

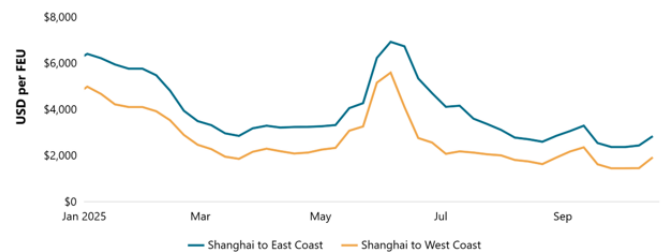
OCEAN MARKET UPDATE



CURRENT STATE

Spot rates on the eastbound trans-Pacific route have surged significantly recently, driven by a general rate increase (GRI) from carriers and stronger-than-expected post-holiday bookings as factories in Asia reopen after China's Golden Week. While rates to the US West and East Coasts rose notably, industry insiders remain skeptical about the longevity of the increases, noting that past GRIs have quickly eroded within a week to ten days. Carriers have reduced vessel capacity through blank sailings and service suspensions in response to softer demand in recent months, which is currently supporting the rate hike. Retailers, facing ongoing tariff uncertainties and political unpredictability, are rushing to place orders before year-end, and some are already beginning to restock inventories and plan spring imports. However, with proposed GRIs scheduled for early and mid-November, forwarders expect further short-term rate fluctuations as carriers seek to stabilize a market still recovering from months of declining prices.

Shanghai to US West and East Coast container spot rates (SSE)



Source: Shanghai Shipping Exchange

© 2025 S&P Global

MARKET FORECAST

The International Maritime Organization's (IMO) decision to delay adoption of its net-zero emissions framework for a year has been widely criticized as a major setback for the shipping industry. While some see the postponement as preserving fragile consensus, most view it as a missed chance to give investors the certainty needed to fund a shift to cleaner fuels. The vote—57 in favor, 49 against, and 21 abstentions—was heavily influenced by U.S. opposition, with the White House threatening sanctions and arguing that carbon pricing would raise consumer costs. Backed by Saudi Arabia, Russia, and Venezuela, U.S. pressure led major ship registries such as Liberia and the Bahamas to withdraw support. Pacific Island nations condemned the delay, warning it worsens the climate crisis they already face. Critics say the absence of a global carbon pricing mechanism will stall investment, favor liquefied natural gas, and make it harder to meet the IMO's 2030, 2040, and 2050 emission targets.

Trans-Pacific imports have seen a sharp 11.8% YOY drop through September, according to PIERs, but industry experts see this downturn as a temporary correction rather than a lasting slump. With inventories running lean, consumer demand steady, and goods continuing to flow efficiently through ports and warehouses, many carriers and forwarders predict a strong rebound ahead. Analysts expect import volumes to surge in early 2026 as retailers restock depleted inventories, potentially triggering a "mini revival" in freight demand similar to the post-COVID boom. This optimism reflects growing confidence that the market is nearing an inflection point, setting the stage for renewed growth in the year ahead.

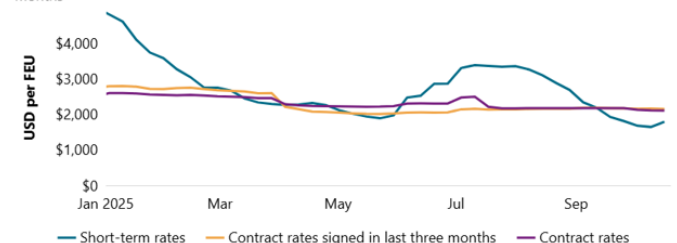
Container lashing workers at the Port of Rotterdam reached a wage and working condition agreement with employers on Friday, October 17th, ending an FNV Havens-led strike that had caused major disruption and a backlog of 19 vessels. However, operations at Europe's busiest container hubs—Rotterdam and Antwerp-Bruges—remain strained due to ongoing industrial actions and weather-related closures. In Antwerp, sea pilots protesting pension reforms have restricted port activity to 70% capacity, compounded by a national strike in Belgium. Meanwhile, in Rotterdam, stormy weather has forced the closure of the RWG and APM2 terminals through Friday, October 24, with additional terminal suspensions expected. The combined impact of labor unrest and severe weather has significantly reduced handling capacity, creating widespread congestion and delays of up to three days, and highlighting the fragility of Europe's port network and its ripple effects on Asia-Europe supply chains.

President Trump's tariff policies have significantly reshaped US import patterns, particularly reducing reliance on China, but global container volumes have remained strong, growing over 4% between April and September. US imports from China fell 15% year-over-year during that period, reaching their lowest level since 2013, while countries like Vietnam—up nearly 26%—along with India, Thailand, and others, gained market share. Despite high tariffs, Chinese factory output remains robust, with exports increasingly flowing to Europe and Mexico, contributing to congestion at major ports. Carriers like Evergreen and CMA CGM are responding by expanding services in secondary trade lanes such as Asia-Latin America and Asia-Caribbean, while continuing to invest in the US market, which they view as strategically essential despite higher labor costs and pricing limitations. These shifting flows are creating new investment opportunities and reshaping global shipping strategies.

Despite ocean carriers withdrawing record levels of capacity and implementing rate hikes, Asia-Europe spot prices continue to trail long-term contract levels, highlighting a soft market outlook. Demand is expected to flatten or dip slightly through the fourth quarter and into early 2025, as many shippers have already front-loaded volumes and European economies show signs of stagnation. Analysts warn that the growing influx of new megaships — with the order book now equaling nearly 30% of the global fleet — will sustain overcapacity and keep downward pressure on rates well into next year. While carriers are attempting to manage supply through blank sailings and General Rate Increases, the gains remain temporary. With spot rates unlikely to rise above contract levels anytime soon, experts say shippers are strategically holding off on new 2025 contracts until Q1, expecting weaker demand and greater negotiating leverage in the months ahead.

Spot rates on Asia-North Europe have been below contract prices since Sept. 10

Average Asia to North Europe container freight rates, under short-term contracts of 32 days or less, long-term contracts of 88 days or more, and long-term contracts signed in the last three months



Source: Xeneta

© 2025 S&P Global

Sources: Alphaliner, Journal of Commerce (JOC), The Loadstar, Freightos Terminal, Sea-Intelligence, Container-News.com, Seatrade Maritime, GoComet.com, MSNBC