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Shanghai futures market shows liner fortunes plummeting

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SIPG

Looking at the futures market being traded in Shanghai, analysts at Asia-based container consultancy Linerlytica are predicting box freight rates from Asia to Europe will tumble by more than 70% by June next year.

The Containerized Freight Index Futures (CoFIF) has been in existence for a year now, traded at the Shanghai International Energy Exchange, a subsidiary of Shanghai Future Exchange.

“Although the drop is not as severe as the freight rate collapse seen at the end of 2022, current freight futures prices anticipate continuous declines over the coming 12 months, with no rebound expected at the end of this year and no repeat of this year’s post Chinese New Year rate rally in 2025,” Linerlytica suggested in a market update.

Carriers have failed to check the rate decline so far, with the Shanghai Containerized Freight Index (SCFI) dropping by 12% to North Europe from its peak in July with last week’s 7.3% decline

overshadowing the relatively mild 1% to 3% week over week declines seen over the previous four weeks.

“Europe/Med rates will likely continue to soften due to the increase in capacity as newbuild vessels continue to be put in operation,” HSBC noted in a freight market report this week.

