

SeaIntelligence Consulting

Liner Shipping Uncharted Territory

October 2020

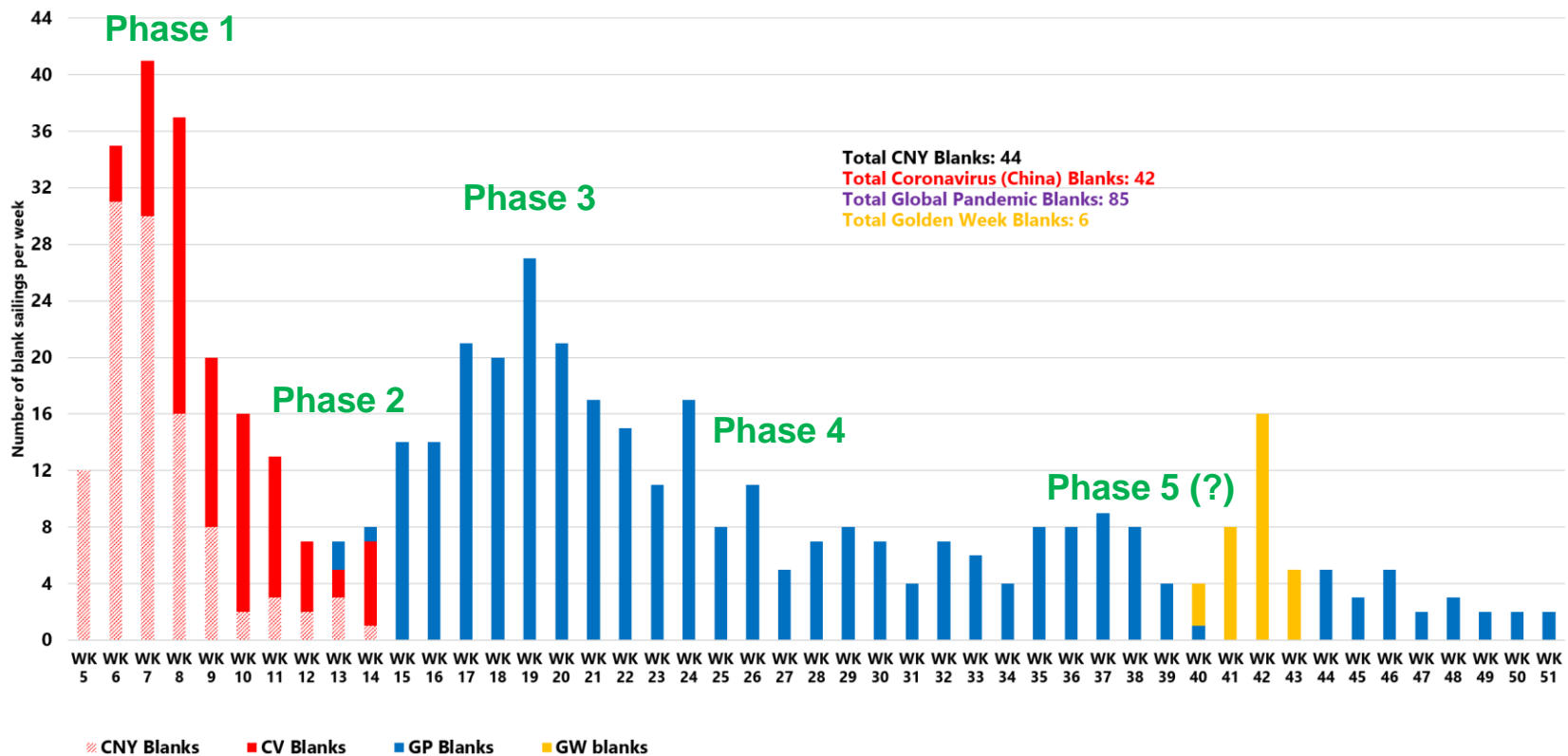
Lars Jensen
CEO, Partner

SeaIntelligence Consulting

Lars.Jensen@Seaintelligence-Consulting.com

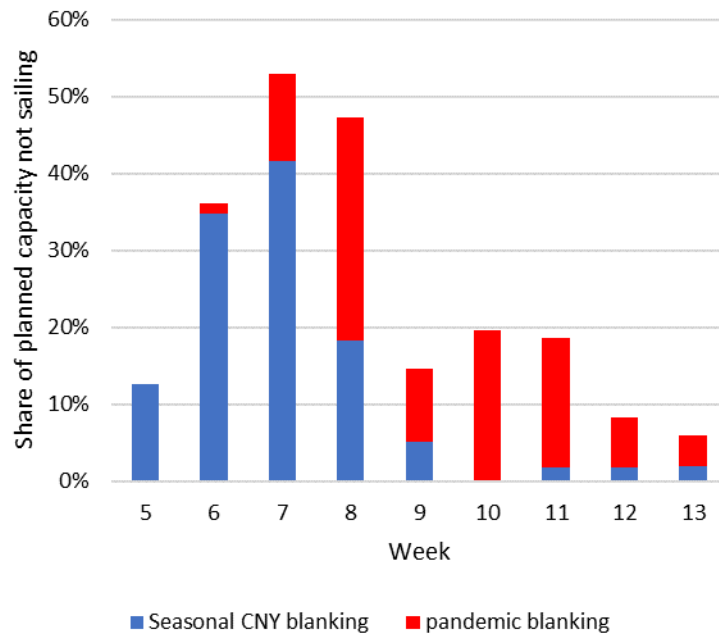
The phases of the corona impact

Transpacific and Asia-Europe combined

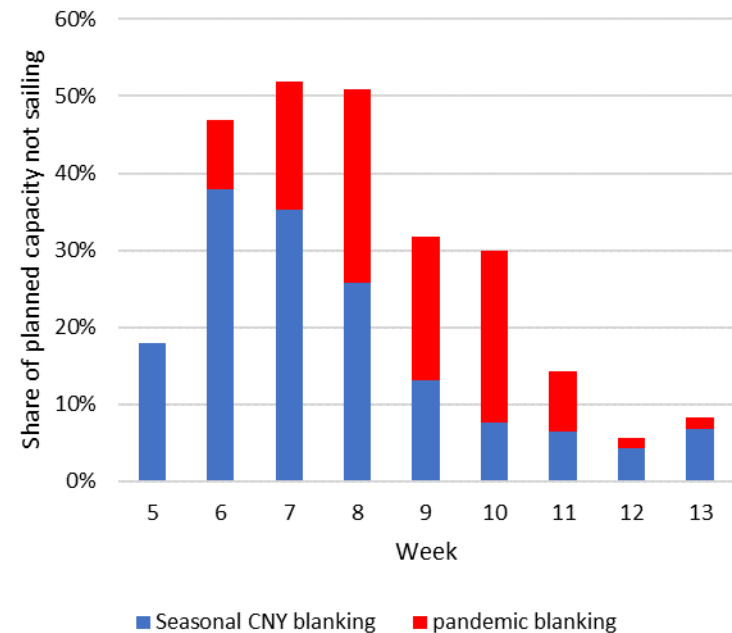


The key was rapid uptake in blank sailings

Transpacific: Blank capacity Phase 1-2



Asia-Europe: Blank capacity Phase 1-2



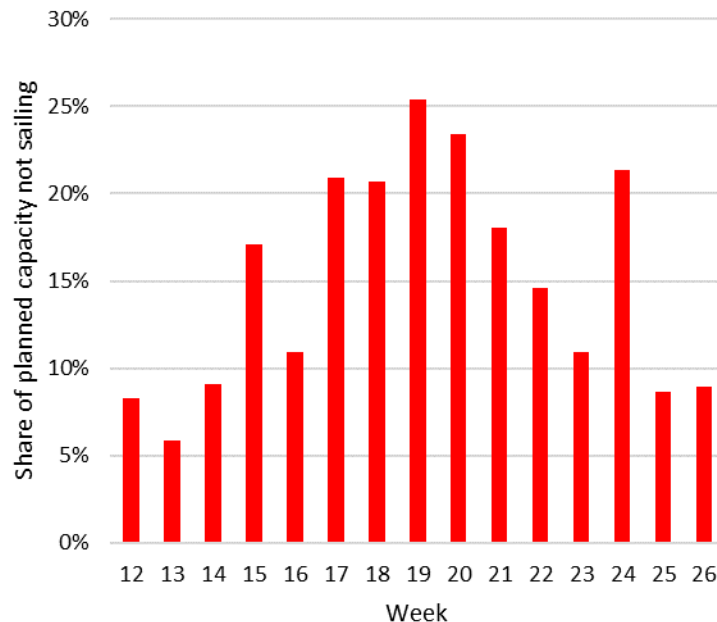
Phase 2

- Chinese manufacturing gets back in operation
- Cargo backlogged in China gets loaded and blank sailings revert back to normal low levels
- Full vessels depart China
- Only to see destination regions shut down before the cargo arrives
- This caused major disruptions to equipment flows

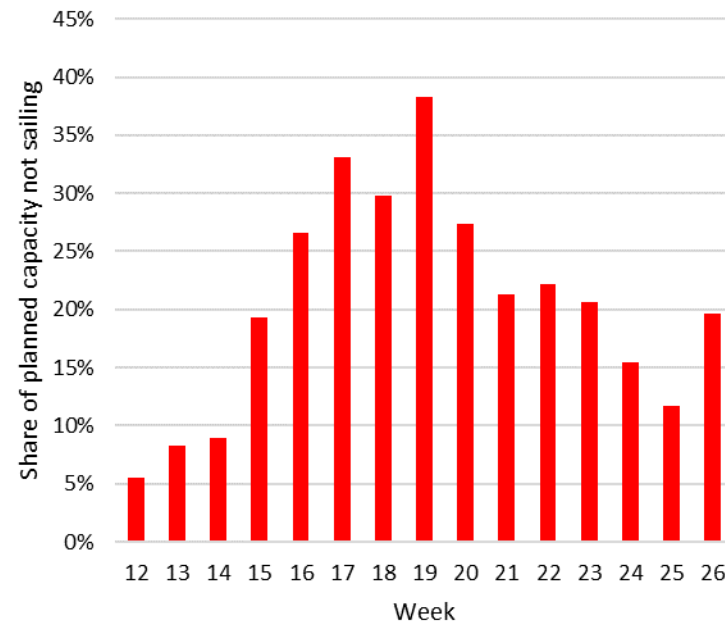
Phase 3 – second round of blank sailings

- Carriers react within one week of realizing what is happening

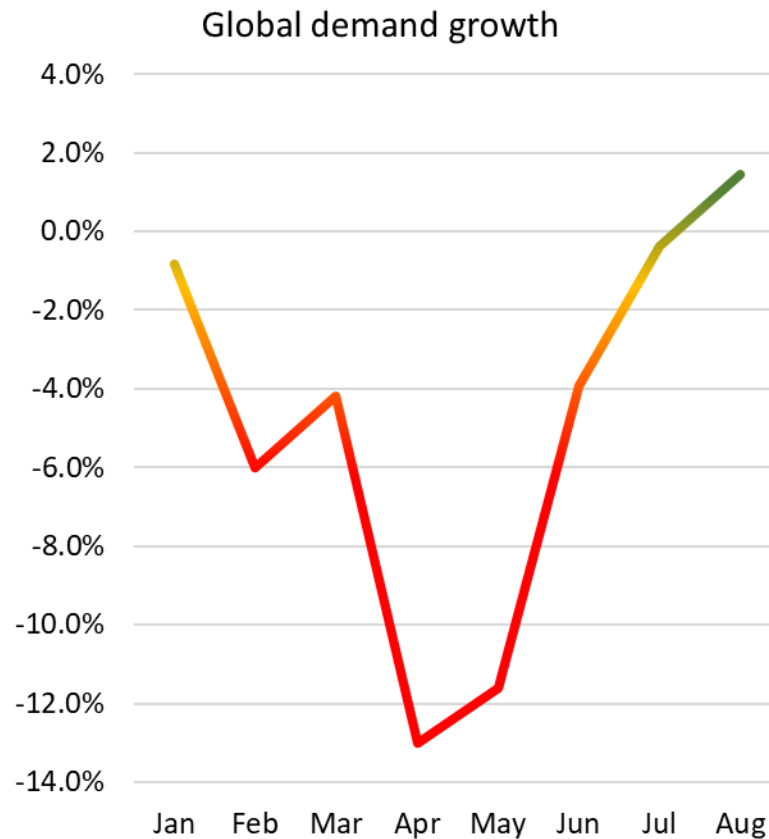
Transpacific: Blank capacity Phase 2-3



Asia-Europe: Blank capacity Phase 2-3

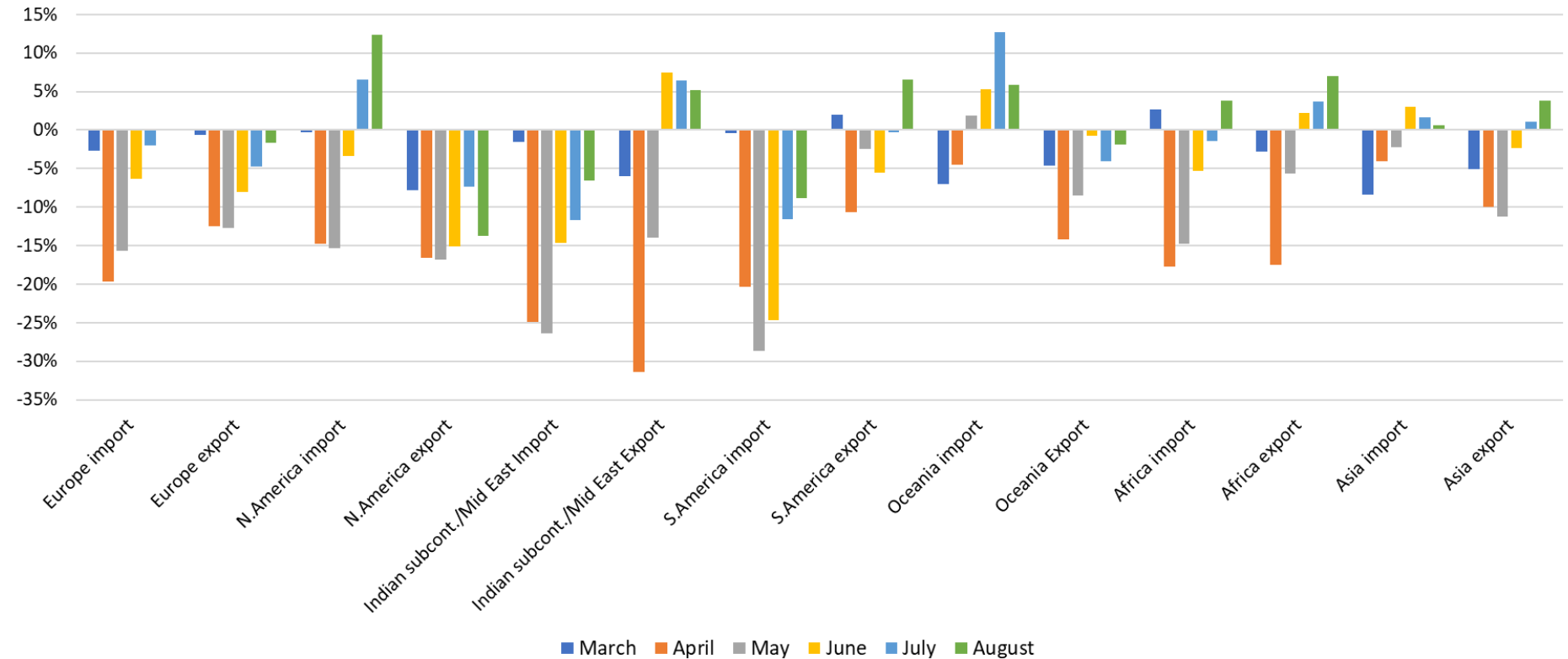


Demand: Rebound (?)



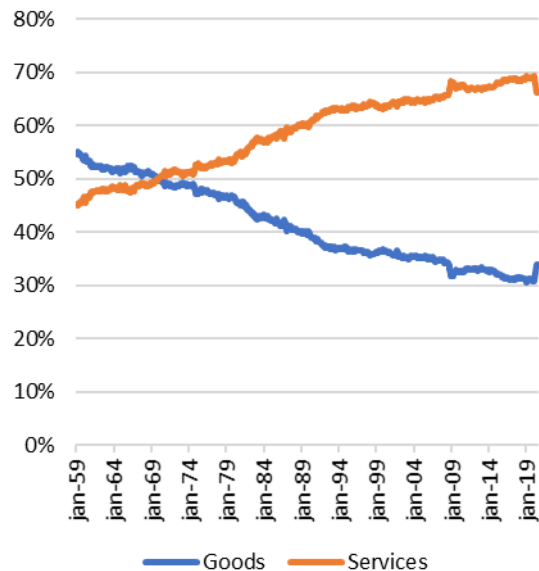
Demand: Rebound (?)

Year-on-Year volume growth

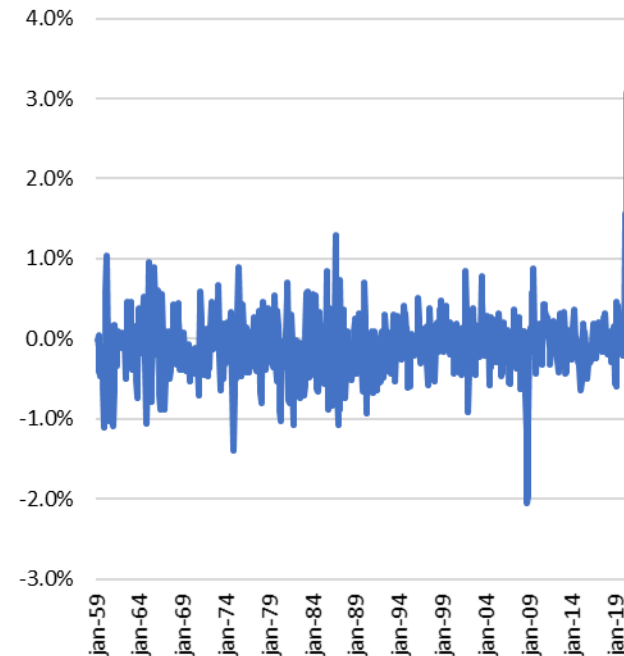


US: Unprecedented consumption shift

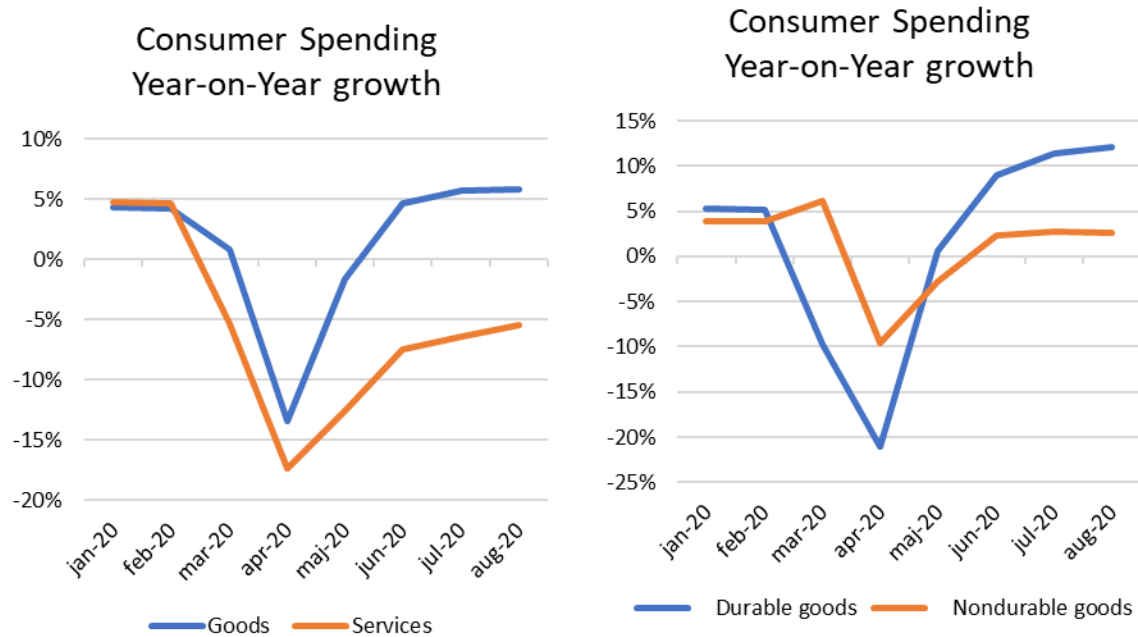
Goods versus Services consumption



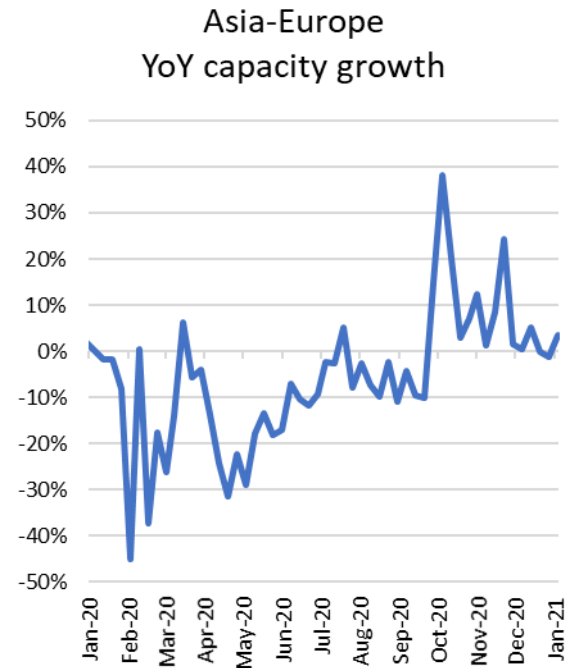
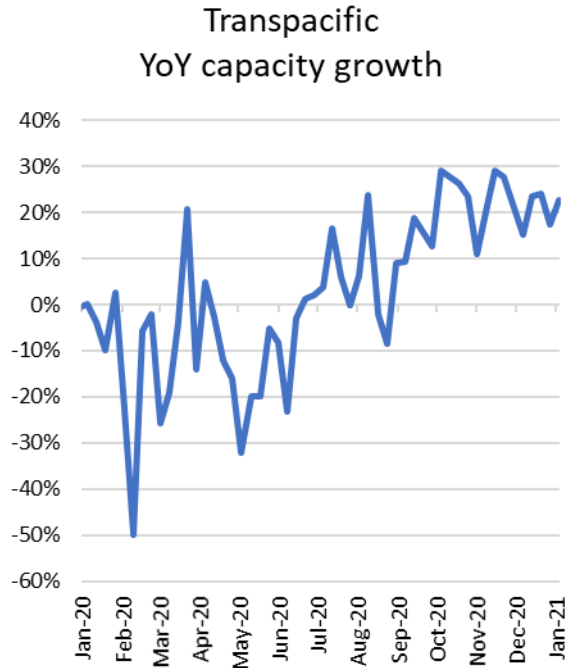
Change in Goods' share of consumption from 3 months ago



US: Unprecedented consumption shift



Extreme volatility in capacity



Extreme uncertainty in the near-term future

Permanent long-term changes

- Demand growth extremely uncertain – depends on shifts in consumer spending, stimulus packages and inventory changes more than economical fundamentals. We are in unprecedented territory.
- Carriers have twice shown extremely high capacity discipline and they stand to gain significantly from making this the new norm. It would appear this is indeed the new norm, but we are in unprecedented territory.
- Spot rates now increasingly driven by bottleneck constraints:
 - Equipment shortages
 - Port congestion
 - Chassis shortages
- Cyberattacks in the maritime transportation sector has been on the increase – not unlikely we will see more successful attacks