



MONTHLY CONTAINER REPORT

January 2019 | Week 1 - 5

The Year of the Pig

The Year of the Dog ended with quite a drop in many market segments. The ClarkSea Index, covering Bulk, Tanker, Container and Gas, dropped by 34% from 15,603 to 10,232 points in January. That certainly is one of the more spectacular drops over recent years. While crude tankers lost a lot of their momentum during January, it was in particular the bulk market which caught many on the wrong foot. The feeling for bulk was focusing on a decent stable rate environment in 2019 with positive spikes during the second half when the IMO 2020 rules start to kick in. The story is of course not over, but the start of the year has already left some scratch marks on 2019. The market which stayed relatively strong in January was the Product Tanker markets, in particularly DPP trades. What also has not happened yet is a market recovery in the container market. The usual turning points of December and January were missed this time and we have to put our hopes now for the time after the Chinese New Year.

The coming Chinese year will be the Year of the Pig. Even in Western cultures the pig is a symbol of luck and so it is not surprising that the message for the Chinese is that this year will bring luck, satisfaction and wealth. At the same time we have to look back at the last year, the Year of the Dog. The Dog will bring satisfaction and joy and will result in the successful outcome of projects from the previous year. In terms of shipping, the Dog maybe only had the tankers in mind as it seems not many other segments in the shipping and economic sphere had that much joy. Let us look forward though and see the pig as a symbol of luck...the last time we had the Year of the Pig was 2007, which was not a bad year at all!

Nevertheless, in order to see any luck in the container market we still have some way to go as the list of idle fleet is still quite long. The most positive segment for now is the 8500 TEU plus size, where rates have started to improve and hardly anything is idle now. On all other sizes the fixing activity is good. For charter rates to improve the idle list needs to be reduced first, which we fear might take a few weeks. One of the main issues we see is that many liner companies are cautious and slow this year in starting new liner services, which is what's required to employ idle capacity. The Macro-economic picture needs to jump a few hurdles, first and foremost the China-US Trade Talks and the Brexit situation. While both have March deadlines, with 1st and 29th March respectively, the likelihood that both deadlines will be extended is increasing day by day. Hence, maybe these two factors will affect economic developments for quite some time. Nevertheless, the key factor is also that the world will not go into recession anytime soon; it is just a slow-down.

Quite exciting to see are the developments at Nord LB. As most readers know, Nord LB was in the process of selling two large debt portfolios ("Big Ben" and "Towerbridge") as well as a portfolio of MPPs in an asset transaction and, last but not least, searching for new equity/investors in order to recapitalise the bank. The current results seem to be that only the first and smaller debt portfolio "Big Ben" ends up with Cerberus, while the bank could not come to terms on the second portfolio and has to look for an alternative solution, like a separate bad bank, maybe in combination with (HSH) Portfoliomangement. The sale of the 43 ship MPP Portfolio seems to have fallen through and failed to materialise. Lastly, the recapitalisation of the bank will go ahead with a group of German Sparkassen (German saving banks) and not with Cerberus/Centrebridge who had also put in a bid for the bank.

The key question, of course, is what direct results this will have for the ships in the respective portfolios. It is maybe a little too early to predict the exact impacts but we expect Cerberus will turn a small portion of their portfolio via further asset or debt sale soon for a quick profit and then hold the main portion till market recovery. For the portfolio and ships remaining with Nord LB or any follow-on solution, we expect this will mean more direct ship/asset sales versus debt sales. Hence, potentially good for the S&P brokers! We will know more soon.

Lastly, it was interesting to note a lot of newbuilding activity for CSSC Shipyards in combination with CSSC Shipping during recent weeks. CSSC Shipping signed leasing and newbuilding contracts for 20 feeder ships for the end use of Sinokor, then 8x 13,000 dwt MPP Heavylift ships for Zeamarine, 2+2 VLCCs, 2+2 174k cbm LNGs, 95k dwt Bulkers. All these orders are also closely linked to the plans to list CSSC Shipping in Hong Kong in March. Some of these orders surprised us in their structures and are mostly outside the usual structures expected from CSSC, but when there are bigger plans in the background special projects seem possible. We wish CSSC good luck with their listing plans.

Good luck for the start of the Year of the Pig. Gong Xi Fa Cai!

Kind regards,
TOEPFER TRANSPORT

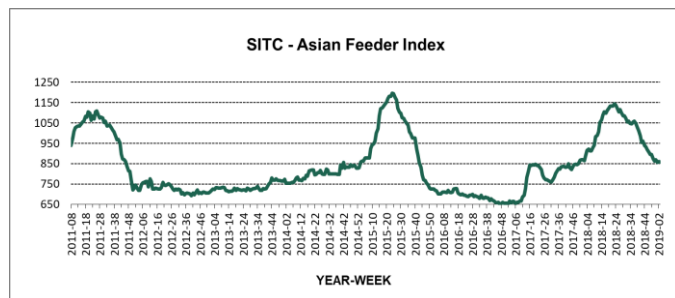


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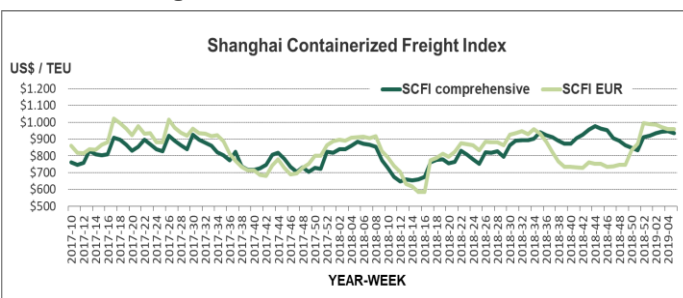
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New Context				
	Dec-18	Jan-19	+/-	Jan-18
comprehensive	408	389	-4,66%	427
1100 TEU GRD - 12 MOS TC	\$6.410	\$6.345	-1,01%	\$7.173
1700 TEU GRD - 12 MOS TC	\$7.640	\$7.280	-4,71%	\$9.534
3500 TEU GL - 12 MOS TC	\$9.871	\$8.892	-9,92%	\$9.175

Charter rate index



Container Freight Index



Selected Sales						
	TEU	DWT	built	price (in mill US\$)	buyer	comment
2nd-hand vsl						
Sofrana Surville	1.049	12.754	08/2012	\$13,0 mio.	Clients of CNAN, Algeria	tender biz
Munich Trader	1.102	12.918	06/1999	\$2,5 mio.	Chinese Buyers	
Arian & Tammo	2 x 1.345	17.158 & 17.191	2011	\$8,6 mio each	Contship Management	
Alidra	1.644	21.331	03/2000	\$3,85 mio.	Victoria Oceanways	
GH Mistral	2.846	38.686	07/2006	\$11,25	ADNOC	
PL Germany	5.928	67.009	12/2003		Japanese Owners	fixed for 6-11 mos at \$8.000 pd
MSC Desiree	9.408	109.802	04/2017	\$90,0 mio	Bluestar	incl. 15 yrs BBC at \$25.700 pd. Finance from German pension fund
CSCL Bohai Sea/ Spring/ Summer/ Winter	4 x 10.036	121.824 & 121.849 121.805 & 121.839	2014	\$66,75 mio. each	Clients of FPG, Japan	leaseback deal
MSC Erica & MSC Mirja	2 x 19.224	2 x 200.148	2016		Ship Finance Management A	incl. Charters till 2033

Newbuildings						
buyer	TEU	GRD/GL	delivery	price (in mill US\$)	yard	comment
Atlantica Geneva SA (Sinokor)	8 x 1.100		2020-2021		Huangpu Wenchong	financed by CSSC Shipping
Atlantica Geneva SA (Sinokor)	8 x 1.100		2020-2021		CSSC Chengxi	financed by CSSC Shipping
Atlantica Geneva SA (Sinokor)	4 x 2.400	GL	2020-2021		Jiangnan	financed by CSSC Shipping

Fleet Development - Deliveries and Demolitions							
(in no. vessel)	fleet size			orderbook		scrapped	
	Dec-18	Jan-19	+/-	% of fleet	Jan-19	ytd	Jan-19
total fleet	5.286	5.284	0,0%	7,9%	418	7	7
- 999 TEU	975	973	-0,2%	2,5%	24	1	1
1000 - 1999 TEU	1.306	1.302	-0,3%	10,1%	132	5	5
2000 - 2999 TEU	660	664	0,6%	16,9%	112	1	1
3000 - 5099 TEU	887	886	-0,1%	1,9%	17	0	0
5100 - 7499 TEU	457	456	-0,2%	0,0%	0	0	0
7500 - 14999 TEU	876	877	0,1%	9,7%	85	0	0
15000+ TEU	125	126	0,8%	38,1%	48	0	0

Container Vessel's Value									
5 year old vessel in mill US\$					15 year old vessel in mill US\$				
	Dec-18	Jan-19	+/-	Jan-18		Dec-18	Jan-19	+/-	Jan-18
1000 TEU GRD	\$10,3	\$10,1	-2%	\$11,0	1000 TEU GRD	\$3,5	\$3,5	0%	\$3,3
1700 TEU GRD Eco	\$16,5	\$16,2	-2%	\$13,0	1700 TEU GRD	\$6,0	\$5,8	-3%	\$4,9
2500 TEU GRD ME*	\$17,0	\$16,6	-2%	\$14,5	2500 TEU GRD	\$7,0	\$6,9	-1%	\$6,5
2750 TEU GL (old type)	\$15,0	-	-	\$15,0	2750 TEU GL	\$7,0	\$6,9	-1%	\$6,5
3500 TEU GRD (old type)	\$13,0	\$12,7	-2%	\$13,0	3500 TEU GL	\$6,6	\$6,4	-3%	\$6,4
4700 TEU WB	\$25,0	\$25,0	0%	\$27,0	4250 TEU PMX	\$7,9	\$7,7	-3%	\$7,8

TOEPFER TRANSPORT GMBH HAMBURG | SINGAPORE | SHANGHAI

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