

TRANSPACIFIC EASTBOUND TRADE

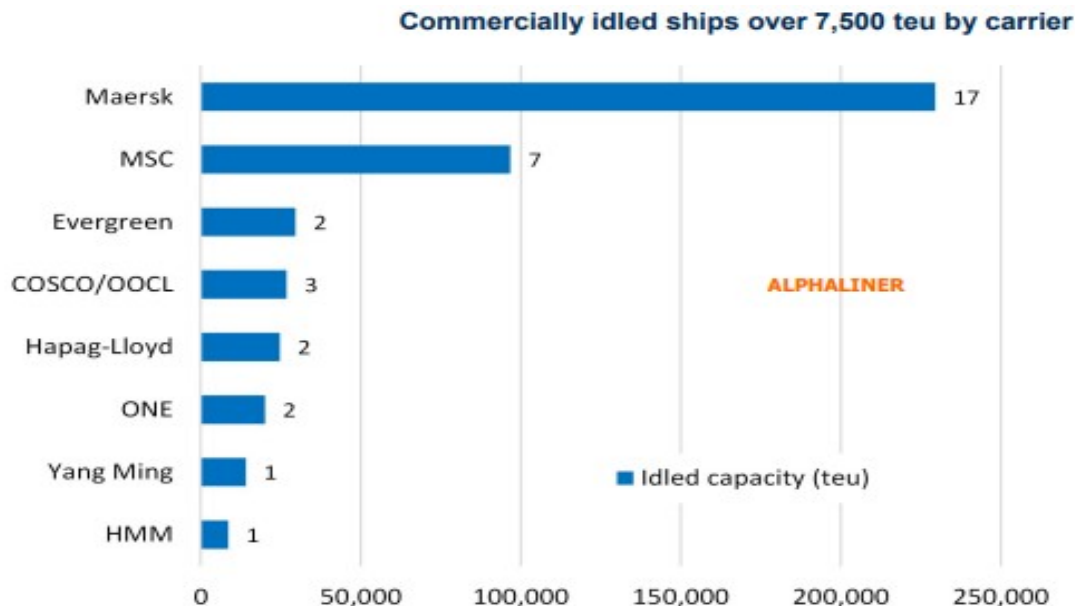
MARKET SUMMARY & OUTLOOK

APRIL 6th, 2023

KEY DEVELOPMENTS IN THE LAST TWO WEEKS....

- Supply: Blank sailings kick into overdrive while carriers eye April GRI's...
- Demand: Remains weak as East Coast load factors lag; west coast sees temporary recovery...
- Operational: Cargo rollovers space shutouts increase on west coast loops...

CHART OF THE WEEK



STATE OF THE TRADE – APRIL 6th 2023

Although supply/demand dynamics in the Asia-to-US West Coast trade appear to be in balance today, with load factors to the US West Coast reaching 100 percent and several carriers rolling cargo to future weeks' sailings, this momentary equilibrium is mainly the result of significant capacity-controls in place since early in the first quarter, and now coinciding with traditional BCO contract negotiations. Over the past 10 weeks dating back to late January, carriers have cancelled an average of 70,000 TEU per week to the Pacific Southwest (over 25 percent of weekly operating capacity) and an average of 30,000 TEU per week to the Pacific Northwest (over 30 percent of weekly operating capacity). The number of idle vessels over 7,500 TEU capacity have spiked in recent months (chart above), an indication that capacity controls will stretch well into 2023. Similarly, carriers continue to aggressively manage capacity on the Asia-to-US East Coast trade, but load factors are still averaging below 90 percent as of early April. Nonetheless, there is relatively strong momentum for an April 15th general rate increase (GRI) on spot rates – which are now below FEU to the US East Coast. West Coast rates have stabilized and are likely to increase as well in mid-April, as contract negotiations between carriers and small and mid-sized BCO's stall amidst the large gap between current spot rates and contract rate proposals. Contract offers for small and mid-size BCO's, as well as NVOCC named accounts, remain above current spot rate levels. Not surprisingly, shippers are balking at the price gap, hence the strong effort among carriers to apply a rate increase in April.

CARRIER LOAD-FACTORS AND DEMAND TRACKER – APRIL 6th

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: 85-90%

Rate Trend next week: 

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

Los Angeles / Long Beach (0)	
Oakland (5)	
Seattle / Tacoma (0)	
Charleston (0)	
Savannah (1)	
New York (0)	
Houston (1)	
Norfolk (2)	

PORT OF LA / LB METRICS

- **Average Time Awaiting Berth:** 1.0 days (+/- 0 days since last report)
- **30-day Average Time At Berth:** 3.9 days (+0.2 days since last report)
- **Truck Appointment Success Rate** (all terminals): 48% (+/- 0 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 28 Mar Summary by Trades

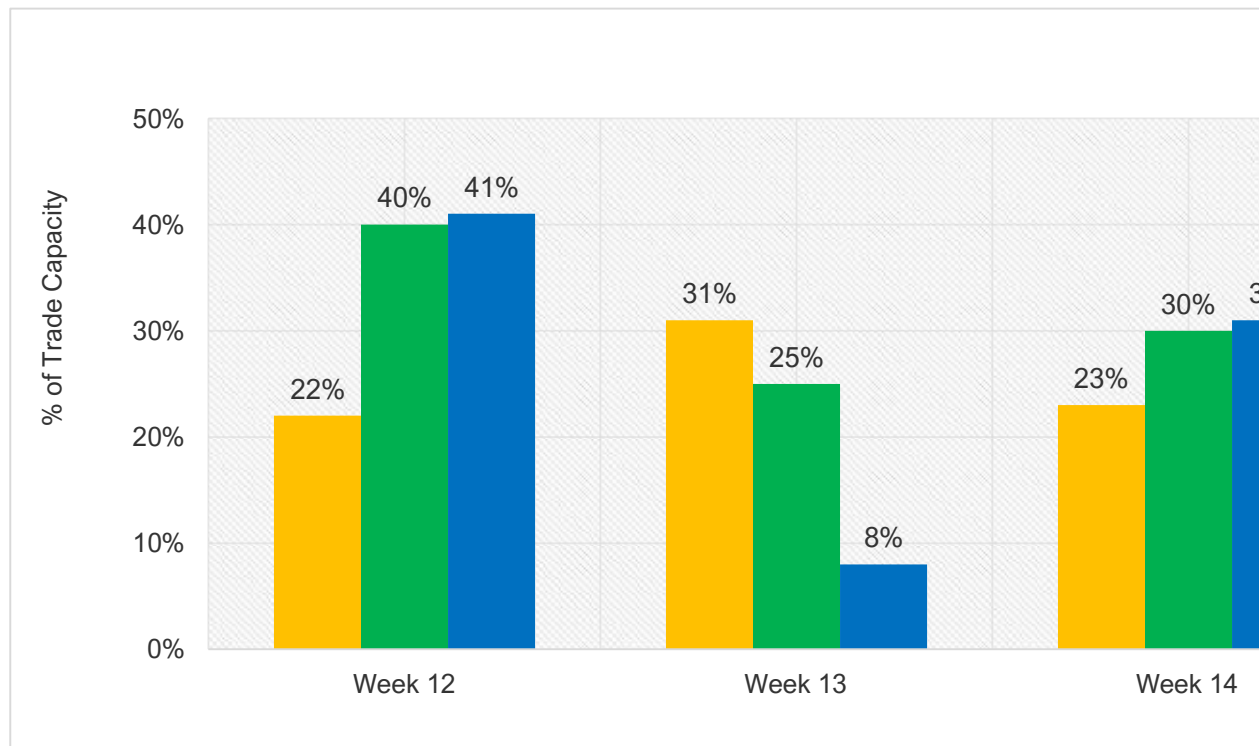
Trade	Capacity Change	WK 10	WK 11	WK 12	WK 13	WK 14	WK 15	WK 16	WK 17
Asia to PS	TEU Adjustment	-65390	-49100	-59260	-81710	-62660	-22820	-39960	-22820
	Total Number	-9	-7	-7	-11	-8	-4	-6	-4
% of Total Capacity Adjustment		-24%	-18%	-22%	-31%	-23%	-9%	-15%	-9%

Trade	Capacity Change	WK 10	WK 11	WK 12	WK 13	WK 14	WK 15	WK 16	WK 17
Asia to PN	TEU Adjustment	-37920	-18354	-39580	-24880	-29320	-8930	-23520	-10070
	Total Number	-5	-4	-5	-5	-4	-2	-3	-2
% of Total Capacity Adjustment		-38%	-19%	-40%	-25%	-30%	-9%	-24%	-10%

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	-97450	-18670	-73270	-37690	-27800	-20700	-40100
	Total Number	-5	-10	-4	-9	-5	-4	-4	-6
% of Total Capacity Adjustment		-9%	-41%	-8%	-31%	-16%	-12%	-9%	-17%

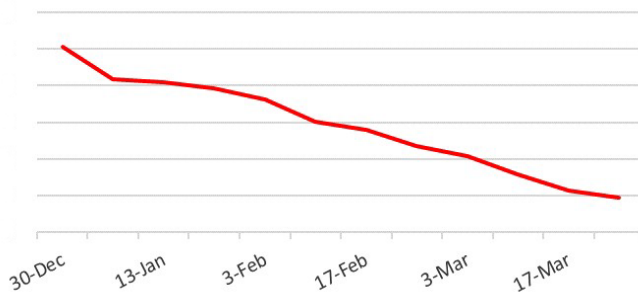
TOTAL ALL USA	Capacity Change	WK 10	WK 11	WK 12	WK 13	WK 14	WK 15	WK 16	WK 17
	TEU Adjustment	-124280	-164904	-117510	-179860	-129670	-59550	-84180	-72990
	Total Number	-19	-21	-16	-25	-17	-10	-13	-12
% of Total Capacity Adjustment		-21%	-27%	-20%	-30%	-22%	-10%	-14%	-12%

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

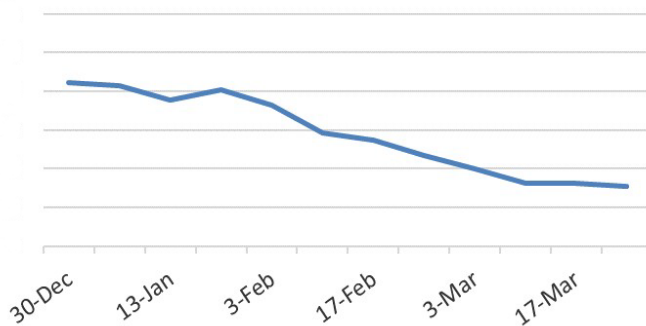


SHANGHAI CONTAINERIZED FREIGHT INDEX AS OF APRIL 6TH

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



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



MARKET OUTLOOK & FORECAST – APRIL 6 – APRIL 19

Unlike previous attempts, the April 15th GRI initiative is stronger, and carriers appear steadfast in their intentions to increase rates. Critically, the April GRI has longer-lasting implications as it could help fortify carriers' pricing positions toward BCO's who have yet to sign or renew contracts. **Spot rates will likely increase on April 15th but will likely slip soon after** – much as they have for the past month leading into April. **West Coast rates are likely to remain stable for longer** than east coast rates, as space is far more available to east coast ports despite **blank sailings, which will continue to nullify 20-25 percent of operating capacity from the trade.**

FORWARD SCFI PROJECTION – AS OF APRIL 6th

