



MONTHLY CONTAINER REPORT

October 2019 | Week 40 - 44

The container market seemed somewhat dull compared to the excitement of the tanker markets in October. However, while we understand that the fixtures in the VLCC segment of around USD 300,000 were eventually never executed with subs not being lifted, and levels of just over USD 200,000 were the peak that was achieved, the container market for the 7-11,000 TEUs also remains solid and strong. Maybe we have now seen the peak in TC rates for this year, but for the time being the market is holding up very nicely. This is also true for the old Panamax ships of 4,000-5,000 TEUs, which remain at far better charter levels than we had expected. USD 13-14,000 pd for old Baby Panamax ships is very healthy compared to recent years.

With us not really seeing a summer hole, maybe the container charter market will also get through the winter without much of a downturn. There seems to be a genuine demand.

The fuel switch and tank cleaning are generating much more excitement these days and remain hot topics. So far, we have not heard of any massive delays, fuel supply issues etc. but we are sure that for the next two months it will not remain as quiet as it is now. We hear that at some companies employees are not allowed to take holidays during this quarter; this is to ensure efficient handling of the fuel switch. We also hear that liner companies have issued instructions to not book any cargo going beyond what has already been contracted. So, not only the operational departments are on alert.

One big question remains, namely if synthetic low sulphur fuels lead to any engine stops or similar. Recent coverage reported leaks in scrubbers which led to partial flooding in some engine rooms. It seems there are operational risks whichever route one takes. We expect that operators with no scrubbers will in many cases initially bunker gas oil, before seeing how others manage with the new fuels.

The delays in the scrubber installations cause numerous headaches, and we have also heard about the cancellation of scrubber instalments due to these delays. In one case, it seems that a party who had booked a number of open-loop scrubbers is now using the time to rethink some installations. Quite a number of countries have banned open-loop scrubbers and over time we expect this number to increase. Some ask themselves if particularly open-loop scrubbers are the right solution, not only financially, but also very much in the (environmental) eye of the customer.

In addition to all these operational issues, which make life busy for many owners these days, November will also bring the completion of the recapitalisation of Nord LB. At the moment, there is still no clear agreement between the parties that are injecting new capital, and there is therefore still no green light from the EU. We are very much convinced that the rescue operation will be successful, but in such complicated situations everything needs to fall into place, and time is tight. Deadlines have already been extended a few times, with the latest one being scheduled for the end of November. We are sure that none of the parties involved, including the EU, want a wind-down to happen.

Cerberus, which is currently possibly the biggest German ship financier, or at least the largest holder of German shipping debt, continues to come to agreements with a number of borrowers, i.e. shipowners, as quite a number of owners manage to arrange refinancing to buy Cerberus out. The proclaimed Christmas Season for owners, which some market participants had forecast as they expected Cerberus to pass on a good portion of the discounts they receive to the shipowners, has not happened. What we hear is that discounts going beyond 5-15% of market values are not to be expected.

For Cerberus, this is currently also potentially the best way to sell their loans and make their returns. Particularly the container, multipurpose and bulk markets are currently not awash with purchase interest, and in the case of bulk there are just too many ships around. Particularly in the S&P market for smaller container ships, activity is low and there is very little incentive to buy right now. The market has not been volatile enough to generate much interest. With a lack of buying interest, particularly in the smaller feeder segments below 3,000 TEU, we see continued pressure on prices. We do see some stability in the charter rates, although there may still be more bargains to be made, as we would rate some of the recent 2,500 and 1,700 TEU sales as bargains. There seems to be more competition at the moment for the Post-Panamax ships, but we would only go for them with some insight into longer charter coverage. Sooner or later, the scrubber installations will reach their peak.

Happy hunting!

Kind regards,
TOEPFER TRANSPORT

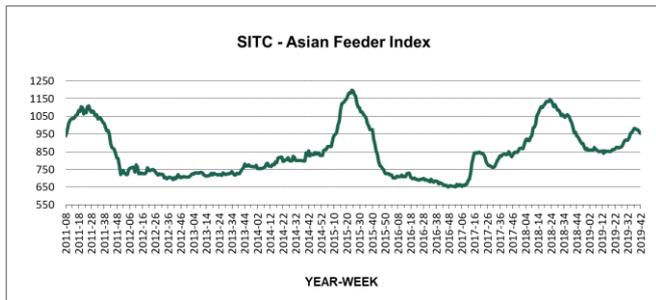


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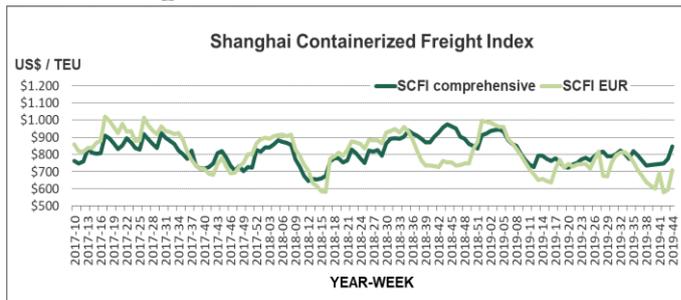
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New Contex				
	Sep-19	Oct-19	+/-	Oct-18
comprehensive	444	440	-0,90%	450
1100 TEU GRD - 12 MOS TC	\$6.411	\$6.286	-1,95%	\$6.665
1700 TEU GRD - 12 MOS TC	\$8.698	\$8.650	-0,55%	\$9.035
3500 TEU GL - 12 MOS TC	\$11.378	\$11.254	-1,09%	\$11.064

Chartersrate index



Container Freight Index



Selected Sales						
2nd-hand vsl	TEU	DWT	built	price (in mill US\$)	buyer	comment
O. M. Autumn	704	8.524	10/2007	\$2,70	Bal Container Lines	
Beatriz B & Veronica B	2 x 1.267	18.091	03/2008 & 07/2007	each abt \$5,3	Pacific & Atlantic	enbloc
Panama Trader & Nordic Trader	2 x 1.800	23.200	08/2019	each \$24,0	Kotuku Kaiun	enbloc
Maria-Katharina S	2.546	34.264	01/2010	\$8,75	Clients of Tufton Oceanic	
SM Savannah & MSC Savannah, SM New York	3 x 8.586	3 x 102.518	2011 & 2011 & 2010	\$100,0 enbloc	Chinese Leasing	5 yrs BBC to CMA CGM at USD 19k

Newbuildings						
buyer	TEU	GRD/GL	delivery	price (in mill US\$)	yard	comment
Eastern Pacific	11 x 15.000		2022	\$136 mio	Hyundai Heavy	
Mediterranean Shipping Co.	5 x 23.000		2022	\$152 mio	DSME	Ships shall be scrubber fitted

Fleet Development - Deliveries and Demolitions							
(in no. vessel)	fleet size			orderbook		scrapped	
	Sep-19	Oct-19	+/-	% of fleet	Oct-19	ytd	Oct-19
total fleet	5.313	5.322	0,2%	6,8%	364	108	3
- 999 TEU	966	969	0,3%	1,2%	12	18	0
1000 - 1999 TEU	1.300	1.302	0,2%	8,6%	112	55	3
2000 - 2999 TEU	671	674	0,4%	16,5%	111	8	0
3000 - 5099 TEU	885	883	-0,2%	1,2%	11	17	0
5100 - 7499 TEU	450	448	-0,4%	0,4%	2	10	0
7500 - 14999 TEU	893	894	0,1%	8,3%	74	0	0
15000+ TEU	148	152	2,7%	27,6%	42	0	0

Container Vessel's Value									
5 year old vessel in mill US\$					15 year old vessel in mill US\$				
	Sep-19	Oct-19	+/-	Oct-18		Sep-19	Oct-19	+/-	Oct-18
1000 TEU GRD Eco	\$12,0	\$11,8	-2%	\$10,8	1000 TEU GRD	\$3,2	\$3,0	-6%	\$4,0
1700 TEU GRD Eco	\$16,2	\$16,2	0%	\$17,2	1700 TEU GRD	\$5,2	\$5,1	-2%	\$6,8
2500 TEU GRD ME*	\$16,3	\$16,3	0%	\$17,6	2500 TEU GRD	\$7,1	\$7,1	0%	\$7,8
2750 TEU GL (old type)			-	\$16,0	2750 TEU GL	\$6,8	\$6,8	0%	\$7,6
3500 TEU GRD (old type)	\$11,8	\$11,7	-1%	\$14,0	3500 TEU GL	\$6,0	\$5,8	-3%	\$6,8
4700 TEU WB	\$29,0	\$29,0	0%	\$26,0	4250 TEU PMX	\$7,4	\$7,2	-3%	\$7,9

*Old design, but electronic main engine

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