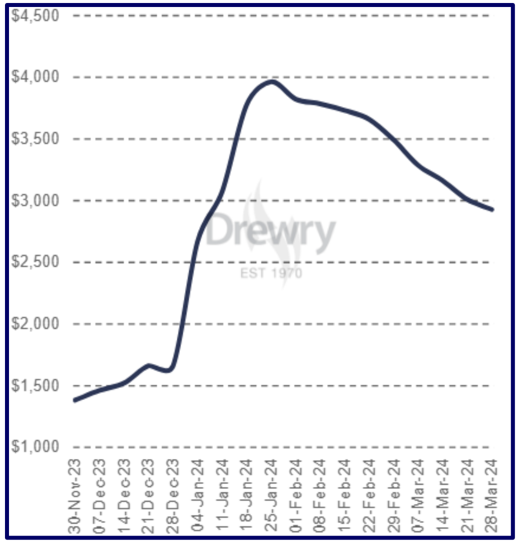
GLOBAL TRANSPORTATION MARKET REPORT APRIL 2024

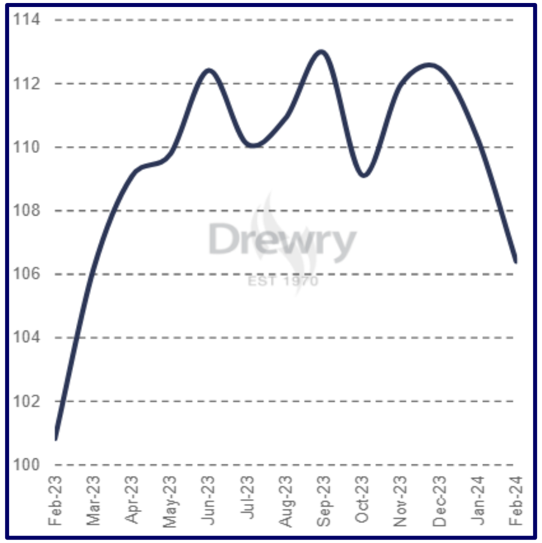
AIT®
WORLDWIDE LOGISTICS

GLOBAL OCEAN TRENDS

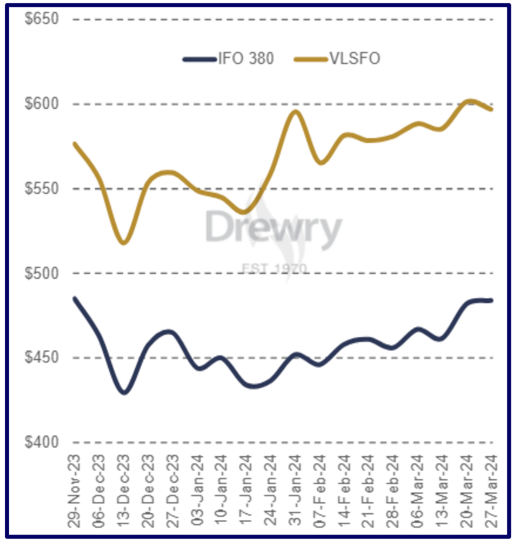
World Container Index



Global Port Throughput



Bunker

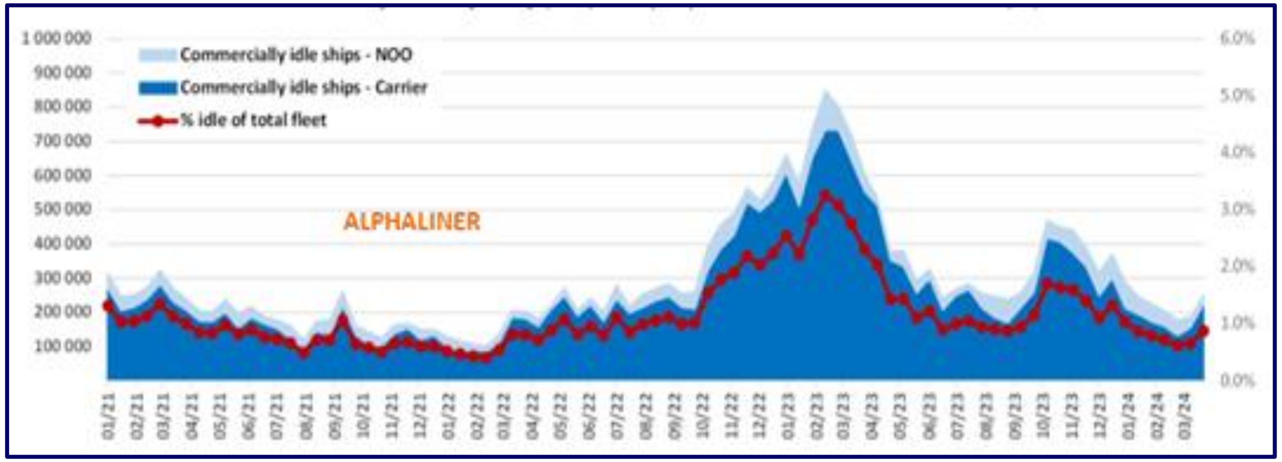


Source: Drewry Marine Research

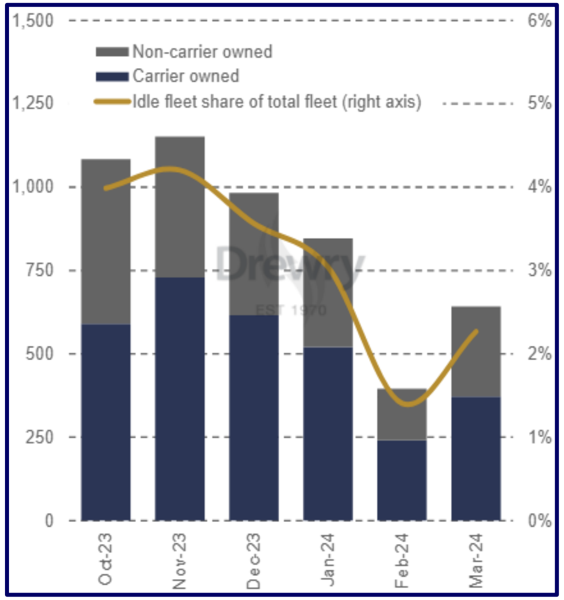
- The automotive sector will be most impacted by disruption at the Port of Baltimore following last month's collapse of the Francis Scott Key Bridge. 2M partners, Maersk, MSC and ZIM are among the port's top callers.
- Despite experiencing a 7.4 magnitude earthquake in early April, Taiwan's ports are not experiencing any delays.
- The heightened risk in the Red Sea allowed ocean carriers to hike rates because rerouting around the Cape of Good Hope temporarily provided an artificial balance between supply and demand, but analysts believe the ongoing increases may have peaked.
- Demand for additional ocean capacity remains muted with shippers perceiving widely available capacity in the market, especially with carriers continuing to order new vessels.

CAPACITY AND IDLE FLEET

Tonnage Inactive



Source: Alphaliner



Source: Drewry Marine Research

- According to Alphaline, the idle capacity is flat at just 0.7% of the total fleet, with 79 idle ships representing 251,049 TEUs.
- Manufacturers delivered nine new vessels to carriers in April, with MSC, Maersk, and ZIM taking delivery of 15,000+ TEU vessels each. Orderbooks continue to remain robust.

OCEAN TRADE LANES

- Delays due to the conflict in the Red Sea are averaging 12 to 13 days, particularly on the FEWB and Asia-Mediterranean trade lanes.
- Analysts predict rates will hold at present levels for the next few weeks and then likely soften.
- Carriers continue to see attacks from Somali pirates, which could cause additional impacts on the already tense situation in the region.
- Following last month's collapse of the Francis Scott Key Bridge at the Port of Baltimore, carriers are diverting vessels to other U.S. East Coast ports. Port authorities have stated they will be able to handle this influx of additional cargo for the time being.

Trade Lane	Status	Comments
TPEB to USEC		
TPEB to USWC		
CBP to N Eur		
CBP to MED		
SE Asia to N Eur		
SE Asia to MED		
ISC to US		
N Eur to ISC		

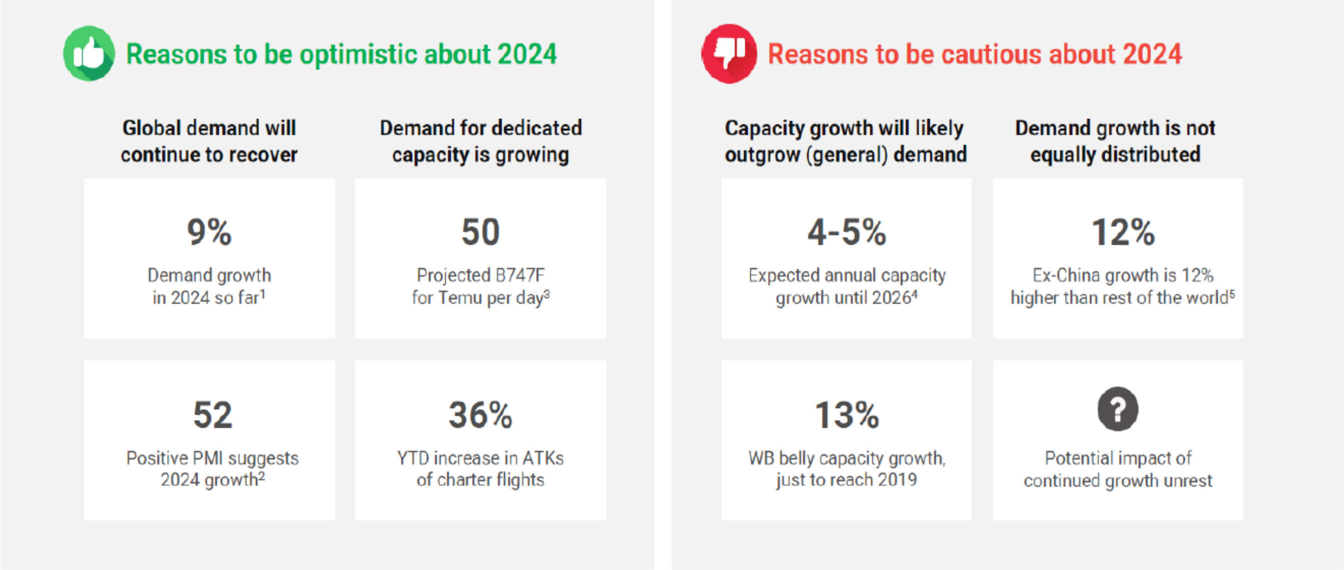
Trade Lane	Status	Comments
N Eur to AP		
MED to AP		
US to N Eur		
US to MED		
MED to US		
N Eur to US		
US to ISC		
Med to ISC		

	Available space; quick booking turn time.
	Capacity well utilized; some space available.
	Demand higher than supply; space agreements challenged.

OCEAN CARRIER UPDATES

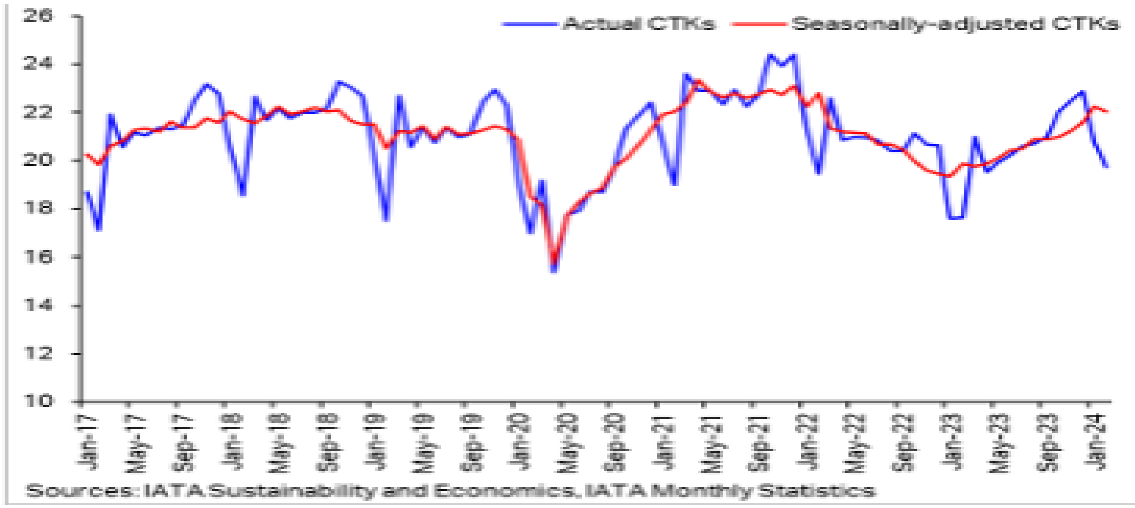
- Hapag-Lloyd's departure from THE Alliance at the end of January 2025 will have limited impact on the transpacific loops, as the alliance's remaining partners, Ocean Network Express, HMM and Yang Ming, will continue to provide service on the lanes.
- Maersk and HLAG’s new alliance, The Gemini Cooperation, will also continue to provide service on the trade with all but two of the same loops in the market as before Hapag-Lloyd's departure.
- CMA CGM, COSCO SHIPPING Lines and Ocean Network Express plan to begin a new cooperation on the trade lane between the U.S. East Coast, the Caribbean and the West Coast of South America.
- In May, Maersk plans to relaunch its seasonal "Fruit Bridge" service catering to citrus fruit exports from South Africa to Northern and Southern Europe.
- Ocean Network Express updated the rotation of its new India – U.S. East Coast service and will launch it next month.
- THE Alliance will postpone the resumption of its Asia - U.S. East Coast via Suez service until the conflict in the Red Sea stabilizes.

GLOBAL AIR FREIGHT MARKET OUTLOOK



- Global air cargo demand kicked off with an impressive 18.4% year-over-year (YoY) growth in January.
- Seasonally adjusted (SA) CTKs grew 3.2% month-over-month (MoM).
- International CTKs expanded YoY both globally (+19.8%) and across all major trade lanes. The annual growth is attributable to routes and carriers involving the Middle East and Asia.
- On the capacity side, industry-wide available cargo tonne-kilometers (ACTK) rose by 14.6% YoY last month, in large part thanks to the continued expansion of international passenger belly capacity.
- The expansion in traffic compared to January 2023 was supported by easing inflation across major economies. It continued to outpace YoY growth in trade and production figures.

Global Tonnage Flown per Kilometer (CTK) (billions per month)



Source: IATA Economics

	World share[1]	February 2024 (% year-on-year)				February 2024 (% year-to-date)			
		CTK	ACTK	CLF (%-pt)	CLF (level)	CTK	ACTK	CLF (%-pt)	CLF (level)
TOTAL MARKET	*100.0%*	**11.9%**	**13.4%**	**-0.6%**	**45.1%**	**15.0%**	**13.9%**	**0.4%**	**45.4%**
Africa	*2.0%*	22.0%	28.2%	-2.3%	45.1%	18.7%	23.3%	-1.7%	43.9%
Asia Pacific	*33.3%*	11.9%	23.1%	-4.3%	43.2%	18.1%	23.9%	-2.2%	44.0%
Europe	*21.4%*	14.6%	13.2%	0.7%	58.4%	15.6%	13.0%	1.3%	56.8%
Latin America	*2.8%*	13.7%	8.9%	1.6%	37.6%	10.7%	6.2%	1.4%	35.5%
Middle East	*13.5%*	20.9%	16.2%	1.8%	46.3%	23.6%	16.7%	2.5%	45.1%
North America	*26.9%*	4.2%	1.9%	0.9%	39.6%	6.7%	2.9%	1.5%	41.4%
International	*86.6%*	**12.4%**	**16.0%**	**-1.6%**	**51.2%**	**15.9%**	**17.1%**	**0.2%**	**50.3%**
Africa	*2.0%*	21.9%	28.0%	-2.3%	46.4%	18.6%	23.3%	-0.4%	45.2%
Asia Pacific	*29.8%*	11.2%	24.3%	-6.0%	50.9%	17.0%	26.0%	-0.4%	51.0%
Europe	*21.0%*	15.0%	13.8%	0.6%	60.4%	16.0%	13.6%	-0.1%	58.9%
Latin America	*2.4%*	13.4%	10.6%	1.0%	42.6%	10.7%	8.1%	2.6%	40.2%
Middle East	*13.4%*	20.9%	16.2%	1.8%	46.6%	23.6%	16.7%	0.4%	45.4%
North America	*17.9%*	3.2%	5.0%	-0.8%	48.1%	8.6%	8.5%	-1.1%	47.1%

Note 1: % of industry CTKs in 2023

Note 2: the total industry and regional growth rates are based on a constant sample of airlines combining reported data and estimates for missing observations. Airline traffic is allocated according to the region in which the carrier is registered; it should not be considered as regional traffic. Historical statistics are subject to revision.

AIR FREIGHT OVERVIEW

- Global air cargo rates continued to rise throughout March, thanks to strong demand from origins in Asia and the Middle East.
- Average prices have recovered to the same levels as last year's winter peak season, just 7% lower in comparison to this time last year.
- Asia-Europe air traffic remains significantly elevated compared to this time last year, in part because ocean lanes between the two regions have faced significant disruption.

AIR FREIGHT RATE TRENDS

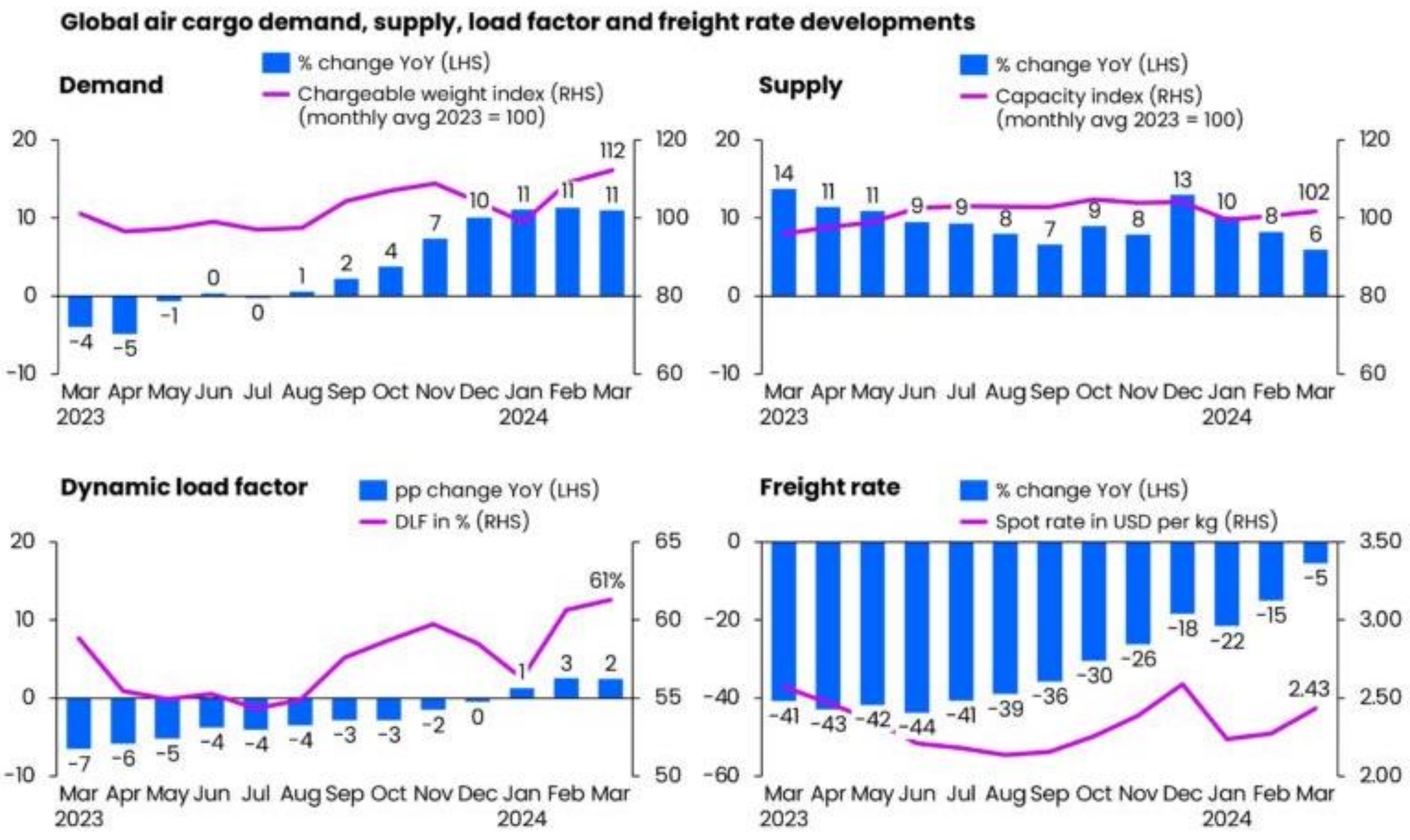
Rates continue increasing in April, especially between South Asia to Europe

- Average global rates increased week on week (WoW) by more than 2% in week 14 (April 1-7) to $2.54 per kilo. Following consecutive WoW increases between 2% and 3% last month, rates are now just 1% lower compared to week 14 last year and significantly above pre-COVID levels (up 41% compared to April 2019).

- WorldACD analysis reveals a significant surge in spot rates from Middle East and South Asia (MESA) to Europe in recent weeks, especially from India and Bangladesh. Spot rates are approximately double compared to this time last year, up to $3.43 per kilo in week 14 (+109%). The upswing is linked to strong demand developments combined with capacity issues due to container shipping disruptions in the Red Sea and Ramadan.

- Jet fuel prices are also beginning to have an impact on rates. While fuel pricing leaped by more than 4% WoW in week 14 and more than 3% on the previous month, it remains slightly lower in comparison with this time last year.

International Cargo Rates



Source: Xeneta

AIR CARGO DEMAND

- Elevated air cargo demand is continuing to exert upward pressure on rates

AIR TRADE LANES

- Due to the ongoing conflicts in the region, carriers continue to cancel flights to Israel.
- Likewise, carriers are avoiding the airspace over Iraq, Israel, and Iran, causing delays in the Asia-Pacific region.
- E-commerce volumes are surging and predicted to grow throughout 2024 and beyond, driving increased demand for dedicated air freight.
- Rates were near Q4 2023 peak levels at the end of Q1 2024.

Trade Lane	Status	Comments
AP to US		
US to AP		
Europe to AP		
AP to Europe		
Europe to US		
US to Europe		

Trade Lane	Status	Comments
US to LATAM		
LATAM to US		
Europe to LATAM		
LATAM to Europe		
India to US		
US to India		

	Available space; quick booking turn time.
	Capacity well utilized; some space available
	Demand higher than supply; space agreements challenged.

NORTH AMERICAN TRANSPORTATION

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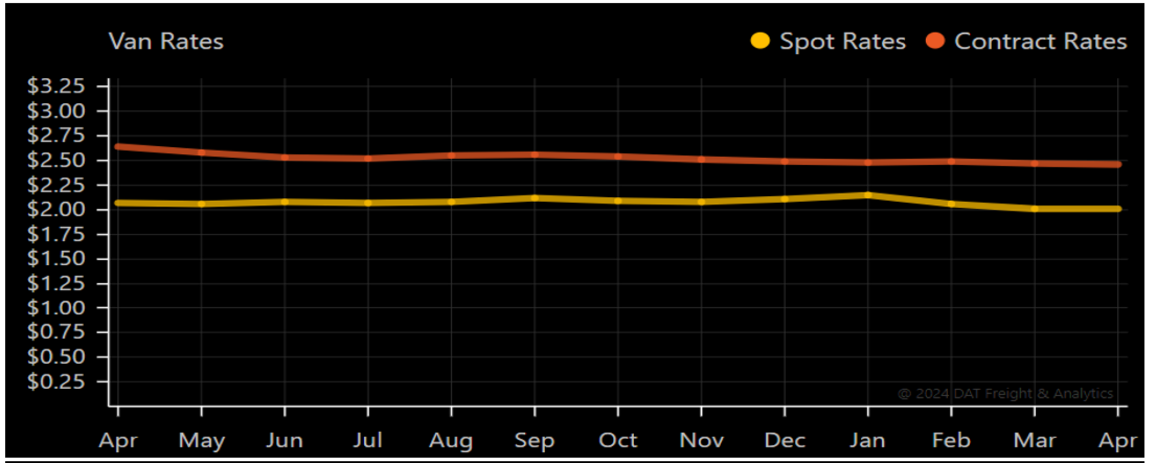
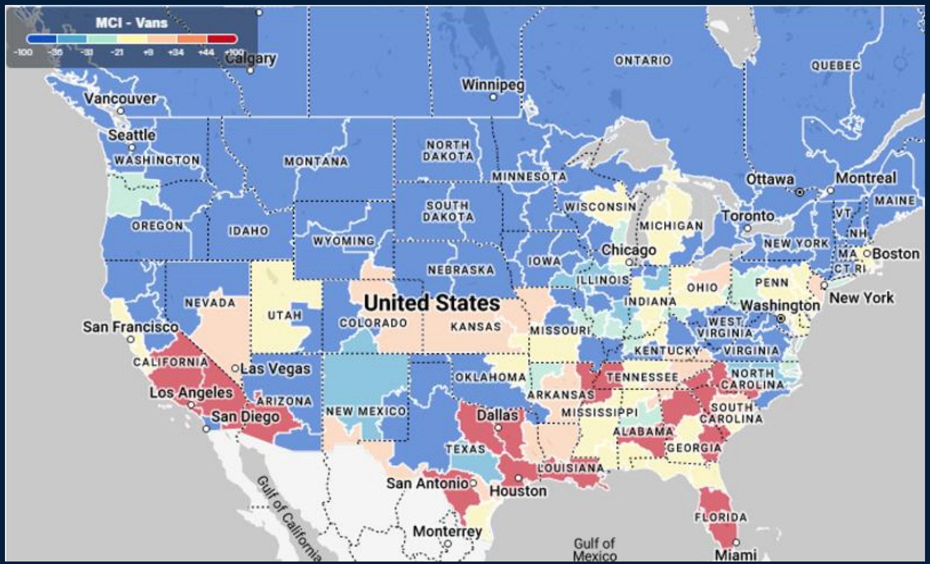


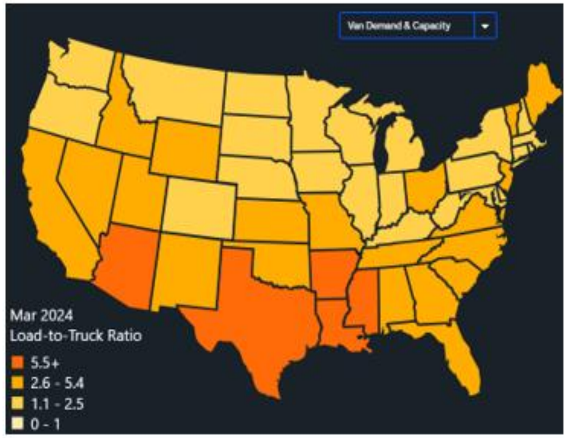
- Persistently flat spot market and contract mileage rates are affecting larger trucking companies, especially the publicly traded firms. Some analysts have lowered their outlooks for the big operators, but the greater impact may be on smaller, independent truckers whose businesses are more susceptible in a weaker market. Many companies ramped up to meet pandemic-driven demand, but now the market is defined by excess capacity since retailers and manufacturers are focused on cutting logistics costs.
- The trucking industry is uncertain about U.S. government strategy with respect to building nationwide charging station infrastructure and providing financial support for the transition to electric vehicles. Concerns include EV battery weight, impact on available payload, driver hours of service, and the distance of drive time.

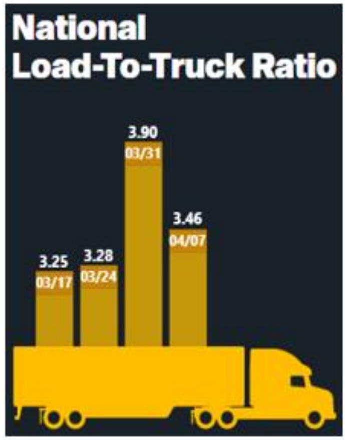
NORTH AMERICAN TRANSPORTATION

- Load-to-driver capacity remains favorable in most U.S. markets.
- Due to the spring surge in produce hauling, capacity is tight across the southern tier states.



Dry Van Capacity Data





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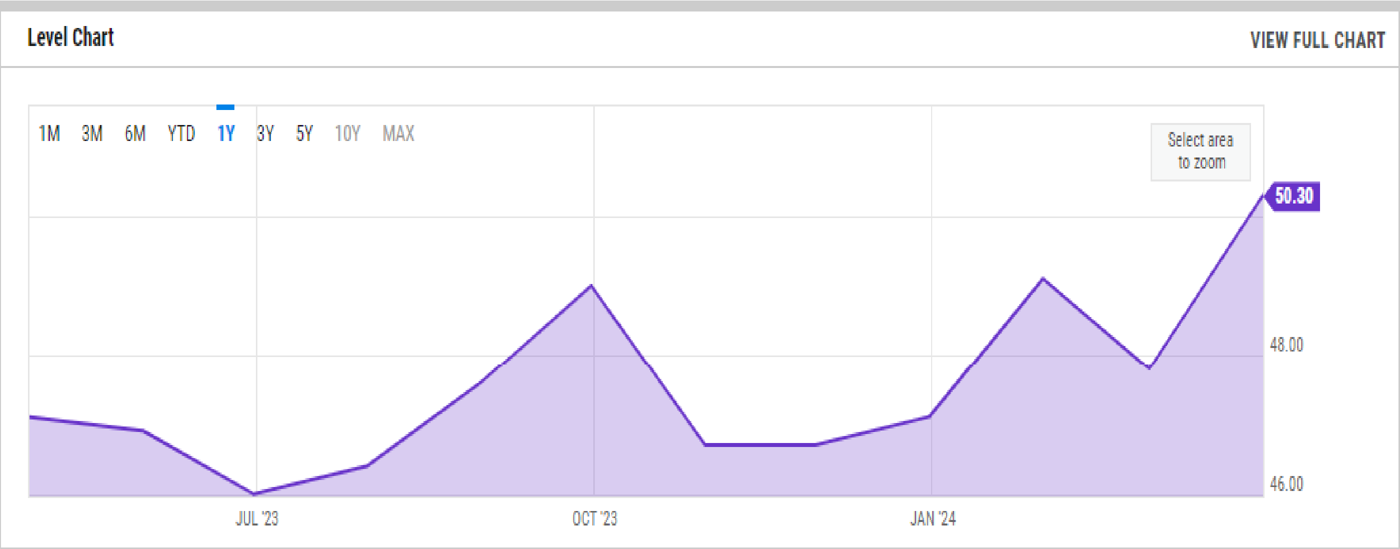
US ISM Manufacturing PMI



U.S. ISM Manufacturing PMI is at a current level of 50.30, up from 47.80 last month and up from 46.30 one year ago. This is a change of 5.23% from last month and 8.64% from one year ago.

ECONOMIC INDICATORS

The Conference Board Update:

The U.S. economy entered 2024 on strong footing, but headwinds including rising consumer debt and elevated interest rates will weigh on economic growth. While we do not forecast a recession in 2024, we do expect consumer spending growth to cool and for overall GDP growth to slow to less than 1% across Q2 and Q3 2024. Thereafter, inflation and interest rates should gradually normalize, and quarterly annualized GDP growth should converge toward its potential of near 2% in 2025.

U.S. consumer spending held up remarkably well in 2023 despite elevated inflation and higher interest rates. However, this trend is already beginning to soften in early 2024. For instance, retail sales growth across the first few months of the year has been weak. Gains in real disposable personal income growth are softening, pandemic savings are dwindling, and household debt is increasing. Consumers are spending more of their income to service debt and delinquencies are rising. Additionally, the growth in 'buy now, pay later' plans may also weigh on future spending as bills come due.

Thus, we forecast that overall consumer spending growth will slow in Q2 and Q3 2024 as households struggle to find a new equilibrium between income, debt, savings, and spending. While we anticipate labor market conditions to soften over this period, we do not expect them to deteriorate. As inflation and interest rates abate, consumption should expand once again in late 2024.

TURN INSIGHTS INTO ACTION WITH AIT

Partner with a global network of experts on logistics plans tailored to you

Now that you know what's on the horizon for the coming month, it's time to strategize. But you don't have to do it alone. Let us put our 40+ years of experience across every industry, mode and region to work for your organization.

North American Domestic Product
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