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Week 50



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

- Thomas Edison

Highlights:

- Containers galore.
- Young units.
- Container markets.
- India muted.
- Pakistan reopens.

MARKET COMMENTARY

CONTAINER CARNAGE!

The extraordinary number of ongoing container sales shows few signs of abating as we head into the Christmas season, with the number of units already sold for 2016 treading over the 150 mark – an all time record for, what has now become the most beleaguered sector in the shipping industry at present.

The age of many of these containers has reached as young as 2008 and even 2009 built (only 7 years old!), with many more currently laid up that are mooted for sale for recycling in the coming months / New Year.

Whilst Pakistan has started to take containers again (prior to the recent closure), Bangladesh has cooled off taking these units of late with a clear shift in local interest towards large LDT bulkers. As such, Capesize bulkers are presently getting better levels in Bangladesh (and even Pakistan), not only due to the paucity of this type of unit being available, but also due to their (primarily) single skin constructions and lower beaching drafts.

India has remained uncharacteristically muted for yet another week, witnessing their competing markets taking in most of the available market tonnage (including favored container vessels) as the currency crisis continues to gradually smooth itself out across the country.

Following the tragic accident on board the FSU ex FEDERAL 1, the good news this week concerned the official reopening of the Pakistani market after almost a month of closure. Notwithstanding, end buyers remain somewhat tentative in their moves, primarily because there remains a degree of uncertainty over the exact requirements for yard upgrades that will certainly be enforced by governing authorities going forward.

For week 50 of 2016, GMS demo rankings for the week are as below:

Demo Ranking	Country	Market Sentiment	GEN CARGO / BULKER Prices	CONTAINER / TANKER Prices
1	Bangladesh	Steady	USD 280/ltd	USD 310/ltd
2	Pakistan	Steady	USD 275/ltd	USD 305/ltd
3	India	Improving	USD 265/ltd	USD 295/ltd
4	China	Improving	USD 220/ltd	USD 230/ltd
5	Turkey	Steady	USD 200/ltd	USD 210/ltd

Cash Buyer to be
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BANGLADESH

TOP DOGS!

Buyers for big units.

Bangladesh remains active for the very largest of vessels being worked in the market, particularly capesize bulkers and the odd panamax container unit (although at lower levels). Steel gains have seen Bangladeshi buyers return to the forefront of late, following an uncharacteristically muted period post Eid holidays.

On the sales front, Canadian based owners finalized their roro vessel ATLANTIC NAVIGATOR (9,210 LDT) for a firm USD 290/LT LDT whilst the container unit MARE ATLANTICUM (16,108 LDT) from German owners fetched a sharp USD 300/LT LDT basis 'as is' Shanghai delivery with sufficient bunkers for the voyage to the sub-continent.

Firming.

German owned panamax container KAETHE C. RICKMERS (20,018 LDT) rounded off the final sale of the week, being committed for a healthy USD 315/LT LDT basis 'as is' Malaysia delivery, where vessel has been laid up.

With demand and prices firming up, it is set to be a busy few weeks in Bangladesh before the year turns, as the top priced Indian sub-continent market for another week.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
ATLANTIC NAVIGATOR	Bulker	9,210	USD 290/LT LDT
KAETHE C. RICKMERS	Container	20,018	USD 315/LT LDT ('as is' Malaysia)
MARE ATLANTICUM	Container	16,108	USD 300/LT LDT ('as is' Shanghai with bunkers sufficient for the voyage)

INDIA

UNFOCUSSED!

Despite the number of container sales recorded for the week (which, being sold on an 'as is' basis, could potentially be Pakistani or Bangladeshi candidates), it was another poor week of reduced demand and lackluster pricing from the Indian market.

Reduced demand.

Most buyers are not fully back into the buying as yet, given the recent currency crisis that has wracked the market of late as all Rs. 500 and Rs. 1,000 notes have had to be banked in an effort to clamp down on corruption and this has led to an acute currency crisis.

Prices currently remain stranded well behind their sub-continent competitors between USD 10 – USD 15/LDT, so there seems little chance to secure any competitive units if the gulf continues as it has.

Positioned apart from competitors.

Container units from the German market that were recently sold on an 'as is' basis include the WILLI (11,446 LDT) for USD 302/LT LDT basis 'as is' Singapore delivery and with sufficient bunkers for the voyage, in addition to the smaller HANSA CALYPSO (6,944 LDT) that fetched a decent USD 298/LT LDT basis 'as is' Singapore delivery and for a guaranteed green recycling resale.

Currency gains.

The Indian Rupee did gain some ground over the week and finished the week trading in the mid Rs. 67s against the U.S. Dollar, having been perched above Rs. 68 for much of the past month.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
HANSA CALYPSO	Container	6,944	USD 298/LT LDT ('as is' Singapore for guaranteed green recycling)
WILLI	Container	11,446	USD 302/LT LDT ('as is' Singapore with sufficient fuel for the voyage)

PAKISTAN

OPEN BUT HESITANT!

Open for business.

Encouraging news this week saw the Gadani market officially reopen, with end buyers now being permitted to resume cutting vessels once again and (hopefully) exploit the firming local steel plate prices, which have recently spiked on account of a decreasing supply of ships steel to domestic mills.

Notwithstanding, this has yet to translate to improved offers on scrap vessels as end buyers remain hesitant as to what government required yard upgrades and investments will be mandated on their plots following the recent and tragic accident onboard the FSU.

No sales.

As a result, it was not surprising to see no confirmed market sales to Gadani buyers this week and it may take several weeks of clarifications before we see this market back to its full buying ability again.

NO MARKET SALES REPORTED

CHINA

STORMING BACK!

The Chinese market has come storming back into the picture in recent weeks, thanks to a rapidly firming demand and improving local steel plate prices.

This has led to a number of green deals being concluded to domestic yards and Chinese owners eligible for the state subsidies have begun to exploit some of the better pricing as well.

As levels inch up to within USD 50/DT of India, it would not be surprising to see more deals concluded to Chinese yards before the onset of Chinese New Year holidays (particularly for reasonably sized LDT tonnage positioned in the area / discharging in the Far East).

Back in picture.

More deals expected.

NO MARKET SALES REPORTED

TURKEY

TURKISH TUMULT.

Lira gains a little ground.

The ongoing “tension” in the Turkish market continues to prevail even though the pressure on Turkish Lira (against the U.S. Dollar) had relieved a little during the course of the week.

Local pundits remain nervous about the overall direction of the Turkish economy (given the Lira’s recent record-breaking slide) and how it would affect the domestic recycling industry in the coming months.

Prices remain steady.

As such, in an unanticipated twist for local demand, even though larger LDT tonnage would demand higher prices, local recyclers have now become cautious about bidding on such units given the time taken to completely recycle these vessels and the potential market risks associated the later finishing dates.

Notwithstanding all of the local insecurities, local steel plate prices have remained steady, thereby helping offers for vessels remain on even keel for yet another week.

NO MARKET SALES REPORTED

FUN FACTS

- *Panphobia is the fear of everything... which is a pretty unlucky phobia to have.*
- *An apple, potato, and onion all taste the same if you eat them with your nose plugged. (So does suffocation evidently)*
- *George Washington grew marijuana in his garden.*
- *A company in Taiwan makes dinnerware out of wheat, so you can eat your plate!*
- *The average person walks the equivalent of twice around the world in a lifetime. (Been there done that)*
- *The Bible is the most shoplifted book in the world. (Wonder why)*
- *Marco Hort has the world record for fitting 264 straws in his mouth at once! (Marco needs a new hobby)*
- *Mel Blanc – the voice of Bugs Bunny – was allergic to carrots.*
- *California has issued 6 drivers licenses to people named Jesus Christ. (Driving instructor's last words evidently)*
- *According to Genesis 1:20-22 the chicken came before the egg. (Science!)*
- *In the Caribbean there are oysters that can climb trees. (Science?)*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
December 13 – Eid-e-Milad December 25 - Christmas	November 28 – December 05 December 11 – December 19 December 27 – January 01

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
December 16 – Bijoy Dibosh December 25 - Christmas	November 30 – December 04 December 15 – December 17

IMPORTANT BANK HOLIDAYS		
TURKEY	PAKISTAN	CHINA
No holidays in November & December	December 25 – Birthday of Jinnah	No holidays in November & December

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ALANG - Port Position as of December 09, 2016

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Anika Oltmann	10,555	Container	Arrived December 07
2	Coral	7,032	Bulk Carrier	Beached December 06
3	Ela S	10,550	Container	Beached December 07
4	Infinity	7,878	Bulk Carrier	Arrived October 04
5	Jumme Trader	10,539	Container	Beached December 03
6	Lira	2,710	Tug	Arrived December 05
7	Nawal III	1,199	General Cargo	Beached December 03
8	Ogasa	4,434	Passenger	Sailed Away
9	Pearl	23,070	Container	Beached December 04
10	Sing	19,259	Container	Arrived December 06
11	Star Fighter	4,396	RoRo	Beached December 06
Total Tonnage		101,622		

CHITTAGONG - Port Position as of December 09, 2016

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Blue Eternity	7,440	Bulk Carrier	Arrived December 06
2	Bonny 1	12,613	Container	Arrived November 23
3	Jin L	18,991	Container	Arrived December 08
4	Mag A	5,550	General Cargo	Beached December 04
5	Martha	7,971	Bulk Carrier	Arrived December 06
6	Pacific Pioneer	10,041	Bulk Carrier	Arrived December 04
7	Regal	16,180	Container	Beached December 04
8	Saga G	5,550	General Cargo	Beached December 04
9	Victory Union	11,910	Bulk Carrier	Beached December 04
Total Tonnage		96,246		

GADANI - Port Position as of December 09, 2016

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Amir H	5,903	Bulk Carrier	Beached December 03
2	Alo	9,700	Bulk Carrier	Beached December 08
3	Baltic	26,776	Container	Arrived December 07
4	Giorgos B	7,484	Bulk Carrier	Arrived December 05
5	Zulal	5,332	Bulk Carrier	Arrived December 06
Total Tonnage		55,195		

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