



## **DEMO MARKET REPORT & MARKET OUTLOOK – May 1, 2023**

Report No. 22/2428423/10523

### **COMMENTARY**

**INDIA** – Local steel plate prices have further dropped this week by about USD 9/MT and imported scrap prices have dropped by USD 7/MT. Domestic demand for steel products is weak and quick drop in prices have made buyers nervous and thus avoid stocking materials at present. Slowly moving stocks also means a tightening liquidity situation further affecting the ability to purchase materials. Export of steel from India has slowed down thus increasing overall inventory levels. A stronger than usual summer is expected to affect construction activity in the country. Ship recyclers have reduced prices offered for fresh tonnages by about USD 25/ LT LDT and even at such price levels there is nervousness amongst ship recyclers. Falling global prices and poor demand would mean that local steel plate prices would further reduce and there is no clarity at what levels would the price bottom out. There were some good container vessels that were circulated in the market for green recycling this week which was good for ship recyclers. We would expect that prices offered by ship recyclers would continue to be under pressure in the coming weeks.

**PAKISTAN** – There has been no change in the foreign exchange problems. Prices of imported shredded scrap has dropped by about USD 10/MT this week. Although businesses resumed after Eid holidays there has not been much activity. Due to slow construction activity and negative global prices, sentiments amongst the traders are pessimistic. There is an expectation amongst local traders of a further price drop in the international scrap market. Local prices of scrap equivalents have remained unchanged due to the inability of traders to import due to the foreign exchange situation. Ship recyclers are not able to offer for fresh tonnages to due to foreign exchange situation and we do not expect any change for some time.

**BANGLADESH** – The market was closed during the week for Eid holidays and so there have been no available price change data of steel plates in the local market. Prices of imported scrap have reduced by USD 5/MT and imported scrap prices are expected to reduce further due to the drop in international scrap prices. However, since there is a restriction on LC opening for imports, a drop in import prices will not affect the local market proportionately. It would be interesting to see how the local steel market prices respond next week. In the meanwhile, IMF has advised National Board of Revenue not to cut existing corporate tax rates and has discouraged government from offering new tax exemptions in the upcoming national budget. Prices offered by ship recyclers during the week have reduced by about USD 20/LT LDT. We would expect prices offered by ship recyclers for fresh tonnages to be under marginal pressure.



## **DEMO MARKET REPORT & MARKET OUTLOOK – May 1, 2023**

**Report No. 22/2428423/10523**

**TURKEY** – Prices in the local market as well as prices of imported scrap have dropped by about USD 10 / MT during the week. Lower demand for long products in the domestic and exports market has also resulted in weakening of billet prices by about USD 15/MT. Market will be slow till elections on 14<sup>th</sup> May. It is expected that there would be improvement in demand thereafter depending on how the reconstruction activity in the earthquake affected region takes shape and direction of government policies. Prices offered by ship recyclers reduced by USD 10/ LDT this week and we would expect prices for fresh tonnages offered by ship recyclers to remain under pressure.

**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 a good supply of tonnage this week mainly from the container segment from multiple container line companies which were offered for HKC compliant recycling and some units from the dry segment.

**MARKET OUTLOOK** – Freight rates in the dry segment were soft except for capsizes which saw an improvement though secondhand buying interest for dry units continues to be good. In the tankers, demand for tankers for chartering has slowed down resulting in softer rates and that is also affecting immediate interest of secondhand buyers for tankers. The container segment is still experiencing a good freight market for short-term charters. The secondhand market for container vessels is also good and asset prices have increased. Increase in supply of tonnages to recycling seen this week is at a time when local as well as global steel prices are decreasing amidst negative sentiments due to weak demand. This has resulted in substantial drop in prices offered by ship recyclers as the bottom of the reducing global steel prices is not yet known. Given the prevailing situation, we would continue to see prices offered for fresh tonnages to be under pressure in coming weeks.

### **GREEN RECYCLING –**

1. a. Japan and Bangladesh have signed a memorandum of cooperation on ship recycling. In her meeting with Japanese Prime Minister - Fumio Kishida, the Bangladesh prime



## **DEMO MARKET REPORT & MARKET OUTLOOK – May 1, 2023**

**Report No. 22/2428423/10523**

minister Sheikh Hasina has committed to ratifying HKC this year. Prime minister of Japan has said that he will support development of a treatment, storage, and disposal facility (TSDF).

b. Once Bangladesh ratifies HKC, we would be very close to meeting HKC conditions since getting other major recycling country to ratify HKC is critical. Secondly, HKC would come into force two years after the conditions have been met and Bangladesh will be able to develop TSDF within that time with the help from Japan. Thus, it all ties up now.

c. We had been observing that the possibilities of meeting HKC conditions were getting smaller since recycling volumes have been going down over the last 5-6 years and this could have impacted meeting one of the HKC conditions relating to recycling.

### **GLOBAL – NEWS**

1. US economic growth slowed more than expected in Q1 2023. US consumer confidence dropped to a 9-month low in April and US recession fear is affecting market sentiments.
2. Suppliers from China are aggressively pushing down its export price of steel products amidst weak global demand which has led to further pessimism in the global steel market sentiment. Billet prices in China have dropped by about USD 25-30 during past week and based on some short sales reported, there seems to be an expectation of further drop of about USD 20/MT. Whether prices would bottom out after such a drop is to be seen but that is the expectation in some quarters. Chinese steel mills have started substantial production cuts which has further affected demand and prices of raw materials required for steel production.

### **MAIN DEMOLITION SALES DATA FOR PERIOD APRIL 24<sup>th</sup> – 28<sup>th</sup>, 2023**

| Type          | Name of Vessel | Built | DWT    | LDT   | Price | Remarks          |
|---------------|----------------|-------|--------|-------|-------|------------------|
| FSO           | Fernan Vaz     | 1979  | 323100 | 41427 | 257   | As is Gabon, U/T |
| Tanker        | Maritime Lira  | 1998  | 45341  | 12235 |       | Alang, HKC       |
| General Cargo | Kumul Arrow    | 1985  | 42851  | 10998 | 560   | Alang, HKC       |



## DEMO MARKET REPORT & MARKET OUTLOOK – May 1, 2023

Report No. 22/2428423/10523

### MAIN DEMOLITION SALES DATA FOR PERIOD APRIL 1<sup>st</sup> – 28<sup>th</sup>, 2023

| Type             | Name of Vessel | Built | DWT    | LDT   | Price | Remarks   |
|------------------|----------------|-------|--------|-------|-------|---|
| MPP              | Z Star         | 1999  | 22318  | 6537  |       | Ctg   |
| Reefer           | Yung Da Fa 102 | 1984  | 3984   | 1736  | 573   | Ctg   |
| Reefer           | Win Shun Shing | 1973  | 3742   | 2197  | 390   | As is Kaohsiung – Ctg                               |
| Container        | Leonard        | 1998  | 22983  | 7852  |       | Alang   |
| Bulker           | Lily Breeze    | 1998  | 74744  | 9898  |       | Ctg   |
| Container        | Meratus Malino | 1995  | 14464  | 5455  |       | Ctg   |
| LPG              | Apollo Pacific | 1988  | 2995   | 2189  | 650   | Alang   |
| Diving Support   | Germinal       | 1981  | 1033   | 1774  | 575   | As is Mumbai - court sale                           |
| Tanker           | Chem P         | 1968  | 35489  | 12269 | 440   | As is Malta, Vsl has 308T Solid SS & 110 Cladded SS |
| FPSO             | Brotojoyo      | 1980  | 59643  | 12100 |       | Ctg, U/T  |
| Bulker           | Sunnine        | 1992  | 28450  | 6013  |       | Ctg   |
| Container        | MSC Nora II    | 1998  | 29210  | 10611 |       | Alang, HKC  |
| Bulker           | Ocean Great    | 1993  | 28499  | 6311  | 575   | Ctg   |
| Reefer           | Green Karmoy   | 1989  | 6120   | 2990  |       | Alang   |
| Woodchip Carrier | Siam Ocean     | 1995  | 33800  | 7870  | 560   | Ctg, HKC  |
| MPP              | Atlantic Ray   | 1991  | 4706   | 2461  | 620   | Ctg   |
| Fishing Support  | Rowan          | 1991  | 1252   | 2755  | 565   | Ctg   |
| Bulker           | HL Power       | 1998  | 149322 | 18147 |       | As is S.Korea, HKC                                  |
| Container        | MSC Pilar      | 1990  | 60350  | 23740 | 545   | Alang, HKC  |
| Reefer           | Han            | 1982  | 3788   | 2181  | 510   | Ctg   |
| Container        | Flora          | 2008  | 86018  | 23740 |       | Ctg, crankshaft damaged                             |
| FSO              | Fernan Vaz     | 1979  | 323100 | 41427 | 257   | As is Gabon, U/T                                    |
| Tanker           | Maritime Lira  | 1998  | 45341  | 12235 |       | Alang, HKC  |
| General Cargo    | Kumul Arrow    | 1985  | 42851  | 10998 |       | Alang, HKC  |



## **DEMO MARKET REPORT & MARKET OUTLOOK – May 1, 2023**

Report No. 22/2428423/10523

### **STATISTICS**

#### **VESSELS AND QUANTITY BEACHED IN INDIAN SUBCON – IN APRIL 2023, 2022, 2021**

|  | INDIA  |          | BANGLADESH |          | PAKISTAN |          |
|--|--------|----------|------------|----------|----------|----------|
|  | Vessel | LDT – LT | Vessel     | LDT – LT | Vessels  | LDT – LT |
| April 2023 (Up to April 28 <sup>th</sup> ) | 08     | 65,902   | 19         | 227,032  | 0        | 0        |
| April 2022                                 | 20     | 208,136  | 13         | 104,296  | 08       | 70,750   |
| April 2021                                 | 16     | 144,320  | 21         | 240,621  | 13       | 142,380  |

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

| Year | INDIA   |          | BANGLADESH |          | PAKISTAN |          |
|------|---------|----------|------------|----------|----------|----------|
|      | Vessels | LDT – LT | Vessels    | LDT – LT | Vessels  | LDT – LT |
| 2023 | 08      | 65,902   | 19         | 227,032  | 0        | 0        |
| 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 April in Current Year Vs Previous Years**

| Year       | DRY                                      |          |           | WET    |      |
|------------|--|----------|-----------|--------|------|
|            | Cape / Pmx                               | Handymax | Container | Others | VLCC |
| April 2023 | 510                                      | 520      | 555       | 525    | 485  |
| April 2022 | 665                                      | 645      | 715       | 675    |      |
| April 2021 | 485                                      | 475      | 530       | 515    |      |
| April 2020 | Markets closed/uncertain due to COVID-19 |          |           |        |      |

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

#### **BANGLADESH - Indicative Price Levels for April in Current Year Vs Previous Years**

| Year       | DRY                                      |          |           | WET    |      |
|------------|--|----------|-----------|--------|------|
|            | Cape / Pmx                               | Handymax | Container | Others | VLCC |
| April 2023 | 570                                      | 575      | 600       | 595    | 560  |
| April 2022 | 665                                      | 665      | 680       | 680    |      |
| April 2021 | 505                                      | 500      | 515       | 525    |      |
| April 2020 | Markets closed/uncertain due to COVID-19 |          |           |        |      |



## **DEMO MARKET REPORT & MARKET OUTLOOK – May 1, 2023**

Report No. 22/2428423/10523

*\*(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 March in Current Year Vs Previous Years**

| Year       | DRY  |          |           | WET    |      |
|------------|--|----------|-----------|--------|------|
|            | Cape / Pmx   | Handymax | Container | Others | VLCC |
| April 2023 | <i>Due to foreign exchange problem, ship recyclers are not able to establish LCs</i> |          |           |        |      |
| April 2022 | 670  | 665      | 675       | 685    |      |
| April 2021 | 510  | 505      | 515       | 520    |      |
| April 2020 | Markets closed/uncertain due to COVID-19   |          |           |        |      |

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

### **TURKEY - Indicative Price Levels for March in Current Year Vs Previous Years**

| Year       | DRY | WET | CONTAINER |
|------------|-----|-----|-----------|
| April 2023 | 330 | 340 | 350       |
| April 2022 | 420 | 430 |           |
| April 2021 | 230 | 240 |           |
| April 2020 | 225 | 225 |           |

*\*(a) (Prices LT/LDT, less 2% Add Comm) (b) 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.*