

October 18, 2013
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Week 42



"Life without endeavor is like entering a jewel mine and coming out with empty hands."

- Japanese Proverb

Highlights:

- India impresses.

- Stance softens.

- Rupee offers assurances.

- Eid keeps Banla / Pak quiet.

- China – little to shout about.

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MARKET COMMENTARY

DYNAMIC SHIFTS!

Another strong showing from the Indian market this week coupled with a lack of sales tipped the power balance from Buyers to Sellers as cash buyers began holding out for prices on the ground, seemingly unthinkable only a week or two ago.

As sales continued to rack up at increasingly speculative numbers and as end buyers refused to budge too far from their given levels on market tonnage initially, there had been some concerns over the wisdom of (seemingly) frittering money away just to secure a unit.

However, the stance from end buyers appears to have softened this week, as a lack of available market tonnage (due to improving freight rates) and increasingly steady local fundamentals encouraged those buyers to come forward to secure desired tonnage, paying above market levels just to get a unit on their plots.

The Indian Rupee spent much of the week trading around 61 (and just below) to the US Dollar, in added signs that the third quarter currency woes have finally been overcome. Indeed, end buyers have taken a lot of heart from these recent showings and have finally come back to the table to offer (seemingly aggressively) on new units - having been rather hesitant only a month or so before.

Bangladesh and Pakistan were largely absent from the buying and offering this week (despite one high profile VLCC making its way for a prompt delivery to Gadani shores), and the added initiative that these two markets could bring to the proceedings upon conclusion of Eid holidays could pull some further interesting dynamics into play.

The China market had very little to shout about this week after another poor showing on price. For the most part Buyers are losing ground to sub-continent markets with cash buyers choosing to take reasonably sized units in the Far East 'as is' and bring across themselves.

For week 42 of 2013, GMS demo rankings for the week are as below:

Demo Ranking	Country	Market Sentiment	GEN CARGO Prices	TANKER Prices
1	India	Bullish	USD 400/lit	USD 430/lit
2	Bangladesh	Cautious	USD 390/lit	USD 420/lit
3	Pakistan	Cautious	USD 385/lit	USD 415/lit
4	China	Cautious	USD 340/lit	USD 350/lit

GMS, as sponsor and speaker, looks forward to welcoming participants to the annual Marine Money conference in Seoul, Korea on the 7th November, 2013.

BANGLADESH

EID LULL!

Keeping quiet.

A quiet week in Bangladesh ensued, largely because of Eid holidays, but it was difficult to steal the thunder from the in-form Indian market after their showing over the previous few weeks.

Steel prices have settled in Chittagong after a turbulent last month, with the currency stable and demand beginning to improve after a less than impressive start to the fourth quarter of the year.

Rebound in order?

It was understandable to see no market sales recorded over the holiday period, and with the China market softening recently, it will be interesting to see how prices rebound once end buyers get back to the table to acquire. A competitive Bangladesh may see Pakistan and even India push on yet further, in order to secure their share of the market tonnage.

NO MARKET SALES REPORTED

INDIA

RED HOT DEMAND!

Whilst the market this week remained red hot for tonnage, a lack of market sales offered up some brief respite from the intense activity of late. The currency held its ground to offer up encouragement to end buyers whilst steel prices also made gains to see market levels push on by about USD 5 – USD 10/LT LDT.

Cash buyers have stocked up on a vast array of inventory in recent weeks and these vessels continue to be drip fed into the market once the correct prices are obtained. In many cases, cash buyers have been hedging their bets on a forward upswing in prices as vessels continue to be committed for increasingly impressive and (some would say) even speculative numbers.

The re-emergence of both Pakistan and Bangladesh onto the scene after Eid holidays should provide the Indian market with an interesting dynamic as cash buyers continue to monitor and assess prices to decide on the best delivery locations for their tonnage.

There are a number of vessels that remain unsold after being purchased at some extraordinarily high prices, but the way the market has been moving of late, cash buyers may not feel entirely concerned about holding onto those units, just a little bit longer, until asking prices are met.

Brief respite.

Sellers' market.

Calling shots.

NO MARKET SALES REPORTED

PAKISTAN

VLCC SOLD!

Delos committed.

With Eid holidays fully underway this week, it was difficult to get any sense out of end buyers buying sentiment and local prices. On the whole there was very little competing with the rampant Indian market either – but for tankers (especially VLCCs), gas free for man entry only, Gadani buyers held a distinct advantage.

The sale of the Embiricos controlled DELOS (42,318 LDT) was one such case in point, with the vessel committed late in the week for an incredible USD 435/LT LDT (less comms). No VLCC has been sold locally above USD 420/LT LDT recently, so this is an extremely speculative move by the concerned cash buyer.

Post Eid turn?

It will be interesting to see how the market opens up Post Eid and whether Pakistan can once again become competitive with India for vessels heading to the sub-continent.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
DELOS	VLCC	42,318	USD 435/LT LDT

CHINA

STARTING TO STRUGGLE!

As the Chinese recycling markets continued to struggle post October holidays, there was very little by way of new sales to report. Indeed, it is making more sense for cash buyers to pick up tonnage, 'as is where is' in the area and perform a voyage to the sub-continent - such is the difference in prices at the moment (at least USD 60 or even USD 70 /LT LDT).

Smaller sized vessels may even head to local Indonesian or Vietnamese scrap yards if better positioned. If this trend continues, it may be some time before Chinese buyers see their share of market vessels again.

With chartering rates having picked up and an increase in building projects in China set to stimulate steel prices once again, there was optimism of a return to form, perhaps even within this year.

'As is' making more sense.

NO MARKET SALES REPORTED

HMMMMMM...

- *An adult lion's roar can be heard up to five miles away, and warns off intruders or reunites scattered members of the pride.*
- *An adult male ostrich, the world's largest bird, can weigh up to 345 pounds.*
- *An adult porcupine has approximately 30,000 quills on its body, which are replaced every year.*
- *An albatross can sleep while it flies. It apparently dozes while cruising at 25 mph.*
- *An ant always falls over on its right side when intoxicated.*
- *An ant can survive for up to two days underwater.*
- *An ant's sense of smell is as good as a Dog's.*
- *An apple, onion, and potato all have the same taste. The differences in flavor are caused by their smell. To prove this you can pinch your nose and take a bite from each. They will all taste sweet.*
- *An area of the Sun's surface the size of a postage stamp shines with the power of 1,500,000 candles.*
- *An artificial hand, with fingers moved by cogwheels and levers, was designed in 1551 by Frenchman Ambroise Paré. It worked so well that a handless cavalryman was able to grasp the reins of his horse..*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
October 16 - Bakri Id	Oct 17 – Oct 23
November 04 – Diwali	Nov 03 – Nov 09
November 05 – Bhai Bij	Nov 16 – Nov 23
November 14 - Muharram	

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
No more holidays in October	Oct 18 – Oct 21
November 14 - Muharram	Nov 03 – Nov 06
	Nov 16 – Nov 19

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ALANG - Port Position as of October 18, 2013

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Acacia N	6,119	Bulk Carrier	Beached October 18
2	Arjuna Satu	8,186	Tanker	Beached October 12
3	Asean Victory	5,278	Bulk Carrier	Arrived October 12
4	B Camlica 1	8,337	Bulk Carrier	Arrived October 11
5	Gem Ex. Gem of Dahej	3,736	Tanker	Beached October 11
6	Jacksonville	11,620	Tug Barge	Arrived October 18
7	Moon Ex. Lucky Mineral	9,291	Bulk Carrier	Beached October 11
8	Nirmal Priti	8,090	Bulk Carrier	Arrived October 15
9	Ram Ex. Rosa Delmas	14,222	Roro	Arrived October 15
Total Tonnage		74,879		

CHITTAGONG - Port Position as of October 18, 2013

No.	VESSEL NAME	LDT	TYPE	STATUS
No new vessels reported				

GADANI - Port Position as of October 18, 2013

No.	VESSEL NAME	LDT	TYPE	STATUS
1	H Pioneer	6,807	Bulk Carrier	Arrived October 13
Total Tonnage		6,807		

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