

June 21st, 2024
 Week 25
 Volume 262, Issue 1139

QUOTE
 of the
WEEK

“If you make it to hell, make it comfy, things tend to stick around a while.”

– Kay. D.

Highlights:

- Shuffling through.
- Byproduct.
- Picky while poor.
- Steel cool.
- TUTOR Sunk.
- Scan to download and view the GMS Weekly on our Recycling App!



- MARKET COMMENTARY - TWO TO TANGO?!

Across the industry this week, the ongoing & disastrous state of affairs in both Bangladesh and Pakistan on opposite ends, coupled with the onset of the customarily slower summer / monsoon months has increasingly descended the Indian sub-continent ship recycling markets into a tighter squeeze over the last week or so, especially as India too shuffles through the impact of its recent election results and Turkey at the far end remains upended without any rescue, lying emaciated in wait for any signs of tonnage coming their way.

Meanwhile, as Bangladeshi Recyclers (and the rest of the industry) gradually absorb the news of the upcoming tax hike on FO & LO announced via their recent budget, key fundamentals haven't been too 'hot' this week and the situation isn't that dissimilar in Pakistan, India, or even Turkey, where at least one prime mover in key fundamentals affecting recycling vessel prices has declined again this week, as they have since early May. A natural byproduct of such a depreciation has been the increasingly marginal number of units arriving sub-continent port positions every week, with Pakistan now sitting at nil again. In fact, even though the industry is surprisingly starting to see decent prices emanating from both India (& even Bangladesh to an extent) on the right units; unfavored, poorly built, or questionably maintained tonnage is being largely ignored, which further highlights the dithering state of the global ship recycling industry that is 'picky while poor'. Smack in the middle is the Indian stock market that too is getting back on its feet after suffering a brief collapse pursuant to the announcement of PM Modi's BJP failing to generate a majority in the Parliament. Yet, those losses were soon recovered as the overall confidence in the market remains high, and not only do imminent infrastructure projects & economic stimuli measures remain in the pipeline, but India's upcoming budget is also being announced in the third week of July, when the timeline of said projects should become clearer thereafter.

At the macro end, on the back of Israel's defense cabinet announcing plans of officially taking on Hezbollah, which will see increasing attacks in the Red Sea Shipping Lanes given how only this week, Greek Controlled 'TUTOR' appears to have sunk after coming under attack from Houthis Rebels in the South and as a result, the situation will expectedly remain the same (if not worse) in the near future / coming months, before they get better again. The possibility of increasing excursions in the area could see merchant vessels completely bypassing the Red Sea (should all-out war breakout in the region) resulting in an even greater global inflation that will deliver even more of a disaster for citizens of the world. Time will tell!

For week 25 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	Uncertain	520 / LDT	540 / LDT	560 / LDT
3	Pakistan	Dull	500 / LDT	520 / LDT	530 / LDT
4	Turkey*	Dead	360 / LDT	370 / LDT	380 / LDT

* +10K LDT Units

BANGLADESH

UN-ILLUSTRIOUS!

'Pickin's got slim'.

It has been another un-illustrious week in Bangladesh's ship recycling sector this week as most of the market tonnage is now being redirected towards Indian shores, not only on account of most units being for HKC recycling only, but also on account of the higher offerings from Alang for this type of preferred (container) unit, as Chattogram Choppers are left having to satisfy their recycling needs with a raft of poorer condition, Chinese built, Far-Eastern owned, small(er) LDT, and (more than) likely laid up tonnage that has been the only feed of insanity for local Recyclers since the 'pickin's got slim'.

Less premiums.

Steadily exacerbating the ongoing state of affairs have been the seemingly unfavourable fiscal policies set in place by the governing party of the Nation State, as not only was the Bangladeshi Taka intentionally devalued against the U.S. Dollar (a disaster for a nation that desperately depends on its Forex reserves), an act that saw the Taka depreciate continuously and end this week at nearly BDT 117.50, but local steel plate prices have also entirely stopped trading since last week (on account of Eid celebrations) and have subsequently flatlined at **USD Zero/MT**.

Bangladesh's recent budget announcement also hasn't lifted the mood at domestic yards either, with duty impositions being levied on incoming recycling vessels that are carrying excess quantities of FO & LO onboard, thereby imposing additional costs to local yards and distributing far less premiums to Owners / Cash Buyers of any vessels arriving Chattogram's waterfront.

Snappy quiet

As a result, Bangladesh continues to suffer week after week with a gradual dwindling in the number of arrivals at local anchorage as evident from this week's port report and as compared to India's. Moreover, with Bangladeshi vessel prices still facing downward pressures, additional duties on extra incoming bunkers now being in effect, domestic fundamentals that are seeing wayward signs in the near future, a rather wet monsoon approaching in full swing, escalating vessel prices from India, and a supply that is destined to further weaken through July - Q3 seems like it is set to be a snappy quiet time at Chattogram yards.

INDIA

2024 +VE?!

Shockwaves from India's recent and unexpected election results are still creating rumbles through the economic bellies of the world's most populous country, as the entirety of its implications are yet to be realized in the nation's economy moving forward. As a result, Indian stock markets and steel prices have, and continue to suffer ever since the announcement of the results, whilst domestic recycling sales continue at pace – and that too at impressive levels that seem to defy logic, especially amidst a declining local steel plate price that fell another USD 5/Ton this week, and an Indian Rupee that continues to languish North of Rs. 83.50 against the U.S. Dollar, surprising industry veterans as to the true nature of current ongoing at Alang.

Implications rumble.

Clearly, there remains an elevated sense of optimism that has survived the results of the election, which is keeping local sentiments propped up to the point that despite Alang being the nerviest of all of the major ship recycling destinations, Indian pricing on recycling units continues to impress in the face of marginal fundamentals. This impressive mindset is also the reason Alang's busy anchorage has vastly overtaken that of Bangladesh and has of late, become the centrepiece of global recycling attention for Ship Owners and Cash Buyers who are looking to add their respective collections to recycling statistics of 2024.

Sales still firm.

Such was the case with the sales of following units, not only from week(s) prior but also this week as the '86 Korean built reefer TROPICAL SKY (5,175 LDT) fetched an eye-wateringly impressive USD 555/LT LDT (for a reefer vessel and that too under the present times), whilst private sales came to the fore via arrivals at Alang's waterfront, including another MSC unit for HKC only recycling that's reportedly still enroute as the MSC GRACE F has also been concluded to Alang Buyers, at a comparatively (to the recent high-priced MSC deal) conservative USD 545/LT LDT.

Reefer sold.

These levels exemplify the fact that despite the overall lack of tonnage that is expected to suffer even more across July, flunky domestic fundamentals, and even the first post-election budget that leaves the schedule of upcoming infrastructure projects up in the air, the Indian ship recycling community remains in a surprisingly relaxed place with PM Modi's win and are banking positively on upcoming projects for the future of the nation. As such, in comparison to the other recycling markets, we still believe 2024 will end on an overall positive note for the Indian market and levels from domestic Recyclers will continue to push the further amidst an unfolding economic situation that doesn't seem as though it's geared for a prompt revival.

Urgently geared.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
TROPICAL SKY	Reefer	5,175	USD 555/LT LDT

PAKISTAN

NEGATIVE NANCY!

Talking down.

Despite a Pakistani budget that (directly / indirectly) delivered an optimistic overall outlook for the country's ship recycling sector for FY24 – FY25, Pakistani Recyclers are continually looking for negative ways to talk down the market on any tonnage being offered their way – and deservedly so. Pakistani ship recyclers have already played their part at the bidding tables since the start of the year and are clearly not on the lookout for fresh tonnage at this time, having concluded all of last year's recycling volumes and then some, within the first half of 2024.

Moreover, with income taxes now expected to rise, supply of tonnage expected to take a bigger hit next month, global crises expected to escalate in the Red Sea shipping lanes that will likely exaggerate the short-term supply of tonnage even more, all of which will only see further negativity from the Pakistani market in the coming month(s).

Red faced & empty handed.

Though fundamentals remain relatively steady as not only did the Pakistani Rupee sink further towards breaching back into PKR 279 territory against the U.S. Dollar, but it also remains in the same neighborhood as weeks gone by. Local steel plate prices also remain dead on the floor and too at a respectable USD 706/Ton that sees no motivation from local Buyers to increase their levels and snag yet another unit.

Making matters worse is the type of supply as other than HKC only vessels and poor-quality units opening up in the Far East, there aren't any worthwhile units for local Buyers to race towards. This further highlights the callous attitude of the domestic recycling mindset as local port position reports a second week of an empty local anchorage.

Reticent & hesitant.

As such, like Bangladesh, July has cemented itself as a holiday time at Gadani's bidding tables and it is surely set to be a quieter summer in Pakistan with fewer candidates to work on, as competing markets remaining far more aggressive to fill empty plots than their reticent & hesitant Gadani counterparts are.

NO MARKET SALES REPORTED

TURKEY

QUIET... AGAIN!

Other than a Lira that has resumed its weakening against the U.S. Dollar once again as it spiked to nearly TRY 32.90, only to end the week at TRY 32.84, there is nothing to report from this market as levels remain stranded with nothing to bid on.

ssshhh.

ALL WORK AND NO PUNS?

- ✚ Refusing to go to the gym is its own form of resistance training.
- ✚ If attacked by a mob of clowns, go for the juggler.
- ✚ The man who invented Velcro has died. RIP.
- ✚ Despite the high cost of living, it remains popular.
- ✚ A dung beetle walks into a bar and asks, 'Is this stool taken?'
- ✚ I can tell when people are being judgmental just by looking at them.
- ✚ The rotation of Earth really makes my day.
- ✚ Well, to be Frank with you, I'd have to change my name.
- ✚ My friend was explaining electricity to me, but I was like, 'Watt?'
- ✚ What if there were no hypothetical questions?
- ✚ Are people born with photographic memories, or does it take time to develop?
- ✚ The world champion tongue twister got arrested. I hear they're going to give him a tough sentence.
- ✚ Pollen is what happens when flowers can't keep it in their plants.
- ✚ A book fell on my head the other day. I only have my shelf to blame though.
- ✚ Communist jokes aren't funny unless everyone gets them.

IMPORTANT DATES

INDIA		
BANK HOLIDAYS	DELIVERY TIDES	
July 17 - Ashura	June 19 – June 28 July 02 – July 11 July 19 – July 27	

BANGLADESH		
BANK HOLIDAYS	DELIVERY TIDES	
July 17 - Ashura	June 22 – June 25 July 05 – July 08 July 21 – July 24	

BANK HOLIDAYS		
CHINA	PAKISTAN	TURKEY
No holidays in July	July 16 & 17 – Ashura	July 01 – Bank Holiday July 15 – Democracy & National Solidarity Day

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ALANG - Port Position as of June 22, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Balyuzek	2,630	Reefer	Delivered June 18
2	IDM Doodle	4,303	General Cargo	Arrived June 12
3	MSC Tia II	10,611	Container	Arrived June 15
4	Professor B	5,121	Container	Arrived June 14
5	Victor Gavrilov	5,962	Fishing Vessel	Arrived June 13
Total Tonnage		28,627		

CHATTOGRAM - Port Position as of June 22, 2024

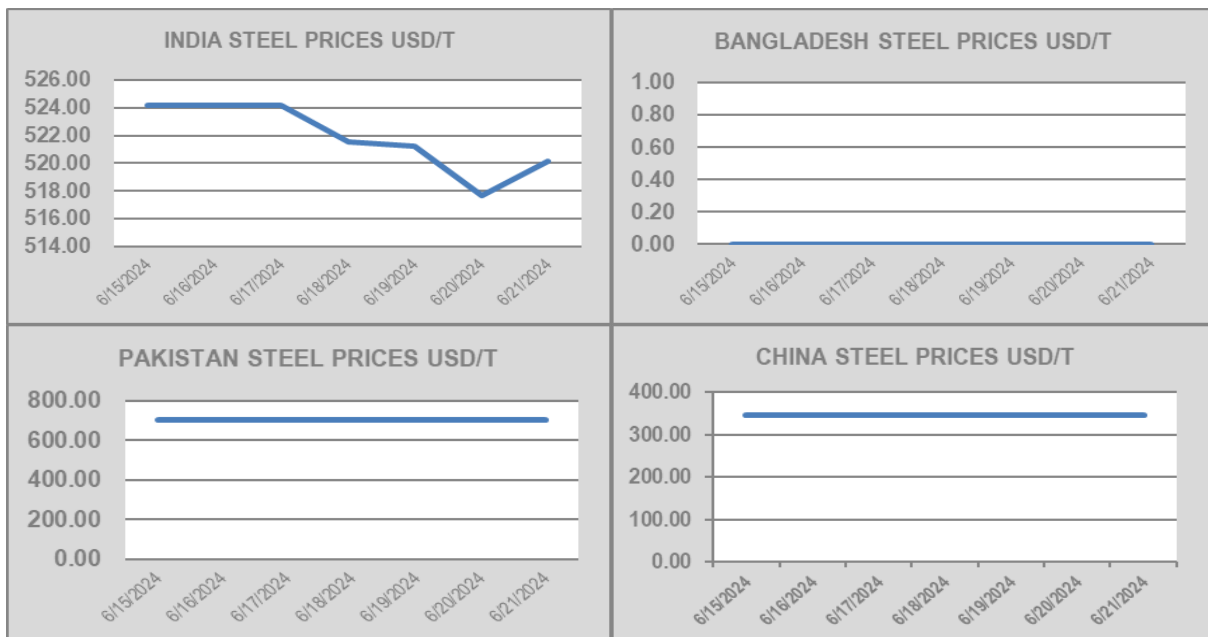
No.	VESSEL NAME	LDT	TYPE	STATUS
1	Doowoo	9,543	Woodchip Carrier	Arrived June 18
2	Pine Express	975	Bulk Carrier	Arrived June 18
3	Xin Hao Jiang 206	3,328	Bulk Carrier	Delivered June 16
Total Tonnage		13,846		

GADANI - Port Position as of June 22, 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
6/15/2024	524.17	43,800.00	706.60	197,000.00	NA	NA	347.93
6/16/2024	524.17	43,800.00	706.60	197,000.00	NA	NA	347.93
6/17/2024	524.17	43,800.00	706.60	197,000.00	NA	NA	347.93
6/18/2024	521.52	43,500.00	706.60	197,000.00	NA	NA	347.93
6/19/2024	521.21	43,500.00	706.60	197,000.00	NA	NA	347.93
6/20/2024	517.63	43,300.00	706.60	197,000.00	NA	NA	347.93
6/21/2024	520.15	43,500.00	706.60	197,000.00	NA	NA	347.93



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