



NEWS UPDATE

Global Trade Disruption:

SOARING FREIGHT RATES & CONTAINER SHORTAGES



INFORMATION

SNAPSHOT

A severe capacity crunch and spiking freight rates hit global trade due to peak season, longer routes, and bad weather.

Freight rates from the Far East to the U.S. West & East Coast are surpassing previous highs, risking cargo delays.

Space constraints and bad weather make it hard for shippers to find necessary equipment, pushing rates higher.

High freight rates and potential labor issues at U.S. ports add to challenges as logistics managers prepare for peak season.

SUMMARY

Global trade is currently facing a severe shipping container capacity crunch, leading to a significant spike in ocean freight rates. This disruption is caused by several factors: the beginning of the peak shipping season, longer transit routes to avoid the Red Sea, adverse weather conditions in Asia, and a rebound in global demand. Ocean carriers are skipping ports or reducing their time at port to stay on schedule, resulting in a shortage of empty containers just as consumer goods for back-to-school and holiday seasons need to be transported.

Freight rates have surged dramatically, with spot rates from the Far East to the U.S. West & East Coast surpassing previous highs seen earlier this year. The shortage of containers and vessel space, compounded by bad weather and increased demand, has led to delays and higher costs. This situation is reminiscent of the capacity shortages during the Covid-19 pandemic and is expected to persist, adding significant pressure on the global supply chain as logistics managers rush to ensure timely delivery of seasonal goods. Solutions

ROSE SOLUTIONS

Amid the current global shipping crisis, Rose offers a number of LCL solutions that offer guaranteed space, Air options for faster service, and FCL choices that work around the problems at hand. Our 30 years of industry expertise and successful relationships with overseas partners empower us to navigate these turbulent times effectively. As ocean carriers struggle to balance supply and demand, we work tirelessly to secure the best solutions and lowest rates for international shipping. Contact our team today to hear more about shipping conditions, and what we can do to help.

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Shipping Reroutes Cause Capacity Crunch and Rate Surge

Chinese exporters are facing significant delays due to a lack of available space on container ships. This shortage is primarily caused by shipping companies rerouting around the Cape of Good Hope to avoid the unstable situation in the Red Sea. The result? Soaring shipping rates. Many Chinese freight forwarding sources claim space is constrained through June. With expectations to remain tight through the summer. Sea freight rates have surged, jumping thousands of dollars seemingly overnight.

Global Demand and Logistical Challenges Create Backlog

This space crunch has led to a significant backlog in shipments, with delays affecting destinations all over the globe. The soaring freight rates have also impacted business volume, particularly in eastern Zhejiang province. Several factors contribute to this tight capacity, including the diversion around the Cape of Good Hope, which reduces space on large shipping networks, and a rebound in overseas demand. This surge in demand, combined with logistical challenges, has created a perfect storm for the shipping industry.

Logistics and Container Shortages

Shipping capacity forecasts have been off the mark, with many trade lanes from Asia to Latin America, Transpacific routes, and Asia to Europe experiencing space constraints. Bad weather in East Asia has compounded the issue, causing delays and reducing the availability of empty containers. The recent increase in demand for exports from China, combined with fewer repatriated empty containers, has made it difficult for shippers to find the necessary equipment, pushing rates even higher.

Peak Season Pressures

The current surge in freight rates comes amid preparations for the peak shipping season for back-to-school and holiday merchandise. Logistics managers are moving up their schedules to ensure timely delivery, fearing delays due to potential labor slowdowns or strikes at U.S. ports. The International Longshoremen's Association and the United States Maritime Alliance are in negotiations for a new contract, with a critical cutoff date for local agreements looming. The ongoing disruptions and high freight rates are expected to persist, adding to the challenges faced by the global supply chain.

Air Freight Rates Spike Due to Increased Demand

Air freight is also experiencing significant rate increases as shippers turn to the skies to circumvent the severe capacity crunch and delays plaguing ocean freight. This surge in demand for air transport is driving up costs, further straining the global logistics network.



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