



Market Report 8/2024





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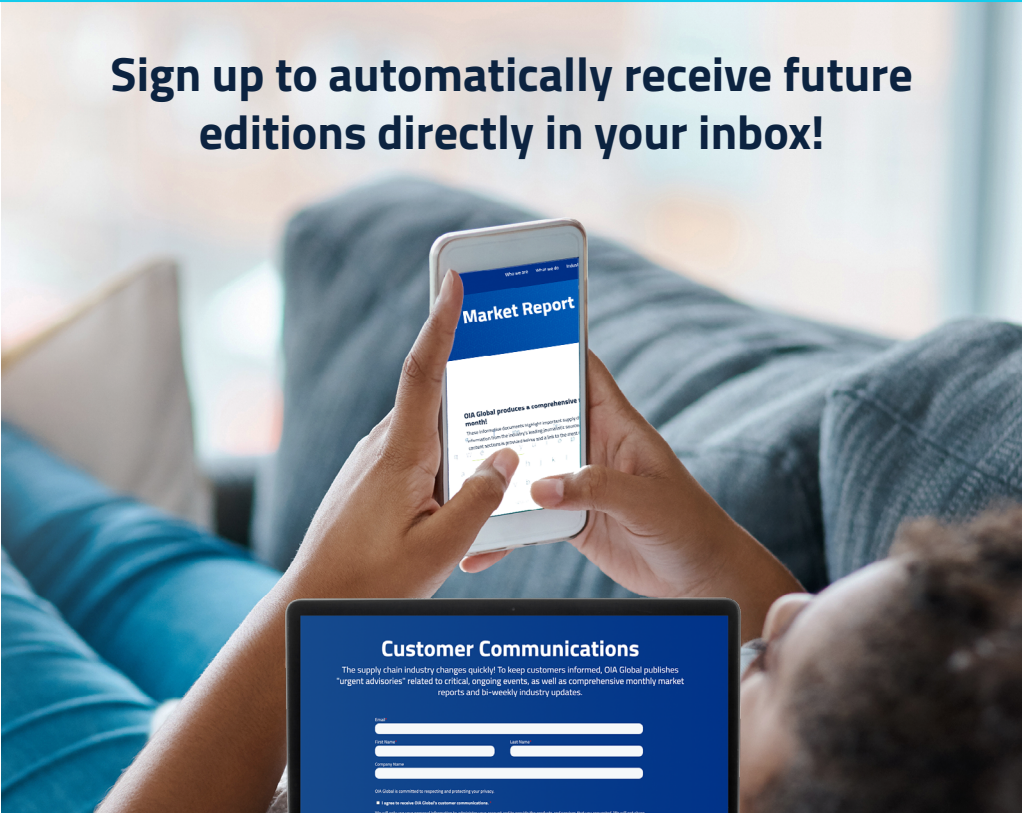
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### Note

All monetary figures are shown in United States Dollars (USD) unless stated otherwise.

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## Global Air Freight

### JUNE 2024 METRICS

**+13%**

Year-over-year (YoY) percentage increase in global air cargo demand.

**\$2.62**

The average spot rate per kilogram.

**59%**

Global dynamic load factor, which measures the volume and the weight of cargo flown, as well as available capacity.

## Liquified Natural Gas

Kpler said that developments in the LNG tanker market pointed “to a complex network of maritime operations potentially linked to Russian interests.”

- Since Q2 '23, >50 LNG vessels have **changed ownership to companies located in the United Arab Emirates (UAE)**.
- The Cook Islands recently **entered** the top 30 flag leaderboard, with Cook Island ships often trading sanctioned Russian, Iranian, and Venezuelan oil.



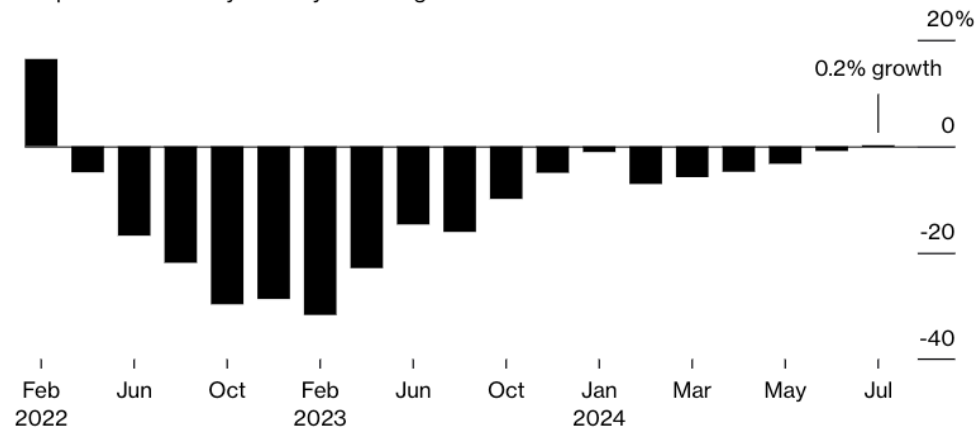
## U.S. Trucking



### RATES INCREASE FOR THE FIRST TIME IN TWO YEARS

Recent economic signals in the U.S. **suggest** the nation's road freight market has finally **reached** a low point after a two-year period of inventory destocking, excess trucking capacity, and historically low rates.

■ Spot linehaul rate year-on-year change



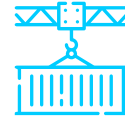
Demand is **returning** to pre-pandemic levels as trucking executives look toward an impending recovery.

The latest Freight Transportation Services Index **shows** that May was the first month in 2024 to show YoY growth for the value and volume of freight moved.

Source: DAT Solutions via Bloomberg Intelligence. Note: As of 7/26/2024; From Feb 2022 to December 2023, data is shown once every two months.



## Global Container Capacity



The number of idle and/or unemployed ships [remains](#) <1.0% of the total maritime fleet.

**Essentially every major carrier (except Yang Ming) witnessed capacity increases during H1 '24**, according to Alphaliner data. MSC leads the way, having added around 400,000 TEUs to its fleet since January. Both MSC and CMA CGM have around 1.2M TEUs of capacity on order in '24/'25.

- Carriers' strong capacity growth and low blank sailings [indicate](#) optimism for the upcoming peak season on the Asia-North America West Coast trade route.
- **The Asia-North America West Coast trade is experiencing a notable rise in the proportion of shipping capacity provided by non-alliance operators.** Projections show that non-alliance capacity on the Asia-North Europe route could reach record levels during the next 12 weeks.
- Capacity on the east-west trade lanes [remains](#) extremely tight despite a huge influx of new vessels.

**Almost all large container ships have been chartered until 2025.** Linerlytica recently noted:

*"Availability of prompt tonnage is extremely scarce at the moment, especially for ships >2,000 TEU. The charter market remains effectively sold out for the larger vessels until next year."*

The market shift is causing liner and feeder operators to prioritize smaller vessels, whose owners often seek higher rates and for longer periods.

Emily Stausbøll, Xeneta Senior Shipping Analyst, noted:  
*"Crucially, this suggests a growing level of available capacity in the market and shippers can once again start to play carriers off against each other instead of paying whatever price they are offered to secure space. As the balance of negotiating power starts to swing back towards shippers, we should see spot rates start to come back down."*

## North America



H1 '24 [showed](#) a 12% year-over-year (YoY) rise in total U.S. containerized shipments with significant gains in materials and consumer goods.



According to Kearney's [2024 State of Logistics Report](#), U.S. business logistics costs dropped 10% in 2023 to \$2.4T, or 8.7% of last year's \$27.4T gross domestic product (GDP).

- Notably, this is the first time that costs have [declined](#) since the start of the COVID-19 pandemic.

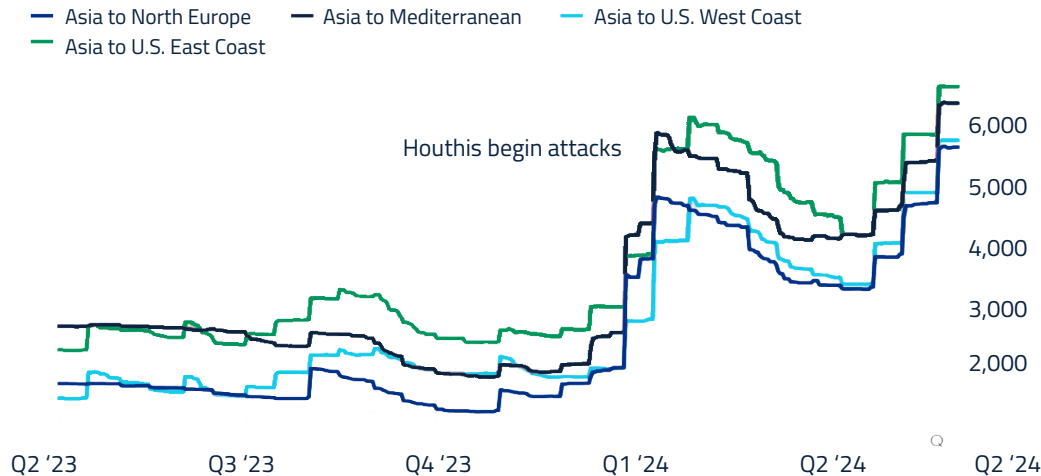


There has been an [influx](#) of new China-Mexico logistics services in recent months, changing the overall composition and competitiveness of the Transpacific trade.



## RED SEA CRISIS CONTINUES DRIVING RATES UPWARD AS VESSELS TAKE LONGER JOURNEYS

Average cost of shipping a 40' container at short notice (by route).



Congestion in southeast Asia, particularly Singapore, has [raised](#) shipping costs:

- Spot pricing for outbound shipments from China increased by >100% last month.
- For Shanghai-Los Angeles specifically, rates rose from about \$2,000 per 40' container in June 2023 to roughly \$4,000 in June 2024.

## Mergers & Acquisitions



### OIA GLOBAL ACQUIRES SANFORD FREIGHT

OIA recently [acquired](#) Sanford Freight, expanding the company's network into Ireland, a key market for [emerging industries](#).

- NYK Group [reached](#) an agreement with Eneos Ocean Corporation to acquire 80% of the shares in a new company that will overtake Eneos Ocean's non-crude oil shipping business.
- UPS [entered](#) into an agreement to acquire Estafeta, a leading Mexican express delivery company.



## PANAMA CANAL PLANS NEW WATER RESERVOIR

The \$1.6B reservoir will sit along the Indio River and [allow](#) the Panama Canal Authority (ACP) to maintain a minimum of 36 transits daily (maximum of 40). Officials expect the project to take roughly six years to complete.



India's Adani Ports and Special Economic Zone will [increase](#) its investment to \$100B rupees (USD \$1.2B) to [augment](#) the Vizhinjam port in the state of Kerala. The additional money will complete the project's second phase, which is [expected](#) to be done by 2028.



The Port of Los Angeles [completed](#) its Pier 400 rail expansion. The project [adds](#) five new storage tracks totaling 31,000 linear feet, new crossovers and turnouts, a concrete rail bridge with lights, an asphalt access roadway, and modifications to the compressed air system. The expanded rail yard is projected to eliminate about 1,200 trucking trips per day by 2040.



The State Railway of Thailand (SRT) [approved](#) its infrastructure program's final three projects:

- Chumphon - Surat Thani (168km)
- Surat Thani - Hat Yai - Songkhla (324km)
- Denchai - Chiang Mai (189km)

The work will enhance capacity on seven different lines and cost roughly Baht \$292.5B (\$USD 8.1B).



Indiana's Ports of Indiana-Burns Harbor will [build](#) a new container terminal on Lake Michigan, creating the first all-water route for ocean vessels heading toward Chicago via the Great Lakes. Planning is already underway, with construction set to [begin](#) in 2025 and operations expected as early as 2026.



**The Cargo Fire & Loss Innovation Initiative (CFLII)** will [evaluate](#) the use of these early-stage fire detection technologies on container ships: Forest Guard, SenseNet, and Mobotix. The three solutions will undergo structured feasibility studies, vessel assessments, and surveys, with successful evaluations leading to future trials on one of the partners' cargo ships.



**CMA CGM Group plans to use Google's artificial intelligence solutions** to strengthen network efficiencies and adaptability, according to a recent [press release](#). CMA CGM expects the integration of AI across its operations to help employees in the decision-making process during several workflows, [including](#) optimizing vessel routes, container handling and inventory management.

Mitsui O.S.K. Lines (MOL) [introduced](#) Sofar Ocean's dynamic voyage optimization platform to its operating vessels, aiming to improve fuel efficiency while also reducing GHG emissions. **This ocean sensor "spotter buoy" collects ocean data such as wave spectra, wind, sea surface temperature, and atmospheric pressure in real time.** Waves have a significant impact on the efficient operation of a ship, and Sofar's weather forecasts are expected to be impactful in this regard.



The United Arab Emirates (UAE) Ministry of Energy and Infrastructure (MoEI) and the Mohammed Bin Rashid Space Center (MBRSC) are [collaborating](#) on a maritime tracking project ("Satgate") to improve maritime security. Satellites and AI technologies will be used to track ships and boost maritime security in UAE ports and waters.

**Eaton and BAE unveiled a new lightweight EV powertrain.** The new truck design [provides](#) a full heavy-duty EV system, combining BAE's suite of power dense, advanced power electronics with Eaton's 4-speed EV transmission.

## ASIAN SHIPBUILDING COMPANIES INVEST IN THEMSELVES

- Yangzijiang Shipbuilding, China's largest privately held shipbuilder, is developing 866,671 square meters of land in Jingjiang City into a new shipyard.
- Hengli Heavy Industry plans to increase its annual shipbuilding capacity to 7.1M tons, more than 2x its current output.
- Singapore-listed Yangzijiang allocated RMB \$3B (USD \$413M) to build a new yard, which it hopes to complete within the next two years.



Chinese shipbuilder Wuhu Shipyard [signed](#) a deal with Zhejiang Zhonghuaizhou Shipping Technology to build a pair of river-sea pure electric containerships. These 400 TEU box ships will be among the largest pure-electric vessels in China.

- The newbuilds will be driven by two 875 KW permanent magnet propulsion motors reaching a maximum speed of 11.5 knots, powered by a total of ten box battery cells, each with about 19,000 KWh of power.

**Sustainable Aviation Fuel (SAF)** still **remains** too expensive for widespread commercial adoption. Although a liter of SAF typically contains the same energy as a liter of conventional fuel, SAFs generally cost at least 2x as much as the same amount of conventional hydrocarbon fuel.



SAF producers are working on ways to turn municipal waste materials into SAF, and there is also considerable excitement about the potential for “power-to-liquids” or “e-fuel” technology, which would use electrolysis to turn carbon pulled from the air into a carbon-based fuel.



Several factors will soon **make** Brazil an important destination for ship owners wanting to dispose of their assets in a more sustainable way:



- Strict national regulations on hazardous waste management.
- A newly-enacted national bill that aligns with the EU's [Ship Recycling Regulation](#).
- Preexisting infrastructure in the States of Rio de Janeiro, Rio Grande do Sul, and Pernambuco; for example, in May '24 a memorandum of understanding (MOU) was signed to explore the feasibility of establishing a ship recycling and decommissioning yard in Porto Central, Brazil.



The government of Turkey will **enact** its own carbon pricing scheme, comparable with the EU's recently enacted Emissions Trading System (ETS).

- Turkish ports and their counterparts in Northern Africa have seen a recent **surge** in traffic as shipping lines used their locations to avoid ETS tariffs, but shipowners will no longer be able to do so.



COSCO **signed** a memorandum of understanding (MoU) with Fortescue, an Australian green technology and energy company, to **develop** new technologies that help lower emissions. The agreement **includes** exploring construction and deployment of green ammonia-fueled vessels owned by COSCO or partially owned by both companies.



The ports of Los Angeles and Long Beach will put \$25M toward a new partnership with regional air quality agencies to implement charging infrastructure for electric heavy-duty drayage trucks. \$135M will **install** up to 207 charging units at eight sites around Southern California.

ABS **published** ‘industry first’ guidance covering technical and operational challenges in ammonia bunkering from the perspective of both the source and receiving vessel.



## Laws/Legislation



### U.S. FEDERAL MARITIME COMMISSION HALTS “GEMINI COOPERATION”

In a recent **statement**, the FMC said:  
*“The commission has determined that the Gemini Cooperation agreement as submitted lacks sufficient detail to allow for a complete analysis of its potential competitive impacts. Re-consideration of the agreement will not commence until the commission has received a fully compliant response to its inquiry.”*



The FMC also **implemented** new rules that could make the marketplace between exporters and liner operators fairer. Ocean carriers will be required to document their policies for handling exports and then notify shippers about schedule and service changes to ensure adequate loading time for ships.



### UNITED STATES / PHILIPPINES CONTINUE STRENGTHENING BILATERAL RELATIONS

In April 2024, the U.S. accelerated investments in the Philippines, particularly focusing on transport infrastructure, clean energy and semiconductor supply chains through the Luzon Economic Corridor. **Now, the U.S. Trade and Development Agency announced new strategic initiatives that will leverage >\$500m (c. £380m) from the public and private sectors to develop infrastructure throughout the Philippines.** Ferdinand Marcos Jr., President of the Philippines, has stated that the country’s comprehensive infrastructure program includes 185+ priority projects.



About half of the World Trade Organization’s (WTO) members **reached** a preliminary deal on E-commerce that would permanently ban tariffs on digital transactions.



**The European Commission plans to impose customs duties on goods <€150**, targeting many Chinese E-commerce giants selling low-value goods, many of which are subsidized by Chinese postage. The new rules aim to equal the marketplace for other online retailers and will apply to all non-EU online retailers.



The Federal Motor Carrier Safety Administration (FMCSA) has **asked** Congress to give it the statutory authority to **assess** civil penalties for unauthorized brokerage violations, including double-brokering, fraud problems, and consumer complaints about household goods.



The FMCSA also **removed** four Electronic Logging Devices (ELDs) from its list of registered devices:

- CTE-LOG ELD
- ELD Volt
- Powertrucks ELD
- TFM ELD



## INTERNATIONAL LONGSHOREMEN'S ASSOCIATION WARNS OCTOBER '24 STRIKE IS "MORE LIKELY"

The International Longshoremen's Association (ILA) leader warned that a strike at all U.S. Atlantic and Gulf Coast ports is increasingly likely as time passes to negotiate a new six-year master contract with the United States Maritime Alliance (USMX). **The preexisting USMX-ILA contract—last ratified September 2018—governs approximately 14,500 port workers on the U.S. East and Gulf Coasts and is due to expire on 30 September 2024.**

ILA President Harold Daggett, who is leading the union's negotiations, **issued** a harsh statement about the lack of negotiation progress with USMX, **reiterating** that ILA members are willing to "hit the streets" once the current contract expires.

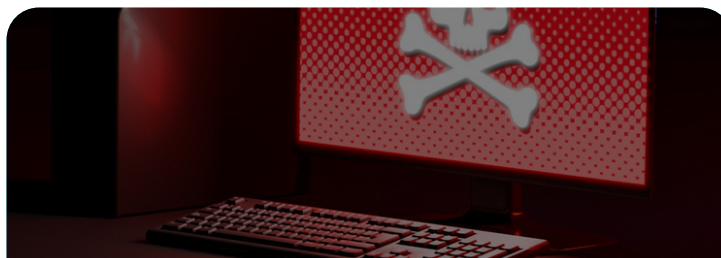
*"We will not entertain any discussions about extending the current contract, nor are we interested in any help from outside agencies to interfere in our negotiations with USMX... This includes the Biden administration and the Department of Labor," Daggett said.*

- A specific sticking point is that the ILA still doesn't have a resolution with Maersk regarding the automation it recently installed at Alabama's Port of Mobile.



## CANADA FACES WIDESPREAD LABOR STOPPAGES

Labor disputes and work stoppages loom over Canada's western ports and leading rail companies. The Canadian Industrial Relations Board is conducting a hearing from August 6-9<sup>th</sup> on the ILWU dispute with DP World Canada which may evolve into a strike for all West Coast port operations. **A strike would shut down both Canadian Pacific Kansas City (CPKC) and Canadian National (CN) operations in Canada.** Keith Creel, CPKC CEO, said of the ongoing labor talks: *"We're far apart. It's going to be a challenge."*



The shipping industry is **facing** a sharp rise in cyberattacks as geopolitical disputes prompt more state-linked hackers to target other country's supply chains.

*"The international rules-based order... the great system [that benefited shipping] since the second world war is under threat like never before,"*

– Guy Platten, secretary-general of the International Chamber of Shipping, which represents shipowners controlling about 80% of the world's commercial fleet.

Notably, cloud-based transportation management systems (TMS) can help **insulate** shipping fleets from IT disruptions, such as the recent CrowdStrike incident.



Singapore's congestion is finally easing! June '24 containership arrivals **fell** to the lowest point in more than a year.



The dock yard at Bangladesh's Chittagong port has about 40,000 TEUs of containers **piled up**, following recent protests that led to a highway blockade, curfew, and other restrictions.



Algieras is **experiencing** high yard density levels and container dwell times due to network delays and long layovers.



Antwerp, Hamburg, and Rotterdam **have** been experiencing high capacity and extended wait times.





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