



TOEPFER TRANSPORT

MONTHLY CONTAINER REPORT

July 2019 | Week 27 - 31

While most people are currently on the beach or their yachts, the container shipping markets continue their positive trend. The best charter rates are paid for 4000 TEUs and upwards at the moment, as the strong market for the larger ships has also started to pull the old Panamax ships up as well. So, if things continue in this way, this will hopefully soon affect the rates for 2500-2800 TEUs as well.

At least our prediction made in December 2018, that the second half of 2019 would be better than the first half, has already come true, unless you are a 1100 TEU ship. The smaller sizes continue to struggle to gain positive momentum. So far, however, we have not yet seen regular and widescale scrapping in this size. But there are still about 100 ships for 1000-1200 TEU, blt 1995-1999 trading, which will hopefully soon relieve some of the pressure on the market. The CV1100 types were built in large numbers only in 2005-2008, so they are still a little too new for scrapping, but we do not think that all of these CV1100 types are likely to pass their third special survey, in 2020 and beyond.

The positive market for bigger ships is heavily influenced by scrubber installation. In its last report, Alphaliner counted 49 ships that have installed scrubbers, with a further 31 ships currently at the yard for installation and 550 (!) on the waiting list for installation. The peak of ships lying idle for scrubber installations will most likely be reached during 4Q19 to 2Q20. Even if the rate of installation increases to 40 ships per month, we will still need over a year to complete that job. At the same time, we still receive regular reports about companies deciding to install scrubbers, so the total number of ships that plan to install scrubbers will continue to increase. This capacity reduction is very welcome, as in the latest Alphaliner forecasts (May 2019) about supply and demand growth, supply was again predicted to exceed demand for 2019. So, yet another year characterised by oversupply, taking out the special effect of scrubber installation.

The trade war between the USA and China continues and Mr Trump is still having fun praising his great friendship with the Chinese and then increasing tariffs again as he claims the Chinese are not behaving as they should in the negotiations. It will be very interesting to see the scenario that Mr Trump wants to create in 2020 in order to give himself the best chance of re-election; the image of a tough negotiator or that of a deal maker. This will have a key impact on his decision to either settle the negotiations or drag them out even longer.

A worrying occurrence at the moment is the latest trade war that has developed between Japan and Korea. Last year, South Korean court rulings that ordered Japanese firms to pay compensation to Koreans regarding forced wartime labour inflamed ongoing tensions. The rulings drew condemnation from Japan, which argues that the dispute was settled in 1965 when diplomatic ties were normalised between the neighbouring countries. Last week, Japan decided to remove South Korea from its list of trusted trade partners and strike South Korea off its so-called "white list". South Korea condemned the act and is threatening possible retaliations. South Koreans are already starting to publicly destroy their Japanese cars and signs have been erected in supermarkets encouraging people not to buy Japanese goods or food. We remember similar things happening between Japan and China in 2012/2013, when they had a dispute about the uninhabited Senkaku Islands. At the time, there were widespread Chinese protests about Japan claiming the rights to these islands, and Japanese products were destroyed and boycotted. But things normalised again after a few months. We can only hope that this spat between Japan and South Korea will calm down soon too, and that these countries will not follow Trump's tactic of putting only their own (short term) interests first. The putting of self-interest ahead of economic growth is certainly something that Mr Trump is preaching, and if he is re-elected on such a platform there would be a danger of this approach being copied by other politicians. We hope that Mr Trump will reason that his chances of being re-elected are higher as a deal maker rather than as a troublemaker.

But all these worries will soon take a back seat in the minds of many ship owners, as when they come back from the beaches or yachts, the IMO 2020 changeover will be rapidly approaching and everybody will have their hands full trying not to make mistakes with the changeover. It is a massive project that lies ahead of us in the coming months. We are aware that the blends of low sulphur fuels are still not really available. This is a concern as it seems that the refineries are not comfortable or do not know what they should produce. Even if the blends become widely available at the last minute, we are sure that most owners will want to bunker MGO to be safe; this will in turn lead to expected strong prices for MGO.

Enjoy the sunshine and get yourself re-energised for the interesting autumn that is ahead of us.

Kind regards,
TOEPFER TRANSPORT

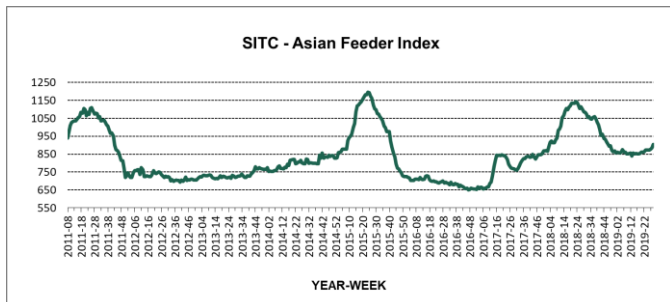


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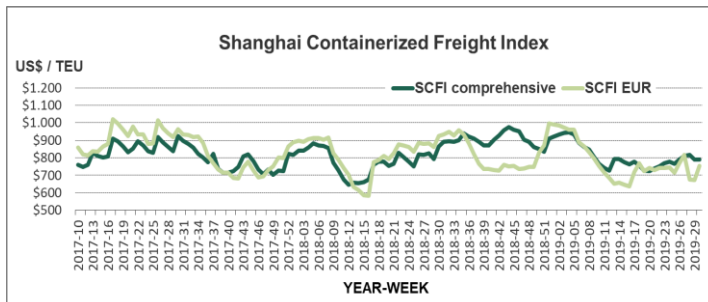
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New Contex				
	Jun-19	Jul-19	+/-	July-18
comprehensive	398	412	3,52%	513
1100 TEU GRD - 12 MOS TC	\$6.448	\$6.494	0,71%	\$8.045
1700 TEU GRD - 12 MOS TC	\$8.356	\$8.502	1,75%	\$10.575
3500 TEU GL - 12 MOS TC	\$8.952	\$9.098	1,63%	\$12.139

Chartersrate index



Container Freight Index



Selected Sales						
2nd-hand vsl	TEU	DWT	built	price (in mill US\$)	buyer	comment
Asiatic Glory & Asiatic Jade	2 x 1.155	2 x 12.545	2006 & 2005	\$6-6.5 mio each	Orient Express Lines Singapore	
Anderson Bridge	1.708	21.972	10/2008		Undisclosed Japanese	Sold some months ago
Hansa Ludwigsburg	1.740	23.305	08/2011	\$11,9 mio	China Navigation	
Hansa Marburg	1.740	23.419	01/2007	\$5,8 mio.	Okee Maritime GmbH	
Verdi	2.824	39.316	10/2006	\$10,7	Simatech Shipping	
Lilly Schulte	3.635	46.956	04/2012	\$8,6 mio	Elbdeich Reederei	
MSC Paris	8.204	102.761	07/2009	\$23,6 mio	Tufton	Incl. 5.5 years TC to MSC. Tufton will invest USD 4.7 mio to install a scrubber.

Newbuildings						
buyer	TEU	GRD/GL	delivery	price (in mill US\$)	yard	comment
Dong Jin Shipping, Korea	1 x 1.000		2021	undisclosed	Dea Sun	

Container Vessel's Value									
5 year old vessel in mill US\$					15 year old vessel in mill US\$				
	Jun-19	Jul-19	+/-	July-18		Jun-19	Jul-19	+/-	July-18
1000 TEU GRD Eco	\$12,7	\$12,5	-2%	\$13,5	1000 TEU GRD	\$3,5	\$3,4	-3%	\$4,4
1700 TEU GRD Eco	\$16,2	\$16,2	0%	\$20,0	1700 TEU GRD	\$5,5	\$5,5	0%	\$7,5
2500 TEU GRD ME*	\$16,3	\$16,2	-1%	\$18,0	2500 TEU GRD	\$7,4	\$7,4	0%	\$8,5
2750 TEU GL (old type)			-	\$16,5	2750 TEU GL	\$7,2	\$7,1	-1%	\$8,0
3500 TEU GRD (old type)	\$12,3	\$12,0	-2%	\$14,4	3500 TEU GL	\$6,4	\$6,0	-6%	\$7,0
4700 TEU WB	\$28,0	\$28,0	0%	\$26,4	4250 TEU PMX	\$7,8	\$7,3	-6%	\$8,1

Fleet Development - Deliveries and Demolitions								
(in no. vessel)	fleet size			orderbook		scrapped		
	Jun-19	Jul-19	+/-	% of fleet	Jul-19	ytd	Jul-19	
total fleet	5.269	5.276	0,1%	7,8%	411	89	9	
- 999 TEU	955	955	0,0%	2,5%	24	17	1	
1000 - 1999 TEU	1.287	1.288	0,1%	10,5%	135	45	5	
2000 - 2999 TEU	666	668	0,3%	18,6%	124	7	1	
3000 - 5099 TEU	883	884	0,1%	1,2%	11	14	2	
5100 - 7499 TEU	453	452	-0,2%	0,0%	0	6	0	
7500 - 14999 TEU	884	886	0,2%	9,1%	81	0	0	
15000+ TEU	141	143	1,4%	25,2%	36	0	0	

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