Monsoons fail to dampen interest in demolition sales

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- by Brian Reyes —
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THREE large bulk carriers were reported sold for demolition last week at strong rates, despite the onset of the monsoon season dampening sentiment among buyers.

The vessels were sold into Bangladesh and India at prices in the low to mid $500s per ldt, above the current $500 per ldt benchmark rate for dry vessels.

The deals prompted concern that some cash buyers had overstretched themselves in securing tonnage and could face problems later on in the selling chain.

“Several high-profile deals were concluded this week, though some may well be worth keeping an eye on due to the lack of realism associated with the prices in relation to the reality on today’s levels,” said US-based cash buyer GMS.

“Furthermore, as yards continue to boost and welcome new vessels, we may very soon be reaching the point where it is no longer physically possible to keep stuffing vessels into a bloated and overcrowded market place.”

Three vessels were reported sold for demolition in Bangladesh. The 1983-built, 24,891 Idt capesize bulk carrier Brazil Star, operated by Zodiac Maritime, was reported sold for delivery to Chittagong at the rate of $525 per ldt, or $13.4m.

In another deal, Hosco’s 1986-built, 35,641 Idt ore carrier Hebei innovator — a converted very large crude carrier — was reported sold to a buyer in Bangladesh for $532 per ldt, or just under $19m.

The 1982-built, 8,901 Idt car carrier Baltic Leader, operated by Nippon Yusen Kaisha, was reported sold to a buyer in Bangladesh for $540 per ldt, or $4.8m. The rate was pushed up by the presence of 250 tonnes of bunker fuel and 845 tonnes of permanent ballast on board.

A number of sales to India also came to light last week but the pace of purchasing in Nang continued to ease off compared with recent months.

The 1984-built, 24,407 Idt capesize bulk carrier Eternal Sea, operated by Cosco Shanghai, was reported sold to a buyer in India for $545 per ldt, or $13.3m. The rate included 1,600 tonnes of bunker fuel on board.

A second capesize bulk carrier, Transmed Shipping’s 1984-built, 21,484 Idt Sparrow, was also reported sold for delivery to India, this time on private terms.

In a final sale to India, the 1978-built, 7,886 Idt handysize bulk carrier KS Hope, operated by KS Maritime, was reported sold for $510 per ldt, or just over $4m.

There were no sales to report to Pakistan, where the budget announcement brought little change for breakers. Gadani yards are mostly well-stocked and buyers appear in no rush to secure new vessels at present, preferring instead to work through their existing tonnage and see how rates develop in the coming weeks.

Chinese breakers were also subdued last week, perhaps a reflection of weakened interest on the Indian subcontinent.

Rates in China are tagging about $50 per ldt behind those on offer in India, Bangladesh and Pakistan but that gap could close as prices and interest in those three countries soften during the monsoon season.

![INDIA DEMOLITION RATES](chart1)

![PAKISTAN DEMOLITION RATES](chart2)

Source: Global Marketing Systems