



## **DEMO MARKET REPORT & MARKET OUTLOOK – December 18, 2023**

Report No. 49/11151223/181223

### **COMMENTARY**

**INDIA** – Local steel market is still not firm although prices have remained broadly same this week. Though, a limited supply of fresh tonnages is resulting in higher prices being offered by some ship recyclers. Local steel plate prices marginally increased by USD 3/MT whereas imported scrap price remained unchanged this week. Local billet prices have marginally increased by USD 5/MT in line with rebar price increase. However, the construction grade steel market is still not certain. The export market for billet has shown some improvement allowing for some additional movement of stocks. The country has significantly reduced its trade deficit in November to USD 20.58 billion from USD 31.4 billion in October. In addition, easing of the crude prices are two factors that will ease pressure on Indian Rupee. As of today, India seems to be the favored nation for foreign investors in the emerging markets. Prices offered by ship recyclers improved this week by about USD 5-10/LT LDT. Supply of fresh tonnages is very limited which is also resulting in higher prices being offered by ship recyclers. We may see prices hold the same levels with a possibility to marginally firm up if the supply of fresh tonnages continues to be low.

**PAKISTAN** – Demand for finished steel has improved slightly this week which brings in some positivity. Although, prices in the local market for scrap equivalent to shredded as well as rebar prices continued at same levels. Imported scrap prices also broadly continued at the same levels with limited bookings being made by traders. Lack of availability of foreign exchange continues to pose difficulties for importers of fresh tonnages for recycling as well as scrap traders. The country is expecting to get approval for disbursement of USD 700 million from IMF in the second week of January. After having raised interest rate by 600 basis points since January 2023, the Central bank continued to keep the same interest rate for fourth straight meeting. There is not much activity from ship recyclers in procuring tonnages for recycling. Prices offered by ship recyclers continued at the same levels this week and are likely to continue at the same levels partly because there would not be many buyers due to foreign exchange problems.

**BANGLADESH** – Local steel market continues to be slow due to which there is limited demand of finished steel products. Local steel plate prices and local scrap prices have continued at about the same levels but there are very few ship recycling yards willing to sell at the present lower level of prices. Lack of demand makes it difficult for ship recycling yards to achieve better prices. Foreign exchange problems continue, thus making it difficult for willing ship recyclers to be able to purchase fresh tonnages. The country recently got final approval of IMF for loan disbursement of USD 690 million which will help the country improve its foreign reserves position. The prevailing exchange rate against the USD has marginally improved to 109 Bangladeshi Takka this



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week. However, the government may likely make the exchange rate fully market based in early 2024 because of which the local currency could substantially weaken against the US Dollar. Ship recyclers are not very keen to purchase fresh tonnages in view of foreign exchange problems and prevailing local steel markets and prices are expected to continue at the same levels.

**TURKEY** – The big surge seen in imported scrap prices now seems to be over. Imported scrap prices, which increased by USD 35- 40/MT over a period of last three weeks have decreased this week by USD 5/MT. Local steel plate prices have also stabilized. There is a sluggish demand in the local market for finished steel products. The local industry and trade are finding it difficult to adjust to the increased cost of funds and they have been expressing their difficulties to the Central Bank Governor. With a benchmark interest rate of 40%, the weighted average interest rate of commercial banks has risen to 53% and it is expected that the benchmark interest rate may be raised further at the Central Bank meeting this month. Prices offered by ship recyclers continued at the same levels this week and are likely to continue at the same levels.

**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** – There have been comparatively more vessels circulated in the market this week which is still a mix of dry and container segment. However, we have not seen proportionate deals concluded this week by Ship Owners.

**MARKET OUTLOOK** – In the Dry segment, charter rates were mixed across sizes with Capes and handy sizes experiencing an increase in rates this week. If the pressure on rates in dry market continues for more weeks consistently, we could see some tonnages being pushed towards recycling. In the Container segment, same story continues as has been going on for several weeks where smaller sized feeders are experiencing low demand and resultant pressure on rates, but Panamax, Post Panamax sizes and modern tonnages continue to enjoy good demand. It must be noted that there are still some Chinese buyers who are interested in secondhand tonnages at lower prices. Tanker segment freight rates were under pressure in the crude whereas product tankers experienced a comparatively better market. Smaller sized container vessels and dry appear promising segments from recycling point of view in the short term. Since the supply of



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tonnages for recycling has been limited for a long time now, the initial set of tonnages that would be concluded will still be able to enjoy better rates.

### **GREEN RECYCLING:**

1. COP28 concluded this week with an agreement to “transition away from fossil fuels, triple renewable energy, and increase climate finance for vulnerable”. Optimists view this agreement as historic because it is recognized for the first time that the world needs to transition away from fossil fuels. Although, small island developing states are saying it is too little, too late.
2. In January 2024, EU’s Emissions Trading System will be extended to cover CO2 emissions from all large ships (=>5000GT) entering EU ports regardless of the flag they fly. Shipping Companies will have to surrender allowances for a portion of emissions (in 2025: 40% of 2024 reported emission, in 2026: 70% of 2025 reported emissions, 2027 onwards:100% of reported emissions).

### **GLOBAL OUTLOOK:**

1. Increase on attacks of ships in the Red Sea due to the ongoing war between Israel and Hamas is a matter of concern and is affecting sentiments and decision of Ship Owners to undertake voyages on that route.
2. Interest Rate Cuts – USA, Europe and follow on effect in other countries – For all the news this week of possible rate cuts, it should also be noted that Fed and ECB have indicated that there may not be any rate cut in the first quarter of 2024.

### **MAIN DEMOLITION SALES DATA FOR PERIOD Dec 11<sup>th</sup> – Dec 15<sup>th</sup>, 2023**

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
MPP	Corsica	2001	6404	3926		As is Singapore, damaged
Bulker	Jin Hai Xi	1995	28615	5937	506	Alang
General Cargo	Shun Shin	2005	2508	520		Ctg
MPP	Yi Cheng 58	1985		4301	490	Ctg
Tween	Star 1	1985	7120	1960	450	As is UAE



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### MAIN DEMOLITION SALES DATA FOR PERIOD December 1<sup>st</sup> – December 15<sup>th</sup>, 2023

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
MPP	Ying Sheng	2006	10221	3868		Ctg
Container	SSL Delhi	2000	33912	10669		As is Jebel Ali
Container	TJ Orhan	1998	20631	7360	560	Alang
MPP	Corsica	2001	6404	3926		As is Singapore, damaged
Bulker	Jin Hai Xi	1995	28615	5937	506	Alang
General Cargo	Shun Shin	2005	2508	520		Ctg
MPP	Yi Cheng 58	1985		4301	490	Ctg
Tween	Star 1	1985	7120	1960	450	As is UAE

### STATISTICS

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

Year	INDIA		BANGLADESH		PAKISTAN	
	Vessels	LDT – LT	Vessels	LDT – LT	Vessels	LDT – LT
Dec 2023	04	25,140	02	8510	01	10,957
Dec 2022	09	75,632	08	47,003	02	10,270
Dec 2021	18	123,947	19	206,668	10	45,966

#### VESSELS AND QUANTITY LDT BEACHED IN INDIAN SUBCON – QUARTER 4 2023, 2022, 2021.

Year	INDIA		BANGLADESH		PAKISTAN	
	Vessels	LDT – LT	Vessels	LDT – LT	Vessels	LDT – LT
2023	33	257,154	21	114,623	03	42,700
2022	27	271,729	32	236,479	08	45,548
2021	55	403,434	57	572,571	34	234,511

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

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
Dec 2023	495	510	555	515	490
Dec 2022	515	530	575	530	
Dec 2021	555	545	620	580	
Dec 2020	415	405	445	425	

\*(a) (Prices LT/LDT, less 3% Add Comm) (b) We have introduced VLCC as a separate item in Wet segment from Jan 2023



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

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
Dec 2023	520	520	535	520	495
Dec 2022	530	520	560	550	
Dec 2021	620	610	640	640	
Dec 2020	445	430	450	450	

*\*(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 December in Current Year Vs Previous Years**

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
Dec 2023	525	525	540	535	505
Dec 2022	550	540	580	560	
Dec 2021	605	595	615	625	
Dec 2020	435	420	435	445	

*\*(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*

### **TURKEY - Indicative Price Levels for December in Current Year Vs Previous Years**

Year	DRY	WET	CONTAINER
Dec 2023	350	360	370
Dec 2022	280	290	300
Dec 2021	320	330	340
Dec 2020	250	260	270

*\*(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.*