



MONTHLY CONTAINER REPORT

May 2019 | Week 19 - 22

It feels like May was an uneventful month, with markets moving sideways. There continues to be a split between the larger vessels, which are performing strongly, and the smaller feeders, which are dragging along. The positive aspect is that smaller container ships, in particular, continue to be scrapped, which is required to avoid any fleet growth due to the sizeable order book. We continue to read about the low newbuilding-to-fleet ratio, but the oversupplied market across all sizes needs the newbuilding-to-fleet ratio to drop further. We do not see an investment case for independent owners for container newbuildings right now. Also Alphaliner has reduced their global container through put projection for 2019 from 3.6% to 2.5%. It just reflects what we see in the market already.

The trade war situation between China and the US becomes more critical by the month. It is hard to see how Mr. Xi Jinping and Mr. Trump will be able to settle this deal without either side losing face. We do not expect that they will really make much progress prior to the G20 meeting taking place at the end of June in Osaka. Also, China have just issued a "White Paper" in response to Mr. Trump and have made it very clear that they are ready to fight this out for some time. It could be the case that Mr. Trump will have to decide in 2020 which outcome will better help him to be re-elected, a trade deal or no trade deal. This is not a pretty scenario and nothing about it bodes well for world trade. Of course, it has often been said that, for container shipping, the US-China trade war does not matter much, as the cargo is just being shifted elsewhere. We have not seen a clear analysis of same, but somehow it does not feel that container shipping has benefited in any way to any extent from it so far, rather the opposite.

With a strong market recovery for shipping in general being delayed once again for maybe another year, whether in bulk, in tank or container, we see various banks dropping their coverage of shipping stocks because the interest in shipping from investors is diminishing. This is maybe not good news if you plan a listing as your exit scenario from a running investment; however, it is good news for those who make their living from investment into the ship itself. Less money in the market from investors and few banks will, over time, hopefully have a positive impact. There will be less money for newbuildings, less money for buying insolvent ships and keeping them going and less money to fund the next dry docking perhaps. The result could be more scrapping. Less money now could provide the base for a longer market recovery later.

The whole shipping world is also anxiously awaiting the positive market environment surrounding IMO 2020. With all the positive effects it might have in general, and perhaps in particular for those with scrubbers installed, it also carries huge risks for all parties concerned. Any ship trading on a time charter which runs until November or December this year (incl. the flexible period charters) might face being traded by the charterer until such time with HFO. Once redelivered and charter free, charterers might come and ask for 'clean' ships. If you are not clean (and obviously have no scrubber on board), if the market allows it, charterers might offer charter rates of USD 1 per day, but offer owners the chance to trade their ships in order to burn the rest of the HFO they have on board prior to year-end and then start using low sulphur fuels. It might become an expensive exercise for owners and could result in difficult cash positions for these ships. It is important to have a plan and work together with the charterer. IMO 2020 carries many traps for owners and charterers but, for those who manage the process well, we think it offers plenty of opportunities.

In general we are not surprised by the current market environment and we stand by our prediction that 2019 could be a year in which we peak in the second half of the year rather than in the first half. It might not hold true for the 8,000-10,000 TEUs as they are more of a gamble, but it is hopefully true for the feeder fleets. Fingers crossed!

Lastly, we hear that Commerzbank has exited shipping in total. A deal shall be in place for their remaining shipping debt which has been sold to US based interest. Goodbye Commerzbank bank, goodbye Dresdner Bank, goodbye Deutsche Schiffsbank. Old names finally wave goodbye to shipping.

Kind regards,

TOEPFER TRANSPORT

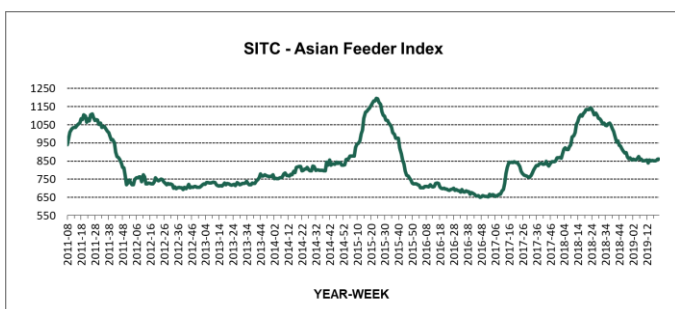


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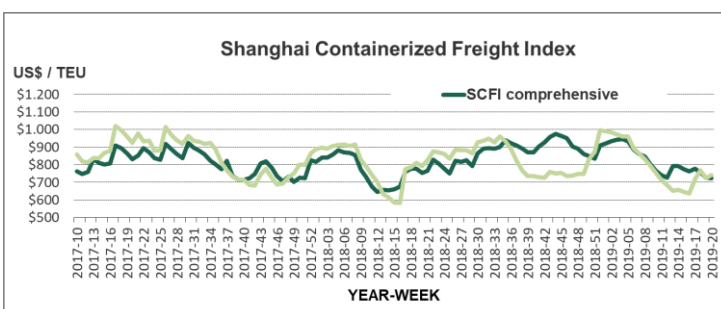
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New Contex				
	Apr-19	May-19	+/-	May-18
comprehensive	400	402	0,50%	528
1100 TEU GRD - 12 MOS TC	\$6.663	\$6.548	-1,73%	\$8.524
1700 TEU GRD - 12 MOS TC	\$8.290	\$8.344	0,65%	\$11.234
3500 TEU GL - 12 MOS TC	\$8.754	\$8.825	0,81%	\$12.160

Charrerate index



Container Freight Index



Selected Sales						
2nd-hand vsl	TEU	DWT	built	price (in mill US\$)	buyer	comment
Hanse Fortune	1.118	13.715	01/2006	\$4,25	Limarko	
Puccini	2.496	34.418	02/2003	\$7,10	Marshal Shipping Llc	
Quadriga	3.426	42.566	12/2008	\$8,30	Clients of MPC	
Adelheid-S	3.398	44.052	11/2006	\$6,90	Germans	
Athens Bridge	4.228	51.314	12/2009	\$9,20	Sinokor	
Jpo Capricornus	4.132	52.863	07/2005	\$8,60	Celsius	incl. TC to Maersk
Vecchio Bridge	4.738	64.983	07/2005	\$9,20	GMS Global Marketing	
MSC Ningbo	7.849	93.572	07/2004	\$18,60	Global Ship Lease	incl. charter to Maersk for 3-5 years at mid 16's

Container Vessel's Value									
5 year old vessel in mill US\$					15 year old vessel in mill US\$				
	Apr-19	May-19	+/-	Mai-18		Apr-19	May-19	+/-	May-18
1000 TEU GRD Eco	\$12,8	\$12,7	-1%	\$11,2	1000 TEU GRD	\$3,6	\$3,5	-3%	\$4,5
1700 TEU GRD Eco	\$16,3	\$16,2	-1%	\$17,2	1700 TEU GRD	\$5,7	\$5,5	-4%	\$7,3
2500 TEU GRD ME*	\$16,7	\$16,5	-1%	\$17,9	2500 TEU GRD	\$7,1	\$7,2	1%	\$8,6
2750 TEU GL (old type)			-	\$16,8	2750 TEU GL	\$7,0	\$7,0	0%	\$8,1
3500 TEU GRD (old type)	\$12,7	\$12,3	-3%	\$14,8	3500 TEU GL	\$6,4	\$6,4	0%	\$7,2
4700 TEU WB	\$27,0	\$27,5	2%	\$26,5	4250 TEU PMX	\$7,8	\$7,8	0%	\$8,5

Fleet Development - Deliveries and Demolitions							
(in no. vessel)	fleet size			orderbook		scrapped	
	Apr-19	May-19	+/-	% of fleet	May-19	ytd	May-19
total fleet	5.269	5.272	0,1%	7,0%	371	74	6
- 999 TEU	961	960	-0,1%	2,2%	21	11	2
1000 - 1999 TEU	1.288	1.286	-0,2%	6,8%	87	40	2
2000 - 2999 TEU	666	668	0,3%	18,7%	125	5	2
3000 - 5099 TEU	885	884	-0,1%	1,4%	12	12	0
5100 - 7499 TEU	453	453	0,0%	0,0%	0	6	0
7500 - 14999 TEU	882	883	0,1%	9,7%	86	0	0
15000+ TEU	134	138	3,0%	29,0%	40	0	0

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