

Maersk Group Trade Report



Q2 2016



SOUTH AFRICA



QUARTERLY TRADE REPORT SIGNALS IMPROVEMENT BUT STILL UNCERTAINTY

Although South African container trade remains in negative territory, the second quarter of 2016 proved to be more encouraging than the first, according to the second quarter Maersk Trade Report, which reveals that the market contracted by 5% over the past quarter, as opposed to the 10% decline that was reported in quarter one.

Container trade flows in and out of South Africa for the first half of 2016 showed a year-on-year decline of 7%, which Jonathan Horn, Managing Director of Maersk Line Southern Africa, a member of Maersk Group, attributes to a combination of reduced consumer

purchasing and mining commodity demand being under pressure globally.

He explains that the Asian import market in particular was down, which is a sign that the weaker rand and lower consumer confidence has weakened import demand. "Largely related to the lack of available consumer spend, the imports market has been consistently under pressure each month in the first half of 2016, recording an overall drop in demand of 7% (made up of an 8% decline in quarter one, followed by a 6% decline in quarter two), with trade from Asia, South Africa's largest importing region,





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Jonathan Horn, Managing Director of
Maersk Line Southern Africa



dropping steeply by 13%. Other trade lanes, by large, have also slowed down in this respect, with the exception of the Middle East which has seen moderate growth over the past six months.”

Trade Manager at Maersk Line Southern Africa, Matthew Conroy, mentions that one looming positive for the imports market is a small spike in demand that was noticed over July – particularly from Asia. “Although this seemingly stronger demand is encouraging for future import trade, there is a question mark in terms of its sustainability.”

Conroy says that South African exports in the first half of 2016

faired similarly to imports. “The exports market saw a decline of 7% year-on-year, however, in recent months the trend appears to be improving. Following the steep decline in exports of 12% over the 2016 first quarter, quarter two only saw the market contract by 2%, with marginal growth reported for June.

“The fact that the market grew in June, albeit marginally, signals some life in the South African export market. This growth is mostly on the back of rising mining commodity prices which is linked to rising China demand, specifically manganese and chrome. In particular, the quarter two selling price (versus quarter one) for manganese was up 42%, while the chrome price was up 54%.”

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Matthew Conroy, Trade Manager at Maersk
Line Southern Africa





Refrigerated exports recorded growth of 1% for the first half of 2016. "This market would have experienced more robust growth, but was hampered by the drought. However, considering that we are still in the midst of citrus season, the full impact on the industry will not be fully known until September."

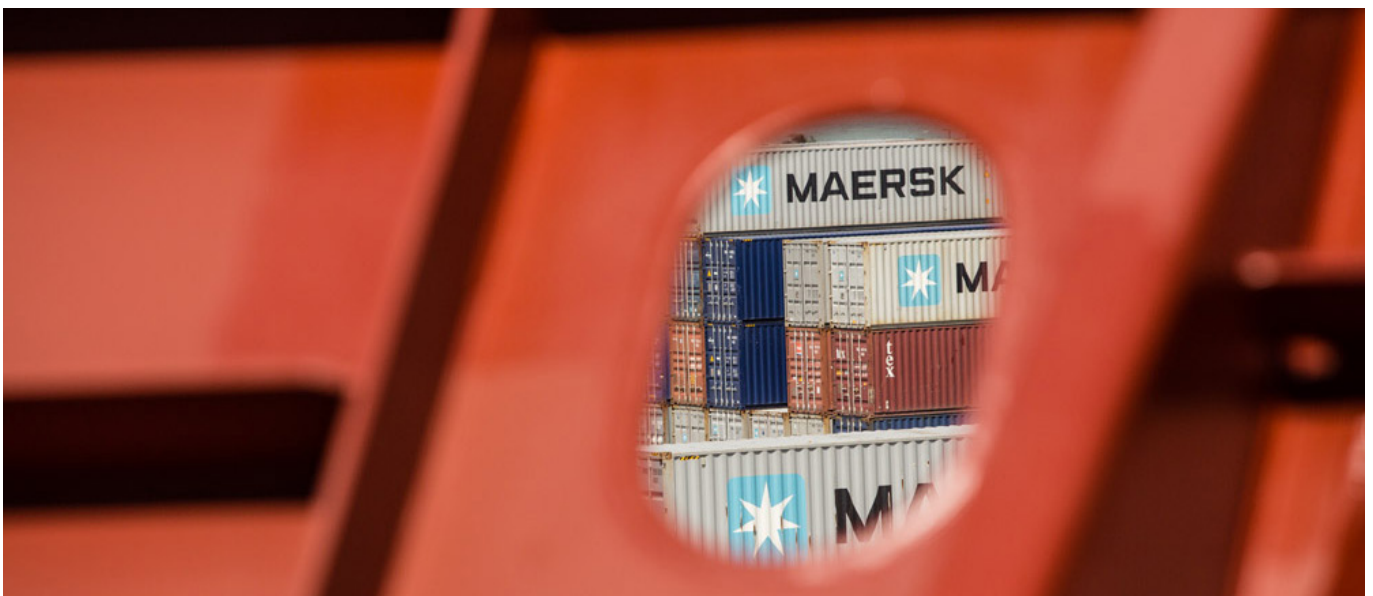
Dirk Hoffmann, Managing Director at Safmarine in Southern Africa

Dirk Hoffmann, Managing Director at Safmarine in Southern Africa, a member of Maersk Group, says that refrigerated exports recorded growth of 1% for the first half of 2016. "This market would have experienced more robust growth, but was hampered by the drought. However, considering that we are still in the midst of citrus season, the full impact on the industry will not be fully known until September."

Conroy predicts that total exports will likely see flat growth in the second half of 2016, which is a considerable improvement based on 7% market decline seen in the first half. "The export market is seeing a moderate uptick which we expect to continue for at least the next quarter. This is as a result of stronger demand for mining commodities, particularly from China, which make up 45% of South African container exports."

Overall, the Maersk Group representatives in South Africa hold a positive outlook, saying that while South African container trade is still in a fragile position, there is definitely more optimism to be found in the market compared to three months ago, although the pace of the improvement is slow.

"In addition to the predicted moderate improvements for the export market, imports also seem to be turning a small corner based on the demand witnessed in July which has likely been further aided by the recent strengthening of the rand. However, in order to achieve sustainable economic growth, a higher level of consumer spend is necessary, which we are not yet witnessing (For example, automobile sales are still in decline). As such, for the remainder of the year, we are cautiously optimistic and anticipate a small imports market decline of somewhere around 2-4%, which is an improvement from first half 2016," he concludes.

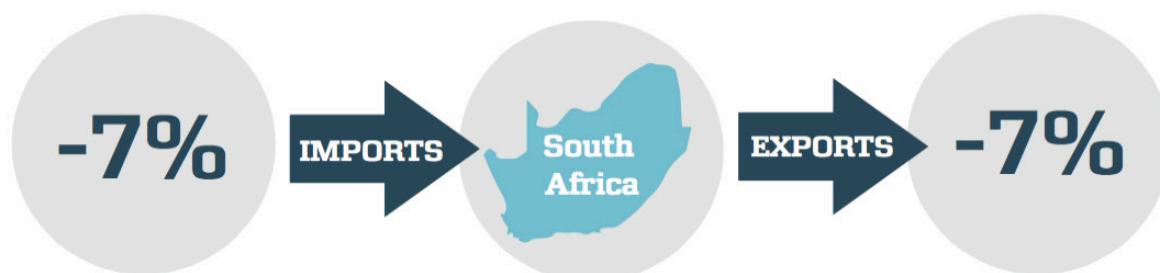


MAERSK GROUP TRADE REPORT SOUTH AFRICA – SECOND QUARTER 2016

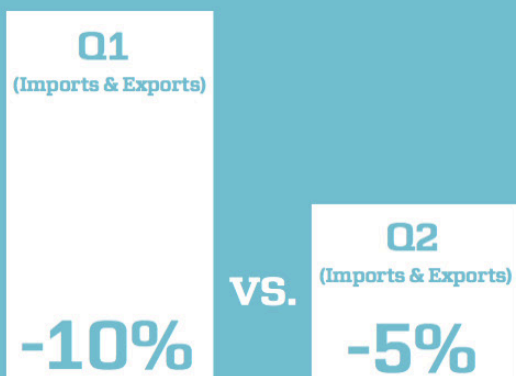
IMPORT & EXPORT CONTAINER TRADE MARKET 2016



2016 FIRST HALF
(Year-on-year decline)



FIRST HALF 2016 CONTAINER TRADE RESULTS



SECOND QUARTER RESULTS



2016 REFRIGERATED EXPORT MARKET

+1% growth for first half of 2016



OUTLOOK FOR SECOND HALF 2016

Moderate
uptick

↑
EXPORTS

Overall positive

↓
IMPORTS

Small 2-4%
decline



About Maersk Line:

- Maersk Line, the global container shipping division of Maersk Group, is the world's largest container shipping company which services customers through 324 offices in 115 countries. The Group is known for reliable, flexible and eco-efficient services.
- The Southern Africa office was established in 1992, with the head office situated in Cape Town and branch offices in Port Elizabeth, Durban, East London and Johannesburg. Globally Maersk Line employs 7,600 seafarers and 23,200 land-based employees and operate 590 container vessels.
- Maersk Line has reduced its CO₂ emissions by 42% since 2007 and aims to reduce 60% of CO₂ emissions per container by 2020.

About Safmarine

- Safmarine is an international container carrier focused on trade to and from emerging markets in Africa and West Central Asia.
- Founded in 1946 in South Africa, Safmarine has always had strong ties to Africa, its energy, people and vibrant culture. Embracing these roots has established a distinct way of doing business, which still sets us apart from our competition.
- Today, over 1.200 Safmariners in 85 countries around the world share a common goal: to be the people making the difference in shipping. Our ambition is to inspire a brighter future through profound partnerships and a culture of positivity and optimism. To realise this we invest in people, in relationships, and in the way we do business.
- At Safmarine we are committed to bringing a human touch to the world of shipping and to partner with our customers on every step of their journey.

Together we go places



MAERSK

About Maersk Group:

- The Maersk Group is a worldwide conglomerate that operates in some 130 countries with a workforce of over 89,000 employees. In addition to owning Maersk Line, the world's largest container shipping company, Maersk is involved in a wide range of activities in the shipping, logistics, and the oil and gas industries.
- The Maersk Group has five core businesses which include Maersk Line, APM Terminals, Maersk Oil, Maersk Drilling and APM Shipping Services, which combines the four business units Maersk Supply Services, Svitser, Maersk Tankers and Damco.

Editorial contact:

Shelley Aarons
Epic MSLGROUP
shelley.aarons@epicmslgroup.com
+27 21 439 8008

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