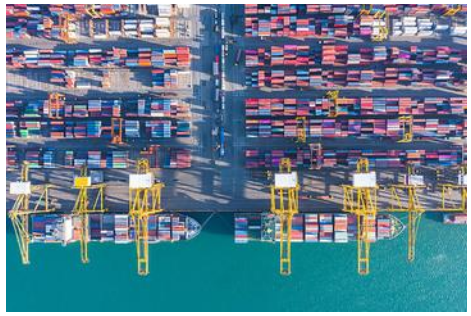
Ceasefire eases Gulf tension amid freight rate shifts



Energy markets and global trade stakeholders monitored developments following U.S. strikes on Iranian nuclear sites. Scenarios for retaliation by Iran included a potential closure of the Strait of Hormuz, posing implications for oil markets and logistics. However, after a limited Iranian attack on a U.S. base, President Trump announced a ceasefire set for Tuesday morning, possibly averting disruptions.

During the twelve-day conflict, tanker flows through the Strait of Hormuz and operations at Dubai's Port of Jebel Ali continued largely as normal. This port is critical for transshipment and a key hub linking the Far East to Europe and North America. In Israel, ports such as Haifa and Ashdod also remained operational. Freightos Terminal indicated no container rate volatility for Israeli lanes, though some carriers shifted from Haifa to Ashdod.

The ceasefire is restoring air cargo capacity in the Gulf after regional airspace closures. As Middle East tensions potentially deescalate, focus is shifting to the U.S. trade war and upcoming tariff pauses. Reciprocal tariffs imposed by the U.S. on countries other than China are nearing expiration, with a deadline of July 9th for agreements to avoid tariff increases.

Aside from a tentative agreement with the UK, the U.S. is reporting limited negotiation progress with major partners like the EU, Canada, and Vietnam. President Trump suggested a possible unilateral tariff application if deals remain elusive. Nonetheless, intra-administration discussions hold open the possibility of extending tariff pauses for countries negotiating earnestly. A trade deal with China, announced by President Trump about two weeks ago, remains unfinalized. FreightWaves reports the 10% reciprocal tariff will apply to Chinese exports broadly, with specific 20% tariffs targeting a list of fentanyl-related goods. Chinese goods continue to be subject to existing tariffs, including 301 duties.

The demand spike post the May 12th China-U.S. de-escalation seems past, even as carriers increased transpacific capacity by 13% since March. In response to easing demand, West Coast transpacific container rates dropped 7% last week. Rates fell to about $3,500/FEU, a significant decrease from $5,800/FEU a week prior. Freightos Terminal reports Shanghai – Long Beach prices at approximately $3,700/FEU, returning to late May levels. East Coast daily rates are down to $6,300/FEU from $7,200/FEU.

Simultaneously, Asia-Europe rates grew 6% last week to about $3,100/FEU, though they seem to be stabilizing. Asia-Mediterranean rates decreased 9% to $4,400/FEU, close to early June levels. Despite easing capacity, prices remain elevated compared to the end of May, being 30% higher for Asia-Europe, and nearly 50% for Asia-Mediterranean. In the air cargo sector, Freightos Air Index rate data points to a slight easing but general stability across major lanes. Middle East – N. America rates climbed from $2.50/kg to $3.00/kg last week, influenced partly by regional flight cancellations, while other lanes remained steady.

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