

MARKET UPDATE  
SEPTEMBER 2024

***FJT LOGISTICS***  
*Your Freight Solutions Partner*





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FJT Bulletins

# Ocean Freight Market Outlook – September 2024

## **Explosion in Ningbo on Vessel YM Mobility**

China's maritime authorities have issued a stern warning about shipping hazardous cargo after a container ship exploded in Ningbo early August. Initial investigations point to lithium batteries and other flammable materials as the cause. The explosion, captured on video, caused significant damage to the ship but miraculously resulted in no injuries. This incident, along with recent similar fires on other vessels, has prompted increased safety regulations for transporting hazardous goods, especially during the summer heat.

## **Potential Strikes on US East Coast from October 1<sup>st</sup>**

European shippers are warned of potential supply chain disruptions due to a looming US East Coast dockworkers strike on October 1st. Xeneta advises immediate action to explore alternative routes as transatlantic shipping times are insufficient to avoid the strike's impact. Unlike transpacific shippers whose cargo is already at sea, European shippers have a narrow window to adapt their supply chains before the potential labor action.

## **Singapore to Enforce Stricter Customs Rules**

Effective September 1st, Singapore will introduce more stringent customs regulations for all import and export shipments. Carriers and shippers will now be required to provide detailed cargo information in advance. This change is expected to increase operational complexity and could lead to penalties for non-compliance. The stricter rules align with a global trend towards tighter trade controls, emphasizing the importance of efficient data management and compliance strategies.

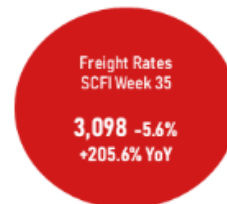
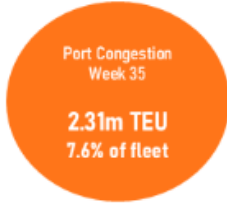
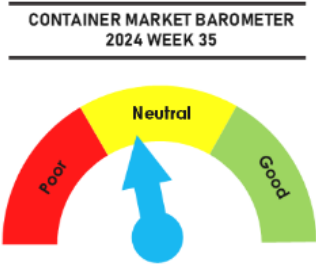
## **China-Europe Rail Freight Costs Soar Due to Red Sea Issues**

As shipping disruptions in the Red Sea region persist, operators are turning to rail routes between China and Europe. This surge in demand has driven up freight rates to over \$10,000 per TEU, with some quotes surpassing \$12,000. The growing reliance on rail highlights the evolving dynamics of global logistics and underscores the need for adaptable supply chain strategies to navigate current market challenges.

## **CMA CGM Returns to Suez / Red Sea**

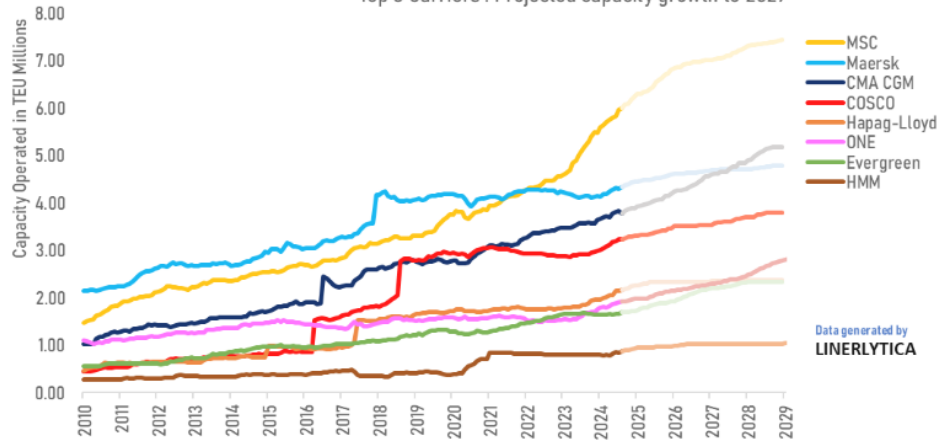
The 16,022 TEU CMA CGM JULES VERNE successfully navigated the Suez Canal eastbound on August 13, 2024. Following a stop in Jeddah, the ship passed the Bab al-Mandab Strait on August 19 without incident. This marks the largest containership to return to the Suez/Red Sea route since February 2024, as other major carriers continue to avoid the passage due to the risk of Houthi militant attacks in Yemen.

# Market Pulse

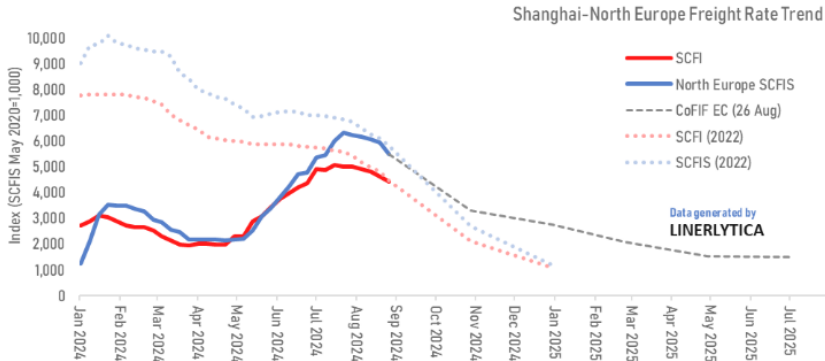


MSC is expanding its fleet to 7.5 million TEU by 2028, outpacing its rivals. This includes 10 new 21,000 TEU ships from Hantong, 12,000 TEU ships from Rongsheng, and 11,000 TEU ships from Penglai Jinglu, starting in 2027. While CMA CGM will overtake Maersk in 2027, it will still be 2 million TEU behind MSC by 2028.

Top 8 Carriers : Projected capacity growth to 2029



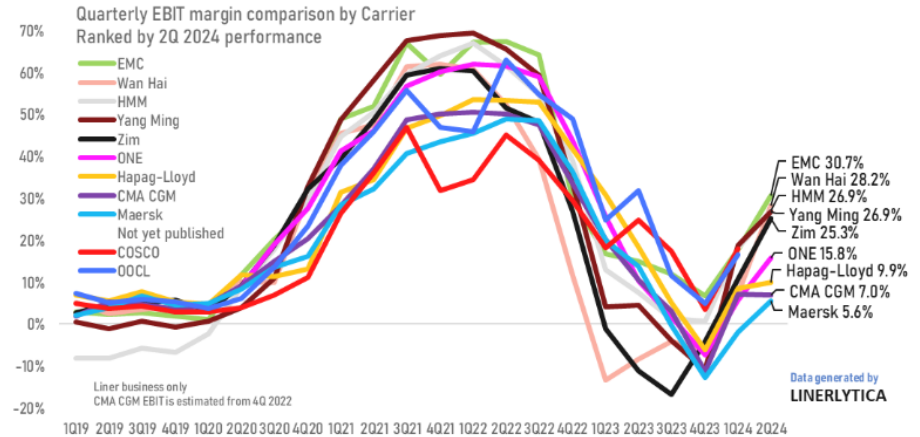
# Market Pulse (2/2)



Container freight rates are expected to plummet over 70% by next June, according to recent CoFIF EC contracts on the Shanghai International Energy Exchange (INE).

While this drop isn't as extreme as the late-2022 collapse, freight futures consistently indicate declines over the next 12 months.

No year-end rebound or repeat of this year's post CNY rally are anticipated in 2025



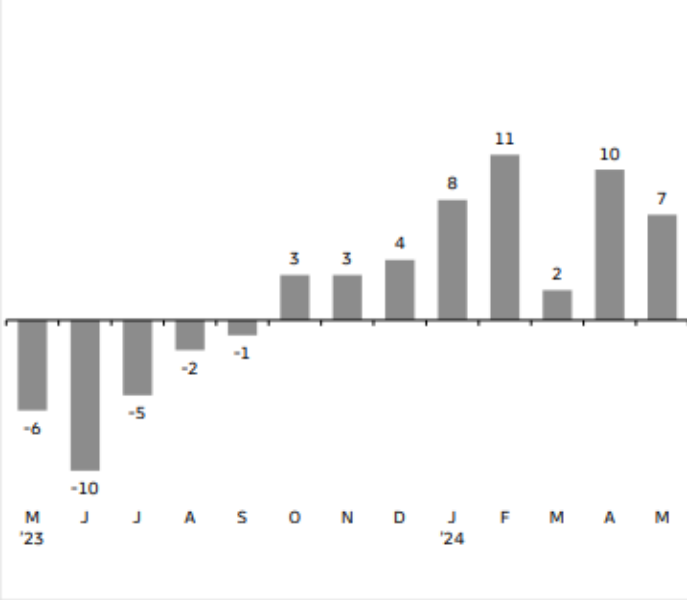
Maersk's 2nd-quarter 2024 EBIT margins are the lowest among its publicly listed peers. Its Ocean shipping segment's 5.6% margin lags the 21.3% average of 8 rivals. This is the 3rd consecutive quarter

Maersk has underperformed, a trend ongoing since 2020. Maersk's logistics-heavy strategy may need to shift to compete with liner rivals, marking another strategic change for the Danish carrier.

# Market Demand

## Global Demand Development<sup>1)</sup>

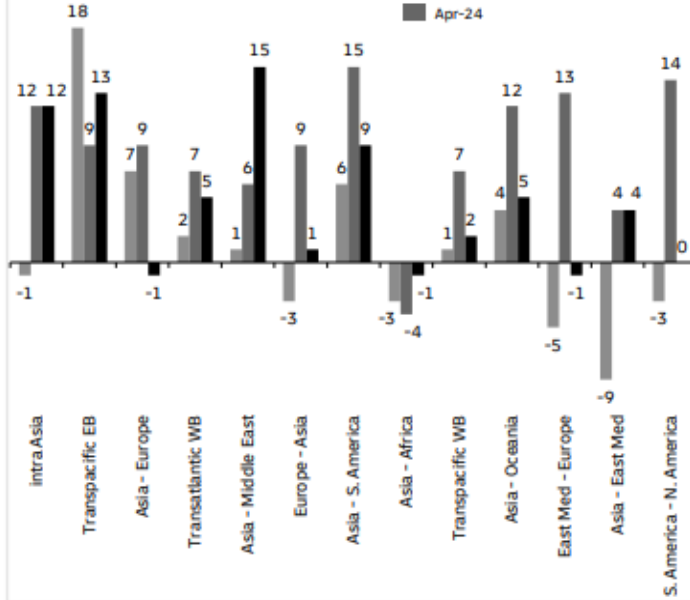
% change YoY in TEU



Source: Accenture Cargo

## Volume Development by Trade<sup>3)</sup>

% change YoY in TEU

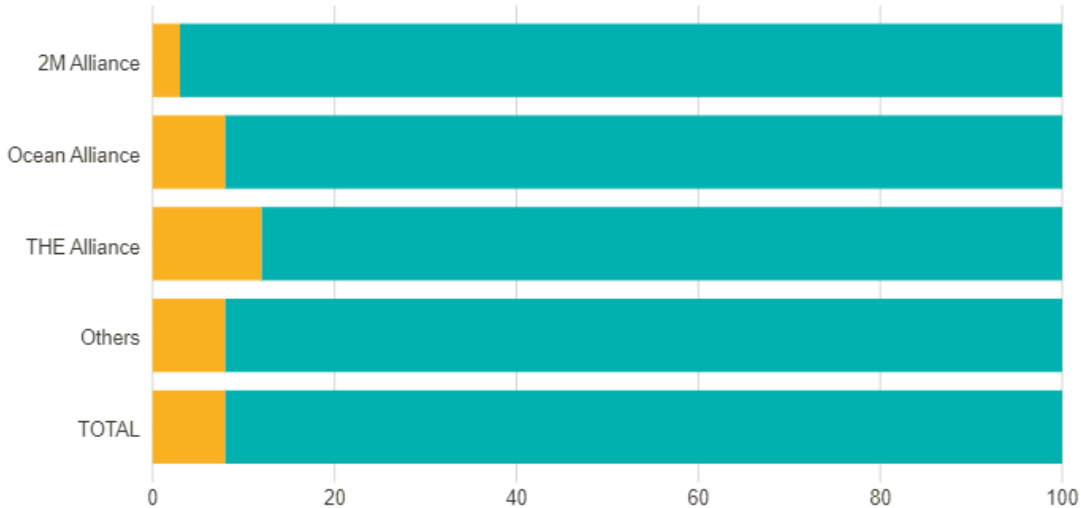


- Global container market continues to recover in H1 2024, especially on Asia-AMLA, intraAsia, and AMNO imports.
- High global container trade growth likely unsustainable for the rest of the year.
- Economic indicators show no clear signs of strong demand in the US and Europe.
- Mid-term outlook is more uncertain than current market conditions suggest.

# Cancelled Sailings Tracker

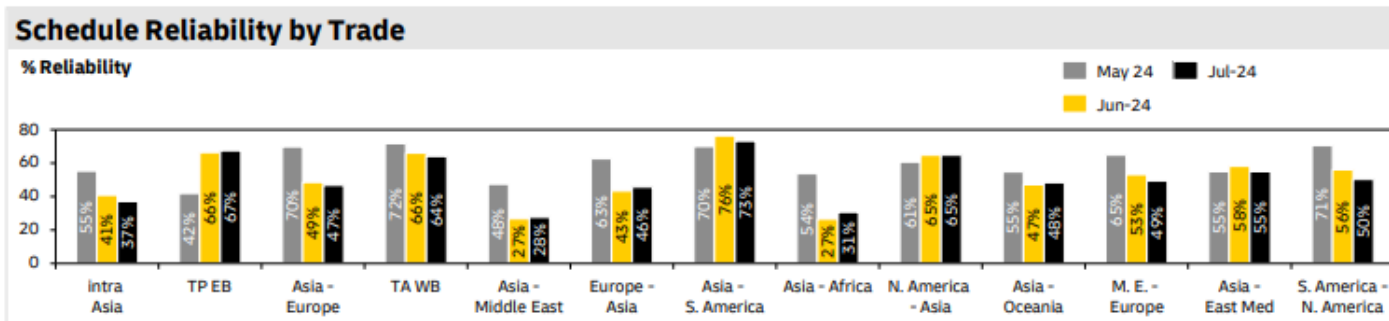
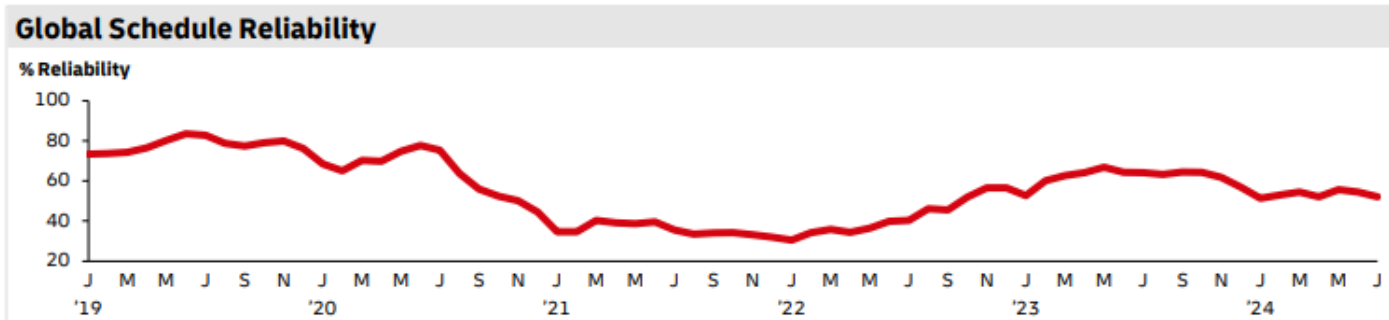
Drewry cancelled vs scheduled sailings (Wk 35 to Wk 39)

■ % Cancelled Sailings ■ % Actual Sailings as Scheduled



- Across the major East-West trades: Transpacific, Transatlantic and Asia-North Europe & Med, 54 cancelled sailings have been announced between week 35 (26 Aug – 1 Sep) and week 39 (23 Sep – 29 Sep), out of a total of 697 scheduled sailings, representing 8% cancellation rate.
- During this period, 56% of the blank sailings will occur on the Transpacific Eastbound, 24% on the Asia-North Europe and Med and 20% on the Transatlantic Westbound trade.
- **Service Reliability:** 92% of ships are expected to sail as scheduled over the next five weeks.

# Schedule Reliability



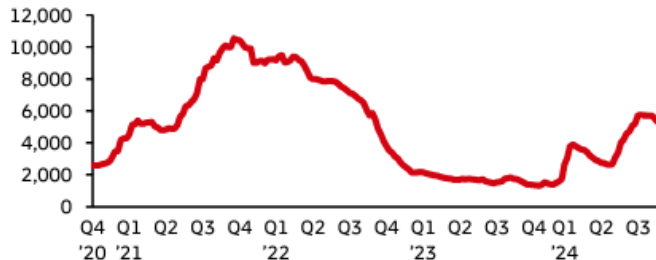
- Port congestion is improving in SG, but adverse weather in CN/ZA, strikes in DE, and political unrest in BD contribute to ongoing challenges.
- Normalization is not expected in the near future, with factors like alliance shakeup, carrier yield management, port strikes in USEC/Europe/India, and CA Rail disruptions impacting the situation.

References : intra Asia = Asia - IBPC, TP EB = Asia-NAWC, Asia-Europe = Asia-North Europe, Asia-AMLA = Asia-WCSA, AMNO-Asia = Transpacific WB, Asia-East Med = Asia-Med

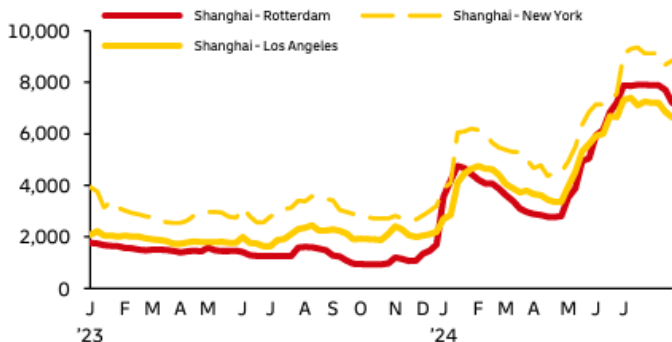


# Market Rates

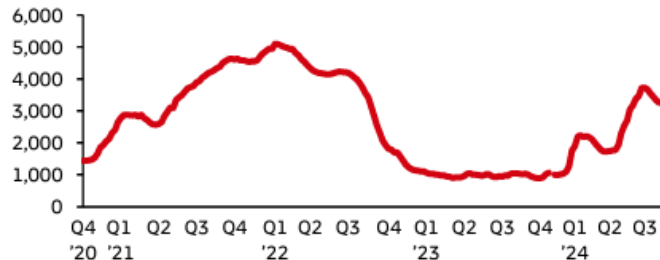
## World Container Index (WCI)



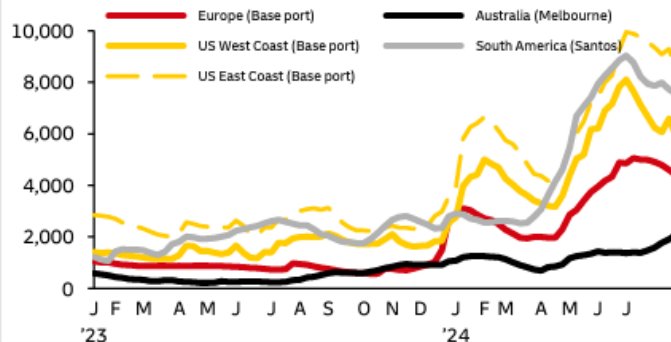
## WCI Deep Dive Key Trades



## Shanghai Containerized Freight Index (SCFI)



## SCFI Deep Dive Key Trades



- Rates have stabilized, reaching a plateau significantly higher than they were a year ago
- Asia-Europe experiences slightest decrease due to limited capacity, schedule changes, port strikes, and adverse weather.
- TP and AMLA see consecutive weeks of decline.
- Oceania and India face equipment shortages.

**Note:** Surcharges related to e.g., equipment & space availability are not reflected in WCI & SCFI;

Drewry, in USD/40ft container, including BAF & THC both ends, 8 individual routes, excluding intra-Asia routes;

Shanghai Shipping Exchange, in USD/20ft ctnr & USD/40ft ctnr for US routes, including BAF, EBAF, CAF, PSS, WRS, PCS & SCS/SCF/PTF/PCC, excl. THC, 15 routes from Shanghai

## Bangladesh Situation

Recent political instability in Bangladesh disrupted logistics operations. Though, the interim government is making significant progress in restoring the country to its previous state. As part of this effort, all educational institutions, including universities, high schools, and colleges, reopened nationwide on August 18th. Additionally, both public and private offices are returning to their normal operations.

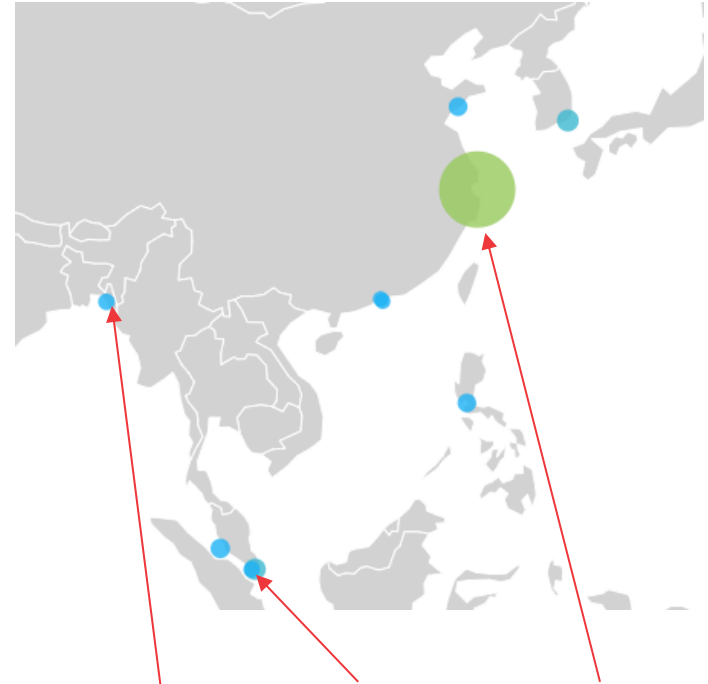
## Ocean Market Outlook

The ocean market in July 2024 shows a mixed outlook due to global demand and supply fluctuations.

Container shipping demand remains strong, driven by imports to North America, Latin America, and Africa, and Chinese exports.

Supply has increased significantly, with new ships added and low idling time and recycling rates. While demand is strong, concerns about weakening manufacturing and increased supply may challenge balance in the coming months. Global container market growth is projected to be between 4% and 6% in 2024.

## APAC Containership Port Congestion (end of August)



### Chittagong

TEU at Anchorage: 27,445.5  
TEU at Port: 16,162  
Ships at Anchorage: 14  
Ships at Port: 9.5  
Queue to Berth Ratio: 1.47

### Singapore

TEU at Anchorage: 64,703  
TEU at Port: 300,917.5  
Ships at Anchorage: 8.5  
Ships at Port: 45  
Queue to Berth Ratio: 0.19

### Shanghai/Ningbo

TEU at Anchorage: 483,792.5  
TEU at Port: 467,943.5  
Ships at Anchorage: 96.5  
Ships at Port: 61.5  
Queue to Berth Ratio: 1.57

## Key Ports Update

European businesses are anticipating a much earlier peak season this year compared to previous years. A combination of factors, including preemptive moves to avoid disruptions and rising consumer spending, has led to increased demand for goods. As a result, businesses are strategically shipping their cargo to Europe earlier than usual.

## European Port Operations

- Rotterdam:** delays expected due to Cape of Good Hope weather.
- Bremerhaven:** Good performance, with vessel waiting times improving
- Felixstowe:** Congestion leading to 2-4 days vessel lineup.
- Mediterranean Hubs:** Overall stable, but some terminal disruptions.
- Algeciras:** Crane maintenance and pavement repairs affecting operations.
- Barcelona:** Congestion improving, but yard density remains high.

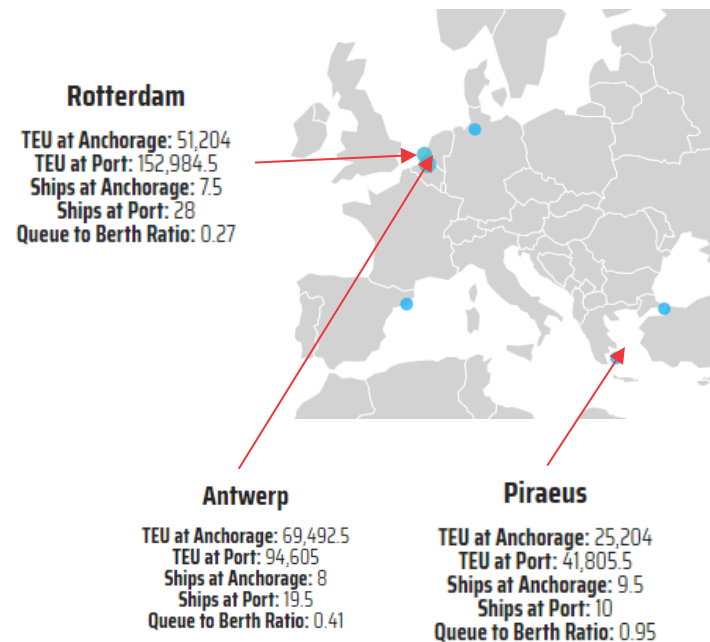
## Customs Update

Starting December 30, 2024, EU companies selling products made from cattle, wood, soy, oil, cocoa, or rubber must prove their supply chains are deforestation-free.

### Key Points for Compliance:

- Supply Chain Transparency:** Trace product origins to ensure they are not sourced from deforested areas.
- Due Diligence:** Prove products are deforestation-free through risk assessments and mitigation strategies.
- Risk Management:** Develop a compliance plan to avoid penalties and market bans.

## Europe - MEA Containership Port Congestion (end of August)



THANK YOU

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