

Container rates rise again with more to come



The latest container rate updates show Asia-Europe leading a continuing rise in box rates, with congestion in Asia expected to bring further increases.

Gary Howard | Jun 21, 2024

Drewry's World Container Index (WCI) for 20 June showed a 7% increase on-week in its composite index to \$5,117 per feu. Putting the recent rate rises in context, the latest figure is 233% up on the same week last year, and 260% above average pre-pandemic rates of \$1,420 in 2019, said Drewry.

Container rates have been on the rise since late in 2023 as Houthi attacks in the Red Sea divert ships around the longer Cape of Good Hope route between Asia and Europe, soaking up capacity with longer voyage distances and times. The

market situation is precarious as there remains a structural overcapacity in the liner trades, worsened by ongoing vessels deliveries, but supply and demand remain tight as long as the Red Sea remains effectively closed.

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Drewry said it expects freight rates from China will continue to rise next week due to congestion issues at Asian ports. Disruption has been seen at both ends of Asia-Europe trades as the longer voyage times for diverted ships brought bunching of arrivals. Vessels were delayed as Europe's ports struggled to process a spike in throughput, and those delays have rippled along the loop to ports like Singapore.

There was a less steep rise for the Shanghai Containerised Freight Index (SCFI) this week, rising by 2.85% to 3,475.6, continuing its own upward march.

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In November 2023, SCFI was struggling to break 1,000 points before leaping to over 2,000 at the turn of the year. After a slight softening in March and April, the index has risen steadily from around 1750 in late April points to its current heights.

Over the longer term, WCI sits at \$3,510 per feu for 2024 to date, a full \$768 higher than the 10-year average of \$2,742 per feu. The ten-year average is itself inflated by the record high rates seen during COVID-disrupted years 2020-2022, masking the sustained lower rates in the pre-COVID era.

Looking at individual trades, Drewry said freight rates from Shanghai to Rotterdam were \$690 per feu higher than the previous week, an 11% increase to \$6,867 per feu. Shanghai to Los Angeles grew 7% to \$6,441 per feu; Shanghai to New York was up 3% to \$7,552 per feu, and increases of 2% were seen on both Rotterdam to Shanghai and Shanghai to Genoa to \$672 and \$7,029 per feu, respectively.

New York to Rotterdam and Rotterdam to New York both recorded a 1% decrease in price to \$633 and \$2,093 per feu, respectively.

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