SEPTEMBER 2026

MARKET UPDATE

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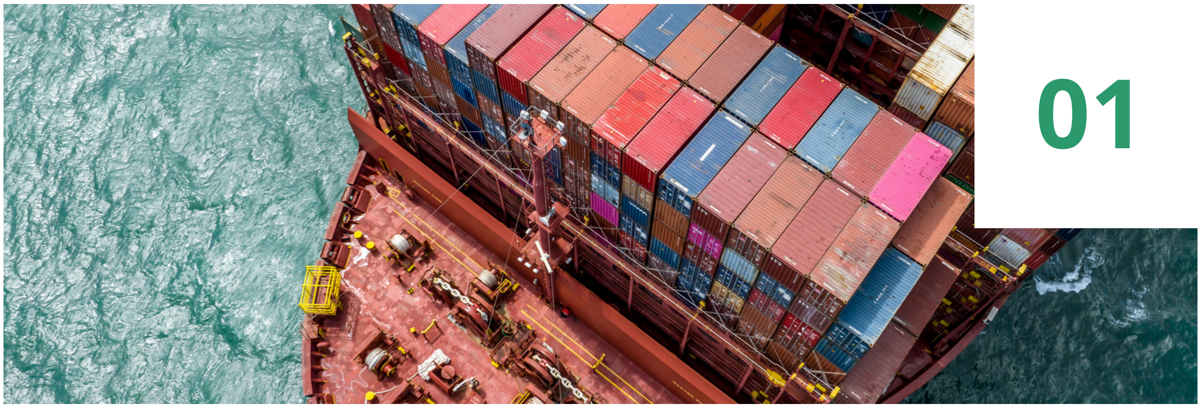

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Market Overview

Spot rates remain elevated and volatile heading into September. Drewry's World Container Index shows Shanghai–Los Angeles rates climbing to USD 7,185 per FEU, with carriers pulling approximately 20% of capacity through blank sailings to defend rate levels.

U.S. East Coast (USEC) rates remain firmer than U.S. West Coast (USWC) rates, supported by reduced capacity and Panama Canal draft and weight restrictions. The September 1 General Rate Increase (GRI) was successfully implemented across both coasts, and further increases are expected as blank sailings and congestion continue. Another round of GRIs is anticipated on September 15.

Operational Disruptions

Weather & Port Delays:

- Weather has been a key driver of recent spot market strength. The "super" El Niño has intensified tropical storm activity in the western Pacific, bringing consecutive typhoons to China and Asia. This has caused severe port congestion, vessel bunching, and omitted calls at Shanghai, Ningbo, Shenzhen, and Hong Kong.

- Shanghai congestion reached a nearly two-year high in mid-August, with 201 vessels waiting for berths and delays of up to 12 days. Conditions improved slightly to 139 vessels by August 19, but backlogs are expected to take weeks to clear.

- Typhoon Dolphin alone forced closures of 88 hours in Ningbo and 84 hours in Shanghai, underscoring the scale of the disruption. Two additional typhoons may form in the coming days, although their impacts are expected to be less severe.

Panama Canal Restrictions:

- The same El Niño pattern has reduced rainfall in the Caribbean and Central America, prompting the Panama Canal Authority to impose transit and weight restrictions. These measures have increased vessel waiting times and forced carriers to limit heavy containers on certain services, further tightening available space.

Carrier Strategy Notes

Carriers are actively managing supply to sustain rate levels:

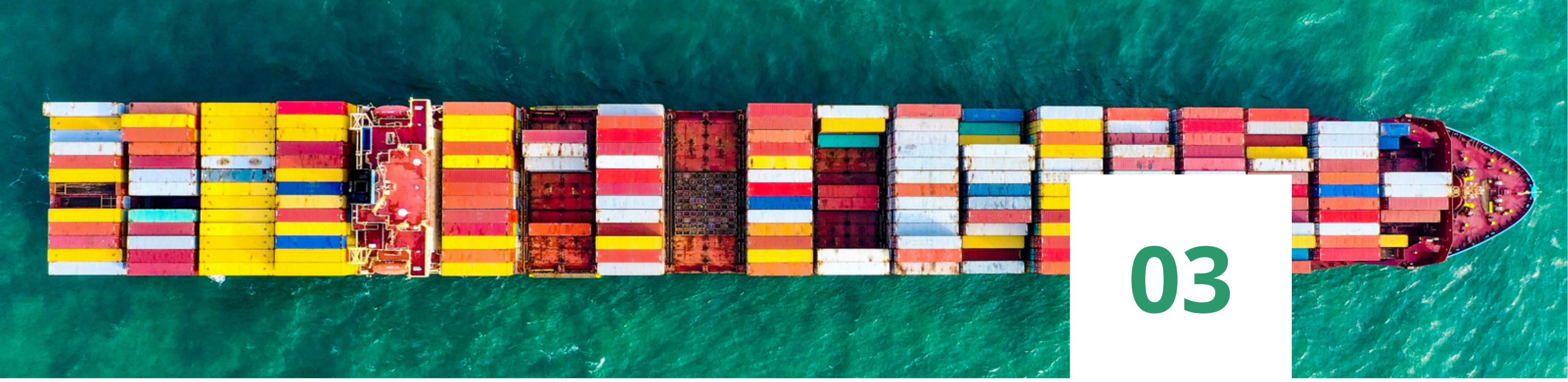
- Continuing blank sailings as a price defense tool, particularly around GRIs.
- Prioritizing premium services with guaranteed loading, while FAK bookings face a higher risk of rollovers.
- Restricting heavy containers on Panama Canal routings, creating uneven space availability.
- Shifting allocations toward USEC services, despite canal constraints, to maximize yield.
- Rationing space ahead of China's National Day holiday, with priority given to contract customers and premium payers.
- Maintaining omitted calls and port skipping to recover schedules following typhoon disruptions, resulting in irregular routings.

Market Impact

Three typhoons within a five-week period have caused extensive congestion and capacity loss, despite overall August demand being lower than July.

Late-August transpacific spot rates increased as blank sailings, reduced capacity, and port congestion restricted available supply.

Looking ahead, late-September bookings are expected to surge as shippers advance cargo ahead of China's National Day holiday from October 1–7. Cargo delayed by recent storms will also compete for available space, intensifying pressure on carriers and shippers alike.



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Recommended Action

Omitted calls and port skipping are expected to remain common as carriers work to recover schedules following recent typhoon disruptions. Shippers should anticipate irregular routings and last-minute adjustments.

Shippers should secure space early for late-September departures, prioritize flexible routings, and prepare for additional GRIs in the middle of the month. Advance booking will be critical to mitigating congestion risks and ensuring timely cargo movement ahead of the holiday period.

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