

February 9th, 2024
Volume 258, Issue 1121
Week 6

QUOTE
of the
WEEK

“Anti-social behavior is a trait of intelligence in a world full of conformists.”

– Nikola Tesla

Highlights:

- Activity stalls.
- Pakistan elections.
- Big year of change.
- Positive footing.
- India struggles.
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MARKET COMMENTARY

ENTER THE DRAGON!

Despite the Pakistani & Bangladeshi markets stabilizing & displaying a far greater aggression at the bidding tables over the last 5 weeks (that too at ever improving rates), in addition to the long awaited Chinese New Year holidays that have finally descended across the world, it has been a remarkably quieter start to 2024 for ship recycling than many had anticipated.

Elections in Bangladesh have already concluded, and it was Pakistan’s turn this week, with mobile phone & data services apparently being suspended across the nation due to violence, riots, bomb blasts, and even the killings of several innocents being reported. Notwithstanding, Ex-PM Nawaz Sharif has become Pakistan’s PM for the fourth time and these elections were concluded in the same week that former Prime Minister Imran Khan was jailed for corruption (amongst 100s of other prior charges he is currently facing) that resulted in the ongoing violence. Notwithstanding, with the results of the elections now announced, India’s turn is expected in March, subsequently concluding an important quarter of possible change across the Indian sub-continent ship recycling markets.

On the global front, despite Western Forces continually engaging the Houthis in attempting to curtail the widening problem for merchant vessels traversing the regional shipping lanes via the Houthis pervasive (yet senseless attacks), trading markets have remained unseasonably firmer, thereby delaying the historical ‘post-New Year aggression’ from the sub-continent ship recycling markets that the industry has become accustomed to over the years. As a result of, even though Bangladeshi & Pakistani markets have managed to keep sub-continent recycling prices propped up whilst levels & demand from these nations continues to gradually firm, very few workable candidates remain on offer and the highly anticipated first quarter ‘spring’ in recycling seems delayed until Spring (and likely beyond). Moreover, even though India has been the busiest through 2024 thus far (thanks to the slew of MSC containers that were concluded to a select number of HKC yards), volatile local steel plate prices & the Indian Rupee have left Alang Buyers with tentative sentiments and the lowest sub-continent levels on offer. Finally, Turkey quiet as ever in the West, twinning India’s state of performance while on its eternal hunt for tonnage.

For week 6 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	Bangladesh*	Improving	510 / LDT	530 / LDT	550 / LDT
2	Pakistan*	Improving	500 / LDT	520 / LDT	540 / LDT
3	India	Weak	480 / LDT	500 / LDT	520 / LDT
4	Turkey	Weak	340 / LDT	350 / LDT	360 / LDT

*Subject L/C approval

**With the YEAR OF THE DRAGON, GMS would like to wish ALL our readers,
a Happy and prosperous New Year.**

BANGLADESH

DRY TIME!

Top placed.

Although most in the ship recycling industry were betting on a positive start to 2024 and despite Bangladesh being atop the sub-continent market rankings for another week this week, it has been a dry time for domestic ship recyclers weekly negotiation & fixtures quota, on account of the painfully restrictive supply of vessels across the world and over the last several quarters.

Most of the recycling tonnage delivered into Bangladesh has come from Chinese Owners of late and with week-long Chinese New Year holidays & celebrations commencing from February 10th, it is only going to add to the ongoing (and unforgiving) shortage in the supply of prospective tonnage for this market.

In fact, this most recent of shortages has truly become an overarching theme, not only through 2024 thus far, but also over the last several quarters, with one reason after another seemingly manifesting in order to gradually & pervasively deteriorate the global ship recycling industry.

Pervasive Infection.

Moreover, domestic fundamentals too remain relatively unhelpful as local steel plate prices have started to flatline once again, indicating that most of the stock from local yards has finally moved on and Chattogram recyclers are waiting to shift more material from the recent deliveries / beachings in the coming weeks.

All while the Taka too has found stable footing at BDT 109.50 levels, adding a small degree of security into the mindset of local pricing.

Finally, despite the crippling financing / L/C issues that saw vessel prices plummet by about USD 100/LDT over the last six months from the Bangladeshi & Pakistani markets, and with Bangladeshi elections now concluded for 2024, L/C issues besetting the two nations has somewhat eased since and prices have (and continue) to firm. Unfortunately, ship owners have been unable to satisfy local demand, not only due to persistently higher than anticipated freight rates, but also poorer than expected recycling prices from just 6 months ago.

High freight.

As such, a dry time is expected for Chattogram in the near future as Bangladesh is certainly a market to be on the lookout for, given the currently unsatisfied appetite of domestic chop shops and levels that are gradually inching up.

NO MARKET SALES REPORTED

INDIA

LANGUISHING...BUT WHY??

Ever since the sale of the last batch of Alang / HKC only MSC containers from a couple of weeks ago, India now seems to be struggling through what has become an overall rough 2024 for this market, as Alang is currently adrift, languishing at the foot of the sub-continent pricing board.

For the last couple of quarters of 2023, primarily on account of the struggles encountered by competing Bangladeshi & Pakistani markets at establishing the necessary banking & L/C financing needed to conclude vessels for recycling that saw over USD 100/Ton being wiped off vessel prices from those markets, India inadvertently found itself as the top paying destination in the ship recycling world.

Unfortunately for Alang Buyers and with 2024 well underway, the tables appear to have certainly turned of late as only a muted interest & demand seems to be emanating from a hungry India – and the question on everyone’s mind is ‘**why**’?

MSC’s recent flurry of ‘India only’ sales intended for strictly green HKC recycling has barely scratched the surface of the prevailing (yet watchful) appetite of Alang Buyers, let alone the total number of yards in Alang that are currently on a wait-and-watch mode.

Moreover, even though India’s economy has been on a noteworthy trajectory of late and despite domestic fundamentals affecting vessel prices have (more-or-less) been tagging along for the ride, unfortunately for the country, Alang’s ship recycling sector has witnessed incessant volatility in local steel plate prices, along with the Indian Rupee that has been continually jumping back and over the Rs. 83.0 fence against the U.S. Dollar week after week, leaving Alang Recyclers increasingly tentative on the immediate future of these fundamentals and the markets overall.

As such, the present is essentially how the Indian market has found itself becoming gradually uncompetitive on the diminutive number of non-HKC market vessels that are currently on offer for recycling.

The shortage of market tonnage has eventually hit Alang’s waterfront as well, with nothing other than a few beachings and not a single fresh arrival to report this week. Ironically, the total amount of LDT beached in Alang this week is less than the LDT of the smallest vessel to beach in Chattogram this week.

Rough start.

Tables have turned.

Noteworthy trajectory.

NO MARKET SALES REPORTED

PAKISTAN

ELECTIONEERING!

Elections underway.

As political intrigues take center stage once again in Pakistan this week, the recently concluded elections saw Ex-PM Nawaz Sharif becoming Pakistan's PM for the 4th time, all while former Prime Minister Imran Khan & his wife were jailed on 100s of alleged charges this week (including corruption), resulting in him being taken off the ballot and unable to participate in this most recent election.

Political turmoil.

As a result of his imprisonment, election week was marred by reported violence and ended up being a vicious affair for the nation, with violent strikes, bomb blasts, local deaths, and a subsequently dead-silent week in terms of recycling activity & offers emanating from Gadani.

The violence also led to regular communications outages as mobile and data services were continually suspended, in an effort to curtail the ongoing & persistent violence and with the results of the elections now having been announced, it unlikely we will see any fresh sales into this market in the short term (not that there are many ships for sale as it is!) and especially if the political unrest continues.

On the local fundamentals front, the Pakistani market seems to be taking a page out of both Indian & Bangladeshi markets this week as domestic steel plate prices flatlined throughout the week (given that Gadani Recyclers likely have no material to resell) and the Pakistani Rupee seemed to suddenly strengthen towards the end of the week, closing out at PKR 279.15 against the U.S. Dollar and seemingly on its way to PKR 278.

Overall, in the wake of has been another contentious political affair, all are certainly hoping for further calm in the nation with conclusion of the elections.

TURKEY

ABYSS OF UTTER STILLNESS!

The lack of tonnage has rotted the bidding tables out in Turkey and with the onset of Chinese New Year Holidays this week, coupled with the ongoing geopolitical mess in the region that is further suffocating the remote chances that Turkish Recyclers may have at negotiating the invisible tonnage currently on offer, Aliaga has descended into the abyss of utter stillness.

Rotted tables.

There are absolutely no market or private ships to bid on, no movements being reported in both import and local steel plate prices, and there's certainly no stopping the Turkish Lira's unstoppable descent towards TRY 31, as it spiked close to TRY 30.7 against the U.S. Dollar this week.

Yard closures?

Other than awaiting news of eventual yard closures from Aliaga, seems like nothing else is destined to happen here.

INTERESTING FACTS

- *Most of us have at least once admired the polar bears in our life. Polar bears have colorless fur. Each of the strands of its fur is hollow and reflects light, which makes them appear white.*
- *Little squirrels vehemently help trees worldwide. Acorns and seeds are buried (planted) everywhere the squirrels go, which in turn increasingly helps the spread and growth of new trees. That certainly is a magnificent contribution to the world and to the world of trees.*
- *94% of the earth’s total living organisms are some form marine beings living in the vast oceans.*
- *The Ocean Service states that less than 5% of the world’s oceans have been explored so far.*
- *The World Register of Marine Species states that by now, 240,470 species have been explored, which is still believed to be a rather small amount when compared to the total number of existing species of Marine Life.*
- *After salt water and hydrogen sulfide combine, the water around it becomes denser resulting in the formation of a lake or river beneath the ocean.*
- *The Pacific Ocean is home to nearly 25,000 islands. The numbers are higher than anywhere else on the planet.*
- *Close to 1,000 shipwrecks are located in the Florida Keys alone, some of which come within the National Marine Sanctuary.*
- *The longest chain of the mountain on earth, the Mid-Ocean Ridge, lies almost underwater, spreading across a distance of 65,000 km.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
No Holidays in February	February 08 – February 15 February 23 – February 27

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
February 21 – Marty’s Day February 25 – Shab-e-Barat	February 09 – February 14 February 24 – February 29

BANK HOLIDAYS		
CHINA	PAKISTAN	TURKEY
February 10 – February 16 – Spring Festival Holiday	No Holidays through February	No Holidays through February

Prices indicated above are as reported in the market and are not necessarily accurate. This information is provided without prejudice and is given in good faith and without any guarantees whatsoever. While every 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. Opinions expressed herein may be deemed subjective and arbitrary. This WEEKLY is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination, or other use of this information by persons or entities other than the intended recipient is prohibited.

ALANG - Port Position as of February 09, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Safe	890	General Cargo	Beached February 08
2	Sas 4	935	Supply	Beached February 08
3	Tomson Gas	1,990	LPG	Beached February 09
4	Viliga	807	Fishing Vessel	Beached February 07
Total Tonnage		4,623		

CHATTOGRAM - Port Position as of February 09, 2024

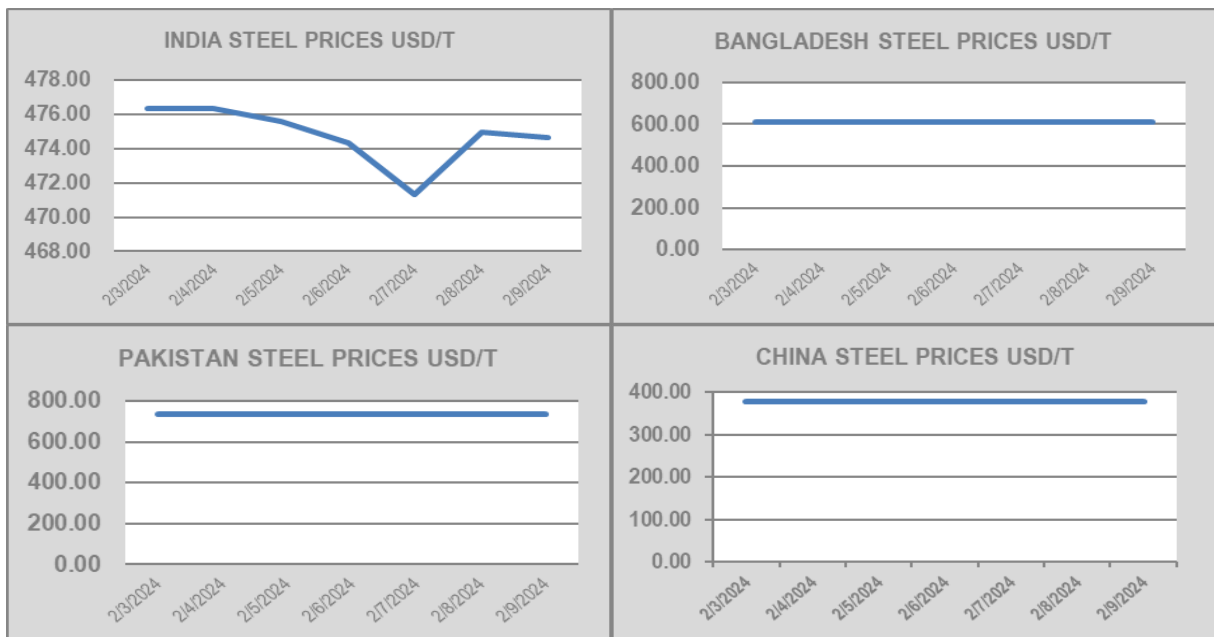
No.	VESSEL NAME	LDT	TYPE	STATUS
1	Konstantinos	7,979	Bulk Carrier	Arrived February 08
2	Lila Nantong	23,982	Bulk Carrier	Arrived February 05
3	Wadi S	10,248	Bulk Carrier	Arrived February 03
4	Luffy	4,636	General Cargo	Arrived February 03
Total Tonnage		46,844		

GADANI - Port Position as of February 09, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Ze Hong	11,618	Container	Beached February 02
Total Tonnage		11,618		

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
2/3/2024	476.36	39,500.00	736.28	208,000.00	609.76	75,000.00	377.46
2/4/2024	476.36	39,500.00	736.28	208,000.00	609.76	75,000.00	377.46
2/5/2024	475.56	39,500.00	736.28	208,000.00	609.76	75,000.00	377.46
2/6/2024	474.36	39,400.00	736.28	208,000.00	609.76	75,000.00	377.46
2/7/2024	471.31	39,100.00	736.28	208,000.00	609.76	75,000.00	377.46
2/8/2024	474.98	39,400.00	736.28	208,000.00	609.76	75,000.00	377.46
2/9/2024	474.64	39,400.00	736.28	208,000.00	609.76	75,000.00	377.46



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