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Hapag-Lloyd CEO sees solid shipping demand driving up freight rates

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Solid container shipping demand has driven up freight rates over the past two months, Hapag-Lloyd chief executive Rolf Habben Jansen said in a call with reporters on Wednesday.
Attacks on vessels by Yemen-based Houthi militants have led shipping firms to avoid the Red Sea that connects with the Suez Canal and instead use a longer route around southern Africa, a situation whose end was hard to predict, he said.
“We have seen solid demand, particularly since May 1, that meets with limited availability, also because of the Red Sea situation, that’s why spot rates are going up,” Habben Jansen said.
The CEO, who heads the world’s fifth largest container company, showed slides predicting that global demand for container space could grow between 3% and 4% year-on-year in 2024.
He added it could even come in higher than that range, in his view, citing high Transpacific demand as consumers are restocking.
The demand trend, combined with the Red Sea re-routings and port congestion in Asia, have counteracted what could have turned into a looming oversupply picture in the world fleet this year, he said.
The diversions are tying up around 5-9% of global vessel capacity.
Shipping platform Freightos’ spot container index, which tracks the average price of 40-foot containers on 12 major trade lanes, has risen 40% in the past six weeks to $5,068.
A small free float of Hapag-Lloyd shares have gained 7% since mid-May.
Source: Reuters (Reporting by Vera Eckert, editing by Madeline Chambers and Christina Fincher)