

# NEWSLETTER

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## **China Shipping sees loss in H1**

China Shipping Container Lines Co Ltd said it would swing to a net loss for the first half of 2011 from a profit a year ago, with the international container market adversely affected by the debt crisis in Europe. In a filing to the Hong Kong bourse on Thursday, the firm said the market was also hit by the earthquake in Japan, a substantial increase in crude oil prices and newly-added shipping capacity.



It posted a profit of 1.17 billion yuan (\$181.6 million) in the first half of 2010. H-shares of the company have fallen 32.3 percent so far this year to end at HK\$2.33 (\$0.3) on Wednesday.

## **Rough seas in Q1 for big-three Japanese carriers**

The effects of the Japanese earthquake and deteriorating freight rates in the container sector have continued to blight the performance of the country's three biggest deep-sea shipping lines, with NYK, MOL and K-Line all posting fiscal first quarter losses.

NYK and MOL have also revised their projected 2011 profit substantially downwards. NYK, the largest of the three in revenue terms, reported a net loss of ¥7.15 billion (US\$92 million) in the three months ending on 30 June, compared with profits of ¥23 billion in 2010. It revised its profit projection for the fiscal year ending in March 2012 to ¥5 billion from the ¥34 billion it had forecast in April.

The carrier blamed weak freight rates and delayed peak-season surcharges, "due mainly to the launch of large scale container vessels in the European route resulting in weakening demand-supply conditions and slowdown in the cargo traffic".



MOL reported a net loss of ¥8 billion in the quarter, compared with a profit of ¥20.8 billion in the same period last year, with revenue plunging 12.1% to ¥349.1 billion.

The carrier said it anticipated a significant deterioration in profits, "due to factors such as declining demand in the containership segment, the current downturn of the dry bulk market and appreciation of the yen". The first-quarter results prompted the carrier to cut its full-year profit prediction by almost half, to ¥17 billion, from the ¥30 billion predicted in April.

Meanwhile, K Line posted a Q1 loss of ¥3.7 billion, compared with profits of ¥15.8 billion in 2010, and maintained its projection of a ¥2 billion year-end profit. It said: "The car-carrier business is recovering due to rapid restoration of operations by Japanese automobile manufacturers after the earthquake in March." K Line also said that an increase in the value of the yen and deteriorating container rates had contributed to its negative first-quarter results.

## **Antwerp gets a lift from H1 figures**



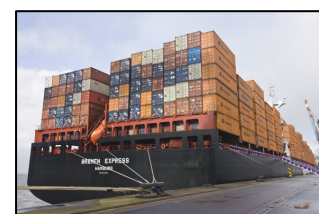
The port of Antwerp saw freight volumes surge by more than 10% during the first half of 2011, to hit 96 million tonnes, thanks in part to soaring ro-ro volumes. The Belgian port saw its ro-ro tonnage grow by 15.8% during the first six months of the year, to 2.1 million tonnes, while the number of cars handled rose by 19.1% over the same period to 526,841.

Meanwhile, first-half container volumes increased 4.3% to 4.4 million teu, which, the port claimed, was the strongest growth of any port in the Hamburg-Le Havre range. Of the other types of cargo the port handles, conventional/break-bulk freight experienced growth of 16.9% during the first half, and bulk jumped 21.5% – an increase mainly due to strong growth in liquid bulk.

The port said the excellent figures reflected Antwerp’s position as the largest integrated petrochemical cluster in Europe. “The sector continues to develop rapidly,” it said. “With companies investing in infrastructure and in sustainable energy solutions”.

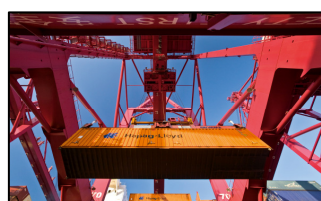
### **Hapag Lloyd – Profit decrease**

Hapag Lloyd has reported a profit during the 1<sup>st</sup> half of 2011 of 42.1 million euro (ebit). During 2010 the profit margin was still euro 218.1 million. According to a spokesman of the German carrier, the profit margins are under pressure due to the high bunker prices and the falling freight rates.



The second quarter of this year resulted in an ebit of 26 million euro, which was a slight improvement in comparison with the traditional weak 1<sup>st</sup> quarter. Last year the shipping line still realized a 2<sup>nd</sup> quarter record high of euro 211.3 million. Beside the influence of the bunker prices and the decrease of freight rates, the weak us dollar and the situation in Japan where volumes have dropped drastically, are heavily influencing the present rent ability of the container carrier.

During the 1<sup>st</sup> quarter the average freight rate was still at a level of us dollar 1563 per 20ft whereas this rate decreased to a level of us dollar 1531 during the 2<sup>nd</sup> quarter. Nevertheless the average freight rate during the 1<sup>st</sup> half of this year was still 4.4% per teu higher then last years average. Regretfully the bunker charges have increased to us dollar 630 per ton at the moment whereas earlier this year in January, they were still us dollar 480 per ton. According to the shipping line this situation will most likely remain unchanged until the end of the year.



Hapag Lloyd carried 2.5 million teu during their first half of 2011, which is 3.3% more then during the same period last year. The Latin American trade has become second most important trade lane with 559.000 teu (+ 7%) followed by Asia with 549.000 teu (-2.6%). Their services to the North Atlantic remain however in pole position with 582.000 teu shipped (+1.5%)

### **Shanghai performance satisfactory**

The port of Shanghai has realized a growth of 10.3% during the first half of 2011 in their container handling. The total volume reached was 353.2 million ton, whereof 163.1 million ton were foreign trade shipments.

The inbound volumes have increased with 8.3% to 221.3 million ton, whereas outbound volumes increased with 14% to 131.9 million ton. Container trade realized a further increase with 10.5% by handling 15.3 million teu during the first six months of 2011.

Nevertheless it is expected that growth will stabilize and slow down under pressure of lower volumes being carried on the trade lanes of the Pacific Ocean. In June Shanghai port still handled 2.62 million teu (an increase with 7.8% compared to the same period last year) although in May the volumes was till on a level of 2.76 million teu.

