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GMS WEEKLY

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Week 09

QUOTE of the WEEK

"If you want to make a permanent change, stop focusing on the size of your problems and start focusing on the size of you!"

- T. Harv Eker

Highlights:

- **Slower for sales.**
- **Levels stabilize.**
- **Commodity rally.**
- **Little change in budget.**
- **Conference upcoming.**

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MARKET COMMENTARY

SEEKING STABILITY!

With over 10 capesize bulkers sold in the last two weeks alone, it was little surprise to see activity on the sales front cool off a little this week.

After several months of continuous decline, it appears as though prices have reached a level where end users are starting to feel comfortable to dip back into the buying. Unfortunately, even with this renewed sense of confidence from end users coupled with a brief spike in numbers this week (albeit marginal) could not induce a number of owners to sell as one or two market capes were even withdrawn as owners sensed the possible beginnings of a market rally.

Some slightly improved freight rates could be a contributing factor, along with a rally in commodity prices in the Indian sub-continent, which saw some of the losses of the previous few weeks in India made up.

However, with many buyers still booked with vessels, it would be surprising to see a significant jump in levels. Close to 30 capesize bulkers and over 30 panamax bulkers have already been sold this year, which in turn has seen supply massively outstrip demand, pushing prices lower by the day.

The anticipated Indian budget prevented many firm offers from Alang this week, but the early signs are that very little material change will be affecting the ship-recycling sector. Notwithstanding, a closer study of the small print needs to be done in order to confirm this.

The upcoming **GMS sponsored Tradwewinds ship recycling forum in Dubai next week** will see many industry luminaries gather to debate the hot topics of the day – from the recent class approved green yards in India to the drastic falls that have seen over half of market value lost in 18 months. The conference this year may be one of the busiest and most interesting to date.

For week 09 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 225/lt ldt	USD 255/lt ldt
2	Pakistan	Weak	USD 220/lt ldt	USD 250/lt ldt
3	Bangladesh	Weak	USD 220/lt ldt	USD 250/lt ldt
4	Turkey	Weak	USD 150/lt ldt	USD 155/lt ldt
5	China	Weak	USD 110/lt ldt	USD 120/lt ldt

BANGLADESH

ANOTHER CAPE BITES THE DUST!

Cape goes.

With a majority of the market capes and VLOCs finding their way to the shores of Chittagong in the last few weeks, Bangladeshi buyers could afford to take a breather this week, with just the one market unit confirmed sold here.

Following on from the 5 or so other similarly sized units that were sold in the USD 225 – USD 235/LT LDT range last week, the Cosco Hong Kong controlled HUITAI (18,232 LDT) fetched a decent USD 238/LT LDT with 900 Tons of bunkers upon arrival.

PCTC sold.

The other sale concerned the PCTC PETRA (10,631 LDT) for a firm USD 250/LT LDT – such vessels usually obtain a premium in Bangladesh due to the steel quality and steel decks.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
HUITAI	Bulker	18,232	USD 238/LT LDT (with 900Ts bunkers upon arrival)
PETRA	PCTC	10,631	USD 250/LT LDT

INDIA

NO NEWS IS GOOD NEWS!

Budget of little change.

The anticipated Indian budget of February 29th brought with it mostly underwhelming news on Monday, as little of material change in the way of new / higher taxes or duties on the ship-recycling sector appear to have been announced.

Whilst it may take several more days of reading the finer print to fully digest the implications of India's 2016 budget, this should prove to be good news for local buyers who had been talking about a potential increase in duties of about 5% – 10% that in turn would have adversely affected the already shambled state of India's domestic ship-recycling sector.

Demand improves.

Coupled with some positive news for local steel plate prices, this past week has seen some more buying interest emerge for vessels being offered in the market. The Indian Rupee too has remained relatively stable in and around the Rs. 68.XX level against the U.S. Dollar.

Unsavoury tactics.

On the sales front, after several weeks of unsuccessful negotiations, the double skin panamax bulker VARVA (9,917 LDT) finally found a buyer at USD 225/LT LDT. The smaller HAJ WALID (5,358 LDT) fetched USD 223/LT LDT (with 270 Tons of bunkers upon arrival).

In the highest priced and largest LDT deal of the week, the BALBOA PEARL (10,888 LDT) was committed for a decent USD 228/LT LDT. With a number of vessels continuing to arrive at higher prices, problems are persisting on the waterfront as end buyers seek to even out their losses with some unsavoury tactics locally.

Finally, in an unmistakable sign of the plethora of units that are being introduced into the market, this week has likely been one of the busiest weeks at Alang's waterfront in recent history, with an excess of 330,000 LDT / 31 vessels either having arrived or been beached.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
BALBOA PEARL	Bulker	10,888	USD 228/LT LDT
HAJ WALID	Bulker	5,358	USD 223/LT LDT (with 270 Ts bunkers upon arrival)
VARVA	Bulker	9,917	USD 225/LT LDT

PAKISTAN

MISSED OPPORTUNITY!

On the sidelines.

Pakistan sat on the sidelines this week despite demand for good capesize bulkers improving last week and one sale being reported i.e. Winning of Singapore unit being a confirmed Gadani delivery despite having an India option.

As levels edge up slowly to become more competitive with India and Bangladesh, it seems inevitable that Pakistani buyers will eventually be securing their share of market tonnage in the near future.

Late rally.

The only shame is that this late rally on prices may have come too late to secure tonnage as several owners have withdrawn their vessels, perhaps seeing improving demo prices or freight rates.

NO MARKET SALES REPORTED

CHINA

STEEL IMPROVES!

An improvement in local Chinese steel plate prices will hopefully have an impact on (and perhaps steady) the Indian sub-continent prices as post Chinese New Year incentives to cut steel production and close domestic mills finally come into play.

Hoped for impact.

Whether this narrows the gap further between the Chinese and sub-continent prices remains to be seen, as for the time being, only very small LDT units positioned in China look likely to head to shi- recycling facilities there.

State controlled Chinese flagged vessels eligible for the subsidies of course make up the bulk of vessels occupying scrap yards and this will continue all the way through the end of 2017, when the policy expires.

Subsidy keeps yards busy.

NO MARKET SALES REPORTED

TURKEY

Artificial improvement?

Locals expecting price correction.

With steel mills almost running out of stock (in light of the excruciatingly low supply of vessels for recycling and declining quantities of imported steel), offers for vessels improved marginally during the course of last week.

However, these marginal improvements remain ineffective in securing tonnage as reportedly, only a couple of units arrived at the shores of Aliaga with an average LDT of less than 4,000 Tons (each).

On the currency front, the Turkish Lira continued trading slightly below the TRY 3.00 mark against the U.S. Dollar.

Since the only factor influencing the positive movement in prices during the recent past has been the firming demand from domestic re-rolling mills, many end buyers see the current positivity as an artificial trend and they anticipate a downward correction in the near future.

NO MARKET SALES REPORTED

SURPRISING FACTS

- *Between 1912 and 1948, art competitions were a part of the Olympics. Medals were awarded for architecture, music, painting, and sculpture.*
- *The first webcam watched a coffee pot. It allowed researchers at Cambridge to monitor the coffee situation without leaving their desks.*
- *The entire state of Wyoming only has two escalators.*
- *The ampersand symbol is formed from the letters in et—the Latin word for "and."*
- *Ravens in captivity can learn to talk better than parrots.*
- *The actor who was inside R2-D2 hated the guy who played C-3PO, calling him "the rudest man I've ever met."*
- *It's a myth that no two snowflakes are exactly the same. In 1988, a scientist found two identical snow crystals. They came from a storm in Wisconsin.*
- *When Disneyland opened in 1955, "Tomorrowland" was designed to look like a year in the distant future: 1986.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	**BEACHING TIDES**
March 07 – Maha Shivratri March 24 – Holi March 25 – Good Friday	March 07 – March 12 March 24 – March 27

BANGLADESH	
BANK HOLIDAYS	**BEACHING TIDES**
March 17 – Bangabandhu Birthday March 26 – Independence Day	March 09 – March 12 March 25 – March 27

IMPORTANT BANK HOLIDAYS		
TURKEY	**PAKISTAN**	**CHINA**
No holidays in March	**March 23 – Pakistan Day**	**No holidays in March**

ALANG - Port Position as of February 26, 2016

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Acacia Star	7,833	Bulk Carrier	Arrived February 20
2	*Agios Emilianos*	*9,705*	*Bulk Carrier*	*Beached February 24*
3	*Agios Nikolas*	*6,561*	*Bulk Carrier*	*Beached February 21*
4	*Albert Rickmers*	*11,461*	*Container*	*Beached February 22*
5	Aodabao	9,598	Bulk Carrier	Arrived February 18
6	**Atlantis**	**9,219**	**Bulk Carrier**	**Arrived January 17**
7	*Bao*	*7,480*	*Gen Cargo*	*Beached February 24*
8	Bosphorus Queen	6,565	Bulk Carrier	Arrived February 24
9	*Chollada Naree*	*4,547*	*Bulk Carrier*	*Beached February 24*
10	*Clipper*	*17,294*	*Drill Ship*	*Beached February 21*
11	*Emvika Naree*	*4,570*	*Bulk Carrier*	*Beached February 25*
12	Erini K	8,400	Bulk Carrier	Arrived February 19
13	Evertop	9,598	Bulk Carrier	Arrived February 23
14	Gallant John	9,245	Bulk Carrier	Arrived February 22
15	*Gant Vision*	*8,144*	*Bulk Carrier*	*Beached February 20*
16	Gladiator	6,751	Bulk Carrier	Arrived February 26
17	HH Emilia	20,697	Container	Arrived February 24
18	**Infinity**	**7,878**	**Bulk Carrier**	**Arrived October 04**
19	King Grace	10,138	Gen Cargo	Arrived February 26
20	Kollmar	8,039	Container	Arrived February 26
21	*Long Yuan*	*9,822*	*Container*	*Beached February 20*
22	Mona Linden	20,558	Bulk Carrier	Arrived February 21
23	Netherlands	24,225	Container	Arrived February 25
24	*New Way 1*	*7,534*	*Bulk Carrier*	*Beached February 21*
25	NOCC Coral	12,417	Car Carrier	Arrived February 25
26	*Ocean Pearl*	*5,377*	*Bulk Carrier*	*Beached February 20*
27	*Pra*	*18,908*	*Container*	*Beached February 21*
28	*Santa*	*8,841*	*Container*	*Beached February 22*
29	Seacon Pride	9,696	Bulk Carrier	Arrived February 18
30	*Tarako*	*16,507*	*Bulk Carrier*	*Beached February 25*
31	*YM Kaohsiung*	*15,949*	*Container*	*Beached February 24*
Total Tonnage		**333,558**		

CHITTAGONG - Port Position as of February 26, 2016

No.	VESSEL NAME	LDT	TYPE	STATUS
1	*Ever Mighty*	*11,585*	*Bulk Carrier*	*Beached February 25*
2	*Fenhuang Shan*	*10,660*	*Bulk Carrier*	*Beached February 21*
3	K No. 9	5,195	General Cargo	Arrived February 21
4	Legend	19,993	Bulk Carrier	Arrived February 18
5	*Marth Petrol*	*8,074*	*Tanker*	*Beached February 23*
6	*Nicetec*	*10,998*	*Woodchip Carrier*	*Beached February 26*
7	*Radiant*	*20,244*	*Container*	*Beached February 24*
8	Respect	20,244	Container	Arrived February 21
9	*Water*	*20,297*	*Bulk Carrier*	*Beached February 23*
Total Tonnage		**127,290**		

GADANI - Port Position as of February 26, 2016

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Cape Carmel	22,586	Bulk Carrier	Arrived February 22
Total Tonnage		**22,586**		