

'Calm' trans-Atlantic ocean trade shrugs off market disruption



Carriers on the trans-Atlantic have cut 91,100 TEUs in capacity from the trade so far this year. Photo credit: Peter Gudella / Shutterstock.com.

Greg Knowler, Senior Editor Europe | Nov 7, 2024, 10:00 AM EST

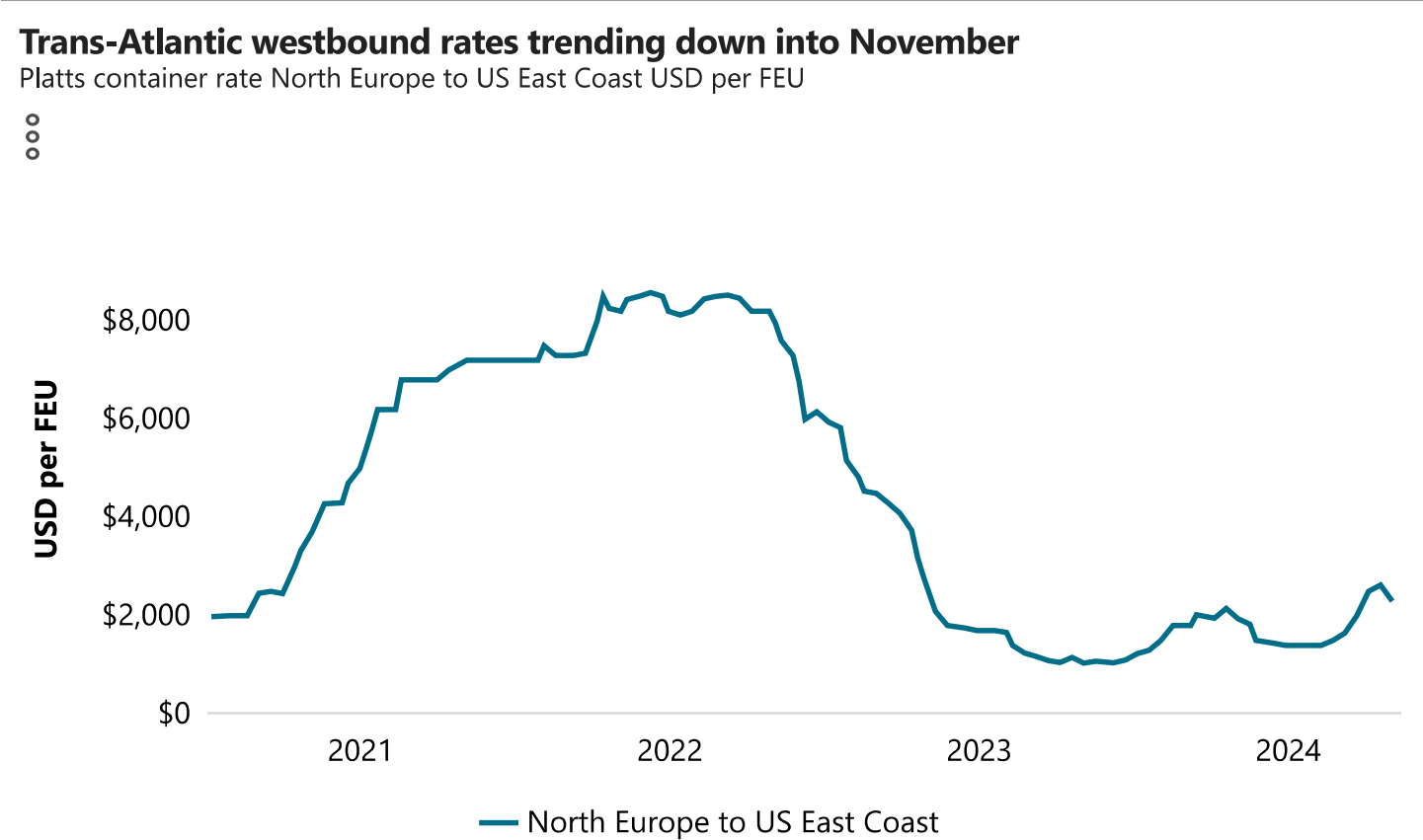
The trans-Atlantic ocean corridor has returned to the “calm waters” mode that typically characterizes the westbound trade lane, with rates trending down into November and US import volume flattening out into the fourth quarter.

There is no sign of any rush to frontload ahead of potential tariff increases on European imports by the new US administration or to get cargo moving before a possible second strike by the International Longshoremen’s Association (ILA) when its extended contract expires on Jan. 15.

“The trans-Atlantic is back in calm waters ... for the moment we see a rather stable scenario,” Markus Panhauser, CEO for Germany and Switzerland at DHL Global

Forwarding, told the *Journal of Commerce* this week. Still, “today you never know which disruption comes next,” he added.

Average spot rate levels on the trans-Atlantic began to spike in early August, reaching a 2024 peak of \$2,700 per FEU on Oct. 11. But rates have declined over the past three weeks, according to data from Platts, a sister company of the *Journal of Commerce* within S&P Global.



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The North Europe to US East Coast rate this week was at \$2,300 per FEU, down 5% compared with last week, Platts data showed. Mediterranean to US East Coast average spot rates are currently at \$3,305 per FEU, virtually flat since the end of September, according to rate benchmarking platform Xeneta.

The demand picture shows US East Coast imports from North Europe and the Mediterranean rising year over year through September, according to the latest data

available from PIERS, a sister product of the *Journal of Commerce* within S&P Global.

But the subsequent rate decline through October and into November suggests a slowdown in volume into the fourth quarter. The latest data from Container Trades Statistics shows US September import volume from Europe at 435,540 TEUs, up just 1% on August.

Peter Sand, chief analyst at Xeneta, also referred to the trans-Atlantic as being back in “calm waters,” calling the trade “solid and stable” with cargo owners in no rush to ship.

"It appears shippers are not expecting much disruption from a port strike or after the [US] presidential election," he said. "There is no big surge expected in terms of volume in the coming months, but also no big drop, and instead more of a rebalancing of the inventory ratio."

Carriers removing capacity

Not even the removal of 91,100 TEUs in capacity from the trade so far this year could prop up rates, with Alphaliner reporting that by October, container slots in the trans-Atlantic fleet had decreased by 8.2% year over year.

The analyst said in a recent newsletter that the cellular fleet reduction was not only the result of the closure of a few loops, but also due to large ships being replaced by smaller units.

The largest capacity reductions come from CMA CGM, which has withdrawn 30.9% of its trans-Atlantic capacity this year, while Cosco Shipping has cut 22.7% and Maersk 12.1%. Mediterranean Shipping Co., the largest tonnage provider on the trade lane with a 41% market share, has cut trans-Atlantic capacity this year by 7.9%, according to Alphaliner.

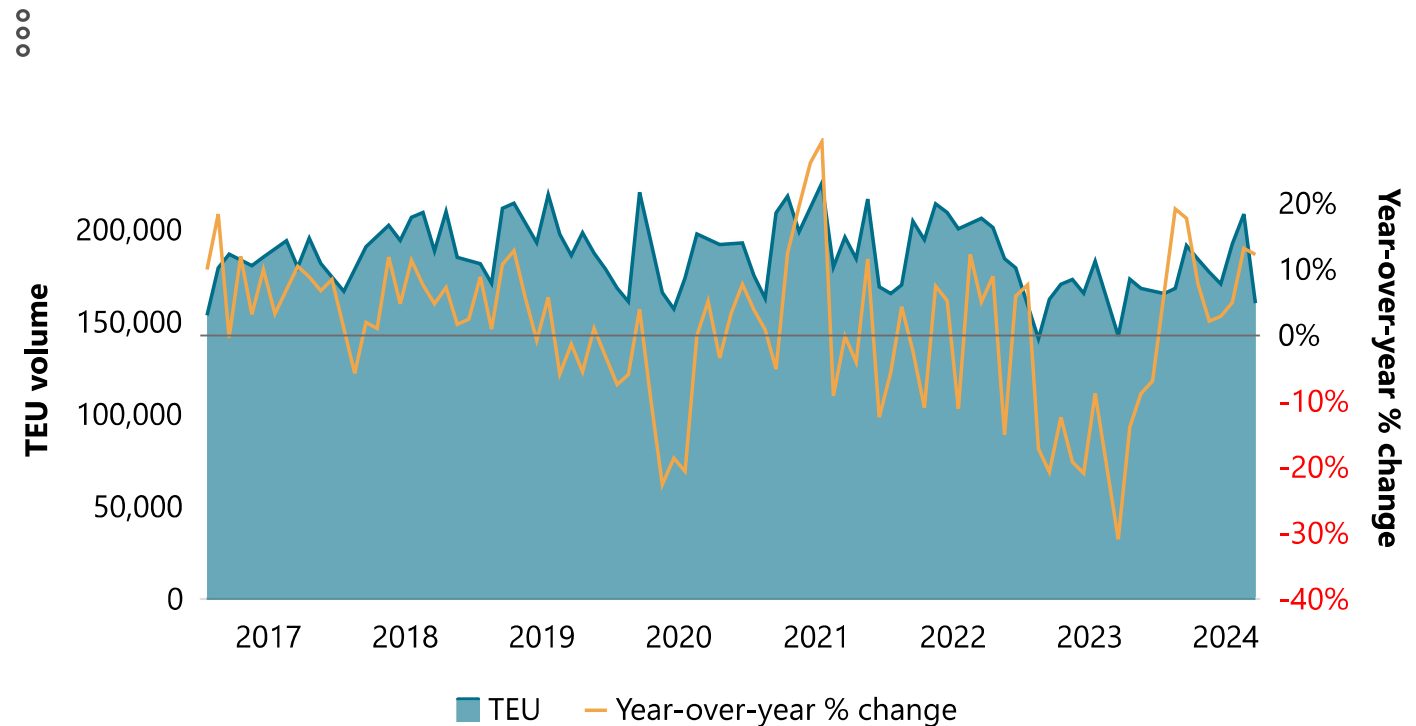
Hapag-Lloyd is the only carrier to increase its trans-Atlantic fleet, adding 12,500 TEUs, or 6%, in the first 10 months of this year.

Panhauser said the additional capacity from Hapag-Lloyd was to accommodate demand for its popular “Quality Freight Product,” a fixed rate contract aimed at removing fluctuating prices.

“The QFP gave them stable volume at a healthy rate level and gave them the opportunity to secure further market volume,” he said.

US import growth from North Europe continues through Q3

Total monthly TEU volume of US containerized imports from N. Europe, with year-over-year change



Source: S&P Global

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Ocean Network Express (ONE) is the only carrier that has not yet announced its trans-Atlantic service offering from February next year.

Alphaliner expects ONE will soon announce a slot deal with a member of the Ocean Alliance, either CMA CGM, Cosco Shipping, OOCL or Evergreen. The Japanese-owned carrier is currently the fourth-largest carrier on the trade with a 7% market share, and most of its ships are trading in the all-water North Europe-West Coast North America loop of THE Alliance, which also serves Halifax and Port Everglades.

ONE is in a position to jointly offer three loops out of North Europe to the US East Coast, Gulf Coast and West Coast.

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