

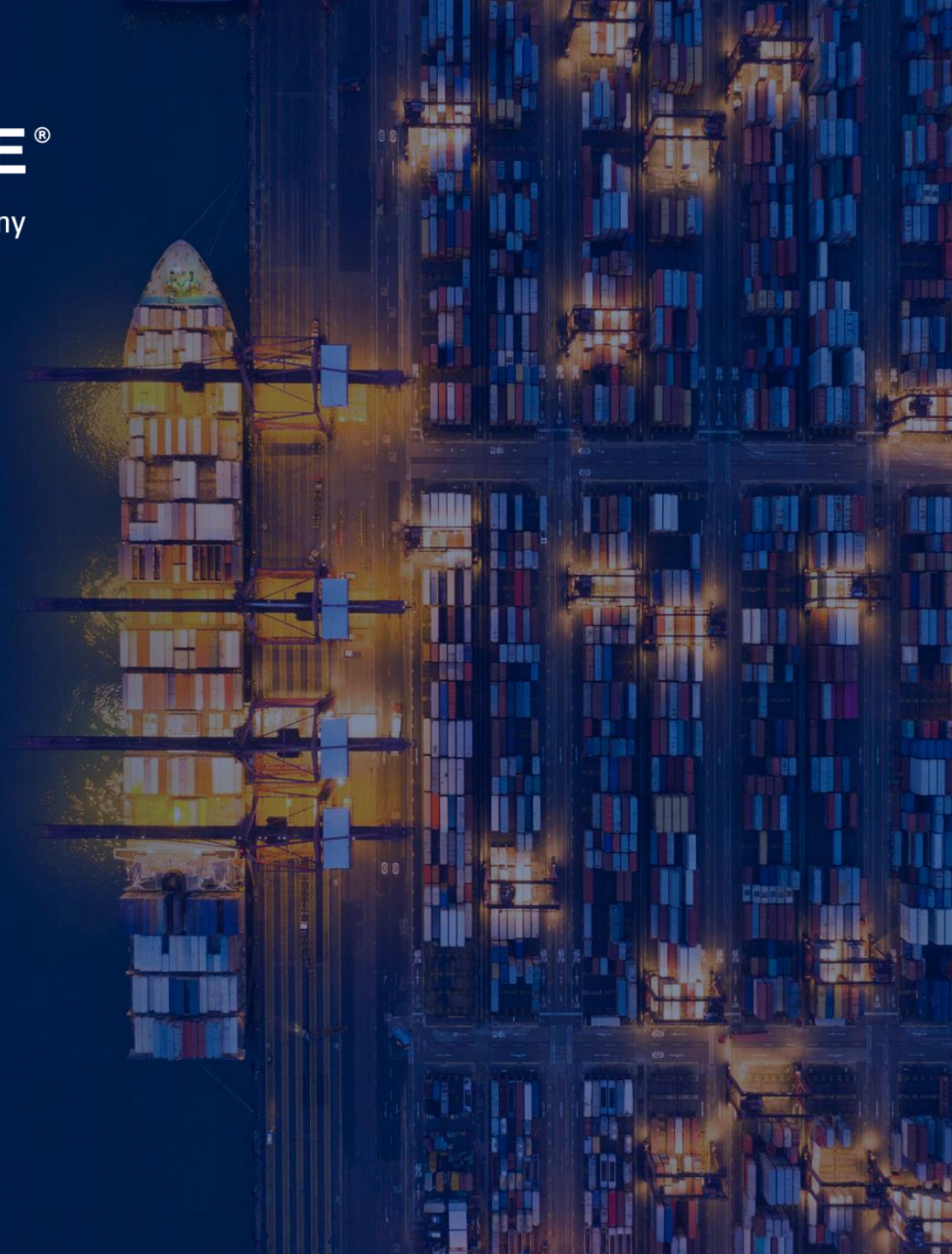


SAVINO DEL BENE®

Global Logistics and Forwarding Company

GLOBAL OCEAN MARKET REVIEW

May 2023





AGENDA

1. OVERVIEW

2. GLOBAL DEMAND

3. CAPACITY

4. PORT CONGESTION

5. TRENDS

- RATES
- RATES BY TRADE
- BUNKER
- SCHEDULE RELIABILITY
- VESSELS' ORDERBOOK

1 OVERVIEW



GLOBAL DEMAND

Global demand measured in TEU declined -3% in March y/y. The growth trend is confirmed but not necessarily a real rebound.

PORT CONGESTION

On week 19/2023, global port congestion was set at 1.61M TEUs = 6% of the entire fleet. No major signs of congestion around the world, with dwelling times under control. Still no deal for the US west coast labour agreement.

SCHEDULE RELIABILITY

Global schedule reliability recorded a relatively sharp increase of 7.7% m/m in February 2023 and reached 60.2%, bringing it very close to the 2020 figure for the same month. On an annual level, schedule reliability was a staggering 26% higher.

CAPACITY

On TPEB, TAWB, and Asia-North Europe & Med, 20 canceled sailings have been announced between weeks 21 and week 25, out of a total of 675 scheduled sailings, = 3% cancellation rate. During this period, 65% of the blank sailings will occur on the TPEB, 20% on Asia-North Europe and Med, and 15% on the TAWB.

RATES LEVELS

A stability trend has been confirmed in the past few weeks, and even some positive signs on a few selected trades, except for Trans-Atlantic trade in both directions. Drewry WCI was down 1% on week 20 (w/w) and down 1% on a monthly basis to USD 1719 per FEU

BUNKER/ENVIRONMENT

The trend for all types of traditional fuel is going down. Currently, no drivers in the global bunker market show signs of upward evolution. Therefore, we expect the downtrend to continue in the following weeks.



2 GLOBAL DEMAND

Global demand trend year-on-year

Markets might be beginning to rebound after six months of severe drops, but have we really reached the bottom?

Global TEU Volume and Price Index

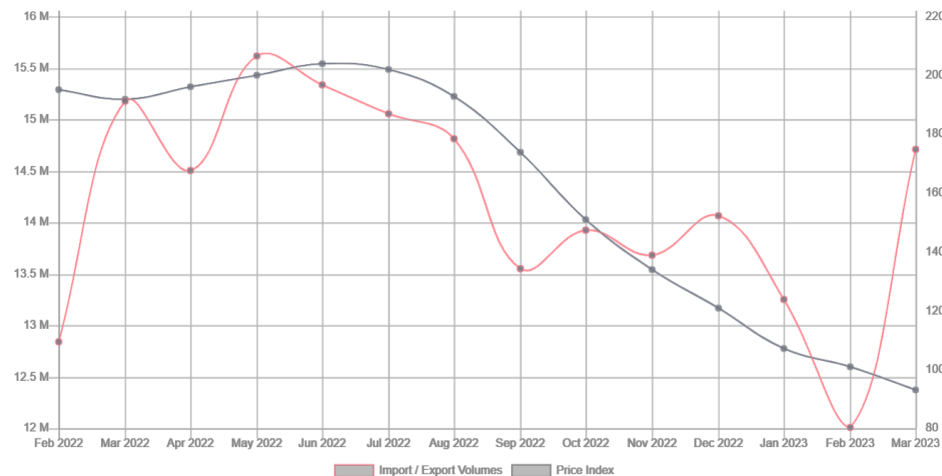


Figure 1: CTS data March 2023

Fig.A1: TEU growth



Figure 2: Sea-Intelligence Sunday Spotlight issue 613

The rebound has not brought the market fully back up to the level seen before the drop in September 2022. Still, we are significantly above the lower plateau experienced in September 2022.



2 GLOBAL DEMAND

Regional demand trend

Fig.A5: Europe import
Year-on-year growth



Fig.A6: N.America import
Year-on-year growth



The rebound is not uniform, and particularly there is not yet a rebound flowing into North America.

Figure 3: Sea-Intelligence Sunday Spotlight issue 613

Figure 4: Sea-Intelligence Sunday Spotlight issue 613

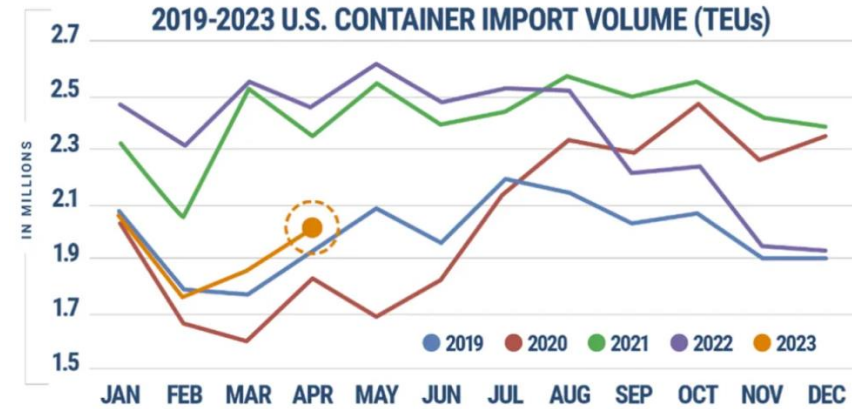
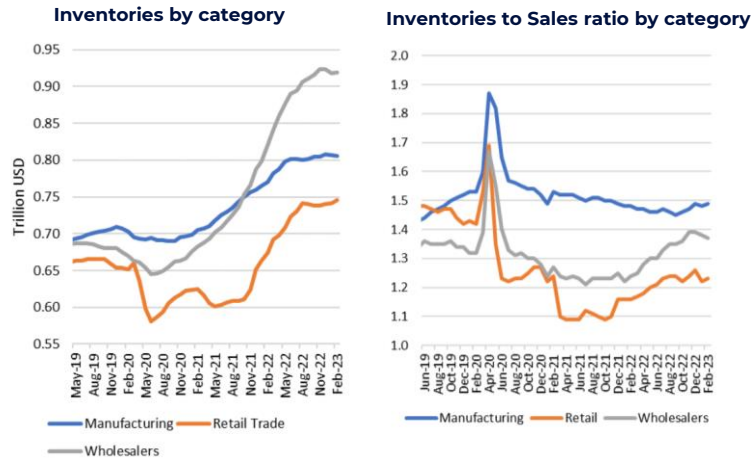
Region	Trade	March 2022 (ETD) Volume in TEU	Feb 2023 (ETD) Volume in TEU	March 2023 (ETD) Volume in TEU	% m/m	% y/y
Australasia & Oceania	Import	346 913	262 189	328 332	25.23%	-5.66%
	Export	231 162	202 861	246 248	21.39%	6.13%
Europe	Import	2 905 701	2 314 172	2 956 712	27.77%	1.73%
	Export	2 645 184	2 147 837	2 397 528	11.63%	-10.33%
Far East	Import	5 714 261	4 761 123	5 505 017	15.62%	-3.80%
	Export	8 706 964	6 403 934	8 424 918	31.56%	-3.35%
ISC & ME	Import	1 595 148	1 453 002	1 718 983	18.31%	7.20%
	Export	1 234 832	1 138 465	1 274 961	11.99%	3.15%
North America	Import	3 005 016	1 846 149	2 458 493	33.17%	-22.23%
	Export	1 242 953	1 146 072	1 228 395	7.18%	-1.19%
South & Central America	Import	960 497	797 009	1 022 354	28.27%	6.05%
	Export	805 267	697 488	793 928	13.83%	-1.43%
Sub Saharan Africa	Import	653 534	579 754	719 865	24.17%	9.21%
	Export	314 708	276 831	343 778	24.18%	8.46%
Global	Total I&E	15 181 070	12 013 488	14 709 756	22.44%	-3.20%

Figure 4: Savino Del Bene data. Elaborated from various sources.



2 GLOBAL DEMAND

U.S. demand

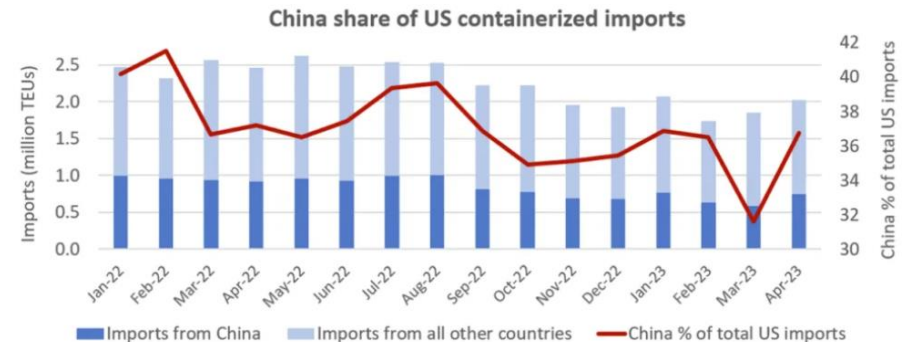


(Chart: Descartes. Data source: Descartes Datamyne)

U.S. imports are rising off their lows. Inventory-to-sales ratios are still much higher than pre-COVID, yet monthly imports are now either at or above 2019 levels. Container volume is down 18% from a year ago when American importers were frantically shipping in cargo. But it's up 9% from March and 5% from April 2019, pre-COVID. Volumes are showing “continued consistency with pre-pandemic volume seasonality,” said Descartes Systems Group.

China's share of U.S. imports bounced back up to 36.8% in April from just 31.6% in March. China's share had been as high as 41.5% in February 2022.

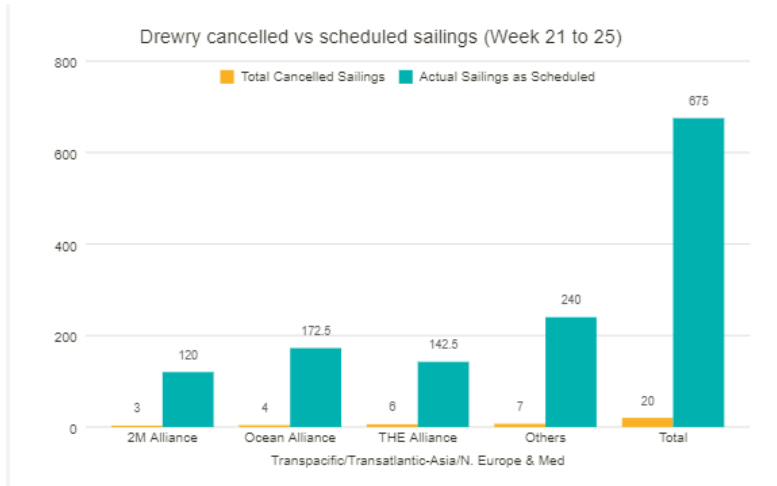
Figure 6-7: Sea-Intelligence Sunday Spotlight issue 613



(Chart: FreightWaves based on data from Descartes Datamyne)



3 CAPACITY

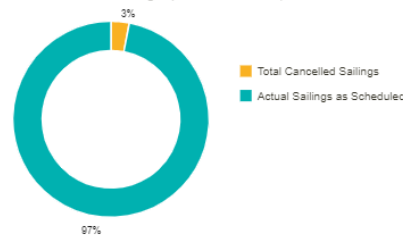


Across the major East-West head-haul trades: Transpacific, Transatlantic, and Asia-North Europe & Med, 20 canceled sailings have been announced between weeks 21 and week 25, out of a total of 675 scheduled sailings, representing a **3% cancellation rate**.

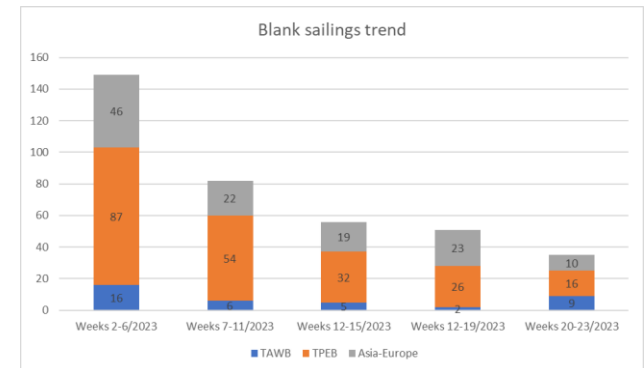
- Trans-Pacific Eastbound: 65%.
- Asia – North Europe & Med: 20%.
- Trans-Atlantic Westbound: 15%.

The cancellation rate on the main East-West routes has been relatively low over the last two months compared to the Covid period and is anticipated to stand at a mild 5% over the next five weeks. This assessment, however, may easily change should carriers respond to any signs of demand weakness.

Drewry cancelled vs scheduled sailings (Week 21 to 25)



- *THE Alliance: 6 cancellations.*
- *OCEAN Alliance: 4 cancellations*
- *2M: 3 cancellations.*
- *Non-alliance: 7 blank sailings.*



Figures 8-9 and content: Drewry, May 19, 2023

	Weeks 2-6/2023	%	Weeks 7-11/2023	%	Weeks 12-15/2023	%	Weeks 16-19/2023	%	Weeks 20-23/2023	%
Total	149	21%	82	12%	56	8%	51	8%	35	5%
TAWB	16	11%	6	7%	5	9%	2	4%	9	26%
TPBE	87	58%	54	66%	32	57%	26	51%	16	46%
Asia-Europe	46	31%	22	27%	19	34%	23	45%	10	29%
Total sailings	707		690		675		675		675	

Figures 10 (above) and data table:
Savino Del Bene, elaborated from
Drewry's data.



4 PORT CONGESTION

Congestion Watch

Global Containership Fleet Snapshot as of 2 mag 2023

Ship Status	Ships	TEU	Total TEU
Ships at port	913	3,966,974	
Active Ships	4,786	19,335,528	
Inactive Ships	216	882,342	
Ships at anchorage	585	2,197,417	
Ships in shipyard	181	641,330	

Figures 11-12 Linerlytica, Market Pulse week 2/2023 - 19/2023

Port Congestion Week 2/2023

2.32m TEU
8.9% of fleet

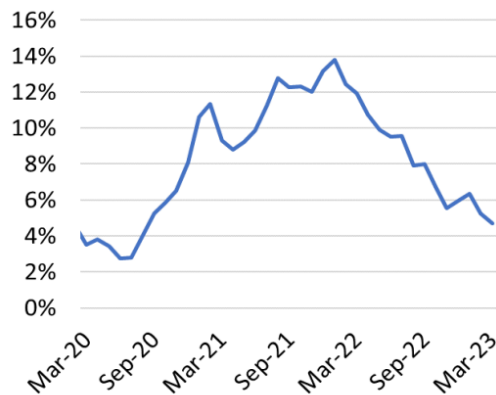
Port Congestion Week 15/2023

1.73m TEU
6.5% of fleet

Port Congestion Week 19/2023

1.61m TEU
6.0% of fleet

Absorption of global fleet due to delays



Sea-Intelligence shows that presently 4.7% of the global fleet is unavailable due to delays of the vessels. Still remains elevated compared to pre-pandemic normality, where the average in March month of 2017, 2018, and 2019 was 2.9%. However, it should also be noted that in March 2018, which in essence, should be considered part of the pre-pandemic normality, the fleet absorption was 3.9%.

Figure 13: Sea-Intelligence
Sunday Spotlight issue 612



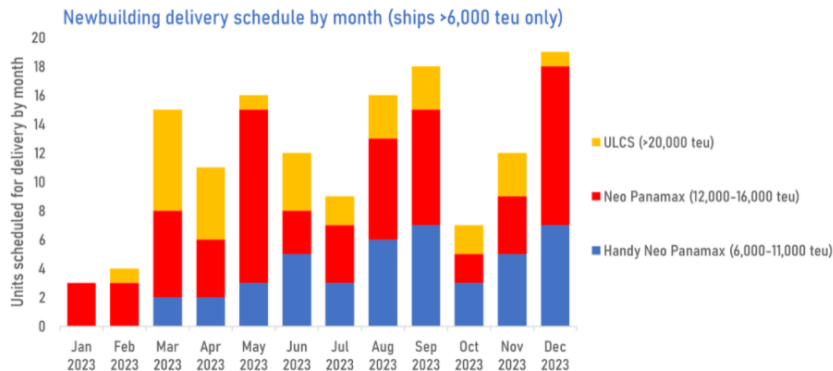
5 ALBERTO RIVOLA'S PERSPECTIVE



Alberto Rivola
Head of Global Ocean Procurement

GRI announced last month was short-lived and basically failed to raise any rate levels. At the same time, the path toward normalisation is well set. In fact, we can't really speak of a price war but of a more gradual approach to stability in the market rates. As a matter of fact, regardless of the index of choice and its real-time adjustments, rates are still higher than pre-pandemic levels. Of course, there are outliers, with some trades still showing a gradual deterioration of the rates, such as trans-Atlantic, but in general, most of the trades have not been subjected to sudden and significant drops for the past few 6-8 weeks.

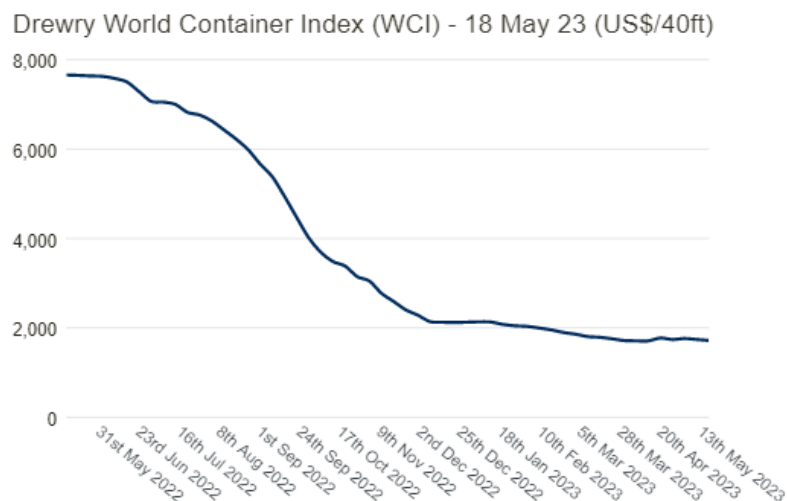
In terms of capacity, we can surely debate how much the new injection of capacity will affect the market. Due to slow steaming actions, some vessels have been added to certain specific trades just to keep the weekly rotation of the service. Hence, no real capacity increase. Nevertheless, it is impossible to deny that capacity will still increase, with demand still lagging behind capacity growth. There might be no price war, but the past two years' outstanding financial results push carriers to implement a capacity growth strategy aggressively, often based on greener fuel or alternative fuel systems.



I don't think we will see a solid peak season this year. The inventory backlog, mainly in the US, has not been cleared yet. Other economies cannot compensate for the drop in demand and volume caused by changes in the spending habits of the US consumer. In any case, and regardless of the trade, I suggest monitoring the market regularly, and being ready for sudden, albeit momentarily, changes in the market dynamics.

Figure 14: Source: Linerlytica

5 TRENDS > RATES



Figures 15 and content: Drewry World Container Index – 18 May 2023

“Spot rates in many key trades are now above pre-pandemic levels. The spot rates are clearly not reflective of the entire market, but it is the “tip of the sword”, so to speak. Sure, there is anecdotal evidence of rates lower than the indices show in the market – but that would be equally true of the pre-pandemic situation. Hence, comparing the relative level of a spot rate index now and then, is indeed a good gauge of market strength” (Sea-Intelligence Sunday Spotlight issue 614)

- The composite index has decreased by 1% this week and has dropped by 78% compared to last year.
- The latest Drewry WCI composite index of \$1 719 per 40-foot container is now 83% below the peak of \$10 377 in September 2021. It is 36% lower than the 10-year average of \$2 688, indicating a return to more normal prices, but remains 21% higher than average 2019 (pre-pandemic) rates of \$1 420.
- The average composite index for the year-to-date is \$1 868 per 40ft container, which is \$820 lower than the 10-year average (\$2 688 mentioned above).

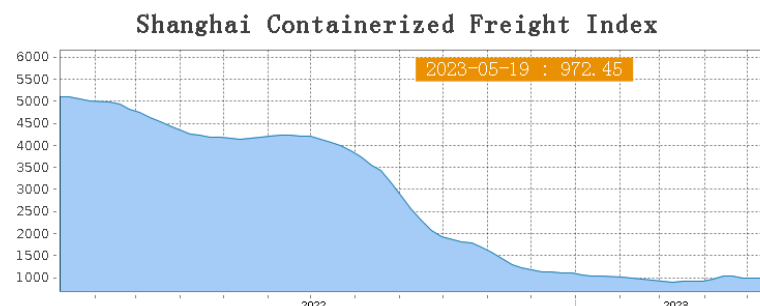
Route	04-May-23	11-May-23	18-May-23	Weekly change (%)	Annual change (%)
Composite Index	\$1,763	\$1,741	\$1,720	-1% ▼	-78% ▼
Shanghai - Rotterdam	\$1,645	\$1,605	\$1,542	-4% ▼	-84% ▼
Rotterdam - Shanghai	\$594	\$593	\$594	0%	-58% ▼
Shanghai - Genoa	\$2,232	\$2,207	\$2,196	0%	-81% ▼
Shanghai - Los Angeles	\$1,825	\$1,827	\$1,823	0%	-79% ▼
Los Angeles - Shanghai	\$1,017	\$1,017	\$1,029	1% ▲	-19% ▼
Shanghai - New York	\$2,829	\$2,831	\$2,825	0%	-74% ▼
New York - Rotterdam	\$924	\$889	\$839	-6% ▼	-29% ▼
Rotterdam - New York	\$4,783	\$4,530	\$4,434	-2% ▼	-38% ▼

The index is usually published weekly. However, the carriers now update rates multiple times during the week. Hence, there is at least a week of lag of about one week between index publications and the most recent market rates. Indexes are based on various baskets of rates and various sources. They may not reflect the individual agreements between shipping lines, transport intermediaries, and customers.

5 TRENDS > RATES

Shanghai Containerized Freight Index					
Description	Unit	Weighting	Previous Index 2023-05-12	Current Index 2023-05-19	Compare With Last Week
Comprehensive Index			983.41	972.45	-10.96
Europe (Base port)	USD/TEU	20.0%	870	869	-1
Mediterranean (Base port)	USD/TEU	10.0%	1624	1628	3
USWC (Base port)	USD/FEU	20.0%	1385	1329	-57
USEC (Base port)	USD/FEU	7.5%	2381	2365	-16
Persian Gulf and Red Sea (Dubai)	USD/TEU	7.5%	1324	1261	-63
Australia/New Zealand (Melbourne)	USD/TEU	5.0%	225	279	54
East/West Africa (Lagos)	USD/TEU	2.5%	2744	2759	15
South Africa (Durban)	USD/TEU	2.5%	1350	1417	68
South America (Santos)	USD/TEU	5.0%	1955	2009	55
West Japan (Base port)	USD/TEU	5.0%	321	321	
East Japan (Base port)	USD/TEU	5.0%	329	329	
Southeast Asia (Singapore)	USD/TEU	7.5%	173	174	1
Korea (Pusan)	USD/TEU	2.5%	144	140	-4

The market is still characterized by significant over-capacity and weak volume developments, with massive amounts of new capacity coming on stream in the coming years. However, current rate developments have basically been in line with, or stronger than, what could be expected seasonally up to the first week of May, which in itself also shows a level of strength in the market.



Figures 16-17 and content: Shanghai Containerized freight Index

“It is interesting to note, that despite the large drops in spot rates, the drops in overall freight rates realized by the carriers have been less severe. And even more to the point, the profitability of the carriers is much higher than seen pre-pandemic. When this is combined with the data implying that we might have reached the bottom of the market – with the caveat that sudden failure of the peak season could send the market plunging – we seem to be on a track, where carriers are indeed in a stronger position than in 2019, on a more consistent basis going forward” (Sea-Intelligence)

The index is usually published weekly. However, the carriers now update rates multiple times during the week. Hence, there is at least a week of lag of about one week between index publications and the most recent market rates. Indexes are based on various baskets of rates and various sources. They may not reflect the individual agreements between shipping lines, transport intermediaries, and customers.



5 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	=	=	NORTH AM.	--	=

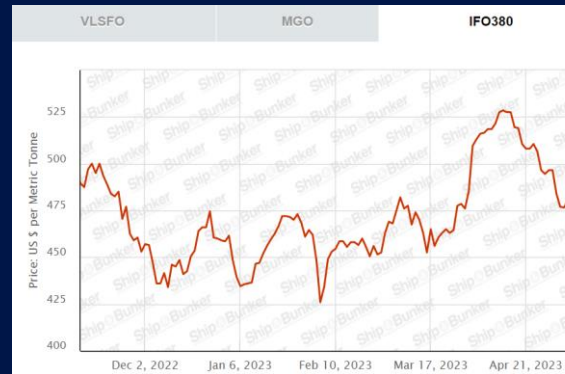
Figure 18
Rates and Capacity by trade May 2023. Source Savino Del Bene



5 TRENDS > BUNKER



VLSFO: \$584/mt (20 ports average)



IFO 380: \$480/mt (20 ports average)



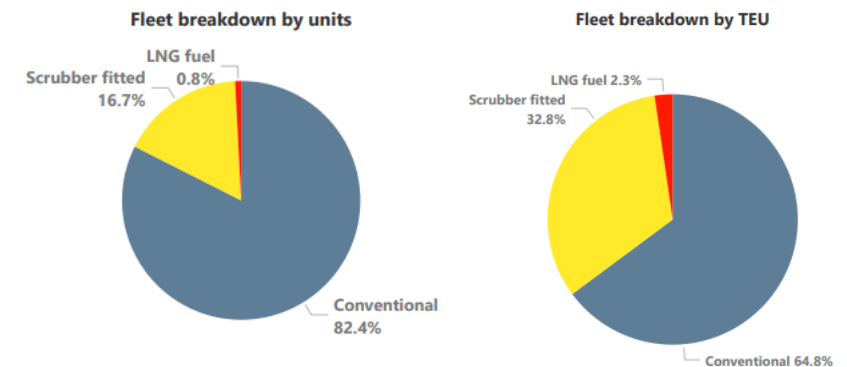
LNG-380eq.: \$656/mt (Rotterdam)

Figures 19-21: Shipandbunker.com. **Content:** Mabux.

19 vessels with alternative fuel propulsion were ordered last month. However, as new-build orders are now turning more towards tankers and bulkers, the overall share of alternative fuels in the orderbook will likely decrease. So far this year, the total order figure for alternative fuel vessels stands at 63. During the first four months of 2022, a total of 121 such vessels had been ordered.

The trend for all types of traditional fuel is going down. Currently, no drivers in the global bunker market show signs of upward evolution. Therefore, we expect the downtrend to continue in the following weeks.

LNG prices have stabilized, and we do not expect significant changes in the LNG/conventional fuel price spread next week.

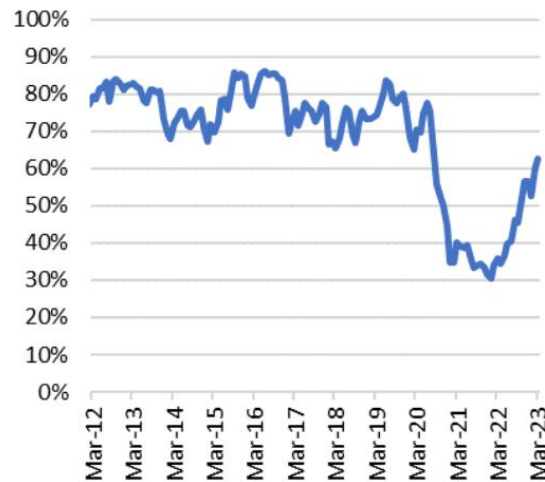


Figures 22-23 : Alphaliner Monthly – April 2023

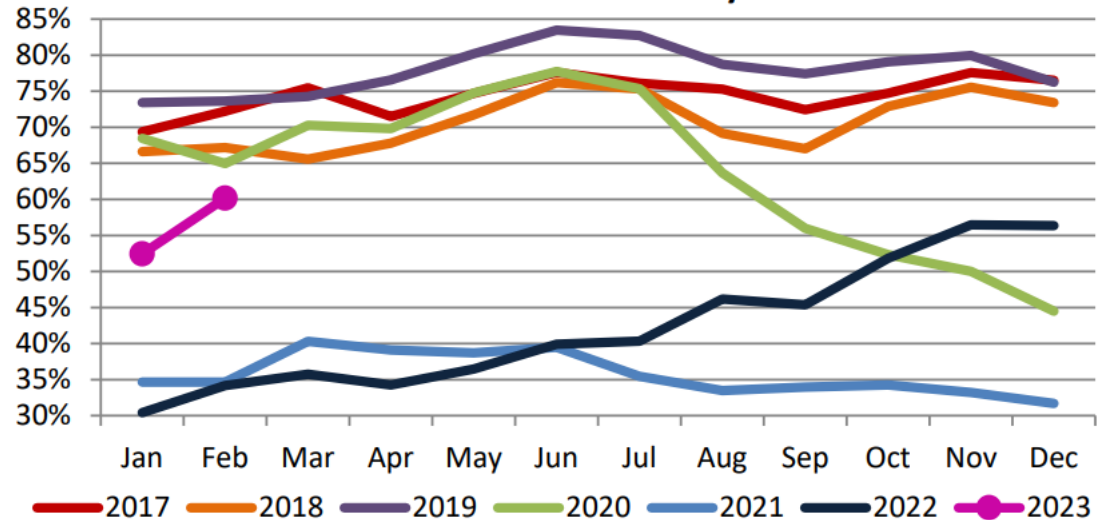


5 TRENDS > SCHEDULE RELIABILITY - Global

Fig.A1: Global on-time performance



Global schedule reliability



Figures 23-24: Sea-Intelligence Global liner Performance – April 2023

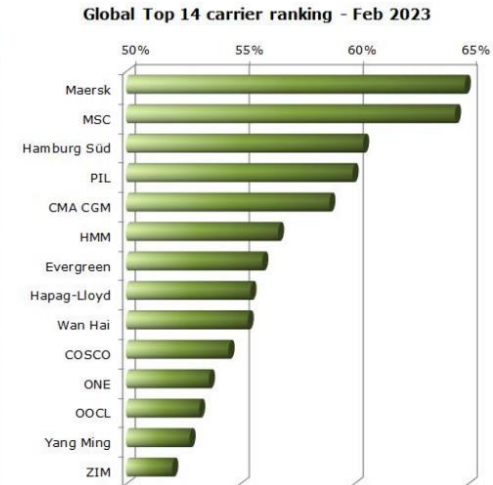
Global schedule reliability recorded a relatively sharp increase of 7.7% m/m in February 2023 and reached 60.2%, bringing it very close to the 2020 figure for the same month. On an annual level, schedule reliability was a staggering 26% higher.

It is clear that the situation is not yet fully normalized, but it is also clear that the process of normalization continues at a significant pace. It is particularly noteworthy that we have now reached a point where exactly 50% of all trade lanes show performance on either on-time reliability or the magnitude of delays which is back within the range seen pre-pandemic.



5 TRENDS > SCHEDULE RELIABILITY BY CARRIER, BY TRADE

Top-14 carriers	2021-Q4	2022-Q1	2022-Q2	2022-Q3	2022-Q4	Dec/22	Jan/23	Feb/23	Feb 23 Arrivals
CMA CGM	28.7%	30.8%	34.8%	44.7%	54.0%	55.7%	51.9%	58.9%	3,393
COSCO	20.5%	24.1%	30.0%	39.8%	50.2%	52.4%	47.4%	54.5%	2,758
Evergreen	13.0%	22.5%	31.7%	42.3%	52.2%	55.9%	49.4%	56.0%	1,763
Hamburg Süd	39.3%	42.9%	41.8%	43.5%	53.1%	54.3%	51.6%	60.4%	1,712
Hapag-Lloyd	28.8%	28.7%	32.4%	37.2%	47.1%	51.2%	50.8%	55.5%	2,699
HMM	21.8%	29.6%	33.8%	37.8%	50.8%	54.3%	47.9%	56.7%	1,117
Maersk	46.0%	47.9%	48.8%	52.0%	59.2%	59.5%	58.1%	64.9%	2,829
MSC	31.2%	32.3%	33.8%	41.4%	59.7%	63.0%	57.5%	64.4%	2,283
ONE	21.2%	26.8%	33.5%	37.3%	47.7%	52.4%	48.7%	53.6%	2,155
OOCL	18.1%	22.5%	28.5%	37.3%	49.5%	51.4%	46.3%	53.2%	2,492
PIL	22.4%	29.3%	31.5%	38.7%	48.0%	51.6%	43.7%	59.9%	981
Wan Hai	14.0%	19.7%	22.8%	35.3%	52.5%	59.5%	44.1%	55.3%	524
Yang Ming	17.9%	23.6%	27.4%	31.8%	44.6%	47.7%	43.8%	52.8%	1,273
ZIM	27.0%	30.9%	30.7%	35.6%	48.9%	47.0%	40.9%	52.0%	984



Source: Sea-Intelligence - GLP report report - Mar 2023

Tradelane	JAN/FEB 2022	DEC/JAN 2023	JAN/FEB 2023	M/M change	Y/Y change
Asia-NAWC	13.0%	34.2%	30.2%	-4.0%	17.2%
Asia-NAEC	15.4%	35.7%	39.2%	3.5%	23.8%
Transpacific WB	25.9%	45.9%	48.2%	2.3%	22.3%
Asia - North Europe	15.4%	52.1%	53.2%	1.1%	37.9%
Asia - Mediterranean	27.0%	53.8%	44.5%	-9.3%	17.5%
Europe - Asia	31.7%	50.9%	55.5%	4.6%	23.9%
Transatlantic EB	27.0%	51.1%	49.2%	-2.0%	22.2%
Transatlantic WB	14.3%	38.1%	44.3%	6.3%	30.0%
Europe - South America	51.7%	87.2%	87.5%	0.3%	35.8%
South America - N. Europe	37.0%	75.4%	87.7%	12.3%	50.7%
South America - Med.	50.3%	80.0%	76.0%	-4.0%	25.7%
N. America - South America	39.6%	55.9%	54.3%	-1.6%	14.6%
South America - N. America	22.4%	58.7%	69.4%	10.8%	47.0%
Europe-Oceania	17.2%	48.8%	34.2%	-14.6%	17.0%
N. America - Oceania	44.8%	50.0%	48.9%	-1.1%	4.0%
Oceania - N. America	42.4%	61.1%	44.9%	-16.2%	2.5%
Asia - Oceania	18.9%	35.6%	42.2%	6.6%	23.3%

Tradelane	JAN/FEB 2022	DEC/JAN 2023	JAN/FEB 2023	M/M change	Y/Y change
Oceania - Asia	27.5%	38.7%	51.9%	13.2%	24.4%
Asia - Middle East	29.6%	46.7%	41.4%	-5.4%	11.8%
Middle East - Asia	27.5%	42.9%	44.3%	1.4%	16.8%
Europe - Middle East	44.4%	67.3%	61.4%	-5.9%	17.0%
Middle East - Europe	40.2%	62.8%	62.2%	-0.5%	22.0%
Asia - Indian Sub.	24.9%	60.0%	56.5%	-3.5%	31.6%
Indian Sub. - Asia	19.7%	53.3%	58.3%	5.0%	38.6%
Europe - Indian Sub.	52.7%	85.2%	87.2%	2.0%	34.5%
Indian Sub. - Europe	30.7%	65.5%	67.4%	1.9%	36.8%
Asia - Africa	37.3%	54.6%	53.7%	-0.9%	16.4%
Africa - Asia	32.7%	38.4%	49.6%	11.3%	16.9%
Europe - Africa	31.4%	59.8%	57.7%	-2.1%	26.4%
Africa - Europe	35.9%	65.4%	63.2%	-2.2%	27.3%
Asia - ECSA	54.3%	61.3%	54.8%	-6.5%	0.5%
ECSA - Asia	30.7%	51.1%	52.7%	1.6%	22.0%
Asia - WCSA	41.6%	69.7%	57.0%	-12.7%	15.4%
WCSA - Asia	35.9%	54.6%	54.9%	0.3%	19.0%

Figures 24-26: Sea-Intelligence Global liner Performance – April 2023



5 TRENDS > VESSELS' ORDERBOOK

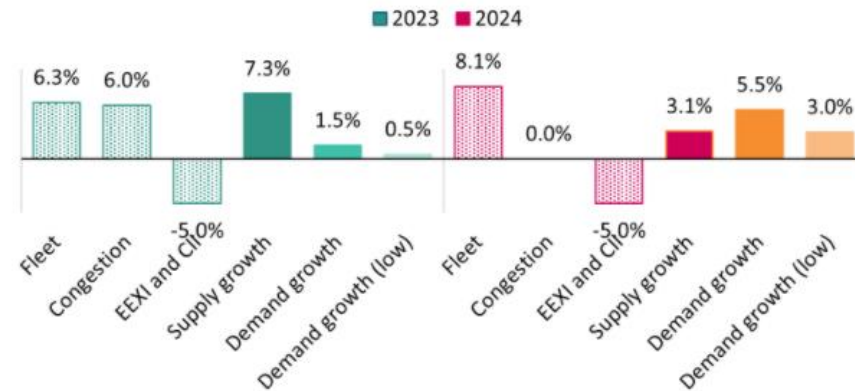
Port congestion expected to be fully resolved during 2023 and release as much as 6% of the fleet in comparison to 2022. However, many analysts revised the forecast for the impact of CII and EEXI on sailing speeds. BIMCO has therefore included a 5% speed reduction in both 2023 and 2024.

Deliveries will accelerate due to the larger orderbook built up during the past two years; 4.9 million TEU will be delivered during 2023 and 2024, equivalent to an additional 19% of the fleet size at the beginning of 2023. However, recycling of ships will temper actual fleet growth, and we have forecast an increase due to worsening market conditions and IMO climate regulations. As a result, we predict that nearly **1 million TEUs will be recycled**.

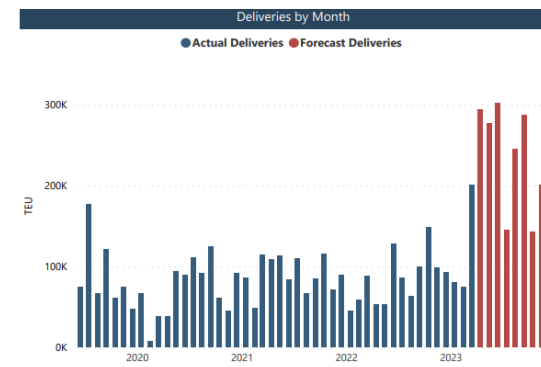
65% of fleet growth will be concentrated in the segment of ships larger than 15 000 TEU, while the fleet of ships smaller than 3 000 TEU will reduce; the 3 000 – 8 000 TEU and 8 000 – 15 000 TEU segments will each account for 18% of growth.

This change will likely drive a **further cascading of large ships into trades handled by smaller ships** and increase the ratio of the smallest ships deployed in the regional trade lanes.

Container supply and demand changes, y/y



Source: BIMCO, CTS, Clarkson Shipping Intelligence Network



Figures 27-28: Alphaliner Monthly – April 2023

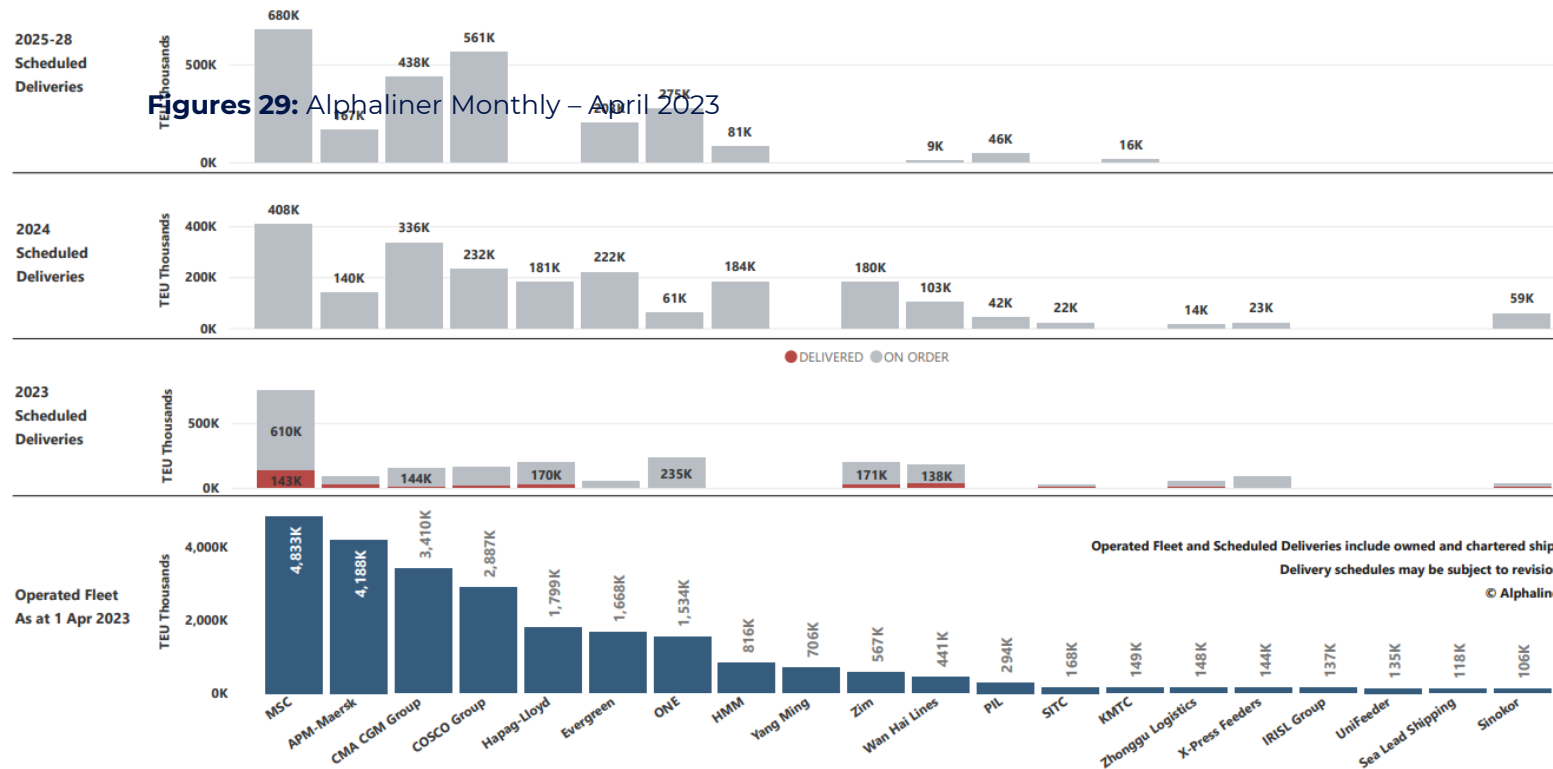


5 TRENDS > VESSELS' ORDERBOOK

ALPHALINER

Monthly Monitor | April 2023

Top 20 Carriers Newbuilding Delivery Schedule



MSC sets record as 1st ocean carrier to hit 5 million TEU in fleet capacity. The Alphaliner estimated that by the middle of 2024, it could reach a fleet size of 6 million TEUs, even though the exact timing depends on sales and vessel acquisitions.

MSC is seen to have the scale to go it alone out of significant alliances and to offer appealing port pairs on crucial trade lanes without being part of another alliance set-up. The weekly report mentioned that Alphaliner expects the MSC to maintain selected smaller-scale collaborations on several trades.



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