

September 27th, 2024
Week 39
Volume 264, Issue 1153

QUOTE
of the
WEEK

"A wise man can play the part of a clown,
but a clown can't play the part of a wise man."

– Malcolm X

Highlights:

- Bunker busters.

- Ballistic again?

- India firms.

- Bangla struggles.

- Ciao, Pakistan.

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-- MARKET COMMENTARY --

KA BOOM!

Pursuant to last week's market headline where the Middle East situation was turning into a Powder Keg being drug into war, this week that powder keg went **boom** as dramatic events unfolded across the warring landscape. Starting with the comparatively minor achievement in their war against Russia that saw fleets of home-grown Ukrainian drones fly deeper into Russia causing serious damage to military infrastructure and even civilian areas, all as President Zelensky awaits being 'green lit' to use Western made long range weapons, the highlight of the week saw the IDF, IAF, and Mossad act with impressive precision and drop bunker busting bombs on a 6 building security complex in the Dahieh region of Beirut that was reportedly erected to house senior Hezbollah members & their families, including a massive underground bunker below the complex where Hezbollah leader "Hassan Nasrallah" was in hiding and even meeting with a senior Iranian Minister allegedly plotting another Oct 7 style attack against Israel. The bombs decimated the entire complex resulting in the top brass of Hezbollah being wiped clean this week. As parts of the Arab world celebrates Nasrallah's death and the Islamic world reels from his passing, the Houthi's once again targeted Ben Gurion airport with another Ballistic Missile just as Benjamin Netanyahu's plane returned over the weekend from the recent U.N. Security Council Meeting in NY, which was intercepted by Israel's Iron Dome and placed Yemen directly in Israeli crosshairs. Given that the IDF is maintaining its bombing campaign of Beirut targeting the remaining Hezbollah commanders, PM Netanyahu has already targeted Yemen and the Houthis in the South, as news of attacks on the Port City of Hodeidah were coming forth at the time of writing.

As the warring factions of the Muslim Brotherhood escalate their retaliatory attacks against Israel and the U.S. prepares to send even more troops to the region, glaring new questions arise in that; how safe is the maritime sector including passing merchant vessels now that the testosterone to avenge the deaths of so many Islamic leaders is running high amongst increasingly trigger-happy militant groups, how will world economies suffer now that the Middle-East is clearly at war and the Red Sea lanes are sure to become a hotbed of activity, and, how will the ship recycling industry fair as a result of all of this? While we do not expect tonnage to come flowing into the markets anytime soon, nor do we expect ship recycling prices to go skywards within this time frame, the ship recycling industry did see some positive movements with improving indications breaking cover from India and even Bangladesh this week. Several bulker sales took centerstage as a result of this week's firming, while last week was clearly one of containers. India remains the primary recipient of recent fixtures, on account of firming local steel prices, far more workable L/Cs, and even a stabilizing demand. Bangladesh, meanwhile, is still struggling to get back on its feet after a torrid few months that saw PM Hasina resign and flee the country, an interim government that is struggling to regain control, and chronic flooding covering large swathes of the country. Pakistan, meanwhile, remains completely out of the picture, stranded far behind its sub-continent ship competitors who have only moved further this week. Finally, Turkey reported an accident at a local yard, in further surprising news of the week. Overall, as India's glimmer of hope stirs recycling sentiments from their summer slumber, only time will tell whether this pricing trend will pervade across all markets.

BANGLADESH

**DROWNING, YET HOPEFUL!**

Keep pace.

With Indian ship recyclers registering price-improvements this week, Bangladeshi ship recyclers were left feeling stranded and compelled to keep pace with their Indian counterparts, especially if they are to continue securing any of the prospective recycling tonnage that continues opening East of Bangladesh. Indeed, several vessels opening up in the Far East have been redirected from Bangladeshi hands to Indian yards of late, so languished have vessel offerings from Chattogram been, resulting in the country not only slipping in the market rankings to 2nd place, but also reflecting the dithering state of Bangladesh's port position that is now down to just 2 arrivals (as per this week's tally).

Extenuating factors.

Notwithstanding, there are extenuating circumstances to consider, including; PM Sheikh Hasina abdicating her role and fleeing the country, the subsequent and seemingly haphazard takeover by the interim government, the catastrophic flooding that beset much of the country through this year's monsoon, the complete halt of domestic industry including near total halt of major highway traffic on account of the torrential downpours through August, the depleting U.S. Dollar reserves via large and upcoming IMF interest payments, and finally, battered domestic fundamentals that continue to slide in remarkably depressing ways including steel plate prices that are dead on the floor at region USD 538/Ton as well as the Bangladeshi Taka that weakened another 10 basis points, ending the week a record-breaking BDT 119.60 against the U.S. Dollar.

30% capacity.

In addition to the thousands already killed due to the mishandled political turmoil, tragic news of the recent explosion onboard a tanker at a local yard led to the loss of further lives, as the country struggles to find stability through what has likely been the worst year for the nation overall. Local infrastructure projects also came to a standstill amidst the intense rains, which itself saw recycled steel inventories failing to shift from local yards, in what has further led to Bangladeshi steel mills operating at barely 30% of intended capacity, as there remains no real stimulus from the interim government to address domestic construction projects at this time.

Choke hold.

Notwithstanding, it was surprising to witness some optimism among the local ship recyclers this week as there is a brewing sense of potential economic improvements to the country in Q4, given that the nation seems to have found a lifeline via noteworthy remittances back into the country from non-resident Bangladeshis, which has alleviated some of the pressures on foreign reserves. The Ministry of Environment is also enforcing various aspects of 'The Ship Breaking and Ship Recycling Rules, 2011' that could open up even India-only HKC tonnage towards the firmer priced environmentally certified Bangladesh ship recycling yards.

Overall, as the world braces for Iran to likely enter the unfolding theater of war and the choke hold on the Red Seas stands to potentially get worse in the coming weeks, staying just ahead of the competition for units opening up in the East, be it small(er) LDT poor quality tonnage, should be the strategy Chattogram recyclers must adopt in the near future.

NO MARKET SALES REPORTED

INDIA



UNEXPECTED MOVES!

The Indian market certainly delivered some puzzling moves this week as on the one hand, the Indian Rupee declined nearly 20 basis points against the U.S. Dollar, closing the week at a historically low Rs. 83.70, while on the other hand, local steel prices recorded some surprisingly noteworthy gains of over USD 10/Ton this week, which saw vessel offerings from Alang surge unexpectedly ahead of their neighbouring competition and deliver India squarely atop the market rankings this week.

Steel gains.

Alang offerings have themselves jumped by about USD 20/LDT in the space of a week as the inflow of decent LDT tonnage seems to have sparked a keen interest from local recyclers to negotiate firm at the bidding tables once again, perhaps hopeful that a late 2024 resurgence might still be on the cards. Moreover, it is also possible that the number of container deliveries this week may have further added to the fire to acquire, given how famished Alang has been for meaningful tonnage for well over a year now. As a result, the performance of local buyers has given this market a rosier overall outlook, especially after a glum summer of losses and declining fundamentals.

Fire to acquire.

Keeping in line with last week's fixtures of containers, a couple of sales managed to take place from the bulker sector this week, firstly via the sale of the 1992 Japan built bulker MERAY (6,918 LDT) with about 150 Tons of bunkers remaining onboard, which surprisingly managed to fetch a firm USD 490/LT LDT. This is brow-raising, especially when only last week, MSC containers were seeing just about the same levels AND with more fuel onboard – albeit for a tightly restricted resale option.

Subsequently, the 1995 Japan built bulker ANDULUS (6,064 LDT) fetched a less ambitious USD 470/LT LDT but with minimum fuel onboard, as activity showed signs of returning to more realistic levels. As the Modi Government has implemented prompt measures to curb the economic fallout from the import of cheaper Chinese steel via 30% tariffs imposed, these are reportedly only on stainless steel and plastic coils thus far. Therefore, any impact filtering through to domestic steel and even onto ship recycling markets, is coincidental.

Bagging bulk.

Notwithstanding, whether the surprising and unexpected shower of tonnage across recent weeks presents a chance to change the status quo, remains far from being seen, especially now that war in the Middle East has clearly entered a new phase. For now, HKC only units and specialty vessels will remain the main course for Alang recyclers in the near future.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
ANDULUS	Bulker	6,064	USD 470/LT LDT
MERAY	Bulker	6,918	USD 490/LT LDT (with 150 Ts bunkers)

PAKISTAN

**DORMANT!**

Inert.

As markets in India and Bangladesh attempt to resume activity at some workable levels once again, Pakistan has remained willfully inert and dormant for yet another week as Gadani Buyers seem dead against tabling meaningful offers on the marginal range of tonnage that has broken cover over recent weeks, including juicy bulkers with meaningful quantities of bunkers onboard. Just how far will the breadth of recent deliveries to domestic yards take Pakistan's ship recycling community, remains to be seen. For now, their lack of local deliveries for the second running week and chuckle worthy offerings at the bidding tables highlights how disinterested Pakistan's ship recycling community is for recycling tonnage at this stage.

One of the key reasons for Pakistan's disinterest at offering on vessels has been the battling of cheaper Chinese steel imports that continue to hammer Pakistan's steel sector and undercut local steel prices, which plummeted by over USD 11/Ton this week, thereby offering even more concrete to strengthen Pakistan's absence away from the bidding tables.

More questions.

Unlike India, there have been no moves by the Pakistani government to impose tariffs on cheaper Chinese imports and there are constant grievances on USD liquidity / finance / L/C issues in the country, including (surprisingly) an unstable currency that in fact improved 32 basis points against the U.S. Dollar this week, resulting in the Pakistani Rupee closing at PKR 277.50 against the U.S. Dollar and raising more questions than answers as to the unfolding nature of this country's ongoing performance.

Abject & empty.

Overall, as the tonnage scarcity is expected to persist and competing India and Bangladesh continue scraping the juiciest bits from the bottom of the recycling barrel to secure deals over these recent weeks, Pakistan remains disappointingly abject and empty, with little hope on the horizon on a return to form any time soon.

TURKEY



UH OH.

Just like their Bangladeshi counterparts, there was an incident at an Aliaga ship recycling facility last week, highlighting that safety standards for ship recycling across the world need improvement, regardless of which continent they may reside on, or what governance may apply.

Improvements needed.

Opening up the industry for the overall safety of the world and protecting the environment should be atop everyone's agenda. Sadly, and has always been the case, politics seems to have found its way into ship recycling as well, impeding even the most environmentally conscious of unfolding causes.

While only one unfortunate casualty has been reported thus far, the ongoing casualty that is Turkey's economy continues to suffer the death of a thousand cuts as this week again, the Lira fell deeper into TRY 34 territory, closing the week out at TRY 34.16 against the U.S. Dollar.

No other market news has surfaced from Aliaga this week, ending yet another silent recycling moment in Turkey's recycling history.

NO MARKET SALES REPORTED

GMS Weekly – Market Rankings

For Week 39 of 2024, GMS Market Rankings / vessel indications are as below.

Rank	Location	Sentiment	Dry Bulk USD / LDT	Tankers USD / LDT	Containers USD / LDT
1	India	Improving	480 / LDT	500 / LDT	510 / LDT
2	Bangladesh	Steady	470 / LDT	490 / LDT	500 / LDT
3	Pakistan	Declining	460 / LDT	480 / LDT	490 / LDT
4	Turkey	Dead	310 / LDT	320 / LDT	330 / LDT

INTERESTING ONES!

- *The Eiffel Tower was originally supposed to be for the city of Barcelona. But they rejected the famous tower at the time because they considered it too ugly.*
- *A 15-year-old Irish girl was the first person processed at Ellis Island. In 1892, Annie Moore was the first passenger to arrive at Ellis Island when it opened. She came with her two younger brothers on the SS Nevada.*
- *John Quincy Adams once had a pet alligator. The alligator was gifted to him from a French general, and it lived in one of the bathrooms at the White House.*
- *The script for the movie "The Terminator" was sold for \$1.*
- *Penicillin's first name was "mold juice."*
- *Compared to all other human parts, human teeth do not have the power to heal themselves. Since teeth are coated in enamel and not made of live tissue, they cannot heal on their own like other parts of the body.*
- *Identical twins do not have the same fingerprints. Contrary to popular belief, identical twins can't have the same fingerprints because of development factors in the womb. The rate their fingers grew, their position in the womb, and the length of their umbilical cord all play a factor.*
- *The human brain is eating itself. Phagocytosis is where cells consume smaller cells or molecules to ultimately remove them from the system. This is not a harmful process but a necessary one in order to preserve gray matter in the brain.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	DELIVERY TIDES
October 02 – Mahatma Gandhi's Birthday Oct 10 – Oct 12 Dussehra October 13 - Durga Puja October 31 – Diwali & Sardar Patel's Birthday	October 03 - October 08 October 15 – October 23

BANGLADESH	
BANK HOLIDAYS	DELIVERY TIDES
October 13 – Durga Puja	October 01 – October 04 October 16 – October 19 October 30 – November 02

BANK HOLIDAYS		
CHINA	PAKISTAN	TURKEY
Oct 01 – Oct 07 – Chinese Natn'l Day Holiday	October 24 – Founding Day	October 29 – Republic Day

Prices indicated above are as reported in the market and are not necessarily accurate. This information is provided without prejudice and is given in good faith and without any guarantees whatsoever. While every 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. Opinions expressed herein may be deemed subjective and arbitrary. This WEEKLY is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination, or other use of this information by persons or entities other than the intended recipient is prohibited.

ALANG - Port Position as of September 27, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	<i>Aquila</i>	8,084	<i>Oil Tanker</i>	<i>Delivered September 24</i>
2	<i>Asia</i>	3,729	<i>Container</i>	<i>Delivered September 24</i>
3	Bereg Mechty (Under Tow) (Arrested)	7,263	Reefer	Arrived August 26
4	Ice Runner	6,974	Reefer	Arrived September 24
5	<i>MSC Agata II</i>	7,364	<i>Container</i>	<i>Delivered September 22</i>
6	<i>MSC Gabriella</i>	8,911	<i>Container</i>	<i>Delivered September 22</i>

Total Tonnage **42,325**

CHATTOGRAM - Port Position as of September 27, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Ipek	6,751	General Cargo / Container	Arrived September 27
2	Sola Gratia	2,051	Cement Cargo Vessel	Arrived September 22

Total Tonnage **8,802**

GADANI - Port Position as of September 27, 2024

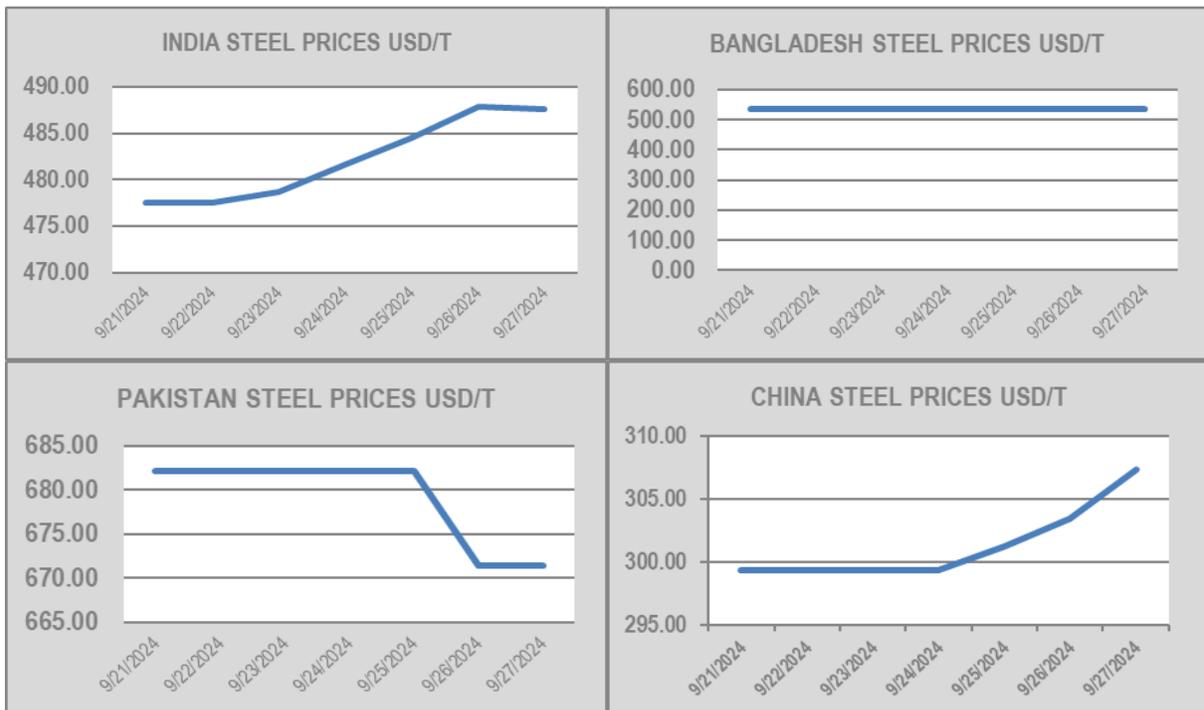
No.	VESSEL NAME	LDT	TYPE	STATUS
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No vessels reported.

Total Tonnage **-**

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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
9/21/2024	477.50	39,900.00	682.23	190,000.00	537.82	64,000.00	299.39
9/22/2024	477.50	39,900.00	682.23	190,000.00	537.82	64,000.00	299.39
9/23/2024	478.76	40,000.00	682.23	190,000.00	537.82	64,000.00	299.39
9/24/2024	481.65	40,300.00	682.23	190,000.00	537.82	64,000.00	299.39
9/25/2024	484.51	40,500.00	682.23	190,000.00	537.82	64,000.00	301.27
9/26/2024	487.80	40,800.00	671.45	187,000.00	537.82	64,000.00	303.47
9/27/2024	487.63	40,800.00	671.45	187,000.00	537.82	64,000.00	307.41



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