



MONTHLY CONTAINER REPORT

September 2022 | Week 35 - 39

We assume that even the last person in the container industry has now realised that the main part of the party is over. The super boom of the last two years has most likely reached its autumn phase. In general, the end of this boom should not come as a great surprise. The macroeconomic figures were already clearly indicating difficult times ahead for the container market a few months ago. Worldwide economic growth figures have been revised down during the last few months and this is happening not only in the Western Economies, as China's GDP growth figures are also being reduced. China might grow by only 2.8 percent this year, its lowest figure since 1976 if you exclude the COVID year 2020. In China, the government is launching various stimulus packages to help the economy. Because during a No-Covid policy any initiatives to stimulate consumer demand do not really work as people are just too scared of COVID and the government lockdown actions, the stimulus is mainly aimed at infrastructure developments. However, how many new roads and bridges actually need to be built? The housing sector already has a surplus of stock and is in trouble. Nevertheless, infrastructure investments usually turn out to be positive for the bulk market although they do not have much of an effect at all on the container market.

Besides all the consumer demand related issues and hence reduced cargo volumes, port delays are also falling. All this combined has resulted in box rates and charter rates falling significantly. For some of the newcomers to the market, like the warehouses or some freight forwarders, the speed of developments might come as a surprise. But for those who have been in the industry for longer it is most likely not a surprise. Maybe one can compare these inexperienced (late) buyers and charterers to housewives and the stock market. After the husband has come home for many months reporting to his wife how much money he has made on the stock market, at some point the housewife starts to think maybe I can do this too. This is usually a sign that experienced investors should start selling. Some actions of same market participants in the early part of the summer indeed look just like that.

Now we are in a market which we at Toepfer described already many years ago as "Elevator please stop". The container market is ultimately not a very big market in terms of the number of independent market participants. There is often quickly consensus about the future development of the market and you cannot just get out of your ship in a falling market. You try to push the buttons to exit the elevator on the way down, but the elevator takes you all the way down to the bottom. Since the cashflow that one can secure with a container ship has dropped dramatically, the valuations have followed this downward trend.

We predicted in our last monthly report that we expected scrapping of container ships to restart in Q4. Well, we had the first scrapping of an older container ship at the end of September; a ship with three years (!) class left. Hence, for older container ships of 20 years plus, it is no longer the cash flow but the scrap value that is now the main value determinator on a TC free valuation. A massive change back to normality.

When will the market find a floor? To be honest, we are not sure but we think the speed of the decline will slow during October, although we could see a continuing decline for some time yet. The excess capacity does not need to be big for rates to keep falling. Any excess capacity will keep rates under pressure.

The good thing is that the dropping prices will result in new investment opportunities. These are often now more speculative than before, when you could fix a longer charter at the same time. Buying activity will come back once we have reached a bottom. There is plenty of cash around. We are sure that even the 'housewives' have plenty of cash, but once you are sitting on a loss and potentially also realise that your timing was not optimal, as a housewife you might go back to what you know best, which in our case might mean not buying expensive container ships any longer...Time will tell how long many of these newcomers will really stay active in the market as buyers and charterers. In general, they were welcome from our point of view as they increased the number of charterers and buyers in the market. Too bad the party is over.

Kind regards,
TOEPFER TRANSPORT

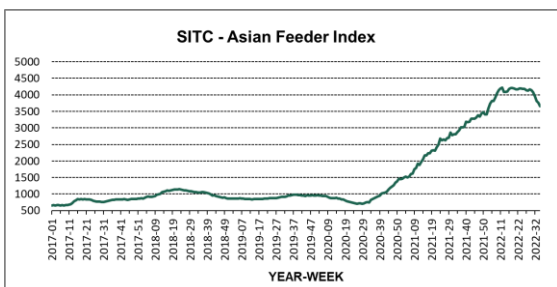


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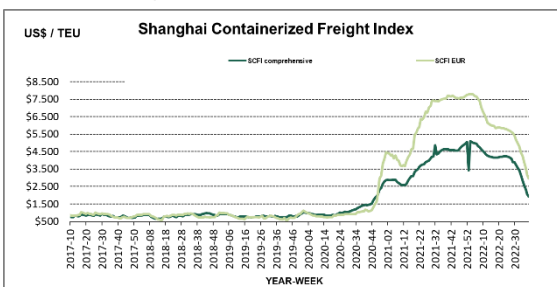
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New Context				
	Aug-22	Sep-22	+/-	Sep-21
comprehensive	2.950	1.671	-43,36%	3.204
1100 TEU GRD - 6 MOS TC	\$34.071	\$22.609	-33,64%	\$43.925
1700 TEU GRD - 6 MOS TC	\$53.546	\$28.891	-46,04%	\$63.538
3500 TEU GL - 12 MOS TC	\$83.350	\$46.055	-44,75%	\$84.915

Charrterrate index



Container Freight Index



Selected Sales						
2nd-hand vsl	TEU	DWT	built	price (in mill US\$)	buyer	comment
Sunny Lotus	1.048	12.581	04/2013	\$15,50		BB attached till 03/2023
JSP Titan	1.122	14.587	08/1996	\$5,8		
Baohang	1.157	17.221	10/1997	\$12,0		Old sale
Mathu Bhum	1.248	15.152	05/1990	\$3,16	Best Oasis	Demo sale
X-Press Makalu	2.714	38.616	03/2008	\$25,0	MSC	
Burgundy	3.426	42.566	12/2008	\$24,25	RIF Lines	
Osaka	4.506	50.712	09/2008	\$60,0	CMA CGM	

Newbuildings						
Buyer	TEU	GRD/GL	delivery	price (in mill US\$)	yard	comment
Cosmoship	2+2 x 1100	GL	2024	\$24,0	Wuchang	conventionally fuelled
Langh Ship	3 x 1.200	GL	starting 3rd quarter 2024	undisclosed	PanOcean Engineering	hybrid scrubber fitted, ice class
Elbdeich	2 x 1400	GL		abt. \$30,0	Penglai Jinglu	
Hainan Zhuomei	1 x 1500	GL	2025	undisclosed	Fujian Baima	
Hartmann Reed. / Seaboard Marine	3 x 3.500	GL	Oct 2024 - Apr 2025	abt. \$59,0	Taizhou Sanfu	option exercised, LNG dual fuel
Yang Ming Line	5 x 15.000	GL	2025	abt. \$190,0	CSBC	LNG powered
MSC	6+6 x 16.000	GL	2024 - 2026	abt. \$180,0	YZJ	LNG dual fuel

Fleet Development - Deliveries and Demolitions									
(in no. vessel)	fleet size in TEU			+/-	% of fleet	orderbook in TEU		scrapped in TEU	
	Aug-22	Sep-22				Sep-22	ytd	Sep-22	
total fleet	25.487.689	25.554.036	0,3%	27,8%	7.100.347	0	1.248		
- 999 TEU	626.722	628.758	0,32%	1,2%	7.485	0	0		
1000 - 1999 TEU	2.006.274	2.017.784	0,57%	16,5%	332.113	0	1.248		
2000 - 2999 TEU	1.963.511	1.971.051	0,38%	16,9%	333.973	0	0		
3000 - 5099 TEU	3.741.191	3.744.204	0,08%	9,4%	352.784	0	0		
5100 - 7499 TEU	2.731.759	2.731.759	0,00%	13,8%	375.917	0	0		
7500 - 14999 TEU	10.171.659	10.198.494	0,26%	27,6%	2.815.879	0	0		
15000+ TEU	4.246.573	4.261.986	0,36%	67,6%	2.882.196	0	0		

Container Vessel's Value									
5 year old vessel in mill US\$	Aug-22	Sep-22	+/-	Sep-21	15 year old vessel in mill US\$ (SS/DD due)	Aug-22	Sep-22	+/-	Sep-21
	1000 TEU GRD Eco	\$23,0	\$20,0	-13%		\$25,0	1000 TEU GRD	\$14,3	\$10,5
1700 TEU GRD Eco	\$38,0	\$29,0	-24%	\$37,0	1700 TEU GRD	\$26,5	\$20,0	-25%	\$24,5
2200 TEU GRD Eco	\$44,0	\$34,0	-23%	\$45,0	2500 TEU GRD	\$34,0	\$22,0	-35%	\$38,0
2500 TEU GRD Eco	\$45,0	\$35,0	-22%	\$51,0	2800 TEU GL	\$35,0	\$23,0	-34%	\$41,0
2700 TEU GLS Eco	\$47,0	\$37,0	-21%		3500 TEU GL	\$43,0	\$26,0	-40%	\$45,0
4700 TEU WB	\$75,0	\$60,0	-20%	\$81,0	4250 TEU PMX	\$55,0	\$35,0	-36%	\$61,0

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