

Sustained halt to demand collapse

With the June 2023 demand figures released by Container Trade Statistics (CTS), this is now the 4th month where the global collapse in demand growth can be said to have halted. From a supply chain perspective however, we also need to account for the travelled distances, hence why we prefer to measure demand in TEU*Miles. Even though the demand collapse in TEU*Miles halted in February 2023, it cannot be said to have rebounded, as the growth rate is essentially hovering around zero.

It could be questioned whether there was a genuine collapse in demand or whether it was simply an artifact of a skewed year-on-year calculation. However, even when we make an annualised comparison with 2019 (the last pre-pandemic year), we effectively see the same results. Of course, seen from the carriers' financial perspective, it is the demand growth in the head-haul trades which is the most important element to global demand growth.

Fig. 1: Headhaul TEU*Miles

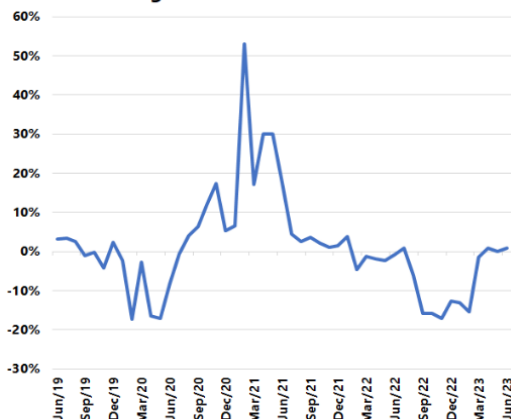


Figure 1 shows the growth in global head-haul demand. Here, again, we see how the collapse in demand has been clearly halted, and even though it is at a low level, the year-on-year demand growth has been positive for three consecutive months now. But, as we have also seen in previous months' issues of the Sunday Spotlight, the global development is certainly not uniform across different deep-sea trades.

Europe imports continue to rebound while exports continue to decline, which means a worsening trade balance and hence lower utilisation on exports and a downwards pressure on freight rates. For North America imports, the demand collapse is showing weak signs of abating, while exports are also in negative territory. This points towards an improving trade balance for North America.

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