NYSHEX

Deliver through volatility

NYSHEX

Anna's tender

Designing a contract that works in a volatile market



NYFI Webinars: Europe 2027 Contract Season

Webinar 1 of 2 · Thursday 19 November 2026

Confidential

Welcome – how today works

45 minutes: 30 mins presentation, 15 mins Q&A

ASK YOUR QUESTIONS

- Questions via chat only – the moderator reads them out
- Questions sent at registration come first
- **Attendee list hidden, no open microphones**

RECORDING & ONE-PAGER

- The Webinar is recorded
- Recording + index-linked contract checklist sent to all registrants within 2 days
- **Anna's story continues at our next webinar on Thursday 10 December**

EDUCATION, NOT ADVICE

- Anna and ACME Home Furnishing GmbH are an illustrative example
- **All prices and examples are illustrative**
- **Not financial, investment, legal or trading advice**

Important information

Disclaimer

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Agenda

01 **Anna's situation –** the story so far and her five problems

02 **Why fixed rates struggle –** what 2026 did to Anna's contract

03 **Rebuilding the contract –** how an index-linked contract works, and the trade-off

04 **Before you sign –** five questions and what to take to your carrier

Meet Anna – our illustrative shipper for this webinar series



WHO SHE IS

ACME Home Furnishing

- Head of Logistics Procurement, reports to the COO
- Home furnishings importer in Hamburg
- An illustrative composite – not a real customer

WHAT SHE SHIPS

~1,500 FEU a year

- Shanghai and Ningbo to Hamburg and Rotterdam
- Annual fixed-rate contract with one carrier for budget volume
- Everything else goes to spot



WHAT SHE NEEDS

On time, in full, within budget

- Deliver 1,500 FEU on time and in full within the ocean freight budget
- Negotiating 2027 Europe contracts now
- Decisions due by mid-December



WHO SHE WORKS WITH

CFO, carrier and treasury

- CFO Markus – wants a freight number he can trust
- Her carrier account manager wants to sign a deal
- A small treasury team that has not hedged freight before



Anna’s problems

I

Her fixed rate contracts struggle in volatile markets

- when spot rates are much higher or lower than a contracted rate, one side or the other has an incentive to prioritise the spot market

II

Anna must give her CFO a freight budget

- paying increases or surcharges to ensure cargo moves means that costs are can be very different from Anna’s forecast

III

Renegotiating during the contract period costs time

- Anna feels like the tender is never over, “we negotiate all year”, this is time that should be spent on managing her supply chain

IV

A floating rate creates the risk of high costs

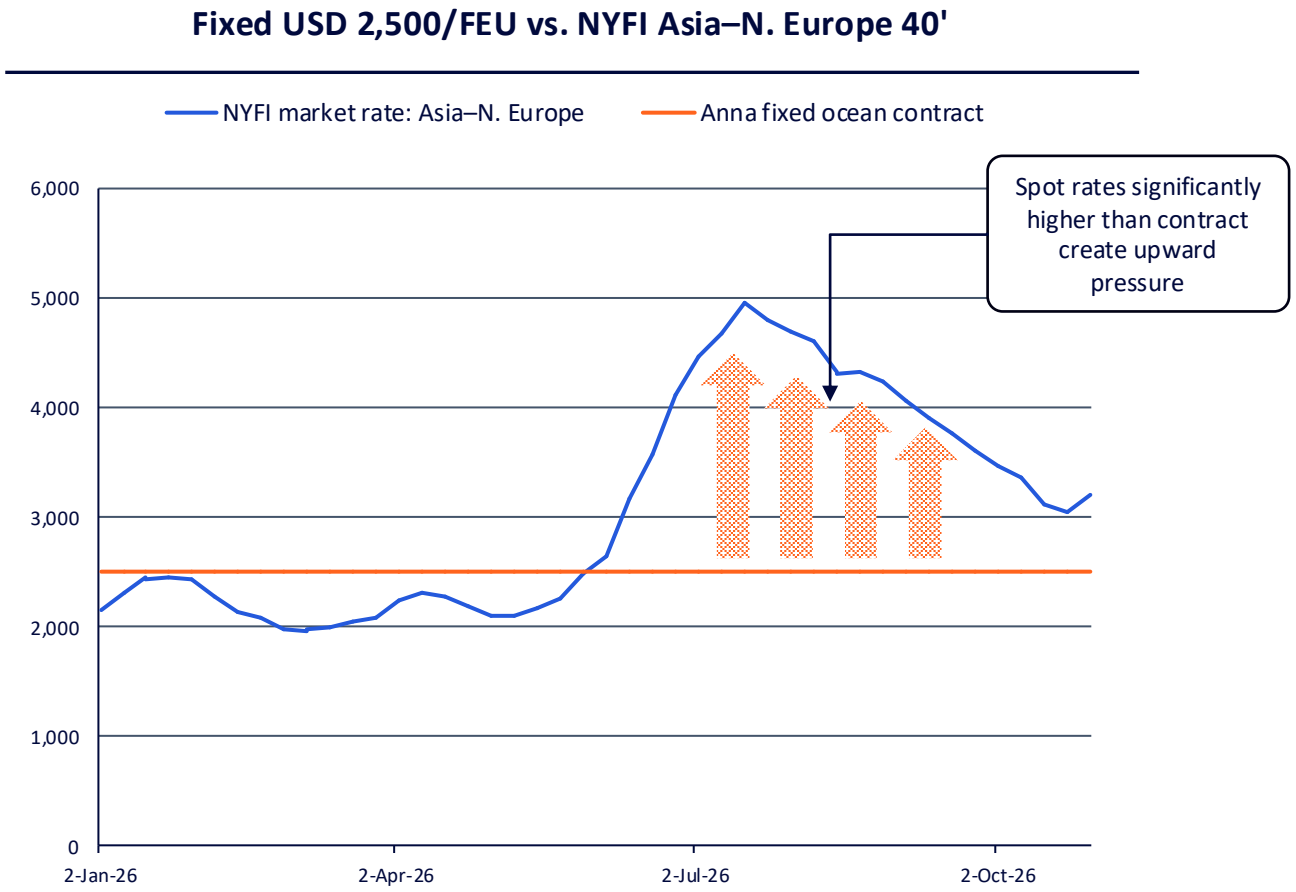
- if Anna moves away from a fixed price contract, she has no cost certainty and may face very high rates if prices increase

V

Hedging feels a long way from logistics and like someone else’s job

- Anna knows that some companies hedge their ocean freight costs, but she doesn’t know how this could work in her company

Why fixed rates contracts struggle: Anna's 2026 contract vs. the market



NYFI Asia to North Europe 40' – weekly index, Jan–Oct 2026

A main reason average contract fulfilment is only around 65%

Problem:

When spot and contract rates drift apart, both sides come under pressure – no one is at fault. In tight markets carriers must prioritize higher-paying cargo; when rates fall, shippers need savings to hit their budgets.

Consequence for Anna:

- Some of her cargo got rolled as market rates increased
  → Not all her 1,500 FEU were delivered on time
- Moving some cargo to spot, and renegotiating the contract
  → The 2027 ocean freight budget was not achieved

Solution:

An index-linked contract keeps the contract rate close to the market. This removes the incentive to break the contract. Both sides share the risk.

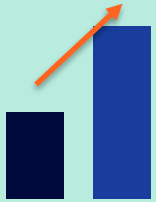
Index-linked contracts are becoming more mainstream

62%



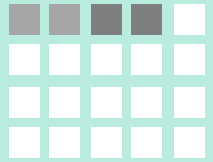
of carriers interviewed already offer index-linked contracts to their customers.

2x a year



growth in index-linked contracts since 2023, using NYSHEX transactions as a proxy.

10–20%



of contract volume is index-linked at two leading global carriers.

"We don't want to spend our time wheeling and dealing… Index-linked contracts have a lot of benefits, by aligning interests… If you are a big shipper, maybe you get NYFI minus 10%, but if you are a small shipper then maybe you get NYFI plus 5%."

Top 5 shipping line

Source: NYSHEX data, carrier interviews, NYSHEX Futures Forum

How an index-linked contract works

1. Reference index

A benchmark that reflects the spot price for the underlying market – usually at trade level.

2. Index + offset

Set contract rate = index plus/minus an agreed offset ($ or %), reflecting volume, service and cargo profile.

3. Reset cycle

Define the rate updates on an agreed cycle, e.g. the monthly average of the published underlying index.

4. Stronger commitments

Accepting a floating rate and sharing the market risk means that both sides should provide stronger commitments for equipment, space and volume.

5. Budget protection

Triggers or other clauses can be added to smooth out small price changes. Fixed rates or ceilings and other protection can be added using derivatives.

The trade-off

Less breakage and renegotiation, better service and relationships - your rate moves with the market, so your freight costs can rise or fall each month. You'll need to decide how to manage that budget exposure.

The honest trade-off of index-linked contracts for shippers

The rate follows a trusted third-party index – both sides share the market risk

Pros

- ✓ Less time renegotiating – no GRI or PSS haggling as the rate follows the market
- ✓ More trust and transparency – the rate is a function of a published index
- ✓ Stronger allocation and service commitments in return for the floating price
- ✓ Focus moved to service and execution instead of constantly talking about price

Cons

- × Freight cost moves with the market in both directions – harder to budget
- × Without stronger commitments in return, you give up "price certainty" for nothing
- × Needs a plan to secure the budget – a hedge on the same index (*Attend Webinar 2 to learn more – December 10th*)

Index-linked contracts do not need to be used for every container in your supply chain.
Find the areas where these tools will add value, use other contracting methods where they will not.



Anna's contract review: assessing how to build an index-linked contract



INDEX-LINKED CONTRACT QUESTIONS

1. What will be the contract start price?
Historical benchmarking, tender, index-linked contract methodology for start level

2. What is the offset from the index price?
Above or below the index, fixed offset or percentage based, change based

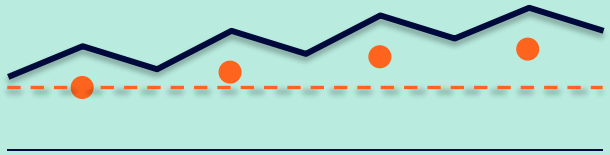
3. How often will the contract price change?
Weekly, monthly, quarterly or another period, how will it be implementated

4. Will there be other price adjustments?
Floors, caps or triggers and ‘all-in’ or ‘subject to’

5. What other commitments are there?
Space, equipment and volume guarantees

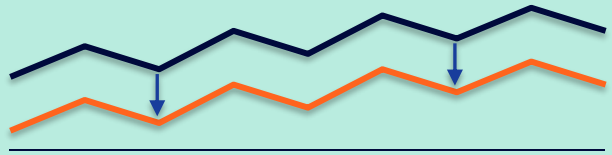
1. How to set the index-linked contract start price

There are many methods that could be used to set the start price of the contract, here are three commonly used examples



HISTORICAL BENCHMARKING

- Use the index history and own historical rates to assess an average offset
- Could be contract rates, spot or both
- Historical offset will depend on many factors, lanes, volumes, contract terms etc.
- Average historical level can be used to start at an offset to current spot



INDEX-LINKED METHODOLOGY

- The offset to the index and adjustment period can be used
- This starts the contract at a level where it would have been if it was already running



FIXED RATE

- A fixed starting rate could be set through a traditional tender process
- If a fixed rate contract already exists, the current price level can be used to start the index-linked contract

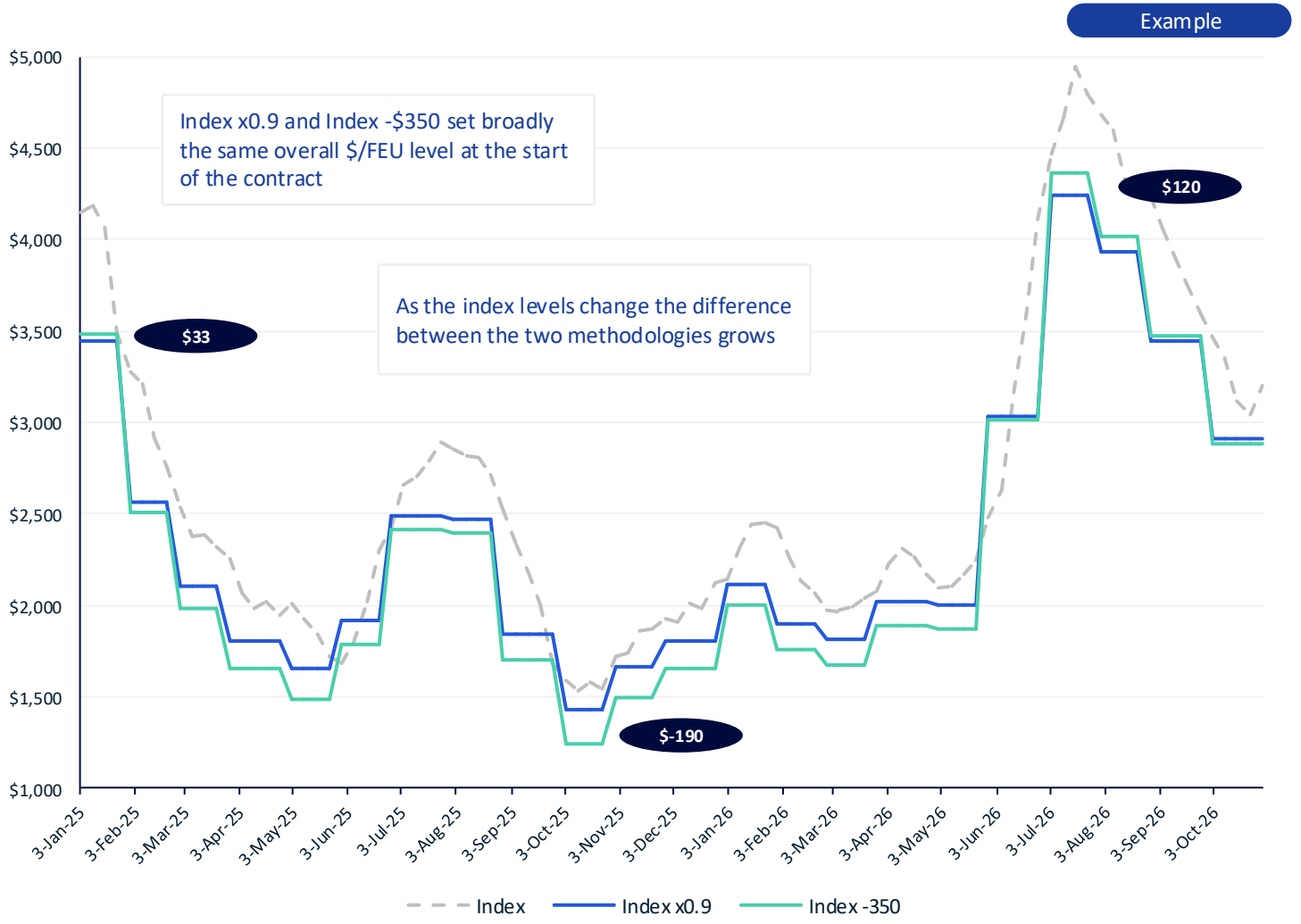
2. How does the index offset effect the contract?

Index Premium or Discount

- Whether the contract is priced at a premium or a discount to the index will depend on a number of factors:
  - Shipper volume, type and concentration
  - Contract lanes vs index
- Exact levels are set through negotiation between parties

Fixed or Percentage Difference to Index

- Both types of methodology are commonly used
- Parties should consider that a percentage differential will change with index value
- A fixed difference and percentage difference may be very close at the start of a contract but can move away from either other over time



3. How often should the contract price change



4. Are additional price adjustments needed

Ceiling & Floor

- Often used in early index linked contracts
- Pro is that both sides have some rate protection and predictability
- Con is that when market levels move above or below the fixed band the contract comes under pressure – same as a fixed rate contract
- In practice many have moved away from using fixed ceilings and floors due to how hard they are to manage

Trigger Clause

- Some organizations use trigger clauses in their index-linked contracts
- These clauses set a minimum level of change, below which the contract price stays the same
- This can make the contracts easier to manage but setting the right trigger level can be difficult

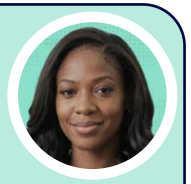
'All-in'

- Only charges that need to float should be included in the price change methodology



5. What methodology does Anna choose?





Rebuilding Anna's contract

- Based Anna's 1,500 FEU/year, her carrier is prepared to offer her an index-linked contract at a premium of $75 / FEU to NYFI.

1. **Start price**: Anna agree's to let the index-linked contract start price be determined by the average index value for Dec 2026 + the offset.
2. **Offset**: The methodology is that the index average from one month, + the $75 / FEU premium, sets the contract price for the next month
3. **Change Frequency**: Anna decides on a monthly index pricing period to ensure that her contract remains close to the market. Changing the index price more frequently would create a lot of additional work.
4. **Additional Adjustments**: There are no ceilings, floors or triggers agreed, and prices will be subject to other additional charges, such as free time or haulage – all ocean surcharges are included in the rate and there will be no PSS or other increases
5. **Other commitments**: In return for the index-linked pricing the carrier agrees a space and equipment guarantee for Anna's 1,500 FEU in 2027.

Illustrative only – not financial or investment advice.

What to discuss with your partners

Think about how the contract will perform long term and what trade offs will be needed.

THE DISCUSSION

What index-linked contracts can be offered and are there any proven methodologies

Which indices are supported and are they freely available to both parties

Discuss the index-linked contract questions

Find a structure that both parties understand and can commit to

WHAT TO COMPARE

- ✓ The fixed-rate offer vs. index + offset or any other pricing method
- ✓ What commitments and guarantees there are
- ✓ **What has more impact, contract prices that change or boxes that don't move as planned**

NEXT · ANNA'S CFO CALL

Thursday 10 December, 09:00 and 16:00 CET

How a hedge, planned alongside the contract, secures the budget

OVER TO YOU

Q&A



Curated from registration and chat – read out by the moderator.

TAKEAWAY

Index-linked contract checklist

RECORDING

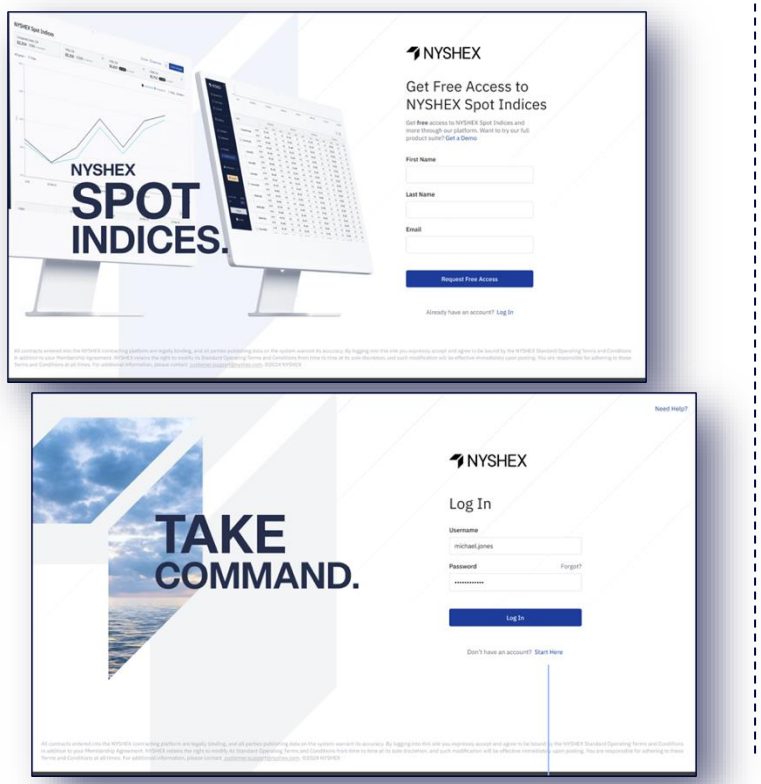
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NEXT

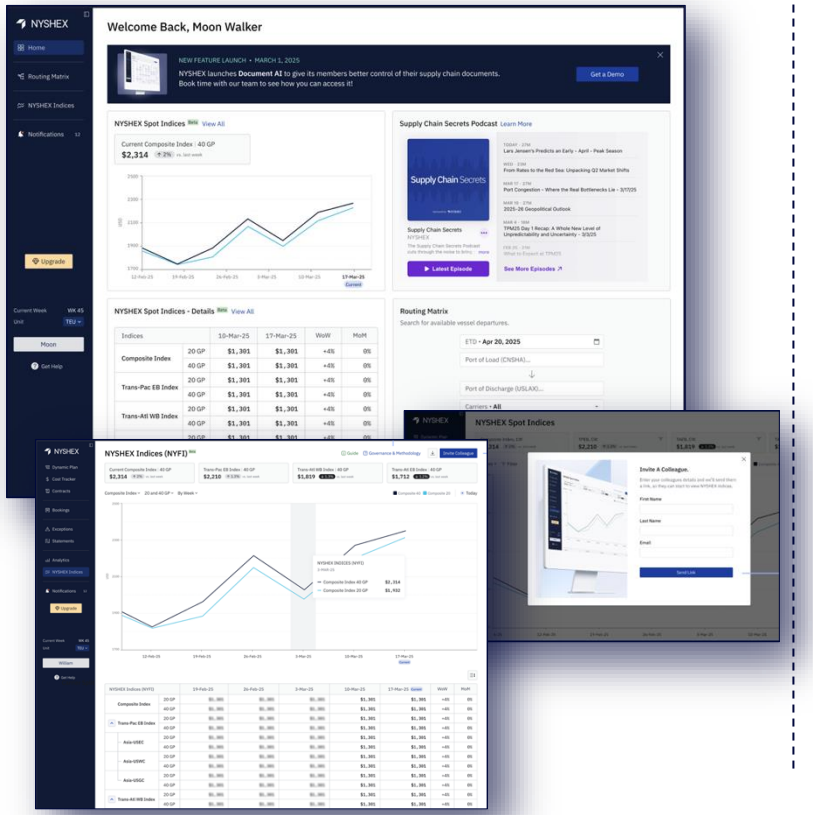
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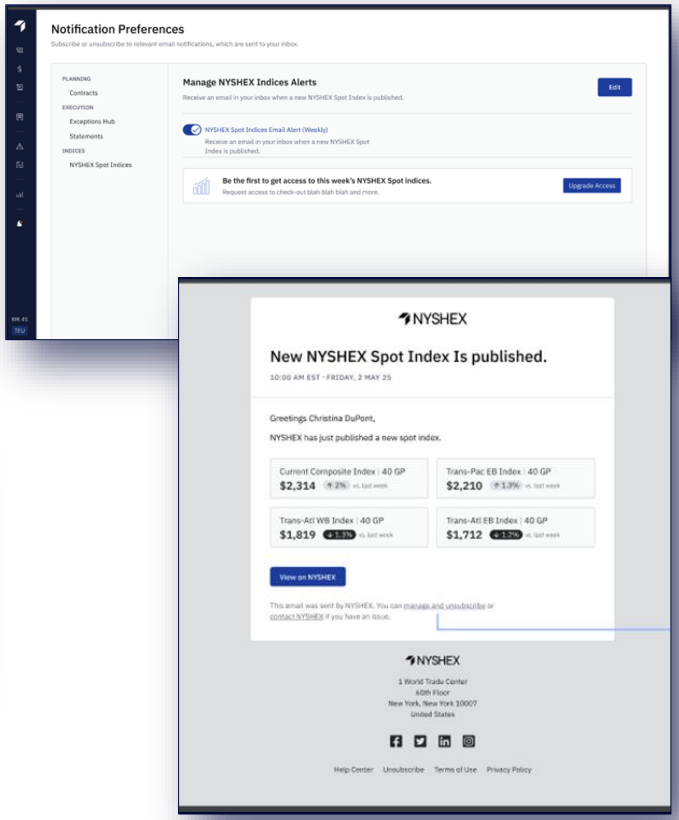
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