

November 1st, 2024
Week 44
Volume 266, Issue 1158



"If you are lucky enough to be successful,
you have a responsibility to give back."

– Lori Greiner

Highlights:

- Disappointing.
- Little respite.
- Election due.
- Reticent.
- Stability sought.

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-- MARKET COMMENTARY --

BLEAK TIMES!

Despite last week's seemingly political response whereby Iranian leaders downplayed the extent of the IDF's air assault against Iranian military installations and the Supreme Leader called for a restraining of excursions on all sides in order to give peace a chance, this week, it would seem that upon realizing the real extent of the damage and that several secretive installations were destroyed by the Israelis, Iran has now called upon a new and imminent counterattack against Israel whilst Israel continues to strike Gaza, Beirut, as well as Southern Lebanon where Hezbollah strongholds reportedly still exist. Amidst the ongoing back and forth, we continue to see the tragic deaths of the innocent as Israel and the Americans are increasingly called on to curtail the violence, yet the United States readies for further incursions as it repositions a collection of B2 Bomber Strike Groups to the area should the Iranian regime and its proxies decide to collectively strike Israel. As tensions rise on the back of news of American & British Special Forces being on the ground across various regions in the Middle East, oil continues to drop as Iran (one of the 4 members of OPEC) is scheduled to output a far lower 1.5 million barrels / day through 2024, down from 4 million barrels / day through 2023, further pushing oil prices down 3% (to \$69.49/Barrel).

As oil and even the overall Baltic Exchange's main sea index fell further this week (about 1.6%), the increasing supply in tonnage is regrettably being met by further disappointment as ship recycling prices fell across the board and have remained subdued through the week, greeting any sales that are being concluded at numbers now dropping towards the mid USD 400s/LDT, with some facing even lower indications on account of their poorer overall conditions. Post-monsoon too has unsurprisingly bought little respite to ease the instability in the markets that many had been hoping would've been a lot more stable, and it is clear that the markets have now lost well over USD 100/LDT on levels since the peaks seen over the year, where a container was sold above the highly coveted USD 600/LDT mark into Bangladesh.

Cheap Chinese product also continues to stifle steel industries in both Pakistan and India despite restrictive tariffs being set into place. Moreover, as Pakistan's economy continues to crumble amidst IMF loan hurdles, dithering foreign currency reserves, and reports of mismanagement of funds, both India and (especially) Pakistan are unable to prevent the continued dumping of underpriced Chinese billets into their respective markets. The pending outcome of the tightly fought U.S. elections will be known by November 05th and will not only dictate the future of geo-political events for the next four years, but has already seen the U.S. Dollar undertake mixed performances across ship recycling nation currencies that reported no movements in some and declines in the others. Consequently, end buyers remain logically reticent to commit at these present lower levels even now, rightly fearing inevitable market instabilities as plates continue to dance around.

It is therefore a bleak outlook across all ship recycling markets at present, and with supply only expected to increase going into the new year on the back of freight markets (particularly dry bulk) cooling off, all will be wondering where recycling prices find their bottom and what prices will result in all parties getting back to the bidding tables again.

BANGLADESH



DIPPING BACK!

Price acceptance.

Despite poor market sentiments and vessel pricing to match, several end buyers decided to dip back into the buying this week as ship owners and cash buyers mercifully reacted in reciprocation, ready to accept some of these lower levels on show that remain far below USD 500/LT LDT and are even approaching the USD 450/Ton mark on some of the more off-the-beaten-path units.

Sales done.

To start with, the markets were firstly greeted with the sale of SPIL feeder container ARMADA SEJATI (3,322 LDT) that was committed for a decent (under the current times) USD 470/LT LDT, followed then by the sale of the week i.e., handymax bulk carrier FATMA SARI (8,012 LDT), which managed to fetch an exceedingly firm USD 488/LT LDT due to the above-decent condition of the vessel and her ballast tanks, coupled with her powerful generators & 4 x 25 Ts cranes. This sudden and interesting performance at the bidding tables from Chattogram Choppers was also mirrored at the nation's recycling waterfront whereby just like their Gadani counterparts, at least one Chattogram Chopper was busy taking in a healthy 18K LDT unit this week, which should keep the recycler (hopefully) busy for the rest of the year. However, just like last week, the question remains if this market stands to face an empty port report next week or will another Far Eastern unit greet the waterfront.

Still in doldrums.

Notwithstanding the brow-raising intrigue of action displayed across Bangladeshi shores this week, this market remains in the absolute doldrums as very few recyclers remain willing to talk firm numbers whilst the interim government continues struggling to stabilize the nation's economy and even restore civil order, far yet from initiating any domestically critical infrastructure projects that would promptly reboot the turnover of steel that currently remains dormant at local ship recycling yards, whilst domestic fundamentals continue to ensure the retention of such dormancy. For starts, the Bangladeshi Taka is back on the drop, falling clear to BDT 119.99 as the week ended and local steel plate prices remain flat at USD 528.57/Ton offering barely any interest for the domestic ship recycling community to be competitive on tonnage.

As such, with domestic GDP forecasts for Q4 2024 now dropping below 4% (to 3.9% at present) and until there is a noted stability in political governance, faith in the domestic system – a faith badly rocked by the prior administration – and construction projects resume again, Bangladesh doesn't appear to be in a position to retake the lead in the market rankings anytime soon.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
ARMADA SEJATI	Container	3,322	USD 470/LT LDT
FATMA SARI	Bulker	8,012	USD 488/LT LDT

INDIA



DIWALI DISTRACTIONS!

This week, the Indian market finally seems to have found stable footing as Alang buyers felt far more confident to negotiate and conclude tonnage – albeit at lower and far more realistic / reliable numbers. Ironically, however, Indian levels though declining and that too to well below the coveted USD 500/Ton mark, are still the highest in the industry / atop the market rankings, thereby leaving Alang’s ship recycling sector rife with tonnage over the last few weeks - including this one, whereby 8 ships and nearly 60K LDT is currently at Alang’s anchorage or has been delivered to their rightful new owners.

Finding a floor?

Activity at the waterfront has logically been an extension of a healthy collection of market and private purchases by Alang Buyers where even this week, several units were reportedly confirmed into India at levels closer to the USD 450s/LDT as the decent condition general cargo vessel BOSS 7 (4,712 LDT) managed to fetch USD 473/LT LDT, whilst the smaller container SOFIA 3 (3,732 LDT) got an expectedly decent USD 455/LT LDT basis an ‘as is’ Khor Fakkan delivery.

Lower LDTs.

Of note, either of these vessels could end up in Pakistan given Gadani’s closer proximity to the vessels incoming routes. However, with Pakistan’s lower offers and even less interest from Gadani buyers coming forth of late, Alang recyclers have exceptionally greater chances at snagging both units thanks to their more confident pricing, which will ensure that West Coast India is the eventual destination for a healthy majority of, if not, all short-term deliveries.

As with all other ship recycling destinations, Indian fundamentals remain shaky as the Rupee, though relatively steady and likely untraded on the back of Diwali celebrations, ended the week 3 basis points lower at Rs. 84.18 against the U.S. Dollar (despite briefly spiking to Rs. 84.82). Even local steel plate prices were relatively unchanged, likely due to the holiday mood permeating across the nation and leaving more important things on the minds of the populous.

Record low supply.

Overall, as gas and fuel prices reportedly climbed this week and inflation is expected to follow suit as well, Diwali holidays maintained a welcome distraction for most, especially through a year that has seen over USD 100/LDT wiped from vessel prices amidst a record low supply of tonnage due to continually well performing freight markets.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
BOSS 7	General Cargo	4,712	USD 473/LT LDT
SOFIA 3	Container	3,732	USD 455/LT LDT ‘as is’ Khor Fakkan

PAKISTAN

**TRAILING!**

Deal-less.

Both Bangladeshi and Indian markets have managed to secure their impressive shares of sales this week, leaving the Pakistani market feeling rather bare and once again trailing deal-less in the wake of its firmer & geographically better positioned competitors. In fact, far worse off than Bangladesh may have been the Pakistani market this week, as not only have Gadani buyers failed to conclude any tonnage, but local port position is also likely to go the way of the dodo next week i.e. non-existent fixtures marking an empty port report.

Wait and watch.

Like the other ship recycling nations, Pakistani fundamentals are unsurprisingly catering to the unfolding uncertainty in the domestic economy given that local steel plate prices have climbed about USD 7/Ton (to USD about 673/Ton – the highest in the industry at present) and even the Pakistan Rupee firmed 27 basis points to PKR 277.29 against the U.S. Dollar. To still see this market perform the way it continues to, is as clear a deduction that a majority of Gadani recyclers seem convinced that the Pakistani economy still has some ways to fall and are therefore abstaining from the bidding tables for now, instead waiting & watching market movements and the flow of tonnage before committing at more mutually profitable numbers.

Meanwhile, it seems increasingly as though the IMF's upcoming tranche of USD 7 Billion bailout for Pakistan may finally have gone awry within a month of its approval as out of the 4 underlying assumptions / targets for the Pakistani government, three of these i.e. economic growth rate, inflation, and large-scale manufacturing & import objectives have all failed to meet their intended targets.

Sensible move?

Moreover, given that the Pakistani government has made several concessions on behalf of leaders of several large provinces that themselves are failing economically, the availability of U.S. Dollars continues to crunch away, essentially crippling the ability of local recyclers to purchase any vessels even if they wish to. However, a miraculous silver lining has appeared via the way of the Chinese government offering their own PKR-CYN bailout package for this market, the details of which are still forthcoming.

Overall, with so few vessels available for a recycling sale and yards lying dormant for a significant period of time since early Summer, perhaps stepping back into the action now is a sensible move, rather than continually hoping for a lower and more stable tomorrow, which may never come.

TURKEY



Low

Other than the Turkish Lira, everything seems to be dead in Turkey. No movement in destitute import and local steel plate prices, no change in local offers (which in fairness may fall in the coming week), and a Lira that is now 15 basis points weaker at TRY 34.34 against the U.S. Dollar, Turkey remains silent with a vacant port report and no tonnage in talks either.

Like Pakistan.

Like Pakistan, Turkey is expected to end the year dead on the floor.

NO MARKET SALES REPORTED

GMS Weekly – Market Rankings

For Week 44 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	Bangladesh	Declining	450 / LDT	470 / LDT	480 / LDT
3	Pakistan	Declining	440 / LDT	460 / LDT	470 / LDT
4	Turkey	Steady	330 / LDT	340 / LDT	350 / LDT

2024 NEWS...IN SEQUENCE.

- Did you know that the number 2024 in Roman numerals is written as MMXXIV?
- The ruins of an ancient lost city were discovered in eastern Ecuador. It's estimated that the city, which lies in Ecuador's Upano area, was built around 2,500 years ago. The extent of the city suggests the presence of a society as large, or larger than the Aztecs or Mayans.
- NASA's Ingenuity helicopter took off for its 72nd and final flight on Mars. In January 2021, Ingenuity became the first aircraft to fly on another planet. Ingenuity far exceeded its expected life, as it was only ever supposed to be able to handle five flights and last about a month.
- Icon of the Seas, the largest cruise ship in the world, embarked on its maiden voyage from Miami.
- With 20 decks and the ability to hold 7,600 passengers, the new supersized cruise ship was quickly christened the "Human Lasagne" by social media. At 1,198 feet (365 meters) long, it's longer than the Eiffel Tower is tall!
- King Charles III of the United Kingdom was diagnosed with cancer.
- Greece legalized same-sex marriage and adoption, becoming the first Orthodox Christian Country to do so.
- Odysseus became the first private spacecraft to land on the Moon. The Odysseus moon lander, operated by the US firm Intuitive Machines, was the first US-owned spacecraft to land on the Moon in over 50 years. The landing wasn't a total success, though, as the lander ended up tipping on its side during the process.

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	DELIVERY TIDES
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	November 09 – Iqbal day	No more holidays until Dec 24

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ALANG - Port Position as of November 01, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Bereg Mechty (Under Tow/Arrested)	7,263	Reefer	Arrived August 26
2	<i>Capt Osama</i>	4,326	<i>General Cargo</i>	<i>Delivered November 01</i>
3	<i>Green Bodo</i>	2,957	<i>Reefer</i>	<i>Arrived October 31</i>
4	<i>Hai Bo (under Tow)</i>	8,678	<i>Barge</i>	<i>Delivered October 30</i>
5	<i>Hai Tuo</i>	1,721	<i>ITB Tug</i>	<i>Delivered October 30</i>
6	<i>MSC Alexa</i>	16,228	<i>Container</i>	<i>Arrived October 27</i>
7	<i>MSC Eyra</i>	10,655	<i>Container</i>	<i>Delivered October 30</i>
8	<i>Tana</i>	7,215	<i>General Cargo</i>	<i>Delivered November 01</i>
Total Tonnage		59,043		

CHATTOGRAM - Port Position as of November 01, 2024

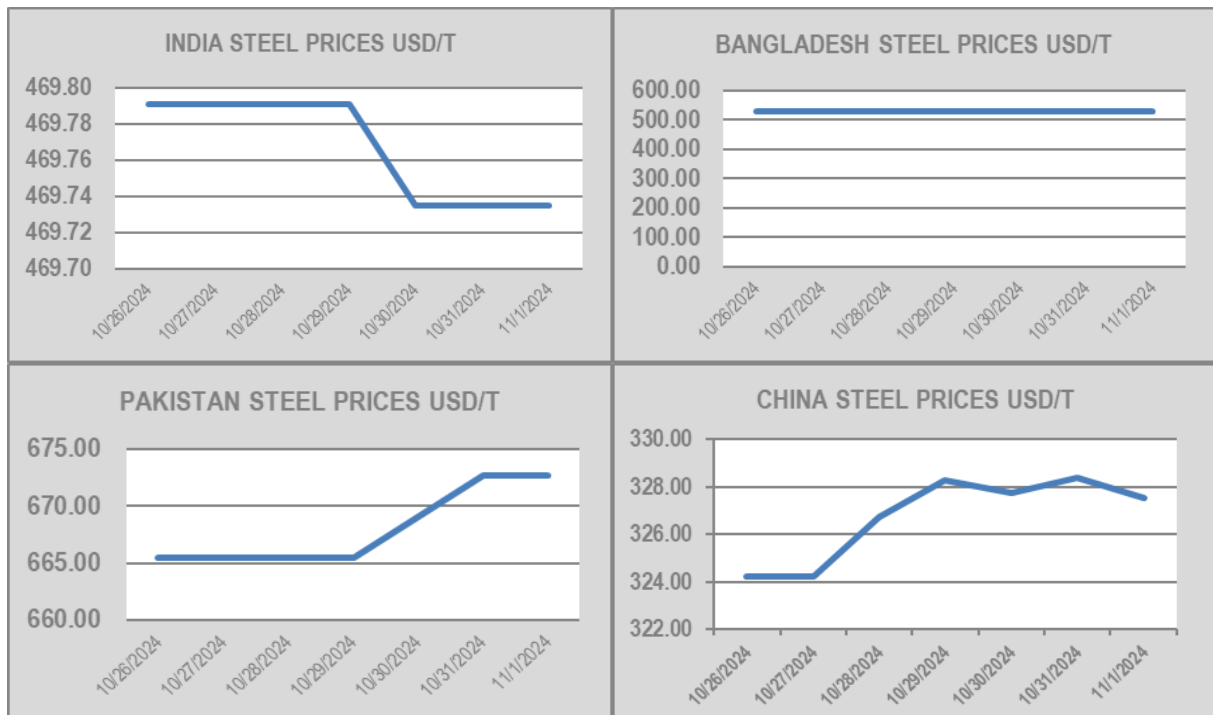
No.	VESSEL NAME	LDT	TYPE	STATUS
1	<i>Rada</i>	18,860	<i>Tanker</i>	<i>Arrived October 26</i>
Total Tonnage		18,860		

GADANI - Port Position as of November 01, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	<i>Venia</i>	22,746	<i>Bulk Carrier</i>	<i>Delivered October 24</i>
Total Tonnage		22,746		

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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
10/26/2024	469.79	39,500.00	665.47	185,000.00	528.57	62,900.00	324.24
10/27/2024	469.79	39,500.00	665.47	185,000.00	528.57	62,900.00	324.24
10/28/2024	469.79	39,500.00	665.47	185,000.00	528.57	62,900.00	326.76
10/29/2024	469.79	39,500.00	665.47	185,000.00	528.57	62,900.00	328.27
10/30/2024	469.73	39,500.00	669.06	186,000.00	528.57	62,900.00	327.78
10/31/2024	469.73	39,500.00	672.66	187,000.00	528.57	62,900.00	328.42
11/1/2024	469.73	39,500.00	672.66	187,000.00	528.57	62,900.00	327.55



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