



LOGISTICS

FOR A BETTER WORLD

Visy Global Logistics

MARKET UPDATE

October 2023



In this update

1. [Visy Logistics Industry address](#)
2. [Ocean Freight update](#)
3. [Air Freight update](#)
4. [Region update](#)
 - [Asia](#)
 - [Australia](#)
 - [New Zealand](#)
 - [Vietnam](#)
 - [United States](#)
5. [How can we help you?](#)



Visy Global Logistics – GM Global Sales & BD Address

In this market update, we will delve into how Visy Logistics continues to position itself as a sales enabler for our customers. The logistics industry continues to evolve rapidly, driven by technological advancements, changing consumer demands, and global supply chain impacts.

Digitalisation remains at the forefront of our strategic initiatives. We have successfully onboarded state-of-the-art tracking, management, and analytics tools which are currently in different phases of implementation. Our investment in digital solutions continues to drive operational efficiency, and thus customer value.

In Q3, we have observed a significant increase in demand for nimble logistics solutions, emphasising the need for agile and efficient supply chain management. Commodity markets have witnessed fluctuations in this quarter, with increased volatility in energy prices and in raw material costs. The gradual respite in freight rates in response to the drop in global demand and capacity influx, adds just another dimension to the supply chain woes for our customers. We continue to monitor these trends closely to adapt our strategies accordingly.

The uptake on our ongoing Trans-Tasman, Coastal Australia/NZ and Australia-USA trade lanes offering has been positive, affirming the effectiveness of the solutions. The aim in the coming months is to unlock more value for the customers from this scale through integrated offerings and speed to market.

Visy Logistics has consistently demonstrated its unwavering commitment to continuous improvement in its pursuit of excellence. Our recent undertaking involved the fourth iteration of a comprehensive Customer and Vendor satisfaction survey. This ongoing effort has been instrumental in tracking the effectiveness of our company initiatives over the past few years, allowing us to adapt and refine our strategies to better align with the evolving needs and preferences of our valued stakeholders. The results of this survey have provided invaluable insights, shedding light on areas where our customers and vendors have expressed satisfaction, as well as pinpointing specific areas in need of enhancement.

At the onset of the last quarter of the year, we extend our heartfelt gratitude to our business partners for their unwavering support.

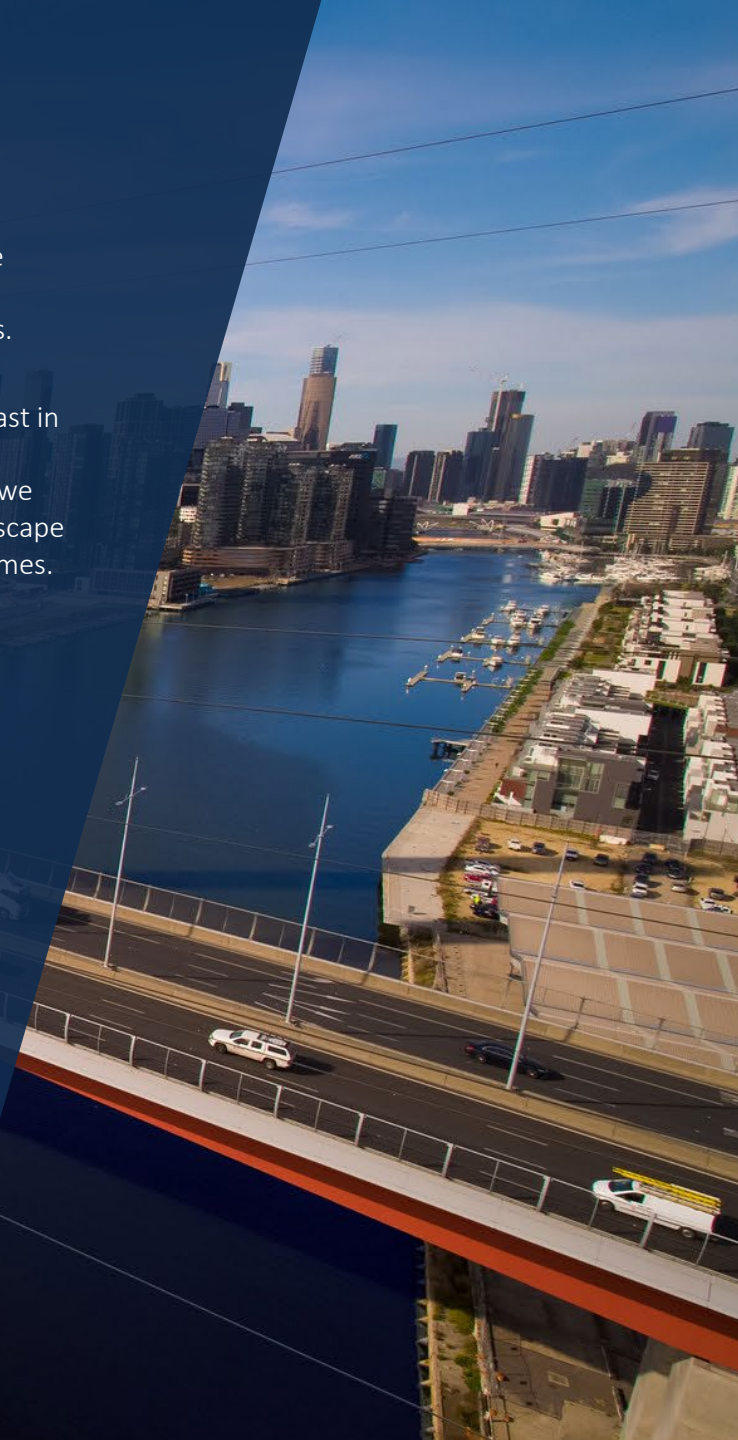
Together, we have achieved remarkable milestones, and we look forward to continuing our successful collaborations.

As we move forward, we remain steadfast in our pursuit of innovation, customer-centricity, and sustainability. Together, we will navigate the changing logistics landscape demonstrating resilience in uncertain times.

Thank you for your trust in Visy Global Logistics.



Pallav Kansal
General Manager
Global Sales and Business Development
Visy Global Logistics



Ocean Freight update

Space, equipment, schedule and spot freight price trends for major trade lanes

Trade Updates	Space (Capacity)	Equipment Availability	Schedule Reliability	Spot Price Development
Asia – Europe (Westbound)	●	●	●	↓
Asia – US/Canada	●	●	●	↓
Asia – Oceania (Southbound)	●	●	●	↑
Asia – LATAM	●	●	●	↑
Intra-Asia (Short Sea)	●	●	●	→
Oceania – Asia (Northbound)	●	●	●	↓
Oceania – US/Canada	●	●	●	↓
Europe – Oceania	●	●	●	↓
ISC – Oceania	●	●	●	↑
S.Africa – Oceania	●	●	●	→
Trans Tasman	●	●	●	↓
US/Canada – Oceania	●	●	●	↓
Europe – Asia (Eastbound)	●	●	●	↓
US/Canada – Asia	●	●	●	↓
Australia Coastal	●	●	●	→
New Zealand Coastal	●	●	●	→

KEY #1	●	●	●
Space (Capacity)	70-100% of normal capacity	30-69% of normal capacity	Less than 29% of normal capacity
Equipment Availability	No challenges	Medium challenges	Major challenges
Schedule Reliability	No challenges	Medium challenges	Major challenges
KEY #2			
Spot Price Development	↑ Up	→ Stable	↓ Down

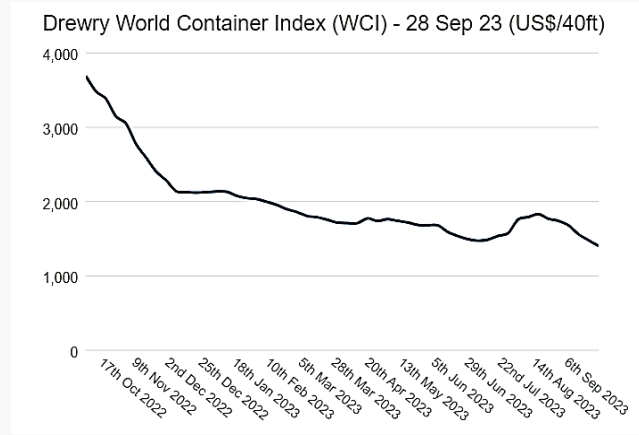
Partner with Visy Logistics for streamlined ocean freight optimisation

Services include:

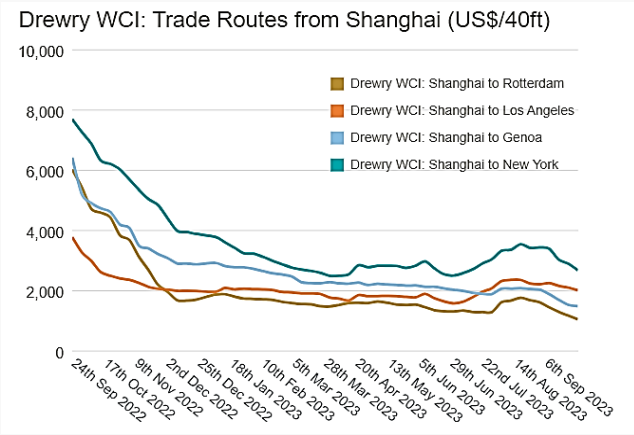
- FCL & LCL
- Door to door services
- Bulk & Break bulk
- Wharf cartage/drayage
- Track & trace

Ocean Freight Market Update

- Due to capacity reduction, Asia–Oceania freight level has seen an increase since August, and rate restorations (RR) programmes have been successful.
 - Carriers are optimistic and have introduced another round of rate increases for mid-October.
 - Through our leverage, Visy is well-positioned to support customers with competitive solutions – call us!
- Oceania export rates have dropped on all trades but not to the contracted levels.
 - We are expecting freight increases in Q1 2024 with timber exports anticipated to enter the market.
- Trans-Tasman trades have been experiencing plummeting freight in recent months.
 - We are expecting the situation to persist till the end of Q4 2023
- Rates continue to slide on the East-West trades as carriers continue to withdraw services and adopt blank sailing programme.
 - Weak demand and ample capacity eroded any rate increases in August.
 - In spite of the holiday season cargo rush, we can expect the market to remain muted till the end of 2023/ Q1 2024.

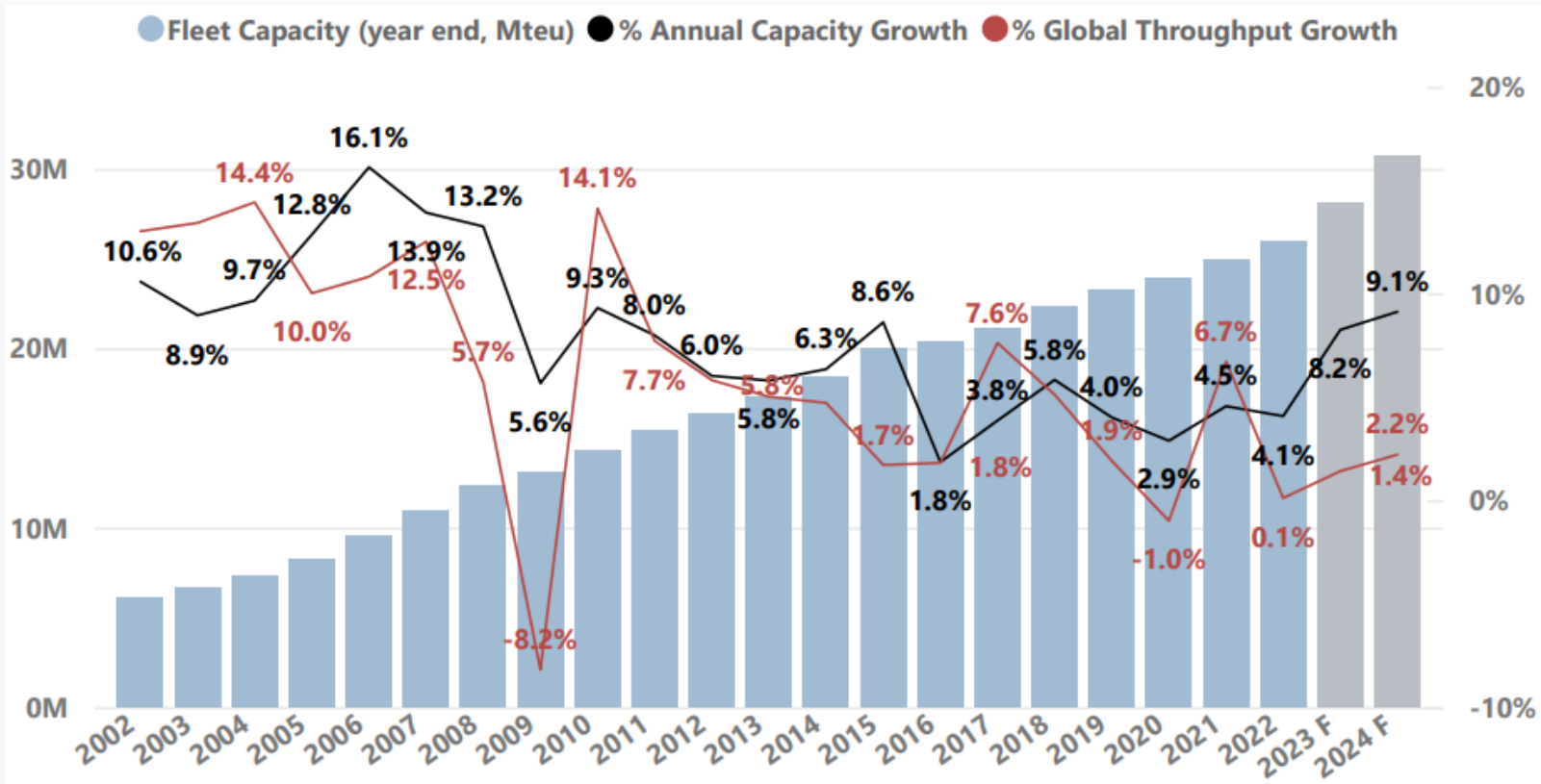


Source: Drewry World Container Index, September 2023



Ocean Freight Market Update

- Bearing an uptick in cargo demand in H2 2024 and/or postponement or delay in the delivery of new vessels In 2023 and 2024, we can expect a supply overhang (vessel capacity > cargo demand) of 7%.
- The primary driver for this supply glut can be attributed to the aggressive vessel orderbook of 7,744 Mteus. This orderbook constitutes 28.5% of the current fleet.
- Unless cargo demand significantly picks up in 2024, we can expect freight levels to remain flat in 2024.



Source: Alphaliner Monthly Monitor, September 2023



Air Freight update

Space, schedule and price trends for major trade lanes

Trade Updates	Capacity / Demand	Schedule Reliability	Price Development
Asia – Australia	●	improving/ Steady	Stable spot market
Europe – Australia	●	Good / Steady	Stable
USA – Australia	●	Improving/ Steady	Stable
Australia – NZ	●	Good / Steady	Stable
Australia – Asia	●	Improving / Steady	Stable
Australia – Europe	●	Good / Steady	Stable
Australia – USA	●	Improving / High	Stable

KEY #1	●	●	●
Schedule Reliability	No challenges	Medium challenges	Major challenges
KEY #2	↑	→	↓
Price Development	Up	Stable	Down

Visy Logistics can offer airfreight space/solutions on various carriers and services including the below :

- International & domestic
- Express & linehaul/freighter
- Project cargo
- Track & trace – real time



Air Freight market update

Cargo Demand

- Volumes continue to remain low
- Weak demand drives PMI to Low levels
- Market expects a soft Q4 peak season

YoY Capacity

- Overall Capacity is good
- Increased PAX Flights
- MoM improvement in capacity increased by 12%

Carrier Development

- Airlines adding flights – APAC schedule still short pre Covid
- China carriers slow to return
- BNE / PER – significant schedule additions

Jet Fuel

- Expected to remain higher
- SAF demands adding pressure on supply (new fuels from 2030 onwards)

Airfreight Analysis: Capacity Changes on key routes



Houston to Sydney	Re-starting the daily flights; Nov 23
San Fran to Sydney	Increases to double daily
LAX to Melbourne	Increase to daily
LAX to Brisbane	New lane; 3 flights per week; DEC23



LAX to Sydney	Increase to 10 per week. From DEC23
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HK to Sydney	Increase 19 to 28 flights p/week; Dec23
HK to Melbourne	Increase 16 to 21 flights p/week; Dec23
HK to Brisbane	Increase to daily; Jan24
HK to Perth	Increase to daily; Dec23



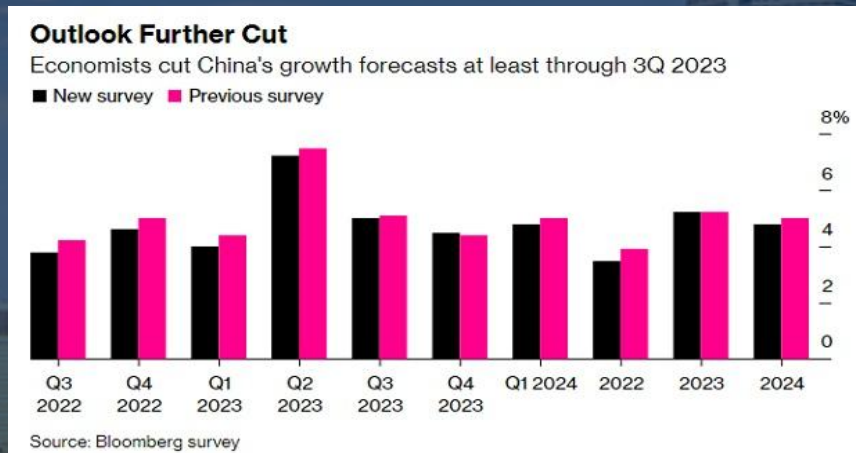
Guangzhou to Brisbane	– 4 Flights p/week from Nov23
	Then likely to go daily.



Regional update: Asia

Market / General Operations Update

- Carriers are implementing multiple blank sailings for the Chinese Golden Week Holidays and creating roll pool to prepare for lower market demand
- Several GRRs (General Rate Restoration) announced in phases since end August with some successes, primarily focusing on China and Southeast Asia exports.
- Customers are advised to place bookings 3-4 weeks in advance to secure space and equipment. Bad weather can also lead to vessel delays.
- Due to weak market sentiments, China's economic growth has been downgraded to below 5% for the remaining 2023 and 2024.



Visy Global Logistics – Singapore

Air and Ocean Expertise

- One large lift of a Pin Oven was recently transported from Gdansk, Poland to Sydney, Australia.
- The end-to-end supply chain was managed by Singapore Control Tower Project Team.
- The total cargo weight was 19.50 tonnes, which was successfully delivered by the special trailer, inclusive of the police escort at both ends and a special road permit in close collaboration between our local teams, leveraging the extensive experience from previous transports.
- Cargo successfully delivered on schedule and on the requested date for the customer.



Country update: Vietnam

Airfreight Market Update

- Prior to the Chinese Golden Week holidays, demand for airfreight has increased, with spot market fluctuating heavily to reach USD10/kg for VN-US sector.
- In Q4, market rates are expected to be stable and expected to increase again before Christmas and New Year.
- E-commerce cargo is expected to be a new driving commodity in the Vietnam market.

Ocean Freight Market Update

- In contrast with airfreight, demand for ocean freight is weak before the Chinese Golden Week holidays.
- Freight to the US continues to decrease.
- Capacity from VN-US is expected to be cut by around 20-30% in October.
- Space is generally available and no issue with equipment.



Visy Global Logistics - Vietnam

- Our expertise lies in both air and ocean shipments, especially project logistics.
- We regularly move yachts and other OOG cargoes from Vietnam to many parts of the world, especially the USA, Europe, and Australia.



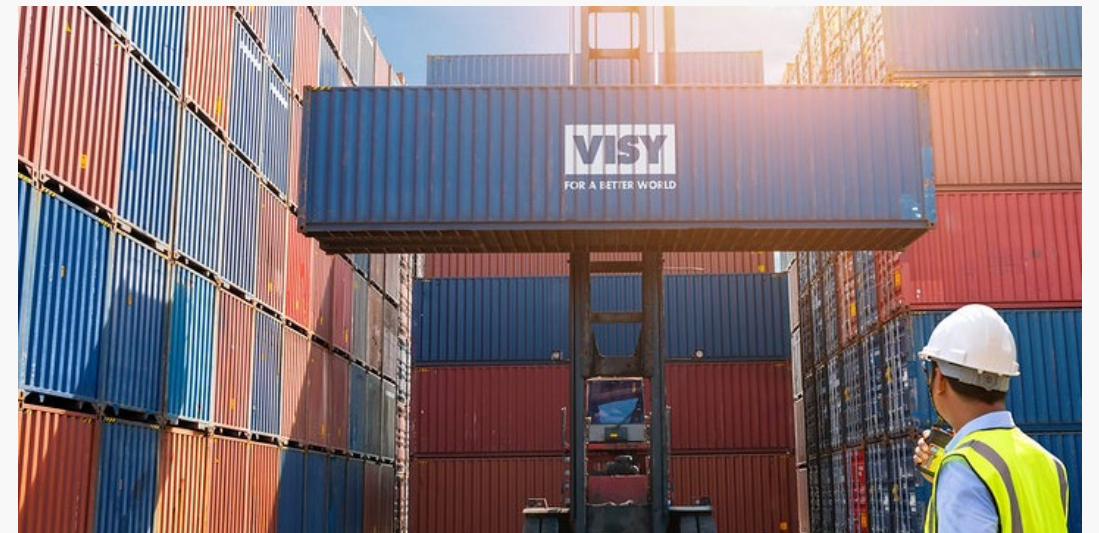
Country update: Australia

Market / General Operations Update

- As carriers battle to stabilise freight rates by reducing their capacity in Asia – Oceania trade, we will continue to experience freight volatility. ANL has recently downsized some of the vessels on their Australia Asia Express (AAX) services and reduced capacity on one service from three vessels to two.
- Quarter 4 will continue to be marred with service disruptions as carriers make adjustments to services to halt any rate erosion.
- Due to vessel delays on both Northbound and Southbound Trades, customers are advised to place bookings 3-4 weeks in advance to secure space and equipment.

Visy Global Logistics - Australia

- We are now officially equipped to handle and generate Phyto Certificates for any potential new customer.
- Having the Phyto Cert credentials established has added an additional layer of commitment from one of our larger external customers. This is an incredible achievement and facilitates our customers to trade with Visy exclusively.
- Our LCL Direct Service (Melbourne – Auckland) is our cost-efficient alternative to ship on intercontinental or short sea routes.



Country update: New Zealand

Market / General Operations Update

- NZ Customs & MPI systems (TSW) fully operational
- MPI – Brown Marmorated Stink Bug (BMSB) season has commenced 1st Sept – to 30th April – hence importers to ensure their shipments comply & are treated if required prior to arrival in NZ
- Given we are now approaching peak season it is critical that Importers & Exporters are planning ahead, given the challenges this brings across the supply chain

Connect with us to learn more about our cost-effective Trans-Tasman services

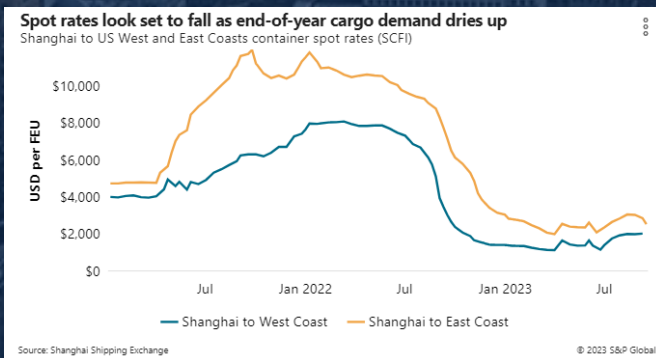
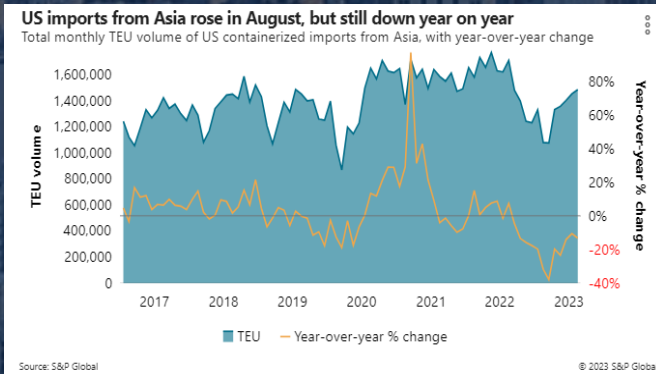
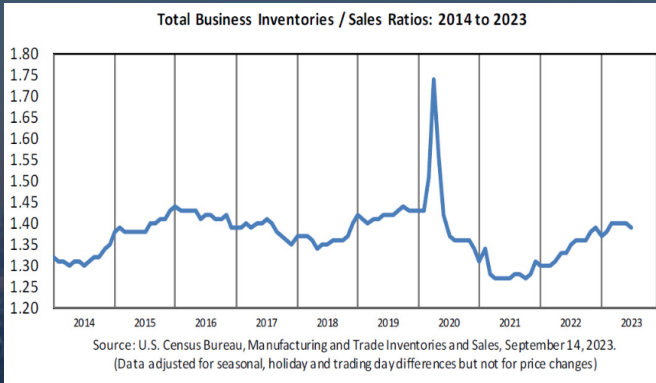
Visy Global Logistics – New Zealand

- Trans-Tasman – LCL service – We are pleased to advise that VGF is working on establishing our own groupage container service
- NZ Coastal Shipping (NZC) – Given our scope of operations, NZC is now able to offer a wider range of Coastal options (carriers) along with tailored solutions which include a fully integrated Door to Door service
- NZC – given the change in energy prices – BAF has trended up again this month – however we continue to monitor.
- Patrick Street Site – the new site opens this month which shall increase our capacity around NZC FCL Packing, Export Packing and Container storage
- University of Canterbury Logistics & Supply Chain course was completed by 9 team members with each team member undertaking a Continuous Improvement Project.



Country update: USA

Market / General Operations Update



- The USA market remains soft due to low demand and high inventories being held by US wholesalers.

- Asia imports to the US are down 20% YTD and maritime consultancy Drewry's 'Canceled Sailings Tracker' indicates Asia-US trade accounted for 59 of 104 cancelled sailings between mid-September and the end of October.

- Major carriers on the Transpacific lanes have announced more blank sailings and service changes to come in October as they struggle to find a balance between vessel supply and import demand. Spot rates are showing signs of softening.

Visy Global Logistics - USA

Visy Global Logistics (USA) is actively developing niche service offerings to create market differentiation.

- **Alcohol & Beverages**, which is a major focus of the Visy Global Logistics. We have seen considerable growth in the first 3 quarters of 2023 in this sector and given our successful operations, should enjoy continued growth as we engage more customers and offer more better solutions;
- **Frozen beef/poultry/pork/seafood cold-chain**. Visy Global Logistics (VGL) USA has developed a robust product that offers cold-chain management from suppliers' processing facilities all the way to their customers' doors, with domestic refrigerated transportation, nearby port cold storage warehouses, drayage to port and ocean freight from origin to destination, USA import/export.
- **Chartering and Project Cargo**. For the past 2 and half years, VGL USA has been successfully running the Soda Ash, Glass Cullet and Silica Sand bulk vessel chartering program for Visy Glass Australia and New Zealand. As we enter our 3rd year contract, the prospects of offering these services to external customers grows. The same is true for our Project Cargo division which over the years has delivered multiple projects for the broader Visy Group, as well as, for external customers.
- VGL USA has obtained its **IAC (Indirect Air Carrier) License**, and the team has passed the **Security Threat Assessment (STA)**. This is an important step forward in the development of our Airfreight product.
- VGL USA is currently working towards the **IATA (International Air Transport Association) License**, with appointed staff going through Dangerous Goods training.

Headquartered in Newport Beach, CA VGL USA now counts with a team of 10, comprised of Management, Operations, and Sales, and we are just getting started!

Born from within Visy, we put partnership with our customers, transparency and sustainable solutions at the heart of everything we do



Creating value for our customers

We put partnership with our customers, transparency and sustainable solutions at the center of everything we do.

- Australian owned
- End-to-end logistics solutions
- Competitive and reliable



We grow and flex with you

Our tailored solutions give you choice and flexibility as your business grows and evolves.

- Road, rail, sea, air and intermodal freight
- Warehousing
- Supply chain solutions, including project cargo and customs clearance



The next generation logistics company

We take a fresh perspective on your operations to design innovative solutions, with a focus on next-generation services.

- Systems integration
- Automation
- Data analytics



We're always at the ready

We are highly responsive to your needs, helping you build a competitive edge or resolve an issue to get back on track fast.

- Safely streamlining supply chain processes
- Innovating to create value
- A safety-first culture to protect your products and reputation



Together we can all be part of better

Providing logistics solutions to reduce emissions and help you achieve your sustainability targets.

- High-performance freight vehicles, including Class-leading A-Doubles
- Investment in domestic rail capacity, taking pressure off local roads
- Full utilisation of truck and shipping container capacity



Looking for US to Australia and New Zealand air freight?

Our airfreight consolidation program offers twice-weekly departures from New York, Chicago and LA to Sydney, Melbourne, Brisbane and Adelaide, and weekly departures from Chicago to Auckland. Door-to-door service with daily pick up from all USA 48 lower states.

[Find out more >](#)

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