GMS WEEKLY

Your Source for Recycling News

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Highlights:

- **Overreaction?!**
- **Return to normality?**
- **Lack of confidence**
- **Paradigm shift?!**

Cash Buyer to be ISO 9001:2008 Certified

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QUOTE of the WEEK

"Reality can destroy the dream; why shouldn't the dream destroy reality?"

- *George Moore*

MARKET COMMENTARY

RETREAT OR RESILIENCE?!

The doom merchants have been out in force for the past few weeks, forecasting the end of the world as we know it, and the most unprecedented fall in international recycling prices since the crisis of 2008 which saw 100s/LT LDT knocked off prices in a matter of weeks.

The falls this time around have not been quite so dramatic. The late summer surge in prices now has receded somewhat to more realistic levels, but this can hardly be labeled a crisis. In fact, prices are still at historically strong levels. Even newcomers to the industry harbor fresh memories of the 200-300s/LT LDT that were on offer for much of 2008-2009, as the world attempted to get back on its feet once again.

The overriding concern seems to be a lack of confidence in all major markets. Perhaps fearing a 2008 repeat, many end buyers have simply closed up shop, refusing to talk even on new candidates. As levels have tumbled by the day, so have local buyers retreated, and become unreachable and non-committal in a few cases.

Steel prices have remained relatively steady (though a small drop reared its head up mid-week) and the rupee also recovered (marginally) against the US Dollar this week, so the major fundamentals remain in place for the most part. It would seem therefore that wider concerns – the Eurozone and US debt crises coupled with the volatility of international stock markets – are infiltrating market sentiment and creating the fear that further challenging times may lie ahead.

Talk of some sort of paradigm shift may appear fanciful at this stage though as the buying continued (admittedly at lower levels) on all types of unit across the board. There may be some muted demand but the business, as always continues.

Where prices are likely to settle is still a matter of debate at this stage – many are expecting (and indeed hoping) for a post-Eid pick up once Pakistan and hopefully Bangladesh (depending on the court order) re-appear at the bidding tables.

For week 44 of 2011, GMS demo rankings for the week are as below:

Demo Ranking	Country	Market Sentiment	GEN CARGO Prices	TANKER Prices
1	Pakistan	Cautious	USD 480/lt ldt	USD 510/lt ldt
2	India	Weak	USD 470/lt ldt	USD 500/lt ldt
3	China	Weak	USD 380/lt ldt	USD 390/lt ldt
4	Bangladesh	Weak	N/A	N/A

BANGLADESH

HEARINGS & HEADACHES!

November 13th – next court date set

The Bangladesh court will once again open on November 13th (post-Eid holidays) when the case to reopen the market, is expected to be heard the same day. All going well, that could mean the market would be back online in time for the last beaching tide of November 25-27th.

However, if history has been any sort of a teacher for 2011, we can be confident that the situation is rarely that straightforward in Bangladesh and it may realistically take several weeks more for the investigation into the recent casualties to be completed, and for the judge to sit down, review and finally sign the extension.

Mid December beaching?

The most realistic scenario therefore looks like anticipated beaching activities to resume for the mid December tide 13-16th.

Being out of commission, there have been no market sales to report for the market giants.

NO MARKET SALES REPORTED

NO MARKET SALES REPORTED

HOLDIN' OUT FOR A HERO!

Signs of stabilizing?

There were comparatively more signs of life in the Indian market this week (compared to the competing nations) as the rupee made some (marginal) gains against the US Dollar and several deals were concluded, albeit at the softer, more realistic numbers.

That is not to say that a total confidence has returned to the market, as there still appeared to be an overall reticence to offer, coupled with the now customary (and increasingly extreme) local fluctuations.

Several sales to note

One or two vessels were concluded, seemingly set for India as the final destination (these days - unless it is a tanker basis gas free for man entry only, which ends up in Pakistan option due to the similarities in price).

The West German container KOTA ABADI (7,617 LDT) was sold to one buyer 'as is' Singapore for a seemingly unrealistic price of USD 470/LT LDT. We do believe the excess 1000 tons of fuel onboard (present when inspected) may have something to do with the overstretched price.

Recovery away?

Additionally, pegging a new low for bulkers was the RED SEA SPIRIT (4,978), which was sold for USD 463/LT LDT with significant removals. Finally, sale of a TBN RoRo was reported basis a price approaching well in excess of USD 515/LT LDT.

With other markets now closed for another week and China levels far below the sub-continent, it surely is only a matter of time before we see meaningful improvements from India.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
KOTA ABADI	Container	7,617	USD 470/LT LDT ('as is' Singapore)
RED SEA SPIRIT	Bulker	4,978	USD 463/LT LDT

PAKISTAN

ON HOLD FOR HOLIDAYS?!

Top dogs

A number of recent sales at relatively firm levels have the caught the eye in recent weeks from Gadani buyers.

The STX sister ships OCEAN HOST and OCEAN FRIEND (both region 11,680 LDT) were sold into the local market last week for USD 497.50/LT LDT (cash buyer purchase price of USD 512/LT LDT less 3% address commission) with guaranteed 600 T IFO at time of delivery between the two (at least a USD 10/LT LDT premium).

Level pegging with India

The onset of Eid however, may mean a relative slowdown in activity – no sales for the week indicated that end buyers are indeed focused on the religious festivities rather than the negotiation of new vessels.

Notwithstanding, for the time being, Pakistani buyers remain on a level pegging with their Indian counterparts (if not a shade ahead) with a growing demand becoming apparent for the right vessels. It will be interesting to see how the market reacts post-Eid and whether they finally begin to set the pace on the buying front.

NO MARKET SALES REPORTED

CHINA

BULKERS BACKFIRE!

Candidates resurface

Several vessels that had recently been reported as China sales were seen back in the market again whilst Chinese buyers firmly closed their doors for another week to new acquisitions.

The bulkers WIN GLORY 8,695 LDT) and XIN SHENG DA (7,586 LDT) were pushed around again having been reported sold in recent weeks and the Fujian owned bulker LUCKY OCEAN (5,437 LDT) was reported to be facing problems with the yard pulling out of the expected resale.

With levels on all types of vessel now well below USD 400/LT LDT, it is indeed troubling times for the Chinese market and it may be some weeks yet before we see the sales board once again filling up.

NO MARKET SALES REPORTED

ANIMAL BASED TRIVIA!

- *A female mackerel lays about 500,000 eggs at one time.*
- *A father Emperor penguin withstands the Antarctic cold for 60 days or more to protect his eggs, which he keeps on his feet, covered with a feathered flap. During this entire time he doesn't eat a thing. Most father penguins lose about 25 pounds while they wait for their babies to hatch. Afterward, they feed the chicks a special liquid from their throats. When the mother penguins return to care for the young, the fathers go to sea to eat and rest.*
- *A cow gives nearly 200,000 glasses of milk in her lifetime.*
- *A capon is a castrated rooster.*
- *A chameleon's tongue is twice the length of its body.*
- *A chimpanzee can learn to recognize itself in a mirror, but monkeys can't.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	**BEACHING TIDES**
November 06 – Eid-Ul-Adha	Nov 08 – Nov 17 Nov 22 – Dec 01

BANGLADESH	
BANK HOLIDAYS	**BEACHING TIDES**
November 06 – 08 - Eid-Ul-Adha	Nov 11 – Nov 13 Nov 25 – Nov 27

ALANG - Port Position as November 04, 2011

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Adventure	9,156	Passenger	Arrived Nov 03
2	Alaska II	6,908	General Cargo	Arrived Oct 28
3	Atlantic Leader	8,920	General Cargo	Arrived Oct 24
4	*Bosfo*	*8,084*	*Reefer*	*Beached Nov 01*
5	Devi Glory I	5,860	Bulker	Arrived Nov 06
6	Eastern Light	7,391	Passenger	Arrived Oct 31
7	English	6,020	Reefer	Arrived Nov 06
8	Falcon Eye II	5,280	General Cargo	Arrived Oct 31
9	*Fu Tong*	*5,798*	*General Cargo*	*Beached Nov 01*
10	*Golden Arrow II*	*7,677*	*Bulker*	*Beached Nov 03*
11	Hilal El Emarat I	3,075	General Cargo	Arrived Nov 02
12	Kadmos	10,456	Bulker	Arrived Nov 01
13	Kingsway	16,911	Bulker	Arrived Oct 07
14	*Louka*	*16,248*	*Oil Tanker*	*Beached Nov 03*
15	*MSC Aurelie*	*16,854*	*Container*	*Beached Oct 29*
16	*New Legend Fortune*	*5,722*	*Bulker*	*Beached Oct 29*
17	Norwich	11,502	General Cargo	Arrived Nov 05
18	*Rosy Falcon*	*6,494*	*Bulker*	*Beached Nov 02*
19	Saipan Leader	5,258	Container	Arrived Nov 04
20	Saipan Warrior	2,801	Container	Arrived Nov 04
21	Tabassum (Dead Vessel)	7,835	Bulker	Arrived Nov 03
Total Tonnage		**174,250**		

CHITTAGONG - Port Position as of November 04, 2011

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Dibena Express	2,389	General Cargo	Arrived Oct 21
2	Java Sea	16,471	Tanker	Arrived Oct 29
Total Tonnage		**18,860**		

GADANI - Port Position as of November 04, 2011

No.	VESSEL NAME	LDT	TYPE	STATUS
1	*Anjani*	*8,385*	*Oil Tanker*	*Beached Oct 29*
2	*Barunawati*	*19,850*	*Oil Tanker*	*Beached Nov 03*
3	*Hang Shun Men*	*5,754*	*Bulker*	*Beached Oct 31*
4	Ocean Friend	11,686	Bulker	Arrived Nov 02
5	Ocean Host	11,681	Bulker	Arrived Nov 02
Total Tonnage		**57,356**		