



DEMO MARKET REPORT & MARKET OUTLOOK – June 12, 2023

Report No. 23/05090623/120623

COMMENTARY

INDIA – A lower volatility in local steel plate prices which has registered a steady increase of USD 30/MT over the last 30 days and a general mood improvement amongst local steel industry are some positives, but it is also to be noted that this mood improvement has not yet converted to increased local steel demand. During this week, local steel plate prices increased by about USD 13/MT and imported scrap process improved by USD 6/MT. Prices offered by ship recyclers this week have broadly stayed at the about the same level and over last 30 days ship recyclers have improved their prices offered by about USD 25-30/ LT LDT for fresh tonnages. This shows that the prices increase offered by ship recyclers is in sync with local steel plate market improvements. The only factor that continues to affect sentiments of ship recyclers is the slow local demand for steel plates and with monsoon season adding another deterrent to improvement in demand for steel. Although local long products market is currently weak in terms of demand and price, the Indian exporters could secure improvement in their billet prices by about USD 15/MT in view of increased prices in Chinese local and futures market. Monsoon has finally arrived in India this week and with a normal monsoon season expected this year, the country's economic worries of inflation and resultant interest rates have got a respite. On an overall basis, despite weak sentiments, we would expect prices to remain firm and considering a slower supply of fresh tonnages, we could expect prices to marginally improve.

PAKISTAN – Prices of local scrap equivalent to shredded have remained unchanged this week. Prices of local rebars also stayed at the same levels this week. Local demand for steel is presently slow. The national annual budget was announced this week. While there are no major changes that have been announced which would affect ship recycling or the steel industry, we would need to wait for details of the budget to be out next week to know the finer details. It will be noted that the local currency has remained at about the same levels for the last 3 months and considering that pressure on the national bank's reserves has been contained, we can expect local currency to face a less downward pressure. Due to continuing foreign exchange problems, there is very limited import of scrap and ship recyclers only need to wait till the foreign exchange problem is resolved.

BANGLADESH – Establishing Letter of Credits (LC) has become even more difficult because of which those few ship recyclers that are able to secure LC are looking at lower prices for fresh tonnages. Local steel plate prices have dropped by USD 13/MT though it was expected that the temporary price increase of local steel plate prices would drop as more ship recycling yards had started receiving ship cutting approvals from local environmental department. Imported scrap



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prices have improved by USD 5/MT this week though buying activity was low due to foreign exchange problems. As the budget details emerged this week it is noted that there is no direct impact on the ship recycling industry. Import duty on oil has increased and this would have an impact of cost increases across all industries. The expected change in categorization of ship recycling industry from red category to orange category has still not been seen. The country is facing an uncomfortably hot summer which is pushing up demand for electricity which power plants cannot meet in wake of fuel shortages. This will likely affect the apparel industry which accounts for more than 80% of the country's exports and that in turn will affect foreign exchange reserves and foreign exchange availability for imports. We would expect foreign exchange problems to continue for a few weeks' basis which prices for fresh tonnages may be under pressure although lower supply of fresh tonnages and improving global steel market could counter price reductions.

TURKEY – Imported scrap prices have improved by about USD 8/MT this week. Local steel demand is still sluggish, and the steel industry is very much adjusting to the rapid loss in value of Turkish lira against the US Dollar during the week. It will be noted that Turkish Lira reduced to 23.40 against 20.96 to 1 US Dollar in a week which is a whopping 11.50% drop (though this was being expected). It must be mentioned that this drop was due to Mr. Mehmet Simsek's (new finance minister) request to Central bank of not intervening in the markets and it is expected that the local currency could drop further due to same, but this is still a very positive move since it will eventually attract foreign investors into the country. Considering lower scrap supplies from US and Europe, prices of imported scrap would increase further crossing the USD 400/MT mark soon. Ship recyclers have maintained same price levels for fresh tonnages though they too are under pressure on seeing how the market adjusts to drop in value of local currency. We would still expect prices for fresh tonnages to continue 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 – We have seen some units from Dry cargo and offshore segment this week as well as units from MSC in the container segment, However, supply of fresh tonnages is still slow. Steady supply of MSC vessels for recycling is noteworthy whereby their six vessels have already been sent for recycling since February 2023.



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MARKET OUTLOOK – In container segment, feeder size (now medium as well as smaller sized feeder) continues to see slower chartering demand and similar slower demand for feeder size continued in secondhand market as well, whereas, bigger sizes of containers are doing fine in terms of demand for chartering as well as secondhand. In the dry segment except for capesize, freight across all other sizes were under pressure and the resultant impact is also seen in secondhand market where the secondhand asset prices are getting softer. The million-dollar question for those in secondhand asset play is whether this slowdown is a typical summer slowdown only or not. Though the tanker segment freight rates could be affected by lowering of oil output by OPEC+, the long-term outlook remains strong because of which any supply from tanker for recycling could only be for those units that have really reached their end of life. While the global steel demand has not increased there are some positive price changes noted in China's steel futures and local markets and with slower scrap supply from Europe and USA, we would expect a positive sentiment in the steel industry. We would expect a slow supply of tonnages to continue, and prices offered for fresh tonnages would thus continue at same levels with a possibility of firming up.

GLOBAL – GENERAL NEWS

1. Rumours of US and Iran likely to reach a nuclear deal affected oil prices this week though US has denied any such deal possibility to be likely immediately.
2. Carbon Border Adjustment Mechanism will tax some imports in to Europe from countries that don't fix carbon pricing like Europe which could affect steel exports from India and some other countries to Europe.
3. Despite some positive news on better steel prices in China, it is noted that overall economy is still struggling for traction making it imperative for the government to introduce more stimulus programs for the economy.

MAIN DEMOLITION SALES DATA FOR PERIOD June 5th – June 9th, 2023

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
MPP	Hong Hao	1998	44596	11821	620	Ctg
Bulker	Jasmine II	1997	45269	9563	585	Ctg. Incl ROB 100-120T
Container	MSC Nicole	1989	41787	13961	521	Alang, HKC



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MAIN DEMOLITION SALES DATA FOR PERIOD June 1st– June 9th, 2023

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
MPP	Hong Hao	1998	44596	11821	620	Ctg
Bulker	Jasmine II	1997	45269	9563	585	Ctg. Incl ROB 100-120T
Container	MSC Nicole	1989	41787	13961	521	Alang, HKC

STATISTICS

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

Year	INDIA		BANGLADESH		PAKISTAN	
	Vessels	LDT – LT	Vessels	LDT – LT	Vessels	LDT – LT
June 2023	06	36,007	07	36,376	00	00
June 2022	12	74,118	06	49,757	04	19,774
June 2021	25	152,358	26	321,839	10	65,366

VESSELS AND QUANTITY LDT BEACHED IN INDIAN SUBCON – QUARTER 2 2023, 2022, 2021.

Year	INDIA		BANGLADESH		PAKISTAN	
	Vessels	LDT – LT	Vessels	LDT – LT	Vessels	LDT – LT
2023	22	156,477	44	341,965	01	2200
2022	48	464,921	29	208,235	19	166,087
2021	60	440,696	71	742,299	45	320,448

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

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
June 2023	515	520	550	530	495
June 2022	530	540	570	550	
June 2021	520	510	570	535	
June 2020	285	275	320	305	

*(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 May in Current Year Vs Previous Years

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
June 2023	560	565	625	595	590
June 2022	570	570	590	590	
June 2021	570	560	580	585	
June 2020	300	285	325	325	

**(a) (Prices LT/LDT, less 3% Add Comm) (b) We have introduced VLCC as a separate item in Wet segment from Jan 2023 onwards*

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

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
June 2023	<i>Due to foreign exchange problem, ship recyclers are not able to establish LCs</i>				
June 2022	555	550	570	570	
June 2021	565	555	570	580	
June 2020	320	305	335	340	

**(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.*

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

Year	DRY	WET	CONTAINER
June 2023	330	340	350
June 2022	240	250	260
June 2021	280	285	290
June 2020	200	210	

**(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.