

Market Pulse 2024 Week 45

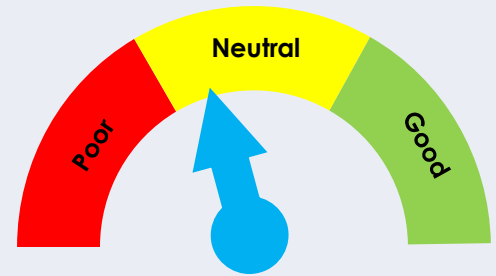
IN FOCUS this week
TS Lines IPO

MARKET BRIEF 2024 WEEK 45

Carriers have pushed ahead with the 1 November rate hikes with smaller increases than initially planned but they have at least reversed the continuous declines since July that has seen the SCFI and CCFI shed 45% and 37% of their values. Carriers will struggle to retain the rate hikes with cargo demand still weak in the seasonally weak November period in the absence of more capacity cuts. Although capacity utilisation has increased in the last 2 weeks of October, this was due to post Golden Week blanked sailings out of China and front loading ahead of the November rate hikes.

Capacity continues to be affected by port congestion with adverse weather conditions causing delays at Central China ports at the end of last week. If utilisation fails to rebound, carriers are expected to slash freight rates again once the cargo backlog is cleared. Containership charter rates have continued to firm with idle capacity remaining at less than 100,000 teu as carriers continue to snap away at all available tonnage.

CONTAINER MARKET BAROMETER 2024 WEEK 45

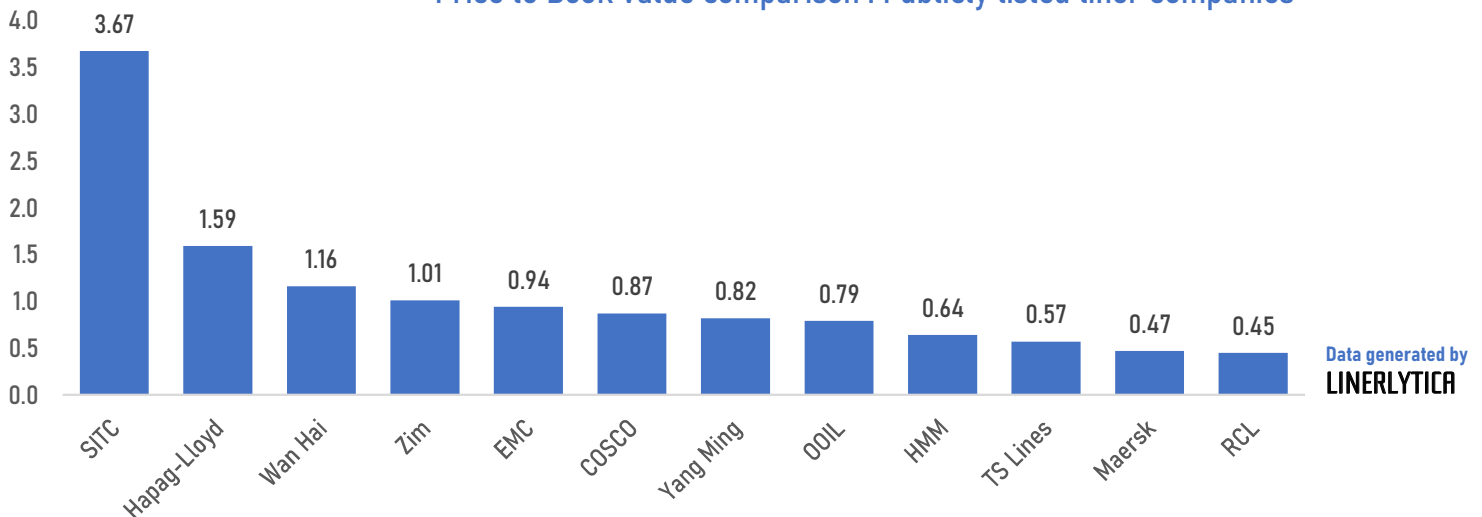


TS Lines lacklustre IPO

TS Lines received a lukewarm response to its Hong Kong stock listing, with its shares trading below its issue price of HK\$4.18 on its first trading day to close at HK\$4.10 on 1 November 2024 before rebounding by 5.12% to HK\$4.31 on 4 Nov. TSL shares currently trade at a 43% discount to its adjusted book value, compared to the average discount of 15% for its main publicly listed peers (excluding SITC that currently trades a 367% premium to book value).

The addition of TS Lines brings the number of publicly listed liner shipping companies to 11 out of the Top 22 carriers, excluding OOIL which is majority owned by COSCO.

Price to Book Value comparison : Publicly listed liner companies



*TS Lines book value adjusted for interim dividend settled before HK listing

EC futures edged higher on lower trading volume

The EC freight futures traded mostly higher on 4 November despite a 25% week-over-week drop in volumes. Although more carriers have raised their online spot quotations to over \$5,000 per FEU for Far East to North Europe shipments from 15 November, scepticism is growing on whether these quotations will translate to actual settled rates, with the SCFIS that was published after market close rising by just 2.3% to 2,259 on 4 November with the EC2412 contracts still trading at a substantial 36% premium.

Utilization rates for vessels departing from the Far East up until the end of October were very high, but have dropped for vessels departing from 1 November, with some services leaving the Far East with utilization below 90% compared to a two-week moving average of nearly 98% in the last weeks of October in a clear sign of front loading ahead of the rate hike. The average weekly capacity for November has increased to 293,065 TEU, which is 2% higher than the 287,385 TEU recorded last week and 11% higher month-over-month.

Contracts	Closing Price			Vs SCFIS 2,259	Avg Daily Volume (contracts)			Avg Daily Turnover (\$M)			Open Interest (contracts)		
	4-Nov	28-Oct	WoW		Week 44	Week 43	WoW	Week 44	Week 43	WoW	4-Nov	28-Oct	WoW
EC2412	3,069	3,200	-4%	36%	25,170	46,029	-45%	546	1,014	-46%	17,767	25,343	-30%
EC2502	2,794	2,585	8%	24%	25,908	22,625	15%	496	410	21%	28,630	22,250	29%
EC2504	1,825	1,764	3%	-19%	14,325	20,270	-29%	181	246	-27%	18,936	18,005	5%
EC2506	1,952	1,788	9%	-14%	3,579	4,623	-23%	47	57	-19%	6,787	6,348	7%
EC2508	2,196	1,909	15%	-3%	2,954	3,687	-20%	42	49	-14%	5,749	4,423	30%
EC2510	1,638	1,500	9%	-27%	1,438	NA	NA	16	NA	NA	1,803	NA	NA
Total					73,373	97,235	-25%	1,328	1,776	-25%	79,672	76,369	4%

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

