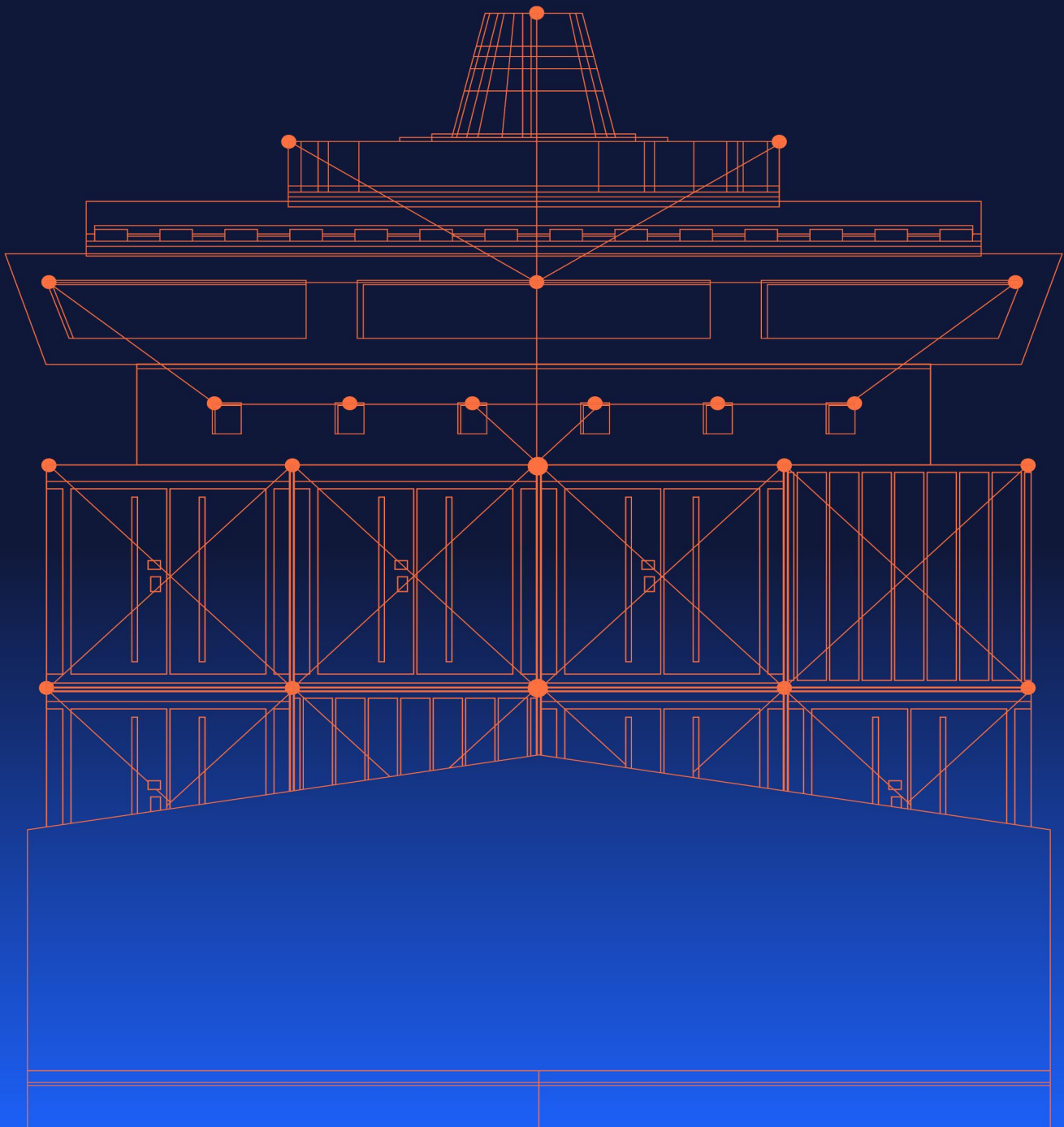


XSI[®] PUBLIC INDICES

OCEAN FREIGHT | July 2020

Long-Term Contracted Market



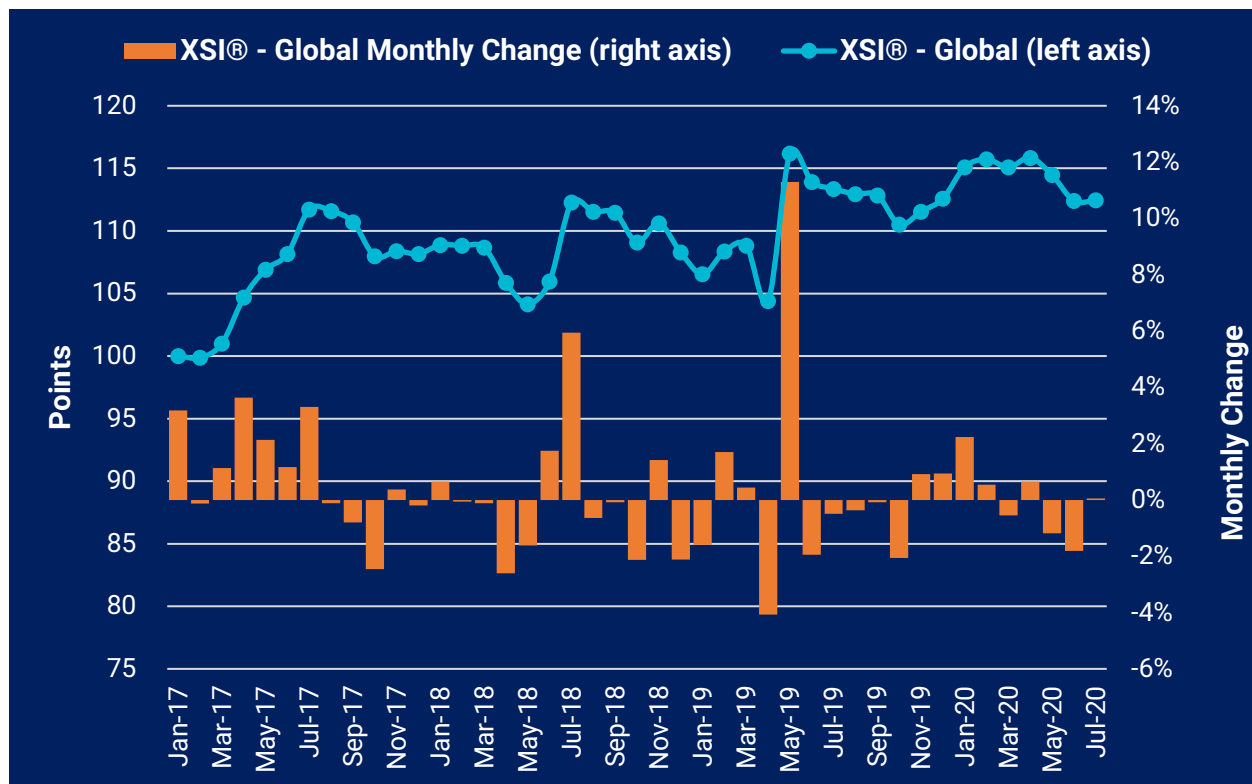
XSI® - July 2020

XSI® - Global

The global XSI® increased by just 0.1% in Jul-20 to 112.45 points. The index, therefore, remains 3.2% below the all-time high of 116.19 reported in May-19. Whilst the benchmark marginally increased in July, it remains down 0.8% year-on-year and is 0.1% lower than at the end of 2019.

In other news, the Singaporean carrier Pacific International Lines (PIL) has reportedly put its headquarters up for sale, in what is the latest in a series of sales by the firm as it looks to shore up its cash balance. Located in Singapore's business district, the building comes with a \$252 million price tag.

Fig 1: XSI® - Global



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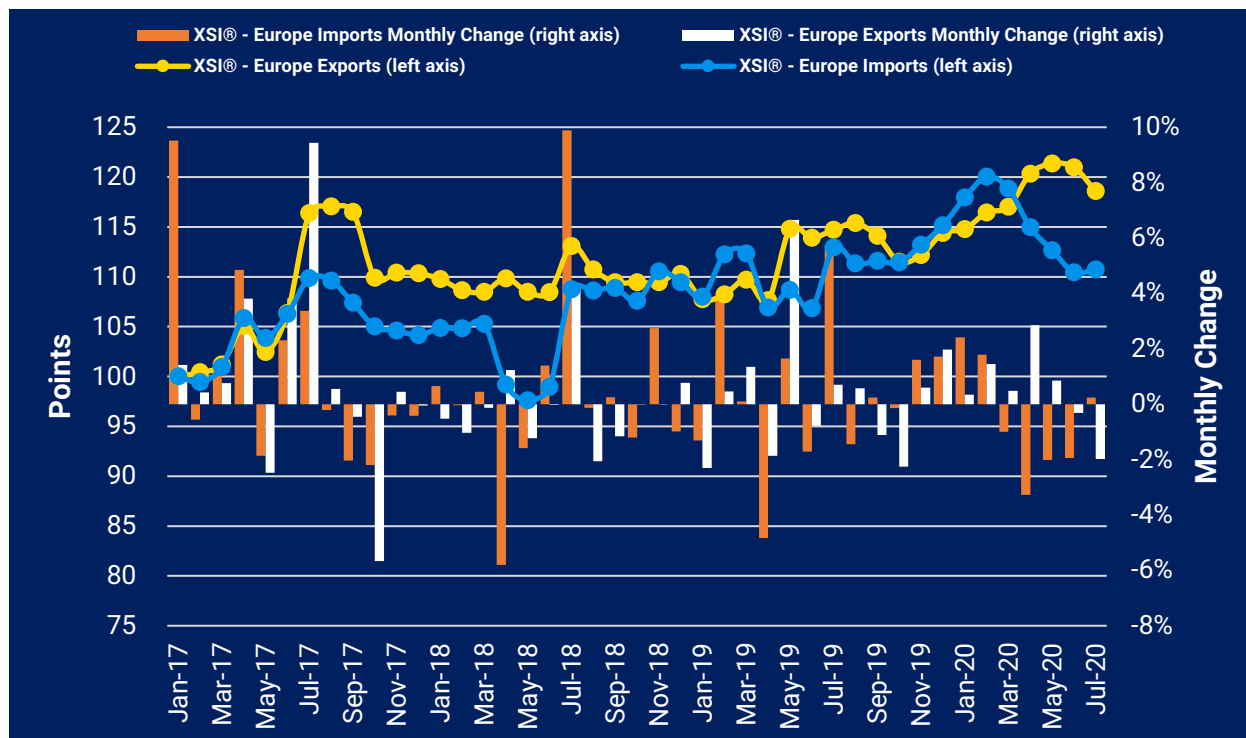


XSI® - Europe Imports / Exports

Imports on the European XSI® increased by just 0.2% in Jul-20 to 110.72 points, having declined for the previous four months. Compared to the equivalent period of 2019 the index is 2.0% lower and has fallen by 3.8% since the end of last year. Developments in European exports were less favorable, with the benchmark falling by 2.0% to 118.58. This represents the largest month-on-month decline since Oct-19 when it fell by 2.3%. However, since Oct-19 the benchmark has risen by 6.3%. Compared to the equivalent period of 2019, exports remain up 3.4% and have increased by 3.7% since Dec-19.

On the key Far East - North Europe trade spot rates have begun to slide, having steadily risen since May. These rate improvements in the face of the global coronavirus pandemic may have come as a surprise to some. However, it seems the swift withdrawal of capacity from the market may have resulted in too much tonnage standing idle, resulting in cargo being rolled and shippers paying premiums to ensure containers are moved. The recent deterioration in rates coincides with carriers beginning to reinstate services and therefore, they have a delicate balancing act to perform if they are to ensure rates do not continue their current trajectory. This change in fundamentals was reflected in the announcement from CMA CGM to reduce its proposed peak season surcharge due to come into force in August by \$50 per TEU.

Fig 2: XSI® - Europe Imports / Exports



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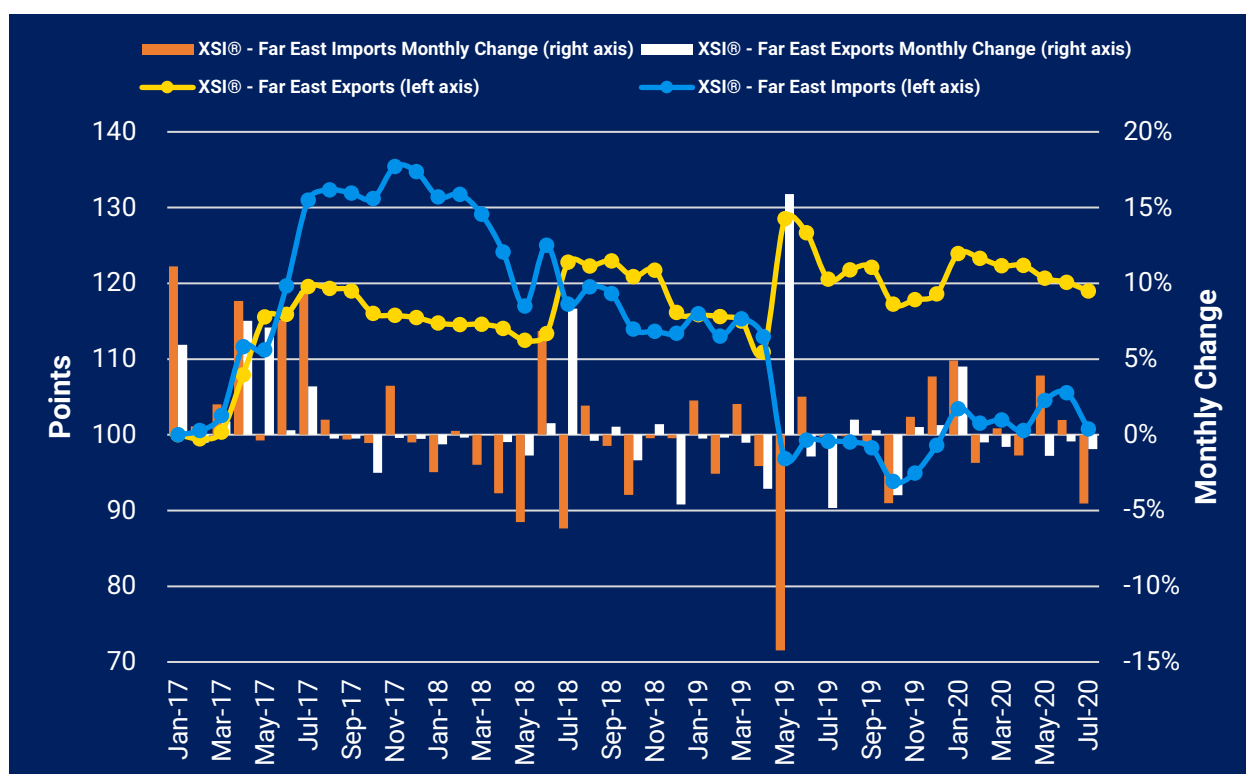


XSI® - Far East Imports / Exports

Far East imports on the XSI® fell by 4.5% in Jul-20 to 100.76 points, thereby reversing the small increase reported in the previous month. Despite the month-on-month decline, the index remains up 1.6% year-on-year and has increased by 2.2% since the end of 2019. Exports also fell in July, falling by 1.0% to 118.99, with the index having steadily fallen since the start of the year. Year-on-year, the benchmark is 1.3% lower but remains marginally higher (+0.3) than at the end of 2019.

Governments and companies have been keeping a close eye on China to see if developments there can help provide any indication as to the speed of the economic recovery. China reported second-quarter growth in GDP of 3.2% year-on-year, which beat market estimates and represented a turnaround compared to the decline of 6.8% reported in the previous quarter. However, it was not entirely rosy, with the numbers showing a decline in retail sales of 1.8%, versus a consensus estimate of growth of 0.5%. The worse than expected retail figures suggest demand and consumer spending may not recover as quickly as some have hoped for.

Fig 3: XSI® - Far East Imports / Exports



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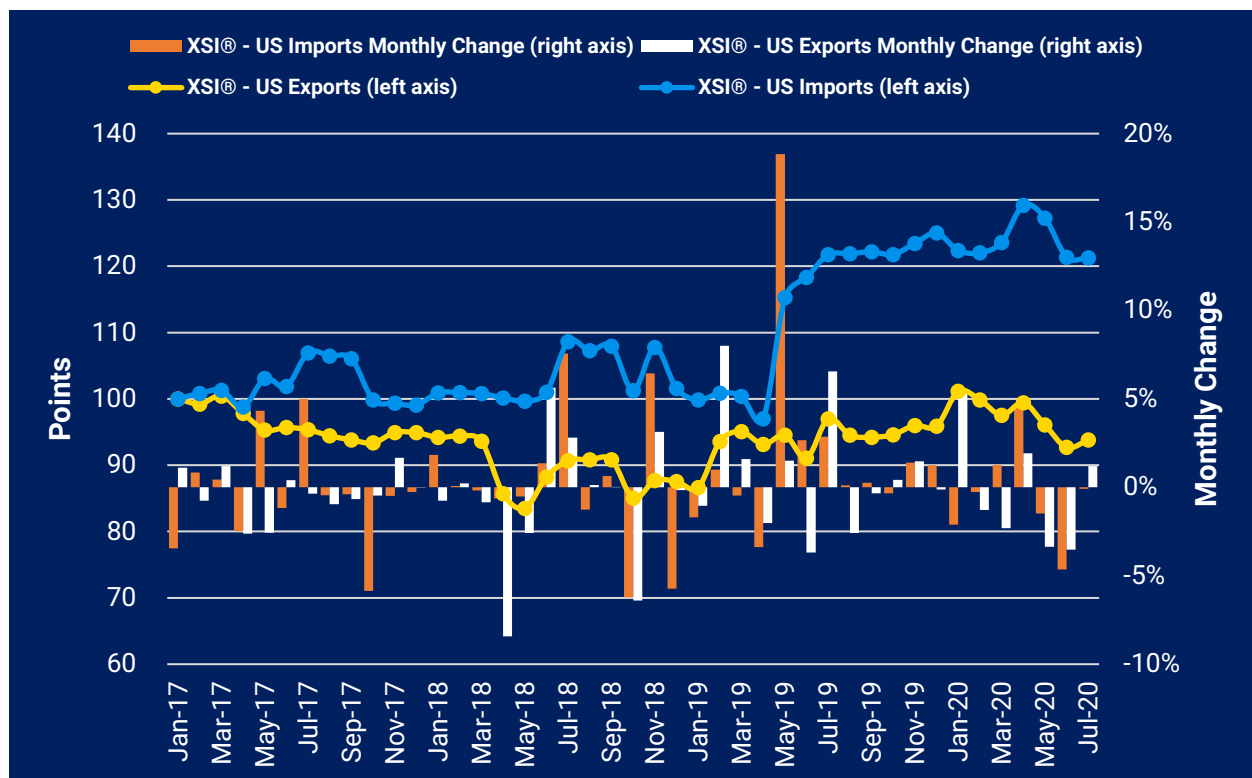


XSI® - US Imports / Exports

US imports on the XSI® declined marginally in Jul-20, falling by 0.1% to 121.28 points. Since the all-time high of 129.20 reported in Apr-20, the benchmark has declined by 6.1%. Year-on-year it has fallen by 0.4% and it is 3.0% lower than Dec-19. Meanwhile, US exports rose by 1.2% in Jul-20 to 93.81 having declined for the previous two months. Despite the increase, the index remains down 3.3% year-on-year and has shed 2.2% of its value since the end of 2019.

The Far East - US West Coast trade portrays a similar story to the European route. Having reached levels like those reported in 2018 when US tariffs on Chinese imports were introduced, spot rates have now started to slide. With Chinese tensions showing no signs of improvement and the pandemic still ravaging the US, demand is likely to remain subdued and therefore carriers will no doubt have to withdraw capacity once more if they are to sustain rates at a reasonable level.

Fig 4: XSI® - US Imports / Exports



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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 +200MN contracted rates
- 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

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