GMS WEEKLY

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Your Source for Recycling News

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Week 24

Highlights

- **Fewer sales**
- **2 budgets this week**
- **Stable prices**
- **Supply declines**

QUOTE of the WEEK

"Never confuse a single defeat with a final defeat."

- *Francis Fitzgerald*

MARKET COMMENTARY

SLOW PACE …

Week 24 ended on a rather slow-paced note, in terms of number of sales. Not only did market-leaders Pakistan and trailing Bangladesh not have a single sale to report this week, the number of sales into India too were rather limited. China managed to maintain the pace of fixtures

Pakistan had its budget to blame for lack of fixtures. Bangladeshi buyers were missing their venerable "tanker" option. The Indian market shimmied through a market correction in the early part of the week that caused local recyclers to take up a cautious stance.

The number of vessels available for sale did not show any significant decline. A few container vessels and car carriers were the main type of vessels available for sale. Accordingly, the week ended with a smaller number of sales to report.

Pakistan and Bangladesh declared their annual budget this weekend. While no major changes were expected for the ship-recycling industry in Bangladesh, surprisingly the four percent increase in customs duty did not materialize in Pakistan.

Demo prices remained stable this week. India's steel price correction did not translate into a precipitous fall *(See page 3)* .

For week 24, GMS demo rankings for the week are as below:

Demo Ranking	Country	Market Sentiment	GEN CARGO Prices	TANKER Prices
1	India	Stable	USD 240/lt ldt	USD 280/lt ldt
2	Bangladesh	Uncertain	USD 230/lt ldt	USD 280/lt ldt
3	Pakistan	Uncertain	USD 230/lt ldt	USD 270/lt ldt
4	China	Stable	USD 235/lt ldt	USD 260/lt ldt

BANGLADESH

BACK ON THE PROWL?

Budget out. No meaningful changes

Other than veteran ship recyclers, who more or less anticipated it, last week surprised many folks in the ship recycling industry. A lone tanker sent recyclers into a bidding frenzy, which drove prices well above established benchmarks. After the vessel was committed, the market calmed down and Bangladesh prices dropped, as most recyclers wait patiently for suitable tonnage.

This weekend, the budget was announced in Bangladesh However, since this market had been on the sidelines for the last several months, the importance of the budget was hardly discussed. As anticipated, no significant change was announced to sectors directly/indirectly affecting the ship recycling industry. As a result, the impact on demo prices, due to budget, will be negligible.

Limited demand

However, the dearth of recent sales in to this market for fore than a month means that gradually demand is expected to return from Bangladesh.

The continued shortage of electricity and gas (oxygen) has restricted the output of ships steel from local yards. Consequently, local steel plate prices have stopped falling. On the other hand, the limited production means that it is taking longer than usual to clear old inventories and create fresh demand.

NO MARKET SALES REPORTED

INDIA

ANOTHER BUSY WEEK

Fall in plate prices

Week 24 offered a glimpse of India's ongoing leadership in the volume of tonnage that is being consumed by local yards.

Early in the week, local steel plate prices fell by about USD 20/Ton. While this did not immediately influence the purchase price of vessels, veterans of the industry know when it will matter most i.e. at the time of physical delivery. Notwithstanding, few high priced deals failed against the sudden fall in steel prices.

Pakistan's absence from the bidding tables this week meant Indians had more of the limelight to themselves. With Bangladesh silent as well, majority of the market concentrated only on India, specially for vessels opening west of the Arabian Sea.

Diversion

Local port position remains crowded. *(See Page 7)*

Surprisingly, Latvian controlled M/T ZANIS GRIVA arrived in India instead of Pakistan. Perhaps, a delay in her arrival meant Pakistani buyers were too nervous to maintain the deal and Sellers ended up diverting the vessel to Alang.

M/V STANDARD VIGOR too was diverted from Pakistan to India.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
ALBA	RoRo	6,016	USD 250 / LT LDT
APL TULIP	Container	6,736	USD 260 / LT LDT
AQUILO	Tweendecker	7,060	USD 260 / LT LDT (Old Sale)
HUGO N	LPG	15,530	P N C

PAKISTAN

AS EXPECTED?

Budget out

Two expectations of the local market became true/untrue.

Firstly, not a single sale was concluded to local recyclers this week. It was too late to deliver a pre-budget ship and no ship recycler wanted to do a post-budget deal until after the budget.

Secondly, despite expectations of a hurtful budget (four percent increase in import duties/taxes that could have made scrap ships a whole lot more expensive), much to everyone's surprise, this increase did not happen.

No change in budget

So what does this mean for the industry? Will demo prices remain stable in Pakistan? Will aggressive demand return? At this stage, it is too early to predict. However, with most yards now full, we do not expect post-budget surge in demand.

NO MARKET SALES REPORTED

CHINA

WOBBLY?

Still strong

Last week, Chinese ship recyclers made some purchases at unexpectedly remarkable price levels. However, this price jump appears to be unsustainable over the long run. This week's sales appear to cement this notion.

South Korean controlled PCCs – M/V MORNING LIGHT and M/V MORNING QUEEN - were committed this week at slightly "lower" prices than those we saw last week. However, we hasten to add that these prices are certainly NOT "weak" by a long shot. PCCs tend to obtain the lowest price of all key categories of vessel in the market today.

Consistent player

The key fact remains that China remain an active participant to the demo game and continues to take away tonnage that would have otherwise be headed to a yard in the Indian sub-continent.

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MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
MORNING LIGHT	PCC	9,121	USD 243 / LT LDT
MORNING QUEEN	PCC	12,905	USD 240 / LT LDT

ABSOLUTELY USELESS FACTS …

- *Larry Lewis ran the 100 yard dash in 17.9 seconds in 1969, there by setting a new world's record for runners in the 100 years or older class. He was 101.*
- *It would take more than 150 years to drive a car to the sun.*
- *Lady Astor once told Winston Churchill 'if you were my husband, I would poison your coffee'. His reply 'if you were my wife, I would drink it'*
- *Jimmy Carter is a speed-reader (2000 wpm).*
- *Jet lag was once called boat lag, back before jets existed.*
- *It is against the law to slam your car door in Switzerland.*
- *Jean Claude Van Damme was the alien in the original Predator in almost all the jumping and climbing scenes.*
- *Jaw muscles can provide about 200 pounds of force to bring the back teeth together for chewing.*
- *It took engineers 22 years to design the zipper.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	**BEACHING TIDES**
June 24 – Rath Yatra	June 05 – June 11 June 20 – June 28

BANGLADESH	
BANK HOLIDAYS	**BEACHING TIDES**
No Holidays in June	June 09 – June 12 June 23 – June 26

ALANG - Port Position as of June 12, 2009

No.	VESSEL NAME	LDT	TYPE	STATUS
1	*Acacia Ace*	*9,634*	*Car Carrier*	*Beached Jun 08*
2	Antigoni B	6,844	Bulk Carrier	Arrived Jun 10
3	*Augusta*	*17,411*	*Bulk Carrier*	*Beached Jun 10*
4	*Balearas*	*9,422*	*Container*	*Beached Jun 11*
5	Cuevasanta ex Cuevasanta B	9,738	Container	Arrived Jun 09
6	*Eurasian Brilliance*	*7,597*	*Car Carrier*	*Beached Jun 10*
7	*I Kal*	*6,105*	*General Cargo*	*Beached Jun 10*
8	Maltese Falcon	6,861	RoRo	Arrived Jun 12
9	*Mina*	*5,615*	*Bulk Carrier*	*Beached Jun 11*
10	Mira	7,338	Bulk Carrier	Arrived Feb 19
11	*Mol Fortune*	*13,875*	*Container*	*Beached Jun 08*
12	*MSC Himalaya*	*12,181*	*Container*	*Beached Jun 11*
13	*MSC Jessica*	*12,705*	*Container*	*Beached Jun 06*
14	MSC Manila	10,000	Container	Arrived Jun 11
15	*MSC Socotra*	*13,919*	*Container*	*Beached Jun 06*
16	*Patsy N*	*10,708*	*Container*	*Beached Jun 11*
17	*Silverfjord*	*9,880*	*General Cargo*	*Beached Jun 07*
18	Standard Vigor	12,250	Bulk Carrier	Arrived Jun 11
19	*Tianjin*	*11,540*	*General Cargo*	*Beached Jun 05*
20	*Zanis Griva*	*5,635*	*Tanker*	*Beached Jun 12*
Total Tonnage		**199,258**		

CHITTAGONG - Port Position as of June 12, 2009

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Vasishth Ex Maharhshi Vasishth	8,270	LPG	Arrived Jun 12
Total Tonnage		**8,270**		

GADANI - Port Position as of June 12, 2009

No.	VESSEL NAME	LDT	TYPE	STATUS
1	*Aktor*	*7,280*	*Tanker*	*Beached Jun 10*
2	*Eastway*	*20,798*	*Tanker*	*Beached Jun 06*
Total Tonnage		**28,078**		