

An aerial, blue-tinted photograph of a busy port. Several large gantry cranes are positioned along the waterfront, with a cargo ship docked nearby. The foreground and middle ground are filled with numerous stacks of shipping containers, organized in neat rows. A road with lane markings and a few vehicles is visible among the container stacks.

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Market update
October 2024

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Market update - October 2024

Global ocean freight in Q4 2024:

Capacity strains, rate volatility, and geopolitical disruptions shape the market outlook.

The global ocean freight market in Q4 2024 is facing mixed conditions, shaped by various external factors such as geopolitical instability and shifting demand patterns. While some trade lanes are experiencing capacity constraints, equipment shortages, and schedule disruptions, others, such as Asia-Europe, are seeing rate declines due to weak demand.

Key market updates include:

Capacity challenges

High demand from Asia to Oceania, coupled with congestion and equipment imbalances, is creating space shortages, especially ahead of the peak season.

Rate volatility

Freight rates across various trade lanes, including Asia-Oceania and Asia-North America, are expected to rise due to capacity strain and pre-holiday surges.

Geopolitical influences

Ongoing conflicts in the Middle East are pushing oil prices higher and causing shipping delays due to rerouting around the Red Sea.

US port disruptions

The recent strike on the US East and Gulf Coasts has caused temporary backlogs, but operations are now resuming, with potential for lingering delays.

Environmental regulations

Increasing regulatory pressure is driving up operational costs, which could lead to future rate hikes across key routes.

Despite these challenges, the Oceania market is expected to grow modestly, supported by strong export demand, particularly from Asia. Visy Logistics is closely monitoring these developments to continue providing reliable and efficient supply chain solutions for its clients.



Global Ocean Freight: Space, equipment, schedule and spot freight price trends for major trade lanes

Trade Updates	Space (Capacity)	Equipment Availability	Schedule Availability	Spot Rate Development
Asia – Europe (Westbound)	●	●	●	↓
Asia – US/Canada	●	●	●	↓
Asia – Oceania (Southbound)	●	●	●	↑
Asia – LATAM	●	●	●	↓
Intra-Asia (Short Sea)	●	●	●	↑
Oceania – Asia (Northbound)	●	●	●	→
Oceania – US/Canada	●	●	●	↑
Europe – Oceania	●	●	●	→
ISC – Oceania	●	●	●	→
S. Africa – Oceania	●	●	●	→
Trans-Tasman	●	●	●	→
US/Canada – Oceania	●	●	●	↑
Europe – Asia (Eastbound)	●	●	●	↓
US/Canada – Asia	●	●	●	↑
Australia Coastal	●	●	●	→
New Zealand Coastal	●	●	●	→

KEY#1

Space (capacity)	70-100% of normal capacity	30-69% of normal capacity	Less than 29% of normal capacity
Equipment Availability	No Challenges	Medium Challenges	Major Challenges
Schedule Availability	No Challenges	Medium Challenges	Major Challenges

KEY#2

Spot Price Development	↑ Up	→ Stable	↓ Down

Key takeaways:

- **USEC/USGC Ports:** After a 3-day strike, ports are gradually resuming normal operations, with container backlogs expected to clear in 1-2 weeks. Carriers have suspended additional surcharges.
- **Middle East Conflict:** Ongoing tensions are expected to raise oil prices and extend Red Sea diversions, potentially increasing container freight costs. Vessel delays and service changes are expected across all trades, including Oceania.
- **Capacity Challenges:** Pre-Golden Week cargo rush is straining space and equipment availability, especially in North East Asia (NEA) and Southeast Asia (SEA) to Oceania.
- **Rate Increases:** Rates for NEA and SEA exports remain high, with a General Rate Increase (GRI) planned for AU and NZ in late October.
- **Service Adjustments:** MSC and CMA CGM have rerouted SEA to Oceania services through China due to transit port congestion, bypassing key Southeast Asian ports.
- **Yield Management:** Carriers are prioritising Europe and Transpacific trades, avoiding long-term contracts and promoting Non-Operating Reefers (NORs) for AU.
- **MSC Market Entry:** MSC's entry into the AU-NZ market is expected to lower rates, which have remained stagnant over the past 12 months.
- **Oceania Export Rates:** Marginal rate increases are emerging as the Australian export peak approaches.
- **Asia-Europe Rates:** Despite port congestion, the Red Sea crisis, and the Golden Week rush, Asia-Europe rates continue to decline due to weak demand and excess capacity.

Visy Logistics Global Market Updates & Insights

Australia

- **Unexpected Demand Surge:** Higher-than expected demand in Australia has led to market unpredictability.
- **Operational Challenges:** Major hubs face equipment shortages, imbalances, and port congestion, with many operators skipping ports to maintain schedules.
- **Equipment Shortage:** Volatility has caused uneven container distribution, especially for 40GP and 40HC.
- **Rate Increases:** Increased demand, capacity strain, and US-related disruptions have triggered rate hikes and peak season surcharges, expected to continue through the year.

New Zealand

- **Freight volumes** are stabilising following fluctuations from disruptions.
- **Spot rates** have shown volatility, while contract rates are becoming more predictable as market stabilises.
- Focus on **reducing carbon emissions** with initiatives aimed at greener technologies.
- Growing **adoption of digital** solutions to enhance visibility and efficiencies.

Singapore

- **Rates and Capacity:** Freight rates may remain flat in Q4 with potential peak season increases. However, supply chain disruptions, port congestion, and environmental regulations can influence rate volatility.
- **Demand Outlook:** Strong export demand from Asia to Oceania, driven by economic recovery. Anticipated restocking in retail and manufacturing sectors. Capacity constraints may lead to supply shortages and higher rates.
- **Market Capacity Growth:** Despite port bottlenecks, overall Oceania market capacity is expected to grow modestly, with trade volume increasing by 3% to 5%, primarily driven by the Asia-Pacific region.
- **Regulatory Pressures:** New environmental regulations increasing operational costs for carriers. Expected to impact shipping rates.
- **Q4 Ocean Freight Outlook:** Mixed scenario for Asia to Oceania, with steady demand and increasing capacity challenges likely leading to rate hikes as the market adjusts to global regulations and operational inefficiencies.

Vietnam

- **Rates and Capacity:** Freight rates may remain flat in Q4 due to low shipping demand.
- **Equipment/Space Status:** No current issues with equipment or space, and this is expected to continue through Q4.
- **Potential Risks:** Port congestion or supply chain disruptions could negatively affect freight.
- **Demand Outlook:** US/EU Market facing unusually low shipping demand in Q4, typically the peak season.
- **ANZ Trade Lane:** Higher demand expected to continue until the end of November.
- **Vietnam Economy:** Aiming for 7.6% to 8% economic growth in Q4.
- **Global Supply Chain Risks:** Political instability in the Middle East and the US port strike could disrupt the global supply chain, potentially affecting rates, capacity, and demand negatively.

USA

- On October 3, 2024, International Longshoremen's Association (ILA) and US Maritime Alliance (USMX) reached a tentative agreement, officially ending the strike that impacted major US East and Gulf Coast ports.
- The new agreement includes a salary increase of 61.5%, up from the prior 50% offer. A joint statement confirmed that all job actions will cease, and operations under the Master Contract will resume.
- The strike temporarily disrupted the flow of goods, causing delays and rerouting of shipments. While operations are resuming, delays may continue as ports clear the backlog.
- **Key Areas to monitor:** Operations Resume: East and Gulf Coast ports are resuming, but backlogs may cause minor delays.
Contract Extension: The expired contract is extended until January 15, 2025, while final details are negotiated.
Strike Risk: If union members reject the tentative agreement, the strike could resume.

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