Container Market Overview & Outlook
Q3 2022

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Webinar
13 September 2022
Agenda

1. Recent Developments
2. Demand Drivers
3. Supply Outlook
4. Conclusions
1. Recent Developments
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3. Supply Outlook
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Rates & Prices
The container market has peaked

Freight Rates
- China Containerized Freight Index
- Shanghai Containerized Freight Index

Time Charter Rates
- Timecharter Rate Index (6-12 months period)

Asset Prices
- Newbuilding price index
- Second-hand (5-yr old)/newbuilding price ratio

Source: Clarkson Shipping Intelligence Network, BIMCO
Source: Shanghai Shipping Exchange
Source: Clarkson Shipping Intelligence Network, BIMCO
Demand
Head-haul & regional volumes peaked in May 2021

Container Volumes by Trade Direction

- Head-haul
- Regional
- Back-haul

Container Volumes Top 3 Trades

- FEA - FEA
- FEA - NAM
- FEA - EUR

Source: CTS
Demand
So far, 2022 head-haul and regional volume down 0.4% y/y

Head-haul & Regional Trade Import Growth

- Far East: -7.3%
- Europe: 0.8%
- North America: 1.0%
- Indian Sub Cont & Middle East: 9.7%
- South & Central America: 2.7%
- Sub Saharan Africa: -3.3%
- Australasia & Oceania: -12.5%

Source: CTS
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World Economy
Growth prospects lowered once more and further risks remain

World GDP Forecast
- World (worst case)
- World (base line)
- Advanced economies
- Emerging market and developing economies

Key Areas GDP Forecast, y/y
- United States: 2.3%
- China: 3.3%
- Europe: 2.6%

Source: IMF
COVID-19 Market Impact
Indications are that market will be remain mostly flat during 2022-23

North America Import Market
- North America headhaul & regional imports
- North America pre-COVID-19 growth trend

Global Import Market
- Global headhaul & regional imports
- Global pre-COVID-19 growth trend

Source: BIMCO, CTS, IMF
Russia/Ukraine
Central banks raise interest rates to combat increasing inflation

Inflation in Key Areas
- Brazil
- USA
- EU
- India
- South Africa
- South Korea

Inflation y/y

Global Stock Market
- S&P Global 1200

Source: tradingeconomics.com
Source: S&P Global
Manufacturing & Consumers
Further loss of confidence among businesses and consumers

Manufacturing PMI

- China (NBS)
- Eurozone
- Japan
- United States
- Vietnam
- Global

Source: S&P Global

Consumer Confidence

- United States
- European Union (RHS)

Source: European Commission, Michigan University
Retail Sales
Retail sales holding up while inventories are rapidly increasing
Consumption & Savings
Goods consumption down 5.8% since peak in March 2021

Source: US Bureau of Economic Analysis

US Personal Consumption
- Real personal consumption, goods, seasonally adjusted
- Real personal consumption, services, seasonally adjusted

Source: US Bureau of Economic Analysis

US Personal Saving Rate
- Personal saving rate, seasonally adjusted annual rate
- 2018-2019 average

Source: US Bureau of Economic Analysis
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Fleet Development
Contracting has slowed while demolition still non-existent

**Contracting, TEU m**
- Contracted
- Forecasted contracting

**Deliveries & Demolition, TEU m**
- Delivered
- Demolished
- Deliveries from orderbook
- Forecasted demolition

Source: BIMCO, Clarkson Shipping Intelligence Network
Fleet Size
2021-22 contracting to drive high fleet growth starting 2023

Fleet, TEU m
- Fleet
- y/y growth

Jan-20: 23.0 (4.0%)
Jan-21: 23.7 (2.9%)
Jan-22: 24.7 (4.5%)
Jan-23: 25.4 (2.9%)
Jan-24: 27.5 (8.0%)

Fleet Growth, TEU m
- Jan-22: 24.7
- 0-2,999 TEU: 0.2
- 3,000-7,999 TEU: 0.2
- 8,000-14,999 TEU: 0.7
- 15,000+ TEU: 1.7
- Jan-24: 27.5

Source: BIMCO, Clarkson Shipping Intelligence Network
Demand vs. Fleet
Pressure eases but 10% of still tied up in congestion

Fleet vs. Demand Development
- Fleet index
- Demand index

Demand/Fleet Index
- Demand/fleet index

Source: CTS; Clarkson Shipping Intelligence Network
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Conclusions
The market has started on the path to “normalisation”

- The Shanghai and China Containerized Freight Indices (SCFI and CCFI) have fallen by 50% and 19% respectively since the beginning of the year but remain significantly above 2019 levels due to the significant increases recorded between mid-2020 and early 2022.

- Time charter rates and second-hand prices have also reduced but remain high; five-year-old ships are on average 34.7% more expensive than newbuildings.

- The IMF has lowered its global economic growth forecast to 3.2% for 2022 and 2.9% for 2023, and highlights that the risk of a global recession has increased.

- We forecast that head-haul and regional volumes will fall by 1-2% in 2022 and grow by 3-4% in 2023 but many risks exist.

- The fleet is expected to grow by 2.9% in 2022 and by 8.0% in 2023.

- Vessel demand is expected to increase by 10% due to EEXI and lower sailing speeds, while we believe that 7-8% of the fleet will be released from congestion by spring 2023 at the latest.

- Overall, the fleet supply/demand balance will worsen and lead to lower time charter rates and second-hand prices. We equally expect further reductions in freight rates, but they will remain significantly higher than in 2019.
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