

May 5th, 2023
Volume 249, Issue 1081
Week 18

**QUOTE
of the
WEEK**

"We need to take risks. We need to go broke. We need to prove them wrong, simply by not giving up."

– Awkwafina

Highlights:

- Further decline.
- Working firm.
- Freight ok.
- Correction evident.
- Pakistan apart.
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MARKET COMMENTARY

CONTRACTION!

As we enter a period of contraction going into the traditionally weaker and quieter summer / monsoon months, sentiments have further declined across the sub-continent markets (and even Turkey) this week.

To further compound the presently bearish ship recycling sentiments, local steel plate prices have further weakened at key destinations and LME steel futures show few signs of any sort of recovery in the immediate future.

That being said, several vessels have been working firm over the past few weeks and sales have been taking place. However, these are primarily HKC intended units being committed into India, even at these gradually deteriorating rates.

Moreover, due to a recent uptick in freight rates, fewer than expected Containers and Dry Bulk units have been introduced into the markets for recycling and this is giving the ship recycling industry, an opportunity to draw breath and find true bottom, before reoffering at these new (lower) realities.

The overall correction appears to be between USD 50 – USD 60/LDT since the peaks seen earlier this year. Due to such turbulence, it may be that End Buyers wish to wait and watch market developments before getting back into the buying once again.

Bangladesh & India remain the two most active / competing markets for the time being, as Pakistan remains a non-entity for over two months now, completely out of the market action due to unworkable L/Cs, uncompetitive pricing, and a precarious financial and political outlook (especially in the near future).

Finally, the Turkish market continues to deteriorate (as predicted last week), with weakening steel plate prices and a currency that seems likely to breach TRY 19.50 against the U.S. Dollar next week. As a result, Aliaga's recycling prices have (negatively) re-adjusted by USD 10/MT.

For week 18 of 2023, GMS demo rankings / pricing for the week are as below.

Rank	Location	Sentiment	Dry Bulk USD / LDT	Tankers USD / LDT	Containers USD / LDT
1	Bangladesh*	Declining	580 / LDT	610 / LD	630 / LDT
2	India	Declining	520 / LDT	540 / LDT	560 / LDT
3	Pakistan*	Weak	500 / LDT	520 / LDT	540 / LDT
4	Turkey	Declining	320 / LDT	330 / LDT	340 / LDT

*Subject L/C approval

BANGLADESH

BREATHER!

Quieter week.

It has been a quieter overall week in Bangladesh in terms of sales and activity, with End Buyers offering even lower levels on tonnage, but with little success in securing any units thus far.

It is clear that prices have come off significantly since the peaks witnessed earlier this year, however, Cash Buyers and Vessel Owners have yet to share the currently brewing sentiment / appetite in negotiating at such discounted rates on offer from Chattogram Buyers.

Missing sales.

As such, for yet another week, India has continued to secure a bulk of the recent fixtures, with several more interesting HKC sales being concluded to the market there, much to the chagrin of the few Bangladeshi Buyers who have recently obtained Class NK HKC certification for their respective recycling yards.

Finally, domestic fundamentals remain shaky as the Taka continues to buoy around the mid BDT 106.5X against the U.S. Dollar, while local steel plate prices find themselves absent from trading altogether (for the second consecutive week).

INDIA

PRECARIOUS!

Despite the precarious nature of recent falls in Alang, news of several deals from last week has surfaced as sales of an FPSO and a General Cargo vessel reportedly registered at decent levels.

Last week sales.

Firstly, the General Cargo vessel KUMUL ARROW (10,998 LDT) from Gearbulk managed to fetch an above market USD 560/LT LDT for class NK certified HKC recycling only. The gantry crane and bowthruster likely adding value and justifying the price on show.

Subsequently, the FPSO FERAN VAZ (41,716 LDT) was committed for a decent USD 260/LT LDT basis an 'as is' under tow delivery from Gabon, for HKC green recycling in India only. The sale included a whopping 4,000 CBM of cargo residues on board for tank cleaning, in order to make the vessel gas free for hot works clean for recycling.

FPSO sold.

Meanwhile, after some hefty price declines of over USD 20/LDT in one week alone, most End Buyers are maintaining radio silence, rather than offering firm numbers, perhaps fearful of further falls ahead – and justifiably so.

Even though the Indian Rupee continues to gain ground against the U.S. Dollar as it wraps up the week at levels in the region Rs. 81.6X, local steel plate prices are the ones that have been declining steadily (for several weeks now) as levels reportedly fell another USD 18/Ton during the course of this week.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
FPSO FERAN VAZ	FPSO	41,716	USD 260/LT LDT ('as is' Gabon under tow for NK HKC recycling)
KUMUL ARROW	General Cargo	10,998	USD 560/LT LDT (for NK class HKC recycling)

PAKISTAN

INACTIVE AND INERT!

Missing in action.

Pakistan is miles off being competitive with their sub-continent counterparts and, as a result, has spent another week inactive & inert, missing out on all of the recent market negotiations and fixtures.

The ongoing domestic political turmoil and financial crises that have crippled the country show few signs of abating just yet, as local steel plate prices flatlined over the last few weeks. Additionally, the Pakistani Rupee, which has yet to stabilize to any meaningful degree, continues to trade in the mid PKR 283 against the U.S. Dollar.

Off the pace.

Crippling L/C restrictions have also kept negotiations at bay and the only vessel idling at Gadani's anchorage that was reportedly awaiting L/C approval, has finally sailed away this week leaving not only Pakistan's waterfront after two months, but also a country devoid of any tonnage for the same duration.

As such, it is perhaps unsurprising to see Gadani Buyers so off the pace and unable to acquire fresh units, and until some confidence starts to flow back into this market, there is little sense in discussing any fresh deals into Pakistan.

NO MARKET SALES REPORTED

TURKEY

DROP!

The much-anticipated decline from last week finally materialized this week as, on the back of import steel plate prices that dropped in excess of USD 20/Ton and local steel plate prices fell about USD 15/Ton, Aliaga Buyers rolled back their vessel prices by about USD 10/MT this week.

While on the one hand, the lack of tonnage would indicate that the drop in levels is not a big loss for the local market considering there are no vessels to bid on, on the other hand, declining levels may not tempt Vessel Owners to consider Turkish levels or even Turkey as a viable destination – especially when you consider that sub-continent market levels are nearly twice those from Turkey.

Will the traditional summer / monsoon months in the sub-continent come to the aid of Turkish Recyclers, remains to be seen. For now, however, Turkey seems to have no reprieve from the shortage of supply.

Big drop in steel.

No reprieve.

INTERESTING FACTS

- You could survive for a couple of minutes in a leaky spacesuit. Although films such as *Total Recall* show instant explosions and rapidly puffed-up spacesuits, the effects of being exposed to space are slightly less dramatic. After around 10 seconds, you would lose consciousness. The lower pressure of the vacuum would cause your blood to boil, along with other body fluids (the moisture on your tongue, for example) – but this boiling alone would not be fatal due to the pressure maintained by our blood vessels themselves. Gas bubbles would form in your bodily fluids, causing your body to swell up and bloat. The low humidity of space would cause you to cool down rapidly, and your eyes may freeze over. Within one to two minutes, the lack of oxygen would be deadly. The stress of the situation may make these symptoms worse – you would become oxygen-deprived more quickly. A rapid decompression would cause damage to your lungs, eardrums and sinuses, along with bruising and bleeding from soft tissues.
- 1 tablespoon of neutron star weighs the same as the human population. A neutron star’s density is mind-boggling. These stars are composed almost entirely of neutrons packed together in a tiny radius. Just a teaspoonful of this material would weigh over a trillion kilograms – more than the weight of the entire human population (which reaches a few hundred billion kilograms).

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
May 01 – Labor Day May 05 – Buddha Purnima	May 04 – May 11 May 16 – May 24

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
May 01 – May Day May 04 – Buddha Purnima	May 05 – May 08 May 18 – May 21

IMPORTANT BANK HOLIDAYS		
CHINA	PAKISTAN	TURKEY
May 01 – 03 – Labor Day	May 01 – Labor Day	May 01 – Labor and Solidarity Day May 19 – Youth and Sports Day

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ALANG - Port Position as of May 05, 2023

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Apollo Pacific	2,189	LPG	Arrived April 28
2	Cynth	3,349	Tanker	Arrived May 03
3	Gerima (Under Tow)	1,774	Diving Support Vessel	Beached May 04
4	Green Karmoy	2,966	Reefer	Beached May 05
Total Tonnage		10,278		

CHATTOGRAM - Port Position as of May 05, 2023

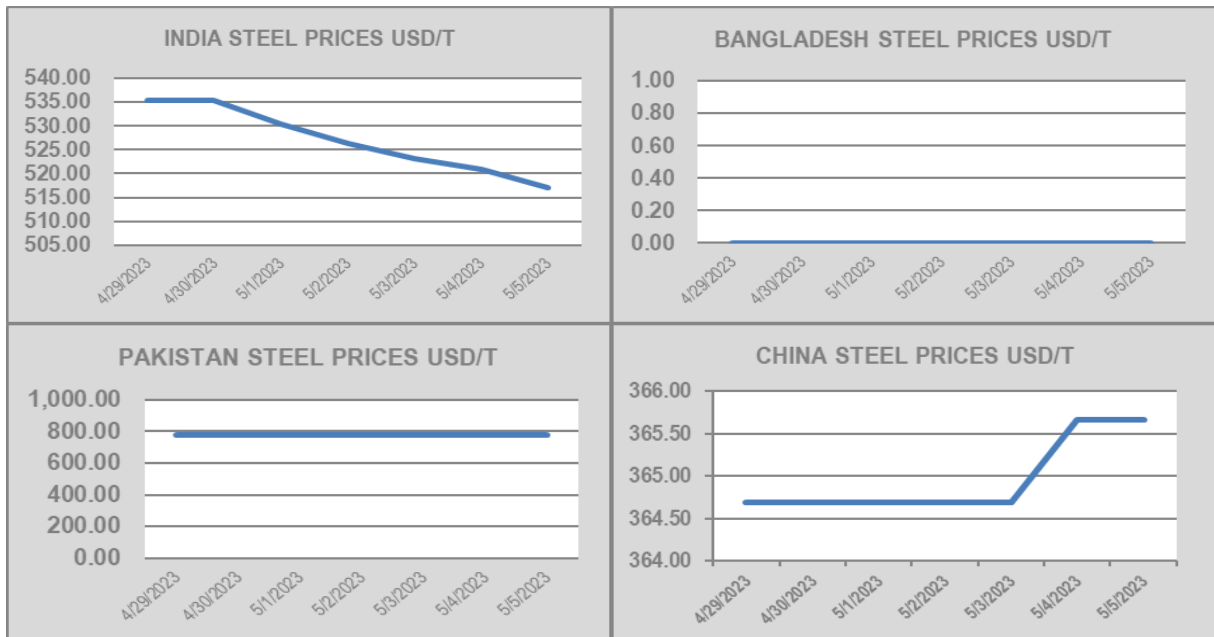
No.	VESSEL NAME	LDT	TYPE	STATUS
1	Glen	3,185	Reefer	Beached May 05
2	Han	2,181	Reefer	Beached May 04
3	Hong Yang	11,884	MPP / Container	Arrived April 18
4	Logan	1,769	General Cargo	Arrived April 30
5	Ocean Smart 1	10,019	Bulk Carrier	Arrived May 03
6	Pablo	7,362	Container	Beached May 04
7	S Maru 3	851	Cement Carrier	Arrived April 26
8	S Maru 3	860	Tanker	Arrived April 25
9	Siam Ocean	7,996	Woodchip Carrier	Arrived May 05
10	Thor	1,103	General Cargo	Arrived April 26
11	West Ocean 9	1,671	General Cargo	Arrived April 29
Total Tonnage		48,883		

GADANI - Port Position as of May 05, 2023

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

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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
4/29/2023	535.32	43,800.00	777.39	220,000.00	NA	NO SALES	364.69
4/30/2023	535.32	43,800.00	777.39	220,000.00	NA	NO SALES	364.69
5/1/2023	530.43	43,400.00	777.39	220,000.00	NA	NO SALES	364.69
5/2/2023	526.38	43,100.00	777.39	220,000.00	NA	NO SALES	364.69
5/3/2023	523.04	42,800.00	777.39	220,000.00	NA	NO SALES	364.69
5/4/2023	520.78	42,600.00	777.39	220,000.00	NA	NO SALES	365.66
5/5/2023	517.11	42,300.00	777.39	220,000.00	NA	NO SALES	365.66



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