

TRANSPACIFIC EASTBOUND TRADE

MARKET SUMMARY & OUTLOOK

NOVEMBER 10th 2022

KEY DEVELOPMENTS IN THE LAST TWO WEEKS....

- Supply: Blank sailings now comprise nearly 30% of total Transpacific capacity each week...
- Demand: Export volumes rose in late October, but still not enough to prevent rates sliding further...
- Operational: Tensions on the west coast rise as the ILWU continues work without a contract...

STATE OF THE TRADE – NOVEMBER 10, 2022

Despite rates losing value once again over the last two weeks, market dynamics have improved very slightly as post-National Day volumes recovered somewhat in late October. Still, rates continue to slide despite a full-slate of blank sailings in late October and early November, totaling just under 30 percent of market capacity. Rate erosion to the US West Coast has slowed as spot-rates approach (or go below) operational break-even for some carriers, and while six months ago the new entrants to the trade were most aggressive on CY rates, it is now the more scaled carriers which are more aggressive in spot-rate actions to the west coast. Rates to the US East Coast declined in October, but west coast rates have been down from mid-October. Still, demand is far from levels required to stabilize rates, even with nearly 30 percent of capacity canceled out per week. Volumes to the US East Coast continue to outperform those to the west coast as shippers remain wary of labor tensions – especially after the dust settles from midterm elections. Last Thursday's walkout by longshoremen in Oakland was a stark reminder that the ILWU and PMA are still far from a contract agreement, and that more regular and comprehensive work actions might take place along the west coast as the stalemate drags on into its fifth month. Port congestion continues to improve on the heels of softer inbound volumes, with improved flow of IPI-bound shipments and slightly shorter wait times at LA / LB. Despite the improved flow, inland ramps still have a significant volume of containers still in stacks and general chassis shortages persist at a number of locations. Week 44 (Oct 30 – Nov 5) inbound container volume 26 percent less than a year ago. In the past five weeks, volumes at the ports of Los Angeles / Long Beach are down over 30 percent from the same period in 2021.

CARRIER LOAD-FACTORS AND DEMAND TRACKER – NOVEMBER 10

Asia-to-Pacific Southwest (PSW)

Average Vessel Utilization: 85-90%

Rate Trend next week: ↓

Asia-to-Pacific Northwest (PNW)

Average Vessel Utilization: 85-90%

Rate Trend next week: ↓

Asia-to-US East Coast (USEC)

Average Vessel Utilization: 90%

Rate Trend next week: ↓

VESSELS AT ANCHOR – UPDATE AS OF WEEK 45

- Los Angeles / Long Beach: 12 @ anchor
- Oakland: 9 @ anchor
- Seattle / Tacoma: 0 @ anchor
- Vancouver: 1 @ anchor
- Charleston: 0 @ anchor
- Savannah: 31 @ anchor
- New York / New Jersey: 4 @ anchor
- Houston: 13 @ anchor
- Norfolk: 5 @ anchor

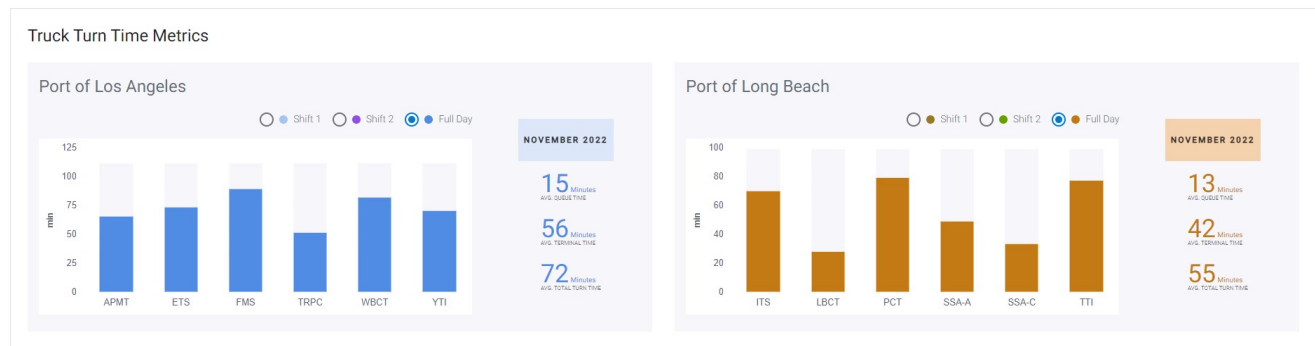
VESSELS AT ANCHOR – 2-WEEK TREND BY PORT

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

PORT OF LA / LB METRICS

- **Average Time Awaiting Berth:** 1.8 day (+ 0.5 days since last report)
- **30-day Average Time At Berth:** 4.3 days (- 0.3 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 7 Nov Summary by Trades

Trade	Capacity Change	WK 44	WK 45	WK 46	WK 47	WK 48
Asia to PS	TEU Adjustment	-86716	-81326	-61702	-36700	-17200
	Total Number	-9	-8	-6	-3	-2
% of Total Capacity Adjustment		-34%	-32%	-24%	-14%	-7%

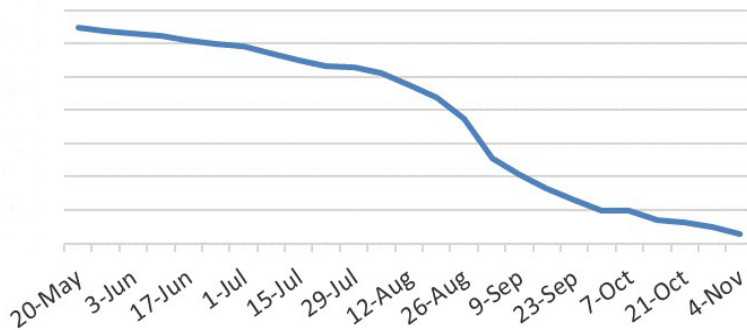
Trade	Capacity Change	WK 44	WK 45	WK 46	WK 47	WK 48
Asia to PN	TEU Adjustment	-17910	-49654	-33312	-14580	-34640
	Total Number	-3	-6	-5	-2	-4
% of Total Capacity Adjustment		-17%	-47%	-32%	-14%	-33%

Trade	Capacity Change	WK 44	WK 45	WK 46	WK 47	WK 48
Asia to AW+GC	TEU Adjustment	-61270	-43052	-66922	-48312	-23672
	Total Number	-7	-6	-8	-5	-3
% of Total Capacity Adjustment		-26%	-18%	-29%	-21%	-10%

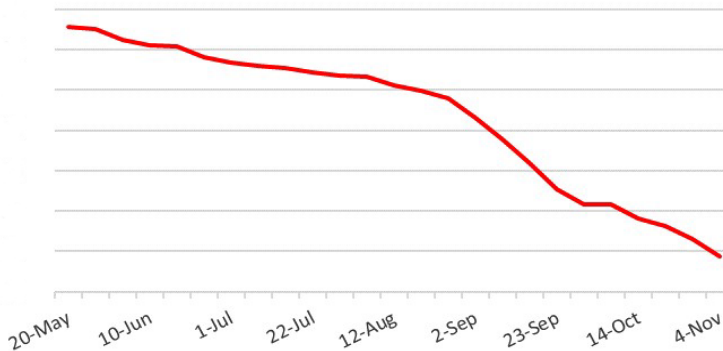
TOTAL ALL USA	Capacity Change	WK 44	WK 45	WK 46	WK 47	WK 48
	TEU Adjustment	-165896	-174032	-161936	-99592	-75512
	Total Number	-19	-20	-19	-10	-9
% of Total Capacity Adjustment		-28%	-29%	-27%	-17%	-13%

SHANGHAI CONTAINERIZED FREIGHT INDEX AS OF NOVEMBER 10

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



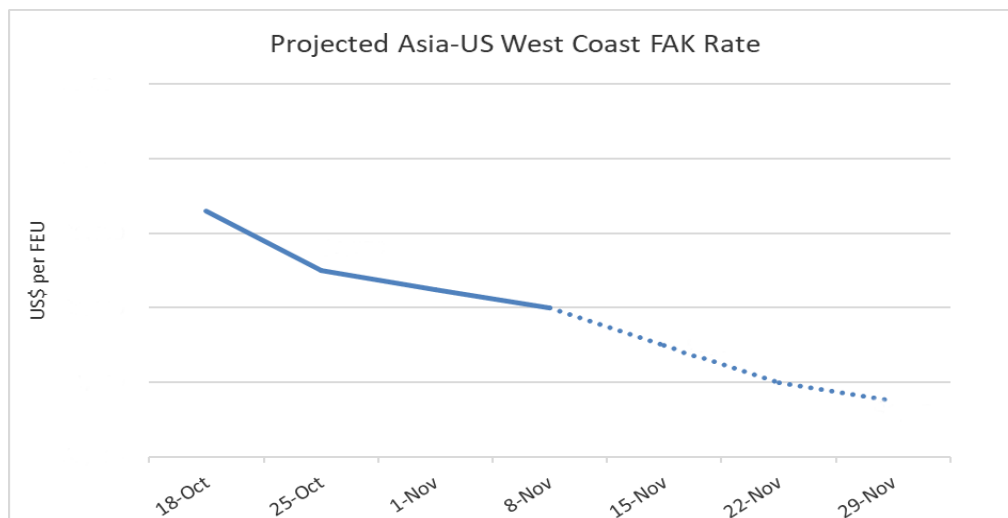
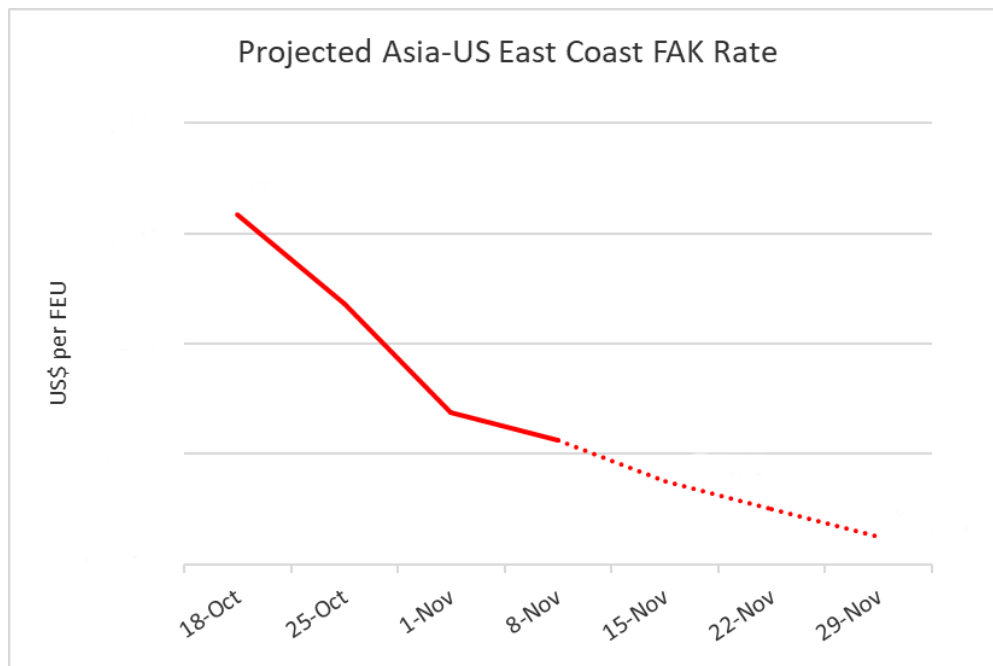
SCFI - Asia to US East Coast (US\$ per FEU)



MARKET OUTLOOK & FORECAST – NOVEMBER 10 - 22

Carriers are extending rates through end-November, however we should expect that rates will continue their downward trend in November as demand continues to lag. However, we expect that west coast rates will continue to drop at a slower pace than east coast, where carrier operating margins are still very good. We can also expect that **blank sailings will remove approximately 25-35 percent of total capacity in November**. Demand is not expected to surge within the month of November, but there is a chance that the month will end stronger than it began, as shippers start to gear up for pre-Lunar New Year season. Operationally, we believe there is a chance for labor disruptions at the ports of Los Angeles, Long Beach, and Oakland in the coming weeks as the ILWU and PMA continue their stalemate amidst the ILWU’s jurisdictional dispute in Seattle. Rail efficiency should continue to see improvements in the month of November, notwithstanding the underlying strike threat in that sector as well.

FORWARD AVERAGE FAK RATE PROJECTIONS – AS OF NOVEMBER 10

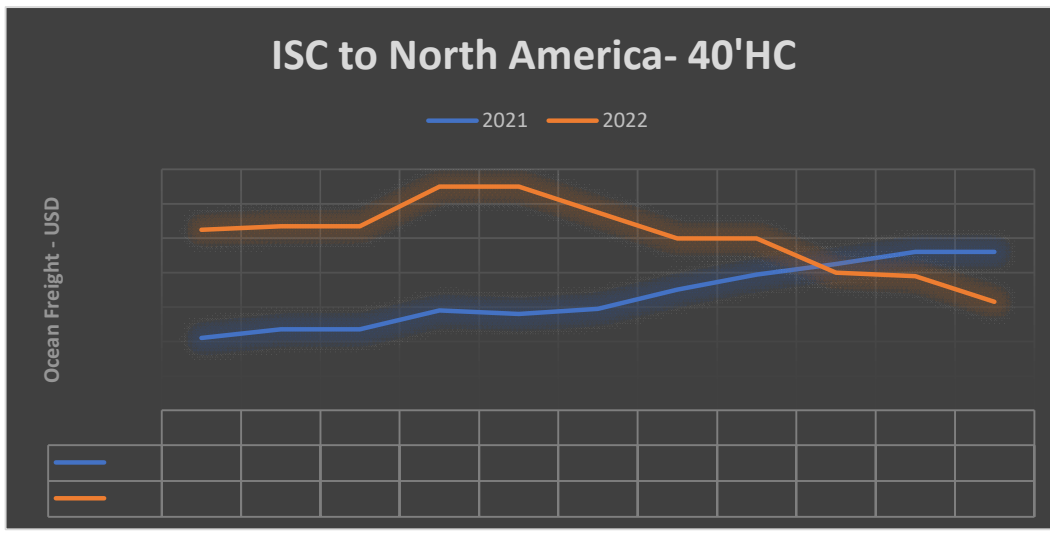


SPECIAL INSERT – FOCUS INDIA

INDIA – US MARKET UPDATE - NOVEMBER

- Container availability remains stable at gateway ports and ICD's in November
- Spot rates India to US East Coast continue to fall on low demand
- Rates have now retreated to under July 2021 levels (table below)
- Carriers seeking to renegotiated named-account (NAC) rates due to gaps with spot

RATE TRACKER: INDIA-US EAST COAST



MARKET OUTLOOK – NOVEMBER

- Export volumes will continue to weaken throughout the remainder of November
- Empty container surplus remains 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