

GMS WEEKLY

Your Source for Recycling News

May 24th, 2024
Week 21
Volume 261, Issue 1135

QUOTE
of the
WEEK

"Instead of looking at the past, I put myself ahead 20 years and try to look at what I need to do now in order to get there then."

– Diana Ross

Highlights:

- Firming.
- Bangla drop?
- Pricing baton.
- Election week 4.
- Madam Tussaud.
- Scan to download and view the GMS Weekly on our Recycling App!



- MARKET COMMENTARY - STRANGE SUMMER!

As the summer / monsoon months creep closer, ship recycling markets in Turkey and the Indian sub-continent have been firming over recent weeks, as Pakistan, though still relatively firm, feels sluggishly satiated of late having taken in a healthy collection of vessels / LDT (for this market's size) and despite having bested last year's recycling volumes with another 3 fresh arrivals this week, continues to endure a rather glum outlook as Pakistani demand & pricing face hurdles that have resulted in this market being the weakest / lowest placed of all sub-continent destinations due to (a) the ever-present lack of workable tonnage, (b) firmer demand from neighbors resulting in increased competition on workable units, and (c) the ugly problems associated with a growing lack of U.S. Dollar reserves that seems to be rearing its hungry head in the country once again.

In fact, the issue surrounding a shortage of U.S. Dollar reserves has been most acute in Bangladesh over the recent year and changes affecting the country's economy over recent weeks certainly have all of the prime markers for this issue to resurface for air once again, as a drastic devaluing of the Bangladeshi Taka over recent weeks has seen increasingly nervy Gadani Choppers holding off on tabling offers on available units, unsure whether potentially hazardous incoming L/C restrictions would result in further price falls in the coming week(s), resulting in freshly concluded deals becoming renegotiation-worthy museum pieces immediately upon arrival. Moreover, as the industry gears up for summer, Bangladesh's Budget for fiscal year 2024 - 2025 is due to be announced early June as this market preps for another forecasted decline through June / early July.

India on the other side, has been on an upward trajectory over recent weeks (including this one), as Alang Recyclers gear up to grab the pricing-baton from the Chattogram crew, as weekly improvements only stand to compliment their ongoing show-stopping purchases on specialist and even the rare unit(s) that have been introduced for an HKC recycling sale of late, as there clearly is an aggression to acquire ships on the back of steel prices that have been firming since the start of the voting in the country's General Elections that concluded another week this week.

Finally, Turkey at the far end seems to have taken up permanent residence in Madame Tussaud's Wax Museum where things only 'seem' to be alive, as this market continues to die inside with no movement reported in fundamentals (a good thing for the Lira), no reports of local fixtures or even arrivals at Aliaga's anchorage as Turkey continues to defy all logical explanations as to just how Aliaga Recyclers are even able to keep their yards open at all.

For week 21 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	<i>Shaky</i>	520 / LDT	540 / LDT	560 / LDT
2	India	Firming	510 / LDT	530 / LDT	550 / LDT
3	Pakistan	Dull	500 / LDT	520 / LDT	530 / LDT
4	Turkey*	Dull	360 / LDT	370 / LDT	380 / LDT

* +10K LDT Units

BANGLADESH

FINANCIAL FENG SHUI!

Painful wax job.

Given that this market has been, and will more than likely also stutter through a volatile June thanks to ongoing financial messes initiated via (a) a disorganized, untimely, yet intentional devaluing of the Taka against the U.S. Dollar, (b) steel plate prices that are still deader than those in Pakistan (*wait, what? See Page 4*), (c) likely restrictions on L/Cs in the coming weeks on the back of diminishing U.S. Dollar reserves, and (d) a U.S. Dollar that itself has made it increasingly expensive to transact high-priced deals (safely) anymore, it seems as though this market is seriously in need of some Financial Feng Shui as June is clearly dressing up for a painful wax job. With so much going on in the nation's economy at present along with the nation's Fiscal Budget due to be announced in early June, the pricing momentum from Bangladesh has visibly tapered off since the crash of the Taka a couple of weeks ago as Bangladeshi Recyclers increasingly step back from the bidding tables and take stock of the unfolding financial smorgasbord that is headed their way.

Always due.

Surprisingly yet, even with Bangladeshi aggression to acquire waning noticeably off over recent weeks (as compared to those prior), private sales continue at pace on the breadth of tonnage that is still opening in the Far East, with nearly 50K LDT / 12 vessels that are either at anchorage or are making their way onto their permanent retirement homes on the beach, which in turn is keeping this market on its feet despite the ongoing tumultuous times. In fact, we are even seeing some safe offers being tabled on some of the market units as local Recyclers continue to price themselves marginally ahead of the delivery costs associated with diverting vessels towards India, which has seen domestic ship recycling lanes remain busy across recent times. While the argument remains that this was all part of the IMF loan arrangement to the country and various governmental advisory boards should have forecasted the outcomes of such an agreement, even OpenAI has yet to develop economic / financial models unto the satisfaction of sectors involved in the **daily** transactions of such massive U.S. Dollar amounts. As such, the country's fundamentals keep suffering on account of these summer shenanigans in the financial sector as the Taka wraps up the week at BDT 117.35 against the U.S. Dollar, whilst local steel plate prices can be found where they were 2 quarters ago ... on the floor.

OpenAI

All of this has resulted in Letters of Credit (L/Cs) becoming increasingly more expensive to transact as every USD 1 is adding another BDT 7 to the value of every L/C, and with vessel offers still relatively high, this seems to inadvertently be turning into a self-induced gunshot to the performance of Bangladesh's ship recycling sector that will likely see it limping through next month on the back of a shortage of U.S. Dollar reserves and logical re-introduction of L/C restrictions. With the upcoming announcement of the country's national budget for 2024 – 2025 hopefully loosening the potential transactional chokehold on this sector, we may hopefully see local buyers receive a much-deserved break for once. **Jumpy June approaches.**

Jumpy June.

NO MARKET SALES REPORTED

INDIA

BRUSH FIRE!

For a couple of months now, India has been the only market that saw domestic Recyclers seemingly offering levels on ships that were higher than domestic steel plate prices, which were themselves volatile and withering out in the open for well over a quarter now. Fortunately for Alang Recyclers, plate prices in the world's 5th largest economy seem to have withered just long enough to ignite a seemingly uncontrollable brush fire that has sent Indian steel plate prices up by over USD 41/Ton in the last 30 days i.e. since plate prices started to climb in conjunction with the onset of the ongoing election cycle week of April 24, 2024.

This in turn has seen India jump to 2nd place in the market rankings ahead of Pakistan and still retain its place as *"the market of the moment"* for another week, all whilst local anchorage remains merrily busy taking in units' week after week (including this one as well) as another nearly 20K LDT / 6 ships are undergoing deliveries to Alang Recyclers.

The performance of local steel plate prices has truly been a Godsend to the nation's ship recycling sector as not only have vessel prices kept firming and gradually encroaching Chattogram's pricing territory, but the momentum of the anticipation of Prime Minister Modi's upcoming victory seems to have clearly ignited more than just a wild brush fire, in that, even the Indian Rupee jumped notably towards the end of the week as it wrapped up at levels just shy of breaching into Rs. 82.99 territory against the U.S. Dollar – more than likely within the coming week.

Meanwhile, as the voting continues and the results of the elections get closer, anxious jitters surrounding doubts on the outcome of the elections briefly surfaced a couple of weeks ago, however, Indian Recyclers have certainly found firm footing ever since and there is a growing confidence / intent to acquire as certainty surrounding incumbent PM Modi's victory grows ever pervasive and it almost seems certain that Minister Modi is on the chicane for yet another victory and a 3rd consecutive term as the nation's Prime Minister.

Overall, with Bangladesh set to slip in the June and Pakistan already kicking back with local interest that seems fixated on grasping for low-hanging (tonnage) fruit, India seems set to surpass Bangladesh sooner rather than later and may likely dominate the market rankings for the next quarter (at the very least).

Market of moment.

Election nears.

Confidence surge.

NO MARKET SALES REPORTED

PAKISTAN

DULL & STILL ... LIVELY?

Beating volumes.

Of late, the Pakistan seems to be increasingly mirroring the performance of its Bangladeshi counterparts rather than its Indian neighbors, in that, like the Bangladeshi market, a cooling in prices and demand in Pakistan has seen a noticeable absence of Gadani Recyclers at the bidding tables of late, coupled with a blank port report over the last few weeks and no news of fresh market sales into this market thus far, it was pleasantly surprising to witness local anchorage report 3 fresh arrivals through this week, including a couple of decent LDT Bulk Carriers that resulted in the Pakistani market silently surpassing its own 2023 ship recycling volume, having already taken in 20 vessels within a span of nearly 2 Quarters.

Played out perfectly.

Given the number of active ship recyclers in the domestic ship recycling community and the fact that a grand total of 150K LDT will be delivered into the country within this year thus far, this most recent aggression for consumption has been one of the reasons Gadani Buyers seem to have eased off the accelerator as they certainly need time to (re)cycle through the spate of deliveries to domestic recycling yards. With the monsoons just around the bend, the timing of these deliveries certainly seems to have played out perfectly as Gadani Recyclers can now concentrate on recycling activities through the rains, rather than be at the bidding tables worrying about the source of the next incoming unit, especially at a time India seems to be blazing leaving this market in the dust.

Safety of deals.

Surprisingly, this dull, yet silently lively performance of the Pakistani market is not without cause as local steel plate prices bid adieu to their Bangladeshi bunk mates and **finally** registered a massive movement this week, unfortunately, it was in the wrong direction as plate levels plummeted a whopping USD 25/Ton within the span of a day, only to continue flatlining for the rest of the week. While on the one hand, there is certainly cause for excitement, in that there is still activity in the domestic economy whereby movement in place prices indicates there may finally be demand for steel once again. To clarify, domestic steel mills justified the flatlining of steel plate prices as demand from the construction industry for finished products remained on even keel. However, with demand for finished products now starting to dither, steel mills have lowered plate prices in order to offer more competitive rates for finished products, resulting in the movements witnessed in steel prices this week. Even the Pakistani Rupee shakily firmed towards PKR 278.10 against the U.S. Dollar this week, further marking the safety of incoming market / private deals.

Overall, the Pakistani market can deservedly kick back and enjoy the monsoons, as market leaders India and Bangladesh look to duke it out through Q3 2024.

NO MARKET SALES REPORTED

TURKEY

MISSION IMPOSSIBLE – ELEMENT 2024!

If Tom Cruise were let loose on an MI mission to rescue Aliaga, it would mark the end of the series given that even his task force couldn't rescue what Turkey's financial sector has struggling through for well over a year now.

End of the series.

Reportedly, inflation still stands at 85% over the last 3 years, domestic interest rates are still around the +60% mark, the Lira remains perched atop a treacherous TRY 32.22 against the U.S. Dollar, and even the level of local offerings has reportedly declined on the back of both import & local steel plate prices that are once again facing jitters of their own, thereby ending the week marginally lower.

This crazy buffet of BBQ chickens clearly has everything but the chickens i.e. **no tonnage**.

Chickens?

Do current regulations and requirements, not only from the Turkish government but also from the EU at large, have something to do with the destitute performance of this market for over 4 Quarters now? Certainly, begs the question given that an increasing number of certified Turkish yards do have restrictions on the types and originating ports of incoming vessels. Seems Aliaga Recyclers may have to eventually rally around and make some hard calls in order to stay afloat, which remains a mystery unto itself.

ALL WORK AND NO PUNS?

- ✚ *My wife told me to stop impersonating a flamingo. I had to put my foot down.*
- ✚ *I went to buy some camo pants but couldn't find any.*
- ✚ *I failed math so many times at school, I can't even count.*
- ✚ *I used to have a handle on life, but then it broke.*
- ✚ *I was wondering why the frisbee kept getting bigger and bigger, but then it hit me.*
- ✚ *I heard there were a bunch of break-ins over at the car park. That is wrong on so many levels.*
- ✚ *I want to die peacefully in my sleep, like my grandfather... Not screaming and yelling like the passengers in his car.*
- ✚ *When life gives you melons, you might be dyslexic.*
- ✚ *Don't you hate it when someone answers their own questions? I do.*
- ✚ *It takes a lot of balls to golf the way I do.*
- ✚ *I told him to be himself; that was pretty mean, I guess.*
- ✚ *I know they say that money talks, but all mine says anymore is 'Goodbye.'*
- ✚ *My father is mingling with schizophrenia, but they're good people.*
- ✚ *The problem with kleptomaniacs is that they keep taking things literally.*
- ✚ *I can't believe I got fired from the calendar factory. All I did was take a day off.*
- ✚ *Most people are shocked when they find out how bad I am as an electrician.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	DELIVERY TIDES
May 23 – Buddha Purnima June 01 – Public Holiday June 16 – June 18 - Bakri-Eid / Eid-UI-Azha	May 21 – May 29 June 03 – June 11 June 19 – June 28

BANGLADESH	
BANK HOLIDAYS	DELIVERY TIDES
May 23 – Buddha Purnima June 16 – June 18 - Eid-UI-Azha	May 23 – May 25 June 05 – June 08 June 22 – June 25

BANK HOLIDAYS		
CHINA	PAKISTAN	TURKEY
June 01 – Dragon Boat Festival	June 17 – June 19 – Eid-UI-Azha	June 15 – June 19 – Kurban Bayrami

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ALANG - Port Position as of May 24, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Fesco Trader	5,113	Container	Delivered May 23
2	Frost Olympus	2,410	Reefer Vessel	Arrived May 18
3	Hana	1,260	Chemical Tanker	Delivered May 21
4	Hironin	3,994	Fishing Vessel	Delivered May 23
5	New Courage	4,426	General Cargo	Delivered May 22
6	Ocmis Gar	2,477	General Cargo	Arrived May 17
Total Tonnage		19,680		

CHATTOGRAM - Port Position as of May 24, 2024

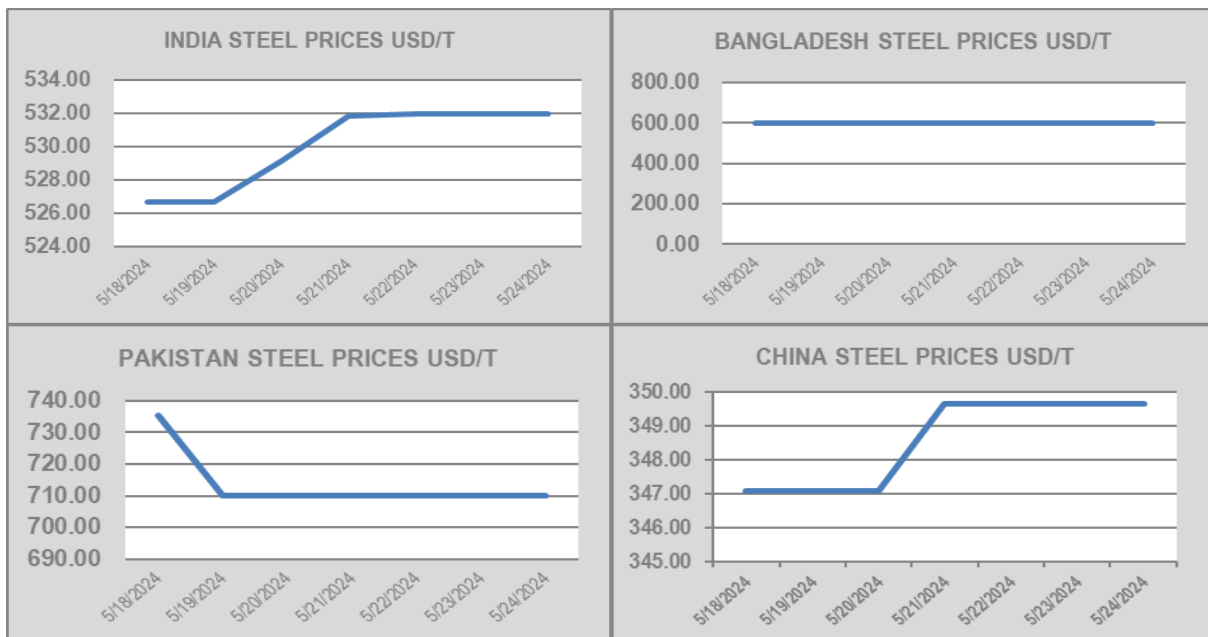
No.	VESSEL NAME	LDT	TYPE	STATUS
1	Atar	9,576	General Cargo	Delivered May 24
2	Bao Di Long 8	3,133	MPP	Delivered May 22
3	Dong Fang Yong Shi 2	2,254	Offshore Supply Tug	Delivered May 24
4	Gaku	7,795	Vehicles Carrier	Delivered May 24
5	Han Ji 2	2,212	Offshore Supply Tug	Arrived May 18
6	Heung-A-Tokyo	2,447	Container	Arrived May 22
7	Naga 2	2,453	Container	Arrived May 20
8	Pilatus 21	890	LPG Tanker	Delivered May 18
9	Sia 2	1,836	General Cargo	Delivered May 18
10	Span 33	1,826	General Cargo	Delivered May 24
11	Titan	6,979	Limestone Carrier	Delivered May 23
12	Xin LV Bao Shi	7,957	Bulk Carrier	Delivered May 21
Total Tonnage		49,360		

GADANI - Port Position as of May 24, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Poseidon M	7,000	Bulk Carrier	Arrived May 18
2	Uranus J	5,778	Bulk Carrier	Arrived May 20
3	WSS II	300	Tug	Delivered May 18
Total Tonnage		13,078		

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
5/18/2024	526.69	43,900.00	735.29	205,000.00	600.00	72,000.00	347.09
5/19/2024	526.69	43,900.00	710.19	198,000.00	600.00	72,000.00	347.09
5/20/2024	529.09	44,100.00	710.19	198,000.00	600.00	72,000.00	347.09
5/21/2024	531.81	44,300.00	710.19	198,000.00	600.00	72,000.00	349.66
5/22/2024	531.94	44,300.00	710.19	198,000.00	600.00	72,000.00	349.66
5/23/2024	531.94	44,300.00	710.19	198,000.00	600.00	72,000.00	349.66
5/24/2024	531.94	44,300.00	710.19	198,000.00	600.00	72,000.00	349.66



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