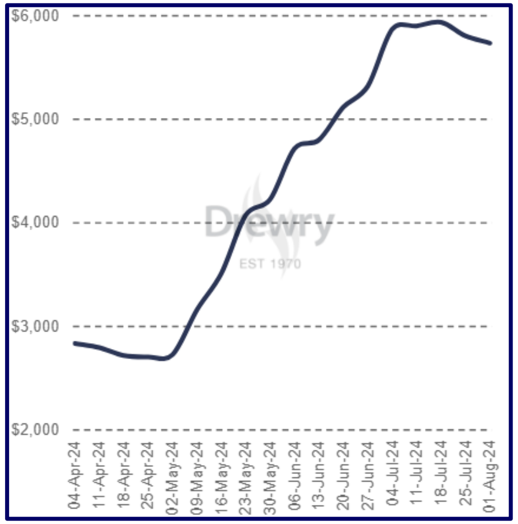
GLOBAL TRANSPORTATION MARKET REPORT AUGUST 2024

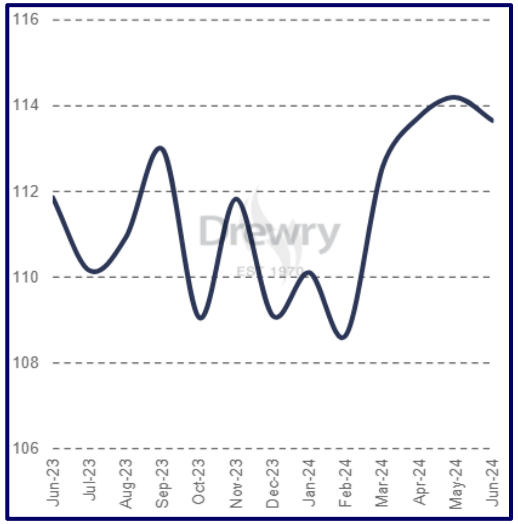
WORLDWIDE LOGISTICS

GLOBAL OCEAN TRENDS

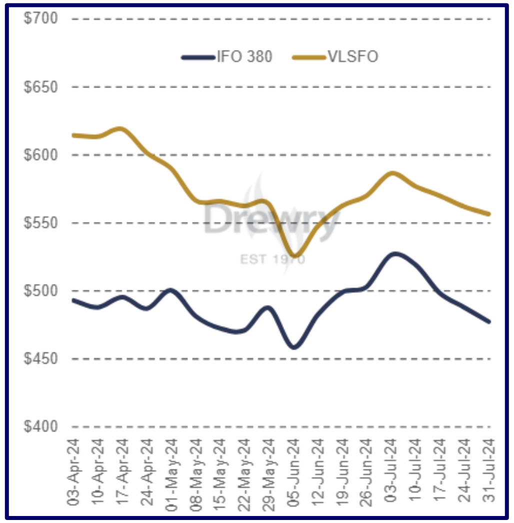
World Container Index



Global Port Throughput



Bunker

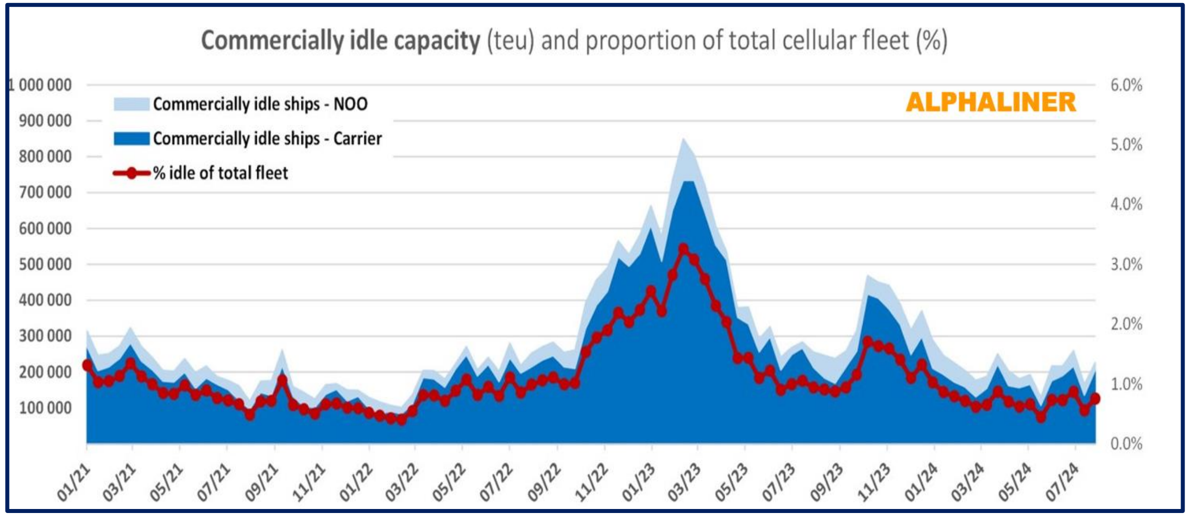


Source: Drewry Marine Research

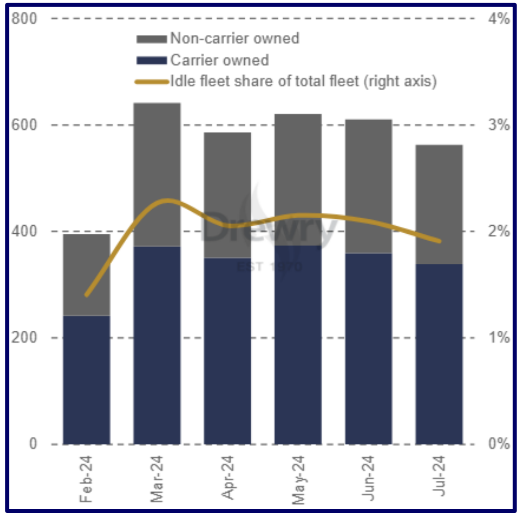
- Port congestion is disrupting ocean freight schedules throughout Asia
- Disruptions also continue due the conflicts in the Middle East
- Blank sailings on the FEWB trade are more common with capacity unable to keep up with demand
- Rates are expected to remain at heightened levels
- Analysts predict demand will remain high through the end of the year, keeping rates elevated while continuing to exert pressure on capacity and equipment

CAPACITY AND IDLE FLEET

Tonnage Inactive



Source: Alphaliner



Source: Drewry Marine Research

- 78 ships reported inactive through June, representing idle capacity of 226,000 TEUs (<1% of the total fleet)
- Orderbooks remain robust, with 31 vessels delivered in July and seven 12,000+ TEU ships delivered to MSC, CMA CGM, HMM, Maersk and Evergreen

OCEAN TRADE LANES

- While it is still too early to predict, International Longshoremen's Association (ILA) members may strike at all Atlantic and Gulf Coast ports on Oct. 1 after their contract expires at the end of September.
- The Panama Canal's Deputy Administrator plans to increase the daily transit slots for vessels from 34 to 36 in September.
- Asia's ongoing port congestion continues to impact Singapore most harshly, with the port reporting berthing delays as long as one week.
- The International Longshore and Warehouse Union (Canada) is balloting its members across ports in British Columbia with respect to a possible strike action over a dispute with DP World (Canada). In June, ILWU Local 514 rejected a final offer from DP World over a manning agreement and the introduction of automation. If union members vote in favor of a strike at ports across British Columbia, the ILWU is required to give 72-hour notice of the planned action.

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

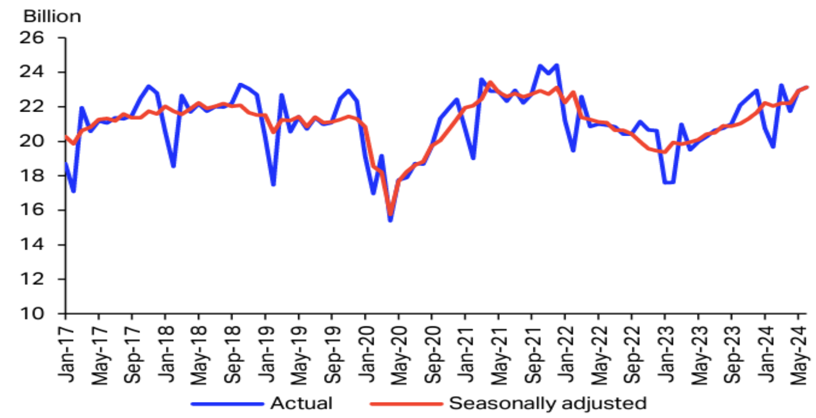
Trade Lane	Status	Comments
TPEB to USEC	Red	
TPEB to USWC	Red	
CBP to N Eur	Red	
CBP to MED	Red	
SE Asia to N Eur	Red	
SE Asia to MED	Red	
ISC to US	Yellow	
N Eur to ISC	Yellow	

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

OCEAN CARRIER UPDATES

- MSC revised its Asia-U.S. East Coast loop ahead of launch to remove Philadelphia from the list of calls. The revised rotation includes Singapore, Shanghai, Busan, Miami, Savannah, Charleston, Baltimore and Newark.
- SeaLead Shipping organized a dedicated service between the Red Sea and the Gulf of Aden, which links Jebel Ali, Djibouti and Jeddah. It is operating with two general cargo ships of 1,011 TEU.
- X-Press Feeders introduced a second feeder service between Singapore and the port in Ho Chi Minh City, Vietnam.
- The European shortsea operator Samskip joined Unifeeder as the vessel provider in its Rotterdam-Portugal service, which turns in two weeks with twin 750-800 TEU ships.
- Hapag-Lloyd announced several rotation changes for its Southeast India-Europe Express service, which is jointly operated with ONE, Yang Ming, COSCO, and OOCL. The calls at Le Havre, France and Visakhapatnam, India have been removed.
- MSC updated its East Asia-Russian Far East network coverage. This includes the organization of a South Korea-Russian Far East shuttle and an extension of its Central China-Korea-Russian Far East loop to North China.

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



Source: IATA Sustainability and Economics, IATA Monthly Statistics

Air cargo market in detail - June 2024

	World share[1]	June 2024 (% year-on-year)				June 2024 (% year-to-date)			
		CTK	ACTK	CLF (%-pt)	CLF (level)	CTK	ACTK	CLF (%-pt)	CLF (level)
TOTAL MARKET	*100.0%*	**14.1%**	**8.8%**	**2.1%**	**45.8%**	**13.4%**	**9.4%**	**1.6%**	**45.4%**
Africa	*2.0%*	11.8%	23.8%	-4.1%	38.5%	15.9%	21.4%	-2.1%	43.5%
Asia Pacific	*33.3%*	17.0%	10.7%	2.7%	49.6%	16.7%	14.5%	0.9%	45.8%
Europe	*21.4%*	16.1%	9.1%	3.0%	50.7%	14.2%	10.1%	2.0%	54.3%
Latin America	*2.8%*	13.1%	15.5%	-0.7%	33.6%	10.4%	8.8%	0.5%	36.3%
Middle East	*13.5%*	13.8%	6.9%	2.9%	47.3%	18.0%	9.5%	3.3%	46.6%
North America	*26.9%*	9.5%	6.0%	1.3%	39.8%	6.6%	2.9%	1.4%	40.1%
International	*86.6%*	**15.6%**	**10.8%**	**2.1%**	**50.8%**	**14.3%**	**12.2%**	**0.1%**	**51.1%**
Africa	*2.0%*	11.7%	22.5%	-3.8%	39.5%	15.9%	21.0%	1.9%	44.7%
Asia Pacific	*29.8%*	18.5%	15.0%	1.7%	56.0%	16.5%	18.7%	0.4%	53.8%
Europe	*21.0%*	16.2%	9.4%	3.1%	52.9%	14.4%	10.5%	0.0%	56.3%
Latin America	*2.4%*	17.2%	18.6%	-0.5%	38.1%	9.9%	10.7%	1.2%	40.6%
Middle East	*13.4%*	13.8%	6.9%	2.9%	47.7%	18.0%	9.6%	0.4%	46.9%
North America	*17.9%*	11.7%	7.2%	1.9%	47.0%	8.3%	6.3%	-1.5%	47.3%

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.

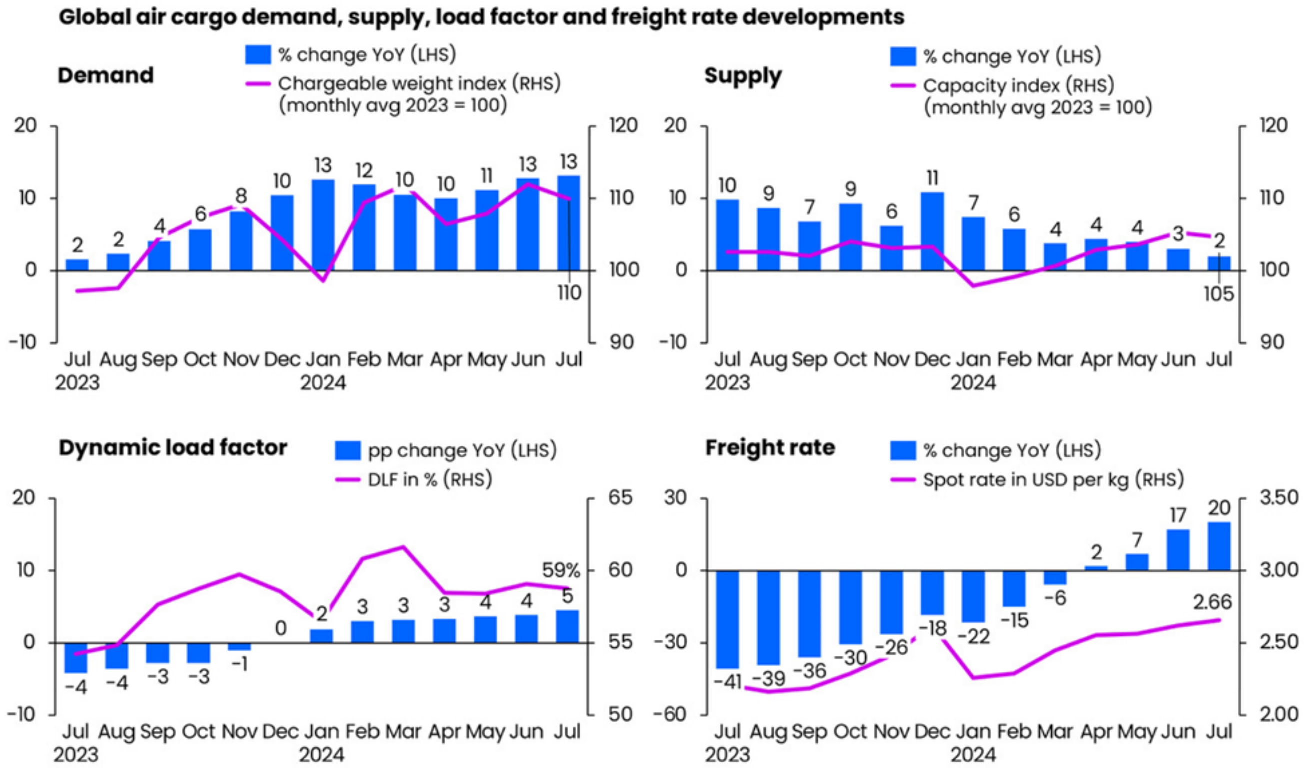
AIR FREIGHT OVERVIEW

- Asia's e-commerce demands continue to drive tonnage
- Additional capacity has been injected into the global market, mainly with belly space, though demand seems to be unaffected
- Geopolitical tensions are likely to disrupt some routes due to airspace restrictions
- Peak season is anticipated to arrive earlier than usual
- Rates are expected to be very high in the coming months

AIRFREIGHT DEMAND, LOAD FACTOR & RATE DEVELOPMENT

- High rates in the Asia Pacific region are incentivizing freighter operators like Air France KLM Martinair and Qatar Cargo to shift equipment away from transatlantic service, where routes are flush with excess capacity
- In July, airfreight rates rose for a sixth consecutive month, due to a variety of factors including increased cargo demand, persistent e-commerce activity, and global capacity growing at a slower rate than demand
- Shippers and analysts anticipate a surge in rates and demand when peak season conditions come to a head
- Cathay Pacific is cancelling numerous freighters for the transpacific lane, with affected final destinations including Chicago, Dallas-Fort Worth, Los Angeles, Miami and New York

Global air cargo rates continued to surge thanks to double-digit demand growth



Source: Xeneta

AIR TRADE LANES

- Potential dockworker strikes in Germany and the U.S. could create additional upward pressure on air cargo rates
- Middle East/Central Asia to Europe lanes continued to lead year-on-year growth with outbound Southeast Asia to North America and Europe lanes ranking second and third
- Surging demand has more than doubled spot rates from a year ago
- Analysts predict rates will rise for peak season
- Key trade lanes out of Hong Kong were largely flat in July compared with June, but continue to be higher than a year ago
- Air cargo demand was up 17% year-on-year for Asia Pacific carriers in June, the strongest of all the IATA regions, but carrier capacity in the region only increased by 10.7% year-on-year

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

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		

NORTH AMERICAN TRANSPORTATION

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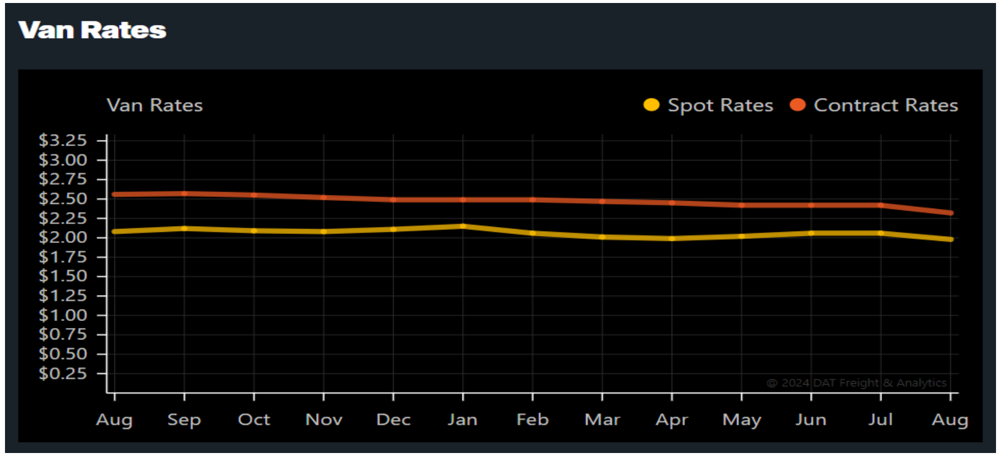
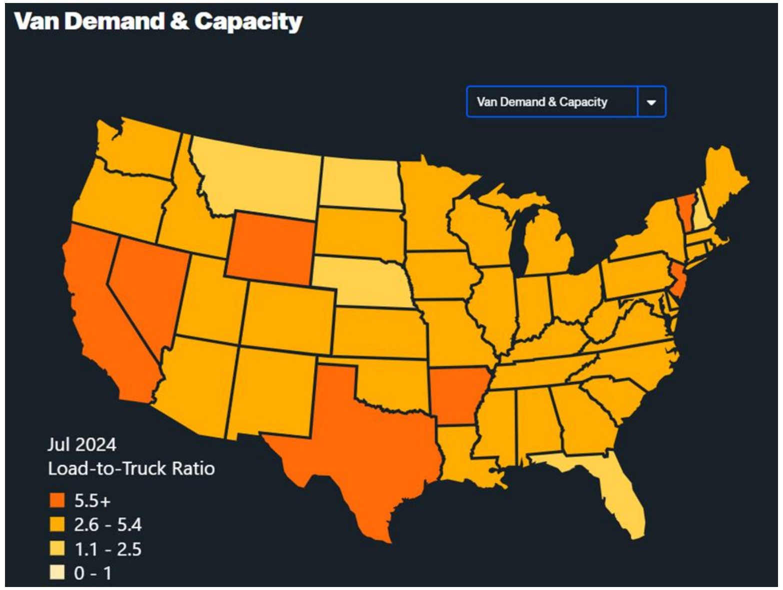
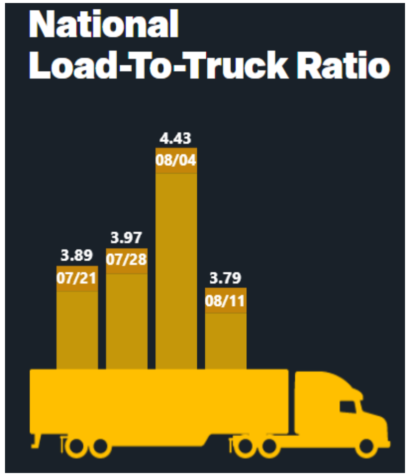


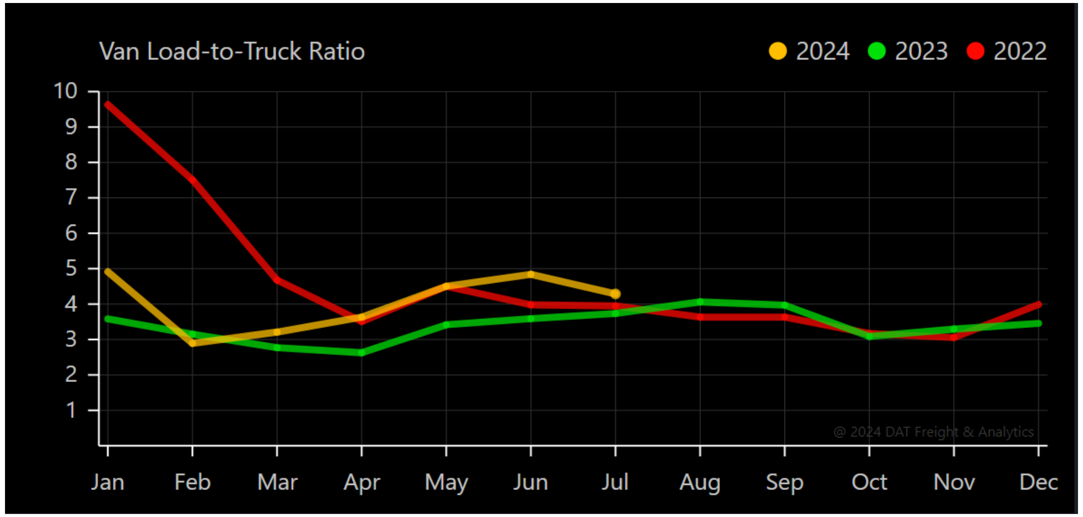
- Freight demand remains muted, and rates are expected to continue to follow suit. Analysts are currently monitoring the "back to school" rush that typically precedes peak season; they predict that spot market rates will stabilize and drop in the final months of the year.
- Shipments across all domestic modes were down approximately 6%. Despite some FTL capacity being removed from the market, expect a balance between supply and demand.
- Pricing is tilting slightly towards a buyers' market and shippers are expressing a mild preference for contract rates with longer terms. Overall, the current environment doesn't suggest any clear advantage with respect to spot vs. contract pricing.

NORTH AMERICAN TRANSPORTATION

- Load-to-driver capacity remains favorable in most areas
- Analysts forecast that inventory destocking will continue to suppress LTL demand, however, pricing should remain consistent
- Demand for brokerage loads continues to weaken as shippers trend towards favoring asset-based carriers and agreements. Locking in pricing and capacity now could be beneficial for shippers in the coming months if rates begin to climb.







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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.

International Air
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