

Market Pulse 2025 Week 20

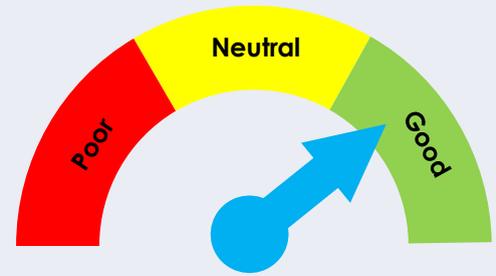
MARKET BRIEF 2025 WEEK 20

The Sino-US trade deal has created a perfect storm for the container market, that will further lift carriers' earnings in the next 2 quarters. The sharp rebound in transpacific cargo bookings have pushed up freight rates over the past week with further rate hikes planned from 1 June. Carriers are scrambling to redeploy their ships to the US to take advantage of the rate bonus with KMTC becoming the latest new entrant on the transpacific.

Charter rates are also enjoying a strong revival as sublet candidates were taken off the market and several short-term charters for Transpacific trips are being negotiated at substantial premiums. Despite the Suez Canal Authority's efforts, the main line carriers have not redirected their ships back to the Suez route, with the number of ships on the Cape route unchanged since the US-Houthi ceasefire deal was announced on 6 May.

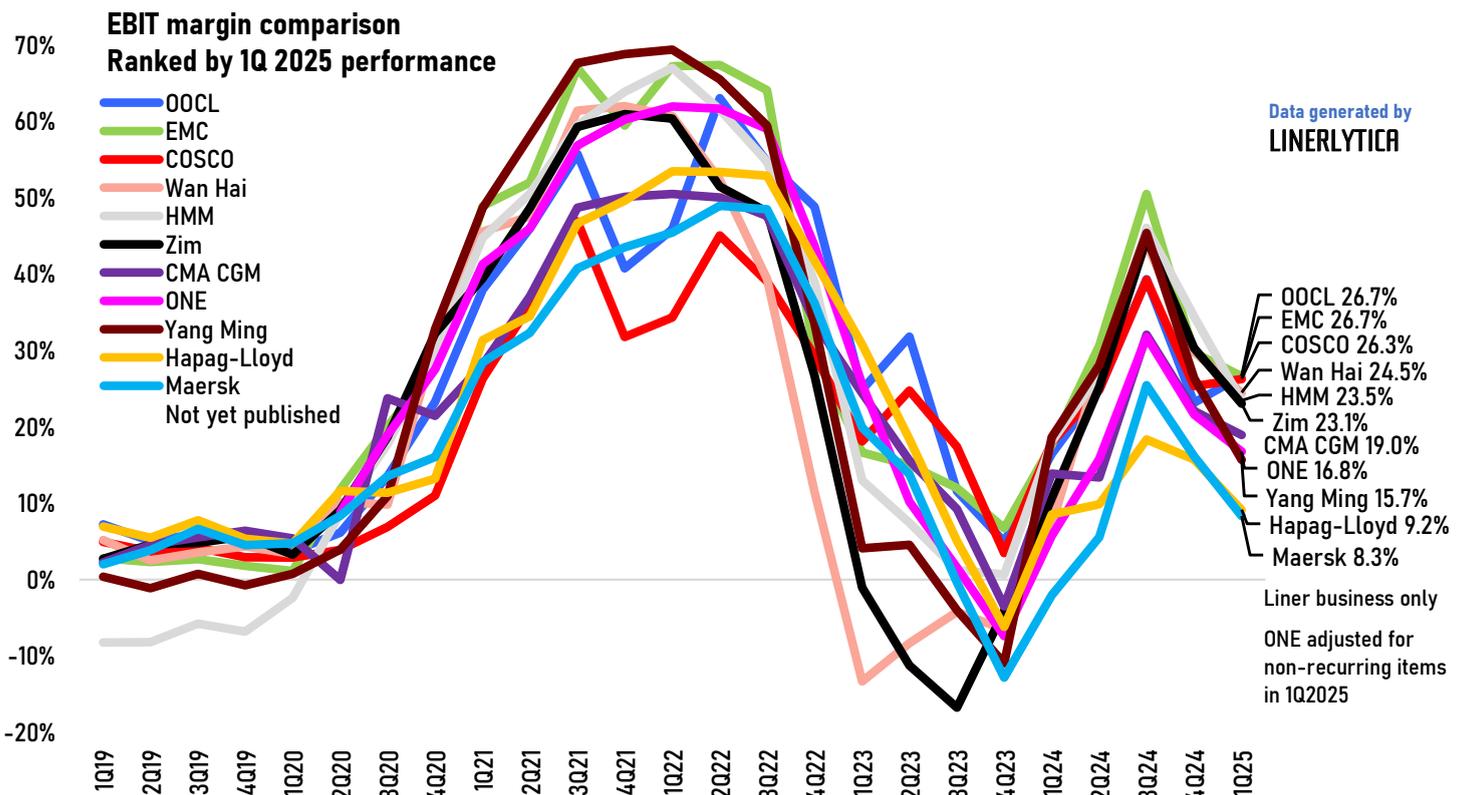
IN FOCUS this week
Perfect storm to lift carriers' earnings

CONTAINER MARKET BAROMETER 2025 WEEK 20



Gemini partners continue to underperform in 1Q

Maersk and Hapag-Lloyd remain at the bottom of the carriers' EBIT margin league table for the 5th consecutive quarter with their operating performance continuing to lag behind all of their main rivals. The 2 Gemini Cooperation partners' heavy reliance on contract cargo and relatively low exposure on the Transpacific market, coupled with their high operating cost base have continued to weigh down on their financial performance.



Near term rate lift expected from US tariff pause

The Shanghai–North Europe EC freight futures’ ascent stumbled over the past week, with the near term EC2506 and EC2508 contracts retaining their initial gains, while the longer dated contracts lost ground as the positive spill-over effects of the Transpacific cargo rush is expected to fizzle out after August. EC trading volumes surged with average daily volumes up 126% and open interest rising 14% week on week in highly volatile trading sessions.

Carriers are pushing for another round of rate hikes in June to push FAK (freight all kinds) rates above \$3,000 per FEU but this will need to be supported by capacity cuts with market leader MSC yet to reveal its capacity plan. MSC has made the largest cuts in Transpacific capacity in the last 4 weeks, but is expected to reverse the cuts over the coming weeks with some of the capacity taken out from European services. In contrast, the Gemini partners have failed to cut their transpacific capacity and is not expected to reduce their European slots as well.

Contracts	Closing Price			Vs SCFIS	Avg Daily Volume (contracts)			Avg Daily Turnover (\$M)			Open Interest (contracts)		
	19-May	12-Apr	WoW		1,265	Week 19	Week 18	WoW	Week 19	Week 18	WoW	19-May	12-Apr
EC2506	1,772	1,466	21%	40%	87,711	50,349	74%	1,009	460	119%	28,322	37,399	-24%
EC2508	2,388	1,794	33%	89%	81,512	30,086	171%	1,235	331	273%	54,051	39,463	37%
EC2510	1,482	1,482	0%	17%	31,877	9,466	237%	327	87	275%	24,236	17,820	36%
EC2512	1,625	1,683	-3%	28%	5,009	1,867	168%	57	20	190%	4,998	4,551	10%
EC2602	1,451	1,500	-3%	15%	2,372	1,017	133%	24	10	152%	3,081	2,944	5%
EC2604	1,249	1,360	-8%	-1%	2,609	717	264%	23	6	276%	3,518	1,518	132%
Total					211,091	93,502	126%	2,675	914	193%	118,206	103,695	14%

Shanghai Export Containerized Freight Index based on Settled Rates (SCFIS) vs Futures

