RESEARCH

BOB ECONOMICS RESEARCH | FREIGHT RATE MOVEMENT

How have freight rates moved?

SUMMARY

INDIA ECONOMICS: FREIGHT RATE MOVEMENT

In the event of ongoing war between US and Iran, oil prices and other global commodity prices have come under significant pressures in the last few months. As a result of volatile oil prices, and tensions in key shipping routes, freight rates have also been impacted. In this report, we have analysed data on how shipping freight rates, truck freight rates and air cargo volumes have performed since the outbreak of US-Iran war (Feb-Jul'26). We note that the freight rates for bulk dry carriers have increased more significantly than those for oil transporting carriers.

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Sonal Badhan
Economist

Largest oil carrier (VLCC) has even seen decline in rates. This is driven mainly by tensions in the Middle East and attack on infrastructure of major oil producing countries, which has led to dip in demand for these carriers. Other smaller carriers (Suezmax and Aframax) have registered increase in freight rates. Domestically, truck freight rates have also increased since Feb'26. In case of air cargo volumes, domestic cargo is once again taking lead in driving the cargo volumes since Mar'26, as international airline routes have been curtailed. Due to higher ATF prices, domestic ATF consumption has also taken a hit. In the near-term, given continued tensions between US and Iran, volatility in oil prices is expected to remain, which in turn will impact freight prices and prices of other commodities as well.

Why are freight rates in spotlight:

Ever since the outbreak of war between US and Iran on 28 Feb 2026, oil prices and other global market indicators have remained volatile. During phase 1 of the war between 1 Mar 2026 to 17 Jun 2026 (when a MoU was signed between the two), oil prices had increased significantly, which then further led to increase in domestic and international fuel prices. As a result, freight rates also changed. In phase 2 of the war (since early Jul'26 till now), freight rates have again been impacted due to escalated military tensions in key shipping routes. In this report, we have tracked how global shipping freight rates, domestic truck freight rate and air cargo volumes have performed between Feb'26 and Jul'26.

Shipping:

There are 2 kinds of shipping freight that we have tracked. One, tankers which transport oil and related products, and second, tankers which transport dry products. For transportation of crude oil, Very Large Crude Carriers (VLCC) are used, which typically carry a load of roughly two million barrels.

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