

Market Pulse 2024 Week 44

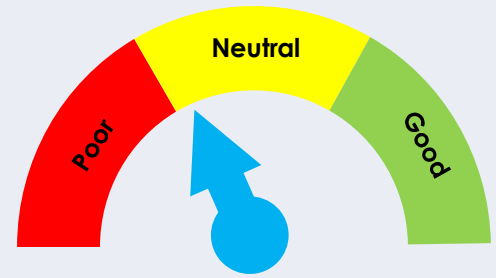
IN FOCUS this week
 Transpacific turmoil ahead

MARKET BRIEF 2024 WEEK 44

Maersk and Hapag-Lloyd's increased their full year profit guidance on the back of stronger than expected 3Q performance, but their operating margins continue to lag behind their Asian peers who are expected to post superior EBIT margins when final 3Q numbers are released starting with ONE later this week. The improved earnings outlook failed to lift TS Line's IPO's price with the company's shares to start trading in Hong Kong this week at less than 50% of book value.

Th SCFI rebounded by 6% ahead of the planned 1 November rate hikes but cracks have already appeared with further discounting expected in the coming week as carriers are still unwilling to curb capacity deployment to support the GRI. Cargo demand has not recovered with volume indices to Europe and the US still declining while there is no evidence of front loading ahead of potential US tariff hikes and the threat of a second ILA strike on the East Coast.

CONTAINER MARKET BAROMETER 2024 WEEK 44

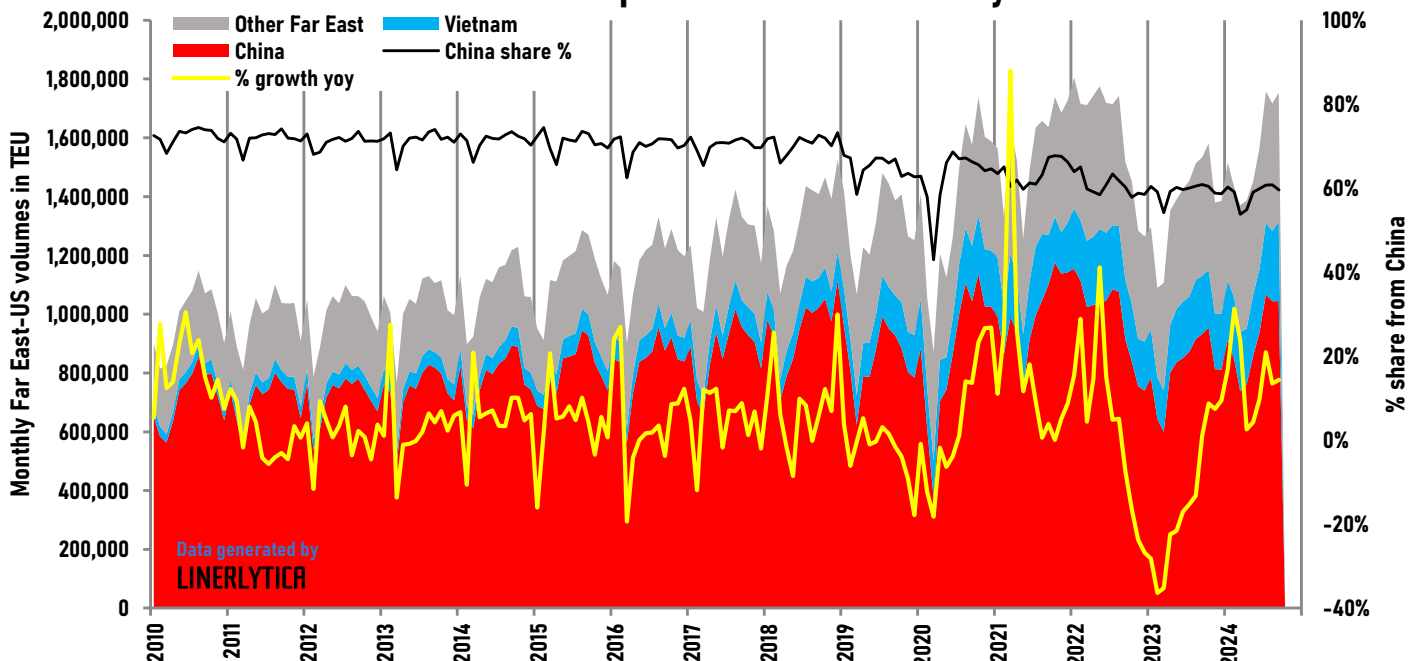


Transpacific volumes set to tumble next year

Further turmoil on the transpacific market is expected next year with potential US import tariff hikes dampening the buoyant demand that has seen eastbound container volumes from Asia to the US jump by 14.7% in the first 9 months of 2024. US imports have been particularly strong in the 3rd quarter, with average monthly volumes matching the COVID peaks in 2021-2022.

Imports from Vietnam have increased by 26%, with its share of US imports from the Far East reaching 14% compared to just 5% a decade ago. Most of these gains have come at China's expense with the latter's share slipping from 72% in 2014 to 59%.

Transpacific Eastbound TEU by month 2010-2024



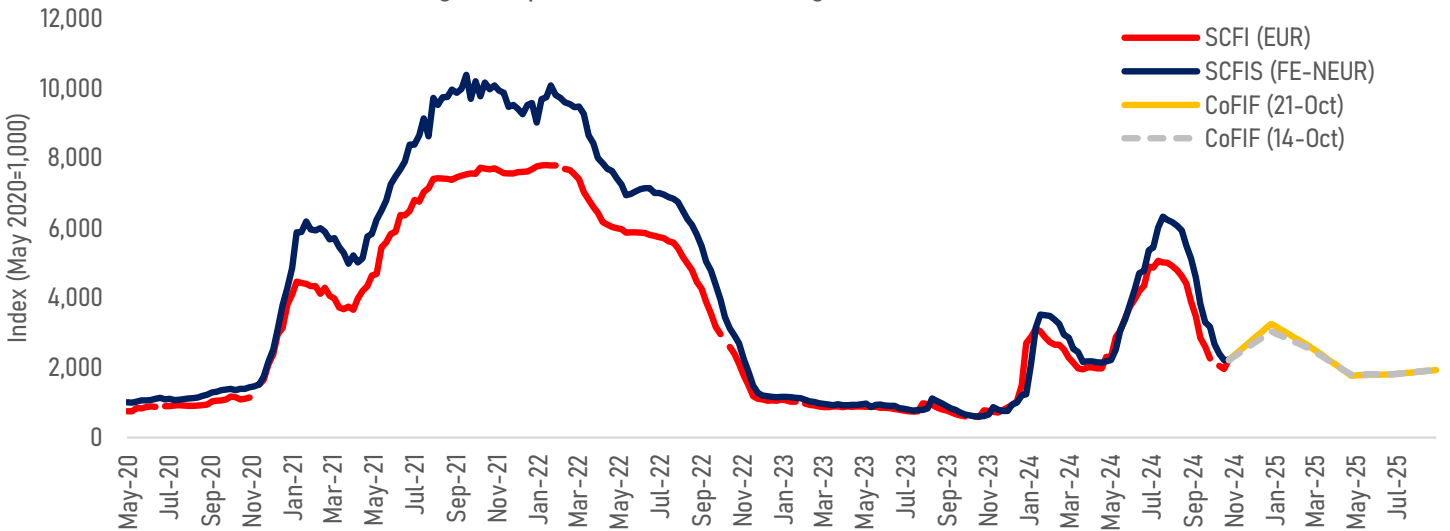
EC futures rally loses steam as carriers start to undercut Nov GRI

Shanghai-North Europe freight futures slipped marginally by 1-2% at the start of the week with doubts emerging over the sustainability of the 1 November rate hike. The SCFIS index finally ended its 13-week losing streak with settled rates to North Europe holding up by 0.1% on 28 October just ahead of the planned 1 November rate increase while the SCFI pre-empted the increase on Friday with a 14% week-over-week rebound.

Although the SCFIS is set to rise next week on the back of the November hike, rate discounting has already started with Maersk and HMM slashing their rate offers while the other carriers are still holding out. Average weekly capacity for the Far East-North Europe route is expected to increase by 9% in November compared to October but more importantly, it is 10% higher compared to the same month last year which will be difficult for carriers to fill. Blank

Contracts	Closing Price			Vs SCFIS	Avg Daily Volume (contracts)			Avg Daily Turnover (\$M)			Open Interest (contracts)		
	28-Oct	21-Oct	WoW		2,208	Week 43	Week 42	WoW	Week 43	Week 42	WoW	28-Oct	21-Oct
EC2410	2,261	2,289	-1%	2%	297	459	-35%	5	7	-36%	1,533	2,102	-27%
EC2412	3,200	3,198	0%	45%	46,029	57,148	-19%	1,014	1,133	-11%	25,343	27,573	-8%
EC2502	2,585	2,615	-1%	17%	22,625	19,850	14%	410	323	27%	22,250	19,675	13%
EC2504	1,764	1,808	-2%	-20%	20,270	22,346	-9%	246	264	-7%	18,005	18,349	-2%
EC2506	1,788	1,825	-2%	-19%	4,623	5,936	-22%	57	71	-20%	6,348	6,871	-8%
EC2508	1,909	1,936	-1%	-14%	3,687	5,156	-28%	49	66	-26%	4,423	4,874	-9%
Total					97,531	110,894	-12%	1,781	1,864	-4%	77,902	79,444	-2%

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



CoFIF Daily Closing Price

