



## **DEMO MARKET REPORT & MARKET OUTLOOK – March 18, 2024**

Report No. 62/11160324/180324.

### **COMMENTARY**

**INDIA** – Local demand of finished steel remains at the same levels but slower production by steel mills is helping some minor price improvements though there is sentiment of caution in the market. Local steel plate prices have reduced by USD 7/MT this week. Imported scrap prices have reduced USD 6/MT this week but the traders are still not keen to buy imported tonnages. Prices offered by ship recyclers have also softened by about USD 5/LT LDT. While the core inflation reduced to 3.3%, food prices and energy components have kept overall inflation unchanged over the previous month at 5.09% due to which the Central bank will likely continue to hold interest rates for a few more months. We have seen two vessels being sold this week for Alang, off which one MSC vessel as well as one bulker offered in the market this week achieved higher price than normal since there are hardly any candidates workable in India. Since there is a slow supply of fresh tonnages for recycling, we would expect prices offered by ship recyclers to continue at the same levels.

**PAKISTAN** – The slowdown in local steel market continued this week. Prices of local steel scrap equivalent to shredded as well as prices of local rebar prices reduced by USD 17-18/MT this week. Imported scrap prices reduced by USD 7-10/MT and traders have shown interest in buying at these prices. Ship recyclers are cautious in making purchases of fresh tonnages for recycling although they continue to offer same prices levels as last week. Ramadan has also resulted in reduced activity levels across the local steel market. There is however an expectation that local steel demand would increase after Ramadan. There has been some improvement in the availability of foreign exchange and banks have lowered their margin requirements for opening of LCs in foreign currency by about 30% thus reducing the working capital requirements of importers to some extent. Appointment of new finance minister, Aurangzeb, who has been a banker with JP Morgan Chase & Co (in Singapore) as well as head of Habib Bank Ltd, seems to be a good appointment which should help the country to stay on course and grow further. We would expect prices offered by ship recyclers for fresh tonnages to continue at the same levels due to the low supply of fresh tonnages for a couple of weeks after which there could be a marginal improvement in prices.

**BANGLADESH** – Although local steel plate prices have reduced this week, local steel demand continues to be moderately good. Ship recyclers are looking to acquire fresh tonnages for recycling. Local steel plate prices reduced by USD 4/MT and local scrap prices reduced by USD 3/MT this week. Imported scrap prices also reduced by about USD 10-12/MT this week. However, prices offered by ship recyclers continued to be at the same levels which is also due to the low



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level of fresh candidates being offered for recycling. On the foreign exchange front, despite an improvement in inward remittances from migrant workers, net foreign exchange reserves have reduced to USD 19.98 billion. It should be noted that obtaining foreign exchange still poses a challenge for ship recyclers where they must place a margin of 100%-120% for LC. We have seen that despite the odds, ship recyclers have been managing to acquire fresh tonnages and with market demand now moderately improving, we would expect prices offered by ship recyclers to be maintained at same levels, but they can improve if required to compete with other recycling destinations in the Indian sub-continent which presently is not the case.

**TURKEY** – Local finished steel market is slow. There are presently mixed signals in terms of further price decrease of imported scrap as there is resistance from suppliers for further reduction from the west but weakening signals from far east Asia continues. Imported as well as domestic scrap prices continued at almost the same levels this week. Prices offered by some steel mills for ship scrap have reduced by USD 10/MT this week. However, prices offered by ship recyclers continued to be at the same levels this week mainly due to the low supply of fresh tonnages for recycling. The country's local currency continues to marginally depreciate against the USD but country's change in monetary policies have led to increasing confidence in the economy resulting in improvement of foreign exchange reserves by 40% in last 10 months and recent improvement in credit rating by Fitch. Considering the pressure on prices being seen in the scrap market, prices offered by ship recyclers may 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 tonnages for recycling was ever slower this week with hardly any fresh candidates being circulated.

**MARKET OUTLOOK** – The dry segment is enjoying good charter rates, which is also resulting in an increased demand for secondhand units, especially modern tonnages. The tanker segment continues to enjoy high charter rates although this week charter rates movement were mixed where there was softer demand for suezmax in crude and product tanker for dirty. The container segment continued to enjoy its good charter market as well as good secondhand market. All is all



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supply of fresh tonnages is expected to be slow which will support present prices despite weak local steel demand in the recycling destinations and overall weakened global steel market.

### **GLOBAL NEWS:**

#### **China:**

1. The NPC meeting concluded this week and much expected measures to address property market were not seen and it delivered only incremental pro-growth measures.
2. We have also seen that home prices reduction continued in February.

#### **Iron Ore:**

Present state of property market in China and weakness perceived in the Chinese economic growth prospect is weighing in on the iron ore pricing. Price of PB fines 62% from Australia reached as low as USD 100.45 /MT from USD 140/MT levels in January this year.

### **MAIN DEMOLITION SALES DATA FOR PERIOD March 11<sup>th</sup> – March 16<sup>th</sup>, 2024**

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Tween	Bos Lina	1991	11635	3287	505	Alang
Tanker	Hong Yun You 19	1999	6413	2579		Ctg
Container	MSC Rossella	1993	43605	13305	529	Alang
Bulker	Denak Voyager	1996	72172	9519	540	Ctg

### **MAIN DEMOLITION SALES DATA FOR PERIOD March 1<sup>st</sup> – March 16<sup>th</sup>, 2024**

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Tanker	Suvarna Swarajya	1998	32949	8360		Auction, As is Colombo
Fishing	Petr Zhitnikov	1989	10070	16331		
General Cargo	Arrow S	1974	3318			Aliaga
Container	Far East Cheer	2007	7746	3652		Divd Ctg, Feb sale did not go through
Tanker	LMS Laxapana	1986	3283	1205		Ctg
Bulker	Jahan Brothers	1994	43648	8032		Ctg
Heavy Lift	Lian Feng 6	1999	22229	6537		As is Singapore
Bulker	Yamtai	1994	28460	6003	475	As is Singapore



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### STATISTICS

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

Year	INDIA		BANGLADESH		PAKISTAN	
	Vessels	LDT – LT	Vessels	LDT – LT	Vessels	LDT – LT
Mar 2024	02	22,910	04	23658	01	1,010
Mar 2023	10	60,995	09	70,029	00	00
Mar 2022	21	157,334	15	193,958	08	72,796

#### **VESSELS AND QUANTITY LDT BEACHED IN INDIAN SUBCON – QUARTER 1 2024, 2023, 2022.**

Year	INDIA		BANGLADESH		PAKISTAN	
	Vessels	LDT – LT	Vessels	LDT – LT	Vessels	LDT – LT
2024	25	136,949	31	181,196	04	48,748
2023	40	287,124	34	191,527	05	81,638
2022	50	307,278	46	511,086	25	241,369

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

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
Mar 2024	470	475	520	485	450
Mar 2023	525	530	580	545	
Mar 2022	655	650	715	675	
Mar 2021	455	445	500	485	

\*(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 March in Current Year Vs Previous Years**

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
Mar 2024	530	535	555	540	505
Mar 2023	575	565	630	615	
Mar 2022	685	675	700	700	
Mar 2021	490	485	500	510	

*\*(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) There is a lot of problem in establishing LC. Thus, prices indicated are subject to LC opening.*

### **PAKISTAN - Indicative Price Levels for March in Current Year Vs Previous Years**

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
Mar 2024	530	530	545	540	510
Mar 2023	555	560	620	620	
Mar 2022	660	655	665	675	
Mar 2021	490	485	495	500	

*\*(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, prices indicated are subject to LC availability*

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

Year	DRY	WET	CONTAINER
Mar 2024	330	340	350
Mar 2023	330	340	350
Mar 2022	450	460	470
Mar 2021	230	240	250

*\*(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.*