JULY 2026

MARKET UPDATE

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Market Overview

Transpacific ocean freight rates have reached a near-term ceiling at historically high levels in early July 2026. Spot rates from Asia to the U.S. West Coast are up 120% since mid-May, while the East Coast lane has risen 85% over the past six weeks, according to Freightos.

Shippers continue to face intense market pressure from an early peak season, severe equipment shortages, and aggressive front-loading ahead of late-July U.S. tariff deadlines. As mid-July approaches, rates appear to have plateaued, with the market more likely to hold steady or ease slightly than continue climbing.

Core Market Drivers

- **Tariff Front-Loading:** Inbound U.S. volumes surged approximately 15% month over month as importers accelerated inventory flows ahead of the July 24 tariff decision and Section 301 deadlines.

- **Capacity Constraints:** Operational space remains highly restricted. Analysts report 30 blank sailings across a five-week period, although carriers have begun deploying extra-loader vessels into the Los Angeles/Long Beach corridors to absorb peak demand.

- **Equipment & Port Redirection:** A severe shortage of 40-foot containers persists across China and Southeast Asia. Global fleet capacity remains structurally impacted by ongoing Suez Canal detours and Middle East routing risks.

Regional Gateway Conditions

Overall space availability is improving in July, but conditions vary by trade lane due to shifting network configurations and operational factors.

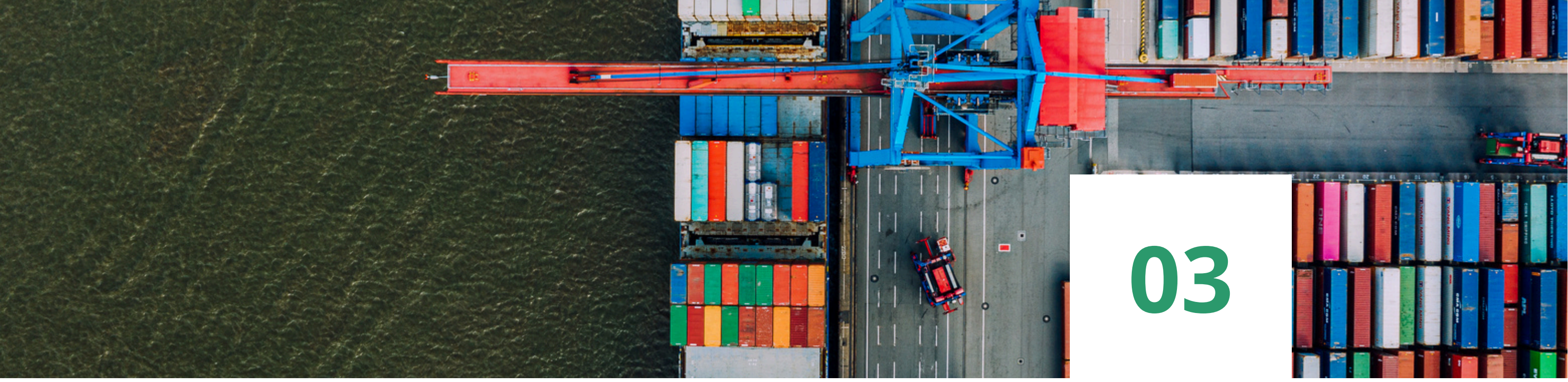
- **Pacific Southwest (PSW):** Space availability has stabilized across most China and Asia origins.

- **Pacific Northwest (PNW), U.S. East Coast (USEC), and Gulf:** Space remains tight through the first half of July. For USEC and Gulf trades, rate relief may be more limited than on the West Coast, as effective capacity continues to be constrained by draft restrictions at the Panama Canal. Encouragingly, weight restrictions have been lifted on some USEC and Gulf sailings, easing conditions compared to last month.

Carrier Update – ONE Exits OCEAN Alliance Transpacific Loops

Ocean Network Express (ONE) will no longer participate in OCEAN Alliance transpacific loops.

- ONE previously held slot agreements with CMA CGM, OOCL, and Evergreen, covering four Far East–U.S. West Coast services.
- These agreements will conclude in Shanghai on July 6, 2026, with the final sailing of the 11,388-TEU CMA CGM TITAN on the CP1 loop.
- Affected services include:
- CP1: Far East–U.S. West Coast leg of OA PSW1 (CMA CGM PEARL + AS1)
- CP2: OA PSW6 (COSCO SEA, OOCL PVCS)
- CP3: OA PSW10 (COSCO AAC)
- CP4: OA PSW7 (Evergreen HTW)



Shipper Guidance & Recommendations

- **Booking Windows:** Secure bookings at least three weeks in advance to ensure equipment and space availability.
- **Market Direction:** Logistics data providers report a slight slowdown in booking momentum during the July 4 holiday week. Absent any sudden geopolitical escalation, July is expected to bring either stable premium pricing or modest downward adjustments rather than additional sharp increases.

Air Freight Market Update

The transpacific air freight market remains structurally tight, with firm rates supported by strong demand across multiple industries. Key drivers include surging shipments of AI hardware, semiconductors, and other high-tech components from Asia, particularly Taiwan, as well as incremental demand related to FIFA World Cup logistics.

Capacity Dynamics

- **Belly-Hold Space:** While passenger flight schedules have expanded modestly, belly-hold capacity is quickly absorbed by high-priority cargo, leaving limited relief for general shippers.
- **Freighter Utilization:** Dedicated freighter fleets remain heavily booked, with load factors consistently exceeding 90%. Charter activity has increased, but availability continues to be constrained by aircraft positioning and regulatory bottlenecks.
- **Regional Variations:** Capacity improvements are most visible on intra-Asia and Asia–Europe lanes, while Asia–U.S. routes remain under pressure as carriers prioritize premium cargo and long-term contract customers.

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Rate Environment

- **Global Trend:** Overall air cargo rates eased slightly week over week due to lower jet fuel prices, but this relief has not translated meaningfully to transpacific lanes.
- **Transpacific Premiums:** Spot rates remain elevated, reflecting both structural demand and tariff-driven front-loading. Importers continue advancing shipments ahead of the July 24 U.S. tariff deadline, reinforcing upward pressure.
- **Volatility:** Rates continue to fluctuate sharply by lane and commodity type, with high-tech and time-sensitive cargo commanding premiums well above general freight benchmarks.

Forward Guidance for Shippers

- **Booking Strategy:** Secure uplift at least two to three weeks in advance, particularly for high-tech or tariff-sensitive cargo.
- **Allocation Management:** Expect carriers to prioritize contracted volumes and premium products. Spot market access will remain limited.
- **Risk Factors:** Any escalation in Middle East routing risks or additional disruptions to passenger flight schedules could tighten capacity further. Conversely, if jet fuel prices continue to soften, modest rate relief may emerge later in July.

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