

**June 29, 2026**

Transpacific Eastbound Market Update –Space Constraints, Congestion, and Container Rolling are Causing Disruptions and Inflated Rate Levels

As we reported last month, the front end of the surge we anticipated, indeed took place. It has since brought about rate increases, revised surcharges and continued void sailings, as the ocean carriers began to experience high demand. This has contributed to weeks of tight space and numerous constraints that continue to worsen. With June coming to a close and shipments already booked deep into July, the surge of volumes has been greater and lasted longer than initially forecasted. This has caught many of the carriers off guard and working against their earlier strategies. The industry now finds itself in a peak level market and creating disruption.

As many analysts had predicted, there was to be a reasonable surge to start the new contract season, followed by leveling off and then flat volumes the balance of the calendar year. It appears the ocean carriers followed the same course in some of their planning and now finding themselves short of capacity and with an abundance of challenges. Speaking with industry experts, large importers, and a few ocean carriers, the surge in volume was not predicted to be this strong, at this point of the season, and with vessels still booked out weeks in advance. Many even doubted there would be any sort of peak season this year.

While the U.S. economy and U.S. & Iran conflict have been the headlines in recent weeks, there had already been a great deal of uncertainty leading into contract negotiations. While hope levels were higher and many seeking improvement over the prior season, the approach to forecasting from large importers was still conservative. This had again, left ocean carriers to take a conservative approach and also turn their attention to focusing on streamlining the cargo, increasing reliability, identifying efficiencies, and right size the operations and volume strategies to control revenue. The conservative approach was also in line with disappointing financial earnings, released in the past few months for several large ocean carriers. Many suffered large quarterly losses and had been caused by many months of poor shipping activity and volume declines, further justifying their strategies based on what looked to be moderate growth, but certainly not a robust outlook for this season. Adding to the challenges that have been exposed, the Strait of Hormuz closure has left carriers with trapped vessels and equipment that they have not had access to. Not to mention rising insurance premiums as they operate under duress and with an exposure of high risk.

As we moved through May, volumes picked up as predicted, just after the new contract season started, May 1st. Space was achievable and stable with each week improving over the previous week. The market was certainly moving in a positive direction and in line with what most analysts predicted. Many importers have returned back to the arena with the tariff resolutions and IEEPA refunds in motion. The start of the shipping season reflected cost levels that were in line and achievable to promote manufacturing, shipping and build or replenish inventories. Then as we approached June and the conflict in Iran continued to escalate and the first price

shock came with regards to the rising price of oil and where carriers immediately started implementing the Emergency Fuel Surcharge and having no choice but to pass on their rising fuel increases. While significant in nature, it did not appear to deter shipping and bookings continued to rise.

Looking back, what was not being factored in, was the increase in cargo for importers looking to beat the expiration of the Section 122 tariffs and 10% universal levels that are set to end on July 24th.

What is being witnessed now may well be another scenario of front loading relative to tariffs and customs regulations. Increased volumes are being observed as the window is getting shorter to get product in before the 150-day limit comes to an end as the current Administration creates some uncertainty. The Administration has vowed to use other tariff mechanisms where lawful and has already started investigations under Section 301 and Section 232, both that allow authorization of tariffs in response to specific trade practices or national security concerns posed by the activity of trading partners.

As the volumes continue and carriers were not prepared, the constraints now include capacity shortages, equipment shortage, and congestion in major origin ports of China and S.E. Asia. The India Sub Continent has also seen similar constraints and while not as bad, challenging and attention needed to ensure timely bookings and sailings. Overall, the carriers are managing from behind. The results are significantly high rates; delays up to 2 weeks and potentially growing; and what appears to be some tariff related front loading. Ocean rates have nearly tripled on some lanes which has included a rise in Bunker levels, driven by the Emergency Fuel Surcharges, as well as General Rate increases and Peak Season Surcharge increases that some carriers have now raised multiple times over the last 30 days.

At a time that carriers have swapped larger vessels for smaller vessels, there is no choice for carriers, but to cut the space when they do this. They then begin to roll the cargo and the roll pools worsen, causing a domino effect that will last few weeks until volume subside. Perishables and Hazardous Materials will take first priority, reducing general commodity volumes. Some carriers are offering premium service options that allow cargo to be booked at higher rate levels in order to receive priority loading. While the options do exist, the current environment is even limiting the number of containers they can support such programs with per vessel. It has become overwhelming for some carriers in terms of their vessel planning. We have even identified carriers that are double rolling where their constraints are extreme and at the moment, have no solutions as an immediate fix. Other carriers may have more mild constraints, but could be more widespread and impacting multiple origins.

While we are working with core carriers to improve the level of reliability and mitigate the disruptions, we do expect the current market conditions to remain volatile for at least another month, where status will certainly need to be reviewed again. Booking in advance is critical. We recommend coordinating bookings a minimum of 3 to 4 weeks in advance. Understand that vessel schedules can change and carriers will continue to void sailings and omit origins as needed. It is not unrealistic for such changes to be sudden, that then cancel bookings, or have to be reassigned to another vessel under the carrier space control and planning. We have been warned of periods where there might be container equipment shortages.

Transshipping is also increasing, pressing carriers to get containers moved out of origins to avoid increased congestion, but then moved and potentially rolled in other ports such as a Singapore or Busan as examples. Based on these updates, we recommend that you add at least one week to your transit times as a precaution.

An item of positive news to report was that we did see the floating and spot markets take a very small reduction that is being implemented and was the first time in many weeks that there was not an increase. It is hard to tell if it is a signal that rates will start a slow pace downward or if the surge continues and may rise again. As it has been said “prices rise like a rocket and fall like a feather.” The drop in oil prices will ultimately play into further reductions as well. If the overview and market outlook stays in check with what was predicted, container volumes are going to stabilize and capacity will again be balanced. Aside from the typical short surges driven by seasonal scenarios, any softening should return rates back to reasonable levels.

There is always the unforeseen and makes the market unpredictable at times. It is always best to make sure you are planning your supply chain in advance and have contingency plans in place. We still have hurricane and typhoon season coming, Back to School products, and of course the holiday season, all that can have impact as the shipping season continues.

Should you need assistance, please do not hesitate to contact your account manager or local handling office to further strategize.

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