

July 29th, 2022
Volume 240, Issue 1042
Week 30

QUOTE
of the
WEEK

"I have stood on a mountain of no's for one yes."

– Barbara Elaine Smith

Highlights:

- Tough restrictions.
- Depreciation.
- LC limits.
- Perilous signs.
- Recycling backseat.
- Scan to download
GMS Recycling App



MARKET COMMENTARY

FEARS GROW!

Fears and concerns across the sub-continent recycling markets continue to grow as local currencies across all major ship-recycling destinations continue to worryingly depreciate by the day and some even tougher restrictions reportedly set in place on the opening of fresh Letters of Credit (L/Cs) in Bangladesh this week, as the foreign currency crisis in the country deepens further.

In fact, the currencies have been such a source of frustration for the ship recycling community that the U.S. Dollar transactions are getting uncontrollably out of hand. The Pakistani Rupee has depreciated by a whopping 44% since the start of the year and shows few signs of stabilizing just yet. Bangladesh too has not escaped the forex collapse and remains in a perilous state. In fact, this week, the Bangladeshi government has applied to the IMF for a USD 4.5 Billion bailout, with the economic crisis continuing to eviscerate 'non-essential' large dollar value international trade.

Moreover, on the Bangladeshi L/C front, any L/C over USD 3 million now has to be approved by the Central State Bank – this is down from the USD 5 million limit imposed just last week and illustrates just how grave the situation is locally. Inflation in Bangladesh too is the highest it has been for a decade at about 7.50% whilst the Bangladesh Taka has depreciated by about 11.5% in the year to date in further troubling signs.

India, ironically (given it's volatile steel plate prices), remains the strongest and most resilient economy, but it is hardly encouraging to see competing markets in such dire straits, with talks plaguing the region that a similar collapse as that seen recently in Sri Lanka could be a serious possibility for those under siege countries.

Finally, in Turkey, the situation is mirroring the Pakistani market, with weakening steel plate prices and a currency that seems doggedly intent on breaching TRY 18 at some point.

As such, ship recycling is taking a backseat to these far more prescient worries at the moment – with nearly no new sales at least troubling recyclers for the time being.

For week 30 of 2022, GMS demo rankings / pricing for the week are as below.

Demo Rank	Location	Sentiment	Dry Bulk USD / LDT	Tankers USD / LDT	Containers USD / LDT
1	Bangladesh	Weak	570 / LDT	580 / LDT	590 / LDT
2	India	Weak	560 / LDT	570 / LDT	580 / LDT
3	Pakistan	Weak	550 / LDT	560 / LDT	570 / LDT
4	Turkey	Weak	260 / LDT	270 / LDT	280 / LDT

BANGLADESH

ECONOMY WOES!

IMF loan.

The major news for the Bangladeshi ship recycling sector this week is that the Bangladeshi government has (reportedly) applied for a USD 4.5 billion loan to the IMF, so troubled is the economy there by the recently soaring inflation and a constantly depreciating currency.

The domestic economic situation has gotten so bad that any Letter of Credit (L/C) over USD 3 million has to be approved by the Central State (government) Bank. Indeed, a raft of L/Cs over USD 5 million on incoming ships for recycling were turned down this week, as they were viewed as 'non-essential' purchases.

Viable market?

As such, this raises the question for ANY large LDT vessel being committed to Chattogram Buyers in the foreseeable future and may well lead to a pause in activity over these summer / monsoon months whilst the situation attempts to stabilize.

NO MARKET SALES REPORTED

INDIA

WATCHING BRIEF!

The Indian market has been watching its sub-continent brethren as both Pakistan and Bangladesh struggle with historical and unprecedented depreciations in their local currencies and steel plate prices that have left both markets in turmoil.

Competing struggles.

The Indian Rupee too is struggling to similarly display any signs of stability, as the INR bounces back and forth over the Rs 80 mark this week, ending it at Rs. 79.8X.

On the flip side, local steel plate prices displayed an unusual level of strengthening as it jumps USD 17/Ton this week, proving that despite the fluctuating fundamentals, the Indian economy is certainly stronger and more resilient to push through these tougher times without major worry.

FSU sale.

On the local sales front, a large LDT FSU sale was committed to local Buyers this week as the Nathalin controlled BONGKOT STAR (41,756 LDT) managed to fetch a decent USD 540/LT LDT basis an 'as is' Singapore – Malaysia range delivery, within August, and with over 1,000 Tons sludges for hot works cleaning.

Due to the recent limit on L/Cs in Bangladesh and the ongoing political / economic turmoil in Pakistan, this may well turn out to be an Alang candidate for the concerned Cash Buyer, at likely a hefty cleaning cost.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
BONGKOT STAR	FSU	41,756	USD 540/LT LDT ('as is' Malaysia with 1,000+ Ts sludges for cleaning)

PAKISTAN

UNCERTAINTY!

Out of market.

Gadani Buyers are all but out of the market for now, with such political and economic uncertainties gripping the entire country, in addition to a currency that has depreciated by a massive 44% over the course of the year (currently trading at PKR 240 against the U.S. Dollar & getting weaker by the day).

In fact, in the last month itself, the PKR has plummeted from PKR 203 to briefly over PKR 240 this week.

Heavy monsoon rains.

It is now increasingly difficult to get any L/Cs open in Pakistan, with tougher fiscal policies coming in (as with Bangladesh) and a shortage of foreign currency reserves that has left international trade in the country, turning increasingly expensive to normalize.

Heavy monsoon rains are also besieging the country, leaving many cities increasingly covered under the voluminous rains, and ship recycling seems to be the last thing on most Gadani Recyclers minds at present.

NO MARKET SALES REPORTED

TURKEY

DESCENDING, STILL!

The Turkish market continues its descent into oblivion with another USD 20/Ton decline registering on both local and import steel prices. Additionally, the Lira continues its seemingly unstoppable slide towards TRY 18.0, as it passes TRY 17.60 this week.

Tonnage remains obscure, demand remains perished, sentiments are awash, and as yards continue to digest through the volume of tonnage delivered into Aliaga late last year / early 2022, there isn't much going for Aliaga Recyclers – in terms of securing units to keep local yards alive.

As such, “airplane mode” seems increasingly inevitable for this market.

Descent into oblivion.

Airplane mode.

AMAZING FACTS

- *Peanuts aren't technically nuts. They're legumes. According to Merriam-Webster, a nut is only a nut if it's "a hard-shelled dry fruit or seed with a separable rind or shell and interior kernel." That means walnuts, almonds, cashews, and pistachios aren't nuts either. They're seeds.*
- *Armadillo shells are bulletproof. In fact, one Texas man was hospitalized when a bullet he shot at an armadillo ricocheted off the animal and hit him in the jaw.*
- *Firefighters use wetting agents to make water wetter. The chemicals reduce the surface tension of plain water so it's easier to spread and better soaks into objects, which is why it's known as "wet water."*
- *"Running amok" is a medically recognized mental condition. Considered a culturally bound syndrome, a person "running amok" in Malaysia starts with a period of brooding and then commits a sudden, frenzied mass attack.*
- *Some octopus species lay 56,000 eggs at a time. On average, a giant Pacific octopus will lay 56,000 eggs at the end of a pregnancy, over the course of about a month, NPR reports. At first, these new babies float through the surrounding water unattached to one another or their mother. But then the mother gathers each egg—which is about the size of a grain of rice—and weaves them into braids, allowing her to keep an eye on everyone at the same time.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
August 15 – Independence Day	July 26 – August 03 August 08 – August 17 August 25 – September 02

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
August 09 – Moharram August 15 – National Mourning Day August 18 - Janmashtami	July 29 – August 01 August 11 – August 14 August 27 – August 30

IMPORTANT BANK HOLIDAYS		
CHINA	PAKISTAN	TURKEY
No holidays in August	August 7 – 8 – Muharram August 14 – Independence Day	August 30 – Victory Day

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ALANG - Port Position as of July 29, 2022

No.	VESSEL NAME	LDT	TYPE	STATUS
1	<i>Daha (Under Tow)</i>	4,860	<i>RoRo</i>	<i>Beached July 27</i>
2	<i>Maxim</i>	2,616	<i>Gas Carrier</i>	<i>Beached July 29</i>
3	<i>Ridley</i>	1,292	<i>Research Vessel</i>	<i>Arrived July 30</i>
Total Tonnage		8,768		

CHATTOGRAM - Port Position as of July 29, 2022

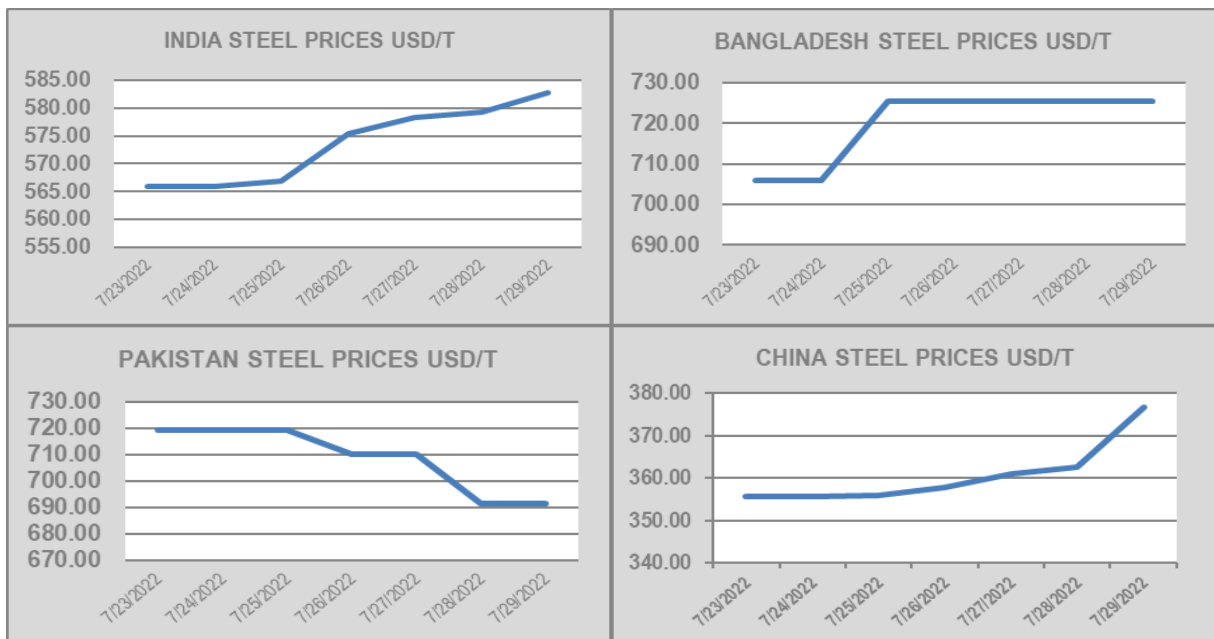
No.	VESSEL NAME	LDT	TYPE	STATUS
1	Ariana	15,672	Tanker	Arrived June 22
2	BNS Agradoot	374	Navy Vessel	Arrived July 22
3	Gala	16,885	Tanker	Arrived February 28
4	Glory Future (Under Tow)	7,218	Bulk Carrier	Arrived July 29
5	Kirin	1,884	Tanker	Arrived July 24
6	Mascot	16,616	Tanker	Arrived July 27
7	Onsan Gas	2,094	LPG	Arrived July 21
8	Seoul Gas	3,080	Bulk Carrier	Arrived July 27
9	Sin 8	1,391	Offshore Tug	Arrived July 29
10	Winton T128	975	Bulk Carrier	Arrived June 23
Total Tonnage		66,189		

GADANI - Port Position as of July 29, 2022

No.	VESSEL NAME	LDT	TYPE	STATUS
No new vessels reported.				
Total Tonnage		-		

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.

DATE	INDIA STEEL PRICES USD/T	INDIA STEEL PRICES	PAKISTAN STEEL PRICES USD/T	PAKISTAN STEEL PRICES	BANGLADESH STEEL PRICES USD/T	BANGLADESH STEEL PRICES	CHINA STEEL PRICES USD/T
7/23/2022	565.99	45,200.00	719.15	169,000.00	705.88	66,000.00	355.66
7/24/2022	565.99	45,200.00	719.15	169,000.00	705.88	66,000.00	355.66
7/25/2022	566.91	45,200.00	719.15	169,000.00	725.33	68,000.00	356.07
7/26/2022	575.33	45,900.00	710.08	169,000.00	725.33	68,000.00	357.87
7/27/2022	578.22	46,200.00	710.08	169,000.00	725.33	68,000.00	360.99
7/28/2022	579.31	46,200.00	691.21	169,000.00	725.33	68,000.00	362.70
7/29/2022	582.76	46,300.00	691.21	169,000.00	725.33	68,000.00	376.75



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[GMS, Inc.](#)



snp@gmsinc.net

Athens, Greece Tel: +30.210.899.0669
Cumberland, USA Tel: +1.301.759.9240
Hamburg, Germany Tel: +49.40. 3197.9963
Shanghai, China Tel: +86.216.075.1900
Singapore Tel: +65.6823.8037

Bhavnagar, India Tel: +91.278.300.5253
Dubai, UAE Tel: +971.4.423.0720
New York, USA: +1.240.505.9716
Seoul, South Korea Tel: +82.10.4650.0720
Tokyo, Japan Tel: +81.3.5453.6311