

XENETA

# XSI™ MONTHLY BRIEF

OCEAN FREIGHT | October 2018



XSI™ - October 2018

XSI™ - Global

The global XSI™ declined by 1.8% in October 2018 to 109.46 points but remains 0.5% higher than the start of 2018.

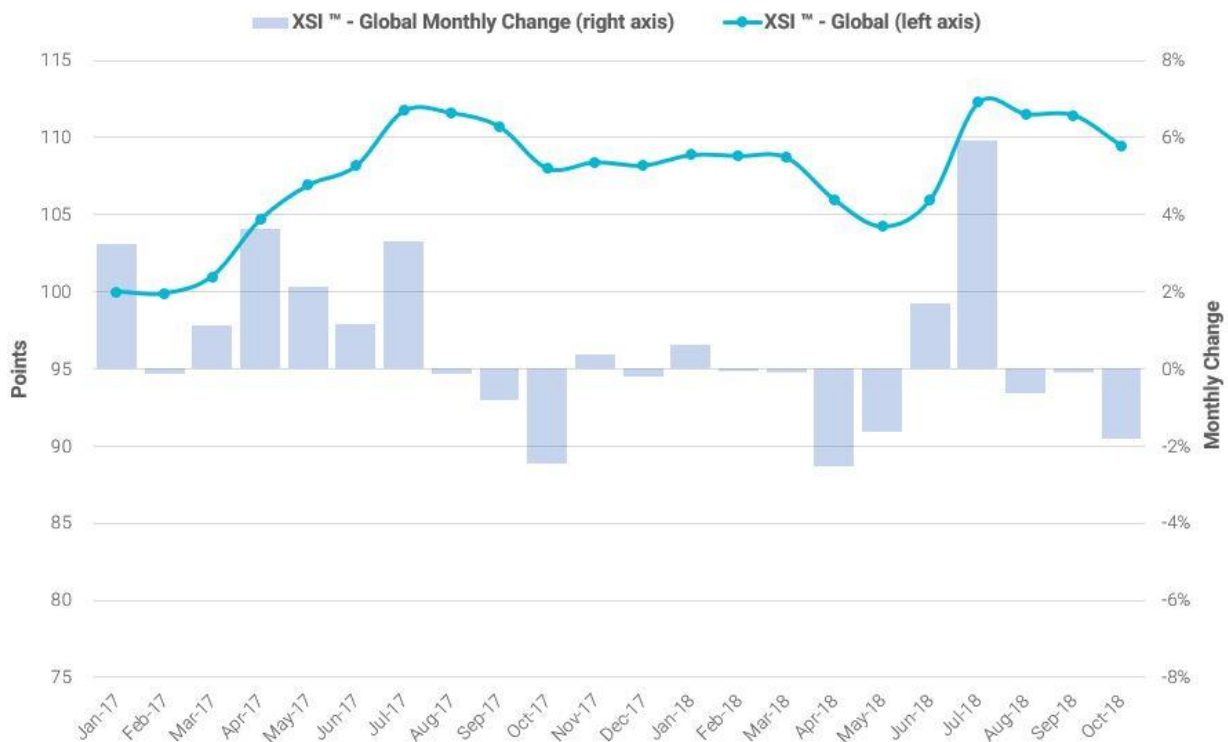
The global benchmark is also 1.3% higher than the same period of 2017 but could face headwinds in the months to come if last year's trend is followed.

For example, in July 2017 the index increased 3.3% month-on-month to 111.75 points but subsequently trended downwards, falling by 6.7% between July 2017 and May 2018.

The global XSI™ has already declined by 2.5% since July 2018, following a more impressive monthly increase of 5.9% to 112.28 points.

However, despite the possibility the benchmark could fall in the months ahead, it currently remains 9.5% higher than January 2017.

Fig 1: XSI™ - Global



**XSI™ - Europe Imports / Exports**

In October 2018, the XSI™ has recorded a month-on-month decline of 1.2% for European imports, falling to 107.57 points.

The small monthly decline follows on from an increase of 0.2% in September 2018 and a jump of 9.9% in July 2018. However, despite the drop, the benchmark is still 2.6% higher than the start of 2018 (January 2018: 104.84 points).

Year-on-year the XSI™ for European imports is also up. At its current level, it is 2.4% higher than the equivalent period of 2017, when it stood at 105.02 points.

However, with Q4 traditionally seen as the slack season, it's not unreasonable to expect this weakness to spill over into long term rates, leading to a further decline in November.

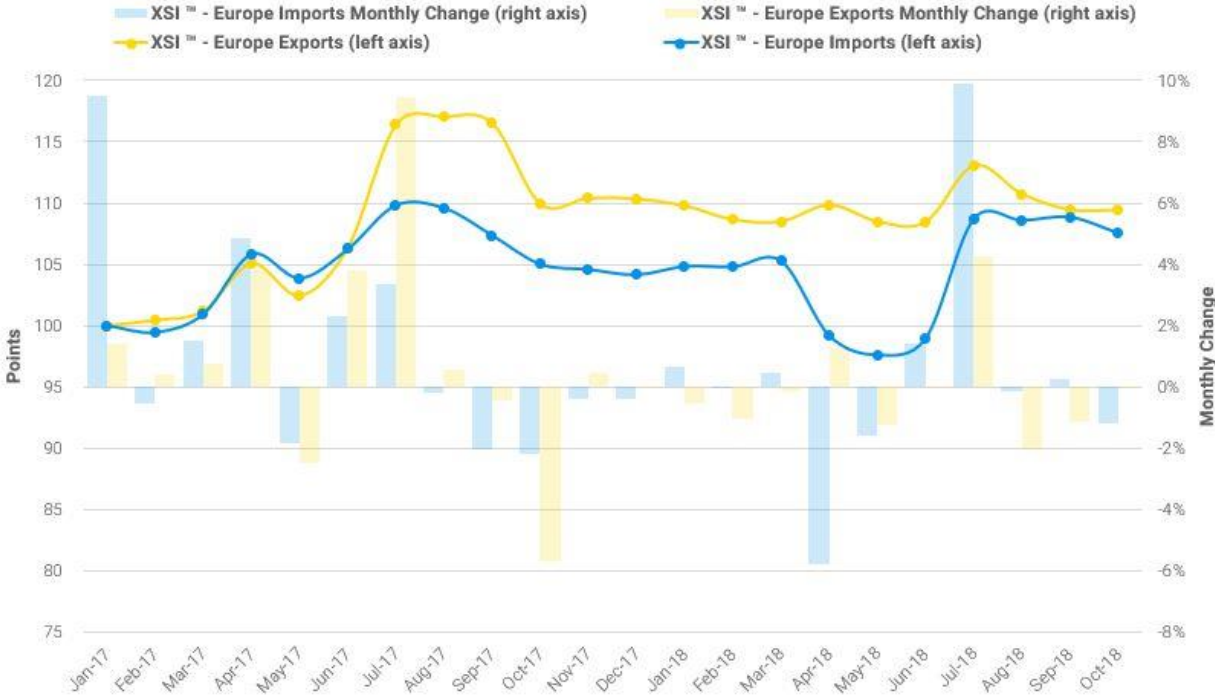
While long-term rate developments for imports to Europe have been positive year-on-year, exports have shown less favorable changes.

In October 2017, the index for European exports was recorded at 109.91 points, 0.4% higher than its current level of 109.44.

Year-to-date the index has declined by 0.3%, falling from 109.77 in January 2018 to 109.44 points in October 2018 but remains unchanged since last month.

Fig 2 highlights that since January 2017 both benchmarks have shown positive developments, but exports have performed slightly better, increasing by 9.4% compared to 7.6% for imports.

Fig 2: XSI™ - Europe Imports / Exports



**XSI™ - Far East Imports / Exports**

In October 2018 the Far East Imports XSI™ declined 4.0% month-on-month to 113.94 points, marking its lowest point since May 2017.

The index has also recorded a decline in eight out of the last 12 months, reflecting a downward trend that has resulted in the XSI™ in October 2018 being 13.1% lower than the same period a year earlier.

While many factors determine long-term rate developments on a trade, China’s decision to ban the importing of 24 types of scrap material, effective January 2018, could partially explain the change in fortunes. For example, in the run up to the ban being enforced, the index increased by 35.4% between January 2017 and November 2017.

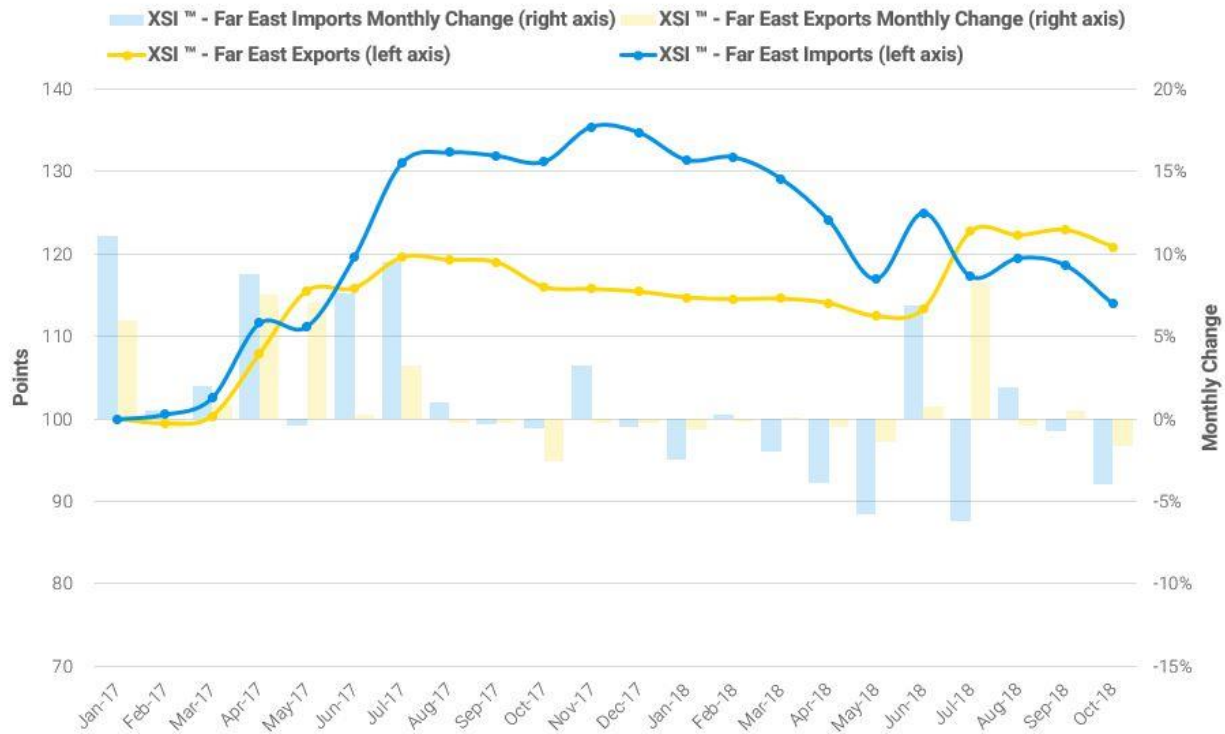
Meanwhile, the Far East Exports XSI™ has fallen 1.7% since last month to 120.88 points in October 2018. Despite the fall, the index is still 5.4% higher than the start of the year.

However, much of the increase reported since January 2018 can be attributed to a spike in the index reported in July 2018, when it jumped 8.3% to 122.78 points. Although since July 2018

the index has fallen 1.5%, much of the increased reported earlier in the year has so far been maintained.

The increase in the exports index in July 2018 also took it past the imports index for just the second time since January 2017. However, with imports clearly trending downwards, this could continue into the foreseeable future, unless there is a substantial change to market fundamentals.

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



**XSI™ - US Imports / Exports**

The US Imports XSI™ has recorded a fall of 6.2% month-on-month in October 2018 to 101.24 points, representing the largest monthly fall since the inception of the index. Despite the decline, the benchmark is still up 0.3% since the start of 2018 and is 1.4% higher than the same period of 2017.

While increases in the spot market for imports into the US have been well documented and largely attributed to Trump’s punitive trade tariffs measures, the US Imports XSI™ suggests the impact to long term rates has reduced somewhat. Between June 2018 and September 2018 the



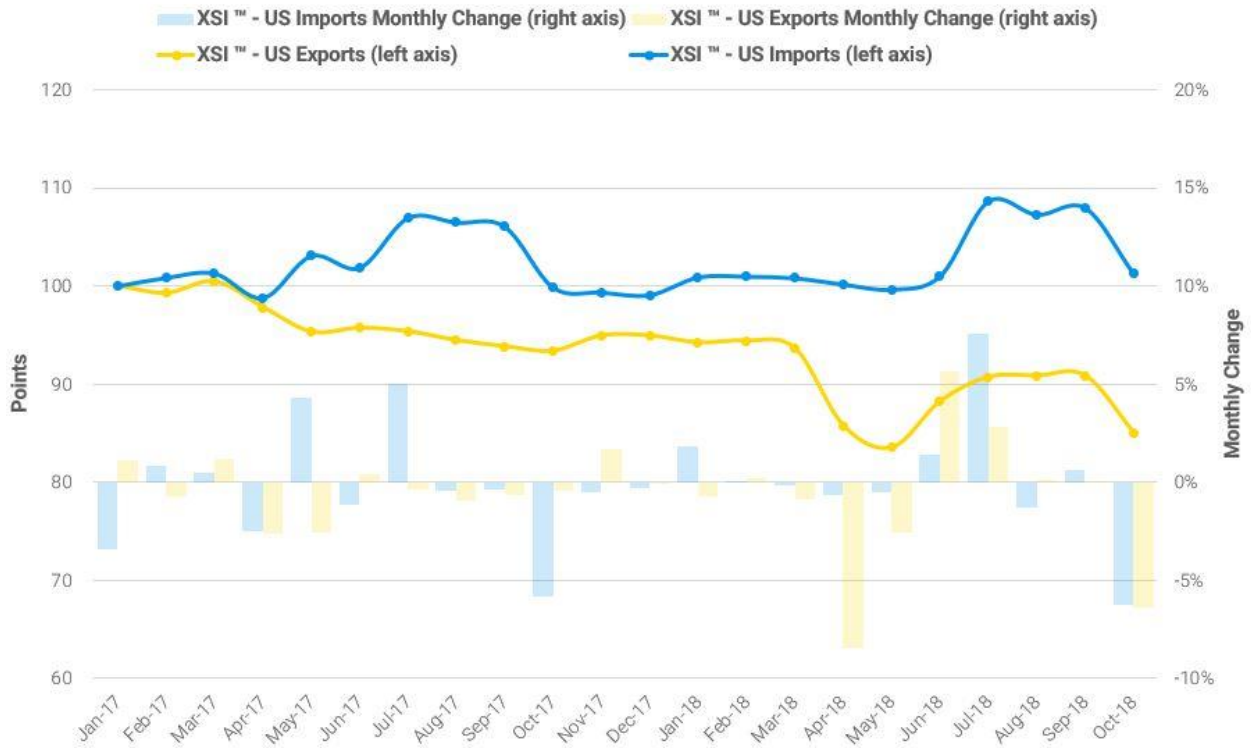
index rose 6.9%, coinciding with increases to the spot market, but the large monthly decline in October 2018 has reversed much of this increase.

Elsewhere, monthly developments on the US Exports XSI™ have eroded gains reported in recent months. In Oct-18 the index was recorded at 85.02 points, down 6.4% since Sep-18. This substantial monthly fall has negated much of the increases reported since May 2018, taking the index down to a similar level reported in April 2018.

The month-month-month decline means the index is 9.7% lower than the start of the year and is down 8.9% compared to October 2017.

Fig 4 highlights that the slow downward trend of the US Exports XSI™ has led to a divergence between imports and exports. Since January 2017 the imports index has risen fairly modestly at just 1.2% but the exports index has declined by 15.0%.

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



# 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™ reports on long-term contracts only.