

## New Container Freight Future Turnover Nearly \$500mn in first 30 minutes of trading

After nearly 6 years of suspension, container freight futures have returned to the Shanghai market on 18 Aug 2023. The product is now called the Containerized Freight Index Futures (CoFIF) that is traded at INE (Shanghai International Energy Exchange), a subsidiary of Shanghai Future Exchange and regulated by the CSRC (China Securities Regulatory Commission).

Unlike the container freight futures introduced in 2011 on the Shanghai Shipping Freight Exchange (SSEFC) that are limited to Chinese domestic traders, the CoFIF can be traded by overseas parties via overseas brokers (e.g. INE's exchange members).

The CoFIF turnover reached Rmb3.8bn (\$500mn) in the first 30 minutes of trading, which already exceed the weekly freight revenue of the FE-NEUR route. By the end of the first trading day, the total turnover for the 5 contracts being traded was Rmb16.56bn (\$2.3bn). The most traded contract EC2404 with Rmb15.4bn turnover closed at 916.3, which is below the spot of 1110.02 with 12k contracts open interests. Volume in the second trading day ( 21 Aug) dropped 21% but more indicatively, open positions rose to 20k.

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Delivery month	Pre settle	Open	High	Low	Close	Settle	Ch1	Ch2	Volume	Turnover	O.I & Change	
2404	780.0	770.0	932.9	770.0	916.3	895.0	136.3	115.0	343882	1538988.17	12099	12099
2406	780.0	846.4	936.0	800.0	936.0	926.1	156.0	146.1	19648	90985.80	1702	1702
2408	780.0	888.0	936.0	821.8	936.0	919.2	156.0	139.2	3036	13954.86	1346	1346
2410	780.0	852.2	936.0	804.4	936.0	922.9	156.0	142.9	1572	7254.43	680	680
2412	780.0	853.5	936.0	825.1	936.0	927.6	156.0	147.6	959	4447.91	264	264
Total									369097	1655631.18	16091	16091
Total									829691	14609245.90	490056	17878

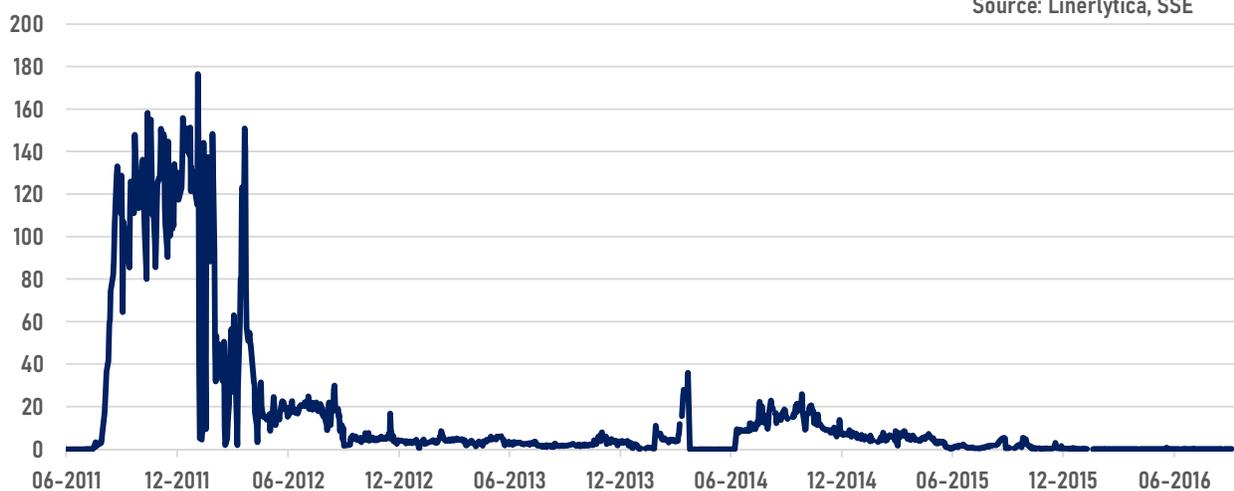
Following are some key points regarding the CoFIF:

- SCFIS (Shanghai Containerized Freight Index Settled Rates), which was launched in November 2020 at 1,000. The Index is based on all in FAK freight rates in USD as per the executed bill of ladings, a deviation from BDI and SCFI, which were based on survey poll. SCFIS is being published 15:05 at SSE each Monday;
- First Contracts: For FE-NEUR routes only. By contract expiring period: EC2404 (i.e. contracts expiring in Apr2024) , EC2406, EC2408, EC2410, EC2412. Contract Code is EC;
- Pricing and Contract size: Rmb50 x Index;
- Settlement: In Cash and in Rmb. No physical (e.g. freight space or cargoes) settlements;
- Trading Period: Monday-Friday 0900-1300 and 1330-1500 except for China's public holidays; Daily Moving Limit: +/-10%;
- Margin Requirements: 12%, increasing to 20% and 30% at respectively 7 days and 2days before settlement date.

Container freight rates are highly volatile and container service contracts are not always binding, which create a demand for hedging instruments. Numerous attempts were made to create a container freight rate futures since 2010 with little success.

Industry acceptance, connection between the derivative and physical market, and liquidity for a container product in the derivative market are some of the reasons that container freight futures have not worked. T China's onshore container freight futures were the only market that has attracted the sufficient liquidity which is essential for any derivatives markets to work. However, even the market liquidity in the SSEFC market during the first year of operation in 2011 was not sustainable and volumes tapered off after that with dwindling investor interest.

Trading Volume of SSEFC Container Freight Futures  
\$M/day



### OOIL earnings drop mitigated by costs reduction

OOIL's 1H23 earnings fell 74% HoH. Earnings are still very good comparing to historical average. RoE was still stayed close to 20% despite of the large sum of idle assets (e.g. cash) on balance sheet. 74% sequential drop in earnings are a touch better than the industry average which is 83% HoH fall. OOIL's unit costs fell 17% HoH relative to the industry's average 11% HoH fall.

### Chinese container freight futures enjoy robust trading volumes

CoFIF's (Containerized Freight Index Futures) closed the first full week of trading mostly up despite weak economic data from China and the Eurozone, as well as the 6% WoW drop in spot SCFIS rates on Monday. The SCFI slipped down for second week in a row, with carriers giving up most of the August rate gains in Europe.

While EC2404 (Apr 2024 contracts) are down 6% WoW and EC2406 (Jun 2024 contracts) are flat WoW, the other three contracts closed the week between 4% and 8% higher compared to a week ago. However, trading volumes were mostly concentrated in the EC2404 contract which accounted for over 85% of the daily trading volumes, with the earlier closing date drawing the most trading interest. Apart from financial and commodities traders, INE disclosed that there are forwarders among the early traders in CoFIF.

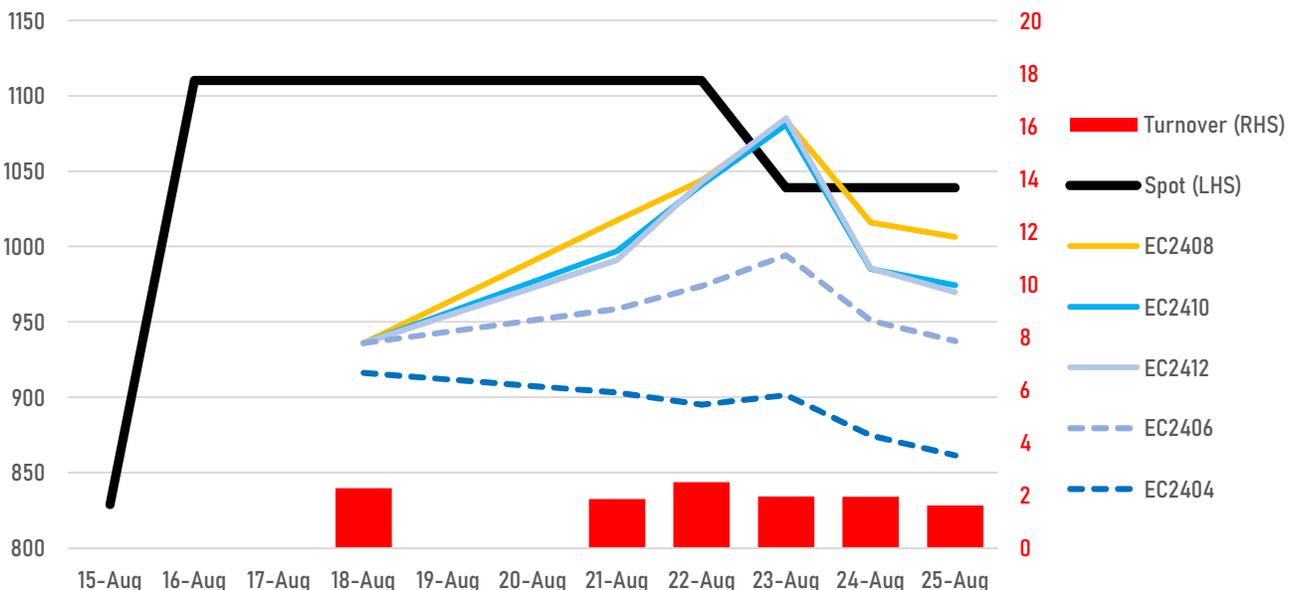
The market is in backwardation as the futures are trading mostly below the SCFIS spot index of 1,039. The EC2408 closed at the highest price among the 4 contracts traded, reflecting the normal container shipping seasonality that typically peaks in the 3<sup>rd</sup> quarter but remains below current spot price with market players still anticipating a rate drop over the coming 12 months.

Average trading volumes reached \$2bn a day, which is much bigger than the physical market in the FE-NEUR route, while the open interests steadily climbed to 28,900 lots. At last Friday's closing price, the open interests amounted to \$177mn.

Contracts	Closing Price			Volume (lots)			Turnover (\$ mn)			Open Interest (Lots)		
	25-Aug	18-Aug	WoW	25-Aug	18-Aug	WoW	25-Aug	18-Aug	WoW	25-Aug	18-Aug	WoW
EC2404	862	916	-6%	229,053	343,882	-33%	1,369	2,114	-35%	21,668	12,099	79%
EC2406	937	936	0%	11,318	19,648	-42%	73	125	-42%	1,055	1,702	-38%
EC2408	1,006	936	8%	16,726	3,036	451%	114	19	496%	3,185	1,346	137%
EC2410	974	936	4%	7,710	1,572	390%	51	10	411%	2,422	680	256%
EC2412	970	936	4%	2,140	959	123%	14	6	131%	570	264	116%
<b>Total</b>				<b>266,947</b>	<b>369,097</b>	<b>-28%</b>	<b>1,620</b>	<b>2,274</b>	<b>-29%</b>	<b>28,900</b>	<b>16,091</b>	<b>80%</b>

CoFIF Daily Closing Price (LHS) and Turnover (RHS)

Source: INE, Linerlytica



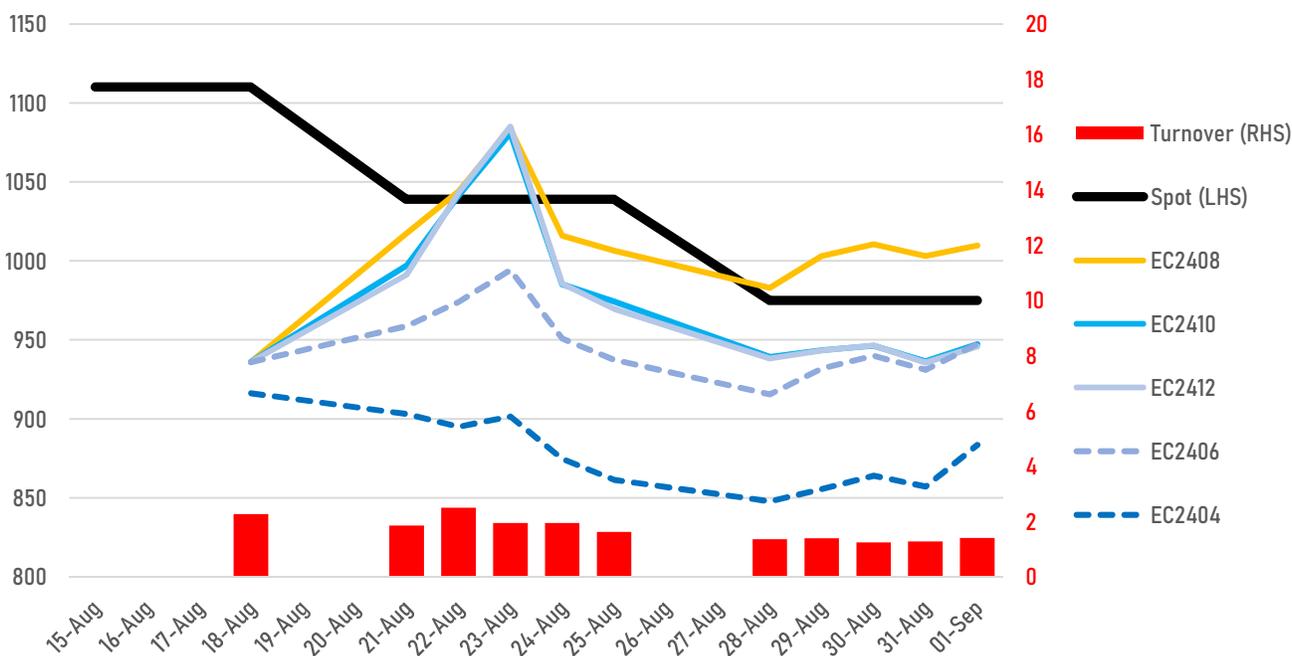
### Container freight futures closed mix in second week on lower trading volumes

The CoFIF container freight futures closed mixed at the end of its 2<sup>nd</sup> trading week on 1 September with short dated contracts holding relatively better than the longer dated contracts, after taking a dip on 28 Aug.

The North Europe EC2408 contract remain in contango at 1,010 relative to the SCFIS spot level of 975 last week, and the latest SCFIS reading of 897 as at 4 September. Although average trading volume dropped 30% WoW to \$1.3bn, it remains highly liquid compared to other container freight futures platform. However, trading volume are expected to fall further in line with the recent market rate weakness as trading is driven primarily by speculative interests at this point spot, will likely follow the spot freight rates. Total open interests are broadly unchanged while in the details traders are stocking up EC2406 on expenses of the EX2404 contracts.

Contracts	Closing Price			Avg Daily Volume (lots)			Avg Daily Turnover (\$ mn)			Open Interest (Lots)		
	1-Sep	25-Aug	WoW	1-Sep	25-Aug	WoW	1-Sep	25-Aug	WoW	1-Sep	25-Aug	WoW
EC2404	884	862	3%	198,763	270,763	-27%	1,177	1,684	-30%	20,147	21,668	-7%
EC2406	947	937	1%	11,574	16,393	-29%	74	110	-33%	2,823	1,055	168%
EC2408	1,010	1,006	0%	7,699	16,813	-54%	53	120	-56%	2,496	3,185	-22%
EC2410	947	974	-3%	2,103	5,347	-61%	14	38	-64%	2,244	2,422	-7%
EC2412	946	970	-2%	3,451	1,676	106%	23	12	90%	685	570	20%
Total				223,590	310,993	-28%	1,341	1,964	-32%	28,395	28,900	-2%

CoFIF Daily Closing Price (LHS) and Turnover (\$ bn, RHS)



### Freight futures unchanged despite liquidity influx

CoFIF freight futures closed up only 1-3% across its 5 contracts last week despite an increase in average daily turnover of 46% WoW to reach \$1.9bn a day.

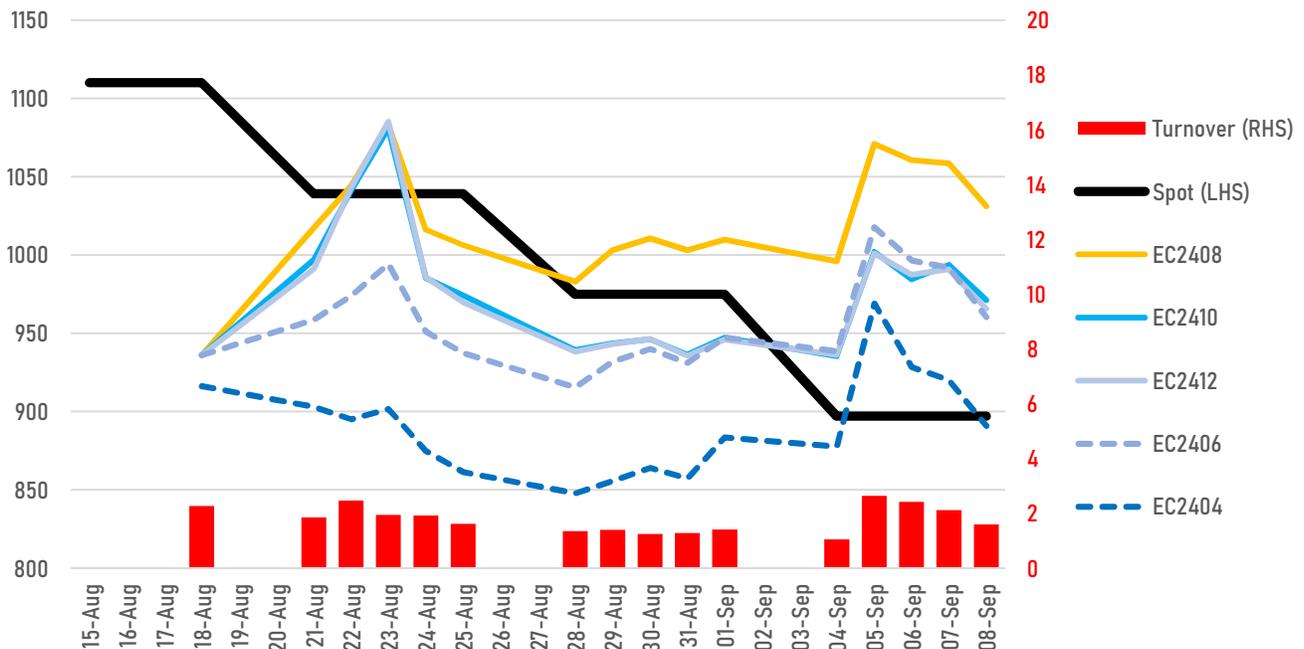
Although the spot SCFIS reported a 8% WoW drop after market on 4 Sep, the CoFIF market saw a huge boost of liquidity on 5 Sep with total trading volumes rising to 400,000 lots, the highest since the launch of CoFIF in August. The price of most highly traded contracts for EC2404 rose 7% on 5 Sep but gave up most of those gains in the following 3 days.

Contracts	Closing Price			Avg Daily Volume (lots)			Avg Daily Turnover (\$ mn)			Open Interest (Lots)		
	8-Sep	1-Sep	WoW	8-Sep	1-Sep	WoW	8-Sep	1-Sep	WoW	8-Sep	1-Sep	WoW
EC2404	891	884	1%	281,296	198,763	42%	1,775	1,181	50%	28,955	20,147	44%
EC2406	960	947	1%	15,311	11,574	32%	104	74	40%	8,632	2,823	206%
EC2408	1,031	1,010	2%	8,088	7,699	5%	58	53	10%	2,353	2,496	-6%
EC2410	971	947	3%	2,444	2,103	16%	17	14	21%	2,186	2,244	-3%
EC2412	966	946	2%	774	3,451	-78%	5	23	-77%	578	685	-16%
<b>Total</b>				<b>307,912</b>	<b>223,590</b>	<b>38%</b>	<b>1,959</b>	<b>1,344</b>	<b>46%</b>	<b>42,704</b>	<b>28,395</b>	<b>50%</b>

Open interests, which reflect longer term trading interests in the market, was up 50% WoW to nearly 43,000 lots.

CoFIF Daily Closing Price (LHS) and Turnover (\$ bn, RHS)

Source: Linerlytica



Note : CoFIF price and units are not directly comparable to the physical freight market. The CoFIF is priced based on the SCFIS index value, which is not same as container freight rates quoted in \$/TEU while its trading units are in multiples of Rmb50 for each lot that are not comparable to the container shipping volume measured in TEU units.

**Both price and trading volume dropped in CoFIF**

CoFIF closed last week (15 Sep) down 1-3% in price, while trading volume receded by 47%. Average daily turnover dropped below \$1bn for the first time since CoFIF launch on 18 Aug. Open interests, the balance of CoFIF that traders hold overnight, was up 9% WoW.

The influx of liquidity on 5 Sep turned out to be due to one trader’s irregular position building that has been stopped by the exchange as per a notice published in INE’s Chinese website after the market closed on 5 Sep. To raise the barrier for irregular trading activities, INE raised the transactional fees by 4 times from 0.001% to 0.005% of total transaction value as from 11 Sep, a double-edged sword that could also reduce legitimate trading activities of CoFIF. Several exchanges e.g. SGX and CME outside of China have container freight futures products but none has worked due primarily to a lack of liquidity.

Trading volume of CoFIF dropped nearly every day from the peak of 403,672 contracts on 5 Sep to just 121,431 on 15 Sep. In terms of turnover, the 121,431 contracts amounted to \$737m, which is still a very liquid market. The annual freight revenue for the Far East to North Europe trade ranges from \$10Bn to \$20Bn, excluding the COVID years when rates escalated sharply.

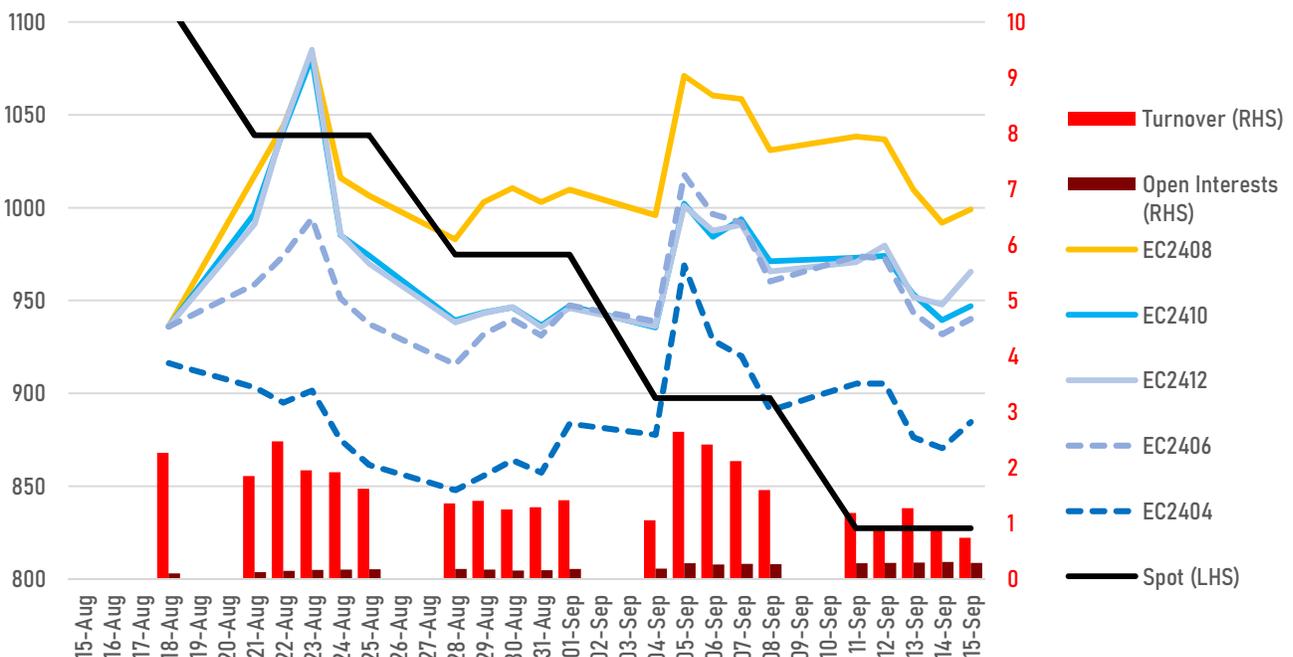
The CoFIF price gave up all the gains on 5 Sep, with all contracts in contango, i.e., futures are trading at a higher level than spot.

Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	15-Sep	8-Sep	WoW	15-Sep	8-Sep	WoW	15-Sep	8-Sep	WoW	15-Sep	8-Sep	WoW
EC2404	885	891	-1%	156,021	281,296	-45%	951	1,795	-47%	31,022	28,955	7%
EC2406	940	960	-2%	5,355	15,311	-65%	35	105	-67%	10,871	8,632	26%
EC2408	999	1,031	-3%	1,068	8,088	-87%	7	59	-87%	1,956	2,353	-17%
EC2410	947	971	-2%	423	2,444	-83%	3	17	-83%	2,121	2,186	-3%
EC2412	965	966	0%	219	774	-72%	1	5	-72%	578	578	0%
<b>Total</b>				<b>163,086</b>	<b>307,912</b>	<b>-47%</b>	<b>997</b>	<b>1,981</b>	<b>-50%</b>	<b>46,548</b>	<b>42,704</b>	<b>9%</b>

As units for the trading volume, what we previously called lots should have been called contracts

CoFIF Daily Closing Price (LHS), Turnover (\$ bn, RHS) and OI (\$ bn, RHS)

Source: Linerlytica



### Futures Up Spot Down in first month of trading

One month since the launch of the Container Freight Futures Index (CoFIF) on 17 August 2023, the container freight futures rates from China to Europe are up 13-26% for 2024 contracts while the actual spot freight rates have slipped by 30% over the same period.

CoFIF trading volumes are down 58% since its debut but open interests have been tripled as a result of lower day-trading while more positions are taken on longer term views.

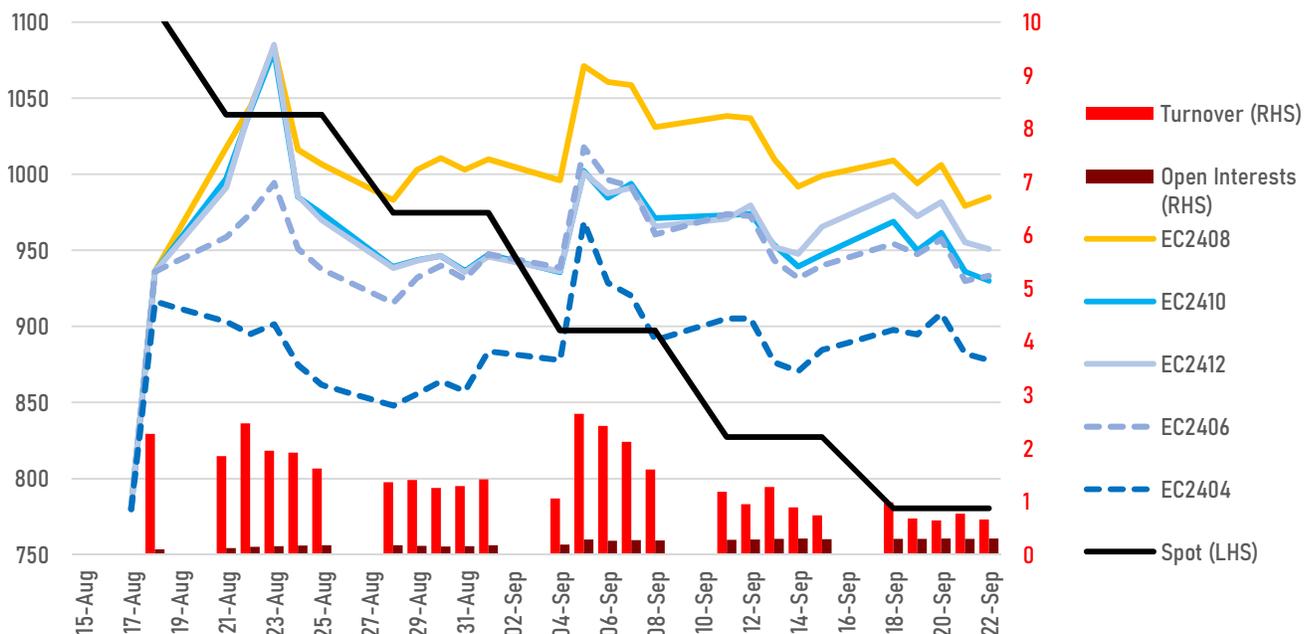
In contrast to the sharp spot rate decline last week, the CoFIF futures rates have remained resilient despite the uncertain economic outlook for the Eurozone and accelerating capacity growth in the container shipping industry. Container ship capacity is set to increase by 7.8% and 8.6% YoY in 2023 and 2024 respectively while the container shipment volume has dropped by 0.7% YoY YTD 2023.

Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	22-Sep	15-Sep	WoW	22-Sep	15-Sep	WoW	22-Sep	15-Sep	WoW	22-Sep	15-Sep	WoW
EC2404	878	885	-1%	116,494	156,021	-25%	714	960	-26%	32,413	31,022	4%
EC2406	933	940	-1%	4,155	5,355	-22%	27	35	-24%	11,856	10,871	9%
EC2408	985	999	-1%	638	1,068	-40%	4	8	-42%	2,051	1,956	5%
EC2410	930	947	-2%	276	423	-35%	2	3	-36%	1,960	2,121	-8%
EC2412	951	965	-2%	73	219	-67%	0	1	-67%	544	578	-6%
<b>Total</b>				<b>121,636</b>	<b>163,086</b>	<b>-25%</b>	<b>748</b>	<b>1,007</b>	<b>-26%</b>	<b>48,824</b>	<b>46,548</b>	<b>5%</b>

Contracts	Closing Price			Daily Volume (contracts)			Daily Turnover (\$ mn)			Open Interest (contracts)		
	22-Sep	18-Aug	MoM	22-Sep	18-Aug	MoM	22-Sep	18-Aug	MoM	22-Sep	18-Aug	MoM
EC2404	878	916	-4%	103,584	268,074	-61%	625	2,117	-70%	32,413	12,099	168%
EC2406	933	936	0%	4,734	12,883	-63%	30	125	-76%	11,856	1,702	597%
EC2408	985	936	5%	606	9,639	-94%	4	19	-79%	2,051	1,346	52%
EC2410	930	936	-1%	191	1,750	-89%	1	10	-88%	1,960	680	188%
EC2412	951	936	2%	17	499	-97%	0	6	-98%	544	264	106%
<b>Total</b>				<b>109,132</b>	<b>292,845</b>	<b>-63%</b>	<b>660</b>	<b>2,277</b>	<b>-71%</b>	<b>48,824</b>	<b>16,091</b>	<b>203%</b>

CoFIF Daily Closing Price (LHS), Turnover (\$bn, RHS) and OI (\$bn, RHS)

Source: Linerlytica, INE



\* We added the initiation index level of 780 for all 5 CoFIF contracts at the debut

**CoFIF volume rebounded while rates tumble**

Containerized Freight Index Futures (CoFIF) on the FE-North Europe route dropped between 12% and 20% WoW in a holiday shortened trading week as the market was closed last Friday in an early start to the Chinese National Day holidays. The price drop mirrored fall in the spot market rates where FE-Europe rates have plummeted ahead of the negotiating season for 2024 freight contracts. The SCFI assessment slipped below \$600/TEU but actual moving rates are much lower.

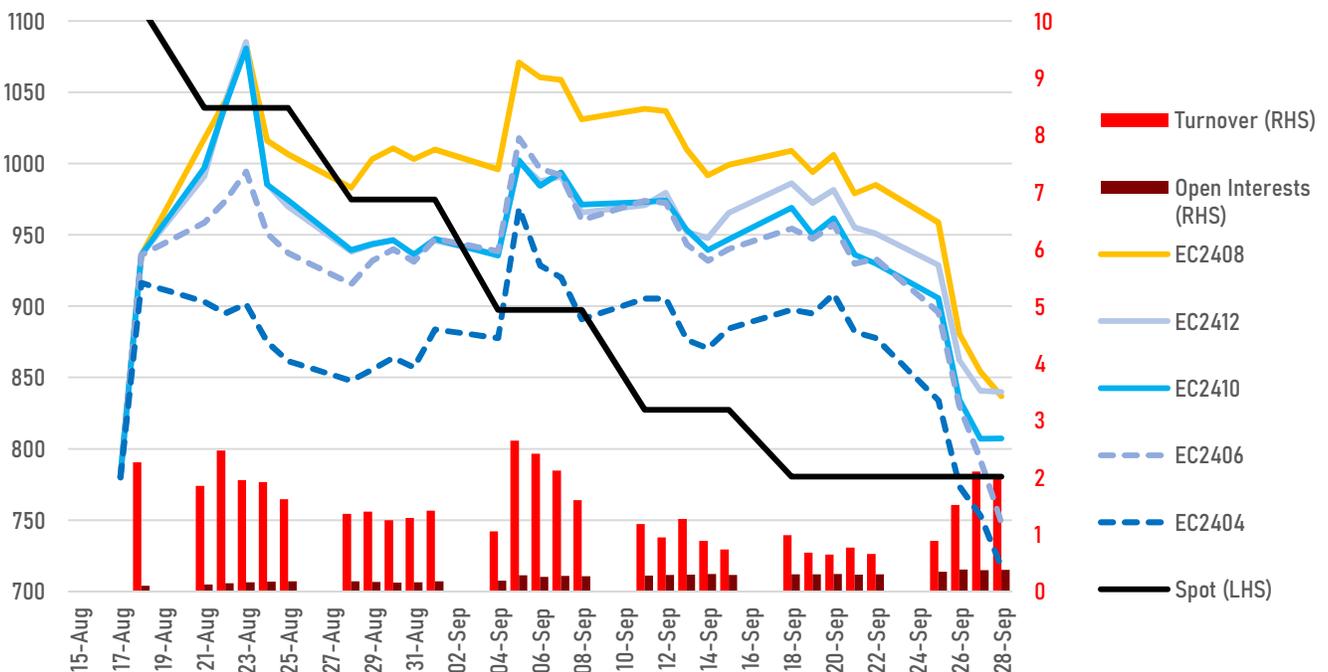
The one bright spot was average daily trading volumes which rebounded by 150% to reach a new all time high. Open interests (OI) rose 55% WoW, narrowing the trading volume-to-open interest (Volume/OI) ratio to 5x from the peak of 23x recorded on the initial trading date (18 August).

The increase in CoFIF transaction fees since 11 Sep has helped to cool down the high frequency trading activities. However, the current volume/OI ratio is still high, which suggests a highly speculative market. In the same exchange, i.e. International Energy Exchange, the other future products, crude, LSF0, rubber and copper are running at 0.6-3.1x for Volume/OI ratio. CME's overall volume/OI ratio is about 0.3.

Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	28-Sep	22-Sep	WoW	28-Sep	22-Sep	WoW	28-Sep	22-Sep	WoW	28-Sep	22-Sep	WoW
EC2404	717	878	-18%	294,423	116,494	153%	1,549	717	116%	55,224	32,413	70%
EC2406	748	933	-20%	10,814	4,155	160%	60	27	121%	15,357	11,856	30%
EC2408	837	985	-15%	1,734	638	172%	10	4	139%	2,411	2,051	18%
EC2410	807	930	-13%	543	276	97%	3	2	71%	2,271	1,960	16%
EC2412	840	951	-12%	238	73	225%	1	0	189%	577	544	6%
<b>Total</b>				<b>307,751</b>	<b>121,636</b>	<b>153%</b>	<b>1,624</b>	<b>751</b>	<b>116%</b>	<b>75,840</b>	<b>48,824</b>	<b>55%</b>

CoFIF Daily Closing Price (LHS), Turnover (\$bn, RHS) and OI (\$bn, RHS)

Source: Linerlytica, INE

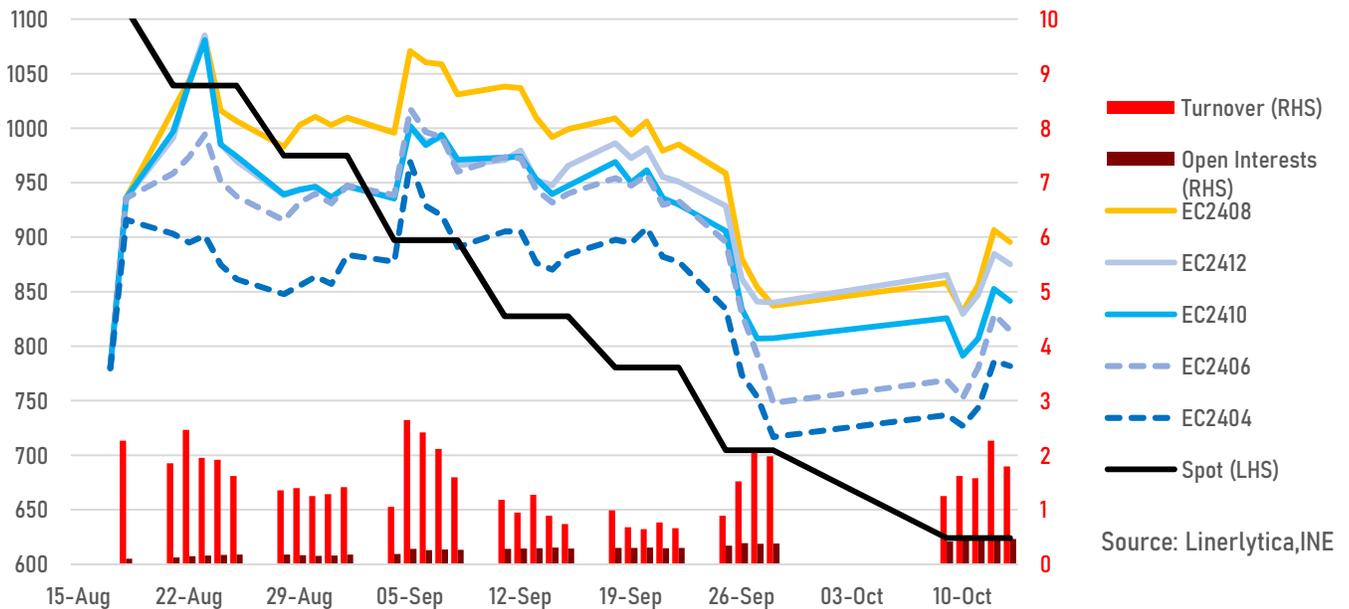


\* We added the initiation index level of 780 for all 5 CoFIF contracts at the debut

**CoFIF volume rebounded while rates tumble**

Container freight futures traded on CoFIF has been rallying since the Chinese National Day holidays, with rates for April to December 2024 rising to some \$1,300-1,500 per feu compared to current spot rates of \$900 to \$1,100.

CoFIF Daily Closing Price (LHS), Turnover (\$bn, RHS) and OI (\$bn, RHS)



Source: Linerlytica,INE

Contracts	Closing Price			Avg daily volume (contracts)			Avg daily turnover (\$ mn)			open interest (contracts)		
	13-Oct	28-Sep	WoW	13-Oct	28-Sep	WoW	13-Oct	28-Sep	WoW	13-Oct	28-Sep	WoW
EC2404	782	717	9%	310,240	294,423	5%	1,598	1,555	3%	58,328	55,224	6%
EC2406	815	748	9%	16,439	10,814	52%	88	60	47%	20,875	15,357	36%
EC2408	895	837	7%	1,863	1,734	7%	11	11	4%	2,483	2,411	3%
EC2410	841	807	4%	540	543	0%	3	3	-2%	2,445	2,271	8%
EC2412	875	840	4%	145	238	-39%	1	1	-40%	495	577	-14%
<b>Total</b>				<b>329,228</b>	<b>307,751</b>	<b>7%</b>	<b>1,701</b>	<b>1,630</b>	<b>4%</b>	<b>84,626</b>	<b>75,840</b>	<b>12%</b>

After 11-day pause for the extended Golden Week holidays, the CoFIF resumed trading last week and ended up by 4-9% compared to 28 Sep 2023. Both turnover and open interests (OI) rose, continuing the strength before holidays.

Despite the rally, carrier continue to shun futures trading, citing lack of liquidity and counterparty risk as their key concerns. However, as CoFIF contracts are traded and cleared in a regulated exchange, CoFIF trades are not subject to the counterparty risk of other traders but are ensured by the exchange.

Liquidity in CoFIF has just made a new high in liquidity on 12 Oct where 429,262 contracts changed hands. The implied container volume for this level of liquidity is close to 3m TEU per day compared to weekly Asia-North Europe trade volumes of 250,000 teu per week.

### CoFIF Volume Hit New High Despite of Fees Hike

CoFIF trading volumes remain high despite of the turbulence in the FE-NEUR spot rates. Prices for all 5 CoFIF contracts were down 5-7% WoW but the CoFIF were still trading at a 20-40% premium to the current spot rate in a bullish signal that anticipates rates to rise next year.

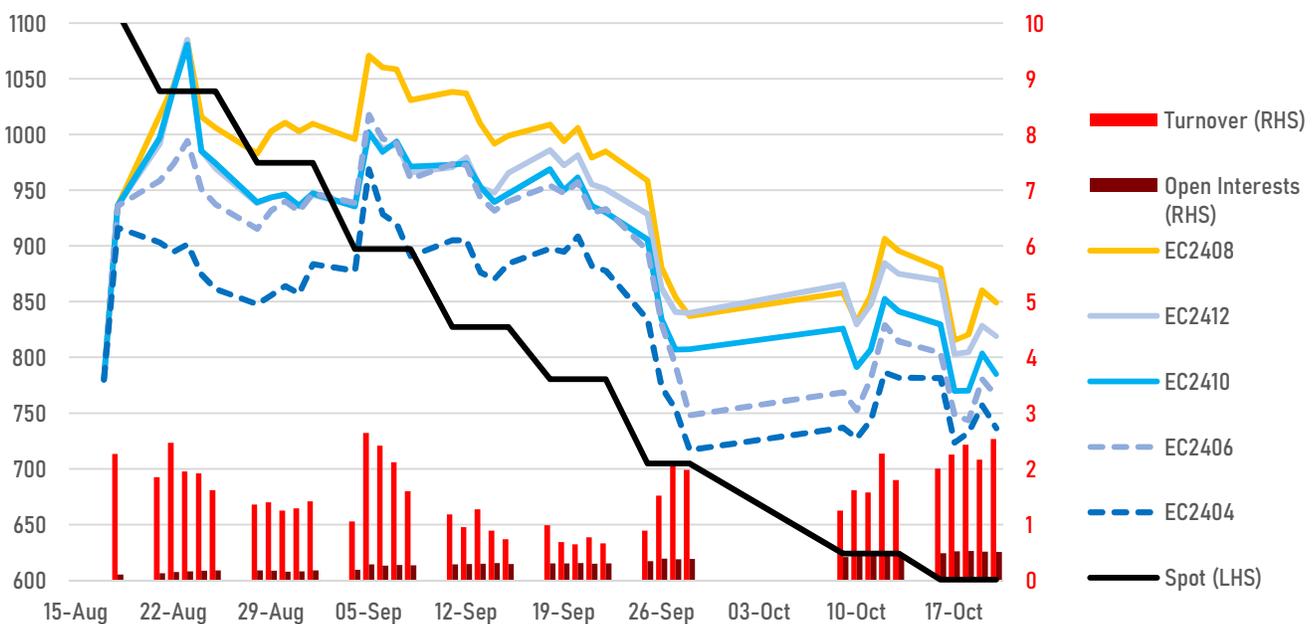
Trading volumes recorded new highs on 20 October with close to 500,000 contracts made despite the increased transaction fees from 19 October that doubled the fees in the 2<sup>nd</sup> fee increase within the past 2 months. The turnover-to-open interest ratio remained at 5x as this market is still dominated by day trading even though open interests has been making new highs every week since the CoFIF launch.

The early success of CoFIF is attributed by traders to two factors – firstly, traders find the CoFIF easy to trade because CoFIF contracts do not require physical settlement whereas the other futures products in INE such as crude, LSFO and copper require physical settlements i.e. warehousing and shipping of the actual physical product. Second, CoFIF offers China's onshore traders exposure to the developed world, which is unique in the commodities market. The container freight rates are driven by the consumption demand in the western hemisphere whereas prices for bulk commodities are often dependent on China's domestic demand.

Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	20-Oct	13-Oct	WoW	20-Oct	13-Oct	WoW	20-Oct	13-Oct	WoW	20-Oct	13-Oct	WoW
EC2404	736	782	-6%	418,632	310,240	35%	2,150	1,605	34%	69,845	58,328	20%
EC2406	766	815	-6%	20,316	16,439	24%	107	89	21%	22,169	20,875	6%
EC2408	849	895	-5%	3,279	1,863	76%	19	11	72%	3,245	2,483	31%
EC2410	785	841	-7%	715	540	32%	4	3	28%	3,029	2,445	24%
EC2412	819	875	-6%	122	145	-16%	1	1	-19%	501	495	1%
<b>Total</b>				<b>443,064</b>	<b>329,228</b>	<b>35%</b>	<b>2,281</b>	<b>1,708</b>	<b>34%</b>	<b>98,789</b>	<b>84,626</b>	<b>17%</b>

CoFIF Daily Closing Price (LHS), Turnover (\$bn, RHS) and OI (\$bn, RHS)

Source: Linerlytica, INE



**INE raised transaction fee for the third times to cool speculation**

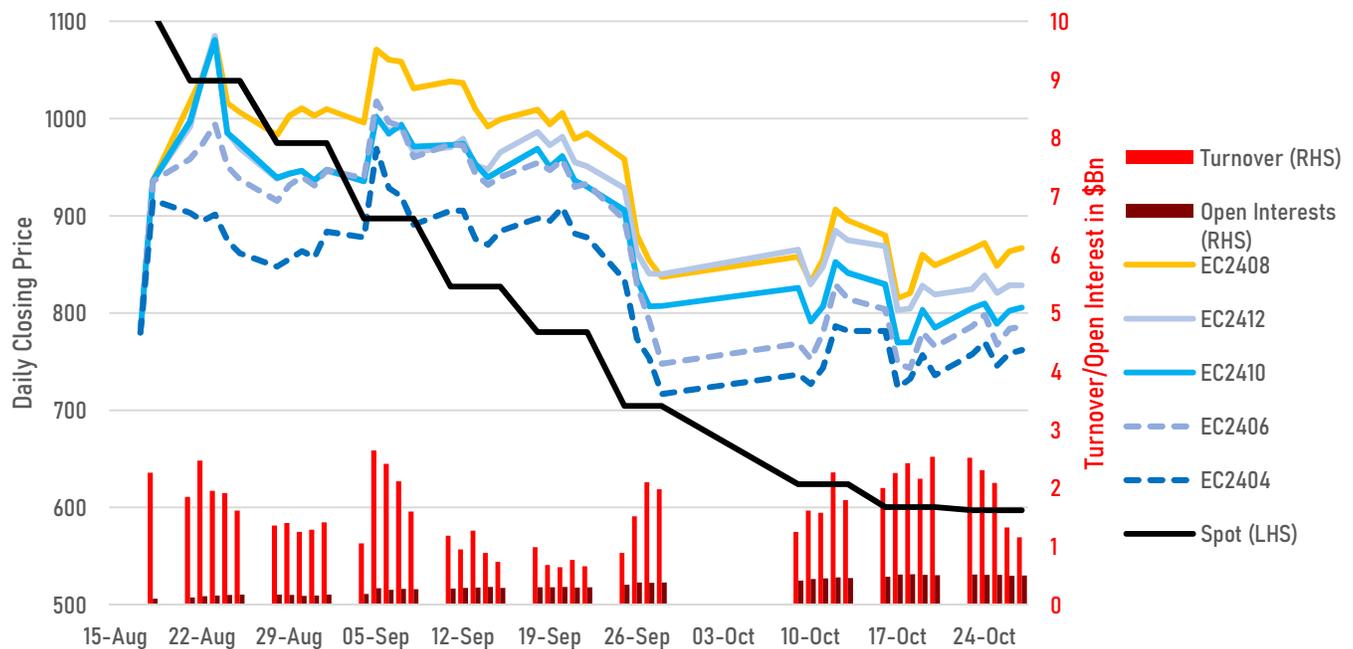
INE, the exchange where CoFIF contracts are being traded, raised transaction fees for the second time in the last two weeks to 0.02% and capped the trading volume at 500 contracts per day in another attempt to cool speculative trading activities. Each CoFIF contract is priced as Rmb50 x the SCFIS. So 500 CoFIF contract cap amount to about \$2.7M. Despite these measures, liquidity remains very high after the new policies kicked in.

The transaction fee started at 0.001% at CoFIF's launch on 18 August. This fee has been raised 3 times on 11 Sep, 19 Oct and 26 Oct respectively to 20 times higher than its initial launch level.

SCFI spot freight rates rose by 32.4% WoW at the end of last week (27 Oct), matching the April 2024 CoFIF contracts.

Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	27-Oct	20-Oct	WoW	Week 43	Week 42	WoW	Week 43	Week 42	WoW	27-Oct	20-Oct	WoW
EC2404	762	736	3%	345,414	418,632	-17%	1,790	2,159	-17%	65,755	69,845	-6%
EC2406	786	766	3%	15,554	20,316	-23%	84	108	-22%	23,166	22,169	4%
EC2408	867	849	2%	1,301	3,279	-60%	8	19	-60%	3,150	3,245	-3%
EC2410	806	785	3%	323	715	-55%	2	4	-55%	3,009	3,029	-1%
EC2412	829	819	1%	80	122	-34%	0	1	-34%	502	501	0%
<b>Total</b>				<b>362,672</b>	<b>443,064</b>	<b>-18%</b>	<b>1,884</b>	<b>2,290</b>	<b>-18%</b>	<b>95,582</b>	<b>98,789</b>	<b>-3%</b>

CoFIF Daily Closing Price / Turnover / Open Interest



**CoFIF steady despite November rate hike**

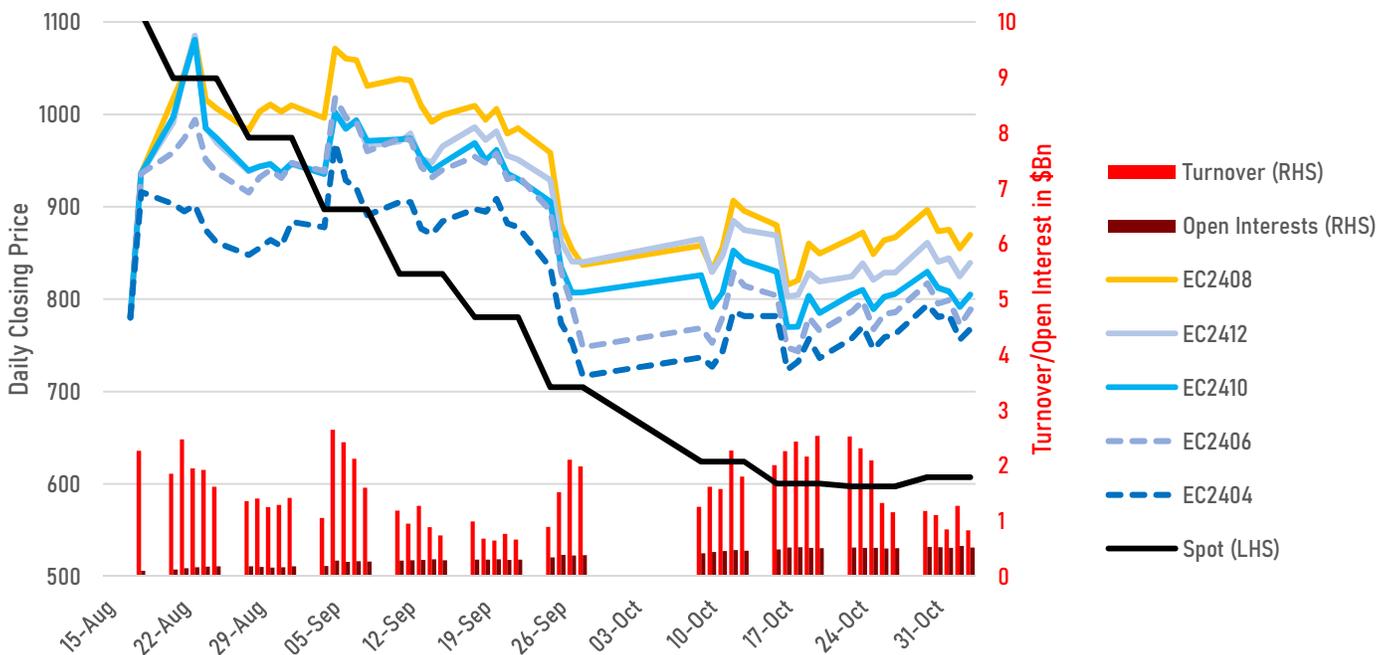
Asia-North Europe forward freight prices on CoFIF were mostly unchanged last week, with the SCFI spot rate assessment slipping by 1.7% after surging by 32% the week before, while the latest SCFIS recorded a 1.7% increase following the 7.7% gain a week before.

The CoFIF is settled on the SCFIS (Shanghai Export Containerized Freight Index based on Settled Rates) which is based on the blended average settled rates determined by the Shanghai Shipping Exchange with a base index of 1,000 as at May 2020.

The SCFIS has dropped steadily since CoFIF trading began in August from 1,039 points to 607 points last week before the latest increase to 654 points. Forward rates are trading at a 30-40% premium to current SCFIS levels despite the negative headwinds that carriers are facing, with significant uncertainty over their ability to lift rates next year in the face of the looming over-capacity.

Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	3-Nov	27-Oct	WoW	Week 44	Week 43	WoW	Week 44	Week 43	WoW	3-Nov	27-Oct	WoW
EC2404	768	762	1%	183,721	345,414	-47%	977	1,798	-46%	66,783	65,755	2%
EC2406	789	786	0%	12,040	15,554	-23%	66	84	-22%	24,129	23,166	4%
EC2408	870	867	0%	566	1,301	-56%	3	8	-56%	3,157	3,150	0%
EC2410	805	806	0%	218	323	-32%	1	2	-32%	3,140	3,009	4%
EC2412	840	829	1%	76	80	-5%	0	0	-5%	531	502	6%
<b>Total</b>				<b>196,621</b>	<b>362,672</b>	<b>-46%</b>	<b>1,047</b>	<b>1,892</b>	<b>-45%</b>	<b>97,740</b>	<b>95,582</b>	<b>2%</b>

CoFIF Daily Closing Price/Turnover/Open Interest



**CoFIF edged lower while remain contango**

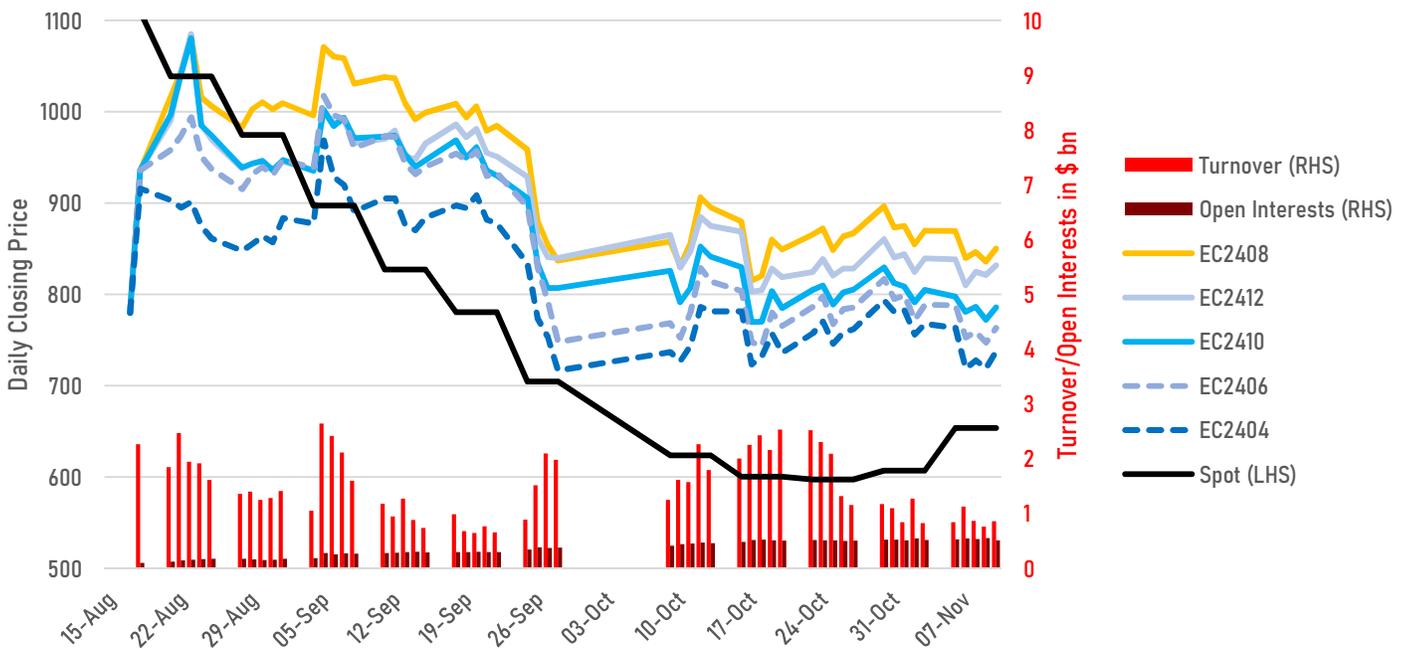
Asia-North Europe forward freight prices on CoFIF edged lower last week as spot rates pulled back after the partially successful 1 Nov GRI with trading volume stabilizing at just below \$900m a day.

After 55 trading days since launch, the CoFIF has been a surprising success in the liquidity front, which are sustained primarily by the onshore retail traders. As per the exchange, 80% of the trading volume come from qualified retail traders and nearly all trading volume were from onshore pools. To be qualified to trade futures in mainland China, retail traders need to pass the futures knowledge test hosted by their brokers and asset test (Rmb10m). Retail traders have been attracted to the container freight futures market as they do not need to take possession of physical cargo unlike some of the other futures markets.

Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	10-Nov	3-Nov	WoW	Week 45	Week 44	WoW	Week 45	Week 44	WoW	10-Nov	3-Nov	WoW
EC2404	738	768	-4%	160,107	183,721	-13%	807	981	-18%	66,851	66,783	0%
EC2406	764	789	-3%	14,268	12,040	19%	75	66	13%	24,509	24,129	2%
EC2408	850	870	-2%	742	566	31%	4	3	26%	3,557	3,157	13%
EC2410	786	805	-2%	395	218	81%	2	1	74%	3,673	3,140	17%
EC2412	832	840	-1%	74	76	-2%	0	0	-5%	554	531	4%
Total				175,587	196,621	-11%	889	1,052	-15%	99,144	97,740	1%

CoFIF Daily Closing Price/Turnover/Open Interests

Source: Linerlytica,INE



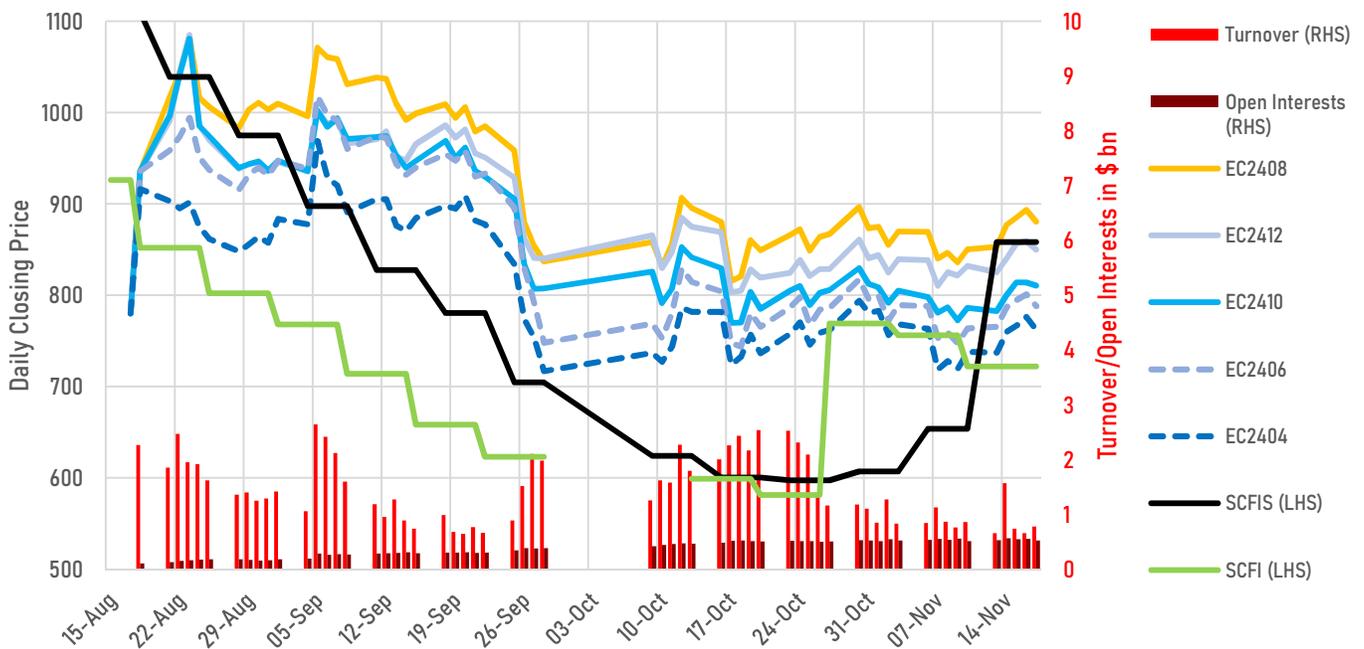
**CoFIF edged lower while remain contango**

Following SCFIS's 31% WoW move on 13 Nov, CoFIF went limit up at the open on 14 Nov but gave back more than half of the gain over the course of last week. Forward CoFIF rates ended the week at the 760-880 level for 2024 compared to current SCFIS has been swinging between 600 and 850.

Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	17-Nov	10-Nov	WoW	Week 45	Week 44	WoW	Week 45	Week 44	WoW	17-Nov	10-Nov	WoW
EC2404	762	738	3%	149,507	160,107	-7%	783	808	-3%	63,650	66,851	-5%
EC2406	788	764	3%	15,164	14,268	6%	83	75	10%	25,027	24,509	2%
EC2408	881	850	4%	704	742	-5%	4	4	-1%	3,478	3,557	-2%
EC2410	810	786	3%	417	395	5%	2	2	9%	3,784	3,673	3%
EC2412	850	832	2%	107	74	44%	1	0	48%	576	554	4%
<b>Total</b>				<b>165,899</b>	<b>175,587</b>	<b>-6%</b>	<b>873</b>	<b>890</b>	<b>-2%</b>	<b>96,515</b>	<b>99,144</b>	<b>-3%</b>

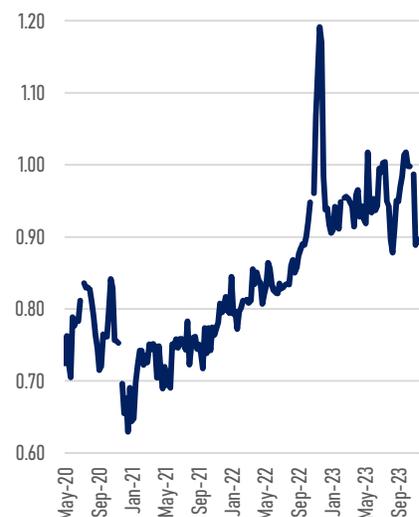
**CoFIF Daily Closing Price/Turnover/Open Interests**

Source: Linerlytica,INE



While the SCFIS seems to track the SCFI with a 1-2 week lag but the relation between the two is not linear. SCFI's Asia Europe rate is expressed in \$ per 20' dry container while the SCFIS is an index that based on May 2000 levels at 1,000.

SCFI-to-SCFIS plus 2 weeks



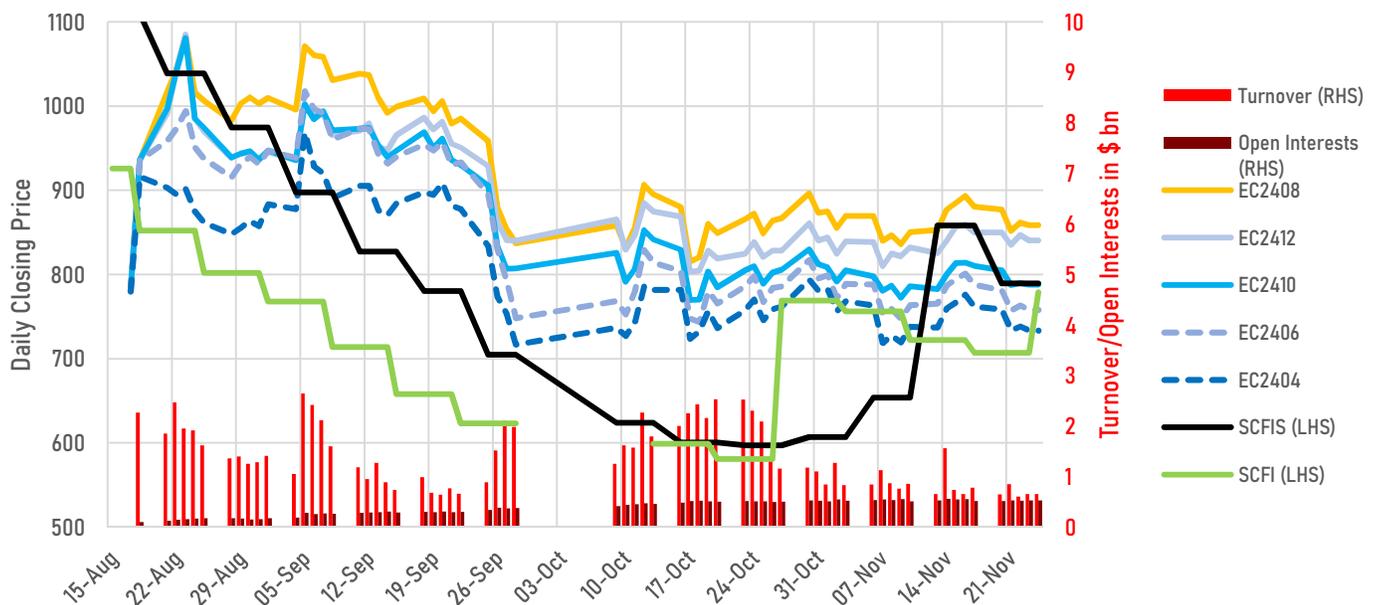
The CoFIF is a futures contracts that is not priced in identical units as their physical counterparts. For example, oil futures are priced in \$ per ton which is same unit that physical oil is being priced. While dry bulk shipping's benchmark is Baltic Index but the dry bulk futures are mostly priced in \$ per day or \$ per tons, which are the same way as how the physical dry bulk freights are being priced.

**CoFIF trades lower on thinner volumes**

Following the SCFIS's 8% WoW correction on 20 November, the Asia-North Europe CoFIF forward rates endured consistent selling pressure through the week on relatively thin volume. Open Interests edged up as turnover-to-open interest ratio fell to just 1.2-1.3, a level suggesting the trading volume may be able to sustain at over \$650mn a day. Trading in the week ahead remains hazy with the SCFIS dropping a further 4.4% on 27 November while the SCFI rebounded 10.2% last Friday on December GRI hopes.

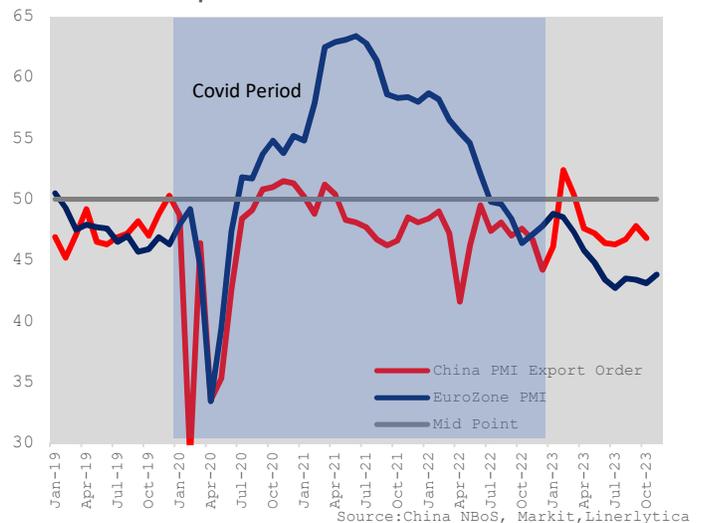
Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	24-Nov	17-Nov	WoW	Week 45	Week 44	WoW	Week 45	Week 44	WoW	24-Nov	17-Nov	WoW
EC2404	734	762	-4%	109,456	149,507	-27%	567	797	-29%	66,187	63,650	4%
EC2406	758	788	-4%	19,782	15,164	30%	107	84	27%	26,127	25,027	4%
EC2408	858	881	-3%	478	704	-32%	3	4	-34%	3,550	3,478	2%
EC2410	788	810	-3%	289	417	-31%	2	2	-32%	4,010	3,784	6%
EC2412	840	850	-1%	53	107	-51%	0	1	-51%	592	576	3%
<b>Total</b>				<b>130,058</b>	<b>165,899</b>	<b>-22%</b>	<b>678</b>	<b>888</b>	<b>-24%</b>	<b>100,466</b>	<b>96,515</b>	<b>4%</b>

CoFIF Daily Closing Price/Turnover/Open Interests



Carriers are hoping for support for their December rate hikes from the year end shipment rush but macroeconomic data remain weak. China's October PMI New Export Orders fell to 46.8, compared to 47.8 in September. In addition to both month's prints being below 50, the October number was also the first MoM sequential drop since 2019. Eurozone PMI remains below 50 although the November preliminary release is higher sequentially (43.8 in Nov versus 43.1 in October).

China PMI New Export Order and Eurozone PMI



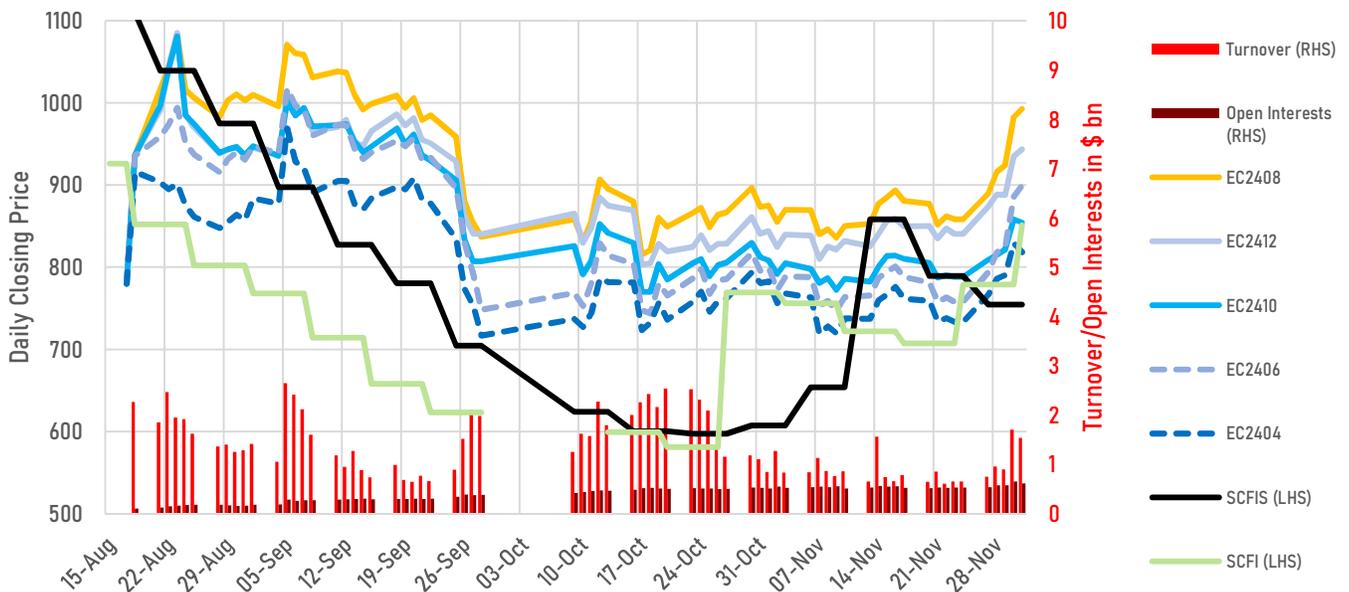
**CoFIF rallied on Dec 1 GRI**

CoFIF forward contracts rallied on strong volumes last week as the improved market sentiment ahead of the 1 December rate hiks pushed up the April and June 2024 CoFIF contracts by 12-19% WoW while the average daily turnover surpassed \$1 Bn. The CoFIF traders are banking on the year end cargo rush and the carriers' strong incentive to raise rates ahead of the annual contract negotiations to give the spot market a short-term lift.

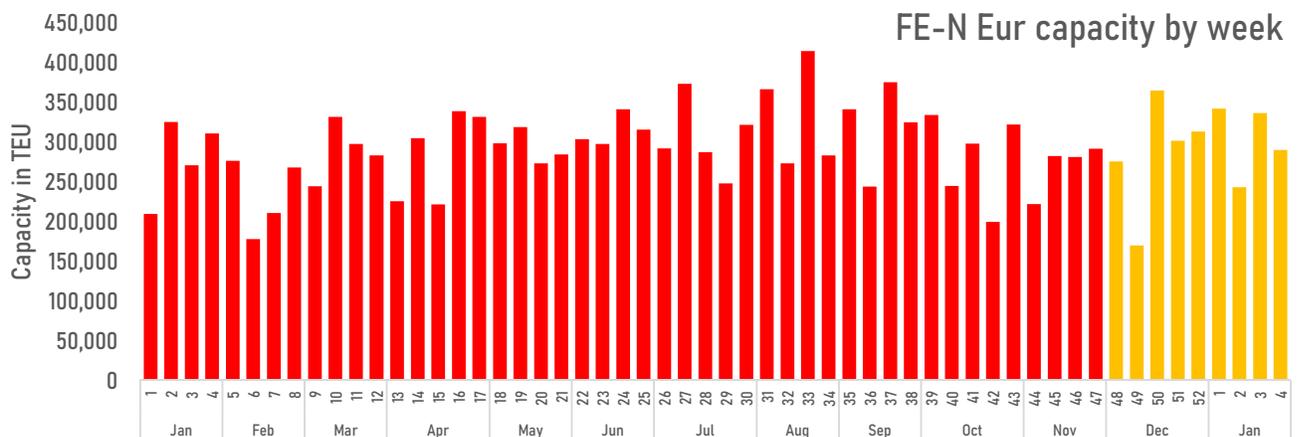
Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	1-Dec	24-Nov	WoW	Week 48	Week 47	WoW	Week 48	Week 47	WoW	1-Dec	24-Nov	WoW
EC2404	819	734	12%	175,018	109,456	60%	989	570	74%	64,152	66,187	-3%
EC2406	900	758	19%	27,208	19,782	38%	163	107	52%	29,699	26,127	14%
EC2408	993	858	16%	1,124	478	135%	8	3	161%	3,096	3,550	-13%
EC2410	854	788	8%	470	289	63%	3	2	71%	3,989	4,010	-1%
EC2412	943	840	12%	62	53	17%	0	0	27%	624	592	5%
<b>Total</b>				<b>203,882</b>	<b>130,058</b>	<b>57%</b>	<b>1,163</b>	<b>682</b>	<b>71%</b>	<b>101,560</b>	<b>100,466</b>	<b>1%</b>

**CoFIF Daily Closing Price/Turnover/Open Interests**

Source: Linerlytica,INE



Despite the last 2 weeks' SCFI Asia-Europe rate rally, utilization levels do not support a sustained rate increases. Carriers are blanking a number of sailings in FE-NEUR route between week 48 and week 50 in order to support their GRI efforts with average weekly capacity in these 3 weeks expected to drop to 270,000 teu, which is 5% below the weekly average in the previous 3 weeks. However, capacity will rise in the last 3 weeks of the year with December capacity up 6% compared to November.



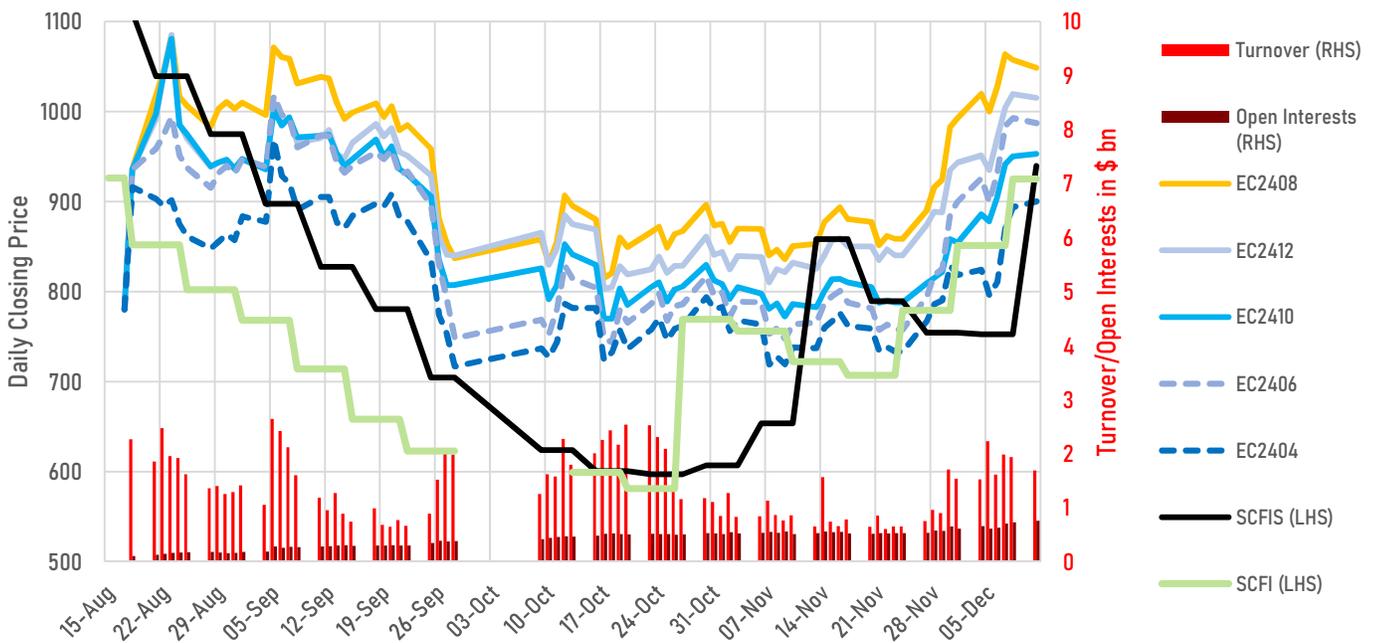
**CoFIF up for second week amid volatility**

Forward CoFIF rates will receive a further boost this week with the latest SCFIS rates climbing 25% on 11 December after last week's disappointing -0.2% drop which sent CoFIF rates close to their daily limit down on 5 December at the open before buying support helped to reduce the daily losses to 2-3%. CoFIF contracts traded higher over the course of the week and tested their September highs as it became evident that carriers were successful in lifting the Asia-Europe FAK rates. Forward contracts rallied on 8 December ahead of the SCFI release with the Asia-North Europe rates climbing 8.7%.

Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	8-Dec	1-Dec	WoW	Week 49	Week 48	WoW	Week 49	Week 48	WoW	8-Dec	1-Dec	WoW
EC2404	894	819	9%	255,189	175,018	46%	1,481	988	50%	70,407	64,152	10%
EC2406	993	900	10%	52,947	27,208	95%	347	162	115%	34,394	29,699	16%
EC2408	1,057	993	6%	3,388	1,124	201%	24	8	223%	3,013	3,096	-3%
EC2410	950	854	11%	719	470	53%	5	3	64%	3,296	3,989	-17%
EC2412	1,020	943	8%	115	62	87%	1	0	97%	608	624	-3%
<b>Total</b>				<b>312,357</b>	<b>203,882</b>	<b>53%</b>	<b>1,858</b>	<b>1,160</b>	<b>60%</b>	<b>111,718</b>	<b>101,560</b>	<b>10%</b>

**CoFIF Daily Closing Price/Turnover/Open Interests**

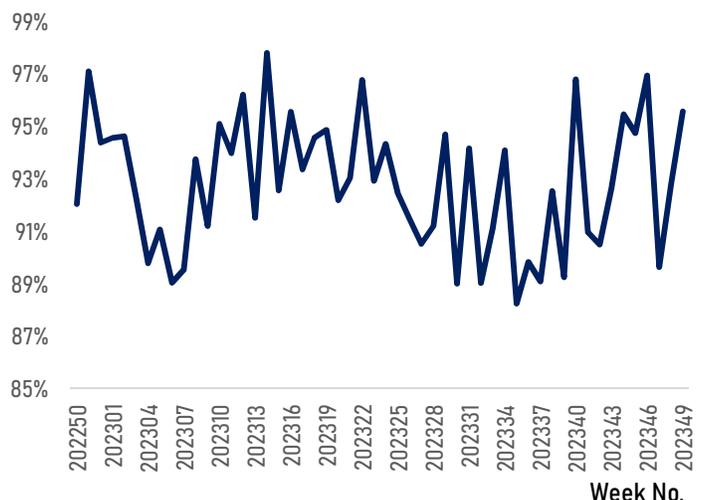
Source: Linerlytica,INE



The SCFIS has risen by 57% since its recent bottom on 23 October but remains 15% lower than the inception of CoFIF trading on 15 August 2023.

Asia-North Europe capacity utilization has picked up ahead of the traditional year end cargo rush, with the upward trend providing support for the carriers' GRI efforts. The spread of utilization amongst the various services has also narrowed, giving less incentives for carriers to undercut rates ahead of the 2024 contract rate negotiations.

**FE-NEUR Capacity Utilization**



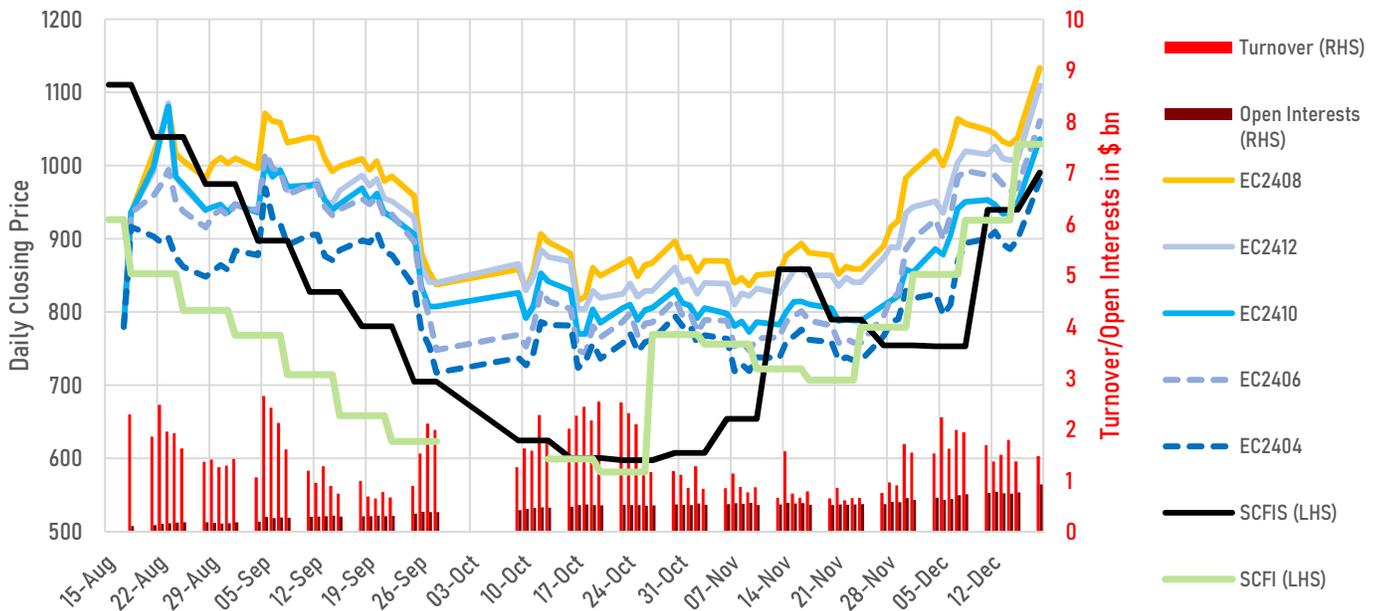
### CoFIF trade halted on limit up on 18 December

CoFIF traders took profit last week with near-term contracts gaining favour over the longer dated contracts despite of the 25% jump in the SCFIS index last week. The mood turned bullish again following the Red Sea disruptions over the weekend, which sent all CoFIF contracts to their daily limit up on 18 Dec, forcing a trading halt for the first time since CoFIF was launched in August. Rates are expected to strengthen in the coming week until the Red Sea situation is resolved.

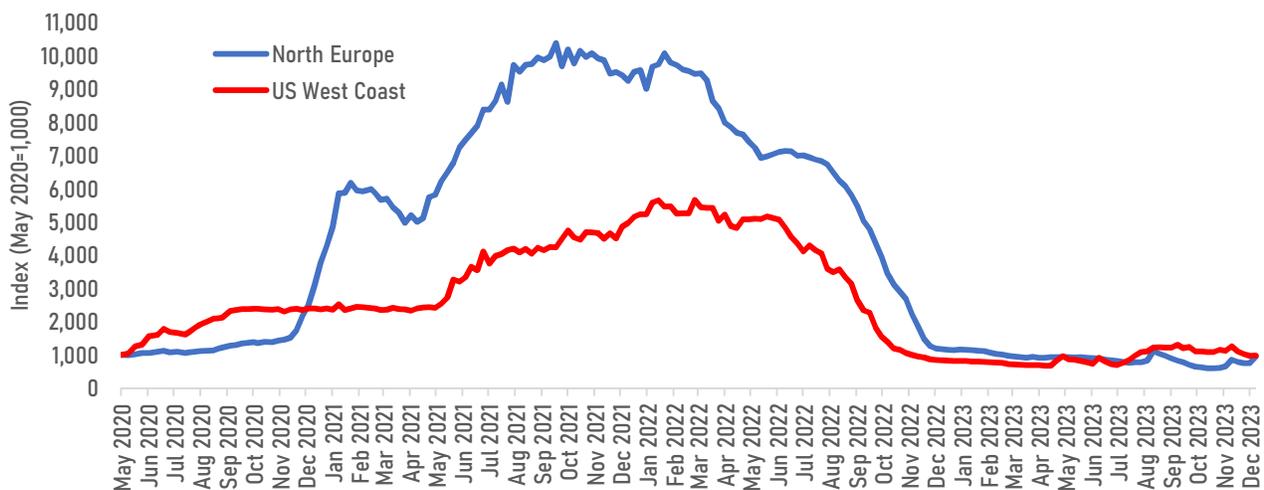
Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	15-Dec	8-Dec	WoW	Week 50	Week 49	WoW	Week 50	Week 49	WoW	15-Dec	8-Dec	WoW
EC2404	899	894	1%	202,365	255,189	-21%	1,266	1,473	-14%	77,641	70,407	10%
EC2406	970	993	-2%	36,502	52,947	-31%	248	346	-28%	32,354	34,394	-6%
EC2408	1,038	1,057	-2%	1,690	3,388	-50%	12	24	-50%	2,792	3,013	-7%
EC2410	948	950	0%	332	719	-54%	2	5	-51%	3,162	3,296	-4%
EC2412	1,009	1,020	-1%	47	115	-59%	0	1	-57%	616	608	1%
<b>Total</b>				<b>240,935</b>	<b>312,357</b>	<b>-23%</b>	<b>1,528</b>	<b>1,848</b>	<b>-17%</b>	<b>116,565</b>	<b>111,718</b>	<b>4%</b>

### CoFIF Daily Closing Price/Turnover/Open Interests

Source: Linerlytica,INE



### Shanghai Export Containerized Freight Index based on Settled Rates



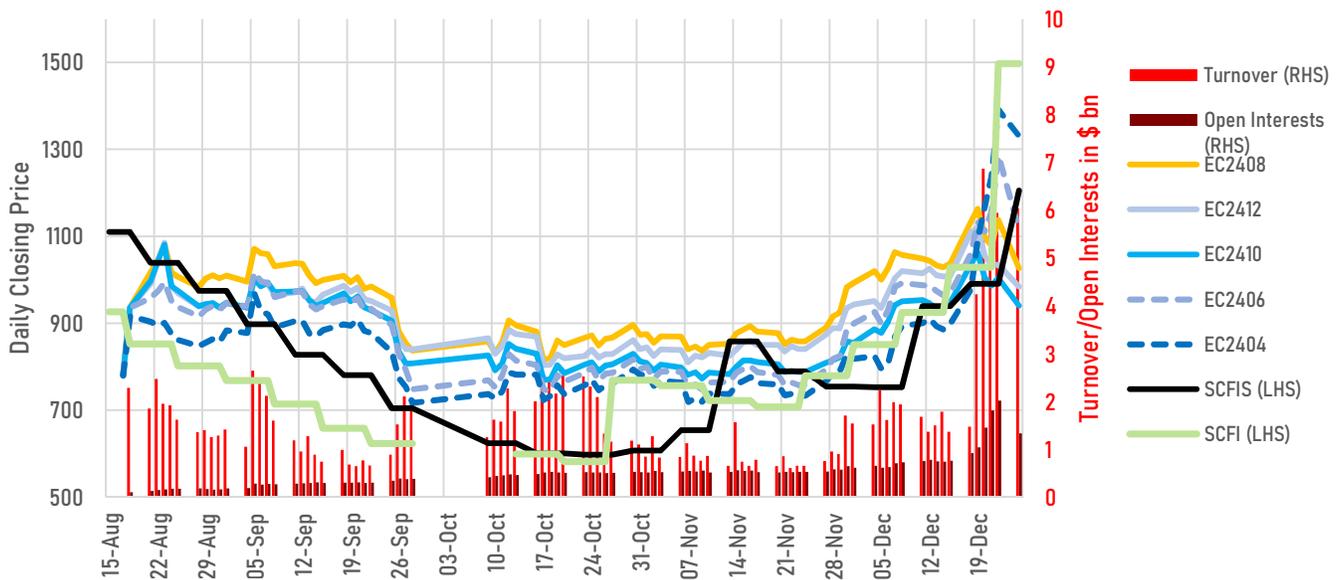
### CoFIF retreats after surging to new high last week

Maersk’s statement over the weekend that it is planning to resume Red Sea transits sent both liner equities and forward CoFIF contracts into retreat on 25 December after a banner week for both markets last week. CoFIF futures for April surged by 55% last week while daily turnover averaged nearly \$4.9bn and Open Interests reached \$2bn.

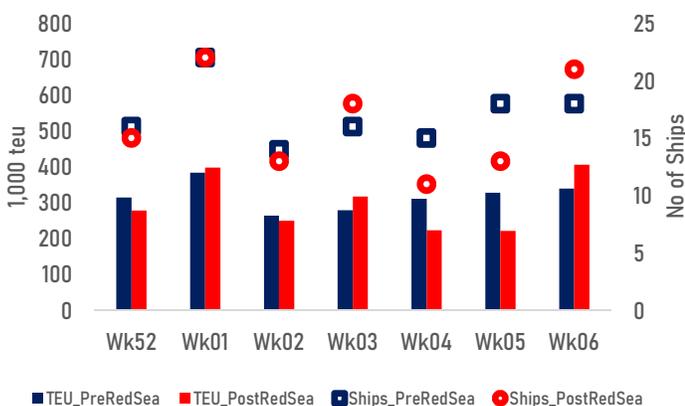
The latest SCFIS assessment on 25 December on the Asia-North Europe route surged by 21.7% following its 5.4% rise the week before. The SCFIS, which is the underlying index of CoFIF, has more than doubled since reaching its recent low at 597 on 23 October but there is still significant room for rates to rise over the coming weeks with carriers pushing ahead with new FAK rates along with a Peak Season Surcharge of \$500/teu from January 2024.

Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	25-Dec	18-Dec	WoW	Week 51	Week 50	WoW	Week 51	Week 50	WoW	25-Dec	18-Dec	WoW
EC2404	1,330	980	36%	438,314	190,581	130%	3,692	1,225	201%	92,059	84,995	8%
EC2406	1,115	1,061	5%	205,249	36,866	457%	1,640	255	543%	39,421	36,321	9%
EC2408	1,027	1,133	-9%	53,891	2,498	2057%	422	19	2161%	15,835	4,371	262%
EC2410	940	1,036	-9%	9,713	424	2189%	69	3	2283%	5,675	3,225	76%
EC2412	984	1,109	-11%	2,929	125	2247%	22	1	2204%	2,075	825	152%
<b>Total</b>				<b>710,096</b>	<b>230,494</b>	<b>208%</b>	<b>5,844</b>	<b>1,503</b>	<b>289%</b>	<b>155,065</b>	<b>129,737</b>	<b>20%</b>

### CoFIF Daily Closing Price/Turnover/Open Interests



### Asia-North Europe Weekly Capacity



A capacity shortage is looming on the Asia-North Europe route with the delayed arrival of ships to Asia due to the diversions from the Suez to Cape route which will significantly reduce capacity available for departures from Asia on weeks 04 and 05, which coincides with peak demand before the Chinese New Year holidays.

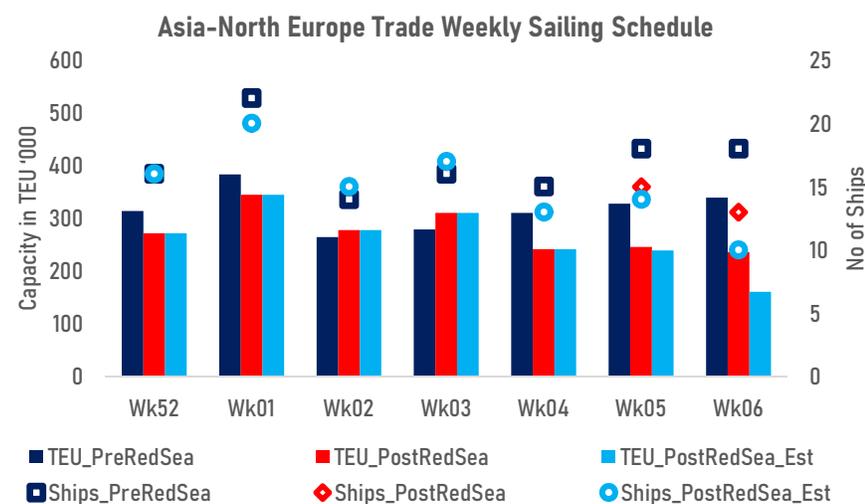
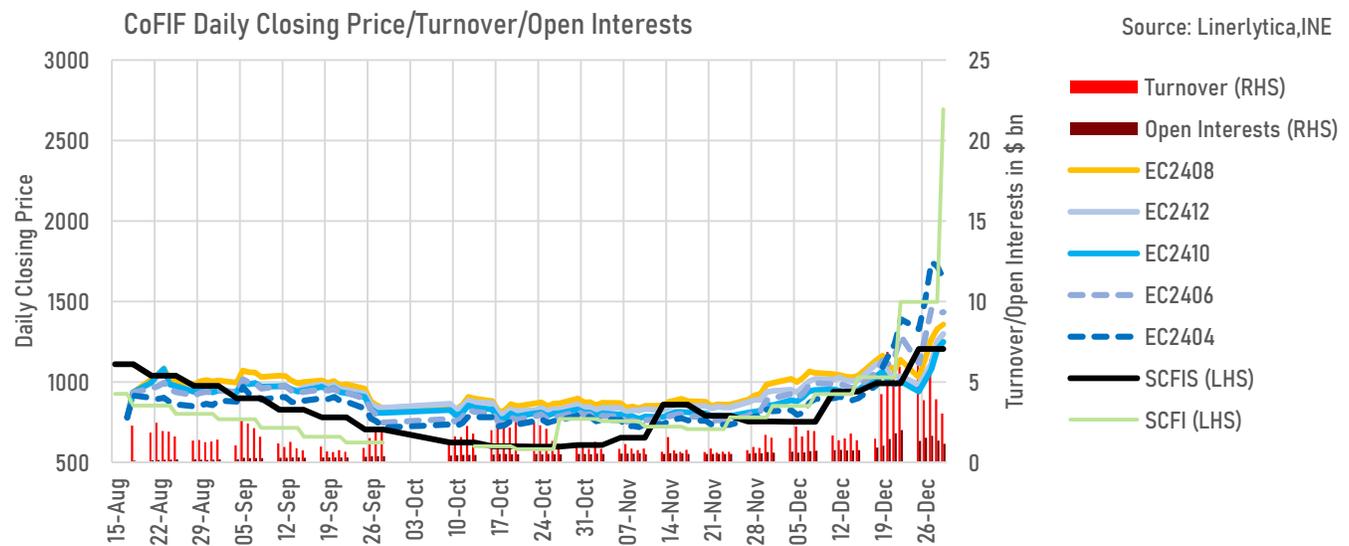
Total capacity on those 2 weeks are expected at just 220,000 teu compared the current average of 282,000 teu in December.

### Maersk resumption of Suez transits drag down CoFIF

CoFIF's April contracts (EC2404) soared to a new high on 27 December but retreated on the last 2 trading days of the year to close at to 1,643 as the traders unwinded some of their pairs (long EC2404 and short EC2412). Market conviction weakened with Open Interest balance dropping through the week to end down by 50% WoW, with Maersk's decision to resume Suez transits earlier last week dragging down the forward expectations.

Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	29-Dec	25-Dec	WoW	Week 52	Week 51	WoW	Week 52	Week 51	WoW	29-Dec	25-Dec	WoW
EC2404	1,643	1,391	18%	276,340	369,493	-25%	2,900	2,976	-3%	57,636	134,537	-57%
EC2406	1,434	1,285	12%	107,207	180,643	-41%	952	1,449	-34%	21,462	52,993	-60%
EC2408	1,358	1,137	19%	59,523	50,140	19%	506	395	28%	14,703	20,506	-28%
EC2410	1,248	1,004	24%	24,615	8,452	191%	192	61	214%	9,400	6,255	50%
EC2412	1,298	1,035	25%	11,912	2,384	400%	97	18	437%	5,657	2,250	151%
<b>Total</b>				<b>479,597</b>	<b>611,113</b>	<b>-22%</b>	<b>4,646</b>	<b>4,900</b>	<b>-5%</b>	<b>108,858</b>	<b>216,541</b>	<b>-50%</b>

The latest SCFIS assessment on 1 January for the Asia-North Europe route edged up only 1.9% WoW to 1,228 while the SCFI (green line in price chart) has surged by 80% WoW and 162% in two weeks. The SCFIS will reflect the SCFI gains over the coming weeks, while Maersk's latest move to suspend Suez transits again over the weekend would boost CoFIF prices again although traders remain sceptical if current spot rates would last until April as EC2404 is priced on the expected settled prices in April.



Far East-North Europe vessel capacity is expected to tighten over the coming weeks especially from week 4 onwards as the vessels originally scheduled to return from Europe are delayed by 1 to 2 weeks as a result of the diversion to the Cape route, with the largest drop expected in week 6 when the weekly capacity will be down by 30% compared to the carriers' current published schedules.

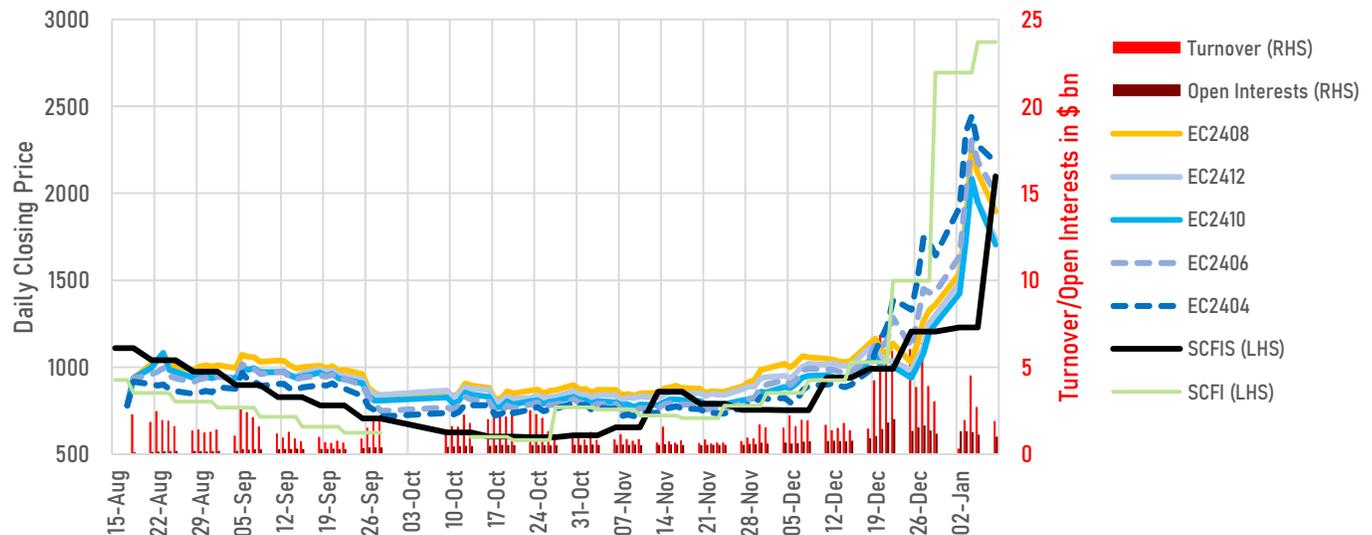
### Liquidation For 2<sup>nd</sup> Week Despite Strong WoW Price Moves

CoFIF contracts surged in the first 2 trading days of 2024 and traded limit up to their maximum daily caps before softening in the next 3 trading days as the market awaits further signals from the SCFIS. Traders continue to prefer longer dated contracts, indicating a growing consensus that the Red Sea diversion may drag on. Open interest fell for the 2<sup>nd</sup> week in a row to just half of the peak on 22 December.

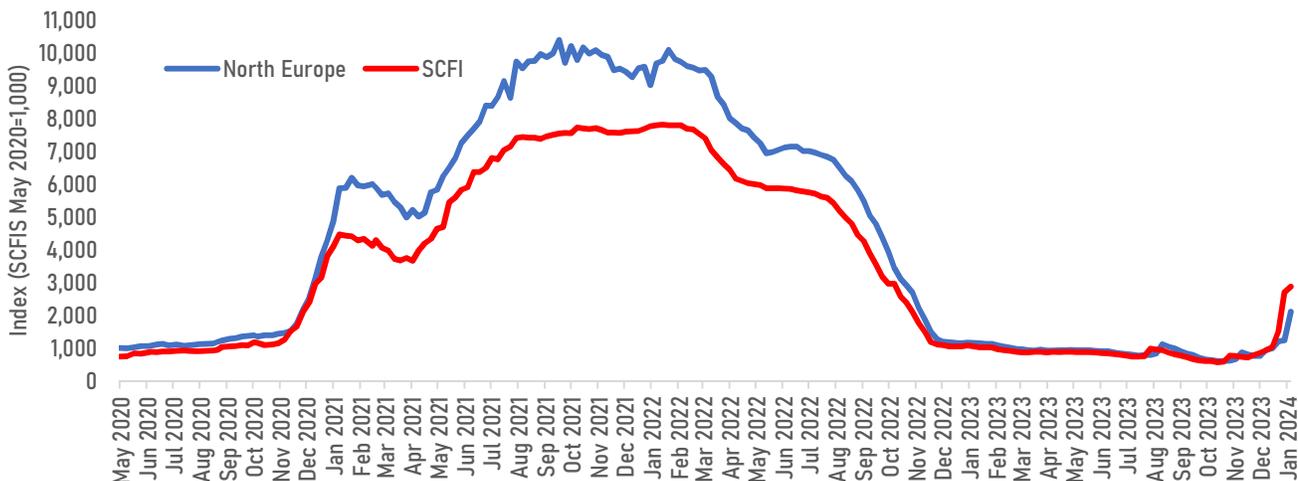
Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	8-Jan	29-Dec	WoW	Week 1	Week 52	WoW	Week 1	Week 52	WoW	8-Jan	29-Dec	WoW
EC2404	2,178	1,643	33%	83,384	276,340	-70%	1,348	2,916	-54%	34,288	57,636	-41%
EC2406	2,000	1,434	39%	23,805	107,207	-78%	354	956	-63%	13,450	21,462	-37%
EC2408	1,896	1,358	40%	20,248	59,523	-66%	289	507	-43%	11,163	14,703	-24%
EC2410	1,705	1,248	37%	13,913	24,615	-43%	182	192	-5%	7,046	9,400	-25%
EC2412	1,735	1,298	34%	8,492	11,912	-29%	111	97	15%	4,467	5,657	-21%
<b>Total</b>				<b>149,842</b>	<b>479,597</b>	<b>-69%</b>	<b>2,284</b>	<b>4,668</b>	<b>-51%</b>	<b>70,414</b>	<b>108,858</b>	<b>-35%</b>

This week's trading will be driven by the latest SCFIS assessment on 8 January for the Asia-North Europe route which surged by 70% WoW as it catches up with the SCFI which has risen by 269% since the beginning of December compared the the SCFIS that has only increased by 179%. Although the SCFI rally is expected to continue in the coming weeks, the sustainability of the elevated rates are now in question with a correction expected after the Chinese New Year.

CoFIF Daily Closing Price/Turnover/Open Interests



Shanghai Export Containerized Freight Index based on Settled Rates (SCFIS) vs SCFI since 2020



### Liquidation For 3rd Week ...

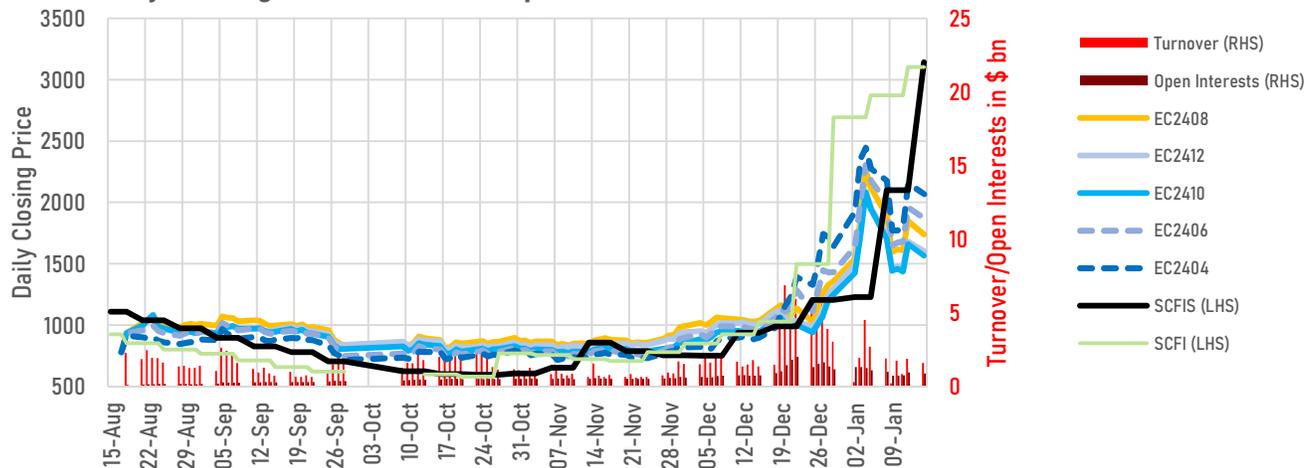
It has been a volatile week in the CoFIF market that saw a limit-down day last Tuesday (9 Jan) and a big rally on Friday (12 Jan). Nevertheless, liquidation in the CoFIF market continued for the 3<sup>rd</sup> week albeit at slower pace. Further volatile trading is expected this week after the SCFI's 8.1% gain on the Asia-North Europe route and the SCFIS which jumped by a further 49.7% on 15 Jan after the previous week's 70.9% rise. The SCFIS has now 426% higher than the trough in late October.

The forward looking CoFIF traders were ahead of the market twice before for refusing to follow the decline in the spot market during October and have started to move up early during November ahead of the spot market rally. Their cautiousness despite the current sharp rise in both the SCFI and SCFIS suggest a significant fall in spot rates will be forthcoming post Chinese New Year.

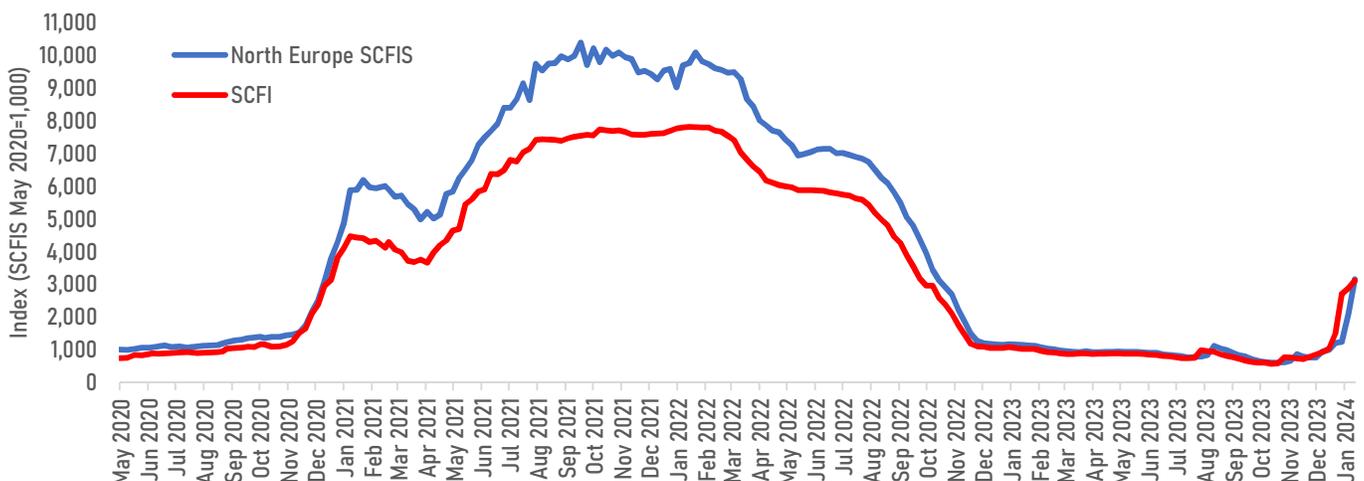
Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	15-Jan	8-Jan	WoW	Week 2	Week 1	WoW	Week 2	Week 1	WoW	15-Jan	8-Jan	WoW
EC2404	2,068	2,178	-5%	60,873	83,384	-27%	831	1,342	-38%	33,058	34,288	-4%
EC2406	1,872	2,000	-6%	14,604	23,805	-39%	184	351	-47%	12,842	13,450	-5%
EC2408	1,740	1,896	-8%	11,047	20,248	-45%	133	289	-54%	10,531	11,163	-6%
EC2410	1,566	1,705	-8%	7,104	13,913	-49%	77	182	-58%	6,315	7,046	-10%
EC2412	1,601	1,735	-8%	3,417	8,492	-60%	37	111	-66%	3,881	4,467	-13%
<b>Total</b>				<b>97,045</b>	<b>149,842</b>	<b>-35%</b>	<b>1,263</b>	<b>2,275</b>	<b>-44%</b>	<b>66,627</b>	<b>70,414</b>	<b>-5%</b>

### CoFIF Daily Closing Price/Turnover/Open Interests

Source: Linerlytica,INE



### Shanghai Export Containerized Freight Index based on Settled Rates (SCFIS) vs SCFI since 2020

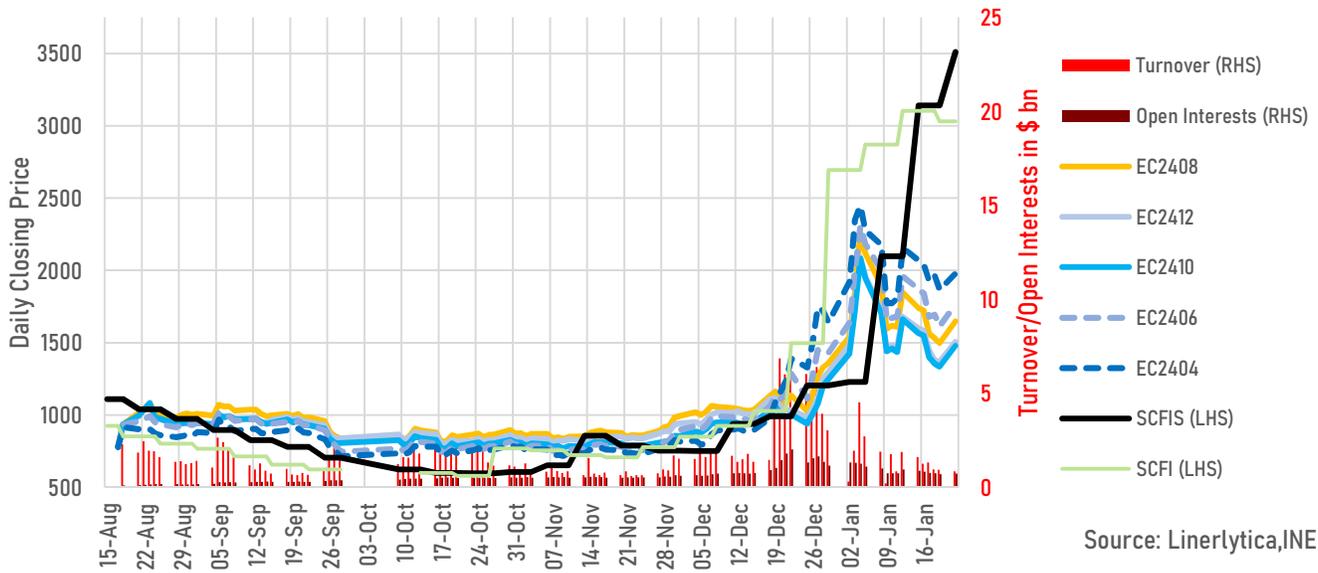


### Steeper Backwardation for CoFIF Asia-Europe freight futures

The CoFIF market went into steeper backwardation as the spot SCFIS went up 12% WoW while the CoFIF contracts were down about 4-6% WoW across the board. Liquidation of the Open Interest continued but on a slower pace than previous weeks. There are indications that rates are peaking as the market looks beyond the current tight market to the expected rate correction post-Chinese New year, with the SCFI registering its first drop last week after 8 consecutive weekly hikes.

Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	22-Jan	15-Jan	WoW	Week 3	Week 2	WoW	Week 3	Week 2	WoW	22-Jan	15-Jan	WoW
EC2404	1,982	2,068	-4%	54,009	60,873	-11%	747	831	-10%	29,096	33,058	-12%
EC2406	1,765	1,872	-6%	12,151	14,604	-17%	148	185	-20%	11,116	12,842	-13%
EC2408	1,650	1,740	-5%	8,020	11,047	-27%	90	133	-32%	8,667	10,531	-18%
EC2410	1,480	1,566	-5%	5,895	7,104	-17%	59	77	-23%	5,519	6,315	-13%
EC2412	1,507	1,601	-6%	2,022	3,417	-41%	21	37	-44%	3,417	3,881	-12%
<b>Total</b>				<b>82,097</b>	<b>97,045</b>	<b>-15%</b>	<b>1,065</b>	<b>1,263</b>	<b>-16%</b>	<b>57,815</b>	<b>66,627</b>	<b>-13%</b>

CoFIF Daily Closing Price/Turnover/Open Interests



Source: Linerlytica,INE

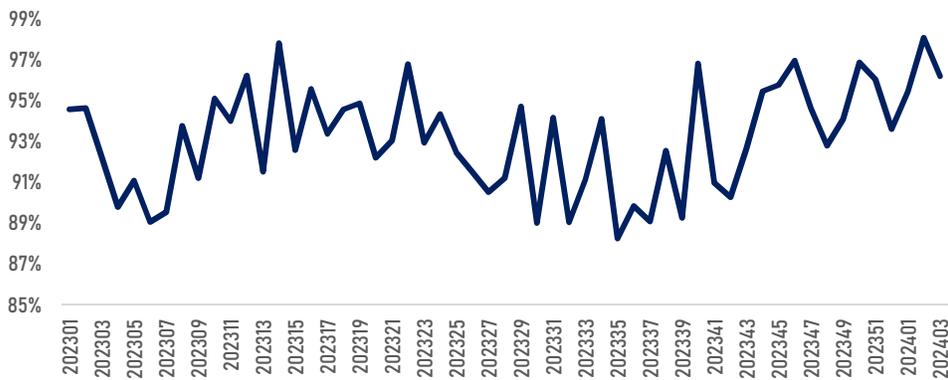
Spot freight rates compiled by Geek Rate, an online spot rates platform from China showed weakening Asia-North Europe rates over the past week with carriers starting to offer discounts, albeit from the current elevated levels as they tried to build up their cargo bookings ahead of the anticipated post-Chinese New Year slack.

Geek Rate : Asia-North Europe rate survey

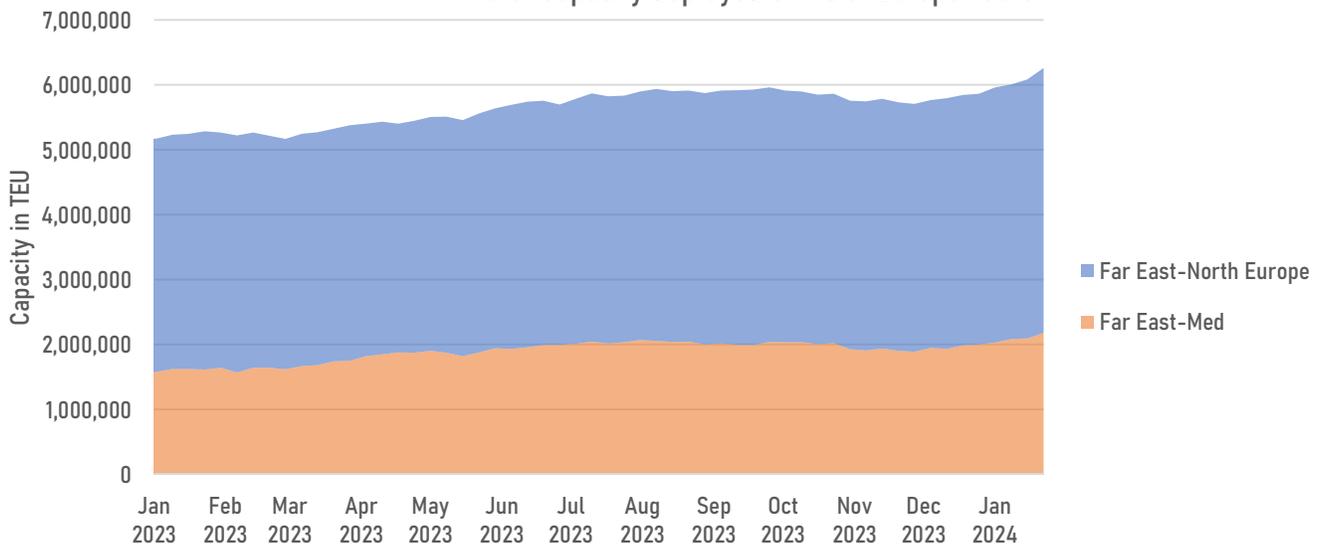
\$/40'dry	15-Jan	16-Jan	17-Jan	18-Jan	19-Jan	20-Jan	21-Jan
CMA CGM				5,977	5,577	5,577	5,702
Evergreen	5,335	5,360	5,924	5,060	5,060	5,060	5,050
Hapag-Lloyd	6,550						
MAERSK			5,151			5,046	5,008
MSC	5,000	5,150	5,000	5,040	5,078	5,040	5,040
ONE				5,325	4,539	4,539	4,539
OOCL				5,400	5,214	5,500	5,029
<b>Grand Total</b>	<b>5,482</b>	<b>5,203</b>	<b>5,616</b>	<b>5,344</b>	<b>5,010</b>	<b>5,181</b>	<b>5,084</b>

Capacity utilization for vessel departing to North Europe remains high despite the addition of several extra loaders and replacement ships drawn from other routes to plug the gap caused by the delayed arrivals of ships returning from Europe. Total capacity deployed on the Asia-Europe route has reached a record high of 6.26m teu as of this week and is up 18.4% compared to a year ago. However, the effective weekly capacity is flat with no change compared to last year as the additional capacity is needed to cover the longer distance due to the diversion to the Cape route.

Far East-North Europe Capacity Utilization



Total capacity deployed on Asia-Europe route



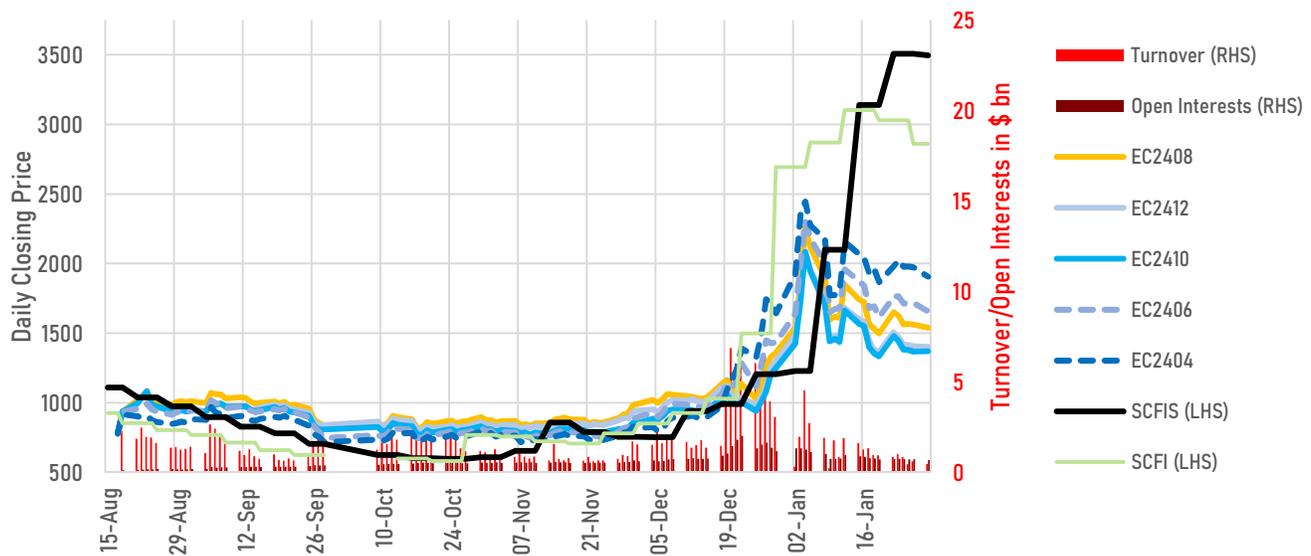
### CoFIF turnover dropped below Open Interests

Prices, turnover, and open interests across all forward Asia-North Europe CoFIF contracts fell last week, with the market still in steep backwardation as both spot and near-term contracts are priced higher than the longer dated contracts. The speculative activities have cooled in the CoFIF market as average turnover dropped by 38% WoW to reach a level lower than the open interests for the first time since CoFIF was launched in August 2023. In comparison, the futures' turnovers in CME are usually about 20-30% of the open interests.

Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	29-Jan	22-Jan	WoW	Week 4	Week 3	WoW	Week 4	Week 3	WoW	29-Jan	22-Jan	WoW
EC2404	1,908	1,982	-4%	36,636	54,009	-32%	515	752	-32%	29,193	29,096	0%
EC2406	1,658	1,765	-6%	6,782	12,151	-44%	83	149	-44%	11,054	11,116	-1%
EC2408	1,540	1,650	-7%	3,504	8,020	-56%	40	91	-56%	7,987	8,667	-8%
EC2410	1,370	1,480	-7%	2,777	5,895	-53%	28	59	-53%	5,241	5,519	-5%
EC2412	1,401	1,507	-7%	894	2,022	-56%	9	21	-56%	3,134	3,417	-8%
<b>Total</b>				<b>50,593</b>	<b>82,097</b>	<b>-38%</b>	<b>674</b>	<b>1,071</b>	<b>-37%</b>	<b>56,609</b>	<b>57,815</b>	<b>-2%</b>

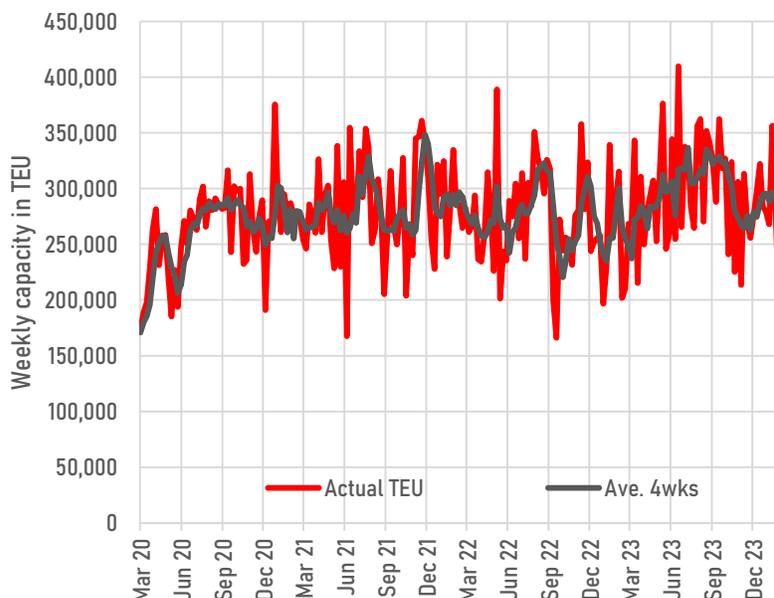
### CoFIF Daily Closing Price/Turnover/Open Interests

Source: Linerlytica,INE



### Far East-North Europe capacity by week

The final utilization data for Week 3 showed nearly all departures for regular services in FE-NEUR left Far East close to 100% full. Weekly capacity in Week 4 dropped 24% WoW to 210,000 teu which should support utilization. However, spot freight rates have slipped by 7-19% from their recent high over the past 10 days based on Geek Rates' surveys as carriers look to build a roll pool for the post CNY slack..



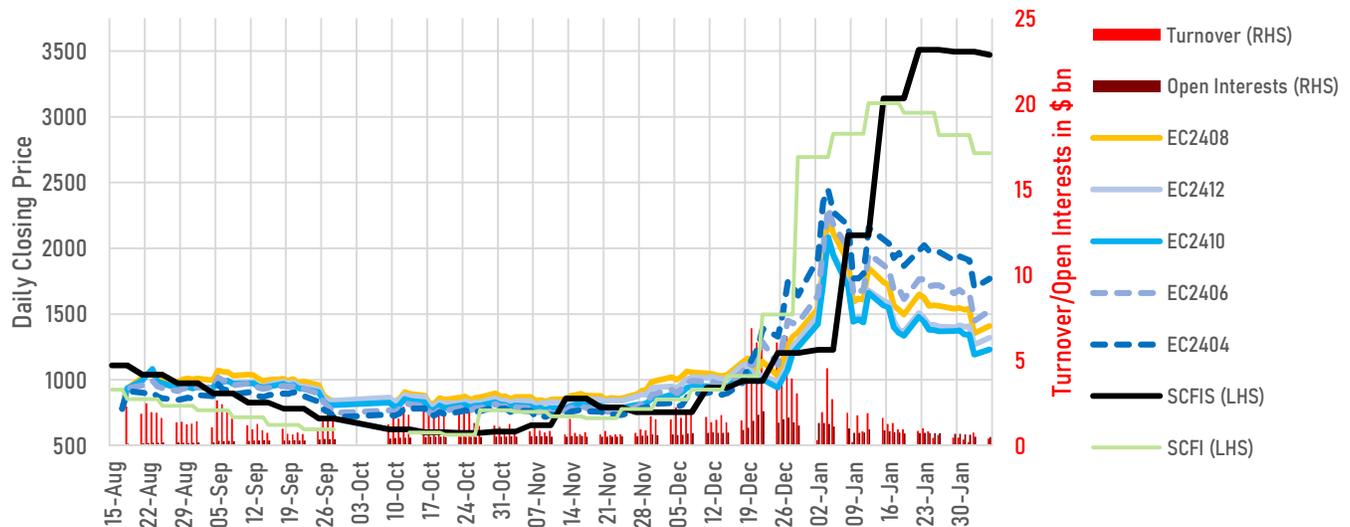
### CoFIF market continues to cool as CNY nears

Trade in the CoFIF futures market was lukewarm through most of last week, with contract prices falling in the double digits last Friday on anticipation of a SCFI correction. However, prices recovered one third the Friday losses on 5 Feb, as the SCFI drop was smaller than expected with carriers still able to retain most of their recent rate gains.

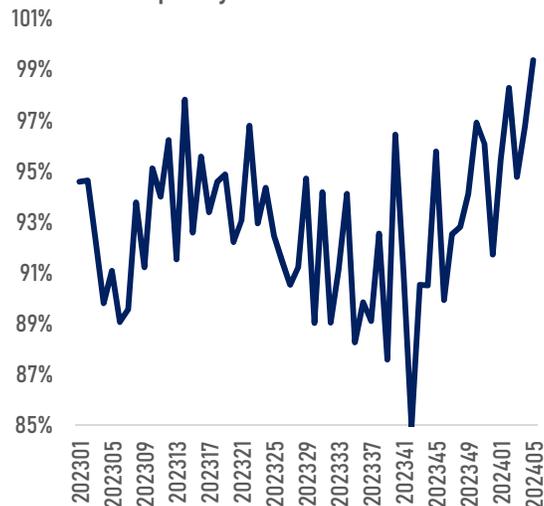
Despite of the recent declines, Open Interest remain elevated at about \$500mn in value, showing strong conviction among the CoFIF traders that the closing price for April and beyond will still retain at least half of the current spot rates. Carriers' current rate quotations were between \$4,250 and \$4,660 per feu, down from the peak of \$6,550 two weeks ago, compared to our current estimates for April contracts at \$2,300 per feu, followed by 10% and 20% declines for June and August settlement.

Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	5-Feb	29-Jan	WoW	Week 5	Week 4	WoW	Week 5	Week 4	WoW	5-Feb	29-Jan	WoW
EC2404	1,770	1,908	-7%	25,914	36,636	-29%	333	514	-35%	23,273	29,193	-20%
EC2406	1,526	1,658	-8%	5,336	6,782	-21%	59	83	-29%	9,080	11,054	-18%
EC2408	1,410	1,540	-8%	2,444	3,504	-30%	25	39	-37%	6,243	7,987	-22%
EC2410	1,230	1,370	-10%	1,746	2,777	-37%	16	28	-43%	4,734	5,241	-10%
EC2412	1,320	1,401	-6%	630	894	-30%	6	9	-34%	2,645	3,134	-16%
Total				36,070	50,593	-29%	438	673	-35%	45,975	56,609	-19%

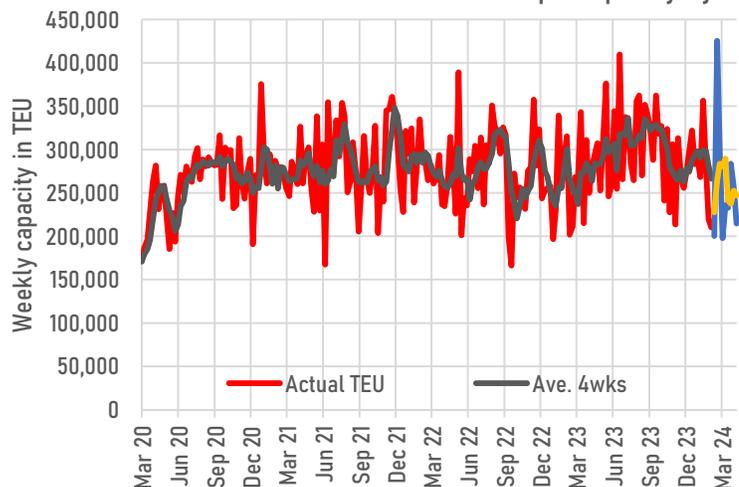
CoFIF Daily Closing Price/Turnover/Open Interests



### FE-NEUR Capacity Utilization



### Far East-North Europe capacity by week



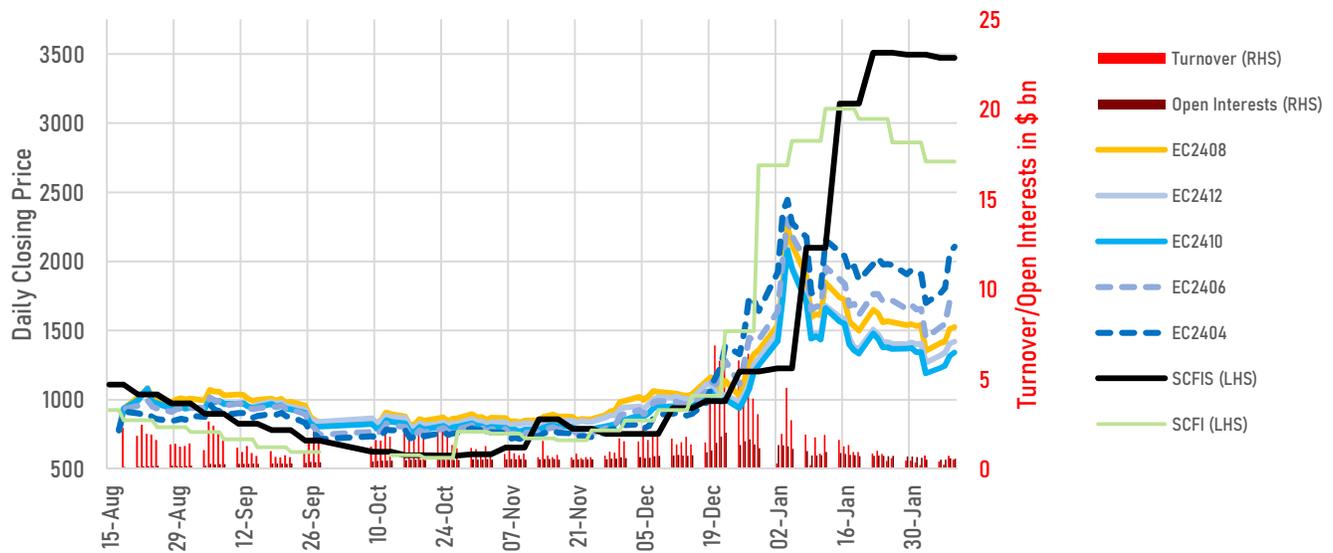
### CoFIF rebounds ahead of Chinese New Year holidays

CoFIF prices moved up on each of the 4 trading days last week before the Chinese New Year holidays before the market closed for its extended holiday on 9 Feb to 18 Feb. Traders were reluctant to hold on to their positions during extended market closure given the steep backwardation in the CoFIF market with forward prices still trading at a discount of up to 60% lower than current SCFIS prices. The Asia-North Europe April contracts (EC2404) closed at 2,108 compared to the most recent SCFIS level of 3,363 as at 12 February, which implies a 37% drop that is expected over the next 2 months. Open Interests dropped to 4,4218 contracts, its lowest level since 11 September 2023.

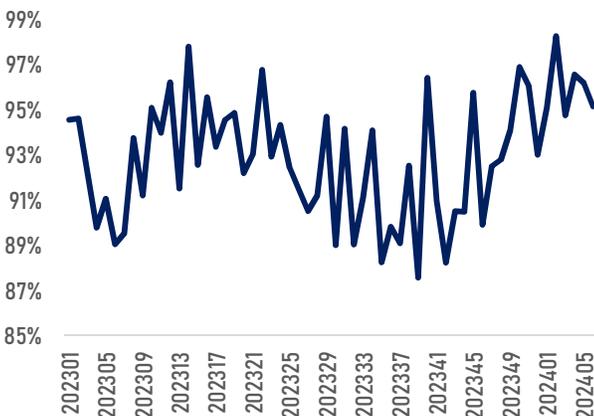
Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	8-Feb	5-Feb	WoW	Week 6	Week 5	WoW	Week 6	Week 5	WoW	8-Feb	5-Feb	WoW
EC2404	2,108	1,770	19%	28,085	25,914	8%	394	332	19%	22,539	23,273	-3%
EC2406	1,715	1,526	12%	4,948	5,336	-7%	58	59	-1%	8,806	9,080	-3%
EC2408	1,527	1,410	8%	2,029	2,444	-17%	21	25	-14%	5,993	6,243	-4%
EC2410	1,342	1,230	9%	1,561	1,746	-11%	14	16	-9%	4,401	4,734	-7%
EC2412	1,420	1,320	8%	542	630	-14%	5	6	-12%	2,479	2,645	-6%
<b>Total</b>				<b>37,165</b>	<b>36,070</b>	<b>3%</b>	<b>493</b>	<b>438</b>	<b>13%</b>	<b>44,218</b>	<b>45,975</b>	<b>-4%</b>

### CoFIF Daily Closing Price/Turnover/Open Interests

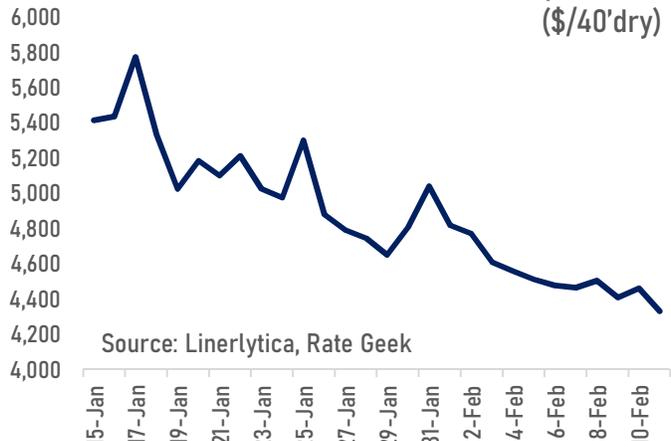
Source: Linerlytica, INE, SSE



### FE-NEUR Capacity Utilization



### FE-NEUR Spot Rates (\$/40'dry)



Source: Linerlytica, Rate Geek

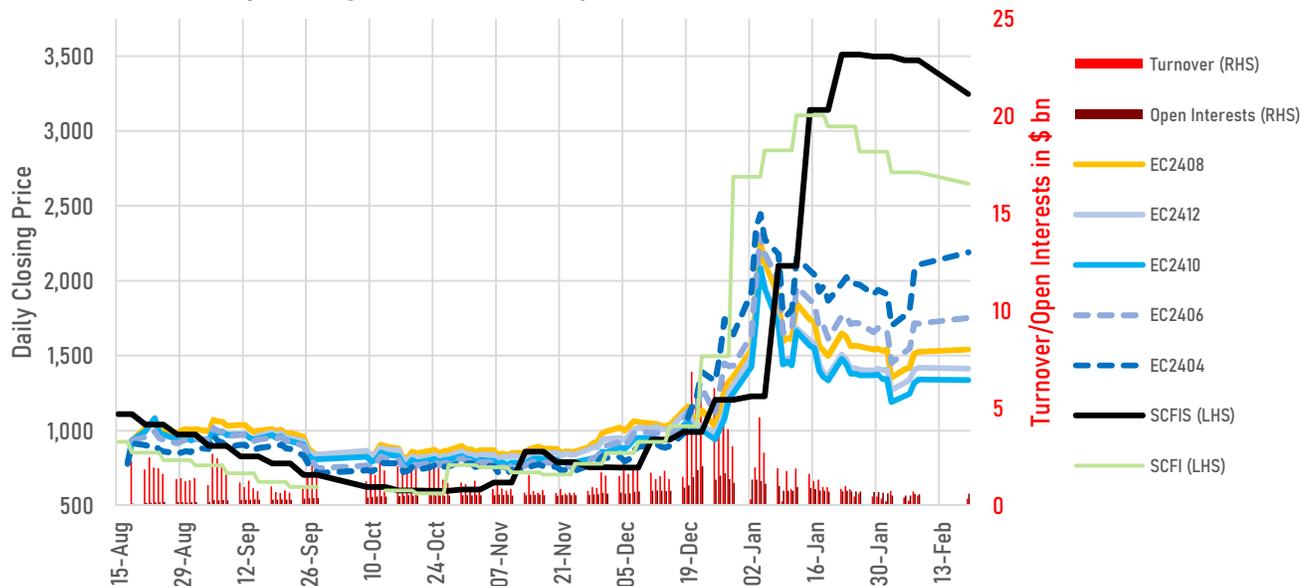
### CoFIF a tick higher first day post Chinese New Year holidays

The CoFIF end April forward contracts (EC2404) closed 4% higher on 19 February 2024 on lower trading volumes after the 11 day break for the Chinese New Year holidays. Although the latest SCFIS Asia-North Europe index dropped 3.5% compared to their pre-holiday levels to 3,246, it remains at a significant premium of current forward levels with EC2404 closing at 2,190.

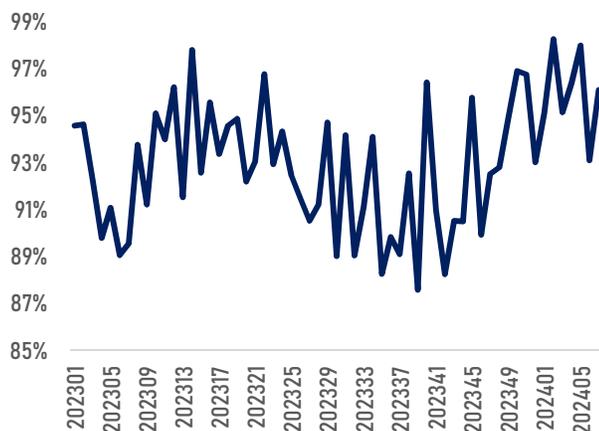
Traders are still digesting the impact of continued tensions in the Red Sea and the freight rates development over the last two weeks. Current spot rates are still holding relatively well, resisting the widely anticipated post-holiday correction with carriers' rate offers still holding at the \$4,150 to \$4,550 per feu level.

Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	19-Feb	8-Feb	WoW	Week 7	Week 6	WoW	Week 7	Week 6	WoW	19-Feb	8-Feb	WoW
EC2404	2,190	2,108	4%	19,028	28,085	-32%	290	394	-26%	24,360	22,539	8%
EC2406	1,754	1,715	2%	2,650	4,948	-46%	33	58	-44%	8,921	8,806	1%
EC2408	1,540	1,527	1%	1,078	2,029	-47%	12	21	-45%	6,115	5,993	2%
EC2410	1,336	1,342	0%	849	1,561	-46%	8	14	-44%	4,426	4,401	1%
EC2412	1,412	1,420	-1%	312	542	-42%	3	5	-41%	2,443	2,479	-1%
<b>Total</b>				<b>23,917</b>	<b>37,165</b>	<b>-36%</b>	<b>346</b>	<b>493</b>	<b>-30%</b>	<b>46,265</b>	<b>44,218</b>	<b>5%</b>

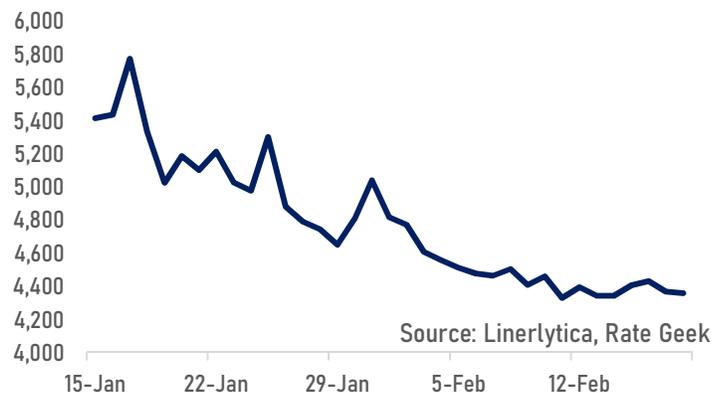
CoFIF Daily Closing Price/Turnover/Open Interests



FE-NEUR Capacity Utilization



FE-NEUR Spot Quotations (\$/40')



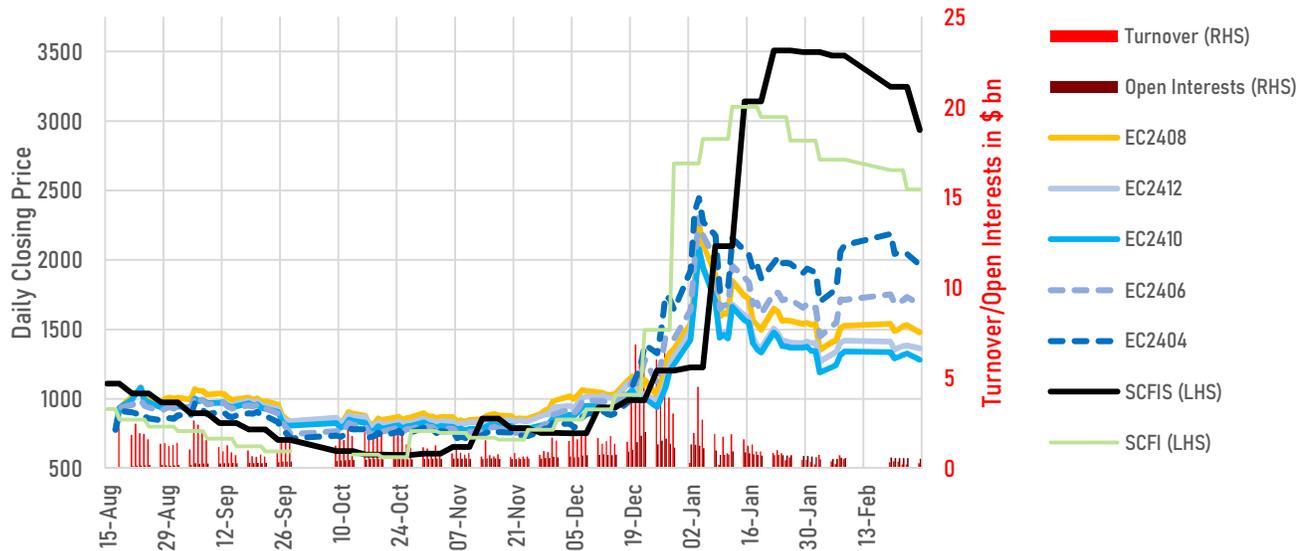
### SCFI rate drop triggers further CoFIF weakness

Asia-North Europe forward rate contracts on Shanghai's CoFIF has traded at a discount of over 50% to the spot rate for over a month and last week's SCFI drop triggered a further 4% decline in the CoFIF rates on 26 February. The drop has been widely anticipated after CoFIF's April contracts edged up 4% on 19 February, the first trading day after the Chinese New Year holidays but quickly gave up the gains the next day before flat-lining for rest of the week on relatively low turnover with traders remaining cautious on mixed market signals.

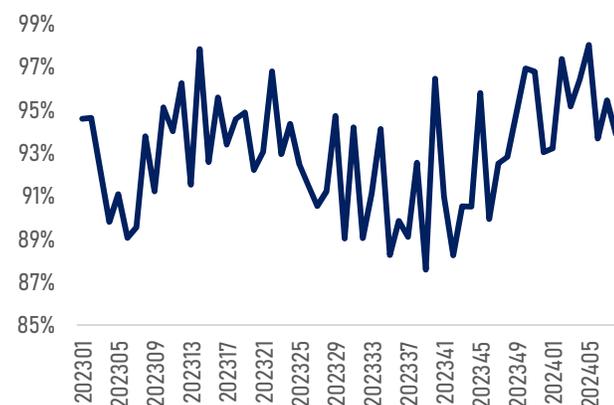
Utilization for the North Europe bound vessels dipped but remain higher compared to last year's post-holiday drop. Carriers' spot rate quotations have continued to drop and would soon breach the \$4,000/feu level with current CoFIF forward rates implying further rate declines will continue over the coming weeks.

Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	26-Feb	19-Feb	WoW	Week 7	Week 6	WoW	Week 7	Week 6	WoW	26-Feb	19-Feb	WoW
EC2404	1,966	2,190	-10%	18,095	25,581	-29%	257	352	-27%	22,439	24,360	-8%
EC2406	1,678	1,754	-4%	2,384	4,537	-47%	28	52	-46%	8,607	8,921	-4%
EC2408	1,478	1,540	-4%	888	1,899	-53%	9	20	-52%	5,976	6,115	-2%
EC2410	1,282	1,336	-4%	628	1,429	-56%	6	13	-56%	4,351	4,426	-2%
EC2412	1,364	1,412	-3%	164	500	-67%	2	5	-67%	2,304	2,443	-6%
<b>Total</b>				<b>22,160</b>	<b>33,946</b>	<b>-35%</b>	<b>302</b>	<b>440</b>	<b>-32%</b>	<b>43,677</b>	<b>46,265</b>	<b>-6%</b>

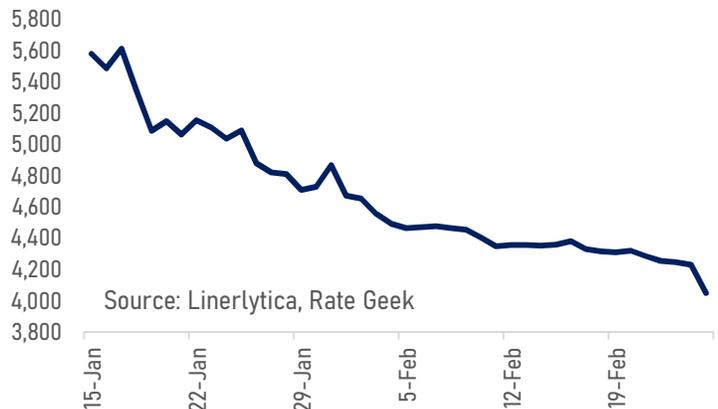
### CoFIF Daily Closing Price/Turnover/Open Interests



### FE-NEUR Capacity Utilization



### FE-NEUR Spot Rates (\$/40')

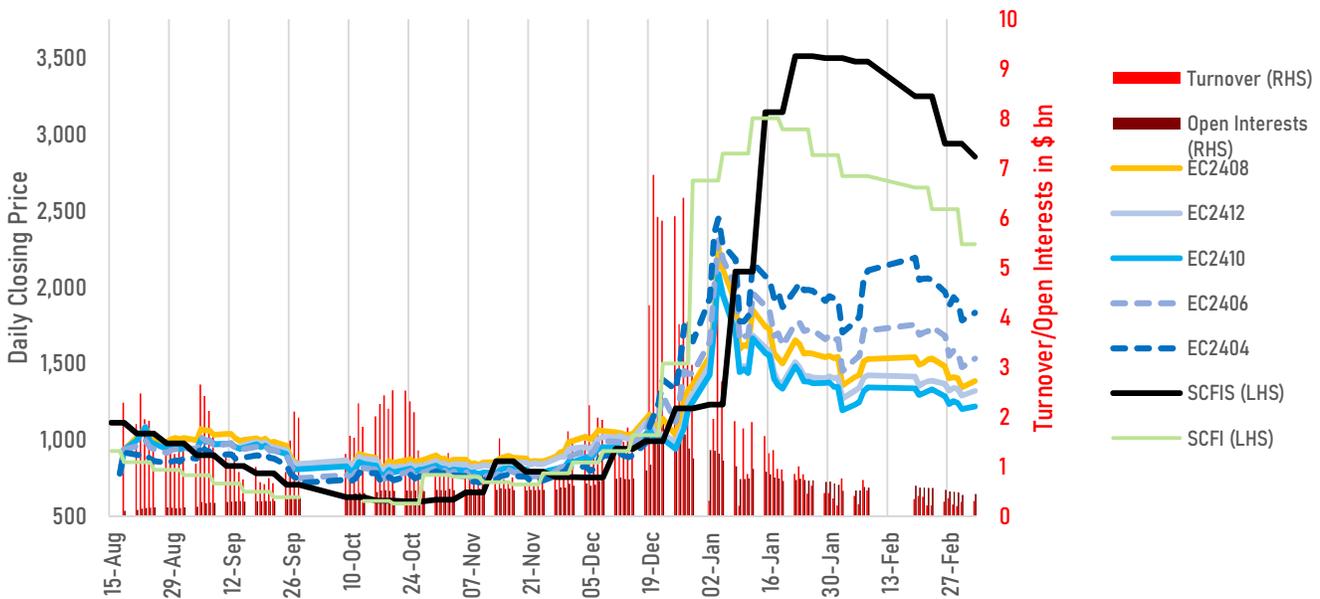


### Forward rates largely unchanged on low volumes

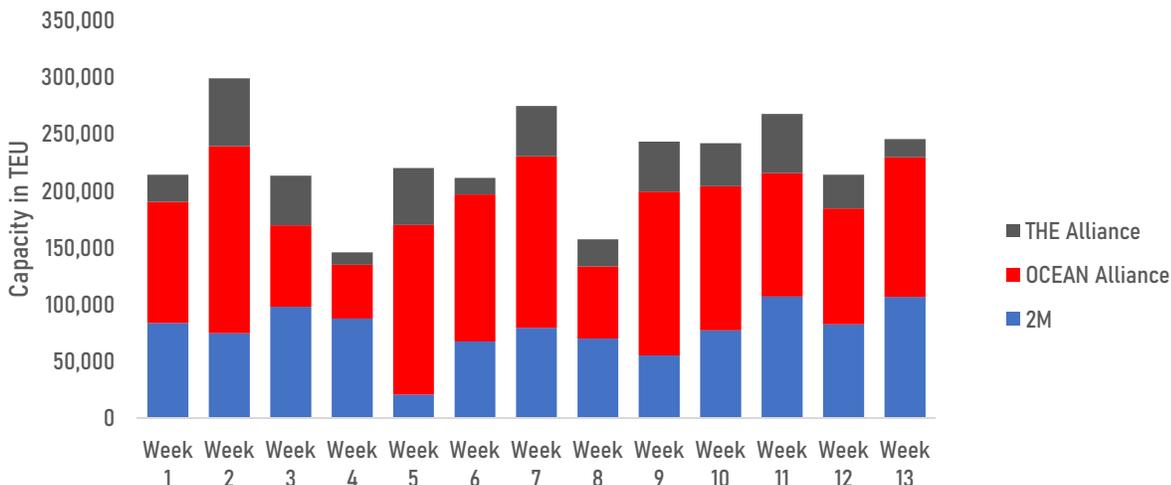
The CoFiF market shrugged off the 9% drop in the SCFI Asia-North Europe rates last week as the drop was already widely anticipated with forward rates still trading at a discount to spot. The latest SCFIS (Europe) index on 4 March dropped by 3.0% after the previous week's 9.5% fall with the smaller decline helping to curb further selling in the CoFiF market. With the EC2404 expiration date drawing closer, trading volumes have dropped amidst uncertainty over the extent and speed of further rate drops on the spot market. Average capacity to North Europe is expected to increase by 31% in April compared to March which would continue to put rates under downward pressure.

Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	4-Mar	26-Feb	WoW	Week 9	Week 8	WoW	Week 9	Week 8	WoW	4-Mar	26-Feb	WoW
EC2404	1,831	1,966	-7%	16,669	18,095	-8%	215	257	-16%	19,601	22,439	-13%
EC2406	1,532	1,678	-9%	3,751	2,384	57%	40	28	42%	7,926	8,607	-8%
EC2408	1,384	1,478	-6%	1,193	888	34%	11	9	24%	5,304	5,976	-11%
EC2410	1,217	1,282	-5%	583	628	-7%	5	6	-13%	4,193	4,351	-4%
EC2412	1,320	1,364	-3%	191	164	16%	2	2	11%	2,196	2,304	-5%
EC2502	1,207	NA	NA	114	NA	NA	1	NA	NA	122	NA	NA
<b>Total</b>				<b>22,385</b>	<b>22,160</b>	<b>1%</b>	<b>274</b>	<b>302</b>	<b>-9%</b>	<b>39,220</b>	<b>43,677</b>	<b>-10%</b>

CoFiF Daily Closing Price/Turnover/Open Interests



Weekly capacity for North Europe services departing from Shanghai



## Comparison Among Container Freight Futures Products in the Market

Product/Market	CME Group Container Freight Futures	SGX Baltic Container Freight Futures	INE Container Freight Index Futures
Underlying	FBX - Freightos Baltic Index	FBX - Freightos Baltic Index	SCFIS - Shanghai (export) Containerized Freight Index on Settled Rates
Contract Multiplier	1 FEU	1 FEU	50 Yuan per index point
Price Quotation	US\$1.00 per FEU	US\$1.00 per FEU	Index Points of SCFIS
Shipping Routes	FE-WCNA, FE-ECNA, FE-NEUR, FE-MED, WCNA-FE, NEUR-FE	FE-WCNA, FE-ECNA, FE-NEUR, FE-MED, WCNA-FE, NEUR-FE	SGH-NEUR
Trading Hours	Sunday 5:00 p.m. - Friday - 4:00 p.m. CT with a 60-minute break each day beginning at 4:00 p.m. CT	Normal Trading Hour: T session: 7.25 am - 8.00 pm T+1 session: 8.15 pm - 5.15 am Last Trading Day: 7.25 am - 8.00 pm (Singapore Time)	Pre-market: 08:55-08:58:59; Trading: 09:00-10:15, 10:30-11:30, 13:30-15:00
Last Trading Day	Trading terminates on the last business day of the contract month	Last publication day of the relevant underlying container index	The last futures-trading Monday of the delivery month
Contract Months	Monthly contracts listed for the current year and the next 2 calendar years. List monthly contracts for a new calendar year following the termination of trading in the December contract of the current year.	Up to 3 calendar years starting with current year, with 12 consecutive months added upon expiry in December.	5 contracts expiring with expiry every even month up to end of 2024.
Settlement Method	Financially Settled	Financially Settled	Financially Settled
Product Symbol	CS	CX_F	EC
Trading Margin	Around 15%	Around 80%	22%
Daily Price Limit	No	No	Within ±20% of the settlement price of the preceding trading day
Liquidity Records	Total of 550 FFE between Mar 2022 and Feb 2024. About 1 FFE per day.	Volumes negligible	Total 150 mil FFE between Aug 2023 and Feb 2024 (Linerlytica estimates), 1 mil FFE traded a day.
Trading Execution	Over-The-Counter	Over-The-Counter	Digitally Traded
Counterparty Risks	NYMEX as counterparty	SGX as counterparty	INE as counterparty
Exchange and Clearing	NYMEX	SGX	INE
Broker Link*	<a href="#">BANDS Financial</a>	<a href="#">BANDS Financial</a>	<a href="#">BANDS Financial</a>
Exchange Link	<a href="#">Chicago Mercantile Exchange</a>	<a href="#">Singapore Exchange</a>	<a href="#">International Energy Exchange</a>

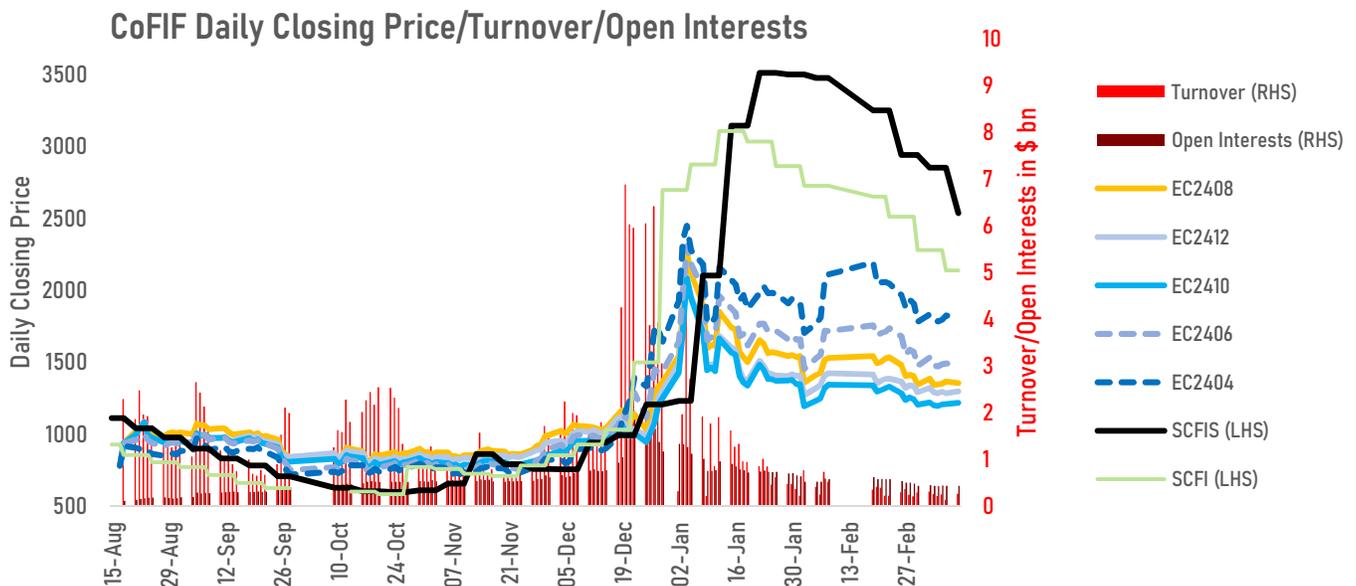
Note: Other brokers could be found on the member list of the exchanges

**Trading volume down 21% WoW while prices and Open Interest remained unchanged**

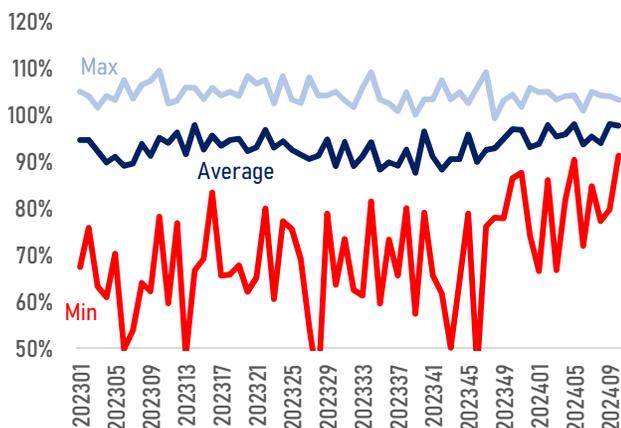
CoFIF trading volume slumped to a new low of 10,101 lots last Friday (9 March 2024) as speculative sentiment cooled. Based on an estimated ratio of one lot to 10 teu, the reduced CoFIF daily trading volumes still amounts to 100,000 teu, which provides significant market liquidity that matches the daily turnover of the dry bulk FFA which has a longer trading history. However, CoFIF is digitally traded as opposed to dry bulk FFAs that trade over-the-counter.

Open interest, an indicator of traders' convictions, has held steady while CoFIF contract prices have also remained steady since mid-January with no fresh trading direction. The current forward prices still implies a 30% correction to Asia-North Europe rates by the end of April but the will remain steady through the end of 2024 with EC2412 contracts for December 2024 still 100% higher than the October 2023 levels.

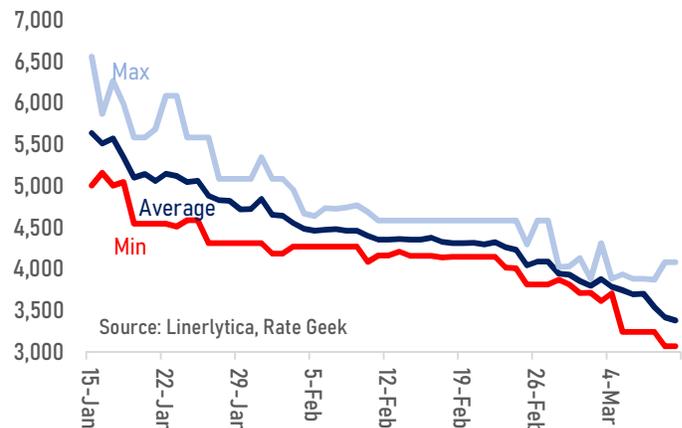
Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	11 Mar	4 Mar	WoW	Week 10	Week 9	WoW	Week 10	Week 9	WoW	11 Mar	4 Mar	WoW
EC2404	1,815	1,831	-1%	13,638	16,669	-18%	173	215	-20%	19,135	19,601	-2%
EC2406	1,485	1,532	-3%	2,894	3,751	-23%	30	40	-25%	7,794	7,926	-2%
EC2408	1,352	1,384	-2%	769	1,193	-36%	7	11	-37%	5,181	5,304	-2%
EC2410	1,215	1,217	0%	397	583	-32%	3	5	-33%	4,127	4,193	-2%
EC2412	1,294	1,320	-2%	88	191	-54%	1	2	-54%	2,204	2,196	0%
EC2502	1,170	1,207	-3%	26	114	-77%	0	1	-77%	129	122	6%
<b>Total</b>				<b>17,786</b>	<b>22,385</b>	<b>-21%</b>	<b>214</b>	<b>274</b>	<b>-22%</b>	<b>38,441</b>	<b>39,220</b>	<b>-2%</b>



**FE-NEUR Capacity Utilization**



**FE-NEUR Spot Rates (\$/40')**



**Volume friendly measures announced after market close**

Asia-Europe futures CoFIF prices stayed broadly unchanged for the past week on flat trading volumes with spot SCFIS rates dropping further on 18 March to 2,437 points to close the gap with current EC2404 futures which closed at 1,826 points.

International Energy Exchange (INE), the exchange where CoFIF contracts are being traded, announced new measures to spur trading volumes after market close on 18 March for EC2406-EC2412:

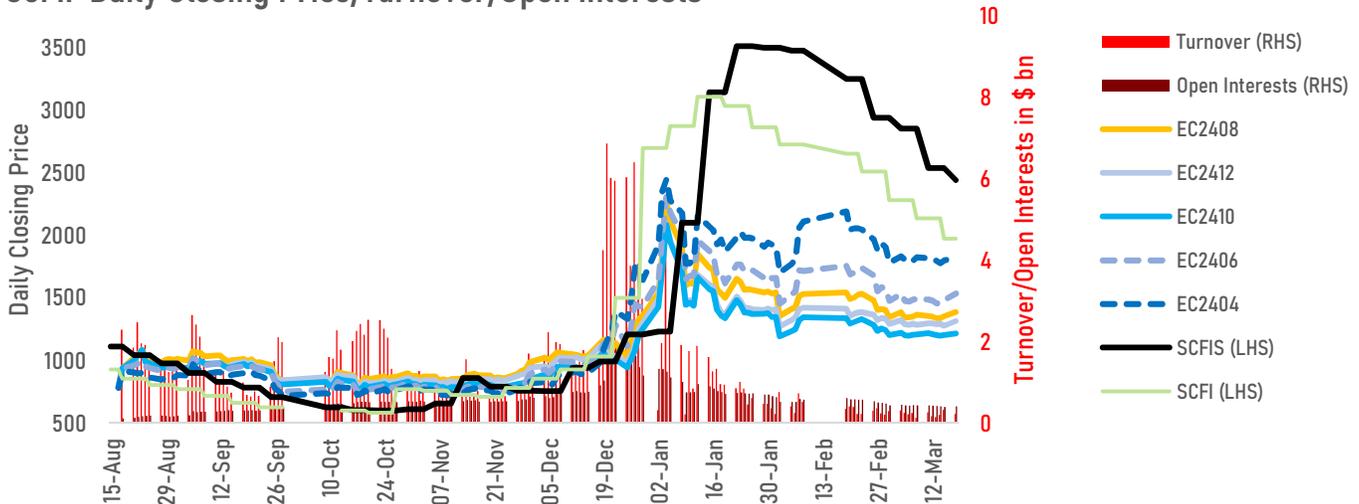
- (1) drop the margin requirement from 22% to 18%, meaning for every dollar of the contract value, a trader will only need to put in \$0.18 as trading deposit;
- (2) drop the daily price movement limit from +/-20% to +/-16%; and
- (3) increase the maximum daily position opening per account from 50 to 100 lots as from 20 March 2024.

Industry users may be allowed a daily volume above the maximum daily position opening.

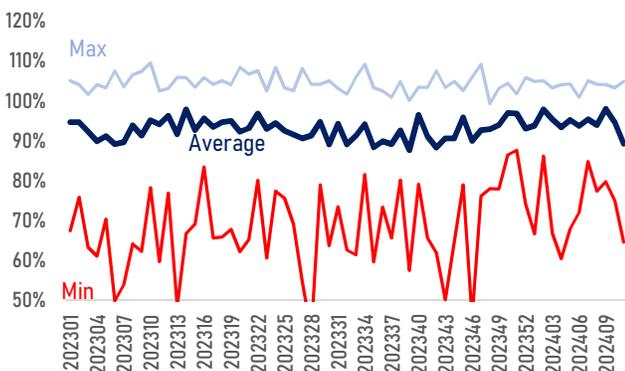
The EC2404 contracts expiring on 29 April, i.e. the last Monday of April are excluded from these changes. Based on CoFIF rules, the margin requirement will be raised on the 7<sup>th</sup> and 2<sup>nd</sup> trading day before the last trading day.

Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	18 Mar	11 Mar	WoW	Week 11	Week 10	WoW	Week 11	Week 10	WoW	18 Mar	11 Mar	WoW
EC2404	1,826	1,815	1%	12,859	13,638	-6%	160	173	-8%	16,591	19,135	-13%
EC2406	1,533	1,485	3%	3,502	2,894	21%	36	30	20%	8,327	7,794	7%
EC2408	1,383	1,352	2%	627	769	-19%	6	7	-19%	4,805	5,181	-7%
EC2410	1,212	1,215	0%	396	397	0%	3	3	-1%	4,011	4,127	-3%
EC2412	1,311	1,294	1%	143	88	62%	1	1	62%	2,169	2,204	-2%
EC2502	1,190	1,170	2%	15	26	-44%	0	0	-44%	138	129	7%

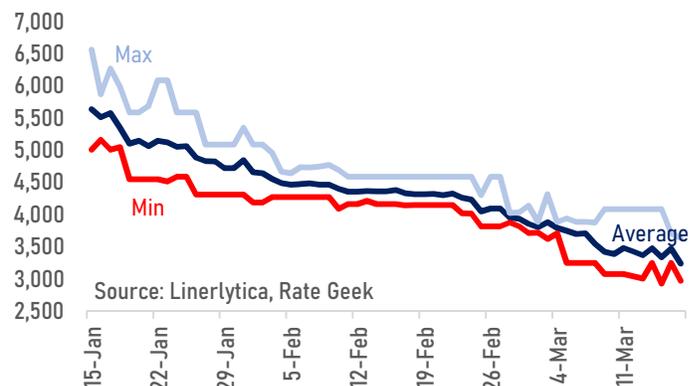
**CoFIF Daily Closing Price/Turnover/Open Interests**



**FE-NEUR Capacity Utilization**



**FE-NEUR Spot Rates (\$/40')**



Source: Linerlytica, Rate Geek

### CoFIF rebound on rate hike hopes

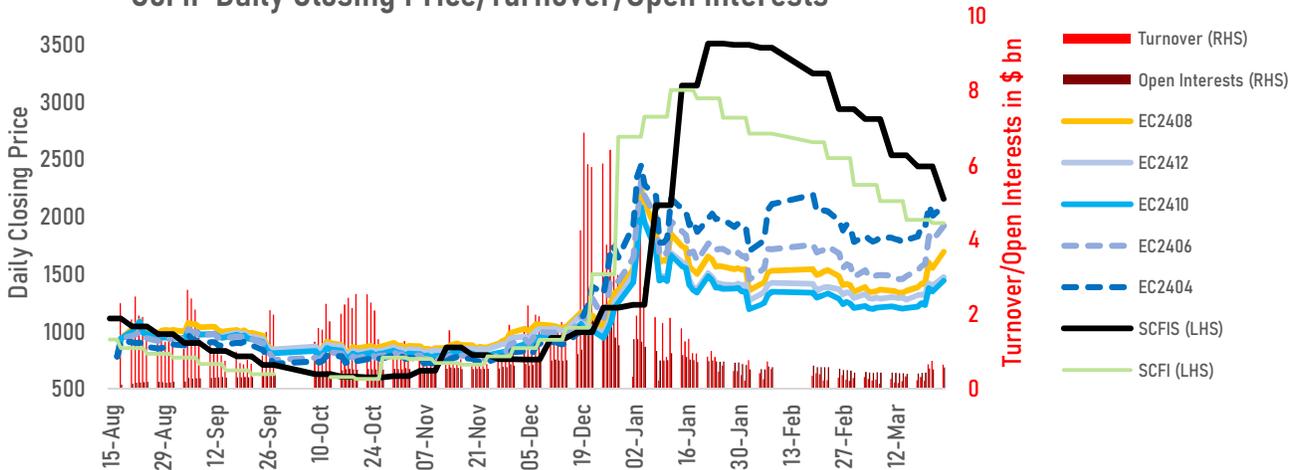
CoFIF freight futures staged its first rebound since the end of 2023, with price, daily trading volumes and Open Interests rising in tandem. Last week's buying interests in EC2404 for contracts expiring on 29 April were driven by both short covering and profit taking in response to the planned April rate hikes to Europe, with quoted rates already starting to tick up for the first time since January with various Asian carriers raising their spot rates from 3,000-3,100 per feu to \$3,600 while the European carriers have announced increased FAK rates of \$3,800/feu that will apply from 1 April.

The longer dated EC2406 and EC2408 contracts also present bullish signals with Open Interests rising along with prices. The EC2404 spread over EC2406 have narrowed, together with the gap over the current spot SCFIS spot rates.

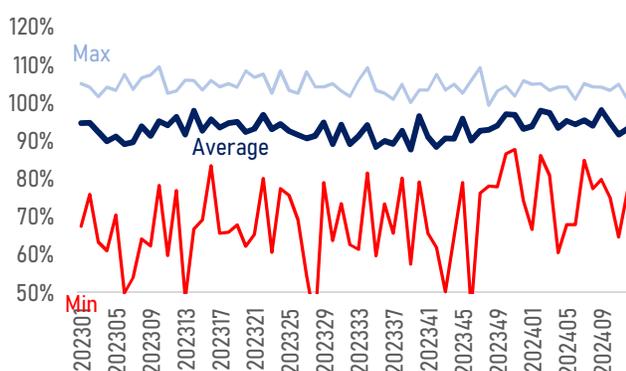
Carriers are hoping for a quick rebound in capacity utilization on North Europe bound vessels after the recent weakness seen in recent weeks with utilisation trending down from mid to low 90%.

Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	25 Mar	18 Mar	WoW	Week 12	Week 11	WoW	Week 12	Week 11	WoW	25 Mar	18 Mar	WoW
EC2404	2,094	1,826	15%	16,352	12,859	27%	226	160	42%	11,899	16,591	-28%
EC2406	1,923	1,533	25%	18,233	3,502	421%	229	36	535%	17,781	8,327	114%
EC2408	1,694	1,383	22%	2,973	627	374%	32	6	449%	7,019	4,805	46%
EC2410	1,439	1,212	19%	1,493	396	277%	14	3	316%	4,634	4,011	16%
EC2412	1,470	1,311	12%	471	143	230%	4	1	251%	2,219	2,169	2%
EC2502	1,305	1,190	10%	120	15	719%	1	0	757%	222	138	61%
<b>Total</b>				<b>39,523</b>	<b>17,527</b>	<b>126%</b>	<b>505</b>	<b>206</b>	<b>145%</b>	<b>43,552</b>	<b>35,903</b>	<b>21%</b>

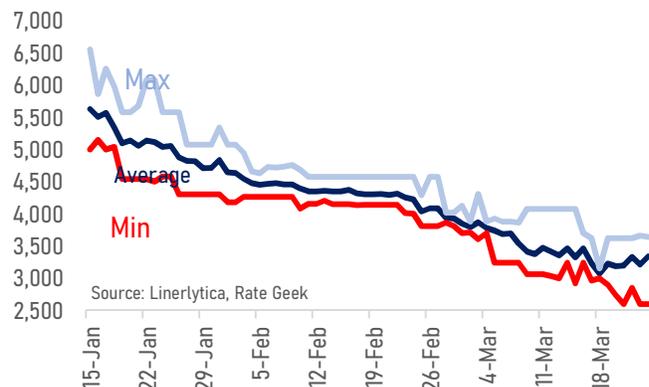
CoFIF Daily Closing Price/Turnover/Open Interests



FE-NEUR Capacity Utilization



FE-NEUR Spot Rates (\$/40')



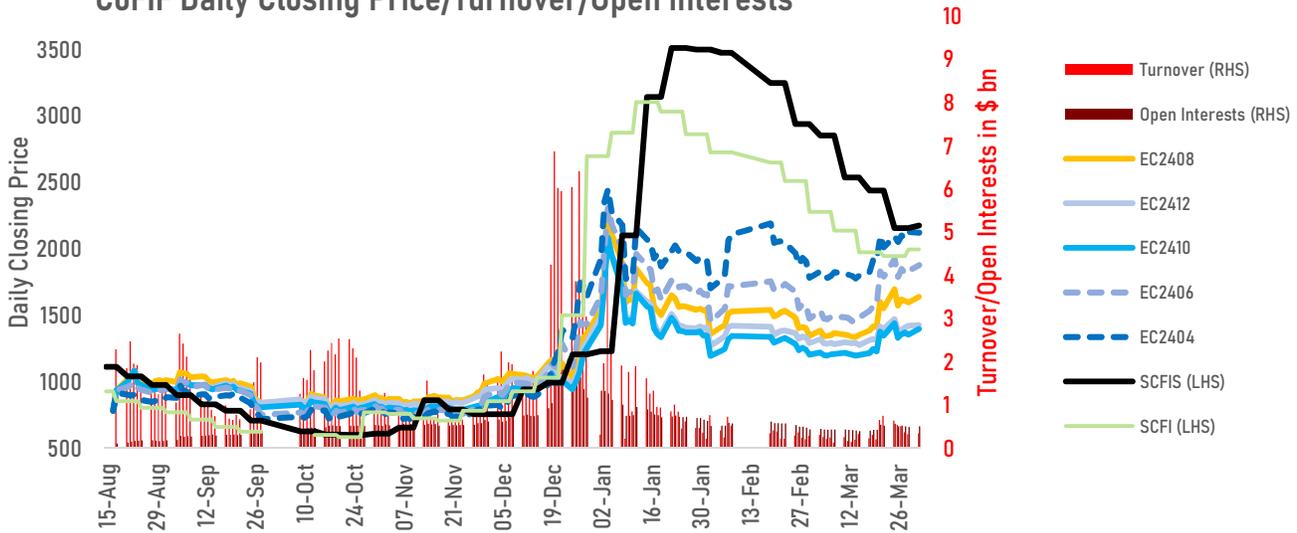
**First Asia Europe CoFIF futures settlement imminent**

Short covering on the first freight futures that will expire on 29 April kept EC2404 prices up, although futures contracts for rates expiring after April registered small declines. Traders liquidated another 37% of their positions to cut the open interests (OI) for EC2404 from 11,899 lots to 7,511 lots. The EC2404 open interest peaked at 134,537 on 22 Dec 2023 and has been sliding since then. At 7,511 lots, the open interests for EC2404 amounted to some \$110m. Since only the losses/profits of these contracts will change hands on settlement day, only a portion of the \$110m will be paid/received on 29 April.

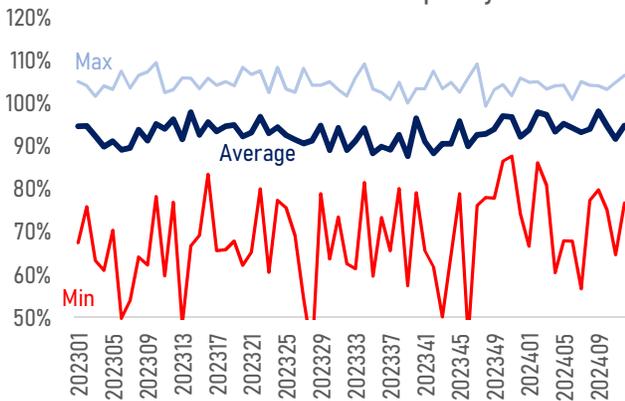
The settlement price for the EC2404 will be based on the average of SCFIS Europe rate to be released on 15 April, 22 April and 29 April. The SCFIS Europe rose by 1% on 1 April to 2,174, near the EC2404 closing price of 2,120. Spot rates remain very volatile, with carriers' ability to hold the April rate gains highly dependent on capacity utilisation levels with the influx of fresh capacity coming to the Asia-Europe market in April remaining a key concern.

Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	1 Apr	25 Mar	WoW	Week 13	Week 12	WoW	Week 13	Week 12	WoW	1 Apr	25 Mar	WoW
EC2404	2,120	2,094	1%	2,804	16,352	-83%	40	225	-82%	7,511	11,899	-37%
EC2406	1,875	1,923	-2%	25,323	18,233	39%	319	228	40%	19,539	17,781	10%
EC2408	1,636	1,694	-3%	2,942	2,973	-1%	33	32	1%	6,442	7,019	-8%
EC2410	1,395	1,439	-3%	1,436	1,493	-4%	13	14	-2%	4,338	4,634	-6%
EC2412	1,424	1,470	-3%	432	471	-8%	4	4	-7%	2,158	2,219	-3%
EC2502	1,261	1,305	-3%	51	120	-57%	0	1	-56%	198	222	-11%
<b>Total</b>				<b>32,937</b>	<b>39,523</b>	<b>-17%</b>	<b>410</b>	<b>503</b>	<b>-19%</b>	<b>39,988</b>	<b>43,552</b>	<b>-8%</b>

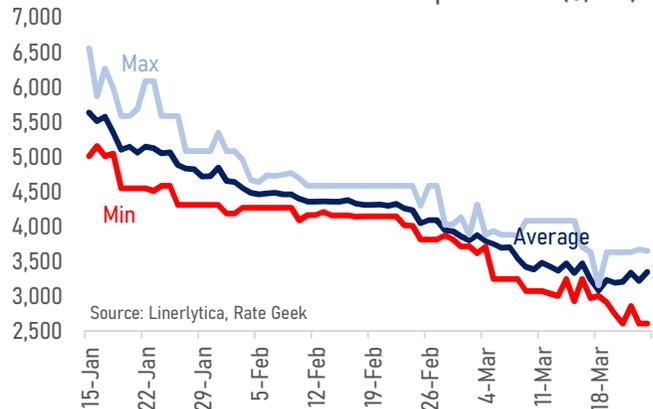
CoFIF Daily Closing Price/Turnover/Open Interests



FE-NEUR Capacity Utilization



FE-NEUR Spot Rates (\$/40')



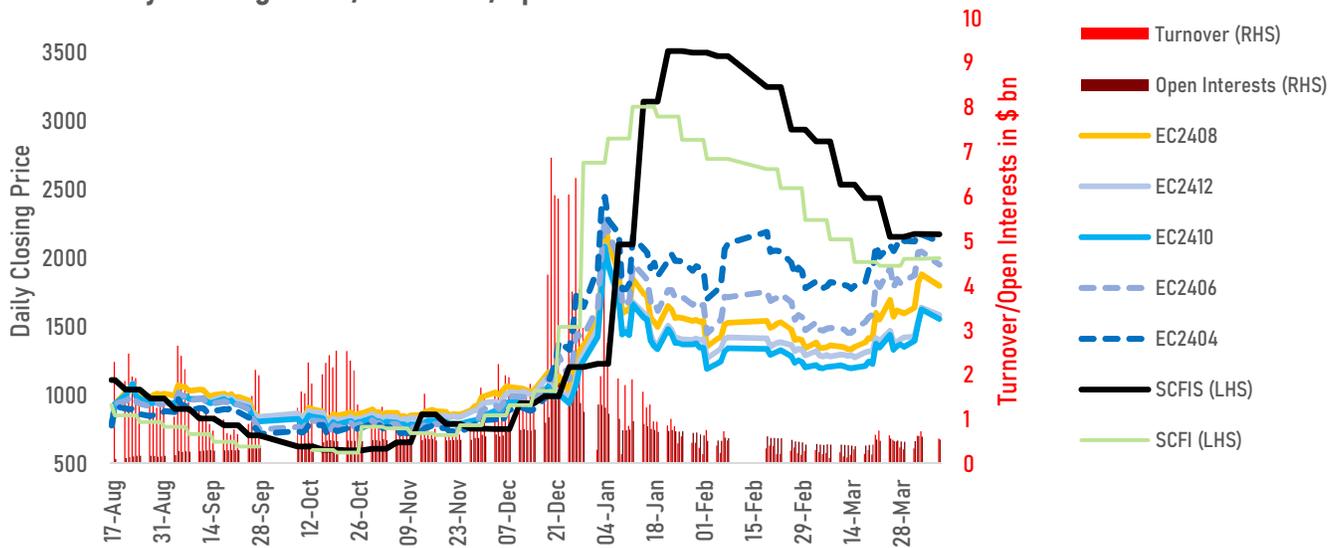
### Carriers missing opportunity to lock in Asia-Europe rates on CoFIF market

The longer dated CoFIF contracts rallied last week with traders building long positions after several carriers pushed for another Asia-Europe FAK rate hike in mid-April. Despite continued liquidation, prices for EC2404 contracts that will expire in 2 weeks were unchanged at 2,120 and remains slightly lower than the SCFIS rate at 2,174 last week (before settling slightly lower at 2,172 based on the latest assessment on 8 April).

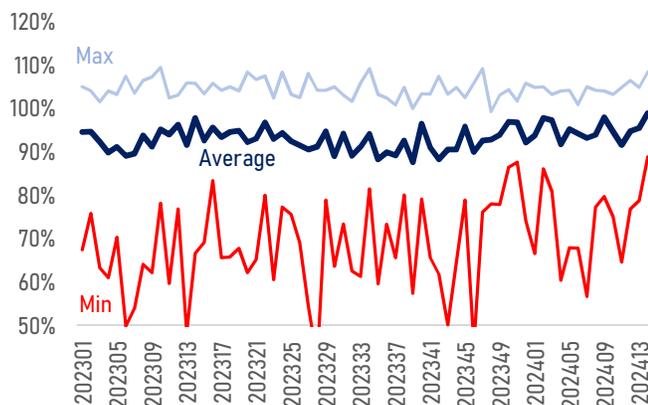
The latest CoFIF rates implies April-August rates that are equivalent to \$2,300-2,800 per feu, which is above breakeven levels for carriers on the Asia-Europe route. Carriers can lock in these rates, ensuring profitable operations regardless of the direction of the spot market in the rest of the year with sufficient liquidity in the CoFIF market for carriers to cover their market exposure in full as over 180k FEU are traded in the CoFIF market each week.

Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	8 Apr	1 Apr	WoW	Week 14	Week 13	WoW	Week 14	Week 13	WoW	8 Apr	1 Apr	WoW
EC2404	2,120	2,120	0%	1,975	2,804	-30%	29	40	-27%	5,671	7,511	-24%
EC2406	1,953	1,875	4%	34,654	25,323	37%	478	319	50%	20,611	19,539	5%
EC2408	1,797	1,636	10%	6,243	2,942	112%	78	33	139%	7,563	6,442	17%
EC2410	1,555	1,395	11%	3,634	1,436	153%	39	13	190%	4,919	4,338	13%
EC2412	1,584	1,424	11%	785	432	82%	8	4	103%	2,248	2,158	4%
EC2502	1,444	1,261	14%	187	51	264%	2	0	301%	294	198	48%
<b>Total</b>				<b>47,291</b>	<b>32,937</b>	<b>44%</b>	<b>632</b>	<b>410</b>	<b>54%</b>	<b>41,012</b>	<b>39,988</b>	<b>3%</b>

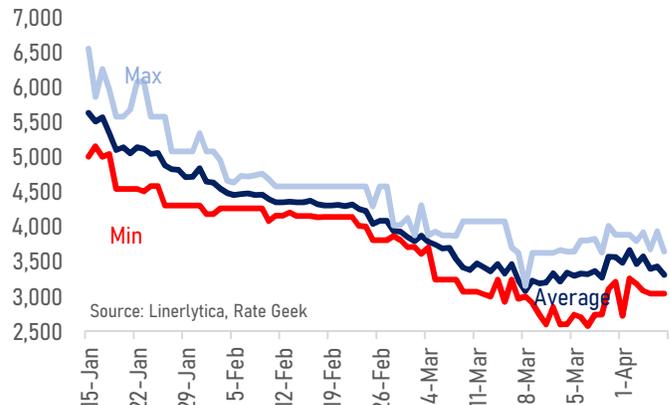
### CoFIF Daily Closing Price/Turnover/Open Interests



### FE-NEUR Capacity Utilization



### FE-NEUR Spot Rates (\$/40')

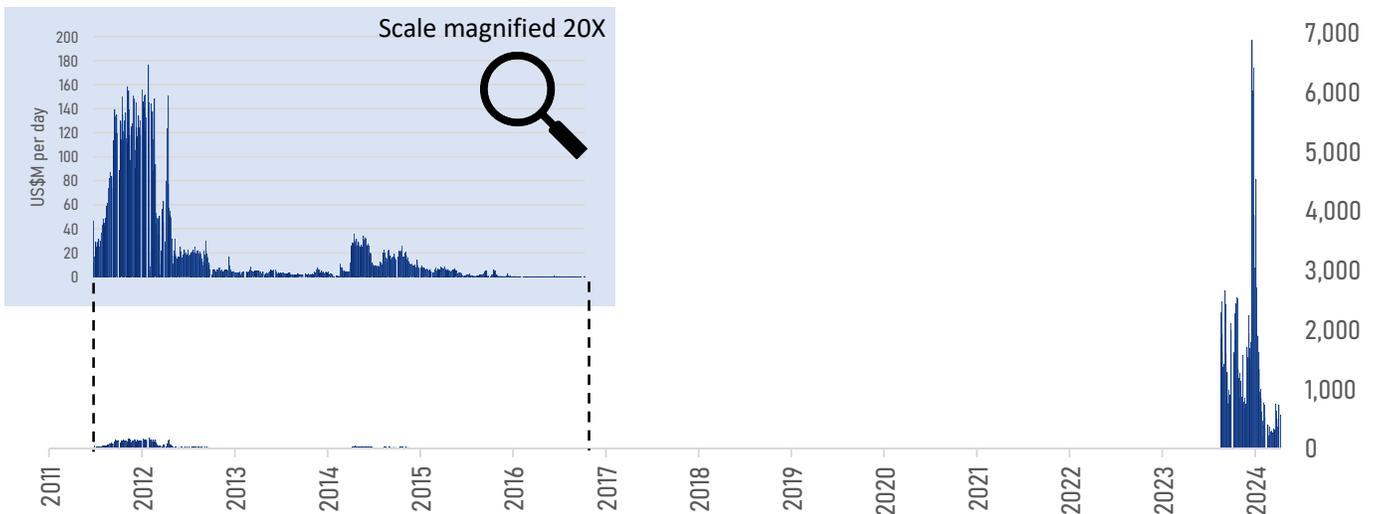


### Container freight futures in China – 2024 vs 2012

The Containerized Freight Index Futures (CoFIF) traded on the Shanghai International Energy Exchange (INE) is the second attempt by China to build its container freight futures market. Unlike its predecessor, called the Container Freight Derivatives (CFD) that was launched in June 2011 by the Shanghai Shipping Freight Exchange Co., Ltd. (SSEFC) and only available to domestic on-shore traders, CoFIF is accessible to off-shore traders outside of China.

Initial CFD trading saw high daily turnover although volumes tapered off after 2012 and the exchange was eventually suspended in 2016. The new CoFIF has seen much larger daily turnover, reaching of over \$6.9 Bn at its peak and despite the recent reduction in daily volumes, the trough turnover averaging over \$500m a day remains higher than the peak of daily turnover for CFD in 2011 and 2012.

Container Freight Futures Turnover in China (US\$M per day)



Unlike International Energy Exchange (INE), the exchange where CoFIF is being traded, SSEFC was launched solely for CFD trading. Hence, SSEFC did not have a pre-existing ecosystem of member brokers and traders. SSEFC also lacks other non-freight futures products that provide alternative markets for futures products that is essential for maintenance of trading liquidity. By 2012, number of members at SSEFC reached just 40 brokers while INE currently has over 150 broker members and other future products with \$18bn in daily turnover excluding CoFIF in 2023.

The SSEFC, in which Shanghai Shipping Exchange owned 53% shares at launch, was under the control of the Ministry of Transport and was outside of China’s financial regulatory regime. It was therefore unable to function as a market place for futures trading, with the CFD eventually suspended in 2016.

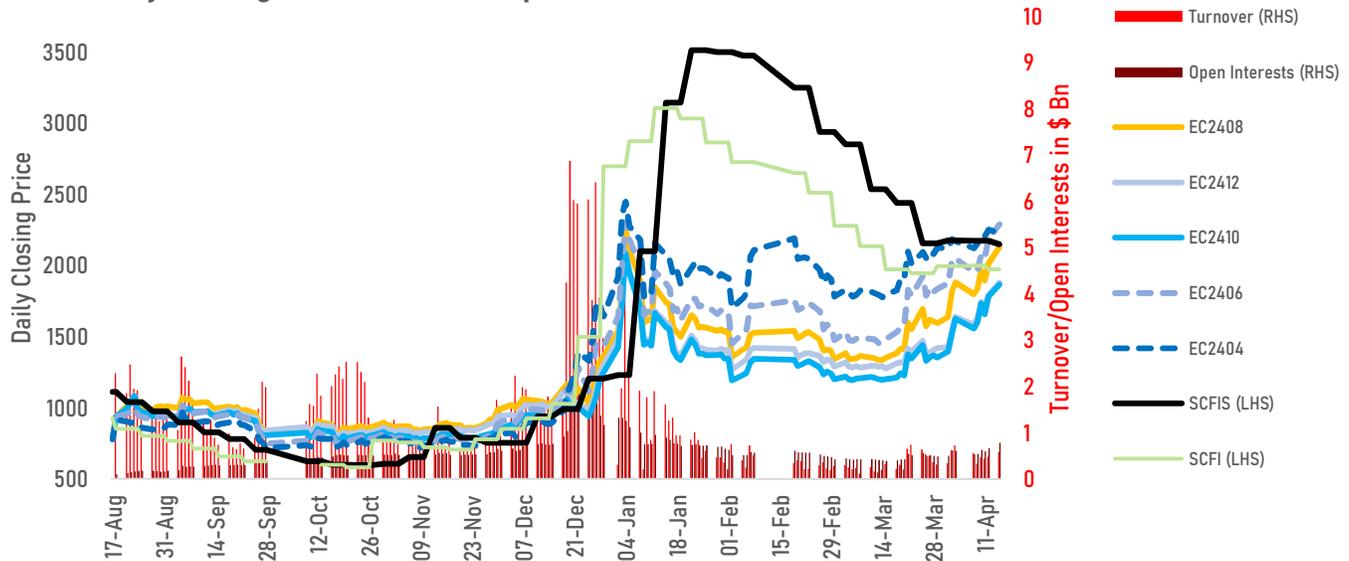
### Asia-Europe futures rate rally on expectations of extended Suez diversions

Asia-North Europe freight futures rallied on 15 April with longer dated CoFIF contracts (covering June 2024 to February 2025) recording strong double digit % gain. Traders are building long positions with the escalation in the Middle East conflict expected to extend the Suez diversions. The extended voyages have kept Asia-North Europe capacity in check, with effective capacity falling by 3% YoY in spite of the additional 23% capacity that has been deployed on the route.

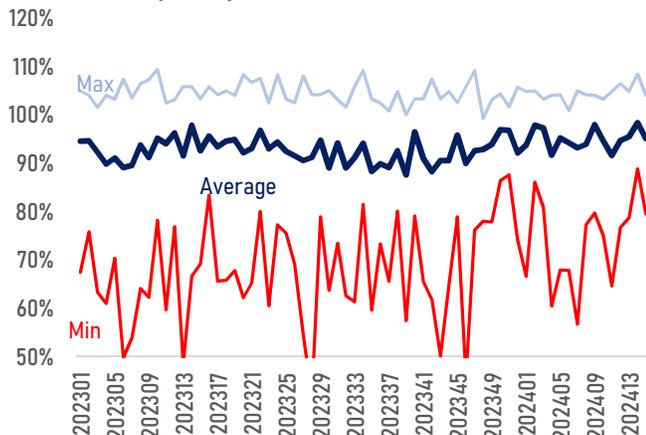
Although carriers failed to push the two April rate hikes in full and the SCFIS recorded its 2<sup>nd</sup> straight weekly decline, they will make a further push to raise FAK rates with the high current capacity utilisation providing rate support.

Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	15 Apr	8 Apr	WoW	Week 15	Week 14	WoW	Week 15	Week 14	WoW	15 Apr	8 Apr	WoW
EC2404	2,228	2,120	5%	670	1,975	-66%	10	29	-65%	4,532	5,671	-20%
EC2406	2,287	1,953	17%	23,428	34,654	-32%	341	477	-28%	28,304	20,611	37%
EC2408	2,128	1,797	18%	5,334	6,243	-15%	72	78	-7%	10,587	7,563	40%
EC2410	1,864	1,555	20%	2,559	3,634	-30%	30	39	-22%	5,537	4,919	13%
EC2412	1,877	1,584	18%	363	785	-54%	4	8	-48%	2,394	2,248	6%
EC2502	1,617	1,444	12%	162	187	-14%	2	2	-5%	539	294	83%
<b>Total</b>				<b>32,355</b>	<b>47,291</b>	<b>-32%</b>	<b>458</b>	<b>631</b>	<b>-27%</b>	<b>51,354</b>	<b>41,012</b>	<b>25%</b>

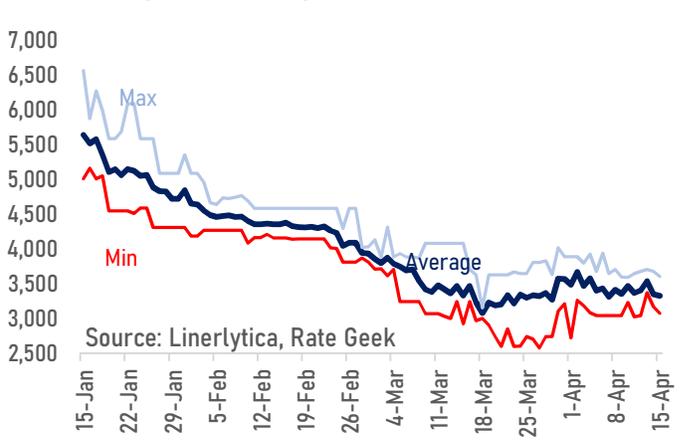
### CoFIF Daily Closing Price/Turnover/Open Interests



### FE-NEUR Capacity Utilization



### FE-NEUR Spot Rates (\$ per FEU)



Source: Linerlytica, Rate Geek

### Asia-Europe rate futures rally on strong liquidity

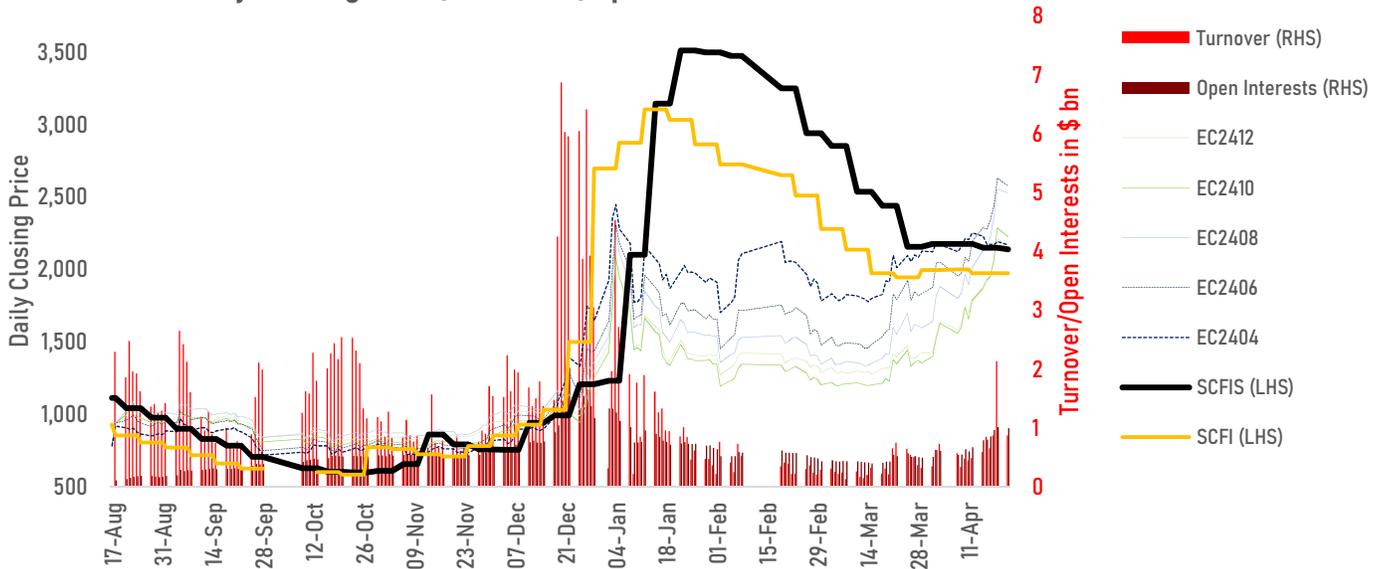
Speculative traders returned to the CoFIF market last week with average trading volumes doubling compared to the week before. Prices for longer dated contracts for June 2024 through February 2025 rallied.

The EC2406 and EC2408 contracts rose above 2,500 compared to the latest SCFIS index at 2,135, implying an expected increase of over 17% from current rate levels. Market conviction on the May rate hikes have strengthened with several carriers pushing for higher FAK rates backed by improved vessel utilisation over the last 2 weeks.

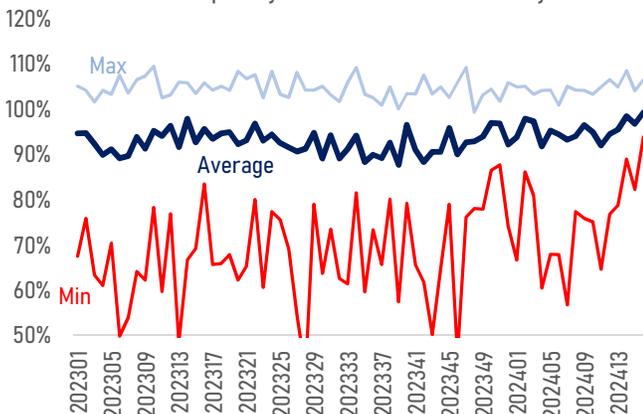
Capacity is expected to remain tight in May, with average capacity to North Europe expected to drop next month with diversions from the Red Sea to the Cape route still constraining overall capacity.

Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	22 Apr	15 Apr	WoW	Week 16	Week 15	WoW	Week 16	Week 15	WoW	22 Apr	15 Apr	WoW
EC2404	2,166	2,228	-3%	739	670	10%	11	10	9%	2,533	4,532	-44%
EC2406	2,573	2,287	13%	42,352	23,428	81%	720	341	111%	27,622	28,304	-2%
EC2408	2,527	2,128	19%	13,144	5,334	146%	215	72	199%	15,989	10,587	51%
EC2410	2,224	1,864	19%	6,106	2,559	139%	89	30	192%	7,715	5,537	39%
EC2412	2,168	1,877	15%	1,405	363	287%	20	4	371%	2,900	2,394	21%
EC2502	1,877	1,617	16%	1,013	162	527%	13	2	670%	1,314	539	144%
<b>Total</b>				<b>64,759</b>	<b>32,516</b>	<b>99%</b>	<b>1,069</b>	<b>460</b>	<b>133%</b>	<b>58,073</b>	<b>51,893</b>	<b>12%</b>

CoFIF Daily Closing Price/Turnover/Open Interests



FE-NEUR Capacity Utilization : 2023-2024 by week



FE-NEUR Spot Rates (\$/40')



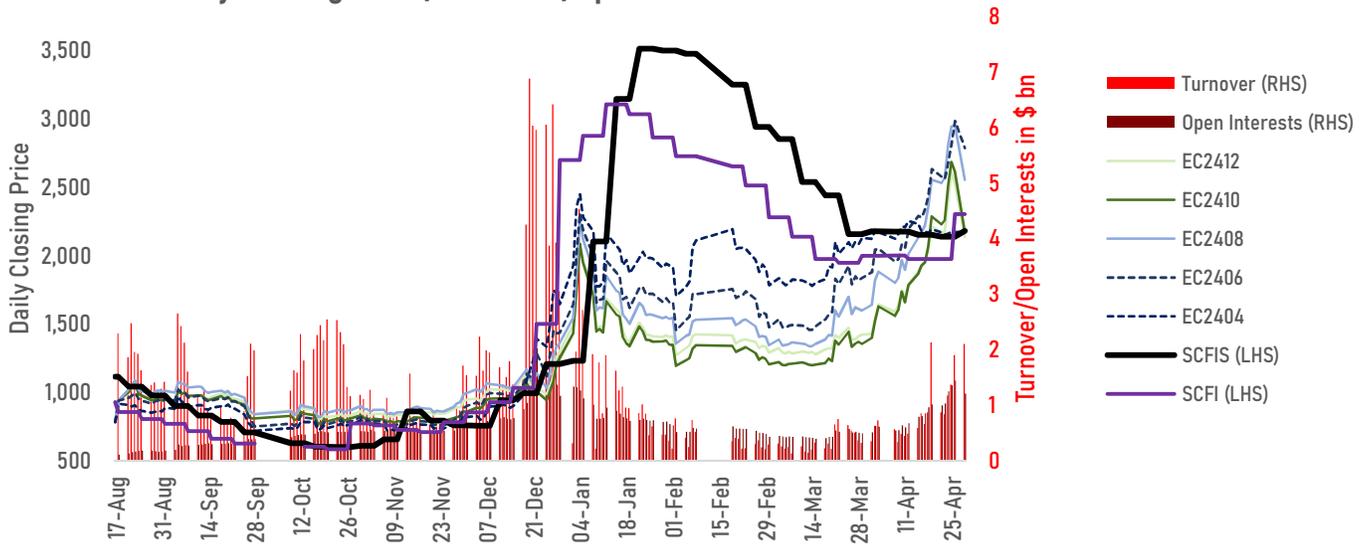
### CoFIF market sell-off on Red Sea ceasefire risk

Asia-North Europe CoFIF freight futures retreated sharply on 29 April on fears that ceasefire talks taking place in Egypt this week could drag down freight rates before the end of the year. Contracts for October 2024 (EC2410) were most badly hit, dropping to 2,169 after reaching a peak of 2,765 last week. The latest EC2410 futures remain on par with the current SCFIS at 2,175 points, with EC2406 and EC2408 contracts still trading at a significant premium to the current SCFIS spot rate index at 2,784 and 2,550 respectively.

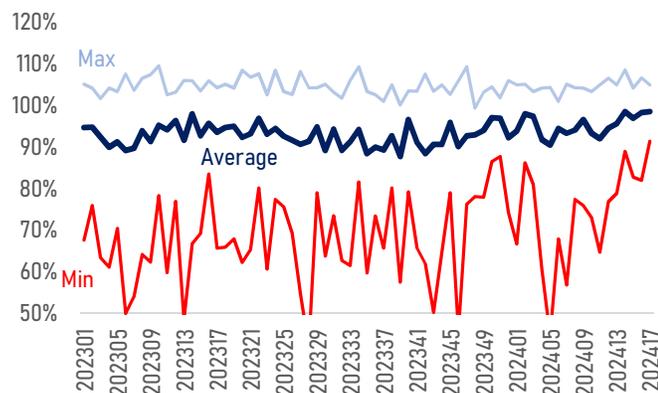
The first CoFIF contract for EC2404 were settled after market closed on 29 April with 1,640 lots settled at 2,152.9 SCFIS for RMB 176.5m. At its peak Open Interest for EC2404 reached 134,931 lots. Since its launch on 18 August 2023, the CoFIF Shanghai-North Europe freight rate futures has traded on average daily volumes that are equivalent to over 600,000 feu a day, which is significantly higher than actual Far East-North Europe freight capacity of 20,000 feu per day.

Contracts	Closing Price			Avg Daily Volume (contracts)			Avg Daily Turnover (\$ mn)			Open Interest (contracts)		
	29 Apr	22 Apr	WoW	Week 17	Week 16	WoW	Week 17	Week 16	WoW	29 Apr	22 Apr	WoW
EC2404	2,170	2,166	0%	339	739	-54%	5	11	-54%	1,640	2,533	-35%
EC2406	2,784	2,573	8%	39,866	42,352	-6%	758	719	5%	29,936	27,622	8%
EC2408	2,550	2,527	1%	24,731	13,144	88%	473	215	120%	22,088	15,989	38%
EC2410	2,169	2,224	-2%	8,730	6,106	43%	149	88	69%	9,159	7,715	19%
EC2412	2,134	2,168	-2%	2,637	1,405	88%	44	20	115%	3,268	2,900	13%
EC2502	1,995	1,877	6%	2,523	1,013	149%	39	13	197%	2,009	1,314	53%
<b>Total</b>				<b>78,825</b>	<b>64,759</b>	<b>22%</b>	<b>1,468</b>	<b>1,068</b>	<b>38%</b>	<b>68,100</b>	<b>58,073</b>	<b>17%</b>

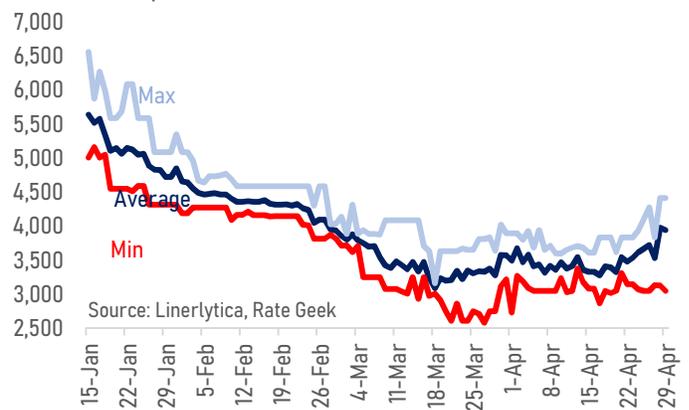
CoFIF Daily Closing Price/Turnover/Open Interests



FE-NEUR Capacity Utilization : 2023-2024 by week



FE-NEUR Spot Rates (\$/40')



Source: Linerlytica, Rate Geek

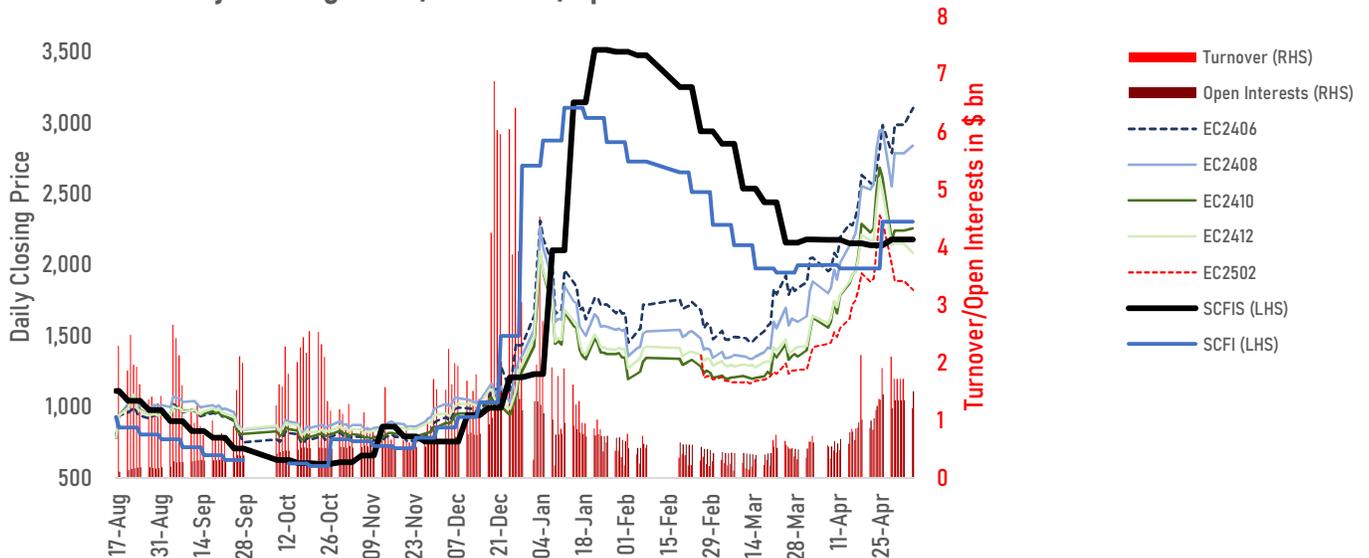
### CoFIF futures rally as Middle East peace talks collapse

Asia-North Europe freight futures rallied over the Labour Day shortened trading week, with rates on the 2 main futures contracts (EC2406 and EC2408) trading higher on 30 Apr and 6 May. The 2 short dated contracts rallied as the Middle East peace talks faltered with the 2 contracts accounting for nearly 80% of daily trading volumes, while the longer dated contracts for EC2412, EC2502 and the newly launched EC2504 were tactically sold off as trading hedges.

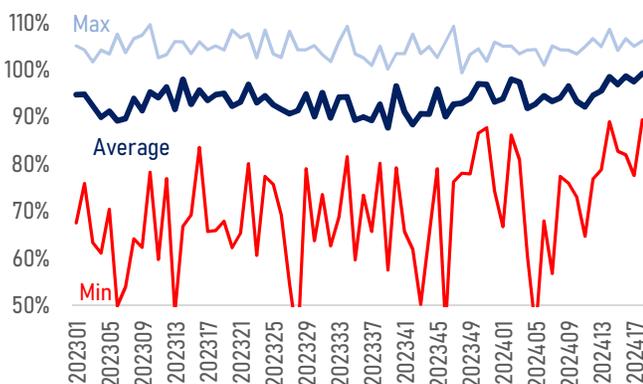
Average daily volumes were unchanged but open interest was up 15% WoW, indicative of the positive market sentiment. EC2406 contracts has risen for the 3<sup>rd</sup> consecutive week to reach 3,101 for an 11% gain for the week and currently trades at a 43% premium to the latest SCFIS at 2,209. Spot market rates have risen by almost \$1,000/feu over the past month with capacity utilisation at their highest levels since January 2023.

Contracts	Closing Price			Vs SCFIS	Avg Daily Volume			Avg Daily Turnover (\$M)			Open Interest (contracts)		
	6 May	29 Apr	WoW		2,209	Week 18	Week 17	WoW	Week 18	Week 17	WoW	6 May	29 Apr
EC2406	3,101	2,784	11%	40%	39,769	39,866	0%	812	762	6%	36,301	29,936	21%
EC2408	2,836	2,550	11%	28%	21,945	24,731	-11%	413	475	-13%	25,026	22,088	13%
EC2410	2,254	2,169	4%	2%	9,013	8,730	3%	139	150	-8%	9,118	9,159	0%
EC2412	2,081	2,134	-2%	-6%	3,448	2,637	31%	50	44	13%	3,382	3,268	3%
EC2502	1,821	1,995	-9%	-18%	3,359	2,523	33%	43	39	11%	2,056	2,009	2%
EC2504	1,708	1,995	-14%	-14%	688	0	NA	8	0	NA	475	0	NA
<b>Total</b>					<b>78,221</b>	<b>78,487</b>	<b>0%</b>	<b>1,465</b>	<b>1,471</b>	<b>0%</b>	<b>76,358</b>	<b>66,460</b>	<b>15%</b>

CoFIF Daily Closing Price/Turnover/Open Interests



FE-NEUR Capacity Utilization : 2023-2024 by week



FE-NEUR Spot Rates (\$/40')

