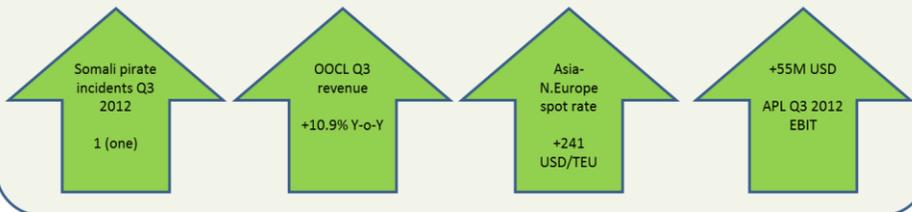


SUNDAY SPOTLIGHT

28 OCTOBER 2012, ISSUE 84

SEAINTEL MARITIME ANALYSIS

Indicators from the week 22 Oct. – 28 Oct. 2012



Reliability from global vessels to the container at the country level:

Performance in Aug. 2012.

See page 16 for details.

ASIA-EUROPE FREIGHT RATE MODEL

Spot to contract correlation is firm. Contract rates poised to decline, with 2013 on par with 2012 average.

We have previously developed a model showing a very clear link between the developments in the spot market rates and contract rate indices on the trade between Asia and Europe. Given the strong link between spot and contract rates, it is possible to accurately assess the expected development in the contract rate index published by Container Trade Statistics (CTS) several months in advance of the actual CTS index being published.

This article takes a closer look at the model, to review whether it still holds true. From an analytical angle we find it is crucial to subject one's own models to scrutiny at regular intervals, as even the strongest of models might over time become obsolete, if fundamental dynamics in the market should change.

We find that despite the drastic market changes seen in 2012, the fundamental link between spot rates and contract rates holds firm.

This conclusion leads us to the forecast that the contract rate index for Asia-Europe will exhibit a sharp reduction in Q4 2012. An uptick will be seen if the November rate increase is successful – and can be maintained.

South Europe's woes

It is becoming increasingly clear that Southern Europe's crisis is about much more than just economic issues. In Italy, the former prime minister was sentenced to 4 years in prison for economic malaise – but this was immediately lowered to 1 year due to "overcrowded prisons". On the other hand, this is the same country which this week convicted seismologists to 6 years in prison for failing to accurately forecast an earthquake. With such a judicial system, it is hard to see where sound structural reform should come from – and economic analysts may be well advised not to give input to the government, less they be sued afterwards.

Content

- 1...Asia-Europe rate model
- 6...Weekly capacity
- 8...On-dock rail

This file is a preview provided by SeaiIntel.com for users who are not subscribers. Click on the link to view subscription options for SeaIntel Sunday Spotlight. http://seaintel.com/index.php?option=com_virtuemart&view=productdetails&virtuemart_product_id=5