



February 03, 2012
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Week 05

Highlights:

- Numbers game
- Sub cont markets compete
- Variety of units available
- China lethargy
- Demo rankings

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"I know that you believe you understand what you think I said, but I'm not sure you realize that what you heard is not what I meant."

- Robert McCloskey

MARKET COMMENTARY

TURNING UP THE VOLUME!

The sheer volume of tonnage in the market pushed cash buyers to the limit this week with a number of vessels concluded and yet more proposed.

The good news though is that all sub continent markets are back to the bidding at reasonably healthy numbers once again. Bangladesh too is clearly back in the scene, having a number of vessels presently idling at anchorage and several more beached last week.

Finally, Chinese buyers were there to provide competition post-New Year holidays, although not at levels of the previous few months, to the surprise of many. But with many yards already filled following their pre-New Year binge on units, China's lethargy was anticipated this week.

Traditionally considered a busy time of the year – with budgets on the horizon – this year has proved no different as vessels of all types and sizes (both dry and wet) remain available for purchase amidst dreadful chartering rates. If the current activity persists, there is some doubt as to whether levels will hold up – logical supply and demand fundamentals suggest they might not.

Nevertheless, there are sure to be plenty more highs and lows for the year – and with all markets now back competing for tonnage, that can only be a good thing.

For week 05 of 2012, GMS demo rankings for the week are as below:

Demo Ranking	Country	Market Sentiment	GEN CARGO Prices	TANKER Prices
1	India	Bullish	USD 485/lt ldt	USD 505/lt ldt
2	Pakistan	Bullish	USD 475/lt ldt	USD 500/lt ldt
3	Bangladesh	Weak	USD 470/lt ldt	USD 495/lt ldt
4	China	Cautious	USD 425/lt ldt	USD 445/lt ldt

BANGLADESH

TIME (OUT OF MIND)...

Signs of life returning

Signs of life from the Bangladeshi market were on display this week as end buyers returned to the bidding tables and existing cash buyer tonnage arrived local anchorage awaiting beaching.

Whilst still a fraction behind what India and Pakistan are there to pay, the gap in prices had started to narrow as the week ended. Accelerating the narrowing gap was the fact that Indian buyers themselves had started to reverse their prices (albeit it gradually), owing to the number of vessels that had started flooding into the market.

Handies concluded

Several handies, the CEBU STAR (9,759 LDT) and KS TRADER (8,109 LDT), were concluded to Chittagong buyers – where both vessels were conveniently completing discharge therefore making both prompt candidates for beaching early tide of February.

Yet to be resolved is the 5% import tax issue and local finance, both of which remain a problem for a Bangladeshi recycling market that remains desperately short of US Dollars. Incoming owners will have to realize that it will take some time for import formalities to be completed and funds to be released, in a market that is still finding its feet after the recent opening.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
CEBU STAR	Bulker	9,759	USD 491/LT LDT
KS TRADER	Bulker	8,109	USD 475/LT LDT

INDIA

SURGE STARTLES / SURPLUS STACKS UP!

The pre-budget surge in India showed few signs of slowing with another busy week of purchases recorded. Some fiercer competition from both Bangladesh and Pakistan meant local buyers did not have it all, their way. Yet FOUR market vessels found their way to Indian end buyers.

4 market sales to report

Of all of those, perhaps it was the full spares bulker MARIA K (7,684 LDT) that raised the most eyebrows – taking home an astonishing USD 545/LT LDT owing to the min 450 T bunkers upon arrival Alang.

UASC too continued their clear out of older tonnage by selling their THIRD unit in as many weeks at the strongest price yet. The AL MANAKH (12,888 LDT) achieved a very firm USD 519/LT LDT 'as is' Khor Fakkan with sufficient fuel for the voyage over as the Indian love affair for containers continues.

Container love affair continues

However, all isn't golden for the local recycling scene.

Whilst key fundamentals (including the currency) stayed in good shape, local steel plate price increases did not mirror the rapidly escalating positions being taken on some of the units by Cash Buyers. Bidding has essentially jumped USD 10/LT LDT AHEAD of the market in the hope of price rises for pre-budget purchases, which seems like a chase for fool's Gold.

Buying ahead of market - gambling

As increasingly higher prices were being demanded from Cash Buyers for tonnage on offer, local recyclers started getting cold feet. Moreover, as the glut of available tonnage made its presence known, Alang recyclers started holding back on firming up.

Consequently, signs of retreat did emerge towards the end of the week. With so many high-priced deals concluded with owners, yet unsold into the local markets, the coming weeks may prove tricky for owners and cash buyers alike.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
AL MANAKH	Container	12,888	USD 519/LT ('as is' Khor Fakkan with sufficient bunkers ROB)
HUA JIN HU	Bulker	10,866	USD 485/LT LDT
MARIA K	Bulker	7,684	USD 545/LT LDT (with 450 T bunkers ROB)
NOVA FRIESIA	Reefer	3,525	USD 490/LT LDT

PAKISTAN

(ALMOST) LEVEL PEGGING...

Back to buy

Pakistani buyers were there to acquire units at levels approaching – or similar to – numbers from their neighboring India. Indeed the slight midweek retreat seen in India even put Gadani on par with their neighbors for a while.

Steel prices remain strong and there are no such concerns with the currency as there have been in both India and Bangladesh, so the immediate outlook for Gadani does appear promising.

Capacity concerns..?

If India continues to stuff away tonnage the way it has been over the recent weeks, then Pakistan's presence will be much needed, to absorb some of the excess tonnage, of which, there appears to be no shortage of for the time being.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
DONNA	Bulker	7,600	PNC

CHINA

SOFT(ER) OPENING!

With festivities at an end, all eyes were on the Chinese market to see if they could replicate the form showed pre-New Year. Unfortunately, the market opened up some USD 15/LT LDT softer as many yards, in both North and South, remain stuffed from the December – January binge on units.

Demand evaporating

To that end, momentum shifted back the way of the Indian sub-continent in terms of buying, where levels remain about USD 60-70/LT LDT ahead at least. Even Bangladesh, where prices have been somewhat soft of late, got back into the action with several high profile purchases.

The one deal concluded for the week concerned that of the MOL controlled smaller bulker TIWAI MARU (4,989 LDT) – sold for a firm USD 440/LT LDT for green recycling (the premium due for the better than average condition that MOL is known for usually keeping their units).

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
TIWAI MARU	Bulker	4,989	USD 440/LT LDT



RANDOM FACTS!

- *Diet Coke was only invented in 1982.*
- *Every year about 98% of the atoms in your body are replaced.*
- *The king of hearts is the only king without a moustache.*
- *The word "lethologica" describes the state of not being able to remember the word you want.*
- *It would take 11 Empire State Buildings, stacked one on top of the other, to measure the Gulf of Mexico at its deepest point.*
- *Rhode Island is the smallest state with the longest name. The official name, used on all state documents, is "Rhode Island and Providence Plantations."*
- *When you die your hair still grows for a couple of months.*
- *World Tourist day is observed on September 27.*
- *There are more than 1,700 references to gems and precious stones in the King James translation of the Bible.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
February 20 – Maha Shivratri	Feb 06 – Feb 14 Feb 19 – Feb 25

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
February 21 – Shahid Dibash	Feb 09 – Feb 12 Feb 22 – Feb 25

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ALANG - Port Position as February 03, 2012

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Agios Nectarios I	5,734	Bulker	Arrived Feb 02
2	Castillo De Soutomaior	13,377	Bulker	Arrived Feb 02
3	Cora	19,969	RoRo	Arrived Jan 30
4	Gemini	9,346	Chemical Tanker	Arrived Jan 25
5	Ihsa A	12,861	Container	Arrived Feb 02
6	Ikarous	1,802	General Cargo	Arrived Jan 25
7	Kapitan Telov	4,530	Fishing Vessel	Arrived Feb 01
8	Minesa	38,949	Tanker	Arrived Jan 30
9	Monte Stello	5,868	RoRo	Arrived Feb 02
10	Nama	4,735	General Cargo	Arrived Jan 28
11	Panamax Dawn	12,367	Bulker	Arrived Feb 03
12	Patchwardee 8	1,790	LPG	Arrived Feb 03
13	Safeer Express	12,478	Bulker	Arrived Feb 03
14	Siam Star	6,332	Bulker	Arrived Feb 02
Total Tonnage		150,138		

CHITTAGONG - Port Position as of February 03, 2012

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Australia	27,230	Bulker	Arrived Jan 27
2	Golden Huayi	11,590	Bulker	Arrived Jan 09
3	Hoangson South	5,781	Bulker	Arrived Jan 11
4	Kang Hua	9,239	Bulker	Arrived Jan 18
5	Orchid	9,122	Tanker	Arrived Jan 26
6	Sarim	8,251	Bulker	Arrived Sep 27
7	Shen ex Shen Non II	24,745	Tanker	Arrived Jan 31
Total Tonnage		95,958		

GADANI - Port Position as of February 03, 2012

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Asean Sea 01	6,375	Bulker	Arrived Jan 09
2	Satsuyo Star	24,077	Bulker	Arrived Feb 01
Total Tonnage		30,452		

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