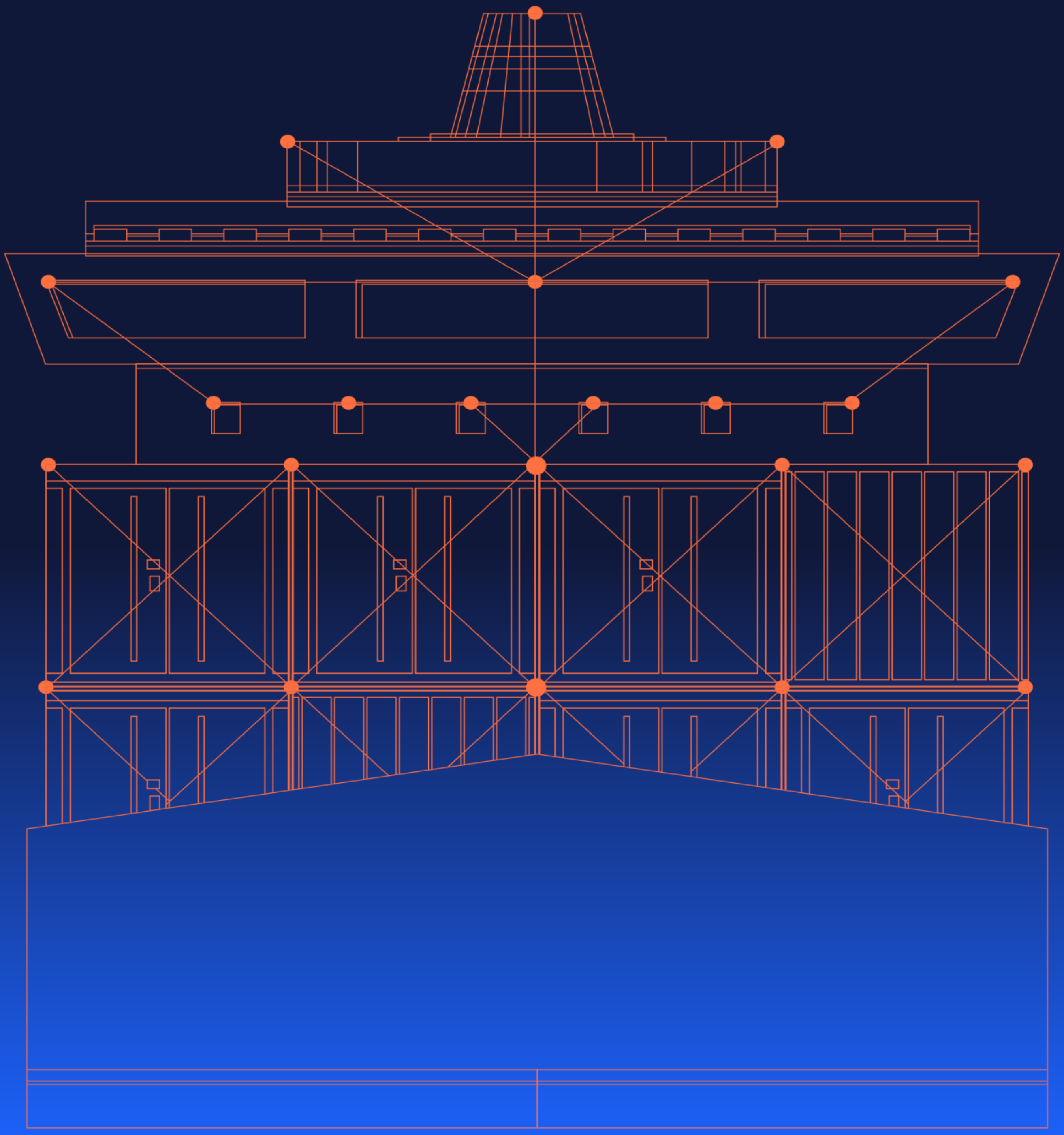
XENETA

XSI® PUBLIC INDICES

OCEAN FREIGHT | May 2019

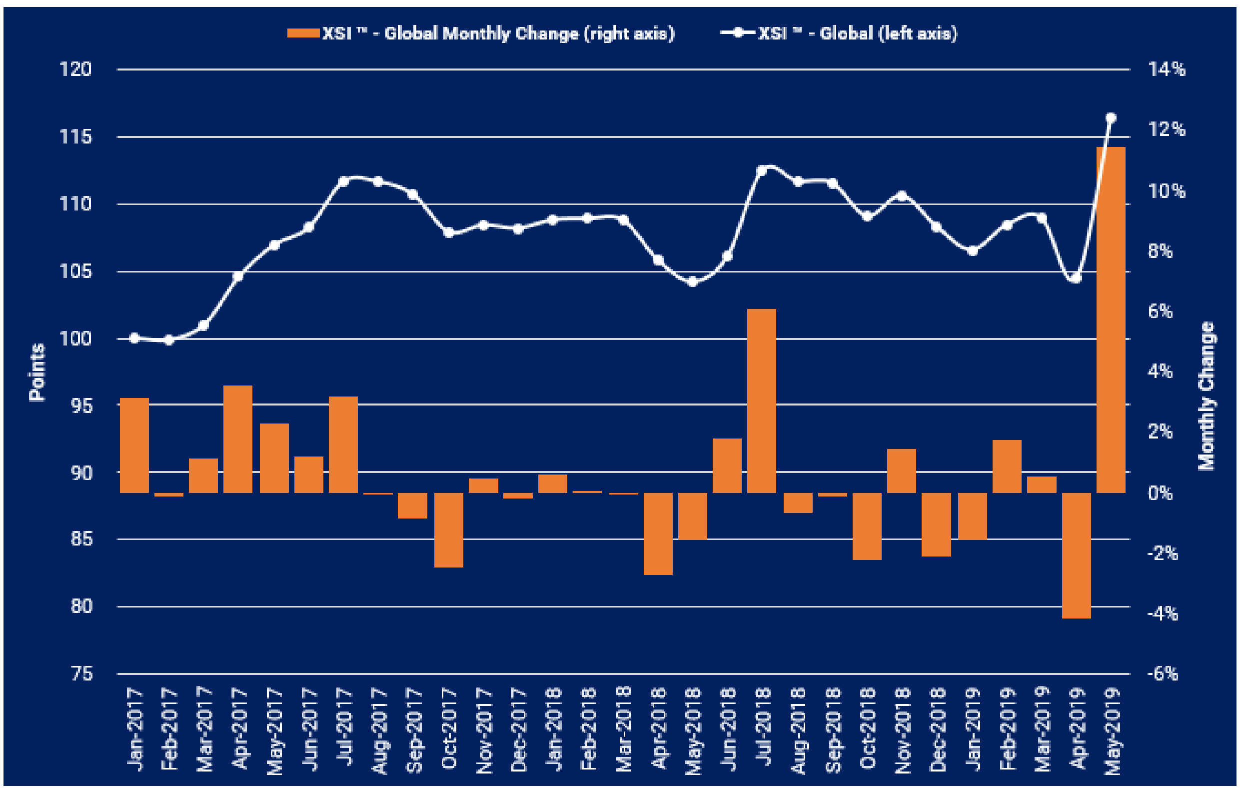
Long-Term Contracted Market



XSI® - Global

The global XSI® jumped by 11.5% in May-19 to 116.43 points, thereby reaching a new all-time high for the index. The month-on-month increase represents the single largest gain reported by the benchmark since its inception and follows on from a decline of more than 4.0% reported in the previous month. As a result of these most recent developments, the benchmark is now up 11.7% compared to the same period of last year and it has risen by 7.5% since the end of 2018.

Fig 1: XSI® - Global



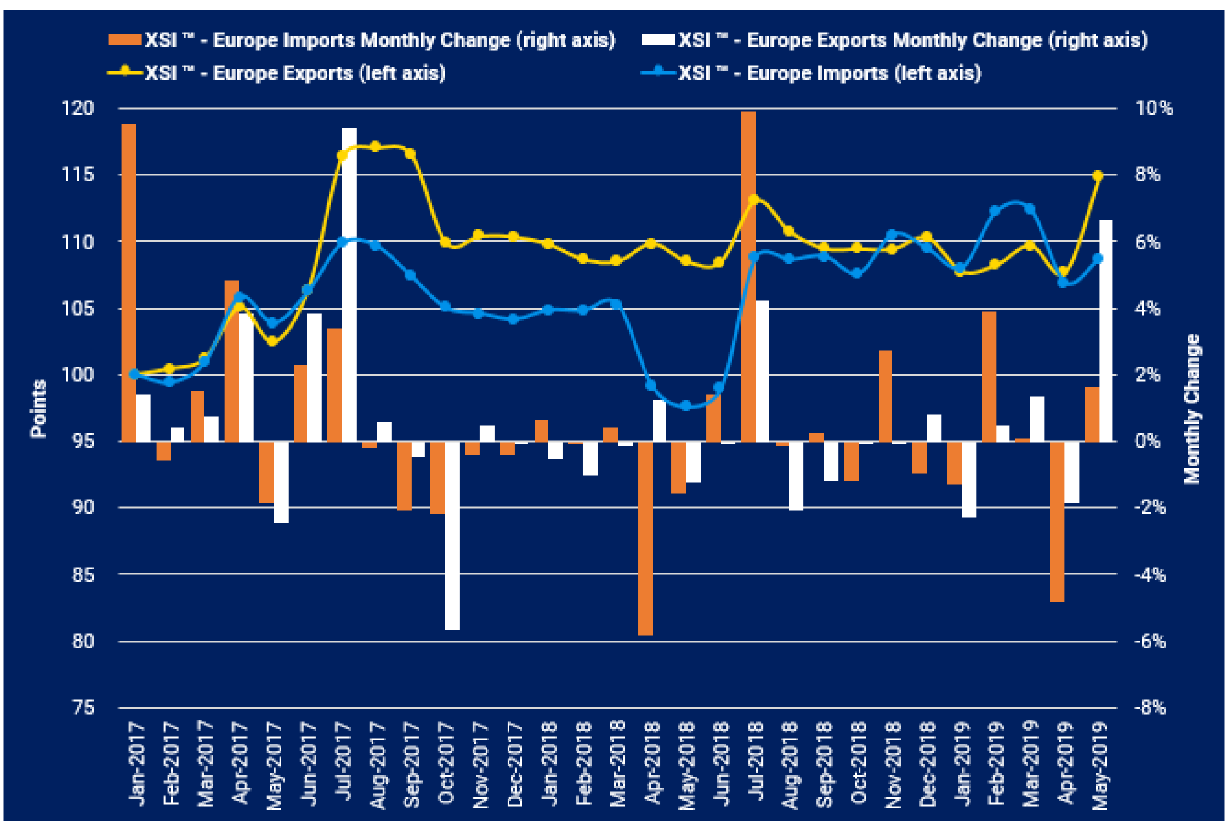
XSI® - Europe Imports / Exports

Imports on the XSI® increased by 1.7% in May-19 to 108.69 points, partially offsetting the decline of 4.8% reported in the previous month. The benchmark is now 11.4% higher than May-18 but it is down 0.7% since the end of 2018.

Meanwhile, European exports on the XSI® increased by 6.7% to 114.81 points. This represents the single largest increase in the index since Jul-17 when it jumped by 9.4% month-on-month. The exports benchmark is now 5.8% higher than the same period of last year and it has risen by 4.1% since the end of 2018. However, the index has historically failed to maintain upward momentum, therefore, we will have to wait and see whether this latest increase breaks the trend or if it will be followed by a month-on-month decline.

While imports on the XSI® increased month-on-month, anecdotal reports suggest the spot market on the key Far East - North West Europe route remains under pressure, with Maersk Line recently taking the decision to cut its FAK rates by hundreds of dollars per FEU. In a commoditized trade such as this, it is unsurprising that other carriers followed suit almost immediately. Although weakness in the spot market can be short-lived, it will no doubt also result in additional downward pressure for long-term rates.

Fig 2: XSI®- Europe Imports / Exports



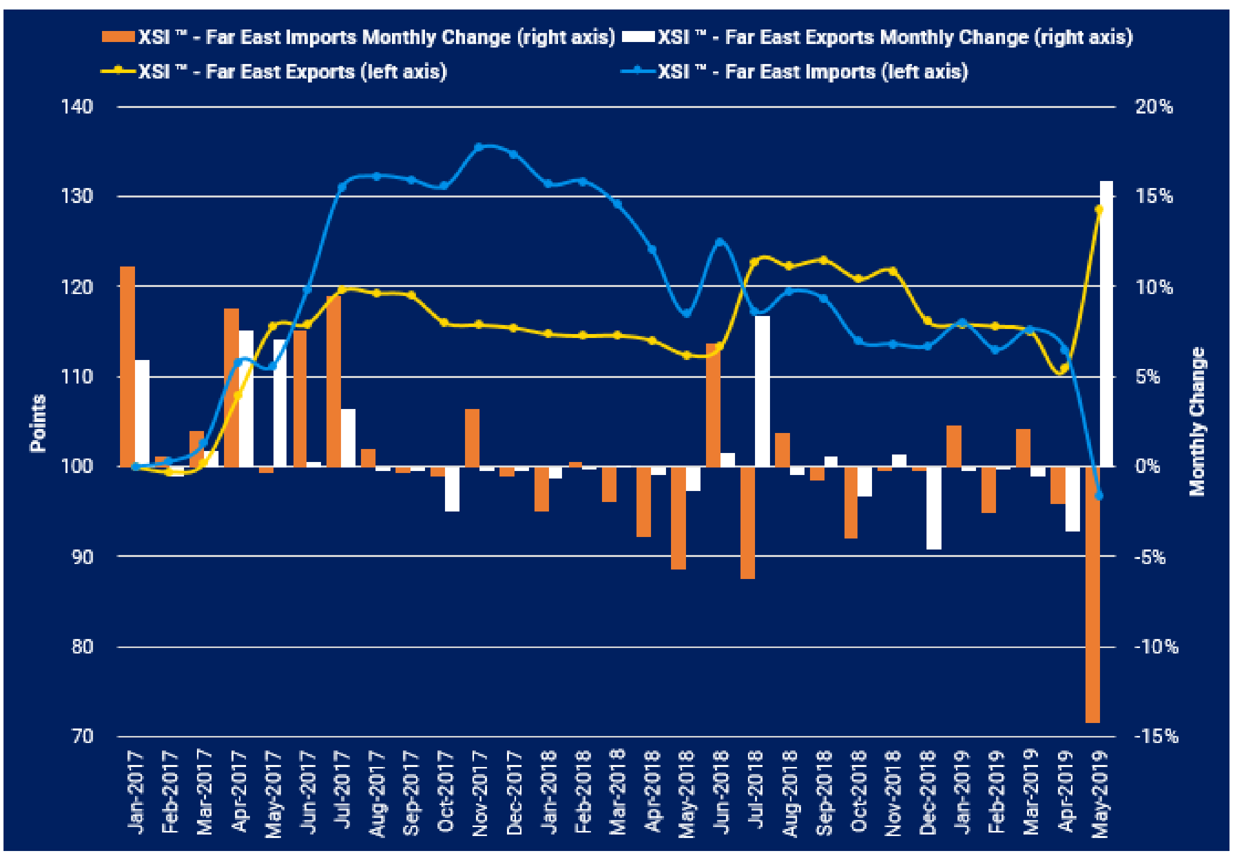
XSI® - Far East Imports / Exports

The Far East imports section of the XSI® declined by 14.2% month-on-month to 96.85 points. This represents the largest ever monthly decline for Far East imports and is significantly lower than the previous record of -6.2% recorded in Jul-18. As a result of this decline, the benchmark is now 17.2% lower year-on-year and is down 14.6% since Dec-18.

In complete contrast to imports, the Far East exports benchmark on the XSI® jumped by a massive 15.9% to 128.53, representing a new all-time high for the index. The previous record for imports was set in Jul-18 when a figure of 122.78 points was recorded. Far East exports are now 14.3% higher than the same period of 2018, with the benchmark up 10.7% since the end of last year.

In the tit-for-tat trade war with the US, China recently announced its intention to impose tariffs on around $60 billion of US goods from June 1. This news can only add additional pressure to the benchmark, which has fallen by 28.5% since its high reported in Nov-17.

Fig 3: XSI® - Far East Imports / Exports



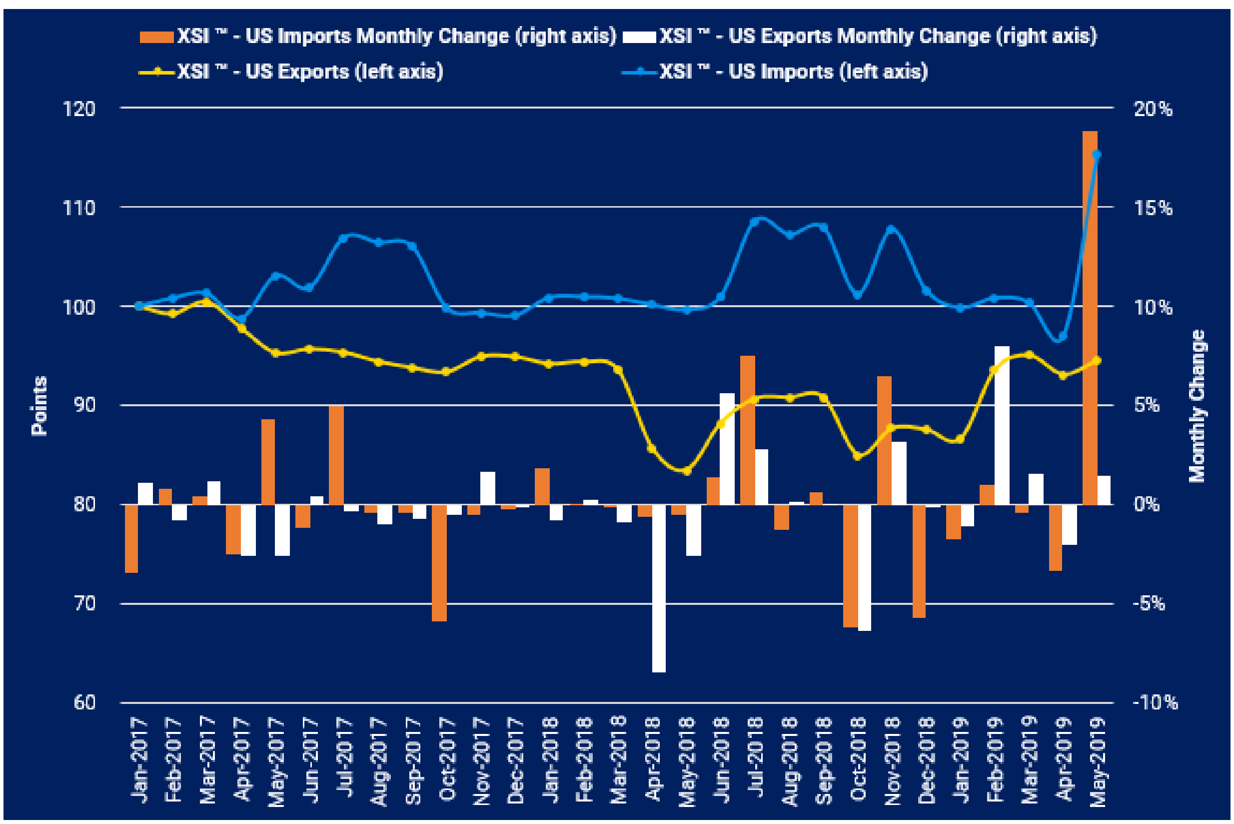
XSI® - US Imports / Exports

In May-19 the XSI® reported an 18.8% month-on-month increase in US imports to 115.28 points. This is significantly higher than any previous monthly increase and takes the benchmark to a new all-time high. The index had been lower year-on-year but now it is up 15.7% compared to May-18 and has increased by 13.5% since the end of 2018.

US exports on the XSI® increased by 1.5% to 94.54 points having posted a month-on-month decline in Apr-19. Despite posting minimal growth in May-19, the benchmark is 13.2% higher than the same period of 2018 and it is up 8.0% since Dec-18.

Much like the Far East trade, the US has once again been overshadowed by the ongoing trade war, with tariffs on $200bn of Chinese products being raised from 10% to 25%. While these increased costs will no doubt have an impact on demand, this could be offset by shippers looking to front load cargo before further increases come into effect. However, while the Trump administration has threatened to levy a 25% tariff on an additional $325bn of goods from China, talks between the two nations are ongoing. Regardless, the US has formally started the process so these additional tariffs could be levied, albeit the earliest they will likely come into force is towards the end of June. This provides shippers with a small window of opportunity, which could lead to a short-term uptick in demand.

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 +110MN 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

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 110 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.