

November 08, 2013
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Week 45



“Holding on to anger is like grasping a hot coal with the intent of throwing it at someone else; you are the one who gets burned.”

- Buddha

Highlights:

- Candidates keep coming!
- Holidays over.
- Demand good.
- Currency concerns.
- Bangla – ready to acquire.

MARKET COMMENTARY

FINAL PUSH!

With plenty of candidates of all types and sizes still in the market, it was surprising to see only one market sale concluded this week – into Bangladesh. Diwali holidays in India have slowed the pace somewhat, but cash buyers have still been alive to possibilities and have taken positions on units where necessary.

It should therefore be a busy last few months to the year, with an uninterrupted run in all the major ship-recycling destinations up until Christmas. Many vessels are also approaching surveys in the New Year and with charter rates (on the whole) largely not justifying the costs to pass, the third quarter of (relative) inactivity may soon be forgotten.

Demand and capacity into all destinations remains strong, but fundamentals continue to fluctuate on a daily basis. With the extreme volatility so far seen, end buyers can easily become nervous from one day to the next and (swiftly) withdraw previous offers.

Currencies in Pakistan and India have been the major cause for concern throughout this year with the Indian Rupee finally making a recovery during October and Pakistan starting to level off a touch. Yet fears persist in both countries of another depreciation of currencies. Coupled with the ever-volatile steel prices, local buyers have had a frayed last few quarters.

Bangladesh steel prices have recovered to such a degree that some impressive levels are once again emerging albeit for the right units and a local buyer is interested to bid. Where they are missing out however, is on their favored VLCCs, which are largely being delivered gas free for man entry only (thus ruling them out with the Chittagong hot works requirements).

Despite Chinese levels remaining subdued, the knowledge that yards will need to be filled to satisfy quotas and renew licenses may see levels make something of a recovery towards the end of this year.

For week 45 of 2013, GMS demo rankings for the week are as below:

Demo Ranking	Country	Market Sentiment	GEN CARGO Prices	TANKER Prices
1	India	Cautious	USD 390/lt ldt	USD 420/lt ldt
2	Bangladesh	Cautious	USD 385/lt ldt	USD 420/lt ldt
3	Pakistan	Cautious	USD 385/lt ldt	USD 420/lt ldt
4	China	Weak	USD 330/lt ldt	USD 340/lt ldt

Cash Buyer to be
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BANGLADESH

BACK IN GEAR!

RoRo / container sold.

With a far more discernible demand and greater aggression to buy in Bangladesh this week, it was no surprise to see the only market deal of the week concluded to Chittagong buyers.

The RoRo / container vessel EUROCARGO EUROPA (12,449 LDT) fetched some price as well, committed for USD 455/LT LDT (less cash buyer commissions). The 2 main engines, 2 bronze working propeller, 1 bronze spare propeller coupled with powerful generators and 2 bow thrusters helped pushed the price up significantly (putting her on par with favoured PCC units).

Strikes cripple.

Bangladesh has once again been gripped by severe strikes this week as the opposition party looks to bring the country to a virtual halt. This has limited activity somewhat on the ground as banks have left work much earlier than usual meaning the opening and releasing of LCs on a timely basis has been strained.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
EUROCARGO EUROPA	RoRo / Container	12,949	USD 455/LT LDT

INDIA

TAKING A PUNT IN THE DARK!

With Diwali holidays underway in India this week, it became very difficult to talk on new units, with most cash buyers speculating on renewed demand and an upswing in local levels upon official reopening next week.

With several vessels still unsold, it will be a nervy time for cash buyers on Monday morning as they await news on steel prices and the currency situation, to ascertain whether various gambles have paid off or not. The past month at least has seen cash buyers speculating to the extreme – with most of these punts backfiring and losing a lot of money for the concerned parties.

It has been very rare indeed for both the currency and the steel prices to perform well in tandem this year, which is why the Indian market has not been operating on full capacity as yet.

There were some concerns with the Rupee this week as well – linked to the US debt ceiling and a second consecutive month of interest rate hikes (with little room for cuts). Lower overall projections for growth paint a gloomy picture for the Rupee, even if local steel plate prices continue to perform relatively well, this should urge some greater caution on local pricing in the coming month or so.

A lack of sales – both to yards and by cash buyers – can largely be attributed to the holidays. It will be interesting to see where the market opens up next week and how sentiment prevails after an altogether encouraging end to October.

Upswing upon opening expected?

Fundamentals conspire.

Greater caution urged

NO MARKET SALES REPORTED

PAKISTAN

BAULKING AT ASKING PRICES!

VLCC beaches.

As the Embiricos VLCC DELOS arrived and beached (undoubtedly for a loss for the concerned cash buyer), Gadani end users started to turn their focus to other VL units in the market.

The T. M. HARMONY remains unsold (gas free for man entry only in Singapore), with the asking price remaining too rich (up until now). Most VLCCs (unless with significant bunkers or spares) today, on the resale front, are seeing USD 420/LT LDT at best.

Dry week for sales.

There are also one or two private units in cash buyer hands, but with cleaning and delivery costs still to consider these may become Bangladesh vessels in time.

Otherwise, Pakistan was unable to capitalize on the Indian holidays this week as another dry week was realized on the sales board. With one or two sales still being discussed, that may however change in the coming weeks.

NO MARKET SALES REPORTED

CHINA

STUBBORN & SUBDUED!

The emergence of Indian sub-continent markets from their holidays has somewhat isolated the Chinese market, with very few deals to report in the last few weeks.

Isolated!

Steel prices remain subdued and for the time being, it appears as if there is no competing with their sub-continent competitors - let alone scrap yards in Vietnam and Indonesia. For larger vessels, cash buyers are choosing to buy 'as is where is' and ballast for the final voyage over to India, Pakistan or Bangladesh.

Certainly capacity and demand are good in both North and South recycling yards – yet international demands and owner / cash buyer expectations are too far from reality at present (unless for fully green recycling into China).

NO MARKET SALES REPORTED

HMMMMMM...

- *Ancient Egyptian priests would pluck every hair from their bodies.*
- *Ancient Egyptians shaved off their eyebrows to mourn the death of their cats.*
- *Andorra, a tiny country on the border between France and Spain, has the longest average lifespan: 83.49 years.*
- *Andrew Jackson spent most of his adult life with a bullet no more than two inches away from his heart because of a duel he fought before becoming President.*
- *Andrew Johnson was the only self-educated tailor. He is the only President to make his own clothes as well as his cabinet's.*
- *Andy Warhol created the Rolling Stone's emblem depicting the big tongue. It first appeared on the cover of the 'Sticky Fingers' album.*
- *Animal gestation periods: the shortest is the American opossum, which bears its young 12 to 13 days after conception; the longest is the Asiatic elephant, taking 608 days, or just over 20 months.*
- *Animals that lay eggs don't have belly buttons.*
- *Annually, approximately 46 million Cokes, five million pounds of French fries, and seven million hamburgers are consumed at Walt Disney World Resort.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
October 02 - Mahatma Gandhi Jayanthi October 13 - Vijaya Dashami October 16 - Bakri Id	Oct 04 – Oct 11 Oct 17 – Oct 23

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
October 14 - Durga Puja (Vijaya Dasami) October 15 –17 - Eid Ul Azha (Korbani Eid)	Oct 04 – Oct 08 Oct 18 – Oct 21

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ALANG - Port Position as of November 08, 2013

No.	VESSEL NAME	LDT	TYPE	STATUS
1	ABM Pioneer	6,862	Bulk Carrier	Beached November 02
2	B Camlica 1	8,337	Bulk Carrier	Arrived October 11
3	Captain Wael	4,694	Bulk Carrier	Beached November 02
4	Chesapeake Belle	7,371	Bulk Carrier	Beached November 09
5	Fatahur Rahman	5,781	Bulk Carrier	Beached November 03
6	Jacksonville	11,620	Tug Barge	Beached November 02
7	Ji Yang	4,085	Reefer	Arrived July 23
8	Khaled H Ex. Amira Nadia	3,457	General Cargo	Beached November 02
9	Komodo	12,950	Container	Arrived November 07
10	Lotus	15,339	Container	Beached November 05
11	Prism Ex. Saudi Tabuk	18,732	RoRo	Beached November 08
12	Victoria	2,227	General Cargo	Arrived November 06
Total Tonnage		101,455		

CHITTAGONG - Port Position as of November 08, 2013

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Golden Tulip	9,879	Bulk Carrier	Arrived November 06
2	Hope Ex. Universal Hope	40,970	Tanker	Beached November 04
3	HW Peace	7,329	Bulk Carrier	Beached November 03
4	Infinite Power	11,018	Bulk Carrier	Beached November 03
5	Kai	18,685	Container	Beached November 05
6	Trans Ocean 2	11,030	Bulk Carrier	Beached November 06
7	Vancouver Ex. Hanjin Vancouver	12,542	Container	Beached November 06
8	Yavuz N	815	General Cargo	Arrived October 31
Total Tonnage		112,268		

GADANI - Port Position as of November 08, 2013

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Concord I	10,299	Tanker	Arrived November 07
2	Delos	42,318	VLCC	Beached November 06
3	Salix	19,718	Tanker	Beached November 07
4	Unity Ex. NASA Unity	33,483	VLCC	Beached November 05
Total Tonnage		105,818		

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