GMS WEEKLY

Your Source for Recycling News

January 12th, 2024
Volume 257, Issue 1117
Week 2

Highlights:

- Red Sea Woes.
- Signs of life.
- Bangla elections.
- CNY looms.
- Supply slow.
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QUOTE of the WEEK

"A man who has committed a mistake and doesn't correct it, is committing an even bigger mistake."

– *Confucius Kongzi*

MARKET COMMENTARY

ANXIETY AND UNCERTAINTY REIGN!

Anxiety and uncertainty reign across the Ship-owning community at large, **especially** for those with units trading in, or simply passing through the shipping lanes that are currently besieged by Houthi Rebel attacks in the Red Sea. This is invariably resulting in many Owners' avoiding a voyage via the (Suez) Canal altogether; electing instead to sail around the Cape and subsequently increase voyage times, costs, and inadvertently assist global inflation. The U.K. & the U.S.A. have however, swiftly responded by targeting terror sites in the area, as the ongoing situation in the Middle East continues to unravel and escalate.

On the Ship Recycling front, off of the back of the first set of 2024 L/C approvals that saw a subsequent increase in the number of enquiries emerging from both Bangladeshi and Pakistani markets this week, it seems there are still signs of (recycling) life in the sub-continent markets.

Recently concluded Bangladeshi elections have also confirmed that the ruling party continues to maintain power, despite strong & ongoing opposition that has (reportedly) maintained the status quo on the ongoing riots, strikes, and political strife that has beset much of the country. In fact, in the run up to the elections, several polling stations and even a train were reportedly torched by violent party activists, so tainted have the elections believed to have been. Notwithstanding, given that the results are now out, much hope remains that things will settle sooner (rather than later).

Elections are also to conclude in Pakistan & India in the coming months and in India as well, Prime Minister Modi's party is expected to maintain its much-deserved command over a majority of the incoming votes for another 5-year term, as India continues to compete incredibly at a global level, on recent economic fronts and ongoing scientific endeavors / achievements. Finally, the Turkish market in the West end remained quiet as ever, despite the Lira blowing past TRY 30 this week.

Overall, amidst all of the ongoing uncertainty & turmoil that is currently unfolding across much of the Middle East, Chinese New Year holidays hopefully bring some much-needed hope & respite to the rest of the world. Coupled with the recent cooling of global freight rates, a marked increase in the supply of recycling candidates towards the end of Q1 2024 is expected to hit the industry. As such, the need of the hour would very-much lean towards adopting a wait-and-watch approach. For Bangladeshi & Pakistani Recyclers however, L/C approvals dominated the news for domestic Recyclers as rates from both markets started to inch up once again this week.

For week 2 of 2024, GMS demo rankings / pricing for the week are as below.

Rank	Location	Sentiment	Dry Bulk USD / LDT	Tankers USD / LDT	Containers USD / LDT
1	Pakistan*	Improving	500 / LDT	520 / LDT	540 / LDT
2	Bangladesh*	Improving	490 / LDT	510 / LDT	530 / LDT
3	India	Weak	480 / LDT	500 / LDT	520 / LDT
4	Turkey	Improving	340 / LDT	350 / LDT	360 / LDT

BANGLADESH

TIME TO RESUME?

Election decided.

Subsequent to the terrible summer / monsoon months of 2023, which saw vessel prices tumble from highs well-above USD 600/LDT, down to USD 500/LDT and even below, Chattogram Ship Recycling Yards have gradually turned empty as the calendar turned another year.

Coupled with the country's seemingly unending political unrest in the months leading up to Bangladesh's General Elections that only concluded over this past weekend, it has been a trying 2 quarters - not only for Bangladesh's Ship Recycling Sector but also the republic at large.

Rates low enough now?

Notwithstanding, with the results of the General Elections now being announced and the current ruling party (headed by Prime Minister Sheikh Hasina) is confirmed to remain in power for another term, it is hoped that much of the pre-2024 protesting and violence that has beset much of the country, will finally settle and society returns to a sense of normality.

Meanwhile, coinciding with the conclusion of the country's elections last week, the domestic ship recycling sector also witnessed various banks / lending institutions (perhaps finally relieved from the outcome of the elections) seemingly relax their lending restrictions and reportedly approve a fresh batch of L/Cs this week – on the back of which, Cash Buyers were promptly greeted with a welcome increase in the number of enquiries emerging from Chattogram Choppers, who have been largely dormant for the last 6 - 7 months.

Finally, despite domestic fundamentals being weak overall, they have displayed a degree of stability for the second running week as the Bangladeshi Taka closed the week at BDT 109.50 against the U.S. Dollar (staying above the dreaded BDT 110 level), whilst local steel plate prices remain flatlined – indicating that it may be time for local Recyclers to get back into the buying sooner (rather than later).

NO MARKET SALES REPORTED

INDIA

LOWEST OF THE LOT!

Hardly relevant.

Despite India's ship-recycling sector continuing to face troubles that persist through the second week of 2024, whereby Alang has now sunk to the lowest-placed and is the lowest-priced sub-continent destination; it finds itself inadvertently & persistently relevant, due to having

(a) a greater / prompter availability of local Recyclers with workable L/Cs to provide the necessary and stable financial framework needed by the industry (especially in cases of prompt delivery units), in addition to

(b) a far greater number of HKC approved IACS certified yards for those Ship Owners seeking Green Recycling options on their units.

Steel dive.

Such was precisely the case for MSC as they not only managed to conclude their container vessel MSC UMA (10,455 LDT) at a relatively decent USD 528/LT LDT this week, but the vessel has also already arrived Alang's waterfront – confirming the ability of Alang Recyclers to promptly establish workable L/Cs. The vessel's onward sale has also been restricted to a handful of HKC compliant yards in Alang, limiting the Cash Buyers ability at casting a wider net and obtaining a fairer resale price.

Meanwhile, local fundamentals ended the week on a mixed note as local steel plate prices had a smooth descend by a mere USD 2.5/Ton on the one hand, it was the Indian Rupee on the other hand that really impressed this week as the INR firmed from Rs. 83.06 against the U.S. Dollar, down to Rs 82.75, which should likely bolster local sentiments and assist Indian vessel prices at a time Alang's neighbours are already starting to leave this market behind.

As such, given how utterly miserable 2023 ended for this market, week 3 of January 2024 / the near future certainly seems to be one to lookout for.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
MSC UMA	Container	10,455	USD 530/LT LDT (for limited HKC approved recycling yards only)

PAKISTAN

CHOMPING AT THE BITS!

Storming back.

Pakistan seems to have come storming back into the picture this week, with an increasing demand and far-more competitive pricing being tabled, both of which have invariably placed this market atop the pile of the sub-continent ship-recycling pool.

The trouble for Gadani Recyclers, however, is that available candidates remain severely lacking and as the industry is soon to enter Chinese New Year Holidays (when activity traditionally slows), it may be a couple of weeks before the markets even see any prospective units, or at least until the recent (and repeat) cooling of charter rates once again provides some relief to Ship Recyclers the world over.

L/Cs ease.

Notwithstanding, Pakistani fundamentals didn't end the week too dissimilar to their Bangladeshi counterparts as the Pakistani Rupee firmed marginally against the U.S. Dollar to end the week at PKR 280.30, while local steel plate prices remained flatlined through the second consecutive week of the year.

Moreover, with a reportedly greater availability of workable L/Cs / financial instruments that are now available to Gadani Recyclers from domestic banks, local sentiments are certainly picking up as local offerings have pushed notably higher this week.

As such, it may not be long before we see some more confirmed sales into a hungry and still-alive Pakistani market, especially as decent LDT dry units have seemingly been arriving the waterfront every week, over the last few weeks.

NO MARKET SALES REPORTED

TURKEY

Downzzzzzzzzzzz!

Lira breaches 30.

Turkey has finally passed the dreaded (yet historic) TRY 30 mark against the U.S. Dollar this week, further depressing the state of the country's ship recycling sector even further.

Moreover, even though there has been no major change reported in local and import steel plate prices this week, the lack of tonnage that has been gradually permeating the industry, only stands to keep Aliaga in a weakened / deteriorated state (at least until we get closer to March).

Crazy 5 years.

(Un?)Surprisingly though, Turkish Recyclers have not only managed to maintain pricing at a relatively premium level, but no recycling yards have reportedly gone out of business so far, in what is certainly a testament to the this markets' resilience.

In fact, a mere 5 years ago, the Lira was basking in the sunshine of a firm TRY 5.X against the U.S. Dollar whereas today, it stands 6 times weaker and despite suffering through a seemingly unstoppable descend, Aliaga leaves a light on for the occasional (rare?) unit that might greet its waterfront.

NO MARKET SALES REPORTED

INTERESTING SPACE FACTS

- *We have known all our lives that the human body has 206 bones. But did you know, infants are born with approximately 300 bones? As they grow up, the bones fuse and only 206 bones remain as we become adults.*
- *Our body produces 25 million cells every second. That means every 15 seconds the body produces cells even more than the total population in the United States.*
- *There are about 60,000 - 100,000 miles of blood vessels in the human body. If you had the grim chance to lay them end-to-end, it will be long enough to take a world tour thrice.*
- *You'll be surprised to know that teeth don't come under the category of bones. They are a part of the skeletal system but not counted as bones.*
- *The brain acquires only 2% of the human body mass. However, it consumes over 20% of the total oxygen and blood supply contained in the human body.*
- *Human bones are stronger than steel. A block of bone is capable to support a size of up to 18,000 pounds.*
- *Most of us know the femur, the thigh bone is the largest in the human body. Do you know what's the smallest? It's the stirrup bone lying outside the ear drum.*
- *One of the most amazing science facts is the human stomach is incredibly strong. Acids are ranked on a scale of 0-14 (the lesser the PH level, the stronger the acid).*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	**BEACHING TIDES**
January 15 – Pongal January 26 – Republic Day	January 09 – January 17 January 23 – January 30

BANGLADESH	
BANK HOLIDAYS	**BEACHING TIDES**
January 01 – New Year's Day January 07 – Bangladesh Parliamentary Polls	January 13 – January 16 January 27 – January 30

IMPORTANT BANK HOLIDAYS		
CHINA	**PAKISTAN**	**TURKEY**
No More Holidays in January	**No More Holidays in January**	**No More Holidays in January**

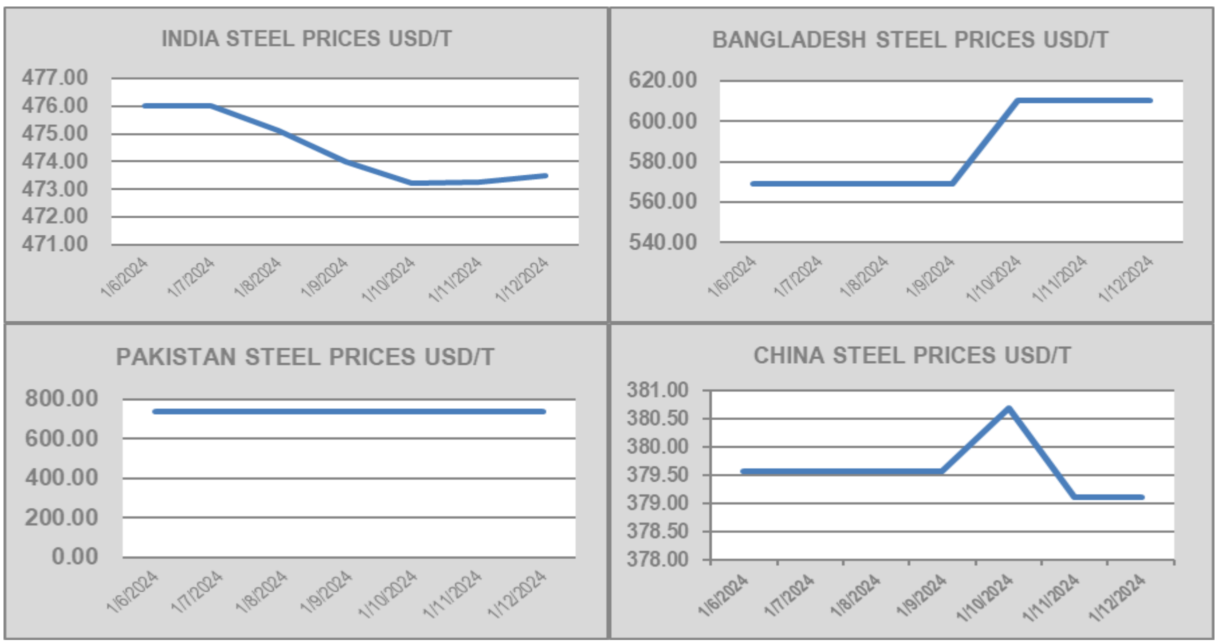
ALANG - Port Position as of January 12, 2024				
No.	**VESSEL NAME**	**LDT**	**TYPE**	**STATUS**
1	AT Middle Bridge	3,406	General Cargo	Arrived January 12
2	MSC Sophie	13,616	Container	Arrived January 10
3	MSC UMA	10,455	Container	Arrived January 12
4	*Onyx 1*	*10,643*	*Container*	*Beached January 10*
5	Proliv Longa	1,270	Fishing	Arrived January 04
6	Sas 4	935	Supply	Arrived December 16
7	*Sol*	*3,870*	*Container*	*Beached January 11*
8	White Palm (Under Tow)	762	Pilot Boat	Beached January 08
9	Ze Leng	7,007	Reefer	Beached January 12
Total Tonnage		**51,965**		

CHATTOGRAM - Port Position as of January 12, 2024				
No.	**VESSEL NAME**	**LDT**	**TYPE**	**STATUS**
1	Duta 1	5,913	RoRo / Cargo	Arrived January 09
2	General Romulo (Dead Vessel)	2,553	General Cargo / Container	Arrived January 03
3	Jin Hai Xi	5,931	Bulk Carrier	Arrived January 02
4	*West Ocean 12*	*1,733*	*General Cargo*	*Beached January 11*
Total Tonnage		**16,130**		

GADANI - Port Position as of January 10, 2024				
No.	**VESSEL NAME**	**LDT**	**TYPE**	**STATUS**
1	G Harmony	11,312	General Cargo	Arrived January 06
Total Tonnage		**11,312**		

Steel Plate Prices

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
1/6/2024	476.02	39,600.00	736.28	208,000.00	569.11	70,000.00	379.57
1/7/2024	476.02	39,600.00	736.28	208,000.00	569.11	70,000.00	379.57
1/8/2024	475.10	39,500.00	736.28	208,000.00	569.11	70,000.00	379.57
1/9/2024	474.01	39,400.00	736.28	208,000.00	569.11	70,000.00	379.57
1/10/2024	473.21	39,300.00	736.28	208,000.00	610.57	75,100.00	380.69
1/11/2024	473.27	39,300.00	736.28	208,000.00	610.57	75,100.00	379.11
1/12/2024	473.49	39,300.00	736.28	208,000.00	610.57	75,100.00	379.11



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