

## Market Pulse 2025 Week 03

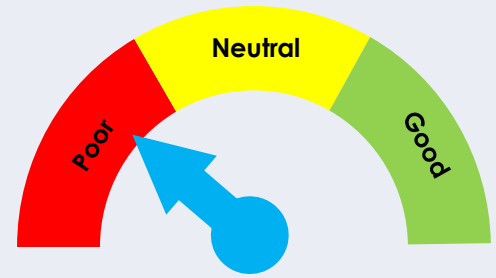
**IN FOCUS this week**  
USTR warns of actions against Chinese ships

### MARKET BRIEF 2025 WEEK 03

The spectre of the Red Sea reopening following the ceasefire in Gaza weighs heavily on the containership sector, with up to 7% of the global fleet potentially coming back to market within the next 3 months. Freight rates have continued to tumble ahead of the Chinese New Year holidays with carriers still slashing rates while the SCFI recorded its first YoY drop last week, marking a tipping point for the market. EC freight futures continue to tumble with rates expected to drop by a further 55 to 65% over the next 12 months.

Although the containership charter market has held up until now, a reversal is looming with up to 2m TEU of vessel capacity expected to return to the market when the Red Sea diversions end. US sanctions against Chinese built ships and potential import tariff increases continue to cloud the outlook, with market sentiment turning more gloomy.

### CONTAINER MARKET BAROMETER 2025 WEEK 03

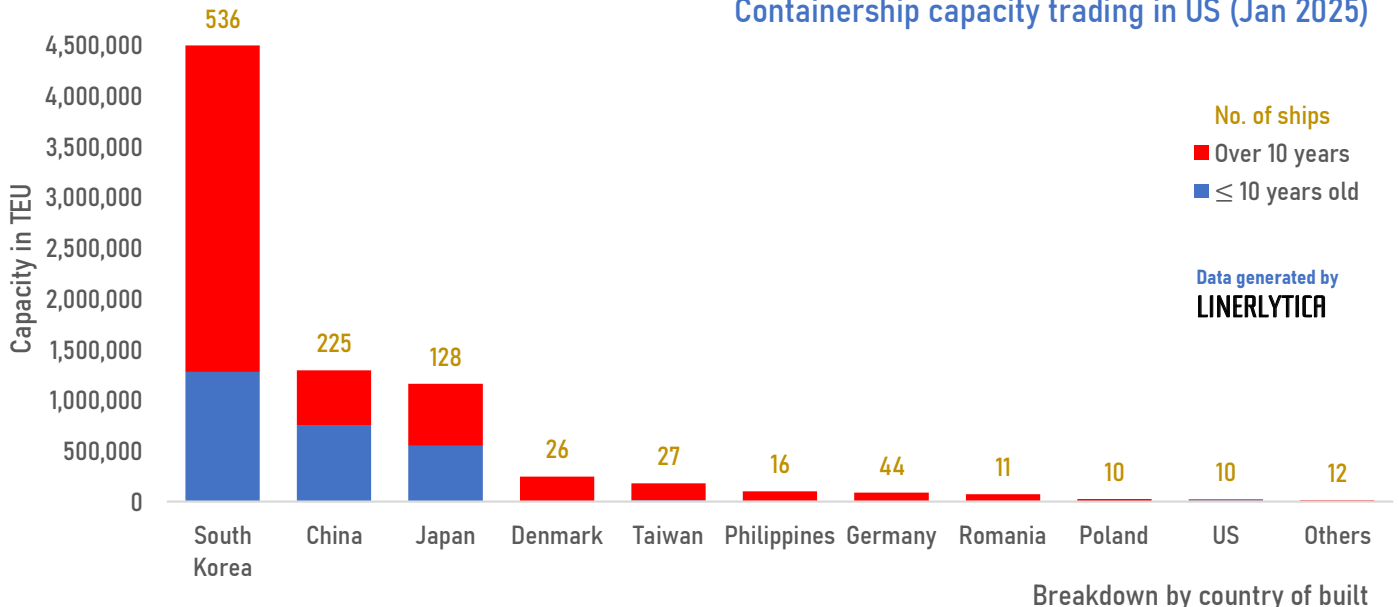


### Potential US sanctions against China would hit 17% of US-bound ships

The US Trade Representative (USTR) concluded its investigation of China's shipbuilding industry on 16 January 2025 and warned of further action to address what it deemed as unfair dominance of the sector. Based on Linerlytica's analysis of all containerships currently trading in the US, Chinese built ships account for 225 units out of the 1,045 ships currently deployed in the US (excluding Jones Act trades) compared to just 10 ships that were built in the US. In TEU capacity terms, Chinese ships account for 1.29m TEU or 16.8% of the total capacity deployed, compared to just 23,200 teu (0.3%) that were built in the US. Ships built in South Korea remains as the largest source of ships trading in the US but South Korean shipyards have lost their leading market position to China which accounted for 66% of the total capacity of new containerships ordered since 2020.

(See page 2 for the fleet breakdown of carriers operating in the US)

### Containership capacity trading in US (Jan 2025)



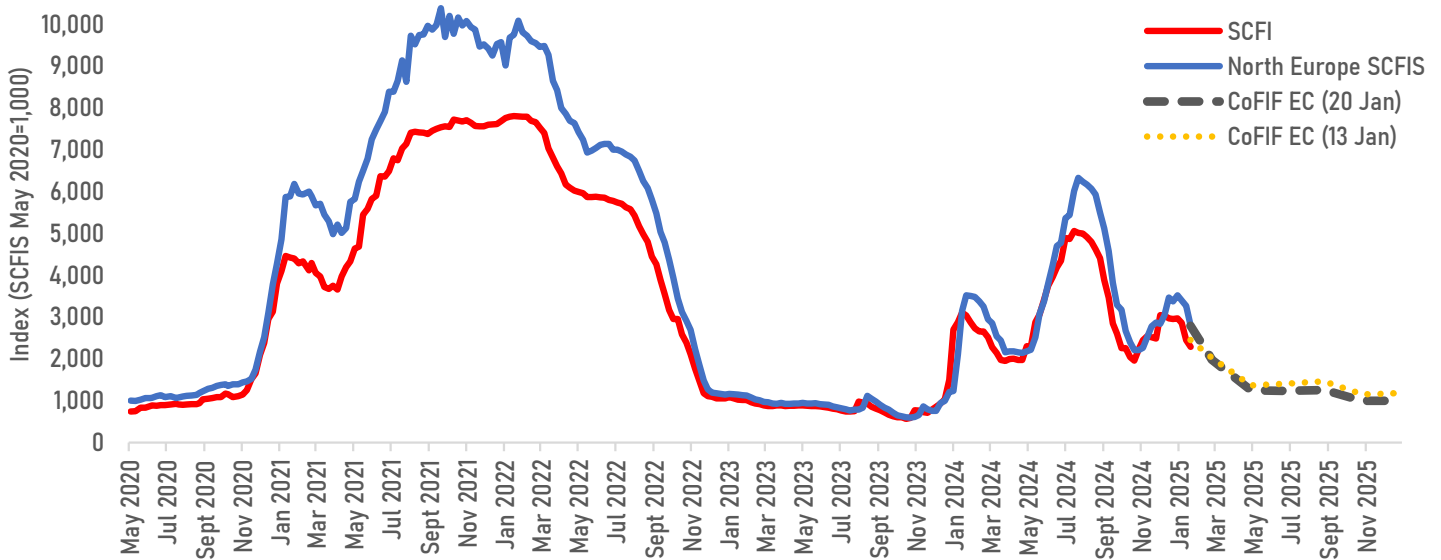
### Freight rates set to drop by over 50% in the next 12 months

EC freight futures slid further following the Gaza ceasefire agreement, pushing the forward curve further into backwardation. The SCFIS spot index fell by 14.5% week-on-week, but forward rates are expected to drop by a further 55%-65% over the next 12 months.

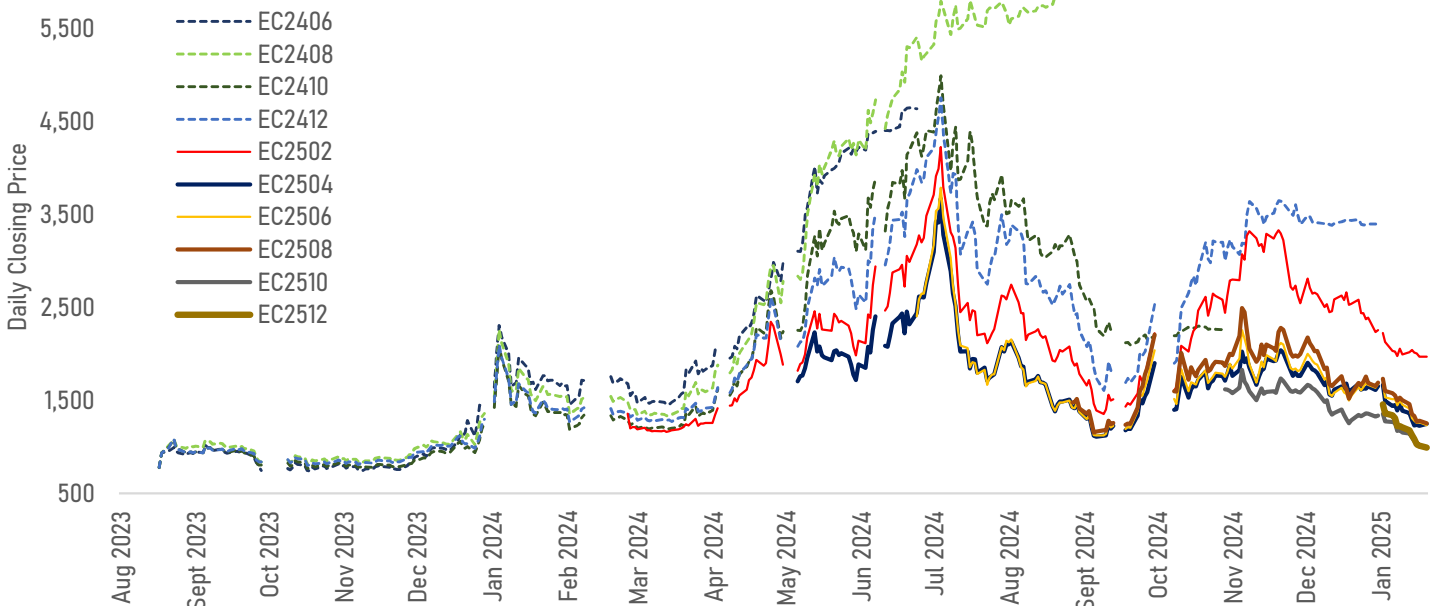
Average daily trading volume rebounded by 36% week-on-week, exceeding 75,000 lots per day, while open interest rose by 11%, approaching 2024 highs. The EC2502 contract held its ground with a relatively small 2% drop but trading volumes dropped by 48%, reflecting weak market conviction as more traders closed their positions as open interest fell by 52%.

Contracts	Closing Price			Vs SCFIS 2,737	Avg Daily Volume (contracts)			Avg Daily Turnover (\$M)			Open Interest (contracts)		
	20-Jan	13-Jan	WoW		Week 2	Week 1	WoW	Week 2	Week 2	WoW	20-Jan	13-Jan	WoW
EC2502	1,972	2,021	-2%	-29%	12,059	23,217	-48%	165	317	-48%	10,373	21,715	-52%
EC2504	1,249	1,367	-9%	-55%	38,366	17,071	125%	328	165	98%	31,735	23,146	37%
EC2506	1,237	1,413	-12%	-56%	10,576	6,313	68%	92	64	45%	19,627	16,796	17%
EC2508	1,255	1,462	-14%	-55%	6,501	3,846	69%	58	40	45%	11,693	9,618	22%
EC2510	998	1,148	-13%	-64%	6,596	4,516	46%	47	37	27%	19,666	14,501	36%
EC2512	995	1,181	-16%	-64%	1,211	551	120%	9	5	83%	3,426	1,344	155%
<b>Total</b>					<b>75,308</b>	<b>55,515</b>	<b>36%</b>	<b>699</b>	<b>628</b>	<b>11%</b>	<b>96,520</b>	<b>87,120</b>	<b>11%</b>

Shanghai-North Europe Freight Rate Trend



CoFIF Daily Closing Price



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