



MONTHLY CONTAINER REPORT

November 2019 | Week 45 - 48

IMO 2020, fuel change, scrubber, IMO 2020, fuel change, scrubber... We've really heard enough of these words, but, to be honest, we are now where virtually every analyst expected us to be. Because, last year, the vast majority of analysts and owners were singing the same song in that the shipping markets would boom during 2019 due to IMO 2020. Any supply and demand figures lost their validity because of IMO 2020. Well, now we are there. We are at the height of the fuel changeover. It has to happen this month, as from 1st of January you will need to have switched. After January 1st, you are allowed to pump the old stuff out but not to use it – of course, provided you have no scrubber, which, after all, only a small portion of the fleet actually has.

Of course, some ship types are booming and others are not. We continue to see the larger ships outperforming the small ships in most shipping markets. Of course, so far, this has a lot to do with the scrubber installations. With VLCCs trading at around USD 60-80,000 per day in the spot market, we would say that apart from some possible short spikes, in general “..it can't get much better”. With all the larger ships, the answer to the question of how you should act right now, whether you are a seller or a buyer, will depend on your view of how long this boom time will last. Knowing how unpredictable shipping is, it could get better or worse, but taking a profit never hurts.

We are currently seeing a great deal of insecurity, with many owners questioning what to expect from the markets in early 2020. Hence, many buyers are hesitant to make a move this side of Christmas. We doubt that a buyer wanting to buy a Supramax or 2500 TEU ship would be much cleverer doing so in January when the fuel spread is at USD 200 per tonne or USD 400 per tonne. Nevertheless, for now, buyers are holding back in many segments and prices are dropping. With the Chinese New Year at the end of January next year, we expect many buyers will remain hesitant prior to February or March. Are we going to expect a rush of buyers to come to the market then? Well, I guess maybe a few more than now, but maybe not many more. In March, we might already clearly see that the fuel change has been completed, that waiting time for fresh bunkers or the discharge of old bunkers is predominantly out of the market and that the fundamental supply and demand balances are starting to take over again. Of course, scrubber installations will still go on. How long for will be partly determined by the fuel spread we see during the first two to three months. In general, over the last few years, most markets have seen an excess supply situation and we do not expect this to go away overnight. Let's see... it will certainly be interesting.

News that caught our attention this month was the shift of the Adidas Speedfactories from Germany and the US to Asia. These particular factories were very often used as examples by many analysts (incl. us) for the future of manufacturing. These factories produced particular sport shoes tailor-made on demand using a 3D printer. The production was closer to the consumer, could react more quickly to specific trends and needed less transportation around the world. However, these factories proved unsuccessful and Adidas decided that they would be better positioned with their large and experienced shoe manufacturing partners in Asia. This is good news for container shipping as it shows that 3D printing is still limited to specific products and is better positioned as part of the overall manufacturing facility rather than being operated on a stand-alone basis close to the consumer.

Other news that caught our eye was that IKEA does not like scrubbers. This news came out some days ago and we have not seen any official statement on same so far. But it could have been a result out of a shipment of goods from Ikea with a CMA CGM vessel using bio-fuels. The project was part of the multi-party Good-Shipping Programme, dedicated to making container shipments less polluting. Hence, for a company like IKEA, scrubbers do not seem the preferred solution, even not for an intermediate time. While it is definitely right for large cargo interests to increase the pressure to develop other means of reducing SOX and NOX, at the same time, they have to be ready to pay higher freight charges to those who, for instance, invest in expensive ships burning LNG.

Otherwise, mergers are all around, with Unifeeder buying Feedertech, CSSC and CSIC merging, Imabari buying 30% of JMU, and Hyundai Heavy still awaiting approval to take over Daewoo Shipbuilding.

Last but not least, we really recommend some Christmas or Chinese NY shopping. Particularly in the container feeder segment (and also with some bulkers), prices are dropping against a relatively stable charter rate environment.

Kind regards,
TOEPFER TRANSPORT

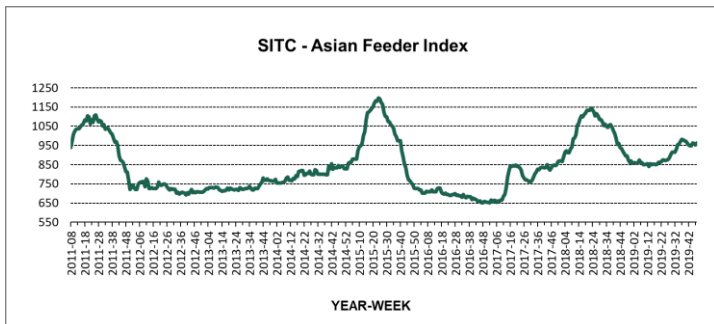


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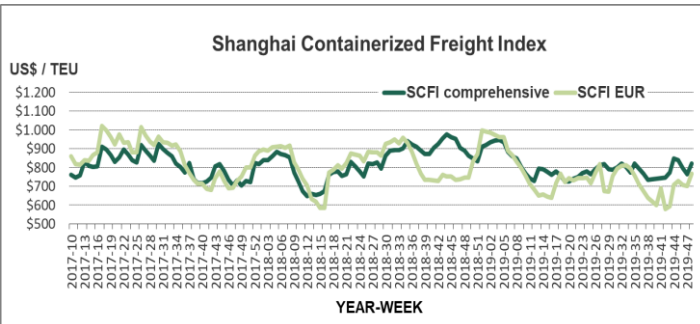
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New Contex				
	Oct-19	Nov-19	+/-	Nov-18
comprehensive	440	440	0,00%	423
1100 TEU GRD - 12 MOS TC	\$6.286	\$6.257	-0,46%	\$6.496
1700 TEU GRD - 12 MOS TC	\$8.650	\$8.676	0,30%	\$8.155
3500 TEU GL - 12 MOS TC	\$11.254	\$11.781	4,68%	\$10.221

Charterrate index



Container Freight Index



Selected Sales	TEU	DWT	built	price (in mill US\$)	buyer	comment
2nd-hand vsl						
Irenes Bolten	974	11.020	2009	undiscl.	Eucon / Irish Container Group	
Synergy Keelung/Oakland/Busan/An	50.500	4x 4.253	2009	abt. \$10 each	Euroseas in JV with Synergy	Share deal
Verdi + Strauss	73.235	2x 6.080	2004	\$12.25 each	Global Ship Lease	Incl. TC to CMA CGM for 52-60 months
NYK Libra+NYK Lynx (NYK Lyra)	77.900	2x 6.680	2002	abt. \$14 each	Global Ship Lease	
MSC Romane/MS Elma	109.000	9.400	2016/2017	abt. \$86.4 each	CDB Leasing	incl. BBC to MSC till 2032 at abt. \$25.700 pd
APL New York/Vancouver	115.000	2x 9.200	2013	abt. \$51.6	Seaspan	incl. BBC to APL/CMA CGM
APL Mexico City	115.000	9.200	2014	abt. \$56.4 each	Seaspan	incl. BBC to APL/CMA CGM
APL Paris/Dublin/Southampton	131.000	3x 11.000	2012	abt. \$73.5 each	Seaspan	incl. BBC to APL/CMA CGM

Newbuildings						
buyer	TEU	GRD/GL	delivery	price (in mill US\$)	yard	comment
Great Horse (Tiger Inv. Group)	3x 14.000	GL	2022		Yangzijiang Shipbuilding	
Evergreen	4x 23.888	GL	2022	USD 145 each	Jiangnan + Hudong	incl. Hybrid Scrubber

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

Container Vessel's Value					15 year old vessel in mill US\$				
5 year old vessel in mill US\$									
	Oct-19	Nov-19	+/-	Nov-18		Oct-19	Nov-19	+/-	Nov-18
1000 TEU GRD Eco	\$11,8	\$11,8	0%		1000 TEU GRD	\$3,0	\$3,0	0%	\$3,8
1700 TEU GRD Eco	\$16,2	\$16,2	0%		1700 TEU GRD	\$5,1	\$5,0	-2%	\$6,5
2500 TEU GRD ME*	\$16,3	\$16,0	-2%		2500 TEU GRD	\$7,1	\$7,0	-1%	\$7,5
2750 TEU GL (old type)			-	\$15,5	2750 TEU GL	\$6,8	\$6,7	-1%	\$7,4
3500 TEU GRD (old type)	\$11,7	\$11,5	-2%	\$13,6	3500 TEU GL	\$5,8	\$5,7	-2%	\$6,9
4700 TEU WB	\$29,0	\$29,0	0%	\$25,5	4250 TEU PMX	\$7,2	\$7,4	3%	\$8,2

*Old design, but electronic main engine

TOEPFER TRANSPORT GMBH HAMBURG | SINGAPORE | SHANGHAI

Sale & Purchase + Newbuildings + Chartering + Valuations

Email: snp@toepfer-transport.com
 Phone: +49 (0)40 32 58 21 - 0
 Fax: +49 (0)40 33 93 10
 Web: www.toepfer-transport.com

Clemens Toepfer
 Carlo Brandt
 Johannes Just
 Jennifer Shrestha

Hannes Hollaender
 Cornelius Schröder
 Yuan Xiaofei
 Yorck Niclas Prehm

Richard Wetzki
 Magnus Andersen