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APAC Forwarding Index: June survey results

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APAC FREIGHT MARKETS CLOUD OVER AS FORWARDERS FEAR PEAK SEASON COULD DISAPPOINT

Singapore, 5 July, 2017

Air and ocean volume growth on the Transpacific and Asia-Europe trades stalled in June and optimism ahead of the peak season is starting to subside, according to the latest APAC Forwarding Index survey results.

However, the survey also revealed robust volume growth and forward sentiment on intra-Asia trades. 49.3% of survey respondents indicated 'higher' month-to-month intra-Asia volumes in June, while 44% reported the 'same' month-to-month volumes.

"Gains in rail were strong with 78% of respondents reporting 'higher' volumes as China's 'One Belt, One Road' initiative gains traction," said Cathy Roberson.

Roberson conducted the survey with fellow consultant Mike King as the pair continue to collate data ahead of the launch of their new APAC Forwarding Index in late summer [to take the July survey please click [here](#)].

The latest APAC Forwarding Index survey also revealed buoyant three-month intra-Asia demand expectations with 43% of respondents anticipating 'higher' volumes across modes in September than experienced in June. "Rail sentiment was strongest with 72% of respondents expecting 'higher' volumes," said Roberson. "55% of respondents predict 'higher' volumes for ocean in September compared to June and 45% of respondents expect 'higher' intra-Asia volumes by air.

"Economic indicators across most of the Asia Pacific region remain very positive and there is no sign of slowing intra-regional trade by sea and air.

"But international road and rail services in Asia are relatively undeveloped, certainly compared

to Europe, so I think that's where we can expect significant and dynamic long-term freight expansion."

APAC OCEAN FORWARDING MARKETS

In the June APAC Forwarding Index survey only 35.7% of respondents predicted 'higher' volumes on ocean freight APAC lanes in September compared to June, while 31.2% anticipated 'lower' volumes.

For example, on the APAC–North America head-haul trade, 38% of respondents predicted 'higher' volumes in September compared to June and 42% 'lower'. Meanwhile, 58% of respondents anticipate the 'same' volumes on the backhaul North America–APAC trade.

The fall in optimism – at least compared to previous surveys - chimes with recent ocean spot freight rate declines on the major trades. However, the latest survey results for freight volumes on APAC ocean freight trades in June compared to May were positive. Some 50.8% of respondents indicated 'higher' volumes in June versus May. This compared to 47.5% noting 'higher' in May when compared to April.

"Could peak season patterns be shifting or is this the result of global economic uncertainties?" said Roberson. "There certainly seems to be uncertainty about how strong and long this year's ocean peak season will be and the readings on the Transpacific and Asia-Europe have diverged.

"Spot freight rates have been volatile and bearish on headhaul trades in recent weeks and the economic signs on exports out of Asia have been mixed. It will be very interesting to see how ocean volumes fare in July and August and how this plays out in liner markets."

APAC AIR FORWARDING MARKETS

The 3-month air freight outlook has also taken a bearish turn. Only 22.6% of survey respondents predicted 'higher' volumes across APAC air freight trade lanes in September compared to June, while 38% forecast 'lower' volumes.

"In the next three months, we are hopeful of some growth in air cargo demand but we expect rates to be flat," noted one respondent. "We're not expecting a major change until Q4."

European lanes were the most optimistic with 34% of respondents on the Europe–APAC lane expecting 'higher' volumes in September compared to June, while 47% expect APAC–Europe lane volumes to be the 'same' and 19% expect them to be 'higher'.

Optimism on North American lanes declined significantly with only 22% of survey respondents forecasting 'higher' volumes for the North America–APAC lane over the period, and 44%

predicting 'lower'. On the APAC–North America lane, 22% predicted 'higher' volumes and 41% 'lower'.

Month-to-month air freight forwarding volumes also saw slower growth last month. 41.4% of respondents recorded 'higher' air freight volumes on APAC air freight lanes in June compared to May, while 35.2% noted 'lower' volumes.

“After two months of 50% plus noting 'higher' month-to-month volumes optimism is dimming - 41.4% is the lowest response we have recorded noting 'higher' APAC air freight volumes in our first four months of surveys,” said Roberson. “Meanwhile, those respondents noting 'lower' air freight volumes - 35.2%, month-to-month - was a sharp increase from the 5% noting the 'same' from April to May.”

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About the new APAC Forwarding Index

The Index is being developed by freight journalist and consultant Mike King, and Cathy Roberson, an industry veteran who has been consulting on logistics markets for more years than she cares to admit.

The full Index will be published in the coming months with methodology and analysis provided by King and Roberson, the founders of, respectively, Mike King & Associates and Logistics Trends & Insights LLC.

“With four months of data, we are well on our way to building the Index,” said Roberson. “Combined with economic and manufacturing data along with proprietary market sizing of the forwarding market, the index will provide insight into the APAC forwarding market – international and intra-regional – that is not available elsewhere.”

“A big thank you to all that are helping in this effort. However, we need more input. The survey is open to anyone with insight or business linked to key trade lanes to and from Asia used by forwarders and other third parties. The July monthly APAC Forwarding Index survey is now open [here](#).”