



DEMO MARKET REPORT & MARKET OUTLOOK – Feb 13, 2023

Report No. 11/061023/1302023

COMMENTARY

INDIA – Local markets have slowed down last week. Local steel plate prices have dropped by USD 10/MT. Imported scrap have increased by about USD 10/MT but there have been very little bookings. Local billets and rebar prices have softened and there is volatility in the market. Increased capital expenditure announced in National Budget at beginning of this month has not yet boosted sentiments in local market. There is an opinion amongst some sections in the secondary mills and smaller buyers that capital expenditure increase in national budget will only benefit large integrated steel mills. Indian Rupee has maintained same level last week but has been weaker after the budget which is also affecting market sentiments. Prices offered by ship recyclers have softened by about USD 10/ LT LDT during the last week. Market sentiment is presently weak and we expect prices to be under pressure.

PAKISTAN – There has been no change in the foreign exchange position. In fact, IMF staff levels discussions have extended the scheduled end date of February 9th and it is now not clear when it will be completed. This is because government has yet to meet all the requirements stipulated by IMF. However, there is a firm resolve of the government to comply, basis which we hope to have IMF loan disbursement in a few weeks. In the mean while due to shortage of materials and sharp increase in raw material costs, there has been an increase in local steel prices across all segments. Prices of rebars have increased by another USD 30/MT during the week. Builders have stopped the projects for the time being due to increased costs and their inability to meet previously contracted project costs. Local plate prices have increased by another USD 20/MT during the week. Ship recyclers are not able to make any purchases of fresh tonnages due to foreign exchange problems and we expect the same to continue for a few weeks.

BANGLADESH – First instalment released by IMF of USD 476 million (out of USD 4.70 billion loan) did not ease foreign exchange problems faced by importers. IMF stipulations are not yet fully met. In the meanwhile, we have seen some bigger sized tonnages being bought by ship recyclers who could manage to make foreign exchange arrangements. Imported scrap prices have improved by USD 15/MT. Local steel plate prices have improved by about USD 5/ MT whereas local scrap prices have improved by about USD 25/MT during the last week however in the week beginning with 13th Feb, there has been substantial drop in local market, wiping out last week increases - in local steel plate prices there was a net drop of about USD 9/MT and in local steel scrap there was a net drop of about USD 12/MT. Prices offered by ship recyclers for



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fresh tonnages have also improved by USD 15-20 / LT LDT during the last week. However, given the drop in local steel plate prices we could expect the market for fresh tonnages to drop by about 10-15 / LT LDT levels and due to the foreign exchange problem we would see only very limited transactions.

TURKEY – We are deeply grieved and saddened with news of a massive earthquakes of 7.8 and 7.5 magnitude in southeast of Turkey and northwestern Syria which has resulted in loss of many lives with many others still missing and critically injured. We express our heartfelt condolences to all those families who lost their dear ones and extend our sincere sympathy to all those affected by this disaster. We pray for swift recovery of all those who are affected by this devastating earthquake.

The market across all steel segments has been quiet due to the calamity that has affected the country but the prices are stable. Ship recyclers have maintained prices for fresh tonnages at the same levels. While overall prices are stable, we could expect some softening in view of prevailing sluggish demand for some time.

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. We have seen some vessels from dry segment being circulated though it is nothing major.

MARKET OUTLOOK – The expected improvement in freight for the dry segment seems to be slowly materializing except for the Capesizes. The market outlook for the tanker segment freight is still fine. In container segment, the new building order book is large with deliveries coming through over next two years which would generate pressure in the market pushing older candidates to recycling. But there would be reduced scope for large supplies of containers for recycling in the immediate horizon except for some units. In fact, some container owners could find present secondhand value and freight rates workable for certain trade routes. All in all, we would expect the supply of fresh tonnages for recycling to be slow in the short term which would support stronger prices for fresh tonnages being sent for recycling.



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GLOBAL – GENERAL NEWS –

1. Oil gained as Russia plans to cut its oil output by 500,000 barrels per day from next month and presently there is no news of other OPEC member coming in to fill the gap.
2. State pension cost in developed economies could reach up to 10% of GDP over next 15 years (double of what it was in 1980s) due to which there could be a further increase in retirement age.

MAIN DEMOLITION SALES DATA FOR PERIOD FEB 6th Jan – FEB 10th, 2023

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Container	MSC Floriana	1986	31205	8724	525	Alang, Strict HKC
Bulker	Ning Feng 316	1977	46585	11350		Ctg
Container	Bunga Mas Enam	1997	8668	4751	320	As is Malaysia, U/T
FSU	Nautica Muar	1992	39768	12164	426	As is Malaysia, U/T
Bulker	Rio Balsas	1992	94191	14224	570	Full range subcon option
Ropax	Konpira No. 2	1989	2168	3488	400	Ctg

MAIN DEMOLITION SALES DATA FOR PERIOD FEB 1ST – FEB 10TH, 2023

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
LPG	Gas Spirit I	1980	55173	20300		As is Fujairah
Tanker	Rose	1988	4287	1959		Ctg
Tanker	Rome	1998	4287	1959		Ctg
Bulker	Samc Responsibility	2003	175775	24181	520	As is China
Bulker	Jasmine 201	1999	73807	9928		Ctg
Heavy Lift	Kamo	1998		4426		Ctg - HKC
Bulker	Mahavir	2000	74005	10540	515	As is Colombo, we believe that there is some ongoing court issue being worked upon
Container	MSC Floriana	1986	31205	8724	525	Alang, Strict HKC
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STATISTICS

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

	INDIA		BANGLADESH		PAKISTAN	
	Vessel	LDT – LT	Vessel	LDT – LT	Vessels	LDT – LT
2023 (Till 10th Feb)	05	47,463	06	35,998	00	00
2022 (Till month end)	16	88,552	10	80,626	07	70,005
2021 (Till Month end)	12	91,163	25	347,273	06	22,294

VESSELS AND QUANTITY LDT BEACHED IN INDIAN SUBCON – UPTO FEB 2023, 2022, 2021

	INDIA		BANGLADESH		PAKISTAN	
	Vessel	LDT – LT	Vessel	LDT – LT	Vessels	LDT – LT
2023 (Till 10th Feb)	21	163,663	21	89,673	05	81,638
2022 (Till month end)	29	149,944	31	317,128	17	168,573
2021 (Till month end)	40	319,018	35	513,612	12	99,725

Indicative Price Levels for February in Current Year Vs Previous Years (Prices LT/LDT, less 3% Add Comm)

India	Year	DRY			WET	
		Cape / Pmx	Handymax	Container	Others	VLCC
(On 10th Feb)	Feb 2023	535	525	580	540	515
(Till month end)	Feb 2022	605	600	625	625	
(Till month end)	Feb 2021	420	410	465	445	
(Till month end)	Feb 2020	390	380	425	400	

**We have introduced VLCC as a separate item in Wet segment from Jan 2023 onwards*

Indicative Price Levels for February in Current Year Vs Previous Years (Prices LT/LDT, less 3% Add Comm)

Bangladesh	Year	DRY			WET	
		Cape / Pmx	Handymax	Container	Others	VLCC
(On 10th Feb)	Feb 2023	565	575	595	600	570
(Till month end)	Feb 2022	665	655	680	680	
(Till month end)	Feb 2021	455	445	460	460	
(Till month end)	Feb 2020	380	365	390	385	

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Indicative Price Levels for February in Current Year Vs Previous Years (Prices LT/LDT, less 3% Add Comm)

Pakistan	Year	DRY			WET	
		Cape / Pmx	Handymax	Container	Others	VLCC
(On 10th Feb)	Feb 2023	555	545	585	565	520
(Till month end)	Feb 2022	655	650	670	670	
(Till month end)	Feb 2021	455	445	455	460	
(Till month end)	Feb 2020	385	375	390	395	

****We have introduced VLCC as a separate item in Wet segment from Jan 2023 onwards***

Indicative Price Levels for February in Current Year Vs Previous Years (Prices LT/LDT, less 2% Add Comm)

Turkey	Year	DRY	WET	CONTAINER
(On 10th Feb)	Feb 2023	300	310	320
(Till month end)	Feb 2022	370	370	
(Till month end)	Feb 2021	245	255	
(Till month end)	Feb 2020	240	245	

****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.