



CURRENT STATE

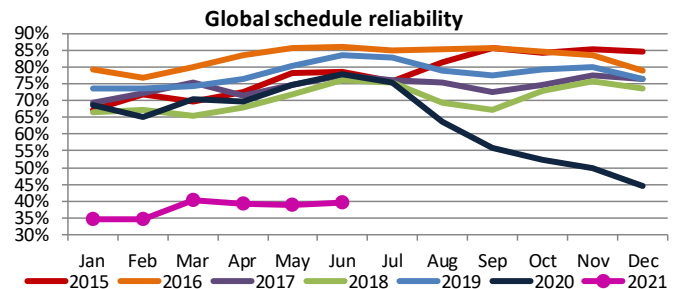
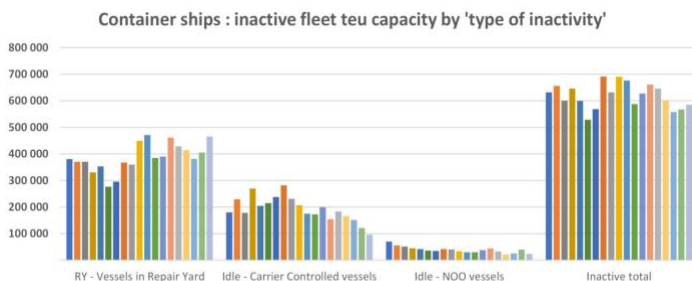
- More than 350 container vessels are currently waiting for anchorage outside ports around the world.
- Congestion at China's top two container ports Shanghai and Ningbo is worsening following the shutdown of a container terminal in Ningbo.
- Meishan Island International Container Terminal (MSICT) in Ningbo suspended all operations on August 11, 2021.
- Other terminals in Ningbo continue to work, but some have imposed restrictions limiting the number of people and containers entering port areas.
- Ships divert from Ningbo with no timeframe given for terminal to reopen.
- More than 200,000 TEU is the estimated volume that is waiting to be anchored outside of Ningbo.
- The US Federal Maritime Commission (FMC) has established a special audit program to ensure the top nine largest container carriers are complying with recent rules over detention and demurrage pricing. The "Vessel-Operating Common Carrier Audit Program" will assess whether Maersk, MSC, CMA-CGM, Cosco, Hapag-Lloyd, ONE, Evergreen, HMM, Yang Ming are complying with the FMC rule interpreting 46 USC 41102(c) as it applies to detention and demurrage practices in the US. The nine lines are each member of one of the three main alliances.

- Port Houston's trade increased from \$64 billion to \$75 billion through the first six months of 2021, compared to the same period in 2020. Exports of gasoline, oil and liquefied natural gas led the way in 17% jump over H1 2020.
- Port Houston's top international trade partners were China (\$7.4 billion), Mexico (\$5.4 billion), Brazil (\$4.9 billion), Germany (\$3.7 billion) and South Korea (\$3.4 billion).
- The Port of Los Angeles ranked first overall in total trade with \$146 billion during the first half of 2020.
- Port of Newark total trade was \$110 billion during the same period.
- Port of Charleston handled a record 244,831 TEUs in July at North Charleston terminals. That is 38% higher than a year ago and is a record for July.
- Shippers moved around 822,000 containers via inland point intermodal (IPI) in June, approximately 38,000 per working day.
- Across the major trades, Transpacific, Transatlantic and Asia-North Europe & Med, 18 cancelled sailings have been announced between weeks 32 and 35, out of a total of 496 scheduled sailings, representing a 4% cancellation rate.
- THE Alliance cancels 12 sailings in August, double the blank sailings of 2M and Ocean Alliance.

MARKET FORECAST

- Strong demand in combination with steel prices has pushed new buildings prices up by about 15% over the past six months.
- Price increases are estimated to be over USD 20m per vessel.
- The price increase has fueled additional vessel ordering since many 6- months options were signed at the end of 2020 with prices fixed at 2020 levels.
- The most obvious solution to fix the congestion at ports is investing in port infrastructure, short sea shipping, according to gCaptain.
- An increase in the number of 'vessels in shipyards' has pushed the inactive container ship fleet slightly upwards since late July. Continued strong cargo demand, sky-high freight rates, a sold-out, charter market, and unusually high charter rates still incentivize carriers to deploy all available tonnage and keep the overall fleet active.
- This is further evidenced by a continued decline of the 'commercially idle' ships portion of the inactive fleet, as shown below.

- Ningbo port closure is expected to add pressure on both Shanghai and Ningbo port.
- Port and road congestion are not expected to go away anytime soon.
- Despite continued port congestion, schedule reliability has not gotten worse. In June 2021, schedule reliability improved by 0.8% M/M to 39.5%, but was down -38.2% Y/Y. In every month of 2021 so far, schedule reliability has been down by over -30.0% Y/Y.
- The level of delays in 2021 have been the highest across each month when compared to the previous year.
- The average industry schedule reliability on the East/West trades improved by 1.5% M/M in May/June 2021, reaching 29.9%.
- For the third month running, THE Alliance was the most reliable carrier with schedule reliability of 32.2%. 2M followed with schedule reliability of 31.0%. Ocean Alliance was the least reliable carrier at 18.2%.



Sources: Container News, gCaptain, Lloyds loading list, Splash247, American Shipper, Drewery, Sea-Intelligence, Alphaliner

RED
Demand exceeded capacity available. Rates increased.

YELLOW
Demand higher and or capacity is limited. Rates increasing.

GREEN
Both demand & capacity are at normal levels.

DEMAND & CAPACITY

WEEK#	N. AMERICA	LATAM	EMEA	INDIA/ME	N. ASIA	S. ASIA
N. AMERICA		RED	YELLOW	YELLOW	RED	RED
LATAM	YELLOW		GREEN	GREEN	GREEN	GREEN
EMEA	RED	RED		YELLOW	YELLOW	YELLOW
INDIA/ME	YELLOW	YELLOW	YELLOW	GREEN	GREEN	GREEN
N. ASIA	RED	RED	RED	RED	YELLOW	YELLOW
S. ASIA	RED	RED	RED	RED	YELLOW	YELLOW

IMPACTED EXPORT MARKETS

ORIGIN REGION	DESTINATION REGION	STATUS	SPECIFICS
NORTH AMERICA	INDIA	YELLOW	Bookings are still more than two weeks out. Space and equipment availability continue to show signs of improvement.
	ASIA	RED	Bookings are more than four weeks out for all ocean carriers. Space and equipment availability continue to show signs of improvement.
LATAM	N. AMERICA & LATAM	RED	Carriers reduced capacity to USWC especially from Buenaventura, Callao and San Antonio.
EMEA	NORTH AMERICA	RED	Vessel availability is 4-6 weeks out on spot quote only. More GRI's being announced by ocean carriers. Ocean carriers are now quoting NAC (Named Account Rates) with effective date of September 01, 2021.
	ASIA	RED	Limited availability with 2 weeks advanced notice is required. Bookings are accepted on spot quote only. More GRI's being announced by ocean carriers. Ocean carriers are now quoting NAC (Named Account Rates) with effective date of September 01, 2021.
INDIA/ME	ALL	YELLOW	Demand continues to outweigh capacity, like TPEB trade. High demand is from all ports and ICD to North/South America, Europe, and Asia. Space is limited. Equipment shortage across most ports and ICD's is noticeable. Carriers prefer to load cargo with lower weight.
N. ASIA	AMERICAS & LATAM	RED	Ningbo operation is suspended as of August 11. Carriers applied GRI for August 15. Separate GRI's is announced for September 01 and 15. Space is very limited and requires advanced notice.
S. ASIA	EMEA	RED	Ningbo operation is suspended as of August 11. Space is very limited and requires advanced notice.

IMPACTED IMPORT MARKETS

DESTINATION REGION	STATUS	SPECIFICS
NORTH AMERICA	RED	Port and Inland Operations slow due to severe congestion (some ramps have been closed).
ADDITIONAL INFORMATION	YELLOW	Ningbo Meishan Island International Container Terminal (MSICT) has stopped operations of container gate-in and gate-out activities from 11th Aug until further notice. In Vietnam, Cat Lai port and Cai Mep port (TCIT) have stopped receiving the cargo due to the cities' lockdown creates a huge backlog of containers