

Weekly Container Briefing

17 March 2020

Time Charter Rates

Vessel (TEU/HOM)	Index	+/-
1,100/715TEU (G) 19 k	8.33	► 0.00
1,740/1,300TEU (G) 20.5 k	7.25	▲ 0.25
1,714/1,250TEU (G) 19k Bkk Max	3.96	▼ 0.10
2,500/1,900TEU (G) 22 k	8.65	▼ 0.24
2,500ECO/2,100TEU (G) 18.5 k	3.90	► 0.00
2,800/2,000TEU (GL) 22 k	5.65	► 0.00
3,500/2,500TEU (GL) 23 k	4.00	► 0.00
4,250/2,800TEU (GL) 24 k	9.60	▼ 0.20
6,500/4,900TEU (GL) 24 k	8.53	▼ 0.18
8,500/6,600 (GL) 25 k	8.32	▼ 0.32
9,000WB/7,100TEU (GL) 25 k	6.50	► 0.00
10,000/8,000 (GL) 25 k	6.67	► 0.00
BOXI Total	81.37	▼ 0.79
52 Week High	88.89	
52 Week Low	71.78	

Market comment

It has been reported that OOCL have signed for five 23,000 TEU vessels at NACKS / DACKS, the price reported is \$155.68m per vessel with deliveries from beginning 2023. The Ocean Network Express (ONE) tenders are approaching a conclusion after a two week break due to the COVID-19. The first tender is for six 23,000TEU with dual fuel in Buyers' option and the second is for six 15,000TEU again with DF in Buyers' option.

Unsurprisingly, given the COVID-19 outbreak, there has been a notable slowdown in both second hand activity and enquiry over the past week. Finding ports where one is able to effect a crew change and deliver a vessel is becoming ever more challenging as more and more countries are closing their borders. That being said, fortune does favour the brave and those who are able to find solutions to these problems are likely to be able to secure some attractively priced vessels in the near term.

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
7,000 TEU (4 Vessels)	25,000 TEU (13 Vessels)	52,000 TEU (30 Vessels)	195,500 TEU (100 Vessels)	101,000 TEU (24 Vessels)

Vessel Deliveries Wk11/20	TEU	Shipyard	Owner	Deployment	Series No + Comment
MSC Aries	15,000	Hyundai H.I.	Zodiac Maritime	Asia- SAF- PGI- Asia	2/8 MSC INGWE Service
SITC Cagayan	2,400	Jiangsu Yangzijiang	SITC International Holdings	Intra- Asia	3/6 China- Philippines
Total TEU	17,400				

Macroeconomics

China's industrial output contracted at the fastest pace on record in the first two months of this year and urban unemployment hit its highest rate ever in February, as the coronavirus brought the world's second-largest economy to a standstill. Industrial output tumbled by 13.5% y-o-y in the first two months of this year, the National Bureau of Statistics said on Monday. This would represent the largest contraction on record. The latest economic data also showed that China retail sales plummeted by 20.5% y-o-y in January and February and fixed asset investment fell by 24.5%.

The coronavirus outbreak could cost the global economy as much as \$2 trillion, according to the United Nations Conference for Trade and Development (UNCTAD). The forecast was made as part of a 'Doomsday scenario' in which the world economy only grows by 0.5% due the outbreak and the collapse in oil prices. However, UNCTAD pointed out that the cost to the global economy will most likely be \$1 trillion due to uncertainty and the break down of supply chains. "We envisage a slowdown in the global economy to under 2% for this year, and that will probably cost in the order of \$1 trillion". According to the IMF database, global GDP estimate for 2019 was \$86.6 trillion.

Global stock markets have sunk despite central banks around the world announcing a co-ordinated effort to ease the effects of the coronavirus. On Sunday, the US Federal Reserve cut interest rates to almost zero and launched a \$700bn stimulus programme. It was part of co-ordinated action announced alongside the eurozone, the UK, Japan, Canada, and Switzerland. However, investors are concerned that central banks now have few options left to combat the impact of the pandemic.

Liner and Trade

Port calls at Shanghai and Yangshan are returning to the same levels seen a year ago. The figures, which record port calls by containerships, general cargo vessels with container capacity, con-ro vessels and container barges, saw a deep fall following the outbreak of coronavirus and the extended shutdown of factories following the Chinese New Year celebrations. Those figures have since recovered and, despite a downturn in week nine, now stand at an almost identical level to where they were in week 10 of 2019. (Source : Lloyd's List)

The Port of Singapore's TEU traffic increased 5.8% y-o-y in February 2020 as it recovered from the coronavirus outbreak. According to the Maritime Port Authority of Singapore (MPA), Singapore handled 2.9 m TEU in February. (Port Technology International)

In 2009, in the wake of the financial crisis, global container volumes fell by about 10%, if the coronavirus has the same impact on global TEU volumes, this could mean an annual drop of in the region of 17m TEU in 2020, potentially equating to \$17bn lost revenue. (CTS stats reported 169mTEU movements globally in 2019) (Source Lloyd's List)

Indicators	16-Mar-20	Last week	12 months ago
Shanghai Containerised Freight Index	912 ▲	871	742
FTSE 100 Index	5,113 ▼	5,966	7,228
US\$ LIBOR 12 month	0.76% ▼	0.85%	2.85%
Brent Crude Oil Price \$/bbl	30.3 ▼	34.4	67.2
Singapore Bunker 0.5% VLSFO \$/t	334 ▼	338	-