

OCEAN MARKET UPDATE



CURRENT STATE

Chinese New Year has once again disrupted global supply chains well beyond the holiday week itself. In early February, factories in mainland China began ramping down as workers departed ahead of the official break, triggering a surge of last-minute shipments that congested major export gateways such as Port of Shanghai and Port of Ningbo-Zhoushan, tightened gate-in restrictions, and drove up trucking costs amid seasonal labor shortages. With the holiday period now concluded, factories are in the early stages of restarting operations, but output remains below normal levels, meaning a gradual ramp-up through early to mid-March and continued pressure on lead times. Carriers added capacity before the rush and then canceled sailings afterward, creating space constraints, equipment imbalances, and uneven service reliability, reinforcing CNY as a multi-week supply chain event requiring coordinated planning.

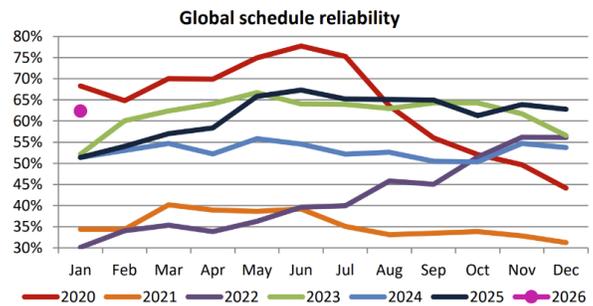
Imports arriving in Southern California have been lower than the prior year for much of the past seven months, but this reflects a return to normal levels rather than a slump. After a decade of steady growth from 2010 to 2020, the region experienced five years of volatility due to the pandemic, labor disruptions, and tariff changes, which amplified fluctuations in import volumes. Inland Point Intermodal (IPI) movements from California grew rapidly from 2023 to early 2025, taking an increasing share of imports, while transload volumes grew more slowly due to their complexity. By late 2025, IPI volumes declined and transload volumes rose slightly, reflecting normal seasonal patterns. Taken together, these trends indicate a market that has moved past the extreme swings of recent years and is operating within more traditional volume and routing patterns.

MARKET FORECAST

Hapag-Lloyd's acquisition of Zim Integrated Shipping Services will strengthen the carrier's global position, elevating it to the world's fifth largest container line and expanding its market share across key trades. The deal boosts its trans-Atlantic share to 27%, while also sharply increasing its presence on other key routes. CEO Rolf Habben Jansen emphasized the strategic value of stronger positions on the Atlantic and trans-Pacific corridors, as well as long sought growth in Asia-Latin America and intra-Europe. The deal also strengthens Hapag-Lloyd's intra-Asia footprint through Zim's Hong Kong-based affiliate Gold Star Line, which operates 20 regional services, providing a platform for network expansion and reduced reliance on slot charters. The acquisition, pending shareholder and regulatory approval, comes amid a supply driven market downturn.

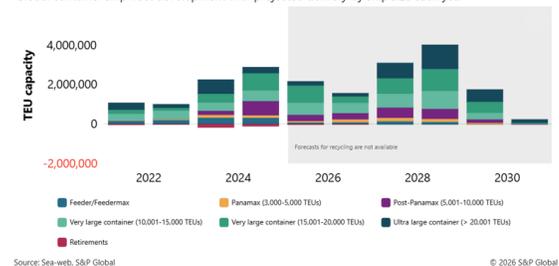
The Trump administration unveiled "America's Maritime Action Plan" to revive the US maritime sector, anchored by a proposed Maritime Security Trust Fund financed largely through new fees on foreign-built vessels calling US ports. The plan would impose a universal infrastructure or security fee on foreign-built commercial ships based on the weight of imported cargo, with estimates suggesting a 1 cent per kilogram charge could raise \$66 billion over 10 years and a 25-cent fee nearly \$1.5 trillion. It also proposes a 0.125% Land Port Maintenance Tax on goods entering via land. Beyond revenue measures, the blueprint calls for rebuilding domestic shipbuilding capacity, modernizing major shipyards, expanding a fleet of US built and US flagged vessels, and easing regulatory barriers. The initiative builds on an executive order issued by Donald Trump and will require congressional approval, with legislation expected to accompany the fiscal year 2027 budget request.

Global schedule reliability among ocean carriers showed a slight decline in January 2026, falling 0.4 percentage points month-over-month to 62.4%, yet remained the second-highest January level in the past six years. Hapag-Lloyd and Maersk emerged as the most consistent performers, each around 72%, while Evergreen and MSC trailed at just under 65%. At the alliance level, the Gemini Cooperation maintained a commanding lead with 89.5% reliability across all arrivals, contrasting with MSC at 68.7% and Ocean Alliance at 64.0%. Trade-lane results were uneven as Asia-North America lanes posted modest improvements, while Transatlantic Westbound fell sharply to 55.4%. Africa-Europe experienced the steepest decline to 38.7%. Average delays for late vessels edged up to 5.17 days, underscoring persistent operational pressures and highlighting that, despite overall gains, volatility across lanes remains a key challenge for carriers entering 2026.



The container shipping industry is facing growing overcapacity as large volumes of new ships enter service while very few older vessels are scrapped, putting pressure on freight rates and profitability. Major carriers are already reporting losses or declining profits, with millions of TEUs of additional capacity scheduled through 2028 and continued strong ship ordering despite weak market conditions. Meanwhile, scrapping levels remain historically low even as the share of aging vessels rises, contributing to a surplus that could reach about 8% in 2026, potentially driving significant. Analysts suggest scrapping may increase only if market conditions worsen such as more traffic returning to the Suez Canal or be delayed until the heavy wave of deliveries in 2027 to 2028 forces fleet reductions; otherwise, carriers may rely on operational measures like blank sailings, slow steaming, or further speed cuts to manage capacity. Overall, persistent over ordering and limited demolitions have entrenched oversupply, creating a buyers' market for shippers, though carriers are expected to actively counter prolonged rate weakness.

Scrapping virtually non-existent in 2025 while deliveries pour into service
Global container ship fleet development with projected delivery by ship size each year



Sources: Alphaliner, Journal of Commerce (JOC), The Loadstar, Freightos Terminal, Sea-Intelligence, Containier-News.com, Seatrade Maritime, Descartes, eeSea, MaritimeGateway