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Suez: Europe ripples gone 1st week of June

Now that the shipping lines have had time to plan and re-organize their operational schedules after the disruption caused by the Suez incident, the planned deployment of vessels on Asia-Europe has changed somewhat over the past two weeks. In issue 510 of the *Sunday Spotlight*, we updated our analysis on the ripple effects on Asia-Europe network capacity and expanded it to see when exactly the main Suez ripples would be removed from the system.

At this point, we also want to emphasize that the difference in the carriers' deployment compared to last time, is that two weeks ago, the network deployment was basically just showing the actual operational disruption brought about by the operational necessities involved in dealing with the Suez impact, but carriers had not yet had time to make more comprehensive plans for getting networks back in order. Now they have had that time as well, and therefore the update of the analysis is now more reflective of the actual long-term developments.

To better see the impact, we took the weekly change in capacity compared to the pre-Suez situation, and calculated the cumulative change. Next, we have calculated this cumulative impact as a percentage of the total capacity offered to the shippers in the market. This way we obtain a method for seeing when the cumulative impact approaches 0% - which would then in turn indicate the timeframe it takes to absorb the Suez impact.

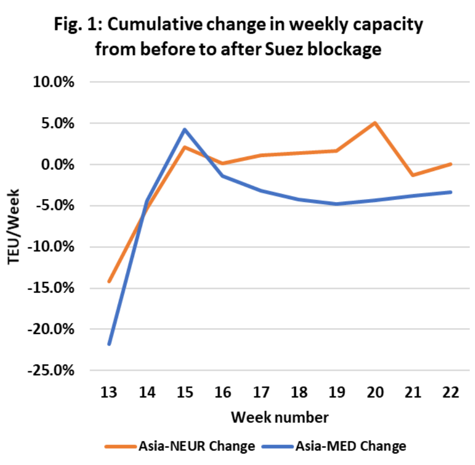

Figure 1 shows this cumulative impact on Asia-North Europe and Asia-Mediterranean. From a numerical perspective, the head-haul impact is an initial shortfall which is quite quickly absorbed, followed by a secondary shortfall which takes longer to absorb. After 9 weeks, the effect is almost fully absorbed, but not quite. Given that our capacity outlook only ranges 13 weeks into the future each given week, there is no detailed comparison possible beyond week 22. For Asia-North Europe, resolution is much quicker initially – actually a slight overshoot – with a small secondary drop towards the end of the period, which is then getting corrected. In essence, the Asia-North Europe trade is on track to have all the effects removed by early June.

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