

TRANSPACIFIC EASTBOUND TRADE

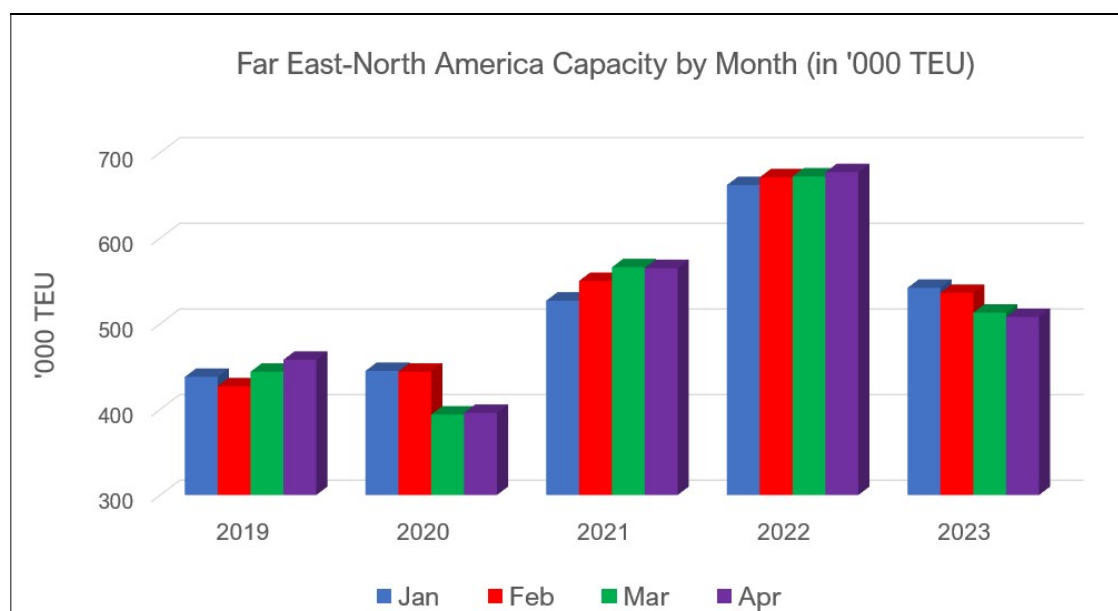
MARKET SUMMARY & OUTLOOK

MAY 11th, 2023

KEY DEVELOPMENTS IN THE LAST TWO WEEKS....

- Supply: Carriers getting closer to right-sizing capacity with 27 percent year-on-year cut...
- Demand: March & April '23 Transpacific import volume grew 9-percent versus pre-pandemic...
- Operational: ILWU-PMA inch closer to contract with manning deal for non-automated terminals...

CHART OF THE WEEK



STATE OF THE TRADE – MAY 11th, 2023

As of May 11th, carriers have given back approximately 30% of the April 15th GRI as spot rates begin slipping after a brief period of stability aided by significant capacity cuts in April. Although the mid-April rate increases helped carriers finalize BCO contracts by the end of the month, fewer blank sailings in late April and early May are resulting in softer rates as west coast rates have dipped by about \$150 per FEU since the beginning of the month, after climbing almost 50 percent in April. Blank sailings – which a few weeks ago were removing between 25 and 30-percent of weekly capacity, are now affecting less than 20-percent of Transpacific operating capacity. Total capacity deployed in March & April is down by 27-percent compared to the same period a year ago, while Asia-US import volumes in March and April were also down by 27-percent, suggesting that carriers may be getting closer to right-sizing of capacity with post-pandemic demand levels. Still, carriers are jostling for position in the spot market to both west coast and east coast after several weeks of relatively light rate activity and better load factors. With the BCO contract season essentially concluded, carriers are seeing much lower contract rates at dramatically reduced MQC's versus last year and earlier years. Nevertheless, import volumes from Asia are showing signs of life – imports for the March & April period – though down by 27 percent year-on-year, are up 9-percent versus the same period in 2019 – the last year unaffected by the pandemic.

TRANSPACIFIC LOAD-FACTORS AND RATE TRENDS – MAY 11th

Asia-to-Pacific Southwest (PSW)

Average Vessel Utilization: 95-100%

Rate Trend next week: ↓

Asia-to-Pacific Northwest (PNW)

Average Vessel Utilization: 85-90%

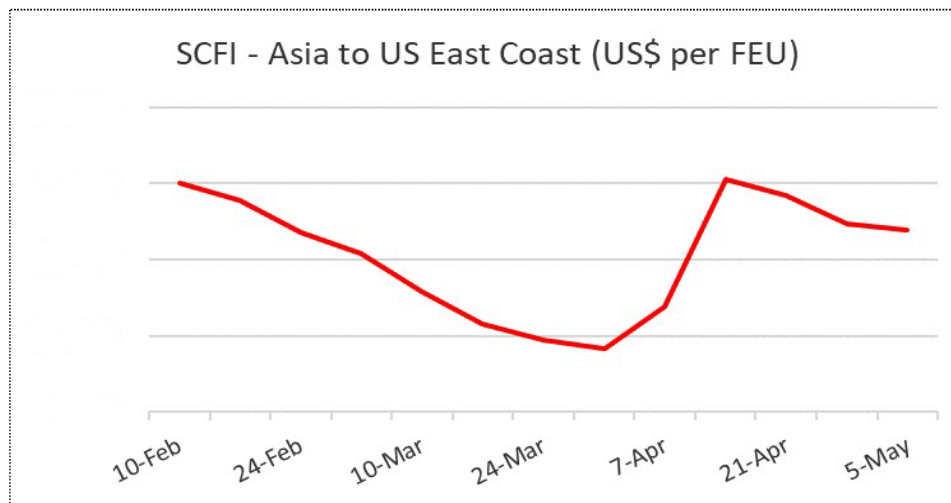
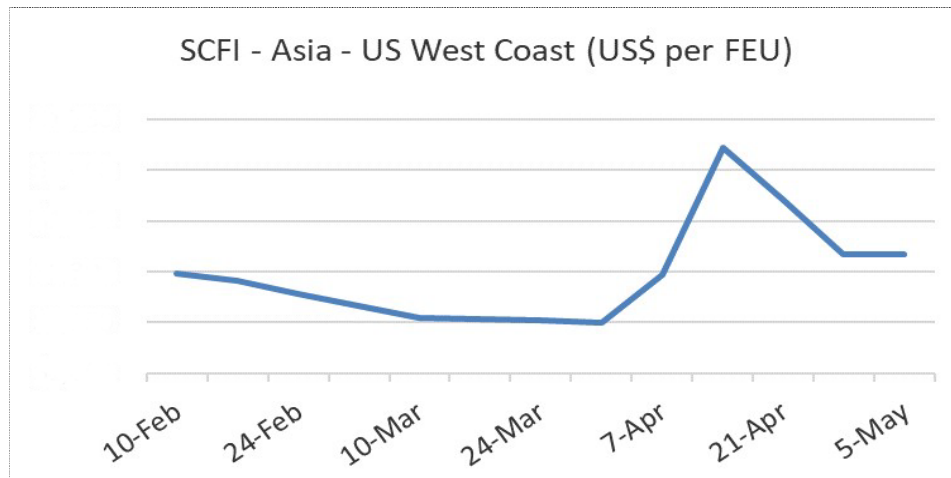
Rate Trend next week: ↓

Asia-to-US East Coast (USEC)

Average Vessel Utilization: 85-90%

Rate Trend next week: ↓

SHANGHAI CONTAINERIZED FREIGHT INDEX AS OF MAY 11th



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 24 Apr

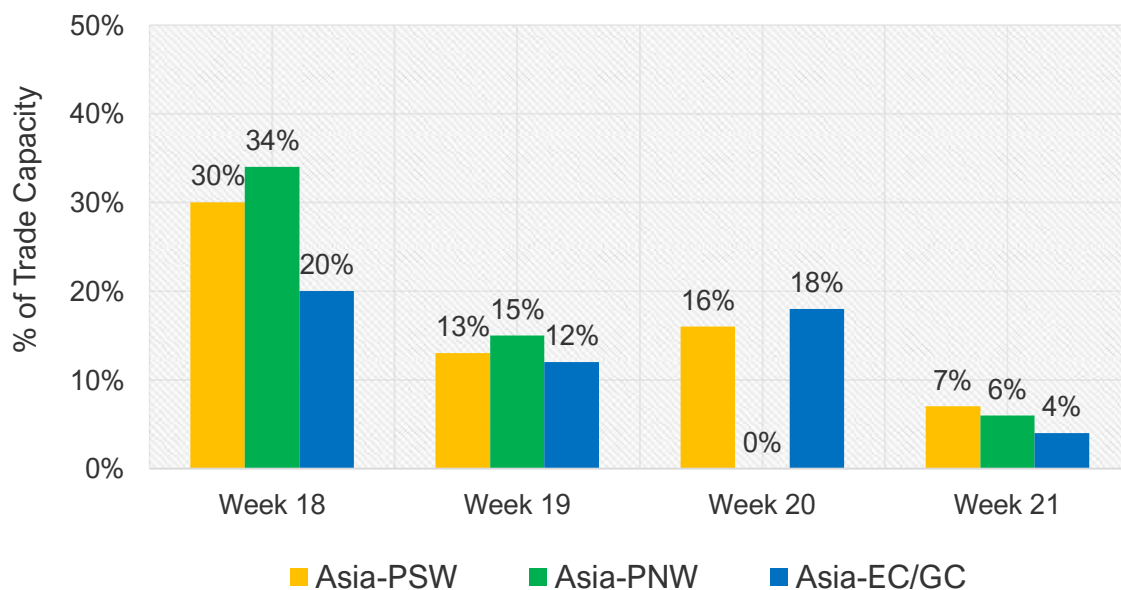
Trade	Capacity Change	WK 17	WK 18	WK 19	WK 20	WK 21
Asia to PS	TEU Adjustment	-49411	-83034	-35293	-44647	-18771
	Total Number	-5	-8	-3	-4	-2
% of Total Capacity Adjustment		-18%	-30%	-13%	-16%	-7%

Trade	Capacity Change	WK 17	WK 18	WK 19	WK 20	WK 21
Asia to PN	TEU Adjustment	-19613	-35121	-15230	0	-6726
	Total Number	-3	-5	-2	0	-1
% of Total Capacity Adjustment		-19%	-34%	-15%	0%	-6%

Trade	Capacity Change	WK 17	WK 18	WK 19	WK 20	WK 21
Asia to AW+GC	TEU Adjustment	-47278	-29951	-44466	-9731	-2700
	Total Number	-6	-3	-5	-2	-1
% of Total Capacity Adjustment		-20%	-12%	-18%	-4%	-1%

TOTAL ALL USA	Capacity Change	WK 17	WK 18	WK 19	WK 20	WK 21
	TEU Adjustment	-116302	-148106	-94989	-54378	-28197
	Total Number	-14	-16	-10	-6	-4
% of Total Capacity Adjustment		-19%	-24%	-15%	-9%	-5%

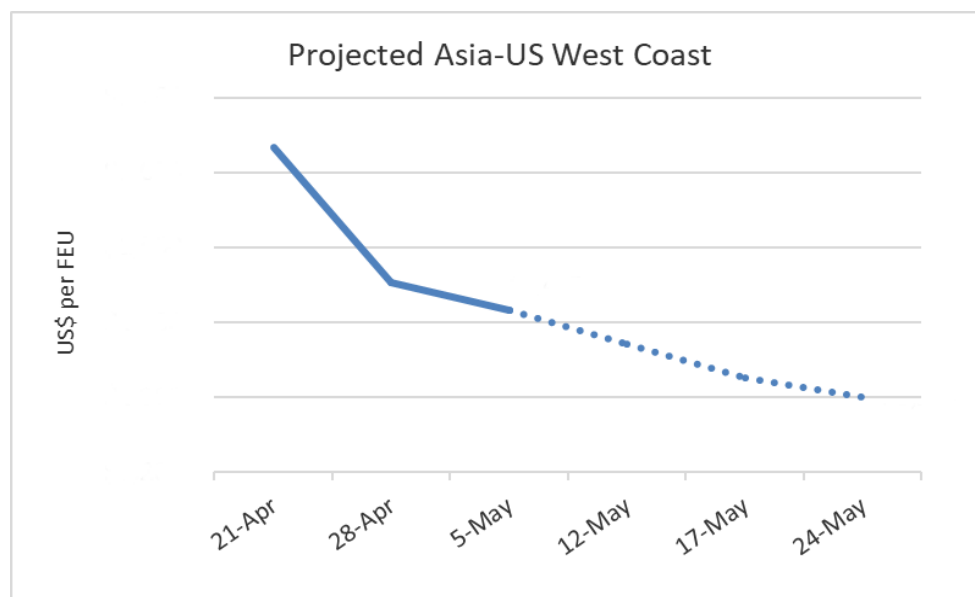
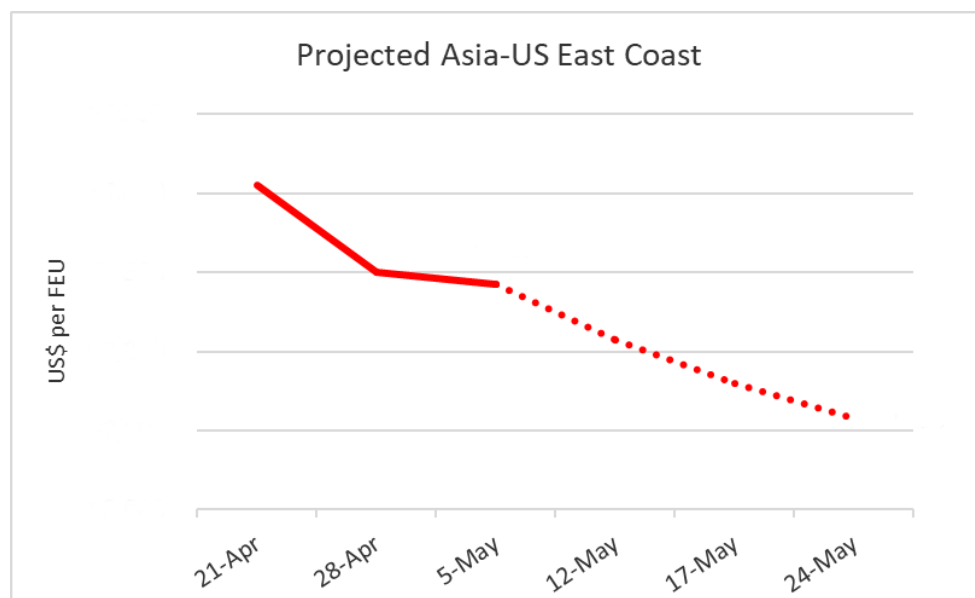
4-WEEK ROLLING BLANK SAILING SUMMARY: % OF CAPACITY BY CORRIDOR



MARKET OUTLOOK & FORECAST – MAY 11th – 24th

With carriers reducing rates less than one week before a proposed GRI-date, rates are unlikely to increase on May 15th. If blank sailings in May remain limited as they are today, rates should continue to slip, despite gains made on the demand side. There may not be as much urgency to pull rates up in mid-May since annual BCO contract window is now closing, and BCO market levels have been set. Depending on capacity in the second half of May, carriers may attempt another rate hike on June 1st. That being said, it is unlikely any increases on June 1 will exceed the all-in rate levels achieved from the April 15th GRI. Demand remains soft year-on-year, but we expect overall trade volumes to increase gradually, which puts blank sailings and capacity management back in the spotlight. Nevertheless, ***rates should continue to edge downward in the coming weeks..***

FORWARD RATE ESTIMATES – MAY 11th



TRANSPACIFIC SERVICE & PRODUCT UPDATES



- MSC has announced its Sentosa service will add a direct call at HAIPHONG starting from the sailing of the MSC ORNELLA FV319E, ETA Laem Chabang May 17th. The transit time from Haiphong to LA/LB will be 16 days, and 21 days to Oakland. The service will also alternate calls at WBCT in Los Angeles and TTI in Long Beach on a fortnightly basis. Service map can be found below, courtesy of MSC:



- ZIM has filed a Panama Canal Adjustment Surcharge effective June 6th, for all cargo originating from Far East origins destined to the US moving via Panama Canal
- CMA CGM has filed a revised Panama Canal Adjustment Factor, effective May 25th for all shipments to or via Asia to all US East Coast and US Gulf destinations