

April 21<sup>st</sup>, 2017  
Volume 176, Issue 771  
Week 16



“The road to Easy Street goes through the sewer.”

- John Madden

## Highlights:

- Momentum stalls.
- Stability needed.
- Concluded sales.
- 10 dollar falls.
- Just a blip?

## MARKET COMMENTARY

### TABLES TURN!

As the tables turned on the rapid momentum that the Indian sub-continent recycling markets witnessed over the recent past, further declines and disappointments came forth as prices continued their downward spiral for yet another week.

Given the current trend, a week (perhaps two) of a stable market will be needed before end buyer confidence returns to the point they are willing to offer with any aggression, as local steel plate prices have been fluctuating wildly and by as much as USD 10/LDT nearly everyday. Despite that, there were a number of sales concluded this week (some at numbers belying the inherent market weakness) as cash buyers see it fit to continue offering with some of the inexplicable speculation that has characterized the market for much of this year.

On the surface at least, steel plate prices have declined by at least UD 10/LDT across all sub-continent locations and this has troubled end users to the point of distraction, with many choosing not to even offer at all, at least until some gains (or even stability) are witnessed in the market.

As the monsoon season, advent of the month of Ramadan and budgets (in Pakistan and Bangladesh) are collectively looming towards the end of May, a strong preference to import ships over the next month is still prevalent, albeit at the readjusted / lower levels, which are still very good when compared to those from the corresponding period last year (*See Page 9*). For this reason, coupled with a slowing of supply, it may not be time to hit the panic button just yet.

Given that a number of larger LDT vessels remain unsold and in cash buyer hands, many are hoping that this recent decline is nothing more than a blip and prices may recover to previous levels, at least ahead of the anticipated summer slowdown.

For week 16 of 2017, GMS demo rankings for the week are as below:

Demo Ranking	Country	Market Sentiment	GEN CARGO / BULKER Prices	CONTAINER / TANKER Prices
1	India	Declining	USD 350/LT	USD 370/LT
2	Pakistan	Declining	USD 345/LT	USD 365/LT
3	Bangladesh	Declining	USD 340/LT	USD 360/LT
4	China	Stable	USD 260/LT	USD 270/LT
5	Turkey	Stable	USD 225/MT	USD 235/MT

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## BANGLADESH

### KEEPING QUIET!

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#### *Taking tankers.*

With Pakistan still closed to taking tankers due to the tragic accidents earlier in the year, many of the larger LDT wet units (afamaxes, suzemaxes and VLCCs) are being concluded with an eye on the Bangladeshi market.

With this in mind, the Avin controlled aframax tanker SANTA CRUZ I (16,114 LDT) was finalized for a firm USD 387/LT LDT basis an 'as is' Singapore delivery with approximately 200 CBM of sludge remaining on board upon delivery, which the concerned cash buyer will have to clean to hot works standards prior to redelivery.

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#### *Smaller containers sold.*

The other sale of the week saw the Polish built container ARMADA PERSADA (5,162 LDT) fixed for a comparatively modest USD 365/LT LDT - bearing in mind the recent sales of the sister vessels YANGON STAR and MANDALAY STAR for USD 360/LT LDT basis an 'as is' Singapore delivery only a few weeks ago.

### MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
ARMADA PERSADA	Container	5,162	USD 365/LT LDT
SANTA CRUZ I	Tanker	16,114	USD 387/LT LDT ('as is' Singapore, with 200 CBM of sludges ROB)

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## INDIA

**S**TEEL SLUMP!

The biggest reversal of all sub-continent markets was seen in India this week, as local steel plate prices endured a jarring decline of almost USD 15/LDT over the course of the week before finally regaining some momentum as the week ended.

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*Jarring decline.*

This has left certain cash buyers (and indeed end buyers who have committed some of the recently high priced deals) in shock as the monsoon months get nearer, along with the generally quieter summer period.

Competing markets have yet to really pick up some of the slack with Bangladesh somewhat muted and Pakistan in a seemingly confused state as to whether they should compete at some of these more punchy levels and on lesser-favored types of units.

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*Competing market reticence.*

On the sales front, bold cash buying speculators concluded several deals this week. The smaller Petrobras owned LPG GUAPORE (3,963 LDT) was auctioned off at USD 182/LT LDT basis an 'as is' Rio delivery.

Additionally, the Asiatic Lloyd vessel AL ENDURANCE (22,444 LDT) received a massive price of USD 390/LT LDT basis an 'as is' Davao (Philippines) delivery. Vessel has been in cold layup, making this the most impressive move of the week.

## MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
AL ENDURANCE	Container	22,444	USD 390/LT LDT ('as is' Davao)
GUAPORE	LPG	3,963	USD 182/LT LDT ('as is' Rio)

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## PAKISTAN

### TOO TENTATIVE!

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*Absence of capes.*

Due to an absence of their favored large LDT capesize bulkers, the Pakistani market continued to miss out as heavy draft container vessels and tankers were sold into both India and Bangladesh this week.

As dry bulk specialists for a majority of the year so far, it was not surprising to see Pakistan buyers complete the capture of the only bulker to be sold this week as THE JUST (7,487 LDT) was committed for a decent USD 385/LT LDT.

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*Budget date.*

End buyers in Pakistan remain keen to import vessels before the tentative budget date of May 26<sup>th</sup> (in case any new duties or taxes are levied on the domestic ship recycling sector). However, given that competing Chinese product being offered in the local market has increased by at least USD 10/LDT, should give end buyers the impetus to compete for tonnage in the upcoming week(s) as demand for the comparatively cheaper ships steel from local mills should prevail.

#### MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
THE JUST	Bulker	7,487	USD 385/LT LDT

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## CHINA

### TOUCHING DISTANCE!

The Chinese market may come back to touching distance of sub-continent prices if the current trends are anything to go by, given that a decline of about UD 20/LDT has been seen over the past few weeks in the sub-continent and the Chinese market has so far held relatively firm, despite a few wobbles some weeks back.

Unfortunately, it was still another empty week on the sales board and Chinese end buyers will be hoping they can get back into buying mode as the usually quieter monsoon period descends over the sub-continent markets.

With subsidy tonnage remaining slim-to-none of late, local yards have come to rely on strictly green vessels and smaller LDT units positioned in the area for their tonnage needs so far this year.

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*Holding firm.*

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*Subsidy supply slows.*

## TURKEY

### STABILITY REIGNS!

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*Election victory.*

Upon the conclusion of the elections held last week (that ended in the governing party's favor), domestic economic signs are showing that things will remain stable for a little longer.

The Turkish Lira continues to firm against the U.S. Dollar finally dipping below the TRY 3.60 level at the time of writing. Moreover, prices being offered for various units remain rock steady as well and have provided the necessary motivation for several owners to fix their units privately into Aliaga. Reportedly, about 5 vessels have arrived the waterfront over the last 2 – 3 weeks.

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*Lira firms!*

Notwithstanding, despite the firm fundamentals and positive elections, a lingering fear of market declines persists in the minds of domestic recyclers even though they are willing to offer relatively decent and slightly above market levels for the right vessels.

Given the constant declines witnessed in the sub-continent markets over the last few weeks, Turkey is increasingly becoming the destination of choice for smaller LDT units opening up in the area.

**NO MARKET SALES REPORTED**

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## FUN FACTS!!

- *Hitler's brother; Patrick William Hitler, lived in Liverpool. Patrick's son later joined the US army during WW2.*
- *If an object, such as stars or comets, go too close to a black hole, it will be stretched like a membrane. This is known as 'spaghettification'.*
- *Dinosaur feathers have been discovered preserved in amber. The feathers back-up a theory that dinosaurs had feathers very similar to birds today, at least in regard to color and transparency.*
- *The octopus is a very intelligent animal. They have been known to sneak onto fishing boats and even open the holds to eat the bait crabs.*
- *A passenger on a plane once played a pirated movie during a flight, only to discover the lead actress Kriti Sanon sat beside him.*
- *Samsung is also a full time weapons manufacturer, who apparently uses the most up to date technology to support world peace and security. And we all thought the exploding S7 was impressive.*
- *The humble Oreo is, more than likely accidentally, vegan. They contain zero dairy products and this is probably due to preservation and production costs being kept low.*

## IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
May 01 – May Day May 10 – Buddha Purnima	April 24 – May 02 May 08 – May 16 May 23 – May 31

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
May 01 – May Day May 10 – Buddha Purnima May 12 – Lailatul Barat	April 26 – April 29 May 12 – May 15 May 25 – May 28

IMPORTANT BANK HOLIDAYS		
TURKEY	PAKISTAN	CHINA
May 01 – Labor Day May 28 –30 – Dragon Boat Festival	May 01 – Labor Day	May 01 – Labor & Solidarity Day May 19 – Commemoration of Ataturk, Yough and Sport Day

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## ALANG - Port Position as of April 21, 2017

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Atlantic Runner	9,120	Roro	Arrived April 17
2	Diamond Sea	4,903	Bulk Carrier	Arrived April 14
3	Europa	10,311	Container	Arrived April 21
4	Gas Magic	10,150	LPG	Arrived April 11
5	Han Li	8,137	General Cargo	Arrived April 22
6	<b>Infinity</b>	<b>7,878</b>	<b>Bulk Carrier</b>	<b>Arrived October 04, 2015</b>
7	Jin V	24,052	Container	Arrived April 16
8	Lombo	3,207	Container	Arrived April 16
9	LPG/C Happy Fellow	2,482	LPG	Arrived April 20
10	Oja 1	9,733	Oil Tanker	Arrived April 18
11	Rahma	680	General Cargo	Arrived April 18
12	<i>Sentinel I</i>	10,663	<i>Oil Tanker</i>	<i>Beached April 19</i>
13	SJ African	3,205	Bulk Carrier	Arrived April 14
14	Wealthy Ocean	5,502	Bulk Carrier	Arrived April 20
<b>Total Tonnage</b>		<b>110,022</b>		

## CHITTAGONG - Port Position as of April 21, 2017

No.	VESSEL NAME	LDT	TYPE	STATUS
1	<i>Bangsaotong</i>	2,354	<i>General Cargo</i>	<i>Beached April 14</i>
2	<i>Brilliant</i>	4,576	<i>Container</i>	<i>Beached April 15</i>
3	Danai 3	624	Tanker	Arrived April 14
4	Danai 4	737	Tanker	Arrived April 14
5	Lady	15,327	Tanker	Arrived April 20
6	Laiwu Steel Harmonious	37,993	Ore Carrier	Arrived April 15
7	Meratus Java	9,702	Container	Arrived April 20
8	Orapin 4	1,214	Tanker	Arrived April 14
9	<i>Stark</i>	15,887	<i>Container</i>	<i>Beached April 13</i>
<b>Total Tonnage</b>		<b>88,414</b>		

## GADANI - Port Position as of April 21, 2017

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Ensco 94	7,000	Rig	Beached April 21
2	Thor Harmony	13,179	Bulk Carrier	Beached April 21
<b>Total Tonnage</b>		<b>20,179</b>		

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No.	Country	Demo Ranking		GENERAL CARGO / DRY BULK		% Change
		2016	2017	2016 Prices	2017 Prices	
1	India	3	1	270	350	29.63%
2	Pakistan	2	2	275	345	25.45%
3	Bangladesh	1	3	280	340	21.43%
4	China	5	4	175	260	48.57%
5	Turkey	4	5	205	225	9.76%

No.	Country	Demo Ranking		CONTAINERS / TANKERS		% Change
		2016	2017	2016 Prices	2017 Prices	
1	India	3	1	300	370	23.33%
2	Pakistan	2	2	305	365	19.67%
3	Bangladesh	1	3	310	360	16.13%
4	China	5	4	190	270	42.11%
5	Turkey	4	5	210	235	11.90%



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