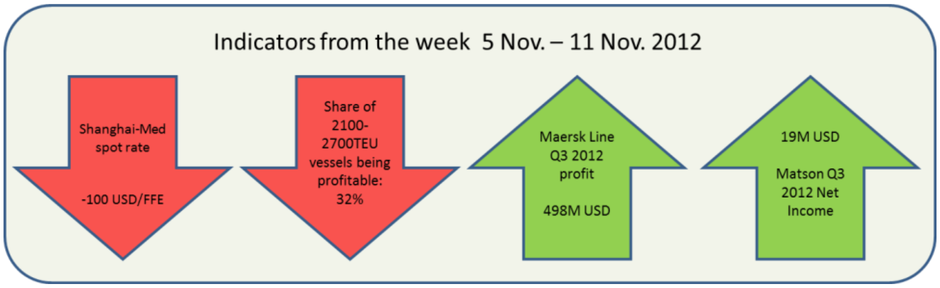
SUNDAY SPOTLIGHT

11 NOVEMBER 2012, ISSUE 86

SEAINTEL MARITIME ANALYSIS



Reliability from global vessels to the container at the country level:

Performance in Sep. 2012.

See page 13 for details.

THE NEXT WAVE OF LARGE VESSELS

Possible orders for another 165 vessels @ 13.500TEU in the pipeline.

Through the past couple of months we have witnessed additional orders for large tonnage – latest by Yangming confirming an order for 10 x 14.000 TEU vessels.

This raises two key questions, which we will address in the following analysis. The first question is why carriers are ordering more super-post-panamax tonnage in a situation of structural overcapacity. The second question – which in part depends on the answer of the first question – is how much more ordering of such large vessels we might be likely to see.

The basic premise for the outset of this analysis is the current market status. Presently, 157 vessels with a size of 10.000TEU or above are in operation, with the 16.000TEU CMA CGM Marco Polo being the latest addition to this segment of the fleet. In addition, 117 of such large vessels are in the order book.

These vessels currently account for 12.3% of the global nominal tonnage, and by 2015, they will account for 18.3% of the global tonnage based on the current orderbook. That the market is currently witnessing a structural overcapacity is, however, without doubt. The most certain sign of overcapacity is the fact that not only did the Asia Mediterranean rate

Scaling up

Much attention was bestowed on the CMA CGM Marco Polo this week. The French carrier now operates the largest container ship in the world. The phase-in of the Marco Polo and the two coming sister vessels is resulting in a cascading of 11.000 TEU vessels onto the Transpacific. This will result in lower unit costs for CMA CGM as well as their partners on the Pacific – MSC and Maersk Line. This is good news for the unit cost development – but raises the bar for other carriers who wish to remain competitive. It appears that the super-post-panamax arms race from Asia-Europe is making an earnest entry to the Pacific.

Content