



TOEPFER TRANSPORT

MONTHLY CONTAINER REPORT

December 2018 | Week 49 - 52

For those active in the container chartering market, possibly the best thing in December was when we finally reached the (staff) Christmas break. The charter market continued to slide and while sometimes December is the turning point in the winter, we expect it to now be in January. We have no doubt that the market will turn at the latest after the Chinese New Year in early February. A first indicator should be the halt to the increasing number of idle ships. The market certainly indicates a lack of confidence at the moment as regards expected cargo volumes for 2019, and particularly in view of the cooling off of the economies in many countries. This lack of confidence has also been clearly apparent in the withdrawal of many investors from shipping stocks world-wide. Investors lack confidence in shipping and trade right now and even while the tanker markets presently offer healthy charter rates, equity prices for most tanker stocks also declined during December.

While the risk of recession might have increased, most economic forecasts do not predict this for 2019, but rather simply a cooling down from former strong growth rates. This is combined with the reverse quantitative easing by the Fed. After years of flooding the market with new money, it is a lot more difficult to take the money out of the market without causing a crash.

One positive aspect of the decreased chartering market is an increased scrapping activity and an opening up of investment opportunities. Additionally, the lower stock prices of many listed companies is making it more difficult to raise new capital for them through new stock issues, and this may possibly lead to the withdrawal from the market of one or two active buyers from 2017 and 2018.

A positive note for liner companies are reduced oil prices and relatively stable freight rate environment on many major liner trades.

Hence, for independent owners the year is starting as it usually does – at a certain low point. Looking ahead, there is a lot of uncertainty around as described above, and in a few other market outlooks we read that 2019 shall be 'interesting'.

It will certainly be interesting, but shipping is always interesting and that is why we love this old fashioned little innovative industry. We all know, shipping is never dull...unfortunately during the last 10 years, it has also been a bit less fun.

Now 2019 might be a year in which we see a peak in the chartering market during the 2nd half of the year. Eight out of ten times the market peaks in the 2nd quarter. Of course this particular assumption for this year is linked to IMO 2020 and the fuel change in the 3rd and 4th quarter of the year. Nonetheless, we always stressed that it will have a positive effect on charter rates, although maybe only for a short time. The key question is from what base level will this positive effect develop? That base level might turn out a lot lower than many expected in the autumn of last year. For sure, IMO 2020 cannot rescue an oversupplied container market. It can reduce overcapacity a little, but it will not change fundamentals for a longer time.

Alphaliner this month reported that around 30 container ships have already installed scrubbers and that during 2019 some additional 70 ships will have them installed. That is a long way short of enough to create substantial shortages anywhere, while ships are lying idle at the yards waiting for installation. Also note, that the extra 70 ships are in most cases new builds coming from the yard which have lost zero days having scrubbers installed during their construction. We expect that in the end, only the fuel change will for a short while create inefficiencies in liner services and that might create demand for extra charter tonnage.

Indeed an 'interesting' year ahead.

The same is true for the future of a number of banks. While we who are involved in German shipping may have our eyes on Nord LB right now, the Germany economy is looking at how Deutsche Bank is either finally recovering or potentially being forced into JV with Commerzbank or being bought by another foreign bank (potentially BNP Paribas?).

As regards Nord LB, the two large loan portfolios both seem to be going to Cerberus and this means that when these transactions are completed, Cerberus will be the largest German shipping financier. The sale of the 40 ship MPP portfolio to one German buyer has not been finalized and is on-going and NORD LB itself is still looking for a new partner to bring new equity into the bank. That the legacy of the excessive German KG ship investment model is still rocking the (banking) market ten years after the Lehman crisis, we can also call 'interesting'...

Happy sailing in an 'interesting' 2019.

Kind regards,

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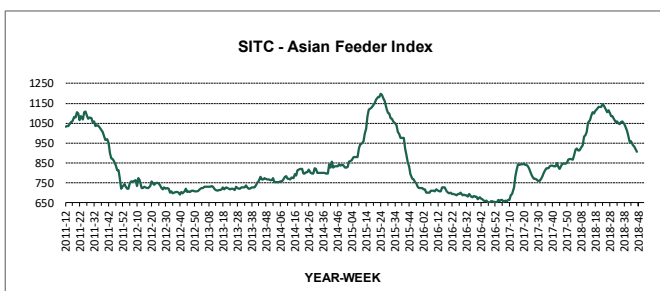


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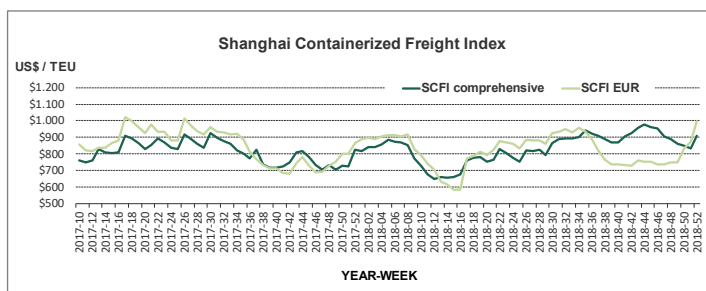
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New Context				
	Nov-18	Dec-18	+/-	Dec-17
comprehensive	423	408	-3,55%	404
1100 TEU GRD - 12 MOS TC	\$6.496	\$6.410	-1,32%	\$6.772
1700 TEU GRD - 12 MOS TC	\$8.155	\$7.640	-6,32%	\$8.817
3500 TEU GL - 12 MOS TC	\$10.221	\$9.871	-3,42%	\$8.423

Charter rate index



Container Freight Index



Selected Sales						
2nd-hand vsl	TEU	DWT	built	price (in mill US\$)	buyer	comment
Max Venture	1.022	12.244	02/2008	undiscl.	Sinokor Merchant Marine	part of fleet deal
Aalderdijk, Akerdijk, Alsterdijk, Amerdijk	4 x 1.436	21.298, 21.293, 21.150, 21.231	2011	abt. \$9,3 each	JR Shipping	
Voronezh	1.728	23.063	11/2008	undiscl.	Undisclosed	
Cafer Dede & Ibrahim Dede	2 x 1.849	26.811	2008	abt. \$9,0 each	Capital Maritime	
ACX Pearl	2.858	39.580	2008	undiscl.	Eastern Pacific Shipping	

Newbuildings						
buyer	TEU	GRD/GL	delivery	price (in mill US\$)	yard	comment
Maersk	5+5 x 2.200			\$25,0	Jiangnan Shipyard	
Gerchion on behalf of CIMC	3+3+3 x 2.300		2020/2021	\$30,0	Zhoushan Changhong	for TC to Maersk
Dole	2+2 x 2.500	GRD	2020	\$42,0	Chengxi Shipyard	high reefer vessel

Fleet Development - Deliveries and Demolitions							
(in no. vessel)	fleet size			orderbook		scrapped	
	Nov-18	Dec-18	+/-	% of fleet	Dec-18	ytd	Dec-18
total fleet	5.288	5.286	0,0%	7,9%	420	38	5
- 999 TEU	976	975	-0,1%	2,7%	26	11	0
1000 - 1999 TEU	1.308	1.306	-0,2%	10,3%	135	16	2
2000 - 2999 TEU	659	660	0,2%	16,2%	107	1	1
3000 - 5099 TEU	888	887	-0,1%	1,9%	17	8	1
5100 - 7499 TEU	458	457	-0,2%	0,0%	0	2	1
7500 - 14999 TEU	876	876	0,0%	9,8%	86	0	0
15000+ TEU	123	125	1,6%	39,2%	49	0	0

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

*Old design, but electronic main engine

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