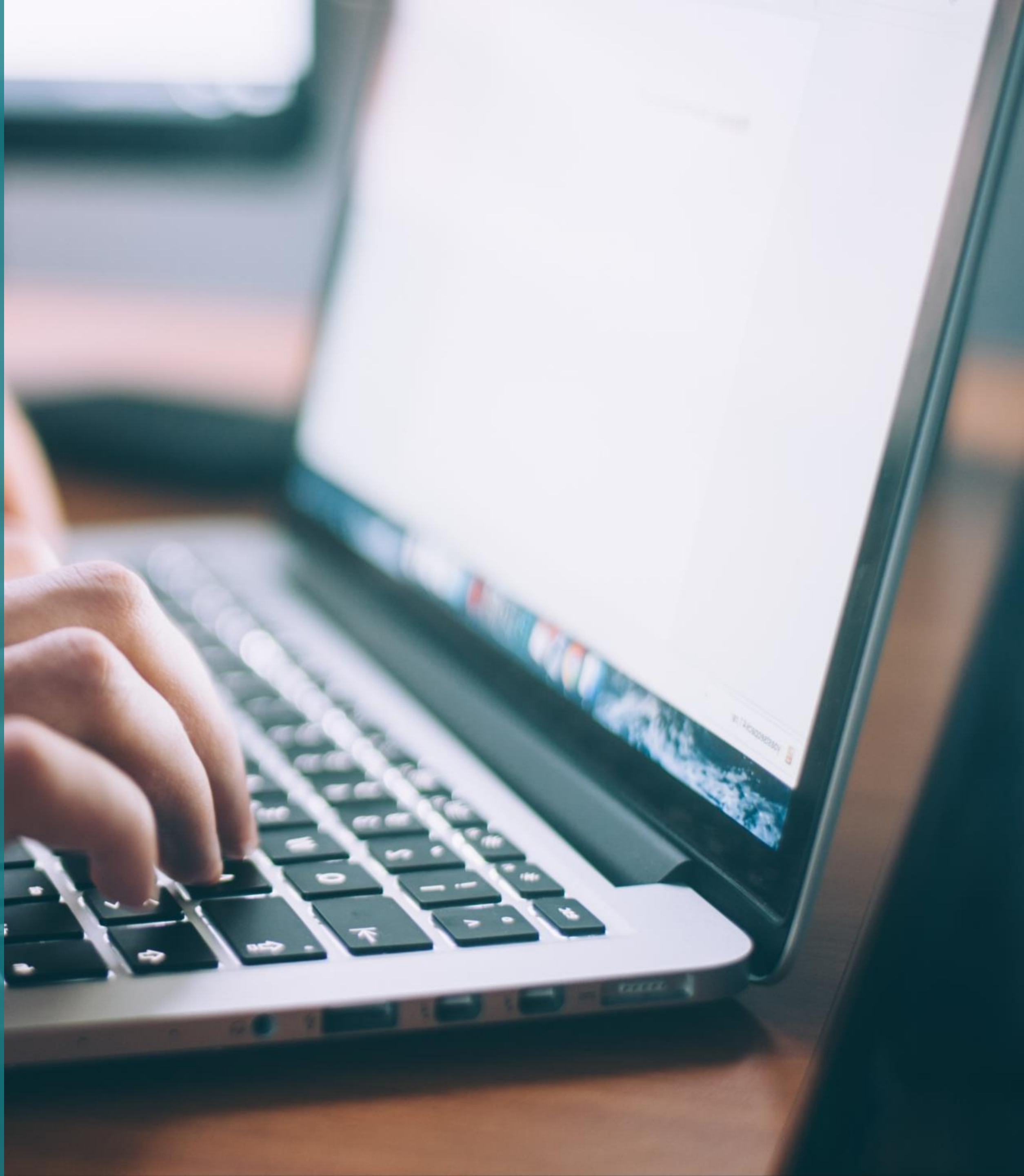
DB SCHENKER

Market Update

Region MEA

July 2024



Market Update

Developments in the Middle East and Africa

- Egypt is looking to raise the target for renewable energy to 58% by 2040
- Bahrain and Iran agree to start talks on resuming political relations
- Qatar's private sector exports surge 6% to $685m in Q1 2024
- Kenya's economy is expected to grow 5.5% in 2024 and 2025, according to its Finance Ministry
- Saudi Arabia announces discovery of seven oil and gas deposits
- PIF swings to $36.8bn profit in 2023
- UAE and Russia signed several agreements and preliminary pacts on industrial investments

Get in touch with your account manager for more information

Air Freight

- Weekly price average at the end of CW 27 is at $106,76/bbl – an increase of 3.04% vs the prior month and 13.18% vs. YTD
- Global cargo CTKs increase by 9% YoY still driven by e-Commerce and Middle East Crisis. The increase in global cargo CTKs is part of a longer trend, with growth being observed for five consecutive months
- Etihad Cargo offers incremental capacity to the North American market and launches a new freighter route to Madrid
- Qatar Airways secures the ‘Airline of the Year’ title from Skytrax
- Flyadeal orders 51 Airbus aircraft

Ocean Freight

- In May 2024, global schedule reliability improved by 3.8 percentage points M/M to 55.8%. This is now the highest schedule reliability figure for 2024, and 1.2 percentage points higher than the previous highest figure of 54.6%. On a Y/Y level, however, schedule reliability in May 2024 was -11.0 percentage points lower. Despite the improvement in schedule reliability, the average delay for LATE vessel arrivals deteriorated, increasing by 0.34 days M/M to 5.10 days. This figure is now inching closer to the pandemic highs than the pre-pandemic lows. On a Y/Y level, the May 2024 figure was 0.73 days higher
- Schedule reliability on the Europe-Middle East trade lane increased by 4.0 percentage points M/M in April/May 2024 to 54.9%. On a Y/Y level, April/May 2024 schedule reliability was -9.9 percentage points lower than at the same point in 2023
- Schedule reliability on the Asia-Middle East trade lane decreased by -5.8 percentage points M/M in April/May 2024 to 25.3%. This is the lowest figure recorded for the month. On a Y/Y level, schedule reliability was -25.5 percentage points lower than the 50.8% recorded in 2023
- Rates out of Asia continue to rise with South Africa facing the largest increases with the region. South Africa’s end Q2 rates are 335% higher than end Q1 rates, followed by West Africa with a 262% increase quarter on quarter, and the Persian Gulf and the Red Sea seeing a 160% increase quarter on quarter. Space continues to be an issue out of Asia, therefore advance shipment planning is strongly suggested. Transshipment port delays within the APAC region continue, with Singapore and Columbus being the main contributors
- Extended transit times are leading to capacity absorption and delays. We have also seen an increase in order pick-up due to reduced inventory/ bullwhip effects from Covid-times (replacement of electronics)/replenishment of consumer goods (due to natural disasters). Carriers have not yet been able to remove old vessels (11,6%=3,4 Mio TEU) which will have to disappear due to IMO regulations. The increased congestion and yard density are a result of the current situation

Air Freight

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	General	Demand	Capacity
MEA	– The overall market is stable – High-value projects like Oasis (UAE), NEOM (KSA), and Hafeet Rail (OM) drive the increase in cargo flow. MEA hubs are expanding, improving infrastructure, and implementing innovations. Strategic location boosts growth as airlines report increased transit cargo	– Demand is increasing	– Capacity is moderate
UAE	– UAE economy expanded by 3.6 percent last year, compared to the 3.1 percent estimated by the Central Bank of the UAE (CBUAE) in the fourth quarter	Demand is: – low from AE to APAC and MEA – high from AE to Americas – high from AE to Europe – high from APAC to AE – moderate from Europe and US to AE	Capacity is: – stable from AE to APAC and MEA – low from AE to Americas and Europe – high from APAC to AE – moderate from Americas and Europe to AE – available from MEA to AE
South Africa	– Market is stable but signs of strain are now being seen – Some challenges into North America and Europe – Volumes up 14% to June 2023 and 2% behind June 2019 (imports and exports)	– Demand is increasing	– Capacity moderate and slightly reduced in winter schedule with reduced flights to CPT

Land Transport

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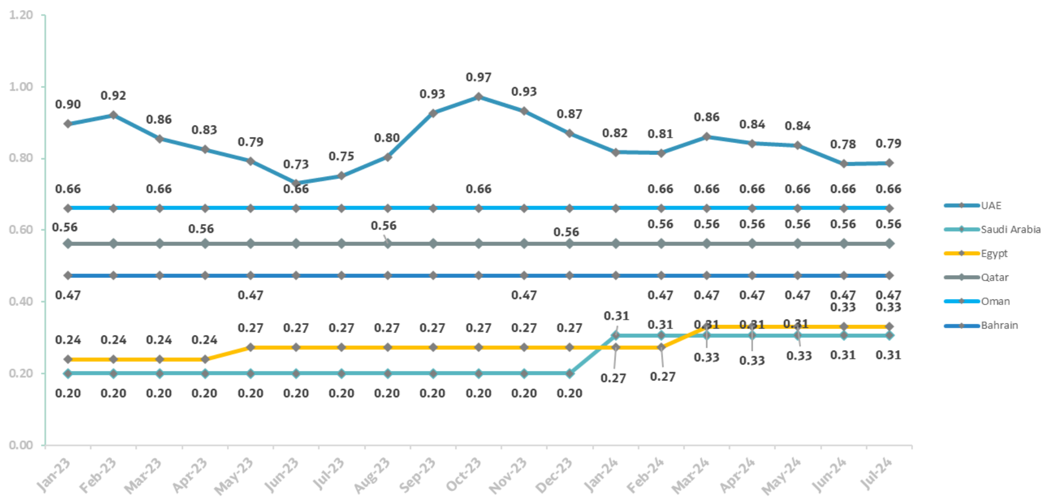
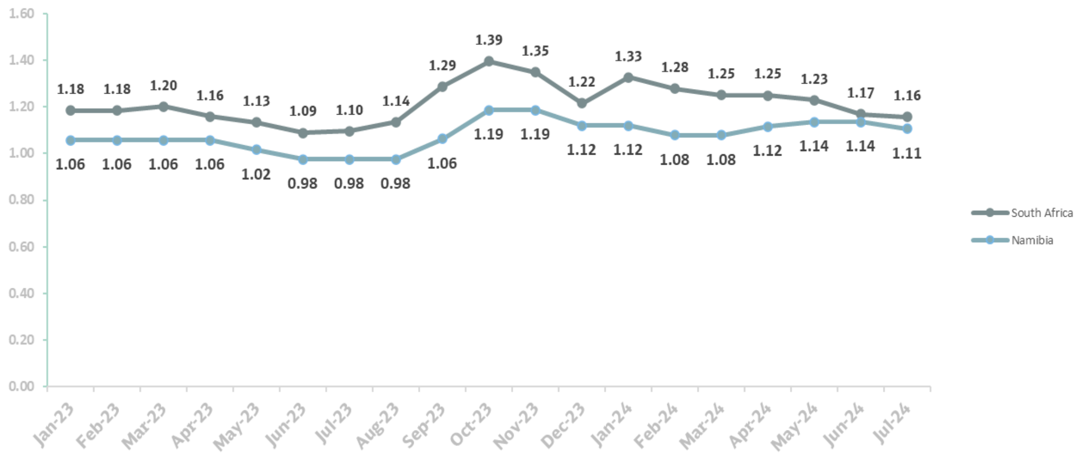
Middle East & North Africa – Diesel Price (in USD)



- The disruption in the Red Sea has driven up the demand for multimodal transportation, leading to increased prices between Dammam and Jeddah. Additionally, backlogs are occurring on the ferry routes between Egypt and Saudi Arabia, as well as between Jordan and Egypt
- In Bahrain, Qatar, and Oman, no change since 2022, going flat
- Egypt's fuel prices spiked in May due to the global inflation surge
- The oil-rich country Saudi Arabia has increased its price in Jan 2024. After a year the price increased by about 53%
- UAE per litre price almost stable as of Jun '24. The price of increase (or) decrease will conclude month on month by the Fuel Price Committee

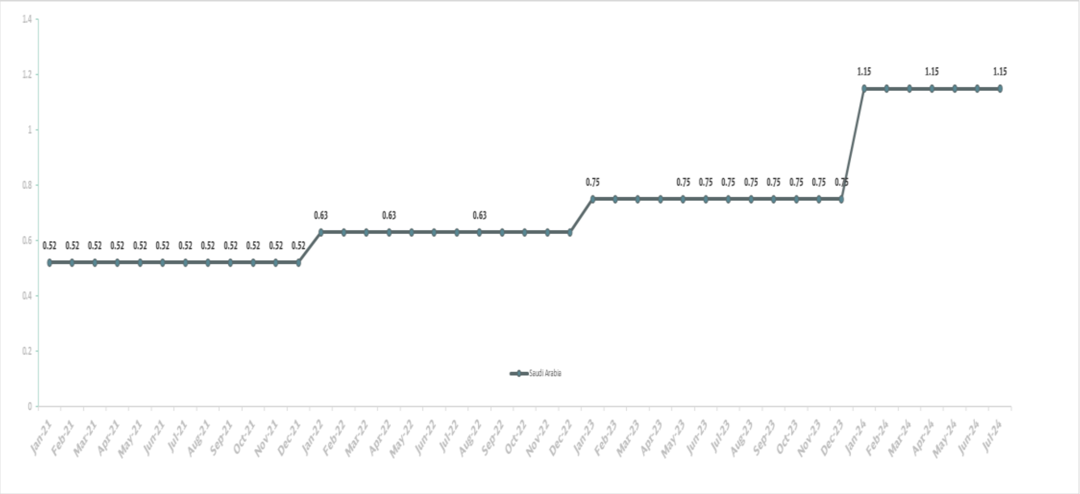
Sub-Saharan – Diesel Price (in USD)



- The fuel price (Diesel 50ppm) fluctuates per barrel, and currently, it's down for South Africa due to the lower international oil pricing and increase in inventory
- The per barrel price remains slightly down compared to last month for Namibia

Land Transport

Saudi Arabia – Diesel Price Trend (in Local Cur)



- Vendors pushing for price increases of up to 25%
- Congestion at Batha Border due to Feseh System Upgrade & Security screening
- The oil-rich country Saudi Arabia increased its price in Jan 2024
- After a year the price increased by about 53%
- The trucking rate has surged by 100-125% year-on-year, driven by several factors: border congestion from the Faseh appointment system, reduced working hours during Ramadan, port congestion in Saudi Arabia due to challenges in the Red Sea, new truck age regulations, adverse weather in April, rising fuel prices, and a shortage of drivers

Ocean Freight

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Equipment

KE
- Current equipment available, no reported shortages either in Dar-es-Salaam or Mombasa Port

OM
- CMA CGM direct sailing to Shekou, Ningbo, and Qingdao via Singapore on CIMEX service has available space and equipment

SA
- Most carriers have a shortage of empty containers in Riyadh, Dammam, and Jeddah yards
- Equipment are relatively stable in Jeddah Yard, and carriers charging $350 for repositioning to Dammam port loading

ZA
- HPL / COSCO / OOCL / PIL all reporting equipment shortages and only releasing equipment on firm stacks
- MSC & CMA have a stable supply of equipment

Space/Capacity

AE
- Carriers are advising Export space is becoming constrained with Hapag and CMA confirming their vessels are full for July

BH
- Issues in Booking Containers for Import & Export in APMT Port due to System errors.
- Export container booking needs to be done before Gate-in, with appointment slots
- 8 pm is the cut-off for Gate-in of containers

OM
- Due to the Red Sea situation, space has become a challenge once again for China and Europe
- Space is open to US EC, WC, and Latin American ports
- Schedule reliability continues to be a challenge with MSC and other carriers due to extended TT from/to EU/ USEC

SA
- Carriers showing a lack of availability for capacity/space with high demand on Saudi export
- limited space on the small feeders connected Red Sea ports with EU hub ports

ZA
- Carriers are reporting capacity constraints for dry cargo to the FAE & Middle East due to the Peak Reefer Season (June – end July). Carriers are now taking bookings for August
- ONE is reporting fully booked ex-South Africa for Q3

Service Updates

- The HPL Citrus Connect service offers a direct route from Port Elizabeth to Rotterdam with a transit time of about 21 days and 25 days from Durban. It also connects the Mediterranean via Tanger to Genoa and extends to Canada
- Aladdin Express starts direct sailing from Sohar to Jeddah in 7 days
- Aladdin Express, a new carrier agent in the local market launched GIX2 sailings from Sohar to Dammam, Bahrain, Hamad, Mundra, Nhava Sheva, and Sohar service bi-weekly. Other service GPX (Gulf Pakistan Express) route from Sohar, Hamad, Karachi, Sohar every 10 days
- CMA CGM launches Middle East, Gulf, and East Med (MEGEM) service. It will connect Sohar to Saudi, Egypt, Turkey, Lebanon and Greece.
- OCL starts a new service to Jeddah and Port Ain Sokhna. Routing Sohar – Duqm – Jeddah and Sokhna

Market Updates

KE & UG
- Currently high export season for Avocados to Middles East. Export Season for Coffee and Milk Powder ex Uganda to Europe and USA / Canada

German ports have announced Strikes – Hamburg 9-11th July, Bremerhaven 9-10th July

SG
- With almost all box ships arriving late, Singapore acts to reduce time in port. “Singapore’s transport minister said in parliament yesterday that the Maritime and Port Authority of Singapore (MPA) and port operator PSA were in discussions with liner operators to optimize vessel arrival times and operations to improve turnaround. So far this year, 90% of box ships calling at the world’s second-busiest port were not berthing on time – the 2023 average was 77%, he said.
- With almost all box ships arriving late, Singapore acts to reduce time in port - The Loadstar

Ocean Freight

Rate Development

APAC
- Severe capacity constraints continue to be experienced out of Asia. This along with erratic scheduling, high numbers of vessel rollovers, and blank sailings is resulting in delays in shipping out of Asia ports
- MSC announces GRI ZA to the Middle East & Indian Subcontinent, effective 15/07/2024
- ONE announces GRI for August & September on AIM (Eastbound) service ZA to Middle East / Far East / India

Europe
- CAS is still applicable.
- Vessel schedule delays continue to impact the region
- As congestion and equipment shortages increase, freight rates are starting to rise

NAM / LATAM
- As congestion and equipment shortages increase, freight rates are starting to rise
- As Hurricane season approaches, please be mindful of potential disruptions. We will monitor the situation closely during the season and provide updates as needed

Congestion

MEA

AE
- Berthing delay of 4-5 days experienced at Jebel Ali port

AO
- Berthing delays of 4 days experienced at Luanda port

KE
- Berthing delays +/- 9 days experienced at Dar-Es-Salaam Port, with transshipment delays1 of approx. 24 – 28 days
- Mombasa Port has +/- 9 days berthing delays

GH
- Berthing delays of 4 days experienced at Tema port.

MZ
- Maputo port – 7 days delay
- Beira port – 9 days delay

OM
- No congestion at Sohar, Salalah, or Duqm port. Containers can be gated out the same day or the next day of arrival

SA
- King Abdullah (SAKAC) & Jeddah (SAJED) facing congestion +/- 2days, whilst Dammam and Riyadh Dry port is +/-8 days Dammam

ZA
- Durban - Pier 1: 11-13 days delay - Pier 2: 12-15 days delay - Durban Point: 3 days delay
- Cape Town - CTCT: 1-3 days delay - MPT: 0-2 days delay
- Eastern Cape - PECT (ZAPLZ): 1-2 days delay - NCT (ZAZBA): 2 days delay

NORAM / LATAM

CA
- **Toronto** - Berthing delays of 4 days experienced at this port
- **Vancouver** - Berthing delays of 3 days experienced at this port

US
- **Norfolk** – Vessel waiting time is up to 3 days
- **Charleston** - Vessel waiting time is up to 5 days. SC Ports expects to work ships on arrival by mid-July. As the toe wall construction resumes going into August, a 48-hour average wait is anticipated.
- **Houston** – Vessel waiting time is up to 4 days

BR
- Berthing delays of 5 days experienced at Santos port

Europe

ES
- Berthing delays of 8 days experienced at Barcelona port

FR
- Berthing delays of 4 days experienced at Le Havre port. All strikes have been canceled until September

IT
- Berthing delays of 6 days experienced at Genova port and 5 days at La Spezia port

NL
- Berthing delays of 4 days experienced at Rotterdam port

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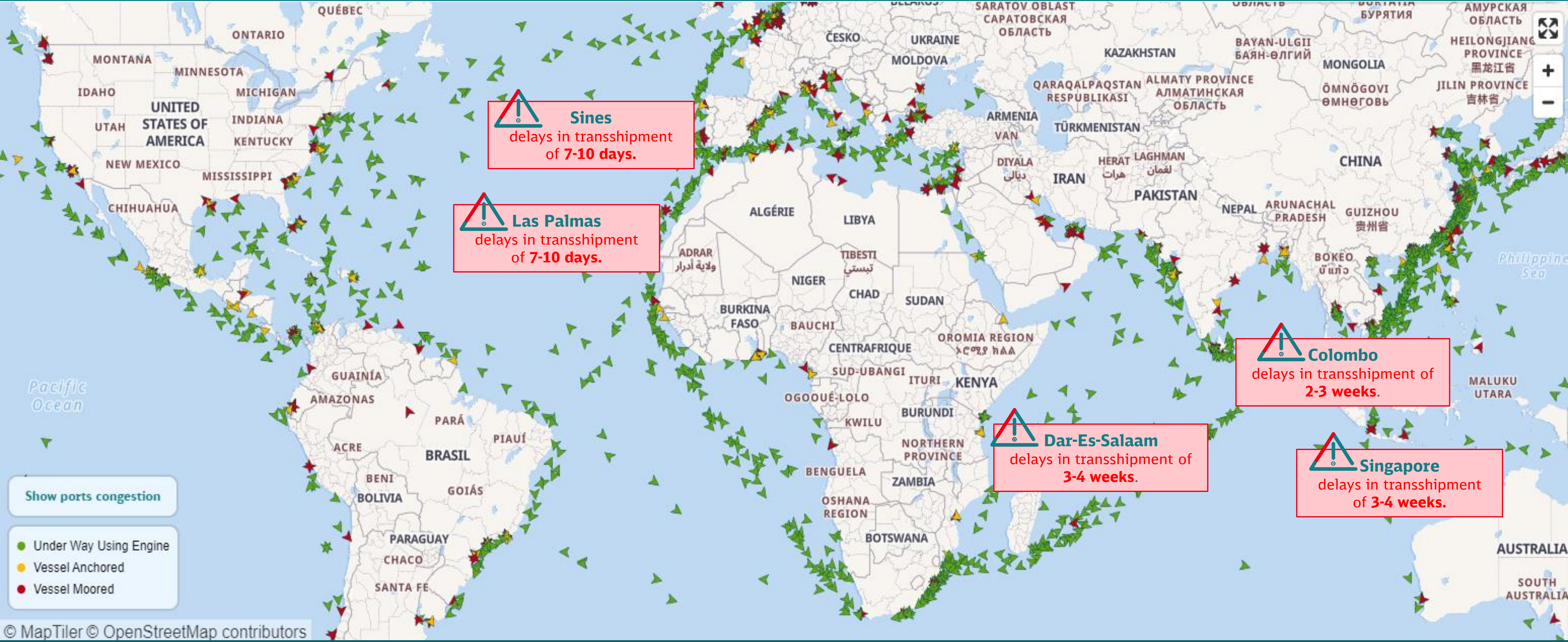
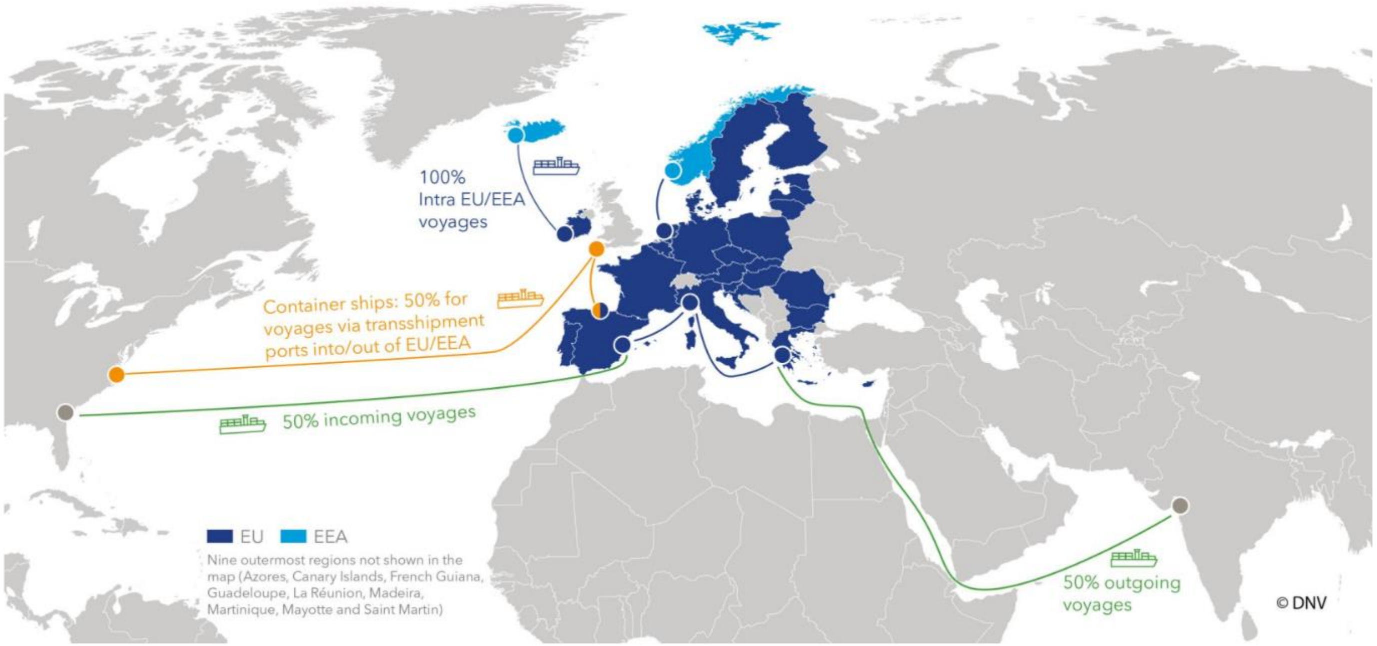
Transshipment Delays



Shipping becomes part of the EU Emission Trading System



- Committed to fighting global warming, the European Union has adopted a legislative action plan aiming to reach carbon neutrality by 2050 (Green Deal), with the intermediary objective of cutting 55% of greenhouse gas emissions by 2030 (Fit for 55). The **EU Emission Trading System** is one of the regulations included in that plan. Initially applied to energy-intensive sectors only, the **EU ETS** was extended to shipping from January 1st, 2024, as an incentive to reduce the sector’s environmental impact and accelerate the use of low-carbon fuels. This surcharge became applicable to most trades effective January 1st, 2024 (all cargo into Europe, or transshipping Europe)
- Vessels of 5000+ gross tonnage entering/leaving EU ports regardless of the flag
- The system covers 100% of emissions that occur between two EU ports as well as 50% of emissions from voyages starting or ending outside of the EU. Also applies for ports located less than 300 nautical miles outside the EU
- Phase-in period: starting with 40% for verified emissions from 2024, 70% of emissions in 2025 and 100% for 2026

Reefer

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TRADELANE	SPACE	EQUIPMENT	RATE DEVELOPMENT	BEST CARRIER CHOICE [SPACE&EQUIPMENT]
MEA – EUR	🟢	🟢	↗	MSC / Hapag / CMA CGM / ONE / ZIM
MEA – APAC	🟢	🟢	→	
MEA – NAM	🟢	🟢	↗	MSC / Hapag / CMA CGM
MEA – MEA	🟢	🟢	↗	CMA CGM / MSC / OOCL
MEA - LATAM	🟡	🟢	→	

Equipment

- Reefer Equipment continues not to be an issue for MEA, considering the structural surplus in the region
- Middle East cluster driven by import volume
- South Africa is facing traditional Equipment tightness due to the nature of the flow
- Only 20'Reefer remains a challenge due to limited fleet availability
- Trucking situation is difficult in Egypt with a lack of availability to cater to cargo requirements. Even more difficult during Fruit peak season and the Red Sea situation as cargo is moving by land to GCC

Vessel Utilization

- Vessel Utilization has been softening overall from the Middle East but specifically to Europe due to lower demand
- More demand from Egypt due to the fruit season; mainly to key European sectors
- Saudi Arabia is being impacted by the Red Sea issue without visibility on short-term development

Rate Development

- Market rates for reefer have increased due to the season and due to the Red Sea crisis
- Entering Egypt's peak season in late January where rates will increase for Europe and Middle East Trades

Carrier Announcements

- CMA CGM announces an Emergency Space Surcharge (ESS) effective from July 7, 2024, until further notice (or until July 25, 2024, for shipments from US territories, Argentina, Brazil, Colombia, Ecuador, Panama, Paraguay, Uruguay, and Venezuela):

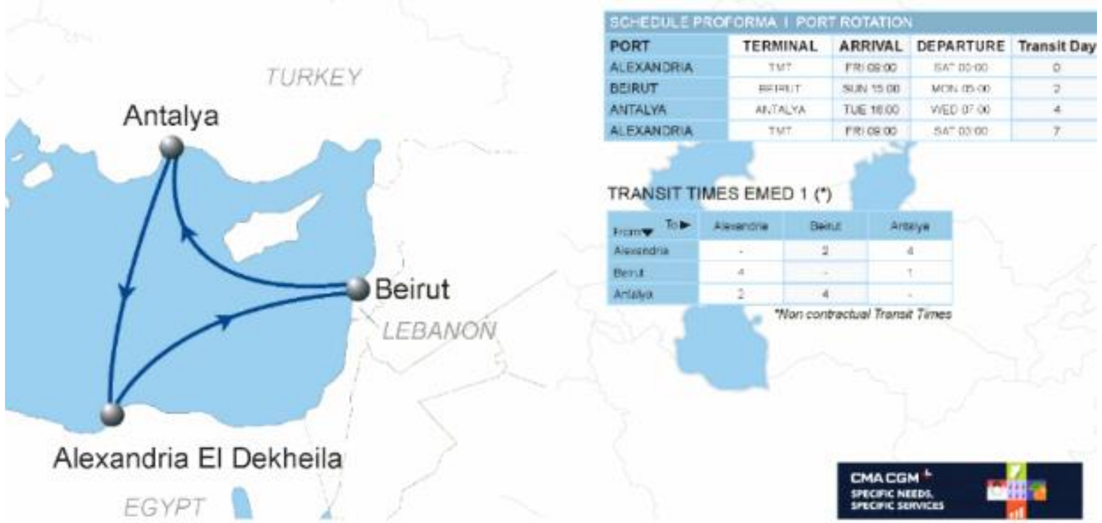
  - Origin range: From all origins

  - Destination range: To Damman, Saudi Arabia

  - Cargo: all

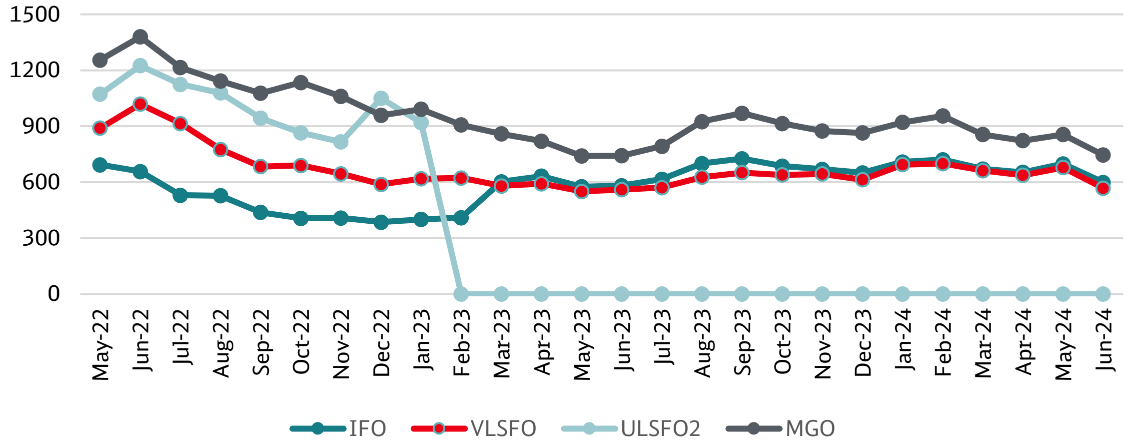
  - Amount: USD 300 per 20' | USD 600 per 40'

  CMA CGM – Short Sea Lines Division announced the launch of EMED 1 service as from Week 28



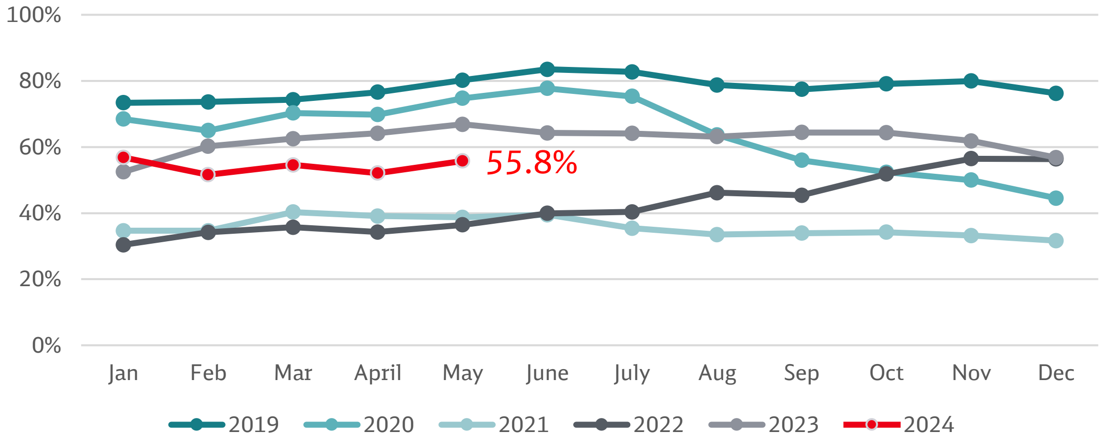
Ocean Freight

Bunker Development



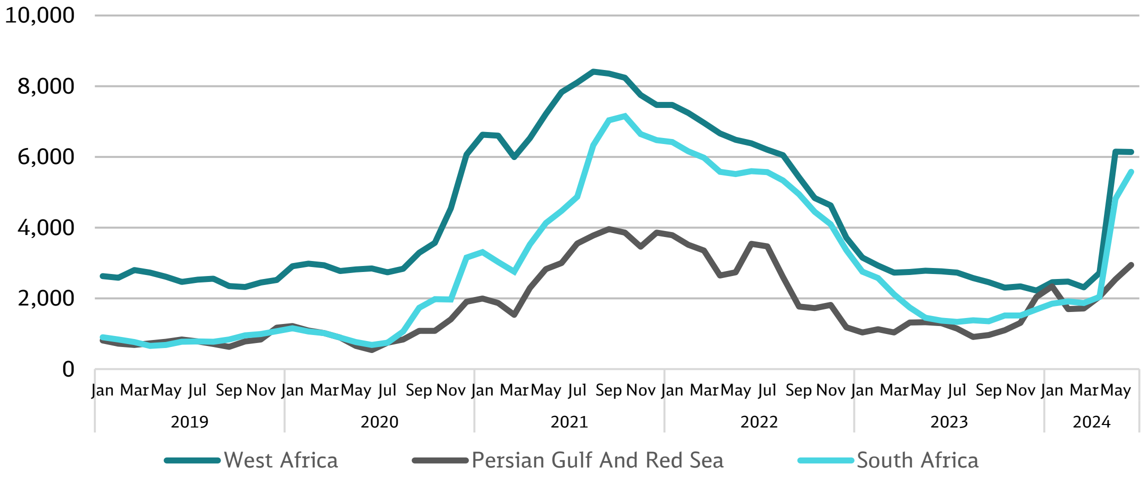
Source: Bunker based on 4 ports for IFO380, VLSFO and MGO. Based on Rotterdam for ULSFO

Global Schedule Reliability



Source: Global Liner Perf

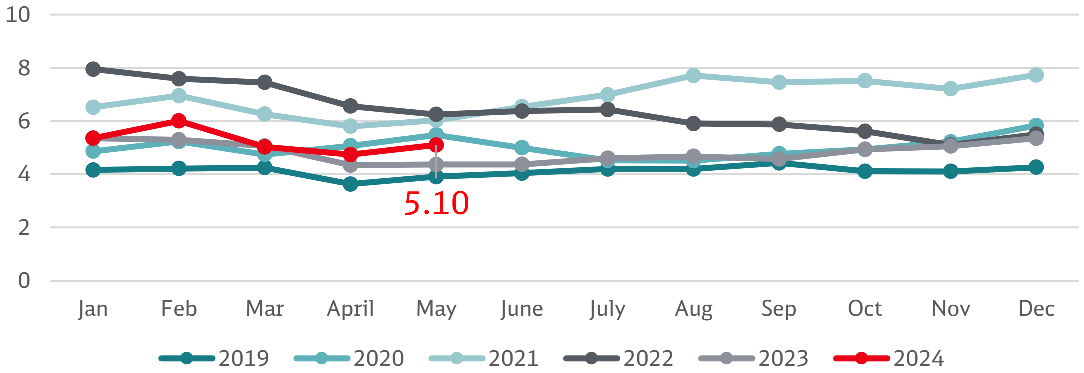
Shanghai Containerized Freight Index (20'DC)



Ended Q2 262% higher than Q1 2024 **Ended Q2 160% higher than Q1 2024** **Ended Q2 335% higher than Q1 2024**

Source: Monthly Shanghai Containerized Freight Index, 2024

Global Late Vessel Arrival



Source: Global Liner Perf

Highlights

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[DB Schenker expands in the Saudi Market through Logistics Projects with Kaden]

[Driving a Greener Future: DB SCHENKER's Electric Fleet in UAE]

[Global Commercial Committee visited Saudi Arabia for insightful customer discussions]

[Special Promo Air Freight rates from Egypt to Saudi Arabia and UAE - Secure your booking!]

[Enjoy up to 20%* in savings on your next air freight booking from Europe to the MEA region]

[DB SCHENKER takes flight as Biggest Supporter of Cathay's SAF Programme]

Abbreviations

ACTK	Available Cargo-tonne Kilometers
CTK	Cargo-tonne Kilometers
ME	Middle East
MEA	Middle East And Africa
M-O-M	Month-on-month
NOR	Non-Operating Reefers
PMI	Purchasing Manager's Index
PSS	Peak Season Surcharge
RPK	Revenue Passenger Per Kilometer
SCFI	Shanghai Freight Index
SEA	Southeast Asia
USWC	U.S. West Coast
VLSFO	Very Low-Sulphur Fuel Oil
CAM	Central America
NAM	North America
LATAM	Latin America
SAM	South America
SMB	Small and Mid-size business
HC	High cube
ZACPT	Port of Cape Town
ZADUR	Port of Durban
ZAPLZ	Port of Port Elizabeth
ZA ZBA	Port of COEGA