

March 1st, 2024
Volume 259, Issue 1124
Week 9

QUOTE
of the
WEEK

“If I had more time, I would have written a shorter letter.”

– Mark Twain

Highlights:

- Deprived.
- No deluge.
- Geopolitics affects.
- Recycling recovery.
- Political gains.

• Scan to download and view the GMS Weekly on our Recycling App!



MARKET COMMENTARY

STILL LOSING SUPPLY!

As freight markets push further on, global ship recycling markets remain deprived of tonnage, making it an increasingly suffocating environment for ship recyclers to operate in. In countries like Bangladesh & Pakistan that rely heavily on imported ship's steel, not only for domestic / large-scale infrastructure projects, but also for its comparatively 'healthier' and 'rust-free' condition than other forms of imported scrap metal / steel (HMS 1, HMS 2, shredded steel, etc.), which is in an exponentially worse off condition, ship recycling remains a win-win / net-positive transaction for all parties involved as a comparatively higher USD/Ton is paid for the steel coming out of the world's end-of-life ships that would otherwise be of no further use. The easier availability of such materials (compared to local mining, logistics, or even imports) for national infrastructure projects & that too at 'scrap' related levels, remains a blessing for such nations.

On the supply side, the dry bulk / container sectors continue to surge in rates since the start of the year, resulting in owners of even 25-30-year-old vessels finding a decent route to keep their units employed in! Moreover, the ongoing & unexpected surge in freight rates has not only lured the tanker sectors in (leaving it positioned at historically strong levels), but it has also taken the one off HKC / specialist units that were drip-feeding some much-needed life into an emaciated Alang back in January, away from the bidding tables resulting in a seriously famished state of affairs at all of the major recycling waterfronts. Tonnage shortage hasn't spared the Turkish market either, where the Lira & local fundamentals conspired to finally break the backbone that held vessel prices firmly up this far, resulting in the industry seeing Aliaga Buyers roll back levels by about USD 10/MT this week, the much-anticipated first in a long time.

Finally, ongoing geopolitical hurdles remain fundamental to this most recent & sustained surge in charter rates, and the world has clearly been thrust into uncharted territory this year, given all of the ongoing disruptions affecting global trade. This also begs the question as to whether China is even facing an economic downturn at present, so bullish have the trading markets been of late. Nevertheless, recycling locations are recovering from the loss of about USD 100/LDT in value over the course of 2023 as Pakistan & Bangladeshi Recyclers battled L/C & finance restrictions on all of their vessels (until only 2 months ago). Moreover, with political disruptions and elections nearly settled across all sub-continent ship recycling markets, and India's elections now being reportedly rescheduled until May, nervy Alang Recyclers are the only ones reticent to offer firm, at least until the (expected) outcome of the elections are confirmed.

For week 9 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	Declining	330 / LDT	340 / LDT	350 / LDT

BANGLADESH

FREEZING UP!

Lacking supply.

This week, even though firming offers were emanating from Bangladeshi Buyers and despite there being a tiny number of small(er) LDT vessels opening up in Far Eastern waters that are reportedly in the process of being negotiated for a recycling sale to a local Buyer, the overall (agonizing) lack of tonnage is starting to tell at Bangladesh's waterfront once again, given that no fresh vessels were reported to have arrived local anchorage this week.

In fact, both vessels currently at the nation's recycling waterfront are arrivals from a couple of weeks ago, awaiting completion of inward formalities and enroute to being delivered to their respective end Buyers.

Further highlighting the inescapable allure of trading lanes at present was the reported diversion of a '97 built handy-size Bulk Carrier that was discharging in Bangladeshi waters this week, and managed to evade the clutches of a domestic Chop Shop (and its own mortality) via a trading offer that was compelling enough for the vessel Owner to sail her away from the shores of Bangladesh!

No bulkers.

Meanwhile, in the face of dithering (and recently weakened) fundamentals that should hamper local sentiments with each passing week, Chattogram Recyclers remain aggressive for units in the face of a marginally weakened (yet relatively stable) Bangladeshi Taka that ended the week at BDT 109.50 against the U.S. Dollar, all while local steel plate prices, though healthy enough to trade once again, regrettably declined ever so marginally as the week ended.

Notwithstanding, as domestic ship recycling yards now start to increasingly focus on upgrading their respective facilities – given that Bangladesh has ratified the Hong Kong Convention, and which itself remains a mere 16 months away from entering into force – local Recyclers are now diverting a healthy portion of their cash / bank financing that could be used towards vessel purchases, away & towards their ongoing investments on yard upgrades. The markets may therefore witness the Bangladeshi government imposing restrictions on vessel financing & L/C transactions once again, should the supply of tonnage open up amidst yard renovations.

HKC floodgates?

As such, in light of the ongoing lack of tonnage, US\$ funding that is now more readily available to local Recyclers, and a Monsoon that is looming only a couple of months away, 'today' may well be the best time for local Buyers to focus & invest their time & money for 'when & if' the HKC / green floodgates open as HKC enter force.

NO MARKET SALES REPORTED

INDIA

ENJOY THE SILENCE!

Even though anti-dumping duties are currently in place in India, this week saw a flood of cheap Chinese billets enter the domestic market, invariably increasing downward pressure on local steel plates prices in, and vessel offers from, a continually puzzling & beleaguered market that is the Indian ship recycling sector today.

With India's General Elections now scheduled around (early) May 2024, many in the industry are 'holding fire' on their offers, before resuming filling their respective plots with recycling tonnage once again, likely anxious about potential policy changes and / or economic measures that may be introduced post-elections, not only by the pro-business Modi administration (the highly-expected victors of the upcoming election), but perhaps also by the opposition should they come into power and may seek to undo all of the current administration's policies, inadvertently altering the 2024 & beyond trajectory of India's economy.

Speaking of (the economy), local steel plate prices fell by a few USD / Ton early in the week, only to stabilize & firm up before the week ended, all while the Indian Rupee continues to trade firmly in the high Rs. 82s against the U.S. Dollar, providing a much-needed boost to the local mindset.

Yet, given the ongoing (political and future economic) uncertainties that currently plague Alang Recyclers, in addition to a virtual standstill in the availability of viable recycling candidates (including specialist / strictly HKC-only units) that are off the recycling buffet for now, Alang Buyers find themselves increasingly committed to enduring a period of silence on the sidelines.

Given just how aggressive competing markets (Pakistan in particular) have been of late, in addition to upcoming Holi Holidays that are spooling around the corner, Alang Buyers might as well 'Enjoy the Silence' and have fun until the winds turn favourable.

Chinese billets.

Election looms.

Have fun!

PAKISTAN

RISKING OBSOLETION!

Lacking.

Despite the recent delivery of a Capesize Bulker to a Gadani ship recycling yard, domestic Recyclers have been somewhat off the mark this week, unable to compete against starving Chattogram Choppers who have not only continued to improve their levels through the working week (thereby further cornering the market on any potential units that may be opening up in the Far Eastern shipping lanes in the near future), but they may also end up widening their geographic reach further out West, likely to dip into Gadani's lunch in the near future – and especially if Alang Buyers do not stage a return prior to.

Looking to pounce.

As such, on account of there being virtually no candidates available at the bidding tables this week, there were reported discussions amongst Gadani Recyclers to simply 'jump up' on any potential candidate(s) that may come their way, so anxious are Pakistani Recyclers on the bullish nature of the various freight markets at present.

Accordingly, much like their Indian counterparts & as evident from the above, Pakistani Buyers continue to struggle through the ongoing & crazy shortage of recycling tonnage. Ironically, in contrast, to their own historical performance, Pakistani Recyclers have decidedly & aggressively shot past India's offerings of late, finally evaluating their own domestic fundamentals & vessel pricing strategies as they are clearly being driven by their own needs versus simply following the competition.

HKC upgrades needed.

Supporting Gadani Buyers through this endeavor has also been the recent performance of the Pakistani Rupee, which has either remained relatively steady, or has gradually firmed as it ended the week at levels approaching PKR 279.20 against the U.S. Dollar. Even local steel plate prices remained flatlined for another week, likely due to the fractured supply lines of vessels to local yards, and subsequently ship's steel from these yards and into domestic steel mills.

Evidence of the lack of recent fixtures into the Pakistani market is also visible at the frontlines this week, where Gadani's waterfront reported no new arrivals and all of the vessels at anchorage are arrivals from weeks prior.

Finally, just as Chattogram recyclers currently are, Gadani recyclers must also look to seriously upgrading their facilities in line with the standards & requirements of the HKC (Hong Kong Convention), given that the convention is due to enter into force a mere 16 months later and if major yard upgrades will be required & related financing will be needed from local banks, this should (hopefully) insulate this market from future HKC-only tonnage woes.

NO MARKET SALES REPORTED

TURKEY

THARR SHE BLOWS !!!

After weeks of tempered restraint against allowing their vessel offerings to decline in the face of sheer & utter financial and economic ruin (as reported last week about Turkey's crazy inflationary numbers over recent years), Turkish prices finally fell this week and it would certainly have been a tricky delivery (deliveries?) had the God's granted Aliaga's Recyclers with a unit or two, which would have required local Buyers to perform on their deals at these overall higher levels, especially in the face of declining fundamentals and vessel prices that not only fell by about USD 10/MT this week, but may also fall further in the coming week(s).

Prices finally fall.

Thanks in no small part to the steadfast rate of decay of the Turkish Lira, week after week for well over 2 years now, and one that has seen the TRY decline more than double in value against the U.S. Dollar during this time, the Lira's unrelenting volatility remained on full display (even this week) as it spiked past TRY 31.42, only to have ended the week at TRY 31.31 against the U.S. Dollar. One can only assume that TRY 32 is nothing more than the end of the month / onset of Q2 away.

Fundamentals conspire.

Even import & domestic steel plate prices conspired in unison with the declining Lira, to add ever more pressure on vessel prices as they respectively declined by about USD 10/MT and USD 5/MT this week.

As such, whether this week's decline in levels is the first brick of many to be released from this pressurized 'vessel pricing' dam that's been gathering steam for some time now, remains to be seen. For now, however, the Turkish market is one to certainly remain cautionary about.

INTERESTING FACTS

- *Unborn babies were found to inherit 'greedy gene' from their father. Scientists from the University of Cambridge discovered that fetuses use a gene (IGF2) inherited from their fathers to force their mothers to release more nutrients during pregnancy. It was the first evidence that a dad's gene, nicknamed the 'greedy gene', allows his unborn child to send these demanding signals.*
- *The mind was mapped like never before. 2023 was a big year for neural cartography. In March, researchers at the University of Cambridge pieced together the links between every single neuron in the brain of a fruit fly larva. Meanwhile, scientists at the Allen Institute for Brain Science, in the US, were beginning to map the 3,000-plus cell types that make up the human brain, with the first blueprint published in October.*
- *Faecal transplants began in the U.K. This year, the first faecal transplant clinical trials began in the UK as the first trials in the US came to a close. In November, the US trials found that the transplants rid patients of drug-resistant superbugs. Meanwhile, the UK trials are using a tablet (nicknamed a 'crapsule') to deliver the transplants to volunteers with liver disease.*
- *Anti-ageing technology made several big leaps. A breakthrough study by scientists at the Duke University School of Medicine, in the US, identified the human body's natural mechanism for reversing biological ageing. The research showed that biological age is more flexible than chronological age and can be reduced – as long as we give our bodies a chance to recover from stressful events. Later in the year, a group of studies published in Nature suggested that transfusions of a young person's blood, and injections of an age-defying hormone, could help to rejuvenate ageing brains.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
March 08 – Maha Shivratri March 25 – March 26 – Holi March 29 – Good Friday	March 08 – March 15 March 26 – March 30

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
March 17 – Sheikh Rehman's Birthday March 26 – Independence Day	March 11 - March 14 March 25 – March 28

BANK HOLIDAYS		
CHINA	PAKISTAN	TURKEY
No Holidays through March	March 11 – Bank Holiday Only March 23 – Pakistan Day	No Holidays through March

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ALANG - Port Position as of March 01, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Ancier	9,283	RoRo	Arrived February 28
2	Bontrup Emirates	11,736	General Cargo	Beached February 25
Total Tonnage		21,019		

CHATTOGRAM - Port Position as of March 01, 2024

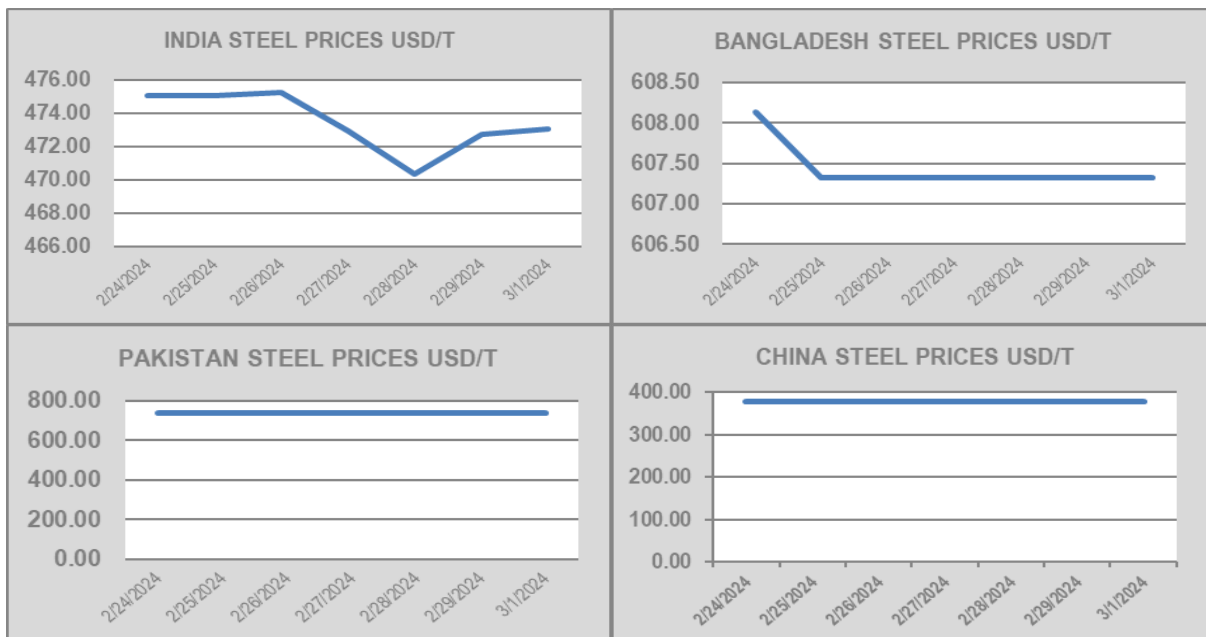
No.	VESSEL NAME	LDT	TYPE	STATUS
1	John C	4,759	Tanker	Beached February 28
2	Xin Xiang An	5,113	Bulk Carrier	Arrived February 19
Total Tonnage		9,872		

GADANI - Port Position as of March 01, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Bukhta Nagaeva	2,353	Reefer	Beached March 01
2	Dhafi	6,040	Passenger	Arrived February 19
3	Gap	3,837	Container	Beached March 01
4	Wang Hai	23,039	Bulk Carrier	Beached March 01
Total Tonnage		35,268		

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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
2/24/2024	475.04	39,400.00	736.28	208,000.00	608.13	74,800.00	379.21
2/25/2024	475.04	39,400.00	736.28	208,000.00	607.32	74,700.00	379.21
2/26/2024	475.27	39,400.00	736.28	208,000.00	607.32	74,700.00	379.21
2/27/2024	472.92	39,200.00	736.28	208,000.00	607.32	74,700.00	379.21
2/28/2024	470.33	39,000.00	736.28	208,000.00	607.32	74,700.00	379.21
2/29/2024	472.74	39,200.00	736.28	208,000.00	607.32	74,700.00	379.21
3/1/2024	473.03	39,200.00	736.28	208,000.00	607.32	74,700.00	379.21



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