

Market Pulse 2024 Week 29

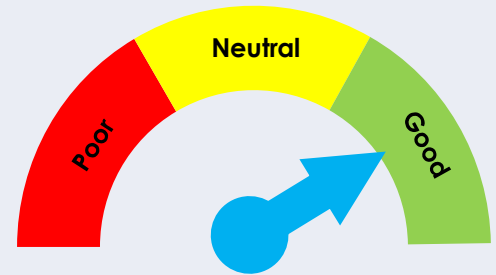
IN FOCUS this week
 Capacity increases on main tradelanes

MARKET BRIEF 2024 WEEK 29

The SCFI retreated last week by 1.6% after 14 consecutive weekly gains in a further sign that the market has peaked. While demand remains firm, supply has also risen with capacity injections most notably in the Indian subcontinent, Latin America and US West Coast routes where freight rates are the most lucrative currently. This has capped freight rate increases on those routes, but overall capacity utilisation remains tight, with rates still rising on the Asia-North Europe route as schedule disruptions due to port congestion and adverse weather conditions continue to affect the market. The charter market remains effectively sold out for the larger vessel segments until next year.

The FMC's request for additional information regarding the Gemini Cooperation Agreement on 12 July will delay the effective date of the new alliance partnership of Maersk and Hapag-Lloyd. However, as the new alliance services are only scheduled to start in February 2025, there is still sufficient time for 2 partners to obtain the necessary regulatory approvals.

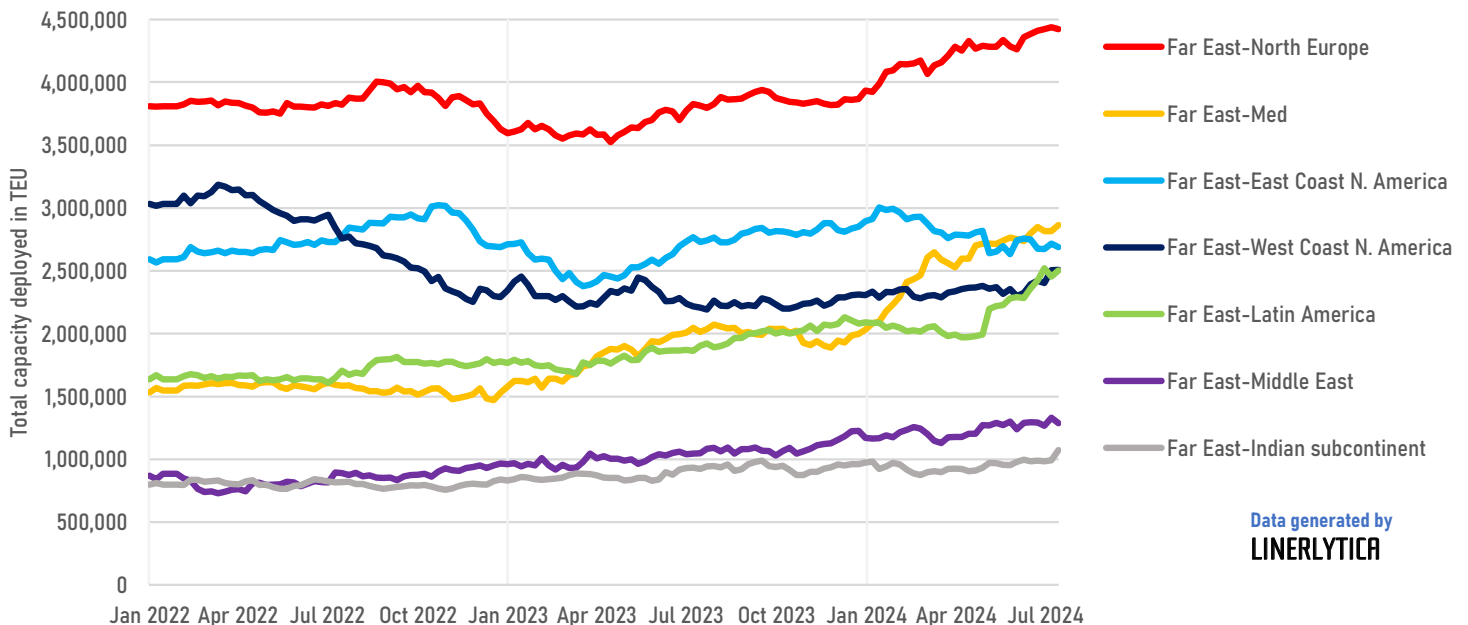
CONTAINER MARKET BAROMETER 2024 WEEK 29



Recent capacity additions have put cap on freight rate increases

The Far East to the Indian Subcontinent, Latin America and US West Coast routes have seen a significant increase in new capacity injections in the last month, with capacity rising by 9.0%, 6.0% and 4.7% respectively with a slew new services and extra loaders added since June. These capacity additions will continue through August, keeping the charter market tight as carriers are still short of tonnage needed on these routes. However, the incremental capacity added has put a cap to recent freight rate increases, with carriers forced to roll back some of their rate hikes as the SCFI recorded its first week on week decline since April.

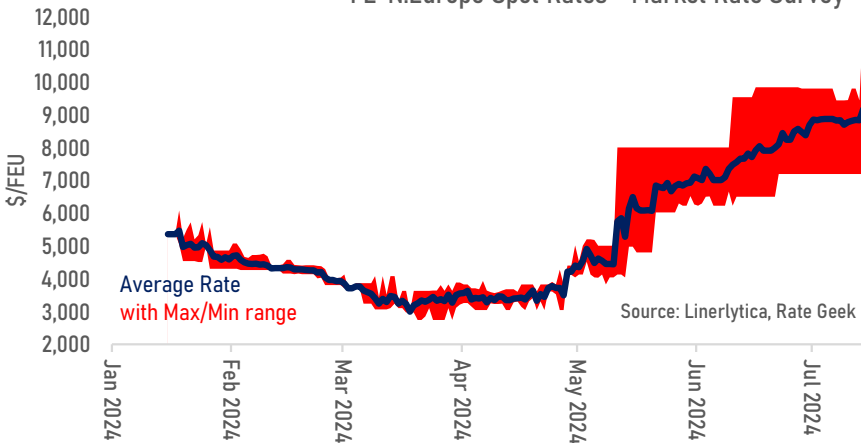
Capacity deployment by trade : 2022-2024



Data generated by
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Shanghai Container Freight Index	Change vs								
	12-Jul-24	1 week		1 month		3 months		1 year	
Source : Shanghai Shipping Exchange	5-Jul-24	%	14-Jun-24	%	12-Apr-24	%	14-Jul-23	%	
SCFI	3,675	3,734	-1.6%	3,379	8.7%	1,757	109.2%	979	275.3%
Shanghai export freight rates (in US\$/TEU except to USEC/USWC in US\$/FEU) to:-									
Europe (Base port)	5,051	4,857	4.0%	4,179	20.9%	1,971	156.3%	738	584.4%
Mediterranean (Base port)	5,424	5,432	-0.1%	4,848	11.9%	3,010	80.2%	1,412	284.1%
USWC (Base port)	7,654	8,103	-5.5%	6,906	10.8%	3,205	138.8%	1,771	332.2%
USEC (Base port)	9,881	9,945	-0.6%	7,993	23.6%	4,179	136.4%	2,662	271.2%
Persian Gulf (Dubai)	2,273	2,436	-6.7%	2,950	-22.9%	2,051	10.8%	1,013	124.4%
Australia (Melbourne)	1404	1375	2.1%	1,382	1.6%	824	70.4%	248	466.1%
West Africa (Lagos)	5,187	5,563	-6.8%	5,888	-11.9%	2,363	119.5%	2,666	94.6%
South Africa (Durban)	5,099	5,426	-6.0%	5,478	-6.9%	1,781	186.3%	1,304	291.0%
South America (Santos)	8,760	9,026	-2.9%	8,263	6.0%	3,627	141.5%	2,665	228.7%
West Japan (Osaka/Kobe)	293	293	0.0%	293	0.0%	294	-0.3%	327	-10.4%
East Japan (Tokyo/Yokohama)	299	299	0.0%	299	0.0%	309	-3.2%	335	-10.7%
Southeast Asia (Singapore)	753	730	3.2%	679	10.9%	280	168.9%	156	382.7%
Korea (Busan)	162	166	-2.4%	163	-0.6%	155	4.5%	131	23.7%

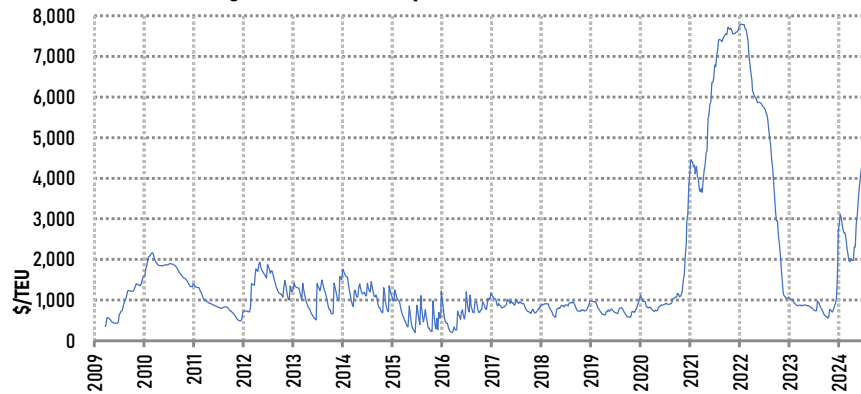
FE-N.Europe Spot Rates - Market Rate Survey



Spot rates to North Europe defied the SCFI weakness last week, recording a 4.0% gain while the SCFIS surged by 10.5% as capacity utilization rebounded from the dip the week before to go over 95% again.

Total capacity departing from the Far East continues to see significant week to week volatility as service schedules have been severely disrupted by port congestion across European and Asian ports. Total departures to North Europe on week 28 were more than 40,000 teu lower than the week before, keeping capacity very tight and allowing carriers to push forth higher spot rates. Maersk put up a particularly high spot quotation last week with the rate range between carriers widening.

SCFI : Shanghai to North Europe



Transpacific spot rates weakened last week with carriers backtracking on their July rate hikes as rates dropped below the \$8,000/feu level to the West Coast with the SCFI falling by 5.5% to \$7,654/feu.

SCFI : Shanghai to US West Coast



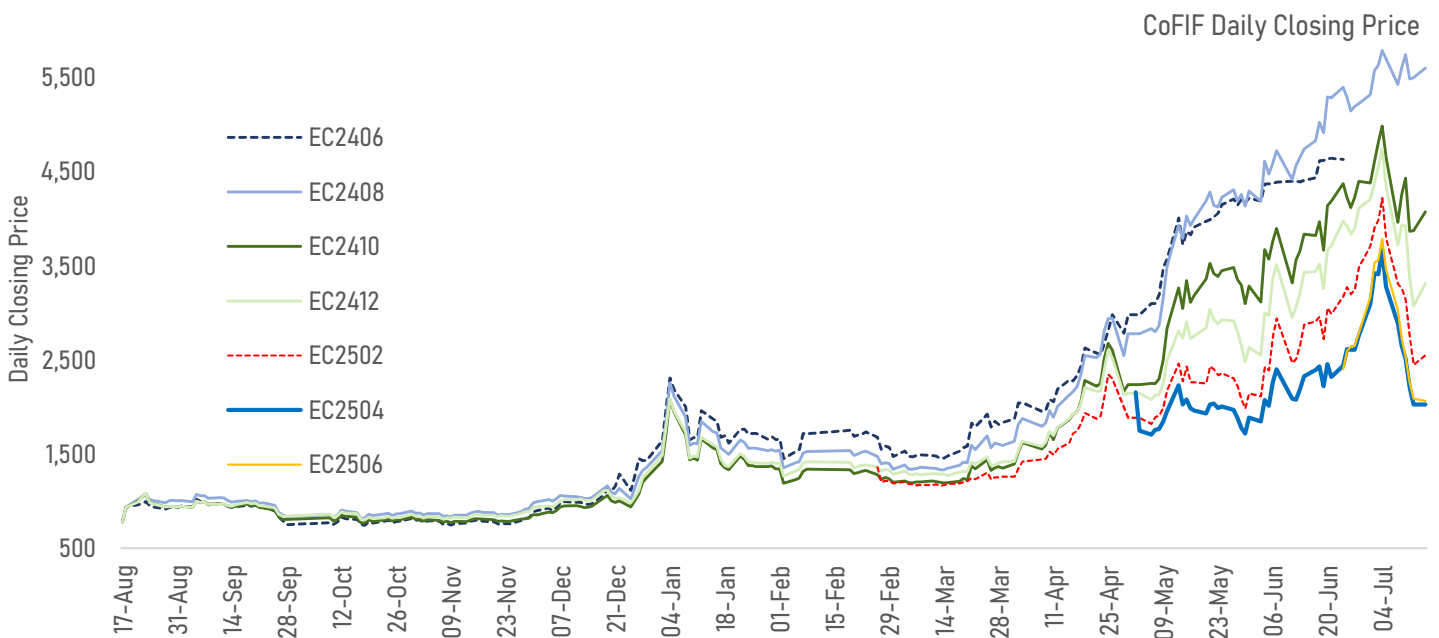
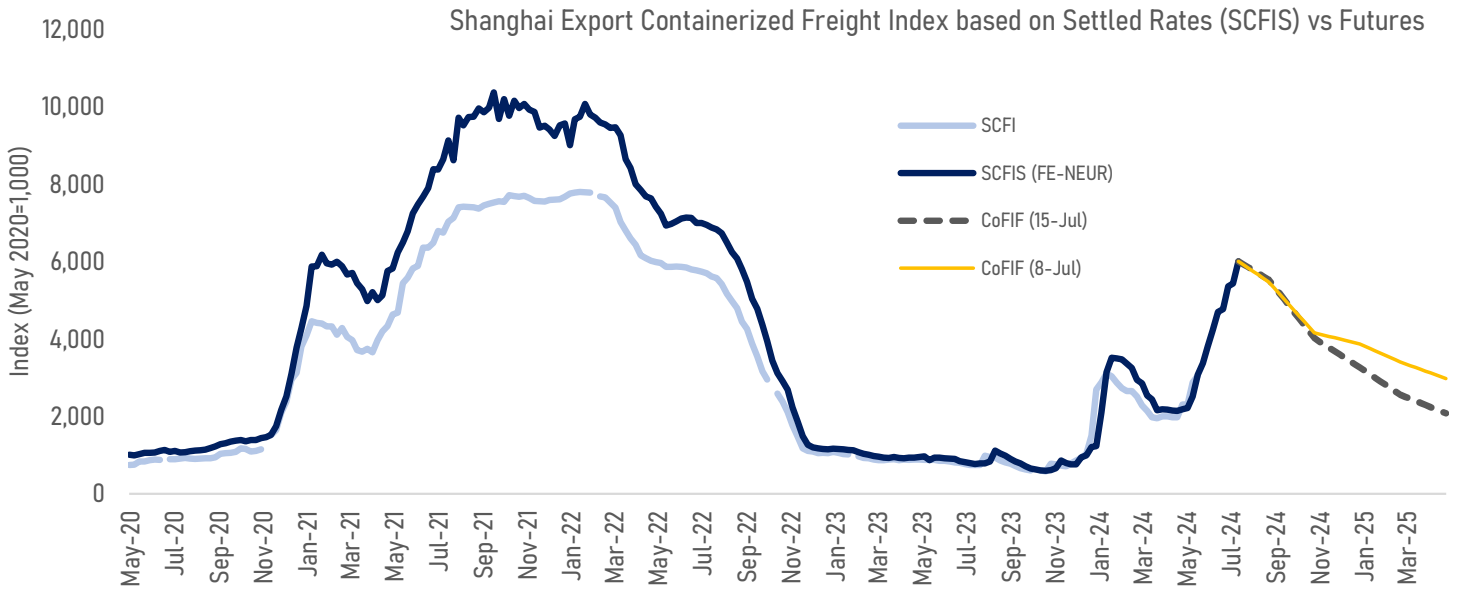
Further drops are expected in the week ahead as new capacity to the West Coast is coming in droves from new services launched as well as extra loader services.

Rates to the East Coast are still holding up with capacity still very tight with no new services added this year. Effective capacity to the East Coast is 12% lower than a year ago compared to a 14% gain on the West Coast. The likelihood of a strike at US East Coast ports has increased over the past week, which could drive a further shift in cargo volumes to the West Coast.

Freight futures fret over ceasefire risks despite strong spot rate gains

Maersk's high spot rate quotes helped to boost short term market sentiment, but skepticism over the sustainability of the current high rate levels heading into 2025 continues to prevail in the CoFiF futures market. The EC freight futures traders were spooked by reports of a Gaza ceasefire as the longer dated container freight futures for 1H 2025 contracts corrected by 20-30% WoW. Near term contracts for 2H 2024 remain firm, with EC2408 and EC2410 recording marginal gains backed by the 4.0% gain on the SCFI last Friday while the SCFIS notched an even larger 10.5% gain on 15 July which would boost short term interest and help push up the market later this week.

Contracts	Closing Price			Vs SCFIS 5,432	Avg Daily Volume (contracts)			Avg Daily Turnover (\$M)			Open Interest (contracts)		
	15 Jul	8 Jul	WoW		Week 28	Week 27	WoW	Week 28	Week 27	WoW	15 Jul	8 Jul	WoW
EC2408	5,600	5,430	3%	-7%	23,869	27,704	-14%	912	1,061	-14%	31,188	36,996	-16%
EC2410	4,076	3,964	3%	-32%	56,159	34,955	61%	1,583	1,087	46%	30,719	28,716	7%
EC2412	3,315	3,725	-11%	-45%	23,234	12,344	88%	567	364	56%	15,255	12,503	22%
EC2502	2,550	3,308	-23%	-58%	14,160	8,406	68%	280	221	27%	9,184	8,249	11%
EC2504	2,030	2,889	-30%	-66%	33,683	25,197	34%	550	581	-5%	15,539	14,548	7%
EC2506	2,063	3,033	-32%	-66%	16,208	12,504	30%	270	303	-11%	7,327	6,002	22%
Total					167,313	121,110	38%	4,163	3,617	15%	109,212	107,014	2%



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