

GMS WEEKLY

Your Source for Recycling News

August 3rd, 2024
Week 31
Volume 263, Issue 1145

QUOTE
of the
WEEK

“Reality is created by the mind;
we can change our reality by changing our mind.”

– Plato

Highlights:

- Heart of Tehran.
- Artificially elevated.
- Overthrow?
- No response.
- Abyss of uncertainly

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- MARKET COMMENTARY - FOCUS SHIFTS!

Zooming out of the ship recycling markets, we see geopolitical events take centerstage across all shipping sectors (trading and recycling) for yet another week and can easily be forecasted to do so into the foreseeable future i.e. through Q3 and likely well into Q4 as the mysterious bombing assassination of one of the founding members of Hezbollah in the heart of the Iranian capital city of Tehran early in the week sent shockwaves across the Arab world, followed by Iranian leaders vowing to avenge his death with a purported “new phase of war” in an already TNT loaded situation. Thereafter, news of Hezbollah firing a bevy of rockets into Northern Israel surfaced late in the week, none of which have resulted in casualties so far. As the Houthis in the South also plan out their next scope of attacks on passing commercial vessels in the Red Sea, overall tensions in the Middle East are destined to keep freight rates artificially elevated for the next 2 – 3 months, and in so depriving global recycling destinations of meaningful tonnage.

Zooming into the individual markets, we see national unrest in Bangladesh displaying no signs of calming any time soon as student body protests continue to take to the streets in ever worrying numbers and despite increasing communications blackouts, curfews, and a growing army presence on city streets - student deaths are reportedly still on the rise, in what is being alleged as ‘intentional’ by the ruling party. With several hundreds of deaths now reported, there is growing speculation that we may see the overthrow of the ostensibly unpopular PM Sheikh Hasina & her regime that could propel the nation deeper into a political & economic crisis. On the other side, India’s ongoing fallout from its General Elections and its recent Budget announcement has left Alang Recyclers increasingly on edge about the immediate economic future of their country, especially as Indian fundamentals continue to suffer for weeks on end. Even Pakistani Buyers, despite being atop the market rankings, seem to have nothing to show for it as for nearly 4 weeks now, there have been no fresh arrivals at Gadani’s waterfront, likely marking a first week in the series of many empty port reports. Finally, amidst an utter lack of recycling news emanating from the shores of Aliaga for well over a year now, Turkey remains dead silent and practically out.

On the various domestic fundamentals’ fronts, not only have local steel plate prices remained volatile / dead overall, but ship recycling nations currencies also registered declines against the U.S. Dollar this week, driving ship recycling sentiments further into the abyss of uncertainty. As such, the slowdown in tonnage driven by developments in the Middle East, coupled with the onset of summer holidays in the shipping fraternity means increasingly little focus will be diverted to ship recycling efforts this month, especially as vessel prices & demand remain stunted.

For week 31 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	Pakistan	Picky	510 / LDT	530 / LDT	540 / LDT
2	India	Uncertain	500 / LDT	520 / LDT	530 / LDT
3	Bangladesh	Declining	490 / LDT	510 / LDT	520 / LDT
4	Turkey	Dead	360 / LDT	370 / LDT	380 / LDT

BANGLADESH



UNREST REIGNS!

Fighting for the future.

Despite the Supreme Court intervening a couple of weeks ago and striking down the recent governmental ruling that saw a 30% increase in quotas for government jobs for family members of those who fought in the Bangladeshi Liberation war of 1971, local unrest continues unabated and seemingly without mercy this week. As it just so stands, a healthy majority of the current administrations families stand to benefit the most from this ruling, which has resulted in the ongoing violent protests led by a beleaguered and enraged student body that is literally fighting for the future rights of the young workforce.

Comms out.

These riots continue to wreak havoc in the Nation Sate for yet another week and despite a noteworthy police & army presence on city streets for weeks now amid communications blackouts and nightly curfews; several hundred citizens have reportedly been killed so far, in what is clearly a volatile situation that has been further exacerbated for its citizens and their international business associates via the inability to conduct regular business in-and-out of the country, which has become increasingly restricted of late. As such, it will be extremely difficult to get a hold of local buyers, local banks, local agents, or even local authorities to get deals done, LC/s open, or simply get vessels delivered within the timeframes of the agreements and avoid unwarranted renegotiations at the waterfront. And that is the kind of news that has been coming forth this week on the back of a number of local deliveries, some of which are reportedly being greeted by the renegotiation station master at Chattogram's anchorage.

Renegotiation station.

Speaking of local deliveries, Bangladeshi Recyclers never fail to impress with the breadth of domestic arrivals ranging from small 1600 LDT Far Eastern built / managed rusting beauties to the over 9K LDT Bulk Carriers, there clearly is a size for every local budget and buyer, who collectively remain nervous about the immediate / short term economic future of the country due to the ongoing mishaps of the ruling party, which in itself has been called a sham election that resulted in scores dead early in the year as well. Whether this will result in the ousting / resignation of PM Sheikh Hassina over the alleged mishandling of the unfolding situation remains to be seen. For now, local fundamentals remain in the dumps with the Taka once again suffering through ups & down around BDT 117.43 before skyrocketing to nearly BDT 117.90 against the U.S. Dollar where it ended the week, and local steel plate prices started trading this week again, only to end up declining by a couple of USDs/Ton with the onset of August.

Ok, for now.

Overall, despite the ongoing communication restrictions and despite prices being the lowest placed across all sub-continent ship-recycling markets, ship owners & cash buyers still seem ok selling into Chattogram for now ... but how much longer is the gradually unravelling question?

NO MARKET SALES REPORTED

INDIA



NO EFFECT?!?!

As highlighted last week, despite the (good?) news surrounding the intended USD 136 Billion worth of infrastructure projects announced over the recent budget and due to the fact that this critical component became nothing more than a 'line-item' that was pushed down the current administrations priority list over the next 5 years, these projects now seem destined to remain stranded in the political pipeline, waiting to be executed (if at all) prior to the next election, else they get pushed onto the next administration's lap. As such, there has been no noticeable change to Alang's ship recycling sector amidst ongoing irregularities in local fundamentals that have not only seen local steel plate prices collapse from the highs of about USD 545/Ton down to USD 498/Ton by the end of this week, but the Indian Rupee also competed for the one having the worst week, registering a record-breaking decline of its own and one that breached INR 83.81 against the U.S. Dollar.

Budget moves?

Notwithstanding the self-inflicted toe-stub that has been the de-prioritization of domestic infrastructure projects, the flip side certainly begs the question as to "What would have happened had the stars aligned and delivered a bombastic 2024 Budget for the Indian economy? How would that have helped the country's beleaguered ship recycling sector that remains desperate for missing tonnage, other than making domestic recyclers that much hungrier for it?" Given that the Middle East crisis certainly isn't going anywhere anytime soon and amid rising competition from a firming Pakistan, not much tonnage other than fishing / HKC units have been keeping Alang alive of late even though historically, neither reefers nor HKC tonnage have contributed to a major percentage of the incoming diet.

Self-inflicted toe-stub.

Either ways, India finds itself in the crossfire of domestic, and international issues that have largely delivered the ongoing tonnage drought, coupled with a distinct lack of domestic deliveries in recent times thanks to freight rates that will continue to be propped up by unfolding geopolitical events, which now seem to be heading into a direct conflict between Iran, Lebanon, and Hezbollah (*the Party of Allah or the Party of God*) on the one side, and Israel on the other. The situation has become dire enough where nations are repeatedly recalling their citizens and the U.S. has even redirected a Destroyer Fleet to support Israel in its war against the various armed organizations in the region.

Distinct lack of.

As such, unlike its recycling competition in the region, India has a lot more standing in the way of its bounce back at the bidding tables until Q4 at least, as markets overall seem destined to remain standing in line, awaiting their chance at snagging the one-off juicy unit and that too invariably at a seemingly one-off price...until the next opportunity presents itself again.

Opportunity presents itself.

NO MARKET SALES REPORTED

PAKISTAN

**NO GAME!**

Top priced.

In terms of sentiments backed up by strong vessel prices from any recycling destination, has been the unfolding of the Pakistani market atop the ship recycling market rankings over recent weeks, and just like the rest of the ship recycling world, Gadani Buyers are being unrelentingly subjugated to the merciless lack of tonnage that has painfully bought out a raft of uncharacteristic and unseasonal changes to the cyclical flow of recycling movements through the year, in that, not only are we seeing a Pakistani market that is unseasonably atop the market rankings through the summer months, and that too at levels heading towards mid-USD 500s/LDT, but there is unfortunately also nowhere to spend all this optimism and cash on, despite being the highest priced recycling destination!

Lacking confidence.

Moreover, even though domestic inflation seems under control (for now), local steel plate prices continue their 'dead' dance at the strongest levels in the ship recycling world, while the Pakistani Rupee continues to pole vault between PKR 277 – PKR 279 as it ends the week at nearly PKR 278.50 against the U.S. Dollar. As a result, we are now seeing the #1 ship recycling market in the world not only deliver a local port position that has recorded no fresh arrivals for nearly 4 weeks now, but also a truly empty port report for the week and perhaps the first of many?!

Most of 2024.

As Gadani recyclers seem to be offering levels that are varying all over the market, in the hopes of snagging a right-priced unit, this has invariably afforded local buyers the unbelievable opportunity to cherry pick on units amidst a tonnage drought, thanks to nerves and an overall lack of confidence brewing in the domestic ship recycling community as to just how soon U.S. Dollar reserves stand to dwindle out and when will the next batch of L/C restrictions be handed down to local chop shops that will see an operational halt to recycling activities, thanks to banking related issues.

Specialty / HKC units have certainly kept Indian recyclers comparatively busier over recent times with another MSC sale coming to light in Alang this week, resulting in Gadani buyers unavoidably starving themselves at the bidding tables despite having cash in hand – so malnourishing has the ongoing state of supply been. Notwithstanding, most locally are still expecting a better Q4 in Gadani, and if frozen plate prices should start to move positively once again, we may well see Pakistan start to wrangle most of the recycling tonnage from India, at least in the short term / immediate future.

NO MARKET SALES REPORTED

TURKEY**No GO!**

Turkey remains devoid of any meaningful news for yet another week, with the only movement being reported is that from a dreadful Lira that lost nearly 1% against the U.S. Dollar during regular trading this week, ending at over TRY 33.15. No further news on incoming deliveries, or local steel plate prices, or changes in local interest rates as inflation continues to ravage day-to-day life in Turkey.

1%.

BAD PUNS AND WORSE JOKES!

- *Why do birds fly south for the winter? Because it's too far to walk.*
- *How did Darth Vader know what Luke Skywalker got him for Christmas? He felt his presents. (Eww gross).*
- *What was the mummy's favorite type of music? Wrap.*
- *I'm only familiar with 25 letters of the alphabet. I don't know why.*
- *Did you hear about the beautiful wedding? Even the cake was in tiers.*
- *Why are there fences are cemeteries? Because everyone's always dying to get in.*
- *A company is making glass coffins. Whether they're successful remains to be seen.*
- *What did one wall say to the other? "Meet me at the corner!"*
- *What do you call a large African mammal with long hair and sandals? A hippie-potamus.*
- *How do you think the unthinkable? With an itheberg!*
- *What's the award for being the best dentist? A plaque.*
- *Why can't you hear a pterodactyl go to the bathroom? Because the P is silent.*
- *What did one wall say to the other? "Meet me at the corner!"*
- *What do you call a large African mammal with long hair and sandals? A hippie-potamus.*
- *How do you think the unthinkable? With an itheberg! (The Mike Tyson Spethial).*

IMPORTANT DATES

INDIA		
BANK HOLIDAYS	DELIVERY TIDES	
August 15 – Independence Day August 26 - Janmashtami	July 19 – July 27 July 31 – August 08 August 17 – August 26	

BANGLADESH		
BANK HOLIDAYS	DELIVERY TIDES	
August 26 - Janmashtami	July 21 – July 24 August 04 – August 07 August 19 – August 22	

BANK HOLIDAYS		
CHINA	PAKISTAN	TURKEY
No holidays in July & August	August 14 – Independence Day	August 30 – Victory Day

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ALANG - Port Position as of August 02, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Mersin 15	5,280	RoRo	Arrived July 23
2	MSC Iris	10,655	Container	Arrived July 27
Total Tonnage		15,935		

CHATTOGRAM - Port Position as of August 02, 2024

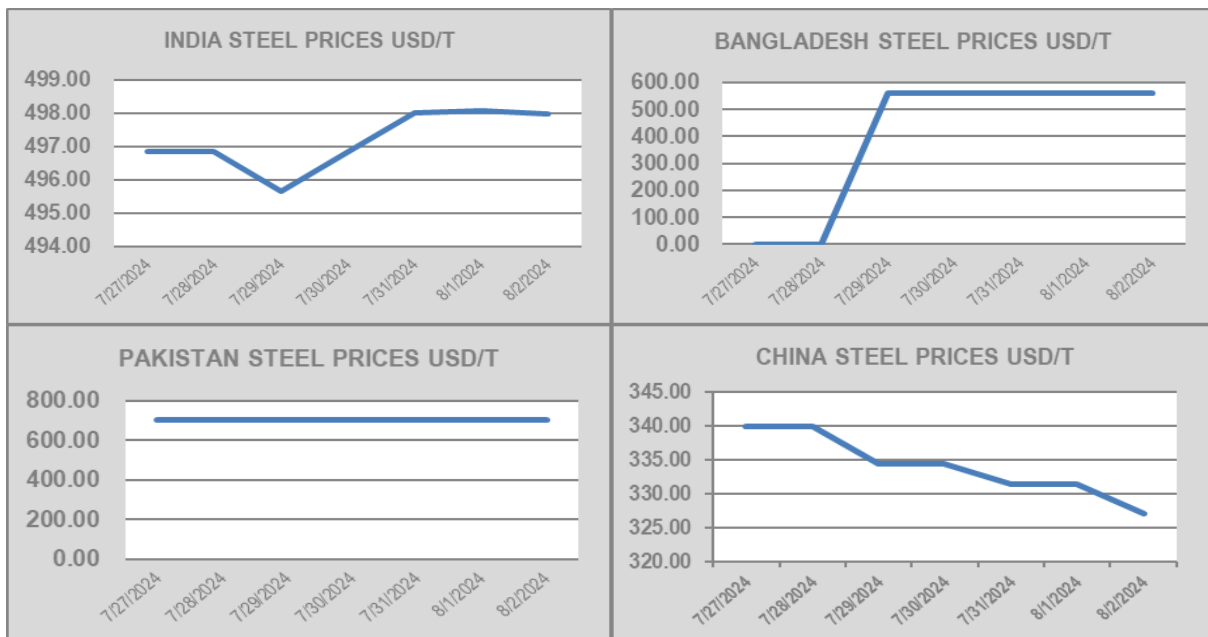
No.	VESSEL NAME	LDT	TYPE	STATUS
1	An 11	1,632	General Cargo / Container	Arrived July 30
2	An Ton	4,842	Reefer	Arrived July 30
3	Sia 20	1,747	General Cargo / Container	Arrived July 20
4	Tai 97	3,232	Bulk Carrier	Beached July 31
5	APJ Mahakali	9,126	Bulk Carrier	Arrived July 25
Total Tonnage		20,579		

GADANI - Port Position as of August 02, 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
7/27/2024	496.84	41,600.00	706.60	197,000.00	-	NA	340.01
7/28/2024	496.84	41,600.00	706.60	197,000.00	-	NA	340.01
7/29/2024	495.64	41,500.00	706.60	197,000.00	560.68	65,600.00	334.43
7/30/2024	496.84	41,600.00	706.60	197,000.00	558.97	65,400.00	334.43
7/31/2024	498.03	41,700.00	706.60	197,000.00	558.97	65,400.00	331.48
8/1/2024	498.09	41,700.00	706.60	197,000.00	558.97	65,400.00	331.48
8/2/2024	497.97	41,700.00	706.60	197,000.00	558.97	65,400.00	327.14



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