



SAVINO DEL BENE®

Global Logistics and Forwarding Company

GLOBAL OCEAN MARKET REVIEW

JUNE 2022

EXTERNAL

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1. OVERVIEW

LATEST UPDATE

After more than two months, Shanghai officially exited lockdown on June 1st.

An estimated 260,000 TEU of export cargo was not shipped from Shanghai in April due to the lockdown.

And given that the summer peak season is normally busier, we expect a strong volume and new capacity shortages.

RATES LEVELS

Rate levels from Asia are dropping. Comparing YoY pricing trends, we can see that the levels are getting close to last year's rate.

We also expect that rates will grow soon due to summer peak season, could take place in the next few weeks.

SCHEDULE RELIABILITY

Global schedule reliability declined M/M in April 2022 by -1.3 percentage points and reached 34.4%.

The average delay continues to be the highest across each month when compared with historical data.

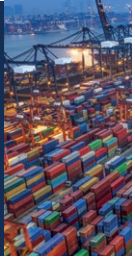
PORT CONGESTION

Global port congestion has grown in the last few weeks due to increased congestion in eastern and northern Chinese ports mainly around Ningbo and Qingdao. North America showed a high level of congestion, mainly on the East Coast where there is heightened congestion around New York, Savannah and Houston. West Coast is shown continued improvements in LA/LB recording the best performance since August 2021.

BUNKER

Bunker price returned to growth. VLSFO is over \$1000/mt while IF0380 is around \$650/mt.

The higher the spread between VLSFO and IF0380, the higher the advantage for those vessels equipped with scrubbers, because they can reduce the impact of the bunker price on each voyage.



2. LATEST UPDATES AROUND THE WORLD > CHINA SITUATION

After more than two months, Shanghai officially exited lockdown on June 1st.

According to a Drewry analysis, the impact of vessel calls at Shanghai, Ningbo and Qingdao since the beginning of lockdown shows that the total reduction of calls in Shanghai between week 15 and week 18 was 26%, while the calls in Ningbo and Qingdao increased.

An estimated 260,000 TEU of export cargo was not shipped from Shanghai in April due to the lockdown. And given that the summer peak season is normally busier, we expect a strong volume and new capacity shortages.

Congestion at the port of Shanghai remains high for the time of year, but it is steadily normalizing as the city's covid wave subsides.

The delay in China continues to be centered on Shanghai and Ningbo, with berthing delays rising to 4 days, with Qingdao also seeing similar delays. *Source (Linerlytica – Market Pulse week 22)*

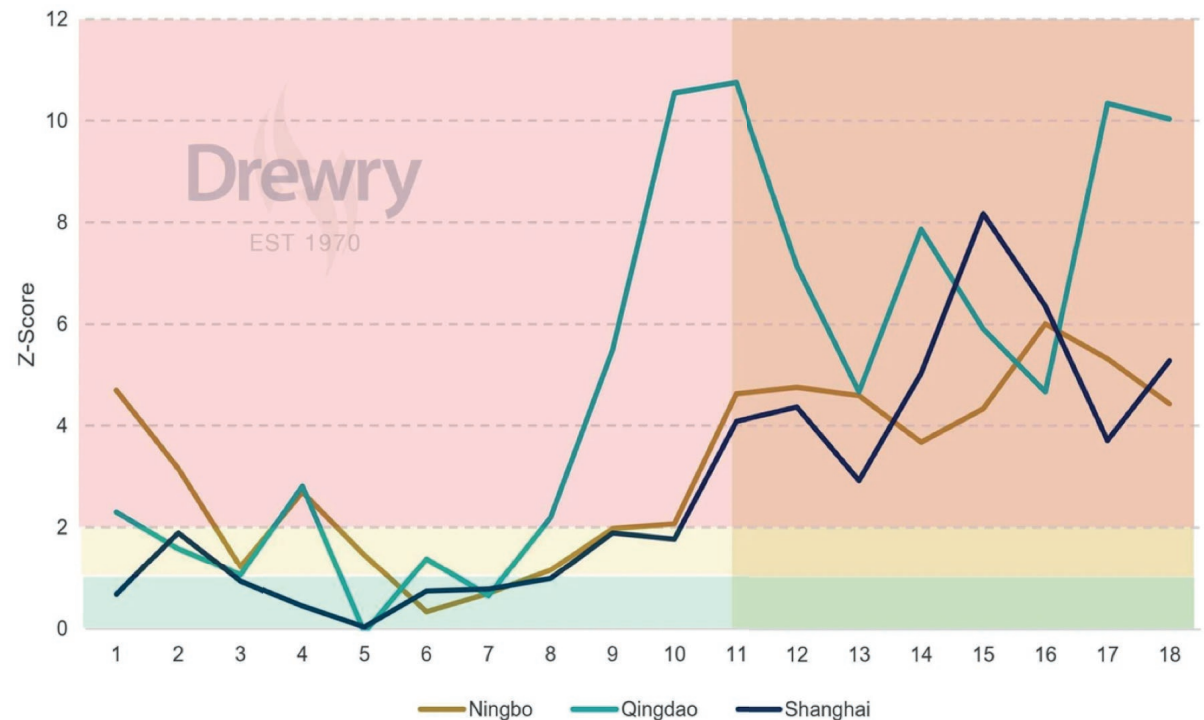
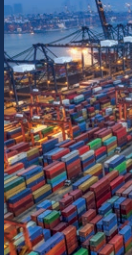


Figure 1 - Weekly number of vessel calls by port. Source Drewry via The Maritime Executive



2. LATEST UPDATES AROUND THE WORLD > NEW SERVICES LAUNCH

CMA CGM has confirmed the launching of the ACSA 5 service connecting Asia with Mexico, Guatemala and Chile from June.

CMA-CGM - Short Sea Lines Division has announced the launching of the Turkey Med Express (TMX1.2) pendulum service, as of Week 23, offering a "maritime bridge" connecting Turkey, Spain, France and Algeria.

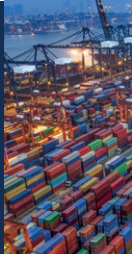
CMA-CGM has confirmed the reshuffling of the MEDCARIBE service with new direct calls on the West Coast of South America. Following the reshuffle, there will be new direct calls at Buenaventura, Paita, Posorja and Guayaquil.

MSC is increasing its coverage of the intra-Asia trade, with the launching of the new Pertiwi service, commencing at the beginning of the second week of July. The new service will offer a direct link from North China and Korea to South East Asia.

Maersk is going to extend its Mediterranean/West Africa service, known as the WAF1 service, to include a weekly call at Port Elizabeth, starting from June the 12th.

Summary of new service launches					
Service Name	Operator	Route	Rotation	Ships deployed	Launch Date
China Vietnam India (CVI)	IAL/PIL/RCL	China-SE Asia-India	Ningbo, Shanghai, Ho Chi Minh City, Singapore, Chennai, Visakhapatnam, Port Klang, Ho Chi Minh City, Ningbo	4 x 1,700-2,400 teu	22 Apr 2022
Bangladesh Thailand Service (BTS)	MSC	Far East-Bengal	Hong Kong, Yantian, Shekou, Singapore, Tanjung Pelepas, Chittagong, Singapore, Tanjung Pelepas, Hong Kong	4 x 1,600-2,000 teu	27 Apr 2022
Tianjin-Vladivostok service (TVS1)	Dalian Trawind	China-Russia FE	Xingang, Vostochny, Xingang	1 x 1,220 teu	28 Apr 2022
Trans Pacific Express III (TPN)	CUL	FE-WCHA	Qingdao, Xiamen, Ningbo, Los Angeles, Qingdao	2 x 1,868 teu	5 May 2022
Germany - Sweden service (SWX)	Containerships	Intra-N.Eur	Wilhelmshaven, Hamburg, Halmstad, Gothenburg, Hamburg, Wilhelmshaven	1 x 868 teu	9 May 2022
Germany - Poland service (PLX)	Containerships	Intra-N.Eur	Hamburg, Bremerhaven, Gdynia, Hamburg	1 x 907 teu	9 May 2022
Mediterranean South America West Coast (MSW)	Hapag-Lloyd	Eur-WCSA	Valencia, Livorno, Genoa, Barcelona, Caucedo, Cartagena (Col), Paita, Posorja, Buenaventura, Puerto Limon, Cartagena (Col), Tangier Med, Malaga, Valencia	7 x 2,798-2,837	9 May 2022
Bohai Express	CNC	Intra-NEA	Busan, Dalian, Lianyungang, Qingdao, Busan	2 x 2,518-4,252 teu	9 May 2022
China - Vietnam Express (CVX)	BAL	NEA-SEA	Tianjin, Ningbo, Ho Chi Minh Bay, Haiphong, Tianjin	3 x 1,042-3,834 teu	15 May 2022
RCL Malaysia-Indonesia 3 (RM13)	RCL	Intra-SEA	Surabaya, Singapore, Port Klang, Penang, Port Klang, Singapore, Surabaya	2 x 928-1,108 teu	17 May 2022
KMX Feeder Service	Tehama	Intra - ME	Abu Dhabi, Salalah, Al Mukalla, Abu Dhabi	1 x 1,116 teu	19 May 2022
USEC - Fiji Service (USA)	NPOL	NAM-S. Pacific	Philadelphia, Savannah, Houston, Suva, Philadelphia	1 x 2,664 teu	19 May 2022
China-Vietnam Express (CVX)	SITC	NEA-SEA	Qinzhou, Haiphong, Qinzhou	1 x 601 teu	22 May 2022
Benelux Baltic X-PRESS 2 (BBX 2)	X-press	Intra-N.Eur	Rotterdam, Wilhelmshaven, Gdynia, Rauma, Kotka, Rotterdam	2 x 900 teu	28 May 2022
Thailand-China-Vietnam service (TCV)	PIL	NEA-SEA	Laem Chabang, Qinzhou, Haiphong, Ho Chi Minh City, Laem Chabang	1 x 777 teu (fortnightly)	31 May 2022
China Thailand Express 2/Vietnam Thailand Express 5 (CTX2/VTX5)	SITC / JJ Shipping	NEA-SEA	Shanghai, Nansha, Bangkok, Laem Chabang, Ho Chi Minh City, Shanghai	3 x 1,600 teu	1 Jun 2022
India East Coast Express 2 (IEX2)	CMA CGM	FE-ISC	Singapore, Chennai, Colombo, Singapore	2 x 1,700 teu	2 Jun 2022
China Indonesia Service (CIS)	Meratus / BTL	NEA-SEA	Jakarta, Surabaya, Shanghai/Ningbo, Nansha, Jakarta	3 x 1,126-1,301 teu	3 Jun 2022
Ireland-Baltic X-Press (IBX)	X-press	Intra-N.Eur	Rotterdam, Dublin, Rotterdam, Riga, Klaipeda, Rotterdam	3 x 1,025-1,803 teu	9 Jun 2022
China Vietnam Thailand (CVT)	Pan Ocean	NEA-SEA	Incheon, Qingdao, Shanghai, Ho Chi Minh City, Laem Chabang, Shekou, Incheon	3 x 1,800 teu	25 Jun 2022
Asia Central South America 5 (WSA3/ACSAS)	CMA CGM / COSCO	FE-WCCA/WCSA	Hong Kong, Shekou, Ningbo, Shanghai, Manzanillo, Puerto Quetzal, San Antonio, Hong Kong	5 x 3,300-5,090 teu	28 Jun 2022
Far East-Australia 'A3 Express' service (A3X)	A3 Consortium	FE-ANZ	Shanghai, Shekou, Brisbane, Sydney, Melbourne, Shanghai	5 x 4,250 teu	7 Jul 2022

Figure 3 - New Services. Source: Linerlityca



3. PORT CONGESTION > 1/2

Global port congestion has grown in the last few weeks due to increased congestion in eastern and northern Chinese ports, mainly around Ningbo and Qingdao. As it shown in figure 2, the 37% of the global congestion is located in North Asia, the highest level since September.

Shanghai is operating normally even if it remains below full capacity. This week's berthing delay is raised to 4 days.

North America showed a high level of congestion, mainly on the East Coast where there is heightened congestion around New York, Savannah and Houston. West Coast is shown continued improvements in LA/LB, where the berthing delays are dropped less than one week on average, the best performance since August 2021.

In Europe: there's no meaningful improvement in the Mediterranean area. North Europe situation is worsening: German and Benelux ports suffering from high yard utilization; UK waiting times are improving.

(Source Linerlytica, Market pulse week 22)

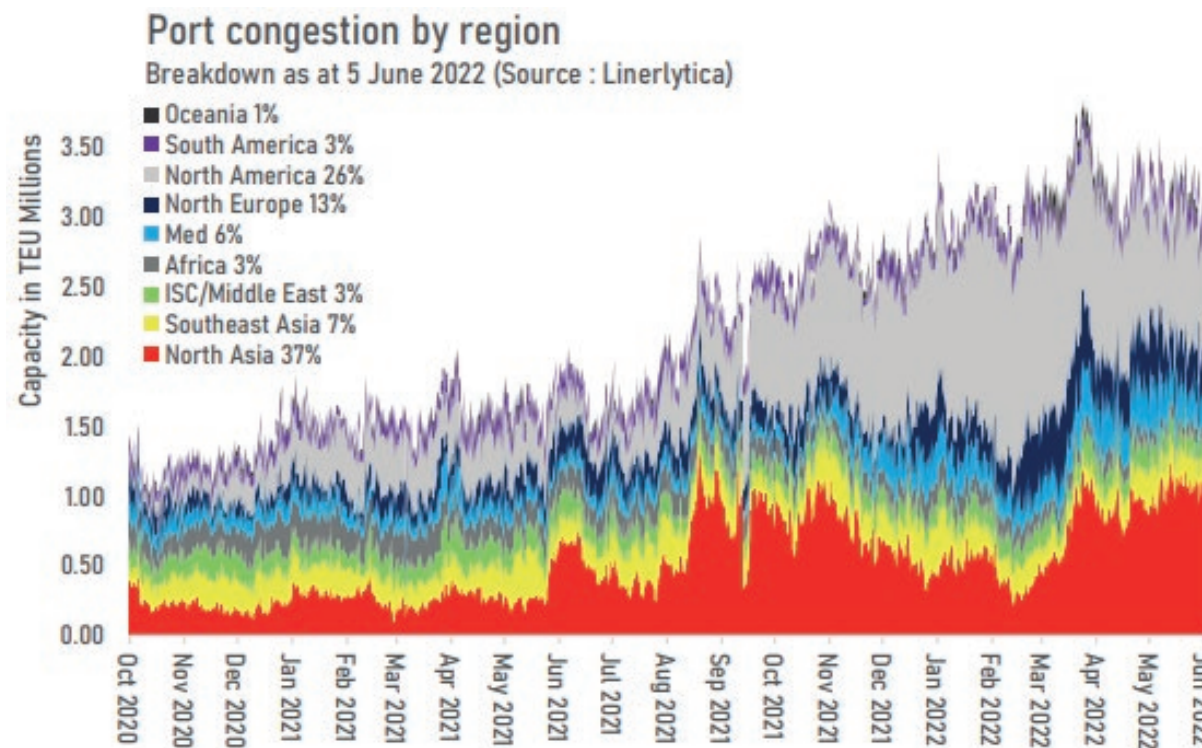
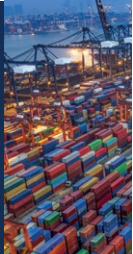


Figure 4 - Port congestion by region. Source Linerlytica, Market pulse week 22



3. PORT CONGESTION > 2/2

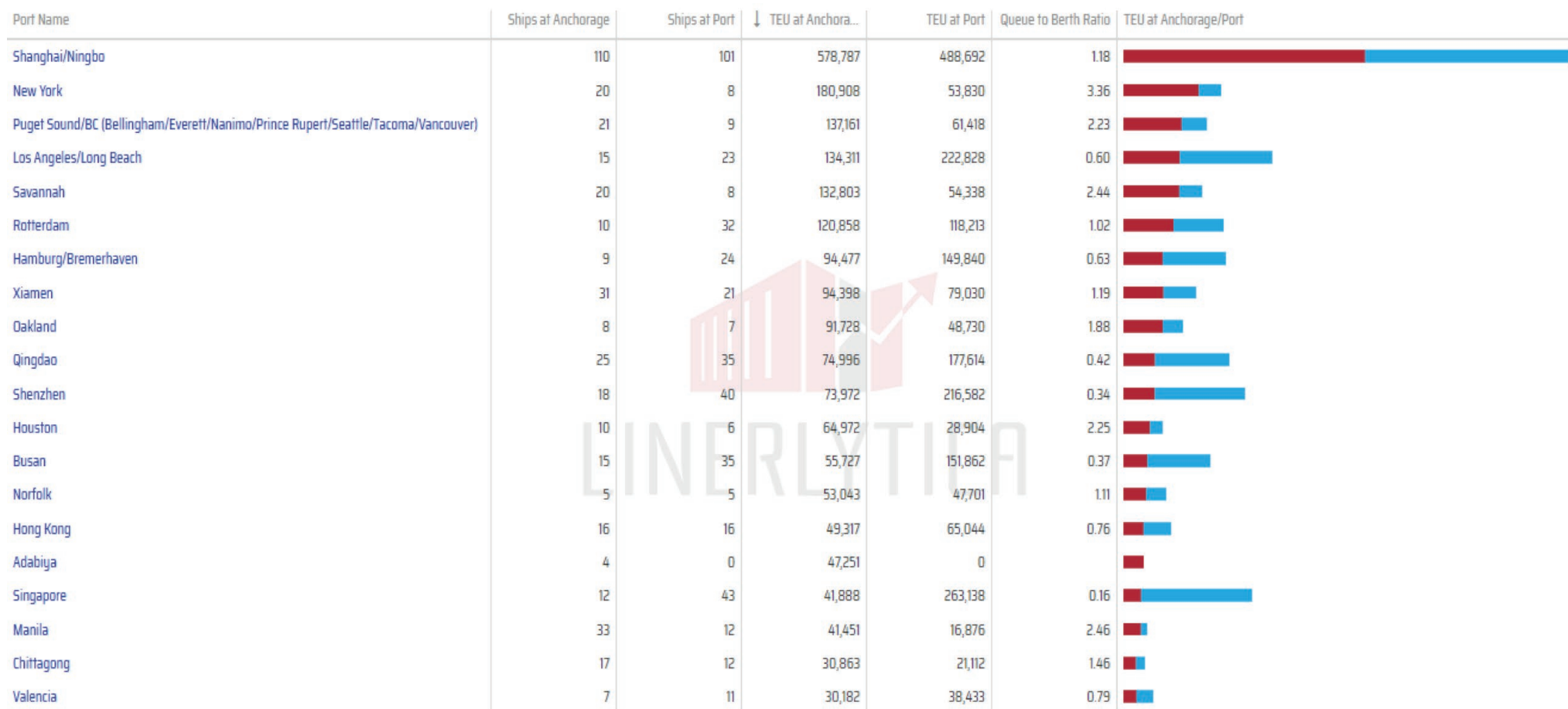
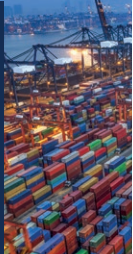


Figure 5 - Source: Linerlytica week 22/2022



4. ALBERTO RIVOLA'S PROSPECTIVE



Alberto Rivola

Head of Global Ocean Procurement

The word uncertainty is not going to be taken off from the shipping industry's dictionary any sooner, for one reason or the other. For sure the path towards normalization is in front of us, with all the bumps and obstacles along the road that I predicted a few months ago.

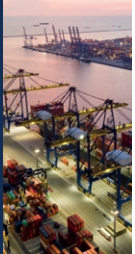
While there is indeed a softening of the market, with demand gradually decreasing in most of the trades, even when compared to pre-pandemic levels, the challenges are not fading away yet.

The data, we receive about many shipping and economic indicators, give us a picture that is not clear to read. Inventory numbers published by the major retailers around the world do show increasing inventory levels, sometimes higher than expected. Inflation is high in general, but for the moment it does not seem to impact the spending in North America so much. Manufacturing indices give a glimpse of growth, at least in some sectors. On the other side, consumer habits seem to gradually shift toward spending on services rather than goods.

Congestion is increasing in several parts of the world.

Blank sailings are still very well alive, and the "zero-tolerance" policy for Covid in China is still in place, and it's a factor that we still have to deal with for the foreseeable future. Bunker is increasing, and it is showing a larger gap between VLSFO and IFO380, with the VLSFO taking its path, and not aligned with the trend of IFO380. There is yet no meaningful news about the ongoing labor negotiation for longshoremen on the West coast of the U.S. whose contract expires on July 1st.

All in all, June is going to be a key month for our industry. In July we may have a better picture of what we can expect for the second half of 2022. It's going to be for sure a hot summer!



5. TRENDS > RATES AND CAPACITY BY TRADE



FROM NORTH AMERICA		
TO	RATES	CAPACITY
ASIA	=	=
EUROPE	↗	=
LATAM	↑	=
M.E	↗	↘

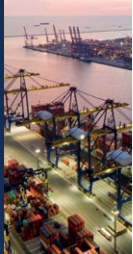
FROM LATIN AMERICA		
TO	RATES	CAPACITY
ASIA	↗	=
EUROPE	=	↘
NORTH AM.	↗	↘
M.E	=	=

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

FROM ASIA		
TO	RATES	CAPACITY
EUROPE	=	↘
LATAM	=	=
NORTH AM.	↘	↗
INTRA ASIA	↑	↘

Figure 6 - Rates and Capacity by trade. Source Savino Del Bene

↑ Strong increase | ↗ Moderate increase | = No change | ↓ Strong decline | ↘ Moderate decline



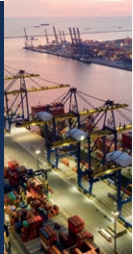
5. TRENDS > RATES BY TRADES

Monitoring the rate trends of the last few weeks, we can say now that rate levels are dropping. Comparing YoY pricing trends we can see that the levels are getting close to last year's rate. Clearly, it is not really true for all trade lanes.

We also expect that the rate will grow soon due to the summer peak season, it could take place in the next few weeks.



Figure 7 – FBX. Source Freight Baltos Index available on [freightos.com](https://www.freightos.com)



5. TRENDS > RATES BY TRADES

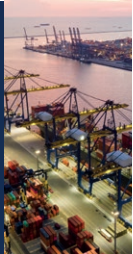
The big mover of this month is North America – China/East Asia. The Export from North America West Coast to China has recorded an increase of 2%. The export from China to North America East Coast has recorded a decrease of 13%.

Big Movers		
North America West Coast to China/East Asia		↑ 2%
China/East Asia to North America East Coast		↓ 13%



Figure 5 - shown that rates for the major trades are is stable in the last week, but the expectation is that they will grow due to peak season.

Disclaimer: Shipping indexes do not capture the rate levels set by the so-called «premium» services such as Diamond Tier, SPGO, Shipping Guarantee, etc...
As of mid-February, surcharges to guarantee space and equipment on the major trades can be several thousand \$\$\$ higher than standard fak



5. TRENDS > CAPACITY BY TRADE

Despite rates being flat or decreasing, shipping lines expect to ramp up capacity in the next coming months in order to match the increase in demand for peak season. However, from what we see now, Shanghai and Ningbo will see some blank sailings in June to alleviate the congestion, improve terminal efficiency and recover the schedules.

Port Congestion
Week 22

3.35m TEU
13,1% of fleet
Down 1.3%

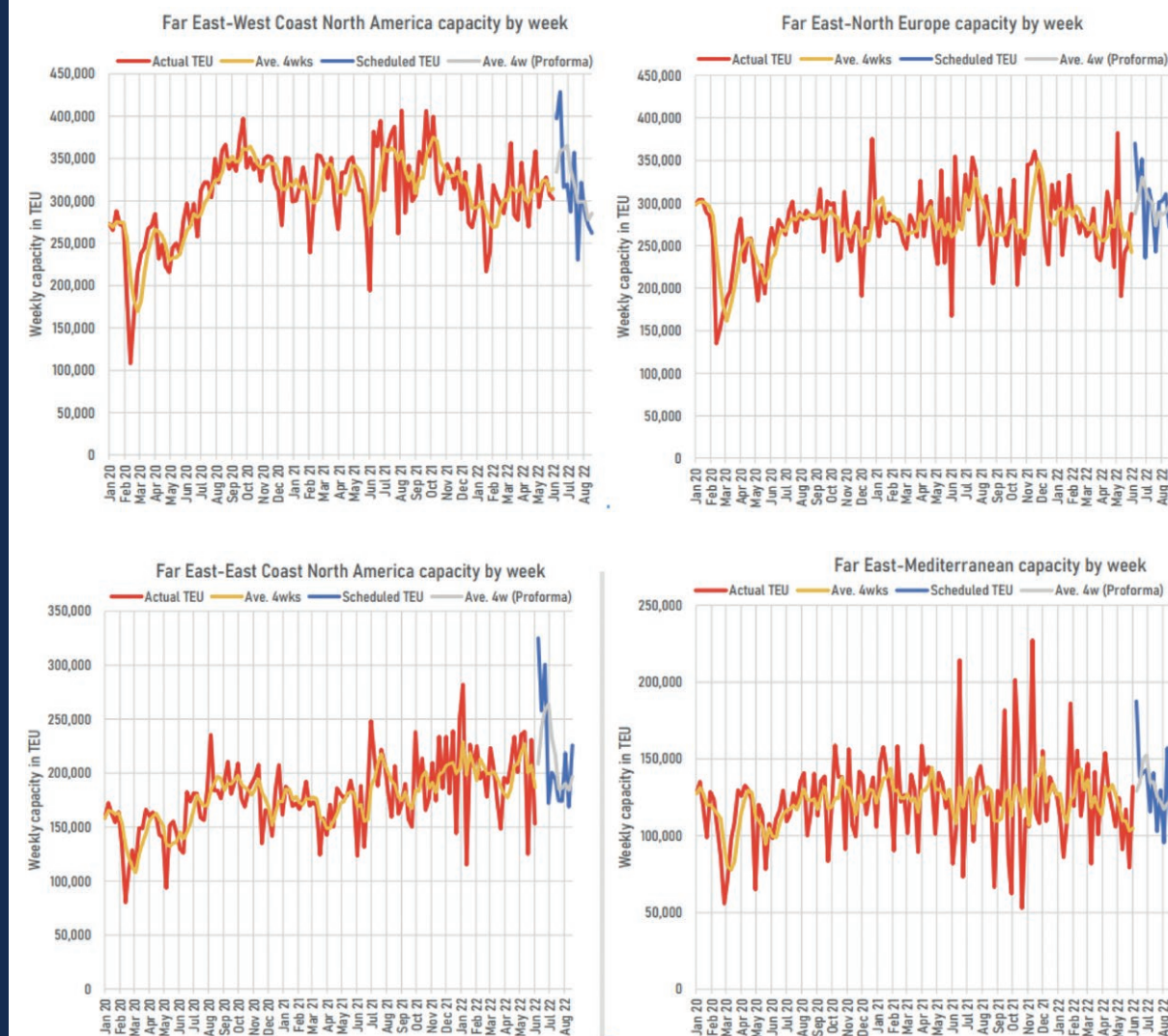
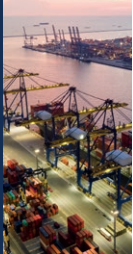


Figure 9 - capacity by trade. Source Linerlytica, Market pule week 22



5. TRENDS > BUNKER

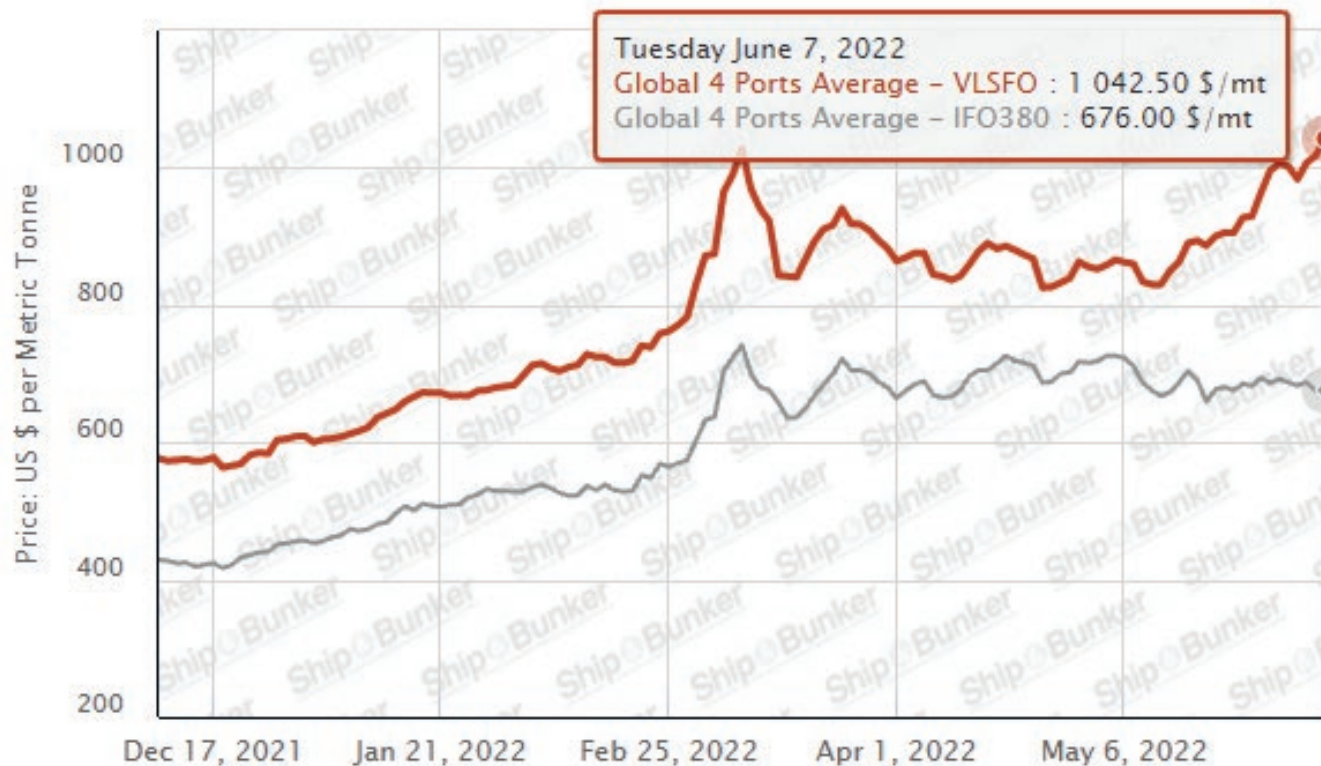
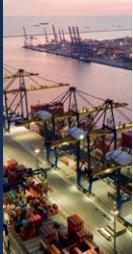


Figure 10 – Bunker price. VLSFO vs IFO380. Source: Shipandbunker available on <https://shipandbunker.com/prices/av/global/av-q04-global-4-ports-average>

Several carriers adjusted the bunker formula from quarterly to monthly for medium-long term deals, to balance the recent spikes in fuel price, and possibly also for future ones. Expect fuel to be an important factor in the coming months.



5. TRENDS > BUNKER

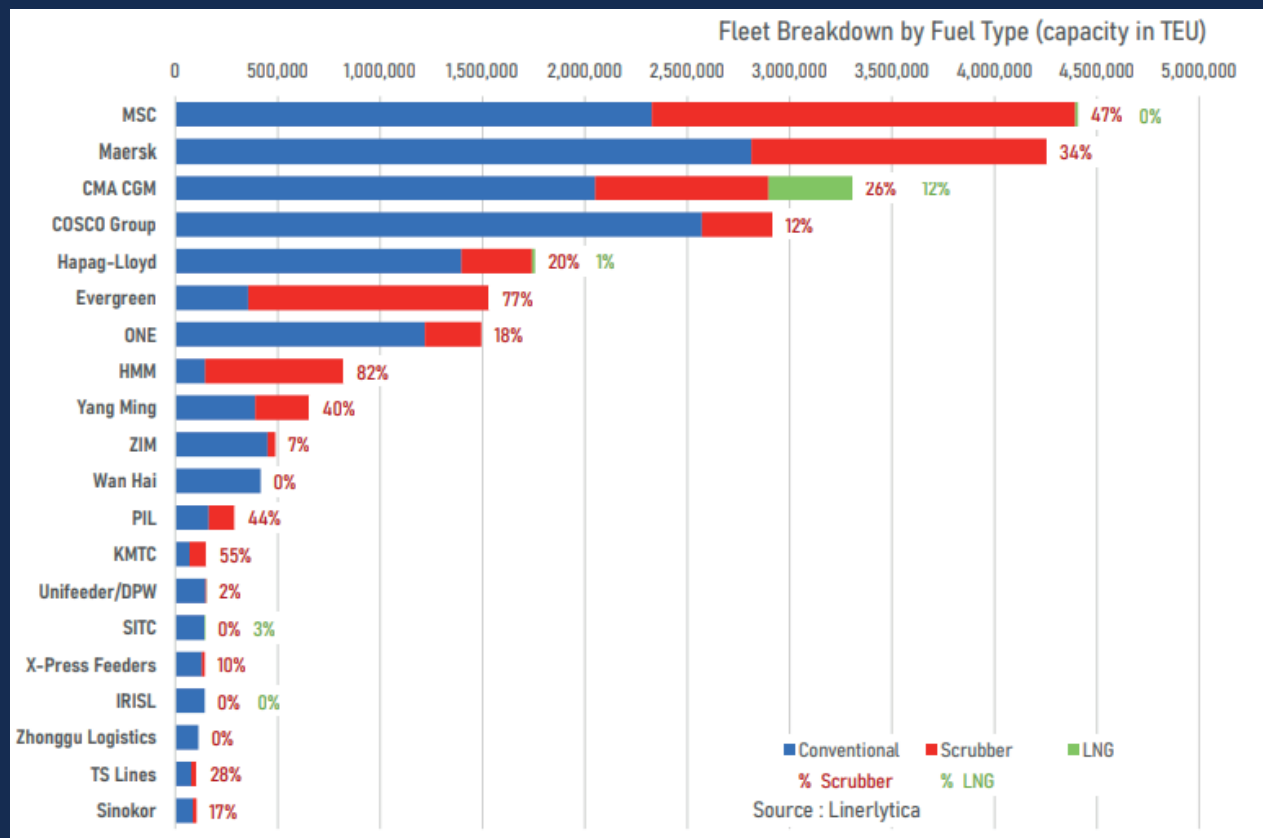
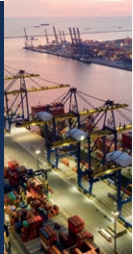


Figure 11 - Fleet Breakdown by Fuel Type. Source Linerlytica, Market pulse week 22

The higher the spread between VLSFO and IFO380, the higher the advantage for those vessels equipped with scrubbers, because they can reduce the impact of the bunker price on each voyage.



5. TRENDS > SCHEDULE RELIABILITY

According to Sea-Intelligence: “Despite M/M improvements in both February and March, Global schedule reliability declined M/M in April 2022 by -1.3 percentage points and reached 34.4%. Schedule reliability in 2022 is following the trend seen in 2021 with very little M/M volatility, but at a very low base. This also meant that the April 2022 score was down by -4.7 percentage points Y/Y. The average delay continues to be the highest across each month when compared historically.” (Sea-Intelligence, Maritime Analysis Global Liner Performance Report – May 2022)

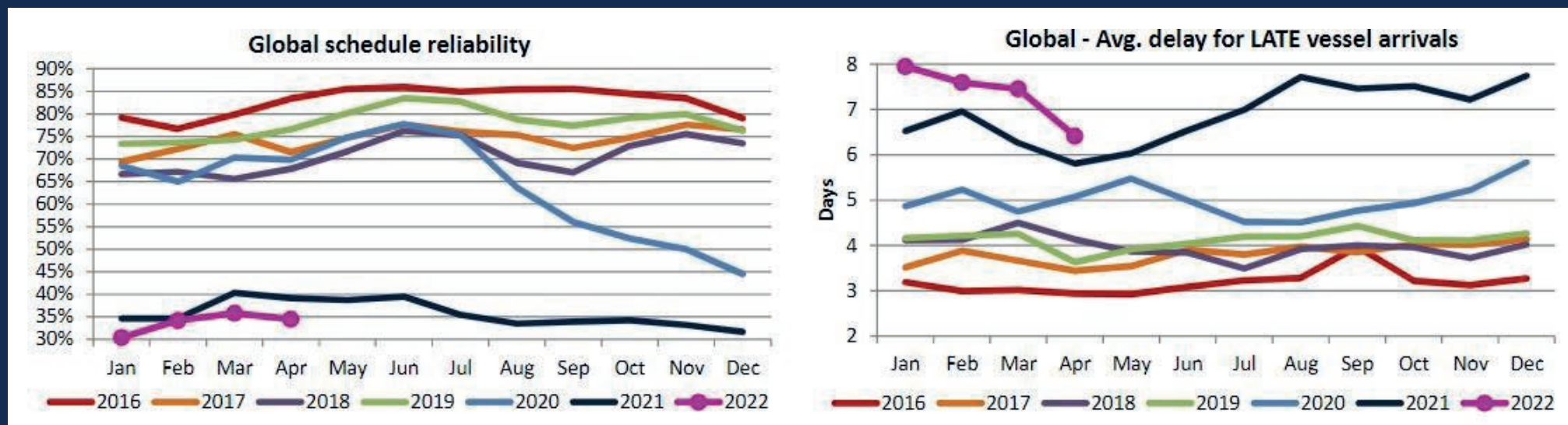
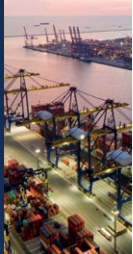


Figure 12 - Global schedule reliability. Source: Sea-Intelligence, Maritime Analysis Global Liner Performance Report – May. 2022



5. TRENDS > SCHEDULE RELIABILITY BY TRADE

Tradelane	MAR/APR 2021	FEB/MAR 2022	MAR/APR 2022	M/M change	Y/Y change
Asia-NAWC	21.7%	19.7%	21.0%	1.4%	-0.7%
Asia-NAEC	19.7%	19.7%	21.7%	2.0%	1.9%
Transpacific WB	24.2%	29.7%	31.0%	1.4%	6.8%
Asia - North Europe	24.4%	14.3%	19.2%	4.9%	-5.3%
Asia - Mediterranean	30.7%	30.5%	31.8%	1.3%	1.1%
Europe - Asia	32.3%	37.9%	35.4%	-2.5%	3.1%
Transatlantic EB	37.3%	20.1%	18.5%	-1.6%	-18.8%
Transatlantic WB	32.8%	17.7%	20.0%	2.3%	-12.8%
Europe - South America	61.6%	51.3%	50.9%	-0.4%	-10.7%
South America - N. Europe	53.2%	33.1%	43.1%	10.1%	-10.1%
South America - Med.	73.8%	56.3%	52.0%	-4.3%	-21.8%
N. America - South America	59.5%	41.8%	39.4%	-2.4%	-20.1%
South America - N. America	56.1%	18.0%	22.6%	4.6%	-33.4%
Europe-Oceania	30.2%	12.8%	22.5%	9.7%	-7.7%
N. America - Oceania	23.0%	38.6%	48.7%	10.2%	25.7%
Oceania - N. America	36.2%	51.5%	51.5%	0.0%	15.4%
Asia - Oceania	15.9%	19.6%	17.3%	-2.3%	1.4%

Tradelane	MAR/APR 2021	FEB/MAR 2022	MAR/APR 2022	M/M change	Y/Y change
Oceania - Asia	24.1%	27.7%	23.6%	-4.1%	-0.5%
Asia - Middle East	45.2%	32.8%	31.2%	-1.6%	-14.0%
Middle East - Asia	32.6%	33.7%	30.9%	-2.8%	-1.6%
Europe - Middle East	51.1%	45.8%	42.6%	-3.2%	-8.5%
Middle East - Europe	54.6%	41.8%	43.4%	1.5%	-11.3%
Asia - Indian Sub.	35.6%	28.8%	28.1%	-0.7%	-7.6%
Indian Sub. - Asia	28.5%	24.8%	25.6%	0.8%	-2.9%
Europe - Indian Sub.	64.4%	50.3%	49.3%	-1.0%	-15.1%
Indian Sub. - Europe	50.6%	31.5%	31.0%	-0.5%	-19.6%
Asia - Africa	30.5%	41.1%	41.8%	0.7%	11.3%
Africa - Asia	33.0%	41.9%	46.3%	4.4%	13.3%
Europe - Africa	32.8%	37.1%	33.1%	-4.0%	0.3%
Africa - Europe	45.9%	40.7%	42.7%	2.0%	-3.2%
Asia - ECSA	46.9%	62.2%	63.4%	1.2%	16.5%
ECSA - Asia	30.9%	45.5%	56.0%	10.5%	25.0%
Asia - WCSA	72.1%	49.5%	50.4%	0.9%	-21.7%
WCSA - Asia	51.7%	37.3%	39.2%	1.9%	-12.5%

Figure 13 - Global schedule reliability by trade. Source: Sea-Intelligence, Maritime Analysis Global Liner Performance Report - May. 2022

6. SAVINO DEL BENE FEEDBACK

It is Savino Del Bene's top priority to ensure that customer needs are met, whilst evaluating and analyzing the market situation in order to ensure that such difficulties are mitigated as much as possible.

With over 293 offices around the world, Savino Del Bene is ready to find your freight forwarding and logistic solutions for your business needs.





SAVINO DEL BENE®

Global Logistics and Forwarding Company

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