

24 May 2013

CUSTOMER NOTICE

Market Update 24 May 2013

Dear Valued Customer,

Re: New services and supply/demand volatility likely to deliver freight rate reductions

As we have been saying for some time, the emergence of the new CAT service, which will be a weekly service operated by a consortia of PIL, Evergreen, Yang Ming and Sinotrans, will materially affect the supply/demand equation which had put a floor under freight rates post Chinese New Year.

The service commences in June with the inaugural voyage of YM Oakland sailing Ningbo June 8 and a rotation of Ningbo – Shanghai – Shekou – Kaohsiung – Sydney – Melbourne – Brisbane.

The arrival of a new weekly service comprising 4500 TEU of nominal extra capacity every week, coupled with zero volume growth in the number of containers shipped from China to Australia so far in 2013, and upgrades to other services, can only mean jockeying for cargo and therefore freight rate reductions.

Carriers own forecasts do not project an uptick in volumes till July and in the meantime, the market will be particular volatile.

We therefore expect to be circulating frequent updates of pricing falls as we head into June. This will last until mid to end July at the earliest in our view.

Should you have any further questions, please feel free to contact your Account Manager or a member of the Transtar team.

Yours sincerely



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