



Friday, 11 January 2013

SHIP RECYCLING REPORT WEEK 2

Rewind!

This time last year markets sitting perky, aggressive buyers and high prices. What happened next was expected by many but predicted precisely by few. We all saw low 330 levels in June/July.

Yet again the demo world finds itself in midst of a pseudo boom. Prices, especially for containers are crossing the USD 450 mark easily on delivered basis. Bulk carriers are trading aggressively in Chittagong, which seems to be back overcoming all the financial troubles. China has begun the year with the most aggressive purchases ever recorded in its history.

But let's not get ahead of ourselves, what goes up must come down! All delivery locations despite different financial and economical demographics, have one thing in common; "SPACE". India is running on full, there is a limit to the number of ships a breaker can beach one behind the other. Pakistan is Full, picking and choosing tonnage of choice. By the end of the month, Bangladesh too will be reaching capacity. Oversupply is still very much evident and will remain a big factor for the entire year. Local steel prices have not moved much and the INR-dollar exchange has not improved. There are no real factors in the market to sustain such high prices.

Only real factor is competition, its battle royal out there! Many new cash buyers have to the field and at times only priority being securing tonnage, no matter the price or promise of performance.

Many of the marquee sales over the last week have failed, some owners are waiting for deposit for more than 10 days. Some already in re-negotiation.

This is the nature of business, it is a natural filtration process. Where the strong with grounded core values of delivery and performance will survive.

It is time to be happy to see well priced exits for dead floating assets, but a time to also be very cautious of who you are joining your hands with.

MARKET INDICATION

INDIA

BULKERS - 410 USD / L.T

CONTAINERS - 440 USD / L.T

TANKERS - 430 USD / L.T (CLEAN)

BANGLADESH

BULKERS - 410 USD / L.T

CONTAINERS - 440 USD / L.T

TANKERS - 430 USD / L.T

PAKISTAN

BULKERS - 405 USD / L.T

CONTAINERS - N/A* USD / L.T

TANKERS - 430 USD / L.T

CHINA

BULKERS - 380 USD / L.T

CONTAINERS - 390 USD / L.T

TANKERS - 400 USD / L.T

** Container vessels are usually not accommodated at Pakistan due to draft issues*

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