

November 3rd, 2023
Volume 255, Issue 1107
Week 44

QUOTE
of the
WEEK

"I never look back, darling. It distracts from the now."

– Edna Mode

Highlights:

- Sentiments cool.
- Global steel up.
- Turkish surge.
- Supply incoming.
- Positive year end?
- Scan to download
GMS Recycling App



MARKET COMMENTARY

DIWALI DISMAY!

As we progressively approach Diwali holidays - inflation, fundamentals, currencies (except in India), vessel pricing, and overall weakening sentiments certainly seem to have beset across all of the sub-continent ship-recycling destinations (even Turkey to an extent), which have certainly cooled by about USD 20/LDT (and then some) over recent weeks, all while presenting a dichotomy of current times where both India & Bangladesh (steel plate prices) reported surprising increases this week.

Seemingly on the back of global steel plate prices, which have reportedly improved by about 3% over the course of the week, there is a growing optimism that the ship recycling industry could potentially be set for a firmer conclusion to 2023, especially if current steel plate trends continue optimistically and have simultaneously elevated vessel prices upon the conclusion of Diwali holidays / November.

Moreover, according to recent reports from the ground, Turkish import steel prices have also appreciated by about USD 11/T in this week, and vessel prices have (directly or indirectly) reflected this firming by improving about USD 10/MT on their own, placing all offer levels from Aliaga back in the USD 300/MT space once again.

Notwithstanding, there remains the ongoing global shortage of tonnage as mostly older, 90s built Bulkers are being introduced for recycling (along with the odd container unit), whilst supply is yet to hit acceptable levels for the year. This may certainly change as we head into 2024 and when all markets are hopefully firing and continually improving / upgrading their facilities to HKC standards, in order to have the necessary capacities for the anticipated volume of vessels that is expected to enter into the recycling space next year.

Overall, after a barren last quarter (in terms of supply) and a recycling market that has declined from the peaks seen earlier in the year above USD 600/LDT, only to lose over USD 100/LDT in value in a few short months over the summer, industry players all are hoping for a positive conclusion to the year from the most stable recycling market – or at the very least, an optimistic welcoming of Q1 2024.

For week 44 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	510 / LDT	530 / LDT	550 / LDT
2	Bangladesh*	Weak	505 / LDT	525 / LDT	545 / LDT
3	Pakistan*	Weak	500 / LDT	520 / LDT	540 / LDT
4	Turkey	Improving	300 / LDT	310 / LDT	320 / LDT

*Subject L/C approval

BANGLADESH

UNRELIABLE!

Odd well priced sale.

Despite the Bangladeshi market continuing to struggle through its ailing sentiments week after week, for over the past month or so, Chattogram Buyers have continually managed to secure the odd / well-priced unit, biting into a small portion of the supply away from India & Pakistan.

However, these fixtures have been few and far between and hardly on a consistent basis.

Disparate.

Reason?

At the onset, fundamentals are continuing to struggle on a weekly basis as not only did local steel plate prices decline by about USD 5/Ton in one day (ending the week on a lower note), but the Taka also continues to cancer deeper into BDT 110 territory against the U.S. Dollar, as the currency closes the week at levels closer to BDT 110.50.

Adding to the enduring local issues has been the ongoing problem surrounding the starved state of L/C approvals / financing on fresh vessels that has left capable Local Buyers who do have the ability to acquire, negotiating local financial instruments just to keep their operational losses at a minimum, their recycling yards open, and satisfy their bank limits in the process.

As such, Bangladesh remains a very desperate, disparate, and disorganized market at present, with only a limited number of Buyers who remain willing to even sensibly offer on select tonnage, although at vastly differing numbers. The present is certainly leading to a market that the industry is increasingly unable to rely upon!

NO MARKET SALES REPORTED

INDIA

LME RISE!

As we further approach India's traditional Diwali holidays, offers from the Alang market have continually deteriorated, in increasing signs that Alang Recyclers are ever more confident of expecting a quieter end to the year, and that this market can essentially secure a few lower-priced acquisitions, as a result.

Meanwhile, even though global steel plate prices have reportedly improved by about 3% over the course of the week, local steel plate prices in India struggled through their regular share of volatility as plate prices climbed by about USD 5/Ton (from USD 516/Ton to USD 521/Ton), only to subsequently collapse by USD 13/Ton in just two days – leading into the weekend.

However, the Indian Rupee remains the only silver-lining for the domestic ship-recycling market thus far, as unlike the rest of the top recycling destinations, India has been the only country where the Rupee has stayed firm against the U.S. Dollar, even firming marginally towards the very low Rs. 83.1X mark this week.

Additionally, the firming of global LME may suggest a trickledown effect to recycling nation steel prices and likely indicate a post-Diwali revival that may be far better than what steel levels are today, subsequently improving vessel prices.

As such, rather than writing India off for the time being, it may well be worth keeping an eye on how Alang Recyclers perform post-Diwali and whether prices will inch ahead, as is presently being expected / hoped for.

Sinking pre hols.

Worth watching.

PAKISTAN

STRAINED FINANCES!

Unable.

Despite weeks of reporting an empty Gadani Port Position and a juicy large LDT tanker surprisingly greeting the waterfront this week, Pakistan remains the one market that truly has been struggling to acquire any of the recent / decent candidates that were committed to Cash Buyers for recycling, due to their ever-weakening fundamentals (once again), strained state of Recycler and domestic finances, and the crippling difficulties in opening fresh L/Cs from local banks.

Gadani Gang.

Even though the LME reportedly improved this week, local steel plate prices remained dead and in a flatlined state, as the currency resumes its dreadful trudge back towards PKR 300 against the U.S. Dollar – ending the week at PKR 284.40.

This is certainly not going to give Local Buyers and / or their banks, any renewed levels of confidence to come back into the market as we approach the year-end, as seems to be the case unfolding in neighboring India this week and especially as Pakistan tends to mimic India's actions every step of the recycling way.

As it stands, Gadani remains nothing more than a distant back-up for any available sub-continent ships intended for recycling, and it may take some time before confidence and ability to acquire starts to trickle back into local sentiments, before we see any of the Gadani gang back at the bidding tables.

NO MARKET SALES REPORTED

TURKEY

SURPRISING?!

Despite the poor performance and ongoing lethargy of the Indian sub-continent ship-recycling sector, the Turkish market made a surprise uptick today as import steel plate prices jumped by about USD 11/Ton this week, directly / indirectly attributing to a USD 10/MT jump in vessel offers, resulting in Turkish levels being above USD 300/Ton levels on all types of vessels.

The reality of this backend yo-yoing of prices is that in the face of the sheer unforgiving tonnage adversity, other than the one-off circumstantial fixture into Aliaga, there is little to show with these firming levels.

Moreover, even though import steel plate prices did climb this week, local steel plate prices registered no movement, all while the Lira slips deeper into TRY 28 territory, as it ends the week nearly scratching TRY 28.50 levels.

As such, other than a surprising jump in prices this week, just how much of this surprise is here to stay and momentarily remind the industry of Turkish improvements, remains to be seen as we approach the year-end.

USD 10/MT jump.

Momentary reminder.

INTERESTING FACTS

- *Soil is rich with life. In Fact, more microorganisms are present in one teaspoon of soil than the people on earth. A report suggests, Millions of species and billions of organisms like bacteria, algae, earthworms, microscopic insects, mites, fungi and more reflect the highest biomass anywhere on this planet.*
- *Water can have three existing forms at the same time*
- *It is also termed the 'triple point' or 'triple boil.' It is the only temperature at which water can exist in all three states that are solid (ice), liquid (water) and gas (vapour). The temperature is 0.01 degree Celsius.*
- *Helium can work against Gravity. When cooled to nearly zero temperature (-460 degrees F or -273 degrees C), Helium turns into a superfluid, which signifies it can flow without friction and even flow against gravity out of its container.*
- *Animals use the earth's magnetic field for orientation. The US Geological Survey states that evidence shows some animals like salmon or sea turtles can sense the earth's magnetic field and might use it for navigation. It might appear to be science fiction but it's one of the most interesting facts about the earth you'll read.*
- *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.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
November 12 – November 15 - Diwali	October 26 – November 03 November 12 – November 19 November 25 – December 02

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
No holidays in November	November 12 – November 15 November 25 – November 28

IMPORTANT BANK HOLIDAYS		
CHINA	PAKISTAN	TURKEY
No holidays in November	November 09 – Iqbal Day	No holidays in November

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ALANG - Port Position as of November 03, 2023

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Dan	6,776	Container	Beached October 28
2	Dev	21,731	Container	Beached October 31
Total Tonnage		28,507		

CHATTOGRAM - Port Position as of November 03, 2023

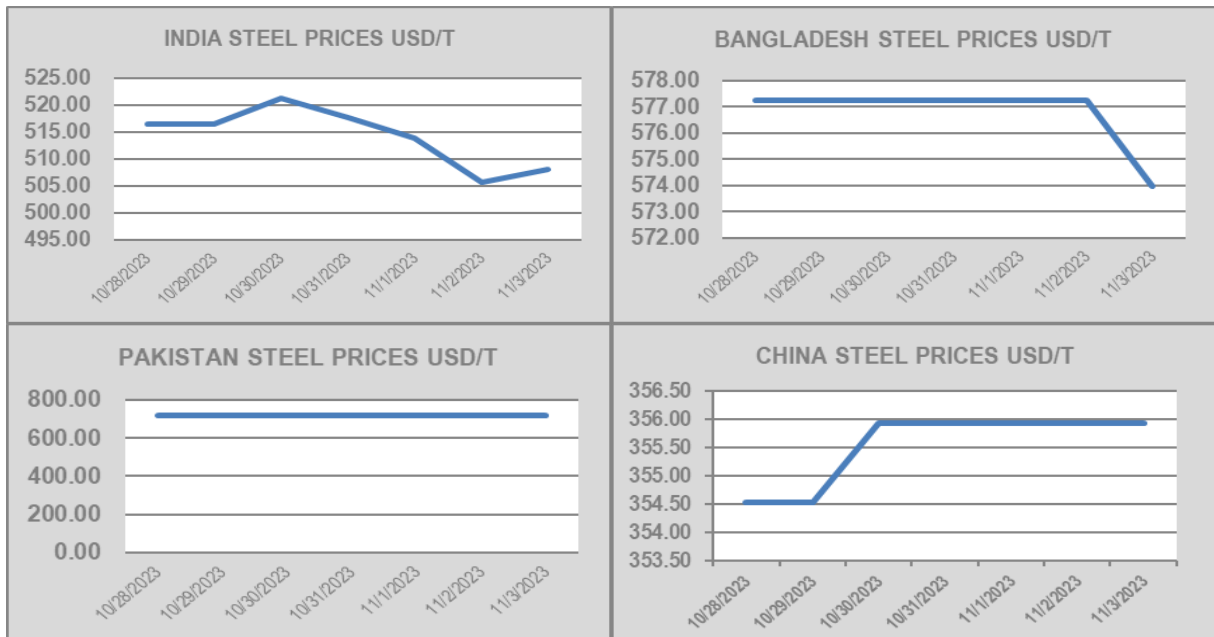
No.	VESSEL NAME	LDT	TYPE	STATUS
1	Alana	22,471	Tanker	Beached October 31
2	Jitra 7	7,036	Container	Beached October 27
3	OS Tiga (Under Tow)	2,934	Offshore Supply Vessel	Beached November 01
4	Yi Ding 9	1,552	Tanker	Beached October 29
Total Tonnage		33,994		

GADANI - Port Position as of November 02, 2023

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Ventura	16,810	Tanker	Arrived October 27
Total Tonnage		16,810		

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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
10/28/2023	516.52	43,000.00	716.46	200,000.00	577.24	71,000.00	354.53
10/29/2023	516.52	43,000.00	716.46	200,000.00	577.24	71,000.00	354.53
10/30/2023	521.26	43,400.00	716.46	200,000.00	577.24	71,000.00	355.94
10/31/2023	517.72	43,100.00	716.46	200,000.00	577.24	71,000.00	355.94
11/1/2023	513.93	42,800.00	716.46	200,000.00	577.24	71,000.00	355.94
11/2/2023	505.77	42,100.00	716.46	200,000.00	577.24	71,000.00	355.94
11/3/2023	508.05	42,300.00	716.46	200,000.00	573.98	70,600.00	355.94



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