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Liner shipping profits forecast to slide by more than 80% this year

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March 17, 2025

MSC

Liner shipping profits are forecast to slide by more than 80% this year.

Analysts at Sea-Intelligence have calculated that the container shipping industry made a combined EBIT last year of $60bn, the third-highest figure recorded in the history of the business, and the highest outside the covid era.

One leading container markets analyst, John McCown, who runs New York-based Blue Alpha Capital, is expecting the liner sector to remain in the black this year, albeit with profits sliding to below $10bn.

"With the downward trend seen in pricing that has continued this quarter, 1Q25 results will certainly be below 4Q24," McCown wrote in his latest markets update.

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He conceded that the tariff situation unleashed by the new Donald Trump administration in the US has “injected more uncertainty than usual”.

The Bank of International Settlements has warned that the uncertainty generated by Trump’s promises to impose tariffs and embark on a massive job cull threatens the world economy’s soft landing after years of high inflation and elevated interest rates. It stated that “policy uncertainty on tariffs, US fiscal policy, immigration, and regulation … work like a negative demand shock. They would have negative effects on spending, investment and we see some signs of that. If tariffs are implemented – and some have been – then the negative demand shocks can become supply shocks and give rise to inflationary pressure.”

Container spot rates have been on a constant slide in 2025. The overall Shanghai Containerized Freight Index is now down 47% since the start of the year.

Prices on Asia to North Europe, Asia to the Mediterranean, and on the transpacific to the US west and east coasts are now all lower than at any point in time in 2024, according to data from Drewry.

However, comparing spot rates now to the level seen in mid-December 2023 just before the Red Sea shipping crisis, Asia to North Europe remains up 74%, Asia to the Mediterranean remains up 96%, while voyages across the Pacific to both the west and east coasts are still up by more than 40% compared to the lows experienced towards the end of 2023.

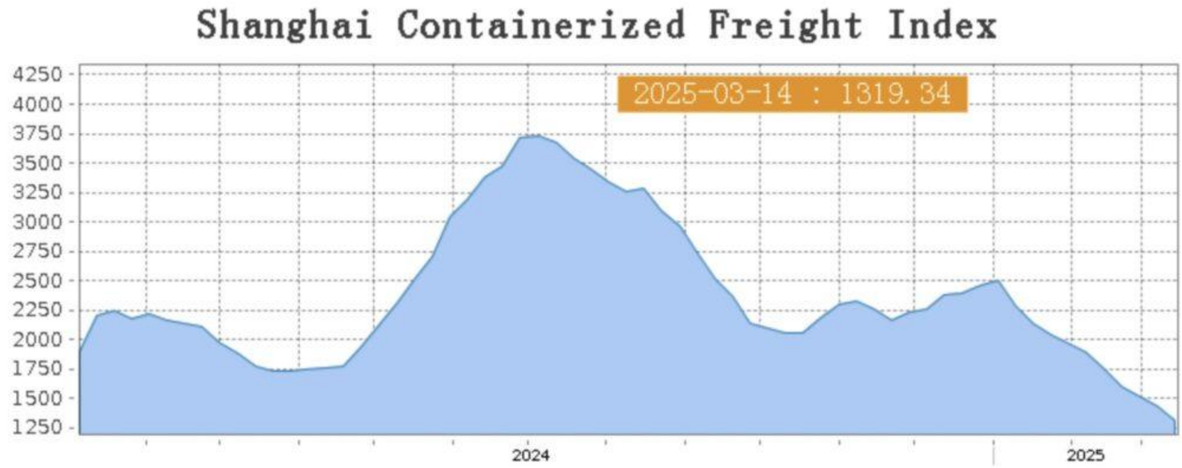
“Continued softening in the spot market comes against a backdrop of weaker than usual volumes post-Lunar New Year, increased competition between liner companies amid alliance restructuring, and widespread uncertainty brought about by an ongoing series of tariff announcements from the US and its trading partners,” commented Clarksons Research in a weekly report.

As neatly surmised by Maersk in its annual report published in February, liner profits in 2025 are on a knife edge, largely out of the carriers’ control – what happens in the Middle East ought to dictate the difference between red and black ink.

Maersk reported its third-best financial year ever in February with an EBIT for 2024 of $6.5bn. The Danish carrier forecasted global container volume growth in 2025 will be around 4%. However, the very big dividing line between profit and loss this year, according to Maersk, will centre around the Red Sea.

The Houthis of Yemen have put their campaign against merchant shipping on hold, with no attacks reported in 2025 so far, as Israel and Hamas take steps toward peace. The situation remains tense however with very few liners returning to take the Suez route between Asia and Europe.

Maersk’s EBIT forecast for 2025 ranges from zero to $3bn, depending on whether the Red Sea opens in the middle of the year or the end of the year.


Shanghai Containerized Freight Index
2025-03-14 : 1319.34
4250
4000
3750
3500
3250
3000
2750
2500
2250
2000
1750
1500
1250
2024
2025

Screenshot