terms of vessels at anchor and vessel dwell times.

While container flow in and out of the ports of LA/LB remains satisfactory, rail congestion has worsened following the Labor Day holiday. Off-dock rail dwell times are now exceeding 40 days, while on-dock waiting times are now up to two weeks. Rail operations remain compromised on both coasts, with major railroads metering freight or suspending service altogether as the threat of a labor strike looms following the latest impasse between unions and railroads. The UP has extended its service suspension in LA, originally due to resume September 7th, while the Norfolk Southern will stop accepting new international or domestic freight as of this Wednesday, September 14th at noon. BSNF has confirmed that refrigerated containers would not be accepted as of 12:01am on Wednesday September 14th, but did not mention any deadline on dry containers.

CARRIER LOAD-FACTORS AND DEMAND TRACKER – SEPTEMBER 14

Asia-to-Pacific Southwest (PSW)

Average Vessel Utilization: 85-95%

Rate Trend next week: ↓

Asia-to-Pacific Northwest (PNW)

Average Vessel Utilization: 90-95%

Rate Trend next week: ↓

Asia-to-US East Coast (USEC)

Average Vessel Utilization: 90-95%

Rate Trend next week: ↓

VESSELS AT ANCHOR – UPDATE AS OF WEEK 37

- Los Angeles / Long Beach: 12 @ anchor
- Oakland: 7 @ anchor
- Seattle / Tacoma: 0 @ anchor
- Vancouver: 1 @ anchor
- Charleston: 0 @ anchor
- Savannah: 38 @ anchor
- New York / New Jersey: 18 @ anchor
- Houston: 26 @ anchor
- Norfolk: 2 @ anchor

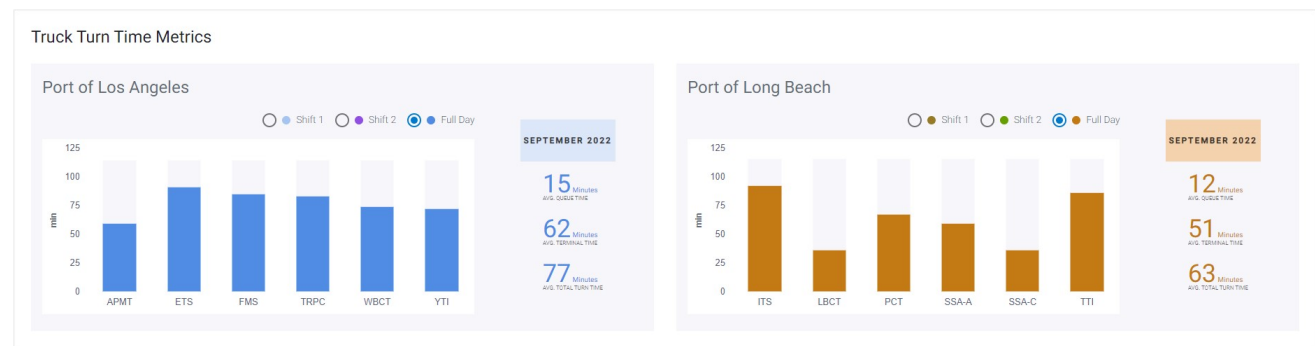
VESSELS AT ANCHOR – 2-WEEK TREND BY PORT

Los Angeles / Long Beach	↓
Oakland	↓
Seattle / Tacoma	↓
Charleston	↓
Savannah	↑
New York	↓
Houston	↑
Norfolk	↓

PORT OF LA / LB METRICS

- **Average Time Awaiting Berth:** 1 day (- 1.7 days since last report)
- **30-day Average Time At Berth:** 6.1 days (- 0.6 days since last report)
- **Truck Appointment Success Rate** (all terminals): 49% (unchanged from last report)

Truck Turn Times



SHORT-TERM TRANSPACIFIC CAPACITY TRACKER

** Weeks with "0" or positive numbers indicate deployment of extra loaders which may offset blank sailings

TP Capacity Adjustment Updated 5 Sep
Summary by Trades

Trade	Capacity Change	WK 35	WK 36	WK 37	WK 38	WK 39	WK 40	WK 41	WK 42	WK 43
Asia to PS	TEU Adjustment	-61800	-110632	-64100	-27162	-23372	-45024	-27400	-22440	-13840
	Total Number	-9	-15	-9	-7	-5	-8	-6	-5	-4
% of Total Capacity Adjustment		-20%	-37%	-21%	-9%	-8%	-15%	-9%	-7%	-5%

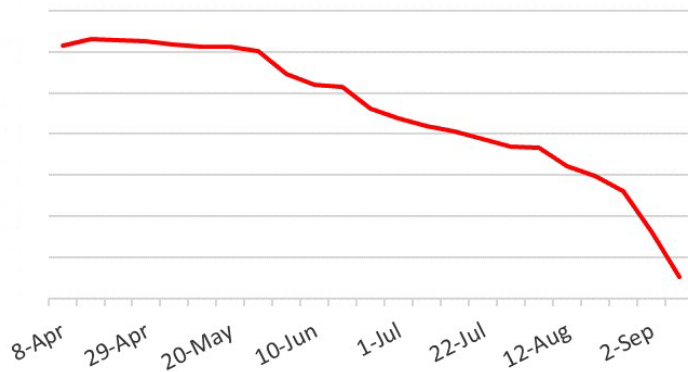
Trade	Capacity Change	WK 35	WK 36	WK 37	WK 38	WK 39	WK 40	WK 41	WK 42	WK 43
Asia to PN	TEU Adjustment	-30200	-33456	-36790	-26902	-23130	-42220	-6830	-4590	-4590
	Total Number	-6	-7	-6	-6	-5	-7	-3	-2	-2
% of Total Capacity Adjustment		-25%	-28%	-30%	-22%	-19%	-35%	-6%	-4%	-4%

Trade	Capacity Change	WK 35	WK 36	WK 37	WK 38	WK 39	WK 40	WK 41	WK 42	WK 43
Asia to AW+GC	TEU Adjustment	-57806	-51910	-18384	-12941	-31051	-29470	-15400	-2970	0
	Total Number	-6	-6	-2	-2	-3	-3	-2	-1	0
% of Total Capacity Adjustment		-24%	-21%	-8%	-5%	-13%	-12%	-6%	-1%	0%

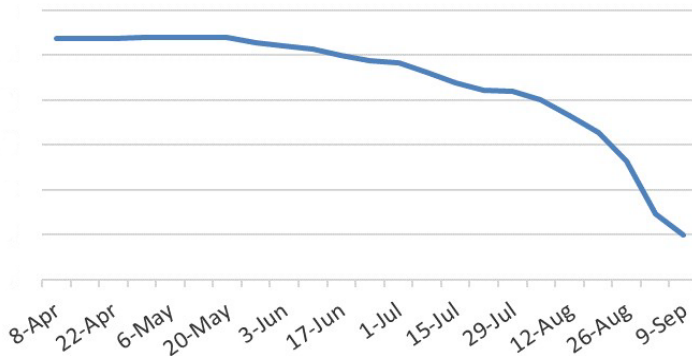
TOTAL ALL USA	Capacity Change	WK 35	WK 36	WK 37	WK 38	WK 39	WK 40	WK 41	WK 42	WK 43
	TEU Adjustment	-149806	-195998	-119274	-67005	-77553	-116714	-49630	-30000	-18430
	Total Number	-21	-28	-17	-15	-13	-18	-11	-8	-6
% of Total Capacity Adjustment		-22%	-29%	-18%	-10%	-12%	-18%	-7%	-5%	-3%

SHANGHAI CONTAINERIZED FREIGHT INDEX AS OF SEPTEMBER 14

SCFI - Asia to US East Coast (US\$ per FEU)



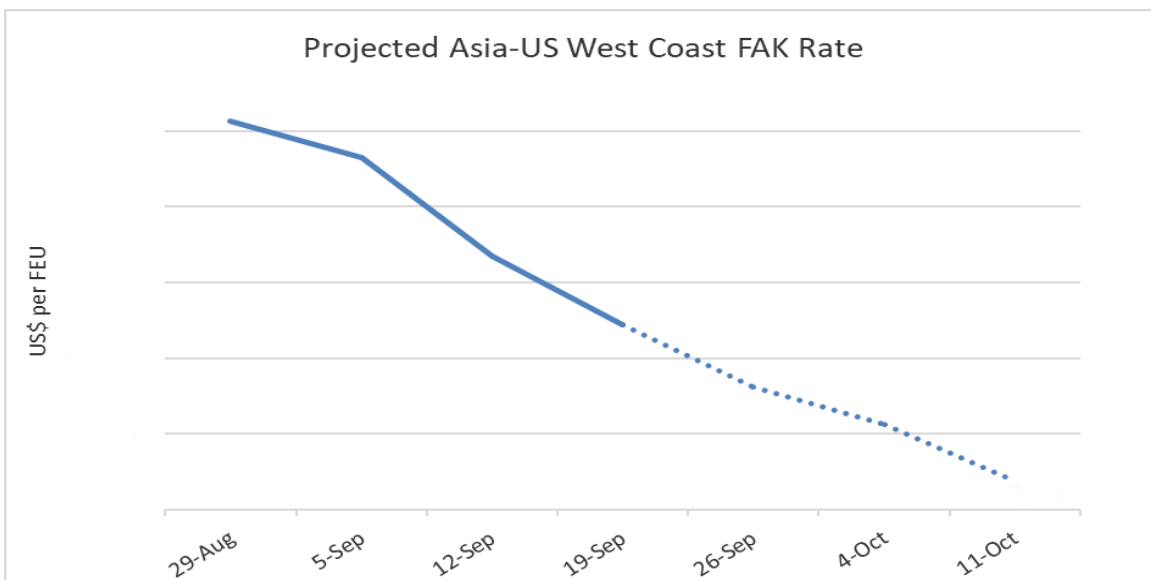
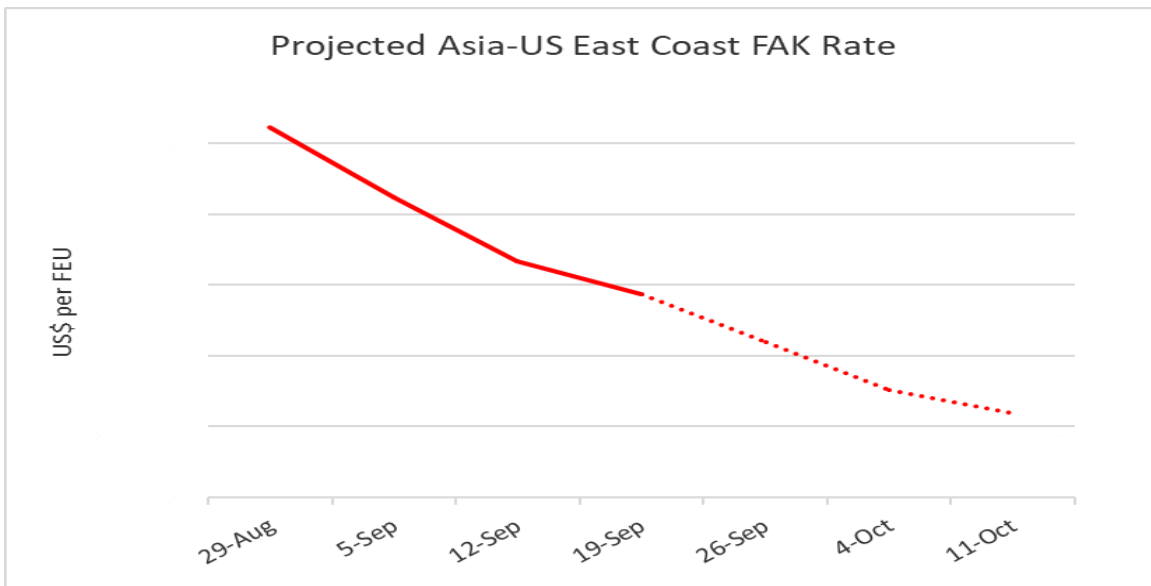
SCFI - Asia - US West Coast (US\$ per FEU)



MARKET OUTLOOK & FORECAST – SEPTEMBER 14 - 28

At their current pace, spot rates will decrease by 1% on the US West Coast and increase by 1% on the US East Coast by the last week of September. Just seven weeks ago dating back to late July, spot rates were more than double current levels to the US West Coast, and some 20 percent higher to the US East Coast. Assuming weak demand persists for the next six weeks leading into November, west coast spot rates have a chance to sink back to 2019 levels. West Coast and East Coast rates will slide back down to 2019 levels. **However, we expect more comprehensive capacity actions in the coming weeks;** while carriers have kept the majority of their services operating with regular blank sailings since June, the list of longer-term service suspensions will grow as the month goes on. This development will restore some consistency to services but at the cost of available capacity if and when volumes do rebound. More immediately, **carriers will more likely reduce IPI booking allocations** in light of severe rail congestion and operational uncertainties as railroads and labor unions square off this week, and possibly beyond.

FORWARD AVERAGE FAK RATE PROJECTIONS – AS OF SEPTEMBER 14

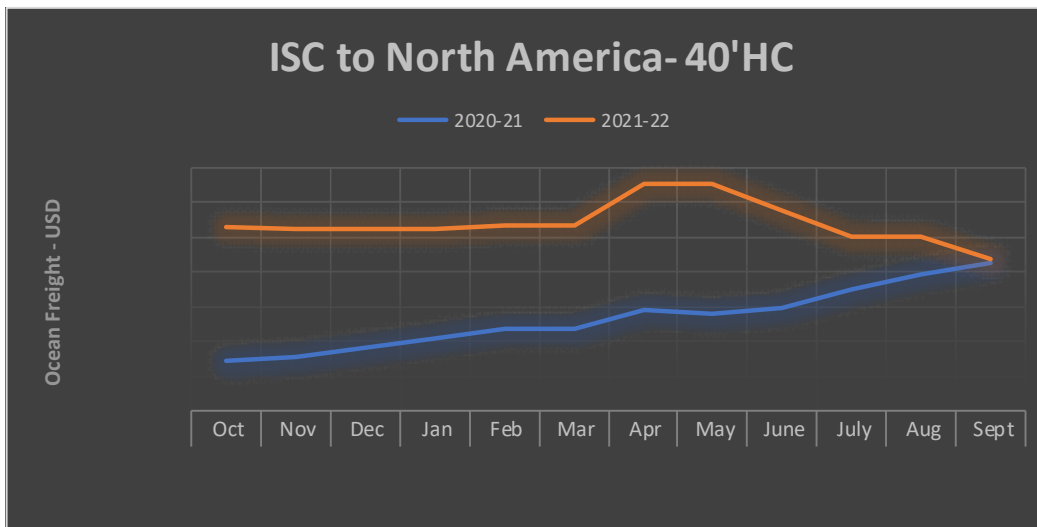


SPECIAL INSERT – FOCUS INDIA

INDIA – US MARKET UPDATE - SEPTEMBER

- Exports from India to the US declined in August 2022
- Container availability remains stable at gateway ports and ICD's in September
- Spot rates India to US East Coast have slipped on softer demand
- Rates are not expected to increase in September and unlikely in October
- Equipment availability at gateways and ICD's remains stable

RATE UPDATE



MARKET OUTLOOK – SEPTEMBER

- Export volumes will continue to weaken through September and into October
- Empty container surplus is now high at all locations
- Space to both US East Coast and US West Coast will remain open with little to no restrictions
- Freight rates will continue a general softening through the month of September
- Carriers still sticking to free time conditions and not yet expanding free time allowances, despite trade conditions