

XENETA

XSI™ PUBLIC INDICES

OCEAN FREIGHT | January 2019

Long-Term Contracted Market



XSI™ - January 2019

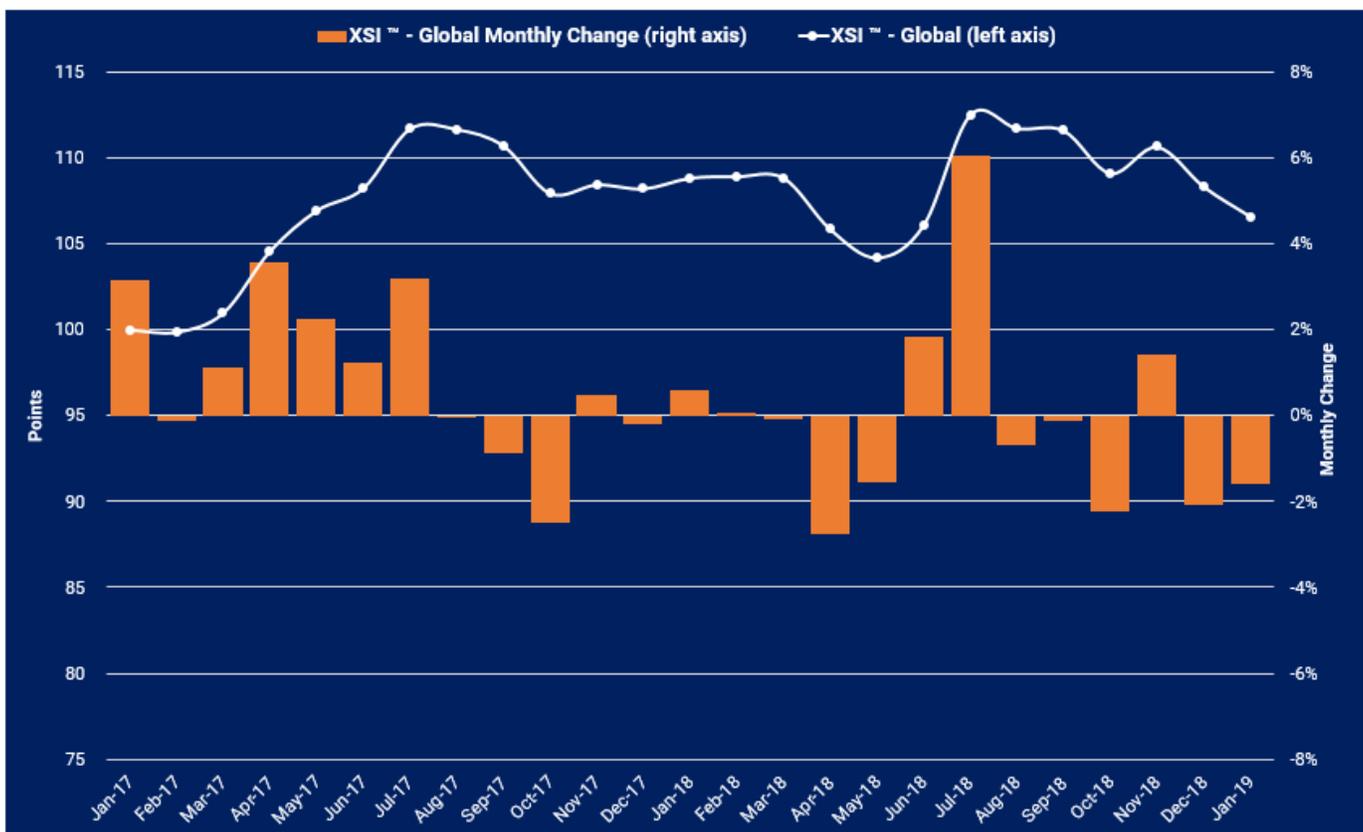
XSI™ - Global

The global XSI™ fell 1.6% in Jan-19 to 106.58 points, continuing the downward trend recorded since Aug-18. During this six-month period, the index has lost 5.3% of its value, having shed 5.92 points and now stands at a similar level to that recorded in May-17.

Year-on-year the global benchmark is 2.1% lower than Jan-18. However, if the index reports similar changes to those witnessed during the first few months of 2018, then we may only see minimal changes in the next few months.

In other news, after a successful trial period, Zim is looking to roll out its blockchain-based bills of lading (B/Ls) to shippers and forwarders on the Far East-South Africa and North America-Mediterranean trades. The Israeli carrier has seen significant efficiencies during its trial, with original B/Ls being transferred within just two hours of a vessel's departure, rather than within days or weeks. The roll-out to all customers on the selected trades will occur in Q1 this year and it is hoped the digitization of the documentation process will lead to reduced time, complexity and costs for all those involved.

Fig 1: XSI™ - Global



XSI™ - Europe Imports / Exports



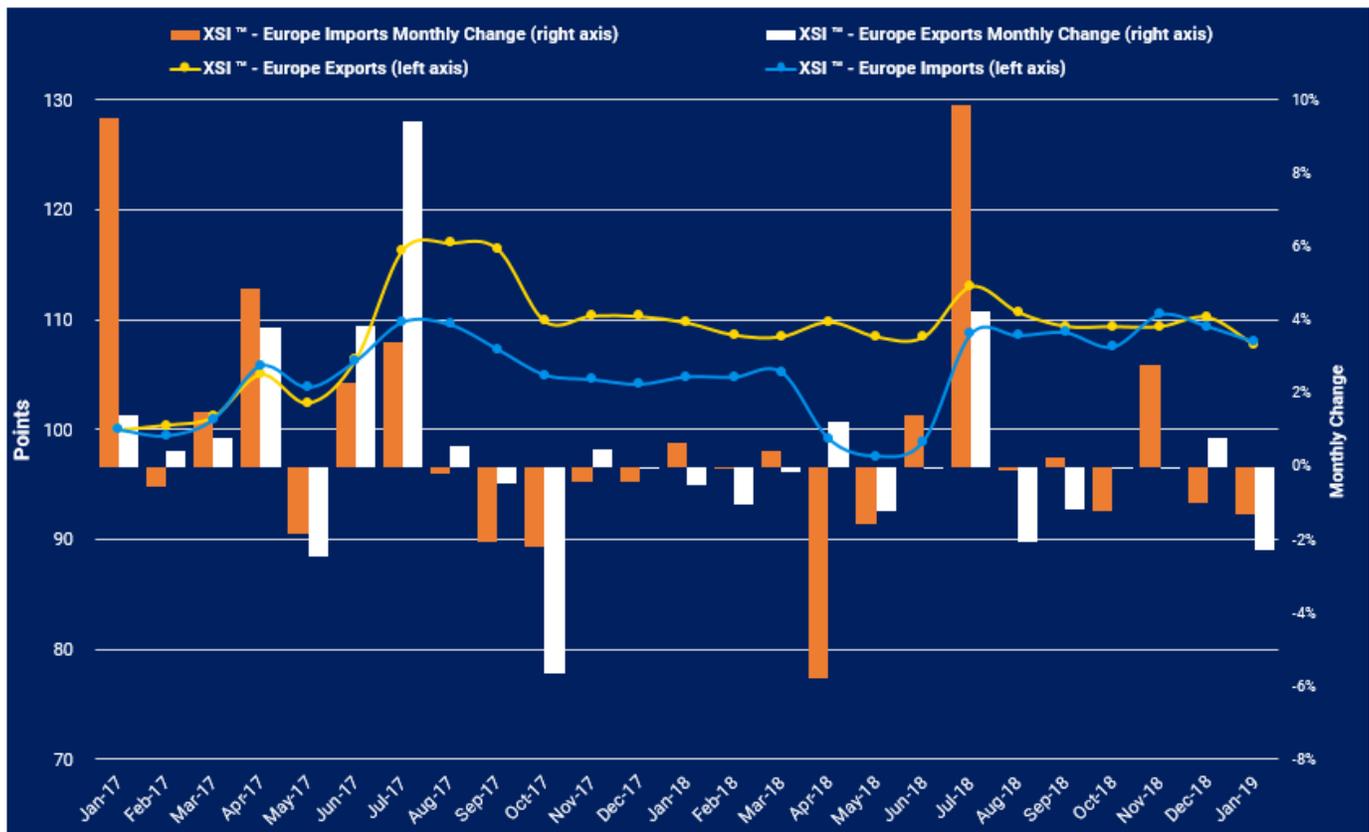
In Jan-19 European imports on the XSI™ fell 1.3% month-on-month to 108.01. However, compared to the same period a year earlier, it remains 3.0% higher.

The decline on the imports benchmark occurred despite a noticeable increase in the spot market following planned FAK increases, suggesting the latest increase has had little impact to contracted rates.

Meanwhile, exports on the benchmark declined 2.3% to 107.73 points and the index now stands at its lowest level since Jun-17, having failed to maintain any positive momentum. As a result, the index is also now 1.9% lower year-on-year.

Looking ahead, with new IMO regulations on the horizon, the market should expect a higher level of demolition activity in coming months, as less fuel-efficient vessels are removed from the market. Shippers should therefore be wary of how this could impact supply and thereby affect both short and long-term rates in the near future.

Fig 2: XSI™ - Europe Imports / Exports



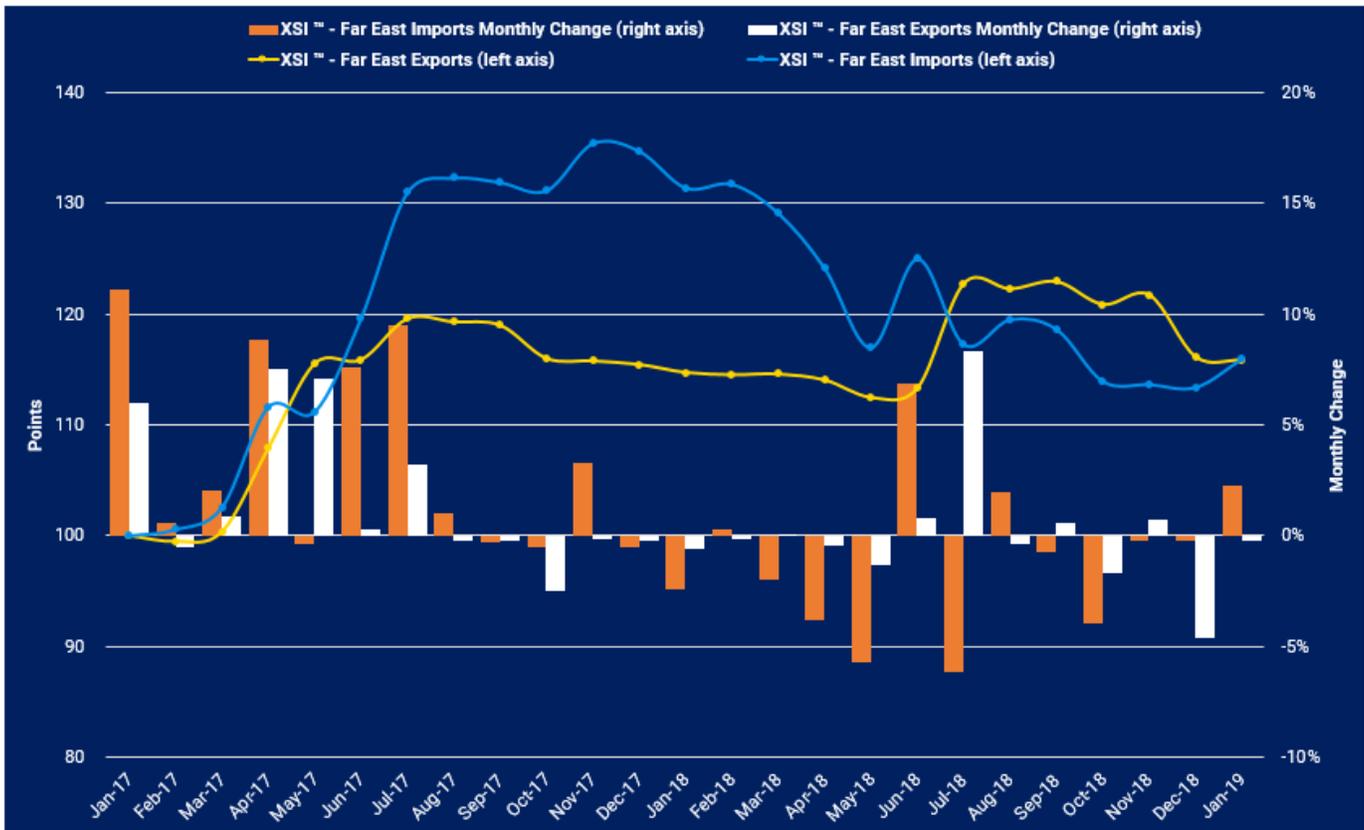
XSI™ - Far East Imports / Exports

The Far East Imports XSI™ jumped 2.3% in Jan-19 to 115.98 temporarily reversing a downward trend seen since Sep-18. However, despite the increase the index remains 11.7% lower than the same period of 2018. Month-on-month declines have been a consistent trend on the XSI™, with falls being recorded in 16 of the last 24 months.

The Far East Exports index declined 0.3% in Jan-19 to 115.85 points. Despite the fall, it remains 1.0% higher than Jan-18, although is 5.6% lower than the high of 122.78 points recorded in Jul-18.

The main Far East-North Europe trade could face additional pressures after it was announced the Ocean Alliance would revamp its Asia-North Europe route, adding a seventh loop in the process. The alliance seems to have had its hand forced due to COSCO's delivery of around a dozen ULCVs due to come online in the first six months of the year.

Fig 3: XSI™ - Far East Imports / Exports



XSI™ - US Imports / Exports

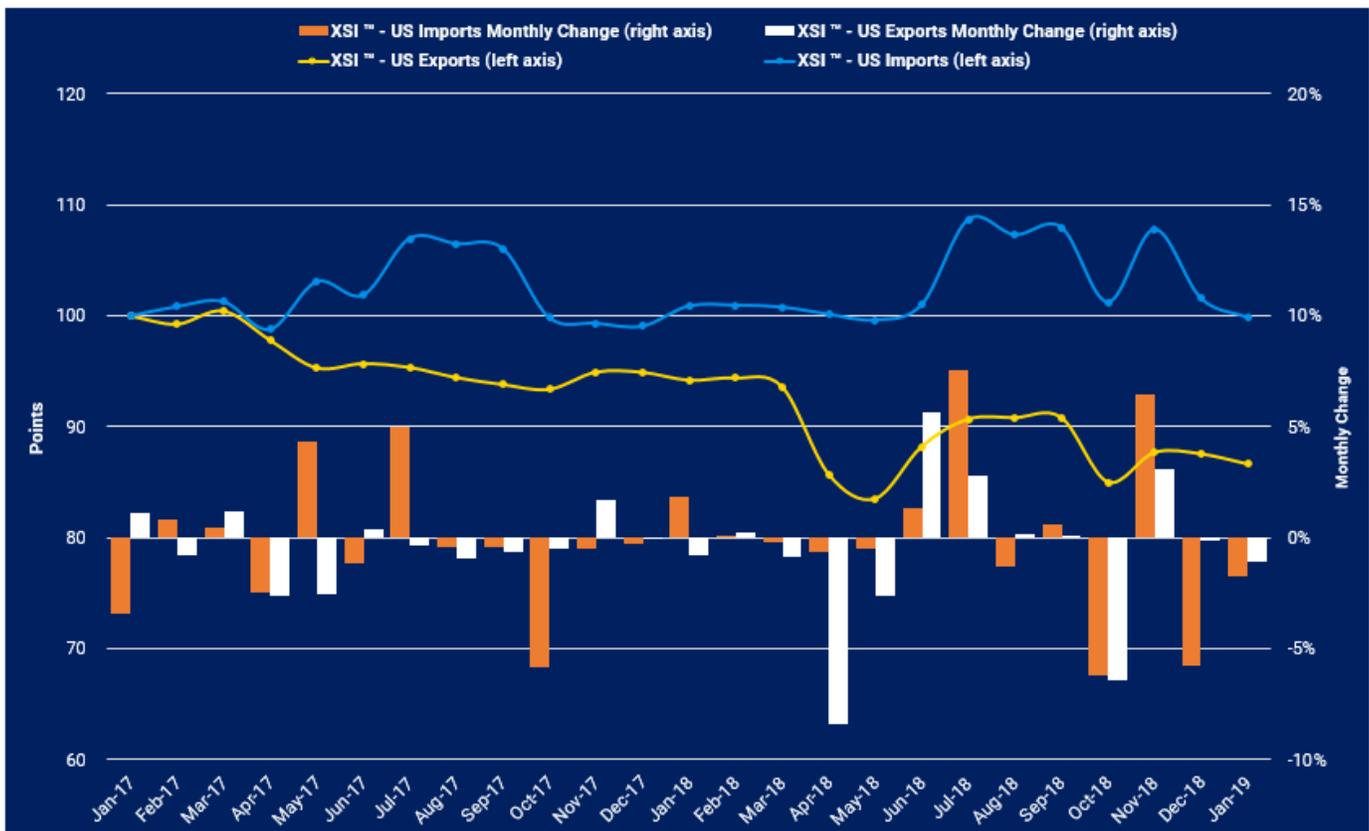
The XSI™ for US imports declined 1.7% in Jan-19 to 98.86 points and is now 1.0% lower than the equivalent period of 2018.

Meanwhile, the US exports XSI™ fell 1.0% month-on-month in Jan-19 to 86.64 points. The benchmark has remained on a downward trajectory since its inception and is 8.0% lower than the level of 94.20 recorded in Jan-18.

The continued uncertainty over the next phase of the tit-for-tat trade war hangs as a black cloud over the US market and shippers could face a 25% tariff on the import of over 5,700 Chinese goods come March. There are rumors the Trump administration may implement a new trade deal before the expiry of the 90-day grace period, but savvy importers will no doubt be planning for the worst case scenario.

Coincidentally the proposed tariffs are due to start at the same time as the annual TPM conference in Long Beach, where annual negotiations begin in earnest. The outcome of the latest tariffs could therefore play a pivotal role in contracted rates on the Far East-US trade.

Fig 4: XSI™ - US Imports / Exports



XSI™ Public Indices Report METHODOLOGY

- Rates delivered from freight forwarders and shippers
- Based on long-term contracts only
- Rates pulled from Xeneta's ocean freight platform of +85MN contracted rates
- Rates included have a valid from date within 90 days of the 20th of every month
- Indices based on an aggregation of trade-weighted corridors
- Indices rates surcharges are based on all-in CY/CY pricing methodology
- Global index is a combination of worldwide trade-weighted corridors not limited to US, Europe and Far East indices

DISCLAIMER

The monthly XSI™ Public Indices report is meant to give an indication of the global market movements for the long-term contract market in the container shipping industry focusing on the biggest regions in the world.

Xeneta does not recommend price setting on this market report as it is based on an aggregation of trade-weighted uncorrelated corridors. If you are interested in index-based contracting, we recommend our XSI™ index-linked contracting product. For more information, please contact us via www.xeneta.com.

XENETA

Xeneta is the leading ocean freight rate market intelligence platform and ocean freight rate index, Xeneta Shipping Index (XSI™). Xeneta's powerful reporting and analytics platform and data density provides liner-shipping stakeholders the insights they need to understand current and historical market behavior – reporting live on market average and low/high movements for both short and long-term contracts. Xeneta's data is comprised of over 85 million contracted container rates and covers over 160,000 global trade routes. Xeneta is a privately held company with headquarters in Oslo, Norway and regional offices in New York and Hamburg. To learn more, please visit www.xeneta.com.

NOTE: The XSI™ public indices reports are based on long-term contracts only.