

TRANSPACIFIC EASTBOUND TRADE

MARKET SUMMARY & OUTLOOK

APRIL 20th 2023

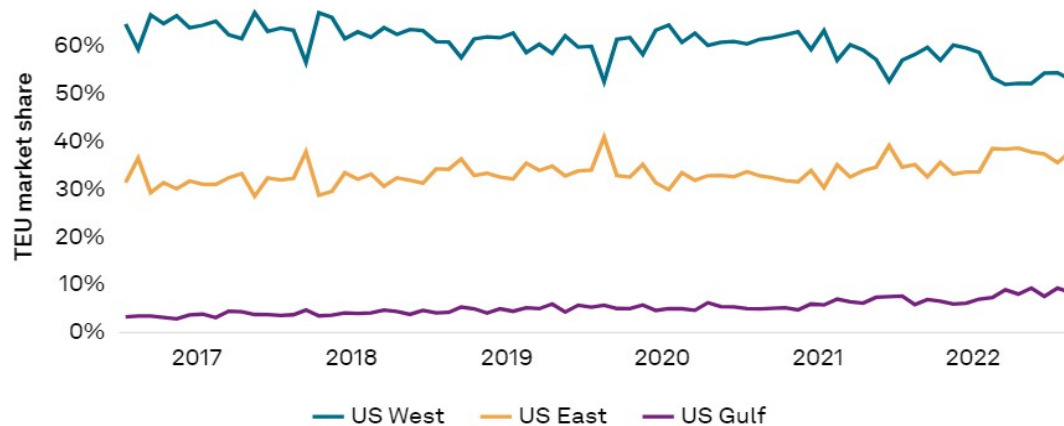
KEY DEVELOPMENTS IN THE LAST TWO WEEKS....

- Supply: West Coast services now undersupplied as carriers oversteer on blank sailings...
- Demand: Cargo diversions from West Coast discharge still not enough to fill east coast loops...
- Operational: LALB productivity impacted by ILWU work actions; no resolution in sight...

CHART OF THE WEEK

West Coast share of Asia imports erodes as labor talks drag on

Coastal share of US containerized imports from Asia by month (PIERS)



Source: PIERS, S&P Global

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STATE OF THE TRADE – APRIL 20th 2023

Carriers have successfully implemented rate increases on April 15th, but the trade continues to face both commercial and labor headwinds that muddles the medium-term outlook. Although carriers enjoy high load factors to the west coast, this has been aided by blank sailings which in recent weeks have cancelled-out as much as 25% of weekly capacity deployed on the trade lane. East coast and Pacific Northwest services are seeing weaker vessel utilizations, and although rates also increased on these lanes on April 15th it appears that spot rates may soften again in the coming days with carriers still actively pursuing more container volume.

The ports of LA/Long Beach are experiencing slower productivity as the ripple effects of the labor actions prior to Easter weekend materialize. Vessel time at berth, IPI-dwell times and truck turn-times have all increased over the past week as a result of the ports being closed Thursday April 6th and the morning of April 7th. With sporadic work slowdowns now becoming more frequent, there appears to be no quick fix to the contract impasse with the PMA. Despite receiving a bump in bookings by shippers looking to avoid congestion or disruption at LA/LB, east coast load factors remain sub-par at between 80-90%. Although rates increased on the Asia-East Coast lane, this increase appears shaky and rates may start to erode as carriers continue to chase volume. Likewise, rates to Pacific Northwest ports Seattle/Tacoma as well as northern IPI ramps like Chicago may again come under pressure soon.

CARRIER LOAD-FACTORS AND DEMAND TRACKER – APRIL 20th

Asia-to-Pacific Southwest (PSW)

Average Vessel Utilization: 95-100%

Rate Trend next week: ↔

Asia-to-Pacific Northwest (PNW)

Average Vessel Utilization: 85-90%

Rate Trend next week: ↓

Asia-to-US East Coast (USEC)

Average Vessel Utilization: 85-90%

Rate Trend next week: ↓

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

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

PORT OF LA / LB METRICS

- **Average Time Awaiting Berth:** 1.8 days (+ 0.8 days since last report)
- **30-day Average Time At Berth:** 4.6 days (+0.7 days since last report)
- **Truck Appointment Success Rate** (all terminals): 48% (+/- 0 since last report)

TRUCK TURN TIMES – LA/LB

Truck Turn Time Metrics



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 10 Apr
Summary by Trades

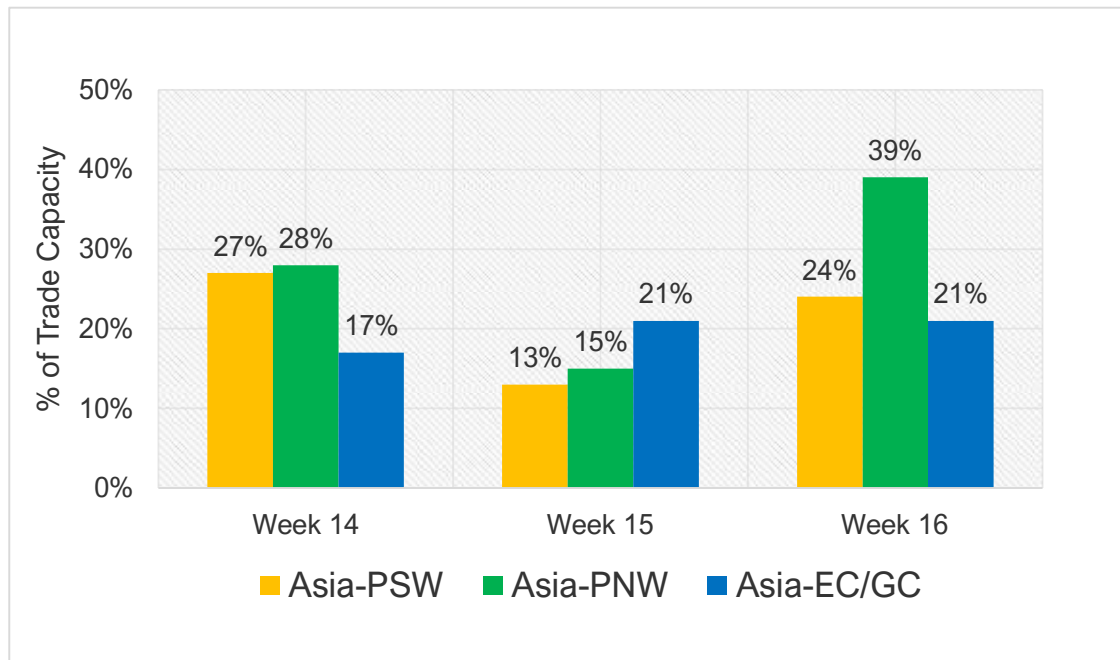
Trade	Capacity Change	WK 14	WK 15	WK 16	WK 17	WK 18	WK 19	WK 20	WK 21
Asia to PS	TEU Adjustment	-74880	-35901	-67358	-28648	-10578	0	-10578	-18771
	Total Number	-7	-3	-6	-3	-1	0	-1	-2
% of Total Capacity Adjustment		-27%	-13%	-24%	-10%	-4%	0%	-4%	-7%

Trade	Capacity Change	WK 14	WK 15	WK 16	WK 17	WK 18	WK 19	WK 20	WK 21
Asia to PN	TEU Adjustment	-29603	-15920	-40629	-13841	0	0	-3528	-6726
	Total Number	-3	-2	-5	-2	0	0	-1	-1
% of Total Capacity Adjustment		-28%	-15%	-39%	-13%	0%	0%	-3%	-6%

Trade	Capacity Change	WK 14	WK 15	WK 16	WK 17	0	0	0	0
Asia to AW+GC	TEU Adjustment	-41773	-51015	-52018	-51761	0	0	0	0
	Total Number	-5	-6	-6	-7	0	0	0	0
% of Total Capacity Adjustment		-17%	-21%	-21%	-21%	0%	0%	0%	0%

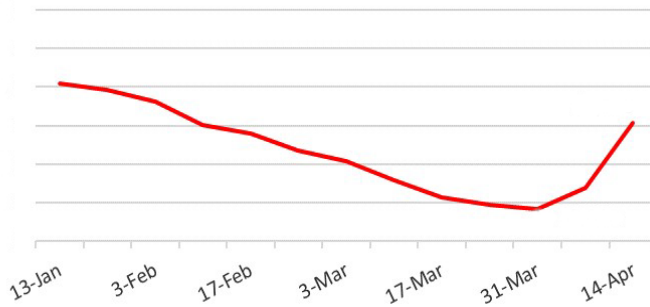
TOTAL ALL USA	Capacity Change	WK 14	WK 15	WK 16	WK 17	0	0	0	0
	TEU Adjustment	-146256	-102836	-160005	-94250	-10578	0	-14106	-25497
	Total Number	-15	-11	-17	-12	-1	0	-2	-3
% of Total Capacity Adjustment		-23%	-16%	-26%	-15%	-2%	0%	-2%	-4%

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

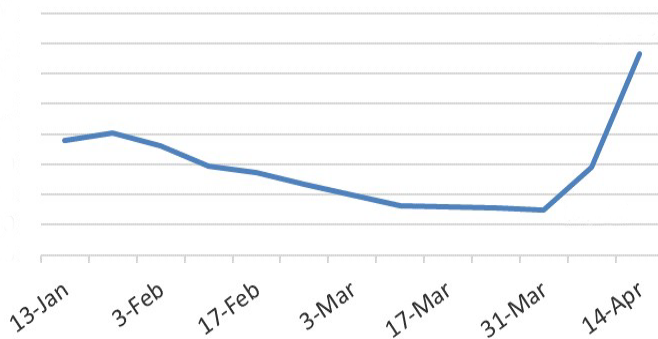


SHANGHAI CONTAINERIZED FREIGHT INDEX AS OF APRIL 20th

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



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



MARKET OUTLOOK & FORECAST – APRIL 20 – MAY 3

A number of carriers are expressing the intention to raise spot rates again on May 1st, but at this point it does not appear to be a trade-wide initiative rather than select carriers doubling-down on the recently-successful increases. **Load factors to the US West Coast will remain high but productivity at LA/LB will likely erode further as the ILWU continues to flex during the contract stalemate with the PMA.** East Coast rates may slip in the coming weeks as load factors remain underwhelming, especially after carriers managed to lift spot rates to levels closer to long term contract rate levels, thereby relieving some pressure on contract negotiations.

FORWARD SCFI PROJECTION – AS OF APRIL 20th

