

MARKET OUTLOOK & FORECAST – OCTOBER 26 – NOVEMBER 9

Carriers are beginning to extend current rates through November 14th as demand remains weaker than overall supply. However, as mentioned earlier we expect the pace of rate erosion to slow in the coming weeks as we get to a lower base and spot rates creep closer toward operational breakeven for the carriers – particularly west coast CY rates. Improved congestion at inland locations, and ***IPI rates which are still higher than historical averages may compel carriers to be more aggressive pricing IPI destinations*** in lieu of driving CY rates down even further from current levels. Based on our estimates, as of late October the transpacific trade remains on average about 13 percent oversupplied – the equivalent of 6 services with average capacity of 12,500 TEU per week.

FORWARD AVERAGE FAK RATE PROJECTIONS – AS OF OCTOBER 26