

# Spot box rates lose momentum after four weeks

November 7, 2023



Port of Shanghai

Four weeks of gains in spot container freight rates are expected to evaporate as mainline operators continue chasing market share despite weak demand.

While Transpacific rates were still up when the [Shanghai Containerised Freight Index \(SCFI\)](#) closed on 3 November, Shanghai-North Europe rates have begun retreating as carriers are adding capacity.

Shanghai-US West Coast rates climbed nearly 10% from the previous week to US\$2,102/FEU, while Shanghai-US East Coast rates grew 3%, to US\$2,434/FEU. Shanghai-North Europe rates regressed by 2% to US\$756/TEU.

Linerlytica's latest report stated that these rates cannot be sustained in the traditional slack season in November, with spot rates settling into the usual routine of early month hikes followed by mid-month declines. The same pattern will be repeated through November, with capacity rising sharply this month on both Transpacific routes. Forward capacity forecasts for November currently show that compared with October, there is a 28% increase in the West Coast and a 23% increase in the East Coast.

Linerlytica noted that even as mainline operators are hoping to raise rates again in December, this is not supported by higher blanked sailings.

The consultancy said, "Carriers have not withdrawn sufficient capacity for the higher rates to stick despite the rapidly eroding earnings with Maersk becoming the latest casualty, following Zim and Wan Hai to have reported quarterly EBIT losses this year. Carriers continue to chase market share, with Maersk inexplicably regaining its appetite for volumes after allowing its to be liftings eroded in the last two years."

Maersk has been chartering more ships and is deploying more capacity by implementing extra loader services to the US East Coast, despite slipping into the red for Q3 2023.

Maersk's efforts will not be adequate to regain its top spot in the liner rankings, with Mediterranean Shipping Company remaining active in the charter and sales and purchase markets, upping its capacity to 5.5 million TEUs this week.

While 10 of MSC's ships are currently idled, these will not stay unemployed for long as five of the vessels are already slated to return to service in the next two weeks as the overall idle fleet continues to shrink.

As liner operators lose capacity discipline, the idled fleet has fallen to 215,000 TEUs, after peaking at 330,000 TEUs in October.

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