

Market Pulse, 2024 Week 17

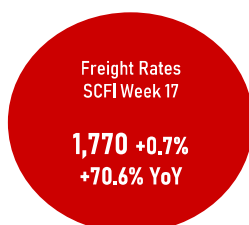
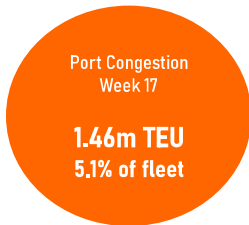
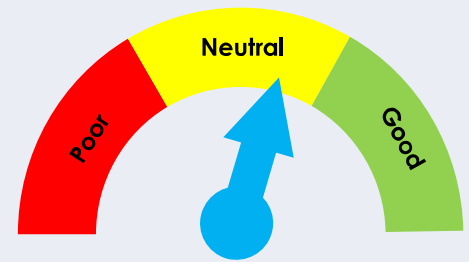
IN FOCUS this week
Chinese shipbuilders' dominance

MARKET BRIEF, 2024 WEEK 17

The SCFI recorded its 3rd straight weekly gain last week and while the recent rate increases have been meagre, it will set the stage for a series of larger rate hikes in May that carriers have just announced. Capacity utilisation is tightening across all main trades on stronger market demand, which will aid carriers' GRI efforts. Although new vessel deliveries continue at pace, the capacity shortage due to vessel diversions to the Cape of Good Hope as well as additional summer service deployments continue to soak up all available supply, with charter rates still rising for all vessel sizes apart from the smaller sectors below 1,200 teu.

Transpacific contract rates are settling 10-20% above last year's levels, with the current spot rate levels pushing shippers to conclude negotiations at the higher rates. Asia-Europe freight futures also rallied last week with rising conviction that carriers will be able to hold the May rate hikes.

CONTAINER MARKET BAROMETER 2024 WEEK 17

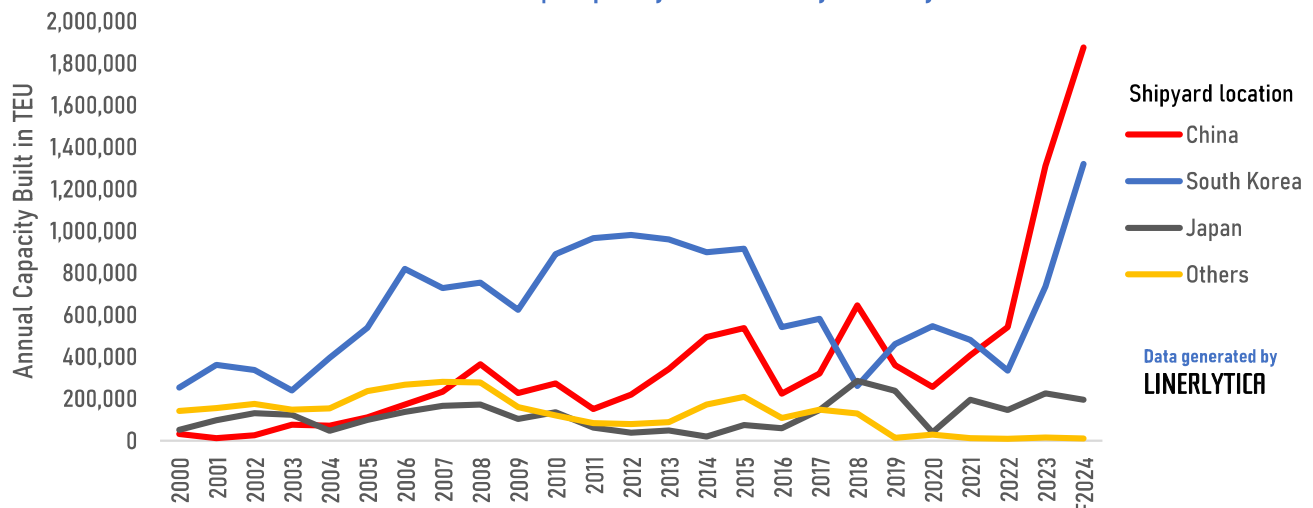


USTR actions against Chinese ships will do little to help US shipbuilders

The United States Trade Representative (USTR) initiated an investigation on China's maritime, logistics, and shipbuilding sectors on 17 April 2024 based on the petition filed by 5 US labor unions that alleged unfair policies and practices to undermine fair competition and dominate the market. Amongst the proposed remedies to address China's dominance is a fee on vessels built in China that dock at US ports.

Although containerships built at Chinese shipyards account for only 27% of the current fleet capacity compared to 50% from South Korea and 10% from Japan, Chinese yards dominate the new vessel orderbook and account for 55% of current containership orders. In contrast, only 15 containerships have been built at US shipyards since 2000 and they cater solely to US domestic Jones Act carriers. Matson's order for 3 units of 3,620 teu at Philly Shipyard for delivery in 2026-27 are the only ships currently on order at US yards. These ships were contracted in November 2022 at a total cost of US\$1 Bn which is 5 times more than comparable ships built at Asian shipyards.

Containership capacity delivered by Country: 2000-2024



Asia-Europe rate futures rally on strong liquidity

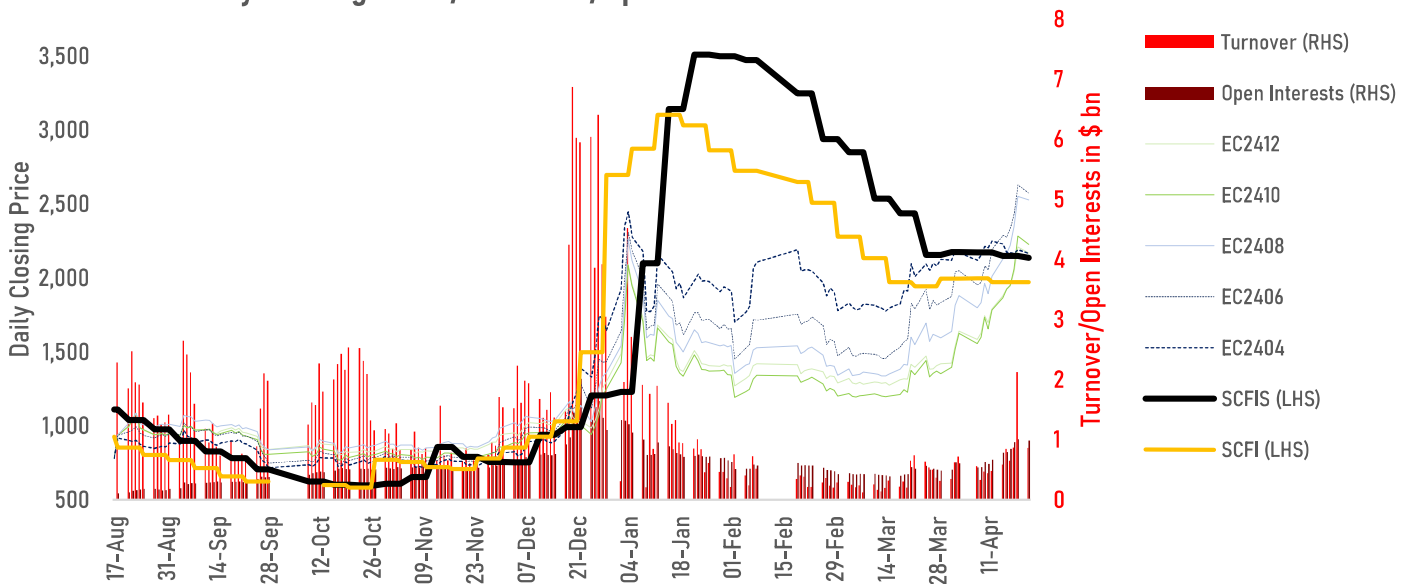
Speculative traders returned to the CoFIF market last week with average trading volumes doubling compared to the week before. Prices for longer dated contracts for June 2024 through February 2025 rallied.

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.

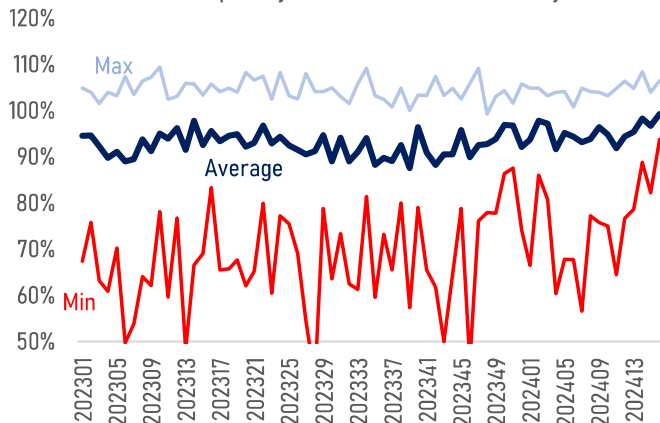
Capacity is expected to remain tight in May, with average capacity to North Europe expected to drop next month with diversions from the Red Sea to the Cape route still constraining overall capacity.

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%
Total				64,759	32,516	99%	1,069	460	133%	58,073	51,893	12%

CoFIF Daily Closing Price/Turnover/Open Interests



FE-NEUR Capacity Utilization : 2023-2024 by week



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

