

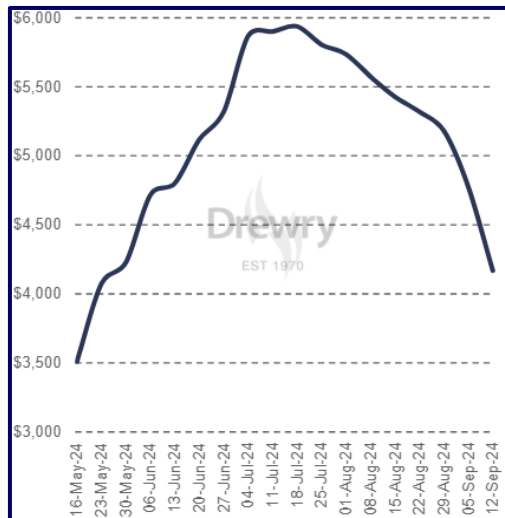
# **GLOBAL TRANSPORTATION MARKET REPORT**

**September 2024**

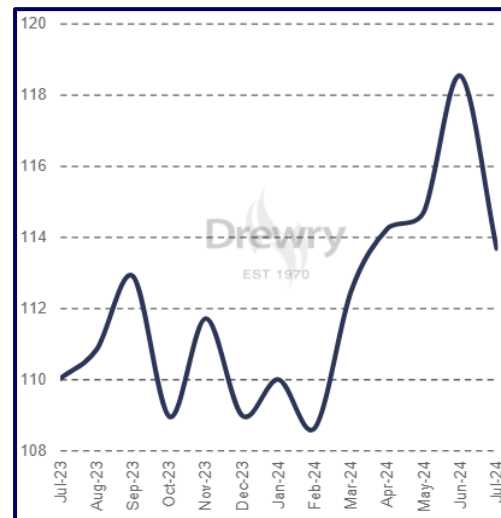


# GLOBAL OCEAN TRENDS

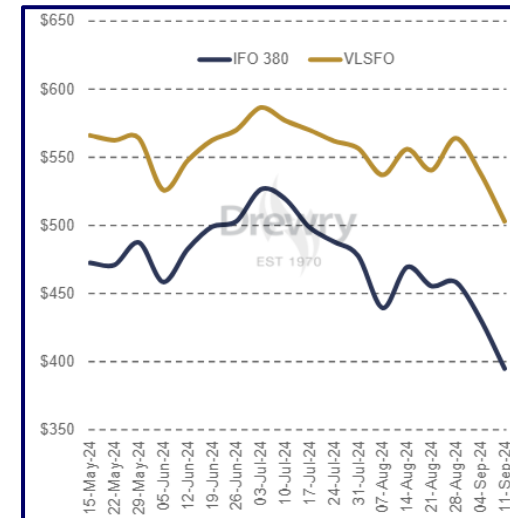
World Container Index



Global Port Throughput



Bunker

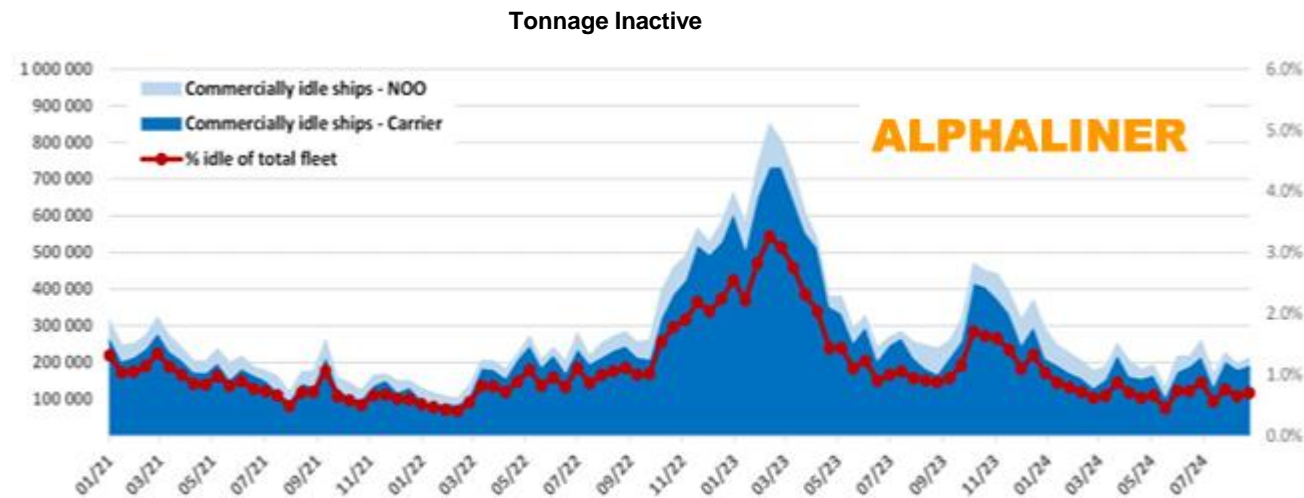


Source: Drewry Marine Research

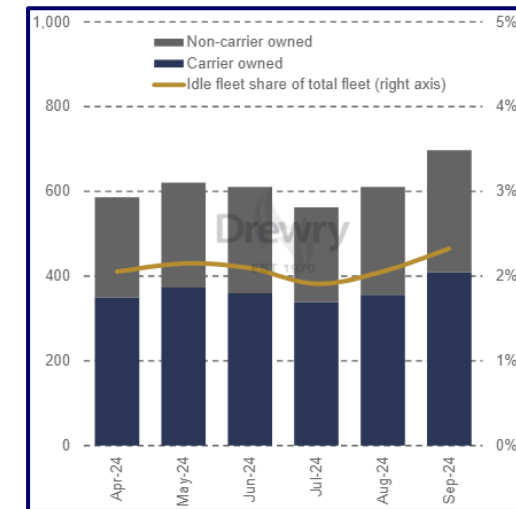
- TPEB spot rates fell throughout the summer; however, berthing in southern WCBP indicates inbound volumes are strong
- Red Sea passages continue to experience disruptions
- ILA discussions pertaining to wage increases could result in a strike or other labor action beginning Oct. 1, if no agreement is reached

- Container spot rates continue to decline on the main east-west trades
- Shippers are looking at alternatives if a labor action impacts U.S. Gulf and East Coast ports. These ports are already dealing with disruptions due to the Cape of Good Hope diversions; if demand spikes for rail and other seaports, those alternatives may struggle to accommodate the additional volume.

# CAPACITY AND IDLE FLEET



Source: Alphaliner



Source: Drewry Marine Research

- Through August, 67 ships reported inactive, representing an idle capacity of 1M TEUs (<1% of the total fleet)
- Orderbooks remain robust, with 35 vessel deliveries in August including 10 12,000+ TEU ships received by MSC, CMA CGM, Cosco, Hapag, Maersk, HMM and Wan Hai

# OCEAN TRADE LANES

- Analysts predict that if an ILA strike begins Oct. 1, stopping work on U.S. Gulf and East Coast ports, it may last as many as seven days before the government intervenes to settle the dispute
- Container flows out of India's west coast ports are under severe stress, as terminals are dealing with bottlenecks from extreme weather in addition to lingering capacity pressure linked to a backlog of volume. Longer wait times to berth could induce blank sailings or carriers skipping ports.
- Both import container dwell time and import on-dock rail awaiting loading are growing at the Ports of Los Angeles and Long Beach due to volume increasing into the region over the past few weeks
- With the termination of the 2M agreement, MSC is the new standard for large carriers on the East-West trades as a standalone vessel operator, exchanging some slots with HMM, Yang Ming and ONE. A multi-year contract has been signed for cooperation between MSC and ZIM on the TPEB trade. Maersk Line will cooperate with Hapag Lloyd in the Gemini Cooperation, offering an alternative network for Cape of Good Hope routings and requiring more ships to meet their schedule reliability goal.

Trade Lane	Status	Comments
TPEB to USEC	Red	
TPEB to USWC		
CBP to N Eur		
CBP to MED		
SE Asia to N Eur		
SE Asia to MED	Yellow	
ISC to US		
N Eur to ISC		

Trade Lane	Status	Comments
N Eur to AP	Yellow	
MED to AP		
US to N Eur		
US to MED		
MED to US		
N Eur to US		
US to ISC	Yellow	
Med to ISC		

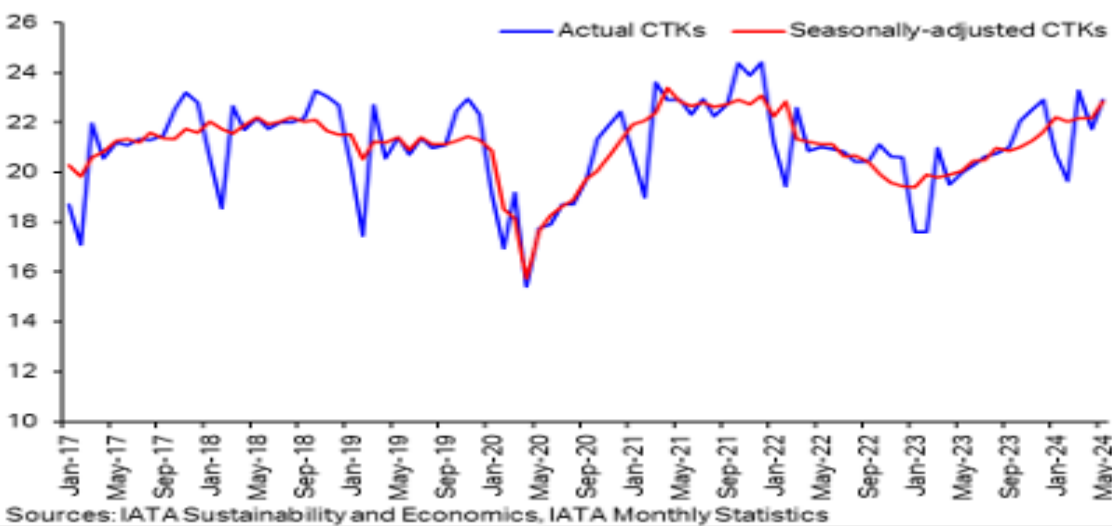
Green	Available space; quick booking turn time.
Yellow	Capacity well utilized; some space available.
Red	Demand higher than supply; space agreements challenged.



# OCEAN CARRIER UPDATES

- MSC added extra calls at London-Gateway, Zeebrugge and Colombo (eastbound) to the pro forma rotation of its standalone North Europe – Asia – U.S. West Coast pendulum service
- In October, ONE will improve its coverage of the Western India – Gulf – Red Sea trade with the introduction of a new weekly service
- This month, CNC, the intra-Asia arm of CMA CGM Group, is launching a Philippines local service linking the islands of Luzon, Visayas and Mindanao
- In October, Emirates Shipping Lines, KMTC, Global Feeder Shipping, and TS Lines, joined by ONE, will revamp their coverage between the Far East and the Middle East
- MSC is reshaping its Far East – ECSA "Santana" and "Carioca" services, dropping several ports and adding others, in a move to enhance transit times and direct port pair connectivity. The "Santana" service will no longer serve Balboa, Caucedo, Sepetiba, Paranagua, Santos and Colombo. However, it's added a new call at Suape, while Manaus connects to the service via transshipment in Salvador.
- MSC is also adding Ningbo and Caucedo in the rotation of its standalone Asia – U.S. East Coast "Liberty" service, launched last month

Global Tonnage Flown per Kilometer (CTK) (billions per month)



	World share <sup>1</sup>	July 2024 (% year-on-year)				July 2024 (% year-to-date)			
		CTK	ACTK	CLF (%-pt)	CLF (level)	CTK	ACTK	CLF (%-pt)	CLF (level)
TOTAL MARKET	100.0%	13.6%	8.3%	2.1%	44.4%	13.4%	9.2%	1.7%	45.3%
Africa	2.0%	6.2%	10.5%	-1.6%	40.0%	14.8%	19.0%	-1.6%	43.4%
Asia Pacific	33.3%	17.6%	11.3%	2.6%	48.0%	16.7%	13.8%	1.2%	46.2%
Europe	21.4%	13.7%	7.6%	2.7%	49.6%	14.1%	9.7%	2.1%	53.5%
Latin America	2.8%	11.1%	9.4%	0.5%	33.8%	10.0%	8.3%	0.5%	35.9%
Middle East	13.5%	14.7%	4.4%	4.1%	45.8%	17.6%	8.7%	3.5%	46.5%
North America	26.9%	8.7%	7.0%	0.6%	38.2%	7.1%	3.8%	1.2%	39.7%
International	86.6%	14.3%	10.1%	1.8%	49.7%	14.3%	11.8%	0.1%	50.9%
Africa	2.0%	6.1%	10.2%	-1.6%	41.0%	14.8%	18.7%	1.4%	44.6%
Asia Pacific	29.8%	17.7%	15.7%	0.9%	54.9%	16.6%	18.0%	0.3%	54.0%
Europe	21.0%	13.9%	7.8%	2.8%	51.9%	14.3%	10.0%	0.1%	55.6%
Latin America	2.4%	9.2%	9.8%	-0.2%	37.5%	9.2%	9.8%	0.7%	40.2%
Middle East	13.4%	14.7%	4.4%	4.1%	46.1%	17.6%	8.7%	0.3%	46.8%
North America	17.9%	10.4%	9.4%	0.4%	45.4%	8.7%	6.9%	-1.3%	47.0%

Note 1: % of industry CTKs in 2023  
Note 2: the total industry and regional growth rates are based on a constant sample of airlines combining reported data and estimates for missing observations. Airline traffic is allocated according to the region in which the carrier is registered; it should not be considered as regional traffic. Historical statistics are subject to revision.

# AIR FREIGHT OVERVIEW

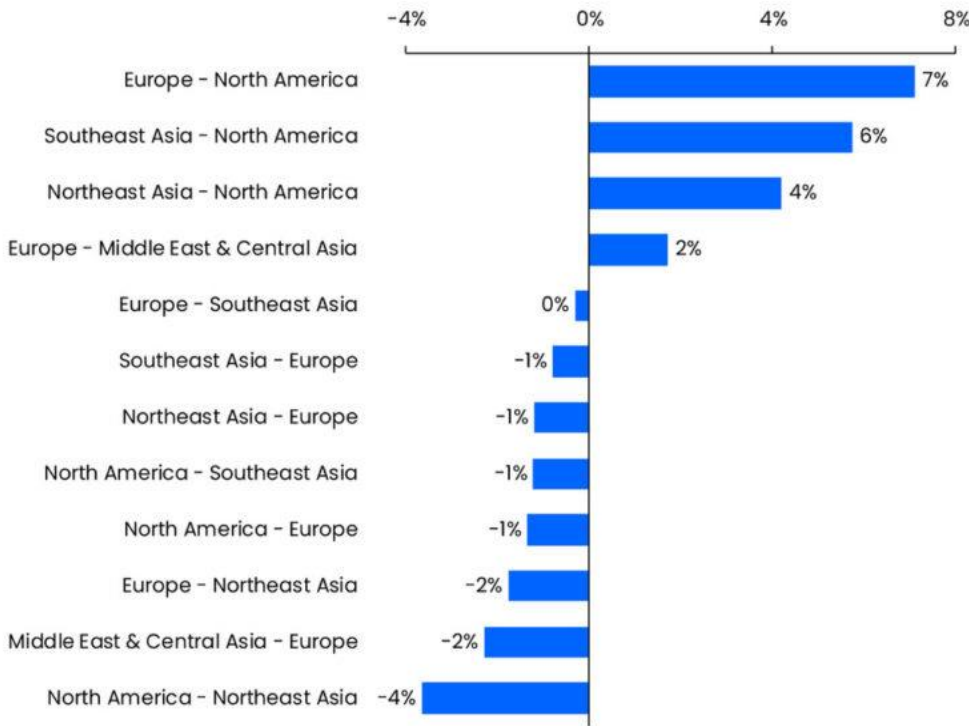
- Asia Pacific carriers recorded the largest demand with more than 17% growth year over year
- Cargo spot rates were elevated in August as demand and capacity imbalances continued
- Spot rates showed their largest year-on-year growth of 24%
- August concludes what global airfreight analysts are calling “practice peak”

# AIRFREIGHT DEMAND, LOAD FACTOR AND RATE DEVELOPMENT

- Xeneta’s analysis showed that global air cargo volume growth slowed down last month compared to earlier this year, with demand increasing 11% year on year in August compared to 14% in July and 13% in June
- AIT analysts expect a seller’s market out of Asia and across the Atlantic due to the latter’s reduction in winter capacity
- Volume out of China is expected to be high in Q4 with e-commerce demand remaining a significant factor, having grown by 30% since the beginning of 2024
- A noticeable ocean-to-air shift due to disruptions in the Red Sea and robust e-commerce volume continued to drive rate increases ahead of the Q4 peak season

## Cargo rates to North America increased amid the traditional slack season

**Air cargo spot rate month-over-month developments for selected global corridors, in August 2024**  
(Changes in percentage; rates in USD per kg)



Source: Xeneta

# AIR TRADE LANES

- Transatlantic airfreight lanes will have much less capacity after September when capacity shifts to the Asia-Europe trade lane for the winter season
- In July, Qatar Airways and Air France KLM Martinair Cargo announced they were moving freighter flights from the Latin America market to capitalize on demand and rate spikes in the Asia Pacific region
- Fueled by the Red Sea crisis and other geo-political factors affecting ocean transit, air charter demand has surged out of India, with rate increases driving reported revenues up by more than 40%
- Although year-on-year spot rates were up in August, month-on-month rates were down 1%, likely reflecting a slight cooling of ocean-to-air shift due to frontloaded ocean imports
- Analysts agree that volume growth over the summer months meant there was no slack season, and demand can be expected to increase even further in Q4

Trade Lane	Status	Comments
AP to US		
US to AP		
Europe to AP		
AP to Europe		
Europe to US		
US to Europe		

Trade Lane	Status	Comments
US to LATAM		
LATAM to US		
Europe to LATAM		
LATAM to Europe		
India to US		
US to India		

	Available space; quick booking turn time.
	Capacity well utilized; some space available
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# NORTH AMERICAN TRANSPORTATION

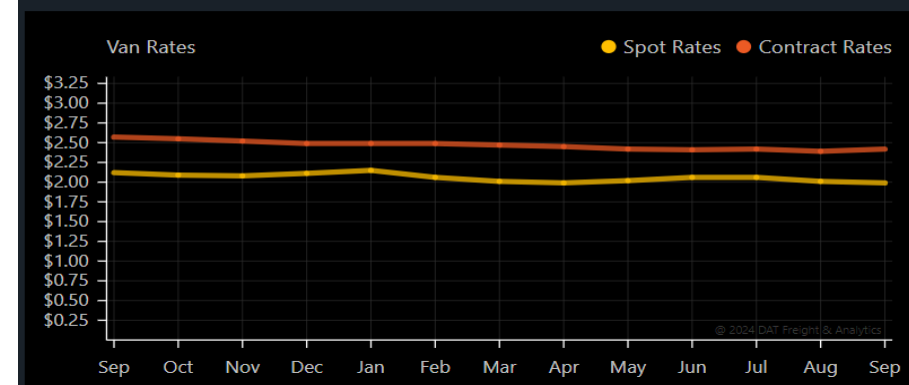
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## National Spot Rates

Spot market slows post-holiday



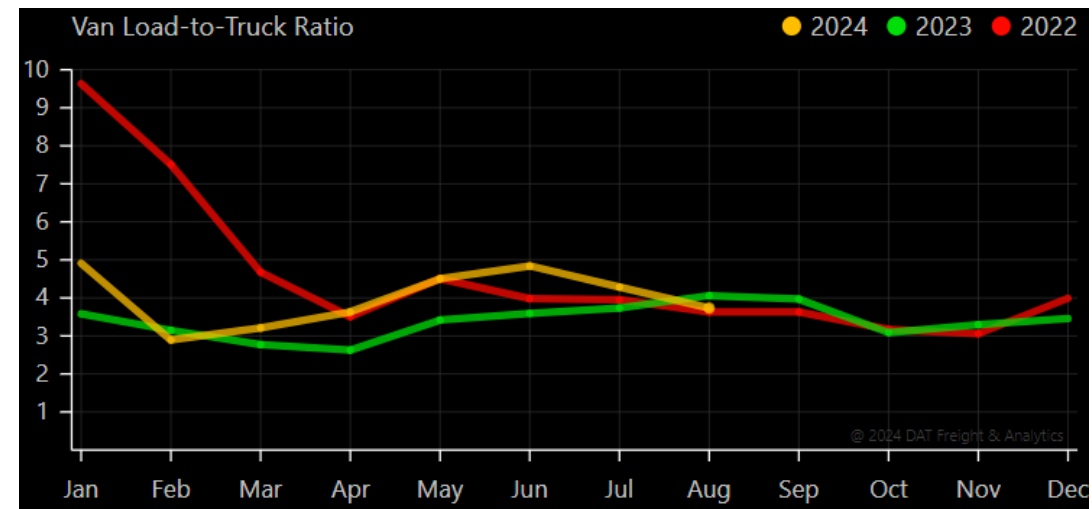
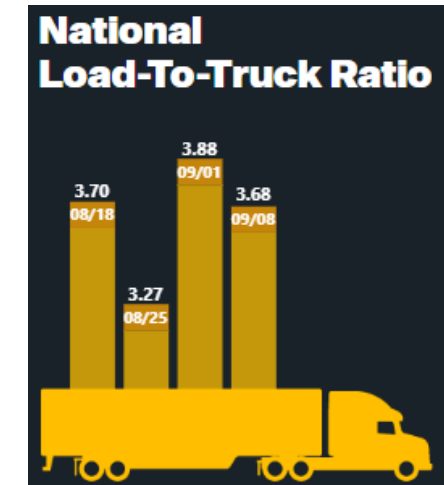
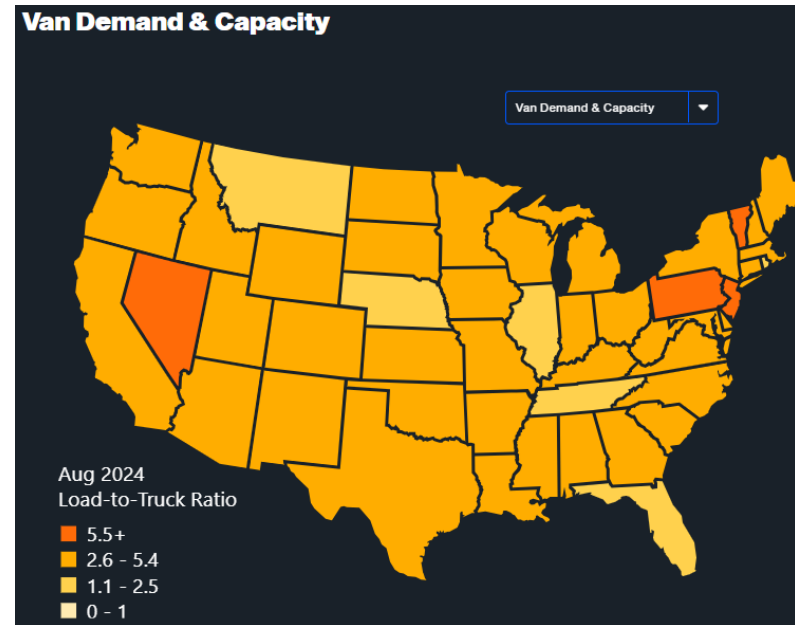
## Van Rates



- Peak season capacity indications from customers are typical; however, some shippers who had been working with non-asset-based brokers are starting to transition back to asset-based carriers, which suggests the market could potentially see a peak season uptick
- However, compared to 2023 – which was devoid of traditional seasonality – the market is approaching Q4 from a modest baseline, increasing the likelihood of a 2024 peak season with tighter capacity and higher rates
- Rates remain in the buyers' favor; Q4 demand and economic performance will drive any rate increases

# NORTH AMERICAN TRANSPORTATION

- Load-to-driver capacity remains favorable in most markets
- Carriers are preparing for contract season to set 2025 agreements
- Load-to-truck ratios are currently 3.5-to-1; spot rates are unlikely to increase until the ratio is closer to 6-to-1
- Peak season expectations from customers have been mixed, but carriers are feeling pressure to increase prices because their operating costs are 25 to 30 cents (per mile) above spot rates



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