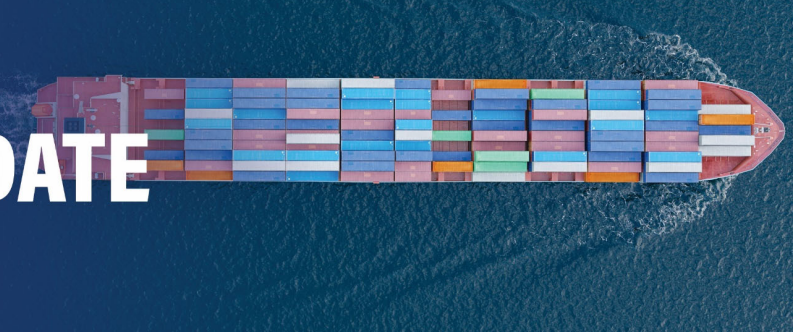
CRANE WORLDWIDE LOGISTICS

OCEAN MARKET UPDATE



CURRENT STATE

The International Longshoremen's Association (ILA) has suspended negotiations with the United States Maritime Alliance (USMX) over a new master contract, citing concerns about a proposal to introduce semi-automated equipment at ILA-controlled ports. The dispute revolves around the use of Rail-Mounted Gantry Cranes, which have been in operation since 2014 at ports like New Jersey and Virginia and allow for more efficient container stacking by remote-controlled cranes. While the ILA had previously agreed to RMG use in some terminals, it rejected the latest proposal by the USMX, accusing the employers of attempting to expand automation at the expense of workers. On the other hand, USMX maintains that the introduction of such technology is necessary to keep up with supply chain demands, and that restricting its use would hinder industry progress. Although both parties are hopeful about resuming talks soon, there is no clear timeline for when negotiations might restart.

On Tuesday, November 12, the Canadian Minister of Labor announced that all ongoing labor disputes at Canadian Ports are being sent to binding arbitration after the disputes have reached what he called a "total impasse." Meaning all parties have been ordered back to work under the existing agreement until the arbitration is completed and a new agreement is reached. While the Arbitration hearing was scheduled for Monday, November 18, we do not yet know the outcome of this hearing. In the meantime, terminals began restarting operations late last week. See below schedule of terminals re-openings. (Local Times)

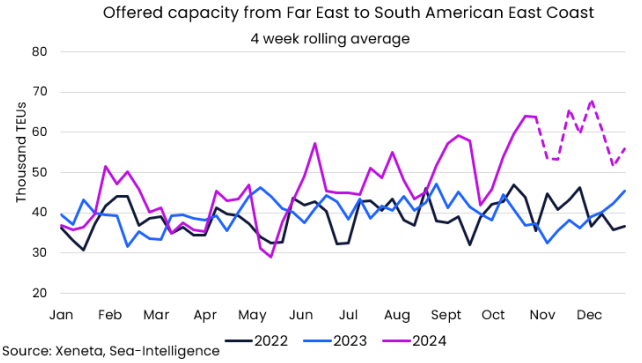
Vancouver & Prince Rupert: Full Return to Normal Ops @ 8am Friday, Nov 15

Fraser-Surrey: Full Return to Normal Ops @ 4:30pm Sunday, Nov 17

Montreal: Full Return to Normal Ops @ 6am Monday, Nov 18

As operations restart you should expect delays as all parties to work to clear their

In the first nine months of 2024, trade between the Far East and South America East Coast reached a record-breaking 1.6 million TEU, driven largely by a 14.8% increase in exports from China. This surge in volume has been matched by a historic rise in offered capacity, with an increase of 73% compared to the same period in 2023. However, this influx of capacity has come with some challenges. Despite the high volume of containers, transit times have deteriorated significantly, with actual journey times increasing to an average of 47 days in Q3 and schedule reliability hitting an all-time low in September at just 19.5%. The capacity increase has also contributed to a softening of spot rates, which fell by 33.8% from July to November, although they remain 80.7% higher than the same time last year. Long-term rates also saw an 84.6% increase, though they have begun to decline slightly as of November. These dynamics highlight the complex balance between increased capacity, which helps soften spot rates, and the associated risks such as congested ports, longer transit times, and reduced schedule reliability.

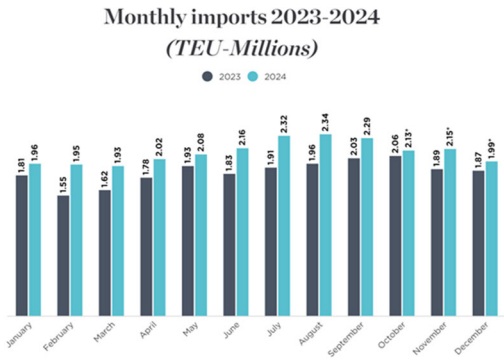


Source: Xeneta, Sea-Intelligence

Dotted purple line indicates forecast capacity, which may alter due to amendments such as blank sailings or service adjustments.

MARKET FORECAST

In response to concerns over a potential strike in January and the looming threat of new tariffs proposed by President-elect Donald Trump, U.S. retailers are significantly increasing their imports for November and December. The latest Global Port Tracker report shows that retailers now plan to import 350,000 more TEUs than previously expected, a 13.6% Y-o-Y increase in November, up from the previous forecast of just a 0.9% increase. December imports are projected to rise by 6.1%, up from the earlier forecast of 0.2%. With import volume from China already up 15.4% in the first nine months of 2024, retailers are also accelerating shipments ahead of the Lunar New Year in late January where many Chinese factories will close. The GPT also revised its January forecast to show a 2.5% increase in U.S. imports, while February imports are expected to see a sharp 9.3% year-over-year decline.



As carriers prepare for an Alliance restructure next year, significant changes are unfolding in service networks, particularly on the Asia-North Europe route. Maersk and Hapag-Lloyd, forming the new Gemini Co-operation, have opted to make London Gateway their UK port of call for Asia-North Europe services. A decision expected to significantly impact Felixstowe, increasing MSC's prominence while reducing the port's role in the trade. As part of their broader strategy, Gemini aims to achieve 90% schedule reliability and will leverage a hub-and-spoke model, where large vessels bring cargo to primary hubs, and smaller ships distribute goods from these hubs to secondary destinations. In contrast, MSC will continue to focus on direct port pairings, emphasizing efficiency and direct connectivity.

Elsewhere, Hapag-Lloyd has announced an overhaul of its standalone China-Germany Express (CGX) service. Starting in January 2024, the service will add new calls in Shanghai and Ningbo while dropping Antwerp and introducing stops in Rotterdam and Southampton. This change coincides with Hapag-Lloyd's decision to end its slot charter with the Ocean Alliance on the CMA CGM-led NEU5 service, a deal initially made to address congestion and support the CGX service during the pandemic. After being temporarily suspended due to pandemic disruptions, the CGX service was reinstated earlier this year in response to rising demand. Hapag-Lloyd's new rotation will begin with the departure from Shanghai on January 3, while the final sailing of the FE9 service, marking the end of the slot charter with CMA CGM, will take place on December 30. These strategic moves reflect a broader reshaping of the Asia-North Europe trade as alliances and individual carriers recalibrate their offerings to meet shifting market demands.

Sources: Alphaliner, Journal of Commerce (JOC), The Loadstar, Freightos Terminal, Sea-Intelligence, Contaier-News.com, Xeneta, National Retail Federation