E: snp@gmsinc.net

GMS WEEKLY

W: www.gmsinc.net

WORLD'S LARGEST CASH BUYER OF SHIPS

US: +1.301.759.9240 DU: +971.4.423.0720 CN: +86.21.6075.1900 SG: +65.6.823.8037 JP: +81.35.453.6311

June 6th, 2014
Volume 142, Issue 623
Week 23

QUOTE of the WEEK

"God wisely designed the human body so that we can neither pat our own backs nor kick ourselves too easily."

- Anonymous

Highlights:

- **Events conspire.**
- **Price fall.**
- **Slowdown ensues.**
- **Duties increased.**
- **Demand remains.**

Cash Buyer to be ISO 9001:2008 Certified

ISO 9001:2008 BUREAU VERITAS Certification

MARKET COMMENTARY

BUDGET BITES!

A combination of the Dragon Boat festival in China and Posidonia week in Greece meant for a quieter overall demo market in terms of trading activity and sales. Yet, there remains plenty to report, thanks to the freshly announced budgets in both Pakistan and Bangladesh.

Indeed, the market appears to have quietly regressed whilst owners have been focused elsewhere, as the scrap steel prices alone in India have come off by as much as USD 20/LT LDT and the post election effects on the currency also seem to be wearing off with the currency trading back to almost Rs. 60 against the U.S. Dollar.

Additionally, negative news on the budgets in both Pakistan and Bangladesh further elevated prevailing concerns of the anticipated (and inevitable) monsoon slowdown on prices and many are already predicting that the peaks for this year have quite likely been reached.

As a result, many end buyers and cash buyers have chosen not to offer on tonnage whilst still trying to comprehend the true effects of the budgets and just how severe an outcome they will have on the industry.

In Bangladesh, duties were increased on both incoming vessels and scrap metal by as much as USD 5/LT LDT and on fuel oil (bunkers) by as much as USD 30/LT LDT. In Pakistan, the effects of the budget (increases in customs duty and sales taxes) have already been reacted to, by falls of around USD 15-20/LT LDT. However, demand persists in both markets and those buyers that had sat out the offering whilst waiting for budget announcements are now looking to get back in the game, albeit at lower levels overall.

The onset of the rainy season should also see levels further cooling off with the summer months seeing much of the seasonal labor head home and ship cutting and beachings on yards remaining difficult.

For week 23 of 2014, GMS demo rankings for the week are as below:

Demo Ranking	Country	Market Sentiment	GEN CARGO Prices	TANKER Prices
1	India	Bullish	USD 475/lt ldt	USD 500/lt ldt
2	Bangladesh	Bullish	USD 445/lt ldt	USD 475/lt ldt
3	Pakistan	Bullish	USD 445/lt ldt	USD 475/lt ldt
4	Turkey	Bullish	USD 335/lt ldt	USD 345/lt ldt
5	China	Weak	USD 310/lt ldt	USD 325/lt ldt

BANGLADESH

DEMAND RIPE FOR RIGHT UNITS!

Budget announced.

With the Bangladeshi budget finally announced on Thursday June 5th, many previously dormant buyers opted to return to the bidding table with no drastic changes made for the import of new vessels.

Increase in duties.

Early interpretations see an increase in duties on both incoming vessels and scrap metal by around USD 5/LT LDT, whilst taxes and duties on fuel have increased by a whopping USD 30/LT LDT. On the flip side, yard VAT has reportedly been reduced so the net impact (for prices on incoming ships) has been marginal.

There will be further ratifications and discussions before the final version of the budget is implemented, but many end buyers have seen this as an opportune time to return to the action and have begun offering on a variety of units once again.

On the sales front, the small chemical tanker GLOBAL EMINENCE (2,576 LDT) was committed for a firm USD 470/LT LDT.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
GLOBAL EMINENCE	Tanker	2,576	USD 470/LT LDT

INDIA

STALLED!

Cooling off.

Having enjoyed a truly stunning past month following the landslide victory for the favored Mr. Modi, the Indian market has started to tail off recently, amidst an alarming slump in scrap steel prices and a depreciation of the currency back towards Rs. 60 (against the U.S. Dollar) once again.

Rather than continue the huge strides of late, the market appears to have stalled with prices tailing off by as much as USD 20/LT LDT and many end buyers content just to wait and watch (to see if this trend continues) before offering on new units.

Waterfront struggles.

Those cash buyers that brought at the peak of the market are therefore struggling with their ‘as is’ and delivered inventories and owners should be aware of any games being played at the waterfront to try and alleviate losses due to market conditions.

The less than positive news from the Pakistan and Bangladeshi markers is likely to filter through in the coming weeks and further dampen sentiment and prices. Notwithstanding, at present, demand remains for the right units and often it is a case of identifying the right end users in order to capture the desired levels.

Sales noted.

On the sales-front, MSC continued their clear-out of older tonnage with the sale of the MSC HINA (10,955 LDT) at a firm USD 502/LT LDT (decent size and ownership obtaining a premium).

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
MSC HINA	Container	10,655	USD 502/LT LDT

PAKISTAN

AGGRESSIVE REGRESSION!

Negativity surrounds.

Negativity surrounding the results of the budget have engulfed the Pakistan market this week, with very few end buyers choosing to offer until the small print is fully understood and those that were keen to buy are now offering a full USD 15-20/LT LDT lower than pre-budget levels.

As a result, very few sales were concluded – both from market and from existing cash buyer inventories - with a standoff set to ensure until either the market comes up for tankers (gas free for man entry only) or ships are cleaned and taken elsewhere.

Lower months ahead expected.

If all of the changes so far realized come to pass in the final edit of the Pakistan budget, it may be that a quieter few summer months ensue, despite demand remaining firm for the right units (many buyers not having purchased whilst waiting on the budget announcement).

NO MARKET SALES REPORTED

CHINA

SUBSIDY SUCCESS!

VLCC sold.

Finally a market sale to speak of this week in China as the AMCL owned VLCC NEW VALOR (39,721 LDT) was committed for a (comparatively) meager USD 338/LT LDT into South China.

However, the state controlled owners will benefit from the USD 150/GRT premium from the government and a subsequent USD 150/GRT discount on a corresponding new building.

The hugely enticing premium offered up by the government on Chinese flagged, state controlled tonnage has seen a plethora of units (from containers to bulkers to VLCCs) of all sizes, ages and types, head for recycling into China at below market levels this year.

The generous subsidy is set to run until 2015. However, there remain some doubts if the policy will be renewed, particularly with the aggressive fleet restructuring process the likes of COSCO, China Shipping and AMCL have undergone this year.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
NEW VALOR	VLCC	39,721	USD 338/LT LDT

TURKEY

STILLNESS PERSISTS …

Light at the end of the tunnel?

Shortage of tonnage, wide price-gap with Indian sub-continent, and unchanged local prices for ships have continued to keep the Turkish market out of the game for the most part. The number of incoming vessels too, remains stale as the number of inactive yards in Turkey continues to gradually rise.

However, with the slow decline in prices from the sub-continent markets this week, could mean light at the end of the tunnel for Turkish buyers in the near future, as a smaller price differential could be the deciding factor for owners of relatively smaller LDT tonnage in choosing Turkey over West Coast India.

NO MARKET SALES REPORTED

UNBELIEVABLE FACTS

- *After they are roasted, and when the coffee beans begin to cool, they release about 700 chemical substances that make up the vaporizing aromas.*
- *Airbags are deployed at a rate of two-hundred miles per hour.*
- *Alekthophilia is the love of chickens.*
- *Alfred Hitchcock did not have a belly button. It was eliminated when he was sewn up after surgery.*
- *All clams start out as males; some decide to become females at some point in their lives.*
- *All elephants walk on tip-toe because the back portion of their foot is made of no bone just fat.*
- *All mammals, except man and monkey are color blind.*
- *All of Reykjavik, the capital of Iceland, is heated by underground hot springs.*
- *All of the stars comprising the Milky Way galaxy revolve around the center of the galaxy once every 200 million years or so.*
- *All polar bears are left-handed.*
- *All porcupines can float in water.*
- *All pyrimids were bright white.*
- *All snakes on the island of Tasmania are poisonous.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	**BEACHING TIDES**
No holidays in June	June 10 – June 19 June 23 – July 02

BANGLADESH	
BANK HOLIDAYS	**BEACHING TIDES**
June 14 – Lailatul Barat	June 13 – June 16 June 27 – June 30

ALANG - Port Position as June 06, 2014

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Bateel	16,283	Oil Tanker	Arrived June 03
2	Elcastaro	990	General Cargo	Arrived June 05
3	Erk	6,720	Bulk Carrier	Arrived May 29
4	*Georgia*	*7,355*	*Chemical Tanker*	*Beached June 04*
5	Golden Arrow	4,355	RoRo	Arrived June 03
6	Ingas	2,493	LPG	Arrived June 04
7	*Jens Jacobsen*	*2,865*	*Tanker*	*Beached May 30*
8	**Ji Yang**	**4,085**	**Reefer**	**Arrived July 23**
9	Jina	6,485	Bulk Carrier	Arrived June 05
10	Nawal Ali	1,553	General Cargo	Arrived June 05
11	*Nazli Deniz*	*2,953*	*General Cargo*	*Beached June 03*
12	*Noora II*	*2,147*	*General Cargo*	*Beached June 03*
13	*Rance*	*11,382*	*Container*	*Beached May 31*
14	Repulse Bay	2,122	General Cargo	Arrived May 30
15	Seair Queen	8,120	Oil Tanker	Arrived May 24
16	*Tong Ji Men*	*7,373*	*General Cargo*	*Beached May 31*
17	Tuba	10,146	Oil Tanker	Arrived June 02
18	Venus	3,277	General Cargo	Arrived June 02
Total Tonnage		**100,704**		

GADANI - Port Position as of June 06, 2014

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Subam	15,886	Tanker	Arrived June 06
Total Tonnage		**15,886**		

CHITTAGONG - Port Position as of June 06, 2014				
No.	**VESSEL NAME**	**LDT**	**TYPE**	**STATUS**
1	*Andhika Ashura*	*2,267*	*Tanker*	*Beached May 31*
2	*Da Fu Star*	*12,216*	*Bulk Carrier*	*Beached June 04*
3	Golam-E-Mostafa	4,950	General Cargo	Arrived May 25
4	Hai An	3,205	Tanker	Arrived June 04
5	*Jing*	*5,310*	*General Cargo*	*Beached June 04*
6	Khudoznik Rerikh	5,441	Container	Arrived May 23
7	*Macau Mineral*	*24,932*	*Bulk Carrier*	*Beached June 01*
8	*Tatarstan*	*2,246*	*Fish Carrier*	*Beached May 31*
9	Win Shing 1	2,384	General Cargo	Arrived May 30
Total Tonnage		**62,951**		