



DEMO MARKET REPORT & MARKET OUTLOOK – May 15, 2023

Report No. 19/0812523/150523

COMMENTARY

INDIA – Local steel plate prices have improved by USD 17/ MT which is a welcome news after seeing three weeks of continuous price decline. Imported scrap prices have improved by about USD 13/MT this week. Local billet prices have fallen to a five-month low, basis which exporters have reduced their offers by about USD 10 - 15/MT and are now able to compete in the international market. There is a liquidity crunch in the economy because of which overnight funding costs have increased by 30 basis points and excess cash parked by banks with the central bank has been reduced by 90%. Though the liquidity crunch may ease soon as Central bank steps in to buy US Dollars which could make rupee temporarily softer. After having seen a rapid decline in prices in the local and global steel market over the last couple of weeks, most traders and ship recyclers would want to wait and watch for at least a week but there would be some ship recyclers willing to improve their offer by about USD 10/LT LDT in view of lower supply of fresh tonnages for recycling. Since there has been no fundamental change in local steel demand situation prices for fresh tonnages would remain largely stable with marginal increase likely.

PAKISTAN – Business continuity has become a challenge for steel mills due to the current situation, falling exchange rate and increasing utility prices. Pakistani Rupee slid to an all-time low against the USD at 296-297 this week for a day but recovered back the next day around 285. Presently steel mills are working at about 30% of their capacity due to low demand from end users. Few deals of imported scrap were reported this week at lower levels (by about USD 5/MT) over previous week. However, ship recyclers are unable to offer for fresh tonnages due to foreign exchange problems and they would need to patiently wait while country struggles to restart the stalled IMF loan program which could help solve foreign exchange situation.

BANGLADESH – The local price movement anomaly mentioned in the last report has been corrected this week as local steel plate prices have reduced by about USD 20/MT. Imported scrap prices had dropped during the week but ended with an increase of USD 3/MT over previous week. There are only small order bookings for containerized scrap due to foreign exchange problem which continues. The local currency is likely come under pressure against the USD due to flexible exchange rate and a fall in exports by 16.95% as well as drop in inward remittances by 16% in the month of April. While the ship recyclers have maintained the same prices levels for fresh tonnages, they remain cautious with a tendency to push prices lower. However, in view of slow supply of tonnages, we would expect prices to remain stable with a possibility of firming up.



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TURKEY – Trade has been slow and limited during this week due to elections on 14th May. Announcement of temporary results will be on the night of 14th May and announcement of final election result will be on 19th May. While imported scrap prices have improved on the last day of the week by USD 5/MT, they are still lower by USD 10/MT over the previous week. We saw a similar improvement in local debar prices towards end of this week. Local currency is under pressure against the US Dollar. However, ship recyclers have maintained the same prices levels. Next week will be important to see how the market plays out after the election results.

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 – Few tonnages were offered for recycling, mainly from container segment. This is due to a comparatively weaker appetite of ship recyclers due to falling local steel markets.

MARKET OUTLOOK – In the dry segment, only Cape freight rates were encouraging this week. Tanker freight rates have gone softer and secondhand interest has slowed down this week though secondhand prices remain unchanged. Container freight rates as well as their secondhand market are seeing good market conditions. There is some unconfirmed market information that there could be a significant delay for New Build (NB) deliveries of containers from South Korean shipyards which could push some NB deliveries due in 2023 on to 2024. This, if confirmed, could delay expected recycling candidates from container segment. Global steel market prices, though under pressure, seem to have stopped their downward trend for this week and we will need to see the position for a week or two to know if this is a confirmed direction or just a short-lived stop. Supply of fresh tonnages would continue to remain slow with some candidates being offered from container and dry segment. Prices offered by Ship recyclers would likely remain under pressure though we may not see a drop as seen during the last 2-3 weeks.

GREEN RECYCLING:

1. Norway's Deputy Minister of Climate and Environment with his delegation who met with Deputy Minister of Environment, Forest and Climate of Bangladesh during his meeting requested Ministry of Environment to assist Ministry of Industry in ratifying the



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Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 (HKC)

2. Industries minister of Bangladesh told Norway's Deputy Minister of Climate and Environment that Bangladesh will ratify HKC within 2023.
3. Based on the above, we can very well expect HKC to come into force globally from 2025 which will be the first global ship recycling regulation.
4. Department of Environment has re-classified ship breaking industry from Orange-B to Red category based on which ship recyclers will now need to obtain second round of clearance from Director General's office of the Department of Environment.

GLOBAL – GENERAL NEWS –

1. US Administration has almost reached the debt ceiling limit of USD 31.40 trillion imposed by Congress and efforts are being made to resolve the debt impasse. It is interesting to note that the debt ceiling has been raised 78 times since 1960.

MAIN DEMOLITION SALES DATA FOR PERIOD MAY 8TH– 12TH, 2023

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Container	Ever Diadem	1998	55604	21387	514	As is Singapore
Woodchip Carrier	Shandon Express	1989	43661	8658	605	Ctg incl ROB 360T

MAIN DEMOLITION SALES DATA FOR PERIOD MAY 1ST– 12TH, 2023

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Container	Pablo	2000	26518	7362	535	Ctg
Tanker	Cynth	1997	10588	3349		Alang
Container	Xin Zhou Shan	2004	9500	3772		Ctg
OSV	Sudarshan	1991	2336	1762		Alang
Container	Ever Diadem	1998	55604	21387	514	As is Singapore
Woodchip Carrier	Shandon Express	1989	43661	8658	605	Ctg incl ROB 360T



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STATISTICS

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

Year	INDIA		BANGLADESH		PAKISTAN	
	Vessels	LDT – LT	Vessels	LDT – LT	Vessels	LDT – LT
May 2023 (up to 12 th)	04	10,011	11	48,113	0	0
May 2022	16	182,668	10	54,183	07	75,563
May 2021	19	144,017	24	179,838	22	112,702

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	12	75,913	30	275,145	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 May in Current Year Vs Previous Years

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
May 2023	505	510	535	520	485
May 2022	600	580	650	610	
May 2021	520	510	570	535	
May 2020	280	320	310	290	

**(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			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
May 2023	570	575	595	585	560
May 2022	645	645	660	660	
May 2021	560	550	570	575	
May 2020	300	285	315	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*



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

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
May 2023	<i>Due to foreign exchange problem, ship recyclers are not able to establish LCs</i>				
May 2022	605	600	610	620	
May 2021	550	540	565	575	
May 2020	310	295	300	320	

**(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
May 2023	320	330	340
May 2022	310	320	
May 2021	285	290	
May 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.