



# Navigating Geopolitical Disruption with CFF

Lessons from a Decade of Supply Chain Shocks

April 2026



# A Decade of Disruption

Container freight rates have been reshaped by successive global shocks since 2020

## **2020-2022: COVID-19 Supply Chain Crisis**

- Port closures, equipment shortages, and demand surges pushed rates from \$1,500 to \$15,000+/FEU

## **2021: Suez Canal Blockage (Ever Given)**

- 6-day blockage disrupted global shipping schedules, creating cascading port congestion for months

## **2023-2025: Red Sea / Houthi Disruptions**

- Rerouting via Cape of Good Hope absorbed ~9% of global container capacity and spiked Asia-Europe rates

## **2025-2026: US-China Trade War & Tariff Shocks**

- Tariff escalations caused frontloading surges followed by demand collapses — extreme rate volatility

**Each event was unexpected. Each had a massive impact on freight costs. None could be predicted with certainty.**



# The Cost of Being Unhedged

Quantifying the financial impact of each disruption on an unhedged importer

## **Scenario: Mid-Size European Importer (5,000 FEU/Year on FENE)**

- Budgeted rate: \$2,500/FEU. Annual freight budget: \$12.5M

## **COVID Crisis (2021): Rates hit \$14,000/FEU**

- Unhedged cost: \$70M. Budget overrun: \$57.5M (460% over budget)

## **Red Sea Crisis (2024): Rates spiked to \$6,000/FEU**

- Unhedged cost: \$30M. Budget overrun: \$17.5M (140% over budget)

## **Tariff Frontloading (H1 2025): Rates surged to \$4,500/FEU**

- Unhedged cost (H1 only): \$11.25M. Half-year budget overrun: \$5M (80% above plan)

**In each scenario, a CFF hedge at budget rates would have capped the cost at \$12.5M.**



# Why Geopolitical Risk Is the New Normal

Structural shifts in global trade mean disruptions are more frequent and more severe

## Structural Drivers of Continued Volatility

- Red Sea remains unsafe — any return to Suez transit will cause massive congestion at European ports
- US-China decoupling drives trade lane shifts — new routes through SE Asia, India, Mexico create new volatility pockets
- Fleet oversupply (new vessel deliveries) creates downside risk; scrapping delays create snap-back risk
- Climate events (droughts, typhoons) are disrupting Panama Canal and Asian port operations more frequently

## The Implication

- Waiting for the "right time" to hedge means waiting for the next crisis — which is always too late
- Companies that hedge structurally (always-on programmes) outperform those that hedge reactively

**The question is no longer "will there be a disruption?" but "when is the next one?"**



# The Case for Structural Hedging

Always-on hedging programmes outperform reactive, event-driven hedging

## **Reactive Hedging (The Trap)**

- Wait for rates to spike, then rush to hedge — by which time futures are already expensive
- Requires timing the market — which no one does consistently
- Leaves you fully exposed during the "quiet" period when the next shock is building

## **Structural Hedging (Best Practice)**

- Maintain a rolling hedge (e.g., 50% of the next 6 months) at all times, regardless of market conditions
- Removes the need to predict — you are always partially covered
- Smooths your effective freight rate over time — fewer surprises, more predictable P&L
- Board and investor confidence improves with a documented, consistent risk management framework

**You don't need to predict the next crisis. You just need to be hedged when it arrives.**



# Looking Ahead: Risk Scenarios for 2026-2027

Potential disruptions on the horizon that make hedging essential

## **Red Sea Return Scenario**

- If carriers resume Suez transits, massive vessel bunching and European port congestion will cause delays and rate spikes

## **Tariff Escalation Scenario**

- Further US-China tariff escalation could trigger another frontloading surge on transpacific routes

## **Fleet Oversupply Scenario**

- Record new vessel deliveries could push rates to multi-year lows — carriers face revenue collapse risk

## **Climate & Chokepoint Scenario**

- Panama Canal drought restrictions, typhoons closing Asian ports, or new conflict zones could create sudden capacity shocks

**CFF allows you to hedge against both upside spikes (long hedge for importers) and downside collapses (short hedge for carriers).**



# Act Now: Your Hedging Action Plan

Three steps to protect your organisation from the next freight shock

## 1. Quantify Your Exposure

- Map your annual container volumes by route and month — identify your highest-risk lanes and seasons
- Calculate your maximum loss in a \$3,000/FEU rate spike scenario

## 2. Start Small, Start Now

- Hedge your single largest route for the next 3 months — one trade, one broker, one route
- Use the experience to build internal knowledge and refine your approach

## 3. Build a Structural Programme

- Establish a board-approved hedging policy with a rolling hedge mandate
- Integrate CFF into your annual budgeting and procurement cycle

**Contact Euronext's CFF team today for a complimentary exposure analysis and hedging consultation.**



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