



## **DEMO MARKET REPORT & MARKET OUTLOOK – April 10, 2023**

Report No. 19/0307423/100423

### **COMMENTARY**

**INDIA** – Local steel plate prices has reduced by about USD 10/MT during the week. Traders of imported scrap are cautious due to weakness in the rebar market with further decline expected in coming weeks. Domestic finished steel market is still weak due to which local mills would like to wait and watch if global market demand improves without which there could be a further fall in prices. Indian billet exports have presently slowed down due to low demand across Asian and Gulf destinations. There is an expectation that India will register growth in steel demand in 2023 but that is surely missing at present. The central bank unexpectedly did not increase benchmark interest rate amidst weaker economic signals. In view of the weak steel demand and generally weak market sentiment, prices offered by ship recyclers have reduced by about USD 10-15/ LT LDT though there have not been deals to confirm such price drops. The low supply of fresh tonnages has been supporting prices being offered for fresh tonnages. In view of present weak sentiment and lack of demand prices could remain under pressure for some time.

**PAKISTAN** – There have been no changes in the situation over previous weeks. Foreign exchange problems continue, and it is leading to supply chain disruption and companies stopping production. The central bank raised its benchmark interest rate to record 21%. Pakistani Rupee dropped to a record low of 288 against the US Dollar. The country moved a step closer to complete IMF conditions when Saudi Arabia assured IMF that it will provide Pakistan USD 2 billion loan to avoid default. The government had called a high level meeting this week with the ministry, industry stakeholders including breakers to get suggestions on measures to restore supply chain and reduce prices. Domestic demand for steel is slow during the Ramadan period. Imported scrap prices have reduced by about USD 10-15/MT this week but there have been hardly any deals of scrap imports as traders prefer to refrain. Ship recyclers would need to await improvements in the foreign exchange situation before they can offer to purchase fresh tonnages for recycling.

**BANGLADESH** – Local steel plate prices have reduced by about USD 15/ MT and imported scrap prices have reduced by about USD 7/MT. Demand in the local steel market is weak due to the Ramadan period, but it is expected that local steel demand could improve after Eid. However, a global weakness in steel demand should keep a check on any major price improvements. With effect from July, the borrowing interest rate cap of 9% fixed by the government in 2020 will be removed which could result in borrowing interest rate increases. Banks can set their own



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lending rate which could be up to 3% more than the benchmark rate. Due to the negative parameters stated above, prices offered by ship recyclers have reduced by about USD 10/LT LDT. In view of the low supply situation, we would expect ship recyclers to maintain the same price levels and we could expect some price improvements as we get closer to Eid.

**TURKEY** –Weak demand in the local steel market is putting the prices under pressure and domestic scrap prices have declined this week by about USD 10-15/MT. There is a cautious mood amongst the traders where they are not currently purchasing and are pushing for lower prices. Turkish Lira has come under renewed pressure recently. Outcome of elections next month could substantially affect monetary and fiscal direction. Prices offered by ship recyclers remain unchanged mainly due to the scarce availability of fresh tonnages. We would expect prices 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** – Supply of fresh tonnages for recycling continues to be slow with some candidates seen from dry and container segment.

**MARKET OUTLOOK** – Supply of fresh tonnage is expected to be scarce since freight across all segments – Wet, Dry and Container are doing well. The recent announcement of oil production cut by OPEC+ would reduce some demand for tankers but the effect on freight rate is not expected to be significant enough to trigger recycling decisions. Moreover, longer term outlook of the tanker market continues to be bullish. There was lot of expectation of an improved overall demand after China eased Covid restrictions. However, such expectations are proving to be misplaced for the global steel industry. Chinese traders are offering their steel products for exports at discounted prices due to lower local steel demand in their country. This has resulted in softening of steel prices across the world market, and this has further resulted in reducing demand for steel since traders and mills would restrict steel purchases. However, a lower supply of tonnages would support prices offered for fresh tonnages by ship recyclers despite the presently prevailing weak sentiment in the local and global steel markets.



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### **GLOBAL – GENERAL NEWS –**

1. It is expected that iron ore prices could drop by as much as 25% by end of 2023 due to two factors – (a) slower steel demand and steel output in China in second half and (b) China prioritizes use of steel scrap for steel production.
2. In the USA, commercial bank deposits dropped further this week. US bank lending continued to contract. Tightening credit conditions could affect liquidity in businesses which could result in an increased fear of recession. The Fed would need to deal with the situation very carefully.

### **MAIN DEMOLITION SALES DATA FOR PERIOD APRIL 3<sup>RD</sup> – 7<sup>TH</sup>, 2023**

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks

### **MAIN DEMOLITION SALES DATA FOR PERIOD APRIL 1<sup>ST</sup> – 7<sup>TH</sup>, 2023**

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks

### **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 7 <sup>th</sup> )	02	2,801	07	71,678	0	0
April 2022	20	208,136	13	104,296	08	70,750
April 2021	16	144,320	21	240,621	13	142,380



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### 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	02	2,801	07	71,678	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	565	530	490
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

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

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
April 2023	565	575	610	595	565
April 2022	665	665	680	680	
April 2021	505	500	515	525	
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

### 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



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### **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.*