

# SUNDAY SPOTLIGHT

SEAINTEL MARITIME ANALYSIS

## CHINESE NEW YEAR SLUMP 2011: STRONG RUSH AND DEEP SLUMP

Up to 30% growth in rush, down to 31% decline in slump

The Chinese New Year volume development is of paramount importance to the main Asia-US and Asia-Europe trades. Yet most overviews presented focus on the more traditional year-on-year comparison where each calendar month is compared to the same month the year prior.

However, as the Chinese New Year date shifts significantly; such straight calendar comparisons are misleading when analyzing the actual developments.

We have used daily import statistics data to correct for the change in date of the Chinese New Year.

We find that the 4-week pre-New Year rush saw volumes in 2011 grow 20% compared to the pre-New Year rush in 2010. A very strong run-up as also expected by carriers in December. Looking solely at the last 2 weeks of the

However we also see that the slump following the Chinese New Year saw volumes drop 13% below volumes seen in the 2010 slump for a 4-week period. Focusing on the 2-week nadir of the slump, volumes were down 31%.

Given the limited extent of winter programs, carriers apparently had not foreseen the depth of the slump.

### Geographical scope

For this analysis we have focused on the containerized volume between the Far East and California. Far East in this context is all of Asia east of the Indian Subcontinent, but not including the Indian Subcontinent.

Cargo volume to the US East Coast would warrant a separate analysis as the transit-time impact on the measurement is very different.

## CARRIERS TO RAISE ASIA- EUROPE RATES?

This week saw Hanjin announce a 400USD/FFE increase 15 May on the Far East to Europe trade. The increase was explained by a need to maintain service quality in the midst of increasing operating expenses.

No doubt Hanjin is correct in this explanation. Compensating for BAF increases, spot rates have dropped 54% over the past 6 months. The only question is whether the other carriers will follow suit. Similar increases were announced for January 2011, but did not materialize due to competitive pressure. It will be interesting to see whether the carriers this time will take the

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