



## **DEMO MARKET REPORT & MARKET OUTLOOK – November 27, 2023**

Report No. 46/20241123/271123

### **COMMENTARY**

**INDIA** – Much-awaited improvement in local steel market activity after festival holidays is still missing. Secondary steel mills have enough inventories and with low demand of steel from construction industry, it seems difficult that there would be any immediate positive change. Local steel plate prices have reduced by another USD 7/MT this week whereas imported scrap prices have further increased by USD 5/MT. Local billet prices have reduced by USD 5-8/MT this week whereas billet export market for Indian mills has opened in terms of prices and demand increase for now. We have been seeing contrasting price and demand trends in local and imported materials for the past 2-3 weeks. While local steel prices are under pressure, imported scrap prices as well as export demand are improving. Ship recyclers are disheartened by the state of the local steel market and their sentiments have turned softer. Prices offered by ship recyclers have softened by USD 10/LT LDT. Given weak steel demand locally, prices offered by ship recyclers for fresh tonnages may be under pressure.

**PAKISTAN** – Prices of imported scrap has remained at about the same levels whereas we have seen some increase in prices and demand for domestic scrap in the local steel market. Even though availability of foreign exchange continues to be scarce, we see a policy being adopted where the banks that receive/ earn foreign exchange from exports are allowed to sell the same to importers wherein banks keep a lucrative margin, and some import requirements are also being met. We have seen interest from some few ship recyclers in acquiring fresh tonnages (especially those who have forward integration capabilities). In one of the recycling vessels sold this week, we saw that ship recyclers from Pakistan offered more price than other Indian sub-con counterparts and concluded the deal. However, in general ship recyclers are cautious before making fresh purchases because of currency fluctuations. We would expect prices offered by ship recyclers to continue at the same levels.

**BANGLADESH** – Ship recyclers prefer to stay away from making offers for fresh tonnages. Local steel plate prices have dropped by USD 13/MT this week and local scrap prices have dropped by USD 11/MT. Weak demand from construction sector for products from recycled steel is pushing the local prices down and with very limited sales, ship recyclers are not very enthusiastic in making fresh purchases of recycling tonnages. Based on international price trend, imported scrap prices have increased marginally by about USD 4-5/MT though there have been some bookings made at these price levels. Besides, foreign exchange availability continues to be a severe problem. In the meanwhile, Central bank of Bangladesh has said that it is expecting loan disbursements of USD 1.1 billion next month from IMF and ADB which could help ease the severity



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of foreign exchange problem. In view of weak local steel demand and scarce availability of foreign exchange we would not expect much interest from ship recyclers in acquiring fresh tonnages in the next couple of weeks. We could see a limited interest could revive if the foreign exchange problem partially eases next month.

**TURKEY** – Local demand for imported as well as domestic scrap has been good. Prices of imported scrap have increased by USD 6/MT this week. The domestic rebar market is slow which may pose a challenge in terms of accepting prices increases of scrap. Prices offered by ship recyclers continued at the same levels. There has been an interest rate hike from 35% to 40% this week. The foreign exchange continues to steadily weaken. The exchange rate against 1 USD today is TL 28.91 whereas 6 months back it was 19.91 which means a depreciation of 45% in six months. Given the tighter monetary policy now being adopted it is likely that the rate of currency weakening will start to slow down. Given the good local steel market position coupled with the lower supply of fresh tonnages for recycling, we could expect prices offered by ship recyclers to continue at same levels with a possibility of marginal improvement in coming weeks.

**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** – Mix of dry segment candidates and containers continued this week. Overall supply continued to be slow.

**MARKET OUTLOOK** – Dry and wet segments are doing fine on the freight rates with all sizes across dry segment experiencing a better freight rate market this week. Secondhand activity across both segments is slow but it does not mean a lack of interest from potential buyers. In container segment, larger sized vessels continued to enjoy good demand and charter rates. However, charter rates of smaller sized container vessels were under pressure due to a lot of tonnages being available across the world. Secondhand prices in the container segment were under pressure this week. Supply of fresh tonnages would continue to be slow helping to support current prices offered by ship recyclers from the Indian subcontinent for fresh tonnages which otherwise is under pressure due to weaker local steel markets in their countries.



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### **GREEN RECYCLING:**

1. Pakistan is getting closer to acceding to the to the Hong Kong Convention for the Safe and Environmentally Sound Recycling of ships, 2009. Pakistan (Federal) Cabinet has completed the processes needed to prepare the instrument of accession at a recently held IMO run National seminar in Karachi.

### **GLOBAL OUTLOOK:**

1. OPEC+ have postponed their meeting to 30<sup>th</sup> November to resolve the oil quote issue. Saudi Arabia and Russia are expected to continue their existing production cut of just over 1 million barrel per day till end Q1 2024 and in view of an expected fall in demand in 2024.
2. A four day cease fire in the Gaza strip along with release of some hostages by Hamas is a sign of easing tension in the middle east region.
3. An interesting question which is not easy to answer but could have a lot of effect in terms of global money flows and resultant currency exchange rates in 2024 is “what happens when US Fed announces a first interest rate cut as is being expected in Q2/Q3 2024”.

### **MAIN DEMOLITION SALES DATA FOR PERIOD Nov 20<sup>th</sup> – Nov 24<sup>th</sup>, 2023**

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Bulker	Diamond Way	1995	42529	9016		Alang
Bulker	Neptune Star	1996	25388	5471	512	Alang
Container	Ze Hong	1995	41624	11618		As is Zhoushan
Container	MSC Rita	2005	104849	30712		As is Abu Dhabi, U/T

### **MAIN DEMOLITION SALES DATA FOR PERIOD November 1<sup>st</sup> – November 24<sup>th</sup>, 2023**

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Container	Xin Feng Ning Bo	1995	35551	10316		As is Zhoushan
Bulker	APJ Uma Kismat	2001	74107	10438	510	As is Colombo
Fishing	Western V	1980	1200	868	600	High non-ferrous content and special materials
Bulker	Jin Yuan Xing 16	1977	66400	11190		As is Hong Kong
Container	Casablanca A	1996	9303	4666		Aliaga



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Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Bulker	Xin Dong Guan 3	1996	69512	9700	473	As is Hong Kong, incl 80T FO and 13T MGO
MPP	Bontrup Maldives	1984	42913	10820	547	Alang, incl 350T bunkers
LPG	Gas Dollart	1990	4998	2491	700	Alang, high quantity of special materials
Bulker	Wu Yang Goddess	1995	45700	7481	480	AS is China, incl 500T bunkers
Container	MSC Chiara	1987	41815	14305	537	Alang, incl 350T bunkers
Reefer	Shun Ze Leng 6	1991	12700	6904		As is Zhoushan
Bulker	Catherine Bright	1998	77828	10962	535	Alang
Bulker	Jin Yun Xing 16	1977	66400	11190		Ctg, Has Spare propeller
PCC	Sighter	1987	13898	11238		Ctg
Livestock	Quality	1966	2045	3700		Alang
Container	Yango	1993	18166	5866		Ctg
Bulker	Daytona Dynamic	1990	27877	6058	510	Alang
Container	MTT Tawau	1997	14099	5730		As is Malaysia - En-Bloc
Container	MTT Tanjung Manis	1999	12171	5467		As is Malaysia - En-Bloc
Bulker	Silver Wind	1986	2859	1011		Divd Alang/Ctg in Buyer's option
Container	Xin Feng Guang Zhou	1994	33522	8895	485	As is Zhoushan
Container	Duck	1997	21519	6961		Divd Sub-con in Buyer's option
Bulker	Diamond Way	1995	42529	9016		Alang
Bulker	Neptune Star	1996	25388	5471	512	Alang
Container	Ze Hong	1995	41624	11618		As is Zhoushan
Container	MSC Rita	2005	104849	30712		As is Abu Dhabi, U/T

### **STATISTICS**

#### **VESSELS AND QUANTITY LDT BEACHED IN INDIAN SUBCON – IN NOVEMBER 2023,2022, 2021.**

Year	INDIA		BANGLADESH		PAKISTAN	
	Vessels	LDT – LT	Vessels	LDT – LT	Vessels	LDT – LT
Nov 2023	08	47,850	05	32,047	01	22,000
Nov 2022	11	112,658	7	16,398	01	6,475
Nov 2021	16	148,117	19	218,544	10	24,093



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### **VESSELS AND QUANTITY LDT BEACHED IN INDIAN SUBCON – QUARTER 4 2023, 2022, 2021.**

Year	INDIA		BANGLADESH		PAKISTAN	
	Vessels	LDT – LT	Vessels	LDT – LT	Vessels	LDT – LT
2023	27	208,360	17	88,399	02	31,743
2022	27	271,729	32	236,479	08	45,548
2021	55	403,434	57	572,571	34	234,511

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

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
Nov 2023	495	505	550	510	485
Nov 2022	500	505	540	515	
Nov 2021	575	565	640	600	
Nov 2020	395	385	415	405	

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

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
Nov 2023	520	520	535	520	495
Nov 2022	535	540	575	550	
Nov 2021	615	605	635	635	
Nov 2020	400	390	405	410	

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

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
Nov 2023	525	525	540	535	505
Nov 2022	525	515	545	535	
Nov 2021	615	605	625	635	
Nov 2020	390	380	390	400	

*\*(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*



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

Year	DRY	WET	CONTAINER
Nov 2023	320	330	340
Nov 2022	240	250	260
Nov 2021	320	330	340
Nov 2020	210	220	230

**\*(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.*