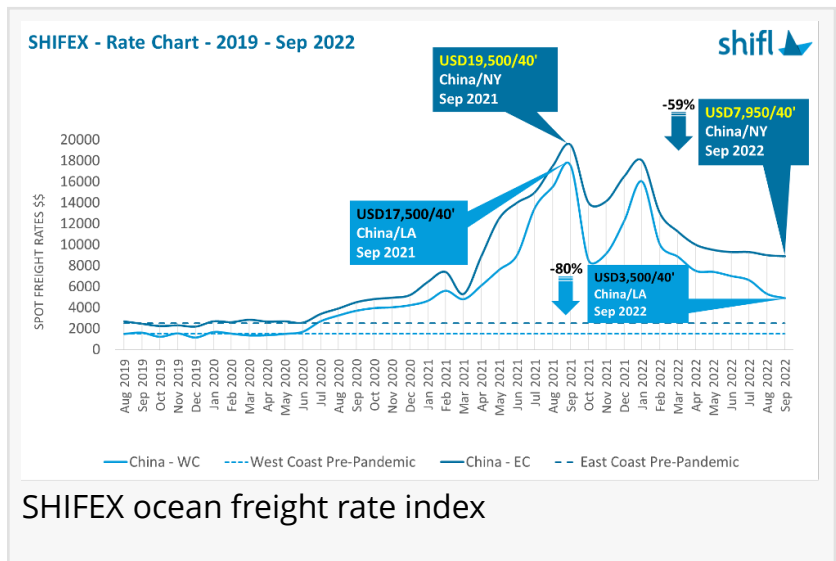


Excessive Ocean Carrier Profits at Risk

SHIFEX, the container spot freight rate index, recorded the lowest freight rate in 24 months. It shows a rate of \$3,500/40' between Shanghai and Los Angeles

SUFFERN, NY, UNITED STATES,
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EINPresswire.com/ -- [SHIFEX](#), the only forwarder-driven container spot freight rate index, recorded the lowest freight rate in 24 months between Shanghai and Los Angeles. The index shows a rate of \$3,500/40', which is a drop of 80% Y-O-Y.



While the decline in rates has been slower between China and New York / New Jersey, the rates still tumbled from a high of \$19,600 in Sep 2021 to \$7,950 in Sep 2022 - a 59% drop Y-O-Y.



Tightening monetary policy, a shift in consumer spending, bloated inventories, and growing geopolitical tensions between the US and China continue to play a role in the downward movement of rates."

Shabsie Levy, CEO and Founder of Shifl

Long Beach," said Levy.

"While in July, there was a relatively steady decline in spot rates, the pace has definitely picked up as a milieu of factors continue to soften the market for containerized goods between China and the rest of the world. Tightening monetary policy, a shift in consumer spending, bloated inventories in the US, and growing geopolitical tensions between the US and China continue to play a role in the movement of rates," said Shabsie Levy, CEO and Founder of [Shifl](#).

"With the latest dramatic slump in rates, the market is closer than ever to the pre-pandemic rate levels, especially to the largest entry ports in the USA - Los Angeles and

Rate Decline Gathers Momentum

SHIFEX points to a quickening rate of decline in the spot freight market. September marked the eighth month of continuous drop in freight rates between Shanghai and LA/Long Beach, which was the third biggest M-o-M drop (34%) since October 2021.

As spot rates on the trade between the world's two largest economies continue to tumble, shippers are turning up the heat on carriers to renegotiate long-term, fixed contract rates, shaking up shipping lines accustomed to having the upper hand in rate negotiations for the last two years.

While lines like Hapag Lloyd are standing firm on their contract rates, lines like Yang Ming Line are confirming that they have received multiple requests from shippers to renegotiate contract rates and that they were prepared to listen to their customers at the expense of softening their revenues.

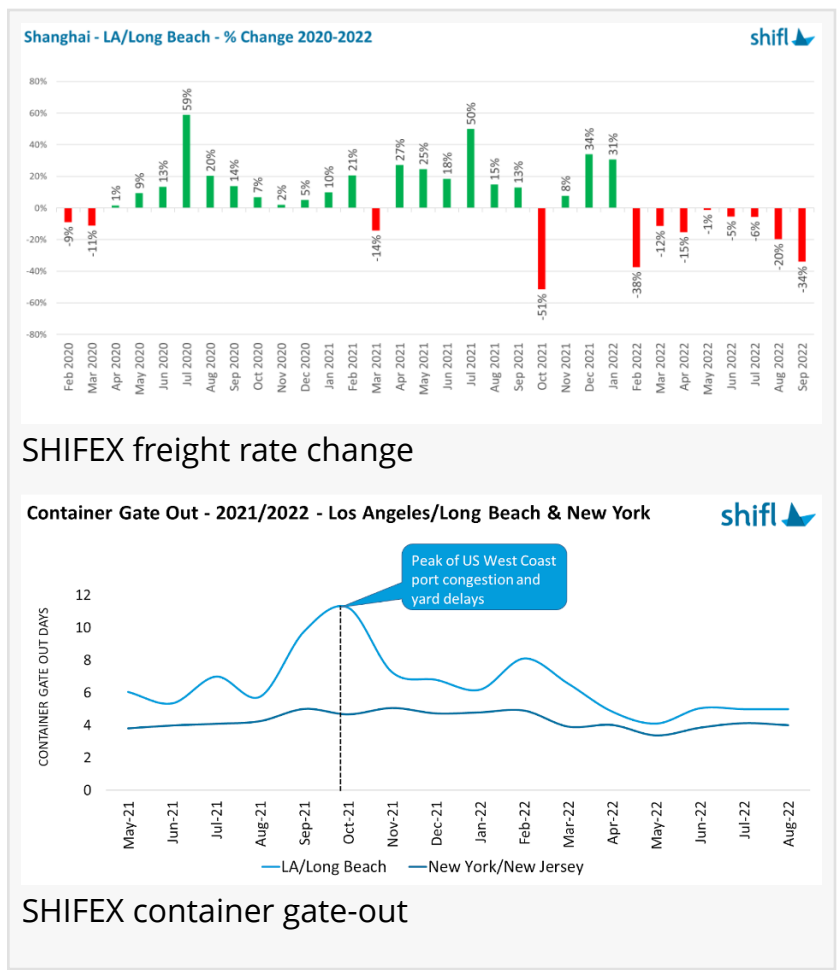
“With the increasing pressure from shippers, shipping lines may not have a choice but to accede to customer demands as contract holders are known to simply shift their volumes to the spot market,” said Levy.

Transit Times Dropping Fast

With fewer congestion issues to deal with in Chinese and US ports, carriers were able to cut transit times on the principal lane between China and Los Angeles / Long Beach by 25% in August, the biggest improvement this year.

Transit times reached 24 days compared to 32 days in July, bringing them back to levels last seen in July 2021.

Difficulties continue to be felt on the all-water route between Chinese ports and New York, where transit times were up again from 46 days in July to 50 days in August.



Both routes are still above historic levels but West Coast transit times are inching closer to pre-pandemic levels of 16 days.

“The ripple effect of the shift in cargoes from West Coast to East Coast is taking its biggest toll now in New York with an overflow of empties and shortage of chassis. We expect this to improve soon as lower volume forecasts will ease the pressure off the system,” said Levy.

Gate Times Unchanged

There was neither sign of improvement nor deterioration in the situation at the quay, with gate times unchanged in August for the third consecutive month.

The build-up of empty containers being repositioned in the US continues, but shippers and carriers are working to keep them from building up at ports.

Average gate out times in Los Angeles / Long Beach stayed steady at five days for the third consecutive month, while the number was four days for the third consecutive month in New York / New Jersey.

So far, the port of New York / New Jersey has yet to implement its container imbalance fee in a bid to reduce congestion at the port, opting not to impose the new \$100 / day congestion fee as originally proposed on September 1.

About Shifl: Shifl is bringing the supply chain into the future with technology and innovation that brings a huge array of real-life benefits to its customers. If you are an importer looking to bring your business into today's digital age, be more in control of your shipping processes, and pay less — Shifl is for you. Shifl is headquartered in New York and maintains a presence in China, India, Vietnam, Malaysia, Bangladesh, Georgia, Dominican Republic and The Philippines. To learn more, visit <https://shifl.com>.

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