

February 27<sup>th</sup>, 2015  
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Week 09



**“The real measure of your wealth is how much you'd be worth if you lost all your money.”**

- *Anonymous*

## Highlights:

- Encouraging signs.
- Increased sales.
- Budget speculation.
- Eyes on India.
- Chinese exports key.

## MARKET COMMENTARY

### ON THE ROAD TO RECOVERY..?

Further to last week's column that suggested the market might have bottomed out, some more encouraging signs of life emanated from all Indian sub-continent ship-recycling markets this week, to give all associated some much needed hope of recovery and/or revival.

Several sales were recorded into India, Pakistan and Bangladesh each, as both cash buyers and owners saw levels that satisfied their bottom lines.

There was some speculation that the Indian budget of February 28<sup>th</sup> would bring with it, very little material change to the ship-recycling sector and that there may even be an announcement on increased duties, should the Chinese continue with their steel export program that has so beset the industry over the last few quarters.

As such, both Pakistani and Bangladeshi markets were keenly attuned to the news of the Indian budget, seeking some sort of direction with their own prices, as currencies and local steel plate prices remained largely stable at these locations.

The key factor will be whether the Chinese continue their exporting drive post New-year holidays. Steel exports stood at record levels in January / February of 2015, up over 50% from the same period last year!

The main destination for the export of the billets has been into the Indian sub-continent markets and has been the leading driver for the depressed ship scrap prices over the last six months. If these exports slow as predicted (China has no growth targets for this year and surplus steel stockpiles have begun to dwindle somewhat), then some much-welcome stability may finally return to the industry.

For week 9 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/lr ldt	USD 385/lr ldt
2	Pakistan	Weak	USD 360/lr ldt	USD 380/lr ldt
3	Bangladesh	Weak	USD 350/lr ldt	USD 370/lr ldt
4	Turkey	Weak	USD 220/lr ldt	USD 230/lr ldt
5	China	Weak	USD 200/lr ldt	USD 215/lr ldt

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## BANGLADESH

### SEEKING STABILITY!

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*Rough few months.*

Having endured a rough few months of constant steel price falls (amidst a fresh batch of imported Chinese billets immediately prior to New Year), Bangladesh buyers began to search for any glimmers of stability, in order to justify a return to the buying.

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*Bulkers sold.*

A positive Indian budget would be one step to encourage end users, along with news on a halt (or at least slowing) of the cheap Chinese exports. Political instability that has gripped the country during the start of 2015 has unfortunately showed no signs of slowing as a new wave of strikes is reportedly ongoing.

Meanwhile, sales of two panamax-sized bulkers at USD 360/LT LDT benchmarked the lower overall levels on show. The EKRAM M (9,700 LDT) and the Chinese controlled RUI FU FA (9,711 LDT) both fetched USD 360/LT LDT as the first market sales in the recent past.

Bank limits are also proving to be a problem for many buyers with limits not being approved due to the tremendous losses sustained by most end users (by almost 25%) due to market falls over the past 6 months or so.

#### MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
EXRAM M	Bulker	9,700	USD 360/LT LDT
RUI FU FA	Bulker	9,711	USD 360/LT LDT

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## INDIA

### BUDGETARY BLUES?!

The much-anticipated budget of February 28<sup>th</sup> (the first full budget since Mr. Modi has taken charge) seems to have brought with it, very little of material concern to the ship recycling sector.

More time will be needed to mull over the details, as end users can only be sure of their fate on Monday once the finer print has been studied. However, a cursory review appears to show no significant increases on taxes to the ship-recycling sector, but conversely, no new duties on any freshly imported Chinese billets seem to have been imposed so far.

As such, this is largely positive news for the industry, with steel prices having increased by as much as USD 10-15/LDT recently and the currency trading in and around a healthy Rs. 61 against the U.S. Dollar over the course of the last few weeks.

The worst of the damage appears to be over (for the time being) and end buyers seem encouraged enough to return to the bargaining table in search of fresh tonnage, with which to stock their plots and try to cancel out the disastrous high-priced purchases of 2014.

Several market sales were therefore recorded with the general cargo vessel TOBOL (4,108 LDT) from Far East Russian owners SASCO committed for a modest USD 345/LT LDT (the vessel was built in Poland and had a steel propeller – both significant negatives). In contrast, the handymax bulker UMANG (8,830 LDT) was sold for a very decent USD 391/LT LDT with the 500 T bunkers adding about 17 USD/LDT of value.

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*Budget review.*

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*Stability ensues.*

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*Sales recorded.*

### MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
TOBOL	General Cargo	4,108	USD 345/LT LDT
UMANG	Bulker	8,830	USD 391/LT LDT (with 500 T bunkers ROB)

## PAKISTAN

### CONFIDENCE RETURNING!

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*Capes selling!*

A far more positive week ensued in Pakistan this week as several larger LDT capsize bulkers were sold from existing cash buyer inventories, in addition to freshly proposed market candidates.

End users appeared far more willing to commit to new units at these levels having received some encouragement from the lack of negative news in the Indian budget (as had been expected this week).

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*Larger LDT preferences.*

It was therefore no surprise to see the Noble controlled AQUA CHALLENGER (22,695 LDT) fetch a firm USD 400/LT LDT with approximately 2,000 Tons of bunkers remaining on board at the time of delivery (about 17-18 USD/LDT of value). The vessel had been sold via a court auction in the U.S. with ex owners reportedly failing to pay their bills to the charterers.

Another sale of note saw the Chartworld controlled STAR YANDI (20,535 LDT, 96 built in Korea) sold for a decent USD 397/LT LDT with 1,000 T bunkers remaining onboard.

### MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
AQUA CHALLENGER	Bulker	22,695	USD 400/LT LDT (with 2,000 T bunkers ROB)
STAR YANDI	Bulker	20,535	USD 397/LT LDT (with 1,000 T bunkers ROB)

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## CHINA

### BACK TO BIZ!

With the Chinese New Year officially ending this week, the slow migration from hometowns back to places of work began, with most expected to be fully back to business by Monday.

The immediate direction of the ship-recycling markets in the Indian sub-continent rests firmly on the shoulders of China and its steel exports. It is very much hoped that exports will slow, bearing in mind China has no production targets to meet this coming fiscal year and a significant slice of the 2014 surplus has already been exported prior to the New Year.

With local steel prices having slid to unprecedented levels over the course of the past year, it is also hoped that the Chinese market can get back on its feet and become more than just a domestic market for state owners eligible for the government subsidies on the scrapping of their older vessels.

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*Filtering back to work.*

## TURKEY

### STABLE...BUT FOR HOW LONG?

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*Industry accepting new lows.*

After several weeks of uncontrollable fluctuations, it appears that the Turkish market is finally starting to show signs of stability. It was therefore another week with no major changes in factors (i.e. steel prices and the local currency) affecting the prices for ships.

With levels stabilizing in the low USD 200s/LT, not only are end buyers but also ship-owners seeming to show interest to negotiate as the reality of the prevailing levels gradually started to seep in.

Notwithstanding, the immediate future of the Turkish market would be of keen interest for those considering to sell their units into, considering China is returning back from their holidays post New Year.

**NO MARKET SALES REPORTED**

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## HMMMMM...

- *Chicken liver can be used to change A type blood to O type blood.*
- *Hawaii has the only royal palace in the United States.*
- *Our eyes are always the same size from birth, but our nose and ears never stop growing.*
- *The first soap powder, produced in 1907, was made with Perborate and Silicate - hence its brand name, Persil.*
- *In the courts of the Roman Empire, instead of swearing an oath on a bible, men swore to the truth on their statements while holding their genitals. Hence, the word 'testify', from 'testicles'.*
- *If a sole (a type of fish) lays upon a chessboard it can change the coloring of its body to match the pattern of the chess board. The sole takes about 4 minutes to make the change.*
- *The surface area of the lungs is roughly the same size as a tennis court.*
- *There are over one hundred billion galaxies with each galaxy having billions of stars.*
- *The typical lead pencil can draw a line that is thirty-five miles long.*

## IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
March 17 – Holi	March 06 – March 10 March 18 – March 25

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
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 March	March 23 – Pakistan Day	March 08 – Womens Day

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## ALANG - Port Position as February 27, 2015

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Aqua Star	4,369	Container	Beached February 26
2	Myron N	10,672	Bulk Carrier	Arrived February 27
3	Mio (Dead Vessel)	21,071	Tanker	Arrived February 26
4	Punto Roso	3,199	Reefer	Arrived February 26
5	Santa Rosa	8,440	Container	Arrived February 21
6	Genmar	5,344	Bulk Carrier	Beached February 24
7	Hao Do Ji	6,257	General Cargo	Beached February 26
8	Mary	6,640	Bulk Carrier	Beached February 26
9	India Coal Maru	14,757	Bulk Carrier	Beached February 24
10	Mimosa	10,945	Bulk Carrier	Beached February 21
11	Pacific	12,308	Passenger Vessel	Beached February 22
12	Suraya Y	4,188	Bulk Carrier	Beached February 24
13	Silver	25,343	Bulk Carrier	Beached February 23
<b>Total Tonnage</b>		<b>133,533</b>		

## CHITTAGONG - Port Position as of February 27, 2015

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Fu Yuan	18,561	Bulk Carrier	Beached February 21
2	Kema	2,771	RoRo	Beached February 22
3	Ma Saleha Begum	8,678	Bulk Carrier	Beached February 20
4	Ma Samuda Khatun	8,578	Bulk Carrier	Beached February 21
5	P Ocean	773	Tanker	Arrived February 27
6	Silver Hope	1,753	General Cargo	Beached February 20
7	Skaubryn	16,845	RoRo	Arrived February 19
8	Steel Titan	11,776	Bulk Carrier	Beached February 23
9	Sunrise	2,143	General Cargo	Arrived February 19
<b>Total Tonnage</b>		<b>71,878</b>		

## GADANI - Port Position as of February 27, 2015

No.	VESSEL NAME	LDT	TYPE	STATUS
1	African Gazelle	13,450	Tanker	Beached February 27
2	Art	13,545	Tanker	Beached February 26
3	Bulk Cajun	11,640	Bulk Carrier	Arrived February 23
4	Cape eagle	19,573	Bulk Carrier	Beached February 24
5	Harmony	7,065	Bulk Carrier	Beached February 21
6	Heli	7,415	Tanker	Arrived February 26
7	Zahranos	7,912	Bulk Carrier	Arrived February 27
<b>Total Tonnage</b>		<b>80,600</b>		

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