

TPM²⁴

by **S&P Global**

Global Reefer Market Outlook

5 March 2024



Agenda and summary

Global reefer Market 2023



Reefer market showed virtually no growth in 2023

- **Reefer** trade makes up **6%** of total international containerized volumes
- Reefer trade generally more **stable and higher** than dry boxes
- **Fresh** volumes up 3%, **frozen** down -4% in 2023
- Top origins (CN, US, BR) and top destinations (CN, US) are quite **concentrated**
- US exports to APAC **down 12%** in 2023
- US imports now **more than double** exports

Reefer trade outlook



Containerized reefer exports forecast to recover in 2024

- Growth of **~4%** in the coming years
- In **2024** the 2021 **volume record** is expected to be exceeded
- Overall ('**dry**') container market has a big influence on reefer market
 - Freight rates
 - Equipment availability
 - Lack of alternatives (specialized reefer vessels)

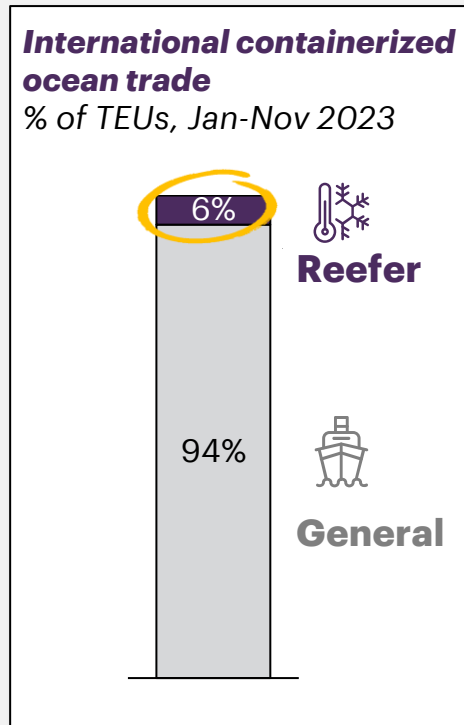
Red Sea disruption



Impact varies by market

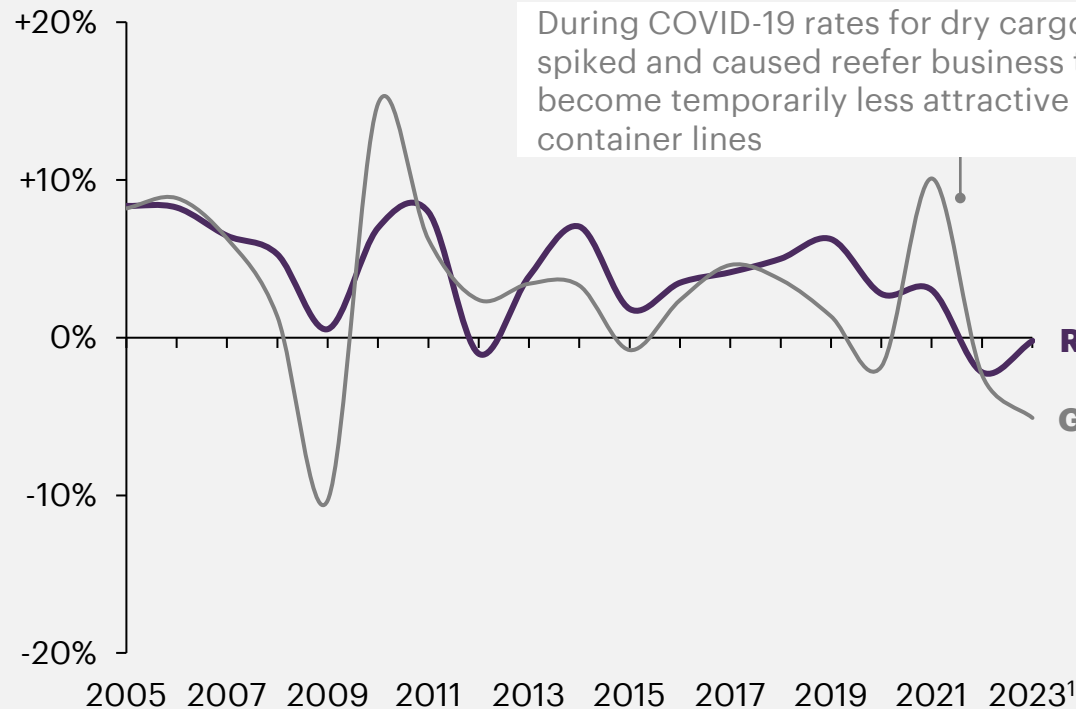
- **Increased transit times** of around 10 days
- **Reduction of overcapacity** in the market
- **Higher** freight and charter **rates**
- **Cascading** of vessels affects other trades
- Difficult to **reposition empties**

Global reefer containerized market is remarkably resilient



Annual growth of containerized ocean trade, 2005-2023¹

Year-over-year TEU growth (%)

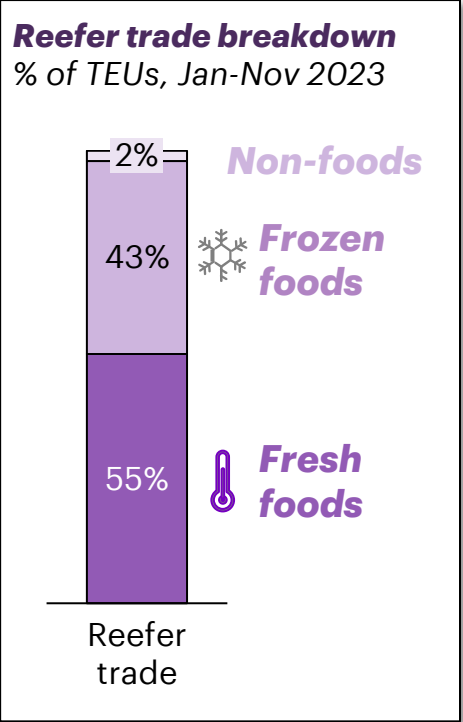


Annual growth rate

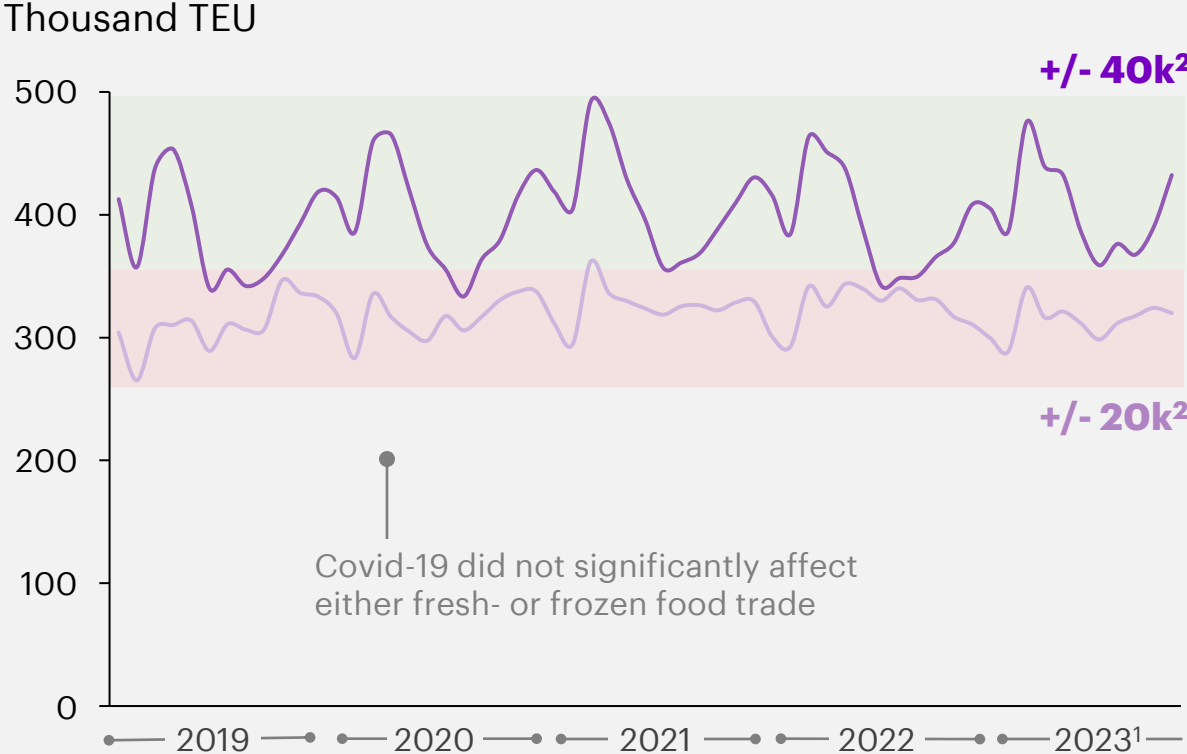
	2022-2023 Jan-Nov	2005-2019 CAGR
Reefer	-0.2%	+4.7%
General	-5.1%	+3.3%

Reefer market generally grows faster than dry cargo

Fresh foods are much more seasonal than frozen



Global ocean trade of reefer goods, 2019-2023



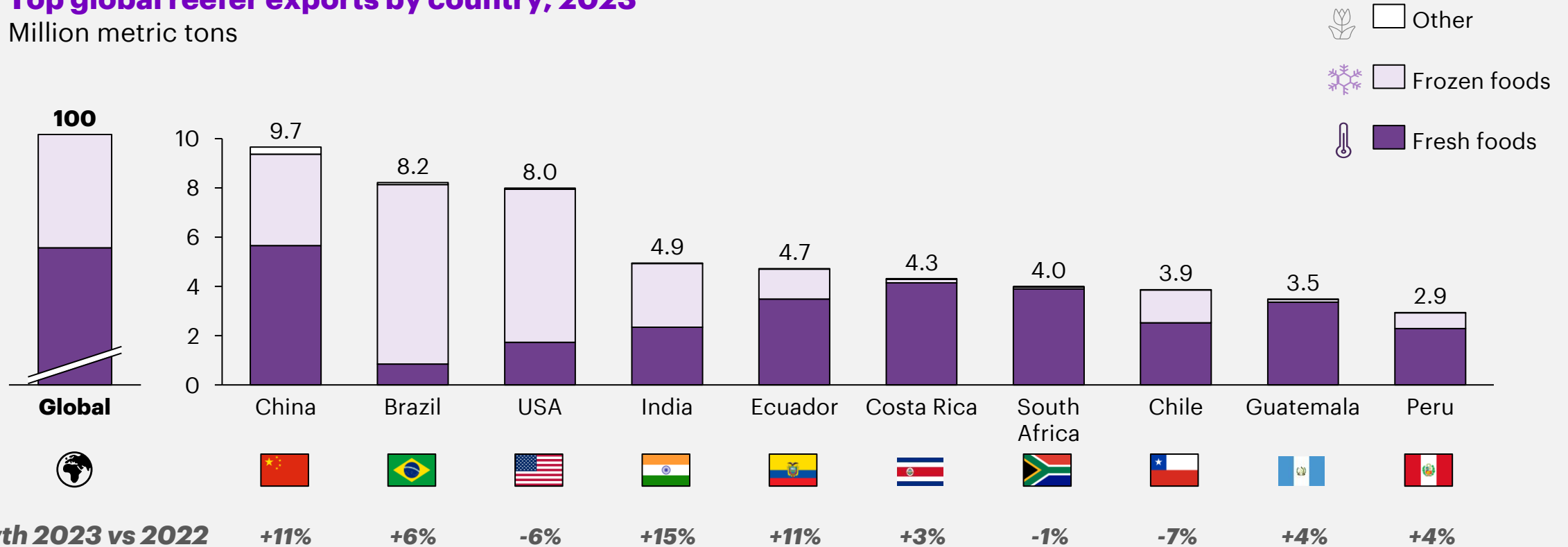
2023YTD growth ¹	Monthly volumes
+2.9%	Fresh foods 340-475k TEU
-4.0%	Frozen foods 280-350k TEU
-0.2%	Reefer trade 620-825k TEU

In 2023 growth in fresh foods canceled out the decline in frozen foods volumes

Note: 2023 international reefer trade data included Jan-Nov; 1) Jan-Nov 2023 compared to Jan-Nov 2022; 2) Standard deviation;
Source: Accenture Cargo Global Ocean Trade Database; Accenture Cargo (February 2024)

China, Brazil and the United States are leading exporters of reefer commodities globally

 **Top global reefer exports by country, 2023**
Million metric tons



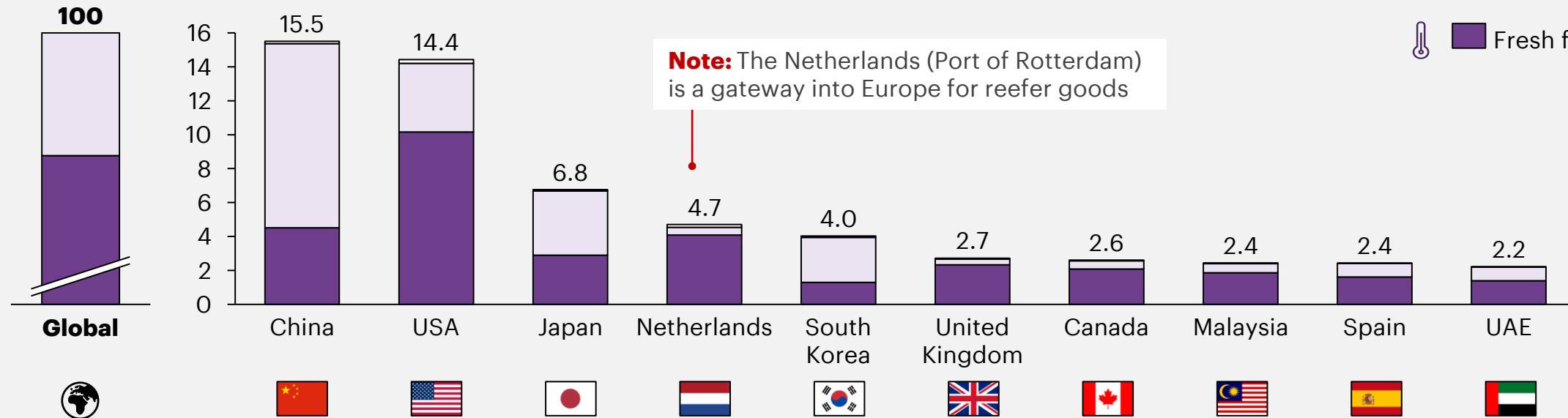
Reefer exports from Brazil and US are mainly frozen foods (beef, poultry, pork)

Import into **China** and the **United States** combined alone are some **30%** of the total world-wide market

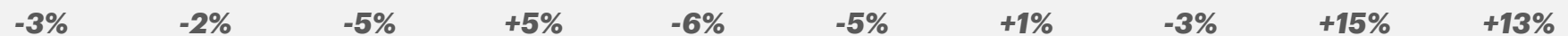


Top global ocean reefer imports by country, 2023

Million metric tons



Growth 2023 vs 2022



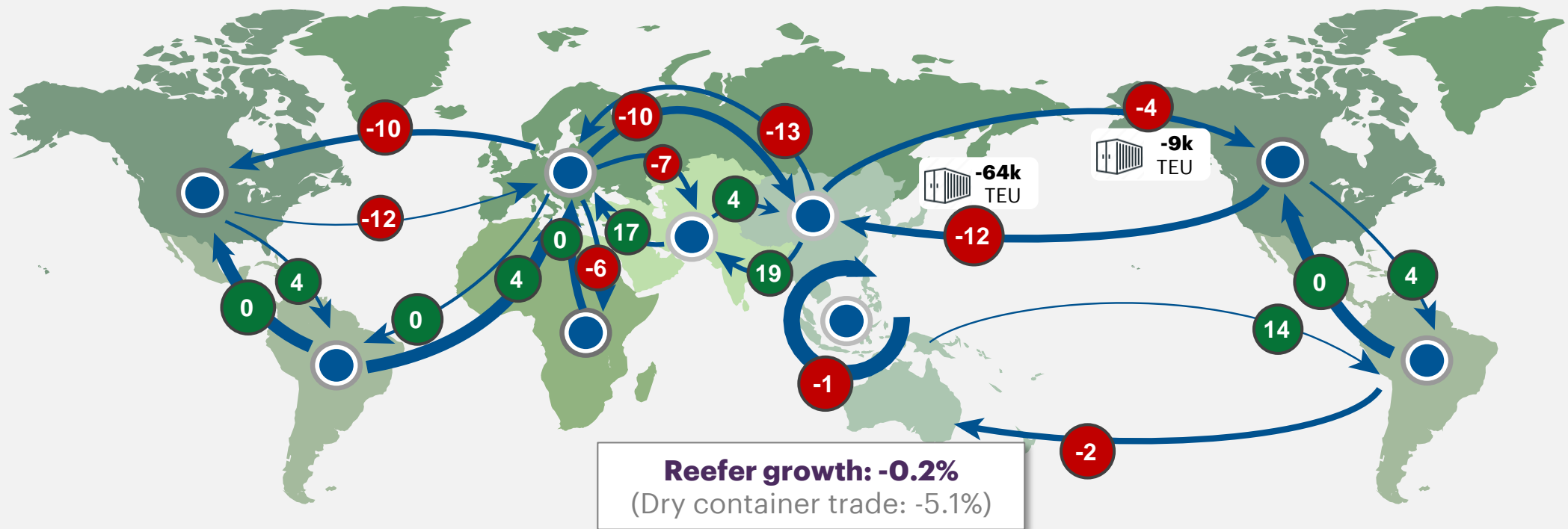
China imports mainly frozen foods, but in the US fresh foods dominate the market

Only Middle East & South Asia trades recorded high growth



Reefer container trade growth, 2023¹ vs. 2022

TEU change (%)



North American reefer exports to Asia dropped by 12% in 2023



US equipment imbalance has widened because of continued declines in reefer exports

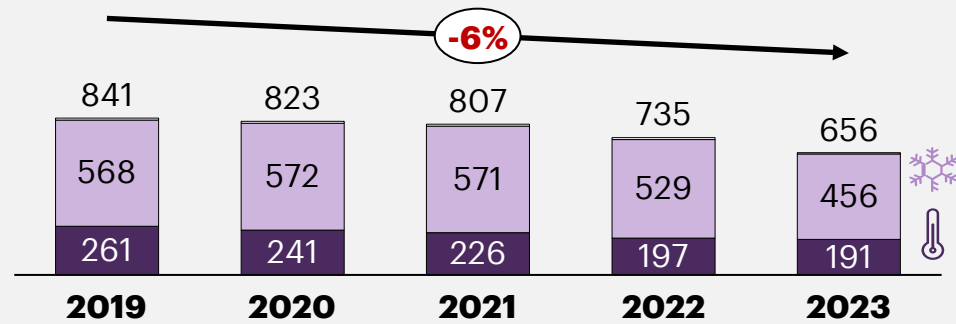


USA reefer trade, 2019-2023

Thousand TEU, Growth (%)

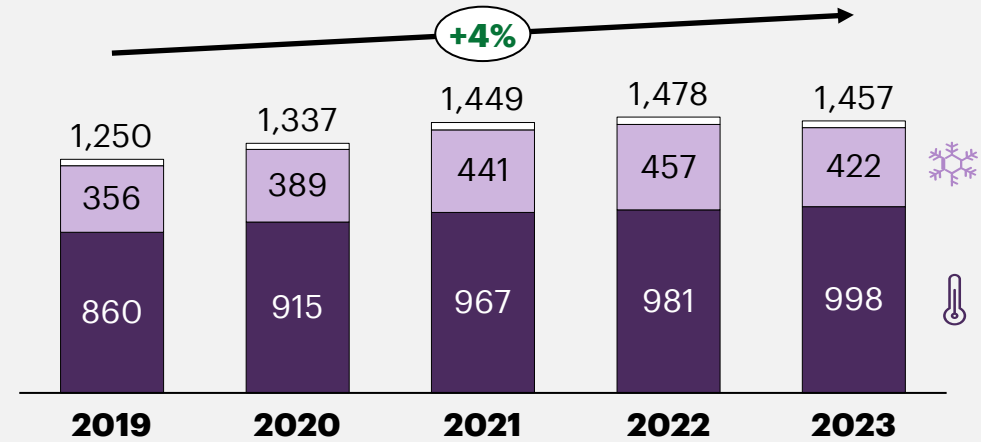
Other Frozen Fresh

EXPORTS



In 2023, **~50%** reefer exports were frozen meats

IMPORTS



In 2023, **~500k TEU** Latin America banana imports

US exports dominated by frozen meats, imports by tropical fruits

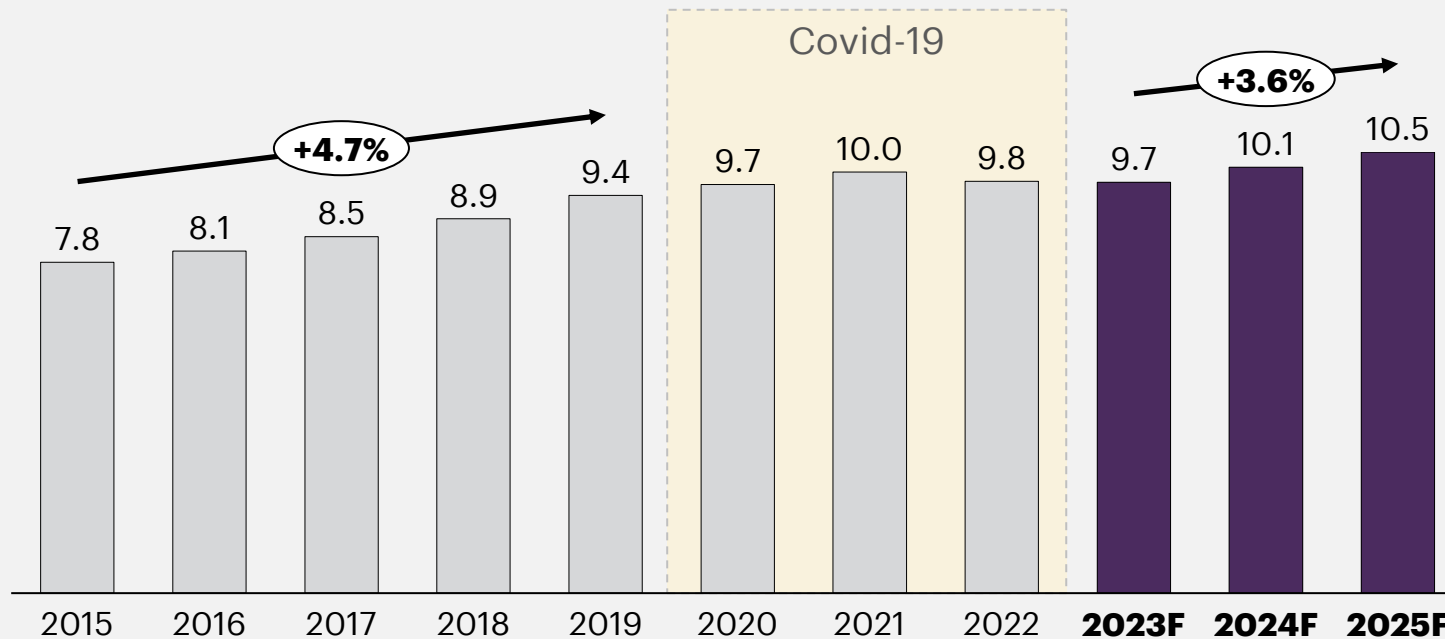


In the coming two years, reefer trade is **expected to grow by +3.6% annually**



Containerized reefer trade, 2015 – 2025

Million TEU, YoY growth %



Comments

- Demand forecast based on **economic indicators**
- Population and income growth generally determine demand for refrigerated goods
- **No capacity shortage** expected in the coming years, both in terms of vessel and container equipment capacity
- In 2024, expected 'growth' still only brings volumes back to **2021 levels**

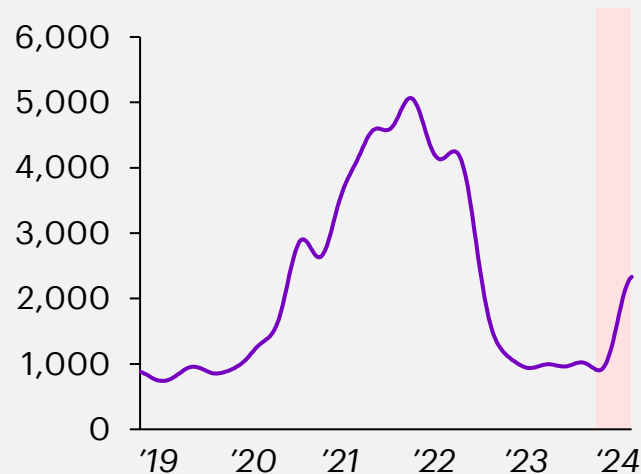
In 2024, international reefer container trade is expected to exceed the record volume of 2021



The reefer market is heavily influenced by developments in the overall container market

SCFI, 2019-2024

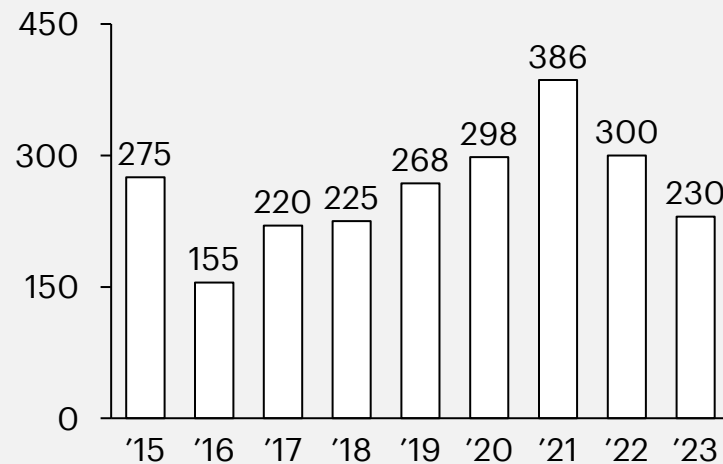
USD/TEU or USD/FEU



Container (dry) **spot rates** are usually lower than reefer rates, making reefer business relatively more attractive to container lines

Newbuild reefer production

Thousand TEU



Reefer equipment availability is good, although production has dropped off a bit in 2023

Reefer trade in 2024

- **Demand recovery** expected after a few stagnant years
- **No** exceptional **capacity or equipment** availability **issues** foreseen
- **Equipment production** might be lower than previous years
- Lack of investment in the **specialized reefer** sector
- Operational uncertainty caused by **Panama Canal** and **Red Sea** situation

The short-term outlook for reefer trade demand looks fairly positive



Red Sea situation has **multiple effects** on container shipping



Transit time is increased by
+10 days



Reduced overcapacity
as more vessels are needed
to serve trades normally
using the Red Sea corridor



~1.1M TEU
of reefer goods move through
the Red Sea each year¹

 74%  26%



Secondary operational effects

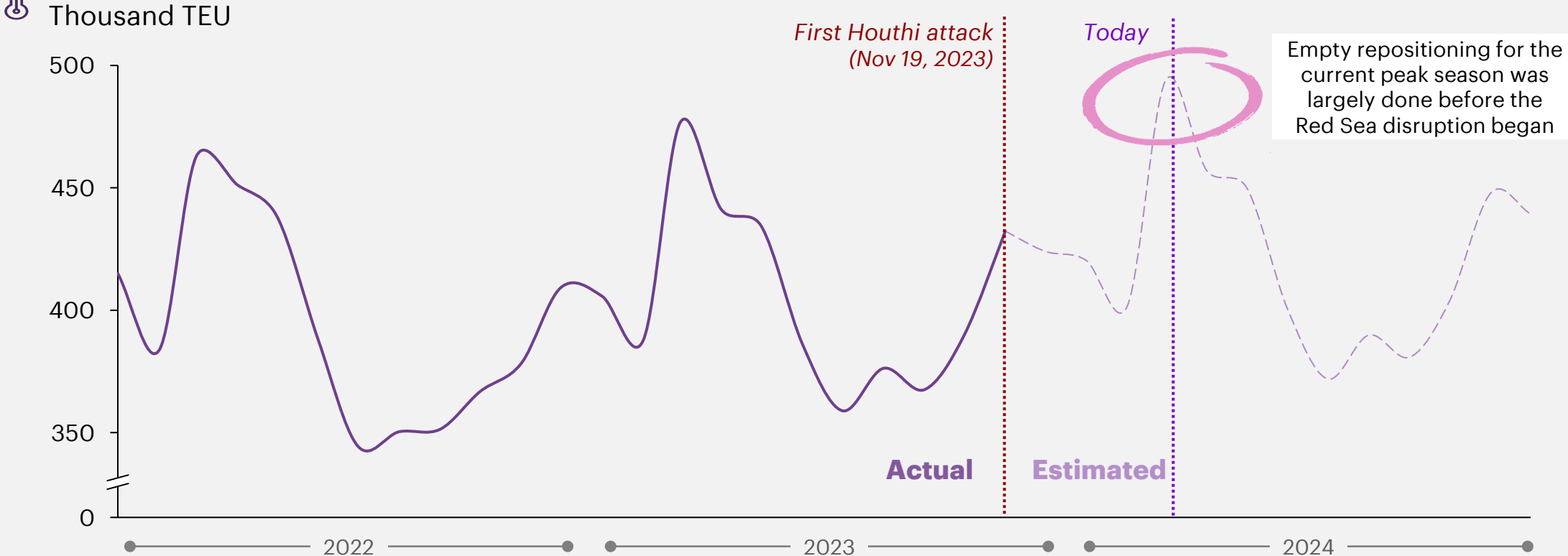
- +** Higher **fuel** consumption
- +** Higher **charter rates**
- +** **Empty repositioning** of equipment
- +** **Cascading capacity effect** on other trade lanes

Not all trades are affected in the same way, for reefers the effect is likely stronger

Note: 1) Based on 2022 full year reefer trade
Source: Accenutre Cargo Global Ocean Trade database; Image from [The New York Times](#); Accenture analysis (February 2024)

Peaks in fresh food trade require timely repositioning, partially obstructed by the Red Sea situation

Monthly global ocean trade of fresh foods, 2022 – 2024E



Lines could struggle to reposition empties for the peak season in H2 2024

Note: Dec 2023-Dec 2024 volumes are estimated
Source: Accenture Cargo Global Ocean Trade database, Accenture analysis (February 2024)

Recap

Global reefer Market 2023



2023 reefer market lacked growth

- **Reefer** trade is **6%** of total
- Reefer trades are **relatively stable**
- **Fresh** +3%, **frozen** -4% * (in 2023)
- US exports to APAC **down 12%** in 2023
- US **equipment imbalance** increases

Reefer trade outlook



Modest recovery expected in 2024

- Annual growth outlook is **~4%**
- 2024 volumes expected to reach **new record**
- **Dry market** significantly impacts reefers

Red Sea disruption



Impact varies by market

- **Increased transit times** of around 10 days
- **Reduction of overcapacity** in the market
- **Higher** freight and charter **rates**
- **Cascading** of vessels affects other trades
- Difficult to **reposition empties**



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