

HBI - NEWSLETTER

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"Imagination is the best transportation company in the world."



THE EXTRAORDINARY CONTAINER MARKET ZOOM ON THE 3 MAJOR PLAYERS IN MARITIME TRANSPORT



The sea carrier

The carrier or shipping company organizes trade routes with its own vessels (shipowner) or chartered vessels (charterer). There are 10 shipping companies today that represent 85% of the container market (volume transported).

The ship rental company

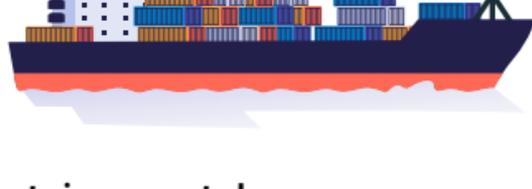
A shipping company does not own all its vessels. Some companies have less than 10% vessels of their own and the average is between 50 and 60%.

What for? to keep flexible or not to raise too much capital by buying vessels.

Using ship rental allows a shipping line to adjust its fleet according to demand.

Before the pandemic, a 4,000 TEUs ship rented about USD15 000 a day for a contractual rental period of 1-2 years. The time to obtain a vessel was about one month.

From now on, the vessels are rented 6 or 8 months in advance. The duration of the rental contracts are now 3 to 5 years on average, with a rental price per day of USD 60 000, always for 4000TEUs vessels. Larger vessels are rented for longer periods, 10 or even 20 years.



The container rental company

One company owns about 60% of its container fleet, the other part being leased to container renters.

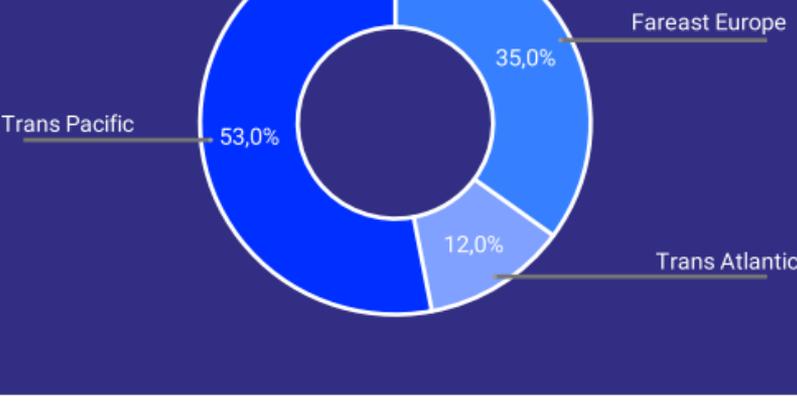
Container renters have an extremely simple job: they buy containers from container manufacturers (3 manufacturers in China produce more than 80% of the world's container production) and they rent them to shipping companies. The containers are interchangeable from one company to another. This allows companies, as well as rental ships, to evolve their container fleet according to demand.

The lifespan of a container is about 15 years, after that, the container has a resale value, on the secondary market, for storage, transformation into a house or pool, or in case of destruction, it remains the value of the steel.

Before the pandemic, a container was rented twice, with contracts of about 7 years. Today the demand is stronger, and rental companies often rent containers with longer contracts, 12 years on average.



TO DATE, SHIPPING COMPANIES OPERATE JUST OVER 6 300 CONTAINER SHIPS, WHICH REPRESENTS A CONTAINER CAPACITY OF ABOUT 25 MILLION TEUS.



A LOOK AT DREWRY'S WORLD CONTAINER INDEX



The composite index increased by 1.4% this week, and, remains 82% higher than a year ago. Drewry expects rates to climb higher in the coming week.

LONG-TERM CONTRACTS OR SPOT MARKET?

Large shippers are offered new long-term fixed-rate contracts by shipping companies, over 1, 2 or 3 years. They are still keen to keep a foothold in the spot market, however, according to The Loadstar.

Due to the extreme volatility of the spot market, the advantageous conditions of multi-year contracts could become more important today than the spot market. If port congestion subsides

and demand softens, short-term market rates could start to fall again.



ROAD TRANSPORT, THE SHORTAGE! AFTER THE USA, UK, ITALY AND OTHER COUNTRIES... IT'S FRANCE'S TURN.



The shortage of truckers affects the whole of Europe. In France, due to the increase in volumes and the disruption it has caused to ports, hauliers are finding it difficult to recruit new drivers. The hauliers regret that this lack of drivers degrades the quality of service (postponements, delays, cancellations of transport) and that it also leads to additional costs.

NINGBO: NEW FIGHT AGAINST COVID19

After the discovery of new cases of Covid19, the port of Ningbo remains open to activities, but, the new measures to fight the epidemic are slowing down road transport. Indeed, drivers must provide Covid19 negative certificate to be able to work on the port, which slows down land activity enormously.



EVER ALOT : NEW RECORD WITH 24,000 TEUS

The 24,000 TEUs mark has been crossed! The EVER ALOT was launched at the end of 2021 at Changxing Island Shipyard in the Yangtze Estuary near Shanghai. With a length of 399.99m and 61.5m wide, it is, to date, the largest vessel in the world.

This is the first, in a series of six vessels, to enter the global container market fleet.

