



## **DEMO MARKET REPORT & MARKET OUTLOOK – March 13, 2023**

Report No. 15/06100323/130323

**WIRANA SHIPPING CORPORATION IS 40 YEARS YOUNG AND ON THIS OCCASION THANKS ALL ITS BUSINESS ASSOCIATES AND STAKEHOLDERS IN THE INDUSTRY FOR THEIR CONTINUOUS AND WHOLE HEARTED COOPERATION**

### **COMMENTARY**

**INDIA** – Local steel plate prices as well as imported scrap prices have remained unchanged during the week. There has been a slow demand even for local rebar where retail buyers are almost not buying and companies with larger projects are cautious. Producers of ingot are also now working at prices without profit margins. Prices of billet in the local market have marginally reduced this week. Local steel market demand across all segments is sluggish and local prices though maintaining same levels, are under pressure. However, prices offered by ship recyclers for fresh tonnages has improved by USD 20-25/ LT LDT this week (only so that they could get the deal even though local steel prices would not support such higher offers) but could not get any deals because they could not match higher prices offered by Bangladesh ship recyclers whose prices are higher by about USD 30- 35 / LT LDT. Indian ship recyclers would find it difficult to match these increased prices considering their local steel market position. Further, we have seen that there are more ship recycling facilities that have received certifications for HKC recycling based on which there are now more ship recycling facilities in Bangladesh competing for HKC tonnages as well. We would expect prices offered by ship recyclers to remain firm with a possibility of marginal improvement from some ship recyclers that are very keen to procure fresh tonnages.

**PAKISTAN** – Things remain unchanged on foreign exchange front due to which there have been no import deals for imported scrap steel as well as no fresh tonnages have been booked by ship recyclers. The country is grappling with very low foreign exchange reserves which has resulted in material shortages and thus very high inflation. As per new reports, the government is resolving difference with IMF for loan program of USD 6.50 billion and they expect to reach an agreement in a few days. Though there have been multiple deadlines that have been missed in the past, we hope that the country reaches a disbursement agreement with IMF soon. In the meanwhile, ship recyclers will only have to wait till foreign exchange problems are overcome by the country.



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**BANGLADESH** – Local steel plate prices have remained unchanged this week. Imported scrap prices have increased by about USD 15/MT though the sharp increase had slowed down by end of the week. Local steel demand is good, which is a big positive even though it may not be as strong as traders and ship recyclers would like. Prices offered by ship recyclers for fresh tonnages have further increased this week by about USD 15/ LT LDT. A scarce supply of fresh tonnages has helped push up the prices being offered by ship recyclers, but it is important to note that the increased prices are still workable for ship recyclers at present local market levels. It is heartening to note that two more ship recycling facilities have received a Statement of Compliance for HKC recycling from Class NK. We would expect prices offered by ship recyclers to further improve, especially due to the scarce supply of fresh tonnages and keen ship recyclers looking for tonnages who are able to establish L/Cs despite prevailing foreign exchange problems.

**TURKEY** – Ship scrap prices had softened by USS 10-15/MT in beginning of the week due to low bookings. However, there was an improvement of about USD 5/MT by end of the week and there is an expectation that ship scrap prices will improve further next week. Local rebar prices have softened a bit due to lower demand for the time being. Imported scrap prices have remained unchanged. Prices offered by ship recyclers, however, have improved by USD 10/ LT LDT only because of the scarce supply of fresh tonnages. We would expect prices to 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** – Supply of fresh tonnages for recycling continues to be slow with a mix of candidates seen from dry and container segment.

**MARKET OUTLOOK** – Tanker freight market continues to perform well. The dry segment has seen positive signs of the freight rate increase as well. The container segment has seen marginal freight rates increase but it may not continue in the absence of required cargo volumes. There has been a demand for small secondhand container ships from owners in countries like China and Middle East. So, a good flow of container vessels for recycling could be expected towards end of second half and onwards only. We would expect prices offered for



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fresh tonnages to be strong and may likely improve over the next few weeks because the supply of fresh tonnages is expected to be scarce.

### **GLOBAL – GENERAL NEWS –**

1. Silicon Valley Bank (SVB) failure serves as a reminder to policymakers that effects of all the rate tightening that has been done may not be seen immediately but may be building up as a future problem. SVB failure may result in Fed continuing with only 25 basis point rate hike. This could marginally weaken US Dollar against other currencies.
2. In China - Lower than expected CPI growth at just 1% last month and producer's prices dropping by 1.40% has eased pressure on global prices.

### **MAIN DEMOLITION SALES DATA FOR PERIOD FEB 1<sup>st</sup> MARCH – 10<sup>th</sup> MARCH 2023**

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
LNG	Grace Energy	1988	127580	30426	684	Dlvd - Full subcon option - Aluminium content 2400T
MPP	Levant Horizon	1996	6917	3391	585	Dlv - Alang - incl ROB 170T
Tanker	Augusta II	1991	45425	9920		Dlvd Alang
Bulker	Yu Hai Xing	1995	16705	5017	585	Dlvd Ctg
Container	SSL Kutch	1998	25533	8302	616	As is Colombo - for Ctg
Bulker	Huang Shan	2003	175980	23976	614	As is Xinsha - China - incl good qty bunkers - HKC
Reefer	Xin Rui	1992	2695	1885		As is Zhoushan
Livestock	Spiridon	1973	4054	2482		Aliaga
Bulker	Man Jiang Hai	1995	15860	5017	585	Ctg
LPG	Monet	1995	3202	1816		Alang
Ropax	Amedeo Maticena	1986	800			Aliaga



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### MAIN DEMOLITION SALES DATA FOR PERIOD MARCH 1<sup>ST</sup> – MARCH 10<sup>TH</sup>, 2023

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### STATISTICS

#### VESSELS AND QUANTITY LDT BEACHED IN INDIAN SUBCON – IN MAR 2023, 2022, 2021

	INDIA		BANGLADESH		PAKISTAN	
	Vessel	LDT – LT	Vessel	LDT – LT	Vessels	LDT – LT
2023 (Till 10 <sup>th</sup> March)	05	13,714	07	65,695	0	0
2022 (Till month end)	21	157,334	15	175,876	08	72,796
2021 (Till Month end)	10	56,858	33	264,110	12	92,871

#### VESSELS AND QUANTITY LDT BEACHED IN INDIAN SUBCON – UPTO MAR 2023, 2022, 2021

	INDIA		BANGLADESH		PAKISTAN	
	Vessel	LDT – LT	Vessel	LDT – LT	Vessels	LDT – LT
2023 (Till 10 <sup>th</sup> March)	35	239,843	32	187,192	05	81,638
2022 (Till month end)	50	307,278	46	493,004	25	241,369
2021 (Till month end)	50	375,876	68	777,722	25	192,596



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### Indicative Price Levels for March in Current Year Vs Previous Years (Prices LT/LDT, less 3% Add Comm)

India	Year	DRY			WET	
		Cape / Pmx	Handymax	Container	Others	VLCC
(Till 10 <sup>th</sup> March)	Mar 2023	550	555	610	570	545
(Till month end)	Feb 2022	605	600	625	625	
(Till month end)	Feb 2021	420	410	465	445	
(Till month end)	Feb 2020	390	380	425	400	

*\*We have introduced VLCC as a separate item in Wet segment from Jan 2023 onwards*

### Indicative Price Levels for March in Current Year Vs Previous Years (Prices LT/LDT, less 3% Add Comm)

Bangladesh	Year	DRY			WET	
		Cape / Pmx	Handymax	Container	Others	VLCC
(Till 10 <sup>th</sup> March)	Mar 2023	595	600	650	650	625
(Till month end)	Mar 2022	665	655	680	680	
(Till month end)	Mar 2021	455	445	460	460	
(Till month end)	Mar 2020	380	365	390	385	

*\*We have introduced VLCC as a separate item in Wet segment from Jan 2023 onwards*

### Indicative Price Levels for March in Current Year Vs Previous Years (Prices LT/LDT, less 3% Add Comm)

Pakistan	Year	DRY			WET	
		Cape / Pmx	Handymax	Container	Others	VLCC
(Till 10 <sup>th</sup> March)	Mar 2023	555	560	620	565	520
(Till month end)	Feb 2022	655	650	670	670	
(Till month end)	Feb 2021	455	445	455	460	
(Till month end)	Feb 2020	385	375	390	395	

*\*We have introduced VLCC as a separate item in Wet segment from Jan 2023 onwards*

### Indicative Price Levels for March in Current Year Vs Previous Years (Prices LT/LDT, less 2% Add Comm)

Turkey	Year	DRY	WET	CONTAINER
(Till 10 <sup>th</sup> March)	Mar 2023	340	350	360
(Till month end)	Mar 2022	370	370	
(Till month end)	Mar 2021	245	255	
(Till month end)	Mar 2020	240	245	

*\*We have introduced Container pricing from Jan 2023 onwards*

*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.*