



DEMO MARKET REPORT & MARKET OUTLOOK – September 11, 2023

Report No. 36/0408923/110923

COMMENTARY

INDIA – Local steel plate prices dropped by USD 6/MT this week which reverses an increasing pattern seen for the previous two weeks. Imported scrap prices were at the same level this week. Local steel demand for finished steel - construction grade is still looking strong, which is encouraging but since a lot of present offtakes are also on account of restocking, an element of caution continues to prevail in the market. A continuous strength in demand from steel mills in the next couple of weeks would be important. The strengthening of US Dollar has resulted in weakening of Indian Rupee which has crossed 83 mark against a USD and given the confidence presently enjoyed by USD globally, USD will continue to stay in strong position. Prices offered by ship recyclers improved by about USD 5-10/LT LDT despite a marginal drop in local steel plate price this week. At a recent general body meeting of SRIA (Ship Recycling Industries Association – India), a resolution was unanimously adopted and passed which stated that Ship recyclers should not accept any new MOA terms by which “huge amount of money can be claimed by sellers against the recycler for any accidents/defamation and other situations including loss of reputation during operational procedure.”. It was also unanimously agreed that SRIA will come out with a standard MOA which should be used by all its members when purchasing a ship for recycling. With reference to the market and pricing for new tonnages, ship recyclers are cautiously positive, and we expect that prices offered by them for fresh tonnages to marginally improve.

PAKISTAN – Imported scrap prices increased by USD 5/MT whereas local prices have continued at about same levels. Prices increased by local steel mills on their end products during the previous week seem to have been accepted by the end buyers as the demand has not been affected. Prices offered by ship recyclers continued at the same levels during the week. To address availability of US Dollars and to address reducing local currency value against the USD, the government is now cracking on illegal dollar trade and this is showing some signs of success initially. The local currency improved against the USD marginally. A few ship recyclers that could open LCs in the present situation of tight foreign exchange availability have already bought vessels over the last 2-3 weeks. There are fewer ship recyclers that may now be able to obtain LCs. At the same time, comparatively more tonnages are being offered in Pakistan as confidence amongst the sellers grow after successful deals in last few weeks. We would thus expect prices offered by ship recyclers to be under pressure in the coming weeks.

BANGLADESH – For a third consecutive week local steel plate prices dropped and this week prices dropped by another USD 13/MT. Imported scrap prices remained unchanged this week as buyers resist increase in prices. The drop in local steel plate prices is due to weak demand



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from secondary steel mills who are finding it uneconomical to buy local steel plates at prevailing price levels. The local ministry for environment and climate control have once again reclassified ship recycling activity from “orange” to “red” basis which ship recyclers would need to go through one more layer of approval before a vessel can be recycled. In the meanwhile, foreign exchange problems continue due to which LC opening is difficult. In an effort to improve supply of USD, the government has issued a directive whereby nobody is allowed to hold USD balances in their account for more than 30 days from the date of receipt of funds, basis which the account holder must use the funds in USD account through the same bank where it was received and if the inwards USD remittances is not used within 30 days then it will be converted to local currency. This may not necessarily be advantageous for ship recyclers and other importers requiring a bigger amount of foreign exchange. Prices offered by ship recyclers remained unchanged this week. India and Pakistan are offering better prices than Bangladesh. Given the local market situation, sentiments amongst ship recyclers would be weak and prices offered by them may be under pressure as well.

TURKEY – Local steel market is stable despite a mixed mood regarding scrap prices and steel demand. Import scrap prices dropped marginally by USD 2/MT. Prices offered by ship recyclers remained unchanged this week. Recent policy changes announced by the newly installed economic administration is gathering acceptance and support from international community. Presently the world bank is at an advanced stage of talks whereby they could double their exposure to USD 35 billion. Almost 65% of the additional funding of USD 18 billion would go in to support private sector and part of the said funding will also be towards quake reconstruction projects which will support the economic activities as well. Local currency would also stand to gain over a period. We would expect prices offered by ship recyclers to be stable.

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 from dry and container segment are being circulated by ship owners though no significant volume was seen this week.

MARKET OUTLOOK – Tanker freight market for VLCC and Aframax segment were down as reduction of OPEC production is affecting the market whereas dry segment freight rates fared



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better this week compared to the previous week. Secondhand activity in tanker and dry segment was slower. LNG and LPG are enjoying good freight markets. Container freight markets were fine though there were not many secondhand deals being worked this week as sellers' and buyers' price ideas do not match. We would expect to see a fair level of tonnages being circulated for recycling tonnages. Considering ship recyclers from Bangladesh and Pakistan are not able to fully participate due to LC problems, the supply seems adequate for the market.

GREEN RECYCLING:

1. A German engineering firm has produced an abrasive waterjet suspension system for cutting steel for recycling end of life ships. The waterjet can cut steel plates up to one meter thick with water pressure. Such cutting can be done with high precision and efficiency – it is claimed. All these innovations and technological developments are good and always welcome. However, having said that it would important to know more details about cost of water, electricity, quantity of wastewater generated, cost of capital, time taken and additional requirements for using these techniques.

GLOBAL – GENERAL NEWS

1. As we approach the winter months, it is important to see how the gas market and prices move depending on expected winter, global growth, and related demand. This is necessary as Russian gas supply is still disrupted and supply from new/expanded facilities will start flowing only in 2025. Currencies and economies of energy dependent economies can be well affected based on gas prices.
2. There was a flutter in the steel market when government of China announced some measures to improve property market. This however has now died down and we see the futures steel prices in China are lower and under pressure again.



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MAIN DEMOLITION SALES DATA FOR PERIOD September 4th – September 8th, 2023

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Bulker	Sun Shine	1999	73941	10317	523	Gadani
Bulker	Winning Joy	1999	172964	20512	505	As is Singapore. Incl 250 MT bunkers
Container	UGL Hong Kong	1998	22000	7009	530	As is Oman
Bulker	APJ Mahadeva	2000	74667	12660	480	As is Colombo
Container	Uni Aspire	1998	15534	7098		Alang
Container	Ever Devote	1998	55604	21731		As is Singapore

MAIN DEMOLITION SALES DATA FOR PERIOD September 1st – September 8th, 2023

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Bulker	Sun Shine	1999	73941	10317	523	Gadani
Bulker	Winning Joy	1999	172964	20512	505	As is Singapore. Incl 250 MT bunkers
Container	UGL Hong Kong	1998	22000	7009	530	As is Oman
Bulker	APJ Mahadeva	2000	74667	12660	480	As is Colombo
Container	Uni Aspire	1998	15534	7098		Alang
Container	Ever Devote	1998	55604	21731		As is Singapore

STATISTICS

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

Year	INDIA		BANGLADESH		PAKISTAN	
	Vessels	LDT – LT	Vessels	LDT – LT	Vessels	LDT – LT
September 2023	03	17,129	11	88,673	00	00
September 2022	10	69,561	05	22,003	01	872
September 2021	13	141,728	24	133,164	07	48,434



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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	18	168,978	44	251,593	00	00
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 September in Current Year Vs Previous Years

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
Sept 2023	510	515	565	525	495
Sept 2022	560	565	595	575	
Sept 2021	555	545	620	580	
Sept 2020	345	335	375	365	

*(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 September in Current Year Vs Previous Years

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
Sept 2023	505	505	540	540	515
Sept 2022	605	600	635	620	625
Sept 2021	565	555	585	585	
Sept 2020	370	355	385	390	

*(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) There is a lot of problem in establishing LC. Thus, prices indicated are subject to LC opening.

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

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
Sept 2023	525	535	540	530	505
Sept 2022	605	600	635	620	
Sept 2021	580	570	580	595	
Sept 2020	380	370	380	390	

*(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, prices indicated are subject to LC availability

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

Year	DRY	WET	CONTAINER
Sept 2023	310	320	330
Sept 2022	230	240	250
Sept 2021	270	280	290
Sept 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.