

October 18th, 2024
Week 42
Volume 265, Issue 1156

QUOTE
of the
WEEK

" I'm not afraid of storms, for I'm learning how to sail my ship."

– Mary Louise Alcott

Highlights:

- Damp sentiments.
- USD 100/LDT decline.
- Pigeonhole.
- Cheap Chinese.
- Violent Steel.

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-- MARKET COMMENTARY --

WHAT TIME IS IT?!

The only uncertainty that prevails at this moment in time is just how soon the Middle East plunges deeper into war, dragging the rest of us and our lives with it? Covid logistical drawbacks created untold financial doom for the world economies, exacerbated by a vessel jamming up the Suez Canal to incessant delays over increasing strikes on merchant ships in the Red Sea lanes over the last year that have gotten increasingly worse over time, has everyone wondering just “what the time is”, given that this week, Yachir “Yahyah” Sinwar, the leader of Hamas, was killed in an encounter with the IDF that was followed by an Iranian counter-attack whereby a single missile drone was fired from Hezbollah territory in Lebanon that that struck PM Benjamin Netanyahu’s home in Northern Israel, invariably seeing Iran lay the groundwork for an inevitable war by striking the leader of a free nation. As U.S. Forces increase their attacks in Yemen targeting Houthi bases and Israel readies for its strike against Iran, surprisingly this week, crude oil dropped more than 8% in value since early September trading figures on the back of OPEC and the IEA (International Energy Agency) lowering their respective output forecasts, notwithstanding the unfolding crisis in the Middle East.

On the ship recycling front, weak pricing, damp demand, and dithered sentiments characterized another lackluster week in the Indian sub-continent, as sales grind to a virtual halt this week with activity registering at some of the lowest levels witnessed for nearly a decade. As levels declined by over USD 100/LDT since the peaks of 2024, a majority of the marginal sales are reliably taking place below USD 500/LDT on nearly all vessels and into all markets. Bangladesh & Pakistan remain at the bottom of the sub-continent rankings on account of economic deficiencies that are leaving available L/Cs starting to dither and a mounting disinterest to negotiate even when the opportunity arises, all whilst India pigeonholes its collection of HKC sales from the likes of MSC over the recent weeks even though highly sought after containers are below the USD 500/LDT mark on a delivered basis. Finally, Turkey on the far side remains marooned with weak sentiments, weaker supply, and a whole lot of lingering Lira and steel concerns of their own.

Speaking of, despite Indian and Pakistani currencies remaining relatively unchanged this week, both Bangladesh & Turkey recorded noteworthy declines this week. Even local steel plate prices flatlined in Bangladesh & Pakistan, with India partially mimicking their performances and Chinese plate continues to fall again. Could this result in further declining steel levels from India & Pakistan? Certainly, would be the case in India given that prevailing tariffs on cheaper Chinese steel are doing little to control the violence in Indian steel. Bangladesh too has yet to settle post PM Hasina, with the interim government yet to deliver any clear direction for the country or the economy, and this continues hampering the resale of recycled steel from local yards, further curtailing domestic output. Pakistan and Indian recyclers, plagued by h cheap Chinese steel over the past few months have themselves chosen to abstain from the buying, fearful of further market falls amidst the ongoing wars. As freight markets continue to perform unseasonably well – even if dry bulk has cooled off lately – it seems there will simply not be enough supply for the recycling markets through the remainder of the year - if not beyond well into Q1 2025. This may give sub-continent markets the time needed to stabilize, until the expected deluge of tonnage eventually transpires.

BANGLADESH



SNOOZED!

Sidelined.

The Bangladeshi market has snoozed itself onto the sidelines over recent weeks as a permeating economic lethargy seems to have embedded itself into the fibre of the nation's present. At the outset, the "World Bank has identified law and order, uncertainty surrounding the next general election, and weak financial sector as the three major downside risks to Bangladesh's economy and development" (Source: www.thedailystar.net).

As a result, FY25 growth for the country has been downgraded to under 5%, which is notably being crushed by the burgeoning inflation rate that is in excess of 9% today. Moreover, despite the nation having an ivy line via incoming donations from expats to support families through the country's political crisis, Bangladesh's economy continues to struggle as exports drop, U.S. Dollar reserves turn precarious, and small LDT compatible L/C offerings remain the flavour of the domestic ship recycling sector. Accordingly, a minimal interest on the already slim pickings of vessels has seen this market drop to the bottom of the Indian sub-continent ship recycling markets.

Panamax sold.

Local fundamentals afflicted by the present are adding that much more sludge to an already slow-moving market whereby not only do local steel plate prices remain on the floor, untraded, and dead at USD 533/Ton, but even the U.S. Dollar continues to see its rolling demise as it ends the week just USD 0.1 shy off BDT 120/Ton. As such, the writing's now on the wall as to just how this market will end Q4 2024 given that the unfolding evidence of flailing Chattogram Choppers is the state of local port position that displayed a small LDT arrival and a surprisingly decent 10K LDT bulker that found itself committed to one local recycler with ready limits.

Steel stuck.

As we continue to witness geographically positioned Far eastern built / controlled tonnage taking advantage of the lower delivery costs to Bangladesh, Chinese owners fixed Panamax bulker, the PRINCESS LOTUS (9,214 LDT), for a 'decent' USD 430/LT LDT basis an 'as is' China delivery and with 200 Tons of fuel included in the sale. But what if this vessel slips past Bangladesh and onto India / Pakistan in the coming week(s)? It's certainly likely seeing how weak Bangladeshi interest is at present.

We also don't see any reprieve via an increase in production of domestic steel as shuttered mills have seen demand plummet, prices flatline, and push backs up the supply-chain has resulted in recycling activities at yards have crawling to a standstill amidst stockpiles of recycled ships steel. Whilst political unrest from the collapse of PM Hasina's fallout continues, 2025 can only hope to be a silver-lining for an otherwise dark end to 2024.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
PRINCESS LOTUS	Bulker	9,214	USD 430/LT LDT ('as is' China with 200 Ts bunkers)

INDIA

**LIMITED SUCCESS!**

Despite being atop the ship recycling board for another week, India has been the liveliest struggling ship recycling market of late as it resumes its 'empty week' performance via minimal sales and local activity this week, on the back of a negligible circulation of vessels and poorer fundamental. Although Indian ship recyclers have been battling to brush aside the scourge of cheap Chinese steel that has kept the Bangladeshi market largely alive this year (and thanks to Bangladesh's higher prices on show), that situation could likely change moving forward given that Indian levels are now respectably firmer, and tonnage continues to open in the Far Eastern seascape.

Lively struggle.

India's comparatively firmer economy (the 5th largest in the world today) offers little in the way of hurdles to domestic industries (including ship recycling) given that India's forex reserves are in excess of USD 700 Billion even though inflation, local steel plate prices, and the Indian Rupee continue to suffer. The INR breached a record Rs. 84.15 against the U.S. Dollar, only to end the week at levels slightly in excess of Rs. 84. Local steel plate prices might as well have flatlined for the week as well, given that they ended at nearly the same levels from those at the start of. Finally, inflation seems to have reared its ugly head in the agricultural sector of India again as produce levels surged over 36% through September, with October levels not far from being kosher either.

Cheap steel.

Yet, local port position continues to impress as on the back of the recent surge, Alang buyers have managed to keep Alang's waterfront looking rather handsome as further arrivals are anticipated in the near future.

Overall, as war continues to wage in the Middle East and further news of Chinese Military incursions across Taiwan continue, India being a major player in the region, will have to decide which way their economy and the nation needs to go, and this will see India's international policies play a key role in the coming weeks.

Rupee woes.

A testy time for the ship recycling world lies in wait.



SQUARE ONE!

Declining again.

After some hopeful weeks and a few more end users filtering back to the buying with ready LCs, it feels like it's almost back to square one for Pakistani recyclers as domestic sentiments & pricing continue declining whilst the IMF evaluates future loans into the country. The ongoing state of political unrest, and blemished anti-terrorism efforts have reportedly done little to assure the international community that further loans into the country and at the amounts being negotiated, hold ground for ongoing discussions.

While China has asserted to help the Pakistani economy in the near future and should the need arise, Gadani continues to suffer at the hands of both Bangladeshi and Indian competition as Far Eastern tonnage will only go as far as India, and so will any tonnage that will open for a WC India / Pakistan range redelivery.

Bypassing.

Moreover, as fundamentals take strolls down dusty lane, the Pakistani Rupee takes small drops as it loses 2 basis points against the U.S. Dollar this week, all whilst local steel plate prices haven't found any meaningful trades over recent quarters as steel levels continue to flatline at as a respectable USD 665/Ton .

Despite the industry witnessing a marginal number of vessels on offer, most of the vessel vessels have bypassed Gadani (even geographically positioned ones) and headed straight to Alang of late, such has been the unsure pricing and level of confidence in the Pakistan market. Proof is in the pudding as local port position idles away for over a month now, with no fresh arrivals greeting Gadani's destitute waterfront.

Steel issues.

As cheaper Chinese steel starts to rear its head again, could Pakistani steel suffer again? Only time will tell. For now, Gadani's chances at the bidding tables seem few and far between and as with the rest of its sub-continent brethren, this market is likely to be quiet until Christmas.

TURKEY

YOWZA!



Lira down, steel down, no rescue in sight.

Sssshh.

NO MARKET SALES REPORTED

GMS Weekly – Market Rankings

For Week 42 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	Steady	480 / LDT	500 / LDT	510 / LDT
2	Pakistan	Improving	470 / LDT	490 / LDT	500 / LDT
3	Bangladesh	Declining	460 / LDT	480 / LDT	490 / LDT
4	Turkey	Steady	330 / LDT	340 / LDT	350 / LDT

INTERESTING ONES!

- *People with a mutation of the DEC2 gene can fall short on sleep yet feel fine. For the 1 percent of the population with this mutation, around six hours a night is fine—an amount that after a few nights would wreck most people. Those with the condition are called familial natural short sleepers (FNSS), and experts believe that some famous people, such as Margaret Thatcher and Winston Churchill, may have had it.*
- *The average eye has three cones, which means you can recognize colors in the red, green, and blue spectrums. This means you can distinguish roughly a million different shades, according to the BBC. However, there are so-called tetrachromats who walk among us and have four cones in their eyes. They can see ultraviolet shades, allowing them to appreciate 100 million distinct colors. The rare vision anomaly is more common in women than men, and a lot of people don't even realize they have it.*
- *Talk about a crazy party trick—globe luxation is an extremely rare condition in which your eyes can actually protrude out of their sockets. The ability comes with downsides: One study notes the condition results from causes such as “thyroid eye disease, shallow orbit, and floppy eyelid syndrome.” It can also lead to optic neuropathy down the line, so people with the condition should see their eye doctor on a regular basis.*
- *Having “perfect pitch” doesn't just mean you can be a talented singer: This ability allows people to precisely identify musical notes. In other words, they can hear a D minor and name it on the spot. The condition is incredibly rare—less than 1 in 10,000 people have true perfect pitch. Scientific experts debate whether people are born with the ability or if they can learn it; some studies suggest that—with enough dedication and training—you may be able to develop perfect pitch*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	DELIVERY TIDES
October 31 – Diwali & Sardar Patel's Birthday November 01 – Laxmi Puja	October 15 – October 23 October 31 – November 07 November 14 – November 21

BANGLADESH	
BANK HOLIDAYS	DELIVERY TIDES
No holidays in November	October 30 – November 02 November 14 – November 17

BANK HOLIDAYS		
CHINA	PAKISTAN	TURKEY
No holidays in November	October 24 – Founding Day November 09 – Iqbal day	October 29 – Republic Day No more holidays until Dec 24

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ALANG - Port Position as of October 18, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	<i>Andulus 1</i>	6,064	<i>Bulk Carrier</i>	<i>Delivered October 16</i>
2	Bereg Mechty (Under Tow/Arrested)	7,263	Reefer	Arrived August 26
3	Hai Bo (under Tow)	8,678	Barge	Arrived October 13
4	<i>Green Maloy</i>	2,975	<i>Reefer</i>	<i>Delivered October 17</i>
5	Hai Tuo	1,721	ITB Tug	Arrived October 13
6	<i>My Meray</i>	6,925	<i>Bulk Carrier</i>	<i>Delivered October 16</i>
Total Tonnage		33,626		

CHATTOGRAM - Port Position as of October 18, 2024

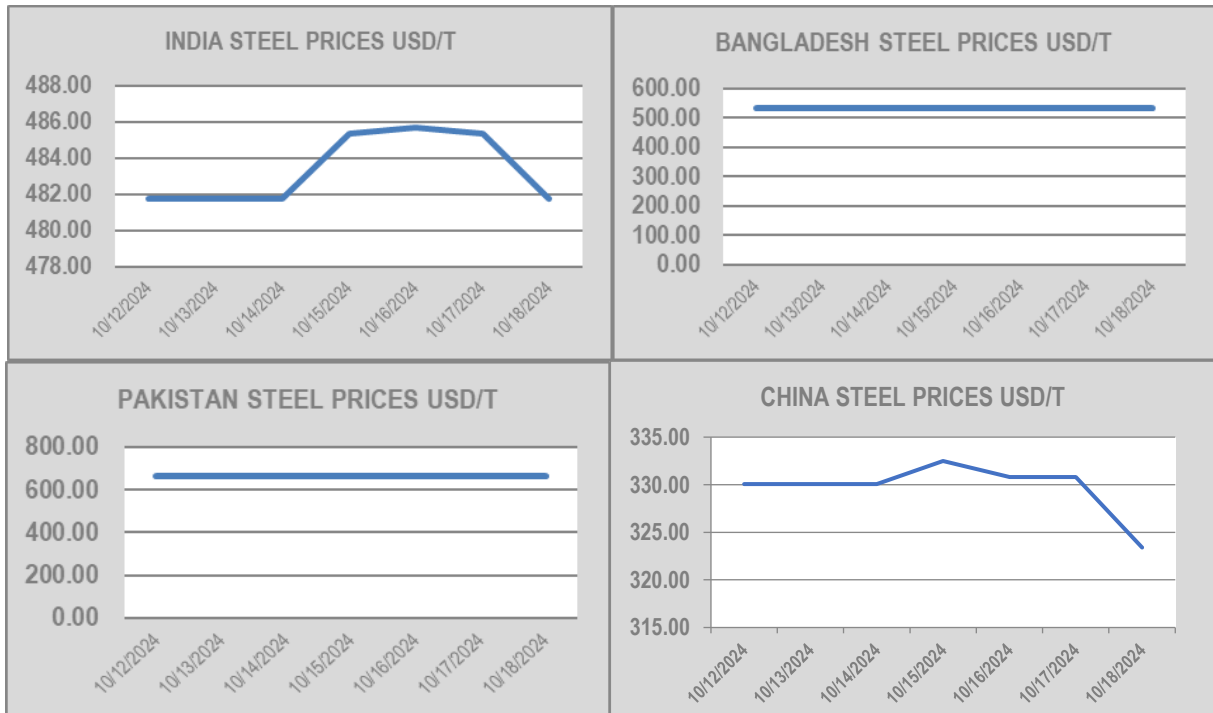
No.	VESSEL NAME	LDT	TYPE	STATUS
1	Harmony 1	10,317	Bulk Carrier	Arrived October 17
2	<i>Ion (Under Tow)</i>	23,236	<i>Tanker</i>	<i>Delivered October 16</i>
3	PK 10	725	Tanker	Arrived October 13
Total Tonnage		34,278		

GADANI - Port Position as of October 18, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
No 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
10/12/2024	481.80	40,500.00	665.71	185,000.00	533.61	63,500.00	330.07
10/13/2024	481.80	40,500.00	665.71	185,000.00	533.61	63,500.00	330.07
10/14/2024	481.80	40,500.00	665.71	185,000.00	533.61	63,500.00	330.07
10/15/2024	485.37	40,800.00	665.71	185,000.00	533.61	63,500.00	332.49
10/16/2024	485.71	40,800.00	665.71	185,000.00	533.61	63,500.00	330.80
10/17/2024	485.37	40,800.00	665.71	185,000.00	533.61	63,500.00	330.80
10/18/2024	481.74	40,500.00	665.71	185,000.00	533.61	63,500.00	323.40



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