



TOEPFER TRANSPORT

MONTHLY CONTAINER REPORT

January 2020 | Week 1 - 5

The year has just begun and while people's focus was meant to be on what the new decade might bring, we have in fact been forced to learn about a new virus. The coronavirus is dominating news headlines at the moment, as it is basically bringing China to a complete halt. While the virus does indeed pose a considerable threat to people's health, the German health agency points out that around 25,000 people actually die each year from the influenza virus in Germany. Influenza is a greater worry in Europe than the coronavirus at the moment; with the latter, the main issue is currently that there is no vaccine available to protect people from it.

While it seems that China was slow in recognising the new virus, the country has at least now taken drastic measures to control the further spread of the virus. So far, we only know that China will stay closed and on holiday until at least next weekend. At the moment it does not seem likely that the government will extend the shutdown for another week, as that would have a significant impact on the economy. Just this one week of additional shutdown in China will have a noticeable effect on the Chinese economic figures. The saying "when China sneezes, the rest of the world catches a cold" could actually be very true this time. As anyone who has had a cold knows, it doesn't usually kill you and is generally over within a relatively short space of time, but we certainly expect a slow recovery from the shutdown. Consumer confidence in China and possibly some other Asian countries might decrease, and for container shipping we know from numerous statistics that there is a clear correlation between consumer confidence and charter rates. Lower consumer confidence directly results in lower sales of consumer (finished) goods.

While we in the shipping industry will rapidly experience the consequences of the Chinese shutdown (as many charterers will delay new fixtures), the general public will only notice the economic results when the February results are published in March. Or perhaps only once the first quarter figures are released in April, when the results are not skewed by whether the Chinese New Year falls in January or February.

While feeder ships in particular might suffer in the short term, there could actually be a positive effect on charter rates for larger ships. A further shutdown of shipyards in China will keep ships that are currently undergoing repairs or scrubber instalments in the shipyards for longer, and liner schedules might thus be negatively affected when phasing large ships in or out of their services. Hence, there may be a need to arrange replacement tonnage, thus showing there are always two sides to every coin.

A longer shut- and slowdown in China could of course influence world-wide production lines that depend on Chinese products with all the consequences on logistical chains too. So, let's hope China will be back in full business very soon.

Relative to the coronavirus, any other topic may sound less dramatic and less interesting. Nevertheless, it seems that in particular bulk and tanker shipping really did not start the year on the right foot at all. Freight and charter rates are falling. Particularly bulk seems to be on a similar route to last year. While tankers are possibly experiencing lower charter rates as well, the VLCCs and Suezmax tanker trade is currently at same rates as this time last year, but obviously dropping quite a bit now over the last few weeks. As a consequence, many ships now head to the beaches putting demolition prices under pressure too.

Many people have always been very bullish about the consequences of the fuel changeover, scrubber installations and reduced vessel speeds. We have time and again pointed out that the statistics show that we are still oversupplied in most markets and, in the end, statistics win. Newbuilding to fleet ratios continue to drop, and they need to keep doing this in order to bring to an end a decade of oversupply in most markets. Since concerns about future propulsion solutions in terms of CO2 emissions only really started in 2019, we will not see the effects of reduced orderbooks until 2021. For 2020, the demand has to rescue the supply situation; the virus in China is of course unhelpful in this regard.

Lastly, in the stock markets shipping share prices started to drop in early January, well before the coronavirus and falling freight rates had become apparent. One explanation we received from a financial expert was that large investors were unsure in the first week of January what the trends in the new decade would be. Looking to the future, shipping is not a real growth industry, nor green, and is dependent to a great extent on coal and oil for covering cargo demand. Therefore, investors possibly felt this might not be the industry to invest in when looking for new trends. Shipping has a number of hurdles to overcome in terms of both the short and long term future. We feel that the less attention we get from other people or cheap money, the higher the chance there is to keep participants away from the yards, which should lay the basis for a better decade ahead. So far, we are only in the first four weeks of the total of 522 weeks in this new decade, so there is plenty of time to which we can look forward.

Until next time, stay safe and healthy.

Kind regards,
TOEPFER TRANSPORT

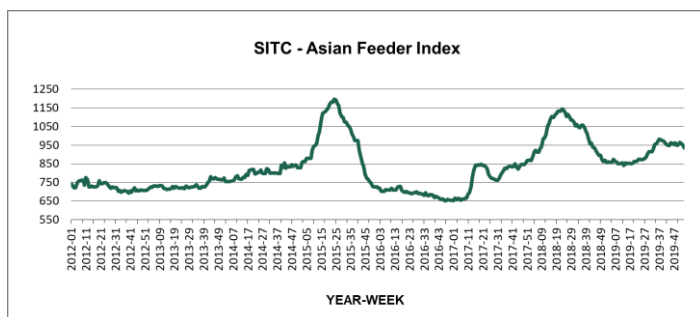


MONTHLY CONTAINER REPORT

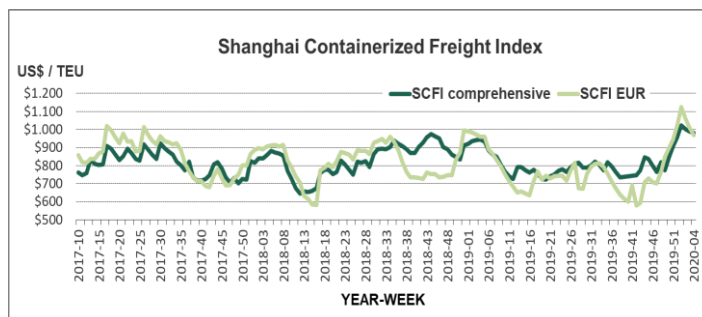
January 2020 | Week 1 - 5

New Contex				
	Dec-19	Jan-20	+/-	Jan-19
comprehensive	436	426	-2,29%	389
1100 TEU GRD - 12 MOS TC	\$6.192	\$6.163	-0,47%	\$6.345
1700 TEU GRD - 12 MOS TC	\$8.547	\$8.383	-1,92%	\$7.280
3500 TEU GL - 12 MOS TC	\$11.195	\$10.697	-4,45%	\$8.892

Charterrate index



Container Freight Index



Selected Sales	TEU	DWT	built	price (in mill US\$)	buyer	comment
2nd-hand vs1						
Al Waab	515	9.131	04/2003	\$1,60	U.A.E Buyers	
CFS Paceno	1.118	13.621	10/2008		Contship	
Malte Rambow	1.118	13.827	05/2005		Element Shipmanagement	
Mercs Jaffna	1.368	16.908	11/2009	\$4,80	Briese	
Wehr Schulau	1.730	23.026	11/1999	\$2,30	Jebsen Shipmanagement	SS/ DD due
Gisele A	2.763	35.814	11/2004	\$6,50	Tehama Shipping Services	
Hyundai Confidence	5.680	68.047	04/2003	\$11,50	Embricos	
Rotterdam	6.494	72.982	07/2008	\$18,50	Clients of Chartworld	
YM Utopia	8.241	103.614	06/2008	\$28,00	Danaos	

Fleet Development - Deliveries and Demolitions

(in no. vessel)	fleet size			orderbook		scrapped	
	Dec-19	Jan-20	+/-	% of fleet	Jan-20	ytd	Jan-20
total fleet	5.338	6.337	18,7%	5,5%	349	6	6
- 999 TEU	969	968	-0,1%	1,1%	11	0	0
1000 - 1999 TEU	1.312	1.310	-0,2%	7,5%	98	3	3
2000 - 2999 TEU	675	675	0,0%	15,7%	106	0	0
3000 - 5099 TEU	883	1.883	113,3%	0,7%	14	2	2
5100 - 7499 TEU	448	448	0,0%	0,4%	2	1	1
7500 - 14999 TEU	895	896	0,1%	9,0%	81	0	0
15000+ TEU	156	157	0,6%	23,6%	37	0	0

Container Vessel's Value

5 year old vessel in mill US\$					15 year old vessel in mill US\$				
	Dec-19	Jan-20	+/-	Jan-19		Dec-19	Jan-20	+/-	Jan-19
1000 TEU GRD Eco	\$11,7	\$11,5	-2%	\$12,8	1000 TEU GRD	\$3,0	\$3,0	0%	\$3,5
1700 TEU GRD Eco	\$16,0	\$16,2	1%	\$16,2	1700 TEU GRD	\$4,8	\$4,8	0%	\$5,8
2200 TEU GRD ECO	\$19,0	\$19,0	0%	-	2500 TEU GRD	\$6,8	\$7,0	3%	\$6,9
2750 TEU GL (old type)			-	-	2800 TEU GL	\$6,7	\$7,0	4%	\$6,9
3500 TEU GRD (old type)			-	-	3500 TEU GL	\$5,8	\$6,0	3%	\$6,4
4700 TEU WB	\$30,0	\$30,0	0%	\$25,0	4250 TEU PMX	\$7,4	\$7,7	4%	\$7,7

*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