

DIRECTIONS

News Update

November 2009

Appreciation of Yuan

I have recently returned from a trip to China, where there's a lot of talk about the undervalued Yuan against the US Dollar.

The Chinese Government wants to stimulate exports and also hold large amounts of USD reserves. Meanwhile the US is trying to hold back imports.

The US is threatening trade sanctions on certain Chinese imports so it's a situation that will continue to escalate.

It seems only a matter of time until the Chinese Government allows the Yuan to gradually rise against the USD similar to what happened in 2007/08.

This caused us problems mainly in airfreight rates which are all based on Yuan/RMB.

Seafreight Rates

Volumes to Australia at present seem in the balance however the proposed Nov 16 General Rate Increase (GRI) has been put off until Dec 1.

A couple of Lines have announced an increase but so far OOCL and ANL have not.

The general impression seems to be that volumes will fall slightly for the next few weeks so as usual the Lines will balance up supply and demand and act accordingly.

So far indications are that 3,000 TEU per week will be taken out of rotation to Australia, beginning Dec 1.

The vessels concerned are the CSCL Melbourne and the ANL Wyong. Both of these vessels are from the AANA consortium which we do not normally use.

The likely outcome is a low GRI but the Peak Season Surcharge (PSS) seems likely to remain in place for a while yet.

BAF

The Bunker Fuel Surcharge ex HK/China is again on the rise, with an updated rate of USD400 per TEU being introduced on Dec 4.

Airfreight

The recent peak in demand ex Shanghai seems to be easing now that the I.T. companies have completed their recent new product launches.

The unprecedented increase in demand and hence rates has already fallen back and we expect rates to return to normality over the next two weeks.

Hong Kong on the other hand via Qantas has announced a HKG1.00 per kg increase from this week.

Garment on Hanger Services

In addition to our normal GOH service which mainly comprises goods consolidated in our CFS we can now offer a new option.

Dean Wako have negotiated a new mobile unit which can be sent to a supplier for packing at their premises (provided they have the skills required to pack in a cost efficient manner).

The units can then be loaded direct into a container (up to 5 per TEU) and also allows containers to be part loaded GOH with the balance in flat pack cartons.

For further details contact me.

New Staff

Nick Hales has recently joined the team in a business development role so you will see Nick floating around learning the ropes and accompanying myself on sales calls etc.

We wish him good luck in his new role.



As always, please let me or any of our staff know if you'd like any further information.

With regards,

Bruce