



## NEWS



# Global Freight Situation

### **No precipitous plunge in container shipping rates, just ‘orderly’ decline.**

Spot rates are at least temporarily plateauing because U.S. import demand remains above pre-COVID levels, some U.S. ports remain extremely congested, and ocean carriers are “blanking” or “voiding” (i.e., canceling) sailings, both because their ships are stuck in port queues and because they’re matching vessel supply with cargo demand to avert the fate of Greek tanker owners.

Void sailings are still the go-to options for carriers at this point to try and stymie the fall in rates. Congestion is still the buzzword for East Coast ports, with Savannah currently feeling the full force of loaded imports and associated delays.

French container line giant CMA CGM SA is seeing an across-the-board drop in shipping rates and a loosening of logistics bottlenecks in some regions as demand softens. The decrease is expected to continue.

The observations are in line with those of the World Trade Organization, which said this week merchandise trade flows slowed last quarter and will likely stay weak in the second half. This could see the winding down of a frothy period for container carriers after two years of high rates and capacity shortages stemming from pent-up demand from consumers during the pandemic.

The air cargo market remains flat as the industry heads towards the traditional peak season.

Forwarders have also reported a switch back to sea freight from airfreight as container shipping supply chain snarl-ups have eased and prices have come down. Airfreight conversions back to ocean freight have continued with more shippers seeking lower supply chain costs by tolerating the longer duration of ocean freight transit.

During the peak of the pandemic, the air freight industry picked up ocean volumes due to the higher prices and disruption in ocean shipping.

This disruption is easing due to easing demand in ocean. The cost differential between the two modes is also edging back up.

### **Reference:**

<https://www.freightwaves.com/news/no-precipitous-plunge-in-container-shipping-rates-just-orderly-decline>

<https://economictimes.indiatimes.com/small-biz/trade/exports/insights/shipping-giant-cma-cgm-sees-softening-of-global-freight-rates/articleshow/93812268.cms>

<https://www.aircargonews.net/business/supply-chains/air-cargo-market-remains-flat-ahead-of-upcoming-peak-season/>