

GMS WEEKLY

Your Source for Recycling News

July 5th, 2024
Week 27
Volume 263, Issue 1141

QUOTE
of the
WEEK

"I'm not the next Usain Bolt or Michael Phelps ... I'm the first Simone Biles."

– Simone Biles.

Highlights:

- Waiting game.
- Lower sentiments.
- Devaluation.
- No tonnage.
- Slumber-some.
- Scan to download and view the GMS Weekly on our Recycling App!

- MARKET COMMENTARY - PAUSE!

It has been another tentative time in the global ship recycling markets as overall this week, SNP activity and local arrivals / deliveries reported minimal movements at the various waterfronts (Turkey's permanent holiday notwithstanding), in addition to no market sales to report in the midst of Indian sub-continent ship recyclers decidedly approaching the monsoons with a 'wait-&-watch' the market mindset prior to committing afresh on tonnage, especially since virtually all sub-continent recyclers have taken in their respectable shares of tonnage over recent months.

Although this advertent pause may have inadvertently coincided with an overall firming of most recycling destination currencies, it has also come at a time when not only have steel plate prices finally started trading in Bangladesh, but steel levels in Bangladesh & India jointly declined through the week. Bangladeshi & Pakistani Budgets have also gone by, both of which delivered adverse impacts on vessel offerings, as well as negative sentiments at each location. India isn't too far behind with mixed feelings about their own upcoming budget, after unexpected election results greatly affected local mindsets about the immediate economic future of the nation. As such, we can only hope that with the announcement of India's budget, the most pronounced impact on these markets would finally conclude for 2024. Turkey remains dead at the scene of the crime for several quarters now, despite local vessel offerings that have made a remarkable leap earlier in the year.

At the Macro end of things, the supply of recycling tonnage remains distracted by impressive freight rates that have unfortunately galvanized by the incursions on merchant vessels in the Red Sea shipping lanes. And with the Israeli Defense Cabinet's recent announcement of expanding incursions against Hezbollah in the North only last week, with retaliations expected from Hamas in the South, there are signs of hope in that, news of Hamas leaders considering a U.S. cease fire proposal along with a possible exchange of hostages has only come through as the week ended. Moreover, as older vessels enroute to disports and are due to get their SS / DDs by the end of June this year, could see a batch of fresh vessels to come within the end of July / early August.

Overall, as recycling prices cool off by about USD 20 – USD 25/LDT in the sub-continent markets, it is almost guaranteed to be an inadvertent period of relief for recyclers as tonnage shortage still maintains a militaristic hold on the availability of meaningful bulkers, tankers, and containers for the recycling markets to absorb and as such, a slumber-some monsoon might continue at the sub-continent recycling destinations as the world gradually starts to head off on summer holidays.

For week 27 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

LO(AN) RIDERS!

Third instalment.

This week, Bangladesh finally received the third tranche of IMF funds, which in turn has delivered an overall sense of (short-term) economic relief for the nation, one not witnessed since early January 2024 at the very least, whence L/C restrictions were all but rescinded and subsequently resulted in sentiments improving locally for the next quarter and a half (until mid-May). While this much-needed injection of U.S. Dollars for the local economy will mark a positive development for the nation, it will likely remain a temporary one as the Fiscally Conservative ruling party still needs to address some of the key underlying issues contributing to the ongoing erosion of U.S. Dollar reserves.

Foreign exchange issues.

Reportedly, there are ongoing efforts to not only bolster export earnings, but also curtail imports / import(s) related expenditures, which are being called on by the members of the relevant committee as a key item to address sooner (rather than later), as there are still pressures on foreign exchange reserves in the country whilst heavy repayments on prior loans are still being made (and will only continue with this latest tranche), adding to the downward economic spiral the nation currently finds itself in.

Monsoon Mud.

Accordingly, vessel prices & sentiments for smaller LDT, poor condition, Far Eastern built vessels continue to deteriorate and remain stale on account of the higher-than-average wastage of steel resulting in loss of LDT - and these have unfortunately been the primary source of nourishment on the Bangladeshi Ship Recycling Buffet of late as larger LDT, good condition, well maintained, and preferred country of build (Japan / Korea) vessels remain few and far between. This became abundantly clear at local port position this week as not only are 75% of vessels from the Far East, 100% of these are small LDT units.

And while the much-anticipated incoming tranche of U.S. Dollars has turned the situation of the nation's economy from a rope into a bungee cord, the hopes of evening out their FY budget concerns by raising taxes on bunkers certainly seems to show just creative the Bangladeshi Government is getting at finding unique avenues in order to bridge the gaps, which don't seem to be helping as not only does the Taka remain at a weakened BDT 117.57 against the U.S. Dollar, local steel plate prices FINALLY resumed trading this week, only to plummet nearly USD 10/Ton as the week ended.

While further ensuring local sentiments remain permeated in the monsoon mud, local recyclers remain content low-balling on any available unit, just happy to snag a deal out of it should the opportunity present arise.

NO MARKET SALES REPORTED

INDIA

ABSTAINING!

The surprising outcome of India's recent General Elections has left many in the nation feeling rather uneasy about the results thereof, in addition to the immediate future of the country's economy via intended infrastructure projects that were announced / designed to bolster the country.

Economic future.

Moreover, Alang ship-recyclers have been left most disappointed as a result of the elections and have increasingly decided to abstain from participating at the bidding tables ever since, which will likely remain case at least until the announcement of the FY24 – FY25 budget that is due around July 21st. It will therefore be interesting to see to what extent, said infrastructure projects might eventually be impacted by the coalition / alliance of parties that are now in power, given that PM Modi's BJP party failed to generate the necessary votes that were needed to maintain an unfettered majority in the Parliament through this most recent election cycle.

No majority.

Further giving credence to Alang buyers decision to idle out the rough until the upcoming budget has been the ongoing volatility affecting domestic fundamentals in that, local steel plate prices once again volleyed through the week ending it USD 3/Ton weaker, while the Indian Rupee remained subdued at a depressing, yet marginally firmer INR 83.46 against the U.S. Dollar. Local port position also reflects the reality of domestic ship recycling affairs as only 1 vessel arrived locally and was promptly delivered within 1 working day this week, which certainly cements the fact that local Recyclers simply aren't keen to actively pursue tonnage at this time, a sentiment is permeating across all sub-continent recycling locations.

Steel down.

Overall, however, business conditions in the country do remain on an even to favourable note, but for the import of cheap steel products that has once again started to impact the price of rerolled material in the country, declining it to the tune of about USD 25/LDT of late.

NO MARKET SALES REPORTED

PAKISTAN

BUDGET CLARIFICATIONS!

2% Tag.

There have been some undesirable post-budget updates / clarifications from Pakistan that reared their head this week and the news is not good for Gadani's ship recycling sector in that, additional customs duties to the tune of 2% have been imposed on incoming ships for FY24 – FY25, something that is further expected to aggravate already depressed vessel prices by approximately USD 10/LDT, and could likely go even higher once the first batch of recycling units have been delivered hereafter.

L/C Pause?

The import of re-rollable / melting scrap has simultaneously been increased from 1.25% to 1.85%, which is expected to affect the overall steel industry in the long run given the differences in increase. Accordingly, the stark absence of Gadani Buyers at the bidding tables is not expected to have a major impact at the already empty tables in the short run, where tonnage itself remains painfully absent – and this will continue to be the case as long as the Houthi's are out and about.

Accordingly, just like the global ship recycling industry, Pakistan continues to be significantly impacted by unfolding events in the Middle East and to what extent really will this market manage to endure another financial crunch? Is another L/C pause likely to follow suit before the next budget?

Time will tell.

Mellow moment.

For now, local steel plate prices remain dead at region 705/Ton, as the Pakistani Rupee firms marginally below PKR 278 against the U.S. Dollar once again. Local post position has also been reflectively pinched by the deadly duo of "lacking tonnage & local interest" as aside from last weeks' deliveries, Gadani's waterfront is expected to report an empty anchorage once again in the coming week.

The monsoon mood certainly seems to be mustering through a mellow moment.

TURKEY

SAME OLE SAME OLE!

Another ZZZZ session was witnessed from the Aliaga Academy this week as other than a desperate interest from local Recyclers for tonnage, and a Lira that improved by over 1% to end the week at region TRY 32.65 against the U.S. Dollar, it has been the same ole snooze fest from the beaches of Turkey through this testy summer.

Snooze fest.

BAD PUNS AND WORSE JOKES!

- *How do you make holy water? You boil the hell out of it.*
- *I saw a sign the other day that said, 'Watch for children,' and I thought, 'That sounds like a fair trade.'*
- *Whiteboards are remarkable.*
- *I threw a boomerang a couple years ago; I know live in constant fear.*
- *I put my grandma on speed dial the other day. I call it insta-gram.*
- *I have a few jokes about unemployed people, but none of them work.*
- *'I have a split personality,' said Tom, being Frank.*
- *My teachers told me I'd never amount to much because I procrastinate so much. I told them, "Just you wait!"*
- *Will glass coffins be a success? Remains to be seen.*
- *Did you hear about the guy whose whole left side got amputated? He's all right now.*
- *The man who survived both mustard gas and pepper spray is a seasoned veteran now.*
- *Have you heard about the new restaurant called 'Karma?' There's no menu — you get what you deserve.*
- *Why don't oysters donate to charity? Because they're shellfish.*
- *What does a baby computer call its father? Data.*
- *What did the custodian say when he jumped out of the closet? "Supplies!"*

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 15 – Democracy & National Solidarity Day

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ALANG - Port Position as of July 06, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	<i>Uranus</i>	24,328	<i>Container</i>	<i>Delivered July 06</i>
Total Tonnage		24,328		

CHATTOGRAM - Port Position as of July 05, 2024

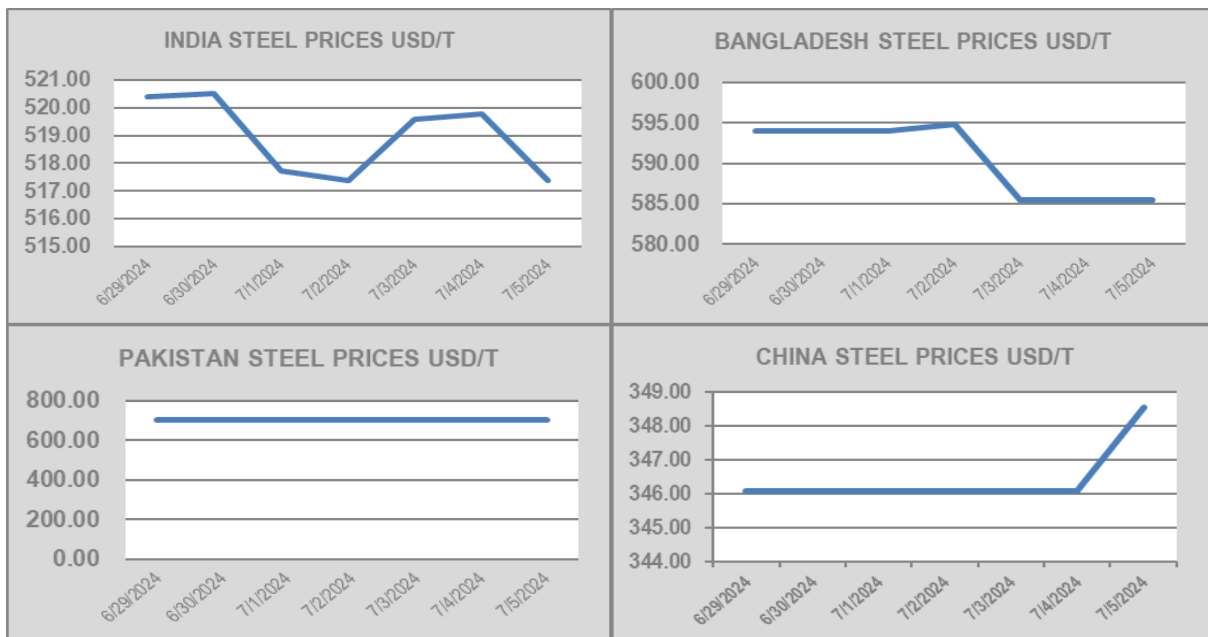
No.	VESSEL NAME	LDT	TYPE	STATUS
1	<i>Kadeejah Jahan</i>	6,994	<i>Bulk Carrier</i>	<i>Delivered June 30</i>
2	<i>Xiang</i>	3,947	<i>Bulk Carrier</i>	<i>Arrived July 01</i>
3	<i>Xing Tong 313</i>	1,909	<i>LPG Tanker</i>	<i>Arrived June 26</i>
4	<i>Yun Tai Long 66</i>	2,091	<i>Container</i>	<i>Delivered July 03</i>
Total Tonnage		14,941		

GADANI - Port Position as of July 05, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	<i>Alps</i>	10,191	<i>Bulk Carrier</i>	<i>Delivered July 04</i>
2	<i>Diyaa B</i>	6,956	<i>Bulk Carrier</i>	<i>Delivered June 29</i>
Total Tonnage		17,147		

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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
6/29/2024	520.38	43,400.00	706.60	197,000.00	594.02	69,500.00	346.09
6/30/2024	520.51	43,400.00	706.60	197,000.00	594.02	69,500.00	346.09
7/1/2024	517.74	43,200.00	706.60	197,000.00	594.02	69,500.00	346.09
7/2/2024	517.37	43,200.00	706.60	197,000.00	594.87	69,600.00	346.09
7/3/2024	519.57	43,400.00	706.60	197,000.00	585.47	68,500.00	346.09
7/4/2024	519.76	43,400.00	706.60	197,000.00	585.47	68,500.00	346.09
7/5/2024	517.37	43,200.00	706.60	197,000.00	585.47	68,500.00	348.58



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