

TRANSPOREON

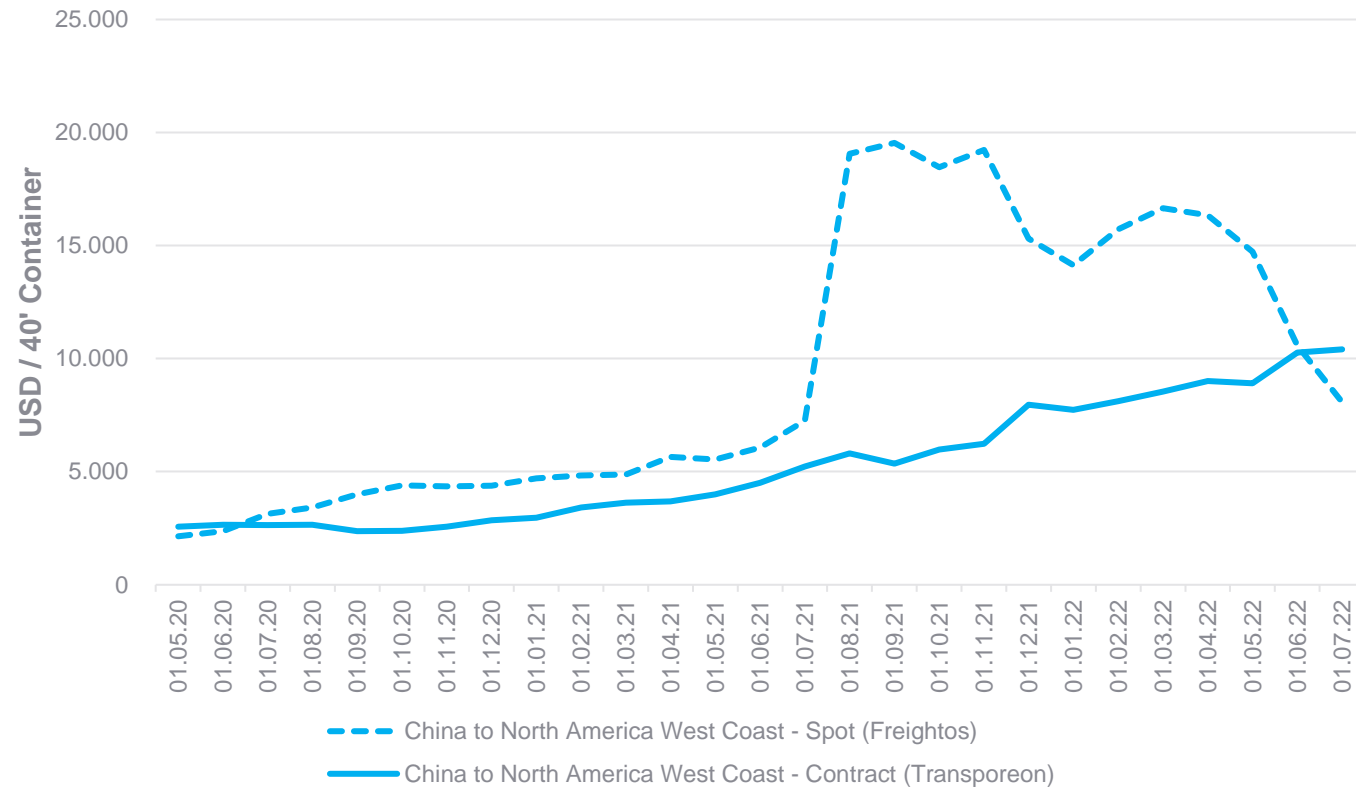
# Ocean Market Intelligence Spot and Contract

July 2022



# Transpacific Rate Development

Spot below contract for the first time in 2 years



Spot rates on the Transpacific have dropped below contract rates in recent weeks.

However, Transpacific spot rates are still far above the long-term average.

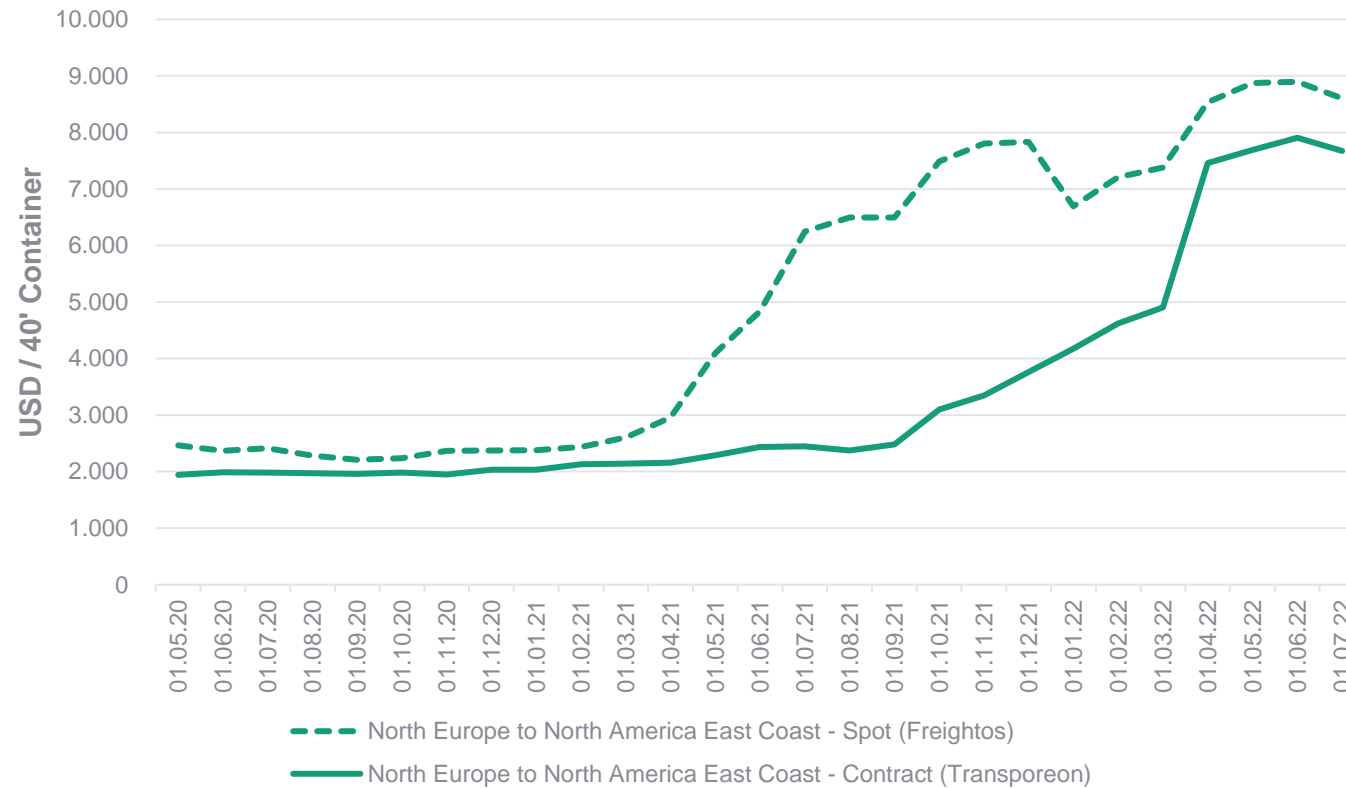
This is consistent with continuing reports of strong operational difficulties and high congestion.

There is a significant risk for spot rates to increase above contract rates again temporarily, due to labor disputes or peak season demand.

Spot rates were always significantly above contract for the last 12 months.

# Transatlantic Rate Development

Spot rates on most main haul trades still above contract, but plateauing



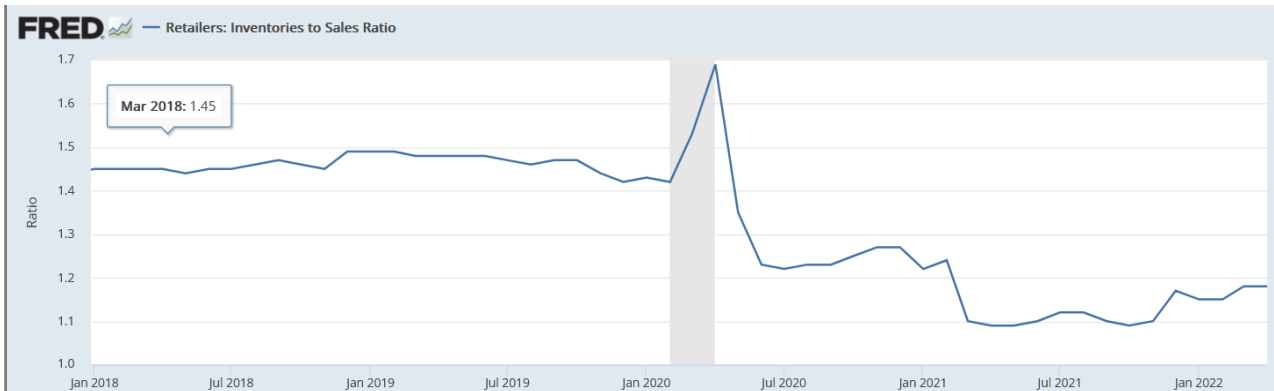
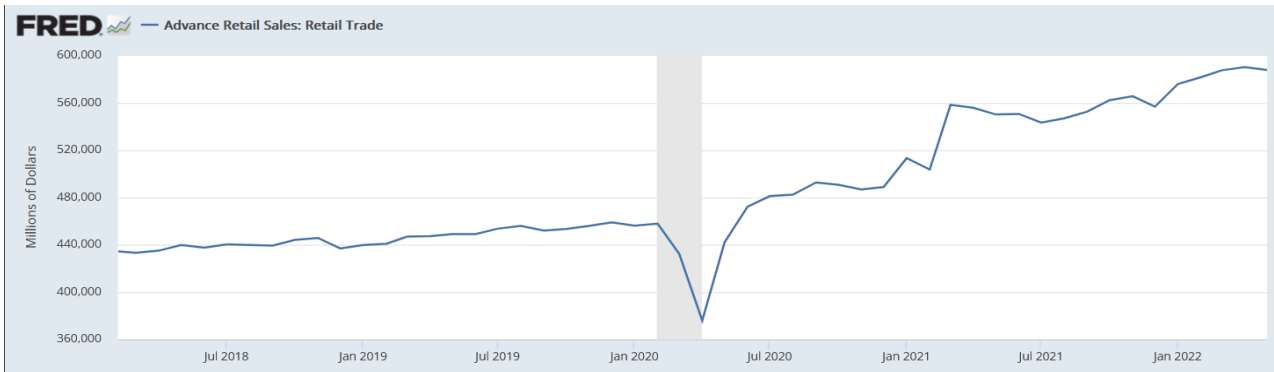
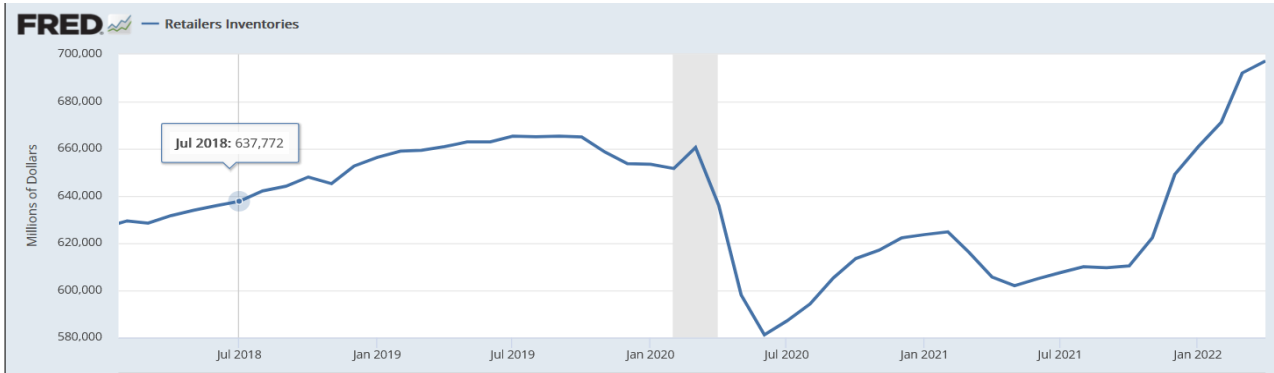
Spot rates on most main haul trades are still above contract, but the gap has narrowed to a more normal level after the early 2022 contract rate rally.

Transatlantic and Asia – Europe main haul contract rates are plateauing, with moderate decreases in July.

This indicates that the market is cooling down somewhat and might be on the verge of a turnaround.

Operational troubles are still high with congestion in European ports increasing. A turnaround will likely be drawn out across several months and not affect all trades at the same time.

# US Retail Inventories



US retail inventories are currently on a long time high after strong increases over the past months.

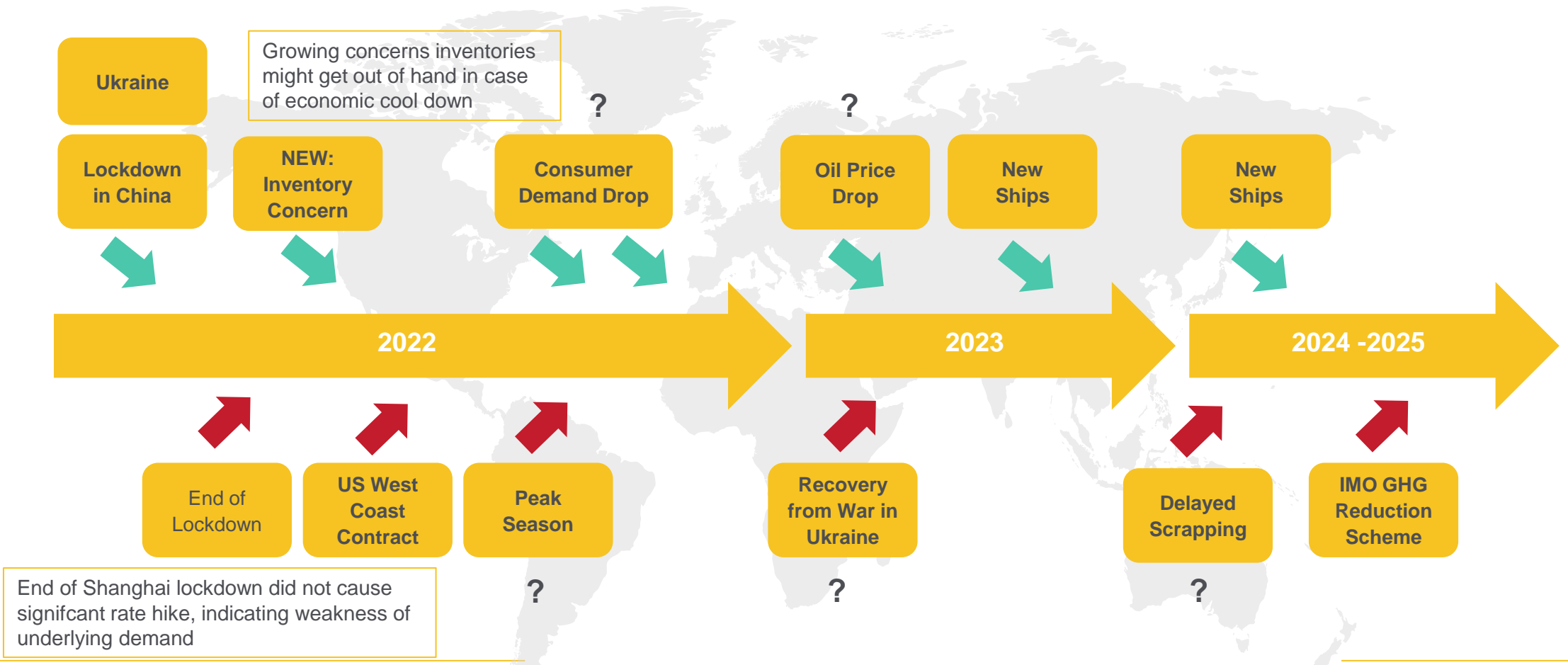
As sales are still significantly up compared to pre-COVID, the inventory to sales-ratio is still below normal. Supply chains remain under pressure, but the weak performance of spot rates after the Shanghai lockdown point to a further weakening of demand after the inventory statistics reporting horizon.

Retailers are in a moderately better position with regard to inventory, than in 2021 and fears of a recession are high.

2022 peak season can be expected to be weaker than last year or even nonexistent in case of an economic downturn.

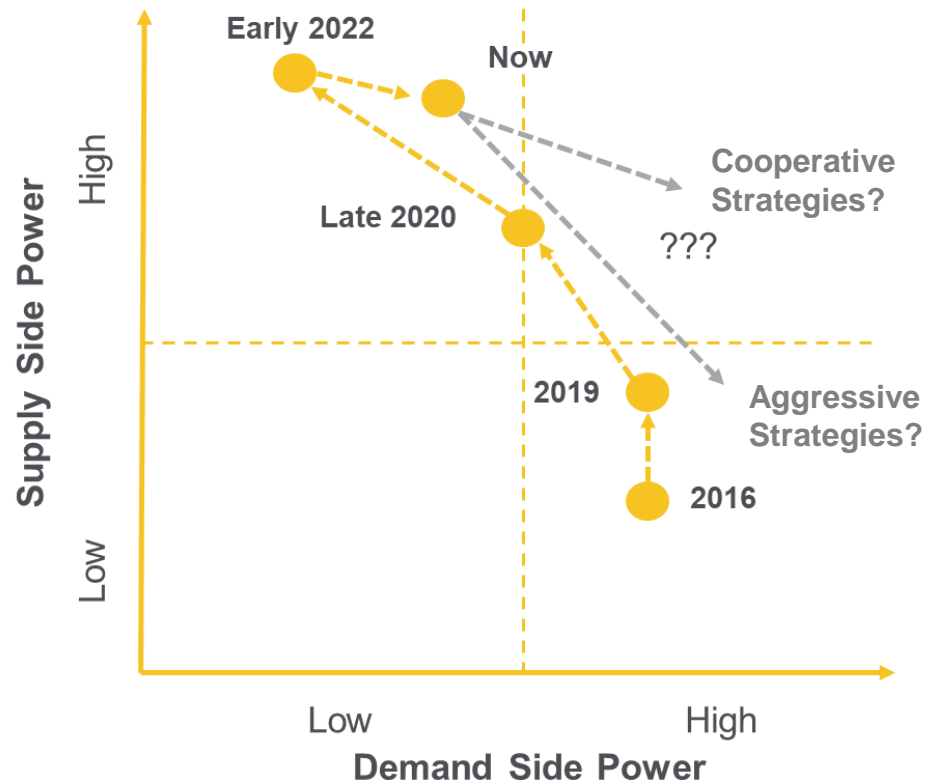
# Ocean Market Storyboard 2022 ff

Expected factors to increase / decrease rates



# Power Balance in Container Shipping

Shipper's position is increasing but sellers market persists



While shippers strategic position improved recently, the market is still in carriers favor.

The current situation is not sufficient for a switch to a more aggressive strategy, such as a contract renegotiation or aggressive target pricing in tenders.

Shippers should take the current softening of the market as signal to prepare a post turnaround strategy.

Depending on further macroeconomic development the turnaround can result in either a balanced or a buyer's market.

As supply side oligopoly persists, a buyer's will only be temporary.

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