

Container Shipping Market Overview & Outlook

Red Sea attacks temporarily increase demand for ships



Supply/demand



Ship supply is expected to grow on average 9.1% in 2024 and 4.1% in 2025. Sailing speeds are expected to reduce in 2025 whereas congestion is assumed to remain stable.

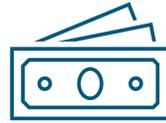


Rerouting via Cape of Good Hope is assumed to impact the first half of 2024. **Ship demand increases an estimated 9.5% in 2024 and falls 0.5% in 2025.**



The supply/demand balance is expected to tighten in the first half of 2024 but then weaken when ships can return to the Suez Canal routing.

Demand



According to the IMF, **the world economy will grow slightly faster** in 2024 and 2025 than in 2023 even though economies in the US, China, Japan and India will grow slower.



Global manufacturing PMI continues to indicate stability as it hovers around 50. In the eurozone, the PMI has remained below 50 for 1.5 years pointing to continued contraction.



Retail sales in the US and EU remains stable. US consumers continue to spend more and save less than before the pandemic. That could eventually change and hurt retail sales.

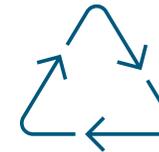


Attacks on ships in the Red Sea have forced nearly all container ships to sail around the Cape of Good Hope, **adding 10% to average sailing distances and ship demand.**

Supply



Ship deliveries will hit a new record high in 2024, beating the record set in 2023. **The fleet is expected to grow 14.9% between end 2023 and end 2025.**



Recycling is expected to remain low in 2024 as the Red Sea situation increases demand for ships but increase in 2025.



Despite some local strikes, **global congestion is not elevated.** Failure to renew longshoremen contract for US east and gulf coast could cause disruptions.



The long sailing distances around the Cape of Good Hope has led to a slight increase in sailing speeds. **We expect average sailing speed to remain stable in 2024 but fall in 2025.**