



MONTHLY CONTAINER REPORT

June 2018 | Week 22 - 26

Summer highs

After the traditional spring charter rate increases, we usually start to see a market correction by June. So far this year the charter market continued its positive momentum throughout June and only started to flatten out at the end of the month with some weakness now in early July.

While liner companies are starting to give profit warnings for the 2nd quarter, most independent tramp owners are enjoying a relatively strong market at the same time. Many liner companies already had a negative first quarter, and now another bad quarter will seriously put liner companies' profitability for the whole year at risk. This is a big disappointment and for some, a surprise. Of course increased charter rates make ships more expensive for liner companies, and also the higher oil price hurts a lot, but in the end, it is the influx of new capacity which creates the real problem. It continues to be a supply problem, not a demand problem.

The influx of new capacity was made possible after the German KG money left and a lot of Chinese leasing money quickly followed. Adding new capacity and ordering ships was never a real problem in the container newbuilding market and often required little equity by the liner companies. If liner companies had needed to invest more of their own equity, their own profitability would not have allowed for all these orders. What we do see is that the feeder market did see some constraints and has seen decent scrapping that at least led to the fleet utilisation being very decent these days. But at the same time, Wan Hai, Yang Ming, HMM, etc. have plans for larger newbuilding orders in the feeder segments. Maybe instead of ordering themselves, it would be wise to think about doing this jointly with independent owners against maybe 5-year charters. The costs might be slightly higher than owning the ship, but the flexibility of tonnage supply and the importance of having (and supporting) independent owner structures in the market will be important aspects. Independent owners are needed for the peak seasons and flexibility in the market. If the big liner companies continue to just order on their own accounts, they will have to face the consequences in the future of having a reduced professional independent owner base on the other side of the negotiating table.

In June, the first ship was sold via the online platform VesselBid. The 2,700 TEU "Buxharmony" made a successful start for the platform. The main feature of the platform is a transparent pricing method. Every buyer can see the other buyers' (anonymous) offers and can react with his own price of his own choice. VesselBid has now signed two contracts to sell two bulk carriers and we are proud to be part of that development. For more info, please contact VesselBid.com.

Otherwise, we think that most container ship owners can happily go to on holiday this summer. The Northern European holiday season is now coming into full swing and is also enjoying extremely dry and sunny weather at the moment. We expect charter rates to stay relatively stable for now. Even though liner companies complain about their situation, the cargo volume is there and we do not foresee a drop in volumes over the coming summer months.

We dropped the Howe Robinson container index from our market information page some months ago and have now included the SITC Asia feeder index. Since over 50% of all feeder ships trade in Asia, it makes sense to report on a feeder index that focuses on Asia. The index consists of Charter rate assessments of 700 TEUs up to 4,800 TEU wide beam ships. It takes into account old and new eco designs. The index clearly shows that we have reached an index level similar to 2011, but still below the peak in 2015. Side movements have been seen on all bottom rates but not top rates in the last few years. Let's hope we see some side movement on top levels this time around, and that the summer highs continue.

Kind regards,

TOEPFER TRANSPORT

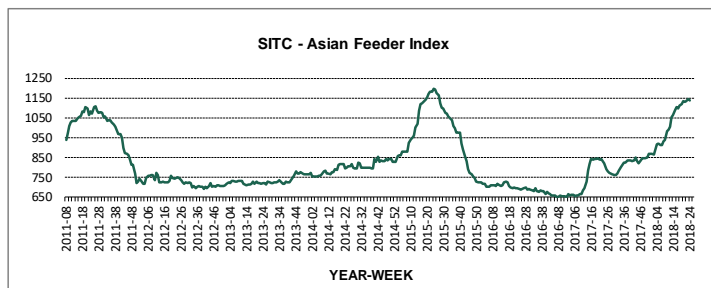


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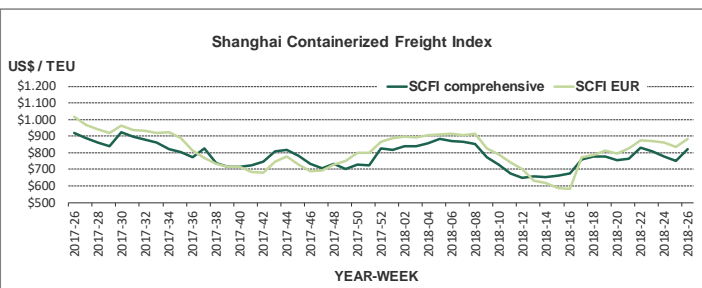
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New Context				
	May-18	Jun-18	+/-	Jun-17
comprehensive	528	535	1,33%	386
1100 TEU GRD - 12 MOS TC	\$8.524	\$8.509	-0,18%	\$6.436
1700 TEU GRD - 12 MOS TC	\$11.234	\$11.113	-1,08%	\$7.304
3500 TEU GL - 12 MOS TC	\$12.160	\$12.551	3,22%	\$8.669

Charter Rate Index



Container Freight Index



Selected Sales						
2nd-hand vs1	TEU	DWT	built	price (in mill US\$)	buyer	comment
Saturn	1.345	17.350	09/2008	\$8,0	HS Schiffahrt	
Vladimir	1.728	22.708	05/2009	\$11,0	Neptune Pacific Line	
Wellington Strait & Winchester Strait	1.740	23.367 & 23.295	04/03 2012	\$14,0 each	MPC Container Ship	previous sale to Milaha failed
Hammonia Emden	2.556	34.248	01/2006		XT	Incl. TC till Oct 2019 to Maersk
CPO Miami & CPO Jacksonville	4.255	51.737 & 51.687	09/2009	\$14,3 each	Clients of Borealis	
NYK Terra	6.661	80.282	07/2008	\$25,0	Seacon	
Aristomenis, Asklipios, Athenian, Athos	9.954	118.712 - 118.888	04/05 2011	\$52 each	Navios Maritime Container	including a Hapag Lloyd TC until max March 2019 at abt 26,630 USD pd - subject IPO

Newbuildings						
buyer	TEU	GRD/GL	delivery	price (in mill US\$)	yard	comment
Pan Ocean	2x 1.800		2019/2020	abt \$23	HMD	
SITC			09+11 2020	\$29	YZJ	
Nissen Kaiun	4x 1.800		2020	\$22-23	HMD	Two Ships on T/C to KMTC

Container Vessel's Value									
5 year old vessel in mill US\$					15 year old vessel in mill US\$				
	May-18	Jun-18	+/-	Jun-17		May-18	Jun-18	+/-	Jun-17
1000 TEU GRD	\$11,2	\$11,0	-2%	\$10,0	1000 TEU GRD	\$4,5	\$4,5	0%	\$3,2
1700 TEU GRD Eco	\$17,2	\$17,6	2%	\$12,0	1700 TEU GRD	\$7,3	\$7,5	3%	\$4,5
2500 TEU GRD ME*	\$17,9	\$18,1	1%	\$13,2	2500 TEU GRD	\$8,6	\$8,7	1%	\$5,4
2750 TEU GL (old type)	\$16,8	\$16,8	0%	\$13,2	2750 TEU GL	\$8,1	\$8,2	1%	\$5,5
3500 TEU GRD (old type)	\$14,8	\$14,8	0%	\$12,0	3500 TEU GL	\$7,2	\$7,1	-1%	\$5,3
4700 TEU WB	\$26,5	\$26,5	0%	\$25,0	4250 TEU PMX	\$8,5	\$8,3	-2%	\$6,4

*Old design, but electronic main engine

Fleet Development - Deliveries and Demolitions							
(in no. vessel)	fleet size			orderbook	scrapped		
	May-18	Jun-18	+/-		% of fleet	Jun-18	Jun-18
total fleet	5.238	5.254	0,3%	6,7%	353	13	
- 999 TEU	983	982	-0,1%	1,8%	18	7	1
1000 - 1999 TEU	1.310	1.311	0,1%	5,9%	78	1	0
2000 - 2999 TEU	638	642	0,6%	14,6%	94	0	0
3000 - 5099 TEU	886	886	0,0%	1,4%	12	5	2
5100 - 7499 TEU	458	458	0,0%	0,2%	1	0	0
7500 - 14999 TEU	855	864	1,1%	10,0%	86	0	0
15000+ TEU	108	111	2,8%	57,7%	64	0	0

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