

MARKET OUTLOOK & FORECAST – JANUARY 11 - 24

The lead up to the Chinese New Year holiday has been underwhelming to this point. Trade conditions this and next week will be far from past pre-holiday peaks, with ample space and minimal rollover. ***Asia-to-US West Coast and IPI rates will not decline much (if at all) in the two remaining weeks before the holiday as load factors remain strong but not oversubscribed.*** However, ***Asia-to-US East Coast dynamics are not as balanced, and we should expect more downward rate pressure prior to the holiday as load factors are still sub-optimal.*** Weeks 4 and 5 – the last two weeks of January, will see more than 50 percent of Transpacific capacity cancelled due to blank sailings. Despite this, a severe downturn in short term demand and a slow recovery after the holiday will keep pressure on spot rates.

FORWARD AVERAGE FAK RATE PROJECTIONS – AS OF JANUARY 11th