Container shipping market outlook for 2025

Houthi attacks on ships in the Red Sea and diversions via the Cape of Good Hope resulted in a much stronger container shipping market than expected last year, but will this be sustained in 2025?

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In the second part of our 2025 shipping market outlook series, we are focusing on the container sector with Maritime Strategies International (MSI) analyst Daniel Richards.

Speaking to the Seatrade Maritime Podcast Richards sees a market this is being sustained by disruptions at least through the first half of the year.

You can listen to the full interview as a podcast in the player above

Is the market starting to normalise as we move into 2025?

Richards says 2024 was a surprising year and far different from what was expected 12 months earlier. However, there is a sense that markets have calmed down compared to start of 2024, and freight markets have also cooled since the summer of last year but remain much higher than they were 12 months earlier. Rates for a vessel going round the Cape of Good Hope from Asia to North Europe are $4,000 - $5,000 per forty foot box compared to $1,500 - $2,000 prior to the Houthi attacks.

“So, it does remain a much more profitable environment, the line of operators than was the case 12 months ago,” Richards says.

There are also a number of risks and uncertainties in 2025. MSI does not expect Houthi attacks on shipping to end this year or that liner companies will be confident of returning to the Suez Canal. There is also the possibility of US East Coast ports strike in January, and the Trump factor. “There are definitely new forms of disruption on the horizon and it isn't a market that's yet fully back to normal.”

Can Cape of Good Hope diversions soak up new capacity set to be delivered in 2025?

“It will certainly help and without the diversions, the industry would clearly be in a very different situation today,” Richards says.

MSI expects the rate of fleet growth to slow in 2025 with 6% capacity growth this year compared to 10.5% in 2024, and this will slow further to 3% in 2026. “That's still a lot of tonnage to absorb, and a lot of big ships to absorb in particular.” Given the volume of new tonnage coming into the market Cape of Good Hope diversions will not sustain the market indefinitely. However, Richards believes that diversions will put a floor on the market that is higher than it was 12 months earlier.

Trump tariff plans, US port strike threat, changes in alliance structures – how does this all play out in 2025?

“I think for the moment, this combination of factors is supporting the market,” says Richards. A move up in spot rates that started in Q4 2024 is expected to continue through to Chinese New Year at the end of January.

“What we have seen is that volumes moving into the US have been notably strong for quite some time now.” This has in part been related to shippers moving cargo ahead of possible port strike in January, and now ahead of increased tariffs from the incoming Trump administration, and for the time being volumes remain relatively healthy.

“We think that on a trade basis, the level of trade growth we've seen in 2024, which is like to be around 6% year over year in total, that's unlikely to be maintained next year or in 2025, but overall trade growth should remain relatively healthy. So, I think these disruptions for the moment are going to keep freight rates relatively elevated,” Richards says.

New alliances with both the Gemini Cooperation and the Premier Alliance set to go into operation could lead to some softening of freight rates if members are keen to retain customers and are concerned over market share. “As these new alliances are launch, they're a bit more differentiated in terms of the structure and the service offerings they're providing with customers,” Richards notes.

The Gemini Cooperation is focused on a hub and spoke network and schedule reliability, while the Premier Alliance, Ocean Alliance, and MSC on its own a more focused on point-to-point offerings. “That's probably a level of differentiation that hasn't been seen for quite some time.”

So, a strong start of the year and then the latter half will depend on how certain other things play out?

“Yes, definitely. and we don't know for instance what Trump will actually do with tariffs - this is a huge level of uncertainty. What he said he might do on the campaign trail is not what he's initially promised to do via social media,” Richards comments.

A stated 25% tariff on Canadian and Mexican goods would not be too relevant for container shipping while a 10% uplift in tariffs on Chinese goods may not be as consequential as some expect.

“Assuming, of course, Trump goes ahead with this, he may change his mind. He might be using these threatened tariffs as a way to extract concessions from trading partners”

It also remains unclear over what timeframe tariffs will be introduced, Trump has claimed he will do it from day one of the Presidency via an Executive Order, however, this is an untested route.

Tomorrow in part three of the series we will take a detailed look at the dry bulk shipping market outlook for 2025