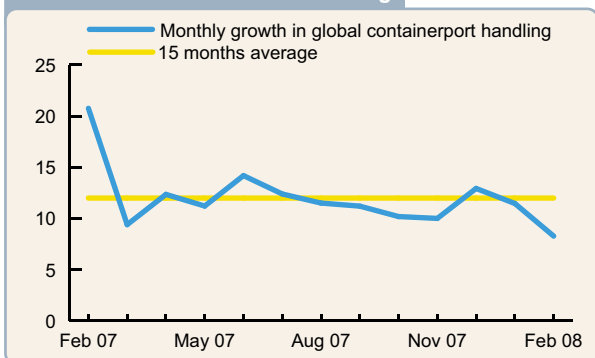
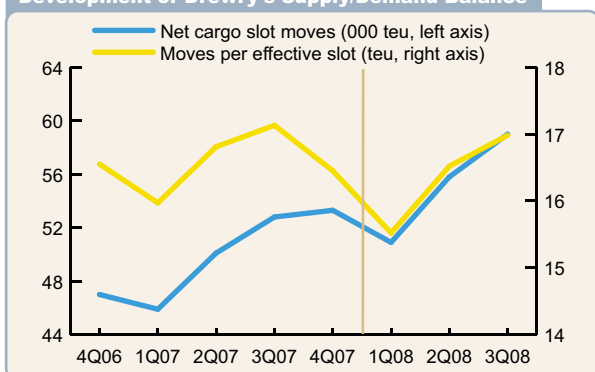


Growth in Global Container Handling



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.

Chinese New Year shows impact

Preliminary port figures for February 2008 showed a downward trend in container handling activity. The reporting period witnessed a y-o-y growth of just 8.2%, primarily due to the low growth achieved at some Far Eastern and North American ports. However, it should be stressed that throughput figures of ports in several key regions such as the Mid-East (Dubai) and Southern Europe were unavailable and Drewry will amend February figures next month. Revised throughput volumes for January has resulted in a slight downward trend in global handling to 11.4%, as compared to Drewry's previous estimate of 11.7%.

The reporting period saw a slight slowdown in the growth at some large Asian ports. On the basis of available data, the y-o-y container handling growth at selected Far Eastern ports fell from 15.8% in January to 8.1% in February, although the Chinese New Year was almost certainly a big factor. The largest container handling port – Singapore, posted 9% y-o-y growth in February by handling 2.3 million teu. After an average growth of above 20% in 2007, Shanghai experienced y-o-y growth of just over 1% over the same period. Overall, major Chinese ports experienced a collective y-o-y growth of 10.5% in February. Key US ports continued to show a dismal performance. Traffic at Los Angeles and Long Beach fell by about 5.5% and 2.1% respectively, mainly due to poor imports from Asia.

The global container fleet stood at 10.9 million teu as of end February 2008, up 14% y-o-y. The share of super-Post Panamax ships of capacity of more than 8,000 teu increased to about 13% in February, from 10.3% exactly a year ago. Shipowners' interest in vessels of 10,000+ teu remains firm, largely due to the envisaged economies of scale. Ordering activity has definitely slowed down, but there still seems to be a reasonable amount of money left in the system with eight more container ships of 13,100 teu capacity ordered. In all, a total of 105,974 teu of tonnage was ordered. The current global containership orderbook stands at 6.54 million teu which is about 60% of the current fleet.

The charter market showed an upward trend in rates for almost all categories of ships, except for smaller capacity vessels of 500 teu. A total of 222,026 teu was reported to be fixed in February. MSC was the most active charterer, fixing a total tonnage of 35,510 teu.

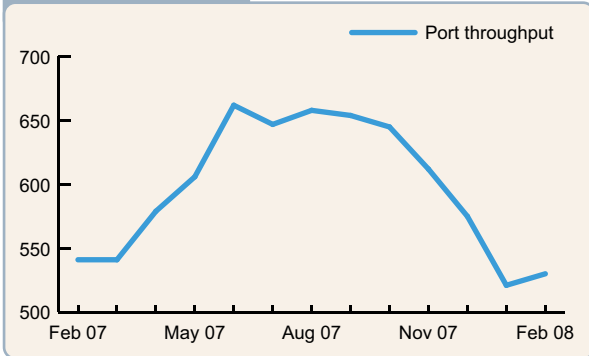
Our view

Some full year 2007 financial figures released by ocean carriers suggest that much improved Far East/Europe rates had a significant impact on the bottom line despite the large increases in fuel costs which were not recovered on the transpacific trade. The Far East to Mid-East trade has also seen stellar performances for the carriers. Trade growth on the transpacific headhaul trade continues to pose problems for shipping lines and the new 2008/09 shipper contract negotiations are of vital importance since carriers will insist on their customers paying a floating BAF, rather than previously negotiated "all-in" rates with minimal BAF elements.

Global growth in container activity	01
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regional growth in container activity

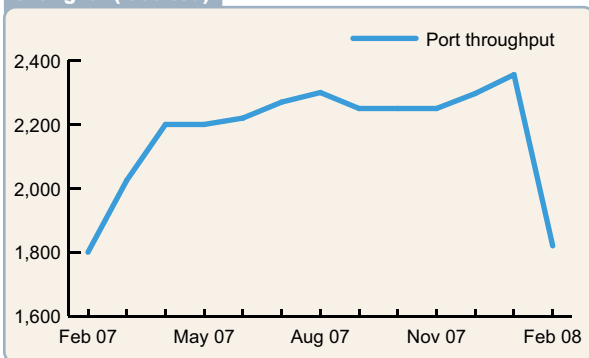
Long Beach ('000 teu)



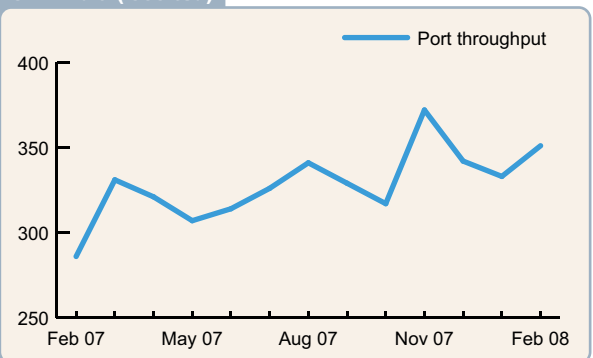
Slowdown at major Far East ports

For the first time in the past few months, major container handling ports in the Far East region witnessed a sharp slump in container traffic – most probably heavily impacted by the CNY holidays. Throughput at Chinese ports grew by 10.5% y-o-y, significantly down on recent trends, with Shenzhen even showing a decline of -1.1%. The fall in volumes has led to a short-term softening of freight rates on some trades and it will be interesting to see by how much volumes pick up in March and April to determine if there are any longer term negative impacts. US port performance remains poor.

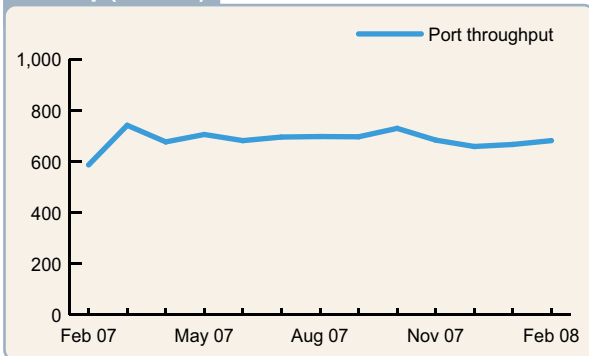
Shanghai ('000 teu)



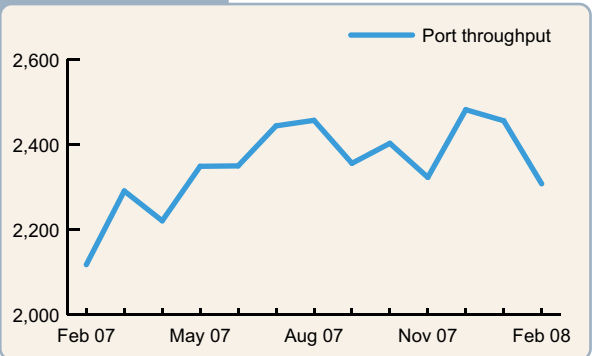
JNP-India ('000 teu)



Antwerp ('000 teu)



Singapore ('000 teu)



Regional Growth in Container Activity

Region	Apr 07	May 07	Jun 07	Jul 07	Aug 07	Sep 07	Oct 07	Nov 07	Dec 07	Jan 08	Feb 08*
North America	0.3%	1.2%	2.9%	5.7%	1.3%	4.2%	-3.7%	-2.9%	-0.3%	-6.9%	0.4%
Far East	15.0%	13.9%	19.8%	13.9%	15.4%	13.2%	12.7%	12.5%	20.5%	15.8%	8.1%
Western Europe	11.7%	9.0%	10.2%	11.4%	10.7%	9.8%	11.7%	9.2%	4.1%	6.1%	10.4%
South East Asia	14.5%	13.0%	15.3%	14.2%	8.7%	10.0%	11.0%	11.8%	13.9%	13.1%	9.0%
Oceania	8.0%	8.8%	3.6%	8.1%	12.7%	6.9%	9.1%	3.8%	5.5%	14.0%	4.1%
Mid-East	17.5%	18.2%	17.3%	22.3%	15.7%	18.3%	17.7%	18.7%	9.9%	9.2%	15.7%
Latin America	9.1%	11.0%	10.7%	8.4%	13.2%	6.5%	9.6%	-1.6%	2.4%	8.7%	12.6%
Eastern Europe	26.0%	31.0%	30.0%	11.6%	13.6%	10.9%	15.1%	64.1%	64.7%	28.5%	20.8%
South Asia	14.4%	22.0%	23.0%	21.1%	21.6%	18.9%	20.3%	29.5%	12.2%	15.7%	27.4%
Total Selection	12.3%	11.2%	14.2%	12.4%	11.5%	11.2%	10.2%	10.0%	12.9%	11.4%	8.2%
China (excl HK)	23.4%	22.9%	24.5%	18.6%	21.8%	29.9%	29.9%	20.6%	29.9%	20%	10.5%

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

Financial recovery

The reporting period saw the release of some improved financial results from some of the major liner operators despite their continued reference to increased operational costs. Buoyed by increased volumes on the Far East/Europe and intra-Asia trades, together with the successful implementation of fuel surcharges, some lines have been able to post better than expected financial results.

Denmark based AP Moller-Maersk announced modest financial results for 2007, after a very poor 2006. The group's revenue increased by 7.2% to US\$ 51.2 billion and the net profit rose by 15.3% to US\$ 3.4 billion. The liner business returned a profit of US\$ 217 million last year, compared to a loss of US\$ 568 million in 2006. Total liner revenue increased marginally by 5.5% year-on-year to US\$ 26.7 billion in 2007. The container shipping arm accounted for 52% of the group's total revenue but only 6% of the profit. Average freight rates, including the bunker adjustments were 5% higher year-on-year and below figures released by competitors.

In comparison, Marseille based CMA CGM posted an extremely healthy jump in net income for 2007. The company experienced a 58% y-o-y hike in net income to US\$ 966 million. Overall revenue increased by 40% to US\$ 11.8 billion and the volume of containers handled rose by 29% to 7.68 million – much boosted by the acquisition of CNC. Banking heavily on Asian export growth, CMA CGM launched 42 services last year out of which 21 services were in the intra-Asian markets. The company cited strong freight rates in the second half of the year as a major reason for the good results.

As compared to a loss of US\$ 168 million in year 2006, Hapag-Lloyd showed a smart recovery last year by posting an operating profit of US\$ 482 million. Total container volumes increased by 9% to 5.45 million teu.

Amid speculation of the company's merger with some other shipping line (NOL/Hamburg Sud?), parent company TUI has reportedly reached a decision to divest its shipping interests in Hapag-Lloyd. The sale of Hapag-Lloyd now seems possible in the near future, but a deal for the \$7 billion rated company is not yet concluded.

A step up of services

After a sleepy winter period for service adjustments, March saw the launch of new strings based on growing Far East export trade and re-adjustments in east/west trades. Quite a few still remain in the pipeline to commence in April and May.

The Japanese duo - K Line and MOL, launched two new weekly loops, WL1 and WL2, replacing the existing CWL/New Andes service operating between Asia and the West Coast of South America which used 10 ships averaging 2,443 teu. Covering Mexico and Chile, WL1 will deploy nine vessels of 2,500 teu capacity each. WL2 will cover Mexico, Columbia and Peru and will use eight ships of 1,700 teu capacity. Southbound trade from Asia is forecast to grow by 12% year-on-year in 2008.

French shipping giant CMA CGM, along with its recently acquired subsidiary, CNC Line, launched a second weekly loop, parallel to its Asia-IndSub-Mid-East service, CIMEX. The loop, dubbed CIMEX2, will use five container ships of 2,500 teu capacity each. The port rotation stands as Xiamen, Shantou, Chiwan, Laem Chabang, Port Klang, Colombo, Jawaharlal Nehru, Jebel Ali and Port Klang.

Growing intra-Asia trade has lured Danish giant Maersk Line to introduce a brand new service, the IA3. The loop deploys two ships of 4,000 teu capacity each and will link the ports of Kaohsiung, Xiamen and Hong Kong with Maersk's South East Asian hub of Tanjung Pelepas. The new service will add about 208,500 teu of annualised capacity on this trade. These ships are large for this trade lane, but will carry both feeder and local cargo.

Evergreen started a weekly feeder service to connect Haiphong with its Kaohsiung hub, deploying a single vessel of 580 teu capacity.

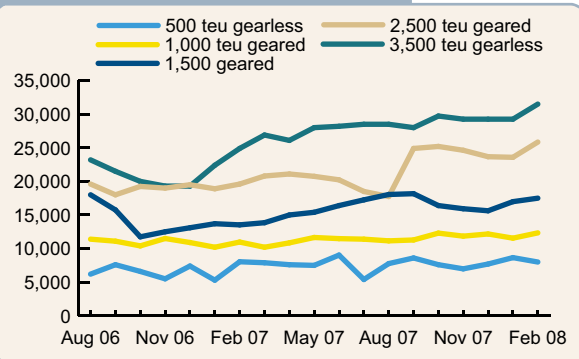
In continued efforts to cut its exposure on unprofitable routes, Maersk Line is to terminate its slot charter agreement with Hamburg Sud on the NASA loop operating between East Coast South America and North America. After agreeing to team up on the transpacific (in April), Maersk and CMA CGM will also co-operate on the transatlantic trade. Terminating its Liberty Express service, operated in conjunction with CSCL, the French operator is to take 900 teu weekly slots on Maersk's TA3/TP7. This will give welcome respite to the remaining vessel operators on the trade.

New liner services

Month	Carrier	Trade Route	Service Name	Freq	Port Rotation	Average Teu/Ship	Annualised Operational Capacity (Teu)
Mar 08	K Line/MOL	Asia-CAM-WCSA-Asia	WL1	Weekly	KEE HKG CWN XMN SHA QIN PUS MIT IQQ VAP LQN YOK KEE	2,500	130,350
Mar 08	K Line/MOL	Asia-CAM-WCSA-Asia	WL2	Weekly	YOK NBO SHA PUS MIT BUN CLL YOK	1,700	88,638
Mar 08	CMA CGM	Asia-IndSub-Asia	CIMEX 2	Weekly	XMN SWA CWN LCH PKG CMB JNP JEA PKG XMN	2,500	130,350
Mar 08	Maersk	Intra-Asia	IA3	Weekly	TPP SIN HKG KHH XMN HKG TPP	4,000	208,560
Mar 08	Evergreen	Intra-Asia	KHP	Weekly	KHH HPH KHH	580	30,241
Mar 08	Evergreen	Med-Af-Med	TFS	Every 10 days	TAR CVV SPE TUN MRA TAR	612	22,338

the charter and S&P market

Monthly Time Charter Rates (US\$/day)

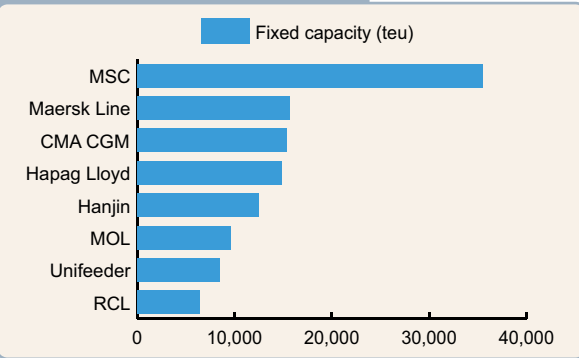


Source: Drewry

Credit worries start to impact on orders

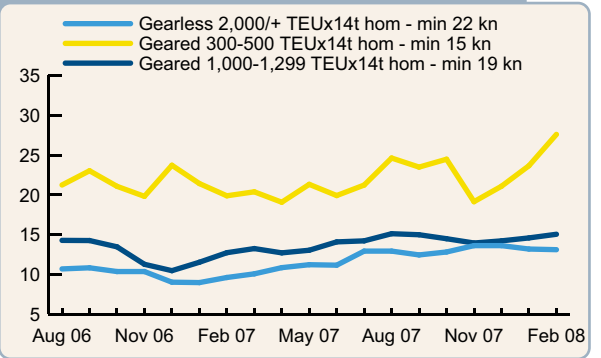
Newbuild ordering did not witness as much significant activity in the reporting period, with the exception of a single new order of eight vessels of 13,100 teu capacity by MPC, Germany from Hyundai Heavy Industries. The vessels are due for delivery in 2011-12. Amid the continued US banking crisis, there are fears that some existing orders may not be financed and eventually may fall through. It looks as if sentiment has impacted to some extent on the level of ordering compared to 4Q07.

Top 8 Charterers in February 2008



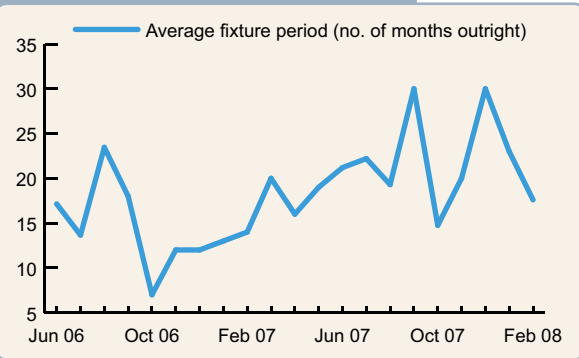
Source: Drewry

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



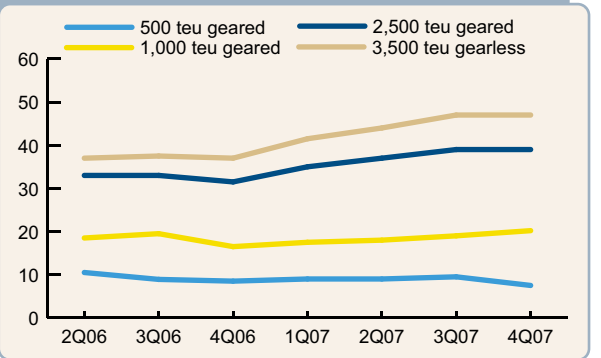
Source: Hamburg Shipbroker's Association

Average Fixture Period (no. of months)



Source: Drewry

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



Source: Drewry

Containership Newbuilding/Delivery in February

Teu Range	New Building Orders in February		Deliveries in February	
	No. of Vessels	Total Teu	No. of Vessels	Total Teu
0-2,000	2	1,174	3	2,430
2,001-4,000	0	0	3	8,988
4,001-6,000	0	0	0	0
6,001-8,000	0	0	2	13,310
8,000+	8	104,800	3	30,200
Total	10	105,974	11	54,928

World (cellular) Containership Fleet: 29th February 2008

Size Range (Teu)	No. of Vessels	%	Total Capacity (Teu)	%	Average Speed (Knots)	Age (Years)
<500	438	10.0%	136,082	1.2%	13.9	22.1
500-999	793	18.0%	581,354	5.3%	16.9	11.6
1,000-1,499	652	14.8%	770,635	7.1%	18.5	12.6
1,500-1,999	516	11.7%	877,638	8.0%	19.8	11.4
2,000-2,499	310	7.1%	709,855	6.5%	20.8	11.9
2,500-2,999	368	8.4%	1,001,165	9.2%	21.9	10.2
3,000-3,999	336	7.6%	1,149,012	10.5%	22.6	12.7
4,000-4,999	390	8.9%	1,713,319	15.7%	24.1	7.4
5,000-5,999	252	5.7%	1,366,551	12.5%	25.2	5.5
6,000-6,999	129	2.9%	835,738	7.7%	25.3	5.0
7,000-7,999	51	1.2%	374,043	3.4%	25.1	5.3
8,000-8,999	111	2.5%	917,708	8.4%	25.1	2.2
9,000-9,999	39	0.9%	363,315	3.3%	24.8	1.9
10,000+	10	0.2%	128,100	1.2%	25.2	1.2
Total	4,395	100.0%	10,924,515	100.0%	20.1	11.4

Containership Orderbook by Size and Scheduled Delivery Year: Teu Capacity at 29th February 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	87,930	18,970	13,588	1,900		122,388	581,354	21.1%
1,000-1,499	93,866	81,955	23,228	7,108	1,036	207,193	770,635	26.9%
1,500-1,999	87,733	79,347	29,278	13,880	7,200	217,438	877,638	24.8%
2,000-2,499	25,547	10,450	12,900			48,897	709,855	6.9%
2,500-2,999	160,002	93,986	69,640	26,800		350,428	1,001,165	35.0%
3,000-3,999	67,269	92,210	90,091	7,200		256,770	1,149,012	22.3%
4,000-4,999	272,573	389,576	196,294	82,830	69,500	1,010,773	1,713,319	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	188,884	307,168	187,288	32,900	13,200	729,440	835,738	87.3%
7,000-7,999	46,200		28,000			74,200	374,043	19.8%
8,000-8,999	175,882	216,802	347,206	111,680	8,750	860,320	917,708	93.7%
9,000-9,999	93,600	38,800	9,300	37,200		178,900	363,315	49.2%
10,000+	82,100	340,900	637,348	957,776	166,162	2,184,286	128,100	1705.1%
Total	1,511,615	1,738,224	1,695,761	1,316,946	282,348	6,544,894	10,924,515	59.9%

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Container Insight

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