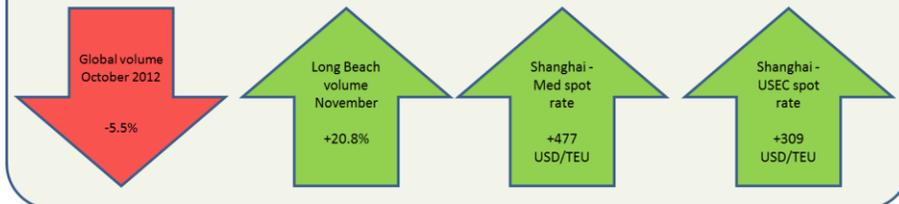


SUNDAY SPOTLIGHT

16 DECEMBER 2012, ISSUE 91

SEAINTEL MARITIME ANALYSIS

Indicators from the week 10 Dec – 16 Dec. 2012



SHARP DECLINE IN MARKET MOMENTUM

The market has lost its sense of stable direction, making changes in either direction more extreme.

The recent rate developments are no surprise to market observers, and are not the topic of this analysis. Instead we will focus our attention on a different aspect of the rate development which is usually not analyzed: the market momentum

Market momentum in this analysis is understood as the ability of the market to move in a particular direction for an extended period of time. A market in which freight rates increase 10 weeks in a row, whereupon it declines 10 weeks in a row displays very clear market momentum – initially an upwards momentum, and then a downwards momentum.

Much analysis has been put into analyzing rate developments from the perspective of quantifying the success of General Rate Increases, the effectiveness of carrier discipline, the impact of supply/demand pressure etc. However this week we will use market momentum in an effort to shed additional light on the developments since 2009 across the 9 main deep-sea trades out of China.

Basically we find that the notion of market momentum has been all but eliminated in 2012, and replaced by much shorter – and more extreme – developments. This bears witness to a market which is no longer under the

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

Performance in Oct. 2012.

See page 13 for details.

Better contracts or more spot?

Substantial rate increases were put in place this week, partly eliminating the last few months' drastic declines. As we show today, the market has clearly become ever more unstable, and the changes ever more extreme – and the developments this week are just another example of this. There are no indications this pattern of more frequent and more severe changes is about to end. Will this erratic market development result in better contract adherence – shielding against the vagaries of the spot market – or will we see ever more spot as shippers attempt to ride the market?

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