



Classified – External

Q4 Global Market Update

October 2024



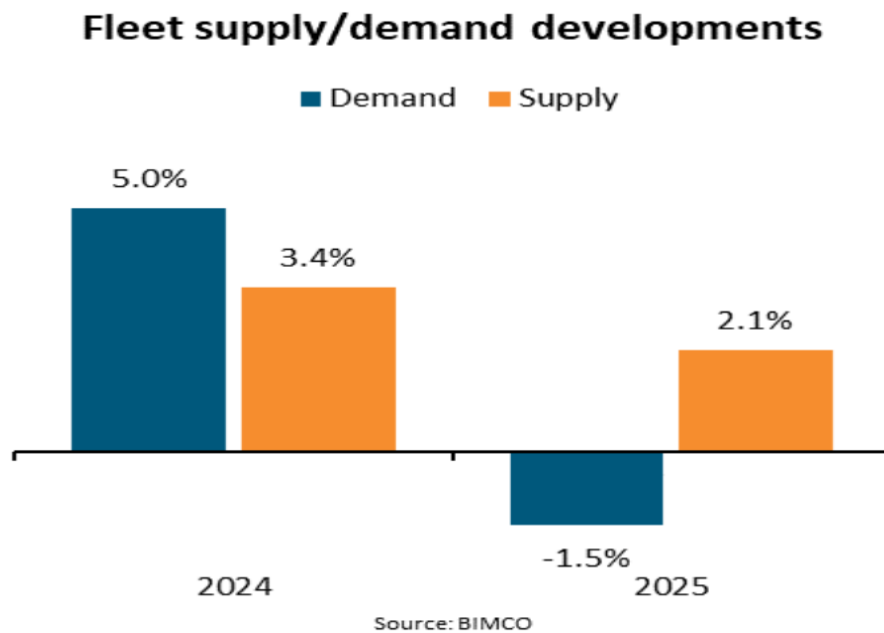
PENTAGON

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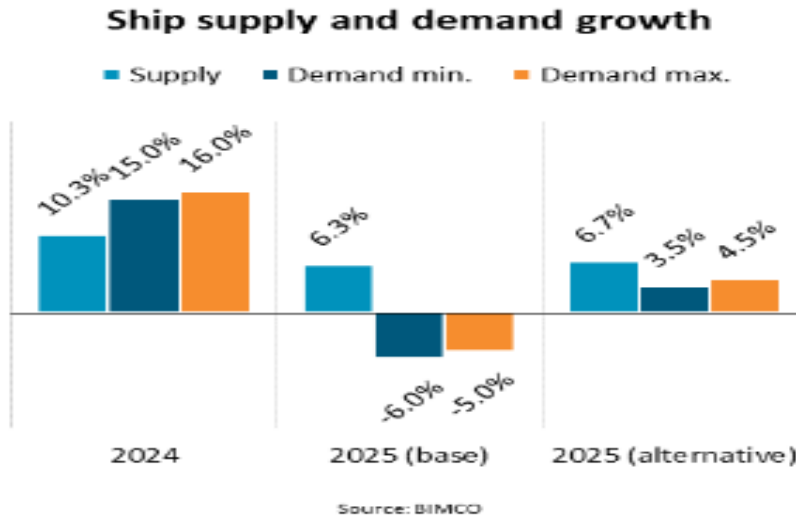
1 H2 2024 Outlook- Ocean

BIMCO in its September report stated that the supply/demand balance is to strengthen in 2024 but weaken in 2025. Supply is estimated to grow by 3-4% in 2024 and 1.5-2.5% in 2025, while demand is projected to grow by 4.5-5.5% in 2024 and weaken by 1-2% in 2025.

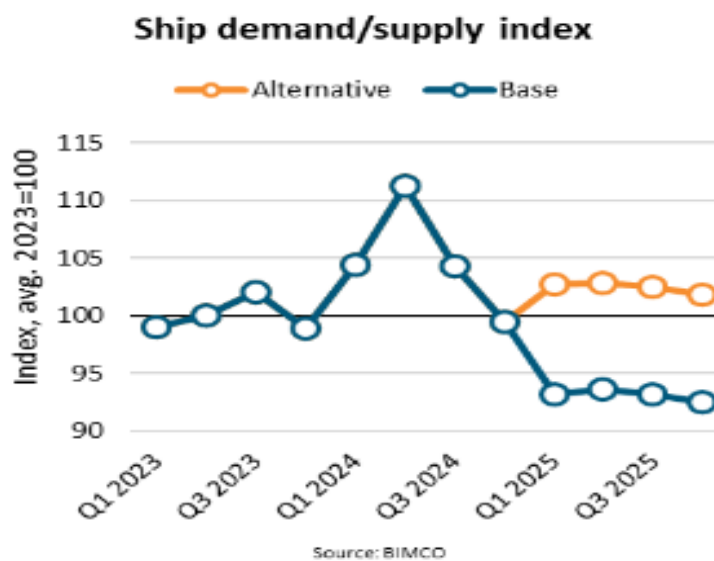


BIMCO commented that the disruption caused by ships being rerouted via the Cape of Good Hope remains the key ship demand driver. “During the second half of 2024, we expect ship demand growth to weaken due to weaker cargo volume growth. On the other hand, supply will increase as the fleet continues to grow and so the supply/demand balance during the fourth quarter could approach the levels seen during 2023. However, ship demand could end higher than projected during late 2024 and early 2025 due to disruptions caused by the redeployment of carrier alliances’ services”. BIMCO also added that strike action between the International Longshoremen’s Association (ILA) and the United States Maritime Alliance (USMX) from the 1st of October would also have an impact which fortunately for the industry was short lived, although it is estimated that the 3-day stoppage can take 2-3 weeks to clear the backlog of vessels and containers through the East and Gulf Coast ports.

1.1 New Vessel Capacity and Demand

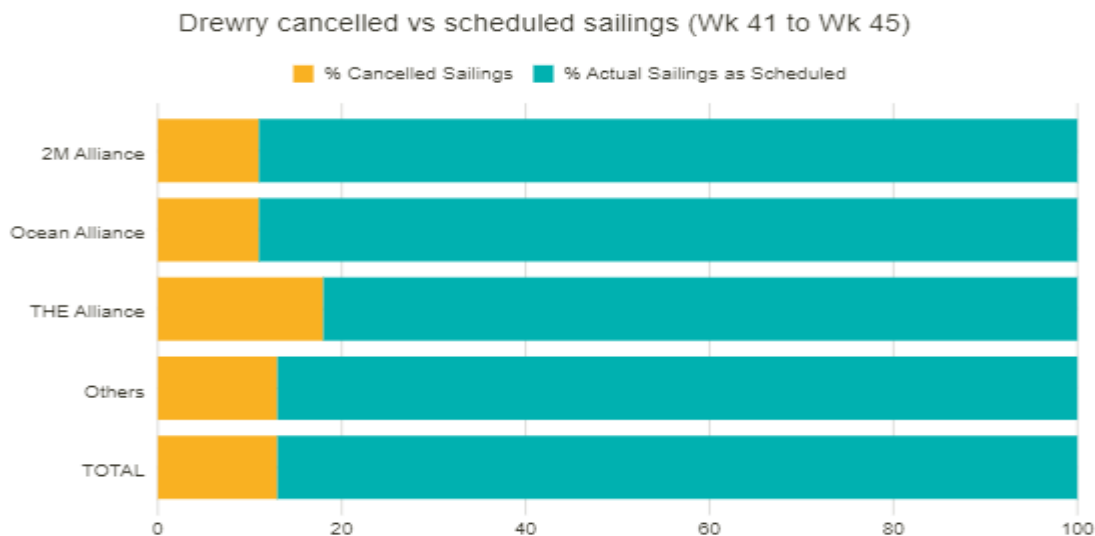


For 2025, BIMCO has provided two scenarios. The first is a base scenario that assumes that ships could return safely to Red Sea and Suez Canal routings throughout 2025, the alternative scenario assumes no changes to the current rerouting pattern. In both scenarios, BIMCO reports that “the supply/demand balance would weaken compared to 2024; however, it would remain stronger than in 2023 in the alternative scenario”.



Source: [Dry Bulk Shipping Market Overview & Outlook July 2024 \(bimco.org\)](https://www.bimco.org/dry-bulk-shipping-market-overview-outlook-july-2024)

Drewry’s weekly Cancelled Sailings Tracker 4th October, reported across the major East-West headhaul trades: “Transpacific, Transatlantic and Asia-North Europe & Med, 90 cancelled sailings have been announced between week 41 (7th October-13th October, and week 45 (4th November- 10th November), out of a total of 693 scheduled sailings, representing 13% cancellation rate”. Transpacific Eastbound accounts for 52% of blank sailings, 28% on the Asia-North Europe and Mediterranean and 20% on the Transatlantic Westbound trade.



Source: [Drewry - Service Expertise - Cancelled Sailings Tracker - 04 Oct](#)

Xeneta’s chief analyst Peter Sands has stated that the additional capacity on top of the 1.8m TEU’s already added this year, can be absorbed if carriers add port calls to their services, adding that a key factor will also be the need for greater port efficiency than has been operating previously. Asia ports have generally improved; Shanghai has a delay of around 4 days, but Ningbo is around 8 days. By comparison, Singapore has significantly improved to around 1 day. However, port congestion has moved to Europe where Hamburg has a 5-day delay, Rotterdam in the Netherlands, around 3 days and Antwerp, Belgium is 4 days. UK’s Felixstowe is 3 days.

The worst affected region is in central America with Cristobal, Panama at 16 days delay. Mexico had spiked at 16 days delay due to increased use of the port by shippers looking to avoid the US Gulf Ports because of possible strike action by the ILA, but this is now down to 4 days.

Source: [Port Congestion Status Data Worldwide - GoComet](#)

1.2 Spot Rate Analysis

Drewry’s world Container Index (WCI) on the 3rd of October showed a decrease of 5% to USD3,489 per 40ft container. “ Freight rates from Shanghai to Genoa decreased 9% or USD364 to USD3,848 per 40ft container. Similarly, rates from Shanghai to Rotterdam declined 8% or USD342 to USD3,815 per FEU. Likewise, rates from Shanghai to Los Angeles dropped 4% or USD232 to USD5,258 per 40ft box. Also, rates from Shanghai to New York and Rotterdam to Shanghai fell 2% to USD5,922 and USD590 per FEU respectively. Meanwhile, rates from New York to Rotterdam, Rotterdam to New York and Los Angeles to Shanghai remain stable”. Drewry expected rate increases from China and Europe to the US East Coast in the coming weeks because of the surcharge increases applied by carriers because of the threatened strike action by the International Longshoreman’s Association (ILA), which has been suspended to January to allow for negotiations on wages and conditions.

Spot freight rates by major route

Our assessment across eight major East-West trades:

Route	Route code	19-Sep-24	26-Sep-24	03-Oct-24	Weekly change (%)	Annual change (%)
Composite Index	WCI-COMPOSITE	\$3,970	\$3,691	\$3,489	-5% ▼	151% ▲
Shanghai - Rotterdam	WCI-SHA-RTM	\$4,682	\$4,157	\$3,815	-8% ▼	271% ▲
Rotterdam - Shanghai	WCI-RTM-SHA	\$603	\$600	\$590	-2% ▼	26% ▲
Shanghai - Genoa	WCI-SHA-GOA	\$4,928	\$4,212	\$3,848	-9% ▼	162% ▲
Shanghai - Los Angeles	WCI-SHA-LAX	\$5,580	\$5,490	\$5,258	-4% ▼	163% ▲
Los Angeles - Shanghai	WCI-LAX-SHA	\$717	\$717	\$715	0%	-13% ▼
Shanghai - New York	WCI-SHA-NYC	\$6,364	\$6,028	\$5,922	-2% ▼	120% ▲
New York - Rotterdam	WCI-NYC-RTM	\$713	\$722	\$724	0%	-2% ▼
Rotterdam - New York	WCI-RTM-NYC	\$2,056	\$2,067	\$2,061	0%	31% ▲

Source: [Drewry Supply Chain Advisors](#)

Source: [Drewry - Service Expertise - World Container Index - 03 Oct](#)

2 Regional Focus

2.1 Americas

2.1.1 North America

2.1.1.1 *Transport*

The suspended strike action announced by the ILA and US Maritime Alliance (USMX) until the 15th January while negotiations continue over wages and conditions for the new Master Contract will come as a relief to shippers and carriers alike due to the impact on freight moving in and out of the US East and Gulf Coast US ports which would have had a ripple effect on vessel scheduling, inventory and equipment flows back across South America, the Europe, the MEAC trades and Asia services that link with the Transatlantic trade.

However, the 3-day shut down is likely to take up to 2-3 weeks to clear the backlog of containers of over 50 vessels queued outside of the port.

Meanwhile, The Port of Montreal Longshoremen's Union has issued an overtime strike notice from the 10th of October, set to last indefinitely. This follows a 3-day strike that halted operations at two of the busy Canadian seaport's terminals.

Canada's federal government moved to end a national rail strike on the 26th of August. The Teamsters Canada Rail Conference (TCRC) said it would comply with the order from the Canada Industrial Relations Board (CIRB) imposing binding arbitration but has also appealed to the federal court.

Air Canada agreed a pay deal in September over a new 4-year collective agreement on pay and benefits.

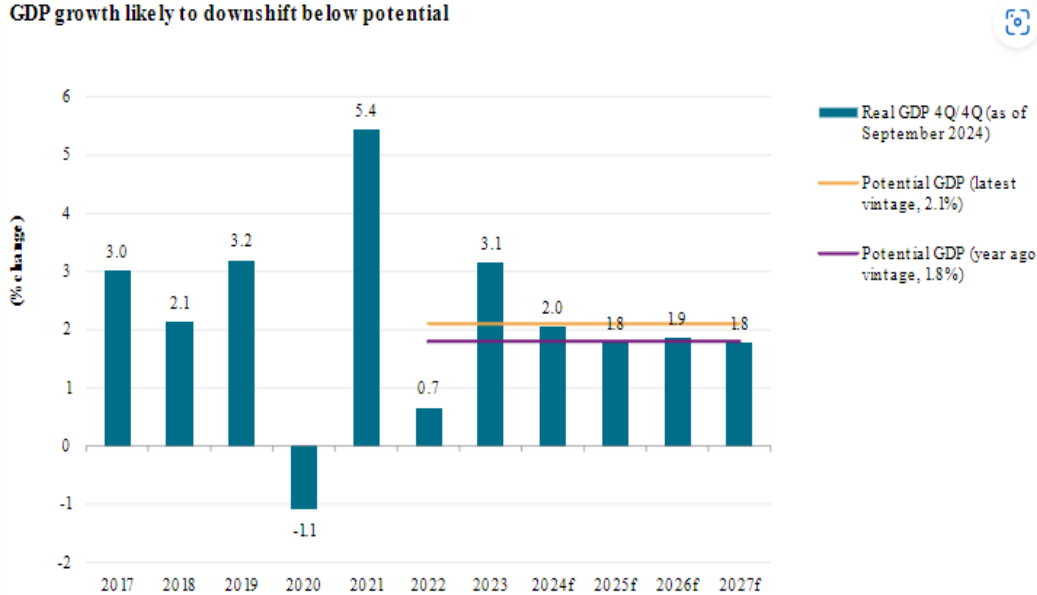
2.1.1.2 Economy

S&P Global Ratings “expects the U.S. economy to expand 2.7% in 2024 and 1.8% in 2025 (on an annual average basis). The growth forecasts are 0.2 and 0.1 percentage point higher, respectively, compared with our June forecasts, partly reflecting the impulse from financial conditions that turned more positive and partly on stronger core goods consumption than previously expected”.

Stating that on a year-end basis, expected growth to come in at 2.0% in the fourth quarter of 2024, down from 3.1% in fourth-quarter 2023.

Chart 1

GDP growth likely to downshift below potential



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“Aside from continued sluggishness in the housing and manufacturing sectors, most recent activity indicators suggest economic growth momentum continues to run slightly above trend, though it has moderated since the fourth quarter of last year. The recent loosening of the labour market indicates a normalization, as opposed to a U.S. economy that's about to slip into recession”.

The US Presidential elections in November will have an impact on US trade beyond China and on tariffs with US trade partners. The Economic Intelligence Unit (EIU) on

the 12th of June 2024 provided an article on how each party could approach trade policy following the elections, details of which can be found on the below link.

2.1.2 South America

2.1.2.1 Services

Services to West Coast South America, the Caribbean and Gulf, and the US East Coast are running full, and capacity is restricted. Peak Season Surcharge for the Dry cargoes is in place for all Intra-America destinations (except MERCOSUR).

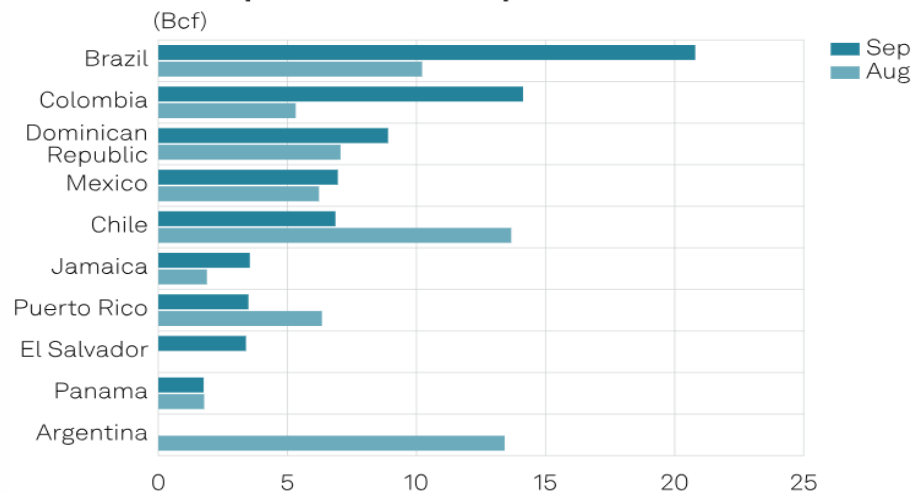
Brazilian northeast fruit season (Mangos and grapes) in the US (mainly Philadelphia) has already started and will last until the end of November/mid-December.

Latin American and Caribbean LNG imports in September rose by nearly 6% from August partly driven by rising demand from Brazil and Colombia, data from S&P Global Commodity Insights showed Oct. 3.

Three of the cargoes delivered to Brazil in September were imported to the Petrobras-operated Bahia terminal in Northeastern Brazil, while the Edge-operated São Paulo regasification terminal, the GNA-operated Porto de Açu regasification terminal, and the Karpowership-operated facility in Sepetiba Bay each imported one cargo.

LNG imports to the region are expected to remain strong in October, driven by Brazilian demand, as well as potential continuing demand from Colombia.

Brazil leads September LNG imports to Latin America



Source: S&P Global Commodity Insights

2.1.2.2 *Economy*

Deloitte reports that Latin America is currently experiencing a “challenging economic landscape, characterized by both external and internal hurdles. While the possibility of US interest-rate reductions offers hope for the region’s future, concerns arise from the slowdown in the Chinese economy, contributing to global uncertainty”. The region’s economies are also dealing with “significant structural challenges, such as budget deficits, pension systems in need of reform, and debt burdens”. The need to lower inflation and reduce exchange-rate volatility, create a complex economic scenario to manage.

Sources:

[US port strike ends, leaving cargo backlog | Reuters](#)

[Securing the 61.5% Raise: Understanding the Process – ILA Union](#)

[Looming 'indefinite' strike set for the Port of Montreal as tensions rise - The Loadstar](#)

[Canadian government moves to end nationwide rail strike | Canada | The Guardian](#)

[Canada rail unions call off strike, appeal to federal courts \(seatrade-maritime.com\)](#)

[Air Canada strikes last-minute deal with pilots' union, averting strike | Reuters](#)

[Economic Outlook U.S. Q4 2024: Growth And Rates Start Shifting To Neutral | S&P Global Ratings \(spglobal.com\)](#)

[US election: its impact on US trade policy - Economist Intelligence Unit \(eiu.com\)](#)

[Maersk’s North American Market Update – August 2024 | Maersk](#)

[Maersk Market Update Latin America - September 2024 | Maersk](#)

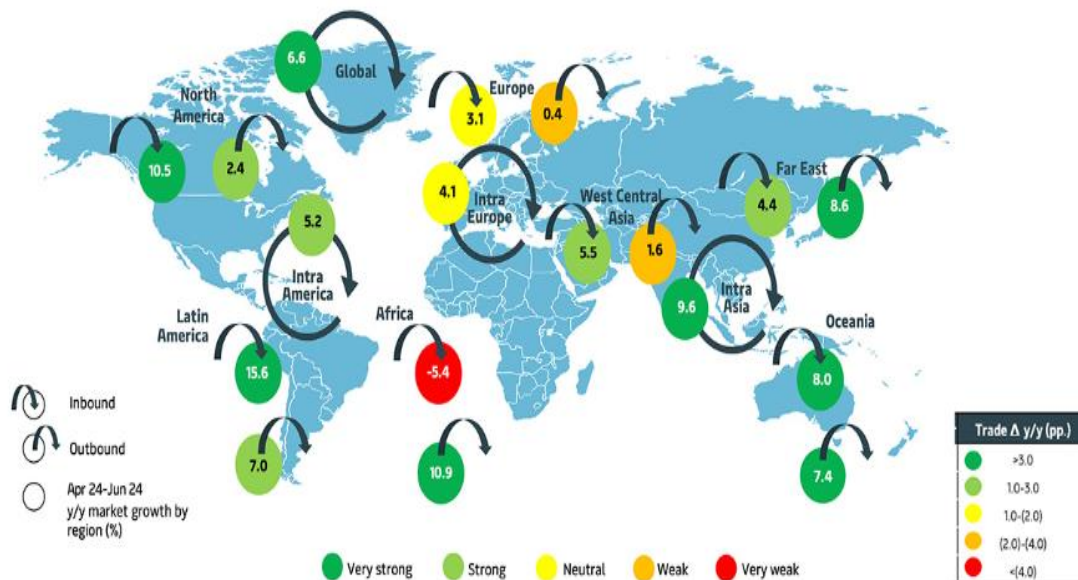
[September LNG imports to Latin America reach highest monthly level this year | S&P Global Commodity Insights \(spglobal.com\)](#)

[Latin America economic outlook | Deloitte Insights](#)

2.2 Asia

2.2.1 Container Demand

Maersk reports “there is considerable uncertainty attached to Q4 volumes, and our full year estimate of demand growth remains in the range of 4-6%. Global container volumes grew by 6.6% year-over-year in Q2 2024, supported by robust imports to North America, Latin America, and continued strong exports from the Far East Asia region. Intra-Asia trade has also gained momentum, while exports from the U.S. and Europe are lagging”

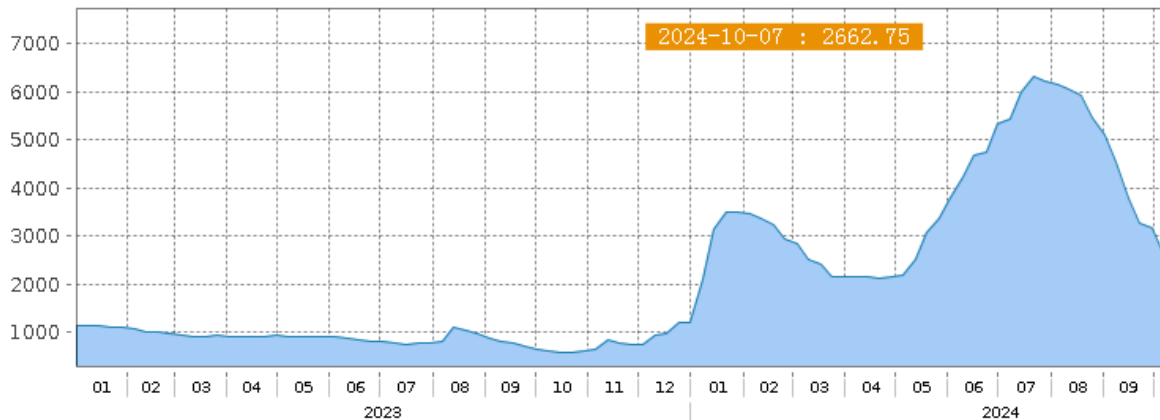


Note: 1) Data displayed on geographical regions excl. Intra REG 2) Colours embed information on the current dynamics relative to the 2011-19 average.

Source: FBR (M202407) [Maersk Asia Pacific Market Update – September 2024 | Maersk](#)

On vessel supply, Maersk stated that the industry is experiencing elevated net deliveries and declining orderbooks. Maersk commented that “recycling and idling rates remain low, signalling that shipping capacity continues to be fully utilised across most trade lanes”

Shanghai (Export) Containerized Freight Index based on Settled Rates (EUR service)



Shanghai (Export) Containerized Freight Index based on Settled Rates (USWC service)



Source: [Shanghai Shipping Exchange \(sse.net.cn\)](http://sse.net.cn)

Spot container freight rates on the main east-west trades continued to fall although the decline has begun to flatten according to The Loadstar 20th September, with the drops all in single digits. "The largest decline was seen on the Asia-North Europe trade" referring to Drewry's World Container Index. Reporting that The Xeneta XSI reading for Asia-Europe short-term rates stood at \$5,424 per 40ft, a drop of 15% on the week before. However, Loadstar has reported that the decline in spot rates over the past couple of months, reflects a trend towards the long-term contact rate market, according to Xeneta.

Source: [Spot rate decline slows, but prices for some long-term ocean contracts soar - The Loadstar](#)

2.3 Singapore

Singapore is to gain six more port calls from the Asia-North Europe carriers. In the South-east Asia region, Loadstar reports that “Singapore’s gain is partly Maersk-controlled Tanjung Pelepas’s loss, the Malaysian transshipment hub losing two Asia-North Europe calls”. Singapore’s port congestion and port omissions by carriers had led to constrained capacity and equipment leading to high freight rates and pressure on airfreight. Port dwell time has improved significantly and is down to one day.

Source: [Singapore to gain six Asia-North Europe calls in alliance reshuffle - The Loadstar](#)

2.4 Australia

“There are challenges with carriers for Flat racks & open top containers and lines can take several days to confirm vessel space bookings which is unlikely to improve until Q1, 2025. Carrier GRI’s and PSS surcharges are expected during the usual peak season”. According to Edward Hellsten, Pentagon’s WA State Manager. It is recommended to forecast ahead over anticipated requirements so that space allocation can be made earlier with the carriers.

“Space demand on FCL carriers also impacted by the main Ro-Ro operators who continue to struggle with vessels scheduling re-building to / from Fremantle & with extreme space demand, significant bookings are ‘wait-listed’ months ahead & they will not accept FCL shipments (incl SOC) if an FCL route exists” Ed continued, explaining that the Chinese Golden Week holidays will cause some congestion & backload clearing during October.

“Meanwhile, airlines are holding rates & still offering monthly tariffs. Many airfreight exports from Perth can expect transit delays due to congestion in other transshipment hubs – Singapore, Kuala Lumpur, Dubai and Doha. It is forecast that space demand will increase on airfreight leading up to year end and beyond”.

2.5 PNG

Santos has announced the signing of a mid-term LNG supply contract with TotalEnergies up to approximately 0.5 million tonnes of LNG per annum, over three years plus one quarter. The contract will commence in Q4 2025

Sources: Pentagon Freight AU, [Home — PNG Business News](#)

2.6 MEAC

Jebel Ali Port set a new monthly handling record with 1.4m TEU's totalling 7.3m TEU's in the first 6 months, a 3.9% year-on year increase primarily driven from major Asia markets including China, Japan and South Korea. Meanwhile, Dubai Maritime City (DMC) has significantly expanded its handling capabilities, doubling its annual capacity to 1,000 vessels to meet its goal in becoming the leading global maritime hub.

Vessels from and to the MEAC region and Asia transiting the Panama for North America are subject to significant delays due to the severe delays of around 16 days at Christobal.

McDermott has been awarded a new contract from QatarEnergy LNG for the North Field South (NFS) offshore pipelines and cables project. "The scope of the contract comprises EPCI of almost 250 kilometers of offshore and onshore gas pipelines connecting five new offshore wellhead platforms with two new onshore LNG trains in addition to subsea composite power and control cables".

Sources: [Dubai Maritime News](#); [McDermott secures more work on Qatari LNG expansion project - Splash247](#)

2.7 Europe

Drewry said it expected a continued decline in rates for Asia-to-Europe routes, due to weaker demand. The Loadstar reported that: “The Shanghai-North Europe leg of Drewry’s World Container Index (WCI) saw another consecutive week of double-digit declines, dropping 11%, to end the week (27th September) on \$4,157 per 40ft, which puts it around the same point as the mid-January rate recovery – when spot rates saw a Red Sea-crisis induced mini peak”.

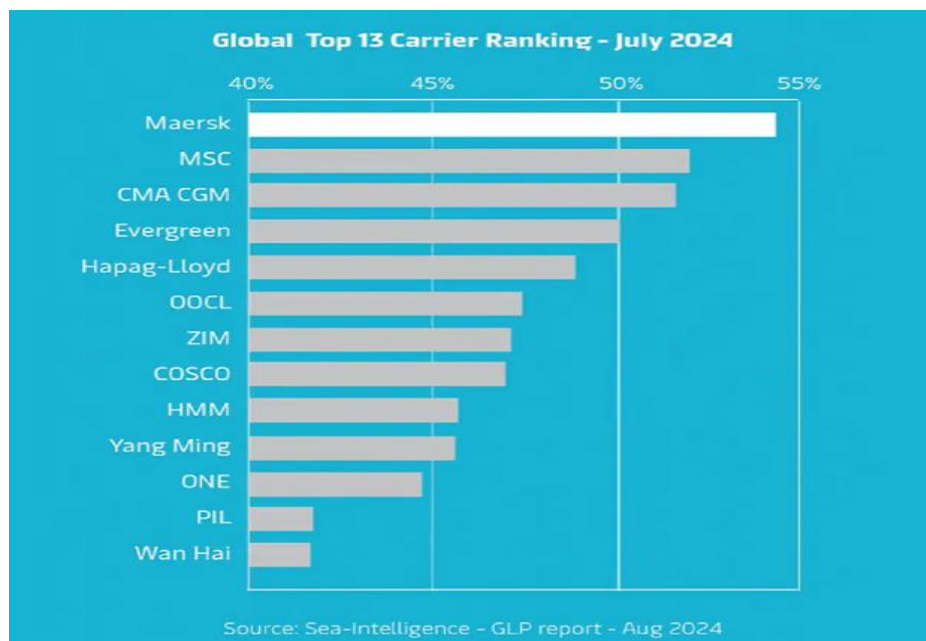
The spot rate on the WCI’s Shanghai-Genoa dropped further, down 15% from the week before, to finish at \$4,212 per 40ft. However, The WCI and the XSI both saw westbound transatlantic spot rates climb 1%, to \$2,067 and \$2,350 per 40ft, respectively.

Maersk advised that its ports: “European Hubs and gateways are showing a stable performance across both North Europe and Mediterranean”.

Source: [Maersk Europe Market Update | September 2024](#)

3 Vessel Reliability

July’s vessel performance showing that overall global schedule reliability had dropped to 52.1% impacted by the combination schedule realignments and port congestion.



Source: [Maersk Asia Pacific Market Update – September 2024 | Maersk](#)

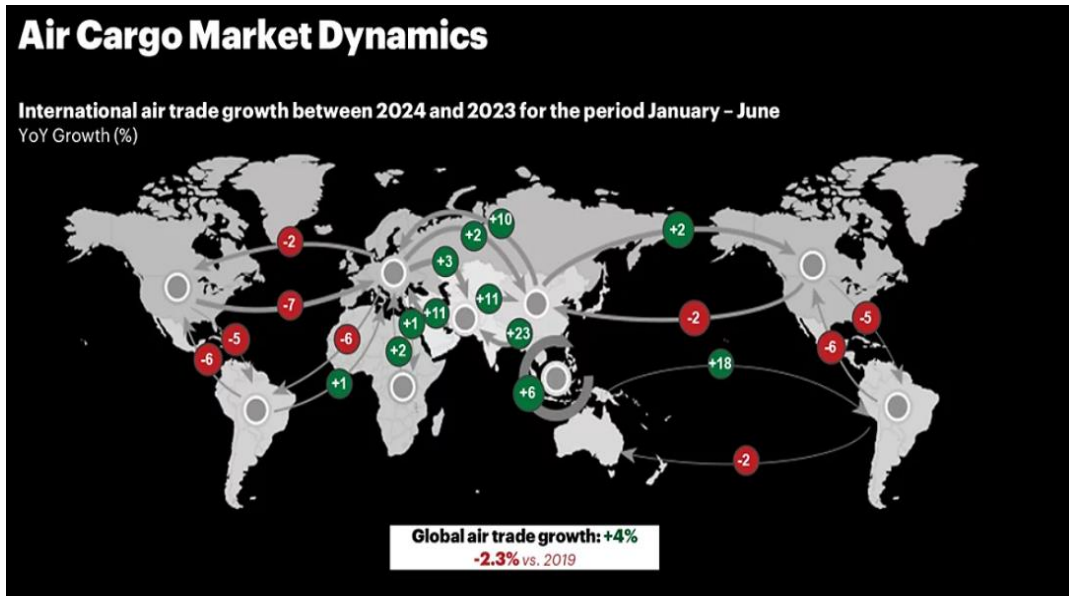
4 Airfreight Outlook

Global air cargo market has experienced a significant increase throughout the summer of 2024, with the potential for record-breaking fourth quarter (Q4) peak season, according to Xeneta. The growth has been largely driven by supply chain imbalances, increasing global air cargo spot rates. Xeneta's Niall van de Wouw' said that as the market has already seen atypical growth throughout the summer, particularly with the growth of e-commerce, September's published figures will serve as a bellwether for what to expect in Q4.



Source: [Summer 2024 a precursor to Q4 peak season in air freight, says Xeneta \(trans.info\)](#)

Global International air cargo demand is up 8% versus 2019 in September with Asia Pacific continuing its strong performance inbound and outbound barring routes into Europe according to Accenture.



Source: [Current State of Global Air Cargo Industry Capacity | Accenture](#)

AUGUST 2024 (%YEAR-ON-YEAR)	WORLD SHARE *1	CTK	ACTK	CLF (%-PT) *2	CLF (LEVEL) *3
Total Market	100%	11.4%	6.2%	2.0%	44.0%
Africa	2.0%	7.5%	11.4%	-1.4%	37.8%
Asia Pacific	33.3%	14.6%	8.6%	2.4%	46.6%
Europe	21.4%	13.5%	9.4%	1.8%	50.1%
Latin America	2.8%	14.2%	8.0%	1.9%	35.9%
Middle East	13.5%	13.5%	4.0%	3.7%	44.5%
North America	26.9%	4.8%	2.4%	0.9%	38.7%

(*1) % of industry CTks in 2023 (*2) Year-on-year change in load factor (*3) Load factor level

4.1 August Regional Performance

4.1.1 Asia-Pacific Airlines

Asia-Pacific airlines saw 14.6% year-on-year demand growth for air cargo in August – the strongest of all regions. Demand on the Asia-Africa, Asia-Europe and within-Asia markets grew by 21.2%, 18.4% and 16.1% respectively. Intra-Asia demand growth decreased by 5.0 percentage points from the previous month, partially linked to the social unrest in Bangladesh and Typhoon Shanshan in Japan. Both events impacted local logistics operations with airport closures and flight cancellations.

Capacity increased by 8.6% year-on-year.

4.1.2 North American Carriers

North American carriers saw 4.8% year-on-year demand growth for air cargo in August– the lowest of all regions. Demand on the Asia-North America trade lane, the largest trade lane by volume, grew by 9.3% year-on-year, while the North America-Europe route saw a more modest increase of 6.1%. August capacity increased by 2.4% year-on-year.

4.1.3 European Carriers

European carriers saw 13.5% year-on-year demand growth for air cargo in August. The Middle East–Europe trade lane led growth, up 28.9%, maintaining a streak of double-digit annual growth that originated in September 2023. The Europe–Asia route, the second largest market, was up 18.4%. Within Europe also saw double-digit growth, up 15.0%. August capacity increased 9.4% year-on-year.

4.1.4 Middle Eastern Carriers

Middle Eastern carriers saw 13.5% year-on-year demand growth for air cargo in August. As mentioned above, the Middle East–Europe market performed particularly well surging 28.9%, ahead of Middle East-Asia which grew by 13.5% year-on-year. August capacity increased 4.0% year-on-year.

4.1.5 Latin American Carriers

Latin American carriers saw 14.2% year-on-year demand growth for air cargo in August. Capacity increased 8.0% year-on-year.

4.1.6 African Airlines

African airlines saw 7.5% year-on-year demand growth for air cargo in August. Demand on the Africa–Asia market increased by 21.1% compared to August 2023, maintaining a streak of double-digit annual growth that originated in the second half of 2023. August capacity increased by 11.4% year-on-year.

Sources: [IATA - Ninth Straight Months of Double-Digit Growth for Air Cargo in August](#)

[Global air cargo market heats up as anticipation builds for Q4 peak season - Air Cargo Week](#)

[Current State of Global Air Cargo Industry Capacity | Accenture](#)

5 Fuel

5.1 Brent Crude Oil

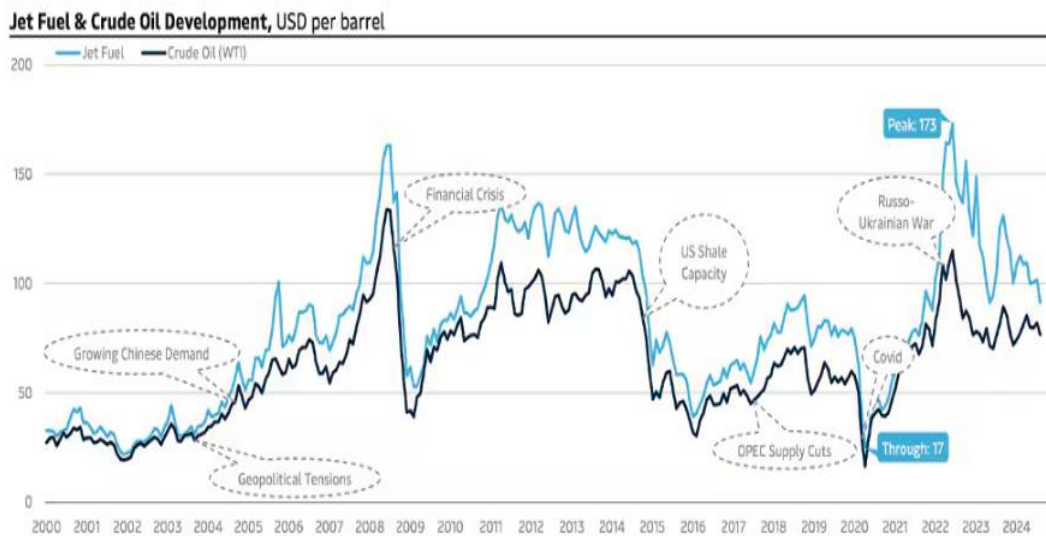
Brent crude oil futures fell to around \$77.3 per barrel, due to profit-taking after surging to its highest level in over a month, driven by escalating conflict in the Middle East. Investors are closely monitoring Israel's potential response to last week's missile attack from Iran. Easing supply concerns are OPEC's spare capacity and the stability of global crude supplies.

Source: [Brent crude oil - Price - Chart - Historical Data - News \(tradingeconomics.com\)](#)

5.2 Jet Fuel

5.2.1 Jet Fuel Prices

Jet fuel prices dipped slightly in August, driven by softer economic data and expectations of OPEC lifting output cuts Maersk reports. “However, geopolitical tensions and strong global demand for oil continue to maintain elevated fuel costs, which could influence freight rates moving forward”.



Note: Jet fuel denotes US Gulf Coast Kerosene Spot FOB, Crude Oil is Cushing OK WTI
Source: US Energy Administration, Maersk Strategic Insights

[Maersk Asia Pacific Market Update – September 2024 | Maersk](#)

6 Oil & Gas

For the latest news on Production and Offshore updates please click on the links below:

Sources: [Global Upstream Oil, Gas News | World Oil Online](#);

[Oil 2024 \(iea.blob.core.windows.net\)](#)

Martin Osborne

Global Logistics Procurement Manager