

January 17, 2014
Volume 137, Issue 603
Week 03



**"Anyone can count the seeds in an apple,
but no one can count the apples in a seed."**

- Unknown

Highlights:

- Superlative start to year.
- Fundamentals firm.
- Market rankings.
- Optimism sensed.
- Due forewarning.

MARKET COMMENTARY

LIFT OFF!

A superlative start to the year in the sub-continent markets continued this week with the strongest surge on numbers seen for some time. Steel prices in both Bangladesh and India pushed on once again to see USD 20/LT LDT added to the price since last week.

Currencies also remained stable across all recycling markets as appetite for new units began to come to the fore very prominently this week. A predicted slowdown in the number of vessels may well be felt as the year goes on, but candidates continue to come and go in what has traditionally been a busy January over the recent years.

India remains top billing, just ahead of Bangladesh, with Pakistan lagging some way behind on price and seemingly unable to compete at the moment. However, both Pakistan and China remain keen to acquire, but there is little that can be done, to halt the rampant momentum of the Indian and Bangladeshi markets.

There is certainly a strong element of speculation to the offering at present however, as cash buyers sense the market optimism and choose to bid ahead of local fundamentals in order to book units.

The volatility seen over the best part of the last two years should serve as a warning for anyone looking to get too carried away. There was no predicting the ferocity of the Indian currency crash in the 3rd quarter of 2013 that saw almost 20% of end buyer inventories wiped out, or the steel price slump during the same period in Bangladesh. All indicators do point towards positive at present, but should a reversal in fortunes or fundamentals occur, they can easily do so at a great pace and without warning, leaving those overly bullish and speculative purchases hanging in the fray.

However, this is a time to appreciate and make use of the generous market conditions while they last, and for those ship-owners thinking of disposing of vessels nearing the end of charter or with surveys due, now may very well be the time to try and take advantage.

For week 3 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 425/lr ldt	USD 450/lr ldt
2	Bangladesh	Bullish	USD 420/lr ldt	USD 450/lr ldt
3	Pakistan	Bullish	USD 410/lr ldt	USD 440/lr ldt
4	China	Bullish	USD 340/lr ldt	USD 350/lr ldt

Cash Buyer to be
ISO 9001:2008
Certified



BANGLADESH

GAINING GROUND!

Encouraging signs.

With some encouraging gains on the steel prices (at least USD 12/LT LDT) this week, the Bangladeshi buyers found themselves keen to compete with a bullish Indian sub continent market – especially on units coming from the East.

Some improving demand and numbers therefore emanated from the shorefront as the political situation thankfully and mercifully appears to have settled down in the country post-elections.

Under tow bulker sold.

A dearth of favored large capsizes bulkers and VLCCs / suezmax tankers has seen end buyers adapt – displaying an ability to offer on all types of smaller sized units and containers (something that Pakistani buyers have been unable to do).

The one market sale for the week concerned the undertow bulker FORTUNE CLOUD (7,423 LDT), sold 'as is where is' for a firm USD 415/LT LDT with 200 T bunkers ROB. The vessel had been involved in a collision locally and had suffered some damages including ingress of water into some of the cargo holds.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
FORTUNE CLOUD	Bulker	7,423	USD 415/LT LDT ('as is' Chittagong under tow with 200 T bunkers ROB)

INDIA

SPECTACULAR WEEK OF SURGING STEEL!

A week of (solid) steel price gains and currency stability underpinned some sensational (and perhaps speculative) offerings from cash buyers into India.

20 bucks up.

Prices offered surged upwards by USD 20/LT LDT with all market fundamentals positive as cash buyers competed heavily on the dwindling number of vessels available for sale.

If these heady numbers persist, it may even encourage owners of vessels due for surveys, or nearing the end of charters, to book a decent rate and sell. However, if there are lessons to be learnt from the past two years of instability and volatility in the Indian market, a comparative downturn in fortunes is never that far away.

Gen cargo / containers types sold.

Of the vessels committed this week, the smaller general cargo / container types LTI INTEGRITY (4,387 LDT) and FILIPPA C (6,648 LDT) fetched an impressive USD 460/LT LDT less comms and 445/LT LDT NETT of comms - respectively. The smaller size / beam ensuring a huge array of Alang buyers would have been interested to acquire the units in question.

Russian RoRo sold.

Additionally, the Russian built RoRo VINNI (10,692 LDT), with excess 2,800 T solid concrete permanent ballast, likewise fetched an enormous USD 470/LT LDT for green recycling. The decent size, type, and favored Russian build (meaning plenty of non-ferrous likely to be on board) are responsible for the excellent price on show.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
FILIPPA C	Gen Cargo / Container	6,648	USD 445/LT LDT
LTI INTEGRITY	Gen Cargo / Container	4,387	USD 460/LT LDT
VINNI	Roro	10,692	USD 470/LT LDT

PAKISTAN

STARVED OF TONNAGE!

Interested bystanders!

Pakistan buyers were simply interested bystanders as both the Bangladesh and Indian markets surged on further ahead by as much as USD 20/LT LDT this week. Indeed, it was even difficult for Gadani buyers to compete on tankers (gas free for man entry only) with the premium due for hot works tank cleaning into India or Bangladesh surely now a consideration for ship-owners with potential units.

It may only be a matter of time therefore before Pakistan buyers improve their numbers just to be able to compete on available tonnage into the sub-continent.

Lack of favored tonnage.

The currency remains stable as do steel prices, whilst a proliferation of (undesired) container units continue to hit the market – something that may see Pakistani end buyers starved of tonnage, at least for the immediate future.

NO MARKET SALES REPORTED

CHINA

STATE SUPPLY STRONG!

With Chinese New year holidays just around the corner (commencing 30th January and finishing 7th February), it was no surprise to see levels in China improve as end buyers looked to stock their yards.

However, with Indian sub-continent levels pushing on remarkably this week, Chinese buyers were deprived of any opportunities to pick up international tonnage.

What will be of some consolation is the fact the state owners with Chinese flagged tonnage will continue their aggressive scrapping policy this year, off the back of the government subsidies announced late last year – something that will see most demo yards receive incentivized vessels and at prices below market.

Unable to compete.

NO MARKET SALES REPORTED

HMMMMMM...

- 98% of all paper money in the United States contains traces of cocaine.
- Men have nipples because everyone is a female until the Y chromosome kicks in.
- The African Cicada Fly spends 17 years sleeping then wakes up for 2 weeks, mates and dies.
- The eldest children in the family tend to develop higher IQs than their siblings.
- It takes about 91% less energy to recycle a plastic bag than a paper one.
- The total combined weight of the world's ant population is heavier than the weight of the human population.
- Oreo cookies have been proven to be as addictive as cocaine.
- Pumpkin seeds can help your Anxiety!
- Pearls melt in Vinegar.
- We are most creative at night and least creative in the afternoon.
- Drives kill more deer in America than hunters do.
- You share your birthday with at least 9 million others in the worlds.
- When a person dies, the first sense lost is sight and the last sense is hearing.

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
January 26 – Republic Day	Jan 28 – Feb 05
February 27 – Maha Shivratri	Feb 14 – Feb 18 Feb 27 – Mar 06

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
No holidays in January	Jan 31 – Feb 03
February 21 – Shahid Dibash (Martyr's Day)	Feb 15 – Feb 18

Prices indicated above are as reported in the market and are not necessarily accurate. This information is provided without prejudice and is given in good faith and without any guarantees whatsoever. While every care has been taken in the preparation of this report, no liability can be accepted for any loss incurred in any way whatsoever by any person relying on the information contained herein. Opinions expressed herein may be deemed subjective and arbitrary. This WEEKLY is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of this information by persons or entities other than the intended recipient is prohibited.

ALANG - Port Position as January 17, 2014

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Berge Phoenix	39,261	Bulk Carrier	Beached January 16
2	Fujisan Maru	5,336	Bulk Carrier	Beached January 16
3	Gato Ex. Nedlloyd Oceania	20,432	Container	Arrived January 16
4	Gulf Oasis 2 (Dead Vessel)	2,548	Tanker	Beached January 16
5	Ji Yang	4,085	Reefer	Arrived July 23
6	Kadik Ex. Nedlloyd Honshu	23,853	Container	Arrived January 15
7	Ken Ex. APL Kennedy	22,400	Container	Beached January 17
8	Patai Ex. Maersk Dartford	19,631	Container	Arrived January 16
Total Tonnage		137,547		

CHITTAGONG - Port Position as of January 17, 2014

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Alcon	14,157	Tanker	Arrived December 28
2	Batang Anai	3,228	General Cargo	Arrived January 15
3	Best Ex. YM West	19,426	Container	Beached January 17
4	Brave	7,352	Bulk Carrier	Beached January 17
5	Cape M	25,222	Bulk Carrier	Arrived January 06
6	GMT Venus	9,455	Vehicle Carrier	Arrived January 15
7	North	23,039	Tanker	Arrived January 11
8	Rio Gold (Dead Vessel)	8,792	Bulk Carrier	Arrived January 16
9	Selatan Mulia	3,915	Container	Arrived January 17
10	V Kerkis	29,756	Bulk Carrier	Arrived January 14
Total Tonnage		144,342		

GADANI - Port Position as of January 17, 2014

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Konooz Alkhalig	10,561	Tanker	Arrived January 14
2	Rode Ex. Rodeio	9,261	Tanker	Beached January 14
3	Trader	6,042	Tanker	Arrived January 11
Total Tonnage		25,864		

WHILE EXTREME CARE HAS BEEN TAKEN IN THE PREPARATION OF THIS REPORT, NO LIABILITY CAN BE ACCEPTED FOR ANY LOSS INCURRED IN ANY WAY WHATSOEVER BY ANY PERSON RELYING ON THE INFORMATION CONTAINED HEREIN.