



## US east coast in focus as box spot rates nosedive

[Sam Chambers](#)

September 13, 2024



Port Authority of New York and New Jersey

October 1 looks increasingly like the date that will decide Q4 liner fortunes with the incredibly volatile spot markets in free-fall at present, and seemingly only a big American dockworker strike as the sole major event on the horizon to soak up tonnage and halt the slide.

Having lost 8% the week before, Drewry's World Container Index, published yesterday, slumped another 13% to \$4,168 per feu. The global spot rate average, however, remains highly profitable from a historical perspective, standing 193% higher than the average 2019, pre-pandemic rate of \$1,420. Nevertheless, liner executives will be concerned by the swift nosedive in rates experienced in recent weeks (see chart below).

Looking at individual tradelanes covered by Drewry, freight rates from Shanghai to New York plunged the most, down 21% or \$1,790 to \$6,661 per feu.

“Shippers are transferring their cargo from the US East Coast to the West Coast to avoid the planned ILA strike in October, resulting in a drop in demand,” Drewry stated in a market update, discussing the potential for a strike at key American ports in less than three weeks.

Contract negotiations have broken down between the International Longshoremen’s Association (ILA) and port operators on the US east and Gulf coasts. The current agreement, which covers about 45,000 dockworkers at facilities including six of the 10 busiest US ports, expires September 30.

Harold Daggett, the ILA’s president, warned last week in a video uploaded to the union’s website: “The ILA most definitely will hit the streets on October 1st”.

Danish carrier Maersk warned in a recent advisory to clients that should a general work stoppage occur, even a one-week shutdown could take four to six weeks to recover from, with significant backlogs and delays compounding with each passing day.

Experts at Sea-Intelligence, a Danish container shipping analyst firm, suggest that for every one day of strike, it might well take at least four to five days to “clean up” to get back to normal. A one-week strike on October 1 would lead to large congestion problems into mid-November, according to Sea-Intelligence, while a two-week strike would mean ports would not get back to normal operations until 2025.

Meanwhile, the Shanghai Containerized Freight Index, another key weekly spot rate barometer, published today, was down another 215 points to 2510.95.

Drewry World Container Index (WCI) - 12 Sep 24 (US\$/40ft)

