

Low expectations: The Stifel Logistics Confidence Index declines further, driven by pessimistic forecasts for the future



November 18, 2016

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2

November 18th, Bath, UK: The Stifel Logistics Confidence Index has reached its 14th consecutive month of negative confidence, with the numbers suggesting this will continue into 2017.

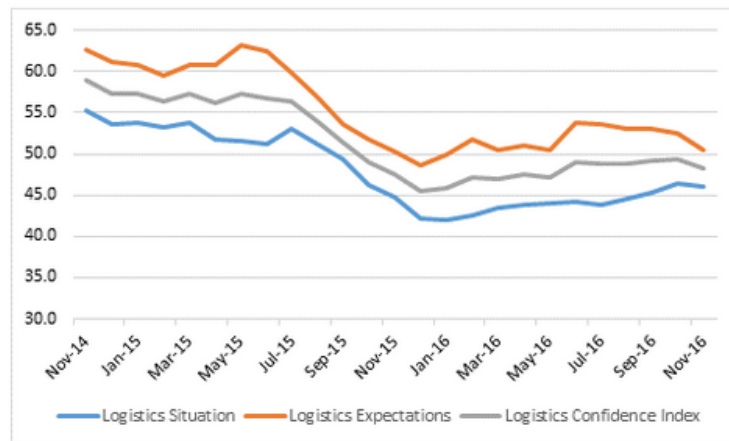
As reflected by the performance of the Index, global trade remains at a low ebb, as it has for some time. Efforts remain underway to get to grips with overcapacity in the container shipping industry, with the Baltic and International Maritime Council reporting at the start of November that containership demolition has officially reached an all-time high, with ships totalling a capacity

of 500,000 TEU having already been scrapped this year.

Nonetheless, most of this demolition is accounted for by now-obsolete Panamax vessels, which continue to be replaced by bigger ships. Drewry reported in October that the next two years will witness, "annual fleet growth of between 5% and 6% and many more ultra large container vessels (ULCVs)", though the consultancy claims the market has bottomed out.

The one obvious bright spot at present is the performance of air freight. Whilst officials at IATA have been at pains to stress that the long-term condition of the industry is not good, the organisation did report that freight volumes increased by 6.1% year-on-year (measured in FTKs) in September, exceeding a capacity increase of 4.7% over the same timeframe. This tallies with the results of the Situational Index for Air Freight; the one bright spot in the Stifel Logistics Confidence Index this month, which recorded an improvement in the present market.

Total Freight



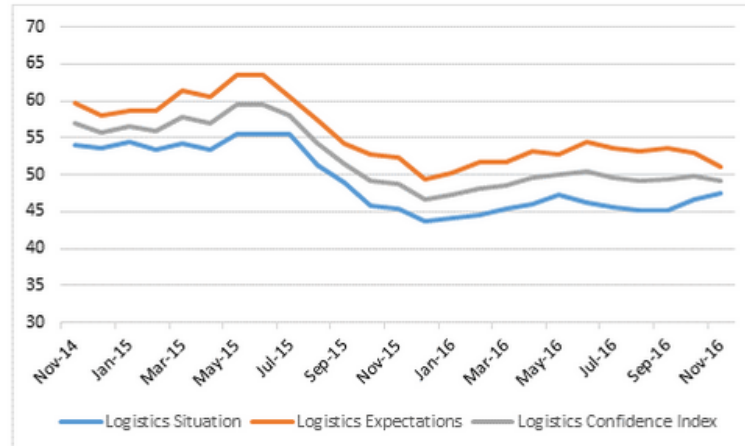
Air freight

For November, the Air Freight Index amounted to 49.3, having fallen by 0.6 points against the previous month's score of 49.9. Stacked against the results for prior years, the Index score was 0.4 points greater than in November 2015, but 7.6 points below the total measured in November 2014.

Change in the Air Freight Logistics Situation Index was positive, with an overall month-on-month gain of 0.7 points to 47.4 recorded. Of the lanes that made up this score, Europe to Asia was flat month-on-month, with an unchanged total of 39.3, but this was the exceptional result. Europe to US improved by 0.4 points to reach 48.4 in November, whilst the Asia to Europe and US to Europe lanes each noted a month-on-month points gain of 1.2, which took them to 48.4 and 53.5, respectively.

The Air Freight Logistics Expectations Index remained above the neutral 50 point mark, but fell by 1.9 points month-on-month to 51.1, offsetting the gains noted in the Present Situation Index. US to Europe was the sole lane to improve month-on-month, with a 0.1 point gain to 56.1 for November. The Europe to Asia lane declined by 0.9 points to 44.4. Meanwhile, Asia to Europe noted the deepest decline of the lanes, falling by 3.6 points to 50.9. Similarly, Europe to US lost 3.0 points, totalling 53.3.

Air Freight



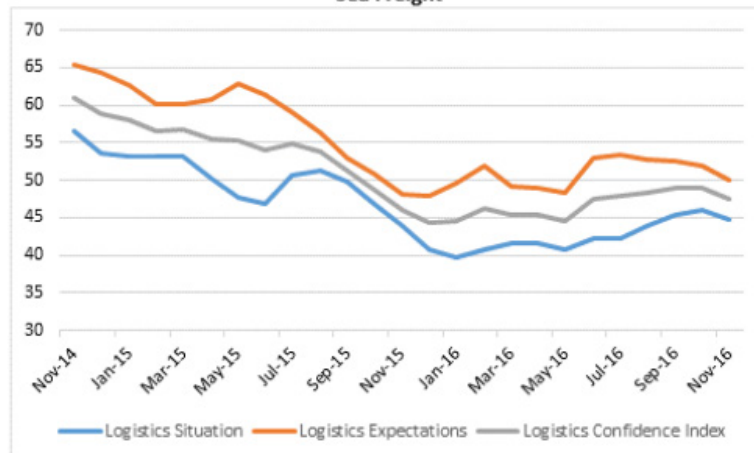
Sea Freight

The Sea Freight Index recorded an overall total of 47.4 for November 2016, having lost 1.6 points against the October result. Compared to November 2015, the Index was up by 1.3 points, however, the score was 13.6 points below that recorded in November 2014.

The Sea Freight Logistics Situation score declined by 1.3 points month-on-month, to 44.8, marking a departure from the preceding five months of consecutive increases. The Present Index score of the Europe to US lane was the sole month-on-month gainer for the entire Sea Freight Index in November, rising by 1.1 points to 46.4. In a marked contrast, Europe to Asia contracted by 3.3 points to 36.3. Asia to Europe was down by 1.4 points to 50.9, whilst US to Europe declined 1.5 points to 45.2.

Sea Freight Logistics Expectations fell by 1.9 points month-on-month, to a neutral score of 50.0. The Index was characterised by declines across all lanes, led by Europe to US, which fell by 3.6 points to 49.2. Furthermore, the US to Europe lane contracted by 2.3 points to 49.3, whilst Asia to Europe was down by 1.2 points to 53.7. Europe to Asia recorded the slightest month-on-month decline of the lanes, of 0.5 points, and totalled 47.4.

Sea Freight



One-Off Question

For this month's one-off question, we asked Index respondents whether they saw global transshipment hubs to be more or less likely to suffer from declining worldwide trade than origin or destination hubs.

Nearly half of survey participants (48.6%) stated that all hubs would suffer equally, though the second largest group, with 32.9% of the responses, argued that yes, transshipment hubs will suffer more than both origin and destination hubs. Meanwhile, 8.6% believed that origin hubs will suffer the most, whereas 5.7% believed that destination hubs would in fact take the biggest hit. The remaining 4.3% of participants chose other responses, including the view that hubs may actually experience growth.

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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