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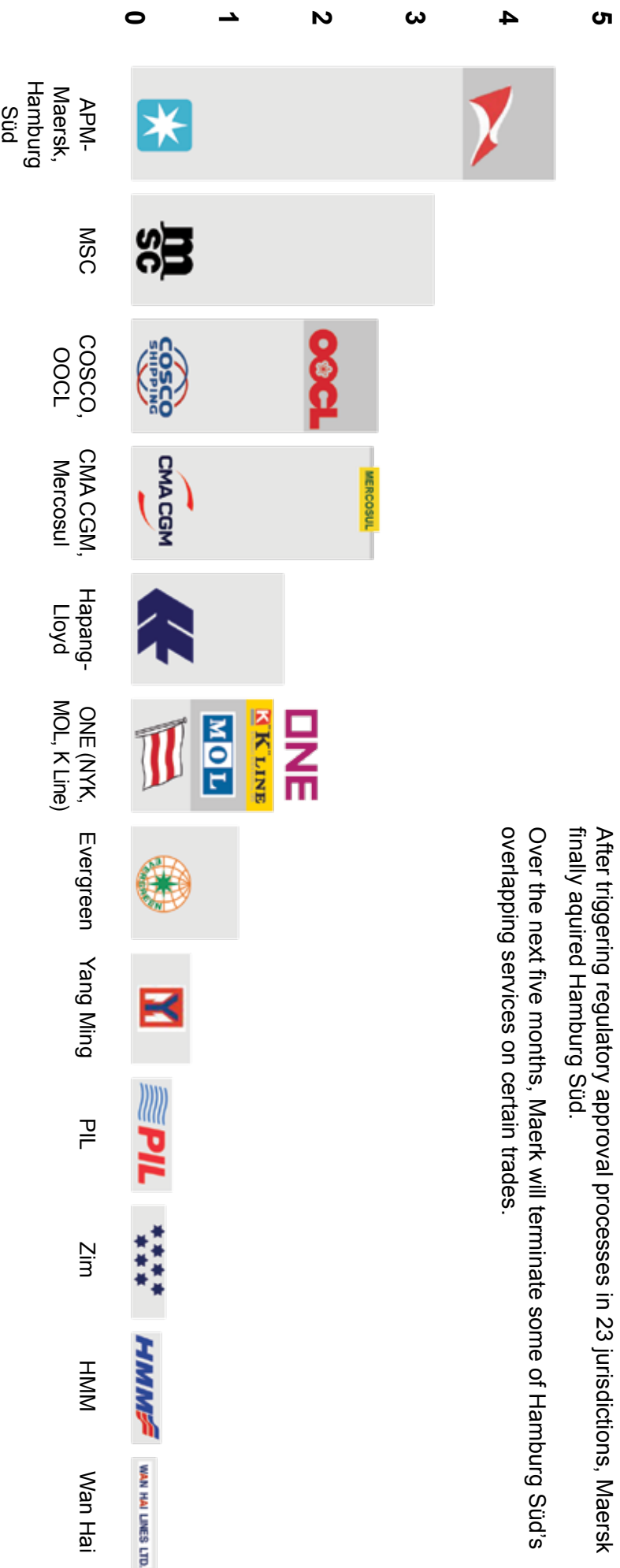
March 2018

**Welcome to the Med-America
meeting in Sanremo 22-28 April 2018**



Topic of the Month

Top 12 Carriers by Operated Capacity (in Mil. TEU), December 2017



After triggering regulatory approval processes in 23 jurisdictions, Maersk finally acquired Hamburg Süd.

Over the next five months, Maersk will terminate some of Hamburg Süd's overlapping services on certain trades.

Freight Rates Outlook

EURO – AMNO	Increases will occur during March (PSS/rate increases/costs connected to US deliveries)
AMLA Exports	Vessels are running with 85% to 90% of its capacity to NEUR from SALEC. Bookings shall be placed 3-4 weeks in advance from vessel departure. Commodity season starts in April and rates will increase again No space issues with CMA, ONE and HSUD

Capacity Development

Carriers have resumed their **new building programs** after a brief pause in 2016 and early 2017. **Vessels with a combined slot capacity of 986,000 TEU** have been **added to the order book** since Sep 2017, compared to only 361,100 TEU in the period between Jan 2016 and Aug 2017. This recent activity has brought the **total container-ship orderbook to over 2.8 Mteu**, or **13.2%** of the **existing fleet in slot capacity terms**. **Additional Vessel orders**, ranging from feeder-sized tonnage to ships of 14,000 and even 22,000 TEU, are still being finalized. These could eventually **push the orderbook-to-fleet ratio to above 15%**. Carriers and vessel owners look to renew their fleets ahead of the implementation on new Sulphur Oxides (Sox) emission and ballast water management rules due to take effect from 1 Jan 2020.

MOL TREASURE (20,182 teu) was delivered to MOL and joined the Asia – North Europe ‘FE2’ loop on 5 Feb 2018. Together with the MOL TRUTH (delivered Oct 2017) the MOL TREASURE is the largest container ship ever built in Japan the first-ever Megamax vessel built in the country.

The **idle containership fleet** has dropped sharply in early Feb as carriers rushed to add capacity to take advantage of the high pre-Lunar New Year holiday demand in Far East. The idle fleet of > 500 TEU stood at only 65 ships as at 5 Feb accounting for only 0.9% of the total idle container ship fleet. However the idle fleet is set to rise again as carriers implement void sailings in the Fare East during the post-holiday period.

The European main **port of Rotterdam** reported a **record container volume of 13.73 Mteu** for the year **2017**, upto **10.9%** from the **year before**. Growth was particularly strong in the second half of the year, when box throughput was 12.4% higher than in the same period in the preceding year 2016. Rotterdam’s rather spectacular 10.9% year-on-year increase translates to a **net gain of about 1.35 Mteu**. The Rotterdam Port Authority expects the throughput **volume to increase** further in **2018**, with growth in the container sector being lower than the exceptional growth in 2017.

Economic Outlook & Demand Development

The Near-term Global Economic Outlook Continues to Brighten



EU's real GDP increased 0.6% quarter on quarter (q/q) and 2.7% year on year (y/y) in the fourth quarter of 2017. For the full year, output expanded 2.5%. GDP growth is set to reach 2.4% in 2018 ,and then decline to 1.9% in 2019

US: Fourth-quarter real GDP growth was reported at 2.6%, with a solid growth of final sales (3.2%). 2018 outlooks for US growth and inflation are trending up. The Tax Cuts and Jobs Act (TCJA, slashing individual and business tax rates) and the USD300-billion Bipartisan Budget Act (BBA) of 2018 are taking effect, making likely a GDP growth of up to 2.75–3.00% in 2018.

JP: real GDP growth in the fourth quarter of 2017 was 0.1% q/q, or 0.5% q/q annualized. As a result, real GDP rose 1.6% in 2017—the highest rate since 2013. Predictions for real GDP growth are 1.4% in 2018, a softening from 2017, yet still above-potential growth.

CN: Real GDP expanded 6.8% y/y in the fourth quarter. After 6.9% growth in 2017, China’s expansion is projected to decelerate to 6.7% in 2018, 6.4% in 2019, and 6.1% in 2020 as the government’s reform policies begin to affect growth.

Emerging-market debt levels are much lower than during the crisis years of the 1980s and 1990s, but they have risen steadily since the global financial crisis. Commodity prices increased for 12 consecutive weeks through late January, with the IHS Markit Materials Price Index (MPI) rising 7% in the first four weeks of 2018 and 16% since the recent streak began. In the three weeks ending 16 February, however, the MPI tumbled 7%, erasing the January gains.

EURO: Persistently low inflation is protecting household purchasing power in the face of moderate earnings growth. European Central Bank (ECB) is set to keep monetary policy ultra-loose.

JP: Consumer demand will probably weaken during the first quarter of 2018, but external demand is likely to remain robust.

CN: Financial system risk mitigation limits credit expansion, while pollution control restricts growth in heavy industries.

Market Outlook March 2018 – Major Trades

Rates from Asia to North America are raising ahead of contract season.

EXPORT REGION	IMPORT REGION	CAPACITY	RATE
EURO 	AMNO	=	=/+
	AMLA	=	=/+
	ASPA	=	=
	MENAT	=	=/+
	SSA	=	=/+
AMNO 	AMLA	=	+
	ASPA	=	=
	EURO	=	+
	MENAT	=	+
	SSA	=	+
AMLA 	AMNO	=	+
	ASPA	+	=
	EURO	+	=
	MENAT	=	=
	SSA	=	=
ASPA 	ASPA	=	=
	AMNO	-	=
	AMLA	=	+
	EURO	=	=
	MENAT	=	=
	OCEANIA	--	-

KEY

Strong Increase ++

Moderate Increase +

No Change =

Moderate Janline -

Strong Janline --

Ocean freight rates outlook

EURO – AMNO

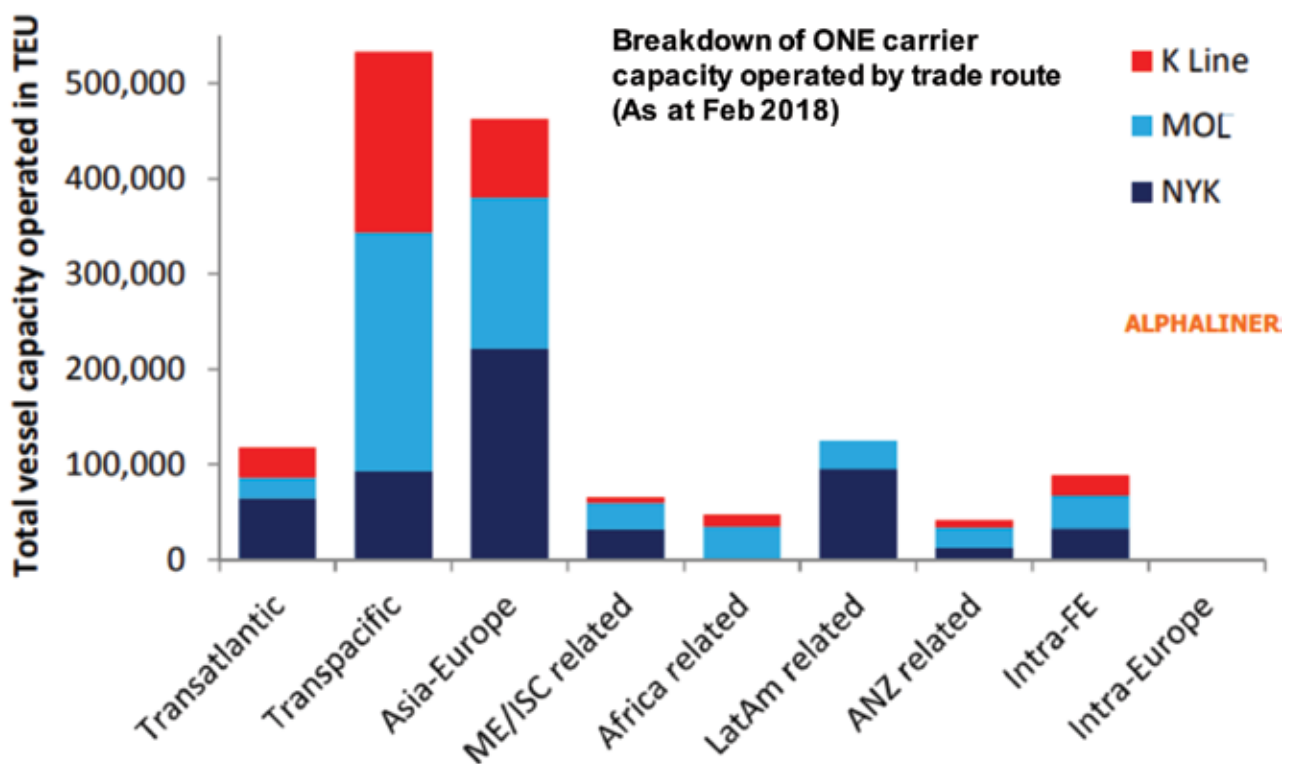
Ocean rates are stable but US haulage rates are on the up rise due to ELD and shortage.

AMNO – EURO

The Resin manufacturers after about 4 years are finally up to production. This will likely change the landscape in Houston, it will cause full ships, rolling's, cancellations. Congestion in Savannah/Charleston/Houston ports. Truckers shortage especially in Chicago & Ohio valley.

Topic of the Month

ONE Starts Taking Bookings: Breakdown of the Available Capacity



Ocean Network Express (ONE), the joint venture regrouping the container shipping businesses of K Line, MOL and NYK, announced on 1 February 2018 that it has started accepting bookings for its container shipping services that will begin operating from 1 April 2018.

During the interim period preceding the official commencement of ONE on 1 April, there will be up to four companies operating on the same service until the three pre-existing lines completely stop operating vessels. The transition is expected to be smooth, with customers expected to shift over to the new network with minimal disruptions during the switchover.

Only minor changes to the service offerings are planned, with no significant fleet rationalizations. The largest overlaps between the three liners are limited to the intra-Asia trade.

US truckload rates post double-digit rise in 12 months and rates are just the start of rising transportation costs

Dry van truckload rates across the United States were up 17 to 25 percent on average in January, compared with a year ago, according to the North American Truckload Rate Index published by the Trans-Logistics Group.

One reason capacity is tight is because capacity is not where shipper expect.

The electronic logging device (ELD) mandate, imposed on truck drivers Dec. 18, also is lengthening and shortening lanes and exacerbating shortages of trucks, equipment, and drivers.

Freight costs rise especially in 450- to 550-mile lanes, affected by the ELD mandate, with transit days, a measure of transit times, increasing 16.2 percent, representing a 4 percent increase in costs, since the mandate took effect.

Rates are just the start of rising transportation costs. Longer transit times mean assets and drivers often are not where they are most wanted. That is leading to the imposition of surcharges in certain markets, such as Chicago, as trucking and intermodal operators try to match up available capacity with demand.

Highly congested markets include Los Angeles, Seattle, Dallas, and Atlanta. The charges are dynamic and depend on the cost of getting equipment.

Surface transportation markets are likely to remain volatile as spring peak imports and retail sales converge with produce season and full enforcement of the ELD mandate, which will see violators placed out of service starting April 1.

Despite a big surge in net truck orders, shippers should not expect near-term relief from the US truck capacity crunch. Registration numbers have also increased, but have not erased shortages.

Customer Advisory February 28, 2018

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SEABOARD
MARINE

United States Domestic Fuel Surcharge Increase

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Seaboard Marine wishes to advise its valued customers of an increase in the United States Domestic Fuel Surcharge. Effective April 1, 2018, the United States Domestic Fuel Surcharge Index percentage shall be based on the following percentage:

Port of Load or Discharge	Surcharge Index Percentage
PortMiami, FL & Port Everglades, FL (Miami)	23.50%
Port of New Orleans (NOLA)	23.50%
Jacintoport, Houston, TX (Houston)	23.50%
Penn Terminals, Philadelphia, PA (Philadelphia)	23.50%
Port Newark, NJ (Brooklyn)	23.50%
Red Hook Container Terminal, Brooklyn, NY (Brooklyn)	23.50%

Maersk: Contract rates hike driven by bunker fuel price jump

Sharply rising bunker fuel prices are placing pressure on freight rates. Bunker fuel prices rose 25 percent in 2017 the bunker recovery is very important.

Reefer container shortage to persist in 2018



US Trucking Update - Challenges

Currently, we are experiencing critical truck power issues in the following markets:
New York – Savannah – Columbus – Chicago – Detroit – Memphis – Houston

Trump's 'Buy America' rules halt NY-NJ truck replacement program

Shippers who place a priority on the environmental efforts of ports they use may be concerned that the Port of York and New Jersey truck replacement program has stopped because the port cannot comply with federal rules requiring US steel and iron to be used in replacement trucks.

MSC Service MED-USA has terminated calls in the ports of LA SPEZIA and BOSTON

Price Announcement Europe to USA, Canada and Mexico

March 1, 2018

Dear Customer,

In a continued effort to provide you with a high level of service and uninterrupted liner services and equipment supply, Hapag-Lloyd announces an increased Ocean Tariff rate for all cargoes for 20' and 40' General Purpose (incl. High Cube Container) aswell as 20' and 40' Reefer container on our Atlantic westbound trade from Europe to North America and Mexico.

Valid for sailings commencing on **April 1, 2018** onwards and until further notice, Hapag-Lloyd's **Ocean Tariff rate from Europe to USA, Canada and Mexico** will be:

Standard Container

From	To	Current base rate level		New base rate level		Delta	
		USD / 20'	USD / 40'	USD / 20'	USD / 40'	USD / 20'	USD / 40'
North Europe	USA East Coast	4120	5470	4320	5870	200	400
North Europe	USA Gulf Coast	3530	5070	3730	5470	200	400
North Europe	USA West Coast	4720	6650	4920	7050	200	400
North Europe	Crossborder	4010	5590	4210	5990	200	400
North Europe	Canada East Coast	4400	5250	4600	5650	200	400
North Europe	Canada West Coast	4800	6000	5000	6400	200	400
North Europe	Mexico East Coast	3000	3600	3075	3750	75	150
North Europe	Mexico West Coast	3530	4260	3605	4410	75	150

From	To	Current base rate level		New base rate level		Delta	
		USD / 20'	USD / 40'	USD / 20'	USD / 40'	USD / 20'	USD / 40'
Mediterranean	USA East Coast	6050	9050	6250	9350	200	300
Mediterranean	USA Gulf Coast	4330	7380	4530	7680	200	300
Mediterranean	USA West Coast	4830	8280	5030	8580	200	300