ERAI
Eurasian Rail Alliance Index

EURASIAN LOGISTICS MARKET UPDATE

MAIN INSIGHTS FOR THE FIRST HALF OF JUNE

- Container volume
- Freight rates
- Ocean freight
- Rail freight
- Other logistics trends

Issue 7: June 19, 2025 → **Issue 8: July 3, 2025**

Data collection period: 05/06/2025 – 18/06/2025

CHINA-EUROPE LOGISTICS MARKET

Demand outlook

Positive

- **China's economic situation in May shows mixed trends: retail sales accelerated (6.4% YoY) and industrial production grew (5.8% YoY), but deflationary pressure persists (CPI: -0.1% YoY) alongside weak investment activity [SCMP]. Foreign trade faces challenges.** China's export growth in May underperformed due to a sharp drop in shipments to the US (-34.5% YoY) [CNBC]. Overall exports rose 4.8% in USD terms (below the expected 5%), driven by demand from the EU (12% YoY), Southeast Asia, and Africa. Weak domestic demand led to a 3.4% drop in imports, worse than economists' expectations (0.9%).
- **In May 2025, the HCOB export conditions index remained in growth territory at 50.4 (April: 50.2) [S&P Global]. The export orders index hit 51.0, the highest since February 2022, primarily driven by US demand, while Asia and Europe remain sluggish.** Machinery leads sectoral activity (PMI: 55.3), with chemical and auto parts sectors showing selective demand recovery from Asian markets.
- **From January to May, China–Europe–China rail container shipments fell 19% YoY. Total May shipments across all competitive routes dropped 15% YoY but rose 36% MoM**, largely due to increased demand on the Central Eurasian Corridor (+38% MoM). Middle corridor route volumes also grew (+11% MoM) but remain below yearly averages.
- **Shippers are actively booking slots for July, with upcoming trains nearly fully reserved [Flexport]. Major forwarders note the start of the peak season, expected to last 2–3 months [JOC].** High demand and early bookings may reflect market concerns, particularly amid rising instability in the Middle East.

Freight rate trends

Mixed

- **The average rate for China-Europe rail transport (SOC) remained nearly unchanged over the past month, ranging from $5 250 (Chengdu) to $6 850/FEU (Shenzhen).** Container provision costs dropped by 10%.
- **The WCI Shanghai-Rotterdam index stayed flat at $2 837/FEU last week (39% MoM, -54% YoY) [Drewry]. Analysts say future rate trends remain uncertain, hinging on tariff disputes and potential U.S. sanctions on Chinese vessels. However, improved demand-supply balance, early peak season bookings, trade war-driven cargo rerouting, and port congestion could boost rates.** Major lines, anticipating sustained demand, announced General Rate Increases (GRI) and Peak Season Surcharges (PSS) from mid-June. CMA CGM's Shanghai-Rotterdam quotes for early July exceed $4 600/FEU; ONE set $4 040/FEU; Maersk, known for participation in "price wars," quoted $3 400/FEU [GeekYum].
- Futures traders are factoring in new developments, with only longer-term contracts rising. The futures curve suggests Asia-Europe shipping costs will climb to ~$2 600/FEU by late August (down from ~$2 700 two weeks ago) [Shanghai Futures Exchange].

Sources: SCMP, CNBC, S&P Global, Flexport, JOC, Drewry, GeekYum, Shanghai Futures Exchange

CHINA-EUROPE RAIL CONTAINER VOLUME: JANUARY-MAY 2025

China-Europe-China, 2025

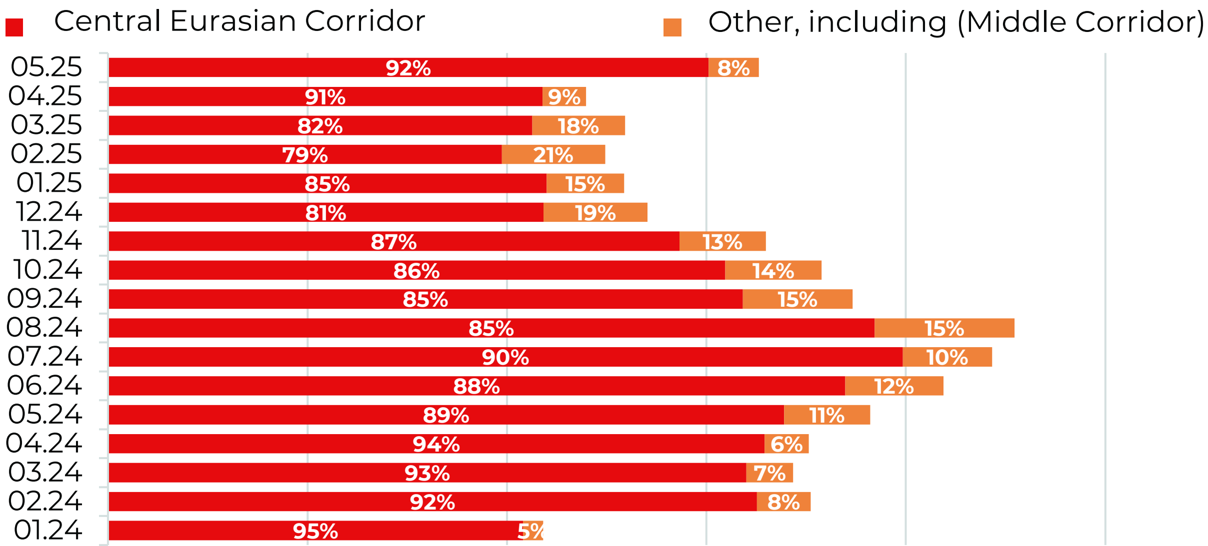
133,3 thousand TEUs ↓**19 %** YoY

86% share of the Central Eurasian Corridor

14% share of other routes

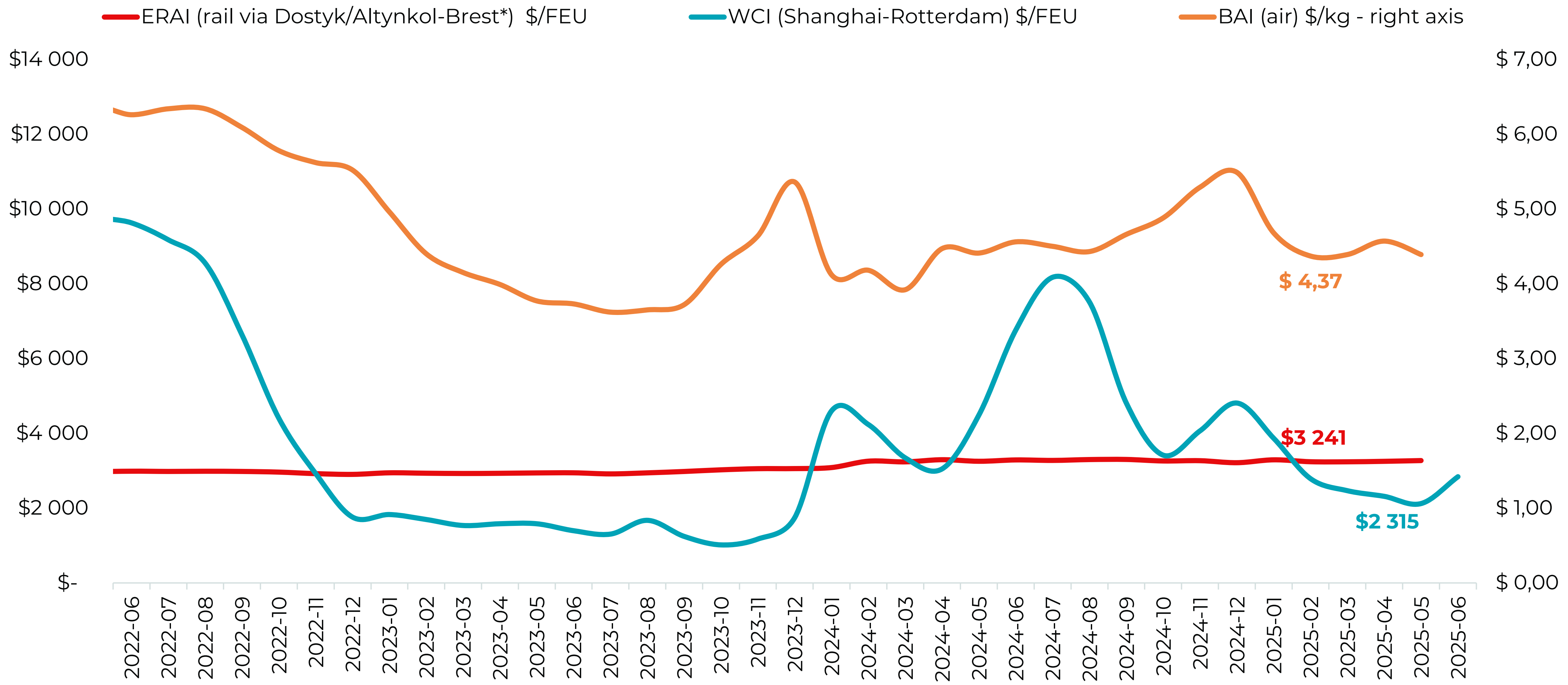
Central Eurasian Corridor illustrated

Container volume trends, 2024-2025



Freight flow by direction

COMPARISON OF FREIGHT INDICES: RAIL, OCEAN AND AIR



*and other routes included in the calculation. For more information check: https://index1520.com/index/

Sources: ERAI, Drewry, Baltic Exchange

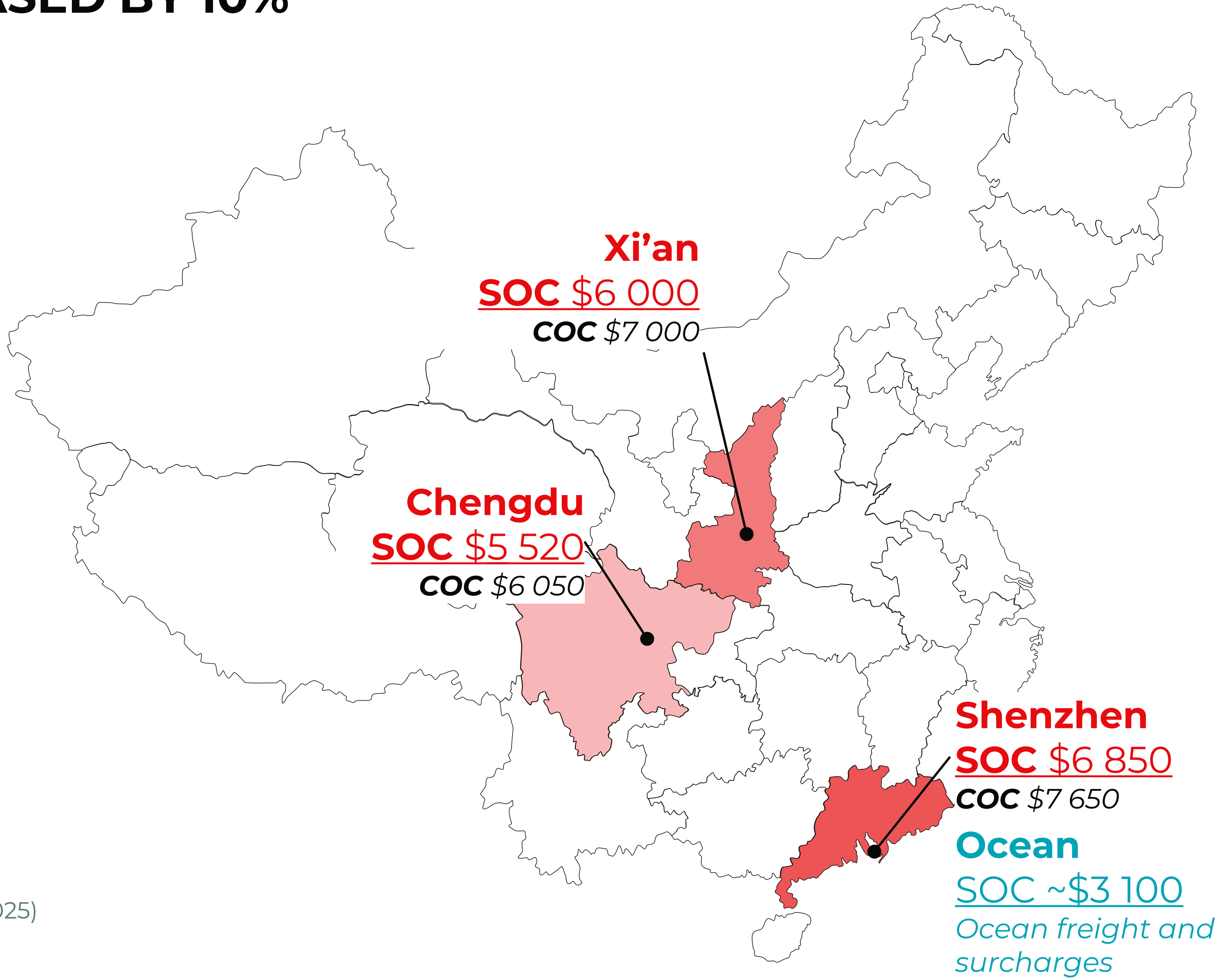
CURRENT SNAPSHOT OF CHINA-EUROPE RAIL FREIGHT RATES: OVER THE PAST MONTH, RATES FOR KEY ROUTES HAVE REMAINED LARGELY UNCHANGED. CONTAINER LEASE RATES DECREASED BY 10%

Data collection period: 13/06/2025-17/06/2025,
as reported by freight forwarders

Average total cost of rail transport for shippers (COC):
~ $6 900/FEU

- **Container lease rate**
  ~ $900
- **Rail China-Europe rate (SOC)**
  ~ $6 000/FEU (+$1 250 via the Middle Corridor)

Ocean freight Shenzhen-Hamburg/Rotterdam (SOC)*
~ $3 100/FEU



* OOCL rate – lowest on the market, according to GeekYum (accessed on: 17/06/2025)

OCEAN FREIGHT: MARKET REVIVAL AMID SEASONAL AND OTHER INFLUENCES

Current Situation and Near-Term Outlook: Despite record-high shipping capacity, freight rates may continue to rise.

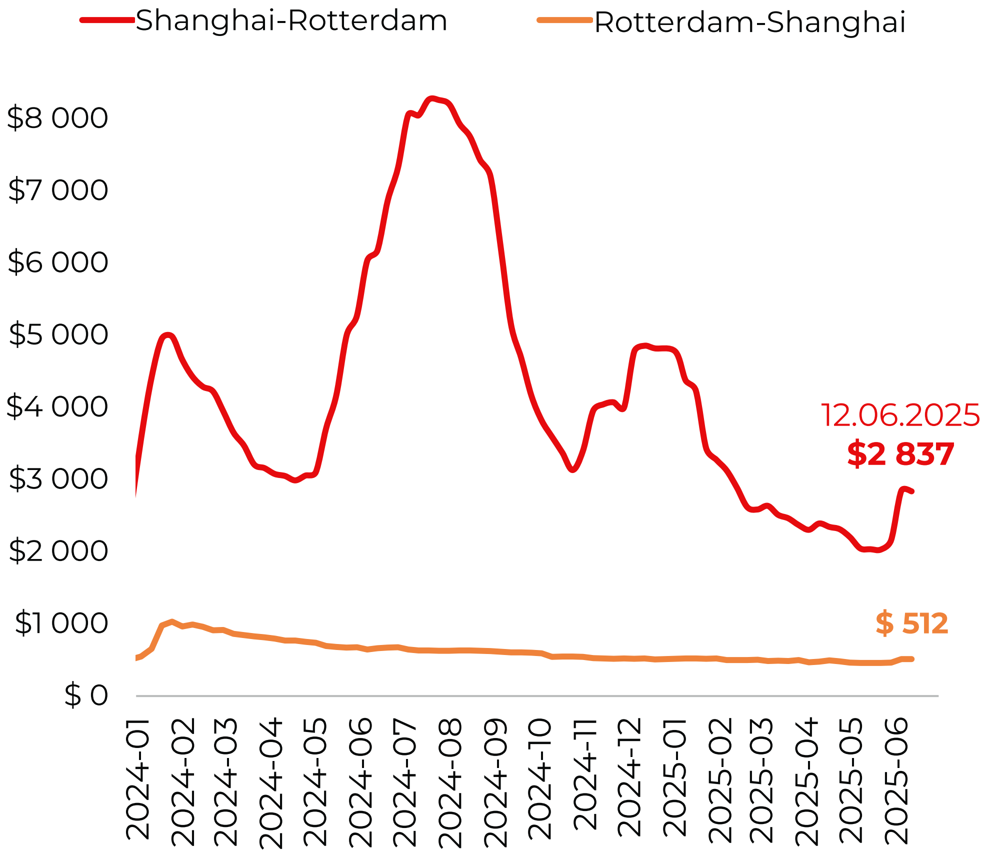
- Shippers are actively booking slots for July, with upcoming voyages nearly fully reserved [Flexport]. Major forwarders note the start of peak season, expected to last at least 2–3 months [JOC]. High demand and early bookings may also reflect market concerns, particularly amid growing instability in the Middle East.
- Major Asian and European hubs continue to face significant delays. As of 17/06/2025, delays affect: North Asia (including China) – 1.5 million TEUs (50% MoM); Northern Europe – 286 000 TEUs (-8% MoM) [Linerlytica]. Port congestion partially offsets the increased supply – shipping lines announced a record capacity for the Asia-North Europe trade in July (1.16 million TEUs; 8% MoM) [JOC]. This is a key factor in restraining rate increases.
- **The WCI Shanghai-Rotterdam index remained nearly unchanged last week at $2,837/FEU (39% MoM, -54% YoY) [Drewry].** Analysts say future rate trends remain uncertain, depending on tariff dispute outcomes and potential U.S. sanctions on Chinese vessels.
- Nevertheless, an improved demand-supply balance, alongside other factors (peak season start, surge in early bookings, cargo rerouting due to trade wars, port congestion), could positively impact rates. Some major lines, anticipating sustained demand, announced General Rate Increases (GRI) and Peak Season Surcharges (PSS) from mid-June. CMA CGM's Shanghai-Rotterdam quotes for early July exceed $4 600/FEU; ONE set $4 040/FEU; Maersk, often engaging in "price wars," quoted $3 400/FEU [GeekYum].

Mid- and Long-Term Outlook: Despite short-term volatility, the overall trend points to a growing demand-supply imbalance, increased competition among shipping lines, and a decline in transportation costs.

- Drewry forecasts a return to a downward trend in the second half of 2025, with weakening demand and falling freight rates.

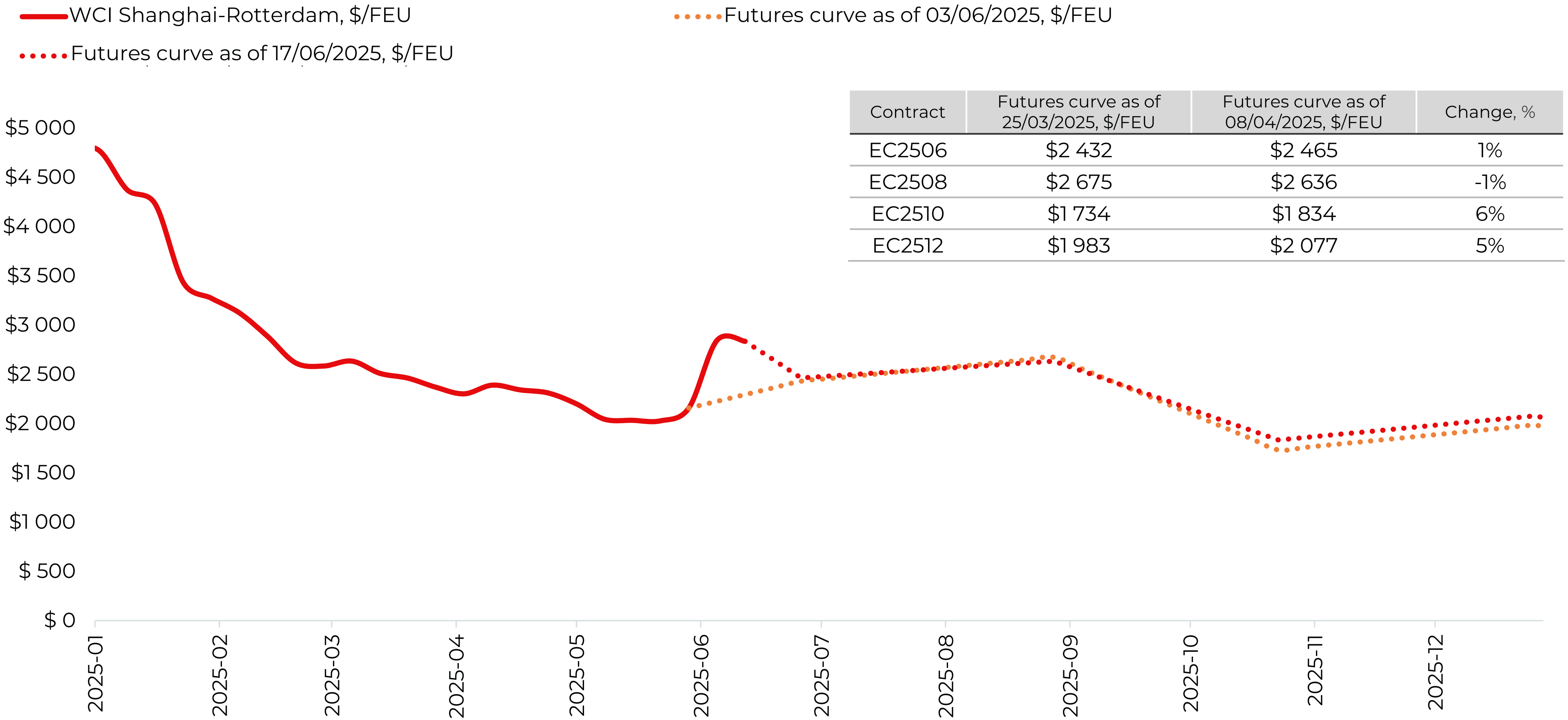
Asia-Northern Europe WCI readings

2024 – 2025, $/FEU



* Average estimates based on the most competitive offers

OCEAN FREIGHT: FUTURES TRADERS CONTINUE TO ASSESS NEW DEVELOPMENTS. CURRENTLY, ONLY LONG-TERM CONTRACTS ARE RISING



Contract	Futures curve as of 25/03/2025, $/FEU	Futures curve as of 08/04/2025, $/FEU	Change, %
EC2506	$2 432	$2 465	1%
EC2508	$2 675	$2 636	-1%
EC2510	$1 734	$1 834	6%
EC2512	$1 983	$2 077	5%

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Источники: Drewry, Shanghai Futures Exchange

CHINA-EAEU LOGISTICS MARKET

Import and export trends

Mixed

- **The Bank of Russia lowered the key rate to 20% for the first time in three years.** The last time the Central Bank eased monetary policy was in September 2022, when the rate was reduced from 8% to 7.5%. The Central Bank explained the rate cut by a gradual slowdown in inflation and the Russian economy's return to a "balanced growth trajectory." However, the regulator will maintain a tight monetary policy to achieve the 4% inflation target.
- **Nevertheless, according to Elvira Nabiullina, further rate reductions require caution and may involve pauses between steps. A rate hike in the future is also possible [Kommersant].** In 2025, the regulator plans to stick to its forecast of an average key rate of 19.5–21.5%. The rate cut does not indicate significant easing of monetary conditions. Inflation is trending closer to the lower end of the 7–8% forecast by the end of 2025. A downward revision of the forecast is possible at the July meeting.
- **Three-quarters of Russian companies plan to cut expenses**, according to a study by the Russian Union of Industrialists and Entrepreneurs [Forbes]. **Reasons include loan inaccessibility and a sharp drop in demand, forcing businesses to radically change budget management and hiring approaches.**
- The initial easing of the key rate could signal positive prospects for importing various products, but the Central Bank remains extremely cautious and may tighten conditions again if expectations are not met. Tensions in the Middle East could positively impact the Russian economy by increasing energy prices and shifting geopolitical focus. In the next month, the ruble exchange rate may remain relatively stable. At the current rate, exporters find it unprofitable to sell foreign currency earnings, but companies withholding these earnings amid rising importer demand could weaken the national currency and cause sharp fluctuations.
- **From January to May 2025, Russian Railways transported 3.188 million TEUs (loaded and empty) across all types of traffic, down 1.7% YoY [Russian Railways]. In May, the volume was 630 thousand TEUs, up 2.3% MoM.**
- **Import rates for multimodal transport from China to Moscow remain stable without significant changes. The cost of transport via Far East ports is ~$4,500/FEU, consistent with the past month and a half. Direct train transport rates dropped by $450 to ~$4,050/FEU, due to weak demand and lower container provision rates.**

Other trends

- **During a meeting in Almaty between the First Vice-Minister of Trade of Kazakhstan and the Vice-Governor of Shandong Province, an agreement was reached to establish a joint logistics operator to serve the markets of Central Asia, the EAEU, and Europe [Kazakhstan Ministry of Trade].**

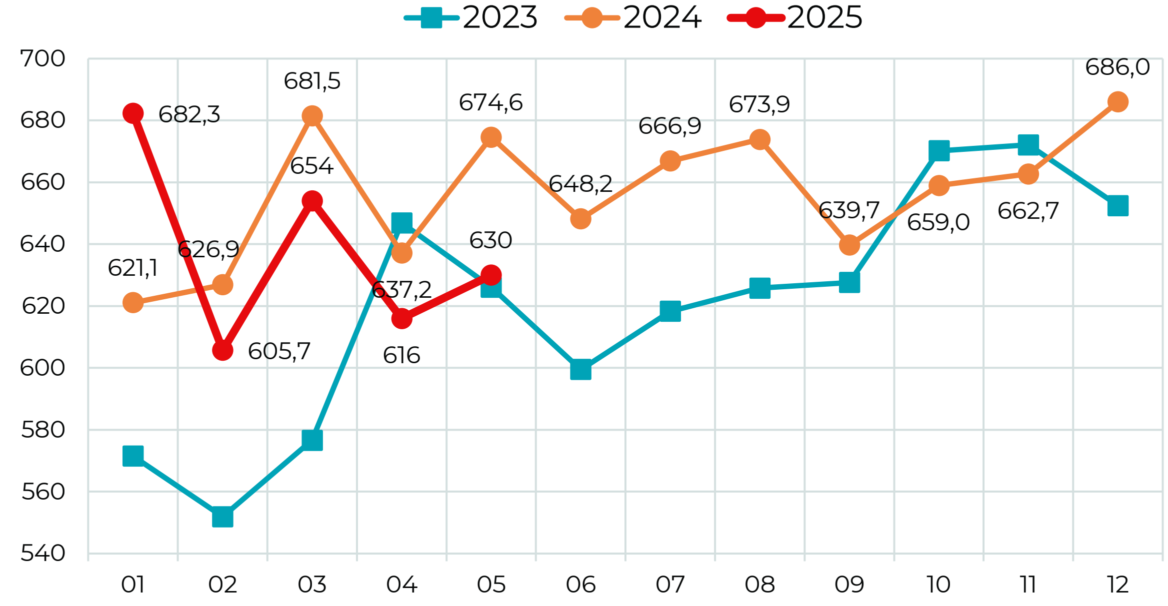
Sources: Bank of Russia. Kommersant, Forbes, Russian Railways, Kazakhstan Ministry of Trade

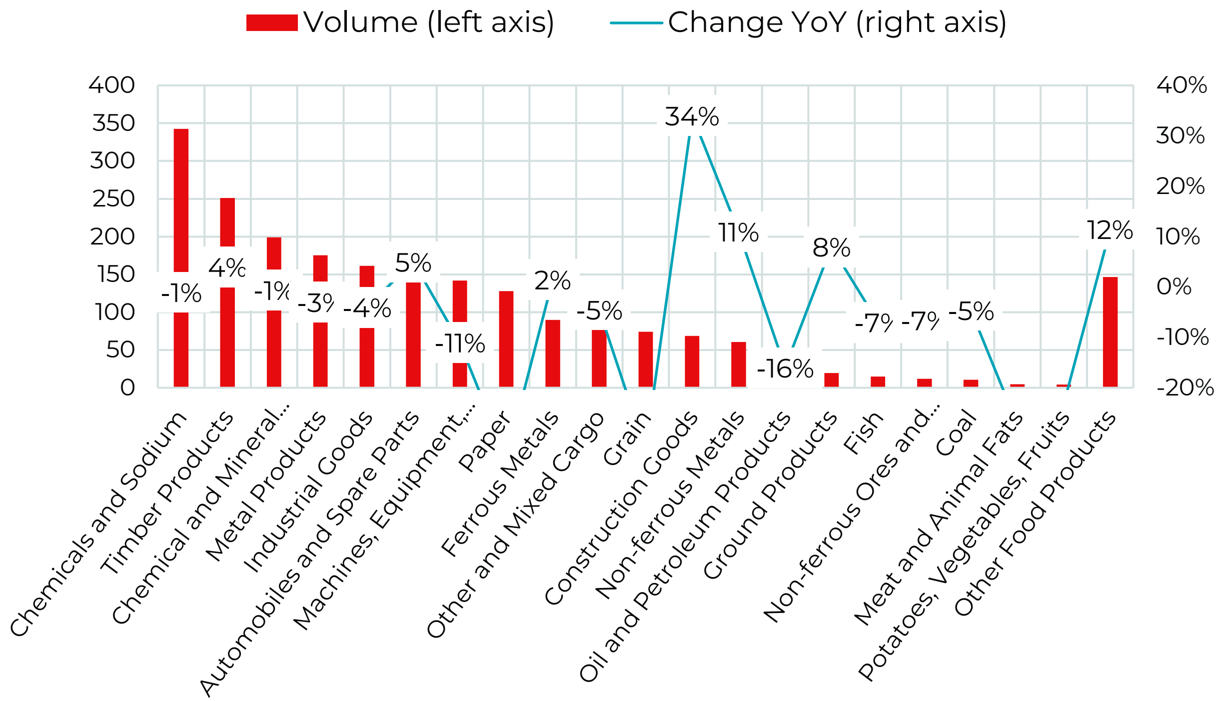
RAIL FREIGHT TRANSPORT: THE YEAR-ON-YEAR DECLINE HAS PERSISTED FOR FOUR MONTHS

- **In 5 month 2025, Russian Railways (RZD) transported 3,188 million TEUs (laden and empty) across all traffic types, marking a 1,7% decrease YoY. In May alone, freight volume reached 630 thousand TEUs, up 2,3% MoM.**
  - Domestic traffic accounted for 1,263 million TEUs (-2,4% YoY) while the number of loaded containers shipped across all traffic types totaled 2,3 million TEUs (-2,4% YoY).

Container volumes (laden and empty) transported via the Russian Railways (RZD) network

2023 – 2025, thousand TEU





Sources: Russian Railways

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Eurasian Rail Alliance Index

ERAI (Eurasian Rail Alliance Index) – is a composite index that tracks the cost of container transit within the Eurasian railway corridor (1520mm/wide gauge), providing indicative rates for the China-Europe and Europe-China rail routes.

Unit of measurement	**Update frequency**
USD/ FEU	Monthly

Detailed information on the ERAI index and the factors influencing it is available at the ERAI web-portal (https://index1520.com/).
The ERAI portal is a unified informational and analytical resource dedicated to Eurasian logistics, offering:

- ERAI quotes
- China-Europe rail statistics
- Analytical reports
- Expert interviews
- Industry news
- CO2 counter, and more.

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