

Hapag-Lloyd CEO predicts early peak season for ocean shipping

Expect a softer March then a volume build, Habben Jansen says

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(A Hapag-Lloyd vessel berthed at the Port of Los Angeles. Photo: Jim Allen / FreightWaves)

Hapag-Lloyd's annual report for 2023 and financial results for Q4 reveal exactly how challenging the ocean container market has been for the largest steamship lines. The report, which the German container ship line released Thursday, notes that Liner Shipping revenues dropped 48.5% to 17.7 billion euros (\$19.2 billion) from 2022 to 2023, and earnings before interest, taxes, depreciation and amortization fell by 77.1% to 4.4 billion euros over the same period.

The ocean carrier grew its volumes slightly, from 11.8 million twenty-foot equivalent units to 11.9 million TEUs, but the collapse of average freight rates from \$2,863 per TEU to \$1,500 per TEU meant that Hapag-Lloyd took in much less money for every box it moved, crushing its margins and profitability. As a group — in other words, consolidated Liner Shipping and Terminal and Infrastructure results — Hapag-Lloyd managed to generate profits of 2.9 billion euros in 2023, down 82.6% from 17 billion euros in 2022.

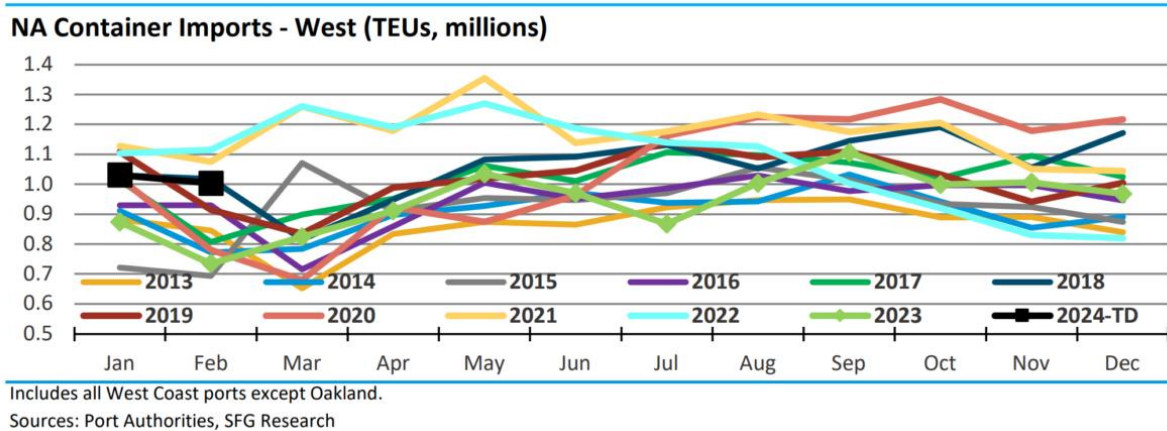
Note that Hapag-Lloyd's 2023 results were still the third-best profitability result in the group's history; the steep decline in freight rates, revenues and EBITDA indicated the popping of the pandemic-era bubble in transportation demand rather than any fundamental weakness in Hapag-Lloyd's business.

But when it came time to discuss Hapag-Lloyd's financial results on CNBC, CEO Rolf Habben Jansen was already painting a rosier picture: Inventories are depleted worldwide, Habben Jansen said, and the volumes were picking up nicely after the Lunar New Year. Peak season will come early this year, he predicted.

"I would also expect that peak season is going to start a little bit early," [Habben Jansen told CNBC](#). "I also expect that there'll be quite a number of people who tried to bring in their goods somewhere between June and August."

Typically, ocean container peak season runs from September to October, effectively ending with Golden Week each year. That gives importers enough time to pick up boxes at the port, transload them at nearby warehouses, and then move them to inland distribution centers by rail or

truck, ingesting them into their domestic supply chain in time for peak retail season in November and December.



(Monthly loaded imports at U.S. West Coast ports. Chart: Susquehanna)

So far, 2023 containerized imports have started off strong, but favorable year-over-year comps have also been supported by the timing of the Lunar New Year. In 2023, the holiday began on Jan. 22, while it started on Feb. 10 this year. The historical imports data in the chart above shows that the depressed volume effects following the holiday are roughly evenly split between February and March, depending on the year — 2024 should see a weaker March.

If Habben Jansen is right, though, soft conditions won't last long, and we may see elevated, peak-ish volumes as soon as early summer. The thinking here is that while labor conditions at West Coast ports have stabilized since last year's contract negotiations, it's now the East and Gulf Coast ports' time to settle up with their unions. Strikes are always on the table as dockworkers try to put pressure on port authorities prior to the signing of these important multiyear agreements, so shippers, Habben Jansen believes, will try to move their goods into the country earlier rather than later.