

# **Ocean Freight Market Weekly Update**

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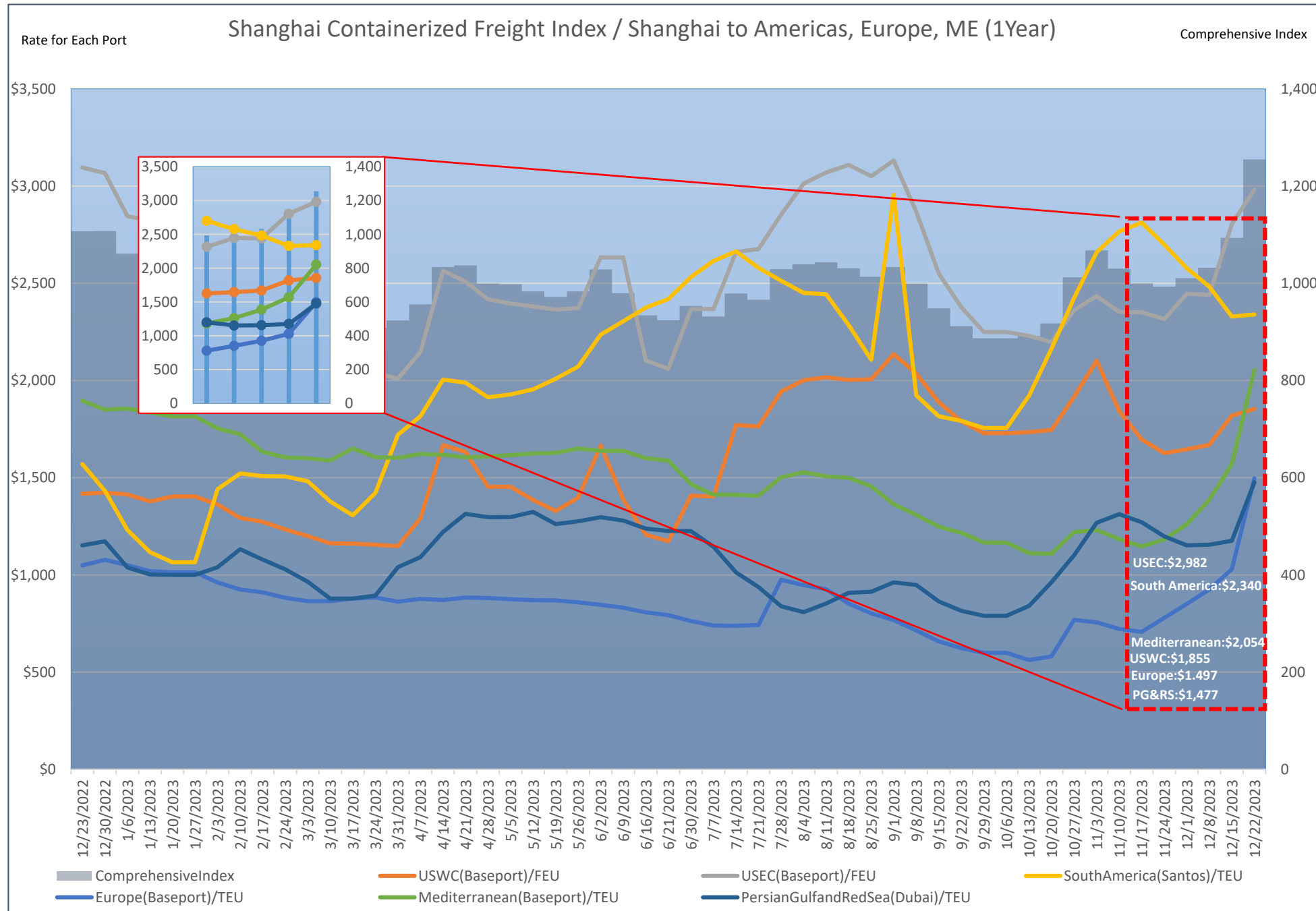
**December 27, 2023**  
**SCOA Logistics Group**

# Suez Canal Situation

- **Suez Canal Diversions and Industry Impact:** Major container lines, including Maersk and CMA CGM, have diverted over 200 ships around Africa's Cape of Good Hope. Even if more carriers resume Suez Canal transits, existing diversions cause delays and increased costs for ocean supply chains.
- **Maersk's Decision and Naval Coalition Confidence:** Maersk's decision to resume sailings through the Red Sea shows confidence in the naval coalition's ability to protect shipping from Houthi rebel attacks.
- **Cost Implications and Surcharges:** Maersk's announcement follows CMA CGM's invocation of a clause to reroute ships via the Cape of Good Hope due to concerns. Ocean carriers, including Hapag-Lloyd, add surcharges to address longer transit times and higher operating costs resulting from Suez diversions.
- **Operation Prosperity Guardian and Industry Response:** Operation Prosperity Guardian, launched in response to attacks, is welcomed by the industry as positive news for global trade. Despite the launch, the overall risk in the Red Sea/Gulf of Aden remains, and vessels may be diverted if needed.
- **Continued Houthi Attacks and Patrol Area Details:** Houthi rebels continue attacks, and Operation Prosperity Guardian operates as a "highway patrol" rather than a convoy. The patrolled area covers the distance from the Suez Canal to the Gulf of Aden, a significant stretch of water.

# Container Vessel Market

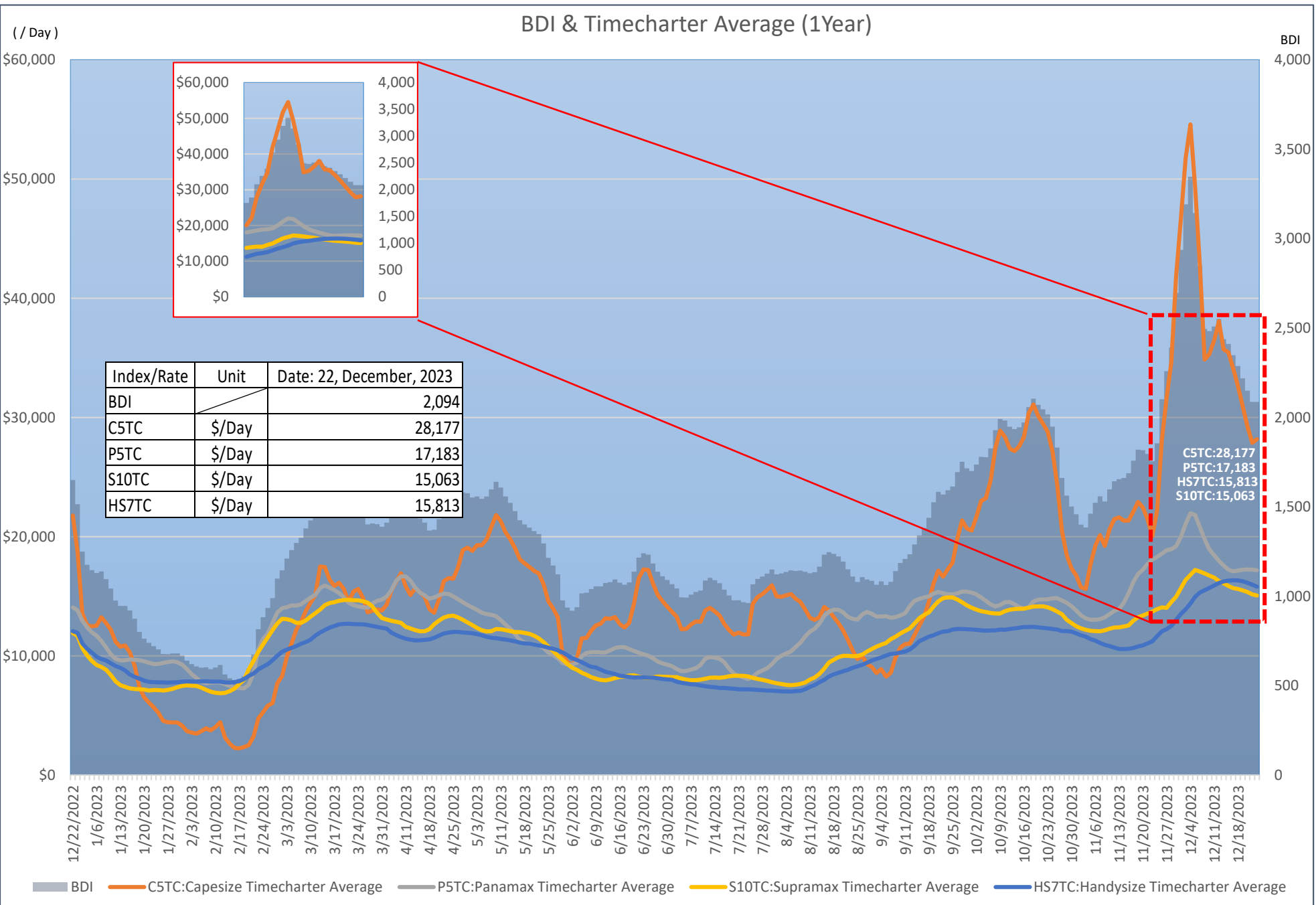
Shanghai Containerized Freight Index / Shanghai to Americas, Europe, ME (1Year)



## < Surging Trans-Pacific Spot Rates as Red Sea Carrier Diversions Intensify >

According to The Journal of Commerce, spot freight rates from Asia to North America have surged due to heightened security concerns in the Red Sea. Carriers and forwarders are looking to capitalize on market uncertainty during January negotiations for 2024–25 service contracts. Despite customer challenges, carriers aim to shape pricing strategies for the pre-Lunar New Year rush and preliminary service contract tenders. Spot rates from China, reaching \$2,600 per FEU to the US West Coast and \$3,600 per FEU to the East Coast, have spiked, with spot rate indexes yet to fully reflect the escalation. General rate increases on December 1 and December 15 have contributed to the upward trend, with expectations of another hike on January 1. The adjustments are driven by increased attacks on commercial shipping by the Houthis from southern Yemen. In response, the US has announced the formation of a multinational naval force to counter these attacks and restore stability in the Red Sea and Gulf of Aden, reshaping industry dynamics for carriers and customers.

# Bulk Carrier Market



## < Baltic index falls for third week on weaker rates across segments >

The Baltic Exchange's dry bulk sea freight index edged up on Friday but declined for the third consecutive week as rates across vessel segments lingered near multi-week lows. The overall index was up 0.3%, at 2,094. The index fell 10.8% on the week, having hit its lowest since Nov. 23 on Thursday. The capesize index was up 1.1%, at 3,398, its first rise in eight sessions. It still dropped 17.4% in the week, logging its third weekly decline. Average daily earnings for capesize vessels decreased \$305 to \$28,177. Dalian iron ore futures rose for the fourth straight session and recorded their best day in two months, driven by optimistic news from China's state banks. The panamax index was down 0.3%, at 1,909, close to one-month lows, but eked out a 0.5% weekly gain after falling in the previous two weeks. Average daily earnings for panamax class fell by \$53 to \$17,183. Among smaller vessels, the supramax index was down 9 points at a more than three-week low of 1,369, sliding lower for a 13th straight session and shedding 4% on the week.

## Definition

Shanghai Containerized Freight Index (SCFI) Comprehensive Index	The index that reflects the fluctuation of <b>spot freight rates</b> on export container transport market <b>from Shanghai</b> . The composite index is a weighted average of 15 individual routes of spot freight rates with a port to port freight level. The basis period of composite index is 16th October, 2009 and the basis index is 1,000 points.
Shanghai Containerized Freight Index (SCFI) Freight Rate	The freight rate of individual routes of SCFI is the average all-in price which considers <b>the spot ocean freights</b> and related seaborne surcharges but not include landside surcharge. The ports of destination are the base ports of the route, e.g. Mediterranean Sea—Barcelona/Valencia/Genoa/Naples, Europe—Hamburg/Rotterdam/Antwerp/Felixstowe/Le Havre, USWC—Los Angeles/Long Beach/Oakland, USEC—New York/Savannah/Norfolk/Charleston.
Baltic Dry Index (BDI)	Baltic Exchange Dry Index (BDI) is calculated by taking the <b>timecharter components</b> of the Baltic’s capesize, panamax and supramax indices. The basis period of composite index is 4th January, 1985 and the basis index is 1,000 points.
Capesize Timecharter Average	<b>The main 5 routes weighted timecharter average for Capsize</b> on 180,000dwt, non scrubber fitted vessel, max age 10 years, LOA290m, beam45m, TPC121, 198,000cbm grain.
Panamax Timecharter Average	<b>The main 5 routes weighted timecharter average for Panamax</b> based on 82,500dwt, non scrubber fitted vessel, max age 12 years, LOA229m, beam32.25m, TPC7.05, 97,000cbm grain.
Supramax Timecharter Average	<b>The main 10 routes timecharter weighted average for Supramax</b> based on 58,328dwt, non scrubber fitted starndard “Tess58” type vessel, max age 15 years, LOA189.99m, beam32.26m, TPC57.5, 72,360cbm grain/70,557cbm bale, 5holds/hatches, 4x30t Cr+12cbm grabs.
Handysize Timecharter Average	<b>The main 7 routes timecharter weighted average for handysize</b> based on 38,200dwt, non scrubber fitted vessel, max age 15 years, LOA180m, beam29.8m, TPC49, 47.125cmb grain/45,300cmb bale, 5holds/hatches, 4x30t Cr.