



DEMO MARKET REPORT & MARKET OUTLOOK – August 7, 2023

Report No. 31/314823/070823

COMMENTARY

INDIA – Local steel plate prices improved by USD 10/MT this week and import scrap prices improved by USD 7/MT. Local billet prices have improved by about USD 20/MT this week and billet exporters are holding back their sales in anticipation of price increase. However, local rebar prices continued to be under pressure and further reduced by USD 5/MT this week due to poor local demand because of which traders are avoiding restocking for post monsoon orders. In view of lack of finished steel demand, it would need to be seen whether the increase in billet prices and local steel plate prices seen this week are sustainable for secondary steel mills and whether they continue at same levels in coming weeks. Indian Rupee lost ground against the US Dollar this week by 0.60% which is a direct impact of USD interest rate increase last week and a tightening oil market. However, considering that RBI is sitting on forex reserves of USD 600 billion, the RBI could keep the currency rate, range bound except of course there is commodity crises. Prices offered by Ship recyclers thus continued at about the same levels as there is still an element of caution amongst ship recyclers but given local steel plate increase seen this week, we may see an exceptional deal where some ship recyclers are willing to improve their offers marginally.

PAKISTAN – Imported scrap prices have increased by about USD 7/MT this week though there are hardly any deals being confirmed due to poor rebar market. Local rebar prices have increased this week due to a recent increase in power tariffs, however there is resistance in acceptance of these prices by consumers. Much against the expectation and suggestion from IMF on interest rate hike, the State Bank of Pakistan (SBP) has kept interest rate unchanged at 22% though it was also mentioned that the nation will maintain an aggressive policy rate even as nation's inflation reduced for a second straight month in July. There have not been any deals of fresh tonnages of recycling being confirmed so far. We know that some ship recyclers have been working to procure fresh tonnages for recycling but high margin requirement, high interest rate of 25% pa are posing huge challenge and with Bangladesh market dropping there is a wait and watch attitude seeping in now.

BANGLADESH –While the local steel plate prices and imported scrap prices have marginally improved by USD 2-3/MT this week, sentiments of local recyclers have been weak due to a weak local steel market as well as an unclear direction of global market this week. Apart from that in today's market where LC opening is a herculean task due to foreign exchange problems, any ship recycler who can open LC would offer a lower price for fresh tonnages. Prices paid for bulkers this week by ship recyclers have been substantially lower by about USD 35-40/ LT LDT



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(mainly as there were a few unsold bulkers at the anchorage) although prices for containers were lower by about 20-25/LT LDT. Considering that growing number of US garment retailers prefer not to rely on China for their supplies due to growing diplomatic problems, Bangladesh garment industry (its highest earner of foreign exchange) would stand to gain and will give the country good support to overcome foreign exchange problem over a medium to long term period. As the foreign exchange problem is not expected to be sorted out anytime soon, we would expect prices offered by ship recyclers to be at these lower levels.

TURKEY – Domestic scrap prices as well as imported scrap prices registered an average increase of about USD 5/MT this week. There is a low demand for long products in local as well as Turkish export market where the producers had to reduce the prices before they could make sales this week. Local rebar prices reduced by USD 5-10/MT this week. Some Turkish mills reduced ship scrap procurement prices by USD 5/MT while some others continued same levels as last week. Turkish Lira was broadly stable against the US Dollar this week. Prices offered by ship recyclers continued to be at the same levels as last week. Tax hikes introduced last month to bridge the budget deficit have pushed up inflation in July to 64% from 55% in June. The government has revised its year end inflation projection to 58% from its previous estimate of 22.3%. Given the present local steel market situation we would expect prices offered by ship recyclers to be 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 tonnage was slow but seems comparatively better. We saw a mix of candidates from container and dry segment. It must be said that the flow of fresh tonnages appears to be comparatively better because Bangladesh recyclers are facing huge LC problems and thus there are not many buyers of fresh tonnages. Recyclers from Pakistan have not been buying for a long time now.

MARKET OUTLOOK – In the container segment, secondhand values across all sizes have declined this week and secondhand buyers are not ready to pick up units yet. Though, in terms of employment of tonnages, demand has been fair across all sizes except for feeder sizes specially for older 1700 TEU. The tanker segment's secondhand sales activity was quiet, and the



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segment saw weaker freight rates this week in crude whereas in product tankers clean had a positive week and dirty had a quiet week. The dry segment had a generally good week in terms of freight rates but limited activity in the secondhand market. Given the present good position in freight and secondhand markets, we would expect supply to be slower this month and to add to that Bangladesh LC problems will discourage ship owners from sending tonnages for recycling.

GLOBAL – GENERAL NEWS

1. Greece – In a very heartening news, Scope ratings restored the country’s status to investment grade. It is a great turnaround with a lot of efforts of 13 years from 2010 when country’s investment grade was rated to junk in 2010. Our congratulations!
2. Oil supply was tightened with a production cut of 1 million bpd by Saudi (in addition to 0.30 million bpd production cut by Russia) just as the global fuel consumption is recovering. IEA, sees a shortage of about 1.7 million bpd in the second half of 2023.
3. UK – Bank of England raised interest rate this week by a quarter of percentage. The consumer price inflation is still high at 9.2% as against the government target of 2% and core inflation was 6.9%.

MAIN DEMOLITION SALES DATA FOR PERIOD August 1st – August 5th, 2023

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Container	MSC Lana II	1999	29240	10351		Alang
Container	SOL Straits	1997	22900	7772		Alang, incl ROB 250T
Bulker	Great Wenwu	1994	68621	9759		As is China
Container	MSC Ermina	1993	56152	17695	500	Alang

STATISTICS

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

Year	INDIA		BANGLADESH		PAKISTAN	
	Vessels	LDT – LT	Vessels	LDT – LT	Vessels	LDT – LT
August 2023	00	00	03	16,537	00	00
August 2022	03	29,789	16	92,318	00	00
August 2021	16	84,481	21	154,186	12	69,133



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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	08	76,719	17	83,775	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 August in Current Year Vs Previous Years

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
Aug 2023	495	500	535	510	475
Aug 2022	540	545	575	555	
Aug 2021	565	555	635	590	
Aug 2020	335	325	365	350	

**(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 August in Current Year Vs Previous Years

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
Aug 2023	515	515	585	575	555
Aug 2022	605	600	635	620	625
Aug 2021	595	585	615	620	
Aug 2020	360	345	370	370	

**(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 August in Current Year Vs Previous Years

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
Aug 2023	<i>Due to foreign exchange problem, ship recyclers are not able to establish LCs</i>				
Aug 2022	550	545	580	560	
Aug 2021	595	585	600	620	
Aug 2020	375	365	370	380	

**(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 August in Current Year Vs Previous Years

Year	DRY	WET	CONTAINER
Aug 2023	300	310	320
Aug 2022	250	260	270
Aug 2021	260	265	270
Aug 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.