

Market update



DSV Air & Sea

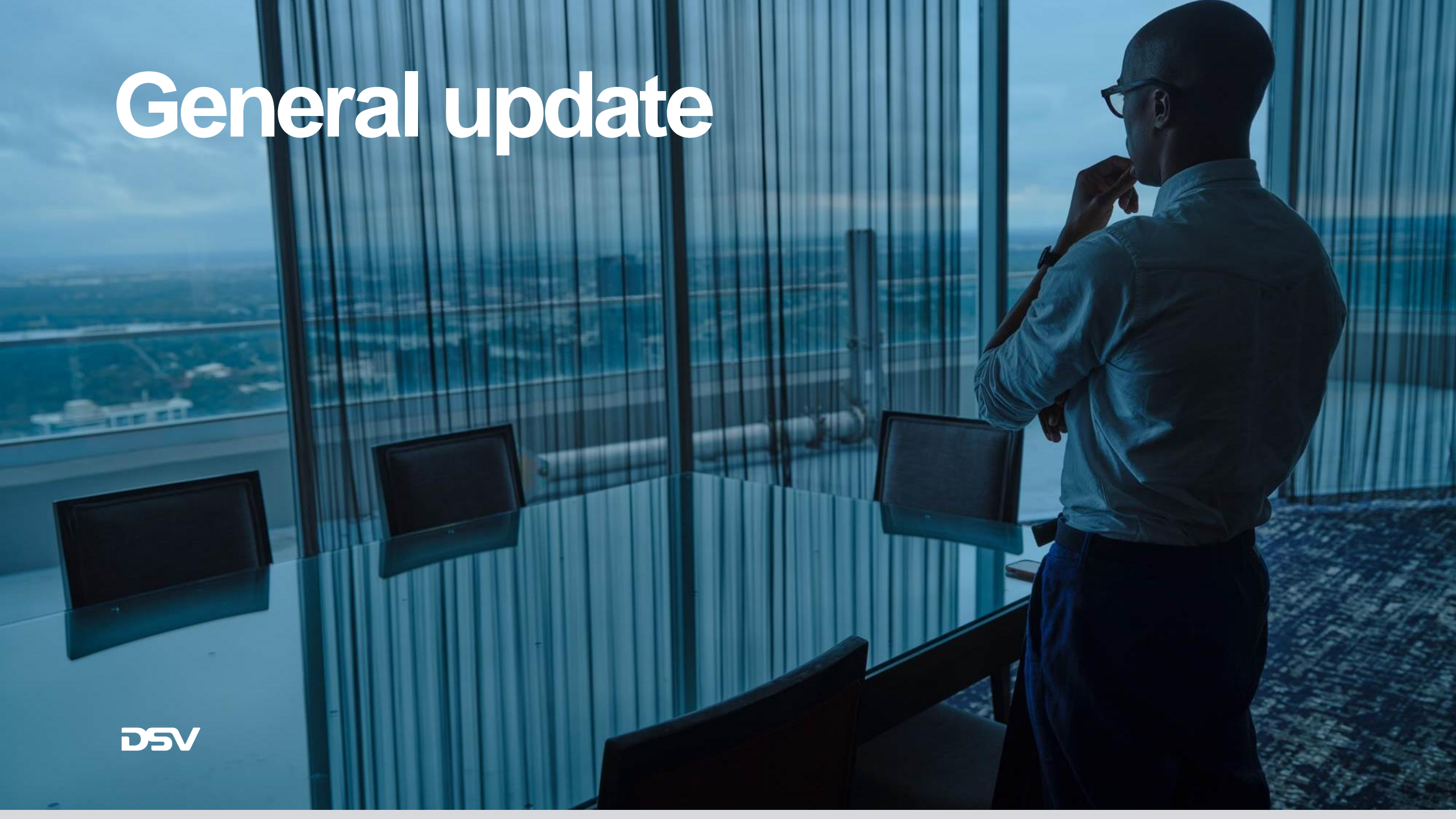
December 2023



Global Transport and Logistics

General update

DSV



As the Panama Canal scales back on reservation slots, more ships without reservations wait longer

- On December 1st, the canal authorities will reduce the number of reservation slots to cross the canal from 24 vessels per day to 22 vessels.
- Neo-panamax container ships that serve U.S. East and Gulf Coast ports secure transit reservations for their scheduled liner services.
- THE Alliance (Hapag-Lloyd, ONE and HMM) diverts ships through Suez ahead of Panama Canal transit cuts will halt Panama Canal transits through February for ships of its weekly container services between the US and Asia, opting instead for longer sea routes through the Suez Canal
- The move comes as the Panama Canal Authority (ACP) puts severe limits on ship transits in response to the ongoing drought in the region, which is already causing mounting delays for vessels. Those limits are due to get even tighter in the coming months.
- All carriers are implementing Panama canal low water surcharges, since cost to transit Panamá canal will be higher

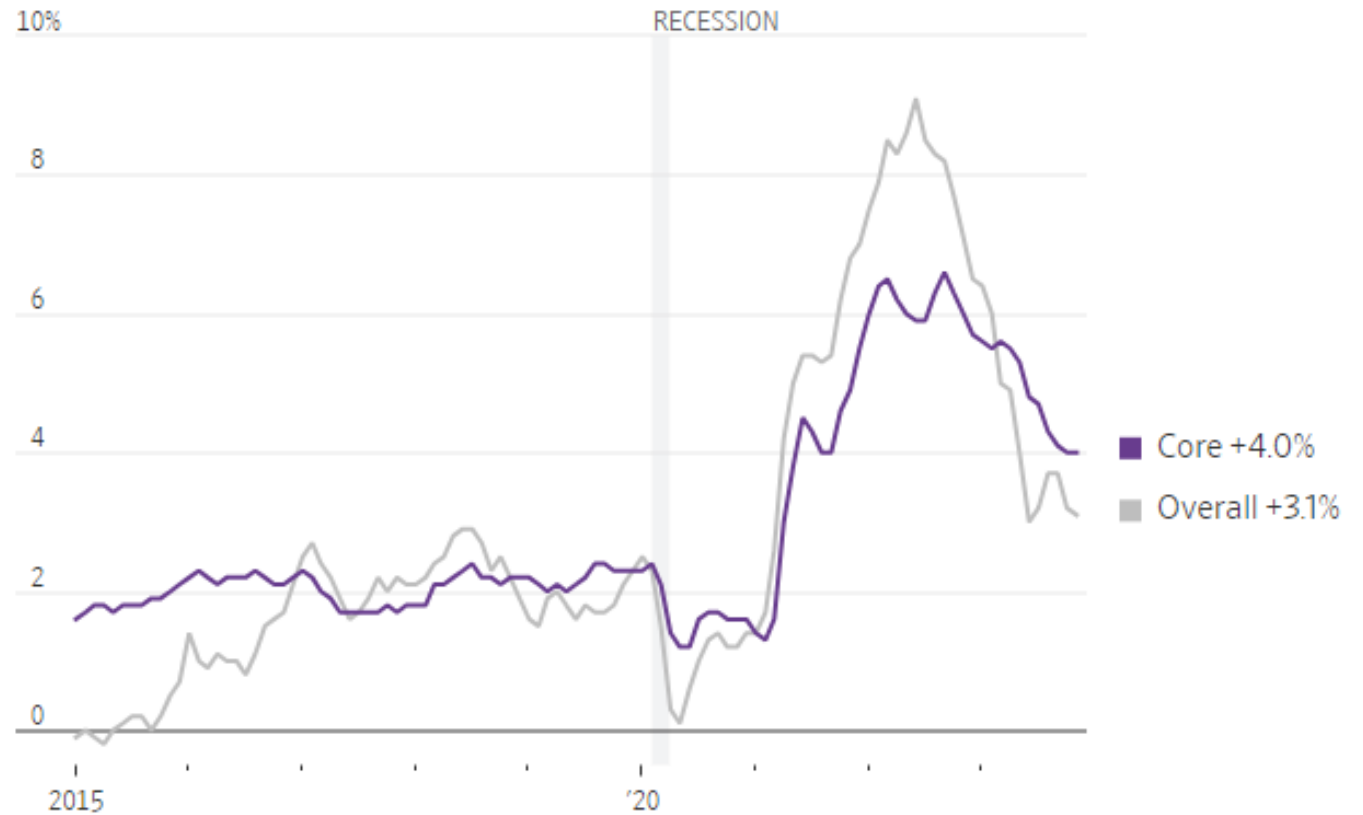
Dates	Number of reservation slots
November 3rd to 7th	25
November 8 to 30	24
December 1 to 31	22
January 1 to January 31, 2024	20
As of February 1, 2024	18

THE Alliance	EC1	Panama/Suez
	EC2	Panama/Suez
	EC4/SUEZ1 (suspended)	Suez
	EC5/SUEZ2	Suez
	EC6/AUG	Panama/Suez

US: Inflation Edges Lower, But Still Too High for the Fed

- Inflation is certainly meaningfully coming down
- it would be a challenge to complete what is called the last mile in bringing inflation all the way down to the Fed's 2% target,
- Fed officials haven't said they are done lifting rates but are increasingly confident that they won't need to raise more to defeat inflation. At the same time.
- The last CPI report reinforce the Fed's concerns about cutting rates too soon.

Consumer-price index, change from a year earlier



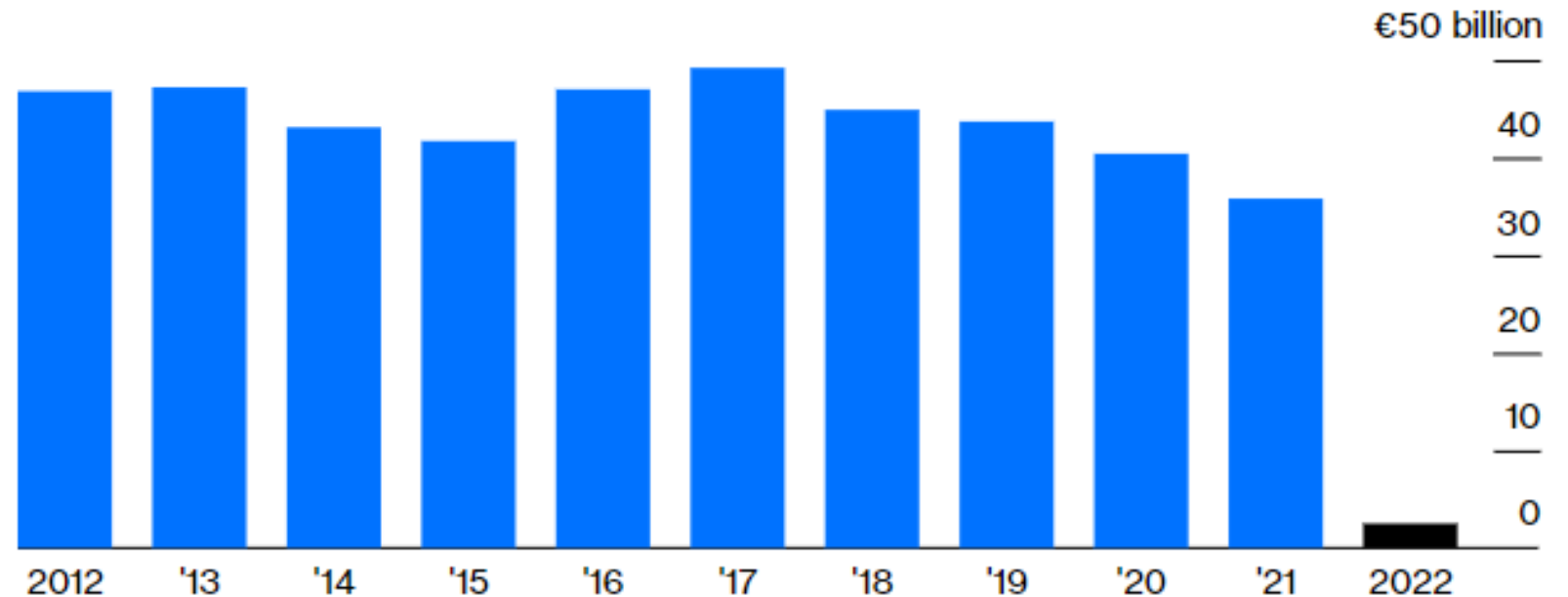
Note: Core excludes food and energy prices.

Source: Labor Department

Europe's Petrochemical Industry Is Heading for Decline

- The petrochemical industry runs largely on two feedstocks: natural gas and naphtha, with the latter being a byproduct of refining oil, similar in some ways to gasoline. According to the International Energy Agency, European naphtha consumption will drop this year to a 48-year low of 34.2 million metric tons. Usage is down 18.5% from pre-Covid-19 levels, and almost 40% below the all-time high set two decades ago.
- With processing so low, the industry's workhorses, called steam crackers, where the naphtha and the gas is transformed into chemical building blocks, are operating at uneconomical rates. Because of their enormous fixed costs, companies typically run their steam crackers as close to capacity as they can throughout the year. Anything below 90% is a source of concern; 85% is bad, and 80% is seen as catastrophic. In recent quarters, however, they have run at loss-making rates of between 65% and 75% of their capacity.

The European Union trade surplus for chemical products has deteriorated significantly as companies replace domestic production with imports



Source: CEFIC and Accenture

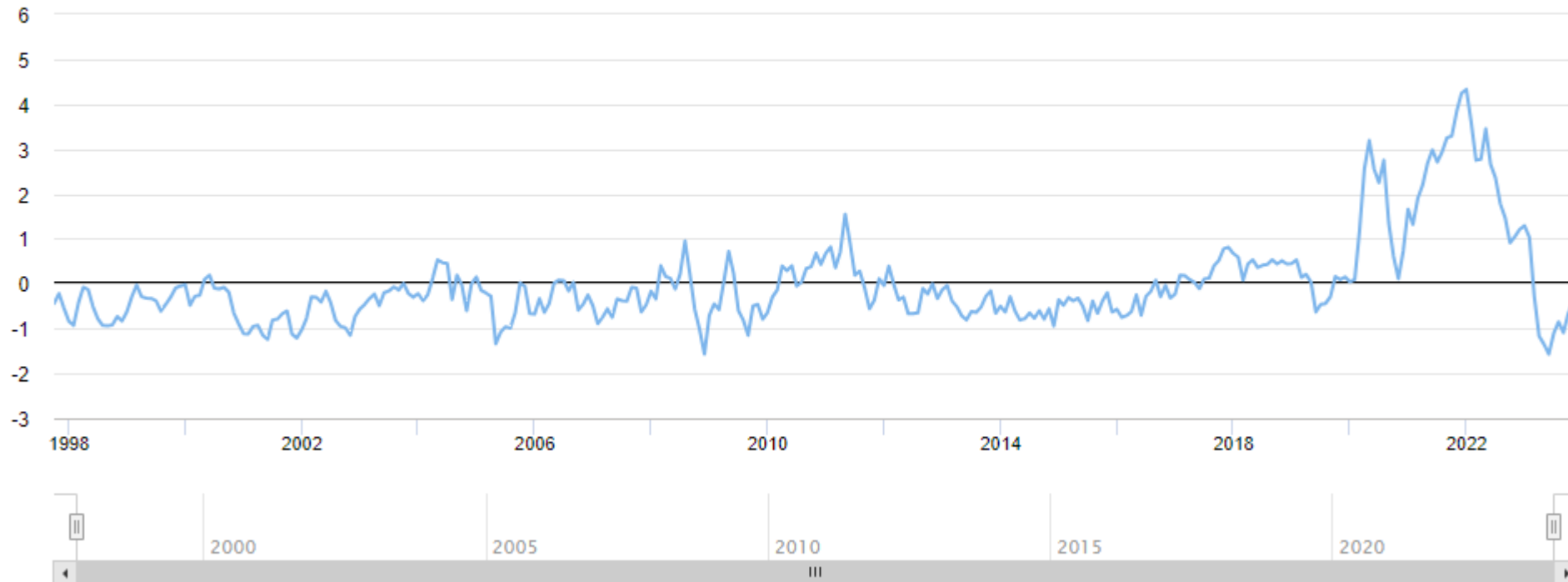
Global Supply Chain pressure index Is going up and returning to average

Latest Update November 2023

Enter a date range to see monthly estimates or use the slider below to view a specific date range.

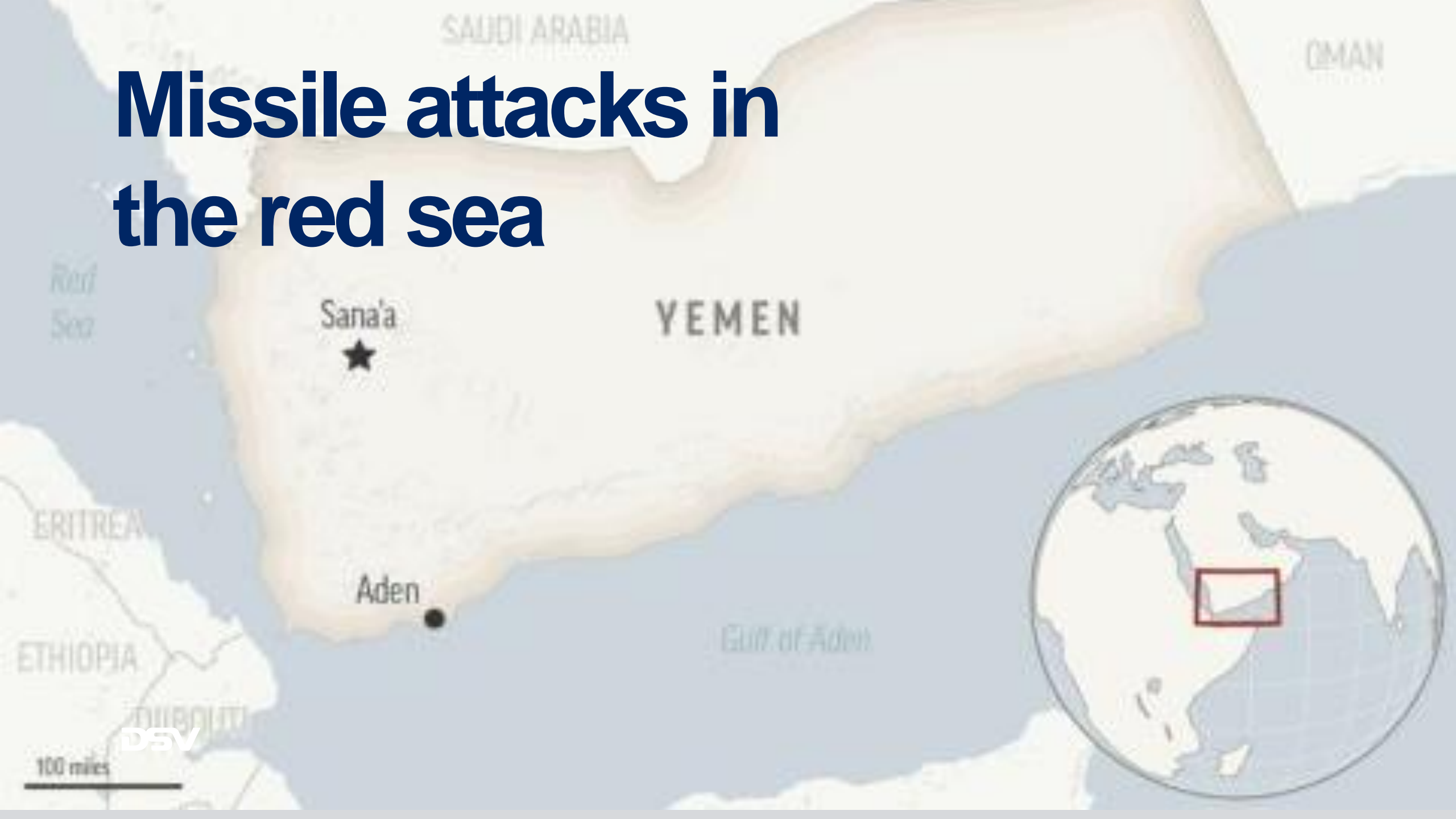
Standard deviations from average value

From Sep 29, 1997 To Nov 29, 2023



The GSCPI rose to 0.11 in November, up from -0.39 in October

Missile attacks in the red sea



DSV

Attacks to vessels in the Red Sea

Update as December 12th, 2023

- The missile attack on an OOCL operated ship on 3 December has broadened the threat to all ships passing through the Red Sea, even those that have no links to Israel. Zim has already diverted its ships from the Suez to the longer Cape of Good Hope
- Maersk and MSC has also diverted 2 ships chartered from Israeli interests following the attack on the CMA CGM SYMI on 25 November. It concerns **ML Camden and ML Campton** for time being.
- The 4,253 teu NUMBER 9 that was targeted by the missile fired from Houthi controlled areas in Yemen is owned by US based interests and has been chartered by China's OOCL since April 2022 after ending a previous charter with Zim
- Yemen's Houthi movement said on December 9th **they would target all ships heading to Israel, regardless of their nationality**, and warned all international shipping companies against dealing with Israeli ports. The Houthis, which rule much of Yemen and its Red Sea coast, also seized last month a British-owned cargo ship that had links with an Israeli company.



French naval ship in Red Sea intercepts 2 drones launched from Houthi-held Yemen port

- A French frigate shot down two drones in the Red Sea that were heading toward it from the coast of Yemen, during December 9th . .
- The interception and destruction of these two identified threats” were carried out late Saturday by the frigate Languedoc, which operates in the Red Sea
- The interceptions happened were 110 kilometres (68 miles) from the Yemeni coast.
- The United States, attempting to contain the spread of Israel’s war in Gaza, is pitching allies on expanding a multinational naval task force to address an alarming rise in attacks on commercial vessels traveling near Yemen that have posed a significant threat to global shipping.



Yemen's Houthi have extended the threat of attacks also for vessel that will head to Israeli ports

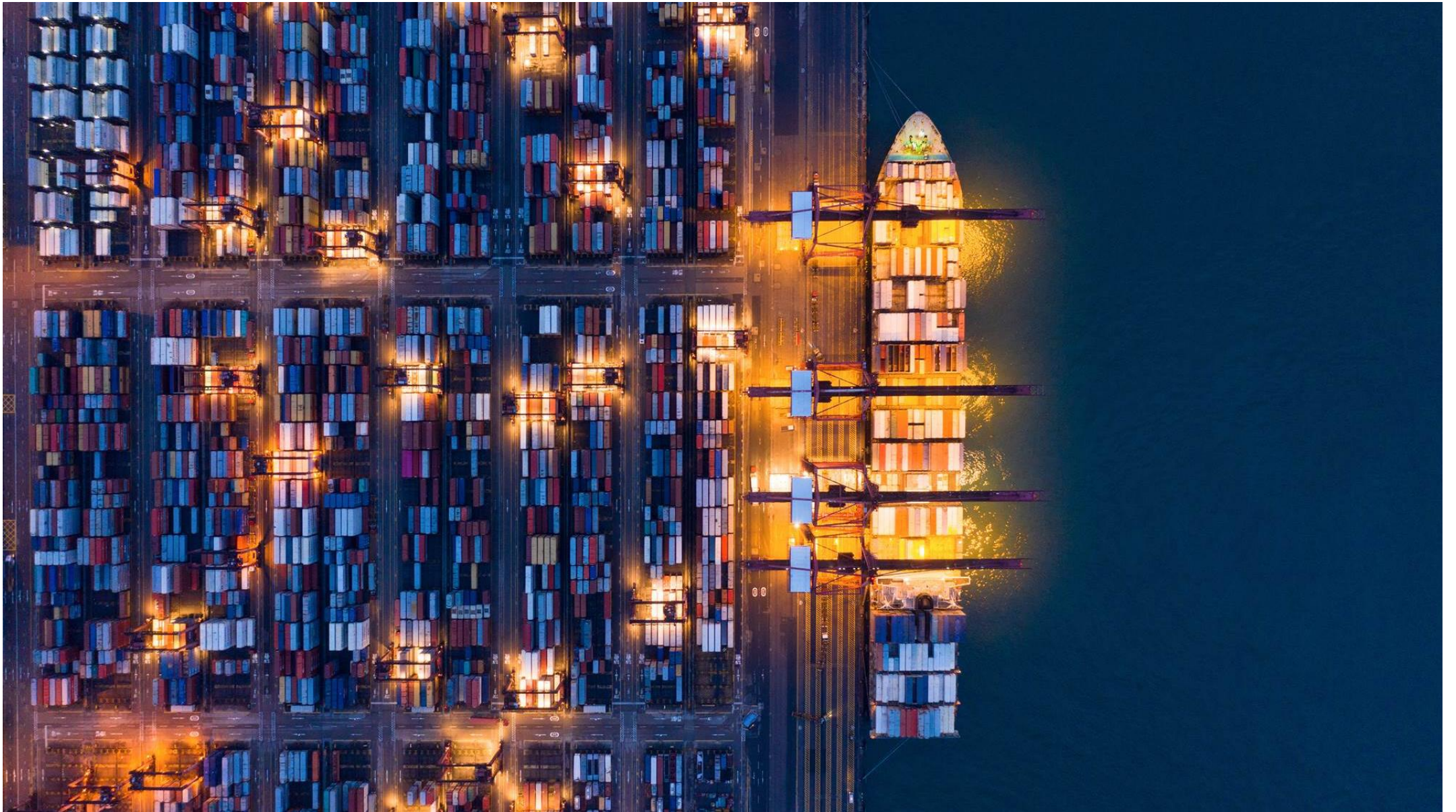
- Of the 653 containerships with a total capacity of 8.25m teu currently using the Suez Canal, 8 of these are operated by Israeli carriers and 29 are owned by Israeli-related interests.
- The impact of the current ship diversions are minimal at this point but any escalation in the threat to vessel safety on the Suez will have a larger impact as 30% of total containership capacity will be affected
- Yemen's Houthi have extended the threat of attacks also for vessel that will head to Israeli ports
- ZIM (National Israeli shipping company) and other carriers have confirmed some trips to be diverted via Cape of Good Hope in South Africa that can extend transit times from 6 days to 15 days
- This will impact the cargo insurance for cargo transiting the area as risk will increase



Yemen's Houthis claim missile attack on Norwegian ship Strinda and another product tanker Ardmore encounter

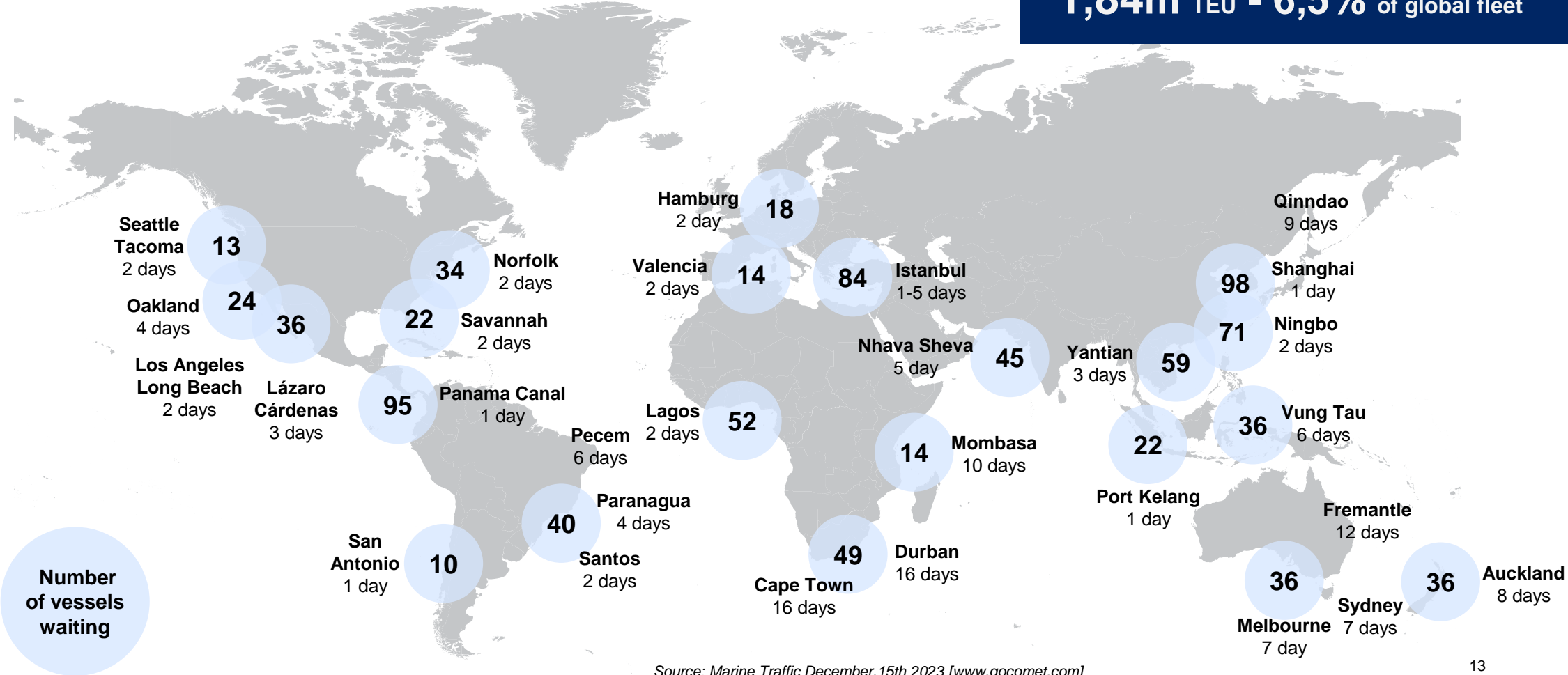
- Yemen's Houthi rebels say they hit a Norwegian tanker in the Iran-aligned group's latest military operation amid Israel's war on Gaza.
- The Norwegian-owned-and-operated ship, Strinda, was **struck on December 11th** during the night as it passed through the strategic Bab al-Mandeb Strait separating East Africa from the Arabian Peninsula.
- The Strinda, an oil and chemical tanker, was on its way to Italy, according to ship-tracking data. The vessel is part of the fleet of Bergen-based shipping firm Mowinckels Rederi. There were no injuries to any member of the crew, who managed to extinguish the fire,
- **On December 13th** two missiles from rebel-held Yemen miss a ship loaded with jet fuel near the key Bab el-Mandeb Strait, the assault on the tanker Ardmore Encounter is the first time they target an energy shipment heading to the Suez Canal.





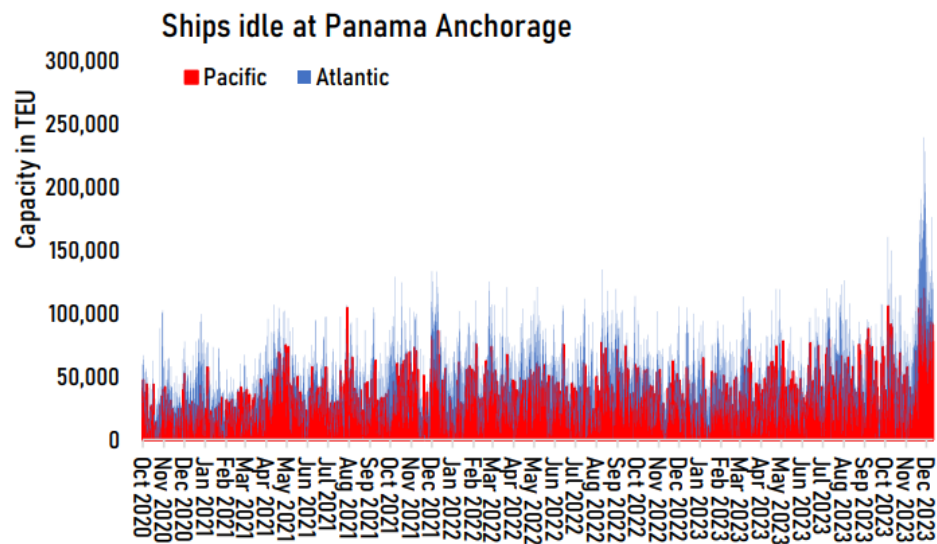
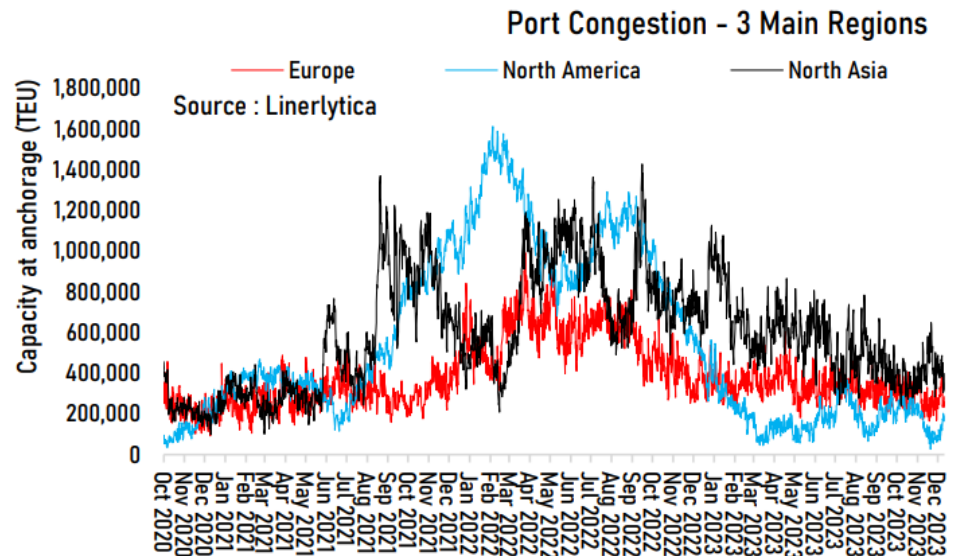
Global port congestion

Port Congestion Week 50
1,84m TEU - 6,5% of global fleet



Source: Marine Traffic December, 15th 2023 [www.gocomet.com]

Congestion at Panama has started to ease after THE Alliance cancelled all Panama transits



- Total vessel capacity waiting at anchorages edged higher at the end of last week to 1.84m teu or 6.5% of the global fleet. Berthing delays have returned at some US ports although waiting times remain manageable at less than 4 days with Savannah, Oakland, Seattle and Tacoma currently reporting the longest delays while no delays are reported at Los Angeles/Long Beach and New York/New Jersey
- Congestion at Panama has started to ease after THE Alliance cancelled all of their southbound Panama transits on their all-water services EC1, EC2 and EC6 as of last week, with omissions also planned on all of the northbound transits starting from next week onwards. At least 5 of these ships on the backhaul route will be returning via the Cape of Good Hope and avoiding the Suez Canal as well. However, all of the headhaul sailings on the 3 affected all-water strings will still take the Suez Route and will sail at higher speeds in order to minimize delays.
- 2M and OCEAN Alliance carriers have not been significantly affected by transit limitations in Panama so far

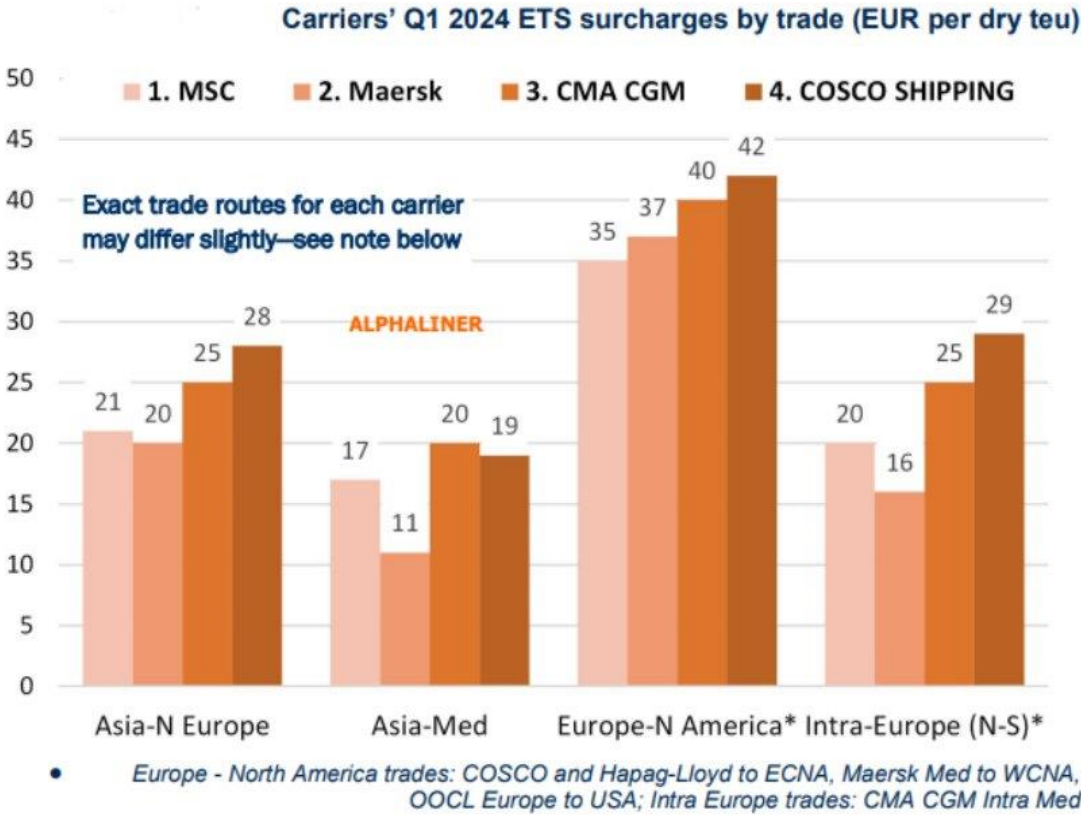


Container shipping outlook 2024: Rising risk of delays, disruptions



- The supply chain crisis is long over, but shipper still have a lot to keep them up at night as they plan for 2024.
- Two key container shipping “chokepoints” — the **Panama Canal** and the **Bab-el-Mandeb Strait in the Red Sea** — are simultaneously under threat.
- **Container-line financials are under severe pressure**, forcing ever more vessel sailings to be canceled.
- **The dockworkers union serving East and Gulf Coast ports** is threatening to strike next October.
- While freight rates are low, **concerns over delays in import shipments are high.**

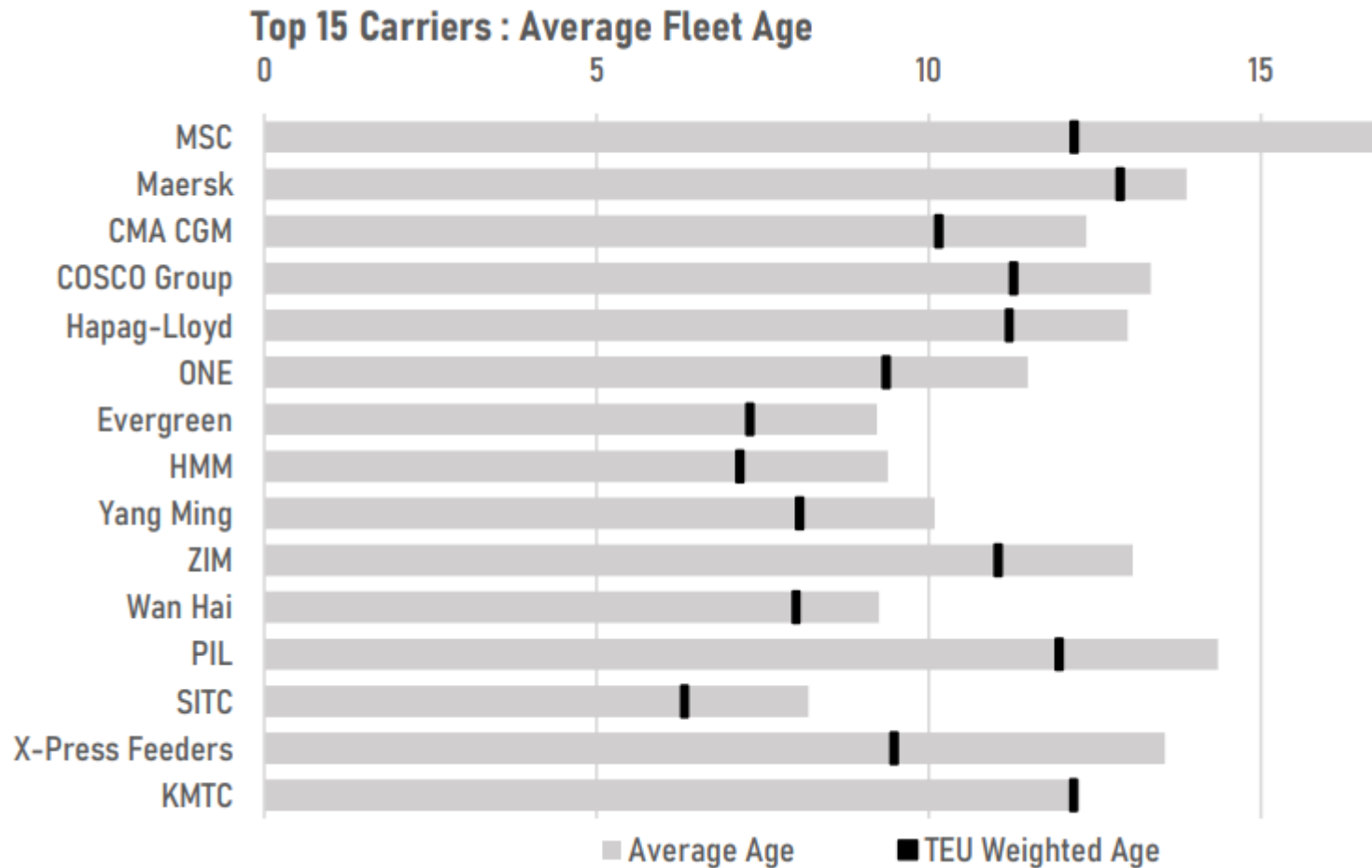
Lines unveil surcharges as Emission Trading System (ETS) set to impact 37% of fleet



- At least 10.5 Mteu in container capacity is set to be impacted by the new European ruling, equivalent to more than 37% of the #container fleet.
- where approximately 5.7 Mteu of ship capacity currently serves the route. The Transatlantic and intra-Europe trades represent approximately 1.1 Mteu in capacity each.
- Shipping lines have now issued their surcharges for Q1 2024, revealing wide differences

Source: Linerlytica (Dec 2023)

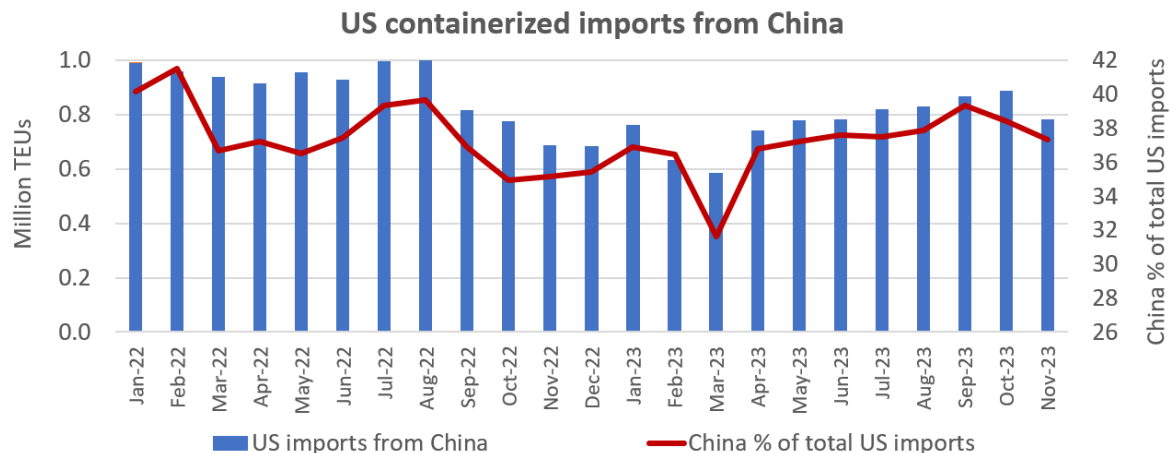
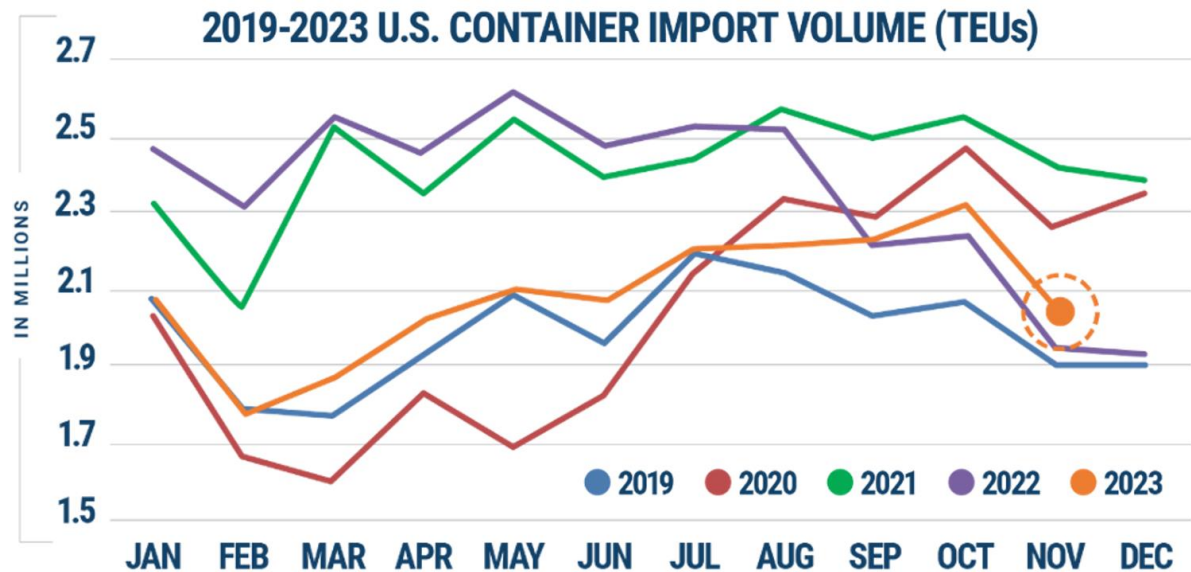
Aging containership fleet has not driven an increase in vessel scrapping



- The average age of the containership fleet currently stands at 13.8 years, although it drops to 11.1 years
- if calculated on a teu weight basis due to younger age of the larger ships. Amongst the Top 15 carriers, MSC has the oldest fleet with an average age of 16.8 years while Maersk has the oldest fleet on teu-weighted terms at 12.8 years
- Despite the aging fleet, carriers have been slow in scrapping their older tonnage, with just 163,000 teu

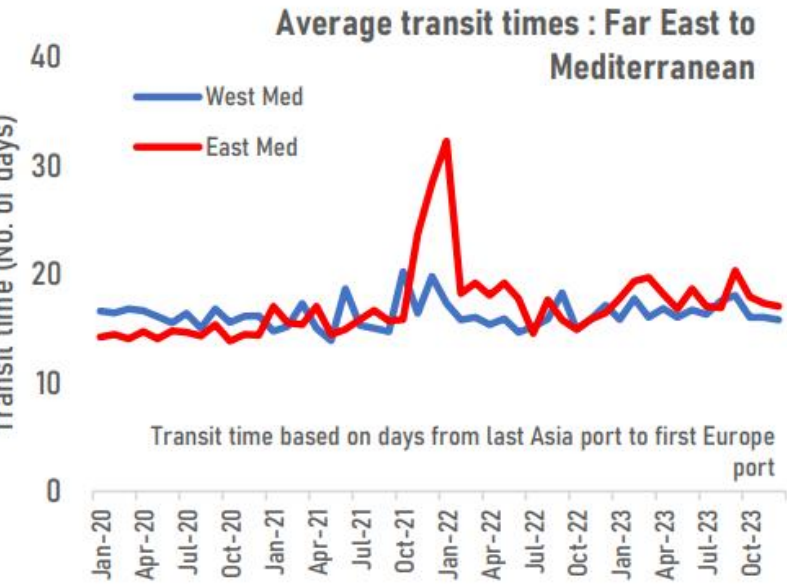
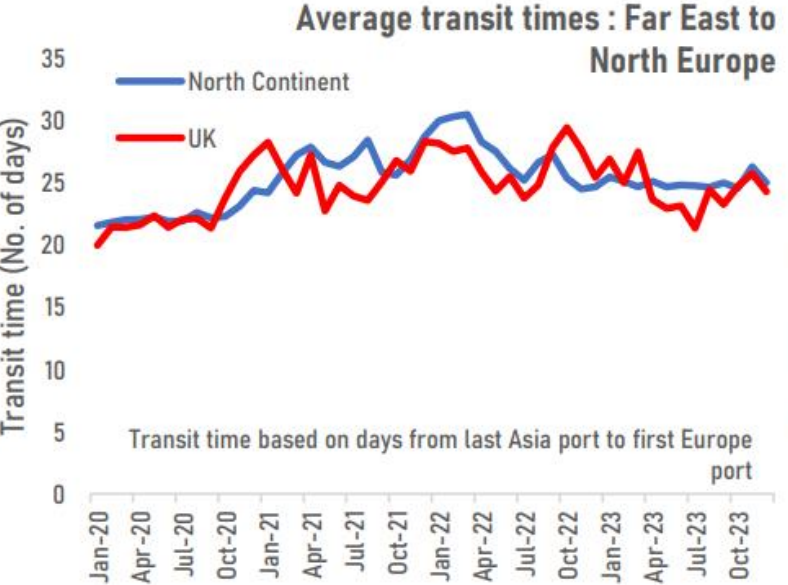
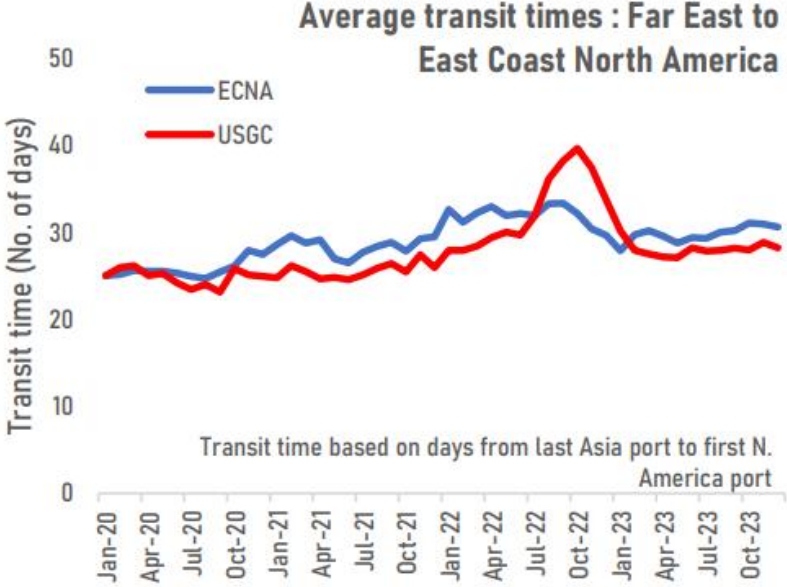
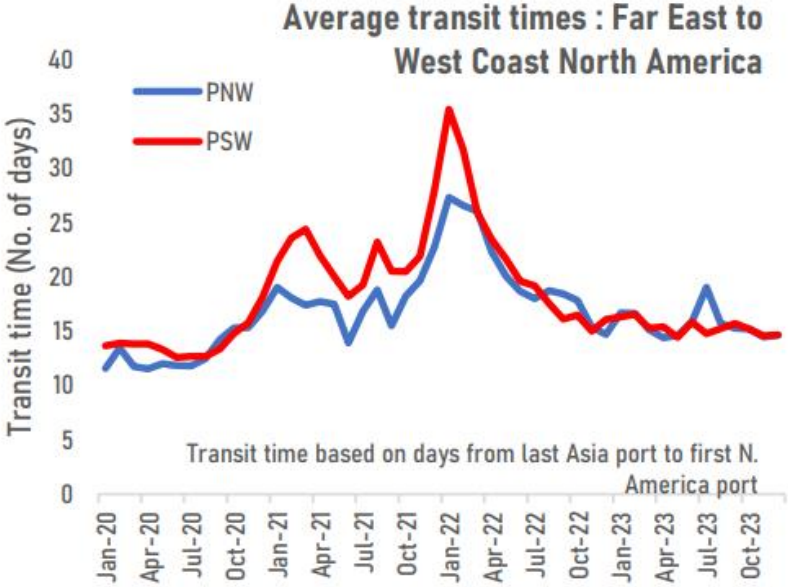
US imports down by seasonality and Panama canal

November imports fall 9% vs. October; East/Gulf Coast ports hit hardest



- **Volumes were up 7.4% versus last November**, but this was a case of easy “comps.” In November 2022, volumes were in mid-crash due to bloated inventories amassed at the tail end of the supply chain crisis.
- **China has been the main volume driver this year, both on the way up and down.** The American and Chinese economies remain intimately intertwined, regardless of geopolitical tensions and rhetoric on diversifying supply chains.
- **U.S. imports from China totalled 783,467 TEUs in November, down 11.7% from October.** The reduction in imports from China accounted for half of last month’s countrywide month-on-month decline, but even so, Chinese cargo accounted for 37.3% of total volumes.

Transit times increased to US East Coast due to Panama

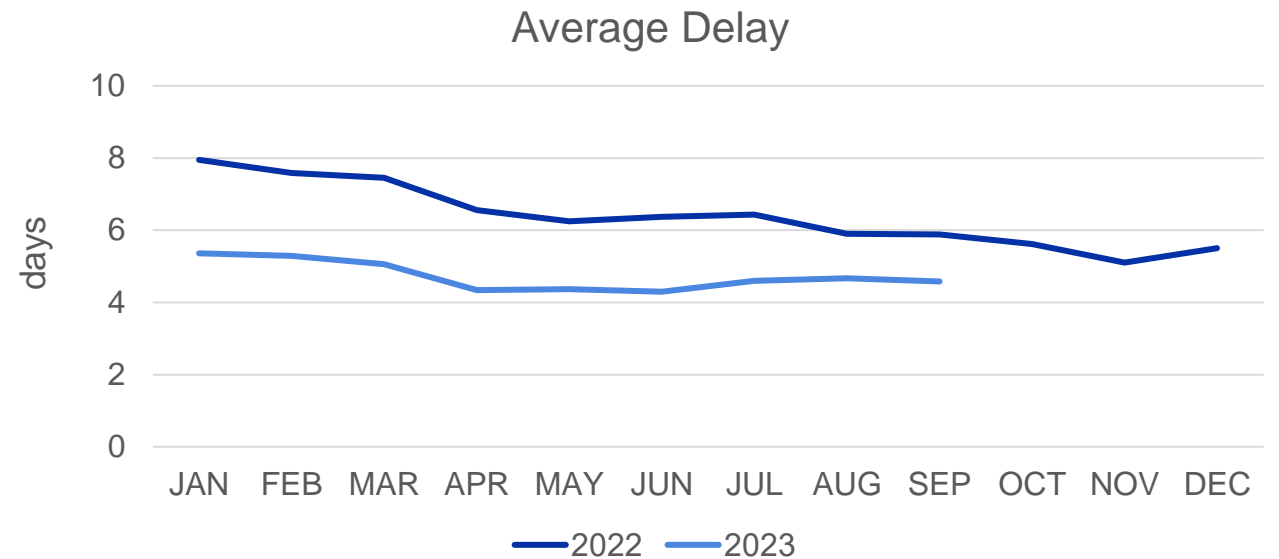
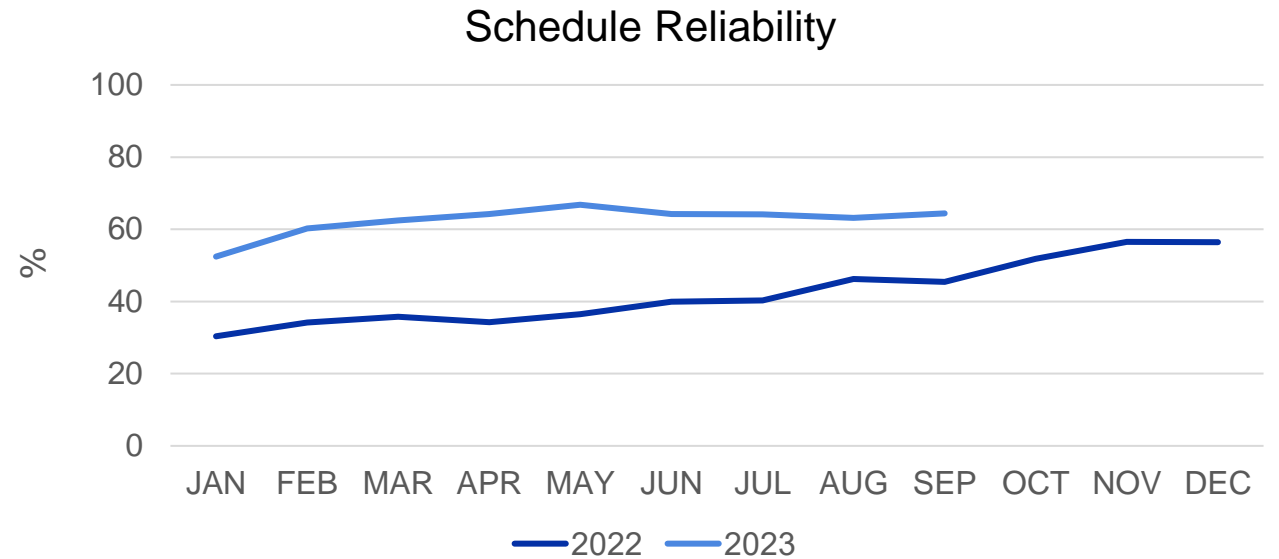


Source: Linerlytica (Dec- 2023)

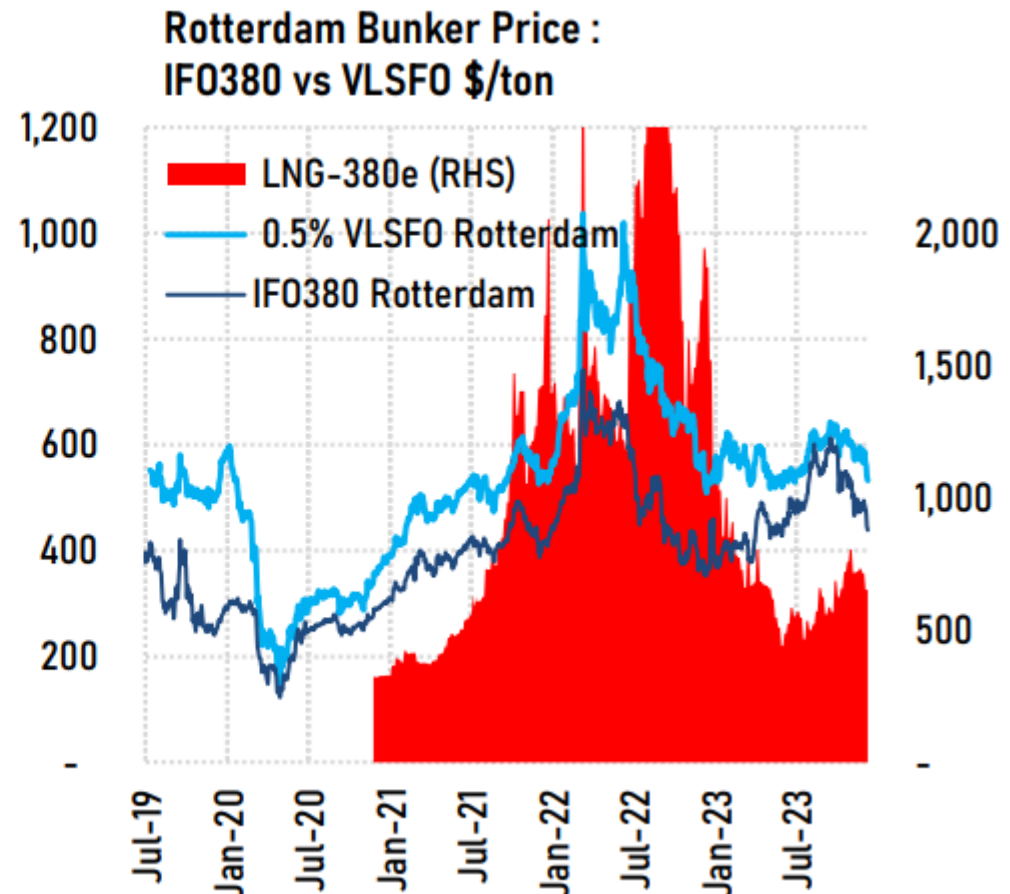
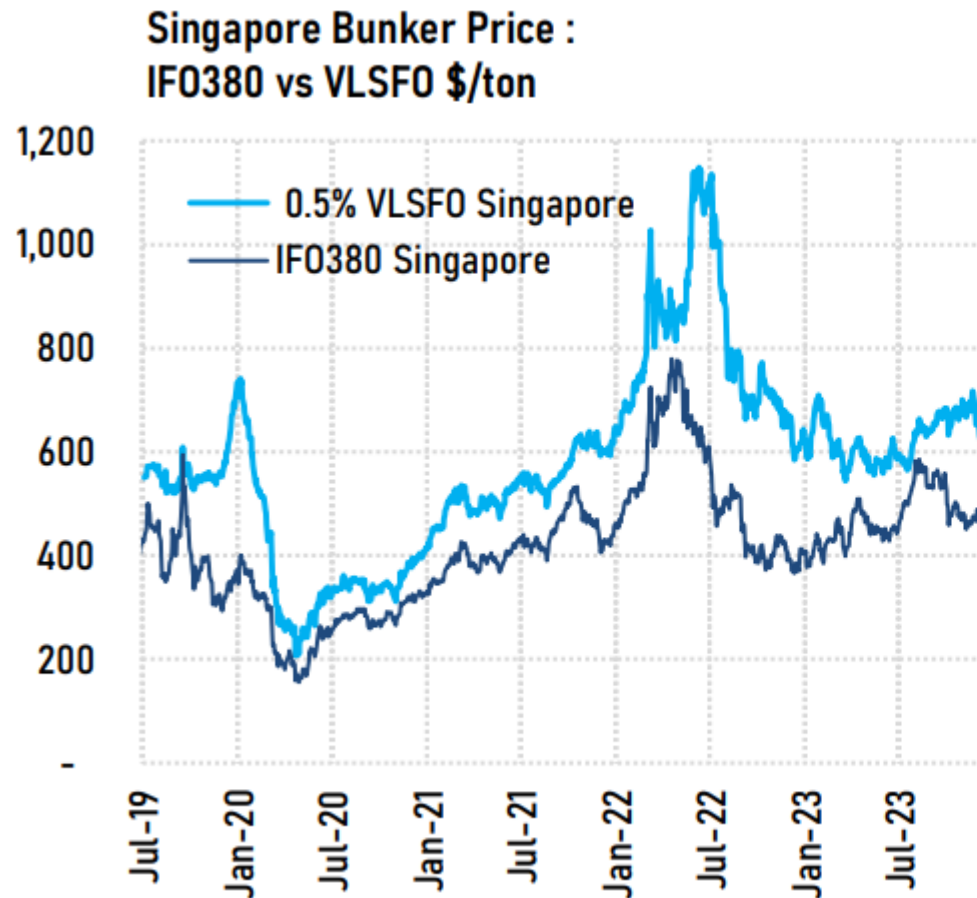
Carrier Reliability

Global schedule reliability improved by 1.2 percentage points M/M in **September 2023 to 64.4%**. Barring the increase in May, schedule reliability has been ranging within 2 percentage points since March 2023. On a Y/Y level, schedule reliability in September 2023 was 19.0 percentage points higher.

The average delay for LATE vessel arrivals decreased by -0.09 days M/M to **4.58 days**. This decrease means that the September score is the lowest since 2019. On a Y/Y level, the average delay for LATE vessel arrivals was -1.30 days better off than at the same point last year.



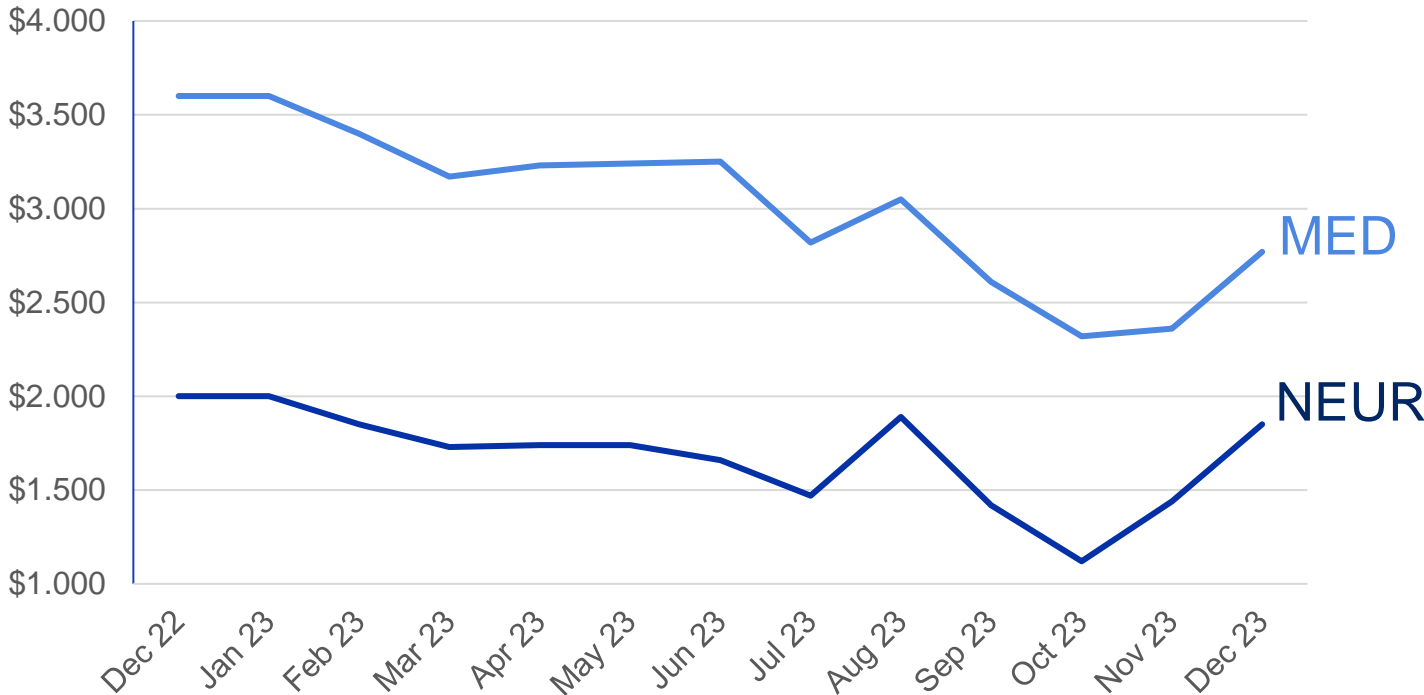
Bunker prices drop and the spread of heavy marine fuel vs VLSFO decreases



Ocean Freight Asia - Europe

Demand and Supply is matching first time since months

SCFI – North Europe WB Rate Index (US\$/40ft)



Source: SCFI Week 49-2023

Carriers implementing a massive blank sailing programme

SCFI Levels Week 49-2023:

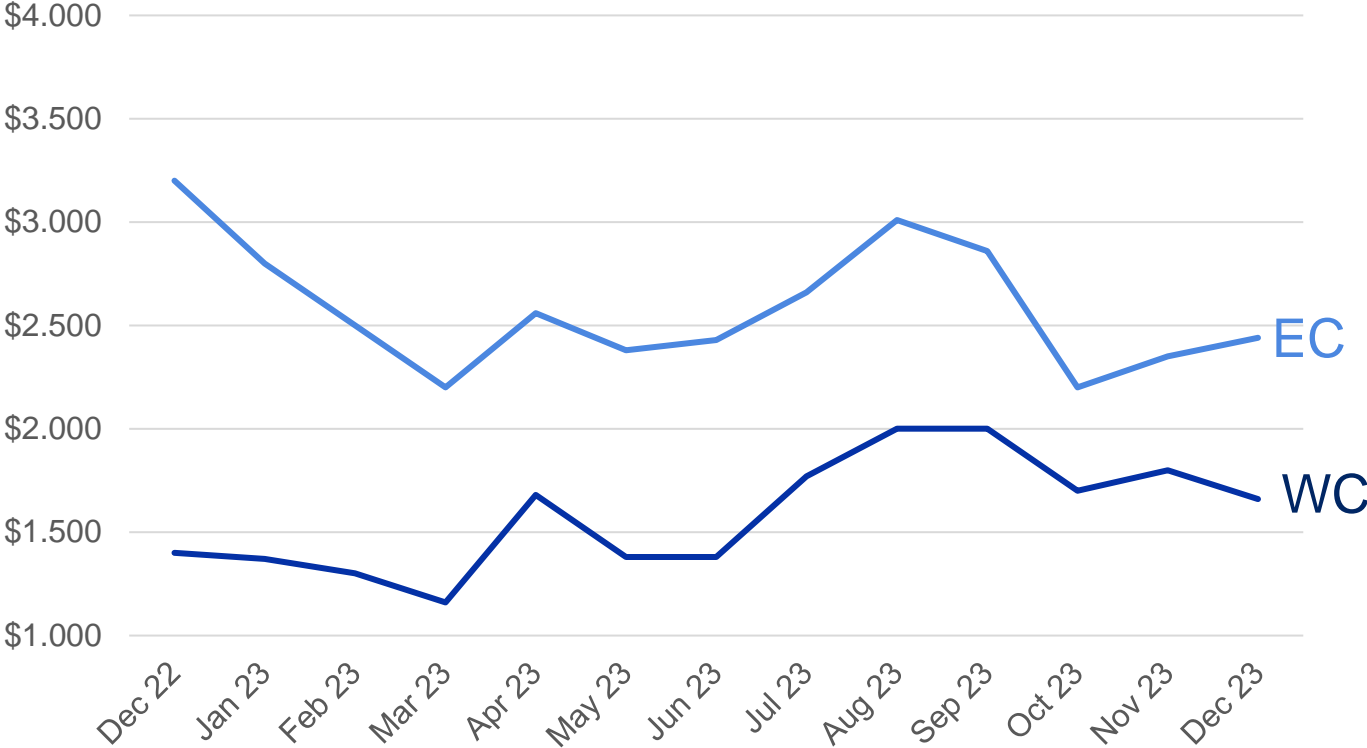
Shanghai – North Europe: USD 1,850/ FEU
Shanghai – Mediterranean: USD 2,774/ FEU

- Carriers have reduced the number of blankings in December compared to previous months.
- Demand and Supply is matching first time since months. Carriers are reporting full vessels and we can echo this. Vessels seem to be fully booked until year's end already.
- Demand has picked up tremendously. Chinese New Year cargo rush is taking place. Most likely this trend will continue until Chinese New Year, until the beginning of February.

Ocean Freight Asia - North America

Space is tight but still manageable

SCFI Transpacific EB Rate Index (US\$/40ft)



Source: SCFI Week 49 2023

The market seems to be slowing further and we are seeing some slack to the USWC

SCFI Levels Week 49-2023:

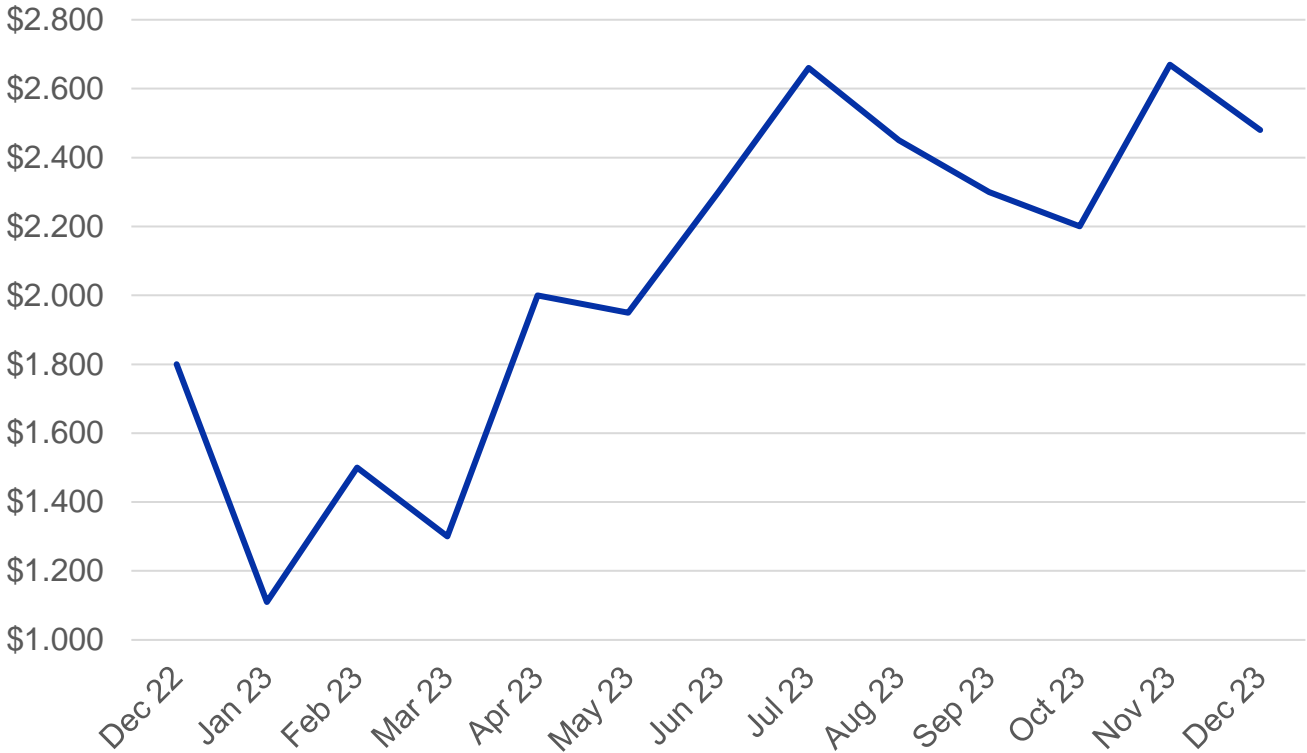
Shanghai – US West Coast: USD 1,669/ FEU
Shanghai – US East Coast: USD 2,441/ FEU

- Space is tight but still manageable
- Overall deployed capacity is higher than last year (YOY+34% WC; YOY+44% EC) even after blanking.
- Panama Canal started to reduce daily transit capacity from Nov 1 due to drought conditions: impact on transit time and tonnage
- The Alliance decided to divert all their USEC/USGC TP product to Suez and Cape of Good Hope

Ocean Freight Asia – South America (East Coast)

Stabilization of rates, attention to blank sailings and port omissions

SCFI to Santos Brazil (US\$/20ft)



Source: SCFI Week 49-2023

SCFI Levels Week 49-2023:

Shanghai – Santos: USD 2,483/ TEU

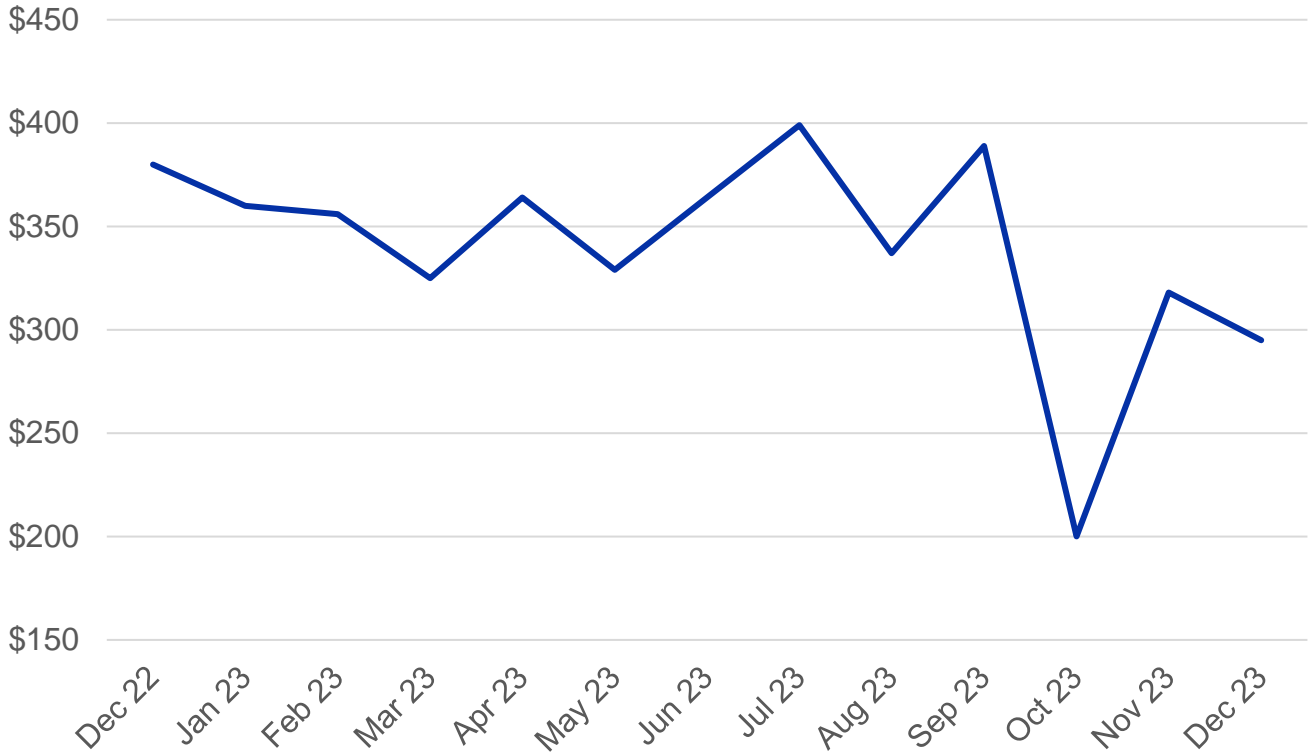
ECSA: demand is strong and carriers announcing stop booking, Average of 30K TEU/week supply + European routing (adding up to 8-10%)

WCSA: demand is quite stable and a new service is being launched by ZIM, Average of 78K TEU/week supply

Ocean Freight Europe – Asia

Potential services issues due to soft demand

Baltic Freightos Europe to Asia (US\$/40ft)



Source: Freightos Baltic Week 49-2023

Freightos Baltic (FBX12) index Levels 49-2023:

- Europe to ASIA : USD 295/ FEU

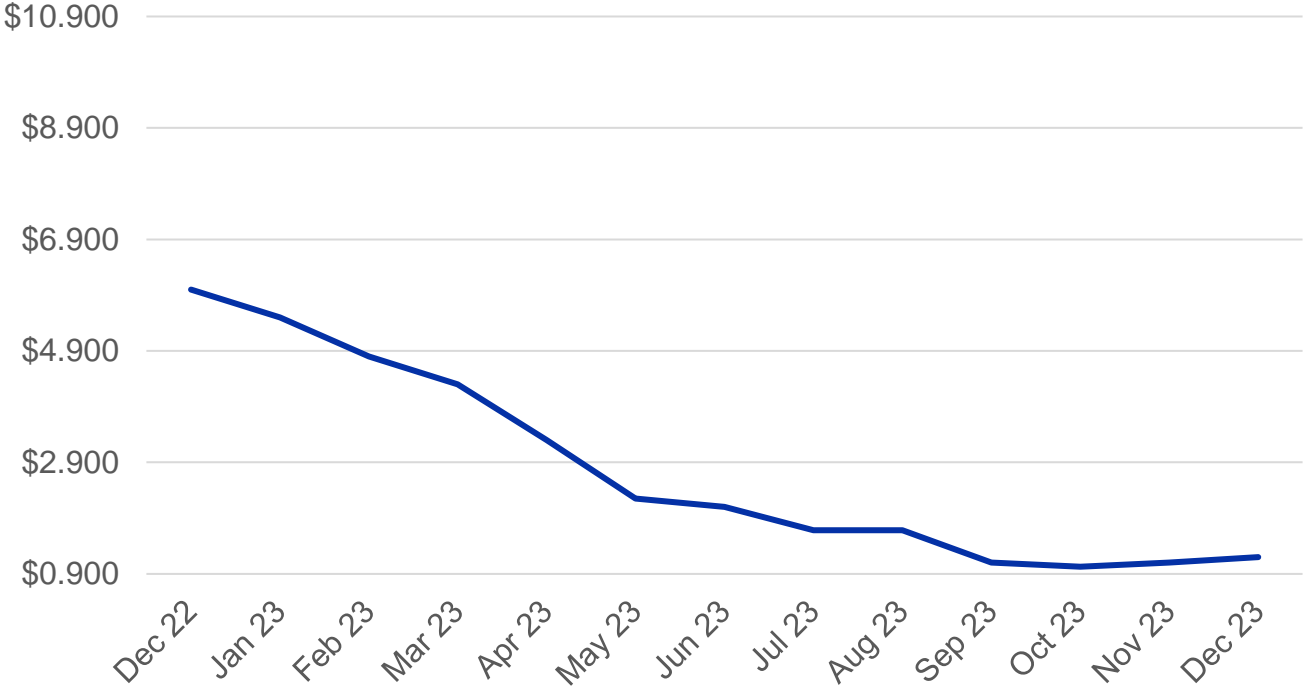
Stabilization at lowest level

- Sufficient space available on the majority of services
- Due to soft demand THE alliance have decided to suspend the FE5 service until further notice. Last EB voyage is expected to sail in CW51
- Operational challenges can occur due to seasonal year-end cargo rush

Ocean Freight Europe – North America

Rate stabilization on the low side, small peak of demand

**Freightos FBX 22 Europe North America
(US\$/40ft)**



Source: Freightos Baltic W49-2023

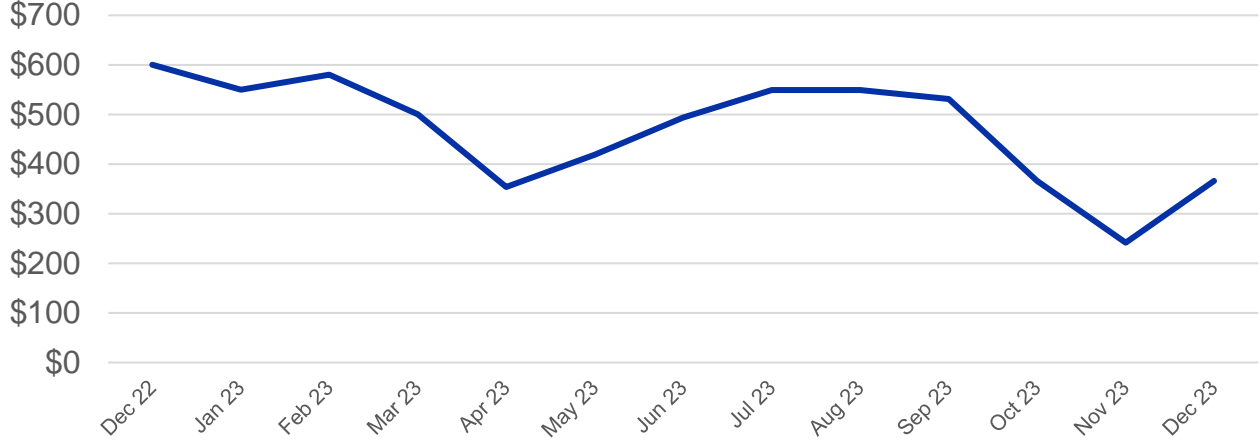
Freightos Baltic index (FBX22) Levels Week 49-2023:

- Rotterdam – New York: USD 1,207/ FEU
- Apart from the occasional port omissions due to carriers' vessel maintenance schemes, no new measures to curb capacity have been reported
- Fuelled by a solid demand situation in December.
- All but one carrier have now entirely given up on their attempt to implement rate increases as we transfer into the new year

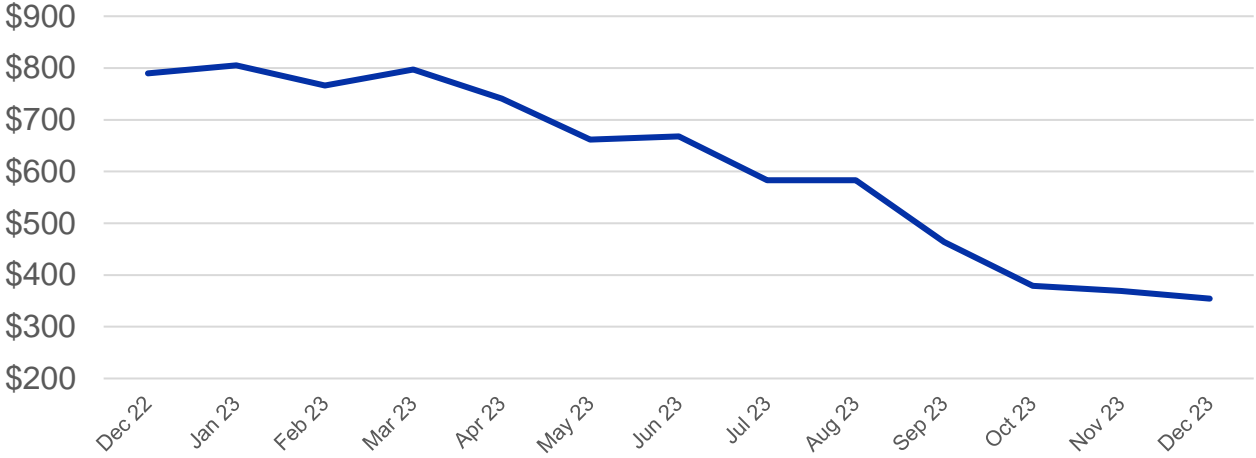
US outbound lanes

Soft market through December

Freightos FBX 21 North America to Europe (US\$/40ft)



Freightos FBX 02 North America to China (US\$/40ft)



Freightos Baltic index (FBX21) Levels Week 49-2023:

- New York - Rotterdam: USD 366/ FEU

- Soft market through December 2023
- Carrier preference to maintain quarterly rate reviews
- Service reliability at 70%

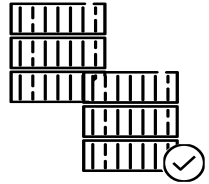
Freightos Baltic index (FBX02) Levels Week 49-2023:

- Los Angeles - Shanghai: USD 354/ FEU
- Soft and Stable market through December 2023, blank sailings might affect capacity
- Truck Power has stabilized

Source: Freightos Baltic W49-2023

Intra Asia

Demand



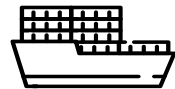
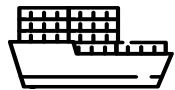
- The demand out of China is trending very strong. Various carriers reports space sold out for the month of November already as the shippers are increasing the output.
- The demand out of South-East have stabilized and we are seeing utilizations in the start 90's with carriers being aggressive for backhaul volume to China.
- Stock inventory is being filled up we are hearing of customers who are short of inventory which further drives the demand in November and shifting urgent orders to Airfreight in some cases.
- .

Rate



- The market is set to increase as higher demand vs a steady capacity supply is the new norm GRI's/RR's are widely implemented on the front haul lanes in the short sea market.
- Outbound CN – SEA rates are trading stronger and stronger up to the end of the year. Whereas we are seeing the traffics from SEA – China is remaining stable at low freight levels. SEA – SEA is trending stronger as well as a result of rolling vessels and stronger outputs from China over the T/S hubs as Singapore.
- We recommend customers to contract their cargo long term to avoid being caught in the market once the space crunch is on, the carriers will increase the rate levels trough GRI's













Supply



- Service reliability is stable for the intra-regional trades.
- Utilization is trending upwards as carriers are fitting the capacity better to the demand output which is resulting in GRI's across various short sea corridors ex China in particular. Whereas the backhaul into China is trending in the opposite direction with rates scrapping the bottom.
- Charter market is further weakening, and the carriers are struggling with 30 new Bangkok max vessel's as well as newbuilds in the 3-4000 Teu class which is causing IA players to enter the Asia-Africa/Middle-East and ISC market. MSC is taking any available tonnage in the charter.



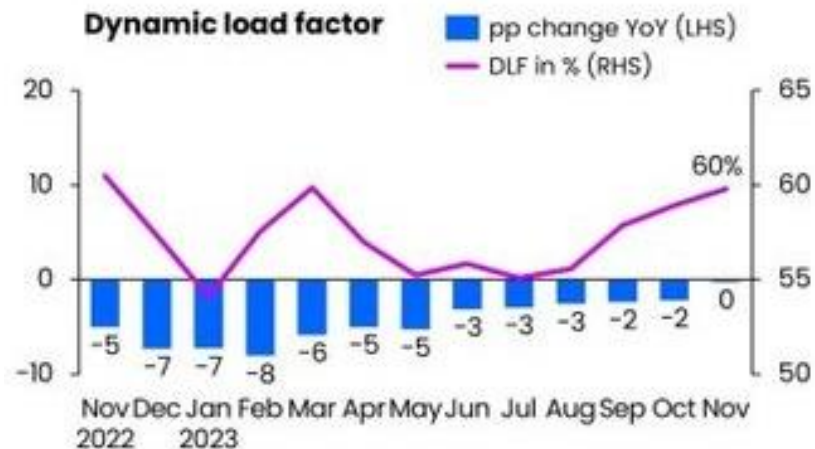
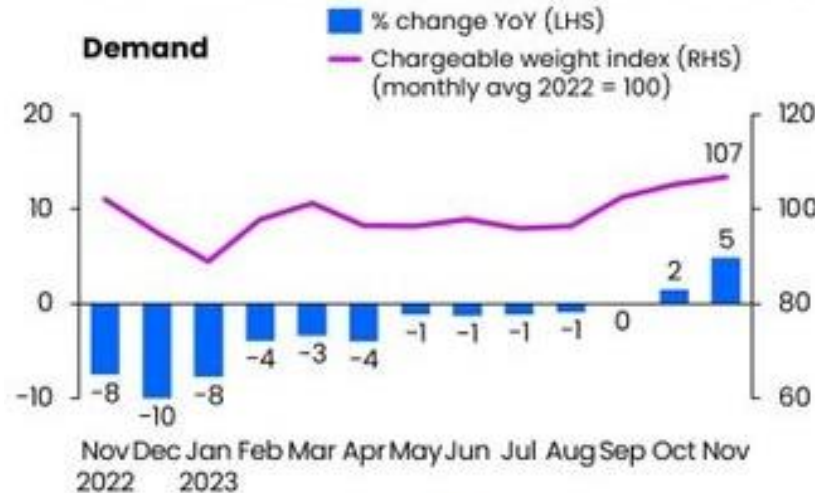
Ocean freight market overview – Rates start to stabilize

TRADE LANE	COMMENTS	RATES AND SPACE	
ASIA to Europe	<ul style="list-style-type: none"> • Carriers are implementing GRIs we see rates increases • Demand and Supply is matching first time since months • The problems in the Red Sea will remove capacity adding extra miles 		
ASIA to NAM	<ul style="list-style-type: none"> • Rates are stable and carriers combine with blank sailings • Space is available • Panamá canal situation will be a long term issue and increase of rates to East Coast 		
Europe to NAM	<ul style="list-style-type: none"> • Less congestion in both North American and European ports affects service • There is space available are rates are normalizing pre-covid • Demand has increased a little in last month 		
Exports from India	<ul style="list-style-type: none"> • Space is open • Shipping lines are opening long term contrat rates to negotiate • Ports, terminals and ICD continue to work normally 		
ASIA to LATAM	<ul style="list-style-type: none"> • Flexibility to place booking, small increases • Cargo to East coast is strong and stable in West Coast • Congestion due to high volume in Brazil terminals 		
INTRA ASIA	<ul style="list-style-type: none"> • Port congestion increased due to Typhoons and operational disruption • Cyber attack in Australia has disrupted the ports • We see a potential increase on rate in the future 		



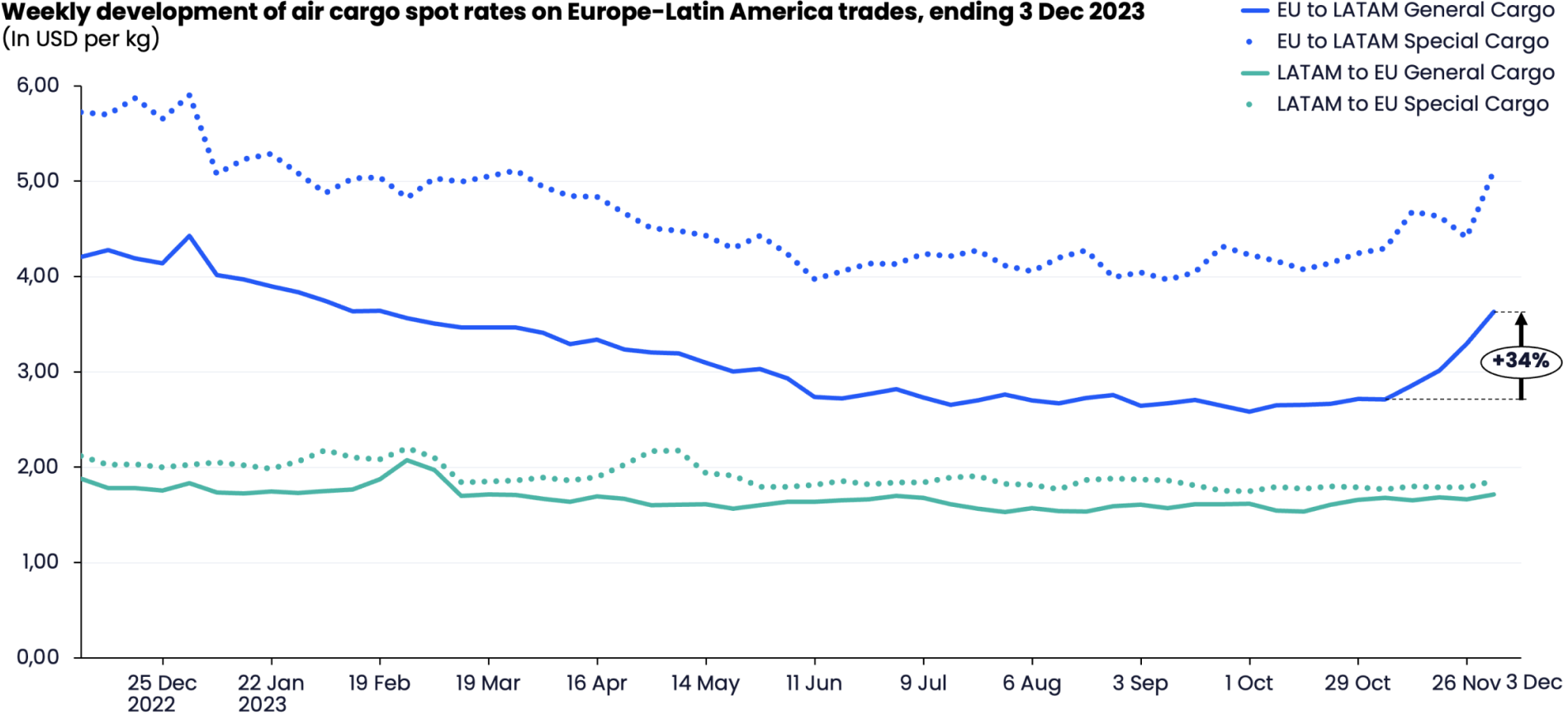
The growth of global air cargo demand outpaced supply for first time this year

Global air cargo demand, supply, load factor and freight rate developments



Europe to Latin America general cargo spot rates spiked in early December

Weekly development of air cargo spot rates on Europe-Latin America trades, ending 3 Dec 2023
(In USD per kg)

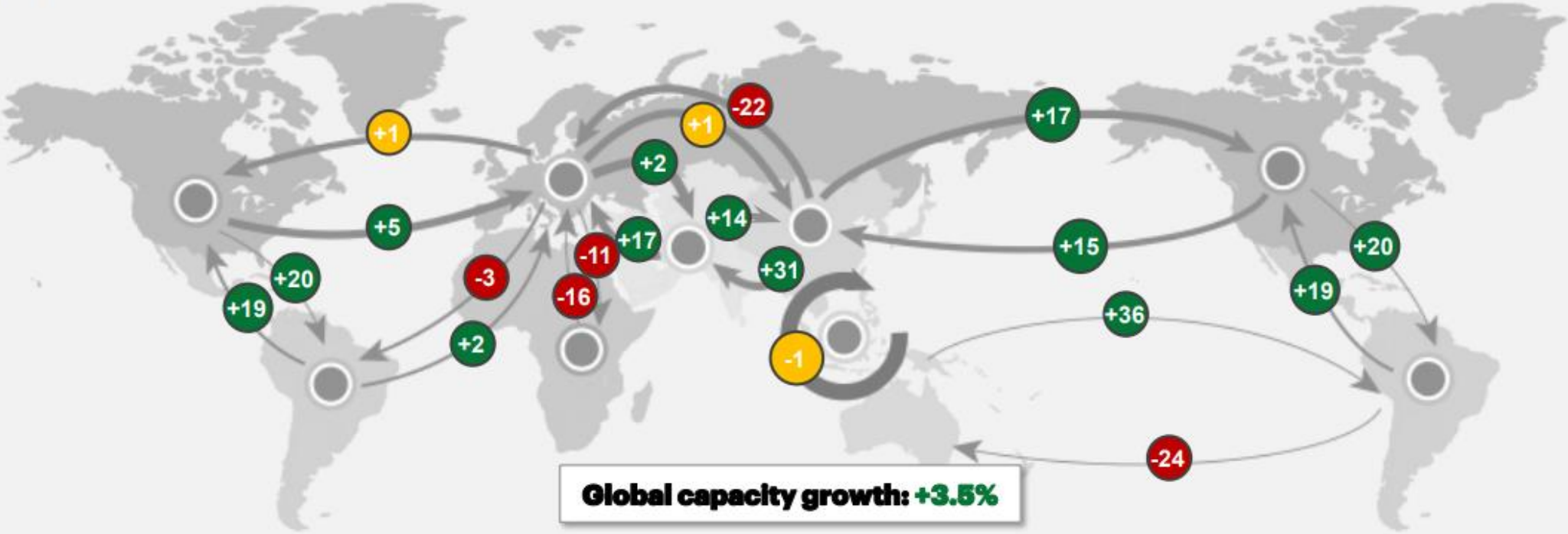


Source: Xeneta

Global international air cargo capacity was up +3.5% (vs. 2019) between November 6th-December 3rd, 2023

Total international air cargo capacity growth, Nov 6-Dec 3, 2023 vs same weeks in 2019¹

% growth vs 2019



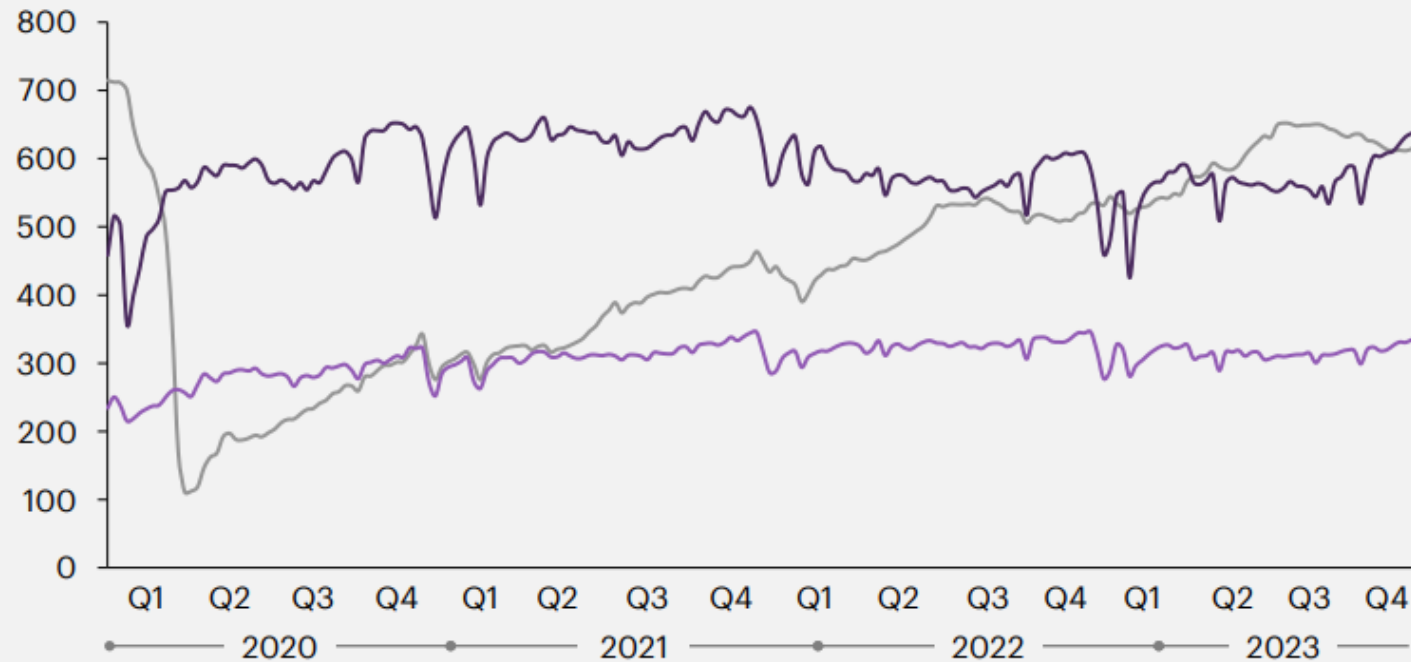
Transpacific four-weekly capacity grew significantly vs 2019 (and previous four weeks), driving total capacity growth

Source: Accenture

Global international air cargo capacity has increased by +1.9% in the last four weeks (vs four weeks prior)

International air cargo capacity, Jan 2020 – December 2023

Thousand tonnes per week



Total capacity

vs. 2019¹

vs. previous four weeks²

+3.5%

+1.9%

Airline freighters (40%)

+10%

+5%

Passenger belly (39%)

-11%

-1%

Widebody aircraft only

Integrator freighters (21%)

+27%

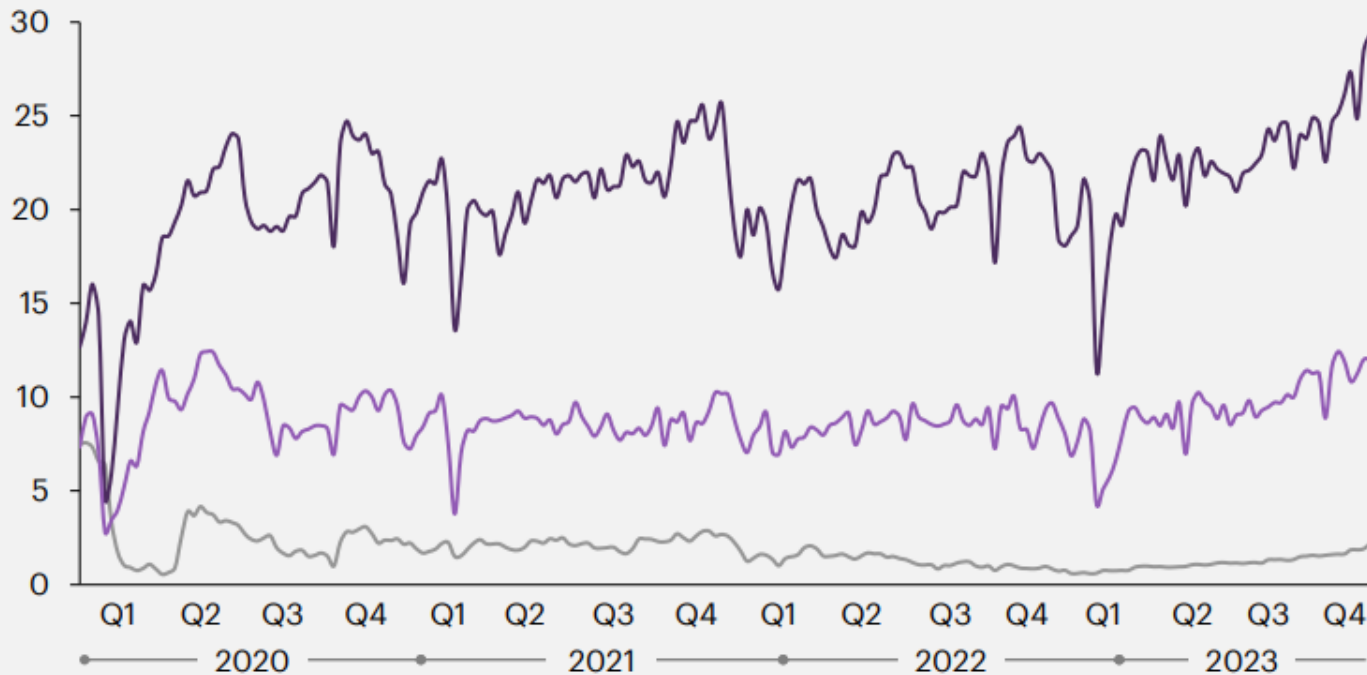
+3%

Airline freighter capacity has risen +5% versus previous four weeks, overtaking widebody passenger belly

Air cargo capacity from China & Hong Kong to US increased by +18% over the last four weeks (vs. 2019)

China & HK to US air cargo capacity, Jan 2020 – December 2023

Thousand tonnes per week



Total capacity

vs. 2019¹

+18%

vs. previous four weeks²

+6%

Airline freighters (67%)
Details on following slide

+53%

+8%

Integrator freighters (28%)

+14%

+1%

Passenger belly (5%)

-71%

+20%

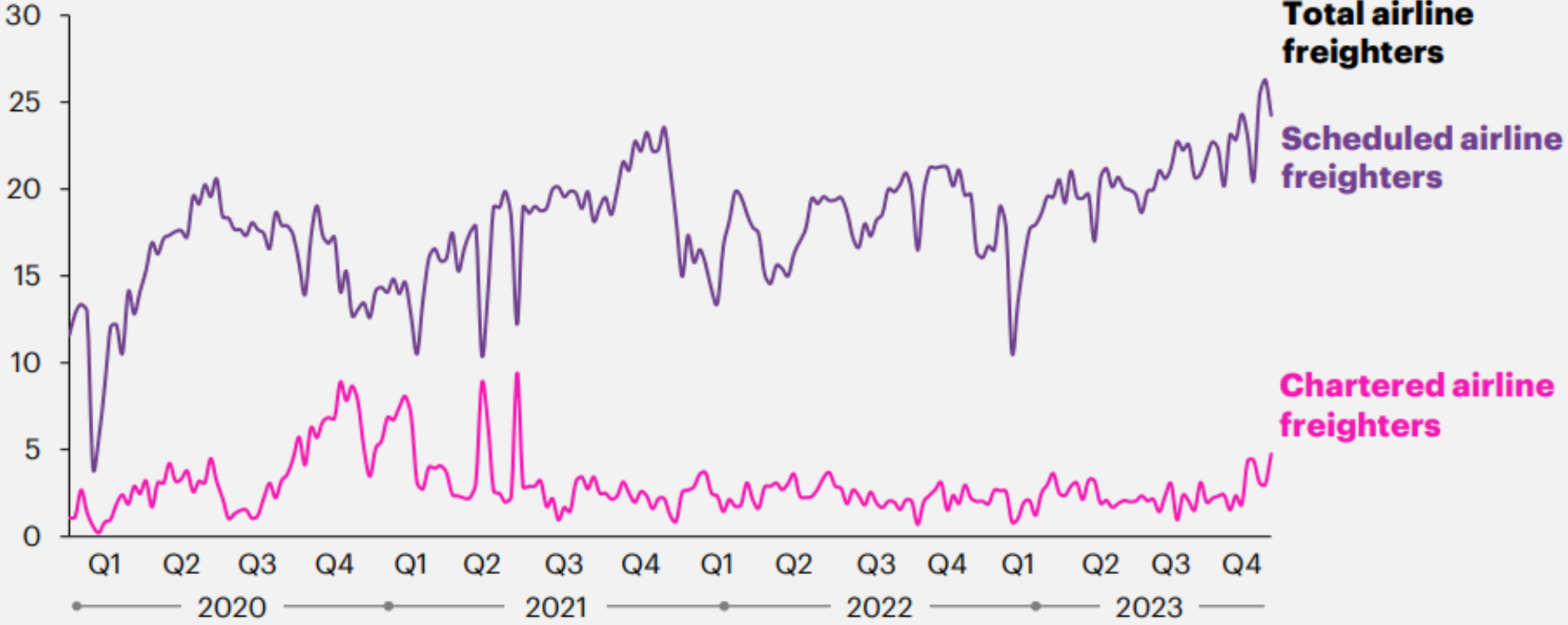
Passenger belly capacity down significantly versus pre-pandemic levels

Airline freighter driving transpacific capacity growth with +8% vs. previous four weeks

Airline freighters: chartered capacity from China & HK to US increased by +52% (vs. previous four weeks)

China & HK to US airline freighter air cargo capacity, Jan 2020 – December 2023

Thousand tonnes per week

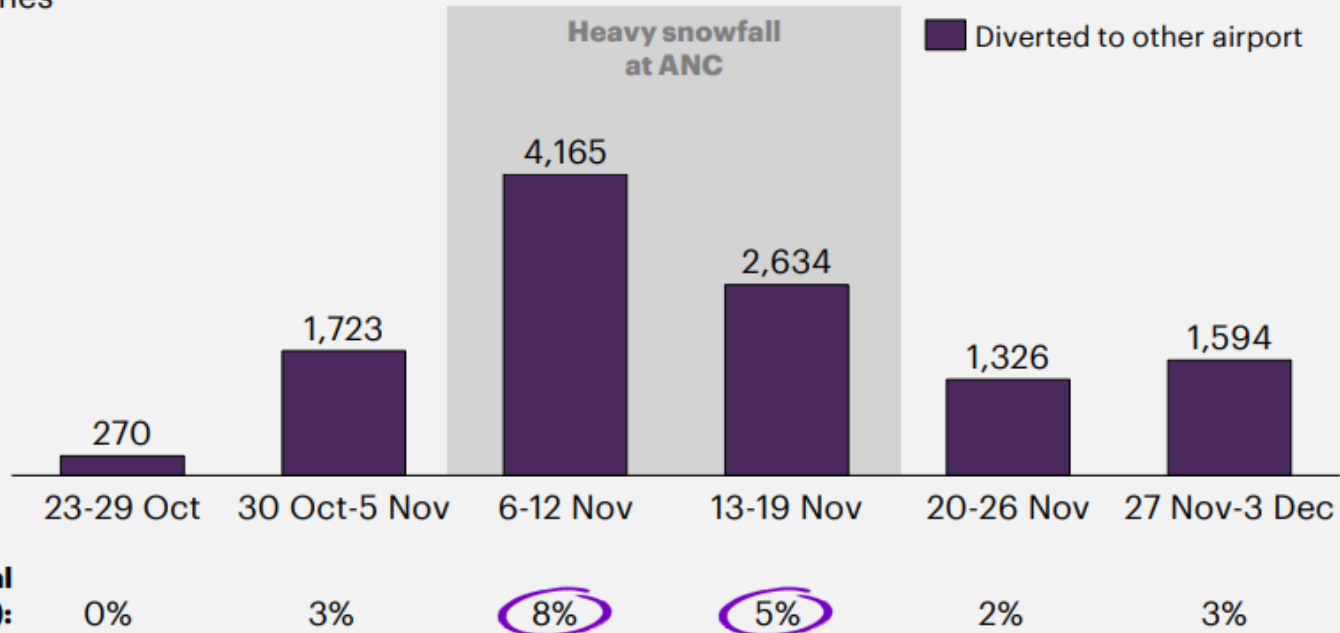


Source: Accenture

Anchorage weather impacted 5-8% of weekly Eastbound Transpacific capacity in November, impacting yields

Weekly diverted ANC freighter capacity¹, 23 Oct – 3 Dec 2023

Tonnes



aircargo NEWS 21/11/2023

Mother nature helps push up airfreight rates

“Airfreight rates continued to rise last week as weather conditions, volcanic activity and wars put capacity under pressure.

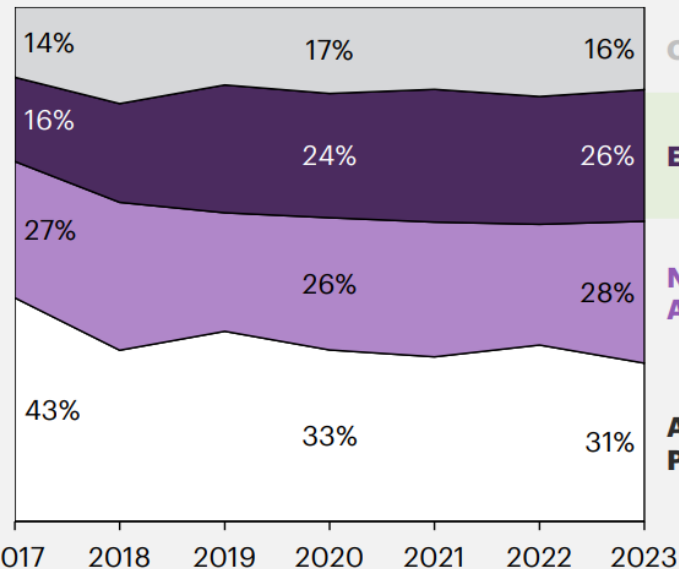
The overall rise was driven largely by some big moves out of China, with capacity seemingly impacted by various events including heavy snowfall in Anchorage.”

Most freighter flights were diverted to Fairbanks (FAI) or Seattle (SEA)

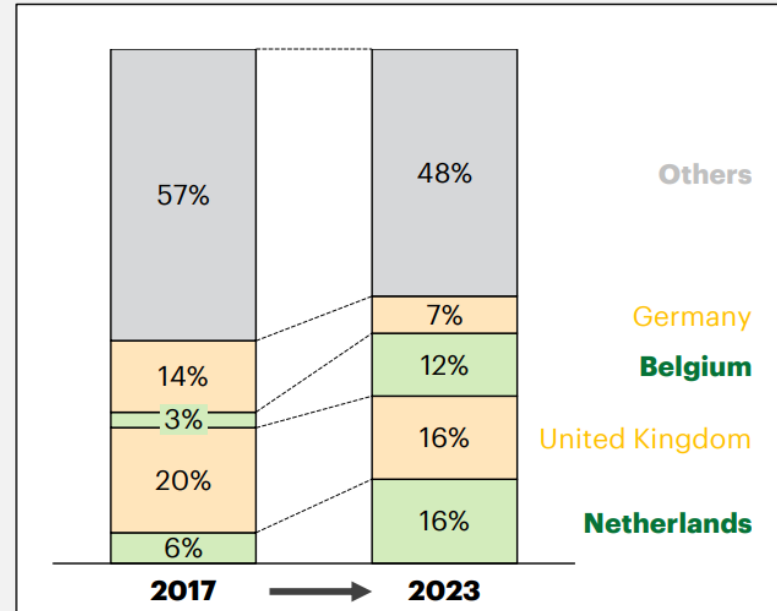
There is a growing role for Europe for Chinese low-value air exports

Annual market share of Chinese low-value air exports by destination region, Jan 2017-Aug 2023

Total value (%)













Growth of market share (p.p.) 2017-2023



Amidst tremendous regional growth, the Netherlands and Belgium have taken up substantial market share from Germany and the United Kingdom

Air freight market overview

Rates from South China and Hong Kong are back to COVID levels, lack of flights and high demand

TRADE LANE	COMMENTS	RATES AND SPACE	
Exports from China / Hong Kong	<ul style="list-style-type: none">Due to volcano asses and bad weather, there is limited capacity and difficult to find space, rates are going up		
South East Asia	<ul style="list-style-type: none">Rates are going up and there is lack of space available due to high demand of e-commerce, all airlines are fully sold out until the end of the year		
Exports from India/Bangladesh	<ul style="list-style-type: none">Demand is low and supply is increasingCapacity is recoveringSituation out of Bangladesh is normalizing		
Export from Europe	<ul style="list-style-type: none">The market continues to soften in both directions with demand continuing to decline.A large amount of capacity has been added for the summer schedule by US and Europe airlines, and volumes and rates are both expected to rebound in Q3 with demand picking back up, driven by product launches		
Exports from NAM	<ul style="list-style-type: none">Export demand remains steady from all markets.US airports are running at a normal pace. Capacity is opening up further, especially into Europe		



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