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GMS WEEKLY

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August 7th, 2015
Volume 156, Issue 684
Week 32

Highlights:

- **Pause in falls.**
- **Sales resume.**
- **Reduced supply.**
- **Chinese imports stall?**
- **Troubled arrivals.**

Cash Buyer to be ISO 9001:2008 Certified

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QUOTE of the WEEK

**"When something is important enough,
you do it even if the odds are not in your favor."**

- Elon Musk

MARKET COMMENTARY

RELIEF FROM REVERSALS!

A pause in the ongoing (extreme) declines witnessed across the Indian sub-continent and Turkish ship-recycling sectors has brought with it some much-needed relief and indeed, even a shade of hope that the bottom may have been reached and now could be a good time for ship-recyclers to acquire tonnage again.

As a result, it was no surprise to see several sales (both market and private) being concluded and the first capesize bulker (in several months) being sold at levels in the low USD 300s/LDT. It has been some weeks since the last recorded sale of any vessel type and the dearth of arrivals in the local markets is starting to tell as demand gradually picks up again.

Indeed, reduced supply is one factor that may help pull levels up again post monsoon, as those end-users with high priced inventory on their plots and who still have access to L/C funds, will be seeking to even out their losses with some cheaper purchases. As such, acquisitions at today's levels may seem like the ideal opportunity for many.

The key consideration however will be the extent of the Chinese imports that have seen this most recent plummet in price. If cheap imports from China continue to flood local markets, prices could still fall further. Although, factory and steel mill closures (along with increased taxes on imports in sub-continent markets) may help to allay fears over this particular conundrum in the coming months.

The pain of these most recent falls, as suggested last week, has been troublingly transparent in the number and extent of renegotiations with end users – many of which, have been simply transferred to ship-owners by unscrupulous cash buyers seeking to minimize their losses, for the most frivolous of reasons.

Torrential rains too have halted activity in India and Bangladesh over the past few weeks and upon the conclusion of the monsoon season at the end of August, a clearer picture on the health of the industry, sentiments, demand, and pricing could be forthcoming.

For week 32 of 2015, GMS demo rankings for the week are as below:

Demo Ranking	Country	Market Sentiment	GEN CARGO Prices	TANKER Prices
1	Pakistan	Weak	USD 290/lt ldt	USD 320/lt ldt
2	India	Weak	USD 280/lt ldt	USD 310/lt ldt
3	Bangladesh	Weak	USD 275/lt ldt	USD 305/lt ldt
4	Turkey	Weak	USD 190/lt ldt	USD 200/lt ldt
5	China	Weak	USD 120/lt ldt	USD 140/lt ldt

BANGLADESH

OUT OF THE PICTURE!

Absent from activity.

Bangladeshi buyers were largely absent from any activity for yet another week as constant rains plagued the country, with large parts underwater and working hours at local yards being subsequently restricted.

It was surprising as well, to see buyers remain uncompetitive on the decent spec, high LDT capesize bulker from Vale that was sold for recycling into Pakistan this week.

Need to wake up.

It may be that Bangladeshi end users start to wake up in the coming weeks and local levels improve accordingly, in order to secure their share of the market tonnage. For the time being though, Chittagong remains alarmingly out of the international ship-recycling picture.

NO MARKET SALES REPORTED

INDIA

BUYING AT BOTTOM?

A week of local steel price gains and a stabilizing Indian Rupee did much to restore the battered confidence in India this week, and there is the growing feeling amongst end users that the market may just have bottomed out and now may be the ideal time to get back into the buying.

Steel gains.

Of course, we have seen this on several occasions over the past year with almost constant declines during this time and over 40% being knocked off ship values since the heady days when vessels were trading over the USD 500/LT LDT mark.

Consequently, nerves are somewhat shattered and frayed locally.

Fierce competition.

It was therefore with some interest that fierce competition was seen from Indian end users on the Vale capesize bulker that was eventually sold into Pakistan. To be bidding aggressively on such a large dry unit (not generally favored by Indian buyers) certainly suggests that a degree of confidence is returning to the local recycling market.

It remains to be seen whether this can hold going into next week as the smallest correction in either steel prices or the Indian currency can send (and has sent) the local market into a spiral of despair and declines.

Settling Rupee.

For the time being however, with a settled Indian Rupee trading in the Rs. 63s against the U.S. Dollar, some marginally better news on local steel plate prices, and a reduced flow of cheap Chinese billets (for now), it appears that some of the pain has subsided from the Indian market.

There is however, a long way to go before talks of a meaningful recovery can begin.

NO MARKET SALES REPORTED

PAKISTAN

SIGNS OF LIFE!

Sale reported.

Finally, a sale to report this week for anxious Gadani recyclers who have been largely absent from the buying since the pre-budget binge on units, which saw them acquire the majority of capesize bulkers sold in May.

The total number of capes sold for recycling so far this year stands at 71 and the first sale for some months was confirmed this week to add to that list. Vale fixed their ORE ALEGRIA (20,963 LDT) to Gadani recyclers for a decent (and unexpectedly strong) USD 330/LT LDT.

Not all doom and gloom.

This sale shows there are signs of life in the market for all the doom and gloom emanating from end users (all in the hope of securing a below market bargain) and if supply continues to disappoint until the end of the year, this can only have a further positive impact on prices.

MARKET SALES REPORTED

VESSEL NAME	TYPE	LDT	REPORTED PRICE
ORE ALEGRIA	Bulker	20,963	USD 330/LT LDT

CHINA

EYES ON STEEL!

Subcontinent woes.

With news of an economy slowdown and Chinese steel mills and factories closing and thereby limiting the export of competitively cheap steel to sub-continent / Turkish markets, a modicum of positivity at least returned to competing ship-recycling markets, safe from the fear of being constantly undercut by finished Chinese products.

Still, much will depend on the extent of the exports for the remainder of the year. Sentiment and prices have dropped by over 40% in Indian sub-continent markets and even increased taxes on Chinese imports have failed to allay this constant decline.

Sales into Chinese ship-recycling yards have slowed hugely over this summer period, due to unattractive prevailing numbers into the low 100s/LDT (despite the state subsidies) and improving charter markets reducing supply.

NO MARKET SALES REPORTED

TURKEY

Bottomed out?

Aggression expected?

The Turkish market appears to have finally stabilized after a free-fall of more than USD 100/MT over the recent past. As such, the first week of August is the second consecutive week with no further declines on record, neither on local steel plate prices, nor on the levels offered by local recyclers.

It appears several end buyers have started looking to negotiating tonnage at prevailing market prices. Regrettably, not many ship-owners are willing to face such lowly levels, simply due to the fact that the residual values calculated are nowhere near the present (and bitter) reality.

As a result, only two special units have reportedly arrived this week, which is evidence of the declining ship-recycling activity at local yards.

Factoring in the growing demand from end buyers and the stability of local steel plate prices, some could argue that a positive sentiment is in the air and the markets may well witness a few end buyers become more aggressive in the immediate future.

The coming weeks certainly have their story to tell.

NO MARKET SALES REPORTED

YOU DON'T SAY

- *Anywhere between 1% and 10% of people of European decent are immune or resistant to AIDS.*
- *Ray and Edith Batman sued the commissioner of the Internal Revenue Service in U.S.A. in 1951, leading to the humorous case title "Batman vs. Commissioner".*
- *No NBA player has worn the number 69 while playing professionally.*
- *Betty White is literally older than sliced bread.*
- *There is enough water in Lake Superior to flood an area the size of both North and South America under a foot of water.*
- *The University of Phoenix requires a Master's degree to teach there, but if your Master's came from University of Phoenix, they don't consider you qualified enough.*
- *The word "Utopia" comes from the Greek word meaning "no place".*
- *The word "run" has 645 different meanings in the English language.*

IMPORTANT DATES

INDIA	
BANK HOLIDAYS	**BEACHING TIDES**
August 15 – Independence Day	July 29 – August 06 August 11 – August 18 August 27 – September 05

BANGLADESH	
BANK HOLIDAYS	**BEACHING TIDES**
August 15 – National Mourning Day	August 01 – August 04 August 16 – August 18

IMPORTANT BANK HOLIDAYS		
TURKEY	**PAKISTAN**	**CHINA**
August 30 – Victory Day	August 14 – Independence Day	No Holidays in August

ALANG - Port Position as August 07, 2015

No.	VESSEL NAME	LDT	TYPE	STATUS
1	*Asteco*	*22,772*	*Crane Vessel*	*Beached August 02*
2	*Butler (Dead Vessel)*	*4,114*	*Supply Vessel*	*Beached August 01*
3	Eden Maru	12,320	Woodchip Carrier	Arrived July 31
4	*Glory Sun*	*6,640*	*Cement Carrier*	*Beached August 05*
5	Orinoco Pearl	10,709	General Cargo	Arrived July 23
6	Xing An Da	6,727	Bulk Carrier	Arrived July 28
Total Tonnage		**52,466**		

CHITTAGONG - Port Position as of August 07, 2015

No.	VESSEL NAME	LDT	TYPE	STATUS
1	Amsir	11,365	Bulk Carrier	Arrived August 02
2	Isa Delta	6,787	Bulk Carrier	Arrived July 17
3	*Jindal Tara*	*3,581*	*General Cargo*	*Beached August 01*
4	Natzutec	7,667	Bulk Carrier	Arrived August 05
5	Putri Asia	1,339	General Cargo	Arrived July 22
Total Tonnage		**19,837**		

GADANI - Port Position as of August 07, 2015

No.	VESSEL NAME	LDT	TYPE	STATUS
1	*Ambar*	*8,127*	*Chemical Tanker*	*Beached August 01*
2	Empress	17,743	Bulk Carrier	Arrived July 24
3	*Faith*	*6,359*	*Tanker*	*Beached August 03*
4	*Merry Ocean*	*5,212*	*Bulk Carrier*	*Beached August 06*
Total Tonnage		**41,388**		