

Market Pulse 2024 Week 42

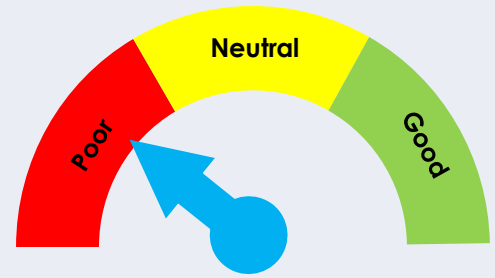
IN FOCUS this week
 More capacity cuts needed to support rate hikes

MARKET BRIEF 2024 WEEK 42

Freight rates have continued their decline with the slack season now in full swing. The heavy front-loading of holiday season cargo for the US and Europe that have driven up shipping rates since May are now working in reverse but carriers have still not adjusted vessel capacity for the winter season with only limited blank sailings planned in the next 6 weeks. This is clearly seen in the Asia-North Europe, US West Coast and Latin America routes where capacity deployment remains elevated, while the containership charter market also remains red hot.

Demand for additional tonnage shows no signs of cooling down, with carriers snapping up all tonnage coming open on the charter market in the next 2 months. The idle fleet remains unusually low at this time of the year, while scrap sales for the full year remains well short of 100,000 teu as carriers set the stage for a fresh battle for market share ahead of the 2025 alliance reshuffling.

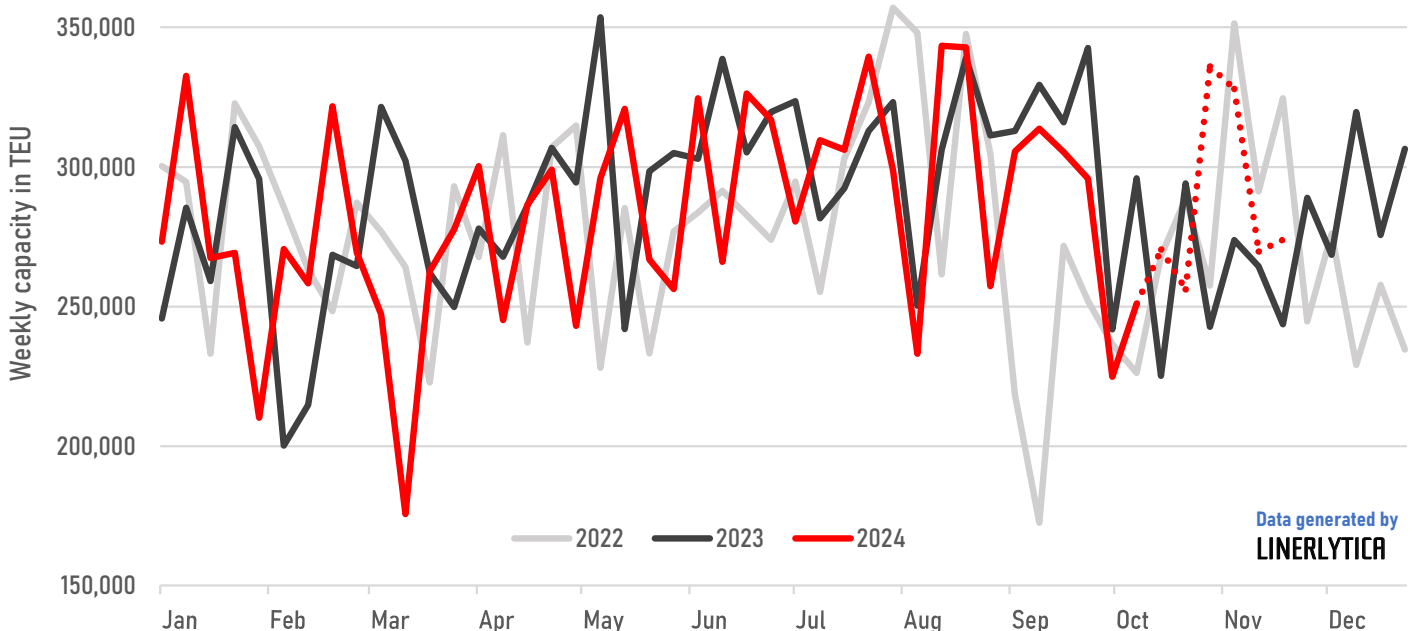
CONTAINER MARKET BAROMETER 2024 WEEK 42



Carriers' reluctance to remove surplus capacity bodes poorly for 1 Nov rate hike prospects

Carriers have failed to adjust Asia-North Europe capacity to match the reduction in cargo demand with scheduled capacity from Asia expected to rebound by over 25% in the coming weeks. Apart from selective void sailings, none of the carriers on the Asia-Europe route are planning any winter capacity reductions. This would jeopardize their efforts to arrest the decline in freight rates despite plans to hike rates by \$1,000-2,000 per feu on 1 November after the SCFIS have already slipped by 62% since July.

Weekly capacity : Far East-North Europe route 2022-2024 incl forward projections



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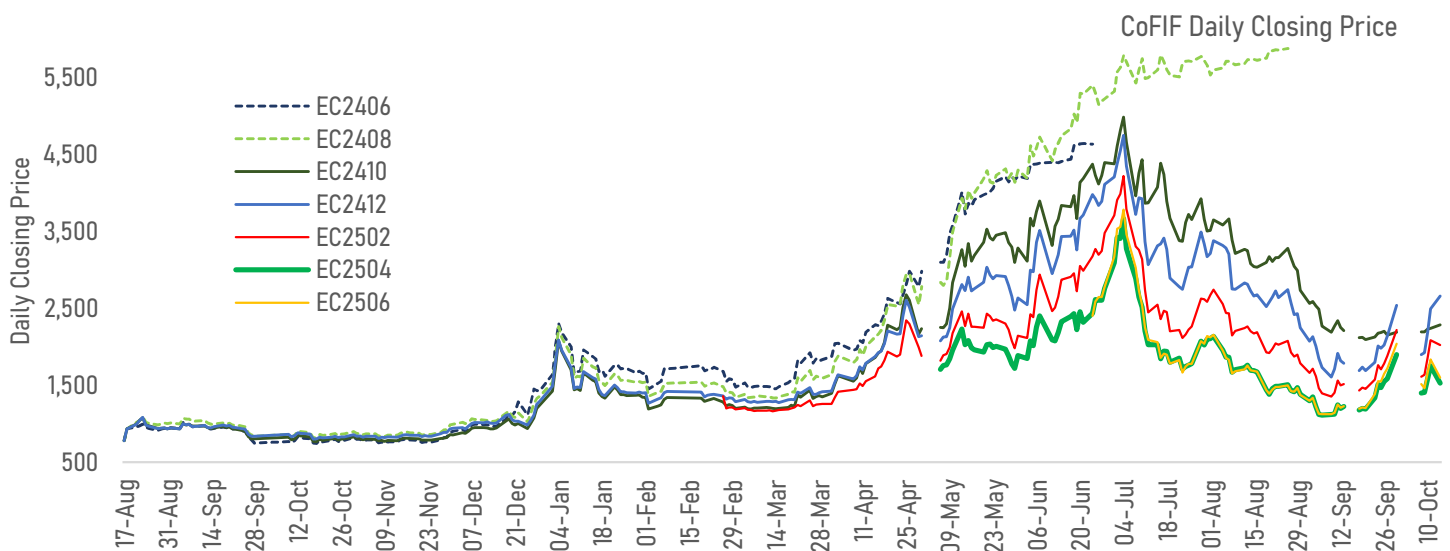
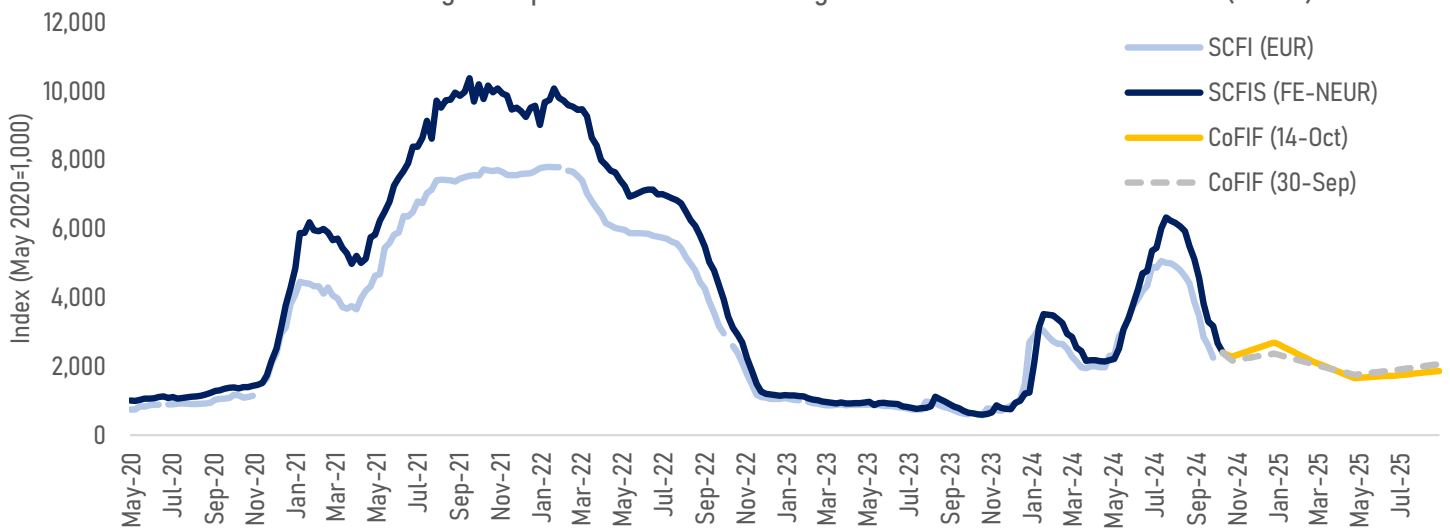
EC futures rally on November GRI hopes

Shanghai-North Europe freight futures have rallied since 10 October with traders placing their bets on a rate rebound in the next 2 months. December 2024 contracts are now trading at a 16% premium over October on expectations that carriers will be able to secure part of their planned rate increase in November and hold the higher rates through December on the back of firmer year-end cargo demand. However, the post-Chinese New Year rate rally have fizzled out with forward rates for April, June and August all trading lower. EC trading volumes rebounded sharply on 14 October to over 190,000 trades to hit a 2 month high with open interests also increasing from the recent low of 66,448 contracts on 8 Oct to 71,037 contracts.

Average capacity utilization for vessels that departed the Far East last week rebounded to 94.4% but more capacity is returning in the coming 3 weeks which could jeopardize the planned 1 November rate hikes with carriers aiming to raise November FAK rates from below \$3,000/feu to \$4,500/feu.

Contracts	Closing Price			Vs SCFIS	Avg Daily Volume (contracts)			Avg Daily Turnover (\$M)			Open Interest (contracts)			
	14-Oct	30-Sep	WoW		2,391	Week 41	Week 39	WoW	Week 41	Week 39	WoW	14-Oct	30-Sep	WoW
EC2410	2,288	2,193	4%	-4%	1,317	3,914	-66%	21	61	-66%	3,466	6,026	-42%	
EC2412	2,660	2,540	5%	11%	56,912	60,234	-6%	929	893	4%	25,178	26,351	-4%	
EC2502	2,025	2,222	-9%	-15%	15,395	13,644	13%	211	178	19%	14,239	14,023	2%	
EC2504	1,530	1,902	-20%	-36%	26,227	21,635	21%	296	243	22%	16,464	14,693	12%	
EC2506	1,599	2,041	-22%	-33%	9,274	10,208	-9%	109	121	-10%	6,682	7,019	-5%	
EC2508	1,725	2,208	-22%	-28%	7,995	10,197	-22%	102	130	-22%	5,008	5,423	-8%	
Total						117,120	119,830	-2%	1,668	1,625	3%	71,037	73,535	-3%

Shanghai Export Containerized Freight Index based on Settled Rates (SCFIS) vs Futures



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