

December 13, 2013  
Volume 136, Issue 598  
Week 50



**"Contentment is not the fulfillment of what you want,  
but the realization of how much you already have."**

- Unknown

## Highlights:

- Strikes urge speculation.
- Currencies settle.
- Canning containers.
- Chinese subsidies.
- Significant development.

## MARKET COMMENTARY

### STRIKING BACK!

Interestingly this week, strikes in both India and Bangladesh saw cash buyer (and end buyer) speculation re-enter the market once again. The political unrest in Bangladesh and the truckers strike in India have led certain parties to start gambling on an increase in commodity prices, something that usually seems to occur in times of crisis.

Currencies in both Pakistan and India also began to settle (though daily variations continue to leave end buyer nerves frayed to an extent) and appeared to present an overall rosier picture in the Indian sub-continent recycling markets this week.

A glut of heavy LDT container vessels was also concluded into India this week as this particular sector displayed few signs of satisfying owners on the hire rates. The winter period however, has brought with it, an improvement in rates for many other types of vessels – something that may see supply slow going into the New Year.

The Chinese government announced this week, the much-anticipated subsidies due to owners of Chinese flagged ships who have scrapped locally this year. The generous premiums will see mostly the largest state run benefactors obtain prices well above what they may have even seen, had they scrapped their vessels in the sub-continent.

This is a significant development and may explain why Chinese yards have been so subdued for the last few quarters of this year. Local yards have seen a steady and decent supply of vessels from the likes of Cosco and China Shipping, which has led to a reduced appetite / overall capacity. There is also a general lack of interest to compete on some of the costlier international tonnage, particularly when cash buyers often look at buying 'as is where is' for a final voyage across to the sub-continent.

For week 50 of 2013, GMS demo rankings for the week are as below:

Demo Ranking	Country	Market Sentiment	GEN CARGO Prices	TANKER Prices
1	India	Bullish	USD 410/ltd	USD 440/ltd
2	Bangladesh	Bullish	USD 405/ltd	USD 435/ltd
3	Pakistan	Bullish	USD 400/ltd	USD 430/ltd
4	China	Weak	USD 330/ltd	USD 340/ltd

Cash Buyer to be  
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**For the fourth year running, GMS, is proud to announce that President & CEO, Dr Anil Sharma has been nominated as one of the Top 100 most influential people in shipping, in the inaugural Lloyds List Rankings for 2013, finishing 45<sup>th</sup> in this year's poll.**

## BANGLADESH

### TAKING CHANCES!

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*Political situation grips country.*

The political situation worsened in Bangladesh this week, with the much-publicized hanging of the Islamic opposition party leader. A number of people have already died in the fierce clashes between both sides that has seen the country ground to a virtual standstill amidst continued strikes and blockades.

Indeed, so turbulent is the domestic situation, that the scheduled elections of January 5<sup>th</sup> have been called into question and may even have to be postponed as a result.

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*Commodity prices set to increase?*

Notwithstanding, certain end buyers seem determined to take advantage and remained of the belief that as long as things remain volatile in the country, the price of commodities such as steel can only be set to improve. For the right units therefore (larger LDT containers, bulkers and tankers), buyers are emerging at ever more bullish numbers as demand and capacity remains good.

NO MARKET SALES REPORTED

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## INDIA

## COUNTING THE CONTAINERS!

A bumper week on the sales front saw the Indian market bag four high profile and high LDT containers at some impressive numbers. Much of this appeared to be on the back of cash buyer speculation, as the truckers strike that had beset the market at the end of last week persisted for most of this week as well, leaving any reading of steel prices redundant.

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*Bumper week of sales.*

The currency has begun to settle again in and around Rs. 61 to the USD (with some even speculating it could go down into the 50s) as local fundamentals showed signs of improving. A brief spike on the steel prices was also seen at the end of the week as the truckers strike came to an end and business resumed as normal in Alang.

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*Fundamentals settle.*

The container vessels in question saw the DATO (17,600 LDT), KADIK (23,857 LDT) and PATAI (19,631 LDT) all sold to one bullish cash buyer for USD 444/LT LDT for a delivery WC India. It is understood that the same cash buyer also purchased the APL SPINEL (21,574 LDT) for an incredible USD 454/LT LDT 'as is' Singapore with 650 T bunkers remaining on board at the time of delivery. Owing to less than impressive (barely breakeven) charter levels, containers certainly appear to be the flavor of the moment.

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*Containers fly off shelves!*

The other sale for the week saw the Nasco controlled tween XIANG FU MEN (8,190 LDT) sold for a decent USD 420/LT LDT (with inward clearance fees for buyers), as owners continued their clearout of older tonnage.

## MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
APL SPINEL	Container	21,574	USD 454/LT LDT ('as is' Singapore with 650 T bunkers ROB)
DATO (EX NEDLLOYD OCEANIA)	Container	17,600	USD 444/LT LDT
KADIK (EX NEDLLOYD HONSHU)	Container	23,857	USD 444/LT LDT
PATAI (EX MAERSK DARTFORD)	Container	19,631	USD 444/LT LDT
XIANG FU MEN	Tween	8,190	USD 420/LT LDT

## PAKISTAN

### NEED TO COMPETE!

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*Missing out.*

Gadani buyers could only look on in astonishment as India and Bangladesh snared their share of market and private vessels from under their noses. Attempts to be competitive on the pricing-front appear to have fallen flat again, with their competitors pushing the price on once more.

The Pakistani currency made some promising signs of a recovery back down to PKR 107 levels to the USD (having previously been trading in and around 109 as of last week), and certainly demand remains healthy (despite several VLCC sales being reported in the past month or so).

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*Selectivity stalls.*

However, with freight rates improving over these winter months and Pakistan buyers showing a tendency not to take containers or other heavy draft vessels, unless Gadani buyers show a willingness to improve and compete on the market tonnage, it may well be a bleak end to 2013.

NO MARKET SALES REPORTED

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## CHINA

### SUBSIDIES STAGNATE MARKET...?

The big news of the week concerned Monday's announcement of the government subsidies due on any Chinese flagged tonnage sold into Chinese recycling yards this year.

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*Government premiums.*

Under the new scheme, State owners with Chinese flagged vessels will be due a premium equivalent to USD 124/GRT on any vessels sold to locally approved yards (from this year) until 2015. A USD 124/GRT discount will also be available should those same owners, who have scrapped, choose to invest in a newbuilding units from a Chinese yard.

This stimulus package has seen some of the major Chinese players scrap vessels well into double digits this year, without even considering the sub-continent option. This has perhaps contributed to the lower overall pricing of Chinese yards, since demand has decreased owing to the number of well-priced vessels available from local owners.

A number of scrap yards have already been approved for the scheme (the deals will be done direct between owners and yard without the involvement of cash buyers or brokers) along with a number of smaller local currency led yards based in the Fujian area.

NO MARKET SALES REPORTED

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## HMMMMMM...

- *At Andrew Jackson's funeral in 1845, his pet parrot had to be removed because it was swearing.*
- *At birth, a panda is smaller than a mouse and weighs about four ounces.*
- *At its center, the sun has a density of over a hundred times that of water, and a temperature of 10-20 million degrees Celsius.*
- *At sea level there are 2,000 pounds of air pressure on each square foot of your body area.*
- *At the distance at which our sun is located from the center of the Milky Way galaxy, Earth and the rest of our solar system are moving at a speed of about 170 miles per second around the center.*
- *At the end of the Beatles' song "A Day in the Life", an ultrasonic whistle, audible only to dogs, was recorded by Paul McCartney for his Shetland sheepdog.*
- *At the end of WWII the Germans had more planes than the start of the war.*
- *At the height of its power (400 BC), the Greek city of Sparta had 500,000 slaves and only 25,000 citizens.*
- *At the time of the U.S. Revolutionary War, Philadelphia was the second largest English-speaking city in the world, surpassed only by London.*

## IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
December 25 - Christmas	Dec 01 – Dec 09 Dec 16 – Dec 31

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
December 25 – Christmas December 31 – Bank Holiday	Dec 02 – Dec 06 Dec 17 – Dec 20

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## ALANG - Port Position as of December 13, 2013

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Balikesir	5,561	Bulk Carrier	Beached December 07
2	Energy 3	3,200	General Cargo	Arrived December 11
3	Esraa	2,555	General Cargo	Arrived December 12
4	Huzur 1	5,287	Bulk Carrier	Beached December 11
5	Ji Yang	4,085	Reefer	Arrived July 23
6	Lady Nada Y Ex. Lady Nada	5,886	Bulk Carrier	Arrived December 11
7	Maranjós	1,773	General Cargo	Arrived November 27
8	Motilal Nehru	17,037	Tanker	Arrived December 13
9	MSC Carla	13,770	Container	Arrived December 12
10	Ocean Gulfirst	3,690	General Cargo	Beached December 08
11	Star Prince	5,526	General Cargo	Beached December 13
12	Union Hellen	7,318	General Cargo	Beached December 11
13	Yuan Teng	5,672	General Cargo	Beached December 07
Total Tonnage		81,360		

## CHITTAGONG - Port Position as of December 13, 2013

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Banglar Robi	6,050	General Cargo	Sold on Auction
2	Eurocargo Europa	13,167	RoRo	Beached December 07
3	Ice	8,017	General Cargo	Arrived December 02
4	Ocean Mate	7,307	Bulk Carrier	Arrived December 08
Total Tonnage		34,541		

## GADANI - Port Position as of December 13, 2013

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Al Amal	6,333	Bulk Carrier	Arrived December 09
2	Champ Ex. Front Champion	41,144	VLCC	Arrived December 12
3	Hiba Alnour B	6,267	Bulk Carrier	Beached December 10
4	Noor 1 Ex. Princess Oula	1,428	General Cargo	Beached December 10
5	Sanorita Ex. Shinyo Navigator	42,449	VLCC	Arrived December 12
Total Tonnage		97,621		

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