

TRANSPACIFIC EASTBOUND TRADE

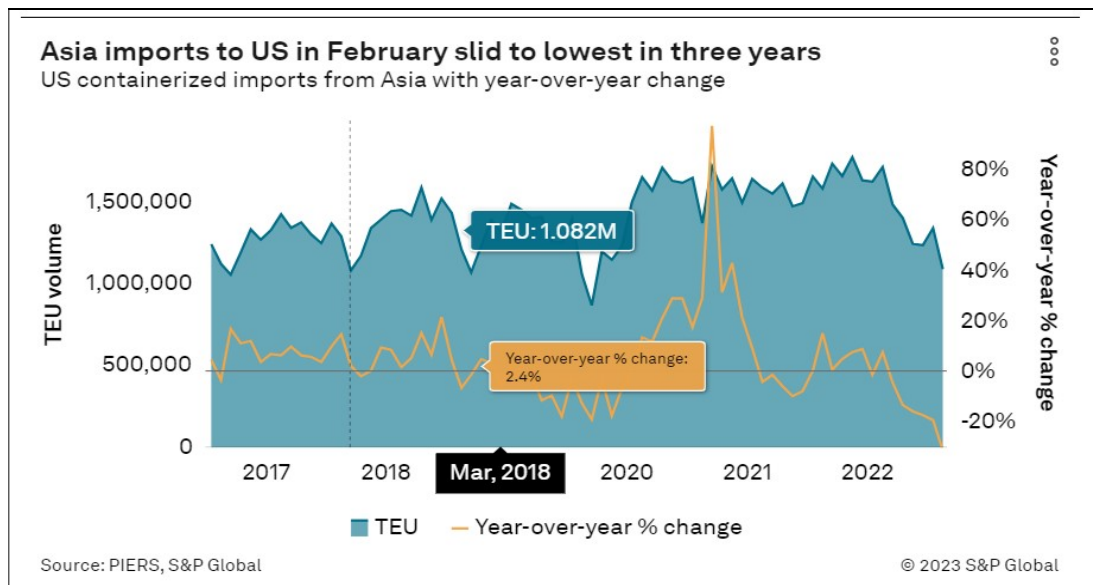
MARKET SUMMARY & OUTLOOK

MARCH 23rd, 2023

KEY DEVELOPMENTS IN THE LAST TWO WEEKS....

- Supply: Load factors improve to west coast but April 1st GRI collapses...
- Demand: February import volumes from Asia retreat to March 2020 levels...
- Operational: Blank sailings may soon be offset by new & upgraded services...

CHART OF THE WEEK



STATE OF THE TRADE – MARCH 23rd, 2023

Despite average load factors to the west coast in the 95-100 percent range, carriers will *not* implement planned spot-rate increases on April 1st due mainly to concerns that utilizations will drop in early April as capacity upgrades come onstream. Although THE Alliance will suspend its PS-8 service in early April – removing over 8,000 TEU from the Asia-US West Coast trade - the launch of HMM's PSX service and its fleet of 12,000 TEU vessels on April 6th will offset the PS-8's suspension. This is just one example of how new and upgraded services in April could offset capacity-management measures taken by the carriers and may cause further weakening of spot rates, and, ultimately more frequent blank sailings. As of March 23rd, spot rates have now reached April 2018 levels, and without the guard rails of an April 1 GRI, early April rates could sink below the last low-mark five years ago. Contract negotiations between BCO's and carriers have slowed considerably over the past several weeks as a large gap remains between many BCO's rate expectations and carriers' standing offers. Import volumes from Asia in February were down over 30 percent year-on-year, closer in line with early 2020 volume levels. However, when comparing import volumes of five major commodity types between YTD March 2020 and 2023, respectively, only furniture (-5%) and plastics (-10%) are showing declines in 2023 versus three years ago. The problem, as usual, is that February 2023 capacity deployed in the Transpacific was nearly 27 percent more than the same period in 2020. Effective capacity in late March remains at around 75-80 percent as it has since February – and thus should be considered the new benchmark for the trade.

CARRIER LOAD-FACTORS AND DEMAND TRACKER – MARCH 23rd

Asia-to-Pacific Southwest (PSW)

Average Vessel Utilization: 95-100%

Rate Trend next week: ↓ ↔

Asia-to-Pacific Northwest (PNW)

Average Vessel Utilization: 95-100%

Rate Trend next week: ↓ ↔

Asia-to-US East Coast (USEC)

Average Vessel Utilization: 85-95%

Rate Trend next week: ↓

VESSELS AT ANCHOR (CURRENT) + 2 WEEK TREND BY PORT

Los Angeles / Long Beach (0)	↔
Oakland (0)	↔
Seattle / Tacoma (0)	↔
Charleston (0)	↔
Savannah (4)	↔
New York (0)	↔
Houston (0)	↓
Norfolk (0)	↓

PORT OF LA / LB METRICS

- **Average Time Awaiting Berth:** 1.0 days (-0.7 days since last report)
- **30-day Average Time At Berth:** 3.7 days (-0.4 days since last report)
- **Truck Appointment Success Rate** (all terminals): 48% (-1% since last report)

TRUCK TURN TIMES – LA/LB



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 13 Mar Summary by Trades

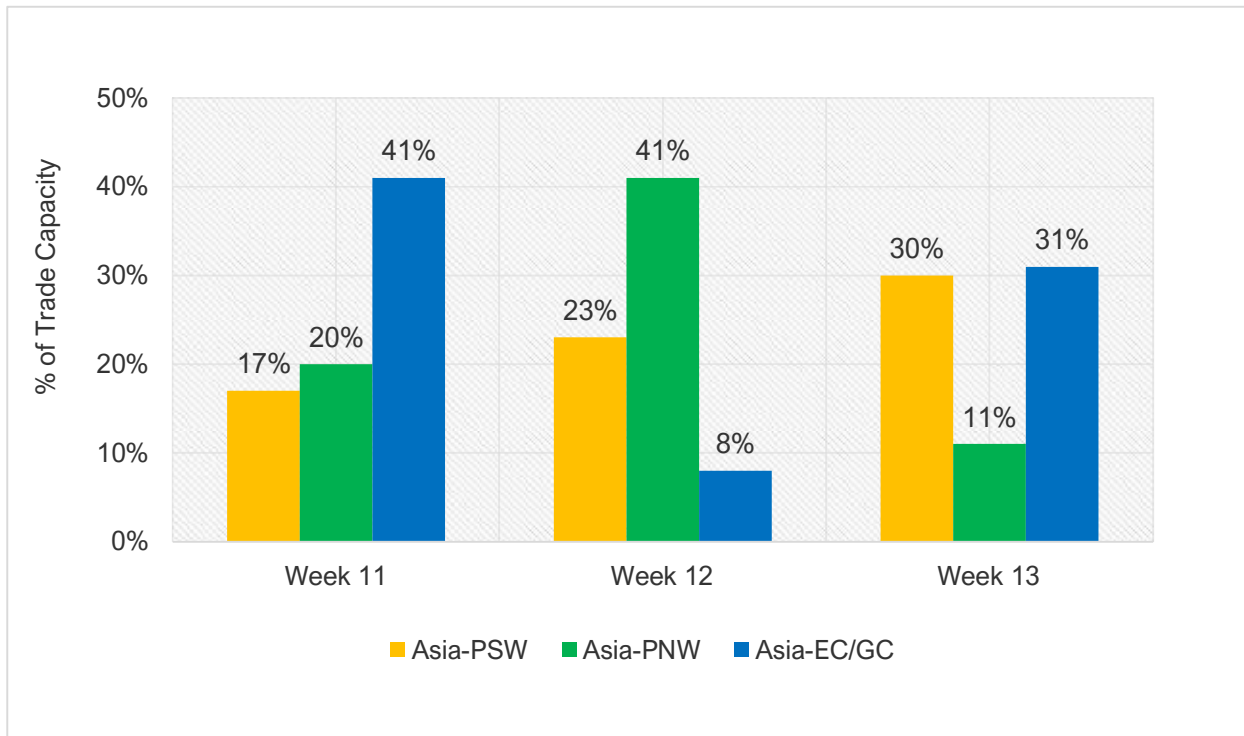
Trade	Capacity Change	WK 10	WK 11	WK 12	WK 13	WK 14	WK 15	WK 16	WK 17
Asia to PS	TEU Adjustment	-65390	-42240	-59260	-76410	-28260	-22820	-19360	-22820
	Total Number	-9	-6	-7	-10	-5	-4	-4	-4
% of Total Capacity Adjustment		-26%	-17%	-23%	-30%	-11%	-9%	-8%	-9%

Trade	Capacity Change	WK 10	WK 11	WK 12	WK 13	WK 14	WK 15	WK 16	WK 17
Asia to PN	TEU Adjustment	-39920	-20354	-41580	-10930	-15320	-3470	-3470	-3470
	Total Number	-6	-5	-6	-3	-3	-2	-2	-2
% of Total Capacity Adjustment		-39%	-20%	-41%	-11%	-15%	-3%	-3%	-3%

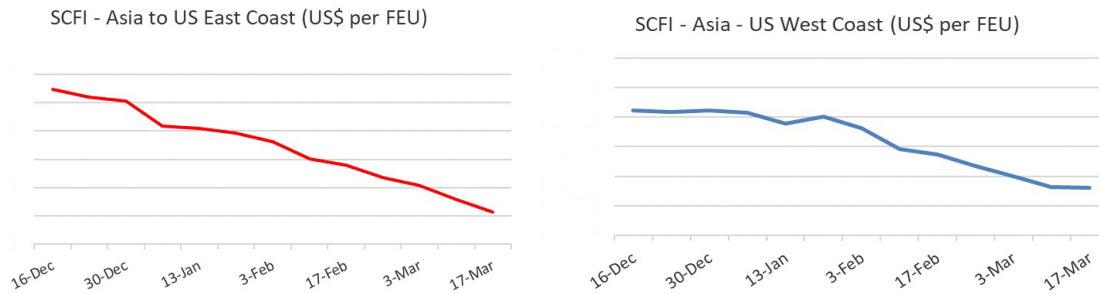
Trade	Capacity Change	WK 10	WK 11	WK 12	WK 13	WK 14	WK 15	WK 16	WK 17
Asia to AW+GC	TEU Adjustment	-20970	-96990	-18670	-72810	-16190	-14000	-7200	-7200
	Total Number	-5	-10	-4	-9	-3	-3	-2	-2
% of Total Capacity Adjustment		-9%	-41%	-8%	-31%	-7%	-6%	-3%	-3%

TOTAL ALL USA	Capacity Change	WK 10	WK 11	WK 12	WK 13	WK 14	WK 15	WK 16	WK 17
	TEU Adjustment	-126280	-159584	-119510	-160150	-59770	-40290	-30030	-33490
	Total Number	-20	-21	-17	-22	-11	-9	-8	-8
% of Total Capacity Adjustment		-21%	-27%	-20%	-27%	-10%	-7%	-5%	-6%

3-WEEK ROLLING BLANK SAILING SUMMARY: % OF CAPACITY BY CORRIDOR



SHANGHAI CONTAINERIZED FREIGHT INDEX AS OF MARCH 23rd



MARKET OUTLOOK & FORECAST – MARCH 23 – APRIL 5

Without the guardrails of an April 1st GRI, spot rates will only go lower in late March and early April. West Coast load factors will remain high as blank sailings reduce effective capacity to just 70% of real capacity, and sporadic overbooking and cargo rollover may occur. **West Coast rates will continue a gradual decline**, but at an average pace as load factors stabilize. **East Coast rates will decline at a faster pace** as load factors remain below 95% on average. **The introduction of new and upgraded services in April will test rate levels once again**, and while carriers will re-focus on a mid-April GRI, they will have to overcome the likelihood of struggling load factors particularly to US East Coast ports.

FORWARD SCFI PROJECTION – AS OF MARCH 23rd

