



DEMO MARKET REPORT & MARKET OUTLOOK – July 31, 2023

Report No. 30/2428723/310723

COMMENTARY

INDIA – Local steel market continues to be weak due to lack of demand and this is affecting the sentiments of ship recyclers. Even though local steel plate prices have marginally improved by USD 2/MT this week, imported scrap prices have reduced by USD 5/MT. Local steel market is weak and local rebar prices have hit a two year's low. Billet prices in the local market have dropped by about USD 7-12/MT this week. There is a mixed opinion in the market on whether the local steel market has bottomed out as some Indian exporters are holding back billet exports waiting for price increase. After holding firm for about 3 weeks, the local currency marginally softened against the US Dollar by about 0.30% this week. This can be attributed to an interest rate hike of 0.25% by the US Fed this week. Increased prices of vegetables, cereals and pulses would push inflation meaning that RBI could continue to maintain its hawkish attitude at their next meeting on August 10th. Prices offered by ship recyclers have continued at about same levels though there are hardly any units that are being discussed this week. We would expect prices offered by Ship recyclers to be under pressure in view of the continuing weak local steel market and no clear indication of revival in demand over the next month. Next week will give more clarity on prevailing mixed opinion in the market on whether the steel prices have bottomed out.

PAKISTAN – Imported scrap prices have been under pressure this week and there have not been many orders booked as the finished steel market position is not yet clear after recent announcement of increase in power tariff by 15%. Increase in power tariff would push prices of local finished steel by about USD 25-30/MT although price increase in local rebar seen so far has been about USD 18/MT this week. The local currency weakened by 2% this week, which is due to market forces as demand for the USD increases with an increase in imports. China has rolled over a USD 2.40 billion loan to Pakistan for a period of two years which will further improve country's foreign exchange reserves position. For ship recyclers, opening LC is still not easy as they put in 50%-70% margin along with payment of high interest rate. We understand that couple of ship recyclers are working to procure fresh tonnages for recycling of about 7000-10000 LT LDT, however, the prices they can pay are in region USD 500-520/LT LDT which is almost in lines with India but much below Bangladesh. The good part is that ship recyclers are now seeing a possibility of acquiring fresh tonnages. We would expect that ship recyclers would be able to acquire fresh tonnages specially for those vessels that are in the middle east area.

BANGLADESH – Foreign exchange continues to be a problem, and this has increased over the last two weeks. Foreign exchange reserves are under strain due to lower-than-expected exports



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and higher imports. Reserves are at USD 23.50 billion and as per IMF conditions, reserves need to be USD 25.32 billion by 30th September and USD 26.81 billion by end of December 2023. We would thus expect foreign exchange problems to continue for some time, especially in view of weak global demand affecting the exports of the country. Local steel plate prices as well imported scrap prices continued at about the same levels this week. Although demand for imported scrap is low and traders are seeking discounts on the prices to the extent of USD 15-20/MT. Prices offered by ship recyclers for fresh tonnages remained unchanged this week, but their sentiments are weak. We would thus expect prices offered by ship recyclers to soften in the coming week.

TURKEY – The domestic scrap prices have remained stable during the week although imported scrap prices declined by another USD 10/MT this week. Over the last seven weeks, imported scrap prices have been continuously declining from USD 390/MT to USD 345/MT this week. Due to increased local costs of steel mills, they are not able to compete in the export market and there is a lack of local steel demand. There is an expectation of an increase in industrial energy costs in August by about 30% which would increase production costs by about USD 12-16/MT. Local currency has been stable this week. Prices offered by ship recyclers remained unchanged this week. Considering weak local demand and the inability to export steel products due to increasing costs, we could expect prices offered for fresh tonnages 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 comparatively better this week. We saw a healthy mix of candidates offered across all segments.

MARKET OUTLOOK – In the dry segment, all sizes except Cape saw freight rates softening. The container segment saw stable to good freight rates across all segments this week though the number of units for sale in the secondhand market has been growing with prospective buyers still waiting before they could buy. In the tanker segment, crude tanker segment freight rates were stable with sentiments getting softer whereas clean products segments freight rates have been doing better. In terms of supply of fresh tonnages for recycling, we would expect supply to continue to be on slower side considering that Owners will be willing to wait for better times



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(considering monsoon season, LC position and weaker local steel demand in the Indian sub-continent) to put up their units in market. However, towards the end of next month, we should start seeing comparatively more units being circulated for recycling. Prices offered for recycling units from the Indian sub-continent should be under pressure. Smaller units will be in demand and obtain comparatively better prices in view of LC problems being faced in Bangladesh and Pakistan.

GREEN RECYCLING NEWS

1. The European Commission has added three new yards from Turkey in the EU list, taking total number of EU listed yards to 48 – out of which:
 - a. 38 yards are in Europe, Norway, UK.
 - b. 9 yards are in Turkey.
 - c. 1 yard in the USA.

GLOBAL – GENERAL NEWS

1. US Fed has increased the interest by 0.25% this week taking it to highest level in last 22 years. At the same time, US Fed's tone on interest rate hike continues to be same, meaning they could still for another interest rate hike if inflation does not seem to be getting under control.
2. China has issued more measures this week to boost economic growth by rolling out plans to support consumer industries and exchange to provide funds for small firms. Government aims to improve business and household confidence. We have seen that the Government measures are gradual, milder, and more directed to specific sectors.

MAIN DEMOLITION SALES DATA FOR PERIOD July 24th – July 29th, 2023

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Container	Sinokor Tianjin	1998	11031	4672	622	Ctg, incl bunkers 240 MT
Bulker	Zheng Hao	1997	73048	10607	495	As is China
RORO	Tai Ma	1985	1000	2834		As is Taiwan
Bulker	Zheng Jie	1997	73409	10607	495	As is China
Bulker	Yang Fan	1997	69163	10934	540	As is Batam, Sufficient bunkers for Ctg voyage



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MAIN DEMOLITION SALES DATA FOR PERIOD July 1st – July 29th, 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
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
Container	Sinokor Tianjin	1998	11031	4672	622	Ctg, incl bunkers 240 MT
Bulker	Zheng Hao	1997	73048	10607	495	As is China
RORO	Tai Ma	1985	1000	2834		As is Taiwan
Bulker	Zheng Jie	1997	73409	10607	495	As is China
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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	08	76,719	14	67,238	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	08	76,719	14	67,238	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			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
July 2023	490	500	530	515	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	560	555	605	590	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*



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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	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.