

January 31, 2014
Volume 137, Issue 605
Week 05



"We come to love not by finding a perfect person, but by learning to see an imperfect person perfectly."

- Anonymous

Highlights:

- Gaining ground.
- Volatility strikes.
- Patience rewarded.
- Capacity good.
- Demand outstrips supply.

MARKET COMMENTARY

BOUNCING BACK!

Another curious week of gains set the market back on the overly bullish path witnessed at the start of this year. In contrast, last week had seen some nerves creep back into India and Bangladesh with steel price reversals and currency concerns. Yet, those losses appear to have been made up for over the course of this week, with sentiments seemingly fluctuating between two extremes.

With scrap steel prices falling by as much as USD 10/LT LDT over the previous week in Bangladesh and the Indian currency depreciating to a little over Rs. 63 to the USD, international recycling prices had corrected accordingly as concerned cash buyers began to survey the damage of another overly exuberant buying spree.

However, those who held their nerve and refused to commit locally have been rewarded with a much improved market this week and a growing desire to acquire units.

The fact remains that there are plenty of open buyers with yard capacity (in the sub-continent) barely half-full. Almost all types of vessel are in demand with a particular preference, perhaps, for mid-sized 7 - 14,000 LDT vessels (due to the lower overall cutting time these are favored in light of the constant volatility being seen in all markets).

As the Indian currency settled back down into the Rs. 61 range against the US Dollar and Bangladesh steel prices spiked back up by around 10 USD/LT LDT, end buyers rushed back to the table seeking to acquire any available cash buyer or international vessels on offer.

The supply of tonnage has yet to satisfy demand (as in January of the previous two record breaking years), but if freight rates continue to slide, this could all change, particularly once Asian markets return from Chinese / Lunar New year holidays.

For week 5 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/lt ldt	USD 460/lt ldt
2	Bangladesh	Bullish	USD 425/lt ldt	USD 455/lt ldt
3	Pakistan	Bullish	USD 415/lt ldt	USD 445/lt ldt
4	China	Bullish	USD 340/lt ldt	USD 350/lt ldt

Cash Buyer to be
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GMS is pleased to announce that it is now reporting from all FIVE major international recycling destinations with the inclusion of a TURKEY section in the weekly!

BANGLADESH

STEEL STRIKES BACK!

Busy beachings.

With 16 vessels at anchorage (13 of which concluded by principals of GMS), it has been a busy tide of deliveries and beachings this week in Bangladesh. This is just as well, with the market bouncing back after the nervy moments experienced last week, with a significant decline in local steel plate prices.

Fundamentals impress.

Steel prices actually gained ground by as much as USD 10/LT LDT – wiping out the previous week’s losses in the process – as anxious buyers returned to the table, eager to get their hands on available tonnage once again.

As the political disquiet pre-election finally begins to calm, many buyers can refocus their attentions on importing vessels once again. Despite the local volatility and the seemingly ample supply of vessels beached already in January, demand and pricing is expected to remain healthy for the foreseeable future.

NO MARKET SALES REPORTED

INDIA

TALKING TAX!

The market of the moment continued to outperform all others (apart from Bangladesh on select units) as the currency clawed back the ground lost last week, to trade again into the respectable Rs. 61 range to the USD (having briefly touched Rs. 63 last week in some worrying developments).

Demand for all types of units is there from end buyers in both Mumbai and Alang and local sentiment is seeing prices push on to some previously unthinkable levels / highs, certainly not seen in the last few years at least.

The chief driver appears to be news on potential tax breaks set to be announced officially on Monday, that has seen prices and sentiment improve and some end buyers even starting to speculate a little out of their comfort zone in order to acquire new vessels.

Despite cash buyers holding onto a number of unsold units (particularly panamax sized containers committed for huge prices in previous weeks), there has not been the great supply of tonnage that many had expected from the market in January.

Whilst freight rates over the winter period – particularly for tankers – have kept most vessels trading, that could change in light of recent reversals on dry in the coming weeks, perhaps after Chinese New Year concludes.

Currency clawing back.

Tax breaks – fuelling improvement?

Supply side set to improve?

NO MARKET SALES REPORTED

PAKISTAN

PLOUGHING A LONELY FURROW!

Unfruitful week.

Another week of largely unfruitful business saw Pakistan buyers finish January almost completely empty handed. Apart from one or two tankers (gas freed for man entry only), it has proved a lonely furrow of late in Gadani.

Indeed, many owners are reconsidering the cost of gas freeing for hot works themselves, owing to the premiums of USD 20/LT LDT and upwards for the right units, in both Bangladesh and India.

Needed to up their game.

As the supply remains relatively unsteady, Pakistan buyers will have to up their game again just to compete, as capacity into all locations remains excellent and availability of juicy tonnage dwindles.

NO MARKET SALES REPORTED

CHINA

HAPPY NEW YEAR!!

The onset of Chinese New Year holidays on Thursday January 30th (with the obligatory huge fireworks display across the country) ushered in the Year of the Horse.

Gong Xi Fa Cai!

China will be off on holidays (with many returning from the big cities and the shipyards to their hometowns to be with their families) for the majority of next week, thus business in the Far East is likely to be at a minimum.

State owners have announced to the stock exchange that a steady stream of Chinese flagged vessels of all types and sizes will be heading to the local recycling yards over the course of the year (eligible for the recently announced government subsidies), so it is set to be a prosperous year of the horse in both and North and South yards alike!

NO MARKET SALES REPORTED

TURKEY

PLOUGHING A LONELY FURROW!

*Open yards and
fluctuating currency set
the tone.*

Overall, the last week of January was a calm week in terms of sales activity and inflow of Vessels, but a rollercoaster ride in terms of currency fluctuation causing some concern for local ship-recyclers. The Turkish Lira hit a new all-time record low of TRY 2.38 against the U.S. Dollar on Monday, strengthened significantly down to TRY 2.16 on Wednesday and closed at TRY 2.26 on Friday.

Steel prices remained relatively stable and with a healthy demand of ships along with open yard capacity (at roughly 40 - 50%), it remains to be seen just how the currency will set the mood in the upcoming week.

NO MARKET SALES REPORTED

HMMMMMM...

- *A tree is the opposite of your lungs. Physically and functionally.*
- *The sun is 400x further from the earth than the moon, but the moon is 400x smaller than the sun.*
- *Goats have rectangular pupils.*
- *If there was no space between any of its atoms, Earth would be the size of a baseball.*
- *Sloths are known to mistakenly grab their arms instead of the branches of a tree, and they fall to their deaths.*
- *Butterflies are cannibals.*
- *A small percentage of static on televisions is actually radioactive resonance from the big bang 13 billion years ago.*
- *It takes a photon, on average, 200,000 years to travel from the core of the Sun to the surface, then just a little over 8 minutes from the Sun's surface to your eyeball*
- *A pencil has the potential to draw a line 38 miles long. There is a species of jellyfish that is immortal (turritopsis nutricula).*
- *A Nintendo had over twice the computing power of the first lunar lander.*
- *Lighters were invented before matches.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
February 27 – Maha Shivratri	Feb 14 – Feb 18 Feb 27 – Mar 06

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
February 21 – Shahid Dibash (Martyr's Day)	Jan 31 – Feb 03 Feb 15 – Feb 18

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ALANG - Port Position as January 31, 2014

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Cora	7,877	Passenger	Beached January 31
2	Ekali	20,447	Container	Beached January 31
3	Grace	7,790	Tanker	Arrived January 31
4	Hemol	23,859	Container	Beached January 30
5	Ji Yang	4,085	Reefer	Arrived July 23
6	Kyam	19,631	Container	Arrived January 31
7	Letfallah V	3,148	General Cargo	Beached January 29
8	Lion	7,903	General Cargo	Beached January 30
9	Master	10,114	Roro	Arrived January 30
10	Pudong	18,945	Container	Arrived January 29
11	Rah Ex. Al Dhafrah	3,856	Roro	Beached January 29
12	S Singapore	6,770	Container	Beached January 29
13	Theresa Bitung (Dead Vessel)	9,287	Tanker	Arrived January 30
14	Trader I	6,643	Roro	Arrived January 27
15	Vibe	13,854	Roro	Arrived January 31
16	Vinni	10,524	Roro	Beached January 31
Total Tonnage		174,733		

GADANI - Port Position as of January 31, 2014

No.	VESSEL NAME	LDT	TYPE	STATUS
No new vessel reported				
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.				

CHITTAGONG - Port Position as of January 31, 2014

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Alcon	14,157	Tanker	Arrived December 28
2	Atlanta Ex. Vinashin Atlantic	20,784	Tanker	Arrived January 16
3	Bangkhonthi	2,388	General Cargo	Arrived January 27
4	Cashel	20,447	Container	Arrived January 28
5	Green Ocean 1	8,299	Bulk Carrier	Arrived January 28
6	Halifax	7,077	Tanker	Beached January 31
7	Kapitan Artyukh	5,358	Container	Arrived January 21
8	Kota Berani	7,177	General Cargo	Beached January 30
9	Li Da	10,232	Bulk Carrier	Arrived January 28
10	Mariner II	5,209	Bulk Carrier	Arrived January 22
11	Mikaeel	8,766	Bulk Carrier	Sold on Auction
12	Ocean	2,826	Tanker	Beached January 30
13	Sunny Sailor	18,465	Bulk Carrier	Arrived January 22
14	Winning Peace	22,936	Bulk Carrier	Arrived January 23
Total Tonnage		154,122		

ALIAGA - Port Position as of January 31, 2014

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Proud	850	Livestock Carrier	Beached January 30
2	Roby Believer	2,760	Container	Arrived January 28
Total Tonnage		3,610		

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