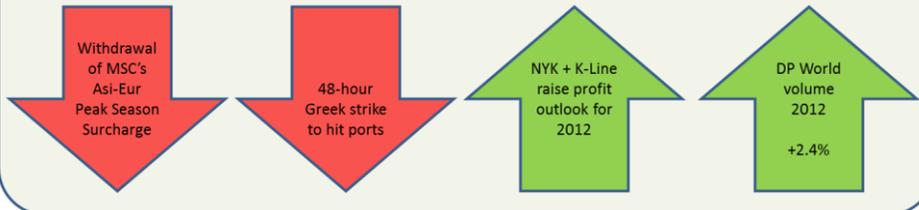


SUNDAY SPOTLIGHT

3 FEBRUARY 2013, ISSUE 97

SEAINTEL MARITIME ANALYSIS

Indicators from the week 28 Jan. – 3 Feb. 2013



VESSELS OUTGROWING SERVICE CUTS

Asia-Europe has seen 11% of weekly services removed – however, increases in vessel size more than compensates

We have lately seen carriers suspend services from Asia to Europe, either permanently or temporarily. Clearly this was needed to bring some semblance of balance between supply and demand.

The question is whether the reduction is sufficient to bring the market into balance. However, in order to answer this question it is imperative that the actual development in capacity is analysed in much greater detail than usual.

The “traditional” way of analysing the development in key markets, such as Asia-Europe, is to look at the average capacity offered on each service. However, given the frequent service changes and temporary cancellations, this approach becomes highly subject to error. Instead we decided to map which exact vessels had served the Asia-Europe market over the past 18 months, as well as the next 3 months into the future.

The vessels are mapped as to the exact week they did indeed sail, and hence we were able to create a uniquely detailed weekly capacity development.

We find that carriers have indeed been reducing the number of weekly services over the past 18 months – however, we also find that this



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Stealth capacity?

It is easy to notice when carriers add capacity by virtue of launching a new service. It is equally easy to notice when a service is pulled – or when individual sailings are blanked. If we hear this often enough, we will end up with a perception that capacity is being pulled. And it is.

However, what we do not hear is the “stealth capacity” - the injection which comes in the form of phase-in of new vessels. As we have documented today, this capacity exceeds the – very vocal – reductions and more reductions must be made to increase rates.

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