

September 18TH 2015
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Week 38



“There are two ways to live your life. One is as though nothing is a miracle. The other is as though everything is a miracle.”

- Albert Einstein

Highlights:

- Anti-dumping duty.
- Feds hold rates.
- Positivity expected.
- End to cartel.
- Speculation returns.

MARKET COMMENTARY

CAUTION TO WIND!

With news of the purported anti-dumping duties in Pakistan and India filtering through to local markets, it was expected that levels would push on to a greater extent than they have this week.

Many would have been waiting for the news on Thursday from the Feds in the United States, who chose not to raise U.S. interest rates (as expected). This had a short-term impact on the Indian Rupee, which appreciated to an encouraging Rs. 65 against the U.S. Dollar, after having touched almost Rs. 67 several weeks ago.

This should bring with it some positivity in the local markets, particularly as availability of potential candidates slows with freight rates offering some hope for vessels continuing to trade (particularly on capesize bulkers, which saw some decent gains after the recent alarming slump).

The Sunday meeting in Bangladesh appears to signal the end of the cartel as end buyers seek to acquire vessels on their own terms once again, which will (likely) bring a short-term spike to levels. However, owners and cash buyers alike will have to take great care on which end users they choose, with banking / LC limits still under great scrutiny.

Several high profile units were negotiating and concluded this week on private terms – including two panamax sized containers and one capesize bulker. Each sale was concluded at prices considerably above current market prices levels and it is interesting to see a large degree of cash buyer speculation returning to the markets, especially after a very cautious last 6 months of buying, as the markets have remained in such a precarious state.

As Eid holidays approach in Pakistan and Bangladesh, the signs are encouraging for a fourth quarter resurgence after what has been an overall disastrous year of declines and falls in the international ship recycling markets.

For week 38 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 315/ltd	USD 345/ltd
2	Pakistan	Weak	USD 310/ltd	USD 340/ltd
3	Bangladesh	Weak	USD 305/ltd	USD 335/ltd
4	China	Weak	USD 180/ltd	USD 200/ltd
5	Turkey	Weak	USD 170/ltd	USD 180/ltd

Cash Buyer to be
ISO 9001:2008
Certified



BANGLADESH

CARTEL COLLAPSE!

Not enough.

The significant news this week concerned the collapse of the Bangladeshi cartel, which had been in operation for almost two months. They had managed to secure a handful of vessels for local buyers from desperate cash buyers / owners but that was (expectedly) insufficient to maintain the cartel's presence, especially in the long run.

Plots available.

Cash buyers will have to be extremely mindful of managing expectations and ensuring open end users have LC limits in place, as the few available larger LDT units are expected to see some decent rates in the weeks ahead as Chittagong gets back into the buying.

Very few vessels have been concluded to Bangladeshi buyers after the binge on (mostly capesize) units during the first two quarters of the year and end users may still be keen to conclude vessels at these lower overall levels, in order to even out some of the high-priced purchases currently occupying their plots.

NO MARKET SALES REPORTED

INDIA

CURIOSLY SUBDUED!

Indian buyers lost out to their Bangladeshi counterparts on the few market vessels available this week and it has been a curious week of standoff in Alang, with end buyers not coming up to meet cash buyer expectations on resale prices, despite fundamentals all looking positive.

The news last week that India will impose an anti-dumping duty on the cheap imports of Chinese steel, failed to have the positive impact many were expecting, with rates holding perhaps until these proposals become a firm reality.

The import of Chinese billets have been a constant specter over the Indian sub-continent and Turkish ship recycling industries this year and to slow (or even halt) the supply would be a major relief to local recyclers at these destinations.

Further good news emerged this week off the back of the U.S. Fed decision to hold interest rates. The currency appreciated to a decent Rs. 65 against the U.S. Dollar (one whole point) at the end of the week, to give end users some hope going into week 39 of the year.

However, with an overall slowing of candidates' and a slowdown of incoming vessels expected in the near future, it could be a frustrating period of time for Indian buyers in securing choice units, particularly at the current subdued rates.

Price Standoff.

Supply slowing.

Frustrations abound.

PAKISTAN

LAGGING!

Proposed hike yet to take effect.

The proposed hike in duties (by an expected 40%) on imports failed to fire up the Pakistani market this week, with Gadani buyers still lagging some way behind their Indian and Bangladeshi counterparts.

It has been some time since we last saw a major sale into Pakistan and many of the yards still have vessels partially cut on their plots as the Association of Ship Recyclers has chosen to limit the supply of steel to local mills, in an attempt to improve market conditions. This has, however, seen a far slower cutting process to ships than usual.

Eid on horizon.

As Eid holidays approach, it will be a mostly quieter end to September in Pakistan, but it could be a big final push before the end of the year to secure ships at these current decent rates.

NO MARKET SALES REPORTED

CHINA

HUGE MOVES!

The Chinese market produced the most astounding of recoveries this week as ship recycling rates improving by as much as USD 50/LT LDT over a few short weeks.

The gap now appears to be closing with the Indian sub-continent markets, especially after the Chinese market endured a decidedly depressing year so far on international tonnage. Of course, the state subsidies have seen a decent number of Chinese flagged government vessels concluded to domestic yards, but this has not been enough for one of the largest ship-recycling locations in terms of capacity.

This improvement in levels will presumably filter through to sub-continent locations in the coming week(s) and bring with it, a degree of positivity and (hopefully) improved rates going into the last quarter of the year.

Gap closing.

Positive impact expected.

TURKEY

NEITHER UP NOR DOWN...

Levels remain steady.

The Turkish market did not show any (significant) signs of fluctuations this week, resulting in the relative stability of prices on offer, especially when compared to the drop in prices from last week.

Local positivity centered around the Turkish Lira, which closed trading below the new benchmark of TRY 3.X against the U.S. Dollar. On the flip side, local the steel plate prices presented the negative news for the week as weekly trading levels were (slightly) lower than the week before.

Election concerns.

Despite such fluctuations, local demand appears to remain firm and it appears that a few owners may be prepared to face the new lowly levels on offer as a handful of different sized units were reportedly concluded basis delivery Aliaga.

Meanwhile, one of the key (prevailing) concerns for the Turkish recyclers remains the current political environment in Turkey and what challenges, if any, the upcoming elections in November may present.

NO MARKET SALES REPORTED

THE HUMAN BRAIN...

- *Nerve impulses to and from the brain travel as fast as 170 miles per hour.*
- *The brain operates on the same amount of power as 10-watt light bulb.*
- *The human brain cell can hold 5 times as much information as the Encyclopedia Britannica.*
- *Your brain uses 20% of the oxygen that enters your bloodstream.*
- *The brain is much more active at night than during the day.*
- *Scientists say the higher your I.Q. the more you dream.*
- *Neurons continue to grow throughout human life.*
- *Information travels at different speeds within different types of neurons.*
- *The brain itself cannot feel pain.*
- *80% of the brain is water.*
- *Scientists have yet to settle on a definitive amount, but the storage capacity of the brain in electronic terms is thought to be between 3 or even 1,000 terabytes.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
October 02 – Mahatma Gandhi Jayanthi October 22 – Vijaya Dashami October 24 – Muharram	September 25 – October 04 October 12 – October 18 October 26 – November 02

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
September 24 – 26 – Eid Ul Azha October 23 – Vijaya Dashami October 24 – Muharram	September 27 – September 30 October 12 – October 15 October 27 – October 29

IMPORTANT BANK HOLIDAYS		
TURKEY	PAKISTAN	CHINA
September 22 – 26 – Kurban Bayrami October 28 – 29 – Republic Day	September 24 – 25 – Eid Ul Azha October 23 – 24 – Muharram	September 26 – 28 – Mid-Autumn Festival October 01 – 07 – National Day

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ALANG - Port Position as September 18, 2015

No.	VESSEL NAME	LDT	TYPE	STATUS
1	<i>Atlantic Companion</i>	28,920	<i>Container</i>	<i>Beached September 12</i>
2	<i>China Star</i>	14,465	<i>Container</i>	<i>Arrived September 17</i>
3	<i>Era</i>	8,261	<i>LPG</i>	<i>Beached September 13</i>
4	<i>Eva II</i>	10,808	<i>Oil Tanker</i>	<i>Beached September 12</i>
5	<i>Global Explorer</i>	10,687	<i>Woodchip</i>	<i>Beached September 16</i>
6	<i>Glory Morning</i>	4,860	<i>Bulk Carrier</i>	<i>Arrived September 08</i>
7	<i>Kurotakisan</i>	13,087	<i>Bulk Carrier</i>	<i>Arrived September 10</i>
8	<i>Maria Star</i>	9,350	<i>Bulk Carrier</i>	<i>Arrived September 16</i>
9	<i>Masuren</i>	11,463	<i>General Cargo</i>	<i>Beached September 11</i>
10	<i>Reis G</i>	8,287	<i>Bulk Carrier</i>	<i>Arrived September 09</i>
11	<i>Syn Markab</i>	2,578	<i>LPG</i>	<i>Beached September 15</i>
12	<i>Vow</i>	7,764	<i>Container</i>	<i>Beached September 14</i>
Total Tonnage		130,530		

CHITTAGONG - Port Position as of September 18, 2015

No.	VESSEL NAME	LDT	TYPE	STATUS
1	<i>Ismar</i>	7,989	<i>Bulk Carrier</i>	<i>Arrived September 09</i>
2	<i>Peregrine (Dead Vessel)</i>	8,960	<i>Drill Ship</i>	<i>Beached September 16</i>
3	<i>Ramsi</i>	7,779	<i>Bulk Carrier</i>	<i>Arrived September 11</i>
Total Tonnage		24,728		

GADANI - Port Position as of September 18, 2015

No.	VESSEL NAME	LDT	TYPE	STATUS
1	<i>Rebekka N</i>	40,400	<i>Ore Carrier</i>	<i>Arrived September 17</i>
Total Tonnage		40,400		

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