TP report for week 24

	Summary	Supplement
TP News		**Sourc**
1	**President Trump Announces 50% Tariffs for Steel and Aluminum, Effective June 4**	President Donald Trump announced Friday that he will be doubling tariffs on imported steel. Trump said during a visit to a Pittsburgh-area steel mill that he would increase the tariff to 50%, upping the levy to protect steelworker jobs in the U.S. “We are going to be imposing a 25% increase,” Trump said from the U.S. Steel facility in West Mifflin, Pennsylvania. “We’re going to bring it from 25% to 50%, the tariffs on steel into the United States of America, which will even further secure the steel industry in the United States. Nobody’s going to get around that.” In February, Trump announced 25% tariffs on steel and aluminum imports, aimed, he said, at bringing more production of the raw metals back to the United States. “We don’t want America’s future to be built with shoddy steel from Shanghai, we want it built with the strength and the pride of Pittsburgh,” Trump said. He made the visit to Pittsburgh to tout a deal in which Japan’s Nippon Steel is acquiring U.S. Steel for $14 billion.
2	**Global uncertainty to erode ocean carrier profits in 2025**	The container shipping industry is on track for a profitable year, though not as strong as 2024, as higher operating expenses dampen rate momentum driven by tariff uncertainty, according to analysts. Among nine publicly traded ocean carriers, revenue for 2025 is expected to reach $138.2 billion, according to Capital IQ Estimates, down from $155.5 billion reported for 2024. Capital IQ is a sister company of the Journal of Commerce within S&P Global. Steadily strengthening freight rates spurred by resilient consumer and industrial demand was the main driver for last year’s results, with the Platts Global Container Index rising from $2,300 per standard container to almost $5,000 by the end of 2024. And while rates remain elevated, particularly in the trans-Pacific, the outlook for earnings is dimmer. Industry-wide net income is expected to be $11.6 billion in 2025, compared to $28.6 billion in 2024, data from Capital IQ Estimates shows. After most carriers reported first-quarter earnings for 2025, analysts trimmed collective earnings forecasts for ocean carriers by $600 million since the beginning of April. Even with the recent tariff turmoil, most ocean carriers saw few, if any, market catalysts to create a repeat of 2024.
3	**Asia-Europe ocean rates spike on congestion, capacity shift**	Ocean shipping rates from Asia to Europe shot up ahead of this week’s June 1 freight-all-kinds (FAK) increases by carriers, with the substantial price hikes supported by mounting delays at severely congested port hubs at both ends of the trade lane. While port bottlenecks absorb capacity on Asia-Europe, surging demand on the trans-Pacific is prompting carriers to shift vessels to the booming China-US trade lane, putting further upwards pressure on Asia-Europe rates. “Carriers are redeploying ships from Asia-Europe and other routes to the trans-Pacific routes, with the capacity in Asia-Europe dropping 17% in the week starting June 16 vs. the end of May,” HSBC noted in its weekly transportation update. “However, we think these are insufficient to address the cargo rush (on the trans-Pacific), while capacity reallocation could cause shortages in other corridors,” according to the bank’s analysts. Drewry highlighted in a recent market update that since late March, labor shortages and low Rhine River water levels have pushed up berth waiting times by 37% in Antwerp, 49% in Hamburg and 77% in Bremerhaven.
4	**Disruption lingers at Mexico’s Manzanillo port weeks after brief strike**	Shipments are still facing delays though Manzanillo, Mexico's largest port, following a four-day strike in mid-May, forwarders say, though one terminal operator is telling customers to expect a return to normal cargo flow as early as this week. Following the strike by workers from the Manzanillo Port Customs Office, vessel arrivals at berth are currently delayed by one day, according to Kuehne + Nagel. However, data from maritime visibility provider Vizion and data and analytics company Dun & Bradstreet show vessels calling Manzanillo taking about two weeks, on average, between arrival and gate out. While terminal operators had initially earmarked June as the projected end date for interruptions, forwarders are still reporting cargo delays. “There’s a headache there – strikes, system collapsed, customs is struggling and chaos with coordination of trucks,” said Nicolas Portenza, president of Eternity International Freight Forwarder México. Manzanillo marine terminals Contecon and SSA are still congested, and high export volumes have resulted in rail delays of about 72 hours for both imports and exports, according to Kuehne + Nagel.
5	**Pause in tariff hikes drives big gains in trans-Pacific spot rates**	Trans-Pacific spot rates are rising at a faster clip than the pandemic-linked boom in the spring of 2021 amid a spike in imports from Asia driven by the temporary pause in tariff hikes put in place by the Trump administration. An ocean carrier executive said liners are being “very aggressive on spot rates” to capitalize on the cargo surge, with so-called general rate increases (GRIs) implemented on June 1 and two other price hikes planned for mid-June and July 1. A half-dozen forwarders told the Journal of Commerce that spot rates this week are in the low $6,000s per FEU to the US West Coast and low $7,000s to the East Coast. Rate indexes, which take a week or two to capture the full rate gains, still showed a big jump this week. Platts, a sister company of the Journal of Commerce within S&P Global, listed the spot rate from Asia to the West Coast as of Monday at $5,600 per FEU, up 33% from just last week. The East Coast rate was $6,500 per FEU, up 25%. Platts data shows the West Coast spot rate has rocketed 173% higher since mid-April, with the East Coast rate doubling over that time. By comparison, as US imports from Asia began to climb in May 2021 following the COVID-related slump, spot rates to the US rose about 20% from mid-April.
6	**April container volumes surge at Port of New York-New Jersey**	The busiest container port on the U.S. East Coast saw surging container volume in April. The Port of New York and New Jersey handled 751,194 twenty-foot equivalent units in April as shippers continued to frontload imports ahead of tariffs on Chinese goods. The total was an increase of 24% from April 2019 prior to the pandemic and a 6% gain from April 2024, according to the Port Authority of New York and New Jersey. Over the first four months of the year, the port handled 2,954,913 TEUs. This marked a 23% jump from the same period of 2019 and an increase of 9% from the first four months of 2024. Container rates tracked by SONAR paralleled the April gains as container rates from Yantian, China, to New York-New Jersey staged a “V shape-plus” recovery after U.S. Treasury Secretary Scott Bessent on April 27 said “there is a path” to a tariff agreement with China. Rates increased from $3,826 on April 28 to $4,348 on May 1.
7	**China Leads Newbuild Orders Despite Threats of Port Fees and Slowing Market**	The threats of tariffs, port fees from the U.S. on Chinese-built ships, and a slowing overall market for newbuilds have yet to chip away at China’s leadership in shipbuilding. The latest data from Clarkson Research points to China’s continued dominance while South Korea and others look for new strategies to take advantage of the uncertainties in the market. Shipbuilding orders overall are off dramatically in the first five months of 2025 compared to the record pace of 2024. Clarkson’s data shows that total orders were down by more than half (55 percent) with analysts commenting that it is the first sign of uncertainty, the issues in global trade, and falling freight rates. This is despite a record pace for containership orders which are at an all-time high with the total capacity on order up nearly 50 percent from a year ago. Chinese shipbuilders continued to lead the orders in the first five months of the year with Clarkson calculating they booked 7.86 million compensated gross tons or nearly half the orders compared to 3.1 CGT for South Korea which represented 24 percent of the global market. Total orders worldwide were calculated at 15.92 million CGT. While the U.S. released the details of its plan for port fees in mid-April, orders continued a similar pattern in May. China booked 39 percent of global orders (640,000 CGT) or a total of 42 ships. South Korea booked just 15 percent of the orders in May or 250,000 CGT for eight ships while in a market anomaly, France rivaled China with nearly a third of the orders, or 546,000 CGT, driven by MSC Cruises' large cruise ship order.
TP Market dynamics		**Sou**
1	**Maersk’s contract logistics business adds New Jersey warehouse**	Maersk has added to its North American portfolio with the lease of one of the largest warehouses in southern New Jersey. The move comes as Maersk flagged better growth in its warehousing and related businesses during its most recent earnings release. Maersk confirmed media reports that it leased the 1.2-million-square-foot Box Park Logistics Center, located about 10 miles from the Port of Philadelphia and roughly 80 miles from the Port of New York and New Jersey. The facility, built in 2023, has 215 dock doors and can be expanded by another 300,000 square feet. The region where the warehouse is located has seen new construction plummet amid increasing industrial property vacancies in the Northeast US. Commercial realtor CBRE said in May that new warehouse construction in the south New Jersey-Philadelphia metro region totaled 11.6 million square feet in the first quarter of 2025, down 25.3% from the fourth quarter of 2024. Vacancy rates for Northeast warehouses reached 7.6% in the first quarter, compared to around 3% in 2022, marking 12 quarters of increasing vacancy rates. Maersk said in its first-quarter earnings release that it expects vacancy rates to remain close to the long-term 7% average as new construction better matches demand.
2	**HMM to launch a new North China-Indonesia service**	HMM announced the launch of a new service, the North-China-Indonesia Service (NIS), which will connect key ports in North China and Indonesia starting from June. The service will be jointly operated with Singapore-based carriers PIL and X-Press Feeders. A total of five vessels, each with a capacity of 4,000 to 5,000 TEU, will be deployed. The first voyage is scheduled to depart from Tianjin, China on June 19. In addition to its existing ICN (Intra-Asia Cross Network) service, HMM expects the new service between North China, Singapore, and Indonesia to enhance its competitiveness in the Indonesian market and strengthen feeder connectivity to its long-haul trades. The NIS service will follow a 35-day round voyage, calling at: Tianjin – Qingdao – Xiamen – Singapore – Jakarta – Surabaya – Singapore – Tianjin
3	**Carriers ride wave of ‘disruptive’ operating model, but for how long?**	It’s become a pattern that most ocean carriers are privately all too happy to accept, even at the expense of frustrated customers. The pattern is this: External shocks wreak havoc, system-wide capacity is effectively withdrawn due to port congestion, longer transits or re-deployed tonnage, and rates and profits go up. For carriers that had struggled for decades, these recent problems – beginning with COVID and continuing with the Red Sea, Panama Canal, tariffs and growing global port congestion – are good problems to have. But how long can it last? And what happens when the party’s over? The private view of carriers – that customers contributed to their years in financial purgatory – makes them minimally sympathetic to the impact, and increasingly willing to do their part to hit the brakes on capacity. Carriers went from having virtually no ability 25 years ago to pull capacity to embracing slow steaming, idling, blank sailings, and in the case of some carriers, buying versus chartering and thus controlling tonnage. Carriers “do not want to change the practices of (port) omissions, slow steaming, cut-and-runs, demurrage and detention,” said one knowledgeable observer of carriers. “They like disruptions and are not eager to move to a model where cargo is delivered as booked.” Years like 2024 and now 2025, which were supposed to be awash in red ink for carriers, suddenly became profitable. But carriers must wonder how sustainable the “disruptive” model is.
4	**June expected to be peak for niche carriers in the trans-Pacific**	Sea-Intelligence said Thursday it expects niche ocean carriers to provide 4.6% of the weekly capacity in the trans-Pacific by the end of June. That would top the 4.5% those carriers deployed at the start of September 2021. “During the height of the pandemic, the [Asia-North America West Coast (NAWC)] trade lane saw a slew of new entrants — carriers which had no previous footprint on Asia-NAWC and were only there to seize an opportunity that had presented itself in the form of unnaturally high freight rates,” Sea-Intelligence Chief Executive Alan Murphy said. Murphy added that capacity “is back at the level” seen during the height of the pandemic. “This means that the current market conditions are such that these new entrants feel that there is an opportunity reminiscent of the global pandemic,” he said. Some niche carriers have remained in the trans-Pacific since 2022, seeking to offer regularly scheduled liner service instead of ad hoc calls. SeaLead Shipping and T.S. Lines launched a jointly-operated trans-Pacific service into the Port of Long Beach almost one year ago when freight rates hovered near $6,000 per FEU. Hede Shipping has also regularly offered a premium express service to Los Angeles since March 2024. However, Sea-Intelligence sees the current surge in niche carrier capacity ending faster than it did during 2021–22. Sea-Intelligence data shows that weekly niche carriers will account for 3.8% of capacity by the end of July, with that amount dropping to 2.6% by mid-August. The drawdown coincides with expectations that imports from Asia will peak around late summer as the Trump administration’s 90-day reprieve on Chinese tariffs expires.
TP Trend forecasts		
1	USWC：It is estimated that rates could drop to $3,000/40HQ this week. Compared to last week, although the decline in freight rates is smaller, the number of shipping lines offering low rates has increased significantly.	
2	USEC: Currently, the OA Alliance + ONE + MSC have announced a rate increase of $1,200/40HQ effective the 15th. However, YML, HPL, and MSK have confirmed they will not raise rates for the East Coast, maintaining current prices until the end of the month. Since there are no extra-loader vessels affecting the East Coast market, the final outcome for late-month rate movements—whether an increase, extension, or decrease—remains uncertain.	