

November 22nd, 2024
Week 47
Volume 266, Issue 1161

QUOTE
of the
WEEK

" Whatever you do, always give 100 percent. Unless you're donating blood."

– Bill Murray

Highlights:

- Reversed performances.
- 150 dollars lost.
- Twinning in tango.
- Grinding to a halt?
- Troubled times.
- Scan to download / view the Weekly on the GMS App!



-- MARKET COMMENTARY --

EVEN-ING KEELS!

As tensions escalate across the warring landscapes, economies continue to react in kind as volatility seems to have largely resumed across the global maritime landscape, with both crude oil and the Baltic Exchange maintaining new directions from last week. As barrel futures climbed 1.6% to \$71.2 by close of Friday (marking an over 5% increase overall), it further added a layer of geopolitical 'risk premium' to oil prices. Moreover, on the one hand, as the Russia – Ukraine conflict rages on and the U.S. imposes further sanctions on Gazprombank as well as banning imports / trade with over 30 Chinese companies accused of exploiting labor, on the other hand, China's unveiling of new policy measures intended to boost global trade in the face of incoming President-Trump's looming tariffs has seen the U.S. Dollar continue to firm across major recycling destinations, including against the Chinese Yuan that itself recorded a 20 basis point shift down to a record-breaking CNY 7.24. Simultaneously, the Baltic Exchange's main sea freight index tracking bulk commodities continued to ease for the 4th running week on Friday, slipping about 2.5% to a 2-week low, thanks to unfolding pressures from all vessel segments. Local steel prices too registered declines with imported steel in Turkey falling the most, China and Pakistani plate levels twinning in tango and declining roughly the same, India recording marginal moves of its own, and Bangladeshi plate levels resuming their horizontal activity i.e. dead on the ocean floor again.

As global ship recycling markets head into the final month of the year on a comparatively firmer footing and a 2024 full of minimal sales & activity wraps up, noteworthy declines in prices have seen nearly USD 150/LDT wiped from sub-continent levels caked on by varying factors affecting all nations and until some stability is seen, Q1 2025 doesn't seem as though it is ready to greet the ship recycling industry with its customary January / Q1 vigor. In fact, if things continue the way they are with the Nuclear Clock ticking ever closer to midnight, 2025 may be another difficult year for the shipping and ship recycling markets overall, despite a recent uptick in the inflow of overaged units previously purchased by Chinese ship owners across recent quarters, seeming to suggest otherwise. We have certainly seen healthy deliveries of Far Eastern Rusty Rhonda's into the recycling markets of late, highlighting healthy port positions at both India and Bangladesh this week.

Finally, as Pakistan and India continue struggling with cheaper Chinese steel competing with recycled steel from their respective recycling yards, Bangladesh continues to suffer through its political and increasing instability that is mushrooming its doom economy from former PM Sheikh Hasina fleeing the country due to a coup resulting from her alleged unwavering position towards the ongoing deaths of student protestors and the military and subsequent interim government are still trying to bring the nation back on its feet. In India, as the Modi government cinches key seats on the back of elections this week, the Indian government dipped further into treasury reserves in order to ease the Rupee's drastic depreciation. In Pakistan, the nation continues negotiations on its embattled IMF funding on the back of alleged misappropriation of funds, Gadani buyers remain quiet in their shells, unlikely to engage in any serious business in the face of a stronger India. As such, it has been and likely will remain an uncertain & volatile end to 2024 global sub-continent recycling markets.

BANGLADESH

**BACK IN (QUESTIONABLE) CONTENTION!**

Top placed.

Despite problems persisting in this market via a stalled economy and high inflation resulting from the collapse of the prior regime, which also persevere under the interim government, there remains little hope for an improvement from Chattogram's ship recycling sector despite the jaunt to 2025 being just a few weeks away and the turn of the year historically being a firmer period in the domestic ship recycling sector.

Problems persist.

Yet, the Chattogram market has managed to persist and maintain its top spot on the global ship recycling rankings after a recent resurgence saw this market jump right back into contention. And pleasantly so, as per GMS's Port Reports below, local recyclers were / will be healthily taking in deliveries of primarily Far Eastern bulkers that dominated the incoming category of tonnage. Notwithstanding, all of the deliveries this week were arrivals from last and only one nearly 10K LDT bulk carrier reportedly arrived Bangladesh's recycling waterfront this week. Is this foretelling an unfortunate unfolding events?

Limited buyers.

Certainly, could be, given that the limited number of buyers with available yard capacity AND ready L/C limits are the only ones at the bidding tables who are willing to negotiate on what's afresh in the market – and this number of buyers remains fewer than farther, especially given that there are already so few vessels in the market along with the fact that ship owners and cash buyers themselves are re-adjusting to the weekly changing / lower prices before signing on the dotted line. Additionally, amidst weakening fundamentals, limited availability of funds / depleting U.S. Dollar reserves making yard upgrades to HKC standards ahead of its official entry into force by mid next year, a near impossibility, it only further hampers the ability of local ship recyclers to even bid on units, let alone buy one.

Speaking of the U.S. Dollar, the Taka continues to slip as it fell another 29 basis points before closing the week past the psychological barrier of BDT 120 against the USD. Moreover, amidst the already halted trading of steel plate prices at USD 521/Ton, this has invariably maintained the price floor for steel to keep local offers elevated and ahead of the competition. Yet, domestic pressures persist on the back of further declining GDP numbers, higher inflation, financial sector vulnerabilities that have gradually worsened over the year, tightening private sector growth on the back of shuttering businesses, and external pressures including pending loans that are yet to be granted as Moody's further downgrades Bangladeshi banks and the overall economy, being some of the challenges the nation stands face afresh, and into 2025 – or until the next FY25 budget at the latest.

As domestic businesses await economic changes to accommodate the initiation of domestic infrastructure projects that have ground to a halt of late, resulting in demand for steel from steel mills evaporating amidst the monsoon rains and recycled product still lies untraded at already dormant plots, there is still work cut out for Chattogram choppers to rise out of a record 2024 of crisis and incalculable outcomes.

NO MARKET SALES REPORTED

INDIA

**MORE ... ACTIVE!?**

Alang ship recyclers have been slightly more active of late as they continue to absorb a healthy majority of HKC only container sales in particular, throughout the year and recent weeks despite there being a Bangladeshi ship recycling yard that is open and able to compete on HKC units and even previously announced plans intended to upgrade all Bangladeshi ship recycling yards to HKC standards by 2025, remain on the table. As this activity and the overall sub USD 500/Ton culture on tonnage becomes increasingly accepted, sales have accompanied the trend and despite holding 2nd place on the market rankings, Alang was certainly ahead of the pack in terms of domestic deliveries as several mid-sized LDT units were / are in the process of being delivered to their respective recycling abodes.

Catching containers.

Despite the economy finding itself in a 'sweet spot' amidst recent declines, its growth rate has shown signs of a slowdown on the back of recent activity data that showed revisions to GDP forecasts that are now projected to end the year at 6.5%. Moreover, unfolding economic impacts resulting from the Gadani Group's recent controversy, an Indian Rupee besieged by falls across recent times mercifully strengthened 11 basis points against the U.S. Dollar to still end the week at a depreciated Rs. 84.44, and local steel plate prices that struggled through the week, only to end it marginally higher than the end of last – were a few of the problems affecting Alang's pricing mindset.

Rupee lows.

Meanwhile, as the Modi Government concluded a miraculous regain of power via the Bhartiya Janta Party's victory in the recent elections that politically handed the Modi Government, the state of Maharashtra where the capital City of Mumbai resides. Fun Fact: Mumbai is the financial capital (in terms of GDP) of the nation, surpassing even major global economies such as Norway and South Africa, and this victory has led the BJP-led alliance to gain control of more than 230 of the 288 seats in the state's legislative assembly, further delivering the Modi Party with over 32 seats in Congress and delivering the pro-business Prime Minister Modi absolute control over India's economic powerhouse.

Collapse below 500.

Could his victory foretell the early deliverance of pending domestic infrastructure projects that were downgraded amidst a seemingly political reprioritization of FY24 – FY25 budget, remains to be seen. For now, as the nation dominates the pricing board for units opening West of Bangladesh and the remains the epicentre of all HKC tonnage, India could continue to see its share of containers, bulkers, and even specialist vessels / SS Tankers.

PAKISTAN



PAKISTANI PAUSE!

No inroads.

Pakistan's ship recycling sector remains unable to make any inroads against the far more aggressive Indian and Bangladeshi markets for yet another week, as Gadani levels remain some ways off the negotiating pace. And even though nations globally face volatile economic conditions at present, Pakistan historically has and still continues to follow India's pricing breadcrumbs rather than offer on the basis of their own fundamentals, volatile or otherwise.

As a result, Gadani Recyclers have intentionally left the price floor for what local buyers can really afford (based on **their** current fundamentals), far below what they should be offering and local buyers therefore add a grievous layer of negotiation suffering to an untenably uncontrollable Pakistani Rupee, as well as local steel plate prices that continue to battle against cheaper Chinese steel products that themselves reported a marginal decline. To start with, Pakistani steel plate prices dropped a healthy USD 4/Ton across the week in order to stay just below the price of competing steel imports, whilst the Pakistani Rupee practically flatlined the tail end of the week, ending it at PKR 277.70 against the U.S. Dollar.

Demand returning?

This permeating lack of local enthusiasm and far from realistic levels (some even below USD 440/Ton on certain units) being tabled of late, is no wonder that this market has lagged the financial prowess and put money to work, resulting in empty port reports for Gadani for over a month now. The overall shortage of U.S. Dollars is no surprise as IMF loans worth over USD 7 Billion are still pending and investigations into the reported loss of about USD 440 Million of funds is pending. As the growing expectation is that the year will close with a deficit of 6.1% of GDP, a fall that is further projected to drop to (or worse, below) 6.0% of GDP for 2024-2025, especially as debt servicing is expected to fall from an already low 7.7% of GDP in 2023 – 2024 to 5.6% of GDP in 2025 - 2026. Certainly not good for Gadani's ship recycling sector that has seen the 2nd lowest levels in recycling volumes over the last decades or so.

2025 rescue.

Somehow, at least a drop of demand seems to be forming at the seams of a handful of top-tier buyers with yard space and ready L/C limits and are starting to return to the market competitively, be it at these increasingly lower and overall acceptable levels. Critically, this it is not enough to secure any of the paucity of unavailable units in the comparative face of a far more aggressive Alang ship recycling community. The absence of HKC yards further diminishes their ability to be effective at non-traditional market units and until a domestic ship recycling yard is able to break the psychological chains restricting the overall industry from considering Gadani as a viable HKC alternative, the chains of restriction on this industry will remain ever so tight.

Overall, it sure seems as though 2024 will not see any return from the Pakistani market and any marginal / pending deliveries may be fewer than few, before a 2025 resumes with its own set of problems and in anti-thesis of a historical January revival.

NO MARKET SALES REPORTED

TURKEY



FALLING WORSE!

Far from the sub-continent economic tumult, is the Turkish economy and Aliaga's ship recycling sector that continues to be hammered by its pervading economic hangover, week after week, seemingly abdicating any responsibility of applying the brakes on the crumbling Turkish cake. In that, not only has the Lira been the only ship recycling nation currency to decline the most this week, falling nearly 30 basis points to another record-breaking TRY 34.55 against the U.S. Dollar, import steel plate prices fell another USD 10/Ton this week, leaving local steel plate prices precariously steady - for now.

Crumbling cake.

The increasing absence of local discussions on the back of a resuming shortage of tonnage has also seen Turkey go silent once again, with no local fixtures and increasingly less news coming out of Aliaga

As we entire the final stretch of laps before 2024 ends far worse than the competition, Turkey's ship recycling sector has suffered its share for the year and we can only hope that the possibility of peace in the region, stabilizes the Turkish economy into 2025.

NO MARKET SALES REPORTED

GMS Weekly – Market Rankings

For Week 47 of 2024, GMS Market Rankings / vessel indications are as below.

Rank	Location	Sentiment	Dry Bulk USD / LDT	Tankers USD / LDT	Containers USD / LDT
1	Bangladesh	Stable	470 / LDT	490 / LDT	500 / LDT
2	India	Stable	460 / LDT	480 / LDT	490 / LDT
3	Pakistan	Stable	450 / LDT	470 / LDT	480 / LDT
4	Turkey	Weak	330 / LDT	340 / LDT	350 / LDT

2024 NEWS...IN SEQUENCE.

- *May 30 - Donald Trump was found guilty of 34 felony counts of falsified business records. The former US president became the first current or former president to be convicted of criminal charges. He was found guilty of falsifying documents to cover up hush money payments to former adult film star Stormy Daniels during the run-up to the 2016 presidential election.*
- *Jun 1 - 642 million people voted in India's general election, setting the record for the world's largest election.*
- *Jun 2 - Mexico elected its first female president, Claudia Sheinbaum. Sheinbaum, a climate scientist, was formerly the Mayor of Mexico City, the nation's capital. Her election marked a first not just for Mexico but for all countries in North America!*
- *Jun 8 - While rescuing four captives in central Gaza, Israeli soldiers killed 247 Palestinians and injured 698. The deadly daytime operation by the Israeli Defense Force was conducted to rescue Israeli hostages captured during Hamas' October 7 attacks. The Israeli government states the death toll to be much lower, under 100. Hamas disagrees, calling the operation a "horrific massacre" of civilians.*
- *Jun 24 - WikiLeaks founder Julian Assange walked free after a 14-year legal battle. After creating WikiLeaks in 2010 and releasing classified US military documents, Assange faced 14 years of legal challenges and imprisonment. He spent the last five years in a high-profile London prison and was ultimately released after pleading guilty in a US court.*
- *Jul 13 - Former US President Donald Trump survived an assassination attempt while at a rally in Pennsylvania.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	DELIVERY TIDES
December 24 – December 26 – Christmas Holidays December 31 – New Year's Eve	November 29 – December 07 December 12 – December 20 December 29 – January 2025

BANGLADESH	
BANK HOLIDAYS	DELIVERY TIDES
December 16 – Victory Day December 25 – Christmas Day December 31 – Bank Holiday	November 30 – December 03 December 14 – December 17

BANK HOLIDAYS		
CHINA	PAKISTAN	TURKEY
No holidays until 2025	December 25 – Quaid-e-Azam Day December 26 – Day after Christmas	No holidays until 2025

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 November 22, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Ali A	2,578	General Cargo	Delivered November 16
2	Bereg Mechty (Under Tow/Arrested)	7,263	Reefer	Arrived August 26
3	Elion	5,270	Chemical Tanker	Delivered November 15
4	Maher	3,519	Gen Cargo	Arrived November 22
5	MSC Rafaela	16,024	Container	Delivered November 16
6	Sea Nass	697	Gen Cargo	Arrived November 22
7	Sofi	3,732	Container	Arrived November 20
Total Tonnage		39,083		

CHATTOGRAM - Port Position as of November 22, 2024

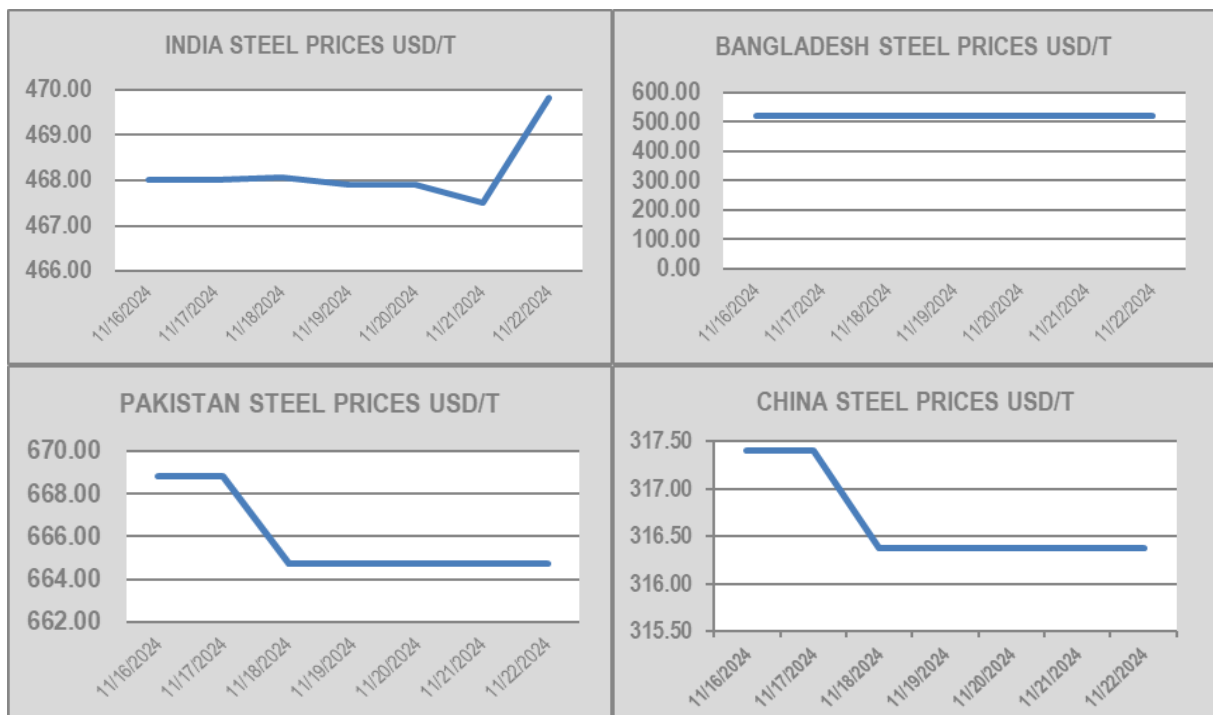
No.	VESSEL NAME	LDT	TYPE	STATUS
1	Gold Bridge	6,889	Bulk Carrier	Delivered November 17
2	Jule	9,726	Bulk Carrier	Arrived November 22
3	Ning Hua	9,713	Bulk Carrier	Delivered November 19
4	Rinch	9,214	Bulk Carrier	Delivered November 19
5	Thailaemthong 3	844	Tanker	Delivered November 18
Total Tonnage		36,386		

GADANI - Port Position as of November 22, 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
11/16/2024	468.01	39,500.00	668.82	186,000.00	521.01	62,000.00	317.40
11/17/2024	468.01	39,500.00	668.82	186,000.00	521.01	62,000.00	317.40
11/18/2024	468.06	39,500.00	664.75	185,000.00	521.01	62,000.00	316.38
11/19/2024	467.90	39,500.00	664.75	185,000.00	521.01	62,000.00	316.38
11/20/2024	467.90	39,500.00	664.75	185,000.00	521.01	62,000.00	316.38
11/21/2024	467.51	39,500.00	664.75	185,000.00	521.01	62,000.00	316.38
11/22/2024	469.82	39,700.00	664.75	185,000.00	521.01	62,000.00	316.38



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