

November 15, 2013
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Week 46



"Why fit in...when you were born to stand out."

- Dr. Seuss

Highlights:

- Market upswing.
- Sales concluded.
- Bangla bullish.
- Indian / Pakistan rupee worries.
- China fails to fire.

MARKET COMMENTARY

BANGLA BOUNCES BACK!

A long overdue yet (somewhat) unexpected spike in Bangladesh ignited the international ship recycling markets this week. Amidst the ongoing political instability and continuous strikes in addition to surging steel prices that saw mill owners decide to stock up on their inventory, subsequently resulted in ship prices and demand jumping dramatically over the course of the week.

A number of interesting sales were concluded (both market and private) to satisfy this renewed Bangladeshi hunger and it will be interesting to see if this streak maintains itself until the end of the year, or is it merely a short lived surge.

On the larger units, both India and Pakistan were simply unable to compete – there was even speculation that of some of the recent VLCC sales (all gas free for man entry only), the hot works cleaning costs would be seriously considered by cash buyers looking to exploit the current surge from Chittagong.

Meanwhile, the Indian market suffered another turbulent week on the currency, just as some sort of stability had started to emerge over the past few months! The rupee spent much of the week trading into the 63s against the U.S. Dollar, having previously settled around Rs. 61 for a good period of time.

The Pakistan Rupee was not faring much better either and fears of the nightmare scenario seen in the third quarter of this year started to resurface, leaving offers on new units virtually nonexistent.

The Chinese market failed to get going as well for another week – several larger LDT units thus escaped their clutches with cash buyer 'as is' prices pocketing owners a tidy premium over local levels in either North / South China.

For week 46 of 2013, GMS demo rankings for the week are as below:

Demo Ranking	Country	Market Sentiment	GEN CARGO Prices	TANKER Prices
1	Bangladesh	Bullish	USD 400/lit ldt	USD 430/lit ldt
2	India	Cautious	USD 395/lit ldt	USD 425/lit ldt
3	Pakistan	Cautious	USD 390/lit ldt	USD 420/lit ldt
4	China	Weak	USD 330/lit ldt	USD 340/lit ldt

Cash Buyer to be
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BANGLADESH

STOCKING UP ON STEEL!

Spiking up.

With ongoing strikes and improving steel plate prices, Bangladesh roared back into the picture this week to reclaim its place as market of the moment. Steel mill owners took the opportunity to stock up, causing demand and prices spike impressively upwards over the course of the week.

On a note of caution however, it seems as though most mill owners have stocked up and that demand may fall from this coming week - so this most recent of spikes may not be something that endures.

Capesize bulker sold.

Notwithstanding, several ship owners chose to take advantage of this and a number of sales were confirmed at increasingly strong numbers. Vista shipping of Ukraine continued their clear-out of older tonnage with the sale of the capesize bulker CAPE M (25,222 LT LDT) for a firm USD 436/LT LDT.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
CAPE M	Bulker	25,222	USD 436/LT LDT

INDIA

VOLATILE WAYS!

As yet, more volatility with the currency wreaked havoc with local sentiment, it was surprising to see several market sales register at prices some way above market.

Rupee worries.

Two Chinese tweens were sold for strong levels, with the YUAN TENG (5,672 LDT) committed for USD 408/LT LDT nett plus inward clearance fees for Buyers. The UNION HELLEN (7,318 LDT) too was sold for (an amazing) USD 426/LT LDT (less standard comms).

Pricing for tweens tends to fall somewhere in between bulkers and containers with the steel wastage usually less due to better, less corrosive cargoes.

Tween premium.

Meanwhile, the Indian Rupee spent much of the week threatening to breach 64 against the U.S. Dollar again, something that left end buyers nervous to commit on new units. Such has been the extreme volatility seen in the currency this year that many recyclers fear another catastrophic depreciation that saw almost 20% of the value of their inventories wiped away earlier this year.

Steel prices also suffered something of a rollercoaster week with some worrying reversals corrected only in the latter part of the week to bring back some hopefully much needed stability into proceedings.

Stability needed.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
UNION HELLEN	Tween	7,318	USD 425/LT LDT
YUAN TENG	Tween	5,672	USD 408/LT LDT

PAKISTAN

ROAD TO NOWHERE!

Lagging behind.

Pakistan lagged behind both Indian and Bangladesh markets for another week, as they struggled to compete on prices with their sub-continent neighbors.

For that reason, they lost out on their share of the market tonnage and there was some doubt as to whether they could even compete with Bangladesh for those VLCCs on the market, once cleaning costs considered for hot works.

Currency frustrates.

Demand remains healthy and buyers are certainly emerging for new units (particularly tankers gas free for man entry), but the currency continues to frustrate and prices are subsequently being held back as a result.

NO MARKET SALES REPORTED

CHINA

SEEKING SUBSIDIES!

China's poor recent run showed few signs of ending this week, with no market sales to report and several larger LDT, high profile vessels sold 'as is' to hungry cash buyers at levels well above the local market.

Incentives to scrap locally.

Increased government incentives to scrap locally are likely to come into play in the New Year and as yards prepare to renew licenses and fill quotas, there may yet be another spike before 2013 finishes.

However, as long as steel prices remain precariously placed, significant gains on the price might not be seen and China could continue to struggle to compete with their Indian sub-continent competitors.

NO MARKET SALES REPORTED

HMMMMMM...

- *Another name for your pinky finger is Wanus.*
- *Antarctica has only one ATM machine.*
- *Antarctica is the only continent without any reptiles or snakes.*
- *Antarctica is visited by over 10,000 tourists a year.*
- *Anteaters prefer termites to ants.*
- *Anthropologists use a standard height of 4 feet 11 inches to determine if a group of people are pygmies. The average adult male must be less than 59 inches in height.*
- *Ants are social insects and live in colonies, which may have as many as 500,000 individuals.*
- *Ants can live completely submerged underwater for up to 2 days.*
- *Ants don't sleep.*
- *Ants make up 1/10 of the total world animal tissue*
- *Any free-moving liquid in outer space will form itself into a sphere, because of its surface tension.*
- *Any month that starts on a Sunday will have a Friday the 13th in it.*
- *Anyone could come to Andrew Jackson's public parties at the White House. At his last one, a wheel of cheese weighing 1,400 lbs. was eaten in two hours. The White House smelled of cheese for weeks.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
No more holidays in November	Nov 16 – Nov 23
December 25 - Christmas	Dec 01 – Dec 09 Dec 16 – Dec 31

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
No more holidays in November	Nov 16 – Nov 19
December 25 – Christmas December 31 – Bank Holiday	Dec 02 – Dec 06 Dec 17 – Dec 20

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ALANG - Port Position as of November 15, 2013

No.	VESSEL NAME	LDT	TYPE	STATUS
1	B Camlica 1	8,337	Bulk Carrier	Arrived October 11
2	Chopin	7,456	General Cargo	Arrived November 14
3	Groton (Dead Vessel)	11,621	Tug Barge	Arrived November 12
4	Ji Yang	4,085	Reefer	Arrived July 23
5	Komodo	12,950	Container	Arrived November 07
6	Mevlana	4,812	Bulk Carrier	Arrived November 12
7	MSC Lana	11,959	Container	Arrived November 15
8	Victoria	2,227	General Cargo	Beached November 10
9	Volos	4,674	Container	Arrived November 11
Total Tonnage		68,121		

CHITTAGONG - Port Position as of November 15, 2013

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Athens Ex. Hanjin Kaohsiung	12,990	Container	Arrived November 12
2	Glorious Rena	10,600	Bulk Carrier	Arrived November 14
3	Golden Tulip	9,879	Bulk Carrier	Arrived November 06
4	Rayna Ex. F Elephant	40,300	Bulk Carrier	Arrived November 13
5	Yavuz N	815	General Cargo	Arrived October 31
Total Tonnage		74,584		

GADANI - Port Position as of November 15, 2013

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Concord I	10,299	Tanker	Arrived November 07
Total Tonnage		10,299		

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