GMS WEEKLY

Your Source for Recycling News

July 12th, 2024
Week 28
Volume 263, Issue 1142

Highlights:

- **Slower summer.**
- **Events conspire.**
- **Khan Younis.**
- **Stuttering.**
- **Quiet Q3.**
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QUOTE of the WEEK

"Gratitude is not only the greatest of virtues, but the parent of all the others."

– Marcus Tullius Cicero

- MARKET COMMENTARY -

DOUBLE DOWN!

The anticipated / ongoing seasonal slowdown in activity coupled with softening vessel prices has clearly started to characterize the year's summer / monsoon mess across the Indian sub-continent ship recycling markets. However, the 2024 version not only includes the incessant rains and a holiday-time for yard workers, but also ongoing global descent via boots on the ground warfare & an economic tumult that has double downed and unsustainably maintained negative pressures on prevailing macro-economic problems facing our world. At the global stage, problems in Ukraine & the Middle East increasingly take center stage as not only is Ukraine's entry into NATO irreversible at this stage, but it will also bear witness to NATO Allied Forces (including the United States) ensuring the security for the State of Ukraine as per the terms of NATO's agreement. Additionally, Israel's recent strikes near Khan Younis that led to the unfortunate passing of scores of refugees, further threatens the delicacy of ongoing peace talks between the U.S. and the leaders of Hamas. As has been the case and will continue to be, retaliatory attacks by Houthis in the Red Sea lanes will keep further pressure on international logistics / freight rates on transiting merchant vessels that are destined into Med waters, further exasperating the current state of inflation.

At the micro end of things, key fundamentals at the various ship recycling locations also reported their own shares of stutters as not only did local steel plate prices in India and Bangladesh weaken in unison this week, but the U.S. Dollar also continued to dominate against recycling nation currencies as even though some were held in a weakened state, others suffered record declines this week. Yet, on the back of no market units being on offer for a recycling sale, a marginal number of vessels surprisingly arrived the various waterfronts this week, including Pakistan, where a small LDT unit graced Gadani's waterfront.

Overall, recent bad news has largely been delivered to the industry via the results of the various elections and subsequent budgets in each country, which have seen sentiments and vessel prices cool by about USD 25 / LDT over recent weeks. Changes in Bangladesh's budget also levied further duties on the fuel onboard incoming recycling vessels, coupled with growing concerns on U.S. Dollar reserves in both Chattogram & Gadani. Worries of PM Modi also failing to preserve a majority government through India's recent General Elections are likely to erode the mindset of local recyclers, at least until the budget is announced in a little over a week from now. Finally, as there remains a serious shortage of recycling candidates as we pass the midpoint of the year, it is expected to remain quiet through much of Q3 '04 as all sectors still perform admirably.

For week 28 of 2024, GMS demo rankings / pricing for the week are as below.

Rank	Location	Sentiment	Dry Bulk USD / LDT	Tankers USD / LDT	Containers USD / LDT
1	Bangladesh	*Shaky*	510 / LDT	530 / LDT	540 / LDT
2	India	Uncertain	500 / LDT	520 / LDT	530 / LDT
3	Pakistan	Dull	490 / LDT	510 / LDT	520 / LDT
4	Turkey	~~Dead~~	360 / LDT	370 / LDT	380 / LDT

BANGLADESH

PREDICTED DIP!

Inert week.

It has been another inert week at Chattogram Chop Shops with no fresh sales to report, fewer market candidates available for domestic ship recyclers to bid on, and even less interest emanating from the shores of Chattogram over recent weeks. And rightly so, given the bevy of hiccups this market continues to face as previously forecasted in the GMS WEEKLY i.e., like clockwork, and in light of recently unfolding domestic economic factors, local steel plate prices would find themselves registering movements once again starting from the middle-to-end of July.

Positive Budget?

While this prediction has already come to pass, these movements have also expectedly been in the wrong direction as they not only fell again by USD 4/Ton, but they also declined at a time India could potentially dominate the destiny of sub-continent intended tonnage within the coming weeks, especially if its upcoming budget turns out to be a positive one. The Bangladeshi Taka has also been tagging along for the depressing ride as it remains in a weakened state, suspended around BDT 117.40 against the U.S. Dollar.

Dominate the Destiny.

Meanwhile, the situation in the country remains staggered given that there clearly remain concerns surrounding the current state of U.S. Dollar reserves, which in turn affects the domestic ship recycling sector as a healthy majority of local recyclers heavily rely on L/Cs to finance ships, and they are keeping their ears sealed against the ground for further developments / depletions as news abound locally that the government is on course to largely deplete current reserves from IMFs most recent tranche, whilst further news of loans & repayment schedules are coming up and the wait-and-watch attitude from local Chop Shops will likely continue through Q3). There are also reports of mounting civil unrest as a growing body of students are protesting over increased quota reforms, which are resulting in widening clashes between students & the local police, due to a lack of constructive dialogue over policy reforms that effectively address youth grievances.

Distaste.

Notwithstanding, keeping the overall industry surprised on the regular has been local port reports as despite a grand total of 6 vessels arriving Chattogram's waterfront / being delivered this week, depressingly enough, half of them are less than 2K LDT and all but one is larger than 4K LDT - including several Far Eastern built / controlled units being sprinkled into the seasonal mix of recycling spices through this predictably dull monsoon.

Overall, as freight rates continue to flex their might, recycling prices from Chattogram continue to suffer as they slip further down from the peaks witnessed earlier this year when one coveted container even breached USD 600/Ton. As such, this is largely leaving a distaste for Owners & Cash Buyers who have tonnage to sell, and as long as the new lows are not accepted as the new highs, sales are likely to remain few and far between.

NO MARKET SALES REPORTED

INDIA

BUDGET BLUES!

The Indian ship recycling sector continues to suffer through a myriad of ups and downs as local fundamentals wander aimlessly into the negative, on the back of post-election woes and pre-budget anxieties that are jointly & increasingly compelling Alang recyclers to take a cautionary stance at the bidding tables, one that is expected to continue until the country's FY24 – FY25 Budget is announced and digested by the domestic ship recycling community at the very least i.e., likely until early August.

Dangling dangerously.

In the interim, we continue to see local steel plate prices perform admirably on a trampoline as they fell further by USD 4/Ton this week, whilst the Indian Rupee dangled dangerously above INR 83.50 against the U.S. Dollar as the week concluded.

Trampoline performance.

Accordingly (and expectedly), we continue to see sentiments worsen and drag vessel prices down with them as despite being a nose-hair away from displacing Bangladesh for the top spot in the market rankings over recent weeks, Indian levels have been and continue to suffer in sync with those from Bangladesh - and rightly so. Especially if you look at where Indian steel plate prices stand today (at levels region USD 508/Ton) and vessel offerings remain above breakeven, all in the hopes of a positive outcome to the upcoming budget amidst slower recycling (cutting) activities through the monsoon rains.

Testy affair.

In line with prevailing market conditions and on the back of missing tonnage to bid on, it was unsurprising to see no market sales register into Alang for the week. Attesting to the state of current affairs have been the number of local arrivals at the waterfront as other than a couple of sub-3K LDT reefers, Alang's anchorage stands testament to the unfolding local events, given that vessel prices have retreated by about USD 25/LDT on the back of the aforementioned wait-and-watch mode, which has cemented itself in the short run as this justifiably expected decline filters through to Cash Buyers & Owners who are conjointly chasing a declining market.

The next couple of weeks are therefore destined to remain a testy affair, at least until the budget is announced to a be a positive one and / or vessel prices re-adjust to more realistic and profitable levels for Ship Recyclers to table and Ship Owners & Cash Buyers to digest / accept.

NO MARKET SALES REPORTED

PAKISTAN

UNEXPECTED!

Additional costs

Pakistan has clearly endured a rough few weeks as not only did the recent budget levy unexpected duties on the country's ship recycling sector, but this is also expected to adversely affect vessel prices by about 2% and further drag already declining local offerings from Gadani by another USD 10/LDT.

Key domestic fundamentals also continue to perform poorly as local steel plate prices remain dead on the floor at levels region USD 706/Ton and the Pakistani Rupee finds itself depreciating back towards levels approaching PKR 278.60 against the U.S. Dollar once again.

Already lowest.

Notwithstanding, we continue to see unexpected arrivals at Gadani's waterfront as not only did local recyclers defy prevailing sentiments by continuing to be on the lookout for the right deal (and even snag it), but a sub-4K LDT container reportedly greeted Gadani's anchorage this week, pleasantly surprising those of us who were anticipating an empty port report from Pakistan this week.

Meanwhile, vessel offerings from Gadani recyclers remain hopelessly subdued, trailing competing sub-continent destinations as the consistently lowest priced / lowest placed location and just like Bangladesh, a silent Q3 is more than likely heading their way amidst the Gadani rains. Additionally, with last year's share of tonnage being consumed already, and more to come in light of freight rates expected to take a dip in sync with the arrival of Q4, the Pakistani ship recycling sector continues to smoothly surf the edges of ship recycling waters, waiting for the right unit to pop up and snag at a bargain price.

Seeking bargains.

What happens with Pakistan post Indian budget (if the budget is positive) and once the rains start to settle remains to be seen. For now, however, Gadani Recyclers are enjoying these hotter & wetter weeks, gradually digesting their share of tonnage through the rains, and taking an occasional bite at the recycling buffet.

NO MARKET SALES REPORTED

TURKEY

DEAD!

The only movement reported from a dead Aliaga ship recycling sector is the Turkish Lira that spiked by nearly 1.30% late in the week, ending its performance against the U.S. Dollar at a drastic and record-breaking TRY 33.08 against the U.S. Dollar.

TRY news.

Otherwise, the domestic ship recycling sector remains on life-support.

NO MARKET SALES REPORTED

BAD PUNS AND WORSE JOKES!

- *Why are colds bad criminals? Because they're easy to catch.*
- *How does a penguin build its house? Igloos it together.*
- *Which knight invented King Arthur's Round Table? Sir Cumference.*
- *What do sprinters eat before a race? Nothing. They fast.*
- *What do you call a fly without wings? A walk!*
- *What happens when you witness a shipwreck? You let it sink in.*
- *How can you find Will Smith in the snow? Follow the fresh prints.*
- *What does a clock do when it's hungry? It goes back four seconds.*
- *What's the easiest way to make a glow worm happy? Cut off its tail—it'll be delighted!*
- *What do you call a belt made of watches? A waist of time!*
- *Why did Adele cross the road? To say hello from the other side!*
- *What's the best way to carve wood? Whittle by whittle.*
- *What did the teacher do with the student's report on cheese? She grated it.*
- *What's the difference between a piano and a fish? You can tune a piano, but you can't tuna fish.*
- *What did the pirate say on his 80th birthday? "Aye, matey!"*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	**DELIVERY TIDES**
July 17 – Ashura August 15 – Independence Day August 26 - Janmashtami	July 19 – July 27 July 31 – August 08 August 17 – August 26

BANGLADESH	
BANK HOLIDAYS	**DELIVERY TIDES**
July 17 – Ashura August 15 – National Mourning Day August 26 - Janmashtami	July 21 – July 24 August 04 – August 07 August 19 – August 22

BANK HOLIDAYS		
CHINA	**PAKISTAN**	**TURKEY**
No holidays in July & August	July 16 & 17 – Ashura August 14 – Independence Day	July 15 – Democracy & National Solidarity Day August 30 – Victory Day

ALANG - Port Position as of July 12, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Tokachi Frost	2,529	Reefer	Arrived July 11
2	*Viva*	*2,188*	*Reefer*	*Delivered July 10*
Total Tonnage		**4,717**		

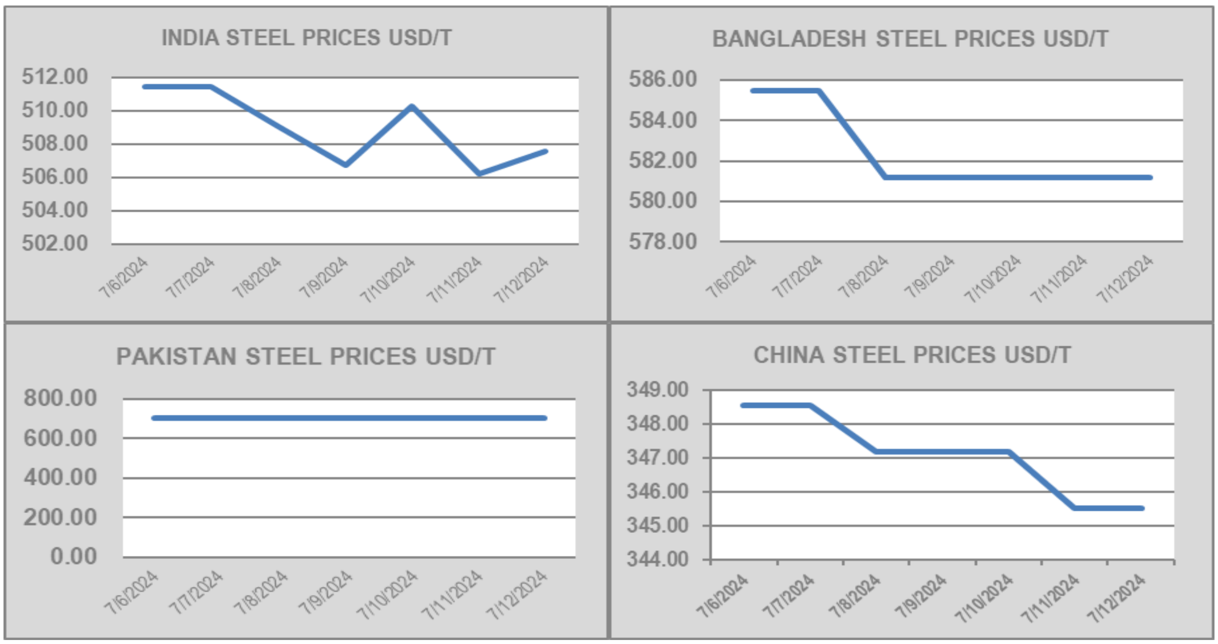
CHATTOGRAM - Port Position as of July 12, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Ever Express	1,377	General Cargo	*Delivered July 11*
2	Nareswar	10,308	Bulk Carrier	Arrived July 05
3	Pan	1,662	General Cargo	Arrived July 11
4	Xiang	3,947	Bulk Carrier	*Delivered July 08*
5	Xing Tong 313	1,909	LPG Tanker	Arrived June 26
6	Yun Shuo 7	3,399	Bulk Carrier	*Delivered July 10*
Total Tonnage		**22,602**		

GADANI - Port Position as of July 12, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Far East Grace	3,585	Container	Arrived July 04
Total Tonnage		**3,585**		

DATE	INDIA STEEL PRICES USD/T	INDIA STEEL PRICES	PAKISTAN STEEL PRICES USD/T	PAKISTAN STEEL PRICES	BANGLADESH STEEL PRICES USD/T	BANGLADESH STEEL PRICES	CHINA STEEL PRICES USD/T
7/6/2024	511.44	42,700.00	706.60	197,000.00	585.47	68,500.00	348.58
7/7/2024	511.44	42,700.00	706.60	197,000.00	585.47	68,500.00	348.58
7/8/2024	509.04	42,500.00	706.60	197,000.00	581.20	68,000.00	347.19
7/9/2024	506.71	42,300.00	706.60	197,000.00	581.20	68,000.00	347.19
7/10/2024	510.30	42,600.00	706.60	197,000.00	581.20	68,000.00	347.19
7/11/2024	506.22	42,300.00	706.60	197,000.00	581.20	68,000.00	345.53
7/12/2024	507.60	42,400.00	706.60	197,000.00	581.20	68,000.00	345.53



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