



MONTHLY CONTAINER REPORT

September 2021 | Week 35 - 39

The Chinese break for their Golden Week is giving many of us, particularly brokers, a little bit more time to enjoy a quiet morning coffee, as the influx of emails in the morning is considerably reduced. While enjoying this coffee though, some people might start wondering what is actually happening in China these days. There are two prominent events that caught our attention recently; first the potential collapse in China of the real estate giant Evergrande (with USD 300 bn of debt), the most indebted company in the world. The other event that caught our attention is the power outages in China. Lastly, as a side note, there is the news that China is limiting online gaming time for children to three hours a week, with access to online games only available on Fridays, Saturdays and Sundays from 8-9 pm. This last example is something many parents around the world would also actually welcome, but restricting it to certain days and times is a measure that again shows the strict rules under which China is run these days.

With regard to Evergrande, it is so far pure speculation as to the nature of the Chinese government's real plan for this, i.e. a bail out or if it allows Evergrande to collapse in order to also set an example against greed and excessive capitalism. However, as a complete collapse of Evergrande would lead to many first-time homeowners in particular losing a lot of money, potentially causing social unrest, it seems that the Chinese government does not want to rescue Evergrande as a whole but does want to save some of its parts and put them under state control. To enable this, state-controlled real estate developers have been asked by the government to purchase some of Evergrande's assets. Last week, a stake held by Evergrande in Shengjing Bank was sold for USD 1.5 bn to a government-linked asset management company called Shenyang Shengjiing Finance Investment Group. Hence, many parts of Evergrande might become state controlled. This certainly doesn't mean that the Chinese government will guarantee that financial institutions or investors do not lose any money. It seems that the Chinese government rescue plan will in particular focus on rescuing the construction business, so that thousands of workers do not lose their jobs, and on ensuring that millions of first-time homeowners do not lose all of their deposits. As a consequence, the Chinese construction business might see much greater state involvement.

The second event that caught our attention is the recent wide-spread power outages in China. The government was forced to demand that certain industries cut production in order to save energy. With the world in a post pandemic recovery and associated high demand, Chinese industries have been running at full capacity. At the same time, the price of coal has surged and with about 70% of Chinese power still coming from coal-fired power plants this has put many Chinese power producers in a difficult position. While the input cost of the raw material coal is increasing, electricity prices are regulated by the government, which means that many power suppliers are making losses, and it seems that some of them are not prepared to run at full capacity and make a loss. It is therefore not surprising that official figures have shown that Chinese factory activity shrunk in September 2021 to the lowest level since February 2020, when coronavirus lockdowns crippled the economy. Concerns about power cuts have contributed to global investment banks cutting their forecasts slightly for the country's economic growth.

Power cuts in China, UK petrol stations running out of fuel, energy bills jumping in Europe and soaring crude oil, natural gas and coal prices on wholesale markets - it would be tempting to assume that the world is suddenly in the grip of a global energy drought.

Just as COVID was positive in particular for container shipping, an energy crisis might be good for bulkers and perhaps even for tankers again too. This whole energy problem and the need to switch to carbon neutral supplies could well bring about the need to rethink the nuclear power strategy.

We do not expect that the Evergrande problem will have any effect on the world economy. The power outages and closure of some industries in China might have an effect but to be honest it is too early to say whether or not less production in China could mean more production elsewhere, if there is sufficient demand.

Hence, we go back to enjoying our coffee with a sense of certainty that the strong container market will continue at least for a little longer and that we do not need to worry about demand in the next few months. We might come off from the peaks, but the underlying fundamentals are still strong.

Kind regards,
TOEPFER TRANSPORT

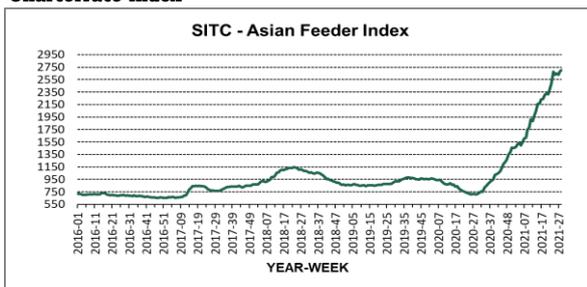


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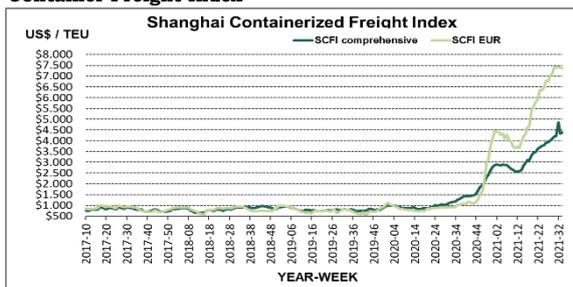
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New Contex	Aug-21	Sep-21	+/-	Sep-20
comprehensive	2.962	3.204	8,17%	457
1100 TEU GRD - 6 MOS TC	\$39.517	\$43.925	11,15%	\$6.179
1700 TEU GRD - 6 MOS TC	\$59.752	\$63.538	6,34%	\$8.217
3500 TEU GL - 12 MOS TC	\$79.390	\$84.915	6,96%	\$12.400

Charrterrate index



Container Freight Index



Selected Sales	TEU	DWT	built	price (in mill US\$)	buyer	comment
2nd-hand vsl						
Cala Pinguino	1.577	21.430	01/2007	\$24,0	Clients of Sinokor	
Robert Rickmers	1.730	23.063	07/2003	\$20,00	MSC	
Feeder 1	1.750	23.250	02/2021	\$39,0	Undisclosed	
Filia T	1.774	23.422	01/2019	\$41,0	Wanhai	
Atlantic Flosta	2.474	33.739	05/2002	\$25,0	MSC	Delivery March 2022
GH Meltemi	2.796	41.253	09/2010	\$35,0	Clients of MSC	
ER Sweden & ER Denmark	5.762	68.000	2002	\$41,0 & \$42,0	MSC	Delivery Mid 2022, SS/DD due
Cape Chronos	6.865	79.294	06/2015	\$132,5	OM Maritime	
Conti Everest	8.238	101.661	07/2004	\$78,0	MSC	

Newbuildings	TEU	GRD/GL	delivery	price (in mill US\$)	yard	comment
Buyer						
Nordic Hamburg	3x 1380	GL	2023	\$30,0	Penglai Shipyard	Euro Feeder Spec, BG freight charter
USC/ Elbdeich	4x 1380	GL	2023 - 2024	\$30,0	Penglai Shipyard	Euro Feeder Spec
Capital Maritime	option 3x 1800	GL	2023	abt. \$31,5	Hyundai Mipo	LNG-ready
Blystad	2x 1800	GL	end 2022		Huanghai Shipyard	
Evergreen	2x 1800	GL	2024	\$33,0	Wenchong	
Evergreen	11x 2300	GL	2023 - 2024	\$40,0	Wenchong	
TS Lines	2 + 2x 2900	GL	Starting 2nd half 2023	abt \$40,0	Fujian Mawei	
Evergreen	11x 3200	GL	2023 - 2024	\$49,0	Wenchong	
Hartmann/US Operator	3 + 3x 3500	GL	2023 - 2024	abt. \$59,0	Sanfu SY	Dual fuel
MPC	4x 5300	GL	2023 - 2024	ab. \$65,0	Hanjin	
Seaspan	10x 7000	GL			Shanghai Waigaoqiao	backed by long term charter from ONE
OOCL	10x 16000	GL	2023 - 2024	\$157,58	Dacks & Nacks	

Fleet Development - Deliveries and Demolitions									
(in no. vessel)	fleet size in TEU			+/-	% of fleet	orderbook in TEU		scrapped in TEU	
	Aug-21	Sep-21				Sep-21	ytd	Sep-21	
total fleet	24.553.217	24.612.370	0,2%	21,7%	5.349.041	19.106	0		
- 999 TEU	625.150	623.102	-0,3%	0,7%	4.442	7.835	0		
1000 - 1999 TEU	1.904.407	1.904.407	0,0%	12,7%	242.741	5.913	0		
2000 - 2999 TEU	1.889.712	1.898.746	0,5%	9,3%	175.986	2.128	0		
3000 - 5099 TEU	3.738.117	3.738.117	0,0%	6,0%	226.030	0	0		
5100 - 7499 TEU	2.731.759	2.731.759	0,0%	12,8%	350.532	0	0		
7500 - 14999 TEU	9.907.320	9.919.917	0,1%	20,5%	2.032.184	0	0		
15000+ TEU	3.756.752	3.796.322	1,1%	61,0%	2.317.126	0	0		

Container Vessel's Value									
5 year old vessel in mill US\$					15 year old vessel in mill US\$ (SS/DD due)				
	Aug-21	Sep-21	+/-	Sep-20		Aug-21	Sep-21	+/-	Sep-20
1000 TEU GRD Eco	\$24,0	\$25,0	4%	\$10,7	1000 TEU GRD	\$16,5	\$17,0	3%	\$2,7
1700 TEU GRD Eco	\$35,0	\$37,0	6%	\$15,5	1700 TEU GRD	\$23,0	\$24,5	7%	\$4,5
2200 TEU GRD Eco	\$42,0	\$45,0	7%	\$18,5	2500 TEU GRD	\$36,0	\$38,0	6%	\$6,4
2500 TEU GRD Eco	\$50,0	\$51,0	2%	\$22,5	2800 TEU GL	\$39,0	\$41,0	5%	\$6,5
			-		3500 TEU GL	\$42,0	\$45,0	7%	\$5,6
4700 TEU WB	\$80,0	\$81,0	1%	\$30,0	4250 TEU PMX	\$58,0	\$61,0	5%	\$7,0

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