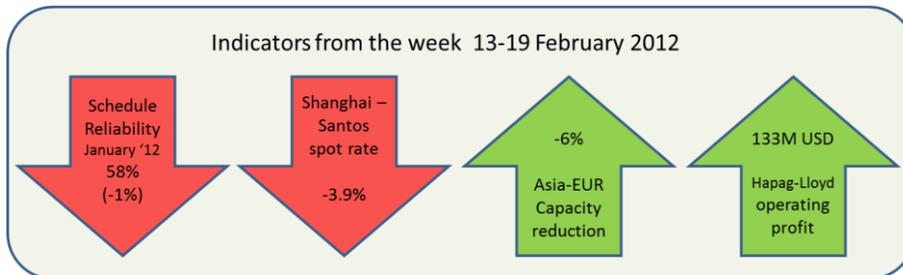


SUNDAY SPOTLIGHT

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SEAINTEL MARITIME ANALYSIS



1-DAY DELAYS ARE INCREASING

Reduced global reliability due to 1-day delay increase

Schedule reliability can be measured in different ways. Based on our database of more than 50,000 arrivals since July 2011, we have analyzed whether the global performance, and ranking, of the top-20 carriers changes depending on whether we interpret "on time" as only same-day arrival or whether we include the day before and after scheduled arrival.

The analysis leads us to a number of conclusions. The absolute top and bottom performers remain the same irrespective of the choice of on-time definition. However, we also find that carriers just below the top-performers are significantly affected by the choice of definition.

Additionally, we find that the general decline in schedule reliability we have seen in the past 4 months is driven by a strong increase in the amounts of shipments being 1 day late, whereas the proportion of shipments with a longer delay is largely unchanged.

Finally, we find a very clear correlation between the on-time performance of each of the top-20 carriers and the variability their schedule performance exhibits over time. Basically, a carrier with a high degree of schedule reliability is also likely to maintain this level of reliability without too many fluctuations. On the other hand, a carrier with a low reliability is also likely to exhibit larger variances in their performance.

Game change?

In a surprising move this Friday, Maersk Line and CMA CGM decided to pull capacity out of the Asia-Europe trade. Doing this suddenly lends credence to the notion of material rate increases. However, the surprising part is that it appears to be a step back, compared to the strategic intent voiced by both carriers in 2011 – both have been vocal about the need for consolidation in the industry. If the price war is now over, this will serve to improve profitability in 2012 – and at the same time set the stage for a renewed price war, likely in 2013, as new large vessels are phased in by many of the carriers.

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