

OCEAN FREIGHT MARKET UPDATE

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Ocean Freight Market Outlook December 2024

Demand Outlook

- China's exports exceed forecasts as factories anticipate US tariffs.
- Underlying inflation trends remain favorable, with sub-zero core goods inflation and decreasing services inflation in the G5 economies.
- Demand remains healthy at least until Lunar New Year driven by early Lunar New Year and potential implementation of new US tariffs.

Capacity Outlook

- Disruptions on services expected as Alliances are shifting to their new set up mainly on East-West trades.
- Idle fleet of containerships reached an all-time low of less than 1% in 2024. Larger ships of 12,500+ have shown almost no idling.
- Annual dry container production could reach 7.3 million TEU, surpassing previous years with a 6.5% YoY growth.

Freight Rates

- Rates remain much higher than same time last year (SCFI YoY +255% to Euro, +245 intra Asia, +147% to USWC, +128% to Oceania, +96% to S. America).
- Despite the rush to bring forward US imports due to potential new tariffs¹⁾, Transpacific freight rates have shown slight decreases.
- Several carriers announced new rates starting Dec 1st in anticipation of pre-CNY rush.

Regulations/News

- Share that carrier need to surrender for their emissions under EU Emission Trading System increasing to 70% from January. Additional ETS surcharges expected in 2025.
- Chinese export tax rebate policy lowered on certain commodities as of Dec 1st
- Potential policy shifts in the US create mid-term uncertainty. China, Mexico and Canada could be particularly impacted by higher tariffs.
- ILA USMX negotiations reach stalemate. Deadline is Jan 15th.

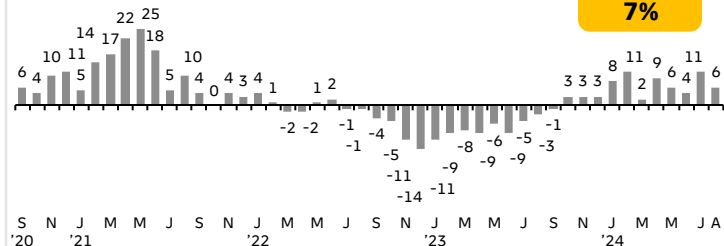
Source: DGF, Accenture Cargo, S&P Market Intelligence, Drewry, 1) Reuters

Market Developments

Demand Development¹⁾

% change YoY in TEU

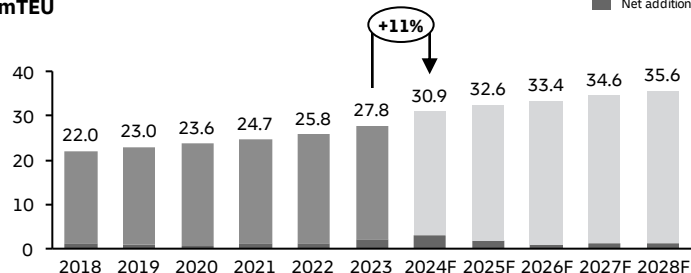
**YTD Aug:
7%**



Nominal Capacity Development²⁾

mTEU

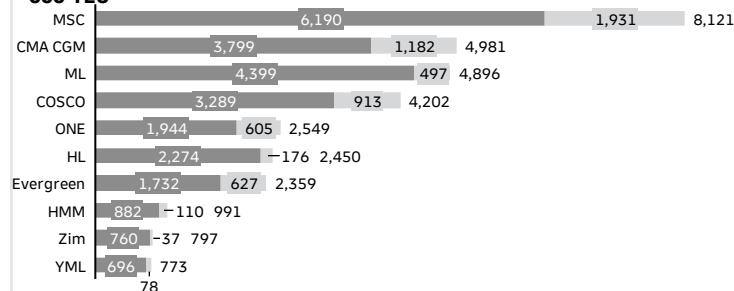
Net addition



Orderbook by Carrier³⁾

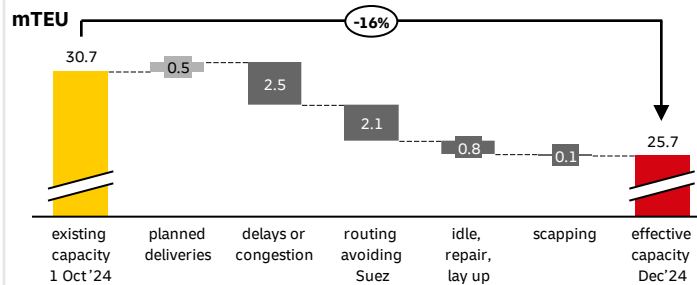
'000 TEU

current on order



Effective Capacity Development⁴⁾

mTEU



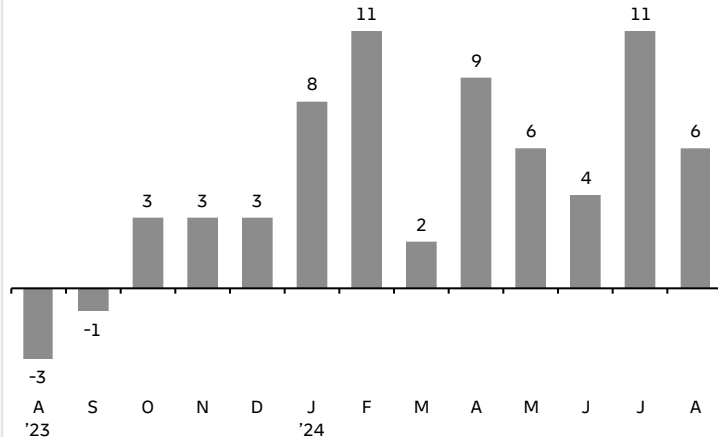
Source: 1) Accenture Cargo; 2) Drewry, net addition = delivery minus scrapping; 3) Alphaliner; 4) Alphaliner, Linerlytica; 5) Reuters

- Year-over-year volume growth in 2024 after declines in 2023.
- Increased retail inventories in the US.
- China's exports surpass forecast amid anticipated US tariffs⁵⁾.
- Stable idle fleet, more vessels in repair yards.
- Crisis in the Red Sea continues as Gaza conflict hopes fade with increased strikes against targets in Gaza and Lebanon.

Demand

Global Demand Development¹⁾

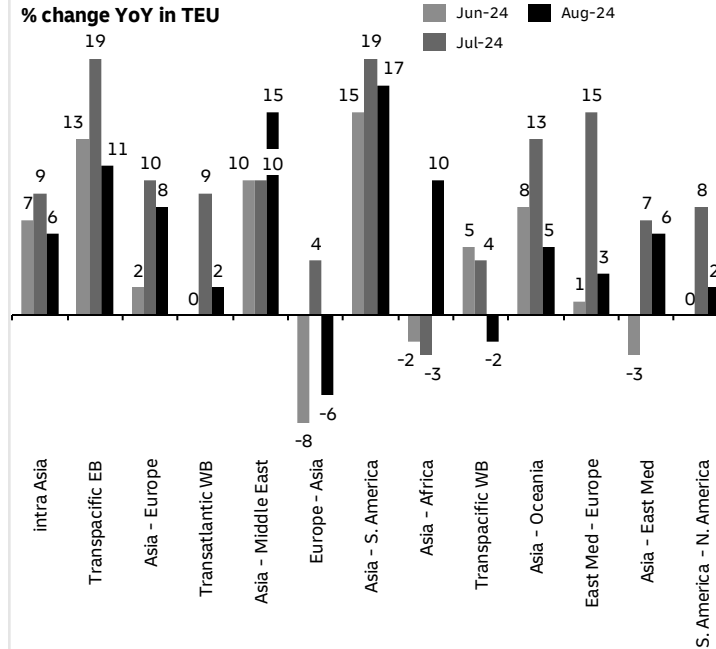
% change YoY in TEU



Source: Accenture Cargo, IMF

Volume Development by Trade³⁾

% change YoY in TEU



- Global container market continued to recover through the entire Q3 and further recovering.
- Manufacturing sector recorded only marginal rise in output in October after production fell in September.
- IMF projects world trade growth for a strong recovery at 3.1% for the full year 2024, with the growth figures also projected to trend up for 2025 except for emerging markets.

Regional Market Development – Major Trades

Market Development on Key Regional Tradelanes

		Mar '24	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov		Dec	Jan '25	Feb
Asia	→ Intra	A	R	R	R	R	R	R	A	A	Forecast	R	R	A
	→ N. America	A	A	A	R	R	R	R	A	A		A	R	A
	→ EURO	R	A	R	R	R	R	R	A	R		R	R	R
	→ Middle East	R	R	R	R	R	R	R	A	R		R	R	A
	→ S. America	G	G	R	R	R	R	G	A	A		A	R	A
	→ Africa	R	A	R	R	R	R	R	R	R		R	R	A
	→ Oceania	R	A	R	R	R	R	R	R	A		R	R	A
	→ East MED	R	A	R	R	R	R	R	G	R		R	R	A
East MED	→ EURO	R	R	R	R	R	G	R	R	R		R	A	R
EURO	→ N. America	G	G	G	G	G	A	R	R	R		R	R	R
	→ Asia	G	G	G	A	A	A	A	A	A		A	G	G
N. America	→ Asia	G	G	G	G	G	G	G	G	G		G	G	G
S. America	→ N. America	G	G	G	G	G	A	R	R	R		R	R	R
<div><div><div>R</div><div>Demand > Capacity</div></div><div><div>A</div><div>Demand, Capacity balanced</div></div><div><div>G</div><div>Demand < Capacity</div></div></div>														

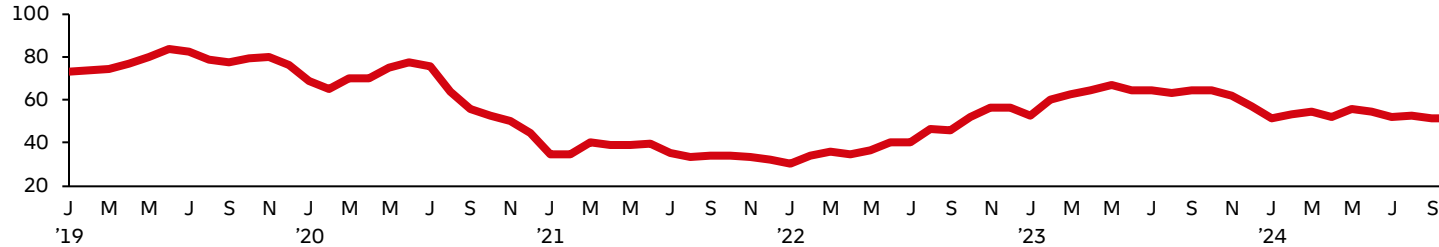
Source: DHL

- In 2024, Transatlantic carriers have reduced capacity due to closed loops and the replacement of large ships with smaller units.
- Outbound Asia rates remain volatile as demand remains strong with the End of Year and early pre-CNY rush and Chinese export tax policy amendments.
- Adverse weather conditions contributing to vessel delays and equipment imbalances.

Schedule Reliability

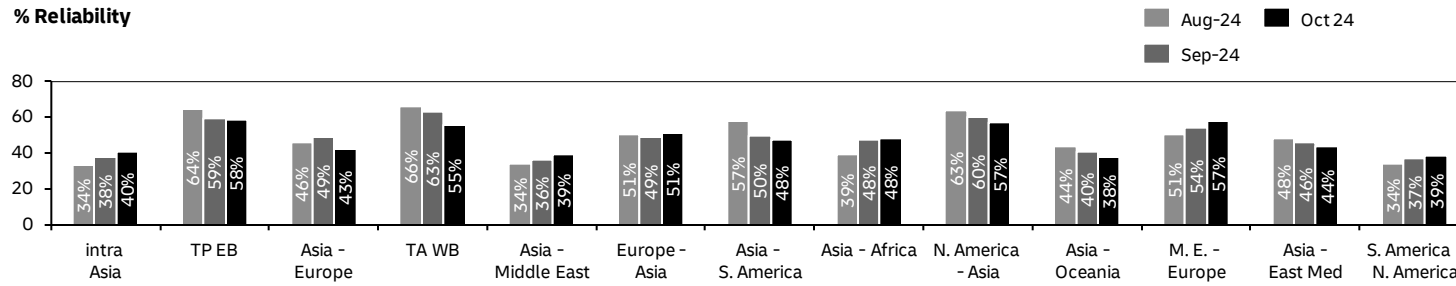
Global Schedule Reliability

% Reliability



Schedule Reliability by Trade

% Reliability



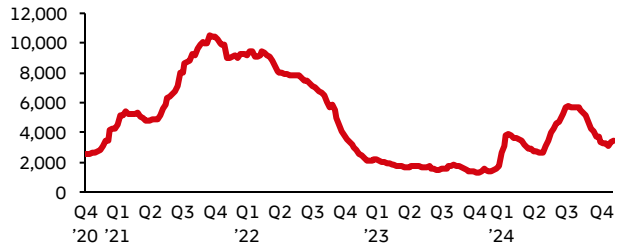
Source: Sea-Intelligence, Linerlytica; intra Asia = Asia - Indian Subcontinent, TP EB = Asia-NAWC, Asia-Europe = Asia-N. Europe, Asia-S.America = Asia-WCSA, N. America-Asia = Transpacific WB, Asia-East Med = Asia-Med

DHL Global Forwarding | OFR Market Update | December 2024

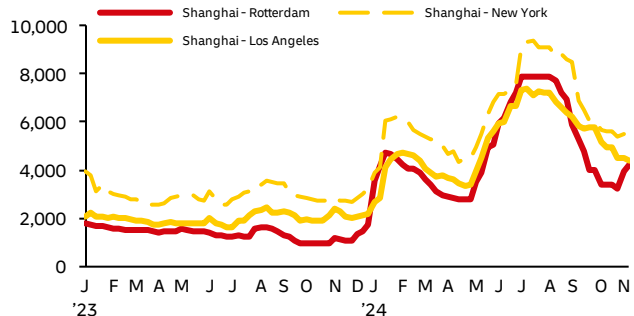
- Global port congestion improving from October peak, still ties up 2.1 mTEU.
- North Asian ports clearing out after recent typhoons
- UK & German ports experiencing heightened congestion. Antwerp facing delays due to heavy wind.
- Canadian ports resumed full operations after recent strikes
- US EC ports still congested in New York, Norfolk, Charleston, and Savannah

Rates

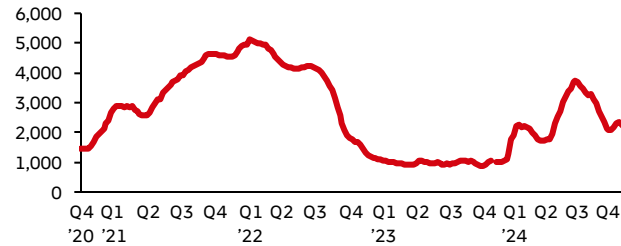
World Container Index (WCI)



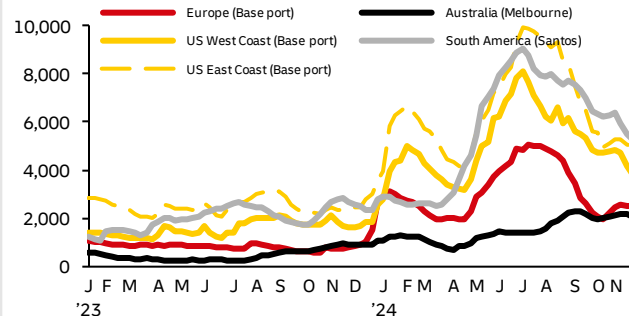
WCI Deep Dive Key Trades



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, 13 routes from Shanghai; remarks based on Sea-Intelligence analysis

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- Rates remain higher than same time last year (YoY SCFI +125%. WCI +148%).
- Spot rates increased faster to EURO during the pandemic. Larger increase to AMNO in Red Sea crisis.
- Rate spike during pandemic was significantly higher compared to Red Sea crisis.
- Small and large trades equally volatile during the pandemic. In 2024, large trades more volatile.

BACKUP

Regional Market Development – Additional Trades

Market Development on Additional Regional Tradelanes

		Mar '24	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Forecast	Dec	Jan '25	Feb	
Europe	→ East MED	A	A	A	G	G	G	G	G	G		G	G	G	G
	→ Africa	A	A	A	A	A	A	R	R	R		R	R	R	R
	→ S. America	A	A	A	A	A	A	A	G	G		R	R	R	R
	→ Middle East	G	G	R	R	R	R	G	G	G		G	G	G	G
	→ Europe	A	A	A	A	A	A	G	G	G		G	G	G	G
Middle East	→ Asia	G	G	G	A	A	G	A	A	A		A	A	G	G
	→ Middle East	G	G	G	A	A	G	G	G	G		G	G	G	G
N. America	→ S. America	G	G	G	G	G	A	R	R	R		R	R	R	R
	→ Europe	G	G	G	G	G	R	G	G	G		G	G	G	G
	→ N. America	G	G	G	G	G	A	A	A	A		A	A	A	A
Oceania	→ Asia	G	G	G	G	A	A	A	A	A		A	A	A	G
S. America	→ Europe	G	G	G	G	A	A	A	A	A		A	A	A	G
	→ Asia	A	G	A	A	A	R	A	A	G		A	A	A	A
		R Demand > Capacity	A Demand, Capacity balanced					G Demand < Capacity							

Source: DHL

GDP Growth & Bunker Prices

GDP Growth by Region¹⁾

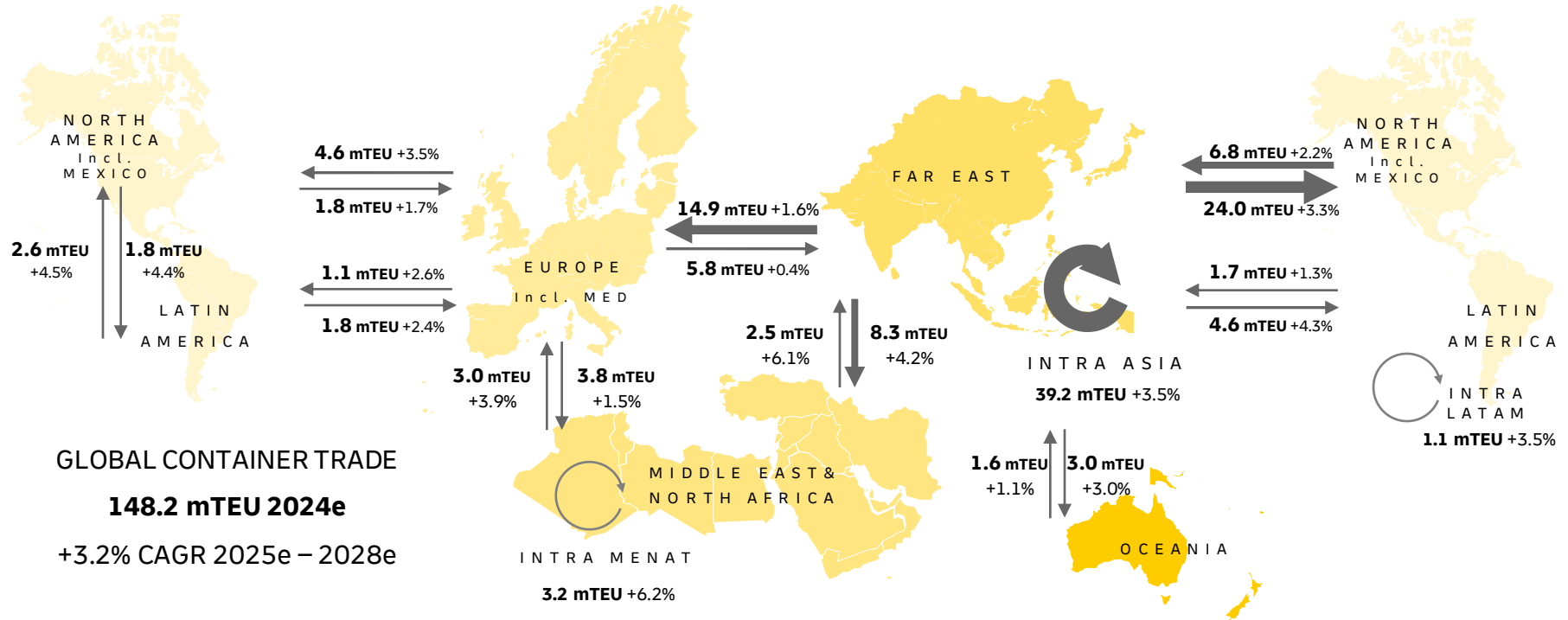
	2024F	2025F	2026F	2027F	2028F	CAGR (2025-28)
AMER	2.3%	1.8%	1.9%	2.0%	2.1%	2.0%
ASPA	4.2%	4.1%	4.0%	4.0%	4.0%	4.0%
EURO	1.3%	1.8%	1.8%	1.8%	1.7%	1.8%
MEA	2.4%	3.4%	3.9%	3.8%	3.7%	3.8%
DGF World	2.7%	2.7%	2.7%	2.8%	2.8%	2.7%

Bunker Prices²⁾



1) Real GDP, Copyright © IHS Markit, now part of S&P Global, Q3 2024 Update 5 Sep '24. All rights reserved; 2) Source: Bunkerindex, in US\$

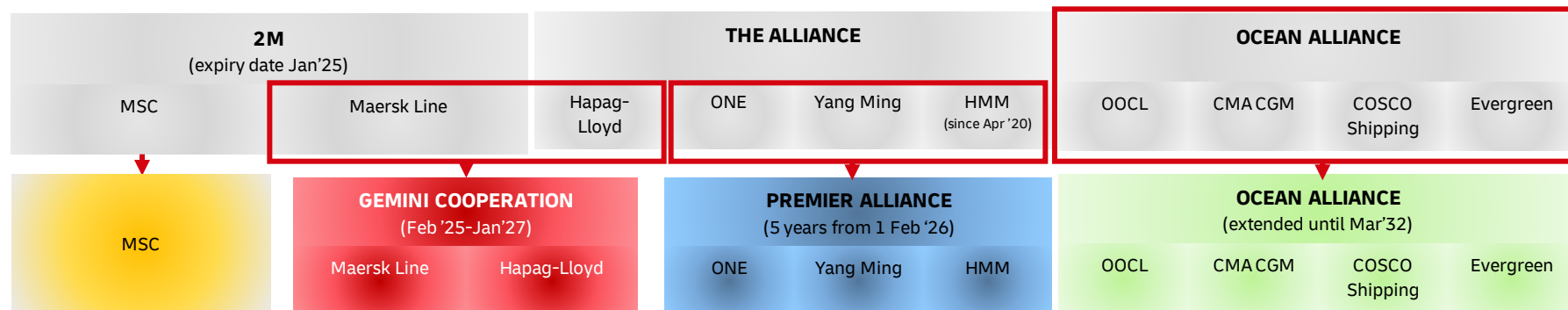
Demand Development 2024 – 2028



Source: Accenture Cargo Jun24 update

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Carrier Alliances Reshuffling



- **2M** will split in January 2025.
- The **Gemini Cooperation** between Maersk and Hapag-Lloyd will begin in February 2025.
- The **OCEAN Alliance** extended their collaboration until March 2032.
- After Hapag-Lloyd's departure, THE Alliance members HMM, ONE, and Yang Ming will form the **Premier Alliance** from February 2025.
- **MSC** will operate its East-West network independently and offer additional services by entering VSAs or taking slots on vessels of other operators.
- Gemini adopts a 'hub and spoke' network, while other alliances will continue to serve smaller ports directly.

Source: Carriers, Linerlytica, Alphaliner

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)
IBPC	-	Indian Sub-continent	THC	-	Terminal Handling Charge
IFO	-	intermediate fuel oil	VLSFO	-	Very Low-Sulphur Fuel Oil
M.E.	-	Middle East	TP	-	Transpacific
MEA	-	Middle East and Africa = MENAT + SSA	WB	-	Westbound
MENAT	-	Middle East and North Africa	WRS	-	War Risk Surcharge
ML	-	Maersk Line	YoY	-	Year-on-Year
mn	-	Millions	YTD	-	Year-to-Date
MoM	-	Month-on-Month			

THANK YOU