

Shipping stocks extend rally as Red Sea traffic paused

MILAN (Reuters) -Shipping stocks kept rising across Europe on Monday after A.P. Moller-Maersk and other top freight firms paused journeys through the Suez Canal following attacks on vessels in the Red Sea by Houthi militants in Yemen. Traders bet a prolonged disruption to the key route, which allows East-West trade without the time and expense of circumnavigating Africa, could boost rates. Maersk shares rose as much as 4.7% in Copenhagen, before paring some of those gains, and following an almost 8% surge on Friday. By 1137 GMT, Italian shipper **D'Amico**, Germany's Hapag Lloyd and Norwegian oil tanker Hafnia gained between 4% and 7%, also extending last week's surge. On Monday, oil major BP temporarily paused all transits through the Red Sea citing security concerns. "We believe that the decision to avoid the Red Sea route for crude/product cargoes will increase transport time and may put further upward pressure on freight rates if this condition persist," Massimo Bonisoli, an analyst at Equita, said. The crude price was last up 0.7% at \$77.11 a barrel, having touched an earlier session low of \$75.76. Jefferies said should ships avoid the Red Sea and sail around the Cape of Good Hope, the utilisation impact would be significant, with containers and tankers the most affected. "The Suez Canal is a vital link in seaborne trade and the global merchant fleet is being stretched as ships change trade patterns. All segments are active in the region and likely will see stronger rates in the near-term," Jefferies analysts said. A tanker from the Middle East would take 17 days to get to Europe via Suez and 41 days if going around Africa, it noted, adding that military-supported convoys may be a better alternative than going around the Cape of Good Hope. Maersk on Friday paused all its container shipments through the Red Sea until further notice, and was joined on Saturday by the Swiss-based MSC and French shipping group CMA CGM. (Reporting by Danilo Masoni; Editing by Amanda Cooper and Hugh Lawson)

