OCEAN FREIGHT MARKET UPDATE - MAY 2020

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TOPIC OF THE MONTH
Capacity Development

HIGH LEVEL DEVELOPMENT

MARKET OUTLOOK

ECONOMIC OUTLOOK & DEMAND DEVELOPMENT

CAPACITY DEVELOPMENT

CARRIERS

DID YOU KNOW?
Oil Price
DHL Business Continuity Solutions
More than **250 scheduled sailings** will be **withdrawn** in the 2nd quarter **2020**, as carriers react rapidly **fading demand**.

The cargo lull is caused by general shutdowns across many key markets in nations affected by the COVID-19 pandemic. **Several high-capacity strings will be withdrawn entirely** for the 2nd quarter, the largest is the 2M’s AE-2/Swan. This service was to deploy 12 ships of 23,000 TEU on the Asia – North Europe route.

No market segment will be spared, with **capacity cuts announced across almost all key routes**. Apart from the Asia – Europe, Asia – North America and Transpacific routes, carriers have also implemented capacity reductions in South America, the Middle East, the Indian Subcontinent, Africa and Oceania.

Part of the inactive fleet will be sent for scrubber retrofits, with 1.02 MTEU of vessel capacity currently at the yards for the installation of such systems. In addition to these, there will however be significant involuntary idling for a large part of the carriers’ operated fleets, as **up to 30% of total capacity** is **being removed** from some of the **most badly affected routes**.

Source: Alphaliner, Dynaliners, carriers
### HIGH LEVEL MARKET DEVELOPMENT

#### ECONOMIC OUTLOOK

**GDP GROWTH BY REGION**

<table>
<thead>
<tr>
<th>2021F</th>
<th>2022F</th>
<th>2023F</th>
<th>2024F</th>
<th>2025F</th>
</tr>
</thead>
<tbody>
<tr>
<td>EURO</td>
<td>1.2%</td>
<td>1.8%</td>
<td>1.6%</td>
<td>1.7%</td>
</tr>
<tr>
<td>MEA</td>
<td>0.8%</td>
<td>2.4%</td>
<td>3.0%</td>
<td>3.1%</td>
</tr>
<tr>
<td>AMER</td>
<td>5.6%</td>
<td>3.8%</td>
<td>1.8%</td>
<td>1.6%</td>
</tr>
<tr>
<td>ASPA</td>
<td>4.6%</td>
<td>4.7%</td>
<td>4.5%</td>
<td>4.5%</td>
</tr>
<tr>
<td>DGF World</td>
<td>3.8%</td>
<td>3.5%</td>
<td>2.8%</td>
<td>2.8%</td>
</tr>
</tbody>
</table>

#### CAGR (2022-25)

<table>
<thead>
<tr>
<th>2021F</th>
<th>2022F</th>
<th>2023F</th>
<th>2024F</th>
<th>2025F</th>
</tr>
</thead>
<tbody>
<tr>
<td>EURO</td>
<td>1.6%</td>
<td>1.6%</td>
<td>1.6%</td>
<td>1.6%</td>
</tr>
<tr>
<td>MEA</td>
<td>3.1%</td>
<td>3.1%</td>
<td>3.1%</td>
<td>3.1%</td>
</tr>
<tr>
<td>AMER</td>
<td>1.8%</td>
<td>1.8%</td>
<td>1.8%</td>
<td>1.8%</td>
</tr>
<tr>
<td>ASPA</td>
<td>4.4%</td>
<td>4.4%</td>
<td>4.4%</td>
<td>4.4%</td>
</tr>
</tbody>
</table>

#### DHL TRADE BAROMETER

Our Trade Barometer stands for accuracy, reliability & credibility. However, the analyzed data is unable to assess the impact of such disruptive events as Covid-19. This is why the update for Q2 '20 is postponed.

#### WORLD CONTAINER INDEX (WCI)

<table>
<thead>
<tr>
<th>Q1 '20</th>
<th>Q2 '20</th>
<th>Q3 '20</th>
<th>Q4 '20</th>
<th>Q1 '21</th>
<th>Q2 '21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>2,000</td>
<td>2,500</td>
<td>3,000</td>
<td>3,500</td>
<td>4,000</td>
</tr>
<tr>
<td>Forecast</td>
<td></td>
<td></td>
<td></td>
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</table>

#### SHANGHAI CONTAINERIZED FREIGHT INDEX (SCFI)

<table>
<thead>
<tr>
<th>Q1 '20</th>
<th>Q2 '20</th>
<th>Q3 '20</th>
<th>Q4 '20</th>
<th>Q1 '21</th>
<th>Q2 '21</th>
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</thead>
<tbody>
<tr>
<td>Actual</td>
<td>1,200</td>
<td>1,100</td>
<td>900</td>
<td>800</td>
<td>700</td>
</tr>
<tr>
<td>Forecast</td>
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</table>

#### BUNKER PRICES

<table>
<thead>
<tr>
<th>Year</th>
<th>EU</th>
<th>MEA</th>
<th>AMER</th>
<th>ASPA</th>
<th>DGF World</th>
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</thead>
<tbody>
<tr>
<td>2021F</td>
<td>1.2%</td>
<td>0.8%</td>
<td>5.6%</td>
<td>4.6%</td>
<td>3.8%</td>
</tr>
<tr>
<td>2022F</td>
<td>1.8%</td>
<td>2.4%</td>
<td>3.8%</td>
<td>4.7%</td>
<td>3.5%</td>
</tr>
<tr>
<td>2023F</td>
<td>1.6%</td>
<td>3.0%</td>
<td>1.8%</td>
<td>4.5%</td>
<td>2.8%</td>
</tr>
<tr>
<td>2024F</td>
<td>1.7%</td>
<td>3.1%</td>
<td>1.6%</td>
<td>4.5%</td>
<td>2.8%</td>
</tr>
<tr>
<td>2025F</td>
<td>1.6%</td>
<td>3.2%</td>
<td>2.0%</td>
<td>4.3%</td>
<td>2.9%</td>
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</table>

1) real GDP, Copyright © IHS Markit, Q1 2020 Update 16 Apr `20. All rights reserved. 2) DHL Global Trade Barometer Dec19, index value represents weighted average of current growth and upcoming two months of trade, a value at 50 is considered neutral, expanding above 50, and shrinking below 50. 3) Drewry, in USD/40ft container, including BAF & THC both ends, 42 individual routes, excluding intra-Asia routes. 4) Shanghai Shipping Exchange, in USD/20ft container & USD/40ft ctnr for US routes, 15 routes from Shanghai. 5) Source: DHL.
### EUROPE

<table>
<thead>
<tr>
<th>Import region</th>
<th>Capacity</th>
<th>Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMNO</td>
<td>-</td>
<td>+/-</td>
</tr>
<tr>
<td>AMLA</td>
<td>+/-</td>
<td></td>
</tr>
<tr>
<td>ASPA</td>
<td>- ++</td>
<td></td>
</tr>
<tr>
<td>MENAT</td>
<td>- ++</td>
<td></td>
</tr>
<tr>
<td>SSA</td>
<td>= +/+</td>
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### NORTH AMERICA

<table>
<thead>
<tr>
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<th>Capacity</th>
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</thead>
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<td>--</td>
<td>=</td>
</tr>
<tr>
<td>AMLA</td>
<td>=</td>
<td>+</td>
</tr>
<tr>
<td>ASPA</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td>MENAT</td>
<td>=</td>
<td>=</td>
</tr>
<tr>
<td>SSA</td>
<td>=</td>
<td>=</td>
</tr>
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</table>

### ASIA PACIFIC

<table>
<thead>
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<th>Capacity</th>
<th>Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>EURO</td>
<td>-</td>
<td>=</td>
</tr>
<tr>
<td>AMNO</td>
<td>-</td>
<td>+/-</td>
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<td>AMLA</td>
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<td>+</td>
</tr>
<tr>
<td>ASPA</td>
<td>-</td>
<td>=</td>
</tr>
<tr>
<td>MENAT</td>
<td>+</td>
<td>=</td>
</tr>
<tr>
<td>OCEANIA</td>
<td>--</td>
<td>+</td>
</tr>
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### SOUTH AMERICA

<table>
<thead>
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<th>Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>EURO</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td>AMNO</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td>AMLA</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td>ASPA</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td>MENAT</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td>SSA</td>
<td>-</td>
<td>+</td>
</tr>
</tbody>
</table>

### KEY

- **Strong increase**: ++
- **Moderate increase**: +
- **No change**: =
- **Moderate decline**: -
- **Strong decline**: --

Source: DGF
MARKET OUTLOOK MAY 2020

OCEAN FREIGHT RATES – ASIA-PACIFIC EXPORTS

- **ASPA-EURO**
  The uncertain outlook continues into May due to the Covid-19 situation in Europe. More structural blank sailings have been added to manage the supply and demand.

- **ASPA-AMNO**
  Outlook is weak as major retailers are shutting their stores in US. Despite the new product launch effective Apr from all the alliances, steam ship lines are already planning blank sailings to manage the weaker demand.

- **ASPA-AMLA**
  The demand outlook for Latin America continues to be weak. Carriers have announced multiple void sailings planned up till mid of June to level the demand requirements. With reduced capacity, space will be tight and carriers are announcing GRI implementation for the 1st May.

- **ASPA-MENAT**
  Rate environment generally stagnant as anticipation of pre-ramadan rush. However this might be offset by demand uncertainties which is primary affecting consumption at Middle east and Eastern Med regions, along with relaxed blanking schedule from carriers. We are expecting carriers to announce more blank sailing in May in case demand does not pick up.

- **ASPA-ASPA**
  Capacity reductions Intra Asia and Indian Subcontinent due additional blank sailings. Rates will remain at a relatively high level. With lockdown announced in various Asia countries, uncertainty remains and carriers are still measuring the impact to import demand and might be making further capacity adjustments. India lockdown has been extended till 3rd May and there are states which are already in plan to extend further.

Source: DHL
MARKET OUTLOOK MAY 2020

OCEAN FREIGHT RATES – OTHER MAJOR TRADES

- **EURO-AMNO**
  Volumes are dropping and some carriers already confirmed blank sailings to protect current rate levels. Overall slight rate decrease due to bunker development.

- **EURO-ASPA + MEA**
  Space remains super tight on all eastern hemisphere trades due to high amount of blank sailings. PSS / GRI’s are announced by all carriers. In addition first Equipment Imbalance surcharges being applied.

- **AMNO-EURO**
  Rates remain stable but capacity will be reduced in the month of May with 10 blank sailings from the USEC to Euro NC and 5 blank sailings to the Med. No change from USWC. The 2M TA4/NEUATL4 service will have 3 blank sailings in the month of May all through week 25.

- **AMNO-ASPA**
  Moderate capacity decrease due to blank sailings. GRI pushes slight rate increase.

- **AMLA Exports**
  Equipment challenges due to blank sailings. Tight space for WCSA area is expected. Pre-booking is highly recommended. Port slow down / trucking issues reported in some areas due to precautionary steps in light of COVID-19. Demurrage & Detention costs rising.

Source: DHL
What path will the recovery take?

**ECONOMIC OUTLOOK & DEMAND EVOLUTION**

**EUROPE**

IHS Markit predicts that the virus-induced recessions this year will be significantly deeper than during 2008–09, across most of Europe. Policy responses to the shock have been stepped up recently on the fiscal and monetary sides. Although they will not prevent deep recessions in the near term, they can help to limit the scale of the spillover effects, avoiding a prolonged downturn by preserving businesses and jobs.

**AMERICAS**

IHS Markit does not expect GDP growth to turn positive until Q4 of this year, reflecting their view that economic activity will not begin to improve materially until new US cases of the COVID-19 virus are driven close to zero. Their latest forecast includes the recently enacted, roughly USD2–trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act. Real GDP is projected to decrease 5.4% in 2020.

**ASIA PACIFIC**

The pandemic has hurt trade and tourism in JP and resulted in a one-year postponement of the Tokyo Olympics. In response to the growing crisis, Prime Minister Shinzō Abe recently declared a state of emergency and announced a stimulus package of JPY180 trillion (roughly 20% of GDP).

Two large obstacles could hamper CN’s recovery: crumbling world demand for its exports and the hesitation of its government to provide massive stimulus. Stimulus programs amount to about 2% of GDP now, compared with 12% in 2009, which kept the economy growing during the global financial crisis.

**EMERGING MARKETS**

Emerging economies are facing “the mother of all sudden stops,” triggered by massive outflows of capital (four times as big as during 2008–09). As a result, in the past three months many emerging markets, such as BR, MX, RU, & ZA, have seen their currencies crash by more than 20%. Because of these devaluations, the burden of foreign debt for emerging markets has risen sharply, leading to a wave of sovereign debt downgrades.

**DEMAND DEVELOPMENT**

The JPMorgan Global PMI™ fell by a new record 6.7 points in Mar, building on a prior record plunge of 6.1 points in Feb to drop from 46.1 to 39.4, its lowest since the height of the global financial crisis in Feb ’09. The steepest deterioration occurred in the services sector, where businesses such as airlines, restaurants, hotels, cinemas, & other leisure activities were hit especially hard by virus-fighting measures, although the overall hit to business was broad-based.

Source: IHS Markit, IHS Purchasing Manager Index Manufacturing, a PMI at 50 is considered neutral, expanding above 50, and business shrinking below 50.
HMM announced on 28 April that it has received KRW 720 Bn ($591 M) from the state-owned Korea Development Bank (KDB) and Korea Ocean Business Corp. (KOBC). Each of the two institutions subscribed for 72 M of new Convertible Bonds (CB) issued by HMM on 23 April. KDB therewith raised its shareholding in HMM from 34.8% to 37.0%, while KOBC’s share increased from 34.4% to 36.6%. KOBC also provided HMM with a further KRW 54 Bn ($44 M) to finance the acquisition of 48,980 units of new dry container equipment. This investment is meant to support HMM’s aggressive expansion plan that will more than double the carrier’s operated vessel capacity in the coming 15 months. The expansion was started last week with the delivery of the 23,964 TEU HMM ALGECIRAS. Touted as the world’s largest container vessel, she is first of 12 new megamaxes that HMM is to receive from the shipyards this year. HMM’s expansion coincides with the worst demand slump for container shipping lines. Demand for container transport is expected to drop by at least 30% in May, and the outlook for the rest of the year remains weak. The weak demand that has forced carriers to cancel a record number of scheduled sailings in May, will also result in deferred deliveries of the 12 megamax containerships. Revised forward schedules only show 6 of these megamax newbuildings join the ‘FE2’ and ‘FE4’ Asia - Europe services of THE Alliance until September. This compares to HMM’s original plan to have all 12 of the ships phased-in until the end of the 3rd quarter. HMM’s plan to install scrubbers on over 70% of its operated vessel capacity has been hit by the narrowing spread between low Sulphur fuel oil (LSFO) and heavy fuel oil (HFO). So far, 27 ships with scrubbers have already been delivered and installed, with additional retrofits due this year. The total cost of HMM’s scrubber program is estimated at over $350 M. However, the expected pay-back on the scrubber investments is currently significantly affected as fuel prices have dropped since the start of the year as the COVID-19 lockdowns have depressed demand.

OOCL has reported a strong operational performance in the 1st quarter, with total revenues increasing by 5.5% while liftings were down marginally at 0.4%. Average revenue was at a five year high, with operating margins expected to be further boosted by the reduction in fuel costs. Average rates on the Asia-Europe and intra-Asia routes were particularly strong, but this was tempered by lower rates on the transpacific and transatlantic routes. Average rates are already starting to come under pressure as volumes have been negatively affected by the COVID-19 lockdowns across all key markets.
**CARRIERS 2/2**

**PIL** has released its financial results for 2018 and the 1\textsuperscript{st} half of 2019. The results published so far reveal continued losses at the group level, with full year 2018 net losses reaching -$254 M while the 1\textsuperscript{st} half of 2019 net loss reached -$35 M. The group’s results include the container shipping activities of Singamas, which is publicly listed on the Hong Kong stock exchange. According to Singamas’ full-year financial results in 2019, its net loss widened to -$110 M, compared to a net profit of $72 M in 2018. Singamas has confirmed that PIL is in discussions with its creditors to restructure its debt, including $148 M that is owed to Singamas. According to the latest available balance sheet information as at June 2019, PIL’s total financial debt including, lease liabilities but excluding amounts due to related companies, stood at $3.86 Bn of which $1.31 Bn are current liabilities that are due within 1 year.

**CMA CGM**’s wholly-owned subsidiary **CMA Terminals** has completed the sale of stakes in 8 container terminals for $815 M to Terminal Link, a joint venture between CMA CGM (51%) and China Merchants Port (49%) on 26 March 2020. The deal is the 1\textsuperscript{st} part of a sale of a total of 10 terminals to Terminal Link that was first agreed on 25 November 2019. The sale of 2 more facilities in Vietnam and India are expected to be completed by June 2020 after completing regulatory conditions for an additional consideration of about $153 M. The immediate cash infusion will provide CMA CGM with much needed liquidity as the carrier has current liabilities of some $2.25 Bn due in 2020 and a further $3.02 Bn due in 2021, excluding lease liabilities that will add a further $1.80 Bn in 2020 and $154 Bn in 2021. The CMA CGM Group has outlined a liquidity enhancement plan that will raise $1.26 Bn in the 1\textsuperscript{st} half of 2020, comprising of $968 M from the sale of the 10 terminals as well as $110 M from vessel sales and leaseback, $85 M from the disposal of its logistics platform in India and $100 m from a securitization program relating to CEVA customer receivables. It has also secured a three year extension for $535 M out of the $705 M of revolving credit facilities due in 2020.

**CMA CGM** will stop using the APL brand on the trades covering the Indian subcontinent, Middle East and Latin America and will rationalize their service offerings on these routes using only the CMA CGM brand. This moves will be completed by end June 2020. After that APL brand will only be used on the Transpacific trade and US-flag services. According to APL, it will remain as the only carrier brand in the CMA CGM Group with US-flagged vessels and will retain the US Government business of the Group.

Source: Alphaliner, Dynaliners, carriers
Carrier financial performance 2019 positively impacted by higher freight rates & lower bunker prices

### CARRIER FINANCIAL RESULTS FULL YEAR 2018-19

<table>
<thead>
<tr>
<th>Carrier</th>
<th>Revenue 2018</th>
<th>Revenue 2019</th>
<th>% Change</th>
<th>Operating Profit 2018</th>
<th>Operating Profit 2019</th>
<th>% Change</th>
<th>Operating Profit Margin 2018</th>
<th>Operating Profit Margin 2019</th>
<th>% Change</th>
<th>Net Profit 2018</th>
<th>Net Profit 2019</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maersk Group 5)</td>
<td>39'280</td>
<td>38'890</td>
<td>-1%</td>
<td>3'809</td>
<td>5'712</td>
<td>50%</td>
<td>9.7%</td>
<td>14.7%</td>
<td>-578</td>
<td>509</td>
<td>188%</td>
<td></td>
</tr>
<tr>
<td>CMA CGM 2), 4)</td>
<td>23'476</td>
<td>23'133</td>
<td>-1%</td>
<td>602</td>
<td>1'076</td>
<td>79%</td>
<td>2.6%</td>
<td>4.7%</td>
<td>34</td>
<td>-68</td>
<td>-300%</td>
<td></td>
</tr>
<tr>
<td>COSCO SHIPPING Holdings 1), 7), 8)</td>
<td>17'389</td>
<td>20'988</td>
<td>21%</td>
<td>607</td>
<td>959</td>
<td>58%</td>
<td>3.5%</td>
<td>4.6%</td>
<td>235</td>
<td>341</td>
<td>45%</td>
<td></td>
</tr>
<tr>
<td>Hapag-Lloyd 1), 4)</td>
<td>13'738</td>
<td>14'137</td>
<td>3%</td>
<td>525</td>
<td>909</td>
<td>73%</td>
<td>3.8%</td>
<td>6.4%</td>
<td>54</td>
<td>418</td>
<td>669%</td>
<td></td>
</tr>
<tr>
<td>ONE 3)</td>
<td>8'054</td>
<td>8'898</td>
<td>10%</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.m.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>-491</td>
<td>131</td>
<td>127%</td>
<td></td>
</tr>
<tr>
<td>OOCL 10)</td>
<td>6'573</td>
<td>6'879</td>
<td>5%</td>
<td>263</td>
<td>361</td>
<td>37%</td>
<td>4.0%</td>
<td>5.2%</td>
<td>108</td>
<td>1'349</td>
<td>1149%</td>
<td></td>
</tr>
<tr>
<td>Evergreen Marine Corp. 1), 4)</td>
<td>5'626</td>
<td>6'166</td>
<td>10%</td>
<td>7</td>
<td>160</td>
<td>2324%</td>
<td>0.1%</td>
<td>2.6%</td>
<td>10</td>
<td>4</td>
<td>-63%</td>
<td></td>
</tr>
<tr>
<td>Yang Ming 1), 4)</td>
<td>4'715</td>
<td>4'826</td>
<td>2%</td>
<td>-191</td>
<td>-1</td>
<td>-99%</td>
<td>-4.0%</td>
<td>0.0%</td>
<td>-219</td>
<td>-139</td>
<td>36%</td>
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<tr>
<td>HMM (shipping business) 1), 9)</td>
<td>4'210</td>
<td>4'106</td>
<td>-2%</td>
<td>-453</td>
<td>-258</td>
<td>-43%</td>
<td>-10.8%</td>
<td>-6.3%</td>
<td>-722</td>
<td>-508</td>
<td>30%</td>
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</tr>
<tr>
<td>Zim 4)</td>
<td>3'248</td>
<td>3'300</td>
<td>2%</td>
<td>-23</td>
<td>153</td>
<td>-765%</td>
<td>-0.7%</td>
<td>4.6%</td>
<td>-126</td>
<td>-18</td>
<td>86%</td>
<td></td>
</tr>
<tr>
<td>Wan Hai 1), 4)</td>
<td>2'220</td>
<td>2'360</td>
<td>6%</td>
<td>38</td>
<td>98</td>
<td>160%</td>
<td>1.7%</td>
<td>4.1%</td>
<td>37</td>
<td>116</td>
<td>211%</td>
<td></td>
</tr>
<tr>
<td><strong>Average 6)</strong></td>
<td></td>
<td></td>
<td>4%</td>
<td></td>
<td></td>
<td></td>
<td>77%</td>
<td>4.3%</td>
<td>7.3%</td>
<td>272%</td>
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</tbody>
</table>

Source: Alphaliner; n.a. = not available, n.m. = not meaningful; 1) local currency numbers were converted into US$ using the average exchange rate for relevant financial period; 2) shipping activities only, excl. CEVA Logistics; 3) results are Q1-3 of Japanese financial year; i.e. Apr-Dec, not calendar year; 4) operating profit is "Core EBIT"; 5) operating profit is EBITDA; 6) Average excluding ONE; 7) operating profit is EBIT; 8) including OOCL from Aug18, excluding terminals; 9) Net Profit for Group; 10) including Long Beach Container Terminal operation.
Did You Know?

**OIL PRICE**

An unprecedented decline of crude oil prices has seen prices plummet to negative values for the first time in history

- Along with crude oil prices, bunker prices are also expected to fall in the coming weeks.
- IFO380 fuel oil prices have fallen to USD 190/ton in Singapore and USD 163/ton in Rotterdam, while Compliant Fuel (VLSFO) prices are at USD 262/ton and USD 218/ton respectively.
- Despite the shrinking low sulphur fuel price spread containership owners proceed with their scrubber retrofit programs.
- A combination of the low bunker price and an oversupply of inactive vessels has made the Cape of Good Hope route an option for carriers thus avoid paying the Suez Canal tolls.

Although bunker prices have fallen significantly the ocean carriers are very reluctant to adjust the BAF downwards.

Source: Alphaliner, DHL
Did You Know?

DHL BUSINESS CONTINUITY SOLUTIONS

All good things must come to an end – thankfully, so do unprecedented global pandemics. **Start planning now and be the first to respond to your customers’ demand** when the Covid-19 situation eases across the globe.

Your goods are ready to ship, but your receiving market is not? **Secure the best storage solution for your cargo with DHL Business Continuity Solutions** – just activate your preferred services upon booking.

In one of our global container hubs or inside our dedicated warehouses, the DHL Business Continuity Solutions enable you to control your storage costs at preferential rates, and release your cargo at any time to reach your customer’s door at their requested delivery date.

Read on to find the solution your business and your cargo need and contact your local DHL Global Forwarding business partner for further insight.
ON DOCK SOLUTION

DHL CONTAINER TRANSIT DEFERRAL

**Port of Loading**
Upon booking*, share your Container Transit Deferral instruction with your DHL Global Forwarding business partner

**Container Hub**
Your container transits to one of our Global Hub and is held there until instruction to release is received

**Port of Delivery**
Upon instruction to release, your container is connected to the best vessel and shipped to its final destination

* Applies to general cargo only. Reefer containers and dangerous goods excluded.

DHL Global Forwarding | OFR Market Update | May 2020
OFF-DOCK SOLUTION

3 STORAGE SOLUTIONS TO AVOID DEMURRAGE FEES

**OFF-DOCK STORAGE**
Let DHL Global Forwarding pick up your container from any port or rail terminal and **store it in an alternative facility** with **preferential rates**.

**WAREHOUSE STORAGE**
Let DHL Global Forwarding **store the contents** of your container in one of our warehouses, and **reload your cargo into a container** when your customer is ready for delivery.

**CROSS-DOCKING**
Let DHL Global Forwarding **store the contents** of your container in one of our warehouses, and **deliver your cargo in a full-truck load** when your customer is ready for delivery.
MARKET OUTLOOK MAY 2020
OCEAN FREIGHT RATES ADDITIONAL TRADES (1/2)

• EURO-AMLA+MX
  Some space issues on exports to MX, but only 1 blank sailing so far. Rates extended until May.

• EURO-MENAT
  Middle East destination are being served via FE services. Due to the blank sailings on the FE services we see massive space problems on the exclusive middle east and IPBC services, resulting in same rate hikes as mentioned for ASPA.

• EURO-SSA
  Rates will remain stable for now. Emergency Imbalance Surcharges implemented on top. South Africa: Stable capacity. Smaller vessels being put in service on short notice, reflecting the smaller booked volumes. Slow port productivity in South Africa shows an improving trend.

• AMNO-MENAT
  Rates remain stable. Space is tight out of USEC & USGC Ports due to several sailing cancellations on services to M. East & India Subcontinent. No space issues out of USWC except to East Med.

• AMNO-SSA
  Rates to South/West Africa will remain stable. No changes in capacity. Space is available to West Africa but tight to South Africa.

• AMNO-AMLA
  Fuel trending slightly downwards. Equipment supply is short supply in many US areas. Blank sailings and port exclusions are utilized to maintain services. GRI’s announced but postponed until June 2020.
MARKET OUTLOOK MAY 2020

OCEAN FREIGHT RATES ADDITIONAL TRADES (2/2)

- **EURO MED-AMNO**
  April rates are extended till end May.

- **EURO MED-AMLA**
  Rate increases as a result of empty equipment shortage.

- **EURO MED-ASPA and MENAT**
  Capacity reductions through blank sailings force rate increases.

- **EURO MED-SSA**
  Rate increases as a result of empty equipment shortage.

- **ASPA-SPAC**
  Several blank sailings to be implemented in May, reflecting the weaker booking trend from the market. At the same time the capacity reduction is aimed at maintaining the current rate levels. Service changes also on the SEA export market.

Source: DGF
ASIAN TRADE LANES DRIVE MID-TERM GROWTH

MARKET OUTLOOK

GLOBAL CONTAINER TRADE
151.2 mTEU +3.9% CAGR 2020e-2023e

Source: Seabury Jun19 update
STATE OF THE INDUSTRY
OCEAN CARRIER ALLIANCES

THE ALLIANCE
HAPAG-LLOYD
ONE
YANG MING
HMM (from 1st April 2020)

OCEAN ALLIANCE
OOCL
CMA CGM
CHINA COSCO SHIPPING
EVERGREEN

2M
MAERSK LINE
MSC

Source: Carriers
ACRONYMS AND EXPLANATIONS

OCEAN FREIGHT GLOSSARY

- **AMLA** - Latin America
- **AMNO** - North America
- **AR** - Argentina
- **ASPA** - Asia-Pacific
- **BR** - Brazil
- **CAGR** - Compound Annual Growth Rate
- **CENAC** - Central America and Caribbean
- **CNC** - CNC Line (Cheng Lie Navigation Co. Ltd.)
- **DG** - Dangerous Goods
- **DWT** - Dead Weight Tonnage
- **EB** - Eastbound
- **ECSA** - East Coast South America (synonym for SAEC)
- **EGLV** - Evergreen Marine Corp
- **EURO** - Europe
- **GRI** - General Rate Increase
- **HMM** - Hyundai
- **HL** - Hapag-Lloyd
- **HSUD** - Hamburg Süd
- **HWS** - Heavy Weight Surcharge
- **IA** - Intra Asia
- **IPBC** - India Pakistan Bangladesh Ceylon (= Sri Lanka)
- **IPI** - Inland Point Intermodal
- **ISC** - Indian Sub Continent (synonym for IPBC)
- **MENAT** - Middle East and North Africa
- **ML** - Maersk Line
- **mn** - Millions
- **MoM** - Month-on-Month
- **NOO** - Non-operating (vessel) owners
- **OCR** - Operational Cost Recovery surcharge
- **OCL** - Orient Overseas Container Line
- **OWS** - Overweight Surcharge
- **PH** - Philippines
- **PNW** - Pacific North West
- **Pkt.** - Percentage points
- **PSW** - Pacific South West
- **QoQ** - Quarter on quarter
- **SAEC** - South America East Coast
- **SAWC** - South America West Coast
- **SOLAS** - Safety of Life at Sea
- **SPRC** - South People’s Republic of China – South China
- **SSA** - Sub-Saharan Africa
- **SSL** - Steam Ship Line
- **T** - Thousands
- **TEU** - Twenty foot equivalent unit (20’ container)
- **TSA** - Trans Pacific Stabilization Agreement
- **USGC** - US Gulf Coast
- **US FMC** - US Federal Maritime Commission
- **USEC** - US East Coast
- **USWC** - US West Coast
- **VGM** - Verified Gross Mass
- **VLCS** - Very Large Container Ship
- **VSA** - Vessel Sharing Agreement
- **WB** - Westbound
- **WCSCA** - West Coast South America (synonym for SAWC)
- **WHL** - Wan Hai
- **WRS** - War Risk Surcharge
- **YML** - Yang Ming Line
- **YoY** - Year-on-Year
- **YTD** - Year-to-Date