



Container ship demolitions fell to a 17 years low in 2022

The destruction of containerships in 2022 was less than the 16,500 TEU scrapped in 2021, a far cry from the nearly 200,000 TEU recycled in 2020.

Containership demolition sales 2005-2022

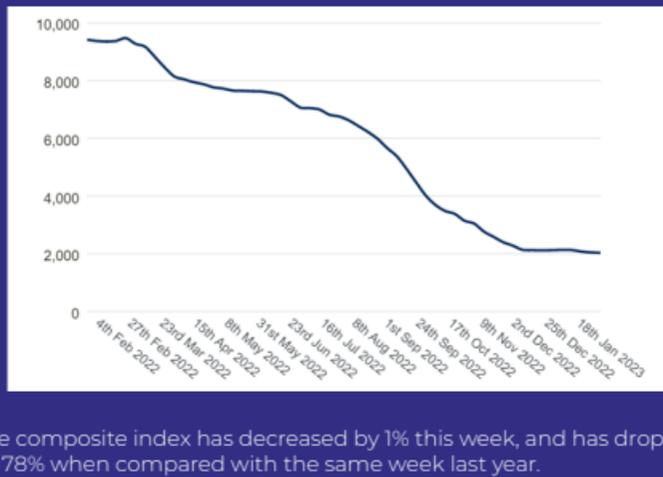


The lull in 2022 is mainly due to the very profitable charter and freight markets. However, the drop in freight rates after the summer of 2022 and the arrival of the IMO 2023 regulations are prompting shipowners to turn to scrapping again, as shown in the graph above (350,000 TEUs in 2023).

Indeed, as of 1 January 2023, non-compliant ships that achieve an EEXI below a certain threshold will be subject to IMO 2023 penalties and restrictions. They will have to make modifications to their engines or systems.

Indice Drewry World Container Index

Drewry world Container Index (WCI) - 02 Feb 23 (US\$/40ft)



The composite index has decreased by 1% this week, and has dropped by 78% when compared with the same week last year.

Rate falls are stabilising and starting to reach pre-pandemic levels on most trades.

According to Vespucci Maritime CEO Lars Jensen, the immediate outlook for carriers is the same, with further rate wars in the trade lanes.

"This is due to the importers, especially in Europe and North America, are making a stock correction," said Jensen. "All the elements in the container shipping markets point to a challenging period for container carriers in 2023."



Earthquake in Turkiye & Syria : Port of Iskenderun heavily damaged

The earthquake occurred in Kahramanmaraş and there was a lot of damage in the surrounding provinces (Gaziantep, Malatya, Antakya, Adana). Turkish infrastructure and ports have been damaged in key location across the country, while Turkiye and Syria begin to suffer the enormous loss of life caused by the disaster.

Limak Iskenderun port is in bad condition, there is damage on the terminal and containers, a fire broke out. There is significant damage to the roads surrounding the port. Operations are continuing in other ports, near Iskenderun.

Some shipping companies and freight forwarders are working on readjusting transport to Turkiye.



The VLSFO course



The VLSFO price was down 18% on 6 February compared to the same date last year and 44% below the high point reached on 9 June. Investors remain concerned about tightening monetary conditions and their impact on economic growth and demand for oil. The American Petroleum Institute reported a jump in US crude inventories of 14.9 million barrels last week, defying expectations of a 2.4 million barrel decline.

At the same time, China's improving demand outlook has provided support for oil prices as the world's largest importer of crude oil quickly abandoned tight restrictions on its Covid-19 policy. China is making surprising reversals in its quest for growth.



Air freight : Air freight falls below pre-covid 2022 levels

Air freight demand has fallen below 2019 levels.

The sector's decline from the peak in 2021 is just about to yield a high return. Regarding the full year traffic and capacity data, IATA said that the "significant political and economic uncertainties" faced in 2022 are partly responsible for a decline in demand.

There has also been a degree of normalisation in the shipping industry, which means that air freight has weakened slightly from the economic attractiveness and record performance achieved in 2021.

Nevertheless, in 2022, yields and revenues continued to exceed pre-Covid levels, says IATA - a dynamic that is expected to continue in 2023.

New opportunities are opening up in the East Africa's transport trade in particular. A form of stability is being confirmed in the market and announces good news.

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