



## **DEMO MARKET REPORT & MARKET OUTLOOK – July 29, 2024**

Report No. 81/22260724/290724.

### **COMMENTARY**

**INDIA** – Very low trade activity in the local steel market across all segments has been pushing prices down. Prices offered by ship recyclers also got a bit softer (USD 5-10/LT LDT) despite a low supply of fresh tonnages for recycling. With export markets also not available to rescue, there is an inventory buildup and secondary steel mills are reducing production. Local steel plate prices reduced by USD 4/MT, local billet price dropped by USD 6-7/MT, finished product prices dropped by USD 11/MT. Much in contrast is the local scrap prices as well as imported scrap prices, which improved by USD 2/MT. The national budget was announced this week. There are no major changes in the budget from the interim budget earlier in the year due to which there has been no major change in the markets. However, without increasing budget deficit, the budget has given proper emphasis on infrastructure and employment generation – both very critical for a sustained economic growth over years. On the ship recycling front, a couple of ships worked this week got good participation from ship recyclers. We would however expect prices offered by ship recyclers for fresh tonnages to continue to be under pressure.

**PAKISTAN** – Demand in the local steel market continues to be slow as last week and from that point of view, remains unchanged. On the same lines, prices offered by ship recyclers continued at the same levels. However, prices of local scrap equivalent to shredded as well as rebar prices reduced by about USD 10/MT this week. The country's finance minister reached Beijing, Friday this week to discuss rescheduling of energy loans, the matter is critical as China was initially reluctant to discuss the issue and considering the size of loan, any unfavorable outcome could affect the local currency's exchange rates. Considering that there is not much likelihood of increased government spending and a generally lower construction activity in the monsoon season, the local steel market would continue to be slow for a few weeks. In the meantime, prices offered by ship recyclers would continue at about the same levels.

**BANGLADESH** – The local markets were mostly closed this week due to deadly protests that broke out in the previous weekend and continued during the first few days of this week. The Bangladesh court has scrapped most job quotas (which was the cause of protests) and the situation is slowly normalizing. Banks resumed work on Wednesday this week along with other industries and the internet was also restored. The local market as well as ship recyclers would have to wait for a



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week for the market activities to fully return on a normal basis which they would get a clear direction. Imported scrap prices increased by about USD5/MT but as such there was not much interest amongst traders in booking. There has hardly been any activity in the ship recycling this week. Prices offered by ship recyclers thus continue at the same levels. While we will get a better clarity on direction in a week's time, we would expect prices offered by ship recyclers to be under pressure.

**TURKEY** – The local steel market which had been stable for some time now was stunned by cheap billets being available from China which were cheaper than production cost of Turkish steel mills basis which lot of steel mills booked large import orders. Imported scrap prices in the meanwhile remained unchanged and imported scrap prices are not likely to soften. Overall local steel demand remains slow and local rebar prices reduced by about USD4/MT this week in some regions. Lower tonnages available for ship recycling is a challenge due to which ship recyclers are not reducing their offered prices and at times could offer improved prices for good tonnages. On the economic front, the central bank continued to maintain the same interest rate with a view to draining out excess liquidity. While the ship recyclers are continuing to maintain same price level for ship recycling tonnages for now, we could expect prices offered by ship recyclers for fresh tonnages to come under pressure if the supply of Chinese billet continues at these low price 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 tonnages is slow with a mix from dry, tanker and LNG segment seen this week. However, it is noted that LNG vessels are being offered for demo as well as to trading buyers and based on current market conditions, it is probable that the LNG vessels could be sold for further trading.

**MARKET OUTLOOK** – The dry segment experienced mixed freight rates with capsize seeing a drop in rates while other sizes were stable to good. The tanker segment is experiencing a softer freight rate level as, normally, is expected in summer months though MR is enjoying good freight rates. The secondhand market in the dry segment was very active this week but there was not much activity in the secondhand tanker market. The container segment experienced a good



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freight market but a bit softer this week. It is seen that 900-1200 TEU sized vessels are not in as good a position as bigger sized vessels, especially older tonnages. Supply of fresh tonnages for recycling will continue to be slow for this quarter as is seen now.

### **GREEN RECYCLING –**

#### **1. EU listed Facility Update:**

- a. The EU list now has a total of 44 Ship recycling Facilities (SRF) with a total theoretical capacity of 2.70 million LDT per annum and actual achieved capacity of about 1.19 million LDT.
- b. Out of 44 EU listed SRF – 30 SRF are in Europe and 14 SRF are in third country outside EU off which 11 are in Turkey, 2 are in UK, 1 in USA
- c. It is noted that while two more SRF have been recently added in Turkey, there are 5 SRF from Europe which have come off the list – 1 from Bulgaria, 2 from Netherlands, 1 from Norway and 1 from Lithuania.

### **GLOBAL NEWS:**

1. China – The country is issuing around USD 41 billion of ultra-long special treasury bonds to provide support for large-scale equipment upgrades and trade-in of consumer goods. Such measures will lead to modernization of equipment, lower carbon emissions, increase local production, generate employment and increase demand of raw materials like steel, metals etc. The measure also provides incentives to ship owners who decide to send ships for early scrapping of about USD 125-250 per GT. However, the market awaits a detailed breakdown of how the scheme will be implemented.

### **MAIN DEMOLITION SALES DATA FOR 22<sup>nd</sup> JULY – 26<sup>th</sup> JULY,2024**

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Reefer	Ice Runner	1984	14499	6973	587	Alang
MPP	Diaa	1977	3663	1536	330	Aliaga



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### **MAIN DEMOLITION SALES DATA FOR PERIOD 1<sup>st</sup> JULY – 26<sup>th</sup> JULY, 2024**

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Bulker	Yun Shuo 7	2008	12099	3531		Ctg
MPP	Onur	1972	3510	1310		Aliaga
Trawler	Artemis	1985	3350	4150		Aliaga
Bulker	Xiang	2020	7757	3947	470	Ctg
Bulker	Shun Da Fa Zhan	1994	43246	7985		As is Zhejiang
Offshore vsl	Pioneer	1978	817	1348	530	Ctg
Tweendecker	Pan	1984	3626	1662		Ctg
OSV	Empire Persia	1972	612	1805		Denmark
Container	MSC Iris	1982	21370	10655	abt 525	Alang, incl bunkers of abt 500T
RORO/Cargo	Mersin15	1991	12700	5280		
Pass/Roro/Cargo	Su Zhou Hao	1992	2235	5903	446	As is Zhoushan
Tweendecker	Ever Express	2004	3800	1377	490	Ctg
Container	Watermark St. George	1998	12310	5380	300	As is Curacao
Reefer	Ice Runner	1984	14499	6973	587	Alang
MPP	Diaa	1977	3663	1536	330	Aliaga

### **STATISTICS**

#### **VESSELS AND QUANTITY LDT BEACHED IN INDIAN SUBCON – IN JULY 2024,2023, 2022.**

Year	INDIA		BANGLADESH		PAKISTAN	
	Vessels	LDT – LT	Vessels	LDT – LT	Vessels	LDT – LT
July 2024	04	31,846	09	28,177	01	3,500
July 2023	08	76,719	14	67,238	0	0
July 2022	03	24,198	10	20,250	01	471

#### **VESSELS AND QUANTITY LDT BEACHED IN INDIAN SUBCON – QUARTER 3 2024, 2023, 2022.**

Year	INDIA		BANGLADESH		PAKISTAN	
	Vessels	LDT – LT	Vessels	LDT – LT	Vessels	LDT – LT
2024	04	31,846	09	28,177	01	10,673
2023	27	217,333	54	322,353	05	55,368
2022	16	123,548	31	134,572	02	1,343



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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 2024	485	485	525	495	470
July 2023	490	500	530	515	475
July 2022	540	545	575	555	530
July 2021	555	545	615	570	545

*\*(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 2024	515	515	545	545	515
July 2023	560	555	605	595	570
July 2022	615	610	645	630	605
July 2021	600	590	620	625	600

*\*(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 2024	520	525	540	535	505
July 2023	505	510	535	520	485
July 2022	610	605	640	620	590
July 2021	600	590	605	625	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*

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

Year	DRY	WET	CONTAINER
July 2024	340	350	360
July 2023	300	310	320
July 2022	230	240	250
July 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.*