

February 20th, 2015
Volume 150, Issue 660
Week 08



“Nobody knows the age of the human race, but everybody agrees that it is old enough to know better.”

- Anonymous

Highlights:

- Improvements seen.
- Binge buying?
- Indian budget.
- Slowdown for CNY.
- Cape sector struggling.

MARKET COMMENTARY

BOTTOMED OUT?

Glimmers of hope started to emerge this week in the Indian sub-continent ship recycling sectors as improving steel prices and slowing supply over Chinese New Year holidays began to take hold.

There could be an element of binge buying as an upward surge to the tune of USD 10 – USD 15/LDT on prices was witnessed this week with Indian Prime Minister Modi’s first full budget announcement due on the February 28th and many buyers keen to take on (particularly) prompt pre-budget ships.

The expectation is that there may be some new duties / taxes imposed on the ship-recycling sector, whilst at the same time, positive moves could be made on the cheap Chinese billets that continue to wreak havoc on the local industry.

A slowdown in Chinese imports (due to the holidays) has helped stabilize the sub-continent markets at these lower levels. It is fully expected that with no growth targets set for this coming year in China, less exports are not as likely to disrupt the Indian sub-continent ship recycling markets as they have done so drastically during 2014.

Part of the dramatic falls seen in the past month or so can be attributed to a final batch of cheap Chinese billets being dumped pre-Chinese New Year as part of China’s strategy to meet 2014 targets.

The number of candidates has also slowed in recent weeks, with many owners content to bide their time before biting at prices that are almost USD 50 – USD 60/LDT lower than at the start of the year.

For week 8 of 2015, GMS demo rankings for the week are as below:

Demo Ranking	Country	Market Sentiment	GEN CARGO Prices	TANKER Prices
1	India	Weak	USD 365/ltd	USD 385/ltd
2	Pakistan	Weak	USD 360/ltd	USD 380/ltd
3	Bangladesh	Weak	USD 350/ltd	USD 370/ltd
4	Turkey	Weak	USD 220/ltd	USD 230/ltd
5	China	Weak	USD 200/ltd	USD 215/ltd

GMS would like to wish readers a Happy Chinese New Year!

Cash Buyer to be
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BANGLADESH

LATE FEB RALLY?

News yet to filter through.

News on the upswing in prices from both Pakistan and India had yet to filter through to the Bangladeshi market at the end of this week as local prices and sentiment remained decidedly mute in Chittagong.

However, despite the dumping of cheap Chinese billets immediately prior to the Chinese New Year, several buyers remain available to buy, albeit at these lower levels. As such, unless prices improve this coming week, the majority of the available vessels will be diverted to rival markets.

Political instability.

The political instability in the country has hardly helped, but with strikes set to end on the weekend, a late February rally could be expected from a market that has taken very few vessels of late.

NO MARKET SALES REPORTED

INDIA

STEEL SURGE!

As steel prices gained ground by as much as USD 10 – USD 15/LDT over the course of the week, anxious end buyers suddenly perked up, seeking some stability from the horrendous falls that have beset the market for the past few quarters.

Hoping for stability.

It may take this next week with some further improvements in steel and stability on the currency (which is trading in the low Rs. 62s against the U.S. Dollar) before end buyers emerge to the bidding tables once again. However, the initial signs are encouraging at least.

Several end users have been keen to stock their plots before the budget announcement of February 28th, so prompt units able to deliver before that time have been receiving a premium.

Budget looms large.

The industry talk (as has always been the case at this time of year) concerns a prospective increase in duties on the ship recycling sector, which has left many end buyers somewhat nervous and curious as to the eventual outcome. It is very much hoped that this will be offset by mooted taxes on the Chinese steel imports, which have had such a damaging effect on the industry from mid-2014 onwards.

Reefer sold.

The one market sale for the week saw the Dole controlled reefer TROPICAL MIST (5,216 LDT) committed at a price of USD 345/LT LDT.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
TROPICAL MIST	Reefer	5,216	USD 345/LT LDT

PAKISTAN

PERKING UP!

Week-end rally.

An end of the week rally saw a rush of end buyers keen to commit on available units in the market, with several vessels from existing cash buyer inventories sold at levels that would have been considered unthinkable only a week ago.

It seems that many end users have begun to accept that acquiring vessels at present rates may be a wise move, with the market in India starting to heat up again. Whether the market has truly bottomed out remains to be seen. However, the signs of the week certainly appear to be encouraging.

Indian budget anticipated.

With eyes locked firmly on India and the recent improvement in local steel prices, Mr. Modi's budget will be an eagerly anticipated event that will tell us much on the immediate future of the ship-recycling sector in the Indian sub-continent for the next quarter at least.

NO MARKET SALES REPORTED

CHINA

YEAR OF THE SHEEP!

As China ushered in the new Chinese Year of the Sheep, many in competing locations set their mind towards a better 2015, especially as China remains a key player in terms of steel exports and the dramatic impact these have had on competing ship recycling destinations across the world.

It is hoped and expected that with no growth targets for 2015 that the production and export of billets may slow to some extent. With pollution levels also a concern for the government, more frequent factory shut downs may occur over the course of the year, particularly just outside the major cities.

In the meantime, GMS weekly would like to wish all readers, customers and clients a happy, healthy and prosperous year of the Sheep ahead!

Holidays underway.

TURKEY

MINIMAL ACTIVITY...

Prices expected to fall further...

With not many fundamental changes reported in the Turkish industry during the week, the market remained relatively stable through the third week of February. Nonetheless, the negative sentiment persists in the local market and a further negative correction in prices is expected locally.

Several ship owners are simply unwilling to accept the reality of the prevailing levels and as such, the supply of vessels remains low.

Since the gap between the price levels in Turkey and the Indian sub-continent has widened once again, it is anticipated that several Sellers will prefer to reposition their units towards the sub-continent

NO MARKET SALES REPORTED

HMMMMM...

- *The blue whale has a heart the size of a small car and its blood vessel is so broad, that a person could swim through it.*
- *The combination "ough" can be pronounced in 9 different ways; Read this: "A rough-coated, dough-faced, thoughtful ploughman strode through the streets of Scarborough; after falling into a slough, he coughed and hiccupped."*
- *Right-handed people live, on average, nine years longer than left-handed people do.*
- *The hair on a polar bear is not white, but clear. They reflect light, so they appear white.*
- *If the population of China walked past you in single file, the line would never end because of the rate of reproduction.*
- *An octopus has 3 hearts.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
February 27 – Mahashivratri	February 17 – February 24
March 17 - Holi	March 06 – March 10 March 18 – March 25

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
February 21 – Shahid Dibosh	February 20 – February 22
March 17 - Bangabandhu Birthday March 26 - Independence Day	March 07 – March 10 March 21 – March 23

IMPORTANT BANK HOLIDAYS		
TURKEY	PAKISTAN	CHINA
No bank holidays in February No bank holidays in March	No more bank holidays in February March 23 – Pakistan Bay	February 18 – Special Working day February 19 – 24 – First Lunar Month March 08 – Womens Day

Prices indicated above are as reported in the market and are not necessarily accurate. This information is provided without prejudice and is given in good faith and without any guarantees whatsoever. While every care has been taken in the preparation of this report, no liability can be accepted for any loss incurred in any way whatsoever by any person relying on the information contained herein. Opinions expressed herein may be deemed subjective and arbitrary. This WEEKLY is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of this information by persons or entities other than the intended recipient is prohibited.

ALANG - Port Position as February 20, 2015

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Aqua Star	4,369	Container	Arrived February 05
2	Asean Wisdom	7,466	Bulk Carrier	Beached February 17
3	Callio	6,713	Bulk Carrier	Beached February 13
4	Dubai Star	14,465	Container	Beached February 19
5	East Med Gas	4,148	LPG	Beached February 17
6	Genmar	5,344	Bulk Carrier	Arrived February 20
7	Hao Do Ji	6,257	General Cargo	Arrived February 19
8	Honor	2,463	LPG	Beached February 20
9	India Coal Maru	14,757	Bulk Carrier	Arrived February 05
10	Mimosa	10,945	Bulk Carrier	Arrived February 19
11	Sam	9,306	Bulk Carrier	Beached February 20
12	Suraya Y	4,188	Bulk Carrier	Arrived February 16
13	Torino	7,813	Container	Beached February 20
Total Tonnage		98,234		

CHITTAGONG - Port Position as of February 20, 2015

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Angara	8,080	Bulk Carrier	Beached February 20
2	Chang Lin	8,033	Bulk Carrier	Beached February 19
3	East Brave	5,725	Bulk Carrier	Beached February 20
4	Fu Yuan	18,561	Bulk Carrier	Arrived February 10
5	Kema	2,771	RoRo	Arrived February 02
6	Sea Warrior	5,494	Bulk Carrier	Beached February 19
7	Silver Hope	1,753	General Cargo	Arrived February 11
8	Steel Titan	11,776	Bulk Carrier	Arrived February 19
9	Sunrise	2,143	General Cargo	Arrived February 19
10	Sunway B	4,730	Tanker	Beached February 17
Total Tonnage		69,066		

GADANI - Port Position as of February 20, 2015

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Bramani	13,625	Tanker	Beached February 20
2	Cape eagle	19,573	Bulk Carrier	Arrived February 19
3	Harmony	7,065	Bulk Carrier	Arrived February 17
Total Tonnage		40,263		

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