



## **DEMO MARKET REPORT & MARKET OUTLOOK – July 8, 2024**

Report No. 78/01070724/080724.

### **COMMENTARY**

**INDIA** – The local steel market is currently giving mixed signals this week, but pessimistic tones prevail. Ship recyclers have reduced their offers by about USD 5/LT LDT this week though there has hardly been any vessel circulated in Alang this week. Local steel plate prices dropped by a USD8/MT whereas local scrap prices dropped by USD 15/MT this week. Imported scrap prices remained unchanged. Finished steel product demand is still weak though there were some demands registered in some zones of Indian market which is not convincing enough for the steel mills and the trading community. With no major government announcements just yet, there are limited signs of improvement in steel demand anytime soon. Considering the low supply of tonnages for recycling, prices offered by ship recyclers are likely to get softer.

**PAKISTAN** – There is an improvement in local steel market seen this week although ship recyclers continue to offer prices for fresh tonnages at the same level. The market has now resumed well after the Eid holidays due to which there is better stock movement and thus an improvement in liquidity. We would need to see whether the increased demand is sustained. Local steel mills have increased their finished product prices by about USD 25/MT due to recently increased electricity costs, but the market does not seem to have accepted the increase. Prices of local scrap equivalent to shredded have by about USD 17/MT this week whereas imported scrap prices have improved by about USD 3/MT. The country is now working on seeking an IMF loan program for three years to stabilize the economy and is likely to be received well by IMF given recent budget and government measures to improve revenues. The government has levied a 2% Additional Customs duty on ships imported for recycling whereas there is no duty change for imported scrap which will put ship recyclers in a disadvantageous position. The ship recyclers are thus trying to wait and understand the developed situation before offering for fresh tonnages. While the market has recently shown some improvement, ship recyclers are likely to wait to understand the duty implications. The prices would continue at the same levels but are likely to be under pressure due to the increased duty element.

**BANGLADESH** – The local steel market has been slow and has resulted in price reduction, but prices offered by ship recyclers continued at same levels mainly due to lower supply of fresh tonnages. Local steel plate prices as well as local scrap prices reduced by USD 7/MT whereas imported scrap prices continued at same levels. With the onset of monsoon there is an expectation of slower demand from the local steel market. To boost country's foreign exchange, the government is working to obtain a USD 5 billion loan from China, denominated in yuan which will be used to imports products from China. Such a loan will help the country improve foreign



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exchange reserves. Few of the ship recyclers remain interested in buying fresh tonnages although there have been very limited tonnages being circulated. We saw just a few candidates being circulated without deals being concluded. We would expect prices offered by ship recyclers to continue at the same levels, though, ongoing weak local market would tend to keep prices under pressure.

**TURKEY** – Local steel demand is weak, and the buyers are only buying materials to meet their needs instead of stocking up. Prices offered by ship recyclers have continued at the same levels. Despite weak demand, steel mills and traders have continued to keep the same price levels. Imported scrap prices remain unchanged. With a view of keep the country's finances in good shape, the finance ministry will be using AI (Artificial Intelligence) like USA, Italy, to crack down on tax evasion. The country's inflation dropped for the first time in eight months in June to 71.60% as against 75.50% in May. On the ship recycling front, considering trickle of recycling tonnages being seen, prices offered by ship recyclers would 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** – Again very few candidates circulated this week. The candidates seen were mainly from the dry segment. Very few deals are being concluded as well.

**MARKET OUTLOOK** – The dry segment had a softer freight market this week across all sizes though the rates across all sizes in 2024 are still stronger than last year. The tanker segment also experienced a week with softer freight rates. In the container segment there are hardly any idle tonnages available. The secondhand market across the segments remains active. Overall, the supply of fresh tonnages for recycling will continue to be slow.

### **GREEN RECYCLING:**

A tight HKC compliant ship recycling capacity situation in the mid -2025 is developing now - With very few tonnages coming up for recycling, the ship recyclers in Bangladesh and Pakistan are caught in a tight spot where they must make huge investments for getting their Ship recycling



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Facilities HKC certified when their present ship recycling operations itself are not able to generate enough cash flow to cover their ship recycling facility running expenses. If issues are not addressed at the right time, there will be a lack of adequate HKC facilities when HKC comes into force and coincidentally that is about the time when there will be an increased number of ship owners looking to recycle their ships as well.

### **GLOBAL NEWS:**

1. UK – The Labour party has registered a landslide victory securing 412 seats which is well above 326 seats needed for majority. The local currency strengthened against other international currencies as an immediate impact.
2. Iran Elections – Newly elected President of Iran would like to revive nuclear talk with the US though he will still need to address the parliament which is dominated by parliamentarians who have a differing view.
3. China –As per report released on 1<sup>st</sup> July, 60% of the country's top 100 real estate developers posted increases in sales revenue in June. This has pushed up iron ore prices. The market is hoping for more support from 20<sup>th</sup> CPC Central committee scheduled during July 15-18, 2024.

### **MAIN DEMOLITION SALES DATA FOR 1<sup>st</sup> JULY – 5<sup>th</sup> JULY, 2024**

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
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### **MAIN DEMOLITION SALES DATA FOR PERIOD 1<sup>st</sup> JULY – 5<sup>th</sup> JULY, 2024**

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
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### **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	0	0	01	2,057	01	7,173
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	0	0	01	2,057	01	7,173
2023	27	217,333	54	322,353	05	55,368
2022	16	123,548	31	134,572	02	1,343

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

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
July 2024	495	500	555	505	480
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	545	545	570	565	530
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*



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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 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.*