



## **DEMO MARKET REPORT & MARKET OUTLOOK – Jan 16, 2023**

Report No. 09/09130123/16012023

### **COMMENTARY**

**INDIA** – We saw marginal improvement in prices last week. Prices offered by ship recyclers improved by about USD 5/ LT LDT. This was in line with local steel plate prices improvement by about USD 4/MT and imported scarp prices improvement of USD 7/ MT. Today (Monday -16<sup>th</sup> Jan) local steel plate prices further appreciated by further USD 8/MT. Supply of fresh tonnage for recycling continues to be slow which is also supporting the price improvement offered by ship recyclers. There are indications that the Indian government is expected to announce a significant increase in capital outlay for infrastructure project in the upcoming national budget next month basis which there would be a good improvement in steel demand. Market sentiment is thus positive at the moment. Indian Rupee strengthened against USD by about 1% which is welcome news since it was under pressure for quite a few months. There is an expectation that Indian Rupee may strengthen a little more and stay at those levels till budget though whether those levels are sustained after the budget is not yet clear. Considering underlying positive sentiment with limited supply of fresh tonnages, we would expect prices to marginally improve.

**PAKISTAN** – While the overall market demand for steel is low there have been price increases across all segments of steel last week by about USD 25-30/MT. This is because there are no fresh imports due to lack of foreign exchange availability and thus companies with stocks are able to get increased prices. Ship recyclers are not able to open LCs for fresh tonnages they would like to buy and thus prices offered by ship recyclers, even if improved by about USD 5-10/MT last week is only in theory. UAE and Saudi Arabia are weighing on proposal to increase financial assistance and deposits with Pakistan by USD 1 billion and USD 5 billion which will help to increase country's foreign exchange reserve position. With current foreign exchange problems, we would not expect ship recyclers to be able to purchase fresh tonnages for some time till we have some foreign exchange in country improves.

**BANGLADESH** – Foreign exchange problem still continues but we have seen that there have been 2-3 more transactions for purchases of smaller sized fresh tonnages last week. So, while LC restrictions continue, there is a restricted allocation of foreign exchange in some cases. We have also seen 1-2 transactions for imported scrap being booked after a long time. In spite of lack of fresh imports for a few months, we have not seen increase in local steel plate prices. Local steel plate prices last week remained unchanged. Imported scrap prices improved by USD 10/MT though this was mainly due to increase in international prices. Prices offered by ship recyclers were also at same levels as last week. Ship recyclers are looking to buy fresh tonnages



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and thus as soon as foreign exchange problem is resolved, we will see many ship recyclers who would be keen buyers. In light of present LC restrictions, ship recyclers would not be able to make major fresh purchases.

**TURKEY** – During most of last week we have seen prices improving across steel segments by about USD 5-10 /MT. Price offered by mills for ship scrap also improved by about USD 5-10/MT. However, towards end of week, we have seen that there is a slower demand in the market due to which local rebar prices have fallen by about USD 7-10/MT and there is an expectation of slower demand to continue. Prices offered by ship recyclers have remained unchanged this week. We would expect prevailing prices for fresh tonnages to be maintained in short term.

**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 has been limited supply of fresh tonnages this week as well. We have recyclers who now seem to getting impatient as the much awaited increased supply of fresh tonnages does not seem to be starting as yet.

**MARKET OUTLOOK** – We would expect scarce supply of fresh tonnage to continue which would help the prices for fresh tonnages to register marginal improvements in spite of the fact that ship recyclers from Pakistan and Bangladesh are not able to make purchases of fresh tonnages.

### **GLOBAL – GENERAL NEWS –**

- Chinese consumers have been able to save big amount in 2022 due to forced restricted spending. They will thus play an important part in reviving the economy once country is fully out of covid impact in about couple of months

### **MAIN DEMOLITION SALES DATA FOR PERIOD JAN 9<sup>th</sup> – JAN 13<sup>th</sup> 2023**

| Type            | Name of Vessel     | Built | DWT  | LDT  | Price | Remarks                                 |
|-----------------|--------------------|-------|------|------|-------|---|
| Fish<br>Factory | Pioneer Nikolayeva | 1981  | 1815 | 3889 | 650   | Alang, vsl has high non-ferrous content |



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### MAIN DEMOLITION SALES DATA FOR PERIOD JAN 1<sup>ST</sup> – JAN 13<sup>TH</sup> 2023

| Type            | Name of Vessel     | Built | DWT    | LDT   | Price | Remarks                                    |
|-----------------|--------------------|-------|--------|-------|-------|--|
| Gen Cargo       | Fu Ocean           | 1998  | 12000  | 3531  | 498   | As is Batam                                |
| Tanker          | Honour Luck        | 1988  | 5204   | 2044  | 523   | Ctg  |
| Tanker          | De Xiang           | 1990  | 4978   | 1820  | 530   | Ctg  |
| Pallet Carr     | Hakuru             | 1991  | 2510   | 5954  |       | Alang                                      |
| Reefer          | Yong Hang 3        | 1993  | 11585  | 5701  |       | Alang                                      |
| Container       | Vladivostok        | 1998  | 23800  | 7447  |       | Alang                                      |
| Container       | Maersk Aberdeen    | 1999  | 17526  | 5966  |       | As is Jebel Ali                            |
| Fish<br>Factory | Pioneer Nikolayeva | 1981  | 1815   | 3889  | 650   | Alang, vsl has high non-ferrous content    |
| Bulker          | Lila Kyoto         | 1999  | 172566 | 20886 | 517   | Original Pakistan sale did not materialise |
| Container       | Akinada Bridge     | 2001  | 71336  | 23911 | 575   | Original Pakistan sale did not materialise |

### STATISTICS

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

|                                  | INDIA  |          | BANGLADESH |          | PAKISTAN |          |
|----------------------------------|--------|----------|------------|----------|----------|----------|
|                                  | Vessel | LDT – LT | Vessel     | LDT – LT | Vessels  | LDT – LT |
| 2023 (Till 13 <sup>th</sup> Jan) | 04     | 48,857   | 11         | 35,807   | 04       | 58,637   |
| 2022 (Till month end)            | 13     | 61,392   | 21         | 236,502  | 10       | 98,568   |
| 2021 (Till Month end)            | 28     | 227,855  | 10         | 166,339  | 06       | 77,431   |

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

|                                  | INDIA  |          | BANGLADESH |          | PAKISTAN |          |
|----------------------------------|--------|----------|------------|----------|----------|----------|
|                                  | Vessel | LDT – LT | Vessel     | LDT – LT | Vessels  | LDT – LT |
| 2023 (Till 13 <sup>th</sup> Jan) | 04     | 48,857   | 11         | 35.807   | 04       | 58,637   |
| 2022 (Till month end)            | 13     | 61,392   | 21         | 236,502  | 10       | 98,568   |
| 2021 (Till month end)            | 28     | 277,855  | 10         | 166,339  | 06       | 77,431   |



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### **Indicative Price Levels for January in Current Year Vs Previous Years**

| India                     | Year     | DRY        |          |           | WET    |
|---------------------------|----------|------------|----------|-----------|--------|
|                           |          | Cape / Pmx | Handymax | Container | Tanker |
| (On 13 <sup>th</sup> Jan) | Jan 2023 | 540        | 530      | 587       | 545    |
| (Till month end)          | Jan 2022 | 570        | 565      | 630       | 590    |
| (Till month end)          | Jan 2021 | 390        | 440      | 420       | 400    |
| (Till month end)          | Jan 2019 | 400        | 390      | 435       | 410    |

### **Indicative Price Levels for January in Current Year Vs Previous Years**

| Bangladesh                | Year     | DRY        |          |           | WET    |
|---------------------------|----------|------------|----------|-----------|--------|
|                           |          | Cape / Pmx | Handymax | Container | Tanker |
| (On 13 <sup>th</sup> Jan) | Jan 2023 | 530        | 525      | 550       | 550    |
| (Till month end)          | Jan 2022 | 635        | 625      | 650       | 650    |
| (Till month end)          | Jan 2021 | 435        | 455      | 455       | 445    |
| (Till month end)          | Jan 2020 | 415        | 400      | 425       | 420    |

### **Indicative Price Levels for January in Current Year Vs Previous Years**

| Pakistan                  | Year     | DRY        |          |           | WET    |
|---------------------------|----------|------------|----------|-----------|--------|
|                           |          | Cape / Pmx | Handymax | Container | Tanker |
| (On 13 <sup>th</sup> Jan) | Jan 2023 | 555        | 545      | 585       | 565    |
| (Till month end)          | Jan 2022 | 615        | 610      | 620       | 630    |
| (Till month end)          | Jan 2021 | 420        | 430      | 435       | 430    |
| (Till month end)          | Jan 2020 | 400        | 390      | 405       | 410    |

### **Indicative Price Levels for January in Current Year Vs Previous Years**

| Turkey                   | Year     | DRY | WET |
|--------------------------|----------|-----|-----|
| (On 6 <sup>th</sup> Jan) | Jan 2023 | 300 | 310 |
| (Till month end)         | Jan 2022 | 320 | 330 |
| (Till month end)         | Jan 2021 | 240 | 250 |
| (Till month end)         | Jan 2020 | 265 | 270 |

*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.*