



DEMO MARKET REPORT & MARKET OUTLOOK – July 10, 2023

Report No. 27/0307723/100723

COMMENTARY

INDIA – Poor demand in local steel market during the monsoon season has negatively affected prices across all segments of steel products which is also resulting in lower prices being offered by ship recyclers for fresh tonnages. Local steel plate prices, which had gradually improved by USD 30/MT over the last 5 weeks, were reduced by USD 13/MT this week. Imported scrap prices dropped by USD 5/MT this week. Most of the mills are not making fresh purchases due to weak demand of finished steel. Indian Rupee which seemed to be in a strong position suddenly weakened by about 0.81% this week. This is due to two reasons, (a) there is an expectation of an increase in US interest rates during Fed's meeting on July 26th and (b) there has been a jump in Indian unemployment rate in June to 8.45% against 7.68% in May. We would need to see if unemployment rate increase is only seasonal over next few months because a continuous weak labor market could slow down expected economic growth. Given above reasons, we could expect Indian Rupee to be under pressure for a month till new economic data locally and globally is received. Ship recyclers have reduced prices offered for fresh tonnage by USD 10/LT LDT this week. Given the weakness in the local steel market, we would expect prices for fresh tonnages to be under pressure despite a lower supply of fresh tonnages for recycling.

PAKISTAN – The country is experiencing positive movement across its stock exchange, bond market and local currency exchange rate based on an initial loan approval of USD 3 billion from IMF last week which improves short term outlook. Actual loan disbursement will depend on the country's ability to fulfill loan conditions. Inflation eased in June for the first time after seven months. Imported scrap prices dropped by USD 15-20/MT this week but there were not many order bookings seen. Prices of scrap equivalent to shredded in the local market have also reduced by USD 10/MT over the last two weeks. We have not yet noted any orders booked by ship recyclers for fresh tonnages this week as we await whether the ship recyclers are able to get the scarce foreign exchange. Although, ability of recyclers to compete at Bangladesh price levels seems difficult due to increased local costs as well as increased interest costs.

BANGLADESH – Sales activity in the local steel market have not yet resumed after Eid holidays this week due to which there are no price movements to report for local steel plate and there is not much activity in the local market. Imported scrap prices were reduced by USD 5/MT but there were very few deals as activities have not resumed after Eid holidays. Availability of foreign exchange continues to be difficult. Prices offered by ship recyclers for fresh tonnages continued at same levels this week. After the market reopens next week, we would expect



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prices offered by ship recyclers to continue at same levels next week but given weakness in steel markets, we would expect sentiments of ship recyclers to be weak which could put prices under pressure thereafter.

TURKEY – Local steel prices for domestic scrap have improved in terms of Turkish Lira, which is an adjustment to weakening of currency, however, in USD terms prices of domestic scrap have dropped by about USD 5/MT. Imported scrap prices have reduced by USD 5/MT. Poor local steel demand has pushed down prices of billets this week. To reduce the budget deficit, the government has announced an increase in Value added taxes by 2%, increase in various administrative government fees by 50%, increase in bank and insurance transaction costs tax. These will result in an increased cost of business operations. Prices offered by ship recyclers remained unchanged this week. We would expect prices to continue to be under pressure despite a scarce supply of fresh tonnages for recycling.

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 tonnages was very slow. We only saw some units from dry segment only this week.

MARKET OUTLOOK – The Container market is passing through a subdued charter rate phase. Feeder segment vessels are facing lower rates and lower demand. The secondhand market is subdued except for bigger sized containers. Dry segment charter rates across all segments declined this week. There are not many secondhand deals taking place, but the secondhand market could get active. The secondhand market for tankers has slowed down as buyers feel the price has peaked. The supply of fresh tonnages for recycling would continue to be slow. The local steel market as well as global steel market prices are under pressure. We would expect prices for recycling tonnages to be under pressure.



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GLOBAL – GENERAL NEWS

USA – Although, we have seen signs of weakening jobs market, the US economy has not slowed down. In the month of June, we have seen payroll gains of 209000, wage increases of 4.4%, housing market increase as well as increase in consumer confidence. And with inflation still well above targeted 2%, we would expect Fed to go for an interest rate increase.

MAIN DEMOLITION SALES DATA FOR PERIOD July 3rd – July 7th, 2023

| Type | Name of Vessel | Built | DWT | LDT | Price | Remarks |
|-----------|----------------|-------|-------|------|-------|---------|
| Tween | Hua Dong 27 | 2007 | 16223 | 3520 | 525 | Ctg |
| Bulker | Lauren Ocean | 1996 | 41712 | 8406 | 575 | Ctg |
| Container | Hong Da Xin 18 | 2000 | 9865 | 3857 | 608 | Ctg |
| Tween | DPL Ayur | 1986 | 3137 | 1020 | | Ctg |
| Reefer | Chian Jin | 1984 | | 1416 | 530 | Ctg |

MAIN DEMOLITION SALES DATA FOR PERIOD July 1st – July 7th, 2023

| Type | Name of Vessel | Built | DWT | LDT | Price | Remarks |
|-----------|----------------|-------|-------|------|-------|---------|
| Tween | Hua Dong 27 | 2007 | 16223 | 3520 | 525 | Ctg |
| Bulker | Lauren Ocean | 1996 | 41712 | 8406 | 575 | Ctg |
| Container | Hong Da Xin 18 | 2000 | 9865 | 3857 | 608 | Ctg |
| Tween | DPL Ayur | 1986 | 3137 | 1020 | | Ctg |
| Reefer | Chian Jin | 1984 | | 1416 | 530 | Ctg |

STATISTICS

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

| Year | INDIA | | BANGLADESH | | PAKISTAN | |
|-----------|---------|----------|------------|----------|----------|----------|
| | Vessels | LDT – LT | Vessels | LDT – LT | Vessels | LDT – LT |
| July 2023 | 02 | 38,045 | 05 | 20,213 | 0 | 0 |
| July 2022 | 03 | 24,198 | 10 | 20,251 | 01 | 471 |
| July 2021 | 15 | 82,616 | 14 | 159,446 | 15 | 194,207 |



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VESSELS AND QUANTITY LDT BEACHED IN INDIAN SUBCON – QUARTER 3 2023, 2022, 2021.

| Year | INDIA | | BANGLADESH | | PAKISTAN | |
|------|---------|----------|------------|----------|----------|----------|
| | Vessels | LDT – LT | Vessels | LDT – LT | Vessels | LDT – LT |
| 2023 | 02 | 38,045 | 05 | 20,213 | 0 | 0 |
| 2022 | 16 | 123,548 | 31 | 134,572 | 02 | 1,343 |
| 2021 | 44 | 308,825 | 59 | 446,797 | 34 | 311,774 |

INDIA - Indicative Price Levels for July in Current Year Vs Previous Years

| Year | DRY | | | WET | |
|-----------|------------|----------|-----------|--------|------|
| | Cape / Pmx | Handymax | Container | Others | VLCC |
| July 2023 | 495 | 500 | 530 | 520 | 475 |
| July 2022 | 540 | 545 | 575 | 555 | |
| July 2021 | 555 | 545 | 615 | 570 | |
| July 2020 | 300 | 290 | 330 | 315 | |

**(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 July in Current Year Vs Previous Years

| Year | DRY | | | WET | |
|-----------|------------|----------|-----------|--------|------|
| | Cape / Pmx | Handymax | Container | Others | VLCC |
| July 2023 | 575 | 580 | 635 | 610 | 585 |
| July 2022 | 615 | 610 | 645 | 630 | 625 |
| July 2021 | 600 | 590 | 620 | 625 | |
| July 2020 | 305 | 290 | 330 | 330 | |

**(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 July in Current Year Vs Previous Years

| Year | DRY | | | WET | |
|-----------|--|----------|-----------|--------|------|
| | Cape / Pmx | Handymax | Container | Others | VLCC |
| July 2023 | <i>Due to foreign exchange problem, ship recyclers are not able to establish LCs</i> | | | | |
| July 2022 | 610 | 605 | 640 | 620 | |
| July 2021 | 600 | 590 | 605 | 625 | |
| July 2020 | 355 | 350 | 360 | 365 | |

**(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.*



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TURKEY - Indicative Price Levels for July in Current Year Vs Previous Years

| Year | DRY | WET | CONTAINER |
|-----------|-----|-----|-----------|
| July 2023 | 330 | 340 | 350 |
| July 2022 | 240 | 250 | 260 |
| July 2021 | 280 | 285 | 290 |
| July 2020 | 200 | 210 | 220 |

***(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.