

TRANSPACIFIC EASTBOUND TRADE

MARKET SUMMARY & OUTLOOK

MARCH 9th, 2023

KEY DEVELOPMENTS IN THE LAST TWO WEEKS....

- Supply: Blank sailings will clash with looming capacity upgrades during contract season...
- Demand: Snail's-pace volume recovery continues, but gains are showing...
- Operational: Carriers shift preference to SEATAC discharge for US Midwest IPI shipments...

CHART OF THE WEEK

Top-11 carriers: Mainline ship newbuilding pipeline for the next three years

	2023			2024			2025		
	XXX	NPX	MGX	XXX	NPX	MGX	XXX	NPX	MGX
MSC	0	19	14	1	23	0	16	15	4
Maersk Group	0	2	0	0	9	0	0	9	0
2M VSA	0	21	14	1	32	0	2M expires in 2024		
CMA CGM Group	2	2	0	12	11	0	1	9	1
COSCO / OOCL	0	1	6	0	6	6	0	13	0
Evergreen	0	2	0	0	11	1	0	7	2
OCEAN Alliance	2	5	6	12	28	7	1	29	3
Hapag-Lloyd	0	3	6	0	3	5	0	0	1
ONE	4	3	5	6	2	1	0	10	0
HMM	0	0	0	1	12	0	6	0	0
Yang Ming	0	0	0	0	0	0	0	0	0
THE Alliance	4	6	11	7	17	6	6	10	1
ZIM	3	8	0	12	2	0	1	0	0
Wan Hai Lines	0	9	0	0	6	0	0	1	0

Key

XXX = 7,000 TEU +
 NPX = 13,000-15,000 TEU
 MGX = 24,000 TEU

Alphaliner

STATE OF THE TRADE – MARCH 9th, 2023


Aided by blank sailings particularly to the US West Coast, load factors have improved over the last two weeks as carriers look to bolster spot rates during the traditional BCO contract negotiation window in March and April. Several carriers are announcing plans to increase spot rates on April 1st, but overcapacity stubbornly looms under the surface. During weeks 8-10 (Feb 19 – Mar 11) carriers are removing over over 25% of operating capacity in the transpacific – two-thirds of which is deployed to the US West Coast. Carriers' intentions are clear: to create artificial equilibrium and raise spot rates to influence annual rate negotiations in March and April. While this may be effective in the short-term, longer-term capacity-deployment ambitions by multiple carriers suggest this is a short-lived endeavor. No fewer than six carriers are planning significant capacity upgrades, service launches, or suspended service re-launches in March and April. Booking space on US West Coast loops is in shorter supply recently, and carriers are beginning to balk at extending rates beyond the middle of March. While a sudden mid-March rate restoration is improbable at this point, carriers look to be galvanizing their position for an April 1 increase. Rate fluidity remains, but the pace of rate erosion has slowed since early February and carriers are contemplating rate extensions and reductions more carefully now – a sign of improving vessel utilizations.

Operational conditions at both origin and destination are stable in early March, with minimal vessels at anchor. China ports are experiencing mild berth congestion with wait times between ½ day to 1 day. Rail operations in the US are normal, with reduced dwell time for both on- and off-dock rail in southern California. However, due to continuing congestion in Vancouver – due mainly to rail car imbalances and limited departures – carriers are beginning to prioritize US PNW ports of Seattle/Tacoma as the preferred discharge hub for Midwest IPI (including Chicago, Plains, & Ohio Valley) shipments.

CARRIER LOAD-FACTORS AND DEMAND TRACKER – MARCH 9th


Asia-to-Pacific Southwest (PSW)

Average Vessel Utilization: 90-95%

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: 85-95%

Rate Trend next week: 

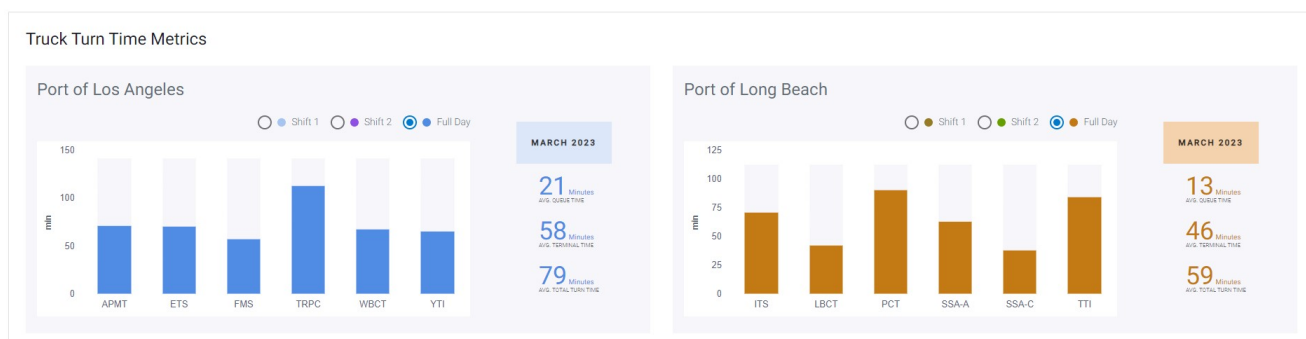
VESSELS AT ANCHOR (CURRENT) + 2 WEEK TREND BY PORT

Los Angeles / Long Beach (0)	
Oakland (0)	
Seattle / Tacoma (0)	
Charleston (0)	
Savannah (3)	
New York (0)	
Houston (1)	
Norfolk (3)	

PORT OF LA / LB METRICS

- **Average Time Awaiting Berth:** 1.7 days (+0.7 days since last report)
- **30-day Average Time At Berth:** 4.1 days (-0.6 days since last report)
- **Truck Appointment Success Rate** (all terminals): 49% (no change 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 Summary by Trades Updated 27 Feb

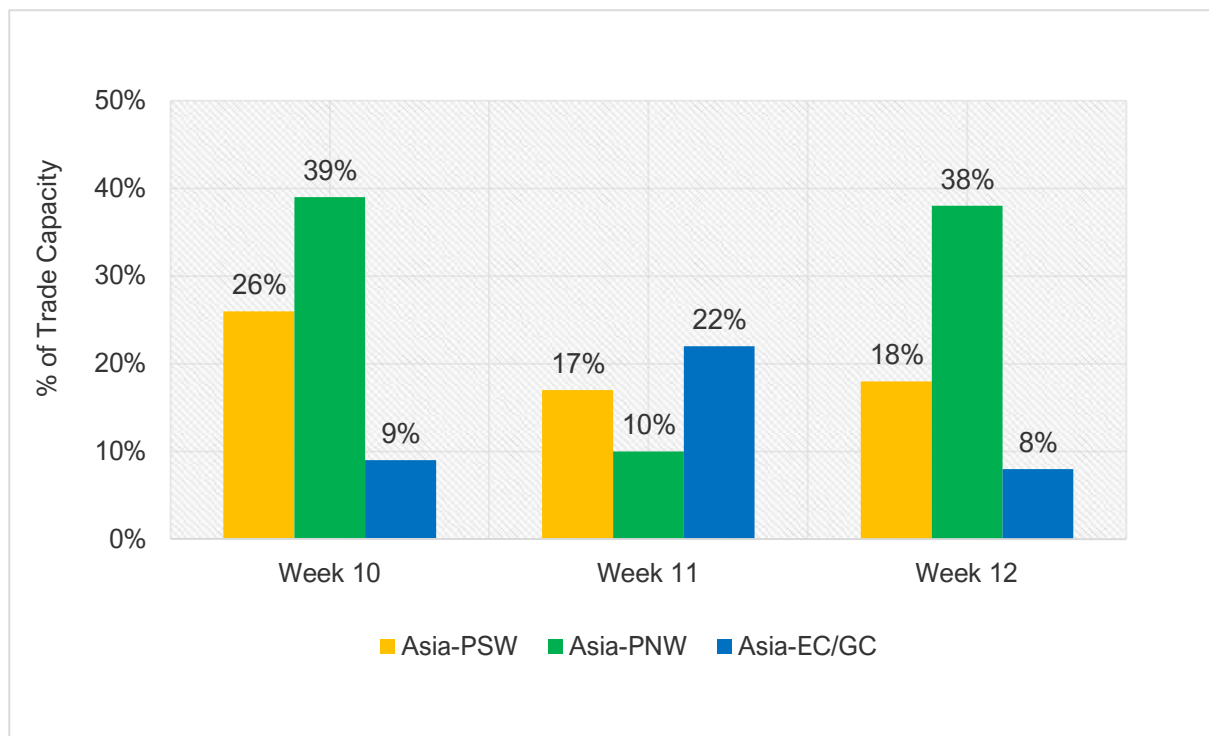
Trade	Capacity Change	WK 6	WK 7	WK 8	WK 9	WK 10	WK 11	WK 12	WK 13
Asia to PS	TEU Adjustment	-91510	-65080	-93730	-75770	-65390	-42240	-45960	-65270
	Total Number	-10	-7	-11	-9	-9	-6	-6	-9
% of Total Capacity Adjustment		-36%	-26%	-37%	-30%	-26%	-17%	-18%	-26%

Trade	Capacity Change	WK 6	WK 7	WK 8	WK 9	WK 10	WK 11	WK 12	WK 13
Asia to PN	TEU Adjustment	-36790	-25045	-53594	-17840	-39920	-10414	-38780	-12070
	Total Number	-5	-4	-8	-4	-6	-3	-6	-3
% of Total Capacity Adjustment		-36%	-25%	-53%	-18%	-39%	-10%	-38%	-12%

Trade	Capacity Change	WK 6	WK 7	WK 8	WK 9	WK 10	WK 11	WK 12	WK 13
Asia to AW+GC	TEU Adjustment	-21610	-71140	-40980	-53610	-20970	-50800	-18670	-42000
	Total Number	-3	-7	-7	-6	-5	-6	-4	-5
% of Total Capacity Adjustment		-9%	-30%	-17%	-23%	-9%	-22%	-8%	-18%

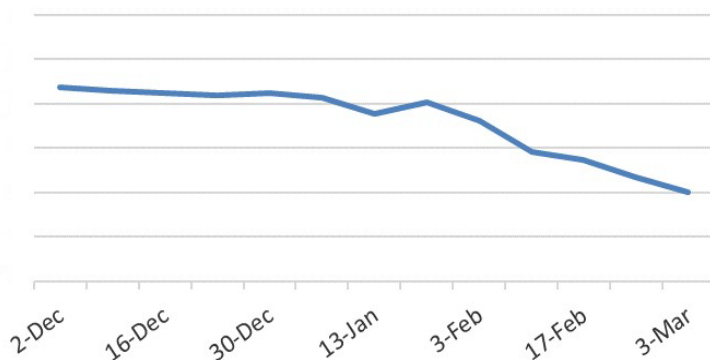
TOTAL ALL USA	Capacity Change	WK 6	WK 7	WK 8	WK 9	WK 10	WK 11	WK 12	WK 13
	TEU Adjustment	-149910	-161265	-188304	-147220	-126280	-103454	-103410	-119340
	Total Number	-18	-18	-26	-19	-20	-15	-16	-17
% of Total Capacity Adjustment		-25%	-27%	-32%	-25%	-21%	-17%	-17%	-20%

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

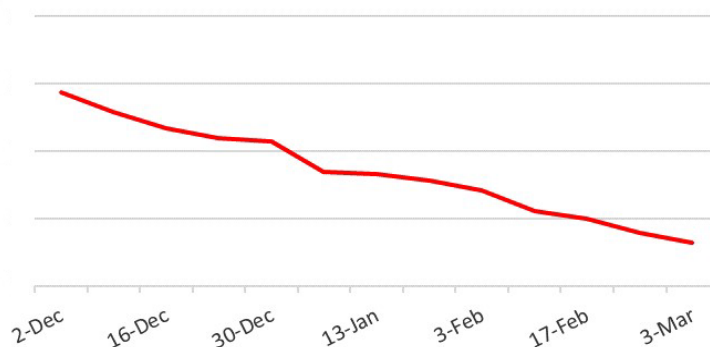


SHANGHAI CONTAINERIZED FREIGHT INDEX AS OF MARCH 9th

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



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



MARKET OUTLOOK & FORECAST – MARCH 9 - 22

Spot rates appear to be temporarily bottoming-out as utilizations improve with the help of blank sailings.

Although carriers continue to adjust rate levels, activity is slowing and range of spot rates from low-to-high between carriers is compressing – a sign of temporary equilibrium. Average west coast rates are losing FEU per week for the past five weeks, while east coast rate erosion is also slowing, but only over the past two weeks. At this stage **there is a 50/50 chance of a spot-rate GRI on April 1st** as carriers seek to fortify their negotiating position for annual contracts. However, although carriers may be successful in passing rate increases on April 1st, **existing oversupply plus the addition of new and upgraded services in March and April will ensure any such increase is short-lived**, and that rates will likely return to a downward path.

FORWARD SCFI PROJECTION – AS OF MARCH 9th

