# Liner shipping firmly on track for its most profitable year outside the covid era

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Port of Los Angeles

Liner shipping is firmly on track for its most profitable year outside the covid era. The container shipping industry had total net income of $26.8bn in the third quarter, a sharp 164% increase sequentially from the $10.2bn earnings reported in Q2, according to data compiled by John McCown-led Blue Alpha Capital.

Compared to last year's third quarter, net income in this quarter represented an increase of $24bn or 856% from the $2.8bn profit in the year ago quarter.

Putting the third quarter in perspective, the $26.8bn earned is more than twice what the container shipping industry earned in any previous full year outside of the covid era.

The stunningly strong earnings seen in 2024 have emanated from the Red Sea shipping crisis, as well as robust volumes seen across all trade lanes.

*The $26.8bn earned in Q3 is more than twice what the container shipping industry earned in any previous full year outside of the covid era*

Breaking down the earnings of listed global carriers, analysts at Linerlytica noted that EBIT margins of the nine largest publicly listed liner companies rose to 33% from 16% in the previous quarter. However, a clear gap has emerged between the top and bottom performers with Hapag-Lloyd and Maersk lagging far behind their peers. The two partner carriers in the new Gemini Cooperation achieved an average EBIT margin of 23% in the third quarter, less than half of Evergreen's 50.5% margin.

"Signs point to 3Q24 being a peak but near term catalysts abound," Blue Alpha Capital stated in a report issued yesterday, a point of view shared by analysts at Sea-Intelligence who noted in their most recent weekly report: "We are now clearly past the rate peak in 2024, which has been underpinned by the Red Sea crisis."

While various spot indices have come off their recent highs, Blue Alpha Capital is anticipating a strong fourth quarter for liner earnings, something that is being borne out at ports around the world.

For instance, cargo volumes at the US's top two ports – Los Angeles and Long Beach – set new records in October.

"These robust, sustained volumes will likely continue in the coming months with strong consumer spending, an early Lunar New Year, importer concerns about unresolved East Coast labour issues, and the possibility of new tariffs next year that could drive up shipping costs," commented Los Angeles port executive director Gene Seroka.

"The current market is not only being driven by demand, but also a host of micro inefficiencies that are keeping both freight and charter markets buoyant," noted broker Braemar in a recent report.

Drewry's container composite index, published today, was down $28 to $3,412.89 per feu, which is 67% below the previous pandemic peak of $10,377 in September 2021 but 140% more than the average $1,420 in pre-pandemic 2019.