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Shanghai spot box rates to US west coast leap 31% in just one week

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Friday's weekly publishing of spot rates from the Shanghai Shipping Exchange has given a stark picture of the frenzy building on the transpacific.

Rates from China to the US west coast leapt 31% week-on-week, while rates to the east coast jumped 22% as shippers rush to make the most of a 90-day mini-reprieve in the tariff war between the world's top two economies.

Drewry's spot index, published yesterday, also shot up. Freight rates tracked by Drewry from Shanghai to New York surged 19% or $704 to $4,350 per feu and those from Shanghai to Los Angeles increased 16% or $423 to $3,136 per feu.

"Following the latest US–China trade developments, Drewry expects an increase in Transpacific spot rates in the coming week due to shortage in capacity," Drewry commented yesterday.

From Wednesday this week, cargo leaving China bound for the US carries a 30% tariff rate – a reduction from the higher 145% tariff that was in place for six weeks. The US and China announced a dramatic de-escalation in tariffs on Monday, lowering cripplingly high rates for 90 days.

"While we expect carriers to reactivate capacity and deploy bigger ships in the transpacific, we note that repositioning boxes and vessels following the recent steep capacity withdrawals could take time," HSBC stated in a new container report issued yesterday, warning of the potential for bunching of ship calls causing port congestions and bottlenecks on the landside logistics, similar to what was witnessed during the covid pandemic.

HSBC is expecting rate increases scheduled for mid-May and early June to stick, noting how the share prices of global liners have now surpassed the pre 'Liberation Day' levels, reflecting to some extent the much improved outlook.