

BRIEF

Ocean freight rates increased ahead of Lunar New Year — but not by much

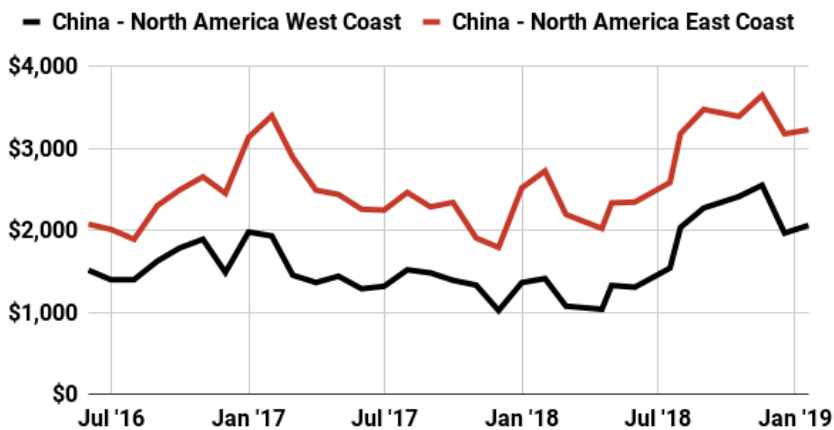
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Dive Brief:

- Ocean shipping rates ticked up ahead of the Lunar New Year. Rates from China to the U.S. West Coast rose to \$2,061.50 in January 2019 — a 5% increase over the previous month and a 51% increase over January 2018.
- Rates from China to the U.S. East Coast also rose in January to \$3,228 representing a 28% year-over-year increase and 2% increase from December 2018.
- Ports on both U.S. coasts saw some of their highest cargo volumes in 2018, with many breaking all-time records.

Ocean shipping rates tick up ahead of Lunar New Year



Credit: Shefali Kapadia / Supply Chain Dive

Dive Insight:

An ocean freight rate uptick is typical ahead of the Lunar New Year, which fell on Feb. 5 this year. Importers often look to bring in goods from China before factory activity slows during the holiday. This creates heightened demand and squeezed supply, leading to higher freight rates.

For the past few years, ocean rates have followed a pattern of dipping in December, then rising again in January. Rates from China to the West Coast rose 33% from December 2016 to January 2017, and by roughly the same percentage from December 2017 to January 2018.

This season doesn't appear to be an exception to the pattern, although the rate increase between the two months was significantly lower (5%) compared to previous years.

The reason could be a continued rush by importers to bring in goods before tariffs took effect or increased to higher levels. Lori Fox, vice president of customs at American Global Logistics (AGL), predicted "the train keeps going pretty steadily" rather than slowing as shipping typically does around the Lunar New Year.

That rush led ports to have some of their best months and years yet. Loaded imports on the West Coast reached 1.068 million TEUs in December 2018, the highest since Supply Chain Dive began tracking imports in 2016.

So far, rates for shipping to both coasts are starting to level off in February. It remains to be seen how a tariff hike in March — if it happens — will affect rates and volumes in the coming months.