



**SAVINO DEL BENE®**

Global Logistics and Forwarding Company

# GLOBAL OCEAN MARKET REVIEW

February - March 2023





# AGENDA

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## 1. OVERVIEW

## 2. GLOBAL DEMAND

## 3. CAPACITY

## 4. PORT CONGESTION

## 5. ALBERTO RIVOLA'S PERSPECTIVE

## 6. TRENDS

- ECONOMIC OUTLOOK
- RATES
- RATES AND CAPACITY BY TRADE
- BUNKER
- SCHEDULE RELIABILITY
- VESSELS' ORDERBOOK

# 1 OVERVIEW



## GLOBAL DEMAND

According to CTS, Global demand measured in TEU declined -6.7% in December and -9.9% in January on a year-on-year basis. Global demand decline for the entire 2022 set at -3.9%

## PORT CONGESTION

On week 11/2023 global port congestion set at 1.53M teus = 7.1% of the entire fleet. Trend is down. At its highest, the capacity absorbed by congestion was over 3.3M teus.

## SCHEDULE RELIABILITY

While schedule reliability continued to increase for much of 2022, in January 2023 there has been an M/M decline of -3.8 percentage points to 52.6%. Despite that decrease, schedule reliability in January 2023 was considerably higher than in January of the previous two years, with a Y/Y increase of 22.2 percentage points.

## CAPACITY

On TPEB, TAWB and Asia-North Europe & Med, 56 canceled sailings have been announced between weeks 11 and week 15, out of a total of 675 scheduled sailings, = 8% cancellation rate. During this period, 57% of the blank sailings will be occurring in the TPEB, 34% in Asia-North Europe and Med, and 9% on the TAWB.

## RATES LEVELS

The Drewry index has decreased by 3% on week 11 at \$1,806 and has dropped by 80% compared with the same week last year. It is now 83% below the peak of \$10,377 reached in September 2021.

## BUNKER/ENVIRONMENT

Fuel prices have been quite stable for the past 4 weeks. The market is still in a downtrend. Differential between IFO380 and VLSFO still reducing. The gap between LNG and MGO fuel narrowing down, too.





## 2 GLOBAL DEMAND

# Global demand trend year-on-year

Fig. A1: Global demand (TEU)  
Y/Y growth



As per CTS's January release, global demand continued to decline. TEU volume globally is down -9.9% year-on-year. The shifting nature of CNY does not allow us to make an exact comparison, but overall, we expect the combined figure Jan-Feb 2023 vs 2022 to show a similar decline.

Fig. A3: Global demand (TEU)  
Y/Y growth - Excl. Asia exports



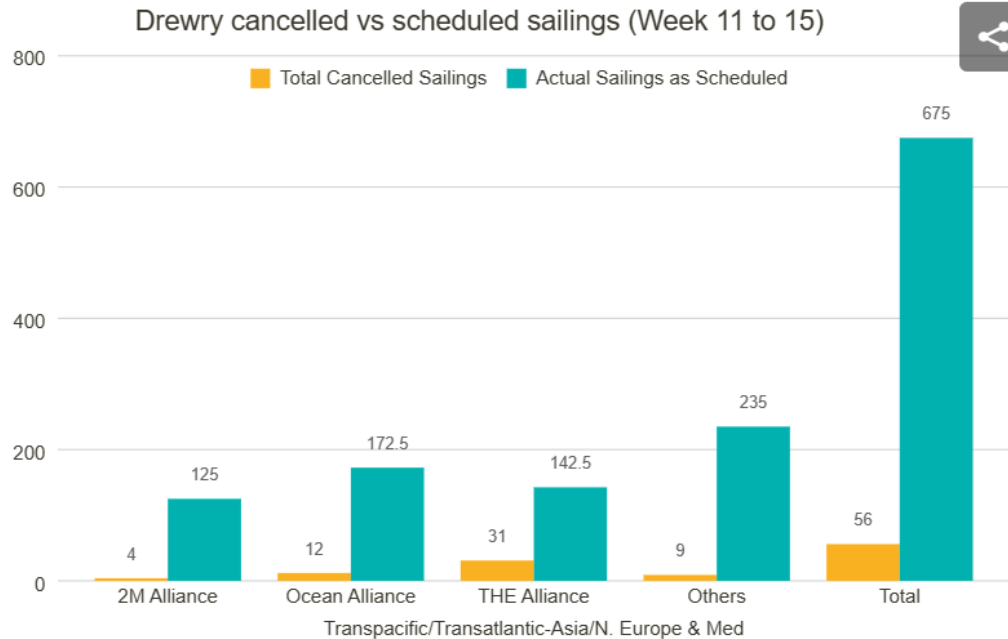
The rest of the world saw market growth drop into recession already from October 2021 and has never recovered – essentially showing a negative growth rate fluctuating between -4% to -5%.

Figure 1: Sea-Intelligence Sunday Spotlight issue 605

Figure 2: Sea-Intelligence Sunday Spotlight issue 605



### 3 CAPACITY



**Figure 3:** Drewry cancelled sailing tracker March 10/2023

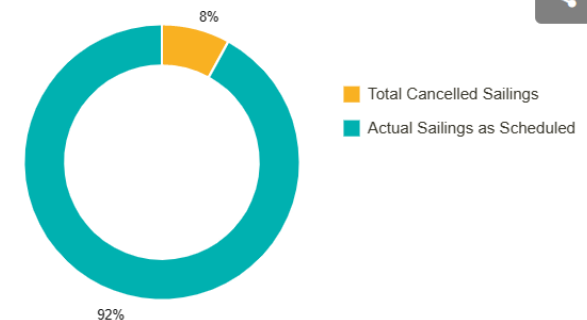
With carriers reluctant to close down services and remove capacity more permanently, we should expect continued high levels of blank sailings for the foreseeable future, sometimes even last minute, with the many disruptions this is bound to entail.

With capacity levels still considerably above 2019 levels, and with close to 10% additional capacity coming on stream both this and next year, blank sailings will not be sufficient to balance supply and demand.

On the main East-West lanes, 56 canceled sailings have been announced between weeks 11 (13 March - 19 March) and week 15 (10 April - 16 April), out of a total of 675 scheduled sailings.

- Trans-pacific: 57% of the blank sailings
- Asia-North Europe and Med: 34%
- Transatlantic Westbound: 9%
- THE Alliance: 31 cancellations.
- OCEAN Alliance: 12 cancellations.
- 2M: 4 cancellations
- Non-Alliance: 9 cancellations.

Drewry cancelled vs scheduled sailings (Week 11 to 15)



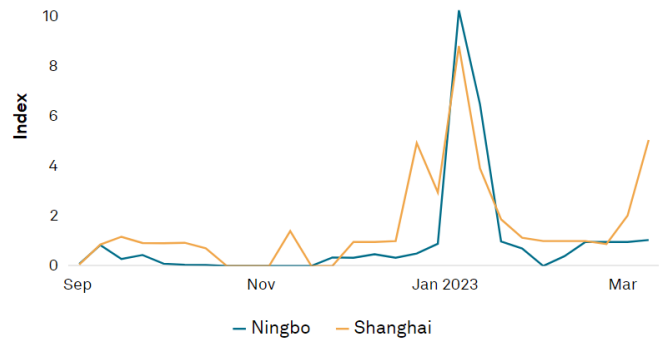
**Figure 4:** Drewry cancelled sailing tracker March 10/2023



## 4 PORT CONGESTION

# Congestion Watch

Ningbo, Shanghai container port congestion index (Portcast) ☰



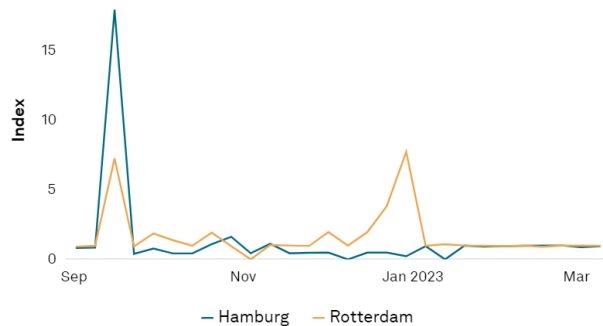
Source: Portcast

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① Chart info

1M 6M 1Y YTD MAX

Hamburg, Rotterdam congestion index (Portcast) ☰



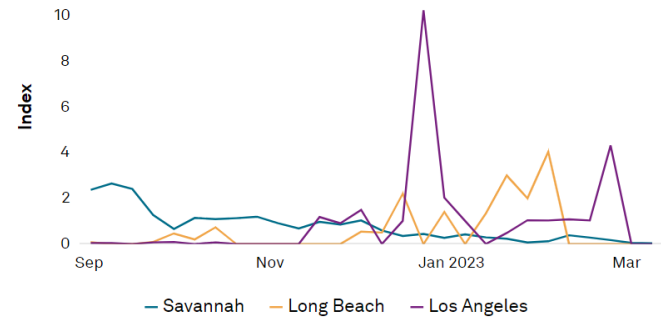
Source: Portcast

© 2023 S&P Global

① Chart info

1M 6M 1Y YTD MAX

Long Beach, Los Angeles, Savannah congestion index (Portcast) ☰



Source: Portcast

© 2023 S&P Global

① Chart info

1M 6M 1Y YTD MAX

Port congestion increased over the past week, but this was mainly driven by the French worker strikes while the situation in China and the US remaining fluid.

### Port Congestion Week 2/2023

2.32m TEU  
8.9% of fleet

### Port Congestion Week 6/2023

1.88m TEU  
7.2% of fleet

### Port Congestion Week 11/2023

1.53m TEU  
5.8% of fleet

Content source Linerlytica,  
Markepulse week  
2/2023 - 10/2023

Figures 5,6,7: S&P Global, Portcast



## 5 ALBERTO RIVOLA'S PERSPECTIVE



**Alberto Rivola**  
Head of Global Ocean Procurement

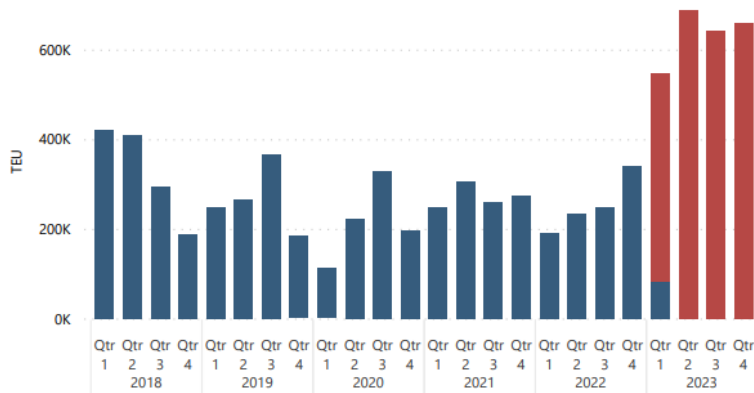
With the end of Q1/2023 in just about 10 days, rates are still falling. Carriers' intent seems to keep chasing market share despite the softening freight market. Carriers are still adding more capacity despite the weak market conditions, with the idle fleet continuing to decline while new ship deliveries continue apace. The different choices made by single carriers or by the alliances in terms of blank sailings, and the different approaches to the vessels' order book are clear signs that carriers are pursuing very different strategies in dealing with the capacity surplus.

For sure there is far too much capacity in the market. Part of such capacity became available and has been released thanks to improved port congestion at the main ports/hubs around the world. A massive amount of capacity is going to be deployed in the coming months as well.

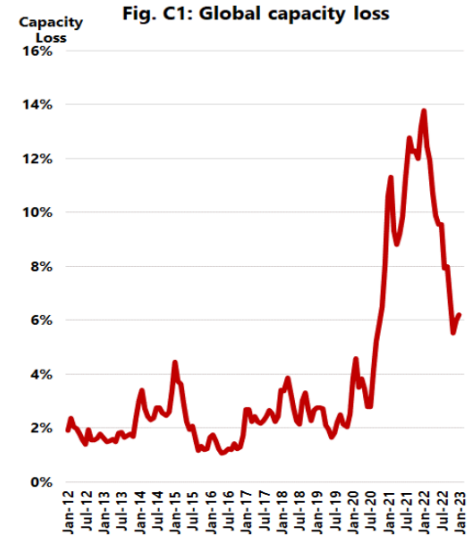
Global demand is certainly down, more or less in all the main areas of the world, for both import and export. Such loss of demand, along with economical uncertainties is telling us that most likely the shipping environment for the next one or two years is going to be quite challenging.

Deliveries by Quarter

● Actual Deliveries ● Forecast Deliveries



**Figure 9:** Alphaliner Monthly Monitor February 2023



**Figure 8:** Sea-Intelligence Sunday Spotlight issue 605

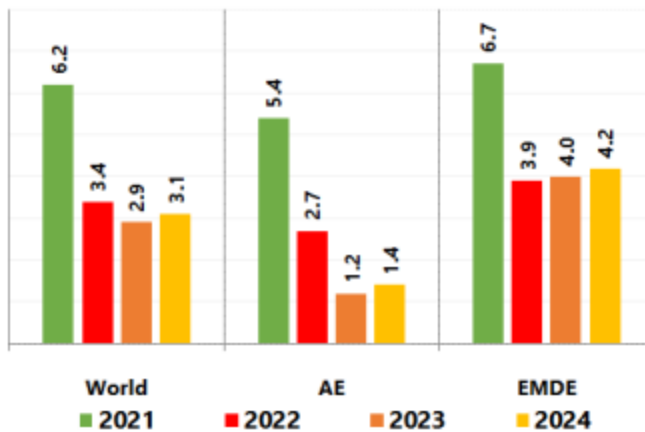
All the above factors are telling us that market changed, and now the negotiation power is in the hands of shippers. It's contract season for the main East-West lanes. Many shippers are still debating on how to optimize their transportation contract without leaving money on the table and at the same time, having enough guarantees of space protection and equipment availability even in case of sudden market changes, due to geo-political crisis, labor actions and other unexpected global supply chain issues.



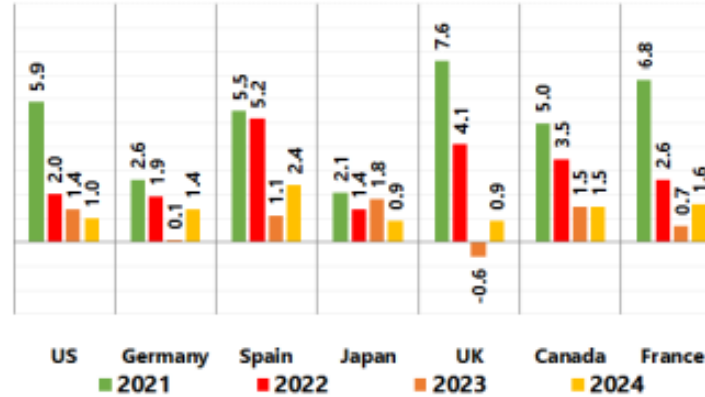
## 6 TRENDS > ECONOMIC OUTLOOK

The IMF outlook for January 2023 does not change much from the outlook published in October 2022: the continued impact of the war in Ukraine, and the inflationary pressures on global markets have curtailed consumer spending, resulting in an economic slowdown. IMF believes 2023 to be a year of “bottoming-out”, with nearly all advanced and emerging economies projected for stronger growth in 2024.

**Fig. B1: Global Economic Outlook**

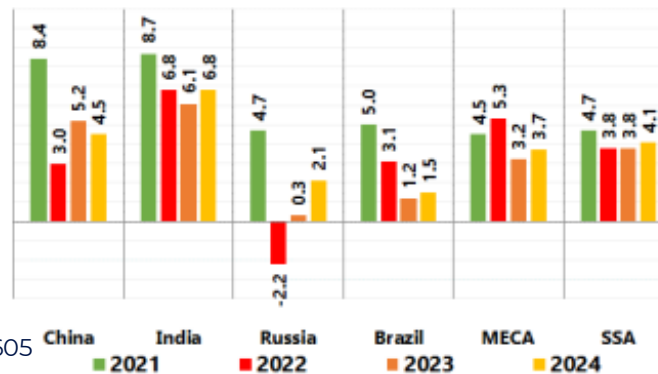


**Fig. B3: Economic Outlook (AE)**



For 2024, only US is expected to see a further slowdown in their economy, while Japan is also projected to see a slowdown relative to the increase in 2023. On the other hand, Canada is projected to see a similar growth to 2023, while the rest are projected to see an increase in 2024.

**Fig. B4: Economic Outlook (EMDE)**



India's economic growth in both 2023 and 2024 remained unchanged from the October 2022 report, at 6.1% and 6.8%, respectively. Both China and India will remain the strongest growing economies out of the emerging markets.

**Figures 10,11,12** and content source:  
Sea Intelligence Sunday Spotlight issue 605

*In general, there is a highly significant positive relationship between trade in economic terms and container shipping demand, although the strength of the relationship varies by trade lane.*





## 6 TRENDS > RATES

Route	23-Feb-23	2-Mar-23	9-Mar-23	Weekly change (%)	Annual change (%)
Composite Index	\$1,898	\$1,859	\$1,806	-3% ▼	-80% ▼
Shanghai - Rotterdam	\$1,633	\$1,593	\$1,562	-2% ▼	-88% ▼
Rotterdam - Shanghai	\$728	\$715	\$702	-2% ▼	-52% ▼
Shanghai - Genoa	\$2,540	\$2,477	\$2,287	-8% ▼	-82% ▼
Shanghai - Los Angeles	\$1,959	\$1,948	\$1,916	-2% ▼	-83% ▼
Los Angeles - Shanghai	\$1,101	\$1,067	\$1,083	1% ▲	-14% ▼
Shanghai - New York	\$2,881	\$2,772	\$2,707	-2% ▼	-79% ▼
New York - Rotterdam	\$1,161	\$1,153	\$1,165	1% ▲	1% ▲
Rotterdam - New York	\$5,640	\$5,573	\$5,377	-4% ▼	-17% ▼

The composite index has decreased by 3% this week and has dropped by 80% when compared with the same week last year. The latest Drewry WCI composite index of \$1,806 per 40-foot container is now 83% below the peak of \$10,377 reached in September 2021.

It is 33% lower than the 10-year average of \$2,691, indicating a return to more normal prices, but remains 27% higher than average 2019 (pre-pandemic) rates of \$1,420.

The average composite index for the year-to-date is \$1,994 per 40ft container, which is \$697 lower than the 10-year average (\$2,691 mentioned above).

The composite index remained decreased by 3% to \$1,806.43 per 40ft container and is 80% lower than the same week in 2022.

Drewry expects small week-on-week reductions in rates in the next few weeks.

**Figure 13** and content: Drewry World Container Index – 09 March 2023)

As we progress through 2023, with low demand and freight rates falling to pre-pandemic levels, new vessels are being prepared for deployment by carriers - with some already phased-in. Considering the additional capacity hitting the market this year, the obvious solution would be for carriers to cut capacity through more aggressive blanking tactics to support rates. This, however, has not been the case so far, particularly for 2M partners following the 2M divorce announcement, with MSC moving to expand its standalone services outside the 2M Alliance and improving schedule reliability to retain customers.

Index usually published on a weekly basis. However, right now rate updates by the carriers multiple times during the week. Hence, there is at least a week of lag of about one week between index publications and most recent market rates



## 6 TRENDS > RATES

Shanghai Containerized Freight Index					
Description	Unit	Weighting	Previous Index 2023-03-03	Current Index 2023-03-10	Compare With Last Week
Comprehensive Index			931.08	906.55	-24.53
Europe (Base port)	USD/TEU	20.0%	865	865	
Mediterranean (Base port)	USD/TEU	10.0%	1600	1589	-11
USWC (Base port)	USD/FEU	20.0%	1200	1163	-37
USEC (Base port)	USD/FEU	7.5%	2321	2194	-126
Persian Gulf and Red Sea (Dubai)	USD/TEU	7.5%	965	878	-87
Australia/New Zealand (Melbourne)	USD/TEU	5.0%	334	280	-54
East/West Africa (Lagos)	USD/TEU	2.5%	2718	2734	16
South Africa (Durban)	USD/TEU	2.5%	2112	2010	-103
South America (Santos)	USD/TEU	5.0%	1482	1378	-104
West Japan (Base port)	USD/TEU	5.0%	328	328	
East Japan (Base port)	USD/TEU	5.0%	328	328	
Southeast Asia (Singapore)	USD/TEU	7.5%	177	180	4
Korea (Pusan)	USD/TEU	2.5%	202	200	-2

Index usually published on a weekly basis. However, right now rate updates by the carriers multiple times during the week. Hence, there is at least a week of lag of about one week between index publications and most recent market rates

**Figure 14** Shanghai Container Freight Index



## 6 TRENDS > RATES AND CAPACITY BY TRADE

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



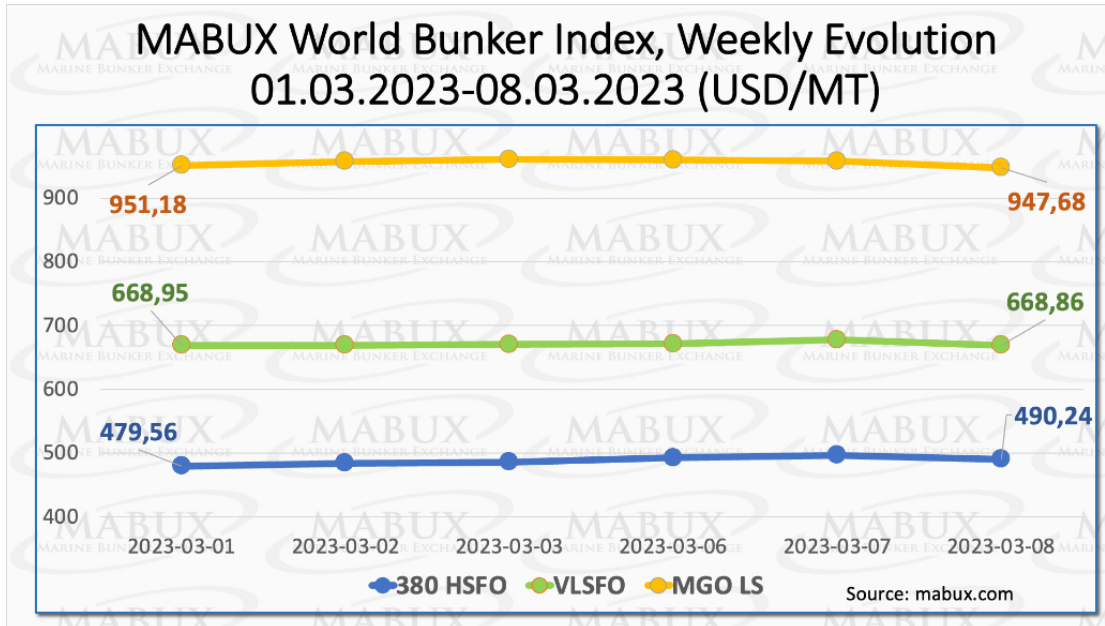
FROM NORTH AMERICA			FROM LATIN AMERICA			FROM EUROPE			FROM ASIA			FROM MIDDLE EAST		
TO	RATES	CAPACITY	TO	RATES	CAPACITY	TO	RATES	CAPACITY	TO	RATES	CAPACITY	TO	RATES	CAPACITY
ASIA	-	=	ASIA	-	=	ASIA	-	=	NORTH AM.	-	-	ASIA	--	=
EUROPE	-	=	EUROPE	--	=	LATAM	--	=	EUROPE	-	-	EUROPE	--	=
LATAM	-	=	NORTH AM.	-	=	NORTH AM.	--	=	LATAM	-	-	LATAM	-	=
M.E	-	=	M.E	-	=	M.E	--	=	M.E	=	=	M.E	-	=

**Figure 15**

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

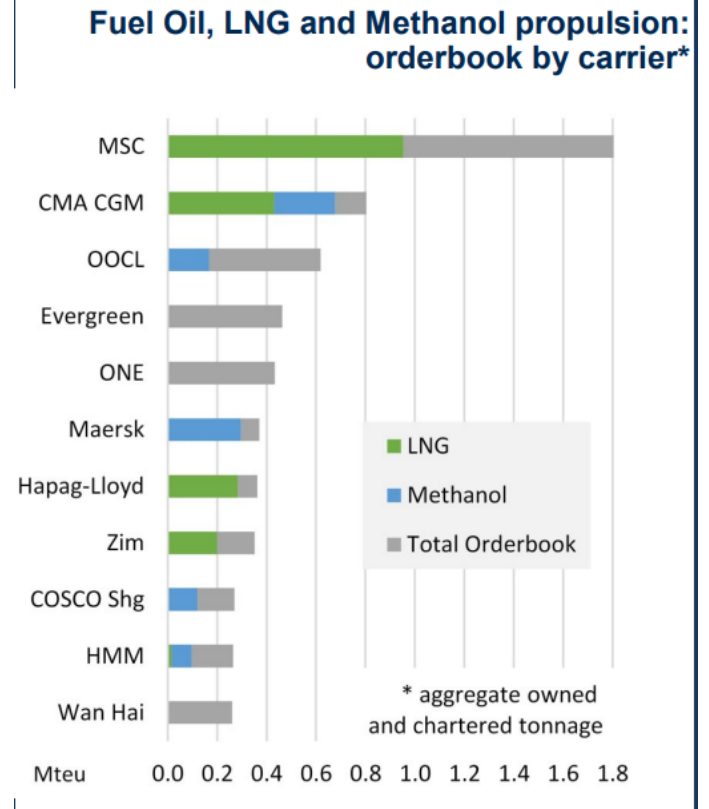


## 6 TRENDS > BUNKER



**Figure 16** MABUX World Bunker Index

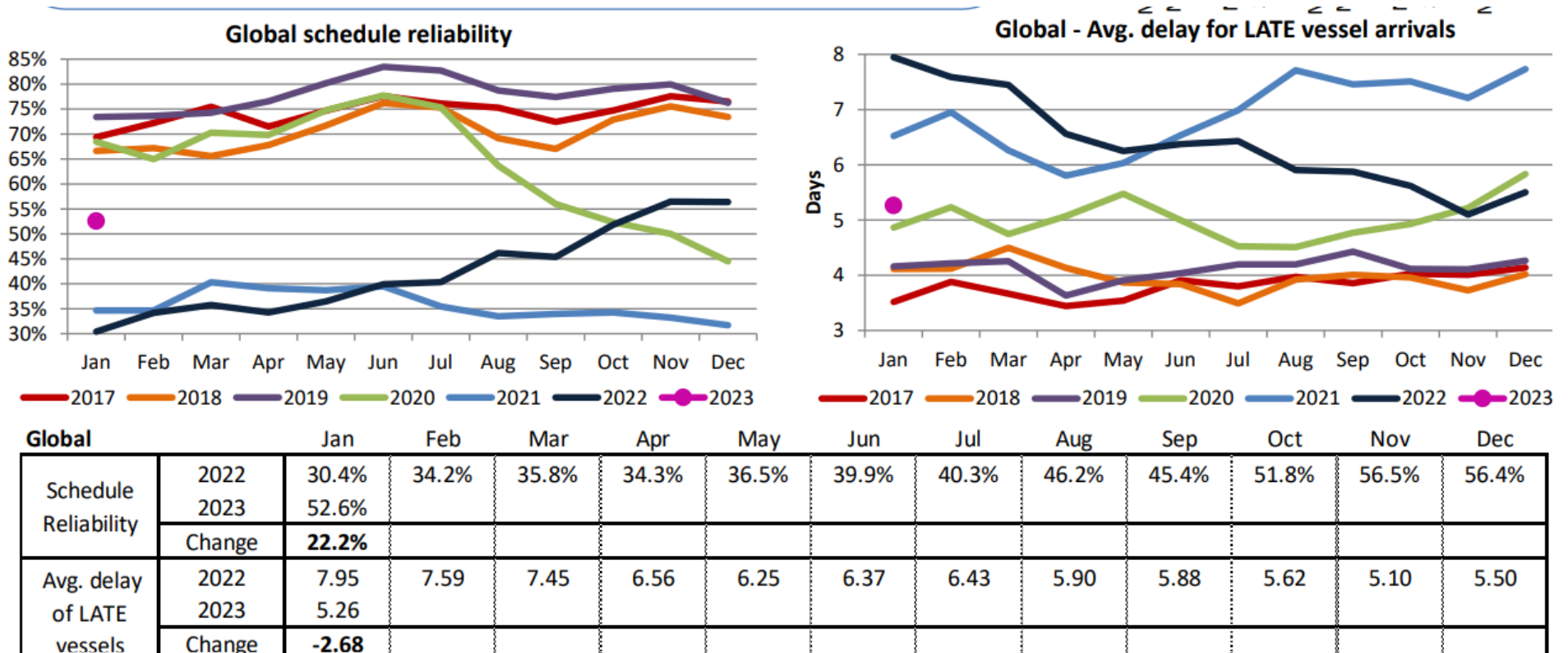
A widespread switch to alternative fuels has pushed LNG and methanol dual-fuel tonnage to 40% of the orderbook. Methanol orders have grown more rapidly than LNG in the last six months. Carriers are rejecting fuel oil, with conventional propulsion representing just 8% of orders by capacity so far this year. Maersk is currently the largest contractor of methanol powered capacity but may shortly be overtaken by CMA CGM.



**Figure 17** Alphaliner Weekly 9/2023



## 6 TRENDS > SCHEDULE RELIABILITY - Global



**Figure 18** Sea-Intelligence Global liner Performance – Feb. 2023

While schedule reliability continued to increase for much of 2022, in January 2023 there has been a M/M decline of -3.8 percentage points to 52.6%. Despite that decrease, schedule reliability in January 2023 was considerably higher than in January of the previous two years, with a Y/Y increase at 22.2 percentage points.





## 6 TRENDS > SCHEDULE RELIABILITY BY CARRIER, BY TRADE

Top-14 carriers	2021-Q4	2022-Q1	2022-Q2	2022-Q3	2022-Q4	Nov/22	Dec/22	Jan/23	Jan 23 Arrivals
CMA CGM	28.7%	30.8%	34.8%	44.7%	54.0%	55.7%	55.7%	52.1%	3,779
COSCO	20.5%	24.1%	30.0%	39.8%	50.2%	51.0%	52.4%	47.6%	3,141
Evergreen	13.0%	22.5%	31.7%	42.3%	52.2%	52.5%	55.9%	49.5%	2,021
Hamburg Süd	39.3%	42.9%	41.8%	43.5%	53.1%	54.8%	54.3%	51.6%	1,850
Hapag-Lloyd	28.8%	28.7%	32.4%	37.2%	47.1%	47.4%	51.2%	50.8%	2,915
HMM	21.8%	29.6%	33.8%	37.8%	50.8%	51.8%	54.3%	47.9%	1,233
Maersk	46.0%	48.1%	48.8%	52.0%	59.3%	61.6%	59.7%	58.3%	3,157
MSC	31.2%	32.3%	33.8%	41.4%	59.8%	63.3%	63.1%	57.7%	2,511
ONE	21.2%	26.8%	33.5%	37.3%	47.7%	47.7%	52.4%	48.7%	2,386
OOCL	18.1%	22.5%	28.5%	37.3%	49.5%	50.2%	51.4%	46.4%	2,815
PIL	22.4%	29.3%	31.5%	38.7%	48.0%	47.6%	51.6%	43.9%	1,149
Wan Hai	14.0%	19.7%	22.8%	35.3%	52.5%	56.2%	59.5%	44.1%	651
Yang Ming	17.9%	23.6%	27.4%	31.8%	44.6%	42.5%	47.7%	44.6%	1,483
ZIM	27.0%	30.9%	30.7%	35.6%	48.9%	53.3%	47.0%	41.0%	1,175

Tradelane	DEC/JAN 2022	NOV/DEC 2022	DEC/JAN 2023	M/M change	Y/Y change
Asia-NAWC	9.3%	41.2%	34.2%	-7.0%	24.9%
Asia-NAEC	17.0%	37.2%	35.7%	-1.6%	18.7%
Transpacific WB	22.1%	50.6%	46.0%	-4.6%	23.9%
Asia - North Europe	17.6%	51.8%	52.1%	0.3%	34.6%
Asia - Mediterranean	20.6%	57.7%	53.8%	-3.9%	33.2%
Europe - Asia	26.3%	56.3%	50.9%	-5.4%	24.6%
Transatlantic EB	27.8%	49.8%	51.1%	1.4%	23.3%
Transatlantic WB	17.3%	37.3%	38.1%	0.8%	20.8%
Europe - South America	53.2%	84.7%	87.2%	2.5%	34.0%
South America - N. Europe	45.2%	70.5%	75.4%	4.9%	30.2%
South America - Med.	47.7%	84.0%	80.0%	-4.0%	32.3%
N. America - South America	47.2%	57.8%	55.9%	-1.9%	8.6%
South America - N. America	33.9%	54.4%	58.7%	4.3%	24.8%
Europe-Oceania	18.4%	52.4%	48.8%	-3.6%	30.4%
N. America - Oceania	39.7%	42.4%	50.0%	7.6%	10.3%
Oceania - N. America	42.9%	71.7%	61.1%	-10.6%	18.3%
Asia - Oceania	16.9%	31.6%	35.6%	4.0%	18.7%

Tradelane	DEC/JAN 2022	NOV/DEC 2022	DEC/JAN 2023	M/M change	Y/Y change
Oceania - Asia	20.5%	36.6%	38.8%	2.2%	18.3%
Asia - Middle East	25.8%	51.7%	46.7%	-5.0%	20.9%
Middle East - Asia	23.2%	47.9%	42.9%	-5.0%	19.7%
Europe - Middle East	44.6%	73.9%	67.3%	-6.6%	22.7%
Middle East - Europe	39.9%	64.9%	62.8%	-2.1%	22.9%
Asia - Indian Sub.	22.1%	64.7%	60.0%	-4.7%	37.9%
Indian Sub. - Asia	16.1%	55.5%	53.3%	-2.2%	37.3%
Europe - Indian Sub.	55.3%	85.8%	85.2%	-0.6%	29.9%
Indian Sub. - Europe	29.4%	65.2%	65.5%	0.3%	36.1%
Asia - Africa	38.4%	58.8%	54.6%	-4.2%	16.1%
Africa - Asia	28.9%	48.5%	60.0%	-10.1%	9.5%
Europe - Africa	28.1%	64.2%	60.0%	-4.3%	31.8%
Africa - Europe	38.3%	68.5%	65.5%	-3.1%	27.1%
Asia - ECSA	46.7%	61.3%	61.3%	0.0%	14.6%
ECSA - Asia	23.8%	56.4%	51.1%	-5.3%	27.3%
Asia - WCSA	41.3%	73.5%	69.7%	-3.9%	28.4%
WCSA - Asia	31.2%	61.0%	54.6%	-6.4%	23.4%

Figure 19, 20 Sea-Intelligence Global liner Performance – Feb. 2023



## 6 TRENDS > VESSELS' ORDERBOOK

Liner Fleet as at	1 February 2023
Liner ships incl. non-cellular	6,527
Total liner capacity (teu)	26,473 Mteu
Year-on-year increase %	4.31%
No. of cellular ships	5,726 units
Total cellular capacity (teu)	26,075 Mteu
Year-on-year increase %	4.25%
Chartered fleet % by teu	45.00%
Cellular fleet as % of liner total	98.50%
% of cellular fleet idle	2.80%
Orderbook	7,692 Mteu
Orderbook as % of current fleet	29.5%
Deliveries Jan 2023	21 units/ 81,823 teu
Deletions Jan 2023	3 units/ 3,326 teu
New Orders Jan 2023	26 units/ 302,000 teu

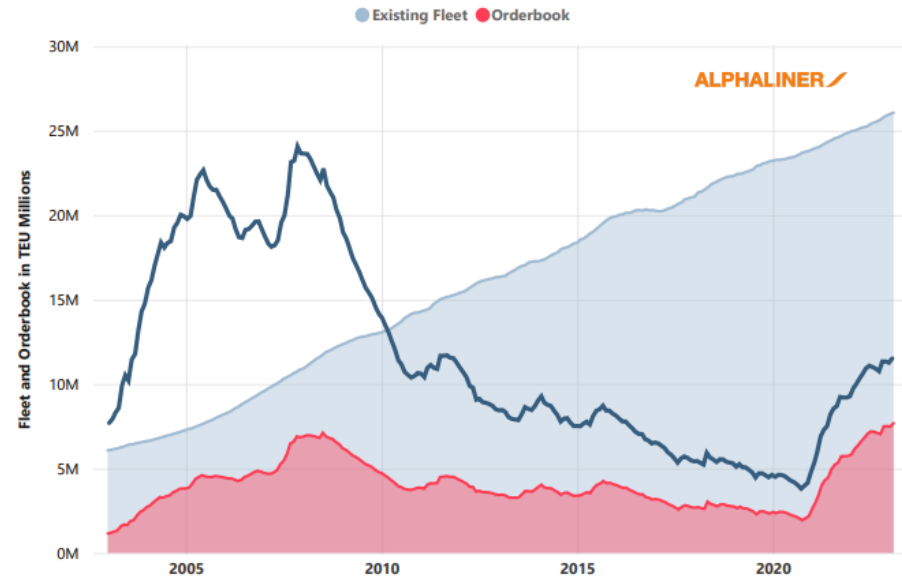
23

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
942	7,692,160	381	2,771,321	36.0%	29.5%

Deliveries			New Orders			Demolitions		
Month	Units	TEU	Month	Units	TEU	Month	Units	TEU
January	21	81,823	January	26	302,000	January	3	3,326
November	22	98,299	November	5	7,900	December	3	8,144
December	20	93,161	December	2	3,800			

Orderbook-to-Fleet Development 2003-2023 (Cellular ships only)





## 6 TRENDS > VESSELS' ORDERBOOK

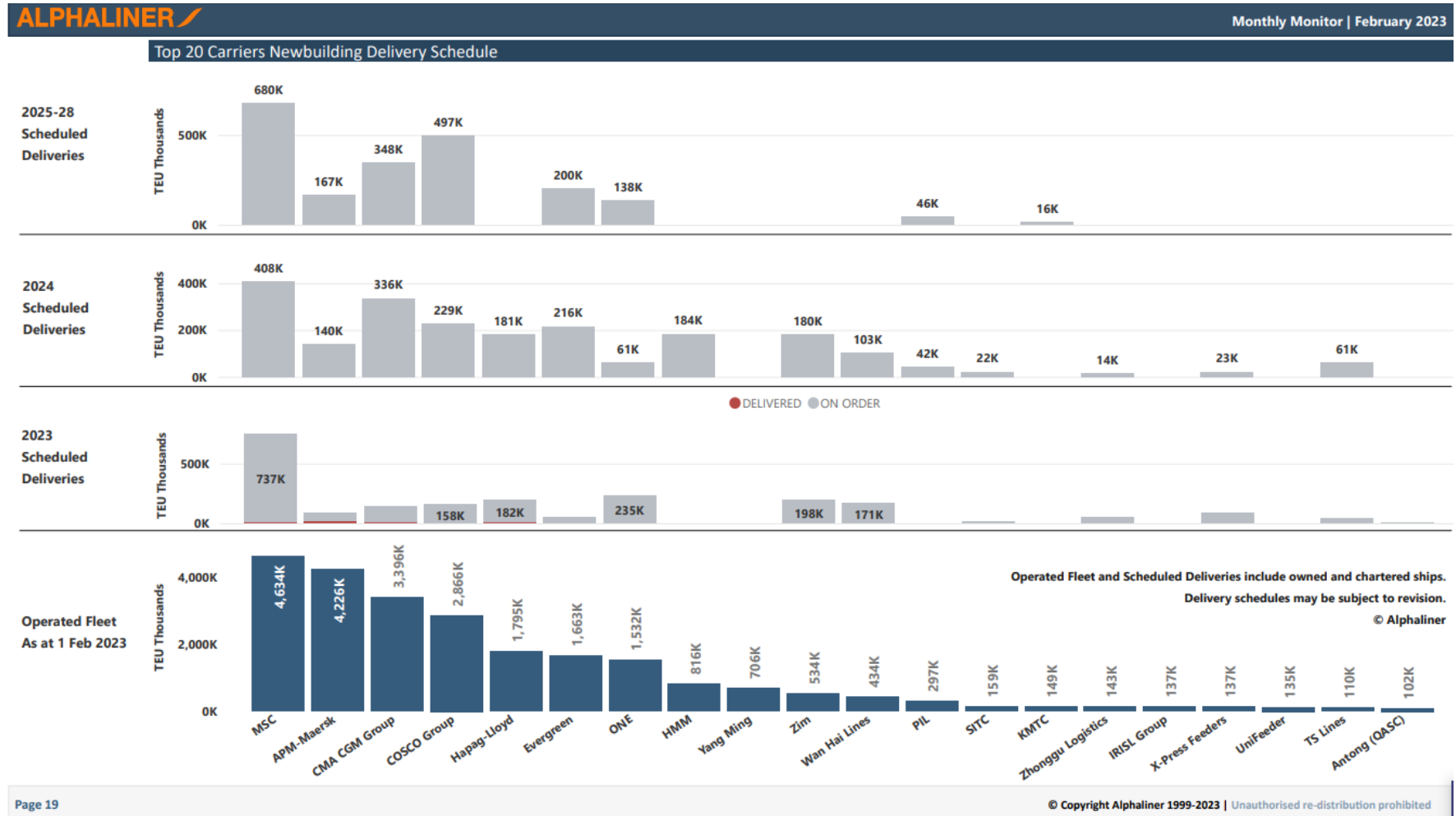


Figure 24: Alphaliner Monthly Monitor February 2023



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