

May 31st, 2024
 Week 22
 Volume 261, Issue 1136

**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:

- Tumultuous end.
- Freight’s well.
- Occasional HKC.
- No large LDT.
- Justifiable jeopardy.
- Scan to download and view the GMS Weekly on our Recycling App!



- MARKET COMMENTARY - MAY’S OUT, RAINS OUT!

As May greets a tumultuous end in the global ship recycling markets, increasing vessel prices on the back of a firming demand from fiery Alang Recyclers, who seem to have set a nitroglycerine fuse off on the beaches of Alang since the start of the voting on April 24, has now seen local steel plate prices climb nearly USD 45/Ton despite suffering through (minimal) volatility during this week. Notwithstanding, an all too familiar lack of decent quality tonnage available to global recyclers to sink their teeth into, remains blisteringly omnipresent as the industry ventures into the traditionally quieter monsoon months and freight sectors appear to be performing firmly once again, depriving recycling destinations of meaningful tonnage yet again.

As a result, the industry has seen several Pakistani and Bangladeshi yards fall increasingly into wait-and-watch mode before decidedly tabling a firm offer, while in Alang, the expected return of a partial shutdown state on the back of yard workers returning to their hometowns through the traditionally slower monsoons, is hopefully set to ease some of the pressure on yard costs (ongoing losses) as the restricted supply that is well into its 2nd year, may inadvertently deliver a (financial) trachea for Alang. Even Turkey on the far end continues to suffer, with plenty of fuel for fire, yet no steel to smelt.

Other than the occasional HKC unit that has popped into the market or a variety of poorer condition vessels from Far Eastern Sellers that stand at the end of their illogically extended trading lives, sizeable tonnage from the +20K LDT camp has been and continues to pull quiet the impressive Houdini trick (i.e. remain invisible) as other than a single Capesize bulker and a Panamax container that have been sold for recycling so far this year, there have been no Suezmax or even VLCC candidates to speak of.

Finally, as freight rates pick up once again and are forecasted to remain steady through much of June, the ongoing squeeze on the supply of vessels is expected to persist, especially as inexorable circumstances in the Middle East and the Red Sea Shipping lanes continue at large and even more are expected in the near future on the back of recent incursions into Rafah.

Just like May, June looks set to remain in a state of justifiable jeopardy, other than an aggressive India that’s now on the verge of jousting Bangladesh out of 1st place.

For week 22 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	520 / LDT	540 / LDT	560 / LDT
3	Pakistan	Dull	500 / LDT	520 / LDT	530 / LDT
4	Turkey*	Dull	360 / LDT	370 / LDT	380 / LDT

*+10K LDT Units

BANGLADESH

WHIRLWIND JUNE?? / !!

Lowballing.

On the back of mushrooming financial woes and a planned currency depreciation by the central Bangladesh Bank (BB), as forecasted last week, increasingly lowball offers are now becoming the norm as Bangladeshi ship recyclers ease off the gas pedal and take stock of a 'Whirlwind June' that is headed their way. Logically, market sales have failed to materialize as these lower overall rates now find themselves hanging on the same branch as their Indian counterparts – and are only expected to droop further towards Pakistani prices.

Belly dancing.

Unsurprisingly, the state of the domestic fundamentals stays pinched on the back of local steel plate prices that remain horizontal at region USD 600/Ton (when compared to where Bangladeshi offers stand today), in addition to the Taka that is continually belly dancing in the low BDT 117s against the U.S. Dollar. The BB's most recent depreciation of the Taka has certainly been the key culprit behind this ongoing financial saga, and has left an unanticipated financial tsunami when the government was likely only expecting a wave. Hopefully, the upcoming budget next week should rectify some part of the unfolding mess. Per the 'Daily Star', "The Bangladesh Bank (BB) announced some important monetary policy measures on May 8, 2024, in an attempt to rein in inflation and improve the declining foreign exchange reserve of the country. Indeed, this decision has been taken by the central bank prior to the release of the third tranche from the International Monetary Fund (IMF) under its ongoing support of \$4.7 billion to Bangladesh. The IMF had suggested market-based interest and exchange rates earlier, but the central bank shied away from adopting those measures until the situation eventually aggravated. As a last resort, the BB hiked the policy rate by 50 basis points to bring it to 8.5%. In January 2024, the policy rate was increased from 7.75% to 8%. This decision gives a signal to the market about the upcoming interest rate hike in the commercial banks."

Expensive L/Cs.

This clearly indicates financial instruments / L/C transactions are only going to get even more expensive on the back of this expected hike in interest rates. Coupled with plate prices that continue suffering through their own death knell, Bangladeshi vessel prices have been visibly stuttering of late and will more than likely fall even further in June. Just how far below they will drop remains to be seen, and this should give pause to Ship Owners & Cash Buyers who are looking to sell tonnage into Bangladesh in the coming week(s). For now, the ongoing reticence of domestic Recyclers is clearly affecting the local market as news of tonnage being diverted to India is making the rumour mills turn this week, especially in the face of a firming India that is more than likely set to pass the market leaders in pricing in the coming week. Yet, local port position continues to lay out the welcome mat on the bevy of brittle ole' rusties coming in the from the Far East.

Brittle ole' rusties.

INDIA

LEAD THE WATERWAYS!

Despite the results of the ongoing elections set to be announced on June 5th, on the back of exit polls close of Friday, Prime Minister Narendra Modi and his governing party (the BJP) seem set for an inevitable 3rd election victory in India's 2024 General Elections. And just like local sentiments, steel plate prices continue to (metaphorically) rally around his potential victory as minor weekly jitters aside, plate levels recorded another USD 3/Ton improvement, ending the week a total of (and an impressive) USD 45/Ton higher since April 24th.

Consequently, the markets have seen Alang Buyers cast aside recent anxiety & nerves about the (election) results and consequently see them offering some of the strongest levels across the ship recycling landscape – particularly on locally favoured specialist / HKC vessels seen from major owners over the recent past. The traditionally quieter monsoon months should therefore be anything but this year, as demand and firming local steel plate prices (should the ongoing pricing trend persist) will definitely see Alang become the epicentre of all Indian sub-continent ship recycling sales in the near future, as India now stands neck-to-neck with Bangladeshi pricing, which themselves are heading towards Pakistani offerings that have been in the doldrums over recent weeks.

Firming local steel plate prices have also increased operational margins for local recyclers and have subsequently encouraged them to offer even firmer levels, as Indian Buyers have taken in about half the number of vessels as their Bangladeshi competitors this week, yet almost as much LDT. This is because the occasional, large LDT unit to grace the market and was ending up in Bangladeshi waters so far this year, is now being redirected towards Alang shores as evident from Alang's port report this week – especially on prompt deliveries that are looking for the best bang offer.

Surprisingly, the Indian Rupee did weaken from Rs. 83.03 to Rs. 83.44 as the week ended, likely on the back of a final wave of nervous anticipation that is having a last minute effect on the domestic demand for U.S.D's.

Overall, post June 5th, the confirmation of Minister Modi will only see India lead the recycling waterways even further, likely until the end of the year.

Inevitable election.

Anxiety banished.

Confidence surge.

PAKISTAN

SPOT ON THE SIDELINES!

Flatlined again.

On the back of a Pakistani Rupee that remains dangling in a weakened state in excess of PKR 278.50 against the U.S. Dollar, in addition to local steel plate prices that once again assume a flatlined position at a freshly weakened USD 706/Ton, Gadani Buyers have expectedly been off the pace through May, and even slipped into 3rd place in the market rankings as a result.

Moreover, as India surges on to potentially displace Bangladesh in the coming weeks, Pakistan seems increasingly destined to negotiate either the regional one-off unit that's unlikely to find a home in India (for what-so-ever reason) or conclude the one-off sale to a local Recycler who may jump at the opportunity to secure a particular unit of interest.

One-off units.

This certainly seems to be the case with the arrival of the decent sized bulker 'URANUS J' at Gadani's waterfront this week, as Pakistani Recyclers break further past last year's recycling volumes and have earned a well-deserved spot on the sidelines, in order to consume the breadth of recent deliveries.

Overall, Gadani Recyclers are certainly enjoying their time on the sidelines, as they continue losing out on tonnage to their increasingly competitive neighbors.

Losing tonnage.

NO MARKET SALES REPORTED

TURKEY

NADA!

There's nothing to report from Turkey once again this week.

No movement in local steel plate prices, no news of local fixtures (market or private), a Lira that's jiggling around the early TRY 32.X levels against the U.S. Dollar, and omnipotent regulations that may likely be hindering local businesses rather than helping them, it remains an all too familiar situation in Aliaga once again.

Jiggling around.

Helping or hindering?

ALL WORK AND NO PUNS?

- ✚ *Never trust atoms; they make up everything.*
- ✚ *My wife just found out I replaced our bed with a trampoline. She hit the ceiling!*
- ✚ *I was addicted to the hokey pokey, but then I turned myself around.*
- ✚ *I used to think I was indecisive. But now I'm not so sure.*
- ✚ *Russian dolls are just full of themselves.*
- ✚ *The easiest time to add insult to injury is when you're signing someone's cast.*
- ✚ *Light travels faster than sound, which is the reason that some people appear bright before you hear them speak.*
- ✚ *My therapist says I have a preoccupation for revenge. We'll see about that.*
- ✚ *A termite walks into the bar and asks, 'Is the bar tender here?'*
- ✚ *A told my girlfriend she drew her eyebrows too high. She seemed surprised.*
- ✚ *People who use selfie sticks really need to have a good, long look at themselves.*
- ✚ *Two fish are in a tank. One says, 'How do you drive this thing?'*
- ✚ *I always take life with a grain of salt. And a slice of lemon. And a shot of tequila.*
- ✚ *Just burned 2,000 calories. That's the last time I leave brownies in the oven while I nap.*
- ✚ *Build a man a fire and he'll be warm for a day. Set a man on fire and he'll be warm for the rest of his life.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	DELIVERY TIDES
June 01 – Public Holiday June 16 – June 18 - Bakri-Eid / Eid-UI-Azha	June 03 – June 11 June 19 – June 28

BANGLADESH	
BANK HOLIDAYS	DELIVERY TIDES
June 16 – June 18 - Eid-UI-Azha	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 31, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Bord	5,723	Container	Arrived June 02
2	Frost Olympus	2,410	Reefer Vessel	Delivered May 30
3	Nezha	1,571	Gen Cargo	Arrived June 05
4	Ocmis Gar	2,477	General Cargo	Delivered May 24
5	Tiao Zhan (Dead Vessel)	16,327	MODU	Delivered May 29
6	United ID	7,173	Bulk Carrier	Arrived June 05
Total Tonnage		35,682		

CHATTOGRAM - Port Position as of May 31, 2024

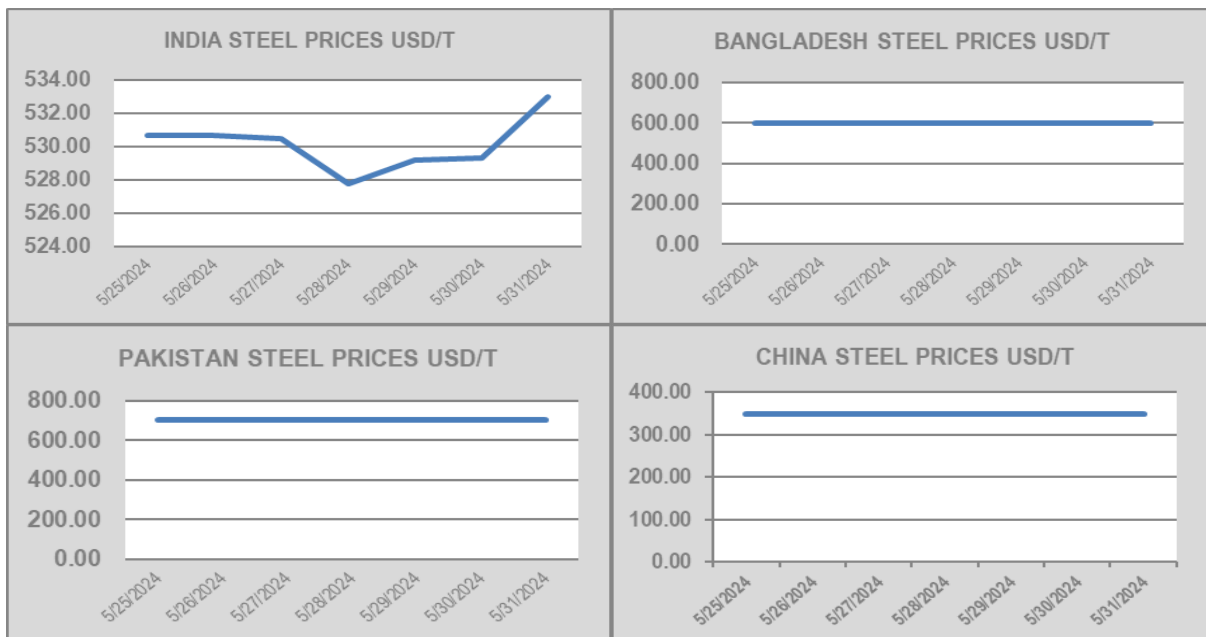
No.	VESSEL NAME	LDT	TYPE	STATUS
1	Bei Fng Ming Zhu	5,776	Container	Arrived May 23
2	Comanche (Dead Vessel)	9,091	Pipe Layer	Arrived May 26
3	GNS Hope	9,812	Bulk Carrier	Arrived May 28
4	Han Ji 2	2,212	Offshore Supply Tug	Delivered May 25
5	Heung-A-Tokyo	2,447	Container	Delivered May 25
6	Hong Ying	1,568	General Cargo	Arrived May 25
7	Ji Hai Zhong Shan	2,175	Container	Arrived May 24
8	Ment 1	2,234	Cement Carrier	Arrived May 25
9	Naga 2	2,453	Container	Delivered May 25
10	Span 30	1,826	General Cargo	Arrived May 31
Total Tonnage		39,596		

GADANI - Port Position as of May 31, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Poseidon M	7,000	Bulk Carrier	Delivered May 26
2	Uranus J	5,778	Bulk Carrier	Arrived May 20
Total Tonnage		12,778		

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
5/25/2024	530.69	44,100.00	706.60	197,000.00	600.00	72,000.00	349.66
5/26/2024	530.69	44,100.00	706.60	197,000.00	600.00	72,000.00	349.66
5/27/2024	530.49	44,100.00	706.60	197,000.00	600.00	72,000.00	349.66
5/28/2024	527.77	43,900.00	706.60	197,000.00	600.00	72,000.00	349.66
5/29/2024	529.16	44,100.00	706.60	197,000.00	600.00	72,000.00	349.66
5/30/2024	529.28	44,100.00	706.60	197,000.00	600.00	72,000.00	349.66
5/31/2024	533.01	44,400.00	706.60	197,000.00	600.00	72,000.00	349.66



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