Annual Report

Valencia Containerised Freight Index

2024 Year in Review

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VCFI©

Valencia Containerised Freight Index

In order to fulfill its annual commitment, the present report is devoted to examining the factors that have influenced the Valencia Containerised Freight Index (VCFI) throughout the year 2024. During this period, the global economy has been marked by a moderate recovery in international trade, the partial easing of monetary policies, and episodes of geopolitical tension, such as the crisis in the Red Sea and the prolongation of the conflict in Ukraine. Demand for maritime transport has shown sustained growth, although with occasional variations linked to seasonality and logistical adjustments, in an environment of near-full utilization of the available fleet.

Therefore, together with other aspects analyzed in this report, the behavior of freight rates has shown a moderate upward trend compared to 2023, with particularly notable increases on certain routes, regardless of the particularities of each region. The report concludes with a specific focus on Valenciaport, placing the evolution of the VCFI within the context of its traffic volumes and the export activity of its hinterland. In addition to examining the general behavior of the index, the evolution of rates in three of the port's main markets is investigated: the United States and Canada, the Far East, and the Western Mediterranean. In this way, the evolution of rates by region is presented, highlighting the unique characteristics of each trade route, the economic dynamics of these markets, and their impact on a global scale.

METHODOLOGY

Conceptually, the Valencia Containerised Freight Index (VCFI) is a quantitative index for the objective measurement and comparison of data relating to maritime freight from the port of Valencia. This index has been created from information obtained from primary data sources, formed by twelve top level panellists operating in the port of Valencia, including freight forwarders and shipping companies (Alonso Pricing, Arkas, Cosco Shipping, Cotunav, Grimaldi, Grupo Raminatrans, ONE, MSC, Savino del Bene, TIBA, White Line Shipping, Dachser).

The composite index is calculated after receiving and checking monthly export freight rate data for each of the ports by obtaining the weighted average of the average freight rates for each port.

Individual indices will be calculated through tariffs in 42 ports, representing approximately 60% of Valenciaport's total TEU export traffic in 2017, aggregated in 13 geographical areas, as shown in the table below.

VCFI geographical area	Ports of reference
WESTERN MEDITERRANEAN	Casablanca (MA), El Djazair (DZ), Tunisia (TN)
ATLANTIC EUROPE	Felixstowe (GB), Hamburg (DE), Antwerp (BE)
EASTERN MEDITERRANEAN	Alexandria (EG) Ashdod (IL) Piraeus (GR) Istanbul (TR)
FAR EAST	Shanghai (CN), Hong Kong (HK), Port Kelang (MY), Singapore (SG), Busan (KR), Tokyo (JP), Kaohsiung (TW), Bangkok (TH), Ho Chi Minh (VN)
MIDDLE EAST	Jeddah (SA), Jebel Ali (AE)
USA - CANADA ATLANTIC	New York (US), Montreal (CA), Houston (US), Miami (US)
CENTRAL AMERICA AND THE CARIBBEAN	Veracruz (MX), Cartagena (CO) Altamira (MX), Caucedo (DO)
LATIN AMERICA ATLANTIC	Santos (BR), Buenos Aires (AR)
WEST AFRICA	Luanda (AO), Bata (GQ), Dakar (SN)
AFRICA EAST COAST	Durban (ZA), Port Elisabeth (ZA)
LATIN AMERICA PACIFIC	Callao (PE), San Antonio (CL)
INDIAN SUBCONTINENT	Nhava Sheva (IN), Kandla (IN)
BALTIC COUNTRIES	St Petersburg (RU), Helsinki (FI)

To calculate the index, individual data (last data of the current month) for export freight rates (in USD or EUR per TEU) will be collected on a monthly basis from each of the 42 ports considered. As freight rates for some shipping routes are negotiated in dollars, the exchange rates published monthly by the European Central Bank will be used for the conversion to euros. Items included in the final freight provided by the panellists are as follows:

- Bunker Adjustment Factor (BAF)/ Fuel Adjustment Factor (FAF)/ Low Sulphur Surcharge (LSS)
- Emergency Bunker Surcharge (EBS) / Emergency Bunker Additional (EBA)
- Currency Adjustment Factor(CAF)/ Yen Appreciation Surcharge (YAS)
- Peak Season Surcharge (PSS)
- War Risk Surcharge (WRS)
- Port Congestion Surcharge (PCS)
- Suez Canal Transit Fee/Surcharge (SCS)/ Suez Canal Fee (SCF)/ Panama Transit Fee (PTF)/ Panama Canal Charge (PCC).

The index is calculated based on the following formula:

$$f_j = \sum_{i=1}^{n} \frac{t_{ij}}{n}$$

$$VCFI = \sum_{j=1}^{m} k_j * f_j$$

Where:

f_j = average freight for Port j

t_ij = freight reported by panellist I for Port j

n = number of panellists for Port j

k_j = weighting factor for Port j

First, the average freight rate per port (f_j) is calculated from the data received for that port by all panellists. Secondly, the average freight rate is weighted by the weight of the port, resulting in the final index.

As the goal is to represent the evolution of freight rates over time, the evolution of freight rates will not be shown in absolute values but will be presented in the form of an index number, the VCFI. This is a statistical measure that shows the evolution of a period for a specific magnitude, in this case freight rates, with respect to a base or reference period. The base of the composite index will be 1,000 points and the base of the period will coincide with the start of publication, i.e. January 2018.

This index is intended to be a benchmark index in the Western Mediterranean, as the *Shanghai Containerised Freight Index* is for Asia. The relevance and practical usefulness of VCFI publication will be monitored, analysing new needs and priorities, and developing new complementary statistical indicators.

The objective of the VCFI is to provide value-added information on a key factor in defining port competitiveness, such as maritime freight rates. Publishing the VCFI represents a major change in the sector by making information that was until now confidential available to the port community. This exercise in transparency will help the different port users to make better decisions.

On one hand, this information will be helpful for shippers, as they will have a composite index that will set the market trend. The VCFI will serve as a barometer for market health by showing maritime transport supply and demand for the main trade routes from Valencia. This will serve as a tool for shippers to forecast the evolution of freight rates with their markets of interest, which is a cost driver for their export operations.

It will also be useful for the operators offering such services, as it will be an element to benchmark the evolution of freight rates in the market and their own.

The VCFI will therefore favour a more transparent market with better information available for decision-making, resulting in a more efficient market.

VCFI: FREIGHT PERFORMANCE IN 2024

After a highly volatile period between 2020 and 2022, during which the VCFI (Valencia Containerised Freight Index) reached record highs as a result of post-pandemic disruptions, the temporary boom in global trade and geopolitical factors such as the war in Ukraine, the index entered a phase of adjustment and normalisation in 2023. In line with the general easing of freight rates internationally, this process drove the VCFI towards more contained values as the year progressed, reflecting a new equilibrium in the market.

In this environment of progressive stabilisation, the VCFI has shown a contained but moderately upward trend during 2024 (Figure 1). Although monthly fluctuations have been recorded, they have been far from the stress levels observed in previous years. The index peaked in September, driven by one-off episodes of pressure on operational capacity and adjustments in shipping route management. However, performance in the second half of the year was more stable, with mild variations probably linked to the seasonality of demand and logistical readjustments typical of the annual foreign trade cycle.

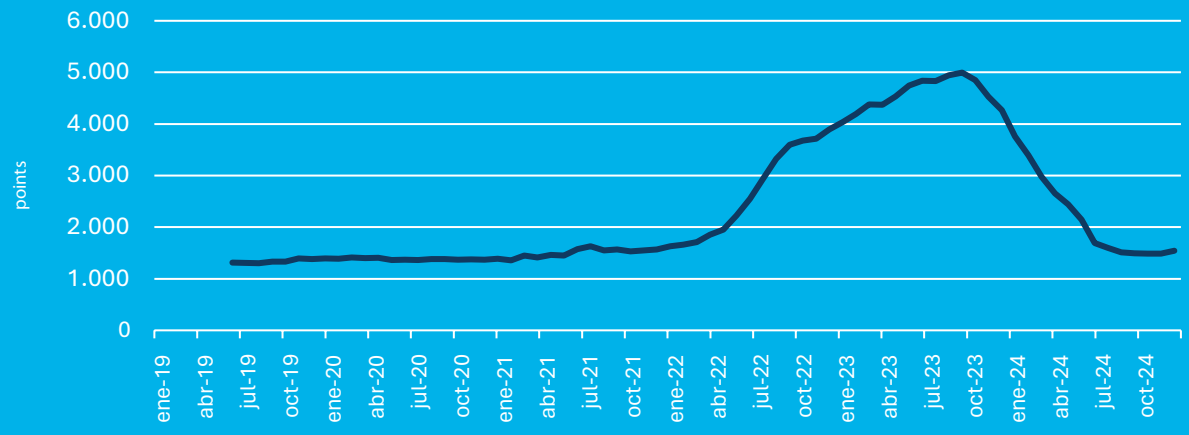
Despite not repeating the September highs, the VCFI closed the year clearly above the levels at the end of 2023, which is evidence of a cumulative recovery within a framework of greater structural stability. This trajectory suggests that the market has started to absorb, at least partially, the imbalances inherited from the period of high volatility that began in 2020, thus entering a phase of consolidation.

The evolution of sea freight rates during this period has been conditioned by multiple factors affecting both supply and demand for logistics services. These elements will be examined in detail in the following section, which will analyse both the structural dynamics and the circumstantial events that have influenced the trajectory of the index. As a preview, it should be noted that the partial recovery of trade flows, together with occasional episodes

Figure 1|

Monthly evolution of VCFI points, 2018-2024

Source: Prepared by the authors



of capacity mismatch, have contributed to maintaining the index at higher levels than in the previous year.

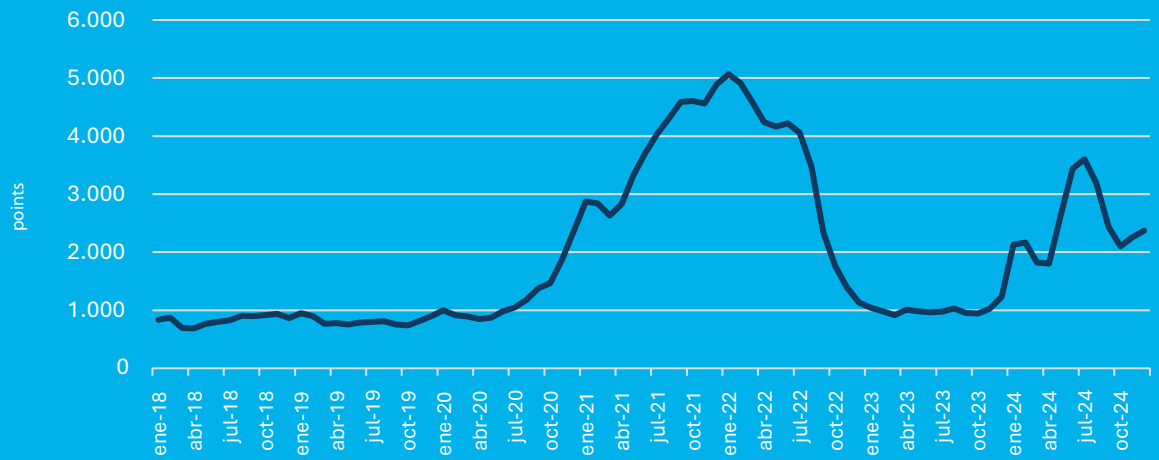
In comparative terms, VCFI performance over 2024 has been in line with the general evolution of international freight markets, showing a trajectory consistent with that of other relevant indicators, such as the Shanghai Containerised Freight Index (SCFI) (Figure 2). Given its high exposure to Asian traffic and its sensitivity to disruptions on the main East-West routes, the latter index has reacted with greater immediacy to global fluctuations. In contrast, the VCFI has shown a more gradual response, in line with its regional nature and its focus on export traffics from the Port of Valencia.

Despite these differences, both indices have shared similar patterns at certain times of the year, especially during the first half. The slower reaction of the VCFI reinforces its usefulness as a structural indicator of freight performance in the Mediterranean and European area, providing a complementary view to global indicators.

Gráfico 2 |

Monthly evolution of SCFI points, 2018-2024

Source: Prepared by the authors based on Alphaliner data



GLOBAL ANALYSIS: THE MARITIME TRANSPORT MARKET

The international economic environment in 2024 has remained complex, marked by the particular moments of the major economic blocs and geopolitical tensions. According to data from the International Monetary Fund (IMF), global GDP growth at the end of the year is estimated at 3.2%, below the historical average of 3.7% for the period prior to the pandemic (2000-2019).

In this context, it is relevant to mention some of the forces that may be influencing this low-quality growth. First, rising geopolitical tensions in the global economic landscape have negatively affected the economic outlook for the year under review. In particular, events such as the Red Sea Crisis, which began on 7 October last year and has led to a new restructuring of international shipping, and that on top of the conflict between Russia and Ukraine that has been going on for three years. Added to all this is the uncertainty generated by the outcome of the US general election, where a victorious Trump puts the global economic outlook in jeopardy.

In the opposite direction, tighter monetary policies implemented by central banks dampened economic activity in many countries. However, the easing of these policies this year has boosted the economies of many territories and a more favourable monetary environment is expected in the coming months if economic developments permit.

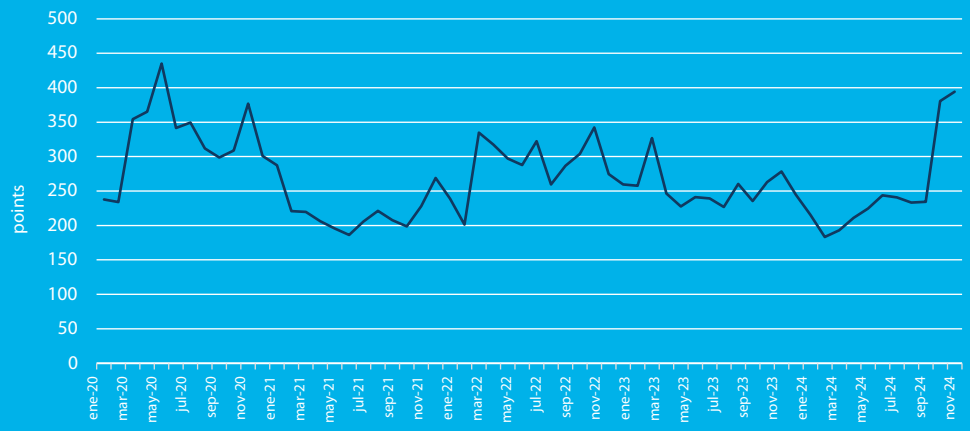
Persistent uncertainty remains a key challenge in this context (Figure 3). The level of economic uncertainty, monitored by the Economic Policy Uncertainty Index (EPU), summarises the monthly evolution of uncertainty about the global political and economic situation. By 2024, and especially in the second half of the year, there is a significant increase in this index, breaking with past stages where it had reached lower quotas, although it continues to be below the levels shown in 2020 after the outbreak of the pandemic. Uncertainty affects both economic and political decisions and its evolution is influenced by global events, such as wars or financial crises, as well as by the response of governments and financial institutions.

The easing of the price level is also worth noting, continuing its downward trend for this year, although not enough to reach the ECB's target. Global inflation fell to 5.8% in 2024, 0.9 basis points lower than the same reading in 2023 (Figure 4). A steady reduction to 4.3% is projected by 2025, a drop of almost 1.5 basis points. This downward trend is expected mainly for developed economies, with inflation falling by 2% below the level recorded in 2023. Meanwhile, the decline in inflation for emerging economies is projected to be much slower, falling by just 0.2 basis points in 2024.

Figure 3 |

Evolution of the Global Uncertainty Index

Source: Prepared by the authors based on data obtained from the International Monetary Fund (IMF)



Financial markets proved resilient in the face of various bouts of volatility, demonstrating the brief impact of geopolitical or economic events on the financial system as a whole. While this is true, rising valuations and risk concentration continue to impact market vulnerabilities, especially sovereign vulnerabilities.

Thus, despite reductions in debt-to-GDP ratios, some eurozone countries continue to face fiscal challenges, spurred to a large extent by weak potential growth and heightened political uncertainty.

The major central banks did a significant job in their fight against inflation. Central bank tactics, centred on a revamped new monetary policy based on interest rate hikes, served to help enshrine economic stability and above all to anchor inflation expectations, avoiding devastating price and wage spirals. While these measures may generate uncertainty in financial markets and have implications for sectors such as real estate and finance, they also reflect the ability of economies to adapt to new realities.

All in all, there is no doubt that the economic outlook in 2024 presents major challenges. In terms of growth, as previously mentioned, the latest data compiled in the IMF's *World Economic Outlook*, shown in Figure 5, indicate that Gross Domestic Product (GDP) in 2024 recorded a figure up to 3.2%, a decrease of 0.1 basis points from the previous year. Although growth is slower, it is above growth in advanced economies (1.7%), which is unchanged from the previous year. On the other hand, global growth is below the figure recorded for emerging markets and developing economies, which, despite a 0.2 percentage point drop (to 4.2%), is still higher than global values. It is worth noting, however, that the IMF's economic outlook at the beginning of the year forecast global growth of 3.1% and 3.2% for 2024 and 2025, respectively, figures that are finally maintained for 2024, but are 0.2% lower for 2025, according to the latest update of IMF economic projections.

Trade in goods and services is highly correlated with GDP growth, according to the latest annual estimate prepared by the IMF, world trade grew by 2.3%. Within this line,

Figure 4 |

Inflation rate, average consumer prices (% change)

Source: Prepared by the authors based on data obtained from the International Monetary Fund (IMF)

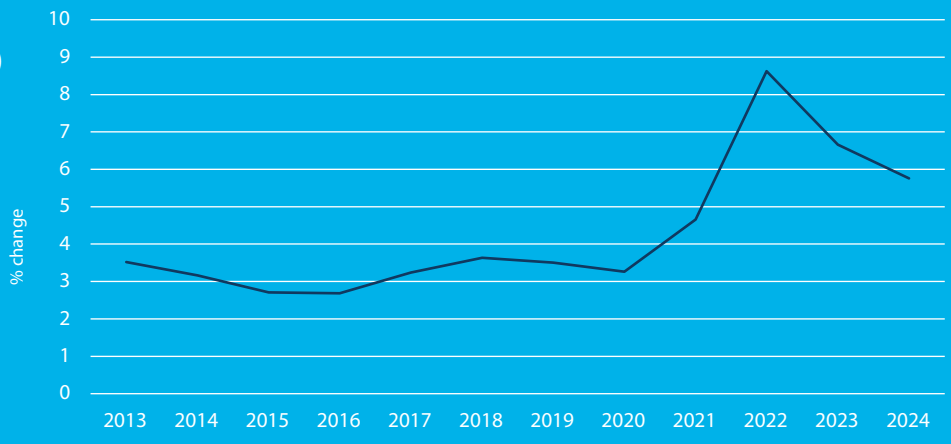
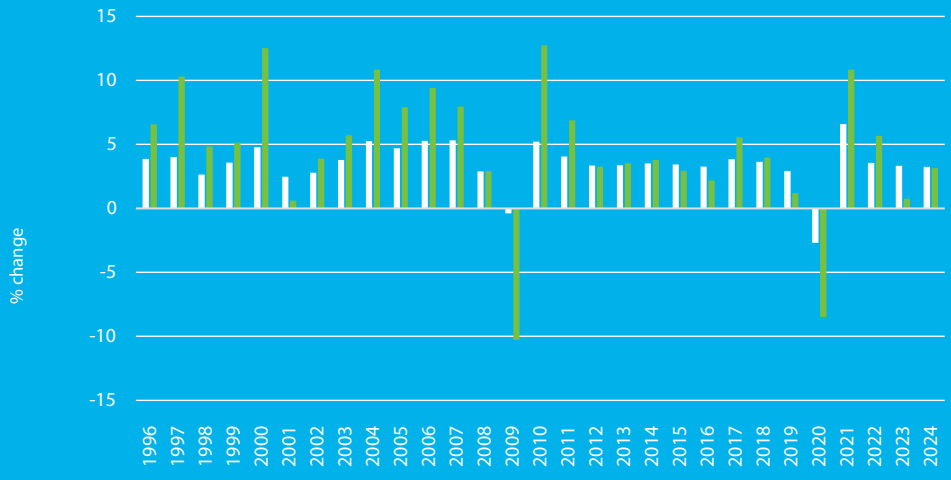


Figure 5 |

Overall GDP and trade growth (% change)

Source: Prepared by the authors based on data obtained from the International Monetary Fund



higher growth has been observed for international trade than for GDP. The fall in price levels, as well as the recovery of activity and the reactivation of global supply chains, accompanied by the expansion of emerging markets and an improvement in logistics infrastructure, may have generated this acceleration in world trade.

As a direct consequence of the acceleration in international trade and consequent demand for seaborne cargo, the overall port traffic volume in 2024 has been marked by a gradual but steady increase in container traffic, especially when compared to previous years.

This growth is partly attributed to the economic recovery process discussed above, which boosted demand for manufactured goods and products. Additionally, the integration of global supply chains contributed to this increase in container transport. According to Figure 6, the world container volume has reached an average of around 15 million TEUs, almost 6% more than the previous year, thus indicating a favourable recovery of world traffic for this year.

However, this growth was not without challenges and fluctuations. With the continuing conflict in the Red Sea and the consequent diversion of routes via the Cape of Good Hope, bottlenecks continued at the main ports due to congestion. This scenario brought about a transformation of global maritime transport where the main shipping lines, affected by supply chain disruption, proposed a restructuring of maritime routes in order to solve this problem.

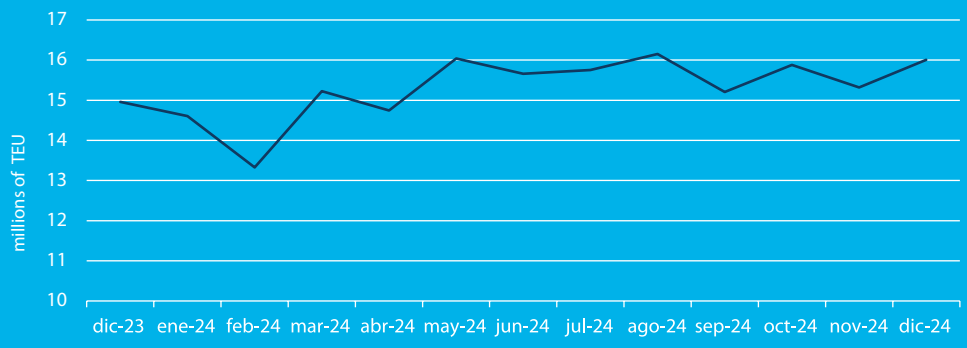
Trade tensions between the world's major economic powers also had an impact on the evolution of container traffic. Trade disputes and protectionist policies affected international trade stability, generating great volatility and uncertainty in the flow of goods. Despite all this, there is no doubt that the growth and recovery of maritime transport have been key elements for world trade in 2024.

After analysing the economy and trade from an international perspective and studying the effects on the maritime market, it is essential, in order to continue along the same lines, to analyse this year's economic situation from a regional perspective. Focus will therefore be placed on the evolution of the Spanish economy and, more specifically, on the industries that make up the hinterland of Valenciaport.

Figure 6 |

World container volume development in TEU (million TEU)

Source: Prepared by the authors based on data obtained from Container Trade Statistics



Analysis of supply

By the end of 2024, the world container fleet will reach 31.43 million TEUs, with a total of 7,806 vessels in service. This is in addition to the delivery of a further 7.41 million TEUs in confirmed orders, representing a 23.5% growth in capacity by the end of 2024. At the same time, however, the number of vessels has grown at a more moderate pace, with an increase of 8.5% and the addition of 618 new units. This sustained growth, together with the restructuring of major shipping alliances in 2025, could lead to temporary adjustments in the capacity offered. However, the market has shown a remarkable capacity to absorb new tonnage throughout the year.

In this context, the supply of capacity in container shipping has remained at historically tight levels, with the overall fleet fully utilised despite the addition of new capacity. Commercial idling of container vessels has remained at exceptionally low levels, ranging from 0.4 to 0.7 per cent of global capacity, according to Alphaliner's monthly data. This phenomenon has been mainly driven by the reconfiguration of trade routes due to the Red Sea crisis, which has forced shipping lines to deploy additional tonnage to compensate for Cape of Good Hope detours.

From April to December, the number of commercially inactive vessels has ranged from 57 to 77 units, with a maximum capacity of 217,038 TEU in June and a minimum of 139,984 TEU in May (Figure 7). Despite market seasonality and fluctuations in demand, idle capacity has not exceeded 1% of the total fleet at any time during the year, in contrast to previous periods with higher levels of structural idling. Yard capacity —which represented 1.9 per cent of the fleet in August— decreased to 2.4 per cent in November, reflecting improved operational efficiency compared to previous years.

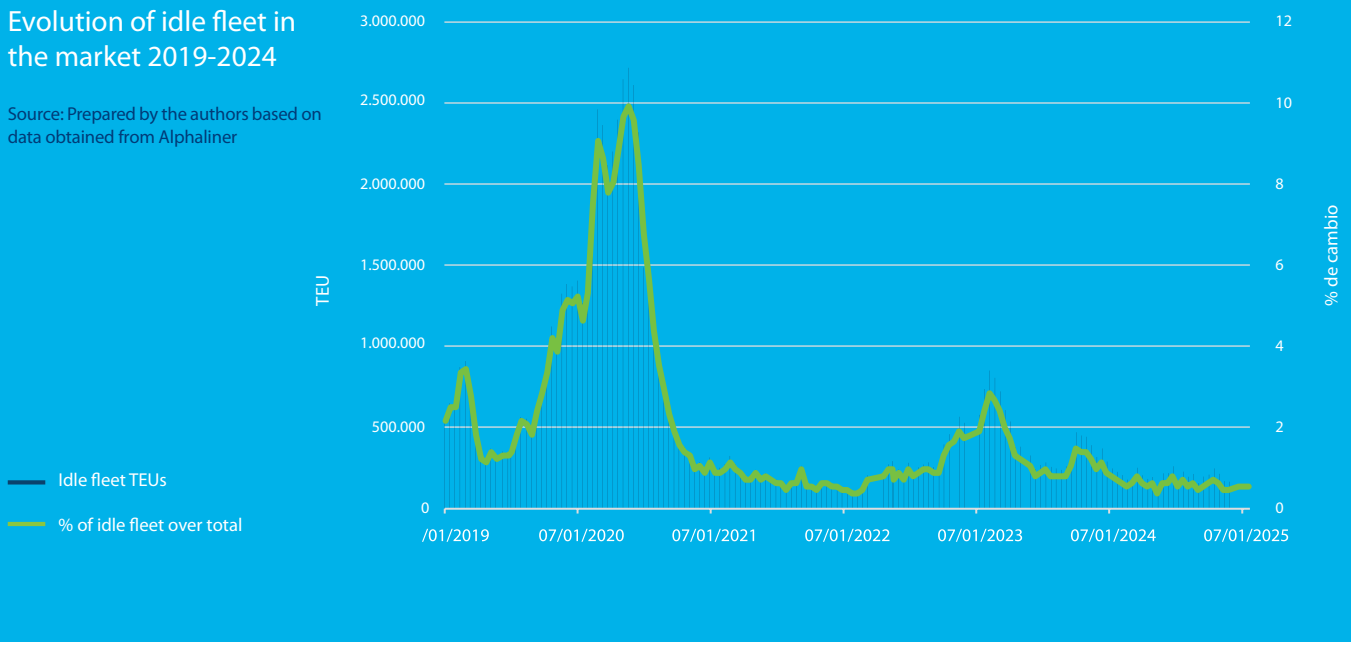
Geopolitical and commercial factors have been decisive in the evolution of capacity on offer. Exports from Asia to North America have been significantly dynamic in the last months of the year, driven by the anticipation of orders in the face of possible new tariffs in the US and the threat of port strikes. This behaviour, together with network optimisation and full utilisation of the available fleet, has made it possible to maintain transport supply at tight levels, even in traditionally weak periods of the year.

As previously analysed, throughout 2024, the container vessel fleet has experienced a sustained addition of new capacity. In this context, at the end of 2024, the container ship order book reached a new record of 8.3 million TEUs, surpassing the previous peak of 7.8 million TEUs recorded at the beginning of 2023. This increase in the order book reflects a continued expansion of global ca-

Figure 7 |

Evolution of idle fleet in the market 2019-2024

Source: Prepared by the authors based on data obtained from Alphaliner



pacity, with 4.4 million TEUs on order in 2024, the second highest ever in terms of new capacity orders (figure 8).

In terms of vessel type, vessels of 8,000 TEUs or more dominate the portfolio, accounting for 92% of total capacity, underlining the trend towards building larger vessels. Within this range, vessels with capacities between 12,000 and 17,000 TEUs account for 46% of the capacity on order, reflecting an increased concentration of capacity in large units driven by global container trade needs.

Although five vessels have already been ordered for delivery in 2030, 99% of the portfolio will be delivered between 2025 and 2029. An average of 1.9 million TEUs is expected to be delivered annually between 2025 and 2028, with a peak of 2.2 million TEUs in 2027. In 2029, 0.7 million TEUs are expected to be delivered. This distribution reflects an intensification in deliveries as deadlines to comply with new environmental regulations approach, which have driven demand for fleet renewal.

Vessel recycling has been limited in recent years, with only 166 vessels and 256,000 TEUs recycled in the last four years, leading to an increase in the average age of the fleet, up by 1.4 years since 2020. As a result, the number of vessels 20 years old or older has increased, reaching 3.4 million TEUs, equivalent to 11% of the world fleet. This ageing fleet, coupled with the lack of recycling, creates an opportunity for new orders, especially in the large vessel segment, which are designed to comply with new environmental regulations and improve operational efficiency.

The adjustment in capacity supply and the increase in the idle fleet have impacted the main trade routes in 2024 (figure 9). The Far East-North America link has experienced fluctuations in capacity operated, reflecting changes in demand and vessel allocation strategies. Capacity remains at high levels on the Far East-Europe route, although with signs of slowing down, partly due to the entry into force of the Emissions Trading Scheme (ETS) in the EU. Meanwhile, the Europe-North America route has followed a more stable evolution, consolidating the growth of previous years.

A key element in sector dynamics is the reorganisation of partnerships and maritime networks, the impact of which was first noted in 2024 and will become more evident in 2025, leading to adjustments in capacity supply on some routes. Factors such as increased operating costs due to environmental regulations and uncertainty in the Red Sea have also led to modifications in itineraries and fleet deployment.

A crucial factor arising from the interplay between supply and demand in maritime transport is the degree of port congestion, due to its influence on global supply chains. Port congestion has fluctuated throughout 2024, influenced by geopolitical factors, route reconfiguration and operational disruptions at key terminals. According to Linerlytica and as shown in Figure 10, overall

Figure 8 |

Container ship orders placed by quarter 2019-2025

Source: Prepared by the authors based on data obtained from Alphaliner

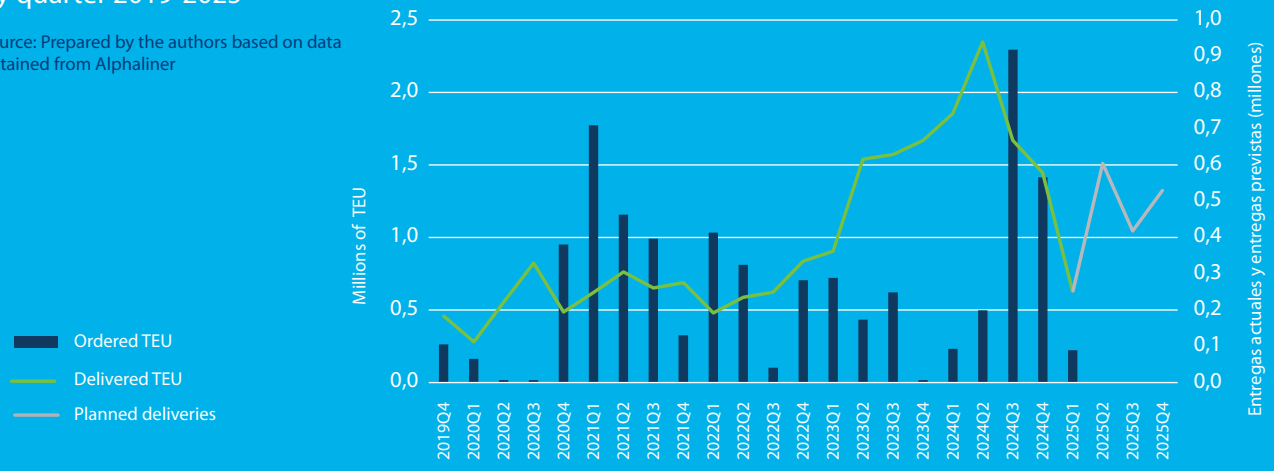


Figure 9 |

Weekly capacity deployed in the main East-West trade lanes (TEU)

Source: Prepared by the authors based on data obtained from Alphaliner

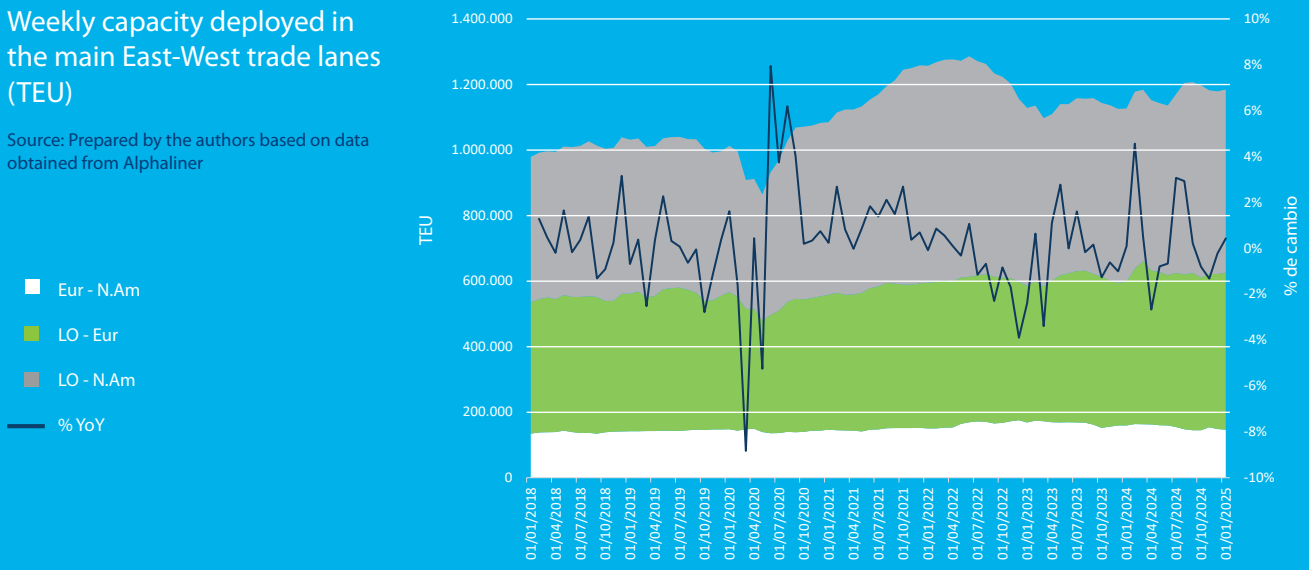
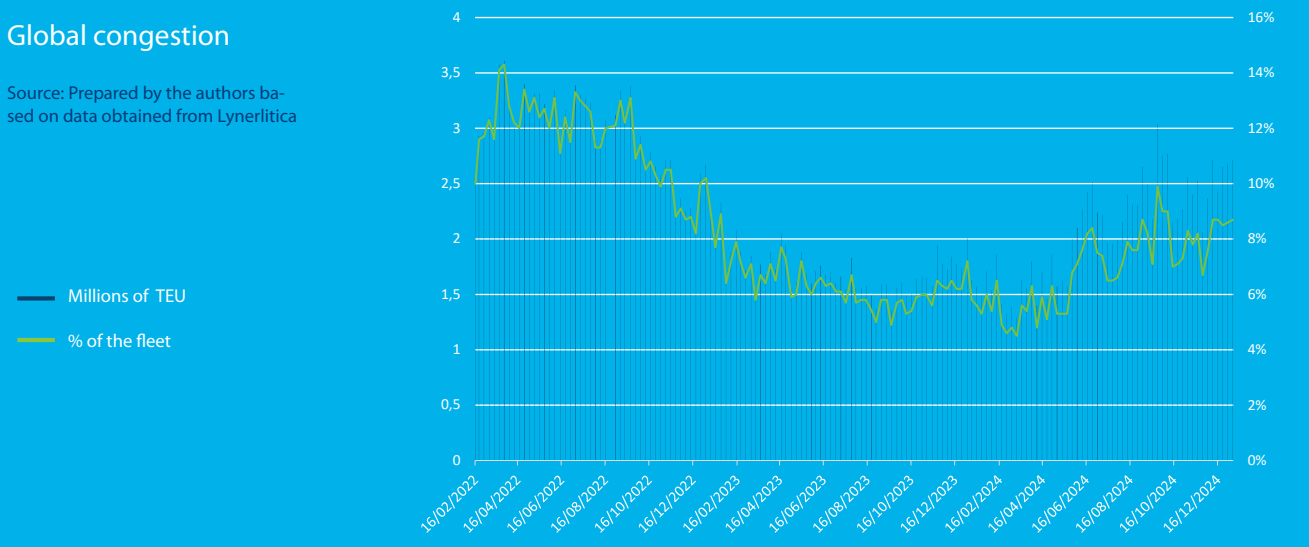


Figure 10 |

Global congestion

Source: Prepared by the authors based on data obtained from Lynerlitica



congestion levels have ranged from 6% to 9% of total fleet capacity, with peaks associated with specific events such as labour strikes, adverse weather conditions and supply/demand mismatches on certain routes.

In the first half of the year, the Red Sea crisis forced shipping lines to reroute services via the Cape of Good Hope, resulting in significant delays and increased pressure on certain transshipment ports, such as Singapore and Colombo. During the months of January and February, global congestion stood at over 8%, with a considerable volume of vessels held up waiting for berthing at some of the world's major hubs.

Congestion moderated in the second half of 2024, but hotspots persisted in regions such as the Gulf of Mexico and the US East Coast, where ports like Houston and New York experienced container backlogs due to high import demand and land-based capacity constraints. This was compounded by occasional disruptions in

Europe, with congestion in northern ports such as Rotterdam and Hamburg, especially at times of strikes and operational restrictions.

Linerlytica has highlighted that although port congestion in 2024 has not reached the extreme levels of the 2021-2022 logistics crisis, it still plays a key role in capacity management and freight rate volatility. Shipping lines have resorted to strategies such as blank sailing and prioritisation of services in less congested ports to mitigate the effects of congestion and optimise operational efficiency.

As congestion is a key factor influencing schedule reliability in maritime transport, in 2024 this reliability remained stable within a range between 50% and 55% (figure 11). There were notable monthly variations throughout the year, with improvements and declines in global reliability. Although reliability levels did decrease significantly at times, the overall trend showed stability. Average vessel delay also increased slightly, although it did not exceed the extreme levels observed during the peaks of the pandemic.

Differences between the main sector players were evident, with some showing a much more reliable performance than others. These variations reflect the ongoing challenges in the global supply chain and the ability of carriers to adapt to market fluctuations and operating conditions. In summary, although reliability was low compared to ideal levels, it remained within a predictable range, allowing sector actors to plan with some consistency despite the complexities of the environment.

Reliability levels in 2024 were higher compared to 2023, although they still did not reach pre-pandemic levels. This means that, although improved over the previous year, reliability remains below ideal standards, reflecting the continuing complexity of the environment in which carriers operate.

Fuel price is still a crucial factor when assessing shipping costs due to its direct impact on the operating expenses of shipping lines. In 2024, the fuel industry faced additional pressure from supply cuts, driven both by OPEC decisions and additional reductions implemented by some producers. These adjustments take place in a context of high global demand, which could put additional strains on consumers and pose risks to global economic stability.

According to Ship&Bunker data on bunkering costs in the world's major ports, the average IFO 380 bunker fuel price has seen a decrease (figure 12). Compared to December 2023, it is down 2.8% to $494.15 compared to $508.63 in the same month last year. Over the year, an increase of 7.34% was recorded from January to May, followed by a fall of 8.37% from June to December.

VLSFO has decreased by 9.01% from $632.14 in December 2023 to $575.20 in December 2024. From January to May, it experienced a drop of 1.89%, followed by a decline of 8.47% in the second half of the year. As for MGO, it fell by 11.75% to $753.05 in December 2024 compared to $853.36 in December 2023. From January to May, it dropped by 5.41%, followed by a decrease of 8.70% in the months thereafter, the steepest drop among the three fuel types mentioned.

Figure 11 |

Schedule reliability

Source. Prepared by the authors based on data obtained from Sea Intelligence

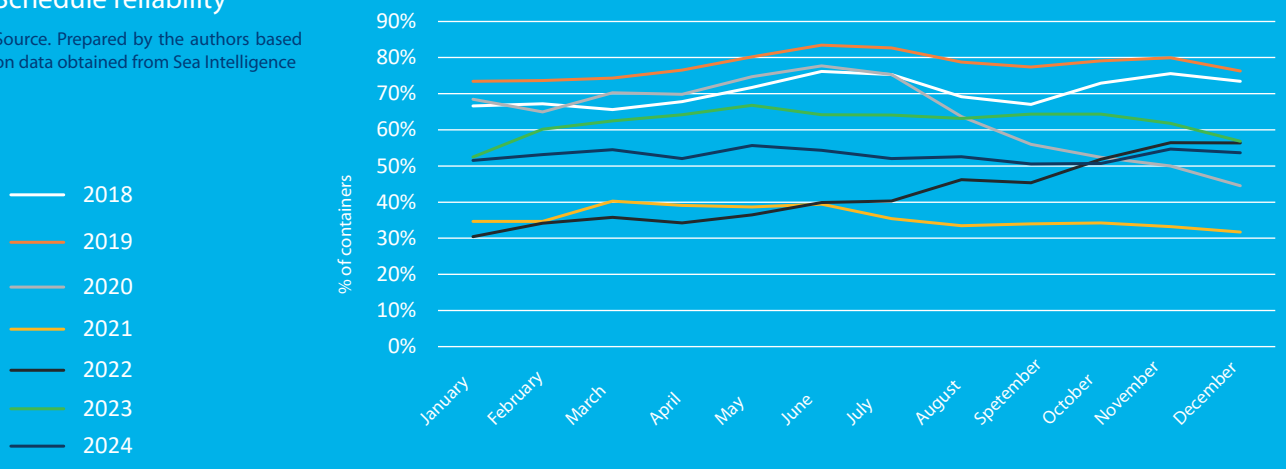
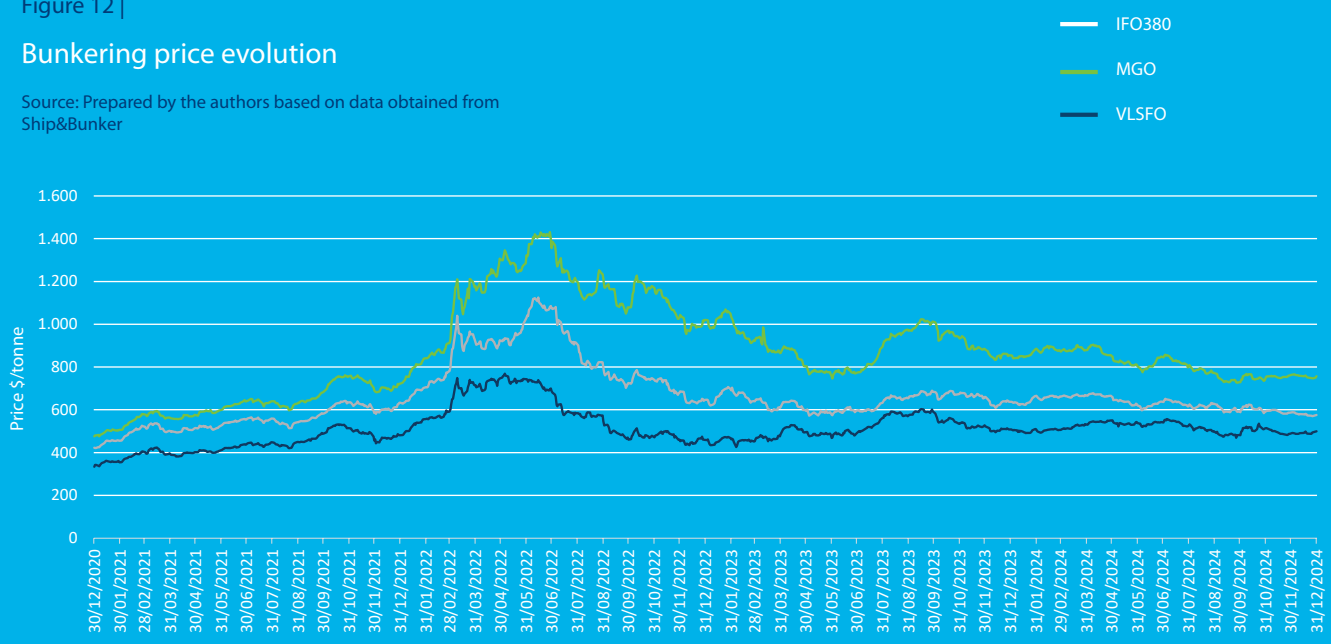


Figure 12 |

Bunkering price evolution

Source: Prepared by the authors based on data obtained from Ship&Bunker



Regional analysis: the case of Valenciaport

Following the analysis of the international dimension of the economy and trade and its translation to the maritime market, which undoubtedly have a major effect on the evolution of the VCFI, it is interesting to narrow the scope of study by considering aspects of a more regional nature. In this sense, understanding the evolution of the Spanish economy and, in particular, the export and import industries of Valenciaport's hinterland, as well as those of the countries in its foreland, is essential in order to contextualise demand for transport and its effects on prices.

Firstly, and looking at how the Spanish economy evolved during 2024, according to provisional data from the Spanish National Statistics Institute (INE), Gross Domestic Product grew in terms of volume by 3.2%. This is an acceleration from the 2.7% growth in 2023 and exceeds initial forecasts. In quarterly terms, GDP growth remained steady at 0.8% in each of the four quarters of the year. As for its components, the largest contribution to growth came from domestic demand, which contributed 2.8 percentage points, while foreign demand contributed 0.4 percentage points. Good labour market performance and increases in worker income meant that growth in private consumption was the engine of growth, while investment showed signs of recovery towards the end of the year.

After analysing the international dimension of the economy and its impact on the maritime market, it is essential to focus the study on regional aspects in order to better understand the evolution of the VCFI. The economic dynamics of the Valenciaport hinterland regions — mainly the Region of Valencia, the Region of Murcia, Castilla-La Mancha, Region of Madrid and Aragon— are crucial to contextualise demand for maritime transport and its influence on prices.

According to BBVA Research, GDP in the Region of Valencia is estimated to grow by 2.1% in 2024, in line with the national average (Table 1). This growth is attributed to improvements in the European economy, which boosted sales of goods and services, especially in the tourism sector. Higher margins in the sector also allowed for increases in investment and wages, strengthening domestic consumption. This trend is expected to continue in 2025, with a projected growth of 2.0%.

The Region of Murcia led economic growth in Spain in 2024, with a GDP increase of 3.4%, according to BBVA Research. This remarkable performance is due to the resilience of goods and services exports, as well as the increase in public sector employment, which contributed significantly to the region's economic dynamism. By 2025, growth is expected to moderate to a projected 2.7%.

In Castilla-La Mancha, GDP grew by 1.3% in 2024, a slowdown compared to previous years. Factors such as rising interest rates, inflation and geopolitical uncertainty affected consumption and investment. However, resilience in the production of capital goods and energy, together with a more dynamic labour market than expected, suggest that growth may accelerate in 2025, with a projection of 2.7%. The Region of Madrid experienced GDP growth of 3.1% in 2024, outperforming the national average. This result is attributed to the strong performance of the services sector, in particular tourism, and to domestic demand strengthened by rising private consumption. The outlook for 2025 indicates a slight slowdown, with a projected growth of 2.8%. Aragon recorded GDP growth of 1.8% in 2024, influenced by the slowdown in industry and uncertainty in international trade. However, recovery in sectors such as automotive and increased investment in capital goods could drive an acceleration of growth in 2025, with a projected 2.4%.

Table 1|

Real GDP growth by region (% annual change)

Annual change (%)	Region of Valencia	Aragon	Castilla la Mancha	Madrid	Murcia
Average 2014-2019	2,6	1,9	1,9	3,3	3
2020	-10,9	-8,7	-7,7	-11	-9,1
2021	5,6	4,4	4,8	5,4	5
2022	5,5	5	4,3	5,7	5
2023	2,3	2,4	2	3,3	3,4
2024 (p)	3	3	2,6	3,1	3,4
2025 (p)	2,7	2,2	2,7	2,8	2,7

Source: Prepared by the authors based on INE data and BBVA Research estimates for 2024

As in previous years, inflation has again been a major factor in 2024. Following a sustained decline throughout 2023, the year 2024 has been characterised by a further moderation in overall price levels, albeit not without occasional tensions. As can be seen in the figure 13, the Consumer Price Index (CPI) closed the year with an annual change of 2.8%, below the average of the previous year (3.6%) and very close to the European Central Bank's target, reflecting a certain normalisation of consumer prices. This downward trend has been favoured by a moderation in the rise of food prices, which closed the year with a rate of 1.8%, and by the correction in some energy commodities.

However, this containment of headline inflation has not been homogeneous across all components. Core inflation, which excludes unprocessed food and energy products, stood at 2.6% in December, still above the headline index and showing greater downward resistance due, among other factors, to the rise in the cost of certain services such as leisure, culture and transport. Indeed, the last few months of the year showed occasional spikes in the CPI, driven by increases in fuel and package holidays, reflecting the fact that inflationary pressures have not yet fully dissipated.

With this price behaviour, 2024 closes with an improvement in the inflation outlook, but also with some caution regarding future developments. Continued tensions in some consumption segments and the lagged effects of monetary policy could continue to weigh on interest rate normalisation processes and, consequently, on the evolution of domestic demand and overall economic activity.

With regard to the Industrial Production Index (IPI) in Spain —an indicator that measures the monthly evolution of industrial branch productive activity, excluding construction— 2024 was marked by moderate sector recovery, although with important territorial differences.

At national level, the IPI recorded an average annual growth of 0.9%, according to data from the National Statistics Institute, which represents a clear improvement compared to the contraction of -4.2% observed in 2023. This positive development was reinforced by the year-on-year rebound in December, with a change of +4.7%, in contrast to the slight fall of -0.2% recorded in the same month of the previous year.

From a regional perspective, Murcia led industrial growth with an increase of 5.1%, followed by Madrid (+1.9%) and the Region of Valencia, which reversed its sharp decline of the previous year (-9.7%) with a rise of 1.7%. Castilla y León, on the other hand, also showed a notable increase with a rate of 2.6%. In contrast, Aragon experienced a fall of -1.1%, while Castilla-La Mancha maintained a practically flat evolution (-0.5%), reflecting the heterogeneity industrial sector performance between Autonomous Regions.

Focusing on the evolution of international trade in Spain, and according to the provisional data available, the physical volume of goods exported in 2024 reached 176.7 million tonnes, which represents a slight fall of -0.5% compared to 2023 (177.6 Mt). Imports totalled 247.3 million tonnes, a slight increase of +0.1% over the previous year (246.9 Mt).

Although these changes may appear moderate, they are part of a context of stabilisation after the large swings of previous years, which has helped to keep the pressure on transport and external logistics relatively contained.

Figure 13 |

Annual CPI rate (in %)

Source: Prepared by the authors based on data obtained from the National Statistics Institute (INE)

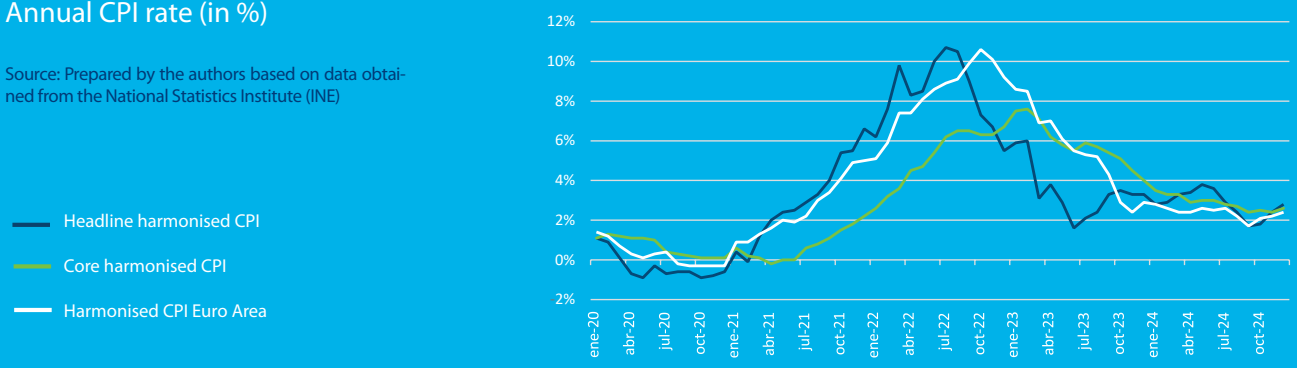


Figure 14 |

Annual variation in the Industrial Production Index (IPI) for Spain and the main Autonomous Regions in the Valenciaport hinterland.

Source: National Statistical Institute

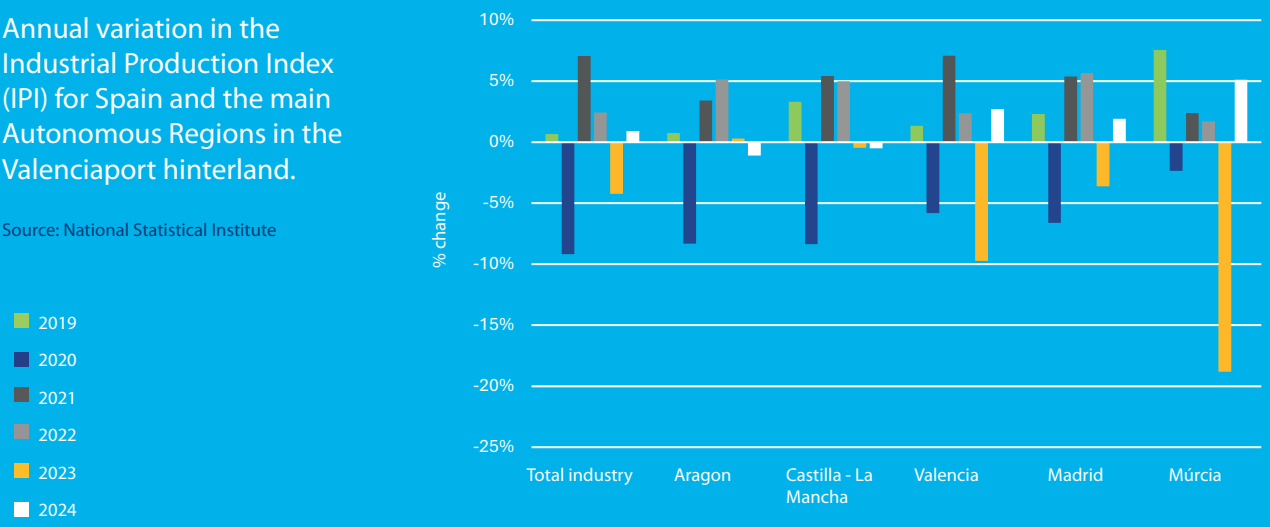


Figure 15 |

Evolution of goods imports and exports (million tonnes)

Source: Prepared by the authors based on data provided by Datacomex

The evolution of these figures is conditioned not only by the monetary values of trade, but also by the actual quantity of goods crossing borders, a particularly relevant aspect for estimating their impact on transport demand and port activity. As can be seen in Figure 15, exports declined slightly in terms of volume, while imports rebounded slightly, suggesting a certain recomposition of physical trade flows, possibly linked to factors such as subdued domestic demand, international price developments and the containment of energy consumption.

With regard to goods import and export activity in the autonomous regions that make up the natural hinterland of Valenciaport (Table 2), data for 2024 show an uneven evolution between territories. Aragon and the Region of Valencia maintained their export volumes stable compared to the previous year, with 5.9 and 21.5 million tonnes respectively. In contrast, regions such as Murcia and Madrid recorded slight decreases in exports, while Castilla-La Mancha showed a slight recovery from 4.1 to 4.3 million tonnes.

On the import side, there are also notable differences. Castilla-La Mancha, Valencia and especially Madrid reduced their imports compared to 2023, which could reflect lower domestic demand or logistical adjustments. On the other hand, Aragon once again stood out with an increase in both exports and imports (both at 5.9 million tonnes), consolidating its role as a key logistical-industrial enclave, mainly linked to the automotive industry. This

Table 2 |

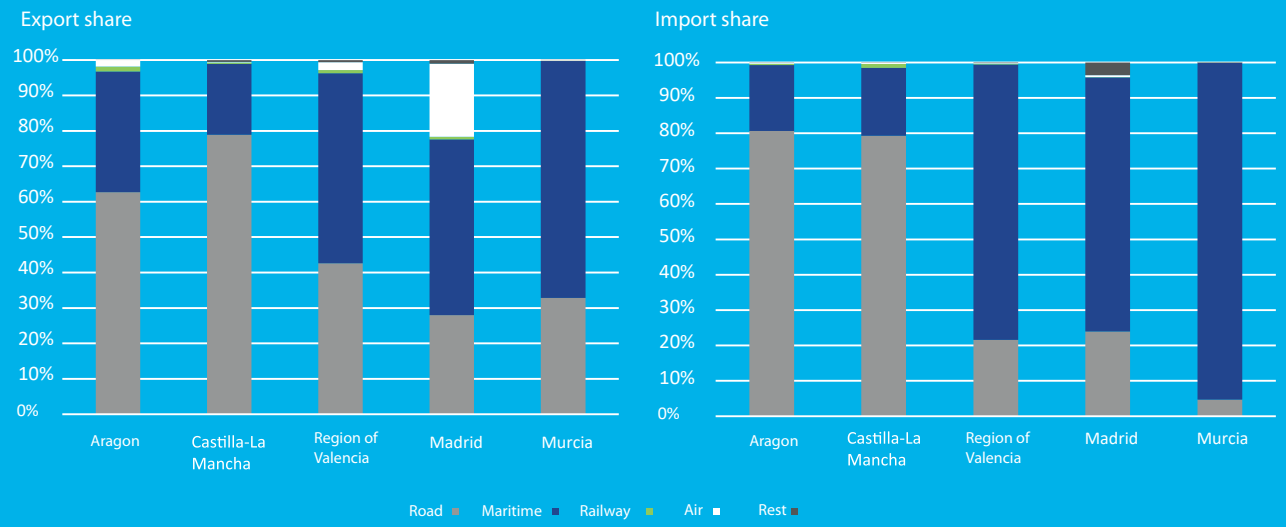
Evolution in the volume of exports and imports by Autonomous Region (million tonnes)

		Reg. Valencia	Aragon	Castilla-La Mancha	Madrid	Murcia
Volume of exports	2019	25,0	5,2	4,3	10	13,2
	2020	24,1	5,3	4,1	9,9	12,9
	2021	25,9	5,9	4,8	11,4	10,9
	2022	24,6	5,7	4,5	11,7	10,9
	2023	21,4	5,9	4,1	13,7	12,7
	2024	21,5	5,9	4,3	13,3	12
Volume of imports	2019	25,1	4,7	2,4	15,6	24,1
	2020	22,7	4,7	2,4	23,9	22,0
	2021	26,7	4,9	2,9	26,9	19,4
	2022	26,6	4,7	3,2	33,4	24,4
	2023	19,4	5,4	3,3	29,8	23,9
	2024	22,8	5,9	3,6	24,4	23,6

Source: Prepared by the authors based on Datacomex data

Figure 16 |

Modal share of the volume of exports and imports by Autonomous Region (million tonnes, 2024)



Source: Prepared by the authors based on Datacomex data

sector continues to exert a strong pull effect on regional foreign trade, driving both the export of finished vehicles and the import of components for its supply chain.

Furthermore, it is important to highlight the importance of maritime transport in the distribution of goods in the autonomous regions in Valenciaport's hinterland. Two representative figures show the modal share of maritime transport for both exports and imports (Figure 16).

In 2025, data show an increasing trend in the use of maritime transport for exports. Regions such as Valencia, Madrid and Murcia have outstanding maritime modal shares: 77.7% in the Region of Valencia, 71.6%

in Madrid and 95.2% in Murcia. Although the maritime share is lower in regions such as Aragon (18.6%) and Castilla-La Mancha (19.1%), there is still a significant weight of road transport.

This increase in maritime participation underlines the strategic importance of maritime transport in these regions for international trade, consolidating Valenciaport as a key hub of global connectivity.

On analysing the behaviour of main macroeconomic aggregates of the countries that make up the Valenciaport foreland (Table 3), a moderately positive evolution is observed in 2024 in terms of economic growth, with GDP growth rates ranging from 0.67% in Italy to 4.82% in China, with Algeria (3.85%) and the United Arab Emirates (4.01%) also standing out. On the price side, inflation rates remained contained in most countries with the exception of Algeria, which reached a CPI of 5.26%, and to a lesser extent the United Kingdom (2.62%) and the United States (2.87%).

In terms of trade, exports showed a mixed performance: while countries such as China (+8.18%), the United Arab Emirates (+4.13%) and the United States (+2.44%) recorded gains, others such as Saudi Arabia (-1.05%) and the United Kingdom (-6.01%) experienced declines. The trend was more positive for imports: Algeria (+9.23%), Saudi Arabia (+7.00%) and the United States (+4.38%) led growth, reflecting a recovery in domestic demand and foreign trade in these markets.

Table 3 |

Evolution in the main macroeconomic aggregates of the Valenciaport foreland (% change)

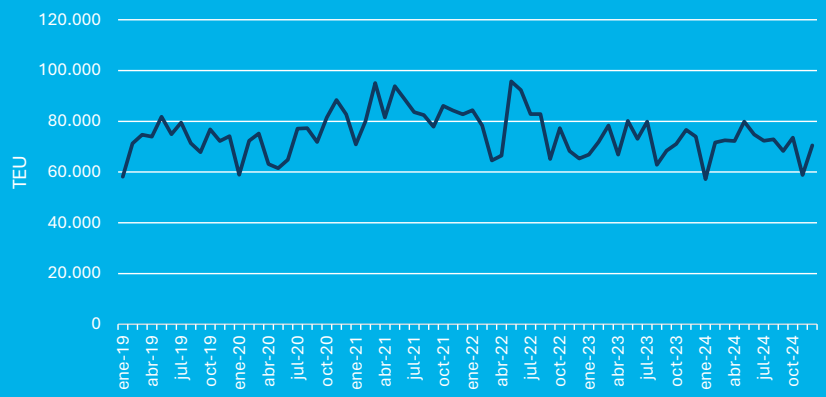
	Algeria	China	Italy	Morocco	Saudi Arabia	United Arab Emirates	United Kingdom	United States
GDP (% change)	3,849	4,82	0,67	2,79	1,52	4,01	1,08	2,76
CPI (% change)	5,256	0,42	1,26	1,72	1,74	2,3	2,62	2,87
Evolution of exports (% change)	2,194	8,18	0,27	1,46	-1,05	4,13	-6,01	2,44
Evolution of imports (% change)	9,23	3,79	-0,64	2,4	7	4,09	-1,08	4,38

Source: Prepared by the authors based on data from the International Monetary Fund

Gráfico 17|

Evolution of full TEUs from Valenciaport, 2019-2024

Source: Prepared by the authors (Data: Port Authority of Valencia)



Looking at all traffic at Valenciaport in 2024, the port handled more than 80.6 million tonnes of goods, which represents a growth of 5.1% compared with 2023. Container traffic reached 5.47 million TEUs, an increase of 14.15%.

However, if we focus exclusively on full export TEUs (see Figure 17), a positive development can be observed. In 2024, 871,176 TEUs were mobilised, compared with the 870,031 TEUs recorded in 2023, an increase of 0.13%, reflecting a recovery in consolidated export flows from the port.

Containerised exports remain global in scope, with the United States, Spain, China, Mexico and Saudi Arabia being the five main destinations, which together accounted for 24.94% of total exports in 2024. However, there has been an overall decrease in TEU volumes compared to the previous year. Particularly noteworthy is the fall in shipments to Saudi Arabia (-29.37%), the United States (-19.56%) and China (-14.16%). In contrast, there was a notable increase in exports to Spain (37.75%) and Mexico (9.82%) (see Table 4).

When analysing freight rates by region in the different sub-indices, i.e. distinguishing between the Western Mediterranean, the Far East, and the US and Canada, there is a change in trend compared to behaviour in the second half of 2023. Although all three markets had been in a prolonged downward correction phase, data for the first months of 2024 reflect a gradual recovery in all cases, with particularly significant increases on routes to Asia and North America. However, this positive evolution has not been completely uniform, as shown in Figure 18, with some occasional changes —both upward and downward— that respond to specific cyclical factors and dynamics in each region.

During 2024, the evolution of ocean freight rates in the Far East region showed a significant recovery compared to the sharp adjustment observed in 2023. This took place in a global context still marked by geopolitical tensions, adjustments in supply chains and an international demand that, although improving, has not yet reached the levels prior to the post-pandemic inflationary shock.

The year began with an index value of 1,213.42 points in January and showed sustained growth during the first half of the year, reaching a peak of 2,957.09 points in June. This increase was mainly due to two key factors: higher routing costs due to forced detours in the Red Sea as a result of attacks on commercial vessels; and a partial recovery in demand for consumer durables and industrial components, especially from Southeast Asia. However, the second half of the year saw some stabilisation in

Table 4|

Evolution of export flows of main export destinations (TEUS)

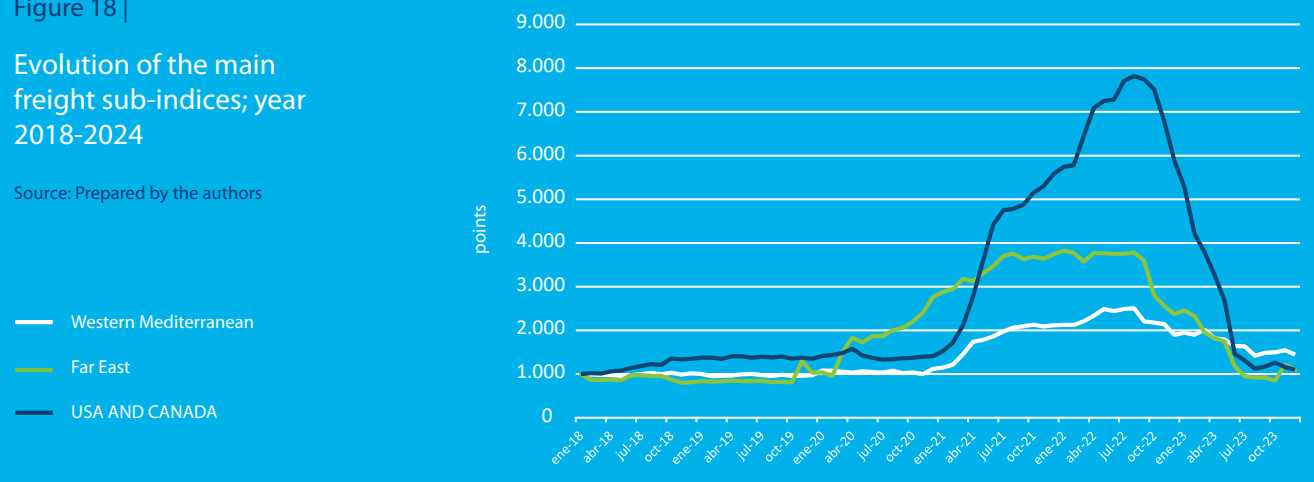
	2021	2022	2023	2024	% del total	Var. 2023-2024
United States	145.953	143.216	115.197	126.612	9,43%	-19,56%
Spain	80.106	75.736	104.325	73.238	5,46%	37,75%
China	73.451	55.700	47.812	46.971	3,50%	-14,16%
Mexico	35.004	35.539	39.029	39.879	2,97%	9,82%
Saudi Arabia	48.683	48.403	34.188	34.584	2,58%	-29,37%
UAE	38.449	36.902	33.440	20.879	1,56%	-9,38%
Morocco	32.019	25.759	23.180	28.074	2,09%	-10,01%
Canada	24.285	26.811	22.516	21.413	1,60%	-16,02%
India	25.774	23.003	20.654	19.734	1,47%	-10,21%
Turkey	19.359	20.361	19.886	20.495	1,53%	-2,33%
Brazil	20.811	21.585	19.125	18.360	1,37%	-11,40%
Rest	537.209	486.056	390.679	891.977	66,46%	-19,62%
Total	**1.081.103**	**999.071**	**870.031**	**1.342.216**	**100,00%**	**-12,92%**

Source: Prepared by the authors based on data provided by the APV

Figure 18 |

Evolution of the main freight sub-indices; year 2018-2024

Source: Prepared by the authors



prices, with a slight downward trend that led the index to close December at 2,878.70 points. Even with this moderation, the annual result reflects a year-on-year growth of +162.62%, which contrasts sharply with the fall of -55.34% recorded in 2023.

From a medium-term perspective, current values still remain below the historical high reached in 2021 (3,742.98 points), but clearly above pre-pandemic levels. Indeed, if we take the start of the series in January 2018 as a reference (1,000.00 points), cumulative growth at the close of 2024 is +187.87%, evidencing the persistence of a new structural floor in maritime transport costs to this region.

This behaviour reflects a transition in the global pattern of trade, with more costly routes, greater geopolitical instability and a still high interest rate environment, which constrains logistics investment and amplifies bottlenecks. The Far East region, particularly affected by the evolution of the Chinese economy, shows mixed signals: while its export performance is improving, the consolidation of this trend will depend to a large extent on exogenous factors such as global trade stability and the evolution of regional conflicts.

The recent evolution of full container shipments from Valenciaport to China, the main Port of Valencia trading partner in the Far East region, is noteworthy. Over 2024, these shipments experienced a slight decrease of -1.76% compared to the previous year, from 47,812 TEU in 2023 to 46,971 TEU in 2024. However, when considering the total number of containers handled between Valenciaport and China —including both loading and unloading— there is a significant increase of 29.06%, from 544,504 TEU in 2023 to 702,633 TEU in 2024. This notable rise highlights the intensification of bilateral trade and consolidates China as a key strategic partner for maritime traffic in Valencia, despite the slight decline in full container exports.

In terms of freight behaviour in the US/Canada area during 2024, after a decline in 2023, the trend was reversed with a significant rebound in the first months of the year. From January to April, the index showed an upward trajectory, with a cumulative increase of 120.85% in that period, reaching a peak value of 2,429.06 points in April. A certain stabilisation in levels was observed from May onwards, followed by a downward correction during the third quarter, with a particularly noteworthy drop of 17.59% between July and September. However, this phase was followed by a gradual recovery in the last quarter, with December closing at 2,160.18 points, a year-on-year growth of 96.4% compared to December 2023.

This behaviour reflects a context of international trade realignment with relentless structural tensions in the global logistics chain. Factors such as persistent geopolitical uncertainty, high operating costs and the restructuring of global demand have contributed to these movements in the index. All this against a backdrop where shipping lines have adjusted capacity and services to adapt to a more volatile and less predictable environment.

In relation to the United States, which is the main country cargo container movement from Valenciaport, during 2024 a total of 126,612 TEUs have been shipped, which represents an increase of 9.9% compared to 2023, when a total of 115,197 TEUs of cargo were shipped.

During 2024, the Western Mediterranean sub-index has shown a markedly positive evolution, characterised by

a sustained recovery over the months, albeit with some oscillations. The index started the year in January with a value of 1,959.92 points, a significant increase from December 2023, when it stood at 1,447.90 points. February saw a slight correction to 1,928.77 points, followed by a slight recovery in March to 1,935.40 points. In April, the index fell back a little, closing at 1,908.24 points, but in May it resumed its upward trend and broke through the 2,000-point barrier for the first time this year, reaching 2,002.26 points. A trend consolidated in June with a further rise to 2,070.25 points. However, in July there was a remarkable drop of 10.7% to 1,849.29 points, although in August the index recovered significantly, rising to 2,138.51 points. Recovery continued in September, reaching 2,337.69 points, one of the highest levels of the year. In October, the index fell to 2,174.18 points, but rose again in November to 2,248.95 points, closing the year in December with a record value of 2,559.30 points. This result represents an increase of 76.8% compared to the end of 2023 and is one of the highest levels in the VCFI historical series. This rebound reflects a significant recovery in freight rates in this area, driven by an improvement in regional trade flows and a partial pick-up in demand.

In terms of demand, an increase of 21.09% in exports from Valenciaport to Morocco has been recorded for 2024, reaching a total of 28,074 TEUs, compared to the 23,182 TEUs channelled in 2023. Growth that consolidates the recovery of trade with the Maghreb country, reflecting a positive evolution in the export dynamics from the port to this strategic market.

A key factor in understanding the economic and trade development of each region lies in the structural particularities of each country, the internal dynamics of their economies, the specific characteristics of their port systems and the configuration of the container trade routes linking them. These elements have a direct impact on the evolution of foreign trade flows.

In the Far East, most economies maintained positive growth rates, with Vietnam (6.06%), China (4.82%) and Malaysia (4.80%) standing out. However, trade data reflect signs of a slowdown in the pace of international trade expansion. Exports show relatively modest changes in economies such as Japan (1.08%), Singapore (1.28%) and Thailand (1.60%), while imports also show a contained trend, especially in Japan (1.19%) and South Korea (3.31%). These developments are influenced by a regional environment marked by subdued global demand, geopolitical tensions and adjustments in supply chains.

Economic performance has been moderate in the US and Canada region with growth rates of 2.76% in the US and 1.34% in Canada. At trade level, exports slowed down (2.44% and 0.81% respectively), while imports grew slightly (4.38% in the US and 0.85% in Canada), reflecting weaker domestic demand and the impact of tighter financial conditions.

In the Western Mediterranean, moderate growth dynamics continue in Morocco (2.8%), Tunisia (1.6%) and Algeria (3.8%). Exports evolved with a certain stability, recording variations of 1.46% in Morocco, 2.31% in Tunisia and 2.19% in Algeria. In contrast, imports are growing faster, especially in Algeria (9.23%), suggesting a larger trade imbalance. These results reflect both internal structural factors and the impact of the Red Sea crisis, which has disrupted maritime traffic on key routes to and from the region.

Therefore, beyond the specific characteristics of each region, the sustained reduction in freight rate levels — which in 2024 have approached pre-pandemic values considerably— continues as a relevant indicator of the current state of the global economy and its situation. After a 2022 marked by a slow normalisation of supply chain tensions and a 2023 in which logistics bottlenecks were largely resolved, the outlook for 2024 is still characterised by high uncertainty, both geopolitical and economic. In this context, structural challenges remain in achieving a sustainable balance between supply and demand in maritime transport, especially in the face of changing trade patterns and tensions on strategic routes.

Table 5 |

Far East: main economic variables in 2024, annual change

	China	Hong Kong	Singapore	South Korea	Japan	Vietnam	Thailand	Taiwan	Malaysia
Economic growth (% annual change in constant prices)	4,82	3,21	2,60	2,48	0,32	6,06	2,80	3,73	4,80
Evolution of exports (% change)	8,18	6,83	1,28	6,60	1,08	4,90	1,60	6,90	4,87
Evolution of imports (% change)	3,80	3,14	11,77	3,31	1,19	8,07	3,80	7,00	4,99

Source: Prepared by the authors based on data obtained from the IMF

Table 6 |

United States and Canada: main economic variables in 2024, annual change

	USA	Canada
Economic growth (% annual change in constant prices)	2,76	1,34
Evolution of exports (% change)	2,44	0,81
Evolution of imports (% change)	4,38	0,85

Source: Prepared by the authors based on data obtained from the IMF

Table 7 |

Western Mediterranean: main economic variables in 2024, annual change

	Morocco	Tunisia	Algeria
Economic growth (% annual change in constant prices)	2,8	1,6	3,8
Evolution of goods exports (% variation)	1,46	2,31	2,19
Evolution of goods imports (% change)	2,40	4,62	9,23

Source: Prepared by the authors based on data obtained from the IMF

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Valencia Containerised Freight Index

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