

Signs that container rates are slowing



Container shipping consultancy Xeneta says that although global spot rates are rising further, the pace of the increase has slowed from the increases seen in May and early June.

Nick Savvides | Jun 17, 2024

According to Xeneta, average spot rates from the Far East to US West Coast are set to increase by 4.8% on 15 June, to stand at \$6,178/feu, compared to 1 June when rates on the same trade increased by 20%.

While spot rates to the US East Coast from Asia are set to increase 3.9% on 15 June, rising to \$7,114/feu, “a far less dramatic jump than when rates increased by 15% on 1 June,” said Xeneta.

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Peter Sand, Xeneta Chief Analyst, said: “Any sign of a slowing in the growth of spot rates will be welcomed by shippers, but this remains an extremely challenging situation and it is likely to remain so.”

Rates on the Asia to Europe trades are seeing a similar trend, rising 10% on 15 June to \$6,357/feu, less than the 20% jump on 1 June. Average spot rates to the Mediterranean are set to increase 7.2% on 1 June to \$7,048/feu, a significant decrease in the rate of increase of 19% on 1 June.

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“The market is still rising and some shippers are still facing the prospect of not being able to ship containers on existing long term contracts and having their cargo rolled,” said Sand.

He added: “Compared to mid-December last year before the outbreak of conflict in the Red Sea, average spot rates from the Far East are up 276% into the US West Coast and 316% into North Europe – these are huge financial hits for shippers to absorb.”

These massive increases in the spot rates to the major consuming regions are raising the spectre of a return of rising inflation in the regions, although Sand considers it unlikely, “though not impossible” that rates will reach the high levels seen during the pandemic.

He said that the rate horizon could alter dramatically if there is a ceasefire between Israel and Hamas.