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Shipping Market Outlook: Q2 2025 Forecast

7 min read

Overview

Geopolitical tensions in the Middle East and the resulting rerouting have disrupted shipping markets to varying degrees. A sudden end to rerouting poses considerable downside risks for the shipping industry, while a prolonged extension could offer substantial upside potential.

Sanctions contribute to this uncertain environment, where any major escalation or de-escalation could significantly affect the global economic outlook.

Meanwhile, uncertainty surrounds the US' proposed tariffs, as any counter measures could impact the global shipping sector and lead to reduced international trade and sustained higher inflation. Also, China's economic recovery is fragile, adding further uncertainty given its crucial role as a global demand driver. This delicate situation could be worsened by potential trade wars as China's economy is heavily dependent on exports.

Here's a summary of how this uncertainty could play out across Tankers, Bulkers, Containers, and Gas industries based on our forecast data.

Tankers

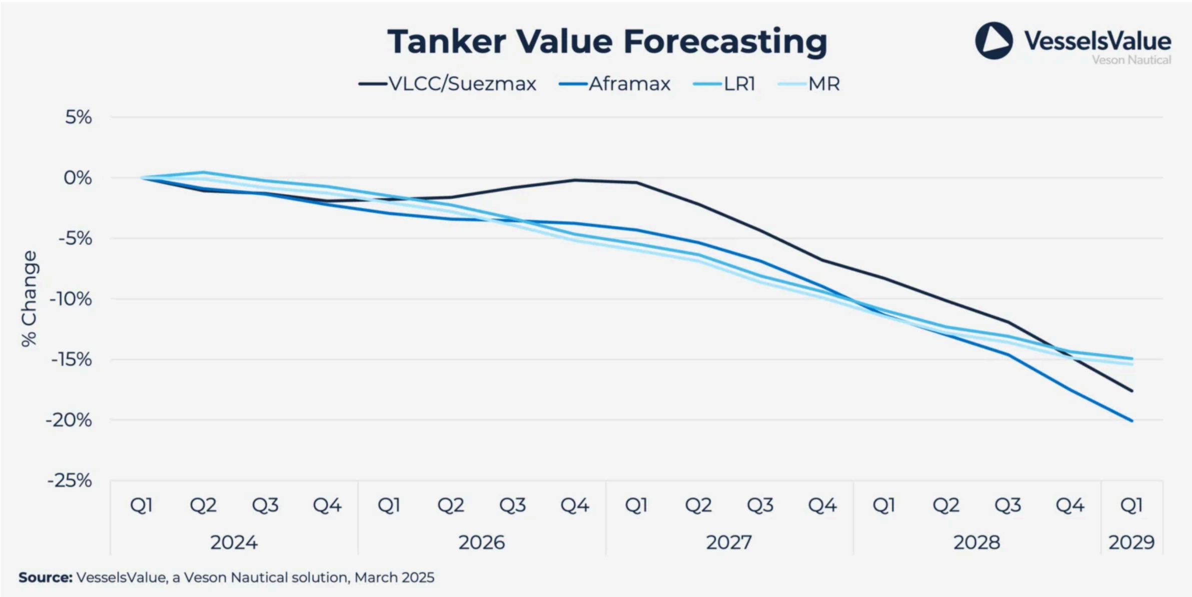
Volatility in rates and expectations will continue with movements in the oil price, sanctioned oil volume developments, preemptive measures in the Red Sea, OPEC+ decisions, and members' compliance—as well as China's ability to maintain economic growth and high crude imports and refinery runs.

Although Russian exports of crude oil and petroleum products may decrease, the continued supply of oil to Europe from alternative sources (such as the Middle East, the US, and Latin America) will sustain ton-mile demand and support rates moving forward.

Tanker ordering activity in 2024 saw a 50% increase compared to 2023 but has slowed significantly in 2025 so far. While newbuilding prices have stabilised, they remain high by historical standards. Additionally, ongoing geopolitical uncertainty seems to be impacting current ordering trends.

It is distances, rather than volumes, that have been the primary driver of strong Tanker markets lately. Recent market conditions have been positively influenced by the EU and G7 sanctions on Russian oil imports and the rerouting of shipments to avoid high-risk areas in the Red Sea. While there is currently no clear end to these effects, they pose a downside risk to Tanker trades.

It will be instrumental for renewed Tanker market strength that China's oil demand and oil import demand rebounds in the year ahead. The macroeconomic environment is still fragile, and while the inflation pressure has abated, several large economies are still struggling with low GDP growth. Interest rates have also started to come down, but consumers are still weary of price pressures and their disposable income.



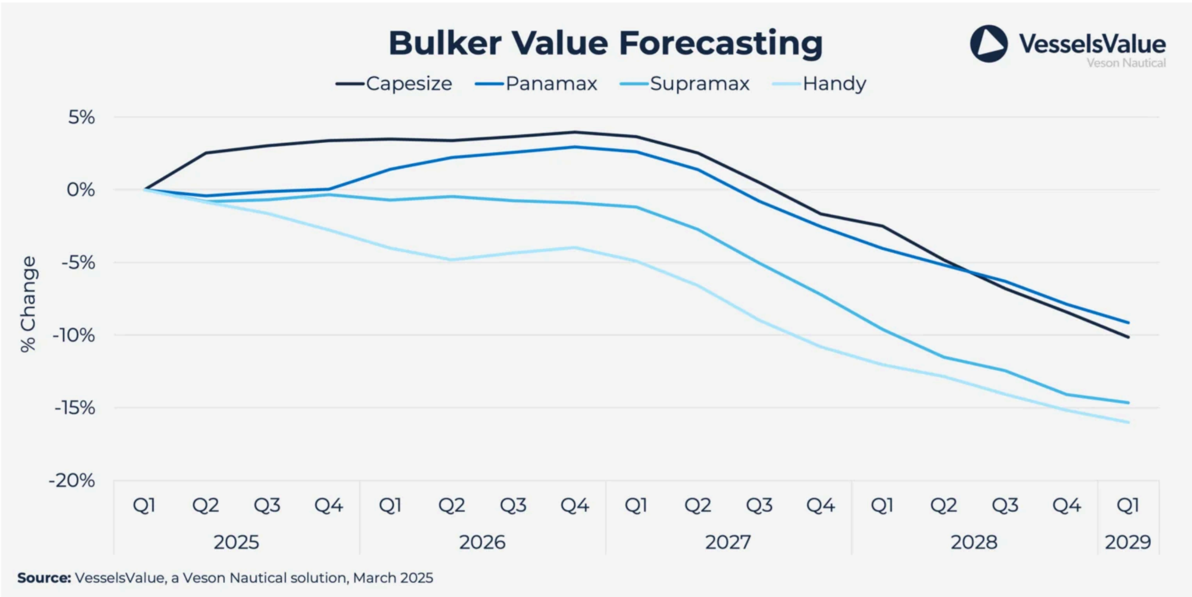
Bulkers

Bulker supply growth is expected to remain relatively low due to minimal ordering activity in recent years. However, the market balance is anticipated to soften in 2025 as supply growth temporarily outpaces demand.

In 2024, China sustained strong mineral imports, particularly in iron ore, coal, and bauxite. However, domestic demand remained sluggish due to a struggling property sector and low consumer confidence weighing on domestic consumption.

Declining interest rates in the EU and the US, combined with increasing global investments in green energy infrastructure, will boost economic activity and positively impact the demand for minor bulk commodities in the coming years.

Although the Bulker shipping segment has not been the most impacted by the rerouting from the Red Sea, many owners are choosing the longer route around the Cape of Good Hope. This detour is contributing to an approximate 1% increase in Bulker ton-miles, which has positively influenced freight rates in 2024 and continues to do so in 2025.



Containers

Container TEU-mile demand growth for 2024 is calculated to have been 17.1%, driven by high activity in total volumes traded in addition to longer sailing distance due to the Red Sea diversion. Our current analysis points to total TEU demand growth of 0% yearly average over the period 2025-2028.

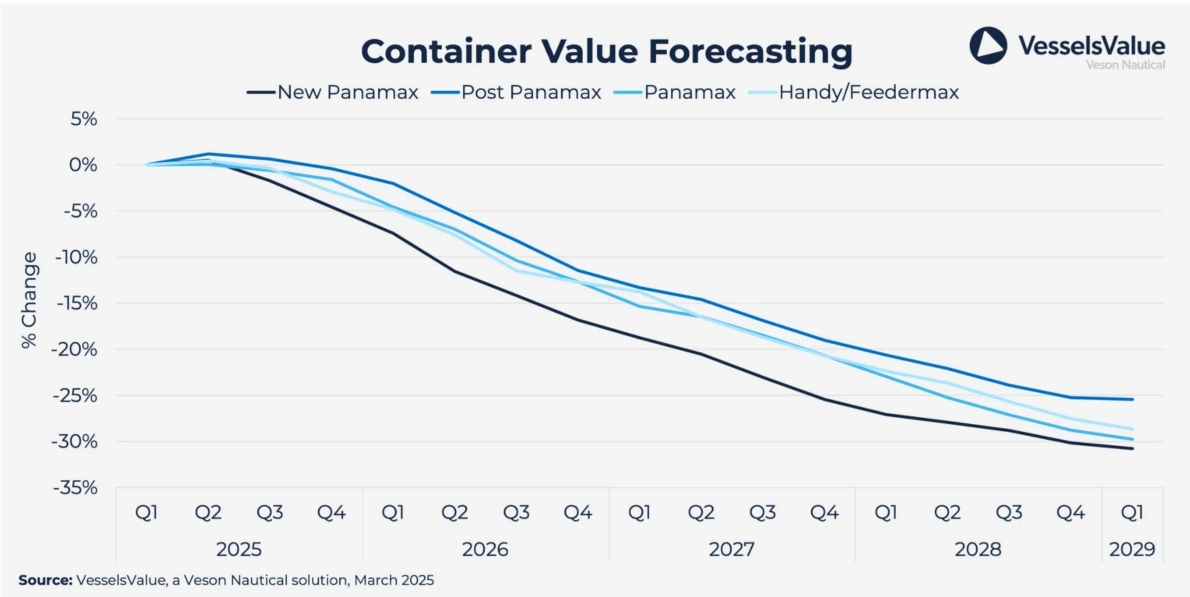
Both volumes and sailing distances have increased which is positive for freight rates. Sailing speed has increased with an average of 1.5% compared to 2023 but we are expecting some decline in average speed in our forecast period due to a more muted outlook and stricter environmental regulations. We forecast freight rates to decline steadily in 2025 as more vessels enter the market.

Vessel supply growth in our forecast period will at some point outpace demand despite the Red Sea conflict, and this will affect freight rates for all sizes. Better macroeconomic outlooks and interest rate cuts will be positive for demand in the end of our forecast period, in addition to continuing growth in emerging markets.

With high ordering activity in recent years, we expect net fleet growth to have an average pace of 8.2% between 2025-2028.

While New-Panamax Containers have been the preferred vessel to be ordered in the past years, we have seen a shift lately towards ULCVs as this vessel is typically trading Asia-Europe which is most affected by rerouting. The orderbook to fleet is currently at 29.6%.

Scrapping activity has remained muted with 0.13 mill TEU's in 2023, but this is expected to increase going forward.



Gas

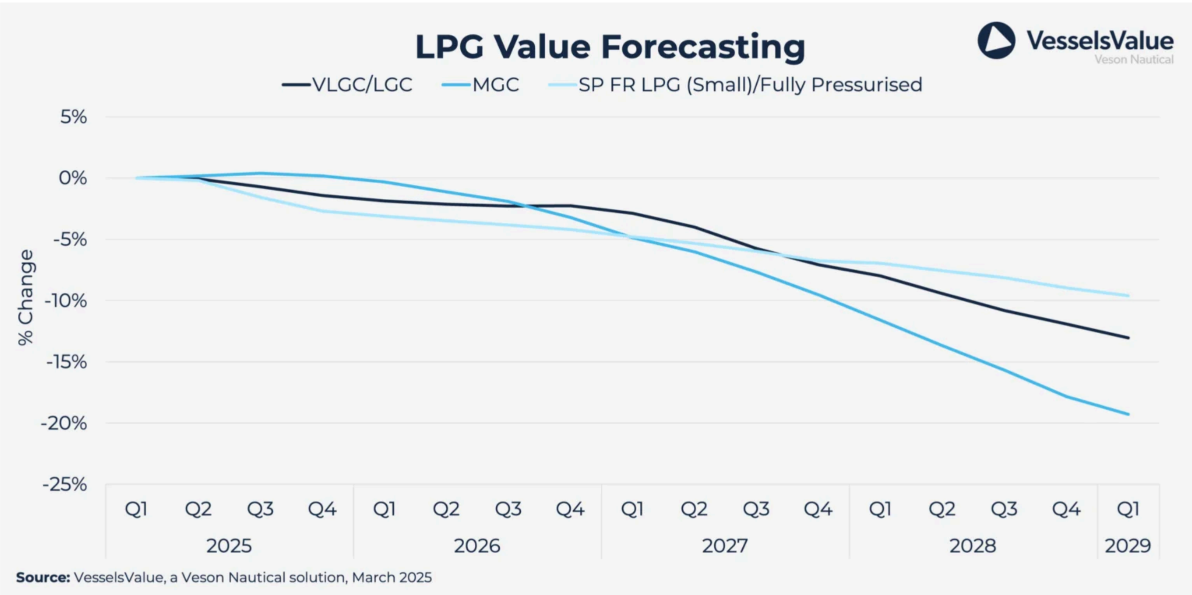
In the US, we expect LPG production to grow steadily in our forecast period. Production increased by 5.9% in 2024 and a further 5.4% is expected in 2025. In the coming years there are several natural gas production projects which will support further growth in LPG.

In the Middle East, exports have been surprisingly high in 2024 despite the ongoing production cuts in oil. We have seen increases of c7.1% but expect this to be somewhat reduced in 2025 by around 4.5%.

The net fleet growth for VLGCs/VLACs reached 10.9% in 2024, and we expect the average yearly growth to be 7.5% in our forecast period.

LPG demand in the Asia-Pacific region continued to grow last year, with import volumes rising approximately 11% in 2024. Imports to China from the US have surged by an astonishing 37%, contributing positively to global CBM-mile demand.

Inefficiencies for coasters and small LPG vessels are expected to increase somewhat due to more extreme weather conditions. However, overcapacity and weak demand remain—causing significant concerns for the petrochemical industry, with chemical companies reporting few signs of recovery.



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