

Market Pulse 2024 Week 35

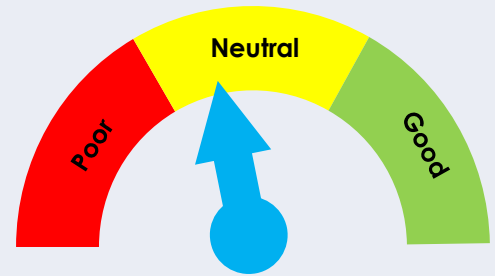
IN FOCUS this week
Freight futures anticipate further rate declines

MARKET BRIEF 2024 WEEK 35

Carriers failed to check the decline in freight rates with the SCFI slipping by 5.6% last week, led by sharp drops on the Transpacific and Middle East routes. The SCFIS, which is a better measure of actual market spot rates, have been dropping continuously since its July peak to the US West Coast in contrast to the SCFI false signal of a rate rebound a week ago, with cumulative losses reaching 38% since July.

The outlook over the coming 4 weeks is mixed, with carriers hoping that the diversion of cargo away from the US East Coast ahead of the potential port labour disruptions in October could provide a boost to the market. The short lived Canadian rail strike at the end of last week did not result in any material increase in port congestion although US PNW ports are struggling to cope with increased inbound rail volumes while the PSW ports remain largely free of congestion. Freight futures continue to weaken, with North Europe rates trading at a discount of over 70% to current spot rates.

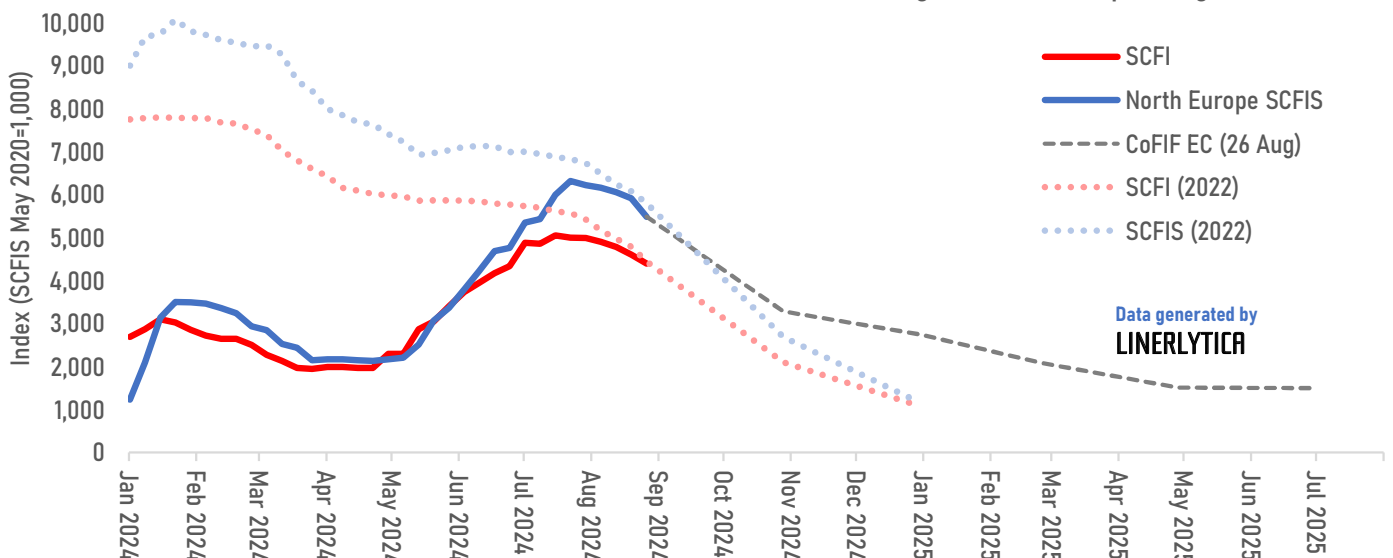
CONTAINER MARKET BAROMETER 2024 WEEK 35



Shanghai freight futures predict further rate declines

Container freight rates are poised to fall by over 70% by June next year, based on the latest CoFIF EC contracts traded on the Shanghai International Energy Exchange (INE). Although the drop is not as severe as the freight rate collapse seen at the end of 2022, current freight futures prices anticipate continuous declines over the coming 12 months, with no rebound expected at the end of this year and no repeat of this year's post Chinese New Year rate rally in 2025. Carriers have failed to check the rate decline so far, with the SCFIS dropping by 12% to North Europe from its peak in July with last week's 7.3% decline overshadowing the relatively mild 1% to 3% week over week declines seen over the previous 4 weeks.

Shanghai-North Europe Freight Rate Trend



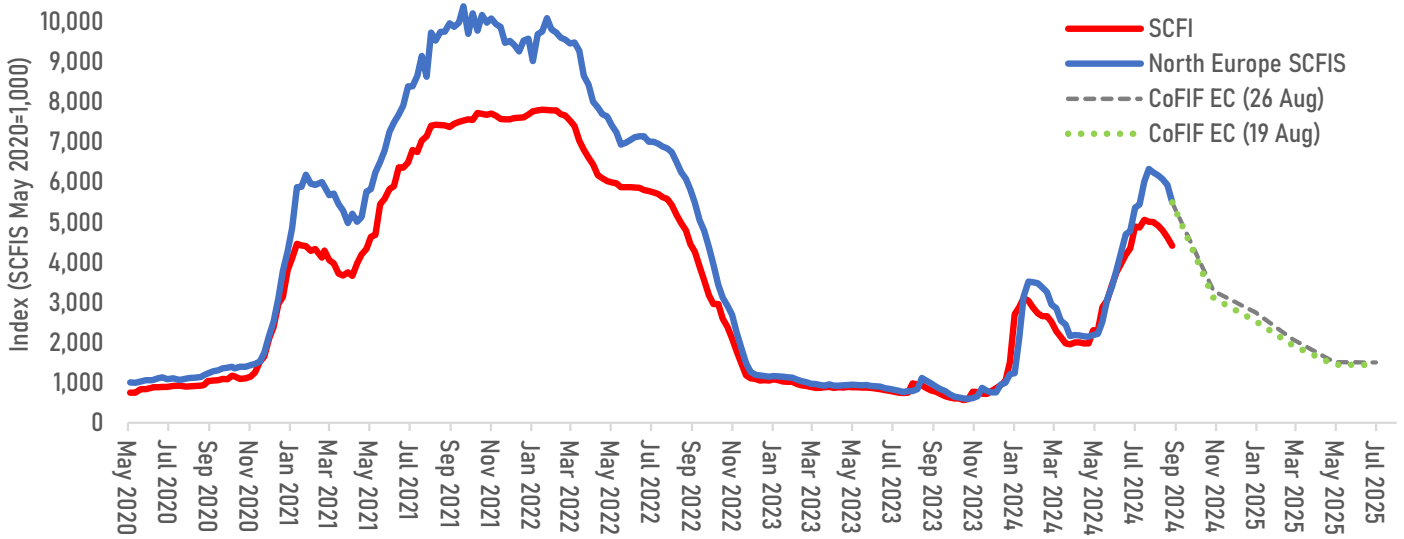
Freight futures poised for further weakness

EC freight futures will come under further pressure this week after the SCFIS was published after market close on 26 August with a sharp 7.3% WoW drop, against the 2.3% WoW decline last week. The drop was worse than traders' expectations as futures prices had rallied last week on stalled Gaza peace talks and the relatively mild drop in the SCFIS on 19 Aug of just 2.3%.

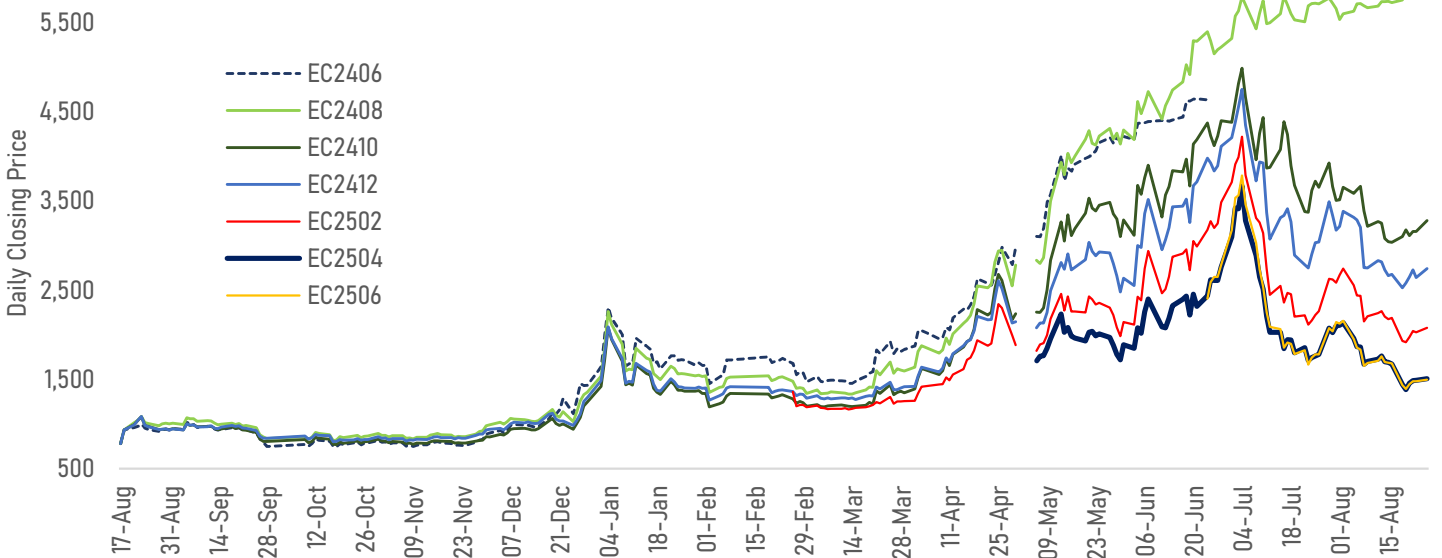
Carriers continue to slash rates last week, with average rate quotations from Shanghai to North Europe falling from \$8,500/FEU in first week of August to below \$7,000 with the lowest rates at \$6,100 this week. Although average capacity utilization has been holding up the last 3 weeks, they are tracking below the April-June highs.

Contracts	Closing Price			Vs SCFIS	Avg Daily Volume (contracts)			Avg Daily Turnover (\$M)			Open Interest (contracts)		
	26-Aug	19-Aug	WoW		5,486	Week 34	Week 33	WoW	Week 34	Week 33	WoW	26-Aug	19-Aug
EC2408	5,879	5,754	2%	7%	1,086	1,134	-4%	45	46	-2%	3,318	7,562	-56%
EC2410	3,282	3,100	6%	-40%	9,110	15,189	-40%	201	334	-40%	17,433	20,352	-14%
EC2412	2,744	2,526	9%	-50%	40,809	46,749	-13%	752	891	-16%	32,927	34,506	-5%
EC2502	2,080	1,931	8%	-62%	12,159	9,092	34%	168	138	22%	14,940	12,972	15%
EC2504	1,509	1,444	5%	-72%	28,455	12,531	127%	291	146	98%	18,411	17,941	3%
EC2506	1,499	1,438	4%	-73%	10,813	6,280	72%	109	73	50%	9,976	9,926	1%
Total													
					102,432	90,974	13%	1,565	1,627	-4%	97,005	103,259	-6%

Shanghai-North Europe Freight Rate Trend



CoFIF Daily Closing Price



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