

December 6th, 2024
Week 49
Volume 267, Issue 1163

QUOTE
of the
WEEK

If it wasn't hard, everyone would do it. It's the hard that make it great."

– Tom Hanks

Highlights:

- Stabilizing.
- 500+ gone.
- Greater demand.
- Volatility ahead?
- Firmer footing.
- Scan to download / view the Weekly on the GMS App!



-- MARKET COMMENTARY --

ENCOURAGING...YET!

As world economies seem to settle on an overall even playground with the end of week 49, not only is the shipping industry but even the ship recycling industry is going through a calmer period of fairly uneventful occurrences – at last. To start, WTI crude oil futures slipped about 1.6% through the week, settling in at about \$67.2 / barrel on Friday and recording a drop of nearly about 1% on the back of concerns surrounding a surplus in 2025, which in turn has kept output in tight check. The Baltic Exchange Sea Freight Index also cooled its seven-day losing streak on Friday, bouncing back about 0.5%, and propelled primarily by larger sized vessels. Translation? The ensuing performance of the Baltic Exchange Dry Index (BEDI) has, and should see a general increase in the supply of mid-sized (and smaller) dry (and even the occasional wet) units being offered into the ship recycling markets, as evident from both Bangladeshi and Indian port reports over recent weeks. As the supply of recycling tonnage mercifully firms and fundamentals seem stable (compared to recent weeks) at a few locations, the U.S. Dollar continues on its historic rise against the others i.e., CNY losing nearly 40 basis points), BDT losing 20 basis points, TRY losing 15 basis points, INR losing 11, and PKR being the lone streaker to actually gain ground as the week ended.

Overall, ship recycling markets have mercifully stabilized of late and as the year-end nears, a price floor seems to have been established after a year of significant declines that has seen nearly USD 150/LDT in prices, lost in a matter of months. Mid-to-high USD 400s/LDT are now the prevailing norm for tonnage across most sectors, bidding adieu to the days where the coveted price of USD 500/LT LDT and well over, were regulars on the scene. Notwithstanding, it is certainly encouraging to see a greater level of demand emerging after the destitute state of the markets & global economies, and the perception is now that prices should only improve from here on out. After a tumultuous year of declines and instability, the bleeding on steel also seems to have halted for the time being, and (hopefully) positive elections concluded by Q1 2025 should see India and Bangladesh back into the fray, armed with demand for ships and output of domestic steel. Bangladesh, meanwhile, has unfortunately endured one of the most destabilizing of years in the nation's history, where it's PM was compelled to abdicate and flee the nation, an interim government forced to take control amidst a drastic monsoon that compelled infrastructure projects & ship recycling to grind to a screeching halt, resulting in recycled ship steel failing to shift to gradually shuttering steel mills, as a result of.

The decisive victory for President Trump after the recent U.S. election may bring with it, economic turmoil of its own with intended tariffs announced on Mexico, Canda, and China next year. But the tariffs on China will be most interesting, especially on steel & auto exports. With the dumping of cheap Chinese steel also having religiously caused its characteristic summer belly aching, concerns in Pakistan & India should ease as we slowly approach the turn of the year. The upcoming stimulus package for China itself is set to be announced by the Chinese government at some point around the New Year, which may finally see some optimism for its economy, and this should even have major implications for the shipping, ship recycling, and global industries at large. As such, as ship recycling markets head into 2025 on a firmer footing, we can only hope that this economic outlook is maintained well beyond the New Year, so that ship recycling can resume.

BANGLADESH

**BACK IN PICTURE...BARELY!**

Keen again.

Despite spending a majority of the crazy 49 weeks in the saddle of 2024s Market Rankings where political collapse, tragic deaths, dreadful monsoons, theft of U.S. Dollar reserves, devaluation of the Bangladeshi Taka, shuttering domestic industries that then saw a complete halt to the local trading of recycled steel, followed by the nation's ship recycling sector coming to a crawl, even yet, manage to maintain pole position in the market rankings for a majority of 2024, is truly a miracle unto itself. With the nation back in the picture since last month, armed with firmer pricing and demand, it has to date, managed to avoid the shame of an empty port position as at least one decent sized bulker arrived Chattogram's anchorage this week.

PMI up.

As stated, although demand seems to be omnipresent, buyers aren't particularly gunning to break any pricing records as much as aiming to get the right unit at the right price, in order to keep domestic ship recycling yards operational through troubled waters. And fundamentals too have been playing a vital role in curtailng much of the aggression across the year with local steel plate prices flatlining at a decent USD 521/LT LDT of late. But it was the Bangladeshi Taka that truly kept any unruly pricing strategies from local recyclers in check, as it once again lost 20 basis points to end the week teetering on the edge of BDT 119.90 against the U.S. Dollar again.

HKC push.

Notwithstanding, things do seem to be improving economically as the interim administration has managed to turn Bangladesh's Purchasing Managers' Index (PMI) around, with unofficial news of a jump to the tune of about 6.5% in November over October via accelerated economic expansion being driven primarily by agriculture, manufacturing, and service sectors. Desperately yet, the domestic construction sector, which saw a brief expansion in October, faced a downturn ever since, primarily due to lack of available funding, large input costs to re-activate shuttered mills, order backlogs, and even unemployment, which is now gradually on the fall. Although this has not immediately seen a change in the aggression of the purchasing mindset of ship recyclers towards tonnage offerings through the week, the overall lack of tonnage coupled with a just as eager an India market is keeping local buyer's ears ever closer to the pulse of the industry.

As the nation continues to stabilize, the focus on the ship recycling industry has not changed / shifted given that the Ministry of Industries' (MoI) has reportedly extended the deadline for the mandatory requirement of yard owners to make improvements to HKC Safe Recycling Standards, within January 2025; much to the respite of yard owners who failed to make satisfactory improvements across 2024. This should hopefully see Bangladesh take a strong step towards the implementation of HKC standards for all yards from June 2020 onwards.

With things seeming to line up neatly on Chattogram's recycling horizon, the Bangladeshi ship recycling sector (and the ship recycling industry at large) should see further stabilization in their domestic economy, and once key elections have concluded within Q1 2025.

NO MARKET SALES REPORTED

INDIA



READYING FOR FIRST!

Despite Bangladesh offering up better levels than India at present, Chattogram buyers have failed to secure many of the market ships on offer, especially as HKC only vessels intended strictly for an India only delivery, specialist units, drill rigs, chemical & stainless-steel tankers, and even fishing vessels have become increasingly prevalent of late, turning Alang's ship recycling waterfront into a welcome reminder to the memories of a busier yore. Unlike Bangladesh, where only 1 new bulker was reported to have arrived locally this week, India has been taking in a disproportionate collection of units, at sizes ranging from the small to the large, **and** from fishing vessels to oil rigs - all within a span of this week alone. Certainly, impressive given that its overall 2024s performance of the ship recycling industry has been rather raggedy in comparison.

Securing tonnage.

As local offers have stayed relatively unchanged from last week, domestic fundamentals were the likely prime movers behind the lack of India's anticipated price jump, which failed to materialize this week. While local steel plate prices registered marginal movements, it was the INR that left Alang recyclers with heartburn on ongoing negotiations, seeing how the Rupee has once again managed to find another record low as it winds down the week down at Rs. 84.50 against the U.S. Dollar. Of note, a spike hitting Rs. 84.87 certainly didn't ease moments at the bidding tables that Rs. 85 could likely be next.

St Steel gets big.

Notwithstanding, Waruna of Indonesia managed to sell a second unit for recycling this year as the markets saw their MEDLIN MASTER (3,852 LDT) fetch a healthy USD 655/LT LDT basis an 'as is' delivery at Belawan - the unexpectedly strong price being achieved on account of about 273 Tons of solid and an additional 371 Tons of clad SUS 316L onboard the vessel.

Brighter times?

Overall, not only do we forecast the ongoing market stability and pricing, prevail until these vessels actually arrive India's recycling waterfront, economically, things should further help Alang as the Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) announced on Friday that the repo rate (the lending rate by the central bank) would not be changed, so as to maintain pressure on India's current inflation, along with the fact that inflation itself is relatively steady. Economically, the situation for domestic reserves seems to be improving as well given that Foreign Direct Investments (FDIs) from key sectors exceeded USD 1 Trillion for the first time since April 2020.

With a fair amount of optimism in hand, Alang ship recyclers seem welcome to greet 2025 on positive footing, as they ready themselves for first place in the face of firming supply.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
MEDELIN MASTER	Tanker	3,852	USD 655/LT LDT (with 273 Ts solid SUS 316L on board)



BARELY BREATHING!

Frustrating year.

On the back of an ongoing economic suffering that has persisted through much of a frustrating 2024, the Pakistani ship recycling market has been barely able to breathe of late, let alone make it to the bidding tables and chance a negotiation on any of the units currently on offer, **despite** levels surprisingly even firming this week, even if it is just to keep up with India's figures. The truth of the matter simply remains, Gadani's ship recycling sector is in shambles as no serious offers have come through for over 2 months now, and the state of local port position confirms this for just as long.

In a logical unfolding of events, domestic ship recycling yards increasingly lie dormant even though prices seemingly firm, and despite an increasing number of potential units making it into the recycling markets of late, the Gadani gang seems to have flown South for the Winter.

Deathly Duo.

Overall, faith in the nation's economy remains weak even though it is starting to show some signs of a recovery since the beginning of this month. Assurances from the Finance Minister Muhammad Aurangzeb, who pledged more investment, economic growth, and credit safety, also seemed to fall short as his assurances towards meeting and crossing the necessary hurdles along the path of attaining IMF funding seems to have been met with a conservative eye, especially given how bad the situation presently is.

Finance woes.

The lack of availability of U.S. Dollars via credit limits on L/Cs reveal the vile traps that Gadani recyclers face in their road ahead, one that has not only seen a standstill in incoming tonnage for nearly two months now, but any intentions to upgrade ship recycling facilities to HKC standards has also reportedly vaporized. The surprising lack of U.S. Dollars is likely another reason the Pakistani Rupee has been the black sheep of ship recycling nation currencies, as it has consistently been the only one to not only record no major declines, but it has also danced within a PKR 2 spectrum over the course of a majority of the last year, ending the week at a surprisingly firmer PKR 277.93 against the U.S. Dollar. With barely any reserves to trade, the Dollar has logically remained relatively steady – an unapparent, yet deathly double-edged sword.

Local steel plate prices too, though having declined from the highs of USD 770/Ton, are now trading at a comparatively measly USD 654/Ton, primarily due to cheaper Chinese steel imports that the domestic steel industry has used to offset the unavailability of recycled ships steel. A vicious cycle. Going into next year, we can only hope that the IMF bailout package makes it within Q1 2025, helping Pakistani buyers once again kick up their chances to fill empty plots with some desperately needed tonnage.

TURKEY



DRRRRRROP!

After weeks of surviving import & local steel plate price declines along with a Lira that has been in freefall since June 2021, declining a whopping **498.93%** against the U.S. Dollar over the course of the last 5 years (*Source: Xe.com*) and closing another 8 basis points weaker at TRY 37.75 the week, local offerings for vessels finally declined USD 20/MT. Although the decline has been long overdue (on account of the horrific performance of fundamentals exacerbated by the lack of tonnage), it will likely not send any ripples through the industry.

Moreover, as competing sub-continent offer levels rise, the likelihood of a growing number of vessels opening in the Med area and heading towards sub-continent shores for the nearly USD 200/Ton overall price gap, will increase and inadvertently starve Aliaga recyclers of vessels that much more.

Unlike sub-continent market, Q1 2025 doesn't seem overtly optimistic for this market.

NO MARKET SALES REPORTED

GMS Weekly – Market Rankings

For Week 49 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	Down	310 / LDT	320 / LDT	330 / LDT

2024 NEWS...IN SEQUENCE.

- Sep 06 - The Philadelphia Eagles beat the Green Bay Packers 34-29 in Brazil in the first NFL game in South America.
- Sep 15 - Parts of Central and Eastern Europe were catastrophically flooded as they were struck by Storm Boris. The floods displaced thousands of people across Europe, with some regions receiving more than three months' worth of rain overnight.
- Sep 17 - Norway became the first country in the world where electric cars outnumbered petrol cars.
- Out of the 2.8 million private vehicles registered in Norway, 753,905 ran on petrol while 754,303 were electric. More impressively, electric cars made up 94.3% of all new cars registered in Norway in August 2024.
- Sep 18 - After nearly 80 years of business, the iconic plastic kitchenware brand Tupperware filed for bankruptcy.
- Oct 1 - Claudia Sheinbaum was sworn in as Mexico's first female president.
- Oct 3 - The world's longest treasure hunt ended after 31 years. The 31-year treasure hunt for France's famed Golden Owl has finally ended with the discovery of a bronze owl. The hunt began in 1993 when Max Valentin published *Chouette d'Or* (golden owl), a book containing 11 clues leading to the location of the owl, which he buried in France. The finder of the owl won a sculpted golden owl valued at over \$160,000.
- Oct 16 - Prada teamed up with Axiom Space to create the spacesuits for NASA's Artemis III mission to the Moon. Prada and aerospace company Axiom Space unveiled the Axiom Extravehicular Mobility Unit (AxEMU) spacesuit, designed for NASA's Artemis III mission. The suit was showcased at the International Astronautical Congress in Milan.

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	DELIVERY TIDES
December 24 – December 26 – Christmas Holidays December 31 – New Year's Eve	December 12 – December 20 December 29 – January 06 January 11 – January 18

BANGLADESH	
BANK HOLIDAYS	DELIVERY TIDES
December 16 – Victory Day December 25 – Christmas Day December 31 – Bank Holiday	December 14 – December 17 January 02 – January 05 January 15 – January 18

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 December 07, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	A Star	14,856	Drilling Rig	Arrived November 30
2	Bereg Mechty (Under Tow/Arrested)	7,263	Reefer	Arrived August 26
3	Boss 7	4,713	General Cargo	Arrived December 01
4	<i>Humpback Whale</i>	3,869	<i>Fishing Vessel</i>	<i>Delivered December 06</i>
5	New Sky	2,410	Reefer	Arrived December 06
6	<i>Porfiry Chanchibadze</i>	3,909	<i>Fishing Vessel</i>	<i>Delivered December 07</i>
Total Tonnage		37,020		

CHATTOGRAM - Port Position as of December 06, 2024

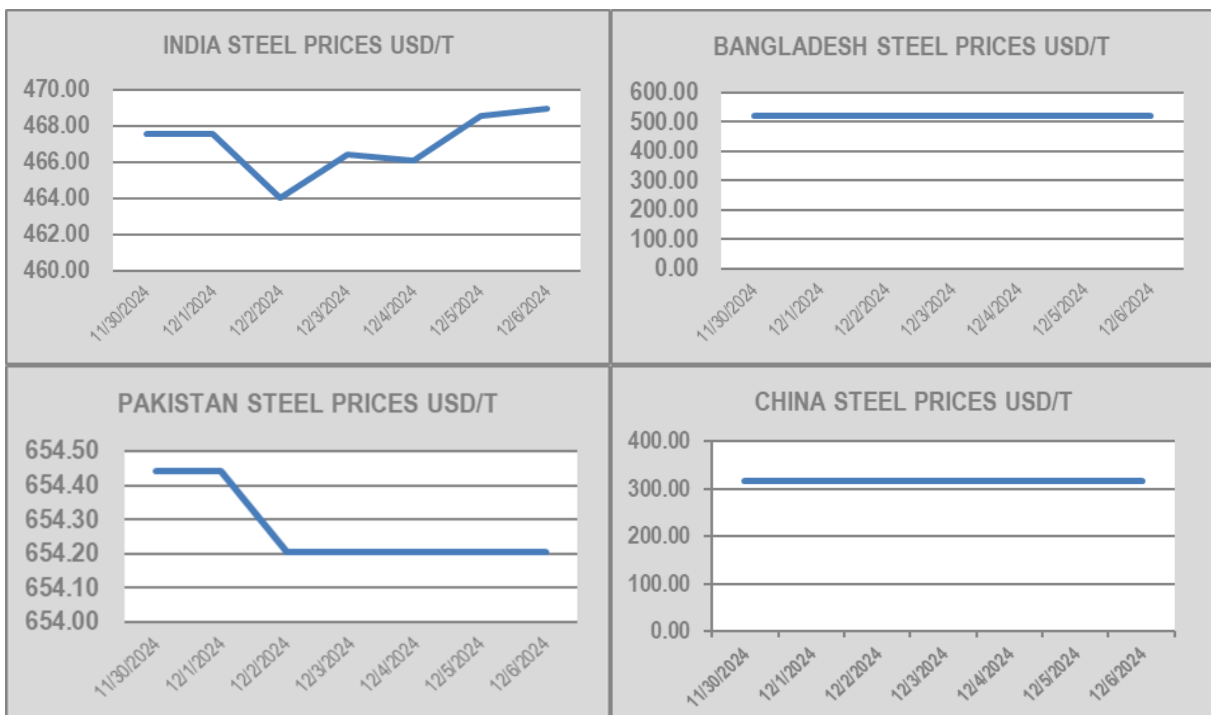
No.	VESSEL NAME	LDT	TYPE	STATUS
1	Fatma Sari	8,008	Bulk Carrier	Arrived November 25
2	<i>Jule</i>	9,726	<i>Bulk Carrier</i>	<i>Delivered December 01</i>
3	<i>Pro</i>	7,226	<i>Bulk Carrier</i>	<i>Delivered December 01</i>
Total Tonnage		24,960		

GADANI - Port Position as of December 06, 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
11/30/2024	467.57	39,500.00	654.44	182,000.00	521.01	62,000.00	316.38
12/1/2024	467.57	39,500.00	654.44	182,000.00	521.01	62,000.00	316.38
12/2/2024	464.05	39,300.00	654.21	182,000.00	521.01	62,000.00	316.38
12/3/2024	466.41	39,500.00	654.21	182,000.00	521.01	62,000.00	316.38
12/4/2024	466.13	39,500.00	654.21	182,000.00	521.01	62,000.00	316.38
12/5/2024	468.55	39,700.00	654.21	182,000.00	521.01	62,000.00	316.38
12/6/2024	468.93	39,700.00	654.21	182,000.00	521.01	62,000.00	316.38



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