
With cargo volumes having peaked, the focus turns to rates. Expectations are that more space will be released by carriers under their lower FAK-rate tiers in the coming weeks, and that Premium and co-load offerings will be fewer through the middle of February. ***This does not mean that FAK rates will decline – they most likely will not - yet.*** What it does mean is that carriers will not be able to force a higher volume of containers under their Premium rate tiers. While the market is still far from seeing baseline rates (FAK) decline, this ***higher mix of FAK space in February will translate into savings for shippers*** who have seen a significant volume of shipments move under Premium and co-load rate classifications prior to the holiday. ***Blank sailings will be at very high levels in February*** as carriers seek to take advantage of the lull in demand to reposition vessels and therefore reconfirm schedules. What happens beyond mid February is highly dependent on whether there will be a bounce-back in demand and whether carriers will continue to more aggressively blank sailings – factors which in our view are not mutually exclusive.

PROJECTED AVERAGE FAK RATES AS OF JANUARY 26