

TRENDS IN CONTAINER SHIPPING



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FIRST HALF TRENDS

The World has Become Smaller

- Technology and The Internet Age Has Increased Trade
- Emerging Markets (BRIC – Brazil, Russia, India, and China)
- Europe has Discovered China

The Dollar has Become Cheaper

- Imports are Below Projections
- Exports are Expanding

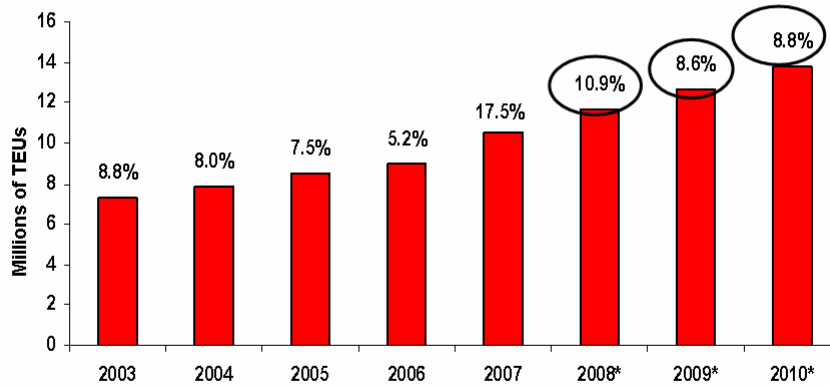
The U.S. has Become One of Many Markets

- European, Mediterranean, Inter Asia Growth
- U.S. Trade Lane Profitability vs. Other Markets
- Carrier's Have Positioned New Buildings in Other Profitable Trades

U.S. Exports Have Grown Very Rapidly Due to the Depreciated Dollar and Fast Growth Abroad ...



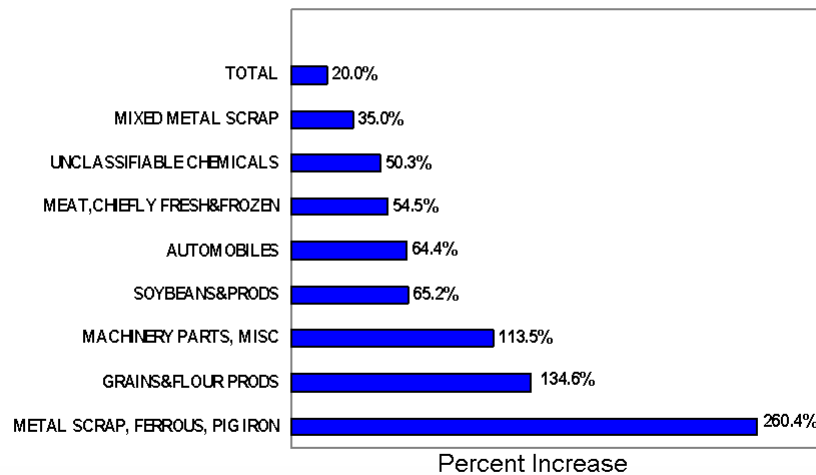
... but will slow as global growth moderates



*Forecast; Percent above Bars Shows Growth Rate from Year Before
Source: PIER'S Maritime Research
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Fastest-Growing Exports in 2008:Q1 Were Metal Scrap and Agricultural & Food Commodities



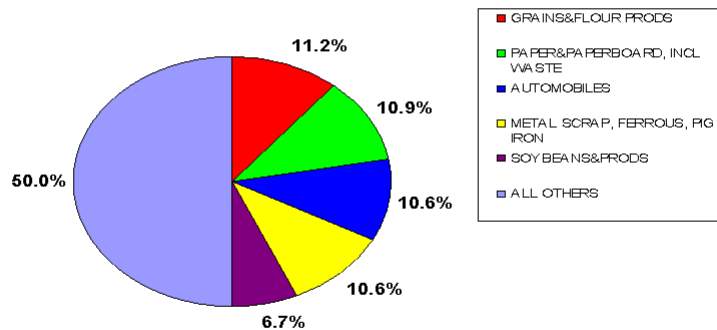
Note: Based on top 25 commodity exports
Source: PIER'S Maritime Research
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Grains & Flour Products, Together with Soybeans & Products ...



... accounted for 17.9% of the TEU Increase in 2008:Q1



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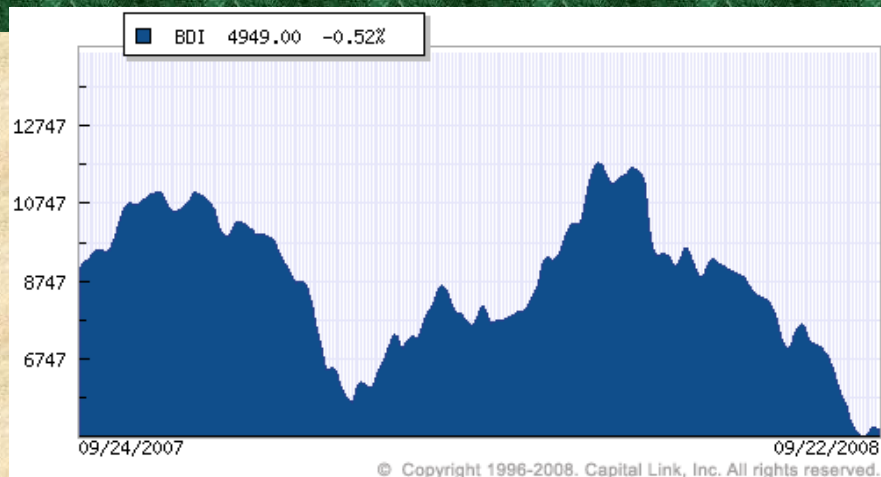
IMPACT ON THE GROWTH - WHERE'S THE CONTAINERS?

- Carrier's Intermodal Costs Have Dramatically Increased in the Last Three Years
- Import IPI Freight Rates Have Not Increased Proportionately
- Export IPI Rates Have Been Traditionally Priced as a Back Haul Move vs. a Head Haul Move
- With the Increased Costs, Carriers Have Favored Port to Port Cargo over IPI Cargo
- Higher Bulker Rates Creating New Container Markets
- U.S. Exports Now Cheaper Due to Currency Exchange
- New Commodities Generating Greater Demand for Equipment

2ND HALF TRENDS THE IMPACT OF THE GLOBAL ECONOMIC SLOWDOWN

- Softening of the Asia to Europe Trade
- Carriers Failing to Secure Financial Backing for New Building Development.
- Increase Growth of Second Hand Charters
- Increase of Slow Steaming Practice – Fuel Savings

BDI IMPACT



FUTURE?

- **If BDI Recovers, Market Should Repeat First Half Results**
- **Carriers Will Continue to Target Direct Call Business**
- **Inter Asia Continues to Show Strength - Competition for USA to South East Asia Traffic**
- **Further Carrier Consolidation?**