

XENETA

# XSI™ PUBLIC INDICES

OCEAN FREIGHT | November 2018



Xeneta Shipping Index (XSI™)

**XSI™ Long-Term Contracts Public Indices - November 2018**

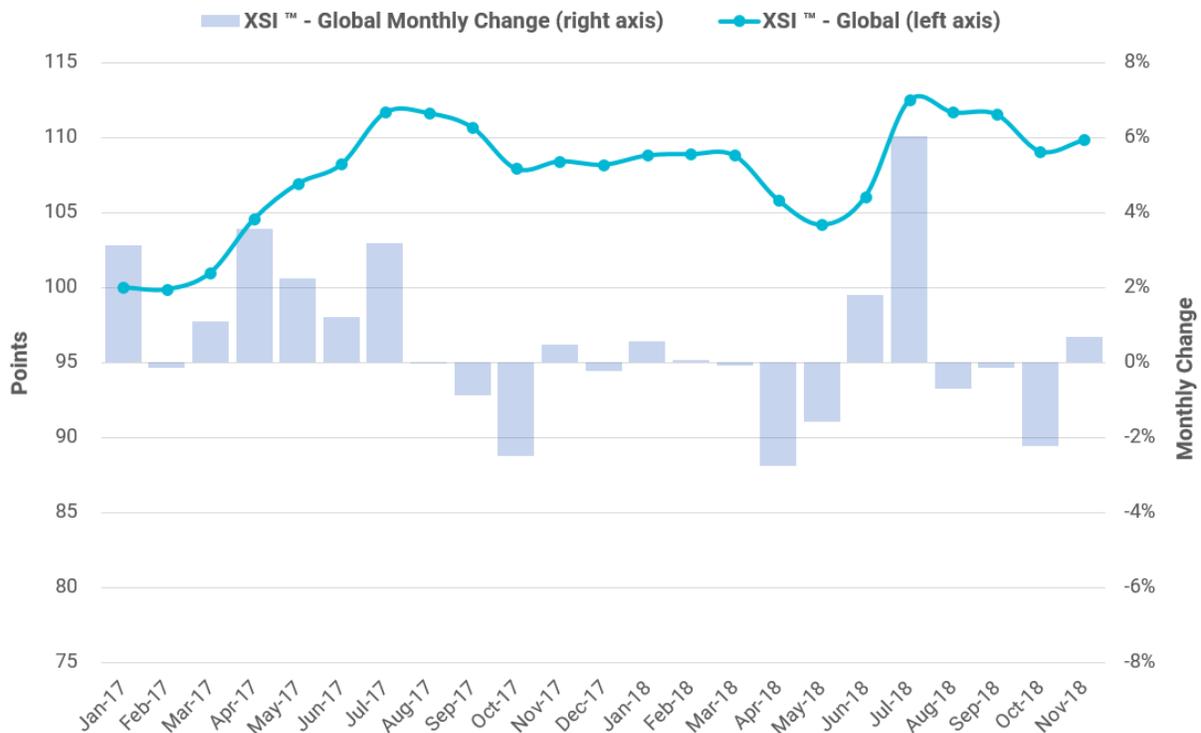
**XSI™ - Global Index**

The global XSI™ increased 0.7% in Nov-18 to 109.86 points, reversing the downward trend witnessed over the last three months. The month-on-month increase has resulted in the key benchmark being 0.9% higher than the start of the year and 1.3% above the same period of 2017. However, despite the most recent increase, the index falls short of the 112.51 points recorded back in Jul-18 and the 111.69 points reported in Jul-17.

The financial health of carriers is closely monitored by industry analysts and Q3 results show a mixed performance by the industry over the last quarter. Yang Ming posted a quarterly net loss of \$30 million, citing an unfavorable supply-demand imbalance and increased fuel costs for the period. This latest result extended the Taiwanese carrier’s loss to \$220m for the last nine months. Meanwhile, its fellow THE alliance member Hapag-Lloyd, recorded a Q3 profit of \$137million.

Maersk Line reported an underlying profit of \$251 million for the last quarter resulting in a cumulative profit of \$100 million for the last nine months, thereby highlighting the substantial difference between its financial performance and Yang Ming’s.

**Fig 1: XSI™ - Global Index**



**XSI™ - Europe Imports / Exports**

The XSI™ for European imports has rebounded from its most recent decline, increasing by 1.6% month-on-month to 109.30 points.

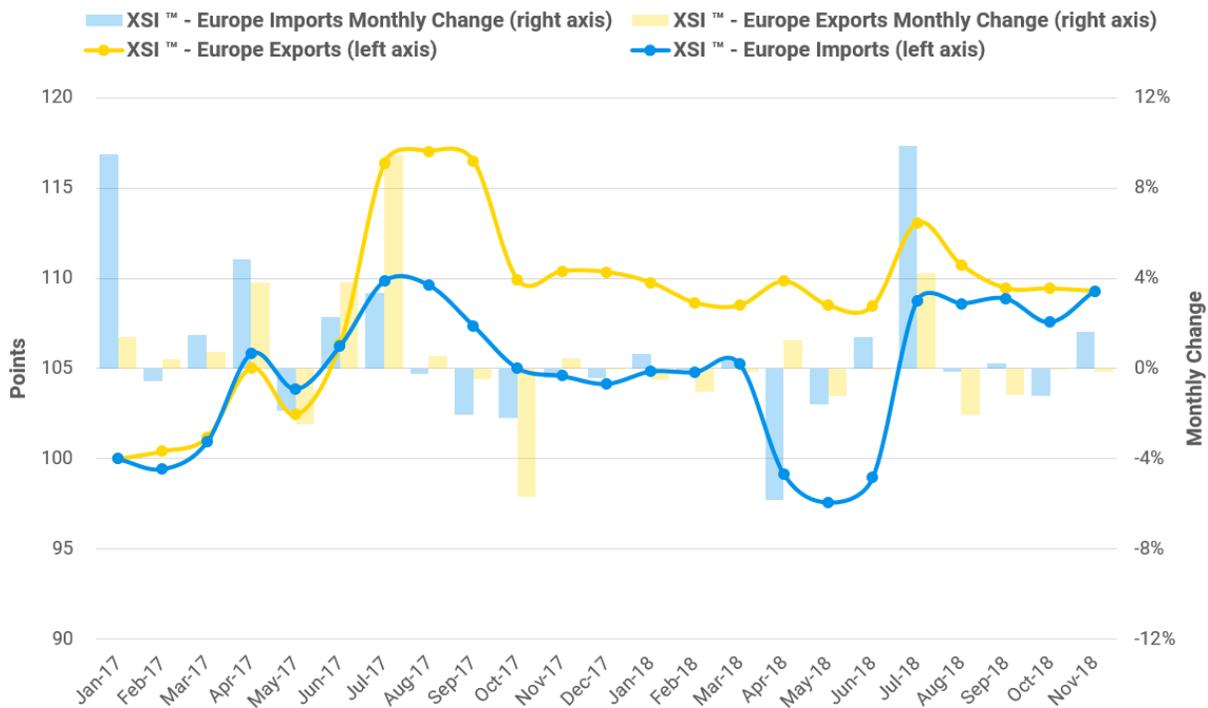
This places the benchmark above the figure of 108.74 reported in Jul-18 and marks the highest point for the trade since Sep-17. It is also now 4.5% higher than the equivalent period of 2017.

Year-to-date the imports index has jumped 4.2% and has now overtaken the exports route for the first time since May-17

Month-on-month developments were less positive for European exports, with the XSI™ falling 0.1% to 109.29. This represents the fifth monthly decline in the last 6 months leaving the benchmark 1.0% lower than Nov-17. Year-to-date the index is down 0.4% having failed to maintain the 4.3% monthly increase reported back in Jul-18.

Elsewhere, anecdotal reports indicate that MSC may reintroduce the AE2/Swan Asia-Europe service in early December having previously suspended the service in the run up to Golden Week. While such measures may impact spot rates in the near-term, time will tell as to whether this additional capacity will negatively impact long-term contracts.

**Fig 2: XSI™ - Europe Imports / Exports**



**XSI™ - Far East Imports / Exports**

The Far East imports XSI™ fell 0.1% month-on-month in Nov to 113.82 points haven fallen by 4.0% in the previous month.

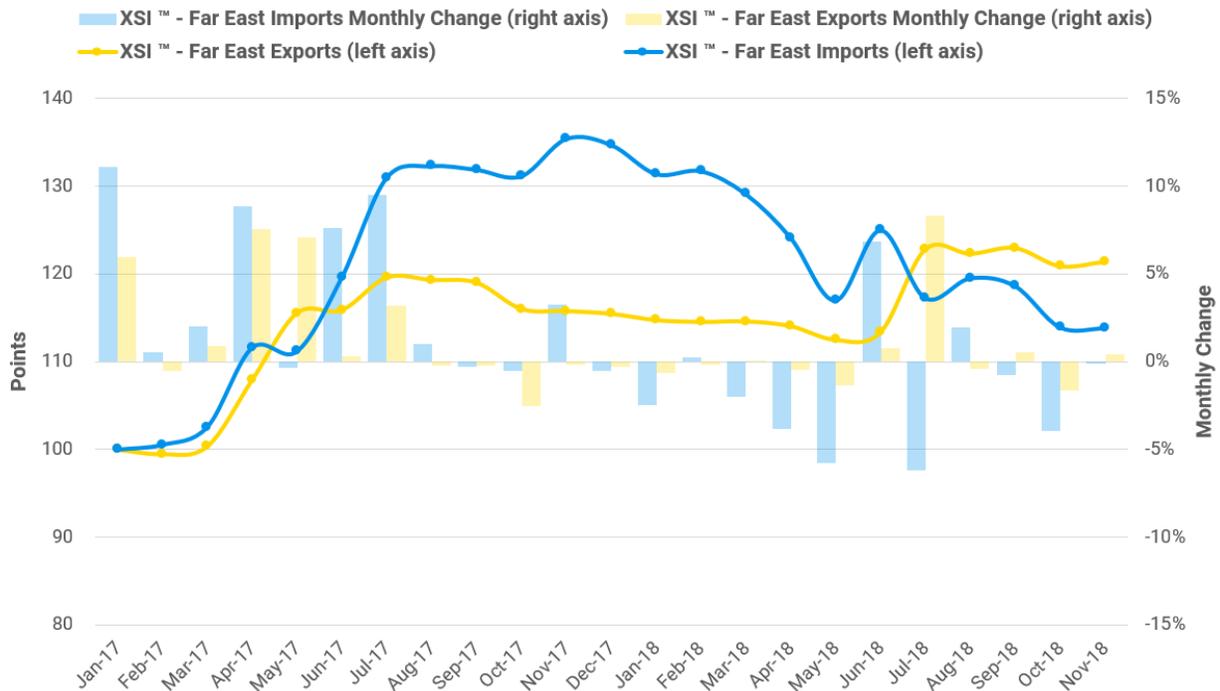
The index is now down 13.4% since the start of the year and is some 16.0% lower than the same period of 2017.

The last time the imports benchmark was this low was in May-17 when it was recorded as 111.19 points and the most recent trend suggests it could fall beyond this in the coming months.

Meanwhile, the XSI™ for Far East exports has climbed 0.4% since last month to reach 121.38 points.

Year-to-date the index has climbed by 6.64 points, representing an increase of 5.8%. While almost all the year-on-year increases occurred between the months of Jun-18 and Jul-18, the benchmark is still up 4.8% on the equivalent period of 2017.

**Fig 3: XSI™ - Far East Imports / Exports**



**XSI™ - US Imports / Exports**

The US Imports XSI™ remains unchanged on the level recorded last month, standing at 101.24 points.

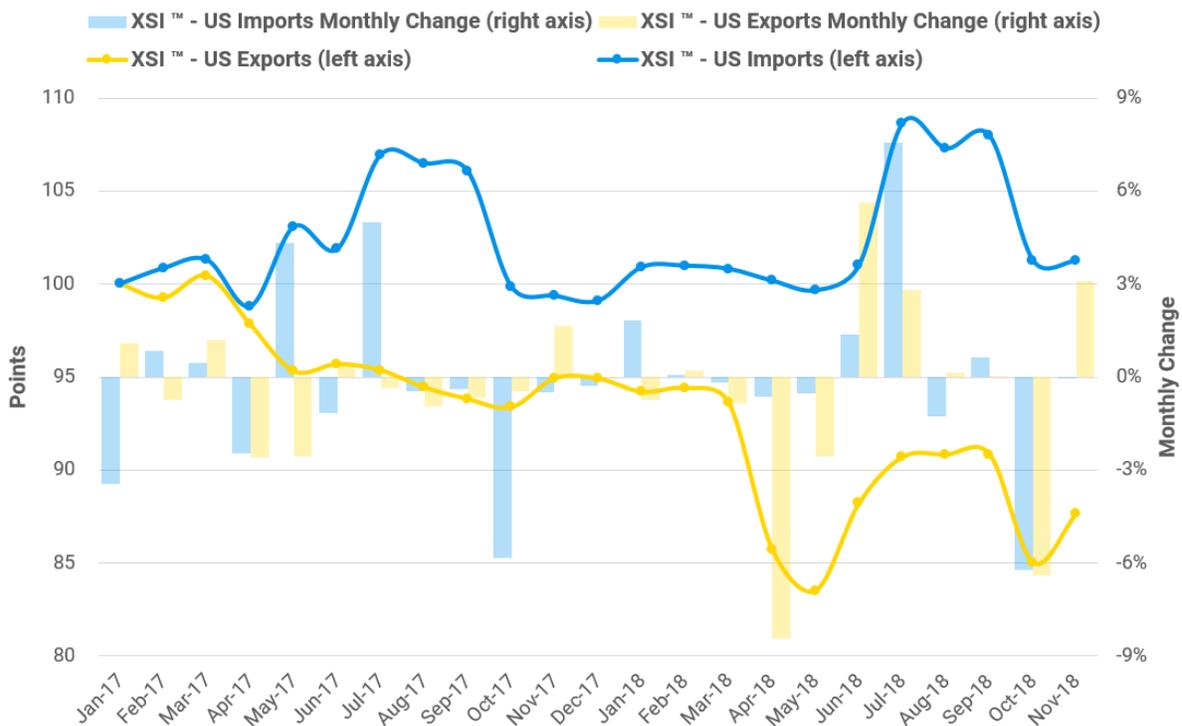
Year-to-date the index is 0.3% higher, having almost entirely lost the ground it gained in Jun-18 and Jul-18. Compared to the same period of 2017, the imports benchmark is up 1.9%. While this represents a minimal increase, its performance is substantially better than the US Exports XSI™, which has fallen 7.7% since last year.

Although year-on-year developments have been less favorable, the exports index reported a month-on-month increase of 3.1% in Nov-18 to 87.65 points. As a result, it has clawed back some of its lost ground, but remains 6.9% lower than the start of 2018.

In other news, with import tariffs of 25% to be levied from Jan 1<sup>st</sup> on consumer products from China to the US, spot rates on the Far East-USEC trade have continued to increase as shippers rush to fulfil shipments prior to their enforcement.

In its latest financial report, Maersk Line notes that the measures introduced in 2018 could reduce global container trade by 0.5-2.0% in 2019-2020, highlighting the negative impact such policies can have on underlying trade and the continued uncertainty they bring.

**Fig 4: XSI™ - US Imports / Exports**



## XSI™ Public Indices Report Methodology

- Rates pulled from Xeneta's ocean freight platform of +75MN contracted rates
- Rates delivered from freight forwarders and shippers
- Based on long-term contracts only
- Rates included have a valid start date within 90 days of the 20th of every month
- Indices based on an aggregation of trade-weighted corridors
- Indices rates surcharges are based on all-in CY/CY pricing methodology
- Global index is a combination of worldwide trade-weighted corridors not limited to US, Europe and Far East indices

## DISCLAIMER

The monthly XSI™ Public Indices report is only meant to give you an indication of the global market movements in the container shipping industry focusing on the biggest regions in the world.

Xeneta does not recommend price setting on this market report as it is based on an aggregation of trade-weighted uncorrelated corridors. If you are interested in index-based contracting, we recommend our XSI™ index-linked contracting product. For more information, please contact us via [www.xeneta.com](http://www.xeneta.com).

# XENETA

Xeneta is the leading ocean freight rate market intelligence platform and ocean freight rate index, Xeneta Shipping Index (XSI™). Xeneta's powerful reporting and analytics platform and data density provides liner-shipping stakeholders the insights they need to understand current and historical market behavior – reporting live on market average and low/high movements for both short and long-term contracts. Xeneta's data is comprised of over 75 million contracted container rates and covers over 160,000 global trade routes. Xeneta is a privately held company with headquarters in Oslo, Norway and regional offices in New York and Hamburg. To learn more, please visit [www.xeneta.com](http://www.xeneta.com).

NOTE: The XSI™ Public Indices reports are based on long-term contracts only.