

Market Report- Newsletter- March Edition 2014

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

Exchange Rates:

Currency 12 th Mar. – 13th Jun. 2014	3 Month Low	3 Month High	3 Month Average	Actual Trading Price: 13th Jun 2014
Euro-to-US Dollar (€1)	USD 1.3528	USD 1.3953	USD 1.3759	USD 1.3571
Euro-to-Rupee (€1)	INR 79.74	INR 85.29	INR 82.47	INR 80.86
Euro-to-Yuan (€1)	CNY 8.4127	CNY 8.6891	CNY 8.5659	CNY 8.4246
Euro-to-GBP (€1)	GBP 0.8039	GBP 0.8383	GBP 0.8217	GBP 0.7992
Euro-to-AUD (€1)	AUD 1.4383	AUD 1.5382	AUD 1.4837	AUD 1.4418
Euro-to-BRL (€1)	BRL 3.0194	BRL 3.2849	BRL 3.0975	BRL 3.0283
Euro-to-ZAR (€1)	ZAR 14.1090	ZAR 15.055	ZAR 14.5399	ZAR 14.5700

(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	11.00%	10.75%	04//2014
China	6.00%	6.31%	07/2012
European Monetary Union	0.15%	0.25%	06/2014
India	8.00%	7.75%	01/2014
South Africa	5.50%	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 JUL4 LCON4 : Intercontinental Exchange Europe



(Source: CNBC Market Data, <http://data.cnbc.com/quotes/LCOU3/tab/2> June 12th 2014)

Crude Oil	2 Year	1 Year	3 Month	1 Month	Trading Price June 12th
	USD 100.26	USD 103.99	USD 108.43	USD 109.67	USD 111.19

Gross Domestic Product (% year)

Country	2011	2012	2013	Q1 2014	Q2 2014 Forecast	Forecast 2014	Forecast 2015
Australia	2,10%	3,70%	2,40%	2,30%	3,50%	2,80%	3,20%
Brazil	2,70%	0,90%	2,30%	2,20%	1,90%	1,70%	1,20%
China	9,30%	7,70%	7,70%	7,70%	7,40%	7,40%	7,70%
Euro Area	1,50%	-0,60%	-0,40%	0,50%	0,90%	0,90%	1,10%
France	1,70%	0,00%	0,30%	0,80%	0,80%	0,60%	1,00%
Germany	3,10%	0,90%	0,50%	1,30%	2,50%	1,70%	1,70%
India	7,50%	5,10%	4,60%	4,70%	4,60%	5,00%	6,20%
South Africa	3,10%	2,50%	1,90%	2,00%	1,60%	1,80%	2,70%
South Korea	3,60%	2,00%	3,00%	3,70%	3,90%	3,20%	3,40%
United Arab Emirates	4,20%	3,70%	4,50%	3,90%	4,40%	5,00%	5,00%
United Kingdom	0,80%	0,20%	1,40%	2,70%	3,10%	3,10%	2,50%
United States	1,80%	2,80%	1,90%	2,60%	2,00%	2,30%	2,50%

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

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

	March	April	May	Summary, Rate of Change
Global PMI	52.4	51.9	52.2	Expanding, faster rate
Output	53.4	52.9	53.5	Expanding, faster rate
New Orders	52.2	52.6	53.1	Expanding, faster rate
Australia	47.9	44.8	49.2	Contracting, slower rate
Brazil	50.6	49.3	48.8	Contracting, faster rate
China	49.3	48.1	49.4	Contracting, slower rate
Euro Area	53.0	53.4	52.2	Expanding, slower rate
France	52.1	51.2	49.6	Contracting, change of direction
Germany	53.0	54.1	52.3	Expanding, slower rate
India	51.3	49.5	50.7	Expanding, change of direction
United Kingdom	55.3	58.7	58.6	Expanding, slower rate

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

Commentary: Global manufacturing growth ticks higher in May May data signaled a further expansion of the global manufacturing sector, taking the current sequence of growth to one-and-a-half years. This was highlighted by the J.P.Morgan Global Manufacturing PMI™ – a composite index¹ produced by JPMorgan and Markit in association with ISM and IFPSM – posting 52.2, ticking higher from April's six-month low of 51.9.

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/ISMReport/content.cfm?ItemNumber=23> 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	2011	2012	2013	Q1 2014	Q2 2014 Forecast	Forecast 2014	Forecast 2015
Australia	3,40%	1,80%	2,40%	2,70%	2,90%	2,80%	2,80%
Brazil	6,60%	5,40%	6,20%	6,10%	6,20%	6,00%	6,20%
China	5,40%	2,70%	2,60%	2,40%	1,80%	2,50%	3,10%
Euro Area	2,70%	2,50%	1,30%	0,70%	0,50%	0,80%	1,00%
France	2,30%	2,20%	1,00%	0,60%	0,70%	1,20%	1,50%
Germany	2,50%	2,10%	1,60%	1,30%	0,90%	1,20%	1,60%
India	8,40%	10,20%	9,40%	8,30%	8,60%	7,40%	8,00%
South Africa	5,00%	5,70%	5,80%	6,00%	6,10%	6,20%	5,50%
South Korea	4,00%	2,20%	1,30%	1,50%	1,70%	2,40%	3,30%
United Arab Emirates	1,50%	0,40%	1,10%	1,80%	2,10%	3,50%	5,50%
United Kingdom	4,50%	2,80%	2,50%	1,60%	1,80%	1,70%	2,00%
United States	3,10%	2,10%	1,50%	1,50%	2,00%	1,60%	1,80%

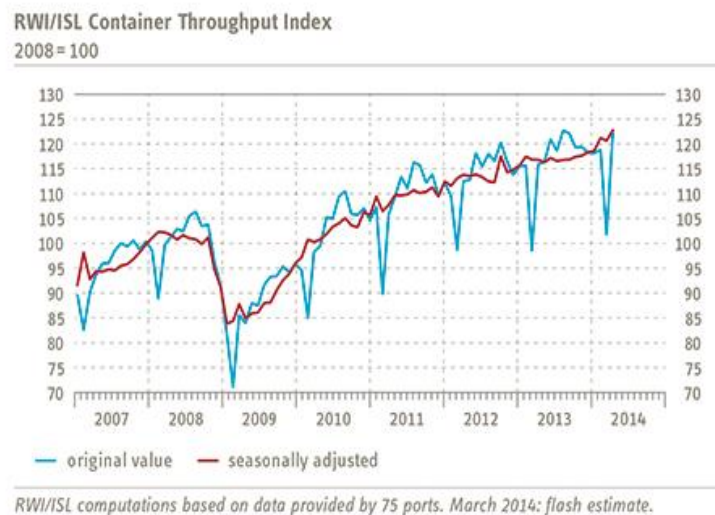
(Source: HSBC Global Research – Key Economic Forecast)

Commentary: RWI/ISL Container Throughput Index: Upward trend in global trade continues

Based on the recent high level, the Container Throughput Index of the Rheinisch-Westfälisches Institut für Wirtschaftsforschung (RWI) and the Institute of Shipping Economics and Logistics (ISL) has again slightly improved in April. It climbed from (corrected) 122.3 to 122.5 points. Thus, the observed upward trend in global trade since fall 2013 appears to be continued.

Compared to the flash estimate issued a month ago, the data for March were only corrected by 0.3 points downwards, so that the revision goes down less than the long-term average. The flash estimate for April based on data from 33 ports only covers around 50% of container throughput shown in the index. Since data for some large ports in China are missing, larger revisions are still possible.

The Index is based on data of 75 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 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 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/forschung-und-beratung/wachstum-und-konjunktur/projekte/containerumschlagindex/>

Air Freight Indicators:

■ Key Points April 2014

Air freight markets rose 3.2% in April compared to the same month a year ago. This is a slowdown on March, when air freight volumes were up 6.2% year-on-year. Although growth compared to a year ago remains solid, the rates of increase have started to slow, in line with developments in demand drivers.

Even after adjusting for impacts of Easter, air freight volumes (first chart below) moderated in April, dipping 1.1% compared to March. Although levels are still in a range not seen since early 2011, FTKs are slightly below January, which means there has been no rise in volumes so far this year.

In the second half of 2013, acceleration in air freight demand was supported by improvements in the business environment, which included a pick-up in world trade growth. During more recent months, however, data show weakening in business activity measures and a pause in trade volume expansion, which is consistent with the flattening in the air freight growth trend.

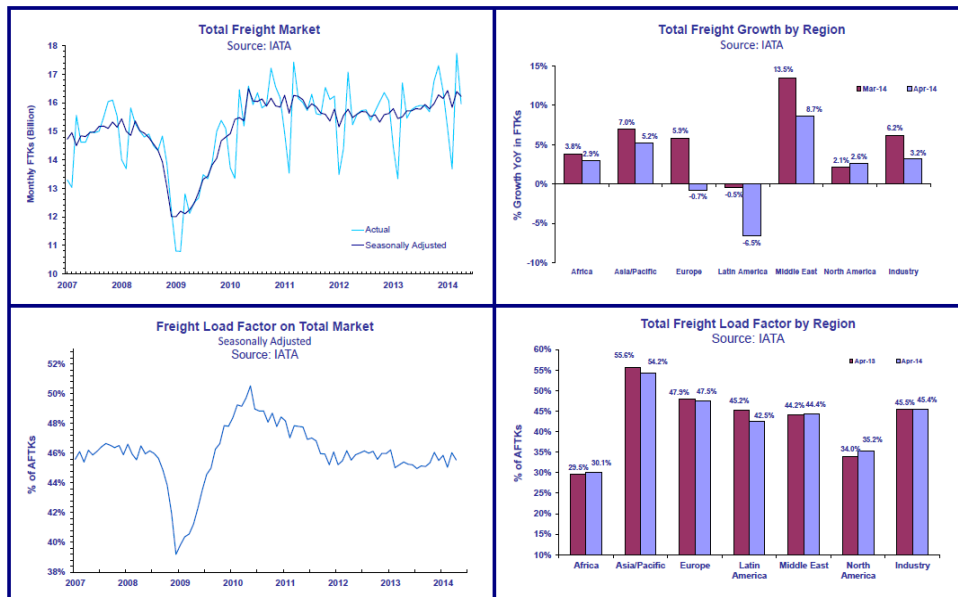
The regional results show Asia Pacific carriers recording a solid 5.2% increase in FTKs in April compared to a year ago. But the month-to-month comparisons show a decline this April compared to March, suggesting the year-on-year result is likely due to weaker volumes a year ago rather than current growth. Looking ahead, continued weakness in Chinese manufacturing activity remains a downside risk for regional economic performance, which ultimately would impact trade growth and air freight demand for local carriers. Airlines in Latin America and Europe recorded contraction in FTKs year-on-year, 6.5% and 0.7%, respectively. This is likely the impact of a slowdown in prior improvements in regional trade activity.

Load factors slipped slightly in April, with capacity staying flat despite the moderation in demand. The recent past has shown that despite relatively stronger air freight demand, continued increases in capacity through the passenger business have restricted load factor increases, which remain at a low 46%.

Latest data show that prior improvements in the demand environment are experiencing some reversal. Largely as a result of further slowdown in the emerging markets, mostly China, indicators of business confidence slipped further in April. Levels still point toward growth, but at the weakest pace for the past 5 months. World trade growth has also slowed over recent months. However, momentum in advanced economies remains intact, and export orders still point to expansion, which should support further growth in air freight markets in months ahead.

■ Traffic Growth & Load Factors & Capacity Volume

	YTD 2014 vs. YTD 2013	Apr. 2014 vs. Apr. 2013
Freight Tonne Kilometres (13.5bn)	4,2%	3,2%
Available Freight Tonne Kilometres	3,7%	3,3%
Freight Load Factor	45,5%	45,4%



Commentary

The regional results show Asia Pacific carriers recording a solid 5.2% increase in FTKe in April compared to a year ago. But that rise is likely a result of a particularly weak April 2013, because the month-to-month comparisons show a decline this April compared to March. Looking ahead, continued weakness in Chinese manufacturing activity remains a downside risk for regional economic performance, which ultimately would impact trade growth and air freight demand for local carriers. In fact, the latest data indicate that April was the fourth month of decline in China's manufacturing sector, which could lead to a further slowdown in GDP growth in Q2 (growth in Q1 was 7.4%, down on Q4 2014 expansion of 7.7%). Moreover, there are also some early signs of sluggishness in Emerging Asia trade volumes – after acceleration toward the end of 2013, export volumes have been in continuous decline throughout 2014.

Airlines in Latin America and Europe recorded contraction in FTKe year-on-year of 6.5% and 0.7%, respectively. This is likely the impact of a slowdown in prior improvements in regional trade activity. In the Eurozone, economic activity continues to improve slowly, but economic growth in Q1 2014 came in at 0.2%, below expectations of 0.4%. Indicators of business activity and economic growth suggest that the second quarter of 2014 will be stronger than the start of the year, which in turn suggests an improvement in the demand backdrop for air freighted goods.

Air freight for North American carriers rose by a relatively slow 2.6% in April, but this is still an improvement on March (2.1%). The first quarter had seen weakness in trade volumes, potentially impacted by severe weather conditions. Latest data show a rebound in trade volumes and underlying growth trends in business activity are positive, which could support stronger growth in trade and air freight demand ahead.

African carriers experienced a 2.9% rise in FTKe in April compared to a year ago. Growth in the first 4 months of 2014 is down to 1.3%. Carriers in the region have seen downward pressure on demand from the slowdown in major regional economies, like South Africa, as well as political unrest in other parts of the continent.

Carriers in the Middle East continue to see the highest rates of growth among regions, rising 8.7% in April year-on-year. Airlines in the region are benefiting from better conditions in advanced economies, but trade activity with emerging markets continues to provide a strong base for growth, with various goods passing through the Middle East hubs to Asia and Africa, for example. As a result, 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.

Source: IATA - Air Transport Market Analysis May 2014 published on www.iata.org/economics

STIFEL NICOLAUS – Logistics Confidence Index

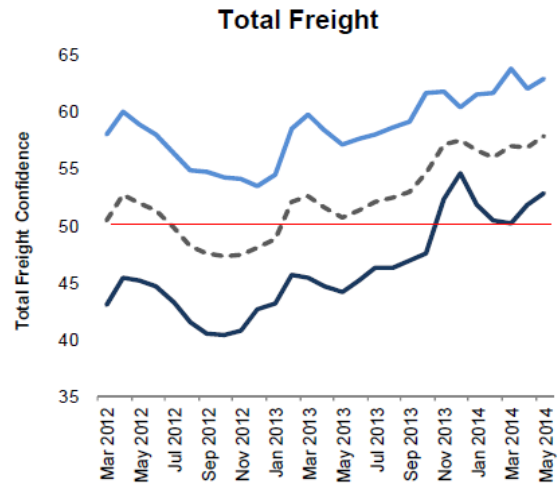
Commentary: Overview –May 2014

The overall present situation noted increases for both sea and air. Expectations also grew for both modes, resulting in a rising overall Logistics Confidence Index score for May 2014.

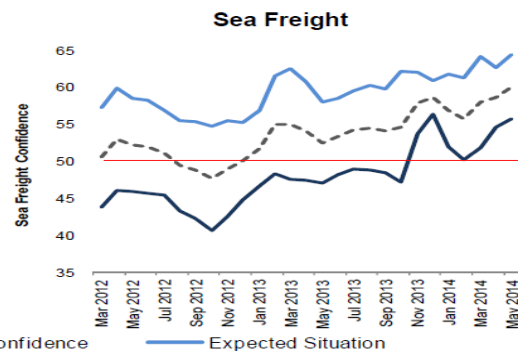
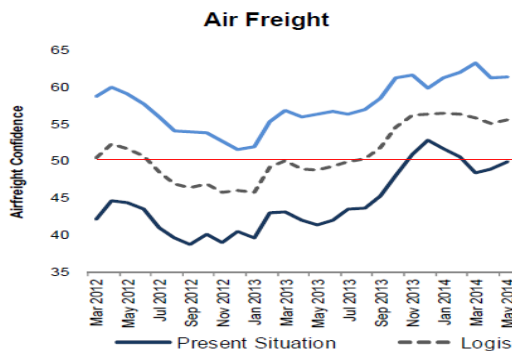
At 57.9, the Logistics Confidence Index score recorded in May was 1.0 index points higher than the score recorded in April. The index remained above the 50-mark for a sixteenth consecutive month.

In terms of the present situation, the total freight index increased 1.0 points to 52.8 in May. The index for sea freight increased 1.1 points from April to 55.7. Meanwhile, the air freight index increased 0.9 points to 49.9 for the month. For total freight, the expected situation index also grew 0.9 index points to 62.9..

For May's one off question, we asked survey participants whether they ship airfreight, sea freight or both; 66% responded with 'both', while 20% ship sea freight and 14% airfreight only. When asked whether the average size of airfreight shipments were declining, 38% said yes, while 53% were not seeing declines. The remaining 9% saw no change.



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.



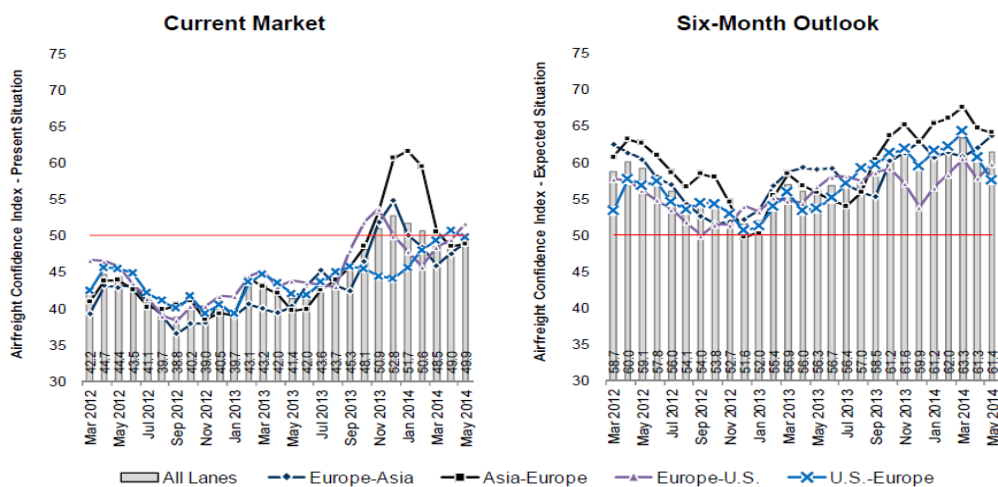
	Present Situation	Expected Situation	Confidence
Mode	May 2014	Nov 2014	Average
Air Freight	49.9	61.4	55.7
Sea Freight	55.7	64.4	60.1
Total Freight	52.8	62.9	57.9

Air Freight Confidence Index

The logistics confidence index for air freight increased for the first time in four months, climbing 0.5 points to 55.7 in May 2014. Compared with May 2013, the index is 6.8 points higher.

In terms of the present situation, the total air index registered 49.9 for the month, compared with 49.0 in April. All lanes noted increases except US to Europe which declined 0.9 points to 49.7. The Europe to US route increased 2.3 points to 51.7, Asia to Europe increased 0.4 points to 48.9 while Europe to Asia increased 1.5 points to 49.0.

Looking ahead six months, the expected situation index for total air freight increased 0.1 points to 61.4 in May. The trade lanes saw mixed fortunes for the month. Europe to Asia noted an increase of 1.7 points to 63.7, while the Europe to US lane also grew, up 2.0 points to 59.8. The two remaining lanes declined, however. The Asia to Europe lane declined 0.6 points to 64.1, while the US to Europe lane fell 3.1 points to 57.5. Overall, the six month outlook remains positive.



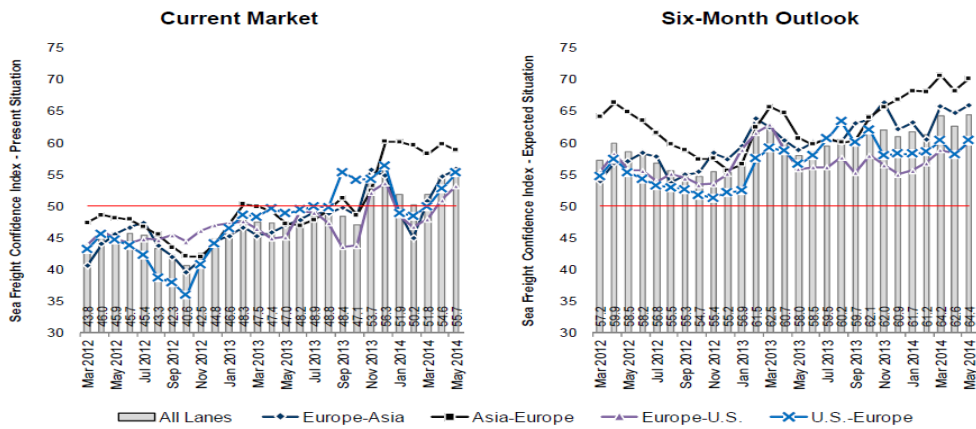
Air Freight			
Trade Lane	May 2014	Nov 2014	Confidence
Europe-Asia	49.0	63.7	56.4
Asia-Europe	48.9	64.1	56.5
Europe-U.S.	51.7	59.8	55.8
U.S.-Europe	49.7	57.5	53.6
Total Index	49.9	61.4	55.7

Sea Freight Confidence Index

For sea freight, the logistics confidence index increased 1.5 points to 60.1 in May. Compared with the same month in 2013, the index was 7.6 points higher.

Sea forwarders showed positivity in May as the expected situation index for seafreight grew 1.8 points to 64.4, with all lanes reporting increases.

The Europe to Asia lane gained 1.2 points to 65.9 for the month while the Asia to Europe noted an increase of 1.9 points to 70.1. Meanwhile, the Europe to US lane grew 1.6 points to 60.0, and the US to Europe lane was 2.2 points higher at 60.3.



Sea Freight			
Trade Lane	May 2014	Nov 2014	Confidence
Europe-Asia	55.8	65.9	60.9
Asia-Europe	58.8	70.1	64.5
Europe-U.S.	53.2	60.0	56.6
U.S.-Europe	55.2	60.3	57.8
Total Index	55.7	64.4	60.1

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.

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

Disclaimer:

This document is for information purposes only and does not take account of the specific circumstances of any recipient.

Röhlig will not assume any liability, guarantee or warranty with regard to accuracy, completeness or suitability of the data.

Röhlig does not accept any responsibility or liability whatsoever for any expense, loss or damages arising out of or in any way connected with the use of all or any part of this document.

Röhlig may provide hyperlinks to websites of entities mentioned in this document, however the inclusion of a link does not imply that Röhlig endorses, recommends or approves any material on the linked page or accessible from it. Röhlig does not accept responsibility whatsoever for any such material, nor for any consequences of its use.

This document is for the use of the addressees only and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any purpose.