

TRANSPACIFIC EASTBOUND TRADE

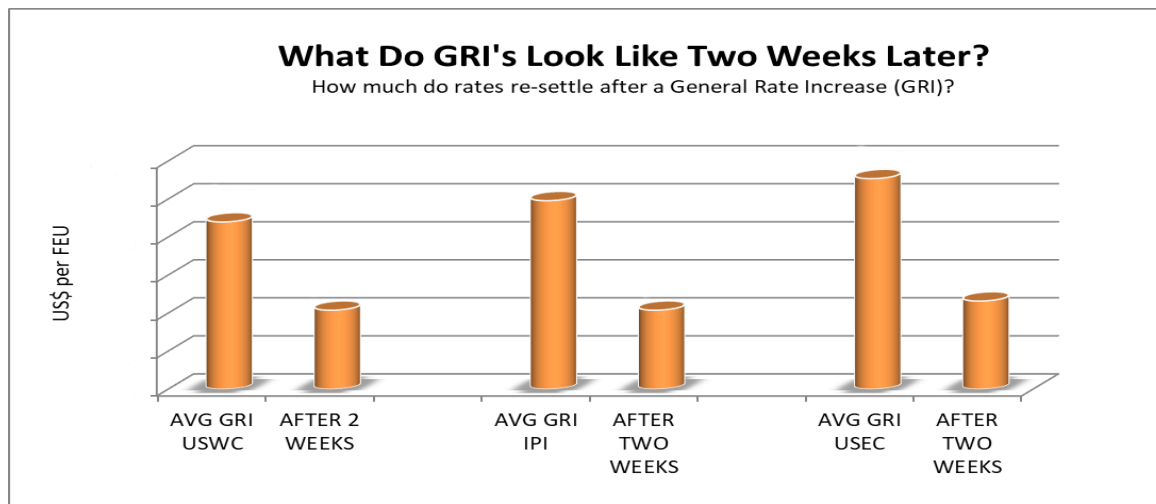
MARKET SUMMARY & OUTLOOK

JUNE 22nd, 2023

KEY DEVELOPMENTS IN THE LAST TWO WEEKS

- Supply: As rates fall, blank sailings creep up again in late June after a brief period of stability...
- Demand: Import volumes from Asia stall in June, showing -1% contraction from a month earlier...
- Operational: ILWU & PMA reach tentative agreement on new six-year contract...

CHART OF THE WEEK

















An analysis of General Rate Increases (GRI) on spot rates since 2017 (not including Pandemic years) reveals average quantum of rate increases per FEU on the respective destination zones as well as the mitigated increase quantum 2-weeks after implementation of the GRI.

STATE OF THE TRADE – JUNE 22nd 2023

As in May, Transpacific load factors remain a mixed picture in June with specific services running full while others struggle to maintain 80-percent utilization. The result has been a rather incoherent pricing policy from the lines, who have accelerated rate actions in the past week, nullifying the June 1st GRI. Although rates continue falling, some services are rolling cargo and such rate adjustments are mainly an action to keep pace with a fast-moving market, or a defensive attempt to maintain market share. Rates to both coasts have fallen to their lowest levels since April, when carriers urgently pushed through a GRI to save their contract season. The significant drop in spot rates coincides with a downtick in blank sailing activity in June, and with flat import volume growth over the same period when compared to a month earlier. Blank sailings were minimal in the first half of June – affecting an average of no more than 8-percent of total market capacity per week through the first three weeks of the month. However, blanks are increasing in late June and will soon see a return to the more significant 25-40% impact to the west coast by early July. East coast blank sailings remain modest, and this may have an effect on any eventual GRI the carriers position for July 1 (see page 4). Blank sailings to the west coast appear to be pre-planned with both commercial and operational considerations, and some sailings may be reinstated now that the ILWU and PMA have a tentative agreement in place on a new 6-year contract. Following the labor actions of early June, productivity at west coast terminals dipped before recovering just a week later.

TRANSPACIFIC PRODUCT KPIs – JUNE 22nd

	Capacity	Demand	Load Factors	Rate Outlook	Equipment	Schedules	Congestion
North Asia – North America							
South Asia – North America							

Rate outlook is trending down for the final ten days of June, despite the expectation that carriers will attempt another General Rate Increase on July 1st.

Asia-to-Pacific Southwest (PSW)

Average Vessel Utilization: 85-100%

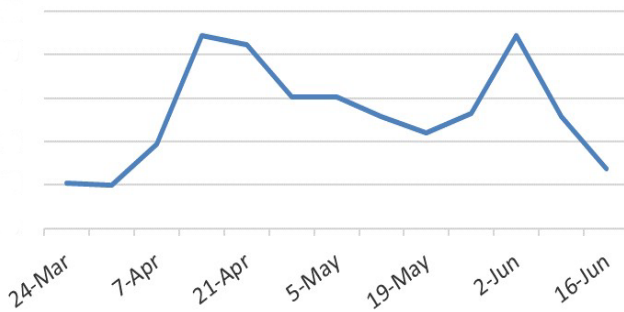
Asia-to-Pacific Northwest (PNW)

Average Vessel Utilization: 85-95%

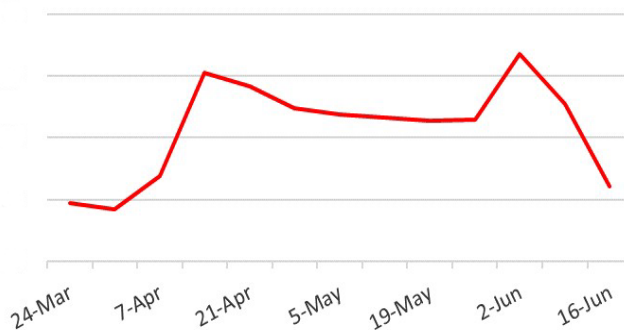
Asia-to-US East Coast (USEC, including Gulf)

Average Vessel Utilization: 80-100%

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



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



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

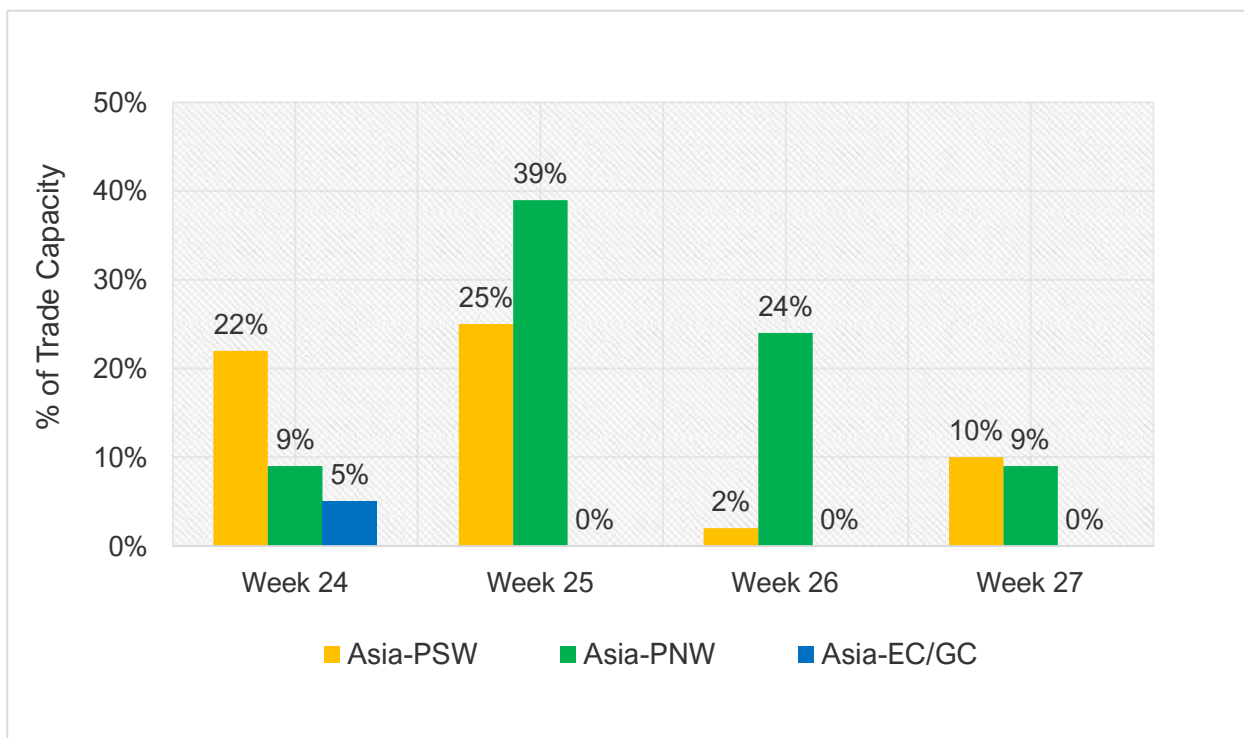
Trade	Capacity Change	WK 23	WK 24	WK 25	WK 26	WK 27
Asia to PS	TEU Adjustment	-10578	-59250	-65721	-4723	-27745
	Total Number	-1	-5	-8	-2	-3
% of Total Capacity Adjustment		-4%	-22%	-25%	-2%	-10%

Trade	Capacity Change	WK 23	WK 24	WK 25	WK 26	WK 27
Asia to PN	TEU Adjustment	-23794	-7911	-40248	-24529	-9221
	Total Number	-3	-2	-5	-4	-1
% of Total Capacity Adjustment		-23%	-8%	-39%	-24%	-9%

Trade	Capacity Change	WK 23	WK 24	WK 25	0	0
Asia to AW+GC	TEU Adjustment	-13449	-11189	0	0	0
	Total Number	-2	-1	0	0	0
% of Total Capacity Adjustment		-6%	-5%	0%	0%	0%

TOTAL ALL USA	Capacity Change	WK 23	WK 24	WK 25	0	0
	TEU Adjustment	-47821	-78350	-105969	-29252	-36966
	Total Number	-6	-8	-13	-6	-4
% of Total Capacity Adjustment		-8%	-13%	-17%	-5%	-6%

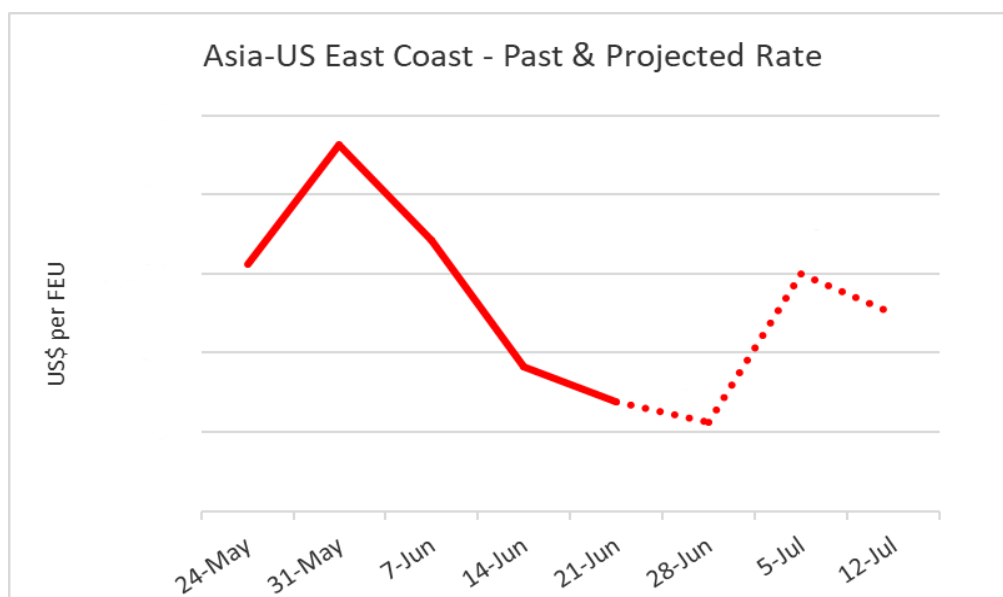
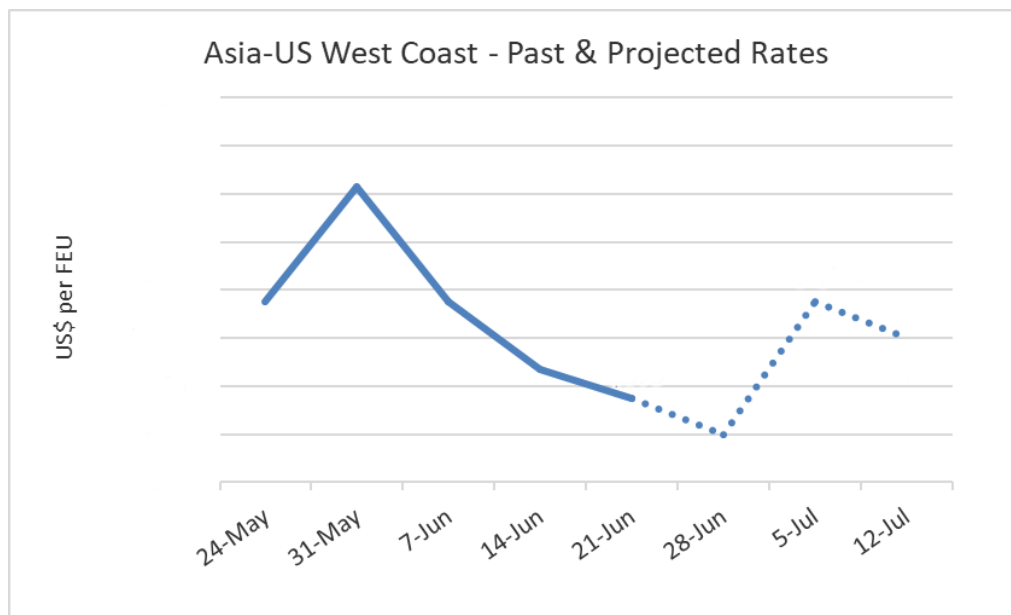
4-WEEK ROLLING BLANK SAILING SUMMARY: % OF CAPACITY BY CORRIDOR



MARKET OUTLOOK & FORECAST – JUNE 22nd – JULY 4th

Carriers will continue to struggle achieving critical mass in container volumes needed to raise – and maintain – rates on July 1st. **Rates should continue to slip for the remainder of June, and a July 1 increase would be mitigated to just a few hundred dollars over late June rates, followed by a similar pattern of resettling in early July (see charts below).** It is unclear at this stage whether the slight uptick in blank sailings in late June and early July is the start of a longer trend or more preemptive due to anticipated further labor actions by the ILWU on the west coast. Assuming the tentative agreement between longshoremen and their employers is ratified, some blank sailings scheduled for late June may be reinstated. If not, then it would be a clear indication that carriers are once again attempting to cull short-term capacity in light of poor supply/demand equilibrium and stubbornly low rates.

PROJECTED MARKET RATES – JUNE 22nd



TRANSPACIFIC SERVICE & PRODUCT UPDATES – JUNE 22nd



- CMA CGM has postponed the implementation of its Panama Canal Adjustment Factor to August 1st.
- China United Lines (CU Lines) will temporarily suspend its TPC service effective from Week 25 with the final sailing departing from Yantian on June 18th.