

Röhlig Logistics GmbH & Co. KG. Am Weser-Terminal 8, 28217 Bremen, Germany
Economic & Market Report- Newsletter – December Edition 2015

▪ **Exchange Rates:**

Currency 17 th Sept.15 –17 th Dec.15	3 Month Low	3 Month High	3 Month Average	Actual Trading Price: 17th. Dec. 2015
Euro-to-US Dollar (€1)	USD 1.0579	USD 1.1439	USD 1.1004	USD 1.0855
Euro-to-Rupee (€1)	INR 70.34	INR 75.12	INR 72.45	INR 71.96
Euro-to-Yuan (€1)	CNY 6.7611	CNY 7.2674	CNY 7.0129	CNY 7.0330
Euro-to-GBP (€1)	GBP 0.6998	GBP 0.7480	GBP 0.7218	GBP 0.7276
Euro-to-AUD (€1)	AUD 1.4489	AUD 1.6147	AUD 1.5337	AUD 1.5108
Euro-to-BRL (€1)	BRL 3.9359	BRL 4.7304	BRL 4.2478	BRL 4.2137
Euro-to-ZAR (€1)	ZAR 14.8862	ZAR 17.3954	ZAR 15.3561	ZAR 16.445

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

▪ **Interest Rates**

Country	Current Rate	Previous Rate	Last Change
Australia	2.00%	2.25%	05/2015
Brazil	14.25%	13.75%	07/2015
China	4.35%	4.60%	10/2015
European Monetary Union	0.05%	0.15%	09/2014
India	6.75%	7.25%	09/2015
South Africa	6.25%	6.00%	11/2015
United Kingdom	0.50%	1.00%	03/2009
United States	0.50%	0.25%	12/2015

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

Oil Prices

Brent Crude (Feb'16) (@LCO.1:Intercontinental Exchange Europe)

* Data is delayed

37.45 USD

Last | 8:14:00 AM

▲0.06 (+0.16%)

Change

76,003

Volume

QUOTE CHART NEWS PROFILE EARNINGS PEERS FINANCIALS OWNERSHIP

Stock Summary | Options Chain



High	--	52 wk High	72.68	EPS	--	Revenue (TTM)	--
Low	--	52 wk Low	37.36	Market Cap	--	Beta	--
Volume	0.0	YTD % Change	-43.74	Shares Out	--	Dividend	--
10 Day Avg. Vol	272.9K	1 Yr % Change	-43.43	Price/Earnings	--	Yield	--

Crude Oil	2 Year	1 Year	3 Month	1 Month	Trading Price Dec.17th
	USD 111.48	USD 59.23	USD 49.89	USD 44.75	USD 37.45

(Source: CNBC Market Data, <http://data.cnbc.com/quotes/LCOU3/tab/2> Dec.17th 2015)

Gross Domestic Product (% year)

Country	2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015 Forecast	2015 Forecast	2016 Forecast	2017 Forecast
Australia	2,70%	2,70%	2,50%	2,00%	2,50%	2,40%	2,80%	3,20%
Brazil	0,90%	-0,60%	-2,60%	-3,00%	-4,50%	-2,90%	-2,30%	1,00%
China	7,30%	7,30%	7,00%	7,00%	6,90%	7,10%	7,20%	7,20%
Euro Area	0,80%	0,80%	1,20%	1,50%	1,60%	1,50%	1,40%	1,40%
France	0,41%	0,41%	0,82%	1,08%	1,20%	1,10%	1,10%	1,30%
Germany	1,20%	1,20%	1,20%	1,60%	1,80%	1,50%	1,40%	1,50%
India	8,20%	8,20%	7,50%	7,00%	7,40%	7,40%	7,80%	8,10%
South Africa	1,30%	1,60%	1,30%	1,20%	1,00%	1,40%	1,60%	1,90%
South Korea	3,20%	2,70%	0,80%	2,20%	2,70%	2,40%	2,70%	2,60%
United Arab Emirates	5,20%	5,20%	4,30%	4,30%	4,60%	3,00%	2,40%	2,90%
United Kingdom	2,60%	2,40%	2,90%	2,40%	2,30%	2,60%	2,40%	2,20%
United States	2,70%	2,40%	2,90%	2,70%	2,20%	2,50%	2,30%	2,20%

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

▪ JP Morgan Global Manufacturing Purchasing Managers Index (PMI) – Dec. 2015

	Sept.	Oct.	Nov.	Summary, Rate of Change
Global PMI	50.2	50.1	48.6	Contracting, change of direction
Output	51.8	53.1	53.7	Expanding, faster rate
New Orders	53.0	53.0	53.6	Expanding, faster rate
Australia	52.1	50.2	52.5	Expanding, faster rate
Brazil	47.0	44.1	43.8	Contracting, faster rate
China	49.9	50.0	48.3	Contracting, change of direction
Euro Area	52.0	52.3	52.8	Expanding, faster rate
France	51.9	52.7	50.6	Expanding, slower rate
Germany	54.1	54.5	52.9	Expanding, slower rate
India	51.5	52.6	50.3	Expanding, slower rate
United Kingdom	51.5	55.5	52.7	Expanding, slower rate

Source: <http://www.markiteconomic.com/Survey/Page.mvc/PressRelease>

Commentary: Global economic growth accelerates to three-month high

The rate of global economic expansion gathered further pace during November. At 53.7, the J.P.Morgan Global All-Industry Output Index^{1,2} – which is produced by J.P.Morgan and Markit in association with ISM and IFPSM rose to a three-month high and moved further away from September’s recent low.

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: <https://www.markiteconomics.com/Survey/PressRelease.mvc/5f068a9fea394b848e7b519e1f536d6f>

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.

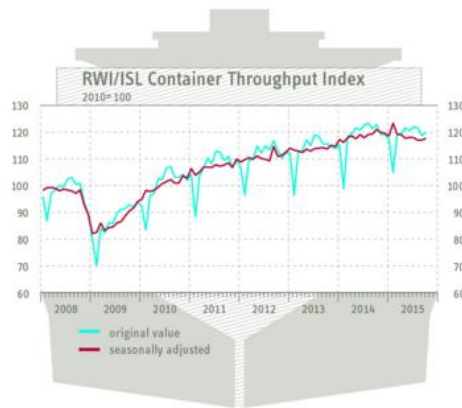
▪ Market Inflation Rate

Country	2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015 Forecast	2015 Forecast	2016 Forecast	2017 Forecast
Australia	2,50%	1,70%	1,30%	1,50%	1,50%	1,60%	2,30%	2,90%
Brazil	6,30%	8,13%	9,56%	9,93%	10,48%	8,90%	7,00%	5,50%
China	2,00%	1,40%	1,60%	1,30%	1,50%	1,40%	1,30%	1,30%
Euro Area	0,40%	-0,10%	0,10%	0,10%	0,10%	0,10%	0,80%	1,30%
France	0,60%	-0,30%	0,30%	0,10%	0,00%	0,20%	0,90%	1,10%
Germany	0,80%	0,30%	0,20%	0,30%	0,40%	0,20%	1,40%	1,40%
India	6,50%	5,37%	5,40%	5,00%	5,41%	4,80%	5,50%	5,00%
South Africa	6,10%	3,90%	4,70%	4,70%	4,80%	4,70%	6,30%	5,90%
South Korea	1,30%	0,40%	0,70%	0,90%	1,00%	0,70%	1,50%	2,60%
United Arab Emirates	2,30%	3,60%	4,20%	4,30%	3,70%	4,00%	3,80%	2,60%
United Kingdom	1,40%	0,30%	0,00%	-0,10%	0,10%	0,00%	1,00%	1,70%
United States	1,60%	-0,10%	0,10%	0,20%	0,50%	0,10%	1,50%	2,10%

(Source: HSBC Global Research – Key Economic Forecast)

Commentary: RWI/ISL-Container Throughput-Index: World Trade Gradually Increasing

During October, the Container Throughput Index of RWI and ISL improved slightly. From a (revised) 117.3, the index climbed to 117.9. It remains to be seen whether this will hold up as an indicator for an increase in the dynamic of world trade. Gradual improvements during singular months have also been observed during previous downturns without implying a turnaround of the demand development.



The current flash estimate for October is based on 47 ports, representing roughly 77 % of the container handling included in the index. The flash estimate for September has been revised up by 0.1 points.

The index is based on data of 81 world container ports covering approximately 60% of worldwide container handling. The ports are continuously monitored by the ISL as part of their market analysis. 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 75 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 publish 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.

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 October 2015

Air freight volumes in October were 0.5% higher compared to October 2014, but this was due to weakness in the year ago period, as freight tonne kilometers actually declined compared to September 2015, which had seen a small increase over the prior month. The decline was largely driven by the performance of European carriers, whose recent positive growth trend reversed in October. Indicators of business confidence and trade to/from the region suggest there will be modest growth ahead for the group, however.

The first chart below shows the growth trend in air freight volumes and world trade. The downward trend in FTKs we have seen throughout much of the year appeared to have eased in Q3 with a small increase in volumes, mostly due to better conditions in advanced economies. This slight upward trend did not continue in October, with FTKs contracting by 0.4% compared to September, but volumes are still above the mid-year lows.

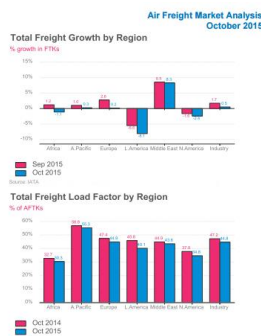
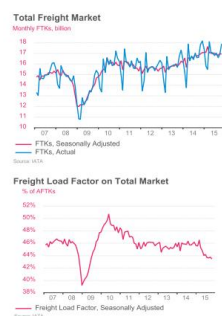
Carriers in all major regions were off to a weak start in Q4. European airlines recorded a rise of just 0.2% in October year-on-year. But the better performance seen in recent past months is expected to continue with improvements in Eurozone manufacturing and export orders likely to support air freight demand. Airlines in Asia Pacific, which carry the greatest share of global air cargo, continue to experience weakness. Asia Pacific carriers recorded an increase of just 0.3% in October. Conditions in the region remain fragile with China and other key export economies, including Korea and Chinese Taipei, continuing to see disappointing trade growth. Asia Pacific carriers recorded an increase of just 0.3% in September. Conditions in the region remain fragile with China and other key export economies, including Korea and Chinese Taipei, continuing to see disappointing trade growth.

Load factors fell further in October, below 44% on a seasonally adjusted basis, which is a level not seen since 2009. In addition to recent weakness in cargo demand, there has been continued capacity expansion, mostly from growth in the passenger business, and this has placed downward pressure on cargo load factors.

The outlook for air freight and world trade remains very fragile with continued weakness in key regions like Asia Pacific. That said, indicators in the Eurozone are looking better and globally, exports orders have improved. This suggests that improvements in some regions could prevent further declines in air cargo demand in the months ahead.

■ Traffic Growth & Load Factors & Capacity Volume

	YTD 2015 vs. YTD 2014	Oct. 2015 vs .Oct. 2014
Freight Tonne Kilometres (13.5bn)	2,6%	0,5%
Available Freight Tonne Kilometres	5,8%	5,7%
Freight Load Factor	44,0%	44,8%



Commentary :

In the first half of 2015, declines in world trade reflected weaker than expected global economic growth as well as focal shifts in some economies. Global economic growth weakened owing to slower growth in a number of emerging economies, including China, Brazil and Argentina. The sluggish demand backdrop has been compounded by China's shift in focus toward its domestic market as well as the USA's support of its own manufacturing sector.

Air cargo markets have broadly followed the trend in world trade. And this includes more recent developments, which show that the downward trend in world trade volumes appears to have paused. This had helped contain further weakness in air freight markets in Q3.

But the start of Q4 was marked by weakness in all major regions. Carriers in Europe recorded a rise of 0.2% in October, year-on-year. That said, the better performance seen in recent months is expected to continue with improvements in Eurozone manufacturing and export orders likely to support air freight demand. Improvement in trade activity to/from Central and Eastern Europe should also help the air freight businesses of local carriers.

Airlines in Asia Pacific, which carry the greatest share of global air cargo, continue to experience weakness. Asia Pacific carriers recorded an increase of just 0.5% in October. Although early H2 data show that declines in trade to/from Emerging Asia appear to have bottomed out, or at least paused, conditions in the region remain fragile. China and other key export economies, including South Korea and Chinese Taipei, continue to record disappointing trade growth. On a positive note, however, there was a large spike in export orders for China in October. Typically, this would indicate an acceleration in exports in the coming 2-3 months, and would likely reflect better demand in regions like the Eurozone.

Carriers in North America recorded a decline in FTKs of 2.4% in October year-on-year. Airlines in this region have experienced a significant decline in FTK volumes since the boost from modal shift due to seaport congestion earlier in the year. Recent month-to-month results suggest that weakness in volumes so far this year may be coming to a halt. However, when looking at the most recent manufacturing and export order readings, they have fallen back into contractionary territory. This does not bode well for trade to/from the region in the near-term and for air cargo demand on North American carriers.

Continued growth in air freight carried by Middle Eastern airlines, up 8.3% in October year-on-year, has helped offset weakness in other regions. Major economies in the Middle East, including Saudi Arabia and the United Arab Emirates, have seen slowdowns in non-oil sectors (Markit), but the rates of growth remain robust and this should help sustain solid growth in air freight demand for local carriers.

In Latin America, the region's carriers recorded a big fall of 8.1% in October. With economic and political conditions in key economy Brazil worsening, regional trade activity has been very volatile over recent months. That said, air freight demand on carriers in this region has shown little correlation with trade to/from the region. Rather, it has mirrored the weakening consumer sentiment in the key economies.

African airlines, carrying a small part of worldwide FTKs, recorded a fall in FTKs of 1.1% in October year-on-year. From the perspective of demand drivers, major economies Nigeria and South Africa underperformed during parts of 2015, however, regional trade activity is holding up, which should support demand for air transport of goods.

Source: IATA - Air Transport Market Analysis Oct. 2015 published on www.iata.org/economic

STIFEL NICOLAUS – Logistics Confidence Index

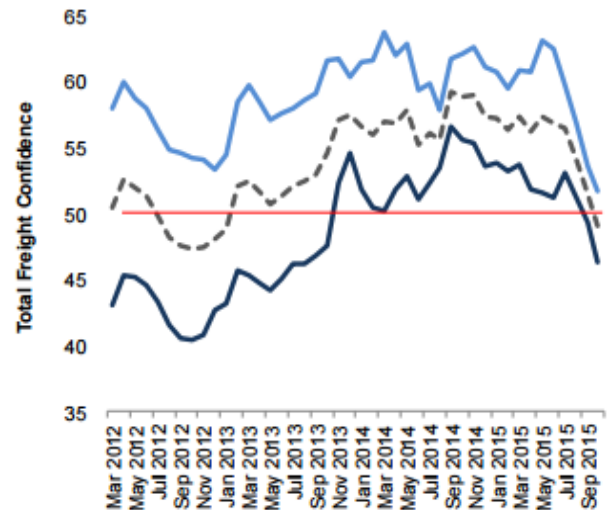
Commentary: Overview October 2015

October marked a significant low for freight forwarding confidence, with the overall index falling below the 50 point mark for the first time since January 2013. The overall Index fell 2.5 points sequentially, 9.9 points below October 2014, and 6.1 points versus October 2013.

The overall airfreight index fell 2.4 points to 49.2 for the current month. The present situation declined 3.2 points and the expected situation lost 1.5 points. The overall sea freight index slipped 2.5 points to 48.9. The present situation dropped 2.9 points and the expected situation was down 2.1 points for the month.

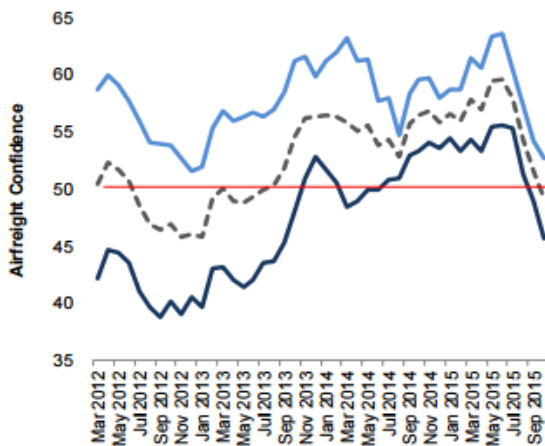
The October one-off question was based around the impact of currency movements upon the re-shoring or near-shoring of manufacturing. Participants were asked whether the decline in the Euro versus other world currencies has made near-shoring or re-shoring more attractive. Whilst 36% of respondents believed it has, the largest response group was “unsure”, at 40% of the sample. The remaining 24% thought that that the Euro’s decline did not make re-shoring or nearshoring more attractive.

Total Freight

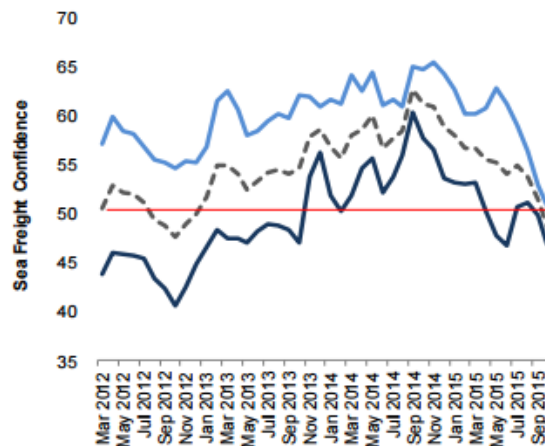


The logistics situation index illustrates current condition faced by forwarders, while the logistics expectations index shows how the situation is expected to develop over the next six months. The logistics confidence index, an average of both the present situation and expected situation indices, expresses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

Air Freight



Sea Freight



— Present Situation - - - Logistics Confidence — Expected Situation

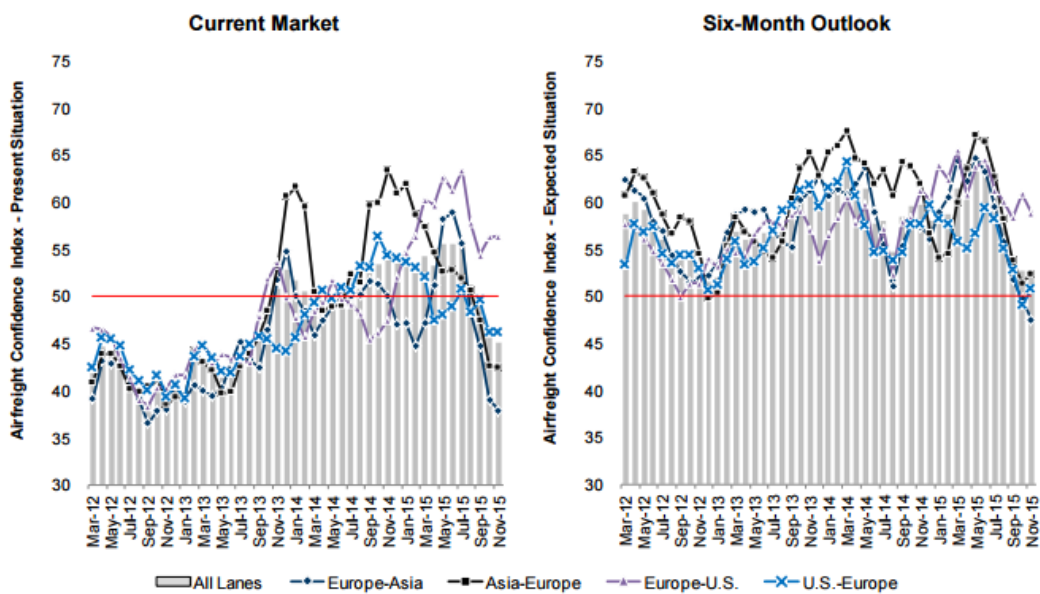
Mode	Present Situation	Expected Situation	Confidence
	Oct 2015	Apr 2016	Average
Air Freight	45.7	52.7	49.2
Sea Freight	46.9	50.8	48.9
Total Freight	46.3	51.8	49.0

Air Freight Confidence Index

The total air freight Logistics Confidence Index decreased 0.3 points to 48.9 in November 2015. Compared with November 2014, the Index is 8.1 points worse, while it is also 7.4 points lower than November 2013.

In terms of the present situation, the air freight Index fell by 0.3 points to 45.4. Only one lane noted a gain this month Europe to U.S., which was up by 0.1 points to 56.4. In recent months, strength in the U.S. dollar versus other major world currencies has been a big driver of the relative resilience in lane volumes, in our view. In terms of the other lanes, U.S. to Europe remained unchanged from October at 46.1, whilst Asia to Europe and Europe to Asia both fell, declining 0.2 points to 42.4 and 1.1 points to 37.9, respectively.

For the six month outlook, the expected situation Index for total air freight also decreased slightly, by 0.4 points to 52.3. Trade lane performance was split. U.S. to Europe and Asia to Europe both saw gains, up 1.7 points to 50.7 and 1.0 points to 52.4, respectively, suggesting modest improvement as we near 2H16. By contrast, however, Europe to Asia and Europe to U.S. ticked down, by 2.2 points to 47.5 and 2.1 points to 58.8, respectively. We note that on an absolute basis, sentiment on the Europe to U.S. lane remains high, despite a slight decline from last month.



Air Freight			
Trade Lane	Nov 2015	May 2016	Confidence
Europe-Asia	37.9	47.5	42.7
Asia-Europe	42.4	52.4	47.4
Europe-U.S.	56.4	58.8	57.6
U.S.-Europe	46.1	50.7	48.4
Total Index	45.1	52.3	48.7

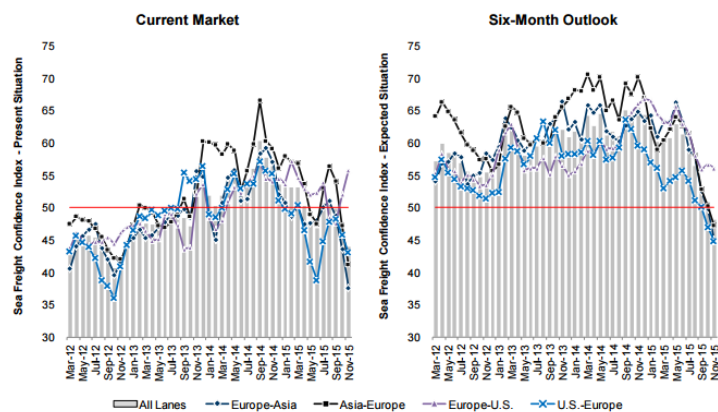
Sea Freight Confidence Index

For sea freight, the Logistics Confidence Index fell 2.8 points to 46.1. Compared with the same month in 2014, the Index is 15.0 points lower, and it is also 11.8 points lower than in November 2013. In fact, November's results were the weakest ever recorded in the three-and-a-half year history of the index.

For the present situation, the Index fell 2.9 points to 44.0. All lanes noted declines in November, with the exception, again, of Europe to U.S., which rose by 3.8 points to 55.8 for the month. Asia to Europe and Europe to Asia both fell by 6.0 points, standing at 41.1 and 37.6, respectively. U.S. to Europe fell by 2.8 points to 43.0.

The expected situation Index for sea freight decreased 2.7 points to 48.1. Unlike the present situation Index, all lanes saw declines here.

The most significant of these was recorded in Europe to Asia, which fell by 4.8 to 45.0. Next was Asia to Europe, which dropped 3.1 points to 47.1, followed by U.S. to Europe, which was down 2.1 points to 44.8. Europe to U.S. saw a slight decrease, of 0.6 points to reach 56.1 for the month this is currently the only lane that remains in expansion territory.



Trade Lane	Sea Freight		
	Nov 2015	May 2016	Confidence
Europe-Asia	37.6	45.0	41.3
Asia-Europe	41.1	47.1	44.1
Europe-U.S.	55.8	56.1	56.0
U.S.-Europe	43.0	44.8	43.9
Total Index	44.0	48.1	46.1

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.

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Source: http://www.transportintelligence.com/articles_papers/

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