



**cargo-partner**

November 2020

# Seafreight Insights

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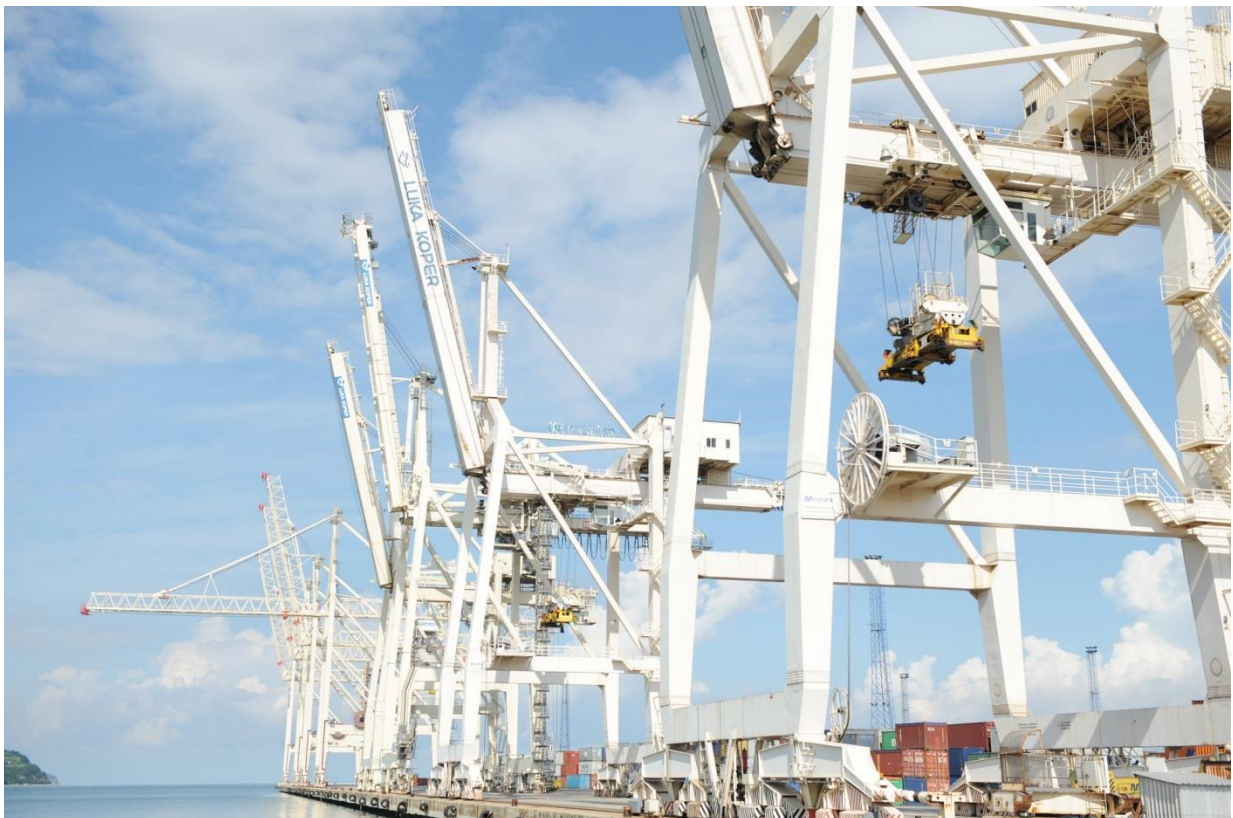
## Shipping Industry Update

The shipping industry has been strongly affected by COVID-19, and 2020 will be remembered as one of the most turbulent years for container shipping.

After a period of stagnation and declining volumes in the first half of the year, we have seen a spectacular turnaround toward the second half along with a growing demand for container transport – the industry has adjusted to the new normal.

### Major challenges of the industry:

- Equipment imbalances and container shortages
- Massive blank sailings and capacity reductions
- Strict limitations of space by the carriers
- Spot rates came to an all-time high on several trades
- Schedule reliability
- Transparency and real-time visibility



It is not possible to make long-term forecasts given the uncertainty of global trades at present. What is certain is the fact that the path of recovery will differ within the industries and some industries like Healthcare and FMCG have a growing demand for logistics solutions.

**Outlook and key takeaways:**

- Globalization will further grow, but with more regional manufacturing
- Supply and demand will shift between markets
- Equipment imbalances and container shortages won't go away any time soon
- Order book of new capacities remains at historic low
- High demand on real-time visibility and customers need confidence during unprecedented volatility

**cargo-partner solutions:**

- Full end-to-end visibility with our Intelligent Container Tracking
- Managed Account / Open Book Solutions
- ECONOMY, PRIORITY, EMERGENCY for LCL and FCL
- Trans-Siberian Rail Transport services for LCL and FCL
- Full truck load transports from Asia to Europe

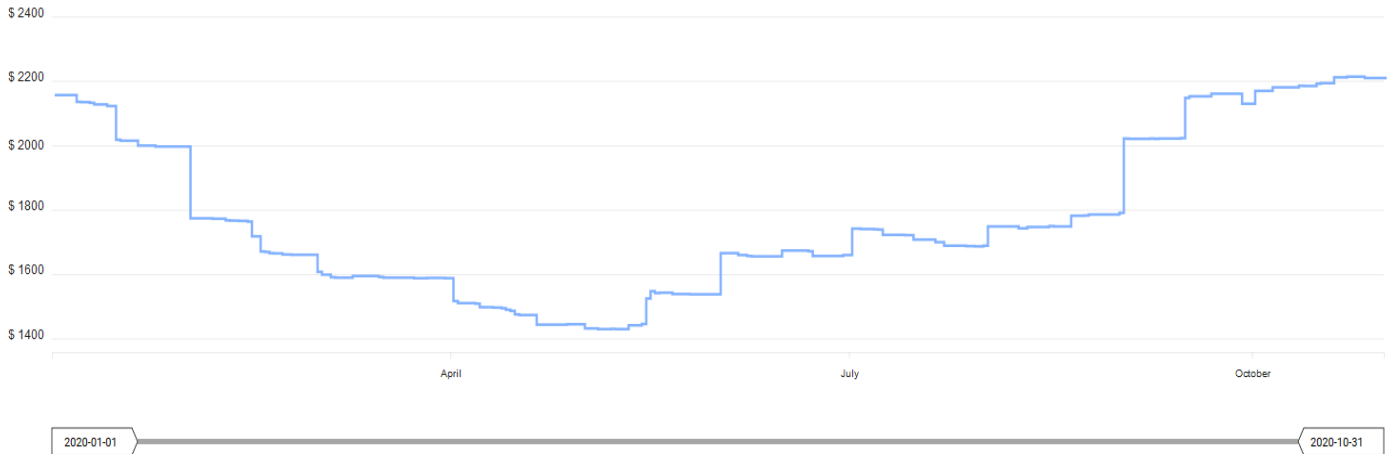
On the following pages you can find an overview over the development of the market average rates and the general trade outlook on major trade lanes.



# Trade Outlook

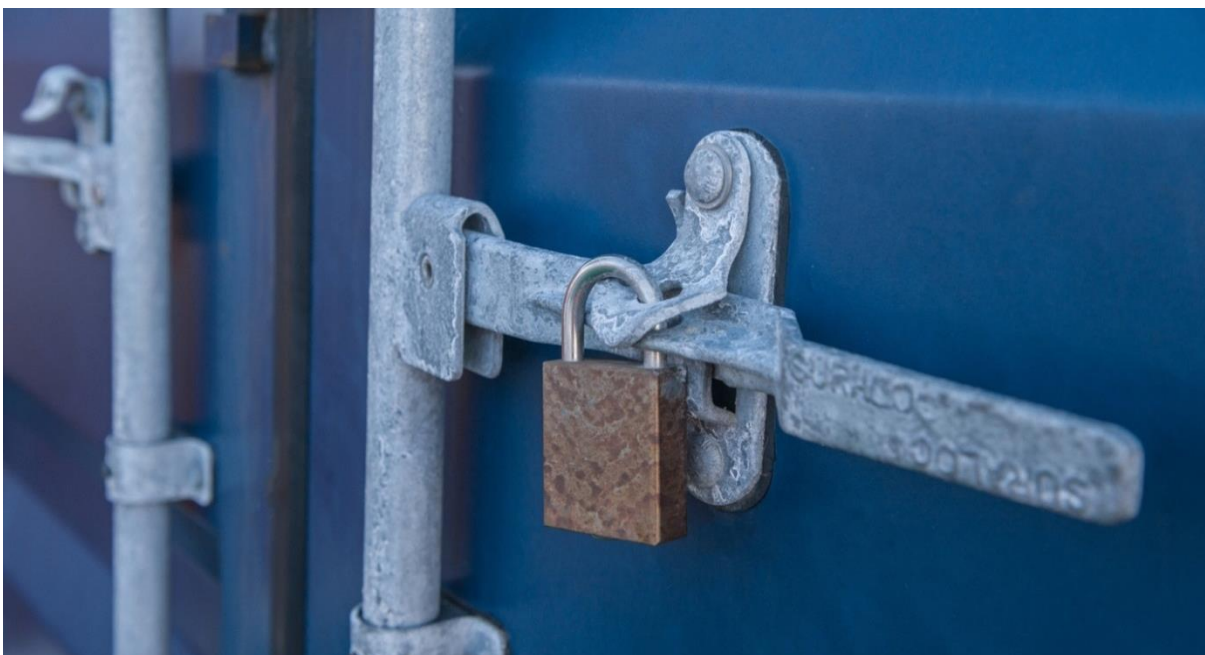
## Asia-Europe

Main Ports: Far East to North Europe



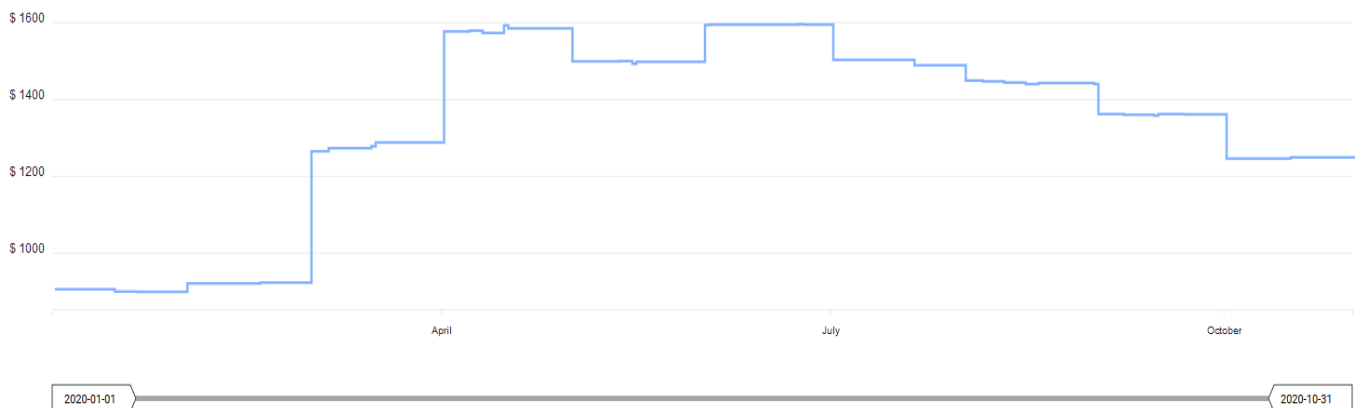
Source: Market average rates for 40' containers according to [www.xeneta.com](http://www.xeneta.com)

Asia to Europe trade recovered very fast in Q3 and we have seen that the carriers brought most of the “blanked” services back, especially for the second half of Q3, as well as a few extra vessels to keep up with increased demand for space. There was a cargo rush in September which culminated right before the Golden Week holidays (October 1-8). Due to the high demand for space and equipment on other trades out of Asia, this created a shortage of equipment, especially of 40'HC containers in Asia, which seems to continue in Q4. The outlook for Q4 remains very strong as there is no volume drop awaited in the coming months. This trend is expected to last until Chinese New Year in mid-February. The equipment shortage is critical, due to fewer orders placed this year for new equipment. With the dramatic increase of demand since Q3, this will remain a main challenge in the upcoming weeks.



## Europe-Asia

Main Ports: North Europe to Far East

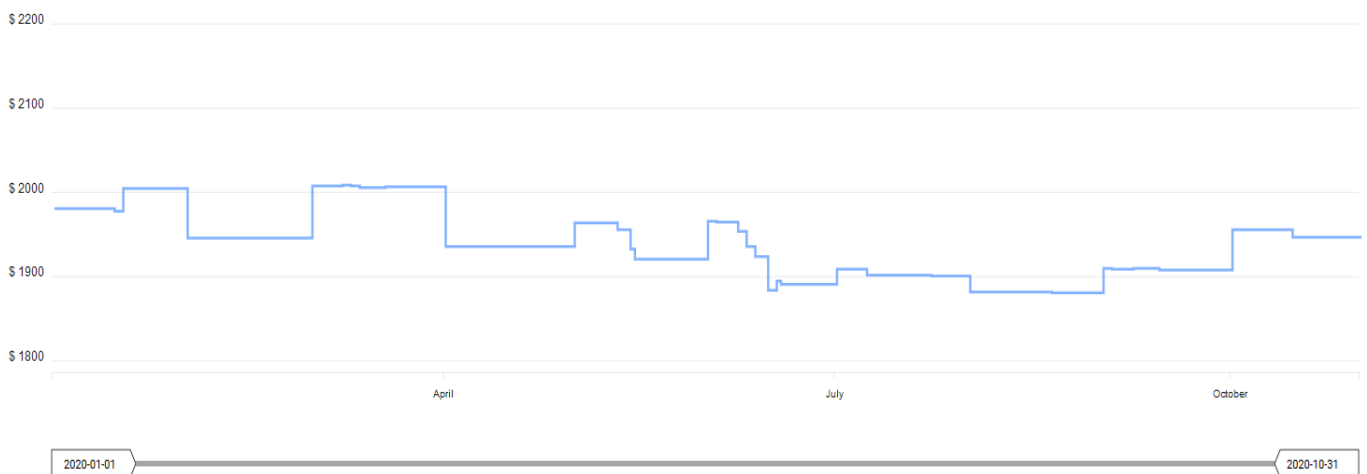


Source: Market average rates for 40' containers according to [www.xeneta.com](http://www.xeneta.com)

Several void sailings for November and December have been published, due to the Golden Week holidays. These reduced capacities will lead to limited space on various selected services in November and December. Rates remain stable for the moment.

## Transatlantic

Main Ports: North Europe to US East Coast

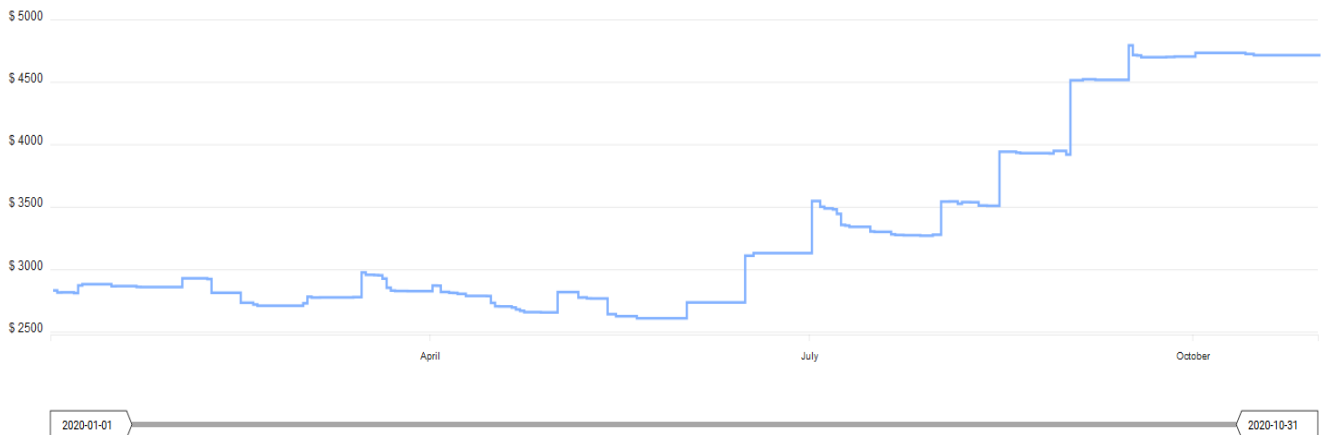


Source: Market average rates for 40' containers according to [www.xeneta.com](http://www.xeneta.com)

We have a strong demand outlook at least until the end of November. The 2M alliance will increase their capacities to the East Coast and Gulf region by 11%, but the THE Alliance will decrease their volumes to only 84% with two blank sailings in November. This capacity reduction in combination with the equipment shortage in different regions can lead to challenges. Forecast overviews and long-terms bookings, especially to main ports like New York, are recommended.

## Transpacific

Main Ports: Far East to US East Coast



Source: Market average rates for 40' containers according to [www.xeneta.com](http://www.xeneta.com)

The situation on the Asia to USA trade is very specific this year and spot rates reached an all-time high at the end of September, with rates of 4,000 USD per 40' to the West Coast and 4,800 USD to the East Coast. The increase of rates is driven by high demand for products in the USA, especially PPE, home office furniture, computer equipment and building materials. Weekly capacity also reached all-time high with over 550,000 TEUs transported on a weekly basis. In October shipping lines brought more than 20% of additional capacity to the market to satisfy the high demand. Normally we would see a drop in demand after the Golden Week holidays, but this year is different, driven by re-stocking in the USA and a still-high purchasing power in the USA. The equipment shortage situation is also a challenge in this market, and shipping lines demand premium box charges to be paid to accommodate space or equipment. The situation will remain similar in Q4 up until the Chinese New Year.



## Global Economic Outlook

The COVID-19 pandemic continues to spread and the economic repercussions are still far from over with employment remaining well below pre-pandemic levels.

Except for China, where output is expected to exceed 2019 levels this year, output in both advanced economies and emerging markets/developing economies is projected to remain below 2019 levels.

The divergence in income prospects between advanced economies and emerging/developing economies (excluding China) triggered by this pandemic is projected to worsen. The international Monetary Fund upgraded its world economic growth forecast for 2020 to -4.4 percent followed by a rebound in growth to +5.2 percent in 2021.

(real GDP, annual percent change)	PROJECTIONS		
	2019	2020	2021
<b>World Output</b>	<b>2.8</b>	<b>-4.4</b>	<b>5.2</b>
<b>Advanced Economies</b>	<b>1.7</b>	<b>-5.8</b>	<b>3.9</b>
<b>United States</b>	2.2	-4.3	3.1
<b>Euro Area</b>	1.3	-8.3	5.2
Germany	0.6	-6.0	4.2
France	1.5	-9.8	6.0
Italy	0.3	-10.6	5.2
Spain	2.0	-12.8	7.2
<b>Japan</b>	0.7	-5.3	2.3
<b>United Kingdom</b>	1.5	-9.8	5.9
<b>Canada</b>	1.7	-7.1	5.2
<b>Other Advanced Economies</b>	1.7	-3.8	3.6
<b>Emerging Markets and Developing Economies</b>	<b>3.7</b>	<b>-3.3</b>	<b>6.0</b>
<b>Emerging and Developing Asia</b>	5.5	-1.7	8.0
China	6.1	1.9	8.2
India	4.2	-10.3	8.8
ASEAN-5	4.9	-3.4	6.2
<b>Emerging and Developing Europe</b>	2.1	-4.6	3.9
Russia	1.3	-4.1	2.8
<b>Latin America and the Caribbean</b>	0.0	-8.1	3.6
Brazil	1.1	-5.8	2.8
Mexico	-0.3	-9.0	3.5
<b>Middle East and Central Asia</b>	1.4	-4.1	3.0
Saudi Arabia	0.3	-5.4	3.1
<b>Sub-Saharan Africa</b>	3.2	-3.0	3.1
Nigeria	2.2	-4.3	1.7
South Africa	0.2	-8.0	3.0
<b>Low-Income Developing Countries</b>	5.3	-1.2	4.9

Source: <https://blogs.imf.org/2020/10/13/a-long-uneven-and-uncertain-ascent>

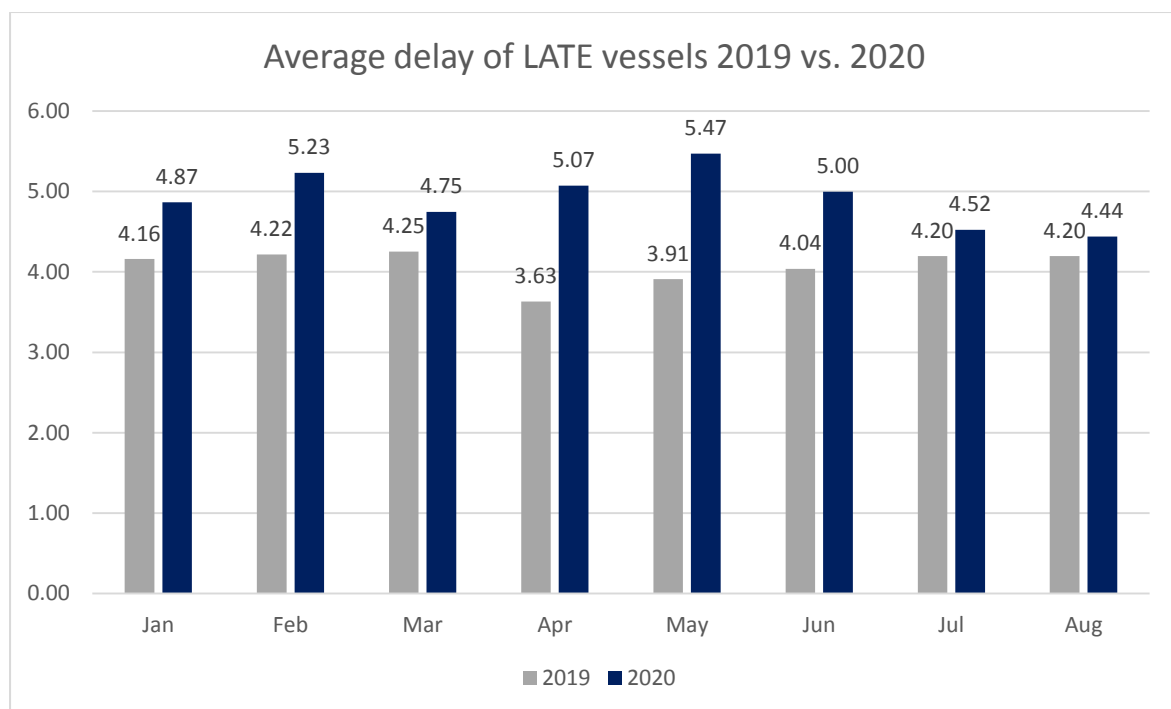
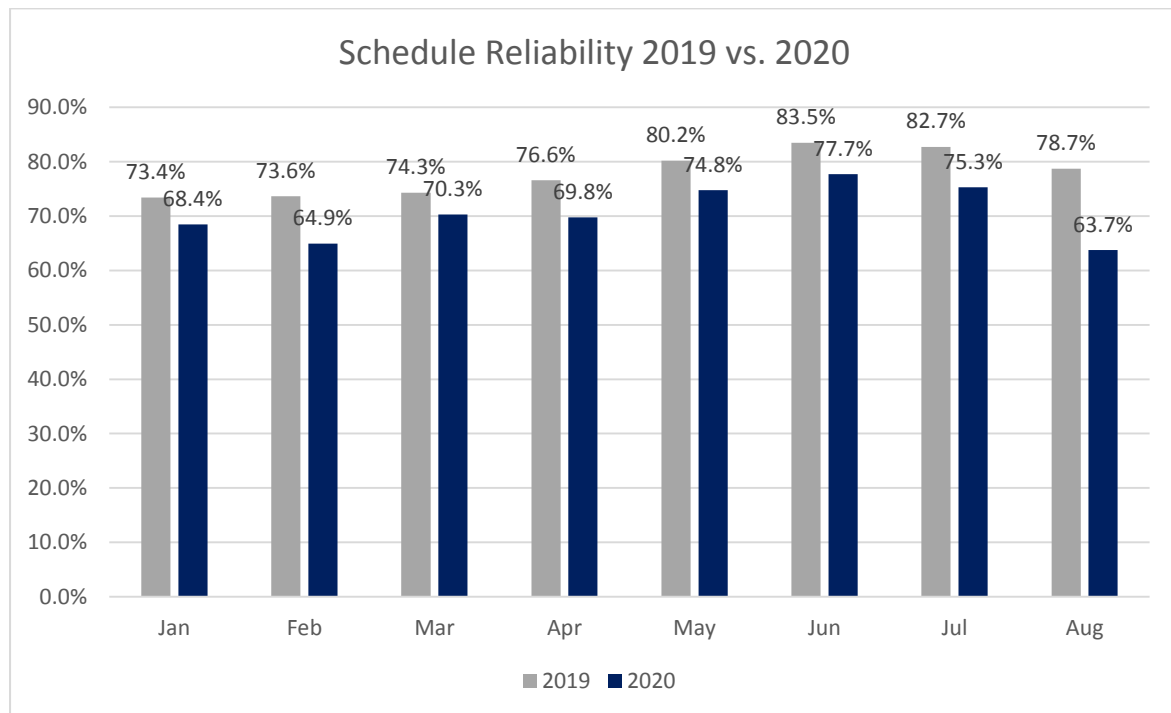


## Carrier Schedule Reliability

The demand for high-accuracy information in the shipping industry is rapidly increasing. We are faced with an extremely challenging market environment and it tremendous impacts on supply chains.

Global carrier schedule reliability in August plummeted down to 63.7%. This is the lowest recorded overall figure, 15% lower compared to August 2019.

The global average delay for late vessel arrivals in August was slightly more than 4 days.



Source: Sea-Intelligence Maritime Analysis

## cargo-partner Solution: Intelligent Container Tracking

Providing real-time visibility from end to end across the supply chain is becoming a main differentiator. We offer a solution with detailed, **end-to-end status** information to our customers with our Intelligent Container Tracking service.

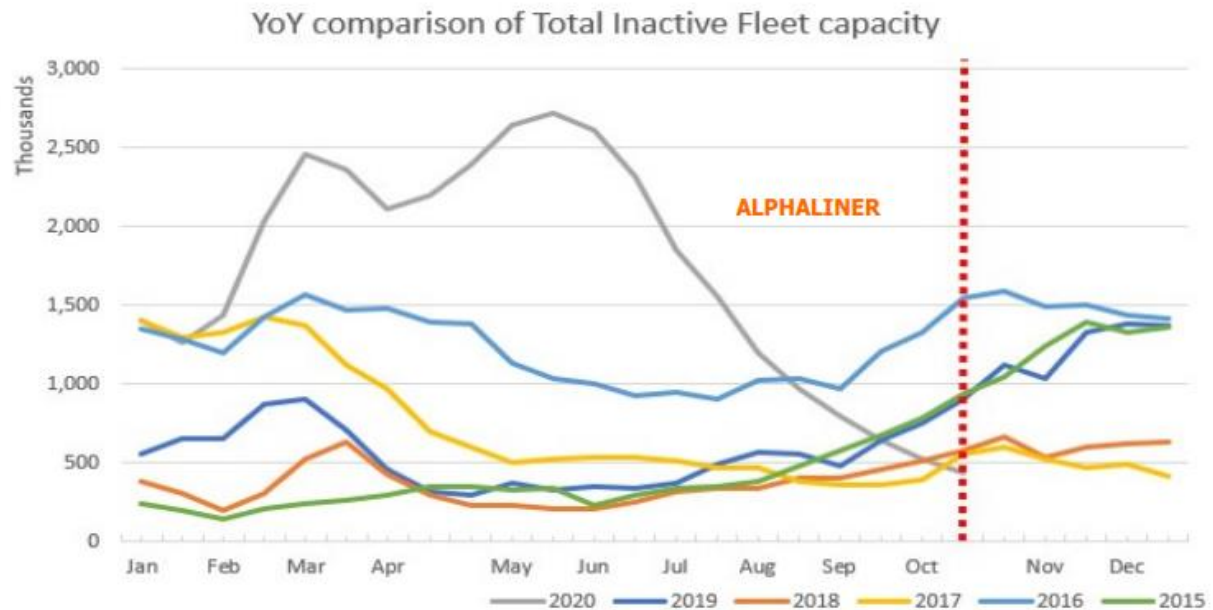
### Benefits for our customers:

- Full transparency over container transports
- 24/7 live-data availability
- Proactive information about exceptions
- 98% data quality
- Exact vessel location data sent via AIS as well as port and terminal information



## Inactive Container Ships

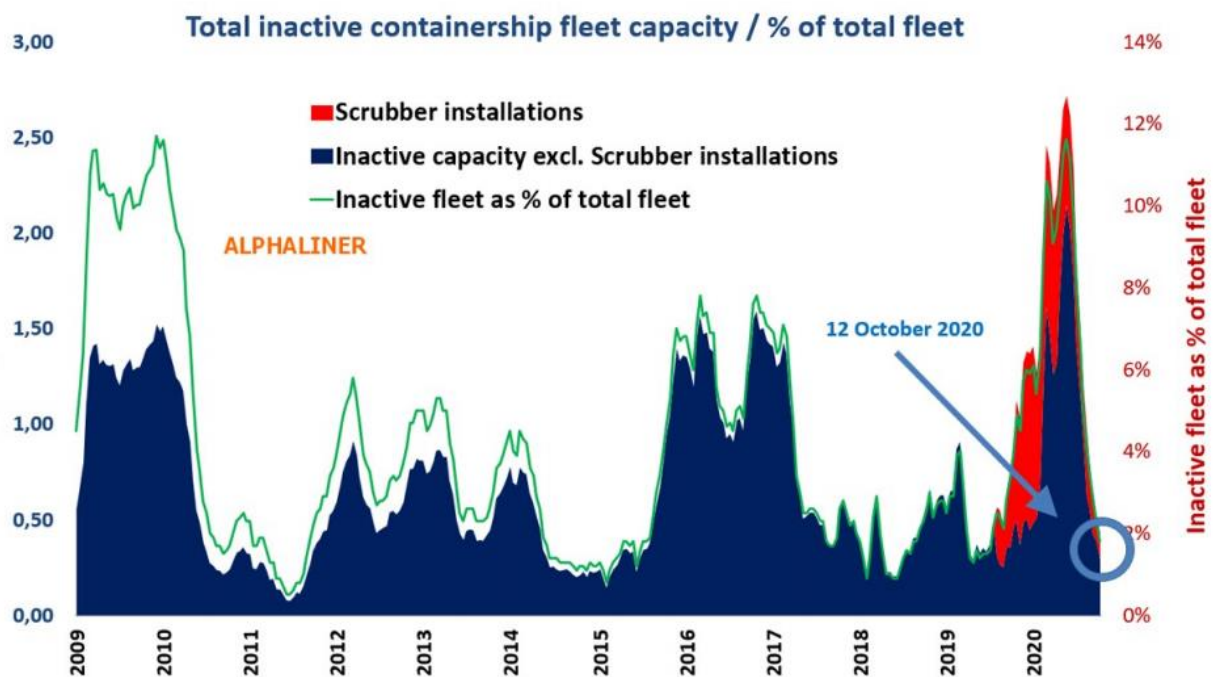
The inactive containership fleet continues to shrink as a result of strong demand and tight supply.



Source: Alphaliner 42

This graph shows the size of the inactive fleet over the past years. The year-on-year comparison for October shows the lowest number in the past five years.

The inactive fleet now stands at 438,000 TEU, representing 1.8% of the world fleet – the peak this year was in May at 2.7 MTEU of inactive capacity (11.6% of the world fleet).

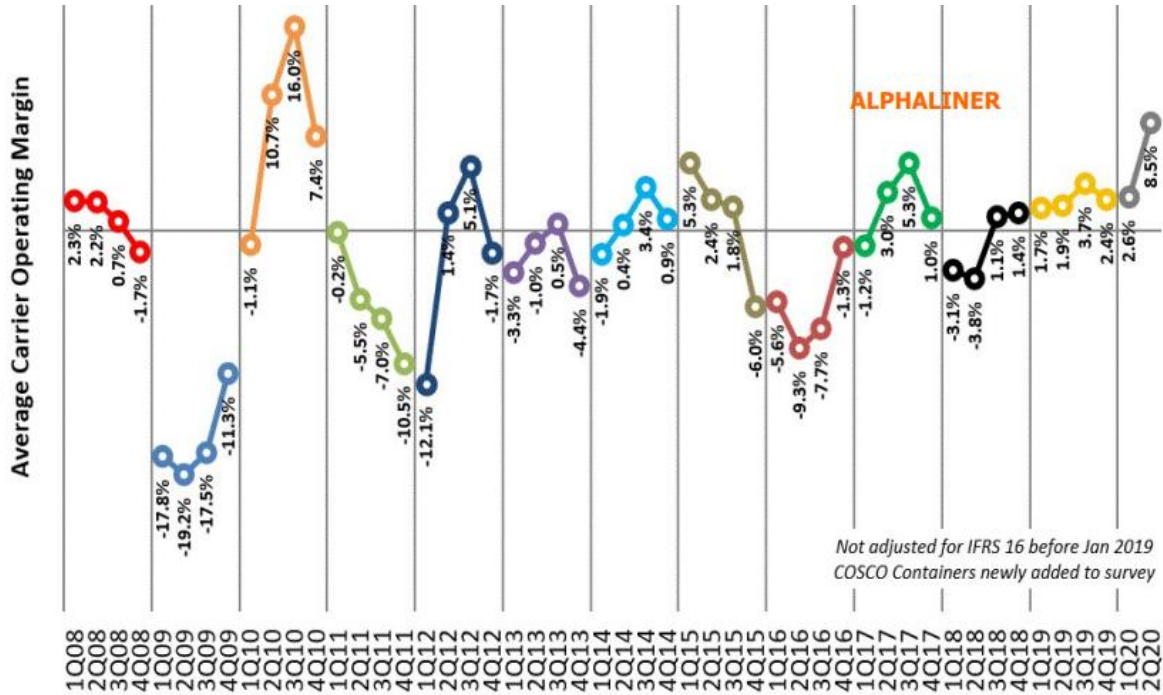


Source: Alphaliner 41

## Carrier Financial Results

Carriers have successfully managed to navigate the supply-disrupted first half of 2020. Average operating margins increased from 2.6% in the first quarter to 8.5% in the second quarter, and shipping lines benefited from a perfect combination of low bunker prices and firm rates.

Ten main carrier's average EBIT margin per quarter (2008-2020):



Average of CMA CGM (incl APL to 2Q 2016), COSCO Shg (since 1Q 2019), CSCL (to 1Q 2016), EMC, Hanjin (to 3Q 2016), Hapag-Lloyd (incl CSAV to 2014), HMM, Maersk, ONE (from 2Q 2018, formerly KL, MOL, NYK), WHL, YML, Zim

Copyright: Alphaliner 39



## CMA CGM Jacques Saadé – First 23,000 TEU LNG Container Ship

The largest Liquefied Natural Gas (LNG)-powered containership in the history of maritime transport was launched in Shanghai on September 25 and it is the flagship of the CMA CGM Group. Named after Jacques Saadé, the company's founder, it impresses with a capacity of 23,000 TEUs (Twenty Foot Equivalent). The “CMA CGM Jacques Saadé” will connect Asia and Northern Europe.

In 2017, Rodolphe Saadé, CMA CGM Group's Chairman and Chief Executive Officer, decided to equip this series of container ships with LNG-powered engines – a first in the history of shipping for Ultra Large Container Vessels. Today, LNG is the most advanced solution when it comes to preserving air quality. It enables a 99% reduction in sulfur dioxide and fine particle emissions, and an 85% reduction in nitrogen dioxide emissions, going well above and beyond existing regulation. LNG emits up to 20% less CO<sub>2</sub> compared to fuel motorization.

Nine vessels were ordered in total and the launch of the second ship of this class, the CMA CGM Champs Elysees, already followed on October 29. It will join its sister ship in service between Europe and Asia.



Copyright: CMA CGM Group

## Did you know the top 4 advantages of reefer containers?

A refrigerated container, “Reefer” (20 and 40 feet RF), is used in intermodal freight transport to carry all kinds of cargo requiring temperature control. Did you know that, beside simple temperature control, reefer containers also offer other ways to control the cargo condition during transport? We took a closer look:

### **Advantage #1: Temperature control**

Reefer containers offer a service temperature range from -30°C to +30°C. So-called “Super Freezers” even enable -60°C to -10°C. An electric refrigeration unit will maintain the preset temperature.

### **Advantage #2: Humidity control**

Reefer containers have a dehumidification unit that regulates the humidity level inside it within the range of 95% to 55% of relative humidity.

### **Advantage #3: Fresh air ventilation**

Air ventilation allows the exchange of fresh air, exchanging up to 240 m<sup>3</sup> per hour, which helps keep products like fruit and vegetables fresh.

### **Advantage #4: Monitoring**

A container data logger monitors several preset data values which are stored in an electronic memory. cargo-partner offers its customers a wide selection of independent real-time monitoring devices.

### **Temperature-controlled transport and enhanced visibility reduces transport damage**

A study by the FAO (Food and Agriculture Organization of the UN) estimates that around a third of all edible food is damaged due to improper transport conditions. To prevent these problems, cargo-partner will permanently secure the required transport conditions during the whole supply chain.

[Read more about this topic in our Trendletter.](#)







# SEA - Container Tracking

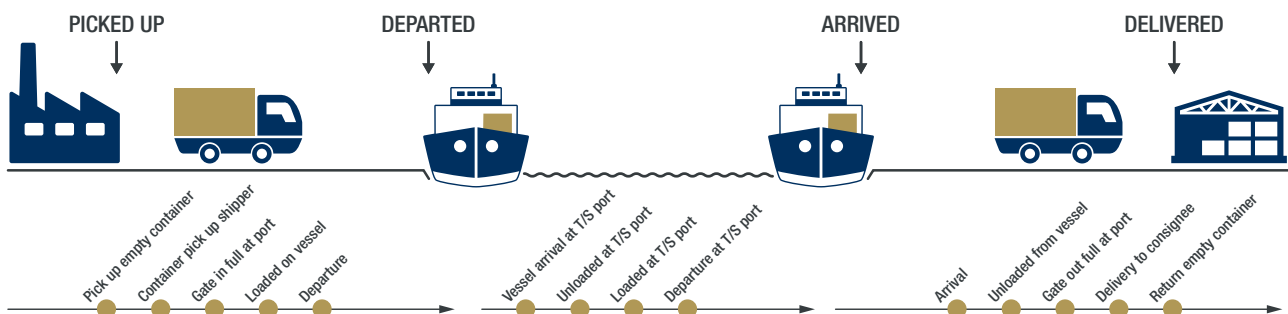
*24/7 real-time information | updated ETAs based on GPS info  
high data reliability | more detailed milestones, more control  
management by exception*

## Intelligent Container Tracking

Are you tired of carriers not updating the expected time of arrival in their systems, forcing you to build in a buffer in your supply chain? Are the container terminals still a black hole for you and would you like to have more detailed milestones to know what is the status of your container exactly? Then cargo-partner's Intelligent Container Tracking is just for you!

Based on artificial intelligence, the new technology combines data from a variety of sources: vessel location data sent via AIS, port and terminal information, shipping schedules and status information provided by carriers. The result: Highly detailed and reliable information about your container shipments, of course accessible from any web browser or as a mobile app.

### Container milestones visible in the cargo-partner supply chain platform:



we take it personally | transport + iLogistics

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2401 Fischamend, Austria  
[www.cargo-partner.com](http://www.cargo-partner.com)



# Sea

*centralized shipping and supply chain management  
more effective allocation planning | end-to-end container tracking  
long-term solution | full transparency with SPOT*

## Open Book Solutions

Do you ship 1,000 TEU or more per year? Then you could save time and costs with our Open Book Solutions. We negotiate freight rates with carriers on your behalf and charge the freight as per outlay, plus the agreed-upon handling fee. You make your own contracts and we manage your freight including any services required at origin and destination.

You are handled as beneficial cargo owner (BCO), benefiting from centralized shipping and supply chain management. This enables more effective planning of space and allocations with carriers, which can be negotiated by you directly or by us on your behalf. The supply chain management platform SPOT ensures full transparency and simple communication between all parties involved in the supply chain. Our Intelligent Container Tracking gives you detailed information about the status of your FCL shipments in real time.

For more information, don't hesitate to get in touch with your cargo-partner contact person.



we take it personally | transport + iLogistics

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