

SCFI soars 40% on growing Cape detours

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Maersk Hangzhou Source: VesselFinder

The Shanghai Containerised Freight Index surged by 40% on 29 December 2023, as liner operators hiked rates in response to the capacity crunch resulting from Red Sea diversions.

That day, the SCFI closed at 1,760 points, up from 1,255 points the previous week, a jump that has only occurred four times since the global financial crisis in 2009.

Shanghai-North Europe rates jumped 80% to US\$2,694/TEU; Shanghai-Mediterranean rates gained 70% to US\$3,491/TEU; Shanghai-US West Coast rates grew by nearly 38% to US\$2,553/FEU while Shanghai-US East Coast

rates went up by 19% to US\$3,559/FEU. Also seeing substantial gains were Shanghai-Persian Gulf and Shanghai-South America rates, which increased by nearly 39% and 19% respectively, to US\$2,045/TEU and US\$2,793/TEU.

Linerlytica said in its latest report today that it is only the fourth time since 2009 that spot freight rates jumped by more than 40% in a single week.

Threats of attacks by Houthi rebels in the Red Sea, in retaliation for the Gaza War, have caused mainline operators to reroute ships around the Cape of Good Hope. Maersk Line, which had hoped to resume transits through the Red Sea, the entry point to the Suez Canal, was compelled to backtrack after Houthi rebels fired missiles at its ship, the 15,282 TEU Maersk Hangzhou on 31 December 2023.

Linerlytica estimates that 12% of global container shipping capacity is currently diverted to the Cape route.

The consultancy said: "Their numbers will continue to rise after the latest Houthi attacks forced Maersk to temporarily suspend Red Sea transits for the second time in as many weeks. The impact of the diversions will impact capacity available for departures from Asia starting from week 4 onwards, with significant drops in Asia-Europe and US East Coast capacity of up to 30% on certain weeks."

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