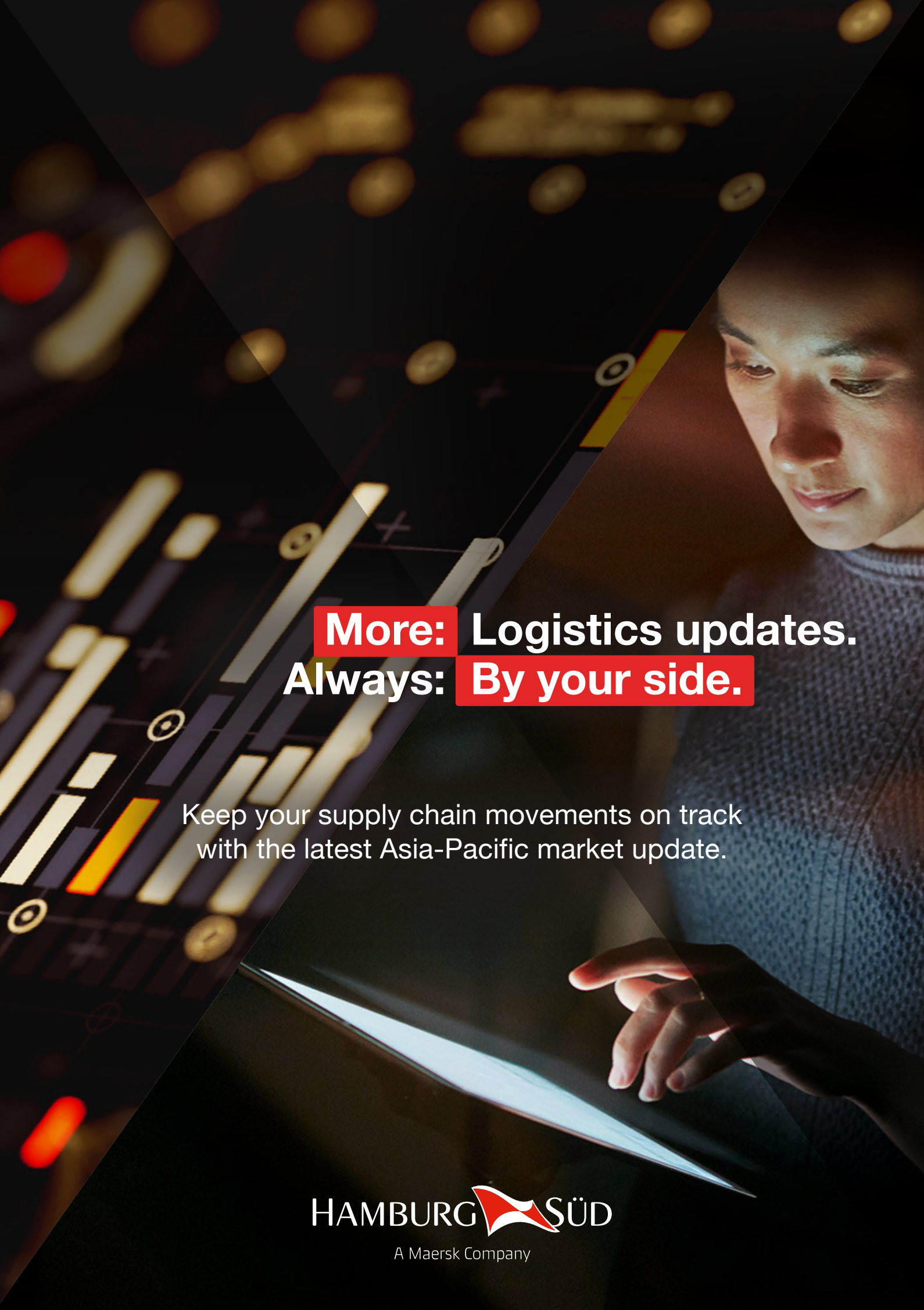
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Container shipping is facing strong headwinds amid an increasingly pessimistic economic outlook due to a sharp slowdown in western economies as inflationary pressures and higher energy costs weigh on sentiment. Recent figures show regional container growth has declined in most major areas, while container rates have slumped. And while port congestion in Europe and US shows signs of improving, dock strikes in the UK add to supply chain disruption.

But on a brighter corporate note, Maersk completed its acquisition of Hong Kong-based logistics company LF Logistics in August to bolster its warehousing network and logistics capabilities in Asia. As part of the Maersk group, the acquisition of LF logistics also strengthens Hamburg Süd's logistics network in the region.

Market Trends

A worsening economic outlook is weighing on the container shipping markets as economic data points to a sharp slowdown in the US and Europe. The global manufacturing orders-to-inventory ratio fell further in August while manufacturing orders also fell back slightly. At the same time, US and Europe inflation levels are at a record high of 8.3% and 7.4% respectively excluding food and energy costs. Regional container trade growth declined further between May-July and most major regions are seeing negative growth with export volumes from Asia falling by 1.1% and import volumes dropping by 8.3%. Import volumes to North America fell 2.3% and containerized imports to Europe 4.5%. Africa and intra-Asia were among the few regions where container volumes grew, with inbound to Africa rising 8.1% and intra-Asia climbing 3.7%. Ocean spot rates are in steep decline with the Shanghai Containerized Freight Index (SCFI) dropping significantly since June to around $3,000 per TEU in September, back to the same level as December 2020.

Trending Topic

Vessel delays: Operational changes including blank sailings and vessel slidings will take place on Asia-Mediterranean Europe and transpacific, and vessel delays are expected. The blankings and voyage resets will affect some of Hamburg Süd services into mid-October. That comes as we continue to see sluggish consumer demand due to high inventories and inflation in major western economies.

For details of the affected sailings
please contact your local customer services team
Country & Area Information | hamburgsud.com

Ocean Update

UK port strikes: Strikes at Felixstowe and Liverpool have had a major impact on vessel scheduling and landside and intermodal operations. The last strike at Felixstowe took place between September 27 - October 5, while the walkout at Liverpool occurred between September 20 - October 3. We consider UK port strikes as potential future risk based on these events, and most recent updates on strike action at UK ports, are available at Customer Information | Hamburg Süd (hamburgsud.com)

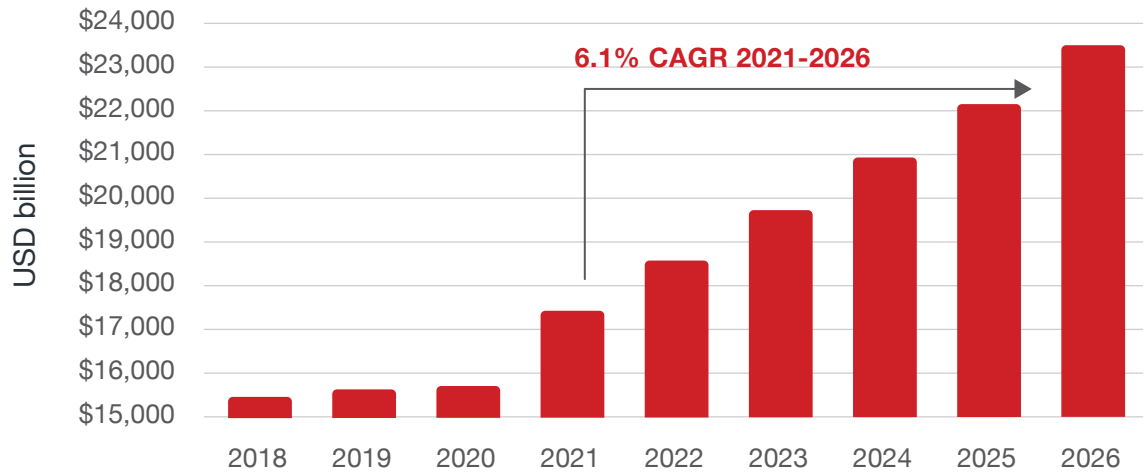
European port congestion: There is an ongoing improvement in congestion at major European ports and productivity is picking up – yet schedule delays, blanking and port omission are continuously expected in the coming months.

At Bremerhaven and Rotterdam there has been a reduction in vessel waiting times and yard density levels have become more manageable. Rising water levels on the Rhine have reduced barge transportation delays and inland capacity bottlenecks via Antwerp and Rotterdam and helping to normalize rail and truck transportation. In Hamburg, while we are seeing an improvement in the overall situation, yard density levels remain high, causing low port productivity and increased berth waiting times.

For Retail Customers

Retail industry has needed to correct large-scale imbalance of inventory caused by volatile changes to consumer demand and shop closures due to Covid 19. Businesses must adapt to a new norm of supply chain management.

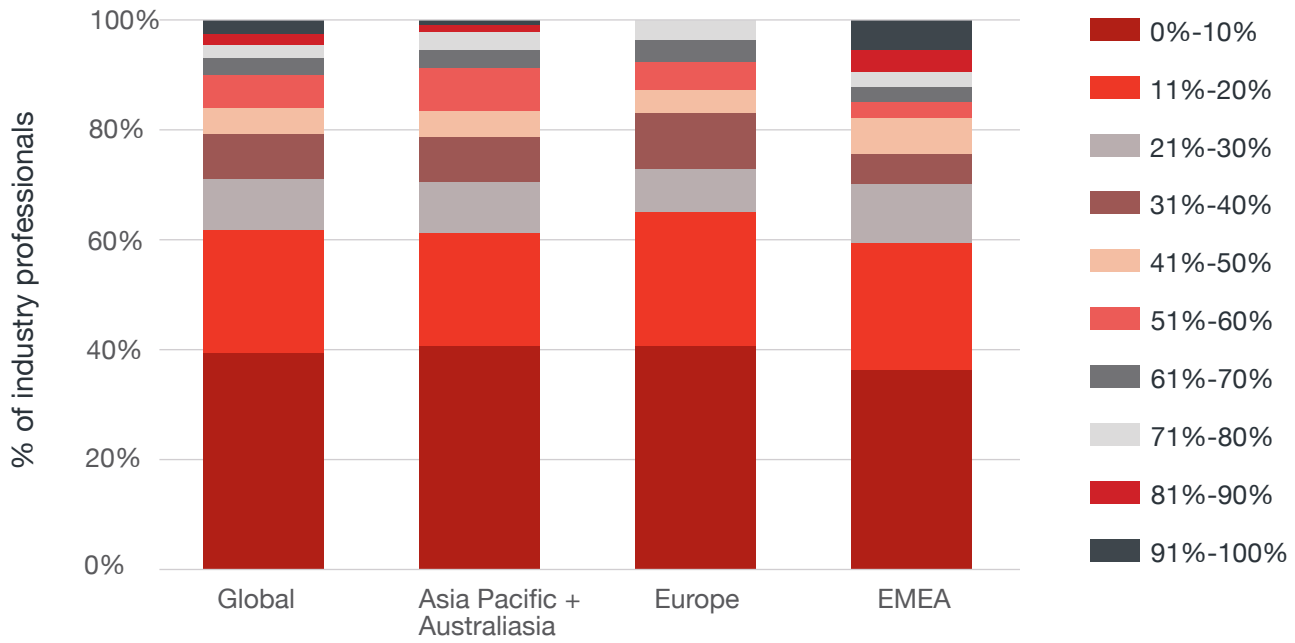
Global Retail Value Sales, 2018-2026



Source: Euromonitor International Retailing 2022

As consumer behavior returns to more pre-pandemic lifestyles in 2022, global industry professionals remain optimistic about the future of the retailing industry. Euromonitor International projects a modest positive forecast CAGR of 6% from 2021 to 2026. When comparing the performance across the various channels within retailing, this same group of professionals expects new digital shopping methods such as online marketplaces and direct to consumer to post some of the strongest rates of growth.

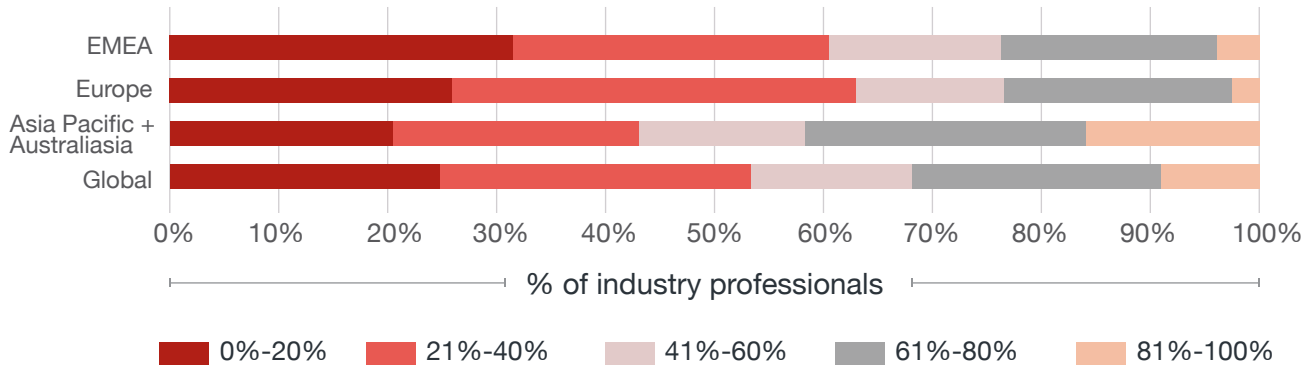
Percentage of Company's Sales Via E-commerce, 2021



Source: Euromonitor International Voice of the Industry: Retailing survey (June 2021)

More than 60% of global retail professionals expect e-commerce penetration to be at least 20% of total retail sales. This share will continue to grow in the retail space and one can expect this percentage to exponentially increase in the years to come.

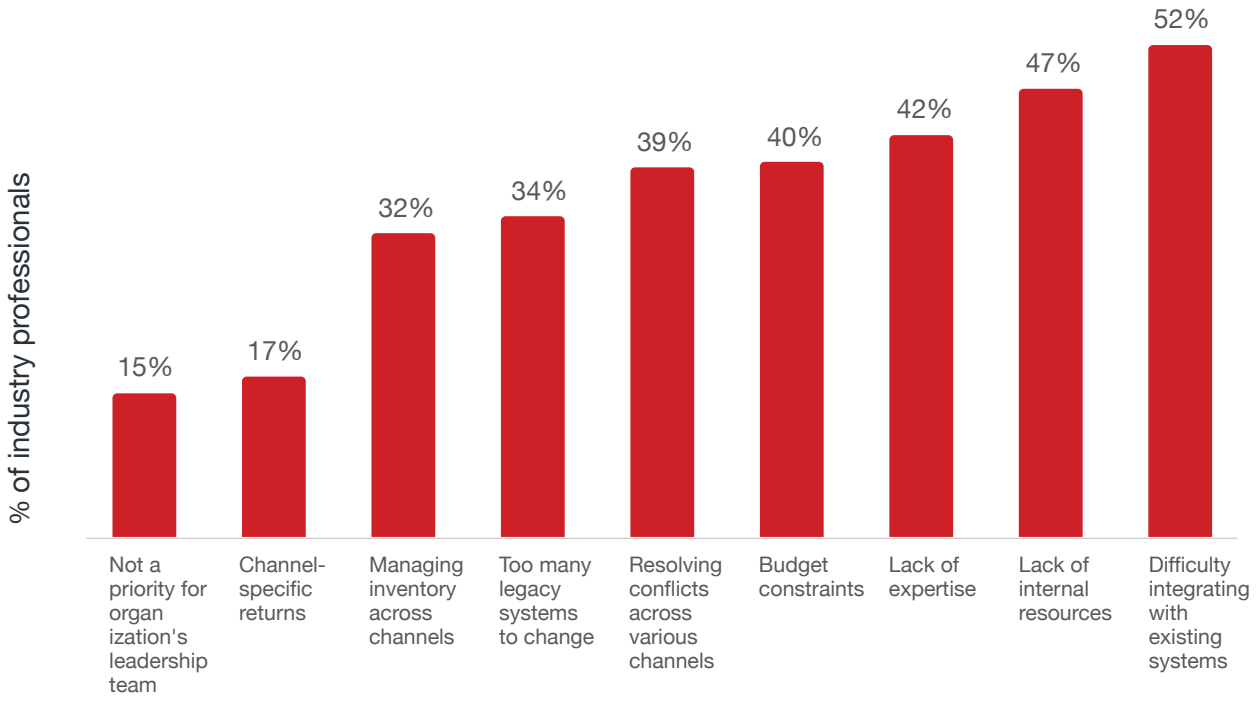
Percentage of M-Commerce Sales Per Region, 2021



Source: Euromonitor International Voice of the Industry: Retailing survey (June 2021)

Industry professionals are adapting new business models and embracing technology to drive these new revenue streams to meet consumers where they are and how they want to shop. The likes of the rise of marketplaces, direct to consumer brands and subscription services also mean the future of physical spaces must be reconfigured to ensure relevance.

Challenges Faced When Developing An Omnichannel Strategy



Source: Euromonitor International Voice of the Industry: Retailina survev (June 2021)

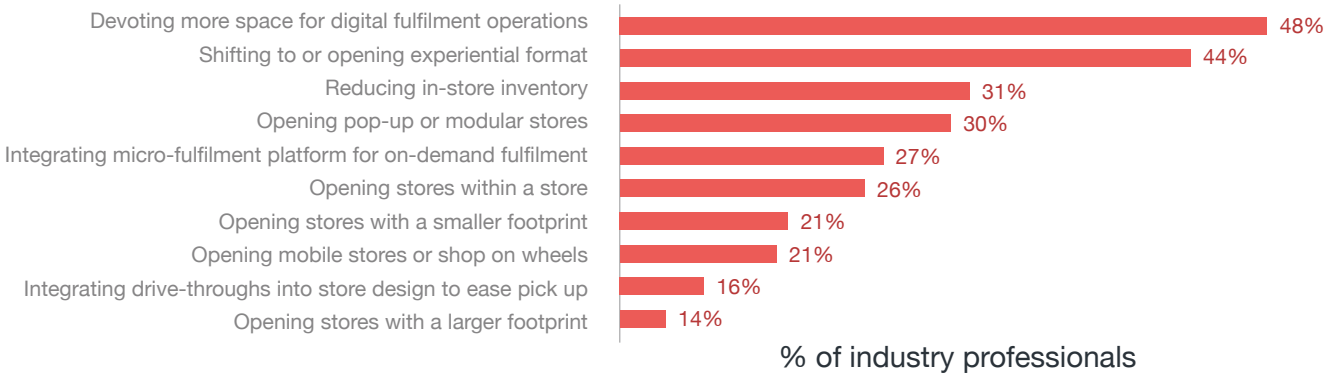
Some of the biggest challenges faced by industry professionals to develop an omnichannel strategy include the integration with existing system set-ups, lack of internal resources and expertise. Incorporating new business models requires retailers not only to make bold financial decisions and gather necessary resources, but also a shift in mindset to how the business will be conducted in the future. To be able to successfully make the transition will require significant uptakes from all relevant stakeholders and many capable sets of hands to be able to succeed.

Strategic Priorities in the Next 12 Months and Five Years

Source: Euromonitor International Voice of the Industry: Retailing survey (June 2021)

The post-pandemic consumer is constantly shifting priorities, which forces those in the retail industry to react accordingly by constantly re-evaluating their strategic priorities. In the next five years, retail professionals will be placing more emphasis on sustainability, new digital technologies and business models and expanding into new markets. This will help drive the wants and needs of future generations of digitally enabled and socially conscious consumers.

Store Format Changes That Global Professionals Are Exploring



Source: Euromonitor International Voice of the Industry: Retailing survey (June 2021)

Creating impactful in-store experiences and increasing digital investments to better engage with digital natives in the next 12 months will allow retailers to commence a comprehensive omnichannel strategy that will not only optimize store formats and in-store experiences, but also blend the physical and digital retail landscapes together.

The priority for supply chains will shift away from cost and towards resilience and reducing exposure to regional or global disruptions. Demand for higher levels of supply chain integration will grow as flexibility becomes more important.

The retail industry is scrambling to address an inventory imbalance by slowing down the production and delivery of low demand goods while simultaneously increasing the production and delivery of high demand goods. At the same time, global supply chains remain heavily disrupted with limited and changing transport options, acute staff shortages, economic uncertainty, and suppliers operating beneath capacity.

Key Market Outlook Across Trade Lanes

Trade	Trade Statement	The most critical destination port situation update
Asia Pacific - North Europe	We expect softening demand, particularly during the Golden Week period. We are balancing the network accordingly. Overall, our network enjoys strong transferability. This means that in case of sailing adjustments, our customers should be able to find good alternatives on other vessels in our network. We have published a detailed overview of our network changes in a recent CA.	Although overall congestion and delays continue in NEU, the situation has now stabilized and waiting times across different ports are slightly improving. Availability of labor is very uncertain - we have seen strikes in numerous ports in NEU over the past few months, most recently in the UK. A strike in Liverpool started on September 20th, and another one in Felixstowe on September 27th. We consider UK ports to be potential future risk, based on these and other events in the recent past. We will issue separate operational updates and CAs in due time.
Asia Pacific- Mediterranean	Demand is softening. Competitive Spot rates are being offered from current week plus future 4 weeks of vessel departure. Vessels are being delayed by congestion at both origin and destination, so we will continue with voyages reset to recover schedule reliability. Gap loaders will be used where possible to meet customers' schedule requests.	Below ports face 2-3 days of delay - Trieste: Due to yard density Poti: Berthing line-up congestion Valencia: Berthing line-up congestion Sines: Berthing line-up congestion

Asia Pacific-North America	Overall, Asia Pacific to North America space are available. North American ports situations are getting improved; however, the capacity loss is still expected in some coming weeks due to sailings adjustments caused by the previous port congestion. Our goal is making overall service to gradually recover to weekly coverage in Q4. USEC port congestion deviates from port to port and the overall waiting time is 0-3 days, but Baltimore and Houston congestion is 5-20 days. Los Angeles and Long Beach waiting time has been improved to 0-5 days. The LA/LB transit time of our services is quite competitive in the market now. Please reach out to Sales for detail. We are still seeing a huge waiting time at Vancouver; however, we have been working this out by including more terminal alternatives, and we have successfully improved our Asia Pacific to Vancouver transit time to approximately 25 days which is in line with the best class products in the market. Please check on hamburgsud.com booking website for details. Meanwhile, even though the North American ports situations have been improved recently, we still see some delay of vessel because the down steam impact of previous congestion, we would kindly suggest our customers still prepare more lead time between ETA and actual departure time.	Overall USEC ports: 0-3 days waiting time. Baltimore: 5-15 days Houston: 5-20 days Los Angeles/Long beach: 0-5 days waiting time. Oakland: 15 days Seattle: 2 days Prince Rupert: 3 days waiting time with 122%-yard density. Match back is strictly required.
Asia Pacific - Latin America	We are observing a softening demand, declining rate and space is available overall in the market. We will keep reviewing the capacity plan to better serve customer's needs.	Low water situation in Manaus impacts the overall capacity intake and might cause rolling.

Asia Pacific - West Central Asia	Overall demand is softening impacted by inflation and economy situation at destination markets, also given Pakistan flooding situation. Automotive volume has been impacted by Pakistan economic situation and now also flooding situation. Basis latest outlook, we expect volume improvement will be delayed to October/November. Resuming of solar volume has also been further pushed back, we stay close with solar customers for proactively planning. Situation in Sri Lanka is stabilizing, and business is back to usual.	Overall operating normally, except some slowdown in India as ports were impacted by bad weather condition.
Asia Pacific - Africa	We expect demand in destination is flat, it mainly caused by high inflation rate and FOREX control. Market short term rate is under pressure. SAF trade is welcome more Non-Operating Reefer shipment to Durban and Cape Town.	Waiting time: Abijian: 3-5 days Cotonou: 3-5 days Kribi: 2-4 days Nouadhibou: 4-5 days Dar Es Salaam: 5 days Zanzibar: 14 days
Asia Pacific - Oceania	In general Australia import demand is softening, while New Zealand demand is stable. Vessels are delayed due to congestion, and we are actively working on plans to improve our schedule reliability.	New Zealand ports remain congested. Auckland wait time remains at 4-5 days. Berthing windows across New Zealand ports are expected to remain suspended until March 2023.

Oceania-World	South-East Asia import demand contin¬ues to remain strong with inland logistics issues alleviating in Queensland and New South Wales. Cotton and seed export volumes expected to reduce Nov onward but to be replaced with the impending grain harvest. Reefer opportunities remain available from Melbourne and Sydney. Equipment available to support customers export need. Export demand from Oceania to Americas remains strong, especially to the US East Coast. Congestion is easing in Panama and in the US West Coast increasing availability of space to accommodate additional customer demand. 20ft equipment remains in shortage across ports in Oceania. We encourage all customers to switch to 40ft DRY and REEFER where possible to ensure availability of container supply to meet the increased export demand. New Zealand export continue to see port congestion and schedule issues, this is combined with volumes continuing from the peak season leading to prolonged demand. the traditional slack season has not yet eventuated.	New Zealand ports remain congested with delays continuing. Tauranga is experiencing resource shortages and Auckland high yard utilization with wait time currently 4-5 days. Berthing windows across New Zealand ports are expected to remain suspended until March 2023.

Air Update

The global air cargo market is facing a mixed outlook with high fuel prices helping to support freight rates which remain significantly above pre-COVID-19 levels, but demand growth is likely to flatten, according to a second quarter report by consultant Seabury. That comes as air cargo capacity is continuing to recover to pre-COVID-19 levels globally. Return of capacity between Asia and Europe is comparatively slow due to various impacts such as Russia-Ukraine conflict and Covid-19 control in China. Seabury said several freighter operators service Asia-Europe via the Middle East due to airspace closures over Russia and Ukraine.

Greater China: Air cargo capacity on key corridors has been reduced. For the US market, an ongoing dispute over traffic rights between China and the US has led to airlines cancelling flights. In Europe, the impact of COVID-19 outbreaks and summer holidays has led to a shortage of ground handling staff leading to some flight cancellations to Frankfurt and Amsterdam. Power restrictions in China due to the drought and heatwave reduced airport efficiency which led to landing restrictions.

We are hopeful of a traditional peak season from September partly fuelled by new product launches from high-tech firms such as Apple. Chinese Mainland and the Hongkong SAR markets are seeing an improvement in both the lower and higher weight categories, although transit times have yet to improve with an average 5–7-day processing time. Hong Kong fuel surcharges decreased from September 1 from HKD7.00/kg to HKD6.10/kg on chargeable kgs.

Australia and New Zealand: There continue to be freight cost savings on major inbound corridors in September. Airlines are looking for volume growth so are hesitant about introducing peak season surcharges which could see customers shop around among other airlines.

Volumes from Ho Chi Minh City into Australia remain at August levels as do volumes from Hanoi into New Zealand. Airlines report that large volumes will continue to be split over several flights which will impact transit times.

From Chennai, India, freight costs have fallen some lower weight categories with a slight increase for higher weight limits. Pakistan remains a spot market for the coming month because capacity is less stable.

Trans-Tasman airline capacity options remain limited and freight rates are best offered on spot levels.

Inland Services Update

China: A preferential zero tariff has been introduced from September 1 on more than 8,000 products originating from 16 developing countries including Togo, Djibouti, Guinea, Cambodia, Laos, Rwanda, Bangladesh, Mozambique, Nepal, Sudan, Chad, and Central Africa Republic.

Warehousing operations in Chinese Mainland, Hong Kong SAR and Taiwan are operating normally even as the peak season starts and there are on-going COVID-19 outbreaks.

Japan: Container drayage volumes are stable. Truck drivers are trying to increase freight prices due to rising fuel prices due to the Ukraine conflict and the fall in the value of the Yen.

Vietnam, Cambodia, Myanmar: Demand may slightly increase in Q4, but we may not see the peak season as in previous years due to the impact of the economic slowdown and inflationary pressures in western economies.

Philippines: Philippine manufacturing sector continues to grow significantly with external trade climbing 11.4% in July on record imports.

Major Ports Update

	Vessel Waiting Time Indicator		
	Less than 1 day	**1-3 days**	**More than 3 days**
Asia Pacific Ports	Qingdao, Shekou, Xiamen, Yantian, Nansha, Hong Kong, Singapore, Tanjung Pelepas, Napier	Busan, Shanghai, Ningbo, Tauranga, Port Chalmers, Lyttleton, Sydney, Brisbane, Melbourne	Auckland
Rest of World	Charleston, Norfolk, Apapa, Tema, Lome, Onne, Pointe Noire, Dakar	Seattle, Miami, Trieste, Poti, Valencia, Sines, Luanda, Matadi, Cape Town	Hamburg, Rotterdam, Bremerhaven, Haifa, Koper, Long Beach, Los Angeles, Oakland, Prince Rupert, Vancouver, Newark, Houston, Savannah, Baltimore, Abidjan, Cotonou, Kribi, Dar Es Salaam, Zanzibar

Remark: Numbers are dynamic and subject to change.

Resources and tools to support you
We value your business and welcome your feedback. Should you have any questions on optimizing your cargo flows, please contact your local Hamburg Süd professional.

Please do reach out to us if you have any further questions about your supply chain. We are here to navigate you through the current situation.

Contact us

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