



## **DEMO MARKET REPORT & MARKET OUTLOOK – December 25, 2023**

Report No. 50/18221223/251223

**WISHING ALL OUR READERS A MERRY CHRISTMAS**

### **COMMENTARY**

**INDIA** – Local steel market got weaker, and the prices have also been impacted this week. Local steel plate prices reduced by USD 13/MT and imported scrap prices dropped by USD 11/MT. Local billet prices were under pressure and local rebar prices dropped by USD 8/MT this week. There is a clear lack of demand for finished steel and there are less expectations of the situation changing even after the holidays. Ship recyclers are also discouraged by the present market condition which was apparent from the prices offered by them for fresh tonnages which were about USD 15-20/LT LDT lower this week. IMF has reclassified India's foreign exchange regime to be a "stabilized arrangement" from a formerly "floating system" due to excessive central bank interference though the central bank disagrees. Indian Rupee this year only depreciated about 2% compared in 2023 to 8% depreciation in prior 12 months. With the local steel market expected to be slow in the near short term, there would be caution exercised by ship recyclers in making fresh purchases (thus a few speculative deals seen in previous weeks may not be seen as much for next few weeks) and the prices could be at about same reduced levels and under pressure for a few weeks.

**PAKISTAN** – Pace of finished steel trade is still slow as there is insufficient demand and the same in not likely to improve till about third week of January. Local rebar prices dropped by about USD 30/MT this week and prices of local scrap equivalent to shredded also dropped this week. Price of HRC and CRC also dropped by about USD 10/MT this week. While prices offered by ship recyclers have remained unchanged there is hardly any ongoing deal to confirm the same. Although the country's iron and steel imports in November were 60% higher y.o.y. and 14% higher compared to previous months, foreign exchange availability continues to be a challenge. While there is no interest being shown by ship recyclers for fresh tonnages at the moment, we can consider that prices offered by ship recyclers could be under pressure and lower than concluded deals in last 2-3 weeks.

**BANGLADESH** – Much to the respite of ship recyclers, there has been some improvement in demand of steel plates and scrap this week. Prices of local steel plates and local scrap remained unchanged this week while prices of imported scrap reduced this week by USD 11/MT. There was not much interest from ship recyclers in purchasing fresh tonnages for recycling which is also due to difficulty in getting foreign exchange for imports. Due to the limited supply of foreign



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exchange, there is about 10% difference between the rates offered by banks and in the parallel market. National elections are just a couple of weeks away during which time there will be a slowdown in trading activities. While there may not be an immediate interest in making fresh purchases from ship recyclers, we could expect some revival of interest after elections during which ship recyclers that are keen to purchase from the limited tonnages being offered could offer some improved price levels.

**TURKEY** – Imported scrap prices have dropped marginally by USD 2/MT but we could expect more reduction in the next week as local steel mills are in no rush to place new orders. Local rebar prices have dropped by about USD 7/MT this week. The central bank has increased the interest rates by another 2.50%, taking it to 42.50%. In view of increasing expenses, we can see that Steel Mills and traders may be willing to give more discounts to improve their cash flows. Prices offered by ship recyclers have continued to remain at the same levels this week, but we could see some softening in price offered by ship recyclers in the coming weeks in view of prevailing local market conditions.

**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** – As we approach the end of the year there were very limited tonnages that were being discussed and circulated this week.

**MARKET OUTLOOK** – Attacks on shipping in the Red sea have resulted in an increase in the freight rates of some sizes in the tanker segment and Containers segments. We could see a similar impact on dry segment. Once naval coalition is in place to secure the vessel movement, premium hike on this account should be reversed though it remains unclear on when we would reach that stage. Apart from this, all sizes across dry segment experienced a marginal softening of rates. The container segment enjoyed a good demand and freight rate improvement – especially on spot and short-term charters. Expected inflow of fresh tonnages for recycling could be delayed depending on how quickly the naval coalition is able to secure Red sea shipping route as the otherwise longer shipping route would mean more requirement of vessels on the seas and thus better demand prospects for an otherwise older tonnage and improved freight rates. It is expected that steel markets in US and Europe could see price increases upon resuming after



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holiday season while the Asian continent could still be struggling with weak demand for finished steel products after holidays. Supply of fresh tonnages for recycling would continue to be slow.

### **GLOBAL OUTLOOK:**

1. **Global Currency Scenario** - Shorting the US Dollar has gained popularity in the foreign exchange market as the Fed has given its clearest signal yet, that it has reached an end to its interest hike campaign. This will be a respite and bring in hope for better 2024 for many of the developing economies which have huge foreign debts and high imports.
2. **China** - High unemployment rate (21.30% in June 2023) along with slowing manufacturing and a property slump has resulted in consumers limiting their spending on purchase of consumer durables, cars, and other living expenses. This could mean that the economy may continue to grow at a slower pace in the coming year except if there are some major policy changes announced by the government.

### **MAIN DEMOLITION SALES DATA FOR PERIOD Dec 18<sup>th</sup> – Dec 22<sup>nd</sup>, 2023**

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Container	SOL Valour	1997	10323	3827	535	As is Colombo
MPP	At Middle Bridge	1989	8212	3434	504	Alang
FSU	FSU Soorena	1975	314465	40354		Delivered on as is basis
Bulker	Neptune 1	1994	70347	9986	465	As is Hong Kong

### **MAIN DEMOLITION SALES DATA FOR PERIOD December 1<sup>st</sup> – December 22<sup>nd</sup>, 2023**

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
MPP	Ying Sheng	2006	10221	3868		Ctg
Container	SSL Delhi	2000	33912	10669		As is Jebel Ali
Container	TJ Orhan	1998	20631	7360	560	Alang
MPP	Corsica	2001	6404	3926		As is Singapore, damaged
Bulker	Jin Hai Xi	1995	28615	5937	506	Alang
Tanker	Seas	1992	41315	10061		Alang
Hopper Dredger	Ibra	1986	6433	4960		Alang
Fish Factory	Chime	1979	4150	5071		Alang
General Cargo	Shun Shin	2005	2508	520		Ctg
MPP	Yi Cheng 58	1985		4301	490	Ctg
Tween	Star 1	1985	7120	1960	450	As is UAE
Container	SOL Valour	1997	10323	3827	535	As is Colombo



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### STATISTICS

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

Year	INDIA		BANGLADESH		PAKISTAN	
	Vessels	LDT – LT	Vessels	LDT – LT	Vessels	LDT – LT
Dec 2023	06	36,040	02	8510	01	10,957
Dec 2022	09	75,632	08	47,003	02	10,270
Dec 2021	18	123,947	19	206,668	10	45,966

#### VESSELS AND QUANTITY LDT BEACHED IN INDIAN SUBCON – QUARTER 4 2023, 2022, 2021.

Year	INDIA		BANGLADESH		PAKISTAN	
	Vessels	LDT – LT	Vessels	LDT – LT	Vessels	LDT – LT
2023	35	268,054	21	114,623	03	42,700
2022	27	271,729	32	236,479	08	45,548
2021	55	403,434	57	572,571	34	234,511

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

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
Dec 2023	475	490	525	495	470
Dec 2022	515	530	575	530	
Dec 2021	555	545	620	580	
Dec 2020	415	405	445	425	

\*(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 December in Current Year Vs Previous Years**

Year	DRY		Container	WET	
	Cape / Pmx	Handymax		Others	VLCC
Dec 2023	520	520	535	520	495
Dec 2022	530	520	560	550	
Dec 2021	620	610	640	640	
Dec 2020	445	430	450	450	

*\*(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 December in Current Year Vs Previous Years**

Year	DRY		Container	WET	
	Cape / Pmx	Handymax		Others	VLCC
Dec 2023	525	525	540	535	505
Dec 2022	550	540	580	560	
Dec 2021	605	595	615	625	
Dec 2020	435	420	435	445	

*\*(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, prices indicated are subject to LC availability*

### **TURKEY - Indicative Price Levels for December in Current Year Vs Previous Years**

Year	DRY	WET	CONTAINER
Dec 2023	350	360	370
Dec 2022	280	290	300
Dec 2021	320	330	340
Dec 2020	250	260	270

*\*(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.*