



DEMO MARKET REPORT & MARKET OUTLOOK – October 23, 2023

Report No. 41/16201023/231023

COMMENTARY

INDIA – We are seeing prices drops due to a temporary weak local demand in finished steel and weak global steel market. Local steel plate prices dropped by another USD 6/MT this week basis which over last five weeks we have seen a gradual but substantial reduction of USD 31/MT. Imported scrap prices have dropped by USD 8/MT and over last five weeks prices have registered a total reduction of USD 28/MT. Local billet prices have dropped by another USD 11/MT this week. The local rebar market is weak due to slower demand and there was a drop in prices of USD 7/MT this week. Due to weaker demand for rebar, there is an excess supply and a lot of inventories at secondary mills due to which production has been slowed down. However, the market mood is not pessimistic as market fundamentals are strong. We expect demand for construction steel grade to resume after the festival holidays, which should result in price improvements. However, lower prices in international markets due to weaker global demand will maintain some pressure on the extent of price improvements. Local currency could be under pressure due to increase in oil prices and oil supplies expected to tighten due to geopolitical tension in middle east which accounts for 1/3rd of global crude supply. Prices offered by ship recyclers have softened further this week by about USD 5-10/LT LDT. Since there has been a continuous drop in steel plate prices and global scrap prices over the last five weeks, sentiments of ship recyclers are weak and cautious for now. We would expect prices offered by ship recyclers to be under marginal pressure for the next couple of weeks.

PAKISTAN – Strengthened local currency has resulted in further reduction in local prices this week. Local rebar prices as well as prices of local scrap equivalent to shredded have reduced by another USD 10/MT. Local finished steel demand is weak as increased expenses have affected the market appetite. Most of the steel mills are closed and only about 20% of the steel mills are working at 50% capacity. Ship recyclers in the meanwhile are cautious and not offering for fresh tonnages. As such prices they would offer are lower by about USD 10/LT LDT for bulker and tanker but lower by about USD 40/LT LDT for containers. There is an expectation that the local currency will appreciate further which would push down local steel prices further. Ship recyclers would prefer to see some stability in the market and could thus be quiet for some time.

BANGLADESH – Sales of steel plate in local market has opened but demand was weak with not much being sold this week. Backed by a small improvement in demand for finished steel made from recycled ship scrap, we would expect sales of scrap from recycling yards to resume from



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next week, but the offtake is expected to be slow. Bangladesh has secured another round of funding approval from IMF (subject to approval by IMF's executive board) for USD 681 million which is expected to be released in December. The country has hiked taxes, removed subsidies, and allowed its local currency to float more freely as prescribed by IMF but has missed out on minimum foreign exchange reserves and achieving targeted tax revenue collection. Foreign exchange availability problems are expected to continue for the balance part of the year and LC opening is getting tougher. It is expected the country could fully float its local currency after elections next year which could result in further weakening of local currency and increase in inflation. Ship recyclers have maintained the same price levels, but prices offered by Bangladesh ship recyclers are substantially lower compared to India by about USD 25-30/LT LDT. Most of the ship recyclers are not looking to make any offers for fresh tonnages. We would expect limited demand for fresh tonnages from Bangladesh in the coming weeks except if the local steel market picks up.

TURKEY – The market has softened this week due to weaker market conditions with a bearish outlook. Prices offered for ship scrap by steel mills have reduced by USD 5-10/MT this week. Imported scrap prices have also dropped by USD 9/MT this week and there is an expectation that prices could be under pressure due to the weak domestic market. Domestic rebar prices have marginally improved by USD 4/MT this week; however, most local buyers would like to wait and see since they expect prices to soften. Prices offered by ship recyclers reduced by USD 10/LT LDT this week. Considering weak domestic steel demand, we could expect prices 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 – There are a greater number of smaller units being offered by owners in the dry segment and we have seen some tonnage from the container segment. However, there is nothing major that we have seen in the flow of fresh tonnages.

MARKET OUTLOOK – The container segment is seeing a stable demand albeit at lower freight levels. Secondhand demand for container vessels is slow but we could see transactions if the prices drop further. The tanker segment saw a mixed freight movement this week whereas the dry segment saw freight rates firming up marginally. The secondhand markets for the dry



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segment are attractive and tanker secondhand assets prices have shown signs of firming up. LPG and LNG markets are enjoying good markets. Supply of vessels would thus continue to be slow as has been seen for the past few months. With Venezuela off the sanctions list for six months, it would need to be seen whether the old tanker vessels working that area head for demolition or find alternate routes. However, prices in the steel market on the other hand are under pressure with weaker demand seen globally. Local steel market in the Indian subcontinent is also weak with prices under pressure. We would thus expect prices for fresh tonnages to be under pressure and a cautious approach by ship recyclers when acquiring fresh tonnages.

GLOBAL OUTLOOK:

1. **USA has formally lifted oil sanctions it had put on Venezuela.** The US treasury has issued a six-month general license authorizing oil transactions with Venezuela. Whether this could increase the flow of old tankers previously working that area, heading for demolition is yet to be seen considering that present lifting of sanctions is only for 6 months which could be continued subject to electoral reforms amongst other conditions.
2. **Oil prices have increased due to geo-political tensions.** Efforts are being made by many countries including US, UAE, Saudi Arabia, Britain amongst others to de-escalate the tension.
3. **Property investments which are a key driver of China's economic activity, have continued to slump.** The government's efforts so far to prop up the property market have not yielded any results.

MAIN DEMOLITION SALES DATA FOR PERIOD October 16th – October 20th, 2023

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Tanker	Kemp II	1984	3003	1000	460	Ctg
Tanker	Sampurna Rajya	1999	32950	8494		Alang
Semi-sub platform	King Maker	1973	8345GRT	8800		Buyers have Full Subcon delivery option
Dredger	Lelystad	1986	13200	8375		Aliaga
RORO	Trinidad 1	1993	5387	3940		Ecuador



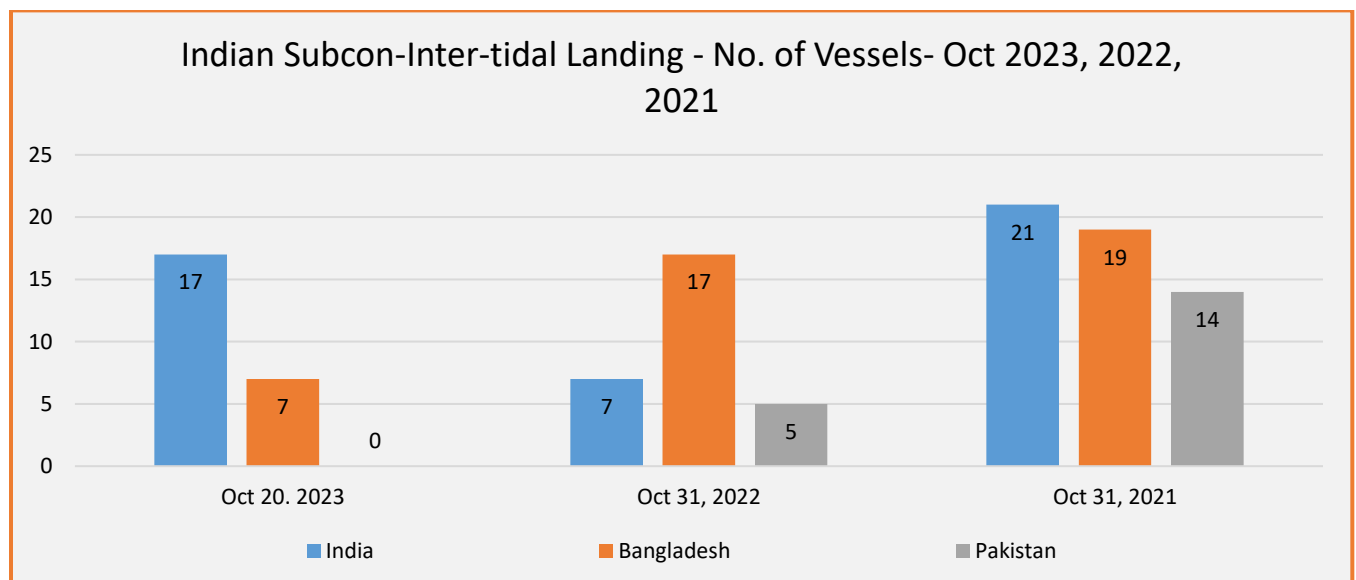
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MAIN DEMOLITION SALES DATA FOR PERIOD October 1st – October 20th, 2023

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Container	Marsa Iris	1996	22982	7852		Alang
PCC	Foresighter	1987	13917	11061	512	As is Japan
Tanker	Leviathan	1999	105365	16809	500	As is Singapore, incl bunkers 250T, likely sold to Gadani
Tanker	Bradley	1999	106474	16368	500	As is Singapore, incl bunkers 250T
Container	MSC Dennise	1998	41399	14349		Alang
Tanker	Alana	1988	159899	22471	570	Delivered Alang / Gadani
Bulker	Sea Smile	1995	45744	8118	497	Ctg
Container	MSC Levina	1989	45644	12858	565	Alang, incl sbt 400T bunkers
Tanker	Kemp II	1984	3003	1000	460	Ctg
Tanker	Sampurna Rajya	1999	32950	8494		Alang
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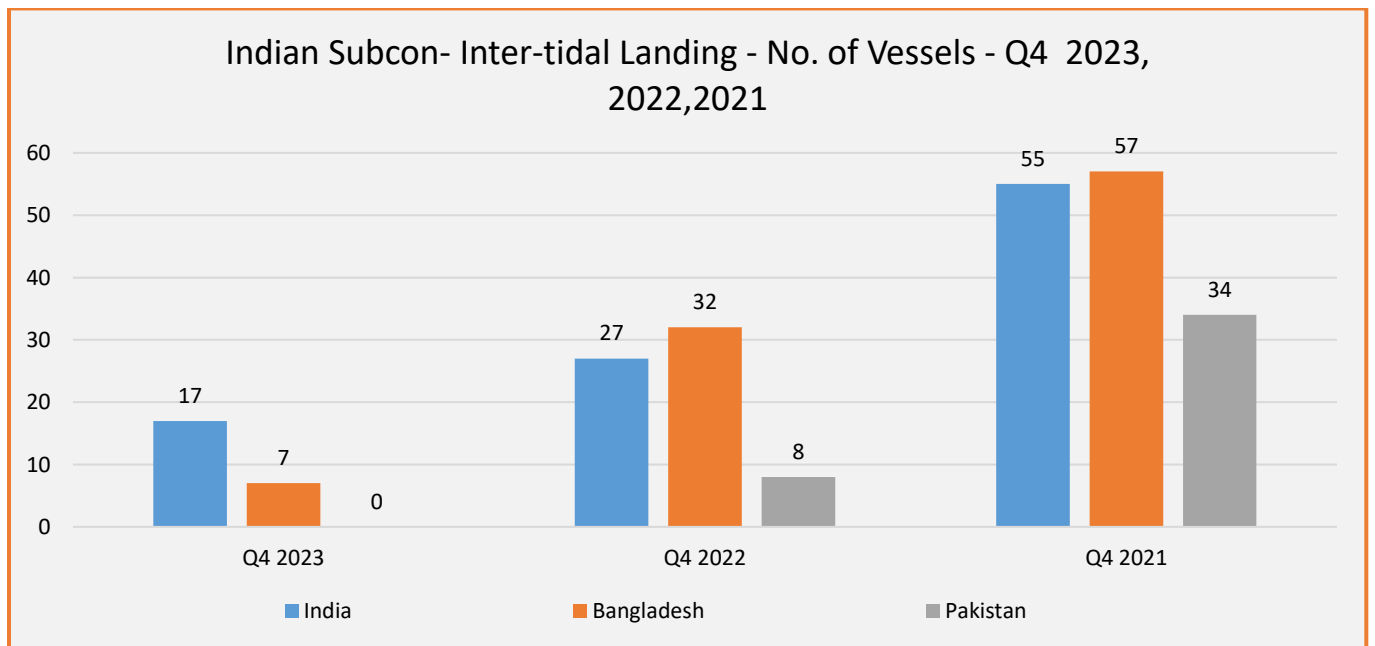
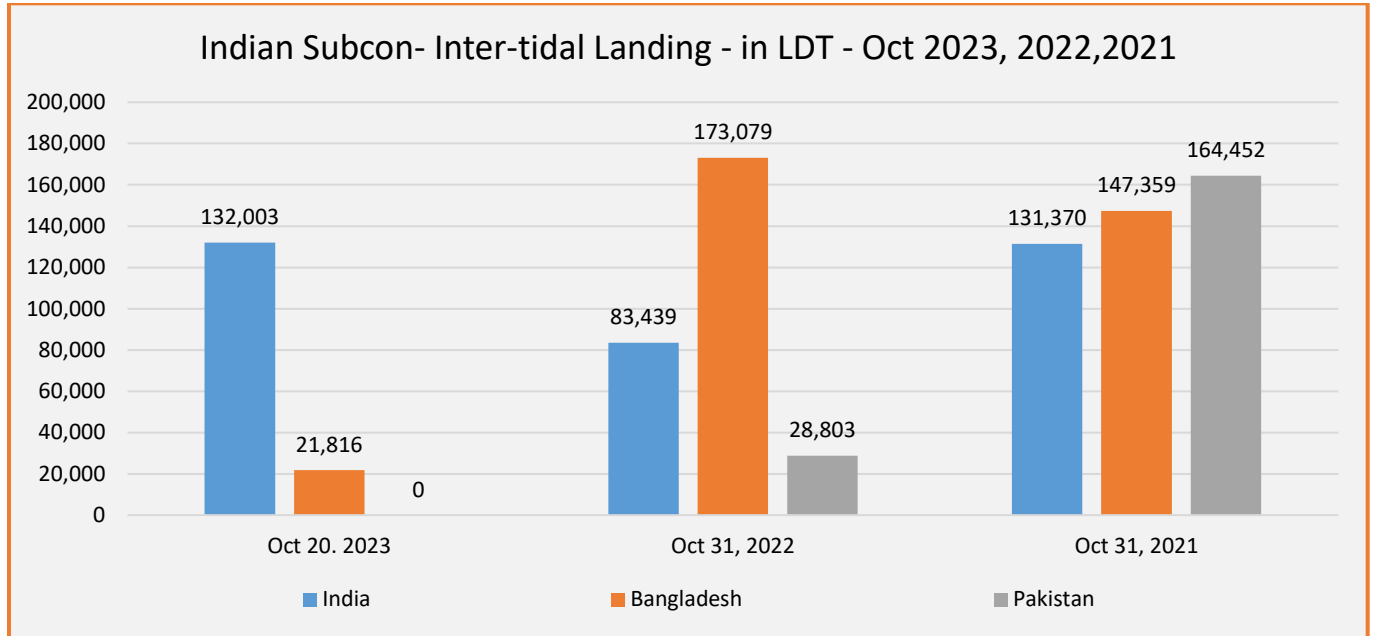
STATISTICS





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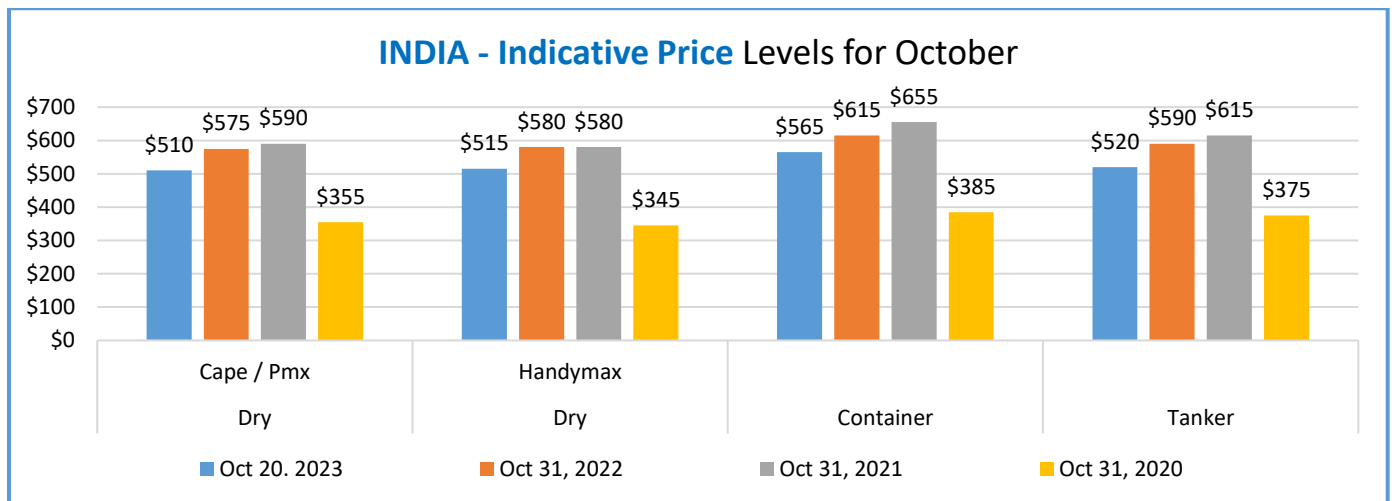
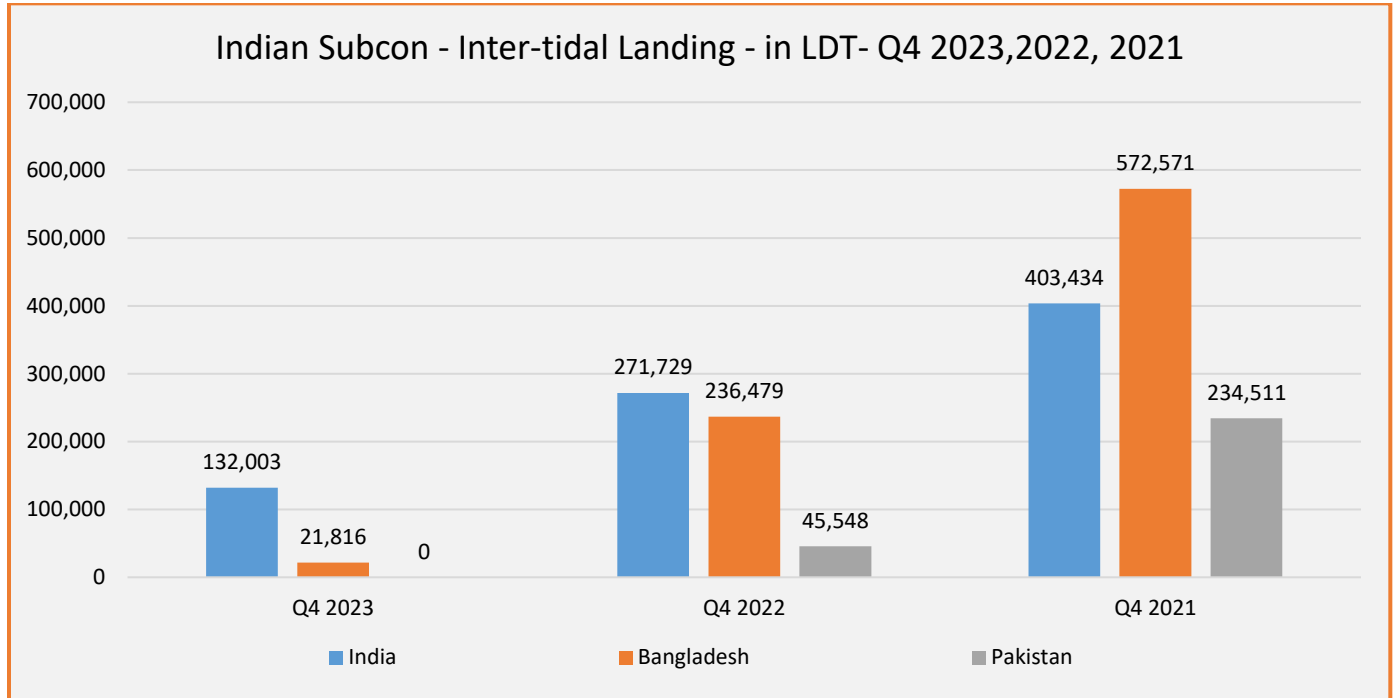
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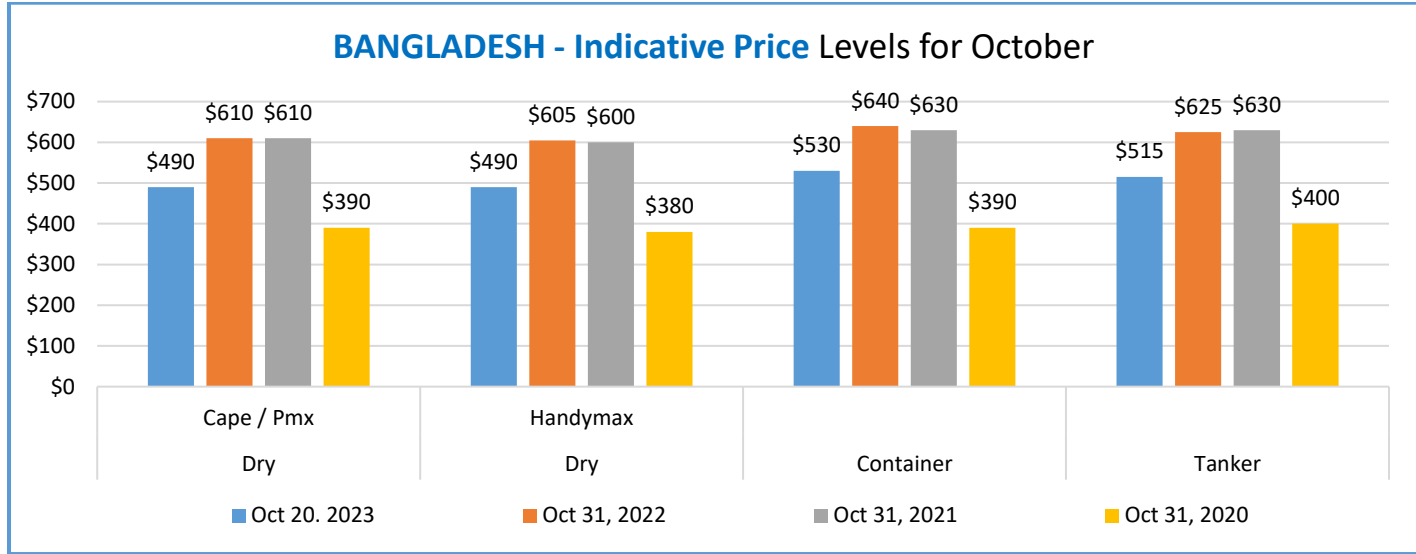


*(a) (Prices LT/LDT, less 3% Add Comm) (b) We have introduced VLCC as a separate item in Wet segment from Jan 2023

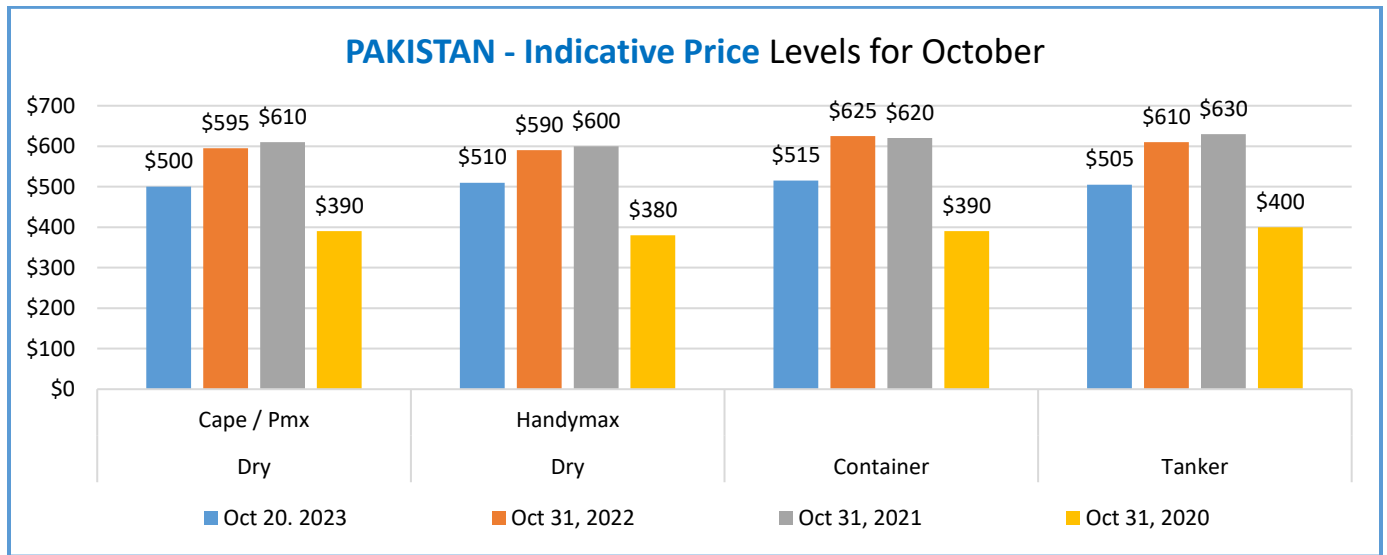


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***(a) (Prices LT/LDT, less 3% Add Comm) (b) We have introduced VLCC as a separate item in Wet segment from Jan 2023 onwards (c) There is a lot of problem in establishing LC. Thus, prices indicated are subject to LC opening.**

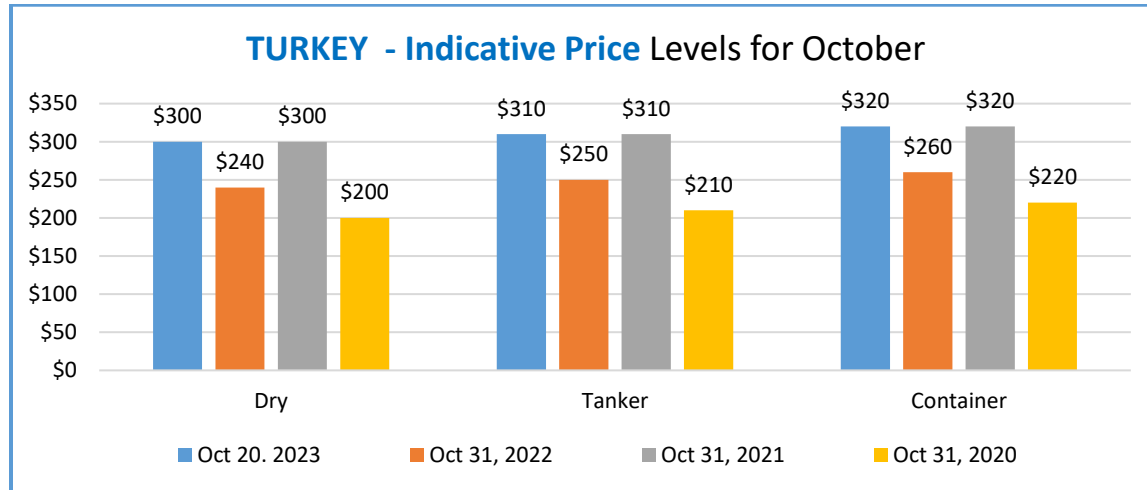


***(a) (Prices LT/LDT, less 3% Add Comm) (b) We have introduced VLCC as a separate item in Wet segment from Jan 2023 onwards (c) Due to foreign exchange problem, prices indicated are subject to LC availability**



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***(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.