

Market Pulse 2024 Week 28

IN FOCUS this week
 Maersk takes another U-turn

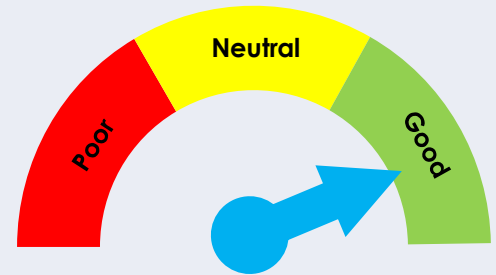
MARKET BRIEF 2024 WEEK 28

Renewed apprehension over a Middle East ceasefire and signs that freight rates may have peaked spooked the jittery container shipping equity and freight futures markets on 8 July despite continued advances in the SCFI and charter rate indices last week.

Although carriers successfully pushed ahead with the 1 July rate hikes, cracks have appeared on their ability to secure further rate increases as the additional capacity introduced into the US West Coast, North Europe, South America and Middle East have alleviated the capacity pressure on these routes. Despite this, freight rates will remain elevated until the end of the peak season which could last until September.

Maersk has hinted on a reversal of its strategy that could see a return to growth for its liner business with increased vessel charters and new ship orders as it seeks to close the lead that MSC has built.

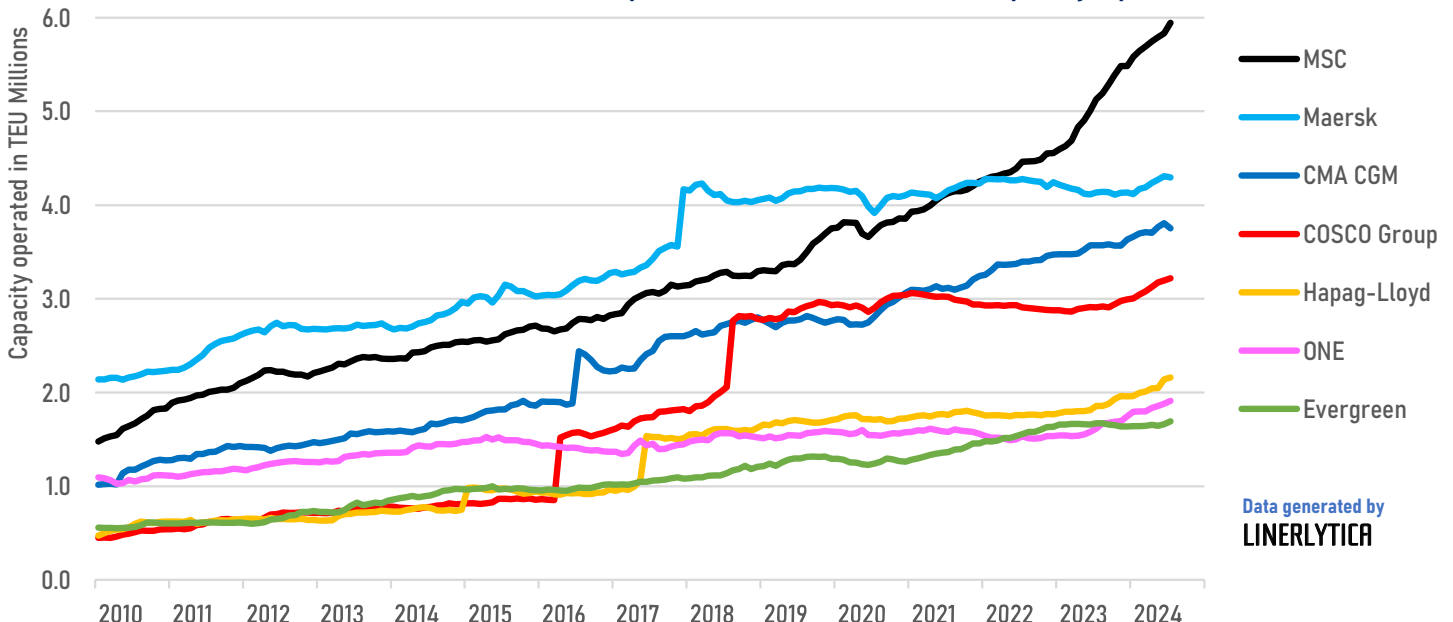
CONTAINER MARKET BAROMETER 2024 WEEK 28



Maersk set to reverse course after failed Schenker bid

With the rest of its main rivals pushing ahead with their capacity expansion plans, Maersk has been stagnant with its capacity operated capped at 4.3m TEU since 2017 as the Group pursued its logistics integrator strategy. This is set to change as Maersk stated last week that it will be “doing whatever it reasonably can to bring supply in line with businesses’ demand for capacity”, as it hints to an imminent reversal of its self-imposed capacity cap. The move follows Maersk’s withdrawal from its bid to acquire Schenker on 1 July 2024 citing integration challenges, in a further sign of a shift in Maersk’s focus back to the liner business.

Top 7 Carriers : Evolution of Capacity Operated 2010-2024



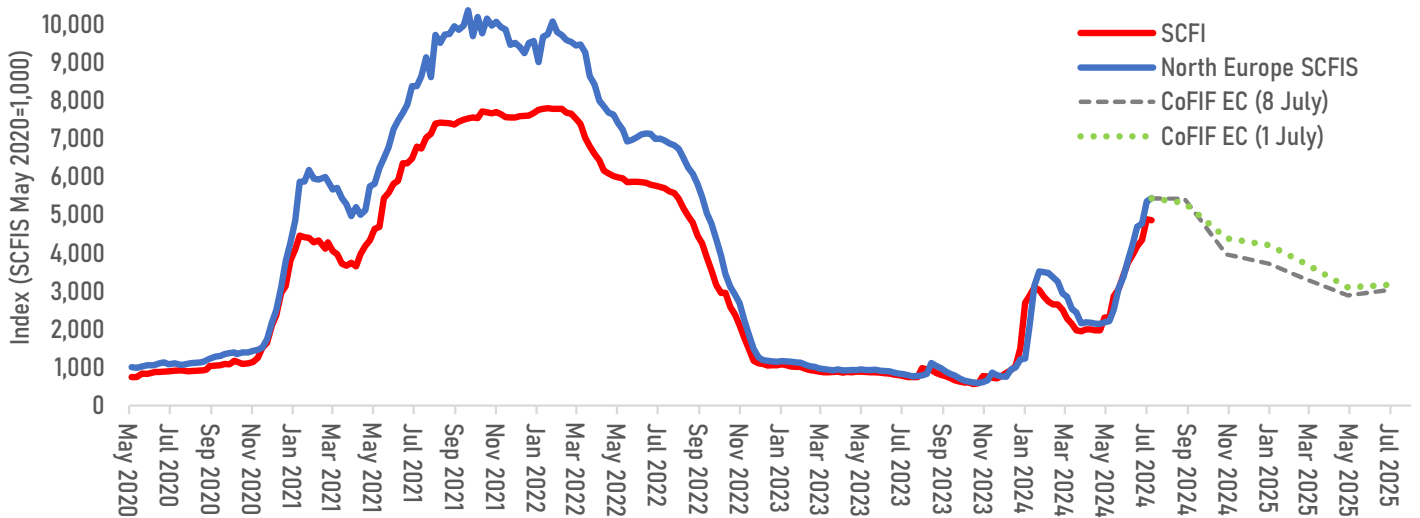
Container futures slumps on fears that rates have peaked

EC freight futures to North Europe tumbled on 8 July, with 4 out of the 6 contracts hitting their daily 16% limit down level, while the two exceptions EC2408 and EC2410 dropped by 4.1% and 15.6% respectively. The daily price movement limit will be revised from 16% to 19% for contracts expiring in December onwards starting from 9 July. Open interests went up 2% WoW with traders taking more overnight positions for EC2410, EC2504 and EC2506.

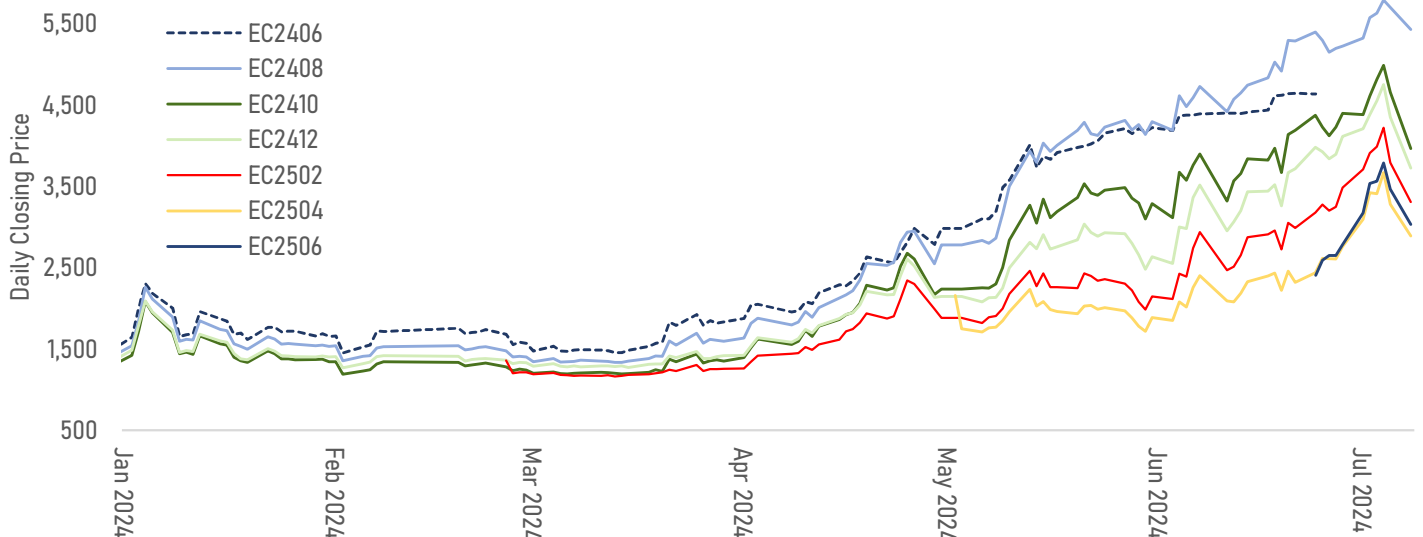
The EC market was spooked by concerns that freight rates have peaked amidst Middle East ceasefire risks. The SCFI assessment to North Europe slipped marginally by 0.5% WoW last Friday, the first weekly drop since mid-April as average capacity utilization slipped for 2 consecutive weeks.

Contracts	Closing Price			Vs SCFIS 5,432	Avg Daily Volume (contracts)			Avg Daily Turnover (\$M)			Open Interest (contracts)		
	8 Jul	1 Jul	WoW		Week 27	Week 26	WoW	Week 27	Week 26	WoW	8 Jul	1 Jul	WoW
EC2408	5,430	5,322	2%	0%	27,704	24,877	11%	1,060	892	19%	36,996	39,994	-7%
EC2410	3,964	4,383	-10%	-27%	34,955	24,837	41%	1,086	728	49%	28,716	25,017	15%
EC2412	3,725	4,211	-12%	-31%	12,344	11,318	9%	364	311	17%	12,503	13,765	-9%
EC2502	3,308	3,711	-11%	-39%	8,406	7,625	10%	221	177	24%	8,249	10,132	-19%
EC2504	2,889	3,097	-7%	-47%	25,197	14,906	69%	580	280	108%	14,548	12,454	17%
EC2506	3,033	3,173	-4%	-44%	12,504	6,241	100%	302	118	156%	6,002	3,612	66%
Total					121,110	89,804	35%	3,612	2,506	44%	107,014	104,974	2%

Shanghai-North Europe Freight Rate Trend



CoFIF Daily Closing Price



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