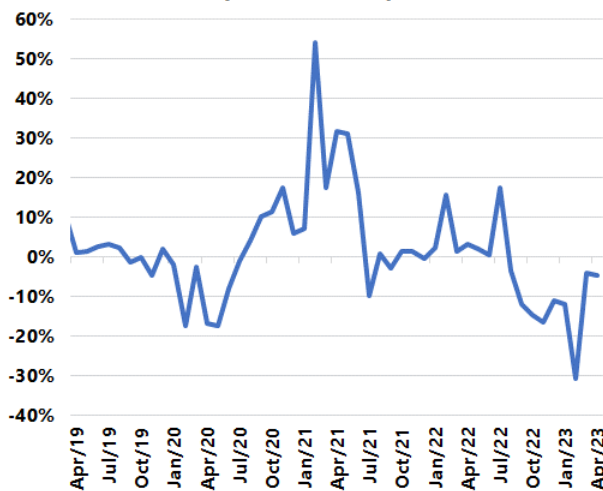## Demand rebound loses some steam in April 2023

When we look at TEU*Miles (which also accounts for the distance a container has to travel), there was a sharp 6-month growth decline that reverted to a "only" a minor level of growth decline in March 2023. This new trend continued in April as well, albeit somewhat less strong.

When we look at a cross plot of Y/Y demand growth in April 2023 against the share of global TEU*Miles for the global trades, we see that while the Far East to North America and Far East to Europe trades are substantially larger than the rest, the low North America imports are causing the growth decline. This is corroborated by the fact that the TEU*Miles growth minus the Far East to North America trade rebounded to positive growth in March and stayed there in April 2023 as well.

Fig. 1: Headhaul TEU*Miles (Y/Y Growth)

However, as we know, because of the trade imbalances, it is the strength of the head-haul markets which is the true measure of whether the ships are full or not. Figure 1 shows the Y/Y growth for the head-haul TEU*Miles. Here it can be seen that the market rebound deteriorates slightly again in April. Once again, this is to a large degree driven by the aforementioned continued decline in Far East to North America volume. This very poor performance should furthermore be seen in the context of the inventory developments in the US we covered in issue 617 of the Sunday Spotlight. Therein, it was clear that despite the drop in imports, inventory sizes were still not declining, which remains problematic.

In essence, we see a picture where global demand is indeed recovering in terms of growth rates, but with the trade to North America as well as key intra-regional trades, not being a part of this recovery.

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All quotes can be attributed to: Alan Murphy, CEO, Sea-Intelligence.
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