XSI

XENETA

XENETA SHIPPING INDEX
OCEAN FREIGHT CONTRACT MARKET

MARCH 2021

Global Index Continues to Climb

Shippers face increasingly difficult negotiations over long-term contracted rates.

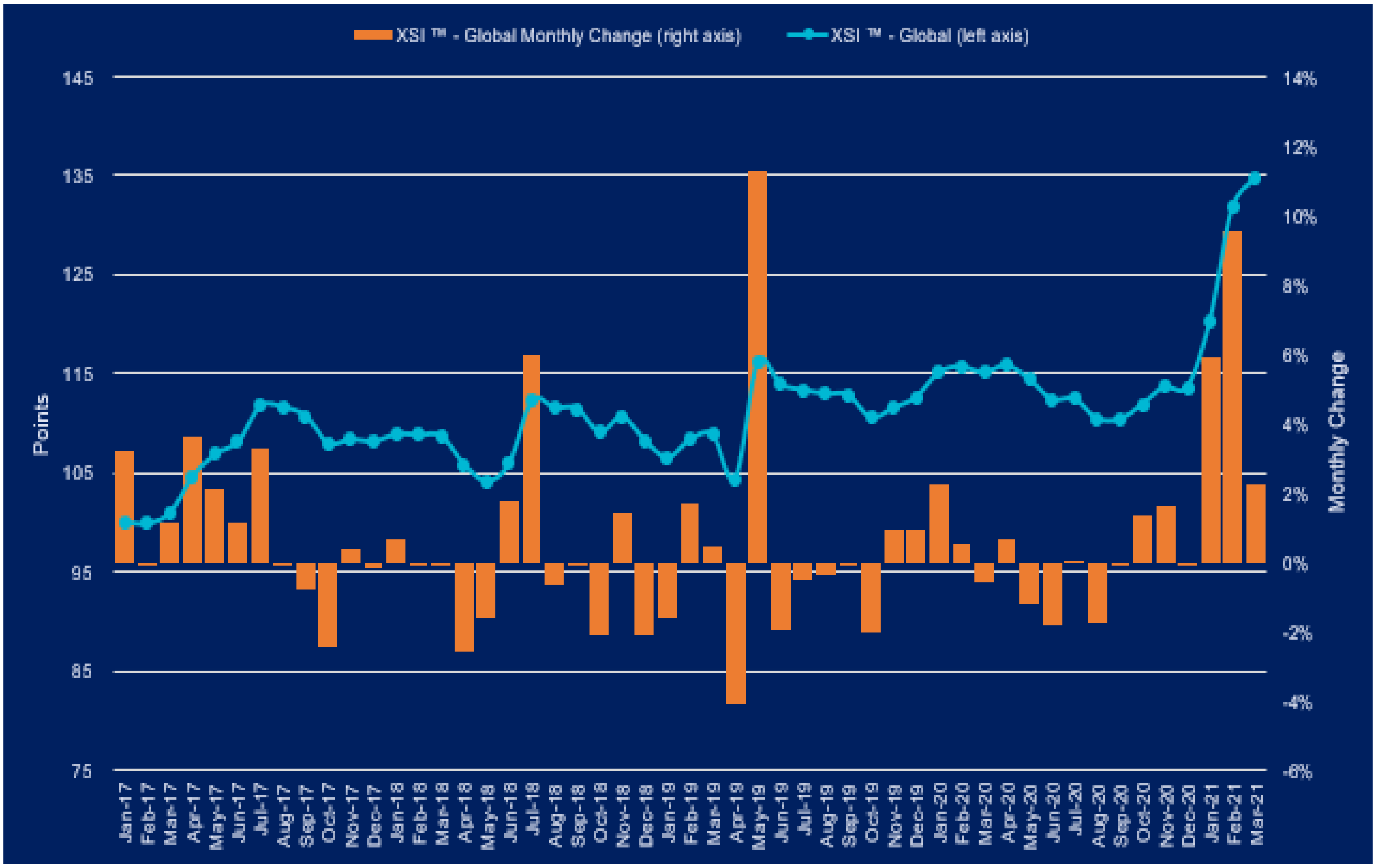
XSI ® - Global

The global XSI ® continued to increase in Mar-21, rising by a further 2.2% to 134.75 points. This takes the total increase reported in the index since Oct-20 to 20.5%. Meanwhile, year-on-year the benchmark is up 17.1% and has increased by 18.6% since the end of 2020.

Increases to contracted rates, as reported by the XSI®, as well as those recorded in the spot market, have led to a significant turnaround in financial performance for carriers. For example, CMA CGM recently posted a net profit for 2020 of $1.75bn, compared to a loss of $229m reported in the previous year. The French carrier also remains confident about the outlook for 2021 and expects volumes shipped to remain strong as changes to consumer spending patterns have increased the demand for goods. The significant turnaround was reported similarly by Hapag-Lloyd and Maersk, with the former filing a net profit of $1.1bn for the year, compared to $418m for the previous 12 months. In comparison, Maersk posted profits of $2.9bn, while even Zim, which racked up significant losses in the last few years, managed to post net income of $524m, its largest ever recorded annual profit.

Looking ahead, Hapag-Lloyd expects profitability to substantially increase this year, with big increases expected for mid to long-term contract business. CEO Rolf Habben Jansen, went so far as to claim that market fundamentals will remain 'solid' for at least a couple of years, due to the limited number of newbuilds ordered while rates were depressed, and the lead-time for new deliveries. This could lead to freight rates remaining elevated for some time to come.

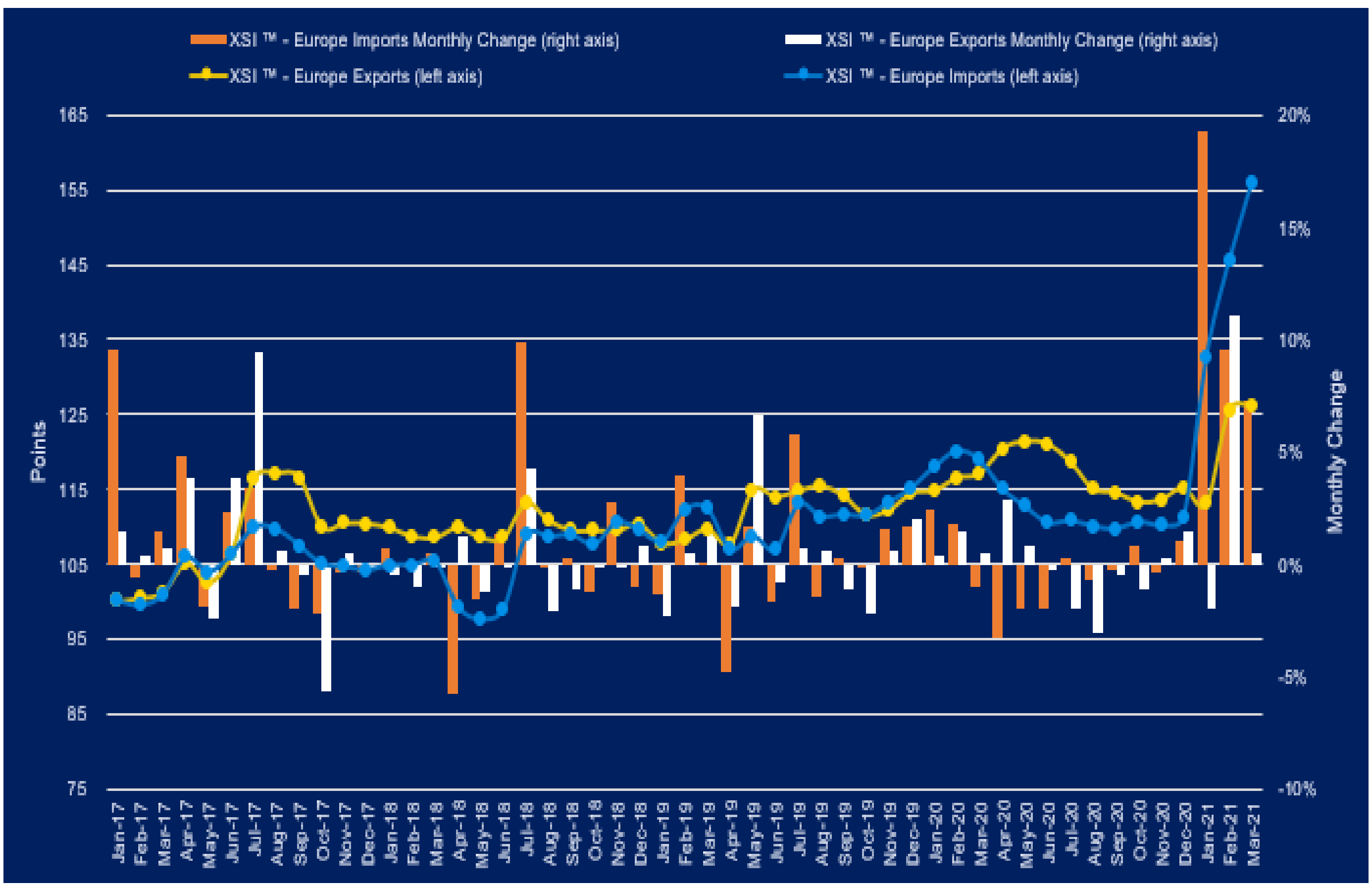
Fig 1: XSI ® - Global



XSI ® - Europe Imports / Exports

European imports on the XSI ® rose by a further 7.3% in Mar-21 to 155.93 points. Compared to the same period of 2020, the benchmark is up 31.2% and has risen by 40.2% since the end of last year. With elevated spot rates filtering into the contracted market, further increases in the index are still possible, despite a small decline in the spot market in recent weeks. Meanwhile, exports on the index grew by an additional 0.5% month-on-month to 126.12. While positive, this represents much lower growth compared to Feb-21 (+11.1%). Nevertheless, the benchmark is up 7.8% year-on-year and has increased by 9.5% since Dec-20.

Fig 2: XSI ® - Europe Imports / Exports

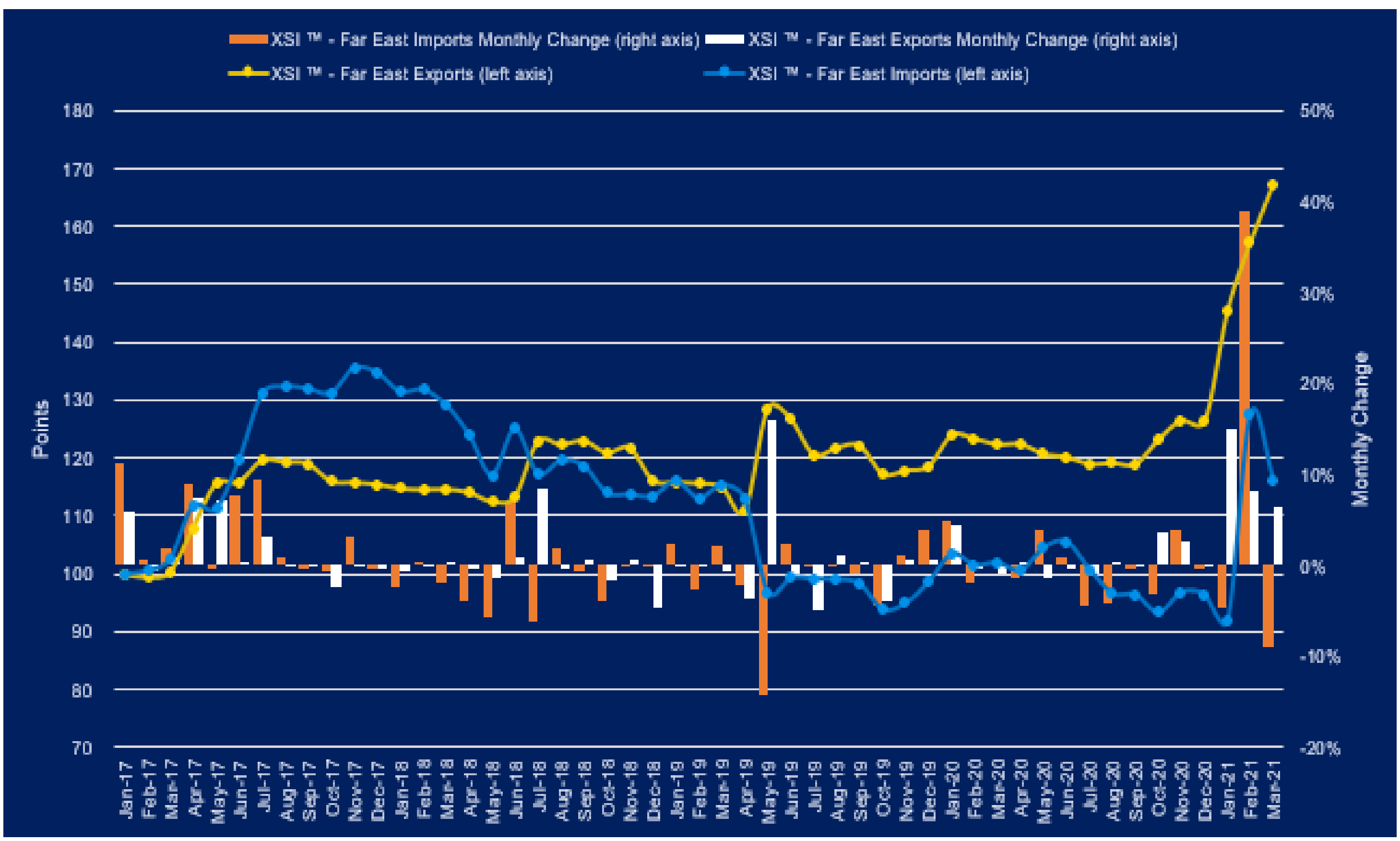


XSI ® - Far East Imports / Exports

Far East imports on the XSI® fell by 9.1% to 116.08 in Mar-21, thereby partially reversing some of the gains reported in the previous month. Despite the month-on-month decline, the index remains up 13.8% compared to the equivalent period of 2020 and has risen by 20.4% since Dec-20. Developments in exports were more favorable, with the benchmark jumping by 6.4% to 167.23 points. This represents another all-time high, with the index rising by 40.6% since Sep-20. Compared to the same period in 2020 it is up 36.7% and has increased by 32.4% since the end of last year.

While imports on the index fell in Mar-21, carriers on key trades such as North Europe - Far East are set to implement Peak Season Surcharges (PSS) from April 1st of circa $250, which if implemented could reverse the small declines reported since the start of the year, even if they do remain at historically high levels. Elsewhere, buoyed by sky-high rates, Evergreen has announced that it will order an additional twenty 15,000 TEU ships as it looks to expand its fleet.

Fig 3: XSI® - Far East Imports / Exports

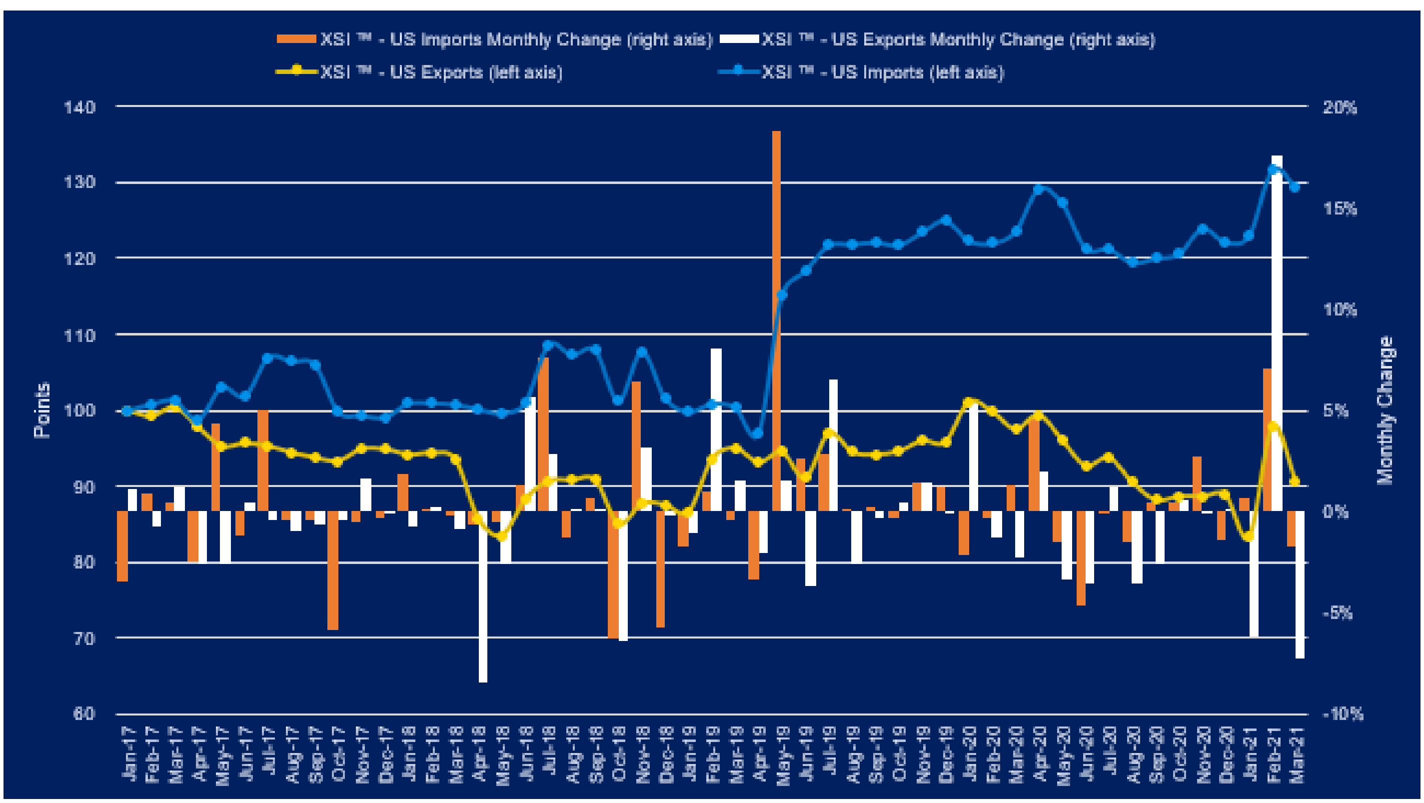


XSI ® - US Imports / Exports

While US imports on the XSI® fell by 1.7% month-on-month to 129.49 points, it remains up 4.8% compared to Mar-20. Similarly, the index is 6.0% higher than at the end of 2020. Meanwhile, exports declined by 7.3% in Mar-21 to 90.75, thereby reversing a large proportion of the increase reported in the previous month. Although the index has risen by 2.2% since Dec-20 it is now down 7.0% year-on-year.

With the US imports index still near all-time highs, reports suggest that carriers have been more selective in their customers this year, with shippers in a weakened position when it comes to annual contract negotiations. On the Far East - US West Coast trade, spot rates have fallen slightly since the start of the year after Chinese regulators demanded that pricing was 'normalized' and that more capacity should be deployed. However, this has not deterred carriers from announcing new GRIs that could see rates increase by more than $1,000 FEU from April, which have the potential to reverse recent declines. Carriers continued to be buoyed by strong demand, and with US retail sales expected to grow by more than 8% this year, any reduction in rates is likely to be short lived, as they will not want to give up their strong position.

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 +220MM 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

Learn More About Xeneta

Learn more about Xeneta and get ocean freight visibility with a freight spend analysis on your major trade lanes. Find out where you can optimize your freight procurement strategy and stay one step ahead of the market no matter the current rate and capacity conditions. Contact Us Here.

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 220 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.