

The Monday Morning Container Briefing

17 January 2022

Time Charter Rates

Vessel (TEU/HOM)	Index	+/-
1,100/715TEU (G) 19 k	45.83	▶ 0.00
1,740/1,300TEU (G) 20.5 k	45.00	▶ 0.00
1,714/1,250TEU (G) 19k Bkk Max	23.96	▶ 0.00
2,500/1,900TEU (G) 22 k	67.31	▶ 0.00
2,500ECO/2,100TEU (G) 18.5 k	22.06	▶ 0.00
2,800/2,000TEU (GL) 22 k	48.89	▶ 0.00
3,500/2,500TEU (GL) 23 k	36.00	▶ 0.00
4,250/2,800TEU (GL) 24 k	88.00	▶ 0.00
6,500/4,900TEU (GL) 24 k	53.33	▶ 0.00
8,500/6,600 (GL) 25 k	56.00	▶ 0.00
9,000WB/7,100TEU (GL) 25 k	32.50	▶ 0.00
10,000/8,000 (GL) 25 k	32.50	▶ 0.00
BOX Total *	551.38	▶ 0.00
52 Week High	669.79	
52 Week Low	128.72	

* Benchmark TC rates assessed on the basis of a 12-month time charter period

Chartering

The limited amount of reported fixtures does not translate into an inactive market. Liner demand for tonnage is very much there. Instead, this highlights the limited supply across all sizes and trading areas. In addition, the market is noticing laid-back owners who are reluctant to discuss their upcoming vessels in the first half of 2022, in anticipation of further improvements in market conditions.

The 4,000 TEU plus size have not seen any newly confirmed transactions, which is not a surprise, with hardly any vessels available for the whole of 2022. However, some forward extensions in the post –Panamax segment were done commencing from the first and second quarter of 2023. This is an interesting development, as operators are securing their future tonnage for crucial sizes well in advance. We expect this trend to gather momentum. The agreed rates are discounted but levels remain at historically high levels.

In the 2,000-4,000 TEU sector, there have been several fixtures this week. The 'CARPATHIA' (2,824 TEU, gearless, built 2003 HMD) was reported to have fixed 3 years with Pasha Lines at \$42,000/day, the same owners were also reported to have extended 2 sister vessels with ZIM at \$39,200/day each. This rate difference would lead to the fact that the latter fixture was likely concluded at the end of 2021 but is only now emerging or the owners and charterers agreed an earlier commencement date. A modern MARIC 2700 coming available into the market is seeing strong interest and is expected to set a new benchmark. With MSC having purchased several 2,500 TEU vessels in recent weeks there is increased demand for operators to secure replacement tonnage in the coming months.

In the sub 2000TEU sector, the CS 1800 type 'MELLUM' (1,795 TEU, geared, built 2010 Dalian) opted to fix a short period with CMA CGM for 12 months at a premium rate of USD 50,000. In addition, VASI SHIPPING is linked to have fixed the 'ELA' (1,740 TEU, geared, built 2012 G Wenchong) for a short period but no further details have yet been disclosed. Further improvements are on the horizon for this size with either rates or the periods improving in the coming weeks.

Representative Fixtures

Vessel	TEU	14t	Reefer	YOB	Design	Gear	Delivery	Laycan	Period	Charterer	Rate/day
CARPATHIA	2,824	2,030	554	2003	HMD 2800		NE Asia	May 22	36 m	Pasha Group	\$42,000
CIMBRIA	2,824	2030	554	2002	HMD 2800		NE Asia	Apr 22	35-37 m	Zim Integrated Shipping	\$39,200
CARDONIA	2,824	2,030	554	2003	HMD 2800		NE Asia	Apr 22	35-37 m	Zim Integrated Shipping	\$39,300
MELLUM	1,795	1,312	250	2010	CS 1800	2x40t	NE Asia	Feb 23	12-14 m	CMA CGM	\$50,000
ASIATIC REUNION	1,049	671	180	2008	DAESUN 1000		NE Asia	Jan 22	40-60 d	Wan Hai Lines	\$34,500

S&P

The Second-hand market continues on its upwards trajectory.

A Panamax inviting offers next week is expected to dwarf the prices seen up to this date. The prices are outpacing the charter market by some way, with anyone other than top 5 liner operators struggling to fix in tonnage regardless of the rates offered, we are seeing Buyers forced into paying these enormous levels.

The Feeder market paints a different picture, the charter rates are continuing to firm and a number of Owners have withdrawn vessels from the market in favour of fixing these more lucrative charters.

As a result, the number of candidates potentially workable is starting to dry up and we soon expect asset prices to rise substantially. This has already been seen in the sale of the MOUNT NICHOLSON (1,756 TEU, built 2017 Zhejiang Ouhua Shipbuilding) at \$45m, \$2.5m more than the exact sister sold in December.

Demolition

For container ships, the price paid for demolishing ships at the moment is theoretical. As liners and owners realise record earnings, just a handful of vintage Feeders headed for demolition in 2021. For the record, the numbers are, 17 container ships were demolished in 2021, removing only 13,500TEU.

Though we are not expecting a resumption in container ship demolition any time soon, indicative pricing levels and movements are interesting to note.

Last week we did notice an upward shift in demo pricing. This was driven mainly by the lack of supply available for breakers. We have estimated that the overall tonnage of all ship types noted as sold for demolition and awaiting recycling is currently in the region of 2.7m Dwt, this is figure has dwindled from the 3.5m of tonnage awaiting recycling during Q4

Container Ship Demolition Prices US\$/LDT

	This week	Last Week	12 months ago	Momentum
India	610	590	460	▲
Bangladesh	640	630	475	▲
Pakistan	610	600	450	▲
Turkey	400	380	275	▲