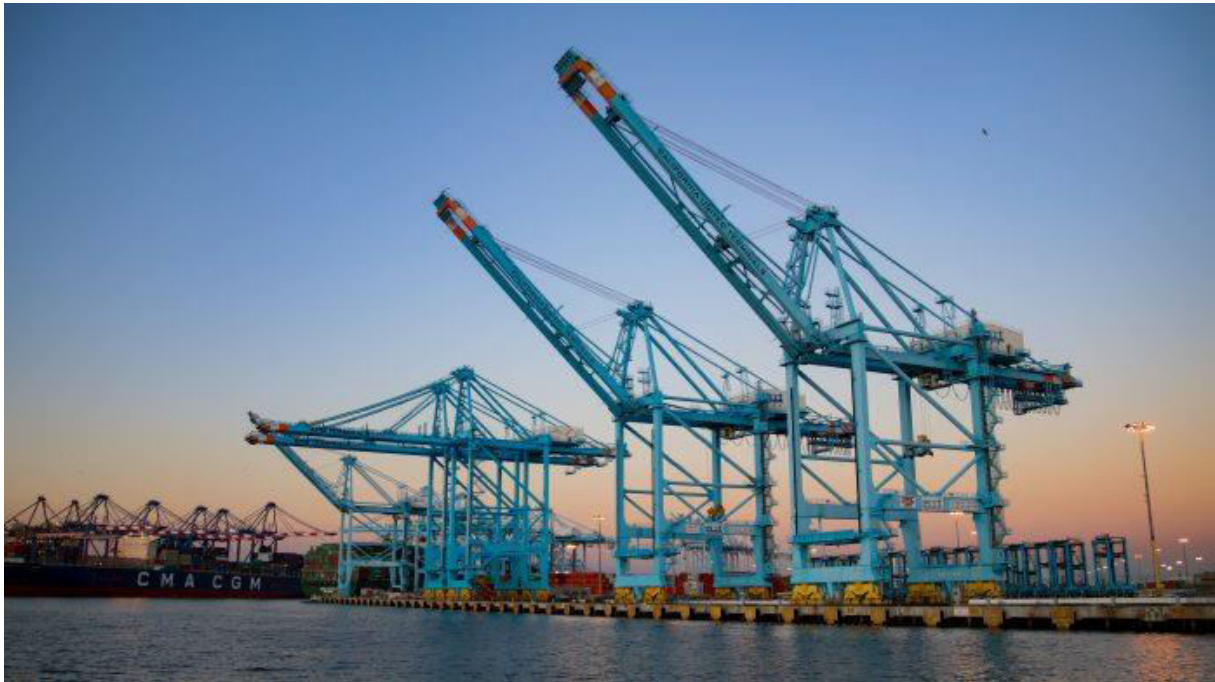


Rates continue falling with capacity additions

November 14, 2023



Port of Los Angeles

Transpacific rates came under more pressure last week as liner operators began adding capacity.

The [Shanghai Containerised Freight Index \(SCFI\)](#) on 10 November showed that Shanghai-US West Coast rates lost 12% to US\$1,843/FEU, while Shanghai-US East Coast rates dipped by 3%, to US\$2,354/FEU.

Consultancy Linerlytica said, "Zim's re-introduction of its ZIM eCommerce Xpress (ZEX) in November came as a surprise, but more capacity to the US West Coast is due to be introduced by CMA CGM in December as these two carriers aim to pre-empt the diversion of cargo from the US East Coast to the West Coast due to more severe Panama Canal transit restrictions that will start from January 2024 as well as the potential disruptions from International Longshoremen Association contract negotiations to replace the current contract that expires in September 2024.

"These capacity additions will not help the carriers attempts to sustain the recent rate hikes."

The limits to Panama Canal transits have resulted in minor delays for both southbound and northbound traffic but containerships continue to enjoy priority passage with delays largely limited to less than two days. However,

the situation could worsen over the coming months when transit limits are further extended in January and February 2024.

Meanwhile, Shanghai-North Europe rates were 5% lower, at US\$722/TEU as carriers pulled back from their November freight-all-kinds rate hikes and reset their sights on raising rates in December. These efforts have been undermined by several carriers' aggressive price actions, with further rate drops expected over the next fortnight.

Linerlytica noted that the idle fleet continues to shrink despite the weak earnings outlook, with carriers taking advantage of the 30% drop in charter rates since June this year to beef up their fleets.

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