Platts Containers Update

February 2024



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Containers Update

February 2024

Market Commentary

Platts Global Container Freight Monthly Recap Commentary

- Global container markets mellow late in month as Jan drive wanes
- Red Sea diversion effects normalizing

Global container markets peaked in January from the exponential hikes witnessed across most trade lanes in the first half of the month, owing to the chaos caused by the re-routing of ships from the Red Sea to around the Cape of Good Hope.

In January, a slew of surcharges were imposed by carriers owing to operational uncertainty on vessels stemming from the Red Sea shipping crisis, which has led to the rerouting of significant numbers of ships away from the Suez Canal and around the Cape of Good Hope. As a result, a number of markets touched a new high, a level not witnessed since the gradual normalization in rates from the COVID-19 pandemic.

In the European import markets, carriers acted with extreme haste to impose early month surcharges, which were all assumed in the markets to indicate higher freight rate parameters, with the peaks hitting in the middle of January. Platts Container Rate 1 — North Asia — North Europe Westbound spot cargoes were assessed at $6,000/FEU Jan. 9, the highest since Sept. 22, 2022, when it was at $6,200/FEU. Similarly, Platts Container Rate 3 – North Asia to the Mediterranean was assessed at $7,000/FEU, a level last seen on Sept. 21, 2022, when it was at $7,200/FEU.

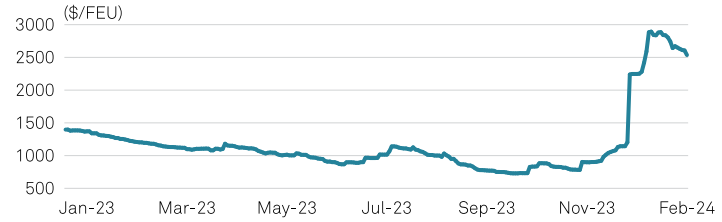
In the US markets, similar implications were seen. As Asia-origin shipments — already implicated from reduced capacity at Panama Canal transit — had opted for the Cape of Good Hope route instead of the Red Sea, carriers capitalized early on the lower capacity. Platts Container Rate 5 — North Asia to East Coast North America — jumped to as high as $6,800/FEU on Jan. 30, from $3,800/FEU on Jan. 3.

Platts Container Rate 25 — Southeast Asia to East Coast North America — hit a high of $6,500/FEU Jan. 23, up from $4,100/FEU on Jan.3. In India markets, Platts Container Rate 39 — Indian subcontinent to East Coast North America — was assessed at $4,700/FEU Jan. 31, up $1,700/FEU month on month.

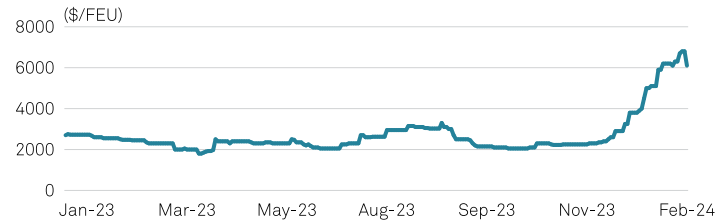
Equipment imbalance and carrier inflation

In January, amid the Red Sea diversion leading to increased transit times, there were expectations of significant shortages in equipment — increased transit times had last plagued the industry during the pandemic.

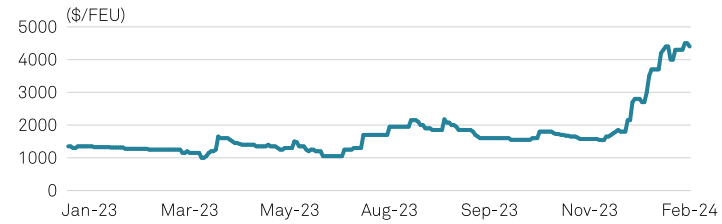
Platts global container index



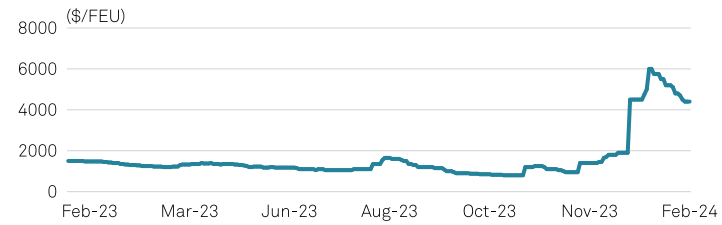
PCR 5 north Asia-east coast North America



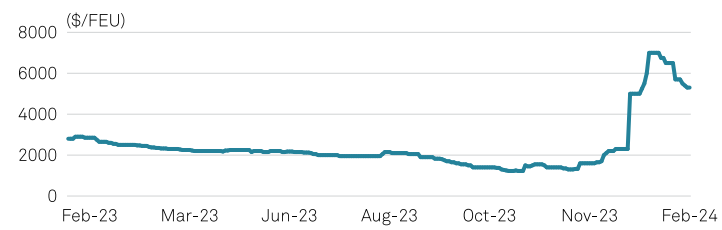
PCR 13 north Asia-west coast North America



PCR 1 north Asia-north continent



PCR 3 north Asia-Mediterranean



Source: S&P Global Commodity Insights

"There are now pockets of tightness for equipment across various liner companies, which could mean there are areas where export markets are higher than others as liners rebalance their availability," a logistics source said.

However, heading into February a number of markets have now shown that there is no upward momentum, with some even expressing a significant comedown from the highs in mid-January.

PCR 1 was assessed at $4,400/FEU on Jan.31, reflecting a drop of 26.4% from the peak of $6,000/FEU Jan. 9, while PCR 3 slipped to $5,400/FEU, marking a fall of 23.9% over the same period.

"The typically slow post Lunar New Year period is reflected in these February markets, equipment imbalance is expected to smoothen out and not cause significant logjams and carriers are now opening up long term contract negotiations, so things are now coming down," a logistics source said.

Similarly, GRIs that were announced by carriers for Southeast Asia to the US market dissipated very late into January, leading to a significant drop in rates for East Coast North America. This indicated that carrier tactics were now not as successful as capacity flows normalized to the Red Sea diversions.

"What we are seeing is carriers now lowering expectations on their markets with things rationalizing after the madness of early January, so they will now look to tactics which could help support rates from dropping violently," a logistics source said.

Platts is part of S&P Global Commodity Insights.

— Chris To

Platts Americas Container Freight Monthly Commentary

- Red Sea troubles muddle container market
- Lunar New Year holiday looms amid last-minute shipments
- South American freight rates slide despite space, equipment hurdles

Asia-US container freight rates climbed throughout much of January amid continued schedule, equipment and space hurdles created by the ongoing Red Sea vessel attacks.

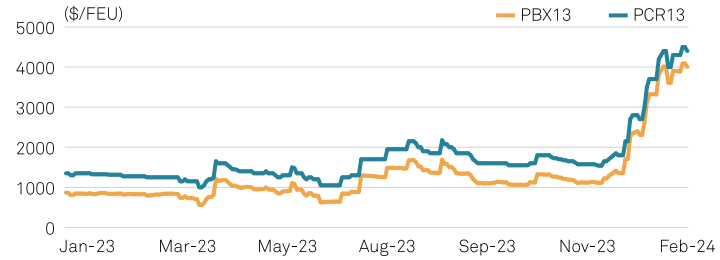
Carriers continued to reroute ships away from the Red Sea and subsequent Suez Canal passage during the month — forcing vessels to navigate the longer, more expensive journey around the Cape of Good Hope. During the month, North American import freight rates climbed to the highest levels seen since fall 2022.

"It looked like carriers would bleed forever — but now the story has changed entirely," a source said.

Platts Container Rate 5 — which tracks the North Asia-to-US East Coast lane — increased significantly during the month, gaining nearly 80% to reach $6,800/FEU. Similarly, Platts assessed rates for West Coast imports landed at $4,500/FEU on Jan. 31, notching a 60% increase.

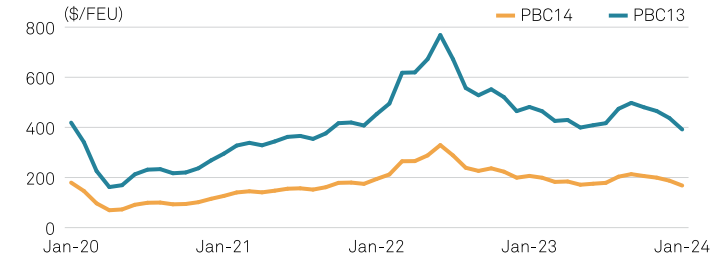
"We had one carrier with Asia to US East Coast focus pass on a couple of reductions [to] both USEC and USGC ports via the Cape of Good Hope routing," said a logistics source. "Seems that shippers are starting to avoid the Suez/Cape routings now due to the delays," a source said about the increased transit times.

WC N America - Platts bunker excluded container rate



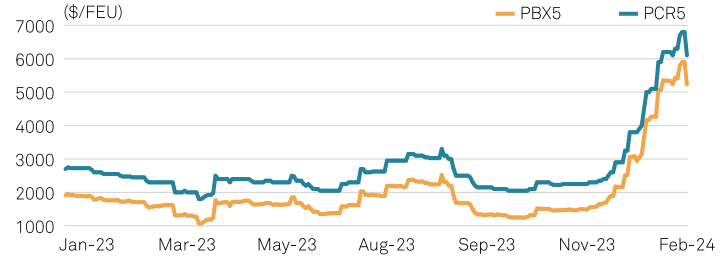
Source: S&P Global Commodity Insights

WC N America - Platts bunker charge monthly average



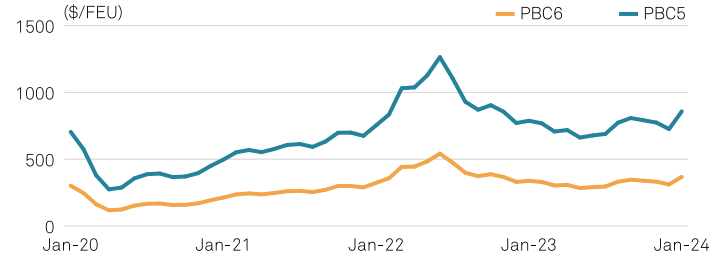
Source: S&P Global Commodity Insights

EC N America - Platts bunker excluded container rate



Source: S&P Global Commodity Insights

EC N America - Platts bunker charge monthly average



Source: S&P Global Commodity Insights

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Additionally, several sources reported increased congestion and equipment issues during the month, mostly on the Atlantic coast. According to maritime intelligence company eeSea, the weekly average congestion in Houston increased from 11% to 20%, Savannah maintained an average of about 40%, and Charleston's congestion trended upward between 20%-30%. For both Savannah and Charleston, vessels could see a one-day delay, the eeSea update said.

Meanwhile, the Platts assessed rates on the trans-Atlantic headhaul increased, climbing 33.3% to $1,500/FEU.

"There are reports of equipment becoming tight in certain parts of Eastern/Central Europe and West Med," a carrier source said. "The equipment situation in the EU might get tighter due to reducing import volumes on Asia-Europe headhaul trade [after Lunar New Year]."

Other sources cited increased operational hurdles for carriers on both European and Asian trades as the Lunar New Year holiday rapidly approaches on Feb. 10.

"Carriers are looking at reshuffling vessels from other trades to get into Asia/ISC to US EC-Gulf and Europe, but they do not have time to do it right now before [Lunar New Year,]" a logistics source in North America said.

At the same time, rates for exports from both coasts to North Asia registered $25 reductions during the month. Platts assessed WCNA export rate ended the month at $250/FEU, with ECNA exports to North Asia settled at $425/FEU. Meanwhile, trans-Atlantic exports to North Continent also trimmed $25 to reach $200/FEU.

While the North American import market strengthened during January, South American freight rates underwent reductions as equipment and space hurdles failed to support to weak rates. Rates for Asian cargo into West Coast South America trimmed $400 during the month to reach $1,900/FEU, while East Coast rates lost $500 to reach $2,500/FEU.

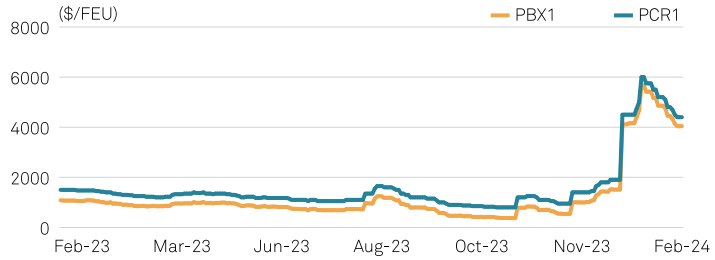
"Space and equipment availability is getting tight," said a freight forwarder in Brazil.

Meanwhile, freight rates on the ECSA-to-US Gulf trade trimmed $100 to reach $1,400 after some volatility during the month. At the same time, the freight rate for the lane's backhaul gained $25 to reach $850/FEU.

Market participants in both North and South America agree that the Lunar New Year holiday should give carriers enough time to steady rates as operational costs become clearer. Still, sources are offering varying expectations for volumes and rates after the Lunar New Year holiday. One source cited weak Lunar New Year volumes as a driving factor in carriers' efforts to support vessel utilization.

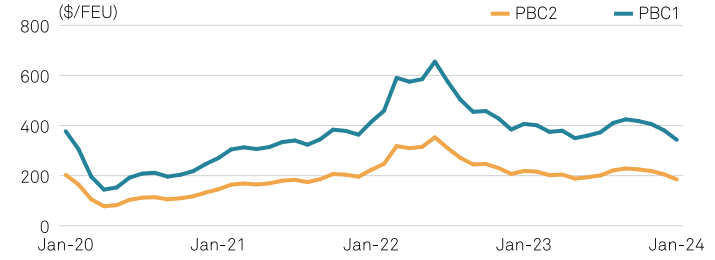
While some sources expect rates to stabilize or even decrease, others remain skeptical — citing slowed inventory restocking by larger retailers amid import difficulties. If any measurable number of retailers aim to wait out the elevated import rates, a post-holiday volume influx could add further pressure to a shifting supply/demand dynamic.

N Continent - Platts bunker excluded container rate



Source: S&P Global Commodity Insights

N Continent - Platts bunker charge monthly average



Source: S&P Global Commodity Insights

North American Platts Bunker Charges

North American bunker charge rates experienced marginal increases during December amid tightened supply. Platts Bunker Charge 13 — North Asia-to-West Coast North America — gained almost 4% during January, landing at $409.52/FEU on Jan. 31. The demand in US West Coast bunker market was steady but supply was tight the first half of January and eased off the last week.

The US Gulf Coast experienced tight supply and equipment throughout January, which spiked prices in New Orleans and widened the spread between different bunker products in Houston. In addition, the MGO spread between New Orleans and Houston reached $104/mt between the two bunker ports— the widest it has been since the launch of USGC MGO assessments in 2012, Platts data showed. On the US Atlantic Coast, a fire occurred at the Phillips 66 Bayway refinery midmonth but supply remained decent after the incident over in the USAC surrounding ports.

— Laura Robb

Platts EMEA Container Freight Monthly Commentary

- European container freight soars as markets adjust to new trade route
- Rates into Mediterranean rise at sharper rate than those into Northern Europe

Container freight rates in Europe peaked at 16-month highs in January in the lead up to the Lunar New Year celebrations, before stabilizing as demand drivers met supply chain challenges in the form of container availability and service reliability due to increased vessel transit times.

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European container markets witnessed rangebound volatility on the month as sustained Houthi rebel attacks saw the US-led forces launch self-defense strikes as carriers maintained vessel diversions around the Cape of Good Hope.

Owners of cargoes on westbound North Asia-North Continent Europe voyages witnessed consecutive rate rises during the month.

The Platts Container Rate 1 was assessed at $4,750/FEU on Jan. 5, before climbing $1,250 to a 16-month high $6,000/FEU on Jan. 9. Bearish pressure then saw rates fall $800 on Jan. 19 and $500 on Jan. 26, before PCR 1 was assessed at $4,400/FEU Jan. 31, $100/FEU lower on the month.

"A lot of our clients are complaining about the delays due to the extended transit times, this has caused an unexpected supply chain disruption in Europe," a forwarder source said.

Freight for cargoes into the Mediterranean from Asia observed similar fluctuations, as week-on week rate increases meant PCR 3 rose 10% to $5,500/FEU on Jan. 5, further rising to a 16-month high of $7,000/FEU on Jan. 10. Rates began to decline on Jan. 16, and Platts assessed the freight at $6,500/FEU on Jan. 18. The downward trend continued, with freight dropping 12% to $5,700/FEU on Jan. 24 before ending the month at $5,300/FEU.

The rerouting vessels around the Cape of Good Hope has highlighted the challenge of shipping into the Mediterranean, as the freight differential between PCR 1 and PCR 3 widened in January. Despite carriers' efforts to amalgamate trade routes and services, political uncertainty has impaired long-term strategy.

"Services are changing all the time, vessels are omitting calls and then suddenly appearing," a Mediterranean-based carrier source said. "It's chaos at the moment, there are no stable services."

After Lunar New Year, several market participants expect rates to drop further — although given the anticipated container equipment imbalances in Asia, uncertainty remains, and carriers and other participants will react once the seasonal rush comes to an end.

Platts is part of S&P Global Commodity Insights.

— Mohammed Al-ansare

Platts Asia Container Freight Monthly Commentary

- Volatility grips SE Asia-US market
- Industrial action hurting shippers but not impacting rates in Australia: sources
- Maersk and Hapag-Lloyd introduce Gemini Cooperation

Container freight in the Asian market saw increased volatility in January as ongoing tensions in the Red Sea continued to escalate through the first month of the year, however, with the start of Chinese New Year in the first half of February, many routes saw a reversal in their increasing freight trend as January ended.

"The pandemic was unique in that the entire world was affected at the same time. The 2024 disruptions will most likely be more regionalized and impact each market differently. It will be important to understand alternative routings and have plans in place on how to avoid geographic bottlenecks. Similarly, having multiple supply sources will prove useful in case existing suppliers are unable to deliver," said Daniel Krassenstein, Global Supply Chain Director for Procon Pacific.

"There will be high levels of uncertainty in 2024," he added.

In the Southeast Asian market, box rates for cargoes moving to North America saw big increments through most of the month, with PCR 25 — Southeast Asia to East Coast North America – being assessed by Platts as high as $6,500/FEU on Jan. 23, gaining $2,400/FEU during the month. However, with space booked ahead of the Chinese New Year holidays, and carriers offering lower rates for the first half of February, PCR 25 closed at $5,800/FEU Jan. 31.

"Ahead of the break [Chinese New Year], a majority of the cargo has already been moved or booked," a market source told S&P Global. "Market rates for the next fortnight are lower, if some carriers/ operators have space they will want to secure bookings."

PCR 23 — Southeast Asia to West Coast North America – was assessed $1,600/FEU higher on the month at $4,500/FEU. "Many Atlantic coast shipments and sailings have been diverted to the Pacific coast since the first attack on Dec. 15, and rates have followed," a market participant said.

In the Australian market, tensions between the Maritime Union of Australia and DP World continued into another month, however, equipment issues were seen improving as the month progressed, sources said.

Platts assessed PCR 45 — North Asia to East Coast Australia — at $2,400/FEU Jan. 31, and PCR 47 — North Asia to West Coast Australia — at $1,800/FEU, both up $300/FEU and $450/FEU on the month, respectively.

"Landside costs are under control," an Australian source said, adding that the "protests around ZIM vessels, roadworks and the PIA [Protected Industrial Action] are our big difficulties, currently."

Freight rates from the Indian subcontinent increased significantly in January as the Red Sea crisis deepened and carriers pushed surcharges and general rate increases to the market.

Box rates from the Indian Subcontinent to East Coast North America increase 57% month on month. Equipment imbalance due to the increased voyage time via the Cape of Good Hope and limited sailings in January helped carriers push surcharges in the form of peak season surcharge, war risk surcharge, operations recovery costs and general rate increases etc., boosting rates further.

Platts assessed PCR 39 — Indian subcontinent to East Coast North America — at $4,700/FEU, up $1,700/FEU month on month. However, sources remained skeptical about any improvement in demand in this quarter. "Limited sailings were supportive for January. However, February brings regularity on vessel calls to certain extent where we have weekly sailings for Europe and the US, and China is stepping into [Lunar] New Year closure, so demand will settle down globally for February," a market source said.

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In tandem, Geneva-based carrier MSC dropped the Indusa service between West India and the US East Coast, as reported by Journal of Commerce, an S&P Global sister company. Conversations about an increase in the number of spot bookings over contractual bookings were also heard in the market as volatility increased.

For the shorter India to Middle East haul, box rates increased drastically in January. Platts assessed PCR33 West Coast India-Middle East at $320/FEU and TCR33 West Coast India-Middle East at $220/TEU, down $330/FEU and $250/TEU, respectively.

"Irrespective of if your trade lane is in the hit zone, carriers are capitalizing," a source said. Movement of auto parts, machinery, raw material, and grapes was heard toward the Middle East this month. Market participants are also expecting the government of India to outline changes to the agricultural policies in its interim budget on Feb.1, whereas the detailed budget is expected to be announced by the new government after general elections in May 2024.

Intra-Asia rates also rose in the month similarly to other trade lanes. Even though freight rates from North Asia to the Indian Subcontinent began to rise initially in the first half, rates began to stabilize in the second as we approached the Chinese New Year holidays.

Platts assessed PCR 53 — North Asia to Indian subcontinent — at $1,400/FEU, and TCR 53 — North Asia to Indian subcontinent — at $1,200/TEU, both up $600/FEU and $400/TEU, respectively.

Another important development this month was the formation of Gemini Corporation by carriers Hapag-Lloyd and Maersk. Both the carriers announced this long-term operational collaboration coming into effect February 2025. According to Maersk, the carrier will deploy 60% of its fleet and Hapag-Lloyd will deploy 40% for this cooperation.

"It was something bound to happen, without a consortium, how far can you go, especially when rates are dwindling," another source said.

Platts is part of S&P Global Commodity Insights.

— Ayush Verma, Tanya Kalra

News

Houthis launch biggest ever attack on commercial shipping in Red Sea

- No reports of damage after barrage intercepted
- US, UK Navy respond to the attacks
- Singapore joining US-led Operation Prosperity Guardian

Iranian-backed Houthis launched a major attack with anti-ship missiles and drones from the Houthi-controlled areas of Yemen into the Southern Red Sea on Jan. 9 toward international commercial shipping lanes where dozens of merchant ships were transiting, the US Central Command said.

There were no injuries or damage reported, however, after the missiles and drones were intercepted by US-led Red Sea naval forces, CENTCOM said.

The UK's defence secretary Grant Shapps said the attack was the biggest Houthis in the Red Sea to date and the US said it was the 26th Houthi attack on commercial shipping since Nov. 19.

The latest attacks came to light following the recent deployment of the US-led naval coalition forces to deter further maritime attacks by Iran-backed Houthi militants.

Many ship operators have diverted their ships from the Red Sea to the Cape of Good Hope in Africa following the recent attacks, adding about two weeks to their voyage time and pushing up freight rates and energy prices. With route diversions rising, European container freight rates have spiked to 15-month highs.

"On Jan. 9, at approximately 9:15 pm (Sanaa time), Iranian-backed Houthis launched a complex attack of Iranian-designed one-way attack UAVs (OWA UAVs), anti-ship cruise missiles and an anti-ship ballistic missile from Houthi-controlled areas of Yemen into the Southern Red Sea, toward international shipping lanes where dozens of merchant vessels were transiting," the US Central Command said in a tweet on X, formerly Twitter.

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Containers Update

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Red Sea turmoil shakes up global trade routes

Shipping transiting the Red Sea has dropped by more than half since early December, S&P Global Commodity Insights data shows, as vessels travel via the Cape of Good Hope to avoid Houthi attacks in the strategic trade route. Container shipping has been most affected with the longer voyage boosting freight costs and displacing bunker demand.

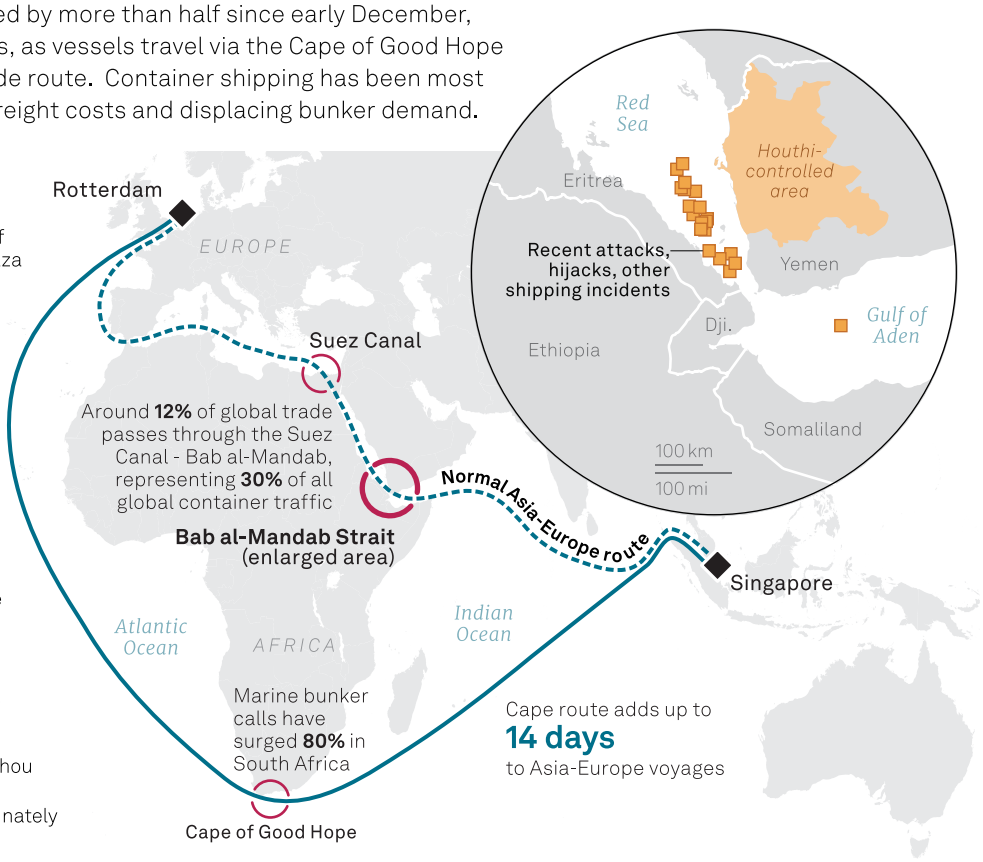
Timeline of events

2023

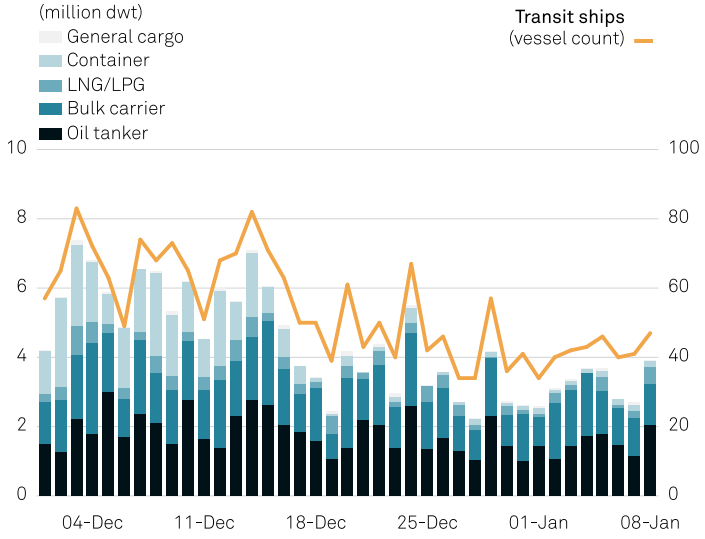
- **10-Oct** Houthis warn of missiles, drone attacks if the US intervenes in the Israeli war on Gaza
- **19-Oct** USS Carney shoots down missiles and drones fired toward Israel by the Houthis
- **31-Oct** Houthis announce official entry into the war to support Palestinians
- **19-Nov** Houthi forces seize Galaxy Leader container ship
- **12-Dec** Missile hits Norwegian vessel Strinda off Yemen
- **15-Dec** A.P. Moller-Maersk, Hapag-Lloyd become first major shippers to avoid Red Sea
- **24-Dec** Maersk resumes Red Sea shipping under US-led naval protection
- **31-Dec** US sinks three Houthi vessels off Yemen after attempted attack on Maersk Hangzhou

2024

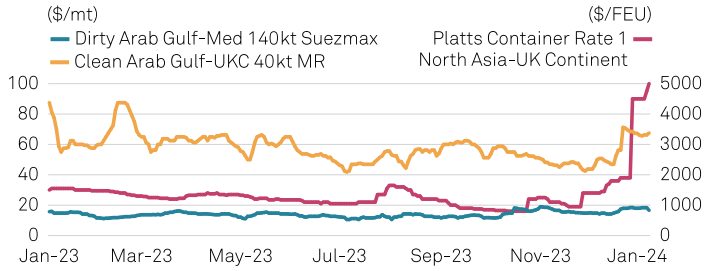
- **02-Jan** Maersk suspends Red Sea transits indefinately



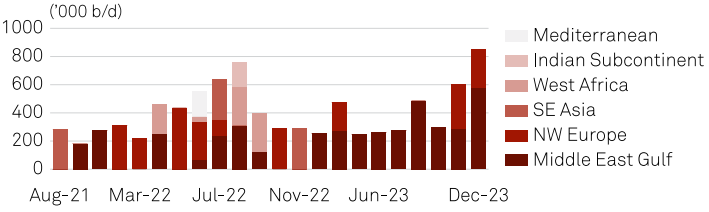
Recent Bab al-Mandab transits by vessel class



Container freight rates most affected by rerouting



Fuel oil flows to Durban hit record as bunker demand surges



S&P Global Commodity Insights

Source: S&P Global Commodity Insights, S&P Global Maritime Intelligence Risk Suite, S&P Global Commodities at Sea
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UK Maritime Trade Operations, or UKMTO, which monitors maritime security in the region, said in an update that it has also received reports of an incident Jan. 9 about 50 nautical miles West of Al Hudayah, with multiple reports of "Uncrewed Aerial Systems" activity. The UKMTO said that coalition forces are responding, no injuries or damage reported.

Singapore joins forces

Singapore said Jan. 9 that it will contribute personnel for Operation Prosperity Guardian, an international maritime security force responding to attacks on ships by the Houthis in the Red Sea.

This includes a team from its navy to support information sharing, a team of planners to work with international partners on operational plans and a national representative at the 39-nation Combined Maritime Forces' headquarters in Bahrain.

"It is in our interest for Singapore to join cause with the international community to protect and ensure that key sea lines of communication around the world remain open, especially if threatened by unlawful acts by non-state actors or terrorist groups," the country's Defense Minister Ng Eng Hen said in Parliament.

This comes after several armed attacks on merchant ships by the Houthis, including a Singapore-flagged vessel Maersk Hangzhou.

Singapore's defense ministry said that there have been around 20 such unlawful attacks by the Yemen-based Houthi forces as of Jan. 7, through the firing of missiles and drones as well as hijack attempts.

Prior to the attacks, around 60 ships passed through the Bab el-Mandeb Strait in the Red Sea daily, but the number has dropped by up to half in recent weeks.

Singapore-registered ships have also been affected, with the number of daily transits through the Red Sea now approximately halved, the ministry added.

Regional steps

Singapore, located along one of the world's busiest waterways, has close to 1,000 ships anchored there at any given time. A ship calls at Singapore port every two to three minutes, bringing the total to around 130,000 ships a year and making it critical for maritime passage in the region to be conflict free.

The annual vessel arrival tonnage in Singapore rose to a record of over 3 billion gross tons in 2023, from 2.83 billion GT a year earlier, according to the latest Maritime and Port Authority of Singapore data.

Since Singapore is a major transshipment port, any delays due to conflict in the Red Sea can affect traffic volumes in East Asia as well, said a shipping broker in Seoul.

India has stepped up vigilance in its waters and will ensure a swift response to avoid any untoward incident, an Indian Navy spokesperson said.

Last week, the Indian Navy had negated a seajacking attempt of a dry bulk carrier, the Lila Norfolk by using Maritime Patrol Aircraft, and safely evacuated 21 crew in the North Arabian Sea.

South Korea's Ministry of Trade, Industry and Energy asked local shipping companies and commodities importers Jan. 4 to avoid the Red Sea over security concerns.

— Takeo Kumagai, Suyash Pande, Rong wei Neo, Sameer Mohindru

Record container ship deliveries could prompt fleet surge in 2024: BIMCO

- Slower sailing speeds reduce fleet efficiency
- Security concerns prompt rerouting and rate spikes
- Increase in container volumes could raise capacity call 3-4% in 2024

Record container ship deliveries could push the fleet above 30 million twenty foot-equivalent units in 2024, shipping industry body BIMCO said Jan. 10.

Weighing against that, sailing speeds have fallen and the prolonged disruption in the Red Sea, forcing ships and especially container ships to sail via the Cape of Good Hope instead, could tighten the supply-demand balance, BIMCO said.

"In 2023, shipyards delivered 350 new container ships with a total capacity of 2.2 million TEU, beating the previous record from 2015 when 1.7 million TEU was delivered. The 2023 record is now likely to be beaten already in 2024," Niels Rasmussen, Chief Shipping Analyst at BIMCO, said in its statement.

Weak global economic growth and lower demand for commodities has weighed on global demand for container transport.

The Platts container index started 2023 at $1,381/forty foot-equivalent unit, decreasing steadily to mid-December, according to S&P Global Commodity Insights data.

Platts assessed it at $1,081/FEU on Dec. 15, before security concerns in the Red Sea prompted container companies including Maersk and Hapag-Lloyd to reroute via the Cape of Good Hope, providing support to freight rates. Platts assessed the container index at $2,885/FEU on Jan. 9, a 167% jump from mid-December.

Likewise, Platts Container Rate 1 - PCR 1 - North Asia - North Europe Westbound spot cargoes were assessed at $6,000/FEU on Jan. 9, a 20% increase on the day to the highest since September 2022.

Ships larger than 15,000 TEU continued to dominate deliveries and the segment grew 28% after 1.3 million TEU were delivered in 2023, BIMCO said.

Chinese shipyards have benefited most from the record high orders, delivering nearly 55% of all ship capacity set to be delivered during 2023 and 2024 and solidifying China as the premier location for building container ships. South Korean yards were expected to deliver 38% of the ship capacity.

Once all the ships have been delivered, the container fleet capacity will have grown 10%. However, the container trades were expected to grow significantly slower. BIMCO forecast that the increase in container volumes will increase the demand for ship capacity by 3%-4% in 2024.

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In the meantime, the average sailing speed of container ships has reduced from 14.3 knots in 2022 to 13.9 knots in 2023 and could fall further in 2024. That lowers the efficiency of the fleet and 3%-4% extra capacity may have to be deployed to ensure that the 2024 volume increase can be accommodated, BIMCO said.

Shipping data company Alphaliner has forecast a sharp rise in demolition sales in 2024 to partly cushion the impact of the 3.2 million TEU of newbuild capacity it predicts will hit the market in the next 12 months.

— Thomas Washington, Mohammed Al-ansare

Container freight rates to Europe spike to 15-month high as Red Sea attacks continue

- Diversions from the Suez Canal constricting container supply
- Carriers raising charges to cover higher bunker overheads
- Liner companies amalgamating Mediterranean services

Major liner companies have maintained their push on European container freight rates amid ongoing attacks on shipping through the Bab al-Mandab Strait by Yemen-based Houthi rebels, lifting rates to 15-month highs.

Diversions away from the Suez Canal to the Cape of Good Hope route are causing constricted container supply due to additional lead times, blank sailings and potential port congestion. Together with an uptake in demand ahead of the Chinese New Year holidays next month, this is driving increasingly bullish market sentiment in the near term, according to market sources.

Platts Container Rate 1 - PCR 1 - North Asia - North Europe Westbound spot cargoes were assessed at $6,000/FEU on Jan. 9, a 20% increase on the day and the highest since Sept. 22, 2022.

Similarly, Platts Container Rate 3 - PCR 3 - cargoes to the Mediterranean from North Asia were assessed at $7,000/FEU, a rate level last seen in September 2022.

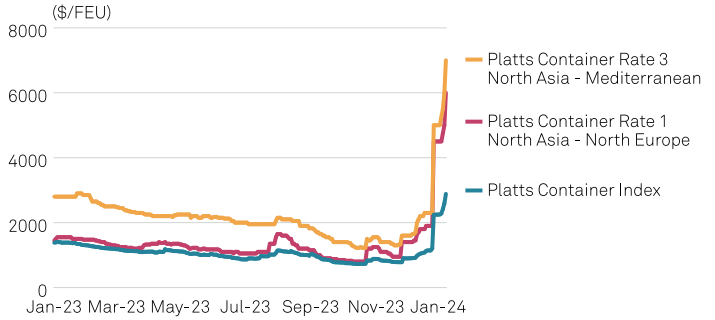
"Currently vessels in January are pretty full, it is difficult to get space on a vessel without paying for a premium service," a logistics source said. "That said, customers are making bookings and some clients will pay what it takes to get cargo away before the Chinese New Year."

Carriers are setting vessel allocation expectations, which is limited to what was agreed on the basis of long-term contracts, although one carrier decided to not honor its long-term agreements for 2024 due to the current market conditions, another logistics source said.

"They have cancelled all contracts and pushed customers to the FAK spot market, which is considerably higher that the pre-agreed rates," the source said.

The weekly services from carriers have been affected, with the Mediterranean in particular under the spotlight. For example, Hapag-Lloyd has announced various vessel changes in recent weeks and CMA CGM has merged some services, such as its TMX 3 and ADRINAF routes covering Turkey, the Adriatic, Malta and Libya.

Carriers drive European container rates amid Red Sea impact



Source: S&P Global Commodity Insights

Supply chain challenges

Despite the fluidity seen from carriers to amend services, equipment shortages in the form of empty containers are expected in Asia as vessels are scheduled for longer transits on their regular loops due to rerouting around the Cape of Good Hope.

According to data from S&P Global Commodities at Sea, the alternative route has increased westbound transit times for Asia-North Europe shipments by 30% and for Asia-West Mediterranean by 60%. As a result of increased fuel consumption and higher bunkering overheads, carriers have been raising charges.

"Some carriers are better at managing containers than others, the lead time in getting back to Asia will be an issue as will berthing congestion, the supply chain shortages will cause some pinching to shippers," a forwarder said.

Disruptions in supply chain logistics can therefore be expected and will cause shortages in origin that will impact services.

Bullish carrier behavior is set to continue in the near term, with the container market expected to continue being impacted by the conflict in the Middle East.

"The current rate levels will hold for a while yet. My suspicion is the ripple effect will last up until the end of Q2 when the traditional peak season kicks in," a forwarder source said.

— Mohammed Al-ansare

More orders for ships on alternative fuels in 2023 as methanol takes lead

- Alternative fuel propulsion gains popularity: DNV
- Methanol becomes more popular than LNG
- First ammonia-powered ships ordered last year

More shipowners invested in ships powered by alternative fuels last year, driven by strong appetite for methanol and ammonic bunkers, classification society DNV said Jan. 9.

With pressure from regulators and more eco-conscious clients, shipping companies have been seeking alternatives to conventional oil-based fuels to reduce greenhouse gas emissions from their operations.

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In 2023, 298 ships with alternative fuel propulsion were ordered via newbuild and retrofit deals, up 8% from 2022, according to DNV.

Methanol emerged as the most popular option for the first time as 138 vessels were ordered, more than 35 ordered in 2022, DNV said in a statement.

Separately, the world's first 11 ammonia-powered ships were contracted last year. When generated from renewable hydrogen or biomass, ammonia and methanol can be low-carbon fuels and achieve great decarbonization effects.

The output of "green" ammonia and methanol, however, is limited and their prices are high, and industry participants said it could take years for their production to ramp up, if not decades.

"The growing demand for alternative-fueled vessels speaks volumes ... [sends] pivotal signals to fuel providers and other important partners on shipping's decarbonization journey," said Knut Ørbeck-Nilssen, CEO of DNV's maritime division. "While it is clear that the maritime fuel technology transition is already underway, we now need to ensure the fuels powering these engines become available."

Platts, part of S&P Global Commodity Insights, assessed the bunker cost for the 0.5% sulfur marine fuel — the prevalent bunker fuel — at $12.927/Gigajoule in Rotterdam Jan. 8. Green methanol could be two to five times more expensive due to limited availability, industry estimates suggest.

LNG loses ground

DNV data also shows 130 ships capable of running on LNG were ordered last year, down from 222 in 2022 as the fuel lost its status as the most popular alternative to methanol.

"However, when looking at newbuilds alone, LNG would be in the lead as a considerable proportion of methanol orders were for retrofits," DNV said.

The size of LNG-fueled order book reached 1,006 as of Jan. 1, still the largest among all alternative fuels.

LNG can reduce GHG emissions by up to 23% on a well-to-wake basis versus oil-based fuels, according to industry group SEA-LNG, but environmentalists have voiced concerns over its methane leakage issues. However, its supporters said the fuel is available at many bunker ports and can be cheaper than 0.5% fuel at times. Platts assessed the bunker cost for LNG at $11.988/Gj in Rotterdam Jan. 8.

Sector differences

Of the methanol-capable ships ordered last year, 106 were containerships, 13 dry bulk carriers, and 10 vehicle carriers, according to DNV.

Meanwhile, 48 of the LNG-fueled ships ordered were containerships, followed by 40 vehicle carriers and 30 tankers.

"Investments in alternative-fueled vessels have been heavily driven by the container and car carrier newbuild boom over the last three years," said Martin Wold, principal consultant at DNV's maritime advisory business. "It remains to be seen if this trend continues into 2024."

— Max Lin

Cleaner shipping efforts boosted in 2023 as alternative fueled vessels orders rise 8%: DNV

- 298 ships with alternative fuel propulsion ordered in 2023
- Sharp increase in orders for methanol-powered, LNG-fueled ships
- Container, car carrier newbuild boom drives investments in alternative-fueled ships

The maritime industry's decarbonization efforts gained momentum in 2023, with an 8% year-on-year increase in the number of ships ordered with alternative fuel propulsion, global classification society DNV said Jan. 9.

This comes at a time when international shipping is under increased scrutiny to curb its GHG emissions, with the International Maritime Organization's 80th session of the Marine Environment Protection Committee 80 held in July also adopting a revised strategy to reduce emissions from global shipping.

A total of 298 ships with alternative fuel propulsion were ordered in 2023, with the year also seeing "methanol go mainstream, with a sharp increase in orders (138) putting it neck and neck with LNG (130)," it said, citing data from its Alternative Fuels Insight platform.

Last year also marked a "breakout year" for ammonia, with 11 orders for vessels run on this fuel, and more in the pipeline, it said.

"As we navigate towards a greener maritime future, the growing demand for alternative-fueled vessels speaks volumes. These orders send pivotal signals to fuel providers and other important partners on shipping's decarbonization journey," Knut Orbeck-Nilssen, CEO Maritime at DNV, said.

"While it is clear that the maritime fuel technology transition is already underway, we now need to ensure the fuels powering these engines become available."

However, focusing solely on fuels may divert the industry's focus away from achieving significant impact this decade, he said.

"What is required are concrete measures that actively lower emissions," he said. "Energy efficiency initiatives can yield decarbonization outcomes both now and leading up to 2030."

According to DNV, methanol proved the most popular alternative fuel choice in 2023, with 138 ships ordered, excluding methanol carriers, a steep increase from the 35 ordered to run on this fuel in 2022.

The dominating segment for this fuel was container ships, with 106 such ships, followed by bulk carriers at 13 and car carriers at 10.

The second alternative fuel of choice in 2023 was LNG, with 130 vessels ordered, down from 222 in 2022, DNV said.

However, when looking at newbuilds alone, LNG would be in the lead since a considerable proportion of methanol orders were for retrofits, it said.

Last year also saw LNG finally break the 1,000-vessel barrier excluding LNG carriers, showing the fuel's continued importance in the maritime energy transition, it said.

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In 2023, the container segment was the most active for LNG with 48 such ships, followed by car carriers at 40, and tankers at 30, it said.

"Investments in alternative-fueled vessels have been heavily driven by the container and car carrier newbuild boom over the last three years. It remains to be seen if this trend continues into 2024," Martin Wold, Principal Consultant in DNV's Maritime Advisory business, said.

Last year also saw the first orders for vessels due to run on ammonia come through, whereas with just five orders, hydrogen was a less popular choice than 2022 when this figure stood at 18, it said.

— Surabhi Sahu

China's Cosco halts ship sailings to Israel amid heightened tensions: sources

- Chinese state-owned group avoid country at war
- Red Sea transits on a case-by-case basis: sources
- Decision affects container freight market more than tankers, dry bulk

China Cosco Shipping — one of the world's largest shipping conglomerates — has stopped sailings to Israel amid heightened operational risks in the region, sources close to the company said Jan. 8.

By Jan. 5, Houthis in Yemen had launched 25 attacks against merchant ships transiting the southern Red Sea and Gulf of Aden since Nov. 18, the US has estimated. Nearly 20 ship operators have diverted from the Red Sea to take the longer Cape of Good Hope route.

The sources told S&P Global Commodity Insights that Cosco group companies have stopped vessel calls at Israeli ports since late 2023 but continued Red Sea transits on a case-by-case basis.

"All cargoes that have to transit Red Sea or discharge in Europe need higher approvals," one of the sources said.

Among Cosco group companies that operate in Israel are Cosco Shipping Lines and Oriental Overseas Container Line, which together have a combined container shipping fleet with 3.1 million TEU, the world's fourth largest based on Alphaliner estimates.

Israeli media Globes reported that Cosco's decision will push up shipping costs for Israel-bound shipments as the company cooperates with Israeli shipping line ZIM.

Cosco Shipping Holdings, the Cosco group company that controls Cosco Shipping Lines and OOCL, did not immediately respond to an email seeking comment.

On the North Asia-to-UK Continent route, Platts-assessed container freight rates rose to $4,750/FEU on Jan. 5, the highest since October 2022, from $950/FEU on Nov. 23, according to S&P Global Commodity Insights data.

Cosco group companies also have over 400 dry bulk carriers and 200 tankers, but the decision to stop calling in Israel was not expected to affect freight markets in the two sectors.

"We have been always avoiding calling at Israel port ... as once calling Israel...they cannot load from Arabian Gulf ports," a tanker source close to Cosco said.

S&P Global Commodities at Sea data showed Cosco ships did not carry out any loading and discharge operations for liquid and dry bulk cargoes in 2023.

— Max Lin, Sameer Mohindru, Vickey Du

EU ETS prices under pressure but colder weather could boost demand

- EUAs trading just above Eur76/mtCO2e on Jan 5
- Maritime sector now included in EU ETS
- EUAs to average 89.6/mtCO2e in 2024: S&P Global

European carbon prices fell in the week ending Jan. 5 due to soft demand but with colder weather forecast for the coming days, analysts and traders are expecting a slight recovery.

Platts, part of S&P Global Commodity Insights, assessed EUA contracts for December delivery at Eur75.82/mtCO2e on Jan. 4, falling back from a one-month high of Eur80.37/mtCO2e on Dec. 29.

Demand for EUAs was in the doldrums in December, but traders are expecting some resilience this month.

This comes despite an expected increase in supply of allowances in 2024, with the maritime sector now included in the EU ETS.

The shipping sector's inclusion is projected to add emissions of 90 million mtCO2e this year and 86 million mtCO2e in 2025, according to estimates from S&P Global.

But with EU auctions only expected to start on Jan. 15, supply for this month is set to be very tight, which should provide some support to prices.

"EUAs are expected to rise due to supply constraints and higher winter heat demand," S&P Global analysts said.

EU ETS prices will average Eur80.8/mtCO2e in January, compared to a 2024 average of Eur89.6/mtcO2e, they said. EUAs averaged Eur85.27/mtCO2e in 2023, S&P Global data showed.

German emissions

However, the bearish macroeconomic environment is likely to put pressure on the energy complex.

Germany's annual CO2 emissions are estimated to have fallen 10% year on year to around 673 million mtCO2e in 2023, the lowest since the 1950s, think-tank Agora Energiewende said Jan. 4 in a report.

The projected decline of around 73 million mtCO2e would put Germany back on track towards its 2030 climate target, but was largely due to a weak economy with only 15% of the decline due to long-term measures, Agora said based on preliminary calculations

Power sector emissions are estimated to be down by 21% to 177 million mtCO2e with falling demand, the swing from net exports to imports and rising wind power among other drivers.

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But despite the fall in emissions, revenues from Germany's auctioning of carbon allowances under European and national trading schemes hit a record-high Eur18 billion ($19.7 billion) in 2023, up 40% year on year, federal environment agency UBA said Jan. 4.

Revenues under the EU Emissions Trading System rose 12% on the year to Eur7.7 billion, while revenues under the national emissions trading scheme, or nETS, jumped 67% on the year to Eur10.7 billion.

"CO2 pricing through emissions trading is a crucial lever for achieving legal climate targets," UBA President Dirk Messner said. "In Germany, over 85% of emissions are already covered by emissions trading."

Germany auctioned 92 million EUAs in 2023 on European Energy Exchange (EEX), up 8% from 2022.

— Eklavya Gupte

US leads condemnation of Houthis after missiles explode in Red Sea

- US, UK and others say Houthi attacks 'unacceptable'
- Shipowner CMA CGM says its vessel not affected
- 24 attacks on shipping in Red Sea since Nov. 19

The US and another 11 countries on Jan. 3 condemned the recent Houthi attacks on commercial vessels in the Red Sea after up to three explosions were reported close to a ship heading into the region.

In a joint statement, the countries said Iran-backed Houthis have significantly escalated their attacks on merchant shipping from Yemen in the past week with missiles, small boats and attempted hijackings.

"We call for the immediate end of these illegal attacks and release of unlawfully detained vessels and crews," the countries said. "The Houthis will bear the responsibility of the consequences" of the "illegal, unacceptable, and profoundly destabilizing" attacks, they added.

The statement is signed by Australia, Bahrain, Belgium, Canada, Denmark, Germany, Italy, Japan, Netherlands, New Zealand, the UK and the US. Some of them, like Bahrain and the UK, have participated in Operation Prosperity Guardian — a US-led naval task force launched last month to protect Red Sea shipping.

On Dec. 31, the US Navy destroyed three small Houthi boats, killing their crews.

The UK Maritime Trade Operations said Jan. 2 on X, formerly Twitter, that up to three explosions occurred 1-5 nautical miles from a ship in the Bab al-Mandab Strait leading into the Suez Canal and 33 nautical miles east of Assab, Eritrea.

A spokesman for the Yemeni Armed Forces, under command of the Houthis, said on X that they launched an attack on the containership CMA CGM Tage as it was destined for Israel, but ship operator, French line CMA CGM, said the ship did not "suffer any incident."

The 9,400-TEU vessel is currently sailing to Alexandria, Egypt, according to data from S&P Global Commodities at Sea.

Threats to shipping

The Houthi rebels fired two anti-ship ballistic missiles from Yemen into the southern Red Sea at 9:30 pm Sanaa, Yemen, time (1830 GMT) on Jan. 2, the US Central Command said in a separate X message. "Multiple" ships in the area reported being affected by turbulence in the surrounding water although none were damaged, it said.

"These illegal actions endangered the lives of dozens of innocent mariners and continue to disrupt the free flow of international commerce," it said, adding that it was the 24th attack against merchant shipping in the southern Red Sea since Nov. 19.

The Houthis have announced their intention to join the ongoing war between Israel and Hamas, also backed by Iran, while gradually expanding their target from ships with Israeli interests or destined for Israel ports, to ships without apparent Israeli links.

More than 10 ship operators have diverted their ships from the Red Sea to around the tip of Africa, adding about two weeks to their voyage time and pushing up freight rates and energy prices.

On the Southeast Asia-to-East Coast North America route, Platts assessments showed container freight rose to $4,100/FEU Jan. 3, the highest since November 2022, from $2,250/FEU Dec. 15. Platts is part of S&P Global Commodity Insights.

Dated Brent crude was assessed at $77.33/b Jan. 3, nearly 5% higher than on Dec. 12.

Around 12% of global trade passes through the Suez Canal, representing 30% of all global container traffic and over $1 trillion worth of goods annually. Overall, an average 7.9 million b/d of crude oil and refined products sailed through the Suez Canal during the first 11 months of 2023, CAS data showed.

— Claudia Carpenter, Max Lin

Explosions reported in Bab al-Mandab after overnight US strikes on Houthis

- One incident occurs 50 nm south of Yemen: UKMTO
- No injuries or damage reported
- US continues strikes on Houthi assets in Yemen

An explosion was reported near a vessel in the chokepoint of the Bab al-Mandab Strait, UK Maritime Trade Operations said Jan. 24, as the shipping industry remained on high alert over Houthi rebel attacks.

The explosion occurred 50 nautical miles south of Al-Mukha, Yemen. Iran-backed Houthi rebels control large swaths of land in the country and have been firing missiles at merchant ships in recent months.

"Master reports an explosion approximately 100 meters from the vessel on its starboard side," the UKMTO said on its website. "Vessel and crew are safe, no injuries or damage reported."

The ship's identity could not be immediately confirmed.

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Container line stops transits via strait

Meanwhile, container line A.P. Moller-Maersk said its US arm is halting ship transits via the strait until further notice for crew safety, after two of its ships reported explosions nearby.

While carrying cargo for the US government and being escorted by the US Navy, the 6,700-teu Maersk Detroit and 2,500-teu Maersk Chesapeake turned around in the Red Sea after the explosions, according to Maersk.

The US-flagged ships operated by Maersk's US arm, Maersk Line, have sailed back to the Gulf of Aden under the navy's protection without damage or injuries.

The incidents came as US Central Command said it conducted overnight strikes against two Houthi anti-ship missiles that were aimed at the southern Red Sea.

Moreover, CENTCOM confirmed that the Houthis fired three missiles at the Maersk Detroit at 2 pm local time (1100 GMT) and that the USS Gravely shot down two other missiles.

Mounting concerns

Since Jan. 11, US and UK forces have launched several defensive counterattacks on Houthi sites in Yemen in attempts to protect freedom of navigation.

The previous Houthi attack on shipping in the Red Sea was recorded late Jan. 17, when a drone struck the US-owned and operated, 55,300-dwt bulk carrier Genco Picard.

The Houthis have threatened to attack ships linked to Israel, the US and the UK in support of Iran-backed Hamas in the ongoing Israel-Hamas war, and dozens of related incidents have been reported since November.

Major container lines and tanker operators, including Mediterranean Shipping Co. and Euronav, have been rerouting their ships from Red Sea to take the longer Cape of Good Hope route, adding two weeks to their voyage time on many occasions and consequently consuming more bunker fuel.

Daily ship transits through the Bab al-Mandab Strait, which connects the Red Sea to the Gulf of Aden, stood at 40 as of Jan. 22 and remained 40% below early December levels, S&P Global's Maritime Intelligence Risk Suite data shows. This was up, however, from a historical low of 18 transits Jan. 15.

— Max Lin

INTERVIEW: Red Sea crisis could boost marine fuel demand in Singapore: bunker expert

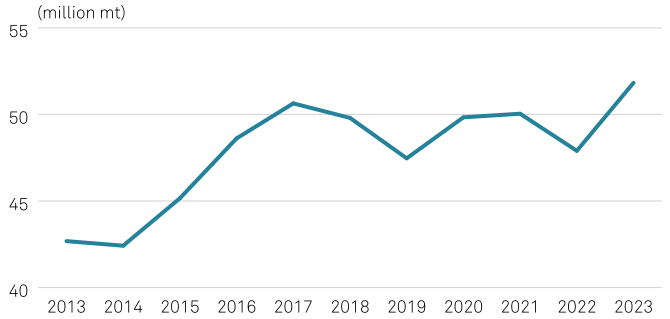
- Sri Lanka, India among other Asian ports with increased inquiries
- Asian Q1 fuel oil demand to rise by at least 5% on quarter: S&P Global
- Biofuels vital for shipping's decarbonization goals

Singapore is poised to see a surge in bunker fuel demand while some other Asian ports are also witnessing increased inquiries as shippers reroute ships via the Cape of Good Hope to avoid the Red Sea amid escalating tensions, Simon Neo, bunker industry expert and executive director of Singapore-based marine fuel consultancy firm SDE International said.

The impact of the rerouting was already reflected in Singapore's higher bunker fuel sales in December, when the severity of the Red Sea crisis started unfolding, Neo told S&P Global Commodity Insights.

According to the data from the Maritime and Port Authority of Singapore, the port's total marine fuel sales in December 2023 stood at 5.05 million mt, up 18.4% month on month.

Singapore's bunker fuel sales stay strong amid tough markets



Source: Maritime and Port Authority of Singapore

The total number of ship arrivals at the Port of Singapore in December also rose by 6.55% on the month to hit 10,741, MPA data showed.

Retaliatory strikes by the US and the UK on Houthi targets have led to an escalation of tensions. If the Israel-Palestine conflict is not resolved soon, the Red Sea attacks will drag on, causing more disruptions to the global trade, Neo said.

Around 12% of global trade passes through the Suez Canal, representing 30% of all global container traffic and over $1 trillion worth of goods annually. Some of the world's biggest container shippers, Mediterranean Shipping Company (MSC), CMA CGM, Maersk, Hapag-Lloyd AG, and Evergreen, have already suspended shipping via the chokepoint.

Diverted ships have usually taken the longer Cape of Good Hope route, which can add about 14-20 days to voyage times, industry sources said separately.

Continued shipping unrest in the Red Sea will bring about further increases in shipping expenses and add to the costs of the product being shipped, which will ultimately be borne by the consumers, Neo noted.

Depending on the destination, most shipowners will likely opt to top up their bunker fuel requirements at the Port of Singapore because of efficient services, competitive fuel prices, as well as provision of other ancillary activities including crew change, Neo said.

Singapore's ability to provide reliable and high-quality bunkers will also favor the choice to bunker here, Neo added.

Other bunkering options

Among the other Asian ports, shipowners will also consider refueling at some Sri Lankan and Indian ports, Neo said. However, consumption of bunkers in both these countries will likely be limited, he opined.

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"India has its own challenges for bunkering including ample availability of low sulfur fuel oil to meet the spurt in demand. Meanwhile, if ships are to refuel at Sri Lanka or the Middle Eastern port of Fujairah, they will have to deviate a bit if they are going from the US to Europe," Neo said.

A report by S&P Global recently noted that India was already witnessing a sharp rise in bunker inquiries. However, since the crude intake of most refineries is of high sulfur in nature, the availability of VLSFO was becoming a bottleneck to meet the sudden spurt in demand, it said.

The Red Sea tension will support fuel oil demand for bunkering in the first quarter, which accounts for around 70% of total Asian fuel oil consumption in a year.

"Moving forward, S&P Global estimates fuel oil demand in Asia will likely increase by at least 5% on the quarter in the first quarter if Red Sea tension continues to escalate with a ripple effect gradually being felt in the region, although the upside remains uncertain," it said.

Fuel choice amid escalating costs

"There is so much uncertainty in the world today and shipping is coping with many complexities," Neo said.

Shipping costs are not only being pushed up by the current geopolitics but also due to the need to meet net zero targets, forcing shipowners to sift through a myriad of zero-carbon fuels, Neo shared.

Among the various alternatives, biofuels will play a prominent role, particularly for existing ships as they are a "drop-in" fuel and readily available, Neo said.

Their consumption will "stretch all the way" to meet the International Maritime Organization's 2030 and 2050 targets, Neo said, adding that Singapore's dramatic rise in biofuel bunkering also shows the fuel's growing popularity.

Bunker sales of biofuel blends in the world's largest bunkering port more than tripled year on year to reach 520,000 mt in 2023, MPA data showed. This compares to LNG bunker sales, which rose from 16,000 mt in 2022 to 110,000 mt in 2023, according to MPA data.

Meanwhile, LNG and methanol will likely continue to find favor globally among newbuilds as is evidenced by the growing order book, Neo said. However, there is some skepticism around how much green methanol and bio-LNG will be available for shipping's decarbonization needs, he shared.

Widespread adoption of ammonia is still farther away, Neo noted.

That said, pricing economics will continue to weigh on a shipowner's fuel choice while selecting a zero-carbon fuel, he added.

— Surabhi Sahu

INTERVIEW: Methanol making a big splash as marine fuel amid emission cut efforts-MI COO

- Newbuild order book for methanol-powered ships growing rapidly
- MI to jointly contribute to submissions ahead of CCC 10, MEPC 81, MEPC 82
- Singapore's methanol bunkering push sets stage for widespread adoption

Methanol as a marine fuel is making a big splash, with multiple ship orders reflecting its role in emissions reduction, and its evolving policy framework, availability, and competitive pricing, with adoption by bunkering hubs such as Shanghai and Singapore set to boost its prospects further, Methanol Institute Chief Operating Officer Chris Chatterton said.

This comes as shipowners sift through a myriad of fuel choices to transition towards net carbon-neutral operations as stricter international environmental rules loom for international shipping following the agreement of a revised GHG strategy at IMO, the outcome of COP 28 and the start of the EU ETS.

The newbuild order book for methanol-powered ships continues to grow rapidly, with the latest large-scale order from Ocean Network Express also reflecting the fuel's growing popularity.

ONE in a statement Jan. 17 said it had signed shipbuilding contracts for a total construction of twelve 13,000 TEU methanol dual-fuel container ships, scheduled for delivery from 2027.

"LNG as a marine fuel took almost 10 years to come to the level it has reached today. In comparison, methanol as a bunker fuel has gained significant ground in a very short period," Chatterton told S&P Global Commodity Insights in an interview.

Methanol was approved for use as a fuel under the International Maritime Organization's IGF Code in 2020 and is accepted for approval by all major class societies.

"The Methanol Institute aims to jointly contribute to several submissions ahead of CCC 10, MEPC 81 and MEPC 82, to include methanol marine fuel, training and bunkering standards this year, based on best practice – moves that will share knowledge and experience with its operational and safety aspects, with 29 methanol dual fuel vessels currently in service and well over 200 more to be delivered by 2027," Chatterton shared.

Riding methanol wave

Methanol as a marine fuel provides several key benefits; the widely available fuel is liquid at ambient temperature, completely miscible in water, and relatively simple to safely handle and bunker, additionally making it an ideal fuel candidate to retrofit a ship to, Chatterton said.

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It's been used as a chemical feedstock and fuel or fuel additive (blended) in numerous applications for almost hundred years, which has contributed significantly to its global availability, he shared.

Currently, about 30 ports offer methanol as a bunker fuel; a figure expected to climb much higher in the coming months with every dual-fuel methanol ship entering service, he noted.

The propulsion technologies using methanol as a marine fuel are readily available from multiple vendors. In addition, STS operations for methanol bunkering are not complex as they bear almost 80% similarity to traditional bunkering of MGO, Chatterton said.

Some industry players have cited an absence of ample green methanol supply and its price as impediments to its widespread uptake.

"However, according to the Methanol Institute's recently revised projections, to be released soon, and based on significant uptake of both new build orders and retrofits, it appears that supply isn't as large of a concern as adopting [a] policy which will suitably incentivize shippers to opt for methanol dual fuel vessels and producers to invest in scaling fuel production," Chatterton said.

Garnering traction

In terms of pricing, conventional methanol has been on par with MGO price wise, on an energy equivalent basis, for some time, Chatterton said.

S&P Global publishes methanol bunker fuel calculations converted to LNG and oil energy content equivalents as well as bunker fuel prices by calorific value for direct comparison purposes.

Platts, part of S&P Global, assessed Singapore methanol delivered bunkers at $405/mt, methanol bunker Singapore (Oil) at $772.326/mt and methanol bunker Singapore (LNG) at $979.535/mt Jan. 18. This compares to the price of Marine Gasoil 0.5% Delivered Singapore, which was assessed by Platts at $768/mt on the same day.

"Book & Claim", as well as "incremental blending" of lower carbon or carbon neutral methanol with conventional methanol to reach CO2eq compliance levels, while remaining competitive, is a reality with methanol, Chatterton said.

A swathe of methanol-fueled ships is being built by Chinese and South Korean shipyards.

Although a methanol-powered newbuild presently commands a 10% premium over a conventional fuel ship, the expenses of building ships with dual fuel methanol propulsion are expected to drop as original equipment manufacturers boost production, introduce space-saving innovations for on-board fuel storage and enhance engine technologies further, Chatterton said.

"The Port of Singapore is on the brink of announcing licensed bunker suppliers offering methanol as a fuel in the world's leading bunkering port," Chatterton said.

"The move by Singapore also sets the stage for other global ports such as Shanghai, Ulsan, Rotterdam, Houston and Los Angeles to embrace methanol bunkering and ultimately develop a network of ports across many green shipping corridors to provide methanol as a marine fuel," he added.

— Surabhi Sahu

Container lines Maersk, Hapag-Lloyd launch new partnership

- Move major reconfiguration of industry
- New cooperation to comprise 290 vessels, 3.4 mil TEU capacity
- Collaboration starts Feb 2025

Container shipping majors A. P. Moller-Maersk and Hapag-Lloyd have agreed to launch a new long-term operational collaboration called Gemini Cooperation, in a major reconfiguration of the industry.

The new cooperation between Hapag-Lloyd and Maersk will comprise a fleet pool of around 290 vessels with a combined capacity of 3.4 million twenty-foot equivalent units of containers; Maersk will deploy 60% and Hapag-Lloyd 40%, Maersk said in a statement Jan. 17.

As of Jan. 17, Maersk accounts for 14.6% of the container market and Hapag-Lloyd 6.9%, implying a joint share of 21.5%. This compares with market leader MSC's 19.8%, according to data from Alphaliner.

The new collaboration will start in February 2025.

As a consequence of joining this cooperation, Hapag-Lloyd will leave THE Alliance end of January 2025. In January 2023, Maersk and MSC announced that the 2M alliance will end in January 2025, Maersk said.

"This is a major shake-up in the container shipping setup on the east-west trades," Lars Jensen, an analyst for the Journal of Commerce, a sister company of S&P Global Commodity Insights, said in a LinkedIn post.

This leaves ONE, Yangming and HMM in a very vulnerable position and unable to field a network matching those of Ocean Alliance, MSC and Gemini, he said. "The pressure is then on these three carriers to either lure a new partner out from Ocean Alliance, or reinvent a new service concept," he said. The new collaboration also applies pressure to CMA-CGM, COSCO and Evergreen in the Ocean Alliance, Jensen said.

The Gemini Cooperation will cover seven trades: Asia-US West Coast, Asia-US East Coast, Asia-Middle East, Asia-Mediterranean, Asia-North Europe, Middle East-India-Europe and trans-Atlantic.

The partnership will comprise of 26 mainline services. The mainline ocean services will be complemented by a global network of dedicated shuttles centered around owned and controlled transshipment hubs, including 14 shuttle services in Europe, four in the Middle East, 13 in Asia and one in the Gulf of Mexico.

Alliances tend to have a lifespan of roughly five-eight years, and hence the realignment evident now will most likely be the competitive playing field on the east-west services into the early 2030s, Jensen said.

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Container freight rates have been on a strong upswing since unrest in the Red Sea started prompting container lines, including Maersk and Hapag-Lloyd, to reroute via the Cape of Good Hope and thus add ton-miles to voyages.

Platts, part of S&P Global, assessed its container index at $2,880/forty-foot equivalent-unit Jan. 16, surging from $1,080/FEU on Dec. 15, when Maersk and Hapag-Lloyd announced they would avoid the Red Sea.

— Thomas Washington, Mohammed Al-ansare

ONE orders 12 methanol dual-fuel box ships, to be delivered from 2027

- Methanol dual-fleet part of company's green strategy initiative
- Vessels to have optimized hulls, heat recovery, bow windshields

Ocean Network Express has ordered 12 methanol dual-fuel container ships, which will form the company's inaugural fleet of methanol dual-fuel vessels when delivered from 2027, it said Jan. 17.

ONE — a joint venture between Japan's Mitsui OSK Lines, Nippon Yusen and Kawasaki Kisen Kaisha — the 13,000 twenty-foot equivalent unit vessels will be built by China's Jiangnan Shipyard and Yangzijiang Shipbuilding, with each shipyard responsible for six vessels.

The vessels will include technologies like optimized hull form, waste heat recovery systems and bow windshields, while some will also be equipped with an air lubrication system and shaft generator to improve fuel efficiency and reduce emissions, the company said.

"Our decision to invest in methanol-dual fuel vessels aligns with ONE's Green Strategy as part of our key initiatives. Upcoming new fleet is pivotal in achieving our goal of deploying the first alternative fuel ships by 2030 and marks a significant milestone in our journey towards a greener and more sustainable maritime industry," said CEO Jeremy Nixon.

ONE aims to achieve net-zero greenhouse gas emissions by 2050.

More shipowners are investing in ships powered by alternative fuels, driven by strong appetite for methanol and ammonic bunkers. Methanol has emerged as the most popular alternative fuel option with 138 vessels ordered in 2023, compared to 35 in 2022, according to classification society DNV.

In its reference case, S&P Global Commodity Insights analysts forecast global marine fuel demand will reach 328 million mt in 2030, with low-carbon fuels (excluding LNG and LPG) making up 2.2% of overall demand. Methanol is expected to be the most popular alternative fuel, making up 34.3% of the alternative fuels market share.

— Rong wei Neo

Port of Los Angeles container volumes rise for five straight months: data

- Annual container throughput slips 13% at PoLA
- PoNY November volumes soften
- Container rates climb to highest level since fall 2022

Container volume figures from the Port of Los Angeles included five consecutive months of year-on-year increases during the second half of 2023, according to data the port released Jan. 16.

The port moved more than 8.634 million twenty-foot equivalent units during the year—about 13% less than in 2022. Port officials attributed the decrease to overall declines in global trade—still, sentiments were positive at its 2024 State of the Port address.

"The good news is that global trade is now edging up and we are looking forward to a return to more normal cargo volume levels in the year ahead," said Port of Los Angeles Executive Director Gene Seroka.

December container volumes at the Port of Los Angeles climbed about 2.5% from 2022, with loaded imports rising by 5% and loaded exports soaring 26%.

Port of New York volumes slip

Meanwhile, the Port of New York and New Jersey released its volume data Jan. 16, sharing November figures. Converse to PoLA, PoNY saw year-on-year decreases during the month.

The Port of New York and New Jersey handled 644,439 TEUs during November 2023, down nearly 11% from November 2022. Amid the decreases, imports trimmed 7.2% during the month compared to 2022, with 324,559 TEUs in 2023. Overall, the port's container import volumes were down more than 18% from Janurary through November, compared with the previous year.

Conversely, November container exports climbed 1.5% year on year at 111,743 TEUs—still, export volumes at the port were dipped 1.3% overall from January through November compared with 2022.

A shifting market

November figures do not yet fully reflect any volumes affected by re-routes caused by Iran-backed Houthi attacks in the Red Sea. In mid-December, many carriers announced that ECNA-bound vessels would need to re-route around the Cape of Good Hope rather than risk an attack in the Red Sea.

Amid the re-routes, carriers are facing increased transit times, heightened operational costs, and schedule changes. Platts Container Rate 5, North Asia-to-East Coast North America, came to $5,900/FEU Jan. 16, the highest level since October 2022. Similarly, PCR13—following freight rates into the West Coast—

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reached $4,200/FEU, the highest level since Sept. 6, 2022.

Platts is part of S&P Global Commodity Insights.

— Laura Robb

European Container markets slow as post Chinese New Year lull grips

- European, Mediterranean rates experience sharp drop off
- Markets to normalize lower after Chinese New Year despite Red Sea support
- Blank sailing tactics to be re-introduced

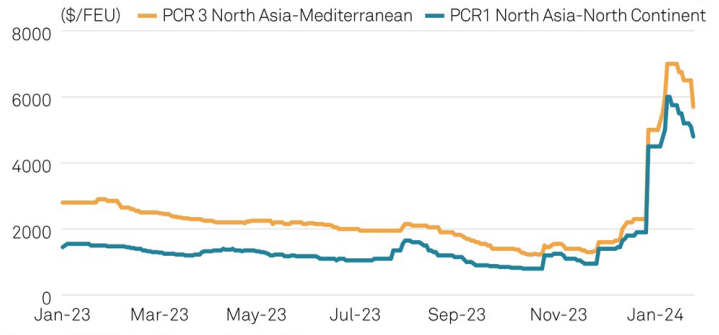
Westbound container freight rates into both Northern Europe and the Mediterranean are normalizing at lower levels heading into February, with rates softening as carrier support from the diversion away from the Red Sea area due to ongoing attacks by Houthi rebels wanes.

European container markets surged over the course of January to highs not witnessed since the pandemic, with Platts Container Rate 1 — North Asia to North Continent — rising to $6,000/FEU on Jan. 9, owing to a carriers pushing a number of surcharges to markets labeled as operational recovery costs. Coupled with this was a traditional pre-Chinese New Year demand push from beneficial cargo owners to allow for greater leverage from carriers to command high premiums during a period of uncertainty.

But market fundamentals heading into the post Chinese New Year lull have dragged carrier demands down heading into February, with rates expected to cool having peaked in the middle of January, but not in as volatile a way as they rose.

Platts Container Rate 1 dropped 6% on the day on Jan. 24 to finish at $4,800/FEU, the lowest rate since Jan. 5. A more pronounced fall was observed in the Mediterranean market, with Platts Container Rate 3 — North Asia to Mediterranean — sliding 12% on the day to $5,700/FEU, the lowest rate since Jan. 5. Platts is part of S&P Global Commodity Insights.

European and Med Container markets soften into February



Source: S&P Global Commodity Insights

"We see softness picking up heading into the second half of February — factories in China are shutting and there is now a sense things are calming down with carriers more attuned to their capacity flows, rather than having to hike rates before due to the huge uncertainty," a logistics source said.

Another reflection of softening conditions for carriers is the reopening of negotiations for long-term contracts (LTCs) — something that carriers withdrew due to the uncertainty of the Red Sea security situation.

"They were suspended throughout all of January but are reopening them again — there is a sense that rates are inflated and therefore LTCs could be negotiated for the market on its way down, but they're not yet sure where they would like it to settle," another logistics source said.

Carriers to turn to blank sailings

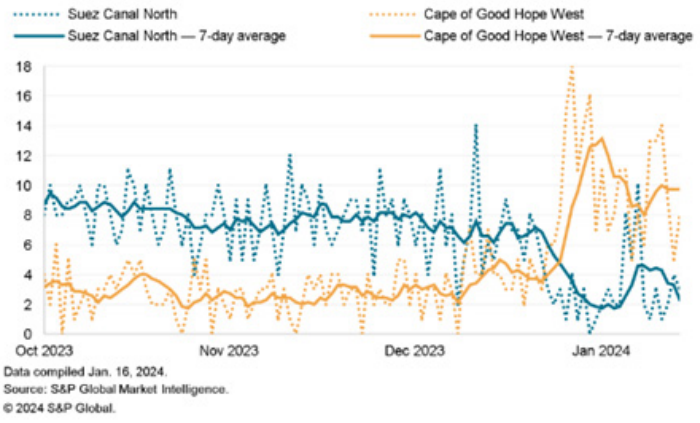
With blank sailings enforced at the turn of the year due to uncertainty in capacity transit times, carriers could now turn back to announcements of capacity reductions through conventional blank sailings, to ensure a softer landing back to normalized freight levels as Red Sea conditions settle in the markets.

Market participants perceive that carriers could act quickly in their announcements, allowing for a softer fall in expected rate cool-downs to stretch slowed capacity longer.

"Carriers will probably learn their lesson from the pandemic where they reacted too slow to prevent the drop-off in 2022 — they might act quickly here," another logistics source said.

More promoted blank sailings could bring a sense that mass diversion around the Red Sea for liner companies alone has not been sufficient in supporting rates at the high levels they experienced in early January. Container carrier transit via the Suez Canal has not been completely absent, but has slowed significantly since the turn of the year, despite news of Operation Prosperity Guardian bringing a short burst of shipping at the start of the year.

Still a handful of container ships transiting Suez Canal each day



The seven-day average of northbound Suez Canal vessel transits was at a low of 2.3 vessels as of Jan 15, from a 2024 high of 4.3 on Jan. 9, according to data from S&P Global Market Intelligence.

In terms of equipment shortages for available containers, fears of a universal shortage due to increased delays in returning boxes to key hubs are easing, but pockets of tightness for carriers could mean that export rates out of Mediterranean and European hubs increase due to higher demands.

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"Equipment could be valuable but we don't see significant bottlenecks just yet, so we'll have to see how this one develops," a logistics source said.

— Chris To

Shippers hunt for alternative bunkering ports amid Red Sea disruptions

- Increased bunker fuel demand in African, Arabian Gulf ports
- Sources assess ability of some ports to cater to demand surge
- Marine fuel prices at South African ports set to climb

Shippers and exporters are opting for alternative ocean transportation routes as the Red Sea situation remains volatile with ports in East/West Africa, and the Arabian Gulf likely to benefit as a rising number of ships fuel there instead, industry sources said.

Some 35,000 ships that sail through the Red Sea annually could be impacted as escalated attacks on merchant ships continue in the region, according to the industry sources.

Under an extended threat, ship and freight forwarders face disruption and increased freight costs because moving goods around Africa can add as much as 30 days to a voyage, global bunker company Glander International Bunkering said in a statement Jan. 12.

"As a result, we are seeing an increase in bunker demand in East/West Africa and the Arabian Gulf. This is primarily in Durban, Port Louis, Canary Islands, Salalah, and Fujairah," it said.

Effects include longer lead times as barge schedules are booked up and cargo/supplier availabilities become tighter, it said, adding that this translated to higher premiums which could disrupt bunker plans.

Any normalization of vessels transiting the Red Sea to pre-December levels is unlikely any time soon and the markets will stay on tenterhooks awaiting further clarity in coming days, said Rahul Kapoor, Vice President, Head of Shipping Analytics Research at S&P Global Commodity Insights.

"We certainly expect to see more fuel oil heading to South Africa as more container vessels take bunker fuel," Kapoor said.

"South African hubs and mostly Durban have been covering the additional demand so far, with west Africa, including the Canary Islands, expected to contribute as well," he added.

Meanwhile, two shipping sources in Southeast Asia expressed similar sentiment.

"South Africa will need a lot of oil. They might not be fully prepared for the drastic surge in bunker fuel demand," one of the shipping sources said late Jan. 12.

Another source said that it was gauging the bunker fuel prices at Durban to make fueling decisions. According to the source, bunker fuel prices at South African ports could ratchet in the coming days as an increasing number of ships reroute through the Cape of Good Hope.

Platts assessed marine fuel 0.5% bunker delivered Durban at $700/mt Jan. 12, up $5/mt day on day, showed S&P Global data. Bunker fuel oil 180 CST delivered Durban was assessed at $595/mt Jan. 12, also up $5/mt on the day.

— Surabhi Sahu

EU, US policies to double oil bunker cost by 2030: research center

- Fossil fuels to become more expensive with EU regulations
- US IRA designed to subsidize clean fuel production
- E-ammonia expected to be more economical than LSFO

Policies from the EU and the US can double the cost of conventional oil-based marine fuels by the end of this decade, making e-ammonia a cheaper fuel option for some trans-Atlantic trades, the Maersk Mc-Kinney Moller Center for Zero-Carbon Shipping said Jan. 29.

Brussels has extended its Emissions Trading System to cover maritime transportation from this year and will tighten the greenhouse gas intensity of bunker fuels used in EU-related trades through FuelEU Maritime rules from 2025, while Washington has enacted the Inflation Reduction Act to subsidize clean energy.

According to a study published by the Denmark-based non-profit research institution, the ETS and FuelEU Maritime can increase the fuel cost for ships running on low-sulfur fuel oil by 100% by 2030 and by more than five times by 2050.

The 0.5%-sulfur marine fuel's bunker price in Rotterdam was as low as $12.488/Gigajoule Dec. 13 before rising to $14.146/Gj Jan. 29, according to data from Platts, part of S&P Global Commodity Insights.

The research institution estimates the LSFO fuel cost can reach $26/Gj in 2030 before further hikes to $41/Gj in 2040 and $70/Gj in 2050, taking into consideration additional expenses associated with the EU Emission Allowances and FuelEU compliance.

"EU ETS drives most of the additional cost through 2040," the research institution said. "As FuelEU requires increasing reduction of emissions intensity ... from 2040, FuelEU will become the driving disincentive for the use of conventional fuels."

The study is based on an EUA price exceeding $100/MtCO2e in 2035 and $400/mtCO2e in 2050 as the EU is expected to gradually reduce the available EUA availability to reach its decarbonization targets.

Platts assessed EUA contracts for December delivery at Eur61.80/mtCO2e ($66.94/mtCO2e) Jan. 29.

GHG rules

As FuelEU requires progressively lower GHG intensity of bunker fuels in several phases until 2050, the research institution suggests that LSFO users will opt to blend their bunkers with fatty acid methyl esters, as this will be cheaper than paying penalties.

With the bio-blending ratio set to increase in the coming decades for compliance, additional costs arising from the regulation will reach $2/Gj in 2030, $16/Gj in 2040, and $55/Gj in 2050, according to the study.

"Blending biofuel is expected to be the most cost-effective compliance option," the research institution said. "However, the cost of compliance with the FuelEU emissions intensity mandate is highly sensitive to uncertain biofuel availability."

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Platts assessed the bunker price for B30, a blend of 30% FAME and 70% 0.5%S fuel, at $729.50/mt in Rotterdam Jan. 26.

Production cost

Through the IRA, the US government is to provide the 45V tax credit of up to $3/kg for the production of clean hydrogen that can be used to generate e-fuels, and raise the 45Q credit to $85/mt from $50/mt for carbon capture and storage—essential for blue fuels.

IRA credits can reduce the production costs of e-ammonia and e-methanol by $16/Gj, e-methane by $17/Gj, and blue ammonia by $5/Gj in 2030, according to the study.

Platts assessed the cost for e-ammonia produced on the US Gulf Coast for delivery into Northwest Europe at $916.52/mt Jan. 29. The premium of blue ammonia over fossil ammonia on the USGC was last assessed at $23.05/mt Jan. 26.

A cheaper and greener fuel

E-ammonia, generated through renewable electricity, is a zero-emission fuel and can help achieve deep decarbonization for shipowners, but the fuel is at an early development stage as bunker and no ammonia-fueled ships are currently in operation.

When the IRA, the ETS and FuelEU Maritime are taken into consideration, shipowners can lower their bunker costs by 20% when switching from 0.5%S fuel to e-ammonia in container trans-Atlantic voyages, according to the study.

"Different policy approaches in the US and EU offer complementary solutions to scale up the production and consumption of alternative fuel," the research institution said. "The IRA can provide benefits that significantly reduce alternative fuel production costs, while EU regulations increase the demand for alternatives through additional costs on fossil fuels."

— Max Lin

No toll cuts at Suez Canal despite falling transits: ship agent

- Canal authority sees crisis as 'political' in nature
- Iran-backed Houthis continue attacks on merchant ships
- Ship operators steer away from key Egyptian waterway

Egypt's Suez Canal plans no reduction in general transit fees to attract more traffic flows, ship agent Inchcape Shipping Services said Jan. 30, even as many ship operators have turned away from the key waterway for security reasons in recent weeks.

On Jan. 28, the Suez Canal Authority held a meeting with major shipping lines and agencies to discuss the ongoing Red Sea shipping crisis as Houthi rebels continued to attack merchants ships.

"During the meeting, it was unanimously agreed that the crisis is primarily political in nature, requiring a political solution to restore normal operations as soon as possible," said Inchcape, which participated in the meeting. "Reducing transit fees or offering rebates was deemed ineffective at this stage due to the perceived high risk in the Red Sea.

"However, it was suggested that reductions could be considered for special clients on a case-by-case basis," Inchcape said in a statement.

The Houthis, backed by Iran, have launched over 30 attacks on merchant ships around the Bab al-Mandeb Strait since mid-November.

With ships being diverted to take the longer Cape of Good Hope route, IMF Portwatch data showed daily transits at the Suez Canal fell to 41 on a seven-day moving average as of Jan. 28 from 74 on Nov. 1.

Before the crisis escalated, the canal authority announced hikes in transit tolls by 15% for oil, LPG and LNG tankers as well as containerships, and 5% for dry bulk carriers and general cargo ships. The increases went into effect Jan. 15 as planned.

Globally, 12% of trade volumes and 25% of container traffic pass through the Suez Canal, according to the canal authority.

The world's supply chains are facing rising shipping costs as shipping companies have either faced higher insurance expenses when transiting through the Red Sea or using more bunker fuels when opting for the Cape route, the canal authority said in a separate statement.

Plats assessed the container freight rate for shipping from Southeast Asia to East Coast North America at $6,500/FEU on Jan. 30, up from $2,300/FEU on Nov. 1, according to S&P Global Commodity Insights data.

— Max Lin

UAE's Masdar explores long-term green bunker supplies to CMA CGM

- UAE renewable player could supply e-fuels to CMA CGM
- French container line to have 119 dual-fuel ships by 2028
- Masdar aims for 1 mil mt/year green hydrogen production by 2030

Masdar has agreed to consider long-term deals to supply sustainable bunker fuels to French container line CMA CGM, the UAE state-owned company said Jan. 30, seeking to harness demand arising from maritime decarbonization.

In a statement, Masdar said the two companies signed a strategic supply partnership deal to explore offtake contracts for CMA CGM's dual-fuel ships.

The contracts would involve "green alternative fuels," Masdar said without specifying exact fuel types.

CMA CGM will have 119 ships capable of running on oil-based fuels and either methane or methanol by 2028, of which 35 already in operation and 84 under construction.

When generated from bio-feedstocks or green hydrogen, methane and methanol can be low-carbon alternatives to oil-based bunkers. Masdar, a renewable energy firm, has aims to product 1 million mt/year of green hydrogen by 2030.

"Masdar's ambition is to be one of the leading players in the development of green hydrogen globally," said Mohammad Abdelqader El Ramahi, Masdar's chief green hydrogen officer.

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"It is our belief that global maritime is one of the most strategic markets for green hydrogen and synthetic fuels are one of the fastest, most rewarding market segments."

Platts, part of S&P Global Commodity Insights, assessed the production cost for green hydrogen produced via alkaline electrolysis at $3.6811/kg in the UAE on Jan. 30.

Christine Cabau Woehrel, CMA CGM executive vice-president for assets and operations, suggested the company will use multiple types of fuels to reach its climate goals.

"By being 'energy agnostic' we firmly believe in diversifying energy sources for our ships," Woehrel said. "This approach enables us to explore and adopt a variety of energy solutions, whether biomethane, e-methane, LNG, hydrogen, electrification or other alternative fuels."

CMA CGM has targeted reducing total greenhouse gas emissions by 30% by 2030, 80% by 2040 before reaching net-zero CO2 by 2050.

— Max Lin

Subscriber Notes

Platts proposes to change timestamp and publishing schedule for Asia container assessments

Platts, part of S&P Global Commodity Insights, proposes to change the timestamp and holiday schedule for its Asia container assessments, from 1730 Singapore Standard Time to 1630 Indian Standard Time and change the holiday schedule from the Singapore calendar to the India calendar, with effect from March 4, 2024.

This change is intended to better capture the concentration of trading activity in the Indian Container markets.

Further information on Platts pricing holiday schedule can be found here.

Assessments affected by this proposed change are as follows:

Head Haul			
Route	From	To	Symbol
PCR23	Southeast Asia	West Coast North America	PCR2300
PCR25	Southeast Asia	East Coast North America	PCR2500
PCR33	West Coast India	Middle East	PCR3300
TCR33	West Coast India	Middle East	TCR3300
PCR39	Indian Subcontinent	East Coast North America	PCR3900
PCR45	North Asia	East Coast Australia	PCR4500
PCR47	North Asia	West Coast Australia	PCR4700
PCR49	Southeast Asia	East Coast Australia	PCR4900
PCR51	Southeast Asia	West Coast Australia	PCR5100
PCR53	North Asia	Indian Subcontinent	PCR5300
Back Haul			
PCR24	West Coast North America	Southeast Asia	PCR2400
PCR26	East Coast North America	Southeast Asia	PCR2600
PCR34	Middle East	West Coast India	PCR3400
TCR34	Middle East	West Coast India	TCR3400
PCR40	East Coast North America	Indian Subcontinent	PCR4000
PCR46	East Coast Australia	North Asia	PCR4600
PCR48	West Coast Australia	North Asia	PCR4800
PCR50	East Coast Australia	Southeast Asia	PCR5000
PCR52	West Coast Australia	Southeast Asia	PCR5200
PCR54	Indian Subcontinent	North Asia	PCR5400

Bids, offers, trades and indicative values would only be considered for the assessment if they are received before the 1630 Indian time cutoff.

These assessments are published in Platts Dry Freight Wire and Platts Dry Freight Wire Monthly; on Platts Shipping Alert pages SHP0510, SHP0514, SHP0511, PGT4000, PGT4006, PGT4001, and in the Platts pricing database under the symbol codes above.

Please send all feedback, comments or questions by to shipping@spglobal.com, containers@spglobal.com and pricegroup@spglobal.com by Feb. 2 2024.

For written comments, please provide a clear indication if comments are not intended for publication by Platts for public viewing. Platts will consider all comments received and will make comments not marked as confidential available upon request.

Platts amends Container Carbon Emissions Charge assessment methodology from Jan. 2

Platts, part of S&P Global Commodity Insights, has amended the methodology for its daily Carbon Emissions Charge Container assessments, effective Jan. 2, to reflect guidance in the final compromise text on the EU's Emissions Trading System released in February 2023.

Effective Jan. 2, Platts Carbon Emissions Charge Container assessments, in line with the final European Parliament compromise text, reflect the cost to move a forty-foot equivalent unit on a container vessel pertaining to the following regulation:

- 50% of carbon emissions for all inbound and outbound voyages between EU and non-EU member states.

Previously, all carbon emission charges reflected the cost of off-setting 100% of carbon emissions.

Platts launched Container Carbon Emissions Charges on March 1, 2023, with details available here.

Assessment Name	Daily Code	Monthly Average Code
Front Haul		
PCEC1 North Asia to North Continent	CEF0100	CEF0103
PCEC9 North Continent to East Coast North America	CEF0900	CEF0903
PCEC15 North Continent to East Coast South America	CEF1500	CEF1503
PCEC17 Indian Subcontinent to North Continent	CEF1700	CEF1703
PCEC35 Europe to West Africa	CEF3500	CEF3503
Back Haul		
PCEC2 North Continent to North Asia	CEF0200	CEF0203
PCEC10 East Coast North America to North Continent	CEF1000	CEF1003
PCEC16 East Coast South America-North Continent	CEF1600	CEF1603
PCEC18 North Continent to Indian Subcontinent	CEF1800	CEF1803
PCEC36 West Africa to Europe	CEF3600	CEF3603

In addition, Container Carbon Emissions Charges will adjust for appropriate volume allocation on both the Front Haul and the Back Haul routes for each Emission Charge, designating percentage multipliers for both, to reflect liquidity in trade flows.

The volume allocation on Front Haul and Back Haul routes is the same as reflected in Platts Bunker Charges and can be found here.

The volume allocation is subject to change by Platts as and when market conditions change.

Platts launched Container Carbon Emissions Charges on March 1, 2023, with details available here.

The assessments are published in Platts Dry Freight Wire; on Platts Shipping Alert (SHP) page 0520 and Platts Bunker Add-on (PBG), 3960; as well as in the Platts price database under the codes above.

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The calculations use the daily EU Emission Allowance Nearest-December price (EADLP00) as published by Platts. The tank-to-wake carbon emissions based on the fuel consumption are calculated using the carbon conversion factors published in Annex 1 of Regulation (EU) 2015/757 of the European Parliament and of the Council on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport.

These carbon conversion factors, which have been published by Platts since Aug. 1, 2022, are:

Assessment Name	Value	Daily Code
Carbon Conversion Factor 0.5% VLSFO	3.151 t-CO2/T-fuel	ASFOA00
Carbon Conversion Factor 0.1% MGO	3.206 t-CO2/T-fuel	AMGOA00

Platts publishes the values as defined in the relevant European legislation and will reflect any updates accordingly. Please send any feedback, comments or questions to shipping@spglobal.com and pricegroup@spglobal.com

For written comments, please provide a clear indication if comments are not intended for publication by Platts for public viewing. Platts will consider all comments received and will make comments not marked as confidential available to the public upon request.

Platts amends specifications for all Platts Bunker Charge assessments from Jan 2, 2024

Platts, part of S&P Global Commodity Insights, has amended all value inputs and assumptions that determine Platts Bunker Charges in container markets, to reflect more recent indicators of container vessel operations through the trade lanes assessed, from Jan. 2, 2024.

Due to the evolving nature of the container freight market both operationally and demographically, Platts has undergone an extensive analysis into shipping patterns for key trade lanes that pertain to Platts Bunker Charges.

This includes amendments of the following variables: vessel speeds, head haul and back haul distances, Emissions Control Area (ECA) and non-ECA zone distances, vessel sizes, head haul and back haul volume allocation, and head haul and back haul bunker consumption.

New data for variables has been compiled through a wider compilation of AIS data and vessel specification data from accredited data provider S&P Global Commodities at Sea.

The new data for the Platts Bunker Charge calculations can be found here: https://www.spglobal.com/commodityinsights/PlattsContent/_assets/_files/downloads/platts-pbc-specification-amendment-2024.xlsx

Platts first proposed this change on Nov 1, 2023: https://www.spglobal.com/commodityinsights/en/our-methodology/subscriber-notes/110123-platts-proposes-to-amend-specifications-for-all-platts-bunker-charge-assessments-from-january-1-2024

Please send any feedback, comments, or questions to shipping@spglobal.com and pricegroup@spglobal.com.

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