AUGUST 2025

MARKET UPDATE

JMR

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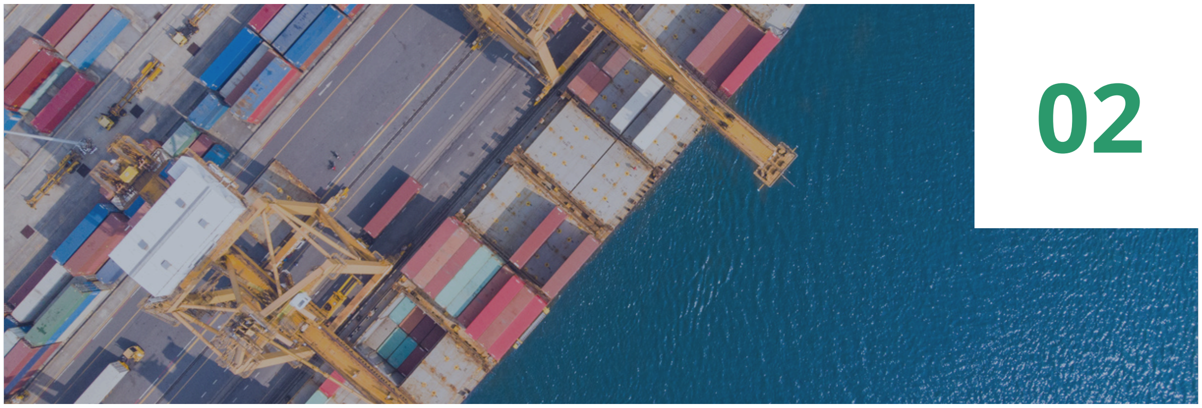

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Market Conditions

The Transpacific container shipping market continues to show signs of weakness, with no evidence of a traditional peak season emerging. Spot rates remained mostly flat last week but declined again with a 3.3% drop.

Forecasts suggest continued rate softening through late 2025, especially as new U.S. tariffs and restrictions on Chinese vessels loom.

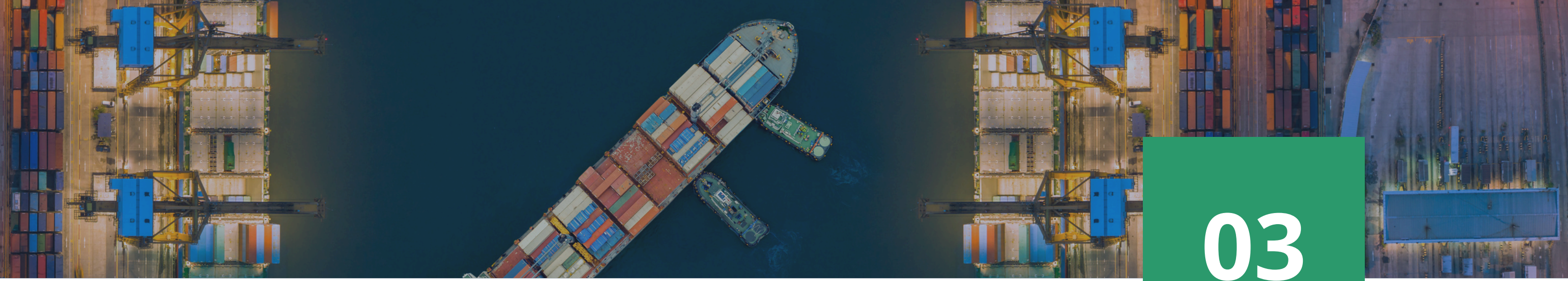
Ports in Southeast Asia continue to report higher total loadings compared to those in China. Tropical storms have caused delays of two to three days at ports across China.

Booking Trends & Tariff Impacts

Bookings have softened since July, and carriers anticipate continued volume declines through Q3 and potentially into Q4. This is mainly due to:

- Frontloading of seasonal freight by shippers earlier in the year
- New US tariffs, effective August 7, which are expected to suppress demand further, particularly among:
  - Smaller cargo owners
  - Shippers of low-value goods

These groups may be forced to reduce or halt shipments entirely, as higher tariffs make landed costs uneconomical.



Capacity Utilization & Carrier Strategy

Capacity utilization on Transpacific services has dropped to its lowest level since April. According to LINERLYTICA’s latest weekly newsletter:

- Utilization on both USEC and USWC routes may fall to 85% this week.
- Tariffs have already contributed to higher inflation and slower job growth, which are expected to dampen demand growth in H2 2025.
- Carriers are relying on capacity management—primarily blank sailings—to stabilize rates. However, if demand remains weak due to macroeconomic uncertainty and reduced visibility, these measures may prove insufficient.

Seasonal Outlook & Rate Volatility

Despite current market softness, US importers will still require inventory for the holiday season. This could lead to:

- A brief rate and volume surge in late September, ahead of China’s Golden Week factory shutdowns (first week of October).
- A temporary spike in spot rates lasting two to three weeks, followed by a rapid decline.

Carriers’ strategic capacity cuts may amplify this volatility, creating short-lived opportunities and risks for shippers.

President Trump's Executive Order

1. Shipments loaded on vessel and in final mode of transit before 8/7/2025 U.S. Eastern time, and entered for consumption before 10/5/2025 U.S. Eastern time, will still have a baseline 10% reciprocal tariff on imports.
2. Shipments loaded on vessel and in final mode of transit before 8/7/2025 U.S. Eastern time, and entered for consumption on and after 10/5/2025 U.S. Eastern time, will have a country-specific rate listed in Annex I.
3. Shipments loaded on vessel on and after 8/7/2025 U.S. Eastern time will have a country-specific rate listed in Annex I. Countries not listed in Annex I will be subject to a 10% reciprocal tariff.
4. An additional 25% tariff on Indian imports, effective August 27, in response to India’s continued purchase of Russian oil.
5. A new 50% tariff was imposed on semi-finished copper goods and copper-intensive components from China, effective August 1.

The above information is for reference only. Should you have any inquiries, please do not hesitate to contact us.

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