

Weekly Container Briefing

12 May 2020

Time Charter Rates

Vessel (TEU/HOM)	Index	+/-
1,100/715TEU (G) 19 k	7.64	▼ 0.49
1,740/1,300TEU (G) 20.5 k	7.00	► 0.00
1,714/1,250TEU (G) 19k Bkk Max	3.69	▼ 0.06
2,500/1,900TEU (G) 22 k	7.93	► 0.00
2,500ECO/2,100TEU (G) 18.5 k	3.16	▼ 0.29
2,800/2,000TEU (GL) 22 k	5.04	► 0.00
3,500/2,500TEU (GL) 23 k	3.20	▼ 0.30
4,250/2,800TEU (GL) 24 k	6.80	▼ 1.20
6,500/4,900TEU (GL) 24 k	6.22	▼ 0.71
8,500/6,600 (GL) 25 k	6.40	▼ 0.64
9,000WB/7,100TEU (GL) 25 k	5.00	▼ 0.67
10,000/8,000 (GL) 25 k	5.00	▼ 0.83
BOXI Total	67.08	▼ 5.19
52 Week High	88.89	
52 Week Low	67.08	

Market comment

Unsurprisingly charter market rates have continued to erode across the board this week, with the amount of holidays around the globe not helping either. Given what head haul capacity cuts have already been announced for the next three weeks there seems little reason to expect a change in the short term. Logically the progressive re-opening of businesses should provide some impetus for the market in the second half of June – the question is really by how much and how fast.

Activity on Sale & Purchase market continued in a similar vein, despite a respectable number of Buyers monitoring the market the pool of Buyers willing to actually move now is very small. As asset values re-adjust, we expect Buyers to be tempted in greater numbers.

Whilst repatriation flights for foreign crews remain an impediment, Chittagong has taken steps that are a pre-cursor to allowing recycling business to restart. Likewise we wait to see the latest news regarding the Indian Lockdown – however with a significant proportion of the migrant workforce in Alang having returned home it is logical to expect that it will take some time for the industry to get back up to speed.

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
1,800 TEU (1 Vessels)	25,000 TEU (13 Vessels)	114,000 TEU (54 Vessels)	195,500 TEU (100 Vessels)	147,000 TEU (35 Vessels)

Vessel Deliveries	Wk19/20	TEU	Shipyard	Owner	Deployment	Series No + Comment
Ren Jian Shi Dai		2,444	Xiamen Shipbuilding	Quanzhou Ansheng	Intra-Asia	13/15 China domestic
Total TEU		2,444				

Macroeconomics

The US unemployment rate has risen to 14.7%, with 20.5 million jobs lost in April, as the coronavirus pandemic devastated the economy. The rise means the jobless rate is now worse than at any time since the Great Depression of the 1930s. Since the pandemic began, the US has suffered its worst growth numbers in a decade and the worst retail sales report on record. Just two months ago, the unemployment rate was at 3.5%, a 50-year low.

Italian industrial output plummeted 28.4% in March from the previous month, (29.3% y-o-y) more than expected and the steepest drop on record, as a lockdown imposed to contain the coronavirus pandemic shuttered most businesses. National statistics bureau ISTAT, which issued the data on Monday, said it was the steepest fall in industrial production since the current series began in 1990.

Exports from Germany plunged by 11.8% in March, their worst month-on-month fall since the country's 1990 reunification, statistics authority Destatis. German imports fell 5.1% m-o-m.

Decoupling between the US and Chinese economies shifted into overdrive in the first quarter of this year. The value of newly announced Chinese direct investment projects into the US fell to just \$200m in the first quarter of this year, down from an average of \$2bn per quarter in 2019.

Chinese exports rebounded in April. Exports rose 8.2% y-o-y in April, following a 3.5% decline in March and a 15.8% plunge in the first two months of the year, according to data released by China's customs administration. The recovery was driven by stronger demand from south-east Asia, a region that is one of China's biggest trading partners, where markets are gradually reopening as the pandemic shows signs of easing.

Liner and Trade

Malaysia-based Westports Holdings has reported an 8% decline in transshipment container volumes in the first quarter of 2020. The Malaysian container terminal operator handled a total of 2.52m-TEU of which transshipment volumes accounted for 1.58m-TEU. Despite the weaker volumes, Westports posted a 9% year-on-year increase in net profit in the same period. (Source : Tradewinds)

US container ports are likely to see double digit year-over-year declines in imports this spring and summer due to the persistent economic effects of the global coronavirus pandemic, according to US retail experts. "Factories in China are largely back online and stores that closed here in the US are starting to reopen, but volume is far lower than what we would see in a 'normal' year," said Jonathan Gold, National Retail Federation (Source : Lloyd's List)

Jawaharlal Nehru Port Trust (JNPT), India's largest container port, registered a throughput 283,802-TEU in April 2020, down 57% y-o-y. JNPT said it had taken various measures to limit the impact of the outbreak while protecting the trade channel from any disruption. With factories in the hinterland now opening up due to revised lockdown norms, exports are picking up, port authorities said. (Source : JNPT 5 May 2020)

Indicators	11-May-20	Last week	12 months ago
Shanghai Containerised Freight Index	855 ▲	852	757
FTSE 100 Index	5,917 ▲	5,848	7,203
US\$ LIBOR 12 month	0.78% ▼	0.83%	2.70%
Brent Crude Oil Price \$/bbl	30.2 ▲	27.2	70.6
Singapore Bunker 0.5% VLSFO \$/t	257 ▲	239	-