

Yang Ming predicts rare fifth consecutive profitable year

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Yang Ming Marine Transport's management said at the company's shareholders' meeting that the company anticipates 2024 to become a rare fifth straight profitable year.

In 1Q 2024, Yang Ming's net profit tripled to US\$298 million, a result that exceeded expectations. Yang Ming's general manager Patrick Tu said that the Taiwanese liner operator's last long profitable stretch was in 2002 to 2008.

Tu said that while 2024 was initially believed to be affected by vessel oversupply, geopolitical factors and the Panama Canal restrictions have increased shipping requirements.

Tu stated, "Last year, freight rates fell 83% from 2022, showing that vessel supply exceeds

demand. The Red Sea crisis and the restrictions on navigating the Panama Canal have absorbed 15% to 20% of shipping capacity, causing freight levels to reach a small peak after 2022.”

With the traditional peak season of the third quarter approaching, Tu said oversupply concerns have evaporated.

He said, “Strong demand for 3Q has combined with the Red Sea situation to cause insufficient ships and containers. I originally thought there would be an oversupply, but I didn’t expect that all of ships would be used, so there aren’t enough containers. Terminals along the western part of the Mediterranean Sea have been congested and very busy, a situation similar to the Covid-19 pandemic. Given all these factors, shipping lines have started implementing peak season surcharges.”

Despite expressing optimism for 2H 2024, Tu cautioned, “The market really normalised in 2023 and life can’t be a party every day. Yang Ming’s main European and Transpacific services are very strong, and there is almost no idle capacity. The key now is to see when the Red Sea crisis will end; as the Panama Canal situation has eased. The number of ships passing through has increased every day.”

All services affected by the Panama Canal restrictions have resumed, but draught restrictions are capped at 44 feet, below the standard 50 feet on normal days.

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