



MONTHLY CONTAINER REPORT

September 2019 | Week 36 - 39

The two worlds of, on the one hand, the hot market in the post-panamax container segment and, on the other, the flat market in the small feeders, continue to co-exist. Feeders below 2000 TEU never really had a peak time this year and the situation for the 1100 TEUs, in particular, seems to have gone from bad to worse. After the upswing of the 2500 to 5000 TEUs, it seems we are past the peak for now, particularly in that size bracket, and these ships cannot escape the usual cooling down of the market towards the winter. The key element currently gaining momentum is the fuel switch, which might or might not bring us unexpected surprises.

Right now, the best party is being celebrated in the large tanker market with rates doubling or tripling within a few days, just after the US administration put some COSCO companies on the sanction list. This act has sent jitters through many US-based private equity funds, which are nervously checking with their clients which of them has ships on charter to COSCO. Certainly, it had a significant impact on the tanker market. What a nice relief from an uninspiring crude tanker market so far this year! To understand the impact, it is interesting to note that the ClarkSea Index, covering all major shipping markets, had the largest jump week-on-week (23%) on record. Since the bulk market is also performing well, the shipping market does not look too bad overall right now. Of course, there are many problem areas left and the positive momentums are not the result of a true long-term change in the balance of supply and demand, but we certainly do heartily welcome these positive effects!

One of the key results of the booming crude tanker market might be an increased interest in the shipping markets on the part of investors and maybe increased coverage by analysts. Of course, as a shipping person, one sits between a rock and a hard place when welcoming an increase in investor interest, but the last thing we want is an increase in newbuilding activity. There is a saying in the stock markets that political markets have short legs, and that might also be true in the case of the US government sanctions. But consider the fact that this situation might drag on and, as a result, tanker markets might continue to boom and US investors start funding tanker newbuildings at Chinese shipyards. What a vicious circle this might be! We are not quite there yet, but shipping is known to start placing newbuilding orders at the first sign of a cycle and not when supply and demand balances have fundamentally changed course. Shipowners often shoot themselves in the foot before the hunt really begins.

In our short term view, we remain relatively positive but with a medium-term cautious outlook for container shipping, taking into account the current economic outlook and the constant danger of a trade war. Last week, the US government announced tariffs of USD 7.5 bn against the EU on the basis of a WTO ruling, in order to penalise European subsidies for Airbus. It is highly likely that in early 2020 the WTO will rule against the US with regard to their subsidies for Boeing and that Europe will have to announce tariffs against US goods too in order to respond adequately to the US action against Europe. As a result, we will see losers on both sides of the Atlantic and nobody wins.

But, for now, we are anxiously waiting to see what impact the IMO 2020 regulations will have and what disruptions will result from the fuel switch, how uneconomical ships will be affected and to what extent scrapping will increase. If the crude tanker markets keep on booming, let's enjoy the party while it lasts. The next tweet is just around the corner.

Kind regards,
TOEPFER TRANSPORT

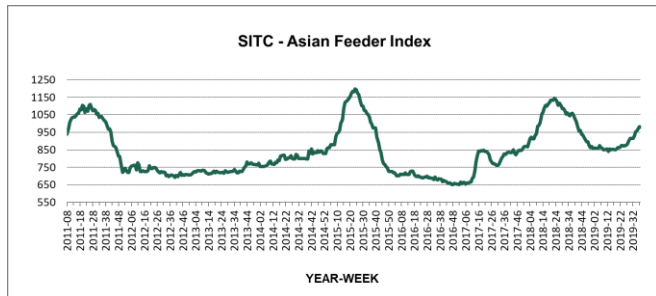


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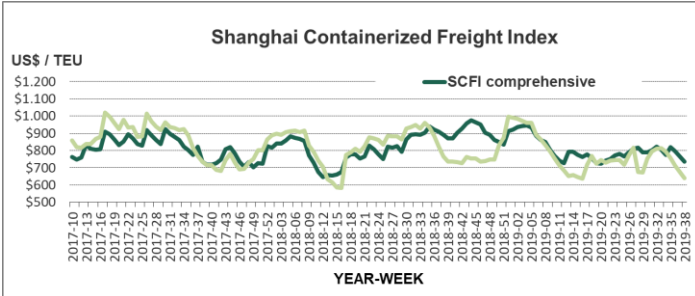
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New Contex				
	Aug-19	Sep-19	+/-	Sept-18
comprehensive	432	444	2,78%	484
1100 TEU GRD - 12 MOS TC	\$6.473	\$6.411	-0,96%	\$7.137
1700 TEU GRD - 12 MOS TC	\$8.705	\$8.698	-0,08%	\$9.930
3500 TEU GL - 12 MOS TC	\$10.423	\$11.378	9,16%	\$11.702

Chartersrate index



Container Freight Index



Selected Sales						
2nd-hand vsl	TEU	DWT	built	price (in mill US\$)	buyer	comment
Stellar Windsor	1.577	21.419	12/2009	\$8,00	Chinese	
Maersk Wismar	1.577	21.423	07/2010	\$7,90	Goldenport	
Leda Trader	2.442	33.917	12/2000	\$5,70	Meratus Line Pte	
Anna-S.	2.546	34.362	03/2008	\$8,25	Foroohari	
Hammonia Istria	4.957	62.090	06/2013	\$28,00	X-Press Feeders	
Pucon	6.539	81.099	08/2006	\$20,21	Oltmann	
NYK Altair	9.592	95.660	09/2010		Seaspan Corp	Fixed on 3 yr TC to ONE

Newbuildings						
buyer	TEU	GRD/GL	delivery	price (in mill US\$)	yard	comment
TVL	1 x 1.100	GL	2021	below USD 20 mio	Kyokuyo SY, Japan	
TS Lines	2 + 2 2.700			around USD 30 mio each	CSSCS Huangpu Wenchong	eco, scrubber fitted
Evergreen	6 x 23.000				Samsung Heavy Industries	
Evergreen	2 x 23.000				Hudong Shipyard	
Evergreen	2 x 23.000				Jiangnan Shipyard	

Container Vessel's Value									
5 year old vessel in mill US\$	Aug-19	Sep-19	+/-	Sept-18	15 year old vessel in mill US\$	Aug-19	Sep-19	+/-	Sept-18
	1000 TEU GRD Eco	\$12,4	\$12,0	-3%		\$13,5	1000 TEU GRD	\$3,4	\$3,2
1700 TEU GRD Eco	\$16,4	\$16,2	-1%	\$19,9	1700 TEU GRD	\$5,5	\$5,2	-5%	\$7,0
2500 TEU GRD ME*	\$16,5	\$16,3	-1%	\$17,9	2500 TEU GRD	\$7,4	\$7,1	-4%	\$8,0
2750 TEU GL (old type)			-	\$16,4	2750 TEU GL	\$7,1	\$6,8	-4%	\$7,8
3500 TEU GRD (old type)	\$12,0	\$11,8	-2%	\$14,0	3500 TEU GL	\$6,2	\$6,0	-3%	\$6,9
4700 TEU WB	\$29,0	\$29,0	0%	\$26,1	4250 TEU PMX	\$7,7	\$7,4	-4%	\$8,0

*Old design, but electronic main engine

Fleet Development - Deliveries and Demolitions							
(in no. vessel)	fleet size			orderbook		scrapped	
	Aug-19	Sep-19	+/-	% of fleet	Sep-19	ytd	Sep-19
total fleet	5.308	5.313	0,1%	7,1%	379	105	3
- 999 TEU	968	966	-0,2%	2,4%	23	18	0
1000 - 1999 TEU	1.296	1.300	0,3%	8,7%	113	52	3
2000 - 2999 TEU	669	671	0,3%	17,0%	114	8	0
3000 - 5099 TEU	885	885	0,0%	1,2%	11	17	0
5100 - 7499 TEU	452	450	-0,4%	0,4%	2	10	0
7500 - 14999 TEU	891	893	0,2%	8,4%	75	0	0
15000+ TEU	147	148	0,7%	27,7%	41	0	0

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