

September 23rd, 2022
Volume 242, Issue 1049
Week 38

QUOTE
of the
WEEK

"If there is no struggle, there is no progress."

– Robert Frost

Highlights:

- Doubts arise.
- Demand stagnates.
- Idle plots.
- Tanker turnaround.
- Prices steady.
- Scan to download
GMS Recycling App



MARKET COMMENTARY

PLATES PLUNGE!

While activity seemed as though it had been steadily increasing going into the final quarter of the year, the last couple of weeks have sent mixed signals as to whether the 4th quarter will actually be better for the ship recycling sector (as many have been anticipating).

Couple of weeks ago, we saw currencies plummet in Pakistan and Bangladesh to the point, a wait-and-watch attitude encompassed both markets – at least until the first sale to a local Recycler establishes the new baseline for a type of unit in that market.

This week, it was local steel plate prices across the sub-continent board that declined to varying degrees, subsequently adding even more pressure on a potential ship-recycling resurgence for Q4.

Mixed in with the fact that there are still, very few candidates that have headed to sub-continent shores over the previous two quarters and sub-continent markets have – as a result - witnessed a gradual buildup of demand over this time, especially as plots and port reports empty out to eerily quiet levels (especially in Pakistan, which has not seen a fresh arrival at the waterfront for nearly 2 months now).

We have not seen recycling markets as dormant for many a year, as all freight sectors push on and Ship Owners are opting to continue trading, rather than getting rid of their older assets.

As Dry Bulk and Container rates continue to cool off, it may be that we see a few more vessels from these sectors before the year is out. Tankers too have seen a remarkable turnaround of late, with VLCCs finally seeing some positivity after years in the doldrums. The main supply of tankers that we have seen come for recycling over the last few years is therefore likely to dry up for the foreseeable future.

Prices remain stationed at or just below the USD 600/LDT threshold, although there are still difficulties in getting vessels sold / delivered into Pakistan (due to a constantly depreciating currency) and in Bangladesh, due to tough government imposed L/C restrictions that are still in place there for any large US\$ value transactions.

For week 38 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	240 / LDT	250 / LDT	260 / LDT

*Small LDT

BANGLADESH

FRUSTRATION BUILDS!

L/Cs restricted.

Frustration appears to be building in Bangladesh, with the recently imposed L/C restrictions that are still in place (any L/C over USD 2 – USD 3 million still needs an unlikely Central State Bank permission to open) and demand has been building steadily for some months now, all while a healthy number of local yards lie virtually empty of tonnage.

Needing to fill plots.

The Bangladeshi Taka has been on a worrying path of decline (as with the Pakistani Rupee) and declining steel prices have only exaggerated its ongoings this week. While the Bangladeshi Taka did firm up from BDT 106.6X to BDT 101.90 against the U.S. Dollar – still, a record-low for the Taka – local steel plate prices declined by USD 5/Ton this week.

With many local Buyers needing to fill their yards in order to keep them open and keep their businesses running, Bangladesh is still hoping to lead the way for any new purchases (assuming of course they can get the relevant banking permissions in place, in addition to a decent supply of tonnage).

On the sales front, a Handymax bulker was fixed from Indonesian owners as the 1990 built LUMOSO KARUNIA (7,987 LDT) fetched an impressive USD 592/LT LDT basis an 'as is' Singapore delivery. Given the proximity to the closest Recycling location, Bangladesh seems the inevitable choice for the concerned Cash Buyer.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
LUMOSO KARUNIA	Bulker	7,987	USD 592/LT LDT ('as is' Singapore)

INDIA

FEARING FALLS!

The Indian market has been severely deprived of tonnage of late – with very few specialist or HKC green units being introduced for sale, all while competing markets in both Pakistan and Bangladesh are seeming to pay up on any available (smaller) LDT units, despite the L/C, currency, and steel plate price madness that is affecting business in those countries.

The INR has finally breached the psychologically damaging level of Rs. 80 against the U.S. Dollar, ending the week at a terrifying Rs. 81.2X, subsequently joining the declining ranks of its sub-continent neighbours.

Even local steel plate prices declined a further USD 18/Ton, leaving end Buyers nervous about the future of the local market once again, especially after a frightful year of depreciations and declines.

Notwithstanding, as with other sub-continent markets, candidates have been few-and-far between and any units that do become available are often subject to end Buyer speculation at and beyond comfort / breakeven levels.

Few units.

Speculation persists.

NO MARKET SALES REPORTED

PAKISTAN

FUNDAMENTALS FLUSHED!

Unchecked depreciation.

The Pakistani Rupee continues to deteriorate day-by-day, hitting disastrous new lows as the catastrophic depreciation in the currency shows no signs of abating any time soon. This week, the Pakistani Rupee plummeted to PKR 239.5X – an all-time record-low for the PKR.

Even local steel plate prices added further suffocation to the local mindset as they plummeted USD 27/Ton during the week – a rather noteworthy drop at a time the country is battling floods, a currency crisis, and plate price declines.

Focus elsewhere.

As such, most Buyers in Gadani remain in a wait-and-watch mode, fearful of committing any sort of price on available units (particularly large LDT / higher US\$ value), as the value of that deal could very well be completely different, at the time of delivery whilst at Gadani's waterfront.

Performance and reliability have therefore been an issue in Pakistan of late and most Ship Owners and Cash Buyers have been avoiding Gadani as a viable destination, particularly after the terrible flooding that has put a third of the country underwater, resulting in domestic focus being diverted elsewhere for the time being.

NO MARKET SALES REPORTED

TURKEY

QUIET Q4?!

The Turkish market remains in the doldrums as fundamentals continue their 'doozy' downward spiral. Local steel plate prices remain extremely weak and the Turkish Lira continues to create new records by the week.

'Doozy' Spiral.

In fact, this week alone, steel plate prices remain unchanged and at their miserable lows since last week, whilst the Lira continues to languish at record lows, wobbling around the TRY 18.2X mark against the U.S. Dollar.

Lack of availability of tonnage, weak pricing, and poor fundamentals are all converging into a mindset that is ruining any potentially positive outcomes for this market, unless fundamentals improve.

Quiet Q4 till 2023?

As advised last week, we believe Q4 will be a restricted time for Aliaga.

AMAZING FACTS

- *Frankenstein’s Creature is a vegetarian. Both Victor Frankenstein and Creature are fictional characters in Mary Shelley’s Frankenstein. In the classic novel, Creature says, “My food is not that of man; I do not destroy the lamb and the kid to glut my appetite; acorns and berries afford me sufficient nourishment.” This is one of the interesting facts you should definitely share with your vegetarian friends!*
- *Medical errors are a top cause of death. According to a Johns Hopkins research team, 250,000 deaths in the United States are caused by medical error each year. This makes medical error the third leading cause of death in the country.*
- *Sloths have more neck bones than giraffes. Despite the difference in neck length, there are more bones in the neck of a sloth than a giraffe. There are seven vertebrae in the neck of a giraffe, and in most mammals, but there are 10 in a sloth’s.*
- *Bees can fly higher than Mount Everest. Bees can fly higher than 29,525 feet above sea level, according to National Geographic. That’s higher than Mount Everest, the tallest mountain in the world.*
- *Ancient Egyptians used dead mice to ease toothaches. In Ancient Egypt, people put a dead mouse in their mouth if they had a toothache, according to Nathan Belofsky’s book Strange Medicine: A Shocking History of Real Medical Practices Through the Ages. Mice were also used as a warts remedy in Elizabethan England.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
No holidays in September	September 24 – October 02 October 07 – October 25 October 25 – October 31

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
No holidays in September	September 25 – September 28 October 08 – October 11 October 24 – October 27

IMPORTANT BANK HOLIDAYS		
CHINA	PAKISTAN	TURKEY
October 1 – October 7 – National Day	October 9 – Eid October 24 – Founding Day	October 28 – October 29 – Republic Day

Prices indicated above are as reported in the market and are not necessarily accurate. This information is provided without prejudice and is given in good faith and without any guarantees whatsoever. While every 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. Opinions expressed herein may be deemed subjective and arbitrary. This WEEKLY is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination, or other use of this information by persons or entities other than the intended recipient is prohibited.

ALANG - Port Position as of September 23, 2022

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Shubh (Under Tow)	12,154	Chemical Tanker	Beached September 22
Total Tonnage		12,154		

CHATTOGRAM - Port Position as of September 23, 2022

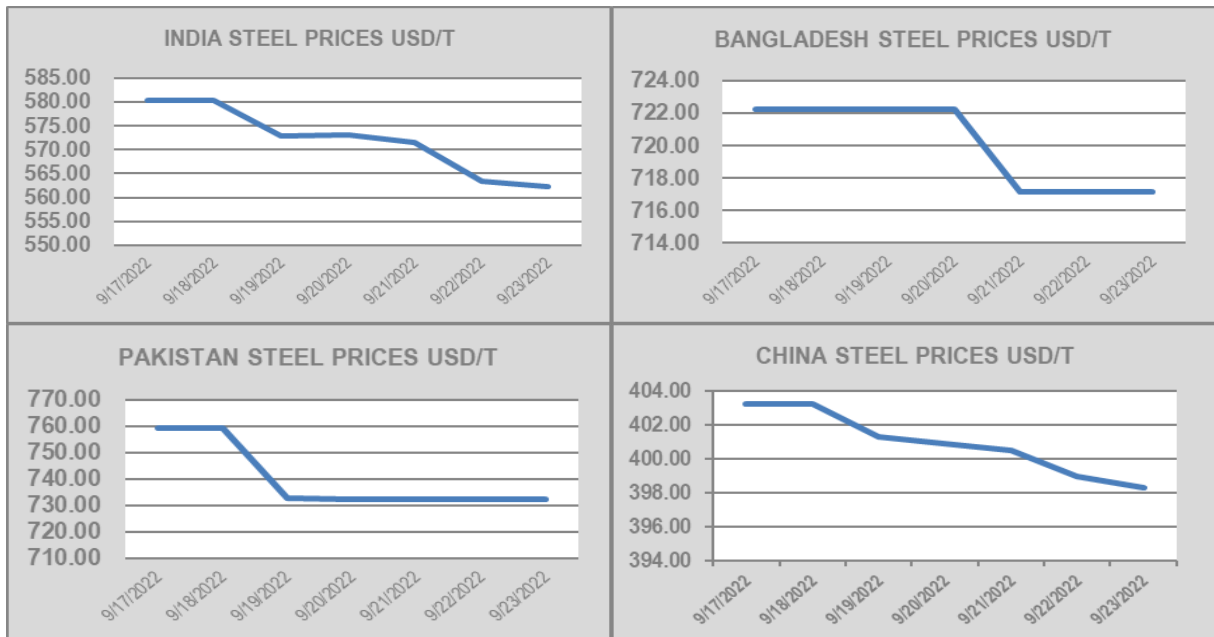
No.	VESSEL NAME	LDT	TYPE	STATUS
1	Ariana	15,672	Tanker	Arrived June 22
2	Bonvoy 8	3,348	Tanker	Beached September 21
3	Gala	16,885	Tanker	Arrived February 28
4	New Smile	2,206	Tanker	Arrived September 15
5	Roknoor 3	600	Bulk Carrier	Arrived September 15
6	Shankhachil	483	Tanker	Arrived September 15
7	Winton T128	975	Bulk Carrier	Arrived June 23
Total Tonnage		40,170		

GADANI - Port Position as of September 23, 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
9/17/2022	580.35	46,300.00	759.22	175,000.00	722.22	71,500.00	403.29
9/18/2022	580.35	46,300.00	759.22	175,000.00	722.22	71,500.00	403.29
9/19/2022	572.90	45,700.00	732.68	175,000.00	722.22	71,500.00	401.32
9/20/2022	573.04	45,700.00	732.22	175,000.00	722.22	71,500.00	400.90
9/21/2022	571.61	45,700.00	732.22	175,000.00	717.17	71,000.00	400.51
9/22/2022	563.40	45,500.00	732.22	175,000.00	717.17	71,000.00	399.01
9/23/2022	562.21	45,500.00	732.22	175,000.00	717.17	71,000.00	398.31



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