



DEMO MARKET REPORT & MARKET OUTLOOK – August 14, 2023

Report No. 32/0712823/140823

COMMENTARY

INDIA – Price gains made by local steel plate prices in the previous week were fully reversed as prices dropped by USD 12/MT this week although imported scrap prices improved by USD 6/MT. Prices offered by ship recyclers continued to be at same levels as last week. Local billet prices remained at the same levels although buyers in the local market refrained from stocking up as they expect prices to soften before the strong demand season sets in expectedly in about 4-6 weeks. On the other hand, local rebar prices, which had reached a 2 year low improved this week by USD 24/MT as the traders and large contractors moved to restock before the busy season sets in. However, we need to remember at this point that local demand from the end users (except for large contracting companies) has not strengthened and that is the missing link. Exchange rate of local currency against the USD remained at about same levels but is expected to be under pressure given that increased oil prices are likely to continue for some weeks due to production cuts announced by Saudi Arabia and Russia. We would expect prices offered by ship recyclers to continue at about the same levels. Ship recyclers are cautious before committing to a fresh tonnage for two reasons (a) there were comparatively more units circulated recently and (b) local steel market is still not stable.

PAKISTAN – In a very heartening news, 2 bulkers vessels of 10,000 LT LDT and 7500 LT LDT have been bought by ship recyclers in Pakistan at USD 520-525/LT LDT (Marginally higher than Bangladesh price levels) and they have been able to obtain Letter of Credit from the bank. Imported scrap prices have increased by about USD 3-4/MT this week, but it is good to note that more traders are now enquiring for imported scrap as banks have started issuing Letter of Credits (although it is still difficult) and their stocks needs to be replenished. Local rebar prices have increased this week by about USD 15/MT. There is a possibility that a couple more vessels could be concluded over the next week. However, prices offered by ship recyclers could be under pressure because end buyer price levels of 520-525/LT LDT may not be workable considering high interest, energy, and other production costs.

BANGLADESH – Local steel plate prices remained at about same levels. Imported scrap prices increased by USD 3/MT, although traders of imported scrap are cautious on booking orders. Domestic scrap prices dropped by USD 10/MT which is mainly because of weak demand due to heavy rains and flooding this week in Bangladesh. Foreign exchange availability continues to be very difficult and a biggest challenge for ship recyclers. There are still quite a few vessels for Bangladesh delivery which remain unsold as ship recyclers are not able to open Letter of Credit



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(LC). Some banks have increased margin requirement for LC substantially which affects cash flows as well as increases interest cost for ship recyclers. Due to the prevailing position, ship recyclers are negotiating hard on their buying prices, and we hear that a deal has been concluded at levels below USD 500/LT LDT this week. We would expect prices offered by ship recyclers to be under pressure purely because of difficulty in opening Letter of Credit.

TURKEY – Local scrap prices were stable this week whereas imported scrap prices have increased by USD 7/MT. Local steel demand continues to be weak which is also because of increased taxes and energy costs. Prices offered by mills for ship scrap have increased by USD 5-7/MT this week mainly due to increase in imported scrap prices. Local rebar prices also increased by about USD 5/7/MT as traders are restocking in anticipation of increased local demand in the next 2-3 weeks. Prices offered by ship recyclers continued to be at the same levels as last week. Whether local steel demand increases as expected in next 2-3 weeks will be the key factor in determining whether the Increase in ship scrap prices and imported scrap prices are sustainable since local mills are not able to compete in export market anyways. Given the present situation, we would expect prices offered by ship recyclers to be at the same levels.

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 – There were very few new candidates that were circulated in the market as Owners prefer to wait till LC problems are sorted in Bangladesh. Vessels that have been bought in the past are still not being resold to Bangladesh recyclers due to LC problems and prices are under pressure.

MARKET OUTLOOK – Freight rates across tanker segments broadly flat to weak and there has not been much interest from buyers in the secondhand market. In the dry segment, there has been some buying interest in secondhand units seen this week at the presently reduced prices and an improved freight market seen this week. In the container segment, all sizes seemed to be doing well in freight as well as secondhand market. If we did not have present LC problems in Bangladesh and Pakistan, the shortage of fresh tonnage would have been acutely felt which would have pushed up prices. However, with present LC problems in Bangladesh and Pakistan, even present slow supply of fresh tonnages seems plentiful. Local steel demand and thus the



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prices in the recycling destinations are also under marginal pressure. Prices for fresh tonnages would thus be under pressure in the coming week.

GREEN RECYCLING:

1. We have one more yard in Bangladesh that has received SOC from Class NK making it a 4th company and 9th yard to receive SOC for HKC compliant recycling.

GLOBAL – GENERAL NEWS

1. Chinese economy has officially fallen into deflation as the consumer prices dropped 0.3% last month. Most of the consumers have investments in the property market which is not doing well. Consumers thus feel insecure about the future and would prefer to keep their money with them and not spend it. This brings about reduced demand for goods in the economy and thus reduced prices causing deflation and this can be a downward spiral unless new government policies boost consumer confidence to spend money in the economy.

MAIN DEMOLITION SALES DATA FOR PERIOD August 7th – August 12th, 2023

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Bulker	An Yue	1996	45194	7985		As is Singapore
Container	Sinokor Tianjin	1998	11031	4672	600	Delivered -Ctg/Alang in Buyer's option, incl bunkers 240 MT - Previous deal at 622 failed.
Bulker	Lila Ningbo	2002		24181	495	Alang
Bulker	BH Mally	1997	73867	9379	465	As is China, incl 200 MT bunkers

MAIN DEMOLITION SALES DATA FOR PERIOD August 1st – August 12th, 2023

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Container	MSC Lana II	1999	29240	10351		Alang
Container	SOL Straits	1997	22900	7772		Alang, incl ROB 250T
Bulker	Great Wenwu	1994	68621	9759		As is China



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Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Container	MSC Ermina	1993	56152	17695	500	Alang
Container	Maersk Patras	1998	37842	12400	405	As is UAE
General Cargo	Tessa	1992	4706	1917	560	Ctg
Reefer	Nova Florida	1989	6729	3374		Alang
Bulker	Alba 1	2001	74750	12587		Ctg
Bulker	Tecumseh	1973	29984	7796		Canada
Well Sml	Big Orange XVIII	1984	3424			Denmark
Bulker	An Yue	1996	45194	7985		As is Singapore
Container	Sinokor Tianjin	1998	11031	4672	600	Delivered -Ctg/Alang in Buyer's option, incl bunkers 240 MT - Previous deal at 622 failed.
Bulker	Lila Ningbo	2002		24181	495	Alang
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STATISTICS

VESSELS AND QUANTITY LDT BEACHED IN INDIAN SUBCON – IN AUGUST 2023,2022, 2021.

Year	INDIA		BANGLADESH		PAKISTAN	
	Vessels	LDT – LT	Vessels	LDT – LT	Vessels	LDT – LT
August 2023	01	3,374	06	31,607	02	17,500
August 2022	03	29,789	16	92,318	00	00
August 2021	16	84,481	21	154,186	12	69,133

VESSELS AND QUANTITY LDT BEACHED IN INDIAN SUBCON – QUARTER 3 2023, 2022, 2021.

Year	INDIA		BANGLADESH		PAKISTAN	
	Vessels	LDT – LT	Vessels	LDT – LT	Vessels	LDT – LT
2023	09	80,093	20	98,845	02	17,500
2022	16	123,548	31	134,572	02	1,343
2021	44	308,825	59	446,797	34	311,774



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

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
Aug 2023	495	500	535	510	475
Aug 2022	540	545	575	555	
Aug 2021	565	555	635	590	
Aug 2020	335	325	365	350	

**(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 August in Current Year Vs Previous Years

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
Aug 2023	515	515	565	555	530
Aug 2022	605	600	635	620	625
Aug 2021	595	585	615	620	
Aug 2020	360	345	370	370	

**(a) (Prices LT/LDT, less 3% Add Comm) (b) We have introduced VLCC as a separate item in Wet segment from Jan 2023 onwards (c) There is a lot of problem in establishing LC. Thus prices indicated are subject to LC opening.*

PAKISTAN - Indicative Price Levels for August in Current Year Vs Previous Years

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
Aug 2023	<i>Due to foreign exchange problem, ship recyclers are not able to establish LCs. 2 LCs have been opened this week after many months. If situation eases further, we will indicate prices from next week</i>				
Aug 2022	550	545	580	560	
Aug 2021	595	585	600	620	
Aug 2020	375	365	370	380	

**(a) (Prices LT/LDT, less 3% Add Comm) (b) We have introduced VLCC as a separate item in Wet segment from Jan 2023 onwards (c) Due to foreign exchange problem, ship recyclers are not able to establish LCs due to which prices given for March 24th, 2023, are only theoretical.*



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

Year	DRY	WET	CONTAINER
Aug 2023	300	310	320
Aug 2022	250	260	270
Aug 2021	260	265	270
Aug 2020	200	210	220

***(a) (Prices LT/LDT, less 2% Add Comm)**

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.