

January 5th, 2024
Volume 257, Issue 1116
Week 1

QUOTE
of the
WEEK

**“Concentrate all your thoughts upon the work in hand.
The sun's rays do not burn until brought to a focus.”**

– Alexander Graham Bell

Highlights:

- New year hopes.
- 2023 decline.
- Tonnage lacking.
- Elections loom.
- Little change?
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MARKET COMMENTARY

WHAT'S IN STORE, FOR '24?

After what has been an overall miserable 2023 in the ship-recycling industry and even worse 6-month tail end of, whereby all of the major ship recycling destinations were swept up in declining vessel prices, a plummeting supply of fresh units, currency depreciations, and rampant global inflation, 2024 seems to be off with just a little more hope and a chance at recovery as positive signs seem to permeate through the markets.

Critical factors such as declining currency values (except in India), flatlining / declining local steel plate prices, and the dreadful (& ongoing) lack of funding on fresh acquisitions (in Bangladesh and Pakistan), all came together and festered into the inescapable quicksand that eventually bogged the markets down by over USD 100/LDT on vessel prices, over the course of the summer / monsoon months of 2023.

‘Thankfully’, the ongoing dearth of tonnage seems to have played its part and kept vessel prices relatively buoyant in nearly all of the international ship recycling markets - around (and even well in excess of) USD 500/Ton in the Indian sub-continent & around USD 350/MT in Turkey – certainly some very strong numbers to contend with, given that lows in the USD 200s/Ton greeted the sub-continent ship recycling markets only as recently as 2015 / 2016.

Additionally, the lack of financing available to Ship Recyclers in both Bangladesh and Pakistan through much of 2023 has only further ensured that a minimal number of deals would be concluded into these markets - so unsparingly & unforgiving have these recent restrictions on L/C approvals been.

While the rampant flatlining of local steel plate prices (in Bangladesh & Pakistan) was ensued by the ever-present volatility that devoured much of 2023, early 2024 (especially until May) will likely be a similarly quieter period as elections are expected across various sub-continent locations and even though Bangladesh & India are not expecting any change in their leadership or drastic changes to the ongoing status quo, this may / may not be the greatest of news needed to stimulate their respective economies & drive some much-needed growth for the rest of 2024.

For week 1 of 2024, GMS demo rankings / pricing for the week are as below.

GMS would like to wish readers a Happy New Year and the best for 2024 ahead!

Rank	Location	Sentiment	Dry Bulk USD / LDT	Tankers USD / LDT	Containers USD / LDT
1	Pakistan*	Weak	500 / LDT	520 / LDT	540 / LDT
2	India	Weak	490 / LDT	510 / LDT	530 / LDT
3	Bangladesh*	Weak	480 / LDT	500 / LDT	520 / LDT
4	Turkey	Improving	340 / LDT	350 / LDT	360 / LDT

*Subject L/C approval

BANGLADESH

ELECTION INTERRUPTION!

Awaiting results.

With nothing more than a few days until the conclusion of Bangladesh's nationwide elections that are due to be held on January 7th, there has been a muted amount of activity (including ship-recycling related) in the country, as all eagerly await the outcome of the upcoming elections.

No financing.

In fact, there is hardly any hope (chance?) for a regime change in the country and as such, foreign investments into the country may stay away from Bangladesh for the time-being, inadvertently depriving the nation of some much-needed U.S. Dollar funding – given that this latest tranche of IMF reserves has (reportedly) barely provided the necessary coverage for the country's ongoing needs.

As such, with banks still unwilling (or unable) to finance fresh L/Cs such that local Recyclers can continue to acquire new vessels with the ease of yesteryear, let's hope it won't be a quieter end to the rest of the year in Chattogram than what many are still hoping for.

Post-elections will certainly paint a clearer picture, not only on the immediate direction of the domestic ship-recycling sector, but even the country overall – especially at a time local steel plate prices have already started the year flatlining and the Bangladeshi Taka inches dangerously closer to breaching BDT 110 against the U.S. Dollar.

INDIA

NEW YEAR, SAME PROBLEMS!

While it may certainly be a 'Happy' New Year for much of the world, the same old problems persist in Alang's ship-recycling sector, given the ongoing lack of tonnage mixed in with an extremely volatile local steel plate price that still managed to finish the week only marginally firmer than last.

As a result, local sentiments continue to dangle on the nervier side of things as both events seem to have colluded to disguise what has really been another lacklustre performance from Alang through week 1 of 2024, despite India being the sub-continent's only hassle-free L/C destination.

Indeed, several recent sales from Cash Buyer inventories have reportedly been concluded to the occasionally better priced Pakistani market – with even reports of a favoured Indian container unit being recently committed / diverted to Gadani shores, all whilst Alang Recyclers are still reeling from the whiplash of a drastic decline in rates towards the end of 2023.

Notwithstanding, the onset of 2024 does seem a little rosier, in that, despite its omnipresent volatility, local steel plate prices did the end the week in excess of USD 4/Ton higher than last, while the Indian Rupee gradually firms its way towards the doors of Rs. 82.99, as it ended the week at levels approaching Rs. 83.05 against the U.S. Dollar,

Finally, India becomes the first destination to confirm the first and only market sale of 2024 and that too within the first week of the year, as MSC concluded their decent-sized container vessel MSC SOPHIE (13,616 LDT), at a relatively firm USD 565/LT LDT, with about 1,200 Tons of bunkers included in the sale that contributed approximately USD 40/LDT to the value of, and basis a guaranteed HKC recycling to a limited number of certified yards only.

Lacklustre.

Container HKC sale.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
MSC SOPHIE	Container	13,616	USD 565/LT LDT (with about 1,200 Ts bunkers on arrival)

PAKISTAN

FINANCING FREEING UP!

Top placed.

Even though Pakistan is the top placed ship-recycling market at the onset of 2024 (in terms of price levels alone), it was (un)surprising to witness Gadani Buyers abstain from dipping back into the buying with some competitive offers & purchases this week – and with good reason.

A healthy majority of Gadani Recyclers either still do not have what is needed to fulfill their local L/C requirements, or they are simply unable to compete with the firmer offerings of the few local Buyers who do have approvals in place and are able to offer at this time.

HKC needs.

Notwithstanding the reasons, news has been forthcoming that an increasing number of local Buyers have only recently received bank approvals (for L/Cs on potential units). This is certainly music to the ears of many in the industry, especially following on from what has been an unforgiving year of banking restrictions and subsequent refusals that resulted in 2023 possibly being the worst performing year in Pakistan's ship-recycling history, with a mere 16 vessels being beached throughout the year.

Meanwhile, on the local fundamentals front, as local steel plate prices resume flatlining once again, the Pakistani Rupee ended the first week of 2024 marginally firmer and at levels just shy of PKR 281.50 against the U.S. Dollar.

As the slowdown in supply of units starts to tell once again, news of a decent sized container vessel being reportedly clutched away from Indian hands (and is currently enroute to Gadani shores) has surfaced this week – certainly an impressive feat & especially at a time when Indian Buyers themselves are gunning for their share amidst this tonnage drought.

Moreover, having also agreed to recognize the HKC at the end of last year, Pakistan now needs to start timely upgrades to their facilities in order to ensure they remain ahead of the Hong Kong Conventions entry into force in 2025, and as Gadani Buyers start to effectively compete on all WC India units moving forward.

NO MARKET SALES REPORTED

TURKEY

SILENT WEEK!

Even though Turkish Buyers are paying relatively firm levels (compared to the sub USD 300/MT offers that this market has been historically programmed to fall back to), Turkish fundamentals have ensured that local activity has been all but absent from Aliaga shores, as local Recyclers spend the first week of January in silent lucidity.

Along with steel plate prices (both import and local) that made virtually no improvements past last week's decline, the Turkish Lira continued to gradually depreciate towards TRY 30, ending the week at levels in the region of TRY 29.85 against the U.S. Dollar.

Moreover, just like their sub-continent counterparts, market pertinent supply of tonnage has been all but invisible and the fact that Turkish yards have even managed to ride 2023 out without any serious casualties of domestic recycling facilities running out of business, is certainly a testament to their resilience.

Here's to hoping Q1 '24 isn't more of the same.

Steel still the same.

More of the same?

INTERESTING SPACE FACTS

- *A huge block of the universe's 'large-scale' structures are comprised of things we simply can't see. Even peering through the various wavelengths in the electromagnetic spectrum - such as radio waves, X-rays, and uncountable visible light spectrums that enable us to see the cosmos and witness large portions of it, we simply cannot see a large portion of this section of the universe, even though scientists can calculate its presence.*
- *Wrap your head around this one. There's no evidence of the existence of the Universe's center. We might grow up with a misconception that the earth is the center of the universe. However, it is not! Not only the earth but neither are galaxies. The universe simply doesn't have a known center.*
- *Ever wonder why, but the galaxies are in fact, in quite a rush to be away from each other. The rushing away takes place at an accelerated pace, suggesting that in the true end of it all, everything even down to the last atom will be ripped apart.*
- *The sun and the earth are at a distance of 150 million km. Because light travels 300,000 km/second, it takes only 8 minutes and 19 seconds to travel from the sun to the earth.*
- *The Earth is a giant magnet. Only because the earth's spin forms an even larger magnetic field all around it, which is used by compass needles globally.*
- *When big stars explode, a black hole is created. The strong gravitational force makes no one escape it. The nearest black hole is about 10,000 light-years from earth.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
January 15 – Pongal January 26 – Republic Day	January 09 – January 17 January 23 – January 30

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
January 01 – New Year's Day January 07 – Bangladesh Parliamentary Polls	January 13 – January 16 January 27 – January 30

IMPORTANT BANK HOLIDAYS		
CHINA	PAKISTAN	TURKEY
No More Holidays in January	No More Holidays in January	No More Holidays in January

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ALANG - Port Position as of January 05, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Onyx 1	10,643	Container	Arrived January 04
2	Proliv Longa	1,270	Fishing	Arrived January 04
3	Sas 4	935	Supply	Arrived December 16
4	Silk	7,036	Container	Beached December 29
5	Sol	3,870	Container	Arrived January 05
6	Wau 7	5,730	Container	Beached December 31
7	White Palm (Under Tow)	762	Pilot Boat	Arrived December 16
8	Xin Feng	10,316	Container	Beached December 31
Total Tonnage		40,563		

CHATTOGRAM - Port Position as of January 05, 2024

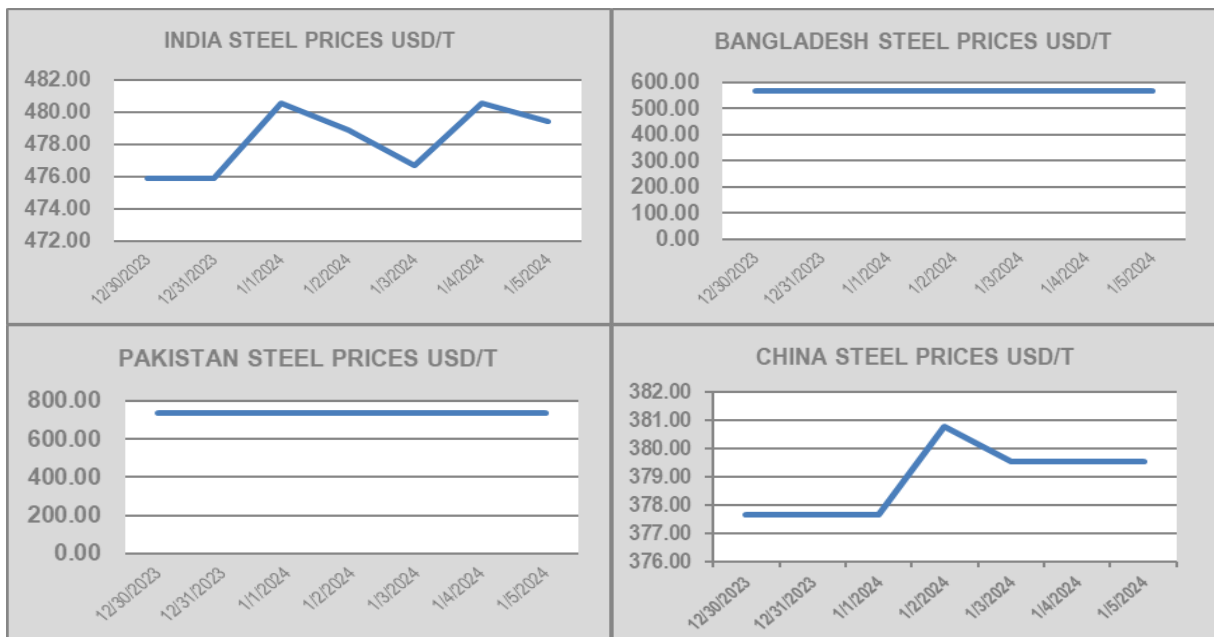
No.	VESSEL NAME	LDT	TYPE	STATUS
1	General Romulo (Dead Vessel)	2,553	General Cargo / Container	Arrived January 03
2	Jin Hai Xi	5,931	Bulk Carrier	Arrived January 02
3	West Ocean 12	1,733	General Cargo	Arrived December 23
Total Tonnage		10,217		

GADANI - Port Position as of January 03, 2024

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Dong	9,808	Bulk Carrier	Beached December 30
2	Iku Maru	450	Tanker	Beached December 31
Total Tonnage		10,258		

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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
12/30/2023	475.90	39,600.00	736.28	208,000.00	569.11	70,000.00	377.68
12/31/2023	475.90	39,600.00	736.28	208,000.00	569.11	70,000.00	377.68
1/1/2024	480.54	40,000.00	736.28	208,000.00	569.11	70,000.00	377.68
1/2/2024	478.88	39,900.00	736.28	208,000.00	569.11	70,000.00	380.81
1/3/2024	476.71	39,700.00	736.28	208,000.00	569.11	70,000.00	379.57
1/4/2024	480.60	40,000.00	736.28	208,000.00	569.11	70,000.00	379.57
1/5/2024	479.45	39,900.00	736.28	208,000.00	569.11	70,000.00	379.57



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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