

GLOBAL TRANSPORTATION MARKET REPORT

July 2024

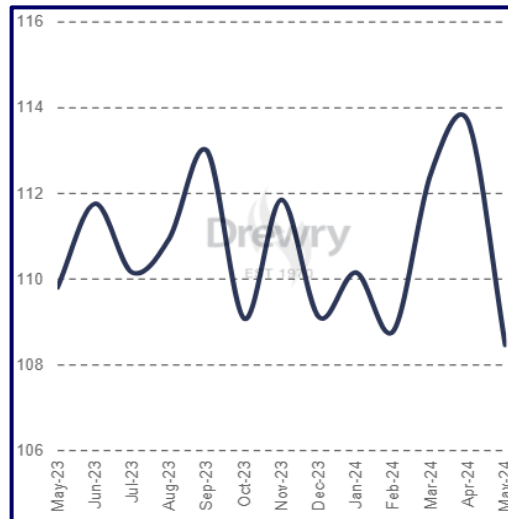


GLOBAL OCEAN TRENDS

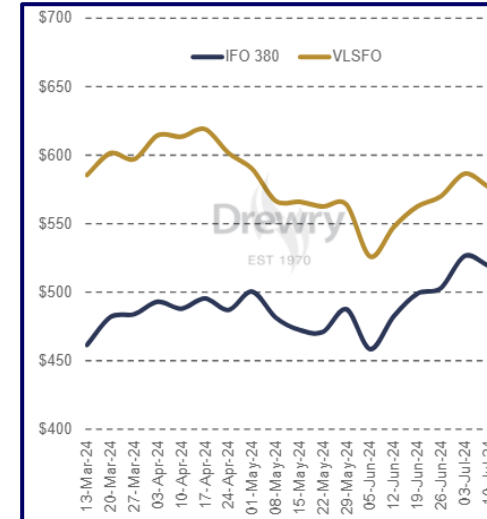
World Container Index



Global Port Throughput



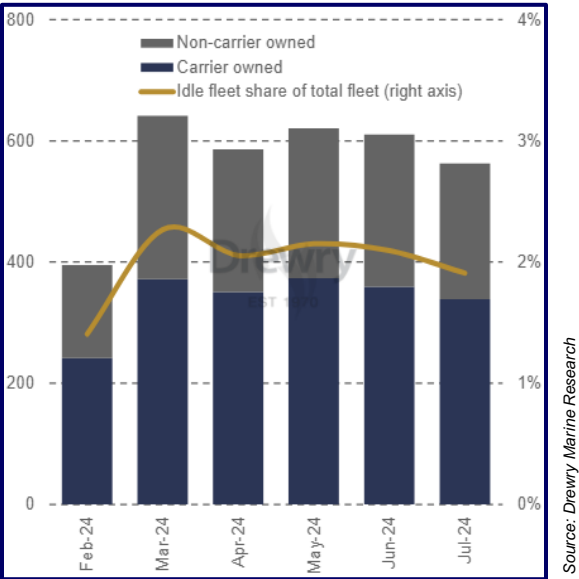
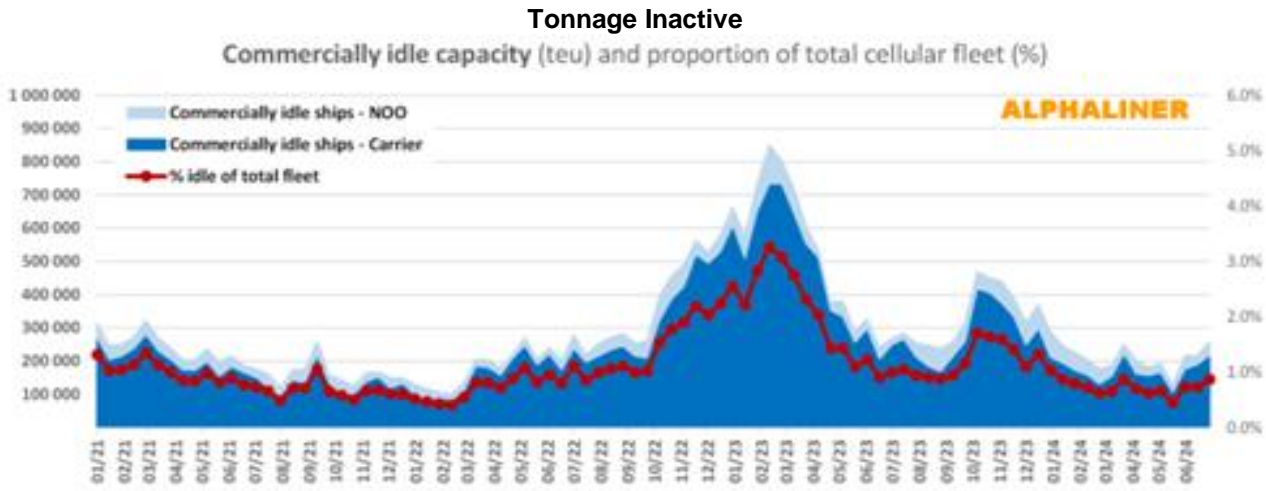
Bunker



Source: Drewry Marine Research

- The strong demand on Asia's export trade lanes is being absorbed by the vast amount of capacity added by carriers. Challenges include unseasonably heavy volumes, longer voyages around the southern tip of Africa, and congestion in key ports.
- The heavily disrupted trades out of Asia are also having a dramatic impact on equipment availability. For example, the average price of a 40-foot high cube container in China has increased by 112%.
- Expect pricing to remain elevated with general rate increases sustaining these higher levels.
- Carriers are sticking to strict allocation plans and pushing more FAK level rates for bookings. This is not expected to change as demand from Asia remains strong and market factors continue to drive earlier peak season behavior from shippers.

CAPACITY AND IDLE FLEET



- 85 ships reported inactive through June, representing idle capacity of 259,610 TEUs (<1% of the total fleet)
- Orderbooks remain robust and two 10,000+ TEU ships have been delivered this month for CMA CGM and Evergreen

OCEAN TRADE LANES

- Singapore, the world's second-largest container port, has experienced particularly severe congestion in recent weeks. Of all the ships at anchor around the world, more than 60% are awaiting berthing in Asia.
- Blank sailings out of the Port of Singapore are starting to impact other southeast Asia ports. Analysts, such as Drewry, expect congestion at major trans-shipment ports to remain high, but anticipate some easing as carriers add capacity and restore schedules.
- The Panama Canal celebrated the eighth anniversary of its expansion program by announcing an increase to its draft and daily transits, all while continuing to manage the impact of climate change and the challenge of securing water for the future. The maximum authorized draft increased to 48 feet (14.063 meters), effective July 11.
- German port workers launched a two-day strike beginning July 10 followed by a fourth round of negotiations on July 12 in Bremen.
- Spot market trading continues to be the dominant means of ensuring cargo loading at origins.

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		

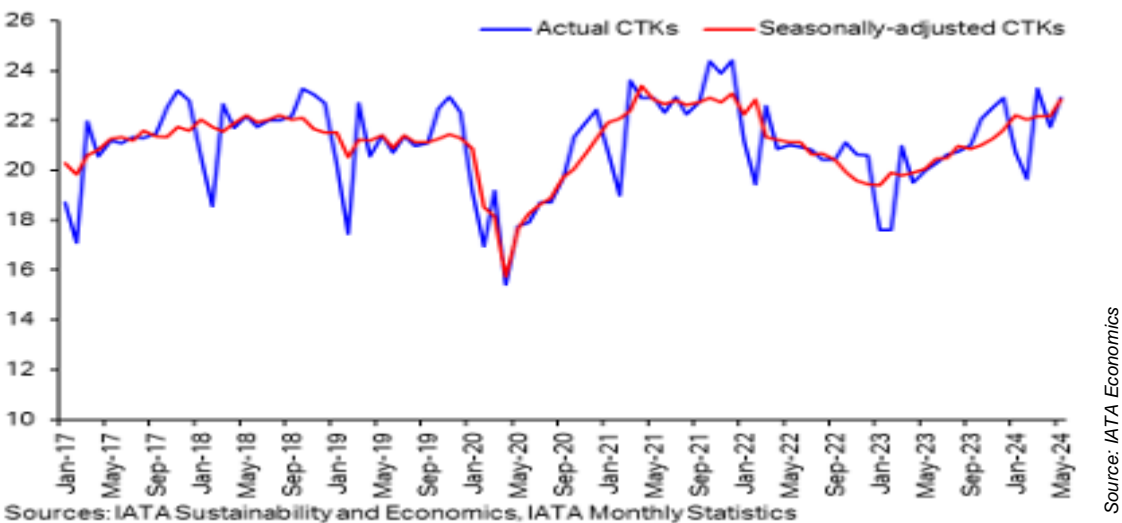
Trade Lane	Status	Comments
N Eur to AP	Yellow	
MED to AP		
US to N Eur		
US to MED		
MED to US		
N Eur to US		
US to ISC		
Med to ISC		

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

- Hapag-Lloyd and CMA CGM are discontinuing their cooperation on the ISC to USEC trade. Both carriers will offer their own separate services with almost identical rotations. Hapag-Lloyd will do so on a standalone basis, while CMA CGM will maintain cooperation with COSCO SHIPPING Lines and OOCL.
- Ocean Network Express (ONE) and HMM will launch a new shuttle service in mid-August on the fast-growing Asia - Mexico trade route. The loop (branded 'ALX4' by ONE and 'FLX' by HMM) will connect China and Korea with the west coast of Mexico, calling at Shanghai, Busan, Lazaro Cardenas, and Shanghai.
- Ningbo Ocean Shipping Company (NBOSCO) started deploying its own tonnage late last month between Central China and the Middle East with the launch of a standalone 'CGX' service.
- U.S.-based Caribbean feeder specialist King Ocean Services has added a new weekly shuttle between Port Everglades and Puerto Plata in the Dominican Republic.
- U.S.-based container carrier Crowley launched a new service between the U.S., the Dominican Republic and Haiti.
- South Pacific specialist Neptune Pacific Direct Line (NPDL) is set to deploy its own tonnage between the west coast of United States and the South Pacific Islands. NPDL is entering into a vessel sharing agreement with Swire Shipping on the latter's existing USWC – South Pacific 'Polynesia' service.

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



AIR FREIGHT OVERVIEW

- Tonnage has been growing and the trend continues.
- Freighter capacity continues to be purchased quickly.
- To meet anticipated demand, airlines are launching more capacity into the market, but this additional lift is having little effect because it is being absorbed right away.
- Peak season is expected to begin early this year.
- Rates are anticipated to be significantly higher in comparison to a normal peak season.

	World share ¹	May 2024 (% year-on-year)				May 2024 (% year-to-date)			
		CTK	ACTK	CLF (%-pt)	CLF (level)	CTK	ACTK	CLF (%-pt)	CLF (level)
TOTAL MARKET	100.0%	14.7%	6.7%	3.1%	44.6%	13.2%	9.4%	1.5%	45.4%
Africa	2.0%	18.4%	21.4%	-1.1%	43.8%	16.1%	20.8%	-1.8%	44.4%
Asia Pacific	33.3%	17.8%	8.4%	3.6%	45.3%	16.5%	15.0%	0.6%	45.1%
Europe	21.4%	17.2%	11.9%	2.3%	51.8%	13.9%	10.6%	1.6%	55.0%
Latin America	2.8%	12.7%	8.0%	1.5%	36.2%	10.1%	7.5%	0.9%	36.9%
Middle East	13.5%	15.3%	2.7%	5.0%	46.1%	18.8%	10.2%	3.4%	46.4%
North America	26.9%	8.7%	2.5%	2.3%	39.7%	6.0%	2.0%	1.5%	40.3%
International	86.6%	15.5%	10.2%	2.3%	50.3%	14.0%	12.6%	0.3%	51.1%
Africa	2.0%	18.2%	21.2%	-1.1%	44.9%	16.1%	20.7%	0.7%	45.5%
Asia Pacific	29.8%	18.1%	15.7%	1.1%	54.1%	16.0%	19.4%	0.6%	53.3%
Europe	21.0%	17.5%	12.8%	2.1%	53.6%	14.1%	11.1%	0.2%	56.9%
Latin America	2.4%	11.3%	10.4%	0.3%	39.5%	8.8%	9.3%	1.5%	41.2%
Middle East	13.4%	15.3%	2.7%	5.1%	46.4%	18.8%	10.2%	0.5%	46.7%
North America	17.9%	9.6%	4.7%	2.1%	46.8%	7.5%	5.7%	-1.3%	47.6%

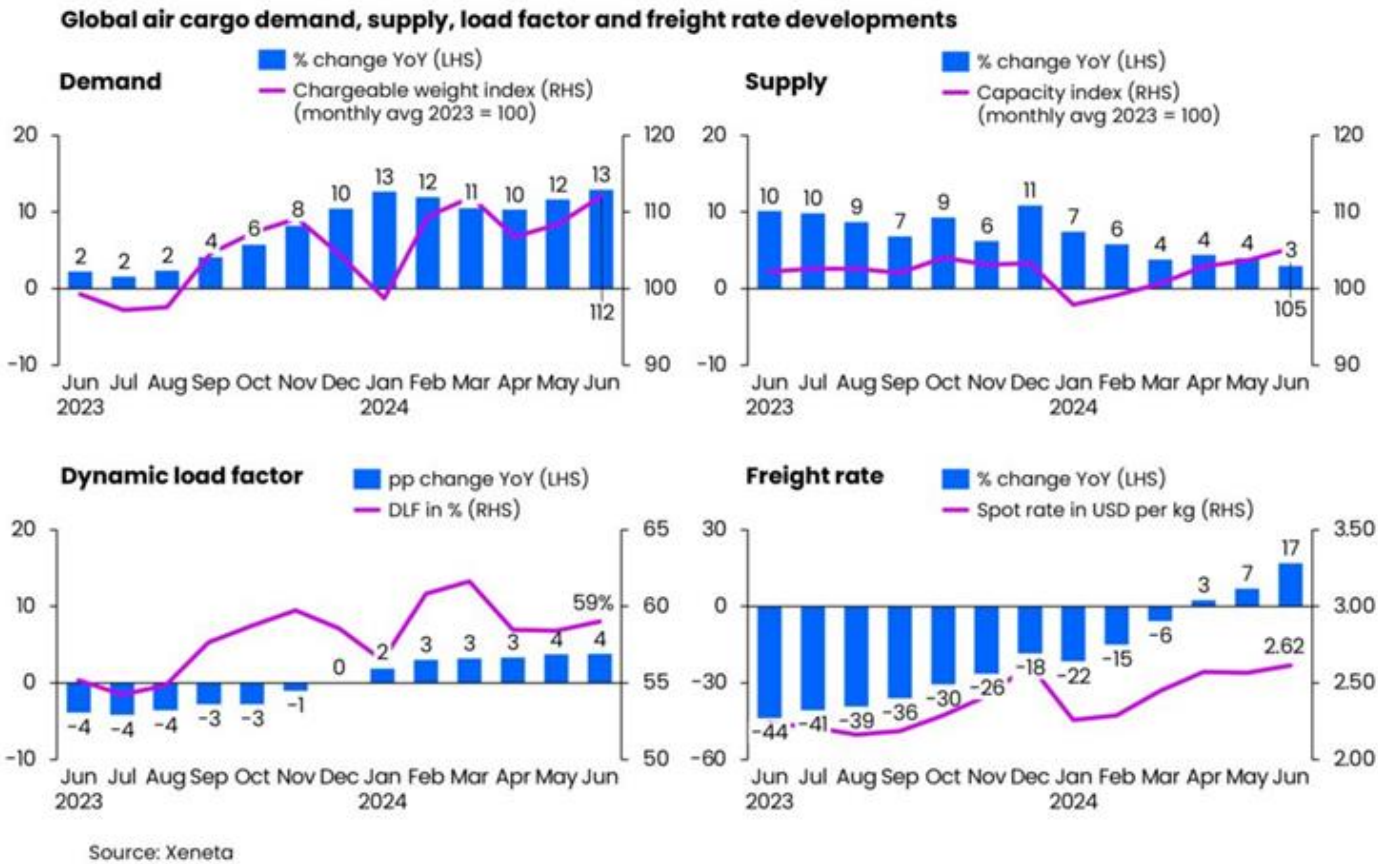
Note 1: % of industry CTKs in 2023

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.

AIRFREIGHT DEMAND, LOAD FACTOR and RATE DEVELOPMENT

- “June’s growth in demand was not surprising and we would expect to see a continuation of double-digit year-on-year growth in July and August because of low demand in the same months last year. The global machine is humming along nicely at this level – but this is likely the calm before the storm in terms of air freight rates,” said Xeneta’s Chief Airfreight Officer, Niall van de Wouw.
- Shippers needing Q4 capacity from Asia are likely to be at the mercy of a high-demand market, with an early peak season predicted after six months of market growth.
- Shippers are seeking stability with longer-term capacity contracts to both manage demand and avoid paying higher rates in the peak season.

Global air cargo rates hit new high as cargo demand continues to grow



AIR TRADE LANES

- With spot rates predicted to skyrocket in the coming peak season, airlines are looking to maximize returns on their capacity out of Asia.
- Exports from Asia have experienced record growth and volume is expected to continue increasing in July and August.
- To meet the anticipated demand for export capacity from Asia, analysts predict that air carriers may levy peak season charges as early as August.
- Lanes from Southeast Asia to both Europe and the U.S. recorded the largest spot rate increases in June (14% month-over-month). Routes from Northeast Asia to Europe and the U.S. experienced modest spot rate increases (5% month-over-month).
- These air cargo spot rate increases are being driven by the e-commerce boom, disruptions in ocean freight due to conflict in the Red Sea, and general improvements in global manufacturers' activities.

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

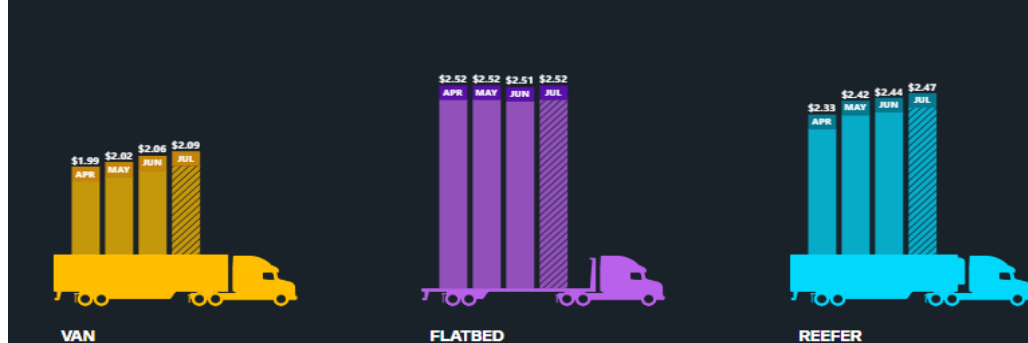
Trade Lane	Status	Comments
US to LATAM		
LATAM to US		
Europe to LATAM		
LATAM to Europe		
India to US		
US to India		

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

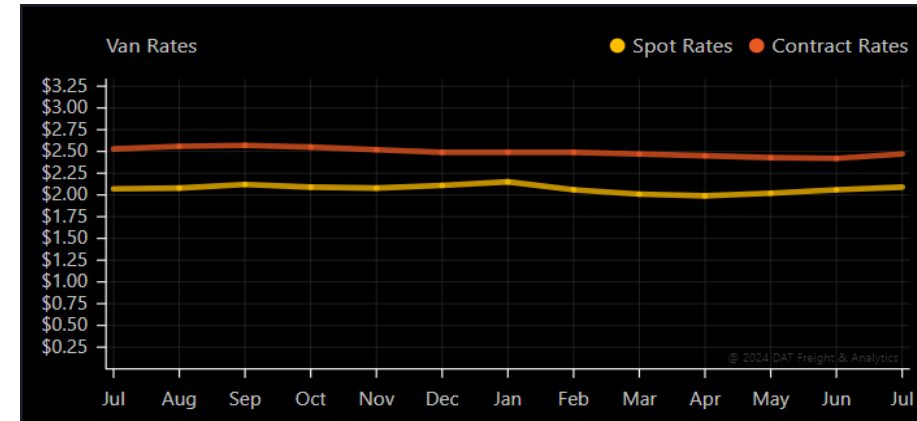
NORTH AMERICAN TRANSPORTATION

National Spot Rates

Spot rates begin post-holiday slide



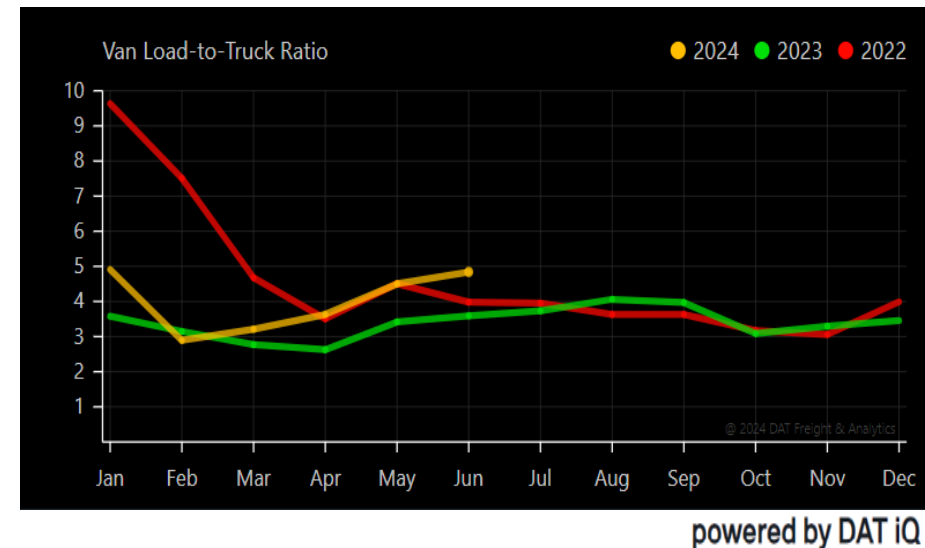
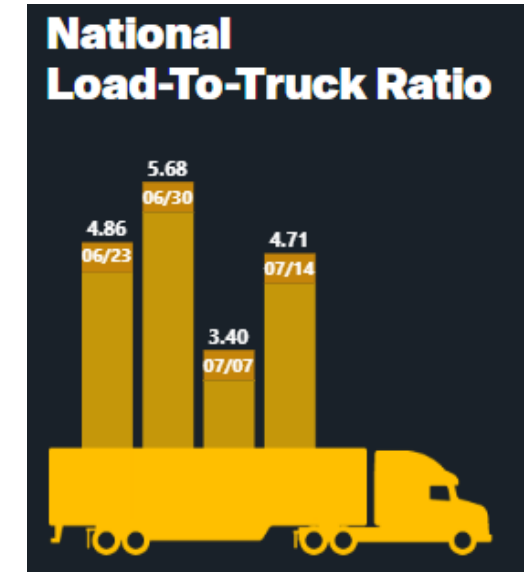
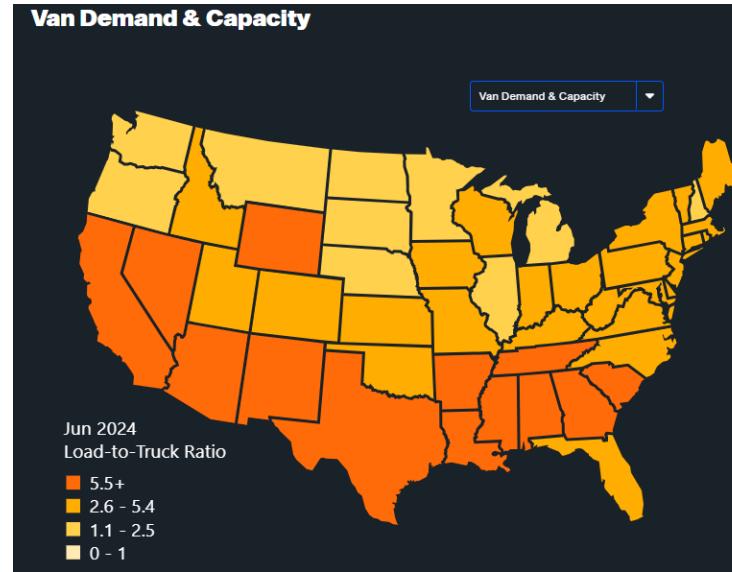
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- Volume ticked up slightly in the lead-up to the 4th of July holiday in the U.S., resulting in some of the highest rates for 2024 (but not by much). The marginally elevated rates have held through the month.
- Rates usually trend flat in the summer weeks after July 4, then expect the peak season to arrive after a traditional back-to-school volume spike in Q3.
- Truckload rates also increased before Independence Day. This trend is consistent across all modes and equipment types.

NORTH AMERICAN TRANSPORTATION

- Load-to-driver capacity remains favorable in most markets.
- Following an uptick in summer demand, volume is expected to remain reasonably consistent in Q3.
- Market analysts are forecasting that inventory destocking will continue to suppress LTL demand. However, pricing should remain consistent.



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