

DHL Global Forwarding, Freight



OCEAN FREIGHT MARKET UPDATE

March 2018

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TOPIC OF THE MONTH

ONE Starts Taking Bookings: Breakdown of the Available Capacity



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DID YOU KNOW?

DHL Global Trade Barometer

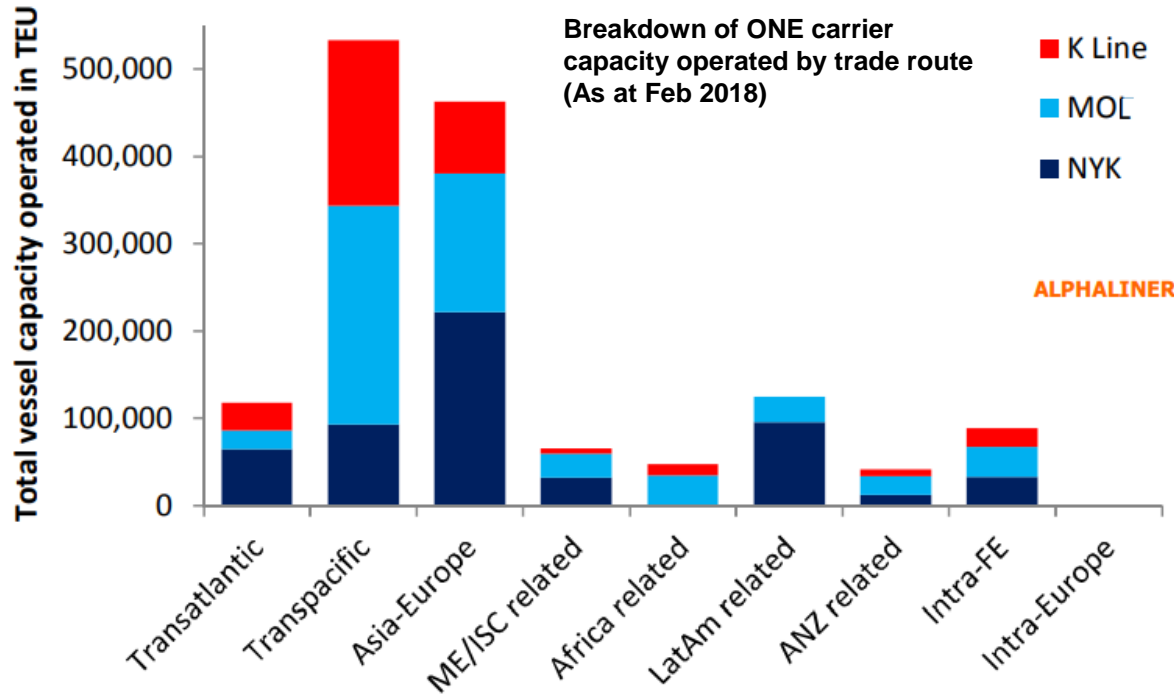


BACK-UP



Topic of the Month

ONE Starts Taking Bookings: Breakdown of the Available Capacity



Source: Alphaliner

Ocean Network Express (ONE), the joint venture regrouping the container shipping businesses of K Line, MOL and NYK, announced on 1 February 2018 that it has started accepting bookings for its container shipping services that will begin operating from 1 April 2018.

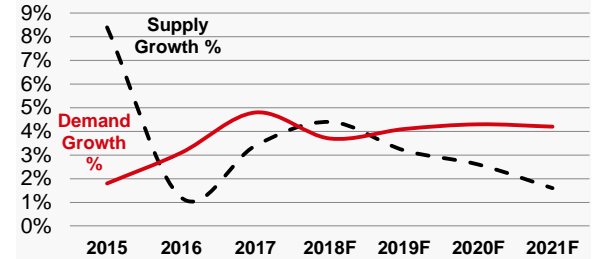
During the interim period preceding the official commencement of ONE on 1 April, there will be up to four companies operating on the same service until the three pre-existing lines completely stop operating vessels. The transition is expected to be smooth, with customers expected to shift over to the new network with minimal disruptions during the switchover.

Only minor changes to the service offerings are planned, with no significant fleet rationalizations. The largest overlaps between the three liners are limited to the intra-Asia trade.

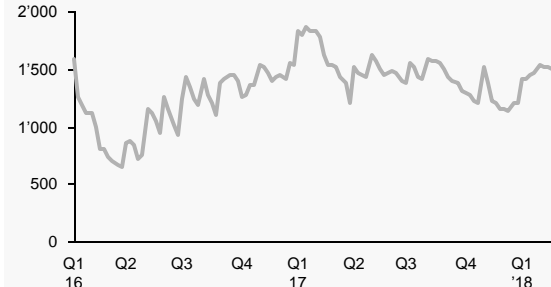
High Level Market Development – Supply and Demand

ECONOMIC OUTLOOK ¹⁾		2017F	2018F	2019F	2020F	2021F	CAGR (2018-2021)
GDP GROWTH BY REGION							
	EURO	2.3%	2.1%	1.8%	1.8%	1.8%	1.9%
	MEA	3.1%	3.3%	3.6%	3.8%	4.7%	3.6%
	AMER	2.2%	2.4%	2.4%	2.3%	2.2%	2.3%
	ASPA	5.0%	4.9%	4.7%	4.6%	4.8%	4.8%
	DGF World	3.2%	3.2%	3.1%	3.1%	3.1%	3.1%

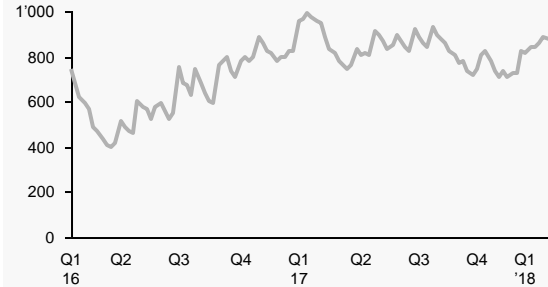
SUPPLY/DEMAND GROWTH RATE (ANNUALIZED), IN %



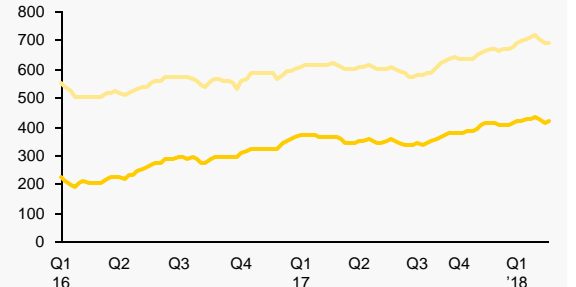
WORLD CONTAINER INDEX (WCI)³⁾



SHANGHAI CONTAINERIZED FREIGHT INDEX (SCFI)⁴⁾



BUNKER PRICE INDEX ⁵⁾



¹⁾real GDP, Global Insight, Copyright © IHS, Q2 2018 . All rights reserved ²⁾ Demand growth = Port-to-Port Container Traffic growth. Supply growth = Fleet Growth. Source: Drewry Maritime Research. ³⁾ Shanghai Shipping Exchange, in USD/20ft container & USD/40ft ctnr for US routes, 15 routes from Shanghai.

⁴⁾ Global Insight, Drewry, ⁵⁾ Bunker Index, in USD/metric ton, Bunker Index MGO (BIX MGO) = avg. Global Bunker Price for marine gasoil (MGO) port prices; (BIX 380= avg. Global Bunker Price for all 380 centistoke (cSt) port prices; both index published on the Bunker Index website.

Market Outlook March 2018 – Major Trades

Rates from Asia to North America are raising ahead of contract season.

EXPORT REGION	IMPORT REGION	CAPACITY	RATE
 EURO	AMNO	=	=/+
	AMLA	=	=/+
	ASPA	=	=
	MENAT	=	=/+
	SSA	=	=/+

 AMNO	AMLA	=	+
	ASPA	=	=
	EURO	=	=
	MENAT	=	+
	SSA	=	+

KEY

Strong Increase ++

Moderate Increase +

No Change =

Moderate Janline -

Strong Janline --

Source: DGF

EXPORT REGION	IMPORT REGION	CAPACITY	RATE
 AMLA	AMNO	=	=
	ASPA	+	=
	EURO	+	=
	MENAT	=	=
	SSA	=	=

 ASPA	ASPA	=	=
	AMNO	-	=
	AMLA	=	+
	EURO	=	=
	MENAT	=	=
	OCEANIA	--	-

Market Outlook March 2018 – Ocean Freight Rates Major Trades

Market outlook on smaller trades available in the back-up

OCEAN FREIGHT RATES OUTLOOK

ASPA – EURO	The CNY blank sailing program has just started. Some carriers extended the rates until 14.March and starting to announce a mid March GRI.
EURO – ASPA & MEA	For Far East, carriers are pushing stronger to increase rates, but with no success so far. Like in the past, Middle East seems to be their testing field, tough. Trend is “up” there.
ASPA – AMLA	Expecting tight post-CNY situation. Space to MX/WCSA will ease from April 2018, when new capacity injection is expected from CMA & Cosco. But no additional capacity expected to ECSA.
ASPA – AMNO	Post CNY impact to continue till 1 st half of March. Carriers have announced Mar 1 st & Mar 15 th GRI but expect limited success given the weaker outlook.
EURO – AMNO	Ocean rates are stable but US haulage rates are on the up rise due to ELD and shortage.
ASPA – MENAT	Pre CNY rush is still ongoing. Carriers has successfully pull through some mitigated GRI into MENAT lanes. Facing tight and/or roll over situation due to CNY blank sailing.
ASPA – ASPA	In general, space is forecasted to remain tight as bookings pick-up post CNY together with the planned blank sailings . The traditional peak season for IPBC is expected in March/April.
AMNO – EURO	The Resin manufacturers after about 4 years are finally up to production. This will likely change the landscape in Houston, it will cause full ships, rolling's, cancellations. Congestion in Savannah/Charleston/Houston ports. Truckers shortage especially in Chicago & Ohio valley.

Source: DGF



Economic Outlook & Demand Development

The Near-term Global Economic Outlook Continues to Brighten



EURO

EU's real GDP increased 0.6% quarter on quarter (q/q) and 2.7% year on year (y/y) in the fourth quarter of 2017. For the full year, output expanded 2.5%.

GDP growth is set to reach 2.4% in 2018, and then decline to 1.9% in 2019



AMNO

US: Fourth-quarter real GDP growth was reported at 2.6%, with a solid growth of final sales (3.2%). 2018 outlooks for US growth and inflation are trending up. The Tax Cuts and Jobs Act (TCJA, slashing individual and business tax rates) and the USD300-billion Bipartisan Budget Act (BBA) of 2018 are taking effect, making likely a GDP growth of up to 2.75–3.00% in 2018.



ASPA

JP: real GDP growth in the fourth quarter of 2017 was 0.1% q/q, or 0.5% q/q annualized. As a result, real GDP rose 1.6% in 2017—the highest rate since 2013. Predictions for real GDP growth are 1.4% in 2018, a softening from 2017, yet still above-potential growth.

CN: Real GDP expanded 6.8% y/y in the fourth quarter. After 6.9% growth in 2017, China's expansion is projected to decelerate to 6.7% in 2018, 6.4% in 2019, and 6.1% in 2020 as the government's reform policies begin to affect growth.



**EMERGING
MARKETS**

Emerging-market debt levels are much lower than during the crisis years of the 1980s and 1990s, but they have risen steadily since the global financial crisis. Commodity prices increased for 12 consecutive weeks through late January, with the IHS Markit Materials Price Index (MPI) rising 7% in the first four weeks of 2018 and 16% since the recent streak began. In the three weeks ending 16 February, however, the MPI tumbled 7%, erasing the January gains.

**DEMAND
DEVELOPMENT**

EURO: Persistently low inflation is protecting household purchasing power in the face of moderate earnings growth. European Central Bank (ECB) is set to keep monetary policy ultra-loose.

JP: Consumer demand will probably weaken during the first quarter of 2018, but external demand is likely to remain robust.

CN: Financial system risk mitigation limits credit expansion, while pollution control restricts growth in heavy industries

Source: Global Executive Summary, IHS, Purchasing Manager Index Manufacturing,

Capacity Development 1/3

CAPACITY DEVELOPMENT

Ocean Network Express (ONE) will offer **three new weekly loops** covering the trade between **Asia, Central America and the West Coast of South America** as of 1st Apr 18. These new Far East-Centram-WCSA services with a total deployment of 34 ships (6,000 – 13,000 TEU) will be part of the 'Day ONE' global liner network and branded as the Asia Latin Express Loops 1, 2 and 3. The three new services will replace the current 'ALX/CWL/Andes' service jointly operated by NYK, MOL and K Line currently using 11 ships (6,300 – 7,200 TEU). The launch will coincide with a restructuring of the Far East-WCSA trade.

The **current Far East – WCSA services are to be restructured in April**, as **Hamburg Süd** needs to **leave the Vessel Sharing Agreement (VSA)** with MSC, CMA CGM, Cosco, Hapag-Lloyd and HMM. This was required by the Chinese and Korean competition authorities in connection with the acquisition of the company by Maersk. Hamburg Süd currently operates 9 of the 10 ships of 7,100 – 10,000 TEU deployed on the 'ASPA 1' loop, out of a total of 33 ships of 7,100 – 13,000 TEU deployed on the three loops of the VSA. **Hamburg Süd** is to form a **new service set up together with Maersk Line** that currently operates three weekly Far East-CSA and Centram loops ('AC-1'/'AC-2'/'AC-3'). These three loops will be **replaced by four new loops**, including a composite service operating on a two-loop pendulum pattern serving Mexico ports and WCSA/NZ ports alternately, and a new fourth loop that will link Far East – Panama – NCSA on a round-the-world trip in easterly direction, that will also include an eastbound way port call at Bonaventura. A total of 39 ships will be deployed by Maersk and Hamburg Süd on the four strings, which is the same number of ships the two carriers currently deploy on their existing loops, operated separately by Maersk ('AC-1'/'AC-2'/'AC-3') and Hamburg Süd ('ASPA 1').

MSC, ONE, Hapag-Lloyd and HMM will **jointly operate from 1 Apr 2018** a VSA offering **three weekly loops on the Far East – Mexico – WCSA trade**. For MSC, Hapag-Lloyd and HMM this will replace a set of three services currently provided on partnership with CMA CGM, COSCO and Hamburg Süd and for ONE, a Far East - WCSA service, currently operated by its three founding members, NYK, MOL and K Line. The new service offering will consist in three weekly services, expected to use a total of over 30 container vessels (9,000 – 13,000 TEU).

This trade shake-up was also triggered by the **requirement of the Chinese and Korean competition authorities** to have **Hamburg Süd terminating VSA** on a number of **routes including on the Far East – WCSA trade**. Hamburg Süd has meanwhile announced a new Far East – WCSA offering, which will be based on its parent Maersk Line existing network on the trade.

The two remaining partners on the to be dissolved Far East – WCSA arrangement, **CMA CGM and COSCO Shipping**, will **launch a rival two-loop Far East – WCSA service**, with details to be announced shortly.

Source: Alphaliner, carriers

Capacity Development 2/3

CAPACITY DEVELOPMENT

Hyundai Merchant Marine (HMM) is to **launch in April** a standalone **Asia-North Europe service**, branded 'Asia-Europe Express' (AEX). The new service will turn in ten weeks with 10 classic panamax ships of 4,700 TEU. It will initially be independently operated by HMM, although future partnerships with other carriers cannot be ruled out. The service will offer the **fastest connections** between **Busan and Rotterdam** with an advertised transit time of **30 days**, compared to 33-39 days on rival services. The 'AEX' launch will mark **HMM's return** to the **Far East – Europe route** as a **vessel operator**, exactly one year after the carrier withdrew its ships from the trade. Last year's withdrawal came in the wake of the 2M+HMM agreement's launch. The 'AEX' will be the smallest loop on the Far East – North Europe direct trade and the relatively small size of the vessels might put HMM at a significant cost disadvantage against its rivals, but for the Korean carrier the new service launch is also a **prelude** for a **more substantial return** to the Far East – North Europe route at a later stage. HMM plans to order a series of 23,000 TEU ships for delivery in 2020 and the completion of these new 'megamax' vessels would coincide with the expiry of the 2M+HMM arrangement in Apr 2020.

Hyundai's 'AEX' will add about 2% to the total **Far East – North Europe capacity**. Together with upgrades planned on existing strings, the average weekly capacity on the route **will increase by 9.6%** from 257,000 TEU in the 2nd quarter of 2017 to 282,000 TEU **in the 2nd quarter of 2018**.

Wan Hai and **THE Alliance** have entered into an **agreement** to launch a **new direct service** between the **Far East and the Red Sea in Apr 2018**. The new service 'AR1' will turn in seven weeks using 7 ships (4,800 TEU), of which 6 ships operated by THE Alliance partners and 1 by Wan Hai. The inaugural sailing is planned on 6 Apr 18 from Busan.

The **direct Far East – Red Sea service** 'RSS'/'RES3' currently operated separately by **Yang Ming** (THE Alliance member) jointly with **PIL** and **COSCO** will come to an **end in April** concurrently to the plan by **OCEAN Alliance** and **PIL** to **streamline their Far East – Red Sea** offering with only two loops using 12,000 – 14,000 TEU ships, from three existing loops using smaller ships of 6,000 – 12,000 TEU currently.

The **Europe – Middle East – Indian Subcontinent** joint service operated within a VSA involving Hapag-Lloyd, Hamburg Süd and CMA CGM is **currently being upgraded** by Hapag Lloyd replacing the 4 8,004 TEU ships it contributes to the services by larger units of 10,000 TEU. Hamburg Süd is expect to withdraw from the VSA as this was requested by the European Commission to comply with European competition rules after the company's acquisition by Maersk Line. However CMA CGM is expected to replace the three Hamburg Süd 8,700 – 9,000 TEU vessels by ships similar in size to the 4 units Hapag-Lloyd is introducing.

The **India – USEC service** 'Indamex' jointly operated by **Hapag-Lloyd, CMA CGM and OOCL** is also being **upsized** with the replacement of the 5,600 – 6,750 TEU ships by larger vessels of 8,000 – 8,100 TEU.

Source: Alphaliner, carriers



Capacity Development 2/3

CAPACITY DEVELOPMENT

Carriers have **resumed** their **new building programs** after a brief pause in 2016 and early 2017. **Vessels with a combined slot capacity of 986,000 TEU** have been **added to the order book** since Sep 2017, compared to only 361,100 TEU in the period between Jan 2016 and Aug 2017. This recent activity has brought the **total containership orderbook to over 2.8 Mteu**, or **13.2%** of the **existing fleet in slot capacity terms**. **Additional Vessel orders**, ranging from for feeder-sized tonnage to ships of 14,000 and even 22,000 TEU, are still being finalized. These could eventually **push** the **orderbook-to-fleet ratio** to above **15%**. Carriers and vessel owners look to renew their fleets ahead of the implementation on new Sulphur Oxides (Sox) emission and ballast water management rules due to take effect from 1 Jan 2020.

MOL TREASURE (20,182 teu) was delivered to MOL and joined the Asia – North Europe 'FE2' loop on 5 Feb 2018. Together with the MOL TRUTH (delivered Oct 2017) the MOL TREASURE is the largest container ship ever built in Japan the first-ever Megamax vessel built in the country.

The **idle containership fleet** has dropped sharply in early Feb as carriers rushed to add capacity to take advantage of the high pre-Lunar New Year holiday demand in Far East. The idle fleet of > 500 TEU stood at only 65 ships as at 5 Feb accounting for only 0.9% of the total idle container ship fleet. However the idle fleet is set to rise again as carriers implement void sailings in the Far East during the post-holiday period.

The European main **port of Rotterdam** reported a **record container volume of 13.73 Mteu** for the year **2017**, upto **10.9%** from the **year before**. Growth was particularly strong in the second half of the year, when box throughput was 12.4% higher than in the same period in the preceding year 2016. Rotterdam's rather spectacular 10.9% year-on-year increase translates to a **net gain** of about **1.35 Mteu**. The Rotterdam Port Authority expects the throughput **volume to increase** further in **2018**, with growth in the container sector being lower than the exceptional growth in 2017.

Source: Alphaliner, carriers



Carriers

Drewry's Altman Z-Score as of February 2017

Company	Period	Period Ended	Unit	Net Sales	EBIT	Assets		Book Value of Equity	Liabilities		Retained Earnings	Z-Score
						Total	Current		Total	Current		
OOIL (parent of OOCL)	6 months	30. Jun 17	million US\$	2'898	110	9'693	2'783	4'592	5'101	1'437	4'529	2.03
AP Moller-Maersk	9 months	30. Sep 17	million US\$	22'953	322	60'260	25'305	30'954	29'306	14'909	26'665	1.99
CMA CGM	9 months	30. Sep 17	million US\$	15'633	1'291	19'712	6'140	5'612	14'099	5'801	4'674	1.94
Wan Hai	9 months	30. Sep 17	million NT\$	44'970	2'480	75'688	30'509	34'074	41'614	20'588	11'142	1.79
NYK group	6 months	30. Sep 17	billion Yen	1'064	13	2'077	589	587	1'489	505	331	1.57
K Line group	6 months	30. Sep 17	billion Yen	579	6	1'063	406	258	804	283	69	1.55
China Cosco (parent of Cosco Container Lines) (1)	9 months	30. Sep 17	million RMB	67'599	4'567	132'443	45'728	42'981	89'462	42'854	32'765	1.49
Evergreen Marine Corp	9 months	30. Sep 17	million NT\$	113'068	5'893	193'384	62'178	59'025	134'359	45'053	11'810	1.37
MOL group	6 months	30. Sep 17	billion Yen	819	11	2'188	455	687	1'501	441	368	1.30
Hapag-Lloyd Holding	9 months	30. Sep 17	million euro	7'314	268	15'817	2'840	5'780	10'037	3'323	3'157	1.28
Pacific International Lines	6 months	30. Jun 17	million US\$	1'878	98	5'698	1'290	1'804	3'894	1'907	1'034	1.17
Yang Ming	9 months	30. Sep 17	million NT\$	99'263	501	131'096	24'696	17'670	113'426	44'536	-1'752	0.92
Hyundai Merchant Marine	9 months	30. Sep 17	billion Won	3'840	-289	3'442	1'206	636	2'806	774	-2'467	0.40
Zim	9 months	30. Sep 17	million US\$	2'217	115	1'827	590	-82	1'909	653	-1'879	0.39

None of the carriers manage to reach the > 2.99 "safe" zone, and only OOIL reaches the caution zone, all the remaining carriers are in the distress zone.

The Z-score is a statistical analysis to predict a company's probability of failure in the next 2 years, using data from the company's financial statement.

A Z-score ≥ 2.99 = company is "safe".

A Z-score between 1.8 and 2.99 = exercise caution ("grey zone").

A Z-score ≤ 1.8 = higher risk of the company going bankrupt ("distress zone").

All indications based on these financial figures only.

Carriers

CARRIERS

Maersk Line has reported **net profits of \$541M in 2017**, an **improvement of \$917M** over the net loss of -\$376M in 2016. Underlying profits reached \$521M in 2017 compared to -\$384M in 2016 (excluding impairments, extraordinary items and losses at Hamburg Süd which was consolidated from 1 Dec 2017). However, the \$905M improvement in Maersk Line's underlying results fell short of the \$1Bn projection that the company had earlier said to achieve. Maersk Line's volume growth of 3.6% in the 4th quarter 2017 also fell short of overall market growth of over 6%, based on Alphaliner estimates. Maersk FY 2017 volumes grew by only 3.0% vs estimated global throughput growth of 6.6% in 2017. Hamburg Süd which was consolidated from 1 Dec 2017, contributed a separate net loss of -\$43M and an underlying loss of -\$8M to the Group's results during the month of Dec 2017. On a pro-forma full year basis, Hamburg Süd's container business posted a net profit of \$51M and an underlying profit of \$85M in 2017 on total revenues of \$5,416M. The positive Hamburg Süd results reversed a net loss of -\$117M in 2016.

Maersk Line Profit & Loss Statement : 2013 – 2017

In US\$M	2013	2014	2015	2016	2017
Revenue	26,196	27,351	23,729	20,715	24,299
EBITDA	3,313	4,212	3,324	1,525	2,624
EBITDA margin %	12.6%	15.4%	14.0%	7.4%	10.8%
EBIT (Core EBIT)	1,524	2,362	1,415	-404	670
EBIT margin %	5.8%	8.6%	6.0%	-2.0%	2.8%
Net Profit	1,510	2,341	1,303	-376	541
Net Profit (Underlying)	1,463	2,199	1,287	-384	511
Liftings in '000 TEU	17,678	18,884	19,044	20,830	21,462

Hamburg Süd Profit & Loss Statement : 2013 – 2017 (excl tramp shipping)

In US\$M	2013	2014	2015	2016	2017
Revenue	5,509	5,365	5,408	5,021	5,416
EBITDA	734	589	493	361	554
EBITDA margin %	13.3%	11.0%	9.1%	7.2%	10.2%
EBIT	455	279	49	-84	80
EBIT margin %	8.3%	5.2%	0.9%	-1.7%	1.5%
Net Profit	408	238	2	-117	85
Net Profit (Underlying)	408	238	2	-117	85
Liftings in '000 TEU	3,299	3,375	4,101	4,395	4,686

For its 2018 earnings guidance, Maersk Line has set a relatively modest target, with underlying earnings that are just above 2017 earnings of \$356M for the whole group. EBITDA earnings are expected to increase to \$4Bn to \$5Bn, compared to \$3.5Bn for the group in 2017.

Maersk projects that it will achieve overall synergy savings of \$120M in 2018 from the Hamburg Süd merger, against integrations costs of about \$100M, with savings rising to \$350-400M per year in 2019.

Source: Alphaliner, carriers



Carriers

CARRIERS

OOCL's total revenue in Q4 '17 reached 1.38 bn USD, -5% lower than in Q3 '17 driven by a fall in freight rates on all tradelanes. Rates on the Asia-Europe trade fell 10.2%, followed by rates on the transpacific trade with -5.2% while liftings increased marginally by 0.8%. With average **bunker costs 14-19% higher** compared to the previous quarters operating margins in the 4th quarter expected to shrink.

K Line posted an ordinary loss of **-1.97 bn JPY (-17 mUSD) in Q4 '17** for its container shipping business, due to **weaker freight rates, lower lifting and higher bunker costs**. It expects the loss to widen in Q1 '18 to -6.5 bn JPY due to continued lower freight rates and one-time integration costs related to the ONE JV.

MOL's ordinary income rose to 3.77 bn JPY (33 m USD) in Q4 '17 despite lower freight rates. **Liftings went up, with strong liftings in Dec.** However, it expects Q1 '18 results to turn negative due to declining freight rates after CNY holidays as well as ONE related integration costs resulting in an ordinary loss of -13.1 bn JPY.

NYK reported lower ordinary profit of 3.89 bn JPY (35 m USD) in Q4 '17 due to weaker freight rates caused by excess capacity. The carrier reported lower volumes on Transpacific eastbound and Asia-Europe westbound trades which were partly compensated by improved backhaul liftings. NYK also projects negative results in Q1 '18 mainly due to ONE integration expenses.



Source: Alphaliner, carriers

Did You Know?

DHL Global Trade Barometer – Ranking Index of January 2018

GLOBAL

64.2



INDIA

83.7



GERMANY

68.9



JAPAN

68.5



SOUTH KOREA

64.9



USA

64.4



GREAT BRITAIN

62.9



CHINA

59.0



Index = expected trade development within next three months
50 = stable | >50 = expansion | <50 = contraction

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www.logistics.dhl/gtb



DHL's newest global trade outlook index, developed in partnership with Accenture, uses big data and predictive analytics. Its calculations are based on the import and export data of key commodities to/from the top 7 countries accounting for nearly 75% of world trade volumes and published four times a year.

Key Findings January:

- Weakening prospects for **Chinese** and **Japanese** trade, partially offset by improved prospects for **India**, **South Korea** and **Great Britain**
- Trade in both basic and industrial raw materials, highly dynamic; **machinery parts & components** growing equally strong. Lowest projected growth for **consumer and fashion goods**.
- Global outlook for **ocean freight** is slightly down with -1 point. Main reason is a rather steep decline in Chinese ocean trade, with -7 points since Nov '17, due to China New Year holidays in Feb. Indicators for all other countries point upwards.

Source: DHL



PUBLIC

BACK-UP

Market Outlook March 2018 – Ocean Freight Rates Additional Trades (1/2)

Ocean Freight Rates Outlook	
EURO – AMLA	Rates are stable in March with a tendency to increase as of April. Utilization is good up to full.
EURO – SSA	Some sights of rate increases as of March to West Africa. To South Africa utilization of vessels is at a satisfactory level for the carriers. Rates will remain stable for the rest of Q1. Some slight rate increases are expected as of Q2.
AMNO – MENAT	Rates with some strategic carriers to M. East destinations will have a slight increase (\$50/contr) Space is still tight from USGC Ports and delays caused by inclement weather conditions are causing random space issues from USEC.
AMNO – SSA	No Space issues or service changes on USA to South & West Africa services Rates are stable with no increase/decrease expected until new year or in the first quarter of 2018
AMNO – AMLA	Upward rate pressure building US to WCSA and ECSA. GRIs announced March. USWC to AMLA static. New Service Gulf to CENAC April w/MS-C SL VSA.
AMLA Exports	Vessels are running with 85% to 90% of its capacity to NEUR from SAEC Bookings shall be placed 3-4 weeks in advance from vessel departure; Commodity season starts in April and rates will increase again No space issues with CMA, ONE and HSUD

Source: DGF



Market Outlook March 2018 – Ocean Freight Rates Additional Trades (2/2)

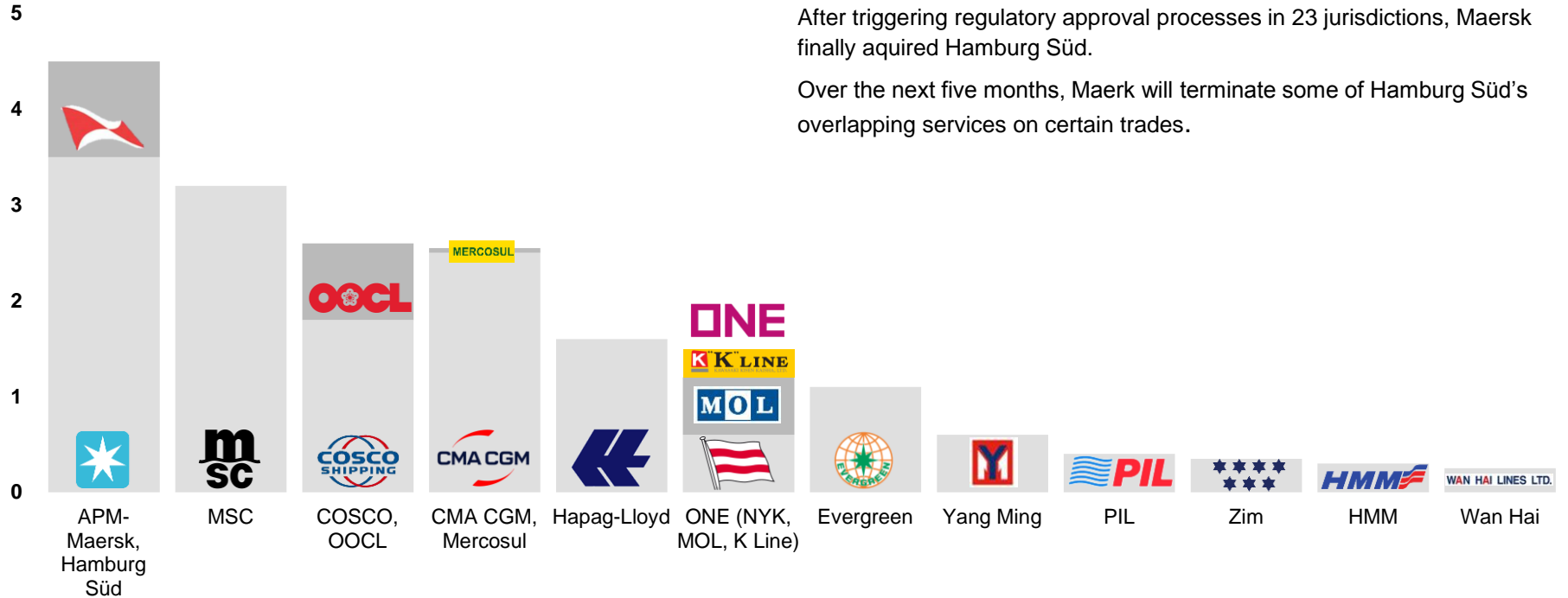
Freight Rates Outlook	
EURO MED - AMNO	Increases will occur during March (PSS/rate increases/costs connected to US deliveries)
EUR MED – AMLA	Unchanged/Stable
EURO MED – ASPA	Unchanged/Stable
EURO MED – MENAT	Unchanged/Stable
EURO MED – SSA	Unchanged/Stable
ASPA-SPAC	Carriers have built some rollpool for Post CNY. However, following Post CNY is the blanking of many services, causing the rates to ease into the slack season instead of the highly anticipated plunge of previous years.

Source: DGF



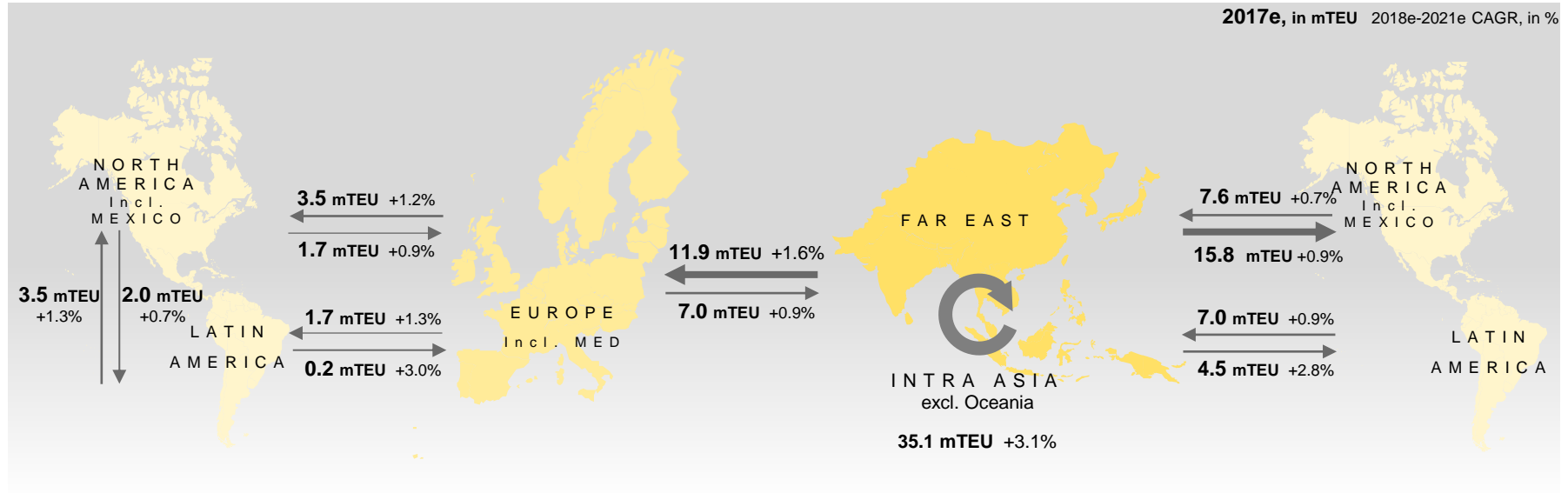
Topic of the Month

Top 12 Carriers by Operated Capacity (in Mil. TEU), December 2017



Source: Alphaliner, incl. pending mergers

Market Outlook – Volume Outlook in Main Trade Lanes, 2017 Estimate & Growth Forecast 2017/20 in %



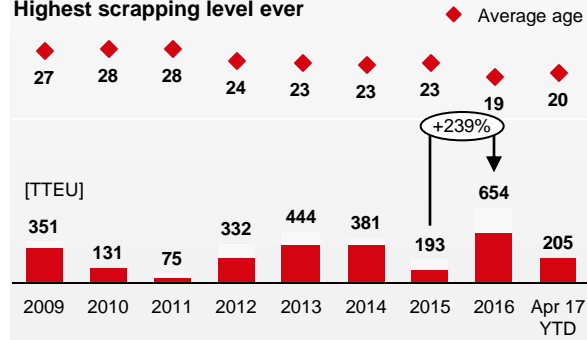
GLOBAL CONTAINER TRADE 2017e **138.5 mTEU** +2.3% CAGR 2017e-2020e

→ Mid-term growth is mainly driven by Asian tradelanes.

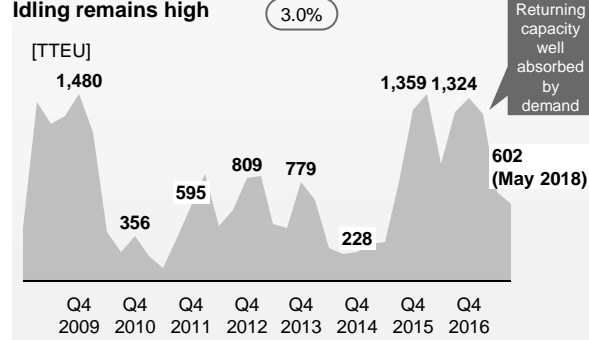
Source: Seabury

Global Capacity Development all Trades

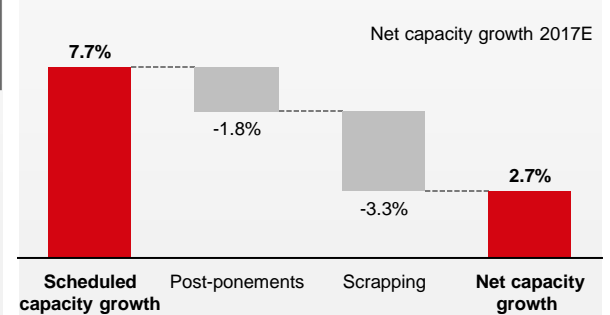
Highest scrapping level ever



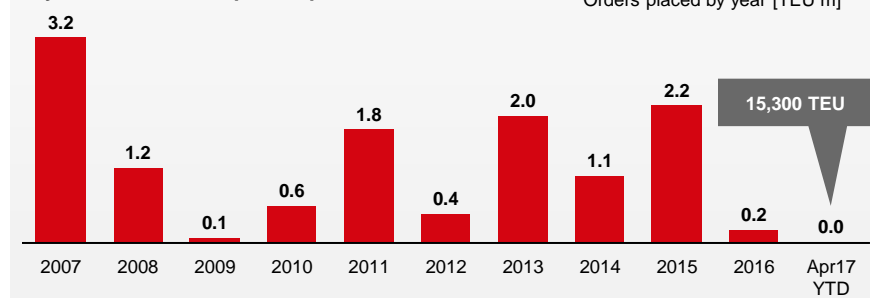
Idling remains high



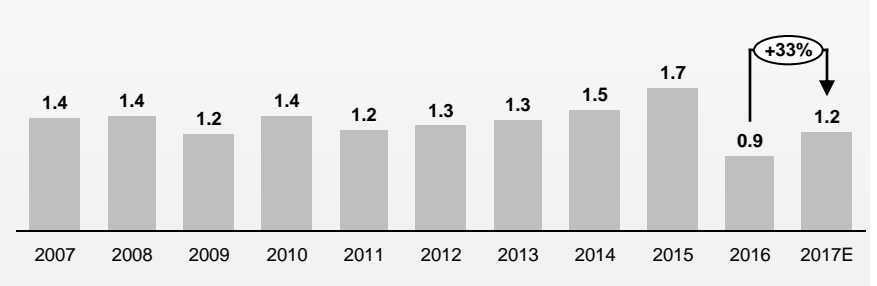
Net capacity growth remains low



Very few deliveries expected post 2018



Vessel deliveries by year [TEU m]



Source: Alphaliner (May 2017), carrier views

Carrier Mergers, Acquisitions and Alliances

M E R G E R S A N D A C Q U I S I T I O N S

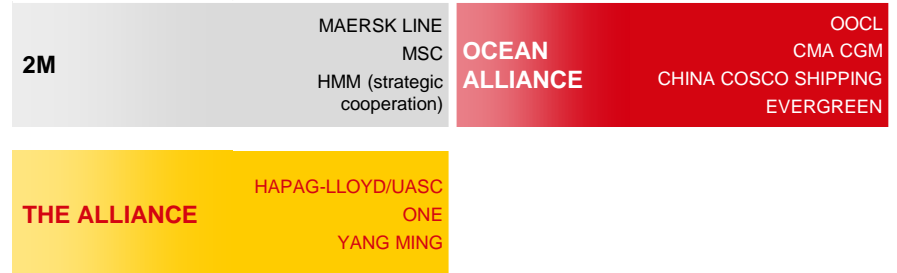


A L L I A N C E S

F O R M E R A L L I A N C E S



P R E S E N T A L L I A N C E S



Source: Carriers

Acronyms and Explanations

2M - Carrier Alliance: Maersk / MSC	OCRS - Operational Cost Recovery surcharge
AMLA - Latin America	OWS - Overweight Surcharge
AMNO - North America	PH - Philippines
AR - Argentina	PNW - Pacific North West
ASPA - AsiaPacific	Ppt. - Percentage points
BR - Brazil	PSW - Pacific South West
CAGR - Compound Annual Growth Rate	RR(I) - Rate Restoration
CENAC - Central America and Caribbean	SAEC - South America East Coast
CKYHE - Carrier Alliance: Cosco, K-Line, YangMing, Hanjin and Evergreen	SAWC - South America West Coast
CNC - CNC Line (Cheng Lie Navigation Co. Ltd.)	SOLAS - Safety of Life at Sea
DG - Dangerous Goods	SPRC - South People's Republic of China – South China
DWT - Dead Weight Tonnage	SSA - Sub-Saharan Africa
EB - Eastbound	SSL - Steam Ship Line
ECSA - East Coast South America	T - Thousands
EURO - Europe	TEU - Twenty foot equivalent unit (20' container)
FMC - US Federal Marine Commission	TP - Trans Pacific
G6 - Carrier Alliance: APL, Hapag Lloyd, Hyundai, MOL, NYK and OOCL	TSA - Trans Pacific Stabilization Agreement
GRI - General Rate Increase	ULCS - Ultra Large Container Ship
HJS - Hanjin Shipping	USGC - US Gulf Coast
HMM - Hyundai	US FMC - US Federal Maritime Commission
HSUD - Hamburg Süd	USEC - US East Coast
HWS - Heavy Weight Surcharge	USWC - US West Coast
IA - Intra Asia	VGM - Verified Gross Mass
IPBC - India Pakistan Bangladesh Colombo	VLCS - Very Large Container Ship
IPI - Inland Point Intermodal	VSA - Vessel Sharing Agreement
ISC - Indian Sub Continent	WB - Westbound
MENAT - Middle East and North Africa	WCSA - West Coast South America
mn - Millions	YML - Yang Ming Line
MoM - Month-on-Month	YoY - Year-on-Year
NOO - Non-operating (vessel) owners	YTD - Year-to-Date
Ocean 3 - Carrier Alliance: CMA, UASC, China Shipping	