

# **Examining the theoretical–empirical inconsistency on stationarity of shipping freight rate**

## **Abstract**

As market price, shipping freight rates should in theory be stationary, but most empirical tests have found them to be non-stationary. To examine the causes of this theoretical–empirical inconsistency, we investigate the sensitivities of the stationarity of shipping freight rates from two perspectives: sample length and sample window. Longer samples are found not sufficient to make them stationary. Instead, sample windows separated by structural breaks are tested as stationary. Moreover, freight rates are found to have entered into a new phase since the 2008 financial crisis. This study contributes to the literature on the stationarity of shipping freight rates by providing an explanation for the theoretical–empirical inconsistency.