

iXRT

Ocean Market News by Xeneta

May 27, 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:

- Improving tariff situation – but still a severe one
- Immediate impact of tariff pauses
- Shifting capacity example on Transpacific
- Impact of 90-day tariff pause on freight rates
- Congestion building
- Impact of 90-day pause on long-term market

The container shipping rollercoaster of 2025 continues with yet another pause on tariffs, this time the US and China agreeing to lower tariffs from 145% and 125% on imports from the other for 90 days.

This adds yet another timeline shippers need to work around.

An improving situation – but still a severe one

'Liberation Day' reciprocal tariffs were announced on 2 April, but the US subsequently put in place a 90-day pause on the higher duties for US imports from all nations other than China. This pause will expire on 9 July, but it should also be noted that a 10% universal rate remains in place.

Now there has been a second 90-day pause announced, this time for US imports from China with the additional tariffs falling from 145% to 30%. From US to China, the additional tariffs have dropped from 125% to 10%. This 90-day pause will expire on 14 August

This is yet another example of the uncertainty that has plagued 2025. An improving situation is – quite understandably - being received as good news by the industry. The reality is that it is simply not quite as a bad as the catastrophic situation the industry faced in the previous days and weeks. We are still left standing in a severe situation.

Immediate impact of tariff pauses

In the short term, these pauses are seeing shippers frontload as many imports as they can. It may be unlikely additional tariffs return to 145% when the pause expires, but given what has transpired so far in 2025, would you risk it if you didn't need to?

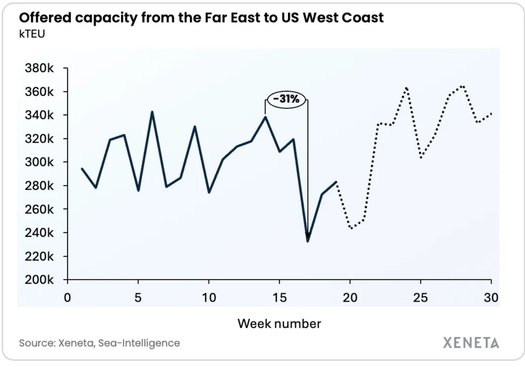
Hapag-Lloyd stated during its presentation of Q1 earnings that there has been a 50% increase in bookings from China to the US following the announcement of the 90-day pause.

Carriers have been quick to add available capacity back onto Far East to US trades in response to this demand increase, reversing some of the blank sailings that had previously been announced and restarting some services that had been put on hold. However, carriers are still limited in how much capacity can be returned in the short term.

Capacity example on Transpacific

Take offered capacity from the Far East into the US West Coast. It bottomed out in week 17 (21 to 27 April) when 232 500 TEU left the Far East, a 31% drop from a month previously. The latest Sea-Intelligence data shows that it will take until late June (week 26) for capacity on this trade to increase past the 300 000 TEU per week mark.

This delay should not be seen as proof of carriers trying to limit capacity, but rather the time it takes for them to return ships to this trade after they had been re-deployed following Liberation Day. Carriers shifted their ships onto other trades, with one clear example being the record high capacity from the Far East to North Europe. These ships need to finish the new rotations before being returned to Transpacific trades and, at the moment, a roundtrip from Shanghai to Rotterdam takes around 12 weeks.



Impact on freight rates

The increased demand is also being reflected in higher rates. Compared to the start of May, average spot rates have increased 16% to USD 2 975 per FEU from China to the US West Coast. Looking ahead to June, average spot rates will increase further with Xeneta's 10 day outlook showing another 16% to USD 3 460 per FEU. This could rise even higher in the closing days of May, should more rates come in at the upper end of the market.

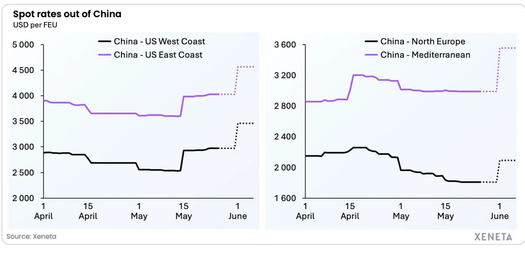
Into the US East Coast, the average spot rate has risen 12% to USD 4 030 per FEU and looks set to increase to at least USD 4 570 come 1 June. Looking at the market spread, the market-high is at USD 5 600 and also set to increase further come June.

Certain carriers are starting to push out premium rates, a playbook we have seen before in times of a rising market. Carriers will look to boost their profits in this limited period ahead of what looks set to be a much worse second half of the year for them.

The question that then arises is what rate increase carriers reasonably ask for. Critically, carriers' reasonableness is not the main factor, it is more a question of how much shippers are willing to pay to secure space. This is particularly the case in this situation with everyone aware of the tight deadline regarding the 90-day pause and costs a shipper will potentially face should they not make the cut-off.

Global impact

June rate increases will not be limited to China-US trades, as the pressure there is felt across the world. Early data indicates an increase in spot rates between the Far East and the Mediterranean of 19% on 1 June from the current USD 3 120 per FEU average. Early data shows rates into North Europe are to rise by 16%.



Congestion building

The sudden rush of cargo out of China following a dramatic drop in demand brings back memories of the pandemic. The difference this time around is the drop in demand was much shorter and the higher demand will be limited to the next few months. However, it is already leading to building congestion in China, which is likely to get worse over the next few weeks.

This will add to the congestion appearing in other parts of the world. Northern European ports are clogged up due to weather, strikes and holidays, the new alliances being phased in as well as the record high capacity arriving in the region. There is also a high yard utilization which hurts a port's efficiency and adds further delays.

The Indian sub-continent is also seeing rising congestion, largely as a result of changes made following the escalation of tensions between India and Pakistan. India has imposed a ban on imports and transshipment of goods going to or from Pakistan as well as a ban on Pakistan-flagged ships entering India ports. Pakistan has responded in the same way.

This has led to carriers adjusting their services and relying more on transshipment hubs, with these schedule changes leading to more congestion.

Impact of 90-day pause on long-term market

The long term market is much calmer, largely due to the outlook. These higher spot rates are in direct response to the short window of opportunity in which US shippers can import goods at lower tariff levels. By definition, a short window means once the two 90-day pauses end, lower demand will follow due to the expected higher tariff levels and because businesses will have full inventories due to the frontloading. The 90-day pause will end for everywhere but China on 9 July and on 14 August for imports from China.

This time-limit is what makes today's market substantially different to previous rounds of increasing spot rates. During the pandemic, higher demand stuck around for years and pushed long term rates up. Demand in 2025 will quickly run out of steam so shippers should therefore be wary of signing any new long term deals where rates have been pushed up due to the spot market increases.

Tariff uncertainty after 90-day pauses end

There is a lot of uncertainty around tariff levels once the 90-day pauses end and developments in the past week offer little real guidance.

The first post Liberation Day trade deal saw a lowering of tariffs on US imports from the UK of steel, aluminum and automobiles, though imports of other goods will still face the universal 10% tariff. It should be noted the UK is one of the few countries the US has a trade surplus with.

Imports from the EU also look set to face a significant tariff increase. The initial 20% announced on Liberation Day has been replaced by 50%, although this is now set to enter into force on 9 July, rather than immediately as Trump had initially announced.

On top of this, The Trump Administration has announced it is unable to negotiate with all countries and they will therefore impose new tariff levels on a country by country basis in the coming weeks.

This sounds like a new 'Liberation Day', just spread out over weeks (presumably hoping to reduce the backlash), but again with the US apparently unilaterally picking a number for each country. This further complicates the picture for shippers who cannot assume that what was announced on 'Liberation Day' is what will enter into force at the end of the 90-day pause.

Whatever happens, the frontloading happening now means, even if tariffs were to be fully removed (likely implausible), demand would drop as shippers' inventories are full.

The sudden drop in demand will see carriers struggling to fill their ships and, while they may start removing capacity in response, there will still be significant downward pressure on freight rates. The more structural nature of the drop in demand from August onwards may see more carriers keen to catch market share, causing a possible downward spiral in rates to a level not seen since Q4 2023.

Of course, all the above is based on the knowledge and information available today. The frequency of major geo-political, economic and environmental disruptions in recent means it is a case of when rather than if the next black swan event arrives.

Shippers will need to be ready.

See Page 2 of the iXRT Report for the latest ocean freight shipping rates.



Selected Indices

Public Indices Report

Disclaimer

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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 +600 million contracted container rates and covers over 170,000 global trade routes. Xeneta is a privately held company with headquarters in Oslo. 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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Xeneta rate indexes – 27 May

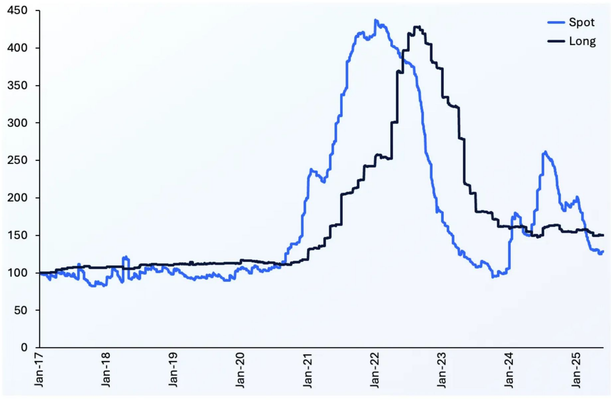
Index base January 2017

Spot rates	Xeneta Index	Change from one month ago	Change from one year ago
Global	128.8	-1.2%	-30.0%
Europe import	111.9	-6.6%	-32.4%
Europe export	129.7	-2.0%	-10.6%
Far East import	68.3	-0.6%	-26.4%
Far east export	120.9	-0.7%	-45.4%
North America import	147.8	1.4%	-16.0%
North America export	166.1	-1.5%	10.8%

Long term rates	Xeneta Index	Change from one month ago	Change from one year ago
Global	150.2	0.5%	-0.1%
Europe import	173.2	-0.7%	-4.4%
Europe export	109.4	-0.6%	-14.0%
Far East import	88.6	-3.6%	-24.9%
Far east export	184.2	1.5%	5.7%
North America import	144.7	0.4%	5.2%
North America export	111.1	0.1%	-0.7%

Global Average Rates

Index 100 = 2017



Source: Xeneta

XENETA

Selected Indices

Ocean – Long-term rates

Monthly market average, 40' container

XENETA

Origin	Destination	THC	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	QoQ Change	YoY change
China	North Europe	None	2 083	3 291	2 820	2 661	2 046	-23%	-2%
North Europe	China	OTHC	430	419	299	150	121	-20%	-72%
China	US West Coast	DTHC	1 959	3 016	3 288	3 063	2 754	-16%	+31%
US West Coast	China	Both	893	833	921	967	799	-17%	-11%
US East Coast	North Europe	Both	748	761	781	840	817	-3%	+9%
North Europe	US East Coast	Both	1 740	1 807	2 317	2 001	1 726	-14%	-1%
China	S. America East Coast	None	2 434	2 902	4 940	4 378	3 323	-24%	+37%
North Europe	S. America East Coast	OTHC	774	588	613	680	737	+8%	-5%

Ocean – Spot-term rates

Monthly market average, 40' container

XENETA

Origin	Destination	THC	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	MoM Change	YoY change
China	North Europe	None	4 200	6 383	8 230	7 871	5 323	3 340	4 061	5 010	4065	2 884	2 363	2 190	1 875	-14%	-55%
North Europe	China	OTHC	641	513	385	376	347	271	249	243	220	166	165	152	155	+2%	-76%
China	US West Coast	DTHC	4 519	6 531	7 429	6 485	6 021	5 277	4 687	4 226	5 218	4 221	2 632	2 775	2 742	-1%	-39%
US West Coast	China	Both	648	622	711	672	649	742	729	728	674	688	631	609	613	+1%	-5%
US East Coast	North Europe	Both	701	700	726	698	708	728	745	756	755	762	759	780	772	-1%	+10%
North Europe	US East Coast	Both	2 139	2 063	1 926	1 939	2 426	2 992	2 951	2 930	2 681	2 327	2 227	2 236	2 182	-2%	+2%
China	S. America East Coast	None	6 570	8 483	9 288	8 402	7 881	6 808	6 111	5 870	4 876	3 760	2 583	2 022	1 976	-2%	-70%
North Europe	S. America East Coast	OTHC	849	854	873	814	893	906	833	864	869	978	982	940	890	-5%	+5%

Ocean – Long-term rates

Monthly market average, 40' reefer

XENETA

Origin	Destination	THC	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	QoQ Change	YoY change
North Europe	China	OTHC	2 039	1 990	1 898	1 716	1 485	-13%	-27%
North Europe	US East Coast	Both	3 645	3 470	4 259	4 033	3 693	-8%	+1%
North Europe	S. America East Coast	OTHC	1 610	1 652	1 547	1 431	1 423	-1%	-12%