Ocean freight rates steady despite Baltimore bridge collapse

Xeneta data shows resilience in East Coast shipping

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The East Coast has navigated recent freight disruptions with grace. But potential headwinds loom later in the year. (Photo: Jim Allen/FreightWaves)

The March 26 collapse of the Francis Scott Key Bridge in Baltimore has significantly disrupted U.S. East Coast supply chains. However, ocean freight container shipping rates have remained relatively stable, according to Xeneta, an ocean freight rate benchmarking and intelligence platform.

Xeneta’s data reveals that average spot rates from the Far East to the East Coast, including Baltimore, have fallen by 1% since the bridge collapse, standing at $5,421 per forty-foot equivalent unit. When considering other U.S. East Coast ports, such as New York/New Jersey, rates from the Far East have decreased by 3% in the same period. Similarly, average spot rates from Northern Europe to the East Coast have fallen by 8% to $2,357 per FEU, with a 4% decrease when including other U.S. East Coast ports.

"Spot rates have not reacted but that doesn't mean shippers with cargo heading to Baltimore are not affected," said Peter Sand, chief analyst at Xeneta, in a blog post. "On the contrary they are seeing containers arriving at ports they were not expecting."

The majority of containers will now be handled at New York/New Jersey, Sand said, as many ships originally bound for Baltimore would have been stopping there anyway. This could be a reason why rates have not significantly increased.

Despite the stability in ocean freight rates, the bridge collapse adds to the numerous challenges shippers face currently, including ongoing diversions in the Red Sea region and drought in the Panama Canal.

Truck rerouting and ship diversions

The logistics industry has quickly adapted to the new reality. Telematics company Trimble reported significant shifts in truck routes around Baltimore, with the Fort McHenry Tunnel on Interstate 95 experiencing the largest diversion. The Baltimore Harbor Tunnel saw less uptake due to its narrower configuration.

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While these rerouting efforts demonstrate the industry's adaptability, they also introduce challenges such as extended travel times and potential bottlenecks. Hazmat transports, in particular, face more pronounced adjustments, with an additional 15 to 20 minutes added to their journeys as they divert to the western side of Baltimore on Interstate 695.

On the maritime front, initial data has not yet revealed significant shifts in ship routing or port calls, according to logistics management platform GoComet. Seasonal variations in maritime shipping further compound the ambiguity about how deep the impact really is.

Impact on East Coast ports and future outlook

The Port of Baltimore issued an update on Friday, stating that it expects to open a 280-foot-wide and 35-foot-deep federal navigation channel by the end of April, followed by the reopening of the permanent 700-foot-wide and 50-foot-deep channel by the end of May, restoring port access to normal capacity.

While this timeline for reopening maritime lanes is welcome news for shippers, Sand believes that importers into the U.S. East Coast could face further disruptions in 2024 due to labor negotiations. The contract between the International Longshoremen’s Association and the United States Maritime Alliance expires Sept. 31, and no new agreement has been reached.