GMS WEEKLY

E: snp@gmsinc.net W: www.gmsinc.net

WORLD'S LARGEST CASH BUYER OF SHIPS

USA: +1.301.759.9240 + GER: +49.40.306.987.1888 + DUB: +971.4423.0720 + SIN: +65.6823.8037 + CHN: +86.21.6075.1900 + JAP: +81.35.453.6311

January 16th, 2015
Volume 149, Issue 655
Week 03

QUOTE of the WEEK

"Contentment is not the fulfillment of what you want, but the realization of how much you already have."

- Anonymous

Highlights:

- **Counting the capes.**
- **Writing has been on wall.**
- **Not settled.**
- **Market preferences.**
- **Lower realities.**

MARKET COMMENTARY

CAPE CARNAGE!

Already only a few weeks into the year and the number of capesize bulkers available for demolition is beginning to stack up.

Amidst dire rates and a bloated order-book, the writing has been on the wall for this particular segment for some time now and already, as many as 10 units are either being mentioned, working firm, or have been sold.

This will of course put pressure on an industry feeling the strain from the import of cheap Chinese billets over the last several months and from extremely volatile fundamentals – both in terms of currency and scrap steel prices.

Indeed, despite the market having declined by almost 20%, prices have yet to truly settle in the sub-continent, with many fearing further falls and with a lack of truly confident end buyers out there to offer at prevailing levels.

For larger LDT units such as capesize bulkers, Bangladesh and Pakistan are the two most viable markets, as Indian buyers tend to prefer smaller LDT vessels (due to lower overall cutting time) and containers.

With a number of the hotter buyers already booked with vessels (from the end of last year and into 2015), a second tier of less aggressive end users has emerged, all of who are offering about USD 10/LDT lower than prevailing market levels less price.

For those Sellers that failed to commit their capesize bulkers over the last few weeks, lower levels are the unfortunate reality, with end buyers spoilt for choice and yet more candidates expected in the near future.

For week 3 of 2015, GMS demo rankings for the week are as below:

Demo Ranking	Country	Market Sentiment	GEN CARGO Prices	TANKER Prices
1	India	Weak	USD 390/lt ldt	USD 415/lt ldt
2	Bangladesh	Weak	USD 390/lt ldt	USD 415/lt ldt
3	Pakistan	Weak	USD 385/lt ldt	USD 410/lt ldt
4	Turkey	Weak	USD 305/lt ldt	USD 315/lt ldt
5	China	Weak	USD 220/lt ldt	USD 250/lt ldt

BANGLADESH

SPOILT FOR CHOICE!

Several capes offered.

At least 7 - 8 capesize bulkers have been offered into the Bangladeshi market this week, all with varying degrees of interest.

Levels have indeed declined over the week as those hot end users have booked themselves with units – both on a private basis and from existing cash buyer inventories.

Lower realities.

Whilst capacity remains good, owners will probably have to accept lower realities going into the next few weeks as oversupply forces numbers down.

One decent LDT MPP / roro type, the Russian controlled ATLANTIC ELAND (10,286 LDT) was committed for a firm USD 435/LT LDT in the one market sale of the week.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
ATLANTIC ELAND	MPP / RORO	10,286	USD 435/LT LDT

INDIA

REASONS FOR CHEER!

Some encouraging gains on the currency and a greater stability in scrap steel prices did not translate itself into an improvement in levels for ships this week in India, with demand and available numbers seeming to wane alarmingly for no discernable reason.

Encouraging currency gains.

Many had expected end users to get back to the buying with a vengeance, now that prices have declined by as much as USD 100/LT LDT in the last 2 - 3 months, but the reality is more one of shock and fear, expecting perhaps further falls to come.

Nonetheless, the Indian Rupee gained more than one whole percentage point over the course of the week to finish trading in the low Rs. 61s against the U.S. Dollar (having previously been up in the high Rs. 63s over one week ago). While, these gains have given some encouragement, many buyers remain generally unconvinced of market improvements and continue to be frustratingly flaky with their offers.

Frustrating offers.

One smaller LDT LPG vessel, the EAST MED GAS (4,083 LDT) was committed this week for an impressive USD 595/LT LDT – with the premium due to the approximately 5% stainless steel content on board the vessel.

LPG obtains premium.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
EAST MED GAS	LPG	4,083	USD 595/LT LDT (About 5% stainless steel content)

PAKISTAN

YET TO WAKE UP!

Tax not yet imposed.

Despite the news last week that the government has imposed a 15% duty on billets, wire rods, and bars in Pakistan, very little in the way of material change in the market has been seen since (likely because the taxes have yet to actually be imposed).

It is expected that Gadani buyers may step up to the mark once these changes are enforced as they have been noticeably absent from the buying over the past few months and still remain the lowest placed of all Indian sub-continent markets in terms of pricing.

Meandros cape sold.

There was one interesting sale to note however as the Meandros controlled capesize bulker COPPERSMITH (22,185 LDT) was sold for USD 409/LT LDT for a very prompt delivery next week.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
COPPERSMITH	Bulker	22,185	USD 409/LT LDT

CHINA

LOWERING AVERAGE AGE!

COSCO announced this week that it scrapped 17 of its older vessels between September and December of 2014 – for a total of USD 51.2 million. The sales were mostly made up of containers and bulkers totaling over 900,000 DWT.

17 Cosco vessels scrapped.

Having scrapped well over 50 vessels over the course of the year under the government subsidies scheme implemented at the end of 2013, the likes of COSCO have managed to significantly lower the average age of their fleets.

It is expected to be another busy year of scrapping with the scheme still in place until the end of 2015. State owners with Chinese flagged vessels receive a USD 150/GRT premium on the scrap price in China and a USD 150/GRT discount on the subsequent new-building built in China.

NO MARKET SALES REPORTED

TURKEY

ON THE UP?

Prices to touch USD 350/LT?

During the last quarter of the previous year when Turkey prices had crashed, local yards were unable to compete with the Indian sub-continent and had relegated themselves to only purchasing tonnage that was sufficient to keep their yards operational.

And the trend has continued so far, with limited beachings continuing to take place at Aliaga.

However, since the market sentiment improved since the start of the year and has remained positive for yet another week, most of the Turkish buyers have continued to bid aggressively on market units, especially ones with prompt deliveries. Additionally, key factors affecting pricing have remained relatively steady and have helped maintain an overall positive sentiment to the local recycling industry.

Meanwhile, local chatter seems to indicate that there is a growing expectation that prices could touch region USD 350 /LT once again. With the Indian sub-continent suffering further reversals this week, the price gap has narrowed to the point that sailing towards the sub-continent will no longer offer the benefits of recent months and how the increase in supply will affect prices in Turkey, in the near future.

NO MARKET SALES REPORTED

HMMMMM…

- *There are only thirteen blimps in the world. Nine of them are in the United States.*
- *When snakes are born with two heads, they fight each other for food.*
- *Windmills always turn counter-clockwise. Except for the windmills in Ireland.*
- *You're born with 300 bones, but when you get to be an adult, you only have 206.*
- *You're more likely to get stung by a bee on a windy day than in any other weather.*
- *The sound of E.T. walking was made by someone squishing her hands in Jello.*
- *The starfish is one of the only animals who can turn it's stomach inside-out.*
- *The state of Florida is bigger than England.*
- *The name Wendy was made up for the book "Peter Pan."*
- *The Neanderthal's brain was bigger than yours is.*
- *The oldest known goldfish lived to 41 years of age. Its name was Fred.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	**BEACHING TIDES**
January 14 – Pongal, Makra Sakrant January 26 – Republic Day	January 02 – January 09 January 19 – January 26

BANGLADESH	
BANK HOLIDAYS	**BEACHING TIDES**
No more holidays in January	January 06 – January 09 January 21 – January 24

IMPORTANT BANK HOLIDAYS		
TURKEY	**PAKISTAN**	**CHINA**
No bank holidays in February	January 24 – Festival of Kites February 05 – Kashmir Day	February 18 – Special Working day February 19 – 24 – First Lunar Month

ALANG - Port Position as January 16, 2015

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Asian	10,730	Oil Tanker	Arrived December 29
2	*GSN Unity*	*5,465*	*LPG*	*Beached January 09*
3	Nariobi I	11,618	Container	Arrived January 08
4	*Novorossiysk Star*	*9,553*	*Container*	*Beached January 10*
5	Odessa Star	9,481	Container	Arrived January 09
6	Silva Ex Nami (Dead Vessel)	10,670	Tanker	Arrived January 09
7	Southern Champion	1,723	Fishing Vessel	Arrived January 11
8	Thai Dawn	7,780	General Cargo	Arrived January 11
Total Tonnage		**67,020**		

CHITTAGONG - Port Position as of January 16, 2015

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Barguzin	1,338	General Cargo	Arrived January 08
2	Delfi	7,926	Bulk Carrier	Arrived January 08
3	He Fu	6,628	Bulk Carrier	Arrived December 19
4	*Karunia*	*5,168*	*Container*	*Beached January 09*
5	Mediterraneo	6,883	Container	Arrived January 06
6	Perun	5,212	General Cargo	Arrived January 14
7	*Sarwar Jahan*	*6,764*	*Bulk Carrier*	*Beached January 08*
8	*Voyager*	*7,172*	*Bulk Carrier*	*Beached January 12*
9	Win	7,447	Bulk Carrier	Arrived January 12
10	Yenisey	8,057	Bulk Carrier	Arrived January 14
Total Tonnage		**62,595**		

GADANI - Port Position as of January 16, 2015

No.	VESSEL NAME	LDT	TYPE	STATUS
1	*Al Wakrah*	*6,755*	*Bulk Carrier*	*Beached January 16*
2	*Amira Amal*	*5,609*	*Bulk Carrier*	*Beached January 16*
3	*Ulmar*	*8,137*	*Tanker*	*Beached January 11*
Total Tonnage		**20,501**		