

OCEAN FREIGHT MARKET UPDATE

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Market Developments Additional Trades

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Ocean Freight Market Outlook August 2024

Capacity Outlook

- Disruptions in the Red Sea extend beyond the primary affected routes, causing congestion at alternative routes and transshipment hubs. Intra-regional services suffering as smaller vessels are diverted to long-haul trades.
- Blank sailings on the Asia-EU route primarily result from insufficient capacity to operate all services.
- 1.67 mTEUs of newbuildings delivered, and another 1.47 mTEUs are expected to be delivered later this year.

Freight Rates

- The SCFI is stabilizing at current high levels as rates on TP and Asia-Latam are softening at high levels while Far East Westbound remains relatively flat.
- Freight rates are anticipated to stay high until the end of the peak season at least until the Golden Week.
- India & Brazil outbound strong increase in demand, leading to increased rates and equipment shortages.
- Continued rate increases on secondary trades, e.g. Oceania.

Demand Outlook

- Demand exceeded expectations in H1 2024, partly due to early shipping of cargoes as a precaution.
- Demand expected to remain high into Q3.
- June's global PMI indexes have weakened. Business expectations have fallen to the lowest level in seven months, largely due to political uncertainty surrounding various elections. However, the data indicates stronger global growth momentum compared to late 2023.

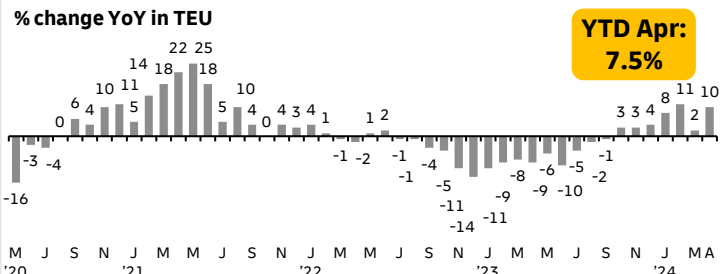
Regulations/News

- Conditions in the Panama Canal continue to improve. The total number of daily transits allowed has also risen from 32 to 35.
- Rising risk of labor tensions in Germany, the US and Canada.
- FMC seeks clarifications from Gemini (Maersk & Hapag-Lloyd). However, delays to the start of sailings in Feb 2025 not expected.

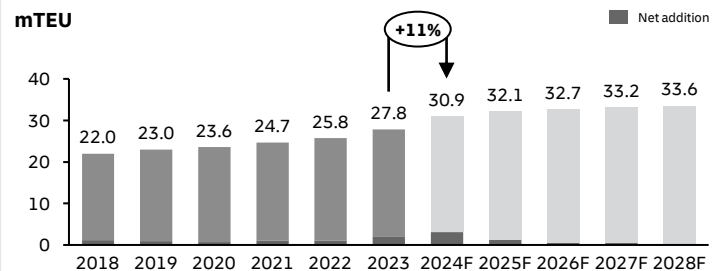
Source: DGF, Accenture Cargo, S&P Market Intelligence, Drewry

Market Developments

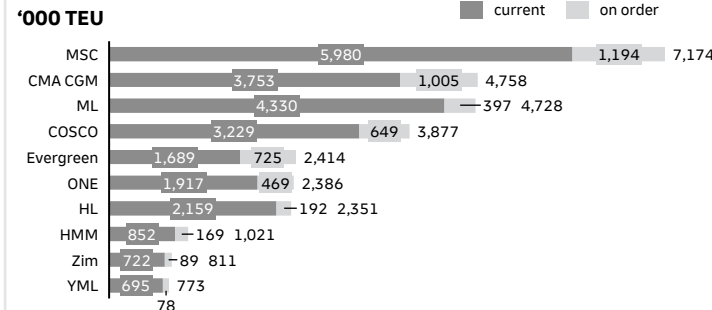
Demand Development¹⁾



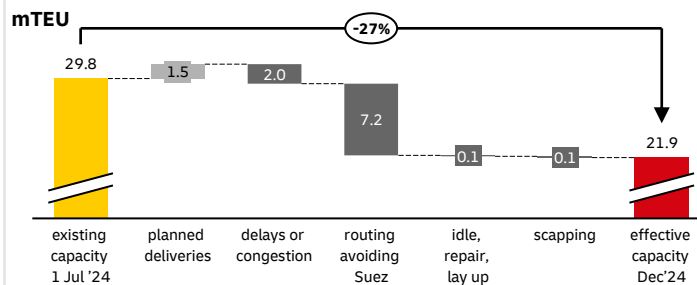
Nominal Capacity Development²⁾



Orderbook by Carrier³⁾



Effective Capacity Development⁴⁾



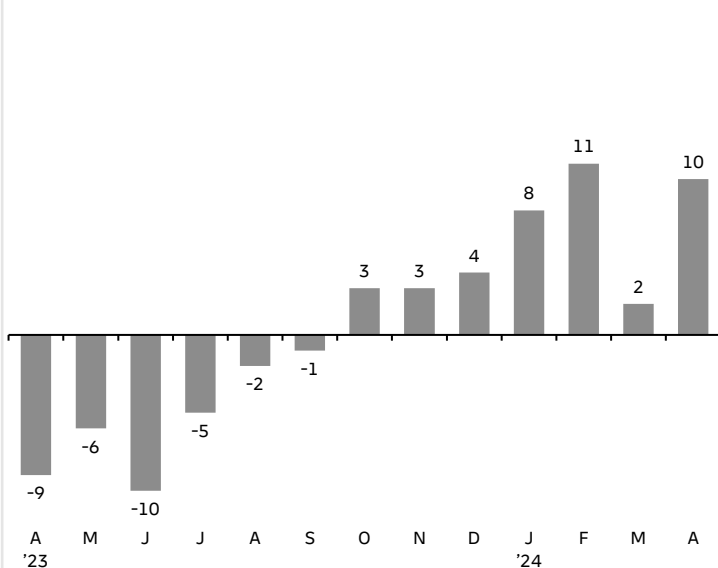
Source: 1) Accenture Cargo; 2) Drewry, net addition = delivery minus scrapping; 3) Alphaliner; 4) Alphaliner, Sealintel, Linerlytica, Drewry

- Demand continues to exceed expectations post Q1 2024.
- Peak newbuilding delivery phase has passed as container fleet reaches the 30 mTEU milestone.
- The Latin America, USWC and North Europe markets continue to absorb most of the incremental capacity.
- Maersk is considering a strategic shift to achieve growth, potentially through increased vessel charters and new ship orders.

Demand

Global Demand Development¹⁾

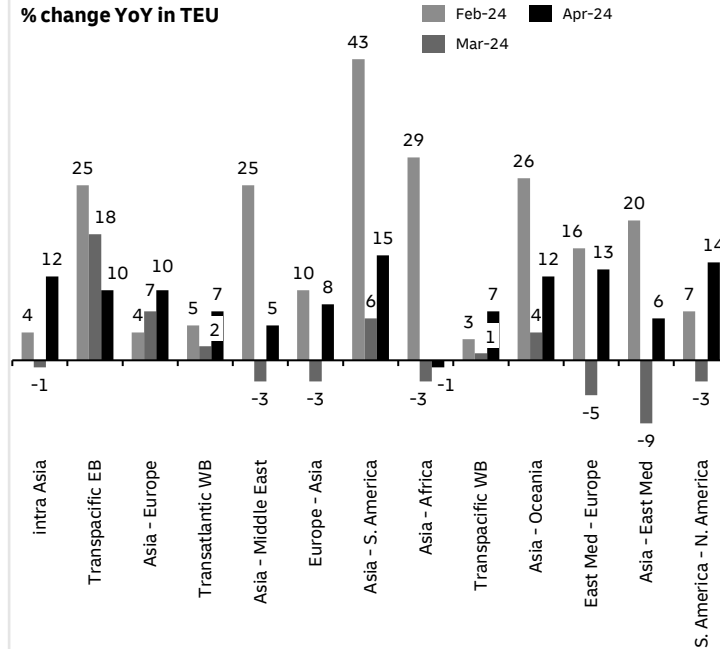
% change YoY in TEU



Source: Accenture Cargo

Volume Development by Trade³⁾

% change YoY in TEU



- Demand exceeded expectations in Q1 2024 as Accenture Cargo predicted a growth of around 5% in the 1st half of this year.
- We expect Asia outbound lanes to continue to grow above global average growth.
- Demand expected to remain high into Q3.

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	R	Forecast	R	R	○	○	○	○
	→ N. America	R	R	A	A	A	R		R	R	○	○	○	○
	→ EURO	R	R	R	A	R	R		R	R	○	○	○	○
	→ Middle East	R	R	R	R	R	R		R	R	○	○	○	○
	→ S. America	G	G	G	G	R	R		R	R	○	○	○	○
	→ Africa	R	R	R	A	R	R		R	R	○	○	○	○
	→ Oceania	R	R	R	A	R	R		R	R	○	○	○	○
	→ East MED	R	R	R	A	R	R		R	R	○	○	○	○
East MED	→ EURO	R	R	R	R	R	R		R	G	○	○	○	○
EURO	→ N. America	G	G	G	G	G	G		G	A	○	○	○	○
	→ Asia	A	G	G	G	G	A		A	A	○	○	○	○
N. America	→ Asia	A	A	G	G	G	G		G	G	○	○	○	○
S. America	→ N. America	G	G	G	G	G	G		G	A	○	○	○	○

R Demand > Capacity
 G Demand, Capacity balanced
 A Demand < Capacity

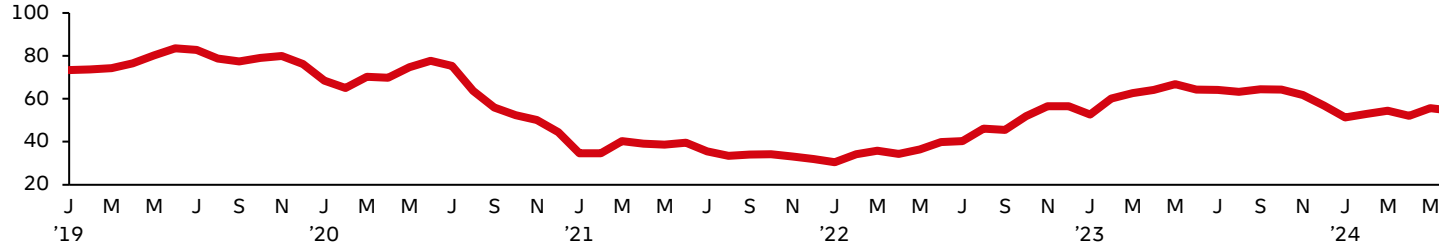
Source: DHL

- Container vessels are experiencing full bookings on numerous trade routes until August. It is highly recommended and necessary to make pre-bookings at least 4 to 6 weeks before departure.
- We expect the strong demand on lanes from Asia to last well into Q3.

Schedule Reliability

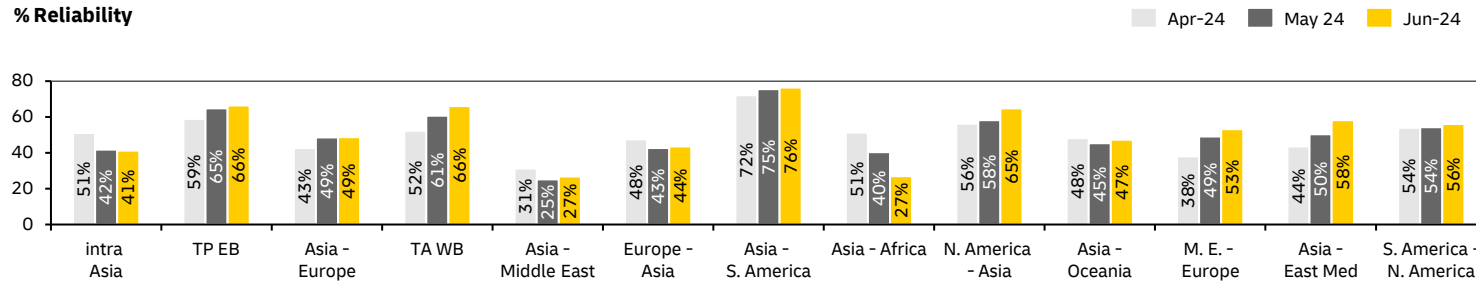
Global Schedule Reliability

% Reliability



Schedule Reliability by Trade

% Reliability

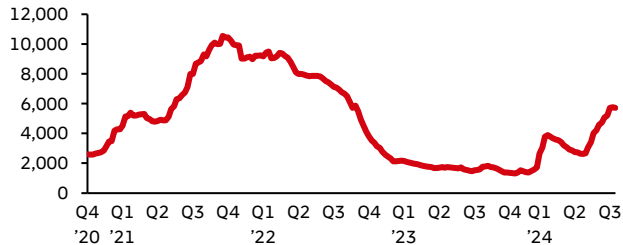


Source: Sea-Intelligence, Linerlytica; intra Asia = Asia – IBPC, TP EB = Asia-NAWC, Asia-Europe = Asia-N. Europe, Asia-S.America = Asia-WCSA, N. America-Asia = Transpacific WB, Asia-East Med = Asia-Med

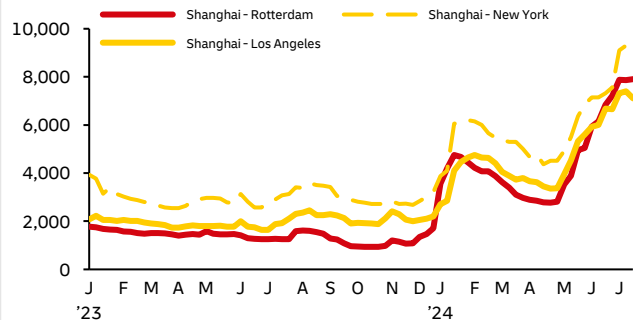
- Singapore congestion improving as ships are skipping the port. Barcelona and Valencia still congested.
- Strikes in Hamburg and Bremerhaven, risk of USEC union actions
- Schedule changes, like MSC stopping Oceania transshipment.
- CrowdStrike outage impacting multiple ports.
- While the situation is improving, it will not yet return to normal.

Rates

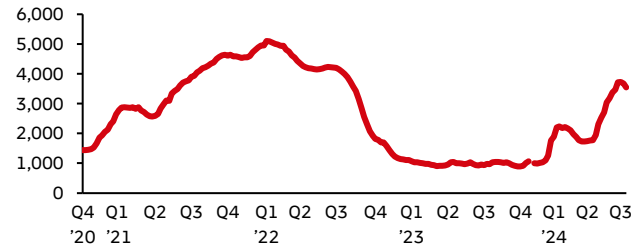
World Container Index (WCI)



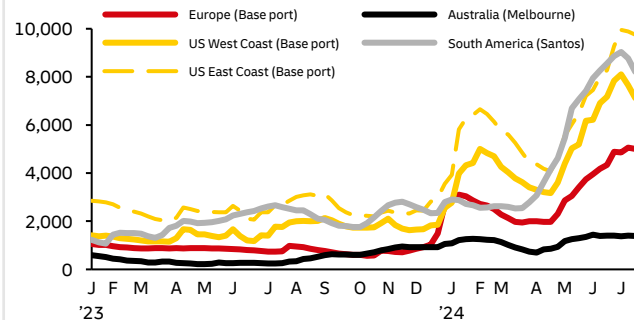
WCI Deep Dive Key Trades



Shanghai Containerized Freight Index (SCFI)



SCFI Deep Dive Key Trades



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 ctnr & USD/40ft ctnr for US routes, including BAF, EBAF, CAF, PSS, WRS, PCS & SCS/SCF/PTF/PCC, excl. THC, 15 routes from Shanghai

DHL Global Forwarding | OFR Market Update | August 2024

- There has been a significant increase in spot rates since early May, primarily due to the rise in Transpacific and Asia-Europe trade lanes, which experienced an earlier-than-usual peak season.
- DHL anticipates that rates will stabilize at high level in the coming months due to ongoing shortages in empty equipment, strong demand, and port congestion.

BACKUP

Regional Market Development – Additional Trades

Market Development on Additional Regional Tradelanes

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

R Demand > Capacity
 G Demand, Capacity balanced
 A Demand < Capacity

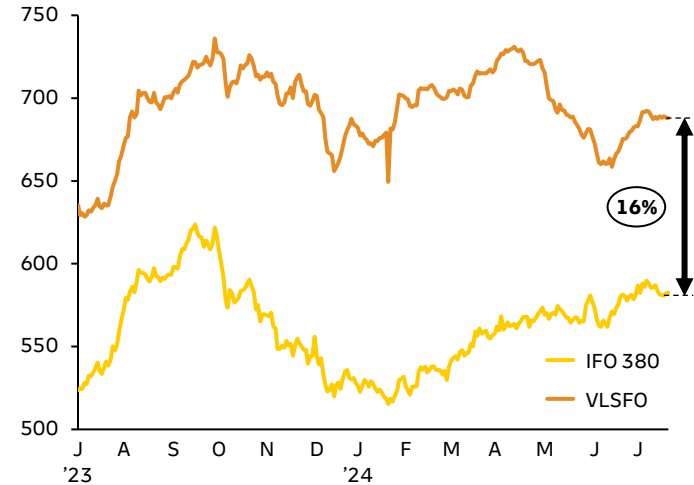
Source: DHL

GDP Growth & Bunker Prices

GDP Growth by Region¹⁾

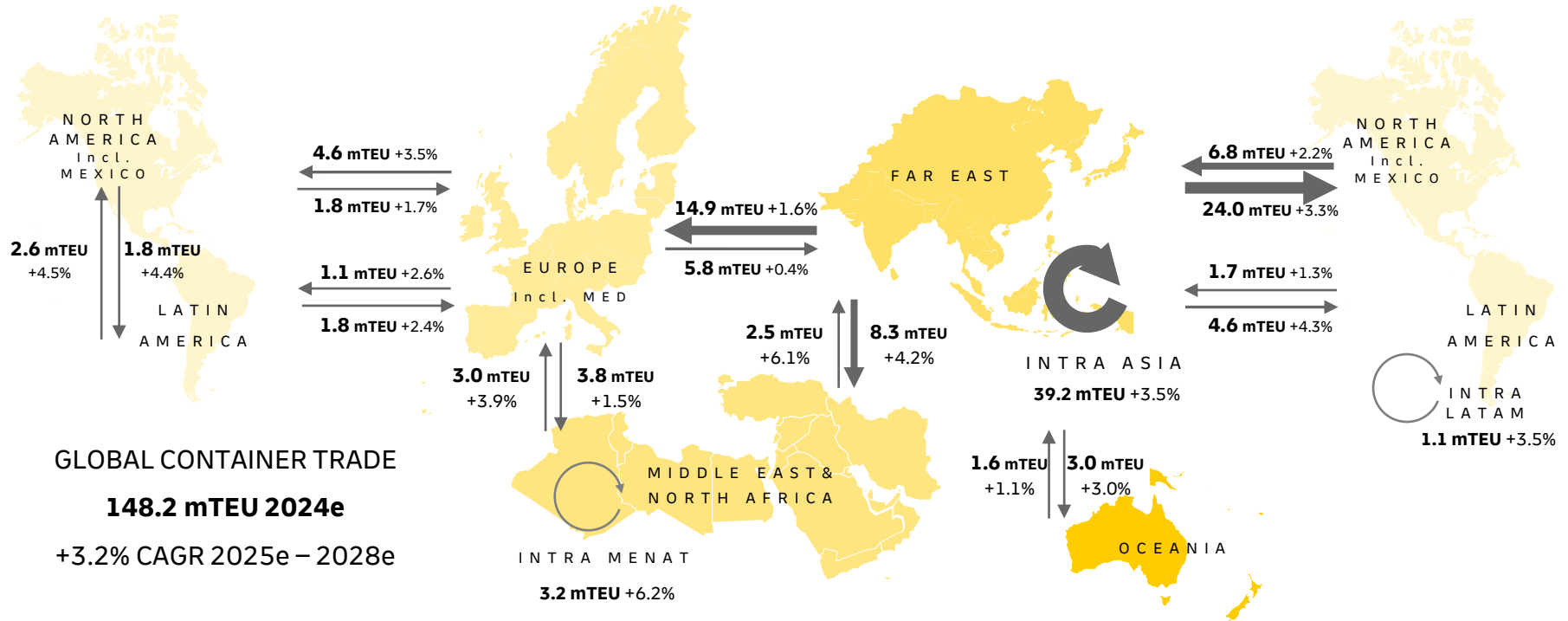
	2024F	2025F	2026F	2027F	2028F	CAGR (2025-28)
AMER	2.3%	1.8%	1.9%	1.9%	2.0%	1.9%
ASPA	4.2%	4.1%	4.0%	4.0%	4.0%	4.0%
EURO	1.2%	1.9%	1.8%	1.8%	1.7%	1.8%
MEA	2.3%	3.1%	4.0%	4.0%	3.6%	3.8%
DGF World	2.6%	2.7%	2.7%	2.8%	2.7%	2.7%

Bunker Prices²⁾



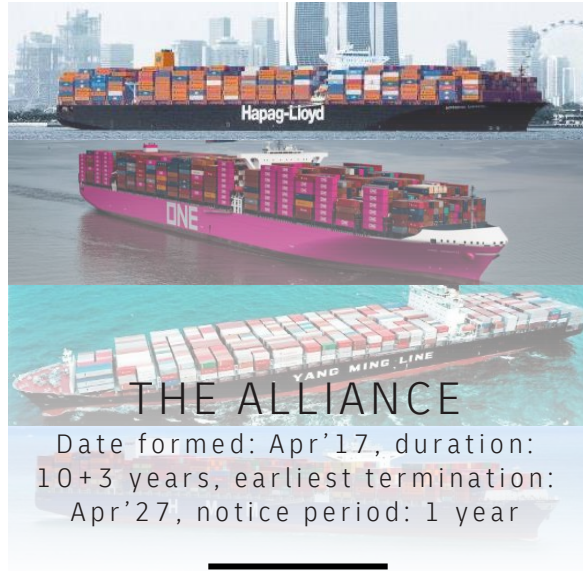
1) Real GDP, Copyright © IHS Markit, now part of S&P Global, Q2 2024 Update 5 Jun '24. All rights reserved; 2) Source: Bunkerindex, in US\$

Demand Development 2024 – 2028



Source: Accenture Cargo Jun24 update

State of the industry – Ocean Carrier alliances



HAPAG-LLOYD**
ONE
YANG MING
HMM



OOCL
CMA CGM
COSCO SHIPPING
EVERGREEN



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