

June 16th, 2023
Volume 250, Issue 1087
Week 24



" We all have problems.
But it's not what happens to us, [it 's] the choices we make after. "

– Elizabeth Smart

Highlights:

- Big news on HKC!
- Post budget sales.
- Solid fundamentals.
- Not at peaks.
- Ageing fleet.
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MARKET COMMENTARY

BANGLA RATIFIES HKC!

This week, the big news revolved around the momentous and much anticipated ratification of the Hong Kong Convention in Bangladesh that has finally come to pass. Two weeks ago, after high-level local meetings, all that remains now is for the Marshall Island or Liberian Flags to complete the approval process so that the HKC can enter into force.

Bangladesh levels and L/C approvals have continued to struggle post-budget, and it seems that for the time being, there will be some stricter requirements imposed from the Central Bank for Chattogram Recyclers to secure tonnage. Hence, a lower overall appetite has emanated from this market this week, while much of the demand appears to be satiated for the moment and the markets seem to be taking a breather, especially as the monsoons start settling in.

India is not yet on par with Bangladesh and lacks some of the aggression and demand from local Buyers to acquire, whilst Pakistan is totally out of the buying for reasons that have been well documented for weeks now. Lastly, Turkey seems to be heading Pakistan's way as their levels are closest to each other from all the major markets and both markets continue to struggle to secure tonnage due to currency, and scarcity issues.

Indian fundamentals remained firm this week as the Rupee appreciated against the U.S. Dollar and amidst continued demand for raw materials, steel plate prices firm. We are not at the peaks seen last year when the USD 700/LDT mark was breached. Notwithstanding, at these historically firm levels into the USD 500s/LDT and even close to USD 600/LDT, we are still 30% above the decade's average.

Finally, there is still an ageing fleet that needs to be scrapped, but many owners are not yet biting the bullet and choosing to sell while they still have time before surveys and can make charter income today. However, BIMCO has recently estimated that double the amount of tonnage will be recycled over the next 10 years due to incoming regulations and the order book, compared with the previous 10 years.

For week 24 of 2023, GMS demo rankings / pricing for the week are as below.

Rank	Location	Sentiment	Dry Bulk USD / LDT	Tankers USD / LDT	Containers USD / LDT
1	Bangladesh*	Stable	585 / LDT	615 / LD	635 / LDT
2	India	Stable	530 / LDT	550 / LDT	570 / LDT
3	Pakistan*	Weak	510 / LDT	530 / LDT	550 / LDT
4	Turkey	Steady	320 / LDT	330 / LDT	340 / LDT

*Subject L/C approval

BANGLADESH

HKC PROGRESS!

Ratifying talks.

The recent talks to ratify the Hong Kong Convention (HKC) in Bangladesh have been an interesting interlude to a year of progress in Chattogram, which has seen the number of class NK HKC certified yards increase to three, as Bangladesh finally approves the Hong Kong Convention, in some highly encouraging developments this week.

Pursuant to these meetings and based on the impact to the environment, the domestic ship recycling sector has also been decategorized from red to orange, and the next step is to get Marshall Islands flag state to ratify the HKC and enter it into force, alongside 20 other countries that have already done / are doing so.

Slower on sales.

Meanwhile, it has been a slower week in terms of sales in Bangladesh even though prices and demand remain on a stable footing. It is instead more difficult now to get Central bank approval on fresh L/Cs post-budget, and it may take some time / weeks for things to smooth out again.

Local fundamentals too aren't doing too hot as the Taka surpassed another record while it temporarily breached BDT 109.25, whilst local steel plate prices flatlined through the week.

With religious holiday expected towards the end of the month and monsoons further chipping away at the pace of local activities, Chattogram seems destined for a slower summer, especially as supply continues to be constricted.

INDIA

CATCHING UP AND KEEPING UP!

India has spent much of the year trying to catch up and keep up with the Bangladeshi market, and so it was yet another week with another bleak report for the sales board, amidst a critical shortage of tonnage and an increasingly barren port report as well.

In fact, for the first time in a memorable while, local port position lies completely empty this week (mirroring the Pakistani market), as the local market continues to suffer the shortage of tonnage.

India also no longer holds the HKC "Ace" card, nor can it rely on a regular diet of HKC green tonnage, such is the progress Bangladesh has been making as there is a firm commitment in the Bangladeshi ship recycling community, to further upgrade yards and raise the country's ship recycling HKC standards, to those of India.

Fundamentally, India seems to be the only recycling destination where local steel plate prices firmed this week (by about USD 10/Ton), and the currency has gained decent ground over the previous few weeks, firming to under Rs. 81.87 against the U.S. Dollar, giving end Buyers an added incentive to acquire at firm levels again.

Bleak sales board.

Competition.

NO MARKET SALES REPORTED

PAKISTAN

FALLING BEHIND!

No upgrades.

Gadani has not only fallen behind on pricing and L/C capabilities this year, but they have also been unable to make the requisite yard upgrades (thus far), in order to gain HKC certification and keep up with an improving Bangladeshi market and the overall sub-continent as a recycling destination.

As such, the market in Pakistan is seriously falling behind with unworkable L/Cs, banking limits, and uncompetitive pricing, mixed in with political, economic, and financial woes that has left the Gadani market out of consideration.

Has been market.

On the local fundamentals front, the Pakistani Rupee continues to sail into dark territory as it briefly surpassed PKR 287.70, while local steel plate prices have yet to be resuscitated out of their flatlined state.

Overall, some real progress (and some settled political and economic / currency conditions) will need to be seen in the second half of this year, in order to place Pakistan back on the international ship recycling scene.

TURKEY

CURRENCY TRAP!

Despite the lack of supply of tonnage or mildly steady steel fundamentals (import steel firmed by about USD 5/Ton) or the upcoming religious holidays that could further slow the pace of the domestic ship recycling market, the Turkish Lira remains the prime issue concerning the Turkish Recycling sector.

TRY 24?

Seemingly on its way to TRY 24, the Lira temporarily breached TRY 23.75 early in the week, only to settle in at TRY 23.60 against the U.S. Dollar.

As such, as the Lira continues to weaken, it is only a matter of time until local offers on units start to follow, and Turkey slips away further from the overall industry.

Falls Away

INTERESTING SPACE FACTS

- *The Andromeda Galaxy is coming towards the Milky Way at a speed of 100 to 140 kilometers a second. It has a very packed and crowded double nucleus.*
- *The Andromeda Galaxy has a massive star cluster at its heart and is the most distant thing you can see with your naked eye.*
- *The Galaxy may also have a super massive black hole at its center.*
- *Jupiter has 67 moons organized into three groups: inner moons, Galilean moons, and outer moons.*
- *The first sighting of Jupiter that was recorded was around 7th or 8th B.C. by the Babylonians.*
- *Jupiter has the shortest day of all the eight planets in our solar system.*
- *Galileo discovered four of Jupiter’s moons in 1610.*
- *One year on Jupiter is equivalent to about 11.86 years on Earth.*
- *Only eight space craft have visited Jupiter.*
- *It takes an hour or less to form a cloud.*
- *There are a lot of different kinds of clouds, but the most common are stratus, cumulus, and cirrus.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	BEACHING TIDES
June 28 – June 30 – Eid Ul Azha July 28 – July 29 - Ashura	June 14 – June 22 June 30 – July 09 July 13 – July 22

BANGLADESH	
BANK HOLIDAYS	BEACHING TIDES
June 28 – June 30 – Eid Ul Azha July 01 – Bank Holiday July 29 - Ashura	June 17 – June 20 July 03 – July 06 July 18 – July 21

IMPORTANT BANK HOLIDAYS		
CHINA	PAKISTAN	TURKEY
June 22 – June 24 – Dragon Boat Festival No Holidays in July	June 29 – July 01 – Eid Ul Azha July 03 – Bank Holiday July 27 – July 28 – Ashoora	June 27 – July 01 – Kurban Bayrami July 15 – Democracy and National Solidarity Day

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ALANG - Port Position as of June 16, 2023

No.	VESSEL NAME	LDT	TYPE	STATUS
No new vessels reported.				
Total Tonnage		36,098		

CHATTOGRAM - Port Position as of June 16, 2023

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Eternal Luck	7,527	Bulk Carrier	Arrived June 14
2	Golden Sun	6,096	Bulk Carrier	Arrived June 09
3	H Power	18,239	Bulk Carrier	Arrived June 15
4	Jin Yuan Xing 9	7,576	Bulk Carrier	Arrived June 13
5	<i>Meratus Makassar</i>	5,455	<i>Container</i>	<i>Beached June 15</i>
6	Tian He Shun	7,349	Bulk Carrier	Arrived June 13
Total Tonnage		55,524		

GADANI - Port Position as of June 16, 2023

No.	VESSEL NAME	LDT	TYPE	STATUS
No new vessels reported.				
Total Tonnage		-		

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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
6/10/2023	537.23	44,300.00	777.39	220,000.00	695.24	73,000.00	352.25
6/11/2023	537.23	44,300.00	777.39	220,000.00	695.24	73,000.00	352.25
6/12/2023	539.85	44,500.00	777.39	220,000.00	695.24	73,000.00	352.25
6/13/2023	540.25	44,500.00	777.39	220,000.00	695.24	73,000.00	354.56
6/14/2023	542.02	44,500.00	777.39	220,000.00	695.24	73,000.00	354.56
6/15/2023	541.69	44,500.00	777.39	220,000.00	695.24	73,000.00	354.56
6/16/2023	547.90	44,900.00	777.39	220,000.00	695.24	73,000.00	357.00



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