

August 5th, 2022
Volume 241, Issue 1043
Week 31



“Don't look at your feet to see if you are doing it right. Just dance.”

– Anne Lamott

Highlights:

- Deprived.
- Trading.
- Performance woes.
- Quieter months.
- Dire scenario.

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MARKET COMMENTARY

NO GO!

Sub-continent markets are going to be (seemingly) deprived of tonnage in the foreseeable future, as recycling rates continue their downward descent and tighter restrictions are placed on importing large LDT tonnage into Bangladesh and now Pakistan (with limits on large US\$ value L/Cs).

Firm chartering freight rates across the board are also seeing Ship Owners preferring to maintain their vessels for further voyages, rather than deal with the ongoing headaches associated with present day sub-continent recycling (despite seeing some of the firmest recycling rates in a while), all the challenges currently associated with questionable performances and a shortage of local funds to have L/Cs open in a timely manner.

Any vessel(s) already in Cash Buyer hands are now threatened with unworkable levels and delivery terms from various markets and it now seems that almost every ship sold for recycling will have to turn to trading markets as an alternative, so lifeless is the ship-recycling industry at present.

It is also a traditionally quieter period being summer / monsoon season / holiday period, not only in the sub-continent markets that are beset with torrential monsoon rains and see most yards slowdown as labourers return to their home towns, but it's also the time of year when Ship Owners and Brokers head out on holidays (particularly after missing out for the last few years due to Covid).

On the far end, the Turkish market continues to stagnate through its predicament, with no noteworthy change to report this week and slightly lower levels from last.

As such, with dire fundamentals and little to no firm tonnage available in the market to work on, it seems set to be an extremely bleak few weeks / month(s) – perhaps even until the end of the year, whilst recycling markets get a chance to reset & stabilize and allow larger value transactions before the next cycle of ship recycling starts again.

For week 31 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

BANGLADESH

LIMITS LIE!

5 million to 3.

Further bad news surfaced from Bangladesh over the last couple of weeks, as the domestic ship-recycling industry learnt that the Central State Bank has downward adjusted the opening of L/Cs (which is how Cash Buyers arrange to be re-imbursed from local Recyclers) on incoming vessels from USD 5 million down to USD 3 million.

No way.

Due to the extreme shortage of U.S. Dollars in the country and a constantly depreciating Bangladeshi Taka (which is currently sitting at record BDT 94.70 against the U.S. Dollar), the government has had to take these drastic steps in order to ensure that a sufficient availability of U.S. Dollars is being re-directed to only the most essential projects - for which ship recycling seemingly isn't one, as all recent /LCs over USD 3 million have been rejected by the Central State Bank over recent days.

On the local steel plate prices front, the country saw levels climb from USD 725/Ton to USD 800/Ton – a whopping USD 75/Ton spike within just a couple of days.

Notwithstanding, there is still no way for Cash Buyers to deliver any significant sized tonnage into Bangladesh at present (as only vessels below USD 3 million of value – tugs, reefers & smaller LDT units) and this will all but see the inevitable re-direction of all large LDT tonnage towards India / Pakistan.

Moreover, the other question circling through the recycling community is whether these restrictions will result in the possible collapse of the ship-recycling industry in Chattogram, especially until the economic situation / U.S Dollar – Bangladeshi Taka balance improves and the currently imposed measures yield positive results in the immediate future.

INDIA

ONLY OPEN!

As the only open, (L/C) un-restricted and viable / comparatively stable sub-continent market, Indian Recyclers are embarking on a wait-and-watch mission of their own, before offering on any available vessels for recycling – be it large (generally less favoured due to the time taken to recycle and the volatile nature of domestic steel plate prices) or small.

The problem is that India also remains a market under pressure, with steel prices rising and falling by the day (firming by USD 9/Ton this week despite declining towards the end of the week) and the Indian Rupee still spiking around the mid to high Rs. 79.5X against the U.S. Dollar, teetering on towards an unprecedented Rs. 80.

As such, Alang is likely to see very few vessels for recycling (unless Alang Buyers decide to gamble on the larger LDT units), particularly whilst freight rates remain so firm and markets so unstable / unreliable across the board.

Volatile.

Lacking vessels.

PAKISTAN

NEW REALITIES!

Imports limited.

This week, the Pakistani government placed limits on non-essential imports into Pakistan for the next 3 months, in order to protect the dwindling U.S. Dollar reserves in the country, similar to what is happening in Bangladesh.

The PKR continues to traverse through record-breaking lows against the U.S. Dollar, firming briefly from a record-breaking low of PKR 238 to PKR 225.4X this week.

Economic woes.

This means that any sizeable ship transactions will not be allowed, as long as U.S. Dollar L/Cs will not be opened in order to pay the relevant Cash Buyers on their respective vessel transactions.

Notwithstanding, despite some recent improvements and appreciation in the Pakistani Rupee, the currency is still trading at a worrying and historically low level of PKR 225 against US\$, whilst End Buyers and the economy (in general) try to adapt to these famished new realities.

TURKEY

DULL!

As global economies continue to be affected (in some way shape or form) by the Russian incursion of Ukraine, the Turkish ship-recycling market (it would seem) has been one of the most greatly affected by the invasion in the Black Sea.

Shape or form.

The Turkish Lira continues to languish at levels precipitously close to TRY 18 against the U.S. Dollar. While the Dollar is continuing to ravage the Aliaga mindset, Turkish steel plate prices continues to tease domestic Buyers with the aroma of a potential (low USD/Ton value) purchase to momentarily fill a local yard.

However, with the excruciatingly minimal number of market units available for domestic Recyclers to compete on and prices more than half of the sub-continent, it seems like a minimal Q3 for Aliaga Buyers.

Minimal Q3.

AMAZING FACTS

- *Cats have fewer toes on their back paws. Like most four-legged mammals, cats have five toes on the front, but their back paws only have four toes. Scientists think the four-toed back paws might help them run faster.*
- *Kleenex tissues were originally intended for gas masks. When there was a cotton shortage during World War I, Kimberly-Clark developed a thin, flat cotton substitute that the army tried to use as a filter in gas masks. The war ended before scientists perfected the material, so the company redeveloped it to be smoother and softer, then marketed Kleenex as facial tissue instead.*
- *Blue whales eat half a million calories in one mouthful. Just try to wrap your brain around the second part of this animal fact: Those 457,000 calories are more than 240 times the energy the whale uses to scoop those krill into its mouth.*
- *That tiny pocket in jeans was designed to store pocket watches. The original jeans had only four pockets: that tiny pocket, plus two more on the front and just one in the back.*
- *Turkeys can blush. When turkeys are scared or excited—like when the males see a female they're interested in—the pale skin on their head and neck turns bright red, blue, or white. The flap of skin over their beaks, called a snood, also reddens. By the way, this is why the president pardons a turkey every Thanksgiving.*

IMPORTANT DATES

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

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
August 09 – Moharram August 15 – National Mourning Day August 18 - Janmashtami	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 August 05, 2022

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Ridley	1,292	Research Vessel	Beached August 04
Total Tonnage		1,292		

CHATTOGRAM - Port Position as of August 05, 2022

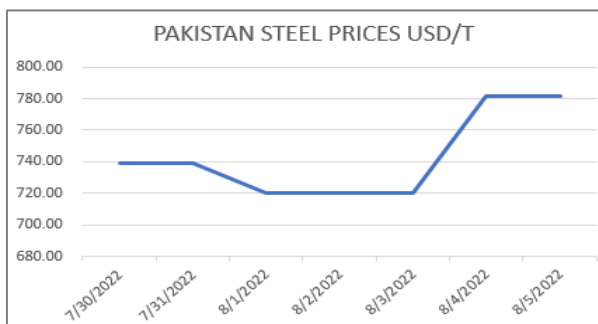
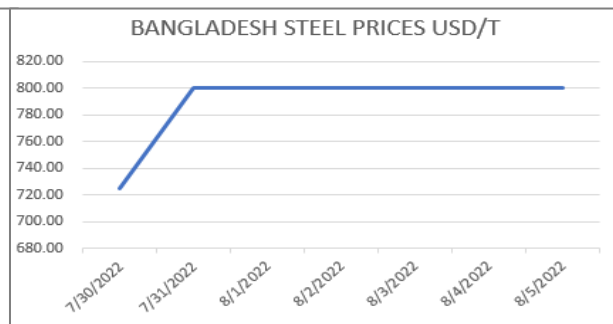
No.	VESSEL NAME	LDT	TYPE	STATUS
1	Ariana	15,672	Tanker	Arrived June 22
2	BNS Agradoot	374	Navy Vessel	Arrived July 22
3	Gala	16,885	Tanker	Arrived February 28
4	Glory Future (Under Tow)	7,218	Bulk Carrier	Beached August 05
5	Jan Victoria	3,033	Tanker	Arrived August 01
6	Kirin	1,884	Tanker	Beached August 05
7	Mascot	16,616	Tanker	Arrived July 27
8	Onsan Gas	2,094	LPG	Beached July 31
9	Seoul Gas	3,080	Bulk Carrier	Beached August 02
10	Sin 8	1,391	Offshore Tug	Beached August 05
11	Winton T128	975	Bulk Carrier	Arrived June 23
Total Tonnage		69,222		

GADANI - Port Position as of August 05, 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
7/30/2022	585.49	46,400.00	739.13	170,000.00	725.00	68,000.00	376.65
7/31/2022	585.49	46,400.00	739.13	170,000.00	800.00	75,000.00	381.25
8/1/2022	588.24	46,600.00	720.16	175,000.00	800.00	75,000.00	383.89
8/2/2022	594.15	46,700.00	720.16	175,000.00	800.00	75,000.00	391.33
8/3/2022	603.02	47,500.00	720.16	175,000.00	800.00	75,000.00	389.31
8/4/2022	601.12	47,200.00	781.25	175,000.00	800.00	75,000.00	390.32
8/5/2022	594.18	47,000.00	781.25	175,000.00	800.00	75,000.00	391.66



www.gmsinc.net



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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