



DEMO MARKET REPORT – MAY 2021

COMMENTARY

INDIA – Ship Recycling activity continued to be on almost a pause mode all through the month till end of May / first week of June due to industrial oxygen being diverted to medical facilities. Reduction in number of cases towards month end has enabled resumption of oxygen supply to recycling yards which in turn has helped resumption of ship recycling activity. Clearing and beaching of ships continued through the month and Ship Recyclers continued to acquire fresh tonnages. All “as is” delivery faced challenges as Indian crew were barred from going to delivery location for taking over the vessel. An improvement in local steel prices during first half of month of USD 20 per MT LDT was squared up with a gradual decrease by end of the month. However, in the first week of June, local steel prices have again registered a USD 20 increase. Prices offered for fresh tonnages by Ship recyclers improved by about USD 20 per MT LDT during the month. Strengthening of Rupee by about 2% during the month also helped Ship recyclers improve their offers. Imported scrap prices registered a similar pattern where prices increased in first half of May by USD 50 with a gradual decline in second half ending the month with a net increase of USD 20 per MT. Prices for imported scrap have again strengthened in first week of June by USD 17 per MT. The second wave of Covid has dented rural economy (where 70% of population lives) resulting in lower consumption leading to a knock on effect on economic recovery. While India exited recession, it had entered, by marking 2 quarters of positive growth, full year GDP growth was **-7.3%**. Economic factors along with softening prices in Pakistan, Bangladesh and monsoon round the corner, have set a cautious sentiment amongst Ship Recyclers. However continuing shortage of fresh tonnages should help counter the negatives due to which we could see some softening in prices instead of notable decline.

PAKISTAN – The month began on an aggressive note with Ship Recyclers very keen to acquire fresh tonnages. By end of first week, Government had to halt ship recycling activities in view of increasing demand for industrial oxygen, required, to fight surging Covid cases in the country. Though, it must be noted that demand for acquiring fresh tonnages remained strong during this period. Post lock down saw a rebound in local markets with firm local prices. Despite a surge in Covid cases, brief lock down and Ramadan, Ship Recyclers continued to offer attractive prices for fresh tonnages in line with Ship Recyclers from Bangladesh. Prices offered by ship recyclers for fresh tonnages increased by about USD 40 per MT LDT. Towards first week of June, there was a softening in the sentiments in view of lower demand for steel in local market as well as with upcoming budget on June 11. However, due to lack of fresh tonnages, we would not expect prices to soften substantially in spite of monsoon season.



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BANGLADESH – Country was under phased lock down for almost the entire month though Ship Recycling activity as well as clearing and beaching of ships continued during the month. Ship recyclers remained keen to acquire fresh tonnages and offered aggressive prices for fresh tonnages due to which we saw price improvement during the month of about USD 50 per MT LDT. The increase offered was due to strong local steel prices as well as strong imported scrap prices. It would be noted that imported scrap prices gradually increased by about USD 50 per MT till end of third week after which there was a decline of about USD 30 by end of first week of June. Local steel prices registered a similar increase of USD 30 during the first 3 weeks of the month but entire increase of USD 30 was lost by end of 1st week of June. Presently, there is a sentiment of caution amongst Ship Recycler and a reduction in prices offered for fresh tonnages by about USD 10 per MT LDT during the first week of June. As per recent Budget announcement, AIT (Advance Income Tax) of 4% on Ship recycling activity has been lifted which will improve cash flow of the Ship recycling business. Further details of the budget will be clear within next week but Government intends to keep spending loose to beat pandemic fallout. In view of shortage of fresh tonnages being offered for recycling we would expect prices to soften a bit or stabilize about present levels for the month of June.

TURKEY- There was an increase in number of Covid cases during the month due to which Government had announced a lock down till May 17th. Even during the lockdown period, steel prices firmed up and activities resumed very well after lockdown as the steel fundamentals are strong. There has been a gradual improvement in prices being offered by Ship Recyclers for fresh tonnages during the month by USD 50 per MT LDT. Though towards first week of June there was a marginal softening in the prices offered by about USD 5 per MT LDT. On exchange rate front, there was a reduction in value of Lira by about 5% during the month. We would expect prices to be about same levels and should not see a major reduction.

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 – As expected there were hardly any containers offered for recycling and there were few candidates from dry segments too. Off the limited supply of tonnages, there were many tankers



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(mostly small sized) that were offered for recycling, quite a few of which were sold through off market deals. Offshore segments continued to be offered as well.

OUTLOOK FOR JUNE – We expect to see continuity of lack of fresh tonnages being offered for recycling through June due to exceptionally strong freight market being enjoyed by Dry segment and Container segment. Pressure on tanker freight rate is expected to continue due to which we could see some units from wet segment making their way to demolition in addition to units from offshore segment. We should bear in mind a possibility that if the Iran sanctions are eased, it could bring in about 218 tankers of 37.8m-dwt of NITC tankers (source Lloyds Intelligence) to freight markets which would push off about 100+ old tankers towards recycling and this would result in a price drop due to increased supply of fresh tonnages. Except for Iran scenario, there would be a general tightness in supply of fresh tonnages.

In order to control excessive increase in commodity prices (including steel) which threatens to derail their government spending plan, Chinese regulators have warned their country's major commodity companies and industry associations against excessive speculation and spread of disinformation. While this may cool off some over-heating, considering overall global demand and raw material supply fundamentals, we would not expect a major reduction in international scrap prices any time soon.

Overall, we would expect prices for fresh tonnages for recycling to only marginally soften during the month of June.

GREEN RECYCLING:

1. EU Proposes new approach for sustainable blue economy wherein all blue economy sectors will have to reduce their environmental and climate impact. The agenda for blue economy includes achieving the objectives of climate neutrality and zero pollution through various measures, one of which is switching to a circular economy through renewed standards for ship recycling and decommissioning of offshore platform. While ECSA has welcomed EC's publication of above communication, ECSA is deeply concerned that EC seems determined to extend the scope of EUSRR before proper evaluation of existing legislations and impact assessment.
2. NYK Line (first Japanese Company to join SRTI) and American Hellenic Hull Insurance Company (AHHIC) have become latest signatories to SRTI taking total signatories to 29. Present members category wise are given below:



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Present members of SRTI who are Ship Owners – Maersk, Altera, CMA CGM, Evergreen, Hapag-Lloyd, Norden, NYK Line, Stolt-Nielsen, Swire Pacific Offshore, Teekay, China Navigation, Wallenius Wilhelmsen.

Present members of SRTI who are Banks, Investors, Insurance Providers – Standard Chartered Bank, Magistre & Psykologer, Nykredit, Gard, Swiss Re Corporate Solutions, American Hellenic Hull Insurance, PBU Paedagogernes Pension

Present members of SRTI who are Classification Society, OEM, Cargo Owner, Other industry stakeholders- LR, BMW Group, John Deere, Bunge, LDC - Louis Dreyfus Company, Scania, Bollore Logistics, G.E.S., Forum for the Future, Righship

3. MEP Jens Gieseke (Transport committee – EPP) and MEP Soren Gade (Chair of EP India Delegation) co-hosted an event organized by ECSA with industry representatives, NGOs. ECSA has launched an open and constructive dialogue with all stakeholders. It was heartening to note statement of Jens which stated that “all stakeholders need to work together to extend EU list in an uncomplicated manner. It is our common interest that yards, that fulfill all necessary requirements, are on EU list”. Sore Gade said that “the EU should recognise the tremendous progress made in some ship recycling facilities in India in terms of environmental protection and working conditions. The EU should support the global recycling market and higher environmental standards internationally instead of undermining open trade. A future expansion of the EU list of approved facilities is needed and a bilateral agreement between the EU and India has become a prerequisite for it. EU Member States and the Commission should act promptly so that the negotiations between the EU and India begin as soon as possible.”



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MAIN DEMOLITION SALES DATA FOR MAY 2021

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Bulker	Dona V	1995	45731	8131		Ctg
Bulker	Glocem	1997	3250	1216		Alang
Bulker	Vika	1998	41185	9664	550	Gadani
Chem Tanker	Falcon	1996	19998	6694	750	Alang, Vsl has Stainless Steel 1100 MT
Chem Tanker	Sea Rider	2000	35752	8388	570	Gadani, Vsl Has small Stainless content
Chem Tanker	Taihua Glory	1995	11533	3258	738	As is UAE, Stainless Steel Content 750 MT
Fish Factory	Vega	1984	1796	3151		Alang, incl abt 250 MT Bunkers
FSO	Energy Star	1997	309966	42686	527.5	As is Malaysia, sludge 200 MT
Gas	Miracle Road	1995	2999	2045		Ctg
H Lift	Zhen Hua 17	1985	30126	46274		Ctg
Livestock	Enoz	1979	10453	10600	490	Ctg
LPG	Sea Lion	1996	12217	5139		Alang
MPP	ABI	1984	6424	2147		Gadani
MPP	Golden Eagle	1985	8832	2750		Gadani
MPP	Srikanda Indonesia	1999	20756	6300		
MPP/Roro	Searoad Tamar	1991	9958	5541		Ctg
OSV	Pelafigue	2009	3032	1992		Alang
Pass/ Roro	Birden	1973	6726	4337		Gadani
Pass/ RORO	Vav	1974	1609	3660		Aliaga, in damaged cdn
Passenger	Boudicca	1973	5956	14300		Aliaga
Passenger	GSP Phoenix	1995	891	1723		Aliaga
PSV	Sable Express	1977	2761	2147		Denmark
Reefer	Ice Glacier	1988	14933	6614		Alang
Reefer	Nika Victory	1987	2133	1660		Aliaga
Research	Western Trident	1999	4568			Aliaga
Ropax	Al Salmy 1	1987	2404	5690		Alang
RORO	Duba Bridge	1976	3436	7583		Alang
Semi-Sub Rig	Sevan Driller	2009	58800	28522		As is Indonesia
Tanker	Aek Kanoppa 88	1990	7697	2650		Ctg
Tanker	Ark Pioneer	1992	8080	2507		As is Colombo



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Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Tanker	Azov Sea	1998	47363	9641	535	Alang, HKC Recycling
Tanker	Bab Aden	1984	6261	1987		Gadani
Tanker	Bintang	1985	7133	2427		
Tanker	Brea	1991	4993	1100		Gadani
Tanker	Cavalier	1995	47629	9606		Ctg
Tanker	Ce Niriis	1998	106504	16337		Ctg
Tanker	Elka Aristotle	2003	94143	17843	555	Gadani
Tanker	Elka Glory	2003	44598	10900		Gadani
Tanker	Elka Vasiliki	2004	94143	17843	555	Gadani
Tanker	Freemont	1998	105400	16237		Ctg
Tanker	Freesia 1	1998	159211	23159		Ctg
Tanker	Green Belt	1990	5953	2350		Ctg
Tanker	Gulf Glow III	1988	8837	2889		Alang
Tanker	Hua 1	1997	95666	16062		Ctg
Tanker	Lady Sarah	1981	2950	1182		Alang
Tanker	Louisa	1995	35033	7798	252	Severe damaged condition, as is Sharjah, requires salvage, U/T
Tanker	Luck Grow 899	1967	4999	2102		Ctg
Tanker	Lucky Grow 888	1985	7087	2296		Ctg
Tanker	Mega	1993	5742	2364		Alang
Tanker	Midan	1991	152680	20584		Ctg
Tanker	MR Star	1997	45219	10043	536	Ctg
Tanker	Navion Oslo	2001	100257	17952		Aliaga
Tanker	New Diamond	2000	299986	38968		Gadani, Fire damaged
Tanker	Nolla	1984	5300	1827	485	Gadani
Tanker	Palmyra	1991	5428	1944	485	Gadani
Tanker	Polaris	1981	11745	4457		Ctg
Tanker	Ray Glory	1992	5742	2364		Alang
Tanker	Ray Mega	1993	5737	2369		Alang
Tanker	Sakura II	1998	18503	5430		Alang
Tanker	Sea Jade	1994	17080	5905		Ctg
Tanker	Shaybah	1998	47185	9289	540	As is UAE
Tanker	Shuen Far 168	1995	8420	2316		Ctg
Tanker	Shun Li	1985	7132	2427		Alang
Tanker	Sunward	1998	6368	2328		Ctg
Tanker	Varzuga	1977	16683	6616		Aliaga, in damaged cdn



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Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Trawler	Solvita	1986	414			Latvia
Tween	Amur - 2506	1986	3304	1965		Aliaga
Tween	Arirang	1997	5461	2491		Ctg

STATISTICS

VESSELS AND QUANTITY LDT BEACHED IN INDIAN SUBCON – IN MAY 2021, 2020, 2019

	INDIA		BANGLADESH		PAKISTAN	
	Vessel	LDT - LT	Vessel	LDT – LT	Vessels	LDT – LT
2021	19	144,017	24	179,838	23	113,811
2020	05	78,004	06	47,475	00	00
2019	18	171,958	28	331,509	05	9,082

VESSELS AND QUANTITY LDT BEACHED IN INDIAN SUBCON – JANUARY TO MAY 2021, 2020, 2019

	INDIA		BANGLADESH		PAKISTAN	
	Vessel	LDT - LT	Vessel	LDT – LT	Vessels	LDT – LT
2021	85	664,223	113	1,198,181	59	446,687
2020	69	561,875	60	696,242	14	35,563
2019	86	673,015	139	1,542,449	17	45,517

Indicative Price Levels for end of May in Current Year Vs Previous Years

India	Year	DRY			WET
		Cape / Pmx	Handymax	Container	Tanker
	May 2021	520	510	570	535
	May 2020	280	320	310	290
	May 2019	425	415	460	440
	May 2018	435	415	470	450



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Indicative Price Levels for end of May in Current Year Vs Previous Years

Bangladesh	Year	DRY		WET	
		Cape / Pmx	Handymax	Container	Tanker
	May 2021	560	550	570	575
	May 2020	300	285	315	325
	May 2019	430	405	445	435
	May 2018	440	425	460	450

Indicative Price Levels for end of May in Current Year Vs Previous Years

Pakistan	Year	DRY		WET	
		Cape / Pmx	Handymax	Container	Tanker
	May 2021	550	540	565	575
	May 2020	310	295	300	320
	May 2019	425	420	425	440
	May 2018	445	425	450	455

Indicative Price Levels for end of May in Current Year Vs Previous Years

Turkey	Year	DRY	WET
	May 2021	285	290
	May 2020	225	225
	May 2019	255	260
	May 2018	275	280

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.