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Home > Asia-West Coast container rates hit new high ahead of surcharges

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Retailers are projecting year-over-year increases in US imports of 9.4 percent in August and 2.5 percent in September. Port of Shanghai pictured. Photo credit: Shutterstock.com.

A key indicator of container shipping rates from Asia to the US West Coast broke a new record this week in shattering the $10,000 ceiling for 40-foot units as container lines ready another wave of surcharges that kick in next week, many of them focused on routings through Southern California.

The average price to ship an FEU from Shanghai to Los Angeles reached $10,503 this week, up 5.5 percent from the prior week, according to the Drewry World Container Index. Spot rates on the trade were below $3,000 per FEU a year ago and under $1,500 in 2019.

Asia rates to the US East Coast also hit new highs this week, according to Drewry. The average rate to ship an FEU from Shanghai to New York surged 13.1 percent to $13,434. For comparison, an FEU cost under $3,4000 a year ago and below $2,800 two years ago, on average.

To ensure the cargo gets loaded in weeks rather than months, it generally costs shippers an additional $2,000 to as much as $7,000 per FEU just to guarantee space on a vessel, according to rate sheets forwarders have shared with JOC.com, and conversations with forwarders and carriers.

When premiums were more accurately incorporated into the Freightos Baltic International Container Index this week, FEU readings on the index jumped to $18,355. Before the calculation changes were made to remove outlier data, the average rate from Asia to the US West Coast was $6,540 per FEU.

Whether it be a port congestion surcharge or an emergency intermodal surcharge, container lines are levying charges ranging from $350 to $5,000 on Asia imports starting as early as Aug. 1, according to a breakdown from Shapiro, a Baltimore-based forwarder. Of the 10 surcharges highlighted by Shapiro, seven of them were centered on cargo destined for Southern California specifically or the wider US West Coast.

Veteran forwarders told JOC.com last week they are preparing their customers for even higher rate pressure as traditional peak-season volumes build and cargo delayed from the pandemic-driven slowdowns in Southern China soaks up vessel capacity.

Retailers project year-over-year increases in US imports of 9.4 percent in August and 2.5 percent in September, according to the Global Port Tracker published monthly by the National Retail Federation and Hackett Associates. And although retailers project a decrease of 3.7 percent in US imports in October and a 2 percent decline in November, it should be noted that Global Port Tracker has revised its monthly projections upward in each report so far this year. Also, October 2020 set the record at the time for the most US imports from Asia ever, with November not far behind.

Actual volumes of US imports from Asia have rocketed 38 percent year over year in the first half of 2021 and 24.5 percent from the first six months of pre-pandemic 2019, according to PIERS, a sister product of JOC.com within IHS Markit.

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