



DEMO MARKET REPORT & MARKET OUTLOOK – October 9, 2023

Report No. 39/02061023/091023

COMMENTARY

INDIA – A strong local finished steel market with improved economic indicators seen in construction, automobile, service, and manufacturing sectors have strengthened sentiments of ship recyclers. The local steel plate market stabilized this week as the prices remained unchanged over the previous week's close. Imported scrap prices dropped by USD 12/MT this week whereas local scrap prices improved by USD 6/MT. Considering Indian currency has been under pressure against the USD with an expectation that it could depreciate further, local scrap will be preferred by traders. Local billet prices have reduced by USD 10/MT in lines with a weakening market in Asia and Gulf. The local market for finished steel continues to remain strong, which is a big positive. Indian passenger car sales also hit an all-time monthly high of 363,000 units in September marking a 2.40% growth over same month in previous year. As per a report which covered 13 important cities, residential prices have increased by 5.40% in Q3 2023 which will further encourage the construction industry. These are also signs of increasing consumer confidence and spending, all leading to economic growth. Prices offered by ship recyclers improved this week by about USD 10/LT LDT. It would be interesting to note that the vessel Tycoon (Bulk carrier built 2000 with LDT 12627) which seemed to be bought at a speculative price earlier has been sold to ship recycling yard almost on a cost-to-cost basis which shows that there is a definite stronger sentiment amongst ship recyclers. Considering the present factors, we would expect prices offered by ship recycler to improve and stay strong.

PAKISTAN – A strengthening local currency against the US Dollar due to crackdown on illegal foreign currency trade has further strengthened the currency by 4% this week but it has put ship recyclers with recently acquired tonnages in difficulty since prices of finished goods have reduced this week by USD 35/MT due to currency appreciation. Prices of local scrap equivalent to shredded has also dropped by about USD 30/MT. The local steel demand recovery is still slow with liquidity issues continuing to be a challenge. Foreign exchange availability continues to be difficult. Prices offered by ship recyclers reduced this week by about USD 10/ LT LDT. In view of the strengthening currency, most of the ship recyclers would prefer to wait and watch for a couple of weeks before deciding to go in for fresh tonnages. Though, we have seen an exception here where a tanker vessel of 16809 LT LDT, has been bought by one of the ship recyclers at a USD 553/LT LDT which a very high price (even after considering that the vessel had 250T bunkers) compared to the price that other ship recyclers are willing to pay. We can expect prices offered by ship recyclers to improve marginally over the coming weeks.



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Report No. 39/02061023/091023

BANGLADESH – Some sales activity by ship recycling yards for steel plates resumed but scrap sales has still not resumed. Sales from ship recycling yards have stopped for almost a month now and the situation is not likely to change anytime soon. This has been a major blow to the ship recyclers' sentiments due to which there is a lack of interest in acquiring any fresh tonnages. As a matter of recap, sales by ship recycling yards were stopped after a substantial and continuing drop in sales prices of steel plates due to an absolute lack of demand from manual and semi-automatic steel mills. Prices of imported scrap has reduced by USD 6/MT but there are hardly any orders being placed due to weak demand as well as increasing difficulty in obtaining foreign exchange due to falling reserves which were USD 21.15 billion in September (much below IMF's minimum target of USD 25.30 billion). Key interest rates were increased by 75 basis points this week to 7.25% in an effort to bring down inflation. Due to the current situation, we would expect that ship recyclers could postpone any purchases of fresh tonnages. Also, price levels for fresh tonnages are at much lower levels than in India.

TURKEY – Steel mills increased prices of their finished products to the extent of increase in energy costs from beginning of this month. However, increased prices are still not being well accepted in the market. Imported scrap prices have been reduced by about USD 5/MT. Prices offered by ship recyclers have continued at the same levels. The local currency is under pressure as inflation continued to increase for a third consecutive month to 61.50% in September. It would be noted that the central bank has increased the key rate to 30% earlier but still does not seem enough to support the currency. We would expect prices offered by ship recyclers 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 – We saw only a few candidates from dry and container segments being circulated this week.

MARKET OUTLOOK – In Crude tankers, freight rates for VLCC dropped while suezmax and aframax enjoyed good rates and product tankers also enjoyed healthy rates. In the bulker segment, capsizes enjoyed an improved freight market whereas other sizes had a weaker market. In the secondhand market, there are very few transactions in tankers while there is some excitement for capsizes in dry segment. In the container segment, activity in 2000-3000



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TEU units only are on quieter side while other sizes are doing fine. There has not been much interest in secondhand transaction for containers as interested buyers are looking for lower prices. On the New Building front, we understand that many Owners have accepted later deliveries for container vessels and some yards have managed to switch some of those slots to tankers new building instead. It is due to this reason as well as the possibility of now selling secondhand containers to the new set of owners that have stepped into container business that the increased supply of fresh tonnages for recycling has been getting postponed.

GREEN RECYCLING:

1. Samskip has decided to commission Cochin Shipyard in India to build two hydrogen fuelled feeder vessel. It is planned that steel required for construction of these vessels will be sourced from Ship recycling Facilities in Alang, India.
2. Hyundai Glovis, a South Korean shipowner, has been taken off the observation list by Norway Government Pension Fund, This is in consideration of positive steps taken by Hyundai Glovis to formulate Green Recycling policy for its end of life ship basis which its vessels will only be recycled at inspected and approved HKC yards and IHM will be prepared for each vessel.
3. Radio Pakistan has conveyed that at a meeting held on Thursday this week with Special Assistant to Prime Minister on Maritime Affairs, a broad consensus has been reached among all stakeholders for accession of the HKC and it is now in the final stages.

MAIN DEMOLITION SALES DATA FOR PERIOD October 2nd – October 6th, 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	1988	41399	14349		Alang
Tanker	Alana	1988	159899	22471	570	Delivered Alang / Gadani



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Report No. 39/02061023/091023

MAIN DEMOLITION SALES DATA FOR PERIOD October 1st – October 6th, 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	1988	41399	14349		Alang
Tanker	Alana	1988	159899	22471	570	Delivered Alang / Gadani

STATISTICS

VESSELS AND QUANTITY LDT BEACHED IN INDIAN SUBCON – IN OCTOBER 2023,2022, 2021.

Year	INDIA		BANGLADESH		PAKISTAN	
	Vessels	LDT – LT	Vessels	LDT – LT	Vessels	LDT – LT
October 2023	05	37,415	06	17,836	0	0
October 2022	07	83,439	17	173,079	05	28,803
October 2021	21	131,370	19	147,359	14	164,452

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	05	37,415	06	17,836	0	0
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 October in Current Year Vs Previous Years

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
Oct 2023	525	535	585	540	515
Oct 2022	575	580	615	590	
Oct 2021	590	580	655	615	
Oct 2020	355	345	385	375	

**(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 October in Current Year Vs Previous Years

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
Oct 2023	490	490	530	515	490
Oct 2022	610	605	640	625	
Oct 2021	610	600	630	630	
Oct 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) There is a lot of problem in establishing LC. Thus, prices indicated are subject to LC opening.*

PAKISTAN - Indicative Price Levels for October in Current Year Vs Previous Years

Year	DRY			WET	
	Cape / Pmx	Handymax	Container	Others	VLCC
Oct 2023	500	510	515	505	470
Oct 2022	595	590	625	610	
Oct 2021	610	600	620	630	
Oct 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*

TURKEY - Indicative Price Levels for October in Current Year Vs Previous Years

Year	DRY	WET	CONTAINER
Oct 2023	310	320	330
Oct 2022	240	250	260
Oct 2021	300	310	320
Oct 2020	200	210	220

**(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.