

# Weekly Container Briefing

25 February 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      | 8.00         | ► 0.00        |
| 1,714/1,250TEU (G) 19k Bkk Max | 4.58         | ▲ 0.10        |
| 2,500/1,900TEU (G) 22 k        | 9.13         | ► 0.00        |
| 2,500ECO/2,100TEU (G) 18.5 k   | 3.90         | ▼ 0.07        |
| 2,800/2,000TEU (GL) 22 k       | 5.81         | ► 0.00        |
| 3,500/2,500TEU (GL) 23 k       | 4.00         | ▼ 0.10        |
| 4,250/2,800TEU (GL) 24 k       | 10.40        | ▼ 0.60        |
| 6,500/4,900TEU (GL) 24 k       | 8.89         | ► 0.00        |
| 8,500/6,600 (GL) 25 k          | 9.28         | ▲ 0.16        |
| 9,000WB/7,100TEU (GL) 25 k     | 6.50         | ► 0.00        |
| 10,000/8,000 (GL) 25 k         | 6.67         | ► 0.00        |
| <b>BOXI Total</b>              | <b>85.84</b> | <b>▼ 0.51</b> |
| <b>52 Week High</b>            | <b>88.89</b> |               |
| <b>52 Week Low</b>             | <b>69.17</b> |               |

## Market comment

Despite the backdrop, the week saw the culmination of a number of negotiations.

SM Lines continued with the sales activity and have committed their Hyundai 6500 sisters 'SM Seattle' (6,622-TEU, built 2008 Hyundai H.I.) and 'SM Hong Kong' (6,622-TEU, built 2008 Hyundai H.I.) to KMTC whom have long been mulling over buying such tonnage. The pricing is reported to be slightly excess \$40m enbloc.

As part of the same disposal process, SM Lines also committed their 8,200TEU 'SM Charleston' (8,240-TEU, built 2005 Hyundai Samho) to Greek Buyers at a rumoured of price of \$23m which might seem low, especially when compared to last done, however she does have a smaller 14T intake in comparison to other 8,200TEU designs.

In the Feeder sector, Sinokor continue to be a Buyer and have purchased the Imabari 1700 sister vessels 'Sinar Subang' and 'Sinar Sangir' (1,700-TEU, Gearless, built 2008 Imabari) at \$14.5m enbloc. Though this is some \$2.5m below what the sisters were being discussed approximately eight months ago, this is still a firm price given the discussions recently taking place on a geared sister.

After the previous activity from their compatriot Yang Ming Lines on larger LDT tonnage, feeder ship demolition was the focus this week with Wan Hai Lines amongst the Liner companies placing a ship into the market.

## 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 |
|-------------------------------|------------------------------|---------------------------|---------------------------|--------------------------|
| 29,000 TEU (9 Vessels)        | 16,000 TEU (9 Vessels)       | 38,000 TEU (24 Vessels)   | 195,500 TEU (100 Vessels) | 67,000 TEU (18 Vessels)  |

| Vessel Deliveries | Wk08/20 | TEU | Shipyard         | Owner           | Deployment | Series No + Comment         |
|-------------------|---------|-----|------------------|-----------------|------------|-----------------------------|
| CNC Mars          | 1,952   |     | Tsuneishi (Cebu) | Mitsui & Co Ltd | Intra-Asia | 2/4 APL Straits-Vietnam NVS |
| Total TEU         | 1,952   |     |                  |                 |            |                             |

## Macroeconomics

The price of gold has surged to its highest level in seven years as worries about the coronavirus led investors to seek a safe place for their money. Gold prices climbed more than 2% on Monday to levels not seen since February 2013.

According to China Passenger Car Association (CPCA) reported that car sales in China fell 92% in the first half of February. Car dealerships have remained closed while buyers have stayed away to prevent the spread of the coronavirus.

The International Monetary Fund (IMF) has downwardly revised their estimate for China's GDP growth rate to 5.6% for 2020, that is down 0.4% from their previous estimate in mid-January 2020. The IMF now expect the global economy to grow at 3.2% in 2020, down 0.1% from the IMF's January estimate.

Coronavirus credit crunch hits millions of Chinese firms. Mounting debts have hit Chinese companies struggling to pay workers and suppliers amid the coronavirus outbreak. The Chinese government has asked banks to offer more credit for an economy stunned as the virus spreads rapidly. The Chinese Association of Small and Medium Enterprises said around 60% could cover regular payments for only one to two months before running out of cash. Only 10% said they could hold out six months or longer.

The eurozone economy grew at its fastest rate in six months during February, according to flash PMI data. At 51.6 in February, the 'flash' IHS Markit Eurozone Composite PMI rose from 51.3 in January to indicate the largest monthly increase in business activity since last August. New orders placed at manufacturers meanwhile fell for a seventeenth successive month. More encouragingly, the overall drop in factory orders was the smallest for 15 months.

## Liner and Trade

Container truck drivers are quickly returning to Ningbo, home to the world's third-busiest box port, following policy support to help unclog the port traffic amid the fallout from coronavirus. Daily pickups had also reached more than 3,000 boxes, compared with just 600 "during the initial stage" after the port resumed work on February 10 from the extended Chinese New Year holidays (Source : Lloyd's List)

Maersk's Soren Skou hopes for 'V-shaped' recovery as the effects of the coronavirus continue to be felt. Skou said that "very weak" Chinese exports in February and March should be followed by a strong rebound from April onwards, after factories reopen in China and shippers seek to replenish their inventories. (Source : Tradewinds)

Thousands of containers from China are currently stuck at ports in India as documents needed to process them remain unsigned by shippers in areas badly affected by the coronavirus outbreak, according to national media. The Hindu Business Line has reported that goods are congesting many of India's 12 seaports because the Customs Department cannot clear them without a Bill of Entry (BoE). (Source : Port Technology International)

| Indicators                           | 24-Feb-20 | Last week | 12 months ago |
|--------------------------------------|-----------|-----------|---------------|
| Shanghai Containerised Freight Index | 888 ▼     | 911       | 848           |
| FTSE 100 Index                       | 7,149 ▼   | 7,433     | 7,179         |
| US\$ LIBOR 12 month                  | 1.73% ▼   | 1.79%     | 2.89%         |
| Brent Crude Oil Price \$/bbl         | 56.1 ▼    | 57.7      | 67.1          |
| Singapore Bunker 0.5% VLSFO \$/t     | 505 ▼     | 513       | -             |