



Ti Talks Global Logistics & Trade with Absolute Strategy Research

28th March 2017 3pm



Key Themes

- Latest logistics data and implications for global trade
 - Results of Ti's March Logistics Confidence Index
 - Will technology disrupt air and sea freight over the next five years?
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Presenters



Zahra Ward-Murphy, Global Equity Strategist is a macro-strategist, covering global macro and equity strategy themes. She also covers logistics, trade and China. Before joining ASR, Zahra worked as a global economist at Dresdner Kleinwort, and previously as an FX analyst at both Dresdner Kleinwort and BNP Paribas. She is a CFA charterholder.

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David Buckby, Economist, manages one of Ti's core strengths, that of quantitative analysis of a range of logistics markets, including sizing and forecasting. Over a number of years he has conducted market sizing studies on freight forwarding, contract logistics, European road freight transport, express & parcels and e-commerce logistics. He contributes to Ti's Logistics Briefing service and is regularly cited by industry media.

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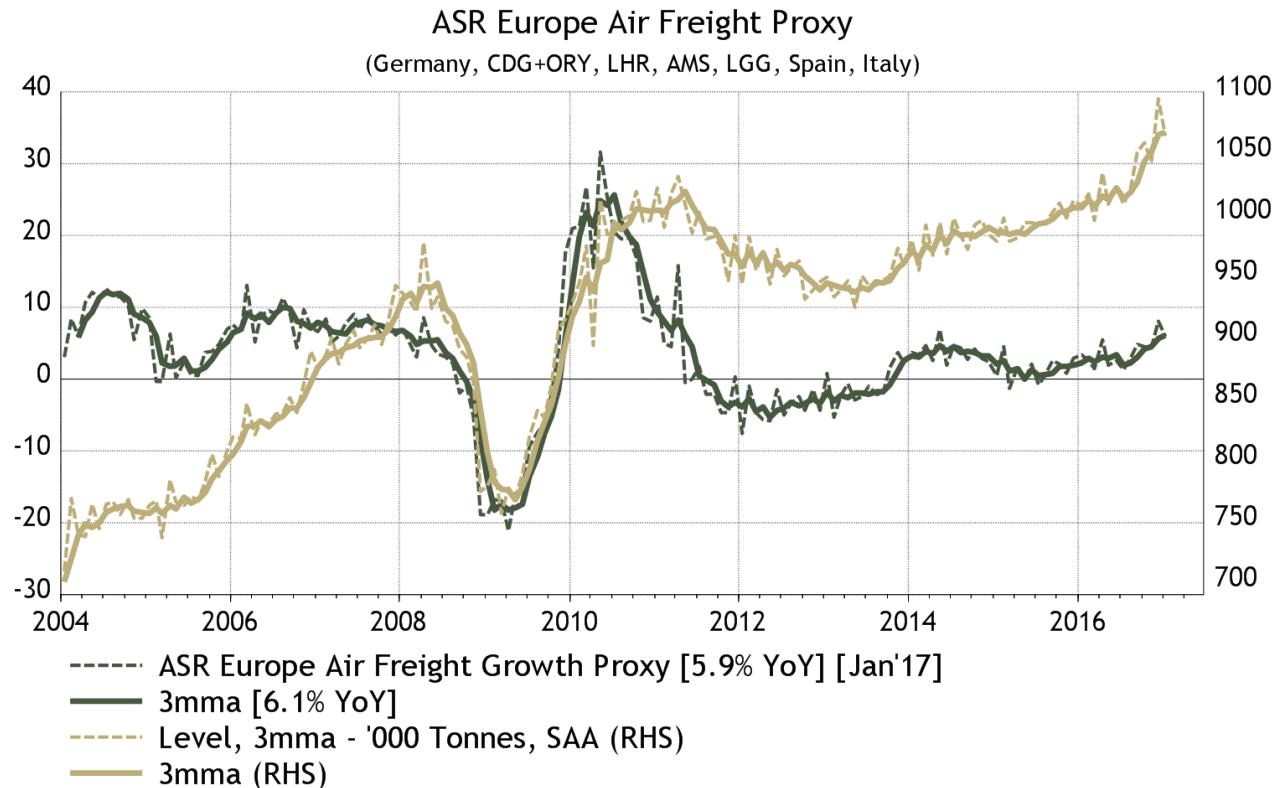


Near-term outlook for trade growth remains encouraging

- Comprehensive global trade series (incl. commodities) picked-up to 3.4% YoY in January. This is the best growth rates for two years.
 - More timely logistics indicators, for air and sea container freight, are hard to read given shifting Chinese New Year timing.
 - February growth is biased down by last year's Leap Year.
 - Looking through all this, however, growth momentum and the outlook for trade in coming months continues to look encouraging.
 - Asia Air Freight averaged 8% YoY growth in Jan-Feb; Asia shipping averaged 5% YoY.
 - US inbound containers fell but the NRF are expecting double-digit growth in Mar/Apr.
 - Near-term demand for imports to Asia is stronger than expected.
 - Long-term rebalancing of trade between Asia and Europe.
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ASR Europe Air Freight Proxy





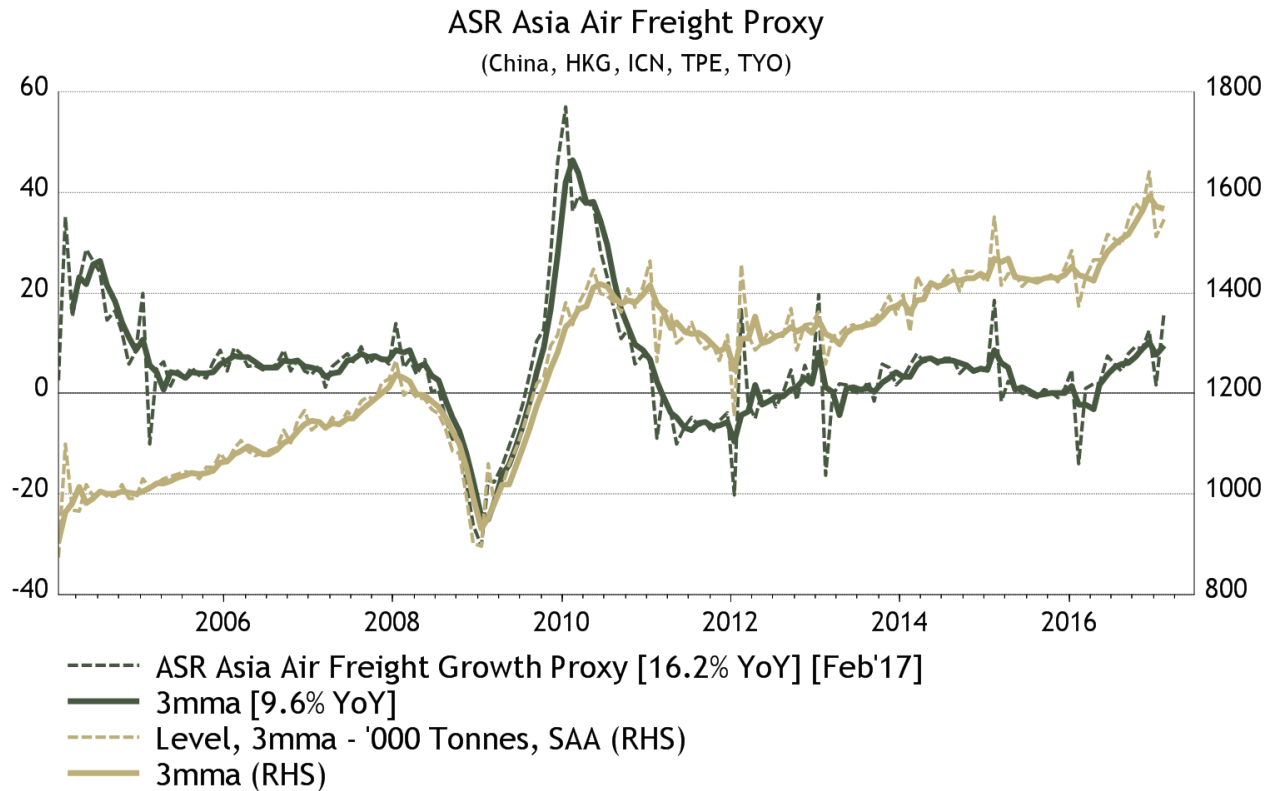
ASR European Air Freight Growth Rates

European Air Freight Volume											Jan-Feb
	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	
Germany Air Cargo, SAA %MoM	-3.6	3.7	-2.7	1.8	2.1	-0.2	-1.1	6.5	-3.0	-2.5	5.2
%YoY	1.1	4.6	1.3	4.2	6.3	4.5	3.9	7.5	7.3	3.2	
o/w Frankfurt Air Freight SAA %MoM	-5.3	3.5	-0.8	-1.8	3.9	1.9	-8.0	11.2	-1.8	-4.0	3.8
%YoY	-1.5	3.2	1.5	-0.3	6.3	5.2	-1.9	8.1	6.0	1.6	
Paris Air Freight SAA %MoM	-1.6	-1.8	-0.3	4.5	4.0	-3.4	1.7	2.5	-6.6		7.2
%YoY	2.1	-4.1	-1.8	3.3	0.6	-1.2	3.0	7.1	-0.8		
Amsterdam Schiphol Air Freight SAA %MoM	-4.6	3.4	1.3	-2.5	2.0	3.9	-4.6	8.3	-1.6	-3.0	4.4
%YoY	-2.3	2.5	4.4	-1.3	1.9	4.0	1.2	10.4	7.3	7.0	
London Heathrow Air Freight SAA %MoM	-0.5	-1.2	-0.6	0.6	2.4	3.8	-5.0	4.6	-0.6	1.5	1.4
%YoY	3.7	2.1	2.6	0.3	5.9	6.7	4.4	5.1	4.4	4.4	
Liege Air Freight SAA %MoM	-0.3	3.2	-6.0	0.2	-1.0	-2.1	8.8	5.0	-3.6	-2.6	8.9
%YoY	-1.6	3.8	-3.4	-4.5	-3.4	-4.6	5.8	4.8	5.3	-2.2	
Spain Air Freight SAA %MoM	-4.0	0.3	-2.3	7.4	3.1	0.3	0.1	-2.5	0.1	0.5	8.4
%YoY	9.6	6.2	3.0	13.3	13.5	14.2	13.8	11.9	11.1	6.9	
Italy Air Freight SAA %MoM	0.8	-1.3	0.2	1.1	3.8	5.6	-5.9	3.3	-1.9	-3.3	
%YoY	6.4	5.3	3.2	6.0	11.1	14.0	6.2	13.1	11.6	5.3	
ASR Europe Air Freight proxy, SAA %MoM	-2.5	1.5	-1.4	1.3	2.9	0.7	-1.4	4.9	-2.9		
Comprised of above series											
%YoY	1.9	2.6	1.4	2.9	4.9	4.6	4.3	8.0	6.0		

Source ASR Ltd. / Various Airport Authorities



ASR Asia Air Freight Proxy





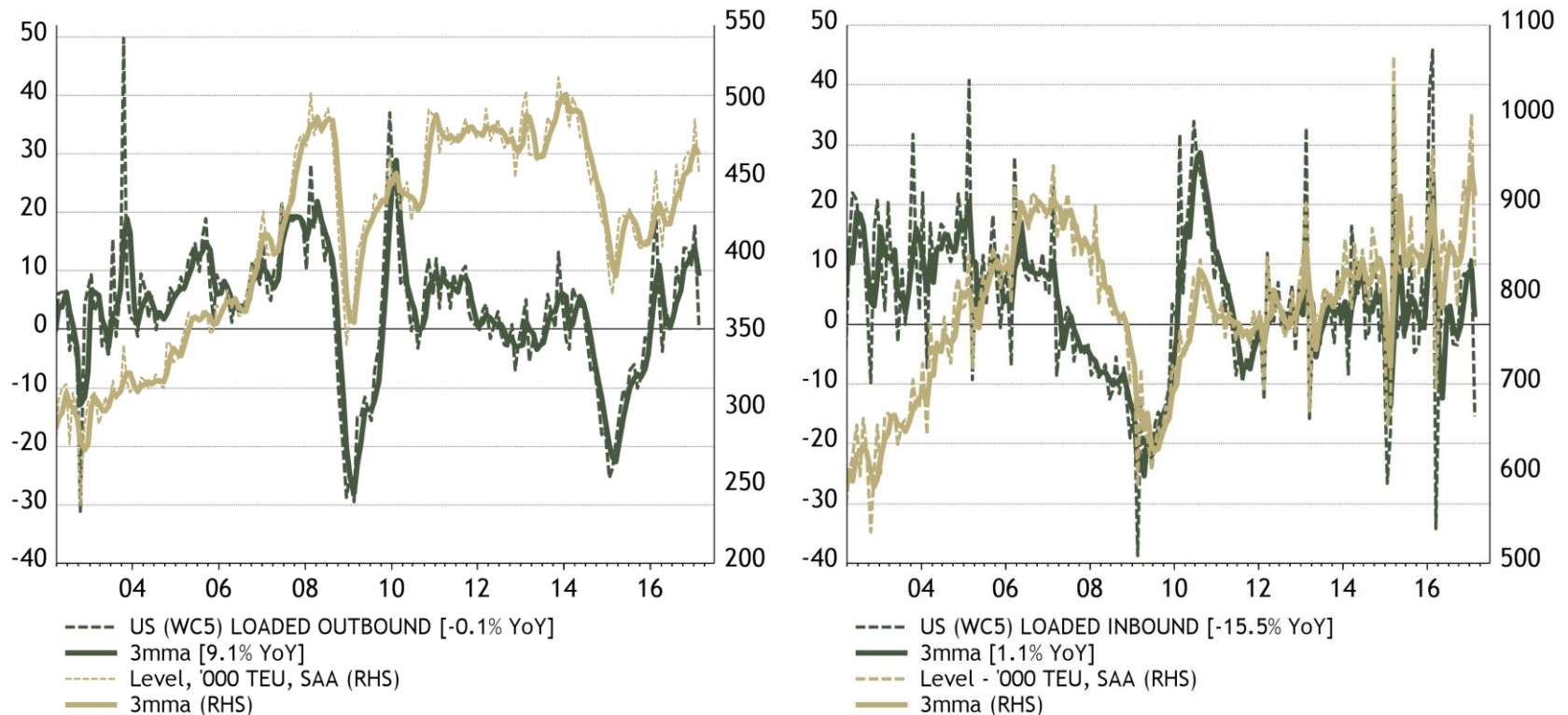
ASR Asia Air Freight Growth Rates

Asia Air Freight Volume Growth											Jan-Feb
	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	
China Air Freight SAA % MoM	1.0	4.0	-1.6	-1.2	1.7	2.5	3.0	3.2	-9.4	2.7	4.6
%YoY	4.3	9.3	7.5	5.2	7.6	8.9	9.4	10.7	-3.9	18.7	
o/w Shanghai Air Freight SAA % MoM	-0.6	2.2	-2.0	1.3	1.3	3.9	-1.3	5.9	-5.5	4.5	12.3
%YoY	1.1	4.9	0.4	2.7	5.4	8.9	8.6	12.0	4.9	22.8	
Hong Kong Air Freight SAA % MoM	-1.1	3.5	0.5	-0.3	4.4	1.1	-2.7	6.1	-8.1	2.6	7.7
%YoY	-1.0	5.3	4.7	3.6	7.2	7.1	7.1	11.3	3.1	14.1	
S. Korea Incheon Air Freight SAA %MoM	0.3	4.8	-1.3	-2.1	5.0	2.1	-2.7	4.4	-4.7	2.6	12.4
%YoY	1.5	10.2	7.7	3.2	7.6	10.0	9.2	13.4	8.5	16.9	
Singapore, Changi Air Freight SAA %MoM	-4.6	4.5	0.3	0.3	3.0	1.3	-1.8	2.3	-7.2		10.1
%YoY	0.3	7.8	9.4	7.6	7.8	8.9	7.9	8.4	0.5		
Taiwan Air Freight SAA %MoM	-0.4	0.2	0.8	1.8	2.5	3.6	-2.1	5.7	-9.2	4.0	10.2
%YoY	1.4	2.9	2.1	6.7	10.0	13.8	13.8	18.7	4.7	17.3	
Tokyo Air Freight SAA %MoM	-0.1	2.5	0.1	-1.0	4.1	1.5	-6.0	8.3	-5.0	-1.2	7.8
%YoY	2.3	7.4	5.1	4.2	8.7	11.1	6.4	14.1	8.2	12.4	
ASR Asia Air Freight proxy, SAA %MoM	0.1	3.4	-0.6	-0.7	3.3	2.1	-1.0	5.0	-7.9	2.4	7.8
Comprising above except. Singapore	2.0	7.5	5.8	4.6	7.9	9.4	8.9	12.5	1.7	16.2	
%YoY	2.0	7.5	5.8	4.6	7.9	9.4	8.9	12.5	1.7	16.2	

Source ASR Ltd. / Various Airport Authorities



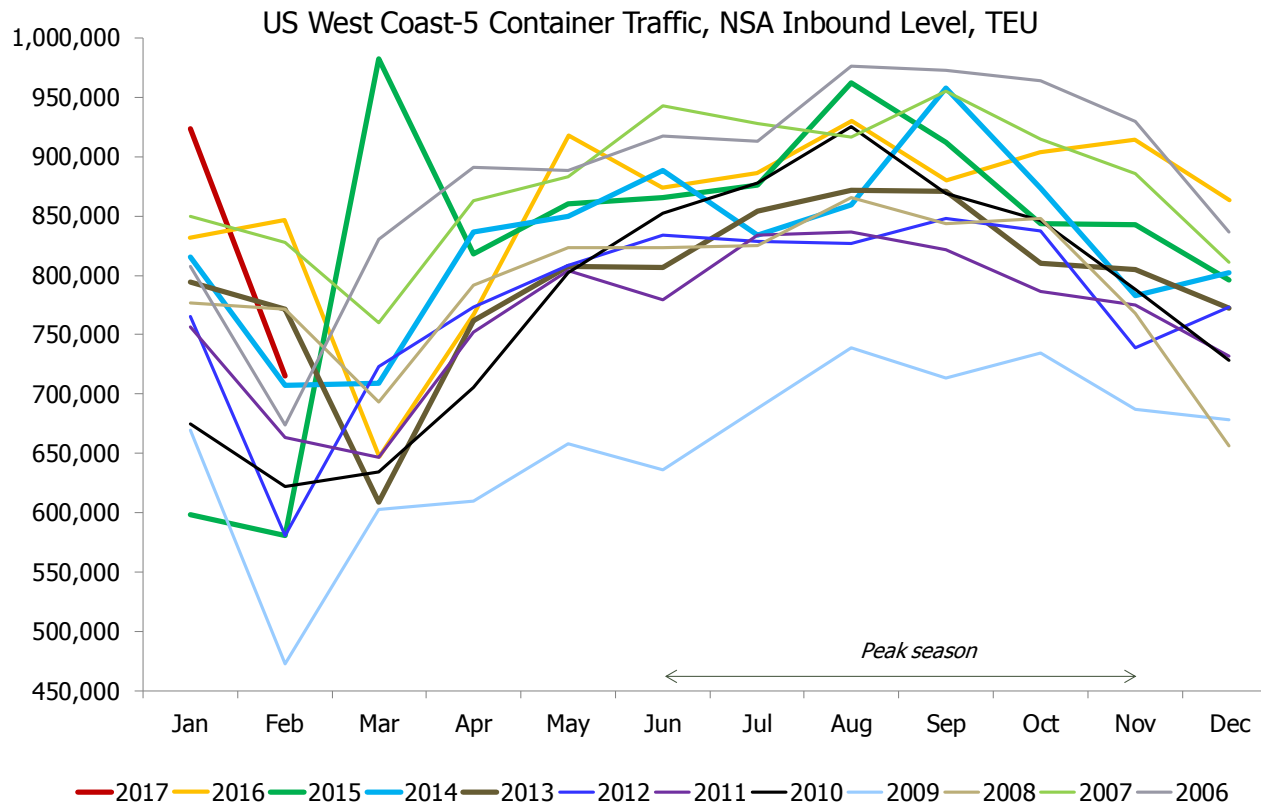
US West Coast: Loaded containers inbound and outbound



Source: ASR. Ltd / Various Port Authorities



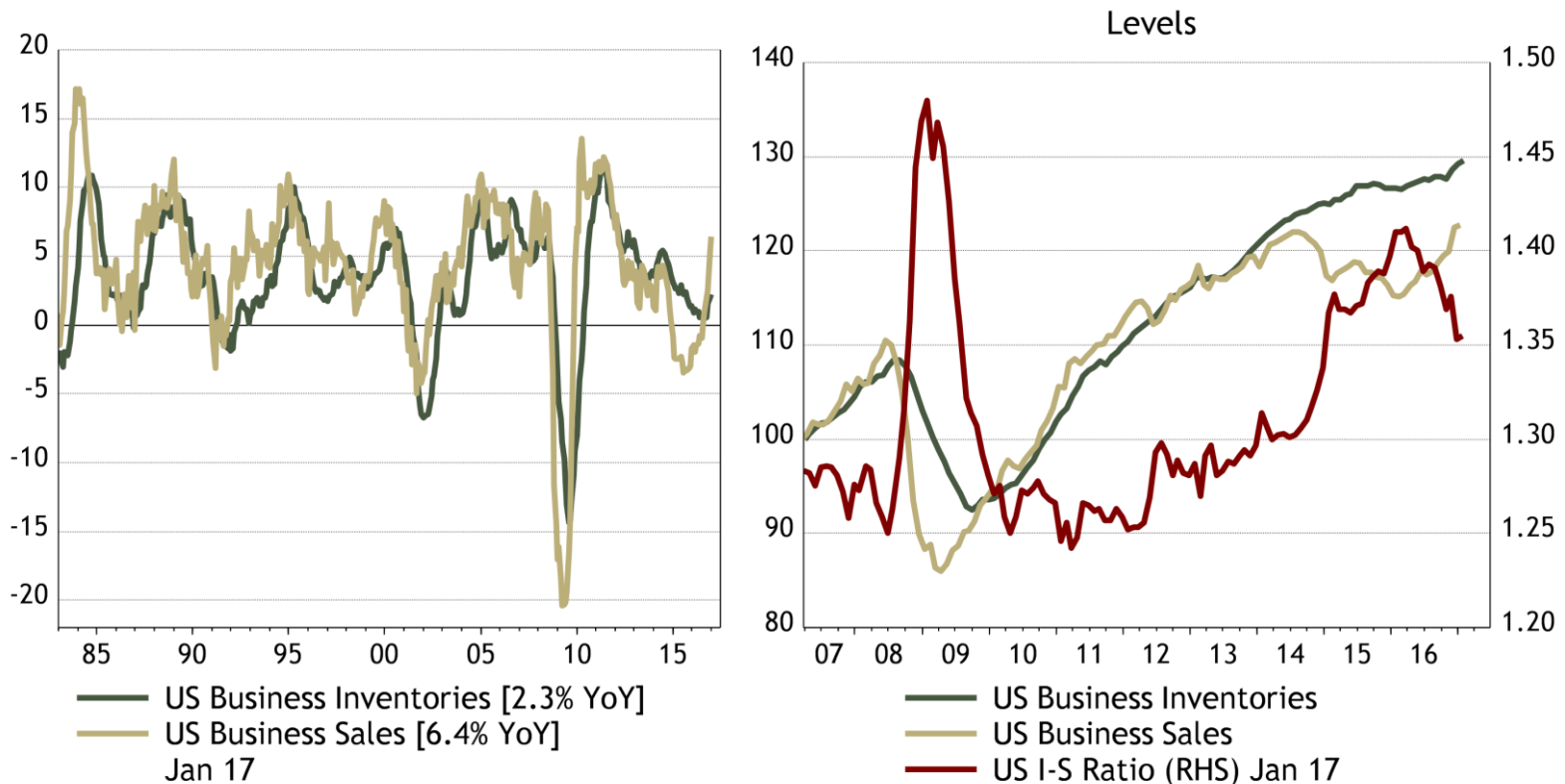
US: Loaded containers arriving at West Coast ports



Source: ASR. Ltd / Various Port Authorities

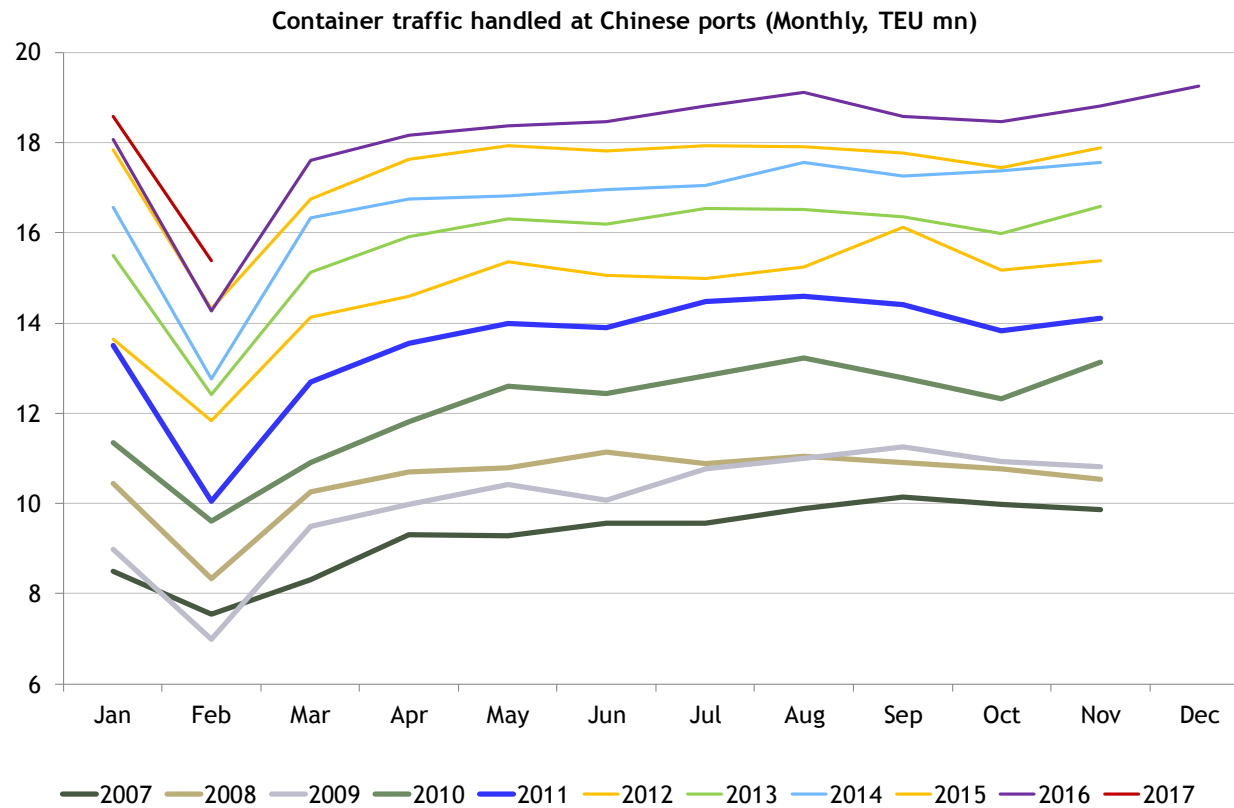


US Sales and Inventories: Total





China Non Seasonally Adjusted Levels of Container Throughput





ASR Container Shipping Growth Rates

Container Shipping Volumes	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Jan-Feb
China Container Shipping SAA % MoM	0.6	1.3	0.6	-1.1	0.9	-0.1	2.4	-3.6	3.1	
%YoY	3.7	4.9	6.8	4.5	5.9	5.1	7.0	2.8	7.8	5.0
S. Korea Container Shipping SAA %MoM	-0.9	3.6	-2.9	-0.5	4.3	-0.6	-3.0	2.0	-3.1	
%YoY	-1.2	5.9	0.6	-2.4	3.9	5.6	0.1	4.3	-2.9	0.8
HK Container Shipping SAA % MoM	2.6	-2.3	10.4	-0.1	3.2	4.2	6.4	-14.9	9.4	
%YoY	-5.7	-11.3	6.3	4.7	15.5	15.1	28.1	3.8	26.1	12.8
Singapore Container Shipping SAA %MoM	-0.4	-1.3	4.2	0.0	-6.8	6.0	4.3	-2.7	-5.6	
%YoY	-0.7	0.7	6.2	7.0	1.4	7.0	10.0	5.4	-3.6	1.0
ASR Asia Container Shipping proxy, comprised of above Asian series, SAA	0.5	1.0	1.3	-0.8	0.4	0.8	2.4	-3.8	2.1	
%YoY	2.2	3.5	6.3	4.3	5.8	5.9	8.0	3.3	6.4	4.7
ASR US Container Shipping proxy (West-Coast 5), SAA % MoM	-4.1	3.0	1.4	-6.8	9.9	3.8	-3.0	10.1	-13.7	
%YoY	0.9	1.5	0.9	-0.4	9.4	10.2	9.3	13.1	-10.4	1.0
ASR Global Container Shipping proxy (WC-5 and Asian series), SAA %MoM	0.0	1.2	0.9	-0.4	0.3	0.7	2.0	-3.1	1.8	
%YoY	2.2	3.8	6.1	4.0	5.9	6.2	8.2	3.7	4.5	4.1

Source ASR Ltd. / Various Port Authorities

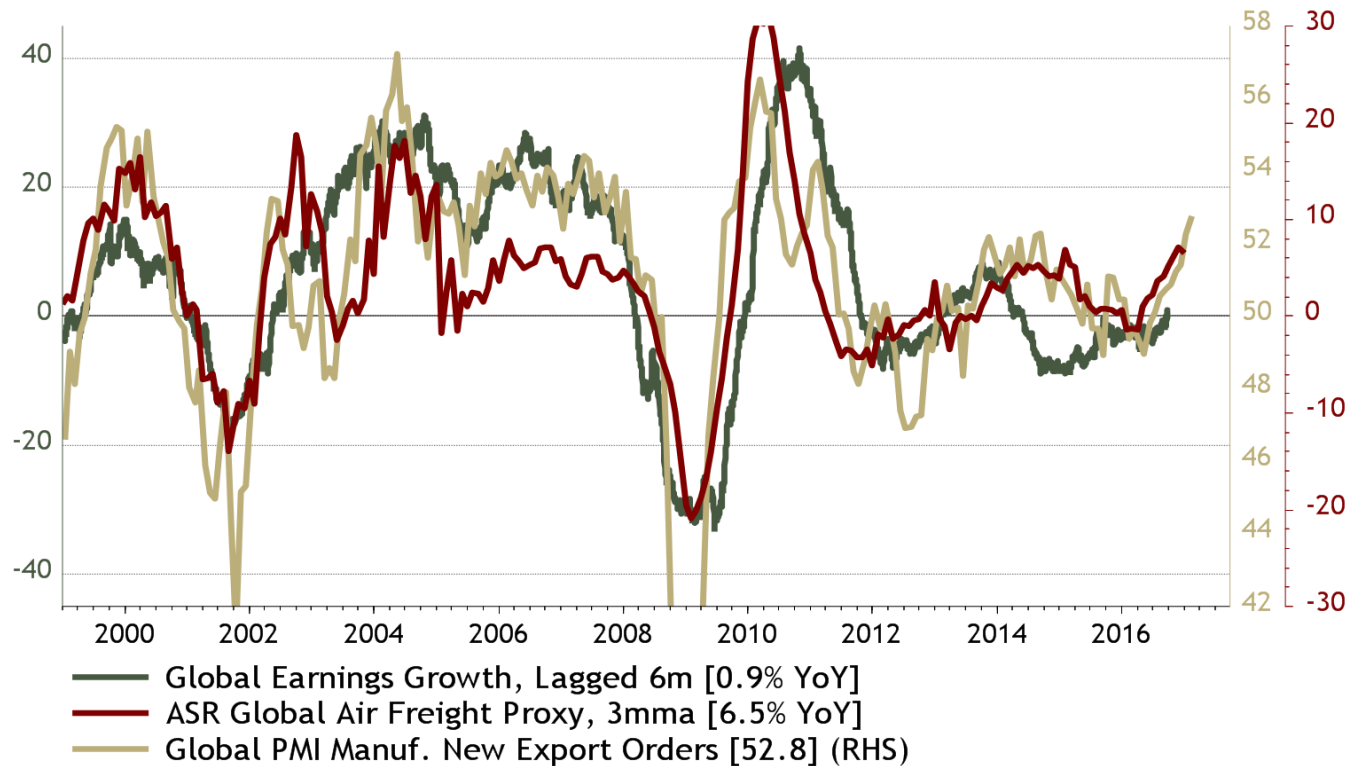


Global Orders vs Inventories and EZ Exports Orders vs Trade Growth





Stronger Trade Tends to Support Earnings Growth

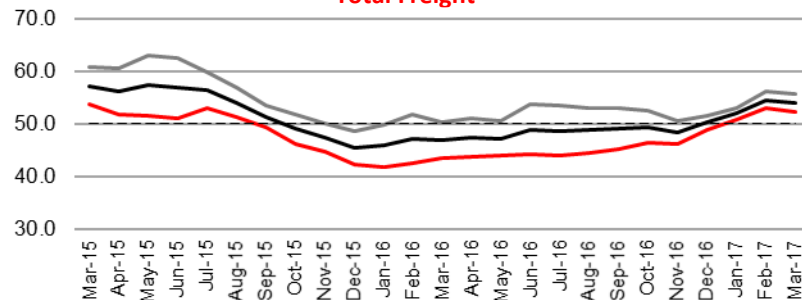




Ti Logistics Confidence Index – March 2017

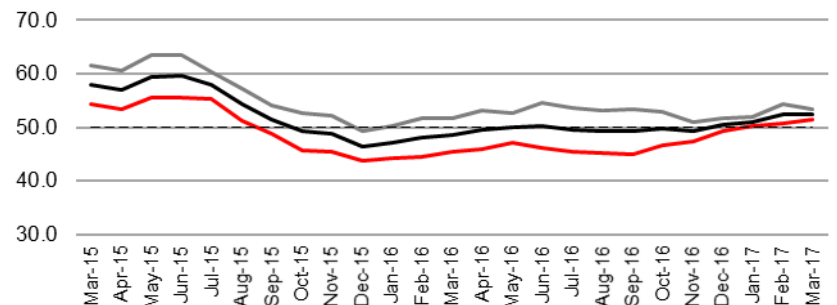
- Overall momentum stalls
- No significant changes in air freight, sea freight improvement since November stalls.
- March expectations for sea freight still above neutral mark of 50, but down.
- See the full report [here](#).

Total Freight



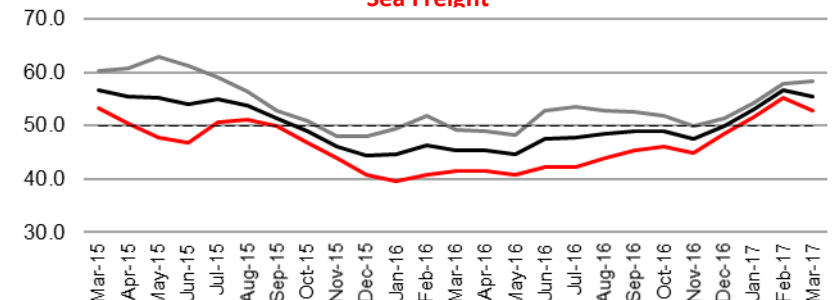
— Logistics Situation — Logistics Expectations — Logistics Confidence Index

Air Freight



— Logistics Situation — Logistics Expectations — Logistics Confidence Index

Sea Freight

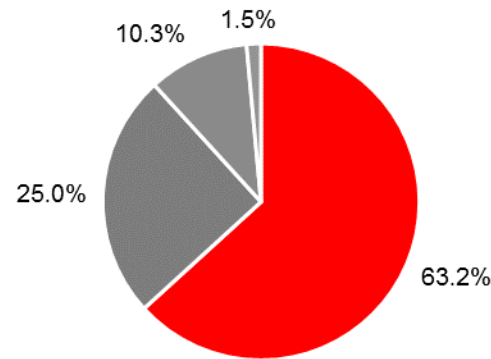


— Logistics Situation — Logistics Expectations — Logistics Confidence Index



Ti Logistics Confidence Index – March 2017 one-off question

According to Freightos, only one of the top 20 global forwarders was able to provide instant, online freight quotes in 2016. Over the next five years, do you believe that the freight forwarding sector will embrace digitisation?



- The numbers of forwarders embracing digitisation will steadily increase
 - The numbers of forwarders embracing digitisation will dramatically increase
 - The situation will be broadly the same as what it is now; mostly talk and little action
 - Unsure
-



Will technology disrupt air and sea freight?

- Who are the tech companies targeting supply chain and logistics?
 - What segments are there to target and which ones matter to air and sea freight?
 - Is air and sea freight ripe for tech disruption?
 - Will the tech solutions on offer succeed?
 - Will market structures in air freight, sea freight and freight forwarding be affected?
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THE SUPPLY CHAIN & LOGISTICS TECH MARKET MAP

E-COMMERCE LOGISTICS

- Delhivery, DEPOSICO, Ecom Express, temando, YKS, 百世, Shyp, nianuo, ShipBob, 顺丰, Packlink, LOGISTIX, MPO, shippo, HubLogix, sendle, 菜鸟, 顺丰, MetaPack, LOCUS, convey, 闪送, FarEye, easypost

INVENTORY MANAGEMENT

- ecomdash, SALESWRAP, RELEX, tradegedo, stitchlabs, SHIPEDGE, skuIQ, oporto

FREIGHT & SUPPLY CHAIN VISIBILITY

- FLEXPORT, FREIGHTOS, Olymtech, 3GTMS, FR8.guru, iContainers, Freight Solutions, PRECISE, INC, awarepoint, WEFT, project44, ICIX, VENIAM, 3logit, HAVEN, INTRA, clearmetal, riskmethods

WAREHOUSING

- FLEXE, Grabbit, SPL Central, PEOPLEVOX, shiphere, SKUVault, sewio, RIVER SYSTEMS, SEEGRID, RoboCV, MAGAZINO, GREYORANGE, Hitar Technologies, am robotics, fetch, LOCUS, CLEARPATH, KINETIC, getTVU, BALYO, MIR

TRUCKING

- SMARTDRIVE, FIVIGO, GREENROAD, uship, MACROPOINT, TRANSFIX, oTMS, inthinc, Peloton, TRUCKER PATH, CONVOY, fourkites, cargomatic, KEYCHAIN, Waytung, CARGO, LOADSMART, Decisip, BLACKBUCK, Fleetip, CONVARGO, FREIGHTERA, BANYAN, SONTRA

ENTERPRISE RESOURCE PLANNING

- infor, IQMS, taulia, brightpearl, SOURCE INTELLIGENCE, CentricSoftware, elementum, TRADESHIFF, Llamasoft, Kenandy, B2B-CENTER, Steelwedge, e2OPEN, RSI, SIGHT MACHINE, arena, EXOSTAR, rootstock, fusionops, nulyogy

SENSORS / ASSET TAGGING

- ALIEN, Omnidio, SCANDIT, altierre, TEGO, CBINSIGHTS



Freight & Supply Chain Visibility Tech Companies

FREIGHT & SUPPLY CHAIN VISIBILITY



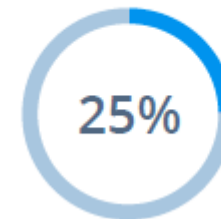


Freightos 'mystery shopper' survey of major forwarders

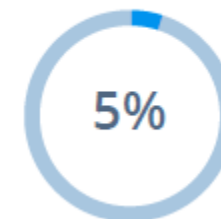
THE HURDLE RACE

Stage	Criteria	2015	2016
Starting Blocks	Is a top forwarder	20	20
1 st Hurdle	Has some form of online quoting	16	17
2 nd Hurdle	Online form works	16	15
3 rd Hurdle	Followed up in person	11	10
Finish Line	Provided a quote	9	9

No Working Contact Form



Instantly Provided Quote





Which segments will digitisation impact?

- November 2016 whitepaper by Drewry asserts that small and mid-size shippers, spot shipments and LCL segments will move online extensively.
 - Port-to-port, standardised shipments with few complex or value-adding services which lend themselves to being automated more easily are ripe for being digitised.
 - For larger shippers who demand more value-added services and negotiate complex contracts with carriers or forwarders, digitisation will prove to be more difficult. But “the challenge of instant online capabilities for more complex services may be temporary.”
-



The Loadstar ‘mystery shopper’ survey of tech start-ups

- Current iterations of online freight booking platforms work, but only on certain trade lanes.
 - Many also can’t offer FCL services, only LCL. Many can’t process hazardous goods etc.
 - Some amusing results – one air freight quote for Shanghai-LAX was a price of £69 with expected delivery time of over 43,000 days (over 117 years!)
 - But depth and breadth of services will improve over time.
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What is the upshot for the market?

- Digitisation will mean standardised shipments can be booked online rapidly. Less clear what the future is for more complex shipments.
 - Carriers and forwarders likely to gradually embrace digitisation. Large forwarders here to stay.
 - Small and medium forwarders to be hit hardest, though those in niche sectors or offering specialised services will do better.
 - Other threats include carrier disintermediation, cross-border e-commerce and express companies and Amazon and Alibaba. See Ti's latest report: [Trends in Logistics Technology 2017](#)
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About Ti



**BRIEFINGS
DASHBOARD
REPORTS
GSCI
CONSULTING
CONFERENCES**



About ASR

Insight with Accuracy

David Bowers and Ian Harnett founded Absolute Strategy Research with the singular aim to provide clients with the highest quality macro-strategy research and research service available. Both founders brought to ASR more than 20 years in investment research; a top ranking in Extel; and a top three ranking in Institutional Investor. Since its founding in London in 2006, the firm has grown to a global presence, with a secondary office in New York and consulting / joint venture relationships in Australia, Germany and Japan.

The firm employs 30 investment professionals and works with over 100 institutional asset managers around the world.

ASR does not operate as a publishing house, instead interacting with clients as partners, responding quickly and willingly to their research needs.
