



XENETA

Ocean Freight Market Pulse
January 24, 2023

**Addressing the downward trend
with the use of index-linked solutions**



Meet Us | Presenters



HOST:

Michael Braun
VP, Customer Success & Solutions
Xeneta



HOST:

Patrik Berglund
CEO, Co-Founder
Xeneta



GUEST:

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Duration: 30 minutes



Session is being recorded: Recording will be made available to all customers and attendees within 24 hours



Live Q&A: Submit your questions via Q&A widget and engage through polling questions anonymously during the



webinar

Ocean Freight Market Pulse | Agenda

1

Introduction

2

Review Q4 & Latest
Market Trends

3

Index-based
collaboration with
suppliers

4

Overview and Outlook
Tender Season
2023



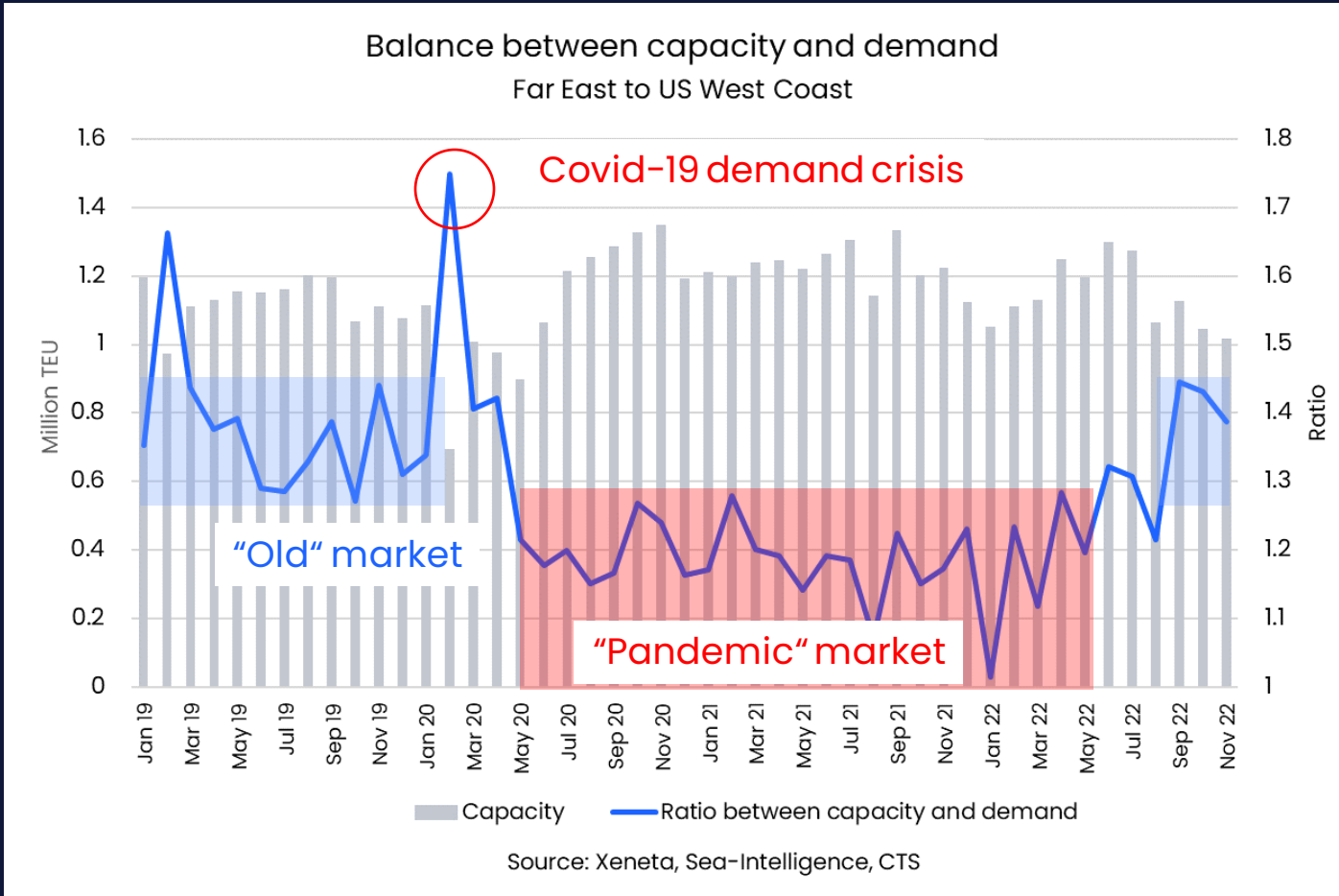
Review Q4 & Latest Market Trends



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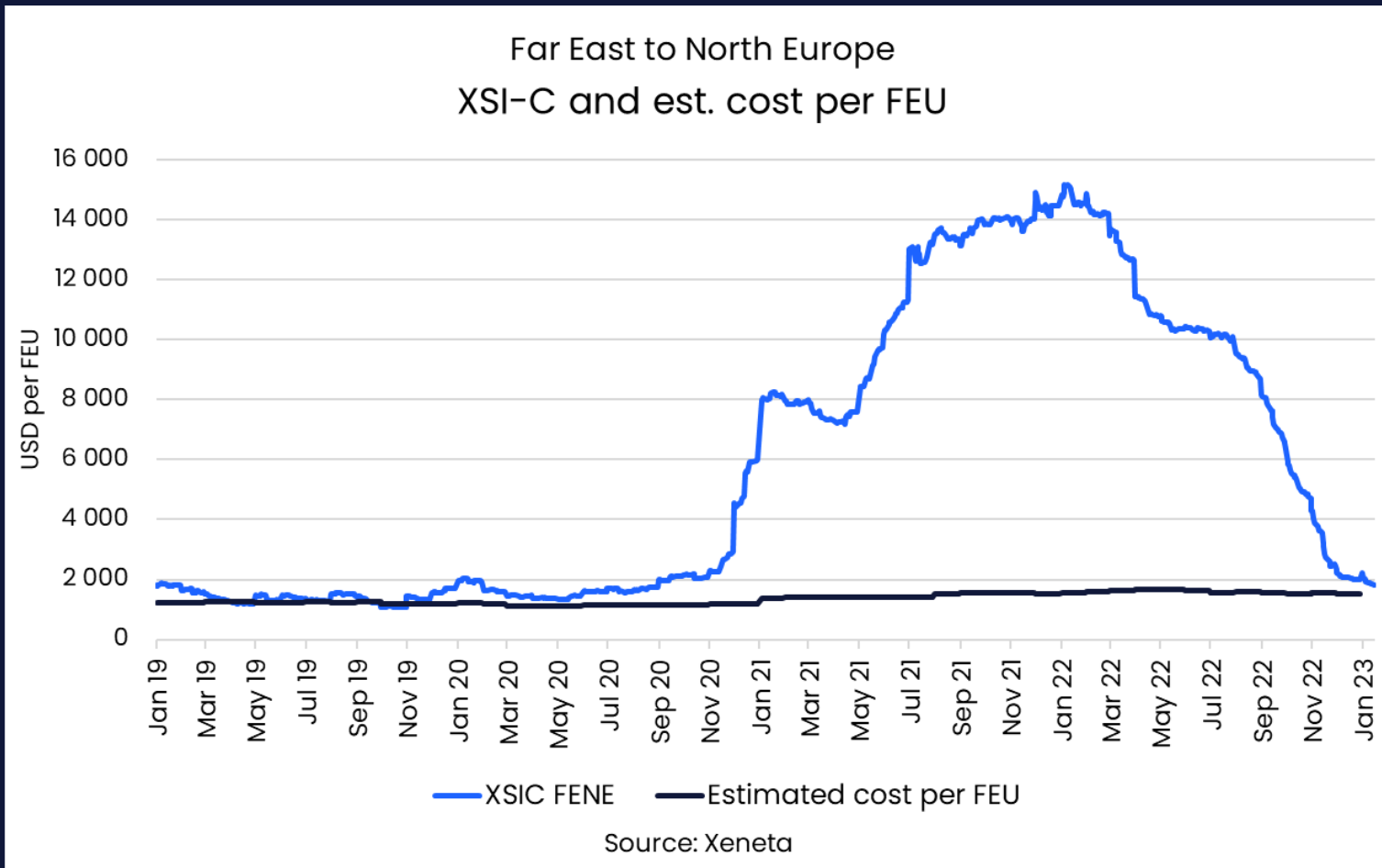
Are carriers blanking enough?



Blank sailings and capacity reduction not yet enough to match fall in demand.



Most of the profitability has disappeared





XSI Indexed-Linked Contracts (XSI-ILCs)



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XSI Indexed-Linked Contracts (XSI-ILCs)

Series of Fixed-Price LTCs

Similarities with fixed-price LTCs

- Contract period
- Carrier service commitments
- Shipper volume commitments
- Scope of traffic to be index-linked

XSI-ILCs specifics

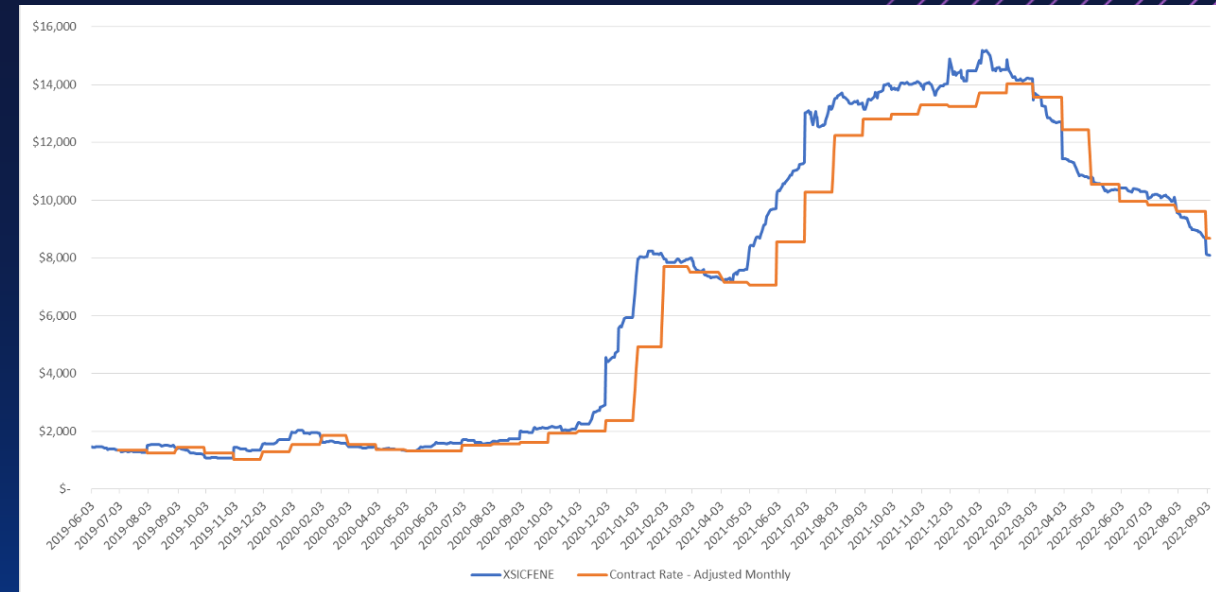
- Choice of Index
- Starting base rate
- Contract rate adjustment mechanism



XSI-ILC – Time Lag Model Example

MONTHLY

- Initial rate: index + discount/premium
- Review period: Monthly
- Lag time: 1 month
- Calculation: change in index average

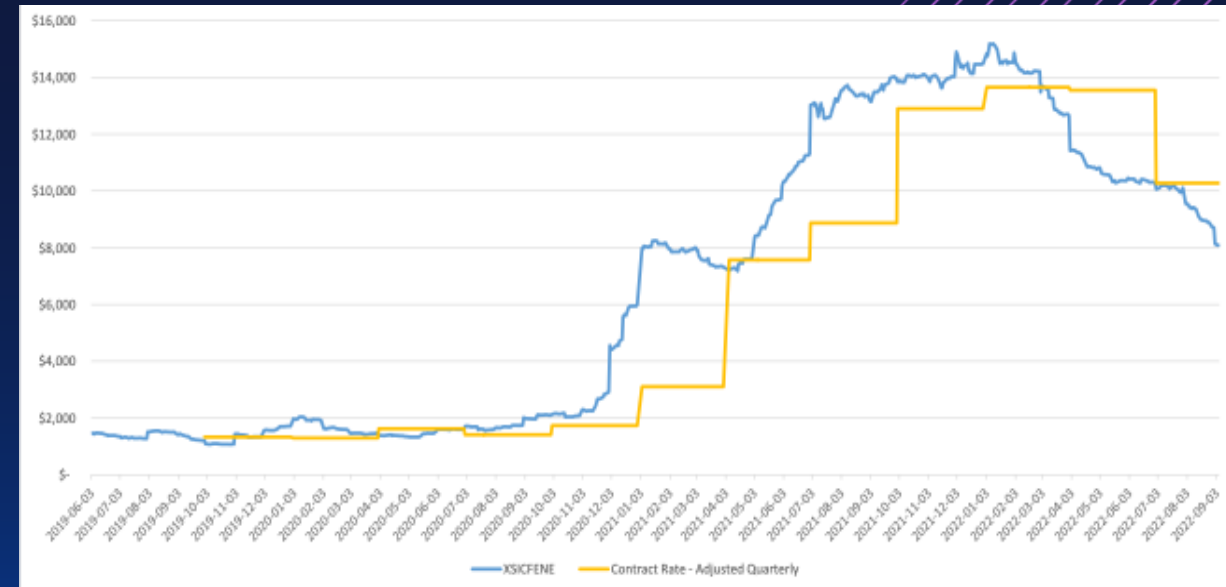




XSI-ILC – Time Lag Model Example

QUARTERLY

- Initial rate: index + discount/premium
- Review period: Quarterly
- Lag time: 2 months
- Calculation: change in index average

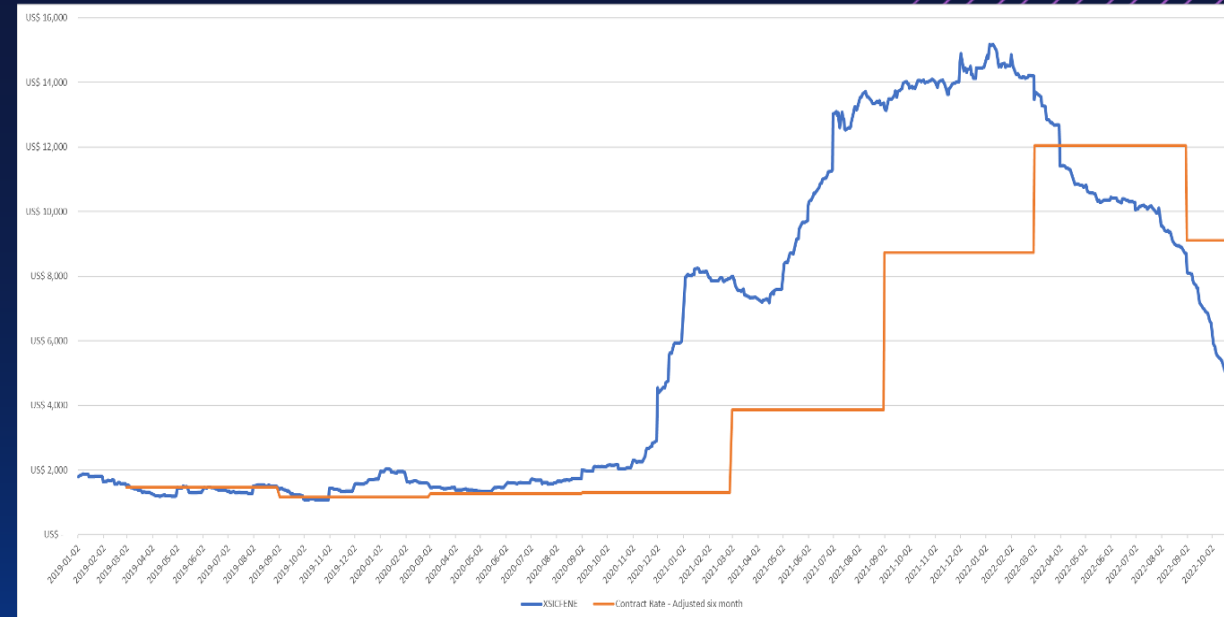




XSI-ILC – Time Lag Model Example

6 – MONTHLY

- Initial rate: index + discount/premium
- Review period: 6-monthly
- Lag time: 1 month
- Calculation: change in index average





Setting XSI-ILC rates *SHORT - TERM*

- XSI-ILCs rate can be set as;
current month's XSI-ILCs rate = previous month XSI average
- XSI-ILCs rate can be set at XSI average, or mid-high, or mid-low
- Agree on all-in rates ahead (XSI indices include BAF, and other surcharges)
- Chose adjustment frequency to suit dynamic preference vs. admin burden



Setting XSI-ILC rates *LONG - TERM*

- Starting rate can be set today vs. XSI average (average mid-high or mid-low)
- Negotiate from knowledge (historic benchmark analysis)
- Choose adjustment frequency to suit your dynamic preference
- Use Caps & Floor for absolute price certainty



Xeneta XSI indexing

Market-Validated

- 30 HQ global lanes with 36+ months consistent, deep, daily, data
- Customizable from region-to-region down to port-to-port
- Customizable reference to short- or long-term rates
- Customizable by container type
- Customizable THC methodology

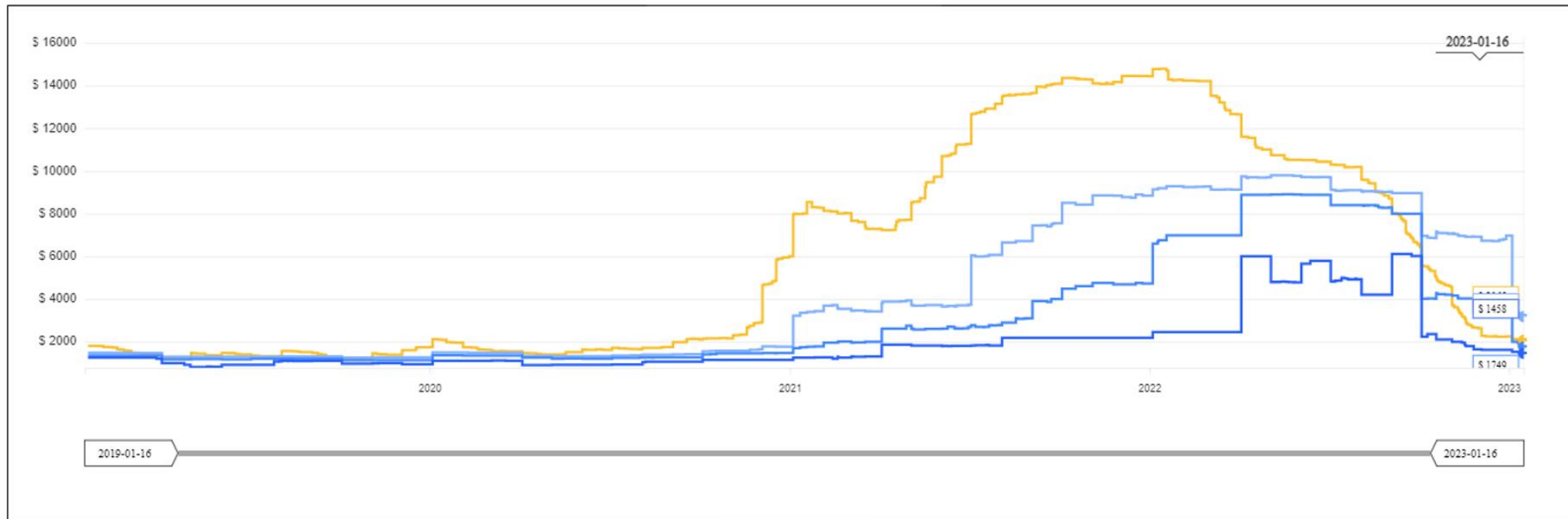
Xeneta XSI indexing

Far East Main – North Europe Main

Far East Main (far_east_main) - North Europe Main (north_europe_main)

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Date Range: 2019-01-16 - 2023-01-16
Container Type: 40' Standard Dry
Contracted Within: 3 Months
THC Methodology: None



Short Term Contracts Long Term Contracts
● Average ● Low ● Mid-Low ● Average

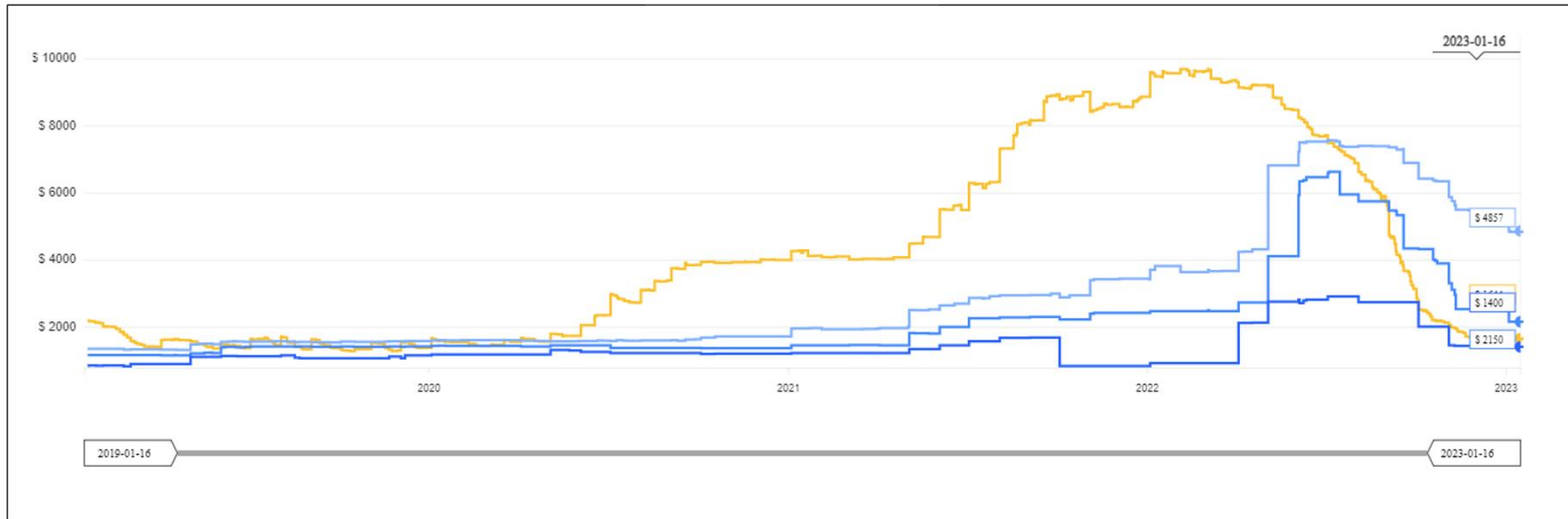
Xeneta XSI indexing

Far East Main – US West Coast

Far East Main (far_east_main) - US West Coast (us_west_coast)

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Date Range: 2019-01-16 - 2023-01-16
Container Type: 40' Standard Dry
Contracted Within: All
THC Methodology: DTHC



Short Term Contracts: Average (Yellow), Low (Dark Blue), Mid-Low (Light Blue), Average (Medium Blue)
Long Term Contracts: Average (Medium Blue)

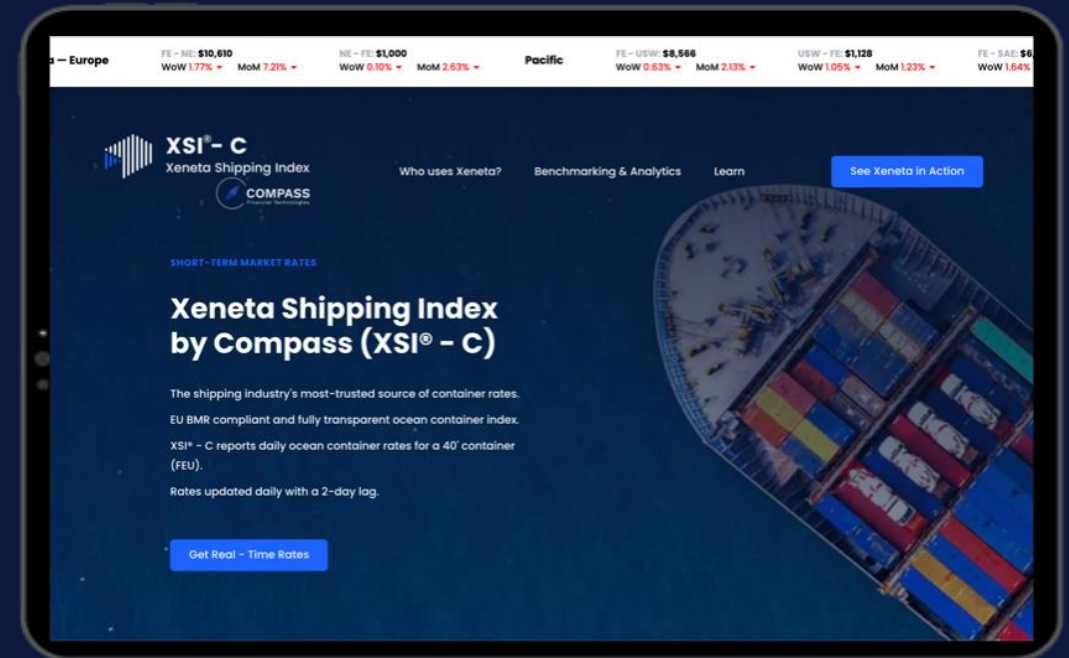


EU BMR-Compliant XSI-C Indices



Since December 2021,
Compass and Xeneta produce

1. XSI-C – Far East to US West Coast
2. XSI-C – US West Coast to Far East
3. XSI-C – Far East to North Europe
4. XSI-C – North Europe to Far East
5. XSI-C – North Europe to US East Coast
6. XSI-C – US East Coast to North Europe
7. XSI-C – Far East to South America East Coast
8. XSI-C – North Europe to South America East Coast



XSI indexing Competitive Differentiation

- ✓ Xeneta 300+ customers indexing and hedging with XSI indices avoid basis risk
- ✓ XSI indices are market-validated, from data the market knows and trusts
- ✓ XSI indices have strong coverage, transparent data and methodology



Thank you!

Michael Braun and Patrik Berglund

www.xeneta.com

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