

INCREASED SPREAD IN CAF CHARGES ACROSS CARRIERS

Carriers stand to gain 100 million USD in added CAF through their changed BAF formulas.

In May last year, SeaIntel Sunday Spotlight analyzed the development in the Currency Adjustment Factor (CAF), which is supposed to keep carriers risk neutral versus fluctuations in currency valuations. In this analysis we will review the CAF development since May 2011 on the main Asia to Europe trade lane.

Last year, the analysis showed a significant spread across the carriers in their CAF levels. At that time, the carrier with the lowest Asia-Europe CAF charged 10.3% whereas the highest CAF was 16.7% – a spread of 6.4 percentage points. Overall, the spread has increased since then. Currently CMA CGM charges the lowest Asia-Europe CAF at 8.06%, while MOL charges the highest CAF at 16.87% closely followed

Since January 2009 to January 2012, the spread between the lowest and the highest CAF has steadily grown, and has more than doubled in the period, with the exception of MOL who have charged a consistently higher CAF than the other carriers in most of the period.

The actual CAF levels

Figure 1 shows the development in CAF for 7 of the leading carriers in the Asia-Europe trade. These are the carriers for which we have been able to generate a complete data series of their CAF levels throughout the entire period from October 2008 to the present day.

It is clear, that whereas the overall development for most carriers follows roughly the same pattern, the actual level

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... or happy Chinese New Year for those of our readers not fully up to speed on Chinese characters. We are entering the year of the Dragon and amongst the multitude of “predictions” flowing on the internet for the new year, perhaps this is one of the more interesting: “While the Year of the Rabbit was characterized by calm and tranquility, the Year of the Dragon will be marked by excitement, unpredictability, exhilaration and intensity. People respond to the spirit of the Dragon with energy, vitality and unbridled enthusiasm, often throwing all caution to the wind. The Dragon is all about drama but if you take unnecessary risks, you may find yourself starring in your own personal tragedy”.

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