

## Economic & Market Report- Newsletter- March Edition 2014

Röhlig & Co. Holding GmbH & Co. KG. Am Weser Terminal 8, 28217 Bremen, Germany

### Macroeconomic Indicators:

#### Exchange Rates:

Currency 11 <sup>th</sup> Dec. – 11th Mar. 2014	3 Month Low	3 Month High	3 Month Average	Actual Trading Price: 12th March 2014
Euro-to-US Dollar (€1)	USD 1.3495	USD 1.3894	USD 1.3607	USD 1.3857
Euro-to-Rupee (€1)	INR 83.53	INR 86.18	INR 84.80	INR 84.80
Euro-to-Yuan (€1)	CNY 8.1770	CNY 8.5232	CNY 8.3062	CNY 8.5164
Euro-to-GBP (€1)	GBP 0.8188	GBP 0.8456	GBP 0.8285	GBP 0.8339
Euro-to-AUD (€1)	AUD 1.5016	AUD 1.5715	AUD 1.5322	AUD 1.5479
Euro-to-BRL (€1)	BRL 3.1637	BRL 3.3189	BRL 3.2416	BRL 3.2765
Euro-to-ZAR (€1)	ZAR 14.1470	ZAR 15.2836	ZAR 14.7685	ZAR 15.1075

(Source: European Central Bank: <http://www.ecb.int>)

#### Interest Rates

Country	Current Rate	Previous Rate	Last Change
Australia	2.50%	2.75%	08/2013
Brazil	10.75%	10.50%	02//2014
China	6.00%	6.31%	07/2012
European Monetary Union	0.25%	0.50%	11/2013
India	8.00%	7.75%	01/2014
South Africa	9.00%	5.00%	01//2014
United Kingdom	0.50%	1.00%	03/2009
United States	0.25%	1.00%	12/2008

(Source: <http://www.global-rates.com>)

- Oil Prices

### BRENT CRUDE APR4 LCOJ4 : Intercontinental Exchange Europe



(Source: CNBC Market Data, <http://data.cnbc.com/quotes/LCOU3/tab/2> March 11<sup>th</sup> 2014)

Crude Oil	2 Year	1 Year	3 Month	1 Month	Trading Price March 11th
	USD 124.29	USD 108.17	USD 111.48	USD 108.93	USD 108.43

- Gross Domestic Product (% year)

Country	2011	2012	2013	Q1 2014 Actual	Forecast 2014	Forecast 2015
Australia	2,10%	3,70%	2,40%	2,80%	2,80%	3,40%
Brazil	2,70%	0,90%	2,20%	1,90%	1,70%	1,20%
China	9,30%	7,70%	7,70%	7,70%	7,40%	7,70%
Euro Area	1,50%	-0,60%	-0,40%	0,50%	0,80%	1,00%
France	1,70%	0,00%	0,20%	0,00%	0,60%	1,00%
Germany	3,10%	0,90%	0,60%	1,10%	1,70%	1,50%
India	7,50%	5,10%	4,70%	4,70%	5,00%	6,20%
South Africa	3,10%	2,50%	1,80%	2,00%	1,80%	2,70%
South Korea	3,60%	2,00%	2,70%	3,90%	3,20%	3,40%
United Arab Emirates	4,20%	3,70%	4,50%	4,40%	5,10%	5,20%
United Kingdom	0,80%	0,20%	1,40%	2,70%	2,60%	2,70%
United States	1,80%	2,80%	1,90%	2,50%	2,50%	2,50%

(Sources: HSBC Global Research – Key Economic Forecast; <http://www.tradingeconomics.com> )

■ **JP Morgan Global Manufacturing Purchasing Managers Index (PMI) –February 2014**

	December	January	February	Summary, Rate of Change
<b>Global PMI</b>	53.0	53.0	53.3	Expanding, faster rate
<b>Output</b>	54.9	54.6	54.5	Expanding, slower rate
<b>New Orders</b>	54.4	54.4	54.6	Expanding, faster rate
<b>Australia</b>	47.6	46.7	48.6	Contracting, slower rate
<b>Brazil</b>	50.5	50.8	50.4	Expanding, slower rate
<b>China</b>	51.2	50.8	48.5	Contracting, change of direction
<b>Euro Area</b>	47.7	50.5	53.2	Expanding, faster rate
<b>France</b>	46.1	49.7	49.7	No-change
<b>Germany</b>	50.7	54.6	54.8	Expanding, faster rate
<b>India</b>	50.7	51.4	52.5	Expanding, faster rate
<b>United Kingdom</b>	58.8	58.3	58.2	Expanding, slower rate

(Source: Market Economics <http://www.ism.ws/ISMReport/content.cfm?ItemNumber=23>)

**Commentary: Manufacturing PMI hits 34-month high in February** The global manufacturing sector continued to make solid and steady progress in February. At 53.3, the J.P.Morgan Global Manufacturing PMI™ – a composite index<sup>1</sup> produced by JPMorgan and Markit in association with ISM and IFPSM – rose to a 34- month record, edging up from 53.0 in January. **JPMorgan Global Manufacturing PMI™** – a composite index\* produced by JPMorgan and Markit in association with ISM and IFPSM – posted 48.9, up slightly from August’s 38-month low of 48.1, but below the neutral 50.0 mark for the fourth month running. **Full Document available:** <http://www.ism.ws/files/ISMReport/JPMorgan/JPMorganMfg020314.pdf> \* The key figure for PMI is 50. A reading of 50 or higher generally indicates that the industry is expanding. If manufacturing is expanding, the general economy should be doing likewise. As such, it is considered a good indicator of future GDP levels. Many economists will adjust their GDP estimates after reading the PMI report. Another useful figure to remember is 42. An index level higher than 42%, over time, is considered the benchmark for economic (GDP) expansion. The different levels between 42 and 50 speak to the strength of that.

■ **Market Inflation Rate**

Country	2010	2011	2012	2013	Forecast Q1 2014	Forecast 2014	Forecast 2015
<b>Australia</b>	2,80%	3,40%	1,80%	2,30%	2,70%	2,70%	2,80%
<b>Brazil</b>	5,00%	6,60%	5,40%	6,20%	6,00%	6,00%	6,00%
<b>China</b>	3,30%	5,40%	2,70%	2,60%	2,50%	2,70%	3,10%
<b>Euro Area</b>	1,60%	2,70%	2,50%	1,40%	0,80%	1,00%	1,20%
<b>France</b>	1,70%	2,30%	2,20%	1,30%	0,70%	1,40%	1,50%
<b>Germany</b>	1,20%	2,50%	2,10%	1,60%	1,30%	1,70%	1,70%
<b>India</b>	10,40%	8,40%	10,20%	9,50%	9,00%	7,20%	7,80%
<b>South Africa</b>	4,30%	5,00%	5,70%	5,80%	5,70%	5,70%	5,50%
<b>South Korea</b>	3,00%	4,00%	2,20%	1,20%	1,10%	2,60%	3,00%
<b>United Arab Emirates</b>	1,80%	1,50%	0,40%	1,10%	1,40%	3,50%	5,50%
<b>United Kingdom</b>	3,30%	4,50%	2,80%	2,60%	2,00%	2,30%	2,40%
<b>United States</b>	1,60%	3,10%	2,10%	1,50%	1,50%	1,60%	1,90%

(Source: HSBC Global Research – Key Economic Forecast)

## Growth and Cycles

### Commentary: RWI/ISL Container Throughput Index: World trade continues to grow

The RWI/ISL Container Throughput Index has improved notably in January to a new record high of 120.7. It indicates the stability of the world trade upswing. However, the December value had to be revised by 2.4 points down to 117.5.

We already indicated last month that a major revision of the December value is possible because the flash forecast was based on a particularly small sample of ports. The amplitude of the revision was mostly due to some unexpectedly low values in some Chinese ports.

In January, the Chinese ports are reporting significant increases. At this time of the year, the Chinese data is to be interpreted carefully due to the Chinese New Year holidays. This also holds for the February values. Nevertheless, the January flash forecast is presumably quite robust as it is based on no less than 41 ports representing almost 70 per cent of the container handling covered by the Index.

The Index is based on data of world container ports continuously monitored by the Institute of Shipping Economics and Logistics (ISL) as part of their market analysis. With its first publication in 2014 – just as in early 2013 – the sample of ports was updated. The port of Colombo (Sri Lanka) dropped out of the sample as it stopped reporting monthly data. On the other hand, there are three new entries: the port of Casablanca (Morocco) and the Turkish ports Ambarli and Mersin. This adjustment induced some minor revisions back to 2007 without impacting on the underlying development. The enlarged Index of 75 ports continues to cover approximately 60% of worldwide container handling.

Because large parts of international merchandise trade are transported by ship, the development of port handling is a good indicator for world trade. As many ports release information about their activities only two weeks after the end of the respective month, the RWI/ISL Container Throughput Index is a reliable early indicator for the development of international merchandise trade and hence for the activity of the global economy.

### Background Information: Construction of the RWI/ISL-Container Throughput Index

The Container Throughput Index is a joint project of RWI with the Institute of Shipping Economics and Logistics (ISL). It aims at providing timely information on short term trends in international trade. The index is based on the consideration that containers have become the most important means of transporting processed products. Therefore, the global container throughput and international trade can be expected to be highly correlated.

As a part of their monthly reporting many ports publish data on container throughput expressed in twenty foot equivalent units (TEU). ISL collects these data systematically in its port database. Currently, the data base covers 72 ports providing time series of monthly figures which are long enough to be integrated into the indicator. In these ports about 60% of world container throughput is handled.

Calculating the indicator starts about 20 days after the end of each month. At that time about 25 ports have already published information about the container throughput in the latest months, which allow a flash estimate of the indicator. Data still missing are forecasted using statistical time series models. Thereafter, the data are added up and the sum is adjusted for seasonal and calendar effects.

Furthermore, the trend-cycle component of the seasonally adjusted figures is estimated to eliminate irregular influences. One month later, as a rule data on 65 ports are available.

Then an update of the figures already published is made and a new flash estimate for the latest month is released. Hitherto, the RWI/ISL-Container Throughput Index shows a close correlation with world trade. The index provides valuable input into business cycles analyses, since it is available 3 to 4 months in advance of data on world trade published by international organizations, and one month in advance of the first estimates of world trade volumes.

**Source:** <http://en.rwi-essen.de/forschung-und-beratung/wachstum-und-konjunktur/projekte/containerumschlagindex/>

# Air Freight Indicators:

## Key Points January 2014

Air freight markets started 2014 with a solid 4.5% rise in January compared to a year ago. This result is a pick-up on December, when global FTKs rose 2.2% year-on-year, and well above the growth in 2013 overall (1.4%).

The growth trend in air freight volumes continues to show improvement. In fact, the growth trend has accelerated since the start of Q4 2013. The last several months have provided a more supportive demand environment for air freight markets with improvements in business confidence and a pick-up in world trade growth. Current air freight volumes are the highest they have been since mid-2010 – when air freight grew at a double-digit annual rate.

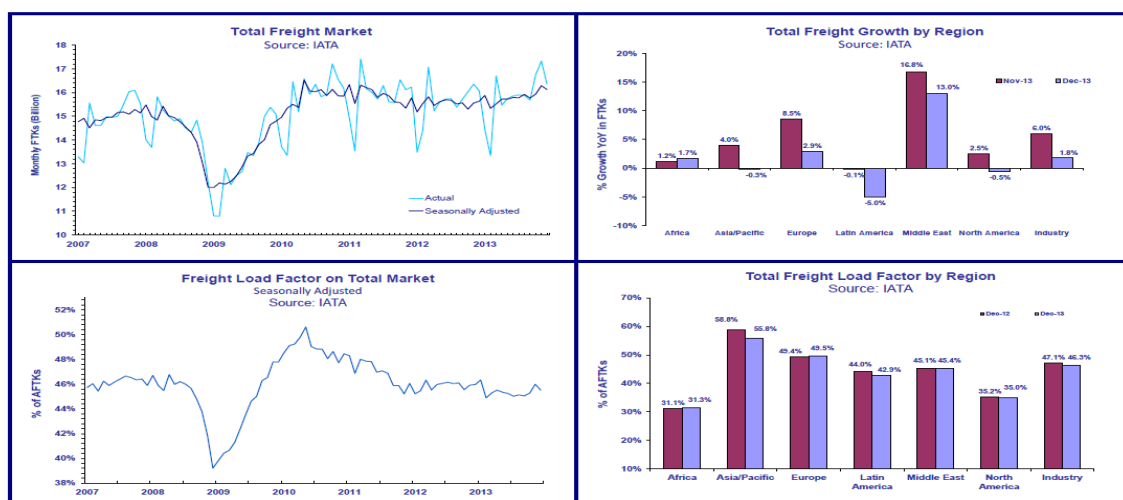
All regions recorded a rise in air freight volumes in January compared to a year ago. Middle Eastern airlines continue to record the strongest increases, up 10.7%, with regional carriers continuing to expand capacity and network reach. European carriers have been able to maintain growth momentum since the Q2 recovery in air freight demand, consistent with the region's emergence from recession, posting a 6.0% rise in FTKs in January. Importantly, Asia Pacific airlines, which carry the largest share of global air freight, started the year with a solid 3.8% increase (in contrast to the 1.0% contraction in 2013), supported by strong growth in regional trade.

Load factors have rebounded and continue to show improvement, helped by the increase in volumes. Air freight load factors have managed to recover from declines experienced during the first half of 2013 when capacity was increasing rapidly through the passenger business and are currently in line with levels a year ago, on a seasonally-adjusted basis.

The outlook for air freight is improving slowly, consistent with the cyclical pick-up in global economic growth. But the current acceleration in industrial production would typically be accompanied by a stronger rate of increase in air freight. However, world trade itself continues to expand only in line with industrial production (3-4%), not at twice the pace as had been the case in the past, which implies there has been no reversal of on-shoring trends. Looking forward, air freight demand will likely continue to grow at similar rates to industrial production and world trade – air freight's share of world trade remains stable and there is no sign at present of that share increasing.

## Traffic Growth & Load Factors & Capacity Volume

	YTD 2013 vs. YTD 2012	Jan. 2014 vs. Jan. 2013
Freight Tonne Kilometres (13.5bn)	1,4%	4,5%
Available Freight Tonne Kilometres	2,6%	5,1%
Freight Load Factor	45,3%	43,1%



## Commentary:

Air freight markets started 2014 with a solid 4.5% rise in January compared to a year ago. This result is a pick-up on December, when global FTKs rose 2.2% year-on-year, and well above the growth in 2013 overall (1.4%).

The growth trend in air freight volumes, as shown in the first chart above, continues to improve with steady increases since Q2 2013 and an acceleration in growth since the start of Q4 2013. There was a robust 1.7% increase in air freight volumes in January compared to December. Current air freight volumes are the highest they have been since mid-2010 – when air freight grew at a double-digit annual rate.

All regions recorded a rise in air freight volumes in January compared to a year ago. Middle Eastern airlines continue to record the strongest increases, up 10.7%. Carriers in the region are benefiting from better conditions in advanced economies, namely Europe, and the increased consumer demand that has resulted. Moreover, Middle Eastern carriers continue to expand capacity as well as to increase their network and the services they provide, broadening the types of commodities they can transport.

European carriers have been able to maintain growth momentum since the Q2 recovery in air freight demand, consistent with the region's emergence from recession, posting a 6.0% rise in FTKs in January. Indicators of business activity in the Eurozone (measured by JPMorgan/Markit) show the strongest rates of increase in January for the past two and a half years. Export orders, which are a leading indicator for world trade growth and demand for air freight, have been showing improvement over recent months. But trade volumes for the region have yet to show a pick-up in growth, which will be key to further improvement in air freight demand for regional carriers.

Importantly, Asia Pacific airlines, which carry the largest share of global air freight, started the year with a solid 3.8% increase (in contrast to the 1.0% contraction in 2013). Any improvement in air freight demand for regional carriers reflects the rebound in Asian trade volumes, which saw significant declines mid-year. Improving demand for Asian manufactured consumer goods in North America and Europe has helped support the rise in trade and air freight volumes for Asia Pacific carriers. On the downside, however, recent indicators of Chinese economic performance suggest that there is potential for a slowdown in early 2014. Latest indicators show weakening in China's manufacturing sector and new export orders, which does not bode well for regional trade and air freight demand.

Brazil – could dampen growth potential. Airlines in Africa, similarly, have seen downward pressure on demand from the slowdown in major regional economies, like South Africa, over recent months. In addition, there have been signs of slowing growth in regional trade volumes.

North American airlines saw the weakest rise in volumes (0.7%), restricted by a contraction in capacity. Indicators of business activity in the manufacturing sector were slightly subdued in January, but early indicators for February point to a strong rebound. If that pick-up materializes, growth in the manufacturing sector, coupled with increases in export orders could provide a stronger base for air freight demand going forward.

Source: IATA - Air Transport Market Analysis January 2014 published on [www.iata.org/economics](http://www.iata.org/economics)

# STIFEL NICOLAUS – Logistics Confidence Index

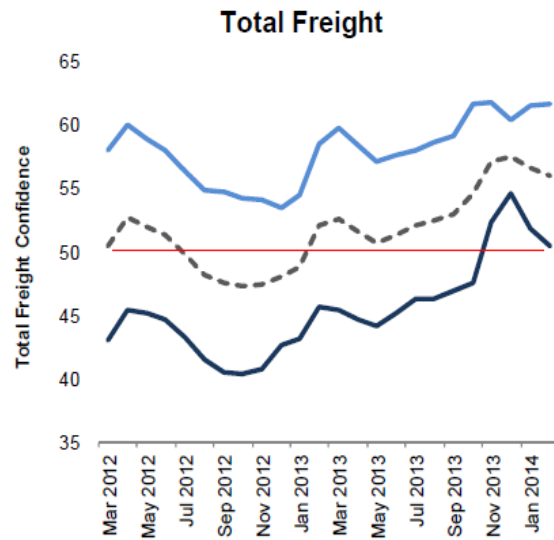
## Commentary: Overview – February 2014

While the present situation for both air and sea rated above the neutral 50 mark, both modes fell from the figures recorded in January. The month's Logistics Confidence Index also slipped for the second consecutive month.

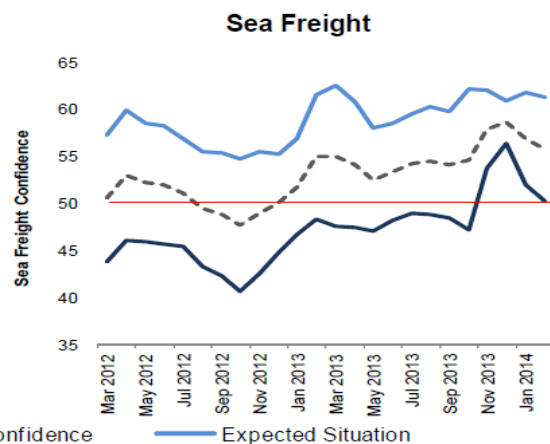
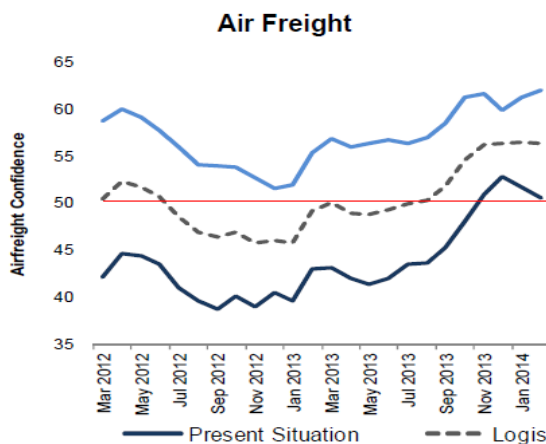
At 56.0, the Logistics Confidence Index score recorded in February was 0.6 index points lower than the mark recorded in January, although the index did remain above the 50-mark for a thirteenth consecutive month.

In terms of the present situation, the total freight index declined 1.4 points to 50.4 in February. The index for sea freight fell 1.7 points from January to 50.2. Meanwhile, the air freight index decreased 1.1 points to 50.6 for the month. For total freight, the expected situation index rose 0.1 index points to 61.6.

For February's one off question, we asked survey participants whether, with commercial belly space growing, they expected freighter capacity to shrink, grow or remain stable. Some 38% expected to see stable capacity, 23% expected growth, 24% anticipated shrinking freighter capacity with 15% unsure.



*The logistics situation index illustrates current condition faced by forwarders, while the logistics expectations index shows how the situation is expected to develop over the next six months. The logistics confidence index, an average of both the present situation and expected situation indices, expresses overall confidence in the market.*



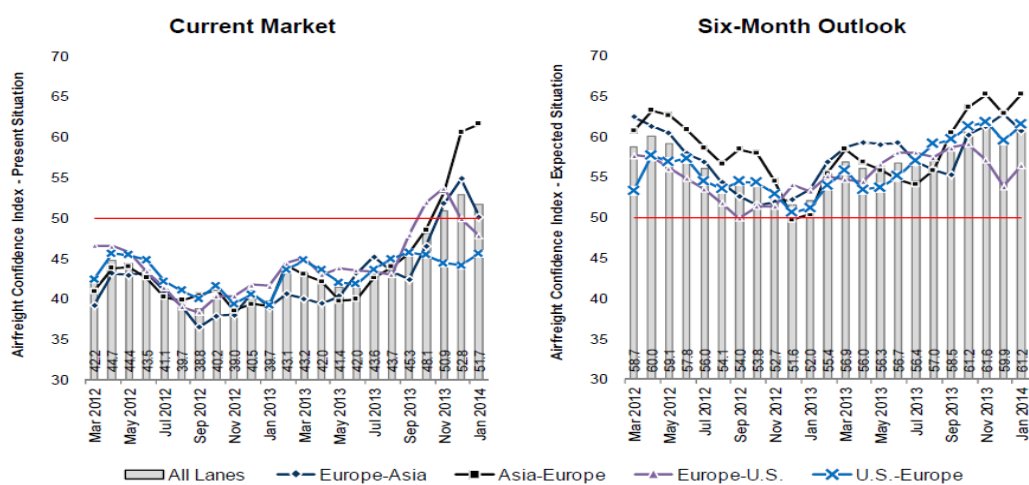
	Present Situation	Expected Situation	Confidence
<b>Mode</b>	<b>Feb 2014</b>	<b>Aug 2014</b>	<b>Average</b>
Air Freight	50.6	62.0	56.3
Sea Freight	50.2	61.2	55.7
<b>Total Freight</b>	<b>50.4</b>	<b>61.6</b>	<b>56.0</b>

## Air Freight Confidence Index

The logistics confidence index for airfreight increased slightly by 0.1 points to 56.5 in January 2014. When compared with January 2013, the index was 10.6 points higher.

In terms of the present situation, the total air index registered 51.7 for the month, compared with 52.8 in December 2013. Changes among the lanes were again mixed for the month. The U.S. to Europe lane gained 1.5 points, rising to 45.6. The Europe to Asia route fell 4.7 points to 50.1, Asia to Europe increased 1.0 index points to 61.6 and the Europe to U.S. lane declined 2.1 index points to 47.8.

Looking ahead six months, the expected situation index for total airfreight increased 1.3 points to 61.2 in January. By lane, the index for Europe to Asia declined 2.1 points to 60.7 for the month, while the Asia to Europe lane grew 2.5 points to 65.3. The Europe to U.S. lane noted a 2.7 point gain to 56.5 as the U.S. to Europe lane saw an increase of 2.0 points to 61.5. Each lane remained above 50 in January, with three seeing index scores in excess of 60 points, indicating that forwarders' continue to see reasons for optimism in the airfreight market over the next six months.



Air Freight			
Trade Lane	Jan 2014	Jul 2014	Confidence
Europe-Asia	50.1	60.7	55.4
Asia-Europe	61.6	65.3	63.5
Europe-U.S.	47.8	56.5	52.2
U.S.-Europe	45.6	61.5	53.6
<b>Total Index</b>	<b>51.7</b>	<b>61.2</b>	<b>56.5</b>

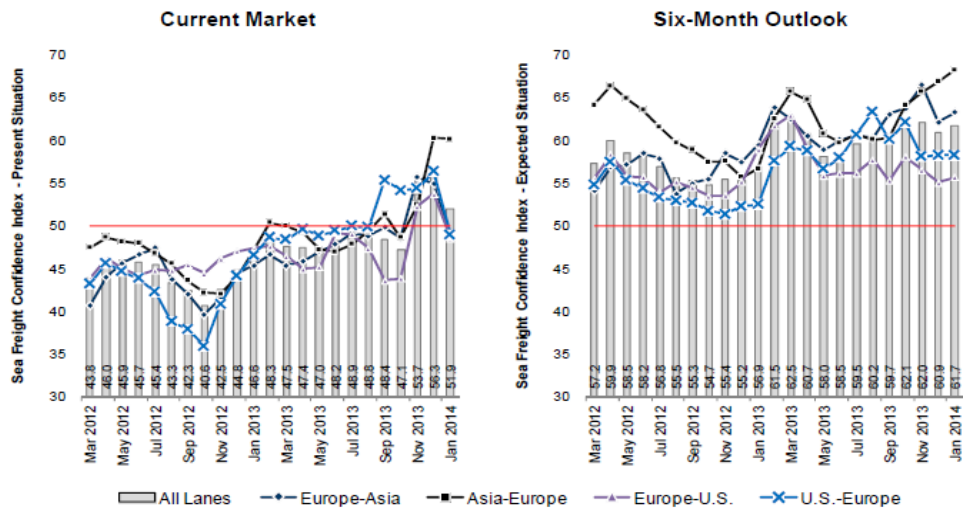
## Sea Freight Confidence Index

For sea freight, the logistics confidence index decreased 1.8 points to 56.8 in January. Compared with the same month in 2012, the index was 5.0 points higher.

For the present situation, the index noted declines across all lanes. The Asia to Europe performed best, recording a fall of just 0.1 index points to 60.1 in January, while the Europe to Asia lane fell more sharply, down 5.9 points to 48.9. The Europe to U.S. route decreased 5.2 index points to 48.5, while the U.S. to Europe lane saw a larger decrease of 7.4 points, leaving the index at 48.9 in January.

Sea forwarders were optimistic about the next six months with no lane recording a fall; the expected situation index for sea freight grew 0.8 points to 61.7 in January as a result. The Europe to Asia lane increased 1.1 points to 63.2 for the month. Forwarders on the Asia to Europe lane noted an increase of 1.4 points to 68.2. Meanwhile, the Europe to U.S. lane increased 0.6 points to 55.6, while the U.S. to Europe lane remained unchanged at 58.2.





Sea Freight			
Trade Lane	Jan 2014	Jul 2014	Confidence
Europe-Asia	48.9	63.2	56.1
Asia-Europe	60.1	68.2	64.2
Europe-U.S.	48.5	55.6	52.1
U.S.-Europe	48.9	58.2	53.6
<b>Total Index</b>	<b>51.9</b>	<b>61.7</b>	<b>56.8</b>

## Methodology

The Stifel Nicolaus Logistics Confidence Index is calculated based on responses from a monthly survey, completed by a number of logistics professionals. The survey questions participants as to volumes that they are currently experiencing, relative to the time of year, as well as how they expect volumes to develop over the next six months. The total index covers four European based trade lanes, including: • Europe to Asia • Asia to Europe • Europe to US • US to Europe

These trade lanes form four sub-indices, from which an overall index for both the air freight industry and sea freight industry is calculated. An index value of 50 indicates no change in the volumes of partaking logistics companies; above 50 indicates higher volumes, while below 50 indicates lower volumes.

## About Stifel Nicolaus

Stifel Nicolaus is the main subsidiary of Stifel Financial Corp. (NYSE: SF) and provides securities brokerage, investment banking, trading, investment advisory, and related financial services to individual investors, professional money managers, businesses, and municipalities. Stifel's Transportation & Logistics Group is one of the leading teams on Wall Street in assisting both investors and companies at better understanding the ever-changing global logistics landscape. For more information about the group or the index, please contact Bruce Chan at chanb@stifel.com or (443) 224-1386.

**Source:** Stifel Nicolaus Logistics Confidence Index January 2014 published on

[http://www.transportintelligence.com/articles\\_papers/](http://www.transportintelligence.com/articles_papers/)

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