

June 7th, 2024
 Week 23
 Volume 262, Issue 1137



“You don't overcome challenges by making them smaller, but by making yourself bigger.”

– John C. Maxwell

Highlights:

- Eventful week.
- Modi wins.
- Alliance needed.
- Fundamentals firm.
- Bangla budget.
- Scan to download and view the GMS Weekly on our Recycling App!



- MARKET COMMENTARY -

WOLF TRAP!

An eventful week in the ship recycling industry saw the announcement of the Bangladeshi budget surprisingly deliver negative news for Chattogram's ship recycling sector, in addition to the conclusion of India's election cycle that has gripped the country since April 24th and pleasantly welcomed Mr. Narendra Modi being re-elected to govern as India's Prime Minister on June 5th, for an unprecedented third term in the nation's 2024 General Elections. Unfortunately, PM Modi's 'Bhartiya Janta Party' (BJP), was unable to breach the minimum seats required to form a ruling government and this has subsequently left reliance on a coalition of several smaller parties as the only viable option for the BJP to govern – at least until the next Election cycle come May 2029.

While this stands to introduce adverse consequences of its own for the Indian market in the long run, Bangladesh's proposed budget has surprisingly fallen short of appreciating, assessing, or even addressing the extent of the nation's ongoing economic crises via establishing realistic targets and measures needed to correct recently erupted financial abnormalities as not only did the Taka decline further against the U.S. Dollar this week, but domestic steel plate prices also reported (unexpected) movements - and that too in the wrong direction. Wrapping up the sub-continent markets is the Pakistani market that continues to slip (in style) as domestic fundamentals seem to have little to no consequence on the mindset / performance of Gadani ship recyclers. Finally, Turkey's languish on the side lanes continues making matters worse for Aliaga's ship recycling fraternity, despite Turkish vessel offerings staying perched atop historical highs of their own.

At the macro level, as conflict surges on in the Middle East and incursions into Rafah continue unabated, further news of escalating counterattacks on passing merchant ships and even naval vessels by Houthi rebels in the Red Sea Shipping Lanes were once again reported this week, which will likely result in increasing logistical costs that only stand to apply further pressure on already high global inflationary numbers that have decimated certain economies worldwide.

Moreover, still riding the wake of firmer freight rates are the trading markets that have been surging over 3 quarters now, and as the consequent & ongoing shortage of tonnage is forecasted to continue unabashed for the foreseeable future, it certainly seems as though global ship recycling markets simply aren't getting the break they have been suffering for, which is slowly turning into the tale of the ensnared wolf that is struggling to break free of its wolf trap, only by gnawing off its paw in order to be free again.

For week 23 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>Dull</i>	360 / LDT	370 / LDT	380 / LDT

* +10K LDT Units

BANGLADESH

BEVY OF BEAUTIES (BOBs?!)

FY25 4.6% Higher

Bangladesh's budget for Fiscal Year 2024 – 2025 was introduced in the parliament this week and was reportedly approved without much fanfare. However, as stated in the market commentary, the annual budget of about BDT 797,000 Crores (approximately USD 6.78 Billion) is only about 4.6% higher for FY25 over FY24 and comes at a time when the country's economy continues to suffer through inflation figures that far eclipse the budget increase for the upcoming fiscal year, making the ruling party's conservative outlook, matching fiscal policy for FY25, and under-appreciated state of affairs that much clearer. Moreover, the overall unfolding mess has only added to an already-exacerbated situation made worse by the recent and intentional depreciation of the Bangladeshi Taka against the U.S. Dollar.

Blatantly opportunistic.

Although this budget was intended to restore macroeconomic stability, reign in pressure on foreign currency reserves, and curb a domestic inflation that is igniting it all behind the scenes, it (the budget) reportedly fell short of addressing much of it as policy changes to directly target the lower-than-expected domestic revenues via the nations exports (i.e. income), higher output of foreign currency reserves (i.e. expenses), and the conservative fiscal policy / position of the ruling party that clearly hasn't changed much (via the freshly announced budget) will only see interest rates get higher, invoke tighter controls by the government on foreign currency reserves, and eventually end with restricted L/C approvals for the domestic ship recycling sector once again. How soon this comes to fruition is the Trillion Dollar question. For now, the mindset of Chattogram Choppers has remained unchanged pre-and-post budget as they continue to lowball Ship Owners and Cash Buyers on any available units, in a blatantly opportunistic attempt to secure a deal for a few dollars less than cheap.

Mute budget.

Blissfully, for the global ship recycling sector, it appears as though India will not be too affected by the outcome of their elections, which should alleviate pressure on Bangladesh and leave its ship recycling sector alone in the coming weeks. Moreover, as fundamentals continue to suffer, local steel plate prices recorded a USD 9/Ton drop this week, further suffocating operational margins for local recyclers, in addition to the Bangladeshi Taka that nearly breached into BDT 118 territory and ended the week at BDT 117.45 against the U.S. Dollar.

Economic Macarena.

Notwithstanding, amidst the ongoing economic Macarena, local port position seems to be starting an 'industry of surprise' unto themselves as on the back of the arrival several arrivals, including a 42K FSU at Chattogram's waterfront this week, local anchorage reported a whopping 12 vessels and nearly 95K LDT that have nearly all been delivered to their respective owners this week. Yet, there were no markets sales confirmed into Chattogram and despite domestic fundamentals further choking this market out, Bangladesh continues to surprise us with its weekly bevy of rusted beauties.

NO MARKET SALES REPORTED

INDIA

RELIANCE ON ALLIANCE!

The nail-biting conclusion to Prime Minister Narendra Modi's election victory finally came through this week, albeit with more of a bang than a boom as the ruling Bhartiya Janta Party 'BJP' (translated to 'The Party of the People of **Bharat**', the name for **India** in several domestic languages)" failed to generate the 272 seats essential to form a ruling party / government. Instead, the BJP will be relegated to forming alliances with several smaller parties, in order to form a majority government.

This is expected to result in less control and a more cumbersome form of governance for the BJP in its upcoming third term via increased political interference from members of its coalition, thereby resulting in the BJP no longer being able to rule the country with the 'free rein' that this administration has gotten accustomed to over the last two terms. This will certainly need to be addressed moving forward as the unwavering interference of political rivals to derail even meaningful agendas - a situation most countries face all too regularly in 2024 in the world of politics - via delivering the necessary votes needed by members of their own party and pass laws to fulfill promises on domestic spending / infrastructure projects that remain pending on the books even today.

It also signals a waning of confidence in Minister Modi who is now effectively on notice as opposition parties display their increasing popularity in certain States while they continue to joust for power and this saw Indian stock markets plummet mid-week when it became clear that the election results may go awry for the BJP. Notwithstanding, in a show of solidarity expressing the collective disappointment at the outcome of the nation's election results, the Indian Rupee ended the week at a far lower Rs 83.50 against the U.S. Dollar, as plate prices fell by about USD 10/Ton through the tail end of the week - and were reportedly still falling.

Overall, with the Bangladeshi economy now facing its forecasted June cliffhanger, Indian fundamentals remain comparatively stronger as the Indian administration enters its third term amidst domestic furor over the BJP not achieving the desired outcome. However, once the furor over the election results settles, we should see various economic stimuli / measures start to kick in and initiate fresh projects, as government spending for 2024 and beyond along with the business-friendly Mr. Modi at the helm should spell good things for the nation.

Not a majority.

Cumbersome.

Cliffhanger.

PAKISTAN

SLIPPING IN STYLE!

Nuttily.

If there's one thing that the Pakistani market has achieved in spades this year, it's just how gracefully this market has slipped in-and-out of the ship recycling scene upon successfully consuming the quantum of last year's quota within less than half the time, as Gadani ship recyclers have clearly exited the maddening ship-recycling scene at the most opportune of times, given just how nuttily June has started off. Moreover, with plenty of tonnage still at domestic yards, Pakistani buyers are enjoying some much-deserved time on the sidelines, which has perfectly coincided with monsoon and even Eid-celebrations mid-June this year – and one they can certainly enjoy without the stresses of daily business life.

Opportunity missed.

The easing of Pakistan's L/C restrictions for the domestic ship recycling sector was the wildfire that first ignited Pakistan's purchasing prowess since the first week of January 2024, followed by a strengthening of the Pakistani Rupee against the U.S. Dollar, along with steel plate prices that though flatlined, remained horizontal in the mid-to-high USD 700s/Ton and subsequently leveraged the confidence needed by Aliaga recyclers to conclude their share of units until only recently, as the Gadani Gang seem to have slipped out of the recycling party, quietly and in style.

Meanwhile, local steel plate prices, though still flat on the floor at region USD 705/Ton, remain the highest across all of the major ship recycling destinations, as the Pakistani Rupee volleyed wildly from PKR 278.70 down to PKR 278.06 against the U.S. Dollar – and that too in a matter of a few hours. This has also been the reason that there has been no market, or even rumors of a private sale into Pakistan this week as local port position continues to tap-out, with the last / only vessel at Gadani's anchorage making it onto the beach this week.

Below 500.

As such, though well-deserved in its own right, the Pakistani market remains a footnote for Indian sub-continent ship recycling price levels as very few meaningful or even workable offers on much of anything has been emanating from the Pakistani market of late, especially now that a clique of Gadani recyclers seem to think (believe) that offers below USD 500/LDT will secure them tonnage despite competing markets offering noticeably higher.

Moreover, the ongoing shortage of tonnage on the back of continually impressive freight rates should cement the fact that this market can, and must grab any opportunities that come their way in the near future, even if they have to pay slightly higher than they had hoped for.

NO MARKET SALES REPORTED

TURKEY

SIGH!

Just ... nothing!

No movement in weakened import / local steel plate prices, no tonnage, no news of fresh arrivals, no change in the Lira (still around TRY 32.35 against the U.S. Dollar), no news of just about anything 1from this market.

Truly a depressed state of affairs for Aliaga Recyclers.

No news of nothing.

Depressed.

ALL WORK AND NO PUNS?

- ✚ *I don't suffer from insanity — I'm diggin' every minute of it.*
- ✚ *The last thing I want to do is hurt you; but it's still on the list.*
- ✚ *The problem isn't that obesity runs in your family. It's that no one runs in your family.*
- ✚ *Today a man knocked on my door and asked for a small donation toward the local swimming pool. I gave him a glass of water.*
- ✚ *I'm reading a book about anti-gravity. It's impossible to put down.*
- ✚ *'Doctor, there's a patient on line one that says he's invisible.' 'Well, tell him I can't see him right now.'*
- ✚ *Atheism is a non-prophet organization.*
- ✚ *A recent study has found that women who carry a little extra weight live longer than the men who mention it.*
- ✚ *The future, the present, and the past walk into a bar. Things got a little tense.*
- ✚ *Before you criticize someone, walk a mile in their shoes. That way, when you do criticize them, you're a mile away and you have their shoes.*
- ✚ *Last night my girlfriend was complaining that I never listen to her... or something like that.*
- ✚ *Maybe if we start telling people their brain is an app, they'll want to use it.*
- ✚ *If a parsley farmer gets sued, can they garnish his wages?*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	DELIVERY TIDES
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 June 06, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Bord	5,723	Container	Arrived June 02
2	Nezha	1,571	General Cargo	Arrived June 05
3	Stream	9,147	Reefer	Arrived June 01
4	United ID	7,173	Bulk Carrier	Arrived June 05
Total Tonnage		23,614		

CHATTOGRAM - Port Position as of June 06, 2024

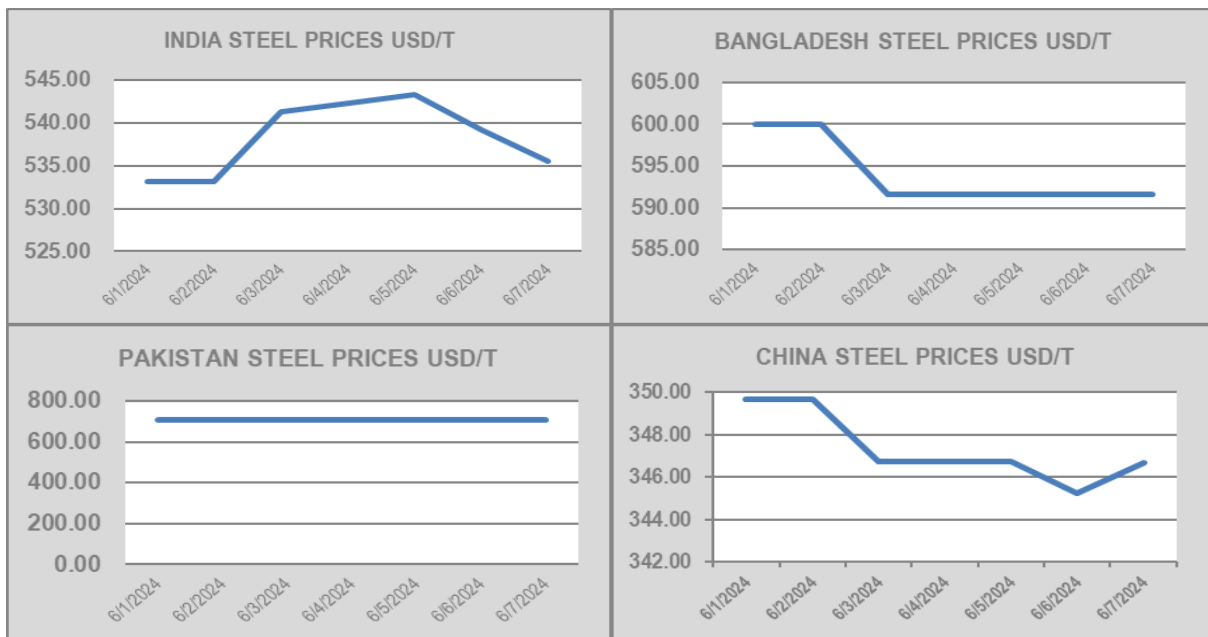
No.	VESSEL NAME	LDT	TYPE	STATUS
1	Bei Fng Ming Zhu	5,776	Container	Delivered June 04
2	Comanche (Dead Vessel)	9,091	Pipe Layer	Delivered June 01
3	Fern (Dead Vessel)	42,080	FSU	Delivered June 07
4	GNS Hope	9,812	Bulk Carrier	Delivered June 05
5	Hai Shun Feng 8	3,402	MPP / Container	Arrived June 01
6	Hong Ying	1,568	General Cargo	Delivered June 06
7	Ji Hai Zhong Shan	2,175	Container	Delivered June 04
8	Masala	7,447	Container	Delivered June 05
9	Ment 1	2,234	Cement Carrier	Delivered June 01
10	Span 30	1,826	General Cargo	Delivered June 05
11	Yua	4,476	Container	Arrived June 07
12	Zhong Hong Da 1	3,981	Container	Arrived May 28
Total Tonnage		93,870		

GADANI - Port Position as of June 06, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Uranus J	5,778	Bulk Carrier	Beached May 30
Total Tonnage		5,778		

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
6/1/2024	533.19	44,500.00	706.60	197,000.00	600.00	72,000.00	349.66
6/2/2024	533.19	44,500.00	706.60	197,000.00	600.00	72,000.00	349.66
6/3/2024	541.26	45,000.00	706.60	197,000.00	591.67	71,000.00	346.76
6/4/2024	542.32	45,300.00	706.60	197,000.00	591.67	71,000.00	346.76
6/5/2024	543.36	45,300.00	706.60	197,000.00	591.67	71,000.00	346.76
6/6/2024	539.12	45,000.00	706.60	197,000.00	591.67	71,000.00	345.25
6/7/2024	535.59	44,700.00	706.60	197,000.00	591.67	71,000.00	346.67



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