



TOEPFER TRANSPORT

MONTHLY CONTAINER REPORT

February 2020 | Week 6 - 9

Babies and unemployment?

Of course COVID-19 is the topic of the month and will most likely be with us for some time. The virus has sent shock waves through the financial markets and resulted in people emptying supermarket shelves in panic (also in Germany).

At least China seems to be coming back to an increasingly normal work life, and live export numbers for China show that we are not much below regular levels compared to normal early March numbers. Of course there is some catch up effect included in this, and while working life is slowly recovering a lot of people's social life is still centered on time at home. No visits to restaurants, shops, or cinemas, or holidays abroad. As the same is the case in many Asian countries, of course volumes will be clearly below normal volumes for a while. So, we think that some catch up is starting to happen now, but certain aspects will be far below regular activity for now. In countries outside Asia, COVID-19 has only recently picked up speed, so the slowdown in many parts of the economy might really only start to have an effect now.

While in 9 months from now we might be seeing lots of new babies coming (without TV and social media it could have been many more), there are also expectations that we will see many more unemployed people as well. As an example, just think about all the waiters in restaurants, or lots of hotel staff.

The "normal" shipping markets are being hit right now, and we expect that the cruise market will also see a significant impact as well...maybe a double whammy for an operator such as MSC. For most liners it must be a nightmare having just handled the IMO 2020 changeover, which we are sure involved a lot of extra staff time, and now having this virus creating the next trouble.

With regard to fuel prices, the spread between high and low Sulphur fuel has narrowed to around USD 150 per ton in many ports now. In Rotterdam it was even down to USD 110 per ton at the end of February. While most analysts indeed expected the fuel spread to be USD 150 pt on average in the long run, it is surprising how quickly it has actually settled at such levels. The forecasts from some owners that their scrubbers would be paid for within 5-6 months were a little premature. At least it is good that we have not become aware of any significant engine stoppers and water falls in engine rooms resulting from broken scrubbers. Operationally, things seem to be fairly well under control.

If it is time to buy now or not the future will of course tell, and too much speculation is currently swirling around about the medium term effects of COVID-19. For sure it will delay further newbuilding, but the worrying news is that companies like Clean Carriers claim to have raised some USD 12-14bn in equity to invest in LNG power vessels. One of the particular segments in mind is ships of 10, 12, and 14,000 TEU. As they put it, liner companies need to carry out fleet renewals. We personally wonder if this isn't what they have done to an excessive degree already. Hence, it seems the next round of newbuilding orders are just around the corner and overcapacity will never go away. There appears to be sufficient capital around to finance these new ships. And the fact that these ships may already be obsolete in 10 years seems to be problem being passed on to the next generation of investors. We think that, in today's world, it would not be prudent to calculate such an investment based on a 20 year life expectancy. Ten to maximum 15 years is maybe more realistic. Considering the Poiseidon principles at banks, we are sure debt finance will be no problem for these new ships. In fact, banks will love it for their portfolio mix.

Let's hope dry spring weather is around the corner soon. It might actually be the best weapon against COVID-19 if this virus reacts like influenza viruses, which are almost forgotten every year by around mid-April.

Kind regards,

TOEPFER TRANSPORT

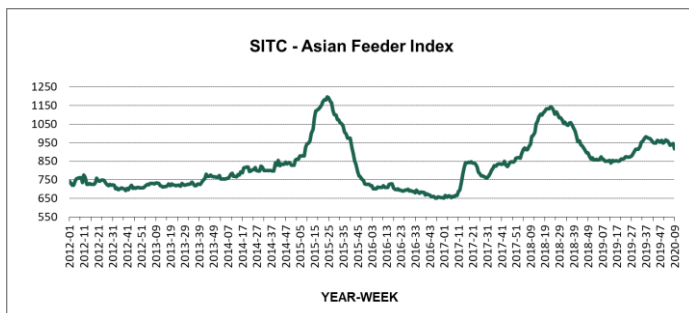


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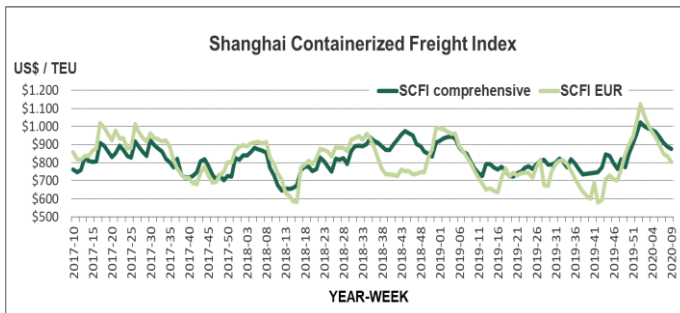
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| New Context | | | | |
|--------------------------|----------|---------|--------|---------|
| | Jan-20 | Feb-20 | +/- | Feb-19 |
| comprehensive | 426 | 403 | -5,40% | 387 |
| 1100 TEU GRD - 12 MOS TC | \$6.163 | \$5.991 | -2,79% | \$6.400 |
| 1700 TEU GRD - 12 MOS TC | \$8.383 | \$7.732 | -7,77% | \$7.417 |
| 3500 TEU GL - 12 MOS TC | \$10.697 | \$9.854 | -7,88% | \$8.774 |

Chatterate index



Container Freight Index



| Selected Sales | TEU | DWT | built | price (in mill US\$) | buyer | comment |
|-----------------------------|---------------|-----------------|-------------|----------------------|----------------------|---|
| 2nd-hand vsl | | | | | | |
| AS Laurreta & AS Leona | 982 & 1.049 | 11.814 & 12.790 | 2008 & 2008 | \$6,5 each | Sinokor | |
| AS Yasra | 1.015 | 12.512 | 06/2009 | \$6,85 | Panocean | Basis dely FE |
| Vega Epsilon | 1.092 | 13.619 | 01/2007 | \$3,65 | Limarko Shipping | |
| Sinar Subang & Sinar Sangir | 1.708 & 1.708 | 21.935 & 21.937 | 2008 & 2008 | \$14,5 enbloc | Sinokor | |
| New Hampshire Trader | 2.758 | 41.411 | 04/2011 | \$13,25 | Log In Logistica | |
| MS Eagle | 2.824 | 39.276 | 04/2007 | \$9,75 | US Investors | |
| Allegoria | 5.527 | 68.228 | 04/2006 | abt. \$15,0 | BBC / DT Bereederung | Fixed for 3 years to HALO at abt. USD 17,000 pd |
| SM Seattle & SM Hong Kong | 6.655 & 6.655 | 80.855 & 80.855 | 2008 & 2008 | low \$20's | KMTC | |
| SM Charleston | 8.210 | 101.570 | 11/2005 | \$23,50 | Danaos | |

| Newbuildings | | | | | | |
|---------------------------|-------|--------|----------|----------------------|----------------|------------------|
| buyer | TEU | GRD/GL | delivery | price (in mill US\$) | yard | comment |
| Salam Pacific | 680 | | 2020 | | Nanjing Dongze | 100 Reefer plugs |
| Zhejiang Seaport Shipping | 1.868 | | | | Yangfan Group | |
| SITC | 2.400 | | 2021 | \$29,0 | Yangzijiang | Options declared |

| Fleet Development - Deliveries and Demolitions | | | | | | | | |
|--|--------------|--------------|-------------|-------------|------------|----------|-----------|--------|
| (in no. vessel) | fleet size | | | orderbook | scrapped | | | |
| | Jan-20 | Feb-20 | +/- | | % of fleet | Feb-20 | ytd | Feb-20 |
| total fleet | 5.337 | 5.344 | 0,1% | 6,3% | 335 | 6 | 12 | |
| - 999 TEU | 968 | 966 | -0,2% | 1,1% | 11 | 0 | 2 | |
| 1000 - 1999 TEU | 1.310 | 1.314 | 0,3% | 7,0% | 92 | 3 | 6 | |
| 2000 - 2999 TEU | 675 | 680 | 0,7% | 14,7% | 100 | 0 | 0 | |
| 3000 - 5099 TEU | 883 | 881 | -0,2% | 1,6% | 14 | 2 | 0 | |
| 5100 - 7499 TEU | 448 | 448 | 0,0% | 0,4% | 2 | 1 | 4 | |
| 7500 - 14999 TEU | 896 | 897 | 0,1% | 8,9% | 80 | 0 | 0 | |
| 15000+ TEU | 157 | 158 | 0,6% | 22,8% | 36 | 0 | 0 | |

| Container Vessel's Value | | | | | | | | | |
|--------------------------------|--------|--------|-----|--------|---------------------------------|--------|--------|-----|--------|
| 5 year old vessel in mill US\$ | | | | | 15 year old vessel in mill US\$ | | | | |
| | Jan-20 | Feb-20 | +/- | Feb-19 | | Jan-20 | Feb-20 | +/- | Feb-19 |
| 1000 TEU GRD Eco | \$11,5 | \$11,3 | -2% | \$12,7 | 1000 TEU GRD | \$3,0 | \$3,0 | 0% | \$3,5 |
| 1700 TEU GRD Eco | \$16,2 | \$15,9 | -2% | \$16,0 | 1700 TEU GRD | \$4,8 | \$4,6 | -4% | \$5,7 |
| 2200 TEU GRD Eco | \$19,0 | \$18,8 | -1% | | 2500 TEU GRD | \$7,0 | \$6,9 | -1% | \$6,8 |
| 2500 TEU GRD Eco | \$24,5 | \$24,3 | -1% | \$25,5 | 2800 TEU GL | \$7,0 | \$7,0 | 0% | \$6,8 |
| 3500 TEU GRD (old type) | | | - | | 3500 TEU GL | \$6,0 | \$5,9 | -2% | \$6,4 |
| 4700 TEU WB | \$30,0 | \$30,0 | 0% | \$27,5 | 4250 TEU PMX | \$7,7 | \$7,6 | -1% | \$7,6 |

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