

Market Pulse 2024 Week 20

IN FOCUS this week

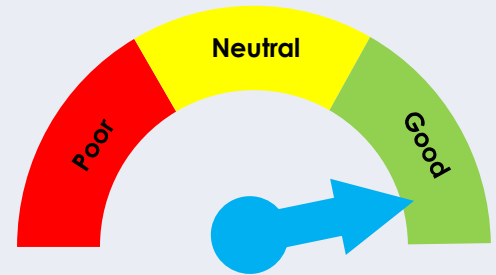
How much is the actual Asia-Europe capacity loss

MARKET BRIEF 2024 WEEK 20

Market panic over tightening vessel space availability has sent the SCFI to its highest level since September 2022, rising by 18.8% after last week's holiday break to hit a 20-month high. Unlike the surge in January this year when the rate hikes were largely limited to the Red Sea affected routes, the gains are more broad-based this time with sharp rate hikes on all long-haul routes on the back of a strong rebound in demand ahead of the summer peak season.

Carriers are fanning the panic with Maersk claiming that capacity loss on the Asia-Europe and Med routes has reached 15-20%. Although the effective capacity situation is not as dire as the carrier suggests, the strong demand has taken the market by surprise with box equipment and vessels also in short supply. New dry box production surged to 520,000 teu in April alone, 3 times higher than the 2023 monthly average with new factory production fully booked until the end of July.

CONTAINER MARKET BAROMETER 2024 WEEK 20



Asia-North Europe capacity loss offset by capacity increases to the Med

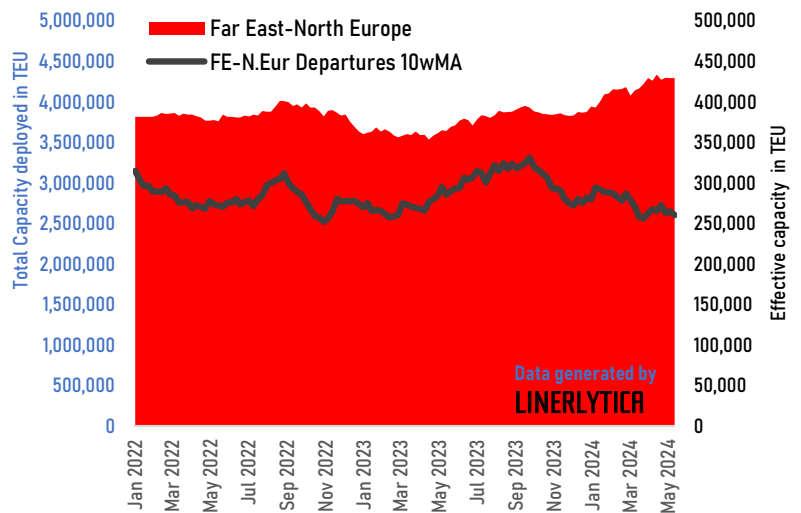
Effective capacity to North Europe based on actual vessel departures from Asia has decreased by 5.1% compared to a year ago due to the longer route taken by the majority of vessels via the Cape of Good Hope despite the deployment of 17.8% more vessel capacity on the Asia-North Europe route.

In contrast, effective capacity on the Asia-Med route is up 10.5% despite the Cape diversions as total capacity deployed on this route has jumped by 49.1% compared to a year ago.

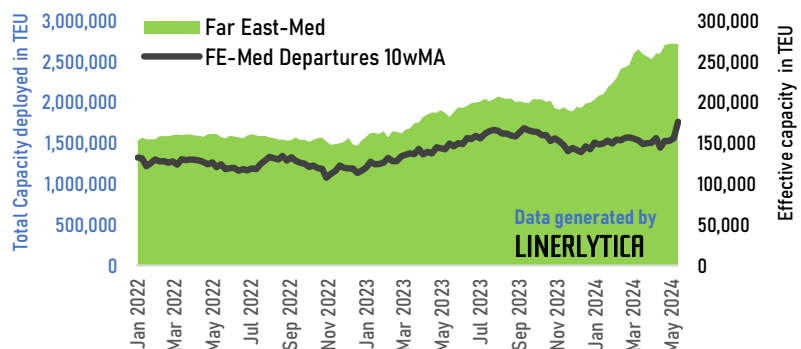
Contrary to Maersk's claims of an industry-wide 15% to 20% capacity loss on the Asia-Europe/Med routes, aggregate capacity is actually 0.3% higher in effective terms compared to a year ago as the total vessel capacity deployed on the 2 routes has increased by 28% from 5.45m teu to close to 7m teu currently.

1.2m teu in additional capacity have been added within the last 5 months alone due to the Cape diversions. The majority of the incremental capacity or 0.8m teu has gone to the Med as freight rates to the Med have enjoyed a 30-50% premium over North Europe, although the gap has narrowed recently.

Total capacity deployed on Asia-North Europe route



Total capacity deployed on Asia-Mediterranean route



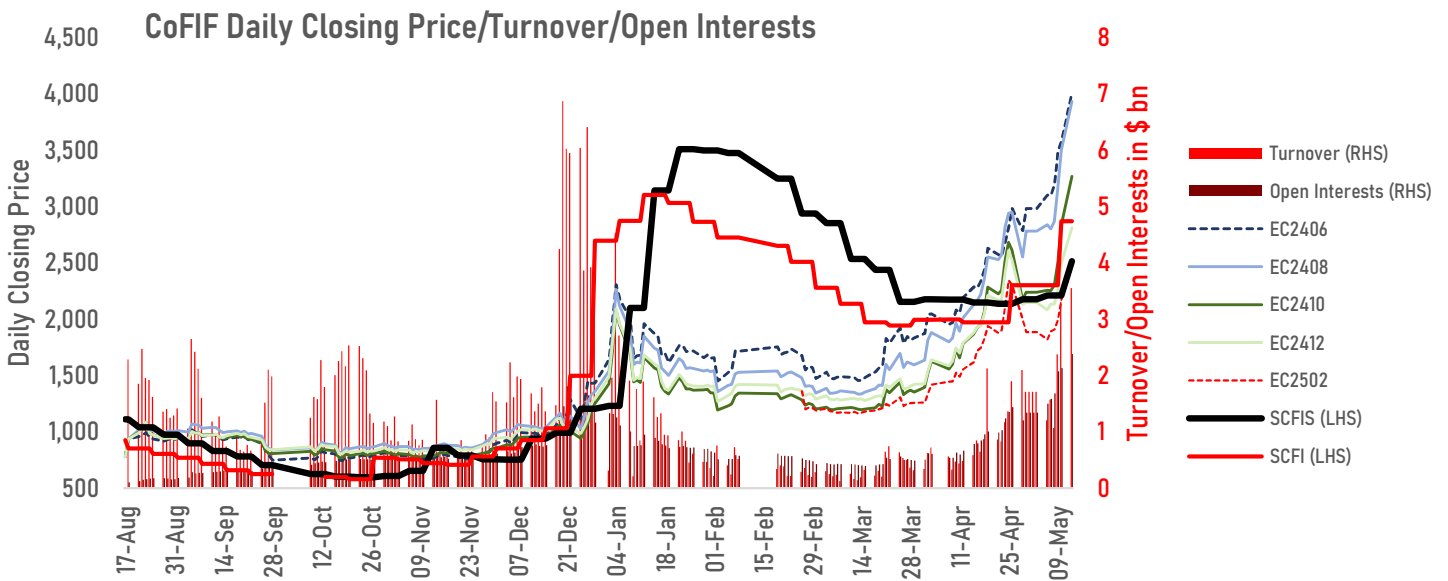
CoFIF freight futures surge to new record high

CoFIF freight futures to North Europe rallied sharply last week on the back of the sharp spot rate hikes driven by the current shortage of capacity on the trade. Effective capacity to North Europe is down 5.1% despite having 17.8% more in total vessel capacity deployed compared to a year ago, with the longer route via the Cape of Good Hope taking away almost 23% of the effective capacity.

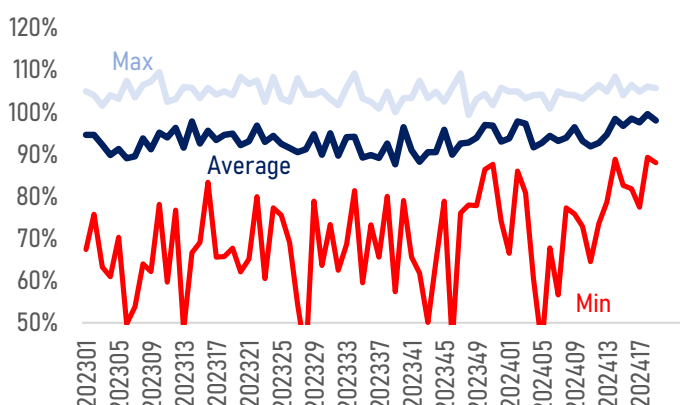
The SCFIS increased by 13.7% on 13 May to reach 2,512 with further increases expected over the coming weeks. Carriers are pushing ahead with further FAK rate hikes in June that could bring Asia-North Europe rates to \$6,000/FEU, with the SCFIS expected to surpass its January peak of 3,509. EC2406 contracts are currently trading at a record high of 4,009 for a 60% premium to the SCFIS.

Trading volume and open interests went up 39% and 21% respectively week over week, with traders shifting to EC2408 as the EC2406 is drawing close. However, traders remain hesitant to hold positions as open interests peaked at 94,422 lots on 9 May but dropped slightly to 91,000-92,000 lots in the last two trading days.

Contracts	Closing Price			Vs SCFIS 2,512.14	Avg Daily Volume			Avg Daily Turnover (\$M)			Open Interest (contracts)		
	13 May	6 May	WoW		Week 19	Week 18	WoW	Week 19	Week 18	WoW	13 May	6 May	WoW
EC2406	4,009	3,101	29%	60%	46,670	39,769	17%	1,113	809	38%	29,895	36,301	-18%
EC2408	3,933	2,836	39%	57%	36,882	21,945	68%	846	412	105%	40,416	25,026	61%
EC2410	3,268	2,254	45%	30%	14,331	9,013	59%	265	138	92%	12,661	9,118	39%
EC2412	2,812	2,081	35%	12%	5,019	3,448	46%	83	50	65%	4,160	3,382	23%
EC2502	2,461	1,821	35%	-2%	3,454	3,359	3%	50	43	15%	2,794	2,056	36%
EC2504	2,232	1,821	23%	-11%	2,021	688	194%	28	8	236%	2m252	475	374%
Total					108,377	78,221	39%	2,384	1,461	63%	92,178	76,358	21%



FE-NEUR Capacity Utilization : 2023-2024 by week



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

