

New quarterly review gives shippers' verdict on container shipping market

For immediate release

Importers and exporters around the world are experiencing rising container shipping rates on most routes, despite the costs of vessel operation falling, due to lower fuel costs and better utilisation of capacity. Available capacity continues to lag growth in demand as global trade recovers from the Covid-19 induced shocks of the first half of 2020.

These are the headline conclusions of a new periodic report on the container shipping market produced by logistics research consultancy MDS Transmodal (MDST) and the Global Shippers Forum (GSF) that represents cargo owners' interests world-wide.

The ***Container Shipping Market Quarterly Review*** will be produced every three months and will report, interpret and comment on trends and developments in the container shipping market as experienced and understood by shippers – the importers and exporting businesses that own the cargo carried and contract with container shipping lines for the transport of their containerised goods.

The Review collates and reports outputs from MDST's established and respected Container Business Modal and other tools that are relied upon by governments and international agencies around the world. Working with GSF, MDST has generated eight new indicators showing how the market is performing in terms that are relevant and applicable to shippers as users and customers of these services.

The summary findings are shown in a 'Global Shippers Dashboard' which is colour-coded to show how the past quarter's developments have impacted on shippers. The Dashboard for Q3 2020 is shown below.

The eight indicators will be updated each quarter as new data becomes available. All data is derived from publicly available sources but MDST and GSF believe this the first time they have been used to provide a 'customer' perspective on container shipping developments.

Mike Garratt, Chairman of MDS Transmodal, commented

"The global economy depends very heavily upon the effective connectivity, capacity, reliability and cost effectiveness of the container industry. It is served by a fleet of around 5,000 container ships with a combined deployed service capacity of 200m TEU p.a. where 90% of the capacity on deep-sea services is controlled by the leading 10 shipping lines. The value of goods they transport, around \$6-7 trillion p.a., equates to the combined GDP of Germany and the UK. This quarterly review seeks to bring together and analyse supply, demand, performance and economic data that uses common coding definitions to facilitate cross referencing to provide a coherent description of this industry.

"The data sources are (effectively) in the public domain. The Review is based upon data that MDST has been collating (on supply and demand) for 25 years. We are very interested in any feedback. In future

editions, we will extend the richness of the data and analysis including for example shipping lines' capacity shares and the logistic performance indicators.

"We are delighted to collaborate with the Global Shippers Forum in this venture, representing as it does the widest possible grouping of users of the container network. We trust it will be of interest to shippers, ports, lines, regulators, governments and international institutions alike".

James Hookham, Secretary General of Global Shippers Forum, commented:

"Shippers are experiencing massive fluctuations in global trading patterns, erratic service levels and runaway spot rates. The Container Shipping Market Review aims to give them an insight to what's going on and allow them to put numbers to the changes they are experiencing.

"MDST's unique data modelling capabilities will help shippers explain their experience of shipping services and costs to their internal audiences. It will also allow GSF and its member associations to provide a reliable evidence base in our work to inform national governments and international agencies of the behaviour of a sector which is vital to the economies of every trading nation on the planet".

GLOBAL SHIPPERS DASHBOARD Q3 2020		
KPI	Indicator	Status & Overview
1	Trade volumes	Global trade levels recovered strongly in Q3 but remained below 2019 levels for the quarter overall. Container shipping demand is weaker than a year ago.
2	Shipping capacity	Sharp increase in shipping capacity deployed during Q3 as production and consumption resumed but lagged overall growth in demand.
3	Capacity utilisation	Historically high levels of utilisation of deployed capacity were achieved in Q3.
4	Carrier costs & revenues	Unit operating costs continued to decline in Q3 due to lower fuel prices and higher utilisation of capacity. Unit revenues rose sharply from better capacity utilisation and increased volumes. Rate increases appear not to driven by increases in unit operating costs.
5	Market competitiveness	The top ten shipping lines accounted for 90 per cent of deep-sea container movements in Q3.
6	Port connectivity	Many ports have seen service frequency and connections reinstated as more services have resumed. Global connectivity for imports and exports is being restored to pre-pandemic levels.
7	Service performance	Service predictability for shippers declined at many ports as vessels resumed intermediate calls at congested ports, delaying service arrivals and departures beyond their expected times.
8	Carbon dioxide emissions	CO ₂ emissions per TEU have remained broadly flat since 2016, awaiting new global measures to be adopted by IMO probably from 2023. This indicator can be used by shippers to report on the contribution of container shipping to their overall carbon footprint.
Status colour code: Red = adverse development or trend (from shippers' perspective) Amber = neutral or concerning development or trend (from shippers' perspective) Green = improving development or trend (from shippers' perspective)		

Notes for Editors:

1. ***The Container Shipping Market Quarterly Review for Quarter 3 2020*** may be downloaded from: <https://www.globalshippersforum.com/media/1353/container-shipping-market-quarterly-review-2020q3.pdf>
2. MDS Transmodal (MDST, www.mdst.co.uk) is a firm of transport economists based in Chester (UK) which specialises in maritime and all other modes of freight transport. MDST works with senior management in the public and private sectors to provide strategic advice based on quantitative analysis, modelling and sectoral expertise.

MDST data, modelling and industry expertise can be applied to analyse strategic issues and opportunities wherever the client is based in the world. Clients include UNCTAD, the World Bank, the European Commission, government at all levels, ports and terminal operators, developers of distribution parks, financial institutions, global shippers and shipping lines and a wide range of professional services companies.

All of the data and graphs presented in the GSF/MDST Container Shipping Market Quarterly Review can be provided at a more detailed level, e.g. trade data by country pairs as well as individual commodities, capacity and services performances by service and operator, etc.

3. Mike Garratt, Chairman of MDS Transmodal, is available for interview. Please contact +44 (0) 1244 348301
4. Global Shippers Forum (GSF, www.globalshippersforum.com) is the global business organisation speaking up for exporters and importers as cargo owners in international supply chains and trade procedures. Its members are national and regional shippers' associations representing hundreds of manufacturing, wholesaling and retailing businesses in over 20 countries across five continents. GSF works for safe, competitively efficient and environmentally sustainable global trade and logistics.
5. James Hookham, Secretary General of GSF, is available for interview. Please contact: +44 7818 450440