



DEMO MARKET REPORT & MARKET OUTLOOK – Feb 27, 2023

Report No. 13/20240223/2702023

COMMENTARY

INDIA – CBIC vide their notification dated February 23, 2023 have reduced customs duty on import of vessels and other floating structures for breaking to 0% from earlier 3% with immediate effect up to 31st March 2025. This is an important step by the Government to ensure that ship recyclers from India remain competitive with its counterparts in Bangladesh and Pakistan. This will increase the ability of ship recyclers to offer improved prices for fresh tonnages by about 2%-3%, though we will need to see the same whether it holds true. Local steel plate prices reduced by USD 9/MT as market volatility continues. The local rebar market improved by USD 6/MT but bearish mood prevailed due to inventory build-up. Imported scrap prices improved by USD 6/MT and traders have shown interest in booking imports. While ship recyclers have not increased their offer prices last week, we would expect an improvement in their offer prices next week due to customs duty reduction.

PAKISTAN – The country is getting close to securing USD 6.50 billion loan from IMF as they have taken multiple steps specified by IMF. Commerce minister Syed Naveed Qamar said in an interview that they expect to confirm the deal “any day now”. The country has also seen increased inflow of remittances after it has loosened restrictions on its currency. Pakistan will also receive USD 700 million in loan from China this week. Local sales of finished steel is weak due to slow construction activities and stalled government projects. Prices of imported shredded scrap has increased by about USD 5/MT. Local steel mills have been allowed to open L/C for meltable scrap requirements even though it is only up to 20% of the required amount. Presently, some banks can secure guarantee from third country for purchases at almost double the prevailing international interest rates. Ship recyclers are ready to purchase fresh tonnages and it is expected that ship recyclers should be able to get L/C after about a month.

BANGLADESH – Local steel producers are looking to replenish their stocks and thus demand for imported scrap has resulted in small orders being booked for imported scrap though prices have remained at same levels as last week. Local steel scrap prices have improved by about USD 10-12/MT over previous week though they are still lower than prices seen at beginning of February. Local rebar prices have also increased by about USD 10/- MT this week. The country's banking system is currently facing an increasing liquidity squeeze due to high inflation and declines in remittances. As seen during last few weeks, some ship recyclers have been able to manage foreign exchange for mainly smaller sized vessel purchase. Prices offered by ship



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recyclers continued at same levels this week. We would expect prices offered by ship recyclers to continue at same levels with a possibility to marginally improve.

TURKEY – Increase in local demand linked to rebuilding after earthquake, further expected local demand for same purposes and lower local production as big steel mills in earthquake affected region are not yet able to work at normal levels, have all resulted in good price increase across all segments in local steel market. Import scrap prices have increased by a substantial USD 25/MT. Ship scrap prices have also increased by USD 15 – 25 / MT this week. Prices offered by ship recyclers have also increased by USD 20 / LT LDT. Considering an increased demand for reconstruction after earthquake and that scrap flow to yards in Europe is not fast enough, we can expect prices to maintain their strength and possibility of marginal improvement.

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 a mix of candidates seen from dry and container segment.

MARKET OUTLOOK – Tanker freight market may have gone a bit soft in certain segments but overall freight outlook is positive due to which second hand prices of tanker vessels continue to be strong. In dry segment, there was an increase noted in freight rates for Capesizes thus making all segment in the dry segment offer a hope of improvement, though, all will be watching closely whether this holds during the next month. Container segment offers the hope for major recycling tonnages this year but it would not be immediately seen. End buyers, though definitely hungry for fresh tonnage, are still cautious in committing to higher prices but there is extra positivity within certain segments who would like to take position expecting a price increase. It should be noted that both Bangladesh and Pakistan have seen tremendous increases in production costs along with a possibility of weakening of local currencies during their ship recycling period, both of which will affect their ability to offer much higher prices as being anticipated by some. Not to mention that the market is presently starved only because of foreign exchange problems. Once foreign exchange is available, the country will import ships for recycling as well as shredded scrap and shredded scrap will be immediately available for use by steel mills.



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GLOBAL – GENERAL NEWS –

1. Recovery in steel demand is possible because China is also rebounding and may have a positive impact.
2. As per current data, US borrowing cost is likely to peak in July 2023 and first rate cut in expected in 2024. Global currencies are set to strengthen once US borrowing cost has peaked.
3. Unusually early onset of hotter weather in India, could signal 20%-30% increase in electricity demand this year. Power stations that operate on coal (70% of electricity generation) have been ordered to operate at full capacity during the summer months.

MAIN DEMOLITION SALES DATA FOR PERIOD FEB 20th FEB – 24th, 2023

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Gas	Viet Dragon 68	1982	55361	20300	600	As is Fujairah, for Alang
Bulker	Vadi	1994	70087	10085	575	Ctg, has spare propeller, incl 300 MT ROB
Reefer	Tai Fu No. 1	1979		3670		As is Bangkok
Reefer	Shun Hang Leng 1	1988	6538	3230	400	As is Zhoushan - Enbloc
Refrigerated Cargo	Shun Hang	1982	3788	2213	400	As is Zhoushan - Enbloc

MAIN DEMOLITION SALES DATA FOR PERIOD FEB 1ST – FEB 24TH, 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
Bulker	Ning Feng 316	1977	46585	11350		Ctg



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Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
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
Semi Sub Drilling	SS Pantanal	2010	16036	20663	742	As is Labuan
Bulker	Rio Balsas	1992	94191	14224	570	Full range subcon option
Ropax	Konpira No. 2	1989	2168	3488	400	Ctg
Bulker	Sea Win	1996	45693	7528		Ctg
Container	Bali	1998	34325	9991		Ctg
Dredger	Hang Jun 12	1998	2797	1351		Ctg
LNG	Seapeak Arctic	1993	48857	23668	643	Ctg - Aluminum content 3678 MT
Container	Tanto Sentosa	1984	6829	2726		As is Malaysia
Tanker	Da Qing 349	1999		9828	500	As is China
Bulker	Rio Balsas	1992	94191	14224	570	Ctg /Alang - Buyer's Option- High non-ferrous content. Vsl converted from tanker
Container	Xiumeni Shanghai	1997	22264	7282	640	Ctg - Incl 300 MT Bunkers
Container	OEL Shravan	1998	22020	7399		As is Colombo
Container	MSC Giovanna	1987	29623	11197	500	Alang, Strict HKC
Gas	Viet Dragon 68	1982	55361	20300	600	As is Fujairah, for Alang
Bulker	Vadi	1994	70087	10085	575	Ctg, has spare propeller, incl 300 MT ROB
Reefer	Tai Fu No. 1	1979		3670		As is Bangkok
Reefer	Shun Hang Leng 1	1988	6538	3230	400	As is Zhoushan - Enbloc
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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 24th Feb)	13	105,550	10	67,822	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 24th Feb)	29	221,750	25	121,498	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 24th 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 24th Feb)	Feb 2023	565	575	635	605	575
(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 24th 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 24th Feb)	Feb 2023	330	340	350
(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.