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Global Research
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First Read

China Industrials

Shipping supply chain weekly: trade flows, freight and Hormuz updates (week 38)

Equities

China

Industrial

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Key highlights from high-frequency data

We compile weekly data from UBS Evidence Lab, the Ministry of Transport and other third-party data providers to track the latest trade flows across shipping, shipbuilding and ports.

Earnings level of crude tankers rallied to another unprecedented high

Crude oil outflows from the Persian Gulf remained at good levels last week, with Saudi Arabia's East-West pipeline potentially back to 50% capacity in coming days and 100% by November. Our Maritime Trade Disruption Monitor (> Access Dataset) indicates that the visible number of crude oil tankers transiting the Strait of Hormuz remained at less than 2 per day last week. Crude oil tanker rates continued their rally to new record highs, with average VLCC earnings rising a further 40% to US$642k/day and one-year VLCC time charter rates reaching US$178k/day amid robust cargo volumes and ongoing market disruptions.

Container freight market divergence

Last week, container throughput at key Chinese ports increased by 2% WoW and 9% YoY. Main lane freight rates diverged last week: overall SCFI freight rates increased by 1% WoW last week (+208% YoY), with Shanghai-Europe -5% WoW and Transpacific +1-3% WoW (new post-Covid highs); Port of LA imports increased by 23% YoY in week 38 and are likely to increase 53% YoY in week 39. Intra-Asia containership chartering index increased by 1.8% WoW last week to a new record high. Container traffic through the Red Sea continued to recover last week. Containership transits via the Gulf of Aden reached ~0.5m TEU in the first week of September (38% of 2023 level) and marking the strongest weekly volume since rerouting began in late 2023.

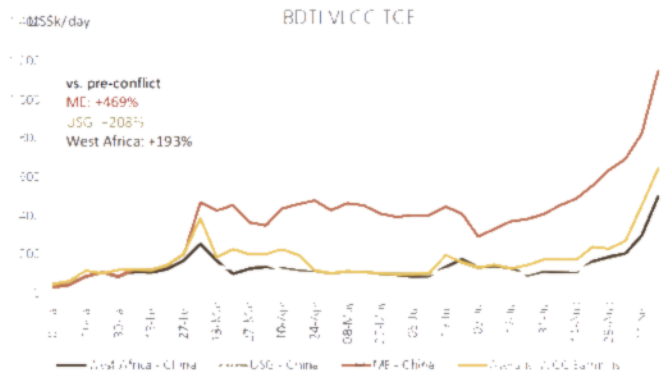
Port congestion and disruption in the Panama Canal

According to Clarksons, China's port congestion index continued to ease last week while still remaining elevated. The current El Niño climate phenomenon has been strengthening rapidly and is now expected to be the strongest ever recorded, with El Niño reducing daily transits of the Panama Canal from 36 to 32 vessels starting September 2026. Surging congestion at the Panama Canal has pushed wait times for unbooked vessels to up to 11 days, triggering intense competition for priority transit slots and driving auction premiums to record highs of US$4-5.3m, compared with typical transit fees of just US$50-100k.



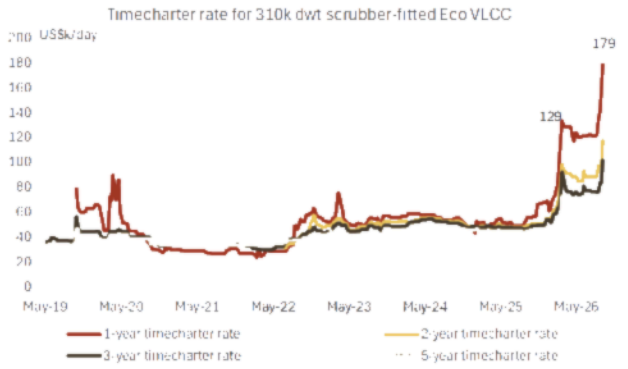
This report has been prepared by UBS Securities Asia Limited. **ANALYST CERTIFICATION AND REQUI**
INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON

Figure 1: Middle East/US Gulf/West Africa-China VLCC TCE +469%/+208%/+193% vs. pre-conflict levels



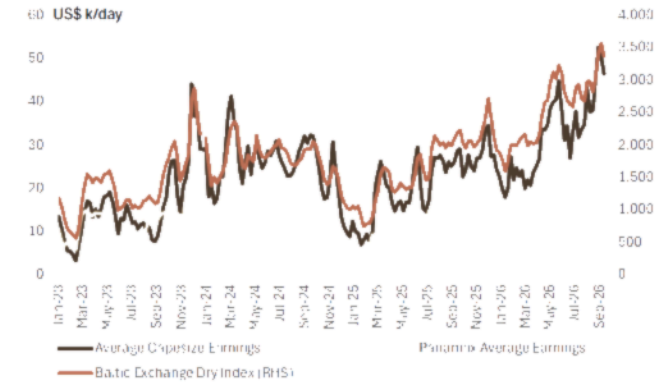
Source: Clarksons, data as of 18 September

Figure 2: VLCC 1-year charter rate records another new high



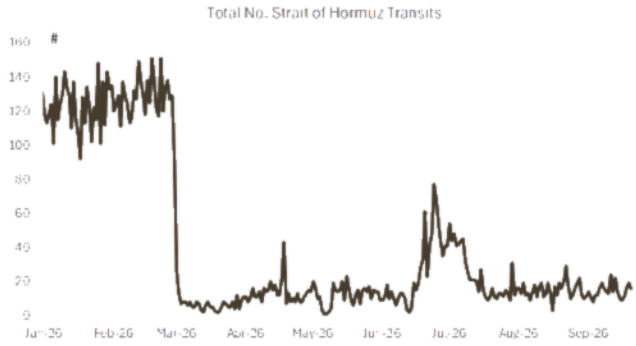
Source: Clarksons, data as of 18 September

Figure 3: Average earnings of Capesize -5% WoW last week



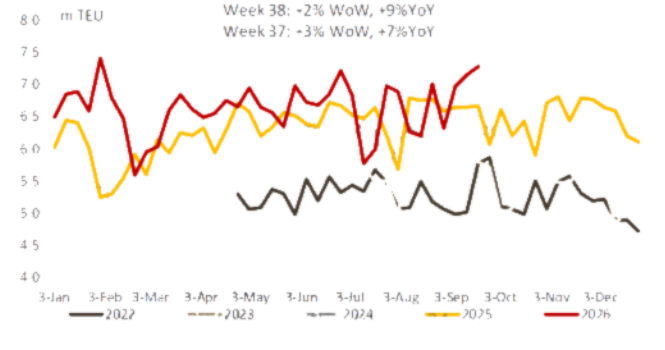
Source: Clarksons, data as of 18 September

Figure 4: Visible vessels passage at Hormuz remains well below pre-conflict level



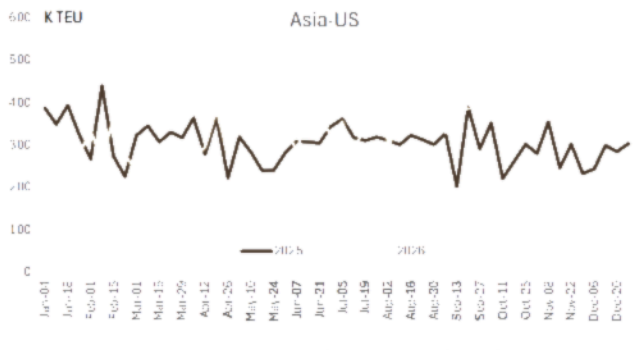
Source: Clarksons, data as of 18 September

Figure 5: Container throughput at China's key ports +2% WoW, +9% YoY last week



Source: Ministry of Transport

Figure 6: Container volume new in transit from Asia to US remain at healthy level



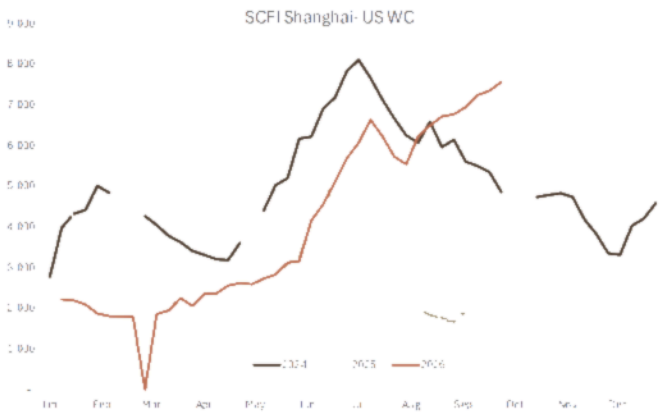
Source: UBS Evidence Lab (> Access Dataset)

Figure 7: SCFI +2% WoW and +162% YoY

WoW/YoY	SCFI	CCFI	SCFI Europe	SCFI W/C US	SCFI E/C US	NCFI Thailand&Vietnam
2026-07-31	+5%/107%	-2%/51%	-4%/48%	13%/208%	13%/190%	4%/11%
2026-08-07	+2%/120%	-1%/53%	-2%/51%	4%/256%	3%/233%	7%/23%
2026-08-14	+2%/130%	0%/55%	1%/62%	4%/282%	3%/252%	12%/46%
2026-08-21	+2%/141%	-1%/55%	-3%/70%	1%/311%	1%/271%	14%/77%
2026-08-28	+3%/143%	+1/59%	-4%/83%	3%/261%	4%/251%	9%/99%
2026-09-04	+2%/149%	+0/60%	-3%/101%	4%/231%	3%/236%	23%/159%
2026-09-11	+2%/162%	+1/65%	-4%/121%	1%/210%	2%/217%	19%/232%
2026-09-11	+1%/208%	+2/69%	-5%/131%	3%/362%	1%/314%	18%/309%

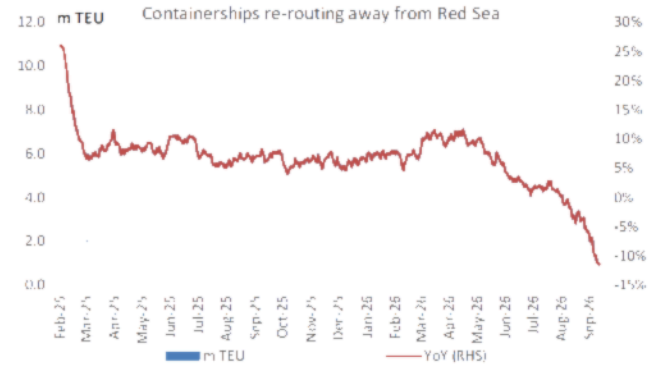
Source: Shanghai Shipping Exchange, Clarksons, data as of 18 September

Figure 8: SCFI Shanghai-WC America Container Freight Rate +1% WoW and +210% YoY



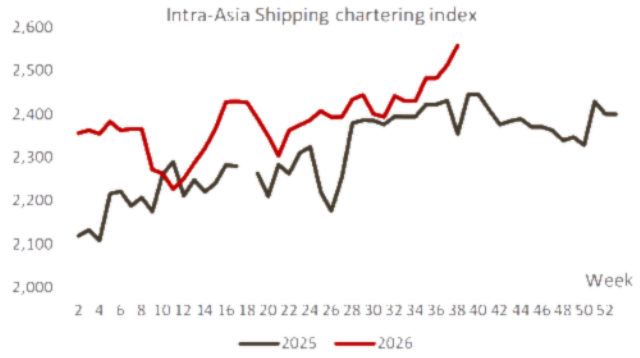
Source: Clarksons; Note: data as of 18 September

Figure 9: The decline in container ship re-routing away from the Red Sea accelerated in August, indicating a recovery in Red Sea transit activity



Source: Clarksons; Note: data as of 18 September 2026

Figure 10: Intra-Asia chartering index increased by 1.8% last week, hitting 4-year high



Source: Company data

***UBS Evidence Lab** is a sell-side team of experts that work across numerous specialized labs creating insight-ready datasets. The experts turn data into evidence by applying a combination of tools and techniques to harvest, cleanse, and connect billions of data items each month. Since 2014, UBS Research analysts have utilized the expertise of UBS Evidence Lab for insight-ready datasets on companies, sectors, and themes, resulting in the production of thousands of differentiated UBS Research reports. UBS Evidence Lab does not provide investment recommendations or advice but provides insight-ready datasets for further analysis by UBS Research and by clients. All published UBS Evidence Lab content is available via UBS Neo. The amount and type of content available may vary. Please contact your UBS sales representative if you wish to discuss access.*

Global Maritime Destination Monitor (>Access Dataset)

This report leverages the following UBS Evidence Lab asset: Global Maritime Destination Monitor. UBS Evidence Lab uses hourly AIS (Automated Identification System) data to monitor the locations of more than 35,200 commercial maritime vessels sailing around the globe. Each ship has a unique identification number (IMO number), which is linked to vessel characteristics such as cargo type, size, and capacity, enabling the calculation of vessel counts and aggregated cargo tonnage (DWT) moving through global maritime points of interest (regions, ports). In addition, Bill of Lading data offers a detailed view of shipment activity, providing further insight into the flow of goods being transported across global trade routes. UBS Evidence Lab has conducted thorough benchmarking and has designed proprietary cleaning techniques to ensure the data is accurate by reducing the noise associated with AIS data.

Global Maritime Fleet Monitor (>Access Dataset)

This report leverages the following UBS Evidence Lab asset: Global Maritime Fleet Monitor. UBS Evidence Lab uses hourly AIS (Automated Information System) data to monitor the locations of more than 35,200 commercial maritime vessels (tankers, bulkers, containers) sailing around the globe. Each ship has a unique identification number (IMO number) which is connected to vessel characteristics data including cargo type, size, and capacity in order to calculate the quantity and aggregated cargo tonnage moving through global maritime points of interest (regions, and ports). UBS Evidence Lab has conducted thorough benchmarking and has designed proprietary cleaning techniques to ensure the data is accurate by reducing the noise associated with AIS data.

Global Maritime Trade Monitor (>Access Dataset)

This report leverages the following UBS Evidence Lab asset: Global Maritime Trade Monitor. UBS Evidence Lab uses hourly AIS (Automated Information System) data to monitor the locations of more than 35,200 commercial maritime vessels (tankers, bulkers, containers) sailing around the globe. Each ship has a unique identification number (IMO number) which is connected to vessel characteristics data including cargo type, size, and capacity in order to calculate the quantity and aggregated cargo tonnage (DWT) moving through global maritime points of interest (regions, ports, and choke points). AIS data is noisy, so UBS Evidence Lab has designed proprietary cleaning algorithms and benchmarking techniques to ensure the data is accurate. UBS Evidence Lab uses statistical methods combined with reported draft level for each vessel to calculate a proprietary indicator of amount of cargo each ship is carrying.

Daily Maritime Trade Disruption Monitor (>Access Dataset)

This report leverages the following UBS Evidence Lab asset: Daily Maritime Trade Disruption Monitor. UBS Evidence Lab uses hourly AIS (Automated Information System) data to monitor the locations of more than 35,200 commercial maritime vessels sailing around the globe. Each ship has a unique identification number (IMO number) which is connected to vessel characteristics data including cargo type, size, and capacity in order to calculate the quantity and aggregated cargo tonnage (DWT) moving through global maritime points of interest (choke points, ports and regions).

Valuation Method and Risk Statement

Investment downsizing at the macroeconomic level remains a key risk for China's industrial sector. If China's economy remains weak, demand for industrial goods or import/export volume could shrink, resulting in slow growth. If preferential policies, such as tax incentives for high-tech companies, are cancelled it could affect earnings. Intense competition with domestic or foreign enterprises could cause market share losses.