

Xeneta Shipping Index by Compass



**EU Benchmark regulated set of indices
for the ocean freight market**

Managing price risk uncertainty in ocean freight market



The containerized ocean freight market

Current Market Environment

- **Rates are extremely volatile**, especially since the COVID-19 crisis
- **Fixed supply** (availability of large container vessels) and highly **variable demand** lead to structural spot price volatility
- COVID-19 crisis shifted demand and reduced supply, leading to **10x price increases** on some trade lanes.
- Large shippers typically run RFQs to fix prices for 12 months which involve thousands of individually negotiated prices. 63% of Maersk's ocean volume is priced on long term contracts.
- Historically, there has been **no reliable way to hedge exposure** to ocean freight and **no index linked contracts**

Market Expansion Drivers

- **Free trade agreements** and new ports, new equipment.
- Continuing containerisation lead by **inter modularity** improvements.
- **Chronic East-West GDP imbalance**, market demand, carbon considerations.

Potential

The **ever increasing worldwide commerce** activity is expected to support the industry's growth. Driven by seaborne trade, the expanding penetration of e-commerce, digitisation in container shipping space, and increasing demand for specialised shipping containers. The industry push to extract itself from some market specific peculiarities and shortcomings.

For Whom?

The XSI-C Indices speaks to a wide client spectrum wanting **exposure to macro world trade markers and the containerised maritime shipping market**. Real physical investors (Logistics REITs, Insurance Companies, Owners & Non Operating Owners) looking to hedge existing portfolios, Macro Investors (Hedge Funds, Asset Managers, Asset Allocators) looking to take a speculative position on the huge containerised shipping Market.



A set of reliable BMR indices designed to offer exposure to the container ocean freight market

Xeneta Shipping Index by Compass (XSI-C)

Xeneta Shipping Index by Compass (XSI-C) represent **BMR compliant in-depth and accurate ocean container short term freight rates over major trade lanes**, for a 40' container.

They are calculated daily and published at 6.15pm CET.

XSI-C is available on the following trade lanes:

INDEX	BLOOMBERG CODE	REFINITIV CODE
XSI-C - North Europe to Far East	XSICNEFE Index	.XSICNEFE
XSI-C - Us West Coast to Far East	XSICUWFE Index	.XSICUWFE
XSI-C - Us East Coast to North Europe	XSICUENE Index	.XSICUENE
XSI-C - Far East to North Europe	XSICFENE Index	.XSICFENE
XSI-C - North Europe to US East Coast	XSICNEUE Index	.XSICNEUE
XSI-C - Far East to US West Coast	XSICFEUW Index	.XSICFEUW
XSI-C - North Europe to South America East Coast	XSICNESE Index	.XSICNESE
XSI-C - Far East to South America East Coast	XSICFESE Index	.XSICFESE

Data Description

Data used to build the indices are solely **committed quotes** reported to Xeneta by customers. Xeneta is the world largest ocean freight rate benchmarking platform and provides the most exhaustive source of information related to containers pricing with millions of data points allowing it to benchmark more than 75% of yearly containerized global trade.

Computation Methodology

XSI-C indices are based on the computation of **median prices**. Data used to compute the Index are Xeneta short term rates. To mitigate potential bias linked to concentration issue, the methodology will compute a USD median rate for each Customer- Service Provider pair. The Index level is then computed as the weighted average of the median rates computed above.



Expected volume and liquidity

A Pool Of End Clients Looking Frantically For Solutions

Xeneta has developed a unique pool of clients, including 3 out of top 5 global carriers and 7 out of 10 global freight forwarders.

Specificities of the container market, the way contracts are designed and executed, huge increase in prices result today in shippers looking desperately for tools to manage price risk.

This represents a massive pool of interests on both side of the market.

A set of OTC brokers are already working on the first deals using XSI-C indices.

A Massive Opportunity For Investors

Instruments will open a new way of offering market actors a pure exposure to the ocean container freight market and a unique tool to hedge price risk.

We expect massive interest, especially considering the following:

~ 70% of global trade by volume is transported by container

Containerised ocean freight is a \$450 billion commodity market

About \$14 trillion of the world's goods spend some time inside containers



About Xeneta and Compass

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XENETA

Xeneta is the leading ocean freight rate benchmarking and market intelligence platform transforming the shipping and logistics industry.

Xeneta's powerful reporting and analytics platform provides liner-shipping stakeholders the data they need to understand current and historical market behaviour – reporting live on market average and low/high movements for both short and long-term contracts. Xeneta's data is comprised of over 280 million contracted container rates and covers over 160,000 global trade routes. Xeneta is a privately held company with headquarters in Oslo, Norway and regional offices in New York and Hamburg.



Compass is a swiss-based company focused on the design, calculation and publication of market benchmarks, financial indices and tailor-made quantitative investment strategies.

The company was created in 2017 with our head office in Lausanne, Switzerland. Compass team provides its clients with innovative indices and accompanies them in each step of their index business development.

COMPASS Financial Technologies (France) is **registered as Benchmarks Administrator by the french regulator (AMF) under the EU Benchmarks Regulation (EU BMR).**



FIND OUT MORE

To find out more about the Xeneta Shipping Index by Compass, please visit our website www.compass-ft.com or www.xeneta.com

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