

November 29, 2013  
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Week 48



**"It's better to be an optimist who is sometimes wrong than a pessimist who is always right."**

- Unknown

## Highlights:

- Deals dry up.
- India finally stable.
- Pakistan forced to improve despite Rupee alarms.
- Bangla elections.
- China still on the sidelines.

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## MARKET COMMENTARY

### PREPARING TO PEAK..?!

After a bumper week of (speculative) sales last week around, it was a rather quieter week in terms of new deals, as demand and prices continued to heat up across the sub-continent markets.

India has seen its currency stabilize of late – something that has led to far more end buyers keen to return to the bidding table to acquire tonnage once again. Local steel plate prices remain volatile as ever and cash buyers will have to decide whether to offload their inventory if (they feel) the market has peaked, or hold for a little while longer in the hope of further gains.

Pakistani end buyers began to realize that their prices would have to improve if they were to stand any chance of competing with their Indian and Bangladeshi competitors. Numbers have indeed improved accordingly and several units have been sold locally despite, at least two cash buyer VLCCs remaining unsold at present.

The major concern for the week surrounded the failings of the Pakistan Rupee. For some time the currency had been stranded at a less than impressive 107 to the U.S. Dollar before this week, alarmingly depreciating to PKR 108 and finally PKR 109 to the U.S.D. A certain sense of panic is beginning to take hold in Pakistan and it may be that we see numbers tail off in the coming weeks, unless the local government can intervene, to stabilize the currency (as was the case in India).

Meantime, elections have been announced in Bangladesh for January 5<sup>th</sup> of 2014, as a result of which, a select group of end buyers has been gambling on the fact that the continued political instability, strikes, and blockades, might contribute to a rise in steel prices and are stockpiling their yards accordingly.

Finally, China continued to underwhelm for another week, despite the seemingly constant flow of tonnage from local owners to yards, as part of the government incentive to keep shipbuilding and ship recycling active.

For week 48 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/ltd	USD 430/ltd
2	India	Bullish	USD 400/ltd	USD 425/ltd
3	Pakistan	Cautious	USD 390/ltd	USD 420/ltd
4	China	Weak	USD 330/ltd	USD 340/ltd

## BANGLADESH

### ROLL OF THE DICE!

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*Election announced.*

With strikes, blockades, and political instability gripped the country, a pivotal set of elections to determine the new ruling party and premier of Bangladesh was announced for January 5<sup>th</sup>, 2014.

On the back of which, key end buyers started to speculate ahead of the elections and have begun to stockpile vessels, anticipating continued improvement in local steel plate prices.

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*FSU sold.*

Larger capesize bulkers, panamax sized containers and suezmax tankers / VLCCs have all been the flavor of the month, with certain buyers taking the plunge once again after months of relative inactivity.

The one market sale of the week concerned the Omni Offshore FSU SHANGHAI (10,600 LDT) sold for a decent USD 440/LT LDT – given the fact that she is under tow and arriving during the lower tide winter months (meaning that beaching is likely to be difficult and unsatisfactory), the price achieved was certainly a good one.

### MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
SHANGHAI	FSU	10,600	USD 440/LT LDT (under tow)

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## INDIA

### CURRENCY CONSISTENCY!

Some greater consistency with the currency has seen confidence flow back into the market as end buyers steadily return to the table to offer on new units once again.

Having traded in and around Rs. 62 to the U.S. Dollar for the past month or so (there was a brief blip in October when the INR unexpectedly depreciated back towards Rs. 65 to the U.S. Dollar), the disastrous days of historical lows and almost touching R.s. 70 to the U.S. Dollar seemed long gone.

There remains a healthy demand for all types and sizes of vessels, with local capacity still prominent, to acquire new units. Bangladesh and Pakistan are likely to provide stiff competition, however, with all sub-continent markets ready for a final end of the year push.

Therefore, it was somewhat surprising to see a dearth of sales this week given the improvement in prices. Still, that is sure to change in the weeks ahead as cash buyers look to offload their existing inventories and owners seek to capitalize on a firming market.

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*Confidence flows.*

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*Demand healthy.*

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*Surprising lack of sales.*

NO MARKET SALES REPORTED

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## PAKISTAN

### WAKING UP...?!

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*Sharper numbers on offer.*

With the Pakistan market finally starting to wake up following a rather tepid last month or so, it was no surprise to see several vessels committed to Gadani buyers at some sharper overall numbers.

Several VLCCs remain available gas free for man entry only - but at the time of writing, neither the Navios controlled SHINYO NAVIGATOR (for which owners declared the 'as is' Fujairah option for delivery this week) nor the T.M. HARMONY (sold 'as is' Singapore) have yet been committed to local buyer.

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*Currency concern.*

The relevant cash buyers are no doubt checking their hot works cleaning figures and comparing prices / delivery costs into Bangladesh accordingly.

Meanwhile, the local currency remains a major cause for concern in Pakistan with the PLR trading at a new historical low of Rs. 109 to the U.S. Dollar come the end of the week. It may be that buyers choose to scale back their offers in the coming week as a reaction to this.

NO MARKET SALES REPORTED

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## CHINA

### LEAN TIMES!

China's lean spell continued with no market sales for the week to report and a general lack of aggression / competitiveness to buy locally.

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*Lacking!*

Steel prices have been the chief driver behind this most barren spell as the government has introduced deliberate cooling measures for an economy that they felt had been growing too fast.

The one bright spot for local buyers concerns the state led incentives that saw all Chinese flagged ships offer subsidies (yet to be formally ratified) to scrap their vessels within China. This scheme has seen a significant number of vessels recycled in Chinese facilities – many directly between owner and yard.

NO MARKET SALES REPORTED

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## HMMMMMM...

- *Armored knights raised their visors to identify themselves when they rode past their king. This custom has become the modern military salute.*
- *Around the 16th century, the Yo-Yo was used by Filipinos to stun prey from trees.*
- *Arrowroot, an antidote for poisoned arrows, is used as a thickener in cooking (logically, in the appropriate proportions).*
- *As bananas ripen, the starch in the fruit turns to sugar. Therefore, the riper the banana the sweeter it will taste.*
- *As late as 1820, the universe was thought to be 6,000 years old. It is now thought to be between 15.7 billion years old.*
- *As mentioned, the first Fords used Dodge engines. Many ford vehicles now use Nissan engines, especially in Mini-vans.*
- *Aspirin was the first drug offered as a water-soluble tablet in 1900.*
- *Astronaut John Glenn ate the first meal in space when he ate pureed applesauce squeezed from a tube aboard Friendship 7 in 1962.*
- *Astronaut Neil Armstrong first stepped on the moon with his left foot.*

## IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
<p><b>No more holidays in November</b></p> <p>December 25 - Christmas</p>	<p><b>No more tides in November</b></p> <p>Dec 01 – Dec 09 Dec 16 – Dec 31</p>

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
<p><b>No more holidays in November</b></p> <p>December 25 – Christmas December 31 – Bank Holiday</p>	<p><b>No more tides in November</b></p> <p>Dec 02 – Dec 06 Dec 17 – Dec 20</p>

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### ALANG - Port Position as of November 29, 2013

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Al Naser	3,570	General Cargo	Arrived November 26
2	<b>B Camlica 1</b>	<b>8,337</b>	<b>Bulk Carrier</b>	<b>Arrived October 11</b>
3	Balikesir	5,561	Bulk Carrier	Arrived November 28
4	Baltic Sun	7,277	Reefer	Arrived November 28
5	<i>Groton (Dead Vessel)</i>	11,621	<i>Tug</i>	<i>Beached November 24</i>
6	Huzur 1	5,287	Bulk Carrier	Arrived November 25
7	<b>Ji Yang</b>	<b>4,085</b>	<b>Reefer</b>	<b>Arrived July 23</b>
8	Kalkaal	2,346	General Cargo	Arrived November 24
9	Maranjós	1,773	General Cargo	Arrived November 27
10	Marc Ex. PCE Madeira	7,000	Container	Arrived November 28
11	Ocean Gulfirst	3,690	General Cargo	Arrived November 27
12	Skua	1,289	Tug	Arrived November 28
13	Theresa Atlantic	14,910	Tanker	Arrived November 25
<b>Total Tonnage</b>		<b>76,747</b>		

### CHITTAGONG - Port Position as of November 29, 2013

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Banglar Gourab	4,680	General Cargo	Sold on Auction
2	<i>Banglar Mookah</i>	6,768	<i>General Cargo</i>	<i>Beached November 23</i>
3	Banglar Robi	6,050	General Cargo	Sold on Auction
4	Banglar Urmi	4,395	General Cargo	Sold on Auction
5	<i>Bright Ex. Sea Bright</i>	8,898	<i>Bulk Carrier</i>	<i>Beached November 23</i>
6	Darwin	20,672	Container	Arrived November 25
7	Marina Bay	2,640	General Cargo	Arrived November 28
8	MSC Catania	23,887	Container	Arrived November 23
9	Scipione	4,396	General Cargo	Arrived November 27
10	South Star	8,920	Bulk Carrier	Arrived November 14
11	Tradelink	7,915	Bulk Carrier	Arrived November 18
<b>Total Tonnage</b>		<b>99,220</b>		

### GADANI - Port Position as of November 29, 2013

**No New Vessels Reported**

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