# iXRT

Ocean Market News by Xeneta

**February 24, 2025**

The Xeneta Ocean iXRT provides an overview of long and short term market movements, the key risks and issues to be aware of and insight on how these may develop in the coming weeks and months.

## Topics covered in this iXRT Report include:

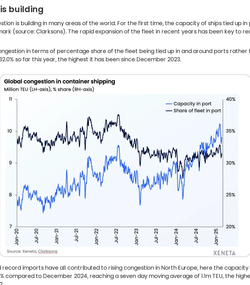
- Year-on-Year: Spot rates still double pre-Red Sea levels, despite recent drops.
- North Europe to Far East all historic lows, spot rate at USD 295 per FEU, long-term at USD 250.
- Global port congestion hits 10 million TEU, with tight capacity.
- North Europe and US East Coast at multi-year highs.
- New carbon intensity rules, aiming for 2% reduction by 2025, 80% by 2050.
- Rates expected to drop 7-30% in the next 3-6 months, carriers offering discounts on longer contracts.
- US-China tariffs rising, with potential reciprocal actions from other nations.

# MARKET RECAP

## Spot rates continue to soften

The spot market has continued to weaken across many global trades over the course of February, leaving rates on the major trades significantly down. The biggest decrease comes on the Far East to North Europe trade, down 42% since the start of the year. At USD 2 920 per FEU it has passed below the USD 3 000 per TEU mark for the first time since December 2023.

These rate decreases come even as carriers are doing their best to keep rates as high as possible in the midst of tender negotiations for new long term contracts, and especially hoping to set the tone heading into TPM in Long Beach early next month. On that front, the drops in spot rates are lower on the Far East to US trades than they are into Europe, down by 18% into the US East Coast and 23% into the West Coast.




A year-on-year comparison shows a drop in spot rates, which is a turnaround from a few weeks ago when spot rates on the major trades where still double what they had been a year earlier. Don't let these drops fool you though, we are now competing to a much higher base. Instead, a reference point of 1 December will give you a better idea of where we are compared to pre-Red Sea. This comparison shows rates are still double what they were back then on these top trades.

Rates are also following on the Transatlantic trade from North Europe to the US East Coast, down 18.2% since the start of the year, though on the backhaul rates are up 3.4%.

Other backhaul trades are, however, continuing to fall. Most notably on the North Europe to Far East trade where both spot and long term rates have reached historic lows. Even including terminal handling charges in Europe (as is Xeneta's default on this trade), the average spot rate is just USD 295 per FEU, with the long rate even further down at USD 250.

## Congestion is building

As rates fall, congestion is building in many areas of the world. For the first time, the capacity of ships tied up in ports has passed the 10 million TEU mark (source: Clarksons). The rapid expansion of the fleet in recent years has been key to reaching this milestone.

When looking at congestion in terms of percentage share of the fleet being tied up in and around ports rather than TEU, this figure has risen to 32.0% so far this year, the highest it has been since December 2023.




Storms, strikes and record imports have all contributed to rising congestion in North Europe, here the capacity of ships inbound has jumped by 16.8% compared to December 2024, reaching a seven day moving average of 1.1m TEU, the highest it has been since October 2022.

Congestion in China also hit its highest level since March 2020 in January, when 2.7m TEU was tied up, though it has since fallen back to 2.2m TEU on 18 February. Another multi-year high has been hit on the US East Coast, even without any strike in January, up at its highest level since November 2022.

Congestion comes at a time when capacity is still tight. Alphaliner reports an unchanged idle fleet of 0.6% as of 10 February and a few reports of carriers chartering tonnage at rates similar to during the peak pandemic. There is not much slack in the system, and yet rates are falling even as hopes of an imminent return to the Red Sea have been dampened.

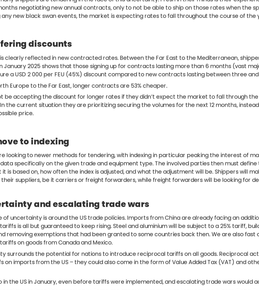
# MARKET OBSERVATION

## Another emissions regulation

There is a new regulation for container carriers to deal with in 2025 - FuelEU Maritime. This is a regulation on the carbon intensity of fuel used by container ship operators and will apply to the same journeys as the EU ETS scheme does, namely 50% on trips into/out of the EU (and EEA) and 100% of journeys within the region.

The limit will be placed on the grams of carbon emitted per unit of energy produced (measured in megajoules). The short of it is that carriers will have to increase their use of cleaner fuels as the limits gradually fall through the next two-and-a-half decades.

In 2025 carriers will have to reduce carbon intensity per unit of energy by 2% compared to the 2020 baseline. By 2050 the requirement will have been tightened to an 80% decrease compared to 2020.




This regulation focuses purely on the fuel used and does not factor the ship design, efficiency, how it operates or how much fuel is used.

(Note: There is a reward factor for ships using wind-assisted propulsion systems which means they face a slightly higher limit on fuel intensity)

This new regulation adds yet another measure for carriers operating in Europe to deal with. Remember, they must also comply with the International Maritime Organization's (IMO) carbon intensity indicator (CII) and Energy Efficiency Existing Ship Index (EEXI), which each have their own requirements and ways of compliance.

Read a previous Xeneta report on emissions regulations here.

Because the FuelEU Maritime doesn't regulate the design and efficiency, carriers' easiest road to compliance is by sailing on fuel with lower greenhouse gas emissions. Under the regulation, this accounts for all emissions on a well-to-wake basis, ie, all the emissions linked to producing the fuel, getting it onto the ship and then burning it.

Fuel intensity is measured per ship, but carriers can pool vessels together, either within their fleet, or with other operators, such that an over-achieving ship can compensate for a non-compliant ship.

The cost of compliance is not as clear cut as the EU ETS, where a dollar value is placed on carbon emissions. Instead, FuelEU Maritime blends in with the general costs of decarbonizing the container shipping fleet.

Bearing in mind that for 2025 the reduction is only 2% from 2020, carriers are likely already compliant, or could achieve compliance easily by moving their new ships which can sail on alternative fuels onto trades into and out of Europe. In the case of non-compliance carriers will face a penalty, the size of which will increase over time.

Some carriers have introduced a new FuelEU Maritime surcharge, while others have combined it with their existing EU ETS surcharge. Because of these changes, Xeneta will be updating the scope and name of the surcharge which will include all surcharges linked to EU regulation.

Shippers should also expect increased costs from the ramping up of the EU ETS. In 2025 carriers will have to submit allowances for 70% of the emissions covered by this regulation (100% on intra-European voyages and 50% on voyages into or out of the region).

## Return to Red Sea impact on emissions

The start of diversions around the Cape of Good Hope saw a jump in fuel consumption, with a direct impact on the average EU ETS surcharge charged by carriers on journeys into and out of EU (and EEA) ports. A return to the Red Sea should lead to a similar drop in the EU ETS surcharge.

The story is different for the FuelEU regulation. As this is based on the carbon intensity of the fuel used, an increase in sailing distance and therefore fuel consumption, does not affect the intensity of the fuel. Shippers should therefore not expect to see costs related to this regulation fall in the case of a return to the Red Sea.

# MARKET OUTLOOK

## Long term rates expected to fall

Xeneta's Market Rate Outlook, which is based on data and expertise from our Analysts, shows an expectation for long term rates to fall on the major trades out of the Far East in the next three to six months.

Long term rates into Europe, the US and South American East Coast are expected to be between 7% and 30% lower at the end of June from current levels.

Please note, the outlook model is not a crystal ball and expectations can only take into account what we know today, which does not include the major question mark looming over 2025 – a timeline for return to the Red Sea. A large-scale return would put massive downside pressure on rates, but even without this we are already seeing rates softening.

For now though, many shippers are tendering in the face of this uncertainty. Fresh in their minds is their experience last year, with many spending months negotiating new annual contracts, only to not be able to ship on those rates when the spot market rose. This year, barring any new black swan events, the market is expecting rates to fall throughout the course of the year.

## Carriers offering discounts

This expectation is clearly reflected in new contracted rates. Between the Far East to the Mediterranean, shippers with contracts entering validity in January 2025 shows that those signing up for contracts lasting more than 6 months (vast majority lasting 12 months) can secure a USD 2 000 per FEU (45%) discount compared to new contracts lasting between three and six months.

Similarly, from North Europe to the Far East, longer contracts are 53% cheaper.

Carriers would not be accepting the discount for longer rates if they didn't expect the market to fall through the duration of these contracts. In the current situation they are prioritizing securing the volumes for the next 12 months, instead of purely going for the highest possible price.

## Shippers move to indexing

Other shippers are looking to newer methods for tendering, with indexing in particular peaking the interest of many. Indexing requires detailed data specifically on the given trade and equipment type. The involved parties then must define the mechanisms of the index, what it is based on, how often the index is adjusted, and what the adjustment will be. Shippers will make these agreements with their suppliers, be it carriers or freight forwarders, while freight forwarders will be looking for deals with carriers.

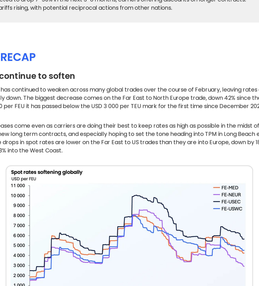
## Tariff uncertainty and escalating trade wars

Another big piece of uncertainty is around the US trade policies. Imports from China are already facing an additional 10% tariff, but the scope of the tariffs is all but guaranteed to keep rising. Steel and aluminium will be subject to a 25% tariff, building on tariffs put in place in 2018 and removing exemptions that had been granted to some countries back then. We are also fast approaching the new deadline for tariffs on goods from Canada and Mexico.

A lot of uncertainty surrounds the potential for nations to introduce reciprocal tariffs on all goods. Reciprocal actions may not only be new tariffs on imports from the US – they could also come in the form of Value Added Tax (VAT) and other domestic policies.

Inflation ticked up in the US in January, even before tariffs were implemented, and escalating trade wars would add fuel to the fire.

For now, shippers continue to face this uncertainty. Some are importing as much as they can, be it from China, Europe or other countries, preferring to take the higher costs of storage instead of risk being exposed to tariffs. Amidst all the noise of tariff announcements, then postponements or a change of course it is not an easy environment to operate in.




### Xeneta rate indexes – 19 February

Index base January 2017

| Spot rates | Xeneta index | Change from 1 month ago | Change from 1 year ago |
|---|---|---|---|
| Global | 159.1 | -4.5% | 7.3% |
| Europe Import | 162.5 | -6.7% | -5.3% |
| Europe Export | 153.0 | 1.1% | 11.6% |
| Far East Import | 192.5 | -6.7% | -5.3% |
| Far East Export | 212.8 | -5.6% | 8.1% |
| North America Import | 218.1 | 4.5% | 31.1% |
| North America Export | 162.2 | -2.3% | 5.6% |

| Long term rates | Xeneta index | Change from 1 month ago | Change from 1 year ago |
|---|---|---|---|
| Global | 149.1 | -1.0% | -7.6% |
| Europe Import | 174.5 | 0.2% | -2.5% |
| Europe Export | 114.1 | -2.7% | -30.1% |
| Far East Import | 100.5 | -3.3% | -19.8% |
| Far East Export | 193.8 | -0.2% | 15.3% |
| North America Import | 141.3 | -1.8% | -14.1% |
| North America Export | 110.6 | 3.1% | -4.5% |



# Selected Indices

Public Indices Report

## Disclaimer

Xeneta is the leading ocean and air freight rate benchmarking, market analytics platform and ocean container rate index, Xeneta Shipping Index (XSI®).

Xeneta's powerful reporting and analytics platform and data density provide liner-shipping stakeholders the insights they need to understand current and historical market behavior – reporting live on market average and low/high movements for both short and long-term contracts.

Xeneta's data is comprised of over +450 million contracted container rates and covers over 160,000 global trade routes. Xeneta is a privately held company with headquarters in Oslo, Norway and regional offices in New York and Hamburg. To learn more, please visit www.xeneta.com

NOTE: The XSI® public indices reports are based on long-term contracts only.

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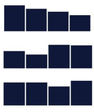
## Selected Indices

### Ocean - Long term rates

quarterly market average, 40' reefer HC

XENETA

| Origin | Destination | THCs | Q2 2024 | Q3 2024 | Q4 2024 | Q1 2025 |
|---|---|---|---|---|---|---|
| North Europe main | China main | OTHC | 2 111 | 1 991 | 1 887 | 1 765 |
| North Europe main | US East Coast | BOTH | 3 716 | 3 470 | 4 183 | 4 124 |
| North Europe main | South America East Coast | OTHC | 1 656 | 1 651 | 1 533 | 1 708 |

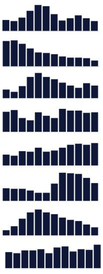


XENETA

### Ocean - Short term rates

monthly market average, 40' container

| Origin | Destination | THCs | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| China main | North Europe main | NONE | 3 428 | 3 163 | 4 200 | 6 383 | 8 230 | 7 871 | 5 323 | 3 340 | 4 061 | 5 010 | 4 087 | 3 087 |
| North Europe main | China main | OTHC | 720 | 740 | 641 | 513 | 385 | 376 | 347 | 271 | 249 | 243 | 222 | 164 |
| China main | US West Coast | DTHC | 3 880 | 3 348 | 4 519 | 6 531 | 7 429 | 6 485 | 6 021 | 5 277 | 4 687 | 4 225 | 5 213 | 4 752 |
| US West Coast | China main | DTHC | 715 | 731 | 648 | 622 | 711 | 672 | 649 | 742 | 729 | 728 | 699 | 710 |
| US East Coast | North Europe main | DTHC | 677 | 671 | 701 | 700 | 726 | 698 | 708 | 728 | 745 | 756 | 745 | 759 |
| North Europe main | US East Coast | Both | 2 179 | 2 153 | 2 139 | 2 063 | 1 926 | 1 939 | 2 427 | 2 998 | 2 956 | 2 936 | 2 729 | 2 434 |
| China main | South America East Coast | NONE | 3 069 | 4 299 | 6 570 | 8 483 | 9 288 | 8 402 | 7 881 | 6 808 | 6 111 | 5 870 | 4 881 | 3 861 |
| North Europe main | South America East Coast | OTHC | 829 | 811 | 849 | 854 | 873 | 814 | 893 | 909 | 836 | 867 | 858 | 937 |



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### Ocean - Long term rates

quarterly market average, 40' container

| Origin | Destination | THCs | Q2 2024 | Q3 2024 | Q4 2024 | Q1 2025 |
|---|---|---|---|---|---|---|
| China main | North Europe main | NONE | 2 117 | 3 313 | 2 796 | 2 713 |
| North Europe main | China main | OTHC | 447 | 419 | 286 | 166 |
| China main | US West Coast | DTHC | 1 967 | 3 058 | 3 288 | 3 076 |
| US West Coast | China main | DTHC | 953 | 833 | 921 | 878 |
| US East Coast | North Europe main | DTHC | 756 | 761 | 777 | 797 |
| North Europe main | US East Coast | Both | 1 744 | 1 807 | 2 256 | 2 082 |
| China main | South America East Coast | NONE | 2 409 | 2 935 | 4 691 | 4 298 |
| North Europe main | South America East Coast | OTHC | 775 | 588 | 647 | 682 |

