

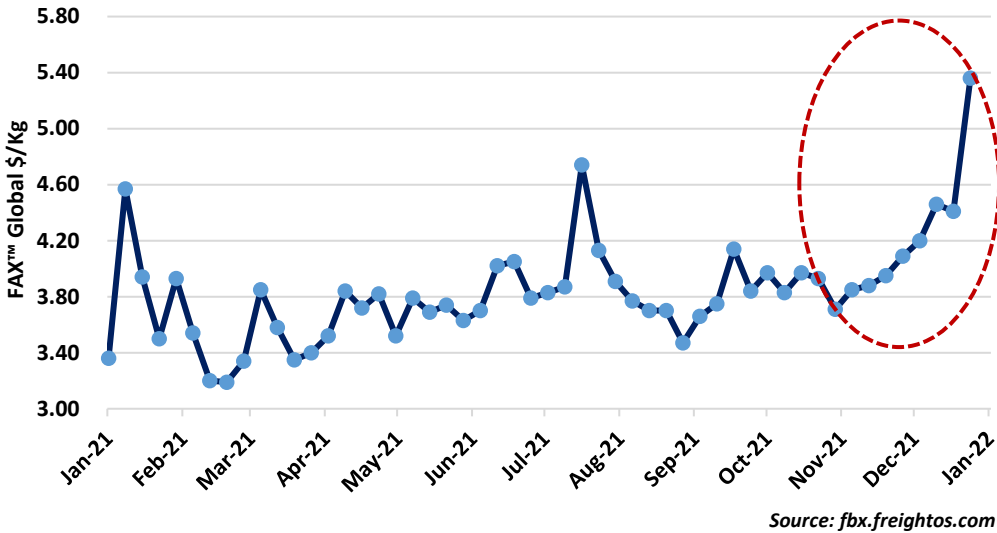


FREIGHT RATES FLYING SKY-HIGH

LOGISTICS SECTOR TO POST OUTSTANDING EARNINGS

EVENT UPDATE

Freightos Air Freight Index 2021



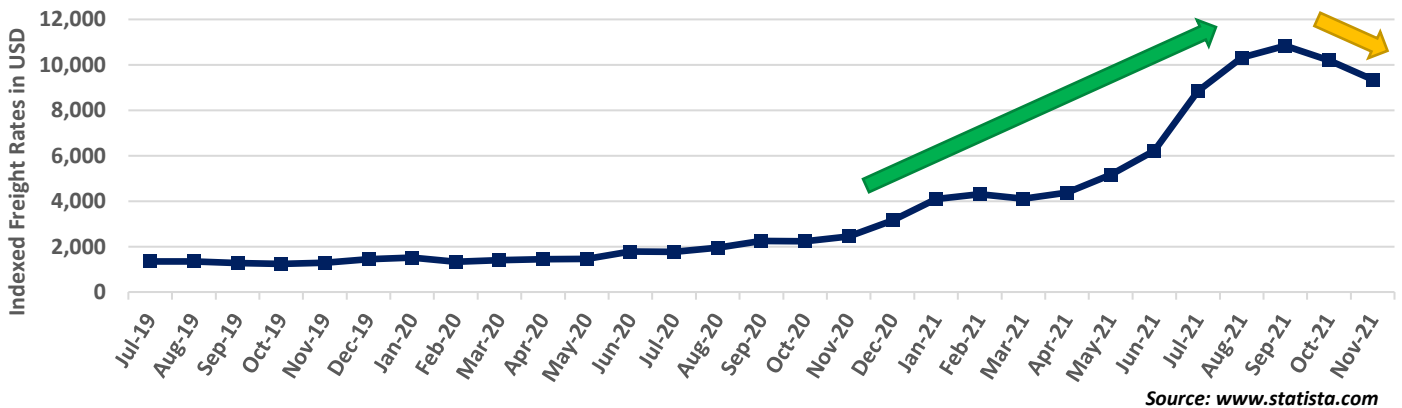
FIRST CAPITAL RESEARCH

Vidushika Perera +94 11 263 9864
vidushika@firstcapital.lk

Unceasing rise in global air freight rates to continue in 2022

The global air freight rates have hit an all-time high during the holiday season, boosted by the bulk of online sales and promotions. It is believed that the supply chain tightness that was originated during the outbreak of Covid-19 pandemic as a result of the limited available capacity, labour shortages and closure of ports, will also continue in 2022 amidst the huge demand for air cargo. Furthermore, development of Covid-19 situation in Europe with the rapid spread of Omicron variant is also urging demand for transportation of Covid-related products. Considering the massive upward movement in air freight rates during Nov 2021, air freight logistics suppliers are expected to post outstanding financial earnings with higher margins for the quarter ended Dec 2021. Although these carrier companies may possibly utilise the elevated earnings in capacity expansions, it may take several months to bring those extended capacities into effective use, therefore the air freight rates hike is not anticipated to reverse any time sooner.

Container Freight Rate Index Worldwide 2019-2021



Container freight rates started descending since Sep 2021

However, container freight rates displayed a downtrend since Sep 2021, mainly due to the gradual capacity expansions in terms of container carriers and easing of supply chain tension. However, it is expected that these improvements may not bounce back to the pre-pandemic levels during early 2022 while maintaining the freight rates well above the levels prevailed in year 2019.



First Capital
A Janashakthi Group Company

First Capital Holdings PLC

No.2, Deal Place,
Colombo 3

Tel: +94 11 2145 000
Fax: +94 11 2145 050

RESEARCH

Dimantha Mathew	+94 11 2639 853	Vidushika Perera	+94 11 2639 864
Hiruni Perera	+94 11 2639 864	Tharusha Ashokgar	+94 11 2639 864

GOVERNMENT SECURITIES SALES

Anjelo Simmons	+94 77 3031 636	Neminda Jayawardena	+94 76 6644 080
Anushka Dissanayake	+94 77 2220 021	Arun Kandasamy	+94 75 4861 506
Anushi Ranawaka	+94 77 3876 819		

CORPORATE DEBT SALES

Nethalie De Mel	+94 11 2639 854
-----------------	-----------------

EQUITY SALES

CEO	Jaliya Wijeratne	+94 70 2910 042	Negombo	
Colombo			Priyanka Anuruddha	+94 70 2910 035
Rasika Indra Kumara	+94 77 7072 698		Priyantha Wijesiri	+94 70 2910 036
Isuru Jayawardena	+94 76 7084 953			
Nishantha Mudalige	+94 70 2910 041			
Ifadh Marikar	+94 77 9625 679			
Anushka Buddhika	+94 71 4310 600			
Thushara Pathiraja	+94 70 2910 037			
Chandika Jayawardana	+94 77 3940 070			

UNIT TRUST SALES

Kavin Karunamoorthy	+94 77 0328 060	Imali Abeygunawardena	+94 77 1764 799
---------------------	-----------------	-----------------------	-----------------

BRANCHES

Kandy	Kurunegala	Matara	Negombo
2nd Floor, No.121 Kotugodella Veediya (E L Senanayake Veediya) Kandy 20000.	Ground Floor No. 42, Mihindu Mawatha, Kurunegala 60000.	2nd Floor, E.H. Cooray Building No: 24, 1/3, Anagarika Dharmapala Mawatha, Matara 81000.	Colombo Stock Exchange - Negombo Branch Office, No. 72A, 2/1, Old Chilaw Road, Negombo 11500.
Manager: Salinda Samarakoon	Manager:	Manager: Rohana Jayakody	Manager:
Tel: +94 81 2236 010	Tel: +94 37 2222 930	Tel: +94 41 2222 988	Tel: +94 31 4937 072

Disclaimer:

This Review is prepared and issued by First Capital Holdings PLC based on information in the public domain, internally developed and other sources, believed to be correct. Although all reasonable care has been taken to ensure the contents of the Review are accurate, First Capital Holdings PLC and/or its Directors, employees, are not responsible for the accuracy, usefulness, reliability of same. First Capital Holdings PLC may act as a Broker in the investments which are the subject of this document or related investments and may have acted on or used the information contained in this document, or the research or analysis on which it is based, before its publication. First Capital Holdings PLC and/or a connected person or associated person may also have a position or be otherwise interested in the investments referred to in this document. This is not an offer to sell or buy the investments referred to in this document. This Review may contain data which are inaccurate and unreliable. You hereby waive irrevocably any rights or remedies in law or equity you have or may have against First Capital Holdings PLC with respect to the Review and agree to indemnify and hold First Capital Holdings PLC and/or its principal, their respective directors and employees harmless to the fullest extent allowed by law regarding all matters related to your use of this Review. No part of this document may be reproduced, distributed or published in whole or in part by any means to any other person for any purpose without prior permission.

About us:

This report providing a snapshot of fixed income, equity and unit trust is composed and circulated by First Capital Holdings PLC an investment bank in Sri Lanka. The company operates in the capital market of Sri Lanka with operations in government securities - treasury bills and bonds, stock brokering and share market investments, asset management, private wealth management, retirement planning, personal financial planning, unit trust, margin trading, capital market research, trustee services, corporate finance advisory services including corporate debt structuring (debentures, trust certificates, commercial papers), valuations, restructuring, mergers and acquisitions, initial public offerings (IPOs) and project advisory. The First Capital Group consists of First Capital Treasuries PLC, First Capital Limited, First Capital Markets Limited, First Capital Asset Management Limited and First Capital Equities (Private) Limited covering Colombo, Negombo, Matara, Kandy and Kurunegala.