

Trade Statistics

Supply/demand indicators for container shipping

By  MDS Transmodal

Tradelane cargo analysis

The initial reaction of the container industry to the recession that started 12 months ago was that it might get away with a short sharp shock. However, the recent release of trade data across the world for H1 09 has revealed that trade has not yet recovered; the best that can be claimed now is that trade levels have bottomed out.

This month's analysis covers the Far East trade to Europe and the Mediterranean, the North Atlantic trades and trade between northern Europe and West Africa.

Underlying containerisable trade (based on a consistent basket of goods) from the **Far East to northern Europe** grew by 2% in 2008.

However, in the first half of 2009 it fell by 19% as compared with the same period in 2008. To deal with this, ocean carriers have cut capacity by around 17% (down from 243,000TEU to 201,000TEU per week in each direction).

When compared with the same quarter the year before (year-on-year), there was a marginal deterioration in Q2 09 as compared with Q1 09. Based upon trend analysis, forecasted algorithms, therefore,

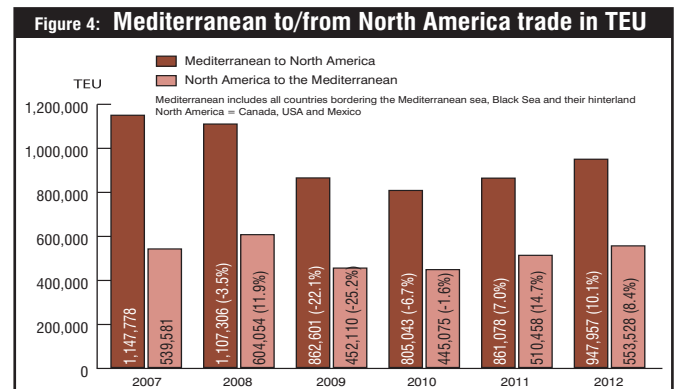
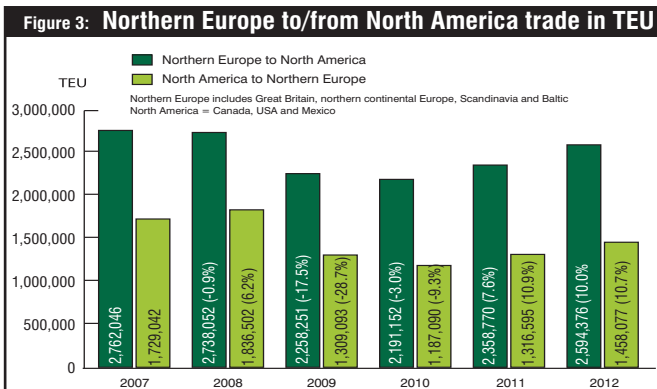
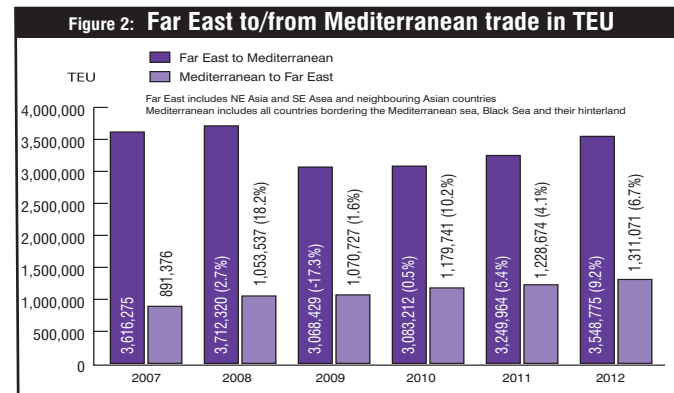
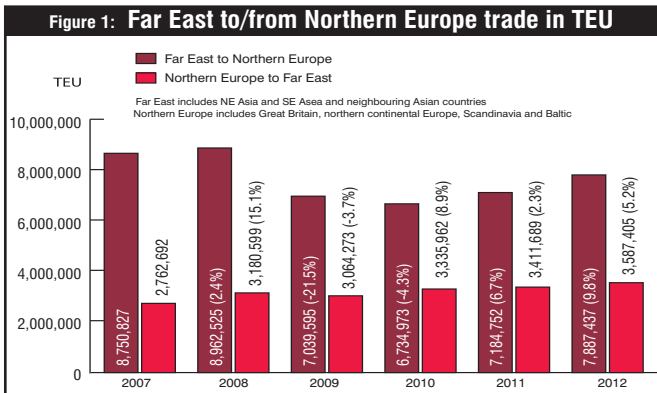
now suggest that recovery is likely to be delayed until 2011.

As the largest of the individual cargo flows examined this month, table 6 looks at Q2 09's commodity exports from the Far East to northern Europe, compared to the same period in 2008. Every one of the 11 commodity flows which each contributed more than 300,000TEU in 2008 declined.

However, that decline was much less severe at the 'consumer' end of the spectrum (footwear, clothing, even furniture) than at the industrial investment and automotive end. While footwear fell by only 9%, metal manufactures collapsed by 34%, for instance.

In the eastbound direction (northern Europe to Far East), trade in Q2 09 has recovered slightly and a marginal growth to 2012 is predicted.

Containerisable trade from the **Far East to the Mediterranean** grew by 3% in 2008 but fell by 17% in H1 09. Ocean carriers have cut capacity by 25%, from 144,000TEU per week per direction to 108,000TEU. Volumes in Q2 09 were marginally higher than in Q1



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(year-on-year). That suggests volumes should start to recover in 2010.

Eastbound, volumes have continued to grow marginally, and can be expected to continue to increase this way.

Taken together, trade from the Far East to Europe and the Mediterranean fell by around 19% in Q2 09 (year-on-year). By contrast, east-bound underlying trade fell by only 8%.

Trade from **Northern Europe to North America** fell marginally in 2008 and by 17% in the first half of 2009. A decline of 18% for 2009 overall is forecasted.

The lines have cut capacity by around 12%, from 66,000TEU per week to 58,500TEU. Traffic is expected to further fall marginally in 2010 before recovering at around 8-9% in the following three years.

Eastbound, underlying cargo is forecast to fall by 29% in 2009, and to decline further in 2010, before recovering by 10% per annum to 2012.

Trade from the **Mediterranean to North America** fell by 22% in the first half of 2009. The lines have cut capacity by 8% from 37,000TEU to 34,250TEU per week to deal with this. Traffic is pre-

dicted to fall by a further 7% in 2010 before recovering at 6% per annum up to 2012.

Eastbound, traffic has softened at a similar rate and is forecast to fall by 25% in 2009, to stabilise in 2010 and to grow at 10% in 2011 and 2012.

By contrast, trade from **northern Europe to West and Central Africa**, which grew by 8% in 2008 is forecast to grow by 2% in 2009. Carriers have expanded capacity by 13%, from 26,600TEU to 30,000TEU per week as a consequence.

Northbound, traffic is forecast to fall by 6% in 2009 before recovering to 2012 at a mean growth rate of 2% per annum.

In summary, the only positive encouragement for the container industry is in some trades to the developing world. Volumes to the Far East continue to be stable but remain substantially lower than volumes from the Far East.

Trade data at the time of writing offers little encouragement to the industry as most trades simply restabilise at a much lower level trade than 12 months earlier.

Figure 5: Northern Europe to/from West+Central Africa trade in TEU

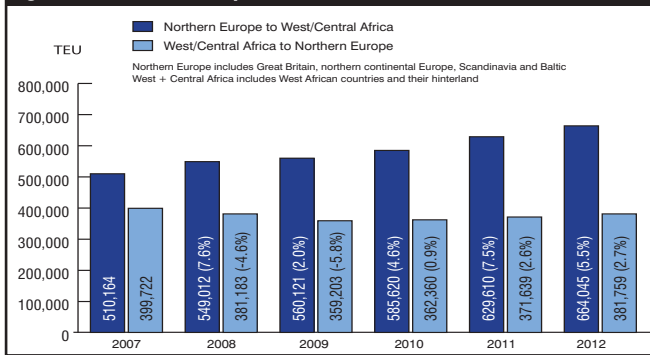


Table 6: Far East exports to northern Europe in Q2 09 versus Q2 08

Commodities over 300,000TEU in 2008	Q2 08	Q2 09	% Change
69 Metal manufactures – other	201,931	133,557	-33.9
75 Office machines & adp equipment	73,295	50,601	-31.0
62 Rubber manufactures	102,459	71,239	-30.5
76 Relecom and recording equipment	90,508	63,598	-29.7
81 Sanitary/plumbing/heating/lighting	72,607	55,885	-23.0
65 Textiles and made-up articles	93,655	72,231	-22.9
89 Miscellaneous manufactures	370,750	302,107	-18.5
82 Furniture	77,966	65,574	-15.9
84 Clothing and accessories	83,888	72,074	-14.1
77 Electrical machinery	209,365	186,136	-11.1
85 Footwear	69,609	63,153	-9.3
Total	1,446,032	1,136,157	-21.4

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