



## MONTHLY CONTAINER REPORT

May 2021 | Week 17 - 21

The crazy market continues and by now we expect that we have overtaken any previous record on most industry charter indices. Something we certainly did not see back in 2005/2006, when the container market set its previous records, is small feeder ships fixing 2 - 3-year periods. The charter periods are making container ship prices explode as the secured cash flows for a ship from a 2 to 3-year charter go up 50%. Hence, it is no surprise that, for instance, the 3500 TEUs that back in April were still fixing 2-year TCs, are now, by the end of May, in general fixing for 3 years, and at the same time have gained around 50% in their correlating valuation and S&P prices.

However, by now the group of active buyers for charter-free container ships has vastly reduced and the likes of MSC, Maersk and CMA CGM are currently the most active buyers. MSC in particular are buying whatever they can get their hands on, including old 1100 TEUs. We wonder how smaller liner companies who will lose their chartered vessels will manage to keep TEU capacity in many of their trades.

While we felt in the last few months that a flattening of the curve might be good to extend the bull run for a longer period and reduce the risk of the market overheating, the opposite has so far happened in May. Are we forming a so-called "candle" in the market, which is characterised by a sharp increase followed by a sharp drop? While the extent of the increase seems excessive right now, we do not see a drop in cargo volumes anytime soon. Most freight forwarders are very bullish about the remainder of the year.

Looking back to 2005/2006 when container shipping was booming ahead of the tanker and bulker boom of 2007/2008, the container market did not fall off a cliff once it had reached record heights but only did so at the end of 2008 after the Lehmann Brothers collapse when everything crashed. Of course, the current speed of the increase is unprecedented. We are waiting to see when the curve might actually flatten. Right now, there is no real sign of it; it is at least hard to imagine that the speed of the increase will continue as it has.

In May, two interesting and noteworthy court verdicts were issued. One was in Germany where the German Supreme Court ruled that the German government's law to protect the climate (Klimaschutzgesetz) was not ambitious enough. It adheres to the Paris climate goals, but does not go beyond them. The reasoning is that the current climate goals of the German government are allowing large parts of the CO<sub>2</sub> emissions in Germany to limit any temperature increase to max 1.75 degrees up to 2030 (6.7 gigatons from 2020 onwards until it has to be climate neutral) to be used up. This will force future generations to lose much more of their freedom of life as the German CO<sub>2</sub> budget will have been used up. Hence, to protect the freedom of life for future generations, the current generations have to do more to reduce current CO<sub>2</sub> emissions.

The other verdict involves Royal Dutch Shell, where environmental groups demanded that Shell reduce their CO<sub>2</sub> emissions. The court has now ruled that by 2030 Shell has to reduce its CO<sub>2</sub> emissions by 45% compared to 2019 levels. Shell cannot claim that they are only meeting customer demand and that if they do not deliver the product, other competitors will do who are not subject to the same jurisdiction. Hence, if Shell has to exit parts of the oil business to reduce CO<sub>2</sub> emissions and Russian or Chinese companies take over, this is no reason for Shell not to exit the business. The court ruled that Shell needs to react and adhere to the Paris climate goals. The Shell group is responsible for its own CO<sub>2</sub> emissions and those of its suppliers, the verdict said. It is the first time a company has been legally obliged to align its policies with the Paris climate accords. We are sure more court cases will follow this one. Just imagine if such a court case hit one of the large shipping companies! It is not unrealistic any more after what has happened in the last two weeks.

All these things are important for the climate but since courts are not always that independent in many countries, we wonder how much business will move to other countries – in the end not helping the climate. These judgements should not be underestimated. The motivation of environmental groups to file many more cases against many other companies has just received a massive boost. We are sure that liner shipping companies are possibly at higher risk than the family-owned Greek shipping company operating someone else's Panama registered ships. Climate change is global, but how it will be dealt with definitely is not. But who said climate change will make our lives easy?

At least it is of great importance that our business generates large amounts of cash right now as so much is needed to drive shipping towards zero emissions in just 30 years. Making money is the first step; let's invest large parts of it wisely.

Kind regards,

**TOEPFER TRANSPORT**

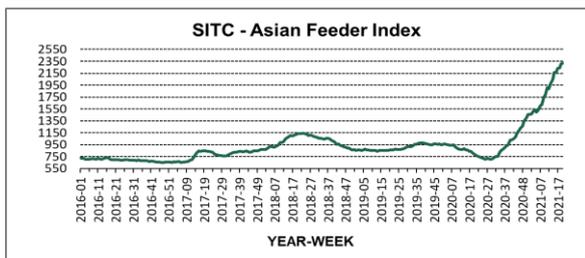


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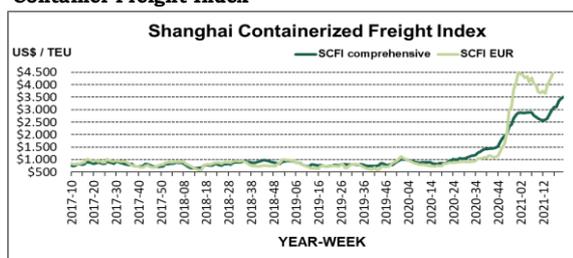
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New Context				
	Apr-21	Mai-21	+/-	Mai-20
comprehensive	1.286	1.440	11,98%	324
1100 TEU GRD - 6 MOS TC	\$16.962	\$19.166	12,99%	\$5.471
1700 TEU GRD - 6 MOS TC	\$23.488	\$27.104	15,40%	\$6.367
3500 TEU GL - 12 MOS TC	\$34.350	\$38.368	11,70%	\$8.018

**Charrerate index**



**Container Freight Index**



Selected Sales						
2nd-hand vsl	TEU	DWT	built	price (in mill US\$)	buyer	comment
Contship Hub & Contship Gem	1.102	12.895	2003	\$7,0 each	MSC	
Oregon Trader	2.490	34.409	12/2006	\$19,0	MSC	
ST Green	2.535	33.417	03/2011	\$22,5	Clients of Sinokor Merchant	
X-Press Khyber	2.702	38.096	06/2007	\$24,0	MSC	
Hansa America	3.635	47.068	03/2014	\$30,0	Maersk Line	
Arguello	4.228	51.314	08/2009	\$37,5	SM Lines	
Zhejiang Ouhua 725	5.300	63.868	03/2021	\$60,0	XT Shipping	
Blandine	5.301	65.700	09/2009	\$39,0	Costamare	
Samsung 2428 / 2429 / 2442 / 2443	13.000	120.000	2022 - 2023	\$111,40 each	Wan Hai	

Newbuildings						
Buyer	TEU	GRD/GL	delivery	price (in mill US\$)	yard	comment
Sinotrans Container Lines	2x 1100	GL	2023	abt \$21 mio each	Jingling	
Cosmoship	.2x 1500	GL	2023	\$22 - 23 mio	Huangpu Wenchong	declared their option / Tier III
Sinokor	4+4+4x 1800	GL	2022		HMD	
Namsung	2x 1800	GL	2022		HMD	
Dong Jin Shipping	1x 1800	GL	2022		HMD	
Vega Reederei	4x 1868	GL	2022	abt \$25,0 mio each	Yangfan	
Green World (Schoeller)	2+2x 1900	GL	2023	abt \$26,0 mio each	Wenchong	
Sinotrans Container Lines	2x 2400	GL	2023	abt \$30,0 mio each	Yangzijiang	
Green World (Schoeller)	2+2x 2700	GL	2023	abt \$32,0 mio each	Wenchong	
Tsakos	2x 2800	GL	2023		HMD	
TS Lines	4x 7000	GL	2023	abt \$73,0 mio each	SWS	
Seaspan	20x 7000	GL		abt \$73,0 mio each	Yangzijiang	
Zodiac	4 x 15000	GL	2023	abt \$110,0 mio each	DSME	declared their option
Minsheng Financial Leasing	2x 1600	GL	2023	abt \$125 mio each		charter to MSC

Fleet Development - Deliveries and Demolitions								
(in no. vessel)	fleet size in TEU			+/-	orderbook in TEU		scrapped in TEU	
	Apr-21	Mai-21	% of fleet		Mai-21	ytd	Apr-21	
<b>total fleet</b>	<b>24.135.549</b>	<b>24.240.913</b>	<b>0,4%</b>	<b>17,8%</b>	<b>4.306.536</b>	<b>10.682</b>	<b>0</b>	
- 999 TEU	627.218	626.372	-0,1%	0,7%	4.142	4.547	0	
1000 - 1999 TEU	1.893.405	1.893.944	0,0%	8,3%	156.940	4.007	0	
2000 - 2999 TEU	1.849.279	1.861.237	0,6%	9,9%	183.878	2.128	0	
3000 - 5099 TEU	3.727.301	3.731.699	0,1%	4,1%	152.140	0	0	
5100 - 7499 TEU	2.726.464	2.726.464	0,0%	5,1%	138.495	0	0	
7500 - 14999 TEU	9.815.612	9.842.149	0,3%	20,0%	1.968.578	0	0	
15000+ TEU	3.496.270	3.559.048	1,8%	47,8%	1.702.363	0	0	

Container Vessel's Value									
5 year old vessel in mill US\$					15 year old vessel in mill US\$ (SS/DD due)				
	Apr-21	Mai-21	+/-	Mai-20		Apr-21	Mai-21	+/-	Mai-20
1000 TEU GRD Eco	\$15,0	\$17,0	13%	\$10,5	1000 TEU GRD	\$6,8	\$8,0	18%	\$2,8
1700 TEU GRD Eco	\$22,5	\$25,0	11%	\$15,0	1700 TEU GRD	\$11,0	\$13,5	23%	\$4,1
2200 TEU GRD Eco	\$27,0	\$30,0	11%	\$18,0	2500 TEU GRD	\$15,5	\$19,0	23%	\$6,4
2500 TEU GRD Eco	\$31,5	\$36,0	14%	\$21,5	2800 TEU GL	\$17,5	\$24,0	37%	\$6,4
					3500 TEU GL	\$19,0	\$29,0	53%	\$5,2
4700 TEU WB	\$58,0	\$62,0	7%	\$26,0	4250 TEU PMX	\$25,5	\$35,0	37%	\$6,3

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