Container rates buoyed by tariff, strike threats

Freightos says prices to US stay elevated

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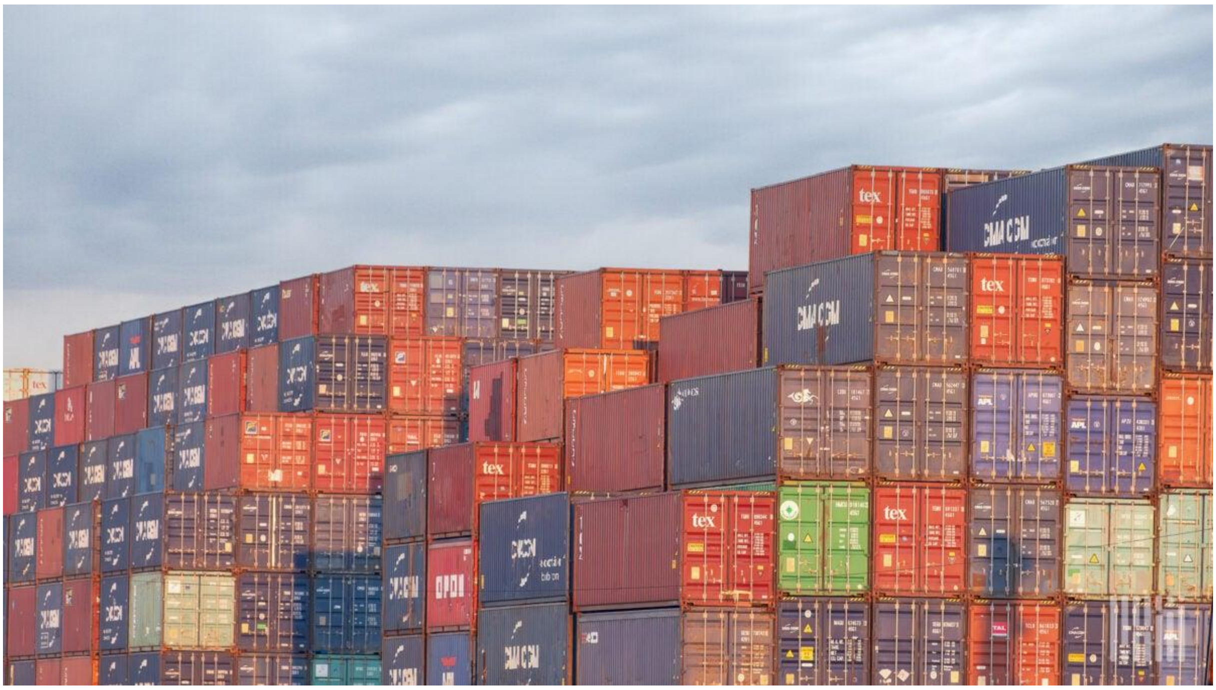

Containers at Bayport Container Terminal, Port Houston. (Photo: Jim Allen/FreightWaves)

The dual threats of tariff hikes and port strikes continue to buttress ocean freight rates through what is historically a post-peak trough.

Asia to U.S. West Coast rates fell 4% to $4,905 per forty-foot equivalent unit while Asia-U.S. East Coast prices climbed 13% to $6,095 per FEU for the week that ended on Friday, according to the Freightos Baltic Dry Index.

Some frontloading ahead of a possible strike by the International Longshoremen's Association after an extension of the coastwise master contract expires Jan. 15, "and expectations of tariff increases next year have kept transpacific ocean rates elevated to start December, with rates to the West Coast – even before the Lunar New Year 2025 rush – already above their pre-Lunar New Year 2024 highs seen back in January at the start of the Red Sea crisis," wrote Judah Levine, head of research for Freightos, in analysis commentary to clients. "Some carriers are reportedly introducing significant general rate increases (GRI) to try and push rates higher to start the month."

Levine noted that while the arrival window to move shipments from Asia to the East Coast before the strike deadline is closing, "a significant amount of inventories were already built up from frontloading ahead of the October strike, and there is likely still a runway of at least several months before tariffs go into effect."

That could make early December rate increases difficult to sustain, he said, though prices could increase later in the month or early in January ahead of Lunar New Year.

Asia-North Europe rates were level at $4,491 per FEU for the week; Asia-Mediterranean prices rose 6% to $5,135 per FEU.

“Europe rates were level last week but have started to climb so far this week, and daily prices to the Mediterranean are approaching the $6,000 per FEU mark on December GRIs for a $1,000 per FEU gain compared to the end of November,” Levine wrote.

If these increases hold, they may reflect a combination of effective capacity management by carriers through an increase in blankings [canceled voyages] and an early start to pre-Lunar New Year demand, Levine stated.

Longer lead times due to ongoing shipping diversions from the Red Sea put a premium on shippers ensuring necessary orders to the Mediterranean are moved before Lunar New Year (when factories in China shut down.) “[I]f they miss that pre-holiday window, [they] will face a long wait for new shipments to arrive,” Levine wrote.

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