

GMS WEEKLY

Your Source for Recycling News

September 6th, 2024
Week 36
Volume 264, Issue 1150

QUOTE
of the
WEEK

"If you do every job like you're going to do it for the rest of your life,
that's when you get noticed."

– Mary Barra, CEO, GM

Highlights:

- Micro & Macro.
- Highway of present times.
- Not an exit.
- Tentative test.
- Love and rust.
- Scan to download / view the Weekly on the GMS App!



-- MARKET COMMENTARY --

SUBDUED SEPTEMBER!

As we venture past the 2/3rd mark for Q3 and welcome a September that clearly intends to deliver an expectedly subdued scenario across Macro and Micro ends, the unfolding present exhibits no indications of optimism for the near future. On the Macro side of things, the situation in the Middle East is getting even more serious as other than a **merciful** pause in the violence to allow medicinal aid / polio vaccines be delivered to the masses, Israel has not 'let off the gas' as they continue their hunt for the perpetrators of the October 7 genocide after vowing to eliminate Hamas, along with increasing skirmishes between Hezbollah and the IDF in the North that have seen more militants killed and rocket armaments destroyed. While nothing was there to report in the South from the Houthis this week, shipping lanes remain tense after recent successive attacks on passing merchant vessels, including the now un-rescuable Greek-controlled tanker SOUNION that is still burning in the Red Sea. As ISIS fighters target U.S. bases in a unified retaliation this week, Western allies responded by repositioning their navies to the area, further elevating the temperature this summer.

Zooming into the Micro and the start of September saw the industry still witness the inescapable decline that is India's ship recycling sector today, one that continues to show no signs of it slowing since early June and any expectations that a historical Q4 resurgence is likely to repeat itself, can be fully laid to rest as this does not seem to be an exit on India's 2024 highway. On the one hand, sub-continent markets indeed appear mired in gloom amidst the ongoing import of cheaper Chinese steel into India & Pakistan that has been undercutting local inventories there and causing steel plate prices to fall, while on the other, political strife and disastrous flooding in have characterized the unfolding crises in Bangladesh. For sub-continent recyclers overall, there have been very few recycling candidates available to test where currently falling levels stand, as they have lost about USD 65/LDT since the peaks seen earlier this year. As such, offers below USD 500/LDT are being regularly tabled on a handy majority of the vessels that are tentatively testing the recycling waters.

Freight markets meanwhile remain a double-edged sword in that, they remain firm across the board keeping vessels employed longer on the one hand, while on the other, this has contributed to the starvation of recycling tonnage resulting in very few sales taking place this year and this may well continue for the rest of 2023, into 2024. Owners who are destined to sell within this year have therefore to accept these lower overall realities as uncertainty & volatility have anchored in. Lastly, Turkey on the far side matches its sub-continent partners with major price declines of its own approaching USD 300/MT. With all markets now at a virtual standstill, Q4 2024 seems destined to being fed off the really old ladies that are only being held together with rust...and love.

For week 36 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>Declining</i>	490 / LDT	510 / LDT	520 / LDT
2	India	Declining	480 / LDT	500 / LDT	510 / LDT
3	Pakistan	Declining	470 / LDT	490 / LDT	500 / LDT
4	Turkey	Dead	310 / LDT	320 / LDT	330 / LDT

BANGLADESH

**TAUNTING TURMOIL!**

*Unfolding
uncertainties.*

Bangladesh continues to collapse under the weight of its unfolding uncertainties as there is still no saying just where this market is headed. On the hand, the country is clearly struggling to maintain any form of stability through the unfolding floods across the nation that are making even daily life an impossibility for a large swathe of the populous, while on the other, there is still no effective government to direct the nation at this time and the interim government is passing policies (like the 'Crawling Peg' system reported last week) that seem to be working contrary to their intent, whereby the Taka invariably fell to a record BDT 120.05 against the U.S. Dollar this week, where it remained and closed the week out. Thankfully, and unlike their sub-continent competition, who are currently beset by cheaper Chinese steel imports that are undercutting their local steel plate prices causing them to decline at these nations, the Bangladeshi steel market seems to have insulated itself from just such a situation as local steel plate levels remained comparatively firm this week, closing out at about USD 542/Ton from last Friday.

Over 1,000 dead.

As the floodwaters disrupt agricultural activities, damage local infrastructure, and unfortunately displace nearly half a million people creating a short-term humanitarian crisis for the country, the financial damage is currently estimated to be about BDT 4,000 Crores (about USD 335 Million under the current conversion rate). Sadly, with over 1,000 deaths being reported since the rise of the political upheaval, the nation has simultaneously taken a financial battering on the back of declining sentiments & fundamentals that have not only depressed the level of local offerings but also helped local steel lose about 16% of its overall value. This has largely been due to a slowdown or near ceasing of cutting / recycling activities, as well as the production of steel that is mirroring the lack of construction / infrastructure projects. Flooded highways have also seen product fail to shift from local ship recycling yards and into domestic steel mills, resulting in a stockpile of inventory, a corresponding lack of output, and overall declining levels.

More L/Cs?

On the financial side of things, the Central Bank of Bangladesh is reportedly opening up the general availability of U.S. Dollars (likely on the back of a fresh loan approval) by easing its restrictions on L/Cs and even increasing the imports of general items, including domestic essentials and raw materials. The move is intended to alleviate the cost pressures on various sectors, which have been restricted on account of the prior government's conservative policies that were geared towards tightening the of U.S. Dollars, which in itself contributed to domestic inflation. Local recyclers are therefore hoping that the easing of restrictions on local imports should also lower overall costs and improve the availability of funds for recycling.

IHMs necessary.

On the recycling front, Bangladeshi authorities issued a ruling this week that instructed the Bangladesh Ship Breakers & Recyclers Association (BSBRA) to require all incoming vessels for recycling, to have IHM Parts I, II & III on board and immediately available to local authorities upon arrival, in order to permit their entry and redelivery to local Recyclers. Speaking of, local port position continues to impress week after week as another 7 vessels / nearly 34K LDT has been, or will be delivered to Bangladeshi ship recyclers.

NO MARKET SALES REPORTED

INDIA

**AILING ALANG!**

Vessel pricing from Alang has shown few signs of stabilizing ever since PM Modi's previous ruling party failed to maintain its majority in India's 2024 shock election that concluded early June as even this week, the Indian steel market (the prime mover behind local steel plate prices) continues to struggle against the import of cheaper Chinese steel product that is suffocating the domestic resale of ship's (recycled) steel at previously profitable levels. This has increasingly seen Alang buyers withdraw from presenting firm offers at the bidding tables, fearful of imminent market declines that await them on the back of sustained Chinese imports, at least until the 'new' Modi government intervenes to change the current trajectory of India's ship recycling sector. Moreover, even though this government has announced meaningful infrastructure projects during the recent FY24 – FY25 budget, these are yet to make it to off the drawing board and are likely contributing to why the nation is witnessing an ailing and inert overall economy at present.

Chinese import woes.

The unfolding global crises have done little to even the slate for international and thereby, domestic fundamentals as not only has the Indian Rupee suffered another 10 basis point loss against the U.S. Dollar, thereby ending the week at another record-breaking INR 84, but local steel plate prices have also declined further (albeit by a marginal USD 2/Ton down to USD 484.81/Ton), which further spells disaster for vessel offerings from Alang as it is clearly unsustainable for Indian recyclers to continually pay above what domestic fundamentals can realistically afford, all in the hopes a historical September revival that now seems even more distant from reality today. The crises have also affected the state of tonnage offerings and despite vessel availability dithering on the back of imposing freight rates, Alang buyers face silent, yet deadly competition from a seemingly abysmal Pakistan that remains intentionally below Indian offerings, simply lying in wait for the next juicy unit that might coincidentally pique a Gadani interest as well.

Historical revival.

As such, for owners of any units that might open West of Colombo and are considering an India delivery, a private check with Pakistan, especially on Gadani compatible candidates i.e. strictly non-HKC units / Ferrous only units, might be well worth before opening the vessel up to the Indian market as well. Competing interests aside, Alang's waterfront continues to suffer whilst lying in wait for tonnage and unlike their Pakistani counterparts, Indian recyclers have managed to escape their first week without any fresh arrivals at the waterfront. Speaking of the waterfront, despite India facing its own tenacious monsoon, the rains have not affected Alang or even the country at large, when compared to the unfolding mess that Bangladesh is in this year.

Silent, yet deadly.

Overall, we can forecast a terrible time for Alang through September.

Terrible September.

NO MARKET SALES REPORTED



DOMESTIC DEMONS!

Failing into breach.

Pakistan has remained reticent to step into the breach of late and has intentionally disadvantaged itself by implementing pricing strategies that have positioned it at the bottom of the sub-continent ship recycling rankings vs. elevating them ahead of competing India & Bangladesh, despite these markets battling domestic demons of their own and Pakistan simply declining in the face of self-dug pitfalls and domestic demons of their own. In that, just why are Pakistani offerings so far below what a Pakistani Rupee and Pakistani steel plate price can afford at present, remains a mystery for industry veterans.

Buyers in Gadani have instead, stayed busy complaining about the import of cheaper Chinese steel product (as is the case with India), which is certainly something to consider given its relative impact on the overall smaller Pakistani market and saw Gadani recyclers going further up in arms about the prevailing situation – but to what end?

Competition Turkey?

Raising alarms over declining fundamentals at a time when tonnage availability is abysmal and Pakistani offers are already at the bottom of the charts, is certainly puzzling, despite the fact that we have seen Pakistani steel plate prices decline a whopping USD 2/Ton this week, similar to the decline seen in India and to the same amount no less, as this is seemingly the reason for Pakistani recyclers shying away from any serious offers or competition at the bidding tables, whilst their steel plate prices remain at least over USD 160/Ton (and higher) than those from its competing recycling neighbors. The Pakistani Rupee also depreciated to PKR 278.60 against the U.S. Dollar, a mere 4 basis points this week. The only other headache that Gadani recyclers would have at this rate, would be Turkey's offerings.

At the bottom.

As we move on from local fundamentals and domestic pricing, there remain a minimal number of vessels being proposed for a recycling sale into Pakistan at the moment, and with the situation expected to persist well into September (and likely beyond), we do not expect much from the Pakistani market as well, other than a surprise offer at the bidding tables on a unit of local choice. Pakistan's port position for now, reaffirms the unfolding state of local sentiments as Gadani reports another empty port report once again this week.

TURKEY**SURPRISE...?**

The Turkish market finally displayed some movement this week and in typical 2024 fashion, not only have local offerings gradually diminished down to USD 310/MT on dry bulk tonnage over the last couple of weeks, but the Turkish Lira has also declined past and closed the week at a record TRY 34 against the U.S. Dollar.

Twisted times.

The big question that does remain is just how this will affect the wider recycling market at large, considering there have been no competing Cash Buyer offerings into Turkey of late and those Ship Owners who are compelled to sell into Turkey, are destined to take whatever it is that this market has to offer. *(Should we have said this out loud)?*

Twisted times, indeed!

LET'S DR. DO-LITTLE THIS...

- *A horse can have more than one horsepower. The highest amount of power a horse can produce amounts to 24 horsepower.*
- *Starfish do not have bodies. The fascinating, weird fun fact here about starfish is that their bodies are their heads.*
- *Cat urine glows under a black light. Due to containing phosphorus, cat urine glows brighter under an ultraviolet light.*
- *The heartbeat of a blue whale can be detected from 2 miles away. The blue whale's heart also weighs 400 pounds.*
- *An ostrich's eye is bigger than its brain.*
- *Pigs cannot look up at the sky. It's all due to the anatomy of their neck muscles and spine.*
- *Dolphins name each other. Dolphins use unique whistles to distinguish each other in a pod.*
- *The blue whale's tongue can weigh as much as a young elephant.*
- *Another weird fun fact about these mammals is that an adult elephant can even fit on the tongue of a blue whale.*
- *Dogs tilt their heads to pinpoint the words you're saying. They do this to spot familiar words*
- *There's a specific ant species that lives in New York City. Scientists have named them ManhattAnts.*
- *Contrary to popular belief, flamingos are not born pink. They're born with gray or white feathers and develop pink feathers from eating shrimp and algae.*
- *Another weird fact about flamingos: flamingos don't bend their knees. What you're seeing is their ankles being bent.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	DELIVERY TIDES
September 08 – Ganesh Chaturthi	August 31 – September 06 September 15 – September 24

BANGLADESH	
BANK HOLIDAYS	DELIVERY TIDES
September 16 – Eid Milad-UI-Nabi	September 02 – September 05 September 17 - September 20

BANK HOLIDAYS		
CHINA	PAKISTAN	TURKEY
September 16 – Mid-Autumn Festival	September 16 – Eid Milad-UI-Nabi	No Holidays in September

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ALANG - Port Position as of September 06, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Bereg Mechty (Under Tow)	7,263	Reefer	Arrived August 26 - Arrested
2	Ela	8,990	Bulk Carrier	Arrived September 03
Total Tonnage		16,253		

CHATTOGRAM - Port Position as of September 06, 2024

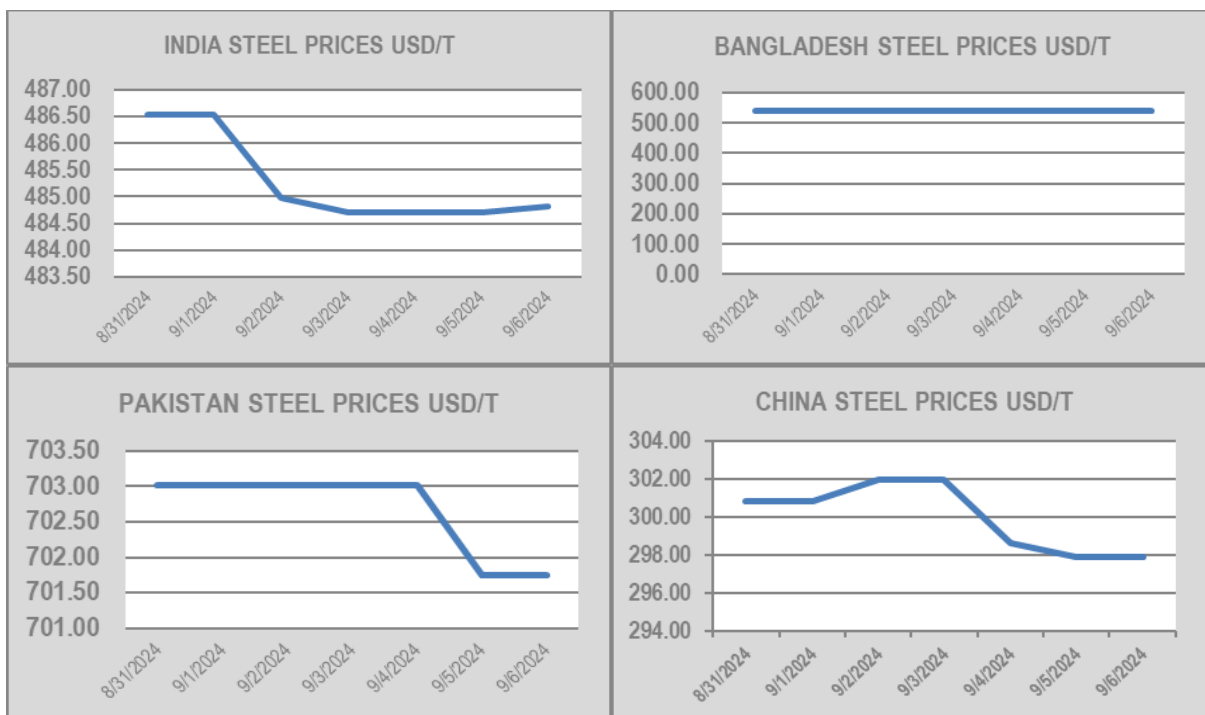
No.	VESSEL NAME	LDT	TYPE	STATUS
1	Ferry Hayatomo 2	4,160	RoRo	Delivered September 04
2	Sia 21 (Under Tow)	3,958	General Cargo	Arrived August 22
3	SP 19	1,662	General Cargo	Delivered September 04
4	St. Surya A	8,168	LNG Tanker	Delivered September 03
5	Su Zhou Hao	5,903	RoRo	Delivered September 04
6	Tao (Under Tow)	4,160	RoRo	Arrived August 31
7	Uni Profit	5,903	RoRo	Arrived September 01
Total Tonnage		33,913		

GADANI - Port Position as of September 06, 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
8/31/2024	486.53	40,800.00	703.01	196,000.00	542.02	64,500.00	300.85
9/1/2024	486.53	40,800.00	703.01	196,000.00	542.02	64,500.00	300.85
9/2/2024	484.99	40,700.00	703.01	196,000.00	542.02	64,500.00	301.99
9/3/2024	484.70	40,700.00	703.01	196,000.00	542.02	64,500.00	301.99
9/4/2024	484.70	40,700.00	703.01	196,000.00	542.02	64,500.00	298.67
9/5/2024	484.70	40,700.00	701.75	196,000.00	542.02	64,500.00	297.93
9/6/2024	484.81	40,700.00	701.75	196,000.00	542.02	64,500.00	297.93



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