



DEMO MARKET REPORT & MARKET OUTLOOK – July 24, 2023

Report No. 29/1721723/240723

COMMENTARY

INDIA – Local steel plate prices have softened marginally by USD 2/MT during the week while imported scrap prices remained unchanged. However, demand for finished steel continues to be weak. Local wire rod prices were reduced by about USD 9/MT this week. Furthermore, demand from the housing and construction sector is expected to be weak in the medium term. Prices offered by ship recyclers continued at about the same levels this week. Given the present weak local steel market, we would expect prices offered by ship recyclers to be under pressure. Inability of ship recyclers in Bangladesh to open LCs could result in units designated for Bangladesh to be diverted to India but considering a big price difference of almost USD 50-60/MT, we would expect such diversion in some desperate cases for the time being. Considering the present conditions of weak local steel market and scarce supply for fresh tonnages for recycling, we would expect prices for fresh tonnages to be under marginal pressure.

PAKISTAN – Finished steel demand has improved as compared to previous months. Prices in the local market for scrap equivalent to shredded have reduced marginally by USD 3/MT this week. There is an increased interest in imported scrap being seen in the market. There has been an improvement in LC availability over the previous week as Pakistan's foreign reserves rise to 9 months high (though forex position remains fragile). We understand that LCs to the tune of USD 3-5 million can be established but the banks are asking for 50%-70% margin and in addition buyers will have to pay interest @ 2% per month for entire LC value to cover foreign exchange premium. Despite these difficulties, we could expect some ship recyclers to be interested in buying fresh tonnages for recycling though their offers may be at prices which are a little bit above Indian levels but much below Bangladesh levels. Considering present LC difficulties in Bangladesh, it may be of interest for some Sellers to consider Pakistan as a destination for recycling their tonnages. We could see some recyclers make offers for fresh tonnages shortly.

BANGLADESH – LC problems have become predominant this week due to which we have seen ships stuck at the outer anchorages as buyers await LCs. Due to this, we have seen MOA terms being renegotiated in some cases, where buyers are asking for more time for LC establishment. Local steel plate prices have softened by about USD 5/MT this week and imported scrap prices have reduced by USD 6/MT. Despite drop in imported scrap prices, there have only been small sized order bookings due to LC problems. The local steel market is also weak. Prices offered by ship recyclers have dropped by about USD 10-15/LT LDT this week. At present LCs for only small



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sized vessels can be established and this situation is expected to continue for a few weeks with no confirmed information on when it is expected to ease. Given the present position, we would expect prices offered for fresh tonnages to be under pressure even as the supply of fresh tonnages is expected to be scarce.

TURKEY – Prices offered for ship scrap reduced sharply by about USD 20/MT this week and prices of imported scrap also reduced by USD 14/MT. Demand for finished steel products is weak as there is limited local consumption. Turkish Lira weakened further this week by 3% which was despite UAE's pledge to buy USD 8.50 billion sukuk (Islamic financial certificate- like bonds) from Turkey. There is plenty of liquidity in the system. The country's monetary authority has raised the policy rate from 15% to 17.50%. In line with reduction in local steel prices, ship recyclers reduced prices offered for fresh tonnages by USD 20/LT LDT this week. Considering weakness in the local steel market as well as financial uncertainties, we could 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 was slow this week as well. We saw units offered mainly from the dry segment with almost all within bulker and general cargo categories.

MARKET OUTLOOK – Container freight rates for the feeder segment continue to be under pressure as there is a good supply of tonnage compared to the demand while other sizes in the container segment are stable. In the secondhand container market, buyers prefer to wait considering prices are getting softer. Amongst the dry segment, freight rates for Capesize and Panamax were soft whereas supra and handy saw a slight uptick. Although, considering a general pressure on freight in the dry segment, secondhand buyers prefer to wait as they expect price reductions. Freight rates for Tanker, LNG and VLGC remain broadly steady. From a recycling perspective, supply of tonnages is expected to be scarce. This is also as Ship Owners decide to hold back their tonnages due to difficulties of LC opening being experienced in Bangladesh and lower prices in India (Pakistan has been out of market for a long time now due to LC issues). Local steel prices in the recycling destinations are also under pressure. Considering these factors, we would expect prices for fresh tonnages to be under pressure.



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GLOBAL – GENERAL NEWS

1. Chinese steel market has been firm this week with prices of raw materials like iron ore, coal and coke have seen an increase. However, growth in manufacturing and construction sector has slowed down and finished steel inventories with small and medium sized companies has increased by 7.50% over last 20 days which means there would be more pressure from supply side which in turn could push prices downwards. We will need to see if local steelmakers reduce their production in coming month.
2. US Dollar could get a further boost next week. Central banks in each of the Eurozone, Japan and UK are each expected to reduce their aggressive approach on interest rate hikes next week whereas US Fed could support an aggressive approach on interest rate hike considering US economic data.

MAIN DEMOLITION SALES DATA FOR PERIOD July 17th – July 21st, 2023

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Chem Tanker	Heng Yang	1981	8143	3535	930	As is Indonesia, vsl has high qty of SS
Bulker	Haven Guarder	1995	27860	6065	554	Ctg
Pallet Carrier	Kokuryu Maru	1992	2700	3950	325	As is Japan

MAIN DEMOLITION SALES DATA FOR PERIOD July 1st – July 21st, 2023

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
LPG	Busan Gas	1989	1283	998		Ctg
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
	Yong Sheng 19			1118		
LNG	Golar Spirit	1981	80239	34228	425	As is Greece, for Aliaga, Aluminium contetct abt 3500 MT
FPSO	P-32	1974	282755	37322		As is Brazil, HKC, for Brazil



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Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
OSV	OS 3	1997	3800	2494		As is Singapore
Tween	Pu Hui 2	2006	12882	3950		Ctg
Bulker	Asian Bulk	1996	70165	9257		Alang
MPP	Marchie 8	1985	1595	1593		Ctg
MPP	Xiang He	1994	42529	9016	520	As is Malaysia, sufficient bunkers for voyage
Ferry	Royal Wing	1960	542			
Reefer	Victory	1990	6116	3045	530	Ctg
Reefer	Green Explorer	1991	5165	2396		Alang
Container	Zhong Da	2000	9810	3856		Ctg
Chem Tanker	Heng Yang	1981	8143	3535	930	As is Indonesia, vsl has high qty of SS
Bulker	Haven Guarder	1995	27860	6065	554	Ctg
Pallet Carrier	Kokuryu Maru	1992	2700	3950	325	As is Japan

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	07	74,322	13	64,240	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	07	74,322	13	64,240	0	0
2022	16	123,548	31	134,572	02	1,343
2021	44	308,825	59	446,797	34	311,774



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

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
July 2023	490	495	525	505	475
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*

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

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
July 2023	555	560	605	580	555
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.*



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

Year	DRY	WET	CONTAINER
July 2023	300	310	320
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.