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MARITIME TRANSPORT PRICE INDICES IN LATE 2006

Since the worldwide freight crisis that began in mid-2002, maritime transport prices have remained higher than pre-crisis levels and have proved to be fairly volatile.

This edition of the Bulletin is the first one of the year to analyse maritime transport markets. It covers price trends in three maritime transport markets: containers, bulk carriers, and petroleum and refinery byproducts.

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1. CONTAINER TRANSPORT

Figure 1 shows price trends for maritime container transport on selected routes from the first qu quarter of 2006 (provisional data).

Figure 1

Source: Ricardo J. Sánchez, on the basis of information from ci-online, obtained from Bloomberg, for routes Europe, and author's own research into the freight rates for container exports from Latin America . This is a Laspe

The prices used to construct the indices are for 20-foot dry containers and are div corresponds to information from ci-online on three of the main worldwide maritime trade routes and Europe, and from Europe to the United States – stated directions only). Transport cost surcharges for instance Currency Adjustment Factor (CAF), Bunker Adjustment Factor (BA (THC)) and refer to the largest shipping companies operating along each route.

The second group of prices relates to container transport for exports from Latin Ame authors for the same period. Prices include the main charges (the equivalent of total pric

according to the main destinations of exports from each of the three coasts of South Ame Mexico , provisional and casual measurements have been carried out to compare their perform up to South America . The results are similar to the price patterns for the north coast of South

In all cases, the index represents the percentage change in prices in relation to an initi second quarter of 2002. This period was chosen as it came during the low point of the marit (see FAL Bulletin No. 228, August, 2005).

For most of the routes analysed, the low point was reached in the second quarter of 2 then rose until the end of 2004. For Latin America, this meant an average increase of 57.5% Following that, prices tended to fall, albeit at different rates. Prices for the Europe to United Sta climb. The downward trend was more acute for the Asia-Europe route and less pronounce Asia to the United States . As for routes out off Latin America , the trend changed in the first index went from 160.5 in the fourth quarter of 2004 to 139.9 in the first quarter of 2006. At figures for the east coast were 154.8 and 139.9, and the figures for the north coast were 157. quarter and the end of the third quarter of 2006, this turnaround represented a relative incre 6.3% for the east coast and 2.9% for the north coast.

2. BULK CARRIERS

Unlike maritime container transport, which uses the regular services of shipping companies contract and prices), bulk carriers (dry and wet) are hired services (voyage and especially time to one renowned international shipping experts, bulk carriers should be called “tramp” servic construct the most international recognized price indices.

First, there is the Baltic Dry Index (BDI), calculated by the Baltic Exchange (see www.b of information of “tramp” freight contracts and the three types of ship that serve as bulk ca Handy).[1]

An index is calculated for each of the three types of ship, using average weighted freig routes for each ship. These indices are then combined to determine the Baltic Dry Index (BDI) three constituent indices) is therefore considered to be an accurate representation of the inter carriers. It should be pointed out that each of those three indices is extremely important in te trade in non-petroleum bulk carriers.

The Capesize index is calculated using information from freight charges for 10 world 172,000 deadweight tonnes (dwt). Three of these ten routes originate in Latin America , which the total. The Panamax index is calculated on the basis of seven international routes for a ty The index for Handy vessels is based on a typical ship carrying 40,000 tonnes dwt, with representing 37.5% of the total.

BDI trends are shown in the following figure:

Figure 2

BALTIC DRY INDEX (1987-2006)

Source: Ricardo J. Sánchez, on the basis of information from the Baltic Exchange obtained from Bloomberg [onli

Price trends for bulk-carrier water transport (especially of minerals and agricultural produ stable up to 2002, when a new era of completely different prices was ushered in. Between historical average was 1,349 points, while this rose to 3,431 points between 2003 and 2006.

As shown in figure 2, prices rocketed from 2002 to stand at over 5,000 points for most o points in December 2004 (382% over the average for 2002).

The tables below show the annual averages and standard deviations for each of the fou be similar, with a striking increase from 2002 to 2004, followed by a decline in prices from 200 higher than initial levels.

Table 1

ANNUAL AVERAGE INDEX AND STANDARD DEVIATION (HANDY AND

INDEX	**Handy**		**Panamax**	
YEAR	Average	Standard deviation	Average	Standard deviation
1999	(*)	(*)	1 065.43	168.84
2000	1 111.56	36.40	1 540.22	90.18
2001	936.05	111.65	1 247.67	312.00
2002	895.01	121.65	1 130.40	198.22
2003	1 661.42	522.42	2 543.97	974.71
2004	3 162.59	535.84	4 382.68	888.11
2005	2 402.88	578.08	3 128.07	1 006.39
2006	2 248.45	498.14	3 020.75	784.87

Note:(*) Unavailable, as the index was first calculated in 2000.

Source: Ricardo J. Sánchez and Alejandro Vargas, of the ECLAC Natural Resources and Infrastructure Division.

The price index for maritime transport using Handy ships rose by 253% between 2002 a 29% in 2006. The average for 2006 is nonetheless 151% higher than in 2002. Similarly, the P between 2002 and 2004, only to fall by 31% between 2004 and 2006. The average index for 2 than in 2002.

Table 2

ANNUAL AVERAGE INDEX AND STANDARD DEVIATION (CAPESIZE AND

INDEX	**Capesize**		**Baltic Dry**	
YEAR	Average	Standard deviation	Average	Standard de
1999	1 315,76	394,07	802,95	
2000	2 186,80	233,11	1 370,55	
2001	1 468,59	412,37	1 565,95	
2002	1 395,36	347,42	931,32	
2003	3 662,59	1 567,55	1 693,86	
2004	6 011,20	1 272,62	5 229,48	2

2005	4 602,85	1 320,83	4 501,90	1
2006	4 288,83	1 074,82	2 261,76	1

Source: Ricardo J. Sánchez and Alejandro Vargas, of the ECLAC Natural Resources and Infrastructure Division.

The average annual index for Capesize vessels rose by 331% between 2002 and 2004, and 2006. The 2006 figure is 207% higher than the level recorded in 2002.

Lastly, the Baltic Dry Index was 462% higher in 2004 than in 2002, and 57% lower in 20(index was nonetheless 143% higher than in 2002.

Price volatility was also high between 2002 and 2006.

An analysis of the complete series of the Baltic Dry Index from its first year of systematic 2006 shows regular patterns of annual price increases and decreases. In 17 of the 22 years a prices were recorded between December and March. In 21 of the 22 years, the highest prices December and May. The lowest prices were recorded between June and September in 10 out

In many cases, prices begin to increase in October and reach their maximum levels betw

Figure 3

BALTIC DRY INDEX AVERAGE (2002-2006)

Source: Ricardo J. Sánchez and Alejandro Vargas, of the ECLAC Natural Resources and Infrastructure Division.

Figure 3 shows the average index over the past 60 months and the linear trend of the Baltic Dr can see the same pattern of strong price increases from the middle of the year and October, pe falling off up to June. In 2006, however, prices began to rise in February and the increases con year (with prices remaining high in January 2007).

3. TRANSPORT OF OIL AND REFINERY BYPRODUCTS

Figure 4 shows liquid bulk freight charges for 2002-2006, according to the Baltic Exchange Ind prices for crude and petroleum derivatives.

Figure 4

DIRTY TANKER INDEX COMPARED WITH THE CLEAN TANKER I

Source: Ricardo J. Sánchez, on the basis of information from The Baltic Exchange obtained from Bloomberg [onl

Figure 4 shows that the trend is an upward one and that volatility levels have been high. transporting refined petroleum products (clean tankers) have less extreme patterns than those transportation of unrefined petroleum products (dirty tankers).

Table 3 shows average annual figures for both indices, and their standard deviation.

Table 3

AVERAGE ANNUAL INDEX AND STANDARD DEVIATION FOR CLEAN AND I

INDEX	**Dirty tanker**		**Clean tanker**	
YEAR	Average	Standard deviation	Average	Standard deviation
2002	830.73	206.31	737.60	76.64
2003	1 335.31	388.26	1 043.18	172.27
2004	1 782.63	612.03	1 228.88	276.62
2005	1 497.35	373.36	1 318.32	274.42
2006	1 286.35	194.74	1 111.99	210.28

Source: Ricardo J. Sánchez and Alejandro Vargas, of the ECLAC Natural Resources and Infrastructure Division.

The annual averages for the Dirty Tanker Index show a rise of 114% between 2002 and were 27% lower than in 2004. The average in 2006 was nonetheless 54% higher than in 2002.

As shown in figure 4 and table 3, there is considerable price variation as well as high lev

According to annual averages, the Clean Tanker Index rose by 79% between 2002 and 2 were 15% lower than in 2005. The average for 2006 was nonetheless 51% higher than in 2002

This means that volatility is apparent here also, albeit to a lesser extent.

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[1] Capesize ships are mainly used to transport minerals that are too large to pass through the Panama Canal and therefore g Africa) and other routes. Some Capesize ships are used to transport grains, but to a lesser extent. Panamax are the largest sl Canal . They are some 275 metres long and carry an average cargo of 70,000 tonnes. Handy ships are the smallest of the thr transport between 25,000 and 50,000 tonnes of grains and derivatives.
