

February 28, 2014
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Week 09



"People are like bicycles. They can keep their balance only as long as they keep moving."

- Albert Einstein

Highlights:

- Overpriced sales?
- Sentiments vary.
- Fundamentals impress.
- Bangladesh – out.
- China and Turkey off.

MARKET COMMENTARY

DEMAND FAILS TO FIT SUPPLY!

Another interesting week of fierce competition and seemingly overpriced sales beset the industry this week as certain cash buyers find themselves in a situation whereby they need to prop up the market (i.e. not allow any vessels to go at lower prices) in order to justify their previously high priced purchases.

Fundamentals remain varied across all three Indian sub-continent markets, and not enough of the right type of vessels are out there currently (7-12,000 LDT vessels for India and Bangladesh and larger LDT tankers / VLCCs for Pakistan) to satisfy that demand.

Furthermore, an oversupply of panamax containers continues to wreak havoc on the Indian market and several cash buyers look to have overpaid on a whole tranche of units with Bangladesh off the pace and Indian buyers so far unwilling to match prices due to the estimated 15-20 similar vessels on offer (and perhaps only 8-10 buyers able to take them).

Currencies across all three markets remain settled in addition to local steel plate prices that remained positive - meaning that sentiment is largely optimistic and pricing for the right type of vessels is available.

It may take one more cycle to get Bangladeshi buyers interested once again since they have imported a huge number of vessels (capesize bulkers, VLCCs, larger containers and panamax – handysize bulkers) during the first two months of this year. So many of the able buyers have already filled their plots.

Finally, China and Turkey remain mostly absent from the activity – apart from for (Chinese) government vessels positioned in the area and for those owners requiring a deep green shade of recycling.

For week 9 of 2014, GMS demo rankings for the week are as below:

Demo Ranking	Country	Market Sentiment	GEN CARGO Prices	TANKER Prices
1	India	Cautious	USD 430/lt ldt	USD 460/lt ldt
2	Pakistan	Bullish	USD 425/lt ldt	USD 455/lt ldt
3	Bangladesh	Weak	USD 420/lt ldt	USD 450/lt ldt
4	China	Weak	USD 310/lt ldt	USD 330/lt ldt
5	Turkey	Cautious	USD 310/lt ldt	USD 325/lt ldt

Cash Buyer to be
ISO 9001:2008
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BANGLADESH

DEMAND DAMPENS!

Interested observer.

The Bangladeshi market has remained largely an interested observer for much of this week as favored larger containers and capesize bulkers bypassed the market to proceed towards Indian and Pakistani shores, due to the lower overall levels on show in Chittagong.

Many vessels already beached.

Lagging by as much as USD 10-15/LT LDT from their competitors, Bangladeshi buyers are unlikely to get their hands on much of the market tonnage for the moment.

A number of vessels have already delivered to end buyers during the first two months of the year and it is the number of these deliveries that has dampened demand and pushed prices lower going into March.

NO MARKET SALES REPORTED

INDIA

BOWING TO PRECEDENT!

The oversupply of vessels in the Indian market showed no signs of slowing this week as other owners decided to try and cash in on the exuberant levels on show.

Oversupply remains.

To this end, two sales in particular caught the headlines with the EURO CARGO AFRICA (13,221 LDT) and the handysize bulker MISTRAL (7,231 LDT) achieving extraordinary levels of USD 493/LT LDT and USD 470/LT LDT respectively. The full spares on board both vessels contributing in part to the price on this occasion, in addition to the ongoing speculative push on levels.

Meanwhile, the currency remains stable, trading in and around Rs. 61 - 62 against the U.S. Dollar for much of the week and the steel prices remain good to firm, gaining minimal ground (but more importantly, not falling) for much of the week.

Fundamentals settled.

The major worry for end buyers and cash buyers alike is the surplus of panamax sized container vessels in the market currently, many of which remain unsold and are arriving shortly. Those cash buyers who chose to take a position on these units will surely be set to lose money unless they are prepared to take over these vessels 'as is' and hold for an improvement on levels.

Picking and choosing.

For the part of the end buyers, they are prepared to pick and choose which units they want and it will be the cash buyer that bows to those levels that may set a new precedent in the market.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
EURO CARGO AFRICA	Roro	13,221	USD 493/LT LDT
MISTRAL	Bulker	7,231	USD 470/LT LDT

PAKISTAN

BIG BUYERS BITE BACK!

*Market of the tonnage
for larger vessels.*

Pakistan became perhaps the market of the moment for all large tonnages (other than containers) as local demand finally began to translate to prices.

Along with the Polembros controlled NAXOS WARRIOR sold several weeks ago for USD 460/LT LDT for delivery Gadani, the Ore Carrier WINNING PRIDE (23,293 LDT) was sold for USD 440/LT LDT 'as is' Singapore with about 200 T bunkers.

Two capes sold.

Several of the big buyers remain keen to import tonnage again and there is demand for VLCCs, larger tankers, and capesize bulkers. With Bangladesh so far unwilling to compete on larger tonnage at the moment, this may be the ideal time for Pakistan buyers to acquire desired units.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
WINNING PRIDE	Bulker	23,293	USD 440/LT LDT ('as is' Singapore with 200 T bunkers)

CHINA

FAILING TO FIRE!

As levels failed to show any signs of picking up in China, several owners (non-state and therefore not eligible for the government subsidies) started to consider making the voyage over to Indian sub-continent range to scrap their older vessels.

Levels not improving.

The price difference between both markets remains at a prohibitive USD 150/LT LDT – something that will see Chinese owners struggle to compete on the majority of vessels.

Nevertheless, demo yards will continue to receive well priced tonnage from state owners keen to capitalize on the subsidies that will see them profit by RMB 750/GRT on demo vessels and RMB 750/GRT on the corresponding new-building.

NO MARKET SALES REPORTED

TURKEY

DREARY...

*Post-election
improvement expected.*

Another week of limited recycling activity went by with hardly any new vessel offerings or local arrivals being reported.

Local steel plate prices too remained relatively stable with the Turkish Lira slightly lower week-in week-out against the US Dollar. On Monday, the TRY opened at 2.18 and closed on Friday at 2.21 against the USD.

The domestic political situation continues to negatively affect local demand in addition to export volumes to neighboring countries. It seems all eyes are now focused on what will happen during the elections at the end of the month, which is expected in turn, to have a significant impact on local sentiments.

NO MARKET SALES REPORTED

SOME OF THESE...

- *Why do angelfish feel safe inside the mouths of hammerhead sharks? They share a symbiotic relationship as natural toothpicks, picking out parasites from between the shark's teeth.*
- *At age 35, Harrison Ford was fitting a door for Francis Ford Coppola when a studio executive asked the handyman to take a break and read lines with actresses who were testing for a new film. The film was Star Wars.*
- *William Shatner (Captain Kirk from Star Trek) could never spread his fingers for the Vulcan greeting unless the studio crew taped or tied fishing line around his fingers.*
- *Cleopatra had a special lipstick made for her, consisting of crushed ants and deep red carmine beetles.*
- *Dolph Lundgren, who played Ivan Drago in Rocky IV, has a master's degree in chemical engineering. He's also Swedish.*
- *Beethoven, Schubert, Dvorak, and Mahler all died before completing a tenth symphony.*
- *The University of Minnesota is older than the state of Minnesota.*
- *David Bowie's left eye was damaged after a fight as a child. It is permanently dilated.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
March 10 – Mahashivratri March 27 – Holi March 29 – Good Friday	Mar 16 – Mar 22 Mar 28 – Apr 04

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
Marh 17 – Bangabandhu Birthday March 26 – Independence Day	Mar 01 –Mar 04 Mar 16 – Mar 21 Mar 30 – Apr 03

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ALANG - Port Position as February 27, 2014

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Don Max	3,746	General Cargo	Arrived February 25
2	Esguifinsa	4,565	General Cargo	Arrived February 15
3	Faith	7,135	General Cargo	Arrived February 22
4	Ji Yang	4,085	Reefer	Arrived July 23
5	Marathonas	23,740	Container	Arrived February 26
6	Noble Star	8,380	General Cargo	Arrived February 25
7	Oranus	3,278	General Cargo	Arrived February 24
8	Rising Phoenix	7,475	Bulk Carrier	Beached February 26
Total Tonnage		62,404		

CHITTAGONG - Port Position as of February 27, 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	Chan (Dead Vessel)	3,816	General Cargo	Beached February 25
4	Joseph (Dead Vessel)	6,604	Roro	Arrived February 26
5	Kapitan Lyashenko	5,428	Container	Arrived February 17
6	Mimar Sinan	6,627	Bulk Carrier	Arrived February 22
7	PP 6	1,009	Gas Carrier	Beached February 26
8	Raini (Dead Vessel)	19,850	Tanker	Arrived February 27
Total Tonnage		59,696		

GADANI - Port Position as of February 27, 2014

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Fair Spirit	15,672	Tanker	Beached February 27
Total Tonnage		15,672		

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