

# SUNDAY SPOTLIGHT

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## SEAINTEL MARITIME ANALYSIS

### OILPRICE IMPACT ON SPOT RATES

Asia-Europe rates at historical low. All carrier attempts at increases on pacific and Asia-Europe failed.

We have previously analyzed the impact of bunker fuel prices on the spot rates in the main Asia to US and Asia to North Europe trades. Further research has enabled us to calculate the spot rate development corrected for bunker adjustment factors (BAF) since April 2009, and hence provide a valid comparison of rate levels seen now and in the downturn of 2009. Additionally, we have utilized the mechanics of BAF formulas to consider the BAF impact for the rest of 2011.

For Asia to Europe we find that not only are rate levels clearly lower than seen in 2009, this week saw the spot rates excluding BAF decline below zero for the first time. As we will demonstrate, these data clearly indicate that market conditions for freight rates are currently worse on the Asia to

Transpacific eastbound rates are not at similarly low levels, however they have resumed their downwards trend.

As we have previously demonstrated statistically, the spot rates are leading indicators for developments in the contractual market with a 1 month lead time, and hence the development of the spot market is of significant interest to the market as a whole, although the spot rates also tend to be somewhat more volatile than the overall contractual market.

Finally, we have been able to analyze the carriers' attempts at raising freight rates, and can show that they have all been short-lived – with particular emphasis on "short" when we look at the Asia-N.Europe market.

#### Asia-North Europe

### TALKING THE MARKET UP

Can you talk the market rates up? Well, you can certainly try, and this appears to be what carriers have attempted a number of times during the past year on the two "painful" trades from Asia to North Europe and the US. However, as we document in this issue of the Sunday Spotlight, none of these attempts succeeded. The main difference seems to be that on the Pacific trades, carriers were a bit more firm in standing together in their attempts before they ultimately failed. Perhaps this is the consequence of the conference abolition in the EU. It simply got more difficult to talk the market up?

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