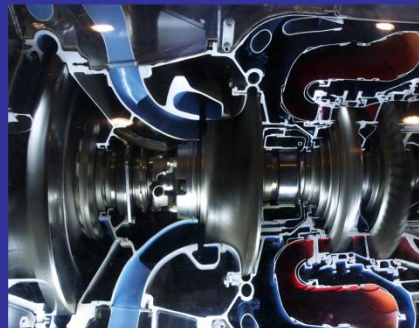


Logistics MANAGEMENT

January 2012



2012 Logistics Rate Outlook *Ocean*

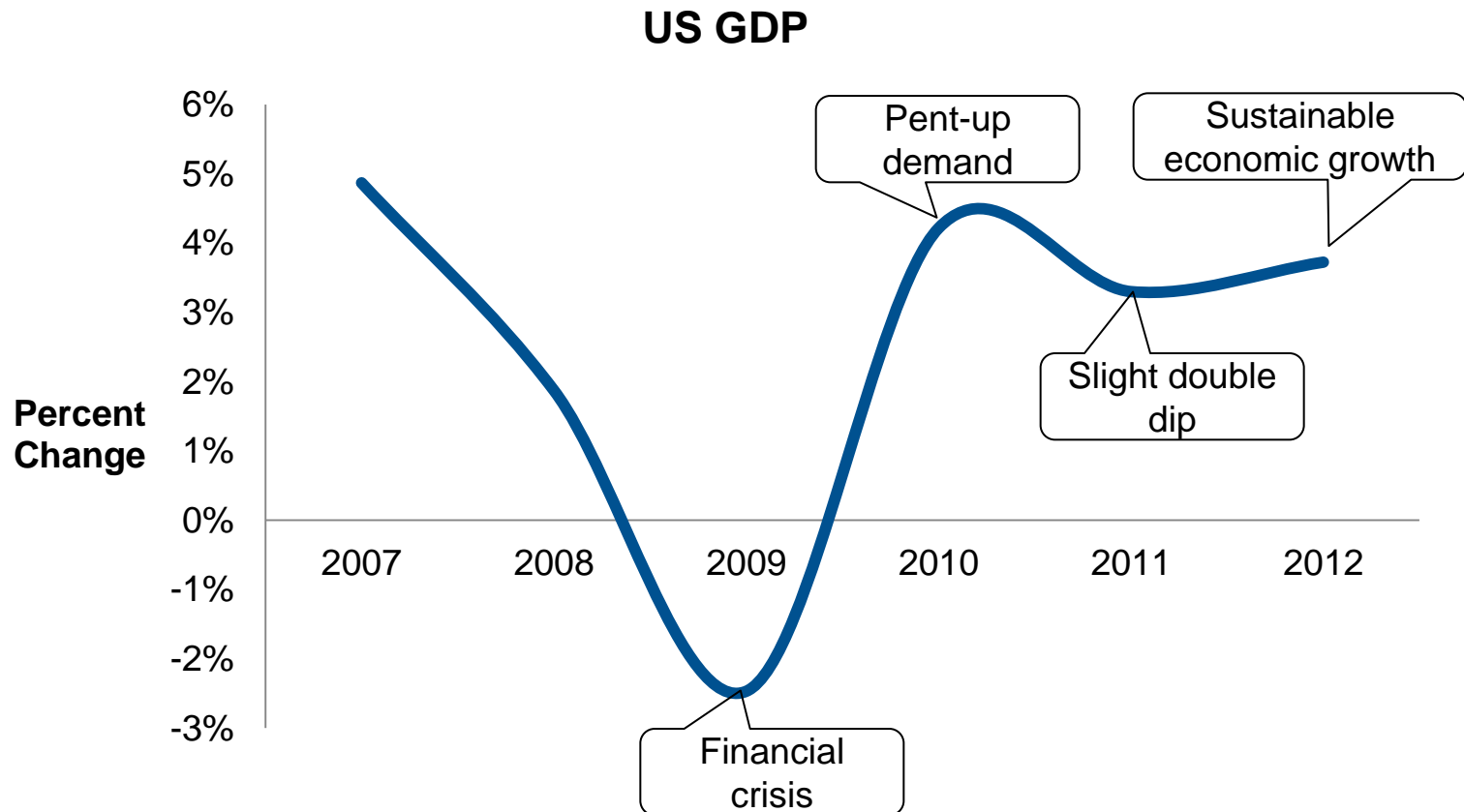
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Moderate (3%) GDP growth in 2011 on sluggish US recovery, 2012 outlook is similar.

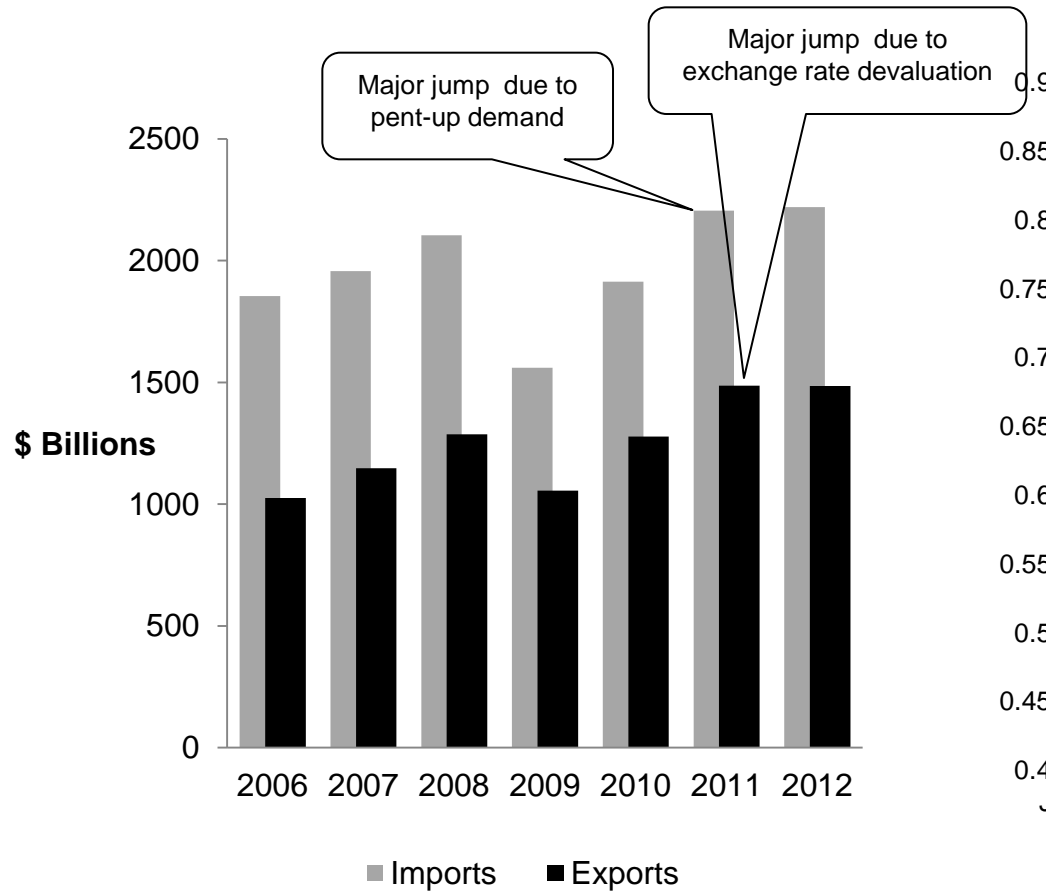


Source; BSI analysis of EIU data
Notes: Nominal GDP, on a purchasing power parity basis.

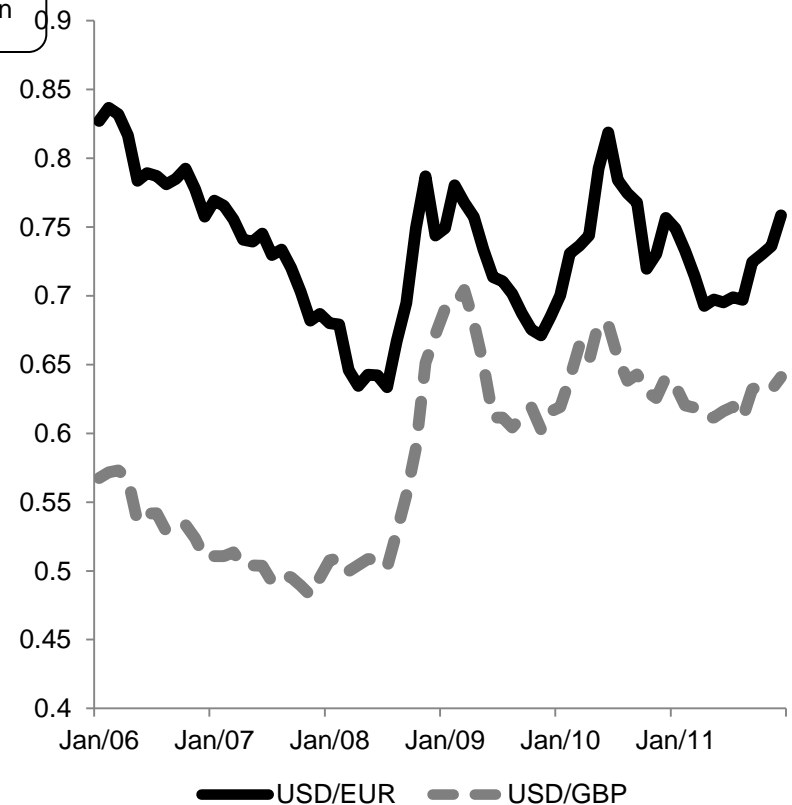


Imports surged (15%, by value), exceeding 2008 levels; a weak dollar boosted exports even more.

US Merchandise Exports and Imports



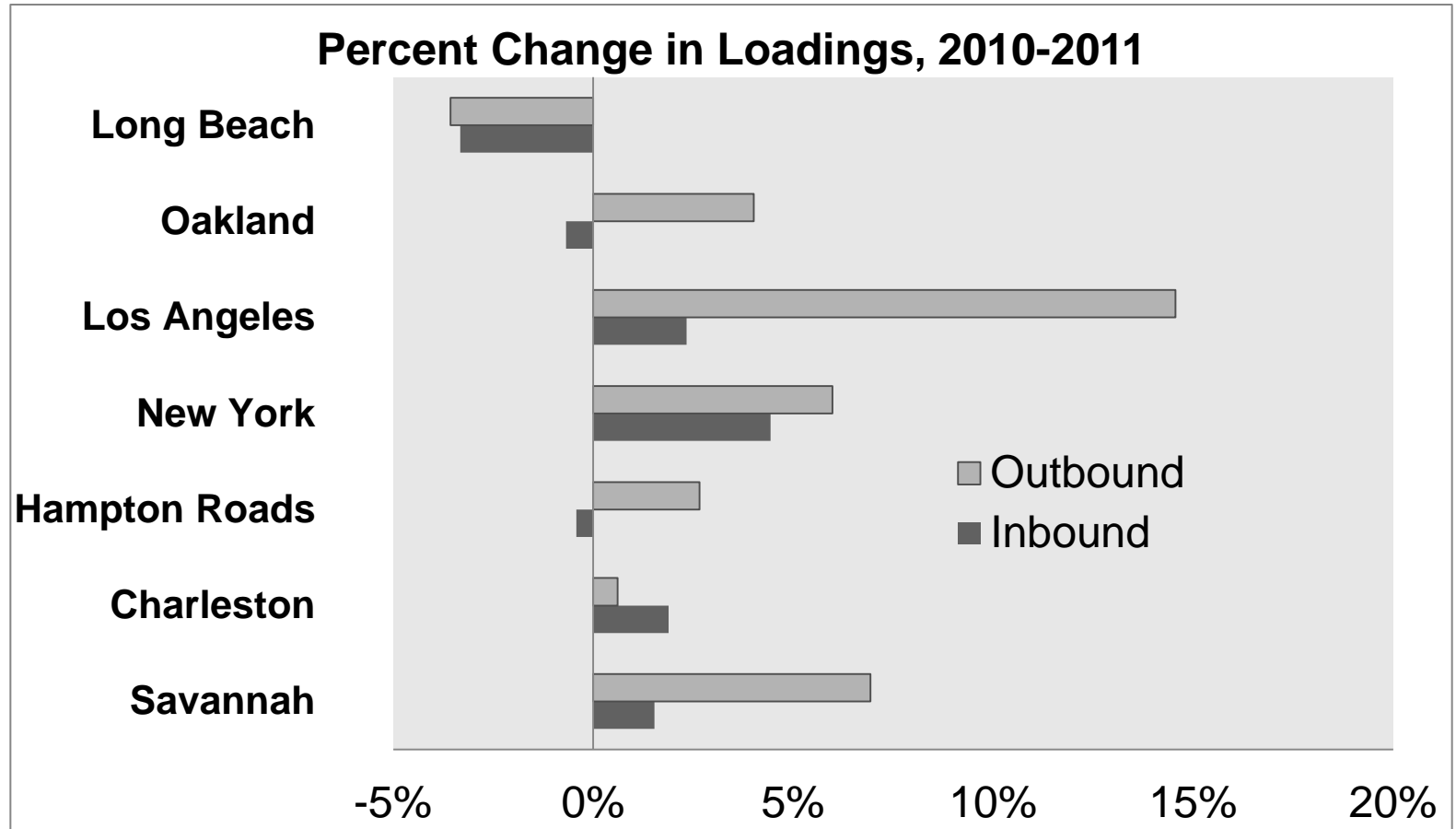
US Dollar Exchange Rate



Source: BSI analysis of EIU data
Notes: Imports on CIF, exports on FOB basis



Overall container volume rose by about 7%; volume continued to shift to the East Coast.

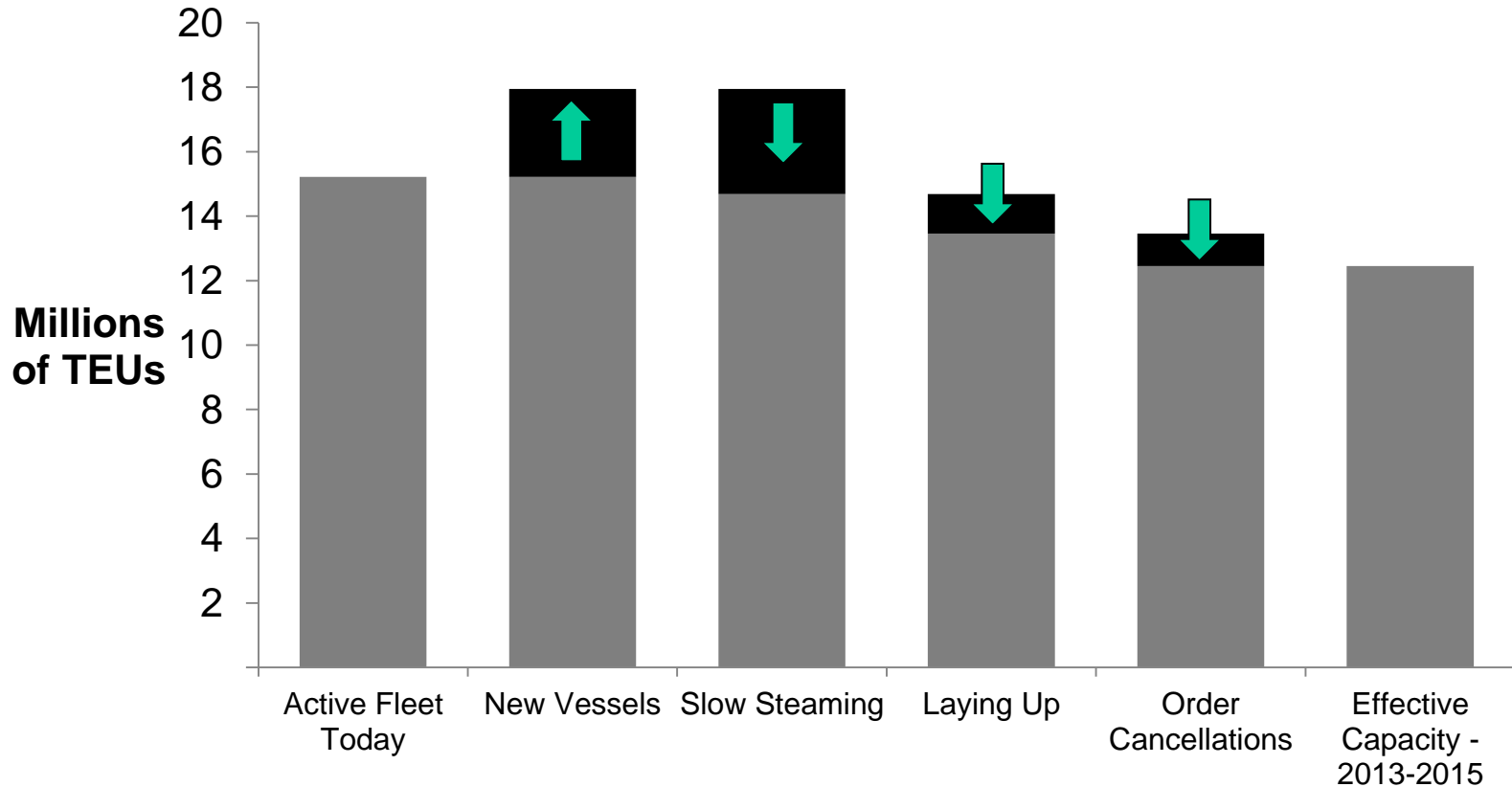


Source; BSI Analysis



Carriers are adding E-Types, but also laying up, slow steaming, and canceling orders.

Factors Affecting Effective Fleet Size

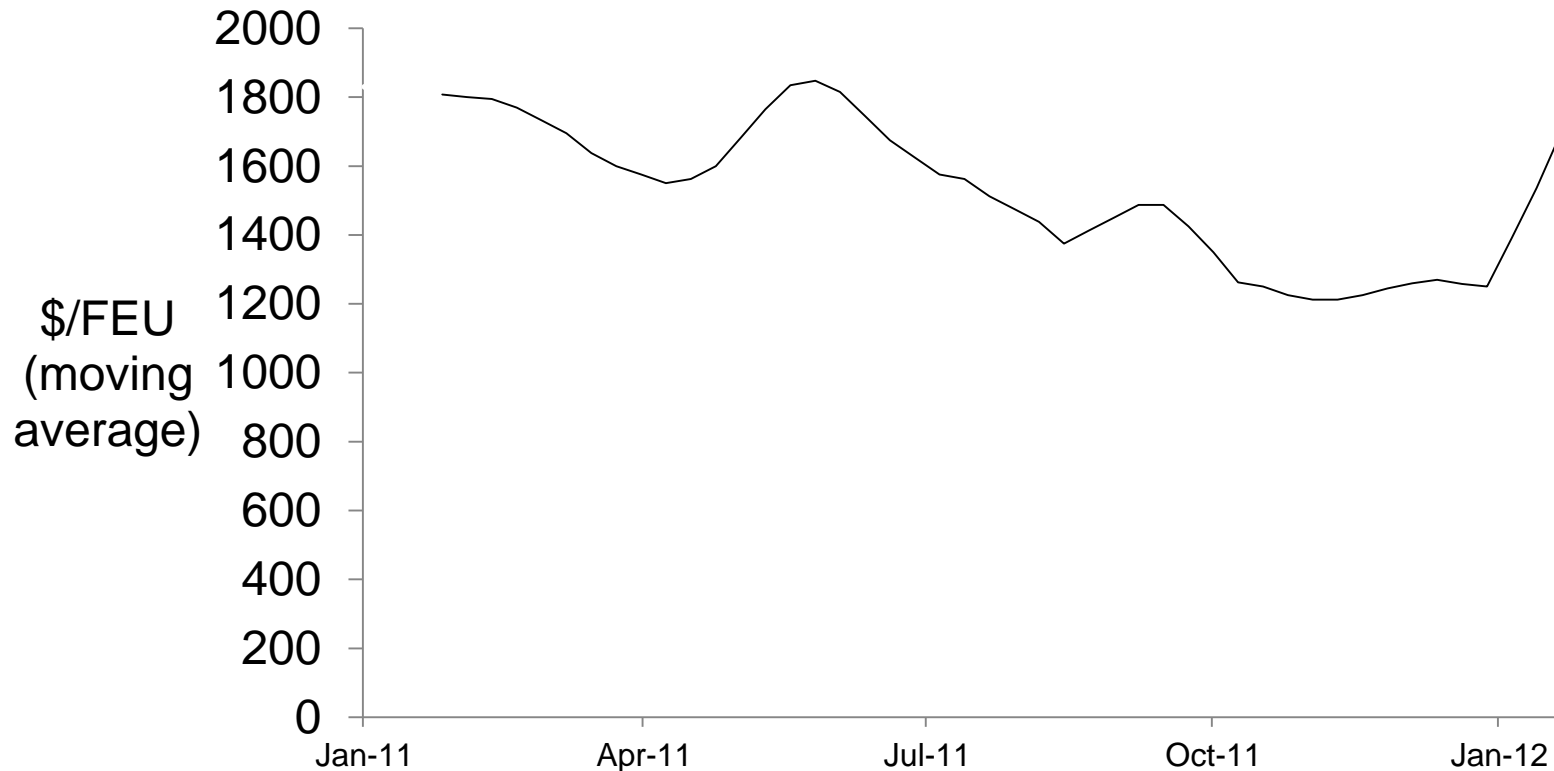


Source; BSI Analysis



Rates slid on overcapacity, but carriers propped them up to mitigate losses.

Asia-USWC Container Benchmark

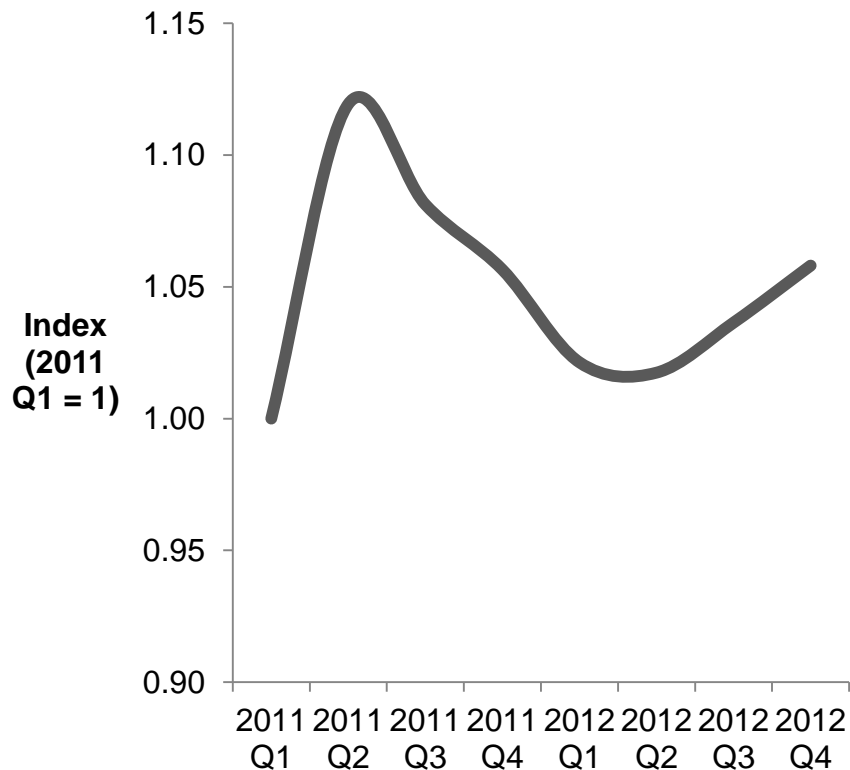


Source; BSI Analysis of JOC data



Fuel costs have swung; bunker adjustments dampen some noise, but both will rise in 2012.

Composite Fuel Price (Quarterly)



Source; BSI Analysis

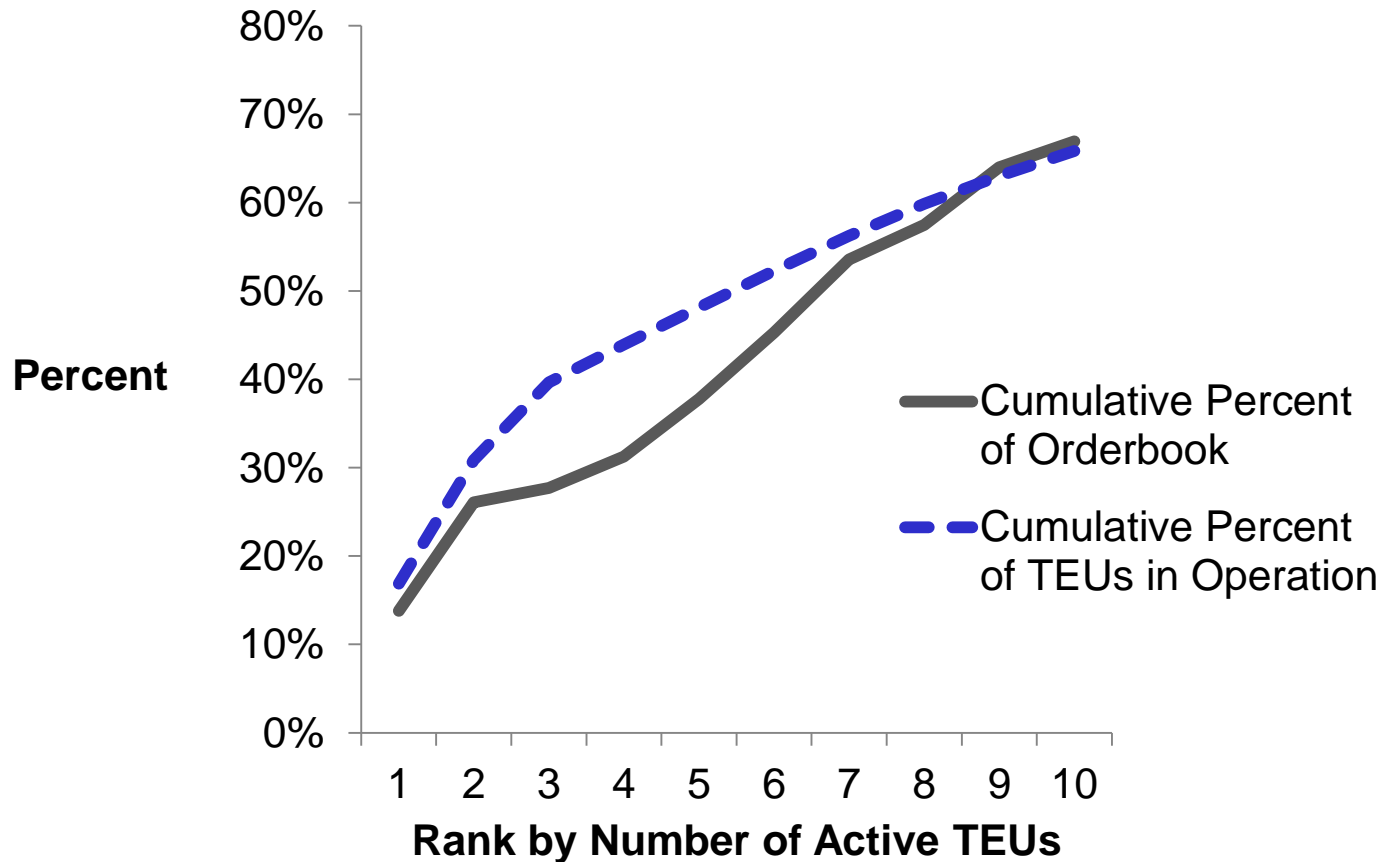
Bunker Fuel Price (Daily)*



Source: Bloomberg; Weighted Average 380cST Bunker Fuel Price (BUNKI380:IND)



Wait to negotiate; index contracts to minimize risk. Think strategically.



Source; BSI Analysis of data from Alphaliner

