



Freightos Weekly Update] More rate increases expected soon, though signs congestion is easing

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Key insights:

1. Ex-Asia ocean rates are expected to climb further as we enter the typical peak season months and congestion – though less severe than in recent weeks – remains an issue at some major hubs.
2. If the May peak season start also means an early end, congestion/rates could peak in July/August allowing some respite by October until pressure – possibly similar to current conditions if Red Sea diversions continue – resumes in the lead up to Lunar New Year.
3. Stalled East Coast and Gulf port labor negotiations – one driver of the early peak season – has trade groups urging the White House to get involved.
4. Additional backlogs from a port strike, or a Canadian rail strike in Canada – now looking possible in July – could also put additional pressure on rates.
5. The Panama Canal Authority will ease draft restrictions and restore daily transits to normal levels by August.
6. Despite growing opposition to Chinese e-commerce imports from domestic groups, air cargo volumes have remained elevated and rates to N. America rates are now up to \$6.00/kg. Amazon will reportedly open its platform to Chinese sellers in response to this new competition.

Ocean rates - Freightos Baltic Index:

- Asia-US West Coast prices (FBX01 Weekly) increased 3% to \$7,052/FEU.
- Asia-US East Coast prices (FBX03 Weekly) increased 2% to \$8,253/FEU.
- Asia-N. Europe prices (FBX11 Weekly) increased 2% to \$7,130/FEU.
- Asia-Mediterranean prices (FBX13 Weekly) increased 1% to \$7,213/FEU.

Air rates - Freightos Air index

- China - N. America weekly prices increased 10% to \$6.00/kg
- China - N. Europe weekly prices fell 13% to \$3.75/kg.
- N. Europe - N. America weekly prices fell 1% to \$1.61/kg.

Analysis

Ex-Asia ocean rates were stable last week, but prices already at highs for the year are expected to climb further as we enter the typical peak season months and congestion – though less severe than in recent weeks – remains an issue at some major hubs, with several carriers announcing significant July Peak Season Surcharge increases or GRIs.

Scarce container space from China to India has some importers there turning to bulk or multi-purpose options, and delays are also pushing more European importers to rail alternatives, though congestion is growing for this mode as well. High demand and rates are also pushing more carriers to launch or add long haul services.

If the early start to peak season in May proves enough to mean an early end as well, then we might expect congestion and rate levels to reach their highest in July and August allowing some respite by October until pressure resumes in the lead up to Lunar New Year. If Red Sea diversions are still in place pre-LNY pressure could resemble the levels we're seeing now and could start earlier than usual.

One driver of the early start to the transpacific peak season was concern over a possible East Coast and Gulf port worker strike in October. With the sides still far apart, trade groups are urging the White House to get involved. With capacity already stretched thin by longer routes around Africa, additional delays and backlogs from an ILA strike, or, to a lesser extent, the looming Canadian rail strike possibly in July, would also put more or renewed pressure on ocean rates.

In the welcome news department, with the rainy season pushing reservoir levels back to normal, the Panama Canal Authority announced that it will ease draft restrictions and restore daily transits to 35 – about the pre-drought norm – by August.

Despite growing opposition from domestic groups to Chinese B2C e-commerce imports entering the US and EU via de minimis exemptions and mostly by plane, air cargo rates and volumes have remained elevated – Freightos Air Index China - N. America rates ticked up 10% last week to \$6.00/kg – with some carriers adding transpacific capacity to meet growing demand. Amazon, in response to this new, low-priced, competition reportedly will open its platform to Chinese sellers.