

# Capacity out of the market, but confidence still down: The Stifel Logistics Confidence Index reaches 13 consecutive months of negative confidence



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The Stifel Logistics Confidence Index remained below the neutral mark at 49.4, but once more noted a slight improvement against the previous month.

In a sign that the bankruptcy of Hanjin Shipping has had little overall effect upon the container shipping industry, the October Sea Freight Confidence Index remained unchanged from September, at 49.0 points.

This tallies with industry expectations. Power abhors a vacuum, and Alphaliner has reported that rival carriers have been quick to fill the gap in services Hanjin

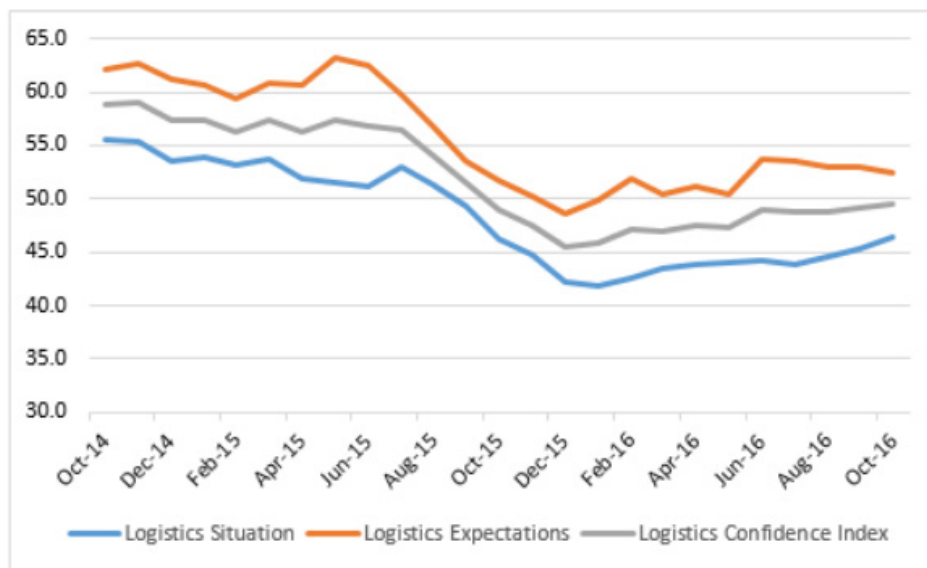
Shipping left behind; nine extra sailings were added in September, according to the consultancy, with another six scheduled for October.

Nonetheless, even the biggest carriers are feeling the heat. In an interview with Bloomberg at the end of September, the Chairman of A.P. Møller – Mærsk stated that the company “is done with ordering new steel,” in the face of the systemic overcapacity issue.

With regards to air freight, the most recent cargo statistics from IATA show that volumes, as measured in FTKs, increased by 3.9% for the month of August.

It seems as though at least some are seeing positives in the current market, as continuing into October, the Air Freight Logistics Confidence Index saw a month on month gain of 0.6 points to 49.9, driven by a 1.6 point rise in the Present Index. It is nonetheless prudent to view such growth with caution, as advanced by the head of IATA, who stated: “the underlying market conditions make it difficult to have long-term optimism”.

Total Freight



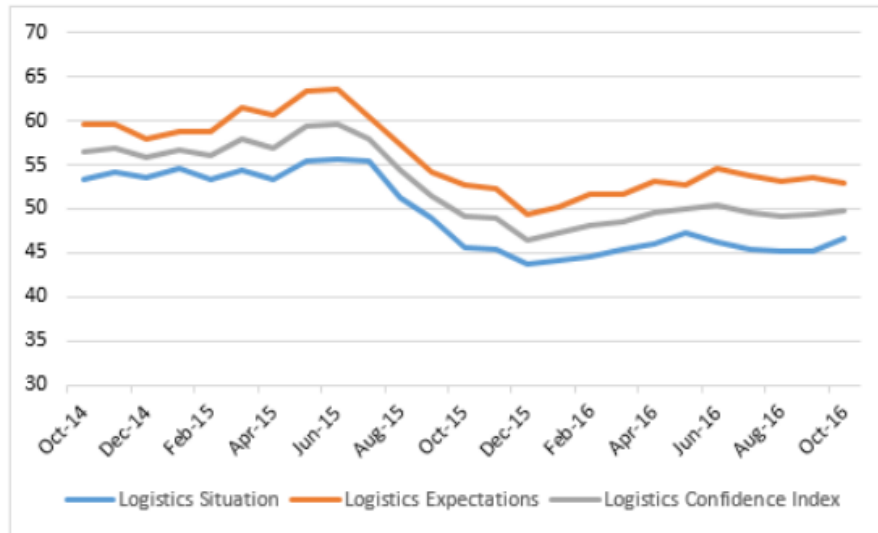
## Air freight

Reaching a total of 49.9 points, the October Air Freight Confidence Index gained 0.6 points on the results for September, and also marked a year on year improvement of 0.7 points, when compared to October 2015. Nonetheless, the Index was 6.6 points below the total recorded for October 2014.

The Present Index results for Air Freight were the chief driver behind the monthly uptick, rising by 1.6 points against the previous month to total 46.7. This result was also 1.0 points greater than the Index result for October 2015. Only a single lane, Europe to Asia, saw a month on month decline, falling by 3.5 points to 39.3. Meanwhile, Europe to US rose by 1.3 points to 48.0, with Asia to Europe up by 2.2 points to 47.2. The most significant month on month improvement was recorded by US to Europe, which gained 6.2 points to total 52.3.

Though remaining above the neutral 50 point mark, air freight logistics expectations were down slightly, falling by 0.5 points against those for September to total 53.0. Two lanes recorded declines, with Asia to Europe the most influential, falling by 2.0 points to 54.5. Meanwhile, Europe to Asia also declined, by 1.1 points to 45.3, offsetting Europe to US, which gained 0.1 points to 56.3, and US to Europe, which gained 0.8 points to 56.0.

### Air Freight



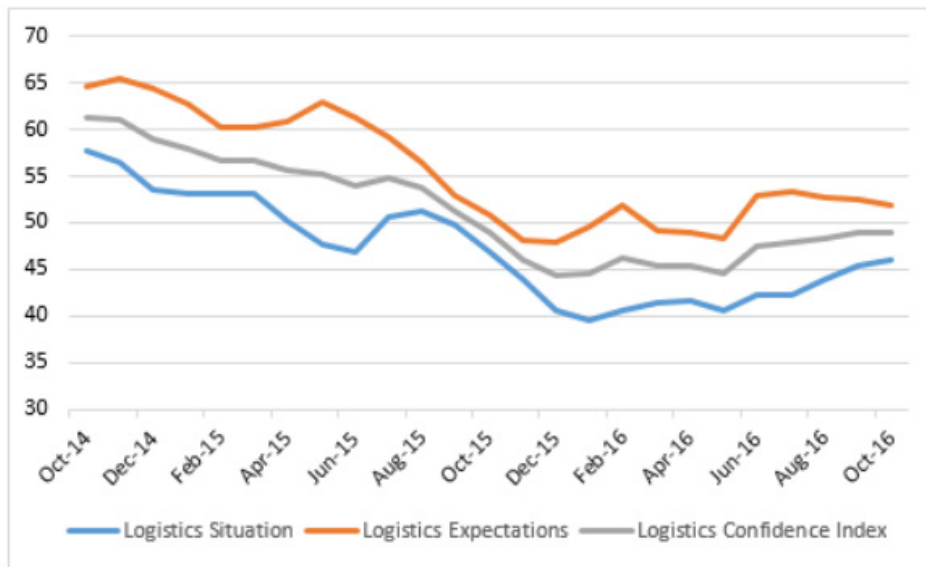
### Sea Freight

Standing at 49.0 points, the Sea Freight Confidence Index was unchanged between September and October, as the results of the present situation cancelled out those of the expected situation. The total measured was 0.1 points greater than in October 2015.

The Present Index for Sea Freight recorded a month on month increase of 0.7 points to 46.1. Though there was a mixed set of results amongst the four lanes surveyed, the gains outweighed the losses. Asia to Europe rose by 2.2 points to 52.3, whilst US to Europe rose by 1.4 points to 46.7. This offset a 0.7 point decline in Europe to Asia, which fell to 39.6, and a 0.3 point fall in Europe to US, which totalled 45.3.

The Expected Sea Freight Index fell by 0.7 points to 51.9, as three of the four lanes recorded month on month declines. The exception to this was Asia to Europe, which increased by 0.9 points to 54.9. Nonetheless, Europe to US fell by 2.0 points to 52.8, whilst Europe to Asia declined by 1.9 points to 47.9. Furthermore, US to Europe saw a 0.2 point fall to 51.6.

## Sea Freight



### One-Off Question

The October one-off question came in two parts. Citing the bankruptcy of Hanjin Shipping, the first part of the question asked which supply chain actors would suffer the most from the event. The second part of the question asked, in contrast, which supply chain actors would benefit the most.

In answer to the first of these questions, 45.0% stated that shippers stood to lose the most, versus 25.0% who responded that freight forwarders would lose more. Meanwhile, 11.3% each argued the case for container lessors and sea freight alliance partners, 2.5% stated rival sea carriers, and 5.0% contributed a number of other 'losers'.

In response to the second question, a clear majority of participants (61.0%) stated that rival sea carriers would gain the most from the event, with 14% instead choosing air carriers as the primary beneficiaries. Slightly fewer, 13%, stated alliance partners, whilst 5% answered freight forwarders, 4% shippers, 3% container lessors, and 1% other.

### Notes to Editors

#### About Transport Intelligence (Ti)

Ti is one of the world's leading providers of expert research and analysis dedicated to the global logistics industry. Utilising the expertise of professionals with many years of experience in the mail, express and logistics industry, Ti has developed a range of market-leading web-based products, reports, profiles and services used by all the world's leading logistics suppliers, consultancies and banks as well as many end users of logistics services.

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