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Spot rates falling as new ocean networks roll out: Sea-Intelligence

MSC will be market leader on the Asia-Mediterranean trade lane with a 30% share of the operated capacity. Photo credit: MSC.

Greg Knowler, Senior Editor Europe | Feb 3, 2025, 11:26 AM EST

Rising competitive pressure as ocean carriers adjust to the restructured alliances is likely to place downward pressure on rates on the main east-west trades, according to Sea-Intelligence Maritime Analysis.

There has already been a steady decline in average rate levels on the trans-Pacific and Asia-Europe trade lanes since December; as the new alliances and Mediterranean Shipping Co.'s standalone network are rolled out, there is no sign of an end to the slide.

“There are clear shifts in the relative competitive power between the different players in the new alliances versus the situation we have been used to for the past eight years," Sea-Intelligence noted in its latest Sunday Spotlight newsletter, adding that for shippers, the downward pressure on rates would intensify.

Holding the leading market share on three of the four main trade lanes out of Asia — Asia-US West Coast, Asia-US East Coast and Asia-North Europe — is the Ocean Alliance of Cosco Shipping, CMA CGM, OOCL and Evergreen. MSC is the largest capacity provider on Asia-Mediterranean.

Ocean Alliance will be the market leader on the Asia-North America West Coast trade with 35% of the planned capacity, while operating 37% of Asia-North America East Coast capacity and 35% on Asia-North Europe, Sea-Intelligence data shows. MSC will be market leader on Asia-Mediterranean with 30% of the capacity, although Ocean Alliance is just behind at 29%.

The Gemini Cooperation between Maersk and Hapag-Lloyd is the smallest player on both the Asia-North America West Coast and East Coast trade lanes, just behind the Premier Alliance of Ocean Network Express (ONE), Yang Ming and HMM.

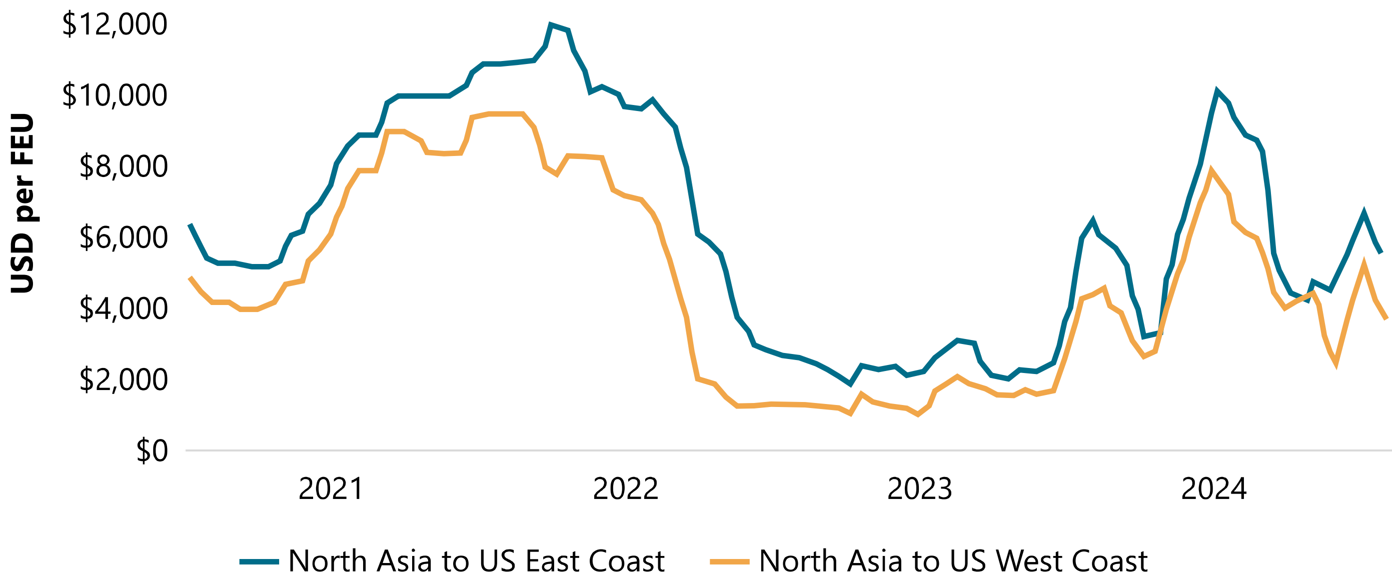
Signs of a rate war

As carriers reposition ships and take bookings for their new networks, Kathy Liu, vice president of global sales and marketing at Taiwan-based forwarder Dimerco Express Group, said there were increasing signs of a battle for market share emerging, at least on the Asia-Europe trade lane.

"With demand slowing … shipping lines need to fill their capacity, so there will for sure be a price war," she told the *Journal of Commerce*.

Asia-US container spot rate decline deepens into February

Container spot rate movements from North Asia to US Coasts USD per FEU



Source: Platts, S&P Global

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Average spot rates from North Asia to the US West Coast were at $3,700 per FEU Monday, down from $5,250/FEU at the beginning of January, according to Platts, a sister company of the *Journal of Commerce* within S&P Global. Current Asia-US East Coast rates of $5,500/FEU were $2,200 lower than at the beginning of the year.

It was a similar picture on Asia-North Europe, where the rate of $3,000/FEU this week was down from $5,000 in the first week of January, while the current Asia-Mediterranean rate of $4,300/FEU has slipped $1,000.

There is little clarity into how rates will perform following the late January start to the Lunar New Year and widespread uncertainty into when carriers will resume shorter Suez Canal transits. The base case from global bank HSBC is for Red Sea transits to resume from mid-2025, which it said implied 10.5% effective capacity growth in 2025 compared with 2.7% volume growth.

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