



Freightos Weekly Update] Rates keep climbing on early month increases

posted by AJOT | Jul 10 2024 at 02:14 PM | [Air Cargo](#) | [Maritime](#) | [Liner Shipping](#)

Key insights:

1. Ocean rates out of Asia climbed significantly last week, with the latest daily prices already at \$8,200/FEU to N.America West Coast, \$9,300/FEU to the East Coast, \$8,600/FEU to N. Europe and \$7,900/FEU to the Mediterranean – well above Q1 highs.
2. Intra-Asia volumes continued to increase in May, with rates from China to India now up to \$4k - \$5k/FEU compared to about \$2k/FEU a year ago. Capacity shifts to Red Sea lanes and the transpacific are also impacting vessel availability to the Middle East.
3. Congestion levels in Singapore have continued to ease, with vessel wait times down to about 2.5 days compared to more than a week in late May.
4. Hurricane Beryl closed Gulf Coast ports Sunday, with the Port of Houston expected to remain closed at least through Tuesday.
5. Canada's Industrial Relations Board blocked a Vancouver ILWU port worker strike announced for Monday.
6. Air cargo rates out of China remain elevated, but dipped 7% to N. America to \$5.58/kg and 10% to Europe to \$3.38/kg last week, possibly showing some form of seasonal easing.
7. In the first indications that worsening ocean disruptions since May could be pushing additional volumes to air, Middle East rates increased 5% to \$2.78/kg to N. America and 10% to \$1.88/kg to Europe last week though prices remain below levels seen in Q1.

Ocean rates - Freightos Baltic Index:

- Asia-US West Coast prices (FBX01 Weekly) increased 12% to \$7,864/FEU.
- Asia-US East Coast prices (FBX03 Weekly) climbed 6% to \$8,787/FEU.
- Asia-N. Europe prices (FBX11 Weekly) increased 17% to \$8,344/FEU.

- Asia-Mediterranean prices (FBX13 Weekly) climbed 8% to \$7,782/FEU.

Air rates - Freightos Air index

- China - N. America weekly prices decreased 7% to \$5.58/kg
- China - N. Europe weekly prices fell 10% to \$3.38/kg.
- N. Europe - N. America weekly prices fell 1% to \$1.6/kg.

Analysis

Ocean rates out of Asia climbed significantly last week, with the latest daily prices already at \$8,200/FEU to N.America West Coast, \$9,300/FEU to the East Coast, \$8,600/FEU to N. Europe and \$7,900/FEU to the Mediterranean.

Peak season demand coinciding with Red Sea-driven capacity constraints and congestion has now pushed Asia - N. America West Coast spot rates 60% higher than their February peak and prices to N. Europe are 80% higher than highs seen in January. Transatlantic rates, meanwhile, have remained level for most of the year at about \$1,800/FEU despite a sharp increase early in the crisis.

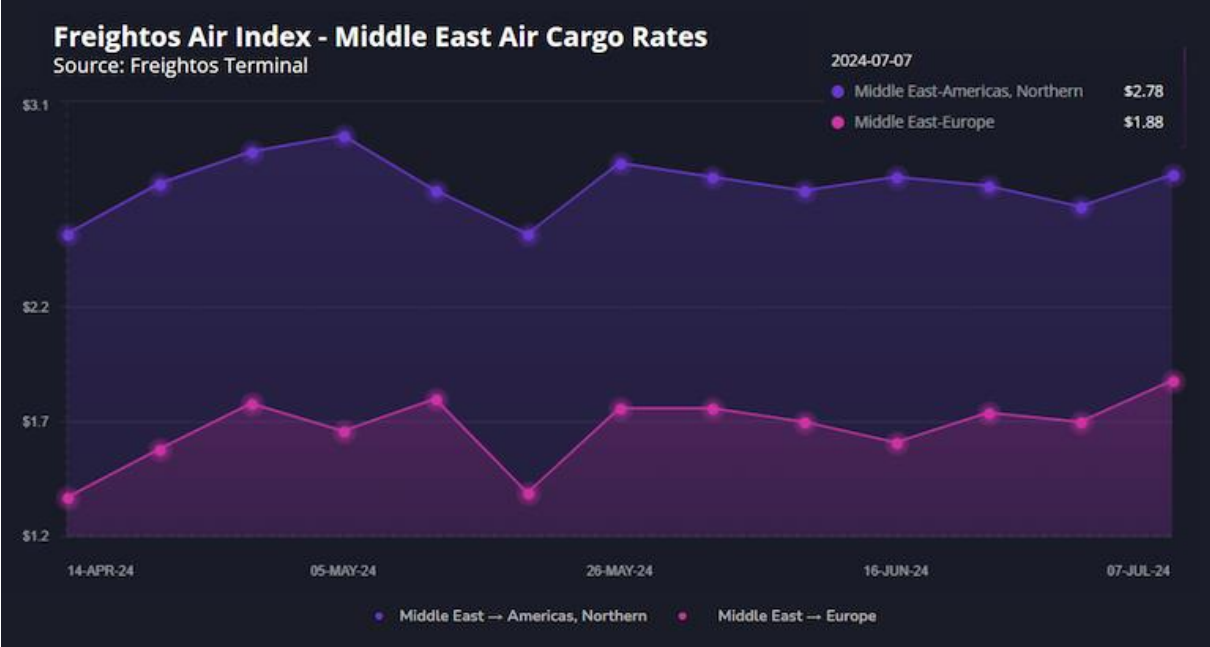
An increase in transshipment has caused intra-Asia and Asia/S.Asia - Middle East volumes to climb, with congestion and capacity shifts to other lanes also contributing to higher ocean rates on these lanes.

Intra-Asia volumes increased 14% year on year in May, with Freightos Terminal data showing rates from China to India have now spiked to about \$4,000 - \$5,000/FEU compared to about \$1,500 - \$2,000/FEU a year ago. Capacity shifts to Red Sea lanes and the transpacific – where rates are extremely elevated and attractive to carriers – are also impacting vessel availability to the Middle East.

Congestion levels at the Port of Singapore – a significant factor in the tightening of capacity since May – have continued to ease, with vessel wait times for an available berth down to about 2.5 days compared to more than a week in late May. Delays are partly due to vessel bunching from widespread late arrivals, and the port is activating additional new berths to help shorten the wait further.

In N. America, Hurricane Beryl closed many Gulf Coast ports Sunday, with the Port of Houston expected to remain closed at least through Tuesday. The local ILWU port worker union chapter in Vancouver had announced a Monday strike as part of an ongoing dispute with port operators there, but Canada's Industrial Relations Board ruled that the strike was illegal. The Board is expected to issue a ruling soon which would allow the rail workers union to strike, which could take place as soon as 72 hours following an announced Board decision.

In air cargo, global volumes increased 13% year on year in June, with Q2 cargo out of Asia up 18% year over year, after 20% growth in Q1 mostly attributed to e-commerce volumes. Freightos Air Index rates out of China remain elevated above normal off-season levels, but dipped 7% to N. America to \$5.58/kg and 10% to Europe to \$3.38/kg last week, possibly showing some form of seasonal easing.



In the first indications that worsening ocean disruptions since May could be pushing additional volumes to air, Middle East rates increased 5% to \$2.78/kg to N. America and 10% to \$1.88/kg to Europe last week though prices remain below levels seen in Q1.