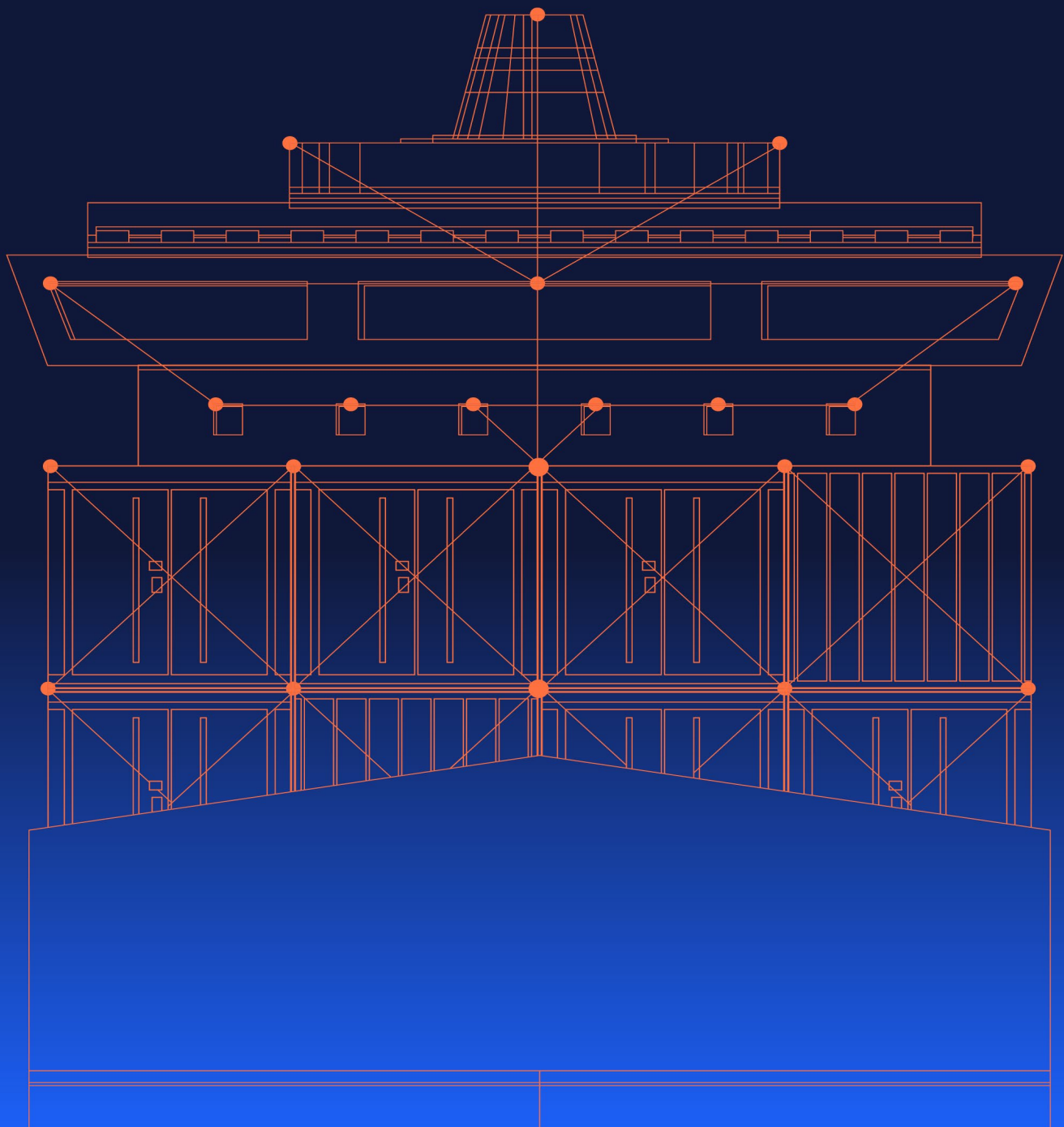


XSI[®] PUBLIC INDICES

OCEAN FREIGHT | October 2019

Long-Term Contracted Market



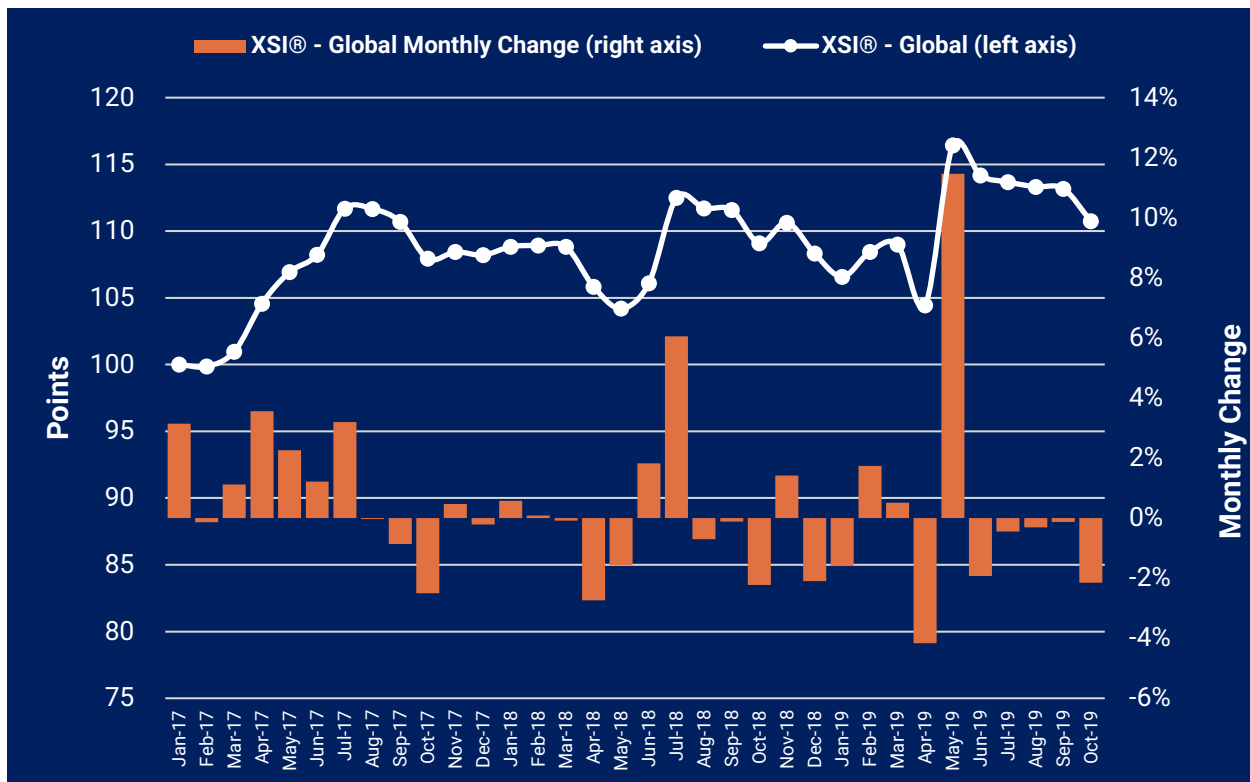
XSI® - Oct 2019

The global XSI® fell by 2.2% in October to 110.74 points, thereby marking the fifth consecutive monthly decline. More positively, the benchmark remains 1.5% higher than the equivalent period of 2018 and is still up 2.2% since the end of last year.

Elsewhere, the next few months could be critical in shaping contract negotiations on key trade lanes, with significant FAK increases planned on the Far East-North Europe trade, as well as the transpacific for November 1st. With spot rates on these routes having trended downwards, carriers will be looking to set a more positive tone ahead of rate negotiations and the introduction of the new low-Sulphur regulations in 2020.

Despite the aforementioned difficulties facing carriers, Maersk was still able to upgrade its full-year EBITDA guidance from \$5bn to \$5.4-\$5.8bn. The Danish line attributed the improvement to reliability and capacity management, in addition to continued margin improvements. Some of this improvement would have come from a reduction in fuel prices, with IFO (Intermediate fuel oil) having steadily declined since April.

Fig 1: XSI® - Global



XSI® - Europe Imports / Exports

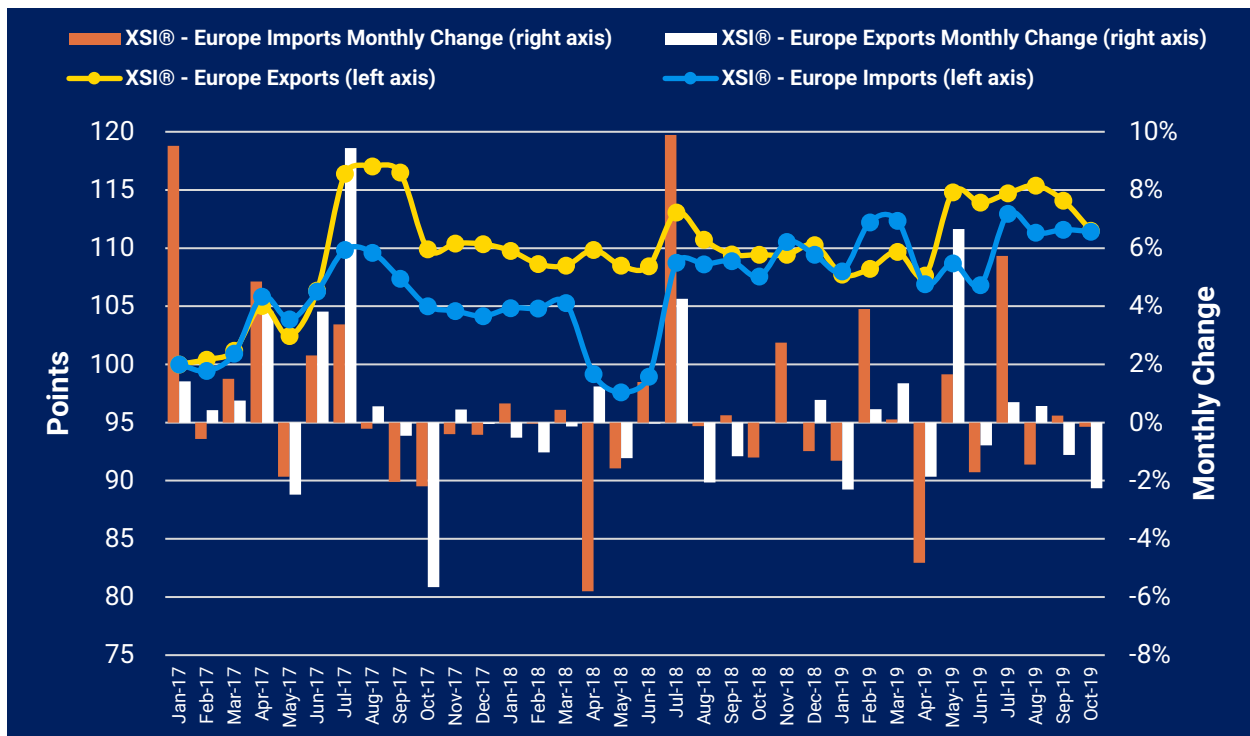
Imports on the European XSI® remained mostly unchanged month-on-month in Oct-19, falling by just 0.1% to 111.42. While the index is 3.6% higher than in Oct-18 and is up 1.8% since the end of last year, it has failed to gain any sustained upward momentum, fluctuating between 106.83 and 112.95 points since Jul-18.

Meanwhile, exports fell 2.3% in October to 111.50 points, bringing the index almost in line with European imports. Year-on-year, exports remain up 1.9%, thanks largely to a 1.1% increase reported since the end of 2018.

In signs that the Far East-North Europe trade faces continued headwinds, Maersk and MSC have announced they will be extending the suspension of their AE2/Swan service by an additional 2 weeks.

The short-term capacity reduction will be combined with efforts to increase FAK rates to \$1,100 per TEU, while CMA CGM is similarly looking to raise them to \$1,000 TEU. Whether the short-term capacity reduction will be enough to ensure the increase is sustained is questionable, given rates have been falling since the start of 2019 and previous improvements have been short-lived. However, with annual contract negotiations on the horizon carriers will desperately try and improve rate conditions, even if only temporarily.

Fig 2: XSI® - Europe Imports / Exports

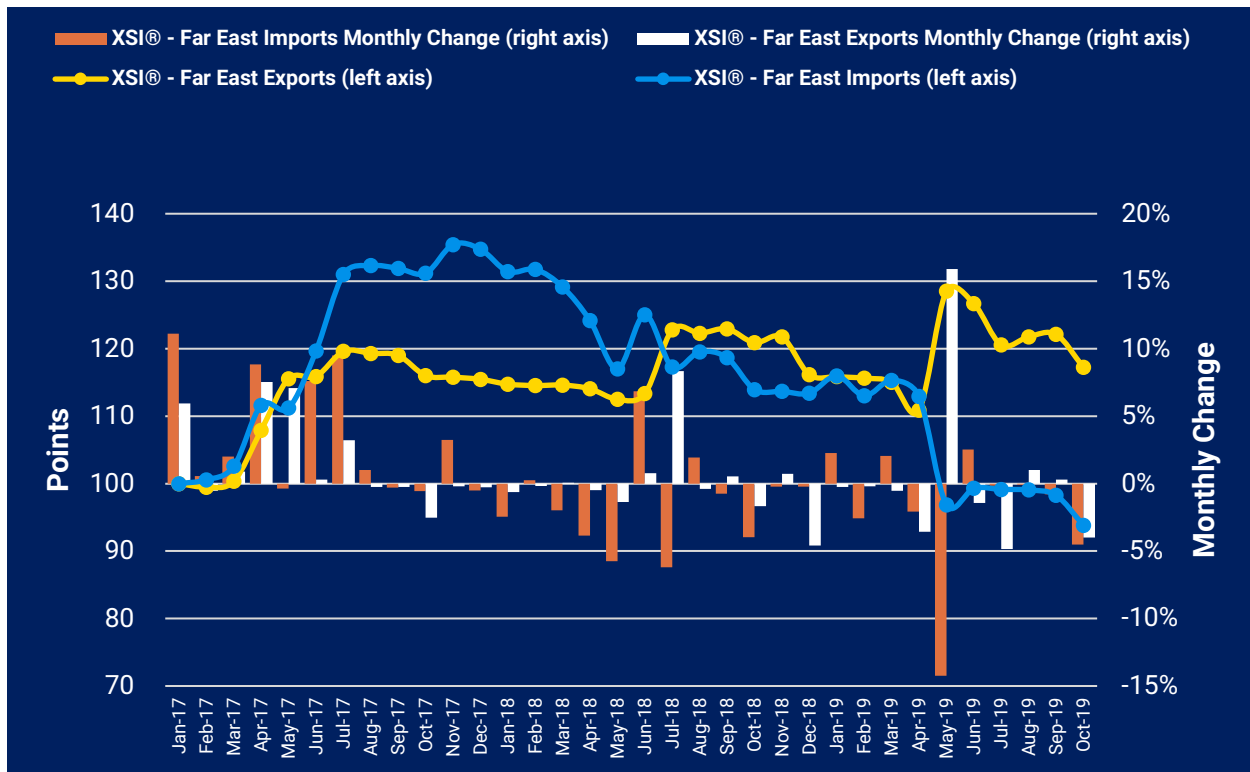


XSI® - Far East Imports / Exports

Far East imports on the XSI® fell to another all-time low having declined by 4.5% in Oct-19. At 93.83 points the benchmark is 17.6% lower than the same period of 2018 and is down 17.3% since the end of last year.

Meanwhile, Far East exports declined by 4.0% in Oct-19 to 117.25, thereby reversing the gains reported over the previous two months. This fall means the index is now 3.0% lower than in Oct-18 and is down 0.9% since the end of 2018.

Fig 3: XSI® - Far East Imports / Exports



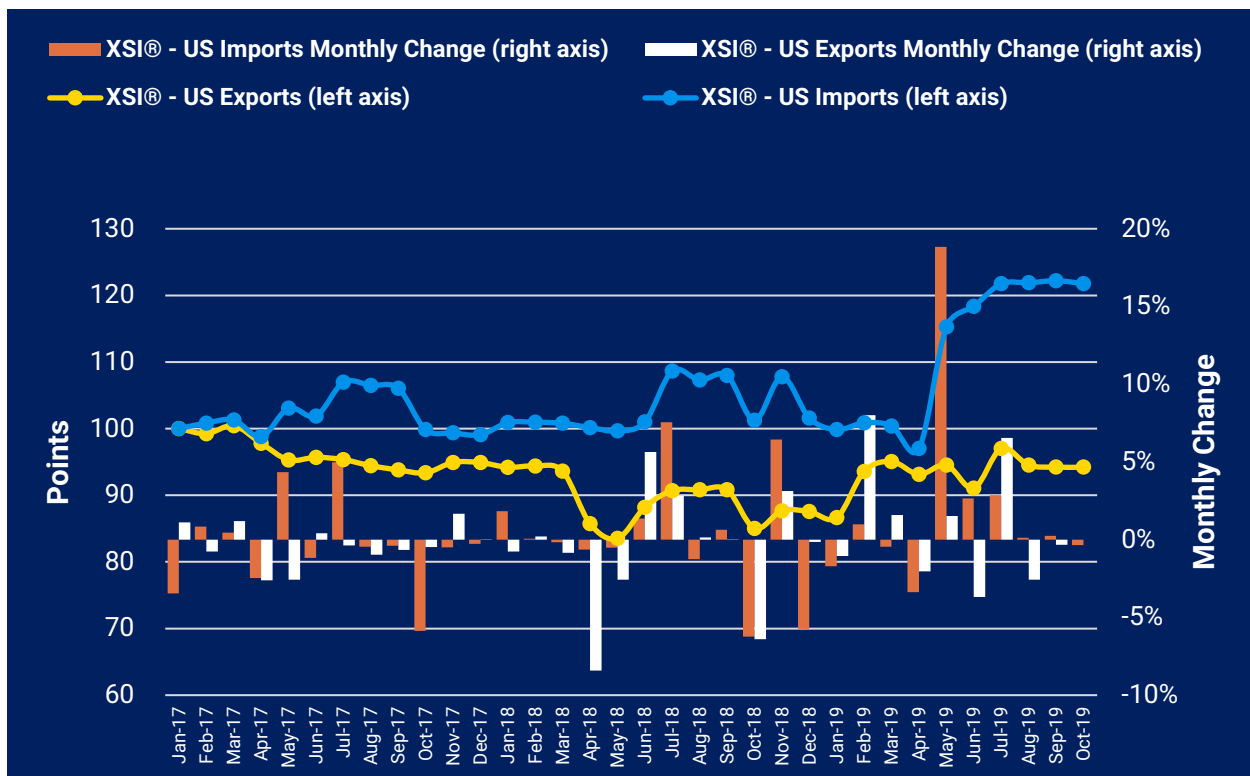
XSI® - US Imports / Exports

Imports on the US XSI® fell by 0.3% in October to 121.78 points. Despite the month-on-month decline, the index remains close to an all-time high. As a result, it remains 20.3% higher than in the same period of last year and is up 19.9% since the end of 2018.

Meanwhile, exports remained almost unchanged since September, at 94.22 points. Compared to the equivalent period of 2018, the index is up 10.8% and it has risen by 7.6% since Dec-18.

Somewhat positively, talks between the US and China have resulted in a tentative “phase one” deal that could mark the beginning of the end for the protracted trade war. Both sides have agreed to further discussions at the upcoming summit of the Asia-Pacific Economic Cooperation forum. However, while the news will be welcomed, it is by no means a formality and further disruption to the trade is still possible, particularly as the proposed December tariffs on \$150 billion of Chinese consumer goods are still scheduled to go ahead.

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 +160MN 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.