

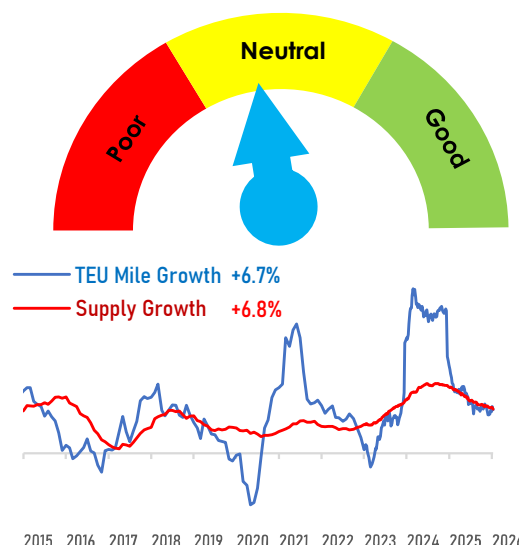
Market Pulse 2026 Week 02

MARKET BRIEF 2026 WEEK 02

The early market momentum have weakened after freight rates faltered last week, with sharp declines in rates to South America, Oceania and the Middle East. Rates from China to Mexico have recorded the sharpest declines after dropping by more than 65% since early September. Carriers are also rolling back the rate hikes on the Asia-Europe and transpacific routes following China's decision to remove value added tax rebates from 1 April for several key export products including solar panels to ease global trade tensions.

Carriers earnings are already coming under pressure, with average CCFI rates falling sequentially by 11% in the 4th quarter despite a mini rate rally in December. ONE, Maersk and Hapag-Lloyd are expected to continue to lag behind the rest of the market with EBIT margins potentially slipping into the red. A further delay in the return of containerships to the Suez route could be the only positive news for carriers this year. CMA CGM's decision to redirect some of its ships back to the Suez only reduced overall Cape diversions by less than 2% in the last 3 weeks.

CONTAINER MARKET BAROMETER 2026 WEEK 02



Port Congestion
Week 02

3.11m TEU
9.3% of fleet

Idle
Containerships

49 ships
125,484 TEU
0.4% of fleet

Ships Delivered
Last 30 days

14 ships
121,100 teu

Ships Deleted
Last 30 days

2 ships
1,392 teu

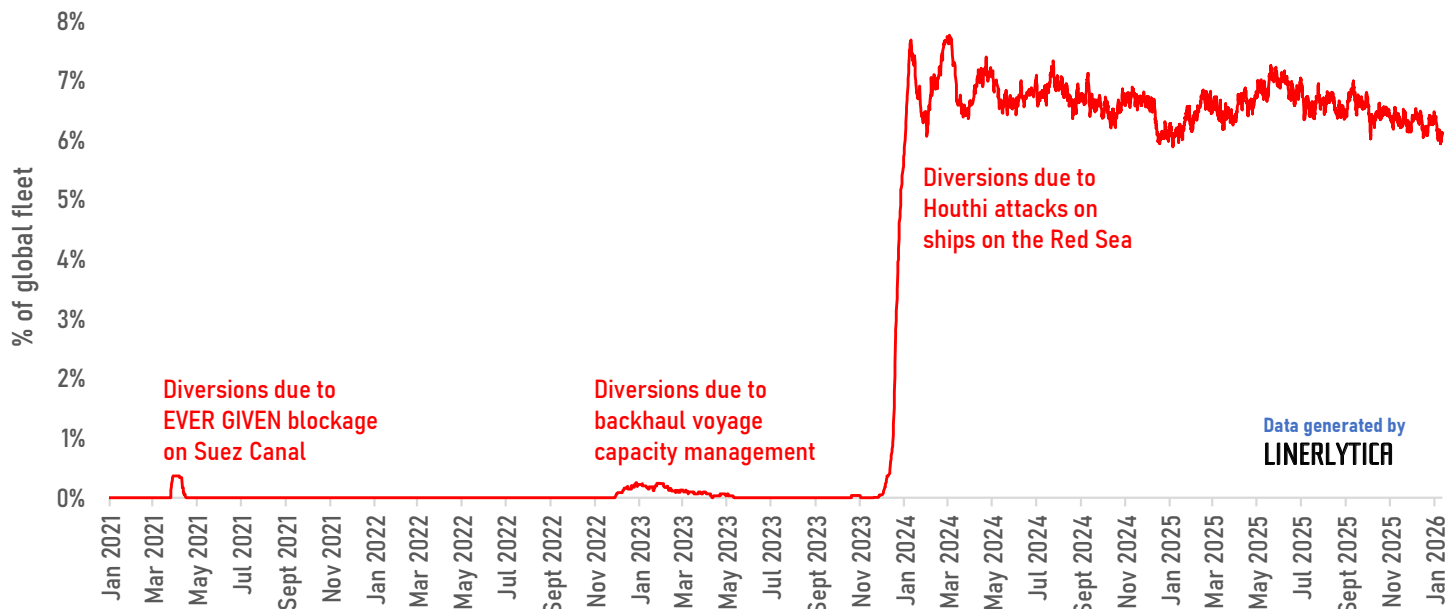
Freight Rates
SCFI Week 02

1,647
-0.5% WoW
-28.1% YoY

Return to Suez have negligible impact on Cape diversions for now

The total containership fleet shifted to the Cape route dropped marginally in the last 3 weeks following CMA CGM's reassignment of 6 voyages back to the Suez and a single test voyage by Maersk. However, the impact on effective supply remains substantially unchanged with 330 voyages representing 6.1% of the fleet still absorbed by the Cape diversions. The time-table for a full return to the Suez remains clouded as the current unrest in Iran could trigger an escalation in Middle East tensions that would delay rather than hasten a return of containerships to the Red Sea.

Containership capacity absorbed by Cape diversions as % of global fleet



Hopes for surge in solar panel shipments drive EC2604 rally

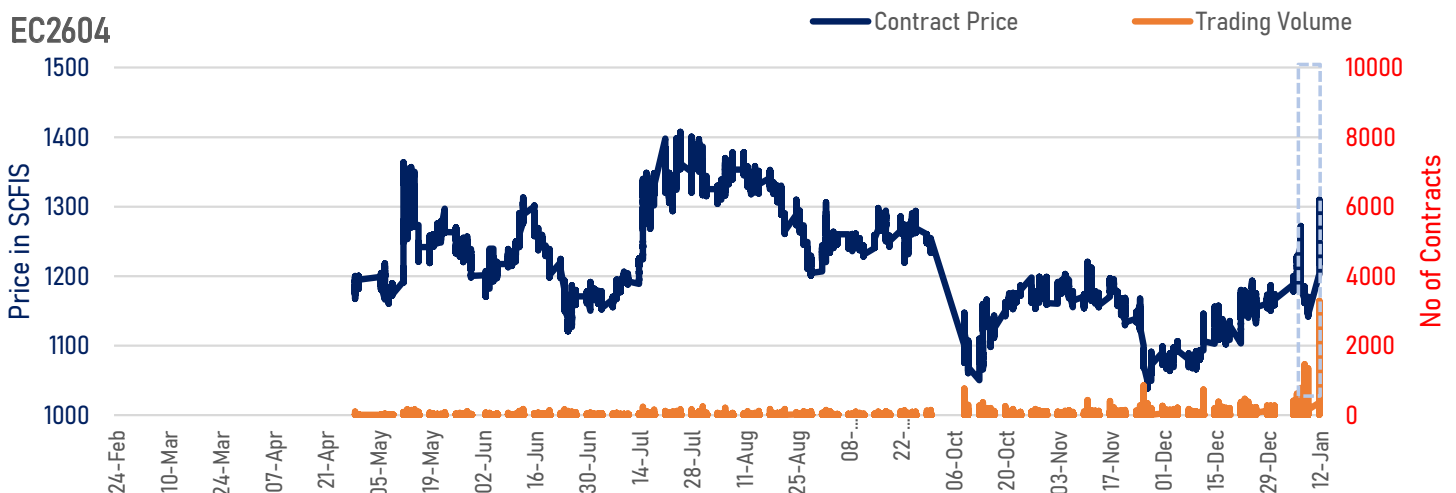
Attention in the Shanghai futures market has shifted to the EC2604 contract which rallied sharply on 12 January on news that the Chinese government will scrap the tax rebate for solar PV shipments from 1 April, which is expected to bring forward solar PV exports before that date. Trading volumes soared to 64,695 EC2604 contracts, the highest one-day volume for any contract since September while open interest rose to 37,092, up 64% from a week earlier.

China exported 12.4 million tons of solar PV products in the first 11 months of last year, up 6% year on year, with growth accelerating sharply from August as Chinese manufacturers appeared to anticipate the tax rebate cut. Solar PV shipments to Northern Europe, however, fell 12% year on year to 2.7 million tons, equivalent to about 135,000 FEUs, or around 2% of total shipments on the Far East-Northern Europe route.

The previous main futures contract EC2602 dropped over the week after carriers rolled back their plans to raise rates further in the second half of January.

	Closing Price			Vs SCFIS	Avg Daily Volume (contracts)			Avg Daily Turnover (\$M)			Open Interest (contracts)		
Contracts	12-Jan	05-Jan	WoW	1,956	Week 1	Week 52	WoW	Week 1	Week 52	WoW	12-Jan	05-Jan	WoW
EC2602	1,748	1,856	-6%	-11%	24,098	23,062	4%	312	302	4%	13,344	26,046	-49%
EC2604	1,281	1,198	7%	-35%	25,404	6,769	275%	224	57	293%	37,092	22,629	64%
EC2606	1,485	1,389	7%	-24%	1,551	590	163%	16	6	179%	2,936	2,201	33%
EC2608	1,565	1,502	4%	-20%	257	93	177%	3	1	185%	1,451	1188	22%
EC2610	1,154	1,083	7%	-41%	1,750	637	175%	14	5	190%	7,228	6055	19%
EC2612	1,389	1,312	6%	-29%	19	43	-57%	0	0	-55%	90	48	88%
Total					53,079	31,193	70%	570	371	54%	62,141	58,167	7%

EC2604



China's Solar PV Export By Destination

