

▪ Exchange Rates:

Currency Sept 17 –15 th Dec.17	3 Month Low	3 Month High	3 Month Average	Actual Trading Price: 15 th Dec.2017
Euro-to-US Dollar (€1)	USD 1.1562	USD 1.2007	USD 1.1778	USD 1.1791
Euro-to-Rupee (€1)	INR 74.95	INR 77.50	INR 76.41	INR 75.60
Euro-to-Yuan (€1)	CNY 7.6750	CNY 7.8948	CNY 7.7983	CNY 7.7838
Euro-to-GBP (€1)	GBP 0.8752	GBP 0.9023	GBP 0.8866	GBP 0,8842
Euro-to-AUD (€1)	AUD 1.4891	AUD 1.5693	AUD 1.5260	AUD 1.5372
Euro-to-BRL (€1)	BRL 3.6772	BRL 3.9529	BRL 3.7932	BRL 3.9065
Euro-to-ZAR (€1)	ZAR 15.7169	ZAR 17.0212	ZAR 16.2060	ZAR 15.8668

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

▪ Interest Rates

Country	Current Rate	Previous Rate	Last Change
Australia	1.50%	1.75%	08/2016
Brazil	7.50%	8.25%	10/2017
China	4.35%	4.60%	10/2015
European Monetary Union	0.00%	0.05%	03/2016
India	6.00%	6.25%	08/2017
South Africa	6.75%	7.00%	07/2017
United Kingdom	0.50%	0.25%	11/2017
United States	1.25%	1.00%	06/2017

(Source: <http://de.global-rates.com/zinssatze/zentralbanken/zentralbanken.aspx>)

Oil Prices

ICE Brent Crude (Feb'18) (@LCO.1:Intercontinental Exchange Europe)

+ WATCHLIST

*Data is delayed | USD

Last | 2:15:05 PM BST

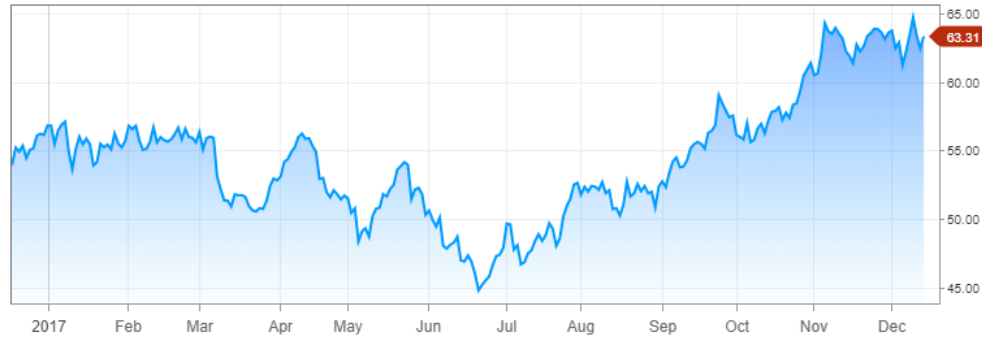
Volume

63.31 UNCH (0)

84,874

1D 5D 1M 3M 6M YTD 1Y 5Y ALL

+ Comparison 1D Display Studies +



SUMMARY NEWS

KEY STATS

Day High	63.68	Day Low	63.19	10D Avg Vol	332,270.6
YTD % Chg	8.02	1 Year % Chg	11.89	Exp Date	2017-12-28
Open Interest	336,444				

Crude Oil	2 Year	1 Year	3 Month	1 Month	Trading Price Dec. 15th.
	USD 37.45	USD 54.35	USD 55.54	USD 62.06	USD 63.27

(Source: CNBC Market Data, <https://www.cnbc.com/quotes/?symbol=%40LCO.1> Dec..15th 2017)

Gross Domestic Product (% year)

Country	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017 Forecast	2018 Forecast	2020 Forecast
Australia	3,00%	3,10%	3,10%	3,10%	1,90%	1,70%	1,80%	1,80%	2,50%	2,90%
Brazil	-5,90%	-5,40%	-3,60%	-3,60%	-2,90%	-0,40%	0,40%	1,40%	0,80%	1,90%
China	6,80%	6,70%	6,70%	6,70%	6,80%	6,90%	6,90%	6,80%	6,50%	5,80%
Euro Area	1,60%	1,70%	1,60%	1,70%	1,90%	2,10%	2,40%	2,50%	2,30%	2,00%
France	1,30%	1,40%	1,10%	1,30%	1,20%	1,10%	1,80%	2,20%	1,90%	2,20%
Germany	2,10%	1,50%	3,10%	3,10%	1,50%	2,00%	2,30%	2,80%	2,00%	2,30%
India	7,30%	7,90%	7,30%	7,10%	7,40%	7,00%	5,70%	6,30%	6,70%	5,70%
South Africa	0,60%	-0,01%	-0,10%	0,70%	0,70%	1,00%	1,30%	0,80%	0,80%	2,60%
South Korea	3,10%	2,80%	3,30%	3,30%	2,40%	2,90%	2,70%	3,80%	2,90%	3,00%
United Arab Emirates	4,60%	4,60%	4,00%	4,00%	4,00%	3,40%	3,40%	3,00%	3,10%	4,30%
United Kingdom	2,10%	2,00%	2,10%	2,00%	1,90%	2,00%	1,50%	1,50%	1,60%	1,90%
United States	2,00%	1,60%	1,30%	1,30%	1,70%	2,00%	2,20%	2,30%	2,30%	2,60%

(Sources: HSBC Global Research – Key Economic Forecast
<http://www.tradingeconomics.com/country-list/gdp-annual-growth-rate>)

▪ **JP Morgan Global Manufacturing Purchasing Managers Index (PMI) - Nov. 2017**

	Sept.	Oct.	Nov.	Summary, Rate of Change
Global PMI	53.3	53.5	54.0	Expanding, faster rate
Output	53.9	53.7	54.9	Expanding, faster rate
New Orders	53.8	54.2	55.1	Expanding, faster rate
Australia	54.2	51.1	57.3	Expanding, faster rate
Brazil	50.9	51.2	53.5	Expanding, faster rate
China	51.0	51.0	50.8	Expanding, slower rate
Euro Area	58.1	58.5	60.1	Expanding, faster rate
France	56.1	56.1	57.7	Expanding, faster rate
Germany	60.6	60.6	62.5	Expanding, faster rate
India	51.2	50.3	52.6	Expanding, faster rate
United Kingdom	55.9	56.6	58.2	Expanding, faster rate

(Source: <https://www.markiteconomics.com/Survey/PressRelease.mvc/d08ae544b3af4eadb78fdcf60bb527f1>)

Global manufacturing growth accelerates to 80-month high

November saw the upturn in the global manufacturing sector strengthen, with rates of expansion in output, new orders and employment all hitting multi-year highs. Price pressures remained elevated, however, with input costs and output charges rising at accelerated and above long run average rates..

Full Document available: <https://www.markiteconomics.com/Survey/PressRelease.mvc/d08ae544b3af4eadb78fdcf60bb527f1>

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.

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**

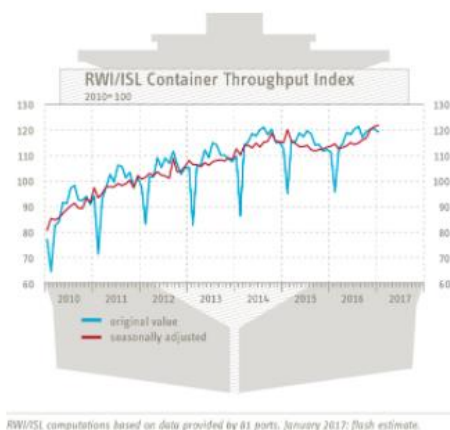
Country	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017 Forecast	2018 Forecast	2020 Forecast
Australia	1,70%	1,30%	1,30%	1,30%	1,50%	2,10%	1,90%	1,80%	2,20%	2,40%
Brazil	9,28%	8,84%	8,97%	5,35%	4,76%	2,71%	2,54%	2,74%	3,00%	5,00%
China	2,30%	1,80%	1,80%	2,50%	0,90%	1,50%	1,60%	1,90%	2,10%	3,70%
Euro Area	-0,20%	0,20%	0,20%	1,80%	2,00%	1,30%	1,80%	1,70%	1,90%	2,10%
France	-0,20%	0,20%	0,20%	1,30%	1,10%	0,70%	1,10%	1,20%	1,70%	2,30%
Germany	-0,10%	0,40%	0,40%	1,90%	1,60%	1,70%	1,60%	1,80%	2,10%	2,40%
India	4,83%	5,77%	6,07%	3,41%	3,65%	1,54%	3,28%	3,58%	4,20%	4,80%
South Africa	6,30%	6,03%	6,00%	6,80%	6,30%	5,10%	5,10%	4,80%	5,00%	5,10%
South Korea	1,00%	0,70%	0,40%	2,00%	2,20%	2,20%	1,80%	1,30%	2,30%	2,80%
United Arab Emirates	1,43%	1,76%	1,76%	1,20%	2,70%	1,90%	1,15%	2,10%	3,30%	3,40%
United Kingdom	0,50%	0,50%	0,60%	1,60%	2,30%	2,60%	3,00%	3,00%	2,80%	2,20%
United States	0,90%	1,00%	0,80%	2,10%	2,70%	1,60%	2,20%	2,00%	2,30%	2,50%

(Source: <https://tradingeconomics.com/country-list/inflation-rate>)

RWI/ISL-Container Throughput Index: No trend reversal yet despite decline

The Container Throughput Index of the RWI – Leibniz Institute for Economic Research and the Institute of Shipping Economics and Logistics (ISL) experienced a fall in October 2017 when it dropped from 129,7 to 128,3 index points. For the September value of the index which marks the current all-time high no revision was necessary. The decline might be interpreted as a counter-reaction to the extraordinary gain of the index in the previous month. As of today any conclusion of a trend reversal in world trade would be too early.

The index is based on data continuously collected from world container ports by ISL as part of its market monitoring. 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. Together, the 82 ports covered in the index account for about six out of ten containers handled worldwide. The flash-estimate for October is based on data reported by 39 ports, accounting for close to 75% of the total index volume.



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.

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/presse/mitteilung/299/>

Air Freight Indicators:

■ Airfreight Market Analysis

Air freight volume growth makes a robust start to Q4

- Global freight tonne kilometres (FTK) rose by 5.9% year-on-year in October – the first month of the traditional strong period for demand seen every Q4. Industry-wide FTK growth remains well above its five and ten-year average rates.
- Reports from the industry indicate that freight demand has been very strong in November too, amid tight supply conditions. However, our data continue to suggest that the current FTK growth cycle peaked earlier this year.
- International FTK growth slowed in year-on-year terms in all regions in October with the exception of Africa.
- Year-on-year capacity growth lagged behind that of demand in October for the 15th month in a row.

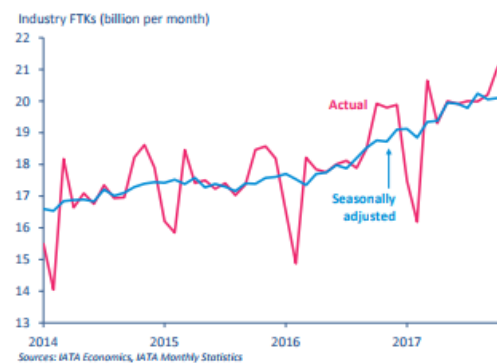
A robust start to Q4 for FTK growth...

Industry-wide freight tonne kilometres grew by 5.9% year-on-year in October – the first month of the traditional period of strong demand seen every Q4.

.As has consistently been the case over the past year or so, the latest growth rate was some way above its five and ten year average rates (4.6% and 3.2%, respectively). Moreover, reports from the industry indicate that demand and yield conditions have been very strong in November too. All told, air freight volumes remain on course for their strongest year of growth since the post-crisis rebound in 2010.

More generally, the upward trend in SA cargo volumes has clearly eased over the past six months or so. (See Chart 1.)

Chart 1 – FTK levels



The FTK growth cycle may have peaked...

As we have argued for some time, the passing of the cyclical growth peak has been well signaled by industry drivers, particularly the new export orders component of the global Purchasing Managers' Index (PMI).

To be clear, this indicator remains well above the notional 50-mark that indicates growing export order books, which is consistent with further increases in global trade volumes. However, as Chart 2 shows, the fact that the PMI component is currently trending broadly sideways is consistent with the moderation in FTK growth that we are currently seeing.

Chart 2 – FTK growth vs. global new export orders



Air freight market overview - October 2017

	World	October 2017 (% year-on-year)				% year-to-date			
	share ¹	FTK	AFTK	FLF (%-pt) ²	FLF (level) ³	FTK	AFTK	FLF (%-pt) ²	FLF (level) ³
TOTAL MARKET	100.0%	5.9%	3.7%	1.0%	46.9%	9.7%	3.8%	2.4%	44.6%
International	86.7%	6.0%	3.6%	1.1%	51.2%	10.6%	4.0%	2.9%	48.6%

¹% of industry FTKs in 2016 ²Year-on-year change in load factor ³Load factor level

FTK growth rates from those seen over the past year or so. The inventory-to-sales ratio for the US fell sharply during 2016 as the restocking cycle gathered pace, but it has now tracked sideways since the end of last year. Unless we see a further downward leg in the ratio, this too is consistent with the ongoing moderation in year-on-year FTK growth into 2018.

...but the upward trend in freight volumes is expected to continue into 2018

Notwithstanding these developments, going into next year the cyclical drivers of freight demand appear relatively supportive of continued increases in freight volumes. In fact, factors such as the long-awaited pickup in investment in Europe, as well as reports of strong growth in international e-commerce flows look set to help underpin freight demand in the near term.

As history shows, it is not unusual for freight volumes to continue to rise even after the peak of the growth cycle. Indeed, periods in which freight volumes have fallen typically only occur alongside wider shocks to global economic and trade conditions, such as that seen following the dot-com boom in the early-2000s and after the global financial crisis..

In the absence of such a global shock, it seems reasonable to expect that air freight volumes will build on a very strong 2017 with another year of solid growth in 2018. Although unlikely to repeat the particularly strong growth performance of this year, a growth rate broadly in line with, or a little above, the five-year average pace across 2018 as a whole would still be a robust outcome.

Chart 3 – FTK growth vs. inventory-to-sales ratio



Capacity and demand trending upwards together

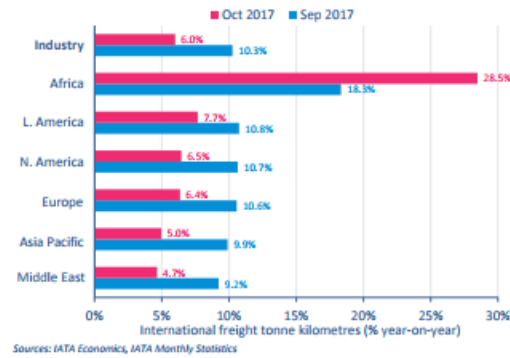
Available freight tonne kilometres (AFTKs) grew by 3.7% year-on-year in October, with the industry-wide load factor coming in 1.0 percentage point higher than a year ago.

The SA upward trend in demand outstripped that of capacity during most of 2016 and early-2017. Industry anecdotes indicate ongoing tight supply conditions during the current strong period of demand. However, having slowed in recent months, demand over the past six months or so has been rising at a broadly similar rate to capacity.

Int'l FTK growth slowed in all regions except Africa

International FTKs grew by 6.0% year-on-year in October, down from 10.3% in September. (See Chart 4.) This was the slowest pace since August 2016. All regions saw a deceleration in year-on-year growth except Africa, which topped the international FTK growth chart for the 12th month in a row.

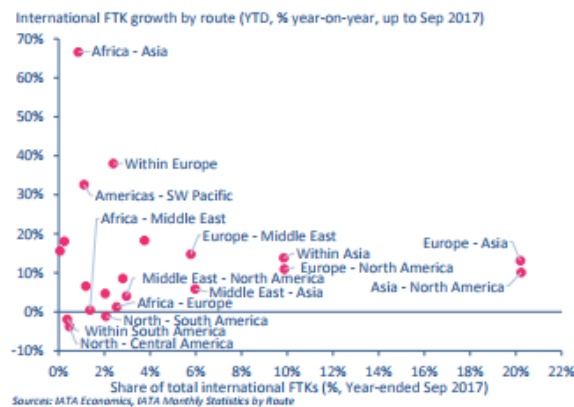
Chart 4 – International FTK growth by airline region of registration



African airlines' continue to set the pace...

At 28.5% in October, annual growth in international FTKs flown by African airlines was more than three times its five-year average pace (9.4%). The recent pick-up in African airlines' freight volumes has been helped by a strong upward trend in freight traffic between Africa and Asia; although still a comparatively small market, FTKs flown on the segment have surged by more around 67% in the first nine months of the year. (See Chart 5.)

Chart 5 – International FTK growth by route (% year-to-date, segment basis)



...followed by Latin America

Meanwhile, airlines based in Latin America flew 7.7% more international FTKs in October 2017 compared to a year ago. The recent improvement in demand conditions for the region's carriers has come alongside a corresponding pick-up in the continent's largest economy, Brazil. Given the difficulties seen in the region in recent years, the current pace of growth is nearly nine times its five-year average (0.9%). FTKs are now back to SA levels last seen in late-2014.

Strong growth, albeit flat trend, in North America

International FTKs flown by North American airlines increased by 6.5% year-on-year in October. This was a slowdown from 10.7% in September, but was still some way ahead of the five-year average pace (4.3%). That said, the current strength in the year-on-year growth rate mainly reflects increases seen during Q2; in fact, volumes in SA terms have trended broadly sideways since May.

The comparative strength of the US economy and dollar over recent years has helped to support inbound air freight volumes to the US: the latest data from the US Census Bureau show that US import volumes by air grew by 11.6% year-on-year in the first nine months of 2017, compared to a slower 6.5% rise in exports.

Robust growth for European airlines

European airlines once again saw a similar-sized increase in year-on-year freight traffic as their North American counterparts (6.4%). This was a marked slowdown from 10.6% in September, and around one third of the peak pace seen earlier this year. Nonetheless, October's growth rate was still above the five-year average for the series (4.9%).

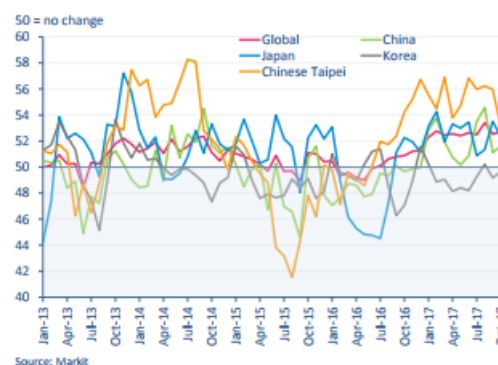
Manufacturing exporters in the region have continued to shrug off headwinds from a strong euro; export order books are still growing at their fastest pace in more than seven years. FTK growth on the biggest market segments to/from Asia and across the Atlantic remains robust (8.6% and 8.1%). Activity on the former market has been boosted by increased trade stemming from economic stimulus measures adopted by China; although FTK volumes on the segment have tracked sideways over the past six months or so, they have held on to the strong gains seen in 2016 and early 2017. By contrast, the upward trend in freight volumes across the Atlantic remains very strong.

Ongoing solid trend for Asia Pacific airlines

Air freight is a key part of business models for carriers based in Asia Pacific. (The region's airlines fly nearly 40% of all international FTKs.) The broad upward trend in freight volumes remains robust, with FTKs now around 3% higher than the peak reached in the postcrisis rebound in 2010. However, following two small month-on-month declines in FTKs in recent months, the 5.0% year-on-year growth seen in October was the slowest since January.

The upward trend in air freight volumes in Asia Pacific over the past year or so has been set against a favorable backdrop of buoyant export order books for the region's manufacturers. (See Chart 6.) Manufacturers in the major exporting nations of China and Japan, in particular, have continued to report rising demand for their exports, helped by a pick-up in economic activity in Europe.

Chart 6 – Selected new export orders components of manufacturing PMI indices in the Asia Pacific region



Middle East posts the slowest growth again

Middle Eastern airlines' international FTK growth slowed to 4.7% year-on-year in October, from 9.2% in the previous month. This was the third time in five months that the Middle East posted the slowest growth of all the regions.

That said, and as we have noted before, the recent volatility in the year-on-year growth rate has mainly reflected developments last year rather than a marked change in the current traffic trend. Indeed, SA FTKs flown by Middle Eastern carriers has continued to trend upwards at an annualized rate of 8-10% over the past six months. At the same time, the region's carriers have slowed the upward trend in capacity, which has helped to lift the regional load factor.

Source: IATA-Air Transport Market Analysis Oct. 2017 published on:

<http://www.iata.org/publications/economics/Reports/freight-monthly-analysis/freight-analysis-oct-2017.pdf>.

Ti Logistics Confidence Index Quarterly

LCI Declines in July as Sea Freight Growth Seen Moderating

Ti's Logistics Confidence Index declined in July, though at 54.7 the Index remains comfortably in expansion territory.

The decline was driven by expectations that sea freight growth will moderate going forward.

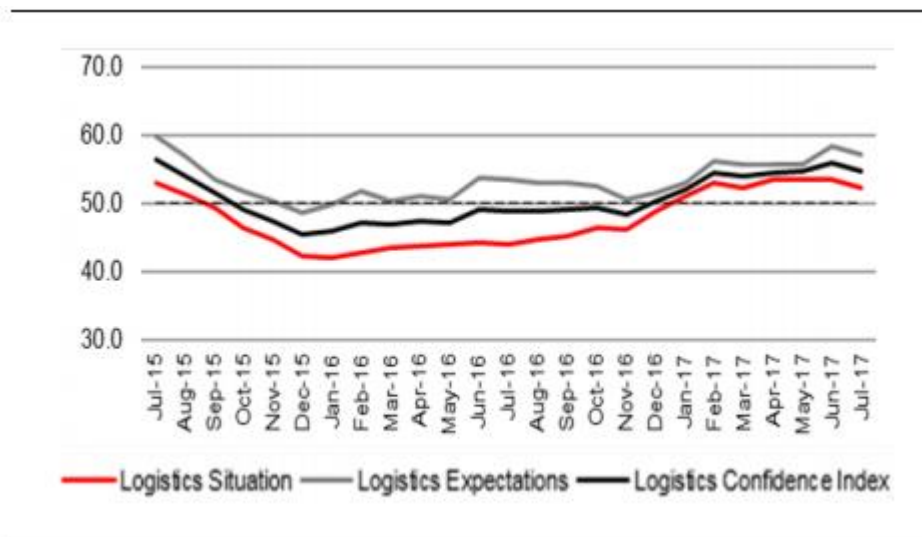
The Air Freight Expectation component rose in July.

Ti Logistics Confidence Index – July 2017

	Present Situation	Expected Situation	Logistics Confidence
Air Freight	53.3	59.8	56.6
Sea Freight	51.3	54.4	52.9
Total	52.3	57.1	54.7

Source: Ti. All data are 3MMA, based on three months of survey data, 146 responses

Ti Logistics Confidence Index



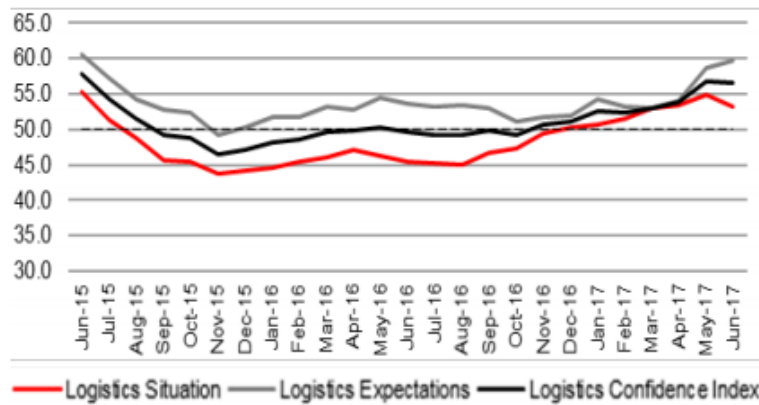
The Ti Logistics Confidence Index (LCI) surveys air and sea freight market participants on volume conditions of Europe-based trade lanes.

In July, the overall Logistics Confidence Index fell to 54.7 from 55.9 in June. Despite the moderation, the index remains comfortably in expansion territory, above the neutral mark of 50.

The decline was driven by a decline in the expectations component of the sea freight index, relating to expectations that growth in volumes will moderate going forward.

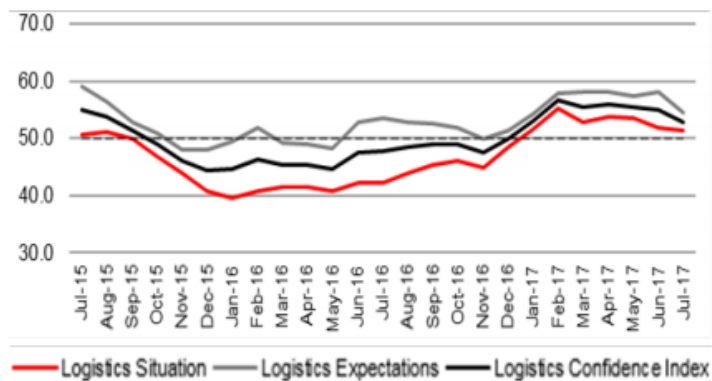
Recent reports suggest sustained if slowing growth for the rest of 2017 for North European ports. Q3 and Q4 import volumes are predicted to grow by 2.1% and 4.6% YoY respectively, while for exports year-on-year growth over the same period is predicted at 5.0% and 2.9% respectively.

Ti Logistics Confidence Index – Air Freight



The Air Freight Index registered a month-on month decline of 0.3 points to 56.6 for July 2017. Whilst this score reflected a year on-year improvement of 7.0 points, it stood 1.4 points below the July 2015 total.

Ti Logistics Confidence Index – Sea Freight



The Sea Freight Logistics Confidence Index recorded an overall score of 52.9, having decreased by 2.0 points against the previous month's score. The result was 5.0 points greater than the score registered in July 2016, but 2.0 points lower than that recorded in July 2015. The decline was primarily due to the Expectations Index falling by 3.6 points to 54.4.

What is Ti's Logistics Confidence Index (LCI)?

Ti's LCI surveys air and sea freight market participants (mainly forwarders and shippers) on volume conditions. Referring to Europe-based trade lanes, the survey asks respondents whether their volumes are higher, lower or as expected in the current month (Present Situation Index), and whether they expect volumes to increase, decrease or be the same in six months' time (Expected Situation Index). The LCI is an average of the Present and Expected indices.:

Specifically, the trade lanes covered are:

- Europe to Asia
- Asia to Europe
- Europe to U.S.
- U.S. 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

Source: <http://www.ti-insight.com/whitepapers/logistics-quarterly-september>

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