

TRADE STATISTICS



Supply/demand indicators for container shipping



Tradelane cargo analysis

Of the tradelanes analysed this month, traffic volumes fell in 2009 for the dominant direction where it was to a western economy (Australia, North America) but otherwise grew marginally.

On an annual basis, all five tradelanes are expected to grow in 2010. To the Middle East Gulf/South Asia, growth from the Far East is forecast to increase (16%) much more quickly than from Europe (up 4%).

Growth from the Far East to Australasia is forecast at up 13% as compared with a rise of 10% to North America. When Customs data for Q1 10 is available to build into the forecasts, there is every chance these values will rise.

We have again compared the change in demand with the change in vessel capacity supplied by the lines in the following quarter.

This is a complicated subject to monitor given the uncertain rate at which trade is likely to recover from the recession.

In the largest tradelane covered this month (Far East with North America) the lines reduced capacity on offer in Q1 10 by 17% while demand fell by only 3% in Q4 09 as compared with 12 months earlier.

Only in the Far East to Middle East Gulf/South Asia tradelane was capacity expanded more quickly in Q1 10 than demand in the previous quarter.

Looking at the global cargo demand picture, if intra-North America and intra-European local tradelanes are excluded, we estimate that between 1996 and 2008 containerisable trade grew from 44.2 million to 98.5 million loaded TEU before falling back to 92.7 million TEU in 2009. Using 2006 as

the base year in order to eliminate seasonality and the distortional impact of the boom of 2007 and the bust of 2008, the following pattern emerges:

Containerisable international trade indices (2009 = 92.7 million loaded TEU)

Qtr	1996	2006	2007	2008	2009
1	50.9	100.0	105.3	114.8	102.3
2	50.4	100.0	104.8	114.3	103.1
3	50.2	100.0	107.9	114.2	106.6
4	48.6	100.0	105.3	102.4	106.8

(excluding intra-North America and intra-Europe/Med.)

Figure 1: Europe to/from Middle East Gulf and South Asia trade in TEU

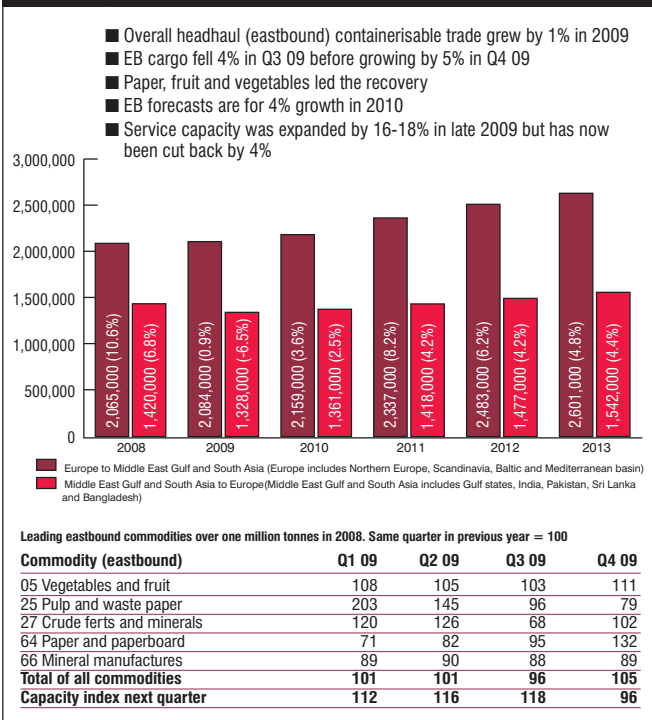
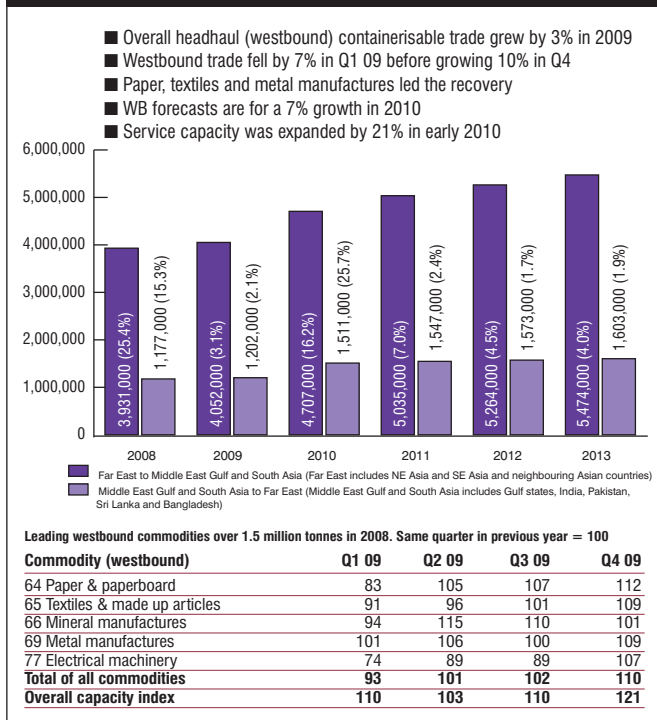


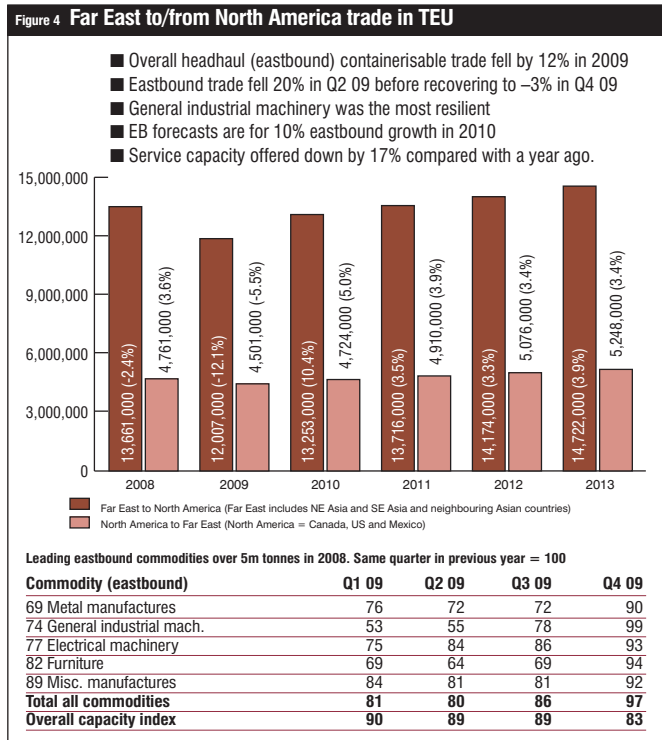
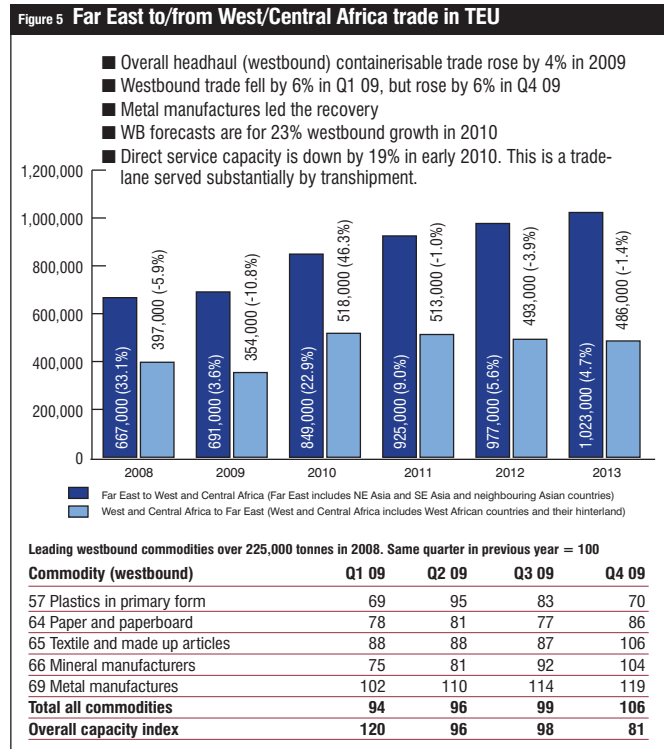
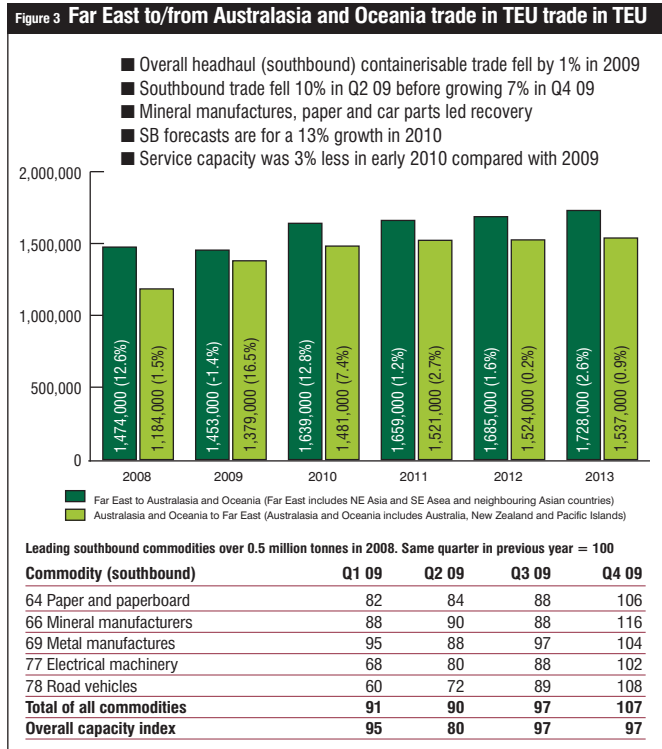
Figure 2: Far East to/from Middle East Gulf and South Asia trade in TEU



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The exercise demonstrates that despite last year's doom and gloom, loaded TEU in Q4 09 still remained above the levels of 2006, even though there was an intervening seasonally adjusted decline of 11% between Q1 and Q4 2008. In other words, given the long run growth rate of 7% per annum in loaded TEU between 1996 and 2006, the bust of 2008 appears only to have put back long-term growth by between two to three years.

We expect global container cargo volume growth for 2010 to get back to the normal trend line prior to the recession, up 10.9% over 2009. Most of this will take place in Asia, where, for example, intra-Asian trade from NE Asia to SE Asia is expected to grow by 22%, up to 5,324,000TEU, and by an even higher 24% in the opposite direction, up to 5,298,000TEU. This is forecast to increase by another 4% and 4.3% respectively in 2011.



Explanatory notes:

The cargo flows shown in figures 1-5 come from MDS Transmodal's (MDST) World Cargo Database which describes global trade by tonnage and value for around 3,000 commodities between each country on a quarterly basis.

In order to convert tonnages into TEU, the proportion of each commodity that is containerised is estimated, as is the container stowage factor of that commodity.

The proportion of each commodity that is estimated to be containerised and its stowage factor are kept constant. In practice, these estimates will vary by route, particularly where bulk cargo can take advantage of back loading.

Keeping proportions constant for each year avoids the danger that short term changes in volumes actually carried in containers as a result of supply side constraints in the bulk market do not distort underlying trends. This is very important when it comes to forecasting.

In a recent cross-check (first half 2009), MDST and the European Liner Affairs Association's (ELAA) estimates for total loaded TEU arriving in all In Europe and the Mediterranean from outside Europe were within 1% of each other.

Note that the MDST data describes traffic between countries so that (for example) a container passing from Montreal to Milan will be destined for the 'Mediterranean', regardless of whether the container is transferred to inland transport at Rotterdam or Genoa.

The analysis describes estimated TEU carried annually in each tradelane from 2007 up to Q4 09. The latest factual results included are for Q4 09. A quarter-by-quarter comparison is made with the previous year of changes in tonnages of the top five commodities (at two-digit SITC level) and for total tonnes on the tradelane. This helps to inform ongoing forecasts.

Forecasts are based upon the trend in each individual country x country x commodity relationship, aggregated together into tradelanes. Many of these detailed trends have not followed changes in the GDP of the partner countries concerned.