



FILE PHOTO: Shipping containers are stacked at Gwangyang port in Gwangyang, South Korea, June 14, 2022. Yonhap via REUTERS

Container Shipping Market Faces ‘Brutal’ 2024, Xeneta Says

Mike Schuler

Total Views: 836

November 30, 2023

The latest data from Oslo-based Xeneta suggests that 2024 could be an even more difficult year for carriers in the ocean freight shipping market.

The [Xeneta Shipping Index](#) (XSI®), which tracks real-time developments in global long-term contracted rates, has fallen by a further 4.7% in October, reaching a new low of 158.5 points. This represents a significant decrease of 62.3% compared to November 2022.

Emily Stausbøll, a market analyst at Xeneta, warns that this latest development is an alarming sign for carriers.

“Those older contracts will largely be replaced in the early part of next year and carriers will be left exposed to the current weak market,” said Stausbøll.

Stausbøll predicts that the situation will worsen in 2024 as these older contracts are largely replaced with new ones at much lower rates. She highlights Maersk’s loss of EBIT US \$27m in Q3 as a significant indicator of the challenges ahead. The long-term rates, although up by 39.5% compared to November 2020, have not been sufficient for many ocean liner shipping companies to achieve a positive operating margin in Q3 this year.

The market turmoil is expected to intensify as the XSI® drops further next year. Stausbøll raises concerns about the financial losses that carriers may face, emphasizing the potential magnitude of the challenges. “If carriers are already reporting losses, what are they going to be next year? We could be talking about extremely big numbers,” she says.

While long-term rates remain solid compared to pre-pandemic levels, Stausbøll highlights that carriers will need to focus on capacity management to avoid catastrophic financial losses in 2024. However, she acknowledges that achieving this will be extremely tough.