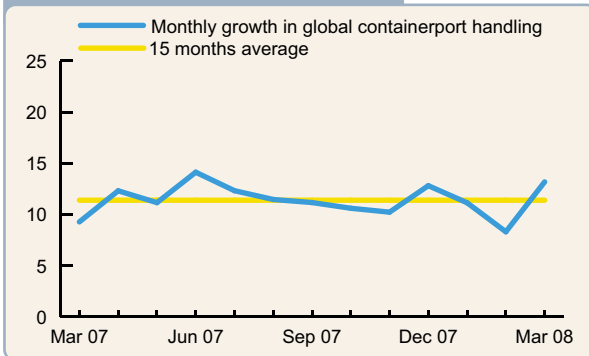
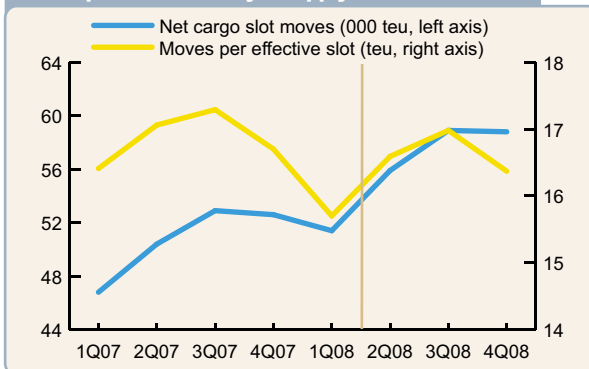


Growth in Global Container Handling



Development of Drewry's Supply/Demand Balance



Drewry Global Container Freight Rate Index

Jul-07	\$2,581
% Change from May 07-Jul 07	12.8%
Sep-07	\$2,707
% Change from Jul 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%
Mar-08	\$2,556
% Change from Jan 08-Mar 08	-2.8%
% Change from Mar 07-Mar 08	9.2%

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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Port activity picks up

Preliminary port figures for March 2008 showed an upwards trend in container handling activity. The reporting period witnessed a y-o-y growth of about 13.2% which is primarily due to high growth achieved at certain Far Eastern ports. Throughput figures for several key regions such as Southern Europe (Spain) and Mid-East are missing and Drewry will amend March figures next month. Revised throughput figures for February have resulted in a very marginal upward trend in global handling to 8.3%, as compared to Drewry's previous estimate of 8.2%. The Chinese New Year was certainly a factor in the slowdown here.

Singapore remained the world's top container handling port in March. It handled 2.57 million teu, growing year-on-year by over 12%. Shanghai is catching up fast and is poised to claim the number one position very soon. The Chinese port handled container traffic of 2.39 million teu, representing a year-on-year increase of more than 18%. Hong Kong – the third largest container handling port witnessed a healthy growth in overall traffic, the container throughput grew year-on-year by almost 12%. Amongst the North European ports, Rotterdam and Zeebrugge experienced increases of more than 6% whilst container traffic at Antwerp fell marginally by about 1.7%. Traffic at Indian ports grew year-on-year by 14% over the same period, boosted by imports from China and contributing more to the congestion, particularly at JNP.

The global container fleet grew year-on-year by about 12.5% over the reporting period. The global fleet stood at 4,450 vessels, comprising 11.11 million teu, compared to 9.72 million teu exactly a year ago. The share of container ships in the 8,000+ teu sector has grown from 10.7% in March 2007 to about 13.3% in March 2008. Due to global financial uncertainty and the credit crunch, new build ordering activity has shown a distinct slowdown. The global orderbook stands at 6.44 million teu in March; this is 58% of the total current fleet. Of the current order book, about 50% of the capacity is in the 8,000+ teu range for delivery between 2010-2012.

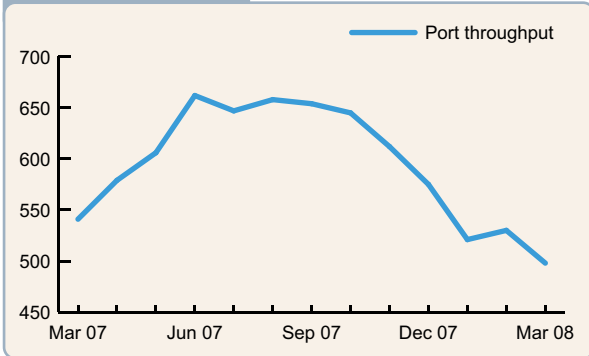
The charter market showed a slight softening of rates for smaller capacity vessels of less than 1,500 teu category. Rates for vessels in the 2,500 teu range showed a marginal improvement. A total of 195,000 teu was reported to be fixed in March.

Our view

The 2007 financial results which have been released by several carriers indicate that the market is strong, but there remain a good number of question marks over this year and the ability of the industry to remain as healthy. Some negative factors are evolving, including the continued weakness of the transpacific, signs of softening rates in the Far East to Europe trade and definite overcapacity in the trade to the Black Sea. Fuel costs are still rising and the negotiations between carriers and shippers on the bunker surcharge will be critical this year.

regional growth in container activity

Long Beach ('000 teu)

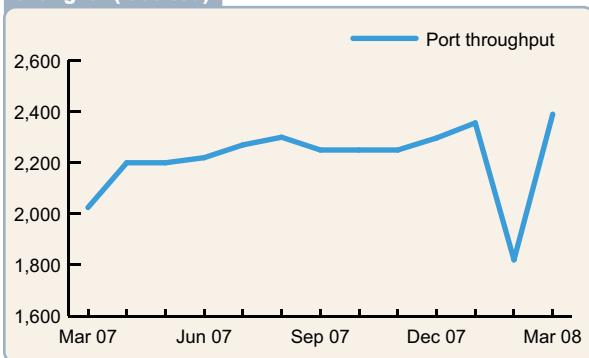


Far East ports gaining momentum

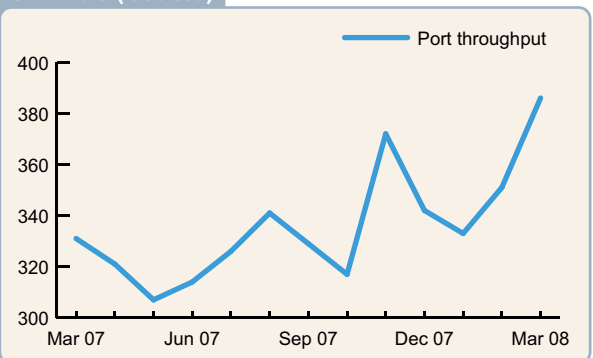
After a brief lull during the Lunar New Year holiday period, traffic at Far Eastern ports bounced back in March. Chinese ports claimed a y-o-y increase of more than 25% over the reporting period. Shenzhen ports, Guangzhou, Ningbo and Tianjin registered growth rates of about 43%, 50%, 23% and 23.5% respectively.

The major container handling ports of the US continued to perform rather poorly with container traffic posting negative growths at Los Angeles, Long Beach, New York, Oakland, Hampton Roads and Tacoma. Perhaps the West Coast contagion is starting to spread to the East Coast?

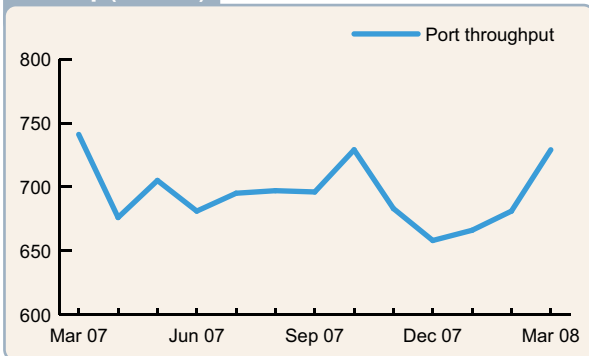
Shanghai ('000 teu)



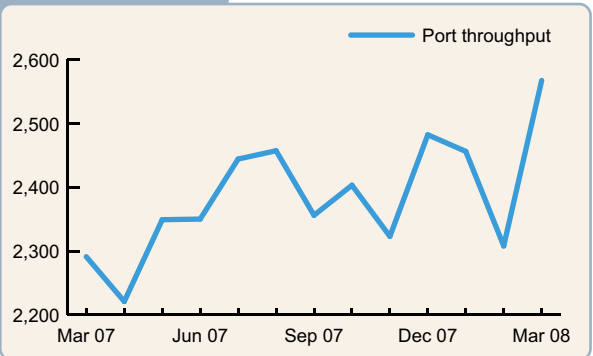
JNP-India ('000 teu)



Antwerp ('000 teu)



Singapore ('000 teu)



Regional Growth in Container Activity

Region	May 07	Jun 07	Jul 07	Aug 07	Sep 07	Oct 07	Nov 07	Dec 07	Jan 08	Feb 08	Mar 08*
North America	1.0%	2.8%	5.4%	1.2%	4.0%	-0.2%	-0.2%	1.1%	-2.3%	3.5%	-4.5%
Far East	13.9%	19.8%	13.9%	15.4%	13.2%	12.7%	12.5%	20.6%	15.8%	8.1%	21.4%
Western Europe	9.0%	10.2%	11.4%	10.7%	9.8%	11.7%	9.2%	4.1%	6.9%	7.5%	2.0%
South East Asia	13.0%	15.3%	14.2%	8.7%	10.0%	11.0%	11.0%	14.7%	11.7%	9.0%	12.1%
Oceania	8.8%	3.6%	8.1%	12.7%	6.9%	9.1%	3.8%	5.5%	14.0%	4.9%	2.6%
Mid-East	18.2%	17.3%	22.3%	15.7%	18.3%	17.7%	18.7%	9.9%	9.2%	19.4%	-1.9%
Latin America	10.5%	10.1%	7.7%	12.8%	6.3%	8.9%	-1.7%	1.9%	9.8%	12.4%	6.5%
Eastern Europe	29.5%	28.7%	10.6%	13.3%	11.0%	15.7%	64.8%	66.3%	31.2%	27.7%	0.2%
South Asia	22.0%	23.0%	21.1%	21.6%	18.9%	20.3%	29.5%	13.8%	17.5%	26.0%	14.2%
Total Selection	11.1%	14.1%	12.3%	11.4%	11.1%	10.6%	10.2%	12.8%	11.1%	8.3%	13.2%
China (excl HK)	23.2%	24.8%	20.3%	23.5%	20.7%	20.8%	20.6%	29.9%	21.0%	10.5%	27.1%

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

Encouraging financials

Falling or low freight rates in certain trades, higher operating costs and rapidly increasing fuel prices have impacted the financial performance of major shipping lines in the past year. However, supported by some successful rate increases and surcharge implementation in the buoyant Asia/Europe and Asia/Mid-East trades these factors have definitely helped some lines to post a healthy financial performance for the 2007 financial year. But will this continue, bearing in mind big question marks over the US and UK economies?

Japan's big three shipping lines posted good profits for the financial year ending March 31, 2008. NYK, the largest of the trio, has a big bulk portfolio, but the group's liner division, contributing 26% to total revenue, posted a 16% increase in revenue to \$6.6 billion. Operating profit also saw a useful 21% year-on-year rise to \$110 million.

MOL also has a large bulk division, with the liner segment contributing 34% of group revenue in the last financial year. Liner revenue increased by 21% to \$6.6 billion and although operating profit was a relatively small \$13 million, this was turned around from a \$28 million loss in 2006. As well as a robust performance in the Far East to Europe trade, a 13.3% increase in global liftings to 3.23 million teu helped to boost revenue.

K Line's financial statements are not broken down into as much detail, but as a group, the company's total revenue increased by 23% to \$13.3 billion, with operating profit doubling in the past 12 months to \$128 million – the bulk sector will have contributed a good deal to this figure. Prospects for the 2008 financial year are not as encouraging with a fall in operating profit expected.

China Cosco Holdings reported a huge 37% increase in group revenue last year to \$15.5 billion, with the liner division contributing about 42% to this total and which represented a 14% year-on-year increase to \$6.5 billion. An 11.7% increase in total liftings to 5.7 million teu was helped by a buoyant Chinese domestic market.

Despite good performances from many carriers in 2007, there remain doubts for this year given the increased price of fuel and the still to be concluded transpacific freight rate negotiations. The intended April 1 Far East to Europe GRI was also put back by a month due to some short term market uncertainty.

East-West impetus

The addition of more capacity on the main east/west axis (with the exception of the transpacific) continued throughout April, in preparation for the summer peak season. However, post-Panamax, rather than super post-Panamax tonnage was deployed.

Grand Alliance members launched a new Asia/North Europe service – EU5. The loop operates with eight vessels of 5,500 teu capacity calling Amsterdam, Hamburg, Southampton, Singapore, Shanghai, Ningbo, Xiamen and Singapore. This adds another loop to the up and coming NYK-owned Ceres (Amsterdam) terminal. The annualised operational capacity of 290,000 teu adds about 2.7% to the current total estimated effective capacity.

The New World Alliance carriers and CMA CGM will start a joint weekly service on the Asia/Mediterranean route, although this is staying clear of the Black Sea region. The service is dubbed MED and deploys eight vessels of about 4,250 teu capacity. The alliance will deploy six vessels and CMA CGM two. After a brief lull in volumes over the Chinese New Year, this shows the continued optimism in this trade on the part of the carriers even if there is some concern of overcapacity to the Black Sea.

APL launched a new direct service connecting the ports of Thailand with Karachi and the Mid-East. The Laem Chabang West Asia Express (LWX) will deploy four container ships of average 2,500 teu capacity. The weekly service will call at Laem Chabang, Singapore, Karachi, Jebel Ali, Dammam, Karachi and Singapore.

Maersk Line is also focusing on the growing Far East/Mid-East trade and has just added the FM2 loop to its existing FM1 and FM5 strings. The weekly service is operating with 5 x 2,700 teu vessels and calls at Nansha, Yantian, Tanjung Pelepas, Colombo, Jebel Ali, Dammam, Jebel Ali, Bandar Abbas, Singapore and back to Nansha.

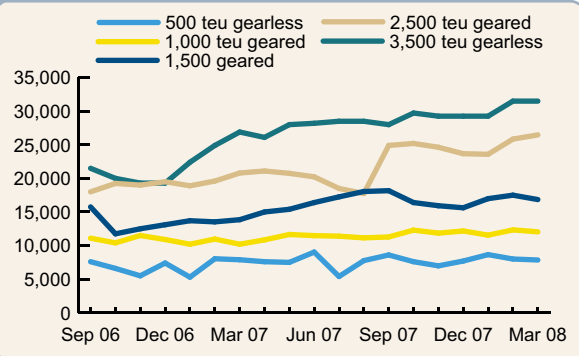
Japanese carrier NYK and Hyundai Merchant Marine are to launch a weekly loop connecting China, Hong Kong, Singapore with South Africa and East Coast South America. The new service is named New Horizon Express (NHX) and deploys 10 vessels of average 2,500 teu capacity. The New Horizon Express replaces the New Good Hope Express service previously operated by NYK, Maersk Line and Hamburg Sud.

New liner services

Month	Carrier	Trade Route	Service Name	Freq	Port Rotation	Average Teu/Ship	Annualised Operational Capacity (Teu)
Apr 08	Grand Alliance	Eur-Asia-Eur	EU5	Weekly	AMS HAM SOU SIN SHA NBO XMN SIN AMS	5,500	286,770
Apr 08	NWA/CMA CGM	Asia-Med-ME-Asia	MED	Weekly	SHA NBO HKG CWN SIN PKG DAM GOA BCN FOS DAM JEA PKG SIN CWN SHA	4,250	221,595
Apr 08	APL	Asia-IndSub-ME-IndSub-Asia	LWX	Weekly	LCH SIN KHI JES DAM KHI SIN LCH	2,500	130,350
Apr 08	Maersk	Asia-ME-Asia	FM2	Weekly	NSA YTN TPP CMB JEA DAM JEA BND SIN NSA	2,700	140,778
Apr 08	NYK/HMM	Asia-SAF-ECSA-Asia	NHX	Weekly	SHA NBO HKG SIN DUR SSZ BUE ITJ PNG SSZ SEP SIN HKG SHA	2,500	130,350

the charter and S&P market

Monthly Time Charter Rates (US\$/day)



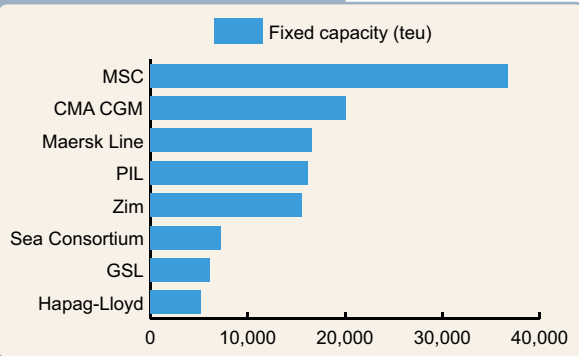
Source: Drewry

Newbuild market cooling off

The newbuild ordering activity remained slow during the reporting period. A total of just over 40,000 teu of new tonnage was ordered in March. Significant amongst these included 8 x 4,250 teu ships ordered by NSB Niederelbe (Germany) from Daewoo, South Korea.

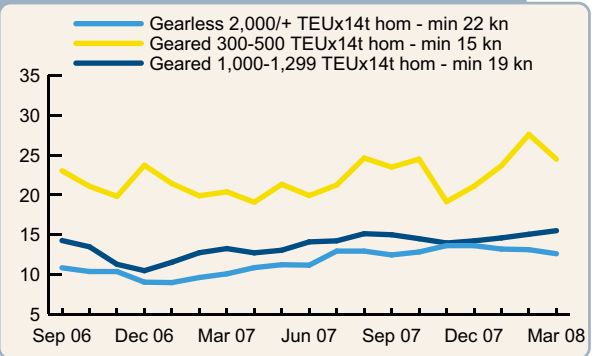
Amidst credit worries for the financing of new ships, it was reported that the Niki Shipping/Evergreen Marine order of 8 x 12,400 teu ships from STX Shipbuilding, has fallen through which will no doubt spread ripples and doubts throughout the industry. Significant new orders of ships are not expected in the short to mid-term.

Top 8 Charterers in March 2008



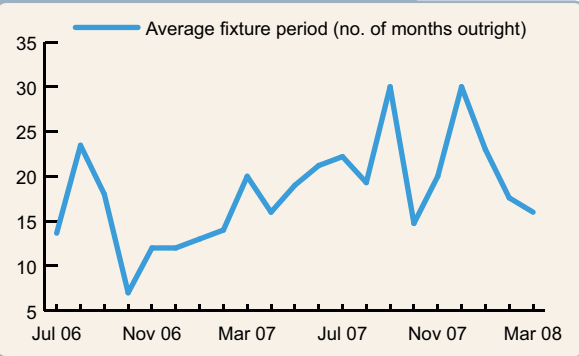
Source: Drewry

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



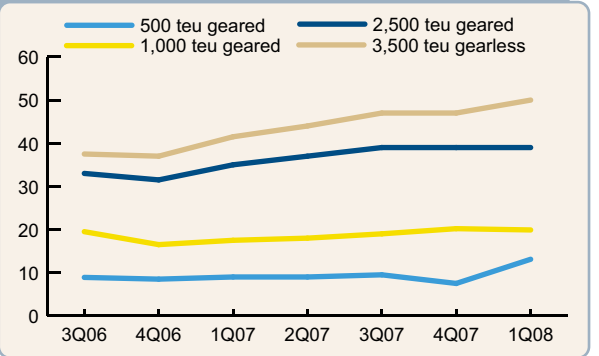
Source: Hamburg Shipbroker's Association

Average Fixture Period (no. of months)



Source: Drewry

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



Source: Drewry

Containership Newbuilding/Delivery in March

Teu Range	New Building Orders in March		Deliveries in March	
	No. of Vessels	Total Teu	No. of Vessels	Total Teu
0-2,000	6	6,560	7	9,856
2,001-4,000	0	0	7	20,042
4,001-6,000	8	34,000	5	23,968
6,001-8,000	0	0	2	12,828
8,000+	0	0	6	46,992
Total	14	40,560	27	113,686

World (cellular) Containership Fleet: 31st March 2008

Size Range (Teu)	No. of Vessels	%	Total Capacity (Teu)	%	Average Speed (Knots)	Age (Years)
<500	438	9.8%	136,082	1.2%	13.9	22.1
500-999	799	18.0%	586,295	5.3%	16.9	11.5
1,000-1,499	661	14.9%	781,784	7.0%	18.5	12.4
1,500-1,999	528	11.9%	898,719	8.1%	19.8	11.1
2,000-2,499	311	7.0%	712,305	6.4%	20.8	11.8
2,500-2,999	373	8.4%	1,014,486	9.1%	21.9	10.1
3,000-3,999	339	7.6%	1,159,880	10.4%	22.6	12.6
4,000-4,999	395	8.9%	1,735,236	15.6%	24.1	7.3
5,000-5,999	255	5.7%	1,382,529	12.4%	25.1	5.4
6,000-6,999	132	3.0%	855,366	7.7%	25.3	4.9
7,000-7,999	51	1.1%	374,043	3.4%	25.1	5.3
8,000-8,999	116	2.6%	959,972	8.6%	25.1	2.1
9,000-9,999	41	0.9%	381,615	3.4%	24.8	1.8
10,000+	11	0.2%	138,150	1.2%	25.2	1.1
Total	4,450	100.0%	11,116,462	100.0%	20.1	11.3

Containership Orderbook by Size and Scheduled Delivery Year: Teu Capacity at 31st March 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	79,321	20,578	13,588	1,900		115,387	586,295	19.7%
1,000-1,499	86,302	82,563	24,668	7,108	3,108	203,749	781,784	26.1%
1,500-1,999	66,348	79,347	29,278	13,880	7,200	196,053	898,719	21.8%
2,000-2,499	20,909	10,450	12,900			44,259	712,305	6.2%
2,500-2,999	146,681	93,986	69,640	26,800		337,107	1,014,486	33.2%
3,000-3,999	60,201	92,210	90,091	7,200		249,702	1,159,880	21.5%
4,000-4,999	246,656	389,576	226,044	87,080	69,500	1,018,856	1,735,236	58.7%
5,000-5,999	113,244	68,060	51,600	37,672	16,500	287,076	1,382,529	20.8%
6,000-6,999	169,256	307,168	187,288	32,900	13,200	709,812	855,366	83.0%
7,000-7,999	46,200		28,000			74,200	374,043	19.8%
8,000-8,999	133,882	216,802	347,206	111,680	8,750	818,320	959,972	85.2%
9,000-9,999	75,300	38,800	9,300	37,200		160,600	381,615	42.1%
10,000+	72,050	340,900	663,548	983,976	166,162	2,226,636	138,150	1611.8%
Total	1,317,157	1,740,440	1,753,151	1,347,396	284,420	6,442,564	11,116,462	58.0%

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Container Insight

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