

Market update

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DSV Air & Sea
June 2025

DSV

Agenda

Market update May 2025

1 Global economy
update

2 Global port
congestion

3 Ocean update

4 Airfreight update



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Israel strikes Iran nuclear sites and military leadership as Middle East braces for retaliation

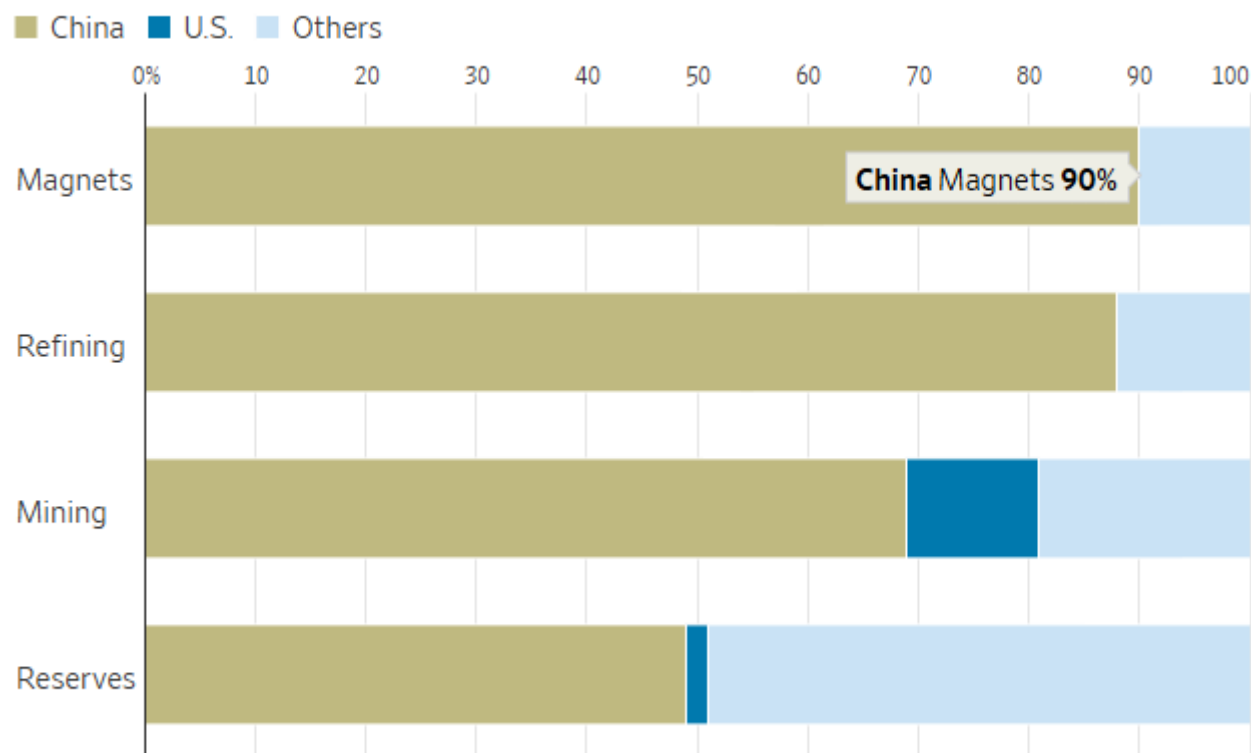
- UKMTO advises that there is presently no evidence of commercial shipping being targeted by Iran. However, they also warn of the potential for a rapid escalation in tensions and add that there is a risk of the Houthis broadening their targeting in the region.
- From a shipping perspective this does increase the risk of conflict in the Strait of Hormuz. Not necessarily a full closure, but the risk is a de-facto partial closure as we have also seen the Houthis do with significant success in the Southern Red Sea. For container shipping there would be three major risk elements to monitor:
 - Increasing oil prices
 - Potential risk in the strait of Hormuz affecting major ports of Port Khalifa and Jebel Ali
 - it would be a major problem related to imports and exports to and from Saudi Arabia, UAE, Qatar, Bahrain, Kuwait and Iraq.



Supply Chains Become New Battleground in the Global Trade War

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Rare-earth market share by country



Source: Morgan Stanley

https://www.wsj.com/economy/trade/china-us-trade-war-supply-chains-2726c163?mod=hp_lead_pos1

- The U.S. and China are using export controls as new economic weapons in their trade war, affecting global supply chains.
- China controls key sectors, while the U.S. dominates in tech, leading to supply-chain vulnerabilities.
- Companies might need to split supply chains to navigate tariffs and trade conflicts.
- China's move to put a six-month limit on rare-earth export licenses for American manufacturers signals that they could use this weapon against the U.S. if trade tensions erupt again.
- The potential for export controls to disrupt trade adds to the pressure on companies already struggling to navigate tariffs and mushrooming trade conflicts. of Commerce in Shanghai.

USA: 50% tariffs on foreign steel and aluminum come into effect

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<https://www.dsv.com/en-us/about-dsv/press/news/us/2025/04/us-announces-reciprocal-tariffs?>

- The White House has doubled the tariffs on steel and aluminum imports from 25% to 50%, effective June 4, 2025. These tariffs, aim to protect and revitalize the US domestic steel and aluminum industries. The higher tariffs are expected to impact various industries, increasing costs and potentially disrupting supply chains.
- Steel, aluminum, and articles under Section 232 already stored in U.S. trade zones under “privileged foreign status” before June 4 will pay the tariff rate in effect when they entered the commerce of the U.S.
- The non-aluminum, non-steel content of all Section 232 aluminum and steel articles and derivative articles shall be subject to tariffs.
- The applicable tariff rates for articles of the United Kingdom shall remain at 25%.
- Trading partners around the world express anger including Mexico which buys more steel out of the US than it sends the other way

US-China trade deal: Higher tariffs here to stay despite trade war De-Escalation

- US/CHINA framework incoming US to impose 10% country specific tariff as well as maintain the 20% IEEPA fentanyl tariff and existing 301 tariffs of up to 25% will remain in place. Both the 20% IEEPA and 301 tariffs MAY be readdressed as negotiations continue based on progress. Leaving a 55% General tariff after August 13th
- US CHINA trade deal framework done pending approval of Chinese leadership.
- US Court of Appeals for the Federal Circuit has set the date for the oral argument regarding the IEEPA tariffs the White House put in place. The date for this hearing is set for July 31st at 10AM.

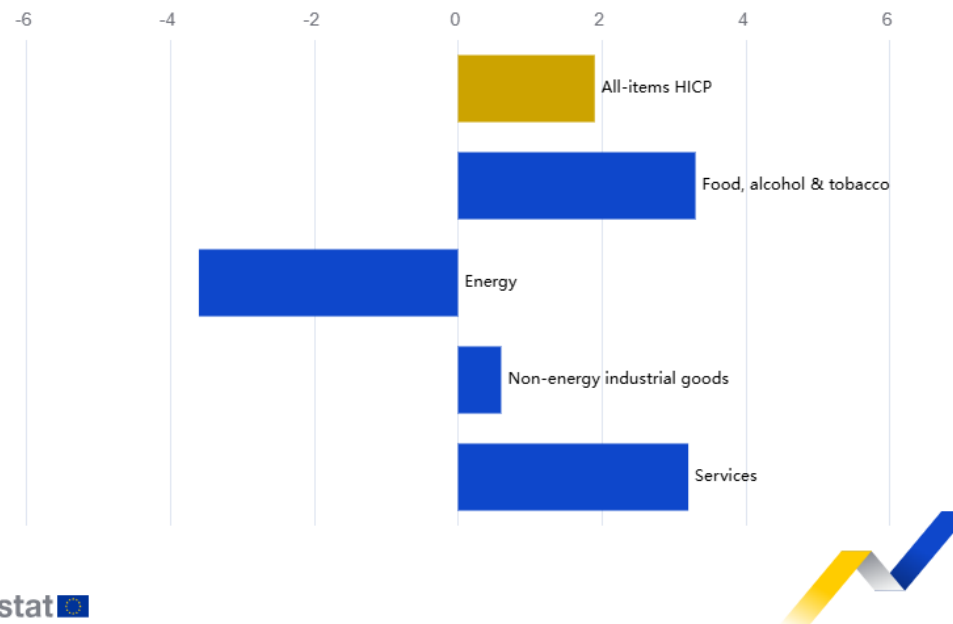
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Eurozone Inflation Falls Below Target

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Euro area annual inflation - May 2025, %



eurostat 

[https://ec.europa.eu/eurostat/web/products-euro-indicators/w/2-03062025-ap#:~:text=Euro%20area%20annual%20inflation%20is,%2C%20stable%20compared%20with%20April\)](https://ec.europa.eu/eurostat/web/products-euro-indicators/w/2-03062025-ap#:~:text=Euro%20area%20annual%20inflation%20is,%2C%20stable%20compared%20with%20April)

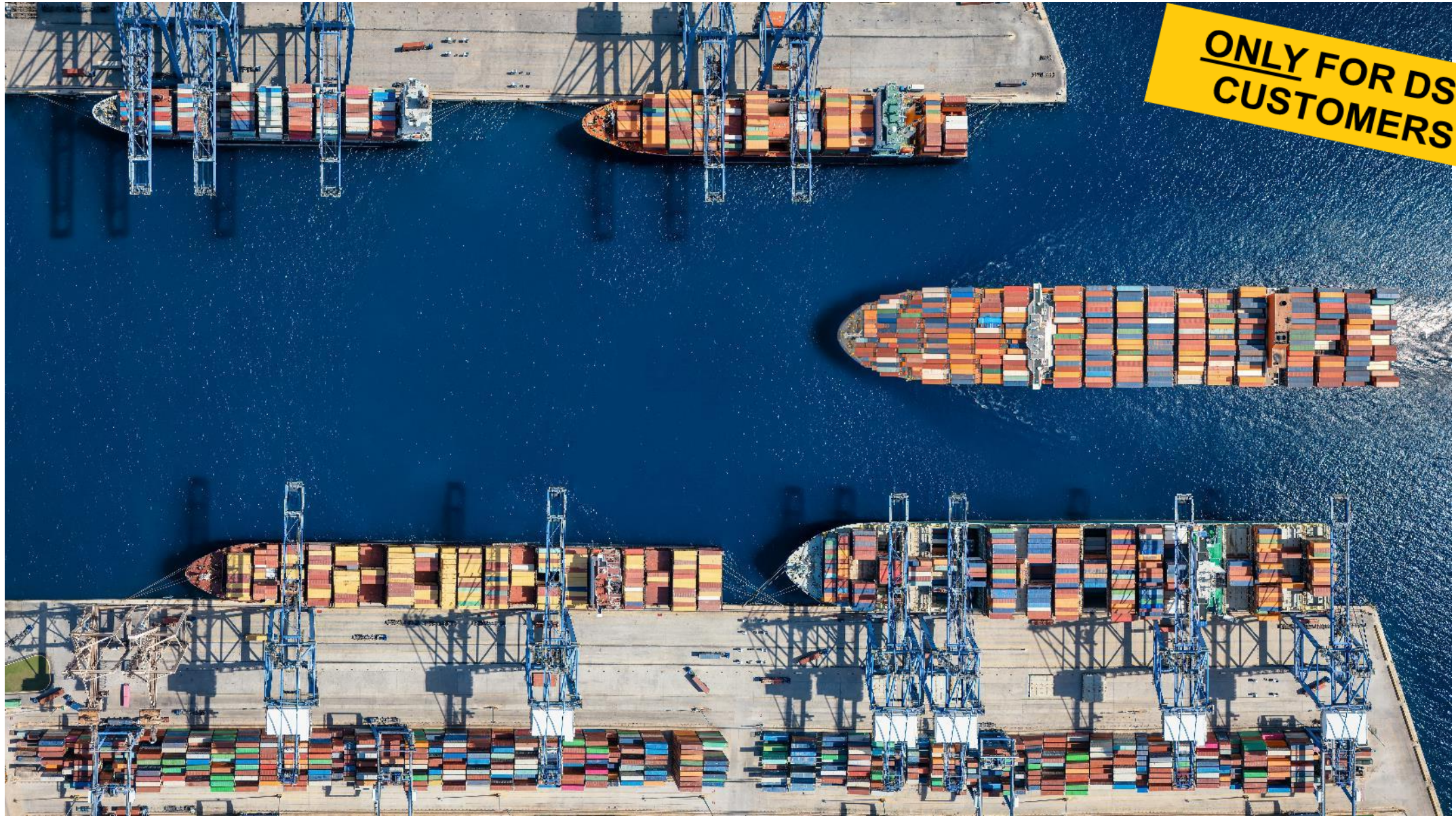
- Eurozone inflation fell to 1.9% in May, below the ECB's target, signalling potential victory over post-pandemic inflation.
- Decline driven by drop in services inflation to 3.2%, influenced by Easter timing and easing wage pressures.
- ECB expected to cut borrowing costs again to 2.0%; tariffs and euro strength also pushing inflation lower.
- The ECB may continue to cut rates should the economic situation worsen, such as if the U.S. and European Union fail to reach an agreement over tariffs by July.

World Bank Sees U.S. Growth Rate Halving as Tariffs Slow Global Economy

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- World Bank expects US economic growth to halve to 1.4% in 2025 due to President Trump's tariff policies.
- Global economic growth is projected to slow to 2.3% this year and 2.4% the next, due to the rise in duties.
- The World Bank warns further tariff increases could severely impact global growth, especially for developing economies.



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Global Port Congestion

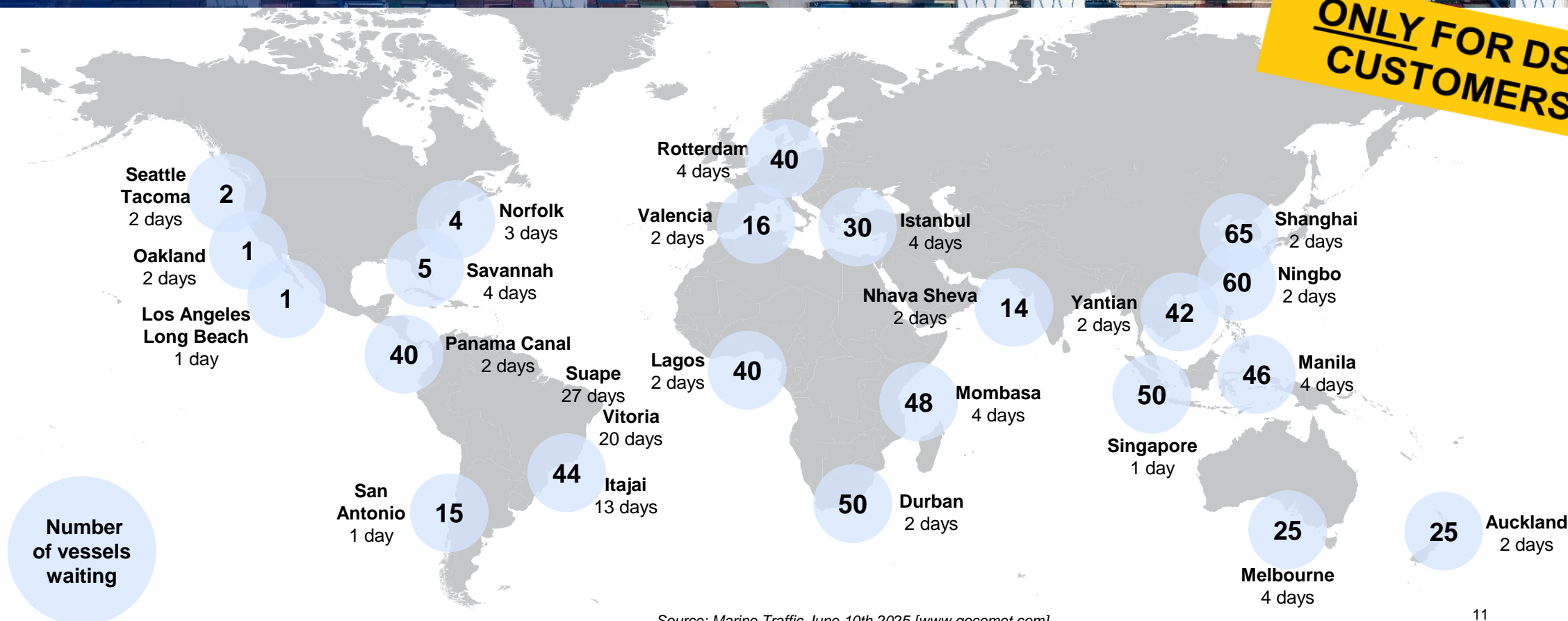
Port congestion levels are manageable

Port Congestion Week 23:

2,29m TEU

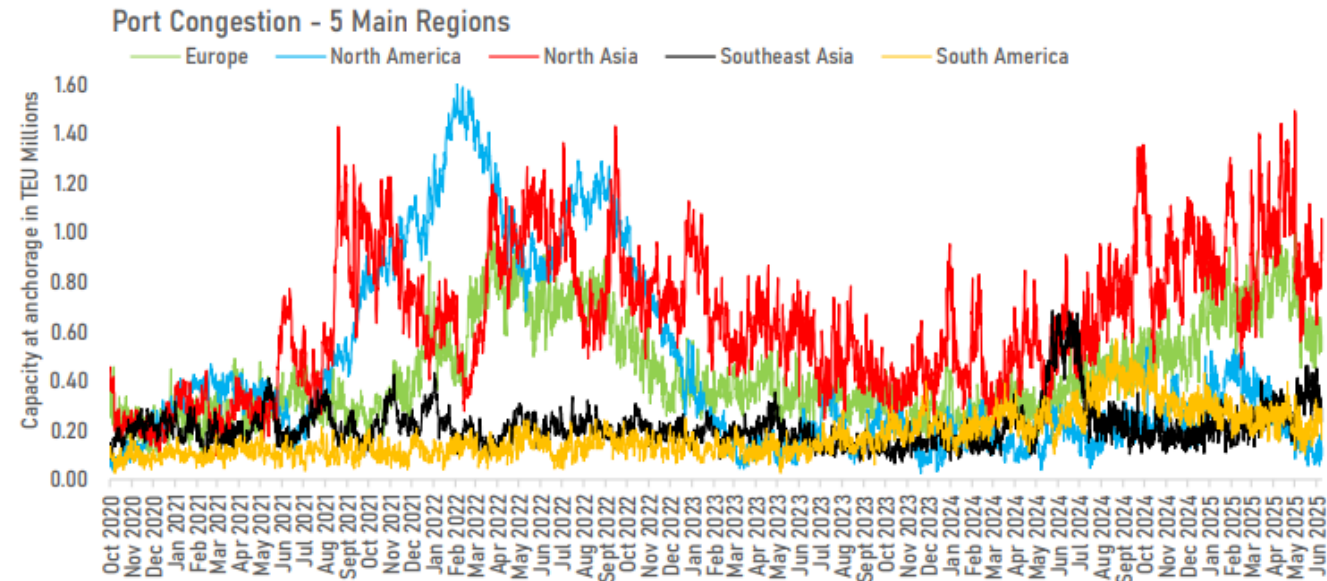
7.5% of global fleet

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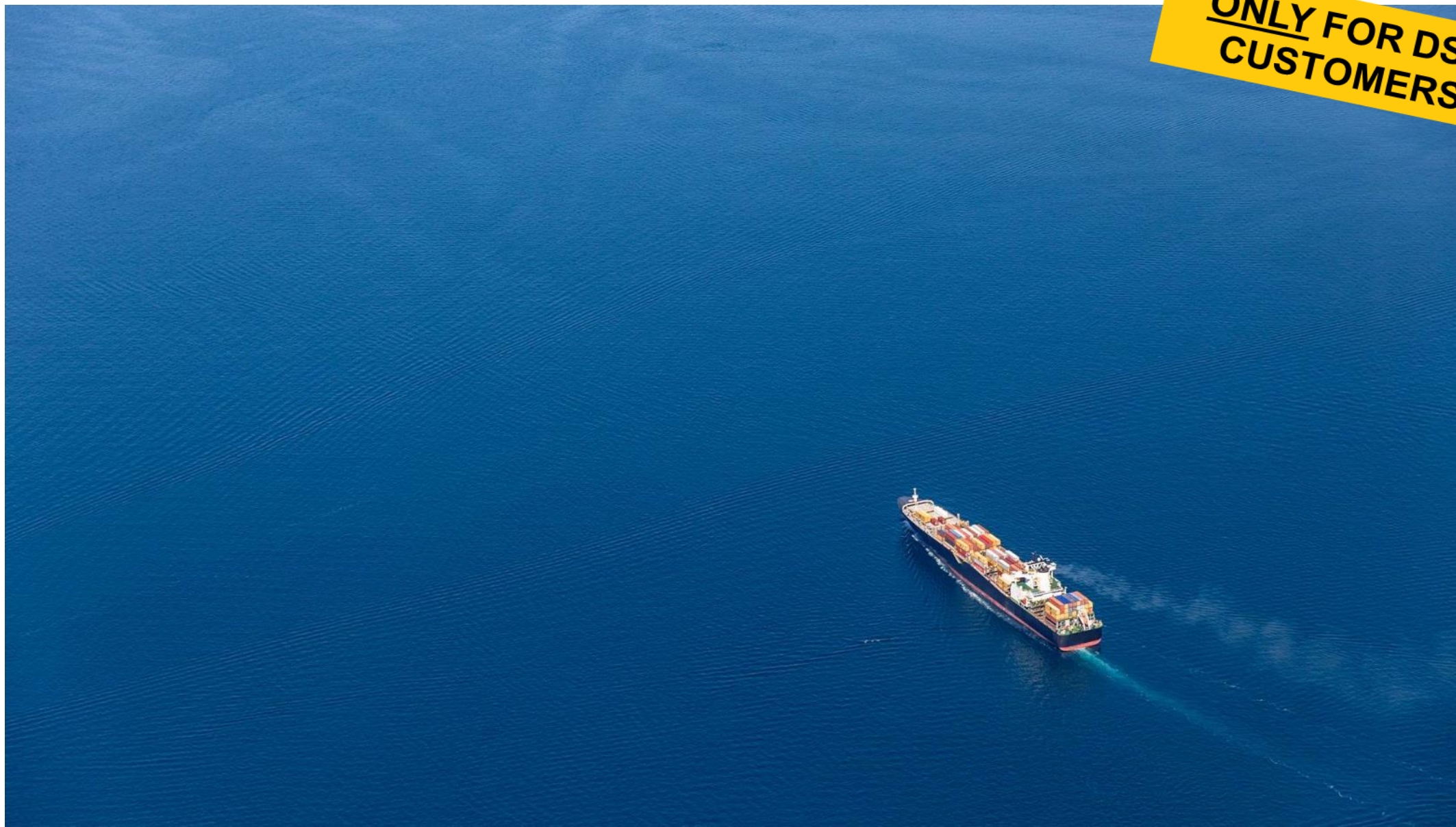
Port congestion is still elevated in North European ports

- Port congestion remains high across all North European main ports, but this has not resulted in any material reductions in capacity on the route with average weekly departures remaining steady at 310,000 teu in June and July.
- Hamburg, Southampton and Antwerp are the ports more affected with congestion
- In the Mediterranean ports, Fos Sur Mer in France has two weeks waiting time due to lack of crane capacity
- Chinese ports have been able to move all additional capacity being injected to transpacific trade and Los Angeles / Long Beach will receive a 25% more capacity being added in the last two weeks



Source: Linerlytica.com

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Return of Red Sea cargo “less likely” after attacks on Iran

- Major ocean container lines are less likely to return to the Red Sea/Suez Canal route, analysts said, as Israel and Iran continued to trade military strikes.
- There were no immediate reports of attacks on commercial shipping by Iran after Israel attacked nuclear targets. But industry observers warned that could change amid rising tensions in the region.
- Published reports said Iran’s parliament was considering closing the Strait of Hormuz to vessel traffic, in an effort to put economic pressure on Israel and its allies. The narrow maritime passage between Iran and Oman serves as the trade gateway for global container traffic and 20% of the world’s crude oil supply moving via tankers from the Persian Gulf. The waterway was last closed in 1984 during the Iran-Iraq war.
- United Kingdom Maritime Trade Operations (UKMTO), which monitors Middle East shipping, said increased tensions in the region “could lead to an escalation of military activity having a direct impact on mariners. Vessels are advised to transit the Arabian Gulf, Gulf of Oman and Straits of Hormuz with caution.”



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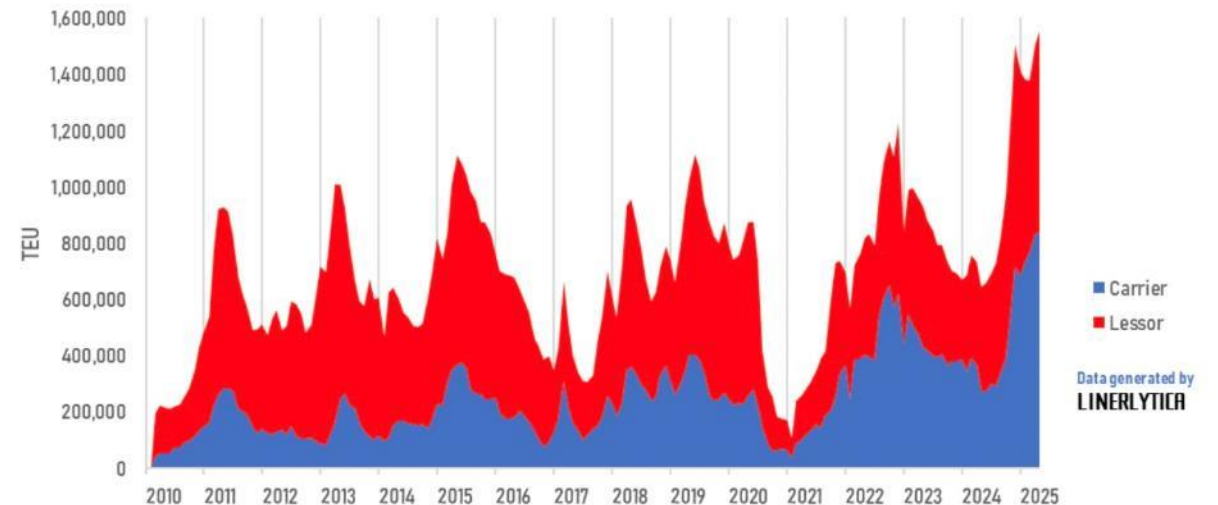


Record container production out of China allays box shortage concerns

- The huge swings in containership deployment brought about by Donald Trump's on/off trade war has seen rates rocket and congestion grow in recent weeks, however, unlike another great disruptor of the 2020s, covid, there is no box shortage this time.
- Container manufacturing in China is at higher levels than 2024's record figures.
- According to Linerlytica, an Asia-based consultancy, new container inventories in China climbed to a record high of 1.55m teu as of late May..
- Already more than 2.3m new containers have been produced this year, with Linerlytica forecasting that the massive production spurt will ensure there's no repeat of the Chinese box inventory crisis of 2021 when inventories dropped to just 0.1m teu.



New container inventories in China



<https://splash247.com/record-container-production-out-of-china-allays-box-shortage-concerns/>

Industry concerns rise after yet another box ship on fire off Indian coast

- Kerala's coast is witnessing an alarming spate of maritime mishaps, with a third ship-related incident reported within a span of weeks, prompting legal action, firefighting operations, and mounting concerns over environmental and economic fallout.
- On Thursday, the Kerala High Court ordered the conditional arrest of MSC Manasa F, currently anchored at Vizhinjam Port, following a damages claim filed by Mangalath Cashews. The Kollam-based exporter alleges that its cargo, lost aboard the sunken MSC Elsa 3 off the Alappuzha coast last month, was under the operational control of Mediterranean Shipping Company, which also manages the MSC Manasa F.
- The vessel, carrying 1,387 containers and manned by 21 Filipino crewmembers, issued a distress call that prompted the Indian Coast Guard (ICG) into action.



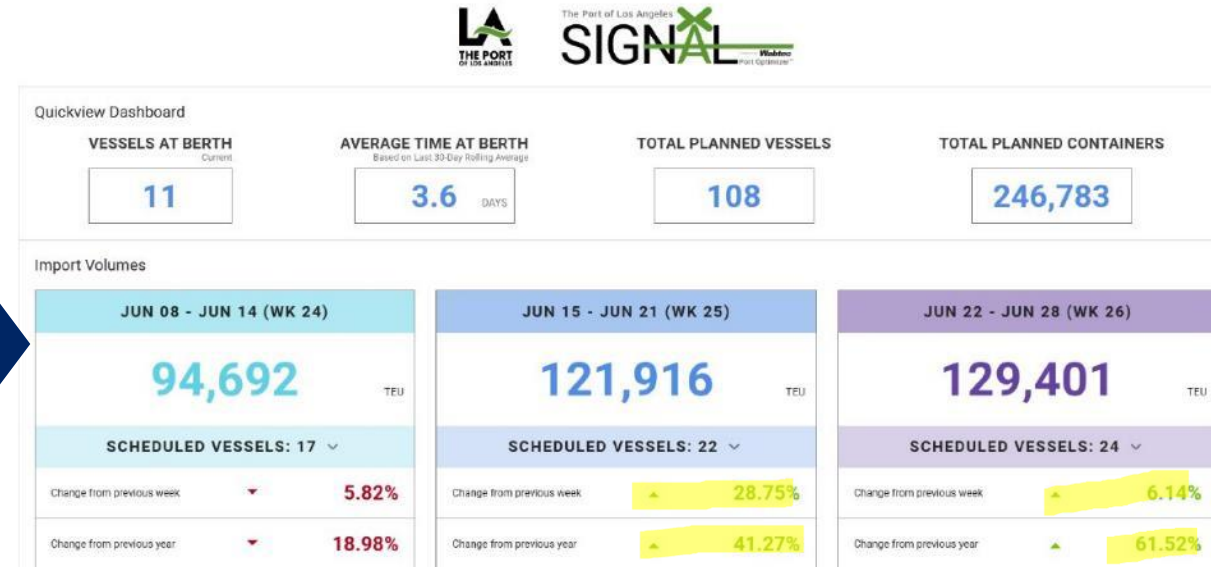
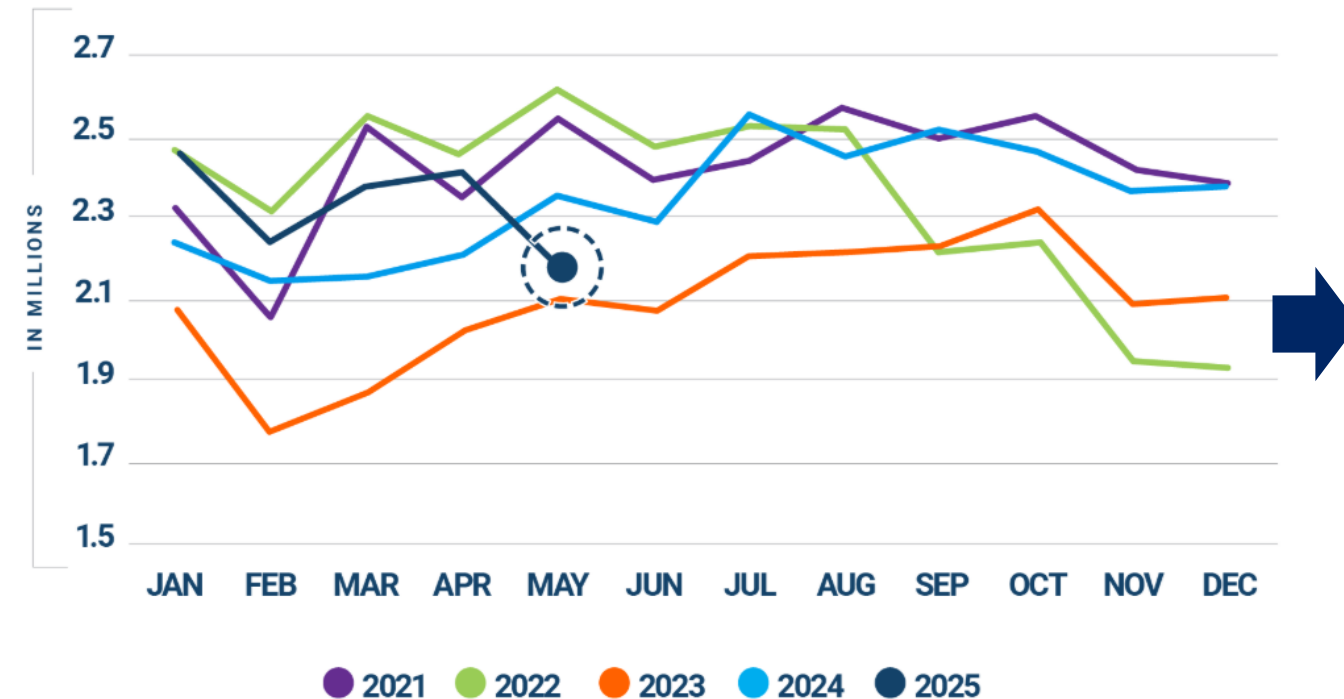
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U.S. Container Import Volumes Drop in May Led by Sharp Decline in Imports from China, a rebound is expected after tariff pause

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2021-2025 U.S. Container Import Volume (TEUs)

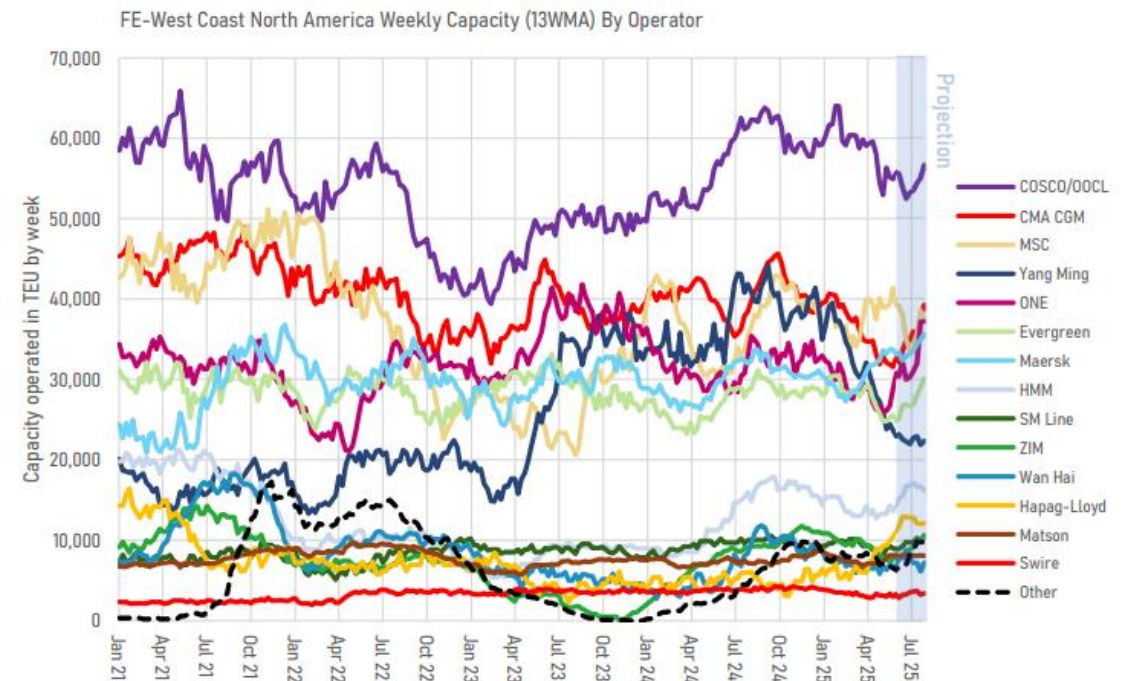


Asia to US freight rates have peaked after carriers rolled back the increases from the last 2 weeks

- Carriers have rolled back their Transpacific rate hikes, with rates to the US West Coast already dropping below the \$5,000/feu level barely a week after carriers were able to push rates to \$6,000/feu on 1 June.
- The 22% increase in capacity to the West Coast in June that is largely concentrated on the PSW corridor to LA/LB have proven to be too high for the market to digest, with the rate cuts from the smaller carriers at the start of last week rapidly filtering to the larger carriers by the end of the week as cargo bookings turned out to be weaker than initially anticipated.
- Rates to the East Coast is holding up better but capacity is also rising on the route with the planned mid-June rate hike facing significant market resistance.



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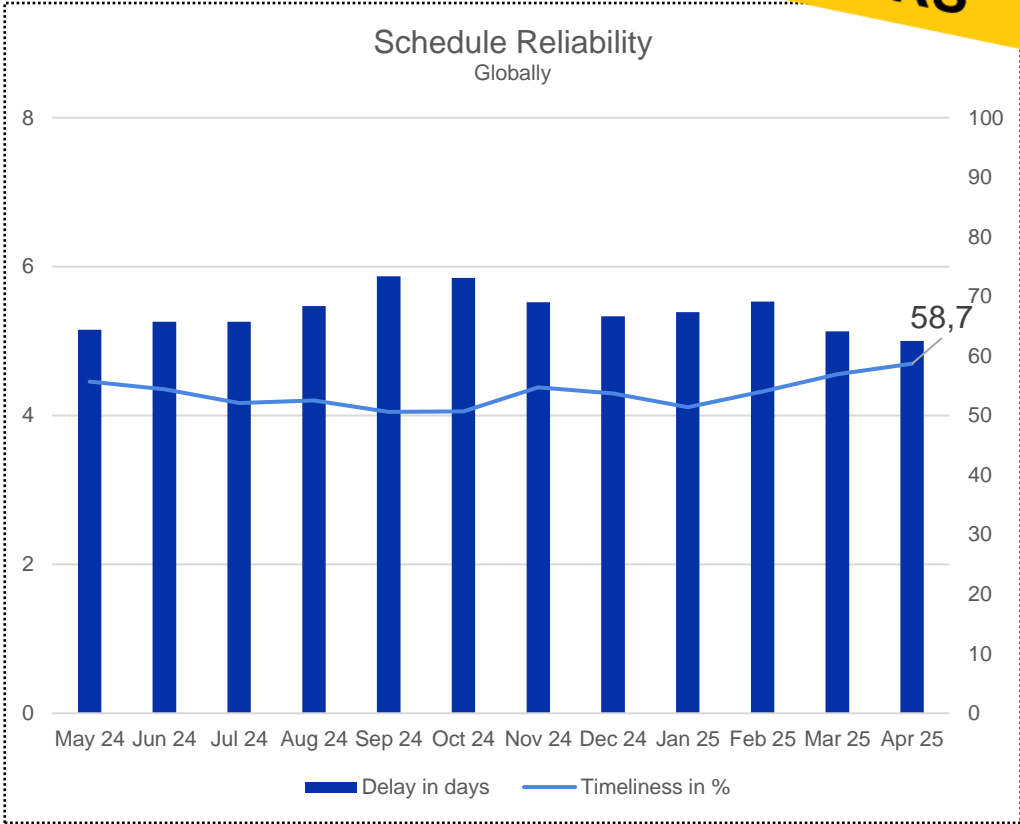


Global Schedule Reliability

- In April 2025, schedule reliability improved by 1.7 percentage points M/M to 58.7%, the highest figure recorded since November
- 2023. On a Y/Y level, schedule reliability was up 6.5 percentage points. The average delay for LATE vessel arrivals decreased by
- -0.13 days M/M to 5.00 days, the lowest delay figure since April 2024. On a Y/Y level, the April 2025 figure was 0.25 days higher.
- With April 2025, we now have three months of data for the new carrier alliances, from a total East/West perspective.
- In March/April 2025, Gemini Cooperation recorded 90.7% schedule reliability across ALL arrivals, and 87.0% across TRADE arrivals, followed by MSC at 69.8% for ALL arrivals and 77.3% for TRADE arrivals, while Premier Alliance recorded 53.0% for ALL arrivals and 51.3% across TRADE Arrivals.
- For the “old” alliances, “ALL arrivals” is the same as “TRADE arrivals”, and Ocean Alliance scored 51.1%.



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Europe Inbound

FEWB
Asia to Europe

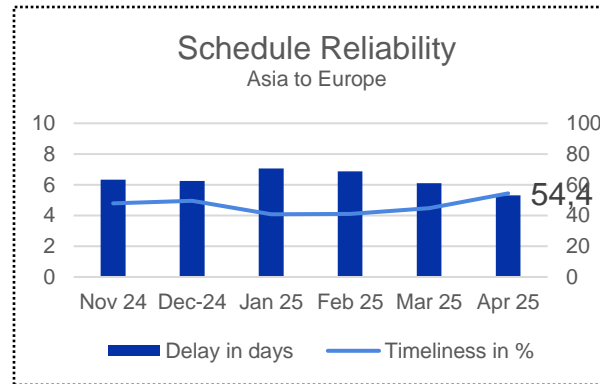
ISC WB
ISC to Europe

• FEWB

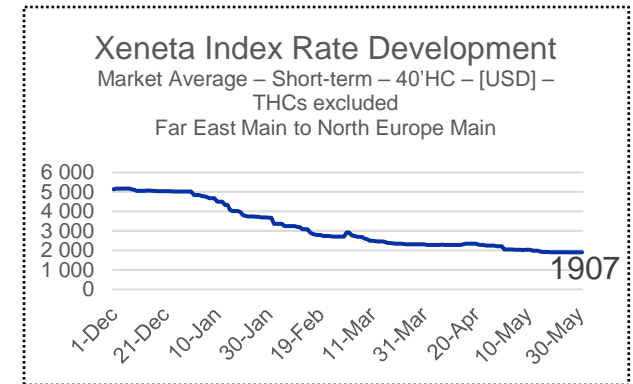
- We experienced a strong cargo rush starting end of May across all carriers and segments, which is related to the tariff decisions made on the TP trade.
- We see rates going up quite rapidly and carriers announcing GRIs on a biweekly basis trying to push rates as high as possible.
- July outlook not 100% clear yet, but it can be assumed that the market will stabilize.

• ISC WB

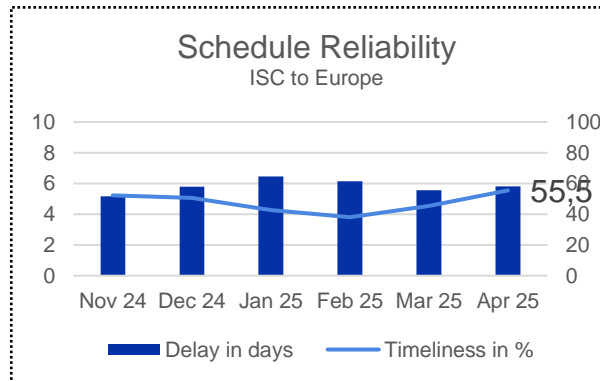
- Contingency surcharge has been announced and applied ex PK ports only!
- PK volumes are not allowed to touch IN ground, hence are transshipped on its way to Europe.
- Volume flow has stabilized after slack season in April and early May – it is expected that the volumes will be stable with a light upwards trend.



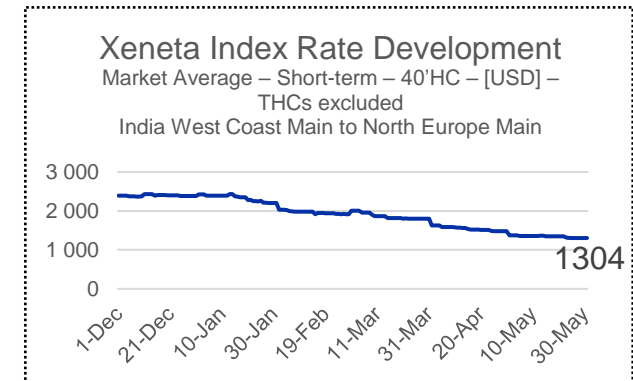
Sea-Intelligence – Global Liner Performance Report – 05-2025



Xeneta



Sea-Intelligence – Global Liner Performance Report – 05-2025



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Europe Outbound

FEEB
Europe to Asia

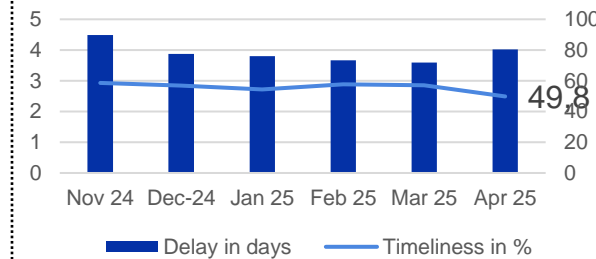
TAWB
Europe to North
America

- FEEB
 - Soft demand across multiple cargo segments
 - Sufficient space available on all services
 - Market remains extremely competitive
 - As a result of the unsustainable market conditions some carriers started to implement rate increases as from June – detached from the overall supply & demand situation
- TAWB
 - Volumes have plateaued and will likely continue to go sideways until there's clarity on the topic of tariffs
 - Most carriers have postponed their PSS to July, but are intent on pushing through at least partial rate increases
 - Operational challenges at European ports continue (most notably at Rotterdam); additional operational burden on US ports due to increase of Asian cargo



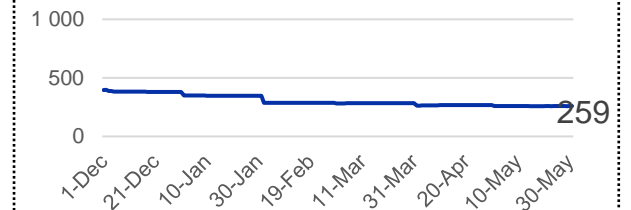
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Schedule Reliability
Europe to Asia



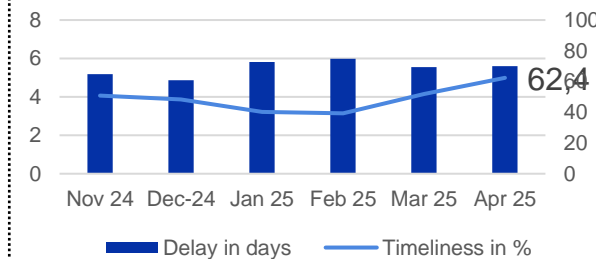
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Xeneta Index Rate Development
Market Average – Short-term – 40'HC – [USD] –
THC origin included
North Europe Main to Far East Main



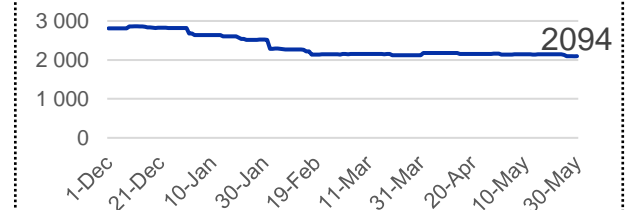
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Schedule Reliability
Europe to North America



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Xeneta Index Rate Development
Market Average – Short-term – 40'HC – [USD] –
THCs included
North Europe Main to US East Coast Main



Xeneta

North America Outbound

TPWB
North America to
Asia

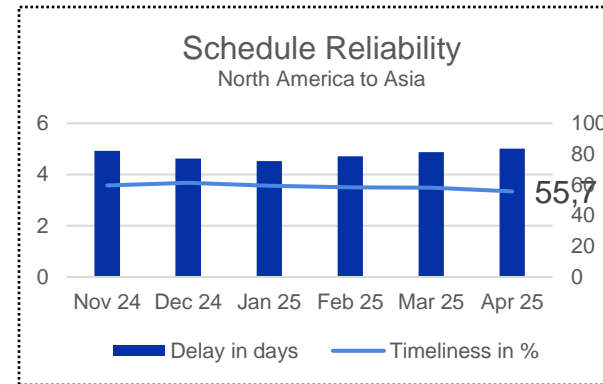
TAEB
North America to
Europe

- TPWB
 - The 90d suspension of tariffs between the US & China has led to an increase in cargo demand, countering the decline seen in earlier weeks.
 - Due to this surge in demand, carriers have reinstated services that had been previously suspended.
 - Rates are stable. Space and equipment are generally available.

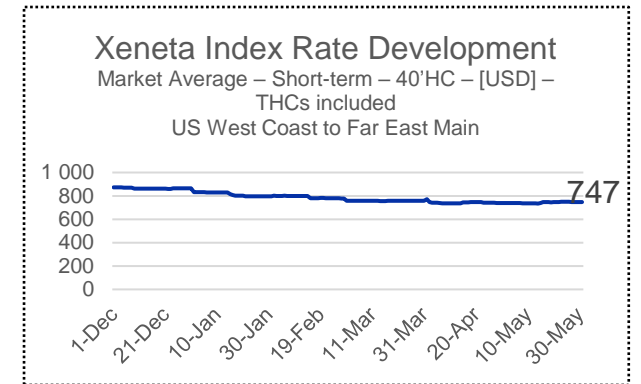
- TAEB
 - US tariff announcements continue and trading partners have responded in different ways.
 - Congestion at major US ports are improving.
 - Vessel schedule reliability being affected by congestion (RTM) and recent strike action at ANR port.
 - Rates have stabilizing at current levels, volatility expected as trade and tariff discussions continue.



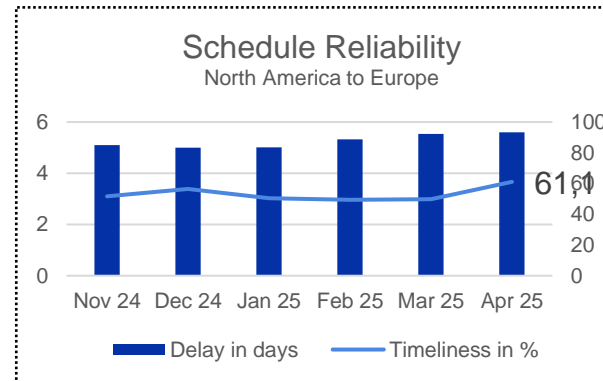
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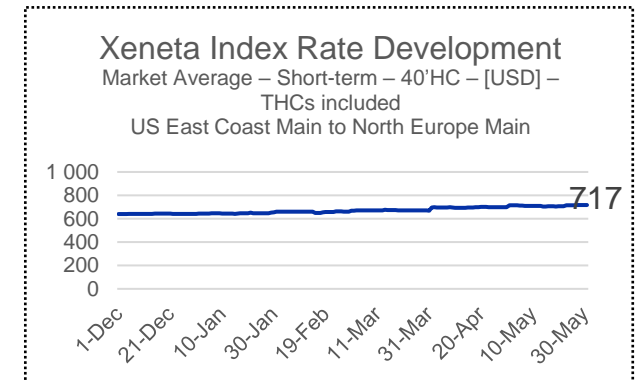
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Asia Outbound

Asia to Middle
East & North
Africa

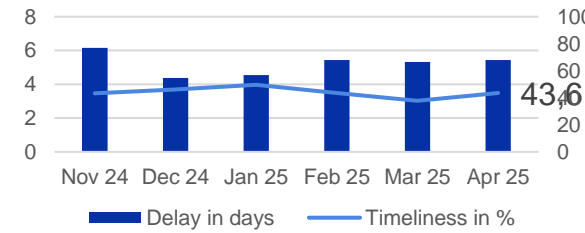
TPEB
Asia to North
America

- Asia to Middle East & North Africa
 - Demand is stable in May and expected to be unchanged in June. Supply side, carriers are moving vessels to TP market from this trade and multiple blank sailings into Middle East in week 21-25.
 - Expecting GRI will be implemented in June and rate will maintain at a high level due to significant drop in capacity.
 - Red-Sea remains closed and the demand remains strong for Red-Sea ports which sees limited capacity.
- TPEB
 - Market capacity was significantly reduced during April/May in response to the sudden decline in export volumes from Asia precipitated by the heavy tariffs.
 - Market volumes rebounded suddenly in mid-May when application of some tariffs postponed for 90d.
 - Rates increased dramatically during May with further increases occurring in June. Rates will stabilize or trend down in late June as capacity is reintroduced to the market.



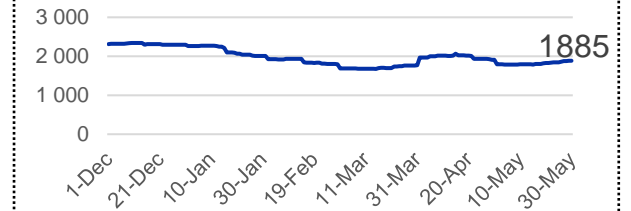
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Schedule Reliability
Asia to Middle East



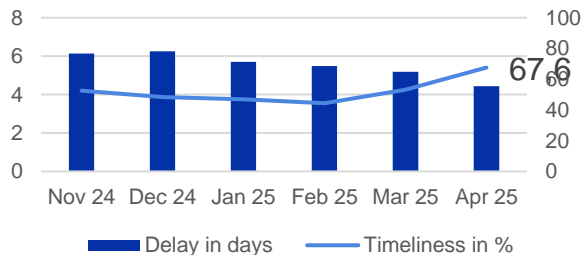
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Xeneta Index Rate Development
Market Average – Short-term – 40'HC – [USD] –
THC origin included
Far East Main to Jebel Ali



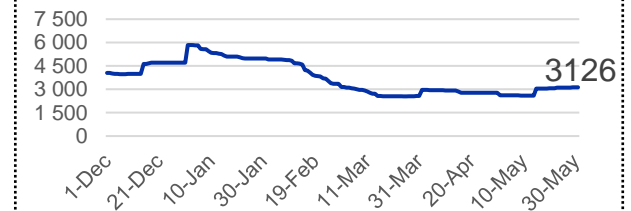
Xeneta

Schedule Reliability
Asia to North America WC



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Xeneta Index Rate Development
Market Average – Short-term – 40'HC – [USD] –
THC destination included
Far East Main to US West Coast



Xeneta

Asia Outbound

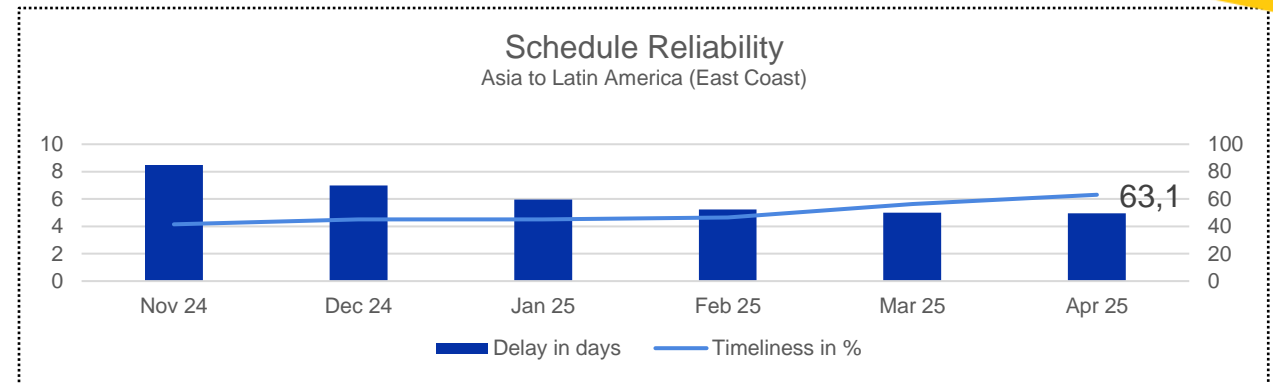
Intra Asia

Asia to Latin America (East Coast)

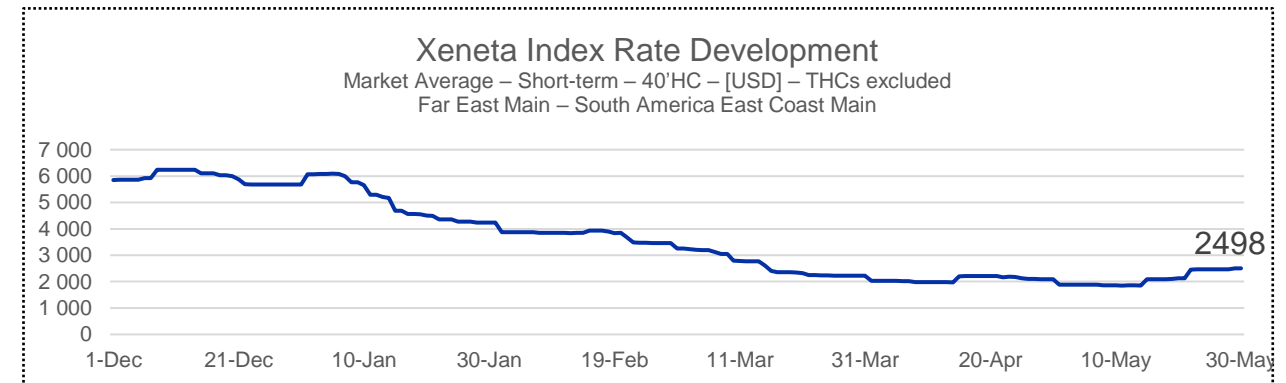
- Intra Asia
 - Demand has shown signs of recovery in the latter half of May and into early June. However, the overall rebound remains moderate and is notably softer compared to the same period last year. Outbound demand from Northeast Asia (NEA) to Southeast Asia (SEA), especially to ID & TH inbound, continues to remain flat.
 - Supply side, relatively stable without larger movements on the injected capacity.
- Asia to Latin America (East Coast)
 - Capacity is still less than demand, space remains critical - carriers are strictly adhering to allocation plan.
 - Blank sailings on both ECSA and WCSA are scheduled through 1st week of July
 - Rates remain on uptrend - carriers are pushing for increase in different means either GRI or PSS.
 - TPEB begins to exhibit signs of rate deterioration – it can be expected this will slowly manifest to this trade.



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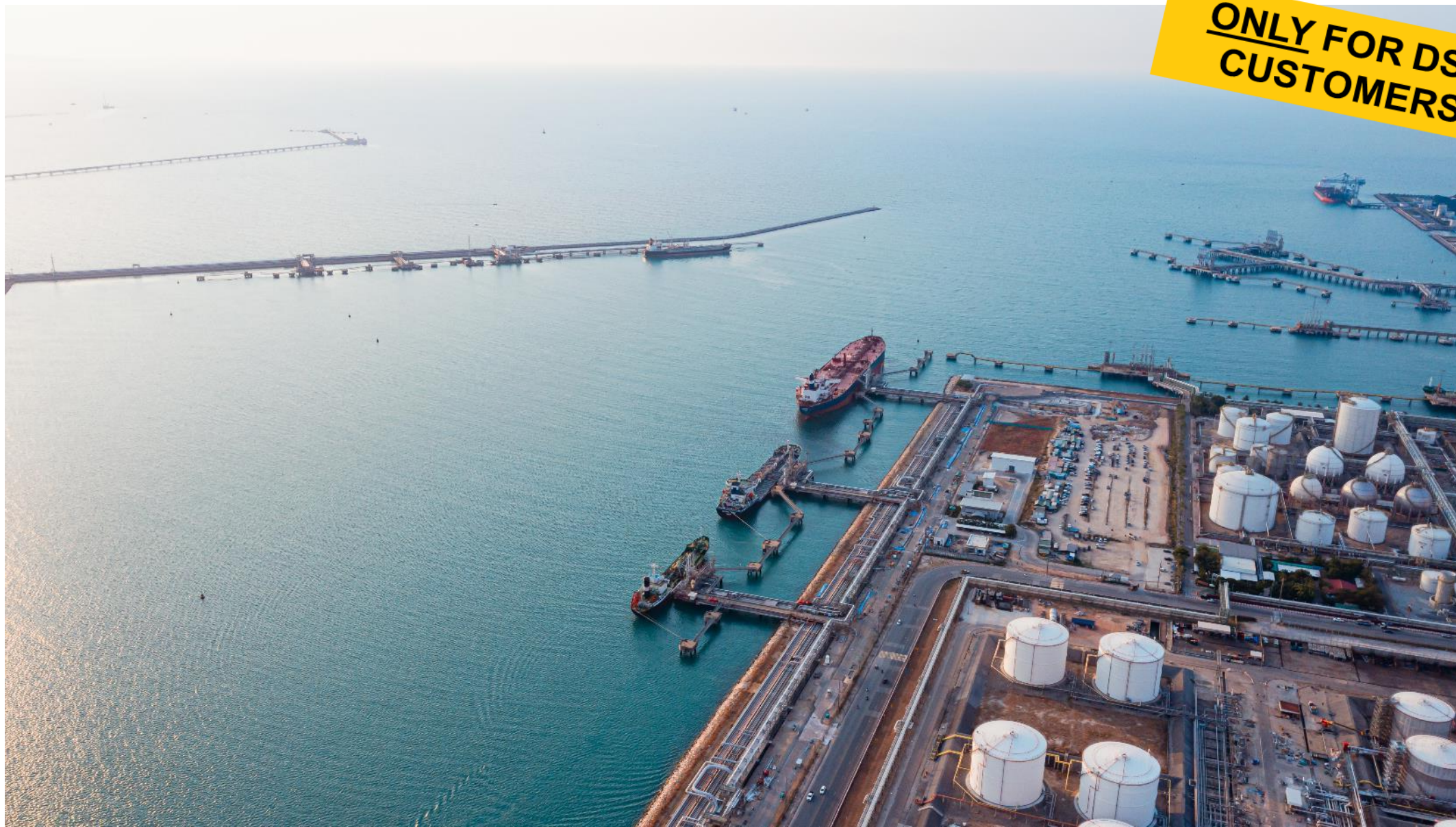


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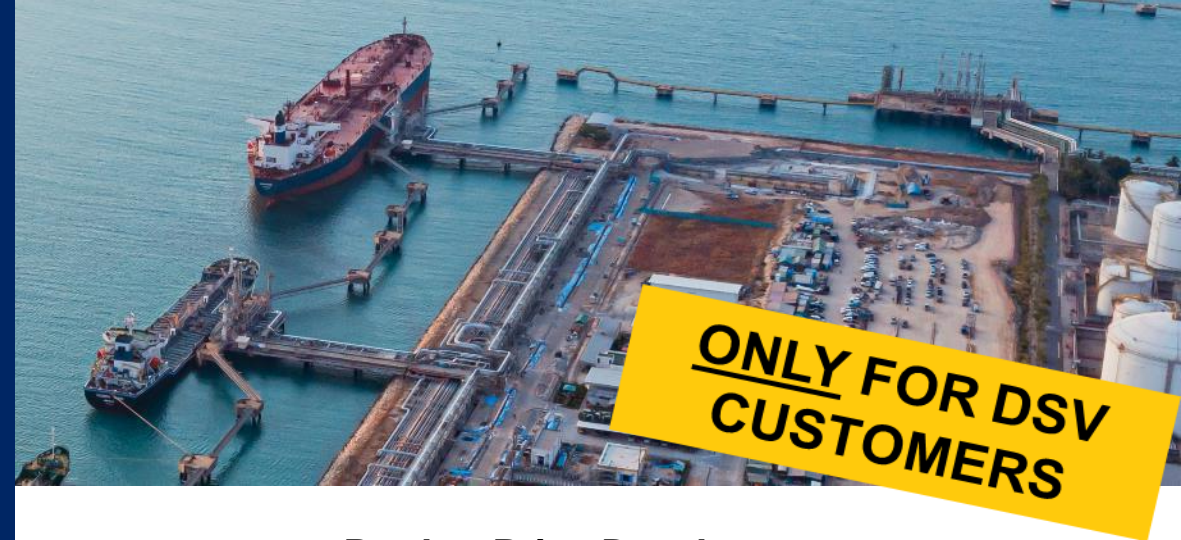
Xeneta

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DSV Bunker

- The Bunker Model applies for all contracts with a longer validity than three months
 - DSV Bunker will be adjusted on quarterly bases following the Global 4 Port VLSFO Average from the independent source Ship & Bunker
 - The Global 4 port average considers fuel prices in Singapore, Rotterdam, Fujairah and Houston
- VLSFO (0.5% sulfur content) prices have peaked in June 2021, when the fuel prices was above 1.000 U\$ mark per mt
 - In general fuel price has stabilized at the +/- U\$ 575 /mt mark for several quarters now
 - Same as in previous years, the fuel price slightly peaked beginning of the year while it dropped afterwards.



Bunker Price Development Global 4 Port VLSFO Average



Ocean freight market overview

Rates stop the decline



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TRADE LANE	COMMENTS	RATES AND SPACE	
ASIA to Europe	<ul style="list-style-type: none"> Asia-Europe carriers continue to struggle to maintain a united front on their pricing, with the range of rates remaining wide going into the 2nd half of June. Port congestion remains high across all North European main ports, but this has not resulted in any material reductions 		
ASIA to NAM	<ul style="list-style-type: none"> Carriers have rolled back their Transpacific rate hikes, with rates to the US West Coast already dropping below the °5,000/feu level barely a week after carriers were able to push rates to °6,000/feu on 1 June 		
Europe to NAM	<ul style="list-style-type: none"> Volumes have stabilized after a strong March/April Most carriers have announced PSS as from June Continued threat of tariffs add to uncertainty 		
Exports from India	<ul style="list-style-type: none"> The Indian & Pakistan conflict will create operational disruptions shortly Currently, most of the vessels call Pakistan and India on the same rotation. Since both have prohibited even transit cargo, this will need to be changed. The coverage of Pakistan is expected to deteriorate. 		
ASIA to LATAM	<ul style="list-style-type: none"> Capacity is still less than demand, space remains critical - carriers are strictly adhering to allocation plan. Blank sailings on both ECSA and WCSA are scheduled through 1st week of July Rates remain on uptrend - carriers are pushing for increase in different means either GRI or PSS. 		
INTRA ASIA	<ul style="list-style-type: none"> Demand has shown signs of recovery in the latter half of May and into early June. However, the overall rebound remains moderate. Supply has been affected with some capacity moving to transpacific 		

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General Update

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Global

- **Geopolitical tensions** are continuing to impact the market with the ongoing conflicts.
- **Carriers** are monitoring their **network** to be prepared to amend flight schedules.
- **E-Commerce** was driving the rate and capacity developments in Asia. With the latest de minimis regulations for U.S. impact on demand is foreseen.
- Europe continues to review the **de minimis** situation and updates to be announced.
- Many **aircraft** are reaching the **retirement age** with more than **35k tons of freighter capacity**. In addition, over **300 widebody aircraft** will be **retiring**. This situation as well as **late deliveries** will impact the available **capacity** in the future.

Americas

The **Americas** remain **stable**, except Latin America. Mexico's **tariff** delay offers short-term relief but extends **uncertainty**. Major **hubs** like NLU, MEX, GDL, and MTY are **adapting**, while the automotive and electronics sectors seek alternatives.

APAC

Markets in Asia remain **stable**. The Transpacific **trade lane** continues to show to be **volatile** affected by the **swinging U.S. tariff** changes. **No sudden** surge on **E-Commerce** cargo yet.

Europe

Capacity on routes to North and Latin America has **improved** marginally, though **rate** levels remain substantially **elevated** compared to the previous **year**. The current summer **schedule** has **not** resulted in any noticeable easing of **conditions**.

MEA

The general **market remains stable**, and we are having steady import and export volumes across the region. **MEA** freight and logistics market is projected to grow from **\$173.27 billion** in 2025 to **\$235.84 billion** by 2030.

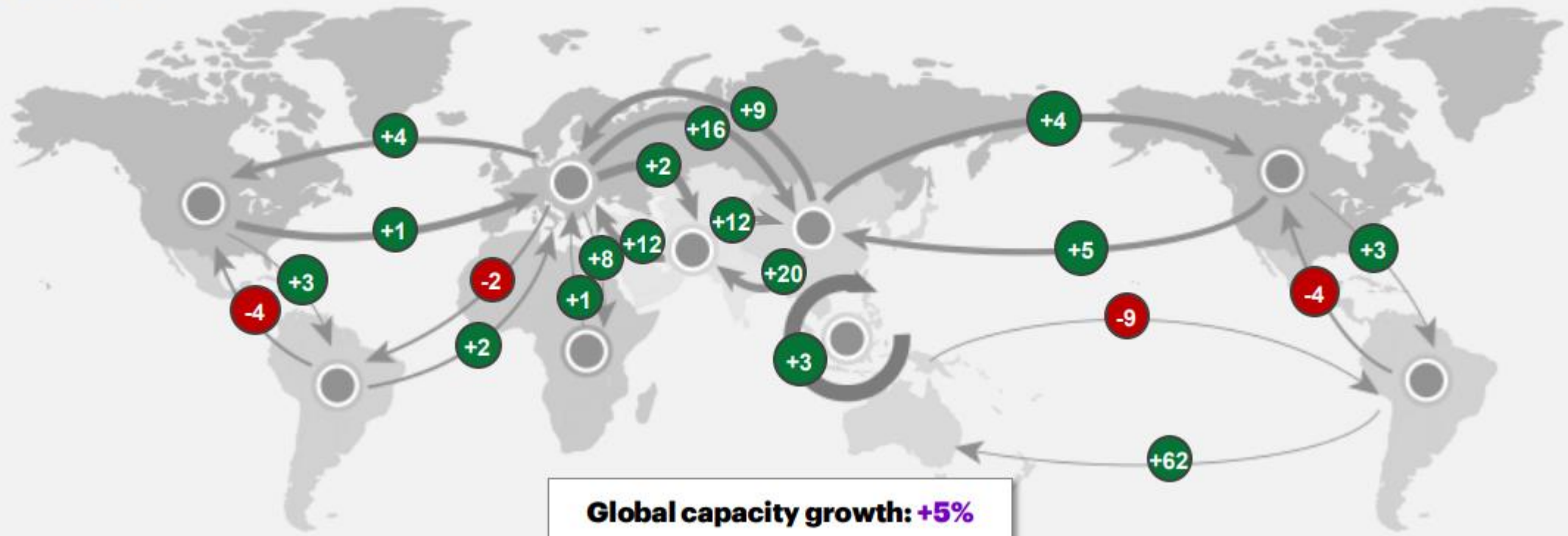
International air cargo capacity has increased by +5% (versus 2024) between April and May in 2025

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Asia – Europe trade lanes continue to lead global capacity growth

Total international air cargo capacity growth, April 7th – May 4th 2025 vs 2024

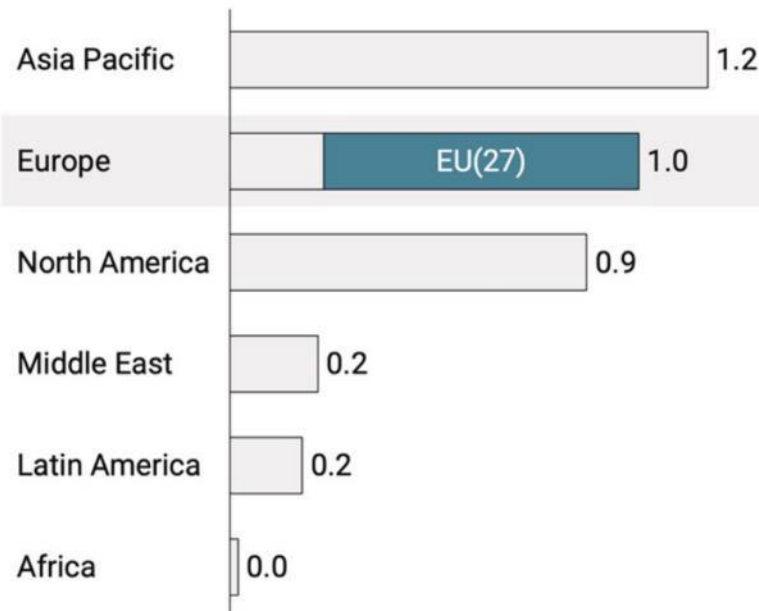
% growth vs 2024



The proposed €2 fee on low-value imports is unlikely to disrupt EU e-commerce flows as much as US policy did

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Main destinations of China e-commerce¹
Million tonnes, 2024



€4
+ shipping

Average value of
E-commerce
parcels¹

Conclusions:

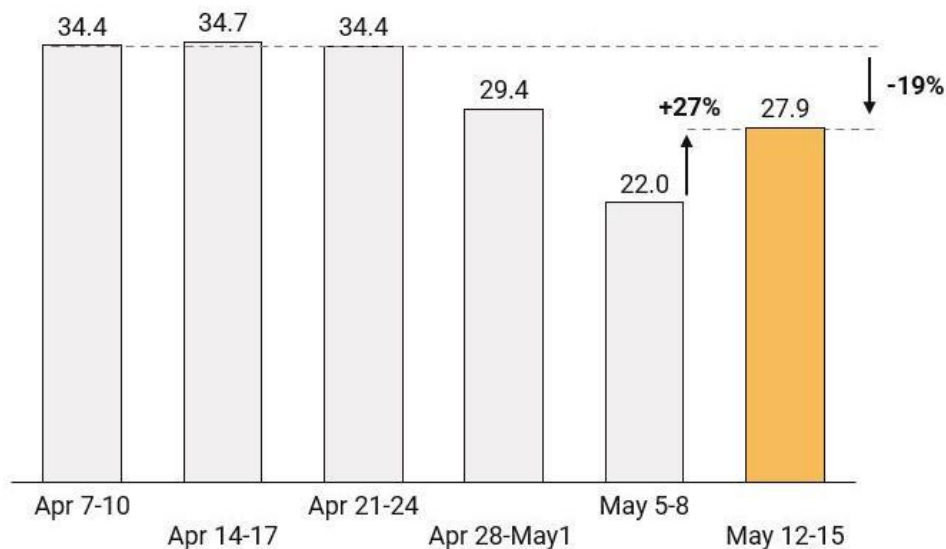
- In 2024, **800k** tonnes of e-commerce parcels entered the EU by air
- A **€2** fee per shipment is being introduced, which can equal up to 50% of the average value
- The fee is **unlikely to significantly impact e-commerce demand**, as it drops to **€0.5** when routed through warehouses and could be further reduced through bundling
- Unlike the USA², which imposes a **54% / \$100** tariff on Chinese e-commerce

Transpacific freighter capacity has only partially rebounded

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Asia-North America freighter capacity

Thousand tonnes



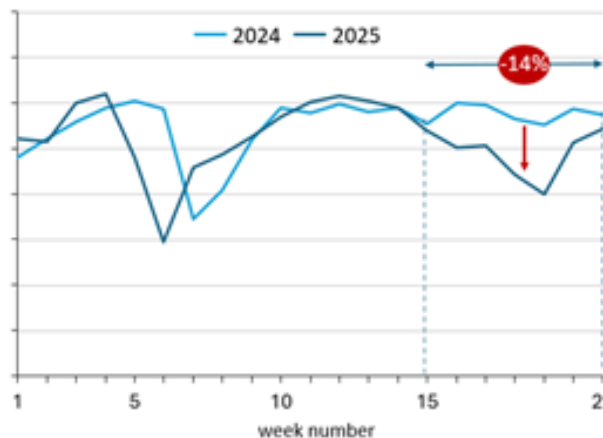
Notes: Figure includes all direct freighter capacity between Asia Pacific and North America (incl. ANC); Source: Rotante Live Capacity; Rotante analysis (May 2025)
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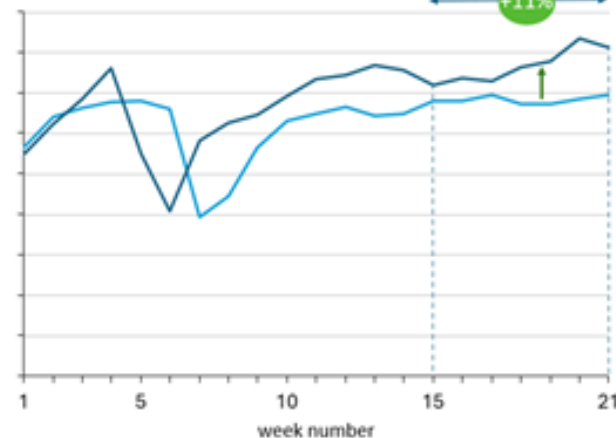
Demand trends by week from China (including Hong Kong) to USA and Europe

Chargeable weight development by week - 2025 versus 2024

From China (incl. Hong Kong) to USA



From China (incl. Hong Kong) to Europe



Source: WorldACD Market Data

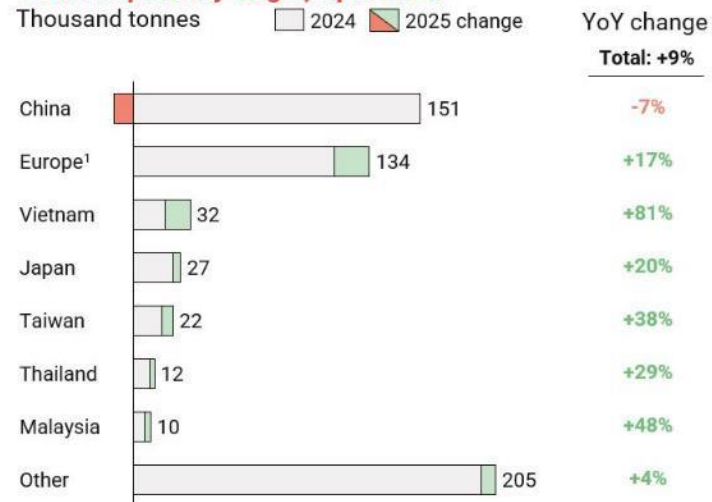
**WORLD
ACD**

Vietnam seems the biggest beneficiary, with Vietnam-US air trade increasing +81%

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Tariffs lowered China-US air trade, but benefitted other origins

US air imports by origin, April 2025

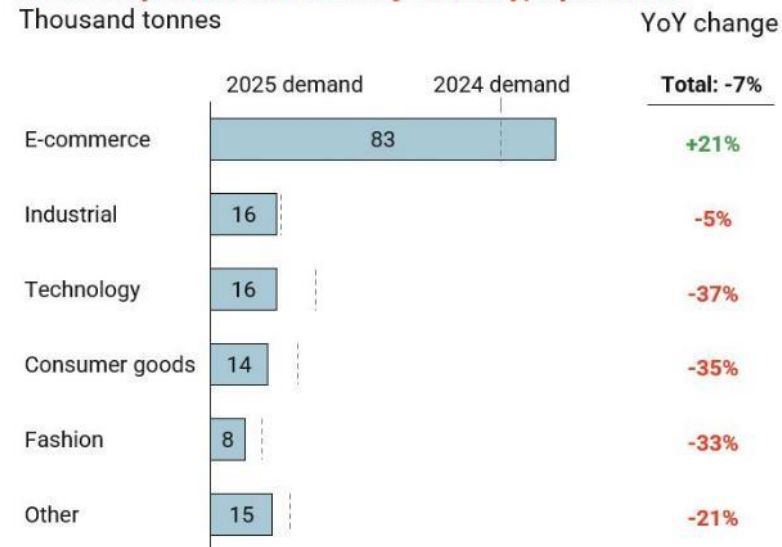


Note: Top 10 European origins only
Source: Rotata Live Demand; Rotata analysis (April 2025)
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Tariffs hit all industries, except still-exempt e-commerce

US air imports from China by industry, April 2025



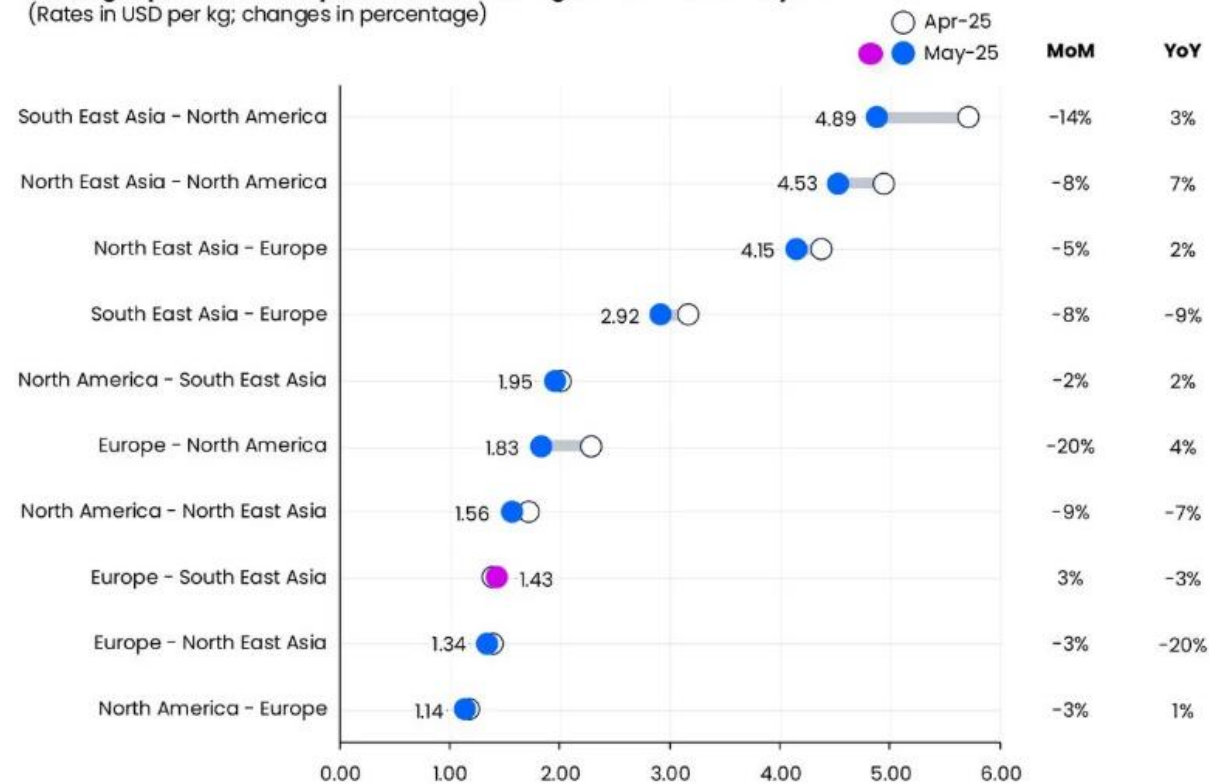
Source: Rotata Live Demand; Rotata analysis (April 2025)
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Air cargo spot rates fell month-on-month on most routes following US tariff truce

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Air cargo spot rate developments for selected global corridors, May 2025
(Rates in USD per kg; changes in percentage)








Source: Xeneta

Airfreight market overview

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Spot rates with potential increases after tariff pause

TRADE LANE	COMMENTS	RATES AND SPACE	
Exports from China / Hong Kong	<ul style="list-style-type: none">China to US tonnages and rates weaken again, After rebounding in the latter part of May, air cargo tonnages from China and Hong Kong to the US dropped back sharply in the first full week of June. Meanwhile, following increases in recent weeks, tonnages from mainland China origins to Europe decreased (-5%, WoW)	→	
South East Asia	<ul style="list-style-type: none">Due to some holiday calendar, Asia Pacific origins as a whole volumes dropped largely driven by Eid Al-Adha holidays (5-8 June), especially from countries such as Malaysia (-14%) and Indonesia (-10%). Volumes ex-South Korea were also lower (-6%) due to the country's Memorial Day on 6 June.	→	
Exports from India/Bangladesh	<ul style="list-style-type: none">On the latest attacks of Israel and Iran, this will create some short term disruption on the capacity and the flying routes, For the time being market remains stable.	→	
Export from Europe	<ul style="list-style-type: none">Rates out Europe are flat at the moment, with more freighter capacity and starting the summer schedule	→	
Exports from NAM	<ul style="list-style-type: none">Export demand remains steady from all markets.US airports are running at a normal pace.	↓	



Global Transport and Logistics