

XENETA



**FREIGHT
FORWARDER
EDITION**

Red Sea Crisis

**4 STEPS FREIGHT FORWARDERS
CAN TAKE NOW**

OCEAN & AIR FREIGHT SHIPPING
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Whilst you're reading this, major ocean freight carriers continue to pause some or all of their transits through the Suez Canal and are diverting ships away from the Red Sea.

This has triggered nearly a month of shipping uncertainty and rising ocean freight shipping rates. With A.P. Moller Maersk announcing the extension to pause transits 'for the foreseeable future' and rates increasing faster than what we saw in the first month of COVID, it is highly unlikely that this situation will be resolved before the Lunar New Year.

As we enter 2024, the interplay of geopolitical factors, environmental regulations (such as the EU's ETS rules), and the industry's adaptive capacity will be key determinants in navigating rapid market developments.

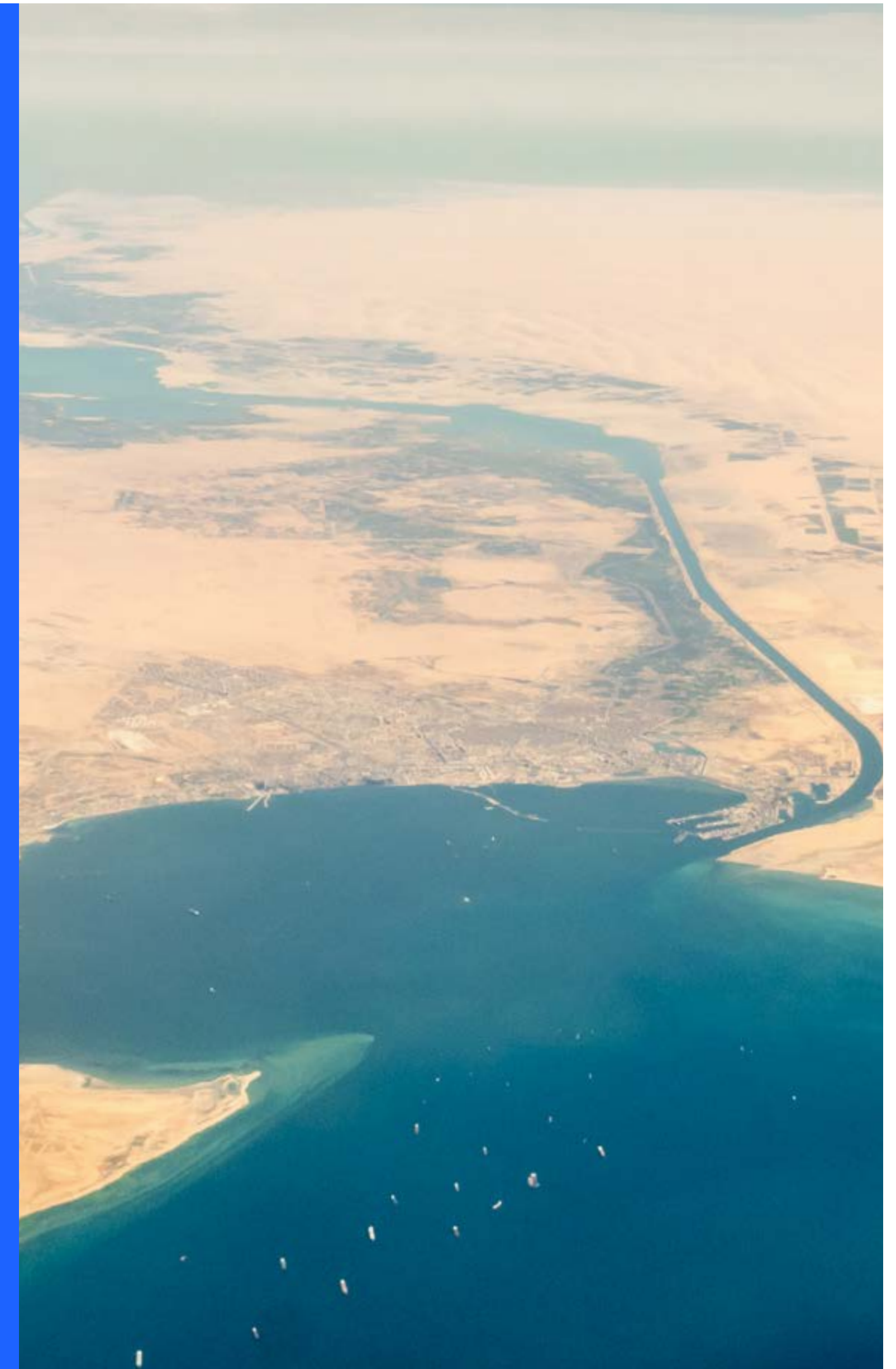
In times of uncertainty, Xeneta can help you anticipate domino effects on all trade lanes and empower you to continue advising customers on budgets and supply chain impacts. This gives Freight Forwarders an opportunity to support and retain business, and where appropriate, grow margins and increase revenues.

When it comes to the Red Sea Crisis, we recommend you use the data you have to action the four steps on the right.

On the following pages, we cover why these actions are important to prioritize.

Xeneta recommended four steps:

- 1 Understand your risk exposure and quantify that risk against market movements
- 2 Continue communicating with customers through advisories, detailing risk and alternative freight modes to minimize supply chain disruption.
- 3 Use market data to operationally negotiate spot rates throughout H1
- 4 Monitor and proactively communicate the domino effect on future capacity and schedule reliability to your customers



Understand your risk exposure and quantify that risk against market movements

By now, your valued customers know that rates are on the rise and highly volatile – and they're preparing to have conversations with you to grasp how this affects existing agreements. Our advice for you is to understand your risk exposure. This starts by identifying the types of commitments you've given to your clients and how much risk you are currently exposed to with your NAC rates.

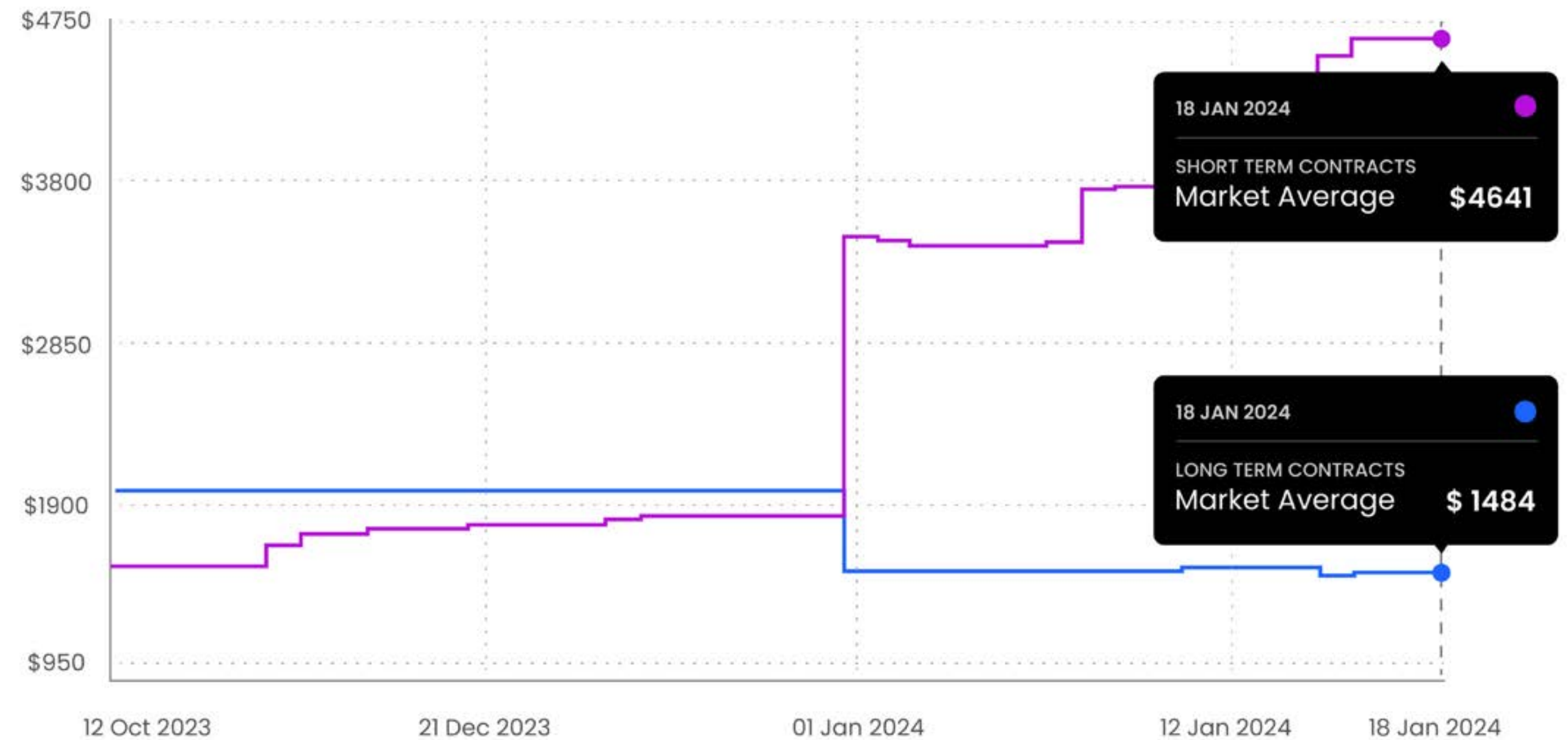
You can use real-time data sourced from Xeneta to quantify your risk by measuring the NACs vs the average to high-rate levels of the spot market. Further, Xeneta has now launched short-term rate forecasts up to 10 days into the future. This data helps you lead vital conversations with your customers on the consequences they face with cargo being rolled, and any actions they should take to mitigate these consequences.

Gain full transparency over rising costs

To provide the most comprehensive picture of the market, Xeneta includes the plethora of Red Sea related surcharges already announced by carriers – crucial information in your conversations with customers. Xeneta has also added a Surcharge alert banner to our

Short-term vs long-term market average – Far East to North Europe

Source: Xeneta



Benchmark & Trends graphs, which displays surcharge alerts for Far East and South East Asia to the Mediterranean, North Europe, and Europe Atlantic.

As logistics professionals know, short-term market changes have a knock-on effect on the long-term contract market. As the short-term market has increased by 212%, we can expect the long-term market will have an upward trajectory in the coming months.

“What we’re seeing is a highly reactive and rapid market movement compared to what we experienced through COVID. Freight Forwarders need to understand where the capacity crunches are, the domino effect of that on other trades and how they mitigate the potential risk that we’re looking at.”

Patrik Berglund,
Xeneta CEO

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Continue communicating with customers through advisories, detailing risk and alternative freight modes to minimize supply chain disruption.

Motivated by dwindling stock levels going into H1, many shippers are preparing to shift a proportion of their cargo to alternative freight modes to mitigate the risk of increasing unreliability in ocean freight shipping. This will have a knock-on effect on budgets, timelines, port logistics and, in some cases, environmental targets. Higher-value agreements will also likely be prioritized by carriers due to a surge in demand.

Xeneta data can help you quantify and visualize how this disruption is having a knock-on effect on your clients' operations. This will bring transparency and neutrality to the conversations you have around rate increases.

How Freight Forwarder customers are using Xeneta

Xeneta customers are currently using the platform to monitor both air and ocean markets before making

Availability of air cargo capacity – Asia to Europe & Middle East

Source: Xeneta

Average dynamic load factor from selected Asia airports to Europe and Middle East in the two weeks ending 17 December 2023



decisions that impact on their customers' supply chains. For example, dynamic load factor out of Hong Kong is already at 93% – this is vital information to share with your customers, making them aware of capacity and cost implications before they make a switch.

“As COVID proved, there is always room for air freight rates to go up. Air Freight Forwarders and airlines will prioritize agreements at higher prices, and this is a real risk for shippers.”

Niall van de Wouw
Xeneta Chief Airfreight Officer

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Use market data to operationally negotiate spot rates throughout H1

Unless your customers have high levels of inventory, they'll need to restock in H1. And with rising costs, equipment shortages, longer transit times and decreased reliability, this has put long-term rates at risk for both you and your customers.

Xeneta data helps you understand this risk, optimize your selling and buying power on short-term rates, and give specific guidance and visibility to each of your customers. Xeneta also provides transparent and trustworthy pricing data, giving you the confidence to negotiate favorable terms for all parties.

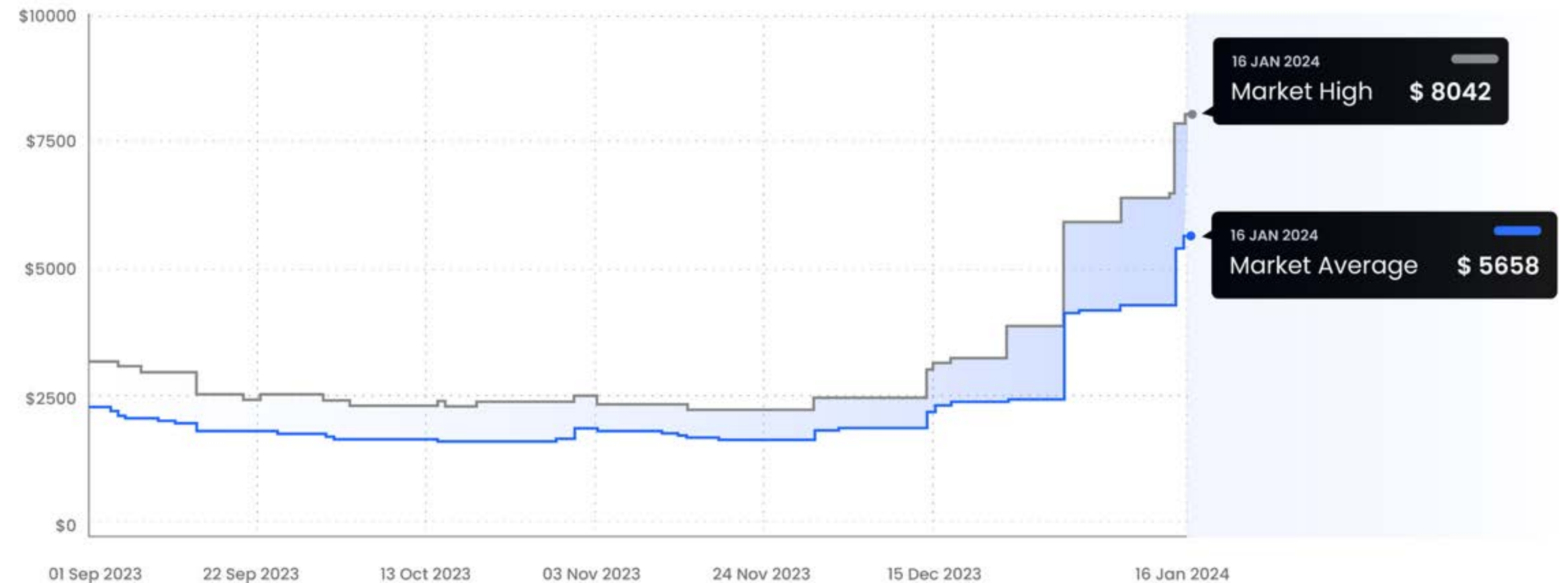
This graph provides an indication of the magnitude of rate increases when compared to Q4 2023, and the opportunity for forwarders to buy and sell at higher and more profitable levels.

Future Rate Visibility – Empower Your Planning

In response to the Red Sea crisis, Xeneta has expanded its platform to forecast short-term market rates up to 10 days into the future. This enhancement offers

Short-term market spread – Far East to Mediterranean

Source: Xeneta



a proactive edge in planning and navigating the evolving freight landscape – meaning you don't have to rely solely on anecdotal feedback from carriers.

As well as forecasting, Xeneta processes 10+ million data points per month to give accurate market data in real-time. This data is neutral and allows Xeneta customers to enter negotiations with confidence – for example, if they are targeting the mid-high rate to protect supply chains.

"If you are going to challenge and push back, then you can either go into these negotiations blind or you can have the Xeneta market data to strengthen your position."

Erik Devetak
Xeneta Chief Product and Data Officer

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Monitor and proactively communicate the domino effect on future capacity and schedule reliability to your customers

Short term rates between Far East and North Europe have already passed the 100% increase milestone since mid-December 2023. While a localized incident, the Red Sea is having global implications across major shipping lanes that must be closely monitored.

Shippers who have long-term contracts at lower value are at risk of being rolled and will likely turn to you to help maintain service levels. Xeneta gives oversight of capacity and schedule reliability on key trade lanes so you can proactively monitor and communicate the domino effect of the Red Sea crisis to your customers.

The graph to the right shows the “market mid-low” for spot rates. Even for players who remain on market-low rates, increases have been substantial. Subsequently, the spread between market mid-low and mid-high represents the current playing field for freight forwarders within which both opportunities and risks are found. Xeneta gives you full transparency over this spread in real-time.

Short term ‘market mid-low’ rates per FEU – Far East to North Europe

Source: Xeneta



Monitor the whole market in one platform:

Xeneta customers are using the platform to track movements across the entire market; not only on trades that transit the Suez Canal, but on shipping lanes around the world. For example, HMM has announced rate increases on the Transpacific as a result of the crisis in the Red Sea.

By continually monitoring the market with unwavering objectivity, you can ensure that your strategic decisions are based on accurate and impartial data in real-time. Xeneta cuts through the noise, allowing you to make informed choices with confidence.

“Remember this is a quiet season for shipping – carriers will need their ships to be back in Asia following the upcoming Chinese New Year when demand increases, so disruption is only going to get worse.”

Erik Devetak
Xeneta Chief Product and Data Officer

Planning your next strategic move

At the heart of successful Freight Forwarder relationships is trust, transparency and objectivity in pricing data. Xeneta's ocean and air freight benchmarking and analytics platform gives you all three.

Calling upon more than 400 million crowdsourced rates, Xeneta provides a neutral source of trusted market insight – empowering our customers to negotiate more advantageous deals and pivot their strategy with confidence.

In times of crisis, rely on Xeneta as your invaluable partner. Our platform offers clarity and reliability amidst the potential for opportunistic behavior and misinformation. Navigate the ongoing Red Sea crisis with data-backed decisions that protect the business interests of you and your customers.



Ready to Transform Your Strategy?

Explore the possibilities with Xeneta. Learn more at www.xeneta.com/demo or connect with our team to discover how data-driven certainty can elevate your strategic moves.



[Contact the team today](#)

Did you know, Xeneta customers benefit from being part of a peer-led community, with regular **customer-only webinars and roundtables** so they can hear from market leaders and Xeneta analysts as black swan events unfold.

[Join the January Webinar here.](#)

XENETA

Navigate unpredictability with data-driven certainty.

Anticipate disruptions, seize hidden opportunities, and boost your bottom line – in any market conditions.

Build your freight strategy around the only market analytics platform powered by the definitive index of real-time ocean & air freight rate data.

Learn more at
www.xeneta.com/demo

