

Weekly Container Briefing

19 May 2020

Time Charter Rates

Vessel (TEU/HOM)	Index	+/-
1,100/715TEU (G) 19 k	7.64	► 0.00
1,740/1,300TEU (G) 20.5 k	6.50	▼ 0.50
1,714/1,250TEU (G) 19k Bkk Max	3.48	▼ 0.21
2,500/1,900TEU (G) 22 k	7.45	▼ 0.48
2,500ECO/2,100TEU (G) 18.5 k	3.16	► 0.00
2,800/2,000TEU (GL) 22 k	4.74	▼ 0.31
3,500/2,500TEU (GL) 23 k	3.10	▼ 0.10
4,250/2,800TEU (GL) 24 k	6.80	► 0.00
6,500/4,900TEU (GL) 24 k	5.51	▼ 0.71
8,500/6,600 (GL) 25 k	5.76	▼ 0.64
9,000WB/7,100TEU (GL) 25 k	4.83	▼ 0.17
10,000/8,000 (GL) 25 k	4.83	▼ 0.17
BOXI Total	63.81	▼ 3.29
52 Week High	88.89	
52 Week Low	63.81	

Market comment

Asset prices continue to come under pressure, which is demonstrated by the sale of the 2009 built Wenchong 1700 'Cape Nati' at a reported price of low \$5m to Germany-based Buyers. The sale was at the behest of the financing bank but nonetheless sets a new benchmark - though not a surprising one.

With a greater variety of sales candidates coming to the market across the spectrum; from fifteen year old post-Panamax to Feeder resales; it is very reasonable to expect that in the short term every concluded second hand sale will set a new low. Once these benchmarks are set, we expect this to pull in more Buyers whom are currently on the side lines.

The demolition markets remain in a holding pattern with lock downs having been extended for the entirety of May in India and Bangladesh, though rumours that restrictions could soon ease in Gadani are abound. With workforce issues and the impending monsoon it is seemingly too optimistic to expect pricing to rebound quickly.

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)	30,000 TEU (14 Vessels)	119,500 TEU (57 Vessels)	195,500 TEU (100 Vessels)	172,500 TEU (37 Vessels)

Vessel Deliveries Wk20/20	TEU	Shipyard	Owner	Deployment	Series No + Comment
HMM Oslo	23,792	Samsung H.I.	HMM	Asia-EUR-Asia	1/5 THE-A FE4
Bremen Trader	1,762	Cosco Guangdong	Lomar Shipping	TBA	TBA
Total TEU	25,554				

Macroeconomics

Japan has fallen into recession for the first time since 2015 as the financial toll of the coronavirus continues to escalate. The world's third biggest economy shrank at an annual pace of 3.4% in the first three months of 2020. The coronavirus is wreaking havoc on the global economy with an estimated cost of up to \$8.8tn.

Germany's economy shrank by 2.2% in the first three months of this year. It was the biggest quarterly fall since 2009, when the country was engulfed in the global financial crisis. The figures from the Federal Statistics Office come as Germany takes its first tentative steps to exit lockdown.

The chairman of the Federal Reserve says the US economy could "easily" contract by 20-30% amid the pandemic. Jerome Powell added that the economic downturn might last until late 2021, and a full rebound may not happen until a vaccine is found. More than 36 million Americans have filed for unemployment benefits since mid-March. The US economy shrank by an annualised 4.8% q-o-q in the first quarter of 2020, ending the longest period of expansion in the country's history, an advance estimate showed. Industrial production in the United States slumped 15% y-o-y in April 2020, the biggest decline since June 2009.

Exports from China increased by 3.5% y-o-y to US\$200.28bn in April 2020, marking the first positive growth since December last year. Many factories in the country resumed operations after extended shutdowns due to the coronavirus outbreak. There was an increase in sales of medical equipment, traditional Chinese medicine and textiles, which include masks.

Liner and Trade

European ports are feeling a greater impact of reduced cargo vessel calls due to the coronavirus pandemic than other regions. Vessel call reductions were at levels of more than 60% in European ports in the first week of May, compared with mid-40% levels for the rest of the world, the International Association of Ports & Harbors (IAPH) reported. (Source : Tradewinds)

Container ports in China have seen throughput drop sharply this month, heralding the prospect for a bumpy road ahead for the rest of the year. The combined handling at the country's eight largest box pivot ports, led by Shanghai and Ningbo-Zhoushan, fell 7.3% year on year for the first 10 days in May, according to data from the China Ports and Harbours Association. Export container volume bore the brunt, down 13.4% (Source : Lloyd's List)

Container handling at the Port of Hamburg reached 2.2 million TEU, down by 6.6% for the first quarter of 2020. The Port has outlined that while there was an understandable drop in containers handled from China due to the COVID-19 outbreak in early 2020, there was an uptick in container services with the US. Container hinterland transport services remains comparatively stable, while the drop in demand for transshipment handling was more obvious. (Source : Port Technology International)

Indicators	18-May-20	Last week	12 months ago
Shanghai Containerised Freight Index	854 ►	855	726
FTSE 100 Index	6,026 ▲	5,940	7,349
US\$ LIBOR 12 month	0.76% ▼	0.78%	2.61%
Brent Crude Oil Price \$/bbl	35.1 ▲	29.6	72.2
Singapore Bunker 0.5% VLSFO \$/t	250 ▼	257	-