

Container Shipping Market Overview & Outlook

Q2 2023 Highlights



Demand



The IMF forecasts that the **global economy will grow by an average of 3.0% during 2023-2024**, 2.8% in 2023 and 3.0% in 2024. Risks remain tilted to the downside.



Global conditions for manufacturing are challenging. The **global manufacturing PMI remains below 50.0**, indicating slowing activity.



Retail sales remain near COVID-19 levels in both the US and EU. However, **retail sales have been experiencing a slow but steady decline**.



Despite low Transpacific Eastbound volumes since 2nd half 2022, **US retail inventories to sales ratio has not fallen and remains at 1.21**, matching the pre-COVID-19 level.

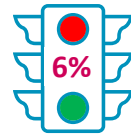
Supply



The order book has reduced slightly but we still expect **4.9 million TEU to be delivered from 2023 to 2024**.



Ship recycling activity has not yet increased as previously expected but we still expect **recycling could reach 0.9 million TEU during 2023-2024**.

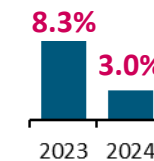


Congestion tied up as much as 14% of the fleet during 2021-2022. Now, it has dissipated and compared to 2022 will **increase supply by 6% in 2023**.

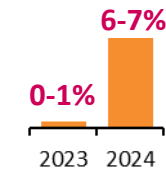


Average sailing speed could fall by as much as 10% due to EEXI/CII. **We estimate sailing speed will fall 5% in both 2022 and 2023**.

Supply/demand



In total, **supply is forecasted to grow 11.5% from 2022 to 2024**. If sailing speeds do not reduce as forecasted, supply growth could be higher.



In total, **demand is forecasted to grow 6-8% from 2022 to 2024**. Risks in the global economic could drive growth lower.



The supply/demand balance will weaken significantly. In 2024, supply/demand balance may improve but not enough to counter adverse development in 2023.