**Type of container cargo no longer affects price in market defined by oversupply, discloses Xeneta**

**26 April 2016, Oslo:** Xeneta can reveal that containership carriers are no longer pricing cargo according to type. Simply filling their vessels is now the number one priority. The Oslo-based benchmarking and market intelligence platform for containerized ocean freight argues that oversupply, better supply chain management and downwardly spiralling fuel costs have made the market so competitive over the last 18 months that ‘what’s in the box’ no longer plays a part in negotiations.

Data gathered by the firm illustrates that the market average price for transporting a 40-foot container from Shanghai to Rotterdam, on a short-term contract, has slumped dramatically since mid-2014. As of 19 April 2016, the market average price stood at USD595 (a 78% drop compared to 1 July 2014) and at USD321 for the market low (an 82% drop over the same period). This, Xeneta CEO Patrik Berglund argues, has created a new market reality.

“In today’s market there’s too many boxes chasing too few cargoes,” he states. “Traditionally cargo was rated by weight or measure, with the ratings based on the cargo type. Calling a carrier or NVOCC’s rate desks for ocean freights was a painful experience, with negotiations based on cargo descriptions, packing, and cube - all designed to bring maximum revenue to the carrier.

“But now, as long as the box isn’t overweight - although even that isn’t always an issue these days - or filled with hazardous material, that’s all been pushed to the side. The carriers just want a full box, period. It’s also important to note how contracts can make a difference here. In the current market short-term contracts, or those hunting good spot rates, are getting better deals than those with long-term contracts. This wasn’t the case 18 months ago.”

When looking for the cause for this shift, Berglund points to a simple factor – oversupply in a declining market.

“Over the last 18 months slowdowns in the Chinese and EU economies have cut Chinese imports by 19% and exports by 13%,” Berglund notes. “When that’s married to the fact that 208 new ships were introduced to the market in 2015, boasting a capacity of 1.67 million TEUs, carriers have a major problem. Namely, a stunning 8.1% oversupply of TEU’s.

“This is a very serious issue for them – one that demands action.”

Xeneta’s CEO describes the situation as “the perfect storm” for the segment, and one that will continue to redefine the landscape.

“The industry is in a state of flux,” he says. “Cosco and CSCL are looking to get their recent merger approved by EU and US regulators and, together with Evergreen, OOCL and CMA CGM, form a new east-west mega-alliance. Such a powerful grouping would challenge the market dominance of the Maersk and MSC 2M vessel-sharing agreement, and possibly drive the price war to new highs, or rather lows.

“In this environment there’s rumours of rock bottom prices, with mentions of boxes booked for Qingdao – Rotterdam for as low as USD 100, or even lower. So, at present, ‘what’s in the box’ isn’t the question, it’s ‘can we have your business please’?”

In conclusion, Berglund emphasizes that any firm looking to ship containerized cargo needs to be aware of the latest data and trends relating to pricing:

“This market is incredibly dynamic,” he states. “By gaining an intimate insight of it firms will get the understanding they need to get the deals their cargo deserves. This is a time of change, but it’s also a time of opportunity – for clients and for the shipping alliances fighting for segment leadership.”

**About Xeneta**

Xeneta is the leading ocean freight price comparison and shipping market watch index transforming the shipping and logistics industry. Xeneta’s easy-to-use yet powerful reporting and analytics platform provides shippers and freight forwarders the software data they need to compare their shipping prices against the world's largest database of contracted rates – reporting live on market average and low/high movements. Xeneta’s shipping indexes comprises of over 11 million contracted rates and covers over 60,000 global trade routes enabling informed decisions with actionable intelligence optimizing companies’ logistics procurement. Xeneta is a privately held company and is headquartered in Oslo, Norway. To learn more, please visit [www.xeneta.com](http://www.xeneta.com/).

[www.xeneta.com](http://www.xeneta.com)

**For further information please contact:**

Katherine Barrios

CMO

Xeneta AS

**M:**katherine.barrios@xeneta.com

**P**: +47 95 14 64 14