



DEMO MARKET REPORT & MARKET OUTLOOK – May 22, 2023

Report No. 20/1519523/220523

COMMENTARY

INDIA – Local steel plate prices had increased by about USD 14/MT by middle of this week but decreased again, thus ending the week with no price change over the previous week. Imported scrap prices remained at the same levels during this week but there was an increased interest in making fresh bookings. There was an increase in the price of rebars as some traders decided to restock the material. However, there are still some sections of traders and secondary mills that are cautious and would like to see if increased price continues to hold for the next couple of weeks. The liquidity squeeze is affecting the business activities across the country resulting in increased cost of short-term borrowing and could hurt economic growth of the country if there are no policy measures taken to improve liquidity. Ship recyclers have been heartened with positive news about steel market's reversal on decreasing prices and are willing to marginally improve their offers by about USD 5/ LT LDT but are still very cautious and many would like to observe the market for some time on stability front. We would expect prices offered for fresh tonnages to continue at about the same levels with a possibility to marginally improve.

PAKISTAN – The country is going through a tough phase of economic problems and political instability. Business activities continue at a slower pace. Prices of imported shredded scrap increased by about USD 5 -10/MT but there have just been few bookings with buyers preferring to wait and watch the developing political situation in the country. Government funded projects are on hold, but the local steel mills have very little inventory and would need to buy. Prices of local scrap equivalent to shredded has increased by about USD 25-30/MT this week. Current political tensions could further push the IMF \$6.70 billion bailout loan which could increase possibility of a loan default after June which could further weaken the local currency against the USD substantially. Ship recyclers would need to patiently wait till the country resolves ongoing foreign exchange problems.

BANGLADESH – Local steel demand in the country is slow and the local steel plate prices reduced by about USD 5/MT this week while the imported scrap prices improved by USD 4/MT. It would be important to note that local steel plate prices have dropped by about USD 25-30/MT during the last two weeks, but the prices offered by ship recyclers for fresh tonnages have improved by about USD 10-15/LT LDT which is mainly due to the very limited supply of fresh tonnages being seen in the market. Bangladesh State Minister of Power, Energy and mineral resources announced that the government plans to keep energy prices at par with international rates meaning that subsidies given by the government will not be given in future. This, we believe, is in line with IMF guidance which has encouraged the country to remove fuel subsidies – a point that had been hampering the IMF loan release for some months now.



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Bangladesh banks are also strongly scrutinizing any LC establishments which are more than USD 3 million. The market awaits the budget scheduled in June to assess if there are any positive or negative impacts on their businesses. However, given the scarce supply of fresh tonnages, we would expect prices offered by ship recyclers to continue at the same levels with a possibility of firming up.

TURKEY – Since results of the election on May 14th did not give any clear victor, there would be runoff election on May 28. In the meanwhile, the country's central bank is moving to bring in regulations to defend the Lira during this period. There is an expectation the market that the Turkish Lira may weaken after runoff election. Imported scrap prices remained unchanged during the week. As local steel plate prices have a moderate demand the prices have dropped by about USD 20-25/MT during the past week. Traders are exercising caution and are avoiding any restocking activity. Local rebar prices have also reduced by about USD 5-10/MT during the week. Prices offered by ship recyclers have remained unchanged during the week despite the weak sentiments mainly due scarce supply of fresh tonnages. While the market keenly awaits election results, we would expect prices to remain stable in the meanwhile.

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 – Supply of fresh tonnages in the recycling market continued to be very slow this week.

MARKET OUTLOOK – Container segment is enjoying good freight rates. There is also demand for secondhand containers of all sizes except for the older tonnages in the feeder segment. While the secondhand market for dry units is good, the freight markets have not been as heartening resulting in softening sentiments. The tanker freight market in the dirty has seen good demand as well as improved freight rates but a reverse of this was experienced for clean products. Secondhand demand for the tanker segment continues to be good. Slow supply of fresh tonnages is likely to continue which will support the prices of fresh tonnages even though the local steel markets in recycling destinations are weaker which otherwise would generally put a downward pressure on prices offered by ship recyclers for fresh tonnages.



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GLOBAL – GENERAL NEWS

1. China's industrial output and retail sales grew at a much slower pace in April than expected. There was an increase in the employment rate for 16-24 year olds to 20.4% last month, which is nearly four times the national rate.
2. The US economy is still seeing a good job market, good consumer spending and a stabilization in housing prices thus pushing the possibility of recession to later part of the year which could also be a mild one considering present economic parameters.

MAIN DEMOLITION SALES DATA FOR PERIOD MAY 15TH– 19TH, 2023

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
LNG	Gandria	1977	66999	34131	447	As is Labuan, HKC
Reefer	Yun Run 8	1990	6116	3045	475	As is China
LPG	Taurogas	1993	3566	1892	404	Aliaga
Container	Blue Ocean	1989	14900	4361	625	Ctg
MPP	Xin Hai Zhou 7	1999	22297	6496		Ctg

MAIN DEMOLITION SALES DATA FOR PERIOD MAY 1ST– 19TH, 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
LNG	Gandria	1977	66999	34131	447	As is Labuan, HKC
Reefer	Yun Run 8	1990	6116	3045	475	As is China
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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 19 th)	07	47,748	13	58,979	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	15	113,650	32	286,011	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	510	515	540	525	490
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	580	585	620	595	570
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.