

# 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

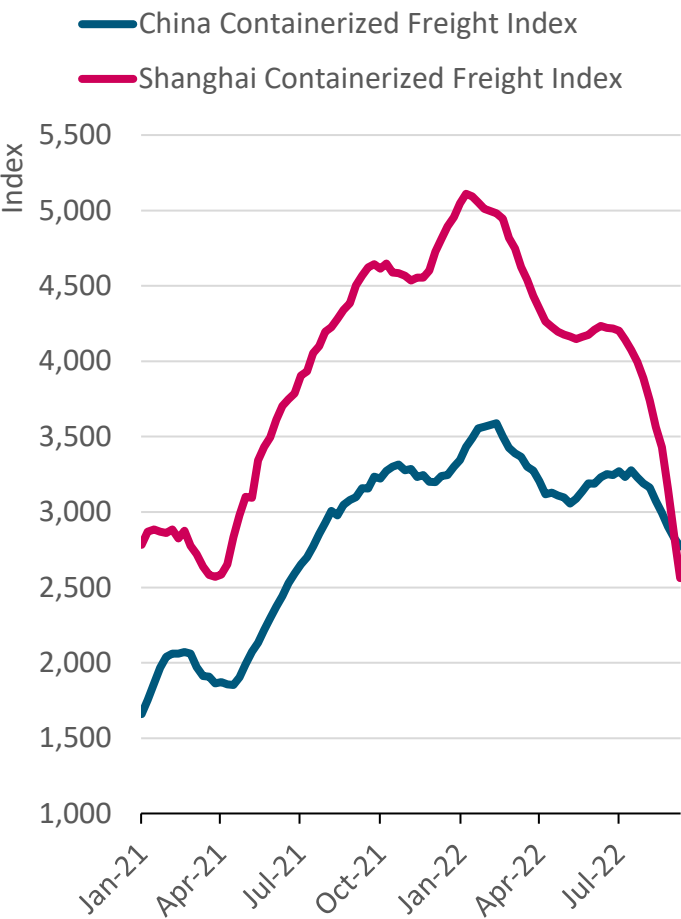
- 2. Demand Drivers
- 3. Supply Outlook
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# Rates & Prices

## The container market has peaked

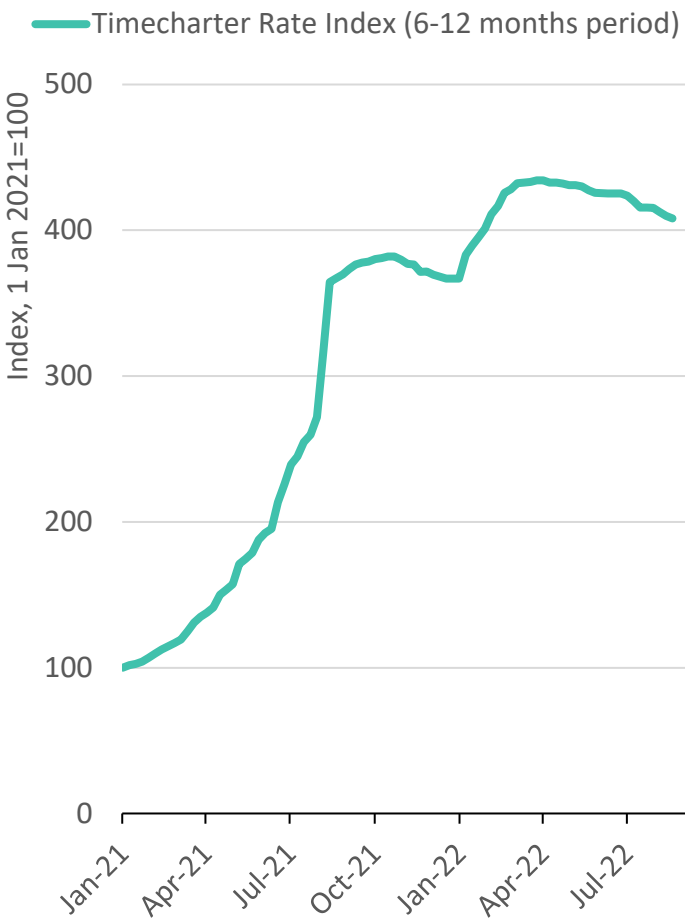


Freight Rates



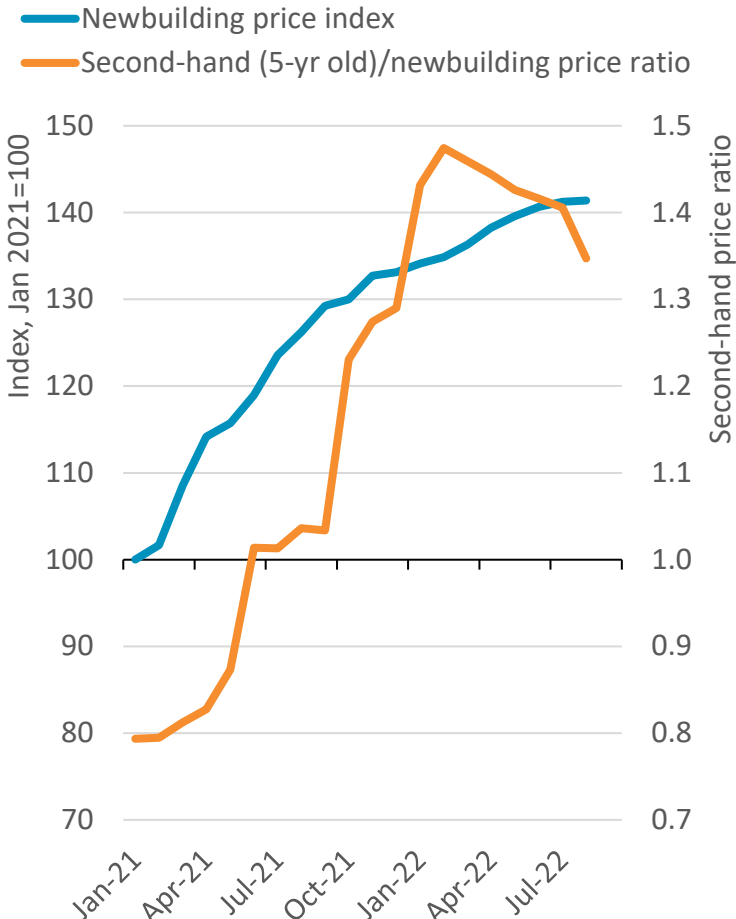
Source: Shanghai Shipping Exchange

Time Charter Rates



Source: Clarkson Shipping Intelligence Network

Asset Prices



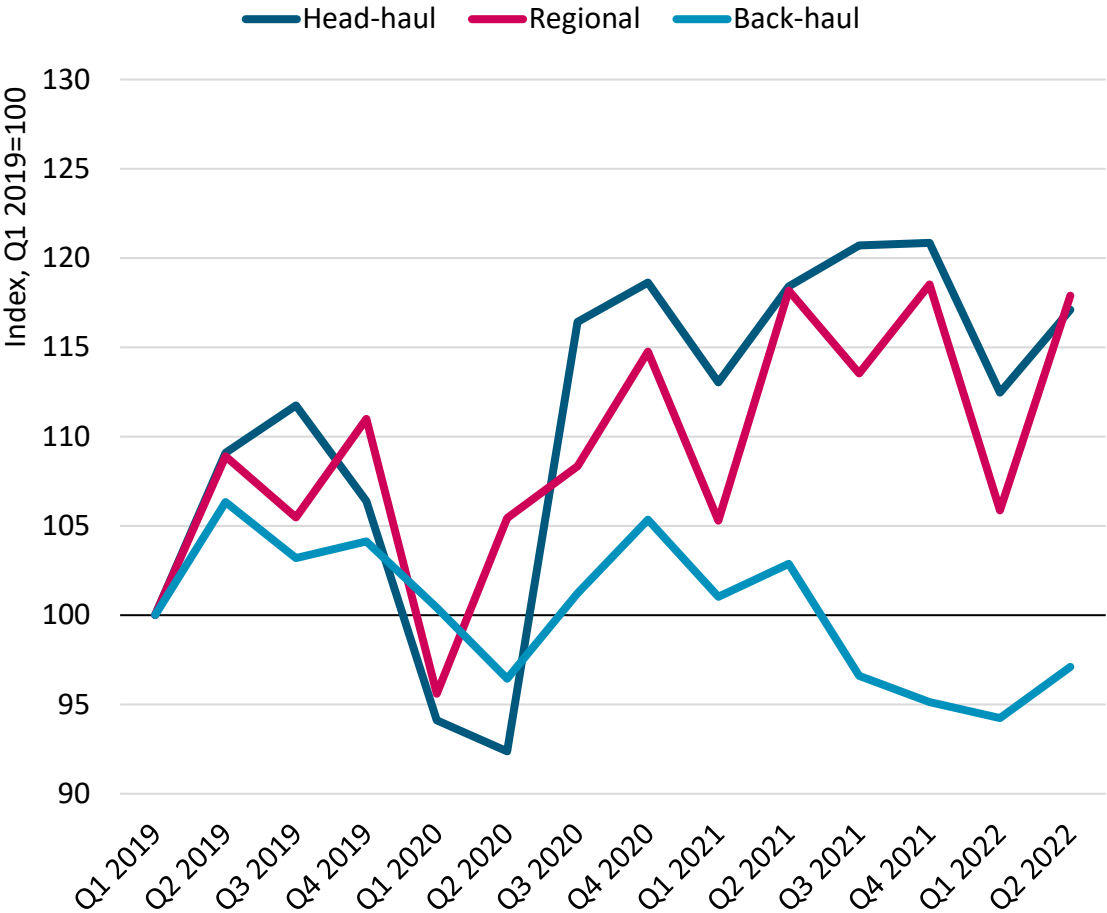
Source: Clarkson Shipping Intelligence Network, BIMCO

# Demand

## Head-haul & regional volumes peaked in May 2021

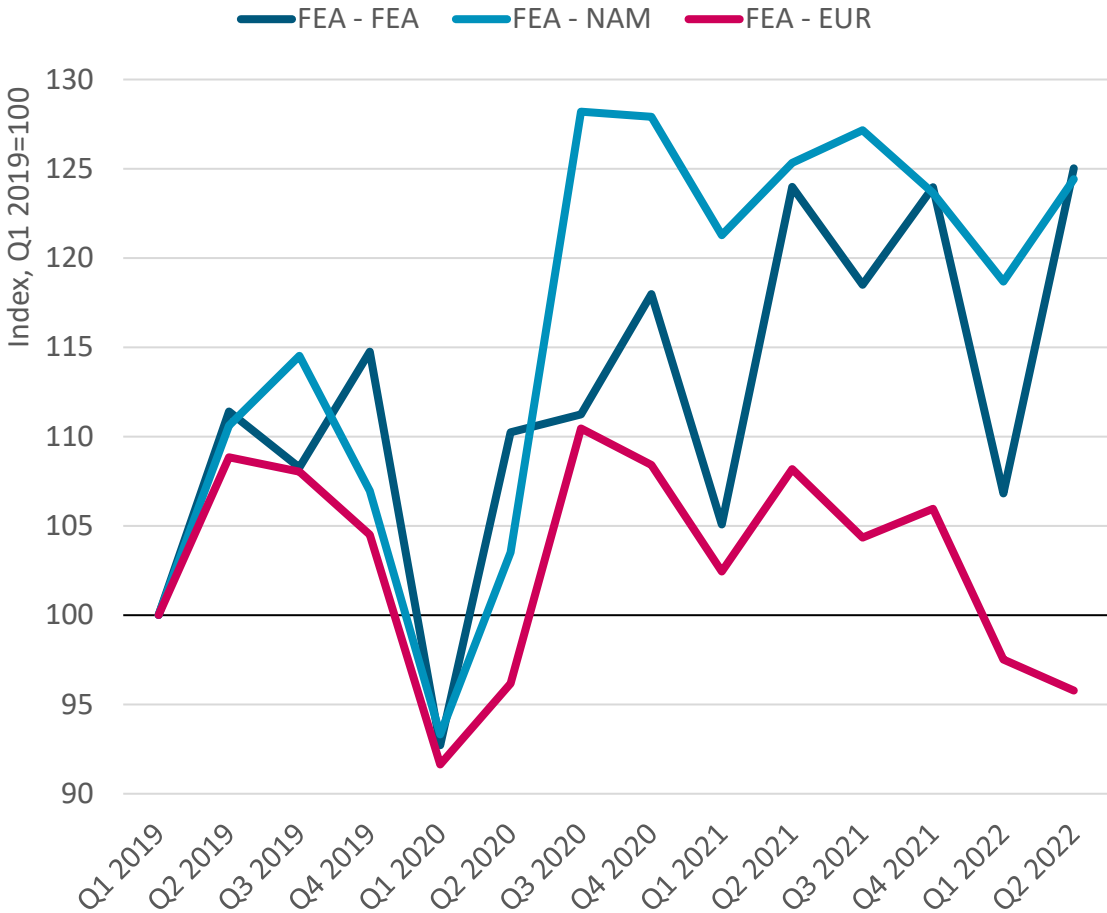


Container Volumes by Trade Direction



Source: CTS

Container Volumes Top 3 Trades



Source: CTS

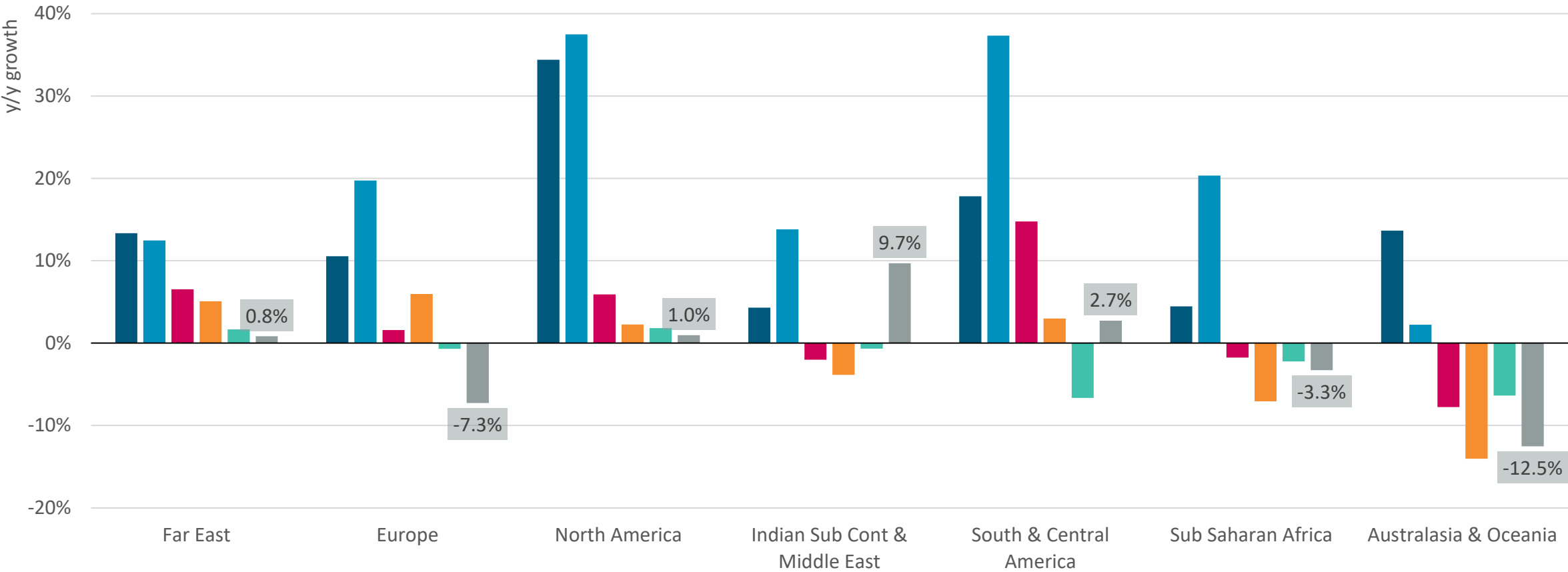
# Demand

So far, 2022 head-haul and regional volume down 0.4% y/y



Head-haul & Reginal Trade Import Growth

■ Q1 2021 ■ Q2 2021 ■ Q3 2021 ■ Q4 2021 ■ Q1 2022 ■ Q2 2022



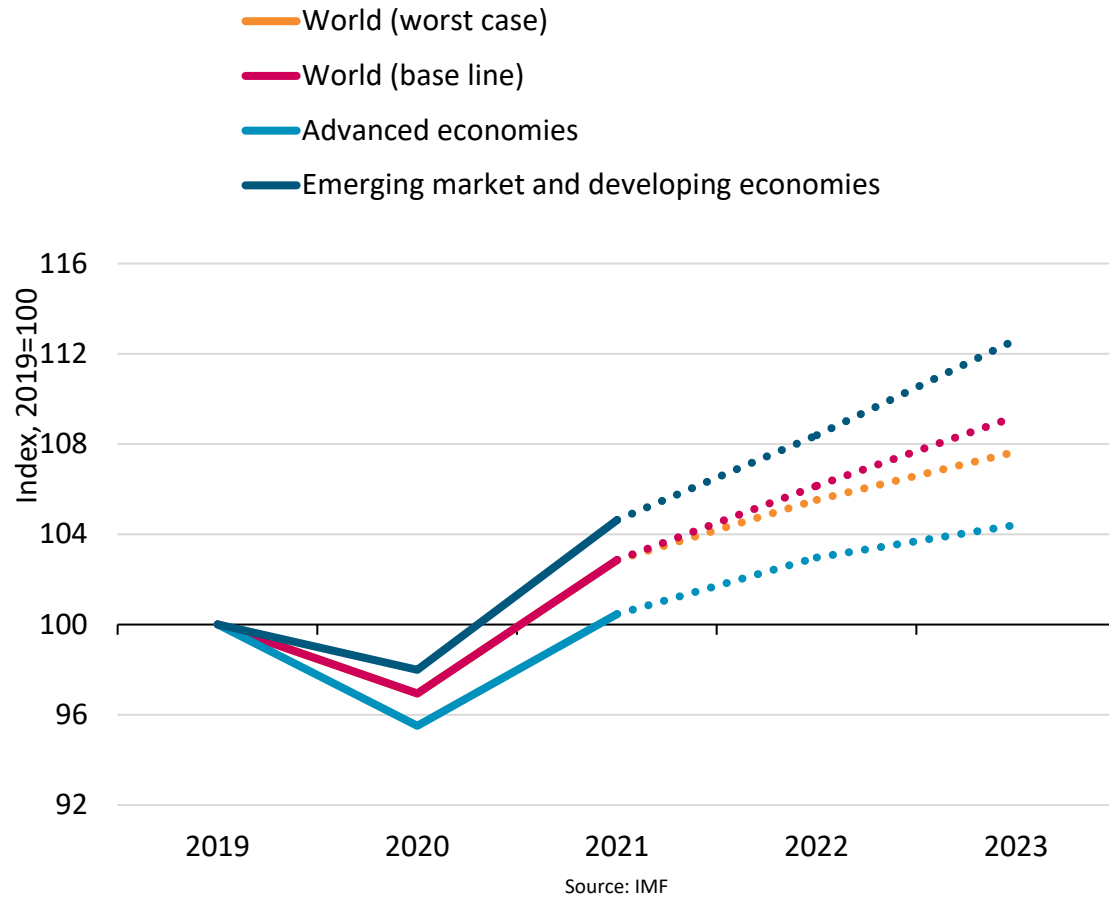
Source: CTS

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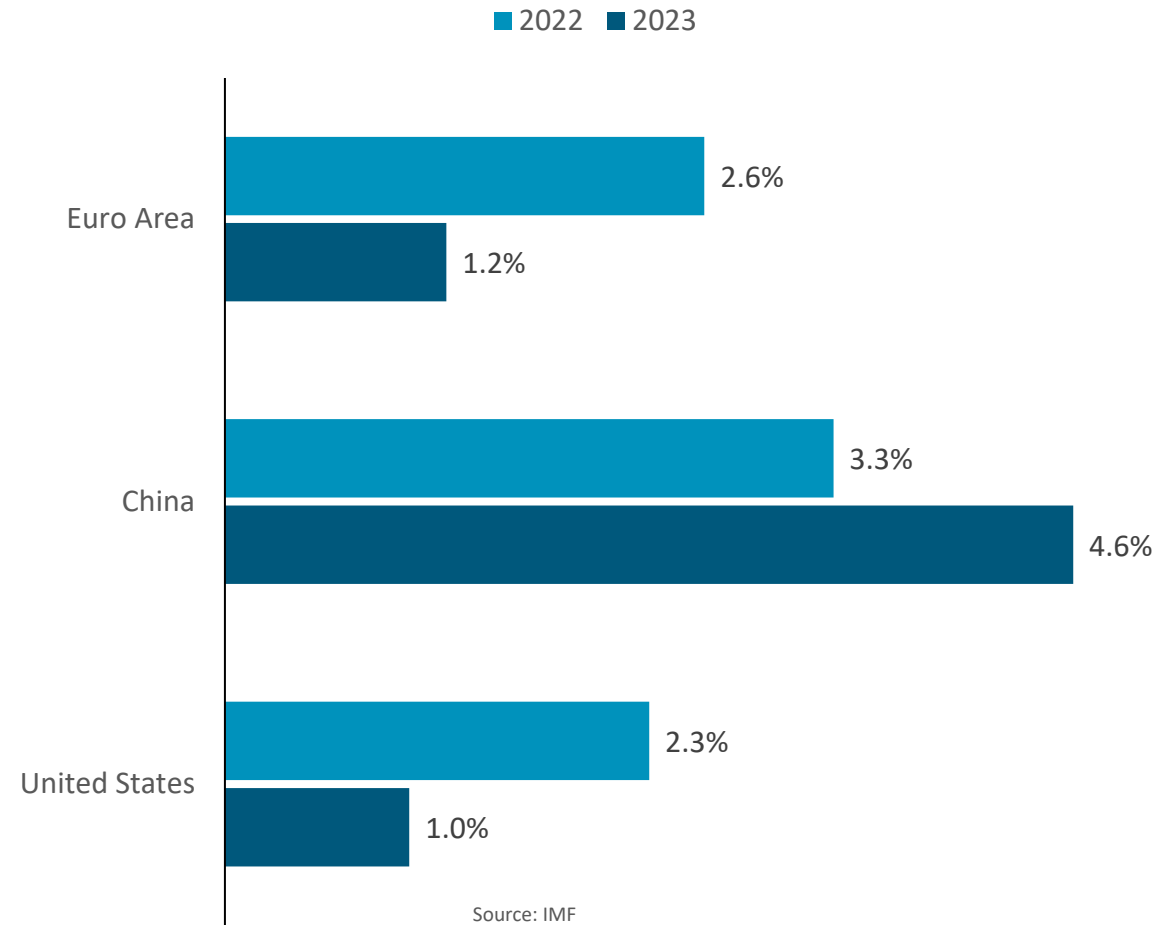
# World Economy

## Growth prospects lowered once more and further risks remain

World GDP Forecast



Key Areas GDP Forecast, y/y



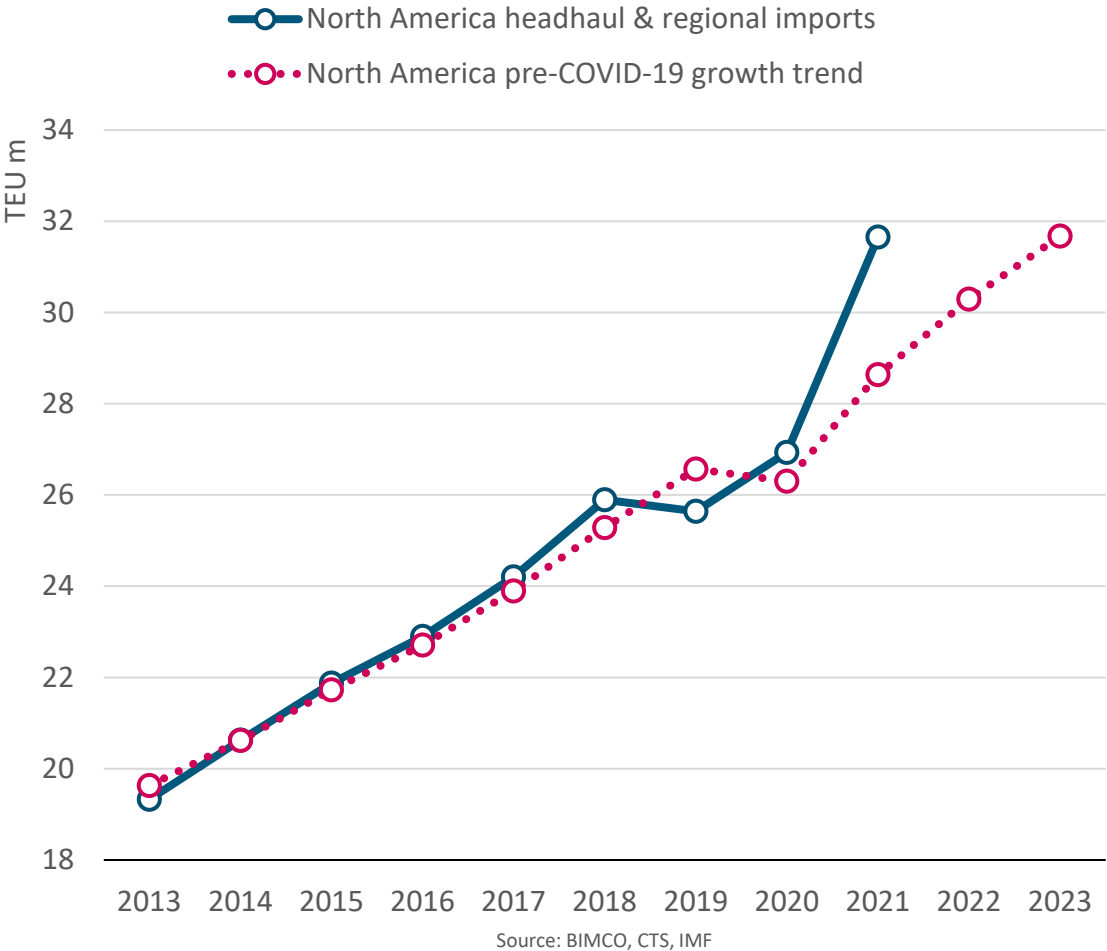


# COVID-19 Market Impact

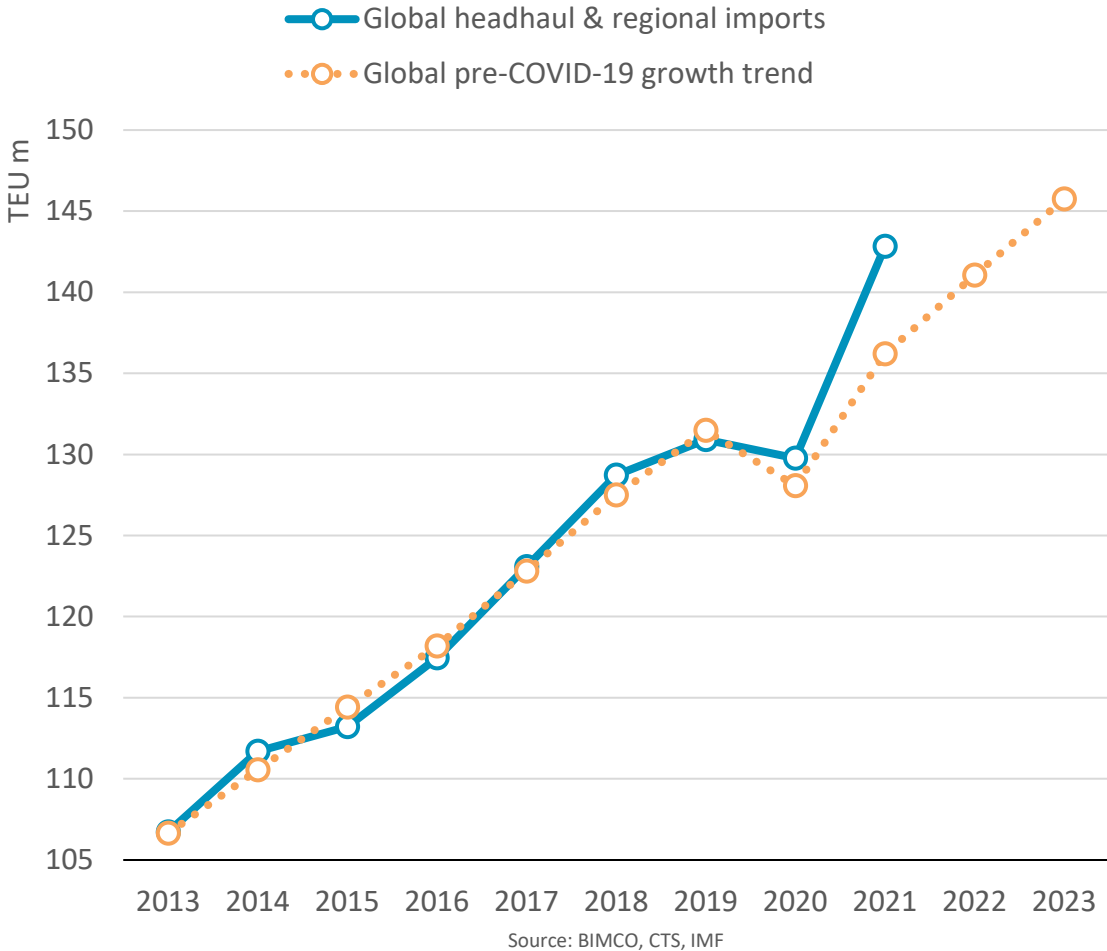
## Indications are that market will remain mostly flat during 2022-23



North America Import Market

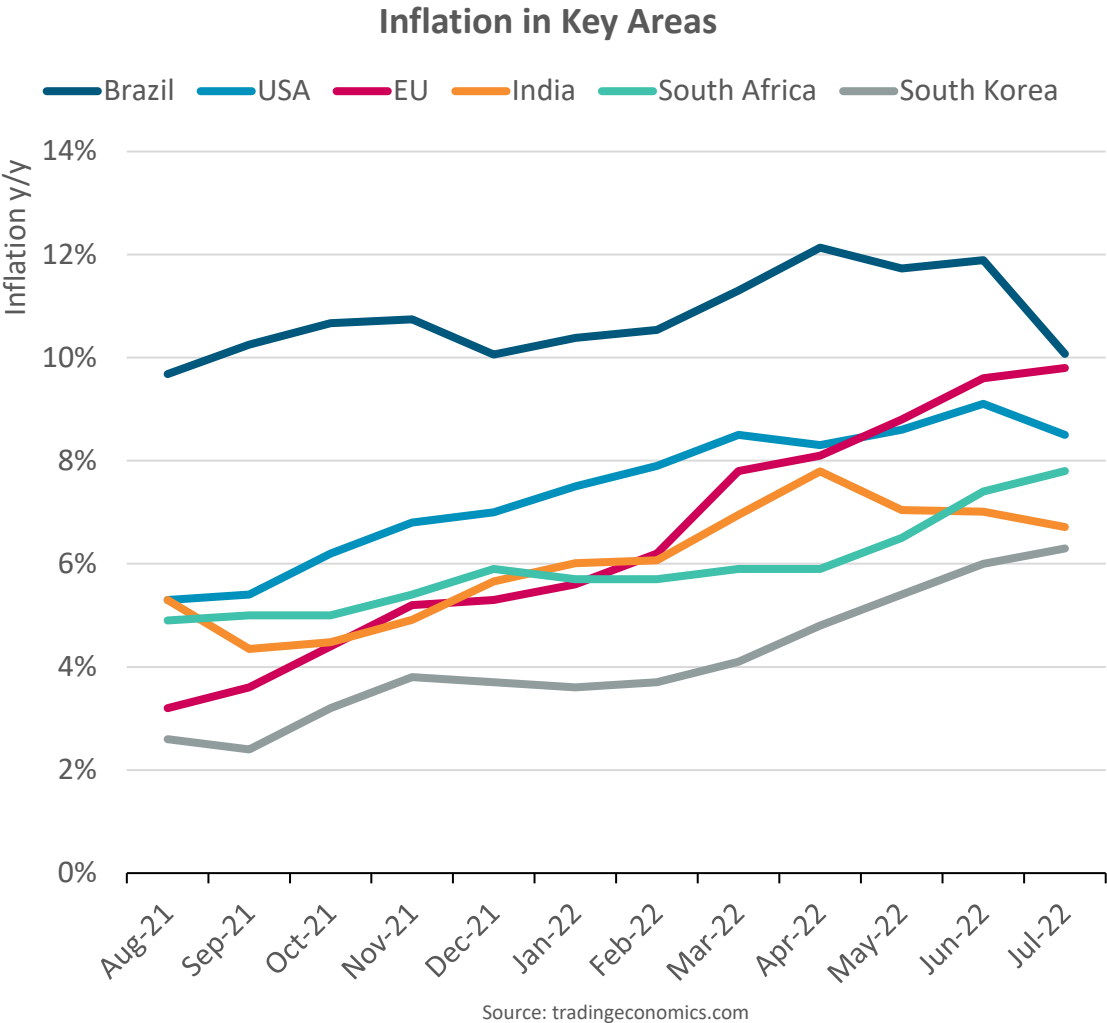


Global Import Market



# Russia/Ukraine

## Central banks raise interest rates to combat increasing inflation

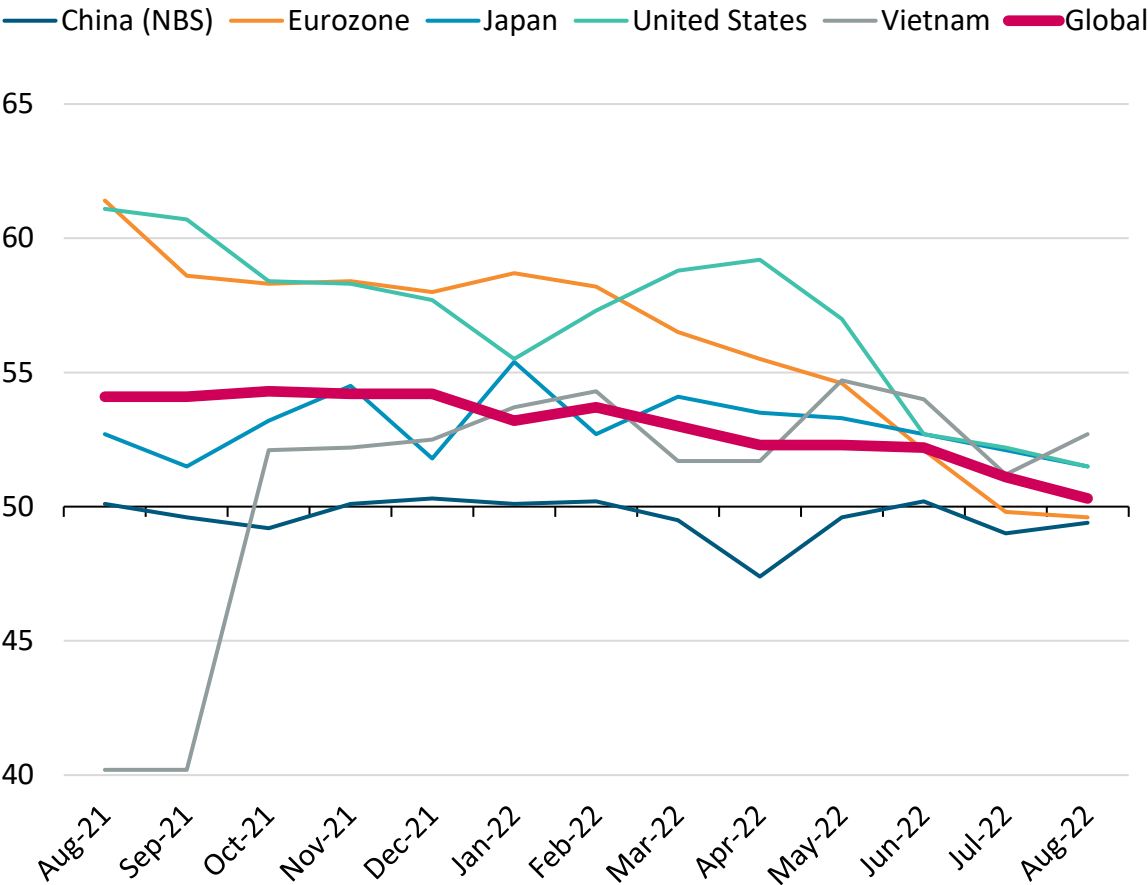


# Manufacturing & Consumers

## Further loss of confidence among businesses and consumers

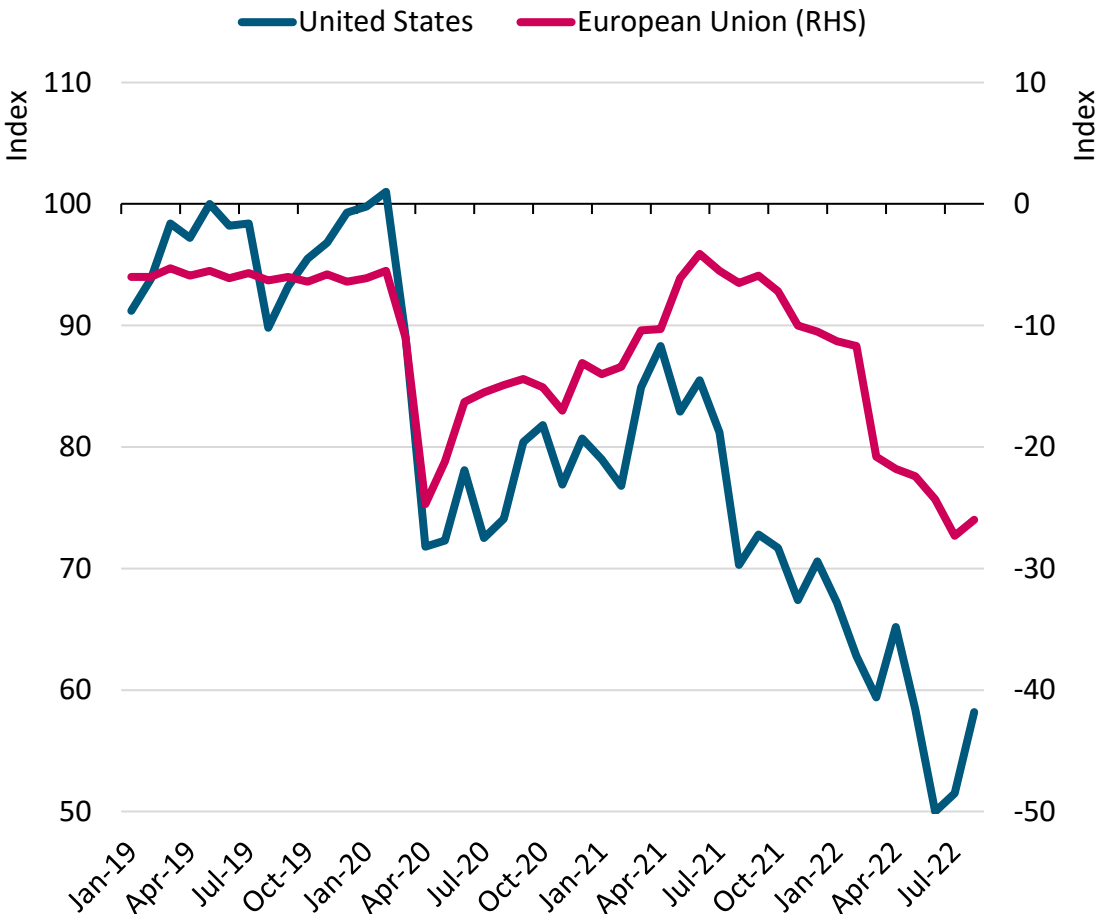


Manufacturing PMI



Source: S&P Global

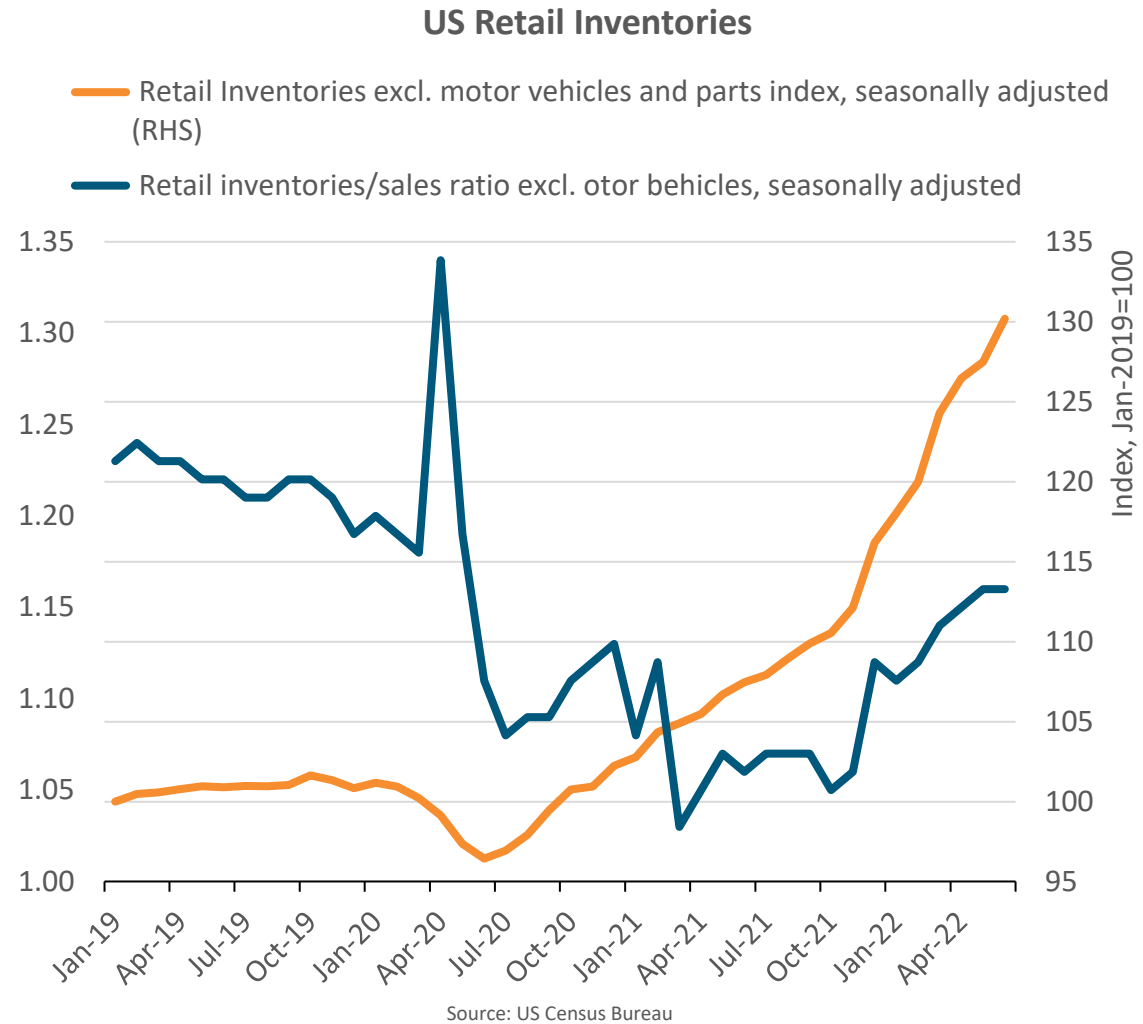
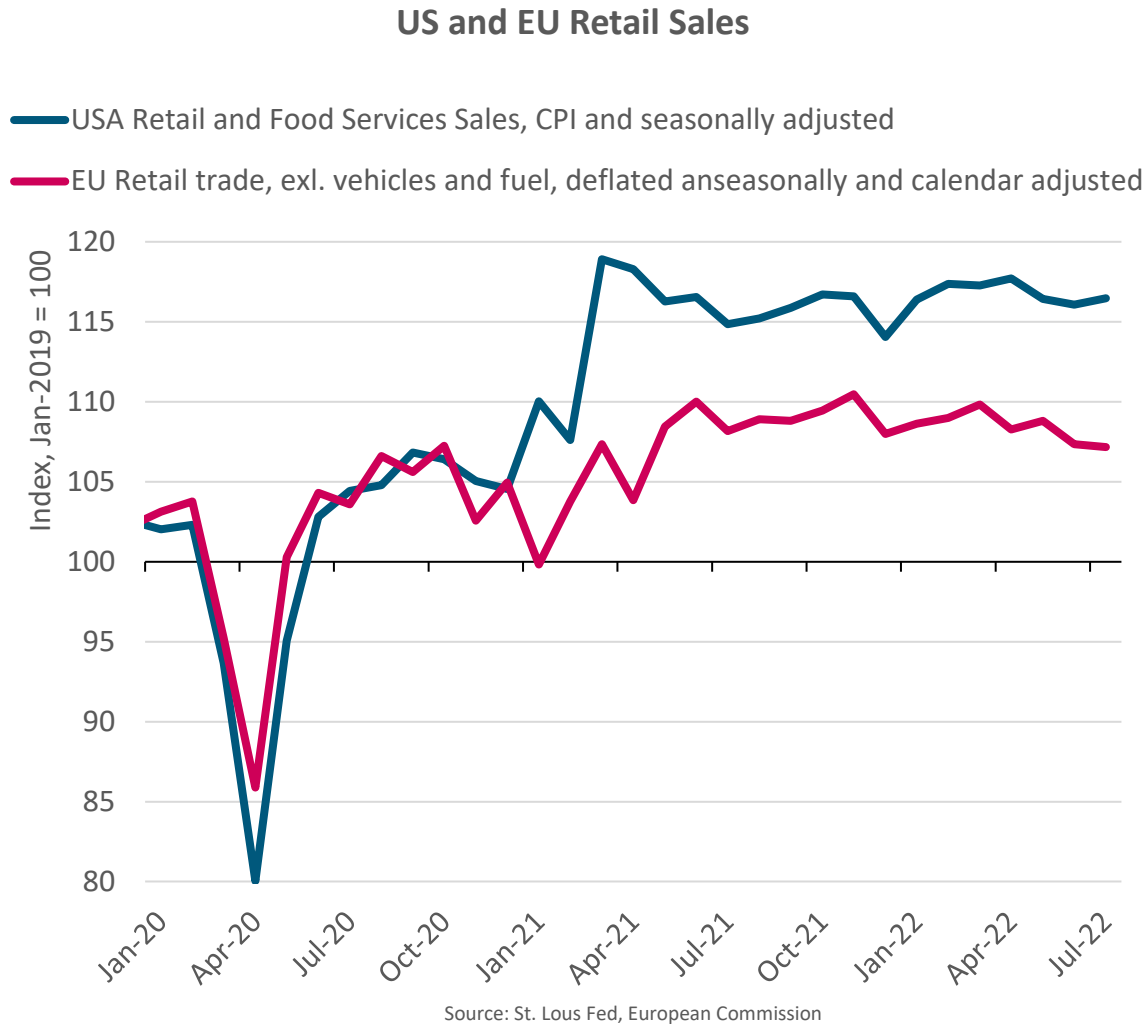
Consumer Confidence



Source: European Commission, Michigan University

# Retail Sales

## Retail sales holding up while inventories are rapidly increasing

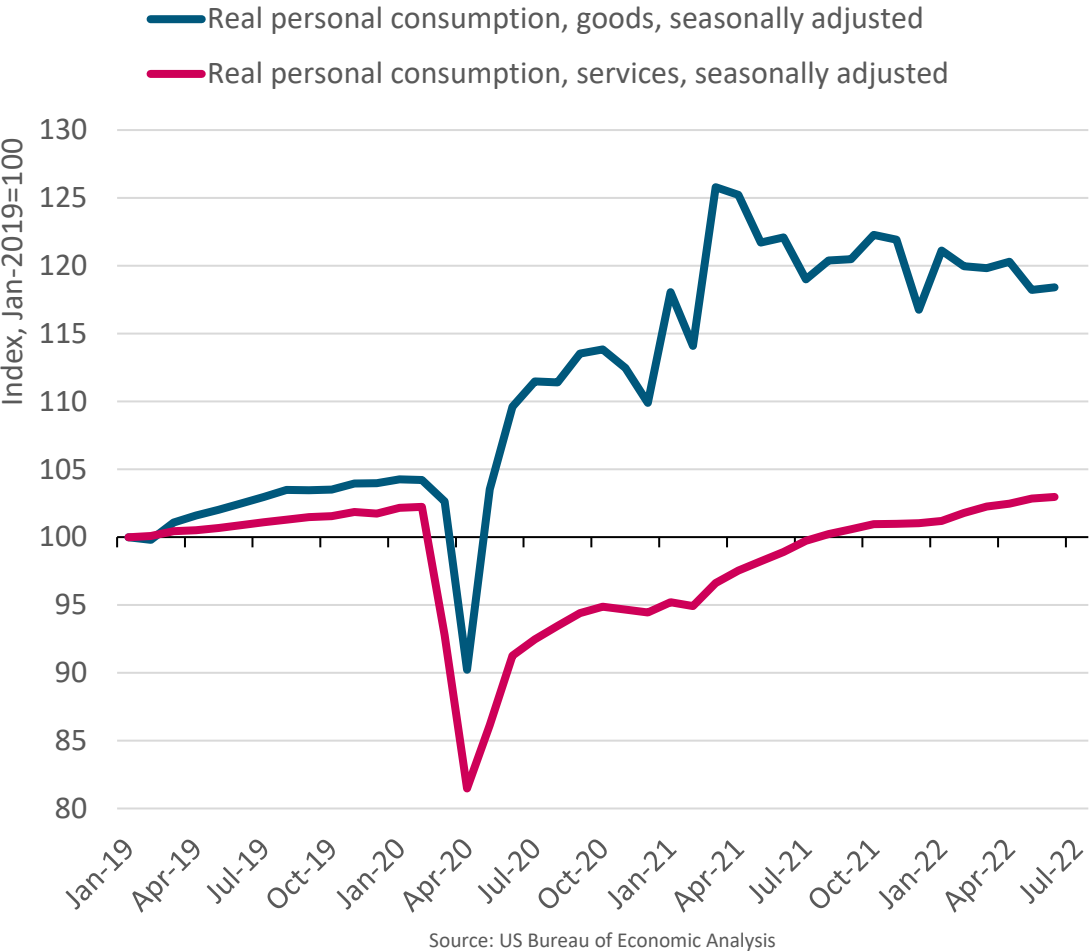


# Consumption & Savings

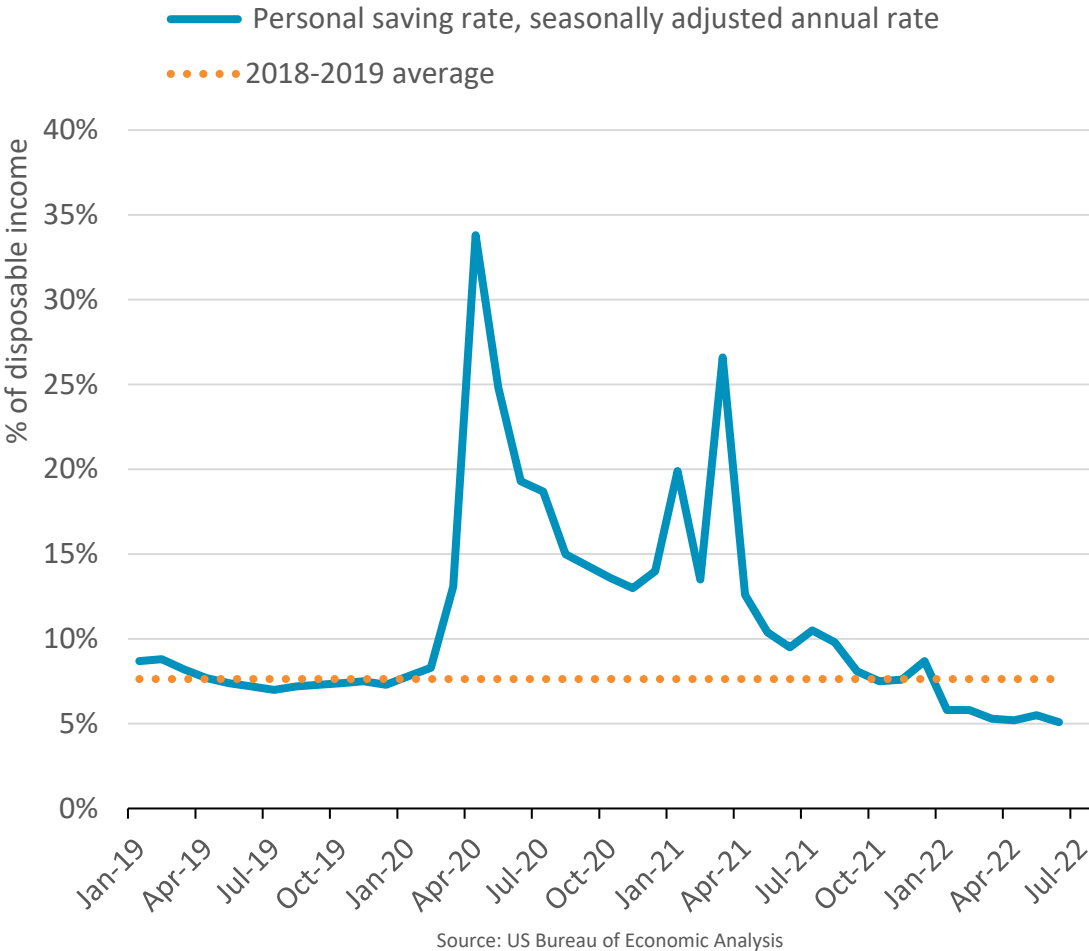
## Goods consumption down 5.8% since peak in March 2021



US Personal Consumption



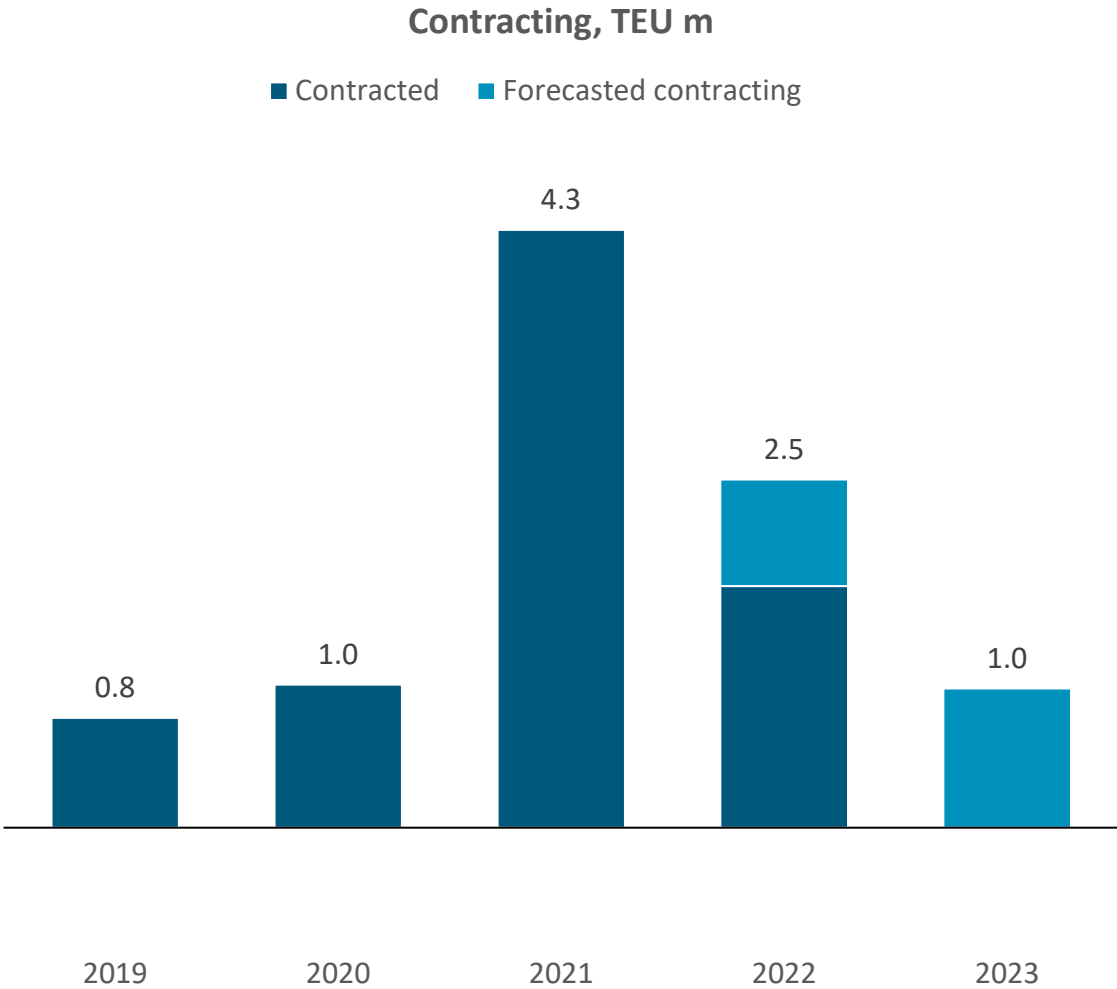
US Personal Saving Rate



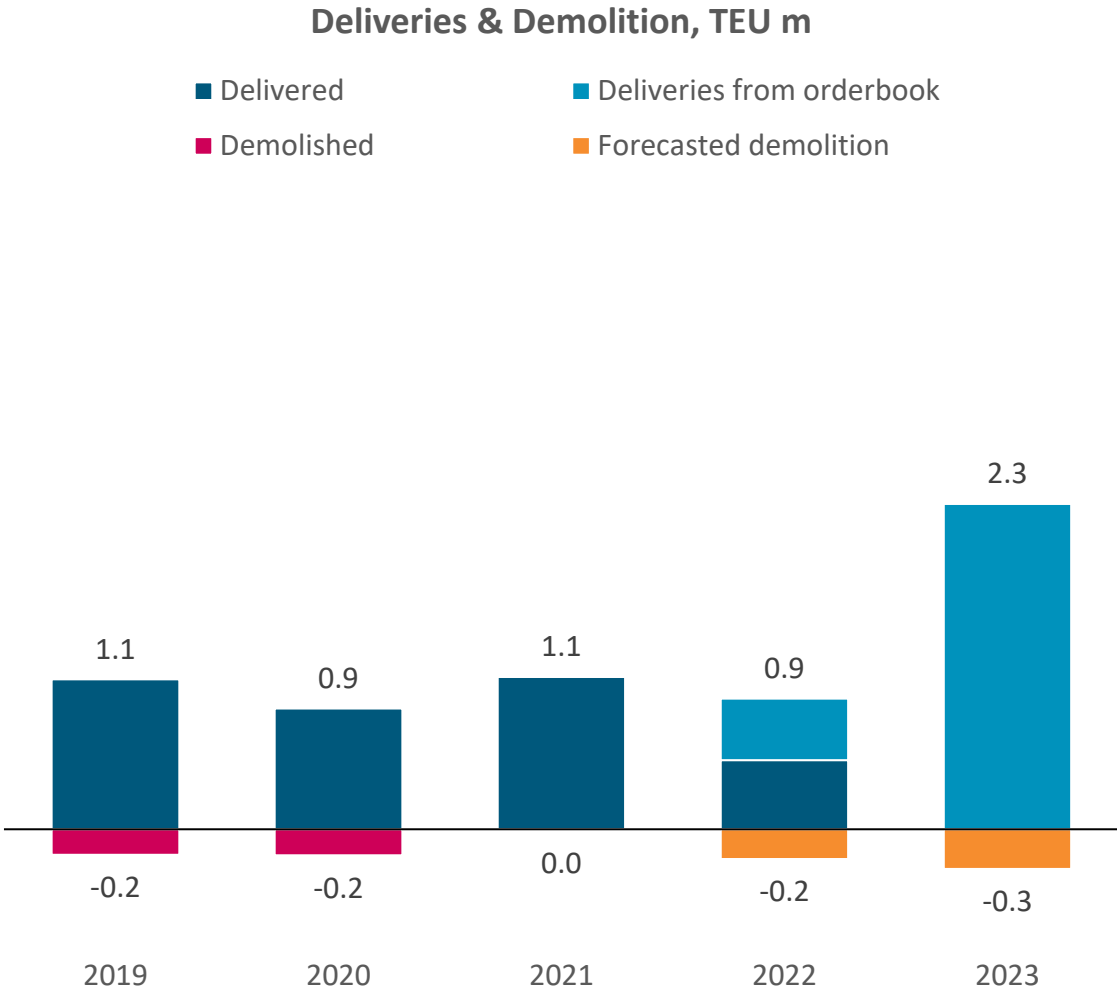
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# Fleet Development

## Contracting has slowed while demolition still non-existent



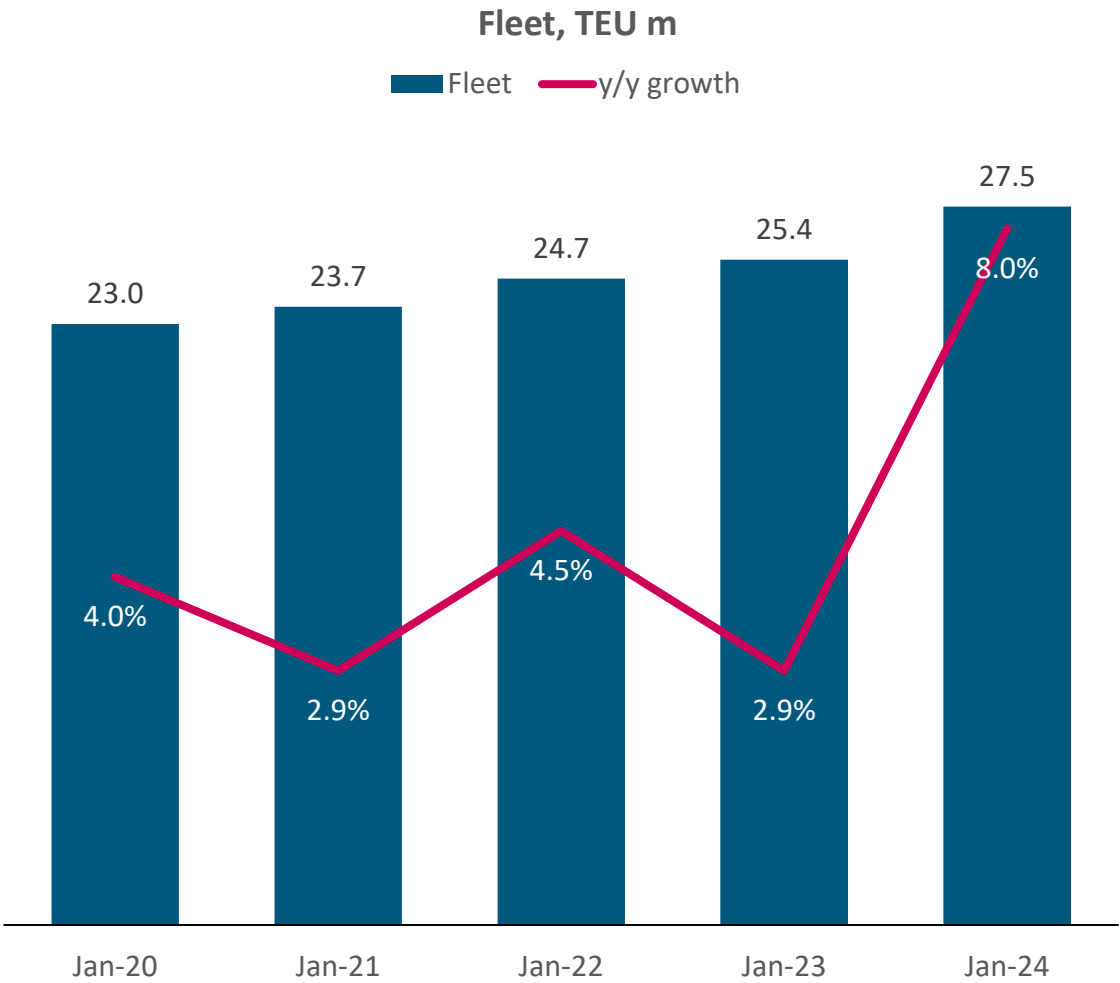
Source: BIMCO, Clarkson Shipping Intelligence Network



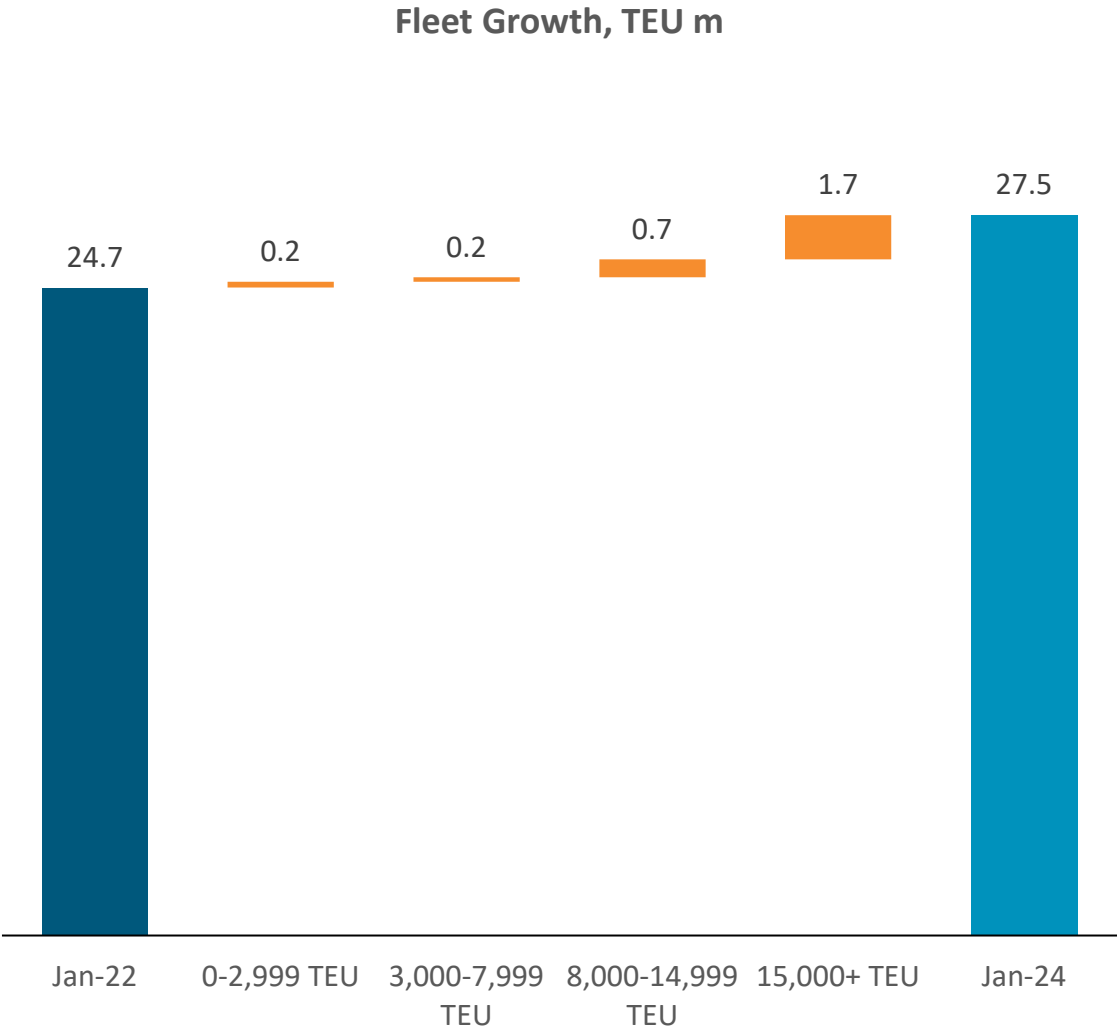
Source: BIMCO, Clarkson Shipping Intelligence Network

# Fleet Size

## 2021-22 contracting to drive high fleet growth starting 2023



Source: BIMCO, Clarkson Shipping Intelligence Network



Source: BIMCO, Clarkson Shipping Intelligence Network

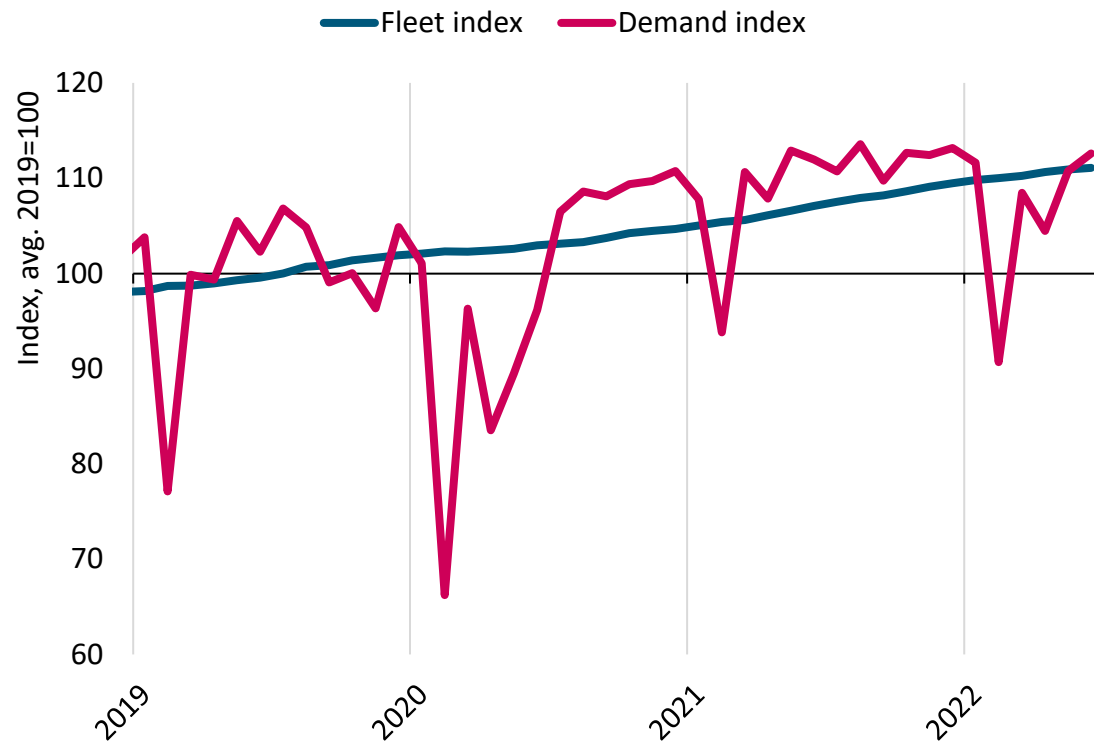


# Demand vs. Fleet

## Pressure eases but 10% of still tied up in congestion

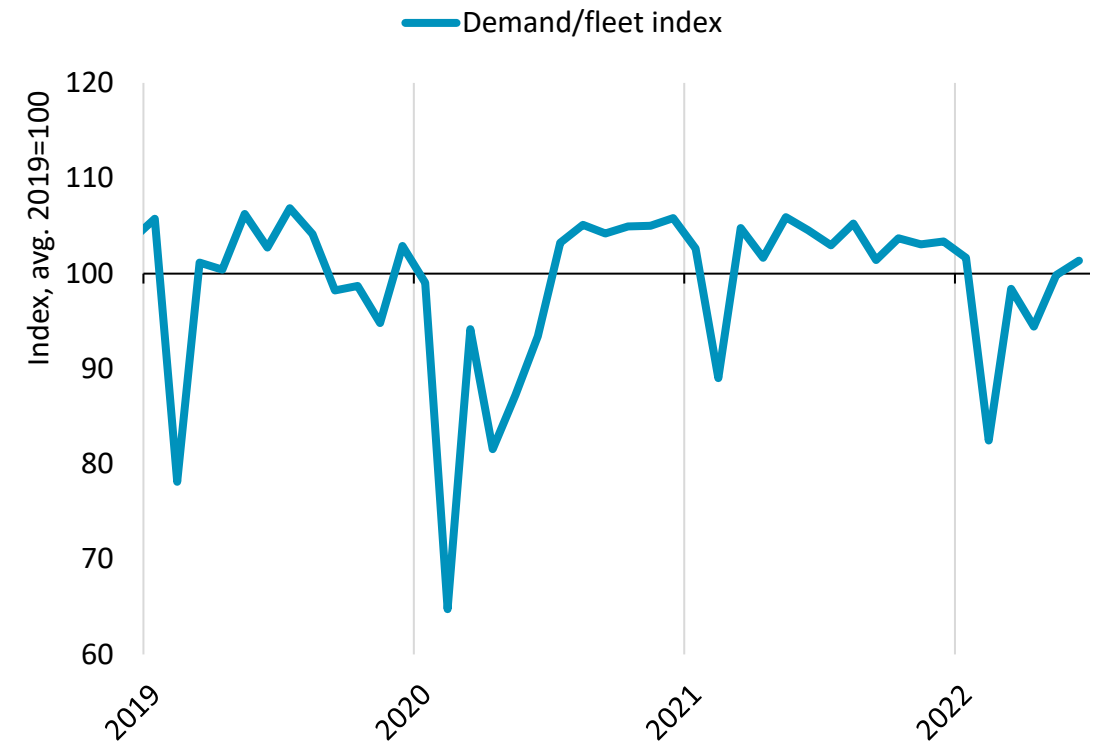


Fleet vs. Demand Development



Source: CTS; Clarkson Shipping Intelligence Network

Demand/Fleet Index



Source: CTS; Clarkson Shipping Intelligence Network

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## 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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