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World

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A ship is docked at the Red Sea port of Hodeidah, Yemen. Reuters

Shipping stocks jumped across European exchanges on Monday as Iran-backed Houthi terrorists in Yemen increased attacks on ships in the Red Sea, urging Denmark's A.P. Moller-Maersk and other freight businesses to avoid the Suez Canal.

Traders believe that a lengthy interruption to the crucial route, which permits East-West commerce to take place without the time and expense of circumnavigating Africa, might raise interest rates.

Maersk surged 3.5% in early Copenhagen trade before reducing some of its gains.

**D'Amico** International Shipping, Hapag Lloyd, and Hafnia had risen between 3 and 4% at 0930 GMT. Scorpio Tankers and Nordic American Tankers' Frankfurt-listed shares climbed 5.6 and 8.9%, respectively.

"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 persists," Massimo Bonisoli, an analyst at Equita, said.

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 by going around Africa, it noted, adding that military-supported convoys could 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.

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