



# Box rates now four times higher than pre-pandemic

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Port of Los Angeles

Container freight rates continue to trend upwards with Q3 looking like it will be one of the most profitable quarters in liner history with July generate rate increases appearing to be taking hold.

Drewry's composite global index increased 10% yesterday to \$5,868 per feu. The latest spot index is 43% below the previous pandemic peak of \$10,377 in September 2021, but it is 313% more than the average 2019, pre-pandemic rate of \$1,420.

The four main east-west trades, as tracked by Drewry, have all more than doubled their rate levels since the first week of May, according to Lars Jensen, the founder of consultancy Vespucci Maritime with the transpacific to both east and west coasts looking especially red-hot.

The Shanghai Containerized Freight Index, out today, was up by a more restrained 19.48 points to 3733.8 points, its highest level since August 2022.

"The Asia-US routes are approaching the highs seen during the height of the last 2021/2022 spike while other markets remain a bit away from those previous lofty levels," stated a recent report from Jefferies, an investment bank.

"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," predicted Judah Levine, head of research at Freightos, a box booking platform.

Levine highlighted how the cost to ship a container of Weber gas grills from China to the US has skyrocketed, and is now five times higher at \$30 per grill compared to \$5.60 last year, and less than \$5.30 in June 2019. Typically, ocean freight costs account for around 1% of a grill's price, but now they represent about 6%, according to Levine.

"This spike may force importers to choose between absorbing these costs or passing them on to consumers," Levine suggested.

In recent weeks, mirroring the pandemic era, there have been many profit warnings from retailers around the world citing high shipping costs.