

April 11, 2014
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Week 15



"New beginnings are often disguised as painful endings."

- Lao Tzu

Highlights:

- Two big ones sold.
- Indian Rupee impresses.
- Bangla not competing.
- Concerns exist.
- Turkey and China stranded.

MARKET COMMENTARY

SPRING SURGE!

With two more large LDT units sold this week (one aframax tanker and one panamax sized container), one each into the resurgent Pakistani and Indian markets, it was business as usual for the Indian sub-continent markets currently enjoying a Spring Surge.

The Indian Rupee continued to impress for yet another week – trading in and around Rs. 60 against the U.S. Dollar, whilst scrap steel prices encouraged buyers to bid fiercely on competitive tonnage, often achieving rates considered (well) above the market.

The only question mark that exists lingers over Bangladesh and its ability to compete with their rampant neighbors. A large number of seemingly certain Chittagong candidates have bypassed their hands (even those becoming open in the Far East), to proceed to Indian or Pakistani shores (mainly tankers gas free for man entry, but even several larger LDT containers in recent weeks).

However, concerns remain regarding the current bullish and over exuberant rates being paid, particularly with many cash buyer vessels still unsold (and sky high asking prices yet to be met), elections in India, budgets in both Pakistan and Bangladesh, and the dreaded monsoon season (which sees a traditional cooling in levels), all lingering on the horizon.

For these reasons, many experts are predicting that the market may have already peaked and the only way ahead from here, is down, for the next few months (until after the summer at least).

Turkey and China provided little competition to the sub-continent markets, with price gaps still standing at a hefty USD 150/LT LDT, thereby inducing vessels positioned in the Med and the Far East to make the journey across.

For week 15 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 440/ltd	USD 470/ltd
2	Pakistan	Bullish	USD 435/ltd	USD 465/ltd
3	Bangladesh	Weak	USD 425/ltd	USD 455/ltd
4	Turkey	Cautious	USD 330/ltd	USD 340/ltd
5	China	Weak	USD 300/ltd	USD 320/ltd

Cash Buyer to be
ISO 9001:2008
Certified



BANGLADESH

FAR FROM FULLY FUNCTIONING!

Quieter week.

Having taken a number of vessels last week – handysize bulkers discharging clinker in Chittagong - it was a quieter week for local buyers who seemed unable (perhaps unwilling) to compete with the rampant showings in both Pakistan and India.

Losing juicy units.

Despite steady fundamentals in both scrap steel prices and the currency, Bangladesh buyers were simply not able to compete on large LDT container and tanker units at levels of close to USD 500/LT LDT (and excess) and subsequently missed a number of juicy units, some even proceeding from the Far East.

Demand is yet to fully reload, with many end buyers having taken units in the early part of the year (capesize bulkers, tankers and containers) and yet to completely clear their yards before emerging at the bidding tables once again. Moreover, with monsoon season and budgets all approaching, it may be that the Bangladeshi market may not fully fire once again until after the summer months.

NO MARKET SALES REPORTED

INDIA

SOARING SENTIMENT!

The soaring sentiment that has seen market levels push on to unexpected and extraordinary highs, was sustained for yet another week with another large panamax container vessel concluded at exceedingly firm levels.

Levels push on.

The Danaos controlled COMMODORE (22,148 LDT) achieved a fantastic USD 510/LT LDT for delivery India – with the size (fitting the demand for one specific yard), good ownership, and whopping 85 T bronze propeller responsible for the exceptional price on show.

It was also another freight week of competition with cash buyers battling it out amongst themselves to secure market tonnage and invariably paying well over the odds – a dangerous strategy if the market takes a turn and less scrupulous buyers are asked (expected) to perform on their obligations.

Cash buyer competition.

There is the feeling however, that as summer approaches and monsoon season begins, the market has essentially peaked. The supply of vessels remains steady and many of the larger buyers (in terms of LC limits and yard capacity) able to take panamax sized containers have been booked with units and demand is expected to dampen as a result.

Fundamentals steady.

The currency spent another steady week trading in and around Rs. 60 against the U.S. Dollar and steel prices paired recent gains with a couple of days of consecutive losses. Notwithstanding, sentiment remains healthy and prices are expected to stay steady (at least for the next week or so) as long as the fundamentals remain stable.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
COMMODORE	Container	22,148	USD 510/LT LDT

PAKISTAN

SUCCESS IN SECURING!

Good recent run.

After some success in securing competitive market vessels and cash buyer 'as is' units, Pakistan buyers continued their (recent) good run with the acquisition of another Aframax tanker, likely gas free for man entry only.

The Greek controlled KAPPA (15,301 LDT) fetched an impressive USD 490/LT LDT 'as is' Fujairah with sufficient fuel for the voyage over to Pakistan.

Willing to compete.

The sale follows those of several decent sized Aframax units from US owners such as the OVERSEAS BERYL and EAGLE OTOME in recent weeks and shows that Pakistan is very much there to compete on large LDT units, seemingly even container units now (despite previous concerns surrounding beaching draft issues).

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
KAPPA	Tanker	15,301	USD 490/LT LDT ('as is' Fujairah with sufficient bunkers for the voyage)

CHINA

POOR ON PRICING!

With Chinese levels slipping to even below those of Turkey, there was little hope for open buyers to secure international tonnage.

Pricing stands at around USD 300/LT LDT for dry vessels (and below even for smaller LDT units) and about USD 15-20/LT LDT higher for decent LDT units, container vessels and tankers.

Non-state owners ineligible for the subsidies were of course seeking to bring their vessels over to the Indian sub-continent range to enjoy the USD 150/LT LDT premium available for same.

Little hope.

NO MARKET SALES REPORTED

TURKEY

DEJA VU...

Prices expected to remain steady.

Local steel prices came off (marginally) the past week, with the Turkish Lira remaining at the same levels against the U.S. Dollar. The TRY opened against the U.S. Dollar at TRY 2.11 on Monday and closed at the same rate on Friday, despite some fluctuations through the week ranging.

Recycling activity remains depressed with only a couple of Vessels on the smaller side hitting the shores of Aliaga. Demand for vessels persists with many local recycling yards growing increasingly hungry for some new tonnage.

As such, prices are expected to remain steady despite a small drop in local steel plate prices.

NO MARKET SALES REPORTED

HMMMMMM...

- *Birds cannot live in space because they can't swallow without gravity.*
- *Freddie Mercury refused to have his teeth worked on because he was afraid it would change his voice.*
- *In 1995, the winner of the \$1 million Monopoly game piece at McDonald's sent it to St. Jude's in an anonymous letter.*
- *President Kennedy was the fastest random speaker in the world with upwards of 350 words per minute.*
- *In the average lifetime, a person will walk the equivalent of 5 times around the equator.*
- *Odontophobia is the fear of teeth.*
- *In the early days of the telephone, operators would pick up a call and use the phrase, "Well, are you there?". It wasn't until 1895 that someone suggested answering the phone with the phrase "number please?"*
- *The surface area of an average-sized brick is 79 cm squared*
- *According to suicide statistics, Monday is the favored day for self-destruction.*
- *Cats sleep 16 to 18 hours per day.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
April 13 – Mahavir Jayanthi April 18 – Good Friday May 01 – May Day May 14 – Buddha Purnima	Apr 14 – Apr 21 Apr 26 – May 04 May 13 – May 21 May 25 – June 02

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
April 14 – Bangla New Year's Day May 01 – May Day May 13 – Buddha Purnima	Apr 15 – Apr 19 Apr 29 – May 02 May 15 – May 18 May 27 – May 31

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ALANG - Port Position as April 11, 2014

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Amonte	10,146	Oil Tanker	Arrived April 09
2	Aqua Luna	4,950	General Cargo	Arrived April 07
3	Hanjin London	28,832	Container	Arrived April 09
4	Ji Yang	4,085	Reefer	Arrived July 23
5	Kota Wijaya	6,815	Container	Arrived April 4
6	LNG Aries	30,313	LNG	Arrived April 09
7	Terin Ex. Perla (Dead Vessel)	13,650	Tanker	Beached April 05
Total Tonnage		98,791		

CHITTAGONG - Port Position as of April 11, 2014

No.	VESSEL NAME	LDT	TYPE	STATUS
1	BPP 6	767	Tanker	Arrived April 07
2	Chang You	8,904	Bulk Carrier	Arrived April 09
3	Father S	25,464	Bulk Carrier	Arrived April 04
4	First Kasih (Dead Vessel)	13,630	Bulk Carrier	Arrived April 04
5	Hong Kong Pearl	7,320	Bulk Carrier	Beached April 04
6	New Season	1,884	LPG	Beached April 10
7	Yong Xiang	2,367	General Cargo	Arrived March 25
Total Tonnage		60,336		

GADANI - Port Position as of April 11, 2014

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Beryl	17,094	Tanker	Beached April 05
2	Conti Wellington	11,577	Container	Arrived April 09
3	Ermar	8,653	Tanker	Arrived April 10
4	Ghania	1,939	General Cargo	Beached April 08
5	Mire	15,669	Tanker	Arrived April 09
6	Nikoletta	25,812	Bulk Carrier	Arrived April 09
7	Rover	18,100	Ore Carrier	Arrived April 10
8	Ruby	23,345	Tanker	Beached April 05
9	Winner Ex. Winning Pride	23,293	Ore Carrier	Arrived April 03
Total Tonnage		145,482		

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