



DEMO MARKET REPORT & MARKET OUTLOOK – April 17, 2023

Report No. 20/1014423/170423

COMMENTARY

INDIA – Local steel plate prices had dropped by about USD 7/MT during the week but recovered back to same levels as last week. Imported scrap prices also reduced by USD 5/MT during the week but recovered back to same levels as last week. There is a low demand for all steel products locally and internationally thus putting pressure on prices in both the local and export market. In positive news, passenger vehicle sales have surpassed pre-pandemic levels this year till March showing improvement in consumer confidence. Considering that the Reserve Bank of India is very comfortably placed both in terms of significant reserves built up as well as shrinking current account deficit, the Indian Rupee should continue to maintain its present position against the US Dollar despite likely increase in oil prices due to oil production cuts announced by OPEC+. Reserve Bank of India could be looking at another interest rate hike to ensure that inflation targets are achieved. Despite these odds, ship recyclers have been showing readiness to improve prices for fresh tonnages by about USD 15-20/ LT LDT in the hope of getting some tonnage at a time when supply of fresh tonnage is scarce. We would expect prices for fresh tonnages to remain firm in view of its scarce supply.

PAKISTAN – Grim situation in Pakistan continues with unchanged foreign exchange problem and lack of clarity on when the situation would improve. Local steel prices have reduced this week and imported scrap prices have remained stable but purchases of imported scrap are muted. There is low demand during the month of Ramadan when 60% of the steel mills are closed with even lesser activity during the last 10 days of Ramadan. UAE has assured to provide a USD 1 billion loan to the country (last week Saudi Arabia had assured loan for USD 2 billion). This brings Pakistan closer to fulfilling IMF conditions for their loan release of USD 6.50 billion though the IMF is now assessing fuel discount proposed by the government for lower income groups. Ship recyclers in the meanwhile continue to wait till the foreign exchange becomes available for purchases.

BANGLADESH – Local steel plate prices increased by USD 10/MT whereas imported scrap prices have reduced by about USD 10/MT. This contradiction in the price movements of imported scrap and local steel plates is due to the preference of steel mills to buy locally available steel as foreign exchange availability continues to be a problem for their imports. Banks are now stricter in allowing the opening of Letter of Credits. There could be further improvement in demand from end buyers of local steel after Eid which will need to be seen. Due to scarce availability of tonnages, ship recyclers have improved prices offered by them on fresh tonnage for recycling by about USD 15-20/LT LDT this week. At these prices ship recyclers are straining themselves



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just to procure the scarce tonnages. However, considering that the supply of fresh tonnage for recycling will continue to be scarce, we would expect prices to remain firm.

TURKEY – There is low demand in the local steel market. Buyers are avoiding buying more volumes than their immediate requirement. Steel mills have reduced prices of long products and domestic rebar prices have dropped by about USD 10/MT due to currency fluctuations and negative sentiment in import scrap segment amidst global sluggish demand. Imported scrap prices reduced by about USD 3/MT this week. There is an expectation that the local currency will weaken further against the US Dollar due to possible policy changes after the upcoming elections next month. Ship recyclers, however, have maintained the same price levels for fresh tonnages mainly due to scarce supply of fresh tonnages for recycling. We would expect prices to remain firm.

CHINA – With effect from 1.1.2019, China has stopped accepting any foreign flagged ship for recycling as per directives from Government. Breakers now can only recycle local ships from China.

SUPPLY – Supply of fresh tonnages for recycling continues to be slow with some candidates seen from dry and container segment.

MARKET OUTLOOK – Freight rates in tanker and dry segment were softer this week partly due to the effect of the Easter holidays. The tanker freight outlook is weak for the summer months but the medium to long term outlook is promising. Tanker and Dry segments continue to have a good demand for the vessels in secondhand markets. The Container segment is experiencing good times again with good charter rates, which is expected to continue for a few months and there is a good demand for secondhand units as well. Case in the point is that two container vessels from Evergreen – Ever Unific (1998 built, LDT 24,328 MT) and Ever Uberty (1999 built, 24,328 MT) that were circulated for recycling or trading were sold for further trading with sales price at almost 50% above recycling prices. The container segment could experience reduced freight resulting from expected new-building deliveries due to large orderbook but that is expected to start only from the second half of this year. All these factors indicate that the supply of fresh tonnages for recycling will continue to be scarce. It is purely due to this reason that the prices offered by ship recyclers have improved this week despite softening steel demand and softening steel prices in the global markets. Next stumbling block for this continuing firm prices for fresh tonnages, we believe, would be when foreign exchange



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problems in Bangladesh are resolved because that would make import of cheaper steel scrap easy as prices in global steel markets for steel scrap are under pressure due to weakness in global demand. In the meanwhile, we would expect prices offered by ship recyclers to remain firm with Bangladesh continuing to be at the forefront for fresh tonnages.

GREEN NEWS -

1. Klaveness Combination Carriers (KCC) is the latest shipowner to join Sustainable Shipping Initiative.
2. Onboard Carbon Capture Utilisation and storage (OCCUS) could be an additional new technology to help shipping industry reach the net-zero emissions goal. Global Centre for Maritime Decarbonisation (GCMD) has selected LR to carry out an industry first concept study.

GLOBAL – GENERAL NEWS –

1. China - Despite multiple government policies to boost the economy which has seen some success, there is still a feeling of nervousness because the consumers are still not spending enough to reach targeted growth of even 5%. However, given weak inflation in the country and a country with the highest foreign exchange reserves in the world, there is a lot of scope for monetary policy stimulus that the government has at its disposal.
2. USA – Latest set of data shows that there is a steady cooling of economic activity with signs of moderating inflation. Whether the Fed would skip another quarter point hike at their next meeting is to be seen though it seems less likely.

MAIN DEMOLITION SALES DATA FOR PERIOD APRIL 10th – 14th, 2023

| Type | Name of Vessel | Built | DWT | LDT | Price | Remarks |
|-----------|----------------|-------|-------|------|-------|---------|
| Bulker | Lily Breeze | 1998 | 74744 | 9898 | | Ctg |
| Container | Meratus Malino | 1995 | 14464 | 5455 | | Ctg |
| LPG | Apollo Pacific | 1988 | 2995 | 2189 | 650 | Alang |



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| Type | Name of Vessel | Built | DWT | LDT | Price | Remarks |
|----------------|----------------|-------|-------|-------|-------|---|
| Diving Support | Germinal | 1981 | 1033 | 1774 | 575 | As is Mumbai - court sale |
| Tanker | Chem P | 1968 | 35489 | 12269 | 440 | As is Malta, Vsl has 308T Solid SS & 110 Cladded SS |

MAIN DEMOLITION SALES DATA FOR PERIOD APRIL 1st – 14th, 2023

| Type | Name of Vessel | Built | DWT | LDT | Price | Remarks |
|----------------|----------------|-------|-------|-------|-------|---|
| MPP | Z Star | 1999 | 22318 | 6537 | | Ctg |
| Reefer | Yung Da Fa 102 | 1984 | 3984 | 1736 | 573 | Ctg |
| Reefer | Win Shun Shing | 1973 | 3742 | 2197 | 390 | As is Kaohsiung - Ctg |
| Container | Leonard | 1998 | 22983 | 7852 | | Alang |
| Bulker | Lily Breeze | 1998 | 74744 | 9898 | | Ctg |
| Container | Meratus Malino | 1995 | 14464 | 5455 | | Ctg |
| LPG | Apollo Pacific | 1988 | 2995 | 2189 | 650 | Alang |
| Diving Support | Germinal | 1981 | 1033 | 1774 | 575 | As is Mumbai - court sale |
| Tanker | Chem P | 1968 | 35489 | 12269 | 440 | As is Malta, Vsl has 308T Solid SS & 110 Cladded SS |

STATISTICS

VESSELS AND QUANTITY BEACHED IN INDIAN SUBCON – IN APRIL 2023, 2022, 2021

| | INDIA | | BANGLADESH | | PAKISTAN | |
|--|--------|----------|------------|----------|----------|----------|
| | Vessel | LDT – LT | Vessel | LDT – LT | Vessels | LDT – LT |
| April 2023 (Up to April 14 th) | 04 | 20,299 | 09 | 80,821 | 0 | 0 |
| April 2022 | 20 | 208,136 | 13 | 104,296 | 08 | 70,750 |
| April 2021 | 16 | 144,320 | 21 | 240,621 | 13 | 142,380 |



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VESSELS AND QUANTITY BEACHED IN INDIAN SUBCON – QUARTER 2 2023, 2022, 2021.

| Year | INDIA | | BANGLADESH | | PAKISTAN | |
|------|---------|----------|------------|----------|----------|----------|
| | Vessels | LDT – LT | Vessels | LDT – LT | Vessels | LDT – LT |
| 2023 | 04 | 20,299 | 09 | 80,821 | 0 | 0 |
| 2022 | 48 | 464,921 | 29 | 208,235 | 19 | 166,087 |
| 2021 | 60 | 440,696 | 71 | 742,299 | 45 | 320,448 |

INDIA - Indicative Price Levels for April in Current Year Vs Previous Years

| Year | DRY | | Container | WET | |
|------------|--|----------|-----------|--------|------|
| | Cape / Pmx | Handymax | | Others | VLCC |
| April 2023 | 530 | 540 | 580 | 550 | 510 |
| April 2022 | 665 | 645 | 715 | 675 | |
| April 2021 | 485 | 475 | 530 | 515 | |
| April 2020 | Markets closed/uncertain due to COVID-19 | | | | |

**(a) (Prices LT/LDT, less 3% Add Comm) (b) We have introduced VLCC as a separate item in Wet segment from Jan 2023*

BANGLADESH - Indicative Price Levels for April in Current Year Vs Previous Years

| Year | DRY | | Container | WET | |
|------------|--|----------|-----------|--------|------|
| | Cape / Pmx | Handymax | | Others | VLCC |
| April 2023 | 580 | 590 | 630 | 625 | 590 |
| April 2022 | 665 | 665 | 680 | 680 | |
| April 2021 | 505 | 500 | 515 | 525 | |
| April 2020 | Markets closed/uncertain due to COVID-19 | | | | |

**(a) (Prices LT/LDT, less 3% Add Comm) (b) We have introduced VLCC as a separate item in Wet segment from Jan 2023 onwards*

PAKISTAN – Indicative Price Levels for March in Current Year Vs Previous Years

| Year | DRY | | Container | WET | |
|------------|--|----------|-----------|--------|------|
| | Cape / Pmx | Handymax | | Others | VLCC |
| April 2023 | <i>Due to foreign exchange problem, ship recyclers are not able to establish LCs</i> | | | | |
| April 2022 | 670 | 665 | 675 | 685 | |
| April 2021 | 510 | 505 | 515 | 520 | |
| April 2020 | Markets closed/uncertain due to COVID-19 | | | | |

**(a) (Prices LT/LDT, less 3% Add Comm) (b) We have introduced VLCC as a separate item in Wet segment from Jan 2023 onwards*



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TURKEY - Indicative Price Levels for March in Current Year Vs Previous Years

| Year | DRY | WET | CONTAINER |
|------------|-----|-----|-----------|
| April 2023 | 330 | 340 | 350 |
| April 2022 | 420 | 430 | |
| April 2021 | 230 | 240 | |
| April 2020 | 225 | 225 | |

***(a) (Prices LT/LDT, less 2% Add Comm) (b) We have introduced Container pricing from Jan 2023 onwards**

Disclaimer: The information has been drawn from Wirana Shipping Corporation's (WSC) database and other sources. All efforts have been made to ensure that information contained in this report is accurate. While WSC has taken reasonable care in compilation of information, WSC makes no representations or warranties and cannot accept responsibility for error, omission or consequences therefrom.