GMS WEEKLY

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QUOTE of the WEEK

"Our greatest weakness lies in giving up. The most certain way to succeed is always to try just one more time."

- Thomas Edison

Highlights:

- **Number of sales.**
- **Lowly levels.**
- **Bangla and Pakistan stretched.**
- **India volatile.**
- **Budgets unimpressive.**

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MARKET COMMENTARY

SELLING IN AN AILING MARKET!

Despite prices and sentiment remaining less than impressive, sales took place into all Indian sub-continent markets this week.

With freight rates continuing to disappoint and with surveys due on many vessels, owners have decided to bite the bullet and scrap their older units, even at these lower levels.

Because sales continue to take place at ever-lower numbers, there really is no incentive for end users to increase prices at the moment – especially with the monsoon season, Ramadan, and the traditionally quieter summer months all around the corner.

Capacity in Bangladesh and Pakistan remains strained having taken the vast majority of the 65+ capesize bulkers already sold for demolition this year. It may therefore take several months for sentiment, demand, and pricing to return once again – possibly at the start of the fourth quarter of the year.

In India, despite capacity remaining excellent, local fundamentals remain hugely volatile as the Indian Rupee continues to trade in and around a dangerous Rs. 64 against the U.S. Dollar and local steel plate prices (that have been so volatile) are always capable of further dramatic falls.

Finally, budgets in both Pakistan and Bangladesh have failed to provide the required stimulus to the market and unless an aggressive end user can be found to take a certain vessel, prices and sentiment remain mute - and this is expected to remain the case for the next few months at least.

For week 24 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 360/lt ldt	USD 390/lt ldt
2	Bangladesh	Weak	USD 355/lt ldt	USD 385/lt ldt
3	Pakistan	Weak	USD 350/lt ldt	USD 380/lt ldt
4	Turkey	Steady	USD 245/lt ldt	USD 255/lt ldt
5	China	Steady	USD 200/lt ldt	USD 215/lt ldt

BANGLADESH

PREPARED TO PICK!

Signs of life – few sales.

There were a few signs of life this week (for the right types of units) in Bangladesh and as a result, a number of deals were concluded at previously unthinkable levels.

There are a number of older handysize bulkers circulating for sale and very few end users are emerging to take such vessels at anywhere near workable levels.

Bulkers sold.

Consequently, it is doubtful whether the sale of the NATZUTEC (7,667 LDT) will be finalized anywhere near the reported USD 360/LDT levels being quoted, with news emerging locally that the sale has already failed.

The other sales for the week concerned the capesize bulker AEOLIAN GLORY (19,125 LDT) at an impressive USD 382/LT LDT and two panamax bulkers, the ANDHIKA SHARMILA (10,380 LDT) at USD 340/LT LDT 'as is' Singapore and the Danish built ANCONA (11,750 LDT) for a decent USD 365/LT LDT.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
AEOLIAN GLORY	Bulker	19,125	USD 382/LT LDT
ANCONA	Bulker	11,750	USD 365/LT LDT
ANDHIKA SHARMILA	Bulker	10,380	USD 340/LT LDT ('as is' Singapore)
NATZUTEC	Bulker	7,667	USD 360/LT LDT

INDIA

NERVES RETURN!

After signs of a more settled market emerged last week, nerves returned with a Rupee that depreciated once again past Rs. 64 against the U.S. Dollar (spending most of the week fluctuating in and around this level).

Rupee worries.

News also filtered through of less than positive budgets in Bangladesh and Pakistan, which gave little-to-no incentive to Indian buyers to offer aggressively on available units, despite just about being market leaders (in terms of price) at present.

Several sales were however confirmed for the week with the smaller TEU container vessel AN CHUN (4,647 LDT) sold from Taiwanese owners basis 'as is' Hong Kong – Taiwan range in a sealed tender type process, at a price equivalent to USD 305/LT LDT. The vessel may however end up in Bangladesh given its takeover in the Far East, but India, being the best placed market at present for containers, may therefore justify the longer voyage across.

Container sold.

The other vessels sold all concerned older handysize to panamax bulkers (all in questionable condition), with the Glory controlled SENTOSA (8,948 LDT) sold for a decent USD 372/LT LDT, the Chinese owned LONG YUAN (9,089 LDT) sold for a speculative USD 380/LT LDT for an end July – August delivery, and the BOONTRIKA NAREE (6,054 LDT) committed for USD 370/LT LDT.

Bulker sales.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
AN CHUN	Container	4,647	USD 305/LT LDT ('as is' Hong Kong)
BOONTRIKA NAREE	Bulker	6,054	USD 370/LT LDT
LONG YUAN	Bulker	9,089	USD 380/LT LDT
SENTOSA	Bulker	8,948	USD 372/LT LDT

PAKISTAN

BAD BUDGET…BUT BUYING!

Negative budget.

Negative news on the budget (with talk of prices being affected by around USD 10/LDT) could not stop a few sales taking place into Pakistan this week, with remaining and open buyers booking units at the seemingly more workable numbers of today.

Prices have endured a USD 50 – USD 60/LTDT slide over the past few months, since the days of booking capesize bulkers in the USS 410 – USD 420/LDT range.

Committing a cape.

Nevertheless, H-Line of South Korea saw it fit to conclude their EMPRESS (17,777 LDT) at USD 375/LT LDT in the second capesize sale of the week. With a sub-continent option on the sale, the vessel could end up in Bangladesh or even India, if those markets pay up.

Two handysize bulkers were also sold with the SAISABAN (5,551 LDT) committed at USD 363/LT LDT, whilst the MASTER ISMAEL (6,118 LDT) fetched a very firm USD 379/LT LDT (including 200 Ts bunkers ,which boosted up the price).

With monsoon and Ramadan on the horizon coupled with a stuffed market at present, it may be a quieter few months ahead for Gadani end buyers.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
EMPRESS	Bulker	17,777	USD 375/LT LDT
MASTER ISMAEL	Bulker	6,118	USD 379/LT LDT (200 Ts bunkers included)
SAISABAN	Bulker	5,551	USD 363/LT LDT

CHINA

SUBSIDY EXTENDED?

Bleak week.

It was another quiet week in the Chinese ship recycling market despite all sub-continent competitors managing to acquire vessels.

Of course Chinese end buyers have been busy buying state flagged tonnage eligible for the government subsidies and this has led to a very quiet period, in terms of acquiring international tonnage.

The big news for the week however, is that the Chinese government subsidies may be extended until the end of 2017 – although the official announcement is yet to be made. But this would not be good news for the international ship recycling markets if true, as prices will remain artificially low and keep China out of the action as a competitive market force during these years.

NO MARKET SALES REPORTED

TURKEY

TURKISH LULL …

Market enters wait-and-watch mode.

It was yet another week with no fundamental changes reportedly taking place in the Turkish market.

The elections did not result in the formation a new government as there was no clear majority. As a result, a sense of uncertainty prevails if elections will be held again.

While there were no significant fluctuations in local steel plate prices, most end buyers are closely monitoring developments in the industry and refrain from offering on units above 8,000 LDT, until some sense of stability returns to the domestic market.

This "wait and watch" mode could also be attributed to the weakening of the Turkish Lira (again the U.S. Dollar), which was trading at a new historical lows earlier this week (region TRY 2.8), but eventually ended the week at TRY 2.7.

NO MARKET SALES REPORTED

PARAPROSDOKIANS…

A paraprosdokian is a figure of speech in which the latter part of a sentence or phrase is surprising or unexpected; frequently humorous.

- *Where there's a will, I want to be in it.*
- *The last thing I want to do is hurt you. But it's still on my list.*
- *Since light travels faster than sound, some people appear bright until you hear them speak.*
- *If I agreed with you, we'd both be wrong.*
- *We never really grow up, we only learn how to act in public.*
- *War does not determine who is right - only who is left.*
- *Knowledge is knowing a tomato is a fruit. Wisdom is not putting it in a fruit salad.*
- *To steal ideas from one person is plagiarism. To steal from many is research.*
- *I didn't say it was your fault, I said I was blaming you.*
- *In filling out an application, where it says, 'In case of emergency, Notify:' I put 'DOCTOR'.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	**BEACHING TIDES**
No holidays in June	June 01 – June 08 June 13 – June 21

BANGLADESH	
BANK HOLIDAYS	**BEACHING TIDES**
June 03 – Shab-e-Barat	June 05 – June 07 June 18 – June 20

IMPORTANT BANK HOLIDAYS		
TURKEY	**PAKISTAN**	**CHINA**
No Holidays in June	**No Holidays in June**	June 20 – June 22 – Dragon Boat Festival

ALANG - Port Position as June 12, 2015

No.	VESSEL NAME	LDT	TYPE	STATUS
1	*Asean Prosper*	*6,439*	*Bulk Carrier*	*Beached June 05*
2	AT 14	4,575	Container	Arrived June 11
3	Atlantico	10,996	Container	Arrived June 08
4	Castillo De Plasencia	4,330	Tanker	Arrived June 07
5	Green Lotus	2,740	General Cargo	Arrived June 07
6	Libra	8,607	Bulk Carrier	Arrived June 09
7	*Mainport ELM*	*1,151*	*Supply Tug*	*Beached June 09*
8	Omolon	4,174	General Cargo	Arrived June 09
9	Onega	22,051	Bulk Carrier	Arrived June 04
10	*Seagas General*	*2,952*	*LPG*	*Beached June 09*
11	Toscana	11,443	General Cargo	Arrived June 10
Total Tonnage		**79,458**		

CHITTAGONG - Port Position as of June 12, 2015

No.	VESSEL NAME	LDT	TYPE	STATUS
1	*Cape London*	*20,737*	*Bulk Carrier*	*Beached June 08*
2	*Caraka Jaya Niaga Iii-30*	*1,941*	*General Cargo*	*Beached June 11*
3	*Easline Tianjin*	*4,701*	*General Cargo*	*Beached June 08*
4	La Paix	23,185	Bulk Carrier	Arrived June 10
5	*Mariner J*	*5,602*	*Bulk Carrier*	*Beached June 06*
6	*Oriental Saga*	*10,734*	*Bulk Carrier*	*Beached June 11*
7	*Proliv Starka*	*3,408*	*Fishing Vessel*	*Beached June 07*
8	Xin Yang 9	755	General Cargo	Arrived June 11
Total Tonnage		**71,063**		

GADANI - Port Position as of June 12, 2015

No.	VESSEL NAME	LDT	TYPE	STATUS
	No new arrivals this week			
Total Tonnage		**-**		