



January 06, 2012  
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Week 1

## Highlights:

- Interesting developments.
- Perfect timing.
- Sentiment set to pick up...?
- China checking out.

Cash Buyer to be  
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"We all live under the same sky, but we don't all have the same horizon."

- Konrad Adenauer

## MARKET COMMENTARY

### POISED PRECARIOUSLY...

The first week of 2012 bought some interesting developments for the global ship-recycling scene as a number of cash buyers started offering once again basis Bangladesh delivery, despite the court hearing for the opening coming next on January 12<sup>th</sup>.

Indeed several deals were concluded by a handful of buyers seemingly certain of a market reopening. These may be considered risky moves given the often-precious state of the market there. With China starting to cool down and India still in a state of paralysis with the ongoing currency crisis, it would perhaps be perfect timing if the Chittagong market were to return to the fold once again.

The news on levels though emanating from local buyers is not overly encouraging – mid 400s on dry and high 400s/LT LDT on wet – generally echoing the sentiments from both, West Coast India and Pakistan at the moment.

In reality, given that yards have been deprived of tonnage for the past three months at least, prices will be expected to push on once news of an official reopening is made. Whether that occurs on or after January 12<sup>th</sup> is still a matter of debate as even the simplest of procedures often take weeks in the making in Bangladesh.

As Chinese New Year approaches, the recent buying spree in China looks to have reached its conclusion with many yards now full and demand exhausted. If Bangladesh is to come back once the holidays are over, it will be interesting to see how the Chinese market reacts to having their geographically closest rival as competition once again..

For week 1 of 2012, GMS demo rankings for the week are as below:

Demo Ranking	Country	Market Sentiment	GEN CARGO Prices	TANKER Prices
1	Pakistan	Cautious	USD 455/ltr ldt	USD 485/ltr ldt
2	India	Weak	USD 450/ltr ldt	USD 480/ltr ldt
3	China	Weak	USD 420/ltr ldt	USD 440/ltr ldt
4	Bangladesh	Weak	N/A	N/A

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## BANGLADESH

### RED TAPE REIGNS BUT BACK AGAIN..?!

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#### *Brave buyers bid again*

Several brave (and perhaps foolhardy) cash buyers upped the ante this week by initiating offering on a delivered Bangladesh basis. Confident that the green light to import vessels once again would be given on 12<sup>th</sup> January, several units were concluded at levels above both WC India and Pakistan.

Some of those units had been discharging in Bangladesh making delivery there logical for owners. However, for cash buyers to plough their confidence into a market that has proved so unreliable in 2011, is still somewhat astonishing and baffling.

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#### *Several deals done*

We have seen defeat snatched from jaws of victory far too often in Bangladesh to hold any confidence in a definite return to action later this month. Whilst many expect the doors to open once again, the reality is far from ever that simple, especially in Chittagong, where bureaucracy and red tape reign.

Those buyers of the Chinese owned panamax bulker HU JIANG (11,101 LDT) and handysize bulker XIN HUA (7,382 LDT) will be keeping their fingers crossed in anticipation of the desired result next week. Similarly the KANG HUA (9,167 LDT) achieved an exceedingly firm USD 493/LT LDT with full spares and 500 T bunkers ROB at time of delivery, as Chinese owners sought to cash in early and face the market risks.

### MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
HU JIANG	Bulker	11,101	USD 462/LT LDT
KANG HUA	Bulker	9,167	USD 493/LT LDT (incl 500 T IFO)
XIN HUA	Bulker	7,382	USD 457/LT LDT

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## INDIA

### NEW YEAR – NO CHEER!

The New Year return to form that many had been banking on was not exactly the reality on the shores of West Coast India. Indeed a fair degree of nerves still exists in the market this week as the rupee continued to fluctuate wildly against the dollar – giving few people any comfort of stabilizing any time soon.

As such, it has become increasingly difficult to solicit any form of offers from end buyers who remain adamant that a settled currency is central to any aggressive offering. The numbers have therefore understandably remained low and cash buyers have chosen to focus their energies on both Pakistan and China, along with the soon to be back again, Bangladeshi market.

As a result, there were no market sales to report for the week and the general feeling is that it may stay that way for some time until a greater degree of confidence and stability can be restored locally.

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*Little comforts*

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*Offers – not  
forthcoming*

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*Confidence needed*

NO MARKET SALES REPORTED

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## PAKISTAN

### PICKING UP & PAYING OUT..?!

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#### *Signs of return to form?*

There were a few signs that interest and levels were picking up this week in Pakistan as some previously unobtainable levels began to emanate once again from a few select end buyers.

It is clear that there are still one or two local buyers, who need to fill their yards with available units and may have been maintaining a low profile of late, hoping to take advantage of the continuing Indian currency crisis by picking up one or two cheaper vessels.

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#### *Cheap deals – thing of past*

With Bangladesh expected to return to the fray, it may be that prices do not remain so low for long – which may be why a few more enquiries than usual have surfaced.

One smaller deal for the week concerned that of the ASEAN SEA 01 from Vietnamese owners (who widely circulated the unit trying to squeeze out the most they could from the market) at a firm USD 464/LT LDT taking into account the unit in question.

### MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
ASEAN SEA 01	Bulker	6,375	USD 464/LT LDT

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## CHINA

### APPETITE SATISFIED!

After the strong buying of previous weeks, Chinese levels cooled off a touch with capacity and overall demand drying up somewhat.

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*Cool down complete*

With most end buyers fulfilling their desire to stock their yards before the onset of Chinese New Year on the 23<sup>rd</sup> January, it has been a busy and fruitful few weeks in the Chinese market.

Indeed, prices have pushed on to something resembling Indian sub continent levels – and with Bangladesh still officially closed, that is something that saw a number of high profile units (many direct from Chinese owners) tucked away.

It is perhaps inevitable then that prices and demand would suffer something of a comedown as the New Year approaches – for very prompt vessels there may be some appetite but all eyes will now be on how the market opens up post holidays, particularly if Bangladesh is back to the table as a rival bidder.

One deal of note saw the Spanish built ex obo SKY TREASURE (16,930 LDT) concluded to buyers in the South of China for a very firm USD 429.50/LT LDT.

### MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
SKY TREASURE	Bulker	16,930	USD 429.5/LT LDT

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## RANDOM FACTS!

- *The first sharks lived more than 400 million years ago—200 million years before the first dinosaurs. They have changed very little over the eons.*
- *Unlike other animals, wolves have a variety of distinctive facial expressions they use to communicate and maintain pack unity.*
- *Newfoundland was the first part of Canada to be explored by Europeans. Ironically, it was the last area to become a province, in 1949.*
- *Manitou Lake on Manitoulin Island in Lake Huron is the world's largest lake within a lake (41.1 square miles).*
- *Japan's massive 2011 earthquake shifted the earth's mass toward the center, causing the planet to spin faster and shortening the day by 1.6 microseconds. The 2004 Sumatra quake shorted the day by 6.8 microseconds.*
- *Annual flu viruses (not including flu pandemics) infect up to 20% of Americans, put 200,000 in the hospital with flu-related complications, and kill about 36,000 people.*

## IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
January 01 – New Year Day January 26 – Republic Day	Jan 08 – Jan 15 Jan 20 – Jan 27

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
No more holidays in January	Jan 11 – Jan 14 Jan 25 – Jan 27

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### ALANG - Port Position as January 06, 2012

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Euro Ex Europe	18,628	Container	Arrived Dec 26
2	Govind (Dead Vessel)	8,065	Bulker	Arrived Jan 04
3	Izumo Bay	5,506	Reefer	Arrived Jan 06
4	Kesah F	3,500	General Cargo	Arrived Dec 31
5	Kota Abadi	7,817	Container	Arrived Dec 29
6	Myra	4,393	General Cargo	Beached Jan 06
7	Red Sea Spirit	7,871	Cement Carrier	Arrived Dec 21
8	Rion	39,025	Tanker	Arrived Jan 02
9	Seabulk AM	11,917	Chemical Tanker	Arrived Jan 05
10	Texas	7,628	General Cargo	Arrived Jan 05
11	Thuleland	9,686	General Cargo	Arrived Jan 05
<b>Total Tonnage</b>		<b>124,036</b>		

### CHITTAGONG - Port Position as of January 06, 2012

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

### GADANI - Port Position as of January 06, 2012

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Evi	22,492	Tanker	Beached Jan 05
<b>Total Tonnage</b>		<b>22,492</b>		

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