

Shipping - Global

Shipping & supply chain high frequency tracker #58

Industry Overview

Tracking the high frequency shipping data

This report contains our favorite charts to track shipping & supply chains. Red Sea diversions have stabilized with just 30% of normal vessels transiting, while the Panama Canal drought is driving large diversion for bulkers. Container is benefiting from strong US import demand, but spot rates look set to gradually fade with Red Sea disruptions peaking. Bulker demand is better-than-normal during the seasonal 1Q low and forward curves point to an uptick in 2Q as grain exports ramp. Tanker looks supported by Chinese buying and US refinery maintenance – but seasonal headwinds loom.

Red Sea transits 30% of normal, Panama transits halved

Red Sea vessel diversions have stabilized with only ~30% of 1H December vessel capacity still transiting. Container and car carrier have largely diverted to the Cape of Good Hope, while 50-60% of crude tanker and bulkers are still transiting the Red Sea. Panama Canal transits are down to around 50% of normal with biggest diversions seen for bulkers while container vessels are largely transiting at 80-90% of normal.

Container: Strong US imports, spot rates starting to fade

US container imports are strong trending +10-15% YoY higher in the past 6 weeks. Container spot rates have stalled with our checks suggesting a gradual slide from here, while liners appear to be struggling to increase annual contracts with customers opting for temporary surcharges only. Maersk guidance points to EBIT breakeven to losses for 2024 – but we see this as overly conservative with differences for Asian liners given a higher 4Q23 profit starting point and lower contract cover. For more see: Maersk: Conservative guide, 08 February 2024.

Bulker: Unseasonally better January demand

Seasonality is weighing with January 2024 dry bulk volumes down -5-15% MoM. But the January demand data shows healthy YoY demand trends particularly for small to medium sized ships which is supporting better-than-normal rates so far in January 2024. Time-charter rates suggest that the worst has passed for fundamentals looking beyond the near-term seasonality, while FFA curves point to improving rates with upside surprises as grain exports start to ramp with Panama Canal and Red Sea disruptions.

Tanker: Strong rates through the rest of the 1Q peak

Chinese buying has supported tanker rates in the past week, while US export volumes could pickup with US refinery maintenance ramping. Stricter Russian tanker sanctions enforcement could improve demand for the legal tanker market, while most legal crude tankers are now diverting which should help tighten mid-sized tanker supply ahead. VLCC forward curves point to rates holding around US\$40-50k/day through March and dipping to around US\$35-40k/day into 2Q24 for now.

15 February 2024

Equity
Global
Shipping

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Abbreviations

CNY: Chinese New Year

VLCC: Very Large Crude Carrier

FFA: Forward Freight Agreement

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Refer to important disclosures on page 26 to 28.

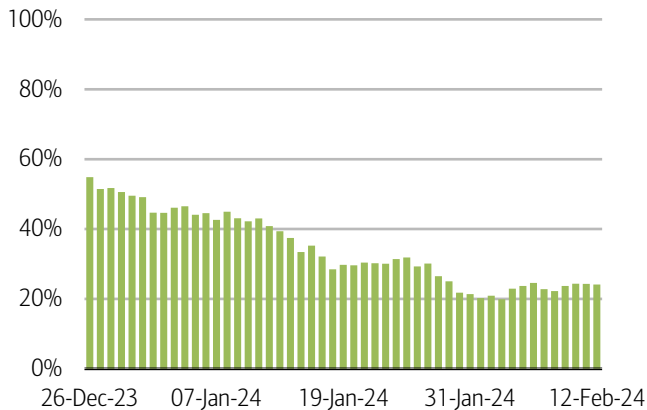
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Timestamp: 15 February 2024 06:49AM EST

Red Sea disruptions

Exhibit 1: Red Sea total vessel arrivals vs 1H Dec levels (%), 7D MA

Overall arrivals are less than 1/3 of 1H of December level in February

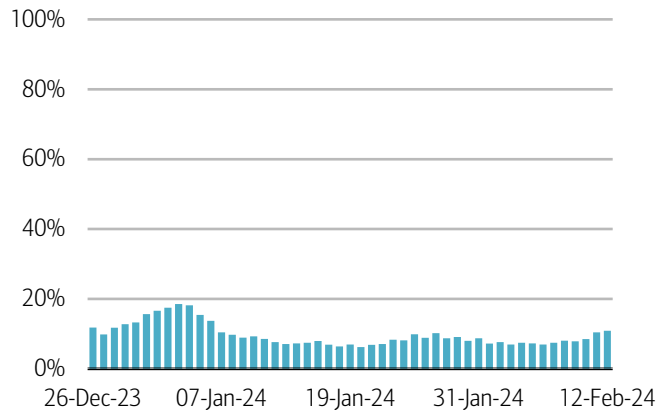


Source: Clarksons

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Exhibit 2: Container ship Red Sea arrivals vs 1H Dec levels (%), 7D MA

Containers ship arrivals are less than 10% of 1H of December level

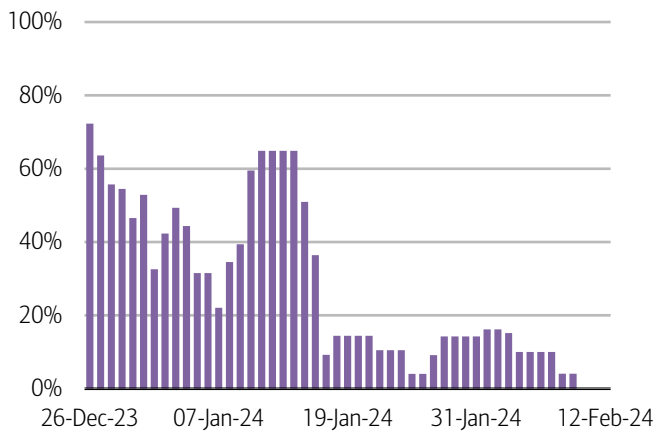


Source: Clarksons

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Exhibit 3: Car carrier Red Sea arrivals vs 1H Dec levels (%), 7D MA

Car carrier arrivals now less than 5% of 1H of December level

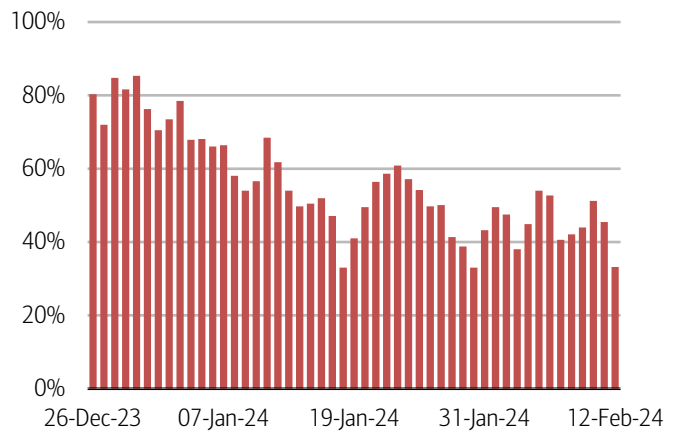


Source: Clarksons

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Exhibit 4: Product tanker Red Sea arrivals vs 1H Dec levels (%), 7D MA

Product tanker arrivals now 30% of 1H of December level

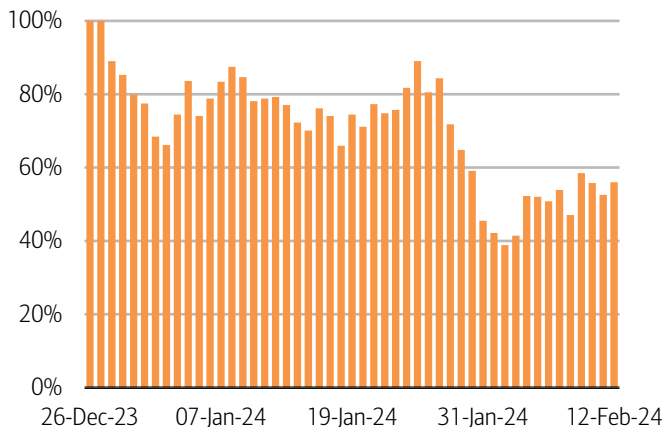


Source: Clarksons

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Exhibit 5: Crude tanker Red Sea arrivals vs 1H Dec levels (%), 7D MA

Crude tanker around 50-60% of 1H of December level

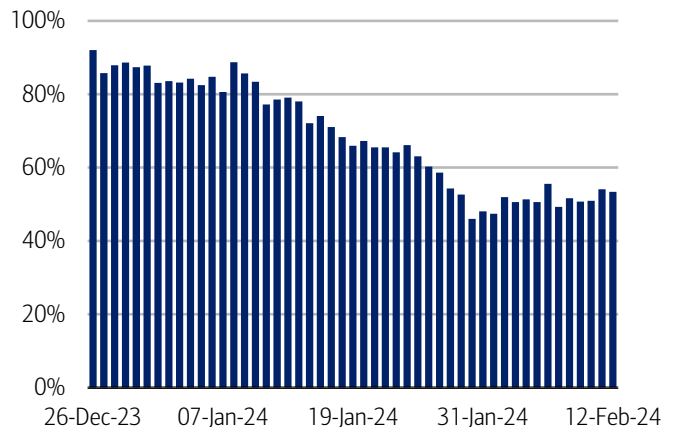


Source: Clarksons

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Exhibit 6: Bulker Red Sea arrivals vs 1H Dec levels (%), 7D MA

Bulker arrivals around 50% of 1H of December level



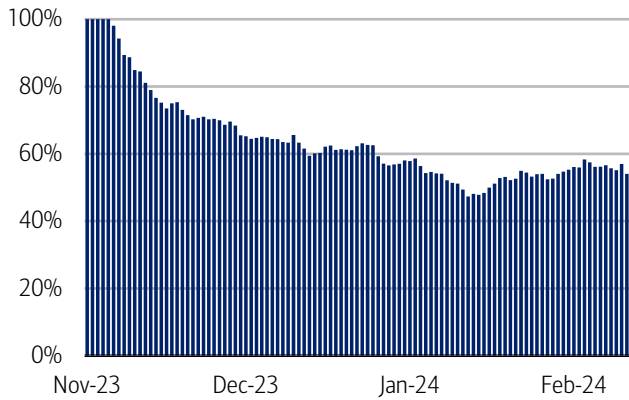
Source: Clarksons

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Panama Canal drought

Exhibit 7: Panama total transits % of normal (10DMA), 2023-24

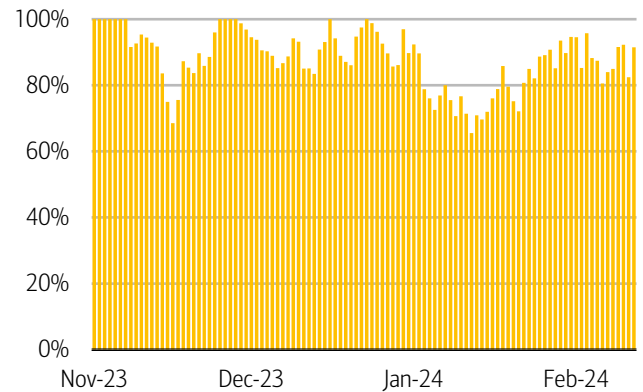
Total transit just over half of normal in early 2024



Source: Clarksons. Note: % of normal is against same period in 2022 using 10 day average.
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Exhibit 8: Panama container transits % of normal (10DMA), 2023-24

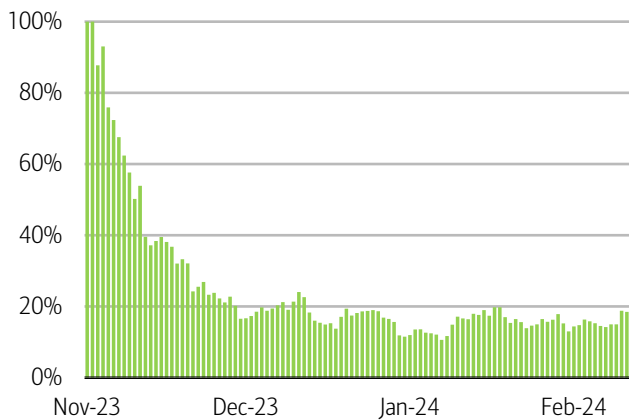
Container seeing the least impact from drought – above 80% of normal



Source: Clarksons. Note: % of normal is against same period in 2022 using 10 day average
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Exhibit 9: Panama bulk transits % of normal (10DMA), 2023-24

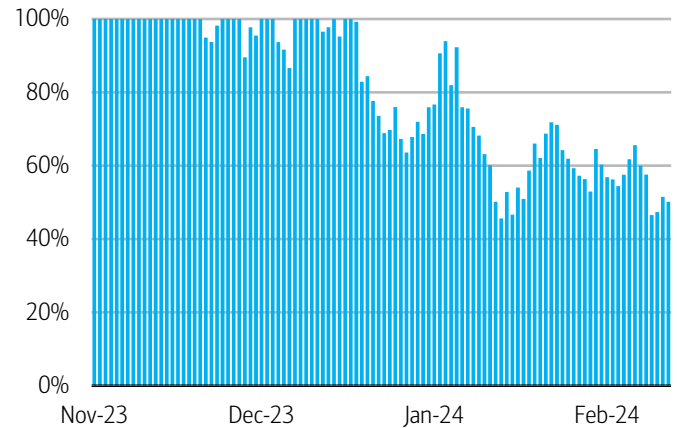
Bulk has seen the biggest impact – less than 20% of normal



Source: Clarksons. Note: % of normal is against same period in 2022 using 10 day average
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Exhibit 10: Panama product tanker % of normal (10DMA), 2023-24

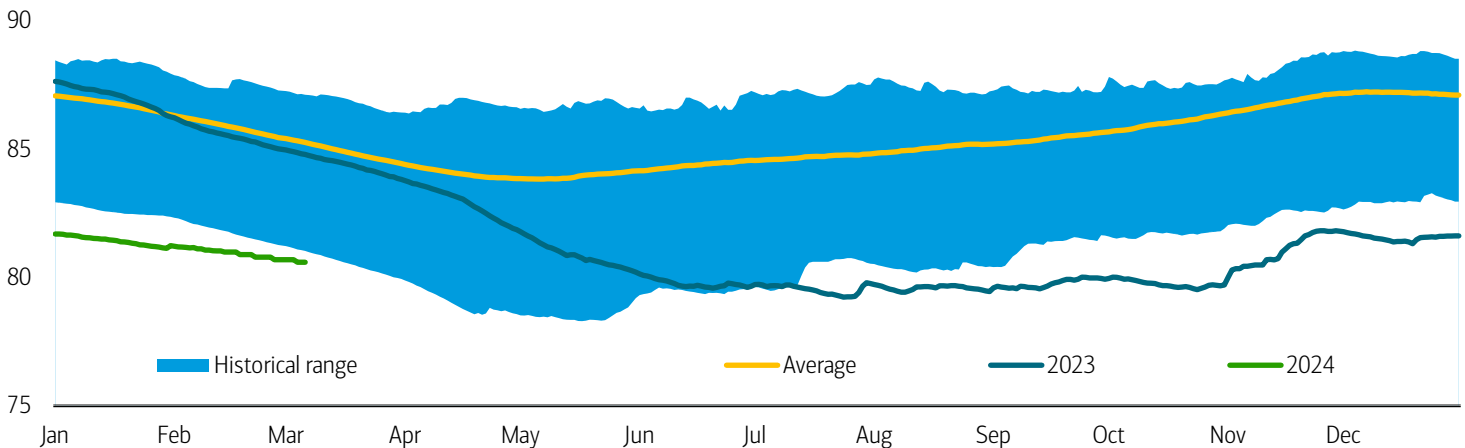
Product tanker transits down to less than 50% of normal



Source: Clarksons. Note: % of normal is against same period in 2022 using 10 day average
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Exhibit 11: Panama Gatun lake water level (ft)

Current water level remains well below historical water level



Source: Panama Canal Authority. Note: 2024 data is Panama Canal Authority's estimates

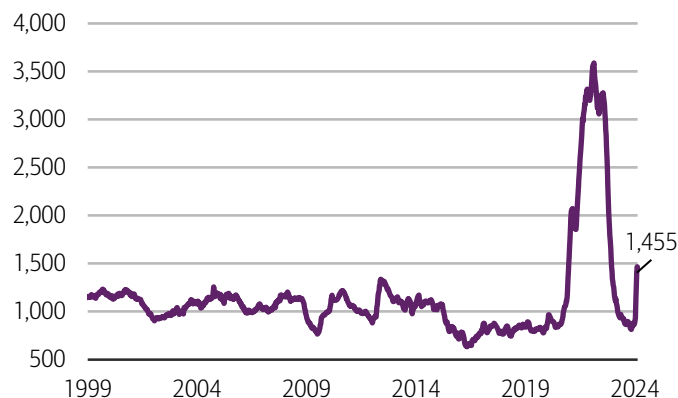
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Container shipping

Blended freight rates

Exhibit 12: China Containerized Freight Index (CCFI), 1999-2024

WoW: -1% MoM: +28% YoY: +33% vs2019: +64%



Source: Shanghai Shipping Exchange

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Exhibit 13: CCFI quarterly average, 2023-24

CCFI trending up QoQ in 1Q24

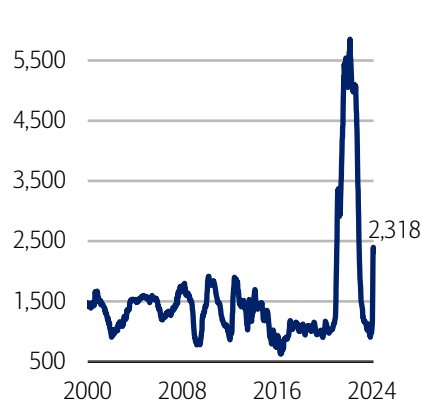
CCFI	1Q23	2Q23	3Q23	4Q23	1Q24
CCFI	1,087	938	876	854	1,281
CCFI Europe	1,411	1,154	1,059	985	1,980
CCFI USWC	789	707	733	725	909
CCFI USEC	1,161	886	870	839	1,121
% YoY					
CCFI	-68%	-70%	-70%	-47%	18%
CCFI Europe	-74%	-77%	-78%	-61%	40%
CCFI USWC	-70%	-72%	-69%	-33%	15%
CCFI USEC	-57%	-68%	-69%	-52%	-3%
% QoQ					
CCFI	-33%	-14%	-7%	-2.5%	50.1%
CCFI Europe	-44%	-18%	-8%	-7%	101%
CCFI USWC	-27%	-10%	4%	-1%	25%
CCFI USEC	-34%	-24%	-2%	-4%	34%

Source: Shanghai Shipping Exchange

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Exhibit 14: CCFI Europe, 2000-24

MoM: +40% YoY: +64% vs 2019: +102%

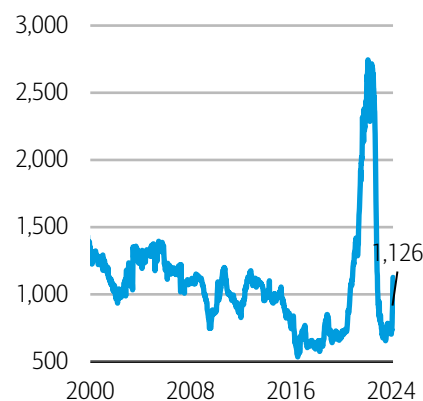


Source: Shanghai Shipping Exchange

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Exhibit 15: CCFI US West Coast, 2000-24

MoM: +43% YoY: +42% vs 2019: +54%

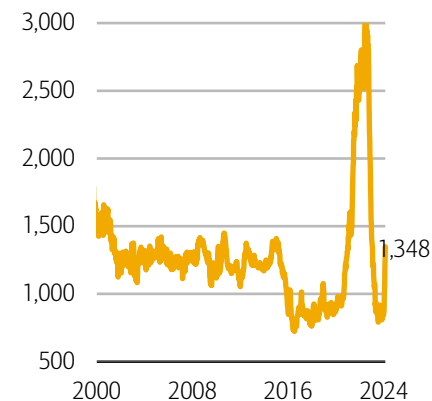


Source: Shanghai Shipping Exchange

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Exhibit 16: CCFI US East Coast, 2000-24

MoM: +36% YoY: +18% vs 2019: +47%

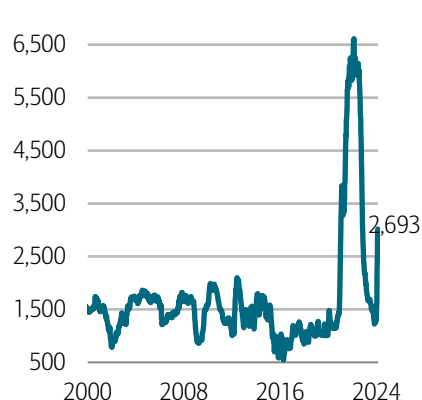


Source: Shanghai Shipping Exchange

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Exhibit 17: CCFI Mediterranean, 2000-24

MoM: +35% YoY: +52% vs 2019: +142%



Source: Shanghai Shipping Exchange

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Exhibit 18: CCFI Middle East, 2014-24

MoM: 0% YoY: +31% vs 2019: +66%

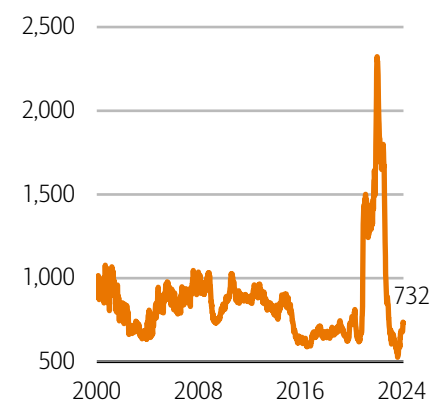


Source: Shanghai Shipping Exchange

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Exhibit 19: CCFI Singapore, 2000-24

MoM: +8% YoY: +16% vs 2019: -2%



Source: Shanghai Shipping Exchange

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Spot freight rates

Exhibit 20: Shanghai Containerized Freight Index (SCFI), 2010-24

WoW: -2% MoM: -2% YoY: +122% vs 2019: +144%



Source: Shanghai Shipping Exchange

Exhibit 21: SCFI quarterly average, 2023-24

SCFI significantly up both QoQ and YoY in 1Q24

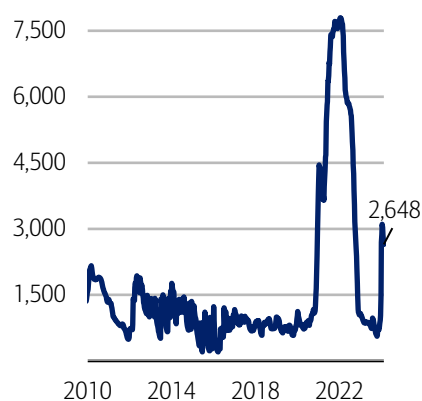
SCFI	1Q23	2Q23	3Q23	4Q23	1Q24
SCFI	969	983	986	1,089	2,151
SCFI Europe	926	848	776	989	2,873
SCFI USWC	1,265	1,419	1,884	1,851	4,220
SCFI USEC	2,438	2,366	2,768	2,540	5,921
% YoY					
SCFI	-80%	-77%	-70%	-21%	122%
SCFI Europe	-88%	-86%	-83%	-34%	210%
SCFI USWC	-84%	-82%	-64%	14%	233%
SCFI USEC	-78%	-77%	-68%	-38%	143%
% QoQ					
SCFI	-30%	2%	0%	10%	98%
SCFI Europe	-38%	-8%	-9%	28%	190%
SCFI USWC	-22%	12%	33%	-2%	128%
SCFI USEC	-41%	-3%	17%	-8%	133%

Source: Shanghai Shipping Exchange

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Exhibit 22: SCFI Europe, 2010-24 (\$/TEU)

MoM: -15% YoY: +191% vs 2019: +192%

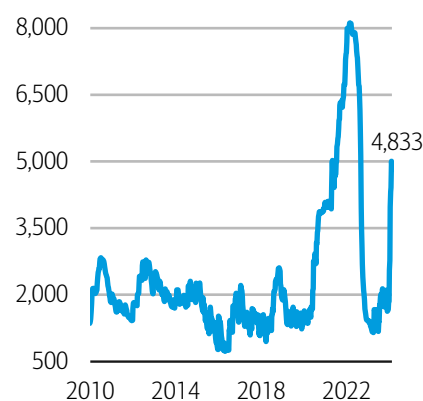


Source: Shanghai Shipping Exchange. \$=USD

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Exhibit 23: SCFI USWC, 2010-24 (\$/FEU)

MoM: +22% YoY: +280% vs 2019: +164%

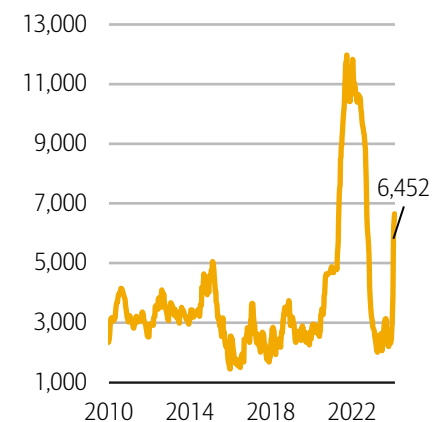


Source: Shanghai Shipping Exchange. \$=USD

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Exhibit 24: SCFI USEC, 2010-24 (\$/FEU)

MoM: +11% YoY: +158% vs 2019: +117%

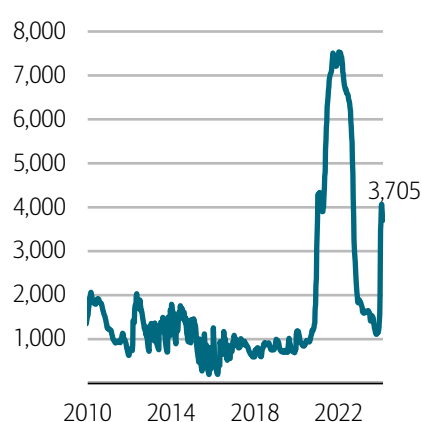


Source: Shanghai Shipping Exchange. \$=USD

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Exhibit 25: SCFI Med, 2010-24 (\$/TEU)

MoM: -8% YoY: +127% vs 2019: +303%

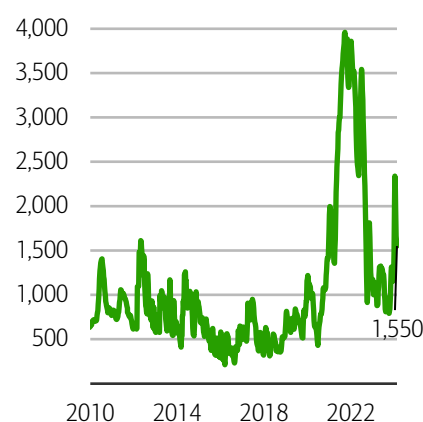


Source: Shanghai Shipping Exchange. \$=USD

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Exhibit 26: SCFI Middle East, 2010-24 (\$/TEU)

MoM: -30% YoY: +44% vs 2019: +120%



Source: Shanghai Shipping Exchange. \$=USD

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Exhibit 27: SCFI Singapore, 2010-24 (\$/TEU)

MoM: -2% YoY: +88% vs 2019: +97%



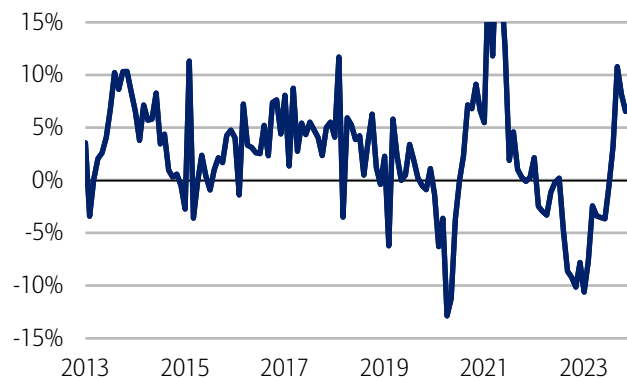
Source: Shanghai Shipping Exchange. \$=USD

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World trade trends

Exhibit 28: Global container volume growth (YoY %), 2013-23

World container trade up just below 10% YoY in past two months

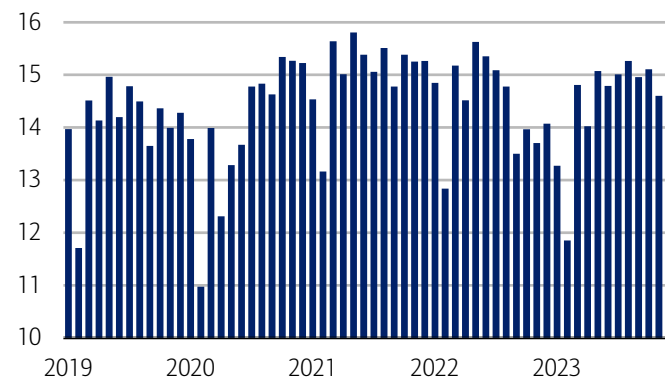


Source: Bloomberg

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Exhibit 29: Global monthly container volumes (mn TEU), 2019-23

World trade has been firm since spring 2023

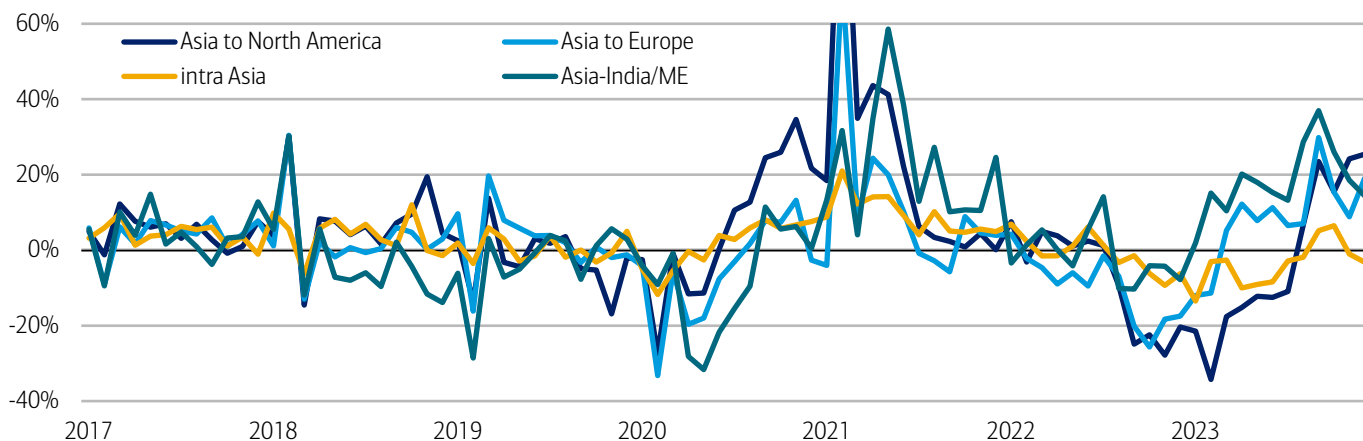


Source: Bloomberg

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Exhibit 30: Container volumes by route (% YoY), 2017-23

Key trade lane volumes still seeing positive YoY growth



Source: Bloomberg

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US high frequency container volumes

Exhibit 31: US weekly container imports 4w MA (% YoY), 2020-24

US weekly imports +10-15% YoY higher in past month

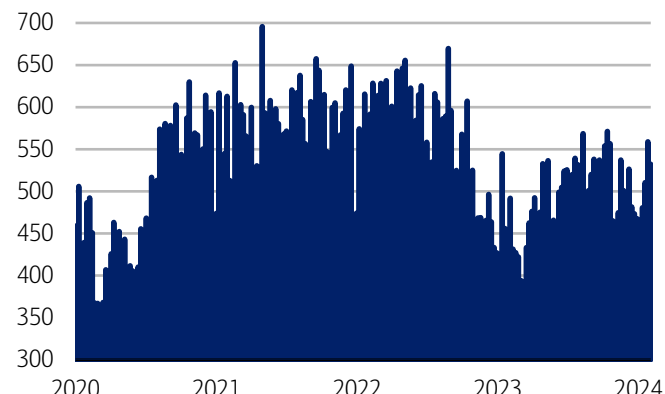


Source: Bloomberg

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Exhibit 32: US weekly container imports (K TEU), 2020-24

US weekly imports picked up in 2024

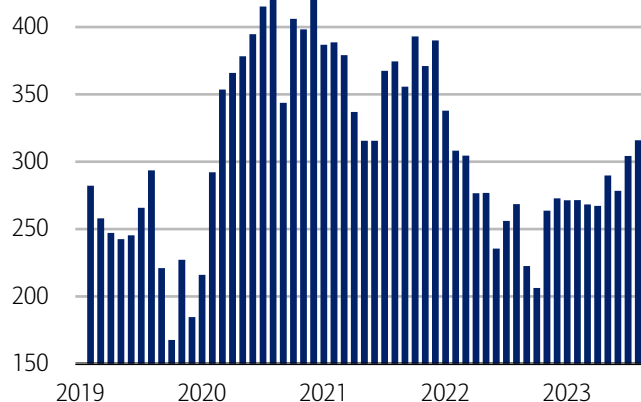


Source: Bloomberg

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Exhibit 33: US furniture monthly imports (TEU), 2019-24

US furniture imports remain above 300k TEU /month

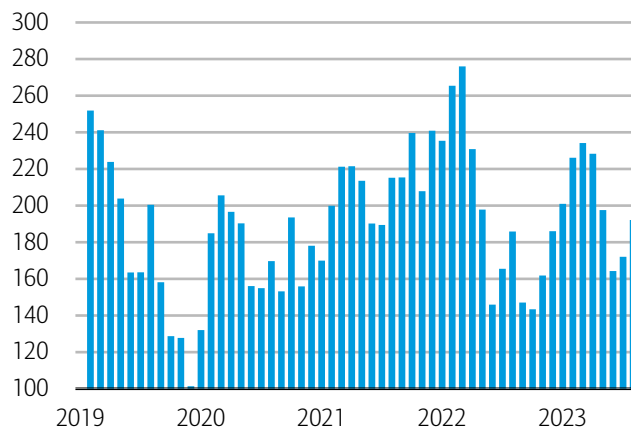


Source: Bloomberg

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Exhibit 34: US apparel & footwear monthly imports (TEU), 2019-24

US apparel & footwear imports reaches close to 190k TEU / month

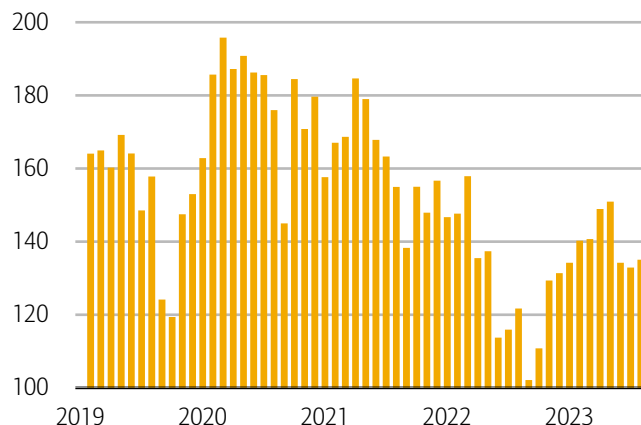


Source: Bloomberg

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Exhibit 35: US electronic monthly imports (TEU), 2019-24

US electronics imports remain below 140k TEU /month

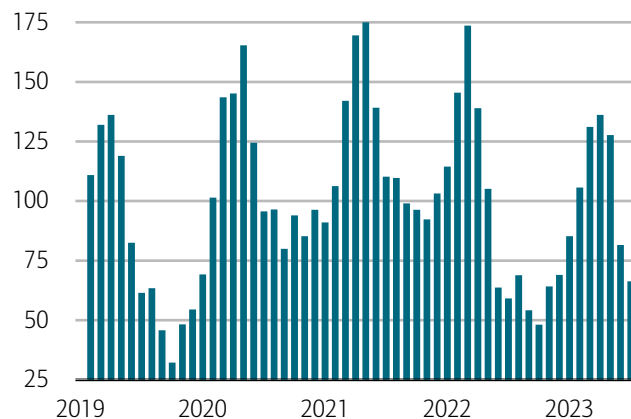


Source: Bloomberg

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Exhibit 36: US toy & leisure monthly imports (TEU), 2019-24

US toy & leisure imports back up to 75k TEU



Source: Bloomberg

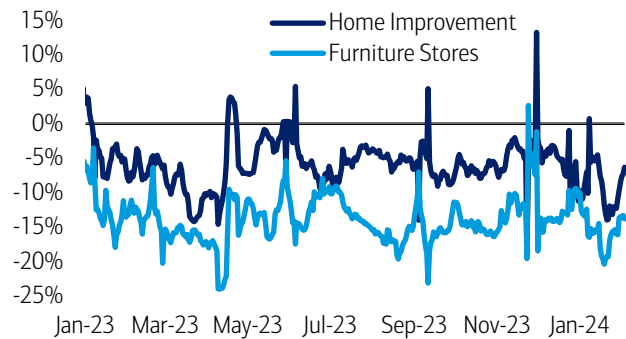
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US consumer reads

For more on BAC card spending data, and a detailed explanation of the methodology, disclaimers, and limitations in connection with such data see our note: [BofA on USA](#)

Exhibit 37: Spending per HH at home improvement and furniture stores, based on BAC US aggregated card data (y/y % change of the 7-day ma of spending levels)

Furniture and home improvement spending growth remained negative on a y/y basis in the week ending Feb 3

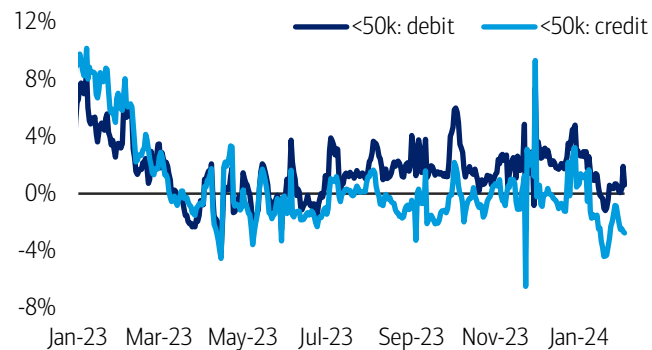


Source: BAC internal data

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Exhibit 39: Total US credit card and total debit card spending per HH for lower-income group (y/y % change of the 7-day ma of spending levels)

Lower-income debit card spending growth significantly outpaced credit card spending growth on a y/y basis in the week ending Feb 3



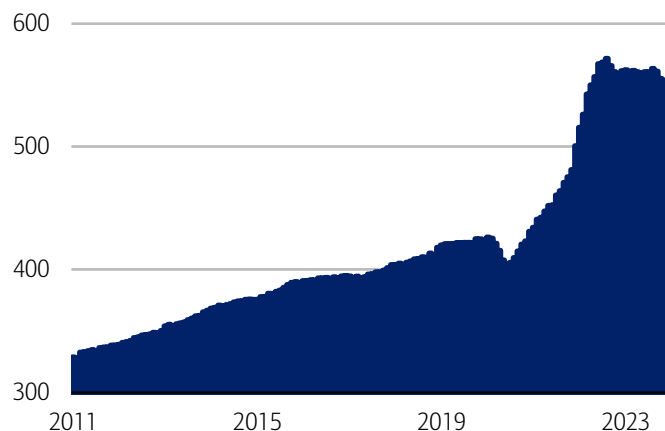
Source: BAC internal data

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US retail inventory levels

Exhibit 41: US retail (ex-auto) inventories (US\$bn), 2011-23

Retail inventories have been stable, still well above pre-COVID levels

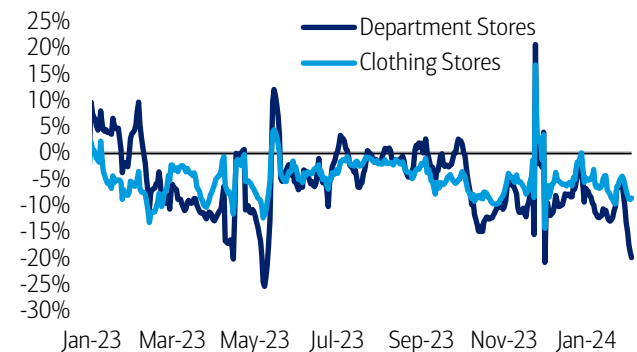


Source: Bloomberg

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Exhibit 38: Spending per HH at department and clothing stores, based on BAC US aggregated card data (y/y % change of the 7-day ma of spending levels)

Y/y clothing spending growth has generally been negative in 2023



Source: BAC internal data

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Exhibit 40: Aggregated US monthly card spending per HH by major category (%m/m, SA)

Card spending was weak in several categories in January

	Jan-24	Dec-23	Nov-23	Oct-23	Sep-23	Aug-23
Gas	-3.1%	0.8%	-3.9%	-3.2%	2.7%	5.8%
Furniture	-2.0%	-5.5%	3.8%	-1.4%	-1.2%	-2.4%
Home improvement	-2.6%	-1.1%	-0.3%	0.4%	-1.4%	-1.3%
Clothing	0.9%	-1.9%	2.8%	-1.9%	-1.3%	-1.7%
Grocery	1.1%	0.0%	-0.3%	0.9%	-0.2%	0.1%
Department Store	-1.8%	-1.0%	1.4%	-1.4%	0.0%	-2.9%
Restaurants	-2.4%	0.3%	0.4%	0.3%	0.1%	-0.6%
Lodging	-1.8%	0.9%	-0.2%	0.2%	0.0%	-1.6%
Airlines	0.6%	0.7%	3.2%	-2.9%	-0.5%	-0.9%
Total online retail (card not present)	-0.5%	0.0%	-0.1%	-0.4%	0.9%	-0.6%

Source: BAC internal data. Card not present is largely online but could include purchases made over the phone.

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Exhibit 42: US retail (ex-auto) inventory to sales ratio, 2011-23

Retail adjusted inventories to sales just below 1.2x back to historical average

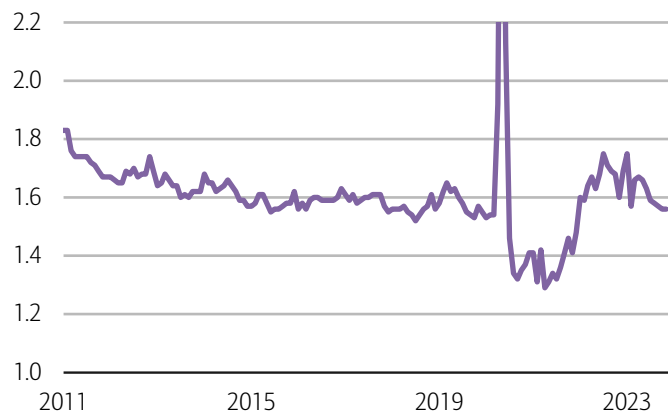


Source: Bloomberg

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Exhibit 43: Furniture – adjusted inventory to sales, 2011-23

Furniture inventory-to-sale closer to historical range

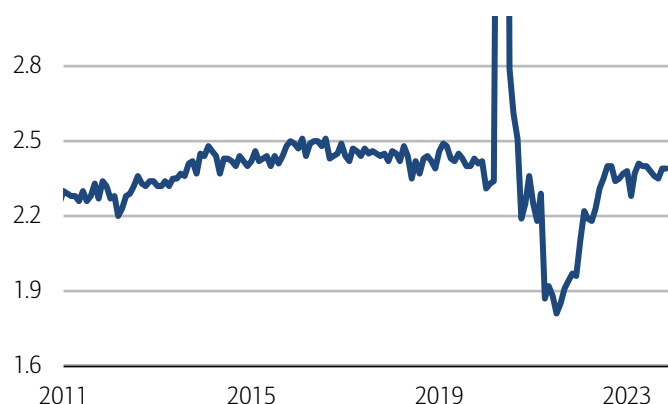


Source: Bloomberg

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Exhibit 45: Clothing – adjusted inventory to sales, 2011-23

Clothing inventory to sales returning to historical range

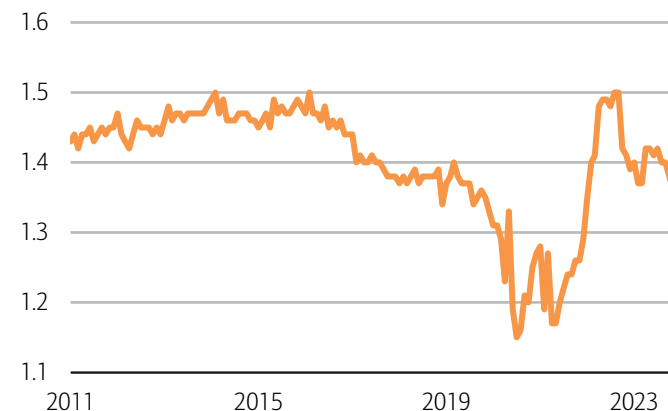


Source: Bloomberg

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Exhibit 44: General merchandise – adjusted inventory to sales, 2011-23

General merchandise inventory-to-sales returned to pre-COVID level

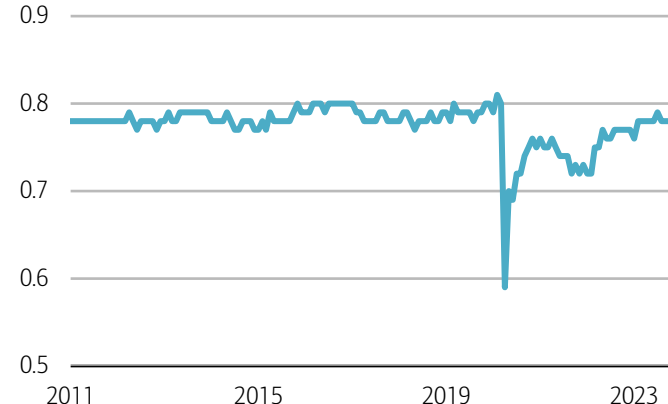


Source: Bloomberg

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Exhibit 46: Food & Beverage – adjusted inventory to sales, 2011-23

Food & beverage inventory to sales still slightly below historical level



Source: Bloomberg

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Idling & port congestion**Exhibit 47: Global port congestion - % of fleet, 2021-24**

Port congestion came down and now around 5.5%

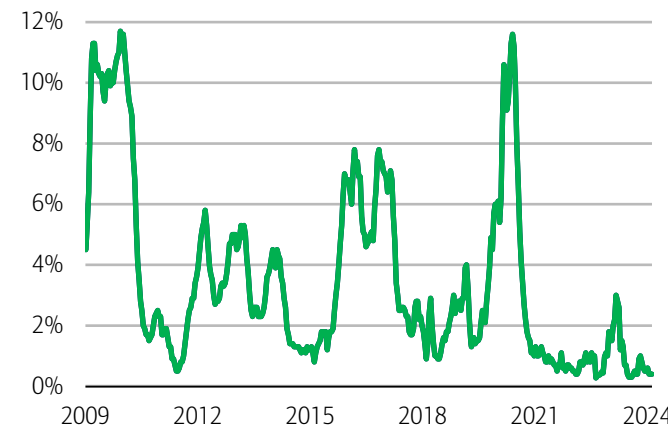


Source: Linerlytica

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Exhibit 48: Global container vessel idling rate (% of fleet), 2009-24

Idling rate well below 1% of the fleet



Source: Linerlytica, Alphaliner

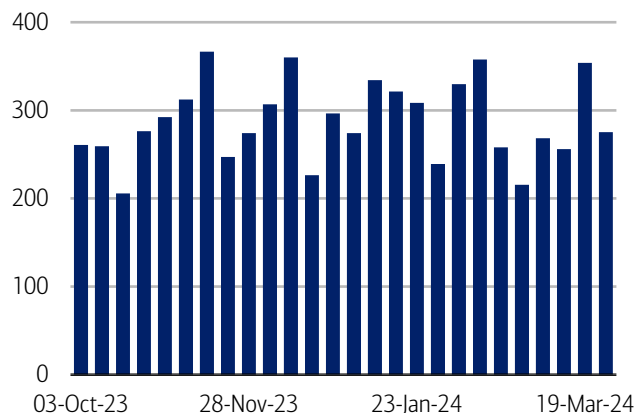
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Weekly sailing capacity on key routes

Exhibit 49: Weekly vessel capacity, Asia to North EU (k TEU), 2023-24

Weekly capacity remains low

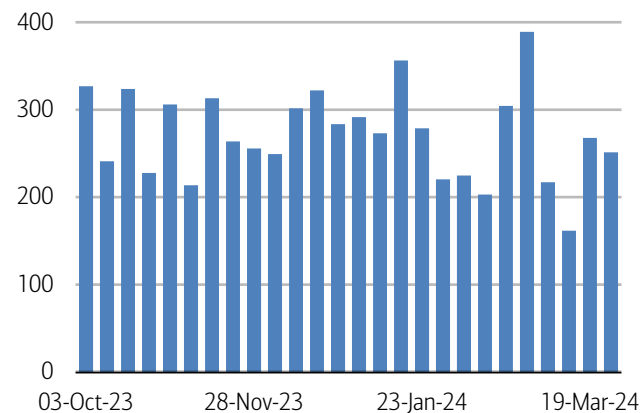


Source: Linerlytica

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Exhibit 50: Weekly vessel capacity, Asia to USWC (k TEU), 2023-24

Capacity remains weak and trending down in Feb-Mar



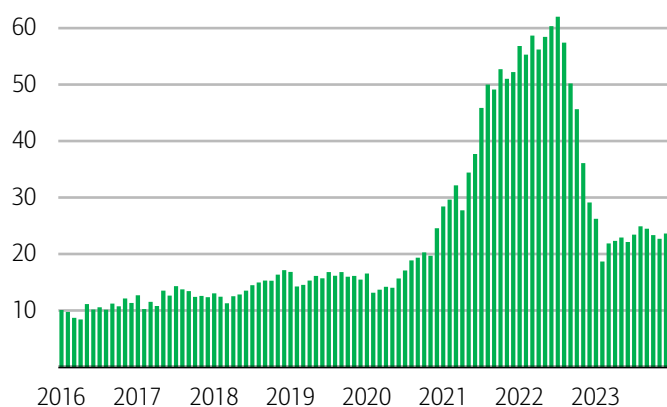
Source: Linerlytica

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Container liner monthly revenue

Exhibit 51: Evergreen – monthly revenue, 2016-23 (NT\$ bn)

Evergreen December monthly revenues: -19% YoY, +4% MoM

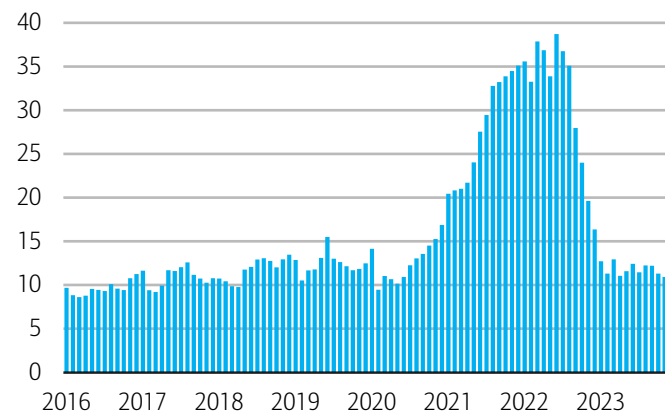


Source: Company reports

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Exhibit 52: Yang Ming – monthly revenue, 2016-23 (NT\$ bn)

Yang Ming December monthly revenues: -35% YoY, -2% MoM



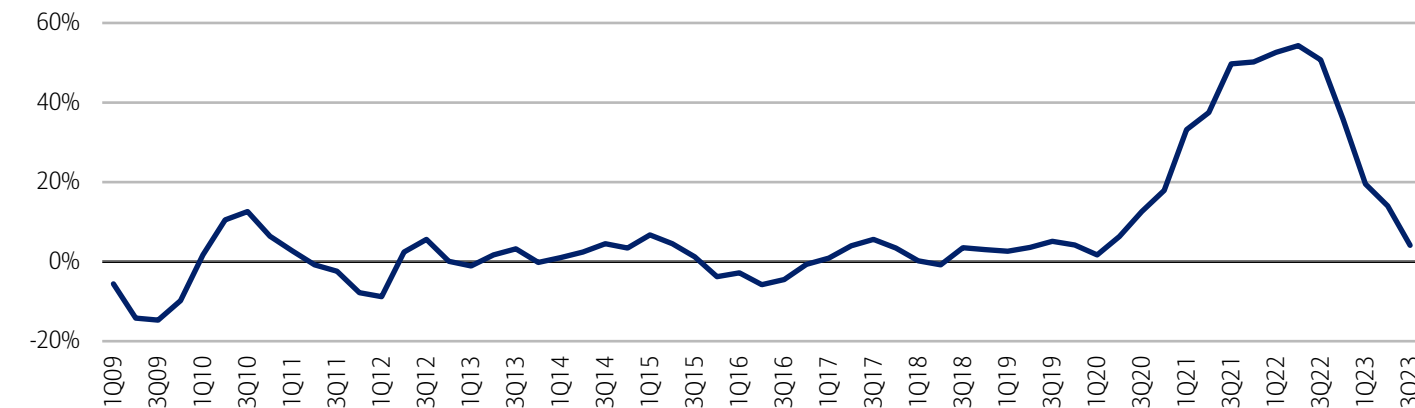
Source: Company reports

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Container liner average EBIT margins

Exhibit 53: Container liner average quarterly EBIT margin, 2009-23

3Q23 operating profit margin of 4%



Source: Linerlytica

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Vessel supply-side trends

Exhibit 54: Container shipping orderbook to fleet, 1996-24

Container shipping orderbook stands at around 25% of fleet

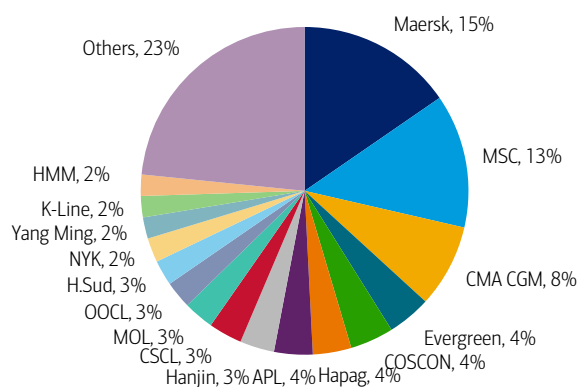


Source: Clarksons

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Exhibit 56: Container liner capacity share in 2013

Top 10 carriers in 2013 = ~60% market share

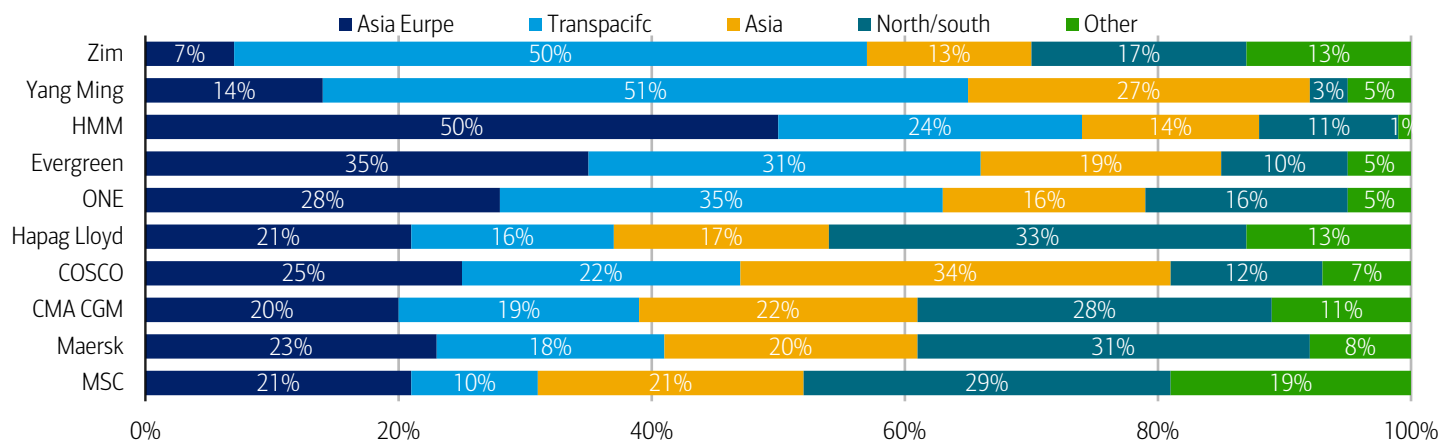


Source: Alphaliner

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Exhibit 58: Container liner capacity by route

Container liner capacity deployment by route

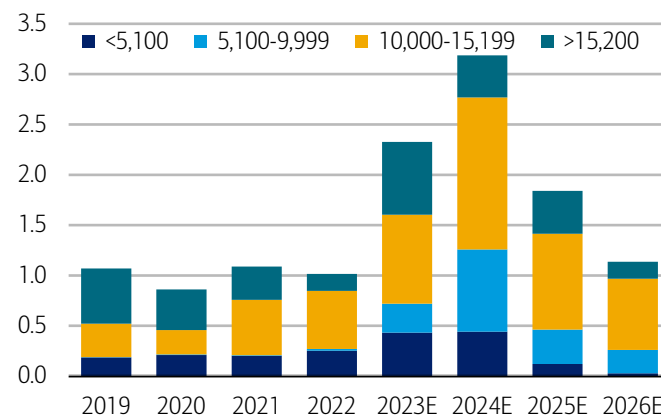


Source: Alphaliner. *Asia includes Middle East, India

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Exhibit 55: Delivery by vessel size (mn TEU), 2019-26E

Deliveries ramping into 2024 with ~3.2mn TEU for delivery

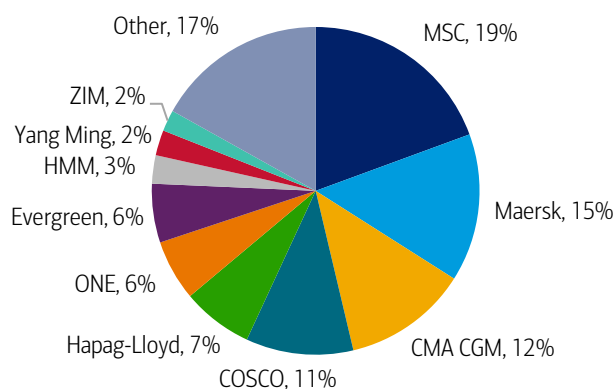


Source: Linerlytica

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Exhibit 57: Container liner capacity share in 2023

Top 10 carrier in 2023 = ~83% market share

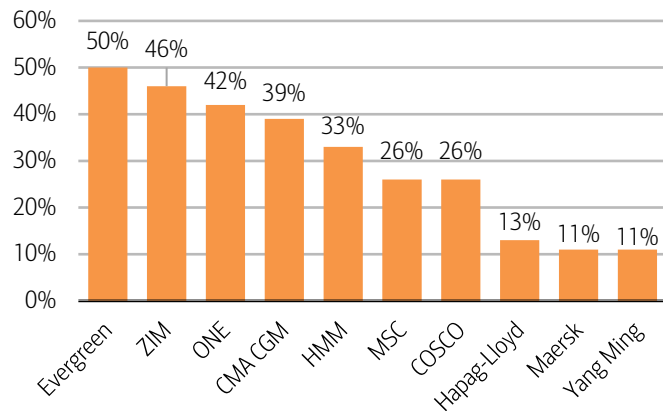


Source: Linerlytica

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Exhibit 59: Container liners – orderbook to fleet

Larger orderbooks for Evergreen, ZIM, and ONE

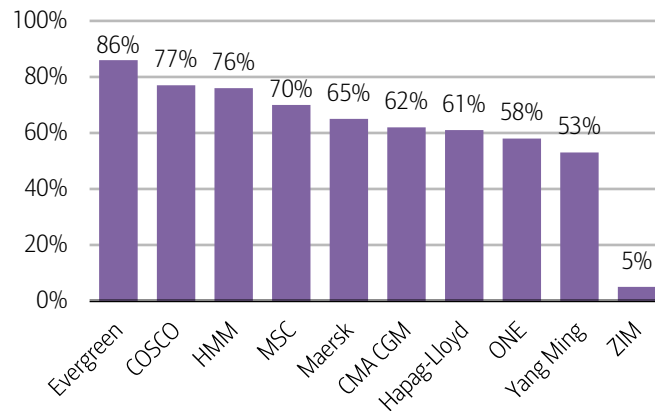


Source: Linerlytica

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Exhibit 60: Container liners - % of fleet which is owned/finance lease

Liners own or finance lease more than half their fleet on average

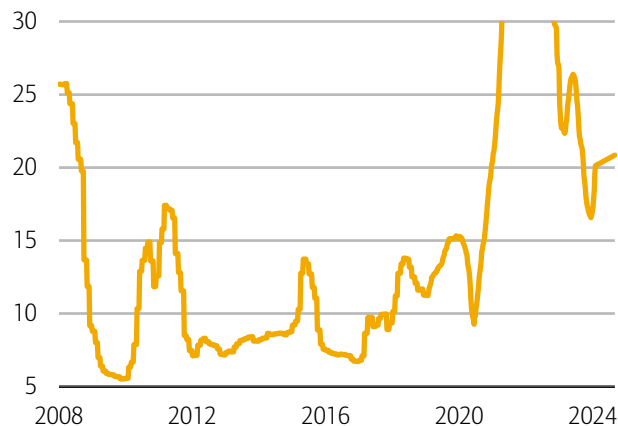


Source: Linerlytica

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Container shipping costs**Exhibit 61: Average containership charter rate (US\$ k/day), 2008-24**

Average charter rates now around US\$20K/day



Source: Clarksons

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Exhibit 62: Singapore bunker price (US\$/ton), 2016-24

VLSFO ~US\$630/ton and HSFO ~US\$450/ton



Source: Clarksons

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Container vessel speeds & scrapping**Exhibit 63: Container vessel average sailing speed (knots), 2013-23**

Container vessels sailing speed below 14 knots

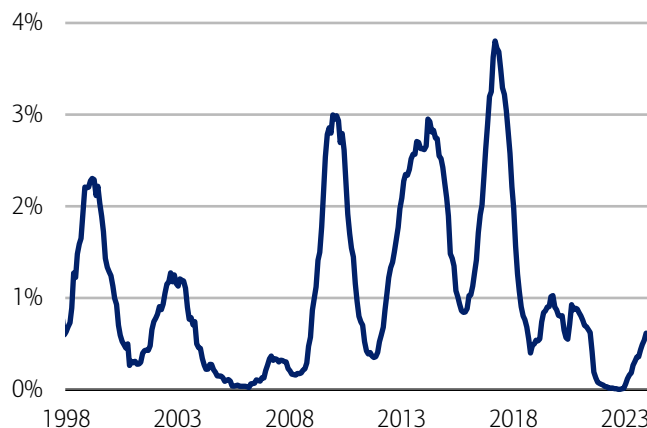


Source: Clarksons

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Exhibit 64: Container scrap rate (% of fleet), 1998-2023

Scrapping rate around 0.6% of fleet



Source: Clarksons

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Container shipping - demand & supply outlook

Exhibit 65: Container shipping demand & supply outlook, 2014-25E

Container shipping faces heavy oversupply into 2023-24

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Demand growth (TEU)	5.3%	1.3%	3.0%	6.6%	5.2%	2.5%	-0.7%	6.7%	0.8%	0.3%	3.4%	3.5%
New vessel deliveries	8.6%	9.4%	4.7%	5.9%	6.1%	4.7%	3.7%	4.5%	4.4%	8.7%	10.2%	5.9%
Demolition	-2.1%	-0.1%	-2.9%	-2.0%	-0.2%	-0.9%	-0.7%	-0.1%	-0.1%	-0.7%	-2.5%	-2.0%
Net Slot Capacity Growth	6.5%	9.4%	1.7%	3.9%	5.9%	3.9%	3.0%	4.4%	4.3%	8.0%	7.7%	3.9%
Impact of change in idle rate	1.4%	-0.7%	-3.5%	2.9%	1.6%	-1.3%	-2.9%	5.2%	0.0%	-0.4%	0.0%	0.0%
Impact of change in congestion	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-1.9%	-5.2%	-4.8%	5.8%	0.9%	0.0%
"In service" capacity growth (TEU)	7.9%	8.7%	-1.7%	6.7%	7.5%	2.6%	-1.8%	4.4%	-0.5%	13.4%	8.6%	3.9%
Effective Demand / Supply balance	-2.6%	-7.4%	+4.7%	-0.1%	-2.3%	-0.1%	+1.1%	+2.3%	+1.3%	-13.1%	-5.2%	-0.4%

Source: BofA Global Research estimates, Linerlytica

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Tanker shipping

Freight rates

Exhibit 66: Average quarterly tanker rates (US\$/day), 2023-24

Average quarterly tanker rates up QoQ

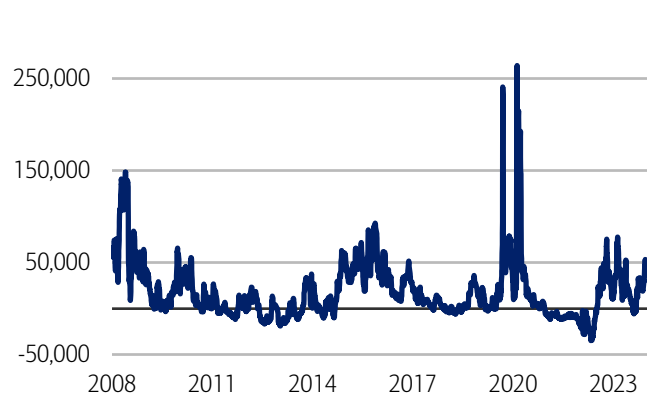
Date	1Q23	2Q23	3Q23	4Q23	1Q24
VLCC	34,498	25,984	8,747	20,792	41,442
Suezmax	74,764	49,350	17,655	49,911	51,957
Aframax	64,833	45,616	18,800	45,969	52,854
MR	29,143	25,574	24,610	28,467	32,511
LR2	50,462	48,135	33,058	39,923	52,500
% YoY					
VLCC	-295%	-220%	-10%	-51%	20%
Suezmax	244%	38%	-65%	-44%	-31%
Aframax	197%	28%	-60%	-42%	-18%
MR	199%	-24%	-38%	-31%	12%
LR2	149%	78%	-2%	-14%	4%
% QoQ					
VLCC	-19%	-25%	-66%	138%	99%
Suezmax	-16%	-34%	-64%	183%	4%
Aframax	-18%	-30%	-59%	145%	15%
MR	-30%	-12%	-4%	16%	14%
LR2	9%	-5%	-31%	21%	32%

Source: Clarksons, Note: 1Q24 numbers are average of monthly data

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Exhibit 68: VLCC freight rates (US\$/day), 2008-24

Baltic VLCC rates up in January

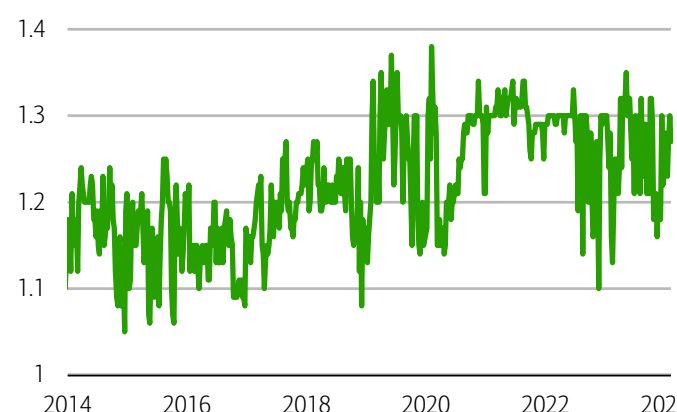


Source: Clarksons

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Exhibit 67: VLCC supply vs demand in Middle East #, 2014-24

VLCC supply vs demand in Middle East #

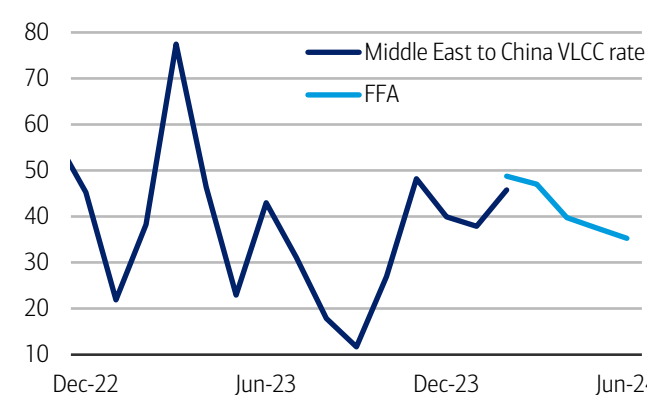


Source: Bloomberg. # 1 indicates equal number of VLCC supply vs demand for next 30 days, 1.1 indicates 10% surplus of VLCC relative to demand in coming 30 days.

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Exhibit 69: VLCC freight forward agreement rates (US\$/day)

Forward curve pointing down into 1Q and 2Q

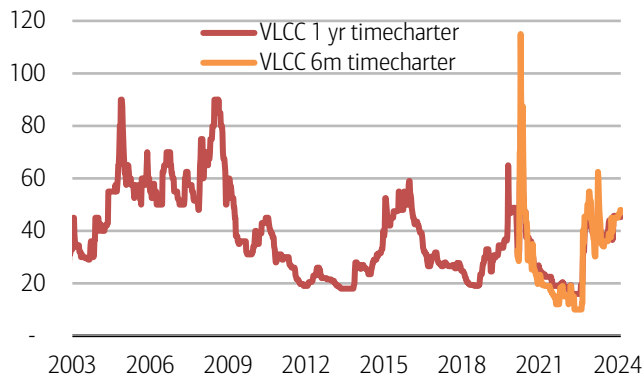


Source: Clarksons, Baltic Exchange

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Exhibit 70: VLCC time charter rates (US\$ k/day), 2003-24

One year VLCC time charter rates around US\$45k per day

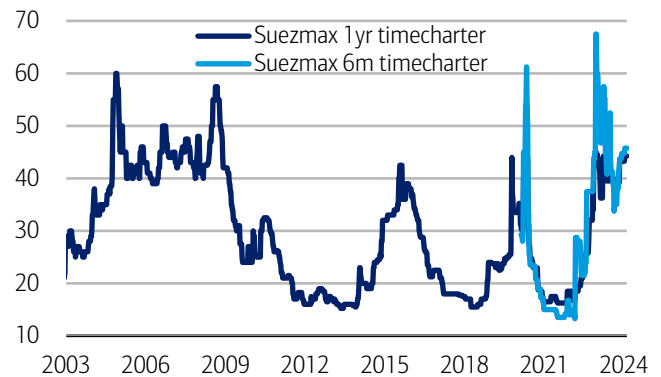


Source: Clarksons

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Exhibit 71: Suezmax time charter rates (US\$ k/day), 2003-24

One year Suezmax time charter rates around US\$44k per day



Source: Clarksons

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Crude oil demand**Exhibit 72: Seaborne crude oil volumes (% YoY), 2015-23**

Seaborne crude tanker volume YoY growth slowed on OPEC cuts

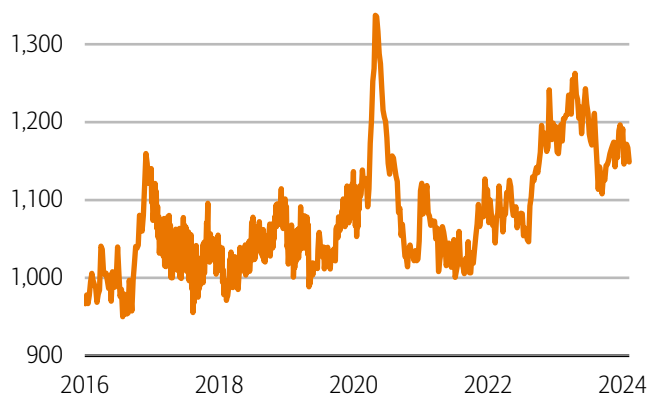


Source: Clarksons

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Exhibit 73: Crude tanker barrels on the water (mn bbl), 2016-24

Crude tanker demand has sequentially improved

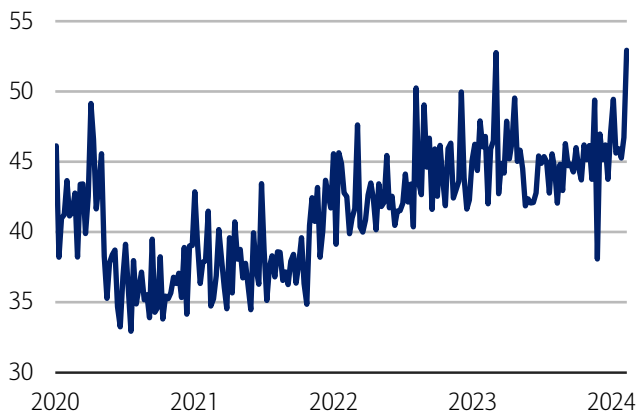


Source: Clarksons

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Crude oil exports**Exhibit 74: Global weekly crude oil exports (mn b/d), 2020-24**

Global crude oil exports remain elevated

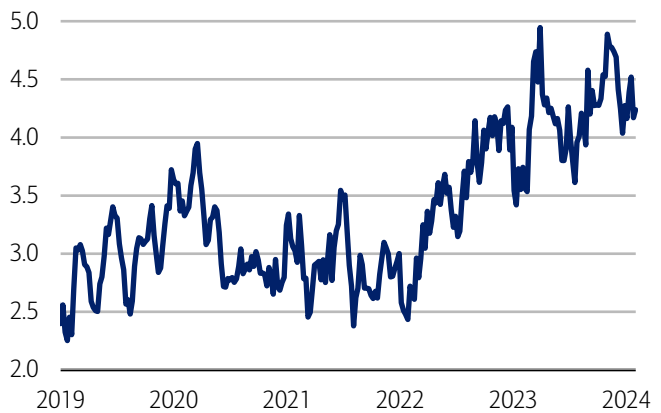


Source: Bloomberg

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Exhibit 75: US crude exports (mn b/d) – 4w MA, 2019-24

US crude oil exports slightly bounced back

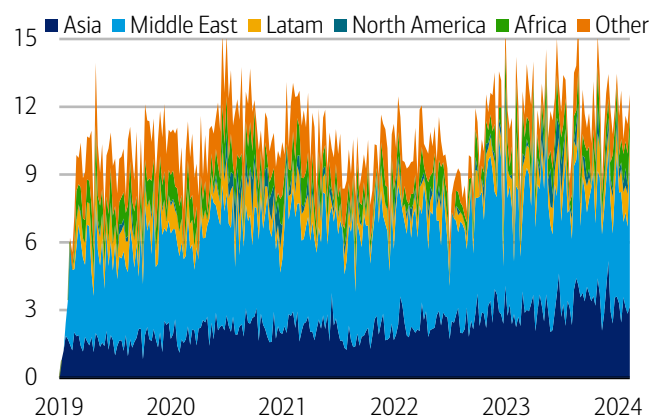


Source: Bloomberg

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Exhibit 76: Chinese weekly crude imports (mn b/d), 2019-24

Chinese imports strengthened in recent weeks

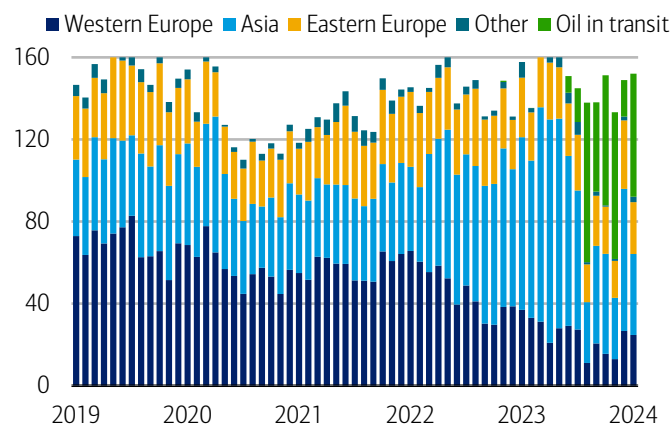


Source: Bloomberg

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Exhibit 78: Russian seaborne crude exports (mn bbl / month), 2019-24

Total Russian crude exports still robust

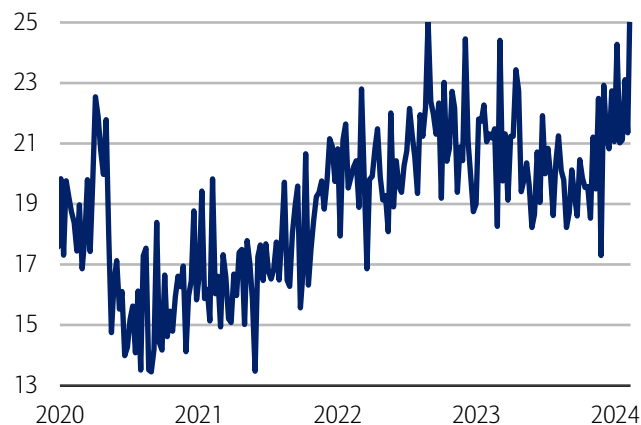


Source: Bloomberg

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Exhibit 77: Middle east crude exports (mm bbl / week), 2020-24

Middle East exports came down but still remain relatively high



Source: Bloomberg

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Exhibit 79: Med Urals crude oil price (US\$/bbl), 2015-24

Urals crude oil price ~US\$70/bbl



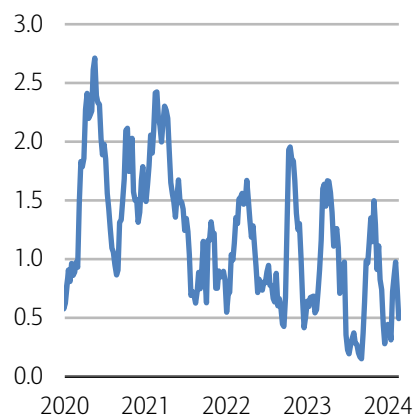
Source: Bloomberg

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Oil refinery outage

Exhibit 80: Europe (k bbl/ day)

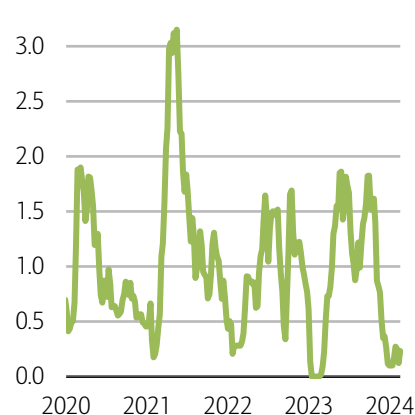
Outage around 0.5k bbl/day at end of January



Source: Bloomberg. Note: Europe include Mediterranean
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Exhibit 81: Asia Pacific (k bbl/ day)

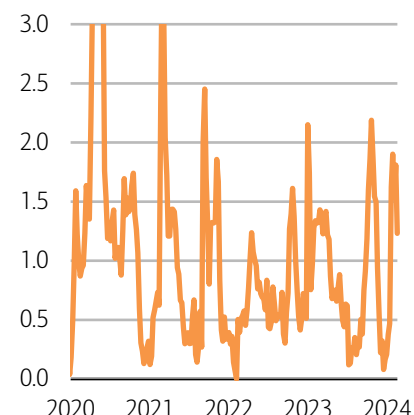
Very little outage in January 2024



Source: Bloomberg. Note: Asia Pacific includes Japan & China
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Exhibit 82: North America (k bbl/ day)

Outage picked up in early 2024



Source: Bloomberg
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Tanker supply

Exhibit 83: Crude tanker orderbook as % of fleet, 1996-24

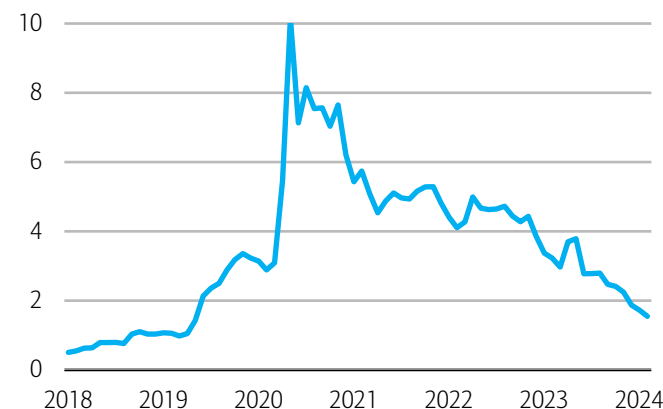
Crude tanker orderbook to fleet ~4.5%



Source: Clarksons
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Exhibit 84: Crude tanker storage as % of fleet, 2018-24

Tanker storage now around 1.6% of fleet

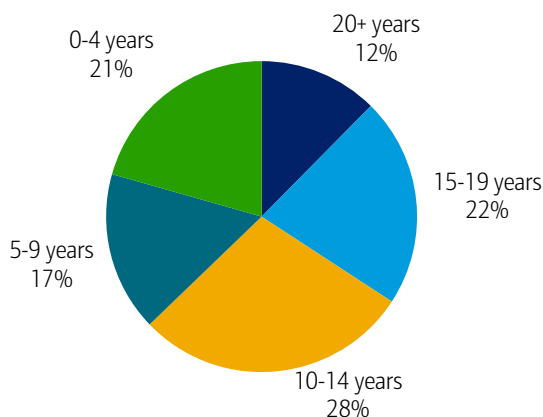


Source: Clarksons
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Tanker age and scrap rate

Exhibit 85: Crude tanker – age distribution, 2023

34% of fleet is older than 15 years

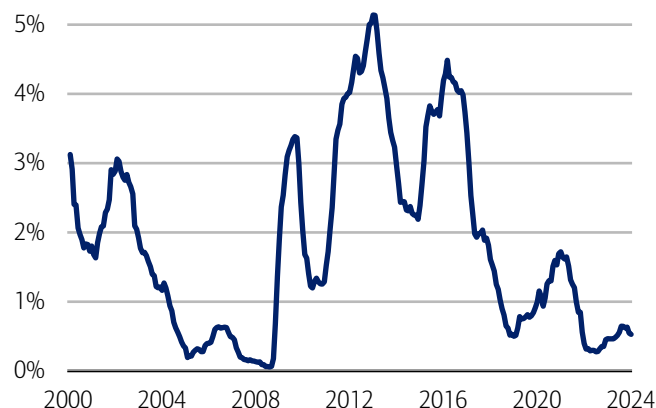


Source: Clarksons

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Exhibit 86: Tanker scrap rate (%) – 2000-24

Scrapping rate down to still around 0.5% of fleet



Source: Clarksons

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Crude tanker demand & supply

Exhibit 87: Crude tanker demand & supply growth forecasts (% YoY), 2014-25E

Crude tanker market fundamentals look positive in the years ahead

Crude tanker	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Demand Growth	-0.2%	2.9%	4.0%	5.0%	3.4%	1.1%	-6.7%	-3.7%	7.0%	6.8%	5.0%	1.5%
Effective Fleet Growth	0.4%	1.0%	5.9%	5.9%	1.1%	6.0%	0.9%	-0.1%	3.2%	2.6%	0.4%	0.8%
Demand / supply balance	-0.6%	+1.9%	-1.9%	-0.9%	+2.3%	-4.8%	-7.6%	-3.6%	+3.8%	+4.2%	+4.6%	+0.7%
Crude tanker fleet (mn dwt)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Fleet, beginning	339.5	340.8	347.5	367.6	386.3	388.5	417.0	430.7	442.4	446.4	452.6	454.2
New delivery	9.3	8.4	20.8	27.8	20.9	28.2	17.1	16.6	9.3	10.7	3.2	5.0
Scrapping rate	(6.0)	(1.3)	(1.4)	(9.0)	(17.1)	(2.6)	(3.4)	(9.0)	(5.3)	(4.5)	(1.6)	(1.6)
Others	(2.1)	(0.4)	0.7	(0.2)	(1.7)	3.0	0.0	4.0	0.0	0.0	0.0	0.0
Fleet, Ending, Dwt mn **	341	347	368	386	388	417	431	442	446	453	454	458
Growth	0.4%	2.0%	5.8%	5.1%	0.6%	7.4%	3.3%	2.7%	0.9%	1.4%	0.4%	0.8%
Floating storage adjustment	0.0%	-1.0%	0.1%	0.8%	0.6%	-1.4%	-2.4%	-2.8%	2.3%	1.2%	0.0%	0.0%
Effective supply growth	0.4%	1.0%	5.9%	5.9%	1.1%	6.0%	0.9%	-0.1%	3.2%	2.6%	0.4%	0.8%
Delivery ratio	58%	72%	59%	91%	68%	91%	100%	87%	90%	100%	100%	100%
Scrapping rate	1.8%	0.4%	0.4%	2.4%	4.4%	0.7%	0.8%	2.1%	1.2%	1.0%	0.4%	0.4%
Gross delivery rate	2.7%	2.5%	6.0%	7.6%	5.4%	7.2%	4.1%	3.9%	2.1%	2.4%	0.7%	1.1%

Source: Clarksons, BofA Global Research estimates

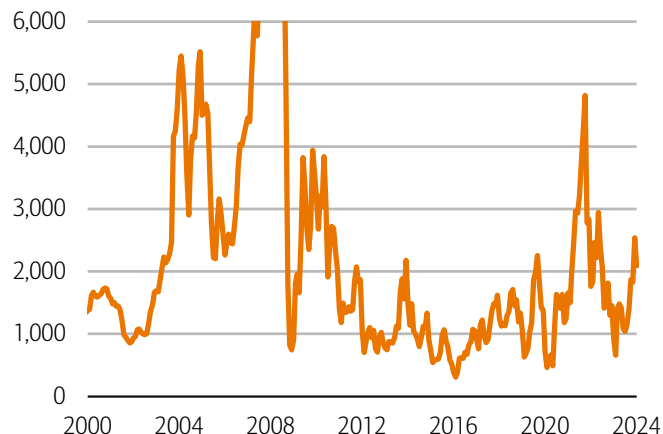
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Dry bulk shipping

Freight rates

Exhibit 88: Baltic Dry Index, 2000-24

BDI just around 2,000



Source: Clarksons

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Exhibit 89: Baltic average rates (US\$/day), 2023-24

Dry bulk quarterly rates up YoY

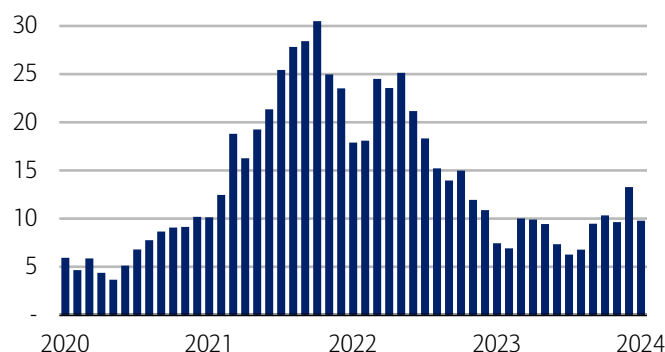
Date	1Q23	2Q23	3Q23	4Q23	1Q24
BDI	1,011	1,313	1,194	2,033	1,656
Capesize	9,144	15,561	13,407	28,128	21,532
Panamax 82	11,326	12,248	11,890	16,117	12,297
Supramax 58	10,171	10,763	10,028	14,148	14,185
Handysize 38	9,702	10,414	8,863	12,851	11,564
% YoY					
BDI	-49%	-48%	-36%	33%	64%
Capesize	-38%	-28%	-21%	89%	135%
Panamax 82	-51%	-58%	-35%	0%	9%
Supramax 58	-60%	-61%	-53%	-5%	39%
Handysize 38	-60%	-61%	-59%	-14%	19%
% QoQ					
BDI	-34%	30%	-9%	70%	-19%
Capesize	-39%	70%	-14%	110%	-23%
Panamax 82	-29%	8%	-3%	36%	-24%
Supramax 58	-31%	6%	-7%	41%	0%
Handysize 38	-35%	7%	-15%	45%	-10%

Source: Clarksons

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Exhibit 90: Handysize spot monthly average (US\$ k/day), 2020-24*

Spot handysize averaged ~US\$10k/day in January



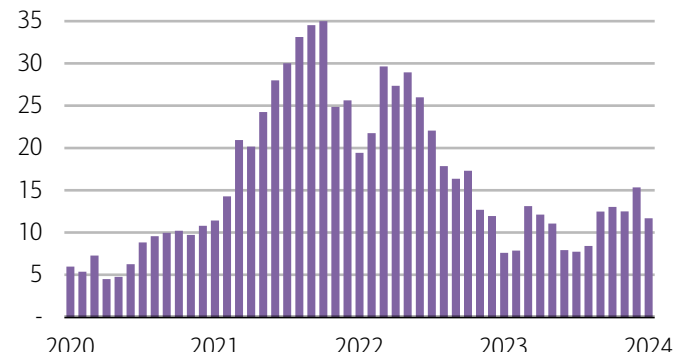
Source: Clarksons, BofA Global Research estimates

*Size and commission adjusted to be comparable to PacBasin average handy rates

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Exhibit 91: Supramax spot monthly average (US\$ k/day), 2020-24*

Spot supramax averaged ~US\$12k/day in January



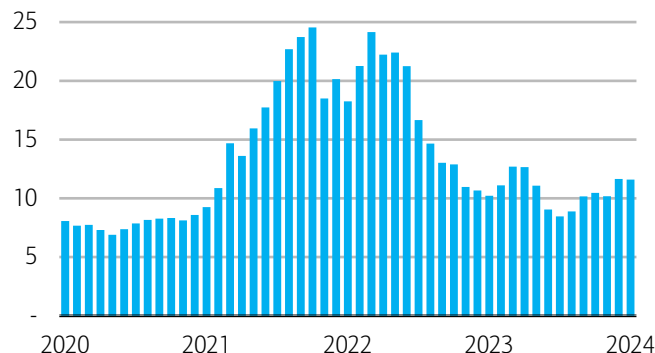
Source: Clarksons, BofA Global Research estimates

* Commission adjusted to be comparable to PacBasin achieved rates

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Exhibit 92: Handysize 1yr TC monthly average (US\$ k/day), 2020-24*

1yr time charter handysize averaging ~US\$11.5k/day in January



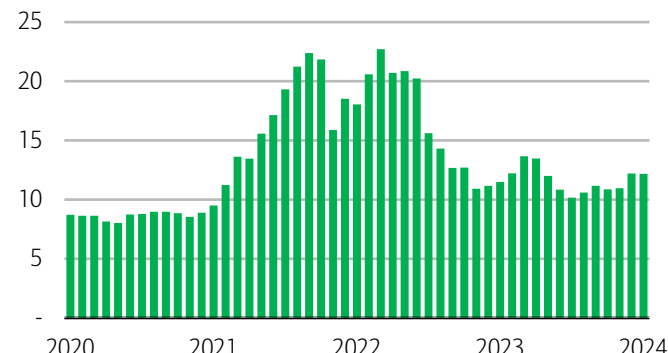
Source: Clarksons, BofA Global Research estimates

*Size and commission adjusted to be comparable to PacBasin average handy rates

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Exhibit 93: Supramax 1yr TC monthly average (US\$ k/day), 2020-24*

1yr time charter supramax averaging ~US\$12.0k/day in January



Source: Clarksons, BofA Global Research estimates

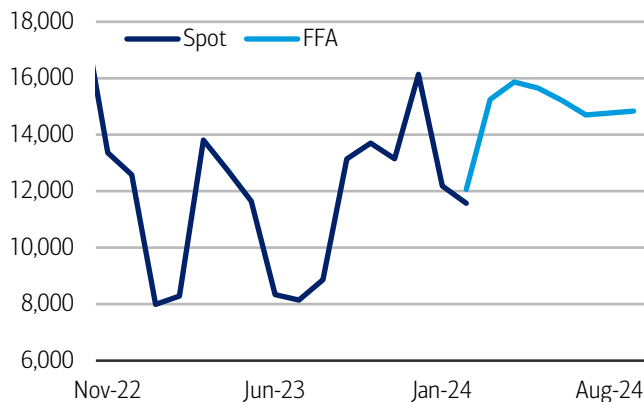
*Size and commission adjusted to be comparable to PacBasin average handy rates

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Handysize & Supramax FFA outlook

Exhibit 94: Supramax - Freight Forward Agreement, 2022-24

Supra forward curves pointing up and stay elevated into summer

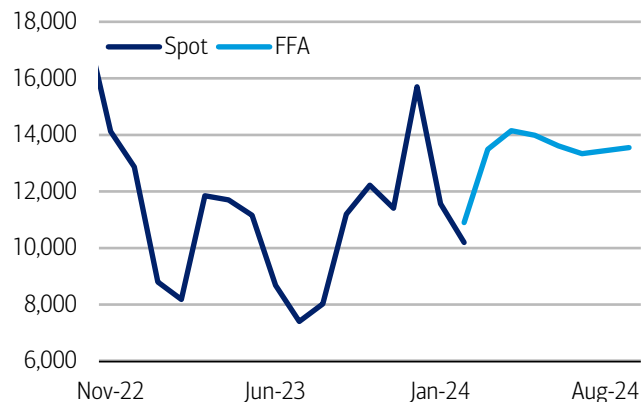


Source: Bloomberg, Braemar

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Exhibit 95: Handysize - Freight Forward Agreement, 2022-24

Handy forward curves point to up and stay elevated into summer



Source: Bloomberg

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Dry bulk demand reads

Exhibit 96: Dry bulk demand growth (% YoY), 2015-23

Dry bulk demand improved in 2023

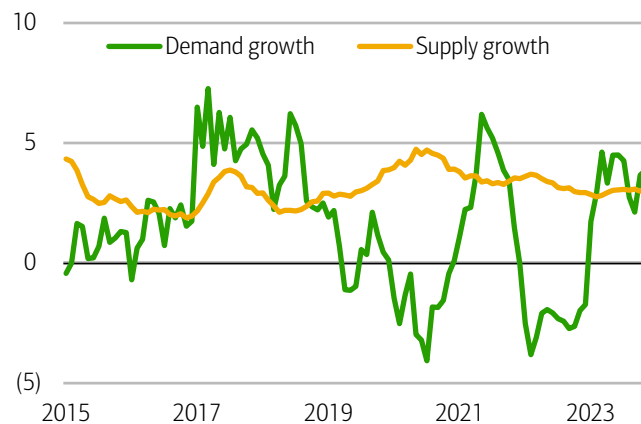


Source: Clarksons

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Exhibit 97: Bulk demand & supply growth (% YoY), 2015-23

Bulk demand growth above supply growth



Source: Clarksons

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Exhibit 98: Iron ore demand growth (% YoY), 2015-23

Iron ore demand growth remain around 8%

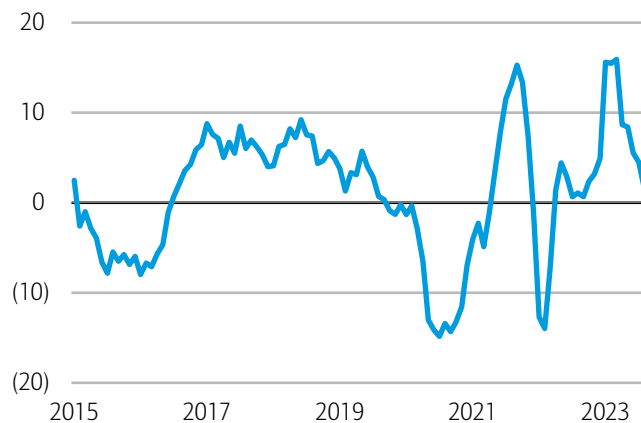


Source: Clarksons

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Exhibit 99: Coal demand growth (% YoY), 2015-23

Coal demand growth picked up in January

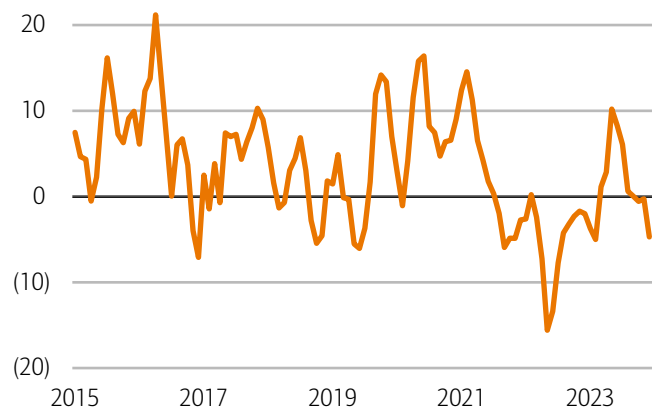


Source: Clarksons

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Exhibit 100: Grain demand growth (% YoY), 2015-23

Grain demand to show small sign of improvement

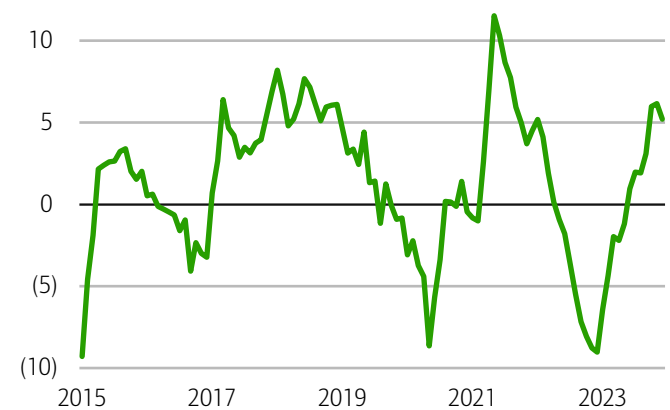


Source: Clarksons

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Exhibit 101: Minor bulk demand growth (% YoY), 2015-23

Minor bulk demand growth trending up

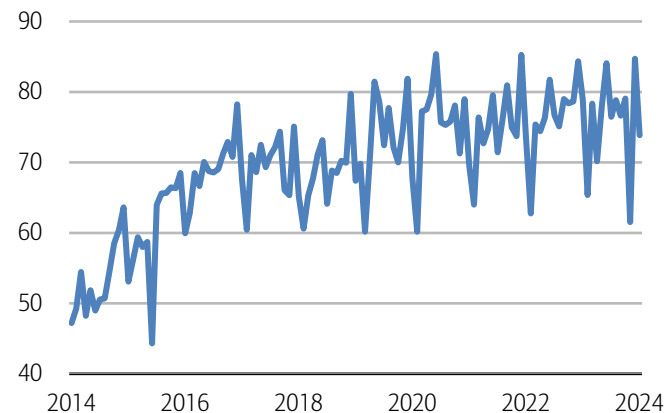


Source: Clarksons

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Iron ore monthly shipments**Exhibit 102: Australia iron ore monthly shipments (tn ton), 2014-24**

Australia iron ore exports recovering off cyclone disruptions

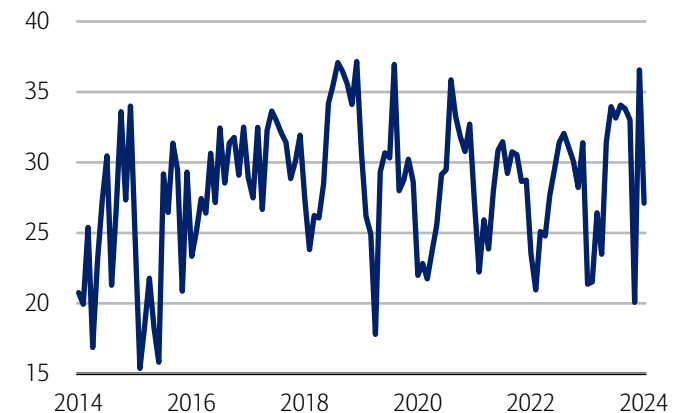


Source: Bloomberg

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Exhibit 103: Brazil iron ore monthly shipments (tn ton), 2014-24

Brazil iron ore exports relatively stable

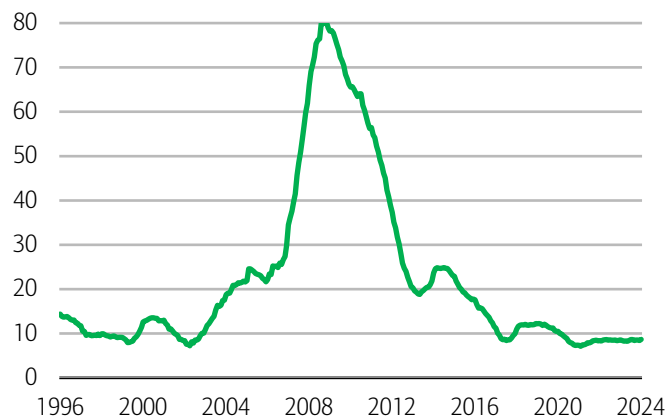


Source: Bloomberg

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Vessel supply**Exhibit 104: Dry bulk orderbook to fleet (%), 1996-2024**

Orderbook to fleet still below 10%

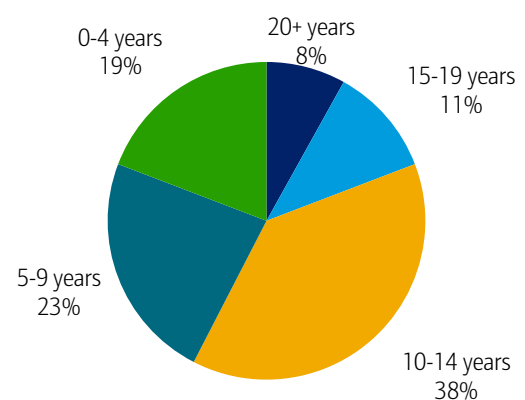


Source: Clarksons

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Exhibit 105: Dry bulk vessel age distribution, 2023

19% of fleet is older than 15 years

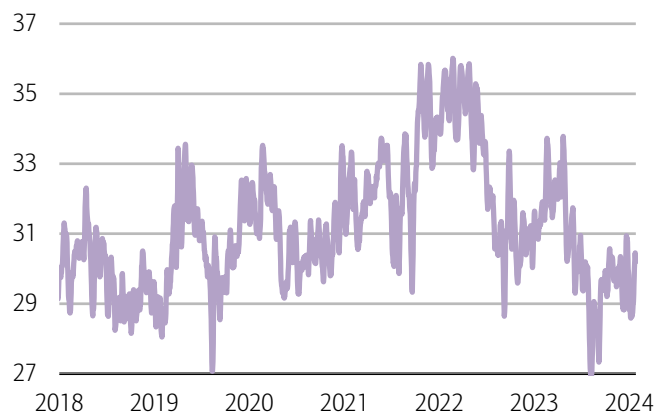


Source: Clarksons

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Port congestion

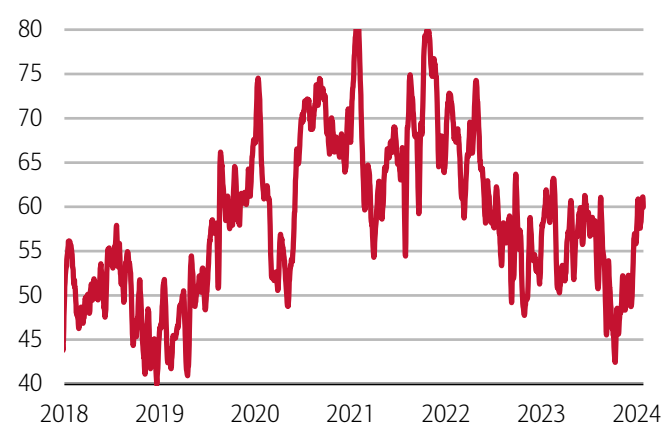
Exhibit 106: Daily dry bulk fleet at port (anchor or berth) (%), 2018-24
~30% of dry bulk fleet at port



Source: Clarksons

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Exhibit 107: Daily dry bulk fleet at Chinese ports (mn DWT 7D MA)
Rebounded in early January, now around 60 mn DWT

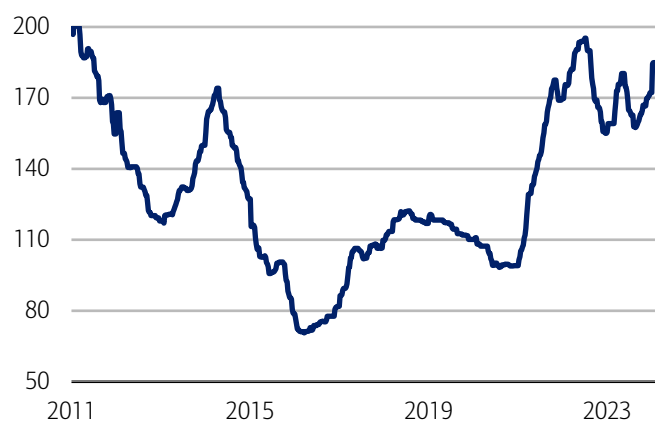


Source: Clarksons

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Bulk carrier price & scrap rate

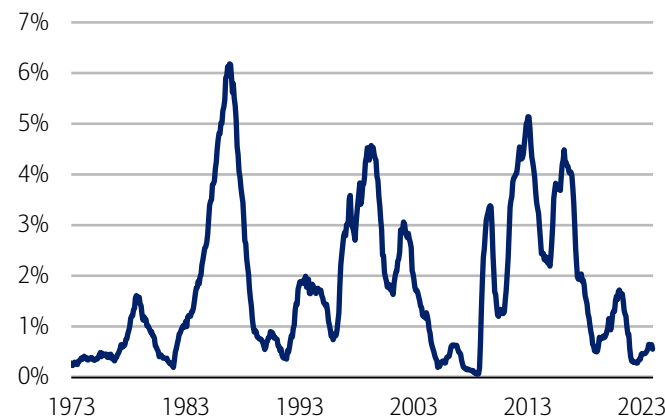
Exhibit 108: Bulk carrier secondhand vessel price index, 2011-23
Secondhand vessel prices started come down but still at higher end



Source: Clarksons

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Exhibit 109: Bulk carrier scrap rate (%) – 1973-2023
Scraping rate down to around 0.55% of fleet

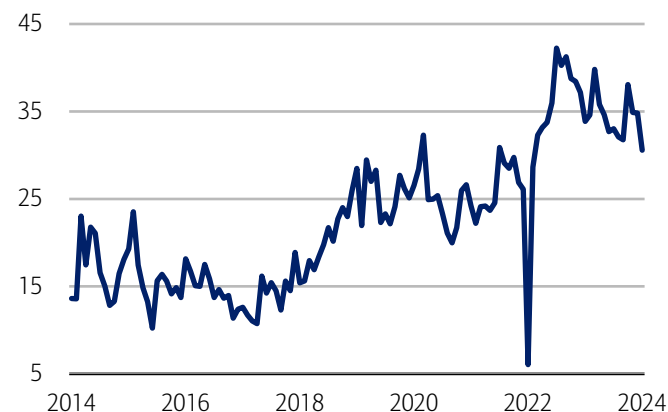


Source: Clarksons

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Coal monthly shipments

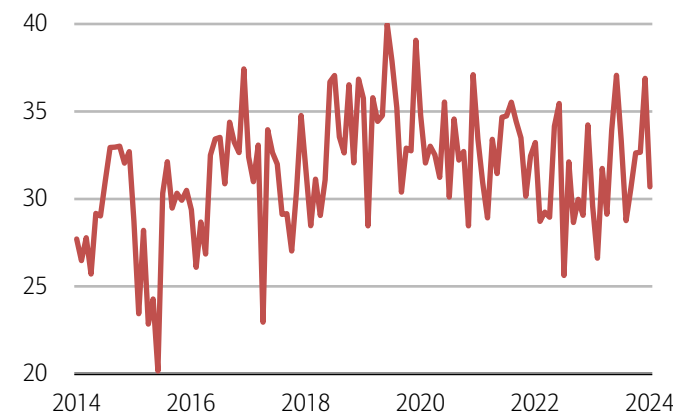
Exhibit 110: Indonesian coal monthly shipments (tn ton), 2014-24
Indonesian exports remain high



Source: Bloomberg

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Exhibit 111: Australian coal monthly shipments (tn ton), 2014-24
Aussie coal shipments remain strong



Source: Bloomberg

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Dry bulk demand & supply

Exhibit 112: Dry bulk shipping demand & supply growth (% YoY), 2016-25E

Dry bulk demand/supply outlook

Dry Bulk	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Demand	2.3%	3.9%	3.4%	0.7%	0.0%	3.5%	-1.8%	4.5%	1.9%	2.2%
Fleet Growth	2.3%	3.1%	2.7%	3.0%	4.1%	3.9%	2.9%	2.9%	2.0%	1.4%
Demand / Supply Balance	0.0%	0.8%	0.7%	-2.2%	-4.1%	-0.4%	-4.7%	1.6%	-0.1%	0.8%
Dry Bulk Fleet, Dwt mn	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Fleet, beginning	780	798	823	845	879	916	949	976	1,005	1,024
New delivery	47	38	28	41	49	38	32	34	30	26
Demolition	(29)	(15)	(4)	(8)	(15)	(5)	(4)	(6)	(10)	(11)
Others	(0)	1	(1)	0	3	-	-	-		
Fleet. Ending, Dwt mn	798	823	845	879	916	949	976	1,005	1,024	1,039
Growth	2.3%	3.1%	2.7%	4.0%	4.2%	3.6%	2.9%	2.9%	2.0%	1.4%
Adjustment factor				-1.0%	-0.1%	0.3%	0.0%	0.0%	0.0%	0.0%
Adjusted fleet growth				3.0%	4.1%	3.9%	2.9%	2.9%	2.0%	1.4%
Gross delivery rate	6.1%	4.8%	3.4%	4.9%	5.6%	4.2%	3.3%	3.5%	3.0%	2.5%
Scrapping Rate	3.7%	1.8%	0.5%	0.9%	1.8%	0.6%	0.4%	0.6%	1.0%	1.1%

Source: BofA Global Research, Clarksons

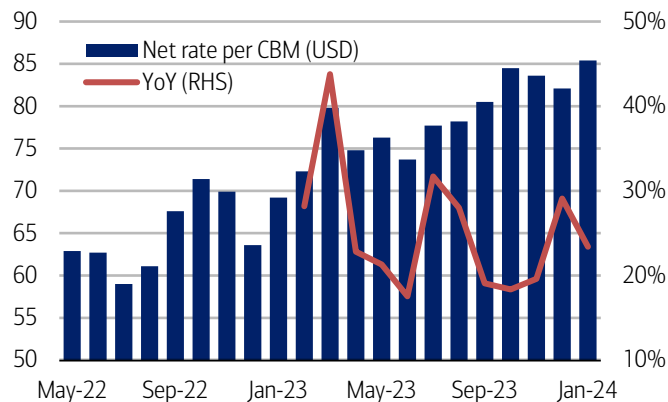
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Car carrier

Car carrier shipping freight rates

Exhibit 113: Hoegh Autoliners - net rate per cbm (US\$), 2022-24

Continue to stay high – above US\$85 per cbm



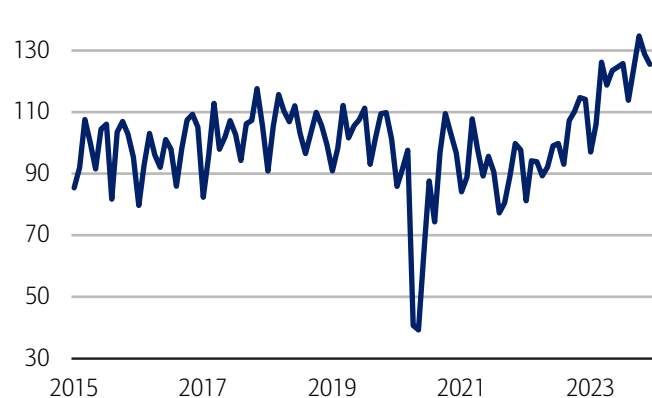
Source: hoeghautoliners

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Car carrier demand

Exhibit 115: Global seaborne car trade indicator, 2015-2023

Came off from the peak but remain strong



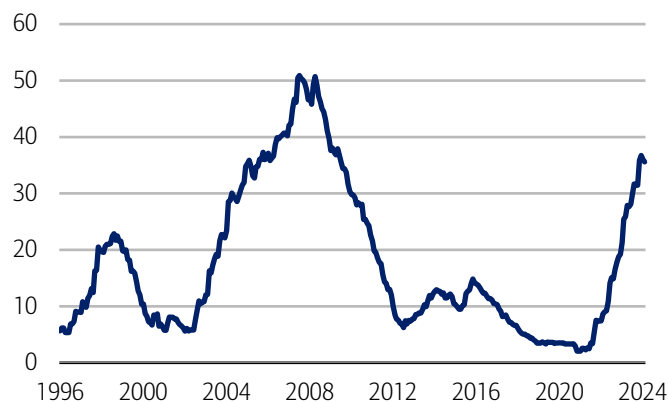
Source: Clarksons

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Car carrier supply & scrap

Exhibit 117: Pure car carrier orderbook % of fleet (%), 1996-2024

Orderbook now above 35% of fleet

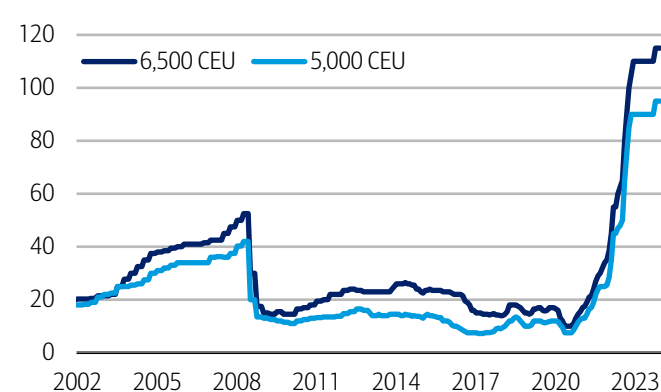


Source: Clarksons

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Exhibit 114: Car carrier 1 year time charter rate (US\$ k/day), 2002-23

Rates rapidly increased starting in spring, 2021

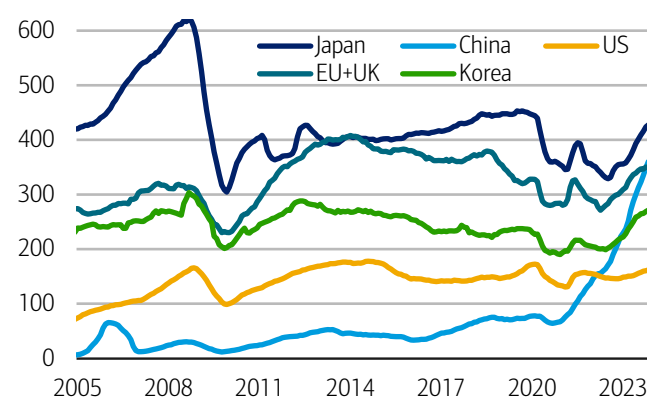


Source: Clarksons

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Exhibit 116: Global seaborne car exports TTM ('000's), 2005-23

Chinese car export have drastically increased post-COVID

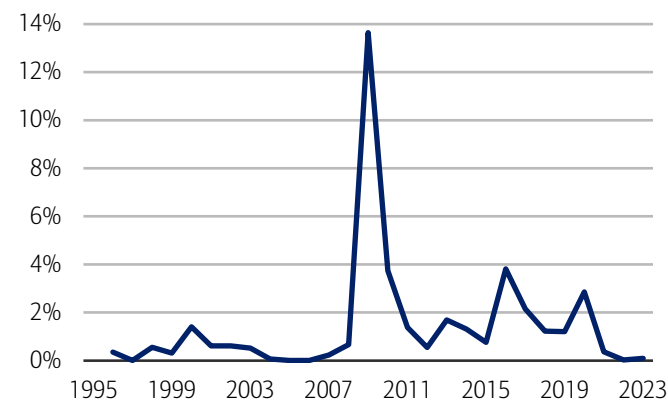


Source: Clarksons

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Exhibit 118: Car carrier scrap rate (%), 1995-2023

Scrap rate has been close to zero for the past couple of years



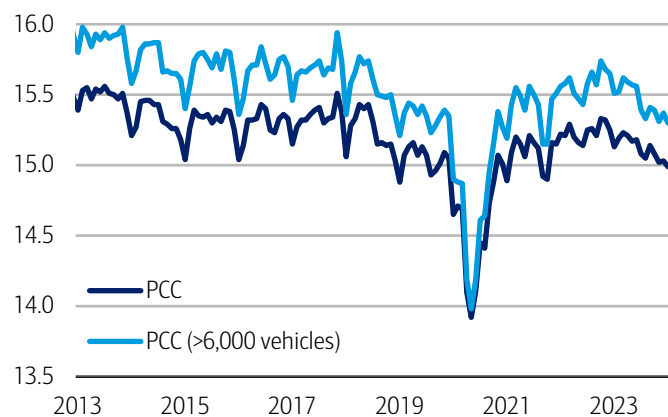
Source: Clarksons

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Car carrier speeds & secondhand prices

Exhibit 119: Pure car carrier average speed (knots), 2013-23

Average speed has been 15-15.5knots

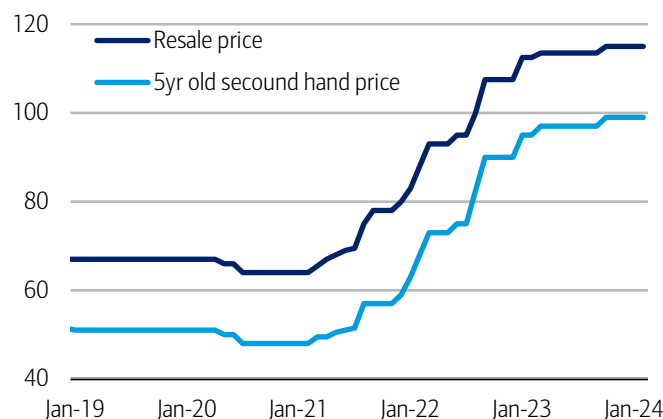


Source: Clarksons

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Exhibit 120: Pure car and truck carrier prices (US\$ mn), 2019-24

Both resale price and secondhand prices have increased since spring, 2021



Source: Clarksons. Note: Pure car and truck carrier size = 6,500 CEU

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Car carrier shipping - demand & supply outlook

Exhibit 121: Car carrier demand & supply outlook

Car carrier tightness set to unwind from 2024-25E as new deliveries arrive

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 E	2025 E	2026 E	2027 E
Demand growth (% p.a.)	2.0%	-0.5%	0.8%	-0.3%	6.5%	2.5%	0.1%	-20.1%	7.1%	7.0%	14.3%	4.1%	3.7%	3.1%	3.2%
Net supply growth (% p.a.)	5.0%	1.6%	2.6%	3.1%	-0.3%	2.0%	1.2%	-0.6%	-1.6%	1.2%	0.4%	8.1%	10.0%	6.2%	0.7%
Demand/(supply) imbalance	-3.0%	-2.1%	-1.8%	-3.4%	6.8%	0.5%	-1.1%	-19.5%	8.7%	5.9%	14.0%	-4.0%	-6.3%	-3.2%	2.5%
Gross deliveries (% p.a.)	3.5%	4.0%	4.0%	3.6%	4.1%	2.4%	0.8%	1.4%	1.5%	0.5%	1.9%	8.6%	10.5%	6.7%	1.2%
Scrapping (% p.a.)	1.8%	1.3%	0.8%	3.9%	2.1%	1.2%	1.2%	2.8%	0.4%	0.0%	0.1%	0.5%	0.5%	0.5%	0.5%

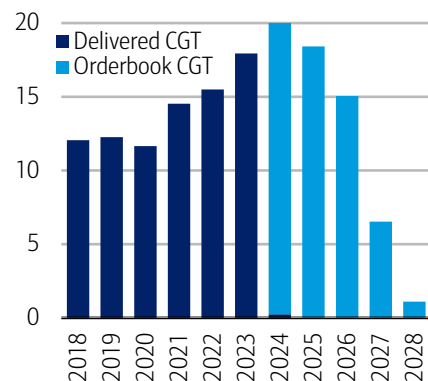
Source: Clarksons, BofA Global Research estimates

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Shipyard vessel delivery schedule

Exhibit 122: China 2018-28E (mn CGT)

2024 orderbook around 20mn CGT

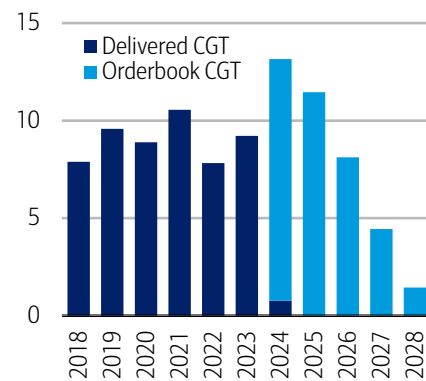


Source: Linterlytica

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Exhibit 123: Korea 2018-28E (mn CGT)

2024 orderbook around 12mn CGT

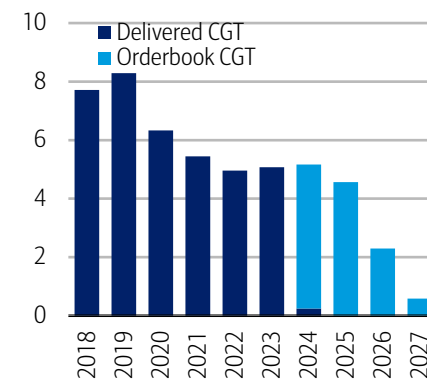


Source: Linterlytica

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Exhibit 124: Japan 2018-27E (mn CGT)

2024 orderbook around 5mn CGT



Source: Linterlytica

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Readers should be aware that although the BAC datasets utilized in our analysis represent a significant number of data points, they nevertheless present a degree of selection bias, including but not limited to income levels and geographies. In addition, the data is limited to debit and credit cards and does not include other payment methods such as cash or checks.

Data regarding merchants who receive payments are identified and classified by the Merchant Categorization Code (MCC) defined by financial services companies. The data are mapped using proprietary methods from the MCCs to the North American Industry Classification System (NAICS), which is also used by the Census Bureau, in order to classify spending data by subsector. Spending data may also be classified by other proprietary methods not using MCCs.

BAC data used in this report include spending from active US households only. Spending from corporate cards are excluded.

Our methodology for calculating the growth rates for daily data: we calculate the %/y growth rate and the 4-year % change by matching calendar days (Jan 1 2023 is matched to Jan 1 2022, and Jan 1, 2019, respectively). The % change is calculated based on the 7-day moving average of spending levels.

Additional information about the methodology used to aggregate the data is available upon request.



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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R1}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R1} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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