

## Fluctuation of Prices of British Ships

In its annual issue "Fairplay," London, reviews the fluctuations in value of a new, ready steamer of about 7,500 tons deadweight, British registry, during recent years. "Before the war," says the article, "the price of British tonnage governed the price of shipping all over the world, as we were both the greatest producers and the greatest sellers. Since the commencement of the war things have changed. Soon after war broke out sales to foreigners were stopped, but dealings between British owners were allowed. Then these transactions became subject to the consent of the authorities. This action on the part of the authorities did not materially affect the value of second-hand tonnage so long as the steamers were not requisitioned, and for free tonnage very high prices were paid. Freight continued to rise, and the profits of ship-owners increased until, at the end of last year, £25 was considered to be the value of a new, ready steamer of 7,500 tons.

"At the beginning of the present year the Government decided to open a crusade against ship-owners with a view to making it difficult, if not impossible, for them to earn anything like a fair profit on their vessels. Not only were all steamers requisitioned at pre-war rates, but ship-owners were told that they would not be allowed to recover any losses from the excess profits tax paid in previous years, which every other trader can do. This naturally prejudicially affected values, as the prospect for ship-owners for the period of the war became far from rosy; in fact, in many cases losses were made, so that, assuming a vessel was worth £25 per ton to-day, if the war continued for another year or two an owner would be better off by waiting, so long as values remained practically stationary. This dismal outlook naturally affected values, and, whereas in December, 1916, a 7,500-tonner was worth about £187,500, by the beginning of April a decidedly weaker tendency was apparent, which gradually forced values down until at the present time a seller could not obtain more than about £165,000, or £22 per ton, or the price which was current in March, 1916.

### SAYS PRICES SEEM ABSURD.

"Compared with pre-war prices, of course, the advance which has taken place has been very great, and those owners having boats standing in their books at pre-war figures can still dispose of their assets and return their shareholders handsome profits. But when compared with values of neutral ships, the cost of a British steamer seems absurd. A few months ago a Japanese steamer, somewhat larger than the boat taken as an example here, and for delivery in December, 1918, was sold for about £76 per ton deadweight. Since then the Japanese Government has introduced legislation restricting the liberty of their shipowners, which has resulted in a fall in values, so that, while a ready boat is worth £76, the steamer for delivery at the end of this year would be valued at only about £60. For the standard boats now building in this country about £15 per ton deadweight is being paid, so that, if values keep at their present level until after the war, the Government may be able to realize a very handsome profit on their investment.

"As we have pointed out in previous issues in which a diagram has been given, we have taken a cargo steamer of 7,500 tons as a basis because that has been the most popular size for many years, and it is more easy to trace the fluctuations in the market value of a known type. The alterations which have taken place in different regulations have naturally affected the dimensions and carrying capacity of the vessel over the period. For instance, from 1898 on the steamer taken as an example was 360 feet in length by 48 feet in breadth, by 30 feet 10 inches in depth, and she could carry from 7,000 to 7,250 tons deadweight on a draft of 24 feet 6 inches. In the following years the dimensions were altered to 380 feet by 49 feet by 29 feet, and the draft reduced to 23 feet 8 inches. In 1906 the Board of Trade issued new freeboard rules which reduced the freeboard, and at the same time increased the carrying capacity of the vessel by about 60 to 80 tons. Then, in 1910, Lloyd's Register issued new rules, which so reduced the scantlings as to enable the vessel to carry a further 150 tons. We have therefore given the vessel's carrying capacity as 7,500 tons through the whole period, but at the same time it is as well to remember that twenty years ago the vessel would have carried considerably less cargo on the same dimensions.

"Previous to the present war the year 1900 was taken as the greatest boom year for shipowners, when

what were considered record prices were obtained for steamers, £60,630 being paid for a steamer of the size taken as an example. The owner who paid this price must have deeply regretted his bargain, as prices afterwards fell until by June, 1906, a new vessel of this size was only worth £36,500, a loss in capital value which it was impossible in the freights ruling to have provided for, in addition to the normal 5 per cent per annum which, in those days, was considered to be sufficient. In 1906 there was a considerable improvement in the general trade of the world, following the years of depression, and it was considered by shipowners that freights and values would show such an improvement that it was the correct thing to order tonnage wholesale. With the improvement in freights values rose, and in that year reached £44,500. When the enormous amount of tonnage contracted for was built it was found that the supply exceeded the demand, with the result that freights fell, and it was difficult to secure purchasers for some of the spec. tonnage which was offering, and, by the middle of 1908, the record low price of £36,000 was touched, or £4 16s per ton, and a similar boat under the Japanese flag would be worth £76 per ton at the present time.

"Prices continued low until the middle of 1910, when a demand set in for tonnage, with the result that freights rose, and by the end of 1912 it was possible to obtain £58,000 for the steamer, which, though not quite so high as in the boom of 1900, was considered very satisfactory by those owners who sold. At the end of 1912 a depression set in, and by the middle of 1913 the value had fallen to £54,000, by December to £48,000, and, when war broke out, it would have been difficult to secure £42,500. For some months after July it was practically impossible to deal in steamers, and in several cases mortgagees seized boats and took them over because of the impossibility of realizing at a satisfactory price, fortunes being lost owing to the fact that most owners were afraid to operate. At the end of 1914 business began to assume its normal condition, and freights commenced to rise to such an extent that steamers became very desirable assets.

"By the end of 1914, a 7,500-ton steamer was worth £60,000, in June, 1915, she was worth £82,500, by September, £93,750, and in December, 1915, £125,000. Values in 1916 continued to rise until by March £160,000 was paid, and by June £180,000. In August, 1916, the Board of Trade restricted the sale of steamers which seriously affected the market, but a firmer tendency followed, and by the middle of December £187,500 was paid. With the wholesale requisitioning of tonnage early this year the market was inclined to be bearish, and in April £187,000 might have been paid for a free steamer, and less for a requisitioned boat. There are, however, practically no free boats at the present time, and only £22 per ton, or £165,000, can be obtained for a 7,500-tonner, which price, however, is not justified if the present earnings under blue book rates are taken into consideration.

"The losses of tonnage by war risk, etc., since 1914 have been very serious, and it is considered by many owners that, when they are able to contract again for tonnage, it will be found impossible to obtain vessels of the type referred to under about £23 per ton, with delivery a long way ahead. In these circumstances, and with the possibility of the disappearance of the blue book rates after peace is declared, some owners hold the view that it is to their interest to purchase steamers at present prices and run them just to pay expenses until after the war, when they will be ready to take full advantage of any freights which may be offering, while the boats contracted for may only be delivered when the extra demand has been largely overtaken, and there is not a sufficient length of time available to set aside the necessary depreciation to write the vessels down in the books to such a figure that the capital can always be considered safe."

### SHIP LOSSES.

London, February 20.

British merchantmen sunk by mine or submarine in the last week numbered fifteen, according to the Admiralty statement issued to-night. Of these, twelve were of 1,600 tons or over and three were under that tonnage. One fishing craft also was sunk.

The arrivals at ports in the United Kingdom for the week numbered 2,322; sailings, 2,393. Eight vessels were unsuccessfully attacked.

The sinkings for the past week show a slight diminution from the previous week, when nineteen merchantmen were sunk, thirteen of 1,600 tons or more and six under that tonnage.

## Expansion Reported in German Shipyards

Further reports of extension of German shipyards and increases of capital by German shipbuilding companies are given by the "Berliner Tageblatt," which says:

"The great efforts which will be expected from the German shipyards in rebuilding the mercantile marine have caused a large number of shipbuilding firms already to make financial provision for the tasks before them. The basis of this future activity is to be found in the law recently passed dealing with the reconstruction of the mercantile marine and providing millions of marks in subsidies to the shipping trade. The law does not contemplate direct financial assistance to the shipbuilding companies — which would be quite unnecessary in view of the considerable profits made by them during the war — but naturally a great part of the help guaranteed to the shipping trade will be of financial benefit to the shipbuilding industry. A considerable time must elapse before shipbuilding companies can receive any subsidy.

"Meanwhile, however, the shipyards have prepared for an increased activity by extending their yards, so as to be in a position to undertake large orders at any moment. In connection with the law dealing with the reconstruction of the mercantile marine, the Reichstag passed a resolution that—

"The competent authorities should do all in their power to further the extension of existing shipyards and the establishment of new ones, and that in connection with military prohibition of building, the shipyards should have the preference due to them in view of the great national importance of reconstructing the German mercantile marine.

"It is natural that in such circumstances the shipbuilding firms should be anxious to increase their working capital. The anxiety is based on two considerations: First, on the acute need for money required to extend shipyards; and, second, on the idea that in the future, when an extraordinary activity, far surpassing that of peace times, will be required, there should be a closer adjustment between actual capital and the probable volume of business. There have in consequence been a very large number of cases of capital being increased in the industry, and now it is announced that a comparatively small firm, the shipbuilding and engineering business of Janssen and Schmilinsky, of Hamburg, is proposing to increase its small capital of 300,000 marks to 3,000,000 marks. The reason for the increase is that the small premises, near those of Messrs. Blohm and Voss, which the firm has occupied up to now, are to be given up to the latter firm for extension purposes, while Janssen and Schmilinsky will take over a large new yard at Tollerort. Previously they have engaged only in ship repairs and small boat building, but they will in future be in a position to build fairly large trading ships.

The following table shows the recent important increases in capital by shipbuilding firms, with the date of the increase:

	Inc. of capital. Million marks.
Blohm and Boss, Hamburg.....	12.0 to 20.0
Howaldtswerke, Kiel . . . . .	4.1 to 10.00
Reihertstieg Schiffswerft, Hamburg.....	5.0 to 6.0
Atlaswerke, Bremen . . . . .	6.0 to 7.5
Frerichs and Co., Bremen . . . . .	3.0 to 4.5
Neptunwerft, Rostock . . . . .	2.2 to 3.0
Nueske and Co., Stettin . . . . .	2.0 to 3.0
Stettiner Oderwerke . . . . .	1.7 to 2.6
Koch Schiffswerft, Lubeck . . . . .	0.6 to 3.6
Joh. C. Tecklenborg . . . . .	5.0 to 6.0
Janssen and Schmilinsky . . . . .	0.3 to 3.0

Some of the largest firms, such as the Vulcan, Stettin and Bremen, have not yet increased their capital.

Apart from increases of capital, a considerable number of new firms have been established, and more are to be founded. Among others is the Hamburger Werft A. G., started by the A. E. G., and the Hamburg-Amerika Line, and the Sekurites Sprengstoffwerke, of Harburg, and two new yards at Lubeck. In Tonning the Hansa Shipbuilding and Engineering firm, founded in Hamburg with a capital of 1.75 million marks in 1917, is contemplating the establishment of a shipbuilding yard on the site of the former Eider yard.

Judge: Where did the automobile hit you?

'Rastus': Well jedge, if I'd been carrying a license numbah it would hab busted to a thousand pieces.  
—Dallas News