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OCEAN FREIGHT
CORONAVIRUS IMPACTS

Date: 10 February 2020

CONTEXT

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Ocean Carriers are reducing drastically the number of vessels as a measure to mitigate the impact of very weak demand for containerized goods out of China. Ships calls through major Chinese ports have been reduced by 20%.

The impact goes beyond China in market disruptions as more and more vessels are idling in quarantined zones.

Number of vessels are between China, Hong Kong, India, USA, Canada, Australia, Europe and West Africa until mid March.

PORT AND EQUIPMENT SITUATION

Ports in China remain, handling cargo but operating on skeleton crew (with the exception of Wuhan).

Ports are suffering from container surplus as a consequence of discharging vessels, but containers not being picked up for re export.

Backlogs and congestion are expected and it should take 6 to 8 weeks to get fully operational again.

Shipyards activities for vessels retrofitting are mostly stopped and minimum of three weeks delays are expected.

LEADTIME

Disruption for manufacturing, the blank sailing programs, quarantine measures and potential backlogs will impact supply chain lead times and is causing:

- Slowdown of operations
- Truckers shortage
- Equipment shortage, exacerbating by blank sailings
- Vessels rerouting to South Korea.

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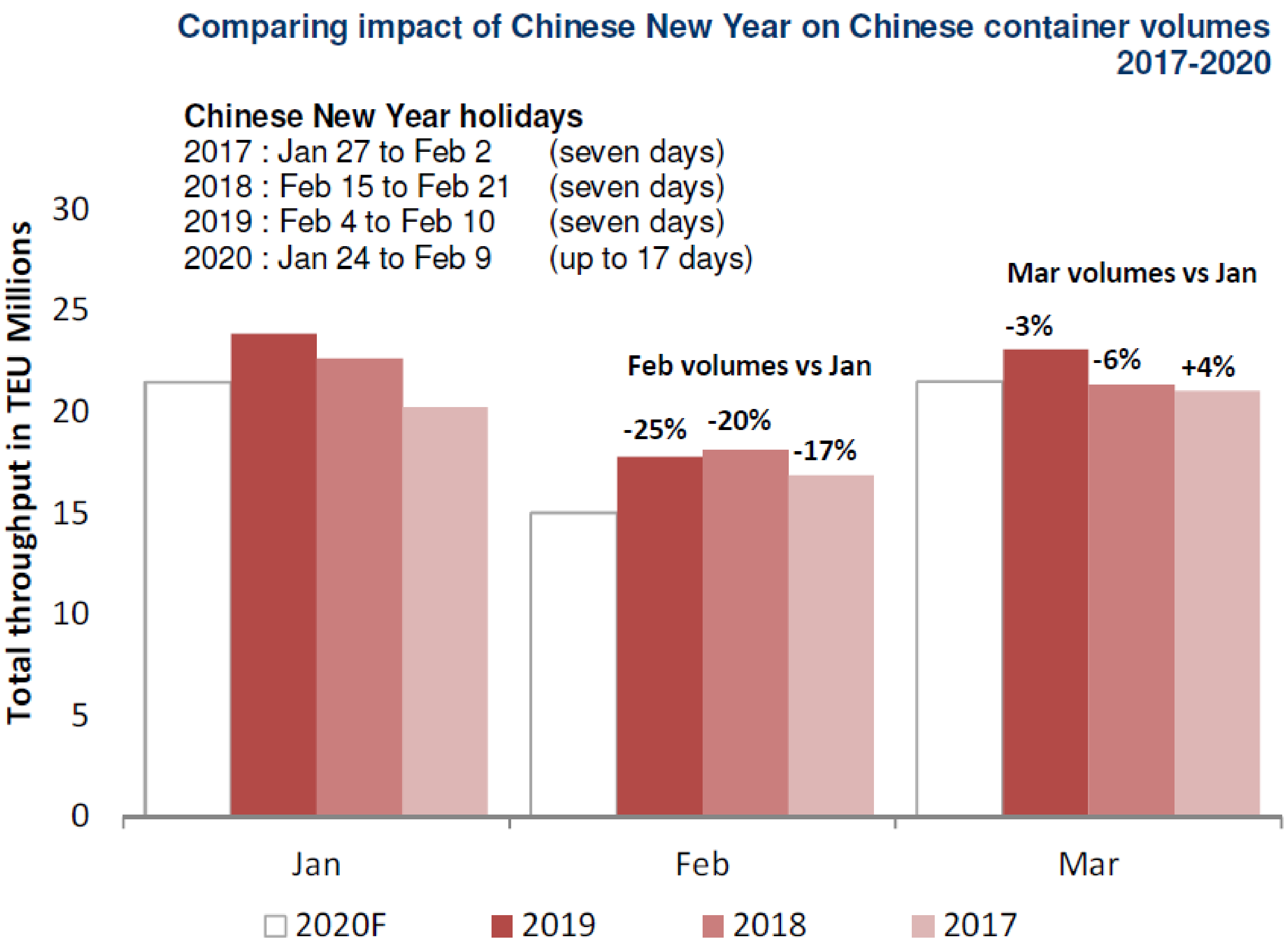
DEMAND OUTLOOK

It is estimated that volumes will be reduced by over 6 million TEUs in the first quarter of 2020, which could lead to reduced global container activity by 0.7% for the full year, whereas forecasted growth was 2.6%.

Container volumes out of China are reduced by 23% vs. last year, pushing operators to increase blank sailings in order to adapt to demand while they are still training to recover from IMO2020 additional costs.



Source Alphaliner

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CAPACITY OUTLOOK TO WEEK 17

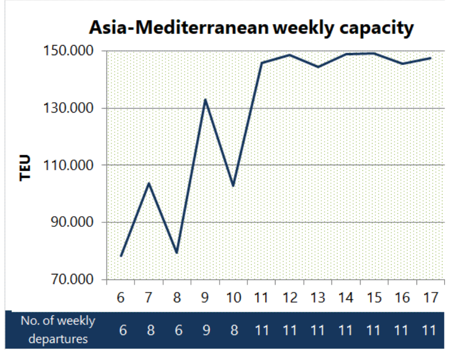
Asia to Europe North Continent

Weekly capacity in numbers (1.000 TEU)

Week	6	7	8	9	10	11	12	13	14	15	16	17
Total weekly capacity	148,8	168,4	213,5	263,4	260,5	256,0	260,8	254,4	294,7	298,2	300,3	295,7
Week-on-week change (%)	-35,7%	13,1%	26,8%	23,4%	-1,1%	-1,7%	1,9%	-2,5%	15,8%	1,2%	0,7%	-1,6%
Year-on-year change (%)	-51,3%	30,2%	-15,4%	6,5%	-8,7%	-4,5%	-0,1%	-5,5%	3,9%	6,5%	2,1%	4,3%
2M	55,7	69,6	89,6	111,4	102,7	106,5	106,3	103,5	109,0	103,7	104,4	102,0
Ocean Alliance	56,5	56,4	86,6	108,9	105,8	108,0	104,2	108,8	127,5	122,7	124,6	122,4
THE Alliance	36,6	42,4	37,3	43,1	52,1	41,6	50,3	42,1	58,2	71,8	71,3	71,2

Asia to Europe NC capacity will continue to decrease further during week 10&11 due to additional blanks sailings and shall only recover at full speed as of week 14 (30 March 2020).

Asia to Europe Mediterranean



Weekly capacity in numbers (1.000 TEU)

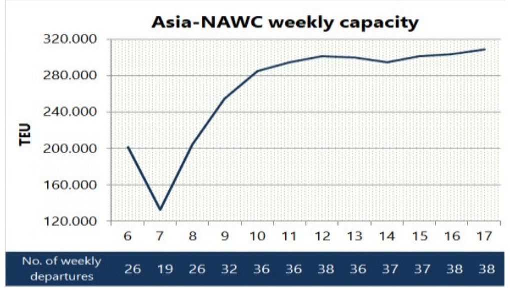
Week	6	7	8	9	10	11	12	13	14	15	16	17
Total weekly capacity	78,5	103,7	79,4	132,8	102,9	145,6	148,5	144,3	148,7	149,0	145,3	147,5
Week-on-week change (%)	-49,4%	32,2%	-23,5%	67,3%	-22,5%	41,5%	2,0%	-2,8%	3,1%	0,2%	-2,5%	1,5%
Year-on-year change (%)	-36,3%	25,4%	-9,3%	14,0%	-30,4%	-3,4%	3,2%	3,5%	-3,1%	-1,5%	-3,0%	-1,9%
2M	48,7	28,3	50,4	65,1	62,4	64,4	62,7	62,7	66,2	64,4	62,5	64,0
Ocean Alliance	15,8	33,8	15,5	25,7	27,3	40,2	45,0	40,8	41,6	43,1	41,2	42,0
THE Alliance	14,0	41,6	13,5	42,0	13,2	41,1	40,7	40,7	40,9	41,6	41,6	41,6

Asia to Mediterranean capacity will be stabilized again as of week 12, however at lower pace vs. last year.

Source : SeaIntelligence

CAPACITY OUTLOOK TO WEEK 17

Asia to North America



Weekly capacity in numbers (1.000 TEU)

Week	6	7	8	9	10	11	12	13	14	15	16	17
Total weekly capacity	201,9	132,9	204,5	255,1	285,3	294,9	301,8	299,8	294,6	301,5	303,3	308,5
Week-on-week change (%)	-28,9%	-34,2%	53,9%	24,8%	11,8%	3,4%	2,3%	-0,7%	-1,7%	2,3%	0,6%	1,7%
Year-on-year change (%)	-24,5%	-52,4%	32,5%	-9,2%	2,7%	-4,6%	9,0%	18,0%	-10,7%	19,2%	17,4%	11,5%
2M	31,1	19,9	44,4	53,4	58,1	60,3	57,6	61,2	58,7	62,3	61,2	59,7
Ocean Alliance	59,2	26,2	73,9	89,8	108,7	113,3	116,2	115,7	111,5	110,5	111,6	113,2
THE Alliance	74,4	52,8	43,0	58,4	63,9	67,6	73,9	67,6	67,6	77,5	72,6	81,7
Others	37,2	33,9	43,2	53,6	54,6	53,6	54,1	55,3	56,9	51,3	57,9	53,9

From China to North America, 9 blank sailings are expected in week 7 to East Coast, and 18 blank sailings are expected to West Coast. In total, 52% decrease of capacity compared to last year.

Europe NC to Asia

Weekly capacity in numbers (1.000 TEU)

Week	6	7	8	9	10	11	12	13	14	15	16	17
Total weekly capacity	309,2	303,3	273,0	296,6	316,8	277,1	207,5	131,8	193,9	235,8	268,1	250,2
Week-on-week change (%)	15,7%	-1,9%	-10,0%	8,7%	6,8%	-12,5%	-25,1%	-36,5%	47,1%	21,7%	13,7%	-6,7%
Year-on-year change (%)	8,8%	7,0%	-11,6%	8,1%	14,5%	2,6%	-11,6%	-42,4%	-37,7%	-10,5%	-7,4%	-6,3%
2M	102,4	103,6	106,5	96,8	108,0	88,2	66,1	68,1	69,6	107,9	108,2	103,1
Ocean Alliance	122,3	118,8	129,2	127,6	122,6	110,6	90,8	35,3	72,8	85,0	108,7	106,1
THE Alliance	84,5	81,0	37,3	72,2	86,2	78,3	50,6	28,4	51,5	42,9	51,3	40,9

On the backhaul from Europe to Asia, average 100 000 TEUs capacity will be withdrawn in week 11 and 12 vs. last year where equipment shortage and roll-over were expected for late bookings.

Source : SeaIntelligence

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Thank you for your attention!