



## **DEMO MARKET REPORT & MARKET OUTLOOK – April 24, 2023**

Report No. 21/1721423/240423

### **COMMENTARY**

**INDIA** – Local demand is weak, and direction of finished steel prices is not yet clear. Local steel plate prices dropped this week by about USD 6/MT and imported scrap prices dropped by about USD 7/MT. Secondary mills are only buying limited stocks to meet their immediate requirements. Weak global demand seems to be resulting in surplus stock position. In Alang, on some days, there are no buyers of steel plates which is unusual, and this points to weak demand. India along with other parts of Asia are witnessing heat wave stretching the power grids and increasing demand for fossil fuels. There is an expectation of hotter summer than usual in India. Oil prices have receded from an increase seen last week after OPEC+ announced production cut which is good news for India and its currency as it relies heavily on import of oil to meet its requirements. Indian Ship Recyclers have continued to maintain the same price levels amidst low supply of fresh tonnages. We would expect prices offered for fresh tonnages to be under pressure.

**PAKISTAN** – There is no change in the problematic foreign exchange situation. There is slow demand and lower capacity utilization during the month of Ramadan. There has not been any activity in imported scrap due to foreign exchange problems. Local prices of shredded scrap have increased by about USD 15/MT even in this weak local demand as there is hardly any possibility to import scrap into the country. The country reported a current account surplus of USD 654 million in March for the first time after almost two and half years which is mainly due to a stop on imports and improved worker remittances. Though, this current account surplus will not help expedite IMF loan approval in any way yet. IMF loan program is not moving at an encouraging pace. Ship recyclers are thus not able to make any offer for fresh tonnages and this situation is likely to continue.

**BANGLADESH** – Local steel plate prices continued at about same levels this week whereas imported scrap prices reduced marginally by about USD 2-3/MT. Local demand for steel has been weak during these last days of Ramadan. Local mills however expect revival of demand after Eid holidays. Problems with opening letter of credit have increased since last two weeks. Smaller tonnages for recycling are thus favored by ship recyclers during these times and such smaller units tend to get higher prices. Ship recyclers have maintained the same price levels and we expect prices to be under pressure mainly to the softening of the global steel prices and weakness in global demand. A low supply of fresh tonnages for recycling should however act as a deterrent against any major price reduction for fresh tonnages.



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**TURKEY** – Local steel market was slow in the last week of Ramadan. The market will resume after Eid holidays. While some expect that there will be an increase in demand for local steel after Eid holidays, a lot of market participants are of the opinion that any firmness in the market will only be seen after the elections in mid-May. But overall, there is an expectation that prices in local steel market could soften. The Central bank is making efforts to stop the weakening of Lira by asking local lenders to restrict demand for US Dollars. As a result, Lira was trading in the parallel market at more than 20 to a US Dollar. Due to short supply of fresh tonnages, ship recyclers continue to maintain same price levels but prices will be under pressure.

**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** – A relatively better week than the past few weeks in terms of fresh candidates being offered for recycling and notable that there are a good number of HKC compliant recycling candidates last week. We saw some more tonnages being offered mainly from Dry and container segments.

**MARKET OUTLOOK** – Freight rates for dry segment were mixed this week whereas tanker freight rates were softer. The container market has also been seeing good freight rates across all segments, however, container sizes 2000 TEU and below are seeing a comparatively lower demand. Global slowing down of steel demand is bringing in an element of caution amongst ship recyclers, especially in terms of prices being offered for fresh tonnages for recycling. Since we are just a few months away before the onset of monsoon, we could see flurry of activities in terms of fresh tonnages being offered for recycling for some time. Though, such tonnages should be quickly absorbed by ship recyclers. Prices for fresh tonnages may thus be under pressure.

### **GLOBAL – GENERAL NEWS –**

1. Europe – Economies of Germany and Italy registered a small growth in first quarter of 2023 as compared to contraction in previous quarter. Thus, the four biggest economies in Europe have registered growth in Quarter 1 of 2023.



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- USA – Federal Reserve is assessing the impact of tighter financing conditions on economic activities before deciding for another hike in interest rates.

### **MAIN DEMOLITION SALES DATA FOR PERIOD APRIL 17<sup>th</sup> – 22<sup>nd</sup>, 2023**

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Bulker	Ocean Great	1993	28499	6311	560	Ctg
Reefer	Green Karmoy	1989	6120	2990		Alang
Woodchip Carrier	Siam Ocean	1995	33800	7870	560	Ctg, HKC
MPP	Atlantic Ray	1991	4706	2461	620	Ctg
Fishing Support	Rowan	1991	1252	2755	565	Ctg
Bulker	HL Power	1998	149322	18147		As is S.Korea, HKC

### **MAIN DEMOLITION SALES DATA FOR PERIOD APRIL 1<sup>st</sup> – 22<sup>nd</sup>, 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
FPSO	Brotojoyo	1980	59643	12100		Ctg, U/T
Bulker	Sunnine	1992	28450	6013		Ctg
Container	MSC Nora II	1998	29210	10611		Alang, HKC
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### 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 22 <sup>nd</sup> )	07	55,291	19	227,032	0	0
April 2022	20	208,136	13	104,296	08	70,750
April 2021	16	144,320	21	240,621	13	142,380

#### 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	07	55,291	19	227,032	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			WET	
	Cape / Pmx	Handymax	Container	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



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

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	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			WET	
	Cape / Pmx	Handymax	Container	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*

### **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.*