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Web: www.alphaliner.com | E-mail: data@alphaliner.com | Sales: commercial@axsmarine.com

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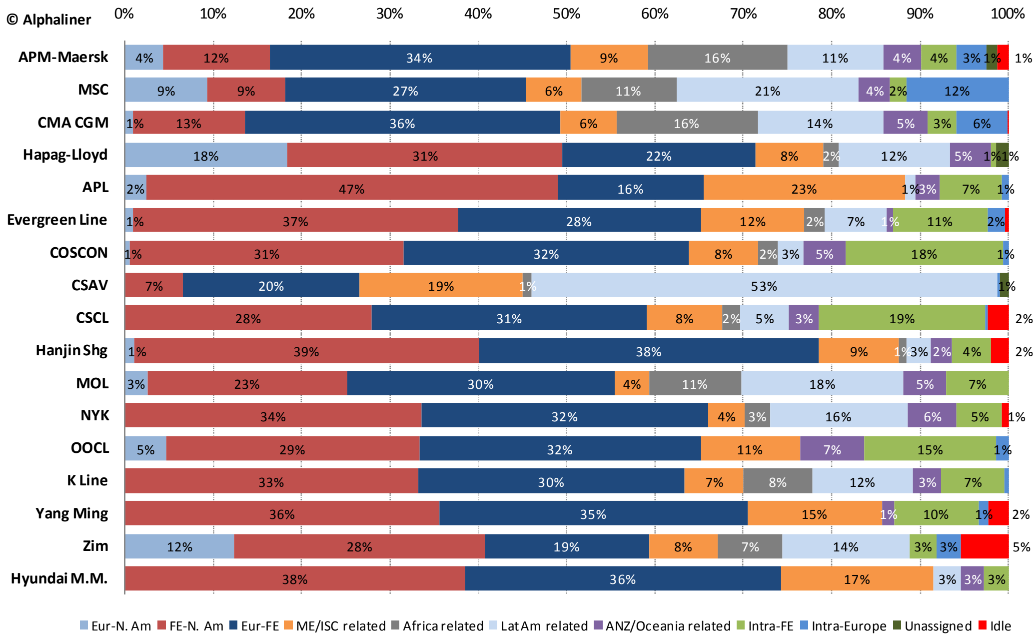
- **17 carriers have significant global coverage across multiple tradelanes. We track carrier exposure to the various trades based on capacity deployed by individual shipping lines (excluding transshipment, wayport and slot exchange arrangements).**
- **44% of global capacity is deployed on the FE-Europe and FE-North America trades.**
- **Carriers with the largest relative exposure to the FE-Europe trades are CMA CGM (36%), HMM (36%), Yang Ming (35%) and Maersk (34%).**
- **Carriers with the largest relative exposure to the Transpacific trade are APL (47%), Hanjin (39%), HMM (38%) and Evergreen (37%).**

INSIDE THIS ISSUE:

Chart of the week

Main global carriers breakdown of TEU capacity deployed by trade (as at 1 Aug 2010)



Tradelane exposure will drive carrier profitability in 2010

All the major global container shipping lines have announced a return to profitability in the first half of 2010, after the dismal performance of 2009 when the liner shipping industry lost a combined $15Bn. However, the highly divergent performance of those carriers which have announced their first-half financial results, shows that the rate of recovery has not been uniform.

The trade mix of the individual carriers has a significant impact on the financial results of the shipping companies. Although carriers emphasized cost efficiency, improved productivity and service delivery as the reasons behind their individual turnaround, the main driver for the carriers' return to profit in the first half of the year are increased freight rates in the Asia-Europe trade. The carriers which made the largest gains are those that have the largest exposure to the Asia-Europe trades.

Last week, APL reported operating profits of $13M for its liner operations in the first half of the year, whereas Hanjin reported operating profits of $118M and OOCL posted operating profits of $303M. The relatively poor performance of APL can be attributed to the carrier's disproportionately large exposure to the Transpacific trade, which had continued to drag down carriers' earnings in the first half of the year. Freight rates on the Asia to North America trade only became profitable in May. In contrast, rates on the Asia to Europe trade have already been profitable since December last year.