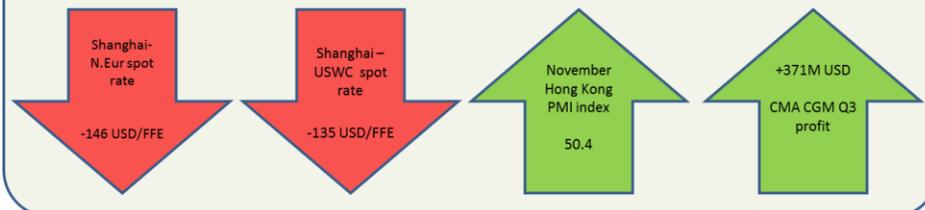


Indicators from the week 19 Nov – 25 Nov. 2012



SKYDIVING WITHOUT A PARACHUTE?

Reliability – not as the new rate war, but as an added twist to the rate war.

We are aware that we have awarded the rate actions in the main trades relatively large attention in the past few weeks – and this week will be no exception. This is due to the simple fact that the developments in these pivotal trades sets the tone for the development we are to expect in the next many years.

Not only because of the profit and loss impact it has directly on the carriers – but also due to the impact on carriers' ability to invest in the future. New generations of more fuel-efficient vessels are being ordered, and some carriers rightfully fear that if they miss the boat, they might become extinct in the long run. Of course the flip-side to the argument, as we have often explored, is that ordering these vessels will perpetuate the structural overcapacity in the market.

Also critically, the development in these trades will either serve to show a continued challenge to establish enforceable contracts between a significant number of carriers and shippers – or serve to show the path to a less volatile rate environment.

Finally, the development in these trades is also instructive in seeing how the carriers behave when their immediate self-interests might be

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

Performance in Oct. 2012.

See page 13 for details.

Anti-trust?

It is only 20 days ago that a senior European Commission official reminded carriers that the anti-trust probe launched in 2011 was not yet closed. The commission appears concerned that the timing and size of rate changes tend to be similar across the industry. The approach is interesting. Clearly, if the carriers were truly attempting to collude, then presumably the rates would not gyro as much as we are seeing. Alternatively, the carriers appear somewhat inept at colluding. Maybe the truth is that in a commoditized market, a standard strategy is tit-for-tat where you match the competitors. No collusion, but a free commoditized

Content

- 1...Skydiving?
- 6...Debt levels
- 8...Asia-ECSA distancecosts

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