

Weekly Container Briefing

21 January 2020

Time Charter Rates

Vessel (TEU/HOM)	Index	+/-
1,100/715TEU (G) 19 k	8.68	► 0.00
1,740/1,300TEU (G) 20.5 k	8.50	► 0.00
1,714/1,250TEU (G) 19k Bkk Max	4.58	► 0.00
2,500/1,900TEU (G) 22 k	9.62	▼ 0.24
2,500ECO/2,100TEU (G) 18.5 k	3.90	► 0.00
2,800/2,000TEU (GL) 22 k	6.42	► 0.00
3,500/2,500TEU (GL) 23 k	4.30	► 0.00
4,250/2,800TEU (GL) 24 k	11.00	► 0.00
6,500/4,900TEU (GL) 24 k	8.89	► 0.00
8,500/6,600 (GL) 25 k	9.60	► 0.00
9,000WB/7,100TEU (GL) 25 k	6.50	► 0.00
10,000/8,000 (GL) 25 k	6.67	► 0.00
BOX Total	88.65	▼ 0.24
52 Week High	88.89	
52 Week Low	65.32	

Market comment

In the wake of the sale of YM Utopia (8,236-TEU, built 2008 CSBC Taiwan) to clients of Danaos at \$28.25m, last week saw further tranches of post-Panamax container vessels coming to the market this time from operators.

With a firming demolition market supporting values on older tonnage and scarce supply on the charter market driving activity on younger, it would seem to suggest that these Sellers feel the time is right to maximise price.

Of note was SM Lines putting six vessels between 6,000-8,500-TEU on the chopping block in a preferably en bloc sale with buyers having to register their interest last Friday.

In comparison, activity on Feeder ships continues to be low as there remains a significant spread between Buyers and Sellers ideas. However, vessels that are sold are getting new benchmarks with the 2010 built Cape Nassau (1,740-TEU, geared, built 2010 Guangzhou Wenchong) sale with SS/DD due at \$6.8m to Chinese interesting being an example.

Braemar ACM's Demometer - Container Ship Deliveries

Demolition Sales Last 30 days	Total ACTUAL Demolished 2020	Total in Same Period 2019	Total Demolished 2019	Total NBs Delivered 2020
13,000 TEU (6 Vessel)	8,500 TEU (5 Vessels)	6,000 TEU (7 Vessels)	195,500 TEU (100 Vessels)	16,000 TEU (9 Vessels)

Vessel Deliveries	Wk03/20	TEU	Shipyard	Owner	Deployment	Series No + Comment
Maersk Haiphong		2,806	Tsuneishi Zhoushan	Japan-based	Intra-Asia	14/16 Sealand-Asia IA- 1- NE Asia- SE Asia
Tukuma Artica		2,148	Guangzhou Wenchong	Eimskip Ehf	Intra-NAtl	1/3 Greenland-Iceland (Ice IA- Gearless)
MTT Senari		1,162	Fujian Mawei Shipyard	MTT Shipping	Intra-Asia	2/2 HMM HPM
Lider Halil		749	Madenci Shipyard	Lider Denizcilik	TBA	
Total TEU		6,865				

Macroeconomics

The International Monetary Fund (IMF) estimates that global growth rose by an estimated 2.9% in 2019 with an increase to 3.3% for 2020 and 3.4% for 2021, a downward revision of a 0.1 percentage point for 2019 and 2020 and 0.2 percentage points for 2021 compared to those in the IMF's October World Economic Outlook (WEO).

Official figures show that China's economy expanded by 6.1% in 2019 from the year before - the worst figure in 29 years. The country has faced weak domestic demand and the impact of the bitter trade war with the US. The government has been rolling out measures over the past two years in an attempt to boost growth.

U.S. industrial production fell -0.3% m-o-m in December (0.2% y-o-y), as unseasonably warm weather reduced demand for heating from utilities. The Federal Reserve said Friday that total industrial production, which includes the manufacturing, mining and utilities sectors, dropped 1% over the past year. Factory output has fallen 1.3% from a year ago, driving much of the overall decline as manufacturers grappled with trade disputes and slower global growth in 2019.

China's Industrial Production grew 6.9% y-o-y in December, beating the forecast of a 5.9% growth by a big margin and up from the preceding month's 6.2% growth. For full year 2019, China's industrial expanded 5.7%, within the Chinese government's expected target for a growth of 5.5%-6.0%. (6.1% growth in 2018)

Japan's core machinery orders posted record monthly growth in November, in a bright sign for business spending which has helped sustain a fragile recovery in the world's third-largest economy. Japan's machinery ordered rose 18% m-o-m in November (5.3% y-o-y). The jump in November orders was largely driven by infrastructure big-ticket items.

Liner and Trade

Decarbonisation options to reduce shipping's total greenhouse gas emissions by at least 50% of 2008 levels by 2050, requires significant infrastructure investments in new fuel production, supply chains, and a new or retrofitted fleet. A new study by UMAS and the Energy Transitions Commission for the Getting to Zero Coalition found that the cumulative investment needed between 2030 and 2050 to halve shipping's emissions amounts, depending on the production method, would amount to \$1trn-\$1.4trn or an average of \$50bn-\$70bn annually for 20 years. (Source : Lloyd's List)

Members of the Asian Feeder Discussion Group (AFDG) have increased the bunker adjustment factor (BAF) in the wake of the introduction of IMO 2020. The changes, which take immediate effect, see a roughly 20% increase across the board per TEU on shipments out of Singapore to regional ports. (Source : Tradewinds)

Hapag-Lloyd has signed a space charter agreement with 2M partners Maersk and MSC which will give the Hamburg-based carrier access to selected services of 2M on the Far East-North Europe trade. Hapag-Lloyd is to start co-loading on 2M ships as soon as March. (Source : AXS Al-Phaliner)

Indicators	20-Jan-20	Last week	12 months ago
Shanghai Containerised Freight Index	997 ▼	1,002	968
FTSE 100 Index	7,647 ▲	7,618	6,968
US\$ LIBOR 12 month	1.93% ▼	1.97%	3.01%
Brent Crude Oil Price \$/bbl	65.1 ▲	64.2	62.7
Singapore Bunker 0.5% VLSFO \$/t	656 ▼	689	-