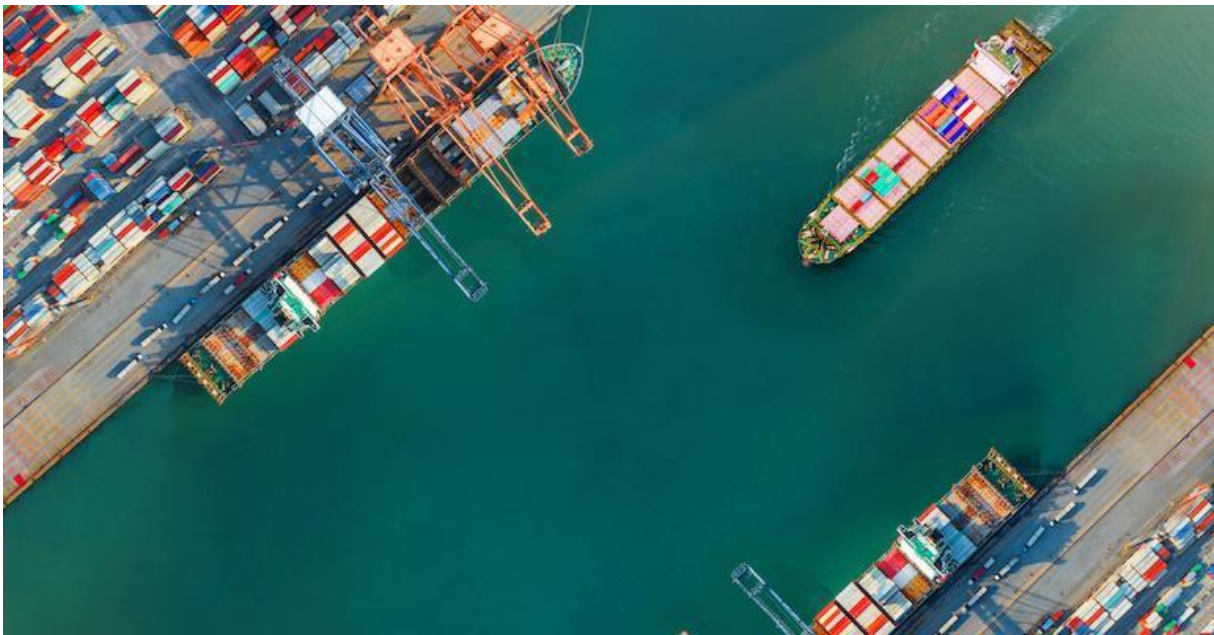


## How high will container freight rate spike go?



**The dramatic rise in container spot rates continued into July with signs of impact on contract rates as well.**

Marcus Hand | Jul 05, 2024

The Drewry World Container Index (WCI) was up another 10% week-on-week on 4 July to stand at \$5,868 per feu and is 298% higher than it was a year earlier.

It is still significantly below the pandemic peak of \$10,377 per feu seen in September 2021 but the question is now just how much further will rates continue to rise. There is little sign that the factors behind the current spike – the Red Sea crisis combined with a surge in demand and port congestion – are starting to ease.

**Related:** [Container rates rise again with more to come](#)

[Xeneta](#) analyst Peter Sand noted a blog post that Asia to North Europe rates have continued to rise in July to reach \$7,897 per feu. “This means spot rates on this trade have now passed the halfway point (53%) in the climb towards the pandemic peak of \$14,783 in January 2022.”

Looking at the Asia to US East Coast and US West Coast trades these are even closer to pandemic highs in early 2022 at 72% and 79% respectively.

**Related:** [Warning: container freight rates could hit pandemic record highs](#)

Sand does not think it is likely spot rates to reach the highest levels seen during in the pandemic but says it cannot be ruled out. At the same time the massive increase in spot rates will start longer term contract rates – effectively mirroring the pattern seen during the pandemic.

“We do not yet know how high spot rates will climb – and we can expect an impact on the long-term market. If shippers do want to wrestle back some control over the situation, then they should keep as many options open as possible,” he wrote. Such options would include switching away from imports from Asia if shippers have the flexibility to do so.

Meanwhile [Drewry](#) commented: “Clearly many 'spot shippers' now find themselves once again facing exceptional ocean freight rates with growing evidence of cost contagion now spreading to contract rates.”

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