


MONTHLY CONTAINER SHIPPING BAROMETER



July 2024 | 

upply

CONTAINERS: SOARING FREIGHT RATES ARE COOLING OFF

Peaks appear to have been reached in spot freight rates on the Asia-Europe route, despite continuing tension in the Red Sea. This supports the idea of structurally weak demand.

Highlights

Freight Rate Stabilisation

The post-lockdown scenario of spring 2020, with 5-digit FAK freight rates on Asia-Europe, will finally not be repeated during this summer 2024, contrary to what some market players predicted.

The major freight forwarders were the real winners in July, with margins of up to USD 2,500 per 40' dry in some cases, just on the purchase/resale of freight, against a "commitment" that it is loaded on the first departing ship. Shipping companies, aware of these tariff "indelicacies" among their freight forwarding customers, are sending a signal of moderation to the market via the publication of new stabilised or downward monthly FAK conditions. There are two reasons for this strategy.

First of all, airlines have an interest in capturing more bookings via their own digital tools. Secondly, they are rather reluctant to see that their freight forwarding customers proportionally generate much higher margins than they do, while they take all the operational and capital risks.

“ The major freight forwarders were the real winners in July ”

A weak demand

In a way, the demand could be described as “sulking”. For shippers, the Cape Town route is too long, and freight rates are too high. In addition, they lack visibility on sales forecasts, even though inventories remain at a reasonable level. Shippers can therefore afford to wait, even if it means finding suppliers closer to the places of consumption if necessary. In this context, there has been no massive movement towards stock replenishment.

On the other hand, there was an anticipation on the Christmas supply campaigns. The shippers have taken into account the risks of longer delays, but also, to a lesser extent, the threats of increasing customs duties on entry into the European Union for certain products.

Continuing tensions in the Middle East

The extreme tension is not abating in the Red Sea. Since the start of the conflict, the Houthis have carried out some 200 attacks. Two ships have been sunk and 4 sailors killed, including 2 Filipinos. More and more voices are being raised in the wider international community around a need for normalisation of maritime security in the area, starting with Israel, which is seriously beginning to suffer from geographical isolation over time. On July 20, Israeli planes launched raids against the Yemeni port of Hodeida, in response to a drone attack that killed one person in Tel Aviv.

In early July, the Philippine Maritime Industry Authority (MARINA) called on shipping companies to avoid the Red Sea, but also the Gulf of Aden. Indeed, the conflict is starting to widen geographically. A situation that arouses the vigilance of the Gulf States who do not want to take the risk of being isolated by sea tomorrow as Israel is today.

“ The extreme tension is not abating in the Red Sea ”

The issue of distortion of competition

Between ships passing through the Red Sea and those sailing around the Cape of Good Hope, the equation is not the same for the shipper in terms of delivery time. On the other hand, regardless of the route taken by the ship, the company carries out a tariff equalisation: the port-to-port price is the same. Similarly, insurers cannot distinguish on a case-by-case basis what transits at the last minute through Suez or via the Cape of Good Hope: the logic of the flat rate is therefore necessary, in order to maintain operational flexibility. When opting for passage through the Red Sea, ships place themselves under the protection of the naval forces Aspides and/or Prosperity Guardian.

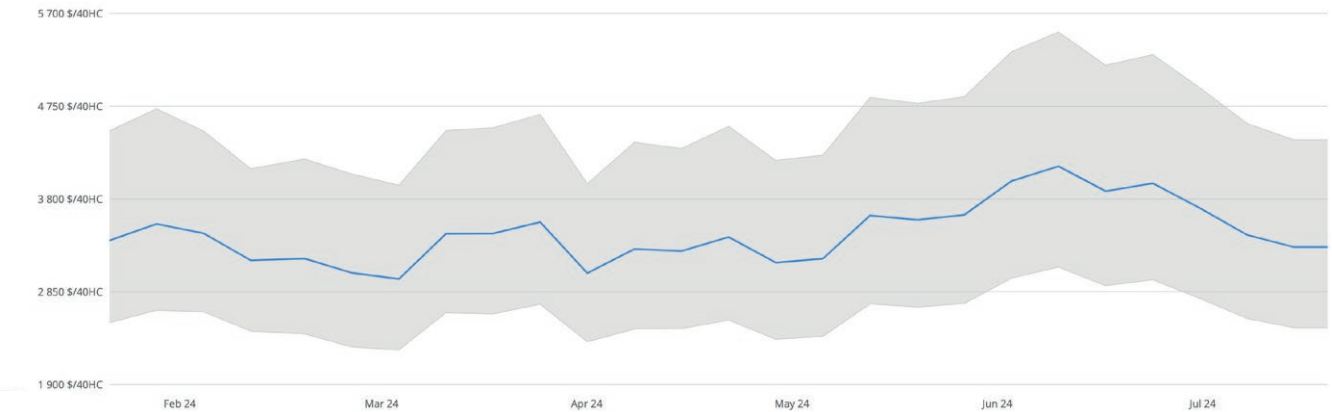
Given the difference in costs between the passage through the Red Sea and the passage through the Cape of Good Hope, it is important to ensure that shipping companies are treated fairly in terms of escorts for their vessels. Indeed, it is no longer a one-off aid, but a long-term system that has been established.

Prices

Asia-Europe

Shanghai - Le Havre

Price: \$/40HC Low - High Min - Max

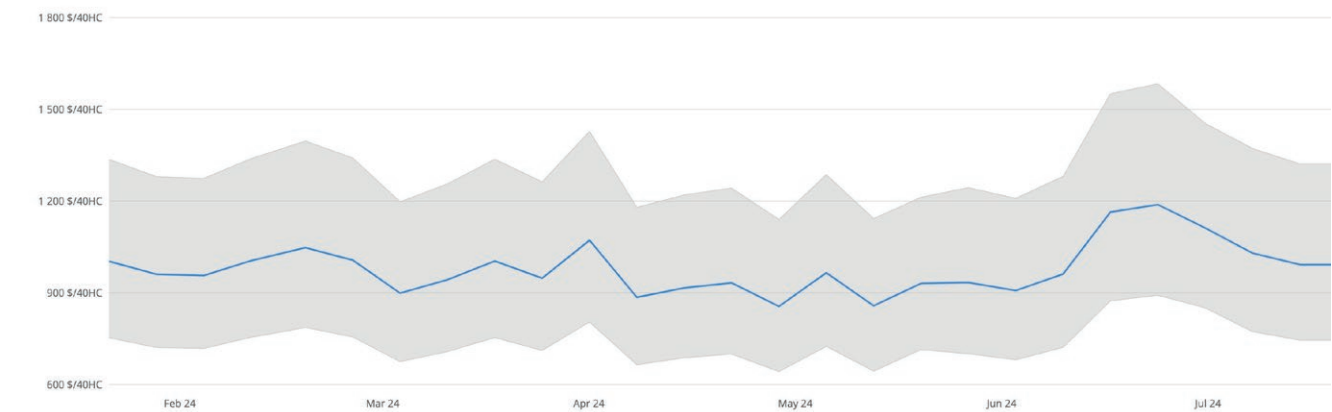


Port-to-port rates (spot and contract combined) billed for direct sailings from Shanghai to Le Havre, THC included, for a 40' HC DRY container carrying dry, non-dangerous goods. NB: this graph shows the evolution of the median rate and not the average rate. Source | [Upply](#)

Europe-Asia

Rotterdam - Shanghai

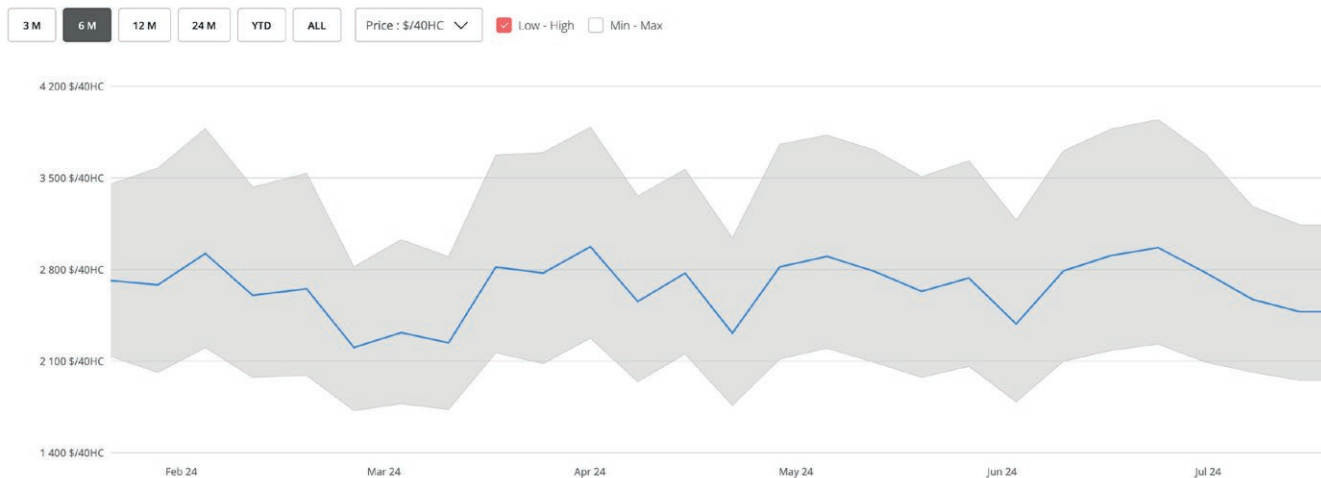
Price: \$/40HC Low - High Min - Max



Port-to-port rates (spot and contract combined) billed for direct sailings from Rotterdam to Shanghai, THC included, for a 40' HC DRY container carrying dry, non-dangerous goods. NB: this graph shows the evolution of the median rate and not the average rate. Source | [Upply](#)

Europe-USA

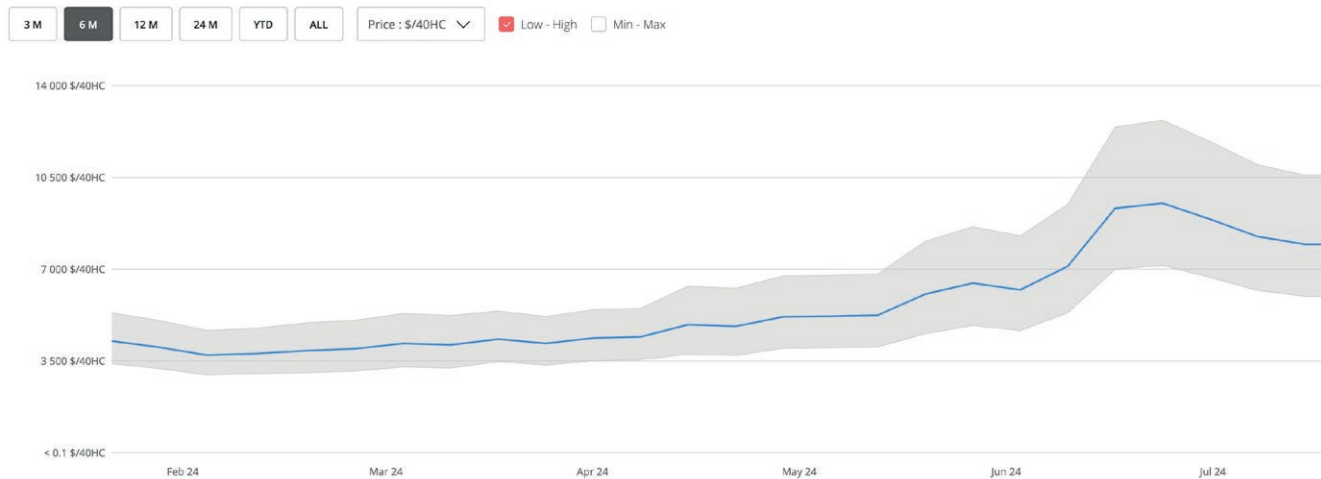
Antwerp - New York



Port-to-port rates (spot and contract combined) billed for direct sailings from Antwerp to New York, THC included, for a 40' HC DRY container carrying dry, non-dangerous goods. NB: this graph shows the evolution of the median rate and not the average rate. Source | [Upply](#)

Trans-Pacific

Shanghai - Long Beach



Port-to-port rates (spot and contract combined) billed for direct sailings from Shanghai to Long Beach, THC included, for a 40' HC DRY container carrying dry, non-dangerous goods. NB: this graph shows the evolution of the median rate and not the average rate. Source | [Upply](#)

Services

Sea Intelligence's latest report on service reliability shows a decline in June compared to the previous month. Across the 34 shipping routes observed by the company, reliability reached 54.4% in June, compared to 55.6% in May, which is the best month of the year so far. Year-on-year, reliability fell by 9.8 percentage points. In addition, the delay of ships during their stopovers is getting worse. It increased from 0.04 days to 5.19 days on average. "This is the third highest level since the pandemic," says Alan Murphy, CEO of Sea Intelligence.

The analysis by shipping company shows the strong progress made by Hapag-Lloyd. The German shipping company was on the top step of the podium in June, with a reliability rate of 55.4%. Sea Intelligence reports that of the top 13 shipping companies observed, nine provide reliability above 50%. The last in the ranking is ZIM with a reliability of 44.4%. Comparing the data for June 2024 to that of June 2023, the results are clear. Only two shipping companies, HMM and Yang Ming, show an increase in their reliability. The other 11 have seen their reliability deteriorate. The biggest drop over the year is that of MSC, which lost 18.5 points. As a reminder, in June 2023, there were six shipping companies with a reliability of more than 60%. In June 2024, none reached this level.

Asia-Europe

Hainan Yangpu Newnew Shipping started a service between the Far East and the Mediterranean via the Red Sea. Information disclosed by the Saudi National Port Authority indicates that this service will serve the ports of Tianjin, Qingdao, Shanghai, Guangzhou, Jeddah and Damietta. This shipping company of Chinese origin became known for its services between China and St. Petersburg last winter.

In addition, the shipping company chose to add a stopover in the port of Ust Luga as part of its service between China and St. Petersburg, due to an increase in the depth of the draft in the Russian port. Now the rotation is between Qingdao, Shanghai, Guangzhou, St. Petersburg, Ust Luga, Alexandria and back to Tianjin.

Medkon Lines enters as an operator between Asia and Turkey. The operator buys space on the service provided by OVP, Safetrans and Transfar, which connects China and Russia. It now makes a stopover in Istanbul.

Transatlantic

The 2M alliance (MSC and Mærsk) added a stopover in Sines as part of its MEDUSEC service, between the Mediterranean and the East Coast of the United States. The stopover at the Portuguese port carried out between Algeciras and New York in the westbound direction (Europe-United States). At the same time, the TA3 service, operated by the same alliance, has cancelled Veracruz stops since mid-

July. Now the rotation serves Antwerp, Rotterdam, Bremerhaven, New York, Charleston, Altamira, New Orleans, Mobile, Freeport and Charleston.

The MedGulf service, provided by **CMA CGM and Cosco**, ended in July. It served the ports of the Western Mediterranean, the United States and Mexico.

Algeria

Mærsk changed its transshipment port serving Algerian ports. “In an effort to prevent any congestion in the port of Barcelona”, the shipping company added in its rotations a stopover in the port of Vado Ligure. It should be noted that the container terminal at the Italian port is operated by

APM Terminals. Thus, the link between Vado Ligure and Algiers will be made on a weekly basis. Between the Italian port and the ports of Bejaia and Skikda, the rotation will take place every 15 days. The port of Oran is always served with a transshipment in the port of Algeciras.

Asia-Red Sea

SeaLead Shipping started a service from China to Djibouti. It stops at the ports of Qingdao, Shanghai, Port Kelang and Djibouti. At the same time, **Mærsk** started a service between Asia (Singapore) to the Middle East (Dubai, Abu Dhabi and Salalah).

Finally, **Ningbo Ocean Shipping Company** has decided to align its own vessels in this segment. The shipowner, according to the consultancy firm Dynamar, provides this service between Ningbo and Dubai with a single 1,900 TEU vessel.

Asia-US

The Liberty, operated alone by **MSC**, is back in service. Connecting Asia and the East Coast of the United States, the Liberty had been suspended at the beginning of the year due to the decline in

demand. The new version of this rotation includes an additional stopover in Philadelphia. It serves Singapore, Shanghai, Busan, Miami, Savannah, Charleston, Philadelphia and New York.

India-Europe

With increasing demand, **Cosco/OOCL**, **Hapag Lloyd**, **ONE** and **Yang Ming** are reactivating their service between the eastern coast of India and northern Europe. The rotation of this service is reconfigured.

From now on, Le Havre and Visakhapatnam are cancelled and are replaced by Valencia. The rotation therefore serves Rotterdam, London, Hamburg, Antwerp, Colombo, Kattupalli, Colombo, Cochin and Valencia.

India-US

The service operated in partnership by **Hapag Lloyd**, **CMA CGM** and **Cosco** between India and the East Coast of the United States is discontinued. Now, Hapag Lloyd operates solo, while CMA CGM and Cosco maintain a partnership. The service, provided

by CMA CGM, offers spaces for Cosco and OOCL. It serves Port Qasim, Nhava Sheva, Mundra, New York, Norfolk, and Savannah. For its part, Hapag Lloyd is setting up a rotation between the same ports with a last stop in Charleston after Savannah.

India-Asia

PIL (Pacific International Line) started a service between China and Calcutta. It serves the ports of

Xiamen, Shenzhen, Singapore, Calcutta and returns via Singapore.

Operations

Germany

MSC's 50% stake in the capital of the Hamburg handler HHLA is postponed. According to Dynamar, some of the shareholders consider that the offer made by MSC is too low. However, MSC has already acquired 22.5% of HHLA's shares on the stock exchange. The final decision is expected in the autumn, says the Dutch consultancy firm.

This announcement comes as the CMA CGM group is about to enter the port of Hamburg, according to Dynamar. The project is being carried out in partnership with Eurogate under the name Westerweiterung. A major project since it provides for the construction of a 1,050 linear metre wharf and a 38-hectare space.

Spain

MSC continues to expand its port network. An agreement was reportedly reached with the Chinese handler Hutchison Ports Holding to take over 50% of the shares in the Barcelona container terminal, BEST. The information disclosed by the Spanish newspaper El Mercantil indicates that the Swiss shipping company will pay between €250 million and €350 million in this transaction.

An announcement that comes as the Barcelona Port Authority plans to build a terminal on the opposite bank of the BEST terminal. The Mærsk group has shown interest. It already has a concession in Barcelona on the Muelle Sur terminal that the port could close in the coming years.

Vietnam

Adani Ports, a handling subsidiary of the Indian group Adani, has obtained an agreement in principle from the Vietnamese government to

create a port in Lien Chieu, Da Nang Bay. This future port, which is to be created ex-nihilo, provides for the construction of two container terminals.

India

The Prime Minister of India, Shri Narendra Modi, approved on 19 June a port project in Vadhavan for an investment of Rs 76,200 crore, or €8,506 million. This port complex will be located in Vadhavan, north of Mumbai. It will be built by Vadhavan Port Project Limited, which is 74% owned by the Jawaharlal Nehru Port Authority and 26% owned by the Maharashtra Maritime Board.

It will comprise nine container terminals with, for each, a linear stretch of 1,000 metres of platforms. It will also include four terminals for conventional goods including a terminal for cabotage, a ro-ro terminal, four stations for liquid bulk and a dock for the port authority. The expected containerised traffic amounts to 23.2 M TEUs.

South Africa

The tender launched by the national port authority for the extension of the Durban container terminal finally went to the South African group, Grindrod. The announcement of this concession of a South African terminal to a private company raised hopes of international private companies entering the sector.

The allocation to a domestic company has somewhat disappointed some operators, but still leaves an open door for the allocation of new concessions to international private companies in the future.



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The “Services” and “Operations” sections of this barometer are produced in collaboration with Hervé Deiss, who is a journalist specialized in maritime transport and port issues.



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