

October 24th, 2014
Volume 146, Issue 643
Week 43



"If you are not the lead sled dog, the world looks pretty much the same every day."

- Anonymous

Highlights:

- Troublesome week.
- Local fundamentals steady.
- Cheap Chinese steel.
- Influx of tonnage slows.
- Renegotiations.

MARKET COMMENTARY

ARTIFICIAL SLUMP!

It was another troublesome week across the Indian sub-continent markets with many end buyers refusing to offer, fearful of further falls in prices. Local fundamentals for the most part remain steady, with this most recent lull likely to be a reaction to an overheating on competitive tonnage and Diwali holidays keeping end buyers inactive.

Indeed, the nervousness prevalent across the market has been seen before and is a tactic often used by end buyers to deflate market levels to their own benefit.

However, it is also true that the import of cheap Chinese billets has started to undercut the inventory on local plots, but Mr Modi's pro-business government in India is expected to counter that by raising duties on these steel imports from China.

On the other ends, Pakistan and Bangladesh appear merely to be reacting to the Indian volatility rather too strongly – reverting to type when they could be leading the market.

The influx of tonnage has surprisingly slowed as well, with rates on capesize bulkers, for example, having almost doubled within the space of a few weeks. With demand and yard capacity remaining good in all sub-continent markets (over 50% India), it is expected that levels will pick up again going into November (as has historically been the case).

Finally, the Turkish market was a major cause for concern, with over USD 60/LDT having tumbled off the price in the past few months (again largely due to the cheap imports of these Chinese billets). It was therefore unsurprising to see a number of renegotiations take place by unscrupulous cash buyers, eager to use the market conditions in order to lessen their losses.

For week 43 of 2014, GMS demo rankings for the week are as below:

Demo Ranking	Country	Market Sentiment	GEN CARGO Prices	TANKER Prices
1	Bangladesh	Cautious	USD 460/lit ldt	USD 490/lit ldt
2	Pakistan	Cautious	USD 455/lit ldt	USD 485/lit ldt
3	India	Volatile	USD 450/lit ldt	USD 480/lit ldt
4	Turkey	Weak	USD 290/lit ldt	USD 300/lit ldt
5	China	Weak	USD 280/lit ldt	USD 300/lit ldt

Cash Buyer to be
ISO 9001:2008
Certified



BANGLADESH

AIMING TO ADJUST!

Comparing levels.

Bangladeshi Buyers looked towards the woes of their sub-continent neighbors and began to seek a downward adjustment in levels accordingly.

The import of cheap Chinese billets has not affected Bangladesh as it has done in Pakistan, India and Turkey, but a recent wobble on the local steel plate prices and several high profile and high priced sales to hot buyers has seen the remaining open yards keen to peg levels back to more workable / realistic numbers.

Less larger LDT.

The incoming volume of vessels at the waterfront as well has done little to keep local buyers motivated to pay top dollar to secure tonnage for their yards.

As a result, it has been another (nearly) dry week on the sales board with a slowing of larger LDT dry units and containers and most of the VLCCs / tankers gas free for man entry only and therefore ideal Pakistan candidates.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
BRIGHT	Bulker	2,877	USD 450/LT LDT

INDIA

STANDOFF!

The onset of Diwali holidays this week perhaps gave the Indian market a far worse complexion in terms of sentiment and levels, than the reality on the ground.

Reality not as bad!

Perhaps it is the ideal time for end buyers to take a break as the currency has been trading at a less than impressive rates of excess Rs. 61 against the U.S. Dollar and many local yards had been complaining for some time of deals being done at far from realistic levels.

Nevertheless, demand for new units is evident with yard capacity operating at over 50% and local steel plate prices (despite previous extreme volatility) appear to have finally settled of late.

Yard capacity good.

As long as this dearth of tonnage to local yards persists, it seems unlikely that end buyers will obtain their wish to further depress ship prices. If a new reality on prices is to become accepted, it will take some serious panic selling from existing cash buyer inventories to subdue levels.

It may be that cash buyers then choose to hold their vessels or divert them elsewhere, before accepting prices that appear to be at least some USD 20/LT LDT less than the day of buying.

Post holiday hopes!

It will be interesting to see how local buyers emerge from Diwali holidays, as the current standoff has to give, one way or the other!

NO MARKET SALES REPORTED

PAKISTAN

JITTERY!

Renegotiations.

As one well publicized case saw owners having to settle for a price of around USD 25/LT LDT less on a 41,000 LDT VLCC (over a USD 1 million loss), panic began to set in to the local market.

The facts are that the original price paid by one overly ambitious cash buyer for the aforementioned VLCC was never realistic and owners have had to pay for such over exuberance by accepting a much lower price in a market where sentiment has been reversing.

Easing off the VLCCs.

Furthermore, it looks like several of the VLCCs that had been negotiating over the course of the last few weeks may not materialize as firm demolition candidates, with trading / storage buyers emerging to ease the pressure on what is currently a very jittery Pakistani market.

NO MARKET SALES REPORTED

CHINA

NO ENCOURAGEMENT!

The recent depression in Indian sub-continent levels could not drag the Chinese recycling market back into the picture. The state supply of tonnage is expected to continue until the end of this year and indeed until the end of 2015, when the subsidies are due to expire.

Unable to compete.

It was therefore no surprise to see another barren week for the sales board, with even small vessels redirected towards the Indian sub-continent markets or those in South East Asia.

NO MARKET SALES REPORTED

TURKEY

TURKISH TURMOIL!

Upcoming stability?

For the local recyclers who were able to commit the one off unit from regional waters, it remained yet another week of depreciating steel prices, which further restricted their ability to re-sell their recycled steel inventory at break-even margins.

For those recyclers without vessel(s) on their yards, the situation continues to get bleaker as operating at less than green margins is still beneficial than closing shop all together, however, the dearth of available tonnage is continuing to present bigger challenges to those with empty yards..

Notwithstanding the local turmoil, there was some positive news emanating from the Turkish market this week as the Turkish Lira gained some ground against the USD, closing at about TKR 2.23.

Moreover, while not much of a positive note, the rate of decline in steel prices eased off this week, in comparison to the declines from early in the month. News from the local market indicated that the fall was slightly less than USD 5/Ton, indicating that a possible stability of prices for ships form Turkey is likely on the horizon.

However, the one thing that remains nearly certain is that there is no sign of a potentially immediate recovery back to mid USD 300/Ton levels, as it was earlier in the year - a fact which several ship owners cannot easily digest and consequently have not committed tonnage to Turksih yards at current market prevailing levels.

NO MARKET SALES REPORTED

UNBELIEVABLE

- *Every time you sneeze your heart stops a second.*
- *Potato crisps were invented by a Mr Crumm.*
- *Eskimos have hundreds of words for snow but none for hello.*
- *The only 15 letter word that can be spelled without repeating its letters is uncopyrightable.*
- *Windmills always turn counter-clockwise.*
- *The longest English word without a vowel is twyndylltyns which means "twins".*
- *Albert Einstein never wore any socks.*
- *The average human will eat 8 spiders while asleep in their lifetime.*
- *Cockroaches can live 9 days without their heads before they starve to death.*
- *A flamingo can eat only when its head is upside down.*
- *The lighter was invented before the match.*
- *It is physically impossible for pigs to look up at the sky.*
- *The average person has over 1,460 dreams a year!*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
No more holidays in October	October 23 – October 30
November 04 – Muharram November 06 – Guru Nanak Jayanti	November 04 – November 12 November 21 – November 29

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
No more holidays in October	October 23 – October 26
November 04 – Muharram	November 06 – November 09 November 22 0 November 25

Prices indicated above are as reported in the market and are not necessarily accurate. This information is provided without prejudice and is given in good faith and without any guarantees whatsoever. While every care has been taken in the preparation of this report, no liability can be accepted for any loss incurred in any way whatsoever by any person relying on the information contained herein. Opinions expressed herein may be deemed subjective and arbitrary. This WEEKLY is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of this information by persons or entities other than the intended recipient is prohibited.

ALANG - Port Position as October 24, 2014

No.	VESSEL NAME	LDT	TYPE	STATUS
1	<i>Dalmatia</i>	6,786	<i>RoRo</i>	<i>Beached October 23</i>
2	<i>Harmony I</i>	12,492	<i>Passenger Vessel</i>	<i>Beached October 15</i>
3	<i>Ji Da</i>	6,354	<i>Bulk Carrier</i>	<i>Beached October 23</i>
4	<i>Triumph</i>	3,560	<i>General Cargo</i>	<i>Arrived October 21</i>
5	<i>Union Emma</i>	6,861	<i>General Cargo</i>	<i>Arrived October 23</i>
6	<i>Zim Atlantic</i>	16,900	<i>Container</i>	<i>Arrived October 24</i>
Total Tonnage		52,952		

CHITTAGONG - Port Position as of October 24, 2014

No.	VESSEL NAME	LDT	TYPE	STATUS
1	<i>AK Brother</i>	6,660	<i>Bulk Carrier</i>	<i>Arrived October 18</i>
2	<i>Everwin</i>	12,961	<i>Bulk Carrier</i>	<i>Beached October 24</i>
3	<i>Gui Shun</i>	4,906	<i>Bulk Carrier</i>	<i>Arrived October 21</i>
4	<i>Hai Hao</i>	6,989	<i>Bulk Carrier</i>	<i>Beached October 22</i>
5	<i>Kifangondo</i>	8,980	<i>Bulk Carrier</i>	<i>Beached October 19</i>
6	<i>Lady</i>	7,284	<i>Container</i>	<i>Beached October 24</i>
7	<i>Meli (Ex Melina)</i>	24,711	<i>Container</i>	<i>Arrived October 08</i>
8	<i>Oceanland</i>	7,142	<i>General Cargo</i>	<i>Arrived October 22</i>
9	<i>Orapin 2</i>	1,050	<i>Tanker</i>	<i>Beached October 22</i>
10	<i>Panagiotis D</i>	9,512	<i>Bulk Carrier</i>	<i>Beached October 23</i>
11	<i>Princess Vanya</i>	9,074	<i>Bulk Carrier</i>	<i>Beached October 19</i>
12	<i>Ricstar</i>	9,724	<i>Bulk Carrier</i>	<i>Beached October 21</i>
Total Tonnage		108,993		

GADANI - Port Position as of October 24, 2014

No.	VESSEL NAME	LDT	TYPE	STATUS
1	<i>Benegas</i>	3,443	<i>LPG</i>	<i>Beached October 22</i>
2	<i>Amira Layan</i>	7,757	<i>Bulk Carrier</i>	<i>Arrived October 21</i>
3	<i>Europrogress</i>	15,295	<i>Tanker</i>	<i>Beached October 23</i>
4	<i>Magnum</i>	9,236	<i>Tanker</i>	<i>Arrived October 22</i>
5	Nami	10,670	Tanker	Arrived August 25
6	<i>Overseas Elaine</i>	17,079	<i>Tanker</i>	<i>Beached October 21</i>
7	<i>Pramuda</i>	10,960	<i>Coal Carrier</i>	<i>Arrived October 16</i>
8	<i>Yalia</i>	9,483	<i>General Cargo</i>	<i>Beached October 18</i>
Total Tonnage		83,923		

WHILE EXTREME CARE HAS BEEN TAKEN IN THE PREPARATION OF THIS REPORT, NO LIABILITY CAN BE ACCEPTED FOR ANY LOSS INCURRED IN ANY WAY WHATSOEVER BY ANY PERSON RELYING ON THE INFORMATION CONTAINED HEREIN.