







## MARKET OUTLOOK & FORECAST – FEBRUARY 8<sup>th</sup> – 22<sup>nd</sup>

Overall Asia export forecasts for the duration of February are underwhelming, suggesting that carriers will continue to manage short term capacity aggressively to prevent further rate erosion. However, ***with no chance for rate increases in February, spot rates are expected to fall further as the month goes on.*** The late-February / early-March period is an important benchmark for assessing potential contract rate levels, so carriers may be more likely to make a push for rate increases on March 1<sup>st</sup> and to reverse the downward momentum. However, ***general forecasts are not reflecting a significant bump in demand before the end of February,*** and equilibrium in the trade will again be dependent upon how much short-term capacity carriers rationalize in February. Assuming blank sailing activity returns to (and stays at) pre-holiday levels, i.e. 20-25% of market capacity per week, the result would be an even ***larger capacity overhang than before the holiday, and the stronger likelihood that spot rates will soften further into March.***

FORWARD SCFI PROJECTION AS OF FEBRUARY 8<sup>th</sup>