



ASIA PACIFIC FREIGHT REPORT

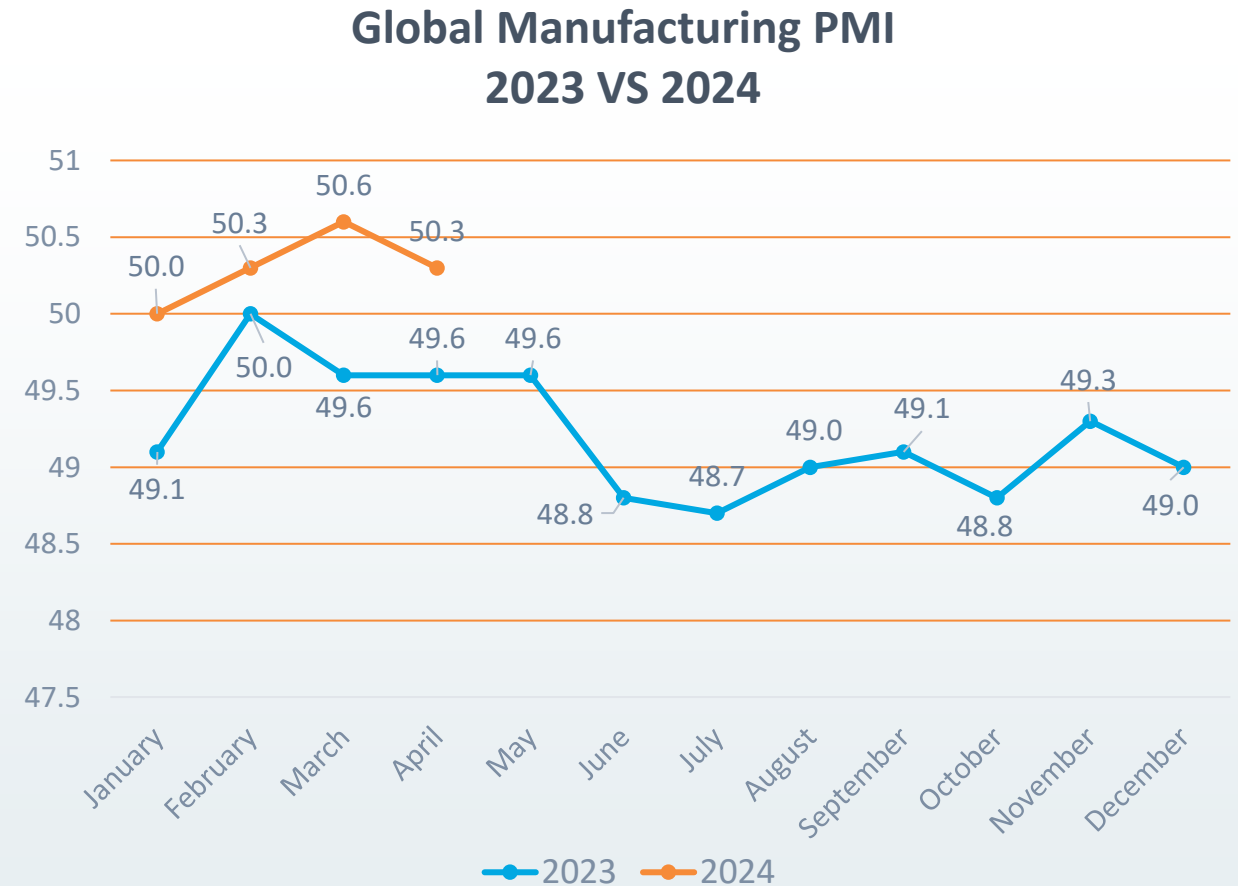
May to June 2024
Review & Forecast



ECONOMIC INDICATORS

MAY - JUNE

The Global Manufacturing PMI fell from 50.6 in March 2024 back to 50.3 in April 2024.



Source: S&P Global PMI

ECONOMIC INDICATORS

ASIA PACIFIC MANUFACTURING PMI

Manufacturing Purchasing Managers Index (PMI)													
	2023									2024			
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Global	49.6	49.6	48.8	48.7	49.0	49.1	48.8	49.3	49.0	50.0	50.3	50.6	50.3
USA	50.2	48.4	46.3	49.0	47.9	49.8	50.0	49.4	47.9	50.7	52.2	51.9	50.0
China	49.5	50.9	50.5	49.2	51.0	50.6	49.5	50.7	50.8	50.8	50.9	51.1	51.4
Taiwan	47.1	44.3	44.8	44.1	44.3	46.4	47.6	48.3	47.1	48.8	48.6	49.3	50.2
Hong Kong	52.4	50.6	50.3	49.4	49.8	49.6	48.9	50.1	51.3	49.9	49.7	50.9	50.6
Japan	49.5	50.6	49.8	49.6	49.6	48.5	48.7	48.3	47.9	48.0	47.2	48.2	49.6
S. Korea	48.1	48.4	47.8	49.4	48.9	49.9	49.8	50.0	49.9	51.2	50.7	49.8	49.4
Singapore	49.7	49.5	49.7	49.8	49.9	50.1	50.2	50.3	50.5	50.7	50.6	50.7	50.5
Vietnam	46.7	45.3	46.2	48.7	50.5	49.7	49.6	47.3	48.9	50.3	50.4	49.9	50.3
Malaysia	48.8	47.8	47.7	47.8	47.8	46.8	46.8	47.9	47.9	49.0	49.5	48.4	49.0
Philippines	51.4	52.2	50.9	51.9	49.7	50.6	52.4	52.7	51.5	50.9	51.0	50.9	52.2
Indonesia	52.7	50.3	52.5	53.3	53.9	52.3	51.5	51.7	52.2	52.9	52.7	54.2	52.9
Thailand	60.4	58.2	53.2	50.7	48.9	47.8	47.5	47.6	45.1	46.7	45.3	49.1	48.6
India	57.2	58.7	57.8	57.7	58.6	57.5	55.5	56.0	54.9	56.5	56.9	59.1	58.8
Australia	48.0	48.4	48.2	49.6	49.6	48.7	48.2	47.7	47.6	50.1	47.8	47.3	43.5

The manufacturing Purchasing Managers' Index™ (PMI™) is a survey-based economic indicator designed to provide a timely insight into changing business conditions in the goods-producing sector.

A PMI reading over 50 indicates growth or expansion of the manufacturing sector of the country as compared to the previous month, while a reading under 50 suggests contraction. A reading at 50 indicates that the number of manufacturers reporting better business is equal to those stating business is worse.

Source: S&P Global PMI

GLOBAL OUTLOOK

MAY - JUNE

Global PMI Composite Output Index Rises to 10-Month High

The Global PMI Composite Output Index rose to 52.4 in April from 52.3 in March, supported by faster growth in the service sector and a third consecutive monthly increase in new orders in the global manufacturing sector. Although this figure remains below the long-run average of 53.2, it is the highest in ten months and indicates annualized quarterly global GDP growth of 2.7%. However, it is important not to assume that the global economy will continue to accelerate.

Price pressures remain a concern, even though global selling inflation has eased to a three-month low. The pace of rising selling prices in April was close to the rolling 12-month average. Additionally, a recent Reuters poll released on May 13th indicated that two-thirds of the surveyed economists believe the Federal Reserve will wait until September to cut rates, with anticipated cuts occurring in September and November of this year.



AIRFREIGHT OUTLOOK

MAY - JUNE

Strong Air Freight Demand Continues

There has been no slow season since March, with rates remaining high compared to the same period last year. Unlike traditional trends in the air freight market, e-commerce and e-cigarettes have been key products driving demand. Additionally, the production shift from China to countries like Thailand and Vietnam has contributed to increased volume within the Intra-Asia market.

“ According to Kathy Liu, Vice President of Dimerco Express Group, “The continuously rising ocean freight rates on the Trans-Pacific Eastbound (TPEB) route, driven by strong demand, are expected to impact the air freight market. It is anticipated that more less-than-container-load (LCL) shipments will switch to air freight starting in June, especially on the TPEB route, resembling the situation in 2021. Furthermore, with the new tariff set to be implemented in August, it is expected that a surge in products related to this tariff will occupy both air and ocean capacity to meet the expected arrival dates before the tariff takes effect.” ”

Kathy Liu
Vice President
Dimerco Express Group



AIR FREIGHT

MARKET FORECAST (MAY 27 TO JUNE 30)

Air Freight Market Forecast

Asia -> Intra Asia

Origin (Country/District)		Air Hub	Space	Rate
Greater China	Hong Kong	HKG	Soft	Stable
	South China	CAN/SZX	Soft	Stable
	Southeast China	XMN/FOC	Soft	Stable
	Central & East China	PVG	Tight	Stable
	North China	BJS/CGO/TAO	Tight	Rising
Northeast Asia	Korea	ICN	Upturn	Stable
	Taiwan	TPE	Soft	Stable
Southeast Asia	India	MAA/BLR	Soft	Stable
	Indonesia	CGK	Soft	Stable
	Malaysia	KUL	Soft	Stable
	Malaysia	PEN	Soft	Stable
	Philippines	MNL	Soft	Stable
	Singapore	SIN	Upturn	Stable
	Thailand	BKK	Soft	Stable
	Vietnam	HAN	Soft	Stable
	Vietnam	SGN	Upturn	Stable

Air Freight Market Forecast

Asia -> US/CA

Origin (Country/District)		Air Hub	Space	Rate
Greater China	Hong Kong	HKG	Upturn	Stable
	South China	CAN/SZX	Upturn	Rising
	Southeast China	XMN/FOC	Upturn	Stable
	Central & East China	PVG	Upturn	Stable
	North China	BJS/CGO/TAO	Upturn	Rising
Northeast Asia	Korea	ICN	Tight	Rising
	Taiwan	TPE	Tight	Rising
Southeast Asia	India	MAA/BLR	Tight	Rising
	Indonesia	CGK	Tight	Rising
	Malaysia	KUL	Tight	Rising
	Malaysia	PEN	Tight	Rising
	Philippines	MNL	Upturn	Stable
	Singapore	SIN	Backlog	Rising
	Thailand	BKK	Tight	Rising
	Vietnam	HAN	Backlog	Rising
	Vietnam	SGN	Backlog	Rising

Key for available
space

SOFT

Supply is more than demand

UPTURN

Market is picking up, but demand of
space can still be met by current supply.

TIGHT

Space Gets tight. Pre-arrangement of
space is needed.

BACKLOG

Backlog of 1-2 days is found in the
market.

SERIOUS

Space demand critical, turnaround of booking
found. Alternative routing may be needed.

AIR FREIGHT

MARKET FORECAST (MAY 27 TO JUNE 30)

Air Freight Market Forecast

Asia -> Europe

Origin (Country/District)		Air Hub	Space	Rate
Greater China	Hong Kong	HKG	Upturn	Stable
	South China	CAN/SZX	Tight	Rising
	Southeast China	XMN/FOC	Upturn	Stable
	Central & East China	PVG	Upturn	Stable
	North China	BJS/CGO/TAO	Tight	Rising
Northeast Asia	Korea	ICN	Tight	Rising
	Taiwan	TPE	Tight	Rising
Southeast Asia	India	MAA/BLR	Upturn	Stable
	Indonesia	CGK	Tight	Rising
	Malaysia	KUL	Tight	Rising
	Malaysia	PEN	Tight	Rising
	Philippines	MNL	Soft	Stable
	Singapore	SIN	Backlog	Rising
	Thailand	BKK	Tight	Rising
	Vietnam	HAN	Tight	Rising
	Vietnam	SGN	Tight	Rising

Air Freight Market Forecast

US/CA -> Asia

Origin (Country/District)		Air Hub	Space	Rate
North America	US	US West Coast	Tight	Rising
	Canada	YVR	Soft	Stable

US/CA -> Europe

North America	US	US East Coast	Soft	Stable
	Canada	YYZ/YUL	Soft	Stable

Europe -> Asia

Europe	Netherlands	AMS	Upturn	Stable
	UK	LHR	Soft	Stable
	Germany	FRA / MUC	Soft	Stable

Europe -> US/CA

Europe	Netherlands	AMS	Soft	Stable
	UK	LHR	Soft	Stable
	Germany	FRA / MUC	Soft	Stable

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AIR FREIGHT

MARKET FORECAST (MAY 27 TO JUNE 30)

Air Freight Market Forecast

MX -> Asia

Origin (Country/District)	Air Hub	Space	Rate
Mexico City	MEX	Upturn	Stable
Mexico City 2	NLU	Upturn	Stable
Monterrey	MTY/NLU	Upturn	Rising
Guadalajara	GDL/NLU	Upturn	Stable
Cancun	CUN/MEX	Upturn	Stable
Merida	MID/MEX/CUN	Upturn	Stable

MX -> Europe & Middle East

Mexico City	MEX	Soft	Stable
Mexico City 2	NLU	Upturn	Stable
Monterrey	MTY/NLU	Upturn	Stable
Guadalajara	GDL/NLU	Soft	Stable
Cancun	CUN/MEX	Upturn	Stable
Merida	MID/MEX/CUN	Upturn	Stable

MX -> North America

Mexico City	MEX	Soft	Stable
Mexico City 2	NLU	Upturn	Stable
Monterrey	MTY/NLU	Upturn	Stable
Guadalajara	GDL/NLU	Upturn	Stable
Cancun	CUN/MEX	Upturn	Stable
Merida	MID/MEX/CUN	Soft	Stable

MX -> Central & South America

Mexico City	MEX	Upturn	Stable
Mexico City 2	NLU	Upturn	Stable
Monterrey	MTY/NLU	Soft	Stable
Guadalajara	GDL/NLU	Upturn	Stable
Cancun	CUN/MEX	Upturn	Stable
Merida	MID/MEX/CUN	Soft	Stable

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OCEAN FREIGHT MARKET HIGHLIGHT

MAY - JUNE

A variety factors are contributing to skyrocketing container rates

The Red Sea Crisis continues to cause significant disruptions in global shipping.

The Three Alliances are short by 36 vessels—equivalent to 9.6% (509,400 TEUs)—making it harder to maintain the weekly intervals for all 25 loops, assuming rerouting from the Suez Canal to the Cape of Good Hope persists.

The Red Sea Crisis is having a ripple effect across Asia. Freight rates in the Intra-Asia market are skyrocketing due to equipment shortages and port congestion in Singapore—Asia's major transshipment hub.

The volume of TPEB shipments increased by 19.1% YOY in the first four months of 2024. However, it's coupled with capacity reduction of 14% for West Coast and 11% for East Coast.

Carrier capacity adjustments:

- TPEB: 14% capacity reduction for USWC and 11% for USEC
- Increase in capacity for South America due to strong market demand.

There has been a significant surge in advanced bookings from China, particularly for electric vehicles, as exporters aim to avoid the high import tariffs that the US will impose by the end of the year

Brazil plans to increase taxes on Chinese electric/hybrid vehicles starting in July, leading to a rush of car shipments to Brazil and Mexico. Related industries are also ramping up their shipping activities. As a result, the Full Container Load (FCL) rates have quadrupled since March.

OCEAN FREIGHT MARKET

MAY - JUNE

Surge in Ocean Exports Drives Early Peak Season Amidst Cancellations

According to Drewry, carriers announced the cancellation of 44 sailings on their East-West head haul trades from weeks 21 to 25, representing a cancellation rate of 7% out of a total of 652 sailings. Of these 44 blank sailings, the Trans-Pacific Eastbound, Europe/Mediterranean Westbound, and Trans-Atlantic Westbound routes accounted for 50%, 27%, and 23% respectively. By alliance, the Ocean Alliance topped the list with 13 cancellations, followed by THE Alliance with 10, the 2M Alliance with 8, and non-Alliance services with 13 cancellations during the same period.

The carriers' continued capacity withdrawal, combined with a significant surge in ocean exports of e-commerce goods and renewable energy-related shipments from China, has driven the peak season forward by one month, from June to May. This shift is an attempt to avoid the heavy anti-dumping import tariffs that the US and Europe may impose by the end of the year. This change is reflected in the Shanghai Containerized Freight Index (SCFI), which showed a strong rise as of May 17th. The Comprehensive Index increased by 9.3%; the US West Coast (USWC) by 14.4%; the US East Coast (USEC) by 8.3%; Europe Westbound (Europe WB) by 6.3%; and the East Coast South America (ECSA) by 22.4%.



OCEAN FREIGHT MARKET

MAY - JUNE

Blank Sailings and Equipment Shortages continue due to Red Sea Crisis

Blank sailings, equipment shortages, and rollovers have become the new normal after the outbreak of the Red Sea Crisis. Although all three major alliances have finalized their annual service plans for their Asia-Europe/Med loops, incorporating the Cape of Good Hope as an optional route, they are short by 36 vessels. This equates to 9.6% (509,400 TEUs) of the total capacity needed to ensure weekly intervals for all 25 loops. Consequently, if the Red Sea Crisis continues, carriers will need to skip an average of 9.6% weekly sailings. As a result, cargo owners will struggle to secure sufficient cargo space and will contend with significant rate hikes until the situation improves.

“ According to Alvin Fuh, Special Assistant to the CEO at Dimerco Express Group, “The ripple effect of the Red Sea Crisis is impacting not only long-haul routes but also Intra-Asia routes. For example, Singapore, a major transshipment hub in Intra-Asia, is experiencing severe port congestion. The average waiting time for vessels to berth ranges from 2 to 6 days. As a result, some carriers are redirecting long-haul loops from Singapore to alternative ports like Port Klang or Tanjung Pelepas as a contingency measure. The limited availability of long-haul, way-port slots for co-loading Intra-Asia bookings, coupled with an increase in blank sailings, has caused Intra-Asia market rates to rise since mid-April.”

Alvin Fuh
Special Assistant to the CEO



OCEAN FREIGHT

MARKET FORECAST (MAY 27 TO JUNE 30)

Ocean Freight Market Forecast

Asia -> Asia (Intra Asia)

Trade Lane	Space	Rate
Northeast Asia -> Southeast Asia	Tight	Rising
Northeast Asia -> Indian Subcontinent	Soft	Stable
Southeast Asia -> Northeast Asia	Upturn	Stable
Indian Subcontinent -> Northeast Asia	Soft	Stable

Asia -> North America (Trans-Pacific Eastbound - TPEB)

Asia -> US West Coast	Backlog	Rising
Asia -> US East Coast	Tight	Rising
Asia -> US Gulf	Tight	Rising
Asia -> Canada	Tight	Rising

Asia -> Europe (Far East Westbound - FEWB)

Asia -> European Base Ports	Tight	Rising
Asia -> Mediterranean	Tight	Rising

North America -> Asia (Trans-Pacific Westbound - TPWB)

US -> Asia	Soft	Stable
Canada -> Asia	Soft	Stable

Europe -> Asia

Europe -> Asia	Tight	Rising
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Ocean Freight Market Forecast

MX -> Asia

Trade Lane	Space	Rate
Manzanillo, ZLO -> Asia	Upturn	Stable
Lázaro Cárdenas, LZC -> Asia	Upturn	Falling
Veracruz, VER -> Asia	Tight	Stable
Altamira, ALT -> Asia	Upturn	Falling

MX -> Europe & Middle East

Veracruz, VER -> Europe & Middle East	Soft	Falling
Altamira, ALT -> Europe & Middle East	Upturn	Stable

MX -> North America

Manzanillo, ZLO -> North America	Upturn	Stable
Lázaro Cárdenas, LZC -> North America	Upturn	Stable
Veracruz, VER -> North America	Upturn	Stable
Altamira, ALT -> North America	Soft	Stable

MX -> Central & South America

Manzanillo, ZLO -> Central & South America	Soft	Stable
Lázaro Cárdenas, LZC -> Central & South America	Soft	Stable
Veracruz, VER -> Central & South America	Soft	Stable
Altamira, ALT -> Central & South America	Soft	Stable

Key for available
space

SOFT

Supply is more than demand

UPTURN

Market is picking up, but demand of
space can still be met by current supply.

TIGHT

Space Gets tight. Pre-arrangement of
space is needed.

BACKLOG

Backlog of 1-2 days is found in the
market.

SERIOUS

Space demand critical, turnaround of booking
found. Alternative routing may be needed.

TAIWAN MARKET SITUATION

TAIWAN



Taiwan	TO ASIA				TO EUR				TO US/CA			
Air	C -	Soft	R -	Stable	C -	Tight	R -	Rising	C -	Tight	R -	Rising
Ocean	C -	Upturn	R -	Rising	C -	Tight	R -	Rising	C -	Tight	R -	Rising

Airfreight

- Consumer demand is rebounding and is anticipated to pick up in Q3 of 2024. Due to the high demand for e-commerce cargo, air freight space from Taipei to the US is fully booked until the end of May. Urgent shipments will incur express rates.
- The Red Sea Crisis has required ocean carriers to deploy more vessels in the loop, significantly tightening long-term space for Taiwan exports since the start of May. With ocean rates to the US and Europe increasing, many shippers have switched to air freight, further driving up demand. Air freight rates to the US and Europe are now determined on a case-by-case basis.
- The fuel surcharge rate has been adjusted as of May 16, 2024: TC I and TC II are TWD 39/kg, and TC III is TWD 13/kg. In April 2024, Taiwan's air cargo tonnage saw a slight decrease, with air exports falling by 3.0% and air imports by 1.0% compared to March 2024.

Key for available space	SOFT	UPTURN	TIGHT	BACKLOG	SERIOUS
	Supply is more than demand	Market is picking up, but demand of space can still be met by current supply.	Space Gets tight. Pre-arrangement of space is needed.	Backlog of 1-2 days is found in the market.	Space demand critical, turnaround of booking found. Consider alternatives

TAIWAN MARKET SITUATION

TAIWAN



Taiwan	TO ASIA				TO EUR				TO US/CA			
Air	C -	Soft	R -	Stable	C -	Tight	R -	Rising	C -	Tight	R -	Rising
Ocean	C -	Upturn	R -	Rising	C -	Tight	R -	Rising	C -	Tight	R -	Rising

Ocean Freight

- The Taiwan export market has surged, leading to a significant tightening of space, particularly driven by the blank sailings announced on May 1st. The persistence of the Red Sea Crisis has compelled carriers to deploy more vessels into the loop. Routing via the Cape of Good Hope has resulted in further blank sailings and container shortages.
- Space from Taiwan to the US and Europe is fully booked until mid-June, requiring bookings to be made a month in advance to secure space. Effective June 1st, rates to the US and Europe will see a General Rate Increase (GRI) exceeding USD 1,000 per 40', alongside a Peak Season Surcharge for the Transpacific East Bound (TPEB) trade on June 1st and 15th.

USWC (Pacific North West)

1 blank sailing for AP1 service

USWC (Pacific South West)

No blank sailing

USEC

One blank sailing at 2nd week of June

Europe

No blank sailing

Key for
available space

SOFT
Supply is more than demand

UPTURN
Market is picking up, but demand of
space can still be met by current supply.

TIGHT
Space Gets tight. Pre-arrangement of
space is needed.

BACKLOG
Backlog of 1-2 days is found in the
market.

SERIOUS
Space demand critical, turnaround of
booking found. Consider alternatives

CHINA MARKET SITUATION

EAST CHINA



Air Freight:

- US/EUR Trade Lane: Rates and space have remained stable compared to last month.
- Southeast Asia Trade Lane: Rates are generally stable, except for Singapore and Bangkok where tight space has led to rate increases.

Ocean Freight:

- US Trade Lane: Rates have increased, and forecasts suggest further increases in June.
- EUR Trade Lane: The ongoing effects of the Red Sea situation have reduced effective transportation capacity due to rerouting around the Cape of Good Hope, maintaining rates at high levels.
- Southeast Asia Trade Lane: Space is very tight with rising rates to most Southeast Asia destinations. To secure space, bookings should be made at least 15 days in advance. This is due to capacity adjustments catering to the India route.

CHINA MARKET SITUATION

NORTH CHINA



Air Freight

- Southeast Asia Lane: The rates and space out from Tianjin remains stable. For shipments out of Beijing, however, the space is tight – especially for Singapore and India. The surge may be attributed to the restocking of the mobile phone industry.
- US Trade Lane: Rates have seen a slight increase, while space remains stable. However, some airlines require space to be booked one week in advance.
- EUR Trade Lane: The ongoing Red Sea crisis and conflicts in the Middle East have prompted some customers to switch to air service, resulting in tight space and increased rates.

Ocean Freight

- US trade lane: Market rates remain elevated as COSCO's CEN service ceases calling at Prince Rupert, prompting more US IPI shipments to transship via USWC. Some carriers are halting or strategically reducing capacity to Canada IPI services due to rail congestion and potential worker strikes, contributing to limited space to USEC. This situation is made even worse by increased blank sailings and strict weight limits, especially for 20'GP containers. MSC now offers high-level space guarantee rates for these points with tight space.
- EUR Trade Lane: The OA alliance has implemented blank sailings in May, rerouting shipments around South Africa, resulting in tight space and consistently high rates.
- Southeast Asia Lane: Space is tight compared to last month, leading to an increase in rates.

CHINA MARKET SITUATION

SOUTH CHINA



Air Freight

- US Lane: Rates to the US increased at the end of May due to the surge in e-commerce goods.
- EUR Lane: Rates have also increased, driven by the high demand for e-commerce shipments.
- Southeast Asia Lane: Rates and space remain stable.
- Starting May 25th, China Airlines has cancelled Saturday freighter flights from CAN to TPE, changing the schedule to Tue | Wed | Thu | Fri | Sun. Additionally, Korean Airlines has reinstated two freighter flights from CAN to ICN.

Ocean Freight

- EUR Trade Lane: Rates have increased with tight space. It is recommended to book 3-4 weeks in advance as the Red Sea crisis continues to cause delays.
- US Trade Lane: Increased demand has raised rates and tightened space. Book 3-4 weeks in advance. Be aware of potential Canadian rail worker strikes.
- Intra Asia Trade Lane: Rates are higher and space is tight.

CHINA MARKET SITUATION

HONG KONG



Air Freight

- The rate and space to all destinations are stable.

Ocean Freight

- US Trade Lane: Carriers have announced significant rate hikes on all Asia outbound lanes due to increased demand. Space for USWC is backlogged, and space for USEC is tight.
- EUR Trade Lane: Rates are increasing and space is tight due to high demand and disruptions to container shipping in the Red Sea.
- Southeast Asia Trade Lane: Since mid-May, rates have increased. Space to SIN and JKT is ample, but space to BKK, PKG, PEN, HPH, and SGN is tight.
- India Trade Lane: High demand has led to increased rates and tight space, with WHL backlogged and COSCO/EMC experiencing tight space.

CHINA – EUROPE FREIGHT TRAIN

Congestion persists at key locations, particularly at Alashankou-Dostyk, where handling times have extended to at least 7 days, averaging 10 to 15 days. Chassis shortages continue to challenge operations at Khorgos-Atykol, with transshipment taking about 6-12 days. Most trains bound for Europe have transit times (T/T) exceeding 20 days. International container rental prices continue to rise and fluctuate daily, with global freight forwarders, container traders, and supply chain stakeholders expecting a steady increase. Due to weak demand for return trips, container leasing companies have suspended services to destinations such as Minsk and Almaty.

Europe-bound Service: Strong transportation demand continues, with booking rates increasing in June by an average of 8%-16%.

Russia-bound Service: Cities like Chengdu, Chongqing, Xi'an, Hefei, Jinan, Zhengzhou, and Shijiazhuang have reduced the frequency of public trains, mostly maintaining weekly departures. Rates from various stations to Moscow have increased due to supply cuts and rising container rental prices.

Central Asia-bound Route: Market supply and demand are stable, with main routes from Xi'an and Zhengzhou booked until mid to late June.



SOUTH KOREA



Airfreight

- The air export volume to Southeast Asia and China has remained steady compared to the previous month. Notably, airlines have addressed space concerns by increasing flight frequencies and charters in anticipation of the upcoming peak season, particularly to destinations like Singapore, Narita, and Kuala Lumpur.
- For air exports from South Korea to the US, space is becoming increasingly tight due to continuous sea-air shipments for e-cigarettes from China via Korea to the US. Airlines are actively working to alleviate pressures by expanding available space.
- Fuel surcharges at Incheon International Airport for IATA Traffic Conference (TC) categories TC I, TC II, and TC III will remain unchanged from May 16th to June 15th.

Ocean Freight

- Ocean freight rates to Southeast Asia continue to rise due to strong demand, compounded by ongoing space shortages.
- Following the post-labor holiday period in China, the surge in demand has led to increased volumes and higher rates for shipments to the US and Europe.

FREIGHT MARKET SITUATION

SOUTHEAST ASIA - PHILIPPINES



Philippines

Philippines		TO ASIA				TO EUR				TO US/CA			
Air	C -	Soft	R -	Stable	C -	Soft	R -	Stable	C -	Upturn	R -	Stable	
Ocean	C -	Upturn	R -	Stable	C -	Tight	R -	Stable	C -	Tight	R -	Stable	

Air – Space for air exports from the Philippines to US/CA are still experiencing backlogs at connecting flights. However, the situation has improved compared to the previous months. Airlines are now offering monthly rate validity for shipments to the US/CA.

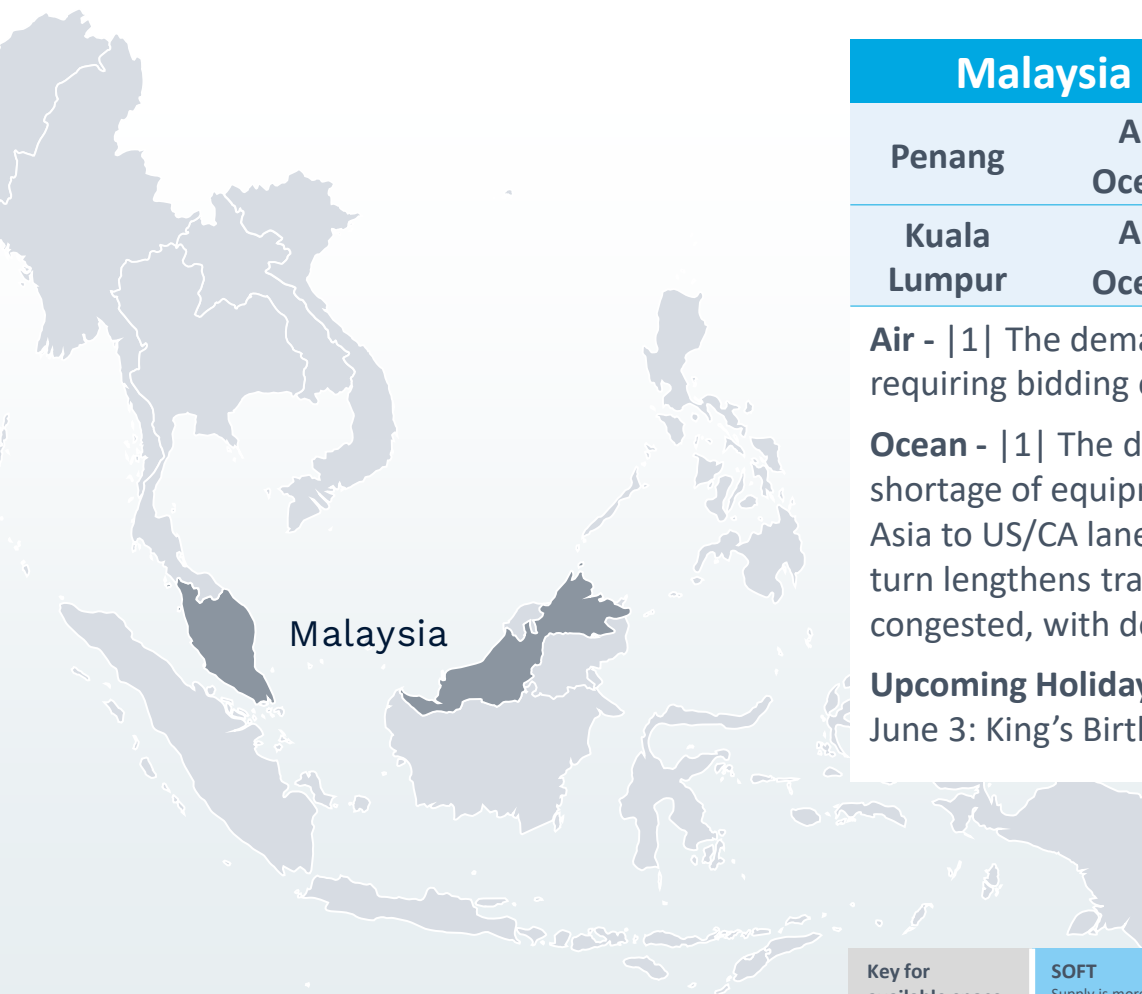
Ocean – The space for ocean exports from the Philippines to long-haul destinations is tight as reported by some of the ocean carriers.

Upcoming Holidays in the Philippines:
June 12: Independence Day | June 17: Eid al-Adha

C – Freight Capacity | R – Freight Rates

Key for available space	SOFT Supply is more than demand	UPTURN Market is picking up, but demand of space can still be met by current supply.	TIGHT Space Gets tight. Pre-arrangement of space is needed.	BACKLOG Backlog of 1-2 days is found in the market.	SERIOUS Space demand critical, turnaround of booking found. Consider alternatives
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SOUTHEAST ASIA - MALAYSIA



Malaysia

Malaysia		TO ASIA				TO EUR				TO US/CA			
Penang	Air	C -	Soft	R -	Stable	C -	Tight	R -	Rising	C -	Tight	R -	Rising
	Ocean	C -	Upturn	R -	Stable	C -	Tight	R -	Rising	C -	Tight	R -	Rising
Kuala Lumpur	Air	C -	Upturn	R -	Stable	C -	Tight	R -	Rising	C -	Tight	R -	Rising
	Ocean	C -	Tight	R -	Rising	C -	Tight	R -	Rising	C -	Tight	R -	Rising

Air - |1| The demand for US and Europe lanes is increasing but there is limited capacity. Airlines are requiring bidding of prices in order to secure space.

Ocean - |1| The demand for ocean freight to the US and Europe has increased, further constrained by a shortage of equipment. **|2|** Beginning June 1, carriers will implement a Peak Season Surcharge (PSS) for Asia to US/CA lanes. **|3|** Carriers have continued to change routings due to the Red Sea crisis, which in turn lengthens transit times and increases costs. **|4|** Westport in Kuala Lumpur is currently very congested, with delays of up to 5 days; therefore, it is recommended to ship via Northport.

Upcoming Holidays in Malaysia:

June 3: King's Birthday | June 17: Hari Raya Haji

C – Freight Capacity | R – Freight Rates

Key for
available space

SOFT
Supply is more than demand

UPTURN
Market is picking up, but demand of
space can still be met by current supply.

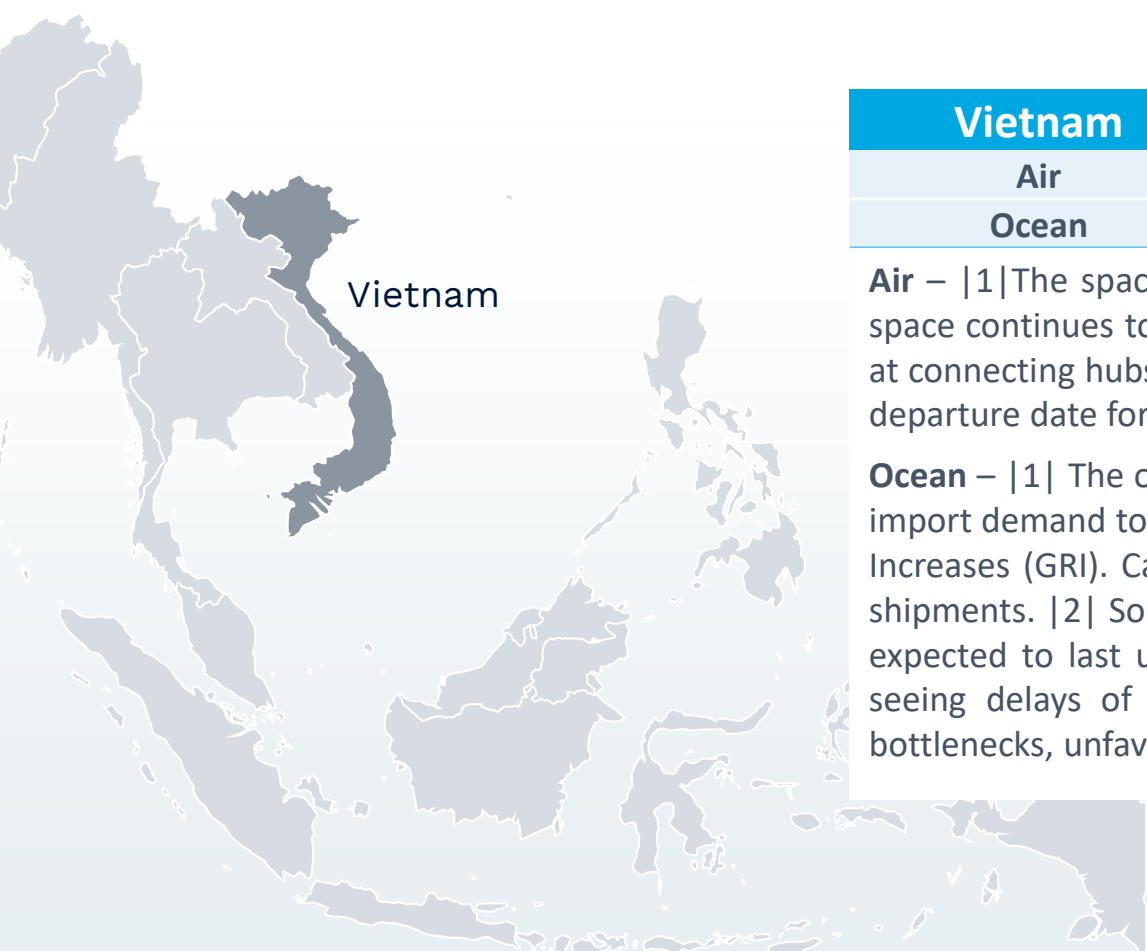
TIGHT
Space Gets tight. Pre-arrangement of
space is needed.

BACKLOG
Backlog of 1-2 days is found in the
market.

SERIOUS
Space demand critical, turnaround of
booking found. Consider alternatives

FREIGHT MARKET SITUATION

SOUTHEAST ASIA - VIETNAM



Vietnam		TO ASIA				TO EUR				TO US/CA			
Air	C -	Upturn	R -	Stable	C -	Tight	R -	Stable	C -	Backlog	R -	Rising	
Ocean	C -	Upturn	R -	Stable	C -	Tight	R -	Rising	C -	Tight	R -	Rising	

Air – |1|The space and rate to Southeast Asia lanes remains stable. However, for the Europe lane the space continues to be tight with the US/CA lane experiencing backlogs due to ongoing space constraints at connecting hubs. |2| Airlines continue to require forwarders to book 4 to 7 days in advance before the departure date for Europe and US lanes.

Ocean – |1| The ocean freight rates from Vietnam to the US/CA and Europe have increased due to rising import demand to the US, new annual contracts with carriers in May, and the application of General Rate Increases (GRI). Carriers also announced a Peak Season Surcharge (PSS) beginning June 1 for long-haul shipments. |2| Some carriers have reported that their capacity to the US/CA is extremely full, a situation expected to last until mid-June. |3| Cargo from Vietnam transshipping in Hong Kong and Shanghai is seeing delays of 2-3 weeks at the transit ports. This is due to heavy congestion caused by port bottlenecks, unfavorable weather conditions, and increased cargo volume.

C – Freight Capacity | R – Freight Rates

Key for available space	SOFT Supply is more than demand	UPTURN Market is picking up, but demand of space can still be met by current supply.	TIGHT Space Gets tight. Pre-arrangement of space is needed.	BACKLOG Backlog of 1-2 days is found in the market.	SERIOUS Space demand critical, turnaround of booking found. Consider alternatives
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FREIGHT MARKET SITUATION

SOUTHEAST ASIA - THAILAND



Thailand	TO ASIA				TO EUR				TO US/CA			
Air	C -	Upturn	R -	Stable	C -	Tight	R -	Rising	C -	Tight	R -	Rising
Ocean	C -	Tight	R -	Rising	C -	Tight	R -	Rising	C -	Tight	R -	Rising

Air – |1| For air shipments to the US and Canada, rates are determined on a case-by-case basis. Due to crowded conditions, some airlines require advance booking of at least 2 days. |2| The BFS Terminal is congested, resulting in waiting time of around 4-5 hours to load due to a backlog of export shipments.

Ocean – |1|The space remains tight for ocean freight from Thailand to all destinations, with rates increasing by 5-10% for Intra-Asia lanes, 20-30% for Europe lanes, and 20-30% for US/CA lanes. This is primarily due to the exporting season in Thailand.

Climate Impact: Thailand’s southwest monsoon season begins in mid-May and ends mid-October. Abundant rainfall is expected. Consequently, transit times may extend, and terminals may experience difficulties processing shipments due to the heavy rainfall.

Upcoming Holidays in Thailand:

June 3: H.M. Queen’s Birthday

Recommendation

Air – It is advised to enhance your packaging to waterproof cargo when shipping to and from Thailand during the rainy season.

C – Freight Capacity | R – Freight Rates

Key for available space	SOFT Supply is more than demand	UPTURN Market is picking up, but demand of space can still be met by current supply.	TIGHT Space Gets tight. Pre-arrangement of space is needed.	BACKLOG Backlog of 1-2 days is found in the market.	SERIOUS Space demand critical, turnaround of booking found. Consider alternatives
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FREIGHT MARKET SITUATION

SOUTHEAST ASIA - SINGAPORE



Singapore		TO ASIA				TO EUR				TO US/CA			
Air	C -	Upturn	R -	Stable	C -	Backlog	R -	Rising	C -	Backlog	R -	Rising	
Ocean	C -	Soft	R -	Stable	C -	Soft	R -	Stable	C -	Tight	R -	Rising	

Ocean – |1| For ocean freight from Singapore to Asia and Europe, rates are currently stable. However, space to the US and South America is tight, with rising rates. |2| For shipments transshipping in Intra-Asia via Singapore, there is an expected delay of 1-2 weeks due to a backlog of transshipment cargo at Singapore port.

Upcoming Holidays in Singapore

June 17: Hari Raya Haji

Recommendation

Ocean - For shipments bound for the US, it is recommended to book in advance as carriers are beginning to allocate space for spot rates, which is driving up the overall cost.

C – Freight Capacity | R – Freight Rates

Key for available space	SOFT Supply is more than demand	UPTURN Market is picking up, but demand of space can still be met by current supply.	TIGHT Space Gets tight. Pre-arrangement of space is needed.	BACKLOG Backlog of 1-2 days is found in the market.	SERIOUS Space demand critical, turnaround of booking found. Consider alternatives
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FREIGHT MARKET SITUATION

SOUTHEAST ASIA - INDONESIA



Indonesia		TO ASIA				TO EUR				TO US/CA			
Air	C -	Soft	R -	Stable	C -	Tight	R -	Rising	C -	Tight	R -	Rising	
Ocean	C -	Upturn	R -	Stable	C -	Backlog	R -	Rising	C -	Upturn	R -	Rising	

Air – The capacity is tight for shipments from Indonesia to the US and Europe. While there is available space to the connecting hubs, the onward space from these hubs to the US and Europe is limited. Due to this high demand and limited capacity, rates to the US and Europe are determined on a case-by-case basis.

Ocean – |1|The ocean capacity and rates from Indonesia to Intra-Asia are stable. However, rates to Europe have increased significantly, and space is tight. |2| Due to issues with connecting vessels between Jakarta and Singapore, many shipments have been delayed, leading to increased bunker surcharges.

Upcoming Holidays in Indonesia

June 1: Vesak Day | June 17: Eid Al-Adha

Recommendation

Air - Inform your freight forwarder about shipments arriving during national holidays to avoid additional storage charges.

C – Freight Capacity | R – Freight Rates

Key for available space	SOFT Supply is more than demand	UPTURN Market is picking up, but demand of space can still be met by current supply.	TIGHT Space Gets tight. Pre-arrangement of space is needed.	BACKLOG Backlog of 1-2 days is found in the market.	SERIOUS Space demand critical, turnaround of booking found. Consider alternatives
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FREIGHT MARKET SITUATION

INDIA & AUSTRALIA



India	TO ASIA				TO EUR				TO US/CA			
Air	C -	Soft	R -	Stable	C -	Upturn	R -	Stable	C -	Tight	R -	Rising
Ocean	C -	Soft	R -	Stable	C -	Soft	R -	Stable	C -	Soft	R -	Falling

Air - Air freight rates from India to intra-Asia have seen a slight reduction, while space demand for Europe has slightly increased. On the US/Canada trade lane, there is a surge in volume, particularly from Delhi, due to the transshipment of ready-made garments from Bangladesh.

Ocean - Capacity and rates for intra-Asia and Europe remain stable for the coming month, with no signs of carriers conducting blank sailings. However, there is a rate reduction to the US East Coast.

Climate Impact: The India monsoon season, starting June 24, may slow terminal operations.

Upcoming Holidays in India:

June 17: Id-ul-Zuha (Bakrid)

Australia	TO ASIA				TO EUR				TO US/CA			
Air	C -	Soft	R -	Stable	C -	Soft	R -	Stable	C -	Soft	R -	Stable
Ocean	C -	Soft	R -	Stable	C -	Soft	R -	Stable	C -	Soft	R -	Stable

Air & Ocean - Australia's air and ocean market is stable for this month.

Upcoming Holidays in Australia:

June 10: Kings Birthday

Key for available space	SOFT Supply is more than demand	UPTURN Market is picking up, but demand of space can still be met by current supply.	TIGHT Space Gets tight. Pre-arrangement of space is needed.	BACKLOG Backlog of 1-2 days is found in the market.	SERIOUS Space demand critical, turnaround of booking found. Consider alternatives
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C – Freight Capacity | R – Freight Rates

USA MARKET SITUATION

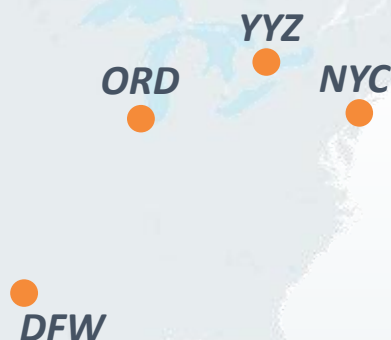
Air Market

The global air freight market is projected to achieve a Compound Annual Growth Rate (CAGR) of 12% from 2024 to 2032. As we approach the end of Q2 2024, several key indicators continue to drive this growth, such as ongoing globalization, escalating e-commerce, rise of emerging markets, and an emphasis on supply chain resilience. In the US, air cargo growth in June 2024 is expected to be between 1–2% year-over-year based on chargeable weight. It's crucial to closely monitor geopolitical and seasonal events, as they may cause potential spikes in air freight rates.

Ocean Market

With the sharp increase in Transpacific Eastbound rates to the USA, ocean carriers are adjusting space allocations to Non-Vessel-Operating Common Carriers (NVOCCs). As of April 2024, NVOCCs' share of volume has decreased to 43.7%, down from 49.7% for the full year of 2023. Fixed-rate space allocations have also been reduced, as ocean carriers pursue higher spot rate cargo. In addition to a 19.1% increase in volume to 5.6 million TEUs year-over-year in the first four months of 2024, capacity reductions of 14% to the West Coast and 11% to the East Coast have significantly contributed to the recent surge in rates.

NO TERMINAL CONGESTION FROM MAJOR GATEWAYS



Dallas (DFW)

- **Air Exports** - Rates and capacity to the Asia-Pacific region are currently stable
- **Air Imports** – There are signs of congestion.

Toronto (YYZ)

- **Air Exports** - Direct options to Asia-Pac from YYZ are limited, with gateways including YVR, HKG, ICN, TPE, and various ports in the USA. Similarly, there are limited direct options to Europe from YYZ, with more services available to hub cities such as FRA, CDG, MXP, MAD, and ZRH. Rates to both Asia Pacific and Europe are currently normal.

Chicago (ORD)

- **Air Exports** – Air Export – The rate and capacity remains normal except for destinations such as MAA and CGK. The trucking rate is also stable. There is a limited freighter option to SGN
- **Air Import** – There is no congestion except at KE's terminal

New York (NYC)

- **Air Export** - Space to Asia-Pac and Europe is soft, with spot rates available for 300Kg to 1,000Kg shipments. Fuel surcharge rates are as follows: China Airlines \$1.15/KG | Eva Air: \$0.90/KG | Cathay \$0.60/KG | Korean Air: \$1.20/KG.
- **Air Import** - JFK permits only 24 hours of free time post-cargo arrival. It's advisable to steer clear of flights arriving at JFK on Fridays and Saturdays.
- **Trucking** - The current additional truck fuel surcharge ranges between 35% and 40% on top of base.

USWC FACES TIGHTER SPACE DUE TO PERISHABLE SEASON

Vancouver (YVR)

- **Air Export** - Eva Air and China Airlines operate daily flights from YVR. Cathay offers daily flights to HKG. Air China has one flight to PEK on Saturdays. Air Canada provides daily service to HKG and, on days Tue, Thu, Fri, and Sun, to PVG.
- **Air Import** – There is no terminal congestion.

San Francisco (SFO)

- **Air Exports** - Rates to Asia-Pacific and Europe are holding steady with a slight space constraint to Southeast Asia. The perishable season is expected to be heavy and could constrain exports from the Pacific Northwest Regions.

Los Angeles (LAX)

- **Air Exports** – The export capacity is expected to become an issue as summer vacation season approaches with heavy passenger load. In addition to the perishable season, space going to ICN, PVG and beyond will be tight throughout June. Depending on the volume of the cherry crop export, we may see flights getting rerouted to other ports.



NORTH AMERICA OCEAN GATEWAY SITUATION

SPACE & EQUIPMENT SHORTAGE IN ASIA; SKYROCKETING RATES TO THE US

Vancouver

- Port Congestion Update (2-4 Days in Port of Vancouver)
- Port capacity remains stable across all terminals in Vancouver.
- Fuel Surcharge (FSC): additional 32% on base charge
- Vessel discharge times have returned to typical levels.
- Vancouver rail terminal and Prince Rupert rail terminal dwell times are currently extended to approximately 7-10 days due to a shortage in railcar supply.
- There's a possible strike in Terminals CENTERM and FSD (DP WORLD), Rail CP (Canadian Pacific) CN(Canadian National), but Still under negotiation.

Oakland

- There is a shortage of oversized equipment and 20-foot chassis at Oakland port

Los Angeles / Long Beach

- **Ocean Export:** Space for shipments to Southeast Asia is currently limited, and all bookings are subject to approval from feeder vessels.
- **Ocean Import:** Securing terminal appointments for container pickups and returns may experience some challenges depending on the terminal conditions. There is a possibility of yard stops, yard storage fees, and detention charges.

Dallas

- Equipment shortages persist in El Paso, impacting operations.
- The space to all destinations are getting tighter, with an expected rise in rates



NORTH AMERICA OCEAN GATEWAY SITUATION

SPACE & EQUIPMENT SHORTAGE IN ASIA; SKYROCKETING RATES TO THE US



Chicago

- **Ocean Export:** Rate and capacity are stable for both Asia-Pac and Europe routes
- **Ocean Import:** There is a 10-day dwell time before the container gets loaded to rail due to a chassis shortage.

Toronto

- **Ocean Export:** Rate and capacity are stable for both Asia-Pac and Europe routes
- **Ocean Import:** The port is currently congested. Dwell times at West Coast ports, including Vancouver and Prince Rupert, are longer than usual. It is recommended to use ERS service, as dwell times at ports are currently averaging 2-3 weeks.

New York, New Jersey & Norfolk:

- In the current market, New York is experiencing smooth port operations, with no congestion reported at both Global Container Terminal (GCT) and New York Container Terminal (NYCT), both of which are waiving toll-free surcharges. Ocean export rates remain steady, and there is ample space available.
- There is a challenge of securing pickup and empty return appointments at APM terminal
- Fuel and trucking rates now range between 40% to 45%.

MEXICO



Air Freight

- China Southern (CZ) Airlines has recently launched a new direct service from Shenzhen (SZX) to Mexico City (MEX), commencing operations on May 11th with flights departing every Tuesday and Saturday. It's worth noting that there is a height restriction of 160cm for cargo on this route.

Ocean Freight

- As retail stores in Mexico expand operations and increasingly source merchandise from China, we can expect a surge in imports of plastics, appliances, stationery, toys, and various other products. To accommodate this growing demand, major shipping lines such as CMA CGM, COSCO, MSC, and OOCL are introducing new express services, reducing transit times from 25 days to an average of 21 days.
- The cost of importing goods from Asia to Mexico and the West Coast of Latin America has seen a significant increase, with cargo from Asia to Mexican ports costing almost USD \$4,000 per FEU (Forty-foot Equivalent Unit). In response to this uptick in demand and costs, the average freight rate for the FAK (all kinds) market has climbed to approximately USD 3,304 per FEU, marking a substantial monthly increase of 56.89%.

Logistics & Service Notice

To ensure smooth shipping to Mexico, it's advised to secure cargo insurance and verify proper coverage. Thorough paperwork checks for compliance are crucial best practices to follow.

RESTOCKING AND EARLY SURCHARGE FOR OCEAN FROM ASIA

Consumer demand in the UK and Europe is experiencing significant growth, ranging between 10% to 20%. This surge is primarily fueled by customer restocking efforts, particularly in light of the ongoing Red Sea crisis. With the crisis persisting, there is an additional 2-week sailing time, prompting businesses to buffer extra stock to mitigate potential disruptions.



- Shipping lines are initiating early Peak Season Surcharges (PSS), a move aimed at capitalizing on rising demand. Ocean carriers are strategically allocating limited space to forwarders, favoring Freight All Kinds (FAK) or spot rates, which often yield higher returns. However, this practice has resulted in a notable increase in cargo rolling, triggering a ripple effect with the need for additional sailings.
- Major carriers operating into Europe, especially Northern Europe from Asia, are implementing new FAK rates. MSC, for instance, is offering rates of USD 4,500 for a 40ft high cube, while Maersk Line has imposed a substantial rate hike effective from May 11th, with PSS rates tripled from USD 500 per 40ft container to USD 1,500.
- On the Shanghai-Rotterdam route, the average rate per container has surged by 20%, mirroring a sharp increase in pricing from China to the US.

WHAT TO WATCH

USTR Issues Notice on Tariff Changes

The U.S. Trade Representative (USTR) has proposed an exclusion process for machinery under certain tariff lines in Chapters 84 and 85 of the HTSUS to ease tariff burdens on essential machinery imports (page 174 of the report). Additionally, 19 temporary exclusions for specific solar manufacturing equipment are proposed (page 192 of the report).

[Learn more](#)

EU to enforce ICS2 in June

Starting June 3, 2024, the European Union will enforce a new Customs pre-arrival security and safety program called Import Control System 2 (ICS 2). This system mandates that all cargo transported via maritime and inland waterways, roads, and railways to or through the EU, Norway, Switzerland, and N. Ireland must adhere to the updated requirements.

FMC Clarifies DEM and DET Billings

The Federal Maritime Commission (FMC) has clarified that ocean carriers can only bill truckers for demurrage and detention if directly contracted. If not, these charges go to the shipper or consignee. This impacts exporters and importers using NVOCCs. They should ensure timely container pick-up and delivery to avoid these charges.

Potentiel Strike at Vancouver

A strike is highly likely at CENTERM and FSD terminals (DP World), as well as Rail CP (Canadian Pacific) and CN (Canadian National), though negotiations continue. The CBSA (Canada Border Services Agency) is set to strike after a union vote, but the federal government believes there's still time to reach an agreement.



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marketing@dimerco.com



www.dimerco.com

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