Freightos sees trans-Pacific container rates ease

But Asia-Europe/Mediterranean rates rise on Red Sea disruptions

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(Photo: Port of Seattle)

Freight rates for trans-Pacific ocean container transport from Asia to the United States fell for the week ending Dec. 6, as time ran out for importers to frontload shipments ahead of potential labor issues at U.S. ports in January.

Asia-U.S. West Coast prices fell 20% to $3,910 per forty-foot equivalent unit, according to the Freightos Baltic Index, and Asia-U.S. East Coast prices fell 16% to $5,145 per FEU.

The weaker trans-Pacific rates contrasted with Asia-North Europe prices, which increased 19% to $5,324 per FEU, and Asia-Mediterranean prices, up 15% to $5,895 per FEU as shippers wrestle with longer lead times due to the shutdown of Asia factories for Lunar New Year, which begins Jan. 29.

“Rates may already be increasing on pre-Lunar New Year demand as Asia-Europe/Mediterranean shippers need to ensure they move sufficient inventory out of Asia before the holiday slowdown or risk extended waits due to diversions around the Cape of Good Hope for containers that move only after Lunar New Year,” said Judah Levine, head of research for Freightos, in analysis accompanying the data. “Carriers will aim to push rates higher on midmonth GRIs [general rate increases], hoping that this trend will only intensify as the late January holiday gets closer.”

Shipping lines connecting Asia to Europe and the Mediterranean have diverted services away from violent attacks on vessels in the Red Sea, and on longer voyages around the Horn of Africa.

Rates were weaker on the trans-Pacific trades, Levine noted, as shippers there don't have the same early lead time issues, and pre-holiday demand may only pick up in a few weeks.

"Without this added pressure and with the window closed to move and receive goods from Asia before the increasingly likely ILA port worker strike on Jan. 15, rates eased last week," Levine said. "Carriers will attempt to push prices up with mid-December GRIs aiming for $1,000 to $3,000 per FEU increases, though rate hikes may only succeed closer to Lunar New Year."

Contract talks between East and Gulf Coast port employers and the International Longshoremen's Association have stalled. The sides are facing a Jan. 15 deadline to reach a new pact, when the extension of the current coastwise contract ends.

Levine cited data released Tuesday by the National Retail Federation suggesting frontloading by shippers ahead of a strike to avoid import tariffs pledged by President-elect Donald Trump helped strengthen container volumes and rates during what are usually slow months for ocean freight.

The retail group revised its October import forecast 11% higher, said Levine, an indication shippers may continue front-running shipments in early 2025 to avoid tariffs.

For all lanes out of Asia, Levine said rates will likely climb just before and after Lunar New Year, though increased capacity may limit those increases, before falling in February. A reconfiguring of carrier alliances at that time could spur increased competition and lower rates into March.