



DEMO MARKET REPORT & MARKET OUTLOOK – Feb 20, 2023

Report No. 12/13170223/2002023

COMMENTARY

INDIA – There has been an improvement in local steel plate prices of USD 12/MT though due to prevailing volatility, we will need to see if prices remain at these levels or retreat to previous levels. Imported scrap prices have marginally softened by USD 5/MT but traders are staying quiet due to volatile local rebar market and low demand from secondary mills resulting in inventory buildup. Local billet prices have also softened by about USD 5/MT. Exports of billets from India has also slowed down due to lower demand and export prices are under pressure due to competition from China and Russia. There is still low supply of fresh tonnages and bullish sentiments about the local steel market amongst some market players. Ship recyclers presently remain cautious in improving prices offered by them over the previous week due to volatility in the local market.

PAKISTAN – The Government has announced an increase in sales tax rate by 1% taking it to 18% which would result in increased costs. This increase in sales tax (also on luxury goods sales tax has been increased by 8%) is a key step to meet IMF requirements before \$6.5 billion loan package can be disbursed. There is no change in the foreign exchange problems being faced in the country due to which L/C opening problem continues. Traders and manufacturers of steel are presently in tight spot since raw material and production costs are increasing on one hand and on the other hand end buyers (Association of builders and developers) are pressurizing them to reduce prices before they would resume purchasing of steel products. Ship recyclers are trying to explore the feasibility of alternate models of financing for payment of ship purchase and the result of which remains to be seen. Due to foreign exchange problems, ship recyclers are not able to purchase any fresh tonnages and this situation is likely to continue for a few weeks.

BANGLADESH – Local steel plate prices have improved during the last week and are back at levels seen at the beginning of February. Domestic scrap price level though improved is still lower than prices seen at beginning of February. The Foreign exchange problem continues but we have seen that there are some ship recyclers who have been able to manage foreign exchange and purchase fresh tonnages though these transactions are few. On an overall basis, the country is now opening about 2000 -2200 L/Cs per day as against 1000 L/Cs per day about two months earlier. Prices offered by ship recyclers have improved this week by about USD 20 / LT LDT during the week and we would expect prices to stay at these levels with a possibility to marginally increase.



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TURKEY – Imported scrap prices have reduced by about USD 10/MT during the week mainly due to quiet market conditions due to natural disaster faced by the country. There are big steel mills in the region affected by earthquake which has also reduced demand for scrap. Rebar and wire rod prices in the domestic market have dropped by about USD 5/MT due to slower activity levels but these may soon change to an expectation that government will be buying substantial quantity of rebars over next 3-4 months. Local billet prices have increased due to limited availability as there is an expectation of big demand increases for steel that would be required for reconstruction activities. Prices offered by ship recyclers remain unchanged and we would expect prices to continue to be 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 – Supply of fresh tonnages for recycling continues to be slow but even within that candidates from dry segment form a bigger share of fresh tonnages being offered for recycling.

MARKET OUTLOOK – The tanker freight market on an overall basis continues to be stable though demand for product tankers in the secondhand market has been comparatively subdued. In the dry segment handy sizes have been doing better while Supramax and Panamax category still having a possibility of freight improvements but freight for Cape sizes has dropped substantially with lesser signs of freight improvement possibility anytime soon. Containers are expected for recycling but it will be spread over 2023 -24 since new buildings will be delivered during this period. Overall, supply will still not be up to the market appetite which would support stronger prices being presently seen for fresh tonnages.

GREEN RECYCLING:

1. Portugal is now the 20th member state that has ratified the Hong Kong Convention for Safe and Environmentally Sound Recycling of Ships (HKC). It is definitely a very important step demonstrating Portugal's commitment to safety of environment and workers. However, we are still left with two of the conditions of HKC that still needs to be complied before all the conditions are met.



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GLOBAL – GENERAL NEWS –

1. Consumer spending in USA continued to increase due to which Fed may still decide to continue with interest rate hike. This is strengthening the US Dollar against global currencies.
2. Central banks in China have added biggest amount of cash (on record) in their banking systems to avoid a liquidity squeeze.
3. Relatively milder winter weather, efforts to control consumption and strong supplies of LNG from other parts of the world has resulted in gas prices reducing by 80% from the highs seen in August last year. Continuation of these factors will help reduce energy costs and inflation for Europe and many other developing countries.

MAIN DEMOLITION SALES DATA FOR PERIOD FEB 13th FEB – 17th, 2023

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
LNG	Seapeak Arctic	1993	48857	23668	643	Ctg - Aluminum content 3678 MT
Container	Tanto Sentosa	1984	6829	2726		As is Malaysia
Tanker	Da Qing 349	1999		9828	500	As is China
Bulker	Rio Balsas	1992	94191	14224	570	Ctg /Alang - Buyer's Option- High non-ferrous content. Vsl converted from tanker
Container	Xiumeni Shanghai	1997	22264	7282	640	Ctg - Incl 300 MT Bunkers
Container	OEL Shravan	1998	22020	7399		As is Colombo
Container	MSC Giovanna	1987	29623	11197	500	Alang, Strict HKC

MAIN DEMOLITION SALES DATA FOR PERIOD FEB 1ST – FEB 17TH, 2023

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
LPG	Gas Spirit I	1980	55173	20300		As is Fujairah
Tanker	Rose	1988	4287	1959		Ctg
Tanker	Rome	1998	4287	1959		Ctg
Bulker	Samc Responsibility	2003	175775	24181	520	As is China
Bulker	Jasmine 201	1999	73807	9928		Ctg
Heavy Lift	Kamo	1998		4426		Ctg - HKC
Bulker	Mahavir	2000	74005	10540	515	As is Colombo, we



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						believe that there is some ongoing court issue being worked upon
Container	MSC Floriana	1986	31205	8724	525	Alang, Strict HKC
Bulker	Ning Feng 316	1977	46585	11350		Ctg
Container	Bunga Mas Enam	1997	8668	4751	320	As is Malaysia, U/T
FSU	Nautica Muar	1992	39768	12164	426	As is Malaysia, U/T
Semi Sub Drilling	SS Pantanal	2010	16036	20663	742	As is Labuan
Bulker	Rio Balsas	1992	94191	14224	570	Full range subcon option
Ropax	Konpira No. 2	1989	2168	3488	400	Ctg
Bulker	Sea Win	1996	45693	7528		Ctg
Container	Bali	1998	34325	9991		Ctg
Dredger	Hang Jun 12	1998	2797	1351		Ctg
LNG	Seapeak Arctic	1993	48857	23668	643	Ctg - Aluminum content 3678 MT
Container	Tanto Sentosa	1984	6829	2726		As is Malaysia
Tanker	Da Qing 349	1999		9828	500	As is China
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STATISTICS

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

	INDIA		BANGLADESH		PAKISTAN	
	Vessel	LDT – LT	Vessel	LDT – LT	Vessels	LDT – LT
2023 (Till 17th Feb)	07	54,147	06	35,998	00	00
2022 (Till month end)	16	88,552	10	80,626	07	70,005
2021 (Till Month end)	12	91,163	25	347,273	06	22,294



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VESSELS AND QUANTITY LDT BEACHED IN INDIAN SUBCON – UPTO FEB 2023, 2022, 2021

	INDIA		BANGLADESH		PAKISTAN	
	Vessel	LDT – LT	Vessel	LDT – LT	Vessels	LDT – LT
2023 (Till 17th Feb)	23	170,347	21	89,673	05	81,638
2022 (Till month end)	29	149,944	31	317,128	17	168,573
2021 (Till month end)	40	319,018	35	513,612	12	99,725

Indicative Price Levels for February in Current Year Vs Previous Years (Prices LT/LDT, less 3% Add Comm)

India	Year	DRY			WET	
		Cape / Pmx	Handymax	Container	Others	VLCC
(On 17th Feb)	Feb 2023	535	525	580	540	515
(Till month end)	Feb 2022	605	600	625	625	
(Till month end)	Feb 2021	420	410	465	445	
(Till month end)	Feb 2020	390	380	425	400	

**We have introduced VLCC as a separate item in Wet segment from Jan 2023 onwards*

Indicative Price Levels for February in Current Year Vs Previous Years (Prices LT/LDT, less 3% Add Comm)

Bangladesh	Year	DRY			WET	
		Cape / Pmx	Handymax	Container	Others	VLCC
(On 17th Feb)	Feb 2023	565	575	635	605	575
(Till month end)	Feb 2022	665	655	680	680	
(Till month end)	Feb 2021	455	445	460	460	
(Till month end)	Feb 2020	380	365	390	385	

**We have introduced VLCC as a separate item in Wet segment from Jan 2023 onwards*

Indicative Price Levels for February in Current Year Vs Previous Years (Prices LT/LDT, less 3% Add Comm)

Pakistan	Year	DRY			WET	
		Cape / Pmx	Handymax	Container	Others	VLCC
(On 17th Feb)	Feb 2023	555	545	585	565	520
(Till month end)	Feb 2022	655	650	670	670	
(Till month end)	Feb 2021	455	445	455	460	
(Till month end)	Feb 2020	385	375	390	395	

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Indicative Price Levels for February in Current Year Vs Previous Years (Prices LT/LDT, less 2% Add Comm)

Turkey	Year	DRY	WET	CONTAINER
(On 17th Feb)	Feb 2023	300	310	320
(Till month end)	Feb 2022	370	370	
(Till month end)	Feb 2021	245	255	
(Till month end)	Feb 2020	240	245	

***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.