

Ocean Freight Market Update

Asia → North America (TPEB)

- Transpacific Eastbound (TPEB) capacity remains open and available post-Lunar New Year (LNY).
 - U.S.: The space and volume crunch around LNY appears back to normal but market capacity has remained higher than in years past. Expect routine blank sailings to continue in attempts to stabilize rates.
 - Canada: Market and rate conditions are similar to the U.S. Vancouver continues to see stable vessel dwell counts (2 vessels) as well as berthing delays (9 days, 10 days for rail dwell). The low TPEB demand is further playing a key role in keeping West Coast port and rail congestion low.
- Rates: Soft on most origin-destination combinations.
- Space: Open.
- Capacity/Equipment: Open.
- Recommendation: Book at least 2 weeks prior to cargo ready date (CRD), and keep upcoming blank sailings in mind.

Asia → Europe (FEWB)

- Space remains open in the second half of February. Booking intake is gradually improving but volumes for the next few weeks are still at a low level. Rates are still under pressure due to demand/supply imbalance.
- Rates: Generally reduced for the second half of February.
- Space/Capacity/Equipment: Still seeing around 15% blank sailing average in weeks 8/9/10 to adjust for the decrease in demand. Expect the carriers will have more blank sailings into early March.
- Recommendation: Allow flexibility when planning your shipments due to anticipated congestion and delays.

Europe → North America (TAWB)

- Congestion on both coasts of North America has disappeared, leaving more space available on top of the extra capacity that was added by the carriers at the end of 2022.
- Rates: The drop continues as demand is not picking up at the same pace as last year and vessel utilization is in the 65-70% range down from 90% a few months ago.
- Space: Due to the easing of congestion, space in the U.S. East Coast (USEC) and U.S. West Coast (USWC) is coming online.
- Capacity/Equipment: Equipment availability keeps getting better as congestion disappears. Low empty stacks at inland depots are also getting better in some areas, but prioritize pick-up from the Port of Loading if possible.

- Recommendation: Book 2-3 or more weeks prior to CRD. Request premium service for higher reliability and no-roll.

Indian Subcontinent → North America

- Continued rate reductions were seen in the 2nd half of February, but the expectation is that stabilization will occur as we head into March.
- Rates: Decreased week-over-week.
- Space: Open.
- Capacity/Equipment: Capacity is open with few blank sailings and limited disruptions. Equipment will continue to be an issue based on carrier choice and empty pickup location.
- Recommendation: Be open to procuring equipment from wet ports vs. inland container depots as equipment deficits are being felt in many areas.

North America → Asia

- Capacity is available across all major services, and carriers are looking for volume opportunities. No major services to the Asia Pacific (APAC) region are seeing space constraints.
- Congestion has been cleared out across most North American container yards with improved operations as a result of lowered demand.
- Equipment is available and ample in most major markets.
- The outlook at the end of Q1 and headed into Q2 is that most of the existing capacity will remain in place as carriers lightly reshuffle vessel capacity across trades.
- Rates: Rate pressures continue the trend slightly downwards MoM on certain lanes from coastal ports to Asia base ports. All carriers are trying to push cargo onto these lanes/services. Deals below existing market levels are available for consistent volume opportunities.
- Space: Very open, allocation requests can be made to carriers for high volume weeks or projects with a high probability of acceptance.
- Capacity/Equipment: no major capacity changes in the market. No major equipment hurdles to highlight. The only pocket shippers should monitor are IPI's where chassis availability may be low.
- Recommendation: book 1-2 weeks prior to CRD on all coastal to Asia-based port lanes, and book 2-3 weeks prior to CRD on all inland to Asia and feeder port lanes.

North America → Europe

- Capacity from the USEC is available, while certain services from the USWC and Gulf remain tight but stable.
- Most USEC to N. Europe (NEU) and Mediterranean (MED) services have low capacity utilization levels with no space constraints.
- Gulf Coast to NEU and MED services continue to have medium to high utilization levels as the market has seen a reintroduction of capacity. Still there are some inconsistencies in the schedules from the Gulf.

- The USWC to NEU, MED services are still limited in options and therefore utilization levels are artificially high.
- Rates: Rates trended slightly downward QoQ on USEC to NEU lanes. Carriers made adjustments early in Q1 and since then rates have remained flat. Gulf and USWC rates were not adjusted in Q1 given the utilization levels on those services. Carriers are willing to make deals for USEC opportunities.
- Space: Space is open from USEC, manageable from Gulf, and limited from USWC.
- Capacity/Equipment: no major capacity changes in the market. No major equipment hurdles to highlight in the US, save for pockets of potential chassis issues out of IPI's.
- Recommendation: book 2 weeks prior to CRD on all EC to NEU, MED lanes, book 3 weeks prior to CRD on all Gulf to NEU, MED lanes, book 4 weeks prior to CRD for all PSW to NEU lanes.

North America Vessel Dwell Times

	Port	Vessels Waiting	Average Wait for Berth	Rail Dwell (median, all locations)	Specific Call-Outs
USWC	LA/LB	6	2 day	7 days	LA/LB (Holiday Impact)
	OAK	2	0 days	10 days	Rail: Origin legs delayed
	SEA/TAC	0	0 days	7 days	Sea/Tac (Holiday Impact)
CAWC	VAN	3	9 days	9 days	Yard utilization is 80% (82% Last week)
	PRR	1	2 days	11 days	82% yard utilization (85% last week)
USEC/ GULF	NY/NJ	1	1 day	5 days	NY/NJ (Holiday Impact)
	BAL	0	2 days	N/A	Waiting time decreased due to improved labor attendance
	NOR	0	1 day	3 days	Norfolk (Holiday Impact)
	CHS	4	0 days	4 days	Some vessel bunching due to concentrated arrivals.
	SAV	8	3 days	3 days	Night gate discontinued (Feb 17th)
	HOU	3	5 days	N/A	Bay Port wait time is decreasing faster than expected

Vessels, Wait Time, Rail Dwell (Week 7)

Green:
Improvement over last week

Orange:
Consistent over last week

Red:
Deterioration over last week

N/A = No significant volume to report

Source: MarineTraffic, Port Websites, Flexport Analysis

Air Freight Market Update

Asia

- N. China: Market demand is low but there is an upward trend going into the weekend. Rates have increased compared to the week prior.
- S. China: Demand continues to be low after the Lunar New Year (LNY) holiday, with rates having dropped from the week prior.
- Taiwan: The market is slack and demand is low, particularly to the USEC.
- Korea: Demand is slack with the market unlikely to pick up anytime soon.

- SE Asia: Demand ex-Southeast Asia overall remains low with capacity widely available. The Thailand export market is picking up a bit this week, but demand is generally still on the softer side.

Europe

- Overall Demand has increased with more fluctuations in rates WoW across point pairs.
- Currently direct routings have a longer lead time and higher rates.
- More indirect options available with one or more connections at a cheaper rate but with a slightly longer TT.
- No major disruptions or delays across major hubs.

Americas

- Export demand remains steady from all markets.
- US airports are running at a normal pace.
- Capacity is opening up further, especially into Europe.
- Rates remain stable week over week.

Trucking & Intermodal

Europe

- Inland waterway shipping, or in short barging, is becoming more and more the transport modality of choice for moving containers from the Rotterdam Ocean Port to the 'Hinterland', not only into the Netherlands but also cross border to Germany and Switzerland.
- There is an expectation that container transport to and from the main port of Rotterdam will grow significantly over the next 20 years. If this growth is accommodated by road transport, our roads will become completely blocked. There is a lot of unused capacity in the system of inland waterways and inland shipping is capable of transporting large volumes. Compared to transport by lorry or plane, inland shipping produces far less CO2. Moreover, inland shipping accidents are rare.

Americas

Import/Export Market Trends

- Congestion is improving at Canadian ports and rail ramps, no significant operational delays.
 - CP Vaughan Intermodal Terminal is an exception where truckers, at time, are still experiencing 4-6 hours of waiting time.
 - CN continues shuttling containers from Brampton terminal to the CN Misc terminal, charging \$300 per container.

- Memphis, Houston, Detroit, and Savannah, Oakland are seeing some delays and import dwells > 10 days.
- Majority of US ports and rail ramps are fluid, and not experiencing any significant delays.
- Highway Diesel has remained relatively stable YTD.

US Domestic Trucking Market Trends

- The FreightWaves SONAR Outbound Tender Volume Index (OTVI), which measures contract tender volumes across all modes, was down 25% year-over-year (3.3% month-over-month), or 9.6% when measuring accepted volumes after the significant decline in tender rejection rates.
- In addition to this, the Cass report indicated year-over-year volumes were down 3.9% in December after falling 3.3% month-over-month from November. This trend illustrates shipment volumes are declining compared to last year, but much more gradually.
- The Morgan Stanley Dry Van Freight Index is another measure of relative supply; the higher the index, the tighter the market conditions.
- Throughout December, trends closely followed this curve, indicating that market pressures were consistent with average historical trends. Looking forward, we expect to see softening through at least February as seasonal demand eases in the first two months of the year.