



# Container Procurement Current Market

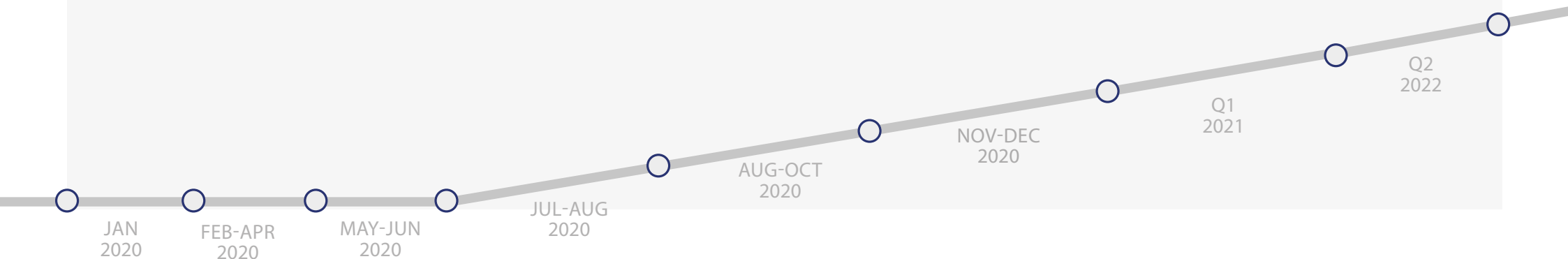
**May 2021**

# Container Freight Market Global Market

## “SEATASTROPHE”

**NOUN:** A total loss of sailing integrity causing endless stress and delays: The endless congestion coupled with lack of equipment and labor caused a logistical seatastrophe.

*Rich Gliganic, Pinpoint Global Logistics*



# Container Freight Market

## Where are we coming from?

### Jan 2020

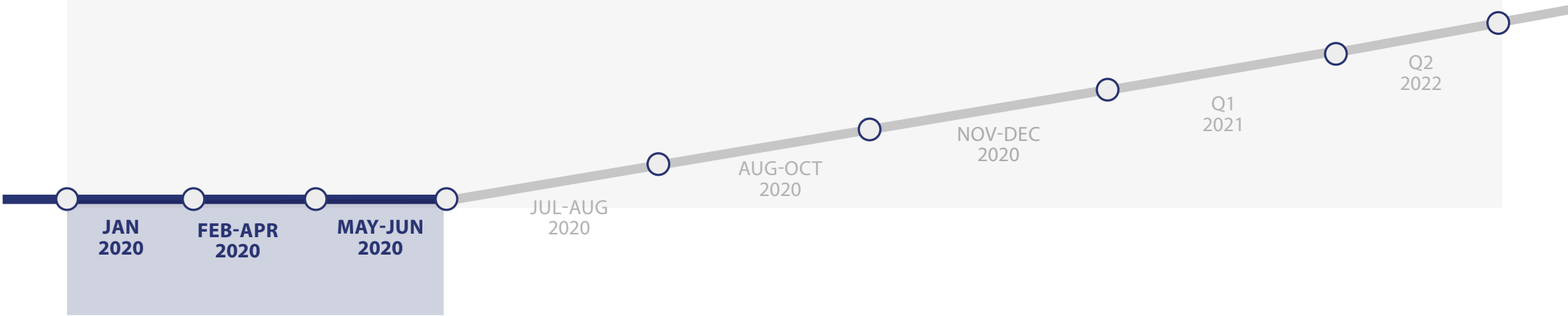
2020 looked like a normal year.

### Feb-Apr 2020

- **COVID19**
- World lockdown.
- Equipment & vessels imbalance worldwide.

### May-Jun 2020

- Idle vessels.
- Blank sailings.
- Services Cancelled.
- Carriers bordering bankruptcy.



# Container Freight Market

## Where are we coming from?

### Jul-Aug 2020

### Aug-Oct 2020

**Freight demand started climbing.**

- Demand kept on growing (TP lane) .
- GRIs started to apply.
- No more NAC / No long-term rates.
- No space nor equipment.

### Nov-Dec 2020

- Top carriers —→ Recorded \$5bn net profit
- Rates all time high +500%!
- USD 2K premiums to be paid to get 5 boxes loaded.

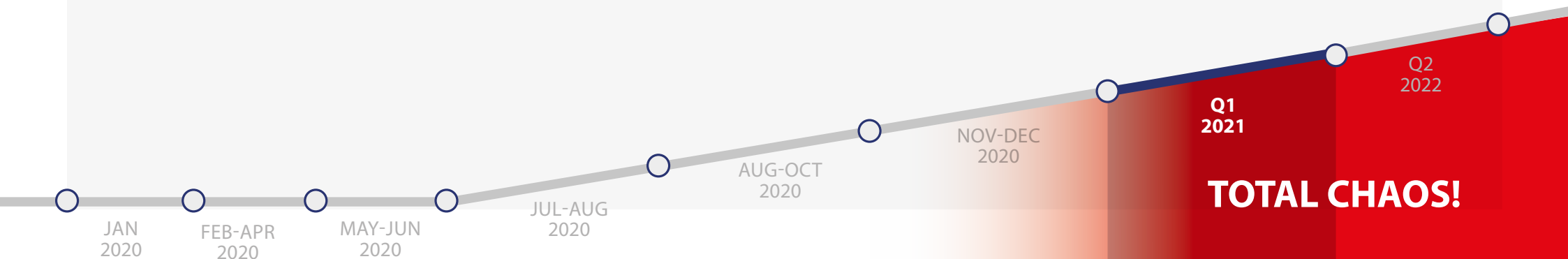


# Container Freight Market

## Where are we coming from?

### Q1 2021

- Customers desperate to ship out of Asia.
- Chinese New Year.
- ALL TRADES affected by carriers allocating more vessels and equipment in Asia, reducing other trades allocation and space.
- GRIs on every corner.
- Vessels full.
- Equipment shortage.
- Tender's season with new rules.
- Premium rates from Asia to guarantee shipment.



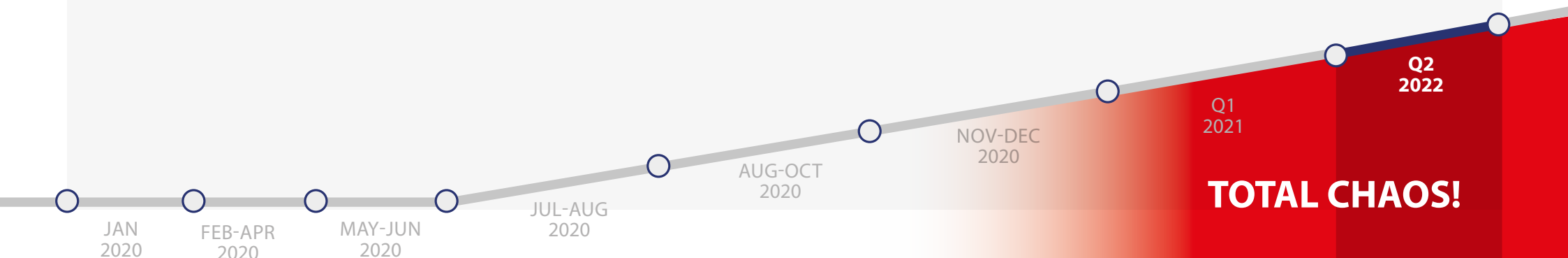
# Container Freight Market

## Where are we coming from?

### Q2 2021

## “It’s all about space”

- Demand for consumer goods continues to boom.
- Suez Canal blockage
- Rates keep on climbing on **all trades**.
- ALL Carriers announced record revenues.
- Lack of space on most trades.
- Massive equipment shortage.
- Terminals collapsing / main ports affected China, EU & USA, India, Vietnam, Brazil, Turkey.



# Container Freight Market

## Where do we stand now?

### Today's headlines

News / Freight rate 'contagion' will bring a two-year 'profit bonanza' for ocean carriers

Ever Given's Suez Canal blockage still disrupting global shipping

High sea freight rates and traffic jams force exporters to try air, rail routes

**Importers lost their pricing power. How should they adapt?**

An in-depth Q&A with Jochen Gutschmidt of Sea-Intelligence on importer strategy

Greg Miller, Senior Editor | Thursday, April 29, 2021

**No relief: Global container shortage likely to last until 2022**

Equipment lessors continue to see low inventories and extremely high prices

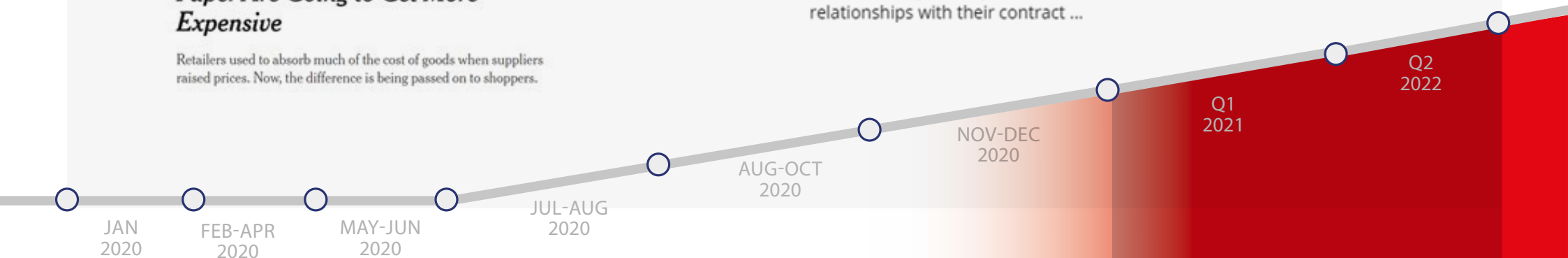
News / Shipper-carrier relations hit 'an all-time low' – 'it's all about money'

A "short-sighted" approach by shipping lines is driving the degeneration of relationships with their contract ...

General Mills, the maker of Cheerios, is facing increased costs, its chief executive told analysts. Getty Images

**Diapers, Cereal and, Yes, Toilet Paper Are Going to Get More Expensive**

Retailers used to absorb much of the cost of goods when suppliers raised prices. Now, the difference is being passed on to shoppers.

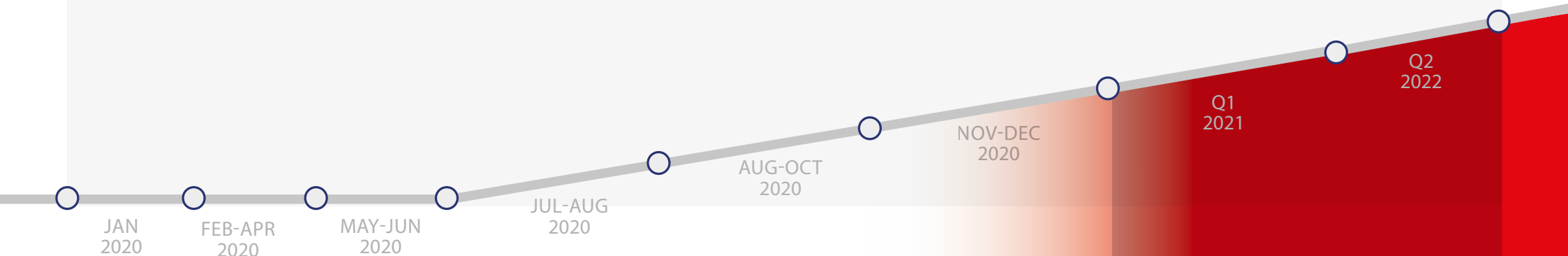


# Container Freight Market

## Where do we stand now?

### Rates

- • Strong demand + disruption in capacity (Suez Canal) = boosted rates higher.
- • Global demand remains robust - consumers prefer goods over services.
- • Few shipments at a high cost totally outweighs a long term fixed- forecast for all inventory.



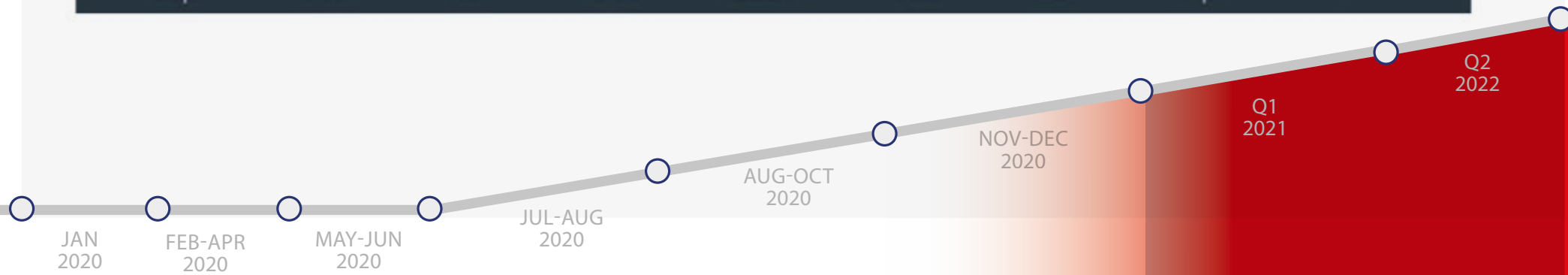


# Container Freight Market

## Where do we stand now?

### Rates

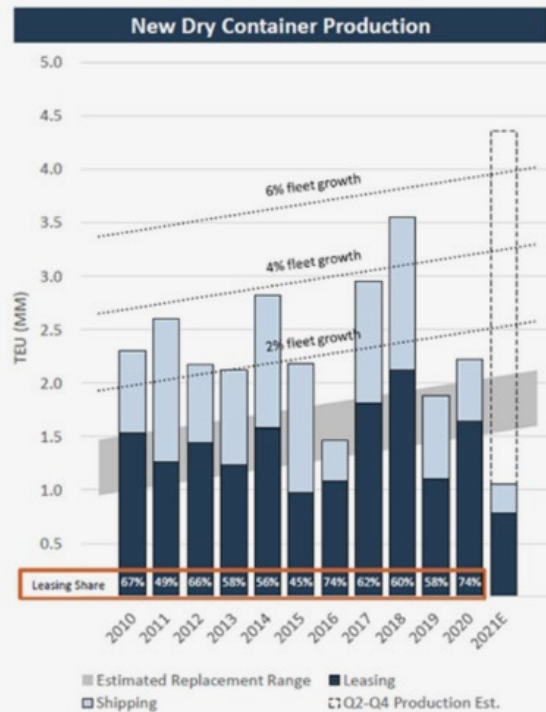
September-May 2018 & 2019 vs 2020



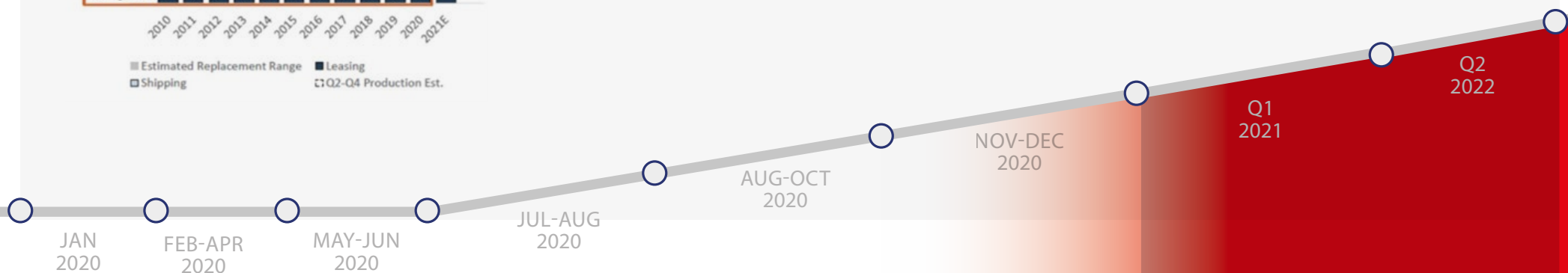
# Container Freight Market

## Where do we stand now?

### Equipment



- The world does **not have enough containers** in the right places to handle cargo demand. This shortfall is contributing to **inflation**.
- NY Times: “Demand has outstripped the availability of containers,” “the cost of just about everything is rising.”
- Production is up sharply, however **boxes aren’t being built fast enough** to ease the capacity crunch.
- Price of a container: → Jan 20 \$1800, Dec 20 \$ 2500, today \$3500

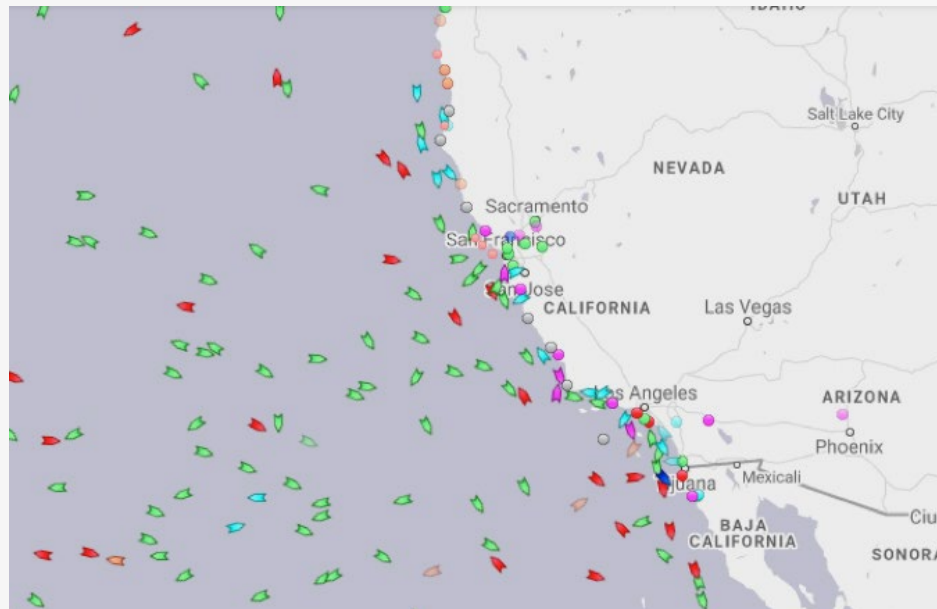


# Container Freight Market

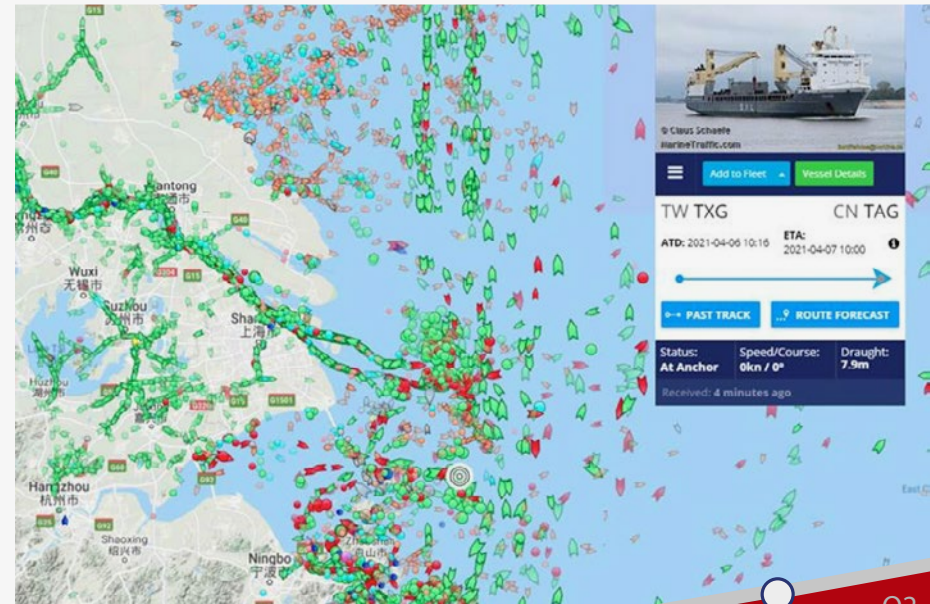
## Where do we stand now?

# Terminals

USA WEST COAST



CHINA

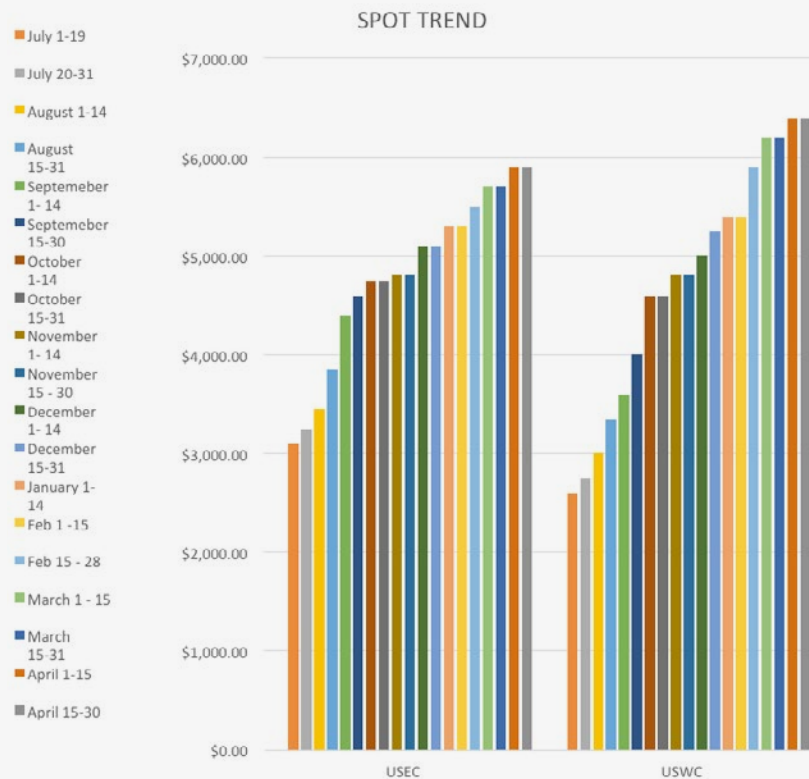


**Massive Congestion**

# Container Freight Market

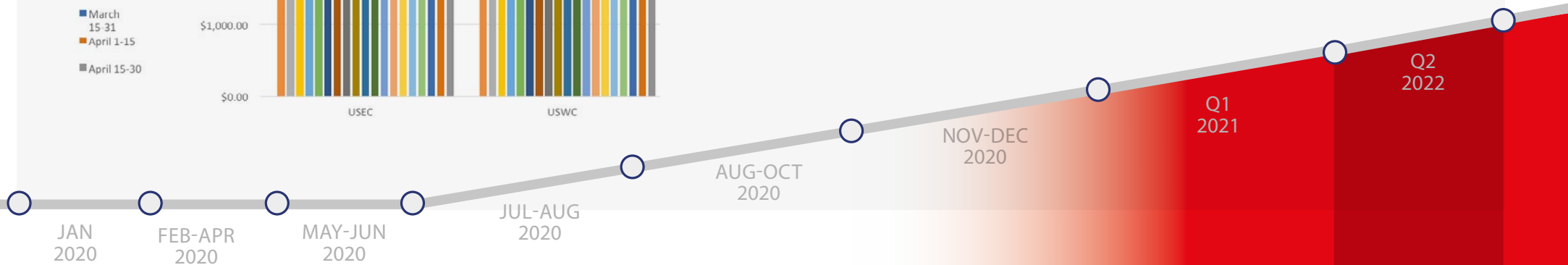
## Where do we stand now?

### Market Conditions



### The Tsunami is yet to hit Q2 What's next?

- Rates in 2021 are 110% than in 2020.
- Container shortage: Q2 & Q3 more affected.
- Vessel capacity still focus on Asia trades.
- Further rates hikes.
- Peak season North/Southbound PSS USD 250-300/TEU

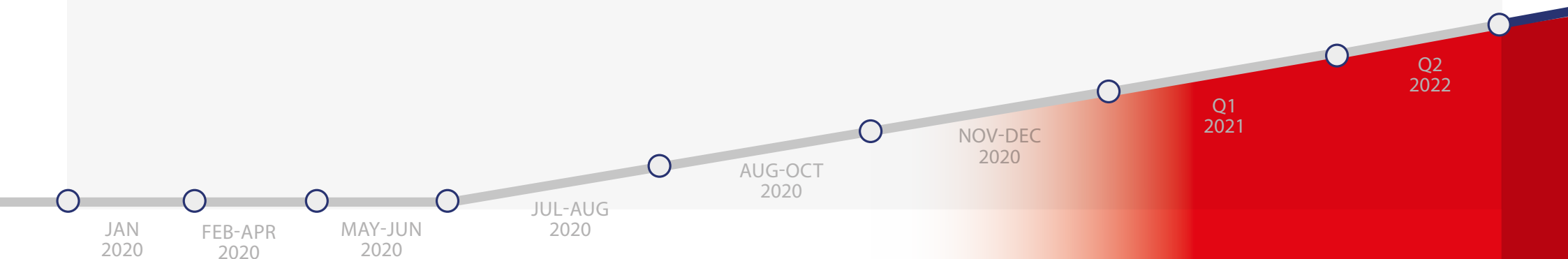


# Container Freight Market

## Where are we heading?

### Forecast Q3 & Q4 2021

- Almost no blank sailings (vs 23 on March 2020).
- Demand is expected to remain strong.
- Market driven by service, not rates.
- Tourism come back will increase volumes.
- US Customers announce increase imports: 30%.
- Equipment problems.
- Forecasting is a MUST.
- Key will be to adapt to the new market rules.



# Container Freight Market

## Where are we heading?

### Carrier's opinion



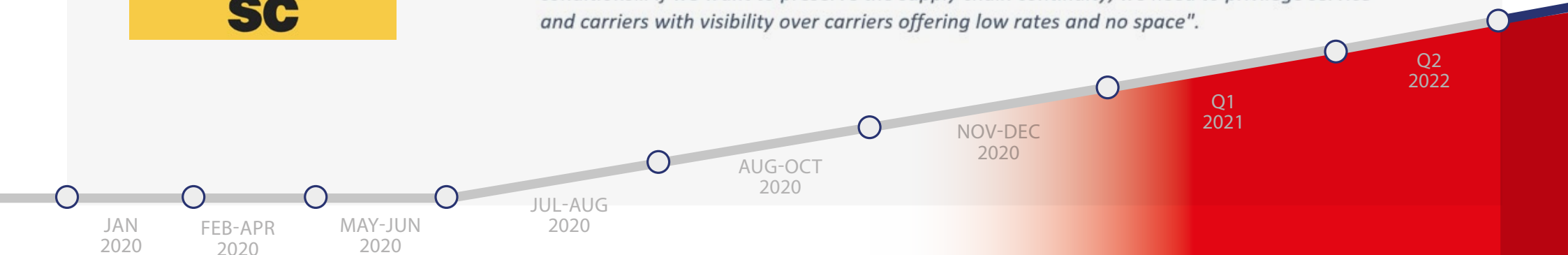
*"Based on the indicators we are looking at and what we see from customers, demand will be robust, although not as much as on the Asia trades," said Holger Oetjen, senior director trade management for the Atlantic at Hapag-Lloyd. "We expect the Atlantic is getting back to normal and the recovery is a lot quicker than previously feared." He said equipment problems in Europe were having an effect on the trans-Atlantic trade.*



*"There are simply not enough containers in the world to cope with the current demand . . . The biggest gap between supply and demand right now is in the United States, followed by Europe," Maersk CCO Vincent Clerc told Reuters on Wednesday. "It is really crazy how much we are moving at the moment, huge amounts."*



*"It is important to understand the actual problematic is not temporary," MSC TA Trade Manager Martin Coudrier. "We need to educate clients to understand today's market conditions... If we want to preserve the supply chain continuity, we need to privilege service and carriers with visibility over carriers offering low rates and no space".*







---

WHAT SOLUTIONS CAN WE PROVIDE FOR YOU?  
**SOLUTIONS IN EVERY DIRECTION**

**Thank you.**

