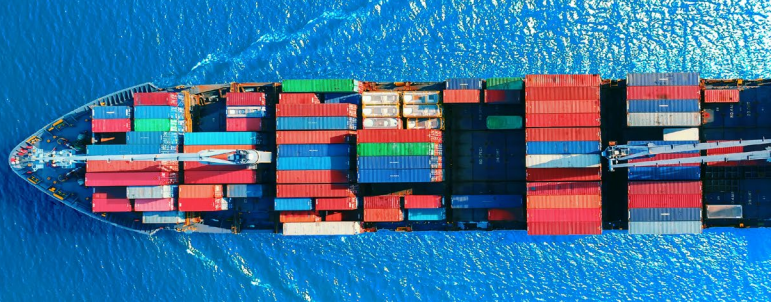


Sea Freight News

February 2024



With demand pressure from the pre-LNY rush easing and carrier schedules and capacity adjusting to the ‘new normal’ around the southern tip of Africa, we are starting to see improvements in space and equipment availability at most Asian hubs. India, on the other hand, is facing a significant capacity crunch and equipment shortages due to delayed vessel arrivals.

Carriers have reported smooth operations at most major ports, alleviating fears that off-schedule vessel arrivals would cause a return of the crippling port congestion experienced during the early days of the pandemic. However, Rotterdam and some transshipment hubs are experiencing slight congestion due to a cluster of ship arrivals.

Tale of Two Canals

Tensions continue to mount in the Middle East, stocking fears of long-term disruptions impacting global trade. While the U.S.-led coalition continues to target Houthi strongholds in Yemen, the rebels are showing no sign of backing down, attacking two more merchant vessels this week. Meanwhile, the conflict has spread to other parts of the Middle East, with the U.S. launching retaliatory strikes in Syria and Iraq in response to a drone strike that killed three U.S. soldiers in Jordan. But, with all of the major carriers now avoiding the Red Sea, these escalations are unlikely to have additional impacts on global trade.

Jumping over to Panama, canal authorities do not anticipate implementing additional restrictions through April, when the region enters its rainy season. If rain levels increase as expected in May, canal authorities plan to incrementally increase the number of daily transits, with the goal of returning to 36 daily vessel transits. However, if rainfall is not sufficient come May, authorities may consider additional restrictions, such as cutting daily transits by one or two vessels per day or reducing the maximum vessel draft to 43 feet. However, authorities have been reluctant to reduce the draft below the current 44 feet limit as it would force carriers to implement additional weight restrictions, making many voyages unprofitable.

KEY DEVELOPMENTS

Supply: Carriers continue to redistribute capacity to tradelanes affected by the Red Sea crisis, resulting in tightened capacity in other markets.

Blank Sailings: Carriers have cancelled 16% of sailings between Weeks 6–10, with 59% on the Transpacific, 33% on Asia – Europe, and 8% on the Transatlantic trades.

Backlogs: Backlogs are growing across major ports in India and Europe as late vessel arrivals delay export shipments. Export cargoes which have not yet departed Asian origins are also likely to be rolled in order to increase demand during the second half of the month.

Rates: Average global spot rates have eased slightly from January’s peak but remain significantly higher than the same period last year.



Upcoming Holidays

| Holiday | Country | Date Observed |
|-----------------|------------------------------|---|
| Lunar New Year | China Indonesia Taiwan | Feb 10 - 17 Feb 8 - 10 Feb 8 - 14 |
| Carnival | Brazil | Feb 12 - 13 |
| Valentine’s Day | International | Feb 14 |
| President’s Day | U.S. | Feb 19 |

For a more comprehensive list of holidays, click [here](#).

Rotation Changes

- No updates to report



Market Outlook

| Market | Trade Lane | Capacity | Demand | Rates | Performance | | | |
|---------------|-------------------------|----------|--------|-------|-------------|-------------|------------|-----------|
| | | | | | Equip | Reliability | Congestion | T/S Cong. |
| Asia | Asia – North America EC | ● | ● | ↑ | ● | ● | ● | ● |
| | Asia – North America WC | ● | ● | ↑ | ● | ● | ● | ● |
| | Asia – Europe | ● | ● | ↓ | ● | ● | ● | ● |
| North America | North America EC – Asia | ● | ● | ↑ | ● | ● | ● | ● |
| | North America WC – Asia | ● | ● | ↑ | ● | ● | ● | ● |
| | North America – Europe | ● | ● | ↓ | ● | ● | ● | ● |
| Europe | Europe – North America | ● | ● | ↑ | ● | ● | ● | ● |
| | Europe - Asia | ● | ● | ↑ | ● | ● | ● | ● |

Major Disruptions

- Farmer protests continue to spread across Europe, with fed-up agriculture workers blocking major roads, highways, border crossings, and ports
 - While some governments, such as France, have granted concessions to some of the farmers' concerns, farmers say they do not go far enough and are calling for continued action to end the green policies and cheap imports from Ukraine which threaten their livelihoods

Announcements

- DP World Australia**, union leaders agree to four-year deal, ending industrial action
 - Backlogs at DP World terminals across the country are expected to take six weeks to clear

Forecast

Demand is expected to increase marginally after the LNY holiday before tapering off in early March when the market enters its traditional slow season. The LNY lull will give carriers an opportunity to stabilize operations as they continue adjusting capacity and networks to accommodate the longer voyages, leading to improved schedule reliability in the coming weeks.

Looking further ahead, Drewry has revised its 2024 outlook, with growth demand now expected to rise 2.4% globally. Taking the vessel diversions into account, the shipping consultancy now estimates that effective capacity will grow 5.3%, down from its previous estimate of 9.3%, suggesting that supply will continue to outpace demand. The sentiment was echoed by Maersk CEO Vincent Clerc at a press briefing earlier this week, saying "We will see that there are too many ships in the world compared to the number of containers that need to be transported. Even if a year from now we're still sailing south of Africa, excess capacity... will persist."

Global spot rates are expected to recede slightly post LNY but will remain elevated for the duration of the Red Sea crisis. On the contract side, rates are expected to rise in the coming weeks to reflect the added cost of the longer journeys around the Cape of Good Hope.



Thank You

Please note the information contained in this publications is compiled from a variety of sources - including trade publications, local media outlets, federal agencies, and partner agents - and is based upon information available at the time of writing. This information is provided to our valued clients for informational purposes only, and we do not accept liability or responsibility for reliance on the information contained herein.

www.oceanair.net



OCEANAIR, Inc.
5 Centennial Drive
Suite 400
Peabody, MA 01960



Phone
781.286.2700



Email
solutions@oceanair.net