UNCLASSIFIED

TRADE DASHBOARD

Global Freight Procurement - July 2023

Hillebrand GORI

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EUROPE

EUROPE TO NORTH AMERICA

Space availability	
Ocean rates, next 3-months	
Ocean rates, last 3-months	

High inventory levels in USA leads to a continued weak demand, and besides a positive consumer spending in the US (+0,8% in April), demand in Q1 2023 was 6% down year-on-year ex North Europe and 15% down ex Med.

Most if not all of ports congestion is now fully eradicated in major ports, both Europe and USA, including California where ILWU disruptions are minimal. Ocean rates have pointed towards pre-pandemic levels with some carriers, but smaller operators - namely “Kalypso” - have ceased their activities as a result of negative contributions.

EUROPE TO OCEANIA

Space availability	
Ocean rates, next 3-months	
Ocean rates, last 3-months	

Rates have now eased up not only on transshipment services, but also on the direct services, both to Australia and to New Zealand, on which space pressure alleviated a bit.

Volumes in Q1 2023 were down 17% year on year : BWS stocks are high, retail sales slowed down and large supermarkets revised their forecasts downwards -30%, suggesting consumers do keep expenditures under strong watch… As the National Australia Bank commented, **consumer recession has arrived**. Operationally, delays through Europe ports have eased, resulting in better weekly schedule integrity, including on transshipment services.

EUROPE

EUROPE TO ASIA / MIDDLE EAST

Space availability	
Ocean rates, **next 3-months**	
Ocean rates, **last 3-months**	

Rates have come down, even below pre-pandemic levels, essentially on the back of a depressed demand. Volumes from North Europe to Asia as assessed by *Container Trade Statistics* were down another 8% in Q1. Though markets saw a slight demand uptick, overall stock levels remain high.

In terms of capacity, we saw that in April MSC & Maersk pulled out the ‘Shogun’ service on the North Europe route, and in the meantime MSC reintroduced their ‘Dragon’ service from West Med to Asia, but as a stand alone. Now MSC are launching another stand alone service, the ‘Swan’, operated with ~15 KTEU ships, and with notable direct calls in Klaipeda and Gdynia.

Overall the **market remains very volatile**, driven by very low spot rates, but capacity is now being pulled off by the carriers via blank sailing programs.

NORTH AMERICA

NORTH AMERICA TO ASIA

Space availability	
Ocean rates, next 3-months	
Ocean rates, last 3-months	

Both **spot and contract rates are stable**. Capacity will be up on short term, as in May **carriers reduced their blank sailing programs from Asia** (compared with April), implying supply will be there on the return westbound leg.

Demand remains positive at +2,6% year-on-year in Q1 2023, despite all the negative factors such as the trade conflict between the US and China, coupled with the strong US dollar, which continued to adversely impact American exports, particularly of agricultural products. Also the outlook has been affected by China's decision to ban the imports of various types of waste paper and plastic. This highlights that this trade has a short term potential for recovery.

NORTH AMERICA TO OCEANIA

Space availability	
Ocean rates, next 3-months	
Ocean rates, last 3-months	

No changes to the capacity or services existing. CMA-CGM plans to add vessels to PAD, which will not come before next year. Rates have had a downward tendency due to decreased volumes, less 17,8% in Q1 2023 against same period last year. **Per *Drewry,* between May and April’23 rates ex USEC and USWC to Melbourne reduced 5%. Now they would be stable for the next 3 months as utilization levels seem to be going back to normal.** Schedule reliability improved to 56,3% in April, which remains below world average though. The deal between the ILWU and the PMA on US West Coast ports workers is a relief for shippers however no agreement has been found yet in Canada, and strike actions could hit Vancouver and Prince Rupert operations.

NORTH AMERICA

NORTH AMERICA TO EUROPE

Space availability	
Ocean rates, **next 3-months**	
Ocean rates, **last 3-months**	

Spot rates are showing limited decreases, despite this trade was lately one of the rare East-West trades to show a positive volume growth, as carriers who expanded capacity at the end of 2022 are **still looking for cargo especially into base ports.** Intermodal has hick-ups every now and then but nothing effecting the great picture yet.

US West Coast ports are now fully back in business as the International Longshore and Warehouse Union (ILWU) and the PMA (Pacific Maritime Association) reached a tentative agreement, that will now have to be ratified. However West Coast exports were impeded by **restrictions on the Panama Canal,** where water levels reached record lows due to the drought, and boxships have had to wait for 10 days to go through. Latest rains as of June 25th came as a relief, postponing more drastic measures which were due to take place.

ASIA

ASIA TO EUROPE

Space availability	
Ocean rates, next 3-months	
Ocean rates, last 3-months	

The trade has proved dynamic lately, even prompting carriers to reduce blank sailings, from 18 cancelled departures in May to « only » 7 in June. **Indeed, trade volumes were up 11% in April, a trend remarkable especially to the Med, when growth to North Europe was more modest (+2,4%).** It appears that some retailers stocks melted, prompting this replenishment effort. Carriers continue to take possession of new mega vessels that are assigned to this trade, this month Hapag Lloyd, ONE and OOCL each received new 23,500+ TEU ships, following Maersk / MSC in May. Thanks to slow steaming strategies, carriers have not added extra weekly capacity, however adding 3 to 7 days to the transit times.

ASIA TO NORTH AMERICA

Space availability	
Ocean rates, next 3-months	
Ocean rates, last 3-months	

Schedule reliability continues to improve, and as another sign of normalization we could witness in recent months a shift of bookings (which had been diverted to the East Coast) back to the West Coast ports, which do offer shorter transit times and lower rates. So far and despite the turbulences due to ILWU-PMA re-negotiations (now mostly settled), West Coast ports could function close to normal.

Rates keep rather stable, yet at low levels and negative contributions, per carrier reports. Shipping lines blanked 46 sailings in April, then 32 in May, and it's likely we'll see more blank sailings being announced in further weeks so to protect or restore profitability.

OCEANIA

OCEANIA TO NORTH AMERICA

Space availability	
Ocean rates, **next 3-months**	
Ocean rates, **last 3-months**	

Demand is still strong from both Australia and New Zealand, so space remains under pressure. The direct service **to the USWC** remains challenged by chronic port delays (still only 43,6% schedule reliability in April), resulting in vessel bunching, and therefore impacting on what should be a fortnightly Adelaide caller… *Drewry* even reported two consecutive rates increases ex Melbourne to USWC in April and in May (by 4% each). **To the USEC** difficulties have been with the low water situation in Panama Canal, now improving thanks to latest rainfalls.

OCEANIA TO ASIA

Space availability	
Ocean rates, **next 3-months**	
Ocean rates, **last 3-months**	

While supply **ex Australia** has been stable lately after last additions, demand continues to progress, showing a 10% jump in Q1 2023, as **relations between Australia and China have eased** after two years of a deep freeze. China confirmed they would review tariffs imposed in May 2020, starting with barley, and then wine could be discussed. Meanwhile coal and iron ore exports already surged. For the wine it remains quieter, though wine exports to Southeast Asia are on the rise.

Ex New Zealand, Auckland is unproblematic for space and equipment, however **the major wine ports of Nelson and Napier remain restricted** by lack of service options and equipment unavailability.

OCEANIA

OCEANIA TO EUROPE

Space availability	
Ocean rates, **next 3-months**	
Ocean rates, **last 3-months**	

Ex Australia, the direct CMA CGM / MSC service remains busy as Asian commodity demand is loading on the same service, while Europe import volumes declined. Specific on the wine segment, volumes are suffering in particular to the UK, due to inflation and also a loss of market share to other drinks. Equipment, particularly 20fts, remains challenged in Adelaide.

Ex New Zealand, the direct CMA CGM / Marfret service has been under pressure for space, with the Q2 reefer peak. Transshipment services from NZ remained open, also showing stable rates and demand.

Equipment in all outports (particularly Nelson and Napier) remains difficult and inconsistent.

SOUTH AMERICA

SOUTH AMERICA TO NORTH AMERICA

Space availability	
Ocean rates, **next 3-months**	
Ocean rates, **last 3-months**	

Demand remains low from South America to North America. **ZIM launched late April its own service from SAWC to USEC,** the ‘Colibri Express’ (or ZCX) with first call in San Antonio, serving Philadelphia and Miami in the US. This added 1,700 TEU weekly to the trade.
Chilean main ports are affected by the heavy wave season, generating delays if not cut and run or port omissions.

In May, *Drewry* reported the **40ft spot rates ex San Antonio to New York were down 15%.**

SOUTH AMERICA TO ASIA

Space availability	
Ocean rates, **next 3-months**	
Ocean rates, **last 3-months**	

The maritime situation improvements stalled lately, with reliability barely topping 54% in 2023... Plus Valparaiso and San Antonio ports are now hit by the heavy wave season affecting the arrival of ships in port, generating delays if not cut and run or port omissions.

Yet, carriers are generally able to confirm space and equipment for bottled wine. More specific requests however can remain more problematic, and flexitank suitable container availability remains an issue in Chile. Spot rates to main ports have returned for the main to pre-pandemic levels.

SOUTH AMERICA

SOUTH AMERICA TO EUROPE

Space availability	
Ocean rates, **next 3-months**	
Ocean rates, **last 3-months**	

Operations in the Chilean ports have improved, and with hardly any congestion in Europe, the **schedule integrity is way more reliable.** However **demand remains quite low**, maintaining ocean rates under pressure. On the Eurosal / SWX service, Hapag Lloyd added a tenth vessel. With slow steaming and the addition of a call in Le Havre (which call was dropped since July 2021) **the service will now turn in ten weeks so not to increase weekly capacity.**

On the other hand, Panama canal situation has to be monitored. The early drought caused draft restrictions, until recent rainfalls prevented further impending limitations.

SOUTH AFRICA

SOUTH AFRICA TO EUROPE

Space availability	
Ocean rates, **next 3-months**	
Ocean rates, **last 3-months**	

Situation is proving quite stable as reliability now tops 63% on the trade, and ocean rates remain consistent and continue to be reported by *Drewry* around $3,000 /40ft ex Durban to Rotterdam.

As the citrus export season began, carriers gives preference to reefers on board, and the **capacity for dry cargo will be tighter for the next months until end of August**. No changes in terms of supply in the market though. Regarding the wine market, it remains at a lower level than last year, though the South African rand depreciation is assisting competitiveness. Demand may be on the low side ahead, as the 2023 crop size is estimated to be down by 12%.

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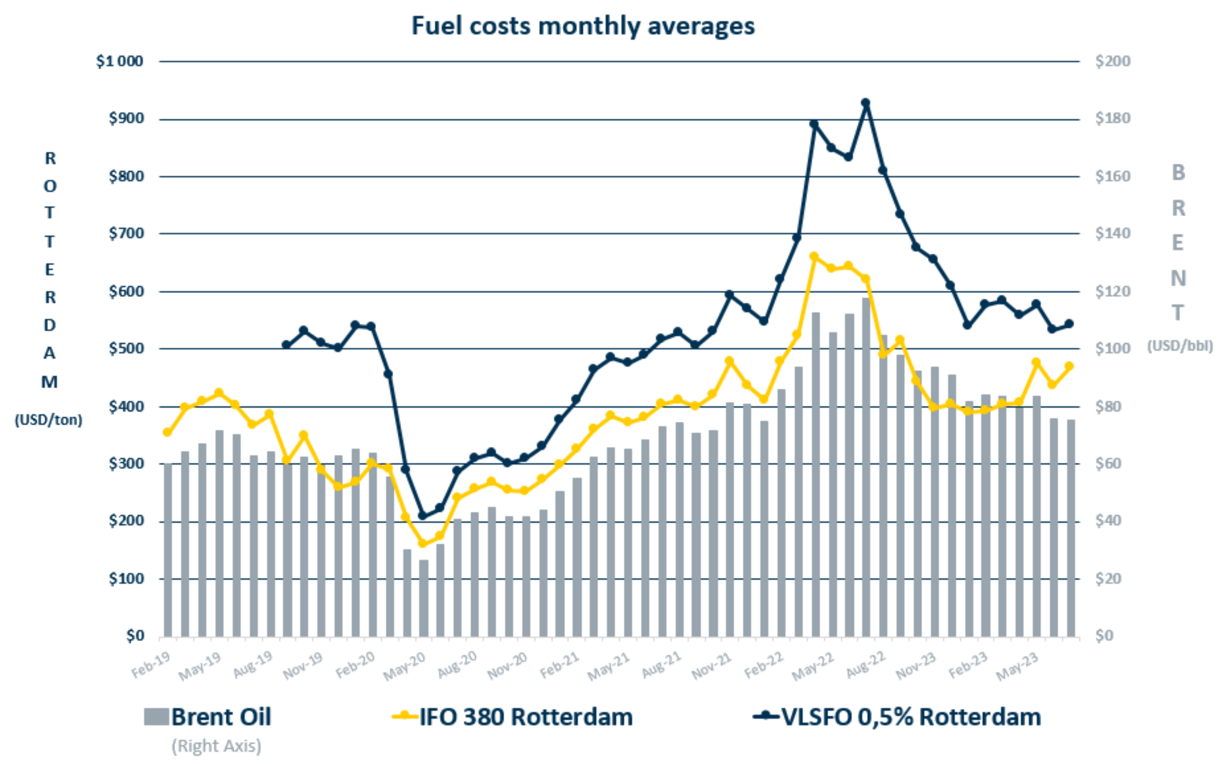
LEGEND

Space availability:

Space extremely limited (or stop booking)	
Space limited	
Space available	

BUNKER WATCH



Thank you