

Market and Business Update

September 2024



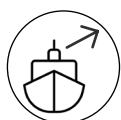
Marginally Increasing Commodity Prices, but Drop in Sugar, Rice and Vegetable Oils

The Red Sea crisis still prolongs the Far-East Westbound transit times due to the vessels rerouting via the Cape of Good Hope, driving up freight rates as well. The global commodity price index is marginally increasing into Q4 2024 and Q1 2025, including particularly coffee, cocoa, poultry and dairy. On the contrary, price estimates for sugar, cereal, rice and vegetable oils are finally on a downward trend.

This Market and Business Update intends to give you an indication of the expected price development of the most important commodities within provisions and stores, freight rates, supply chain obstacles and challenges in major ports.



Transit times
Increasing



Freight rates
Increasing



Extreme weather
Increasing



Oil prices
Decreasing



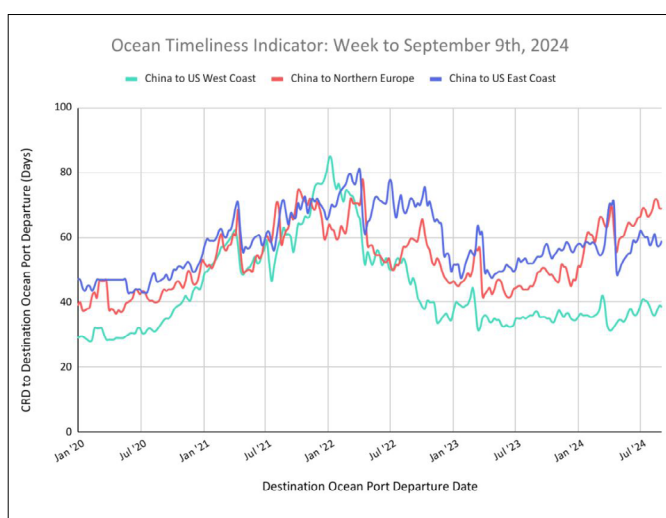
Commodity prices
Increasing

Transit times from China to Northern Europe have stabilized, but still extended by 7-10 days

According to [Flexport Ocean Timeliness Indicator](#), the Ocean Timeliness Indicator (OTI) from China to Northern Europe has been increasing from 50 days in Q1 to 70 days in September, primarily due to the continuous rerouting around the Cape of Good Hope.

The OTI from China to the US West Coast remained stable at 37 to 39 days, while the OTI from China to the US East Coast stayed at around 60 days over the past 2-3 months.

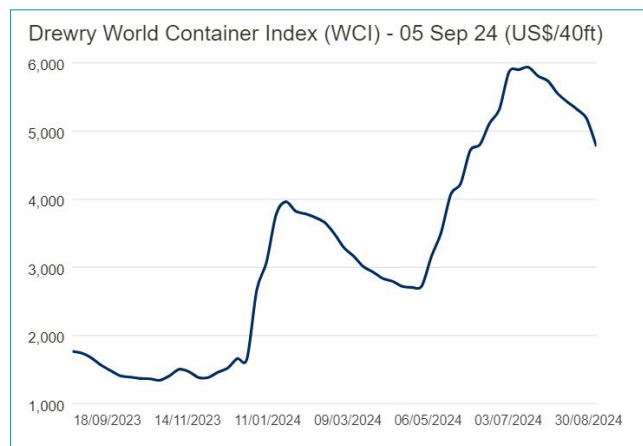
In general, the global shipping lines' schedules around the South African coast have stabilized with an increase of 7-10 transit days. However, the omission of Middle East ports significantly impacts the region, and the shipping companies that call Middle East ports are very full, causing a certain backlog of shipments.



40ft container prices still 60% higher than recent 10-year average rate

Since May, the 40-foot container index has been on an upward trend. Even though the index decreased by 8% from USD 5,868 in July 2024 to USD 4,775 this week ([Drewry- World Container Index](#)), the 40-foot container index is still 60% higher than the recent 10-year average rate.

The continuous freight demand, especially for US bound shipments, explains the upward pressure on container prices in the global container shipping industry. If we look ahead, several factors could keep the container index elevated. The continuous rerouting around the Cape of Good Hope, container shortages in Asia due to prolonged transit times and the risk of strikes at the American East Coast port terminals. However, the increase in newbuildings entering the market and the drop in demand due to low season coming in November and December could argue for rates to decline due to a potential over-capacity of container vessels.



Oil prices on a downward trend since July 2024

After reaching USD 89 in April 2024 and USD 84 in July 2024, oil prices decreased to USD 68 a barrel this week. Earlier this year, the crude oil index was expected to face a turbulent forecast driven by the Red Sea crisis, raising risks in the oil-producing Middle East region. However, the crude oil market has been largely unaffected by the war in Gaza. We saw weakened oil demands in major economies and excess in supplies recent months, which cut the crude oil prices to levels not seen since March 2023. Crude oil is expected to increase slightly and trade at USD 74 in 12 months' time ([tradingeconomics.com](#)).



Commodity index increased by 10% since January 2024

According to the [CRB Index](#), the overall commodity prices have increased by 10% since January 2024, rising to Index 330 this week, driven by mixed factors among key commodities. Gold surged to record highs. Investors see gold as a safe haven during times of declining stock markets and financial instability caused by wars, currency concerns and inflation. Aluminum also saw elevated levels due to an improved market outlook. Earlier this year, sugar prices increased considerably due to concerns over reduced production in Brazil and extreme weather in Thailand whereas prices for soybeans and corn both dropped due to improved supply estimates, lower demand and expected record harvest in autumn 2024.

The CRB Commodity Index is expected to trade at the same level by the end of this quarter, however, looking forward, it is estimated to reach index 342 within 12 months.



Food price index slightly down in August 2024: Decrease in sugar and cereal prices

The [FAO Food Price Index](#) stood at 121 points in August 2024, slightly down compared to June and July 2024, but almost 25% below its peak in March 2022.

Cereal Price index averaged 110 in August 2024, down 0.5% from July, but 18% below its level of April 2023. Wheat export prices decreased due to a drop in demand, strong competition and higher supplies than expected from Argentina and the United States. On the contrary, maize prices increased marginally due to impact of heatwaves in Europe and the US supported by a drop in supplies from Ukraine.

The FAO Vegetable Oil Price Index, reflecting prices across palm, soy, rapeseed and sunflower seed oils, averaged 136 up 0.8% from July 2024. World palm oil prices rose whereas the world price index for sunflower, rapeseed and soy oil dropped marginally, mainly driven by prospects of excess soybean production and a slowdown in global demand for sunflower and rapeseed oils.

Over the past two years, olive oil prices in the EU have reached record highs, increasing by up to 50% compared to previous years. However, a better olive harvest is expected this autumn in the key EU producing countries like Greece, Spain and Italy which might put an end to the sky-high olive oil prices.

The FAO Dairy Price Index averaged index 131, up 2.2% compared to July and 14% above its corresponding average price level the year before. Increase in demands and some uncertainty over the adequacy of milk supplies in Europe reflect the price increases.

In August, **the FAO Meat Price Index** averaged index 119, down 0.7% from July. The poultry meat prices dropped in August mainly caused by the effects of the Newcastle disease-related voluntary export suspension on Brazilian deliveries. World pig and ovine meat prices also decreased due to a drop in demand.

The FAO Sugar Price Index decreased by 4.7%, compared to July 2024 and 23.2% down from its highest level in October 2022. The decline in August was mainly driven by better supply prospects in Thailand and India for the 2024-25 season, following improved rainfall after a long period of dry weather conditions.

World cocoa prices are surging as world production declines. The world is facing a major cocoa deficit mainly caused by extreme weather and changing climate patterns which have impacted the crop harvests in especially Ivory Coast and Ghana. The world's most important **global coffee** supplies were hit by flooding in Brazil and a heatwave in Vietnam earlier this year. These two key coffee producing countries account for nearly 50% of global coffee production and exports, driving up global coffee prices by more than 30% in 2024 (fooddigital.com).

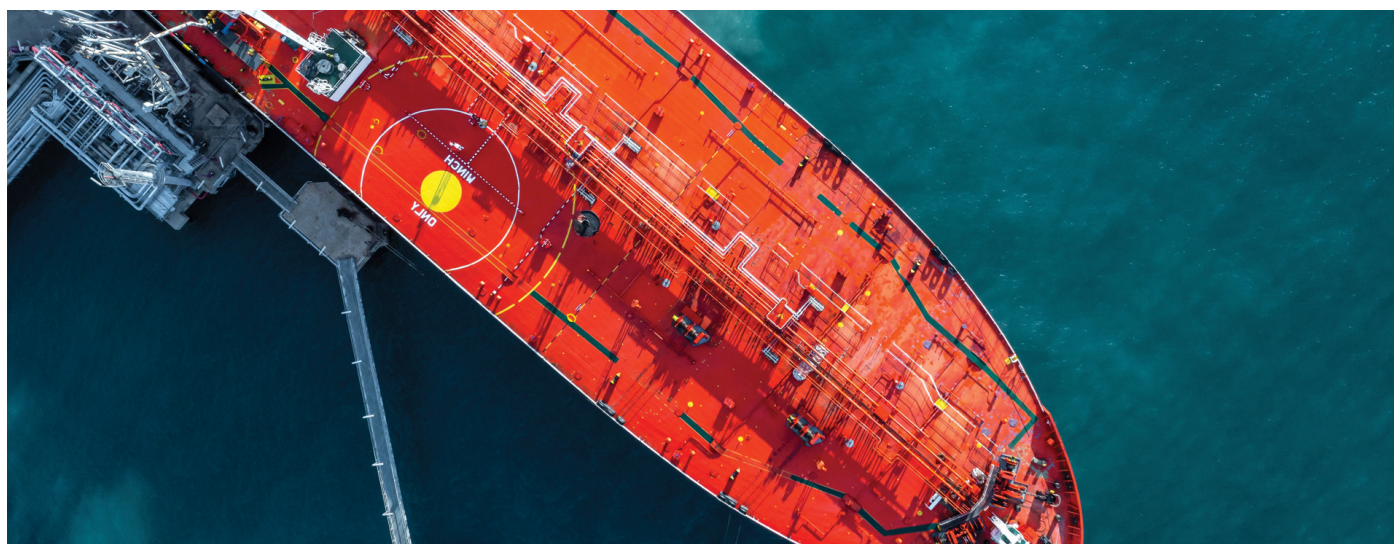
Price expectations for provision categories (excluding freight)

In this Update, we describe price expectations within provision categories, in Q3-Q4 2024 and Q1 2025, in the following four regions: Europe, Middle East, Far East and North America.

The commodity markets are still characterized by certain volatility, and the price expectations are subject to uncertainty and changes. The tables of provision categories are not exhaustive.

Middle East, Far East and European regions					
Category	Name	Price expectation Q3 2024	Price expectation Q4 2024	Price expectation Q1 2025	Factor
Meat	Beef	Stable	Stable	Stable	There is a lot of uncertainty of how the EUDR regulation will affect pricing when it takes effect on December 30th 2024.
	Pork	Increase	Increase	Increase	
Poultry	Chicken	Increase	Increase	Increase	
Seafood	Salmon	Decrease	Increase	Stable	
Dairy & eggs	UHT milk	Stable	Increase	Increase	Reduced milk supply – still high demand.
	Cheese	Increase	Increase	Increase	Big demand for milk fat.
	Eggs	Stable	Stable	Stable	
Butter, Margarine & Oil	Butter	Increase	Increase	Increase	Big demand for milk fat.
	Sunflower oil	Increase	Stable	Stable	Currently between two crops, less stock available.
	Canola/rapeseed oil	Increase	Decrease	Decrease	Higher production
	Soyabean oil	Decrease	Decrease	Decrease	Record high production.
	Olive oil	Stable	Decrease	Decrease	After two bad yields in a row, there are now positive expectations to the olive oil crop.
Juice	Juice	Increase	Increase	Increase	Oranges exposed to greening due to extreme heat.
Rice & Oats	Rice	Decrease	Decrease	Decrease	Positive development on yield output and rumors that India will ease the export ban of Long grain. Freight is still a major player in price setting and therefore we see landed cost as unchanged.
Sugar	Sugar	Decrease	Decrease	Decrease	Increased global yield output after a couple of bad crops.
Pasta & Noodles	Pasta	Stable	Stable	Stable	
Flour	White flour	Stable	Stable	Stable	
Potato product	Potato product	Increase	Increase	Increase	
Bread	Bread	Stable	Stable	Stable	
Cakes & Cookies	Cakes and cookies	Stable	Stable	Stable	
Cereals	Corn-based	Increase	Decrease	Decrease	
	Wheat-based	Stable	Stable	Stable	Drop in demand
Coffee & Tea	Coffee	Increase	Increase	Increase	Market continues to be tight, and arabica reached a 13 year record in August.

North American region					
Category	Name	Price expectation Q3 2024	Price expectation Q4 2024	Price expectation Q1 2025	Factor
Meat	Beef	Stable	Stable	Stable	
	Pork	Increase	Increase	Increase	
Poultry	Chicken	Increase	Increase	Increase	
Seafood	Salmon	Decrease	Increase	Stable	
Dairy & eggs	UHT milk	Increase	Increase	Increase	Reduced milk supply.
	Cheese	Increase	Increase	Increase	
	Eggs	Stable	Stable	Stable	
Butter, Margarine & Oil	Butter	Increase	Increase	Increase	
	Sunflower oil	Increase	Increase	Increase	
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Price expectations for stores categories (excluding freight)

In this Update, we describe price expectations within provision categories, in Q3-Q4 2024 and Q1 2025, in the following four regions: Europe, Middle East, Far East and North America. The raw material of several commodities has been decreasing during recent

months, for which reason we expect the prices of several stores categories to stabilize and/or slightly increase or decrease on short and medium term.

The list is not exhaustive.

Middle East, Far East, European & North American Region					
Category	Name	Price expectation Q3 2024	Price expectation Q4 2024	Price expectation Q1 2025	Factor
Tableware & Galley Utensils	Paper- Plastic and Bags	Increase	Increase	Increase	Paper pulp and Polyethylene have increased the last 3 months and are forecasted to increase heavily next 9 months. This combined with high sea freight costs in 2nd half 2024 are driving prices up.
	Paper Pulp	Increase	Increase	Increase	As above. Paper pulp is expected to increase until 2nd half of 2025.
Rigging & General Deck	Lifting Equipment	Slight decrease	Stable	Stable	Steel has been decreasing first half of 2024 but has been kept elevated by higher sea freight cost.
	Oil Funnels & Sample Cans	Stable	Stable	Stable	No significant changes.
	Waste and Rags	Increase	Slight increase	Stable	Have been impacted by higher sea freight cost.
Petroleum Products	Aerosol Lubricants	Stable	Stable	Stable	No significant changes.
	Charcoal	Stable	Stable	Stable	No significant changes.
	Grease	Stable	Stable	Stable	No significant changes.
	Molybdenum disulf. lubric.	Stable	Stable	Stable	No significant changes.
	Silicone Grease & Comp.	Stable	Stable	Stable	No significant changes.
	Misc. Petroleum Products	Stable	Stable	Stable	No significant development long term but Diesel and Gasoline products are seeing high short term fluctuations as crude oil prices continue to fluctuate up to 7% on a weekly basis.

Metals	Aluminum Materials	Increase	Slight increase	Slight increase	Raw materials are increasing and forecasted to increase by 5.8% over the next 9 months.
	Brass & Bronze Materials	Increase	Slight increase	Slight increase	Raw materials are increasing and forecasted to increase by 5% over the next 9 months.
	Copper Materials	Increase	Slight increase	Slight increase	Raw materials are increasing and forecasted to increase by 4.5% over the next 9 months.
	Gratings	Decrease	Slight decrease	Stable	Recent decreases in Rebar steel have deducted prices for certain products.
	Lead and Zinc Materials	Stable	Stable	Stable	No significant changes.
	Stainless Steel Materials	Stable	Stable	Stable	No significant changes.
	Steel Materials	Decrease	Slight decrease	Stable	Recent decreases in Rebar steel have reduced prices for certain products.
	Misc. Metal Sheets-Bars	Decrease	Slight decrease		Recent decreases in Rebar steel have reduced prices for certain products.
Pipes & Tubes	Pipes	Slight decrease	Slight decrease	Stable	Recent drop in commodities has resulted in decreasing prices but increased sea freight has in return kept the prices elevated.
	Tubes	Increase	Slight increase	Slight increase	Raw materials are increasing and forecasted to increase even further.
	Misc. Pipes and Tubes	Slight decrease	Slight decrease	Stable	Recent drop in commodities has resulted in a price decrease, but increased sea freight rates have in return kept the prices elevated.
Pipe & Tube Fittings	High Press. Steel Coupl.	Stable	Stable	Stable	No significant changes.
	Fittings	Slight increase	Slight increase	Slight increase	Some fittings are more impacted by increase in "special metal" prices than others.
	Flanges	Slight decrease	Slight decrease	Stable	Recent drop in commodities has resulted in a price decrease, but increased sea freight rates have in return kept the prices elevated.
	Flexible Pipe Couplings	Stable	Stable	Stable	No significant changes.
	HP pipes and fittings	Slight decrease	Slight decrease	Stable	Recent drop in commodities has resulted in a price decrease, but increased sea freight rates have in return kept the prices elevated.
	Misc. Pipe and Tube Fittings	Stable	Stable	Stable	No significant changes.

Global Port Trends

Houston

- › US Crude Exports declined in August to their lowest monthly total since January 2023. The U.S. added 4.2 million bbl. of crude to the Strategic Petroleum Reserve in August, the largest monthly increase in the stockpile since the government began replenishing supplies, the Department of Energy said on Tuesday.
- › Efforts to refill the stockpile will continue in coming months, as the administration has already awarded additional contracts for delivery of 4.5 million bbl. of sour crude in October, November and December 2024 to the Bayou Choctaw storage in Louisiana and about 800,000 bbl./month to the Bryan Mound, Texas, storage site from January through March 2025.
- › The US saw its LNG exports rise in August as Freeport LNG's output increased and maintenance operations came to an end. Freeport LNG, the Texas-based export terminal, occasionally went above capacity after infrastructure and technological changes allowed more gas to flow.
- › Newly released data from the Energy Information Association (EIA) indicates that North American LNG exports are set to double within the next three years to 24.4 billion cubic feet per day (bcf/d). The information provider expects the US to take on the bulk of the expansion at almost 10bcf/d, with Mexico and Canada accounting for the remainder.

New Orleans

- › New Orleans is not experiencing the same drought conditions that we have seen in previous years. Water levels are lower than average, but there is no restriction to barge traffic. In the mid-west, U.S. Army Corps of Engineers has been dredging the river around Memphis to maintain water levels.

Long Beach & San Francisco/Oakland

- › Green Container ship, Alette Maersk christened at the Port of Los Angeles. This is the first methanol-enabled container vessel to call in the US, at the Port of Los Angeles ([Youtube](#)).
- › West Coast Cruise Market expected to have less ships in 2024 in comparison to the growth post-pandemic ([Cruise Industry News](#)).

- › California, nation's largest milk producer, confirm bird flu outbreak in 3 dairy cow herds California ([statnews.com](#)).
- › Total Port call in CA is 10% higher than the previous year with containers having the highest increase on all vessels.
- › We are fully staffed in Sales, Purchasing & Operations Team. We are fully operational, and there are no issues/challenges with our normal day-to-day business operations.

New York/New Jersey

- › News is dominated by an impending possible strike. All ports across the East Coast are affected and there is a real concern that it may back up cargo for weeks or even months. The deadline given is October 1st if no agreement between International Longshoremen's Association and United States Maritime Alliance is reached.
- › In New Jersey Port, traffic has increased over the last 2 months. Exports increased by 12% in July while imports showed a 13.7% increase over the same period in 2023. This trend continued in August with a further 13.5% growth over last year.
- › In Philadelphia Port, a cargo facility in the Southport Marine Terminal is being converted into a passenger port and set to welcome Norwegian Cruise Line vessel, Norwegian Jewel starting in 2026. The Norwegian Jewel is expected to port in Philadelphia 24 times from April to October and will alternate homeports between Philadelphia and Quebec City.
- › Volumes are coming back after the reopening of the harbor. A lot of the volume has returned almost 100% as Baltimore has highly specialized terminals that do not exist elsewhere.
- › State of Delaware will build a new port in Edgemoor, DE by 2027 to assist with volumes in the port of Wilmington. This new port will be the largest shipping terminal in the state. This new facility will improve the state's competitiveness by quadrupling the port's capacity for container cargo. This will allow for new and larger ships to be serviced.

Jacksonville

- › East Coast Ports Union meetings over wage demands, preparing for a possible strike on October 1st. The port workers are asking for a 77% increase in salary and the ports do not want to pay. They are at an impasse, threatening to strike on October 1st.
- › At its current rate of growth, the Port of Brunswick is poised to become the nation's busiest gateway for Roll-on/Roll-off cargo.
- › SC Ports have invested more than \$2 billion into port infrastructure in recent years to support the state's booming business sector. Combined with port funding and state funding, SC Ports plan to spend an additional \$2.5 billion over the next decade.
- › We continue to see a loss in our delivered volume to Charleston. Currently down 20% from last year and continue to lose.

Montreal

- › Workforce shortages: The marine industry is facing a shortage of qualified, experienced candidates due to an aging workforce, many people retiring in the medium term, and a lack of a young generation candidates. A federal government study indicates that over half of the remaining Canadian maritime workforce will retire over the next few years, including 52% of engineering officers and 47% of deck officers.
- › Port restrictions: Another challenge we face is the restrictions on delivery time in ports, for example at section 54 (grains) in Montreal, we can only deliver after 11:00 PM, and in Port Alfred, during the week, we can only deliver between 6:00 PM and 6:00 AM.

Vancouver

- › Increased tanker traffic as a new port has opened, and all tankers must be delivered by barge.
- › 1 day rail strike last month, but minimal impact and economy is stable.

Portland/Seattle

- › Portland and Seattle have no operational issues.
- › Bonded stores continue to be a challenge with a limited selection of items.

- › Egg prices continue to trend upwards as we are required to supply only cage free on the US West Coast. Egg price increases make the cruise market challenging.
- › Steady flow of grain ships this summer, expecting to increase as we approach fall and winter.
- › Still experiencing strong cruise business for September and part of October.
- › Expect the grain business to return to the area within the next few months.
- › Tankers continue to remain steady.

Panama

- › The draught that has caused a decrease in capacity of vessels passing the Panama Canal is slowly coming to an end. It is expected that the number of vessels and the number of transits will be back to normal by the end of 2024.
- › The Panama Canal Authorities have approved an investment plan of \$1,6 Billion in a project that aims to increase the area that feeds the Panama Canal with water.

UAE

- › The cruise season is about to start, and we had our first order.
- › We expect the Red Sea situation will have less impact on this season as both we and our customers have made the necessary preparations.
- › The halal requirements this year have sharpened, leaving out mechanised slaughtering, so now only manual is allowed. Resulting in an increase in prices especially on chicken.

Singapore

- › Shipping companies have reported certain delays, including extended waiting times in Singapore due to longer transit times and rerouting caused by the Red Sea crisis. We are working to minimize these disruptions, securing a stock of critical items to be ready to deliver despite the shipping companies being challenged.

Dalian, Shanghai & Shenzhen

- › There are no major operational challenges for mentioned ports.

- › Cigarettes are not available in most ports in China due to the Duty-free shops are being rectified, but they are available in Shanghai, Qingdao, Dalian and Shenzhen ports.
- › China is about to have National Day Golden Week Holiday from 1st to 7th October. It is recommended that orders should be placed in advance for smooth arrangement.

Rotterdam

- › Inflation in The Netherlands and Belgium in July and August compared to 2023 was 3.65%. Costs continue to increase.
- › The number of vacancies in the Rotterdam and Antwerp area remain very high, pushing labor costs upwards.

Algeciras

- › Traffic has increased in the Mediterranean's western container ports, including the Port of Algeciras, as a result of the Red Sea crisis causing new port patterns and rerouting.
- › The Port of Algeciras experienced a significant increase in cargo from Q1 to Q2, 2024.

Aalborg

- › We do not foresee any challenges in the supply chain, nor abnormal fluctuation in price levels
- › Aalborg is therefore more than ready to serve any need our customers may have.

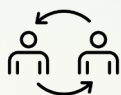


What Wrist Global Procurement continuously does to reduce and mitigate price increases and other inflationary impacts:



Analysis and commodity index reporting

- › We do in-depth analysis of the raw material cost impact on our products/categories.
- › We link products/categories to official commodity index reports to evaluate if our prices are within fair correlation.



Long-term vendor relationships and network extensions

- › We extend our agreements with existing suppliers when possible.
- › We fend-off price increases or delay price increases, utilizing our long-term vendor relationships.
- › We continuously search the markets to investigate better options, also extending our supplier network.



Consolidation and large volumes

- › We consolidate volumes into our Global Assortment to utilize our purchasing power
- › We source in full loads in LCC (e.g. China, India, Pakistan, Vietnam, Egypt, Germany, Cyprus, Poland, Czech etc.), increasing our inventories and consolidating in our sourcing offices from where we distribute to Wrist branches
- › We forecast, secure, and contract large volumes to avoid shortages of products



Warehouse capabilities

- › We combine and optimize our global warehouse capabilities to leverage scale and store the right products



Supply chain shortening

- › We shorten our supply chain where possible by shifting from whole sellers to manufacturers.



Inhouse specialization and market intelligence

- › We leverage our global and local network of procurement specialists to optimize purchases and contracts.
- › We utilize our market intelligence and purchasing power as well as expertise in negotiations.



Alternative product offerings

- › We actively propose lower quality products to customers who cannot work with quality products impacted by price increases.