



MONTHLY CONTAINER REPORT

March 2019 | Week 10 - 13

Spring fixing

In March, the feeder container market finally started to turn, rather later than usual. The Post-Panamax ships experienced a much earlier upturn, however, of course the vast majority of charter tonnage is around 5000 TEU or less.

Lay-up numbers are down significantly over the last three weeks, creating the conditions for real charter rate increases to begin. For now, we do not expect a big rally in the charter market, but a steady increase. Also, the box freight rates, as indicated by the Shanghai Containerized Freight Index (SCFI), usually have their turning point in week 11 or 12 of the year and have started to rise again.

The scene is therefore set for what is traditionally the best quarter for container charter rates. However, we are sticking to our assumption that this year the best quarter might actually be the 3rd or 4th quarter due to the IMO regulation on the switch to low-sulphur fuels.

What has not yet improved are the prices for second-hand tonnage. The container S&P market is still very slow and there is a real lack of a broad base of container ship buyers. From the deals currently being negotiated, we still see a clear drop in values for April. This is basically already factored into our values, but those who focus on last done are likely to see a drop in prices. At this point in time, we also doubt that values will respond quickly to the improved chartering market. Prices will stabilise, but we believe that the lack of buyers could mean that prices rise more slowly this year.

Otherwise, we continue to see liner companies ordering container feeder newbuildings. In the 2400-2800 TEU segment, the latest orders are all either liner owned or leased. Not one single speculative order from an independent owner was placed in 2018 in this size. The reason is quite simple: recent charter rates do not justify container ship newbuildings. Liner companies have a different calculator, but in general there continues to be a general mismatch between newbuilding prices and charter hire income. One could also say that container ship newbuilding prices are generally too high, so the newbuilding orders of liners or their lessors carry a valuation risk. However, since liner companies are not speculating on asset values, it really does not matter to them. It could impact the lessor, but long-term contracts push this issue far into the future.

Of course, the whole equation might change when the IMO 2020 regulations hugely increase fuel costs. For the liners who pay the fuel bills, eco-tonnage makes sense. But as long as liner companies are not vastly increasing the premium they are willing to pay to charter eco-tonnage, independent owners will mainly continue to hold back from speculative newbuilding orders. Since there is plenty of Chinese leasing money around, it does not really matter for liner companies. The only difference is that such money needs longer charter/leasing commitments compared to independent owners who would be happy with just a 2-3-year initial charter commitment or even less.

This week shall also bring the decision as to the recapitalisation and restructuring plans of Nord LB. The EU is about to make a decision on the plans proposed by Nord LB. This will most likely include their plan on the 2nd large debt portfolio which did not end with Cerberus. The closing of the first ("Big Ben") portfolio with Cerberus is scheduled for early April. We understand that Cerberus is already in full swing on this portfolio, as well as the former HSH portfolio that they bought, to prepare to cash in their return. For now we expect predominantly some debt sales either to third parties or to the borrowers themselves who are buying their debt from Cerberus. We do not expect many ships from these portfolios to end up in the open S&P market for now. So, at least in the container market it seems fewer ships will meet fewer buyers.

This might slow down S&P activities. So let's hope the IMO 2020 regulations lead to a significant improvement in the markets, as many predict they will. Better charter rates and values will help to create new opportunities. Happy spring fixing, spring feelings or spring break!

Kind regards,

TOEPFER TRANSPORT

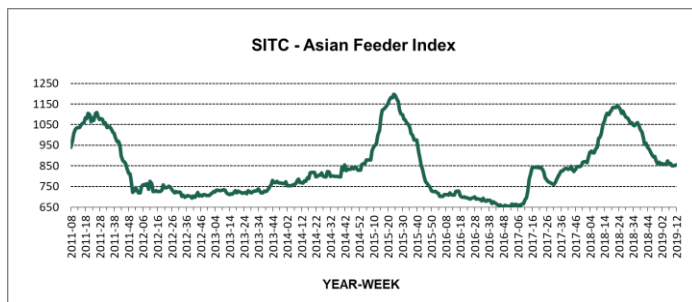


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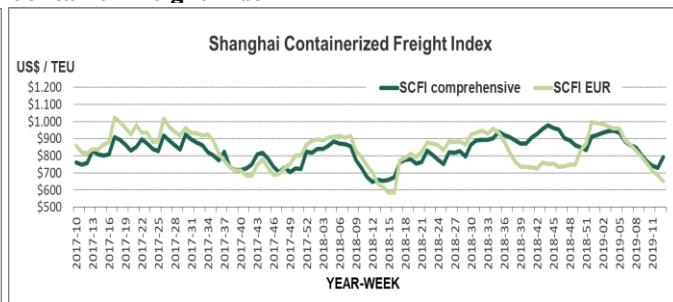
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New Contex				
	Feb-19	Mar-19	+/-	Mar-18
comprehensive	387	392	1,29%	478
1100 TEU GRD - 12 MOS TC	\$6.400	\$6.525	1,95%	\$8.121
1700 TEU GRD - 12 MOS TC	\$7.417	\$7.839	5,69%	\$10.699
3500 TEU GL - 12 MOS TC	\$8.774	\$9.673	10,25%	\$10.360

Charter rate index



Container Freight Index



Selected Sales						
2nd-hand vsl	TEU	DWT	built	price (in mill US\$)	buyer	comment
Sandwig	657	8.015	11/2003	\$2,0 mio	Romes Shipping	
Eastern Express	840	12.473	11/2004	high \$4's	VSICO Vietnam	
Hanse Energy & Hanse Endurance	2 x 1.049	12.782 & 12.793	02 & 03 2008	\$7.55 mio each	SITC Shipping	
Helene S	2.450	32.878	12/2006	\$9,3 mio.	Tanto Intim	
NYK Apollo	6.492	81.171	11/2002	\$13,0 mio.	Cyprus Ssealines	

Newbuildings						
buyer	TEU	GRD/GL	delivery	price (in mill US\$)	yard	comment
CSSC Shipping Lease with long term T/C to CMA CGM	10 x 15.000			\$130 mio.	Jiangnan & Hudong	5 ships will be powered by LNG, the other 5 with hybrid scrubbers
KMTC	3 x 2.500		2020/2021	\$35.6 mio.	Hyundai Mipo	
Pan Continental, Korea	1 x 1.000				Daesun	Eco, scrubber fitted
Namsung Shipping, Korea	1 x 1.000				Daesun	Eco, scrubber fitted
Maersk or lessor	5 x 2.200				Imabari	

Container Vessel's Value					15 year old vessel in mill US\$				
5 year old vessel in mill US\$					15 year old vessel in mill US\$				
	Feb-19	Mar-19	+/-	Mar-18		Feb-19	Mar-19	+/-	Mar-18
1000 TEU GRD Eco (New!)	\$12,7	\$12,7	0%	\$11,3	1000 TEU GRD	\$3,5	\$3,5	0%	\$4,5
1700 TEU GRD Eco	\$16,0	\$16,2	1%	\$17,0	1700 TEU GRD	\$5,7	\$5,7	0%	\$7,5
2500 TEU GRD ME*	\$16,3	\$16,4	1%	\$17,5	2500 TEU GRD	\$6,8	\$6,8	0%	\$8,5
2750 TEU GL (old type)			-	\$16,5	2750 TEU GL	\$6,8	\$6,8	0%	\$8,3
3500 TEU GRD (old type)	\$12,4	\$12,4	0%	\$15,0	3500 TEU GL	\$6,4	\$6,4	0%	\$7,5
4700 TEU WB	\$25,5	\$26,0	2%	\$27,5	4250 TEU PMX	\$7,6	\$7,7	1%	\$8,6

*Old design, but electronic main engine

Fleet Development - Deliveries and Demolitions								
(in no. vessel)	fleet size			% of fleet	orderbook		scrapped	
	Feb-19	Mar-19	+/-		Feb-19	ytd	Mar-19	
total fleet	5.286	5.278	-0,2%	8,0%	421	47	10	
- 999 TEU	970	962	-0,8%	2,3%	22	7	0	
1000 - 1999 TEU	1.298	1.297	-0,1%	11,3%	146	25	5	
2000 - 2999 TEU	666	667	0,2%	16,8%	112	2	1	
3000 - 5099 TEU	887	887	0,0%	1,7%	15	8	3	
5100 - 7499 TEU	455	454	-0,2%	0,0%	0	5	1	
7500 - 14999 TEU	879	879	0,0%	9,3%	82	0	0	
15000+ TEU	131	132	0,8%	33,3%	44	0	0	

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