MARKET UPDATE
JANUARY 2025

FJT LOGISTICS

Your Freight Solutions Partner

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FJT EXCHANGE

AIR FREIGHT

Air Freight Market Outlook – January 2025

E-Commerce shopping drives global air cargo demand up
A significant surge in global air cargo activity is observed, driven by the increased demand during the holiday shopping season and a rise in consumer spending. E-commerce continues to play a crucial role in driving air cargo demand, particularly for goods that require rapid delivery and possess high value.

Air Cargo: High Demand Collides with Limited Capacity
A surge in air cargo demand is colliding with limited capacity, driven by reduced belly cargo space on passenger aircraft and a shortage of dedicated freighters. This imbalance is particularly acute on major trade routes.

Transatlantic Rates Soar as Capacity Dries Up
Manufacturing in Europe weakens, with major economies contracting while smaller markets show resilience. Transatlantic air cargo rates skyrocket due to a sharp decline in both freighter and belly capacity during the winter season. European imports from the Middle East climb as Red Sea disruptions and strong sea-air demand persist.

Asia Air Cargo Booms on Key Routes Despite Tariff Fears
Strong demand fuels robust air cargo performance, especially on the North Asia-Europe lane. While a rush to avoid US tariffs hasn't materialized, airfreight demand is on track for double-digit growth in 2024, driven by elevated rates and tight capacity.

Oceania Market Dynamics
December brought strong export activity from Oceania, with high demand for perishables to Asia and Middle East driving rate increases.
Asia-Oceania routes saw surging ecommerce volumes amid capacity constraints, likely continuing through Lunar New Year.
While Europe-Oceania routes peaked in December, January projects softer demand.
U.S.-Oceania traffic remained steady through 2024, with December's uptick expected to ease in January.

FJT EXCHANGE

OCEAN FREIGHT

Ocean Freight Market Outlook – January 2025

Major Shipping Lines Compete on Asia-Europe Rates Ahead of Lunar New Year

Leading container carriers Maersk and MSC have launched competitive pricing strategies on Asia-Europe shipping lanes, with rates dropping under $4,000 for a 40-foot container on late January shipments. This pricing move appears strategically timed to capture cargo volumes before the anticipated slowdown following Chinese New Year celebrations. Industry watchers predict additional rate reductions as competing carriers respond to these price adjustments. The competitive pricing reflects broader industry efforts to optimize vessel capacity and maintain consistent cargo flows during the seasonal variations expected in early 2025.

Ocean Alliance Announces New Services and Transpacific Focus for 2025

The Ocean Alliance (OA) has unveiled its 2025 shipping network, which includes three new services (PSX, PNW5, & LL3) and a significant focus on the transpacific, set to be fully implemented in April. The network will feature nine weekly services to the Los Angeles-Long Beach and five to North American Pacific north-west gateways.
OA partners Cosco, OOCL, Evergreen, and CMA CGM have committed to extending their collaboration for at least five more years. Additionally, ONE will cooperate on three of OA's transatlantic services, further strengthening the alliance's global operations.

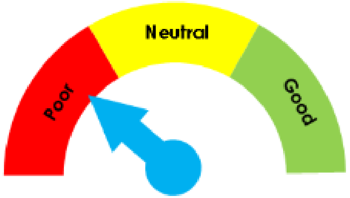
2025: A year of Converging Market Influences

President-elect Trump's plan to impose higher tariffs on imports from Canada, Mexico, and various Asian countries, including China, is one of many changes to plan for in the weeks and months ahead.

Now is a pivotal moment for buyers and suppliers to methodically forecast future demand and determine the best strategies to mitigate additional costs and potential delays. The chart below shows a brief window of opportunity before mid-January to capitalize on established duty rates and shifts in routing options.

Market Pulse - 1

CONTAINER MARKET BAROMETER
2025 WEEK 03



Port Congestion Week 03
2.65m TEU
8.5% of fleet

Idle Containerships
30 ships
65,408 TEU
0.2% of fleet

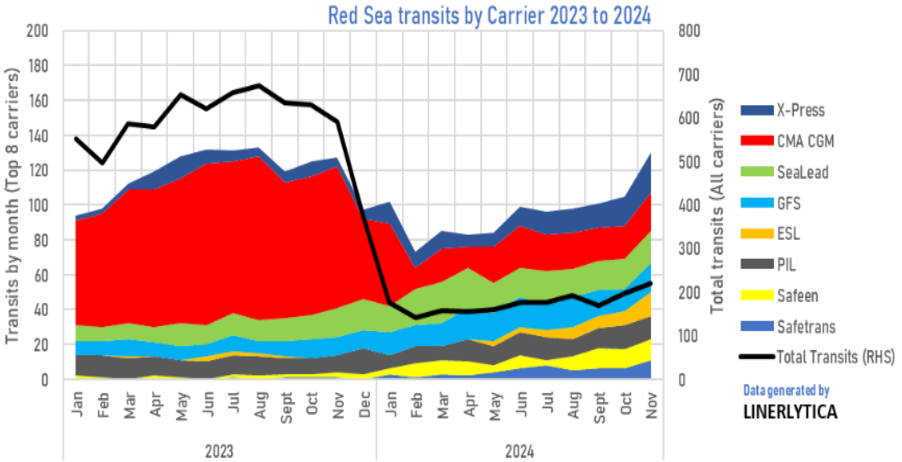
Ships Delivered Last 30 days
33 ships
195,001 teu

Ships Deleted Last 30 days
4 ships
2,480 teu

Freight Rates SCFI Week 03
2,131
-7.0% WoW
-4.9% YoY

Houthi attacks have slashed Red Sea containership traffic by 70%

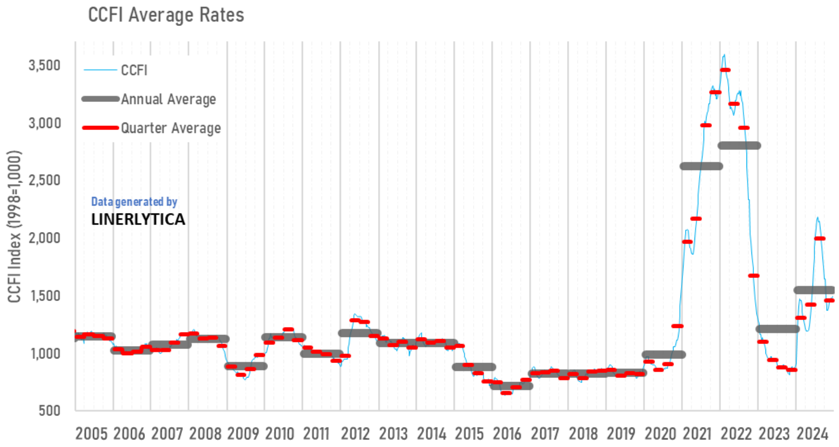
Houthi attacks on commercial shipping in the Red Sea since November 2023 have drastically reduced containership traffic, with a 70% decline in transits and a 91% drop in TEU capacity. While major carriers have withdrawn, smaller lines have filled some of the void, maintaining limited service.

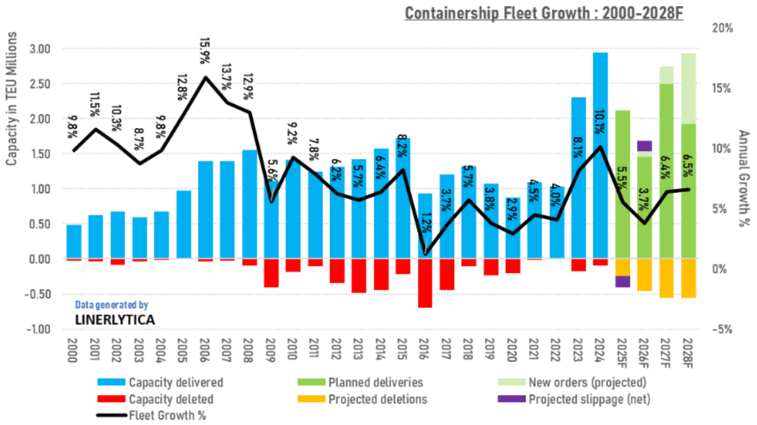


Market Pulse - 2

Carriers Close 2024 Strong with Freight Rate Rebound

Positive close to the year for carriers as both the CCFI and SCFI rebounded last week. Asia-Europe rates remain robust, and Transpacific rates are surging due to US West Coast port labor disputes and potential tariff increases. 4Q24 rates surpass 2Q24 levels, securing strong carrier earnings with projected EBIT margins of 20%.



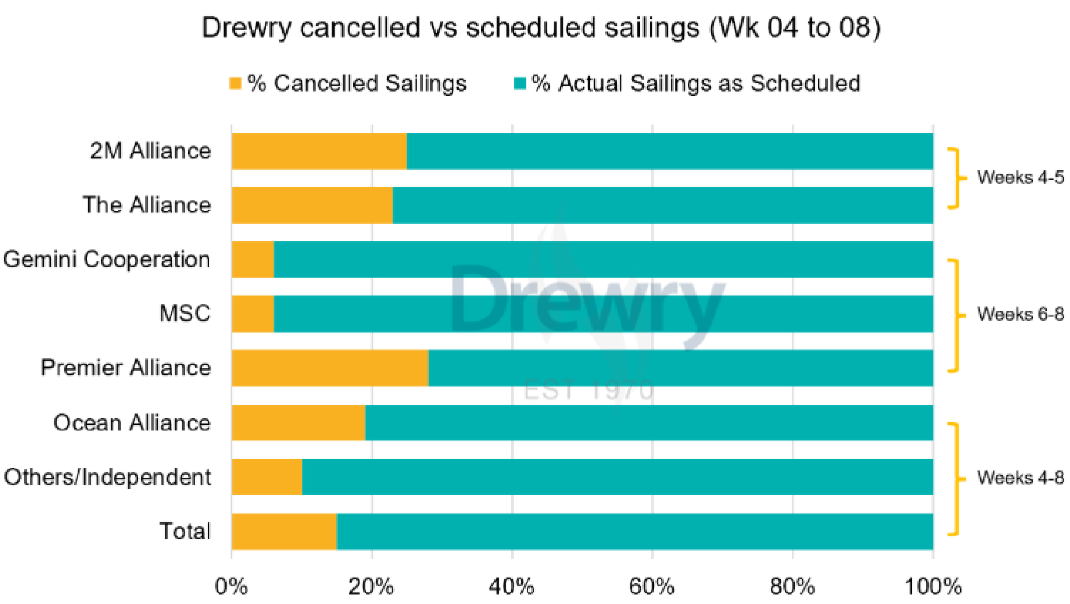


Containership Vessel fleet sees unprecedented growth in 2024

In 2024, 471 new vessels joined the market, adding a massive 2.94 million TEU (twenty-foot equivalent units) capacity.
While 67 ships totaling 93,475 TEU were removed from service during the year, the industry still recorded a substantial 10.1% net growth in supply.

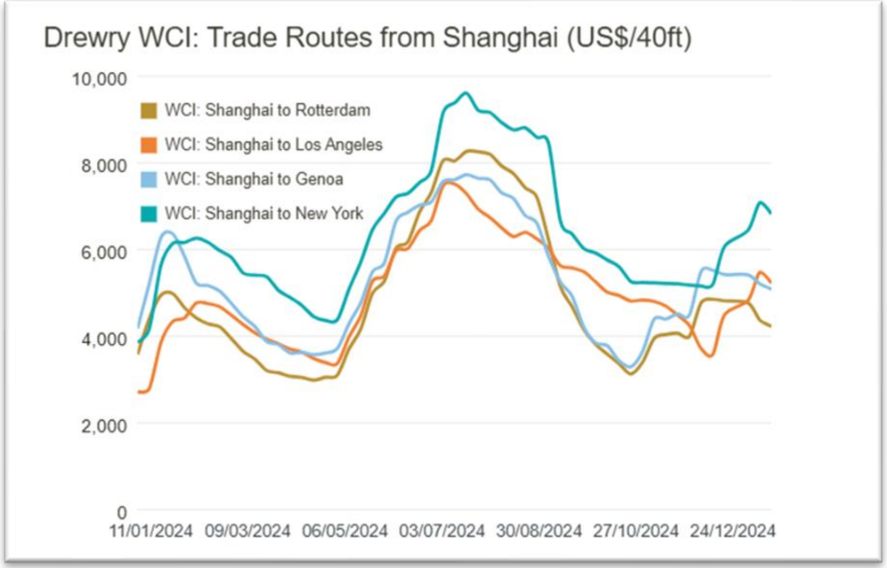
Looking ahead, the growth rate is expected to moderate significantly, with projections indicating more modest increases of 5.5% in 2025 and 3.7% in 2026 as new vessel deliveries slow considerably.

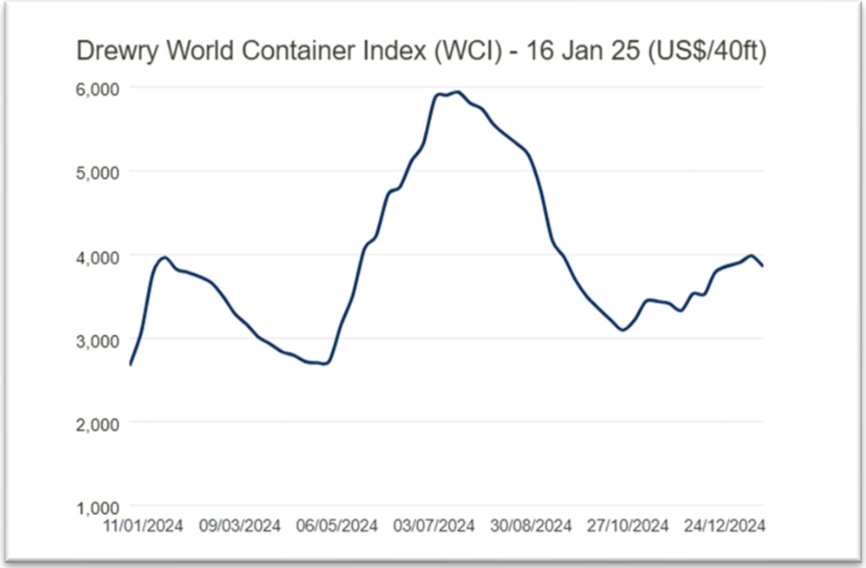
Cancelled Sailings Tracker



- Across the major East-West trades: Transpacific, Transatlantic and Asia-North Europe & Med, **109** cancelled sailings have been announced between week 52 and week 04 (2025), out of a total of **751** scheduled sailings, representing **15%** cancellation rate.
- During this period, **49%** of the blank sailings will occur on the Transpacific Eastbound, **34%** on the Asia-North Europe and Med and **17%** on the Transatlantic Westbound trade.

Market Rates





- The Drewry World Container Index recently saw a 3% decline, reaching $3,855 for a 40-foot container. While this represents a significant drop from its pandemic-era peak of $10,377 in September 2021 (down 63%), it remains considerably higher than pre-pandemic levels – specifically 171% above 2019's average of $1,420.

- Looking at the year-to-date figures, the average composite index stands at $3,915 per 40-foot container. This exceeds the 10-year average of $2,871 by $1,045, though it's worth noting that this long-term average was significantly influenced by the extraordinarily high rates during the Covid years of 2020-2022.

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

EXCHANGE

FJT BULLETINS

APAC Bulletin (1/2)

Port Congestion Update

As of January 2025, several factors are influencing port congestion between China, Australia, and global destinations:
China to Australia:

<u>Australian Ports:</u> In December 2024, Australian ports, including Sydney, Melbourne, and Brisbane, experienced varying levels of congestion. For instance, Sydney faced delays of up to six days, while Melbourne and Brisbane had delays ranging from two to three days. These delays were attributed to high terminal utilization and increased shipping volumes.

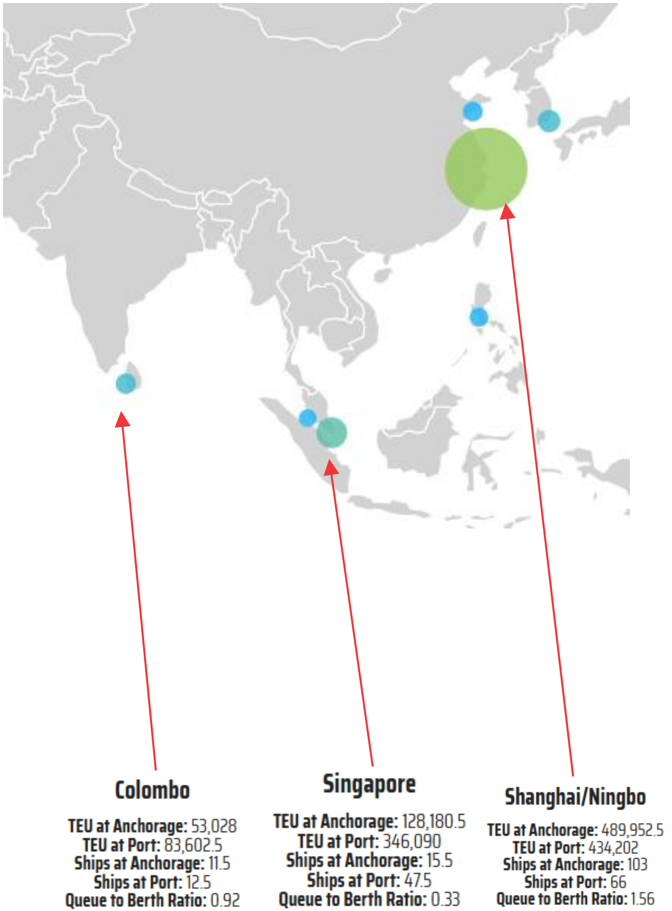
<u>Shanghai Port:</u>
January 2025 Forecast: The congestion is anticipated to continue, exacerbated by increased shipments ahead of the Chinese New Year holiday in late January.

<u>Ningbo Port:</u>
January 2025 Forecast: Like Shanghai, Ningbo is expected to face ongoing congestion due to the pre-holiday surge in shipments.

<u>Qingdao Port:</u>
January 2025 Forecast: The port may continue to experience congestion, particularly if adverse weather conditions persist.

<u>Tianjin Port:</u>
January 2025 Forecast: The port may continue to face congestion issues, especially with increased shipping activities before the Chinese New Year.

Current APAC Containership Port Congestion



APAC Bulletin (2/2)

Blank Sailings Update

In the period from November 2024 through January 2025, the shipping industry has observed a strategic increase in blank sailings—canceled voyages where carriers remove vessel capacity from service—to manage capacity and stabilize freight rates.

Forecast for January 2025:
Increased Blank Sailings: The first week of January 2025 is expected to witness a significant number of blank sailings, particularly on Asia to U.S. routes, which may influence freight rates and capacity availability.
Pre-Lunar New Year Impact: With the Chinese New Year commencing on January 29, 2025, carriers are likely to implement additional blank sailings to align with reduced manufacturing output during the holiday period.
Capacity Constraints: The increase in blank sailings may lead to reduced capacity, potentially causing delays and higher freight rates.

Container Availability & Vessel Capacity

Anticipated Container Price Increases: Supply chain professionals in China expect container prices to rise in January 2025. Factors influencing this forecast include tariffs, geopolitical risks, and structural overcapacity, which are likely to keep demand and supply dynamics volatile.
Potential Easing of Shortages: While the global container shortage is expected to ease as we move out of 2024, challenges may persist in specific regions and routes. Temporary shortages in areas like Asia could continue due to logistical inefficiencies and the need for repositioning containers

China to Australia:
Vessel Space Tightness: During the peak shipping season, vessel space to Oceania, including Australia, became increasingly constrained. This was exacerbated by sporadic port omissions on services like the CMA PAD, due to delays at European ports and adverse weather conditions at Australian ports, necessitating schedule adjustments.
Port Congestion: Operational issues at Australian ports, such as those in Sydney and Melbourne, contributed to the tight vessel space. Congestion led to extended waiting times for berthing, further limiting available capacity for incoming shipments.

European Port Operations

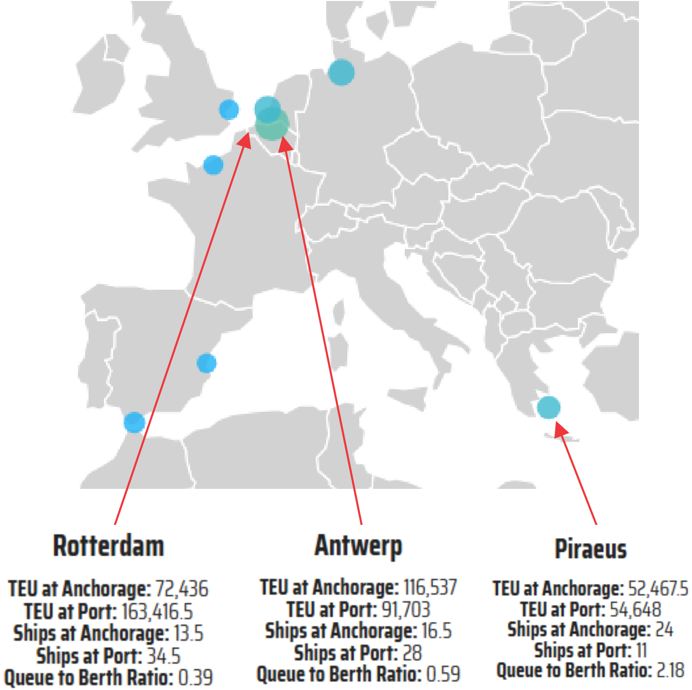
During the holiday season, customers should anticipate changes in schedules due to limited terminal operations and reduced staffing. Additionally, winter weather conditions like rain, strong winds, and fog are likely to impact operations, with the Adriatic region already experiencing significant wind gusts.

Rotterdam, Hamburg, Antwerp: increase in yard density and customers are encouraged to clear their import units at their earliest convenience.
Bremerhaven: stable performance and healthy yard density.

Asia – Europe Freight rates spike ahead of December hikes
Asia-Europe Shipping Rates Surge Over 30%, Approaching $5,000 per Container Amid Market Shifts

EU Maritime Emissions Rules to Boost Shipping Expenses by 100% in 2025
EU maritime decarbonization regulations will likely increase shipping costs by up to 100% in 2025, as carriers implement emissions trading surcharges and transition to lower-emission fuels under the Green Deal strategy.

Current Europe Containership Port Congestion



THANK YOU
Happy New Year 2025!

For more information please contact:
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