MARKET INSIGHTS

September 6, 2022

BREAKDOWN OF COSTS: WHY ARE WE PAYING ALL THESE FEES?

- **Demurrage**
  - Terminal - Charged for the use of the land **inside** the terminal, it is applicable after the free time expires until the container leaves the terminal
  - Container – Charged for the use of the container **inside** the marine terminal or rail ramp, it can also be applicable while the container is undergoing a custom examination, or reworking of cargo for safety reasons. It is applicable after the free time expires until the container has been out gated.
  - Via ocean terminal usually includes both the use of the land and the container. While if moving via a rail ramp you will could see a separate container demurrage and storage fee

- **Detention**
  - - Charged for the use of the carrier's container (full or empty) **outside** the marine terminal, rail ramp or container yard, applicable after the free time expires until it is returned to the carrier's custody

- **Storage**
  - Ramp/Container Yard - charged for the use of the land **inside** the rail ramp or container yard, it is applicable after the free time expires until the container has been out gated
  - Trucker - Charged for the use of the truckers yard while waiting to pick up/deliver/return empty or full containers

- **WHY?**
  - ***Shortage of chassis*** at yards – struggle for truckers to secure… delays impacting the above timeframes. Leading to additional charges
  - Congestion – longer waits for truckers – impacting their hours of operation – time outs
  - Terminals requiring double moves – import paired with export (keeps chassis moving)
  - MAX Capacity for truckers – additional attempts and scheduling making it difficult on truckers/drayage providers

BREAKDOWN OF COSTS: What's Being Done?

- **Steps in the right direction via regulation – below JOC article highlights:**
  - Federal Maritime Commission Chairman Daniel Maffei said the new US law governing container equipment fees and exports will make his agency more "capable, robust, and active" in investigating how ocean carriers treat US shippers, adding that the groundwork for its enforcement is already under way.
  - FMC's audit program for ocean carriers, which initially focused on detention and demurrage, will be expanded to cover agriculture exports as well. The agency also hired new staff for its consumer complaints division, including a staff member dedicated to exports, and bolstered anti-retaliation measures for shippers who file complaints.
  - **HOWEVER:** the head of a major West Coast terminal operator said OSRA will mean more paperwork, and ultimately more costs for everyone in ocean transportation.
    - "They came up with a shipping act that everyone is happy with, but we weren't involved," DeNike said. "It's going to cost us a lot of time and a lot of money. In the end, it's going to cost shippers because it's going to slow things on the docks."
- **Mainfreight Action:**
  - Partner with drayage providers owning abundance of chassis
  - Monitor relentlessly for availability at port, rail yard, truckers capacity, etc..

JOC: https://www.joc.com/regulation-policy/transportation-policy/fmc-ready-hit-ground-running-osra-maffei_20220617.html?utm_source=Eloqua&utm_medium=email&utm_campaign=CL_JOC%20Daily%206/21/22%20NONSUBSCRIBER_PC015255_e-production_E-140301_KB_0621_0617

CN RAIL TORONTO – EMPTY RETURN SUSPENSION

CN Rail has announced that their **empty return booking in Toronto will be suspended, starting Tuesday, August 30th**. This implies that customers who have yet to get their RV from CN Rail may encounter empty return service disruption.

> *"The situation in Toronto has not been improving – as the high ground counts continue to persist, we (CN) have no choice but to remove any un-booked empty capacity at Brampton and Malport starting Tuesday, August 30th. These measures are necessary to ensure that our terminals are operating safely and fluidly. The terminals are doing their best to evacuate the ground counts and clean up over the weekend by loading as much as possible on outbound trains. We (CN) are monitoring the situation closely on a daily basis and should the situation change we will keep you updated."*

What does this mean?

- CN stopped receiving empty containers starting Aug 30 (imports) in Toronto
- Steamship lines to release backup plan
- There is currently no end date for the disruption
- Mainfreight is locally communicating with all main ocean lines to get a resolution/backup plan for current incoming containers

TRANS-PACIFIC – CMA SNAP SHOT

Focus ASIA

CMA CGM

Highlights

Typhoon HINNAMNOR

- Typhoon HINNAMNOR is forecasted to enter east China sea by Saturday (03 Sep) late evening or Sunday (04 Sep) early morning, then accelerating towards to South Korea.
- It is predicted to reach close to South Korean coast by Monday (05 Sep) evening, then gradually weaken when accelerating on Japan sea.
- Widespread power outages are expected along with some wind damage from both rain and tidal surge in SW Japan and South Korea.

Impacted ports with port closures include:
- China (Shanghai, Ningbo, Fuqing)
- Japan (Naha)
- Korea (Busan, Gwangyang, Incheon)

PORT SITUATION

Shanghai
Berth congestion stabilized with waiting/delay around 0.5-1 day. In view of upcoming Typhoon HINNAMNOR, vessel berthing will be suspended from 03 Sep/1600 and all alongside vessels will be evacuated before 04 Sep/1200 for typhoon sheltering.

Ningbo
Berth congestion stabilized and improved, with minor waiting/delay around 2 days. Due to Typhoon HINNAMNOR, all vessels berthing has been suspended already. In CMICT, berth no.3 is still blocked for QCs inspection and repair. It is expected to be released next week for vessel operations.

Shekou
With more than 2 days port closure last week (Typhoon MA-ON), terminal is still under heavy berth congestion with waiting/delay around 3 days. Construction of LNG subsea pipe resumed at Urmston Road (Mawan fairway) and single-way traffic is applying till Sunday (04/Sep) in Mawan channel. Due to channel restriction with less flexibility in pilotage arrangement (berthing/un-berthing via Mawan channel), berth congestion only expected to improve/stabilize by the end of next week.

Busan
Berth congestion worsen this week with waiting/delay around 1-1.5 day, mainly due to vessel bunching arrival in PUS. Overall situation will get worse next week, in view of typhoon closure (05-06/Sep) as well as holiday closure on 10-11/Sep.

		INDUSTRY DATA			
RANGE	PORT	Vessels At anchor	vs Last Week	Waiting Time	vs Last Week
NORTH CHINA	QINGDAO	2	- 5	0.5	-
CENTRAL CHINA	SHANGHAI	17	- 3	1	- 2
CENTRAL CHINA	NINGBO	16	- 2	2	-
SOUTH CHINA	XIAMEN	1	- 5	0.5	- 1
SOUTH CHINA	YANTIAN	3	- 20	0.5	- 3
SOUTH CHINA	SHEKOU	55	- 33	3	- 1
SOUTH KOREA	BUSAN	0	-	1.5	+ 1
VIETNAM	VUNG TAU	0	-	0	-

CMA CGM

MAINFREIGHT

UNION NEGOTIATIONS

ILWU

JOC 8.22.2022: Long festering T5 (Seattle) issue emerges in West Coast longshore talks. "The Wall Street Journal reported on Friday that contract negotiations between the International Longshore and Warehouse Union (ILWU) and the Pacific Maritime Association (PMA) were “at a standstill” over the T5 issue, which involves a dispute over job jurisdiction...As a result of the original NLRB ruling, SSA in the fall of 2020 began assigning M&R work at T5 work to IAM members, and the issue has festered ever since....The union has been working without a contract since July 1, but according to several sources there has been no evidence of slowdowns or other industrial actions at the ports since that time.

Members of the Biden administration, including Secretary of Labor Marty Walsh and port envoy Stephen R. Lyons, have been in touch regularly with both sides in an effort to avert disruption that has accompanied every West Coast longshore labor negotiation going back to the 1990s. In a Twitter post on Friday, the ILWU said, “The union and the employer have agreed to not discuss negotiations in the media, and any rumors about what happens at the negotiating table are second, third or fourth hand. The union has no comment on unsourced rumors except to say that the parties continue to negotiate."

CURTEOUSY OF JOC – 8/31

The shift in import volumes continued a trend that began earlier this year when retailers looked to avoid West Coast ports to mitigate the risk of potential disruption from ongoing longshore labor talks. Those negotiations between the Pacific Maritime Association (PMA) and the International Longshore and Warehouse Union (ILWU) continue and no delays linked to the talks have occurred.

The increased volumes moving through East Coast and Gulf Coast ports in July was especially evident in the busiest gateways, which were also the most congested ports with the largest vessel backlogs. Asian imports were up 18.7 percent in New York-New Jersey, 17 percent in Savannah, and 21.6 percent in Houston.

Many retailers are committed to the routing decisions they made earlier this year, so East and Gulf coast ports could continue to experience congestion issues through the peak season.

https://www.joc.com/port-news/us-ports/july-cargo-surge-along-east-gulf-coasts-provides-no-relief-port-congestion_20220831.html

MARKET TALKS

FREIGHTOS BALTIC INDEX

PACIFIC

FBX01	China/East Asia to North America West Coast	$4,797	↓11%
FBX02	North America West Coast to China/East Asia	$879	↑11%
FBX03	China/East Asia to North America East Coast	$8,364	↓8%
FBX04	North America East Coast to China/East Asia	$830	0%

ATLANTIC

FBX21	North America East Coast to North Europe	$567	↓6%
FBX22	North Europe to North America East Coast	$8,349	0%
FBX24	Europe to South America East Coast	$3,269	↓0.3%
FBX26	Europe to South America West Coast	$7,925	↓1%

SUEZ

FBX11	China/East Asia to North Europe	$9,128	↓9%
FBX12	North Europe to China/East Asia	$553	↓21%
FBX13	China/East Asia to Mediterranean	$9,563	↓7%
FBX14	Mediterranean to China/East Asia	$1,220	↑5%

MARKET TALKS – cont.

LARS JENSEN'S TAKE

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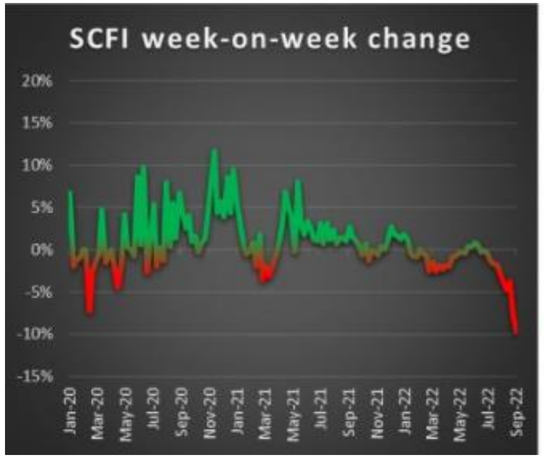
The overall SCFI covering spot rates on multiple trades out of China declined 10% compared to last week and on a year-on-year basis the index is now down by 37%.

Today's data therefore also re-confirms yesterday's weekly data from WCI showing that the pace of the decline is accelerating - and this at a point in time where the peak season under normal circumstances ought to be strong in the final lead-up to Golden Week in China just 4 weeks from now.

Below graphs show both the week-on-week as well as year-on-year change during the full pandemic period.

We are faced with a trifecta of events impacting the strength of the market: Continued injection of more vessel capacity due to diminishing bottleneck effects, weakening sales prospects in North America and Europe where inflation and potential recession looms causing importers to worry about an inventory overshoot and continued wide-scale shutdown of production in China caused both by Covid as well as power issues related to low water in the Yangtze river.

All indications are therefore pointing to a continued downwards trend.



Port Updates

U.S. West Coast

Los Angeles: Congestion at mid-level with dwell times averaging 7-10 days.

Long Beach: Congestion at mid-level with dwell times averaging 7-10 days.

Oakland: Vessel waiting time is 15 days due to high import volume, labor shortage. Yard utilization is at 90% of capacity

Seattle: Vessel waiting time is 1-2 days due to high import volume, labor shortage.

U.S. Gulf Coast

Houston: Vessel waiting time is 2-20 days due to high import volume, labor shortage and vessel
bunching.

Canada

Prince Rupert: Vessel waiting time is 2 days. Yard utilization is at 95% of capacity.

Vancouver: Vessel waiting time is 1-5 days.

U.S. East Coast

New York: Vessel waiting time is 2-4 days at APM Terminal due to berth congestion. Vessel waiting time is 1-3 weeks at PNCT Terminal due to severe berth congestion

Baltimore: Vessel waiting time is 3-10 days due to berth congestion and high import volume.

Norfolk: Vessel waiting time is 0-1 days due to berth congestion.

Charleston: Vessel waiting time is 0-1 day due to certain level import volume.

Savannah: Vessel waiting time is 9-17 days due to high import volume and extra loaders

Miami: Vessel waiting time is 1-2 days due to high import volume.

Rail / IPI

Canada

Rail Dwell
Vancouver 10-14 days
Montreal 7-10 days
Halifax 2-4 days

Rail Congestion
Toronto 1-2 days

U.S. West Coast

LAX/LGB: Congested rail facilities and shortages of equipment, plus staff shortages and increased demand has contributed to delays.
Current wait times for containers to load and move sit at around 5-7 days.

Seattle: Due to severe terminal congestion, we continue to observe operational delays, resulting in extended IPI dwell time.

Oakland: IPI dwell on terminal this week averaging 8 days, and at the off dock 13 days. We continue to see signs of improvement with fluidity restoring despite this elevated dwell.

Mid-West / IPI Points

Chicago Chassis Shortage: Due to a shortage of available chassis in Chicago, we continue to observe extended delays in pick-ups and deliveries.

Chicago Rail Ramp Congestion – Bedford Park and 59th Street - CSX Railroad has advised that congestion remains an operational concern at the Bedford Park Facility in Chicago and the 59th Street Facility and is requesting further assistance in arranging pick up of dwelling units.

U.S. East Coast

Chassis Shortages: Due to a continued shortage of available chassis in the Charleston markets (Atlanta, Charleston, Jacksonville, Nashville, and Savannah) we are experiencing extended delays in pick-ups, deliveries, and drayage to/from the rail facilities.

CSX Update - Due to continued congestion in Jacksonville, we have observed delay in train operations for cargo arriving in Jacksonville ICTF for load out if Trapac.

NS Update – On Monday 5/23, Rail traffic from all Norfolk southern facilities delivering to Jacksonville except for NS landers is closed to in-gate. This is due to shortage of international chassis at CSX Jacksonville facility. International shipments billed through Jacksonville for interchange to FEC are not impacted by these restrictions.

Local Port / Rail Conditions

Branch	Truck power & Lead-time	Equipment availability & Waiting time	Congestion	Additional information
TORONTO/ MONTREAL	Trucking capacity extremely low in Toronto. Need 2 weeks notice for dray	MONTREAL: Import dwell: 3 weeks TORONTO: CN RAIL Brampton import: 4 days to be fully ready Equipment (export): good for 40/20 dry, reefers need more notice (3-4 weeks)	Montreal still congested. Halifax starting to get backed up (4 days dwell)	
VANCOUVER/ PRINCE RUPERT	No issues to report.	No issues to report with equipment availability. Wait times is only a few days, if any – depending on the SSL/container terminal.	Massive congestion on TP9 service into Vancouver (upwards of 60-75 days) – this is mainly due to Centerm congestion. TP1 service is still sitting around 15 days wait time, but set to increase as many SSLs are diverting vessels to TP1 terminals to alleviate congestion on TP9.	
LOS ANGELES / LONG BEACH	48 hour turnaround at the terminals once container is made available.	Chassis shortages are still contributing to the existing issues with equipment. Dwell times still ranging from 7-10 days. Trucker appointments available in limited number of slots for entry per day.	Congestion has eased below pandemic levels. Vessel queue to enter terminals has dropped by 88%.	Traditional Peak Season is not expected this year due many shippers front loading cargo during the pandemic and Q1 of 2022 therefore inventories remain high.
New York	Pre-booking of 2-3 weeks required to secure trucking capacity (Import) . Truckers unable to accommodate last minute volumes as well as last minute cancellations.	Very limited equipment and chassis available.	Dependent on the container terminal however we're seeing 2-4 days delay on average with a maximum of 7+ days at PNCT	Empty return situation has slightly improved, with CMA sending sweeper vessels and sending out a daily update on return locations available for empty returns.
HOUSTON	Drayage companies require 3-4 week notice for standard rates. If less time, then premium rates are being charged which are 2-3 times the standard rate. All containers are now being charged extra fee for congestion. Average is $200.00 p/container.	For all rail pickups, trucker must supply their own chassis. For port, there is a shortage. Most truckers are doing street turns on chassis	Vessels in Houston at anchor remain high at 20. Emergency dredging of berths has been completed but it will take 6 weeks to work through the back log further challenged by seasonal labor shortages.	
DALLAS	Most truckers currently accepting loads with lead time as short as 1-2 days	DFW area continues to see shortages on chassis at both, UP and BNSF railyards.	IPI moves facing massive congestions, with most containers moving to stacks, until sur-plus availability of chassis at both railyards. Looking at options to truck from port of Houston and trans load freight from LAX	On exports side, 40' containers easily available over 20' Equipment shortages causing delays in meeting sailing cut-off timelines

Local Port / Rail Conditions (continued)

Branch	Truck power & Lead-time	Equipment availability & Waiting time	Congestion	Additional information
MIAMI	Limited Availability, 2 weeks notice required.	Shortage in special equipment such as flat rack and reefer containers. Chassis available upon request	Terminals congested causing drivers in line for at least 2-3 hours. Port congestion fee is charged for every container.	Export bookings must be requested within 2 weeks in order to secure space. No guarantee for special equipment.
Savannah	Drayage availability is 2-3 weeks out.	Availability for 20'GP at the inland railyards are non-existent. Availability for 40' containers have become limited. Few instances where equipment was not available at the port either and 2nd attempt made following day for equipment	Congestion at the railyard resulting in a wait of 2-4 days for a reservation/appointment to in-gate containers at the rail.	Focus shifting for inland railyard bookings to be booked direct from the port. Import - Savannah is severely delayed, 30+ vessel waiting to berth, there is a long dwell time in addition chassis shortage. ETA is just a guideline at the moment
CHICAGO	EXPORTS: Required lead-time is 1-2 weeks out. IMPORTS: Delivery lead time remains at 1 week, with new congestions announced, we expect 2 weeks at least.	Exports: chassis shortage. Specific carriers are experiencing shortages for containers too imports: Chassis shortages are slowing carriers ability to pull boxes from the rail. This has led to increased waiting time, dry-runs, and increased likelihood of rail storage. Please reach out to CHI team for carriers with their own chassis	EXPORTS: Phily is still experiencing difficulties. West coast shipments are getting delayed by several weeks. IMPORTS: Delays in Chicago are due to equipment still. Also heavily dependent on the rail and POD the cntrs are coming in from.	EXPORTS: Same as before - Due to congestions, it is hard to secure RV at the rail. In most cases, by reaching out to the carriers Rail billing team this can be resolved. Maersk will not assist with this process. If needed, reach out to local team to help secure RV#.
SAN ANTONIO, CHILE	Not much truckers available. More chances to load SAI instead VAP.	Lack of Equipment in Santiago, pick of empty units at port only with delays	With a lot of congestion to go out with the cheapest shipping companies, we only have spaces available with high rates.	About 1 month in order to get booking from Chile to North America
Norfolk	Fair availability. Booking 4-5 weeks in advance of ETA	Chassis availability: low to normal	Dwell time: 1-3 days	Fuel surcharges still high. Port congestion still being charged by trucking companies.
Charleston	Good availability. Booking 2-3 weeks in advance of ETA	Chassis availability: low to normal	Operating normally Dwell time: 0-2 days	Fuel surcharges still high. Port congestion still being charged by trucking companies.
SEATTLE / TACOMA	Carriers requiring 1-2+ day notice.	Limited equipment and chassis available.	1 day vessel dwell time.	Truck turn times varies from 53 min to 3 hours. Some truckers pushing to implement port congestion surcharges. others charge waiting time at the port

Local Airport Conditions

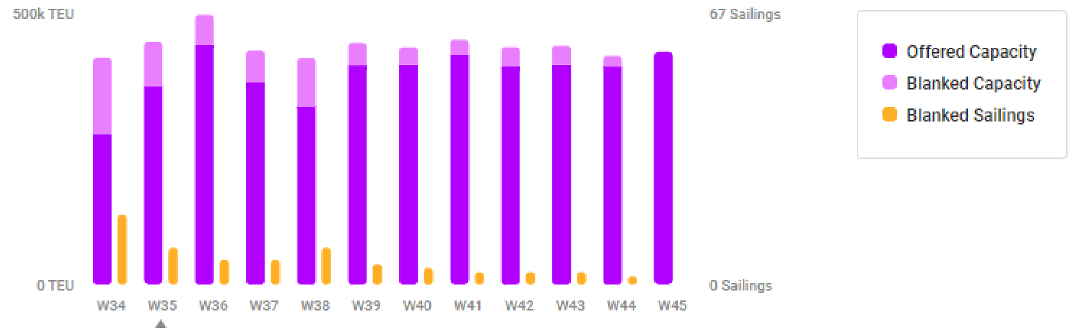
Branch	Import	Export	Additional Information
YUL, YYZ, YVR	Airports and warehouses are operating as usual. More flights operating in YVR which leads to longer waiting times than usual. Some freighter capacity coming into the market with Polar and Air Canada putting on new lanes.	Space to China and Oceania is tight, requiring priority rates for some cases. More capacity on the Trans-Atlantic with all carriers adding passenger routes.	
ORD	Congestion improving with most airlines. Breakdown still not back to pre COVID levels however most airlines are making cargo available within 42-48 hours. Imports from PVG have been cut drastically over the last month. Expecting congestion to increase once PVG is up and running.	We’re seeing signs of the market softening in a few areas. AU is still tight but not as tight. PVG is an issue. Europe is running relatively smoothly.	More capacity is coming back to the market however rates are not decreasing. We’re seeing fuel increases across all airlines.
DFW	Still Seeing normal wait times at the airlines, but we are also still seeing major backlogs with trucks coming from ORD and LAX. Free time is still at 12 hours and we continue to make arrangements to avoid any storage fees due to the reduced free time. We are also seeing more shipments being flagged by customs for intensive exam or held up by other government agencies. Transit time from USEC and USWC by bonded truck has improved.	No issues to report.	
SCL	Working Normally.	Working normally.	
MIA	Congestion and long lines to recover freight. 4 hours average	Space is tight, allocations not been honored, need to check space on a daily basis.	It's recommended to request export bookings at least 1 week in advance as space is very tight
CLT	Operating as normal.	Operating as normal.	Still need 24 hours to transfer to the airline.
JFK/EWR	Air import is looking pretty average. Standard waiting times at airline terminals. (2-3 hrs wait) Trucking fuel pricing has stabilized.	Singapore is experiencing backlog as per usual, Turkish is having trouble with freighters getting grounded in IST. A bit easier to fly into China locations although there is still a requirement to receive confirmation to fly DG goods in..	

12 Week Capacity Snapshot – Trans-Pacific Inbound

Asia - US West Coast

Offered Capacity - Avg / Week	Blanked Capacity - Total / 12 Weeks	Blanked Sailings - Total / 12 Weeks
383 837 TEU / week	11.7% (609 169 TEU)	67 Sailings

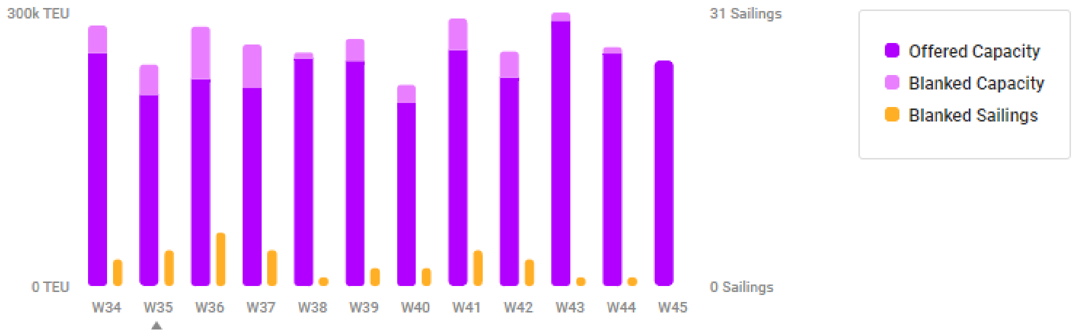
Weekly Breakdown : Offered vs Blanked Offered per Alliance



Asia - US East Coast

Offered Capacity - Avg / Week	Blanked Capacity - Total / 12 Weeks	Blanked Sailings - Total / 12 Weeks
238 175 TEU / week	9.4% (295 070 TEU)	31 Sailings

Weekly Breakdown : Offered vs Blanked Offered per Alliance



Alliance & Carrier Capacity

Alliance	Offered Capacity - Avg / Week	Blanked Capacity - Total / 12 Weeks	Blanked Sailings - Total / 12 Weeks
2M	48 043 TEU / week	27.0% (211 443 TEU)	21 Sailings
Ocean Alliance	122 695 TEU / week	9.0% (152 774 TEU)	17 Sailings
THE Alliance	91 232 TEU / week	15.0% (194 726 TEU)	21 Sailings
Other Carriers	121 867 TEU / week	3.0% (50 226 TEU)	8 Sailings

- *Beginning the second week of August we have started to see relief of East Coast congestion. West Coast has been flat since mid-June.*
- *Spot rates continue to drop, West Coast quicker than East Coast. The traditional spread of coast versus coast rate is larger than expected but still trending the right direction.*

Alliance & Carrier Capacity

Alliance	Offered Capacity - Avg / Week	Blanked Capacity - Total / 12 Weeks	Blanked Sailings - Total / 12 Weeks
2M	46 020 TEU / week	18.0% (119 705 TEU)	15 Sailings
Ocean Alliance	92 431 TEU / week	3.0% (36 833 TEU)	3 Sailings
THE Alliance	44 880 TEU / week	19.0% (128 917 TEU)	11 Sailings
Other Carriers	54 844 TEU / week	1.0% (9 615 TEU)	2 Sailings

12 Week Capacity Snapshot – Europe Inbound

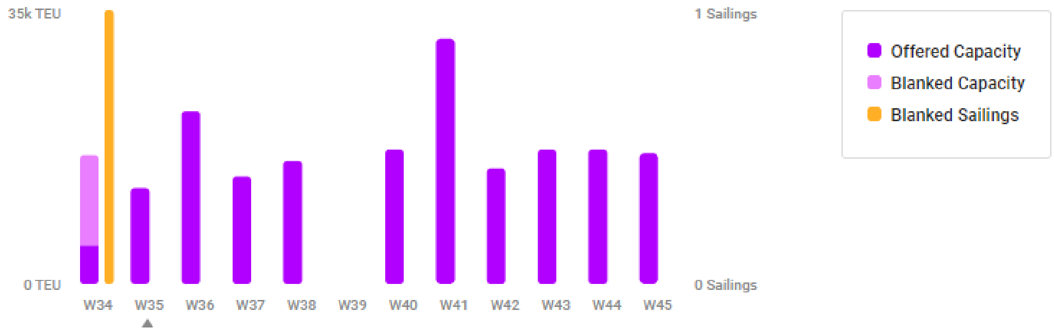
North Europe Main - US West Coast

Offered Capacity - Avg / Week
15 248 TEU / week

Blanked Capacity - Total / 12 Weeks
5.9% (11 540 TEU)

Blanked Sailings - Total / 12 Weeks
1 Sailing

Weekly Breakdown : Offered vs Blanked   Offered per Alliance



Alliance & Carrier Capacity

Alliance	Offered Capacity - Avg / Week	Blanked Capacity - Total / 12 Weeks	Blanked Sailings - Total / 12 Weeks
THE Alliance	4 836 TEU / week	0.0% (0 TEU)	0 Sailings
Other Carriers	10 413 TEU / week	8.0% (11 540 TEU)	1 Sailing

- *Felixstowe port strike continues to cause disruptions for services calling that port. There are rumblings of Liverpool and Southampton joining the action.*
- *13 Blank sailings announced through WK45 which takes 9.1% of the offered capacity off the TAWB – EC trade. Mainly sitting with the 2M alliance.*

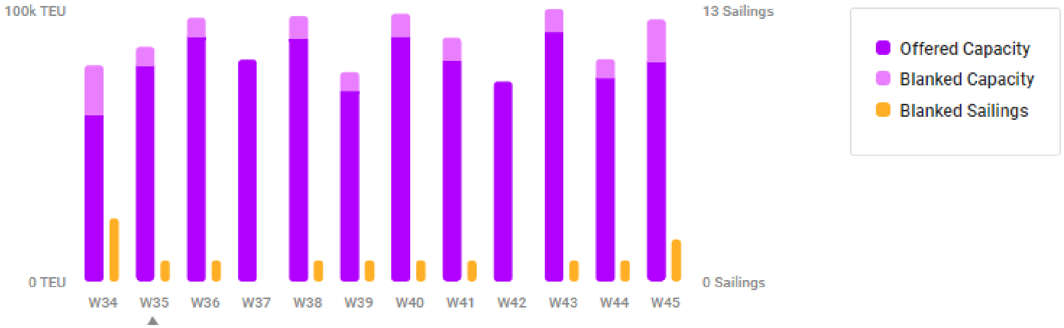
North Europe Main - US East Coast

Offered Capacity - Avg / Week
79 607 TEU / week

Blanked Capacity - Total / 12 Weeks
9.1% (95 184 TEU)

Blanked Sailings - Total / 12 Weeks
13 Sailings

Weekly Breakdown : Offered vs Blanked   Offered per Alliance



Alliance & Carrier Capacity

Alliance	Offered Capacity - Avg / Week	Blanked Capacity - Total / 12 Weeks	Blanked Sailings - Total / 12 Weeks
2M	12 700 TEU / week	38.0% (92 310 TEU)	12 Sailings
Ocean Alliance	15 098 TEU / week	0.0% (0 TEU)	0 Sailings
THE Alliance	21 870 TEU / week	0.0% (0 TEU)	0 Sailings
Other Carriers	29 940 TEU / week	1.0% (2 874 TEU)	1 Sailing

MAINFREIGHT

Thank you!

Scott Avery
Scott.Avery@mainfreight.com
518-928-1861