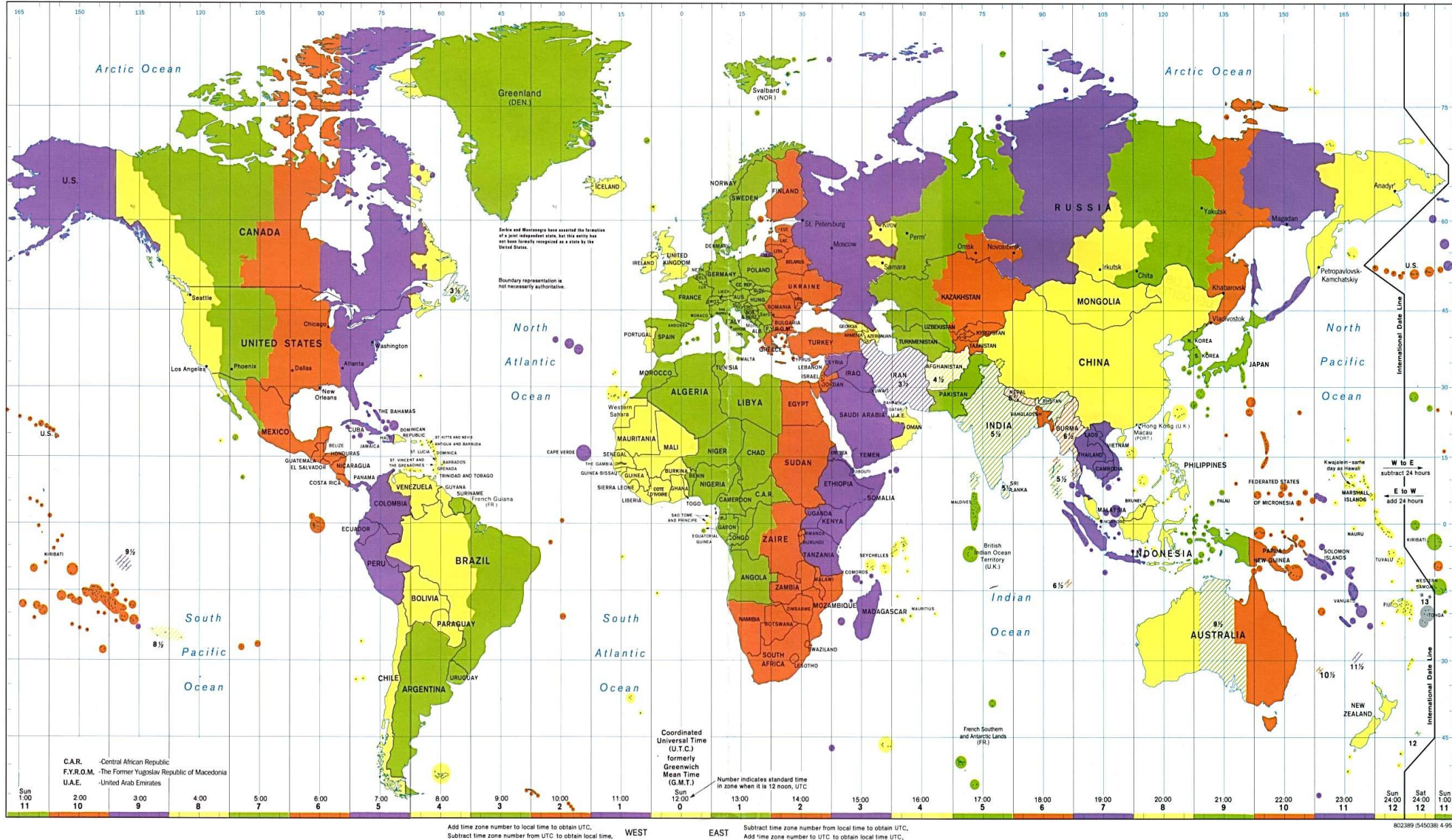


## TP/Asia-Europe Outlook

## What Can We Expect?!

Standard Time Zones of the World



## Market Outlook 2013

- 
- Minimal growth in the EB Transpacific trade
  - Asia/Europe trade flat
  - Rate volatility will continue especially in the spot market.
  - Supply growth will outpace demand growth
  - No peak season expected
  - Space will not be an issue
  - None of the main carriers are expected to exit the market
    - **More operational alliances coming!**
    - GA and NWA into the G6 on the Asia/Europe trade
    - The G6 will extend its scope from Asia to U.S. EC of North America in May

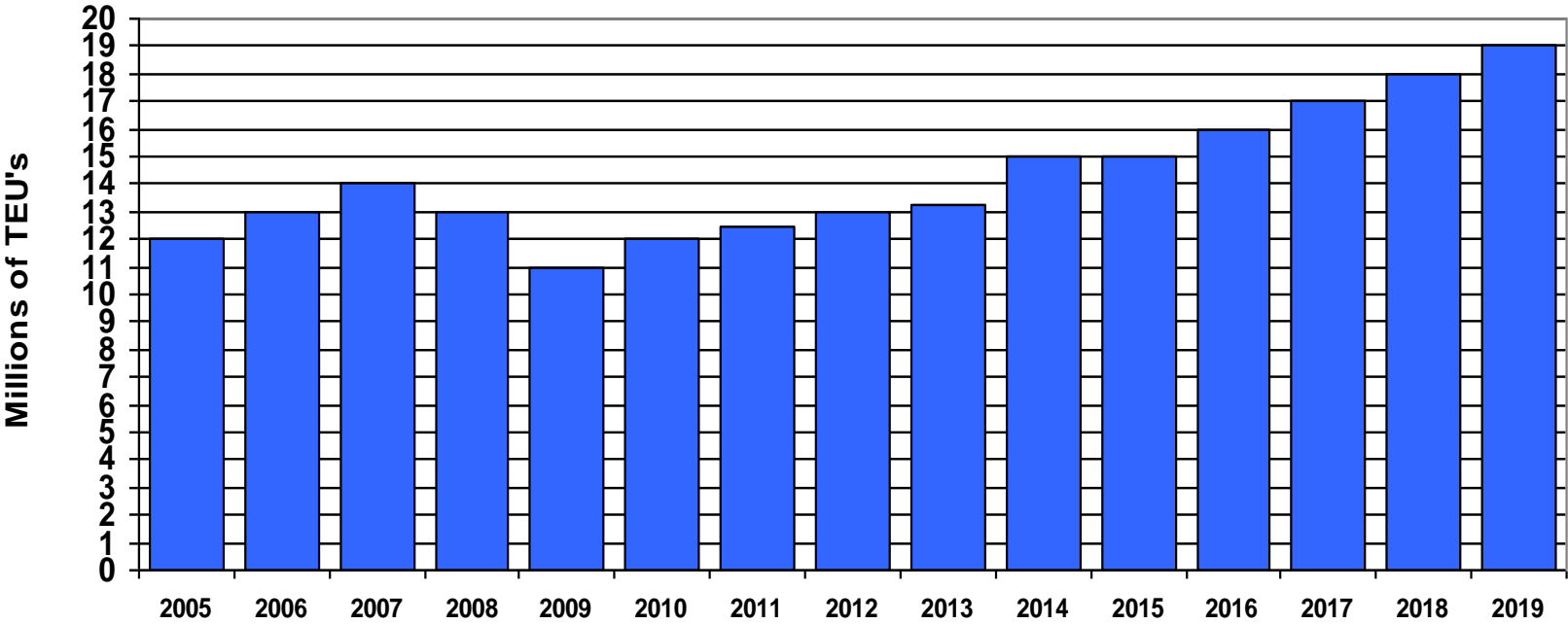
## 2013 Trends: Capacity & Pricing

- 8% increase in overall ship fleet capacity with 4% overall growth expected.
- 2% demand growth to the Transpacific
- Little or no growth on Asia/Europe Trade

## Excess Capacity Created!

- Asia/Europe to add additional capacity later this year.
- Transpacific routes are expected to receive the majority of the surplus tonnage from Asia/Europe either directly or cascading increasing capacity by 6%
- Carriers can be expected to mitigate the effects of overcapacity by continued slow steaming, scrapping, realigning or suspending some services.

# Transpacific Container Trade

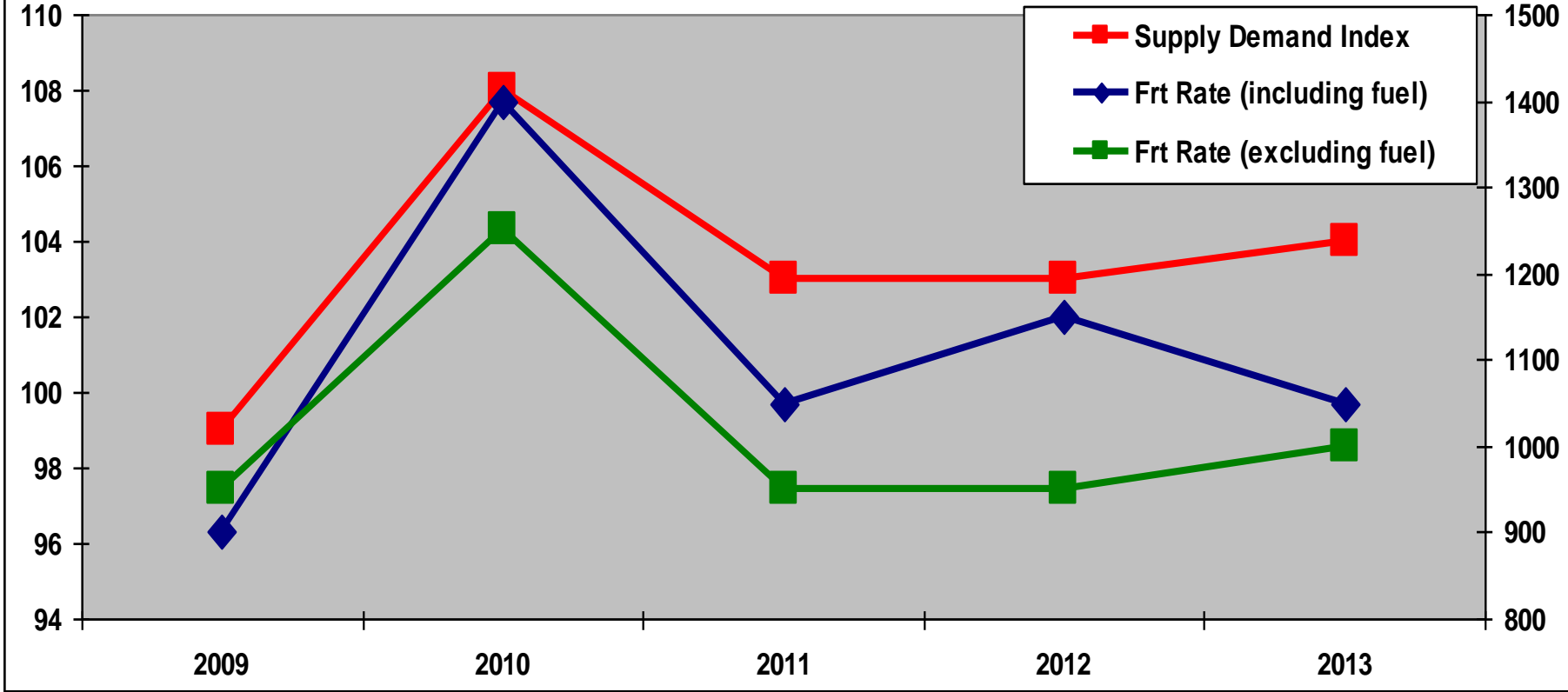




## Pricing Forecast

- Rate volatility as carriers react to control supply and demand imbalances
- Rates are expected to rise at right around 4%-5%
- GRI announcements will be made throughout the year but it remains to be seen how many will hold up

## East-West Freight Rate Forecast & Supply/Demand Index



## **Impact of Fuel prices.....It's a new world**

- **Fundamental changes are being driven by volatile fuel prices**
- **Fuel forecasted to rise 2.2%**
- **Shippers need to prepare for high bunker cost to deal with tighter environmental regulations**
- **The majority of longer leg services globally are slow steaming which is here to stay**

## Ports Update

- Shippers are concerned that larger ships entering the trade will extend overall transit times and delays in picking up containers
- Shippers need to manage their supply chains to avoid getting caught short on inventory in dealing with longer sailing schedules and port turnaround time
- Supply chains will begin to feel the federal budget sequestration impact on CBP with port and customs clearance delays



## Chassis Update

- **Thirteen carriers have sold all or most of their chassis fleet. Less or's have become the main supplier**
  - **Disjointed approach by carriers creating confusion for truckers that are being requested to rent or lease chassis**
  - **More transparency is needed**
- Chassis Management will continue to be a major challenge**



Thank You!

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