



TRANSPACIFIC EASTBOUND TRADE

MARKET SUMMARY & OUTLOOK

DECEMBER 21st, 2022

KEY DEVELOPMENTS IN THE LAST TWO WEEKS....

- Supply: Significant number of blank sailings in December to boost pre-Lunar New Year utilizations...
- Demand: Rollovers return to West Coast services as Lunar New Year rush arrives early...
- Operational: Port congestion improving as services are rationalized and demand falters...

STATE OF THE TRADE – DECEMBER 21st, 2022

Despite the official Chinese New Year holiday of January 22nd being a month away, peak-like conditions have built up in the Asia – US West Coast trade corridor. Carriers are reporting high vessel utilizations and several rollover incidents as an early pre-CNY cargo surge coincides with December blank sailings. December blank sailings to Los Angeles / Long Beach alone total over 20% of total Asia-PSW capacity as volumes increase slightly but continue to underwhelm. Last week THE Alliance canceled *five* of their seven weekly departures to LA / LB (80% of their capacity to the Pacific Southwest), causing a cascade of bookings and rollover, and driving-up load factors of other services and alliances. Not surprisingly, average rates in the Asia-LA/LB trade lane remain firm in December with very little downward pressure, and while carriers did not increase rates on December 15th, the continued aggressive blank sailing slate will likely mean west coast / southern IPI rates will not fall any further in the month of December. Some carriers are seeking to re-introduce premium surcharges to customers who require space protection and no rollover during December and January, especially in light of a busy blank sailing schedule which may see rolled containers delayed for several weeks.

While dynamics in the Asia-Pacific Southwest trade strengthen, the Asia-Pacific Northwest and Asia-US East Coast corridors remain a bit shaky, with rates to northern IPI's and east coast base ports continuing to soften in December as load factors underwhelm. New floor rates have been established to Chicago, east coast and US Gulf ports over the past two weeks despite a heavy number of blank sailings.

Berth waiting time has been slashed across all ports, and the number of vessels waiting for berth in some of the more stubborn locations as Houston and Savannah continues to improve. Savannah has less than twenty ships waiting for berths for the first time in eight months. The recently-introduced 'virtual queue' in Houston allows operators to reserve a berth window without having to wait offshore, allowing carriers to divert to other ports and shorten overall voyage time. The situation in Los Angeles / Long Beach has improved to such an extent that the ports will phase-out the container dwell fee on January 24th, 2023.

CARRIER LOAD-FACTORS AND DEMAND TRACKER – DECEMBER 21

Asia-to-Pacific Southwest (PSW)

Average Vessel Utilization: 95-100%

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 51

- Los Angeles / Long Beach: 3 @ anchor
- Oakland: 3 @ anchor
- Seattle / Tacoma: 0 @ anchor
- Vancouver: 2 @ anchor
- Charleston: 0 @ anchor
- Savannah: 18 @ anchor
- New York / New Jersey: 2 @ anchor
- Houston: 12 @ anchor
- Norfolk: 9 @ anchor

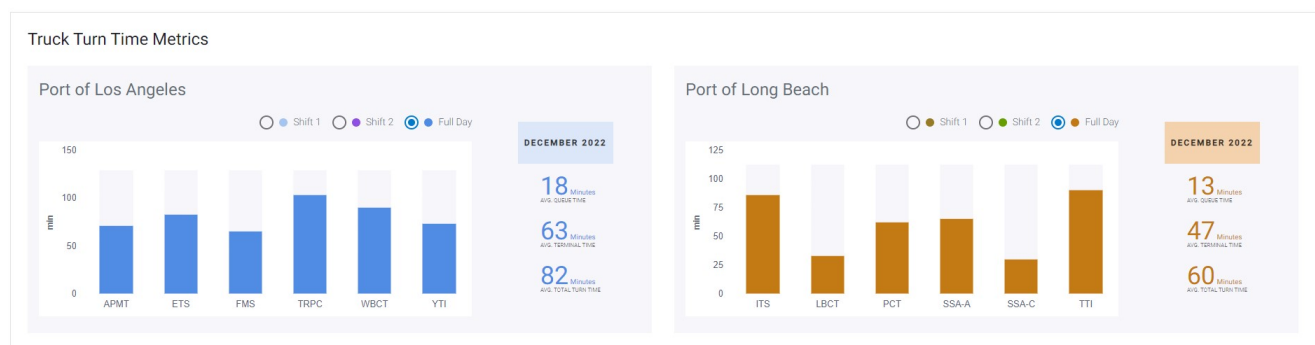
VESSELS AT ANCHOR – 2-WEEK TREND BY PORT

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

PORT OF LA / LB METRICS

- **Average Time Awaiting Berth:** 2 days (+/- 0 days since last report)
- **30-day Average Time At Berth:** 4 days (- 0.2 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 20 Dec Summary by Trades

Trade	Capacity Change	WK 51	WK 52	WK 1	WK 2	WK 3	WK 4
Asia to PS	TEU Adjustment	-51290	-31050	-30860	-52070	-34710	-69320
	Total Number	-7	-4	-4	-6	-4	-9
% of Total Capacity Adjustment		-20%	-12%	-12%	-20%	-13%	-27%

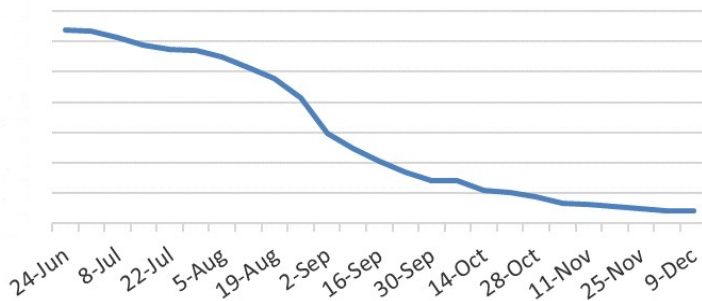
Trade	Capacity Change	WK 51	WK 52	WK 1	WK 2	WK 3	WK 4
Asia to PN	TEU Adjustment	-24234	-20270	-26450	-20270	-8200	-39064
	Total Number	-5	-3	-4	-3	-2	-5
% of Total Capacity Adjustment		-24%	-20%	-27%	-20%	-8%	-39%

Trade	Capacity Change	WK 51	WK 52	WK 1	WK 2	WK 3	WK 4
Asia to AW+GC	TEU Adjustment	-58320	-38240	-36180	-24710	-37300	-76250
	Total Number	-7	-4	-5	-2	-5	-8
% of Total Capacity Adjustment		-25%	-16%	-15%	-11%	-16%	-33%

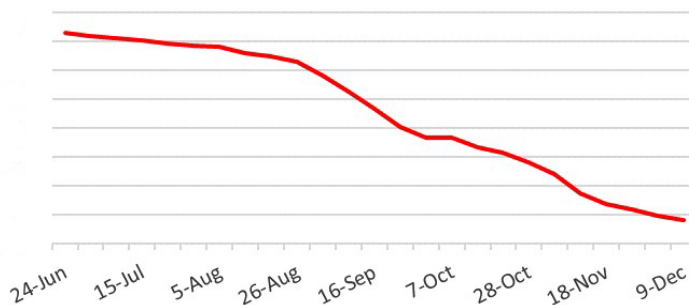
TOTAL ALL USA	Capacity Change	WK 51	WK 52	WK 1	WK 2	WK 3	WK 4
	TEU Adjustment	-133844	-89560	-93490	-97050	-80210	-184634
	Total Number	-19	-11	-13	-11	-11	-22
% of Total Capacity Adjustment		-23%	-15%	-16%	-16%	-14%	-31%

SHANGHAI CONTAINERIZED FREIGHT INDEX AS OF DECEMBER 21

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



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



MARKET OUTLOOK & FORECAST – DECEMBER 21 – JANUARY 4

Utilizations to the US West Coast will remain strong and we do not rule-out a January 1 GRI, although the window is closing for carriers to increase spot rates ahead of the Lunar New Year holiday in Asia. East Coast and PNW utilizations will improve and we should see rates on these two corridors firm briefly ahead of the holiday as well. **In general, expect that rates will not suffer significant reductions in the last week of December and first week of January, as blank sailings and elevated exports from China will improve load factors.** Blank sailings will mitigate somewhat in early January, but the last two weeks of December will see elevated blanks and the chance for significant rollover and delays, as carriers may be unable to load rolled-shipments directly onto services the following week.

FORWARD AVERAGE FAK RATE PROJECTIONS – AS OF DECEMBER 21

