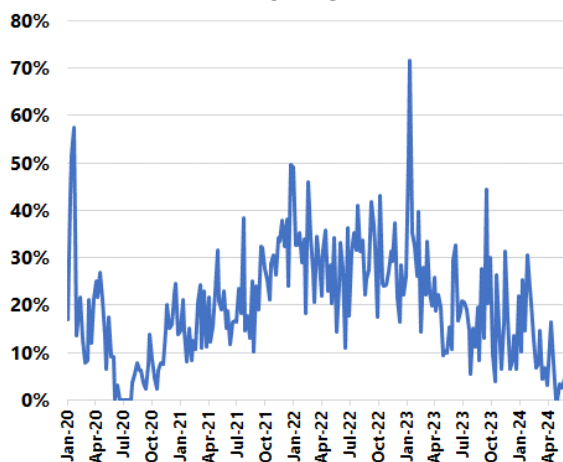


Sharp drop in blank sailings

Spot rates have been declining steadily for several months now. The shipping lines can react to this in one of two ways. One would be to increase blank sailings, decrease supply, and halt the decline in spot rates. The other would be that despite the decline, spot rates are still much higher than before the Red Sea crisis and the pre-pandemic levels, which would potentially incentivise shipping lines to book as much cargo as possible at current rates, to capitalise on this. The latter would dissuade the blanking of sailings, but will lead to more rate erosion in the longer term.

**Fig. 1: Asia-NAWC
Blank Capacity Share**



On Asia-North Europe and Asia-North America East Coast there has been a sharp drop-off in blanked capacity in recent weeks. A similar trend is seen on Asia-Mediterranean. However, given the high degree of volatility on this trade lane, it is too early to discern whether this is a new trend or simply part of the usual high volatility. On Asia-North America West Coast (shown in Figure 1), there is a clear systematic trend since 2022 of a gradual reduction in blank sailings, which has continued into 2024 and shows a level which is now approaching almost

zero. Even if we take a 4-week running average to smoothen out the volatility in all four trades, the underlying trend is the same i.e., a sharp drop in blank sailings in recent weeks.

This suggests that the spot rate decline in it itself is not the focal point, as present spot rates are significantly higher than pre-Red Sea crisis, as well as pre-pandemic. Keeping this in mind, and by looking at the blank sailings data, it seems that in the present market environment, shipping lines are attempting to capitalise as much as possible from the relatively higher rates, by not curbing capacity. The likely result however, will be a continued downwards pressure on spot rates.

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

For more information, please contact: ia@sea-intelligence.com, am@sea-intelligence.com