Port strike threat gone, trans-Pacific container rates level out

Freightos sees Lunar New Year demand increasing

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Trans-Pacific ocean freight rates have leveled off. (Photo: Shutterstock)

The threat of a longshore strike at East and Gulf Coast ports is gone, and trans-Pacific ocean container rates to the United States have leveled out, for now.

“Frontloading ahead of the possible January strike had helped keep North America container rates elevated into November but were no longer a driver of rates as the strike deadline got closer,” wrote Judah Levine, head of research for analyst Freightos, in a weekly update.

For the week ending Jan. 10, the Freightos Baltic Index found Asia-U.S. West Coast rates stayed level at $5,924 per forty-foot equivalent unit. Asia-U.S. East Coast prices fell 1% to $6,898 per FEU.

“Though trans-Pacific prices to both coasts were level last week, rates had climbed sharply to start the month as demand is increasing ahead of the Lunar New Year holiday which starts Jan. 29,” Levine wrote. “Asia-West Coast prices climbed 52% compared to late December up to the $6,000 per FEU level, with East Coast rates at about $7,000 per FEU for a 30% gain.”

There was similar stability in the Asia-Europe-Mediterranean lanes.

Asia-North Europe rates increased 1% to $5,640 per FEU. Asia-Mediterranean prices increased 1% to $5,685 per FEU.

“For Asia-Europe and Mediterranean shippers Lunar New Year demand started earlier than usual due to longer lead times from Red Sea diversions,” Levine wrote. “Rates that had increased about 60% from early November into December to about the $5,500 per FEU level have been stable since then, with daily rates this week already starting to ease.”

Levine said reports of some carriers planning to lower prices to about $4,000 per FEU suggest an unusually early end to the Lunar New Year rush and low expectations for the not-uncommon upward pressure on rates just after the holiday.

“Asia-Europe prices may soon fall all the way back to the Red Sea crisis-era floor of $3,000-$4,000 per FEU hit in the low demand periods last year,” said Levine. “But trans-Pacific rates may not recede as significantly once Lunar New Year demand eases, since frontloading ahead of expected U.S. tariff increases may be keeping volumes higher than they otherwise would be in Q1.” He cited a report by the National Retail Federation projecting a 10% increase in January volumes from a year ago.

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