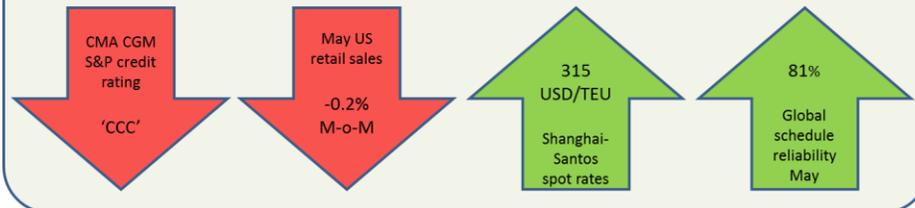


Indicators from the week 11 June – 17 June 2012



Global and trade lane reliability across 52 carriers. New measurements for **performance in May 2012**. See page 16 for details.

OIL SAVINGS VERSUS INVENTORY COSTS

Moving from 8 to 10 vessels on Asia-N.Europe is a net saving, but from 10 to 11 is more uncertain

Slow-steaming has changed from being the latest “new” thing in container shipping a few years ago to a standard practice. Recent developments are seeing carriers move to what is termed “super-slow-steaming”. The word in itself – not unlike the term “super-post-panamax vessels” - seems to indicate an industry devoid of creative linguists, and we cannot help but wonder what it will be termed if vessels slow down even further.

But of course the use of creative words will not serve to improve profitability, whereas slowing the ships down certainly saves millions – or rather billions – in fuel expenses.

Nobody doubts that carriers are saving substantial amounts of money on fuel savings. However, if we take a larger perspective the fuel savings has to be seen in the context of the costs they bring along with them. Two costs in particular have our interest: The increased cost to the carrier due to the need to use more vessels, and the inventory carrying costs to the shippers due to the extended supply chains.

In this article we will quantify the fuel savings and compare them to the costs in order to gauge the relationship between net savings and net

Pricing power

It is curious to note. Carriers have a strong hold on pricing power in the Pacific, getting 400USD/FFE in peak season surcharges – and similarly they gained 315 USD/TEU from Asia to S. America. On the other hand, rates keep declining on Asia-Europe. Carriers seem to hold onto pricing power in some trades but are losing it in others. Having recently reached profitable levels, it appears likely we might soon see them take action to also gain pricing power in the pivotal Asia-Europe trade – but who will be the first to pull capacity?

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