

**TRANSTAR INTERNATIONAL FREIGHT
Market Summary**

Carriers unite to remove excess capacity

The Peak Season is with us, yet we have seen almost an unprecedented collapse in ocean freight pricing from China. This is due purely to supply and demand issues; namely too much shipping capacity chasing static cargo volumes.

Transtar watch load factors carefully as it is the harbinger of what is to come. We've seen disastrous load factors for some carriers of sub 70% which results in the inevitable price war that we've seen since mid year.

With rates at loss making levels, carriers have finally opted to collude and take action through the removal of vessels. Our advice is that from mid September, each consortia will take turns of 'blinking' a voyage, the intent being to remove 3000 plus TEU per week from the trade to firstly put a floor under rates and secondly to try gain an increase targeted for September 15. Further, the annual program of vessel withdrawal is likely to commence earlier in November this year.

Assuming this occurs and cargo demand lifts in the final lead up to Christmas, it is quite possible, indeed likely, rates will begin to increase.

We will issue a further update as we get closer to the implementation date of increase.



Hank Meyer
Group Managing Director



Transtar International Freight (Aust) Pty Ltd
ABN 85 113 186 280

Melbourne Group H/O
39-47 Sunmore Close
Heatherton VIC 3202
T +61 3 8558 8338
F +61 3 9551 3650
E info@mel.transtar.net

Hong Kong Asia H/O
T +852 3104 0510
E info@hkg.transtar.net
Shanghai
T +86 21 6341 0201
E info@sha.transtar.net

Sydney
T +61 2 8738 1000
E info@syd.transtar.net
Shenzhen
T +86 755 2396 0188
E info@szx.transtar.net

Brisbane
T +61 7 3257 0072
E info@bne.transtar.net
Ningbo
T +86 574 2788 6900
E info@ngb.transtar.net

Auckland
T +64 9 256 2470
E info@akl.transtar.net
Qingdao
T +86 532 8091 0596
E info@tao.transtar.net

Singapore
T +65 6850 7631
E info@sin.transtar.net
Xingang
T +86 22 2318 5025
E info@xgg.transtar.net

Bangkok
T +662 689 6226
E info@bkk.transtar.net
Wuhan
T +86 27 6566 4010
E info@wuh.transtar.net