


# MONTHLY CONTAINER SHIPPING BAROMETER



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**upply**

# CONTAINERS: FREIGHT RATES OVERHEATING IN JUNE

Maritime freight rates continued to climb for much of June before plateauing. A trend that is in no way fuelled by the strength of demand.

## Highlights

### A false recovery

The month of June began with a bang, especially on the Asia-Europe corridor. The traditional high season seemed to arrive earlier than expected, while shipping companies adjusted capacity by practicing aggressive blank sailings. A situation that was particularly reminiscent of the post-lockdown period of the Covid pandemic.

As logic dictates, spot freight rates have risen sharply, and in the contract market, the most urgent freight has found itself under pressure. Customers had to accept much higher rates in order to load their shipments. However, by the end of the month, the overheating began to subside. Admittedly, freight rates remain high compared to the end of 2023, but there is a plateau. In reality, the fundamentals of the recovery in European demand are not solid.

The overheating seems more related to a panic movement skilfully managed by the companies than to a real economic recovery. As the crisis continues in the Red Sea, shippers are beginning to fear difficulties in accessing capacity and have therefore anticipated the delivery of goods.

“The fundamentals of the recovery in European demand are not solid”

## A persistent threat

One factor accentuated the trend: the threat posed by the Houthis in the Red Sea was reactivated in June, after showing some signs of weakening the previous month. A sailor was killed in the attack on the MV Tutor, a Greek bulk carrier loaded with grain for India from Russia, which eventually sank.

This terrorist act, largely scripted by the Houthis, reminds us that the Red Sea is now a naval war zone. The question of the Houthi threat is absolutely central, because it is today the only objective factor affecting the rise of freight rates.

A majority of experts agree that the current situation is set to continue. Personally, however, I believe that this ban on passage through the Red Sea for most ships, finally tolerated for several months by the major economic powers, is becoming increasingly unacceptable. The G7 Heads of State and Government, meeting from 13 to 15 June in Italy, “condemned the persistent attacks” and “reaffirmed the right of countries to defend their ships, in accordance with Security Council Resolution 2722 and international law”. The Houthis, however, retain considerable leverage since they still hold the Galaxy Leader and its crew.

## Prices

On the Asia-Europe corridor, spot rates have inevitably skyrocketed, given the context we have just described. But most of the volumes under contract continued to pass through the Cape of Good Hope in a tariff range between 3,500 and 4,500 USD/40' HCD. This means that 80% of the volumes travel with a profit margin for shipping companies of between 1,000 USD and 1,500 USD per box.

This is obviously good news for them, but we are a long way from the exceptional profits of 2022, because the expected volumes are just not there. On the other hand, longer maritime routes that are being disrupted by the ensuing congestion in the ports, are also having an impact on operating costs. The profitability of the companies in 2024 should be quite close to what we expected last January.

## Asia-Europe

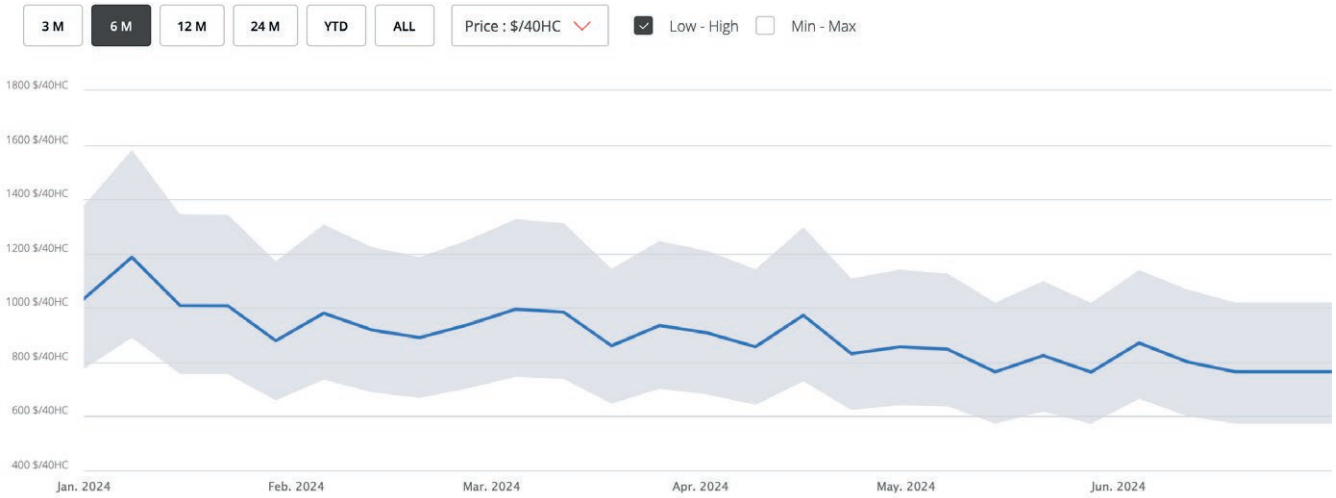
### Shanghai - Le Havre



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



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 | [Uply](#)

## 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 | [Uply](#)

# 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 | [Uply](#)

## Services

The start of the high season at the beginning of June prompted the shipping companies to review their offer. Indeed, the rerouting via the Cape of Good Hope requires a larger fleet to ensure weekly connections.

In addition, with congestion in some Asian, American and European ports, it has become urgent to offer new routes.

## Asia-Europe

The anticipated high season prompted **CMA CGM** to launch the "French Peak Service", an exceptional seasonal service to meet the sudden increase in demand for maritime transport between Asia and Northern Europe and the Mediterranean. Operated using vessels of about 7,000 TEUs, the service will depart from Asia to alternate between arrivals in Northern Europe and the Mediterranean. From Asia, the service reaches the ports of Shenzhen, Ho Chi Minh before stopping at Le Havre and Antwerp for Northern Europe and Marseille and Malta for the Mediterranean.

and London. It makes a stopover in Singapore on the way back. According to Dynamar, the Liverpool stopover comes after years of the port lobbying MSC for it to have its first service with Asia.

For its part, **MSC** launched a single service between Asia and Europe, the Britannia. It reaches the ports of Shanghai, Ningbo, Shenzhen, Ho Chi Minh before reaching Liverpool, Rotterdam, Antwerp, Hamburg

To improve service to key markets, MSC is merging two services between Asia and Europe and Asia and North America. As such, the Swan service will be merged with the Sentosa service. 20 ships will operate between Qingdao, Ningbo, Shanghai, Shenzhen, Tanjung Pelepas, Felixstowe, Antwerp, Hamburg, Gdansk, Gdynia, Klaipeda, Bremerhaven, Antwerp, Singapore, Laem Chabang, Ho Chi Minh Busan, Long Beach, Oakland and back to Busan.

## Asia-US East Coast

**Mærsk** decided to withdraw its TP20 service, which it operated alone, between Asia and ports on the East Coast of the United States. The shipping company cites problems related to the situation in the Red Sea and the lack of capacity. This service was provided using vessels with a capacity of 3,000 TEUs.

**Ocean Alliance** (CMA CGM, Cosco, OOCL and Evergreen) restructures its Columbus-JAX service between the West Coast of the United States, Asia and the East Coast of the United States. On the one

hand, the Nansha and Tangier Med stopovers are cancelled. On the other hand, the shipping companies announced the addition of two ships to bring the fleet dedicated to this service up to 23 vessels. The new rotation therefore avoids Mediterranean and European ports. This service serves Kaohsiung, Shenzhen, Ho Chi Minh, Singapore, Port Klang, Colombo, Halifax, New York, Norfolk, Savannah, Charleston, Port Klang, Singapore, Laem Chabang, Ho Chi Minh, Shenzhen, Los Angeles, Oakland and back to Kaohsiung.

## Trans-Pacific

**Cosco** and **OOCL** launch a new service between China and North America. Marketed under the name CPV, this service will comprise six vessels of 4,250 TEUs. It will serve the ports of Lianyungang, Ningbo, Shanghai, Vancouver, Seattle and back to Lianyungang. The two shipping lines are adding a service (SEA 3) between Kaohsiung, Xiamen, Shenzhen and Long Beach. **Wan Hai** is reintroducing its AA1 service between Shenzhen, Xiamen and Los Angeles and its AP1 service between Shenzhen, Xiamen, Taipei, Ningbo, Shanghai, Los Angeles, Oakland and back to Asia via Shenzhen, Hai Phong and Ho Chi Minh. **MSC** revives its Trans-Pacific Mustang service that connects China (Shenzhen, Shanghai and Ningbo) to Long Beach. Finally, **ZIM** is adding a second rotation to its ZIM e-commerce Express China service. This loop serves the ports of Shanghai, Ningbo and Los Angeles.

In addition, operators who left the market during the crisis are also making a comeback. **SeaLand** returns with its AWC service between Guangzhou, Ningbo, Shanghai, Qingdao, Busan, Long Beach and back to Guangzhou. **BAL Container Line** returns with a line between China (Shenzhen, Qingdao) and Mexico (Lazaro Cardenas and Manzanillo).

Finally, it should be noted that **Ocean Alliance** is dropping Vancouver from its CNPW service between China (Hong Kong, Shenzhen, Ningbo and Shanghai) and Canada. From now on, this service will focus on the Port of Prince Rupert. A decision that can be explained by the presence of Cosco in the capital of Prince Rupert's port handler.

“ Operators who left the market during the crisis are also making a comeback ”

## Transatlantic

**MSC** reviews its service between Turkey, the Western Mediterranean and the United States. It added a stopover in the port of Marseille-Fos and has ended the stopovers of Piraeus and Port Everglades. As such, the new rotation will be between Tekirdag, Izmit, Aliaga, Marseille, Barcelona, Valencia, Sines, Boston, New York, Philadelphia and Savannah.

Concerning the connection between the Mediterranean and Canada, MSC decided to merge their two St. Lawrence services into one. A decision that will halve the capacity but will allow these ships to be deployed on other lines. From now on, the new service stops at Gioia Tauro, Naples, Livorno, Genoa, Valencia, Sines, Halifax, Montreal and back to Italy.

## Mediterranean/Middle East

The “Butterfly” services between the Mediterranean and the Red Sea are developing to circumvent the hazards of Houthi attacks. **Turkon** launches two services. The first connects northern Turkey (Istanbul, Izmit, Aliaga) with the ports of Jeddah and Aqaba. Secondly, with **Medkon**, the Turkish shipping line is developing a service between southern Turkey (Iskenderun and Mersin) and the two ports of Jeddah and Aqaba. **Arkas** has negotiated an agreement to have spaces on board these two services.

**Mærsk** has decided to stop calls at the ports of Duqm, Barcelona and Tangier for its service between the Middle East and the Mediterranean. Launched in February of this year, this service represented the only regular containerised stopover at the Omani port of Duqm.

## Asia-Latin America

**MSC**'s service between Asia, Mexico and New York will extend over South America, says Alphaliner. From now on, the ships will head to the Brazilian ports of Salvador, Itaguaí, Paranaguá and Santos after leaving the Panama Canal. The stopover in the port of New York is cancelled. The announcement of this service extension preceded by a few days that of the establishment of a link between Asia and Brazil by MSC. Marketed as Carioca, this service serves Busan, Ningbo, Shenzhen, Singapore, Rio de Janeiro, Paranaguá, Itapoa, Santos, Itaguaí and return via Colombo and Singapore.

After this positioning in the Brazilian market, MSC is also expanding its presence in Central America. The shipping line is launching a service between Asia and Mexico, the Dahlia, from August. It will stop at the ports of Shenzhen, Xiamen, Shanghai, Busan, Manzanillo, Lazaro Cardenas and return to China.

## Black Sea

Despite the conflict between Ukraine and Russia, shipowners chose to return to the Black Sea. After Hapag Lloyd, it is now Mærsk's turn. The Danish shipping line has bought slots on the ships of Iteris, an operator that connects the Romanian port of Constanta to that of Chornomorsk. According to

Dynamar, Arkas could follow suit with a service connecting Turkey to the same Ukrainian port. As for MSC, it is thinking, according to the Dutch consultant, of providing a link between Tekirdag and Odessa.

“ Despite the conflict between Ukraine and Russia, shipowners chose to return to the Black Sea ”

# Operations

## Port congestion

Port congestion is making a comeback. The main bottlenecks are in Asia, with persistent difficulties in Singapore that are of particular concern to shipowners and shippers. In its latest report dated June 25, Linerlytica announces 49 ships waiting in front of Singapore and 23 ships in operation in the terminals of the port. To deal with this, the port decided to reactivate terminals that had been abandoned for several months.

Singapore's situation has had a domino effect on other ports in the region. Shipping companies are diverting to Port Klang or Tanjung Pelepas as transshipment hubs. Quickly, these ports became congested and on June 25, Port Klang had 26 ships waiting. Shanghai also suffers from congestion. The Chinese port announces 87 waiting vessels, the equivalent of 265,000 TEUs at anchor in front of the port.

If congestion mainly affects Asia, it does not spare Europe either. At the end of June, 36 ships were waiting to enter the port of Rotterdam and 16 were waiting to enter the port of Antwerp. Hamburg also suffers from staggered ship arrivals, with 24 units waiting to dock in Hamburg and Bremerhaven. Even Le Havre was slightly affected, with five ships waiting off the Seine on June 25. The port of Barcelona has also encountered difficulties, faced with the increase in the number of calls.

These bottlenecks create a shortage of equipment. According to Linerlytica's calculations, 2.5 M TEUs are waiting in front of the ports and 500,000 TEUs are missing from the market to allow the return of a balance between supply and demand.

## Social Situation

The social movements announced in French ports for the month of June did not finally occur. The trade union "Fédération nationale des ports et docks CGT" decided on 12 June to suspend until the end of September its strike movement against the implementation of the pension reform, citing the political context. Following the dissolution of the National Parliament, the current government is actually suspended, and the union therefore believes that it no longer has an interlocutor with which to negotiate.

In the United States, the main dockworkers' union in the East Coast ports of the United States, the International Longshoremen's Association (ILA), announced the rupture of ongoing negotiations with the United States Maritime Alliance (USMX), which represents the handling companies. These

negotiations lead to the definition of a new framework contract, the one in force since 2018 expiring on 30 September 2024. The ILA cancelled the negotiations after discovering that APM Terminals and Maersk Line were using an Auto Gate system, which handles trucks autonomously without using the ILA workforce. This system, initially identified in the Port of Mobile, Alabama, would also be used in other ports. The union is fiercely opposed to automation.





## Jérôme De Ricqlès

Ocean Shipping Expert at Upply

*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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