

Market Pulse 2025 Week 14

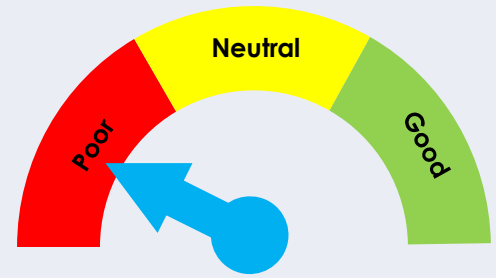
IN FOCUS this week
 Trade war concerns pull down market sentiment

MARKET BRIEF 2025 WEEK 14

Blanket US imports tariffs announced last week have resulted in significant cargo booking cancellations in Asia, thwarting carriers' efforts to raise transpacific freight rates and placed the May contract negotiations in limbo. The effective US tariff rate, on a container volume weighted basis, will rise substantially to 36% setting the stage for a full blown trade war with our global container demand growth projections already cut to -1.1% in 2025.

EC freight futures tumbled, reflecting market concerns over the weakening trade outlook but charter rates and second hand ship prices have however remained firm, at least for now. MSC continued to raid the second hand market, while Zim remains undeterred by potential US levies on Chinese built ships with fresh charters for 10 new ships to be delivered from China in 2027 and 2028.

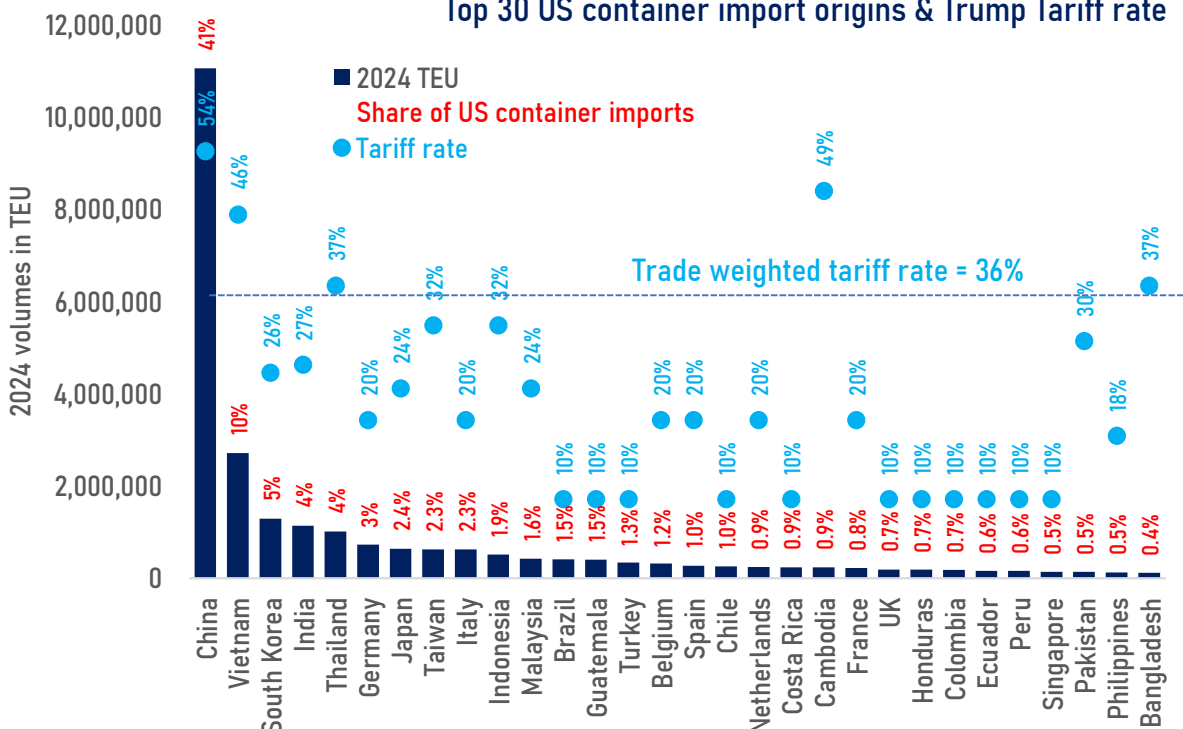
CONTAINER MARKET BAROMETER 2025 WEEK 14



Effective tariff rate on US container imports is over 36%

The US tariffs announced on 2 April will have a larger impact on container markets, relative to other shipping segments, due to the heavier import duties on China and Vietnam which together account for 51% of total US container imports in 2024. The trade-weighted tariff rate is more than 36% based on Linerlytica's calculations derived from each country's share of total US container imports. The high import duties on other Southeast Asia and South Asia countries leaves little room to substitute current imports from China and Vietnam, placing a significant stagflation risk on the US if the current tariffs are implemented without exemptions and exclusions.

Top 30 US container import origins & Trump Tariff rate



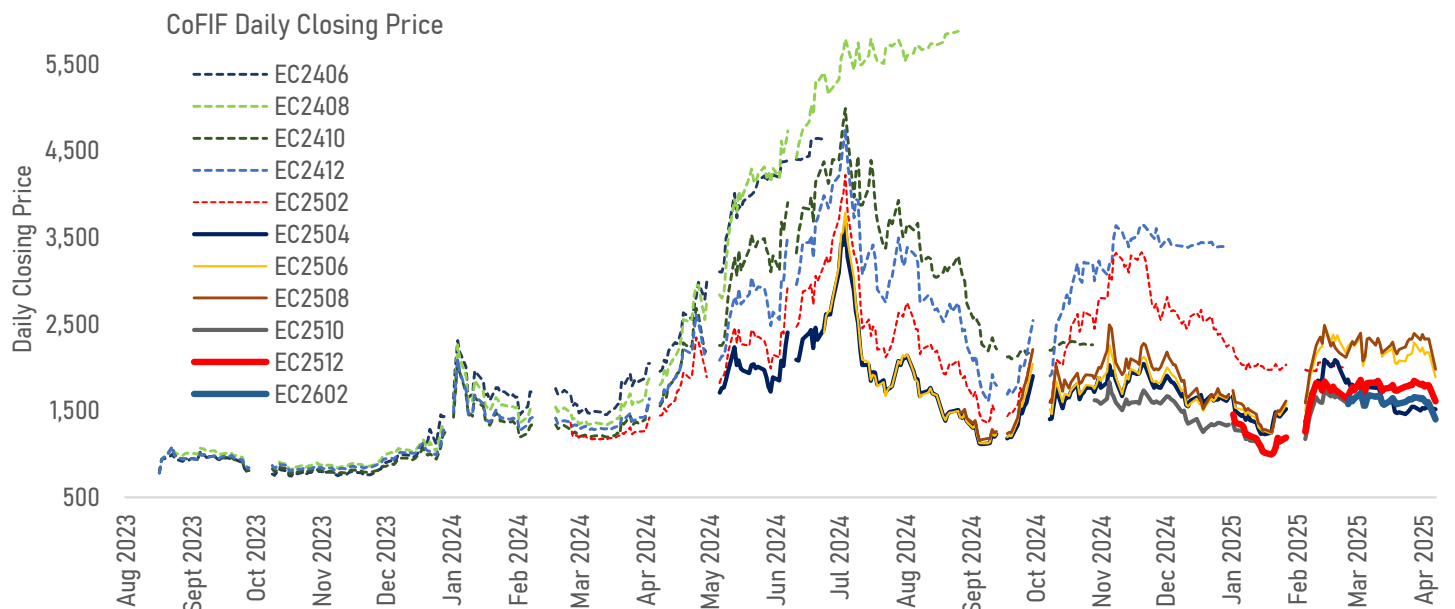
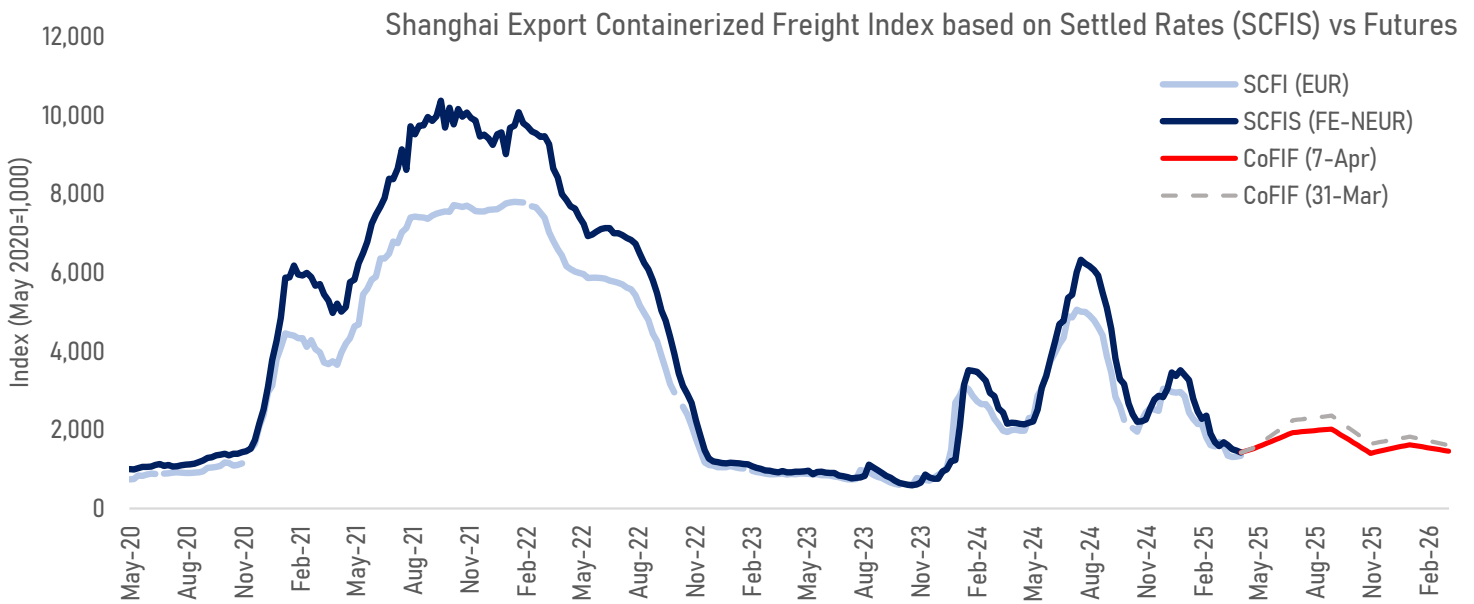
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Freight futures retreat on tariff concerns

Container freight futures tumbled on 7 April as concerns over a potential global recession following Trump's tariff announcement. Apart from the short dated EC2504, all the other EC contracts have declined by 10-15% since the tariffs were announced on 2 April. However, the sell-off was less dramatic than the 20% correction in liner equities over the same period. Trading volume surged to 120,000 lots on 7 April on heavy trading but open interests dropped by just 3% today, as the futures largely avoided the carnage in the regional financial markets.

The EC2504 contract is still trading 7% higher than the latest SCFIS released after market close on 7 April, with traders still hopeful on a rate rebound in the coming months despite the current market turbulence.

Contracts	Closing Price			Vs SCFIS	Avg Daily Volume (contracts)			Avg Daily Turnover (\$M)			Open Interest (contracts)		
	7-Apr	31-Mar	WoW		1,422	Week 13	Week 12	WoW	Week 13	Week 12	WoW	7-Apr	31-Mar
EC2504	1,518	1,502	1%	7%	818	1,840	-56%	9	20	-55%	2,134	3,456	-38%
EC2506	1,885	2,184	-14%	33%	52,566	51,741	2%	763	786	-3%	30,043	32,313	-7%
EC2508	1,980	2,318	-15%	39%	16,696	13,755	21%	255	224	14%	27,672	27,809	0%
EC2510	1,389	1,622	-14%	-2%	6,878	5,784	19%	72	66	10%	15,614	15,856	-2%
EC2512	1,610	1,803	-11%	13%	1,384	934	48%	16	12	37%	3,401	3,438	-1%
EC2602	1441.5	1585.7	-9%	1%	964	520.2	85%	10	6	74%	2,408	1917	26%
Total													
					79,305	74,574	6%	1,126	1,113	1%	81,272	84,789	-4%



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