



MONTHLY CONTAINER REPORT

September 2020 | Week 36 - 39

In 2003, the comedian Chris Rock said “You know the world is going crazy when the best rapper is a white guy, the best golfer is a black guy, the tallest guy in the NBA is Chinese, the Swiss hold the America's Cup, France is accusing the US of arrogance, Germany doesn't want to go to war, and the three most powerful men in America are named Bush, Dick, and Colin.”

We can maybe say the same thing about today, in that the world is turning crazy with Britain leaving the EU (without an agreement), Mr. Trump having the coronavirus, Tesla being worth more than General Motors, Volkswagen, Toyota, Daimler and BMW combined ... and the container market booming while millions lose their jobs. It is again a time when non-shipping people are suddenly asking what is happening, with freight rates for container boxes doubling despite the difficult economic situation. The boom remains a little bit difficult to explain at times. We found a recent explanation from MSI's shipping analyst Daniel Richards, which we think makes a good point:

“While it is too early to draw definitive conclusions, the picture that is emerging is one of a compressed peak season, where earlier inventory draw-downs, robust consumer demand, import-inducing lifestyle changes and importers uncertain about the remainder of the year have combined to produce an unexpected boom in US import volumes in particular. This raises important questions regarding the remainder of 2020 and whether the current strength in volumes is effectively borrowing from the future.”

In our opinion, one of the main worries with this boom is that nobody really saw it coming; not least the liner companies, who have internal early warning signals about container bookings. In general, the whole container industry is only just reacting to the developments. The world is full of data, but important data is often being published after the event, i.e. a few days after a month's end like for example container volumes in Chinese ports, or those who potentially have the data at an early stage are not using it from a shipping perspective (as far as we know) or are not putting it to use at all. We think that companies like Amazon, Google or Alibaba could potentially open up a freight trading desk, as such companies must be sitting on a huge pile of data in terms of what has been ordered and what that could potentially mean for future container volumes. At the same time, just having the data and the goods does not mean you qualify as a good transportation company. We understand that, in some cases, the internal efforts at Amazon to deliver goods straight to the end consumers are not proving that easy to get up and running. After all, logistics is an industry with very small margins and it is not easy to do it right. So, maybe for the likes of Amazon we would instead recommend being a shareholder of a liner company rather than starting such a company itself. Also, don't forget that the logistics of the last mile mean that your own employee would be delivering the goods that the customer ordered on your website. A rude delivery guy could destroy the whole consumer experience.

Coming back to our shipping world, one can say that it certainly makes life more interesting if we do not fully understand the whole picture but instead enjoy some positive surprises. Only now we really understand that for instance a large portion of money which has been saved from vacations closer to home instead of flying around the world, is not being saved but rather spent on “import-inducing lifestyle changes” (i.e. furniture, fitness equipment etc).

We cautioned in August that the market might lose some steam in October. So far it does not look like this is the case, but maybe we should give Jeff Bezos a call and ask him how orders are going these days and what he thinks that might mean for container shipping... whoever has his number, give him a call! The current partial lock-downs and travel restrictions might again push consumer spending on these import-inducing goods.

Otherwise, it has now been said that you don't have to be afraid of the coronavirus. If you catch it, simply get yourself a nice cocktail (of medicine) and you will feel 20 years younger just a couple of days later. We hope this message will keep US consumers shopping and make our container industry happy.

Kind regards,

TOEPFER TRANSPORT

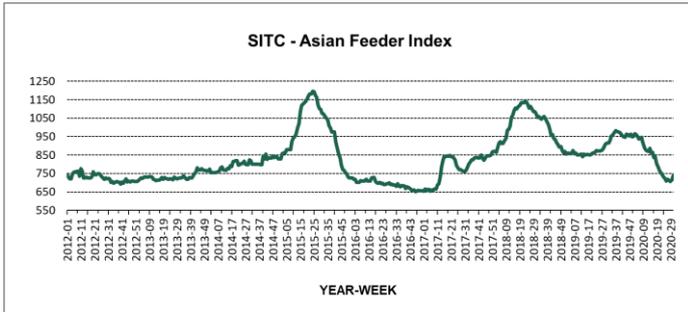


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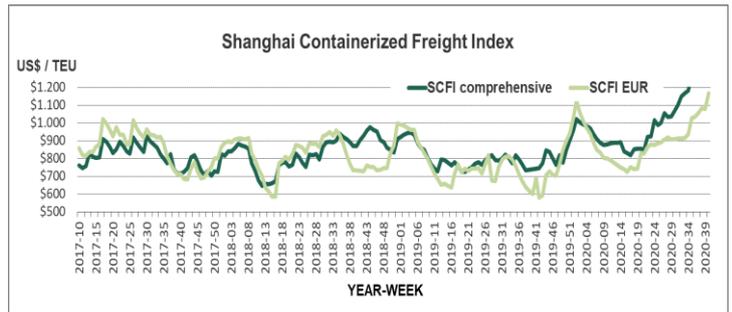
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New Context				
	Aug-20	Sep-20	+/-	Sept-19
comprehensive	411	457	11,19%	444
1100 TEU GRD - 6 MOS TC	\$5.717	\$6.179	8,08%	\$6.411
1700 TEU GRD - 6 MOS TC	\$7.146	\$8.217	14,99%	\$8.698
3500 TEU GL - 12 MOS TC	\$11.072	\$12.400	11,99%	\$11.378

Charterrate index



Container Freight Index



Selected Sales						
2nd-hand vsl	TEU	DWT	built	price (in mill US\$)	buyer	comment
Pollux	1.025	14.669	07/2009	excess \$5 mio	Elbdeich Reederei	Ice 1A
Sinar Sangir & Sinar Subang	2x 1.708	21.937 & 21.935	2008	\$6,5 mio each	Starocean Maritime	
Moen Island	2.824	39.333	10/2005	\$6,3 mio	Iseaco	
Kota Kasturi	3.081	39.916	06/2005	\$4,9 mio	Chinese	
Kota Lagu	4.250	50.689	07/2006	\$8,7	TS Lines	
Kota Laju	4.250	50.525	03/2007	\$8,5	Clients of Lomar	
Memphis & Chicago & Las Vegas	3x 5.085	68.618 & 68.578 & 68.411	2008	\$9,5 mio each	Capital Maritime	
SM Tacoma	5.936	67.717	09/2000	\$10,5 mio	MSC	
YM Uberty	8.241	103.614	05/2008	\$27 mio	MSC	
Kota Petani & Kota Pemimpin	2x 11.923	132.712 & 132.736	2018	\$88 mio each	Seaspan Corporation	incl. charter

Newbuildings						
Buyer	TEU	GRD/GL	delivery	price (in mill US\$)	yard	comment
TS Lines	2+2 x 1.900		End 2022	\$22,8 mio each	Huangpu Wenchong	2 firm + 2 options
Chinese Leasing Company	6 x 23.000			\$148 mio each	Hudong-Zhonghua & Jiangnan	Incl. long term charter to MSC

Fleet Development - Deliveries and Demolitions									
(in no. vessel)	fleet size			+/-	% of fleet	orderbook		scrapped	
	Aug-20	Sep-20	Aug-20			Sep-20	ytd	Sep-20	
total fleet	5.336	5.334	0,0%	5,7%	306	88	3		
- 999 TEU	953	944	-0,9%	0,7%	7	13	0		
1000 - 1999 TEU	1.312	1.312	0,0%	7,5%	99	41	3		
2000 - 2999 TEU	687	690	0,4%	12,5%	86	7	0		
3000 - 5099 TEU	879	878	-0,1%	1,4%	12	9	0		
5100 - 7499 TEU	436	436	0,0%	0,5%	2	16	0		
7500 - 14999 TEU	903	905	0,2%	7,7%	70	2	0		
15000+ TEU	166	169	1,8%	17,8%	30	0	0		

Container Vessel's Value									
5 year old vessel in mill US\$					15 year old vessel in mill US\$ (SS/DD due)				
	Aug-20	Sep-20	+/-	Sept-19		Aug-20	Sep-20	+/-	Sept-19
1000 TEU GRD Eco	\$10,5	\$10,7	2%	\$13,5	1000 TEU GRD	\$2,6	\$2,7	6%	\$4,2
1700 TEU GRD Eco	\$15,0	\$15,5	3%	\$19,9	1700 TEU GRD	\$4,1	\$4,5	10%	\$7,0
2200 TEU GRD Eco	\$18,0	\$18,5	3%		2500 TEU GRD	\$6,1	\$6,4	5%	\$8,0
2500 TEU GRD Eco	\$22,0	\$22,5	2%		2800 TEU GL	\$6,3	\$6,5	3%	\$7,8
3500 TEU GRD (old type)			-	\$14,0	3500 TEU GL	\$5,3	\$5,6	6%	\$6,9
4700 TEU WB	\$28,0	\$30,0	7%	\$26,1	4250 TEU PMX	\$6,6	\$7,0	6%	\$8,0

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