TP report for week 27

	Summary	Supplement
TP News		**Source: ene**
1	**Closure of Strait of Hormuz would further stretch global container capacity**	The Iranian government's threat to close the Strait of Hormuz amid Israel's attack on the country would tie up already stretched global container capacity, cut off Jebel Ali and Abu Dhabi ports and put upward pressure on bunker fuel costs. Just 2% to 3% of global container traffic moves through the vital chokepoint for crude oil transport, according to data from Container Trade Statistics (CTS). Nonetheless, a restriction on container traffic through the strait, making deployed tonnage ineffective, would put upward pressure on freight rates and extend transit times. Sea-Intelligence Maritime Analysis warned of major problems for container shipping should the strait be closed. "At the time of writing this, the two countries are exchanging continuous barrages of missiles and drones," Sea-Intelligence CEO Alan Murphy wrote in the Sunday Spotlight newsletter. "For now, this has not led to any impact on commercial shipping in the Strait of Hormuz, and we should hope this to not become the case. If that happens, it will have a significant impact on container shipping flows to the major transshipment hubs in the region." Dubai's Jebel Ali was the 10th largest global container port as measured by volume in 2024, according to Alphaliner, while Khalifa is Abu Dhabi's flagship container port.
2	**Trans-Pacific spot rates falling as tariff-linked demand surge loses steam**	Spot rates in the eastbound trans-Pacific are in rapid retreat, a sign the import surge that came on the heels of the temporary pause in higher US tariffs won't have the staying power many initially believed, market sources say. Rates to the West Coast were at $3,500 per FEU as of June 17, down 32% in just one week, according to Platts, a sister company of the Journal of Commerce within S&P Global. East Coast rates of $6,500 were 11% lower on the week. Forwarders peg current rates from Asia to the West Coast in the low $3,000s per FEU, with East Coast rates in the low $6,000s per FEU. As recently as June 6, the West Coast rate was in the low $6,000s and the East Coast rate in the low $7,000s, according to Platts.
3	**Ocean carriers flex tonnage control, but overcapacity is mounting**	External forces and a modicum of industry discipline mitigated yawning overcapacity in container shipping in the first half of 2025. But the sharpest pressures on ocean carriers' capacity control, and resulting pricing, in the coming year are only intensifying – as reflected by the plunge in container spot rates on the trans-Pacific. The signs and rewards of capacity discipline in the first six months were modest. Container lines concluded annual trans-Pacific service contracts at levels 10% to 20% higher than last year, moving closer to $2,000 per FEU to the US West Coast for mid-size importers, executives at three container lines told the Journal of Commence on the condition of anonymity. Those gains are less impressive when carriers' operating costs have risen in the mid-single digits in the same period, largely due to higher chartering rates and terminal handling charges, but still speak to carriers' increasing control of the market. Service contract rate levels in the past have crumbled in the face of a second-half plunge in spot rates, with importers successfully demanding pricing relief on minimum quantity commitments (MQC) agreed to earlier in the year. There is no guarantee carriers would show the same resolve if a spot rate plunge followed the early and already waning peak season. But the fact that carriers mostly kept contracted importers to their MQC when spot rates began spiking in early May bodes well for their resolve.
4	**Ocean carriers face three-year decline in profitability**	Ocean carriers can expect a sharp decline in earnings over the next three years as overcapacity potentially triggers "an aggressive price war," with 2027 representing the bottom of the profitability "trough," HSBC said Thursday in its latest container shipping report. Transportation analysts at the global bank indicated in the report that while carriers will remain profitable through the period, it will be nowhere near the three record years of 2021, 2022 and 2024. "We expect tariff uncertainties to weigh on demand from [the second half of 2025] and bring the focus back to overcapacity and earnings downside," the report stated. HSBC is expecting a 45% year-over-year decline in profits for the container shipping industry this year, a steeper 61% decline in profits in 2026 and a further 10% slide in 2027. No profit amounts were provided. "We expect profits for the sector through 2027, but an aggressive price war by carriers could drive losses," the bank said. Carriers earned close to $60 billion in operating profits in 2024, which followed a $1.4 billion loss the previous year. Pandemic-driven profits in 2022 hit a record $208 billion, beating the previous record of $110 billion set in 2021. Fast-declining rates will impact earnings over the next three years, with HSBC expecting the Shanghai Containerized Freight Index (SCFI) to drop by 35% in 2025 and 2026 and another 15% in 2027.
5	**Crowley launches first service linking Central America to US East Coast**	US-based ocean carrier Crowley will expand its intra-Americas network in July with a new direct service linking ports in Guatemala and Honduras to Philadelphia. The five-day transit will be Crowley's first route between Central America and the US East Coast. The first northbound voyage for the service, using the 1,400-TEU Copan, will leave Central America for Philadelphia on July 3. A statement from Crowley this week announcing the service did not provide details on its frequency, but said the vessels will carry food, apparel, industrial products and consumer goods. Reinier van Delden, vice president of commercial operations for Crowley Logistics, said in the statement the service, using new LNG-powered vessels, will " deliver the fastest transit times in the market." "This means less inventory idle time, lower supply chain costs, and longer shelf life for critical products like fresh produce," he said. The service, which van Delden said already has "significant booking commitments," will serve Central America's Northern Zone, which includes El Salvador and Nicaragua in addition to Guatemala and Honduras.
6	**Vessels Now Keeping to Omani Waters in Straits of Hormuz Traffic Scheme**	Traffic entering and leaving the Arabian Gulf through the Straits of Hormuz stick to well-established sea lanes recognized by the UN's International Maritime Organization. At the narrowest point, both the northern/inward channel and the southern/outwards channel lie in Omani waters, both before and after this choke point the sea lanes historically have crossed into Iranian territory. The plot of the sea lanes is primarily designed for times of peace and stability, with optimal channels minimizing passage times and fuel costs. Much of the Omani diplomatic effort directed at Iran is based on the need for these two countries to agree to the unfettered operation of the Traffic Separation Scheme - for the benefit of both parties and the international community. A review of ship movements in the strait on June 19, repeated today on June 20, shows that shipping is now avoiding Iranian territorial waters in the approaches, in the strait itself and then further into the Gulf, where standard routing previously was largely through Iranian waters. Routes now being used fall within international waters in the Gulf of Oman approaches. Within the Straits, ships appear to be keeping further south and wholly in Omani waters, in the northern/inward channel - previous routing used to edge Iranian territorial waters. Once in the Gulf, all vessels are keeping close to the Ras Al Khaimah coast, within Emirati territorial waters, save those heading for Iranian ports. Crowding so much traffic into narrower sea lanes inevitably increases the risk of collisions.
TP Market dynamics		**Source: Sl**
1	**Cosco/OOCL saw big gains in US imports from Asia in early 2025**	Cosco Shipping and its OOCL subsidiary, already the top carriers for US imports from Asia, grew their combined volumes substantially during the first four months of the year, according to the Journal of Commerce rankings of the Top 15 container lines on the eastbound trans-Pacific. The liners carried almost 1.09 million TEUs in imports to the US through April, up 23% over the same period in 2024. Their combined market share increased 1.6 percentage points to 17%. The big gains for the Chinese carriers came amid increasing scrutiny of China's maritime industry and attempts by Washington to dull that influence. The Top 15 container lines for imports carried 98.9% of the 6.4 million TEUs from Asia in the first four months of 2025, up 11.2% year over year. The carriers in second through sixth place saw slight on-year declines in market share. CMA CGM/APL retained the second slot for imports with 830,039 TEUs, good for 13% market share. Their combined volumes fell almost 5% during the first four months, shrinking market share by 2.2 percentage points. Mediterranean Shipping Co. (MSC) moved from fourth in 2024 to third this year, importing 11.5% of US cargo from Asia through April. MSC brought in 739,324 TEUs, up 10.5% from 2024. Bumped to fourth, Ocean Network Express's (ONE) market share was 11.3%, down 0.6 of a percentage point from 2024. Evergreen Line trimmed the same from its market share to land in fifth place with 10.9%. Sixth place went to A.P. Møller – Maersk, with 8.9% of the total market share – down 2 percentage points from last year.
2	**New shipping lane from Hede Shipping**	On June 25, Hebei Port Group's subsidiary Hede Shipping held a product launch and customer exchange meeting in Guangzhou for its new South China-US West Coast Express (SCX) service. The company announced the upcoming launch of this new route, with the inaugural voyage scheduled for July 16 from Nansha Port, Guangzhou, offering 14-day direct transit to the Port of Los Angeles. Initially, the service will operate on a bi-weekly basis, but by coordinating with the existing East China-US West Coast Express (ECX), Hede Shipping will provide weekly service. This marks Hede's third US West Coast express route, following the North China-US West Coast Express (NCX) (from Huanghua Port) and the East China-US West Coast Express (ECX) (from Shanghai Port).
3	**Cosco boosts feeder reach under pair of deals with X-Press**	Cosco Shipping Lines has strengthened its short-sea capabilities in growing regional markets after signing two deals with Singapore-based X-Press Feeders, the world's biggest feeder operator. The deals signed this week will significantly boost Cosco's feeder shipping capabilities in Europe and the Mediterranean, accounting for 47% of deployed capacity. The tie-up will also give Cosco and X-Press the leading position in Latin America and the Middle East. The first deal covers a partnership agreement in which the carriers will cooperate on the development of feeder services in North Europe, the Mediterranean, the Middle East, Latin America and Asia. The second is a leasing agreement in which X-Press Feeders will provide Cosco Shipping Lines with rights of first refusal to charter newbuild vessels, which could be deployed to support joint services, X-Press said in a statement. The deals are aimed at providing greater flexibility and schedule integrity to overcome port congestion, which has been a particular problem in North European ports this year. Consultancy MDS Transmodal said the two companies will have around 82,900 TEU of the almost 176,700 TEU feeder ship capacity deployed in Europe and the Mediterranean. Cosco's Diamond Line short-sea subsidiary is currently the largest feeder operator in the two markets with 48,000 TEU, while X-Press Feeders is fourth with almost 35,000 TEU, according to data prepared by MDS Transmodal.
4	**UWL locks in new vessel partner for trans-Pacific Vietnam service**	Third-party logistics provider UWL is switching the ocean carrier it uses for its Vietnamese trans-Pacific container service to Seattle — and swapping in a new China call on the loop — with a view to eventually offering weekly sailings on the niche service. UWL Chief Executive Duncan Wright said in a letter to customers this week the company signed a contract with Emirates Shipping Line (ESL) to become the new vessel operator on its Sun Chief Express Service, replacing Swire Shipping, part of Asian conglomerate Swire Group. UWL originally partnered with Swire to launch the Sun Chief Express in 2022. The service connects Vietnam's Hai Phong and Ho Chi Minh City ports with Seattle, offering about 2,700 TEUs in biweekly vessel capacity and an approximate 20-day sailing time. Wright said that while UWL was vetting other vessel operators for possibly offering a weekly service, Swire decided to "phase out" its involvement in the Sun Chief service. The last Swire ship will depart Ho Chi Minh port on July 14, while two westbound sailings during July on Swire vessels will be blanked as part of the phaseout. The first ESL vessel, the 2,782-TEU Bright, will depart Ho Chi Minh port on July 22. It will call Shekou in China before continuing to Seattle. The Sun Chief service will remain biweekly for the time being.
TP Trend forecasts		
1	USWC: MSK had already given up on price increases. OA+PA+MSC have all increased their prices by $300/40HQ, indicating a clear intention to stop the decline from a small increase. Going to USWC, SLS Alliance services are available nationwide, and other carriers in the Southwest of the United States do not have a blank sailing plan. The overall supply of transportation capacity is still sufficient, and the actual results show that the means of stopping the decline with small gains cannot be achieved.	
2	USEC: MSK has given up on price increases, and OA has increased by $900. However, in reality, all carriers in the East Coast of the United States have not overbooked their shipments. Carriers originally intended to find a balance between high freight rates and loading rates, and low freight rates and loading rates through price increases. But after MSC also notified USEC not to increase but to decrease, other Carriers had to	
Carrier indications for fixed levels		
1	ONE： from 6/26, FIX PSS lowered to $360 $400/WC, $900 $1000/EC	
2	HMM： from 6/26, FIX PSS lowered to $360 $400/WC, $900 $1000/EC	