E: snp@gmsinc.net

# GMS WEEKLY

W: www.gmsinc.net

WORLD'S LARGEST CASH BUYER OF SHIPS

USA: +1.301.759.9240 + GER: +49.40.306.987.1888 + DUB: +971.4423.0720 + SIN: +65.6823.8037 + CHN: +86.21.6075.1900 + JAP: +81.35.453.6311

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*Week 22*

**Highlights:**

- **All eyes on budget.**
- **New duties?**
- **Lack of demand.**
- **Indian stability.**
- **Renegotiations rife.**

**Cash Buyer to be ISO 9001:2008 Certified**

ISO 9001:2008 BUREAU VERITAS Certification

QUOTE of the WEEK

**"Failure will never overtake me if my determination to succeed is strong enough."**

*- Og Mandino*

## MARKET COMMENTARY

## CREDIBILITY COUNTS!

All eyes will be on the impending budgets of both Bangladesh and Pakistan (on June 4th and June 5th respectively) this week, as a marker on where prices are set to go in the immediate future.

There is considerable talk in both local markets that some greater duties may be imposed on the ship-recycling sector, leading to a depreciation in prices by approximately USD 7 – USD 10/LT LDT. Coupled with a distinct lack of demand coming out of both countries, it could be a quieter few summer months ahead, especially as many owners are now preferring to layup their less profitable older dry units, rather than sell at present levels.

India has at least seen some stability return to its market this week, with the Indian Rupee once again trading into a settled Rs. 63 against the U.S. Dollar and local steel plate prices making some strong gains to pair some of the heavy losses from the previous few weeks.

However, sentiments remain nervy and weak across the board and owners looking to sell their vessels need to be careful on pushing too much or committing to unproven buyers, especially in such a volatile market.

Following the performance of the fourth quarter of last year, it has once again been a difficult and disappointing situation in the Indian sub-continent markets for most cash buyers, as renegotiations remain rife and commitments questionable from clearly shaken end users. Given a plunge in values by around 25% over the past 6 - 8 months, most recyclers remain unwilling to accept further losses and have been finding excuses to mitigate their losses.

Even for the vast majority of cash buyers unable or unwilling to take such hits on their shoulders, their losses have simply been transferred to owners for various spurious reasons and this is why Sellers need to carefully consider the credibility of their counterparty before countenancing any sale.

For week 22 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/lt ldt | USD 395/lt ldt |
| 2 | Bangladesh | Weak | USD 360/lt ldt | USD 390/lt ldt |
| 3 | Pakistan | Weak | USD 350/lt ldt | USD 380/lt ldt |
| 4 | Turkey | Steady | USD 245/lt ldt | USD 255/lt ldt |
| 5 | China | Steady | USD 200/lt ldt | USD 215/lt ldt |

# BANGLADESH

## STEEL SLIDE!

*Arrivals continue.*

As pre-budget ships continue to arrive (including many capesize bulkers) for the last opportunity to deliver before a rumored increase in duties comes to be, much of the buying on new tonnage has stopped until the outcome of the Bangladeshi budget becomes clear on June 4th.

Days and weeks of falls in local steel plate prices over the recent weeks has left the market in a perilous state going into the monsoon season.

*Buyers full.*

Additionally, having imported a large percentage of the approximately 65 capesize bulkers sold for recycling this year, not only are many of the hot buyers full, but the upcoming monsoon season (which is also not a favored time to import vessels) could well see the Bangladeshi market taking a breather in the near future.

**NO MARKET SALES REPORTED**

# INDIA

## TAKING ADVANTAGE!

*Fundamentals recover.*

This week, a degree of stability has at least returned to the Indian market with the Indian Rupee having mercifully recovered from a perilous Rs. 64 against the U.S. Dollar to trade in the Rs. 63s, over the course of this week.

Steel prices also saw an encouraging rebound, gaining Rs. 300 over the course of one day, to pair some of the worrying reversals from the previous few weeks. Whether such stability can hold is another matter altogether, with almost daily dramas knocking confidence and local sentiments in such a highly volatile market. Notwithstanding, the marginal rebound of Rs. 300 still leaves plate prices, well below those from several weeks ago.

*Capacity huge.*

Capacity may even be as high as 65 – 70% in Alang, with many buyers simply choosing to abstain from the buying whilst fundamentals remain so shaky. About 25% has been lost from the market since the days of trading at USD 500/LT LDT over the last year, so it may take a prolonged period of stable prices before those open end-buyers return to the buying, if at all.

*Interesting sales.*

In terms of sales this week, due to upcoming budgets in both Pakistan and Bangladesh, all the action was confined to India. The roro ATLANTIC NYALA (9,210 LDT) was committed for USD 370/LT LDT whilst the MPP AT 14 (4,540 LDT) fetched USD 367/LT LDT.

### MARKET SALES REPORTED

| VESSEL NAME | TYPE | LDT | REPORTED PRICE |
|---|---|---|---|
| AT 14 | MPP | 4,540 | USD 367/LT LDT |
| ATLANTIC NYALA | Roro | 9,210 | USD 370/LT LDT |

# PAKISTAN

## CEASE!

*No new pre-budget imports.*

A veritable cease to buying activity was understandable this week in Pakistan, with the budget of June 5th just around the corner and therefore, little-to-no hope of importing any new vessels before then. Gadani buyers have also acquired a majority of the capesize vessels over the past month or two (with open buyers now at a premium).

There is talk of a negative upcoming budget in Pakistan (as there is in Bangladesh), which could lead to prices declining by around USD 5 – USD 10/LT LDT as a result. However, this might be the usual end buyer scaremongering, as is customary around this time of the year when budgets are about to be announced.

*Few favoured tankers.*

With few favoured tanker units available this year (due to the uptick in the wet sector), buyers have very much switched their attentions to available larger LDT capesize bulkers and have been successfully following in the footsteps of their Bangladeshi counterparts, by acquiring a decent portion so far this year.

**NO MARKET SALES REPORTED**

# CHINA

## BYPASSED!

*Not competitive.*

As state owners continue to take advantage of the government subsidies on offer until the end of this year in China (USD 150/GRT premium to scrap Chinese flagged vessels locally), no new international sales have been recorded into China for several months now.

Even strictly green Sellers have bypassed the lower numbers on offer in China, to make the longer voyage across to certified yards in either India or even Turkey.

Furthermore, with local scrap yards emerging in South East Asia (to largely take in domestic flagged small LDT tonnage), it will be some time before any international sales are registered into Chinese ship recycling yards again.

**NO MARKET SALES REPORTED**

# TURKEY

## LIRA LOWS AND WOES…

*Prices fall another USD 5/Ton.*

The Turkish Lira lost further ground against the U.S. Dollar this week and appeared to be on track to wipe out any recent improvements noticed earlier this month, by trading once again at historically low levels above TRY 2.65.

Moreover, there remain few positives surrounding the state of local steel plate prices and the volumes of imported scrap metal, the over result of which has been an increasingly negative sentiment and a continued correction in prices expected in the coming week(s).

As a result, the Turkish market faced yet another decline in levels, during the last week of May, as prices fell another $5/Ton.

Meanwhile, the supply seems to remain relatively healthy, as several small LDT units have been rumored to be concluded basis an Aliaga delivery, which could be attributed to the egregious decline in prices witnessed from the Indian sub-continent markets this month.

Finally, it remains to be seen how the market is going to be affected by the results of the national elections, which are scheduled for the first week of June.

**NO MARKET SALES REPORTED**

## HMMMMM…

- *The bushes and clouds in Super Mario Bros video game are the same, they're just colored differently.*
- *There are warehouses so big they have their own WEATHER.*
- *In 1903 the Wright brothers flew for 59 seconds. 38 years later the Japanese bombed Pearl Harbor. 28 years after that, we landed on the moon.*
- *When a male bee climaxes, their testicles explode then they die.*
- *Cleopatra lived closer in time to the first Moon landing than to the building of the Great Pyramid.*
- *There are more fake flamingos in the world than real flamingos.*
- *The adult human has two to nine pounds of bacteria in his or her body.*
- *Blue whales heart is the size of a VW Beetle and that you could swim through some of its arteries.*
- *Hydrogen is a light, odorless gas, which, given enough time, turns into people.*
- *All of the gold mined in the history of the world would more or less fit into a 20x20x20 meter cube.*

## IMPORTANT DATES

| INDIA | |
|---|---|
| **BANK HOLIDAYS** | **BEACHING TIDES** |
| No holidays in June | June 01 – June 08<br>June 13 – June 21 |

| BANGLADESH | |
|---|---|
| **BANK HOLIDAYS** | **BEACHING TIDES** |
| June 03 – Shab-e-Barat | June 05 – June 07<br>June 18 – June 20 |

| IMPORTANT BANK HOLIDAYS | | |
|---|---|---|
| **TURKEY** | **PAKISTAN** | **CHINA** |
| **No Holidays in June** | **No Holidays in June** | June 20 – June 22 – Dragon Boat Festival |

## ALANG - Port Position as May 29, 2015

| No. | VESSEL NAME | LDT | TYPE | STATUS |
|---|---|---|---|---|
| 1 | Ionian | 22,165 | Bulk Carrier | Arrived May 26 |
| 2 | King Edward | 12,163 | General Cargo | Arrived May 20 |
| 3 | Lu Xun | 7,455 | General Cargo | Arrived May 26 |
| *4* | *Merry Trans* | *10,188* | *General Cargo* | *Beached May 23* |
| 5 | Mino G | 5,026 | Bulk Carrier | Arrived May 26 |
| 6 | Myoken | 11,052 | Bulk Carrier | Arrived May 22 |
| 7 | Sioux Maiden | 6,506 | Bulk Carrier | Arrived May 25 |
| *8* | *Theresa Pelintung* | *9,331* | *Chemical Tanker* | *Beached May 22* |
| 9 | Yakima Princess | 6,572 | Bulk Carrier | Arrived May 26 |
| **Total Tonnage** | | **90,459** | | |

## CHITTAGONG - Port Position as of May 29, 2015

| No. | VESSEL NAME | LDT | TYPE | STATUS |
|---|---|---|---|---|
| 1 | Bashundara 1 | 8,650 | Bulk Carrier | Arrived May 25 |
| 2 | Cape London | 20,737 | Bulk Carrier | Arrived May 29 |
| 3 | Fengli 1 | 18,430 | Bulk Carrier | Arrived May 28 |
| 4 | Mariner J | 5,602 | Bulk Carrier | Arrived May 29 |
| 5 | Matrix | 22,848 | Bulk Carrier | Arrived May 27 |
| *6* | *Solar Orion* | *18,445* | *Bulk Carrier* | *Beached May 23* |
| *7* | *Star Ford* | *5,257* | *Bulk Carrier* | *Beached May 23* |
| **Total Tonnage** | | **99,969** | | |

## GADANI - Port Position as of May 29, 2015

| No. | VESSEL NAME | LDT | TYPE | STATUS |
|---|---|---|---|---|
| *1* | *Amar Muhhiuddine* | *5,733* | *Bulk Carrier* | *Beached May 29* |
| *2* | *Amira Nadiya* | *7,778* | *Bulk Carrier* | *Beached May 26* |
| *3* | *Aquagem* | *22,095* | *Bulk Carrier* | *Beached May 16* |
| *4* | *Bergen Max* | *10,489* | *Bulk Carrier* | *Beached May 28* |
| *5* | *Chikuzen 8* | *18,295* | *Bulk Carrier* | *Beached May 27* |
| *6* | *Glory Claire* | *20,577* | *Bulk Carrier* | *Beached May 28* |
| *7* | *Golden Bell* | *24,992* | *Bulk Carrier* | *Beached May 27* |
| *8* | *Lady Sadika* | *7,352* | *Bulk Carrier* | *Beached May 18* |
| 9 | OK1 | 8,421 | Bulk Carrier | Arrived May 27 |
| *10* | *Ore Mutuca* | *18,451* | *Bulk Carrier* | *Beached May 21* |
| **Total Tonnage** | | **144,183** | | |