

October 27th, 2023
Volume 254, Issue 1106
Week 43

QUOTE
of the
WEEK

“Live out of your imagination, not your history.”

– Stephen Covey

Highlights:

- Price drop.
- Candidate dearth.
- Freight uptick.
- Lower hopes.
- Not dramatic.
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MARKET COMMENTARY

SOFTENING SENTIMENTS!

A few weeks of declines in the global ship recycling markets have finally seen India (the market leaders) catch up to the ongoing drop, by falling about USD 20/LDT in vessel prices themselves, all while Bangladesh and Pakistan continue to struggle to obtain the relevant financing needed to establish workable Letters of Credit (L/Cs).

In a surprising twist of fate however, the recent and unexpected shortage of viable candidates may have inadvertently curtailed a further degradation of recycling sentiments, and those units that are still available in Cash Buyer hands could increasingly see offers that make some of their recent exuberant fixtures, a bigger hassle to deal with.

Meanwhile, an uptick in Container and Dry Bulk freight rates over the recent month(s) have certainly kept the supply of vintage assets away from the various recycling destinations. However, going into 2024, we can expect to see an increase in tonnage as all locations (at least the sub-continent destinations) are expected to be busy once again.

Even most in Alang are hoping (and expecting) that the next batch of sales will likely take place at lower numbers that reflect the true reality of this most recent correction in rates and Recyclers therefore continue to wait-and-watch market movements, before reoffering firm on any tonnage once again.

Finally, the Turkish market remains insulated in a weakened state, with fundamentals still adrift in a sea of negative sentiments and an ongoing shortage of tonnage that is making local business sustainability, an increasingly ambitious affair.

As such, it would be beneficial for all markets (especially Bangladesh and Pakistan) to address / resolve their respective ongoing economic and financial woes, in order to get some stability back into their respective markets. In fact, even though this most recent decline in prices has not been as dramatic as some had feared, firmer offers may still be difficult to come by in the coming week(s).

For week 43 of 2023, GMS demo rankings / pricing for the week are as below.

Rank	Location	Sentiment	Dry Bulk USD / LDT	Tankers USD / LDT	Containers USD / LDT
1	India	Declining	515 / LDT	535 / LDT	555 / LDT
2	Bangladesh*	Weak	505 / LDT	525 / LDT	545 / LDT
3	Pakistan*	Weak	500 / LDT	520 / LDT	540 / LDT
4	Turkey	Weak	290 / LDT	300 / LDT	310 / LDT

**Subject L/C approval*

BANGLADESH

LESS THAN IMPRESSIVE!

Occasional sales.

Even though Bangladeshi levels have been struggling to impress of late, there has been the occasional sale registering to top tier Local Recyclers that seems to defy and even belie domestic fundamentals & sentiments that are currently festering in the Chattogram market.

As reported a few weeks ago, a Suezmax Tanker and several Feeder Containers were reportedly sold to Local Buyers (with workable L/Cs) at some crazy numbers - primarily to keep their respective yards active in order to utilize their finance limits from banks and minimize operational losses.

Product stuck.

While the Taka continues to hammer away at local sentiments as it trades firmly past BDT 110 against the U.S. Dollar, a silver lining FINALLY emerged this week as after months of flatlining through the summer / monsoon seasons, not only did local steel plate prices start trading recently, but they also reported an unexpected increase to the tune of about USD 8/Ton.

Notwithstanding, even though much of the steel product remains at local yards and has yet to start selling at an acceptable rate, it has been a far quieter Q4 in Bangladesh thus far, certainly far more than many in the industry had been expecting for a 2023 ending.

NO MARKET SALES REPORTED

INDIA

STEEL REVERSALS!

The Alang market had declined by about USD 20/LDT over the past couple of weeks, causing most Indian Recyclers to retreat into a “wait-and-watch” state, preferring to evaluate future market movements & developments, rather than entering into negotiations / offering afresh on tonnage.

Lower levels.

Even though the seemingly never-ending volatility and recent declines in domestic steel plate prices have been attributed as the primary reason behind this most recent drop in vessel prices from India, they (steel plate prices) thankfully firmed by about USD 7/Ton this week, adding a little hope to this market.

Fewer deals.

Additionally, over the last few weeks, even the Indian Rupee continues to trade at a relatively settled rate in the low Rs. 83s against the U.S. Dollar, certainly a stark departure when compared to the steep declines being registered by competing recycling currencies over the last 1 year. This further highlights the financial and economic stability of the Indian economy, especially when compared to the rampant inflation has and continues to infect competing recycling locations.

Notwithstanding, this most recent volatility in steel plate prices that has besieged the Indian market has resulted in fewer deals being confirmed to Alang Buyers this week, especially as Bangladesh appears to be making something of a comeback and Pakistan tries its best to recover from its ongoing L/C & financing hurdles, in order to be competitive once again.

NO MARKET SALES REPORTED

PAKISTAN

STUCK!

No fresh approvals.

The recent sales of 6 Panamax Bulklers that were confirmed to fortunate Gadani Recyclers (who had managed to obtain L/C approvals) certainly seems like a time ago, especially as Gadani remains stuck at present, with little to no hope of concluding any fresh deals.

The economy and currency (in particular) have suffered some drastic depreciations once again, leaving End Buyers confused and unsettled on the future direction of the country's overall economy.

Abstinence.

And understandably so, given that after flatlining for months on end, local steel plate prices finally started trading once again, only to decline marginally by about USD 5/Ton, in addition to the Pakistani Rupee that started to weaken against the U.S. Dollar once again, as it ended the week at region PKR 280.40.

Overall, however, it increasingly seems as though the primary reason for this recent Pakistani abstinence from the bidding tables is due to a persisting scarcity of workable and fresh L/Cs & bank approvals, resulting in the continued lack of fixtures to Local Buyers that is continually being highlighted by an empty port position, as Gadani reported no new vessels at the waterfront for a second consecutive week.

As such, until domestic L/C hurdles are cleared up and streamlined, it is expected to be a quieter period for Gadani Recyclers through Q4.

NO MARKET SALES REPORTED

TURKEY

QUIET & SLOW?!

After last week's USD 10/MT decline in prices (on the back of declining import and local steel plate prices that both declined by the same amount), this week, Turkey spent much of the week in silence in a weakened state, still devoid of any meaningful tonnage.

Devoid of tonnage.

Accordingly, there was no activity to report from this market as it remains entangled in a sentiment that is continually worsening.

Moreover, import and local steel plate prices remain weak and the Lira gradually digs deeper into TRY 28 territory against the U.S. Dollar this week, ending the week at TRY 28.20.

Questionable.

As such, unless an unexpected event alters the course of this market's trajectory, the immediate and even near-term prospects & performance of this market remains questionable.

INTERESTING FACTS

- *The person who discovered there were seven colors in the rainbow was Sir Isaac Newton. Before Sir Isaac Newton, there were many debates on how many colors there were. Homer said it only had one: purple. Aristotle said three: purple, yellow and green.*
- *Of course, there really aren't seven colors. Each color fades into the next, creating an impressive array.*
- *It was Newton's rival, René Descartes, who, in 1637, discovered rainbows are created from light shining through water droplets.*
- *The word "rainbow" in Latin is arcus iris or arcus pluvius, which pretty much means a "rainy arch".*
- *The reason we cannot hear when we yawn is because when you yawn, both the tensor tympani muscle and the stapedius muscles are tightened. Both these muscles control the amount of sound entering your ear, thereby restricting the flow of sound into your ear.*
- *The National Oceanic Service states that marine organisms are direct contributors to fresh air and oxygen into the earth's atmosphere. In fact, of the maximum oxygen on the earth, at least half of it comes from these organisms such as plankton, seaweeds, and different other photosynthesizers.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
October 31 – Sardar Vallabhbhai Patel Jayanthi November 12 - Diwali	October 26 – November 03 November 12 – November 19 November 25 – December 02

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
October 24 – Durga Puja No holidays in November	October 27 – October 30 November 12 – November 15 November 25 – November 28

IMPORTANT BANK HOLIDAYS		
CHINA	PAKISTAN	TURKEY
No holidays in November	October 24 – Founding Day November 09 – Iqbal Day	October 29 – Republic Day No holidays in November

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ALANG - Port Position as of October 27, 2023

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Dan	6,776	Container	Arrived October 20
2	Hua DA 606	3,473	General Cargo	Beached October 21
3	Ming Zhou	13,370	Container	Beached October 21
4	Nevey	3,435	General Cargo	Beached October 21
Total Tonnage		27,054		

CHATTOGRAM - Port Position as of October 27, 2023

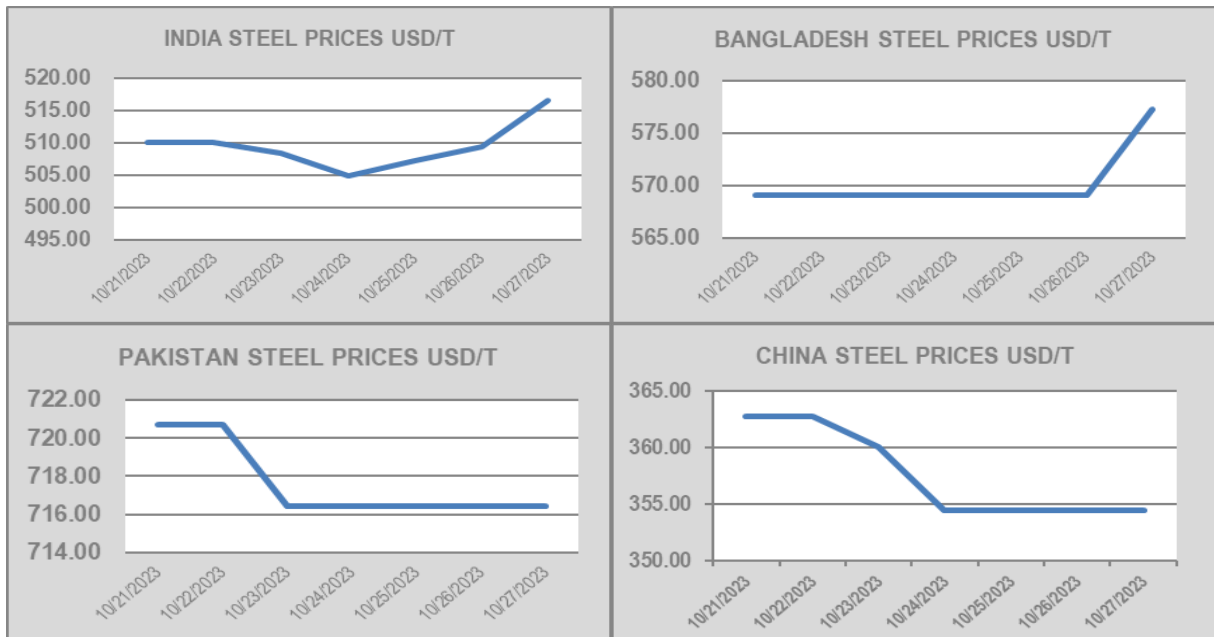
No.	VESSEL NAME	LDT	TYPE	STATUS
1	Alana	22,471	Tanker	Arrived October 26
2	Jahan	7,516	Bulk Carrier	Beached October 21
3	Jitra 7	7,036	Container	Arrived October 21
4	S. Maru 4	1,095	Tanker	Beached October 24
5	Tai H	4,044	RoRo / Cargo	Beached October 21
6	Yi Ding 9	1,552	Tanker	Arrived September 21
Total Tonnage		43,714		

GADANI - Port Position as of October 27, 2023

No.	VESSEL NAME	LDT	TYPE	STATUS
No new vessels reported.				
Total Tonnage		0		

WHILE EXTREME CARE HAS BEEN TAKEN IN THE PREPARATION OF THIS REPORT, NO LIABILITY CAN BE ACCEPTED FOR ANY LOSS INCURRED IN ANY WAY WHATSOEVER BY ANY PERSON RELYING ON THE INFORMATION CONTAINED HEREIN.

DATE	INDIA STEEL PRICES USD/T	INDIA STEEL PRICES	PAKISTAN STEEL PRICES USD/T	PAKISTAN STEEL PRICES	BANGLADESH STEEL PRICES USD/T	BANGLADESH STEEL PRICES	CHINA STEEL PRICES USD/T
10/21/2023	510.11	42,400.00	720.72	200,000.00	569.11	70,000.00	362.82
10/22/2023	510.11	42,400.00	720.72	200,000.00	569.11	70,000.00	362.82
10/23/2023	508.47	42,300.00	716.46	200,000.00	569.11	70,000.00	360.07
10/24/2023	504.87	42,000.00	716.46	200,000.00	569.11	70,000.00	354.53
10/25/2023	507.33	42,200.00	716.46	200,000.00	569.11	70,000.00	354.53
10/26/2023	509.43	42,400.00	716.46	200,000.00	569.11	70,000.00	354.53
10/27/2023	516.52	43,000.00	716.46	200,000.00	577.24	71,000.00	354.53



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