



December 23, 2011
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Week 51

Highlights:

- Currency woes continue
- A bridge too far?
- Sub cont markets reeling
- China provides Xmas cheer!

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**"Circumstances are beyond human control,
but our conduct is in our power."**

- Benjamin Disraeli

MARKET COMMENTARY

CHRISTMAS CHEER...?!

Currency woes in the Indian market continued to beset the industry, as this week, the Bangladeshi buyers got wind of recent developments and started to peg their levels accordingly i.e. well below the USD 500s/LT LDT.

For an industry that, for the most part, has been on an upward trajectory since the lows of late 2008/early 2009, it may be that levels of USD 500/LT LDT and up, represented a stretch too far for most end buyers as they struggled to make any money on their deals concluded (let alone breakeven).

Those owners that managed to cash in at USD 500/LT LDT and above might consider themselves extremely lucky, for it looks as though the more moderate 400s are the comfortable reality for most. These are still historically strong numbers (ship recycling is probably one of the only industries to have nearly doubled since the collapse a few years ago), just not the lucrative payday many may have been hoping for, from the highs experienced during the year.

So, as WC India and their price-trailing neighbors Pakistan, struggled on, Bangladeshi buyers were not able to make any sense of the Court Order, with most unwilling to bid on vessels until after the Jan 12th hearing and the official go ahead to import units once again.

China, for the second week in a row was the big hitter in an otherwise gloomy end to the year for the industry. Local buyers in both North and South continued to pick up their share of units at increasingly strong (and competitive with the sub continent) numbers, in a fitting end to another monumental year for the recycling industry there.

For week 51 of 2011, GMS demo rankings for the week are as below:

Demo Ranking	Country	Market Sentiment	GEN CARGO Prices	TANKER Prices
1	Pakistan	Cautious	USD 455/lt ldt	USD 485/lt ldt
2	India	Weak	USD 450/lt ldt	USD 480/lt ldt
3	China	Weak	USD 425/lt ldt	USD 445/lt ldt
4	Bangladesh	Weak	N/A	N/A

**GMS would like to wish readers a Happy Christmas and a prosperous New Year ahead!
Here's to looking forward to another record busting year for the ship recycling industry!
Roll on 2012!**

BANGLADESH

WIDE OF THE MARK!

*Proposals prove
insufficient*

As several tentative end buyers put forward numbers for the purchase of various vessels at anchorage this week, there was a distinct disappointment at their proposals, considering a sector that has been starved of tonnage for more than a couple of months now – especially considering the fact that the local steel place price improving has been gradually as well.

It is understandable that Bangladeshi buyers may be looking to peg their levels to the Indian market – but Chittagong buyers have not suffered the same currency crisis, as their Indian counterparts and the gloomy outlook on numbers seem unreasonable at this moment in time.

Taxing times ahead..?

True, end buyers may be faced with a hefty 5% (approx USD 25/LT LDT) import tax on incoming vessels – but this has yet to be ratified or confirmed by the Government / High Court, who have still to approve and sign the extension that would allow vessels to beach once again.

With that in mind, it was a bold stride from one cash buyer to step forward and take the Bergesen controlled VLCC, BW STADT (41,079 LDT), in a move clearly separated from reality. The vessel was committed at USD 480/LT LDT basis 'as is' Labuan with about 700 Tons IFO ROB. Committing units (this could only feasibly be a Chittagong candidate) into a closed market, at levels wide of the mark, even on a delivered basis, has definitely caught many off guard this week.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
BW STADT	VLCC	41,079	USD 480/LT LDT ('as is' Labuan with 700 T IFO ROB)

INDIA

SECTOR SUFFERING!

With the Indian rupee once again stuck in the mire against the US dollar once again for the week – the Indian Government finally stepped in, in an effort to arrest the slide temporarily and bring a touch of stability to the country (and the ship recycling sector).

The focus on the buying side seemed to switch more firmly to Pakistan – where at least end buyers were offering and asking questions on vessels, as opposed to India, where interest appeared to be rapidly waning.

All of this despite the fact that MOL last week sold two more of their double hulled VLCCs (ORION TRADER – 1998 Blt, 42,137 LDT and OHMINESAN, 1996 Blt, 38,949 LDT) for guaranteed green recycling in WC India for a price of USD 470/LT LDT. This follows the sale of the first double hull VLCC (also MOL controlled) to be scrapped several weeks ago, the ATLANTIC LIBERTY, to the same green yard in Alang.

The one market sale to register for the week concerned the Freedom type bulker MYRA (4,357 LDT) fetching an abnormally high USD 465/LT LDT from one plucky cash buyer. Two of the sister vessels – FLORA S and MICHALIS K have also been scrapped this year in a move that appears to signal the end for this particular stable of unit.

On the other hand, 25,018 LDT Caper M/V GOOD LUCK appeared to have hit troubled waters when the vessel arrived the local market on the low end and has reportedly sailed away – the only evident sign of a possible attempt at a renegotiation that failed to reach an agreement between the two parties.

Help at hand?

VLS confirmed

Freedoms fold

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
MYRA	Bulker	4,357	USD 465/LT LDT

PAKISTAN

BEACHING & BUYING!

Demand for a few large ones

Despite the number of units that have recently made their way to Gadani shores and beached, there was still demand from one or two of the larger buyers to get their hands on a cape, suezmax or aframax tanker.

The levels on show reflected what the Indian and Bangladeshi open buyers have been saying in recent weeks – mid 400s on dry and high 400s/LT LDT on wet – but the fact that enquiries are emerging from Pakistan is the most encouraging aspect.

Capable stand-in

In what must be a record year for local Gadani buyers, Pakistan has proved on a number of occasions to be a more than capable stand-in for the oft volatile and at times exhausted Indian market.

NO MARKET SALES REPORTED

CHINA

SURGING ON!

China continued their relentless march onwards this week as they once more closed the gap on Indian sub continent prices – a number of private vessels were concluded at levels of USD 430/LT LDT and up – dry vessels either with full spares or some fuel adding to the strong prices on show.

Prices progress further

With the year-end fast approaching and Chinese New Year on the horizon in late January, there are some doubts as to how long this momentum can be maintained with buyers rapidly quelling their appetite and filling their open yards / berths.

For so long in shadow of their Indian sub continent counterparts, the coming year could be a big one for Chinese buyers, with more yards expected to come online and steel prices expected to stay strong. If prices continue their march onwards in the coming weeks we may see China – for only the second time this year – sit atop the demo rankings.

NO MARKET SALES REPORTED

ANIMAL BASED TRIVIA!

- *A polar bears' fur is not white, it's clear.*
- *Over the average lifespan of 11 years, a dog will cost you \$13,350.00.*
- *Big Ben was slowed five minutes one day when a passing group of starlings decided to take a rest on the minute hand of the clock.*
- *New Zealand kiwis lay the largest eggs with respect to their body size of any bird.*
- *The "wild" horses of western North America are actually feral, not wild.*
- *The top knot that quails have is called a hmuh.*
- *There is a type of parrot in New Zealand that likes to eat the rubber strips that line car windows.*
- *Polar bear's skin is actually black. Their hair is hollow and acts like fiberoptics, directing sunlight to warm their skin.*
- *Polar bears camouflage themselves more completely during a hunt by covering their black noses with their paws.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
December 06 - Muharram December 25 – Christmas Day December 31 – Reserve bank of India closed.	Dec 08 – Dec 17 Dec 21 – Dec 30

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
December 06 – Muharram December 16 – Bijoy Dibosh (Victory Day) December 25 – Christmas	Dec 13 – Dec 16 Dec 26 – Dec 29

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 December 23, 2011

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Amderma	10,816	RoRo	Arrived Dec 21
2	<i>Areti I</i>	6,060	<i>General Cargo</i>	<i>Beached Dec 18</i>
3	Atlantic Liberty	41,027	Tanker	Arrived Dec 18
4	Ekram M	6,546	Bulk Carrier	Arrived Dec 17
5	Good Luck	25,018	Bulker	Sailed Away
6	Harita Ferror	12,216	Bulk Carrier	Arrived Dec 21
7	<i>Hereford Express</i>	2,536	<i>Livestock Carrier</i>	<i>Beached Dec 23</i>
8	<i>Jin Yuan Men</i>	7,187	<i>General Cargo</i>	<i>Beached Dec 23</i>
9	Kalithi Sea	7,940	Bulker	Arrived Dec 11
10	<i>King Pioneer</i>	9,655	<i>General Cargo</i>	<i>Beached Dec 16</i>
11	Lady Chiara	7,790	Oil Tanker	Arrived Dec 21
12	<i>Liquid Crystal</i>	2,810	<i>Tanker</i>	<i>Beached Dec 20</i>
13	Mig Concord	6,925	Bulk Carrier	Arrived Dec 22
14	Minotaur	8,791	Tanker	Arrived Dec 22
15	MSC Damla	17,028	Container	Arrived Dec 19
16	Noble Success	2,868	Bulk Carrier	Arrived Dec 17
17	Red Sea Spirit	7,871	Cement Carrier	Arrived Dec 21
18	Ruhunupura	3,140	General Cargo	Arrived Nov 19
19	S. Venus	8,912	Bulk Carrier	Arrived Dec 17
20	Success Power	11,369	Bulker	Arrived Dec 13
21	Sun Bridge	3,891	Tanker	Arrived Dec 17
22	Tern	7,340	MPP	Arrived Dec 22
23	White Sea	16,436	Tanker	Arrived Dec 22
24	World Bridge	3,892	Tanker	Arrived Dec 17
Total Tonnage		238,064		

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CHITTAGONG - Port Position as of December 23, 2011

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Dibena Express	2,389	General Cargo	Arrived Oct 21
Total Tonnage		2,389		

GADANI - Port Position as of December 23, 2011

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Flores Sea	16,603	Tanker	Beached Dec 21
2	Front Beta	23,192	Tanker	Beached Dec 22
3	Green Line	5,500	Bulk Carrier	Beached Dec 18
4	Pyramis	1,702	Bulk Carrier	Arrived Dec 20
5	Venus	14,307	Tanker	Beached Dec 20
Total Tonnage		61,304		

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