

Ivent Solutions Market Trend Update

December 2021



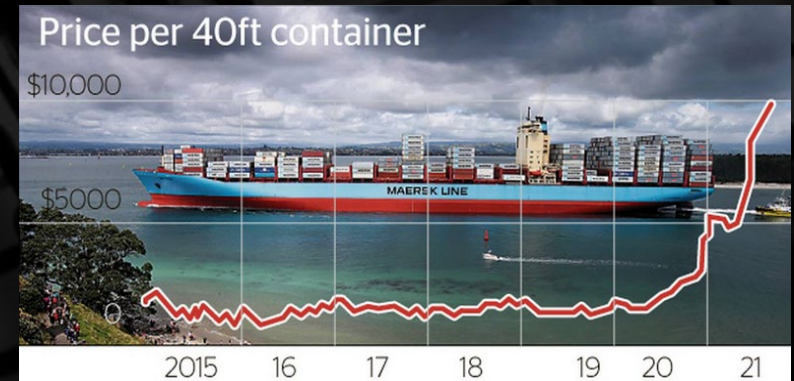
MAERSK Shipping Restrictions

Container shipping giant Maersk has left New Zealand freight forwarders feeling "betrayed" after forcing them to rely on the **spot price market** next year by refusing to accept contracts. What began in the Northern Hemisphere as rumours about Maersk's intentions a few months ago has become a reality for the local sector, which has a significant share of the container moving market as New Zealand grapples with a supply chain crisis.

Chris Edwards, president of the Customs Brokers and Freight Forwarders Federation of New Zealand, said the sector understands Maersk is only going to offer contracts to the top 200 clients worldwide - essentially those sending more than 100 containers a week. "If you don't fall into that category then you won't get a contract and you'll have to go on what they call the spot market, which is spot prices. You can't run a logistics business that way when clients want predictable pricing."

It was still early days as to how Maersk's new approach might impact New Zealand imports and exports, Edwards said. "I think a lot of the freight forwarding community will feel betrayed because of course we established Maersk here to some extent by giving them our support". Edwards said his firm recently tried to extend a contract for next year for shipping goods from Australia. It was told by Maersk sub-brand Hamburg Sud it would no longer be extending contracts in 2022. "Then we reached out to our partners in Germany to try to book for next year with them and were told no contracts would be accepted". Edwards said not being able to get contracts would be "a real gamechanger" for some freight forwarders, many who had made use of Maersk's direct sailings to China, built in part on the line's Fonterra dairy volumes.

"That probably stops now, and we will have to use the spot market which changes from week to week and causes a lot of work for forwarders. "It will have a significant impact on choice for **SME-sized businesses**, those moving only a few containers a week who won't get a look in on



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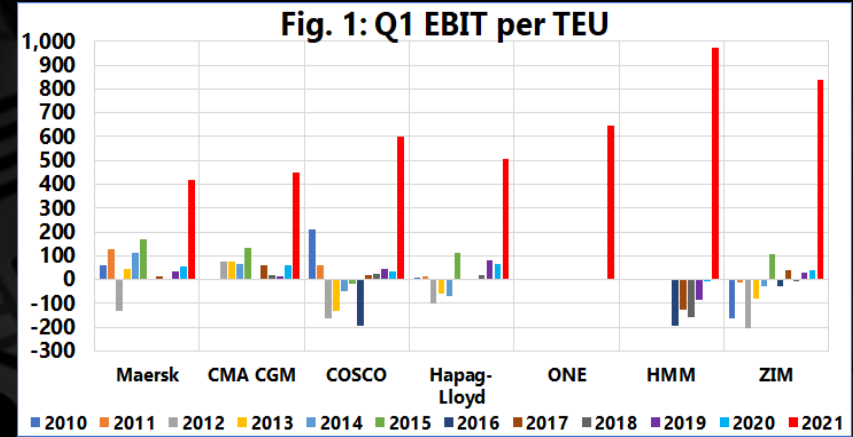


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Maersk's services. It's the first time a shipping line has said 'we don't value your business'. "It's an interesting move - fuelled by confidence and a large bank balance... I guess!". But shipping is very cyclical. At the moment, there's more cargo than ships but things do change". Confirmation of the Maersk move comes as the line announced a new container service, the Polaris, connecting Brisbane with the ports of Timaru and Lyttelton, starting on January 22. It also announced it would reduce the number of port calls on the Sirius Star service between New Zealand ports and Fiji. It said this was to make cargo connections to its world network more reliable and stable and to avoid missed sailings due to schedule delays in the supply chain crunch.



Shipping Line Profits for Last 10 Years...

Asked if Maersk was pursuing more direct contracts with New Zealand customers, thereby cutting out the freight forwarder middleman, the company said its cargo profile here had historically been dominated by direct customer/cargo owner contracts. This was a result of the high export dependency of agriculture commodities. "Due to the supply chain disruption negatively impacting actual/available capacity as the vessel turn time is increased as a result of delays, our key focus has been to deliver on our contractual commitments and existing agreements, rather than increasing focus on chasing cargo in the spot market", a Maersk statement said. "The purpose of the additional service and investment in the New Zealand market is to enable us to deliver the most reliable and trusted network to our customers. Due to



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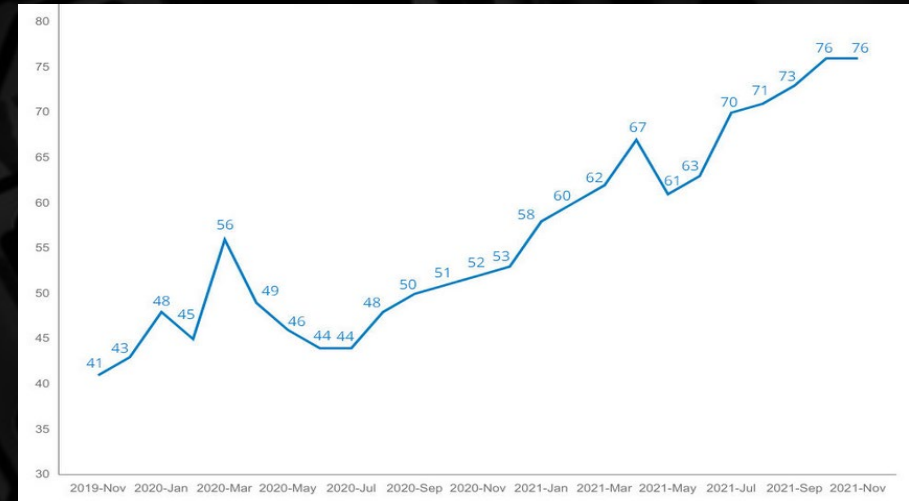
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the current supply chain disruption we continue to experience vessel delays on the New Zealand coast, resulting in missed hub connections (causing delayed cargo arrival at final destination) and vessel sliding (effectively reducing capacity due to longer vessel turn time). "This year Maersk has made significant changes to our Ocean network in New Zealand and continue to prioritise and invest in the New Zealand supply chain to support our customers and deliver to our long-term customer agreements. We can already see the positive impact from the initiatives implemented, as per the Seaintel November report on carrier reliability, Maersk's Southern Star service recorded a **100 per cent** schedule reliability compared to the 16 per cent average market performance in the OCE to ASI trade. "It is important to note that the pricing on the Maersk Spot platform is dynamic, closely reflecting market developments including instances of improved market supply. As an example during 2021 season we have seen periods with bookings being made on Maersk Spot between Auckland Metroport to Qingdao, China starting from US\$600 All-In per 40ft high cube dry container."

Don Braid, managing director of global logistics company Mainfreight, a major New Zealand freight forwarder, said its attitude to the Maersk move was "we will always back our abilities to look after our customers". "We provide our customers with a choice and variety of shipping lines and airlines. "There's also our ability to offer our customers door-to-door service including managed warehouses - Maersk will find that difficult to replicate. "Our emphasis is on high levels of quality service and a de-centralised approach where our people can make decisions as close to the customer as possible". It's been our competitive advantage for a long, long time". Other major New Zealand freight forwarders Mondiale and Oceanbridge said the federation's Edwards would speak for them. ***Story credit, Andrea Fox, NZ Herald*

China to New Zealand Sea-Freight Transit Times...



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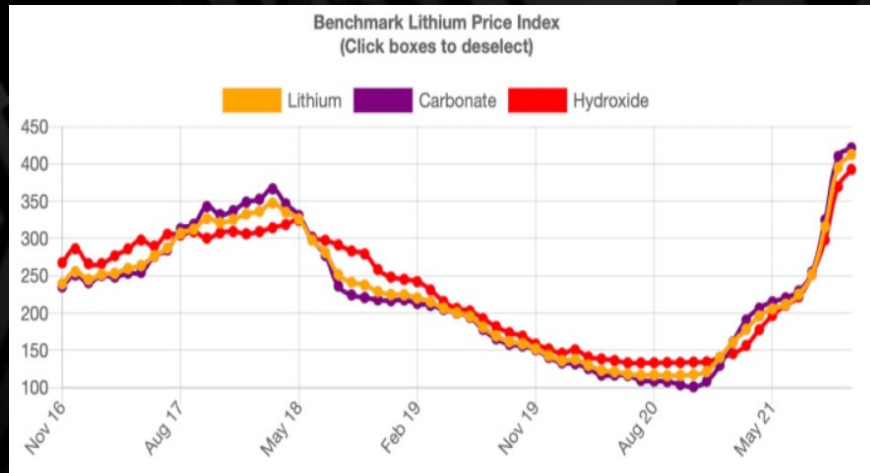
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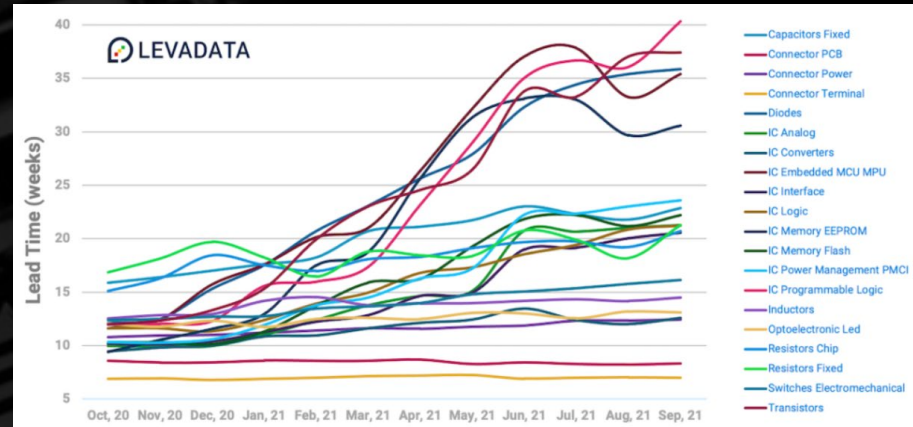
Merry Christmas

Lithium Pricing Continues to Increase Rapidly in November

There seems to be no let up in the ever-increasing price of the raw materials to manufacture Lithium battery cells. Ivent is closely monitoring the situation and has seen ongoing price increases of finished products from their manufacturing base. We will continue to update price trends via this report for the coming months.



	1M	Y-O-Y	YTD	TODAY	LAST
LITHIUM INDEX	4.4%	251.6%	239.6%	412.5	395.1
CARBONATE INDEX	2.8%	317.5%	288.7%	421.5	410.0
HYDROXIDE INDEX	6.2%	193.0%	192.4%	392.6	369.5



Crazy Pricing and Leadtimes Still Plaguing the Industry

It is interesting to note that after more than 9 months of severe price and leadtime increases across most components and raw materials there seems to be very little relief coming in the supply circus. One recent example of a microprocessor that should cost around USD12 per each was quoted at USD55, for fresh DC stock from a buying house. The other alternative was a 70+ week OEM leadtime. With global demand for many tech products continuing to surge there seems to be very little hope for an easing in supply chain pressure in the near future. Please reach out with any urgent requirements and Ivent will help find any available stock in the market.



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How Are Supply Chain Issues Affecting Solar Panel Projects?

In 2020, solar power had never been cheaper. The price to install a new residential solar panel system in the US has fallen roughly 64% since 2010, according to National Renewable Energy Laboratory estimates. Since 2005, utilities, businesses, and homeowners have installed more panels almost every year, representing about 700 GW of solar panels worldwide. But supply chain disruptions threaten to derail projects for at least the next 12 months. Analysts at the consulting firm “Rystad Energy” estimate rising shipping and equipment costs are threatening to postpone or cancel 56% of worldwide utility-scale solar projects planned for 2022. Given these items represent as much as one-third of project costs, even a small price increase can turn a narrowly profitable project into a money-loser. Utility companies’ solar plans could be hit especially hard.

Two main culprits are driving up the cost of solar panels. Firstly, shipping prices have skyrocketed, especially for containers leaving China, where most solar panels are manufactured. The Shanghai Freight Index, which tracks the price of sending a container from Shanghai to a collection of ports around the world, has increased roughly **six-fold** from its pre-pandemic baseline. Secondly, key solar panel components have become more expensive—particularly polysilicon, the main material used to make solar cells. Polysilicon production has been hit especially hard by the bullwhip effect: There was an oversupply of polysilicon before the pandemic, which prompted manufacturers



to slam the breaks on production once Covid-19 hit and countries began entering lockdown. Then, economic activity bounced back faster than expected, demand for raw materials came roaring back, and polysilicon miners and refiners struggled to catch up, sending prices soaring.



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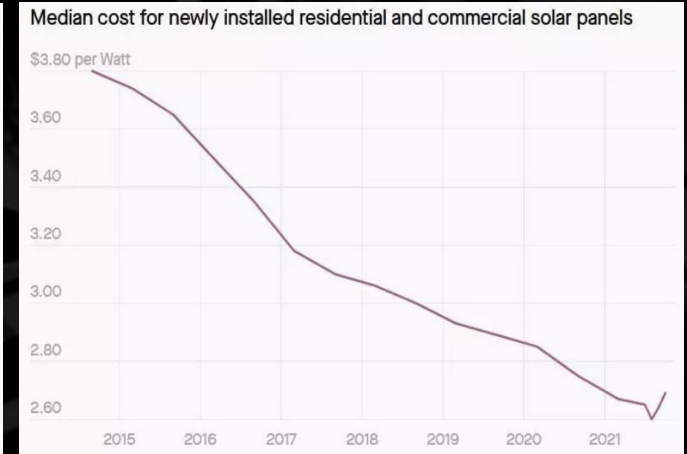
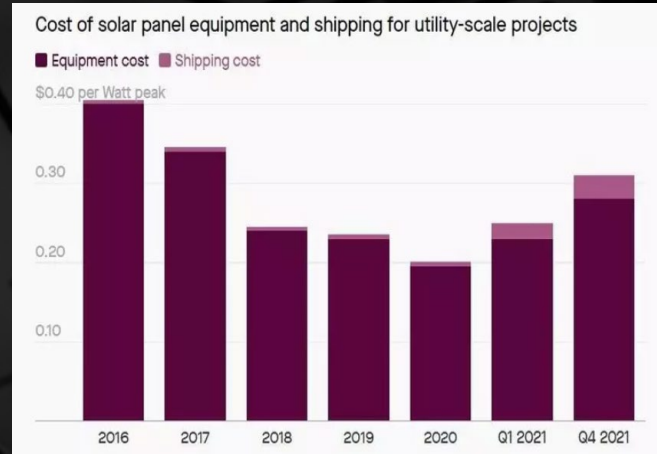
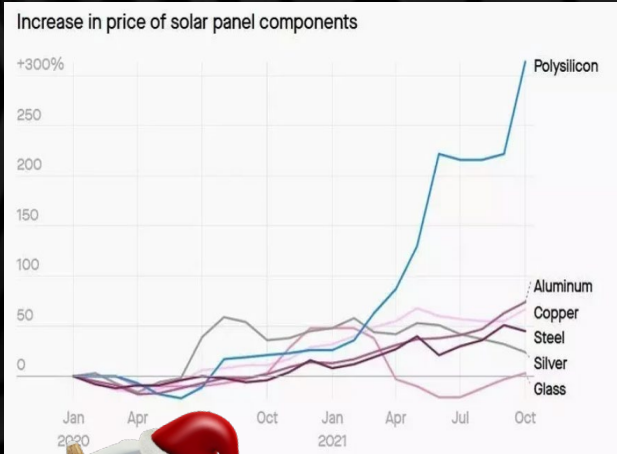


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Rising prices haven't had a big effect on projects underway in 2021, but next year's projects are more at risk. The price of installing a new solar panel on a home or business is now rising for the first time in at least seven years, according to data from the solar panel marketplace "EnergySage". So far, homeowners and businesses haven't been as badly impacted by rising costs as utility companies, according to EnergySage CEO Vikram Aggarwal. That's because shipping and materials account for a much larger percentage of the overall cost of a utility solar project than a residential or commercial project. Homeowners and businesses wind up spending much more, proportionally, on costs like hiring a contractor—so if shipping and equipment costs tick up a bit, it's less likely to financially make or break a project. But even so, solar panel vendors are starting to worry. Aggarwal says he's heard of cases where suppliers couldn't find the type of solar panel their customer wanted because it wasn't in stock, so the customer cancelled their order. "Consumers like certainty, especially when they're buying a big-ticket item like this that will cost them thousands of dollars...and be on their home for the next 20 to 30 years," Aggarwal said. It's getting harder for vendors to deliver that certainty because they can't be sure if, when, and at what price they'll be able to order a panel.



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NZD versus AUD - AU\$0.965 vs NZ\$1.00 ↑



NZD versus USD - US\$0.675 vs NZ\$1.00 ↓



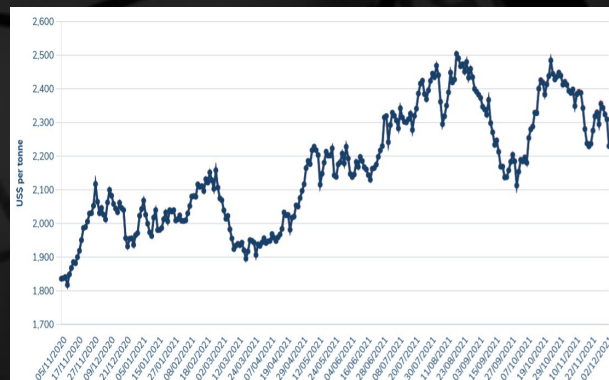
NZD versus EUR - EU\$0.595 vs. NZ\$1.00 ↓



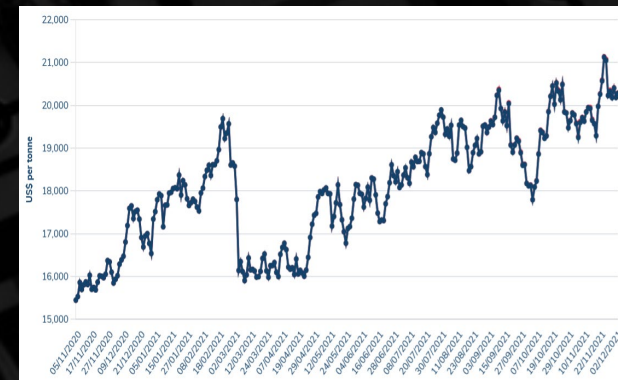
Copper - USD9500 / tonne ↓



Lead - USD2200 / tonne ↓



Nickel - USD20500 / tonne ↑



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This Month in Tech History...



December 22, 1882 – Edward Johnson, an associate of Thomas Edison, has walnut-sized bulbs made specifically for him to wire his Christmas Tree with electric light. The 80 red, white, and blue bulbs formed the first set of electric Christmas Tree lights in history. Prior to this, people would traditionally decorate their trees with wax candles (no fire risk there eh? 🕯️).

December 17, 1903 – Orville and Wilbur Wright make their famous first controlled and sustained flights with a heavier than air, powered aircraft. Orville made the very first flight which lasted about 12 seconds. Three more flights were made that day by both brothers, with the most successful being the fourth and final flight in which Wilbur flew for 59 seconds. The work done by the Wright brothers helped spawn the aviation industry.

December 1, 1941 – Dr. Federico Faggin, the "Father" of the microprocessor is born in Vicenza, Italy. He received a doctorate in physics from the University of Padua in 1965. In 1968 he came to the US to join Fairchild in Palo Alto where he developed the original silicon gate technology. The "4004" project brought him to Intel in 1970. In 1974 he founded Zilog, Inc. which produced a new chip design for the fledgling personal computer industry. After a short stint with Exxon, he co-founded Cygnit Technologies in 1982 and Synaptics, Inc. in 1986 where he was president.

December 23, 1968 – Astronauts Frank Borman, James A. Lovell, and William Anders become the first men to orbit the Moon. Flying in Apollo 8, the men perform 10 total lunar orbits and test many of the procedures that will be used in future lunar missions. Additionally, the men were the first humans to travel beyond low Earth orbit, the first to see Earth as a whole planet, and the first to directly see the far side of the Moon.

December 12, 1980 – Apple's initial public offering was the largest since Ford went public in 1956. Nonetheless, it sold out in minutes. Originally priced to sell at \$14 a share, the stock opened at \$22 and all 4.6 million shares were sold almost immediately. The stock rose almost 32% that day to close to \$29, giving the company a market evaluation of \$1.778 billion. The three founders of Apple Computer, Steve Jobs, Steve Wozniak and Mike Markkula weren't only ones who did well that day. More than 40 of Apple's 1,000 employees became instant millionaires thanks to the stock options. Today, Apple is valued at USD2.66 trillion dollars, which at today's exchange rate is... wait for it... nearly NZD 4 trillion dollars (so that is just 3,940,740,740,740.00 New Zealand dollars), which is 20 times the size of the NZ economy!

December 16, 1982 – Time magazine's editors selected the Personal Computer for "Machine of the Year," in lieu of their well-known "Man of the Year" award. The computer beat out US President Ronald Reagan, UK prime minister Margaret Thatcher, and Prime Minister of Israel, Menachem Begin.



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CHINA HOLIDAYS 2022



JANUARY

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09	10	11	12	13	14	15
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23	24	25	26	27	28	29
30	31					

FEBRUARY

Chinese New Year

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20	21	22	23	24	25	26
27	28					

Lantern Festival

MARCH

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APRIL

Qingming Festival

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MAY

May Day

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JUNE

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Dragon Boat Festival

JULY

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31							

AUGUST

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28	29	30	31				

SEPTEMBER

Mid-Autumn Festival

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OCTOBER

National Day
(Golden Week)

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NOVEMBER

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20	21	22	23	24	25	26		
27	28	29	30					

DECEMBER

						01	02	03
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11	12	13	14	15	16	17		
18	19	20	21	22	23	24		
25	26	27	28	29	30	31		

*Ivent is an essential business
We remain open in £3 and £4*





*From all the team at Ivent we wish you a
safe, healthy and freedom filled Christmas
and New Year.*

*The Market Trends Report will be back in
February 2022 (the editor needs a rest!)*



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