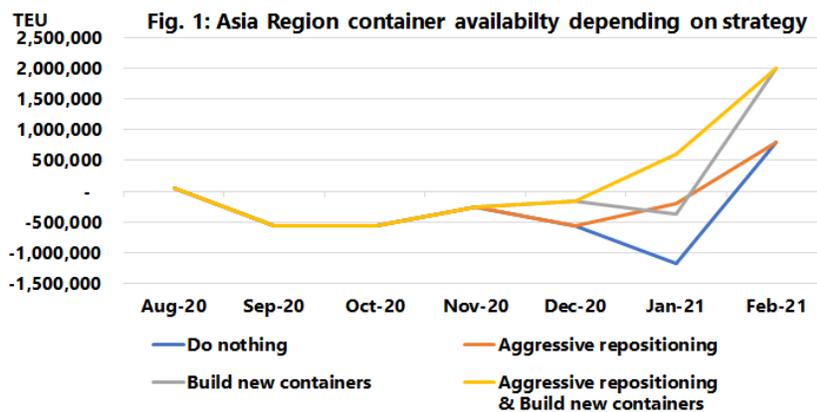


## Equipment shortages to persist into January

The absolute largest problem in container shipping right now, is the dire shortage of empty containers in key locations, especially in Asia. This is what is driving spot rate markets to historical highs, and it is what is causing significant grief to shippers looking to get their product moved in a timely fashion. This also means that the question with the highest priority for everyone in the industry is: when will the equipment shortage be resolved? In issue 492 of the *Sea-Intelligence Sunday Spotlight*, we attempted to answer this question, by modelling the overall state of the market based on high-level regional data.

Using estimates of the global container pool and global volume shipments, we established the baseline for the time a container takes to be loaded in Asia, before it completes its journey, and is once again loaded in Asia. We then augmented this with Container Trade Statistics (CTS) demand data, and the potential buffer stock of empty containers in Asia, to model the empty container availability in Asia.



We then modelled for 4 different strategies available to the carriers, to potentially resolve the empty container shortage: (1) do nothing about the container shortages; (2) aggressively reposition empty containers on the export legs into Asia; (3) injection of newbuild containers to ease the

burden; and (4) carriers aggressively reposition containers AND have an injection of container newbuilds. These strategies, and their resultant impact on empty container availability in Asia are outlined in figure 1.

The only scenario in which there is a prospect of resolving the problem in January is the one where carriers both procure new containers, as well as reposition aggressively. This is exactly the strategy that carriers are currently pursuing. However, this strategy causes significant problems for back-haul shippers.

The market is thus faced with a stark choice – either the carriers pursue the current strategy, and there is the possibility of resolving the container shortage during January, or the carriers reduce their aggressive repositioning strategy in order to serve back-haul shippers, but then the consequence is that the empty shortage problem will persist into at least February, and possibly beyond.

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Sea-Intelligence is a leading provider of innovative objective analysis within the container shipping industry. Combining strong quantitative analytical skills with a deep understanding of container shipping, derived from many years of working within the business, has led Sea-Intelligence to continuously bring new insights into the industry.