Chinese scrap rates move closer to falling Indian subcontinent levels

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- THE rate differential between the Indian subcontinent and China continued to narrow last week, against the background of yet another round of bulk carriers and reefer sold for scrap.

Dry vessels are now fetching well below $500 per ldt from buyers in India, Bangladesh and Pakistan, while rates in China remain steady at $450.

A breaker in Pakistan was said to have paid nearly $6m, for the 1981-built, 12,067 ldt bulk carrier Hao Wang.

In China, meanwhile, prices have remained steady in the mid-$400s per ldt, sometimes higher depending on the ship.

"Whilst prices were never expected to dip below the $450 per ldt mark, they have still come off some $25 to $30 per tonne over the last couple of weeks and hits across the board have been felt for vessels being delivered post-7 decline," said US-based cash buyer GMS.

"Many negotiations are being reported at the water front."

One of the factors impacting on buyer sentiment in south Asia is the uncertainty as to the future for Bangladesh, where breakers were granted a court reprieve to import ships until July 7.

The wide expectation was that the market would close again after that, though GMS said there were rumours circulating in the industry that this may not happen after all.

Until that doubt is cleared up - and with the monsoon season still with a few weeks left - rates in the region are unlikely to bounce back.

"Most cash buyers are now becoming more apprehensive about offering available units as the recent weakening sentiment has continued into this week," said London-based Clarkson Research Services.

"This has not been helped by the conveyor belt of larger tonnage being proposed to the market. It is becoming increasingly difficult to obtain positive interest and with many owners still dreaming of a quick return to the firm rates of recent months, some units may take their time to be committed."

Despite this, brokers reported a number of decent recent sales, particularly in India.

Pick of the week was the 1984-built, 12,587 ldt bulk carrier Melbourne Majesty, operated by Pioneer Marine Services and reported sold to a buyer in India for $507 per ldt. The rate was pushed up by non-ferrous metals on board.

In another deal, the 1985-built 24,295 ldt bulk carrier Furong, operated by Grandfams Shipmanagement, was reported sold to an Indian buyer for $485 per ldt, or $11.9m.

The 1983-built, 6,073 ldt reefer vessel Tasman Start, operated by Holy House Shipping, was reported sold for demolition in India at an undisclosed price.

The older sales of three other reefers also came to light last week. All the vessels were sold for $495 per ldt for delivery to Chittagong.

In Pakistan, buyers continued to be selective over what they purchased and just one deal was reported, at comparable rates to India.

A breaker in Pakistan was said to have paid $495 per ldt, for the 1981-built, 12,067 ldt bulk carrier Hao Wang, operated by Tianjin Hebei Shipping.

There were no new sales to report to Bangladesh, though some observers suggested very prompt tonnage able to catch the last tide before July 7 might, as a result, secure a premium on price.

In China, rates remained in line with what has been offered in recent weeks despite concern that a correction was possible as the south Asian market weakens.

There was just one market sale to report: the 1984-built, 21,024 ldt bulk carrier SeaLink Prosperity, operated by Cosco Shanghai. The ship was reported sold for $460 per ldt, or nearly $9.7m.