

April 12th, 2024
Week 15
Volume 260, Issue 1129

QUOTE
of the
WEEK

“People seldom do what they believe in.
They do what is convenient, and then repent.”

– Bob Dylan

Highlights:

- Positive week.
- Container sales.
- Chinese bulkers.
- Tariffs prevent.
- Pak rethink.

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Recycling App!



MARKET COMMENTARY

RAMADAN RESURGENCE...OR NOT?!

Indian sub-continent ship recycling markets enjoyed a ‘greater than expected’ degree of a post-Ramadan resurgence as vessel prices across the various destinations seemed to have concurrently enjoyed varying degrees of an uptick this week on the back of which, some eye-opening sales were seemingly concluded into the various sub-continent locations.

However, this firming is certainly surprising, given that recycling destination currencies suffered through their own versions of (shocking) volatility against the U.S. Dollar this week and to still have witnessed a firmer week, is very unlike the reactionary performance of the overall ship recycling mindset, which also saw Sinokor’s container breach USD 600/LDT just last week. This sale promptly led to several (private & market) containers being proposed for sale this week, as surprised Ship Owners welcomed the possibility of achieving USD 600/LT for their again unit, which only resulted in a growing excitement amongst those Recyclers who are on the serious hunt for tonnage. Accordingly, frantic offerings ensued and although USD 600/Ton was not breached, several deals were reportedly concluded at these firmer overall levels. The only question that remains unanswered is just where any & all of these fixtures will eventually end up, given that pricing & geography remain the keys to unlocking fundamental redelivery considerations - and Pakistani & Indian levels are about get neck-to-neck.

Amidst this week’s unexpected batch of tonnage offerings of containers, several older bulkers & general cargo vessels from Far Eastern / Chinese markets remain on the recycling menu, as freight rates unexpectedly experienced their own ‘dip’ this week, after what has been an extremely strong & sustained charter market across nearly all sectors since the turn of the year, on account of a series of geopolitical unexpected events that have managed to keep rates artificially elevated thus far. Moreover, despite the dumping of cheap Chinese billets into the global / Indian markets, punitive tariffs are doing what they were meant to, i.e., helping avoid another catastrophe similar to the one in 2015, during ship recycling’s most recent recession. Indeed, the Indian market has jumped back into the picture this week, with some impressive offers on this most recent batch of containers, securing their vessels for dormant Alang yards, while Bangladesh once again picks up a majority of the rest. As Pakistani Recyclers rethink their price ideas and Turkey spends the week invisible in celebrations, it has certainly been an interesting overall week for the industry.

For week 15 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 | 520 / LDT | 540 / LDT | 560 / LDT |
| 2 | Pakistan* | Improving | 510 / LDT | 530 / LDT | 550 / LDT |
| 3 | India | Improving | 500 / LDT | 520 / LDT | 530 / LDT |
| 4 | Turkey | Weak | 320 / LDT | 330 / LDT | 340 / LDT |

*Subject L/C approval

All at GMS would like to wish readers an Eid Mubarak!

BANGLADESH

FRISKY!

Some frantic buying.

Following on from Sinokor's impressively priced feeder container sale into Bangladesh last week and despite ongoing Eid celebrations across the nation this week, it remained just as frisky a time with Chattogram Choppers given that, an increasing number of End Buyers who have recycled through their share of recent deliveries, are freshly armed with L/C approvals and are back at the bidding tables, looking to snag their share of the available tonnage once again.

As such, it does seem as though it will be business as usual next week, especially come Monday, when domestic Ship Recyclers return to the reality of emptying local yards.

Firmer quarter.

Notwithstanding, even though Q1 was subjected to a mercilessly famished diet of vessels for recycling, we are finally starting to see an increasing number of these older dry bulk, general cargo, and even container units cropping up for sale, as freight rates finally take a dip this week and Owners of these older trading assets finally see an end to the already overextended lives of their aged beauties, via 2024s unexpected Q1 freight rush.

Fundamentals too seem to have been assisting the domestic Ship Recycling community as local steel plate prices remain flatlined at levels region USD 610/Ton and with vessel offerings from Chattogram Buyers on the up again, margins will certainly be squeezed even further, in the mere hopes of local Buyers simply snagging a unit and keeping their yards occupied, but these jumps will certainly be nowhere near USD 600/Ton next week.

Watch this space!

At current these prices, it certainly seems as though Sinokor may have hit the jackpot with this one-off price on a well-timed sale.

Overall, in order to level out the squeeze in margins, unless local steel plate prices start trading firmer and help local Recyclers justify their improving vessel offers, we may certainly see this market hit a price ceiling sooner rather than later, even though the Bangladeshi Taka continues to support the domestic purchasing mindset at its free-market rate of a marginally weaker, yet steady BDT 109.95 against the U.S. Dollar. As overall liquidity issues remain at ease, Local Recyclers return to the bidding tables with hungry appetites, armed with approved L/Cs, emotions recharged, and domestic fundamentals that are still supportive amidst an increasing supply that is further highlighting the possibility of a fiery pre-monsoon purchasing spree from Bangladeshi Ship Recyclers.

Watch this space!

NO MARKET SALES REPORTED

INDIA

OF BIDS AND BEACHINGS!

Alang Recyclers seem to be setting the distractions of the upcoming election aside, as they seemingly were involved in some surprisingly welcome, high-priced transactions on the marginally firmer selection of vessels that came on offer this week.

Bidding higher.

This firming in local sentiments is nothing short of remarkable, in that, pursuant to last week's jump in local steel plate prices (to the tune of about USD 20/Ton), they (local sentiments) survived:

- 1) A rapid retreat that saw plate prices fall by nearly half (about USD 9/Ton) across the working week,
- 2) The unexpected shocker of a rapid decline that saw the Indian Rupee break past all previously held records, ending the week at a disastrous Rs 83.55 against the U.S. Dollar.

A couple of months away, after all.

The only logical deduction behind this inexplicable and unexpected firming is perhaps a gradually cementing notion that the Modi Government will more than likely win another term and the raft of infrastructure projects that were previously announced to stimulate the economy, are all only a matter of months away from execution. So perhaps now is the opportune time to secure units and be prepared for the upcoming steel rush and widen their margins via current day prices? Monsoon is, after all, only a couple of months away after all.

Flirty fire.

This week's firming also emerges at a time the Indian market is experiencing a jolly ole' dumping of cheap Chinese billets that seem to so far be held at bay via preventive tariffs that were implemented to ensure such product does not undercut local inventories, and subsequently collapse domestic steel plate prices (as they did back in 2015). While this certainly is a well enough a reason to generate confidence for Alang Buyers to get involved in the offerings again, in the grand scheme of overall events in India and especially in Alang, it remains a week at odds with itself – especially as local anchorage lies completely empty.

As such, Alang's waterfront has, for the first time in a **very** long time, experienced complete isolation all while competing Gadani & Chattogram anchorages reported numerous vessels at both, and this in itself should have been the tinder sufficient enough to have lit Alang's flirty fire for tonnage this week. And with older containers now being increasingly proposed for sale amidst drooping freight rates, Alang's beaching lanes can only expect to get busier – at least pre-monsoon. (Fingers crossed.)

PAKISTAN

REFRESHING!

Keeping pace.

In order to keep pace with an improving Bangladesh and an increasingly desperate India that seems intent on clawing at the gap that is currently separating Pakistani pricing from India's surprisingly firmer offerings this week, Gadani Buyers have had to refresh their vessel offerings once again, just to hold the prevailing gap steady.

While several cheaper (as compared to current day offerings) sales have previously taken place to Gadani Buyers with workable L/C limits since the start of the year, it now seems as though those purchases were very good calls - especially as markets overall seem poised for liftoff once again, and we head deeper into the second quarter of 2024, ever closer to annual / Monsoon rains that have seen immense flooding in yesteryear(s).

Shortage.

Meanwhile, local fundamentals certainly seem to be doing their bit as local steel plate prices continue their horizontal dance (aka flatline) at region USD 740/Ton, offering far more of a cushion to Gadani Buyers on their recycling margins than their Chattogram counterparts currently do. Even the Pakistani Rupee remained relatively firm as it ended the week at PKR 277.79 against the U.S. Dollar.

Although the shortage of recycling candidates has had its effect on what remains an overall bleak ship recycling sector today, Pakistan's firmer than India's pricing to date has certainly led to a pleasantly busier than expected Gadani Port Report for 2024 thus far, as the domestic Ship Recycling community remain a mere 2 vessels shy of beaching past last year's volume of 17 ships – certainly a commendable jump in performance.

India's cake.

Overall, as levels firm amidst a gradually increasing supply of units that are favored by Indian Buyers more than the domestic competition, this will certainly see some healthy and above-market bidding from local Buyers in order to fill Gadani yards, especially in order to keep L/C limits satisfied.

Only time will tell how much of India's cake will Pakistan continue to eat, or could the tides eventually turn come May 2024.

Interesting times!

TURKEY

FROM STOP MOTION...TO NO MOTION!

Amidst the Lira spiking to nearly TRY 32.80 and resume its depreciation to nearly TRY 32.35 against the U.S. Dollar, Eid celebrations, no reported improvement in the supply of tonnage for this market, no change in the weakened state of import & local steel plate prices, and sentiments that have mercifully found some peace this month, it was a dead silent week for Aliaga Recyclers this week.

Let's hope next week and the warming weather continue to bring more tonnage from the North Seas back to Aliaga shores through Q2 2024.

TRY 33 already?

North Sea Tonnage?

NO MARKET SALES REPORTED

INTERESTING SCIENCE & SPACE FACTS

- Compared to Earth’s peaceful moon, Jupiter’s moon Io may come as a surprise. The Jovian moon has hundreds of volcanoes and is considered the most active moon in the solar system, sending plumes of sulfur up to 190 miles (300 kilometers) into its atmosphere.
- According to a statement from NASA, Io’s volcanos emit one ton (more than 900 kilograms) of gases and particles into the space near Jupiter each second.
- Io’s eruptive nature is caused by the immense forces the moon is exposed to, nestled in Jupiter’s gravitational well and its magnetic field. The moon’s insides tense up and relax as it orbits closer to, and farther from, the planet, generating enough energy for volcanic activity.
- Scientists are still trying to figure out how heat spreads through Io’s interior, though, making it difficult to predict where the volcanoes exist using scientific models alone.
- While Mars seems quiet now, gigantic volcanoes once dominated the surface of the planet. This includes Olympus Mons, the biggest volcano ever discovered in the solar system. At 374 miles (602 km) across, the volcano is comparable to the size of Arizona.
- It’s 16 miles (25 kilometers) high, or triple the height of Mount Everest, the tallest mountain on Earth. By volume, according to NASA, Olympus Mons is 100 times larger than Earth’s largest volcano, Hawaii’s Mauna Loa.
- Scientists speculate that volcanoes on Mars can grow to such immense size because gravity there is much weaker than it is on Earth.

IMPORTANT DATES

| INDIA | | |
|---------------------------------|--|--|
| BANK HOLIDAYS | BEACHING TIDES | |
| April 14 – Dr. Ambedkar Jayanti | April 06 – April 13 April 23 – April 29 | |

| BANGLADESH | | |
|--|--|--|
| BANK HOLIDAYS | BEACHING TIDES | |
| April 10 – April 12 – Eid April 14 – Bengali New Year | April 08 – April 11 April 23 – April 26 | |

| BANK HOLIDAYS | | |
|----------------------|-----------------------------------|--|
| CHINA | PAKISTAN | TURKEY |
| No Holidays in April | April 10 – April 12 – Eid-ul-Fitr | April 09 – April 12 – Ramazan. April 23 – National Sovereignty & Children’s Day |

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ALANG - Port Position as of April 12, 2024

| No. | VESSEL NAME | LDT | TYPE | STATUS |
|---------------------------------|-------------|----------|------|--------|
| No new vessels reported. | | | | |
| Total Tonnage | | 0 | | |

CHATTOGRAM - Port Position as of April 12, 2024

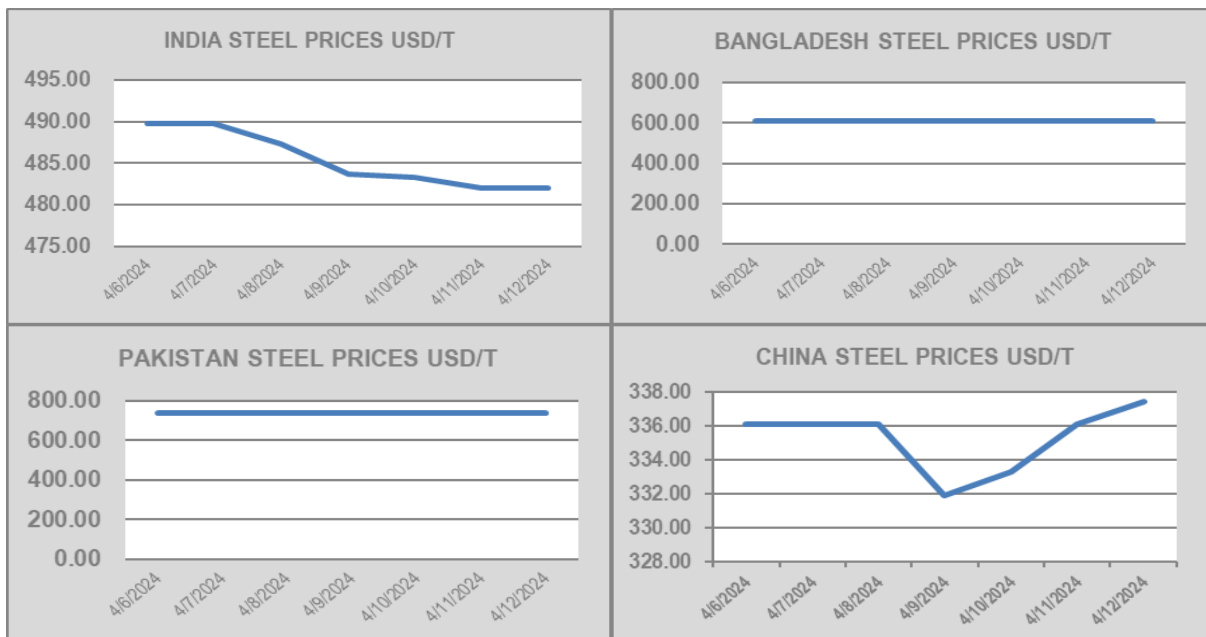
| No. | VESSEL NAME | LDT | TYPE | STATUS |
|----------------------|------------------|---------------|-----------|------------------|
| 1 | Hong Yuan 01 | 11,481 | Container | Arrived March 29 |
| 2 | Hong Yuan You 19 | 2,580 | Tanker | Arrived March 31 |
| 3 | Lu Zhou | 966 | Tanker | Beached April 06 |
| 4 | Xin Run | 2,908 | Tanker | Arrived April 08 |
| Total Tonnage | | 17,935 | | |

GADANI - Port Position as of April 12, 2024

| No. | VESSEL NAME | LDT | TYPE | STATUS |
|----------------------|-------------|---------------|---------------|------------------|
| 1 | Bos Lina | 3,287 | General Cargo | Beached April 07 |
| 2 | Oscar 1 | 2,620 | General Cargo | Beached April 07 |
| 3 | Qatar Ana | 8,015 | Bulk Carrier | Beached April 06 |
| 4 | Sea Flower | 5,282 | General Cargo | Arrived March 27 |
| Total Tonnage | | 19,204 | | |

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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 |
|-----------|--------------------------|--------------------|-----------------------------|-----------------------|-------------------------------|-------------------------|--------------------------|
| 4/6/2024 | 489.80 | 40,800.00 | 736.28 | 208,000.00 | 607.32 | 74,700.00 | 336.16 |
| 4/7/2024 | 489.80 | 40,800.00 | 736.28 | 208,000.00 | 607.32 | 74,700.00 | 336.16 |
| 4/8/2024 | 487.28 | 40,600.00 | 736.28 | 208,000.00 | 607.32 | 74,700.00 | 336.16 |
| 4/9/2024 | 483.68 | 40,300.00 | 736.28 | 208,000.00 | 607.32 | 74,700.00 | 331.94 |
| 4/10/2024 | 483.29 | 40,200.00 | 736.28 | 208,000.00 | 607.32 | 74,700.00 | 333.31 |
| 4/11/2024 | 481.96 | 40,200.00 | 736.28 | 208,000.00 | 607.32 | 74,700.00 | 336.11 |
| 4/12/2024 | 481.96 | 40,200.00 | 736.28 | 208,000.00 | 607.32 | 74,700.00 | 337.48 |



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