

February 14, 2014  
Volume 138, Issue 607  
Week 07



**"To hell with circumstances; I create opportunities."**

- Bruce Lee

## Highlights:

- 20 + containers in the market.
- Whole fleets to be decimated.
- Fundamentals good, but oversupply seen.
- Capable buyers dwindling.
- Buyers for mid range units there.

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## MARKET COMMENTARY

### CONTAINER CRAZY!

Over TWENTY panamax sized container vessels (with more likely in the pipeline) look set to potentially kill the overly bullish sentiment that has endured in the Indian sub-continent markets during, what has been, a frenetic start to the year in this particular sector.

Furthermore, whole fleets look set to be decimated as owners seek to replace these units with more economically viable, fuel-efficient vessels that appear to be the wave of the future.

However, despite the capacity remaining good and fundamentals positive in the two markets capable of absorbing the supply of panamax-sized containers i.e. India and Bangladesh, questions are now being raised about their capability to take in so many vessels at once.

A drip-fed supply of vessels would certainly be preferred to the tsunami that is currently enveloping (and some would say killing) the market. Several cash buyers that hold the inventory will now be competing amongst themselves to ensure that none of the vessels are sold cheaply, thereby devaluing their own particular purchases.

With a number of similar sized vessels already beached in both India and Bangladesh this year, many of the very buyers with LC limits and plot capacity (to take more units) are swiftly running out. Much of the January heat is therefore disappearing from the market,, leaving a potential black hole for those cash buyers caught with an array of overpriced and oversized containers.

Of the buyers who do remain (in both India and Bangladesh), most only have space and LC credit limits for vessels of 6,000 - 12,000 LDT and no more. Hence, some surprising and overzealous offerings were recently seen on such vessels.

For week 7 of 2014, GMS demo rankings for the week are as below:

Demo Ranking	Country	Market Sentiment	GEN CARGO Prices	TANKER Prices
1	India	Bullish	USD 430/ltd	USD 455/ltd
2	Bangladesh	Cautious	USD 420/ltd	USD 450/ltd
3	Pakistan	Bullish	USD 420/ltd	USD 450/ltd
4	China	Bullish	USD 340/ltd	USD 350/ltd
5	Turkey	Cautious	USD 310/ltd	USD 325/ltd

## BANGLADESH

### FIRST TO BLINK!

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*Steel price falls.*

The Chittagong market endured a tough week, with end buyers unable to match cash buyer demands on prices, amidst an alarming cooling of local steel plate prices by as much as USD 10/LT LDT.

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*Worrying sign for Cash  
Buyers and Ship  
Owners.*

As another busy tide of deliveries and beachings is ongoing (many from deals concluded at the end of last year), a majority of end buyers now seem content to bide their time, offering at comfortable levels, until an improvement in local fundamentals is seen and yards start to empty once again.

It appears that the Bangladeshi market has been the first to blink during this bullish start to 2014 and prices and demand have cooled off accordingly – a worrying sign for those cash buyers and owners chasing yesterday's levels.

NO MARKET SALES REPORTED

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## INDIA

## OVERSUPPLY SURPRISE!

The slew of container vessels now in the market has already begun to put a downward pressure on prices in India. With Bangladesh steel prices having decreased significantly during the week (by as much as USD 10/LT LDT), the onus will clearly shift to Indian buyers to pick up the slack and import the majority of those vessels already sold to cash buyers.

The position that both, owners and (increasingly concerned) cash buyers with high-priced unsold inventory, do not want to be in, is where they are chasing down the market as demand (and subsequently prices) cool off.

Even though the strong performance of the Indian Rupee (trading in and around a comfortable Rs. 61 - 62 to the U.S. Dollar) and a steel price that is fluctuating daily (by about Rs. 100 – 200), the fundamentals for a decent resale currently remain in place.

What is of major concern to those close to the Indian market is an oversupply of similar (many are sister ships) panamax sized container vessels and a dwindling availability of open buyers with adequate LC facilities, plot space, and a demand to buy.

Of the vessels concluded for the week, the eye catcher, for an astonishing USD 495/LT LDT (less commissions), was the Danaos controlled MARATHONAS (23,326 LDT) of superior Danish build, an excess 70 Tons bronze propeller, and approximately 250 T bunkers upon arrival. It is understood one specific yard had a demand for exactly this type of unit, hence, the extremely aggressive price on show.

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*Container surge.*

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*Fundamentals – steady.*

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*Danish container bags big price.*

## MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
DON MAX	MPP	3,746	USD 471/LT LDT
MARATHONAS	Container	23,326	USD 495/LT LDT

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## PAKISTAN

### CLOSING THE GAP!

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*Prices / demand improves.*

Levels in Pakistan finally started to improve off the back of a growing demand and a rise in local steel plate prices, equivalent to almost USD 10/LT LDT.

Gadani buyers have mostly been absent from the buying as Bangladeshi and Indian prices surged ahead at the start of the year. However, with many yards almost empty and even favored tankers gas free for man entry being cleaned for hot works and sold to their competitors, the hunger returned this week to the buying and indications from the local market firmed accordingly.

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*Limited opportunities.*

Buyers in Pakistan are still limiting themselves by refusing to take in container units. Bangladeshi buyers, until the last few years, had similarly been reluctant to import containers, but having relented, large sized, modern units are now priced at the same levels as tankers in Chittagong.

With plenty of panamax-sized containers in the market, it was no surprise therefore to see Pakistan absent from the buying action for another week.

NO MARKET SALES REPORTED

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## CHINA

## MIND THE GAP!

With the gap approaching USD 150/LT LDT to sub-continent markets, there was little for Chinese buyers to do on the larger, competitive market tonnage (even for those units positioned in the Far East).

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*Disparity evident.*

As yards are fed with a steady supply of state controlled, Chinese flagged tonnage (eligible for the government incentives announced late last year), yards are still receiving their share of vessels at decent prices (mostly from the likes of Cosco and China Shipping).

One general cargo vessel from Taiwanese owners was confirmed sold this week as the MING JIE (2,027 LDT) fetched USD 300/LT LDT to a yard in the Shanghai area.

## MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
MING JIE	Gen Cargo	2,027	USD 300/LT LDT

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## TURKEY

### PEDAL OFF THE METAL!

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*Local pundits anticipate further decline.*

As expected, this week the Turkish market experienced a further slide in local prices by about USD 5/LT LDT. Despite yard availability at around 50 – 60% and a relatively low supply of vessels, the weak export activity along with poor demand from local steel mills is exerting a strong downward pressure on prices.

As such, local pundits continue to anticipate a further weakening of prices in the coming weeks.

Meanwhile, the currency slightly improved over the course of the week from TRY 2.22 to TRY 2.18 against the U.S. Dollar.

NO MARKET SALES REPORTED

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## HMMMMMM...

- *The Lion King is the highest-grossing hand drawn film in history.*
- *Most hotels have a huge bin of phone chargers. A good thing to know if you ever lose yours.*
- *Piñatas are associated with Mexico, but they were invented in China.*
- *"Orgasnom" is the term used to describe the chills you get after eating something extremely delicious.*
- *Mel Blanc, the voice of the characters in the Looney Tunes, has a tombstone that says, "That's all folks!"*
- *Having excessive body hair is actually linked to having higher intellect.*
- *Women tend to eat more when there are no men around and they consume more when in larger groups of females.*
- *The feeling of hate is more neurologically similar to the feeling of love than it is to the feeling of fear, disgust or anger.*
- *A hacker group named UGNazi once completely disabled the Papa John's website because their pizza was 2 hours late.*

## IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
February 27 – Maha Shivratri	Feb 14 – Feb 18 Feb 27 – Mar 06
March 10 – Mahashivratri	
March 27 – Holi	Mar 16 – Mar 22
March 29 – Good Friday	Mar 28 – Apr 04

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
February 21 – Shahid Dibash (Martyr's Day)	Feb 15 – Feb 18
Marh 17 – Bangabandhu Birthday	Mar 01 – Mar 04
March 26 – Independence Day	Mar 16 – Mar 21 Mar 30 – Apr 03

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## ALANG - Port Position as February 14, 2014

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Bramco 6T	1,001	Tug	Beached February 14
2	Endeavor	10,299	Tanker	Arrived February 5
3	Filippa C	6,663	Container	Arrived February 11
4	Hussa Alghanim	7,198	Bulk Carrier	Arrived February 12
5	Ji Yang	4,085	Reefer	Arrived July 23
6	Safina V	3,660	General Cargo	Beached February 14
Total Tonnage		32,906		

## CHITTAGONG - Port Position as of February 14, 2014

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Alcon	14,157	Tanker	Arrived December 28
2	Asrar-A-Mostafa	2,205	General Cargo	Arrived January 4
3	DD Vigor	8,139	Bulk Carrier	Arrived February 12
4	Infinite Prosperity	13,617	Bulk Carrier	Arrived February 11
5	Kai Star	6,141	Bulk Carrier	Arrived February 10
6	Leuc	19,631	Container	Arrived January 30
7	Rayna	9,187	Bulk Carrier	Arrived February 1
8	Sunny Voyager	18,643	Bulk Carrier	Arrived February 8
Total Tonnage		91,719		

## GADANI - Port Position as of February 14, 2014

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Afnan	1,351	Tanker	Beached February 10
2	Rts Sindbad Bitic	695	Training Ship	Beached February 9
Total Tonnage		2,046		

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