BRAEMAR

BRAEMAR ACM
SHIPBROKING

Weekly Container Briefing

03 March 2020

Time Charter Rates

Vessel (TEU/HOM)	Index	+/-
1,100/715TEU (G) 19 k	8.33	▼ 0.35
1,740/1,300TEU (G) 20.5 k	7.50	▼ 0.50
1,714/1,250TEU (G) 19k Bkk Max	4.38	▼ 0.21
2,500/1,900TEU (G) 22 k	9.13	► 0.00
2,500ECO/2,100TEU (G) 18.5 k	3.90	► 0.00
2,800/2,000TEU (GL) 22 k	5.65	▼ 0.15
3,500/2,500TEU (GL) 23 k	4.00	► 0.00
4,250/2,800TEU (GL) 24 k	10.20	▼ 0.20
6,500/4,900TEU (GL) 24 k	8.71	▼ 0.18
8,500/6,600 (GL) 25 k	9.28	► 0.00
9,000WB/7,100TEU (GL) 25 k	6.50	► 0.00
10,000/8,000 (GL) 25 k	6.67	► 0.00
BOXi Total	84.25	▼ 1.59
52 Week High	88.89	
52 Week Low	69.73	

Market comment

This week saw a continuation of the levels of activity despite a jittery stock market as the world reacted to the spread of Covid-19.

Seaspan officially announced the purchase of four 11,900TEU vessels built 2018/2017 at Jiangsu Yangzijiang, the ships were previously owned by two Chinese leasing houses and on charter to PIL with purchase obligations. The vessels were purchased at a total price of $367m and have been fixed to Ocean Network Express (ONE) for five years. There are a number of post-Panamax container projects under discussion with another four ship bloc close to being finalised.

Otherwise, after the sale of the sister from the same stable earlier in the year, the owners of Ontario II (4,860-TEU, built 2009 DSME) have committed the vessel to Transworld (OEL) at a reported identical price of $10.65m.

On the demolition markets, Feeder ships continued to feature but with a slant toward Alang as final destinations as the adoption of Hong Kong convention compliant policies becomes ever wider from liner operators.

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
30,500 TEU (10 Vessels)	24,000 TEU (12 Vessels)	43,500 TEU (25 Vessels)	195,500 TEU (100 Vessels)	70,500 TEU (20 Vessels)

Vessel Deliveries Wk09/20	TEU	Shipyard	Owner	Deployment	Series No + Comment
Green Sea	1,809	Hyundai Mipo Dockyard	XT Shipping Ltd	Intra-Asia	4/8 GSL China-Vietnam-Thailand
Sawasdee Pacific	1,809	Hyundai Mipo Dockyard	Sinokor Merchant Marine	Intra-Asia	1/4.
Total TEU	3,618				

Macroeconomics

Wall Street strategists have been slashing forecasts as the impact from the virus is set to be felt far further than the first quarter, putting 2020 profit growth in jeopardy. Worries about the expected impact escalated last week as the virus, which was first detected in China spread rapidly to countries such as South Korea, Italy and Iran, causing the S&P 500 to suffer its biggest weekly drop since the 2008 global financial crisis.

The Caixin China General Manufacturing PMI plunged to 40.3 in February 2020, the lowest level since the survey began in 2004, from 51.1 in January and missing market consensus of 45.7. Output, new orders and employment all fell at the steepest rates on record, amid the COVID-19 outbreak, with firms extending Lunar New Year shutdowns that paralysed China's supply chain.

The IHS Markit Manufacturing PMI for the Euro Area was revised higher to 49.2 in February 2020 from a preliminary 49.1 and above January's 47.9. The latest reading pointed to the 13th straight month of contraction in factory activity. Italy endured its 17th consecutive monthly decline in manufacturing activity in February, adding to signs that the outbreak coronavirus is set to plunge the eurozone's third-biggest economy into another recession.

The OECD became the first international organisation to sound the alarm about coronavirus on Monday, saying the world economy was "at risk" and warning of the possibility that global growth will halve this year from its previous forecast. Just the effect of the widespread closure of factories and businesses in China was likely to cut 0.5 percentage points from the global growth forecast in 2020, the Paris-based international organisation said, lowering its forecast from an already weak 2.9% to 2.4%. A "longer lasting and more intensive coronavirus outbreak" could slash growth to 1.5% in 2020.

Liner and Trade

The coronavirus outbreak is having an adverse impact on the Southern California ports of Los Angeles and Long Beach, as declining production from Chinese factories hit by worker absenteeism means fewer ships being loaded with export. The Port of Los Angeles said "In the first quarter of this year we project that we're going to be down 15% year on year" (Source : Lloyd's List)

The ability of container lines to pass on costs associated with the new sulphur cap rules could be critical to some carriers remaining solvent, according to a report from AlixPartners. The box shipping sector saw its combined leverage ratio, as measured by debt-to-earnings before interest, tax, depreciation and amortisation, rise by 4% to 8.7 in the 12 months to the end of the third quarter of 2019. (Source : Lloyd's List)

A record number of cancelled sailings out of China led to a surge in containership inactivity. As at 17 February, the inactive fleet capacity reached a massive 2.04m TEU, of which 50% results from cancelled sailings linked to the extended Lunar New Year holidays and the COVID-19 outbreak. In absolute terms, inactive vessel capacity easily surpasses the previous highs of 1.52m TEU, recorded during the 2009 financial crisis (Source : AXS Alphaliner)

Indicators	02-Mar-20	Last week	12 months ago
Shanghai Containerised Freight Index	876 ▼	888	804
FTSE 100 Index	6,655 ▼	7,157	7,107
US$ LIBOR 12 month	1.38% ▼	1.73%	2.87%
Brent Crude Oil Price $/bbl	51.8 ▼	56.3	65.1
Singapore Bunker 0.5% VLSFO $/t	428 ▼	501	-

Braemar ACM Shipbroking - London - Singapore - Shanghai
Email: teu.snp@braemar.com
London Office: Tel: + (0) 203 142 4250   Singapore Office: Tel: + 65 65 169588