S&P Journal of Commerce

Ocean market in trans-Pacific arrives at spot pricing tipping point

Container lines thus far have been modest in blanking capacity despite falling rates and weak forecasts for year-end volumes. Photo credit: Li Ziheng / Xinhua via Getty Images.

Mark Szakonyi, Executive Editor | Sep 2, 2025, 3:36 PM EDT

The next few weeks on the trans-Pacific trade will be telling as time is running out for container lines to adjust capacity to falling demand or risk losing contracted cargo to the spot market.

A slight bump last week in container spot rates, as measured by the Platts and Shanghai Shipping Exchange indexes, could be a sign of blank sailings ending the sharp dive in rates that began in late May, or merely a blip. The run-up to Golden Week that starts Oct. 1, a period of slowing China production due to the holiday observance, gives carriers the last major window this year to stem the rate bleed or see shippers neglect contracted allocations in favor of cheaper spot rates.

Ocean carriers are seeking rate increases of $800 to $900 per FEU, sources say, with one carrier representative noting the efforts are focused on curbing the rate erosion of the last two months. Container spot rates from Asia to the US West Coast are about $2,000 per FEU, according to various indexes, with the Shanghai Shipping Exchange registering a 65% drop since June.

Bullet rates quoted for single voyages tend to be $200 to $300 less than index rates, and some forwarder quotes for US West Coast routings have been as low as $1,300-$1,400 per FEU.

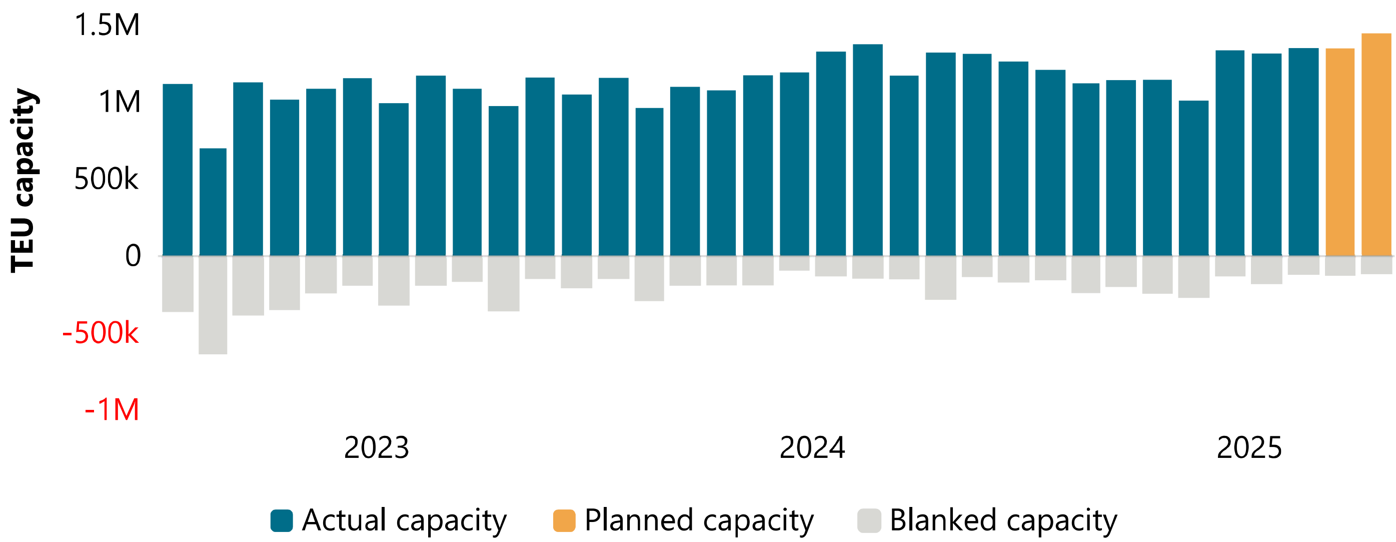
Container lines thus far have been modest in blanking capacity despite falling rates and weak forecasts for year-end volumes. But analysts and forwarders warn that a sharp increase in blanks is nearly inevitable. Carriers' averseness to losing import volumes already weakened by US tariff frontloading, the potential for a late-year surge, and niche carriers sticking to the trade have kept blanking levels consistent with past years.

More capacity coming in October

Container lines plan to inject more capacity in October, nonetheless, adding nearly 100,000 TEUs more than what's deployed in September, according to maritime intelligence provider eeSea. The share of tonnage deployed on Asia to the US West Coast that is made unusable through blank sailings hovered near 8.4% in August, and carriers so far plan to blank a similar proportion of tonnage in September and October, although that can rise as weeks progress.

Trans-Pacific carriers modestly blanking capacity

Container ship capacity deployed from Asia to US West Coast, with historical blanked and deployed capacity, planned capacity, and blank sailings already announced



Source: eeSea

6M 2Y YTD MAX

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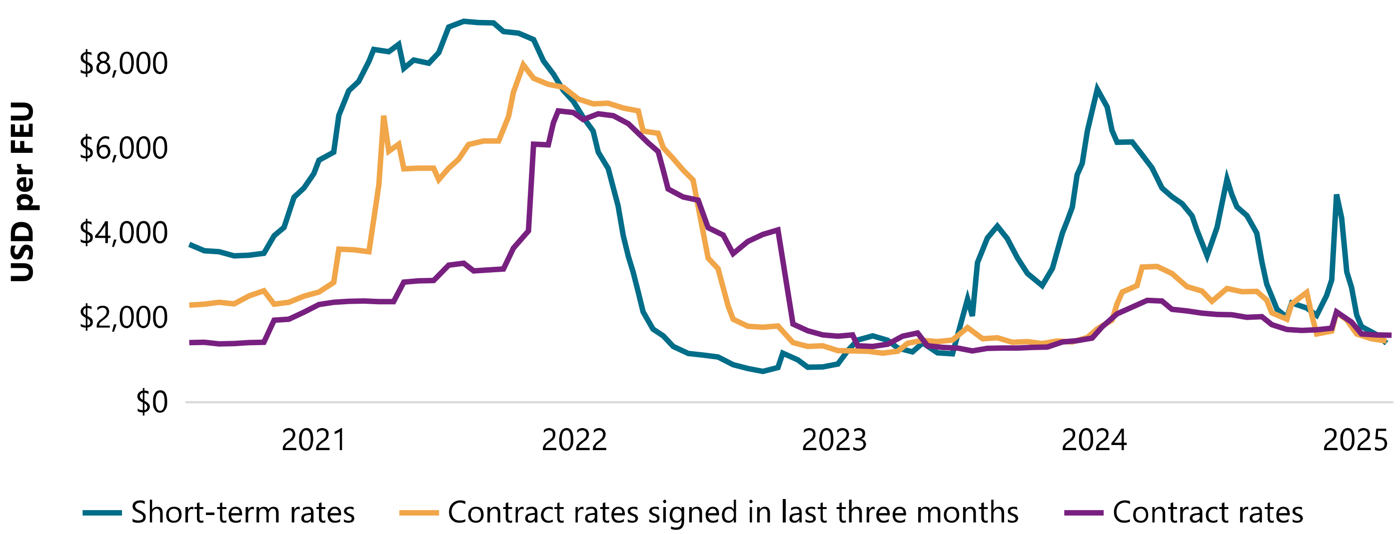
If carriers can't adjust demand to supply, they face the risk of more shippers turning to the spot market rather than fulfilling contracted cargo allocations. Spot rates, as measured by various indexes, are at levels that many small and medium-sized shippers signed contracts at in the spring.

Short-term ocean rates, as measured by benchmarking provider Xeneta, began falling in early August below contract rates covering 88 days or more. The short-term cost to ship an FEU from Asia to the US West Coast was $1,319 for the week ending Aug. 28, compared with $1,597 for the long-term rate in the same period.

"We've got customers who are eager to save $100 anywhere, and they want a piece of that," said a forwarder who did not want to be identified. "We are not trying to sell it, but when they ask us, 'What are your FAK rates?' We can't tell them, 'No, we're not going to offer you our FAK rates,' especially if it means we're going to get some incremental business out of it."

Trans-Pacific container spot rates fall below contract levels

Average Asia–US West Coast container freight rates, under short-term contracts of 32 days or less, all valid long-term contracts of 88 days or more, and all valid long-term contracts signed in the last three months



Source: Xeneta

3M 6M 1Y YTD MAX

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Small and medium-sized importers signed service contract rates at a larger-than-usual premium than the largest retailers in mid-April just as the market was showing strength, said another forwarder. The largest big-box retailers signed contracts that generally began May 1 in the range of $1,600 to $1,800 per FEU, while midsize and smaller importers secured contract rates in the range of $2,000 to $2,200 per FEU.

The danger importers face chasing cheaper spot rates when the rates are falling is that carriers will be loath to help out cargo owners when the market inevitably tightens — even if it's short-lived.

Container lines are more agile in moving vessels to and from ocean trades by omitting calls to ports or voiding sailings, according to an Aug. 28 notice sent by forwarder

American Shipping Co. to its customers that was seen by the *Journal of Commerce*. While such tools to manage capacity haven't had much impact in recent months, "if timed right, it can have a direct impact on the freight rates," the notice read.

Most shippers are not concerned about carriers charging them for dead freight if they do not fill the minimum quantity commitments (MQCs) in their contracts because, historically, carriers have never done that. Carriers normally roll over the unused MQCs into the next year's contracts.

So far, the shift from contracted cargo to spot cargo has been minimal, according to forwarders and carriers who spoke with the *Journal of Commerce*. But the inflection point is getting closer.

"It could happen" that more BCOs turn to the spot market if rates reverse course in the coming weeks and begin dropping again toward $1,600 to the West Coast and $2,600 to the East Coast, said Benton Kauffman, head of trans-Pacific air and sea logistics at forwarder DSV Global Logistics.

"If the West Coast spot rate sinks to $1,400, some BCOs will seek to reopen their contracts, or they could book more under spot," Kauffman said.

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Senior Editor Bill Mongelluzzo and Associate Editor Laura Robb contributed to this report.