



DEMO MARKET REPORT & MARKET OUTLOOK – July 17, 2023

Report No. 28/1014723/170723

COMMENTARY

INDIA – Local steel plate prices have reduced by a significant USD 20/MT this week while imported scrap prices have dropped by USD 5/MT. Local demand for steel continues to be weak and is affecting local steel plate prices. Billet prices in the local market dropped by about USD 28-20/MT this week, however billet export prices were stable. Prices offered by ship recyclers have softened comparatively lesser by about USD 5-10/LT LDT. Indian Rupee recovered some lost ground against the USD this week due to weaker US job data, but we would need to see whether it can hold the ground as the foreign investors in the stock market (who have invested USD 13 billion since beginning of this year) feel that the Indian stocks are overvalued and there are better options for investments in other emerging markets. Scarce supply of fresh tonnages is the main factor due to which ship recyclers are maintaining current price levels. Considering weak local steel market and a generally lower expected demand during monsoon seasons, we would expect that prices offered by ship recyclers could soften this week.

PAKISTAN – The country's foreign exchange reserves have doubled after it received inflows of USD 4.20 billion this week. Apart from IMF loan, additional funding of USD 3.70 billion came in from Saudi Arabia and UAE. Banks continue to establish smaller value LCs (about USD 100k-200k) for raw materials and bigger value LCs up to USD 1-2 million is only being established for machineries and not for raw materials. Local demand for steel continues to be weak resulting in lower demand from mills for raw materials. Local steel prices continue at about same levels as last week, however prices of imported shredded scrap have reduced by about USD 5-10/MT this week. Considering present local steel market and demand, even if the LC problem was over today, ship recyclers would not be able to match prices given by Bangladeshi ship recyclers, but their prices would be better than India. Ship recyclers in Pakistan could pay about USD 50/LT LDT lower than their counterparts in Bangladesh. Local currency has marginally improved this week by 1%. Given that foreign exchange reserves have doubled, ship recyclers will be seeing a ray of hope for them to be able to offer for fresh tonnages sometime soon, though, exact time is not yet clear.

BANGLADESH – Local steel market has resumed this week after Eid holidays and local steel plate prices have remained at about same levels seen prior Eid holidays, but local melting prices have dropped by USD 14/MT. Prices of imported scrap have reduced by USD 6/MT and traders expect the prices to drop further. Sales in the local steel market are still slow and mills are operating below 50% capacity. Letter of Credit problems have got tougher basis which LCs below 3 million can be established but higher amount LCs are difficult. With the implementation of IMF guidelines, foreign exchange reserves of the country have fallen by USD



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6.44 billion to USD 23.56 billion now and if it is fully followed, the foreign exchange reserves could drop to USD 20 billion. Prices offered by ship recyclers have remained at about the same levels as last week. Considering present situation, we would expect prices offered for fresh tonnages to be under pressure and especially so for the bigger units.

TURKEY – Currency pressures and slow down in the construction industry have adversely affected local steel prices. Finished steel sales have slowed down and rebar prices have dropped by USD 15-20/MT. Prices of imported scrap reduced by USD 6/MT however, local billet prices have dropped substantially by about USD 35-40/MT this week. Prices offered by mills for ship scrap have also dropped by about USD 20-25/MT. Due to new tax regime (like higher VAT etc) and very high interest rates business volume/appetite is much lower than pre- election period. Supply of fresh tonnages for recycling is low. In line with local market developments, prices offered by ship recyclers for fresh tonnages have been reduced by USD 10/MT. Considering the local 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 continued to be slow this week. We saw units offered mainly from the dry segment with no specific sub-category within the dry segment being prominent. We saw some candidates from the container segment as well.

MARKET OUTLOOK – In the Container segment, only 1100 TEU seem to be consistently not doing well both, on charter rates as well as demand, while other sizes continue to experience a manageable market. In the tanker segment, freight rates remained firm whereas the secondhand market cooled a bit this week. In the dry segment, charter rates were good to flat in all except handy sizes whereas there was an active interest in secondhand assets purchase in dry segment this week. We have seen consistently over weeks that smaller sized containers specially 1100 TEU have been facing weak market and that is the only segment from which we can expect recycling tonnages to come in earlier. However, it may not be immediate. Slow supply of fresh tonnages would help hold prices offered for fresh recycling candidates. Local



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steel markets in recycling destinations are weak due to which we can expect prices offered for fresh recycling candidates to be under pressure.

GLOBAL – GENERAL NEWS

1. China – Home prices in country dropped for the first time in six months but authorities have been quick and have announced relief measures for developers. It is expected that regulators may come in with more supportive policies to revive real estate market. This will need to be closely followed considering its direct connection to steel demand. Interestingly, futures of billets are on the rise this week though it is too early to develop any linkages.

MAIN DEMOLITION SALES DATA FOR PERIOD July 10th – July 14th, 2023

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
FPSO	P-32	1974	282755	37322		As is Brazil, HKC, for Brazil
MPP	Xiang He	1994	42529	9015	520	As is Malaysia
OSV	OS 3	1997	3800	2494		As is Singapore
Tween	Pu Hui 2	2006	12882	3950		Ctg
Bulker	Asian Bulk	1996	70165	9257		Alang
LNG	Golar Spirit	1981	80239	34228	425	As is Greece, for Aliaga, Aluminium content about 3500 MT

MAIN DEMOLITION SALES DATA FOR PERIOD July 1st – July 14th, 2023

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Tween	Hua Dong 27	2007	16223	3520	525	Ctg
Bulker	Lauren Ocean	1996	41712	8406	575	Ctg
Container	Hong Da Xin 18	2000	9865	3857	608	Ctg
Tween	DPL Ayur	1986	3137	1020		Ctg
Reefer	Chian Jin	1984		1416	530	Ctg
LPG	Busan Gas	1989	1283	998		Ctg
LNG	Golar Spirit	1981	80239	34228	425	As is Greece, for Aliaga, Aluminium content about 3500 MT



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STATISTICS

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

Year	INDIA		BANGLADESH		PAKISTAN	
	Vessels	LDT – LT	Vessels	LDT – LT	Vessels	LDT – LT
July 2023	04	62,624	06	23,678	0	0
July 2022	03	24,198	10	20,251	01	471
July 2021	15	82,616	14	159,446	15	194,207

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	04	62,624	06	23,678	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 July in Current Year Vs Previous Years

Year	DRY		Container	WET	
	Cape / Pmx	Handymax		Others	VLCC
July 2023	490	495	525	505	465
July 2022	540	545	575	555	
July 2021	555	545	615	570	
July 2020	300	290	330	315	

*(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 July in Current Year Vs Previous Years

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
July 2023	575	580	635	600	575
July 2022	615	610	645	630	625
July 2021	600	590	620	625	
July 2020	305	290	330	330	

**(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 July in Current Year Vs Previous Years

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
July 2023	<i>Due to foreign exchange problem, ship recyclers are not able to establish LCs</i>				
July 2022	610	605	640	620	
July 2021	600	590	605	625	
July 2020	355	350	360	365	

**(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.*

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

Year	DRY	WET	CONTAINER
July 2023	320	330	340
July 2022	240	250	260
July 2021	280	285	290
July 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.