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Ocean carriers cut capacity to arrest Golden Week rate slide

The global container shipping order book has reached 30% of the world's in-service fleet at 9.7 million TEUs. Photo credit: OOCL.

Greg Knowler | Sep 23, 2025, 1:23 PM EDT

Ocean carriers have accelerated their Golden Week blank sailings for October in a last-ditch attempt to stop the sliding spot market as a broad-based weakness in rates across major trade lanes threatens to drag prices to loss-making levels.

After initially holding back on blank sailings, carriers have announced additional capacity withdrawals to match the slowing demand ahead of Oct. 1, when Chinese factories close for eight days for the National Day holiday.

For the four-week period beginning Sept. 29, global blank sailings are now mostly in line with historical thresholds, according to Sea-Intelligence Maritime Analysis. Asia-North America West Coast will see capacity reductions of 13.6%, Asia-North America

East Coast 14.4%, Asia-North Europe 17% and the Asia-Mediterranean trade lane 16.7%.

The rise in canceled sailings was widely anticipated following the tumultuous rate decline seen on the trans-Pacific in the past week. Asia-US West Coast rates tumbled 20% in the past week to $1,400 per FEU, with Asia-US East Coast rates losing 9% in the past week to settle at $2,500/FEU as of Sept. 22, according to Platts, a sister company of the *Journal of Commerce* within S&P Global.

On Asia-North Europe, rates are edging closer to levels not seen since before attacks against commercial shipping began in the Red Sea about 21 months ago, falling 8% sequentially over the last week to $1,400/FEU, while Platts shows Asia-Mediterranean rates lost 6% week over week to $1,800/FEU as of Sept. 22.

Falling demand and excess capacity have spot rates falling across all market indexes.

Peter Sand, chief analyst at rate benchmarking platform Xeneta, said the spot market "is beginning to bite carriers" and was rapidly approaching breakeven levels.

"Being 5% to 10% above pre-Red Sea levels — the last point where carriers were loss-making — is a hard stop for the carriers," Sand told the *Journal of Commerce*. "Admittedly, current rates still sit comfortably above the nine-year low point of October 2023, so short-term rates will continue to slide most likely until end-December before the pre-Chinese New Year rush allows carriers to jack up rates once again."

Fourth quarter US 'demand shock'

Parash Jain, managing director and global head of transport and logistics research at global bank HSBC, said barring congestion-related shocks, the freight rate environment will continue to weaken.

"Our headline view is that we will get a demand shock from the US going into the fourth quarter of this year, and that will carry on into early next year," Jain told a recent Freightos webinar.

It was a view shared by analysts at J.P. Morgan, who said in a market update that the Shanghai Containerized Freight Index (SCFI), which also fell sharply in the past week, was at a level that implied loss-making operations and that this week's rate deterioration was "an important trigger point" that required a fundamental reassessment of the rate outlook.

"We expect rates to continue to erode, pushing the industry into steep losses as the cost base of the industry has increased materially vs. 2019, thus pushing the breakeven point higher across the board," the bank's transport analysts noted.

"Even if the Red Sea diversions continue into perpetuity — which appears to be the market's view given continued geopolitical events — to us it demonstrates that the industry has limited pricing control while oversupply continues to present material challenges for the sector," the J.P. Morgan analysts added.

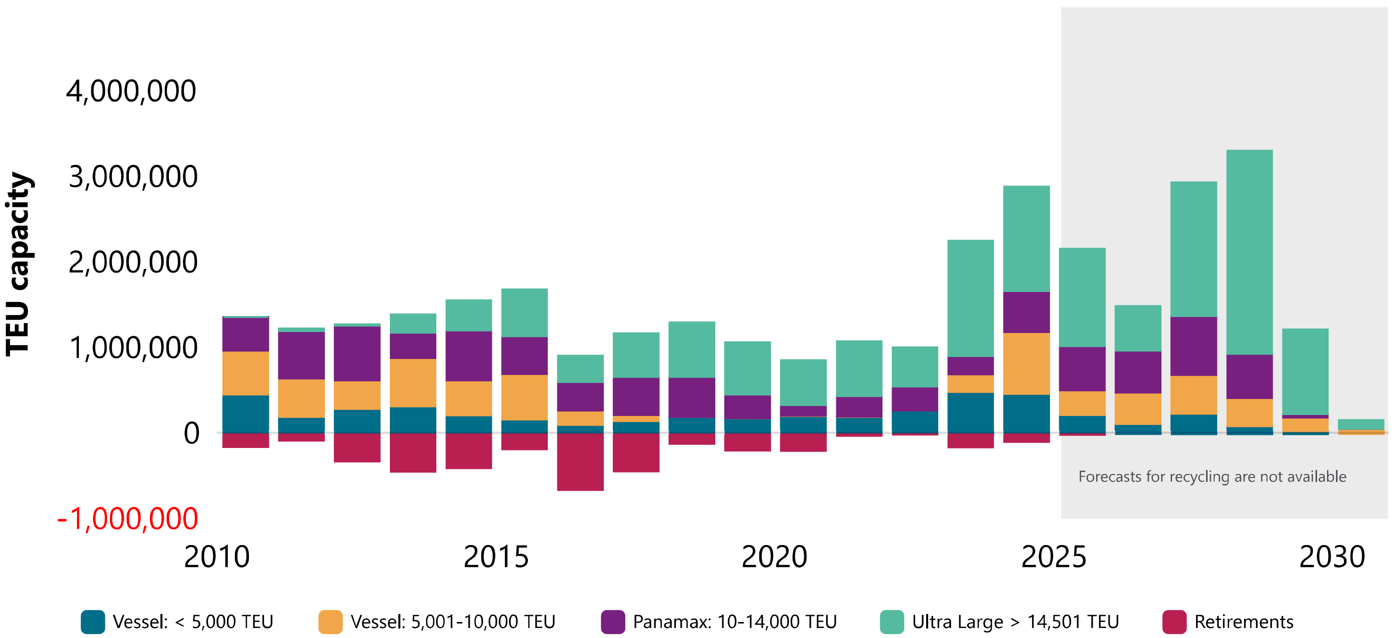
Steadily expanding order book

While demand falters on the major trade lanes, ocean shipping capacity continues to rise. The global container shipping order book has reached 30% of the world's in-service fleet at 9.7 million TEUs, according to Sea-web, a sister company of the *Journal of Commerce*. Scrapping is virtually non-existent this year and more than 1 million TEUs in capacity are scheduled to enter service before the end of the year.

But the rates are not being determined by pure supply-demand metrics, at least not on the Asia-Europe trade. Even with capacity pouring into service, data from Alphaliner shows that the nine biggest liner operators currently need 461 vessels to fully staff all 31 Asia-Europe liner services.

Record newbuilding pipeline stretches until late 2030

Global container ship fleet development with projected delivery by ship size each year



Source: Sea-web, S&P Global

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Asia-Europe is currently missing 36 vessels that are needed to guarantee uninterrupted weekly sailings, and with a small idle fleet and the complete absence of larger vessels from the spot charter market, some carriers have no way of filling those gaps.

Despite longer transits around Africa to avoid the Red Sea and the lack of tonnage on Asia-Europe, the supply-demand effect on freight rates has completely evaporated.

“Spot rates from Shanghai to North Europe have declined 45% over the past 10 weeks, with double-digit decreases in the last three weeks,” Alphaliner noted. “This clearly hints at a rate war between some of the major operators.”

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