



Baltimore's Ambitious Reopening Plans

Recovery efforts continue at the Port of Baltimore, which has been blocked since the collapse of the Francis Scott Key Bridge on March 26. Officials are planning to open a 45' deep channel later this week, once the *Dali* has been removed, and expect to fully reopen by the end of May. In anticipation, several carriers have already begun accepting bookings for delivery to the port.

In the meantime, Baltimore-bound shipments continue to be diverted to other East Coast ports, primarily to New York (41%), Norfolk (30%), and Newark-Elizabeth (10%). Despite the diversions, terminals continue to operate normally, with overall container dwell times at New York and Norfolk averaging around 2.7 days. However, dwell times for Baltimore-bound containers are experiencing delays of 3-5 days, with analysts at Project44 suggesting that shippers are struggling to find carriers to pickup rerouted containers.

Red Sea Diversions Overwhelm Transshipment Ports

Transshipment hubs across the Mediterranean and Asia are struggling to keep up with the massive spike in container traffic as vessels continue to divert from the Red Sea. Jebel Ali, Colombo, Port Klang, Hong Kong, Tanger Med, Barcelona, and Algeciras are among the hardest hit, with delays of up to a week reported.

Ripple effects of the rapidly evolving situation include schedule "slidings," cancelled sailings, port changes, and omitted calls, often with little or no notice. The widespread service disruptions across the network have led to tightened capacity and rolled cargos at origin, creating significant backlogs in China and India, which are expected to take weeks to clear.

Compounding the situation is a shortage of empty containers - brought on by too many empty sailings over the May Day holiday which delayed the repositioning of equipment back to Asia – and significant volatility in container leasing market, triggering significant rate hikes 'almost every 48 hours.' According to a [recent article](#) by AJOT, carriers and leasing companies placed orders for more than 1m TEU in April, with factories sold out through the end of July and into September. Furthermore, "some container sellers are holding up the inventory in anticipation of price hikes in May." Meanwhile, container depots in the U.S. and Europe are reporting higher utilization rates and, along with it, higher usage and administrative fees, including storage and demurrage fees.

Meanwhile, the Houthi militants are now threatening to attack all vessels in the eastern Mediterranean Sea calling Israeli ports.

KEY DEVELOPMENTS

Demand: Overall demand continues to recover, with volumes stronger than analysts expected and load factors reaching their highest level since January 2023.

Supply: Despite the uptick in demand, capacity has remained static, resulting acute space constraints on some trades, especially from China and India.

Blank Sailings: Carriers have cancelled 5% of sailings between Weeks 19 and 23, with 57% occurring on the Transpacific, 29% on Asia – Europe, and 14% on the Transatlantic trades.

Rates: Drewry's world container index inched up 1% WoW after carriers levied another round of general rate increases (GRI) on the Asia-Europe trades, the first increase since February. With the rate hikes likely to stick, carriers are planning on levying additional GRI on all trades out of Asia in the second half of May.

In Other News

Crewless cargo? Autonomous shipping aims to overcome safety, trust concerns to reach mainstream

CNBC

A cargo tanker off the coast of Norway completed a 13-hour journey last year — but it wasn't a regular ship. The voyage was a test of an autonomous ship [Read more](#)

Upcoming Holidays

Holiday	Country	Date(s) Observed
Liberation / Ascension Day	EU and Indonesia	May 8
Victoria Day	Canada	May 20
Wesak	Multiple	May 22
Memorial Day	United States	May 27

Rotation Changes

- **CMA CGM, MSC, COSCO, and OOCL** have launched new China – Mexico services as growth on tradelane accelerates
 - While some analysts surmise the rapid growth is the result of booming direct investment by Chinese firms, others fear China is using Mexico as a back door to avoid U.S. tariffs
- **Evergreen** and **COSCO** drop Piraeus, increase capacity on their Far East - North Europe (**CES/NEU7**) service, replacing 13,000 TEU vessels with 20,000 TEU vessels
 - Tianjin • Ningbo • Shanghai • Yantian • Singapore • Colombo • Antwerp • Hamburg • Rotterdam • Tanjung Pelepas



Market Outlook

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

Major Disruptions

- As the end of the Transpacific contract negotiations draws near and the gap between long-term and FAK rates widens, carriers are now applying strict space allocation controls, pushing contracted consignments onto the spot market
- Some inland rail locations are reporting equipment constraints
 - IPI shippers are advised to submit bookings 3-4 weeks in advance of cargo ready date in order to secure equipment

Announcements

- Hapag-Lloyd** has launched a new container tracking service, providing customers with real-time data such as GPS-based location, temperature measurements, and sudden vibrations
 - The carrier has installed the tracking devices on more than two-thirds of its dry containers, with completion across the full container fleet expected this summer

Forecast

Carriers are anticipating continued strong demand on the Asia trades over the coming weeks and an earlier than normal start to the peak season, putting additional pressure on an already tight space situation. However, industry insiders warn the tighter space appears to be the result of schedule “slidings” due to mounting congestion at transshipment hubs rather than from blanked sailing programs.

Analysts expect rates will remain elevated for the next few weeks as carriers work to clear backlogs across Asia, with additional rates increases slated for mid-May. However, rates to some destinations, such as the U.S. East Coast and Pacific Northwest, are likely to soften due to lower utilization compared to LA/LB. We are also hearing that carriers are eyeing peak season (PSS) and Bunker Adjustment (BAF) surcharges (PSS) for early June.

Looking further head, overcapacity is expected to prevail later this year when record newbuild tonnage hits the market, implying lower rates, possibly, for 2H’2024 or early 2025.



Thank You

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www.oceanair.net



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



Phone
781.286.2700



Email
solutions@oceanair.net