



## MONTHLY CONTAINER REPORT

May 2020 | Week 19 - 22

During May, large parts of the world came out of the corona lockdown and most economic activities have started running again. Some of the last things to be reactivated, which are still in slow mode or lockdown, are bars and night clubs. At least in Germany, schools are also not yet back to normal. Many German children still have only one school day per week, which means that family life continues to be challenging. It may be some help that at many companies the staff are to some extent still working from home, and A and B teams are alternating their time in the office.

While the financial markets have started to recover to a large extent, creating almost a “V” shape – we have to admit, surprisingly - shipping markets are still far from that position. Tankers have created the perfect opposite shape, often called a candle in the stock markets, bulkers seem to have stabilised and are recovering from the lowest levels, while charter rates for container ships are still slowly fading. We are back to the normal oversupplied situation, and reduced economic activity and a slow reduction in scrubber installations are leaving excess tonnage idle. At least we have seen an increase in fixing activity during the last week, which gives us hope that charter rates will stabilise soon.

Much has already recently been written about the fact that government involvement in container shipping has increased considerably during this crisis. Already before the corona crisis, government involvement in container shipping was significant and was in many cases seen as one of the sources of the continued oversupply and excessive newbuilding ordering. Now, while in some cases governments have increased their direct or indirect shareholdings (e.g. HMM, Yangming), in other cases they have thrown financial life lines or offered support (e.g. CMA CGM, Evergreen) to the industry. With its investment in PIL, the Singapore government again has its fingers in a container line, after the sale of NOL to CMA CGM many years ago. While the financial difficulties at PIL were widely known, we noted an interesting comment from an insider in the container lines, who said that actually Singapore needed PIL more than PIL needed Singapore. As a container hub, it is important for Singapore to have at least one significant (top 10) container line domiciled in Singapore. However, getting the container market out of its notorious oversupplied situation with all this government help and involvement will be a challenge for the years ahead.

The positive developments in the stock markets have also improved the general confidence, which has resulted in some buyers coming forward and making a bid on some container ships that are looking for a new home. Prices have corrected down in some cases by around 20 or more percent since January, making container ships cheap on paper. As the current charter market does not guarantee deployment right away, the prices that are achieved include a deployment risk for the buyers. We are nevertheless still of the opinion that, although prices have started to correct in the smaller feeder markets, the inactivity in the old Panamax and Post Panamax sizes has not yet brought price levels down there. Sellers have also so far not come down to the price levels that are being offered. With a few Post Panamax ships still looking for a new home, and the deployment situation staying where it is, it will not be a surprise if 15 year old ships are soon priced closer to demolition levels once again.

At least the scrap markets have opened up again and the first week of June has already seen a number of container ships sold for demolition. This is now an extremely important valve to release some idle tonnage from the market. Scrap prices seem to have stabilised around or above the USD 300 per tonne mark.

For now, we can only hope that the stock markets are right to have produced a V-shape and that most economic activity is following suit. Whatever form the container market recovery eventually takes, for now the fall has been slower than the stock market crash, so the recovery will also most likely be slower. However, while we usually expect the peak of the market in June, this year we expect the bottom of the market in June. Potential corrections in the stock markets will not have much of an effect on the true economic recovery, in our opinion. So, happy recovery!

Kind regards,

**TOEPFER TRANSPORT**

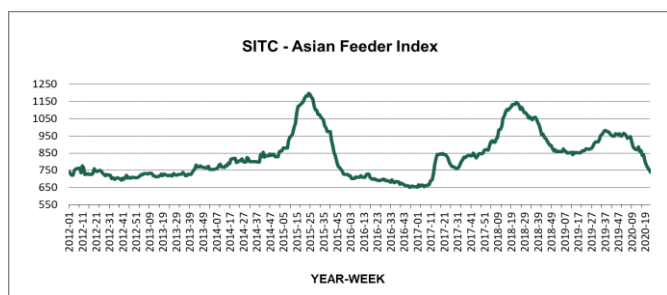


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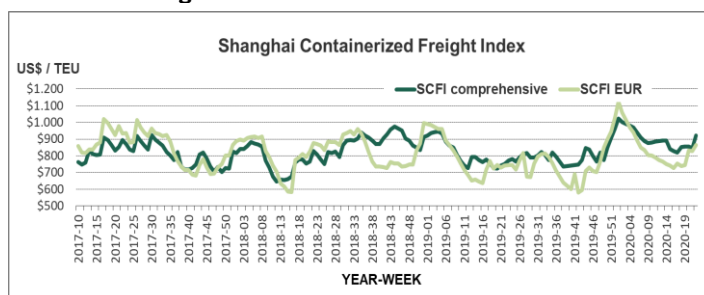
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New Context				
	Apr-20	May-20	+/-	May-19
comprehensive	358	324	-9,50%	402
1100 TEU GRD - 6 MOS TC	\$5.754	\$5.471	-4,92%	\$6.548
1700 TEU GRD - 6 MOS TC	\$6.973	\$6.367	-8,69%	\$8.344
3500 TEU GL - 12 MOS TC	\$8.843	\$8.018	-9,33%	\$8.825

## Charterrate index



## Container Freight Index



Selected Sales						
2nd-hand vsl	TEU	DWT	built	price (in mill US\$)	buyer	comment
AS Leona	1.049	12.790	01/2008	undisclosed	Far Eastern	
O.M. Bonitatis	1.374	16.855	05/2009	\$3.25	Lohmann Bereederungen	
Cape Nati	1.740	23.263	10/2009	mid 5's	Clients of Okeo Maritime	
Port Adelaide	2.553	33.704	11/2007		European	on BBHP structure

Newbuildings						
buyer	TEU	GRD/GL	delivery	price (in mill US\$)	yard	comment
Zhejiang Seaport Group	4 x 1.000	GL	Before June 2022	abt. \$ 13.7	Yangzijiang	ex Changhong order, CCS class

Fleet Development - Deliveries and Demolitions							
(in no. vessel)	fleet size			orderbook % of fleet	scrapped ytd	May-20	May-20
	Apr-20	May-20	+/-				
<b>total fleet</b>	<b>5.340</b>	<b>5.345</b>	<b>0,1%</b>	<b>6,0%</b>	<b>322</b>	<b>29</b>	<b>4</b>
- 999 TEU	960	960	0,0%	1,1%	11	4	0
1000 - 1999 TEU	1.314	1.317	0,2%	6,4%	84	15	2
2000 - 2999 TEU	682	684	0,3%	13,9%	95	3	0
3000 - 5099 TEU	881	881	0,0%	1,5%	13	2	0
5100 - 7499 TEU	446	445	-0,2%	0,4%	2	6	2
7500 - 14999 TEU	899	899	0,0%	8,6%	77	0	0
15000+ TEU	158	159	0,6%	25,2%	40	0	0

Container Vessel's Value				
5 year old vessel in mill US\$	Apr-20	May-20	+/-	May-19
	1000 TEU GRD Eco	\$11,0	\$10,5	-5%
1700 TEU GRD Eco	\$15,4	\$15,0	-3%	\$16,2
2200 TEU GRD Eco	\$18,4	\$18,0	-2%	\$16,5
2500 TEU GRD Eco	\$22,5	\$21,5	-4%	
3500 TEU GRD (old type)			-	\$12,3
4700 TEU WB	\$28,0	\$26,0	-7%	\$27,5

15 year old vessel in mill US\$				
Apr-20	May-20	+/-	May-19	
1000 TEU GRD	\$2,9	\$2,8	-3%	\$3,5
1700 TEU GRD	\$4,2	\$4,1	-2%	\$5,5
2500 TEU GRD	\$6,5	\$6,4	-2%	\$7,2
2800 TEU GL	\$6,5	\$6,4	-2%	\$7,0
3500 TEU GL	\$5,4	\$5,2	-4%	\$6,4
4250 TEU PMX	\$6,6	\$6,3	-5%	\$7,8

TOEPFER TRANSPORT GMBH HAMBURG | SINGAPORE | SHANGHAI

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