

October 30<sup>th</sup> 2015  
Volume 158, Issue 696  
Week 44



**“The first step toward success is taken when you refuse to be a captive of the environment in which you first find yourself.”**

- Mark Caine

## Highlights:

- Dire outlook.
- Lay vessels up?
- Shipping woes.
- Action needed.
- Currency concerns.

## MARKET COMMENTARY

### NO RESPITE!

No respite to a dire outlook for the Indian sub-continent ship recycling markets saw almost no offers forthcoming from India and only a sporadic buying interest at ever decreasing numbers emanating from Pakistan and Bangladesh.

At this rate, it would be no surprise to see owners lay vessels up rather than sell for such lowly rates. The extent of the falls over the past year have been ferocious and with every new reality breached, the talk is that the bottom has finally reached, only to witness further price drops in the coming days.

With freight rates and second hand levels on the slide, beleaguered ship owners will have to decide long and hard whether to scrap or hold out for better days. If the constant supply of cheap Chinese billets continues to pour into the sub-continent and Turkish markets, then there is simply no telling where the bottom may truly be.

There has been little evidence of sub-continent governments and ship recycler's associations actually implementing the increased duties on incoming Chinese steel (as outlined in earlier budgets). No matter how low the market or high the duties, it seems as though Chinese exporters have the capacity to undercut with the supply of their steel at unfathomably low numbers.

The currency in Pakistan has been a source of concern this week with a depreciation of about 1% over the course of one day, whilst the Indian Rupee continues to once again trade at a troubling rate in excess Rs. 65 against the U.S. Dollar for the most part of the week.

Demand in Bangladesh remains encouraging and it continues to be the highest placed of the Indian sub-continent markets (particularly for the larger LDT units available, including an increased supply of capesize bulkers), even at these lower overall levels on show.

For week 44 of 2015, GMS demo rankings for the week are as below:

Demo Ranking	Country	Market Sentiment	GEN CARGO Prices	TANKER Prices
1	Bangladesh	Weak	USD 300/ltd	USD 330/ltd
2	Pakistan	Weak	USD 295/ltd	USD 325/ltd
3	India	Weak	USD 290/ltd	USD 320/ltd
4	Turkey	Weak	USD 170/ltd	USD 175/ltd
5	China	Weak	USD 125/ltd	USD 145/ltd

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## BANGLADESH

### RIPE TO ACQUIRE!

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*Highest placed – no sales!*

As the highest placed Indian sub-continent market, it was surprising to see no sales concluded into Bangladesh this week, with both Pakistan and India securing vessels instead!

This may be due to a lack of availability of their favored larger LDT units – although one or two capesize bulkers are expected to be concluded in the weeks ahead (to take the total number sold closer to the 100 mark by the end of the year, with 85 currently sold).

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*Demand good.*

Demand for the right vessels remains good and end buyers tend to speculate aggressively at above market rates in order to secure desired units, as there remains a prevailing need to even out some of the higher priced ships currently occupying plots.

**NO MARKET SALES REPORTED**

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## INDIA

### STEER CLEAR!

For the time being, India is a market worth staying well clear of as steel prices have seen almost two weeks of constant declines (by about USD 20/LDT) and Chinese billets continue to pour into the local market.

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*Price battering.*

Prices and sentiment are woefully placed at present as there is virtually no buying interest on any vessels that may be in the region, except for those units not favored by Pakistani buyers – i.e. containers or vessels strictly for green recycling.

The currency has been consistently fluctuating between the high Rs. 64s and low Rs. 65s against the U.S. Dollar, eventually spending most of last week in excess of Rs. 65, subsequently giving end buyers' further reason to talk levels down.

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*Minimal yards operational.*

With only 20 - 25 yards operational at present (less than 20% of overall capacity), it is no surprise to see interest and prices so muted. How much longer can India remain so bereft of tonnage (with no new vessels set to arrive), remains to be seen.

The one sale for the week concerns the interesting 1959 built transshipper PRIYAMVADA (7,150 LDT) which was sold for a lowly USD 205/LT LDT 'as is' under tow at Goa, with owners unwilling to provide any export license.

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*Transshipper sold.*

### MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
PRIYAMVADA	Transshipper	7,150	USD 205/LT LDT ('as is' Goa under tow)

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## PAKISTAN

### OFF THE PACE!

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#### *Positioning prices.*

By attempting to position prices in and around India levels, Gadani buyers were not able to secure any of the heavier LDT tonnage, particularly those capesize bulkers sold recently.

The sale of the aframax tanker JELITA BANGSA (15,373 LDT) 'as is' Balongan, Indonesia for a price around USD 250/LT LDT, gas free for man entry only would suggest a Pakistan resale, unless the concerned cash buyer cleans the vessel to gas free for hot works standard with all cargo and slop tanks free of all cargo, slops and sludges. However, this particular vessel has been concluded and failed several times already so it remains to be seen if the sale goes through this time as well.

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#### *Rupee depreciation.*

The depreciation of the Pakistani Rupee by one whole percentage point this week gave end buyers a scare and stability in the currency will be key in assessing aggression to buy moving forward, with several end buyers keen to import new vessels once again, in an attempt to even out previous high-priced purchases.

#### MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
JELITA BANGSA	Tanker	15,373	USD 250/LT LDT ('as is' Balongan, Indonesia, gas free for man entry only)

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## CHINA

### TOILING!

With Chinese prices stranded in the USD 120 –USD 150/LDT range, there was very little hope of end buyers acquiring any international tonnage positioned in the area, even as sub-continent levels continue to fall.

Local yards seem content to absorb the supply of state-controlled tonnage eligible for the subsidies, but there remains little ambition to acquire any other vessels (even those for strictly green recycling) due to the abject state of the steel market in China at present.

Instead, much of the steel is being exported abroad, in the process, killing many other markets (as we have seen with the British steel industry over the past few weeks) and is a source of major international discontent at present.

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*Unable to acquire.*

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*International steel slump.*

## TURKEY

### POSITIVITY PREVAILS.

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*Prices firm up another  
USD 5/MT*

The optimism surrounding the Turkish ship-recycling market persisted with local steel plate prices improving by another USD 5/MT during the last week of October, resulting in a corresponding improvement in offers for vessels by the same amount. In fact, several Turkish traders remain optimistic that prices beginning with USD 2XX / MT for local steel plate prices will be witnessed in the near future.

On the flip side, a healthy number of end buyers remain skeptical and do not seem to be willing to take aggressive positions, unless they witness a significant improvement in prices that will justify the same.

The results of the Turkish elections appears to be positive for the industry as the first week of November began with a noteworthy improvement in the currency exchange as the Turkish Lira dropped well below the TRY 3 / TRY 2.9 levels it has been trading of late and closed the week closer to TRY 2.8 against the U.S. Dollar.

Just how the results of the elections will affect the industry in the long-run and whether the prevailing positive sentiment related with the Turkish industry will persist, is a question on the minds of all local Buyers.

**NO MARKET SALES REPORTED**

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### THE HUMAN BODY...

- *The strongest muscle in the human body is the tongue.*
- *The hardest bone in the human body is the jawbone.*
- *You use 200 muscles to take one step.*
- *The tooth is the only part of the human body that can't repair itself.*
- *It takes twice as long to lose new muscle if you stop working out than it did to gain it.*
- *Bone is stronger than some steel.*
- *The feet account for one quarter of all the human body's bones.*
- *About 32 million bacteria call every inch of your skin home.*
- *Humans shed and regrow outer skin cells about every 27 days.*
- *Three hundred million cells die in the human body every minute.*
- *Humans shed about 600,000 particles of skin every hour.*
- *Every day an adult body produces 300 billion new cells.*

### IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
November 11 – Diwali November 25 – Guru Nanak Jayanti	November 10 – November 17 November 23 – December 01

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
November 09 – Birthday of Muhamma Iqbal	November 11 – November 13 November 25 – November 27

IMPORTANT BANK HOLIDAYS		
TURKEY	PAKISTAN	CHINA
No more holidays until 2016	November 09 – B'day of Muhammad Iqbal	No more holidays until 2016

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### ALANG - Port Position as October 30, 2015

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Ahura	6,977	Passenger	Arrived October 30
2	<i>Celebration</i>	16,034	<i>RoPax</i>	<i>Beached October 29</i>
3	Infinity	7,878	Bulk Carrier	Arrived October 04
4	SCF Suek	15,335	Bulk Carrier	Arrived October 27
5	Tsunomine	19,701	Bulk Carrier	Arrived October 09
<b>Total Tonnage</b>		<b>65,925</b>		

### CHITTAGONG - Port Position as of October 30, 2015

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Banglar Moni	6,090	General Cargo	Arrived July 17
2	<i>Hanjin Haypoint</i>	18,908	<i>Bulk Carrier</i>	<i>Beached October 30</i>
3	<i>Margot N</i>	38,505	<i>Ore Carrier</i>	<i>Beached October 28</i>
4	Tania	4,647	Container	Arrived October 28
<b>Total Tonnage</b>		<b>68,150</b>		

### GADANI - Port Position as of October 30, 2015

No.	VESSEL NAME	LDT	TYPE	STATUS
1	<i>Wei Fong</i>	12,214	<i>Bulk Carrier</i>	<i>Beached October 29</i>
<b>Total Tonnage</b>		<b>12,214</b>		

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