



Revenue Certainty for Ocean Carriers

Using CFF to Stabilise Liner Revenue

April 2026



The Carrier's Rate Risk

Revenue volatility is the mirror image of the shipper's cost problem

The Revenue Rollercoaster

- Container lines earned record profits in 2021–2022, then saw rates collapse 80%+ by mid-2023
- Vessel operating costs (fuel, crew, port fees, charter hire) are relatively fixed — rate swings flow straight to the bottom line
- Fleet expansion decisions made during boom years create overcapacity in downturns

Specific Carrier Risks

- Post-peak collapse: Q4 rate drops after peak season can erase months of earnings
- Contract season pressure: annual tenders in Q4/Q1 lock in rates that may be below cost by Q3
- Backhaul imbalance: inbound routes often run at a loss — headhaul margins must subsidise both legs

Airlines, oil producers, and miners all hedge their revenue exposure. Container lines can now do the same.



The Short Hedge for Carriers

Sell CFF futures to lock in forward revenue at today's rates

How the Short Hedge Works

- Carriers are natural sellers of freight (long the physical market) — they hedge by selling CFF futures
- If spot rates fall: futures profit compensates for lower physical revenue
- If spot rates rise: futures loss is offset by higher physical revenue — net revenue stays locked

Example: Locking Q3 Revenue

- In April, FENE Q3 futures are at \$4,500/FEU — well above your breakeven of \$2,800/FEU
- Sell 1,000 contracts (5,000 FEU) covering Jul-Sep at \$4,500/FEU
- If rates collapse to \$2,500 by September: you earn \$2,500 physical but gain \$2,000 on futures = \$4,500 effective

The carrier secures a healthy margin regardless of what happens to spot rates after the hedge is placed.



Use Case: Contract Season Protection

Hedge against falling spot rates during annual tender negotiations

The Problem

- Carriers negotiate annual contracts with shippers in Q4/Q1 based on prevailing rate expectations
- If spot rates fall significantly after contracts are signed, shippers demand renegotiations or default
- If spot rates rise, carriers face opportunity cost from below-market contract rates

The CFF Solution

- During tender season, sell CFF futures at the rate level you are offering in your contracts
- If rates fall below your contract rate: futures gain offsets the risk of shipper defaults or empty slots
- If rates rise: your contract revenue plus the futures cost still delivers the planned margin

CFF gives carriers the confidence to offer competitive contract rates, knowing their revenue floor is secured.



Beyond Hedging: The Forward Curve as Intelligence

The CFF forward curve provides market signals for fleet deployment and commercial strategy

Price Discovery

- For the first time, container shipping has a visible forward curve — the market's expectation of future rates
- Contango (forward above spot) signals expected rate increases; backwardation signals expected declines

Fleet Deployment Signals

- If FENE Q3 futures trade at a large premium, it signals tight capacity ahead — deploy more tonnage
- If backhaul routes (NEFE) are deeply discounted, consider slow-steaming or capacity reduction

Commercial Strategy

- Use the forward curve to price long-term contracts more accurately — no more guessing
- Offer shippers index-linked contracts with confidence, using CFF to manage your own revenue hedge

The forward curve transforms freight from an opaque spot market into a transparent, plannable asset class.



Getting Started: Carriers

A pragmatic roadmap for container lines to begin using CFF

Phase 1: Observe the Forward Curve

- Subscribe to CFF daily settlement prices and begin tracking the forward curve vs. your contract book
- Identify where the forward curve would have protected you in past downturns

Phase 2: Pilot Hedge

- Sell a small volume of futures on your highest-margin route to test the workflow
- Use EFS block trades through a freight broker for simplicity and execution certainty

Phase 3: Strategic Revenue Hedging

- Build a formal hedging policy with board approval — define routes, volumes, and hedge ratios
- Integrate CFF into your annual contract pricing strategy and investor communications

Euronext's CFF team provides carrier-specific consultations to structure your hedging programme.





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