

June 14th, 2024
 Week 24
 Volume 262, Issue 1138



“The meaning of life is to find your gift. The purpose of life is to give it away.”

– John C. Maxwell

Highlights:

- Baja speed runs
- Collective jiggling.
- Global Warming.
- Life Support.
- Electro-cardio shocks.
- Scan to download and view the GMS Weekly on our Recycling App!



- MARKET COMMENTARY - SHAKEN, NOT STIRRED!

In light of the jaw-rattling Baja speed runs that the Indian sub-continent ship recycling economies have subjected Ship Owners & Cash Buyers to over recent weeks, they (the jaw-rattling speed runs) have increasingly set the stage for another knuckle-biter of a third quarter, given that

- (confusing) budgets were announced in both Bangladesh & even Pakistan this week,
- taxes & duties are to be imposed on FO / LO on incoming vessels in Bangladesh,
- India’s first post-Election budget is due in July under the freshly formed coalition government,
- Alang Recyclers are still fresh in the wake of post-election abnormalities that are expected to become the norm,
- a Turkish market that is still figuring out which way the river is flowing,
- an expected increase in freight rates over the next few weeks as the Red Sea Shipping Lanes face increasing incursions on commercial liners, and finally,
- fundamentals across the recycling board that are collectively jiggling their sides again, the top global ship-recycling destinations look like they desperately need the intervention of one Mr. ‘Shaken, Not Stirred’, to successfully even out industry wide prime movers & calm the seas for at least the immediate future, if not the rest of the year.

Firming global freight rates have left the global ship recycling industry on life support over the last +5 quarters, whereby not only has wet tonnage almost completely steered cleared of the bidding tables (for now), but firming dry rates are forecasted to further do so through July, ensuring that despite global warming likely to deliver a wetter than usual monsoon, ongoing economic circumstances are forecasted to keep domestic recycling yards drier through the rains (especially in Bangladesh & Pakistan). Pakistan’s budget announcement this week also seems to have delivered negative news for the nation whereby income taxes are reported to climb in anticipation of an upcoming tranche of IMF funding.

Smack in the middle is the Indian stock market that suffered sudden falls amidst the alarming possibility that PM Modi’s BJP party might not bag the votes needed to hold on to 272 seat majority in the Parliament in order to maintain unfettered control over the nation’s economy, one that has registered further declines in fundamentals ever since. Finally, Turkey remains silent, both in performance and thereby in this report – at least until fresh tonnage electro-cardio-shocks this market enough to report something. Q3 seems increasingly destined to be the worst quarter for Turkish ship recycling since January 2023.

For week 24 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	<i>Uncertain</i>	520 / LDT	540 / LDT	560 / LDT
3	Pakistan	<i>Dull</i>	500 / LDT	520 / LDT	530 / LDT
4	Turkey*	<i>Dead</i>	360 / LDT	370 / LDT	380 / LDT

* +10K LDT Units

BANGLADESH

FINANCIALLY FLUMMOXED!

Critical Sector.

Bangladesh is suffering through a forecasted suppression of local appetites at the bidding tables, a sentiment that has unfortunately & insufferably been treading all over the local mindset across recent weeks, and especially now that BOBs (*Bobs? Bunch of Beauties – Bunch Of Old Beauties is Rated R for this publication*) have come in for their deliveries last week. The budget itself has taken the wind out of domestic sentiments, with no clear policies reportedly designed or implemented to support the one industry that upholds country's most critical sector i.e., domestic construction & infrastructure projects.

0.03%.

The dithering of foreign currency reserves is also expected to further exacerbate the nations allocation of funding critical to Chattogram Chop Shops by imposing tighter restrictions on the upcoming issuances of L/Cs & various other financial instruments that are necessary to the survival of the country's ship recycling sector. Further cringeworthy news was delivered to cement the weakened state of local sentiments as not only did the Bangladeshi Taka weaken even more against the U.S. Dollar, ending the week at BDT 117.50, but the Taka also briefly breached past BDT 118.10 early in the week, which could be a sign in the tea leaves for this market. Finally, local steel plate prices fell off the charts from their last trading value of USD 590/Ton – likely on account of upcoming Eid holidays as this markets prepare to take some much-needed time to cool-off this coming week.

Turbo-mode.

The life altering question to the nation's economy is just where fundamentals and levels will open post Eid, given that the Bangladeshi economy is on track to a forecasted poorer Q3. On the one hand, the recent spate of deliveries certainly gives local yards some much needed time on the side lines in order to digest their collection of deliveries, while on the other hand, it also permits local offerings to ease off their recent highs and re-evaluate where the post-budget party chips fall in the coming weeks. In the interim, it has increasingly come to the fore (via the budget) that there has been no material effect on steel plate prices or changes in duties / tax structures that could affect vessel prices, except bunkers, which have been impacted with FO taxes receiving an approx. BDT 8500 (USD 73 / MT bump), LO taxes increasing by approx. BDT 56,000 (USD 478 / MT) and DO taxes mercifully remaining unchanged.

1 arrival.

Given that this will certainly manifest a situation whereby all vessels arriving with any meaningful quantity of bunkers onboard will likely lose a healthy chunk of their competitive advantage on account of being taxed on for the excess fuel, for now, with local arrivals tapering off and only 1 small LDT bulker having arrived Chattogram anchorage this week amidst very few workable candidates (only containers for HKC recycling into India thus far), it therefore has and will more than likely remain another bleak week(s) for the Bangladeshi market.

NO MARKET SALES REPORTED

INDIA

LUCKY #...3?

With elections finally over and Prime Minister Modi sworn in for a third term, the real business of getting the country / economy on track by executing previously announced economic reforms and domestic infrastructure projects intended to elevate India higher, not only in the global scape but also in the rankings of the World's largest Economies where it stands in 5th place today, just shy of Japan's GDP and having eclipsed all of the Western World - except U.S.A. & Germany.

Although little meaningful activity has taken place whilst the elections and its outcome remained similar to that of a spy thriller, the pro-business BJP party will retain power for hopefully a Lucky 3rd term, as they now share power with a smaller alliance of parties in light of PM Modi & Co. losing ground in key states, and consequently losing out on the minimum 272 seats required to retain a majority in India's Parliament.

With India's annual budget for FY 2024 – 2025 due to be announced by the new administration on July 22nd, it will not only be interesting to see the performance of the Indian market until then, but it will also be particularly interesting to see just how Mr. Modi navigates the complexities of not having a majority as his 3rd term begins, and just how this affects the terms of the upcoming budget, keeping in mind that the pro-India / pro-Business Mr. Modi's agendas may (will?) face increasing internal hurdles from minority leaders of the freshly formed coalition party. Notwithstanding, immediately post-budget, fundamentals are having a shake on the dance floor as not only did the U.S. Dollar gain against the Indian Rupee, ending another week approaching Rs. 83.50, but local steel plate prices also saw a healthy drop of about USD 9/Ton themselves. While this trend is forecasted to fix itself, especially if a pre-budget rush to acquire tonnage sees prices surge in order to beat any post-budget dilemmas under the new administration's joint governance.

On the sales front meanwhile, the industry continues to see MSC clear out their older tonnage as the MSC TIA II (10,478 LDT) managed to snatch a snazzy USD 570/LT LDT for strictly HKC only recycling, re-affirming the notion for those Alang Recyclers who seem confident about the immediate future of the nation's economy on the one hand, while on the other, there are also those who believe that the budget may eventually lead to a deterred state of private-sector investments in upcoming projects, leading to post-budget woes. The reality however remains that economic stimuli and new projects are inevitable to begin under PM Modi's third term and the upcoming budget will likely only layout the path to India's increasing global economic footprint.

Real business starts.

Back to biz.

Post-budget dilemmas

Snatch a snazzy.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
MSC TIA II	Container	10,478	USD 570/LT LDT

PAKISTAN

TO REST...AND TAXES!

Another economic meltdown.

In order to boost state revenues that will help it win approval from the International Monetary Fund for an additional loan that could stave off another economic meltdown, the Pakistani Government has gone to the extreme opposite direction by raising taxes on the nation state via its FY24 – FY25 budget that was announced this week - a strategy that is destined to have further consequences on the already torrid state of the ongoing financial mess that has been the Pakistani economy, especially considering how rampant inflation has been in Pakistan as per the trend highlighted below. (Source: *TradingEconomics.com*)

- **January 2021** – 5.65%
- **January 2022** – 13.00%
- **January 2023** – 27.60%
 - o April 2023 – Almost 40%
- **January 2024** – 28.34%
 - o May 2024 – 11%

8-fold Inflation.

If vessel pricing trends and vessel acquisitions from Gadani Recyclers have been any indicators on the performance of Pakistan's ship-recycling sector (especially over the last 4 quarters), it is evident that ever since the near-suffocation of L/C approvals since March / April of 2023 whereby Pakistan suffered rabid inflation that was nearly 8-fold its original (since January 2021) and that too in a span of only 9 short quarters, it is clear that the Pakistani Government increasingly curbed / diverted the outflow of its foreign currency reserves from ship-recycling, onto more critical aspects of the domestic economy, which clearly eased its inflationary pains down to 11% by COB May 2024.

The big ?

With this in mind, the idea of raising taxes doesn't seem all too left field at this time, but for the government to address the issue so quickly especially since inflation has only just been reined in, and to further exacerbate fiscal shortcomings by implementing a globally unpopular tool such as raising taxes on the masses, is only going to create a level of local dissatisfaction that likely stands to affect domestic business moving forward. That is, only until the next batch of criterion are met by the Pakistani Government before the latest tranche of IMF funding comes through to assist the country. It is this state of limbo that leaves a big ? on the intermediate future of Pakistan's ship recycling sector.

Until then, as Gadani Recyclers altogether slink out of the recycling party with the only vessel at anchorage being delivered last week, no fresh arrivals reported this week, a Pakistani Rupee that firmed by about 0.6% against the U.S. Dollar as it ended the week at PKR 279.97, local steel plate prices that remain flatlined at an extremely comfortable USD 706/Ton, and a healthy 20 vessels (nearly 150K LDT) already delivered to Gadani Recyclers thus far this year, the immediate future doesn't look too concerning at this time.

NO MARKET SALES REPORTED

TURKEY

QUIET!

Just like the title say's!

ssshhh.

NO MARKET SALES REPORTED

ALL WORK AND NO PUNS?

- *I got a new pair of gloves today, but they're both 'lefts,' which on the one hand is great, but on the other, it's just not right.*
- *I didn't think orthopedic shoes would help, but I stand corrected.*
- *I was riding a donkey the other day when someone threw a rock at me and I fell off. I guess I was stoned off my a\$\$.*
- *People who take care of chickens are literally chicken tenders.*
- *It was an emotional wedding. Even the cake was in tiers.*
- *I just got kicked out of a secret cooking society. I spilled the beans.*
- *What's a frog's favorite type of shoes? Open toad sandals.*
- *Blunt pencils are really pointless.*
- *6:30 is the best time on a clock, hands down.*
- *Two wifi engineers got married. The reception was fantastic.*
- *Just got fired from my job as a set designer. I left without making a scene.*
- *What's the difference between ignorance and apathy? Don't know, don't care.*
- *One of the cows didn't produce milk today. It was an udder failure.*
- *Adam & Eve were the first ones to ignore the Apple terms and conditions. (No iPhone for you!)*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	DELIVERY TIDES
June 16 – June 18 - Bakri-Eid / Eid-UI-Azha July 17 - Ashura	June 19 – June 28 July 02 – July 11 July 19 – July 27

BANGLADESH	
BANK HOLIDAYS	DELIVERY TIDES
June 16 – June 18 - Eid-UI-Azha July 17 - Ashura	June 22 – June 25 July 05 – July 08 July 21 – July 24

BANK HOLIDAYS		
CHINA	PAKISTAN	TURKEY
No holidays in July	June 17 – June 19 – Eid-UI-Azha July 16 & 17 – Ashura	June 15 – June 19 – Kurban Bayrami July 01 – Bank Holiday July 15 – Democracy & National Solidarity Day

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ALANG - Port Position as of June 14, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Balyuzek	2,630	Reefer	Arrived June 07
2	Bord	5,723	Container	Beached June 07
3	IDM Doodle	4,303	General Cargo	Arrived June 12
4	Nezha	1,571	General Cargo	Delivered June 11
5	Professor B	5,121	Container	Arrived June 14
6	Stream	9,147	Reefer	Delivered June 07
7	United ID	7,173	Bulk Carrier	Delivered June 12
8	Victor Gavrilov	5,962	Fishing Vessel	Arrived June 13
Total Tonnage		41,630		

CHATTOGRAM - Port Position as of June 14, 2024

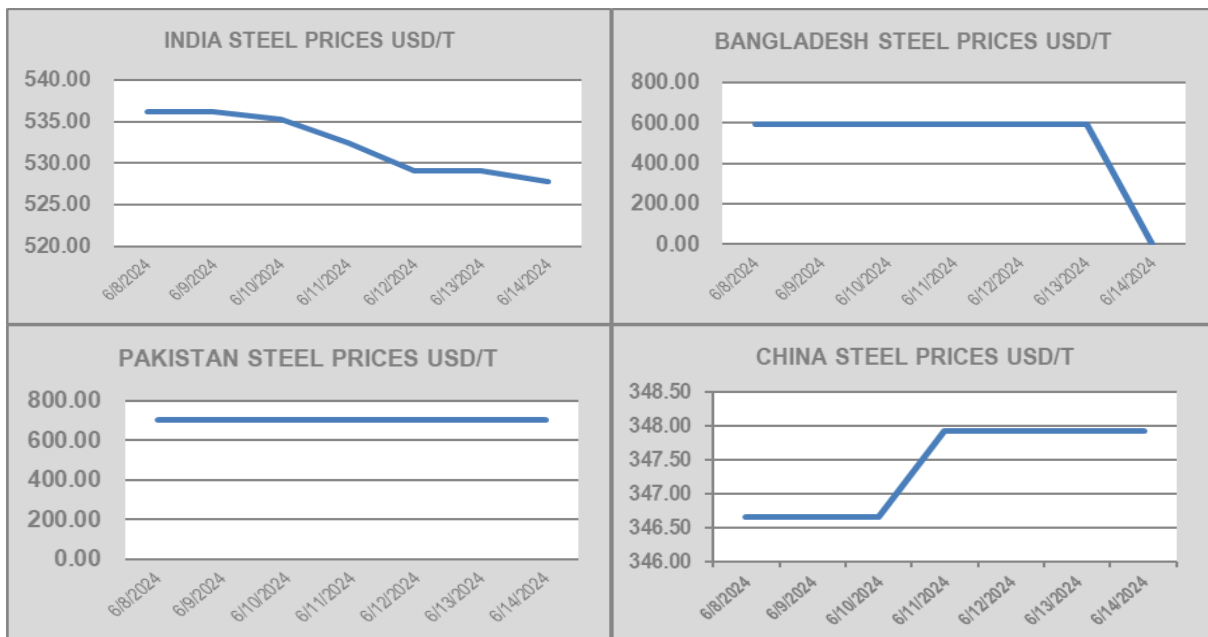
No.	VESSEL NAME	LDT	TYPE	STATUS
1	Hai Shun Feng 8	3,402	MPP / Container	Delivered June 09
2	Xin Hao Jiang 206	3,328	Bulk Carrier	Arrived June 08
3	Yua	4,476	Container	Delivered June 10
4	Zhong Hong Da 1	3,981	Container	Delivered June 14
Total Tonnage		15,188		

GADANI - Port Position as of June 14, 2024

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

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
6/8/2024	536.16	44,700.00	706.60	197,000.00	591.67	71,000.00	346.67
6/9/2024	536.16	44,700.00	706.60	197,000.00	591.67	71,000.00	346.67
6/10/2024	535.27	44,700.00	706.60	197,000.00	591.67	71,000.00	346.67
6/11/2024	532.49	44,500.00	706.60	197,000.00	591.67	71,000.00	347.93
6/12/2024	529.09	44,200.00	706.60	197,000.00	591.67	71,000.00	347.93
6/13/2024	529.09	44,200.00	706.60	197,000.00	591.67	71,000.00	347.93
6/14/2024	527.83	44,100.00	706.60	197,000.00	#VALUE!	NA	347.93



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snp@gmsinc.net

Athens, Greece Tel: +30.210.899.0669
Cumberland, USA Tel: +1.301.759.9240
Hamburg, Germany Tel: +49.40. 3197.9963
Shanghai, China Tel: +86.216.075.1900
Singapore Tel: +65.6823.8037

Bhavnagar, India Tel: +91.278.300.5253
Dubai, UAE Tel: +971.4.423.0720
New York, USA: +1.240.505.9716
Seoul, South Korea Tel: +82.10.4650.0720
Tokyo, Japan Tel: +81.3.5453.6311