

February 23rd, 2024
Volume 258, Issue 1123
Week 8

QUOTE
of the
WEEK

“Before you can make a dream come true, you must first have one.”

– Ronald McNair

Highlights:

- No volume bounce.
- India off the pace.
- Elections settled.
- Few containers.
- No surge or slide.
- Scan to download and view the GMS Weekly on our Recycling App!



MARKET COMMENTARY

OVER HEATING...?

In spite of Chinese New Year holidays having concluded over a week ago, the ongoing & unending lethargy that is permeating through global ship recycling markets is now being exclusively driven by the relentless & futile shortage of tonnage that is expected to continue until Spring (at the very least), the much-anticipated rebound in global recycling volumes that so many in our industry had been waiting (hoping) for before the turn of the year, has unfortunately failed to materialize.

In fact, as ship recycling markets in both Turkey & India remain well off the competitive pace, Pakistan & Bangladesh remain atop the leaderboard for over a month now, gunning for each other's lunches amidst this increasingly dwindled out supply of vessels that continue to enjoy the unseasonable boom in freight rates, on the back of unexpected 2024 geopolitical concerns.

Notwithstanding the persisting tonnage-crunch, this recent & gradually pervading positivity in Bangladesh & Pakistan via the easing of financial hurdles & L/C restrictions - that were previously imposed by the respective governments and spanned over 2 quarters towards the end of 2023 (practically shuttering the entire Gadani ship recycling sector) – that were **finally** eased several weeks ago and it remains unsurprising to witness a rapidly forming demand from both locations. Dejectedly, there is simply not enough going around to satisfy current demand in any market.

Across the ship-recycling landscape in general, elections are due in India next month and with those in Pakistan & Bangladesh having only recently concluded (about 6 weeks ago), much of the ongoing political uncertainty & unrest that dominated the sub-continent ship recycling nations over recent years should hopefully be settled (or at least until the next election cycle), as famished recyclers get back on the prowl for tonnage once again, hopefully seeing bluer skies into Spring (and until the Monsoons resume). In Turkey, economic / fundamental woes remain rampant as the Lira continues to plummet week after week, all while Turkish ship prices cling on for dear life.

Overall, the expected supply of containers for recycling (perhaps the slowest of all sectors) has yet to materialize, all while owners continue to operate their aging box carriers & exploit trade routes currently afflicted by the ongoing Red Sea conflict and enjoying the trickledown effects of this (overheated?) charter market. Sub-continent recycling prices have also remained stable of late, hovering around the USD 500/LDT mark, as there seems less danger of a surprise slide (or even surge) in levels in the near future, given current fundamentals in each market.

For week 8 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 |

BANGLADESH

EKE OUT!

Bare minimum

Bangladeshi recyclers have been left stranded over the last few weeks, not only facing a sudden & ongoing shortage in the availability of Chinese controlled tonnage (on account of recently concluded Chinese New Year Holidays), but also on account of battling an increasingly aggressive & overtly competitive Pakistan market that has undeniably taken over the competitive reins from India of late, snagging a healthy collection of non-HKC tonnage that has been opening up West of Colombo and subsequently leaving domestic Recyclers struggling to eke out units from the bare minimum number of small LDT ships that have been propping up across South East Asian waters.

As a result of Pakistan's ongoing competitive offerings, Gadani Recyclers seem to have struck an increasingly prominent dent in the ability of Chattogram Choppers to furnish their yards with tonnage, especially as Pakistani Buyers continue to suffocate the firming demand that has been emanating from Bangladeshi shores of late - a fact that is glaringly evident via the 2 small vessels that arrived Chattogram's anchorage this week.

Finance resolving.

Moreover, having lost over USD 100/Ton in vessel prices through 2023, local offerings seem to have finally stabilized in Bangladesh in 2024 so far, and there clearly remains a healthy number of eager local Buyers who are capable of dipping aggressively back into the game, be it at these comparatively lower, yet far more stable & drama-free offerings.

Finally, in addition to the recent lack of readily available vessel financing & severe L/C constraints that had handcuffed the ability of domestic ship recyclers at the bidding tables for more than 2 of the last quarters of 2023, restrictions finally started to ease since last month & the 'Bangladeshi momentum' that many had missed for so long, once again seems to be gathering steam since the conclusion of the nation's general elections last month and thanks in great part to an influx of some much needed U.S.\$s. via IMF loans.

Fully certified.

Local fundamentals also continue to silently support domestic recyclers in their ongoing ventures, in that, despite briefly collapsing to & subsequently firming from BDT 109.85 to BDT 108.91, the Bangladeshi Taka continues to end each week at BDT 109.48 like clockwork. Local steel plate prices have also resumed flatlining, indicating that recent deliveries still needs to start moving from local yards & into domestic steel mills.

Overall, it certainly remains an interesting time for Ship Owners & Cash Buyers who may have vessels opening up in the Far East, even for HKC only units given that 3 certified yards are currently operating on Chattogram shores, available to assist the growing needs of environmentally conscious ship owners as well.

NO MARKET SALES REPORTED

INDIA

DOWN AND DRY!

As the lowest placed ship recycling destination across the Indian sub-continent markets - and that too at a time when a healthy majority of recyclers across the top 5 global ship recycling destinations remain on “predator” mode through this ongoing and disastrous shortage in the overall availability of meaningful tonnage - India continues to face the same fate week after week, ending it down and dry since the conclusion of the last of MSC’s containers back in January.

The supply of HKC tonnage and the sporadic introduction of specialist / offshore unit(s) that came available for recycling since the start of the year, have all but evaporated and there is simply no competing with the increasingly bullish Pakistani and Bangladeshi markets that have effectively carved out their geographic advantages in the Indian sub-continent markets, via their impressive offerings.

Moreover, the unresolved riddle surrounding the ongoing performance of the Indian market remains unresolved, despite fundamentals offering the much-need leverage to assist domestic recyclers via a Rupee that is now firming deeper into INR 82 territory, ending the week at INR 82.80 against the U.S. Dollar.

Local steel plate prices too have more-or-less displayed a degree of stability across recent weeks, given that other than ongoing daily fluctuations, steel levels even ended the week marginally firmer this week, continuing to offer “sentiment bolstering” incidences that have failed to materialize into local acquisitions.

Nevertheless, the fact remains that the spark needed to ignite India’s ‘fire to acquire’ is still at large, as Alang’s anchorage continues to suffer the consequences of struggling in last place in the market rankings, with just one fresh arrival this week and ‘0’ on India’s scoreboard.

Overall, with elections due next month and competing neighbours now flooring their pedals to the metal, it is only a matter of time before sheer desperation takes over and Alang Buyers takes off once again, not only for HKC / specialist units, but also on every available unit being proposed for recycling.

Lowest placed.

No HKC.

‘Fire to acquire’.

NO MARKET SALES REPORTED
PAKISTAN

ALLURE OF THE L/C!

Finally back!!

The Pakistani market is finally back!!

And from a performance standpoint, after almost 2 years on the sidelines due to violent political instabilities, economic chaos, and disastrous L/C restrictions that essentially forced the domestic ship recycling sector into an unshakable state of stasis, Gadani Recyclers are finally back at the bidding tables in full form...and seemingly on **fire**.

In fact, Gadani recyclers have been competing so effectively against both Indian and Bangladeshi recyclers of late, they have not only hijacked all of the tonnage opening West of Sri Lanka, but Gadani's waterfront also remains busier than the combined waterfronts of Alang & Chattogram this week.

West of Colombo.

Evidence of which is basking at all of the respective anchorages, whereby Gadani recyclers were busy taking deliveries of more LDT this week, than the combined totals of competing sub-continent neighbors, while simultaneously beaching an equivalent number of vessels as well.

This would have (rationally) been impossible had L/C restrictions not been promptly eased pursuant to the announcement of the IMF loan in early January and that has been the prime motivator behind the aggression currently brewing across Pakistan's ship recycling sector.

Offering further stability to the local psyche have been domestic fundamentals, which have also been displaying an oddly coincidental degree of stability in local steel plate prices & even firming the Pakistani Rupee against the U.S. Dollar of late, giving Pakistani recyclers that much-needed push to remain hot on the heels of an already aggressive Bangladesh.

Geographical buck.

The snowballing result of the above has been a healthy collection of purchases since the start of 2024, including a couple of favored, large LDT Capes from Cash Buyer inventories, and several decent sized (LDT) bulkers, general cargo vessels, and even container units, away from Indian hands. Impressively, Gadani Recyclers have already taken deliveries of nearly half of the entire volume of tonnage recycled in Pakistan through all of 2023.

Undoubtedly, the allure behind the power of the L/C is not only fundamental to the Pakistani ship recycling community, but it is just as alluring for the rest of the industry that is presently looking to recycle a unit and get the best bang for their geographical buck, in addition to fastest of beachings across all sub-continent recycling markets (on account of no tide requirements).

TURKEY

HOLDING ON...JUST BARELY!!!

After surviving an anticipated drop in vessel pricing this week, Turkish fundamentals continue to do dither in the face of missing tonnage, as import steel plate prices decline for the second week in a row (and to the tune of about USD 7/Ton), as the infamous Lira declines continue unabated, briefly spiking into TRY 31 territory on Friday, only to have mercifully ended the week at TRY 30.98 against the U.S. Dollar – in effect confirming the inevitable escalation into TRY 31 territory by next Friday.

Meanwhile, Turkish inflation has seemingly turned into an inferno of late as “The monthly inflation rate in Turkey reached 85.51 percent in October 2022, the highest inflation rate recorded between 2016 - 2024. In June 2023, the year-on-year change in the Consumer Price Index (CPI) was recorded at 38.21 percent, the lowest since January 2022.”

(Source: Stastica.com)

In fact, in a constantly fruitless effort in attempting to ease this wild ride, and after consistently increasing interest rates to 45% in January of this year, this week, the Turkish government finally announced that it would be halting the further raising of rates and maintain them at current levels until the domestic market starts to cool off again.

As such, how this market won't enter a phase of price cooling and a further easing in the Lira come week 9, remains to be seen. For now, vessel prices from the Aliaga are barely hanging on, and just as the seemingly inevitable jump across TRY 31 next week, local levels may suffer the same fate come next Friday.

Lira inevitability.

Similar fates!

INTERESTING FACTS

- *Keep good news to yourself. You might be able to make a good day even better – if you don’t tell anyone about it. Contrary to popular belief, keeping secrets may not be a bad thing (as long as they’re the right sort). In November, a study found that keeping good news a secret actually boosts your energy levels – especially if you do eventually intend to spill the beans. Delaying by hours, days or even weeks could help prolong the joy involved in sharing your good news.*
- *A species of Snakes was discovered cartwheeling. Researchers identified a species of snake (the Dwarf Reed Snake) with an unusual gymnastic ability: it can do cartwheels. The dwarf reed snake was observed coiling itself into an S-shaped loop before using its tail to push off the ground and cartwheel 1.5m (4.9ft) in under five seconds. It’s thought the behavior is a bid to startle predators (and any scientists watching it).*
- *T. Rex found to have lips. Contrary to the teeth-baring portraits of the dinosaurs we’ve grown used to, a study published in Science showed that Tyrannosaurus rex probably had juicy (but scaly) lips. These smackers would have protected their giant gnashers from wear and tear.*
- *New tech ‘broke into’ a brain. A breakthrough method that uses ultrasound and bubbles to ‘trojan horse’ drugs across the blood- brain-barrier spells good news for potential Alzheimer’s treatments. “It opens up this door of basically unlimited options,” Dr Sophie Morse, the study’s lead author told BBC Science Focus in September.*

IMPORTANT DATES

| INDIA | |
|--|--|
| BANK HOLIDAYS | BEACHING TIDES |
| <p>No Holidays in February March 08 – Maha Shivratri March 25 – March 26 – Holi March 29 – Good Friday</p> | <p>February 23 – February 27 March 08 – March 15 March 26 – March 30</p> |

| BANGLADESH | |
|---|--|
| BANK HOLIDAYS | BEACHING TIDES |
| <p>February 26 – Shab-e-Barat March 17 – Sheikh Rehman’s Birthday March 26 – Independence Day</p> | <p>February 26 – February 29 March 11 - March 14 March 25 – March 28</p> |

| BANK HOLIDAYS | | |
|---|---|---|
| CHINA | PAKISTAN | TURKEY |
| <p>No Holidays through March</p> | <p>March 11 – Bank Holiday Only March 23 – Pakistan Day</p> | <p>No Holidays through March</p> |

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ALANG - Port Position as of February 23, 2024

| No. | VESSEL NAME | LDT | TYPE | STATUS |
|----------------------|--------------------------|---------------|---------------|---------------------|
| 1 | Bontrup Emirates | 11,736 | General Cargo | Arrived February 22 |
| 2 | Nand Rajgadi (Under Tow) | 760 | General Cargo | Beached February 20 |
| Total Tonnage | | 12,496 | | |

CHATTOGRAM - Port Position as of February 23, 2024

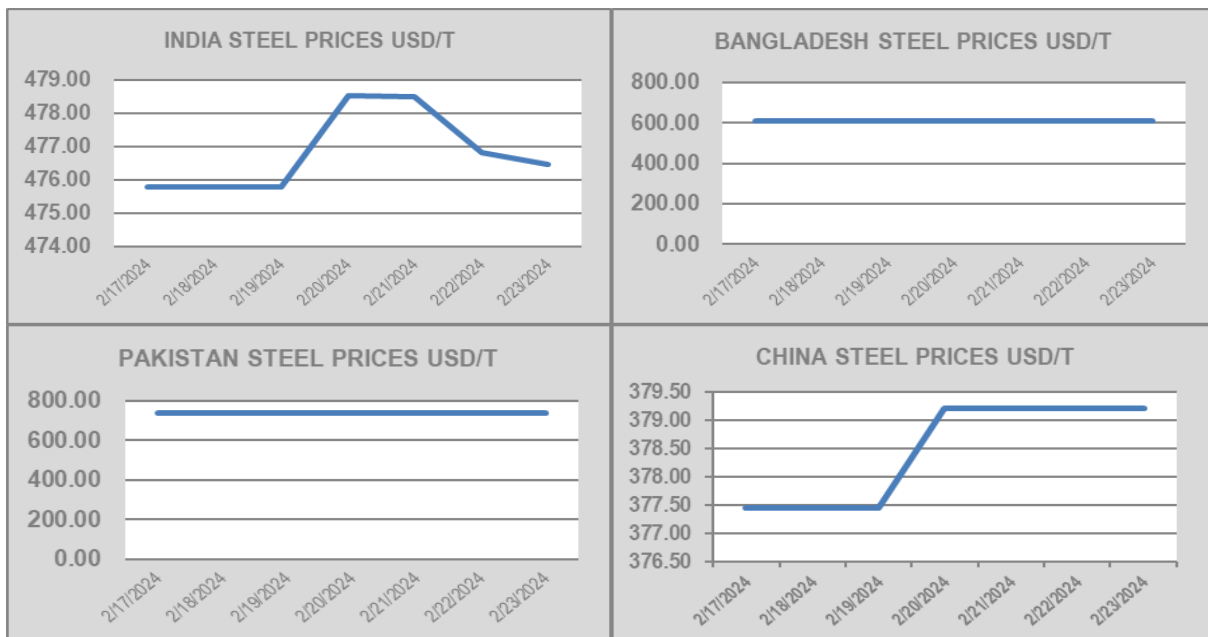
| No. | VESSEL NAME | LDT | TYPE | STATUS |
|----------------------|--------------|--------------|--------------|---------------------|
| 1 | John C | 4,759 | Tanker | Arrived February 22 |
| 2 | Xin Xiang An | 5,113 | Bulk Carrier | Arrived February 19 |
| Total Tonnage | | 9,872 | | |

GADANI - Port Position as of February 23, 2024

| No. | VESSEL NAME | LDT | TYPE | STATUS |
|----------------------|----------------|---------------|--------------|---------------------|
| 1 | Bukhta Nagaeva | 2,353 | Reefer | Arrived February 17 |
| 2 | Dhafi | 6,040 | Passenger | Arrived February 19 |
| 3 | Gap | 3,837 | Container | Arrived February 18 |
| 4 | Wang Hai | 23,039 | Bulk Carrier | Arrived February 23 |
| Total Tonnage | | 35,268 | | |

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 |
|-----------|--------------------------|--------------------|-----------------------------|-----------------------|-------------------------------|-------------------------|--------------------------|
| 2/17/2024 | 475.79 | 39,500.00 | 736.28 | 208,000.00 | 608.13 | 74,800.00 | 377.46 |
| 2/18/2024 | 475.79 | 39,500.00 | 736.28 | 208,000.00 | 608.13 | 74,800.00 | 377.46 |
| 2/19/2024 | 475.79 | 39,500.00 | 736.28 | 208,000.00 | 608.13 | 74,800.00 | 377.46 |
| 2/20/2024 | 478.54 | 39,700.00 | 736.28 | 208,000.00 | 608.13 | 74,800.00 | 379.21 |
| 2/21/2024 | 478.49 | 39,700.00 | 736.28 | 208,000.00 | 608.13 | 74,800.00 | 379.21 |
| 2/22/2024 | 476.82 | 39,500.00 | 736.28 | 208,000.00 | 608.13 | 74,800.00 | 379.21 |
| 2/23/2024 | 476.48 | 39,500.00 | 736.28 | 208,000.00 | 608.13 | 74,800.00 | 379.21 |



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