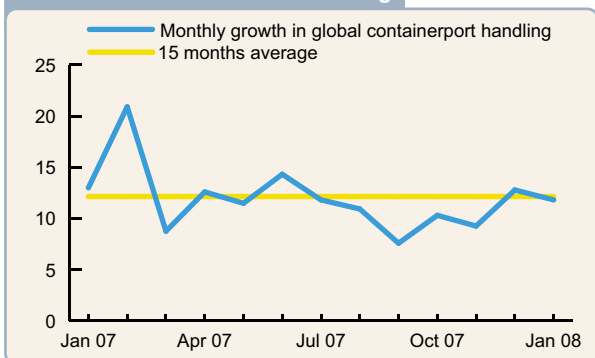
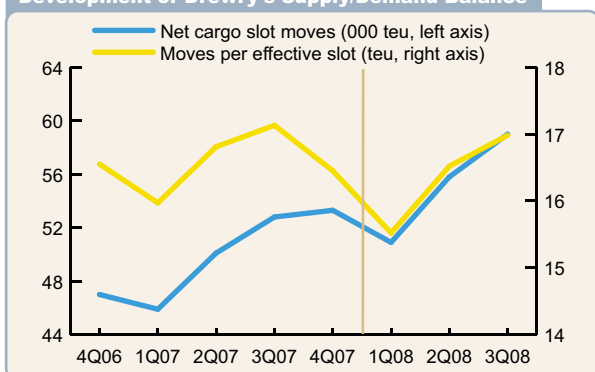


Growth in Global Container Handling



Development of Drewry's Supply/Demand Balance



Drewry Global Container Freight Rate Index

May-07	\$2,288
% Change from Mar 07-May 07	-2.2%
July-07	\$2,581
% Change from May 07-July 07	12.8%
Sep-07	\$2,707
% Change form July 07-Sep 07	4.9%
Nov-07	\$2,748
% Change from Sep 07-Nov 07	1.5%
Jan-08	\$2,629
% Change from Nov 07-Jan 08	-4.3%
% Change from Jan 07-Jan 08	13.0%

Note: updated bimonthly; freight rates are all inclusive BAF and THC both ends per 40-ft container (US dollar) and are based on 40 individual routes.

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Far Eastern dominance

Preliminary port figures for January 2008 show a y-o-y growth of 11.7% in global container handling activity. Revised throughput figures for December has resulted in a downward revision in global handling to 12.8% compared to Drewry's previous estimate of 15.8%. This has been primarily due to low growth rates attained at some Spanish and North American ports. Chinese ports continue to experience strong throughput figures with overall volumes growing y-o-y by over 20%. Container volumes in the Indian Subcontinent also increased by an impressive 16% y-o-y during January.

Singapore maintained its number one port position by handling 2.45 million teu in January, representing a 13% y-o-y growth. But Shanghai is growing faster, with a 15% rise in volumes last month, claiming a throughput of 2.35 million teu. Presently, there are five Chinese ports among the top ten container handling ports in the world (including Shenzhen, Guangzhou, Ningbo and Qingdao). Major ports in North America continued their dismal performance; the throughput at Los Angeles, Long Beach, Oakland and Seattle fell by about 6%, 12%, 4% and 10% respectively due mainly to poor inbound traffic from Asia.

The global container fleet stood at 10.85 million teu as of end January 2008, up 14% y-o-y. Newbuild ordering witnessed a brisker market as compared to December- a total of 86,550 teu of capacity was ordered in the reporting period. Still showing some interest in large container ships, Hapag-Lloyd ordered six vessels of 8,750 teu capacity at Hyundai Heavy. The total orderbook now stands as 6.51 million teu in January which is 60% of the current global fleet.

The charter market remained quite stable in January with daily charter rates for ships of 1,500 teu and 500 teu capacity increasing marginally and the rest remaining stable. Backed by several long term charters by Hanjin and Hyundai, the average charter period was 23 months, although lower than the 30 months witnessed in December. Hanjin placed the largest number of fixtures with a total of 115,085 teu.

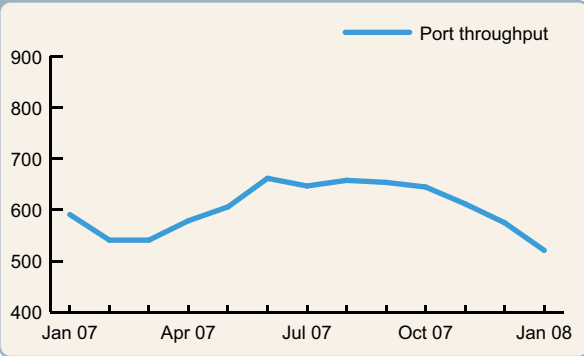
The impact of successful implementation of higher bunker surcharges and healthy freight rate restorations on the Asia-Europe trades meant that the Drewry Global Freight Rate index experienced a 13% increase in average rates over the January 2007 to January 2008 period.

Our view

Despite encouraging results posted by a few of the major liner companies, dark clouds still hover above the industry due to US slowdown concerns and possibly even higher fuel prices in 2008. Buoyant Far East to Europe trades have definitely helped ship owners to post better results. With the headhaul transpacific and transatlantic trades showing weakness in 2007 and with no signs of real improvement for 2008, much of the industry focus remains on the continued hardness of freight rates in Asia-Europe trades and their ability to absorb new tonnage.

regional growth in container activity

Long Beach ('000 teu)

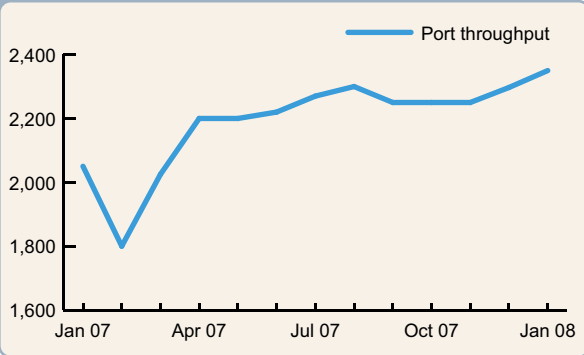


Far East growth - backed by China

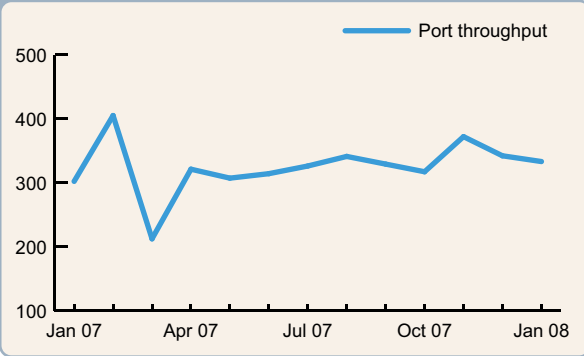
Despite a slump in US imports from the Far East, the major container handling ports in the region have again showed a robust y-o-y growth of over 15% during January. The growth has been backed by increases in traffic at the main Chinese ports. Other ports in the region – Kaohsiung and Keelung, grew marginally by just over 2% and 1% respectively.

The largest container handling port in the Indian Subcontinent – Jawaharlal Nehru, experienced a slight fall in container handling growth with total traffic growing by just over 10%. However, Chennai and Mundra, experienced healthy growth rates of 31% and 22% respectively – much of the traffic from China.

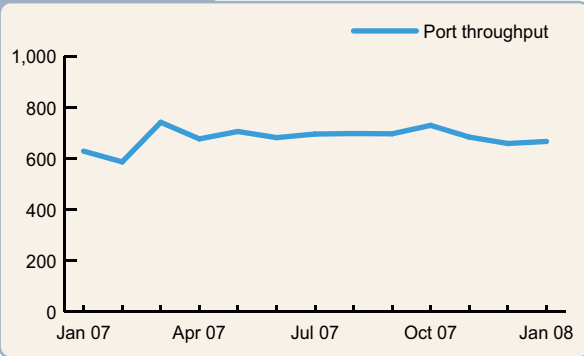
Shanghai ('000 teu)



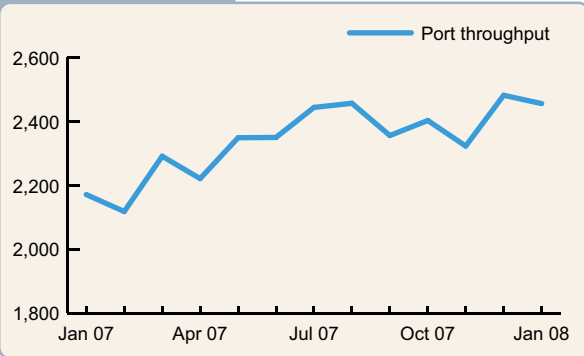
JNP-India ('000 teu)



Antwerp ('000 teu)



Singapore ('000 teu)



Regional Growth in Container Activity

Region	Mar 07	Apr 07	May 07	Jun 07	Jul 07	Aug 07	Sep 07	Oct 07	Nov 07	Dec 07	Jan 08*
North America	0.5%	0.3%	1.2%	2.9%	5.7%	1.3%	4.2%	-1.6%	-2.7%	-0.8%	-7.6%
Far East	5.7%	15.1%	13.9%	19.8%	13.7%	15.2%	13.2%	12.6%	12.5%	20.8%	15.7%
Western Europe	12.7%	11.6%	9.1%	10.2%	11.2%	10.5%	9.6%	11.7%	8.8%	3.6%	5.0%
South East Asia	11.8%	14.5%	13.0%	15.3%	14.2%	8.7%	-8.6%	11.0%	10.6%	13.1%	13.1%
Oceania	14.2%	8.0%	8.8%	3.6%	-27.9%	-20.8%	-26.1%	-1.9%	-7.0%	-5.5%	21.7%
Mid-East	27.9%	17.5%	18.2%	17.3%	22.3%	15.7%	18.3%	19.9%	15.9%	9.3%	4.2%
Latin America	15.9%	8.8%	11.0%	8.8%	9.7%	12.8%	6.1%	8.1%	-1.0%	2.3%	16.3%
Eastern Europe	-11.4%	56.3%	61.1%	60.6%	11.6%	13.6%	10.9%	54.4%	44.9%	47.3%	27.5%
South Asia	8.5%	14.4%	22.0%	23.0%	23.4%	25.6%	20.4%	19.4%	29.7%	14.5%	15.8%
Total Selection	8.7%	12.6%	11.5%	14.3%	11.8%	10.9%	7.6%	10.3%	9.2%	12.8%	11.7%
China (excl HK)	13.4%	23.4%	22.9%	24.5%	18.6%	21.8%	29.9%	29.9%	20.6%	29.9%	20%

* Figures are preliminary due to lack of data, basis selected available data only

Strong financials

Several of the big ocean carriers released robust financial figures in February, but some offer mixed signals as to the real health of the container market for this year. There remain major concerns about the transpacific trade despite the ongoing strength of the Far East/Europe volumes which have helped to boost company's coffers. The state of the US economy and the level of consumer buying will continue to be closely monitored by the industry.

Japanese shipping giant NYK nearly doubled its net profit for the first nine months of its current fiscal year (to end December 2007) recording a figure of US\$ 816 million and representing a steep y-o-y growth of 91.4%. Liner division revenue, representing 26% of overall group revenue, grew y-o-y by 17% to \$4.41 billion, most of which was provided by increases in Far East/Europe freight rates.

MOL's container business moved towards profitability during the same period. For the first nine months of its current fiscal year, the company's net profit soared by 66%, reaching a total of US\$ 1.3 billion for the period ending December 2007. MOL's liner revenue grew by 22% to \$4.9 billion over the same period, boosted by a 15% increase in transpacific liftings and an 8% increase in Far East to Europe traffic. However, this was not enough to cover increased bunker and US intermodal costs and profit fell short of expectations. MOL stated that it is concerned about the ability of the industry to absorb transpacific losses this year and hence, the upcoming shipper contract negotiations are vitally crucial and place even more emphasis on the carrier desire to separate BAF from the current "all-in" rates.

K Line group net profit showed an impressive growth of 91% over the nine month period to end December 2007 to \$595 million. The results did not signify how much of this was contributed to by the company's liner division, but group container liftings increased by 17% during the period. Liner profit was less than expected due to the increases in oil prices.

Singapore based APL (part of the NOL group) saw its 2007 revenues increase y-o-y by 15% to \$6.9 billion and with EBIT increasing by a substantial 56% to \$533 million. The ocean carrier experienced a 12% increase in its annual liftings to 2.4 million teu, boosted by very strong flows from Asia to the Mid-East.

For the moment, rumours abound concerning a possible merger between the NOL group and German giant Hapag-Lloyd. If it goes through, it will create the third largest liner shipping company.

More tonnage to Asia

The reporting period saw very little activity concerning the launch of major new services, although that is usual for this time of year when many carriers temporarily cull capacity by dry docking vessels for repair and maintenance. Nevertheless, a number are in the pipeline for the next few months. Only one major liner service was started in February, on the Asia-IndSub-Asia route. Ocean carriers are increasingly focusing on this as a single trade and separating it from previously joint services which were combined with calls to the Mid-East. Westbound volumes to this region are increasing annually by 20%.

South Korean ocean carriers Hanjin and KMTC have joined with CNC to launch a weekly loop linking China, South Korea, South East Asia and India. Dubbed the China India Service (CIS), it will be operated by five vessels of around 2,000 teu. This adds a further 104,000 teu on this growing trade route. The port rotation stands as Xingang, Qingdao, Pusan, Hong Kong, Singapore, Port Kelang, Jawaharlal Nehru, Port Kelang, Singapore, Hong Kong and back to Xingang.

Taiwan based Evergreen Marine and Cosco have decided to increase capacity on their jointly operated Far East/East Coast America service. The loop is currently served by 2,800 teu capacity vessels, which will be replaced by 3,500 teu units with effect from end February. It is understood that there is a great need to shuttle empty containers on this route from Buenos Aries to Santos which is an area of container deficit.

Maersk Line will adjust its two Far East/Africa services by switching port calls and adding new calls at Abidjan in the Ivory Coast. The Far East West Africa 2 (FEW2) service will cease to call at Lome and Cotonou and will add calls to Walvis Bay and Abidjan. In turn, the FEW1 will pick up calls at Lome and Cotonou (dropped by the FEW2) and will stop calling at Walvis Bay.

MOL has decided to consolidate two of its Far East/South Africa services into one loop – the Singapore Durban Shuttle (ZAX) and Shanghai Singapore Service (CS1). The new string will utilise seven ships of 1,600-1,700 teu range calling at Shanghai, Xiamen, Yantian, Hong Kong, Singapore, Durban, Maputo, Singapore and back to Shanghai.

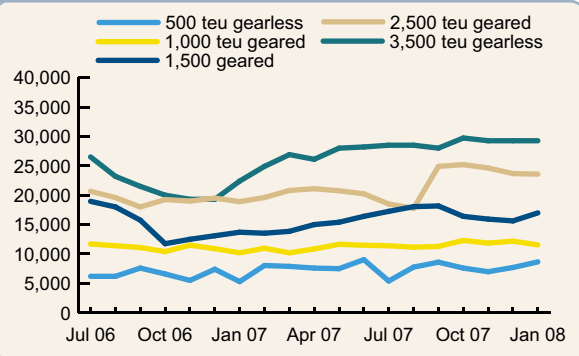
In an effort to improve its intra-Asia service offerings, Hong Kong based CSAV Norasia and Gold Star Line will alter their jointly run Vietnam, Thailand and Indonesia (VTX) service. The service will now run with four container ships of about 900 teu capacity each. The VTX will start calling at Port Klang and will be changed into three loop service instead of current two.

New liner services

Month	Carrier	Trade Route	Service Name	Freq	Port Rotation	Average Teu/Ship	Annualised Operational Capacity (Teu)
Feb 08	Hanjn/KMTC/CNC	Asia-IndSub-Asia	CIS	Weekly	XGG QIN PUS HKG SIN PKG JNP HKG XGG	2,000	104,280

the charter and S&P market

Monthly Time Charter Rates (US\$/day)



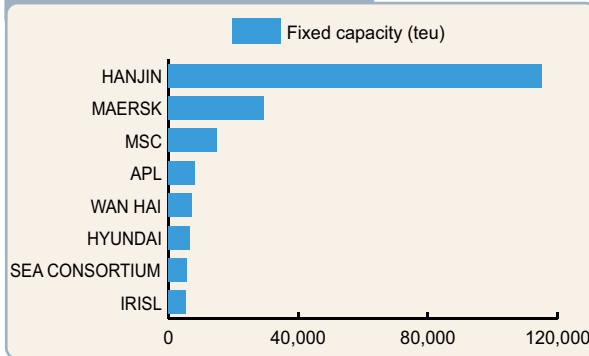
Source: Drewry

Market picks up slightly

Newbuild ordering showed a slight pick up during January as compared to last month, with a total tonnage of 86,550 teu ordered. Significant orders included 6 x 8,750 teu vessels by Hapag-Lloyd at Hyundai Heavy Industries and 7 x 4,500 teu by Yang Ming at China Shipbuilding Corporation (CSBC).

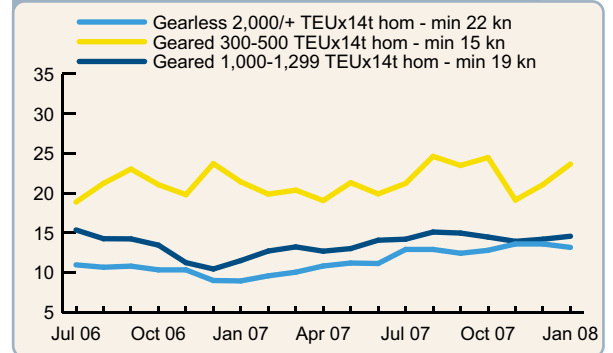
Backed by several long term charters by Hanjin and Hyundai, the average charter period stood at 23 months. Hanjin chartered eight container ships of 12,500 teu capacity for about 144 months at a daily charter rate of US\$ 59,950.

Top 8 Charterers in January 2008



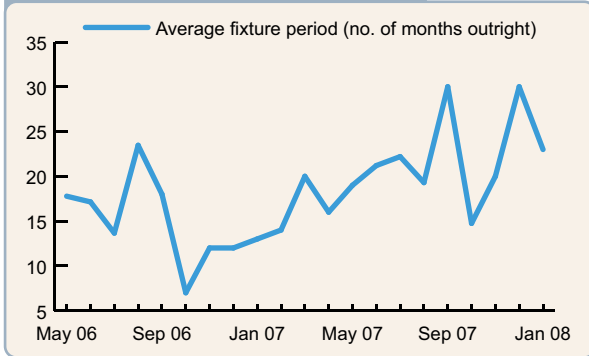
Source: Drewry

Hamburg Index - Monthly Charter Rates (US\$/teu)



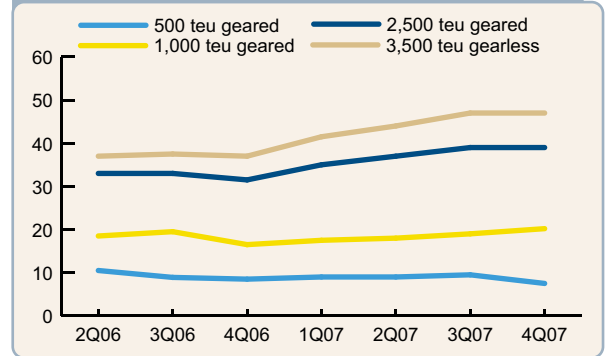
Source: Hamburg Shipbroker's Association

Average Fixture Period (no. of months)



Source: Drewry

Quarterly Second-hand Prices (US\$ mio - 10 year old)



Source: Drewry

Containership Newbuilding/Delivery in January

Teu Range	New Building Orders in January		Deliveries in January	
	No. of Vessels	Total Teu	No. of Vessels	Total Teu
0-2,000	3	2,550	4	4,956
2,001-4,000	0	0	6	15,675
4,001-6,000	7	31,500	9	41,785
6,001-8,000	0	0	3	20,302
8,000+	6	52,500	2	17,800
Total	16	86,550	24	100,518

World (cellular) Containership Fleet: 31st January 2008

Size Range (Teu)	No. of Vessels	%	Total Capacity (Teu)	%	Average Speed (Knots)	Age (Years)
<500	438	10.0%	136,082	1.3%	13.9	22.1
500-999	793	18.1%	581,846	5.4%	16.9	11.7
1,000-1,499	649	14.8%	767,225	7.1%	18.5	12.7
1,500-1,999	514	11.7%	874,038	8.1%	19.8	11.4
2,000-2,499	312	7.1%	713,869	6.6%	20.8	11.8
2,500-2,999	366	8.4%	995,965	9.2%	21.9	10.3
3,000-3,999	334	7.6%	1,142,524	10.5%	22.6	12.8
4,000-4,999	390	8.9%	1,713,137	15.8%	24.1	7.4
5,000-5,999	252	5.8%	1,366,551	12.6%	25.2	5.5
6,000-6,999	126	2.9%	816,078	7.5%	25.2	5.1
7,000-7,999	51	1.2%	374,043	3.4%	25.1	5.3
8,000-8,999	108	2.5%	892,408	8.2%	25.0	2.2
9,000-9,999	39	0.9%	363,315	3.3%	24.8	1.9
10,000+	9	0.2%	114,600	1.1%	25.2	1.3
Total	4,381	100.0%	10,851,681	100.0%	20.0	11.5

Containership Orderbook by Size and Scheduled Delivery Year: Teu Capacity at 31st January 2008

Size Range (Teu)	Orderbook						Current Fleet	% of Current Fleet
	2008	2009	2010	2011	2012	Total		
<500	807					807	136,082	0.6%
500-999	90,638	18,970	12,414	1,900		123,922	581,846	21.3%
1,000-1,499	112,908	83,323	23,228	7,000	1,000	227,459	767,225	29.6%
1,500-1,999	87,783	81,147	29,278	13,880	7,200	219,288	874,038	25.1%
2,000-2,499	23,540	10,450	12,900			46,890	713,869	6.6%
2,500-2,999	165,202	93,986	69,640	26,800		355,628	995,965	35.7%
3,000-3,999	73,757	92,210	90,091	7,200		263,258	1,142,524	23.0%
4,000-4,999	272,573	389,576	196,294	82,830	69,500	1,010,773	1,713,137	59.0%
5,000-5,999	129,222	68,060	51,600	37,672	16,500	303,054	1,366,551	22.2%
6,000-6,999	208,544	307,168	187,288	32,900	13,200	749,100	816,078	91.8%
7,000-7,999	46,200		28,000			74,200	374,043	19.8%
8,000-8,999	201,182	216,802	347,206	111,680	8,750	885,620	892,408	99.2%
9,000-9,999	93,600	38,800	9,300	18,600		160,300	363,315	44.1%
10,000+	95,600	340,900	637,348	879,176	139,962	2,092,986	114,600	1826.3%
Total	1,601,556	1,741,392	1,694,587	1,219,638	256,112	6,513,285	10,851,681	60.0%

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Container Insight

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