OCEAN Reefer Market Update
Temperature Controlled Business

July – August 2023

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Ocean Freight Reefer Market Update – July 2023

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Receive the Ocean Reefer Market Update regularly to your inbox.
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Topic of the Month – July 2023
Smart Reefers – The Future

Over the past, all of us have seen a lot of innovation, advertising, and sales pitches regarding “Live” shipment tracking. This refers not only to location tracking of vessels or Containers but also to Temperature, Humidity and Shocks.

Shipping Lines and Forwarders have their own devices and products which can ensure (near)real-time visibility and we have top software/device companies which are offering a neutral platform.

It is widely acknowledged in our industry that real-time full visibility is the future, and it is just a matter of time until the technology is good enough and investments have been taken to equip the whole Container fleet.

From a DHL perspective, we are offering high-end solutions such as Ocean Secure, Thermonet control or predictive/smart ETA’s via our myDHLi portal, but this is just the beginning.

Our goal is to have All Smart Reefers we handled connected via the IoT portal, which is live and running with some customers now already.

Join us in embracing the rapidly approaching future by connecting with our service offerings.

Source: DHL
High level market development – July 2023

**ECONOMIC OUTLOOK GDP GROWTH BY REGION**

<table>
<thead>
<tr>
<th>Region</th>
<th>2023F</th>
<th>2024F</th>
<th>2025F</th>
<th>2026F</th>
<th>2027F</th>
<th>CAGR (2024-27)</th>
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<tr>
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<tr>
<td>DGF World</td>
<td>2.3%</td>
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<td>2.9%</td>
<td>2.9%</td>
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**INFLATION, YOY in %**

<table>
<thead>
<tr>
<th>Region</th>
<th>2023F</th>
<th>2024F</th>
<th>2025F</th>
<th>2026F</th>
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**DREWRY GLOBAL REEFER CONTAINER FREIGHT RATE INDEX**

1) Real GDP, Copyright © IHS Markit, now part of S&P Global, Q2 2023 Update 1 June ’23. All rights reserved; 2) IHS Markit, now part of S&P Global, Q2 2023 Update 1 June ’23. All rights reserved; 3 & 4) Surcharges related to e.g., equipment & space availability are not reflected in WCI & SCFI; 5) Drewry, in USD/40ft container, including BAF & THC both ends, 8 individual routes, excluding intra-Asia routes; 4) Shanghai Shipping Exchange, in USD/20ft & USD/40ft container for US routes, including BAF, EBAF, CAF, PSS, WRS, PCS & SCS/SCF/PTF/PCC, excl. THC, 15 routes from Shanghai; 5) Source: DHL, in US$; 6) Drewry Reefer Rate Index Q2 2023
## Major trades – Market outlook July 2023 vs last update (1/2)

### EUROPE

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<thead>
<tr>
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<tr>
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<tr>
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</tr>
<tr>
<td>ASPA</td>
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<td>MENAT</td>
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<tr>
<td>SSA</td>
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### ASIA PACIFIC

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<td>=</td>
</tr>
<tr>
<td>AMLA</td>
<td>= EC / + WC</td>
<td>++ EC / - WC</td>
</tr>
<tr>
<td>ASPA</td>
<td>=/-</td>
<td>=/-</td>
</tr>
<tr>
<td>MENAT</td>
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<td>+</td>
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<tr>
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### NORTH AMERICA

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<tr>
<td>MENAT</td>
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<tr>
<td>SSA</td>
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### LATIN AMERICA

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</tr>
<tr>
<td>SSA</td>
<td>=</td>
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</tr>
</tbody>
</table>

**Source:** DHL

**KEY**

- **Strong Increase**
- **Moderate Increase**
- **No Change**
- **Moderate Decline**
- **Strong Decline**
## Major trades – Market outlook July 2023 vs last update (2/2)

### TURKEY

<table>
<thead>
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<th>Import region</th>
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<tr>
<td>AMLA &amp; MX</td>
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<td>MENAT</td>
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</tr>
<tr>
<td>SSA</td>
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</tbody>
</table>

### MEA EAST MED & NORTHWEST AFRICA

<table>
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<tr>
<th>Import region</th>
<th>Capacity</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMNO</td>
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<td>SSA</td>
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</table>

**Source:** DHL
Capacity/Carriers – July 2023

The upgrade of THE Alliance’s Far East – North Europe loop ‘FE3’ is about to gain momentum soon with four more megamax new buildings scheduled to join the service’s fleet in July and August. The four 24,000 TEU class jumbo vessels will replace ships in the size range of 13,400 – 19,870 TEU. THEA’s third Asia – North Europe loop used to be operated with a mix of 16,010 TEU vessels from HMM and ships of Hapag-Lloyd’s “A15-class”, which have a nominal intake of 14,993 TEU.

Hapag Lloyd added a tenth ship to its North Europe – West Coast of South America ‘SWX’ service in the 2nd half of June. The service is jointly operated with CMA CGM (using the ‘Eurosal XL’ brand) and COSCO (‘EWX’). The fleet extension will allow the reinstatement of a call at Le Havre later this summer. The Le Havre call was suspended in July 2021 due to heavy port congestion in North Europe.

X-Press Feeders has regained the top spot from Unifeeder as the world’s largest common feeder operator. The Singapore-headquartered X-Press Feeders (ranked 16th in the Alphaliner top 100) has expanded his fleet by 2.1% since June 2022. In this same period, the global liner fleet grew by 5.7%. In addition, X-Press Feeders has a massive order book standing at 65% of its current fleet size.

At the same time, Unifeeder (ranked 18th) has reduced its fleet capacity by more than 25,000 TEU, which represents a staggering decline of -17.9%. Unifeeder is an asset-light operator, relying fully on the charter market for its tonnage needs.

South Korean carrier HMM made a formal offer for gas carrier Hyundai LNG Shipping reported to be worth around KRW 300 bn (USD 230 M). The company is being sold by IMM Private Equity and IMM Investment, which originally bought the company from HMM in 2014 after the subsidiary ran into financial problems. Hyundai LNG Shipping operates a fleet of 16 LNG carriers and six LPG carriers.
Market Update, July 2023 – Europe Exports by Trade

**To North America**

Rates to the USA dropped significantly in the first half of 2023. Some carriers already started not to support any lower level, and others remain more looking at volume vs. profitability. For Canada and Mexico, the rate of development is similar.

Space is not of any issue and schedule reliability has improved to an acceptable level.

**To South America**

South America now also reached much lower levels following the global trend we see in all markets. So far carriers are a little resistant to get down to levels pre-covid, but at least we will see ongoing rate-erosion. This counts for North Coast as well as for East Coast and West Coast.

South America is a demand area and carriers appreciate any reefer business into AMLA. Also, her schedule-reliable improved, and neither space nor plug or EQ availability is an issue.

**To Asia Pacific**

The market has been driven down by some carriers who mainly Trade with Asia to use their reefers. Some others preferably use their EQ for North or South America. Asia remains heavily “overstocked” on reefer equipment.

Oceania follows this trend also because Asia to Australia vessels are also not fully booked. Schedule reliability also improved, and we even see new services announced to bring in new-build-capacity which will not help to turn around the market from an unhealthy level.

*The equipment situation in Europe (North and South) is remaining at “okay to good” levels.*

Sufficient equipment is available, and no issues are to be expected in the coming months. However, we still recommend keeping the proper (pre)booking flow, etc. in place as reefers demand more pre-notice than any dry.

*Space situation OK in most of the Export-Trades!*

Space issues are gone in all trades which is bringing back preference for Reefers into demand areas. Equipment and plugs on board are important factors but these days not an issue in any trade. The importance of forecasting becomes less important but is strongly recommended!
## Market Update, July 2023 – Middle East and Africa Exports by Trade

### From East Africa

The main destinations are Europe, the Middle East, and North America.

Market rates are currently stable for Reefers with a longer validity period.

Bookings must be placed at least 7 – 10 days before sailing to obtain space.

### From MEA East Med/ Northwest Africa

The main destinations are Europe, the Middle East, and North America.

We expect a moderate increase in the Morocco reefer market, especially in EU and rate reducing for export to EU & AMNO.

Market rates in Egypt are reducing, and carriers are open to accepting reefer containers to Gulf countries, Australia, Canada Europe & US.

Bookings need to be placed at least 7 - 10 days before sailing to obtain space.

### From Southern Africa

The main destinations are Europe and Asia, with UAE growing at a rapid rate, and the USA is a very big Bulk market for South Africa. Southern Africa’s volumes are also growing for exports to UAE, with Maputo Port looking like a good alternative to export from.

Reefer equipment is stable now, as they have increased reefer availability due to it being the citrus season.

Bookings still need to be placed well in advance.

Reefer rates appear to be coming down, and citrus season volumes are also down due to heavy rain so far.

### From Turkey

Europe, the Middle East, North America, and Russia are the main destinations.

We have enough space from Turkey to the Middle East and US East Coast ports.

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Source: DHL, Shipping Lines
## Market Update, July 2023 – North America Exports by Trade

### To Europe
- Market rates remain stable with available plug capacity from North America to North and South Europe
- Large Reefer Export volume is creating a deficit of 40’ Reefer equipment in Norfolk, VA, Oakland, CA, Seattle, WA and Vancouver, BC
- Port congestion continues to improve in New York, Norfolk, Los Angeles, Oakland and Savannah.
- Vancouver port entered a strike 1st July 2023
- Reefer Trucking Capacity in USA continues to improve but lead times of 14+ days is suggested to obtain capacity/service
- Lack of chassis and GENSET in USA, we need to ask and make reservation also at origin to ensure GENSET will be provided at POD

Source: DHL and Shipping Lines

DHL Global Forwarding | Ocean Reefer Market Update | July 2023

### To Asia Pacific
- Market rates continue to stay high to cover empty positioning cost of empty RF’s from Asia
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### To South America
- Market rates remain stable with available plug capacity to South America
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- Reefer Trucking Capacity in USA continues to improve but lead times of 14+ days is suggested to obtain capacity/service
- Lack of chassis and GENSET in USA, we need to ask and make reservation also at origin to ensure GENSET will be provided at POD
- Shipping Lines promoting NOR especially from USA East Coast ports to South America East and West Coast ports
Market Update, July 2023 – South America Exports by Trade

**To Europe**

Market rates remain stable with available plug capacity to Europe.

Argentina, Brazil, Chile, Mexico, and Peru are progressively recovering inventories of 40' Reefer.

Request a lead time of 15 days before sailing to obtain space and equipment, especially from all WCSA ports.

Port congestion tends to be overcome in Colombia, Panama, and Peru.

It is important to focus on developing the necessary for Live Reefer cargo from Europe into Buenos Aires and Santos.

**To Asia Pacific**

Market rates are stable after an increase to cover the empty positioning costs of Reefers from Asia to Latin America.

Slight concerns with a supply of empty 40' Reefer equipment positioning into LATAM, especially to East Coast South America.

Market Reefer volumes remain strong with strong exports, especially to China.

Request a lead time of 15 days before sailing to obtain space and equipment, especially from all WCSA ports.

It is important to focus on developing the necessary NOR from Asia into Buenos Aires and Santos.

**To North & South America**

Market rates are trending to get stable after increases due lack of Reefer equipment in Latin America. Most services show that available plugs are fully maximized.

Request a lead time of 30 days before sailing to obtain space and equipment, especially from WCSA ports.

It is important to focus on developing the necessary NOR from New York to Buenos Aires and Santos.

Continue to review and develop the USA – Mexico cross-border market due to the lack of truck capacity in Mexico and the USA.

Source: DHL and Shipping Lines
Market Update, July 2023 – Asia Pacific Exports by Trade

To Europe / Middle East / Africa

- Carriers announcing new blank sailings to even out supply and demand to Europe.

Intra-Asia / Oceania

- CNC is implementing GRI from 1st July for below sectors:
  - Cargo Type: All reefer cargo only
  - POL scope: China / Hong Kong / Taiwan / Indonesia / Singapore / Malaysia / Thailand / Vietnam / Cambodia / Myanmar / Philippines / Japan / Korea / Bangladesh

- Rates into IN / PK / LK are exhibiting an upward trend. This upward trajectory is expected to persist until the end of Q3.

To North America & LATAM

Canadian West Coast Ports Strike

- As of 3rd July, both parties, the International Longshore and Warehouse Union (ILWU) and the British Columbia Maritime Employers Association (BCMEA) continue negotiations and remain talking, however a tentative agreement has not been reached.

- The strike will not only impact cargo arriving or sailing directly to or from the Canadian West Coast ports, with Vancouver and Prince Rupert being the most important, but also services relying on rail land-bridge via the East Coast.

- Providers are forced to review capacity allocation (loads and empties) in and out of the region to avoid that containers are sitting on trains, not being served.

- To TPEB – Equipment are with sufficient supply across Asia.

Source: DHL, Shipping Lines

DHL Global Forwarding | Ocean Reefer Market Update | July 2023
Market Update, July 2023 – Overview Reefer Equipment

Europe:
- Surplus: +15%, +250,000 TEU

Oceania:
- Balanced

South America:
- Shortage: -75%, -1,000,000 TEU

South Africa:
- Shortage: -77%, -150,000 TEU

Source: DHL, Shipping Lines, Drewry
Ocean Schedule Reliability – July 2023

Reliability improving at slower pace

- Global schedule reliability improved by 1.7 percentage points to 64.2% in April, a massive 29.9 percentage points higher compared to previous year, and “only” 5.6 percentage points lower than the closest pre-pandemic score.
- In April, the biggest looser of the previous month, the Europe-Oceania trade, managed the turnaround and became the largest improver (10.0% in March vs. 22.5% in Apr). The largest negative change was registered on the Indian Subcontinent to Asia route (64.7% in March vs. 25.6% in Apr).
- Reliability further increased by 14.2 ptp on Asia-North America West Coast, to 80.2%, and by 8.6 ptp on Asia-North America East Coast to 69.8% MoM.
- Asia-North Europe registered an improvement of 5.4 ptp MoM to 62.3% and Asia-Mediterranean an improvement of 8.8 ptp to 53.5% reliability.
- Schedule reliability increased to 50.8% on Transatlantic Eastbound and remained almost flat with an increase of only 2.7 percentage points to 50.8% on the Westbound trade.
DID YOU KNOW?
UPCOMING REEFER FOOD SHOWS WITH DHL BOOTH
Upcoming Exhibition – Visit us!

VISIT US AT FRUIT ATTRACTION
AND DISCOVER HOW WE CAN BE YOUR LEAD LOGISTICS PARTNER FOR FRESH PRODUCE SUPPLY CHAIN ORCHESTRATION

06-08 September

VISIT US AT ASIA FRUIT LOGISTICA
Join us at Asia Fruit Logistica and discover how DHL’s commitment to excellence can simplify your fresh produce supply chain. Visit our booth (Hall 5 – Booth No. 5E35) for exciting solutions and fruitful collaborations!

03-05 October
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