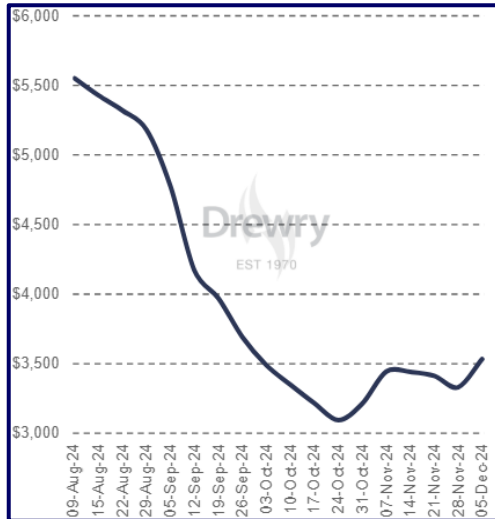


GLOBAL TRANSPORTATION MARKET REPORT DECEMBER 2024

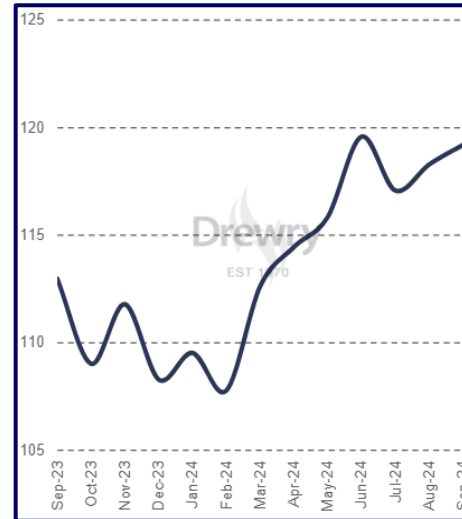


GLOBAL OCEAN TRENDS

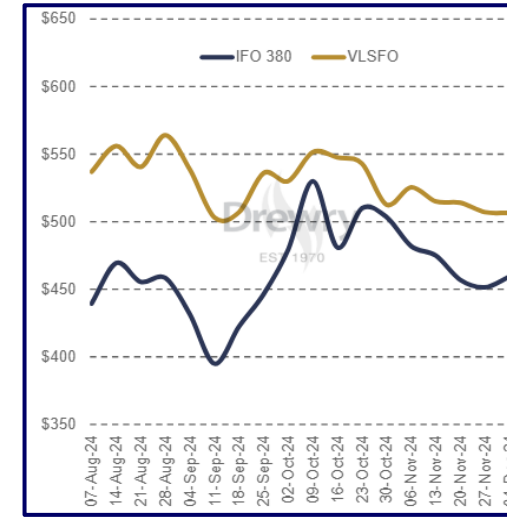
World Container Index



Global Port Throughput



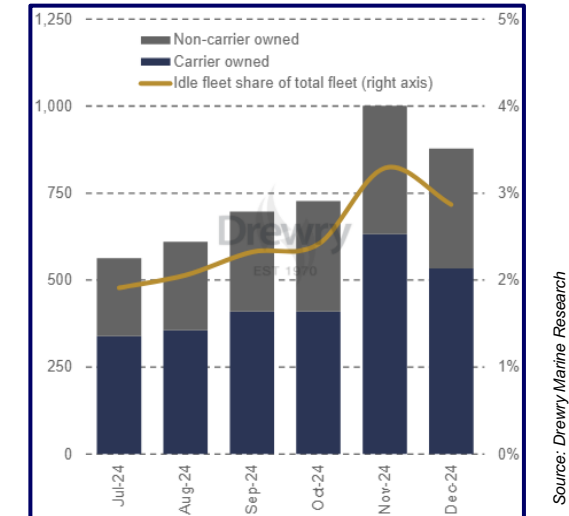
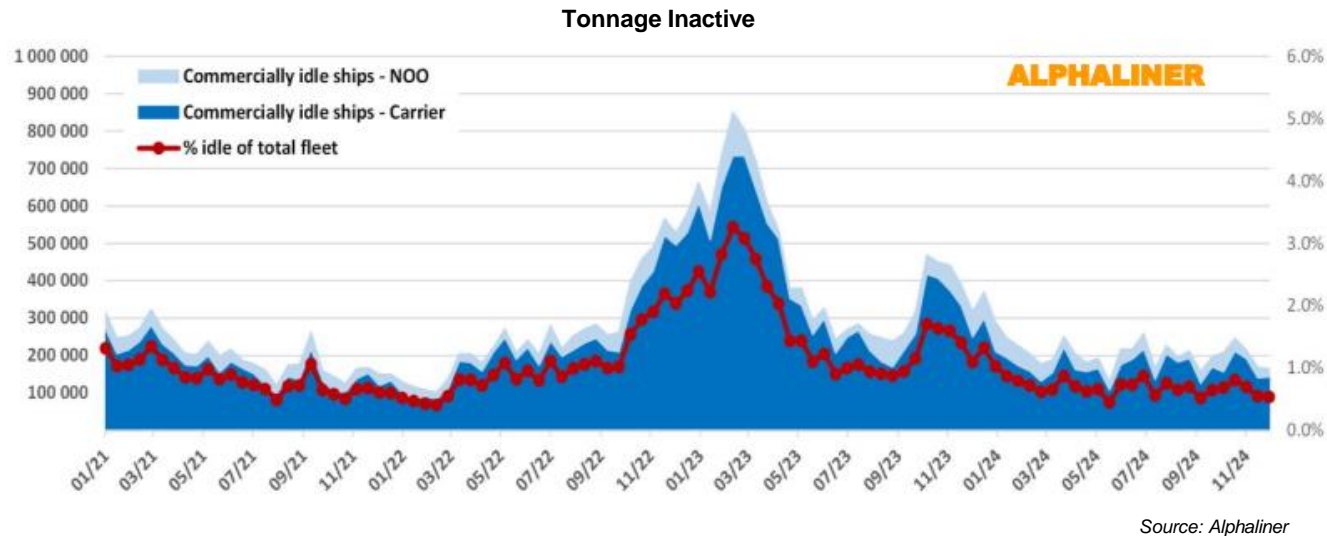
Bunker



Source: Drewry Marine Research

- Over the past 12 months, efforts to avoid attacks on ocean freighters in the Red Sea have allowed carriers to profit from a 20% increase in expenses related to vessels rerouting via the Cape of Good Hope. Additionally, carriers are planning new launches and alliances with these routes, as there is no near-term end in sight for the heightened security risk in the Red Sea.
- With new routings on head haul trades being commonplace, transshipments (and their associated container handling costs) are impacting rates for shippers. This is expected to continue into the coming year.
- U.S. president-elect Donald Trump's planned tariffs on Chinese products are expected to boost containerized imports from Vietnam, Thailand and South Korea, which have already seen significant growth since 2017.
- The container vessel fleet deployed in the Asia-North America trade grew by 4.2% year-on-year, with CMA as the leading carrier on this trade lane as of December. Maersk and Cosco continue to compete with CMA for the largest market share on this route.

CAPACITY AND IDLE FLEET



- Through December, 53 ships were reported as inactive, representing an idle capacity of nearly 165,000 TEUs (<1% of the total fleet).
- Orderbooks remain robust with 25 vessel deliveries from November into December, including four 15,000+ TEU ships and one 23,000+ TEU ship.

OCEAN TRADE LANES

- In October, the International Longshoremen’s Association and the U.S. Maritime Alliance agreed to wage increases but deferred the agreement on its master contract, expecting to negotiate details regarding automation next month. If an agreement is not reached by mid-January, a prolonged strike at U.S. East and Gulf coast ports could pose a major threat to supply chains.
- A dockworkers' strike across all major ports in India was averted when the government honored an agreement with the labor union that was signed in September.
- The incoming U.S. presidential administration’s impact on shipping demand remains to be seen. However, vessels originating in Asia are loaded with cargo and enroute to the United States in advance of potential tariff increases in January and beyond.

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

Available space; quick booking turn time.

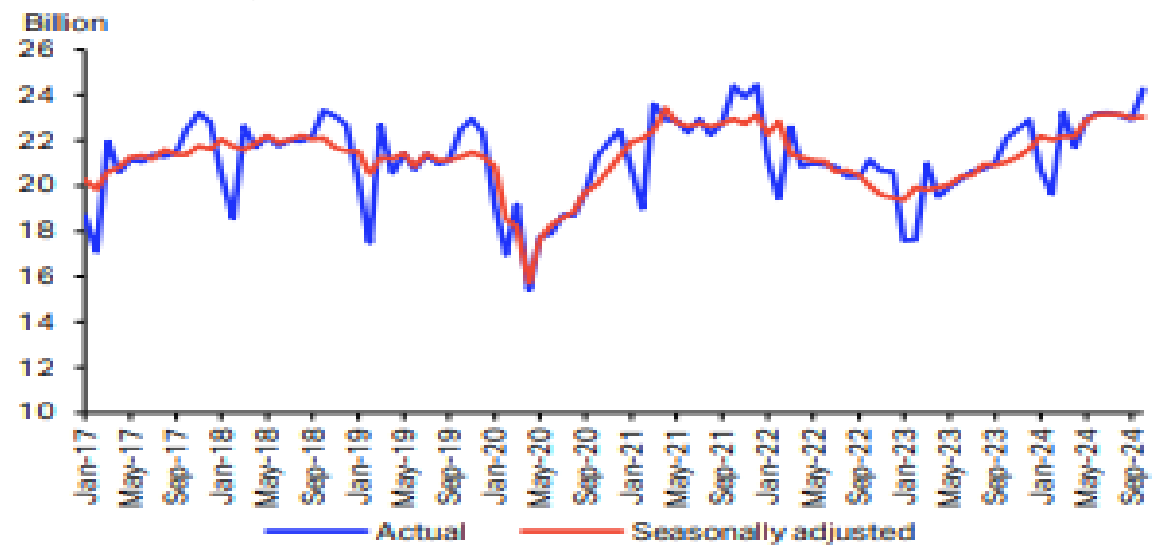
Capacity well utilized; some space available.

Demand higher than supply; space agreements challenged.

OCEAN CARRIER UPDATES

- The U.S. Federal Maritime Commission said it would postpone approval of the Premier Alliance to request more information about the cooperation agreement. The Commission determined that the agreement, "...lacked sufficient detail to allow for a complete analysis of potential competitive impacts and whether the agreement fully complies with all statutory requirements."
- As part of a Vessel Sharing Agreement with MSC, ZIM announced rotation changes beginning in February for some of its Asia-USEC loops.
- Premier Alliance plans to launch an ISC-North Europe service on Feb. 5. Routing via the Cape of Good Hope, it will turn in eleven weeks, serving Karachi, Hazira, Mundra, Nhava Sheva, Colombo, London-Gateway, Rotterdam, Hamburg, Antwerp, and Karachi.
- MSC plans to launch an additional Asia-WCNA serving Xiamen, Yantian, Ningbo, Shanghai, Busan, Seattle, Vancouver, Portland, Busan, and Xiamen.
- MSC plans to enhance its Asia-Europe network with added Nansha calls on its "Lion" service to Northern Europe as well as its "Dragon" service to the Mediterranean.
- In early January, OOCL and Yang Ming will enhance their coverage between Central/South China and Thailand with the launch of a weekly joint service.

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



World share ¹	October 2024 (% year-on-year)					October 2024 (% year-to-date)			
	CTK	ACTK	CLF (%-pt)	CLF (level)		CTK	ACTK	CLF (%-pt)	CLF (level)
TOTAL MARKET	100.0%	9.8%	5.9%	1.7%	47.3%	12.2%	8.1%	1.7%	45.4%
Africa	2.0%	1.6%	7.7%	-2.4%	40.1%	10.7%	16.3%	-2.1%	41.8%
Asia Pacific	33.3%	13.4%	9.3%	1.8%	49.3%	15.3%	12.0%	1.4%	46.8%
Europe	21.4%	7.6%	3.9%	1.9%	55.5%	12.9%	8.7%	2.0%	53.2%
Latin America	2.8%	18.5%	5.8%	4.4%	41.1%	12.6%	7.9%	1.5%	36.6%
Middle East	13.5%	4.5%	0.8%	1.7%	48.0%	15.0%	6.8%	3.3%	46.6%
North America	26.9%	9.5%	5.8%	1.4%	41.1%	6.4%	3.6%	1.0%	39.7%
International	86.6%	10.3%	7.2%	1.5%	52.9%	13.1%	10.4%	0.2%	50.9%
Africa	2.0%	1.6%	7.7%	-2.5%	41.1%	10.6%	16.1%	2.2%	42.9%
Asia Pacific	29.8%	13.1%	12.4%	0.3%	55.8%	15.3%	15.8%	0.4%	54.3%
Europe	21.0%	7.5%	4.4%	1.7%	57.1%	13.1%	9.2%	0.3%	55.2%
Latin America	2.4%	17.6%	5.6%	4.8%	47.3%	11.5%	9.3%	0.2%	40.7%
Middle East	13.4%	4.5%	0.7%	1.8%	48.3%	15.0%	6.8%	0.2%	46.9%
North America	17.9%	13.4%	7.9%	2.5%	50.3%	8.6%	6.3%	-1.0%	47.1%

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

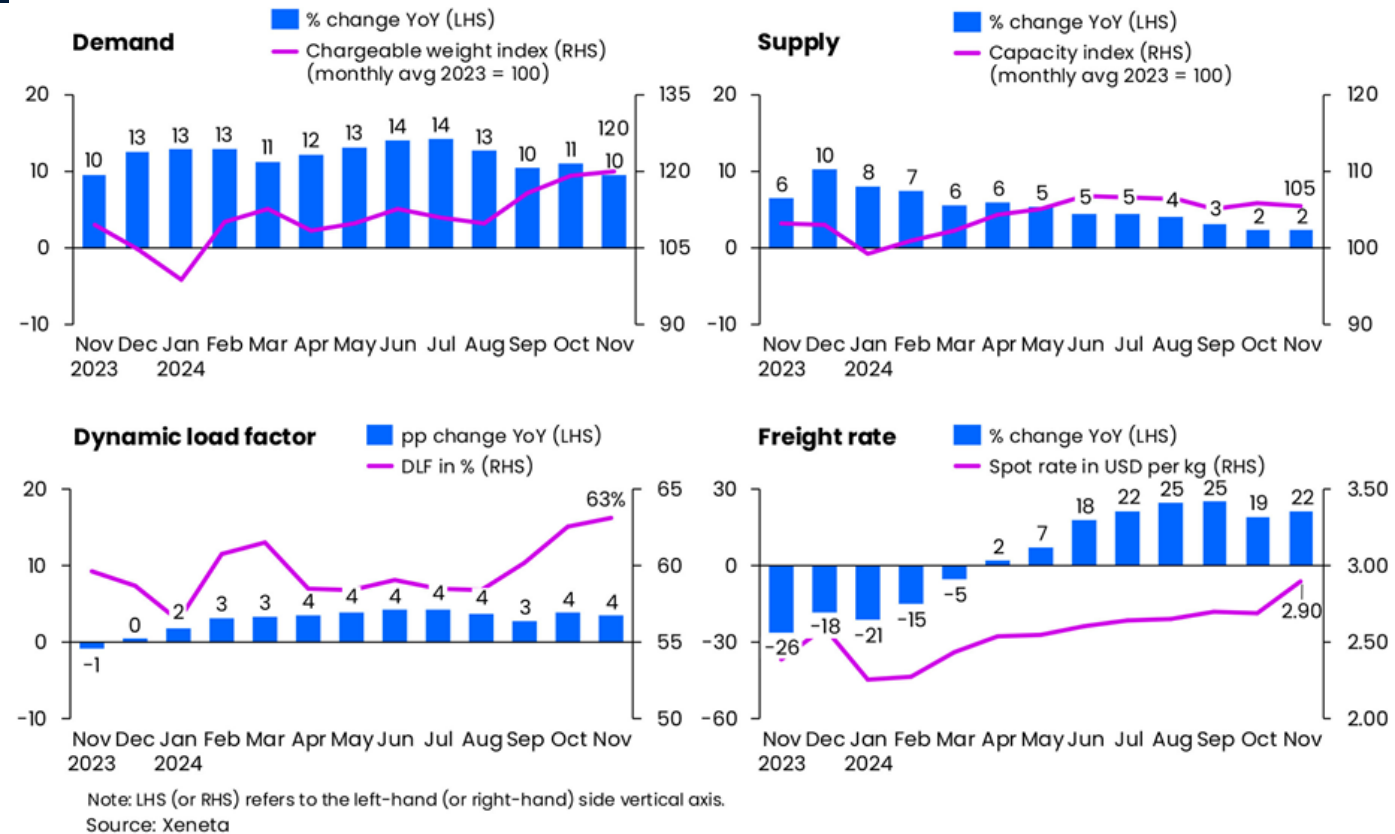
- The cargo market has lent significant support to airline traffic in 2024. Demand surged thanks to persistent cross-border e-commerce as well as capacity limitations in ocean shipping. The outlook for 2025 remains strong, given the ongoing challenges in maritime shipping. Global yields for air cargo stopped declining in 2023 and are now approximately 30% above pre-pandemic levels. Analysts expect cargo yields to remain stable in 2025.
- Global air cargo capacity grew by 5.9% YoY in October, reaching record-high levels.

AIRFREIGHT DEMAND GROWTH AND RATES

- Air cargo demand continued to increase by double-digit percentages in November, but the industry managed to avoid disruption despite the rapid growth.
- The latest figures from data firm Xeneta show that air cargo demand increased by 10% year over year in November, the 13th consecutive month of double-digit improvements.
- Meanwhile, capacity increased by 2%, which resulted in a four-percentage point improvement in the dynamic cargo load factor to 63% – its highest level in more than 2-1/2 years.
- In the outbound Northeast Asia market, spot rates to Europe rose by 13% month-over-month to more than \$5 per kilogram, while spot rates to North America increased 5% per kilogram.
- Spot rates from Southeast Asia to Europe were flat at \$4.15 per kilogram. Southeast Asia to North America rates declined 3% to nearly \$6 per kilograms volumes on the trade eased.
- Europe to North America spot rates climbed by 46% from the previous month as passenger airlines took capacity out of the market.

13th straight double-digit demand growth pushes air cargo rate to a new high

Global air cargo demand, supply, load factor and freight rate developments



AIR TRADE LANES

- As manufacturing in the area continues to grow, the Asia Pacific region now generates 41% of all air cargo volumes, according to new research from data provider WorldACD. The overall air cargo market grew by 12% YoY over the first 10 months, with 56% of this increase generated by the Asia Pacific region.
- Europe saw its share drop one percentage point to 24%, while the Central and South America region was also down one percentage point to 14%.
- The Middle East and South Asia, North America and Africa were flat YoY at 9%, 8% and 4%, respectively.
- On a region-to-region level, average rates have been increasing significantly on the Europe to North America trade lane (+8%, WoW), whereas average rates from Asia Pacific to North America are flattening week on week. When comparing week 47 with the same period last year, rates out of Europe to North America are 24% higher, while rates from the Asia Pacific region to North America are up 10%.
- While rates out of Asia have been flatter than expected in recent weeks, prices on the transatlantic trade lane have taken off as passenger airlines have been reducing belly capacity in line with the quieter winter season. Guarulhos International Airport has also been congested.

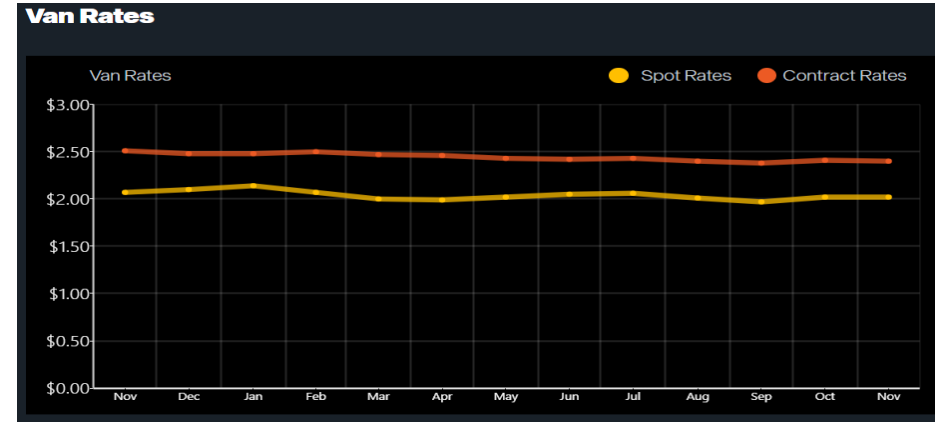
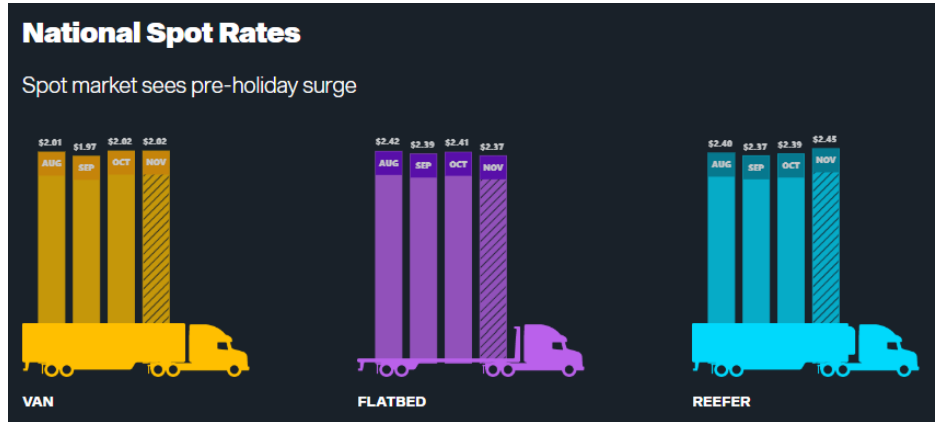
Trade Lane	Status	Comments
AP to US		
US to AP		
Europe to AP		
AP to Europe		
Europe to US		
US to Europe		

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
	Demand higher than supply; space agreements challenged.

NORTH AMERICAN TRANSPORTATION

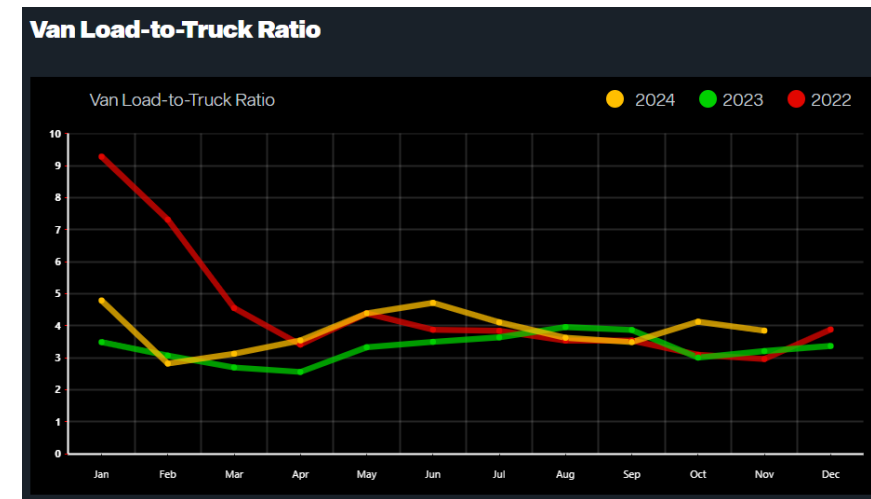
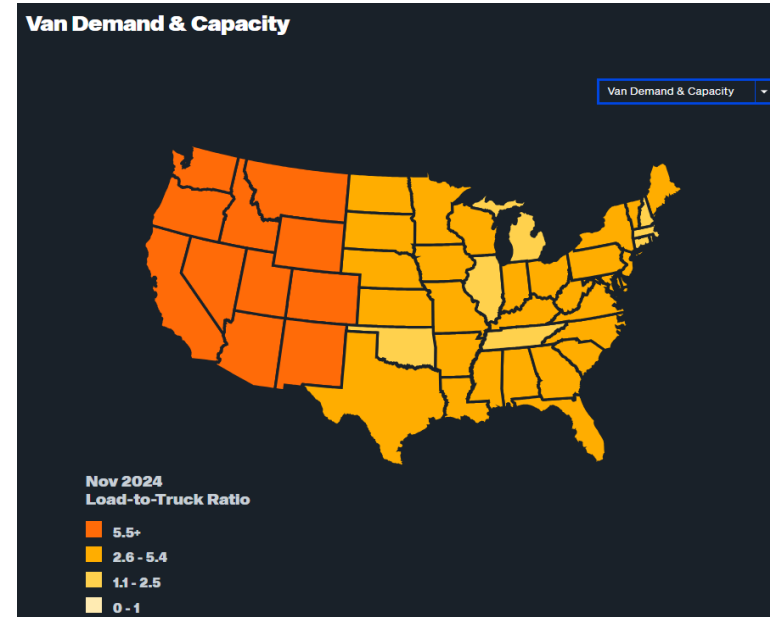
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- Shipment volumes in the market remain down, yet relatively flat month over month.
- Trucking markets are estimated to hold a continued balance between supply and demand. If/when global air and ocean markets adjust in response to new tariffs from the incoming presidential administration in the United States, trucking markets will likely be affected.
- More trucking freight is being tendered on long-term agreements; therefore, spot rates and the corresponding tonnage are not as impactful to the U.S. domestic market.

NORTH AMERICAN TRANSPORTATION

- Contract rates for truckloads are down, and capacity is outweighing demand. Contract rates may decrease slightly in this buyer's market.
- Shippers continue to operate on tendered or fixed pricing structures, placing less emphasis on the spot market due to consistent rates and capacity.
- Analysts are watching for influxes of imports and inventory buildup in the coming quarters, which could catalyze increased rates and demand in the U.S. domestic market.



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TURN INSIGHTS INTO ACTION WITH AIT

Partner with a global network of experts on logistics plans tailored to you

Now that you know what's on the horizon for the coming month, it's time to strategize. But you don't have to do it alone. Let us put our 40+ years of experience across every industry, mode and region to work for your organization.

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Ocean

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North American Domestic Product

Dale Grosso

dgrosso@aitworldwide.com

