



MONTHLY CONTAINER REPORT

April 2019 | Week 14 - 18

The charter market is continuing to boom for owners who have ships of 5500 TEU and larger in their fleets. For those with ships smaller than 5500 TEU, the market is on a slow recovery route. The situation with larger ships that are bought without long-term charter attached has always been “no risk, no fun”. At the moment it is the fun time, but this is actually only the case for those who bought ships cheaply second hand or ships that are older and have little or no remaining debt. For the large container ships that were ordered new, the current rates offer only small opportunities to recoup investment and pay back the bankers or investors.

The fun has not yet reached the smaller feeders, but we do see steady improvement there, as well as some of the major liner companies taking feeder ships into long-term charters. Some of these longer-term deals are linked to scrubber instalments on feeder ships, but this is not the case for all of them. It does prove the point though that liner companies see that current rates are relatively cheap and that it makes sense to lock in some of the bread and butter ships for their liner networks.

The general economic environment is relatively steady. None of the recession scenarios that resulted in the stock markets falling significantly in December have occurred, and it seems that in particular the US economy is performing better than expected. Also, the postponement of Brexit has removed another destabilising factor from the daily agenda. Of course, we still have to keep a careful eye on the tweets from Mr. Trump and his words about tariffs. Shipping is quite allergic to renewed serious worries about a trade war between China and the US. The difficulty regarding these negotiations is that Mr. Trump cannot go home as the overall winner because if the Chinese are seen to have lost face, they will not do a deal with him at all.

We are now getting close to the IMO 2020 deadline for the fuel change. The first ships have started to take initial fuel tanks out of service to start the cleaning process, but in general the activity regarding 2020 is calm. As the IMO 2020 changeover has been proclaimed as triggering booming markets for quite a period of time, we are in no doubt that the first market participants will soon start to get nervous when the positive impetus relating to IMO 2020 comes. Firstly, we think that it is still a few months too early for that and secondly, as mentioned a few times previously, we do not think that it will be a tremendous game changer in terms of the true demand and supply fundamentals in each shipping market. Container shipping, for instance, will remain oversupplied overall. IMO 2020 will not change this overnight.

One market report recently pointed out that there is too much “state sponsored shipping capacity”. We agree! Recent examples are the 60x LNG carrier newbuilding project in Qatar, the at least 10 and possibly up to 30 ship newbuilding order by COSCO for 210,000 dwt Newcastlemax ships, and COSCO’s plan for 25000 TEUs, not to mention the 21,000 TEU order from HMM last year. And we could add many more entries to this list.

In China, we expect very few private yards to survive in the next few years and shipyard capacity in China will be very much in the hands of state corporations. This is in line with the recent acquisition of the shipyards of the state-owned AVIC Group by the state-owned China Merchant Group (CMG), which also took over CSC Shipyards some time back. CMG will be the third largest shipping group in China, after state owned CSSC and CSIC, and ahead of number four COSCO Shipyards. Most yards work with very small or no profit margins, and with the continued increasing labour costs in China and the continuously increasing regulations, newbuilding prices will stay relatively high with the risk (or chance?) of rising newbuilding prices in the years to come. This could certainly lead to a reduction in speculative orders, and with regard to container shipping this is definitely happening already. The lack of vast amounts of investor money looking for shipping investment will also help keep asset prices reasonably under control and improve yields. This is what the private and long-term owners in particular are looking for; good yields on their trading fleets. While asset trading might be fun, including for S&P brokers, it is very risky too. Over time, more secure and better returns will come from purchasing a ship and making a decent return from the charter income. Such periods have been way too brief during recent years. Happy sailing.

Kind regards,

TOEPFER TRANSPORT

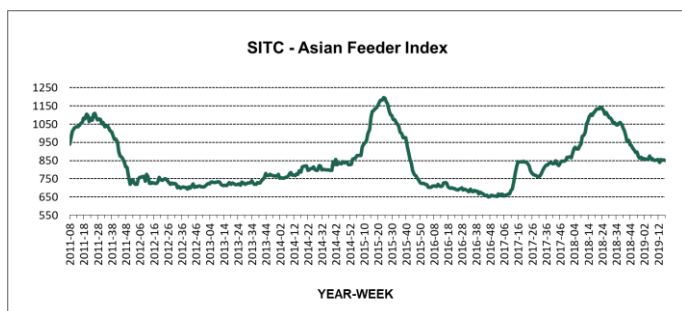


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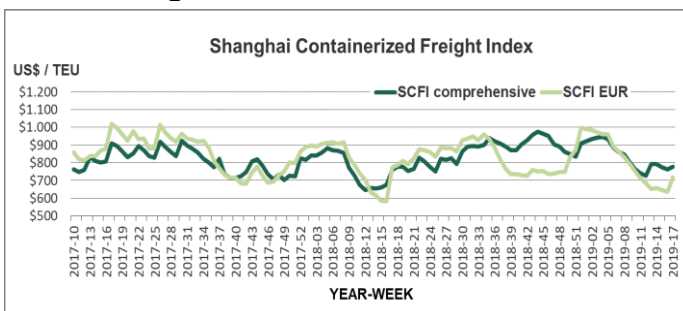
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New Context				
	Mar-19	Apr-19	+/-	Apr-18
comprehensive	392	400	2,04%	505
1100 TEU GRD - 12 MOS TC	\$6.525	\$6.663	2,11%	\$8.522
1700 TEU GRD - 12 MOS TC	\$7.839	\$8.290	5,75%	\$11.095
3500 TEU GL - 12 MOS TC	\$9.673	\$8.754	-9,50%	\$11.106

Charter rate index



Container Freight Index



Selected Sales						
2nd-hand vsl	TEU	DWT	built	price (in mill US\$)	buyer	comment
Vega Lambda	698	8.272	2006	\$2,7 mio	Vietnamese	
Saint Nikolaos	2.490	34.415	2004	\$6,6 mio	ER Capital	Ship needs upgrade
Puccini	2.496	34.418	2003	\$7,1 mio	Marshal Shipping	
Ambassador Bridge	4.228	51.314	2009	\$9,2 mio	Borealis Maritime	
Baltimore Bridge	4.432	52.184	2010	\$10,0 mio	Sinokor	Wide-beam design
Brussels Bridge	4.432	52.452	2011	\$11,5 mio	Sinokor	Wide-beam design
Guang Dong Bridge	5.642	71.283	2006	\$13,0 mio	Germans	
NYK Aquarius / NYK Athena	2 x 6.492	81.171	2003	\$14,9 mio each	Cyprus Sea Lines	
ER Santa Barbara/ER Montecito	2 x 7.800	93.643	2004	\$15,5 mio each	Technomar	incl. 3-5yrs TC at mid 15k to ML

Newbuildings						
buyer	TEU	GRD/GL	delivery	price (in mill US\$)	yard	comment
Shoei Kisen	4x 11.850	GL	2022		Imabari	Charter to YML, options declared

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\$				
	Mar-19	Apr-19	+/-	Apr-18		Mar-19	Apr-19	+/-	Apr-18
1000 TEU GRD Eco (New!)	\$12,7	\$12,8	1%	\$11,2	1000 TEU GRD	\$3,5	\$3,6	3%	\$4,5
1700 TEU GRD Eco	\$16,2	\$16,3	1%	\$17,2	1700 TEU GRD	\$5,7	\$5,7	0%	\$7,5
2500 TEU GRD ME*	\$16,4	\$16,7	2%	\$17,6	2500 TEU GRD	\$6,8	\$7,1	4%	\$8,6
2750 TEU GL (old type)			-	\$16,4	2750 TEU GL	\$6,8	\$7,0	3%	\$8,3
3500 TEU GRD (old type)	\$12,4	\$12,7	2%	\$15,0	3500 TEU GL	\$6,4	\$6,4	0%	\$7,5
4700 TEU WB	\$26,0	\$27,0	4%	\$26,0	4250 TEU PMX	\$7,7	\$7,8	1%	\$8,5

Fleet Development - Deliveries and Demolitions							
(in no. vessel)	fleet size			orderbook		scrapped	
	Mar-19	Apr-19	+/-	% of fleet	Apr-19	ytd	Apr-19
total fleet	5.278	5.269	-0,2%	8,2%	434	57	
- 999 TEU	962	961	-0,1%	2,3%	22	7	2
1000 - 1999 TEU	1.297	1.288	-0,7%	11,5%	148	30	8
2000 - 2999 TEU	667	666	-0,1%	19,1%	127	3	0
3000 - 5099 TEU	887	885	-0,2%	1,5%	13	11	1
5100 - 7499 TEU	454	453	-0,2%	0,0%	0	6	0
7500 - 14999 TEU	879	882	0,3%	9,2%	81	0	0
15000+ TEU	132	134	1,5%	32,1%	43	0	0

TOEPFER TRANSPORT GMBH HAMBURG | SINGAPORE | SHANGHAI

Sale & Purchase + Newbuildings + Chartering + Valuations

Email: snp@toepfer-transport.com
 Phone: +49 (0)40 32 58 21 - 0
 Fax: +49 (0)40 33 93 10
 Web: www.toepfer-transport.com

Clemens Toepfer
 Carlo Brandt
 Panos Pantelis
 Jennifer Shrestha

Hannes Hollaender
 Cornelius Schröder
 Johannes Just
 Niclas Prehm

Richard Wetzki
 Magnus Andersen