Bangladesh takes large vessels despite overall subdued scrap market

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Greek VLCC and an oil bulk ore vessel reported sold to Chittagong breakers

A very large crude carrier and a behemoth combined ore and oil bulker were reported sold for scrap despite subdued sentiment on the back of fluctuating steel prices.

Brokers said the 1987-built, 42,685 dwt combined oil ore carrier Ruhr N., operated by Neu Seeschifffahrt, had been sold for delivery to a buyer in Bangladesh at $525 per dwt, or $22.4m.

In another deal, the 1988-built, 33,097 dwt single-hull VLCC Tinos, operated by Aeolos Management, was also reported sold for delivery to Chittagong at the rate of $538 per dwt, or $17.8m.

The sales coincided with reports last week that the BW Group had sold two vintage VLCCs for demolition in India, and that a capesize bulker had also gone for scrap.

Despite these significant deals the demolition market weakened last week as the Indian rupee fell against the US dollar and underlying steel plate prices dropped, reflecting wider turmoil in stock markets across the globe.

"The concerns surrounding the global economy have filtered through to the recycling industry, affecting sentiment towards the latter part of the week," said London-based Clarkson Research Services.

"Thus those cash intermediaries who recently acquired larger units may rue their decision.

"It has been some time since the sales of several VLCCs and Capes have been reported in one week, and this is one reason why these cash intermediaries will have to tread carefully for the time being, as their financial exposure is now evident and their attempt to resell the units in a potentially downward market becomes more difficult."

Indian breakers made a handful of deals last week, including the purchase of two small vessels. The 1987-built, 3,306 dwt general cargo ship, operated by Atra Shipping, was reported sold for $510 per dwt, or nearly $1.7m. There were also reports of another general cargo ship sold for $515 per dwt, or nearly $3.5m.

In a slightly older deal, the 1981-built, 6,324 dwt bulk carrier, operated by Swemir Shipping, was reported sold to a buyer in India at the rate of $529 per dwt, or nearly $3.4m.

But compared to the past week, Indian buyers were being cautious and appeared unwilling to commit to high-priced tonnage in the current volatile climate.

In Bangladesh meanwhile, there was still no news as to whether the October 12 deadline on ship imports would be extended. Buyers remained wary of potential delays.

"As such, recyclers are gearing up to make the most of those ships already beached as the uncertainty over how long their market may be out of action for is set to resume all over again," said US-based cash buyer GMS.