

**GLOBAL  
TRANSPORTATION  
MARKET REPORT  
JUNE 2024**



# INTERNATIONAL MARKET TRENDS

## EXECUTIVE SUMMARY

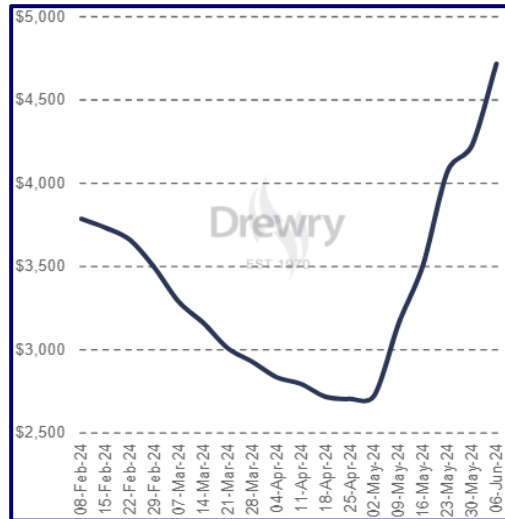
- Air freight capacity is very tight with rates escalating and no end in sight to this trend
- Some air carriers predict a pricing experience similar to the pandemic
- Peak season planning and forecasting will be critical

## MODE SPECIFICS

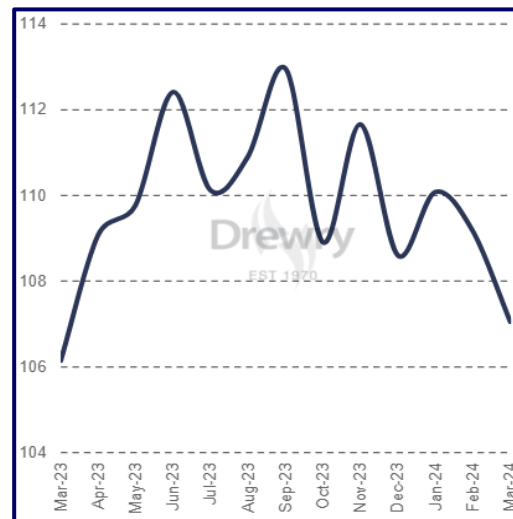
- **Charters** – Large-scale pre-buyouts of planes are expected to continue until the end of the year. Despite U.S. Customs concerns, air charter carriers predict exponential e-commerce growth with no cancellations reported from e-commerce companies like Temu and Shein.
- **Peak Season** – Expect super-peak conditions through the end of year with ocean disruption fueling additional demand for air freight. Air carriers expect e-commerce will account for 70% of flights by end of year.
- **Block Space and Freighters** – All blocked space is completely sold for the remainder of the year. Some air carriers may accommodate spot rates to reflect growing yields. There are a few opportunities to Europe and within Asia. High-yield cargo will displace general cargo in the current market.
- **Ocean** – Steamship lines have added feeders; however, they are facing significant container shortages due to backlogs in the Singapore and Red Sea regions. Increasing container dislocation will affect loading.

# GLOBAL OCEAN TRENDS

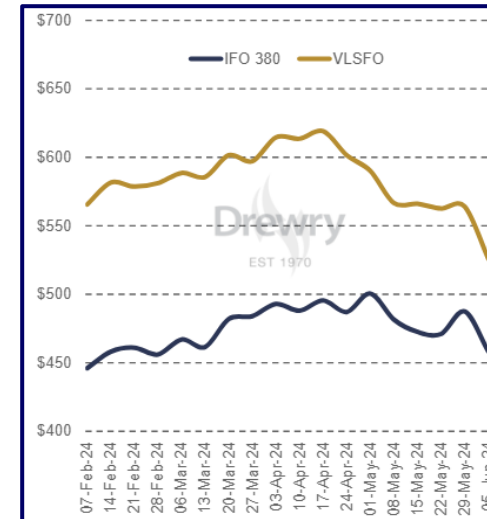
World Container Index



Global Port Throughput



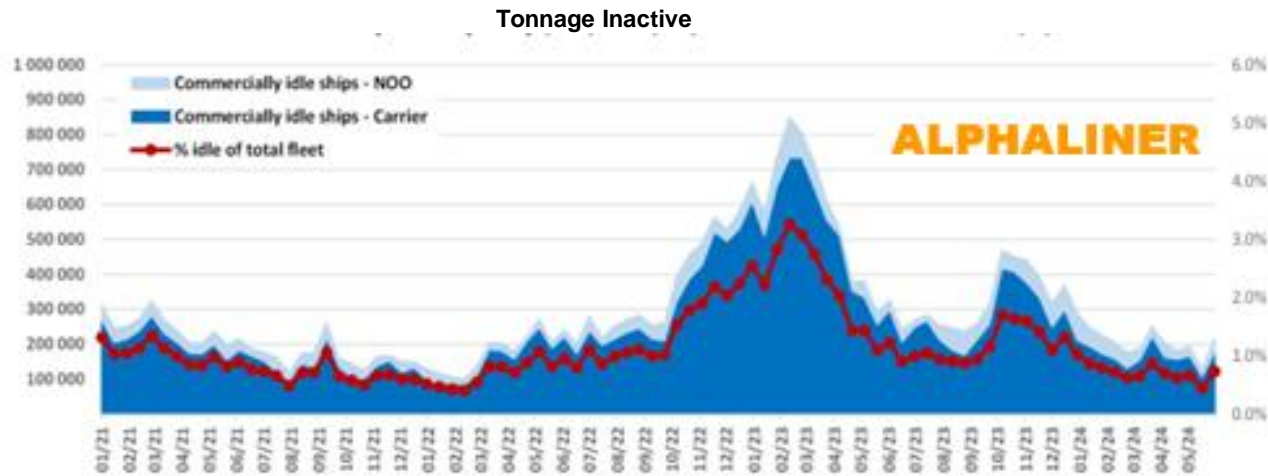
Bunker



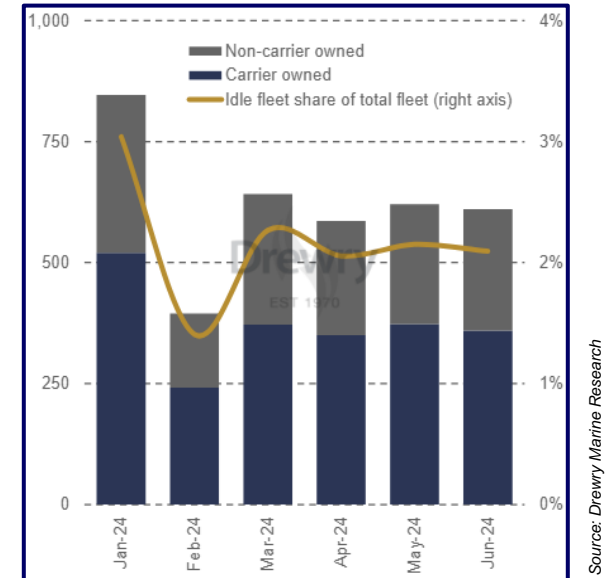
Source: Drewry Marine Research

- Capacity from Asia to major markets remains tight, with rates continuing to rise.
- Demand is expected to increase and shippers are looking to reserve space earlier.
- Peak conditions are widely anticipated with analysts continuing to monitor the spot-rate market and equipment flows.
- Shippers must book against spot rates for space. Contract rates do not provide a guaranteed loading in this market.
- Expect to see further increases in FAK rates.
- Equipment imbalances are commonplace and will likely cause issues in the coming months as the lack of equilibrium persists or becomes more prevalent.
- 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



Source: Alphaliner



- In May, carriers reported 57 ships as inactive, resulting in an idle capacity of 130,984 TEUs (<1% of the total fleet)
- Order books remain robust, and two 10,000+ TEU ships were delivered



# OCEAN TRADE LANES

- As of June 7, the total number of newly ordered ships by global ocean carriers had reached 574, with a total incoming capacity of 5.734 million TEUs.
- Disruption in the Red Sea continues to escalate rates and effectively reduce capacity.
- The International Longshoremen's Association, which represents union workers at U.S. East Coast and Gulf Coast ports, recently suspended labor contract negotiations with the United States Maritime Alliance.
- A month of disruption could lie ahead for France's major ports, including box hubs Le Havre and Marseille-Fos. Labor unions representing port workers may stage multiple single-day strikes and four-hour work stoppages to protest pension reform that increased the statutory retirement age in France.
- Spot market trading continues to be the predominant means of ensuring cargo loading at origins.

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

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

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

# OCEAN CARRIER UPDATES

- On July 1, MSC will launch another Asia-North Europe loop to connect China (Shanghai, Ningbo, Yantian) and Vietnam (Cai Mep) to the United Kingdom, The Netherlands, and Germany, with eastbound calls in the Straits.
- Between the end of June and early September, CMA CGM plans to send seven ships with an average capacity of 7,000 TEU as extra sailings from Asia to North Europe and the Mediterranean.
- Earlier this month, Maersk launched a new weekly service connecting China and Korea with Mexico and Ecuador.
- THE Alliance reduced capacity on their North Europe-U.S. East Coast loop in response to decreased transatlantic cargo demand. Singapore-based SeaLead Shipping has announced a new direct liner shipping service connecting China and South Korea with California.
- Maersk will make a South Carolina port swap, replacing Charleston with Savannah in the rotation of its USEC-ANZ "OC1" service to avoid delays from the ongoing constructions works at Charleston Wando terminal. These delays are expected to last for up to a year.

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



Source: IATA Economics

## AIR FREIGHT OVERVIEW

- Driven primarily by e-commerce demand, traffic from the Asia-Pacific region continues to surge at a rapid pace
- Other regions are consistently growing month over month
- Freighter demand is rising, and space is quickly being purchased in the market
- To meet the anticipated demand, airlines are adding more capacity
- Peak season is expected to arrive early

World share <sup>1</sup>	February 2024 (% year-on-year)				February 2024 (% year-to-date)				
	CTK	ACTK	CLF (%-pt)	CLF (level)	CTK	ACTK	CLF (%-pt)	CLF (level)	
<b>TOTAL MARKET</b>	<b>100.0%</b>	<b>11.9%</b>	<b>13.4%</b>	<b>-0.6%</b>	<b>45.1%</b>	<b>15.0%</b>	<b>13.9%</b>	<b>0.4%</b>	<b>45.4%</b>
Africa	2.0%	22.0%	28.2%	-2.3%	45.1%	16.7%	23.3%	-1.7%	43.9%
Asia Pacific	33.3%	11.9%	23.1%	-4.3%	43.2%	18.1%	23.9%	-2.2%	44.0%
Europe	21.4%	14.6%	13.2%	0.7%	58.4%	15.6%	13.0%	1.3%	56.8%
Latin America	2.8%	13.7%	8.9%	1.6%	37.6%	10.7%	6.2%	1.4%	35.5%
Middle East	13.5%	20.9%	16.2%	1.8%	46.3%	23.6%	16.7%	2.5%	45.1%
North America	26.3%	4.2%	1.9%	0.9%	39.6%	6.7%	2.9%	1.5%	41.4%
<b>International</b>	<b>86.6%</b>	<b>12.4%</b>	<b>16.0%</b>	<b>-1.6%</b>	<b>51.2%</b>	<b>15.9%</b>	<b>17.1%</b>	<b>0.2%</b>	<b>50.3%</b>
Africa	2.0%	21.9%	28.0%	-2.3%	46.4%	16.6%	23.3%	-0.4%	45.2%
Asia Pacific	29.8%	11.2%	24.3%	-6.0%	50.9%	17.0%	26.0%	-0.4%	51.0%
Europe	21.0%	15.0%	13.8%	0.6%	60.4%	16.0%	13.6%	-0.1%	58.9%
Latin America	2.4%	13.4%	10.6%	1.0%	42.6%	10.7%	6.1%	2.6%	40.2%
Middle East	13.4%	20.9%	16.2%	1.8%	46.6%	23.6%	16.7%	0.4%	45.4%
North America	17.9%	3.2%	5.0%	-0.8%	48.1%	8.6%	8.5%	-1.1%	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.

# AIRFREIGHT DEMAND, LOAD FACTOR & RATE DEVELOPMENT

- Air cargo rates from Middle East and South Asia (MESA) continued to surge with spot rates from MESA origins to Europe averaging more than twice as much compared to May 2023. Tonnages and rates from Asia Pacific origins were also well above last year's levels, according to the latest weekly figures and analysis from WorldACD Market Data.
- Persistently strong demand and disruptions to ocean freight caused by the attacks on container ships have driven average air cargo rates up 47% year over year (YoY). Likewise, tonnage is 17% higher, based on the more than 450,000 weekly transactions covered by WorldACD's data.
- Asia Pacific origins recorded a 21% YoY tonnage increase in May – the highest YoY growth since January. Meanwhile, rates from Asia Pacific origins were up almost 12%, the first significant YoY full-month increase of 2024.








# AIR TRADE LANES

- Carriers anticipate peak season is fast approaching.
- More airlines are launching new freighters to accommodate strong e-commerce and perishables demand.
- Air China Cargo launched the Chengdu Shuangliu-Paris Charles de Gaulle route, operated by its first Airbus A330F, with four flights per week. The main commodities are cross-border e-commerce goods, electronics, and auto parts.
- China Eastern Airlines Cold Chain Logistics opened the Ezhou-Incheon-Miami route, operated by Kalitta Air's Boeing 747F, with one flight per week. Like the route mentioned above, the main commodities are e-commerce goods, electronics, and perishable goods, including lobsters, salmon and cherries.
- YTO Airlines launched the Yining-Tashkent route, operated by a Comac ARJ21-700F, with three flights per week. Again, the main commodities are electronics and e-commerce goods.

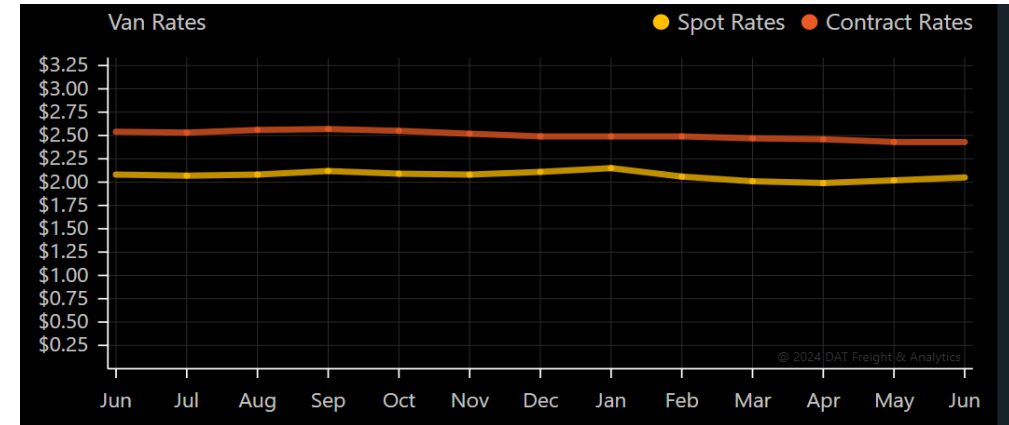
Trade Lane	Status	Comments
AP to US	Red	
US to AP	Yellow	
Europe to AP	Yellow	
AP to Europe	Red	
Europe to US	Yellow	
US to Europe	Yellow	

Trade Lane	Status	Comments
US to LATAM	Green	
LATAM to US	Green	
Europe to LATAM	Green	
LATAM to Europe	Green	
India to US	Red	
US to India	Yellow	

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# NORTH AMERICAN TRANSPORTATION

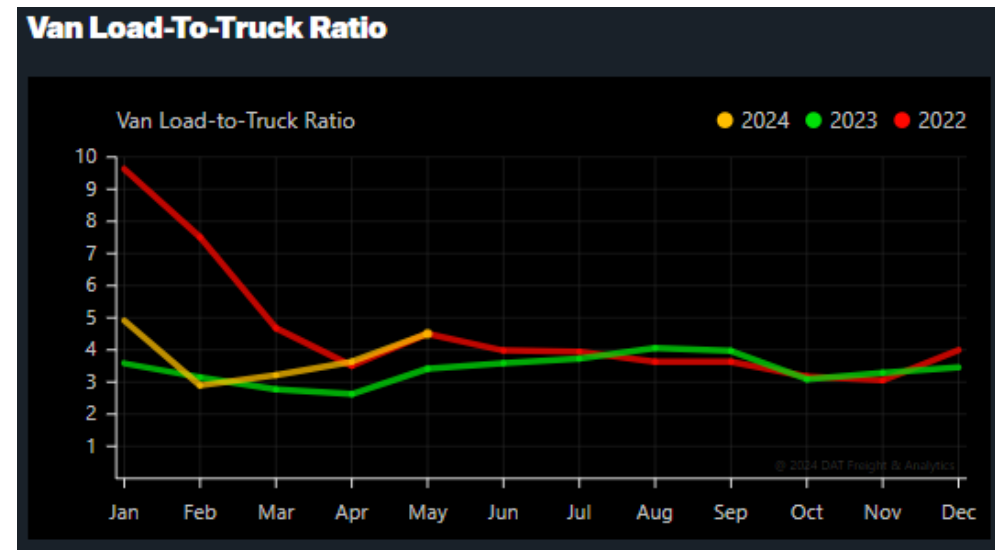
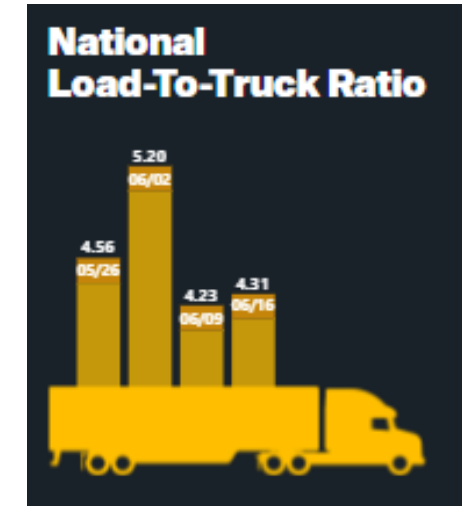
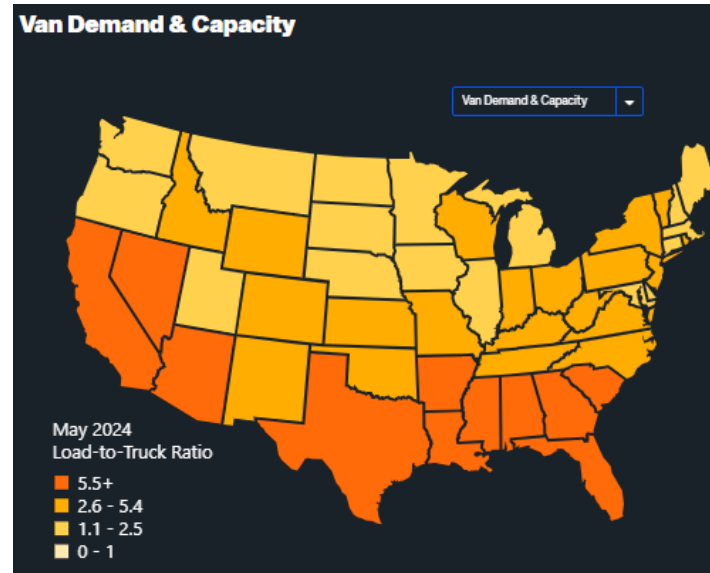
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- Truckload rates were down slightly month over month and down approximately 2% annually. Demand continues to be muted; therefore, rates are likely to remain flat. Analysts expect contract rates to decline in the months ahead while spot market rates hold at their current low levels.
- In the first half of the year, dry van spot rates started to tick up slightly; however, they remain down year over year. Spot market activity with brokers has lessened as carriers are facing more of a buyers' market with their customers.
- Volumes across all modes are down annually and remain reasonably flat month over month. Analysts have called for continuous monitoring of inventory destocking, which they believe will remain a key theme through the second half of 2024.

# NORTH AMERICAN TRANSPORTATION

- Load-to-driver capacity remains favorable in most markets.
- Overall, reduced demand is minimizing capacity pressures on trucking companies.
- Market analysts forecast inventory destocking will continue to weigh on overall LTL demand. However, pricing levels remain consistent.



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