

### Slow and steady recovery for container shipping

**London, UK, 3 April 2018** – The outlook for the container shipping market in 2018 and 2019 is a combination of healthy demand growth that will outpace the fleet; resulting in a better supply-demand balance and slightly higher freight rates and profits for carriers, according to the latest edition of the [Container Forecaster](#) published by global shipping consultancy Drewry.

“The bad news for carriers is that they are unlikely to see the very strong demand growth rates of early 2017 for the foreseeable future. The good news is that while port handling growth may have peaked, they can still expect more than adequate volumes for at least the next two years,” said Simon Heaney, senior manager, container research at Drewry and editor of the [Container Forecaster](#).

The latest edition of [Container Forecaster](#) includes Drewry’s forecasts for world and regional container port handling, the containership fleet and how those will combine to affect freight rates and carrier profitability through 2019.

Subtle changes to the orderbook, mainly in the form of delivery deferrals, have softened this year’s new capacity burden and had a positive effect on Drewry’s supply-demand equations for both 2018 and 2019.

“The top-heavy delivery schedule for 2018 with the majority of ULCVs being delivered in the first quarter has depressed our supply-demand index, but the balance will improve as the year progresses,” said Heaney. “Unfortunately for carriers this won’t come soon enough to erase the negative sentiment for annual contracts, hence why we only anticipate a small uplift in average freight rates for the year.”

Heaney added that renewed newbuild contracting activity is not yet at the level that risks worsening the supply-demand balance. “For now, we are optimistic that new investment in containerships will be appropriate to the demand needs,” he said.

Drewry’s forecasts were finalised before the escalation in trade hostility between the US and China. “We did build in some element of trade deflation based on past rhetoric and actions,” said Heaney. “A trade war is not yet inevitable, but given the lack of details, quantifying the risk to container shipping is very difficult. For example, much of the hi-tech goods considered liable to tariffs will be airfreighted rather than move on the water. In a worse-case scenario we believe as much as 1% of the world’s loaded container traffic could be exposed, and were the situation to become real we would clearly have to revise our demand forecasts downwards.”



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“**Container Forecaster**” is a quarterly report published by Drewry Maritime Research and is priced at \$4,150 for an annual subscription.

The report is available from the Drewry website at [www.drewry.co.uk](http://www.drewry.co.uk).

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### **About Drewry**

Drewry is a leading international provider of research and consulting services to the maritime and shipping industry. From its origins in 1970 London to a 21<sup>st</sup> century maritime and shipping consultancy, Drewry has established itself as one of the most widely used and respected sources of impartial market insight, industry analysis and advice. Offering a unique combination of sector knowledge, rich market insight and commercial awareness, Drewry is able to consistently deliver the performance, profitability and competitive advantage its clients seek.

Drewry serves its clients through four business units: Drewry Maritime Research, publishing market-leading research on every key maritime sector; Drewry Maritime Advisors, supporting the needs of shipping and financial institutions; Drewry Supply Chain Advisors, providing seafreight procurement support to retailers and manufacturers; and Drewry Maritime Equity Research, delivering an Investment Research Service on listed companies operating in the industry.

Drewry has a truly global perspective of the maritime sectors and areas of expertise it covers and employs over 100 professionals across an international network of offices in London, Delhi, Singapore and Shanghai.

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