

SCFI registers two digit jump

November 2, 2023



The composite [Shanghai Containerized Freight Index \(SCFI\)](#) closed at 1,012.6 points in Week 43, surging 10.3% from the previous week and remaining on an upward trend for the third week in a row, while the index exceeded the 1,000-point line for the first time since early September.

Shipping capacity adjustments by carriers caused more significant space shortages on the trade lanes to North America, South America, Australia and elsewhere.

On east-west routes, spot rates for container exports from Shanghai to Europe increased 32.4% to US\$769 per TEU, 10% to US\$1,221 per TEU to the Mediterranean, 9.7% to US\$1,916 per FEU to the US West Coast and 7.4% to US\$2,361 per FEU to the US East Coast.

On north-south lanes, ex-Shanghai container spot rates rose 14.4% to US\$1,101 per TEU to the Middle East Gulf, 11.4% to US\$792 per TEU to Australia and New Zealand, 12.1% to US\$2,425 per TEU to South America,

3.3% to US\$1,514 per TEU to southern Africa and 5% to US\$2,307 per TEU to eastern and western Africa.

Within Asia, spot rates for containers from Shanghai fell 0.3% to US\$306 per TEU to Kansai, Japan, leveled off at US\$319 per TEU to Kanto, Japan, rose 1.1% to US\$187 per TEU to Southeast Asia and remained unchanged at US\$142 per TEU to South Korea.

Freight rates are unlikely to plunge next year even if supply and demand continue to be imbalanced, according to Xeneta. The Oslo-based freight rate benchmarking and market analytic platform operator, which projects that demand will grow 2.5% in 2024 in the ocean freight market at a time when supply is expected to grow 6.5%, anticipates that freight rates will remain at ongoing levels and rebound later.

A total of 236 newbuildings of 1.6 million TEUs were delivered through September, while orders were made for 189 vessels of 1.76 million TEUs.

Despite poor market conditions, the order backlog is expanding with orders being placed successively for large and eco-friendly vessels. Some expect the ongoing oversupply will be eliminated for the first time in 28 years.

On the North American trade, 529,000 TEUs of shipping space was supplied per week in October, down 13.6% year on year. Due to the supply-demand imbalance, shipping capacity adjustments are expected to continue through year-end.

On the Europe route, space supply has been reduced by nearly 20%, substantially raising freight rates. Large container freighters have been delivered in succession-seven 13,000-TEU units in September and four 24,000-TEU units in October. Weekly space supply increased 4.3% in October.