

Market Pulse 2024 Week 47

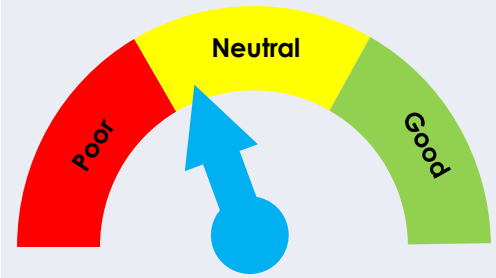
IN FOCUS this week
Carriers EBIT margin comparison

MARKET BRIEF 2024 WEEK 47

The rush to bring forward US imports ahead of the imminent Trump tariffs and potential strike on the US East Coast has so far failed to raise Transpacific freight rates. Rates to the West Coast slipped by 12% last week, even with more than a dozen ships stuck outside Canadian ports as carriers continued to slash rates as capacity utilisation has dropped to their lowest level this year. Although cargo demand remains strong with the most recent volume index to the West Coast remaining 15% higher than last year, the problem lies with the carriers inability to manage the capacity influx with average West Coast capacity growing by 17% year over year.

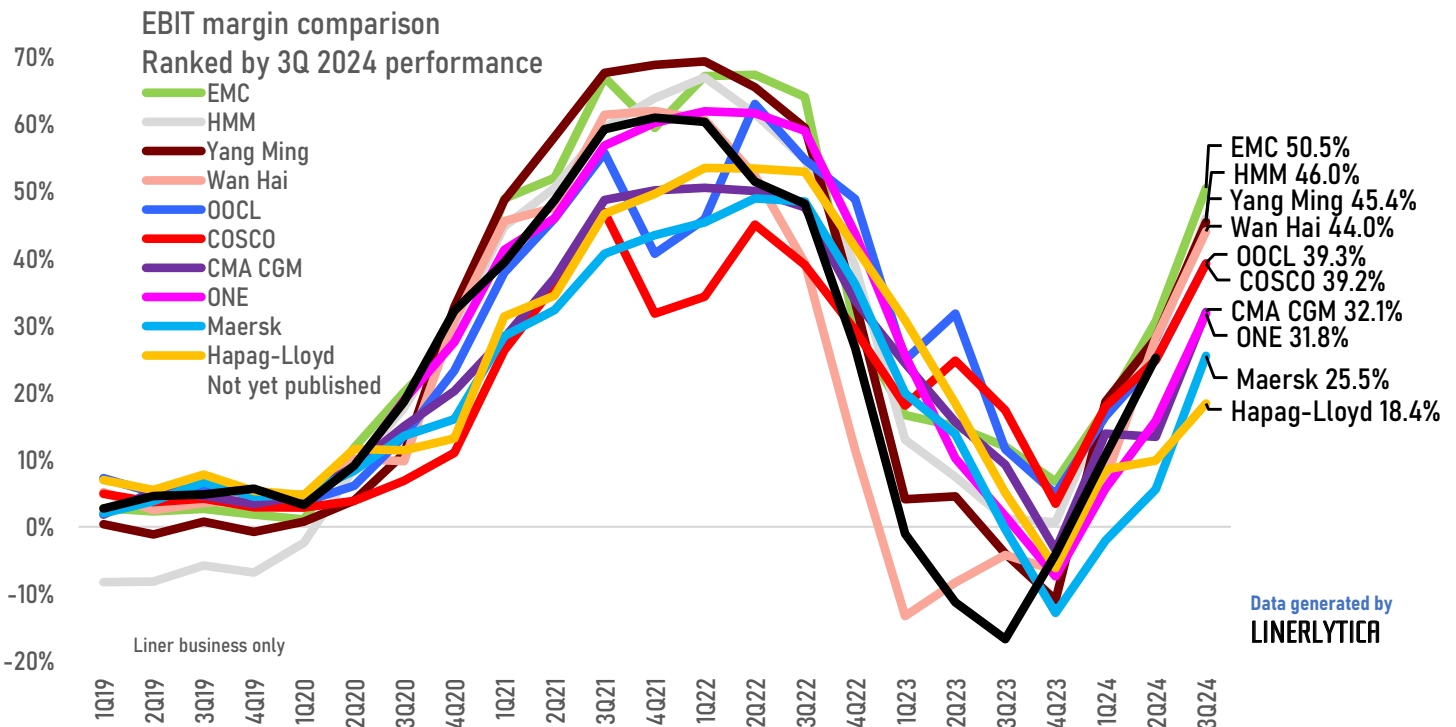
The recent rate weakness has not curtailed carriers' appetite for ships as charter rates and 2nd hand vessel prices continuing to rise. MSC has been particularly active in recent weeks as it continues to widen its lead in the market.

CONTAINER MARKET BAROMETER 2024 WEEK 47



Gemini partners' profit margins lagging behind their peers

Container carriers' earnings in the 3rd quarter of 2024 have surged with average EBIT margins of the 9 largest publicly listed liner companies rising to 33% from 16% in the previous quarter. However, a clear gap has emerged between the top and bottom performers with Hapag-Lloyd and Maersk lagging far behind their peers. The 2 partner carriers in the new Gemini Cooperation achieved an average EBIT margin of just 23% in the 3rd quarter, less than half of EMC's 50.5% margin, with their over-reliance on an Europe-centric network, long term customer contracts, high operating cost base and lack of tonnage growth pulling down their performance relative to their rivals who have been able to capitalize on surging freight rates in the quarter.



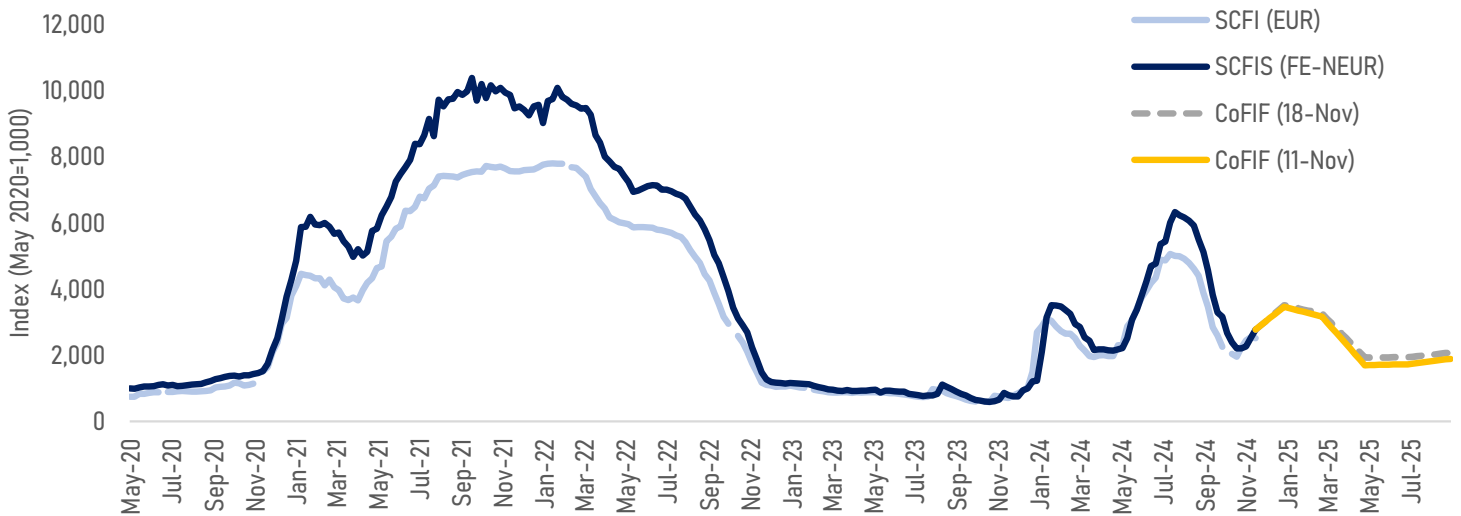
2025 freight futures rebound as ceasefire prospects dim

The longer dated EC contracts expiring after February 2025 have recovered most of their losses in the previous week as hopes for an early end to the Gaza conflict has diminished following the hawkish statements from Israel and increased strikes against targets in Gaza and Lebanon.

The short-dated contracts for December 2024 and February 2025 largely held their ground despite increased scepticism over the carriers' ability to push through additional rate hikes in December after their failure to secure the mid-November hikes. Spot rates have settled below \$3,800/feu and has fallen short of the \$4,500/feu level that carriers initially targeted on 1 November. Although the SCFIS released after the market close on 18 November rose by 9.7% week-over-week, the EC2412 premium of 27% over the latest SCFIS implies that the index will need to rise by 4% in each of the next 6 weeks to reach that level.

Contracts	Closing Price			Vs SCFIS 2,772	Avg Daily Volume (contracts)			Avg Daily Turnover (\$M)			Open Interest (contracts)		
	18-Nov	11-Nov	WoW		Week 46	Week 45	WoW	Week 46	Week 45	WoW	18-Nov	11-Nov	WoW
EC2412	3,512	3,560	-1%	27%	4,503	11,949	-62%	110	283	-61%	9,673	13,090	-26%
EC2502	3,240	3,244	0%	17%	37,773	48,186	-22%	840	1,066	-21%	34,338	34,308	0%
EC2504	1,924	1,668	15%	-31%	24,813	26,115	-5%	319	349	-9%	19,728	20,235	-3%
EC2506	1,943	1,693	15%	-30%	9,736	9,621	1%	126	138	-9%	8,352	8,394	-1%
EC2508	2,060	1,917	7%	-26%	10,179	11,952	-15%	141	191	-26%	7,535	7,417	2%
EC2510	1,602	1,500	7%	-42%	4,604	4,886	-6%	51	57	NA	5,093	4,560	12%
Total					91,610	112,709	-19%	1,587	2,085	-24%	84,719	88,004	-4%

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



CoFIF Daily Closing Price

