



DEMO MARKET REPORT & MARKET OUTLOOK – July 1, 2024

Report No. 77/24280624/010724.

COMMENTARY

INDIA – A downtrend in local steel market seen over previous two weeks got reiterated this week as the prices across the steel products dropped further except for local steel plate prices which have just been able to end the week at same price levels after seeing a temporary drop mid-week. Compared to the much deeper downturn in the local steel market, prices offered by ship recyclers have reduced much lesser by only USD 5-10/LT LDT this week due to slow supply of fresh tonnages for recycling. Local scrap prices were reduced by USD 14/MT this week whereas imported scrap prices remained at same levels (*though traders are not showing much interest in buying imported scrap for now*). Demand for finished steel products is weak and secondary mills are cutting down their production. Except if there is a big announcement in the upcoming national budget, we would not expect an immediate change in market sentiments. Though, the local currency reached historic lows this week, India now has fourth biggest foreign exchange reserve in the world and considering central bank approach, there would not be any major appreciation and depreciation in local currency against the USD, except if there is a policy change which seems less likely. With inflation still at 4.75% in May (above the 4% target), any rate cut may not be expected soon even though there are signs that it could be hurting economic growth. A container vessel sold this week fetched a price better than the expected market levels which is mainly due to the low supply of fresh tonnages for recycling. Considering the present market situation, we would expect prices to be under marginal pressure.

PAKISTAN – There was a slow start to the local steel market this week after the Eid holidays. There has been a lower demand in the steel market but whether this is because the market has not fully resumed will be clear next week. Very hot weather conditions are also not helping the market. Imported scrap prices as well as local scrap equivalent to shredded prices were just a shade lower compared to prices before the Eid holidays. Government has changed rules whereby companies (*which includes steel companies*) in certain special economic zones (federally administered territories) which enjoyed tax exemptions would not be able to sell stocks outside the federally administered territories free of tax, which will help improve local steel prices to some extent. In the meanwhile, prices offered by ship recyclers remained unchanged this week. A small container vessel sold in Gadani this week at a lower price than what ship recyclers in India would have offered but it was sold to ship recyclers in Gadani due to convenience on vessel operational factors. There are only a few ship recyclers looking out to purchase fresh tonnages now. We would expect prices offered by ship recyclers to continue at the same levels with a tendency to get softer at times.



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BANGLADESH – Local steel market resumed after the Eid holidays on a softer note. Local steel plate prices reduced by USD 8/MT whereas local scrap prices reduced by USD 5/MT. Imported scrap prices registered a marginal increase but there was hardly any offtake at these prices as traders adopted a wait and watch approach. There is also a lower demand from steel mills at present. Prices offered by ship recyclers continued at the same levels this week. The country's central bank will be meeting in the third week of July to work on monetary policies for the next year. Country's inflation is still at about 9% which is much above targeted rate of 7.50% for 2024 due to which there could be a further interest rate hike. It should be noted that ship recyclers are already working in a very difficult business environment due to already increased costs, difficulty in obtaining foreign exchange, and the weakening exchange rate. We would expect prices offered by ship recyclers to continue at the same levels despite the slow supply of fresh tonnages.

TURKEY – Local steel market has remained broadly stable this week as the markets resumed after the Eid holidays. Domestic scrap prices remained unchanged though in USD terms prices reduced by USD 5/MT as the local currency weakened against the USD this week. Imported scrap prices increased by USD 5/MT this week but they are not expected to increase further. Prices offered by ship recyclers continued at the same levels this week. Supply of tonnages for recycling continues to be slow. The country has been removed from anti money laundering gray list which will help attract foreign capital. We would expect prices offered by ship recyclers 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 – Much fewer candidates circulated this week compared to last three weeks and neither did we see many deals concluded this week. Few of the units seen this week were circulated mainly from dry segment.

MARKET OUTLOOK – It has been a softer week in the tanker segment in terms of freight rates. The dry segment had a relatively softer week in terms of freight rates, but the position here was better than the tanker segment for the week. The dry segment continued to enjoy an active secondhand market despite freight market changes. The container segment is going strong in



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terms of freight rates and secondhand asset demand. Overall supply of fresh tonnages will be slow in the near short term, but we are also now looking at a slowing interest from ship recyclers to offer improved prices due to lower local steel demand in the ship recycling destination as well as onset of monsoon which slows down the production.

GREEN RECYCLING:

With HKC (The Hong Kong Convention for Safe and Environmentally Sound Recycling of Ships, 2009) coming into force in about a year, there is an increasing discussion on how the global regulation will be interpreted and implemented with reference to other international, regional and national regulations. It is a matter that should be thought and planned by all the stakeholders well in advance.

GLOBAL NEWS:

China: The country's factory activity (*which is important to deliver economic growth targets as the property sector is still in difficult times*) contracted for a second straight month and unless corrected, it could affect 5% growth target for 2024. Trade tensions with Europe and USA could be more detrimental to the economy for now, which needs improved factory activity levels.

With its huge production capacities in steel, lack of growth in the country would push manufacturers to increase steel exports at discounts with a spillover effect in international markets.

Since the monetary policies are not able to deliver, the country would probably introduce new fiscal policy measures to boost consumer confidence and thus achieve targeted economic growth.

MAIN DEMOLITION SALES DATA FOR 24th JUNE – 30th JUNE, 2024

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Container	Far East Grace	2007	7814	3584	515	Gadani
Bulker	Kmax Pro	1997	48227	7226		As is Malaysia
Fishing Vessel	Ossora	1988	277	937	600	Alang



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MAIN DEMOLITION SALES DATA FOR PERIOD 1st June – 30th June, 2024

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Container	Contship Pro	2003	12864	4852		Aliaga
Tanker	Serano II	1999	106552	16290		Ctg
Container	MSC Tia II	1999	29250	9020	570	Alang
Container	MSC Grace F	1991	17298	7555	545	Alang, incl approx 150T bunker
Reefer	Wan Tong	1990	11633	4897	425	As is Taizhou
Reefer	Tropical Sky	1986	11947	5358	545	Alang
Bulker	Moshtaraka 2	1995	94274	14398	abt 540	As is Khorfakkan, incl 450T bunkers
Container	Far East Grace	2007	7814	3584	515	Gadani
Bulker	Kmax Pro	1997	48227	7226		As is Malaysia
Fishing Vessel	Ossora	1988	277	937	600	Alang

STATISTICS

VESSELS AND QUANTITY LDT BEACHED IN INDIAN SUBCON – IN JUNE 2024,2023, 2022.

Year	INDIA		BANGLADESH		PAKISTAN	
	Vessels	LDT – LT	Vessels	LDT – LT	Vessels	LDT – LT
June 2024	10	59,527	10	85,662	01	7,700
June 2023	09	75,847	16	97,108	0	0
June 2022	12	74,118	06	49,757	04	19,774

VESSELS AND QUANTITY LDT BEACHED IN INDIAN SUBCON – QUARTER 2 2024, 2023, 2022.

Year	INDIA		BANGLADESH		PAKISTAN	
	Vessels	LDT – LT	Vessels	LDT – LT	Vessels	LDT – LT
2024	25	186,634	46	307,251	10	65,789
2023	25	196,317	53	402,696	0	0
2022	48	464,921	29	208,236	19	166.087



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

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
June 2024	500	505	560	510	485
June 2023	505	510	540	530	495
June 2022	530	540	570	550	
June 2021	510	500	560	525	

**(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 June in Current Year Vs Previous Years

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
June 2024	545	545	570	565	530
June 2023	575	580	635	610	585
June 2022	570	570	590	590	
June 2021	580	570	590	595	

**(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 June in Current Year Vs Previous Years

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
June 2024	520	525	540	535	505
June 2023	505	510	535	520	485
June 2022	555	550	570	570	
June 2021	575	565	580	590	

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

TURKEY - Indicative Price Levels for June in Current Year Vs Previous Years

Year	DRY	WET	CONTAINER
June 2024	340	350	360
June 2023	330	340	350
June 2022	240	260	250
June 2021	280	285	290

**(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.