



DEMO MARKET REPORT & MARKET OUTLOOK – June 19, 2023

Report No. 24/12160623/190623

COMMENTARY

INDIA – Local steel market is stabilizing in terms of prices and the general mood is improving. Nothing major has been seen in terms of price increases this week but if this stability continues for another week, then sellers may try to increase prices. Local steel plate prices have improved by about USD 7-8/MT this week while imported scrap prices have reduced by USD 8-9/MT. It needs to be seen if local steel plate prices retract back next week since the present increase could be because of Alang market closure for three days this week due to cyclone. Interest rate cuts decision may not be expected from RBI during next 6-12 months. An economic growth at 7.20% (India is the fastest growing economy in the world) makes India an attractive destination for foreign money. Indian Rupee strengthened marginally by half a percentage this week (despite widening trade deficit in May) as foreign investors pump more money into the market due to brighter economic outlook. In the meanwhile, prices offered by ship recyclers continued to be at same levels but the mood amongst ship recyclers seems to be improving. We would expect prices to continue at the same levels with a possibility of firming up marginally due to the slow supply of fresh tonnages.

PAKISTAN – Prospect of foreign exchange problems getting resolved dimmed further as the budget failed to meet expectations of IMF due to which chances of quick resolution of IMF conditions are not expected. Though, there is a possibility of getting IMF back on board, if Pakistani authorities refine the budget before it is passed. Prices of imported containerized shredded scrap reduced by about USD 10/MT this week. Traders and re-rollers are not very keen to book orders except to meet immediate requirements due to continuing slow end user demand and political instability. The country imported about 126,000 MT of scrap in May which was a 45% increase over April this year. The central bank decided to leave interest rates unchanged at 21%. Ship recyclers in the meanwhile, await foreign exchange problems to be solved before they can order fresh tonnages for recycling.

BANGLADESH – Ship recyclers have improved prices offered for fresh tonnages this week by about USD 20-25/LT LDT which is only due to lower supply of fresh tonnages. Local steel plate prices remained unchanged and imported scrap prices reduced by about USD 9/MT this week. End user demand is still weak due to which there were not many fresh bookings for imported scrap even though prices had reduced. LC opening is still restricted and ship recyclers face challenges on that front. Given the present situation of slow supply of fresh tonnages and with



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more ship recyclers seeking to buy fresh tonnages for their yards, we could expect prices to remain firm despite not so strong market fundamentals.

TURKEY – A rapid decline in local currency rate against the USD by about 12% over last 15 days means that the local market is still trying to adjust itself. We see the Turkish mills raised prices offered by them for domestic scrap by about Turkish Lira 250-750/MT but in USD terms prices have declined by about USD 15-20/MT. Prices of imported scrap have reduced by USD 6/MT this week. However, prices offered by mills for ship scrap have remained unchanged this week and on the same lines' prices offered by ship recyclers for fresh tonnages remain unchanged. The local currency lost about another 1% against the USD this week as the new finance ministry team restrains intervention in the currency market which will ultimately restore confidence in local currency. We would expect ship recyclers to offer prices for fresh tonnages at the same levels for next week. However, in later weeks, prices may come under pressure, considering that the central bank could substantially increase interest rate at their next meeting on June 22nd this month.

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 – Wan Hai has circulated 6 container vessels in the market this week though it is for secondhand / recycling. Considering that container vessels less than 2000 TEU are experiencing poor freight markets, these units should mostly go for recycling. The delivery for these six units is spread over two months period till the end of September this year. Apart from that we have seen units from bulker and LNG segments being circulated this week. Supply this week was better compared to previous weeks.

MARKET OUTLOOK – Weak freight rates' performance in the dry segment has started affecting buying appetite for secondhand units which in turn has also resulted in lower prices for secondhand units sold this week. Tanker freight rates for dirty were good but clean was facing some weakness but this is expected to improve as well. The secondhand market for tankers continues to be good even though lesser secondhand transactions were seen this week. In the container segment, only feeders below 2000 TEU continued to experience weak freight rates. Secondhand activity in container segment was good. Supply of tonnages could slowly start



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improving. Prices offered for fresh tonnages for recycling should remain at about the same levels.

GREEN RECYCLING:



Hong Kong Convention (HKC)

Bangladesh government has ratified the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 (HKC) making it the 21st state to have ratified HKC. What makes it more important and worth the celebration is that one of the major conditions related to recycling capacity is now met. We were seeing that the window for possibility of HKC coming into force was getting smaller, but this now is not the case. We now need one major ship owning state such as Marshall Islands or Liberia to ratify the HKC within the next quarter so that the last condition is met.

HKC STATUS TODAY

- We have 21 states that have signed (Norway, Republic of Congo, France, Belgium, Panama, Denmark, Turkey, The Netherlands, Serbia, Japan, Estonia, Malta, Germany, Ghana, India, Croatia, Spain, Luxembourg, Sao Tome & Principe, Portugal) against the required 15 states.
- Combined merchant fleet of 21 states is now 30.34% of the global fleet against the required 40%
- Recycling volumes achieved by signatories with major recycling capacities – India, Bangladesh and Turkey is **23.64 million GT** which will be more than the required 3% even after 40% of the global fleet size condition is met.



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GLOBAL NEWS:

- China – The central bank has cut interest rate this week which is the first time in last 10 months. The state council is considering support packages across property sector and introducing incentives to boost overall consumption including for cars and home appliances.
- European Central Bank has indicated that they may raise interest rates after summer break
- The Federal Reserve may also consider a rate hike to tame the stubborn inflation which continues in the USA.

MAIN DEMOLITION SALES DATA FOR PERIOD June 12th – June 16th, 2023

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Container	MSC Kerry	1995	45530	15580		Alang, HKC
Container	Sco Qingdao	1997		3770	610	Ctg
Bulker	Shun Hang Wei Ye	1991		8207		As is Guagdong
Bulker	Jin Yuan Xing 9	1996		7576	560	Ctg

MAIN DEMOLITION SALES DATA FOR PERIOD June 1st – June 16th, 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
Container	MSC Kerry	1995	45530	15580		Alang, HKC
Container	Sco Qingdao	1997		3770	610	Ctg
Bulker	Shun Hang Wei Ye	1991		8207		As is Guagdong
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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	09	46,668	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	46	352,256	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		Container	WET	
	Cape / Pmx	Handymax		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*

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

Year	DRY		Container	WET	
	Cape / Pmx	Handymax		Others	VLCC
June 2023	585	590	645	620	595
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



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Year	DRY		Container	WET	
	Cape / Pmx	Handymax		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
June2022	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.