



# Peak Season Management

Using CFF Before  
the Q3 Rate Spike



# Rate Volatility: What History Tells Us

Peak season has driven double-digit rate increases in every recent year

## Every Recent Year Has Delivered a Rate Shock

- **2020-2021:** COVID-19 supply chain chaos — Shanghai to Rotterdam from \$1,500 to \$14,000+
- **2022:** Post-COVID correction — rates collapsed from peaks to near pre-pandemic levels
- **2024:** Red Sea crisis — SCFI doubled; spot rates hit \$3,600/container by July
- **2025:** Tariff disruptions — front-loading of imports created fresh capacity pressure

## Q3 Is Historically the Most Volatile Quarter

- Peak shipping season for Asia-Europe and Trans-Pacific routes
- Back-to-school, holiday inventory builds, and carrier GRIs converge
- Rate moves during peak season have repeatedly exceeded 30% in recent years



## Q3 2026: What the Forward Curve Shows

The market's expectation for peak season rates

- The CFF forward curve shows the market's expectation for future rates
- Curve shape: [contango/backwardation] — the market expects rates to [rise/fall] into peak season
- Current spot vs. Q3 forward: \$[X] premium/discount

### What the Curve Is Telling You

- If the curve is in contango: the market expects rates to rise — hedge now before it gets more expensive
- If the curve is flat: rates are expected to hold — but upside risks (GRIs, geopolitics) are unpriced



# Why Peak Season Matters for Your Business

The financial impact of seasonal rate spikes

- Q3 typically accounts for the highest freight costs of the year due to seasonal demand surges
- Carrier GRIs (General Rate Increases) are announced weeks in advance — but often exceed expectations
- Peak season surcharges stack on top of base rates — eroding margins on imported goods
- Annual contract rates often include peak-season adjustment clauses — meaning you are already exposed

## **The Insurance Analogy**

- You buy insurance before the event, not during it
- Hedging is most effective when done before peak season begins — while forward rates are still moderate
- Waiting until rates spike means you are paying to hedge at already-elevated levels



# How to Lock In Rates Before the Spike

Using CFF to hedge peak season exposure

- Identify your Q3 shipping volume by route (FENE, FEUW, NEFE, NEUE)
- Decide on a hedge ratio: 10-25% is a sensible starting point for first-time hedgers
- Buy CFF contracts for July, August, and September at current forward rates
- Each contract covers 5 FEU — so 200 FEU exposure = 40 contracts
- Trade via screen or EFS (broker-assisted) through your clearing member

## Timing Matters

- Hedge now (June/July) — before GRI announcements and capacity tightening drive the curve higher
- Consider layering: hedge part of your Q3 exposure now, and add more if rates move favourably



# Hedging Example: Peak Season Protection

A practical walkthrough for Q3 hedging

## Example: Shipper Hedges 500 FEU of Peak Season Asia-Europe Volume

- June: Buy 100 CFF FENE Aug contracts at \$3,800/FEU (current forward)
- August: Peak season drives spot to \$5,500/FEU — GRIs and capacity pressure

### Result:

- Physical market extra cost:  $(\$5,500 - \$3,800) \times 500 \text{ FEU} = \$850,000$
- Futures gain:  $(\$5,500 - \$3,800) \times 500 \text{ FEU} = \$850,000$
- Net effect: Rate exposure fully neutralised at \$3,800/FEU

**Rates are about to move. Here's the tool. The time to act is now.**



# Getting Started in One Week

The fastest path from decision to first trade

## **Day 1: Contact [freight@euronext.com](mailto:freight@euronext.com)**

- We'll connect you with a member within 24 hours

## **Days 2-5: Account Opening**

- Complete KYC documentation with your chosen member

## **Days 5-7: Fund Margin and Test**

- Deposit initial margin; verify platform access; review the current forward curve

## **Day 7+: Execute Your First Hedge**

- Place your first trade — screen or EFS. Start small (10-20 contracts). Build from there.

**The entire process can be completed in one week.**



# Act Now: The Timeline

Why timing matters for peak season hedging

## The Peak Season Hedging Window Is Closing

- **June-July:** Optimal hedging window — forward rates still reflect moderate expectations
- **Late July:** GRI announcements begin pushing the curve higher
- **August-September:** Peak season is already here — hedging at elevated levels is less effective

## Don't Wait for the Spike to Act

- Contact [freight@euronext.com](mailto:freight@euronext.com) today to begin onboarding
- From first contact to first trade: as little as one week
- Every week you wait narrows your hedging advantage



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