

OCEAN FREIGHT MARKET UPDATE

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Content

1 Summary

2 Market Developments

3 Demand

4 Schedule Reliability

5 Rates

6 Backup Material

Market Developments Additional Trades

GDP Growth & Bunker Prices

Market Volumes per Trade

Ocean Carrier Alliances

Ocean Freight Market Outlook June 2024

Capacity Outlook

- Pick up in demand has taken the market by surprise, leading to a shortage of containers and capacity. Containership diversions to the Cape route remove another 7% of the total capacity. Despite a record increase in nominal capacity from new deliveries, effective demand currently exceeds it.
- Container shortage has worsened in many Asian locations, with all new boxes fully booked until August.
- Capacity shortage could last through usual peak season until October.

Source: DGF, Accenture Cargo

Freight Rates

- Rates to Europe are raising. The rate gap between the Mediterranean and North Europe is expected to narrow.
- Port congestion in Dubai and Singapore is causing schedule delays and more blanked sailings are anticipated.
- The SCFI for the US West Coast has reached a two-year high. Space shortage persists with no new service additions.
- Despite capacity additions to Mexico, market rates remain high.

Demand Outlook

- Following a robust 8% year-on-year growth in Q4 2023, container demand continued to show yoy growth in the first quarter of this year.
- The short-term outlook by Accenture Cargo indicates a reasonable growth of around 5% in the first half of 2024 which is reflected in the strong volumes we are seeing in the market right now.

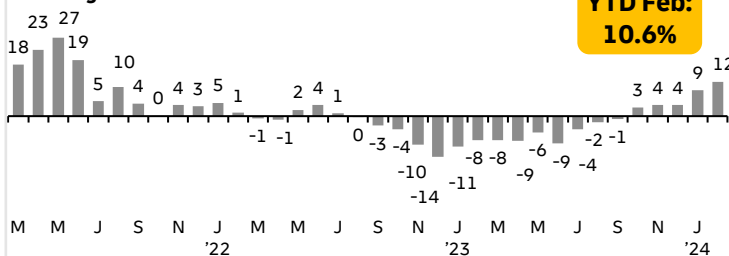
Regulations/News

- Carriers' earnings have rebounded from the losses in Q4 '23. However, year-on-year EBIT earnings are still down.

Market Developments

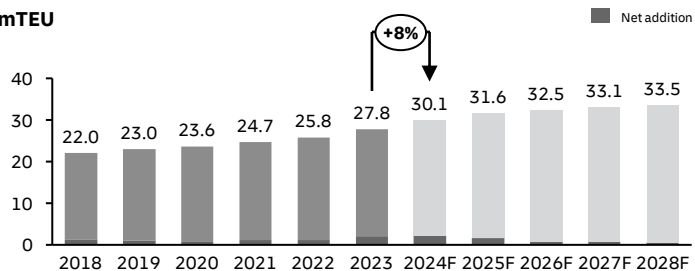
Demand Development¹⁾

% change YoY in TEU



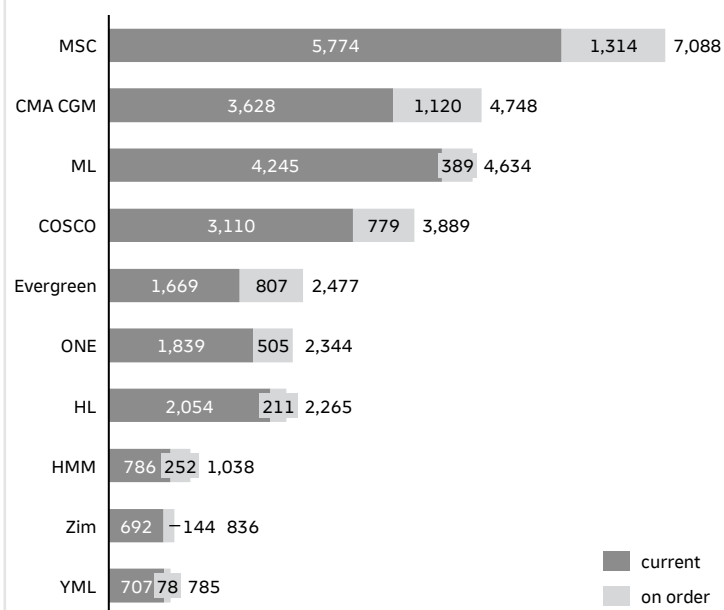
Capacity Development²⁾

mTEU



Orderbook by Carrier³⁾

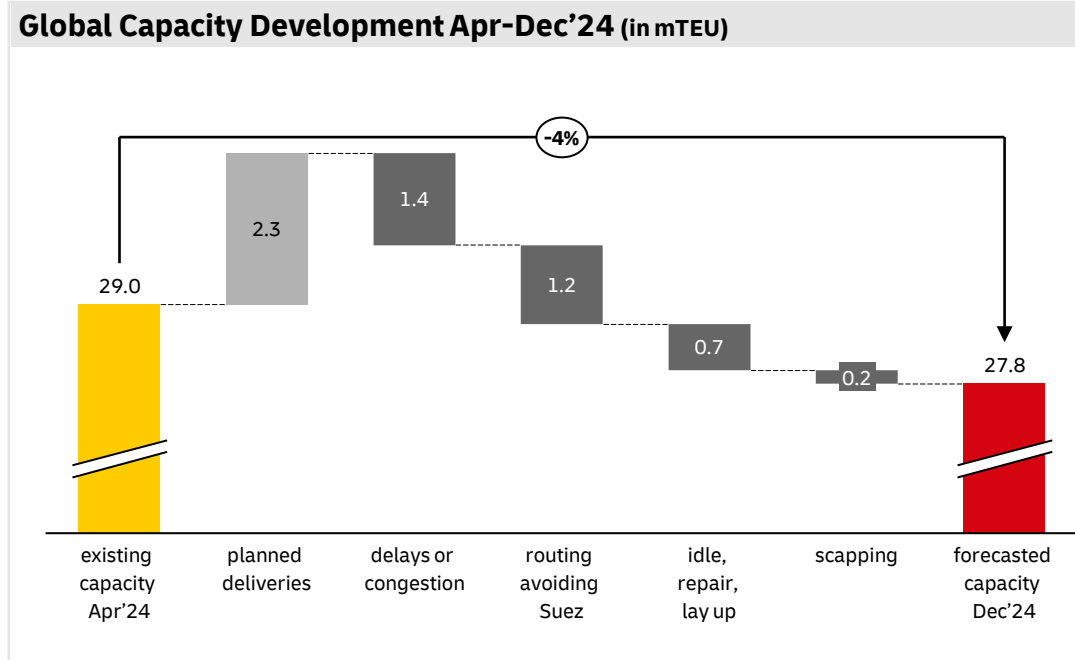
'000 TEU



Source: 1) Accenture Cargo; 2) Drewry, net addition = delivery minus scrapping; 3) Alphaliner

- OFR market demand back to yoy growth since October.
- April saw a record-breaking month for new ship deliveries, with 59 units totaling 342,200 TEU. This marks the highest number of ships delivered in a single month and the largest addition of new capacity. New deliveries are projected to reach historically high levels in 2024 and are anticipated to decrease starting from 2025.

Capacity






Source: Alphaliner, SeaIntel, Linerlytica

- Effective capacity remains constrained despite record new vessel deliveries.
- Delays, port congestions, longer transit times around the Cape of Good Hope, idling, and scrapping activities are absorbing newly delivered capacity.
- Idle capacity, which is currently only 0.3% of the global fleet, consisting of 58 vessels with a total capacity of 92 kTEU, cannot provide a solution.

Regional Market Development – Major Trades

Market Development on Key Regional Tradelanes

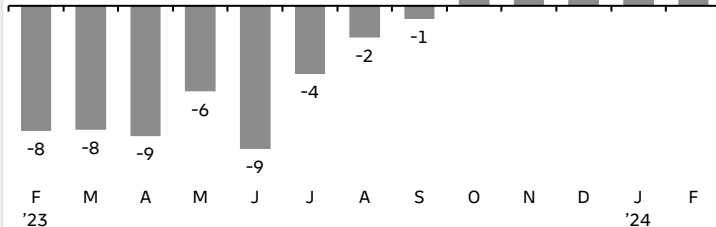
		Jan	Feb	Mar	Apr	May		Jun	Jul	Aug	Sep	Oct	Nov	Dec
Asia	→ Intra	R	R	A	R	R	Forecast	R	○	○	○	○	○	○
	→ N. America	R	R	A	A	A		R	○	○	○	○	○	○
	→ EURO	R	R	R	A	R		R	○	○	○	○	○	○
	→ Middle East	R	R	R	R	R		R	○	○	○	○	○	○
	→ S. America	G	G	G	G	R		R	○	○	○	○	○	○
	→ Africa	R	R	R	A	R		R	○	○	○	○	○	○
	→ Oceania	R	R	R	A	R		R	○	○	○	○	○	○
	→ East MED	R	R	R	A	R		R	○	○	○	○	○	○
East MED	→ EURO	R	R	R	R	R		R	○	○	○	○	○	○
EURO	→ N. America	G	G	G	G	G		G	○	○	○	○	○	○
	→ Asia	A	G	G	G	G		A	○	○	○	○	○	○
N. America	→ Asia	A	A	G	G	G		G	○	○	○	○	○	○
S. America	→ N. America	G	G	G	G	G		G	○	○	○	○	○	○
		 Demand > Capacity	 Demand, Capacity balanced					 Demand < Capacity						

Source: DHL

Demand

Global Demand Development¹⁾

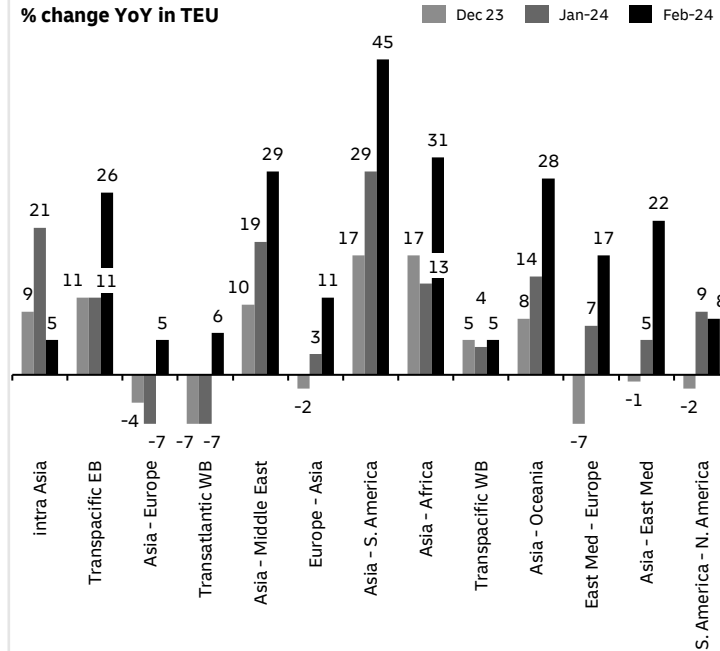
% change YoY in TEU



Source: Accenture Cargo

Volume Development by Trade³⁾

% change YoY in TEU

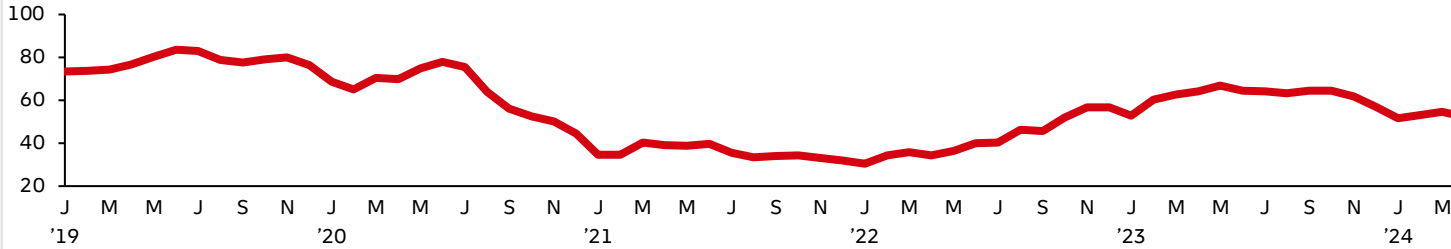


- In February, global container trade saw a 12% increase compared to low base in February 2023
- US imports have had a strong start of the year
- Accenture Cargo predicts a growth of around 5% in the 1st half of this year.

Schedule Reliability

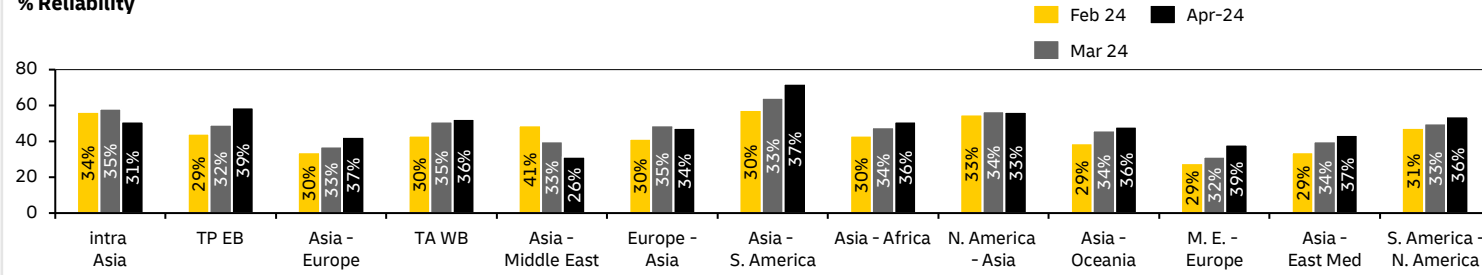
Global Schedule Reliability

% Reliability



Schedule Reliability by Trade

% Reliability

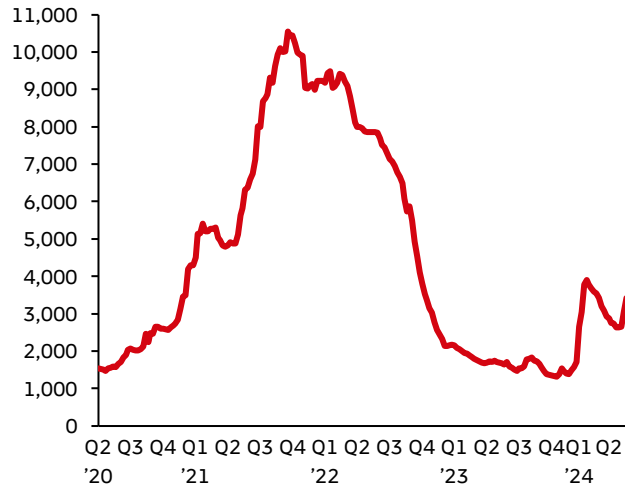


Source: Sea-Intelligence, Linerlytica; intra Asia = Asia – IBPC, TP EB = Asia-NAWC, Asia-Europe = Asia-N. Europe, Asia-AML = Asia-WCSA, AMNO-Asia = Transpacific WB, Asia-East Med = Asia-Med

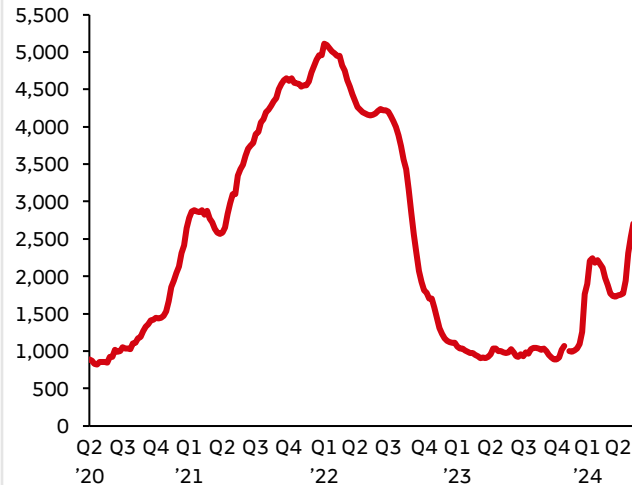
- Global schedule reliability declined by 2.5 ptp in April.
- Port congestion is increasing due to recent increases in cargo demand.
- Southeast Asia, particularly Singapore, and the Middle East Gulf ports are experiencing record-high congestion in May, surpassing levels seen during the COVID pandemic.

Rates

World Container Index (WCI)



Shanghai Containerized Freight Index (SCFI)



Note: Surcharges related to e.g., equipment & space availability are not reflected in WCI & SCFI; Source: Drewry, in USD/40ft container, including BAF & THC both ends, 8 individual routes, excluding intra-Asia routes; Shanghai Shipping Exchange, in USD/20ft ctrn & USD/40ft ctrn for US routes, including BAF, EBAF, CAF, PSS, WRS, PCS & SCS/SCF/PTF/PCC, excl. THC, 15 routes from Shanghai

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- The SCFI (Shanghai Containerized Freight Index) has surpassed the rate level that was previously affected by the Red Sea situation and is now at the same level it was in Aug'22
- The WCI is also on the raise again nearing the rate levels during the peak of the Red Sea crisis.
- Rates could rise further in short-term as carriers announce more increases.

BACKUP

Regional Market Development – Additional Trades

Market Development on Additional Regional Tradelanes

		Jan	Feb	Mar	Apr	Forecast	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
EURO	→ East MED	A	R	A	A		A	G	○	○	○	○	○	○
	→ Africa	A	A	A	A		A	A	○	○	○	○	○	○
	→ AMLA	A	A	A	A		A	A	○	○	○	○	○	○
	→ Middle East	A	G	G	G		R	R	○	○	○	○	○	○
	→ EURO	G	A	A	A		A	A	○	○	○	○	○	○
Middle East	→ Asia	G	G	G	G		G	A	○	○	○	○	○	○
	→ Middle East	G	G	G	G		G	A	○	○	○	○	○	○
AMNO	→ AMLA	G	G	G	G		G	G	○	○	○	○	○	○
	→ EURO	G	G	G	G		G	G	○	○	○	○	○	○
	→ AMNO	G	G	G	G		G	G	○	○	○	○	○	○
Oceania	→ Asia	G	G	G	G		G	G	○	○	○	○	○	○
AMLA	→ EURO	G	A	G	G		G	G	○	○	○	○	○	○
	→ Asia	A	A	A	G		A	A	○	○	○	○	○	○

 Demand > Capacity
  Demand, Capacity balanced
  Demand < Capacity

Source: DHL

GDP Growth & Bunker Prices

GDP Growth by Region¹⁾

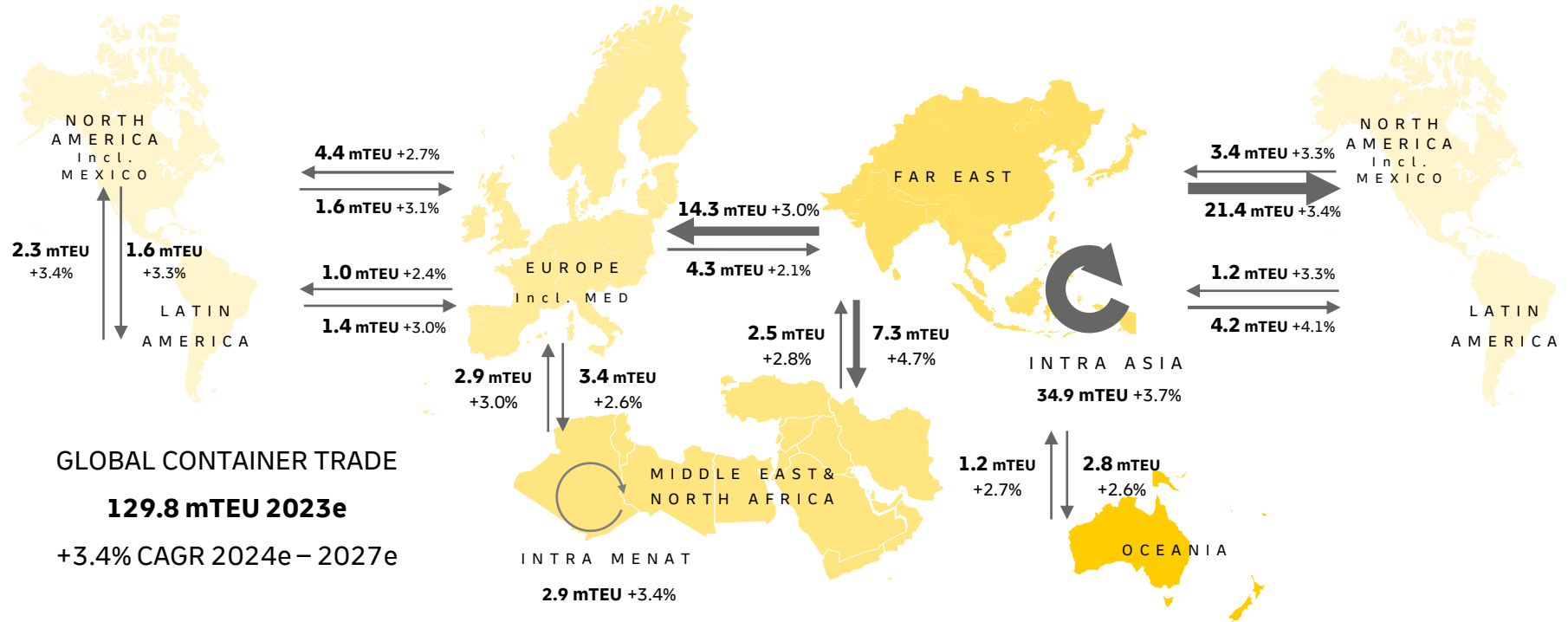
	2024F	2025F	2026F	2027F	2028F	CAGR (2025-28)
AMER	2.2%	1.8%	2.0%	2.0%	2.0%	2.0%
ASPA	4.1%	4.1%	4.1%	4.0%	4.0%	4.0%
EURO	1.0%	1.8%	1.9%	1.8%	1.7%	1.8%
MEA	2.5%	3.1%	3.8%	3.7%	3.4%	3.7%
DGF World	2.5%	2.6%	2.8%	2.7%	2.7%	2.7%

Bunker Prices²⁾



1) Real GDP, Copyright © IHS Markit, now part of S&P Global, Q1 2024 Update 7 Mar '24. All rights reserved; 2) Source: Bunkerindex, in US\$

Demand Development 2023 – 2027



Source: Accenture Cargo Dec23 update

State of the industry – Ocean Carrier alliances



THE ALLIANCE

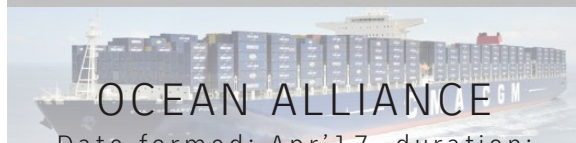
Date formed: Apr'17, duration:
10+3 years, earliest termination:
Apr'27, notice period: 1 year

HAPAG-LLOYD**

ONE

YANG MING

HMM



OCEAN ALLIANCE

Date formed: Apr'17, duration:
initially 10 years, in Feb24
extended to at least 2032, notice
period: 1 year

OOCL

CMA CGM

COSCO SHIPPING

EVERGREEN



2M

(to discontinue in 2025)
Date formed: Nov'14, duration: 10
years, earliest termination:
Oct'24, notice period: 2 years

MAERSK LINE**

MSC

Source: Carriers; ** to become "Gemini Cooperation" in 2025

Acronyms and Explanations – Ocean Freight glossary

AMLA	- Latin America	MX	- Mexico
AMNO	- North America	OOCL	- Orient Overseas Container Line
ASPA	- AsiaPacific	PCC	- Panama Canal Surcharge
BAF	- Bunker Adjustment Factor	PCS	- Port Congestion Surcharge
CAF	- Currency Adjustment Factor	PMI	- Purchase Manager Index compiled by S&P Global
CAGR	- Compound Annual Growth Rate	Ppt	- Percentage points
East MED	- Eastern Mediterranean	PSS	- Peak Season Surcharge
EB	- Eastbound	PTF	- Panama Transit Surcharge
EBAF	- Emergency Bunker Adjustment Factor	QoQ	- Quarter on quarter
ETS	- European Union Emission Trading System	SCF	- Suez Canal Fee
EURO	- Europe	SCS	- Suez Canal Surcharge
GDP	- Gross Domestic Product	SPAC	- South Pacific Australia
GRI	- General Rate Increase	SSA	- Sub-Saharan Africa
HL	- Hapag-Lloyd	T	- Thousands
HMM	- Hyundai	TEU	- Twenty-foot equivalent unit (20' container)
IFO	- intermediate fuel oil	THC	- Terminal Handling Charge
M.E.	- Middle East	VLSFO	- Very Low-Sulphur Fuel Oil
MEA	- Middle East and Africa = MENAT + SSA	TP	- Transpacific
MENAT	- Middle East and North Africa	WB	- Westbound
ML	- Maersk Line	WRS	- War Risk Surcharge
mn	- Millions	YoY	- Year-on-Year
MoM	- Month-on-Month	YTD	- Year-to-Date

THANK YOU