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Current trends in the shipping markets – a brief view on container shipping and ports

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Hochschule Bremen
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CHESSCON Conference 2022

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Agenda

- **Introduction – Disruptions shape the markets**
- **Actual Port Market Developments**
- **Liner Shipping – still record profits, but rising risks**
- **Short term outlook**

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Introduction – Disruptions shape the markets

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- **Port congestion in many parts of the world with increased waiting times for vessels and rising transit times for boxes**
- **Capacity restrictions of ports due to COVID-19**
- **War of Russia against Ukraine**
- **Corona-lock down in China, especially Shanghai and region**
- **…**

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RWI/ISL-Container Handling Index Global

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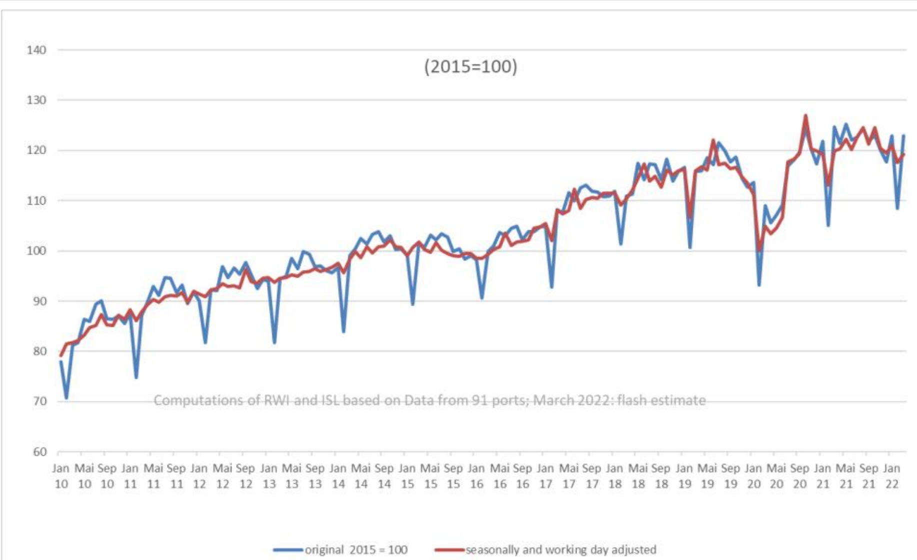

Data based on ISL Monthly Container Port Monitor 2022

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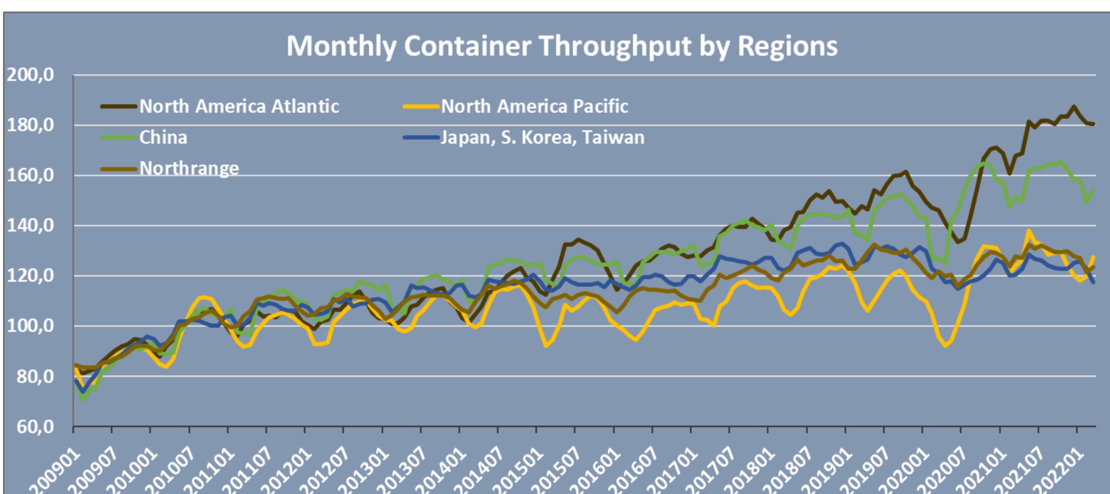
Monthly container throughput by regions



Figures based on ISL Monthly Container Port Monitor 2022 (Index, Monthly average 2010 = 100)

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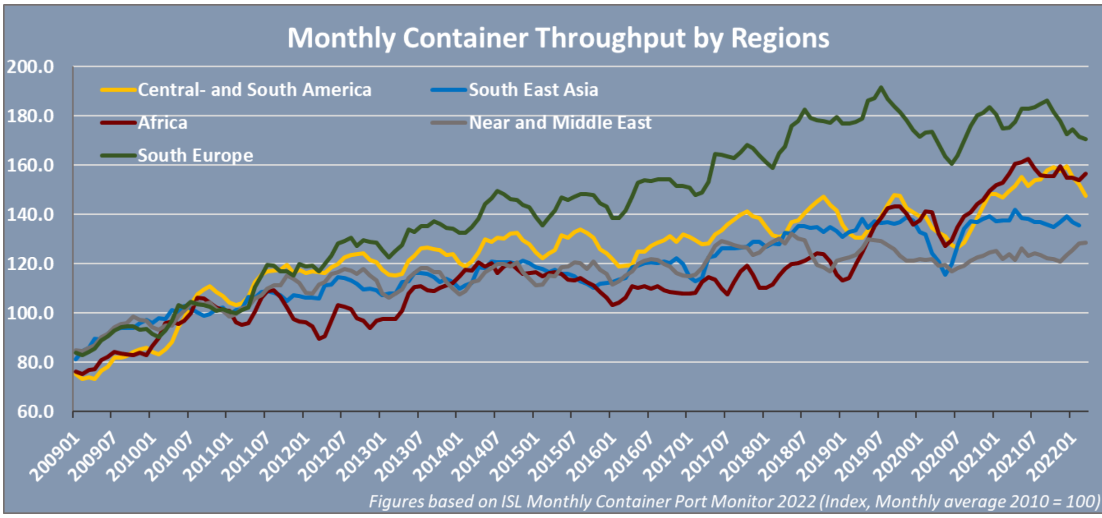

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Container throughput by region 2020 und 2021

Region	Throughput 1-12 2020	Throughput 1-12 2021	Change (1000 TEU)	Change %	Market share 1-12 2020	Market share 1-12 2021
Africa	16,743	18,347	1603	9.6%	3.2%	3.2%
Central America	11,376	13,342	1967	17.3%	2.1%	2.3%
South America	14,659	15,299	640	4.4%	2.8%	2.7%
North America (East Coast)	21,786	25,915	4129	19.0%	4.1%	4.6%
North America (West Coast	26,484	29,853	3369	12.7%	5.0%	5.2%
China	191,338	204,779	13440	7.0%	36.0%	36.0%
Japan, S Korea, Taiwan	54,911	57,389	2478	4.5%	10.3%	10.1%
Southeast Asia	70,682	76,591	5908	8.4%	13.3%	13.4%
Near and Middle East	25,467	25,737	270	1.1%	4.8%	4.5%
East Med	10,444	10,760	316	3.0%	2.0%	1.9%
Baltic Sea	5,912	6,063	151	2.6%	1.1%	1.1%
South Europe	27,251	28,672	1421	5.2%	5.1%	5.0%
North Sea	47,220	49,510	2290	4.8%	8.9%	8.7%
Oceania	6,526	7,246	720	11.0%	1.2%	1.3%
Total	**530,800**	**569,502**	**38,702**	**7.3%**	**100.0%**	**100.0%**

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Container throughput by region January - March 2021 and 2022

Region	Throughput 1Q 2021	Throughput 1Q 2022	Change (1000 TEU)	Change %	Market share 1Q 2021	Market share 1Q 2022
Africa	4,070	4,686	616	15.1%	3.0%	3.4%
Central America	3,140	3,360	220	7.0%	2.3%	2.4%
South America	3,721	3,860	139	3.7%	2.7%	2.8%
North America (East Coast)	6,017	6,567	550	9.1%	4.4%	4.8%
North America (West Coast	7,370	7,509	139	1.9%	5.4%	5.4%
China	48,798	48,659	-139	-0.3%	35.4%	35.2%
Japan, S Korea, Taiwan	13,602	13,706	104	0.8%	9.9%	9.9%
Southeast Asia	19,520	18,230	-1,290	-6.6%	14.2%	13.2%
Near and Middle East	6,234	6,856	622	10.0%	4.5%	5.0%
East Med	2,661	2,717	56	2.1%	1.9%	2.0%
Baltic Sea	1,507	1,431	-77	-5.1%	1.1%	1.0%
South Europe	6,987	6,776	-210	-3.0%	5.1%	4.9%
North Sea	12,256	11,955	-301	-2.5%	8.9%	8.7%
Oceania	1,799	1,774	-26	-1.4%	1.3%	1.3%
Total	**137,682**	**138,086**	**404**	**0.3%**	**100.0%**	**100.0%**

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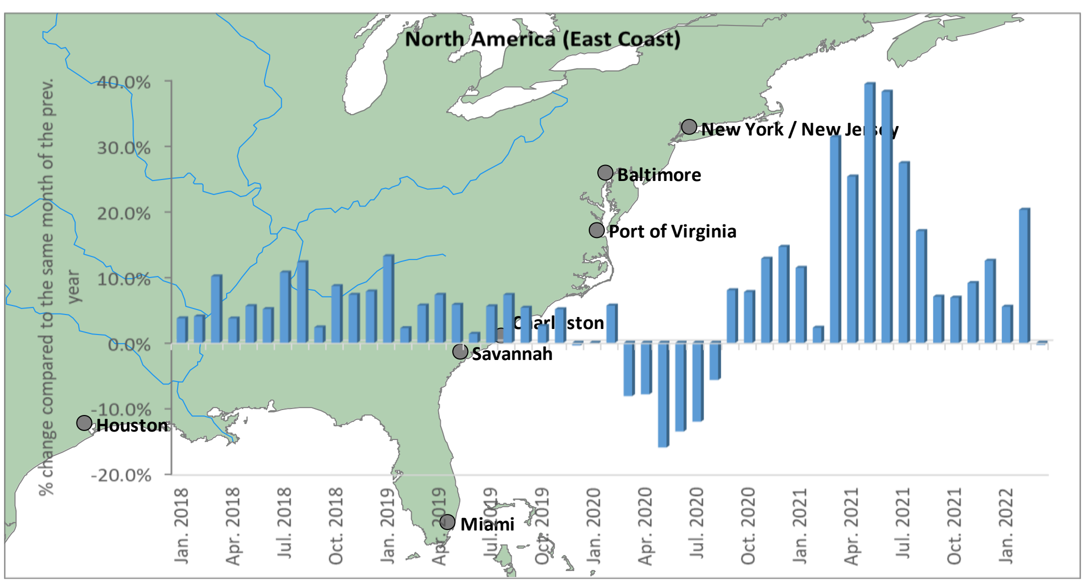
Change in container throughput compared to the same month of the previous year (US East Coast)



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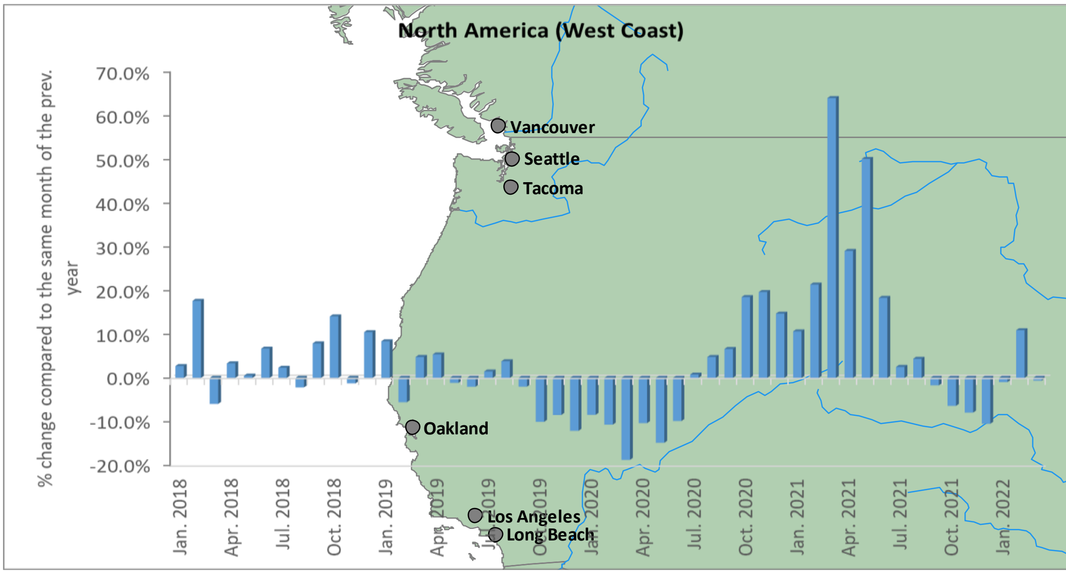

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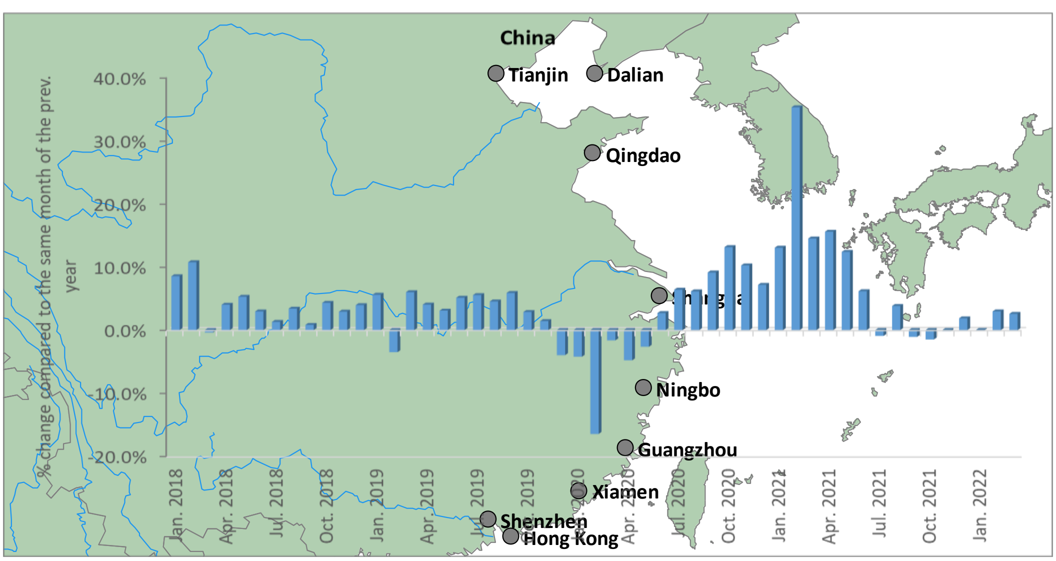
Change in container throughput compared to the same month of the previous year (China)



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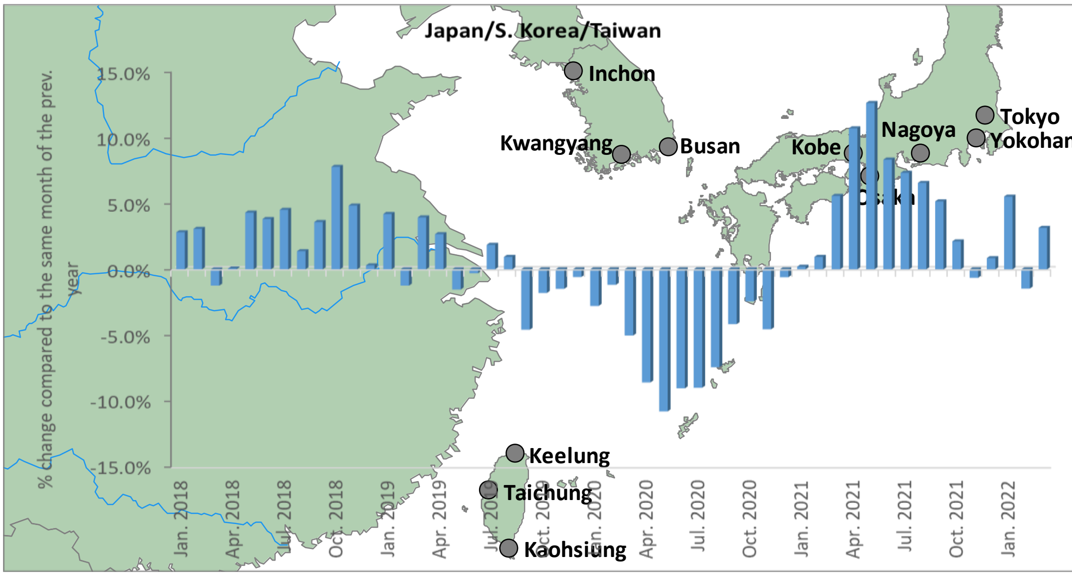
Change in container throughput compared to the same month of the previous year (East Asia)



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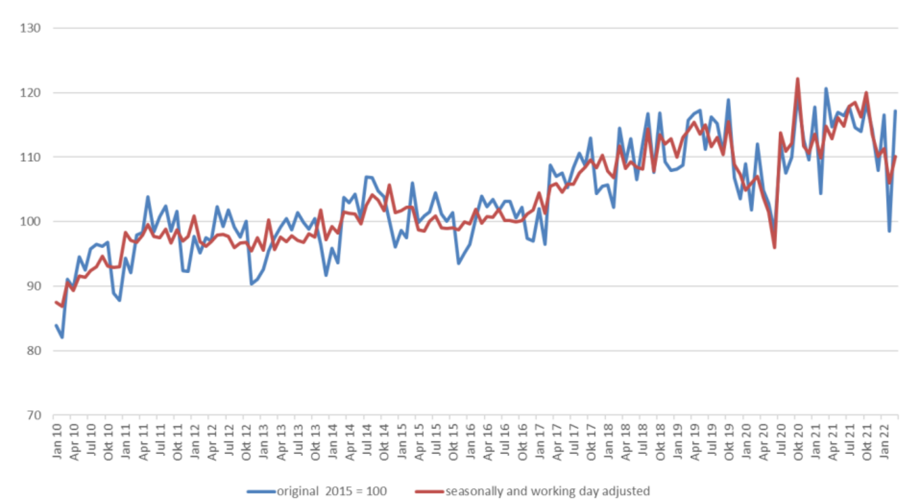
RWI/ISL-Container Handling-Index North Range



Data based on ISL Monthly Container Port Monitor 2022

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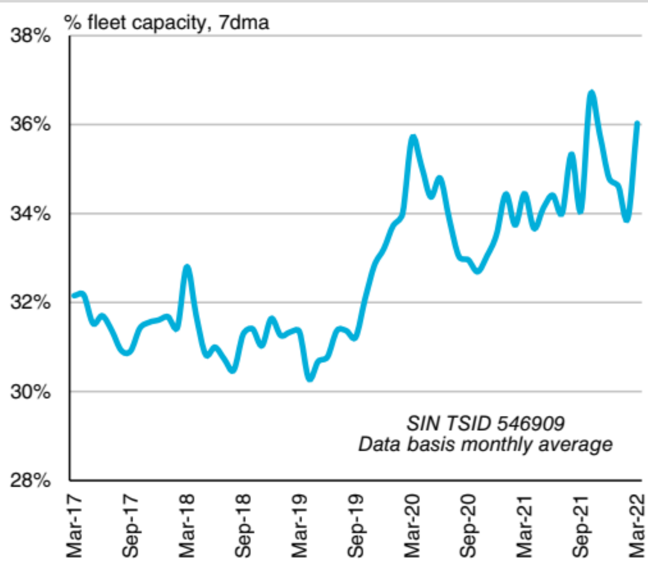
Port Congestion Index – Containerships in Ports



Source: CRSL 2022

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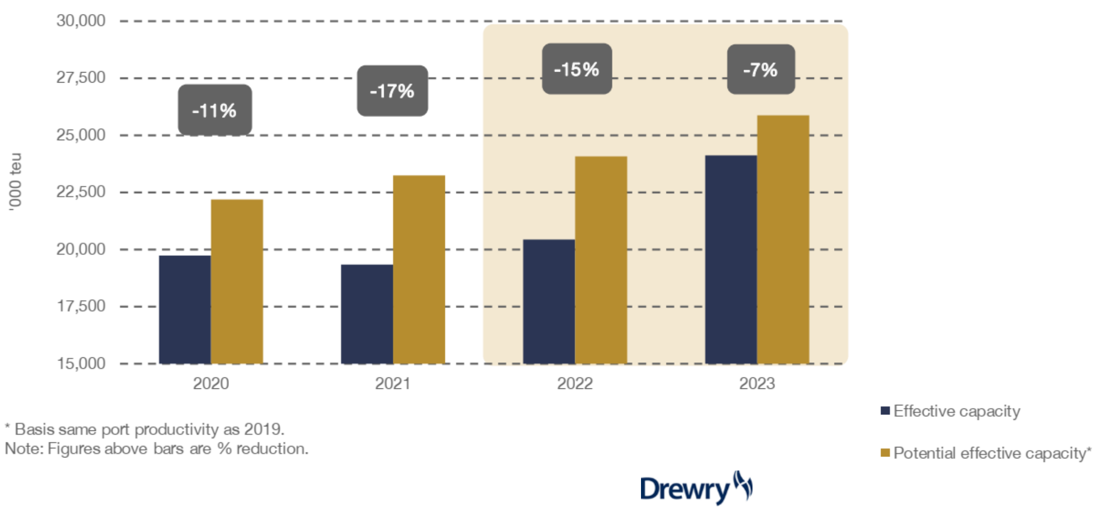
Estimated impact of lower port productivity on effective capacity



* Basis same port productivity as 2019.
Note: Figures above bars are % reduction.

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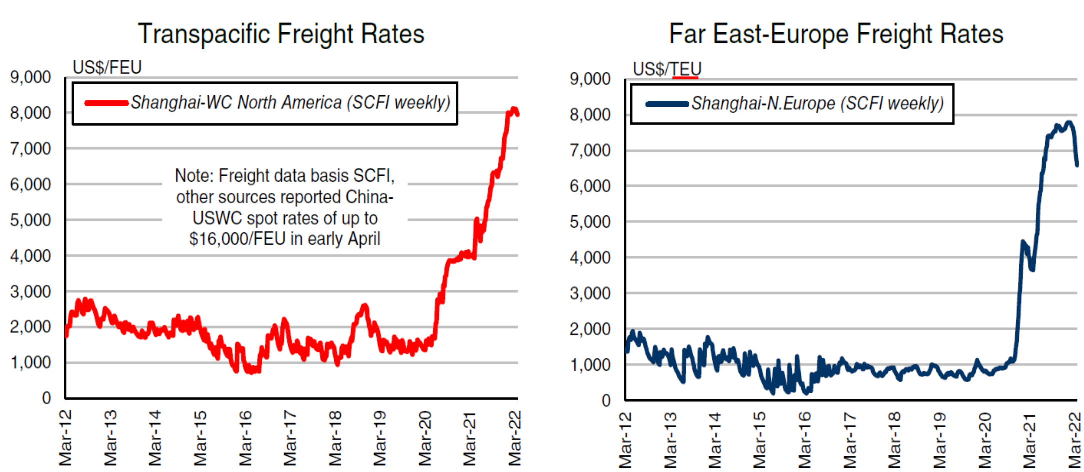
15-year high in container freight rates – factor 6-7



*Spot freight rate data source SCFI, Shanghai Shipping Exchange. See www1.chineseshipping.com.cn for information and weekly data. *Average year to date*

Source: CRSL 2022

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Containership Timecharter Rates (1 year, US$/day)

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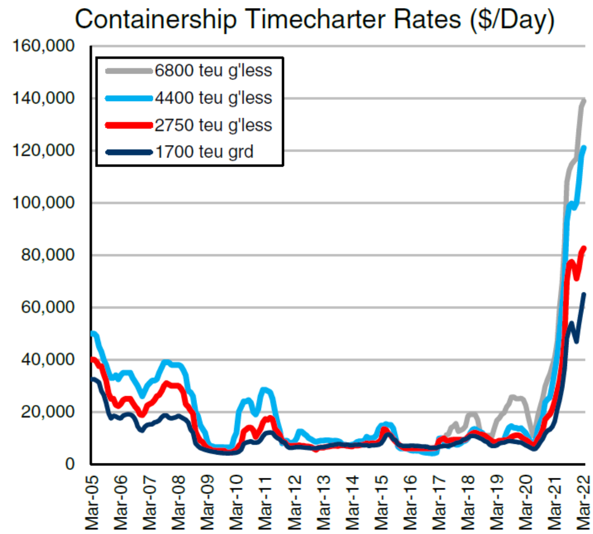

Source: CRSL 2022

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Record profits and margins for main liners

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Operating profits (EBIT) from shipping activities for the top 10 carriers in 2021 (USD bn)

Maersk*	18.0	Evergreen	10.2
CMA CGM*	19.3	HMM	5.9
COSCO*	19.8	Yang Ming	7.2
Hapag-Lloyd	11.1	ZIM	5.8
ONE	13.9	Wan Hai	4.5

** Maersk Ocean activities, CMA CGM & COSCO container shipping business only*

Even higher profits forecast for 2022 by some operators

Final top 10 carrier operating margin rankings for 2021 including COSCO's container shipping business

	3Q21	4Q21	2021
Yang Ming	66.0%	67.8%	61.3%
Evergreen	67.3%	61.3%	59.3%
HMM	59.5%	63.9%	56.5%
Wan Hai	61.5%	62.1%	56.1%
ZIM	59.3%	61.0%	54.2%
ONE	56.8%	60.2%	52.8%
CMA CGM*	48.7%	50.1%	42.7%
Hapag-Lloyd	46.5%	49.4%	42.2%
COSCO Shg*	49.7%	34.6%	38.9%
Maersk Ocean*	40.8%	43.5%	37.2%

Maersk Ocean activities; CMA CGM and COSCO container shipping activities only

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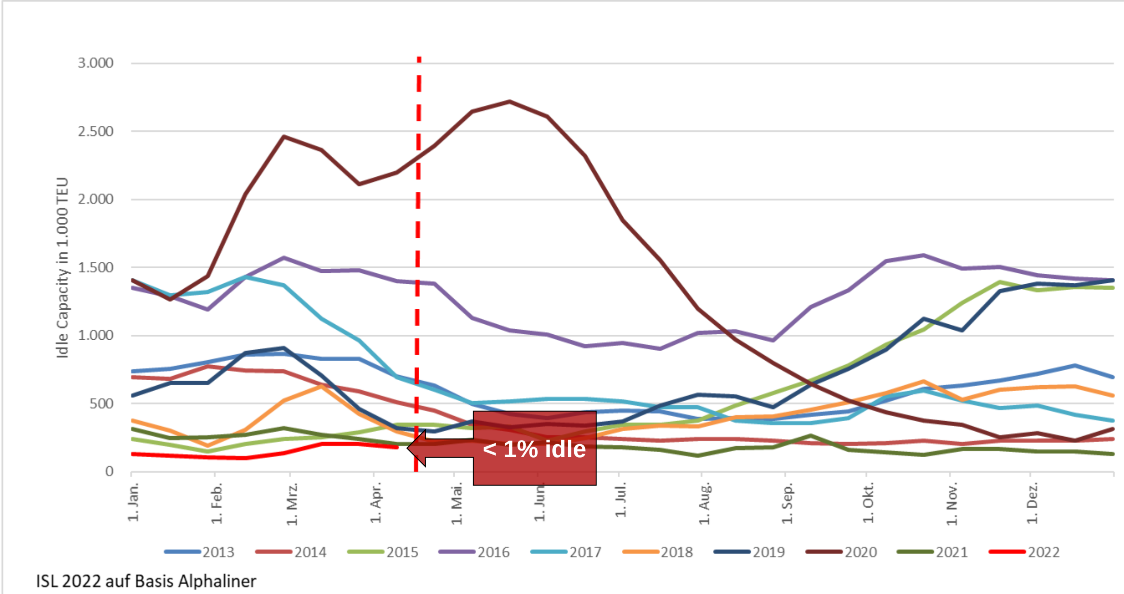
Idle container ship capacity over the years 2013 to 2022



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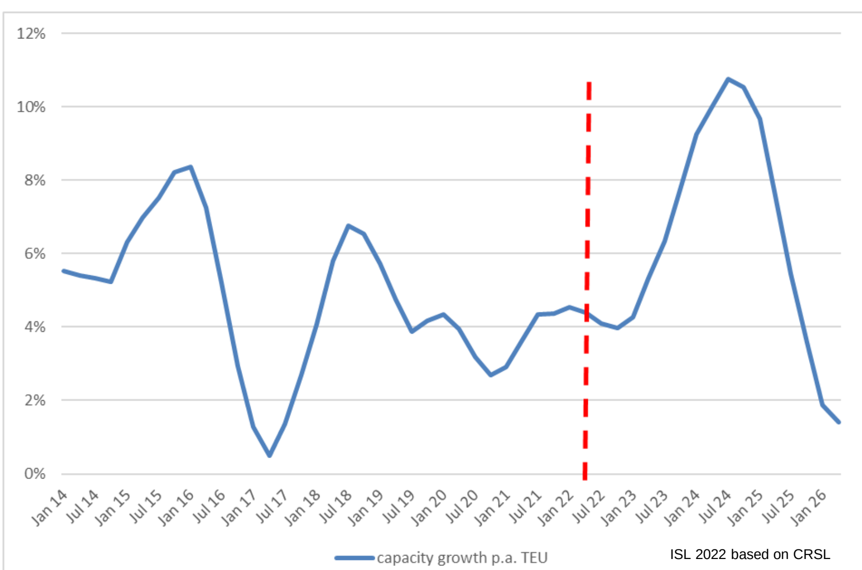
Growth of the container ship fleet



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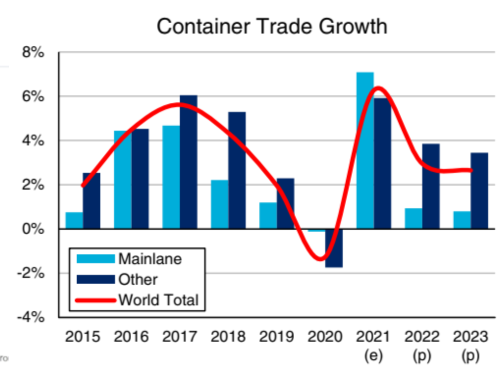
Global Growth Expectations



Increasing risks (pandemic, Ukraine, …) may further reduce global GDP and container market outlook

Clarksons Research:
2021: +6.3%
2022: +3.0%
2023: +2.6%

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Summary

- After market recovery signs of slow down in demand growth
- Congestion is binding significant containership capacities (not productive)
- Shortage of capacity still allows historically high freight and charter rates
- Risks and uncertainties are increasing – further slow down expected
- A balancing of supply and demand in container shipping could happen sooner than expected
- Freight and Charter rates will remain relatively high in 2022

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Thanks for your attention!

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