



OCEAN FREIGHT:
An Industry at Capacity



WHERE IS THE WORLD OCEAN INDUSTRY AT TODAY?

- An industry at or beyond its capacity
- Lack of equipment
- Lack of vessel space
- Rising rates

'It's a perfect storm': A shipping container crisis has upended the global food trade – Bloomberg News



RAPID DECREASE IDLE CONTAINERS

ALPHALINER

Monthly Monitor | January 2021

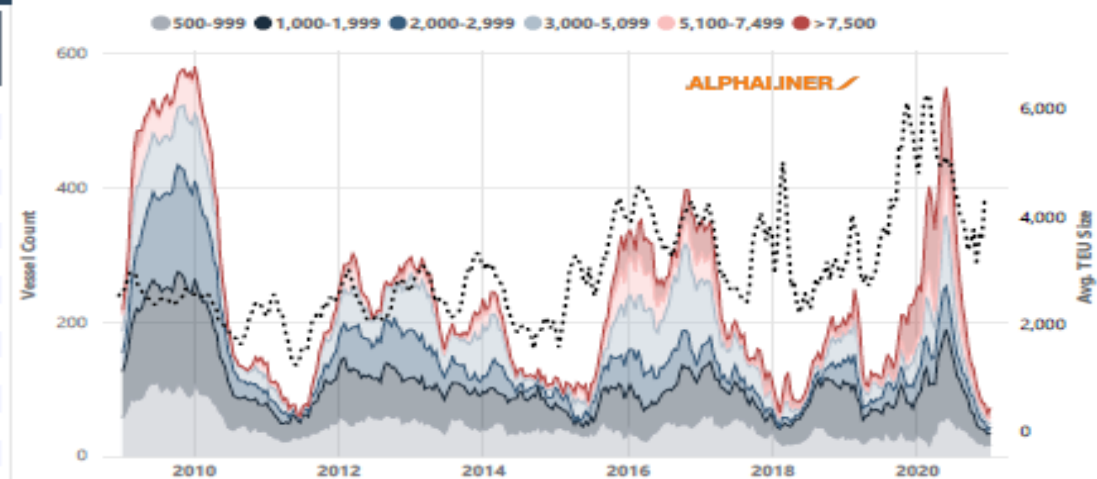
Inactive Capacity Tracker

As at Date	500-999	1,000-1,999	2,000-2,999	3,000-5,099	5,100-7,499	> 7,500	Total Idle Ships	As % of Cell fleet	% NOO Charter-free	NOO Idle TEU	Carrier Idle TEU	Total Idle TEU	In RY TEU	Inactive TEU*
4 Jan 21	17	17	9	7	7	15	72	1.3%	14%	0.04M	0.27M	0.31M	0.33M	0.65M
21 Dec 20	18	15	6	10	8	7	64	1.0%	22%	0.05M	0.18M	0.23M	0.37M	0.60M
7 Dec 20	16	23	12	7	9	11	78	1.2%	20%	0.06M	0.23M	0.29M	0.37M	0.66M
23 Nov 20	21	20	12	10	11	7	81	1.1%	28%	0.07M	0.18M	0.25M	0.38M	0.63M
9 Nov 20	19	23	17	10	10	13	92	1.5%	29%	0.10M	0.21M	0.35M		
26 Oct 20	22	26	24	11	9	15	107	1.6%	33%	0.12M	0.25M	0.38M		
12 Oct 20	30	33	26	10	17	14	130	1.8%	32%	0.14M	0.30M	0.44M		
28 Sep 20	29	37	25	14	16	19	140	2.2%	26%	0.14M	0.38M	0.52M		
14 Sep 20	36	49	20	15	15	28	163	2.7%	23%	0.15M	0.50M	0.64M		
31 Aug 20	39	54	27	20	25	33	198	3.4%	27%	0.21M	0.59M	0.80M		
17 Aug 20	40	61	23	24	32	43	223	4.1%	24%	0.24M	0.73M	0.97M		
3 Aug 20	48	66	28	28	43	51	264	5.1%	28%	0.33M	0.87M	1.20M		
20 Jul 20	42	77	32	39	52	71	313	6.6%	27%	0.43M	1.13M	1.56M		
6 Jul 20	50	90	36	60	55	84	375	7.9%	31%	0.58M	1.27M	1.85M		
22 Jun 20	53	103	47	76	59	115	453	9.9%	34%	0.78M	1.54M	2.32M		
8 Jun 20	60	116	58	96	64	127	521	11.2%	35%	0.90M	1.71M	2.61M		
25 May 20	58	131	64	106	60	131	550	11.6%	33%	0.90M	1.82M	2.72M		
11 May 20	53	122	71	102	47	129	524	11.3%	32%	0.86M	1.79M	2.65M		
27 Apr 20	54	105	57	70	33	122	441	10.3%	26%	0.63M	1.77M	2.40M		
13 Apr 20	50	96	47	45	23	124	385	9.4%	21%	0.46M	1.74M	2.20M		
30 Mar 20	33	74	42	42	26	121	338	9.1%	19%	0.39M	1.72M	2.12M		
16 Mar 20	32	77	36	58	44	131	378	10.1%	16%	0.39M	1.97M	2.36M		
2 Mar 20	17	89	50	68	51	127	402	10.6%	18%	0.45M	2.01M	2.46M		
17 Feb 20	24	107	46	60	33	104	374	8.8%	19%	0.39M	1.65M	2.04M		
3 Feb 20	26	97	47	41	22	66	299	6.2%	24%	0.35M	1.08M	1.44M		
20 Jan 20	28	70	38	34	13	64	247	5.4%	21%	0.27M	0.99M	1.27M		
6 Jan 20	33	58	34	41	12	75	253	6.1%	21%	0.30M	1.11M	1.41M		
23 Dec 19	27	57	32	39	12	71	238	5.9%	22%	0.30M	1.07M	1.37M		
9 Dec 19	23	48	32	37	13	73	226	6.0%	21%	0.29M	1.09M	1.38M		
25 Nov 19	29	51	27	29	18	71	225	5.7%	22%	0.29M	1.04M	1.33M		

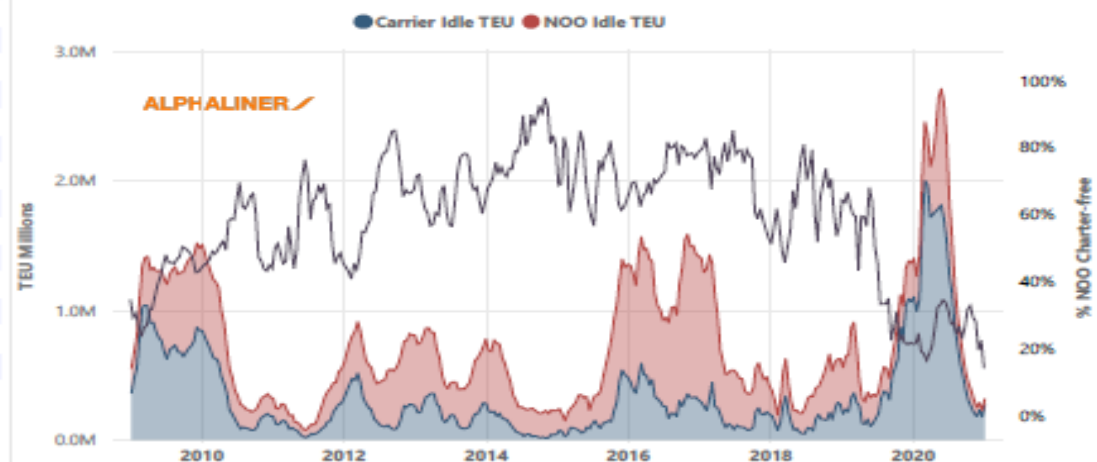
Inactive = sum of idle + in shipyard for repair (RY). Note: Alphaliner counts Inactive fleet including ships that are commercially inactive due to idling, lay-up, arrested / abandoned, and other reasons (Idle Carrier/NOO) and ships that went to Drydock for normal maintenance, emergency repair, retrofit, and other works (RY - repair yard).

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Idle containership (units breakdown by size range)



Idle Fleet Breakdown by Non-Operating Owner/Carrier



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RATES SKYROCKET: ALL LANES IMPACTED



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Monthly Monitor | January 2021

Container Freight Watch

Shanghai Containerized Freight Index	Latest: 15-Jan-21	1 week 08-Jan-21	1 week Change %	1 month 18-Dec-20	1 month Change %	3 months 23-Oct-20	3 months Change %	1 year: 17-Jan-20	1 year Change %
SCFI	2,885	2,870	1%	2,411	20%	1,469	96%	991	191%
Europe (Base port)	4,413	4,452	-1%	3,124	41%	1,100	301%	1,010	337%
Mediterranean (Base port)	4,296	4,298	-0%	3,223	33%	1,261	241%	1,180	264%
USWC (\$/FEU)	4,054	4,019	1%	3,900	4%	3,865	5%	1,562	160%
USEC (\$/FEU)	4,800	4,750	1%	4,874	-2%	4,625	4%	2,943	63%
Persian Gulf (Dubai)	1,982	1,995	-1%	1,517	31%	1,062	87%	1,123	76%
Australia (Melbourne)	2,406	2,451	-2%	2,438	-1%	1,919	25%	949	154%
West Africa (Lagos)	6,630	6,196	7%	5,140	29%	3,430	93%	2,897	129%
South Africa (Durban)	3,298	3,307	-0%	2,505	32%	1,947	69%	1,084	204%
South America (Santos)	8,907	8,631	3%	6,256	42%	3,955	125%	1,989	348%
West Japan (Osaka/Kobe)	244	244	0%	244	0%	231	6%	226	8%
East Japan (Tokyo/Yokohama)	251	251	0%	250	0%	237	6%	243	3%
Southeast Asia (Singapore)	958	943	2%	899	7%	170	464%	193	396%
Korea (Busan)	203	196	4%	206	-1%	133	53%	120	69%

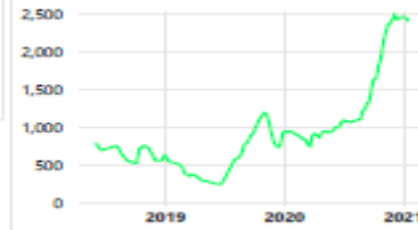
SCFI 15 Jan 2021 : 2,885 (+191% YoY)



Shanghai Shipping Exchange base ports defined as :-
Mediterranean - Barcelona/Valencia/Genoa/Naples;
Europe - Hamburg/Rotterdam/Antwerp/Felixtowe/Le Havre;
USWC - Los Angeles/Long Beach/Oakland;
USEC - New York/Savannah/Norfolk/Charleston

The freight rate includes ocean freight & surcharges:
BAF/FAF, EBS/EBA, LSS (from end 2014), CAF/YAS,
PSS, WRS, PCS, SCS/SCF/PTF/PCC,
Excludes Terminal Handling Charge THC

Shanghai to Melbourne (\$/TEU)



Shanghai to N Europe (\$/TEU)



Shanghai to Dubai (\$/TEU)



Shanghai to Mediterranean (\$/TEU)



Shanghai to Lagos (\$/TEU)



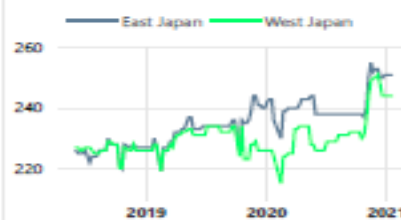
Shanghai to USWC (\$/FEU)



Shanghai to Durban (\$/TEU)



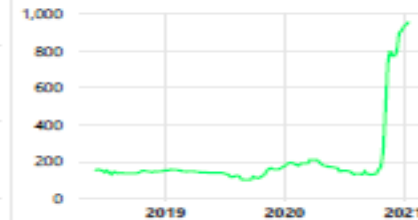
Shanghai to Japan (\$/TEU)



Shanghai to Korea (\$/TEU)



Shanghai to N Europe (\$/TEU)



Shanghai to USEC (\$/FEU)



Shanghai to Santos (\$/TEU)





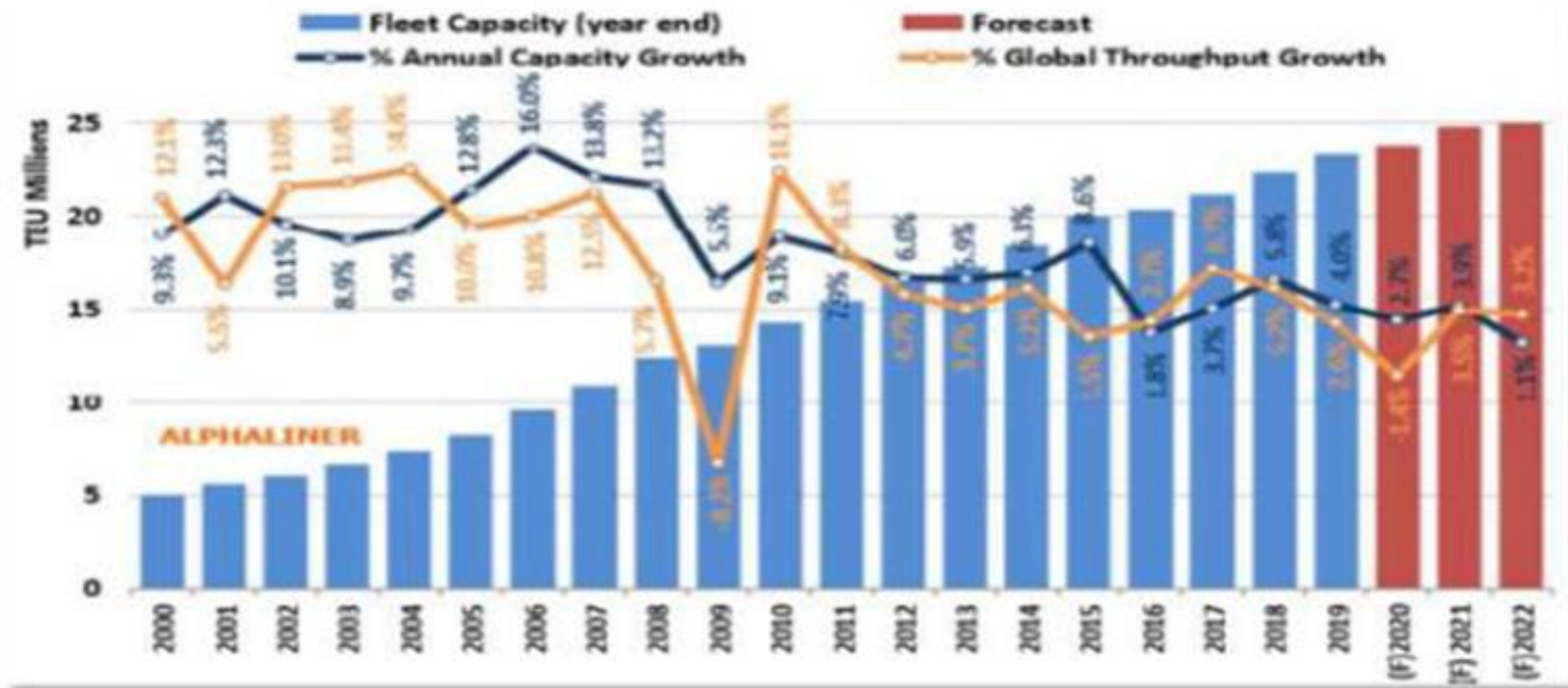
HOW DID THE INDUSTRY GET HERE?

- Chinese New Year 2020 – blank sailings result in major cargo back log in NA
- COVID-19 hits
 - China shutdown = more blank sailings as carriers reduce capacity due to low volumes
 - Worldwide shutdowns result in huge empty container deficit in many key ports. Lack of labor to supply the infrastructure (port workers, truckers, closed customer houses, etc) = nothing coming into NA
- China returns to work
 - Massive demand for Chinese imports causes import rates to skyrocket to 8 times that of NA export rates
 - Carriers evacuate empties from NA to meet this demand
- Slower return to work/Continued shutdowns in other countries
 - Large number of containers sitting at ports and dock facilities as receivers are unable to clear, pick up or unload cargo
- Chinese New Year 2021 Approaching
 - Cycle repeats → blank sailings put a premium on equipment and vessel space for exports
 - Not expected to be as severe as February 2020 → 2020 Feb blanks sailings = 19.7%, 2021 Feb blanks sailings estimated to be 7.7%





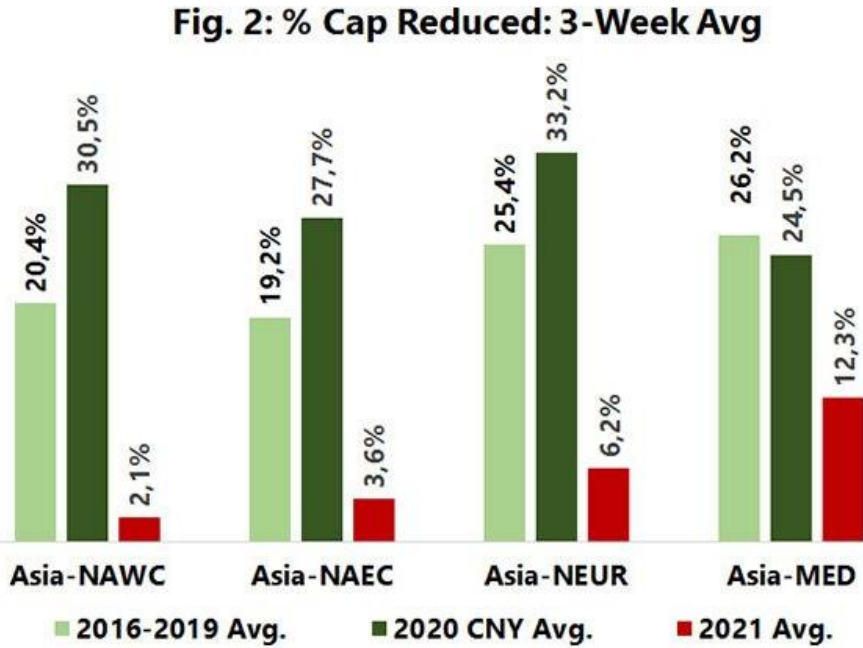
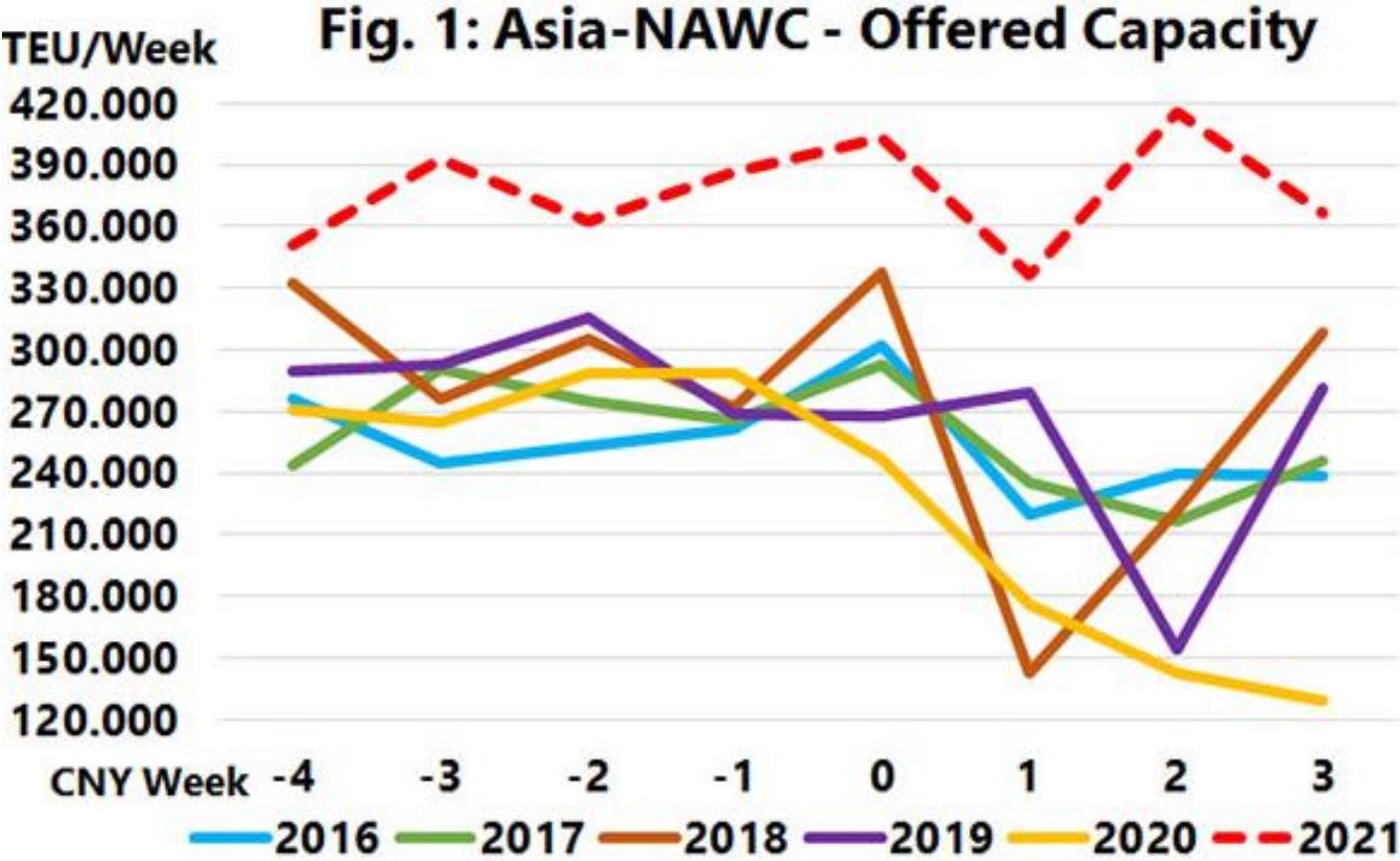
A. Cellular Fleet Growth vs Global Throughput



Source: Alphaliner



HISTORICAL CNY CAPACITY



Port of Los Angeles / Long Beach New Record of Vessels at Anchor or Berth, 01/11/2021





WHAT SHOULD WE EXPECT?

- Much of the same for the next 6 months
- Increasing rates
- Tight equipment supply
- Changing schedules

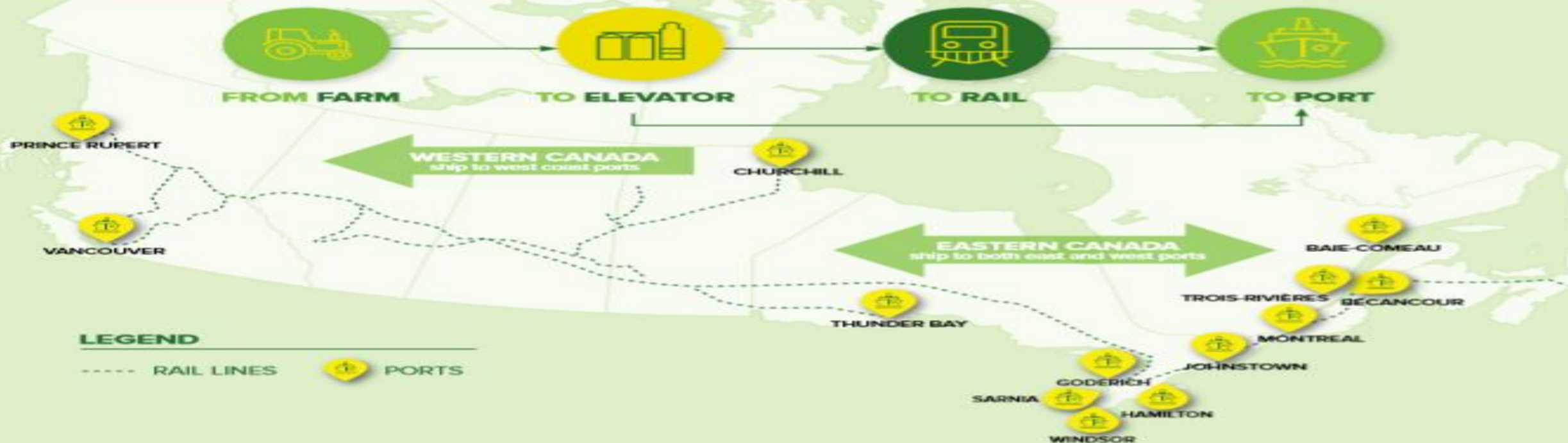
HOW DO WE HANDLE IT?

- Arrange schedules well in advance
- Flexibility
 - Manage inventories/purchases knowing there could be delays in future shipments



CANADA'S MODERN & EFFICIENT TRANSPORTATION INFRASTRUCTURE

SOYBEAN MOVEMENT ACROSS CANADA



TRANSPORTATION FACTS ABOUT CANADA

13

export ports can
ship soybeans



45,200

km of track in the
Canadian Rail System

19

intermodal terminals



27

rail border crossings
with the US



1.3M

km of two-lane
public roads



38,000

km in the National
Highway System