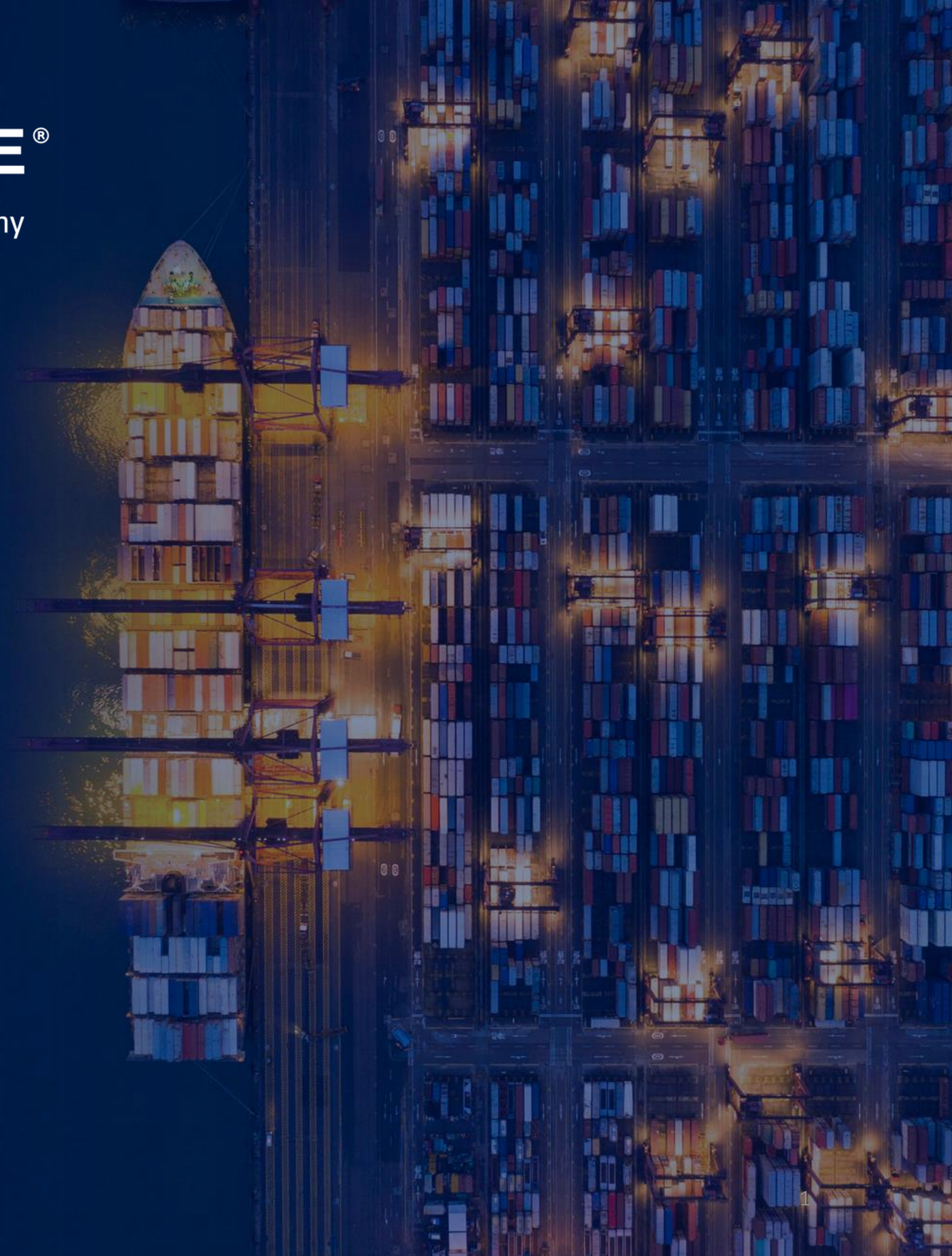
SAVINO DEL BENE®

Global Logistics and Forwarding Company

GLOBAL OCEAN MARKET REVIEW

AUGUST – SEPTEMBER 2023



AGENDA

1 OVERVIEW

GLOBAL DEMAND

Global demand in June was down by 1.5% y/y, predominantly stable compared to May 2023, and 2.5% higher than June 2019. July has grown just 0.2%. August should be worse, as most of the indicators indicate negative growth compared to previous months.

PORT CONGESTION

Despite labor issues in Canada, and some slow down related to Panama Canal draught issues, the global port congestion is now at its lowest levels for some time. Considering the low demand expectations, port congestion will most likely keep improving in the coming months.

SCHEDULE RELIABILITY

Global schedule reliability remained unchanged m/m in July 2023 at 64.2%, maintaining the slightly lower level than the peak reached in May 2023. On an annual basis, however, schedule reliability in July 2023 is still 23.8% higher.

CAPACITY

The tide is turning for container shipping. The market is bracing for a massive inflow of new capacity amid slowing demand and resolved congestion.
This situation makes capacity discipline paramount for container liners, but that won't be easy with increasing competitive pressure after years of record profits.
Blank sailings are on the rise.

RATES LEVELS

The Drewry East-West Freight Rate Index increased for the second month in August, gaining 21% and pushing the monthly price from $1,627 per 40ft container in July to $1,970 in August. However, Drewry believes the reasons behind the rate hike are short-term, and the increase in rates will soon discontinue.

BUNKER/ENVIRONMENT

Almost half of the total orderbook for new vessels consists of either LNG or methanol capable or dual-fuel vessels, despite the premium to pay for such new "green" types of fuels.

2 ECONOMIC OUTLOOK

International Monetary Fund (IMF): *"Global growth is projected to fall from an estimated 3.5% in 2022 to 3.0% in both 2023 and 2024. While the forecast for 2023 is modestly higher than predicted in the April 2023 World Economic Outlook (WEO), it remains weak by historical standards".*

Latest World Economic Outlook Growth Projections

(Real GDP, annual percent change)	2022	PROJECTIONS 2023	PROJECTIONS 2024
World Output	3.5	3.0	3.0
Advanced Economies	2.7	1.5	1.4
United States	2.1	1.8	1.0
Euro Area	3.5	0.9	1.5
Germany	1.8	-0.3	1.3
France	2.5	0.8	1.3
Italy	3.7	1.1	0.9
Spain	5.5	2.5	2.0
Japan	1.1	1.4	1.0
United Kingdom	4.1	0.4	1.0
Canada	3.4	1.7	1.4
Other Advanced Economies	2.7	2.0	2.3
Emerging Market and Developing Economies	4.0	4.0	4.1
Emerging and Developing Asia	4.5	5.3	5.0
China	3.0	5.2	4.5
India	7.2	6.1	6.3
Emerging and Developing Europe	0.8	1.8	2.2
Russia	-2.1	1.5	1.3
Latin America and the Caribbean	3.9	1.9	2.2
Brazil	2.9	2.1	1.2
Mexico	3.0	2.6	1.5
Middle East and Central Asia	5.4	2.5	3.2
Saudi Arabia	8.7	1.9	2.8
Sub-Saharan Africa	3.9	3.5	4.1
Nigeria	3.3	3.2	3.0
South Africa	1.9	0.3	1.7
Memorandum			
Emerging Market and Middle-Income Economies	3.9	3.9	3.9
Low-Income Developing Countries	5.0	4.5	5.2

Source: IMF, *World Economic Outlook*, July 2023

Note: For India, data and forecasts are presented on a fiscal year basis, with FY 2022/2023 (starting in April 2022) shown in the 2022 column. India's growth projections are 6.6 percent in 2023 and 5.8 percent in 2024 based on calendar year.

Compared with projections in the April 2023, WEO growth has been upgraded by 0.2% for 2023, with no change for 2024. The forecast for 2023–24 remains well below the historical (2000–19) annual average of 3.8%.

Advanced economies continue to drive the decline in growth from 2022 to 2023.

In emerging market and developing economies, the growth outlook is broadly stable for 2023 and 2024, although with notable shifts across regions.

On a year-over-year basis, global growth bottomed out in the *fourth quarter of 2022. However, in some major economies, it is not expected to bottom out before the second half of 2023.*

World trade growth is expected to decline from 5.2% in 2022 to 2.0% in 2023, before rising to 3.7% in 2024, well below the 2000–19 average of 4.9%. The decline in 2023 reflects not only the path of global demand, but also shifts in its composition toward domestic services.

2 ECONOMIC OUTLOOK

Selected Economies Real GDP Growth

(Percent change)

	2021	Estimate 2022	Projections 2023	Projections 2024	Difference from April 2023 WEO Projections 1/ 2023	Difference from April 2023 WEO Projections 1/ 2024
Argentina	10,7	5,0	–2,5	2,8	–2,7	0,8
Australia	5,2	3,7	1,6	1,5	0,0	–0,2
Brazil	5,0	2,9	2,1	1,2	1,2	–0,3
Canada	5,0	3,4	1,7	1,4	0,2	–0,1
China	8,4	3,0	5,2	4,5	0,0	0,0
Egypt 2/	3,3	6,7	3,7	4,1	0,0	–0,9
France	6,4	2,5	0,8	1,3	0,1	0,0
Germany	2,6	1,8	–0,3	1,3	–0,2	0,2
India 2/	9,1	7,2	6,1	6,3	0,2	0,0
Indonesia	3,7	5,3	5,0	5,0	0,0	–0,1
Iran 2/	4,7	3,5	2,5	2,0	0,5	0,0
Italy	7,0	3,7	1,1	0,9	0,4	0,1
Japan	2,2	1,0	1,4	1,0	0,1	0,0
Kazakhstan	4,1	3,3	4,8	3,9	0,5	–1,0
Korea	4,3	2,6	1,4	2,4	–0,1	0,0
Malaysia	3,3	8,7	4,5	4,5	0,0	0,0
Mexico	4,7	3,0	2,6	1,5	0,8	–0,1
Netherlands	4,8	4,5	0,8	1,2	–0,2	0,0
Nigeria	3,6	3,3	3,2	3,0	0,0	0,0
Pakistan 2/	5,8	6,1	–0,5	2,5	–1,0	–1,0
Philippines	5,7	7,6	6,2	5,5	0,2	–0,3
Poland	6,9	5,1	1,2	2,2	0,9	–0,2
Russia	5,6	–2,1	1,5	1,3	0,8	0,0
Saudi Arabia	3,9	8,7	1,9	2,8	–1,2	–0,3
South Africa	4,7	1,9	0,3	1,7	0,2	–0,1
Spain	5,5	5,5	2,5	2,0	1,0	0,0
Thailand	1,5	2,6	3,4	3,6	0,0	0,0
Türkiye	11,4	5,6	3,0	2,8	0,3	–0,8
United Kingdom	7,6	4,1	0,4	1,0	0,7	0,0
United States	5,9	2,1	1,8	1,0	0,2	–0,1

- In the **United States**, growth is projected to slow from 2.1% in 2022 to 1.8% in 2023, then slow further to 1.0% in 2024. For 2023, the forecast has been revised upward by 0.2%, on account of resilient consumption growth in the first quarter, a reflection of a still-tight labor market that has supported gains in real income and a rebound in vehicle purchases. However, this consumption growth momentum is not expected to last.

- The forecast for **China** is unchanged at 5.2% for 2023 and 4.5% for 2024, but with a change in composition: Consumption growth has evolved broadly in line with April 2023 WEO projections, but investment has underperformed due to the ongoing real estate downturn in that country. Stronger-than-expected net exports have offset some of the investment weakness, although their contribution is declining as the global economy slows.

- Growth in **India** is projected at 6.1% in 2023, a 0.2% upward revision compared with the April projection, reflecting momentum from stronger-than-expected growth in the fourth quarter of 2022 because of stronger domestic investment.

- For Latin America and The Caribbean, the upward revision for 2023 reflects stronger-than-expected growth in **Brazil**––marked up by 1.2% to 2.1% since the April WEO—given the surge in agricultural production in the first quarter of 2023, with positive spillovers to activity in services. It also reflects stronger growth in **Mexico**, revised upward by 0.8 % to 2.6%, with a delayed post-pandemic recovery in services taking hold and spillovers from resilient US demand.

Global demand trend year-on-year

Graph source: Container Trade Statistics – July 2023
Content: Sea-Intelligence

The demand pictures (global and regional) are starting to clearly depict a market which went through a 6-month temporary period of very weak demand on the major head-hauls, but also a market where this setback has, in essence, been overcome already. But it also shows a market where, even though the setback has been overcome, we are not in a period of strong growth either.

The market collapsed starting in September 2022, as global demand also dropped sharply compared to the pre-pandemic normality. The difference is that when we measure versus 2019, the rebound already happened in February rather than March. The normalization process is still ongoing and will leave the full year, on average, in mild contraction despite a rebound at the world's largest ports in Asia in the second quarter of 2023. Although the economic slowdown continues to weigh on perspectives, we do expect container trade demand to improve mildly from the second half of the year and return to about 3% growth in 2024.

3 GLOBAL DEMAND

Regional demand trend year-on-year

Region	Trade	July 2022 (ETD) Volume in TEU	June 2023 (ETD) Volume in TEU	July 2023 (ETD) Volume in TEU	% MoM	% YoY
Australasia & Oceania	Import	372501	334095	352614	5,54%	-5,64%
	Export	243318	246412	254978	3,48%	4,57%
Europe	Import	2768814	2887092	2809897	-2,67%	1,46%
	Export	2388276	2292746	2249868	-1,87%	-6,15%
Far East	Import	5694526	5886024	5770193	-1,97%	1,31%
	Export	9047409	9255636	9113573	-1,53%	0,73%
ISC & ME	Import	1519371	1662373	1688576	1,58%	10,02%
	Export	1129713	1164867	1247153	7,06%	9,42%
North America	Import	3012578	2643987	2726392	3,12%	-10,50%
	Export	1144168	1097361	1094598	-0,25%	-4,53%
South & Central America	Import	981651	969822	975020	0,54%	-0,68%
	Export	739366	729830	759099	4,01%	2,60%
Sub Saharan Africa	Import	679110	712495	732841	2,86%	7,33%
	Export	336265	309036	336664	8,94%	0,12%
Global	Total I&E	15028515	15095888	15055533	-0,27%	0,18%

Fig.A7: Import TEU growth in July 2023 (year-on-year)

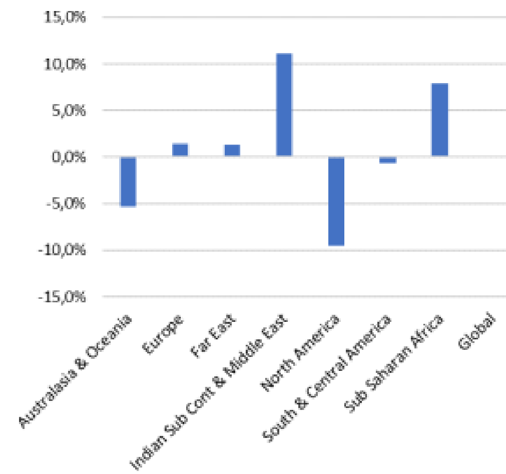
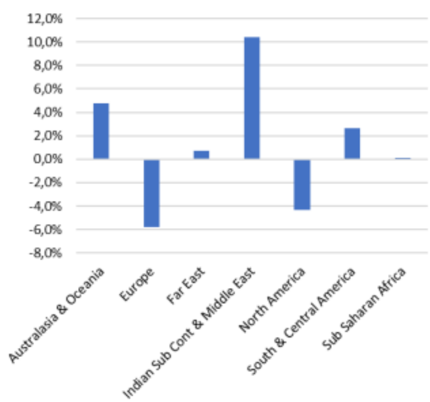


Table source: SDB data from Container Trade Statistics – July 2023
Content & Graphs: Sea-Intelligence

Fig.A8: Export TEU growth in July 2023 (year-on-year)



On the **import side**, the Indian subcontinent, the Middle East, and Sub-Saharan Africa, continue to show the largest comeback. Seen in this context, it is also evident just how much of an outlier both North America and Australia/Oceania are in terms of still seeing major demand collapse on a year-on-year basis.

Exports markets show a strong rebound from India and the Middle East. In contrast, the other two strongest trades – exports from Australia/Oceania, as well as from South and Central America – do not show a very high level of growth.

4 CAPACITY

The outlook for shipping remains mixed. Cargo growth is weak, but capacity is currently the most important factor to watch. Container segment is bracing for a flood of capacity. Global trade has also entered a period of lower growth due to geopolitical concerns, protectionism, and supply chain reconsiderations. Growth is therefore set to remain low into 2024 and this means that shipping tonnage is also under pressure.

Fig.A1: Projected year-on-year capacity growth

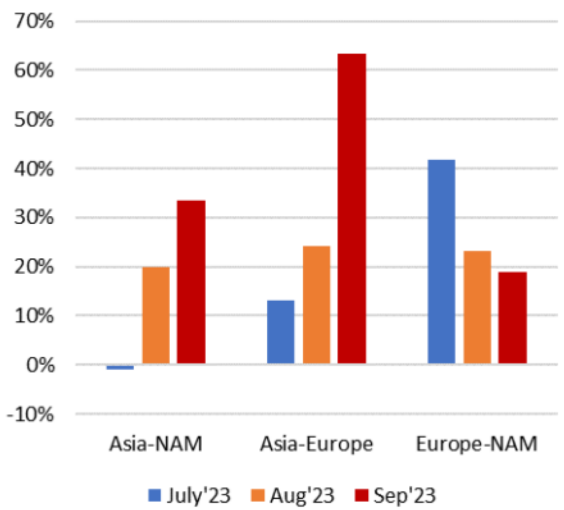


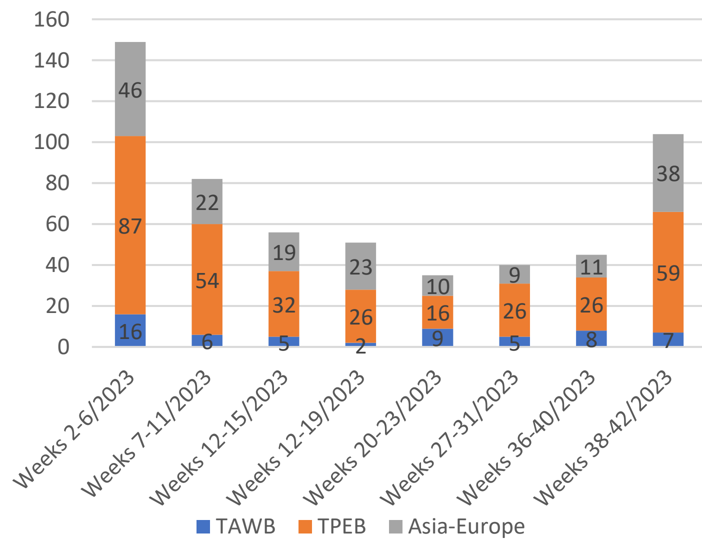
Table source: SDB. Data from Drewry
Graph: Sea-Intelligence
Content: Drewry

Across the major East-West head-haul trades: Transpacific, Transatlantic and Asia-North Europe & Med, 104 cancelled sailings have been announced between weeks 48 and week 42, out of a total of 665 scheduled sailings, representing 16**% cancellation rate**.

- Trans-Pacific Eastbound: 57%.
- Asia – North Europe & Med: 37%.
- Trans-Atlantic Westbound: 7%.

- THE Alliance: 18 cancelations.
- OCEAN Alliance: 35 cancelations
- 2M: 19 cancellations.
- Non-alliance: 32 blank sailings.

Blank sailings trend



4 CAPACITY

On week 34, we informed about the relatively modest implementation of blank sailings just a month away from the Golden Week holiday. At the same time, we warned about the **possibility of last-minute blank sailings**. As a matter of fact, carriers decided to make more significant modifications to deployed capacity and starting week 36, they announced a full round of additional blank sailings.

Fig. B9: Summary of % Blanked Cap

	2023 WK 36	2023 WK 34	2019	2018	2017
Asia-NAWC	14.1%	3.7%	12.2%	4.4%	11.2%
Asia-NAEC	16.1%	2.2%	12.7%	7.5%	14.2%
Asia-NEUR	19.9%	6.8%	18.8%	10.6%	13.0%
Asia-MED	21.0%	7.7%	18.6%	22.9%	16.9%

Content & Graphs: Sea-Intelligence

In the past two weeks after we initially did this analysis, carriers have announced a slate of blank sailings. These announcements mean that across all four trade lanes, the percentage of capacity that has so far been scheduled to be blanked across the four-week Golden Week period is now the highest. Furthermore, carriers have already met the target capacity reductions if we were to use the capacity reductions of either 2019 or the average of 2017-2019 as a guide.

5 PORT CONGESTION > **Congestion Watch**

Port Congestion Week 2/2023	Port Congestion Week 18/2023	Port Congestion Week 35/2023
2.32m TEU 8.9% of fleet	1.55m TEU 5.9% of fleet	1.37m TEU 5.0% of fleet

Source: Linerlytica

In Q2 2023, the average waiting time for ships to enter the top 20 container ports in the world was 6.2 days, down from a peak of 16.2 days in Q4 2021. The average dwell time (the amount of time a ship spends at a port after it has docked) was 4.4 days, down from a peak of 10.3 days in Q4 2021. The improvement in port congestion has helped to reduce shipping delays and costs. However, there are still some challenges that need to be addressed, such as labor issues in critical ports/areas around the world.

Global port congestion has dropped to a 3-month low of just 5% of the global fleet waiting at anchorages around the world, with conditions in the 3 main regions in North America, North Asia and Europe all showing continued improvements. No major congestion hotspots have developed after the labor issues at the North America west coast ports are resolved and the after-effects of the recent typhoons have also started to clear out. The situation at the Panama Canal remains under control.

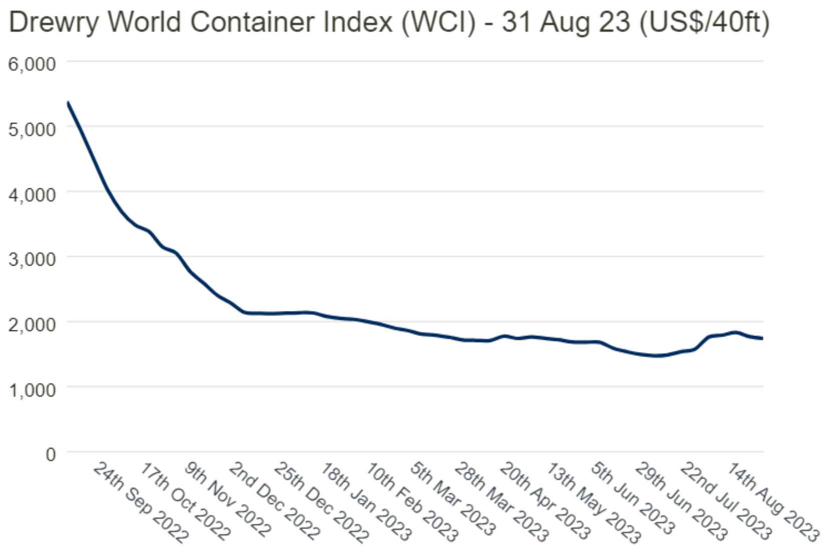
6 ALBERTO RIVOLA'S PERSPECTIVE

Alberto Rivola
Head of Global Ocean Procurement

According to Linerlytica, global containership has been growing at an average of 190,000 TEU a month since April, after accounting for new ship deliveries and capacity upgrades and deducting scrapped capacity and deletions. Carriers have been trying to fight back this situation by closing services, slow steaming, and blank sailings. However, the results are still far from what the shipping lines hoped for. The latest Drewry WCI composite index (21Sept23) of $1,479.48 per 40-foot container is 45% lower than the 10-year average of $2,679, indicating a return to more normal prices, but remains 4% higher than average 2019 (pre-pandemic) rates of $1,420. Some trades are suffering more than others, with levels already below pre-pandemic rates.

At the same time, based on market knowledge, the rate increase compared to 2019 is insufficient to cover the higher operational costs that shipping lines face nowadays. So far, carriers have not been able to tackle this issue adequately. In my opinion, I do not believe we are not in a price war environment, but the amount of cash that shipping lines enjoyed in the past few years allowed carriers to sustain the current economic downturn and the slowdown in global demand. However, my feeling is that the financial results of the second half of 2023 will start to depict quite a grim scenario for all carriers, even those that so far have been able to hold up quite well. The economic outlook for 2024 is not so bright either. We cannot expect a sudden turn of events for next year. Hence, we must be prepared to see more aggressive actions in the coming months in the form of service cancellations and blank sailings. Spot market rates are currently extremely attractive for shippers, but in the long-run they might not be able to move freight every week, and the volume customers need to move every week. Therefore, when preparing the budget for 2024, my suggestion is to negotiate rate levels that allow moving freight on a regular basis and work with partners like Savino Del Bene, whose many local experts can provide adequate solutions to customers' multiple shipping requirements.

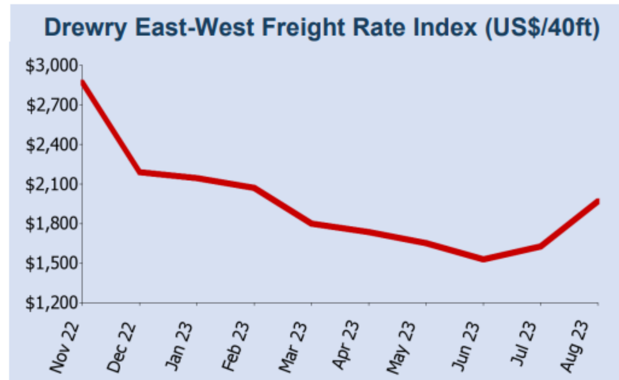
7 TRENDS > RATES

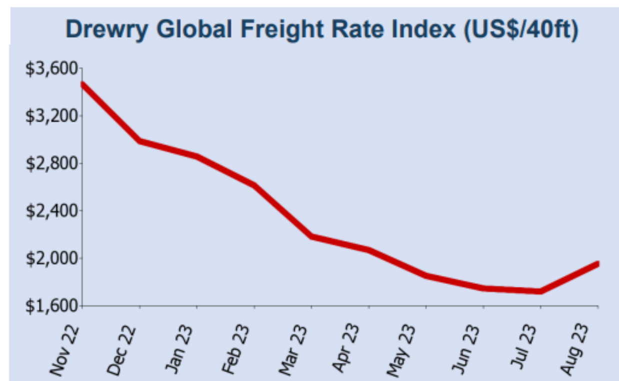


Graphs and table source: Drewry

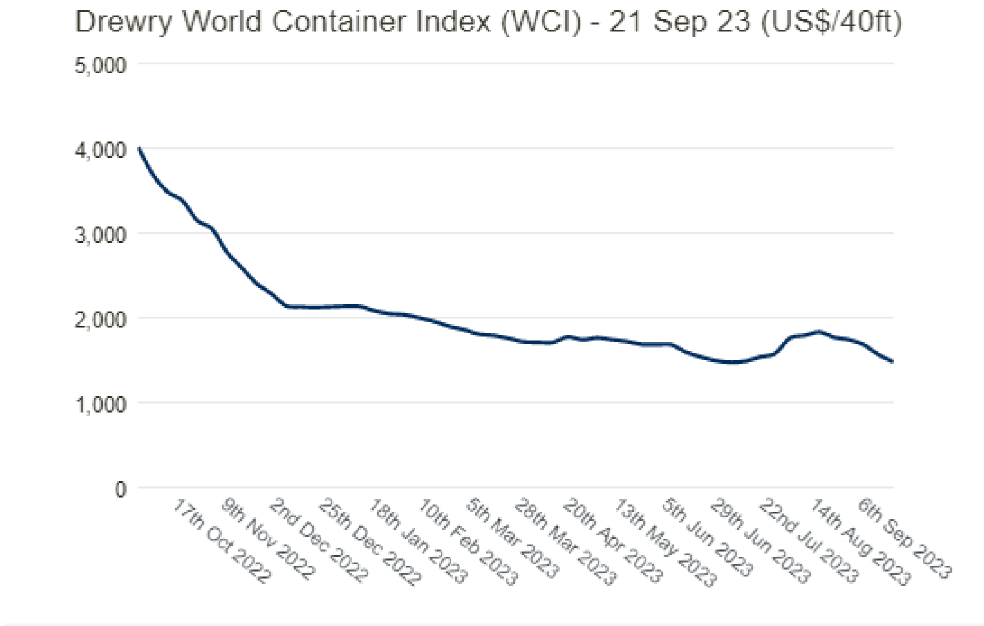
The latest Drewry WCI composite index of $1,739.59 per 40-foot container is now 83% below the peak of $10,377 reached in September 2021. It is 35% lower than the 10-year average of $2,682, indicating a return to more normal prices, but remains 22% higher than average 2019 (pre-pandemic) rates of $1,420.
The composite index has decreased by 1.6% to $1,739.59 this week and has dropped by 69.3% when compared with the same week last year.

The Drewry East-West Freight Rate Index increased for the second month in August, gaining 21% and pushing the monthly price from $1,627 per 40ft container in July to $1,970 in August. However, Drewry believes the reasons behind the rate hike are short-term, and the increase in rates will discontinue. The 21% jump in the Drewry East-West Freight Rate Index can be attributed to the GRIs on the Transpacific eastbound and Asia-Europe westbound routes. Drewry believes that carriers cashed in on short-term bottlenecks or issues (low water at the Panama Canal, risks of port issues in Canada), along with increased cancelled sailings, to raise spot rates ahead of 2024 bid negotiations, which will continue to rise in 2024. Looking at the fundamentals, the scheduled deliveries of many new ships during the remainder of 2023 suggest something different. Carriers will be under pressure to give up rate increases to fill their ships based on current demand forecasts. As the Drewry East-West Freight Rate Index is still 17% higher than pre-Covid (August 2019) levels – rates on some East-West routes are likely to decrease.





7 TRENDS > RATES



Graphs and table source: Drewry

Trends in Spot Container Rates by Major Trade Route/Region

Major Trade Route	Recent Trend	Short-term Forecast
Transpacific Eastbound	↑	↑
Transpacific Westbound	↓	→
Asia-Europe/Med Westbound	↑	→
Asia-Europe/Med Eastbound	↓	→
Intra-Asia	→	→
South Asia Exports	→	→
South Asia Imports	↓	↓
Middle East Exports	→	→
Middle East Imports	↓	↓
Transatlantic Westbound	↓	→
Transatlantic Eastbound	→	→
South America - Northbound	→	→
South America Southbound	→	→
Africa Northbound	→	→
Africa Southbound	→	→
Oceania Northbound	→	→
Oceania Southbound	↑	→
Intra-Europe	→	↓

- Asia-N Europe, Asia-Med and Asia-USWC are all at the lowest point seen in the past month.
- Asia to Med remains 17% higher than 2019, but the back haul trade is now -11% below 2019 levels.
- The Pacific is somewhat better off still. Asia-USWC is 48% higher than 2019, Asia-USEC is only 28% higher whereas the USWC-Asia backhaul is still a substantial 93% above.
- The collapse in the head-haul Atlantic was certainly not corrected and the trade is now -34% below pre-pandemic level whereas the backhaul from USEC to North Europe is 43% higher.

7 TRENDS > RATES

Freight rates have rebounded slightly following the 1 August rate increase applied on trades out of Asia to the US, Australia and India/Middle East **but the gains are reversing as quickly, as they are applied with carriers offering rate discounts**. Asia Europe rates were severely battered due to continued capacity pressure with 3 ULCS units delivered over the past week alone, as the pace of newbuilding deliveries is maintained at just below the 200,000 TEU level in August. Furthermore, there are few signs of capacity discipline, as scrapping activity remains muted while the idle fleet remains stubbornly low at just 0.5% of the fleet.

Rates will come under increasing pressure through September, with transpacific carriers already withdrawing peak season surcharges even before the Golden Week holidays in October. Belated attempts to blanks sailings from the end of September will do little to address the imbalance in the absence of concrete service withdrawals.

Shanghai Containerized Freight Index Contract Template

Description	Unit	Weighting	Previous Index 2023-09-15	Current Index 2023-09-22	Compare With Last Week
Comprehensive Index			948.68	911.71	-36.97
Europe (Base port)	USD/TEU	20.0%	658	623	-35
Mediterranean (Base port)	USD/TEU	10.0%	1248	1217	-31
USWC (Base port)	USD/FEU	20.0%	1888	1790	-98
USEC (Base port)	USD/FEU	7.5%	2550	2377	-173
Persian Gulf and Red Sea (Dubai)	USD/TEU	7.5%	864	815	-48
Australia/New Zealand (Melbourne)	USD/TEU	5.0%	617	610	-7
East/West Africa (Lagos)	USD/TEU	2.5%	2323	2220	-103
South Africa (Durban)	USD/TEU	2.5%	1324	1312	-12
South America (Santos)	USD/TEU	5.0%	1816	1793	-23
West Japan (Base port)	USD/TEU	5.0%	306	308	3
East Japan (Base port)	USD/TEU	5.0%	320	322	2
Southeast Asia (Singapore)	USD/TEU	7.5%	182	174	-8
Korea (Pusan)	USD/TEU	2.5%	145	147	2

Graph and table source: Shanghai Containerized Freight Index

6 TRENDS > RATES AND CAPACITY BY TRADE

+ + Strong Increase | **+** Moderate increase | **=** No change | **-** Moderate decline | **- -** Strong decline

FROM NORTH AMERICA		
TO	RATES	CAPACITY
ASIA	=	=
EUROPE	=	=
LATAM	+	=
M.E	-	=

FROM LATIN AMERICA		
TO	RATES	CAPACITY
ASIA	-	=
EUROPE	--	=
NORTH AM.	+	=
M.E	=	=

FROM EUROPE		
TO	RATES	CAPACITY
ASIA	=	=
LATAM	-	=
NORTH AM.	-	=
M.E	=	=

FROM ASIA		
TO	RATES	CAPACITY
NORTH AM.	-	-
EUROPE	-	=
LATAM	-	=
M.E	-	=

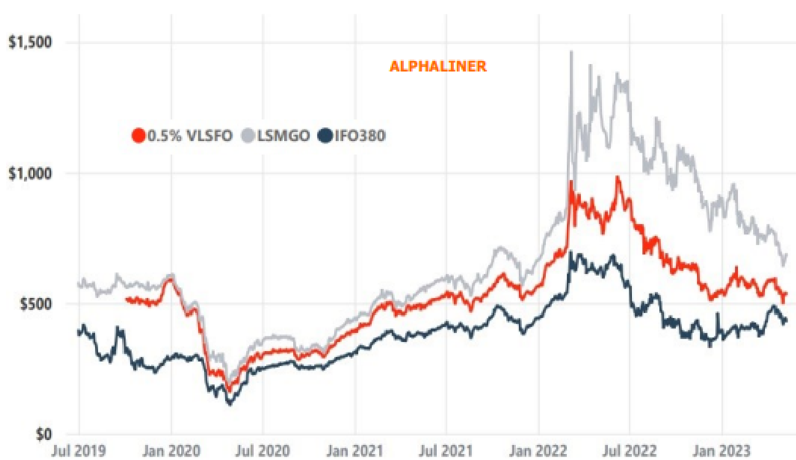
FROM MIDDLE EAST		
TO	RATES	CAPACITY
ASIA	-	=
EUROPE	--	=
LATAM	-	=
NORTH AM.	--	=

Rates and Capacity by trade August 2023. Source Savino Del Bene

6 TRENDS > BUNKER

- Bunker prices should average lower in 2023 than last year, providing some cost relief for carriers
- Lines have already revised down bunker surcharges for the current and coming quarter
- The collapse in LNG prices has opened up opportunities for dual-fuel vessel operators again
- Scrubber-fitted tonnage is plateauing at around 33-34% of the fleet

Rotterdam Bunker Prices since 2019 (USD/ton)



On average, despite the recent increases, bunker prices (all specifications) are substantially down year-on-year so far in the current quarter. The trend could potentially help carriers in their fight to stay profitable in the new market conditions.

The push for alternative fuels in shipping is strongest in the container segment, probably as it operates relatively close to consumers. LNG still makes up the largest fraction of alternative fuel ordered for vessels followed by methanol, ammonia, and even hydrogen.

As of end of June, 371 LNG "ready" orders, 191 ammonia "ready", 130 methanol "ready", 9 hydrogen "ready".

The recent collapse in natural gas prices has once again rendered LNG-fuel trading economically attractive. Natural gas spot prices hit a near 3-year low in April and continue to hover around this level, while costs have tumbled more than 75% since the peak in August.

Carriers with dual-fuel tonnage, which to date have largely traded on conventional fuel, will be re-doing their calculations as lines look for maximum cost savings in the new rate environment.

Natural Gas Prices 2017-2023 (USD/MMBtu)

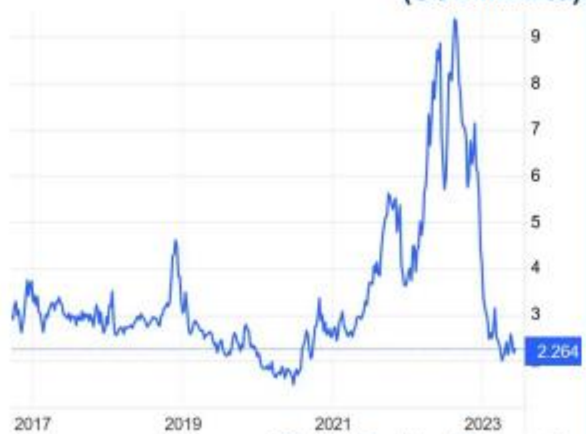
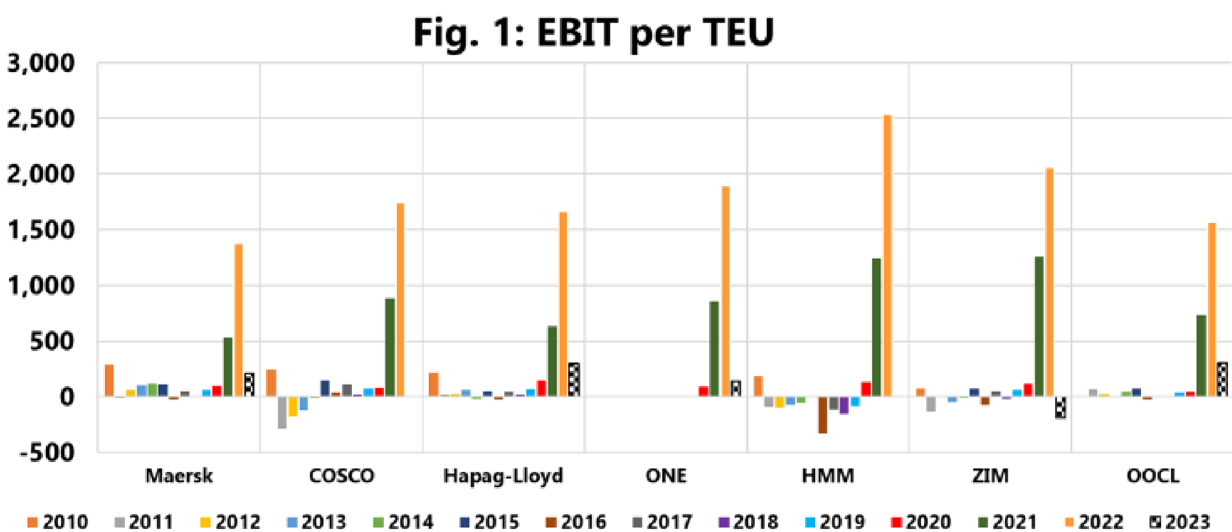


Chart: Trading Economics

Dual-fuel means that vessels are either equipped to run on alternative fuels, or that the vessel is already able to switch. In most cases, vessels can still burn fuel oil or switch to it, which provides flexibility, also in the light of price differential as a premium needs to be paid. In most cases, retrofitting vessels is not attractive. This means the surge in dual-fuel investment pushes capacity inflow up further.

6 TRENDS > Q2/2023 CARRIERS' EARNINGS

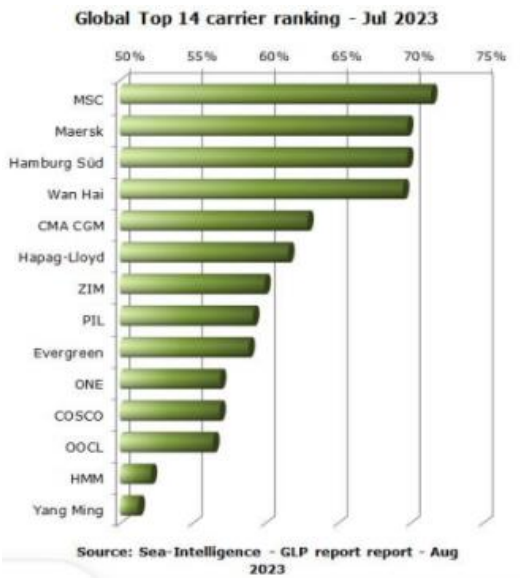
After two very profitable years for the shipping lines, the market is shifting into a post-pandemic normality, as reported by Sea Intelligence.
More specifically, while the fourth quarter of 2022 gave a first glimpse into what this might look like, the **first quarter of 2023 was the first quarter where the carriers' operating profits took a real hit.**
Additionally, this continued into the **second quarter of 2023**, with the **combined earnings** before interest and taxes (EBIT) **dropping by 90% year on year** to a little over US$3 billion.
According to market analysis, the industry achieved a Q2 cumulative net profit of $8.9 billion.
This compares with the all-time record $63 billion profit for Q2 22, at the height of the post-pandemic demand boom.
The best results were published by CMA CGM, with a net profit of $1.33 billion, followed by Maersk, with $1.29bn, and China state-owned Cosco Shipping, which includes OOCL, with $1.2 billion – interestingly, the only company to see a quarter-on-quarter improvement at the EBIT stage.
At the bottom of the net earnings pile was Israeli carrier **Zim, with a Q2 loss of $162 million, and Taiwan's Yang Ming**, which achieved a just below breakeven result of a net loss of $4 million.
Cumulatively, **while net liner income this year would be down significantly from 2022, the total will still be well above the record profit levels prior to the pandemic.**



Source: Sea-Intelligence.com, Sunday Spotlight, issue 628

- Largest 2023-Q2 EBIT/TEU recorded by OOCL of US$305/TEU. In contrast, the smallest EBIT/TEU in 2022-Q2 was US$1,377/TEU.
- Maersk with US$207/TEU, Hapag-Lloyd with US$298/TEU, and ONE with US$137/TEU all recorded EBIT/TEU within a much narrower range of US$130-300/TEU.
- In all of this, ZIM recorded a negative EBIT/TEU of -US$195/TEU. Basically, they lost US$195 for every TEU that they moved in the second quarter of the current year.

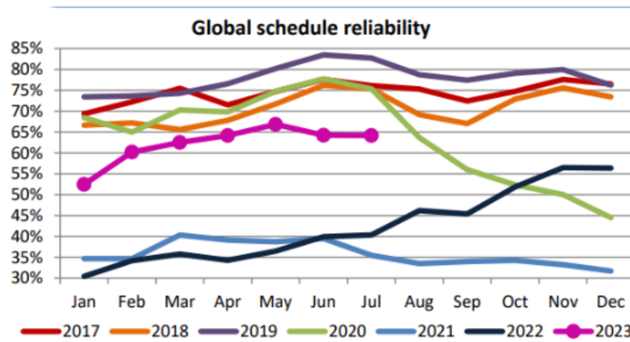
6 TRENDS > SCHEDULE RELIABILITY - Global

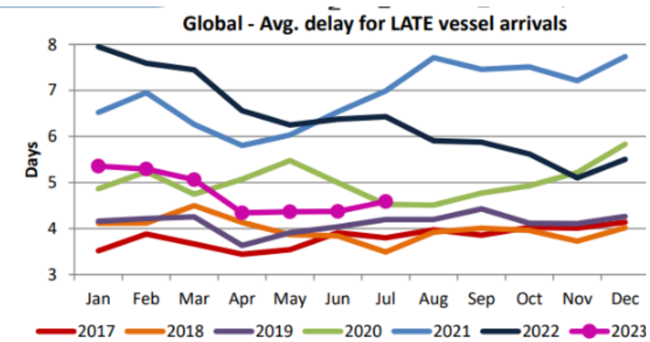


MSC was the most reliable top-14 carrier in July 2023, with a schedule reliability of 71.5%. MSC was the only carrier with a schedule reliability over 70%. The next six carriers had a schedule reliability of between 60%-70%. All seven remaining carriers had schedule reliability of between 50%-60%. As in the two previous months, the difference in schedule reliability of the most and least reliable carrier remains substantial.

Nine of the top-14 carriers recorded a monthly improvement in schedule reliability in July 2023. On an annual, all 14 carriers recorded double-digit improvements, with Wan Hai recording the largest improvement of 36.6%.

Global schedule reliability remained unchanged m/m in July 2023 at 64.2%, maintaining the slightly lower level than the peak reached in May 2023. On a yearly level, however, schedule reliability in July 2023 is still 23.8% higher.





Global		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Schedule Reliability	2022	30.4%	34.2%	35.8%	34.3%	36.5%	39.9%	40.3%	46.2%	45.4%	51.8%	56.5%	56.4%
	2023	52.4%	60.2%	62.5%	64.2%	66.8%	64.2%	64.2%					
	Change	**22.0%**	**26.0%**	**26.7%**	**29.9%**	**30.4%**	**24.3%**	**23.8%**					
Avg. delay of LATE vessels	2022	7.95	7.59	7.45	6.56	6.25	6.37	6.43	5.90	5.88	5.62	5.10	5.50
	2023	5.36	5.29	5.06	4.34	4.37	4.37	4.59					
	Change	**-2.59**	**-2.30**	**-2.39**	**-2.22**	**-1.88**	**-2.00**	**-1.85**					

Sea-Intelligence Maritime Analysis Global Liner Performance Report – August 2023 3

Table & content source: Sea-Intelligence Global Liner Performance – August 2023

6 TRENDS > SCHEDULE RELIABILITY **BY TRADE**

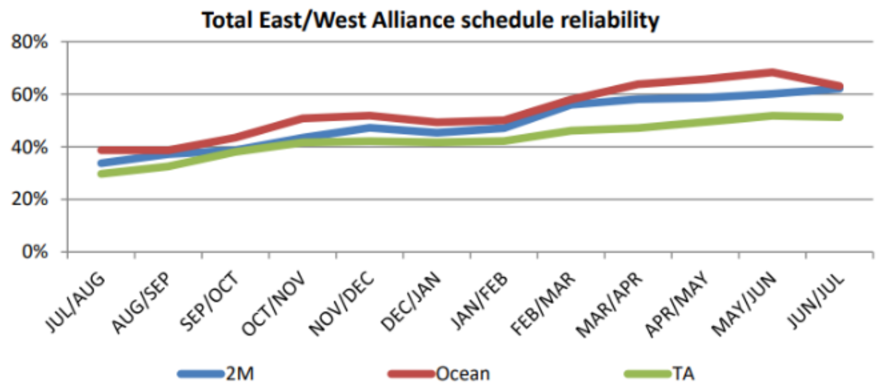
Tradelane	JUN/JUL 2022	MAY/JUN 2023	JUN/JUL 2023	M/M change	Y/Y change
Asia-NAWC	25.1%	46.2%	41.9%	-4.3%	16.8%
Asia-NAEC	14.9%	41.4%	38.8%	-2.6%	23.9%
Transpacific WB	37.8%	63.2%	60.7%	-2.4%	22.9%
Asia - North Europe	30.0%	70.4%	69.8%	-0.7%	39.8%
Asia - Mediterranean	34.7%	55.1%	55.0%	-0.1%	20.4%
Europe - Asia	32.8%	63.7%	62.6%	-1.1%	29.8%
Transatlantic EB	38.7%	71.9%	76.2%	4.3%	37.5%
Transatlantic WB	29.2%	69.2%	71.7%	2.5%	42.5%
Europe - South America	46.2%	90.7%	88.6%	-2.2%	42.4%
South America - N. Europe	58.1%	91.0%	88.5%	-2.4%	30.4%
South America - Med.	64.7%	90.8%	90.2%	-0.5%	25.5%
N. America - South America	33.8%	82.5%	76.1%	-6.4%	42.3%
South America - N. America	29.4%	74.7%	70.9%	-3.8%	41.5%
Europe-Oceania	47.5%	81.5%	83.0%	1.5%	35.5%
N. America - Oceania	44.6%	71.3%	76.5%	5.2%	32.0%
Oceania - N. America	59.3%	75.9%	64.2%	-11.7%	4.9%
Asia - Oceania	18.4%	61.1%	54.7%	-6.4%	36.3%

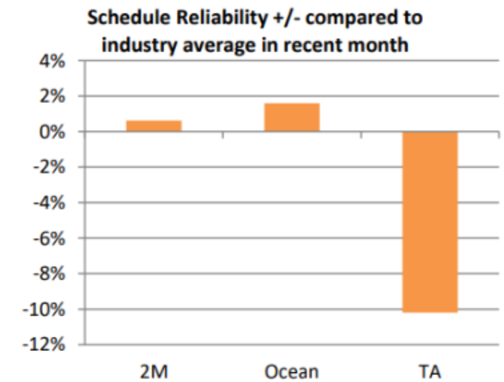
Tradelane	JUN/JUL 2022	MAY/JUN 2023	JUN/JUL 2023	M/M change	Y/Y change
Oceania - Asia	24.0%	62.5%	61.2%	-1.3%	37.2%
Asia - Middle East	25.9%	49.1%	47.4%	-1.7%	21.5%
Middle East - Asia	27.9%	55.2%	56.1%	0.9%	28.2%
Europe - Middle East	55.1%	67.3%	70.4%	3.1%	15.3%
Middle East - Europe	48.3%	63.5%	64.9%	1.4%	16.7%
Asia - Indian Sub.	33.2%	54.7%	55.4%	0.8%	22.3%
Indian Sub. - Asia	35.0%	60.0%	54.4%	-5.7%	19.4%
Europe - Indian Sub.	64.0%	81.2%	81.7%	0.5%	17.7%
Indian Sub. - Europe	39.1%	71.7%	73.4%	1.7%	34.2%
Asia - Africa	48.7%	55.7%	53.7%	-2.0%	5.1%
Africa - Asia	39.8%	64.8%	63.5%	-1.2%	23.7%
Europe - Africa	43.6%	57.9%	56.5%	-1.4%	12.9%
Africa - Europe	49.2%	71.5%	67.3%	-4.2%	18.2%
Asia - ECSA	49.3%	65.7%	57.4%	-8.3%	8.1%
ECSA - Asia	48.8%	65.9%	64.3%	-1.5%	15.5%
Asia - WCSA	52.6%	63.7%	70.0%	6.3%	17.4%
WCSA - Asia	47.1%	66.8%	66.7%	-0.1%	19.6%

Sea-Intelligence Maritime Analysis Global Liner Performance Report – August 2023

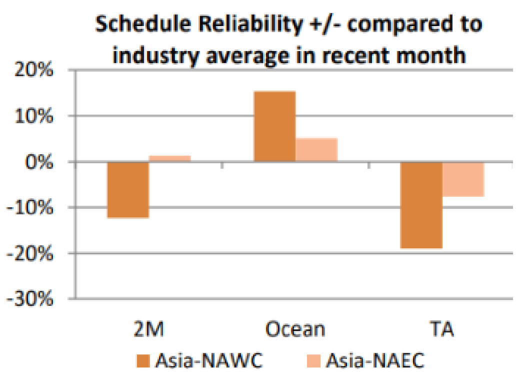
Table & content source: Sea-Intelligence Global Liner Performance – August 2023

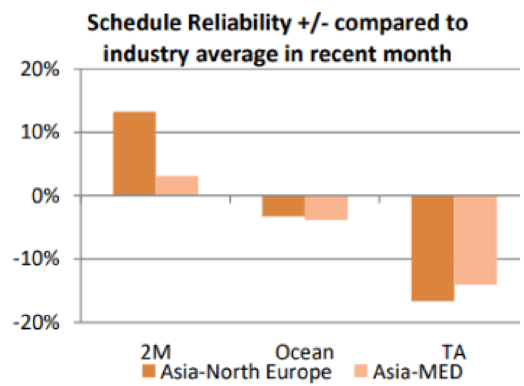
In June/July 2023, schedule reliability improved m/m in only 11 of the 34 trade lanes. On an annual level, all 34 trade lanes recorded an improvement in schedule reliability. Transatlantic Westbound recorded the largest improvement of 42.5% to 71.7%, while Oceania-North America recorded the smallest y/y improvement of 4.9% to 64.2%.
Schedule reliability decreased by -4.3% m/m on **Asia-North America West Coast**, reaching 41.9%, and decreased by -2.6% m/m on **Asia-North America East Coast** to 38.8%.
Asia-North Europe saw schedule reliability decline in June/July 2023 by -0.7% m/m to 69.8%, while **Asia-Mediterranean** saw schedule reliability decline by -0.1% m/m to 55.0%.
Schedule reliability increased monthly by 4.3% on the **Transatlantic Eastbound** and by 2.5%
On the T**ransatlantic Westbound**, reaching 76.2% and 71.7%, respectively.

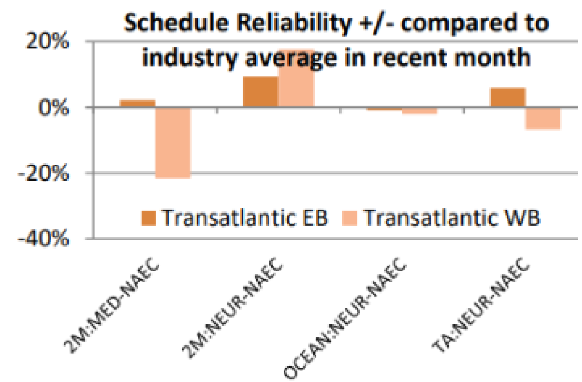




		Alliance	JUL/AUG	AUG/SEP	SEP/OCT	OCT/NOV	NOV/DEC	DEC/JAN	JAN/FEB	FEB/MAR	MAR/APR	APR/MAY	MAY/JUN	JUN/JUL
Schedule Reliability	East/ West	2M	33.8%	37.2%	38.7%	43.5%	47.2%	45.4%	47.1%	56.0%	58.1%	58.6%	60.1%	62.1%
		Ocean	38.7%	38.7%	43.5%	50.8%	51.9%	49.3%	50.1%	58.0%	63.8%	65.7%	68.3%	63.1%
		TA	29.7%	32.5%	38.1%	41.7%	42.2%	41.7%	42.2%	46.1%	47.1%	49.5%	51.8%	51.3%
		Total E/W	35.4%	37.9%	41.3%	47.6%	49.0%	46.1%	47.2%	52.8%	56.2%	60.0%	62.2%	61.5%



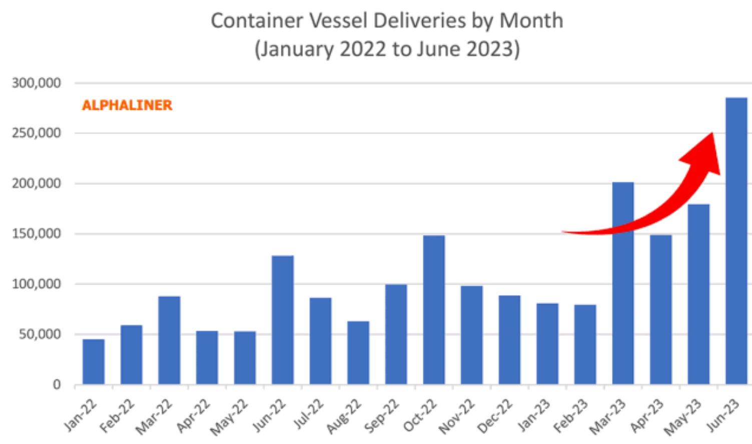




Table&content source: Sea-Intelligence Global Liner Performance – August 2023

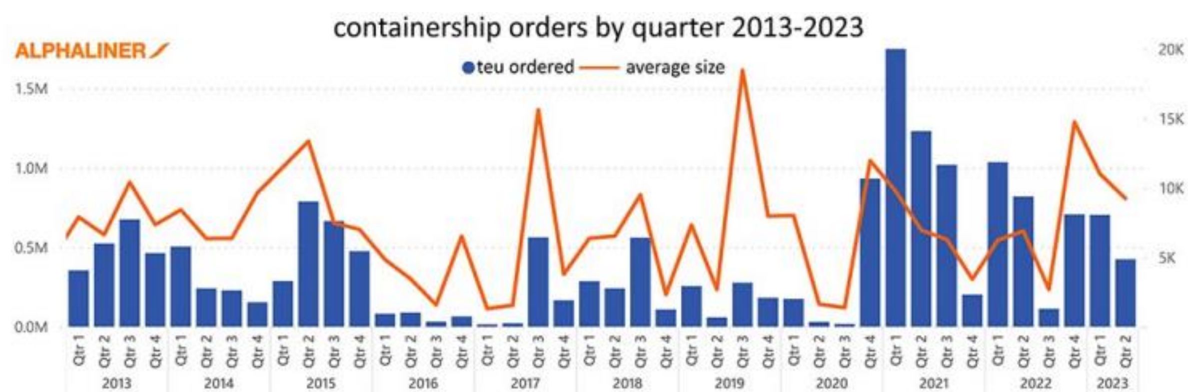
6 TRENDS > VESSELS' ORDERBOOK

- **Vessel deliveries reached ca. 300,000 teu in June.**
- **MSC alone accounted for 39% of this, since the carrier is taking delivery of numerous MGX and NPX vessels these days.**
- **Since taking the liner top-spot in January 2022, MSC has put a gap of 1 Mteu between itself and Maersk.**
- **Deliveries will remain high over the next months, but labor shortages at shipyards and a weakening cargo market could see handovers deferred.**



Today's new wave of new-building deliveries results from the order 'craze' of 2020 and 2021.
At that time, a lackluster market and lingering vessel overcapacity had seen the orderbook-to-fleet ratio fall to a historic low of just 9%.
The post-Covid cargo boom and a period of sky-high freight rates then finally prompted carriers to place fresh vessel orders. Many invested (part of) their windfall profits into vessel new-buildings to expand and renew their fleets. Two years after the start of the frenzy, many of the ships ordered in 2020 are now hitting the market.

Over the course of this year and the next, newbuilding deliveries are expected to remain high, fueled by an orderbook of 7.60 MTEU - or 28.5% of the existing liner fleet. While the new CII and EEXI regulations have created some 'artificial' tonnage demand though mandated slow-steaming, cargo volumes will most certainly not grow enough to absorb all these new ships.
Alphaliner, therefore, believes that large chunks of today's vessel newbuilding pipeline will be for fleet renewal, rather than fleet growth.



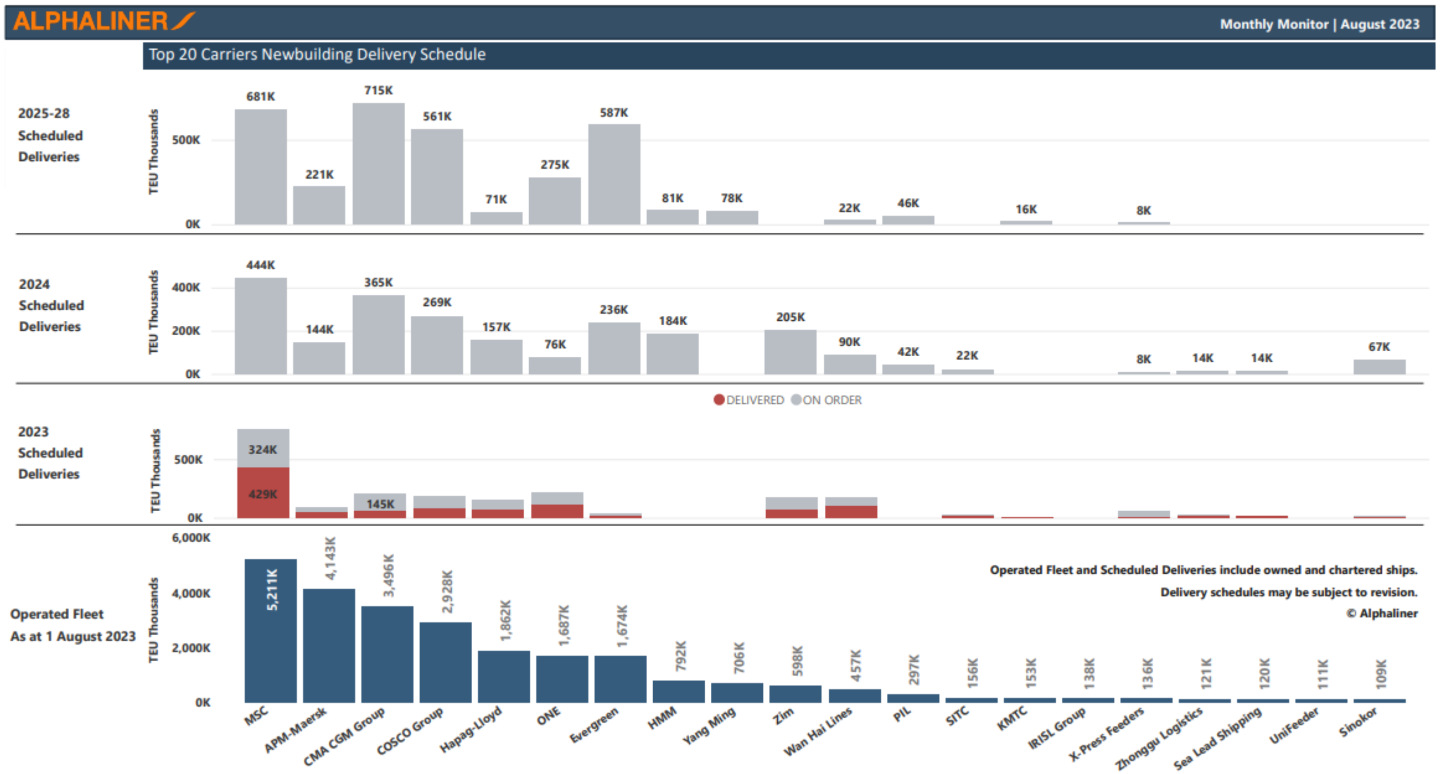
Table&content source: Alphaliner

6 TRENDS > VESSELS' ORDERBOOK

Cellular Orderbook as at 1st of the month

Ships On Order	TEU On Order	Of which Chartered Ships	Of which Chartered TEU	% Chartered TEU	As % of existing fleet
934	7,844,912	349	2,163,484	27.6%	28.9%

Liner Fleet as at	1 August 2023
Liner ships incl. non-cellular	6,671 units
Total liner capacity (teu)	27,513 Mteu
Year-on-year increase %	6.31%
No. of cellular ships	5,835 units
Total cellular capacity (teu)	27,102 Mteu
Year-on-year increase %	6.33%
Chartered fleet % by teu	44.70%
Cellular fleet as % of liner total	98.50%
% of cellular fleet idle	0.90%
Orderbook	7,844 Mteu
Orderbook as % of current fleet	28.9%
Deliveries Jan-Jul 2023	173 units/ 1,189,433 teu
Deletions Jan-Jul 2023	42 units/ 77,067 teu
New Orders Jan-Jul 2023	151 units/ 1,533,379 teu



Charter Rate Trend

Size	Jul 2023	Jun 2023	Change %
8500 teu	45,000	45,000	0.0% →
5600 teu	35,000	35,000	0.0% →
4000 teu	23,000	25,000	-8.0% ↓
2500 teu	16,300	17,600	-7.4% ↓
1700 teu	13,750	16,250	-15.4% ↓
1000 teu	11,750	12,800	-8.2% ↓
Alphaliner Index	136	144	-5.6% ↓

Note: rates based on 12 months fixtures

Table&content source: Alphaliner

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