CAROZ

THE control tower

Market update

JANUARY 2022

What's up?

Each monthly update we will highlight one **trending topic** which has an effect on the global ocean freight market.

Record high container prices

The year 2022 has started with record high container prices, as the Global Shanghai Containerized Freight Index (SCFI) has surpassed the 5000 point limit for the first time in history. Whereas may pre-COVID period as of May 2020 the SCFI stood at 800 points. Additionally, the SCFI for Europe based ports has reached a new height of 7777 points as of 07-01-2022. Whereas shippers and forwarders continue to struggle to acquire capacity, the ocean freight carriers have made record-breaking profits in 2021.

Expectations for 2022 are uncertain, however it is unlikely that container-prices will drop to "normal" heights any time soon. As some experts are stating that the current situation will uphold until at-least 2024. As the high profits for ocean freight carriers remain, their grip on the global supply chain increases due overall market position and further acquisitions along the chain. As traditional forwarders are sidelined by the larger carriers, with sudden booking stops and exclusion from concluding future contracts.

No matter how much the carriers attempt to strengthen their grip on the global supply chain, it does not result in better service for the time being. As schedule reliability remains at an all-time low of 33.6% and with average transit times almost twice as much as before the COVID-19 pandemic. Where the current transit time between China – Europe & China-North-America have reached a record level of 108-110 days on average with no prospect for improvement on the short-term.

Space & rate developments

Described as per major trade lane

Asia Pacific – Europe

Market conditions remain strong, and shortages of equipment and capacity constraints will persist into January. Further delays are expected in shipping schedules and more blank sailings are expected due pre-CNY peak season in combination with the upcoming COVID-19 developments in China. The capacity remains tight because of port omissions and vessel sliding. Especially a shortage of equipment on 40HC containers from Asia – Europe is expected to uphold at least throughout January. The rates in the month January are stable with a slight increase in the first half of the month. Expectations are that the rate increases will uphold in the 2nd half of January due to traditional CNY Peak season.

Asia Pacific – Intercontinental

Shortage of space and equipment remains in January due to frequent service changes and cancellations. The intra-continental rise of e-commerce in combination with capacity reduction and long dwell time at transshipment ports cause the capacity to remain tight in January.

Asia Pacific – Middle East

Vessel delays are common, resulting in vessel slides. Especially delays in transshipment ports have been recorded as a high as 2-3 weeks. Market remains tight in January and showing no signs of improvement as capacity is low and rates remain stable, but high.

Europe -North America

Rates and capacity remain are expected to stay stable but critical in January, especially capacity on the west-coast routes remain tight. Schedule reliability is expected to decrease in January as winter weather influences vessels over the North Atlantic route.

Europe - Latin America

Space availability & capacity remains scarce, however stable in current market environment. FAK & spot rates are have shown minor decreases in Q4, however this trend has not been hold up in the first month of 2022 as rates have increased again.

North America – Europe

Space availability & capacity on USWC services remain tight due to the congested ports and resulting delays. The port of Savannah is omitted due to severe congestion issues. USEC services remain stable, capacity is available however at high rate levels. Situation is expected to uphold throughout January.

Latin America – Europe

Carriers are upholding tight free time guidelines in order to stimulate empty equipment returns. Freight rates are expected to remain high throughout January as equipment and capacity remains scarce.

Middle East – Europe

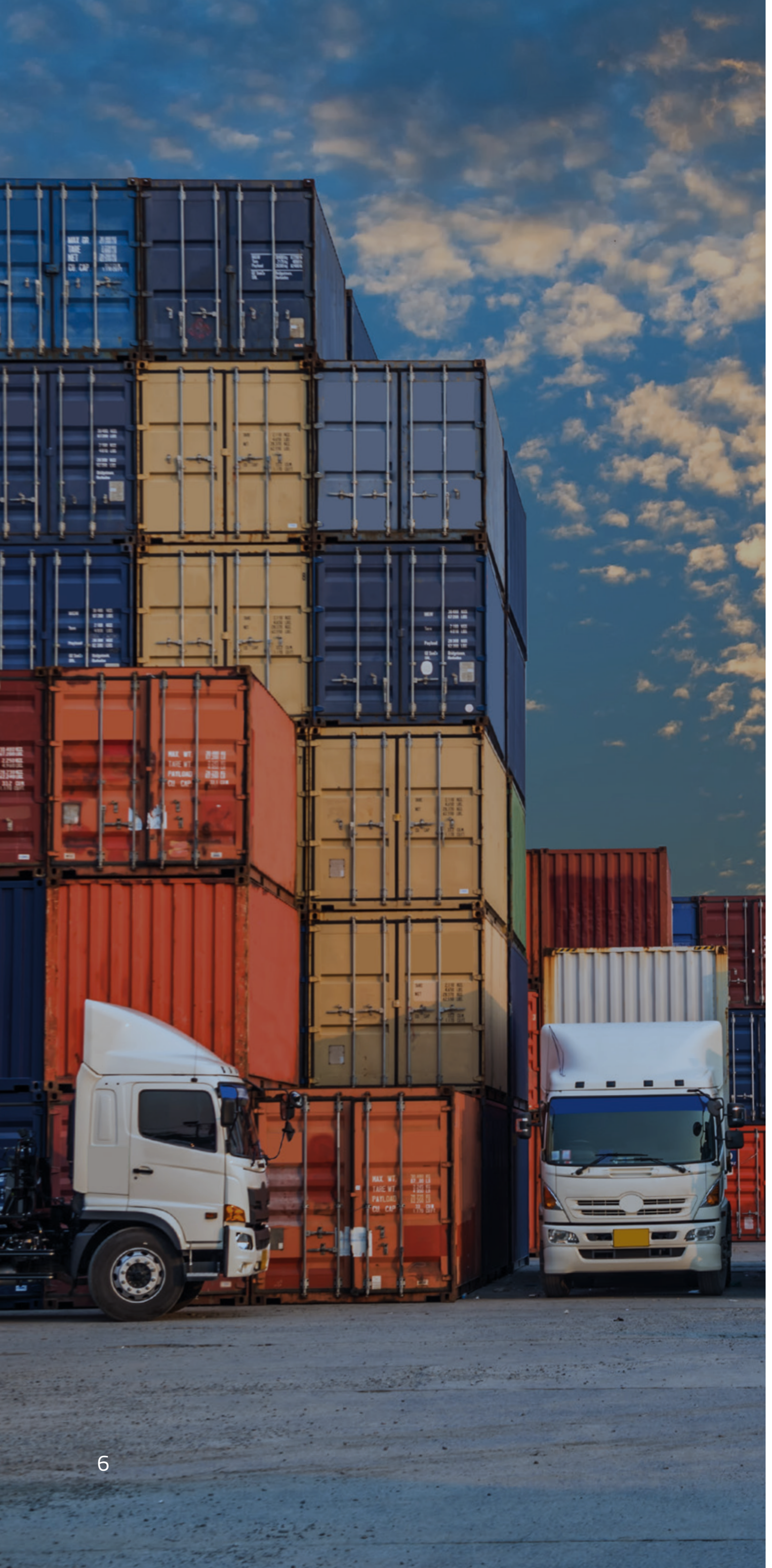
Continual vessel delays and shifts make schedule dependability extremely low. The demand for space and equipment continues to outpace supply, resulting in extremely high rates for a prolonged period of time. Lack of equipment and blank sailings worsen the problem.

Middle East – Asia Pacific

Increasing rates along with equipment shortages for Asia-bound cargo. Carriers prefer repositioning empty containers rather than loaded containers to reduce turnaround times.

Middle East – Northern America

Situation remains unchanged as space remains tight and carriers don't release bookings (especially on East Coast) due to heavy congestion on transshipment ports.



Port development **& congestion**

As per major geographical area

Europe

As of January 2022 the situation in Europe remains unchanged as the demand continues to exceed capacity of port and hinterland connections. This situation is expected to uphold throughout 2022 with no major changes expected in the first quarter of the year.

Average vessel waiting time – 5-7 days .

Asia

As Asia's largest ports were showing signs of easing in December the situation remains uncertain as the risk of new COVID-19 outbreaks in especially China can cause a bottleneck for port situations across Asia. As a result of China's "zero-COVID" policy port operations are restrained with as example the recent situation in Ningbo, where port operations have been closed partially. Overall throughput remains at normal levels, however it is uncertain how much effect the policy will have on port operations in the up-coming months.

Average vessel waiting time – Ranging from less than 1 day to 1-3 days .

North America

West coast

The ports of Los Angeles and Long Beach start off with an increase of congestion in relation to end-of the year 2021. Current count for vessels waiting at the twin ports as of 03-01-2022 is 93. The pre-announced container "Dwell Fee" remains on hold for another week as announced on 3rd of January. Hinterland connections remains to be the main bottlenecks as container dwell time is significantly impacted by trucking and chassis problems.

Average vessel waiting time - 28-44 days in Long Beach & Los Angeles & 5-7 days in Oakland and Seattle.

East coast

Due to shifting routes from West- to East coast the ports of Savannah and New-york have seen increased congestion as of end-of year 2021. This situation is expected to remain throughout January 2022 as the situation is not expected to improve in January. Port/Rail/Intermodal system operating beyond their limits. Space demand remains high, while capacity is still affected by instable schedules and port omissions. Situation expected to last well into 2022.

Average vessel waiting time – 7-8 days.

Latin America

Situation in Latin America remains unchanged in January as ports remain congested.

Average vessel waiting time - 1-3 days on average.

Middle East

The situation in the Middle East Base ports remains stable in January.

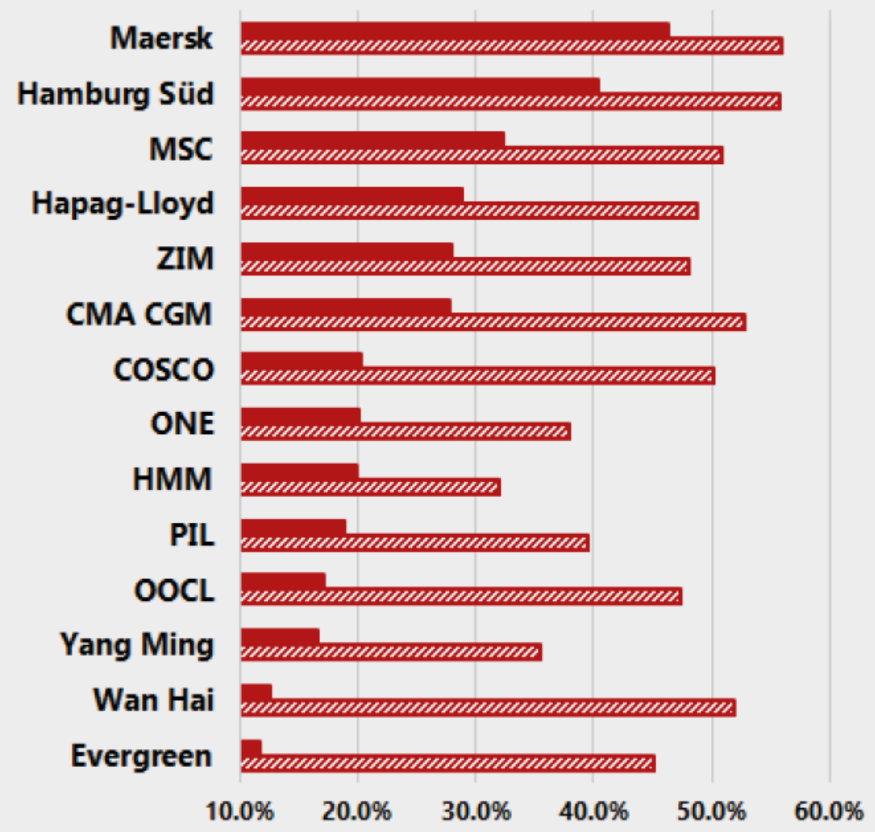
Schedule **reliability**

Schedule reliability remains at all-time low (33,6%) with latest figures released as of November.

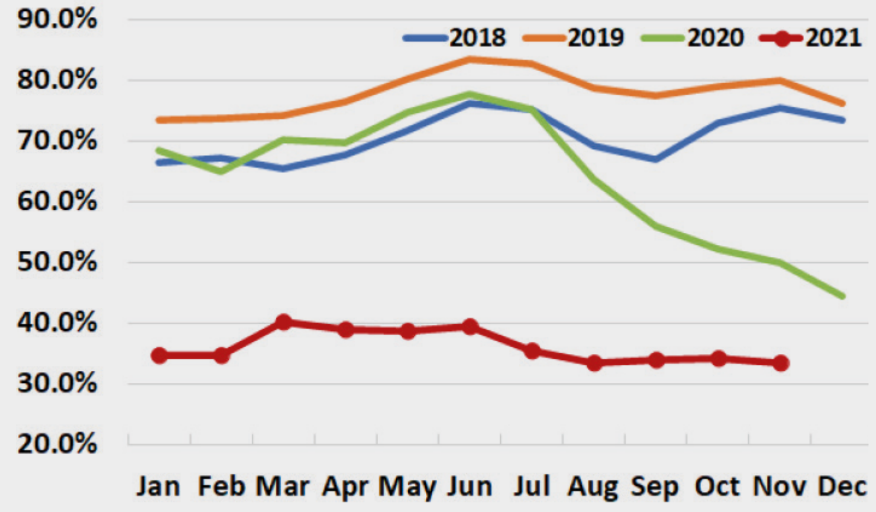
The average days of delay for vessels stood ha decreased from 7.24 in September to 6.93 days in November.

Carrier scores for November 2021

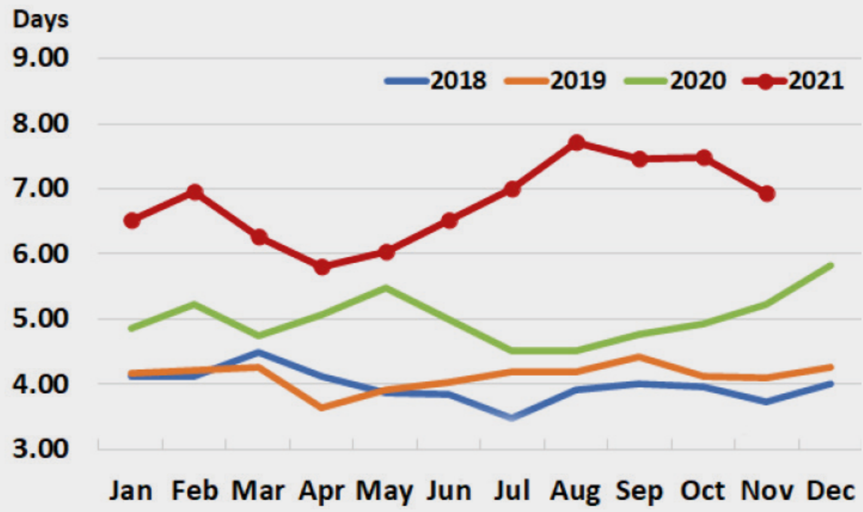
(Compared with November 2020}



Global schedule reliability



Global avarage delays for late vessel arrivals



SCFI & CAx

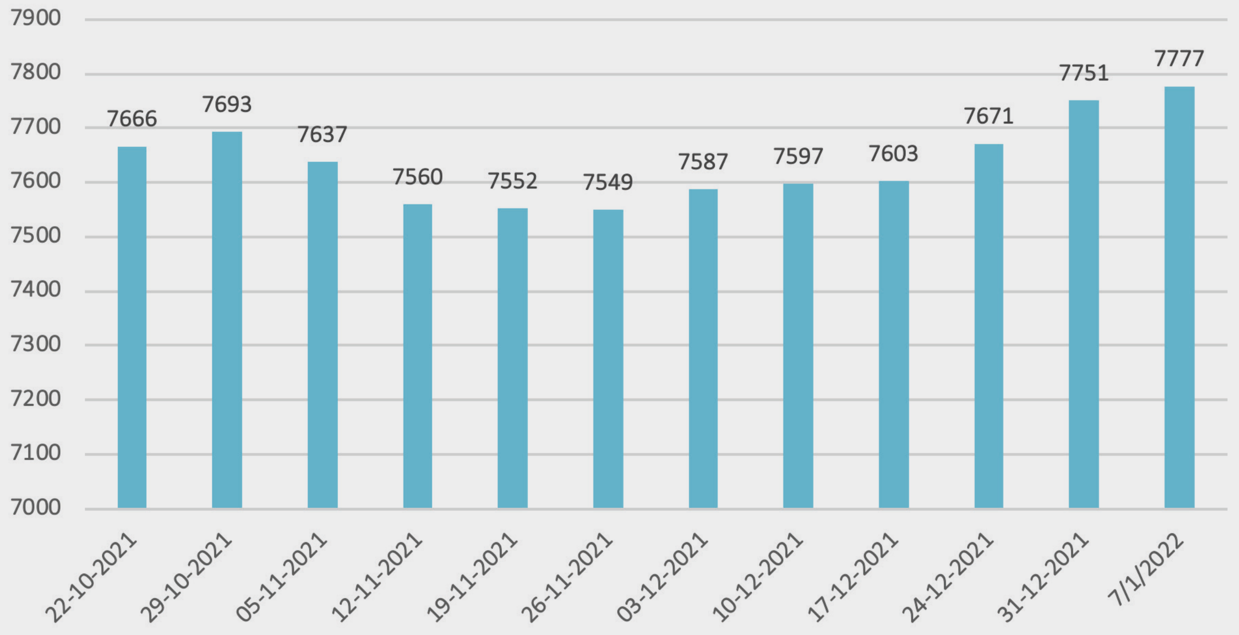
SCFI

The Shang Containerized Freight Index (SCFI) reflects the spot rates of Shanghai export container transport market. It includes a composite index of 13 individual major shipping routes from Shanghai to the rest of the world and individual index for every major trade lane ex Shanghai.

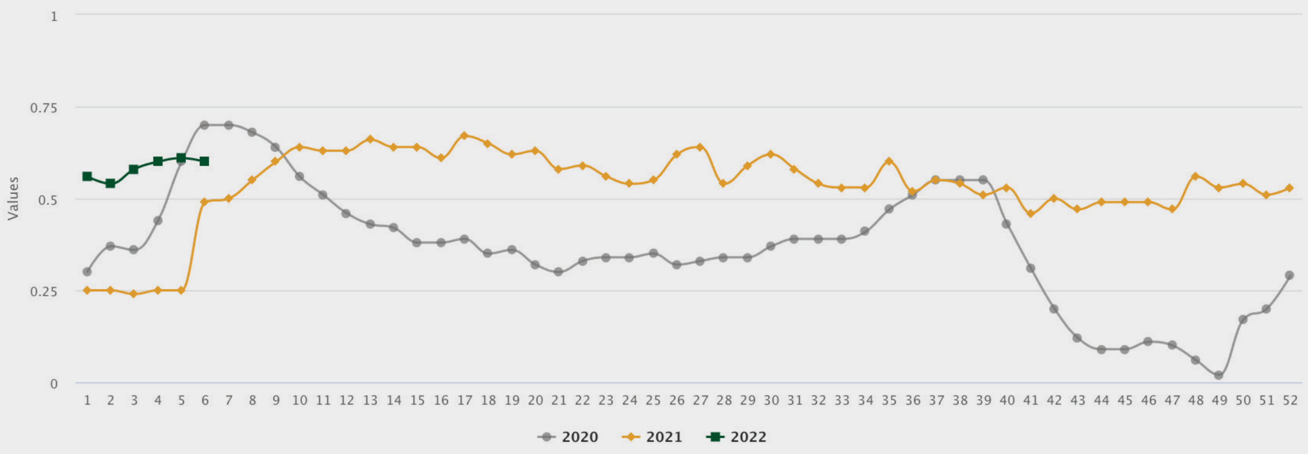
CAx

The Container Availability Index (CAx) monitors the import & export movements of full containers around Major ports. CAx values of > 0.5 means that more containers enter and CAx values of < 0.5 means more containers leave a specific port.

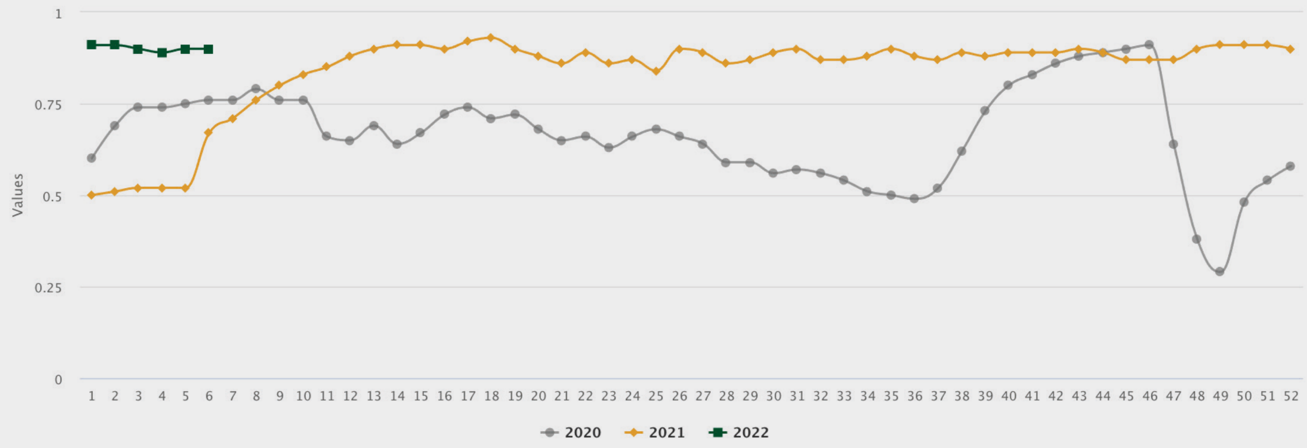
SCFI Europe / TEU (Base Port)



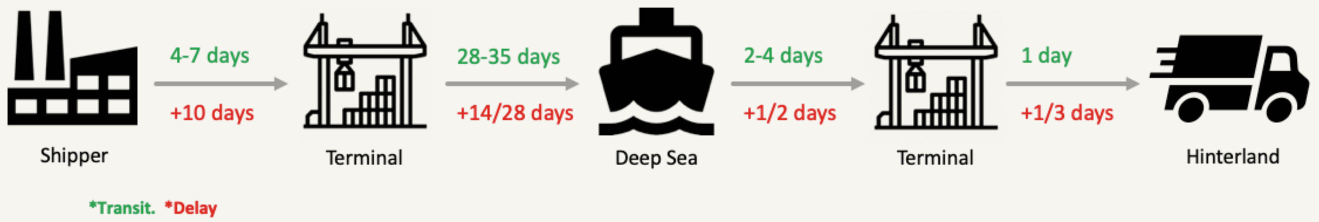
CAx Shanghai – 40 ft container



CAx Los Angeles – 40 ft container



How to ensure supply chain continuity



- Incorporate current structural delays in your supply chain planning to create a buffer and ensure continuity.

- Forecasting is Essential in current market state to secure space and equipment

- There is a lack of correct data shared within the current market environment. Carriers struggle to provide acute and correct data and information to stakeholders in relation to ETD's, ETA's and roll-overs due to low schedule reliability and current market state. Our operational team is continuously involved to provide you with status updates and right information in these challenging times.

Advice Caroz: Book 4-6 weeks in advance to maximize space and equipment securement.

Sources:

pag. 4-5	Seatrade maritime: www.seatrade-maritime.com
pag. 6	Bloomberg: www.bloomberg.com
pag. 7	Splash 247: www.splash247.com
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THE control tower

Caroz, THE control tower is a 4PL control tower solution that leverages powerful Transport Management Software (TMS) together with a full-service control tower concept . In other words, our logistical experts manage your supply chain remotely, so you enjoy seamless and worry-free transport and logistics management.

Better Logistics

Better Business

For You

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