

# THE TRANSPORT ADVISOR



## It's All About The Tonnage

In reading recent trade journals it continues to be difficult to find anything that points to a turnaround in the ocean transportation business during the next 12 to 18 months. Instead there is a litany of common indicators suggesting continued struggles:

- Charter rates have fallen steadily over the last five to six months.
- Indices in all the major trades reflect record lows.
- Most market growth is projected to be around two percent though added tonnage will increase by eight percent.

It's the last point that is really the key. Until carriers begin to match their supply with demand they will continue to suffer the consequences of poor forecasting and lack of discipline.

### A DISRUPTOR

As if that news isn't bad enough, a 2015 Fourth Quarter analysis of the transportation industry by Strategy& forecasts a new disruptor that has already begun affecting the transportation industry and this one could be a game changer. You can locate the article by using or copying this link. <http://www.strategyand.pwc.com/perspectives/2015-commercial-transportation-trends>

3D printing, according to their analysis, could displace as much as 41% of air cargo and 37% of liner ocean cargo over the next several years. Worse than that is the prediction of which cargo will most likely be affected: footwear, toys, ceramics and electronic products. *Tonnage continued on page 2*

### Services and Expertise

In the year between March 1, 2015 and February 29, 2016 GMTS and its customers filed more than 1.3 million transactions involving rules, rates, commodities and service contract items into the Bote Rates system. This makes us both proud and thankful to our customers for allowing us to be a trusted part of their organizations' most critical information.



**BOTE DOCS™** provides an integrated link between tariffs and contracts and automatically checks for updated rules and charges to ensure that all bills of lading are accurately processed. Contact us for a full demonstration of our products and services.



## SPOT MARKET TRENDS

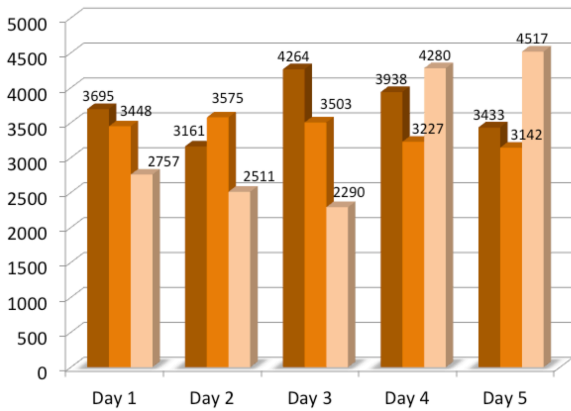
We continue to provide some insight into various trade lane filings each month.

Chart 1 on page 2 continues to suggest rate volatility though higher reefer rates filed at week's end have persuaded the levels upwards. The chart reflects comparative rates in the first weeks of February, March and April. A quick note that the March rates include rates from February 29th.

Chart 2 – depicts average 40' rates from North America to Europe from January 1 to April 10, 2016. Consistent with most trades that we have looked at over the course of the last few months, the chart reflects a drop in levels early in the year until rates level off in March and early April.

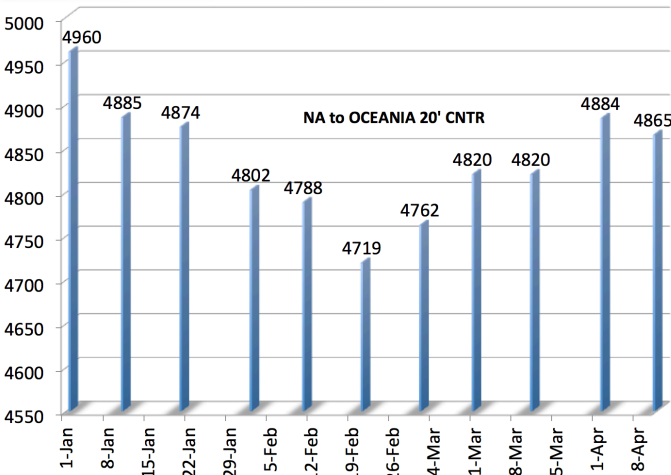
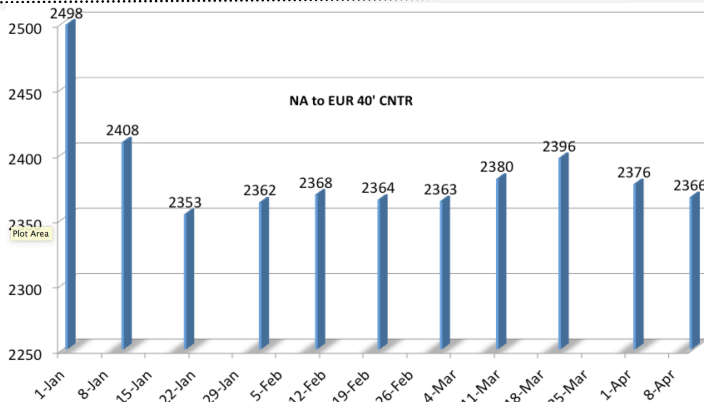
Chart 3 – depicts average 20' rates from North America to Oceania (Australia, New Zealand). Consistent with most trades, the first part of the year shows significant drops in total average freight rates but March and early April suggest a leveling off on the rate decline.

**We appreciate your feedback. Please let us know if this information is useful to you and your business.**



40' RATES CONTINUE TO FALL THOUGH HIGHER LEVEL REFEER RATES WERE FILED AT WEEKS END

NA TO EUR 40' CNTR JAN1- APR 10, 2016



NA to OCEANIA 20' CNTR JAN 1 TO APR 10, 2016

## Tonnage - continued

Some logistics companies have already recognized this phenomenon and have embraced the technology. UPS has added 3D printing services to 60 stores in the U.S. with plans for further expansion. TNT has partnered with TRINCKLE 3D in offering 3D print service in Germany. Other companies would be wise to follow their lead.

This is not a discussion that only involves plastics either. 3D print machines for aluminum, carbon fiber, fiberglass and circuit boards are now available. These advances are being used in medicine, automotive and aviation manufacturing right now. In 2014, the value of 3D printing in the Healthcare industry alone was \$487 million with projected growth to be 18 percent per annum over the next 5 years. This link is just a small example of the progress being made.

<http://3dprinting.com/>

If you're wondering what the other incentives might be, just look at the recent discussions on VGM, ACE and FMC licensing and this technology circumvents it all.

Before an FMC hearing in New York in the mid 90's, Conrad Everhard, the now deceased former Chairman of Cho Yang Line, likened working in the shipping industry to playing leapfrog with a unicorn. "You don't know where it will get you, but you know it will get you"

Sources: TradeWinds, JOC, Strategy&, 3D Print.com, 3D Printing Industry

