Indian tanker prices up 5% on pre-monsoon scrap spree

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Ship parts at Alang: Indian breakers have been paying 5% extra for tankers while traditionally-stronger Bangladesh could only manage a 1% rise.

Alang breakers exceed Bangladesh rates

Indian tanker demolition prices have risen 5% so far this month as the country’s shipbreakers embark on a traditional rush of buying up scrap ships before the onset of the monsoon season in mid-May.

The average price paid for tankers to be demolished by Indian breakers stood at $525 per Idt at the end last week, compared with $500 per Idt on April 3, according to US-headquartered cash buyer GMS.

India’s demolition rate for general cargo vessels also rose by a similar amount this month, climbing 4% to $495 per Idt from $475 per Idt, GMS reported in its weekly demolition note.

In contrast, the price paid for tankers to be recycled in Bangladesh, which has historically paid the highest rate among the four major Asian shipbreaking countries, rose by only 1% this month, as buying activity remains subdued. Tanker scrap prices have climbed from $510 per Idt to $515 per Idt.

Bangladesh rates for general cargo vessels did not change, ending the month at $485 per Idt, the same price as at the start of April.

India is the “market of the moment”, with steel prices in Alang staying firm compared with “some weakening” in Chittagong, Bangladesh, said GMS.

Owners are realising that now is the time to “cash in” on elderly tonnage before India’s “expected and traditional monsoon-cooling period” lowers prices, said GMS.

Indian buyers, who have been buying various ship types from refiners to bulkers and large tankers, showed their “robustness”, GMS said.

Among the sales reported last week was the 1978-built, 8,218 Idt bulk carrier with container capacity Satabal Castle, sold to an Indian buyer for $498 per Idt, or $4m, according to brokers.

Another bulk carrier, the 1980-built, 9,580 Idt Nicholas M, achieved an even higher price of $530 per Idt, or $5m. The high price was due to the inclusion of a spare propeller and renewal of the steel in 2009, said GMS.

The 1978-built, 5,009 Idt reeler Cooler Bay was sold to an Indian buyer for 490 per Idt, or $2.4m, and the 1991-built, 4,274 Idt chemical tanker Casper was sold for $1,220 per Idt, or $5.2m, with the inclusion of 940 tonnes of stainless steel pushing up the price offered by Alang-based buyers keen to import high-quality steel.

Although Indian breakers had been active ahead of the monsoon season, London broker Galbraith’s reported that it was Pakistan that had stood out in the market this week.

The “usually hesitant” Pakistan had emerged “from the shadows” by offering strong prices, it said in its weekly sale and purchase report, with prices paid between $525-$530 per Idt, or up to $17.8m for the 1992-built, 33,303 Idt very large crude carrier Tulin.

“The excitement in Pakistan is certainly for wet tonnage, as the tightening of controls in Bangladesh may see Pakistan become the first choice for tanker owners looking to dispose of older tonnage,” said Galbraith’s.

One other Pakistan purchase was the 1986-built, 23,848 Idt combined bulk and ore carrier Jack D, sold for $510 per Idt, or $12.1m.

There were no reported sales to Chinese breakers last week because Chinese cash buyers struggled to offer rates that might tempt owners, said Galbraith’s.

However, as shipbreaking yards in both Pakistan and Bangladesh reach capacity, “it could soon be time for Chinese recyclers to come firmly back in the frame for well-positioned tonnage at increasingly competitive levels”, said GMS.