



DEMO MARKET REPORT – FEBRUARY 2022 & MARKET OUTLOOK

COMMENTARY

INDIA – First half of the month was more or less stable with local steel plate prices maintaining same levels and local recyclers offering a marginal improvement in prices for fresh tonnages. However from third week, we saw local steel plate prices improving along with prices of imported scrap which was about USD 10-12 per MT. There was a better increase noted in prices offered by Ship Recyclers for fresh tonnages by about USD 30 per MT **during the first 3 weeks** which was due to shortage of fresh tonnages in addition to increased local steel prices. The Union budget for 2022-23 announced has planned and provided funds for improving domestic infra-structure such as roads, construction, railways – all of which will result in improved steel demand all through the year. **From 4th week onwards** there has been a major increase due to Russian invasion of Ukraine on February 24th. Local steel plate prices have increased by USD 65 per MT triggered by new increased cost of coal, oil and resultant indirect cost impacts. There has been also an increase in export enquiries due to reduced steel availability from Russia and Ukraine. Imported scrap prices have increased by USD 48 per MT since February 24th. On similar lines, prices offered by Ship Recyclers for fresh tonnages further improved by another USD 25 per MT which is in spite of a drop in Rupee exchange rate against USD by about 2.25%. Considering that present Russia-Ukraine war would end within next week, speculative price increases will settle down though increased costs due to supply disruption as a result of sanctions and war damages will persist. We should expect marginal softening of prices in second half of March as the speculative increases due to war would cool down. We do not want to spell catastrophic impact of other countries being drawn into the Russo-Ukrainian war.

PAKISTAN – Local steel markets during major part of the month was mostly stable with not much demand from local steel mills. Imported scrap prices increased by about USD 20 per MT in the first half of the month. However prices offered by ship recyclers for fresh tonnages registered a much more impressive increase of about USD 40 in the first 3 weeks and an increase of another USD 15 per MT till date. As such, increase in prices for fresh tonnages is mainly on lines of scarce supply of fresh tonnages along with increased prices being offered by Bangladesh and increase in prices of imported scrap. There is skepticism on whether these high prices will continue for long term. The currency has been broadly stable during the month. Even though supply of fresh tonnages would continue to be slow, speculative price increase should likely cool down due to which we should see marginal softening of price during second half of the month.



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BANGLADESH – Local steel plate prices have improved substantially by about USD 55 per MT during the month till date out of which about USD 40 per MT price increase was after the Feb 24th. Improvement in demand, increase in energy costs and supply disruptions impact are the main reasons for price increases. Prices of imported scrap has increased by USD 45 per MT and the entire increase has been in the last week. Increase in energy costs and supply disruptions are the new variables that have resulted in price increases with old variable of low supply of fresh tonnages continuing. Prices offered by Ship Recyclers improved by about USD 45 per MT during the month. Price increase due to speculative tendencies will settle down due to which there would be a marginal softening of prices in the second half of the month.

TURKEY- This has been an abnormally good month in terms of prices being offered by Ship recyclers for fresh tonnages. There has been an increase of about USD 60 per MT in prices offered by Ship recyclers out which increase of USD 40 per MT is after start of Russo-Ukrainian war. Turkish Lira lost about 3% against the USD during the month. Due to its geographical position, Turkey has close export and import ties with Ukraine due to which a lot of raw materials for iron and steel industry is procured from Ukraine. Prices of imported scrap has increased by USD 110 per MT out of which USD 80 per MT increase has been after Feb 24th. We would expect prices offered for fresh tonnages to continue at about 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 – Overall supply of fresh tonnage continued to be low during the month though we did see some dry units being offered for recycling which was not seen in previous months. High scrap prices being offered have attracted many owners to consider scrapping their vintage candidates in dry sector where there was a negative pressure on freight earnings in some categories. Tanker owners are preferring to wait and watch before sending their tonnages for recycling in view of expected improvement in tanker freight rates.

OUTLOOK FOR MARCH – Russo-Ukrainian war has pushed up commodity market from Oil & gas to Metals. The impact is likely to continue for some time even after the war ends due to which generally commodity prices would be able to maintain the present momentum at least for this



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month. There are two other important news that would likely impact ship recycling market – (a) At its annual parliamentary session, China has announced that economic growth and energy security come first before climate goals which could mean more steel mills will be operational pushing up the supply of steel from second quarter onwards (b) Iran has paved way for sanction relief by agreeing to help end a contentious nuclear investigation removing one of the final hurdles to an atomic deal basis which we could see Iranian Oil return to market in third quarter. This will result in lower energy costs plus many vintage tankers being pushed for recycling.

We would expect prices offered for fresh tonnages to marginally drop during the second half of the month. However, we could expect a steeper drop in prices from mid-second quarter due to multiple factors.

MAIN DEMOLITION SALES DATA FOR FEBRUARY 2022

| Type | Name of Vessel | Built | DWT | LDT | Price | Remarks |
|-----------------|------------------------|-------|--------|-------|--------|---|
| Bulker | Alam Cetus | 2003 | 171009 | 23982 | 635 | As is Singapore / Batam. Buyers can trade for few voyages prior recycling |
| Bulker | Berge Aoraki | 2002 | | 21221 | 642 | Ctg, HKC |
| Bulker | Cape Enterprise | 2003 | 185909 | 22043 | 650 | Alang, HKC, incl 1000 MT ROB |
| Heavy Load RORO | Ocean Force | 1983 | 4393 | 2528 | 197.75 | As is Delaware |
| LPG | Gas Komodo | 1991 | 56875 | 18551 | 680 | Ctg, En Bloc |
| Pass/CGO/RORO | Piri Reis Universitesi | 1983 | 1750 | 6615 | 488 | As is Istanbul |
| Passenger | Carnival Ecstasy | 1991 | 7200 | 30140 | | Aliaga, EU HKC Recycling |
| Platform | Noble Clyde Boudreaux | 1987 | 19770 | 12870 | | As is Indonesia |
| Tanker | Al Salam | 2001 | | 9409 | 665 | Gadani incl 550 MT IFO |
| Tanker | Aristos | 2004 | | 10534 | 675 | Ctg |
| Tanker | Bull Damai 1 | 2004 | 111928 | 19132 | 670 | Ctg |
| Tanker | Halcon Trader | 2016 | 22041 | 6144 | | Alang, explosion damage |
| Tanker | Harmony | 1999 | 35931 | 8356 | 650 | As is Colombo, incl 200 MT IFO & 40 MT MGO |
| Tanker | Mikines | 2003 | 106208 | 21383 | | Have right to trade few voyages before recycling |
| Tanker | New Inspiration | 2002 | | 40737 | 655 | Gadani |
| Tanker | Nusa Merdeka | 2003 | 104875 | 17297 | 670 | Ctg |
| Tanker | Petrogaruda | 2003 | | 19016 | | Ctg |
| Tanker | Thuraya | 1999 | | 11916 | 655 | Gadani |



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STATISTICS

VESSELS AND QUANTITY LDT BEACHED IN INDIAN SUBCON – IN FEBRUARY 2022, 2021, 2020

| | INDIA | | BANGLADESH | | PAKISTAN | |
|------|--------|----------|------------|----------|----------|----------|
| | Vessel | LDT - LT | Vessel | LDT – LT | Vessels | LDT – LT |
| 2022 | 16 | 88,552 | 10 | 80,626 | 07 | 70,005 |
| 2021 | 12 | 91,163 | 25 | 347,273 | 06 | 22,294 |
| 2020 | 21 | 17,220 | 21 | 317,588 | 07 | 20,126 |

VESSELS AND QUANTITY LDT BEACHED IN INDIAN SUBCON – UPTO FEB 2022, 2021, 2020

| | INDIA | | BANGLADESH | | PAKISTAN | |
|------|--------|----------|------------|----------|----------|----------|
| | Vessel | LDT – LT | Vessel | LDT – LT | Vessels | LDT – LT |
| 2022 | 25 | 138,349 | 31 | 317,127 | 17 | 168,573 |
| 2021 | 40 | 319,018 | 35 | 508,612 | 12 | 99,725 |
| 2020 | 53 | 235,046 | 39 | 495,294 | 12 | 31,999 |

Indicative Price Levels for end of February in Current Year Vs Previous Years

| India | Year | DRY | | | WET |
|-------|----------|------------|----------|-----------|--------|
| | | Cape / Pmx | Handymax | Container | Tanker |
| | Feb 2022 | 600 | 665 | 625 | 605 |
| | Feb 2021 | 420 | 410 | 465 | 445 |
| | Feb 2020 | 390 | 380 | 425 | 400 |
| | Feb 2019 | 415 | 405 | 455 | 430 |

Indicative Price Levels for end of February in Current Year Vs Previous Years

| Bangladesh | Year | DRY | | | WET |
|------------|----------|------------|----------|-----------|--------|
| | | Cape / Pmx | Handymax | Container | Tanker |
| | Feb 2022 | 655 | 680 | 680 | 665 |
| | Feb 2021 | 455 | 445 | 460 | 460 |
| | Feb 2020 | 380 | 365 | 390 | 385 |
| | Feb 2019 | 450 | 430 | 475 | 460 |



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Indicative Price Levels for end of February in Current Year Vs Previous Years

| Pakistan | Year | DRY | | | WET |
|----------|----------|------------|----------|-----------|--------|
| | | Cape / Pmx | Handymax | Container | Tanker |
| | Feb 2022 | 650 | 660 | 670 | 655 |
| | Feb 2021 | 455 | 445 | 455 | 460 |
| | Feb 2020 | 385 | 375 | 390 | 395 |
| | Feb 2019 | 440 | 425 | 445 | 450 |

Indicative Price Levels for end of February in Current Year Vs Previous Years

| Turkey | Year | DRY | WET |
|--------|----------|-----|-----|
| | Feb 2022 | 370 | 370 |
| | Feb 2021 | 245 | 255 |
| | Feb 2020 | 240 | 245 |
| | Feb 2019 | 270 | 275 |

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.