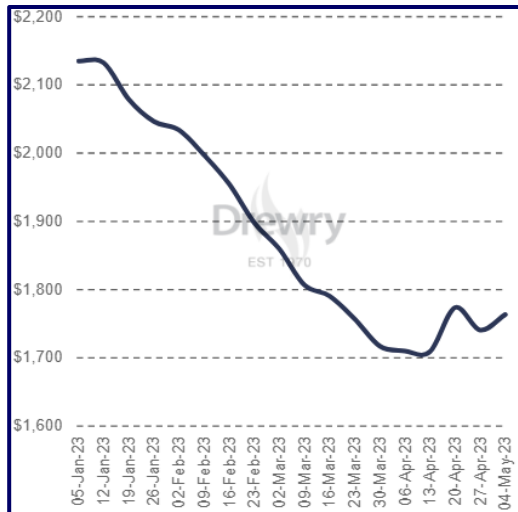


GLOBAL TRANSPORTATION MARKET REPORT MAY 2023

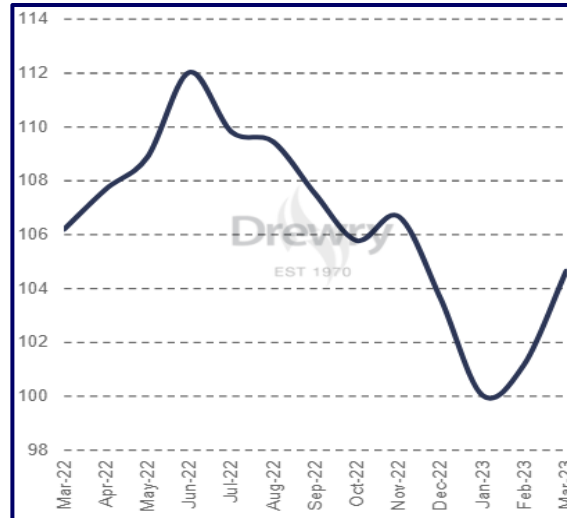


GLOBAL OCEAN TRENDS

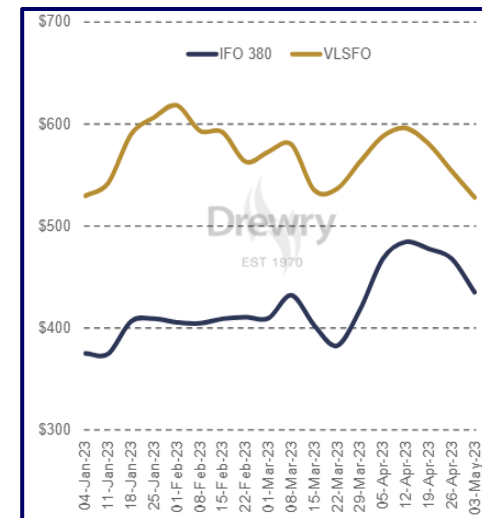
World Container Index



Global Port Throughput



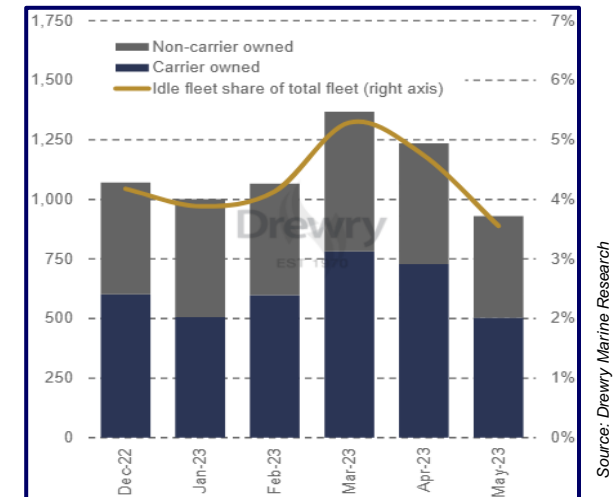
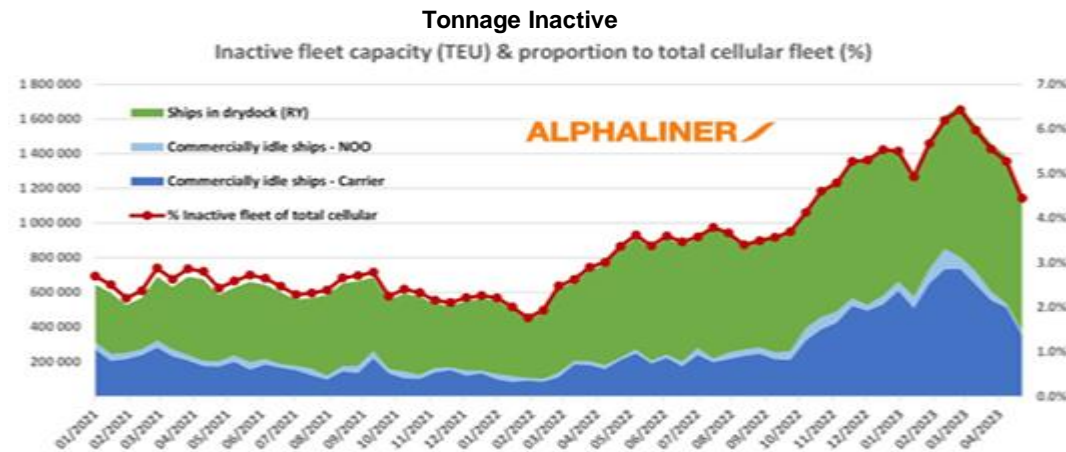
Bunker



Source: Drewry Marine Research

- For the first time in 2023, global container rates have trended upward.
- The uptick in rates is attributable to a moderate increase in demand, but carriers accepting breakbulk cargo to offset available supply may also be a factor.
- Increasing supply will continue with the delivery of more new vessels into the global fleet; analysts are cautiously predicting rate stability.
- Carriers announced a May 15 general rate increase on the transpacific trade.
- U.S. inventory accumulation registered a 2.3% drop despite softer consumer demand. This could be an early indication for a traditional year-end boost in volume on head haul trades if shippers are compelled to replenish their inventories.
- Indications from the market on contracts have reflected lower head haul rate levels compared to initial estimates.

CAPACITY AND IDLE FLEET



- 264 ships representing 1.17M TEU are inactive, a slight decrease from the previous month, accounting for 4.4% of the global fleet.
- Four ship orders were fulfilled in early May, including delivery of the MSC Bianca Silvia, a 15,000+ TEU vessel.

OCEAN TRADE LANES

- As order books are delivered, capacity discipline is still required.
- Blanking programs and general rate increases are expected to continue. The full impact on rates may not be realized until demand increases further.
- Decreased U.S. and European gross domestic product growth, due to credit restrictions, inflation and interest rates, will not be a major accelerant to the Asia Pacific region growth expected in the second half of this year.
- Legislation introduced in the U.S. House of Representatives aims to negate antitrust protections that enable ocean carriers' vessel-sharing alliances. However, the proposed bill is estimated to have a low probability of passing.

Trade Lane	Status	Comments
TPEB to USEC		
TPEB to USWC		
CBP to N Eur		
CBP to MED		
SE Asia to N Eur		
SE Asia to MED		
ISC to US		
N Eur to ISC		

Trade Lane	Status	Comments
N Eur to AP		Stable rates expected
MED to AP		Rates expected to stabilize
US to N Eur		
US to MED		
MED to US		
N Eur to US		
US to ISC		
Med to ISC		

	Available space; quick booking turn time.
	Capacity well utilized; some space available.
	Demand higher than supply; space agreements challenged.

OCEAN CARRIER UPDATES

2M



Ocean Alliance



THE Alliance



- THE Alliance is updating its FE3 Loop (Far-East to Europe). ONE is deploying a new 24,000 TEU vessel to the rotation and Hapag-Lloyd is considering contributing an additional vessel of the same class.
- MSC is adjusting its port rotation in California for its Sentosa service. The weekly service will make alternating calls at the twin ports of Long Beach and Los Angeles. The carrier will drop all Sentosa calls in China, Taiwan, Sri Lanka, Singapore, Malaysia and India, and transfer them to an all-new Far East-India service, Shikra.
- THE Alliance is upgrading its Southeast Asia-East Coast of North America EC5 loop. Weekly capacity has increased by about 40% as all eight 9,000 TEU ships previously deployed by ONE and HMM are gradually replaced by 14,000 TEU vessels operated by ONE.
- Swire Shipping announced it will now be the sole operator of U.S. West Coast–South Pacific service. The route had been a partnership with Hamburg Sud since February 2000.

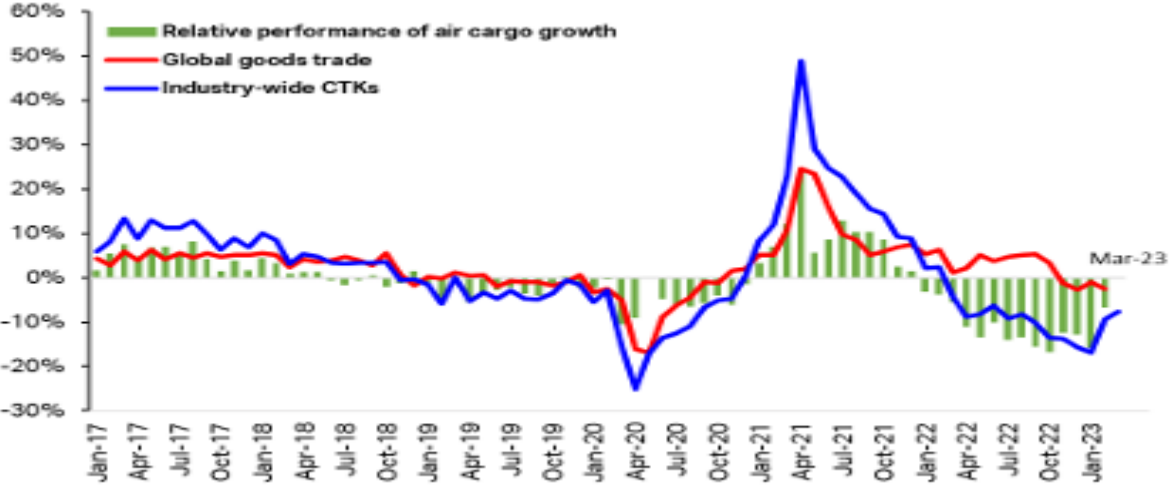
MEXICO AND TRANSBORDER

Ocean Updates

- Almost all seaports in Mexico reported year-over-year declines in volume for the first quarter.
- In total, 1,841,649 TEUs moved through Mexican seaports in Q1, a decrease of 8.1% compared to Q1 2022.
- Q1 container throughput increased year-over-year at two ports:
 - West Coast: Guayamas container handling for Q1 increased by 3,775 TEUs or 22.2%
 - Gulf Coast: Tampico increased its volume by 99.0% with 9,113 TEUs passing through in Q1
- Note: According to Mexican authorities, no cabotage movement has been registered for the first quarter of 2023, despite the federal government's intention to promote this mode of transport.

Puerto	2022	2023	Variación en %
Pacífico	1,454,513	1,328,146	-8.7
El Sauzal, B.C.	-	-	-N/C
Ensenada, B.C.	101,646	101,375	-0.3
Pichilingue, B.C.S.	3,370	-	N/C
Guaymas, Son.	3,090	3,775	22.2
Mazatlán, Sin.	7,385	6,042	-18.2
Manzanillo, Col.	832,200	813,750	-2.2
Lázaro Cárdenas, Mich.	496,187	397,220	-19.9
Salina Cruz, Oax.	933	-	N/C
Puerto Chiapas	9,702	5,984	-38.3
Golfo - Caribe	549,518	513,503	-6.6
Altamira, Tamps.	208,199	198,901	-4.5
Tampico, Tamps.	4,580	9,113	99.0
Tuxpan, Ver.	18,544	12,242	-34.0
Veracruz, Ver.	278,709	257,338	-7.7
Coatzacoalcos, Ver.	4,546	3,996	-12.1
Dos Bocas, Tab.	-	10	N/C
Seybaplaya, Camp.	-	-	N/C
Progreso, Yuc.	33,389	30,495	-8.7
Puerto Morelos, Q. Roo	1,551	1,408	-9.2
Total	2,004,031	1,841,649	-8.1

Growth in Global Goods Trade



Sources: IATA Statistics, Netherlands CPB

	World share ¹	March 2023 (% year-on-year)				March 2023 (% ch vs the same month in 2019)			
		CTK	ACTK	CLF (%-pt) ²	CLF (level) ³	CTK	ACTK	CLF (%-pt) ²	CLF (level) ³
TOTAL MARKET	100.0%	-7.7%	9.9%	-8.8%	46.2%	-8.1%	-1.0%	-3.6%	46.2%
Africa	2.0%	-6.2%	-4.1%	-1.1%	48.9%	9.7%	-13.3%	10.3%	48.9%
Asia Pacific	32.4%	-7.3%	23.6%	-16.2%	48.5%	-13.7%	-1.3%	-6.9%	48.5%
Europe	21.8%	-7.8%	8.8%	-10.3%	57.0%	-17.4%	-18.5%	0.7%	57.0%
Latin America	2.7%	-5.3%	12.9%	-7.0%	36.6%	-5.6%	-10.7%	1.9%	36.6%
Middle East	13.0%	-5.5%	9.7%	-7.3%	45.6%	-6.8%	0.5%	-3.6%	45.6%
North America	28.1%	-9.4%	0.4%	-4.2%	39.3%	7.3%	14.1%	-2.5%	39.3%
International	86.8%	-8.1%	8.3%	-9.5%	53.1%	-9.0%	-4.9%	-2.4%	53.1%
Africa	2.0%	-6.2%	-4.7%	-0.8%	49.9%	11.0%	-11.6%	10.2%	49.9%
Asia Pacific	29.7%	-9.4%	12.0%	-13.6%	57.2%	-11.8%	-4.0%	-5.1%	57.2%
Europe	21.5%	-8.4%	8.1%	-10.6%	59.0%	-18.1%	-19.4%	1.0%	59.0%
Latin America	2.3%	-5.0%	16.2%	-9.5%	42.7%	-4.7%	-6.1%	0.6%	42.7%
Middle East	13.0%	-5.4%	10.0%	-7.5%	46.0%	-6.7%	0.5%	-3.6%	46.0%
North America	18.4%	-8.1%	3.2%	-6.0%	49.1%	5.3%	8.9%	-1.7%	49.1%

¹% of industry CTKs in 2022

²Change in load factor

³Load factor level

Note: the total industry and regional growth rates are based on a constant sample of airlines combining reported data and estimates for missing observations. Airline traffic is allocated according to the region in which the carrier is registered; it should not be considered as regional traffic. Historical statistics are subject to revision.

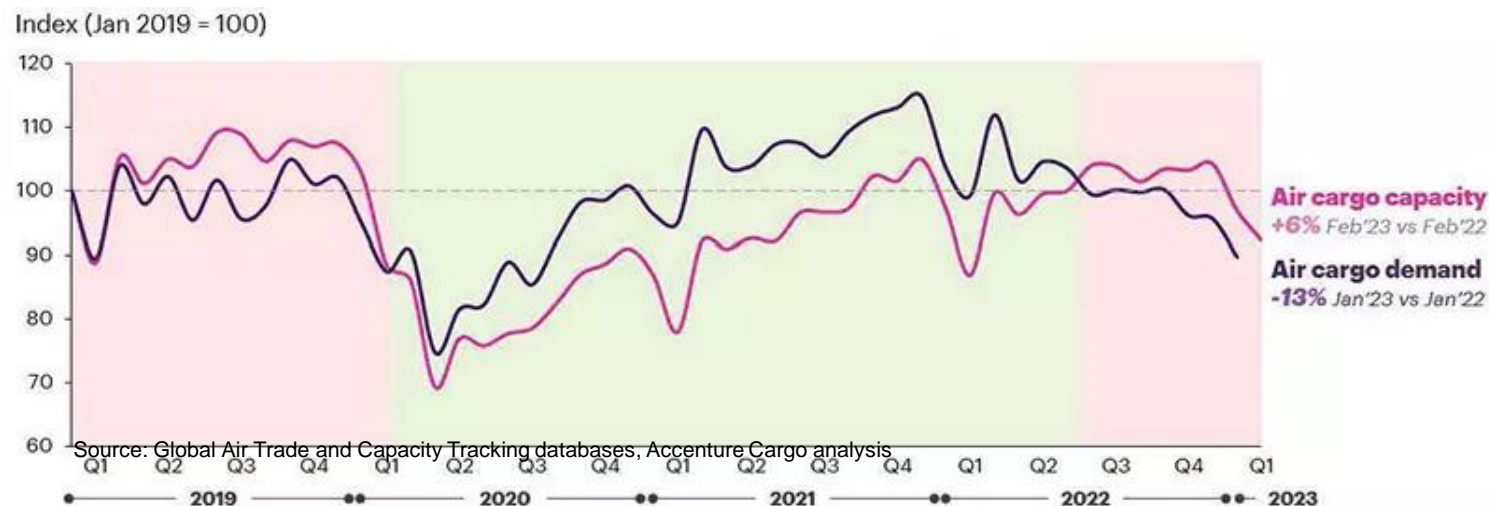
AIR FREIGHT OVERVIEW

- Slight demand improvements continue.
- Global capacity has increased again, with load factors decreasing slightly as a result.
- Export growth typically drives traffic gains in the air market, but the outlook for 2023 continues to be weak.
- Given the region’s export potential, the Asia Pacific economic outlook is more promising compared to the North America and Europe regions. However, all major economies have contracted slightly month over month.

CAPACITY DEVELOPMENT

- Global capacity has increased year over year as a result of belly space growth on international passenger routes.
- Passenger traffic has grown 52+% YOY.
- Demand continues to trend steadily downward, which many observers attribute to market normalization.
- Weak demand combined with increased capacity continues to negatively impact load factors and, therefore, yields for airlines.
- Longer-term contracts between shippers and forwarders are also indications for market normalcy.
- However, a high volume of spot transactions indicates the market has not yet settled into a “new normal” state.

Monthly development of international air trade and air cargo capacity, 2019-2023



AIR TRADE LANES

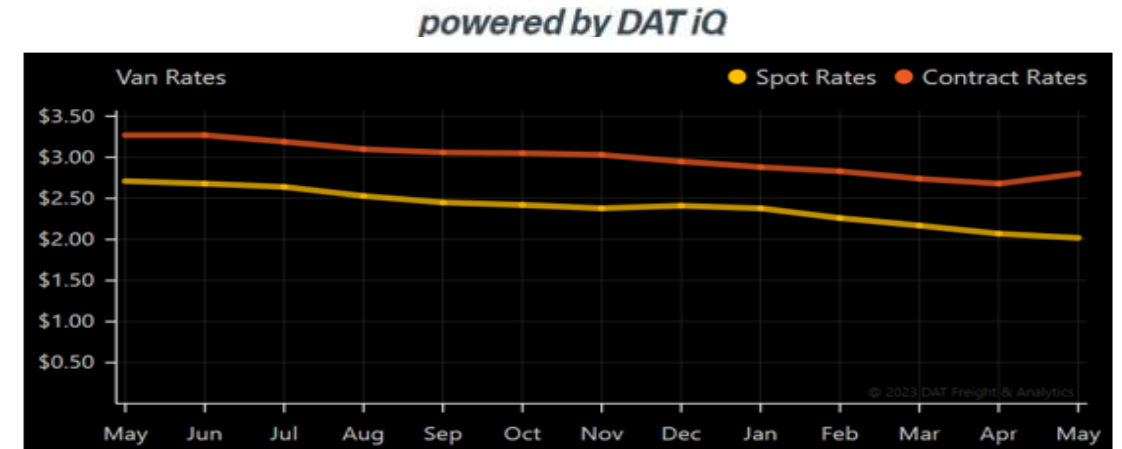
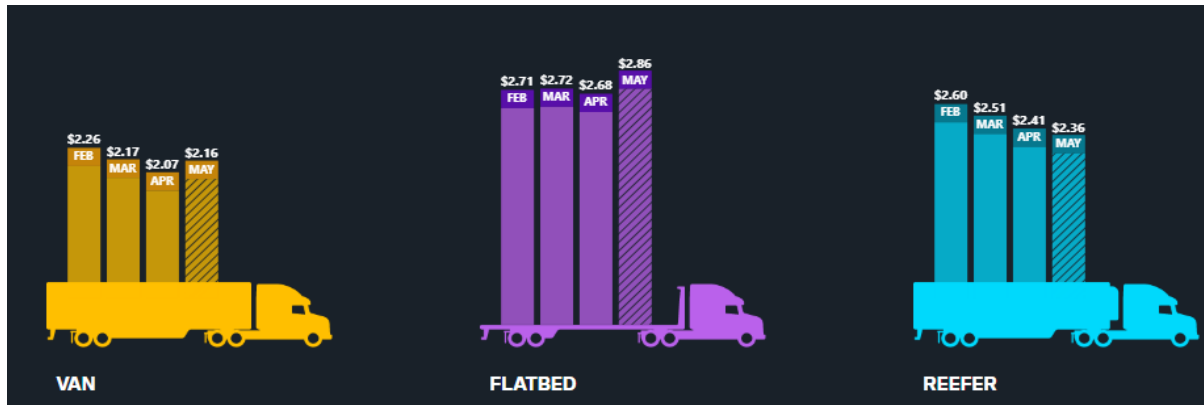
- Capacity from Europe is growing as airlines add flights and schedules throughout the summer
- On April 29, China Eastern and China Southern added freighter flights from Heathrow to Shanghai
- For cost reasons, some freighter uplifts have already been cancelled
- During 2020-2022, many shippers shifted modes from sea to air freight as a result of port congestion, uncertain capacity and historically high rates. These companies are now shifting back to ocean shipping as reliability increases and pricing stabilizes.
- The slight volume increases in the latter half of the first quarter were not substantial enough to impact rates and capacity.

Trade Lane	Status	Comments
AP to US	Available space; quick booking turn time.	
US to AP		
Europe to AP		
AP to Europe		
Europe to US		
US to Europe		

Trade Lane	Status	Comments
US to LATAM	Available space; quick booking turn time.	
LATAM to US		
Europe to LATAM		
LATAM to Europe		
India to US		
US to India		

Available space; quick booking turn time.
Capacity well utilized; some space available
Demand higher than supply; space agreements challenged.

NORTH AMERICAN TRANSPORTATION

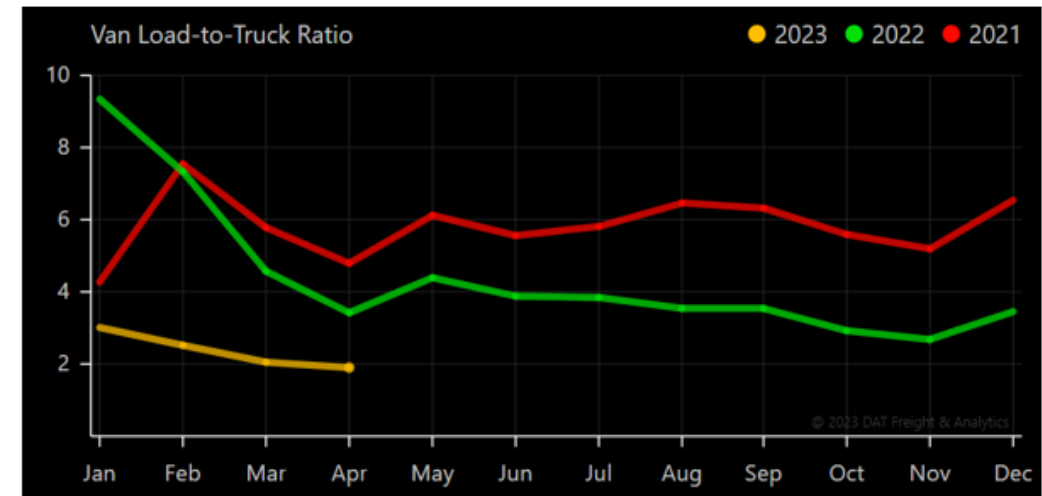
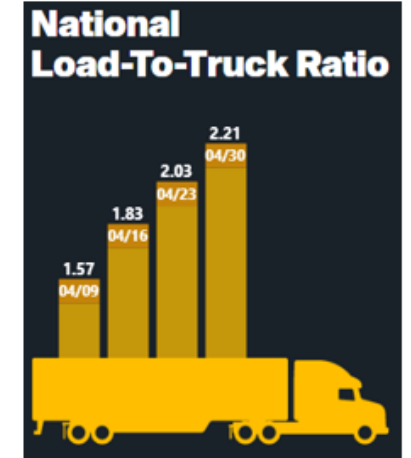
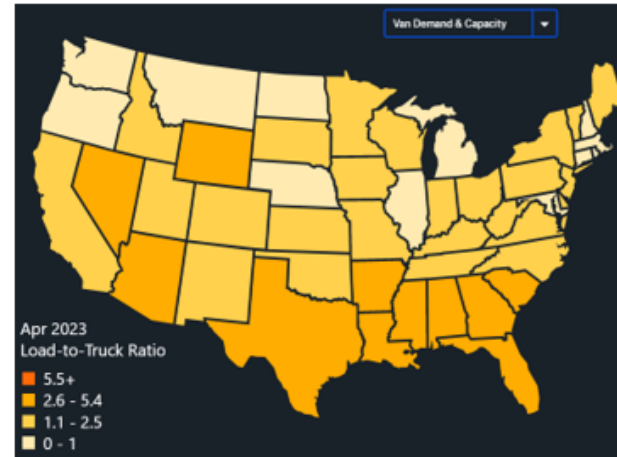


- Dry van and flatbed rates ticked up slightly in April. Regional market surges are contributing to higher truck-to-load ratios, affecting pricing and availability, but second-quarter projects remain flat overall.
- The warehousing sector is showing signs of contraction with both storage utilization and employment falling to their lowest levels in more than a year – a direct reflection of the slowdown in shipping demand as retailers continue to reduce existing inventories.
- **Notable watch:** UPS and the teamsters union have initiated talks on what is usually the largest collective bargaining agreement in the United States.
- **Fraud alert:** Beyond the questionable practice of “double brokering,” brokers and shippers are experiencing fraudulent cloning of carriers, where criminals intercept the booking while mirroring the carrier, including MC and DOT numbers. The bad actors even provide GSP locations and tracking information – up to the point when communication is abruptly cut off, leaving the shipper in limbo with no further information. Always confirm with your booking agent to verify carrier information and driver names with a driver's license. If your drivers and carriers are different, call your booking agent for validation prior to loading.

NORTH AMERICAN TRANSPORTATION

- Load-to-driver capacity remains favorable in most U.S. markets.
- Slight increases are occurring across regions of the United States; however, all indicators point to a continued economic slowdown.
- Ample capacity is available to meet the current demand.

Dry Van Capacity Data



powered by DAT iQ

ECONOMIC INDICATORS

Slowing Growth

In a sign that higher interest rates are slowing economic growth, first-quarter GDP dipped to a 1.1% annualized growth rate as healthy consumer spending helped offset a decline in business investment and a slowdown in nonresidential investment.

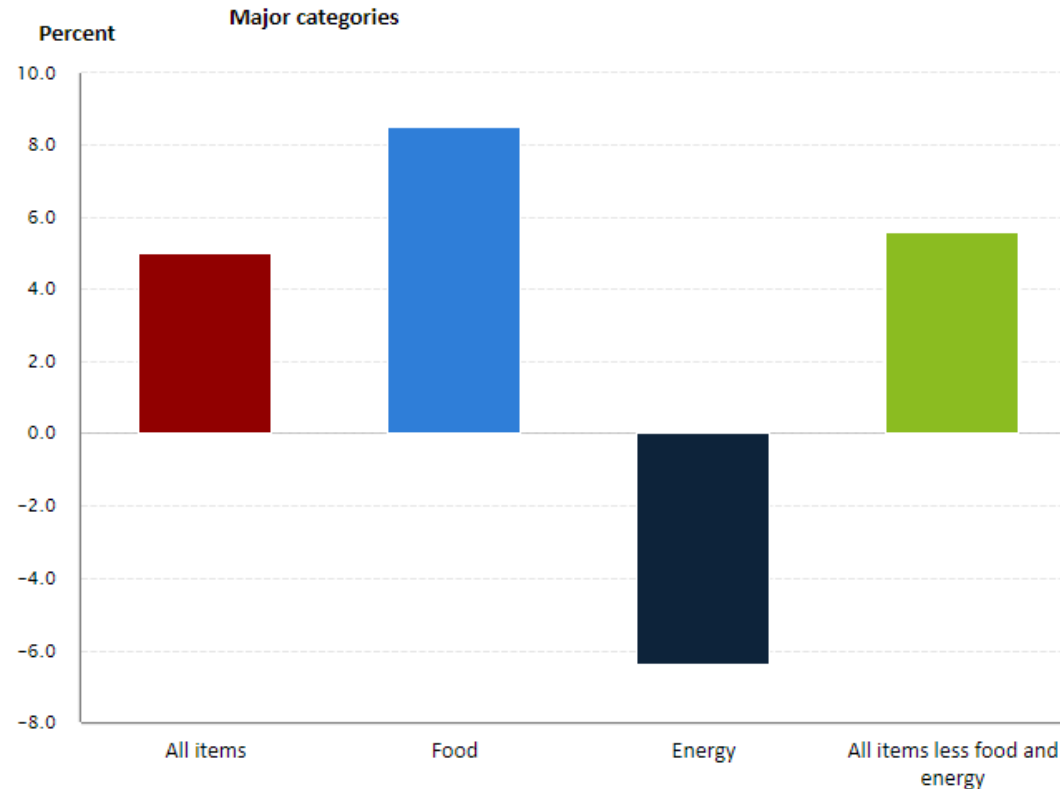
Economists had expected first-quarter GDP growth to come in at 2%. The business inventory investment slowdown reduced the headline GDP number by 2.26%.

The initial estimate of GDP also reported some disappointing inflation news as the quarter-over-quarter Personal Consumption Expenditures Price Index, the Fed's preferred inflation measure, rose 4.2%, which was higher than the 3.7% forecast.

Source: PWA

12-month percentage change, Consumer Price Index, selected categories, March 2023, not seasonally adjusted

Click on columns to drill down



Source: U.S. Bureau of Labor Statistics.



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Now that you know what's on the horizon for the coming month, it's time to strategize. But you don't have to do it alone. Let us put our 40+ years of experience across every industry, mode and region to work for your organization.

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Dale Grosso

dgrosso@aitworldwide.com

Customs Brokerage

Emily Faulkner

efaulkner@aitworldwide.com

International Air and Ocean

Kent Thompson

kthompson@aitworldwide.com

