



Ti Logistics Confidence Index July 2017



Sea freight volume growth expectations moderate, reducing the Logistics Confidence Index

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- Ti Insight portals
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A significant decline in sea freight volume growth expectations has taken the [Logistics Confidence Index](#) lower in July.

The 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 from 55.9 to 54.7, still comfortably above the neutral mark of 50.

According to [recent reports](#), analysts have reported a “prosperous” first half to the year for North European port volumes, and suggest sustained if slowing growth for the rest of 2017. For Q2, year-on-year import and export growth is estimated at 5.7% and 3.7% respectively.

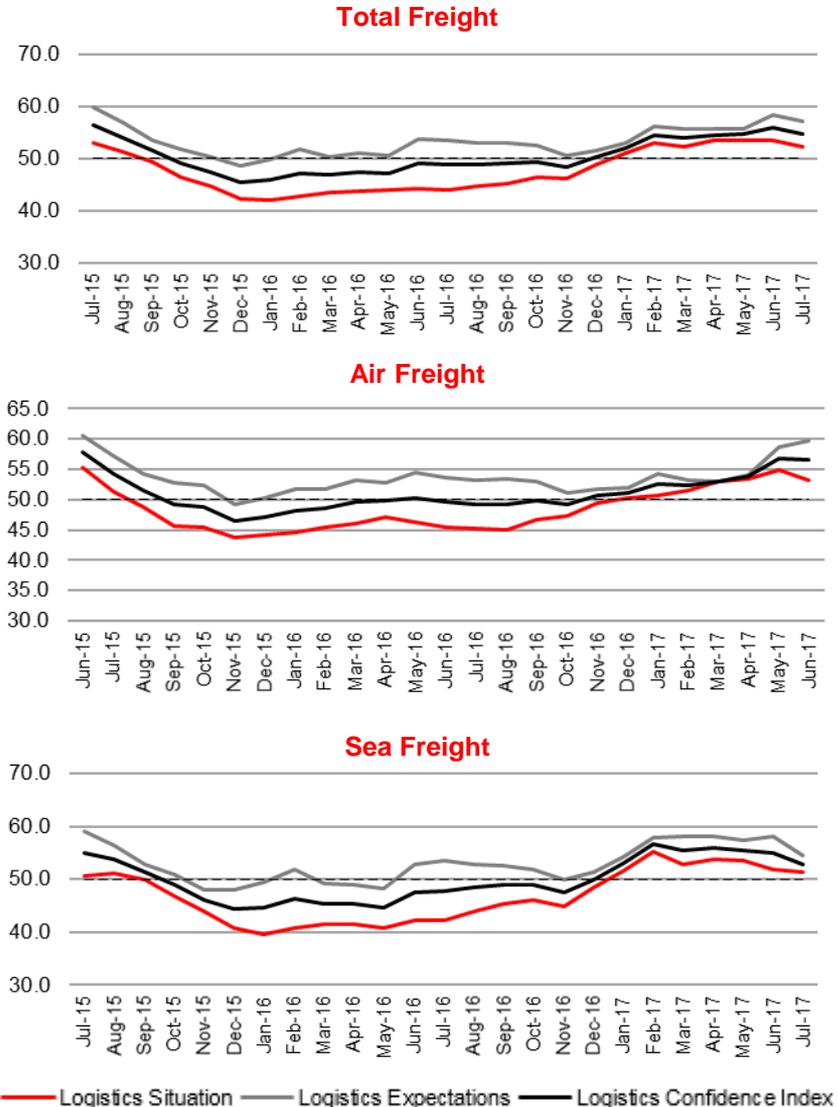
Q3 and Q4 import volumes are predicted to grow by 2.1% and 4.6% respectively, while for exports year-on-year growth over the same period is predicted as 5.0% and 2.9% respectively.

As for air freight, there was little change overall as relatively minor declines in present conditions were almost entirely offset by greater optimism over conditions for the next six months.

July 2017			
	Present Situation	Expected Situation	Logistics Confidence
Air Freight	53.3	59.8	59.6
Sea Freight	51.3	54.4	52.9
Total Freight	52.3	57.1	54.7

Source: Ti

Note: The Present Situation Index illustrates current market volume conditions faced by forwarders, while the Expected Situation Index measures how the situation is expected to develop over the next six months. The Logistics Confidence Index, an average of both the Present and Expected indices, expresses overall confidence in the market.



Air Freight Confidence Index



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.

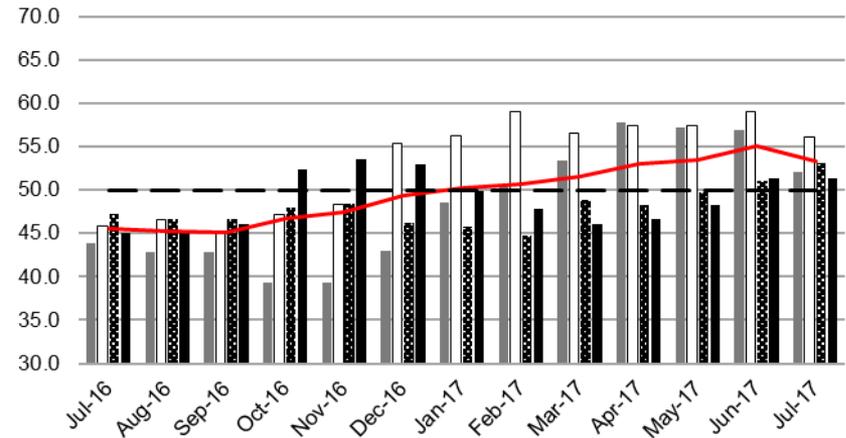
The Air Freight Logistics Situation Index noted a month-on-month decline of 1.7 points to 53.3. Asia to Europe remained the strongest lane with a score of 56.1, however this was down by 2.9 month-on-month. Europe to Asia weakened significantly, from 56.9 to 52.1. However, Europe to US (+2.0 to 53.1) improved overall momentum while US to Europe's performance was flat at 51.3.

Following the "June boom" of the Air Freight Logistics Expectations Index (rising from 54.0 in May to 58.7 in June), its score further increased in July. The Index rose by 1.1 to 59.8. Scores for Europe to Asia (-1.5 to 58.3) and Asia to Europe (-3.4 to 66.7) fell, but growth expectations evidently remain high for these lanes, well above the neutral mark of 50. What provided additional impetus for the Index was transatlantic trade, with Europe to US expectations up by 5.3 to 55.7 while US to Europe expectations increased by 5.1 points to 57.3.

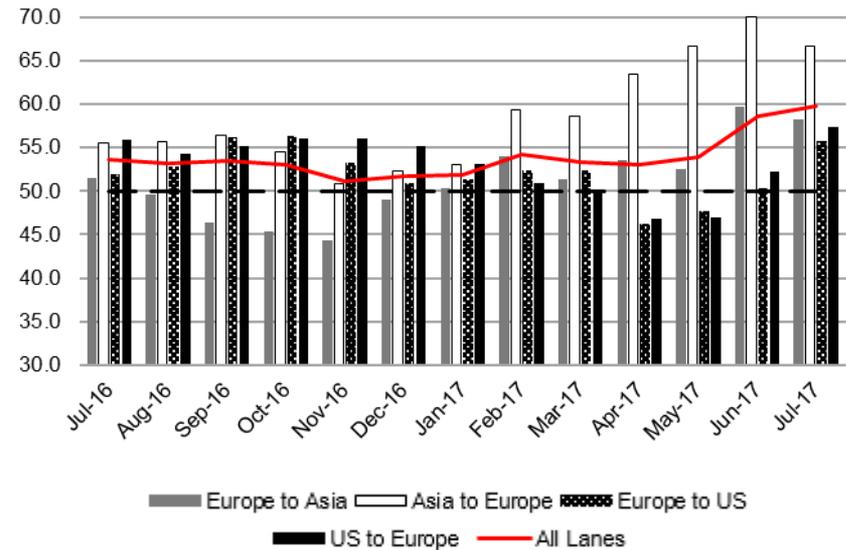
Air Freight - July 2017		
	Present Situation	Expected Situation
Europe to Asia	52.1	58.3
Asia to Europe	56.1	66.7
Europe to US	53.1	55.7
US to Europe	51.3	57.3
Total Air Index	53.3	59.8

Source: Ti

Air Freight Logistics Situation



Air Freight Logistics Expectations



Sea Freight Confidence Index



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.

Standing at 51.3, the Sea Freight Logistics Situation Index declined by 0.5 points against the previous month. The pattern of trade lane results mirrored those in air freight. Europe to Asia (down 2.5 to 51.2) and Asia to Europe (down 1.3 to 60.5) lost growth momentum, however this was partially offset by transatlantic gains. Europe to US improved by 1.3 points to 51.7 while US to Europe's figure improved by 1.4 points to 39.2.

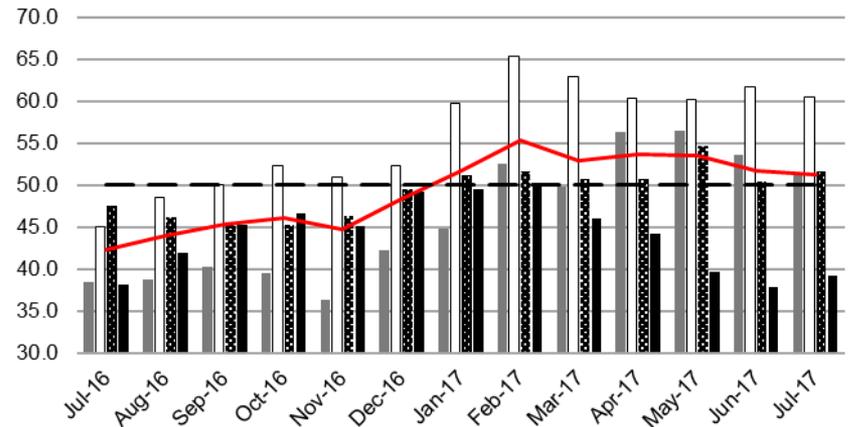
The Sea Freight Logistics Expectations Index totalled 54.4 points, having fallen by 3.6 against the June result. Asia to Europe's score increased by 1.1 points to 67.9. This propped up the overall Index as all other trade lanes suffered declines in their scores (Europe to Asia: -5.2 to 50.6, Europe to US: -4.2 to 49.9, US to Europe: -7.0 to 46.8).

Sea Freight - July 2017

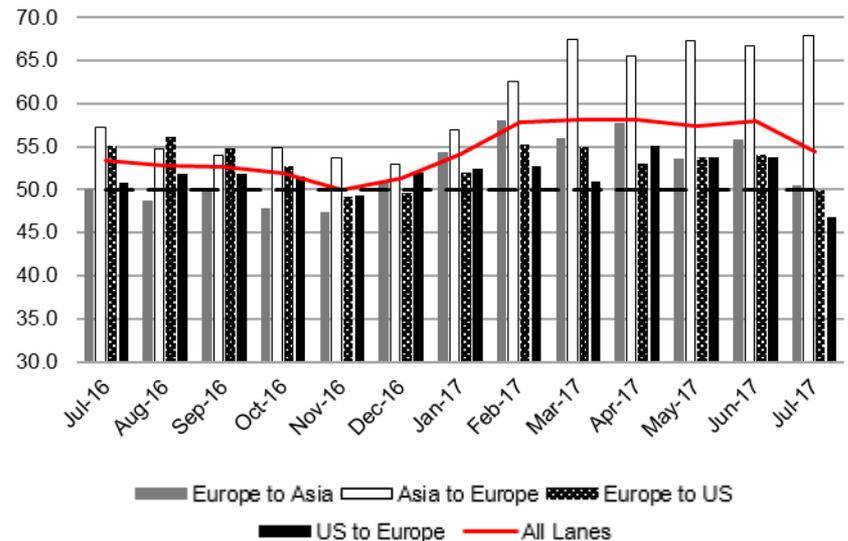
	Present Situation	Expected Situation
Europe to Asia	51.2	50.6
Asia to Europe	60.5	67.9
Europe to US	51.7	49.9
US to Europe	39.2	46.8
Total Sea Index	51.3	54.4

Source: Ti

Sea Freight Logistics Situation



Sea Freight Logistics Expectations

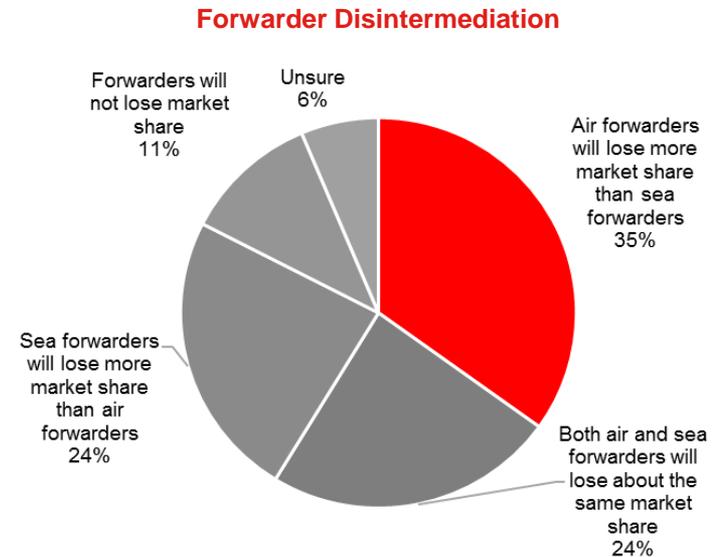


One-off Question



This month's one-off question asked: Is the threat of conventional forwarders losing market share to other parties (carriers, tech start-ups, Amazon etc.) more severe in air or sea freight forwarding?

The largest response group, accounting for 35% of total participants, stated that they believed air forwarders will lose more market share than sea forwarders. 24% of respondents believe that both air and sea forwarders will lose about the same market share, with the same proportion asserting that sea forwarders will lose more market share than air forwarders. Just 11% think that forwarders will not lose market share, while 6% are unsure.



The Logistics Confidence Index (LCI) surveys air and sea freight market participants (mainly forwarders and shippers) on volume conditions. On Europe-based trade lanes only, the survey questions respondents whether their volumes are higher, lower or in line with what they expected in the current month (Present Situation Index), and whether they expect volumes to be higher, lower or 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 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 expectations/volumes, above 50 indicates growth, and below 50 contraction. Index values are calculated on a 3-month moving average basis.

To participate in next month's survey, and in order to receive an advanced copy of the results, please use the following link:

<http://www.ti-insight.com/research-papers/lcindex/>



Michael Clover

Business Development Manager

Direct: +44(0)1666 519907

Email: mclover@ti-insight.com

Skype: [mjcloverti](https://www.skype.com/people/mjcloverti)

Linkedin: uk.linkedin.com/in/michael-clover-95625187