

Sub-panamax boxship sector is looking good, says **DVB** Group

Transport bank DVB Group says the sub-panamax containership charter sector is looking good despite a growing orderbook for boxships between 2,500 teu and 2,800 teu.

DVB says robust north-south trades led by South America will shelter boxships between 2,000 teu and 3,000 teu from the effects of the arrival of an armada of huge post-panamax tonnage on the main east-west trades.

"The overall shortage of such tonnage suggests that there will be more than adequate alternate deployment," DVB said.

Recent fixture reports of \$22,500 per day to be paid by CMA CGM over eight years for two 2,500-teu MPC newbuildings scheduled for delivery in 2006 appear to bear out DVB's optimism. The ships are the *Rio Ardour* and *Rio Ardeche*.

DVB admits charter rates for containership between 2,500 teu and 2,800 teu are on a downward trend from earlier this year but says there is little to worry about yet. However, others are beginning to feel that even these mainstream ship sizes are being overbuilt if there is a slump in demand on its way.

DVB accepts that at 189 ships or 37% of the fleet in capacity terms, the sub-panamax sector orderbook has made a hefty rise from 132 ships in April 2004.

The bank also adds its voice to concerns about slowing economic growth in the US, Europe and China, on which container shipping depends. But it says the growing number of pendulum services from Asia to South America's east and west coasts require large numbers of this size of ship. However, latest anecdotal evidence suggests freight rates are falling on the Asia to West Coast South America trade as lines add

services and capacity outstretches demand.