



Australian Toy
Association

OCEAN FREIGHT MARKET UPDATE

SEPTEMBER 2024 –
AUSTRALIAN TOY ASSOCIATION – WEBINAR

Excellence. Simply delivered.

DHL
Global Forwarding



**Australian Toy
Association**

Content

1 Summary

2 Carrier Alliances

3 Market Developments

4 Demand

5 Schedule Reliability

6 Rates

7 Backup Material

Market Developments Additional Trades

GDP Growth & Bunker Prices

Market Volumes per Trade



Taylor Williams
Head of Ocean Freight
Australia
DHL Global Forwarding

Ocean Freight Market Outlook September 2024

Capacity Outlook

- H1 2024 global capacity utilization 2% higher than 2023 despite 10.4% containership supply growth.
- Container ports show strong volume gains in 1H 2024, with 10 largest ports reporting 7.4% combined gains.
- Port congestion and Cape route diversions limit capacity growth.

Freight Rates

- Volatility in spot rates impacting long-term rates.
- Gap between Asia-US West Coast and East Coast rates widens. Planned transpacific rate hikes delayed; US West Coast rates decline.
- Asia-Europe rates weaken with excess capacity and slowing demand. Transatlantic rates increasing moderately.
- Oceania rates rapidly increasing due to limited capacity.
- SCFI still significantly above last year with +206% YoY

Demand Outlook

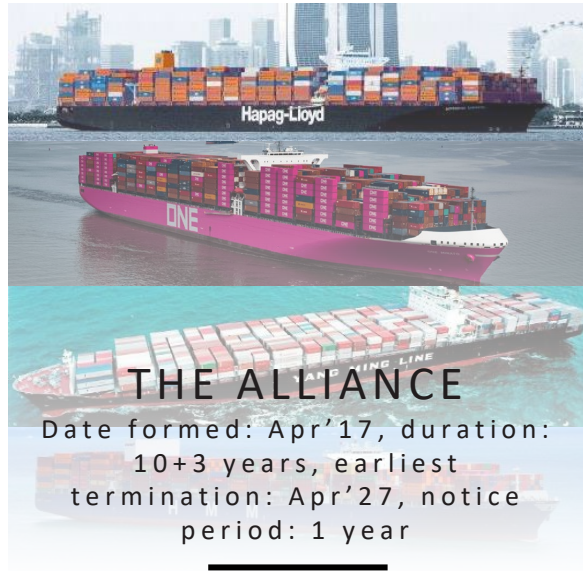
- AccentureCargo predicts growth of around 5% until September. Mid-term outlook more uncertain
- US core inflation rate decreasing slower than Europe's, which has returned to pre-COVID levels.
- US Consumer Spending data does not show a sudden boom, indicating peak season driven rather by import front-loading or inventory restocking than a consumption surge.

Regulations/News

- Carrier earnings rebound strongly in Q3 despite recent rate correction. Asian carriers outperforming European peers in Q2.
- CMA CGM negotiating share in Hamburg terminal, following Cosco Shipping and MSC's recent terminal acquisitions.
- India port strike starting 28 Aug, major disruptions possible if talks fail.
- Potential rail strike in Canada avoided for now.
- US East Coast port wage negotiation continuing.

Source: DGF, Accenture Cargo, S&P Market Intelligence, Drewry

State of the industry – Ocean Carrier alliances



HAPAG-LLOYD**
 ONE
 YANG MING
 HMM



OOCL
 CMA CGM
 COSCO SHIPPING
 EVERGREEN



MAERSK LINE**
 MSC

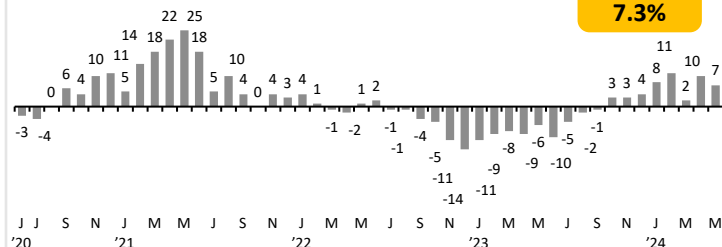
Source: Carriers; ** to become "Gemini Cooperation" in 2025

Market Developments

Demand Development¹⁾

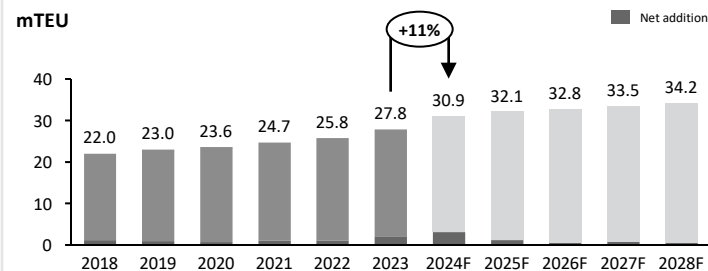
% change YoY in TEU

**YTD May:
7.3%**



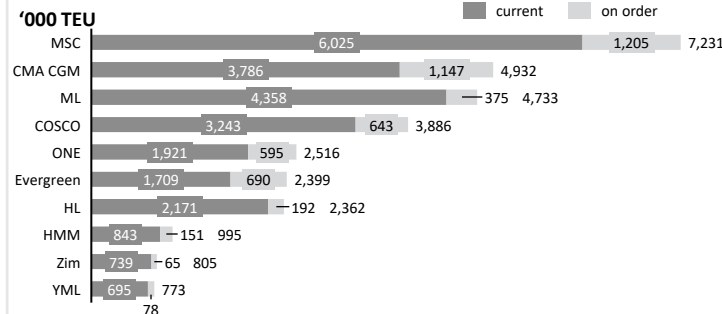
Nominal Capacity Development²⁾

mTEU



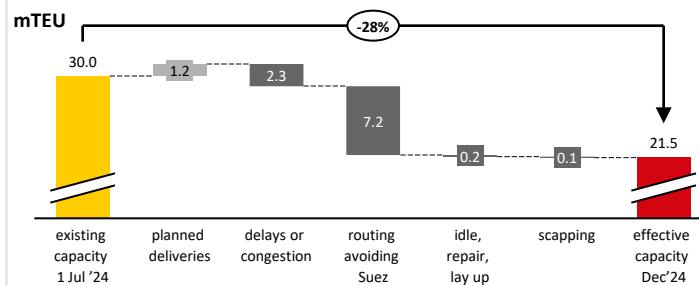
Orderbook by Carrier³⁾

'000 TEU



Effective Capacity Development⁴⁾

mTEU



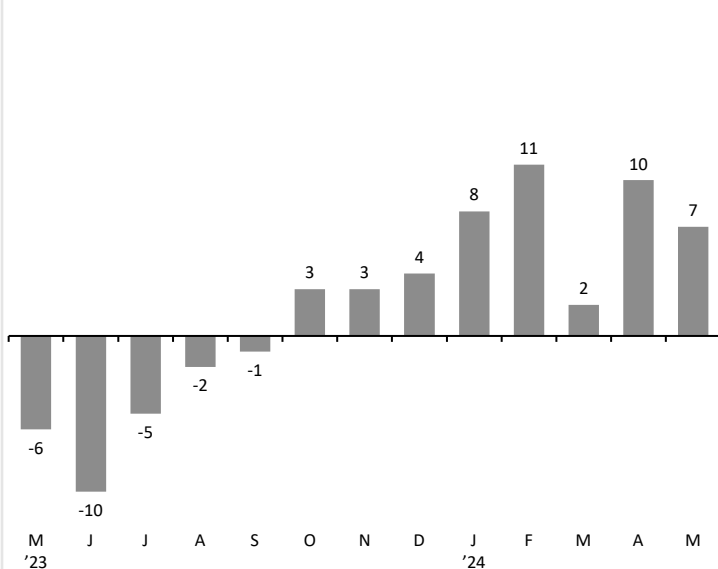
Source: 1) Accenture Cargo; 2) Drewry, net addition = delivery minus scrapping; 3) Alphaliner; 4) Alphaliner, SeaIntel, Linerlytica, Drewry

- Global container market recovers in H1, but uncertainty remains due to US-related factors.
- Manufacturing PMI falls below 50, indicating potential loss of momentum in new orders and investment.
- MSC leads through 2028, CMA CGM to secure second spot in 2027.
- Disruptions limit effective capacity, LATAM, USWC, and EURO NC absorb new capacity.

Demand

Global Demand Development¹⁾

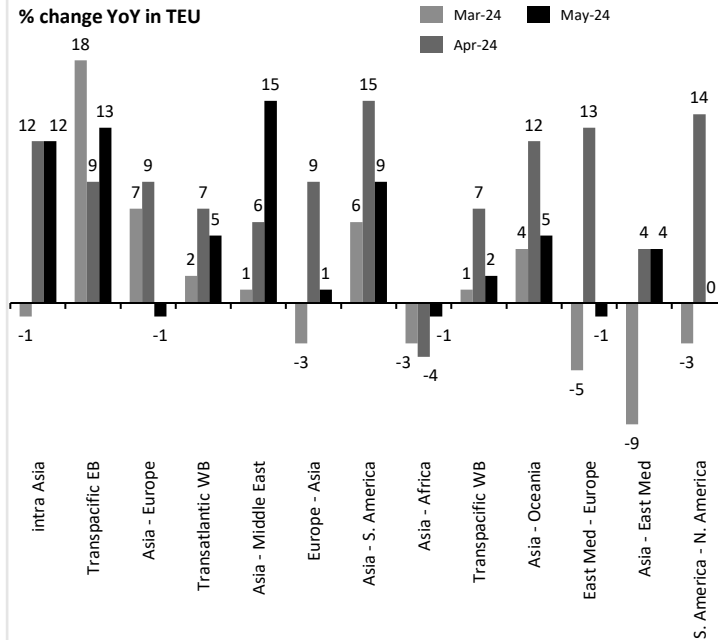
% change YoY in TEU



Source: Accenture Cargo

Volume Development by Trade³⁾

% change YoY in TEU



- Global container market continues to recover in H1 2024, especially on Asia-AMLA, intra-Asia, and AMNO imports.
- High global container trade growth likely unsustainable for the rest of the year.
- Economic indicators show no clear signs of strong demand in the US and Europe.
- Mid-term outlook is more uncertain than current market conditions suggest.

Regional Market Development – Major Trades

Market Development on Key Regional Tradelanes

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug		Sep	Oct	Nov	Dec
Asia	→ Intra	R	R	A	R	R	R	R	R	Forecast	R	R	R	
	→ N. America	R	R	A	A	A	R	R	R		R	A	A	
	→ EURO	R	R	R	A	R	R	R	R		R	A	R	
	→ Middle East	R	R	R	R	R	R	R	R		R	R	R	
	→ S. America	G	G	G	G	R	R	R	R		G	A	A	
	→ Africa	R	R	R	A	R	R	R	R		R	A	R	
	→ Oceania	R	R	R	A	R	R	R	R		R	R	R	
	→ East MED	R	R	R	A	R	R	R	R		R	R	R	
East MED	→ EURO	R	R	R	R	R	R	R	G		R	R	R	
EURO	→ N. America	G	G	G	G	G	G	G	A		R	A	A	
	→ Asia	A	G	G	G	G	A	A	A		A	A	A	
N. America	→ Asia	A	A	G	G	G	G	G	G		G	G	G	
S. America	→ N. America	G	G	G	G	G	G	G	A		A	A	A	
		R	Demand > Capacity				G	Demand, Capacity balanced				A	Demand < Capacity	

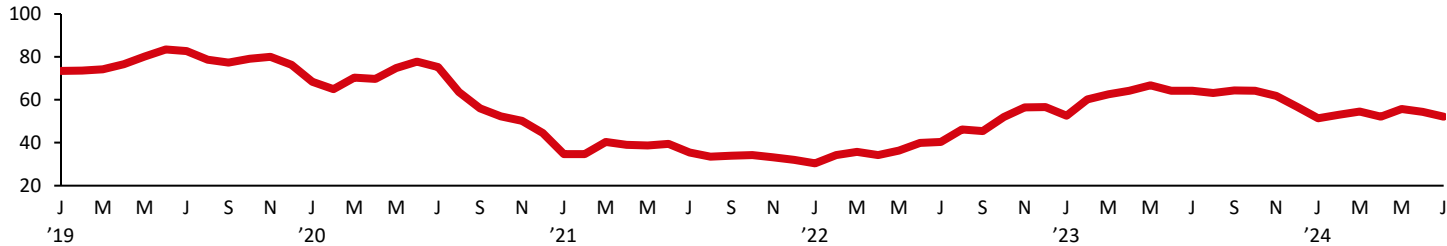
Source: DHL

- High demand ex-Asia expected to continue in Q3.
- Equipment situation improving, but shortages remain in areas like BR & IN.
- Customers advised to pre-book 4-6 weeks in advance.
- Intra-regional capacity impacted by diversion of smaller ships to primary routes.
- Capacity shortage to persist at least until Golden Week.

Schedule Reliability

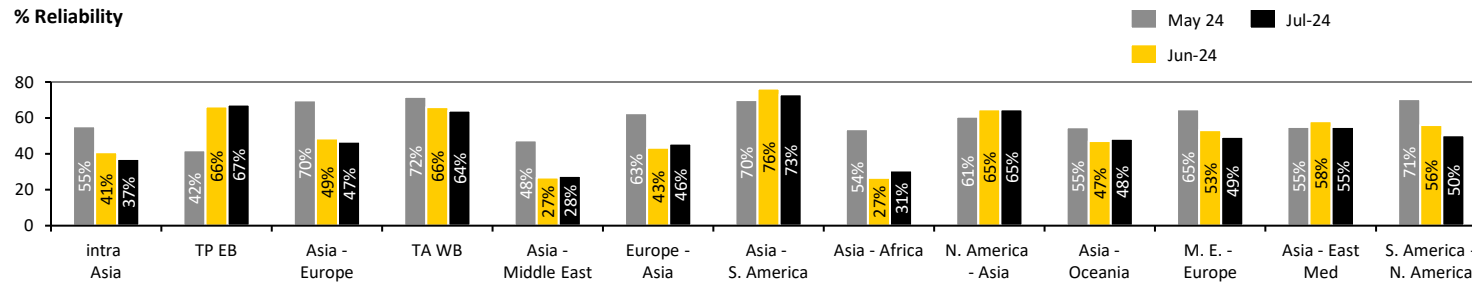
Global Schedule Reliability

% Reliability



Schedule Reliability by Trade

% Reliability

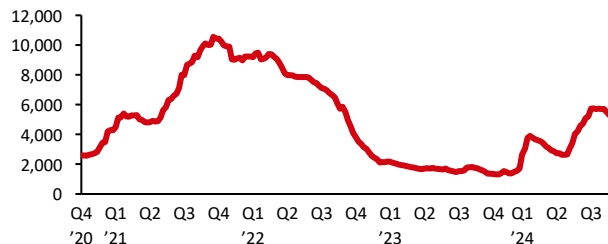


Source: Sea-Intelligence, Linerlytica; intra Asia = Asia – IBPC, TP EB = Asia-NAWC, Asia-Europe = Asia-N. Europe, Asia-S.America = Asia-WCSA, N. America-Asia = Transpacific WB, Asia-East Med = Asia-Med

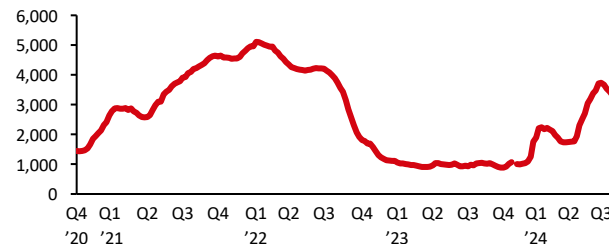
- Port congestion is improving in SG, but adverse weather in CN/ZA, strikes in DE, and political unrest in BD contribute to ongoing challenges.
- Normalization is not expected in the near future, with factors like alliance shakeup, carrier yield management, port strikes in USEC/Europe/ India, and CA Rail disruptions impacting the situation.

Rates

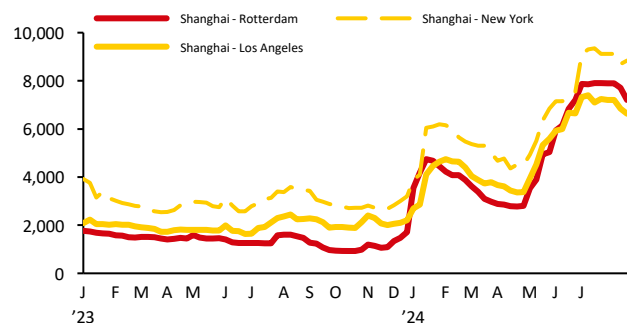
World Container Index (WCI)



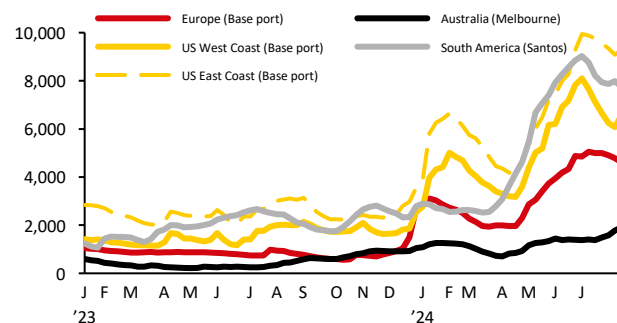
Shanghai Containerized Freight Index (SCFI)



WCI Deep Dive Key Trades



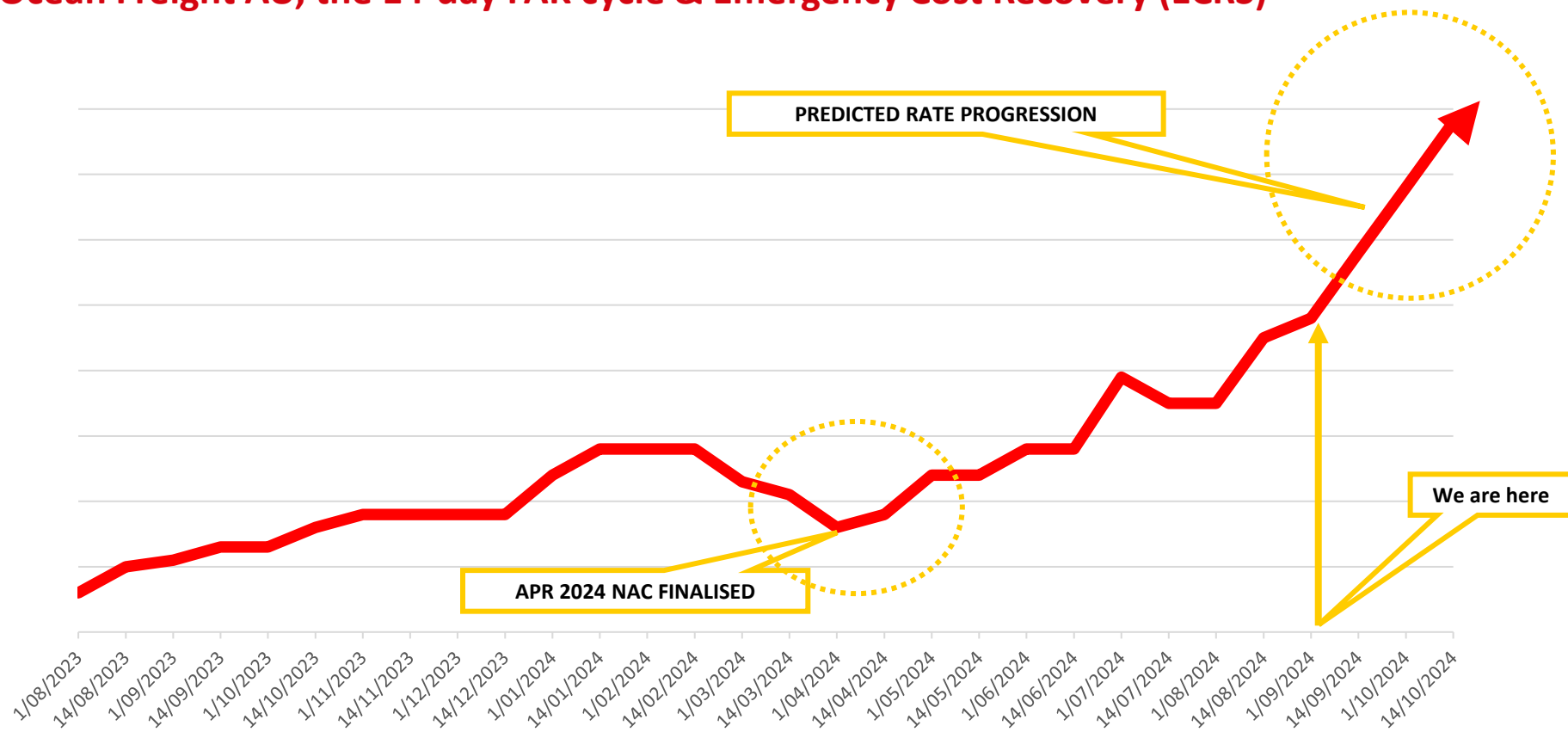
SCFI Deep Dive Key Trades



- Rates have stabilized, reaching a plateau significantly higher than they were a year ago
- Asia-Europe experiences slightest decrease due to limited capacity, schedule changes, port strikes, and adverse weather.
- TP and AMLA see consecutive weeks of decline.
- Oceania and India face equipment shortages.

Note: Surcharges related to e.g., equipment & space availability are not reflected in WCI & SCFI; Source: Drewry, in USD/40ft container, including BAF & THC both ends, 8 individual routes, excluding intra-Asia routes; Shanghai Shipping Exchange, in USD/20ft ctnr & USD/40ft ctnr for US routes, including BAF, EBAF, CAF, PSS, WRS, PCS & SCS/SCF/PTF/PCC, excl. THC, 15 routes from Shanghai

Ocean Freight AU, the 14-day FAK cycle & Emergency Cost Recovery (ECRS)



How to contact us at DHL Global Forwarding AU

Ms. Natalie Dimitriadis

Route Development Manager Australia

Based in Melbourne, Victoria, Australia

20+ years Industry Experience

Tel nos. : +61 431721526

Email address : natalie.dimitriadis1@dhl.com



Mr. Taylor Williams

Head of Ocean Freight Australia

Based in Melbourne, Victoria, Australia

20+ years Industry Experience

Tel nos. : +61 416797913

Email address : taylor.williams2@dhl.com



Mr. David Cartmer

Head of Marketing and Sales Australia

Based in Sydney, New South Wales, Australia

41+ years Industry Experience

Tel nos. : +61 407367978

Email address : david.cartmer@dhl.com



Q & A

THANK YOU

Regional Market Development – Additional Trades

Market Development on Additional Regional Tradelanes

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Forecast	Sep	Oct	Nov	Dec	
Europe	→ East MED	A	R	A	A	A	G	G	G		G	G	G	G	
	→ Africa	A	A	A	A	A	A	A	A		R	R	G		
	→ S. America	A	A	A	A	A	A	A	A		A	A	A		
	→ Middle East	A	G	G	G	R	R	R	R		G	G	G		
	→ Europe	G	A	A	A	A	A	A	A		G	G	G		
Middle East	→ Asia	G	G	G	G	G	A	A	G		A	A	A		
	→ Middle East	G	G	G	G	G	A	A	G		G	G	G		
N. America	→ S. America	G	G	G	G	G	G	G	A		A	A	A		
	→ Europe	G	G	G	G	G	G	G	R		G	G	G		
	→ N. America	G	G	G	G	G	G	G	A		A	A	A		
Oceania	→ Asia	G	G	G	G	G	G	A	A		A	A	A		
S. America	→ Europe	G	A	G	G	G	G	A	A		A	A	A		
	→ Asia	A	A	A	G	A	A	A	R		A	A	A		
		R Demand > Capacity						G Demand, Capacity balanced						A Demand < Capacity	

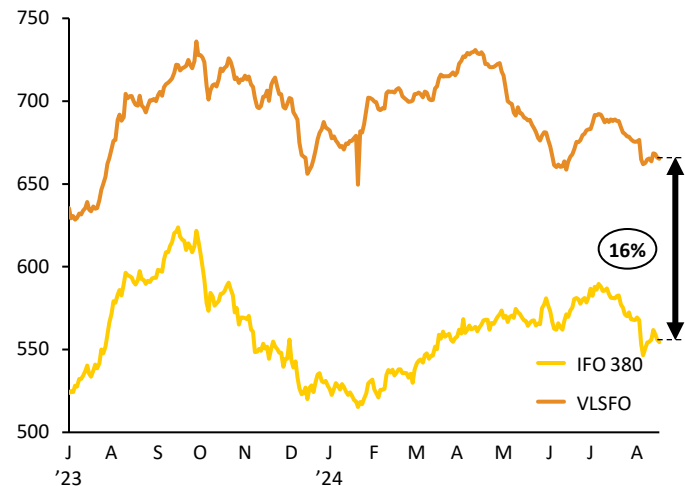
Source: DHL

GDP Growth & Bunker Prices

GDP Growth by Region¹⁾

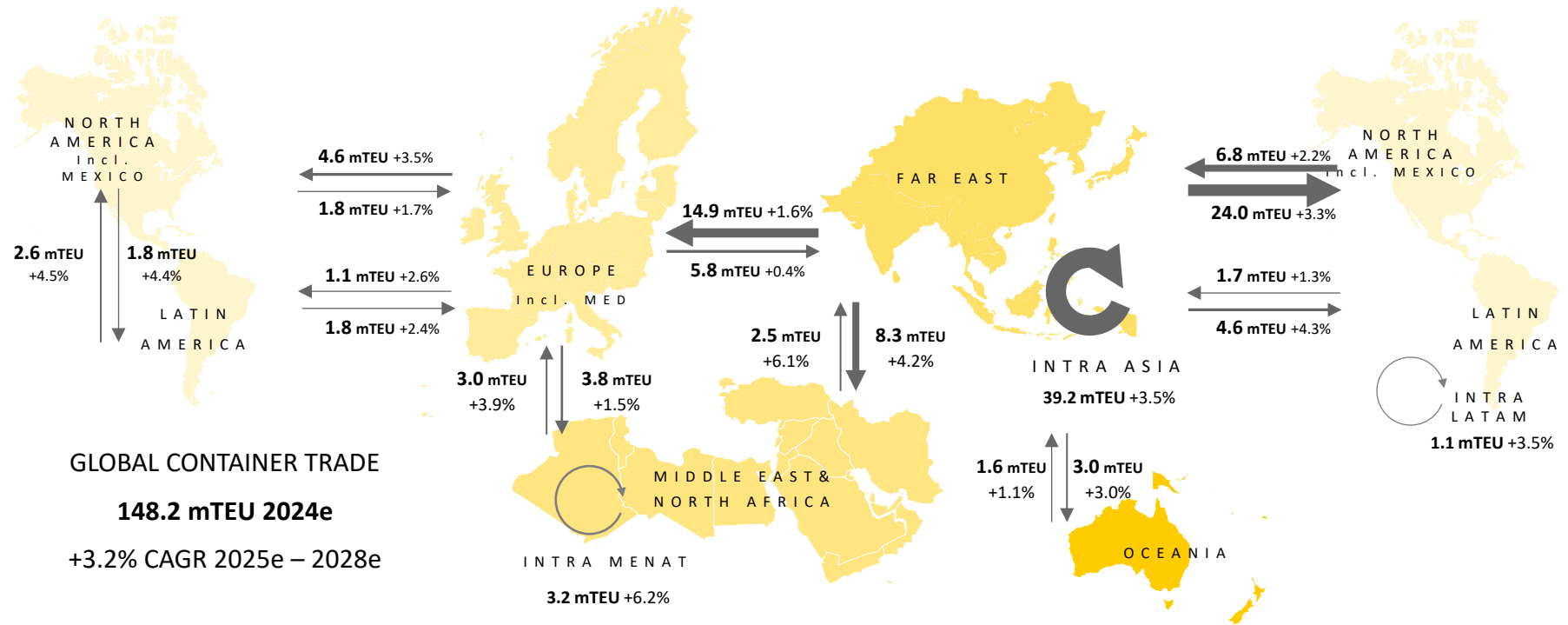
	2024F	2025F	2026F	2027F	2028F	CAGR (2025-28)
AMER	2.3%	1.8%	1.9%	1.9%	2.0%	1.9%
ASPA	4.2%	4.1%	4.0%	4.0%	4.0%	4.0%
EURO	1.2%	1.9%	1.8%	1.8%	1.7%	1.8%
MEA	2.3%	3.1%	4.0%	4.0%	3.6%	3.8%
DGF World	2.6%	2.7%	2.7%	2.8%	2.7%	2.7%

Bunker Prices²⁾



1) Real GDP, Copyright © IHS Markit, now part of S&P Global, Q2 2024 Update 5 Jun '24. All rights reserved; 2) Source: Bunkerindex, in US\$

Demand Development 2024 – 2028



Source: Accenture Cargo Jun24 update

Acronyms and Explanations – Ocean Freight glossary

AMLA	- Latin America	MX	- Mexico
AMNO	- North America	OOCL	- Orient Overseas Container Line
ASPA	- AsiaPacific	PCC	- Panama Canal Surcharge
BAF	- Bunker Adjustment Factor	PCS	- Port Congestion Surcharge
CAF	- Currency Adjustment Factor	PMI	- Purchase Manager Index compiled by S&P Global
CAGR	- Compound Annual Growth Rate	Ppt	- Percentage points
East MED	- Eastern Mediterranean	PSS	- Peak Season Surcharge
EB	- Eastbound	PTF	- Panama Transit Surcharge
EBAF	- Emergency Bunker Adjustment Factor	QoQ	- Quarter on quarter
ETS	- European Union Emission Trading System	SCF	- Suez Canal Fee
EURO	- Europe	SCS	- Suez Canal Surcharge
GDP	- Gross Domestic Product	SPAC	- South Pacific Australia
GRI	- General Rate Increase	SSA	- Sub-Saharan Africa
HL	- Hapag-Lloyd	T	- Thousands
HMM	- Hyundai	TEU	- Twenty-foot equivalent unit (20' container)
IFO	- intermediate fuel oil	THC	- Terminal Handling Charge
M.E.	- Middle East	VLSFO	- Very Low-Sulphur Fuel Oil
MEA	- Middle East and Africa = MENAT + SSA	TP	- Transpacific
MENAT	- Middle East and North Africa	WB	- Westbound
ML	- Maersk Line	WRS	- War Risk Surcharge
mn	- Millions	YoY	- Year-on-Year
MoM	- Month-on-Month	YTD	- Year-to-Date

THANK YOU