

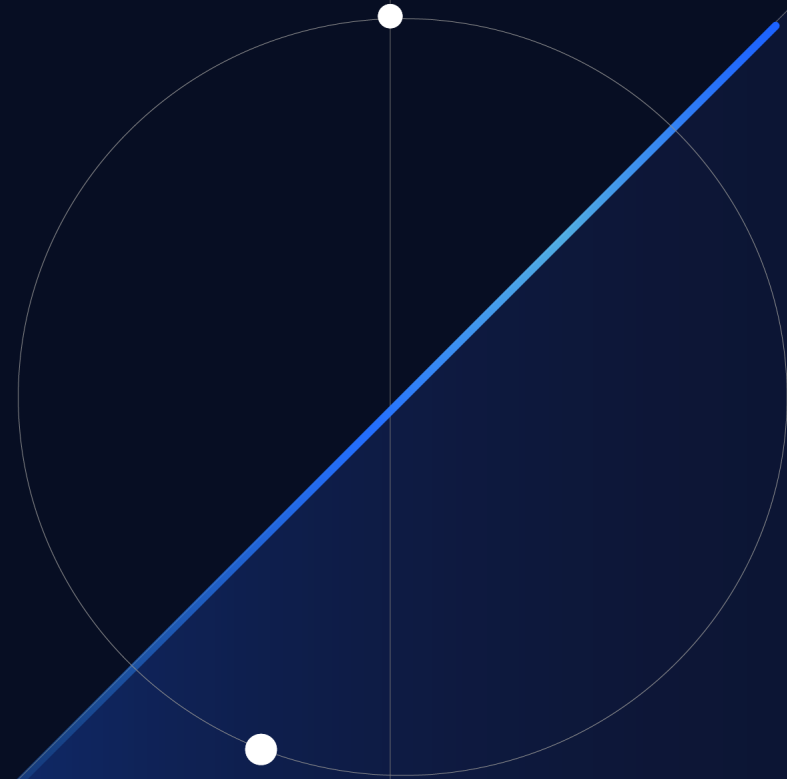


# XENETA

May 2024 | Container Shipping Market Trends

## Charting the seas of change: Global container shipping trends on the brink of transformation

DISCLAIMER: Reproduction, distribution, republication, and/or retransmission of this presentation and any related material without Xeneta's prior written approval is strictly prohibited.



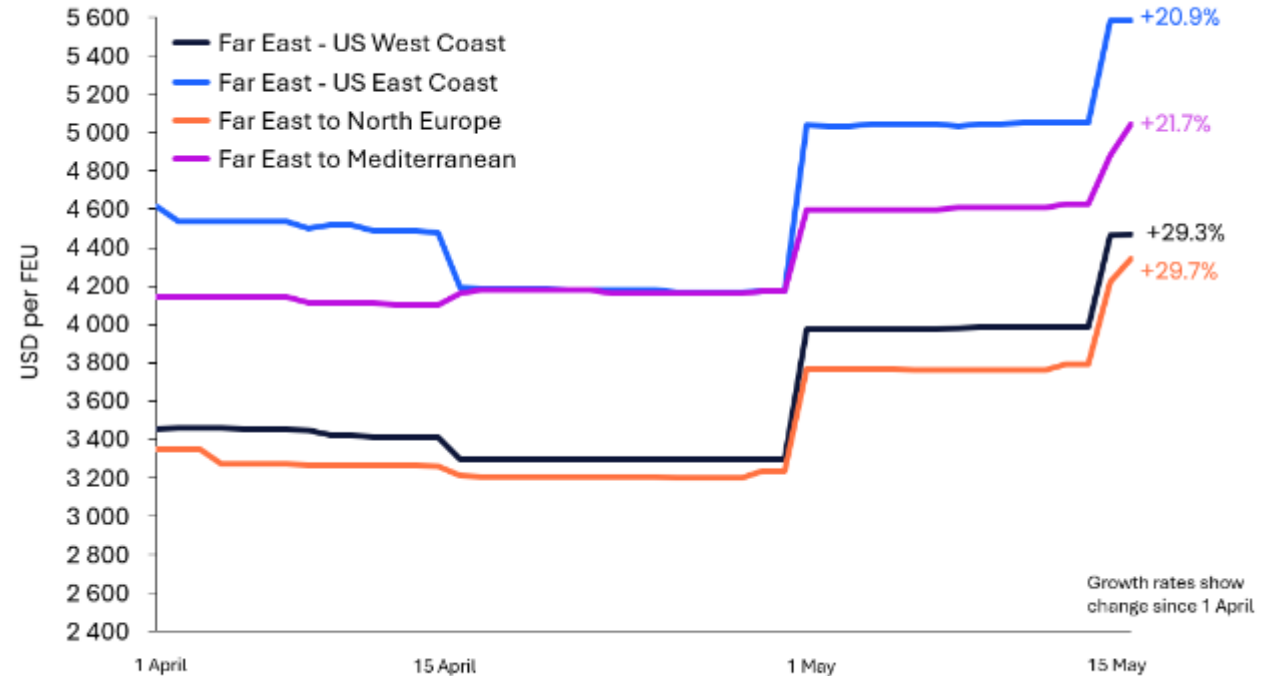
# Navigating the surging seas: Understanding the dynamics of ocean freight container rates

Ocean freight container spot rates have surged on major trading routes since May, indicating an early arrival of the peak season in 2024.

Emily Stausbøll, Senior Shipping Analyst at Xeneta, attributes this to heightened demand, ongoing diversions in the Red Sea, and lingering effects of port congestion during the pandemic.

With shippers frontloading imports, leading to capacity constraints and rate increases, Stausbøll stresses the importance of understanding individual supply chains and using data for informed decision-making in a volatile market.

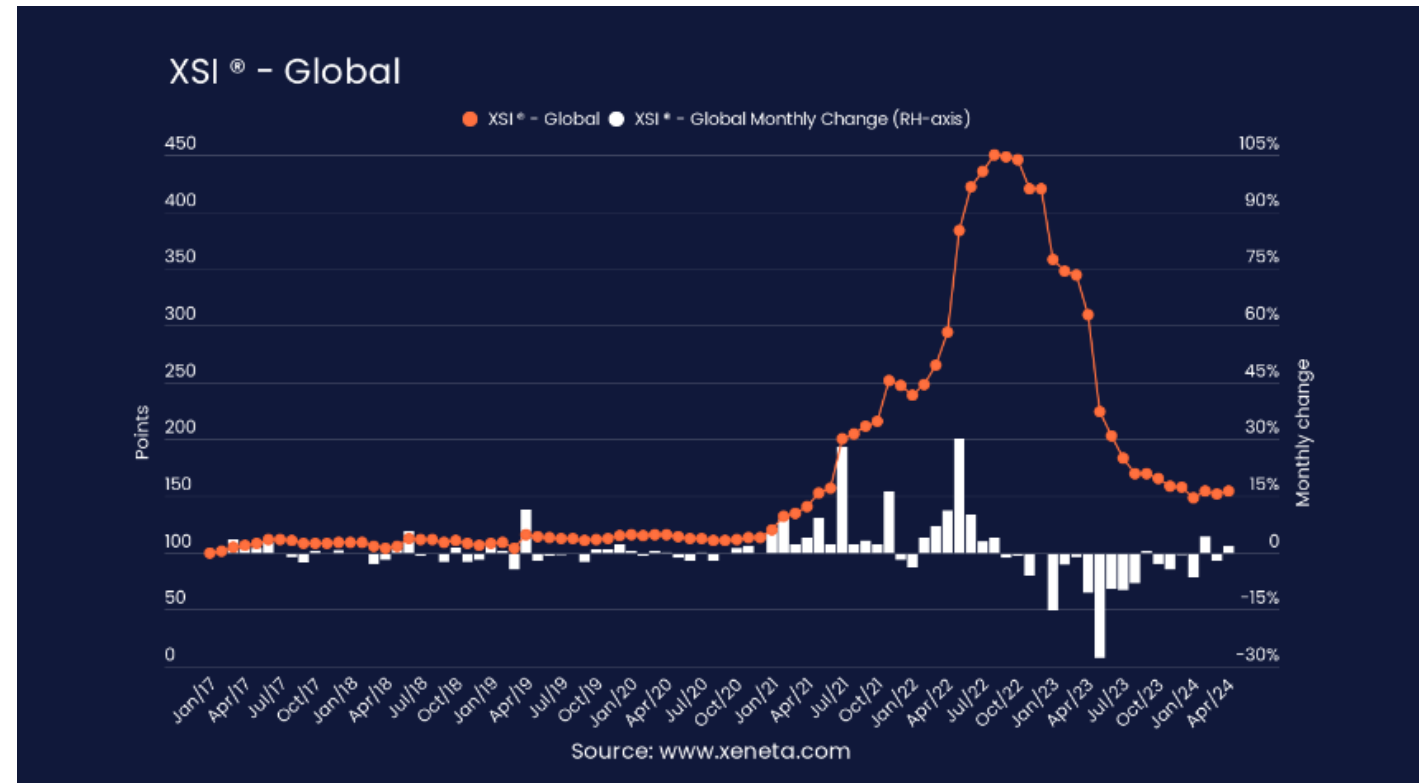
Spot rates on major trades



Source: [www.xeneta.com](http://www.xeneta.com)

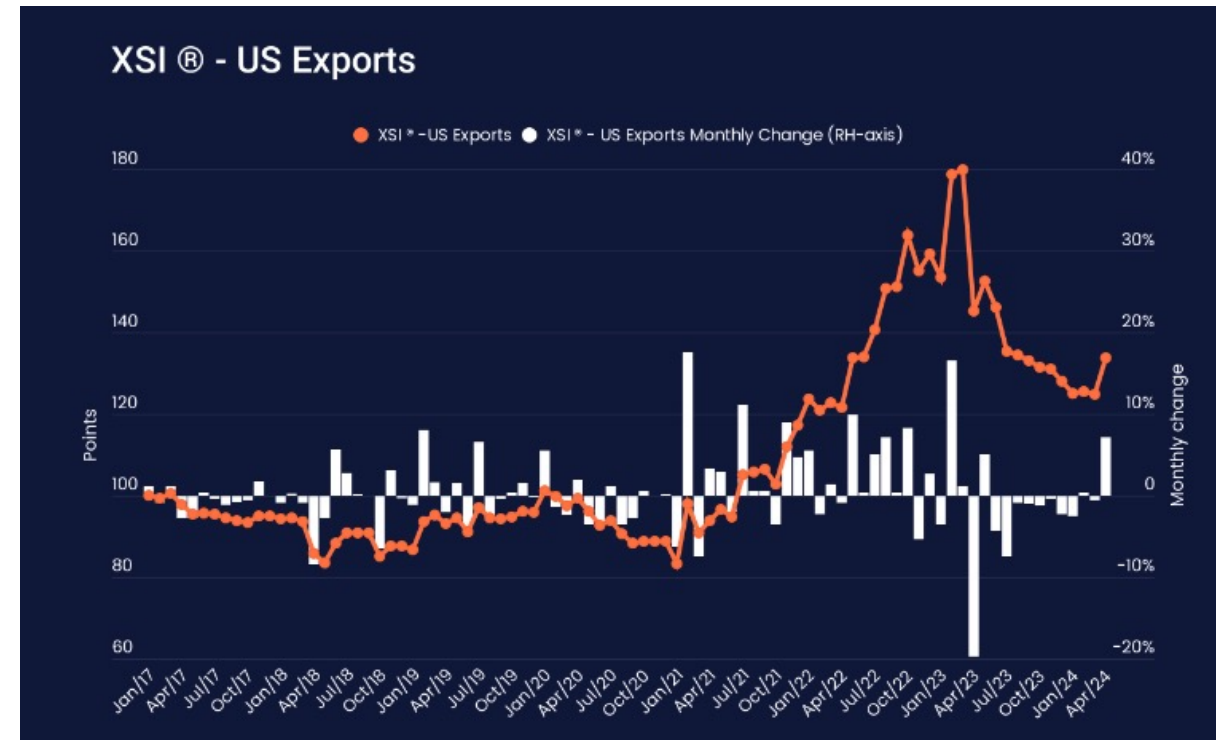
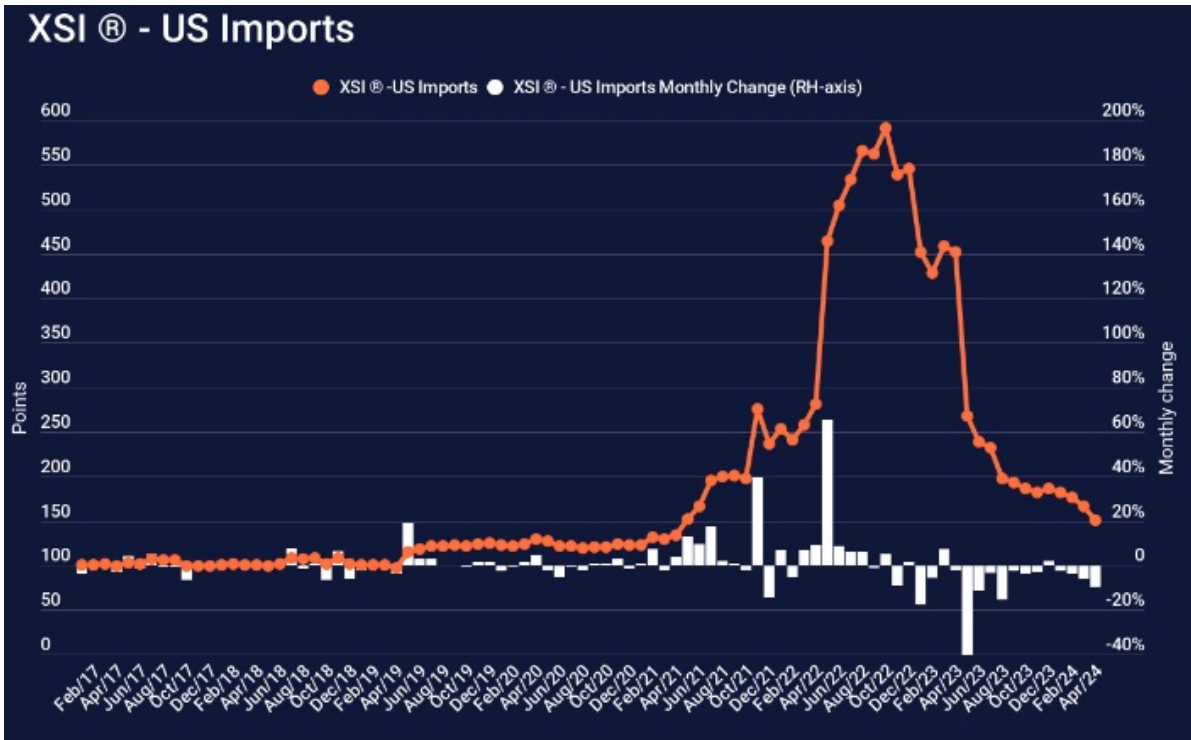
# April increase: Global XSI® (Long-term contract market) reaches 154.3 points, up 1.7% from March

- Global XSI® reached 154.3 points in April, up 1.7% from March.
- Despite overall increase, underlying XSI® indices show diverging trajectories, creating a static market illusion.
- Year-on-year, global XSI® is down by 50.1%, indicating carriers are not pushing for higher long-term rates during contract negotiations.
- Spot market remains above last year's levels on major trades, yet carriers have not pushed for higher rates.
- Shippers have been successful at the negotiating table, securing discounts between tender rounds.
- Year-on-year growth in global container volumes in January and February is viewed in context of low demand at the start of last year.
- Threat of overcapacity dominates market strategy due to record-high deliveries of new ships.
- New ship deliveries expected to reduce in Q2 but will still remain high.
- Carriers prioritize securing volumes for growing fleets over pushing for higher long term rates.
- Changing landscape in alliances adds anxiety regarding market share for carriers.



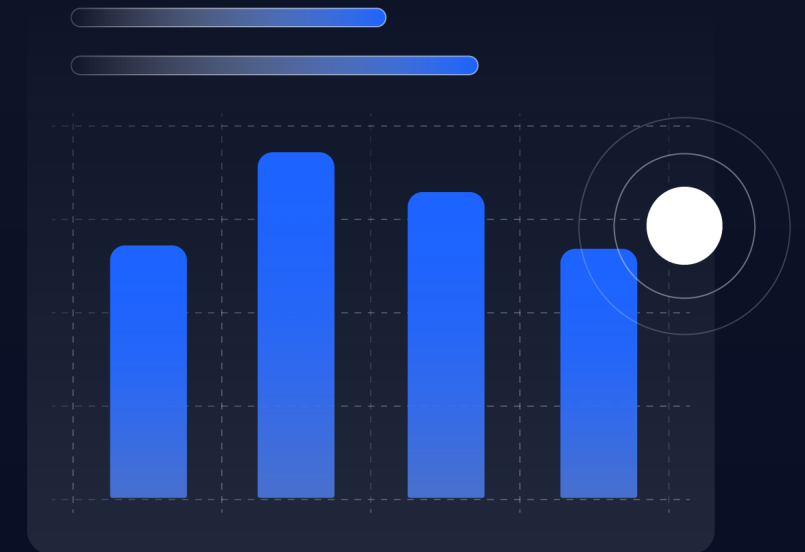
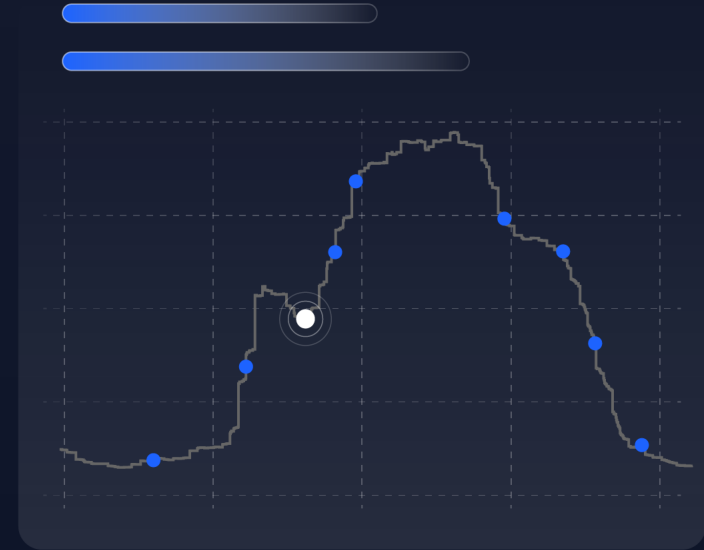
[Click here to view the full Xeneta XSI report.](#)

**In April, the XSI® for US Imports experienced a notable decline of 9.4%, reaching 150.6 points. This represents a substantial 67% decrease compared to the same month last year, when it stood at 451.5 points.**

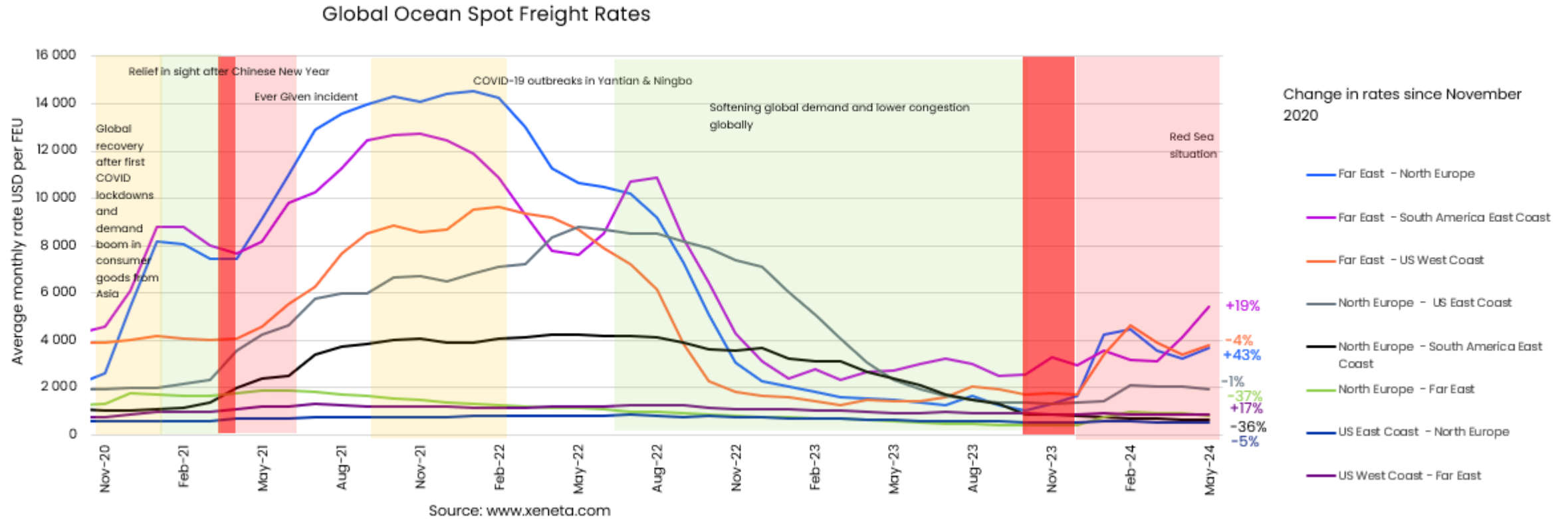


# Where are we now?

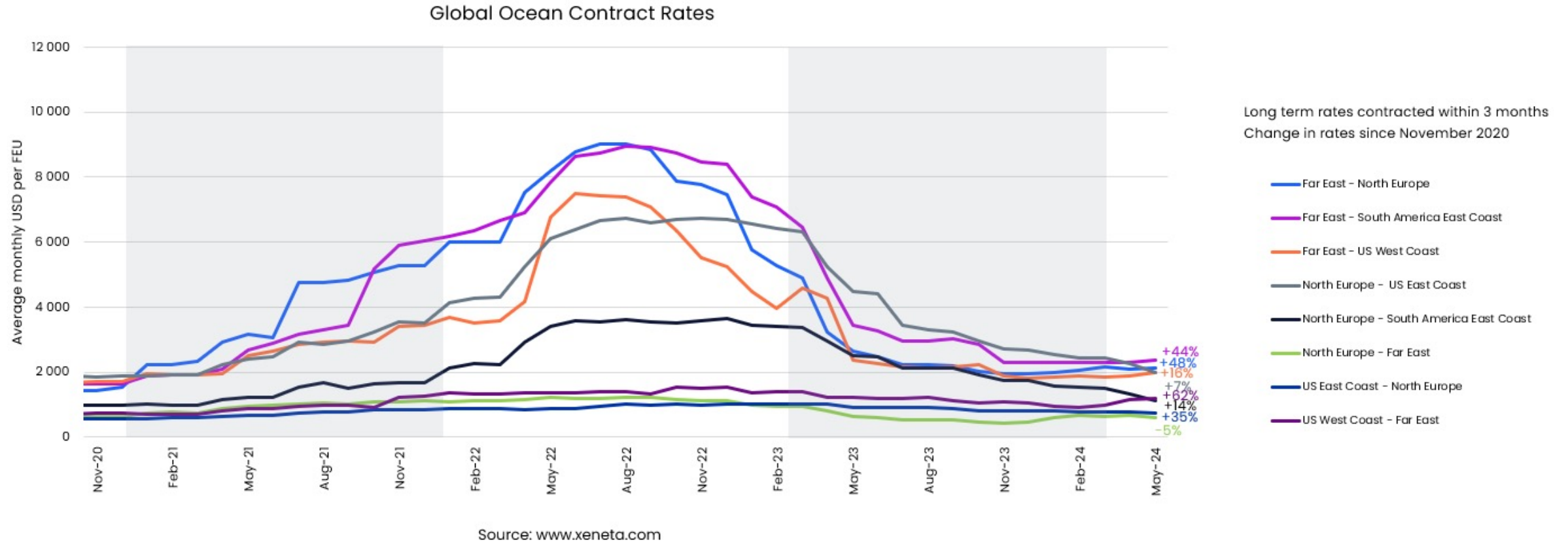
## Current Freight Rate Trends



# Development of spot freight rates (as of May 13<sup>th</sup>, 2024)



# Development of contract freight rates (as of May 13<sup>th</sup>, 2024)



# Spike in spot rates on Far East – South America East Cost trade

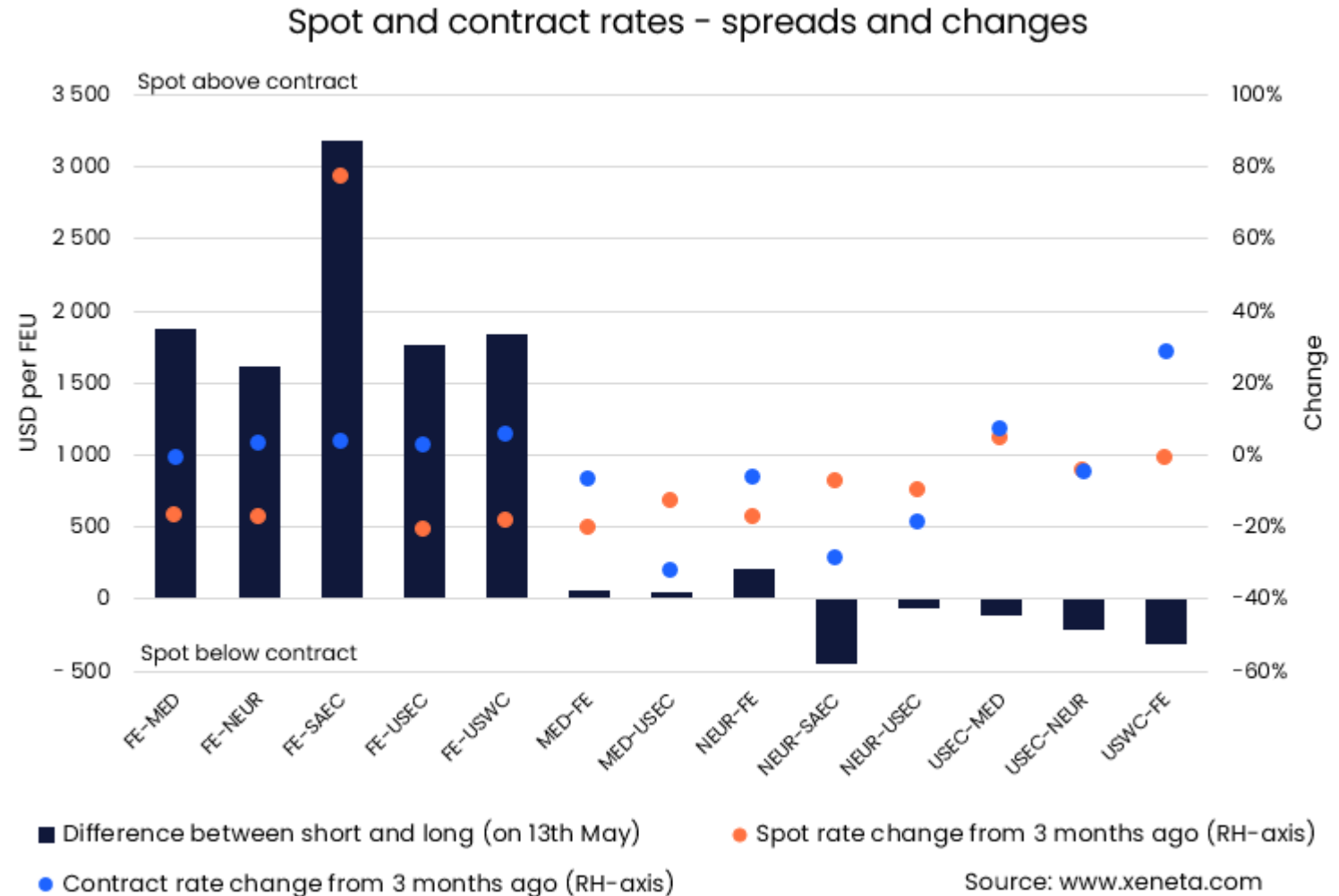
## How to read this chart

Objective of graph: For the reader to see the price difference between short and long contracts.

Left Hand Axis: USD per FEU price difference between short and long contracts as of current date.  
(Spot Rates minus Contract Rates)

If the bar shows a positive spread, spot rates are above contract rates. If the bar is in the negative, contract rates are above spot rates.

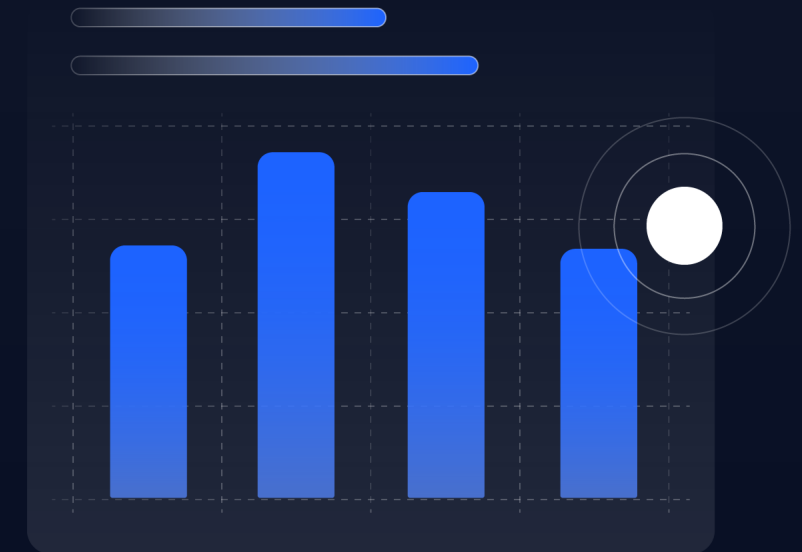
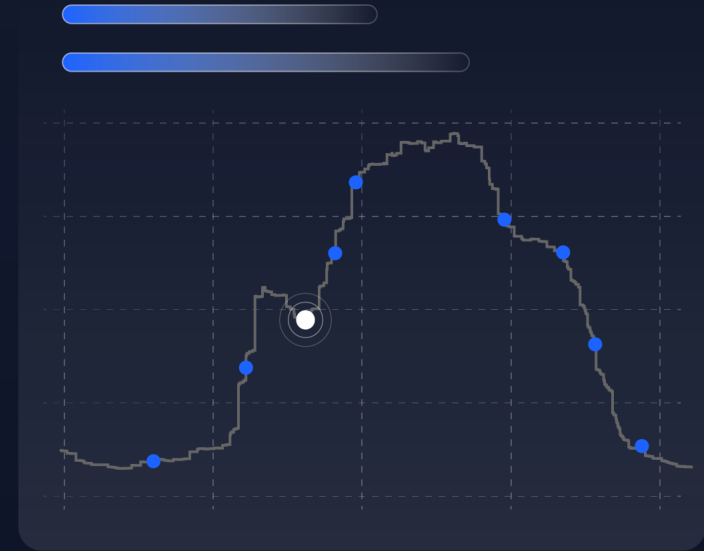
Right Hand Axis: Percentage difference in spot and contract rates from 3 months ago to the current date.





# Supply Chain Heat Maps

From Xeneta



# Cross-continental surge: XSI® C Rates increase in April across major routes connecting Far East, North Europe, US East Coast, and US West Coast

**XENETA**

**Xeneta Shipping Index by Compass (The XSI-C)**

		Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week
		9	10	11	12	13	14	15	16	17	18	19
		ending										ending
Origin	Destination	23/Feb	01/Mar	08/Mar	15/Mar	22/Mar	29/Mar	05/Apr	12/Apr	19/Apr	26/Apr	03/May
Far East	to US West Coast	-3.6%	-5.7%	-4.9%	-6.9%	-5.5%	-3.8%	-0.9%	-3.8%	-0.2%	5.9%	8.9%
Far East	to North Europe	-2.2%	-7.3%	-4.7%	-6.9%	-3.7%	0.0%	-0.7%	-3.2%	-0.4%	8.3%	7.5%
Far East	to South America East Coast	3.4%	-0.5%	-2.3%	0.3%	0.0%	12.6%	7.7%	18.5%	7.7%	12.8%	7.1%
North Europe	to Far East	-0.6%	-5.0%	-2.0%	0.7%	-0.1%	-1.3%	3.9%	-1.8%	-0.2%	-3.4%	-4.0%
North Europe	to South America East Coast	-2.2%	-0.2%	-1.0%	-1.4%	1.2%	-10.0%	-1.7%	1.6%	0.7%	-0.6%	0.6%
North Europe	to US East Coast	-2.3%	-2.3%	-1.1%	1.5%	-1.5%	-4.1%	3.1%	4.6%	-3.0%	-1.0%	-3.6%
US East Coast	to North Europe	-0.2%	-2.8%	-0.1%	-1.4%	-1.7%	-5.3%	-0.5%	1.9%	0.0%	2.8%	3.3%
US West Coast	to Far East	1.7%	3.2%	0.4%	-2.3%	0.4%	4.0%	1.4%	1.6%	-1.6%	1.5%	-1.8%

Powered by XSI.Xeneta.com

Note:

Weekly average

Rates falling by more than 0.4% are GREEN

Rates going down OR up by less than or equal to 0.4% are YELLOW

Rates climbing by more than 0.4% are RED

## What is the XSI® - C?

The XSI® - C stands for the Xeneta Shipping Index by Compass. It's EU BMR compliant and ready for index-linked contracting and derivatives.

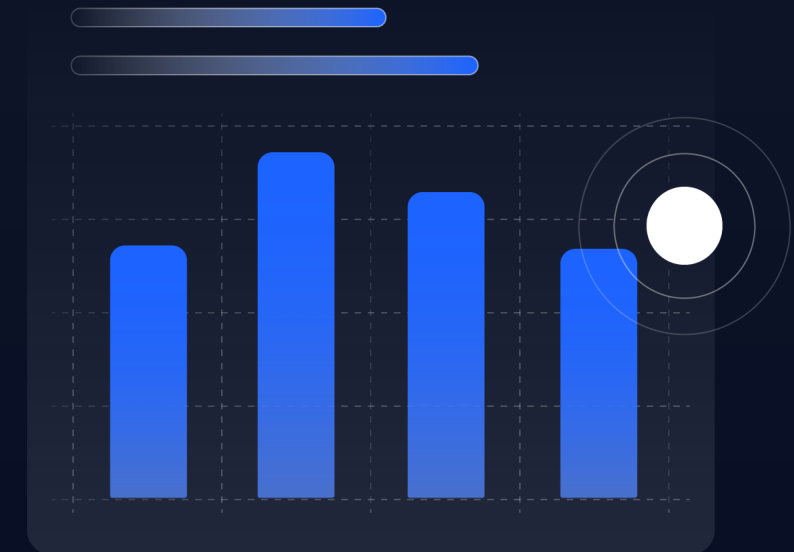
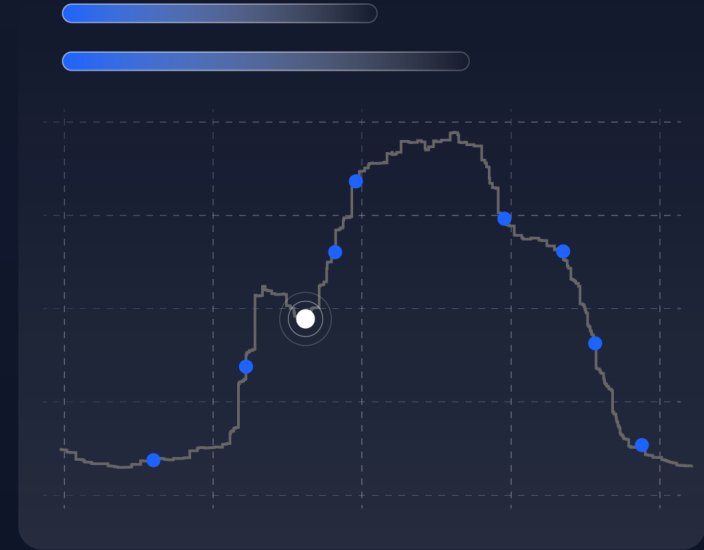
The XSI® - C is the container shipping industry's most transparent and trusted container rates index. It delivers the most in-depth and most accurate representation of the container freight market.

**XENETA**

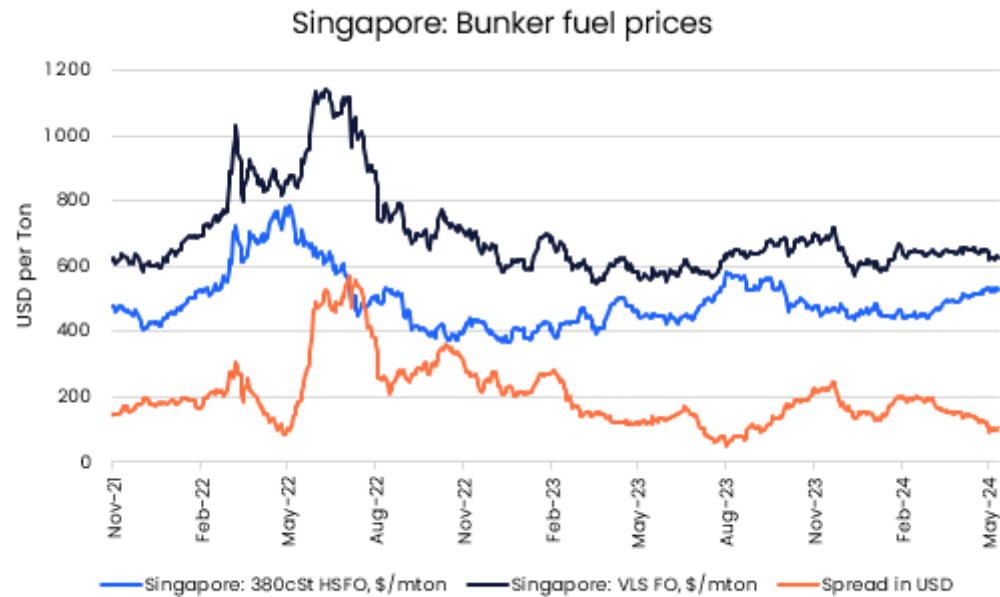
# Bunker Fuel

## Prices and Surcharges

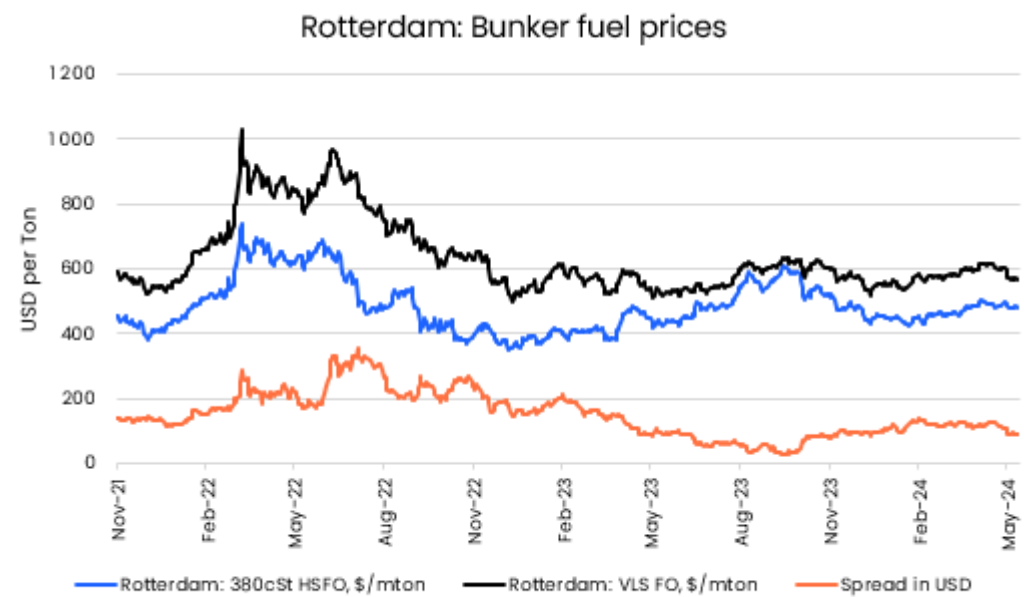
Main Ports



# Bunker fuel market trends: Singapore vs Rotterdam insights



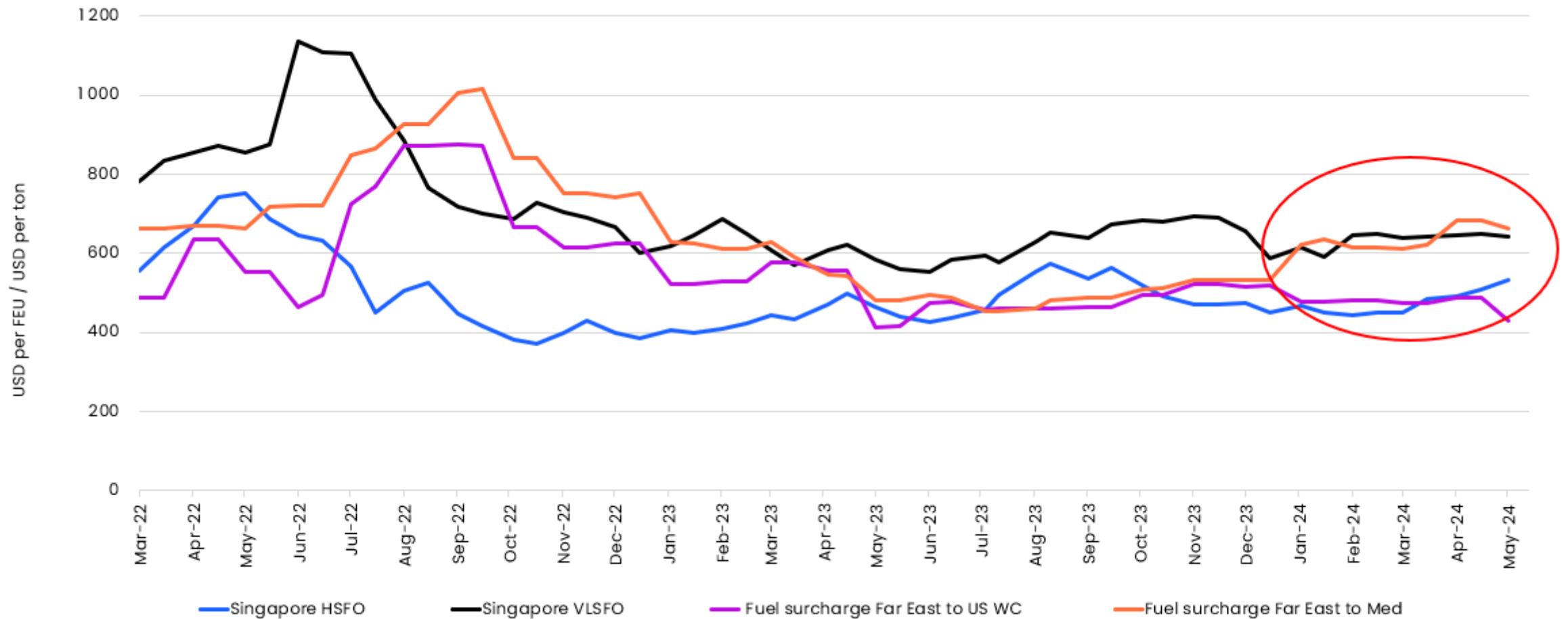
Source: Xeneta, MABUX



Source: Xeneta, MABUX

# Disruptions in the Red Sea further exacerbate the rise in bunker fuel costs for extended journeys between the Far East and the Mediterranean

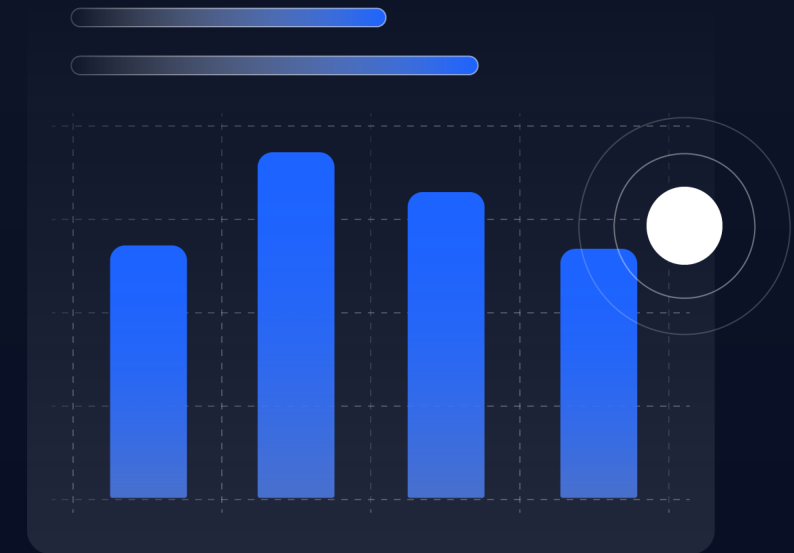
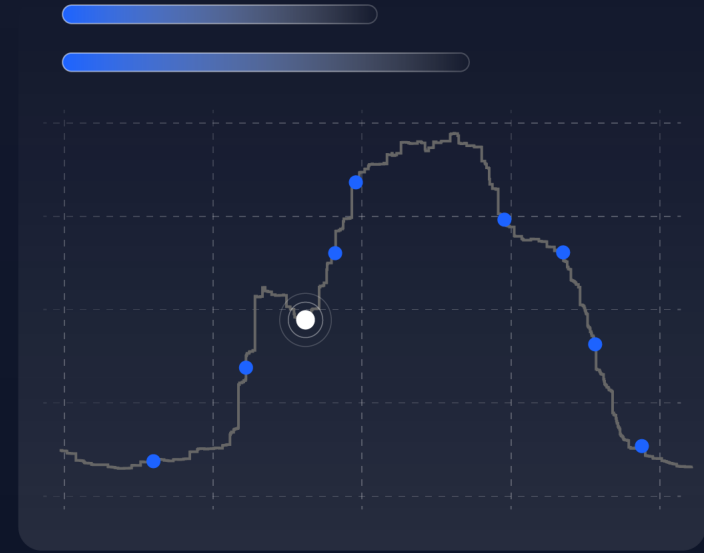
Fuel surcharges and bunker prices



Source: Xeneta, MABUX

# What's being shipped?

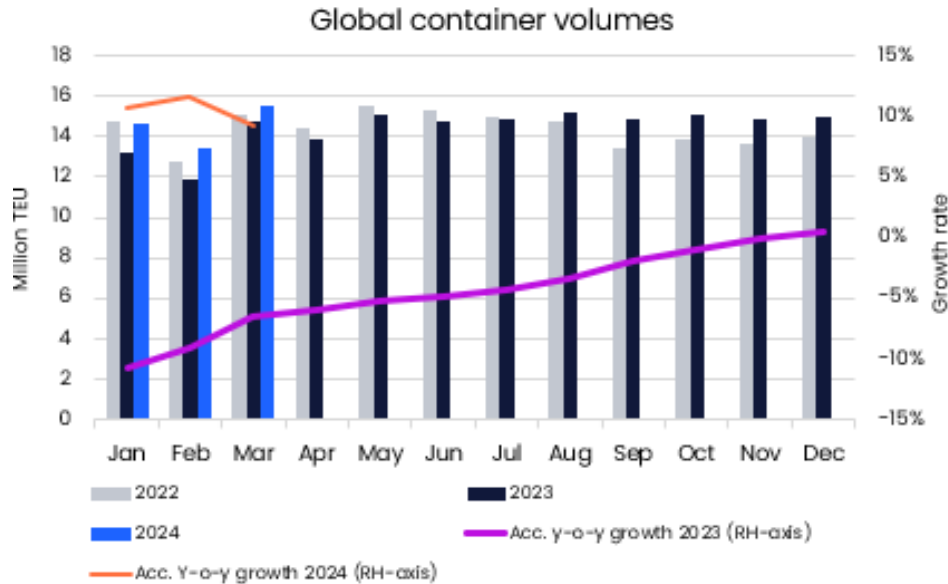
Current Demand Trends



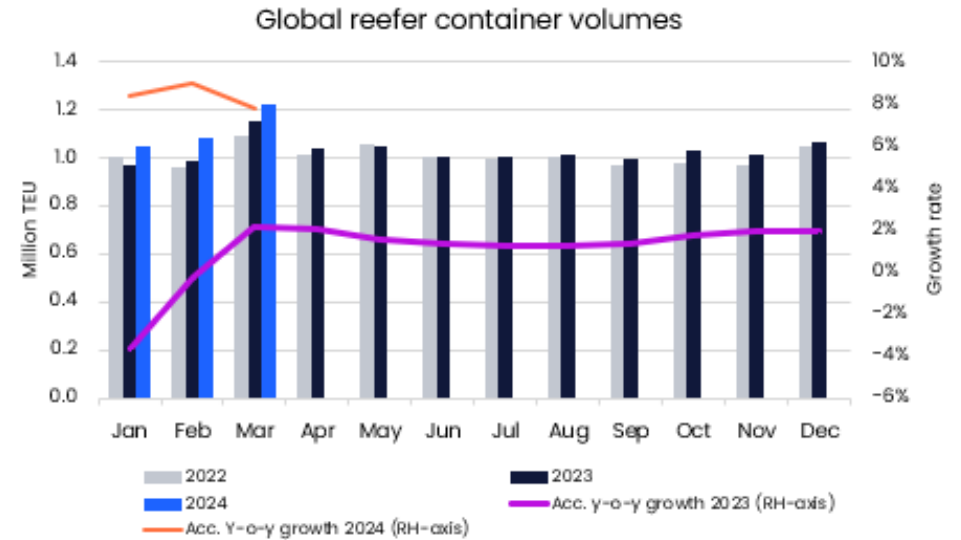
# Dynamic growth trends in global container and reefer volumes

In March 2024, reefer container volumes experienced a 12% increase, reaching 1,222,181 TEU compared to the previous month's 1,084,041 TEU.. This growth trend aligns with the overall positive trajectory in global trade, reflecting a steady demand for temperature-controlled goods.

On the other hand, total container volumes also experienced a notable uptick in March 2024, rising by 16% from the previous month's 13,396,864 TEU to 15,560,078 TEU. These figures indicate a collective upward trend in containerized shipments.



Source: Xeneta, Container Trades Statistics



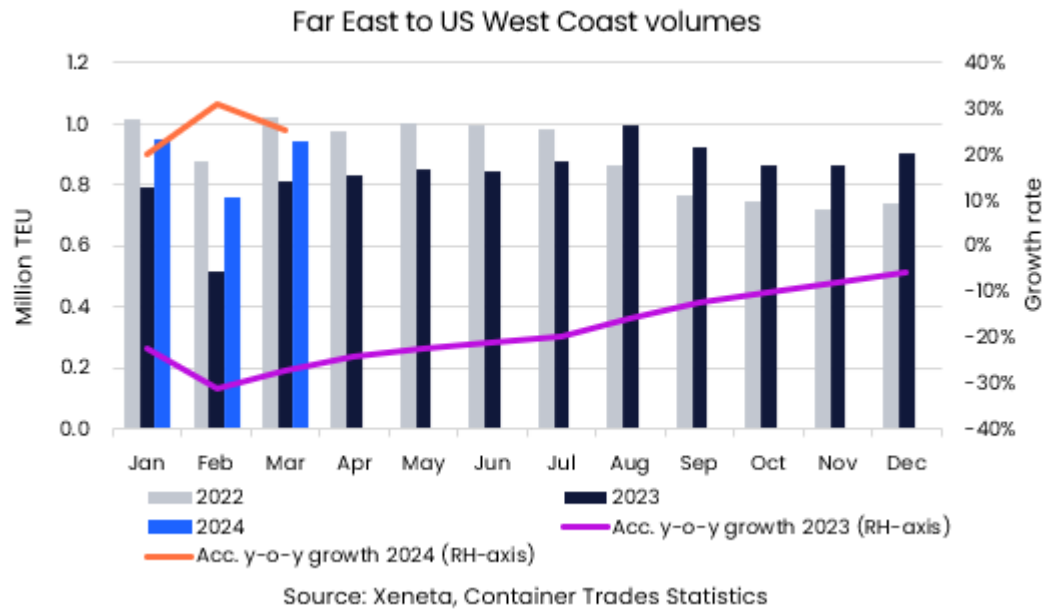
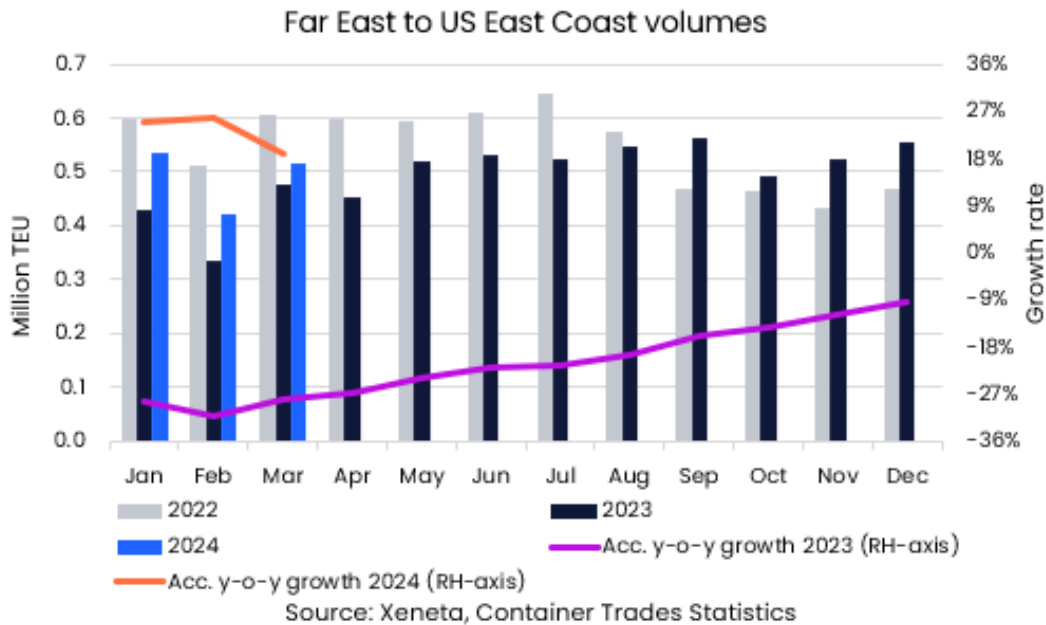
Source: Xeneta, Container Trades Statistics

# March 2024: Continued growth in Far East to US container shipping

In March 2024, both the Far East to US West Coast and Far East to US East Coast trades experienced increases in volume growth compared to the previous month. On the Far East to US West Coast route, monthly volume rose to 942,442 TEU from 758,557 TEU in February, resulting in a month-on-month growth rate of approximately 24.20%.

Similarly, on the Far East to US East Coast route, the volume increased to 516,874 TEU from 421,673 TEU, indicating a month-on-month growth rate of approximately 22.56%.

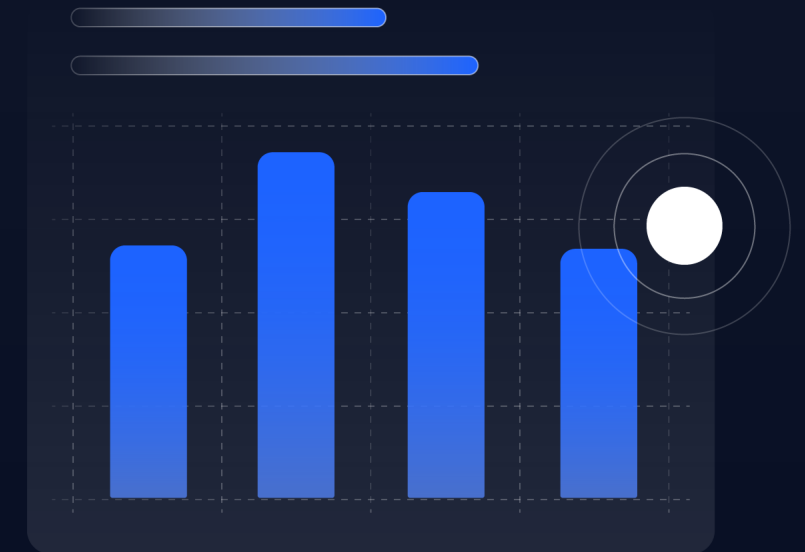
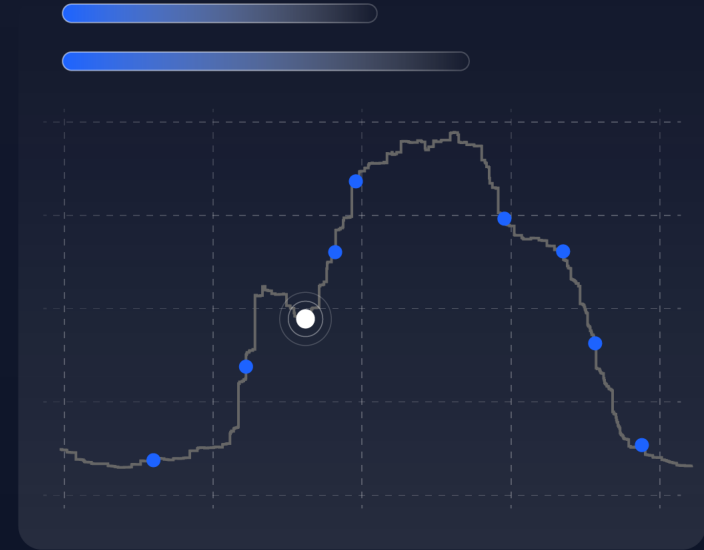
These upward trends suggest continued robust trade activity. As we conclude Q1, it's essential to note ongoing disruptions in the Red Sea region, which may impact future trade dynamics.



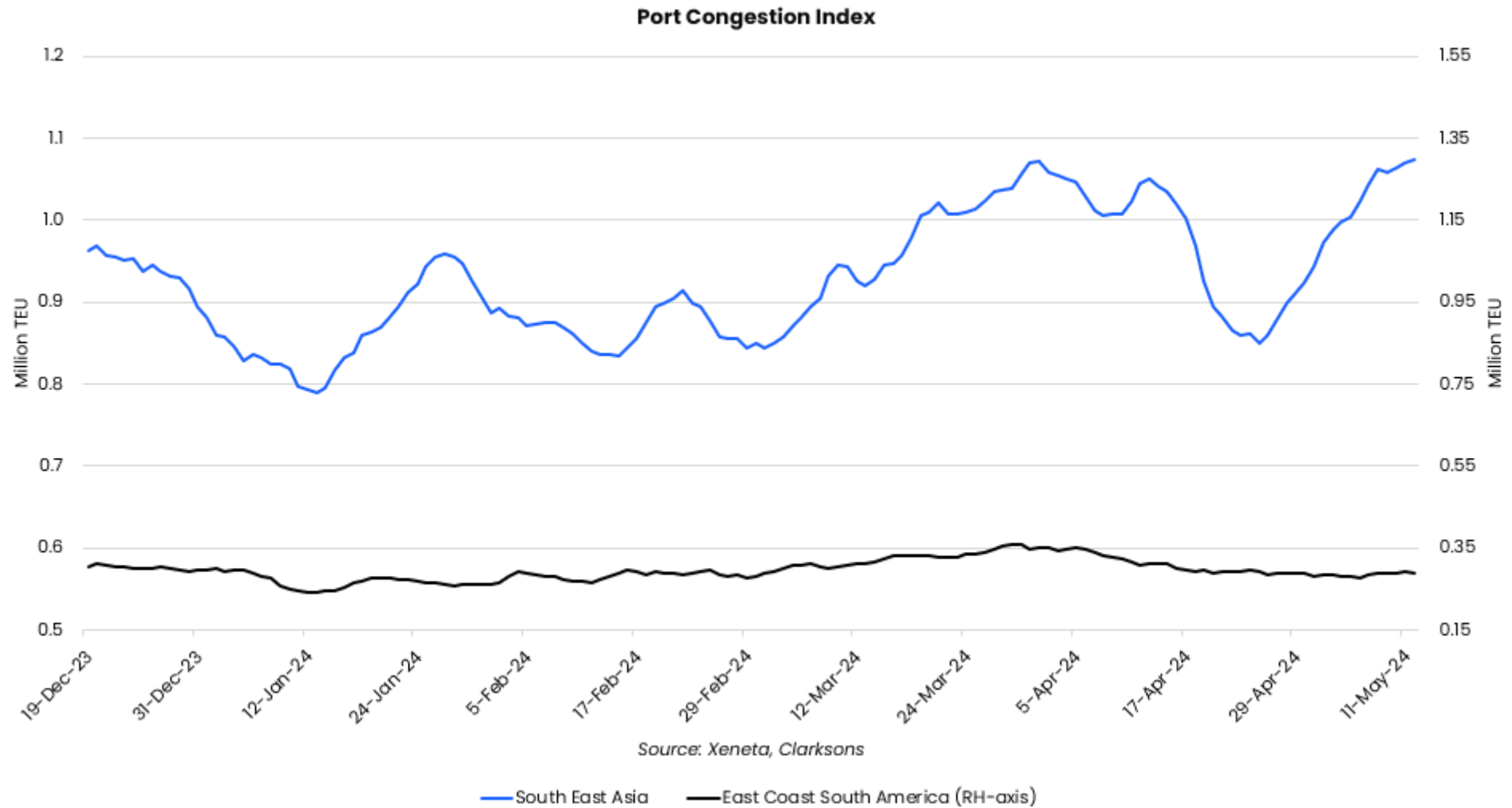


# Where's the congestion?

Improving or getting worse?



# Navigating port congestion: Peak in South East Asia and gradual decline across East Coast South America



# Charting progress: Panama Canal's Strides Amidst Drought, Yet Far from Normalcy

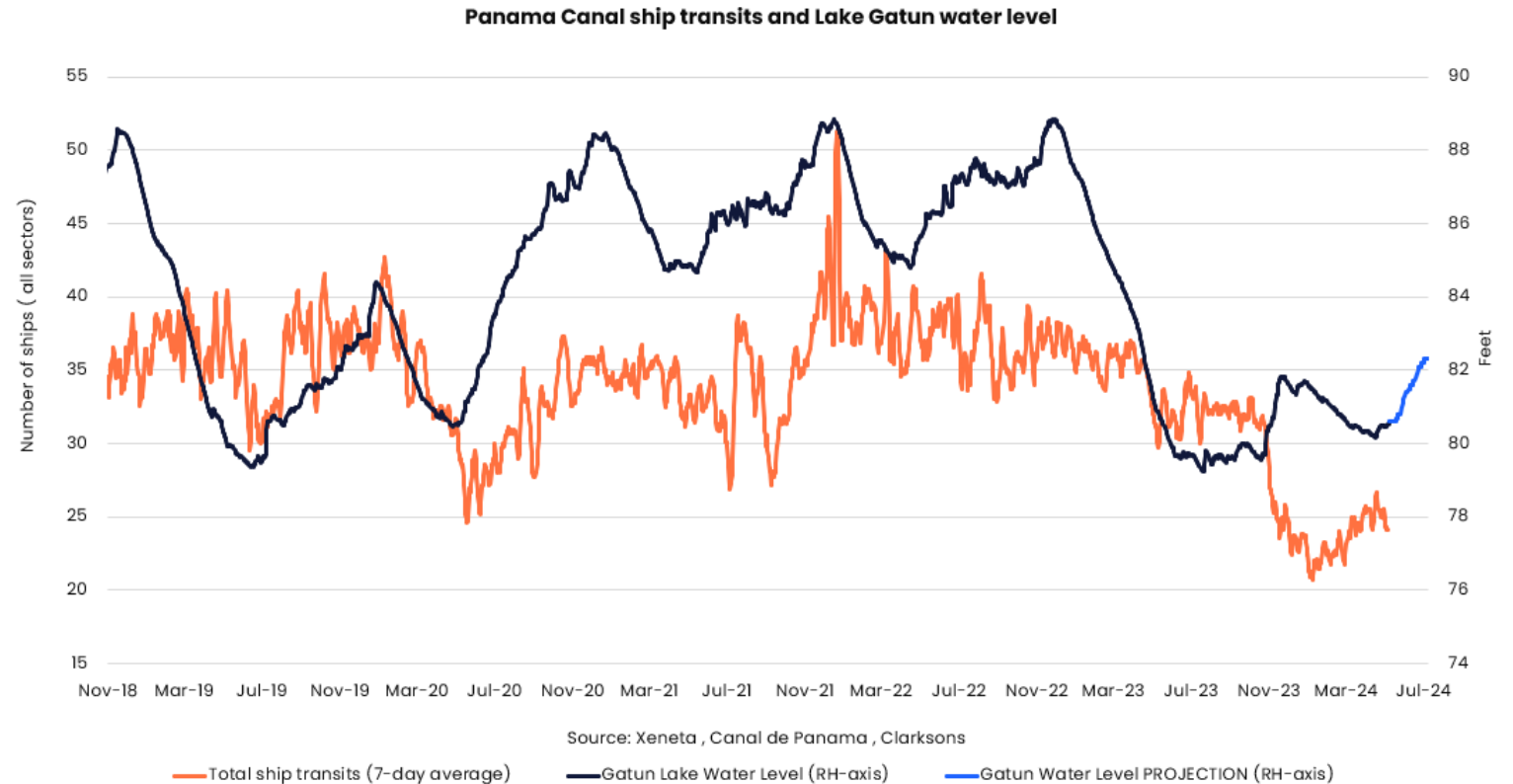
On April 15 it was announced restrictions in the Panama Canal due to drought would be eased, allowing for increased ship capacity through the vital waterway.

With water levels rising in Gatun Lake, new limits have been set by the canal authority at 24 ships per day from May 7-15, increasing to 31 from May 16, and to 32 from June 1.

While this marks progress, challenges remain. The Panama Canal normally handles 6% of global shipping freight, with about 14,000 ships transiting annually.

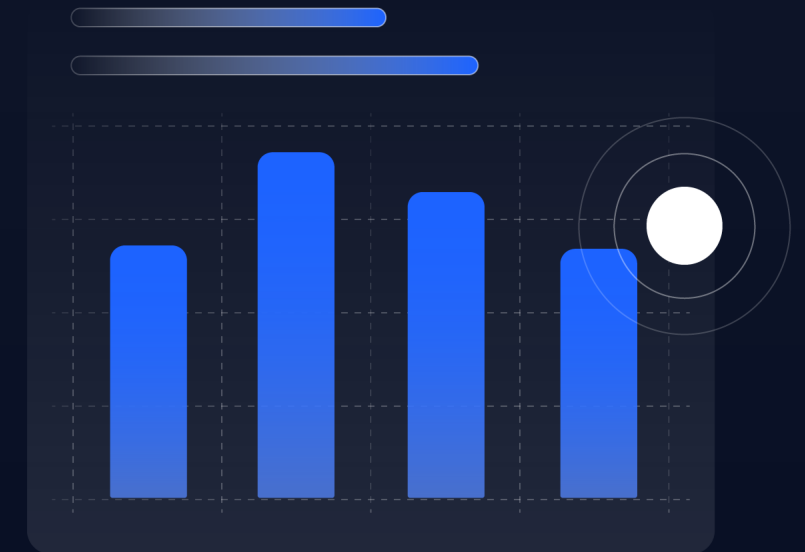
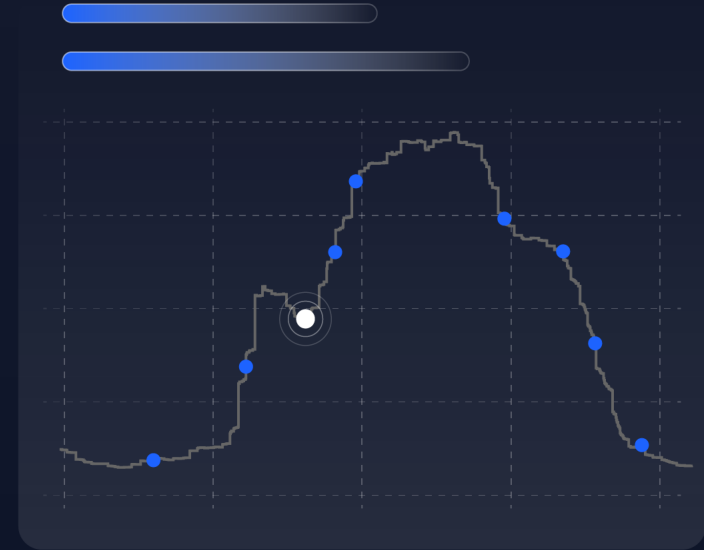
Each ship requires approximately 200 million liters of water, operating through a lock system that raises or lowers ships.

The third passage expansion in 2016 doubled the canal's capacity, allowing more ships to avoid the longer route around South America.



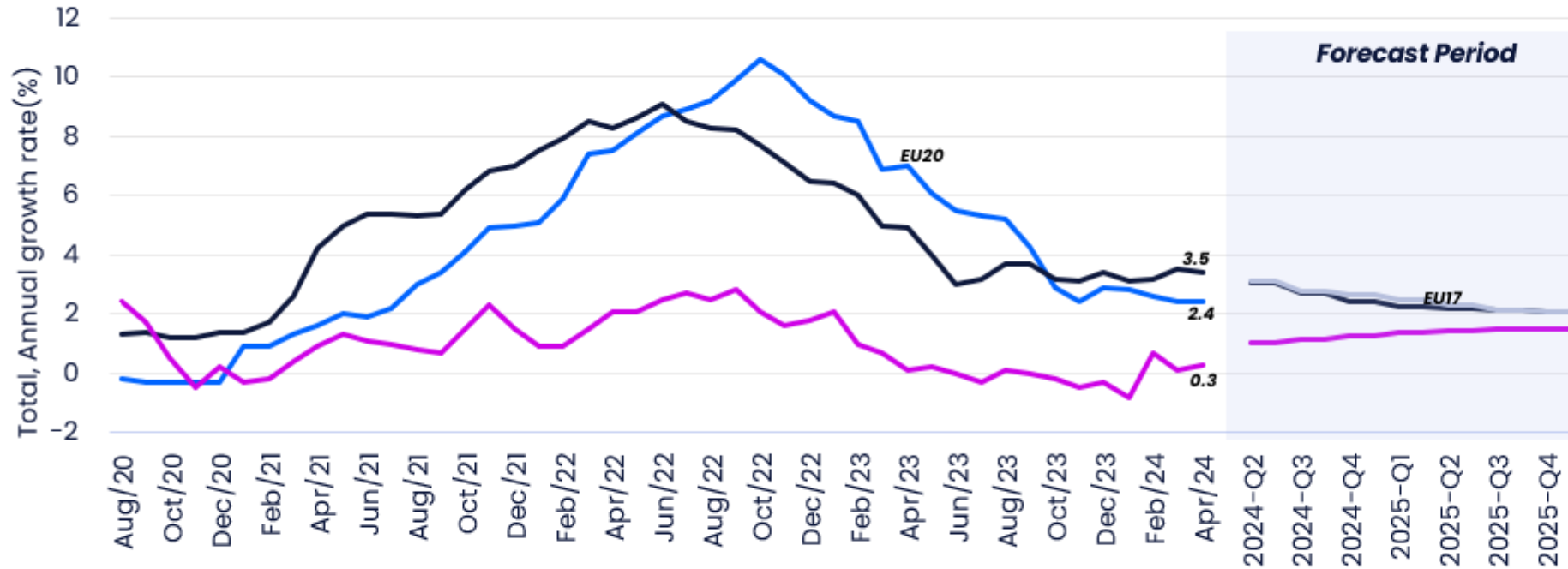
# Where's the economy heading?

In the East and in the West



# April 2024 inflation: Stability in EU and USA, modest rise in China

Inflation and Forecast - Euro Area , USA , China



Source: Xeneta, OECD and Euro Stat

— EU20 — USA — CHINA — EU17

## Inflation actuals and forecasts by OECD

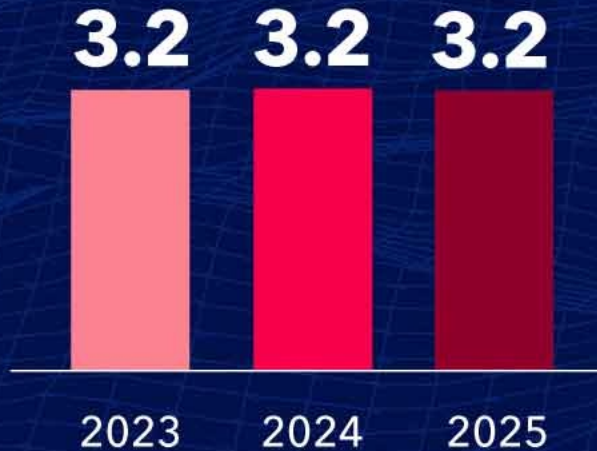
(Measured by consumer price index, or harmonised index of consumer prices (HICP) for euro area countries, the euro area aggregate and the United Kingdom. Inflation measures the general evolution of prices. annual growth rate in percentage)

WORLD ECONOMIC OUTLOOK APRIL 2024

# GROWTH PROJECTIONS

(REAL GDP GROWTH, PERCENT CHANGE)

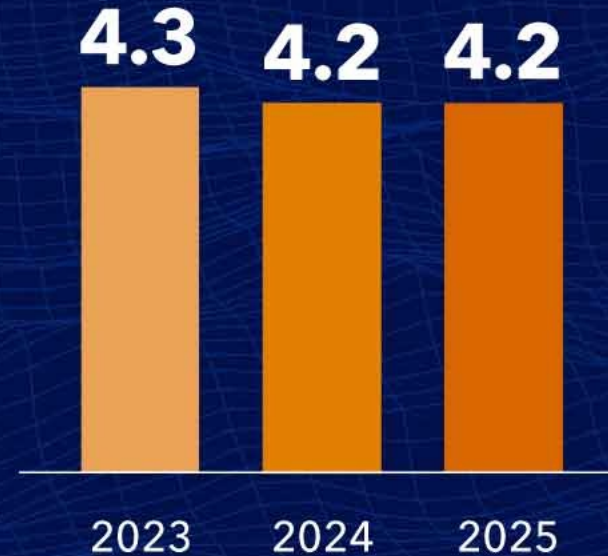
## GLOBAL ECONOMY



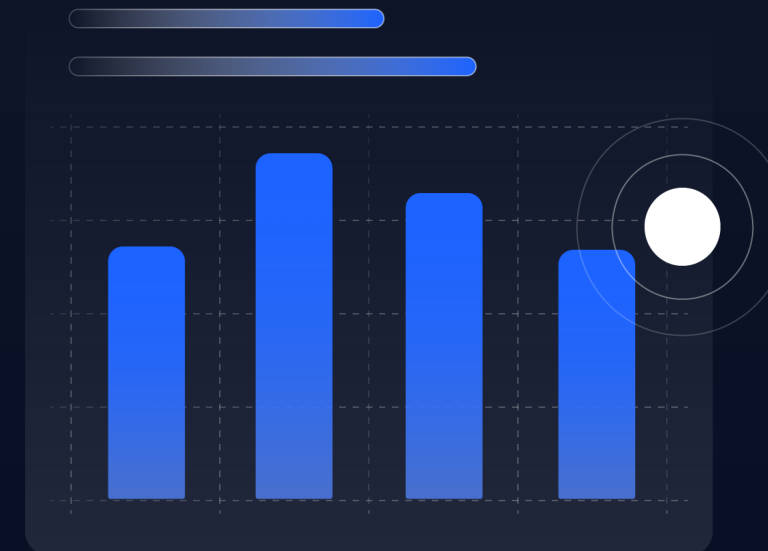
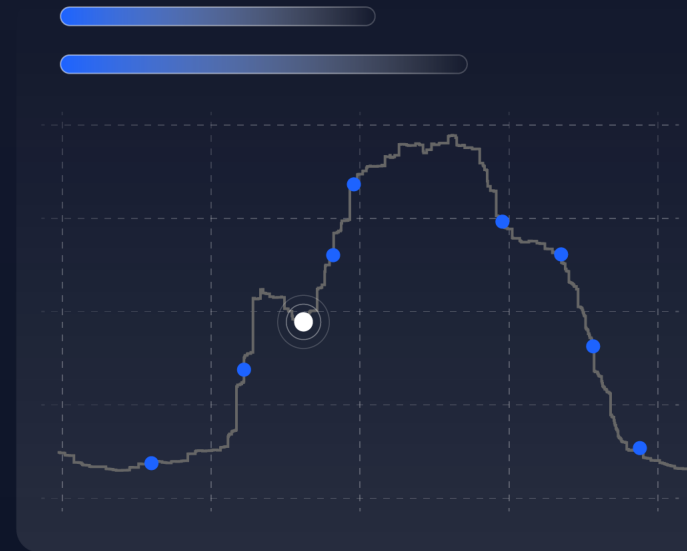
## ADVANCED ECONOMIES



## EMERGING MARKET & DEVELOPING ECONOMIES



# Monthly Specials!

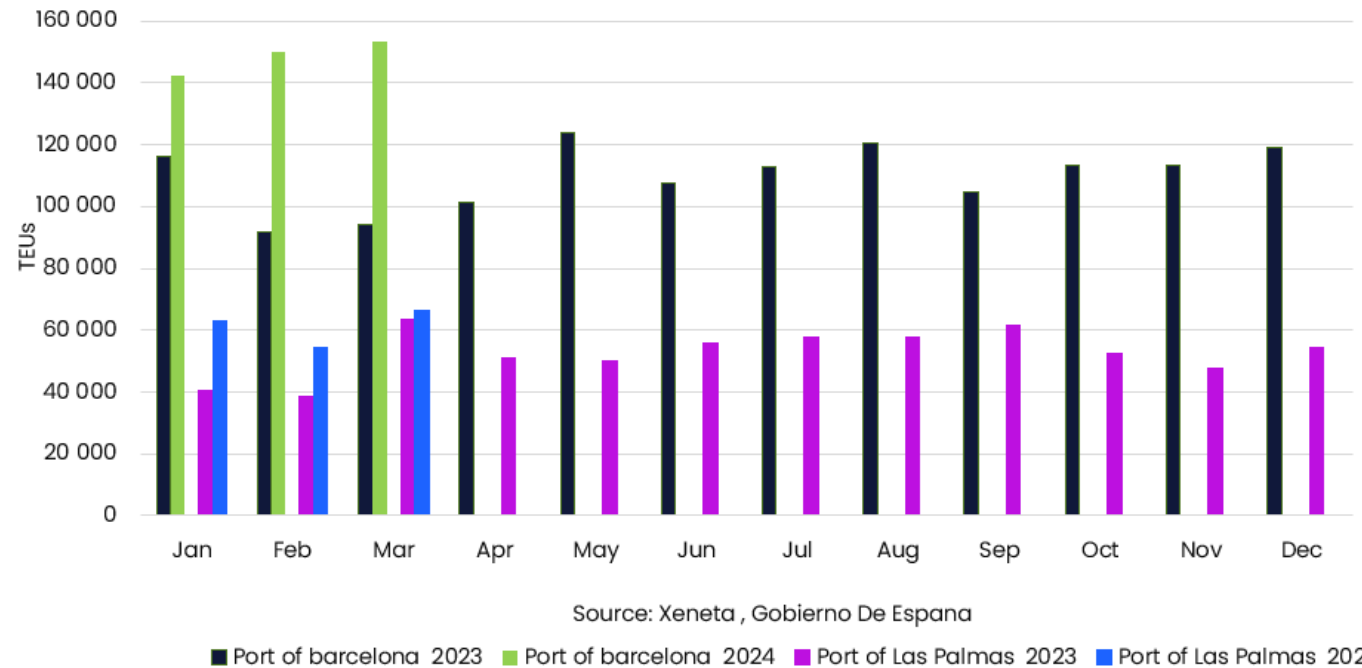




# Congestion at Mediterranean ports is unintended consequence of Red Sea diversions

- Suez Canal closure diverts Far East container ships to west Mediterranean, causing port disruption.
- Large ships unload at ports like Barcelona; with smaller vessels handling final deliveries to central and eastern Mediterranean.
- Barcelona experienced a transshipment traffic surge in Q1 2024.
- Algeciras, Valencia, and Las Palmas see throughput growth but near operational limits.
- Tanger Med in Morocco is an alternative but heavily used.
- Sines in Portugal offers spare capacity; Malaga and Castellon are also alternatives.
- Barcelona faces longer vessel wait times due to increased cargo flow, reduced productivity, IT issues, and bad weather.
- Algeciras nears full capacity and restricting cargo to prevent congestion.
- Potential outcomes: capacity squeeze, rate hikes, port congestion, vessel capacity reduction, blank sailings.
- Importers advised to collect units and empty containers early due to long queues.
- Shipping lines might divert ships for feeder services, worsening capacity shortages and raising rates.

Transshipments in selected Spanish Ports - Western Mediterranean and Atlantic Basin





# Key changes in Western Mediterranean ports operations

These ports are operating at or near operational capacity, risking serious congestion with any increase in volume.

## Western Mediterranean Ports:

**Barcelona:** Significant increase in transshipment traffic by 22%, 64%, and 63% in January, February, and March respectively.

**Algeciras:** Traffic grew by 7% in Q1 2024.

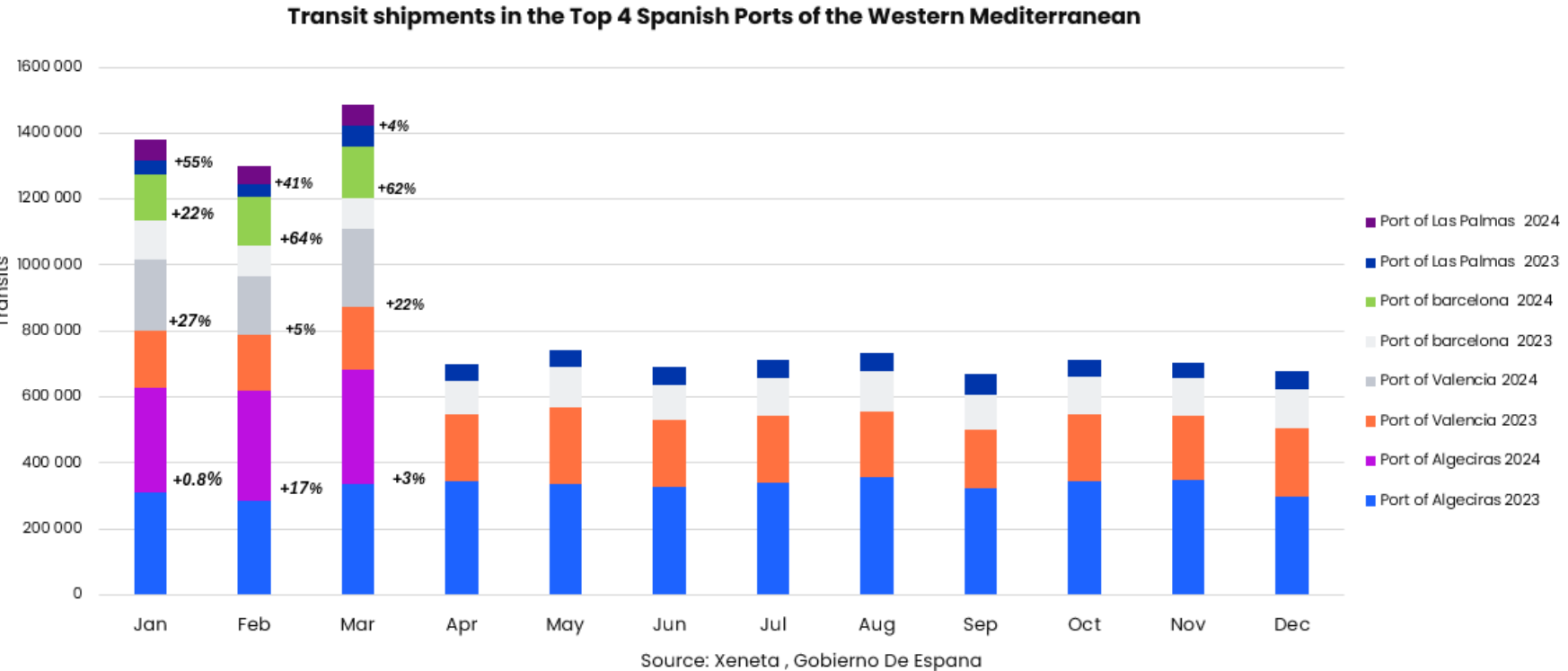
**Valencia:** Traffic grew by 18% in Q1 2024

**Las Palmas:** Traffic grew by 33% in Q1 2024.

## Operational Challenges:

### Barcelona:

- Seven-day average vessel waiting time increased by two days.
- Causes: Increased cargo flow, lowered productivity, IT issues, bad weather.
- Shipping lines request early pickup of import units and empty containers to reduce congestion.



### Algeciras

- One terminal reported being "quite full" with very limited capacity
- Restricted cargo acceptance to prevent severe congestion.

*"Note the numbers beside the bars on the graph. They reflect a substantial rise in transits from 2023 to 2024."*

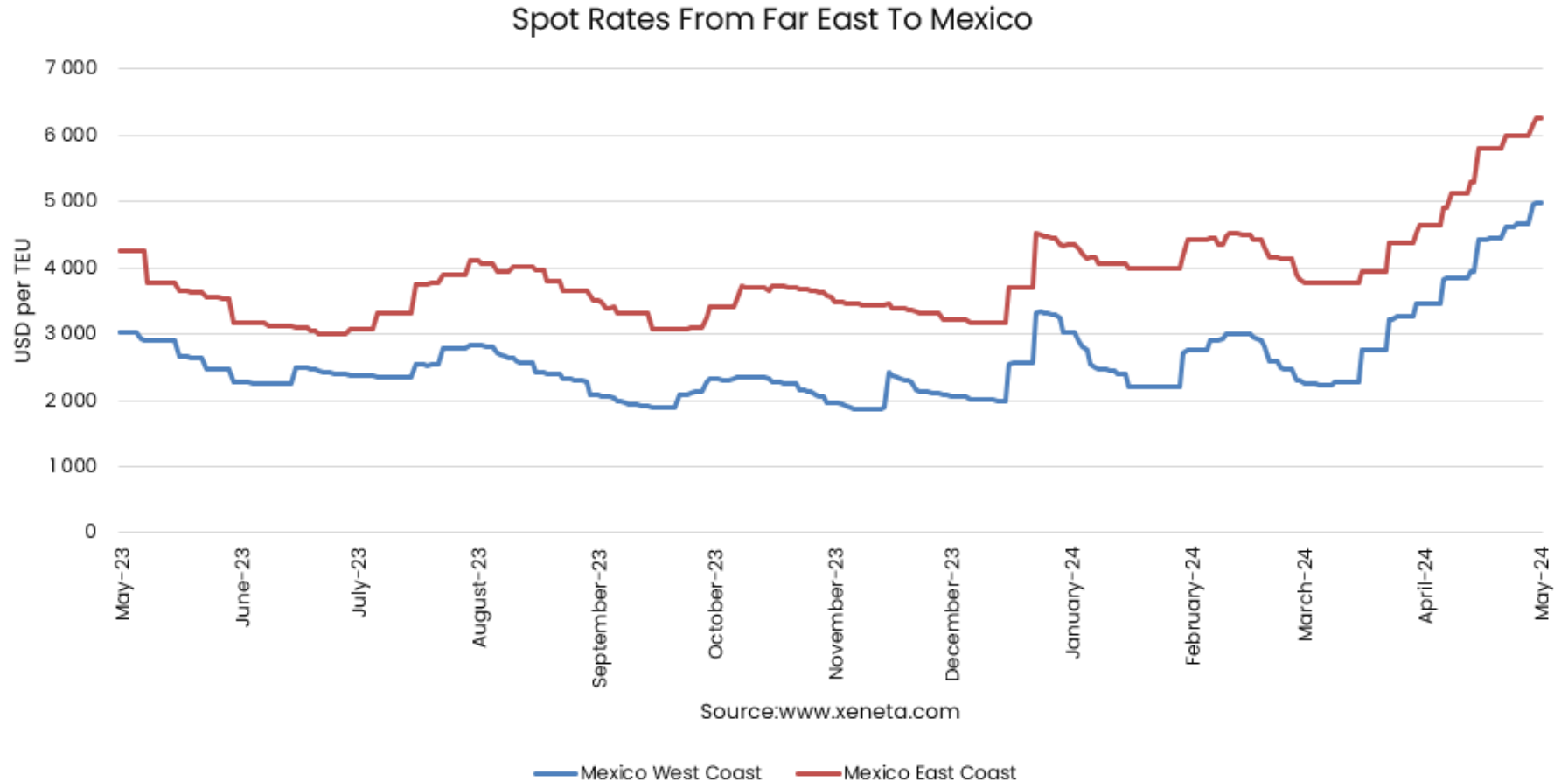
# Far East to Mexico services drive spot rates to 20-month high: COSCO/OOCL, MSC and CMA CGM expand services

*“With spot rates at a 20-month high, and demand growing at the fastest pace for any trade lane, carriers are now answering the call.*

*“COSCO/OOCL, MSC and CMA CGM are all setting up new services to cater for this demand. Ningbo, CN to Manzanillo, MX sits at \$4,096 vs Ningbo to Los Angeles Ports, US where the spot rate is \$3,049.*

*“The flurry on soon-to-be-added capacity should make spot rates turn south once implemented – unless demand keeps rising.”*

**Peter Sand,**  
Chief Analyst at Xeneta



# Easing demand: Dynamic shifts in container volume from Greater China to East Med and Black Sea

The latest container volume data from Container Trades Statistics Limited (CTS) highlights key trends.

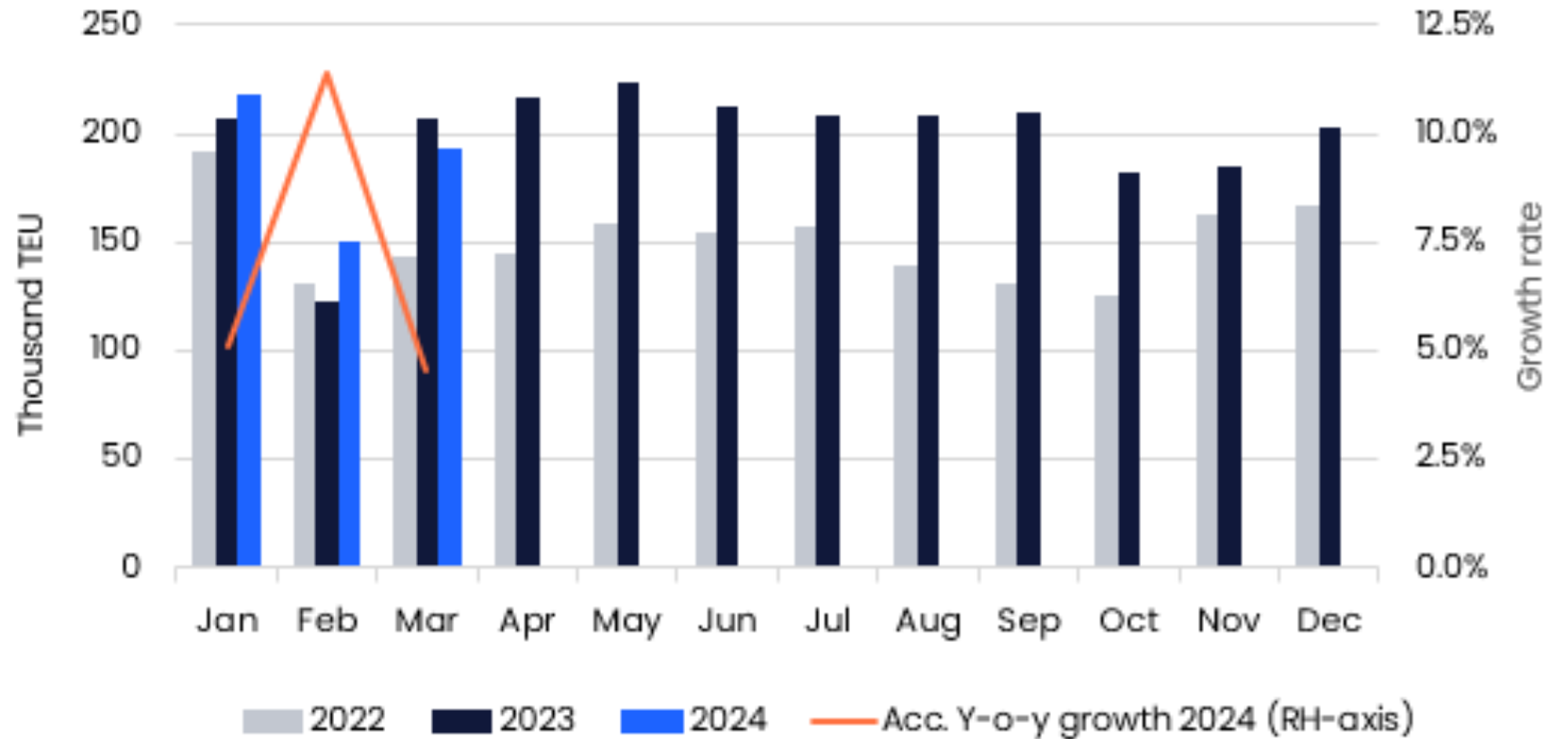
Demand on the China to Eastern Mediterranean and Black Sea trade routes has decreased, easing congestion in Western Mediterranean ports like Barcelona, where transshipments had overwhelmed terminal capacity.

This congestion has caused spot freight rates from Asia to the Mediterranean to rise since May, as detailed by Xeneta's benchmarking platform.

Additionally, Chinese exports in March grew by 3.6% year-over-year, indicating a more stable growth rate compared to the significant declines of early 2023.

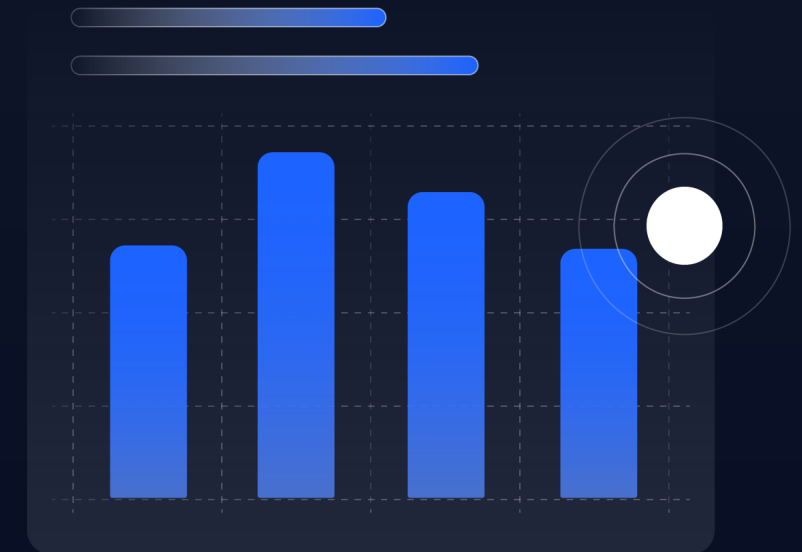
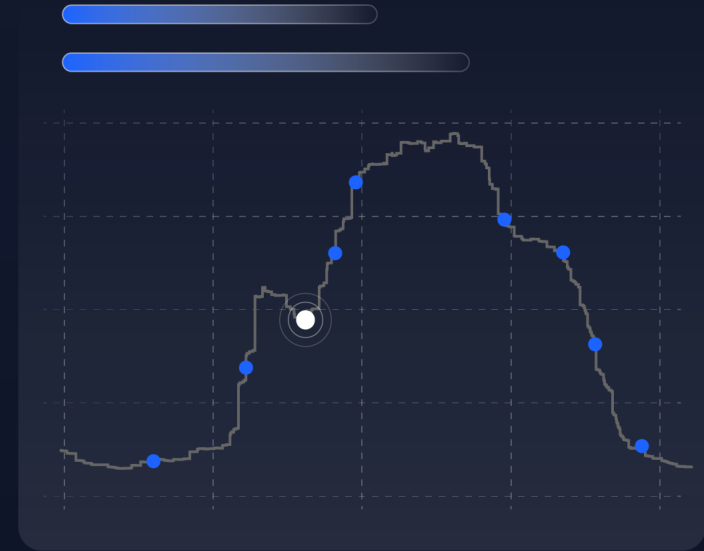
However, export destinations are shifting, with new markets emerging and traditional markets lagging.

### Volume from Greater China to East Med and Black Sea



Source: Xeneta, CTS

# Stay 'in the know'



Don't miss a beat. Stay updated with our blog.

Recent posts on: [www.xeneta.com/blog](http://www.xeneta.com/blog)

May  
17

**What is behind the sudden and dramatic increases in ocean freight container shipping rates?**

[Read now](#)

May  
16

**Weekly Container Rate Update | Week 20 | Water levels rise in the Panama Canal, but impact of drought will linger on**

[Read now](#)

May  
14

**Will new US tariffs on China imports be a case of history repeating? Businesses brace for increased supply chain costs.**

[Read now](#)

May  
14

**The Hidden Costs of Procurement Inefficiency**

[Read now](#)

May  
09

**Weekly Container Rate Update | Week 19 '24 | Congestion at Mediterranean ports is unintended consequence of Red Sea diversions**

[Read now](#)

May  
02

**Xeneta Shipping Index (XSI®): Long term rates edge up globally as Red Sea conflict continues to cast uncertainty across the market.**

[Read now](#)

## Webinar

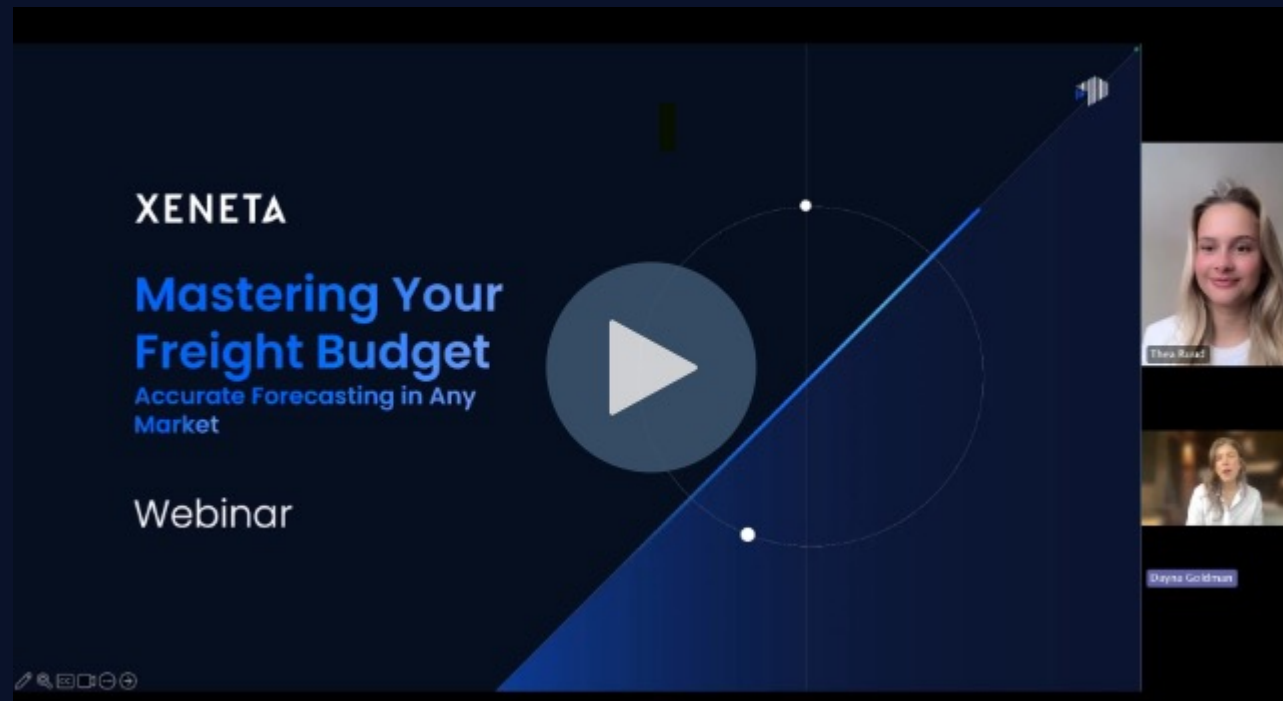
Mastering your freight budget: Accurate forecasting in any market

Current on-demand event

### Key Insights

- Market positioning
- Budgeting & budget monitoring
- Freight intelligence
- Budget optimization

[Watch now](#)



# Q1 2024

## Xeneta Ocean Deep Dive Report

A customer-exclusive quarterly overview of the major developments in container shipping.

[Read now](#)



**XENETA**

**Thank you!**

[www.xeneta.com](http://www.xeneta.com)

**DISCLAIMER**

The content in this report is provided for general information purposes only and participants should not construe any information or discussion or contained therein as personalized advice. Participants are encouraged to do their own research.

Although Xeneta has made reasonable efforts to update the information in this report on the date it is released, Xeneta makes no representations, warranties or guarantees, whether expressed or implied, that the content of this report is accurate, complete or up to date. Xeneta expressly disclaims any liability for any decision made or action taken in reliance on the information contained in this report.

Reproduction, distribution, republication, and/or retransmission of this presentation and any related material without Xeneta's prior written approval is strictly prohibited.

