BRAEMAR

BRAEMAR ACM SHIPBROKING

The Monday Morning Container Briefing

11 April 2022

Time Charter Rates

Vessel (TEU/HOM)	Index	+/-
1,100/715TEU (G) 19 k	48.61	▼ 13.89
1,740/1,300TEU (G) 20.5 k	60.00	▼ 10.00
1,714/1,250TEU (G) 19k Bkk Max	29.17	▼ 3.13
2,500/1,900TEU (G) 22 k	81.73	► 0.00
2,500ECO/2,100TEU (G) 18.5 k	26.47	► 0.00
2,800/2,000TEU (GL) 22 k	56.53	► 0.00
3,500/2,500TEU (GL) 23 k	40.00	► 0.00
4,250/2,800TEU (GL) 24 k	96.00	► 0.00
6,500/4,900TEU (GL) 24 k	55.11	► 0.00
8,500/6,600 (GL) 25 k	57.60	► 0.00
9,000WB/7,100TEU (GL) 25 k	34.17	► 0.00
10,000/8,000 (GL) 25 k	34.17	► 0.00
BOXi Total *	619.55	▼ 27.02
52 Week High	669.79	
52 Week Low	193.29	

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

Chartering

A similar week to what we have witnessed in recent weeks with only a few reported deals. As a result, we do see an increase on the supply side in the segment below 2,000 TEU for the coming months and the ongoing lockdown in certain parts of China is clearly one reason for the decrease of fresh enquiries as most operators continue their market observation. However, there are indications that the market will see a rebound once China is opening again and the expectation of accelerating Chinese Exports.

In our last weeks report, we hinted that at least two modern 5,000TEU wide-beam types have been fixed and the news broke this week that Europe's largest retailer is said to be behind these ships as well as additional vessels within this segment for a dedicated Far East - Europe service. This is a reoccurrence of what we saw in mid-January when Pasha Hawaii equally secured multiple vessels for a trans-Pacific trade which was also backed by a large American retailer. It is an ongoing development during the past 12 months with several newcomers entering the Container Market as well as large Shippers taking action into their own hands to have a more reliable and dedicated supply chain. It is too early to judge whether this will be a permanent development and the question is what will happen if or when the market moves into normal spheres again but some of these new market players certainly have the financial muscle to do it. But one may wonder how the MLO's will react to this ongoing development with Shippers increasingly entering their scope of business?

Rumours are floating that one baby-Panamax may have fixed again this week, but no further details have been disclosed at the time of writing. The market remains firm and the supply remains limited for everything above 4,000 TEU.

In the smaller segment, it remains a wait-and-see game. The Aker 2700 '**NORTHERN VIVACITY**' (2,742-TEU, gearless built 2005 Aker Ostee) was extended for a short period of around 6 weeks with CU Lines at $99.000/day which can be considered as a significant drop compared to what similar vessels fixed previously for short periods. But spot freight rates have also decreased in recent weeks and historically such a rate is still very lucrative for owners and may put the vessel into a better position when the market activity is increasing.

In the Feeder sizes, we saw a short extension of the Imabari 1700 '**JAN**' (1,577-TEU, geared, built 2010 Imabari) which extended for 2 to 3 months with TS Lines at $45,000/day which is well beyond expectations considering what similar ships were fixed previously.

The Peene 1200 '**AS FENJA** (1,201-TEU, gearless, built 2005 Peene-Werft) extended with Cosco for 30-34 months at $27,000/day in the Far East which is a strong fixture considering the firm period. In comparison, the Sietas 168 '**NEUENFELDE** (868-TEU, gearless, built 2001 Sietas Ice-class1A) only got a 12 month period at €21,000/day by Hapag Lloyd which reflects a significant drop in the period and rate compared to what these ships got at the beginning of the year. However, for that particular trading area, it is directly related to the ongoing war between Russia and Ukraine where many trades in the Baltic involving Russia had to be adjusted and vessels became surplus.

Representative Fixtures

Vessel	TEU	14t	Reefer	YOB	Design	Gear	Delivery	Laycan	Period	Charterer	Rate/day
NORTHERN VIVACITY	2,742	2,126	400	2005	Aker CS2700		NE Asia	May-22	33-45 d	CU Lines	$99,000
JAN	1,577	1,220	192	2010	Imabari 1700	3x40t	NE Asia	May-22	2-3 m	TS Lines Ltd	$45,000
AS FENJA	1,201	915	178	2005	Peene 1100		NE Asia	May-22	30-34 m	COSCO	$45,000
NEUENFELDE	868	600	150	2001	Sietas 868		UK Cont	May-22	12 m	Hapag-Lloyd	€21,000

S&P

The second-hand market remains subdued although a few vessels are currently working firm, predominantly in the feeder sector. If these negotiations are concluded it will confirm the softening in asset values we have been expecting over the past few weeks. The prices are still extraordinarily firm but with a few of the major liner companies maintaining a 'wait and see' attitude to the market. Prices are becoming more in line with the current charter rates achievable. Once these prices stabilise we expect several players to return to the market, with opportunities for non-operating Owners finally becoming a realistic prospect once again.

The Newbuilding market paints a different picture, Buyers are in a race to secure what little capacity the shipyards have left in 2025. This, coupled with rising material & energy prices has caused the cost of newbuildings to firm significantly over recent weeks. Regional Container Lines added a further 2 x 12,000TEU ships at Nihon Shipyard at $133m per vessel, their initial order for two of these vessels announced in August of last year cost just $113m each.

MSC added to their impressive tally of LOIs in the 7-8KTEU sector with an order for 6 ships at HHI at a reported price of $120mn, LNG dual-fuel with delivery from second half 2024 to second half 2025. Cido Shipping is also reported to have signed an LOI for 4 x 7,700TEU dual-fuel LNG at Hyundai Samho, again at $120m.

Demolition

With the lack of container ship retirements, recyclers have been ramping up prices for container ship demolition. So far this has not enticed container ship owners to let go of older tonnage during the current earnings surge. Our weekly demo price assessment has now breached the $700/Ldt barrier, an all-time high.

Demolition remains in hibernation during 2022 so far, and we are not expecting a resumption while container time charter earnings and freight rates are still running well above historical averages.

As of 1 April, 2022, our time charter rate index was running at 396% higher than the five-year average. For liner companies, spot freight rates are equally running well above the five-year average, the Shanghai Containerised Freight Index is currently 250% higher than the five-year average index value. With these raw statistics, the choice not to demolish older tonnage is very persuasive.

Container Ship Demolition Prices US$/LDT

	This week	Last Week	12 months ago	Momentum
India	705	695	490	▲
Bangladesh	700	690	500	▲
Pakistan	710	670	475	▲
Turkey	480	490	250	►

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