

COLLAPSE OF EUROPEAN IMPORTS

Rate declines in line with previous spot rate predictions.

Stable trades to come under pressure in 2012.

In the past week, Container Trade Statistics (CTS) released the demand and rate statistics for November 2011 covering European imports and exports.

We find that as the economic crisis in Europe has deepened through 2011, the growth in imported container volumes has gone from a healthy expansion in the beginning of the year to significant declines in the major trades in November.

The freight rates on the various import and export trades have either exhibited significant declines, or stagnation. This conclusion remains the same, irrespective of whether we analyze the year-on-year or the month-on-month freight rate changes.

We also find that the contract rate development on the all-

predictive model based on the spot rate developments.

Volume developments

Table 1 shows the development in European import and export volumes. Additionally, we have shown the relative size of the various trades.

In terms of methodology it must be noted, that CTS data is based on input from the major carriers, but not all market data can be assumed to be covered. Consequently, the relative sizes of the individual trades reflect this sampling of carriers, and the actual market sizes may in some cases differ from the statistics provided.

However, given that the sampling size is very significant, we find that the measurement of relative changes in volumes and rates do provide a solid

JAMES DEAN IN LINER SHIPPING?

One of the iconic movies of the 1950's was "Rebel without a cause" starring James Dean. One of the famous scenes depicted two archetypical alpha males engaging each other in a game of chicken. In order to achieve dominance, they commence a car race heading straight for a cliff. The rules are stated clearly: "*We head for the edge, and the first man who jumps is a chicken*". Just prior to reaching the edge of the cliff, one of the men discovers he has gotten himself entangled in the door handle and is unable to jump out in time. Are we witnessing James Dean in liner shipping these days? Will the carriers pull capacity before they go over the edge? Or have some of the players become too entangled to pull back in