

October 25th, 2024
Week 43
Volume 265, Issue 1157

QUOTE
of the
WEEK

"Be your own leader, be your own self,
step out of my shadows and be your own person."

– Snoop Dogg

Highlights:

- Peace?
- Oil futures.
- Baltic Freight declines.
- BRICS.
- Challenges.
- Scan to download / view the Weekly on the GMS App!



-- MARKET COMMENTARY --

NEW UNKNOWNNS!

On Saturday early AM hours Iranian time, IDF jets targeted Iranian military sites including missile locations, fuel silos, arms depots, missile radar systems, and various other army installations via 3 rounds of airstrikes, resulting in Iran once again raising the threat level by vowing a response, while rather surprisingly, voicing "the need for regional stability" in what finally seem like the first signs of a possible retraction of the ongoing incursions into Gaza, Lebanon, and even Yemen. As President Biden once again urged the nations to stand down and Israel slowly starts withdrawals across Gaza, a spiderweb of hope remains intact amidst the raging fires. As a result of the IDF's decision to avoid targeting nuclear and oil facilities across Iran, oil futures recorded marginal gains over two days of about 3.7% and there remains a lingering anticipation of further declining oil values given that a healthy rise in oil production across non-OPEC nations has seen lower output from OPEC of late.

For the ship recycling markets, however, there seems to be more positivity this week as the Baltic Index's main Sea Freight Index fell for its 9th consecutive week this week, dropping to its lowest levels of the year. In essence, this decline especially affects older trading fleets, which in turn has seen all recycling markets register imports at their respective waterfronts this week, including a welcome return from Pakistan to the fray. Fundamentals, though, continue to work towards diminishing (perhaps extinguishing) the desire to actively negotiate for tonnage as steel plate prices plummeted painfully in Bangladesh and India this week, likely reacting to the decline in steel from China recorded last week and even this week. Moreover, with the BRICS meeting arranged in Russia this week and is working towards the establishment of a mutually agreeable currency in order to displace the dominance of the U.S. Dollar; according to global economists, remains a hopeful vision at this point given that the IMF is largely funded by the United States and could see vastly unfolding economic uncertainties across the world who depend on the IMF / respective U.S. Dollar reserves. As a result, except China, where the Dollar appreciated 24 basis points against the CNY, recycling nation currencies dropped in Turkey, and remained depressed at other locations.

Overall, global ship recycling markets seem to be struggling in Alice's Recycling Dreamland, unable to find just how this hole goes given that further declines were evident (even imminent) across all Indian sub-continent locations this week. Bangladesh remains woefully off the pace for another week, unable to compete with India even on geographically positioned vessels, resulting in a feeble port report for the week. On the other side, despite having displayed encouraging signs from a couple of recyclers only recently, resulting in Pakistan finally celebrating a large LDT arrival at Gadani's waterfront, Pakistan recedes into its dormancy once again. Therefore, any of the few units being proposed for sale are being largely met with disappointingly low levels, all well below USD 500/LDT even for favored and usually better priced container units. Lastly, an isolated Turkey continues to suffer coincidental declines, with their levels just waiting to drop any week now. As such, it seems more likely at this stage that prices will recede towards USD 450/LDT in the coming weeks, rather than rebound to (and over) the coveted USD 500/LDT mark as bleak times look to persist for the remainder of 2024.

BANGLADESH

**STANDSTILL!**

Not shifting.

The Bangladesh ship recycling market seems to have stood on the brakes this week as domestic fundamentals, especially local steel plate prices that were finally brought back to life this week, only to be beat down during the week as they recorded a USD 7/Ton decline. Even the Bangladeshi Taka, though marginally stronger - likely a knock off effect from the USD fluctuating on account of the BRICS meeting this week - saw the Taka end the week 9 basis points firmer at USD 119.66 against the U.S. Dollar. Maintaining the ongoing and crippling restrictions on the economy are its weak fundamentals that continue to see recycled steel product fail to shift from domestic ship recycling yards as Chattogram Choppers increasingly face losses on earlier purchases at firmer levels and very few workable numbers have thereby been emanating from the marginal few open buyers who are even willing to talk shop.

Diversions.

As such, even geographically positioned candidates coming from the Far East are now reportedly in discussions of being diverted towards Western markets in both India & Pakistan, so poor are sentiments and offers from Bangladesh at present. Hurdles surrounding workable L/Cs and available liquidity in the market also remains a prescient issue as there are reports surfacing of massive defaults in domestic loans that were sanctioned during the end of PM Sheikh Hassina's "Awami League" regime whereby several influential groups reportedly took out massive loans from the Central Bank, only to have siphoned the funds abroad resulting in the plundering of domestic reserves and the inability of these groups to now repay their loans in the face of a declining Taka and the interim government's crackdown on such practices.

Lacking liquidity.

Bangladesh's Central Bank is also concerned about the Russia - Ukraine war as Bangladesh was reportedly in oil-trade talks with Russia, which is now causing domestic inflation to remain above Bangladesh's current annual growth rate for 2024. Moreover, as the government continues to restructure its pending loans under the new regime so as not to ultimately classify them as defaults, news of impending & increasing restrictions on fresh loans have been making the rounds and even seeing Bangladesh import a single 1K LDT LPG tanker that was beached this week. As it stands, with no more units at anchorage and all vessels finally delivered this week, it may be that Bangladesh sees itself with a (likely) empty port report next week, despite freight rates having fallen and dry tonnage imports into India & Pakistan having improved this week.

Overall, the prevailing situation remains so dire situation that nearly 160 domestic companies stand facing imminent closure and most end buyers see purchases at current levels as an impossibility to table, especially as recycling at local yards has come to a near standstill amidst recycled ships steel that remains stagnated at domestic recycling plots.

(Sources: www.DhakaTribune.com)

NO MARKET SALES REPORTED

INDIA

**NOSEDIVE...INTO DIWALI!**

On the back of Chinese steel plate prices that dropped last week and recorded further instability this week, Indian steel plate prices responded in kind, recording a large drop of about USD 13/Ton during the working week, leaving Alang in a worrying and precarious state as India's ship recycling sector heads into the final months of the year. Consequently, as steel levels are currently sitting at levels just under USD 470/Ton, recent higher priced purchases might hit a snag staying in the green down the recycling road, especially if fundamentals stay in the drop zone and that too during a time that pre-Diwali sentiments and purchases have traditionally seen a fiery appetite emerging from Indian recyclers. The few buyers that are emerging post steel decline, are doing so at even lower levels and that much below the coveted USD 500/Ton mark, much to the frustration of ship owners and cash buyers who are looking to keep trading at the highest levels despite the unfolding crisis.

Steel struggles.

Even the Indian Rupee continues to struggle as it stays depressed at record levels against the U.S. Dollar, losing another 3 basis points as it approaches USD 84.10 as the week ended. The cumulative unfolding of critical fundamentals has seen that much more of a downward pressure on prevailing vessel prices and even though there have been a few more container candidates for sale over recent weeks (including those for HKC only recycling), it will be interesting to see if and how far this trend persists, particularly with dry bulk freight rates coming off significantly over the past several weeks now. This has largely helped not only a bulk of geographically suited tonnage to find their respective places at an Alang facility, Chattogram's declining levels have further assisted even non-geographically located tonnage laying down charts towards West Coast India / Pakistan range redeliveries. As a result of all the twisted unfolding amidst declining fundamentals and even a declining Bangladesh has put Alang's port position as the busiest destination of the week, with over 40K LDT at anchorage / delivered to their respective recyclers.

Chasing down.

Further positive news has come forward for India's U.S. Dollar reserves, in that, the existing government has lifted a critical ban on the export of non-basmati rice in an effort to boost domestic agricultural sector exports that was previously fractured by regulations and will increasingly see large exports accumulate a greater inflow of foreign exchange and boost domestic reserves. While this news has surfaced just recently, its net result should start impacting India within a Quarter and should help re-prioritize domestic infrastructure projects, helping steel levels start moving in the positive direction again and mercifully revive Alang's performance in 2025.

Rice to the rescue?

Perhaps this Diwali might deliver the lights if India's New Year and its economy.



VICTORIOUS PLUMMET!

Faltering fundamentals.

Even though Pakistan emerged from the doldrums of weeks of languishing port reports, at least one Gadani recycler managed to jump into the open and conclude a massive 22K LDT bulker this week despite the market losing further ground this week, mostly due to the abstaining of local recyclers from buying altogether as Pakistan continues to struggle with cheaper Chinese billets that keep undercutting prices of recycled ship's inventories currently lying at domestic ship recycling yards.

As such, we can expect this market to trail India's performance amidst faltering fundamentals of their own, seeing how Pakistan's local steel plate prices are still flatlining and the Pakistani Rupee failed to move against the U.S. Dollar this week, despite China assuring to assist Pakistan with anti-terrorism efforts and help bring stability to the nation and its economy. This has done little to help the Pakistan's economy as reportedly, an ongoing investigation into mismanagement of over USD 400 Million of aid delivered into the country by the IMF has now been initiated by the United States into unfolding affairs.

Minimal deals.

Making matters worse, an increase in fuel prices strikes at the heart of the nation's economic posture, as the country continues to suffer even though Pakistani expats matched remittances back into the country equivalent to the nearly USD 7 Billion in aid received from the IMF and that too in a matter of the last 3 months even after the cash strapped nation reportedly cut 150,000 jobs and dissolved 6 ministries as part of its agreement with the IMF.

With the country hunkering down on large USD transactions via L/Cs, the ship recycling industry continues to see minimal deals concluded into Gadani over the course of the year, and this looks to be the second slowest year on record for recycling volumes in more than a decade, second only to last year's 16 vessels sold to domestic recyclers.

Missing bargains.

As such, with confidence lacking and levels dipping to stay just below India's, Pakistan looks like it will relegate itself to the sidelines, at least until January 2025.

TURKEY



DOWN, YET UP?

Turkey, like the rest of the world, continues to wither away at its fundamentals seams as the Turkish Lira ended the week nearly 65 basis points weaker at nearly TRY 34.30 against the U.S. Dollar, whilst import steel declined about USD 8/Ton and the local steel plate prices declined over USD 10/Ton.

Busy before the end?

Yet, vessel prices have managed to hold as tonnage desperate Buyers are keeping levels elevated in the hopes of tempting in a unit or two, amidst recent news of private container sales into Aliaga.

Overall, there isn't much going on in Aliaga, however, the ongoing decline in freights may see older tonnage trading in the Med, finally find a base in Turkish waters imminently, hopefully before the end of Q4.

NO MARKET SALES REPORTED

GMS Weekly – Market Rankings

For Week 43 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	Declining	460 / LDT	480 / LDT	490 / LDT
2	Pakistan	Declining	455 / LDT	475 / LDT	485 / LDT
3	Bangladesh	Declining	450 / LDT	470 / LDT	480 / LDT
4	Turkey	Steady	330 / LDT	340 / LDT	350 / LDT

INTERESTING ONES!

- ↘ *A second row of eyelashes. Those with distichiasis carry a second set of eyelashes that grow from the inner mucosal layer of the eye. The defect happens when epithelial germ cells fail to differentiate between certain glands. This can be a makeup artist's dream come true—think lush lashes, no help needed. But for some, extra lashes can irritate the eye and cause problems like tearing, inflammation, and corneal ulcers.*
- ↘ *Ability to survive at high altitudes. Anyone who has hiked to the top of any mountain knows that high altitudes can be brutal. But did you know some indigenous groups like Tibetans are able to survive at altitudes as high as Mount Everest? Researchers believe their rare ability comes from years of evolution. Their ancestors who lived in high regions for thousands of years developed red blood cell adaptations that make it possible to survive with insanely low levels of oxygen.*
- ↘ *Stay underwater up to ten minutes. If 30 seconds of holding your breath induces panic, you'll appreciate the powers of the Bajau, sea nomads in Southeast Asia. A recent study published in Cell found that the Bajau have evolved an extra-large spleen that serves as a repository of oxygen-rich blood cells. They're able to calmly spend five to ten minutes fishing underwater without once coming up for air.*
- ↘ *Built-in compass. While some of us can't even travel to the grocery store without the help of Google Maps, others can turn to their natural wayfarer capabilities. History has shown explorers who can navigate and point in cardinal directions without a compass. Researchers at the Queensland Brain Institute discovered that a person's uncanny ability to find their way is learned gradually and that the brain eventually becomes attuned to a sense of direction in new environments.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	DELIVERY TIDES
October 31 – Diwali & Sardar Patel's Birthday November 01 – Laxmi Puja	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

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 October 25, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Almuntazah	3,313	Oil Tanker	Delivered October 23
2	Bereg Mechty (Under Tow/Arrested)	7,263	Reefer	Arrived August 26
3	Capt Osama	4,326	General Cargo	Arrived October 22
4	Hai Bo (under Tow)	8,678	Barge	Arrived October 13
5	Hai Tuo	1,721	ITB Tug	Arrived October 13
6	MSC Eyra	10,655	Container	Arrived October 25
7	Tana	7,215	General Cargo	Arrived October 25
Total Tonnage		43,171		

CHATTOGRAM - Port Position as of October 25, 2024

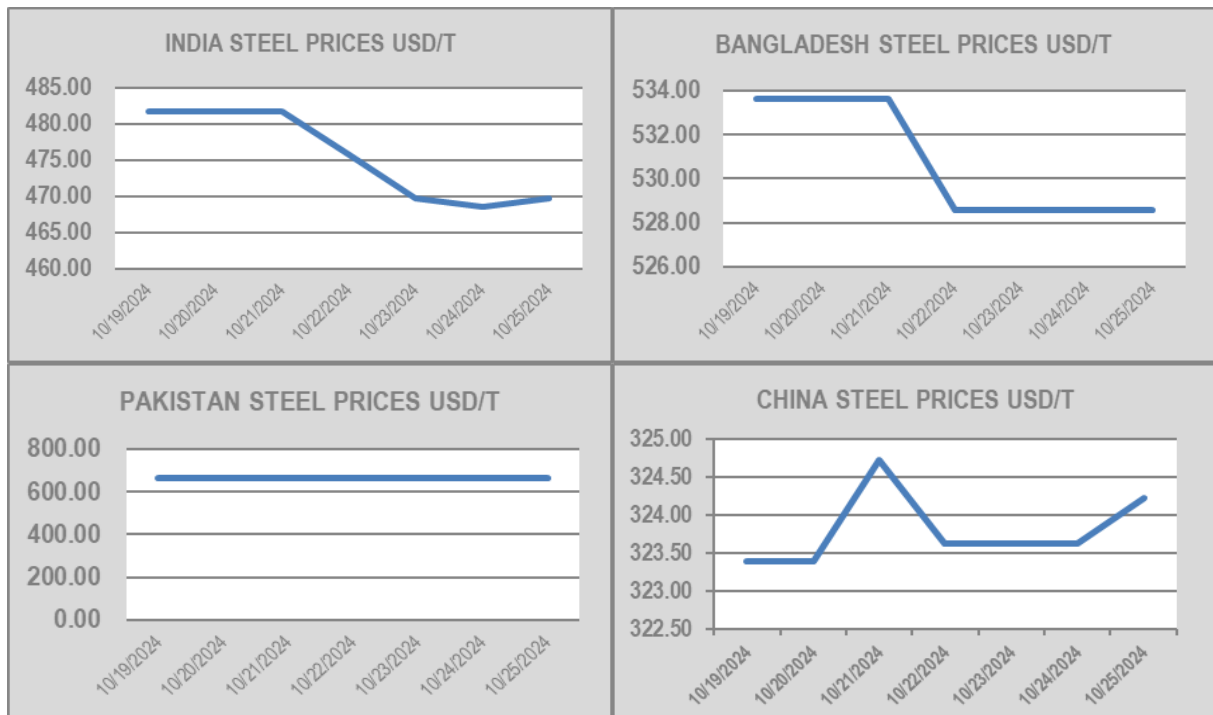
No.	VESSEL NAME	LDT	TYPE	STATUS
1	Harmony 1	10,317	Bulk Carrier	Delivered October 21
2	MS Gas	1,099	LPG Tanker	Delivered October 25
3	PK 10	725	Tanker	Delivered October 19
Total Tonnage		12,141		

GADANI - Port Position as of October 25, 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
10/19/2024	481.80	40,500.00	665.47	185,000.00	533.61	63,500.00	323.40
10/20/2024	481.80	40,500.00	665.47	185,000.00	533.61	63,500.00	323.40
10/21/2024	481.74	40,500.00	665.47	185,000.00	533.61	63,500.00	324.73
10/22/2024	475.79	40,000.00	665.47	185,000.00	528.57	62,900.00	323.63
10/23/2024	469.79	39,500.00	665.47	185,000.00	528.57	62,900.00	323.63
10/24/2024	468.60	39,400.00	665.47	185,000.00	528.57	62,900.00	323.63
10/25/2024	469.79	39,500.00	665.47	185,000.00	528.57	62,900.00	324.24



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