

# WEEKLY SHIP RECYCLING REPORT



**28<sup>th</sup> May to 4<sup>th</sup> June 2021**

## Highlights of the Week

Volatility in global steel prices coupled with the ongoing Budget session have led to a slight drop in prices being offered by the end buyers from subcontinent. Buyers are waiting for the prices to stabilize before making fresh offers. Additionally, the Budget season creates a sense of uncertainty and makes the end buyers wary of any potential changes in import and export duties and the impact on domestic steel prices due to policy changes in infrastructure, automobile, and manufacturing sector. We expect the prices to bounce back soon as there is a shortage of vessels available in the demolition market and demand will increase with Indian market showing strong signs of recovery from Covid crisis.

Major Chinese mills are no longer willing to negotiate too much on prices and kept their offers unchanged even after receiving no buying interest from buyers. They believe the Chinese export prices have already been quite competitive among the world and expect international supply to remain tight in the near term.

Oil prices continued to rally this week as the demand outlook continues to strengthen with reopening of Europe and increased mobility around the world.

Container freight is hitting new records since past 6 months with no signs of the issue getting resolved. The charter rates have crossed USD 135,000 per day for a 5,060 TEUs container ship this week which is an unprecedented level.



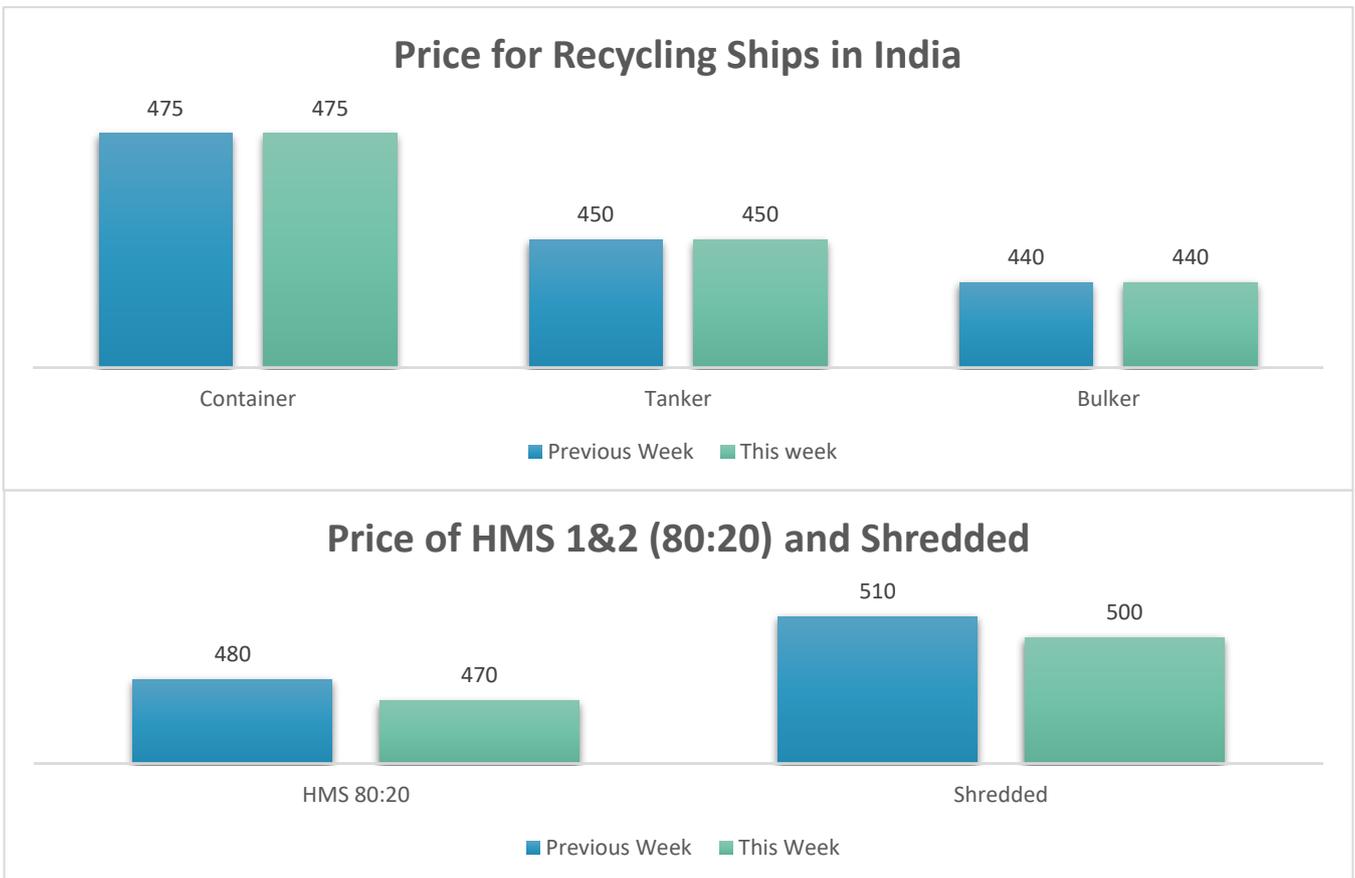
# INDIA

## Market showing strong signs of improvement

The domestic steel prices have been continually rising in India, but it is not being reflected in the recycling market as of now. The price gap between traditional and green recycling has widened so much that there are very few vessels available for green recycling. Buyers are not keen to buy at such price levels as they are worried that the market will come down and they will have to bear the losses.

The supply of Oxygen has resumed in Recycling yards which has brought the cutting operations of yards back on track and easing lockdown restrictions have enabled smooth movement of material from yards to outside market.

Even after the recent hikes, domestic steel prices are at 20-25 % discount to international prices. HRC is currently priced at USD 975/MT whereas CRC is priced at USD 1150/MT.



### Beaching Dates:

8<sup>th</sup> June to 16<sup>th</sup> June 2021

21<sup>st</sup> June to 30<sup>th</sup> June 2021



# BANGLADESH

## 50<sup>th</sup> National Budget of Bangladesh

Finance Ministry has laid out the Budget for F.Y. 2021-22

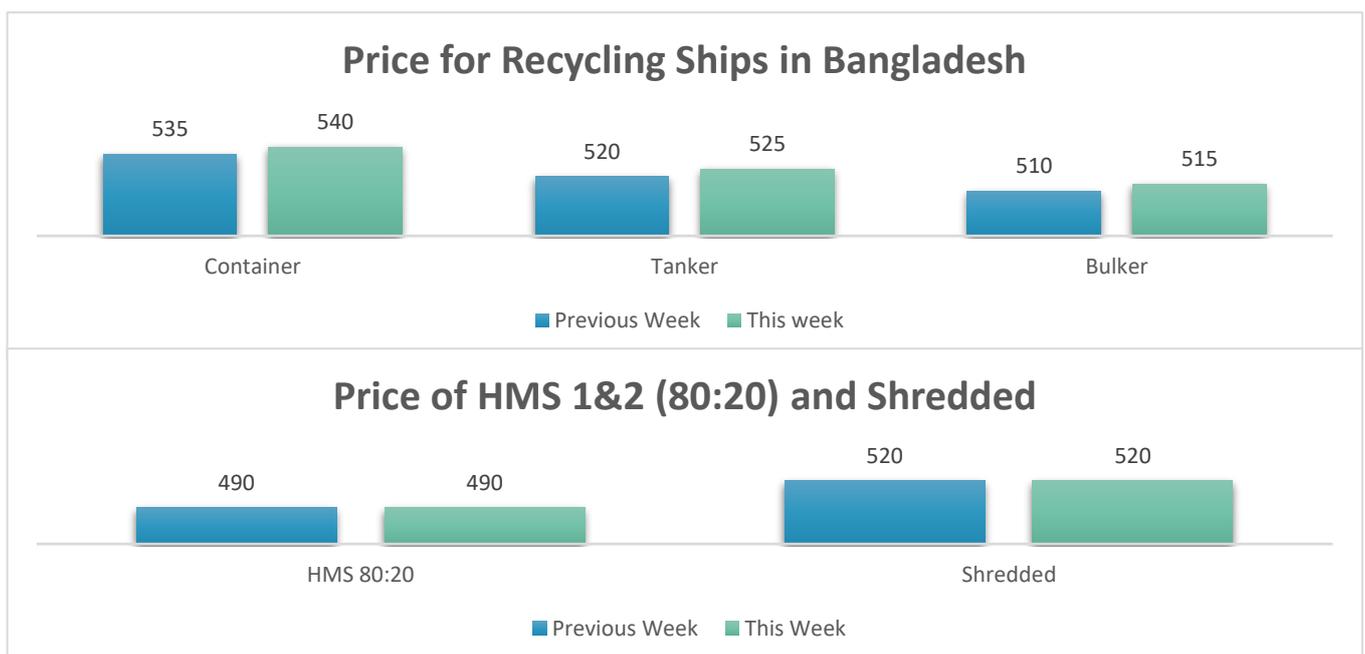
### Implication on Ship Recycling Industry: Vessels and other floating structures for Breaking up

- 1) No change in Import Duty
- 2) Advance Tax which was earlier 4% has been completely withdrawn, giving an advantage (lower cash flow) to the recyclers but the actual impact will be known by next week.

The Budget has focussed on improving domestic industries by proposing tax exemption on "Made in Bangladesh" products and reduction of corporate tax rate along with changes in VAT, Supplementary duty laws and Custom Laws. The change in duties will lead to increase and decrease in price of the following products among others:

Prices Down: Stainless steel, Locally manufactured and assembled electronics, Ingredients used in producing medicines, etc.

Prices up: Imported iron bar and rods, imported iron wire, imported cell phones, motor over 750W, Soap and confectionary, etc.



### **Beaching Dates:**

10<sup>th</sup> June to 13<sup>th</sup> June 2021

24<sup>th</sup> June to 27<sup>th</sup> June 2021



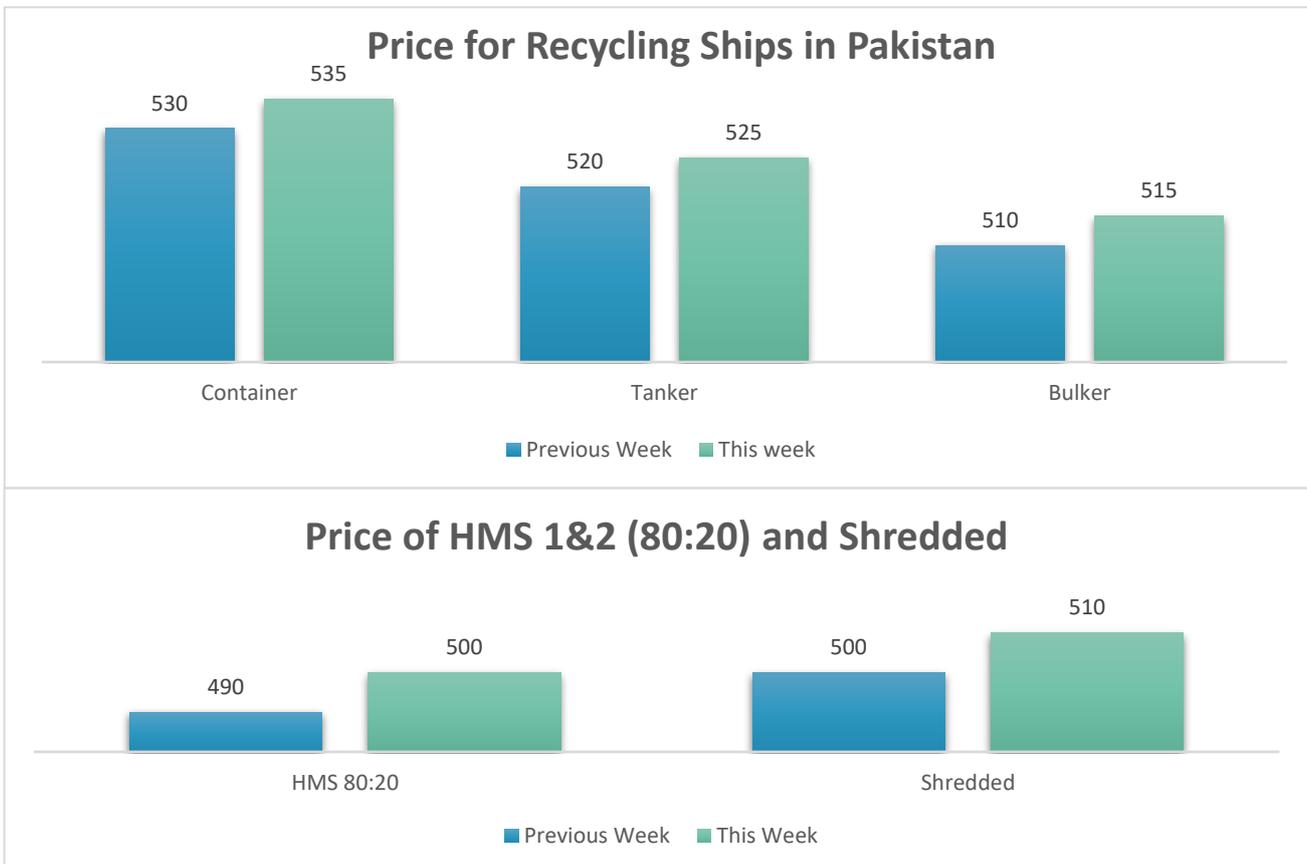
# PAKISTAN

## Market in a wait-and-watch mode

The end buyers are not inclined to offer at current price levels until the announcement of Budget which is scheduled on June 11. They are also waiting to gauge the direction of global steel prices to get a clear idea about the prices they can offer for securing tonnage.

There are strong rumours in the market that the Mercury laden tanker which was recently in news has been given a clean chit as the amount of mercury content was negative, but a confirmation from the concerned authorities is yet to arrive.

Local steel prices have witnessed some downfall owing to uncertainty of the upcoming budget implications. Furthermore, due to approaching monsoon season there maybe lack of demand but this is completely dependent on the weather conditions in the coming period.



### Beaching Dates:

Throughout the month



# TURKEY

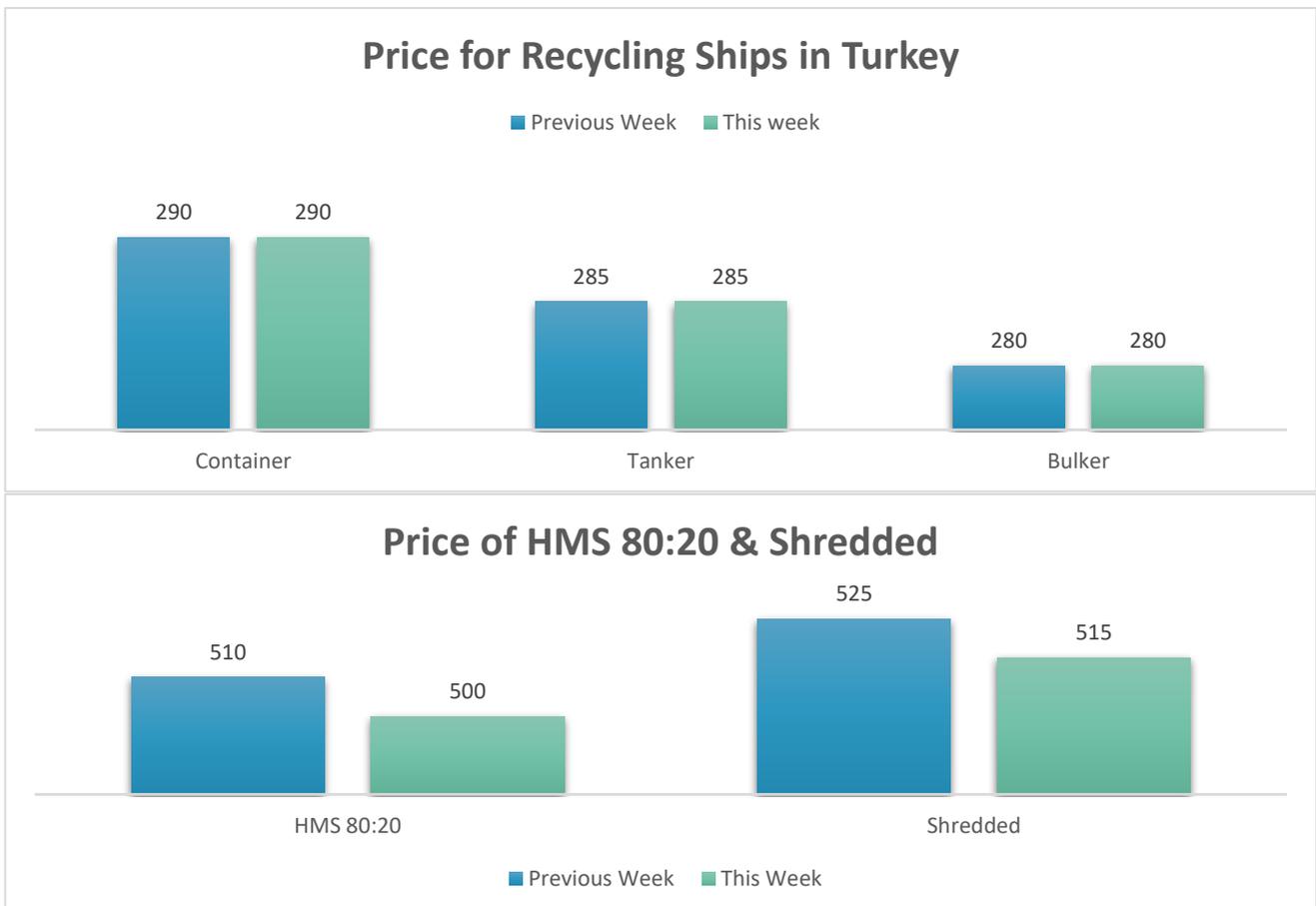
## Turkish Lira hits record low

Two offshore vessels have reached Aliaga this week.

Import scrap prices have softened this week amid limited demand from domestic steel mills.

Turkish Lira crashes to historic low on Wednesday as President Erdogan called for lower interest rates in the country where inflation is more than 17%. Investors and analysts broadly agree that Turkey needs to keep interest rates high to prevent prices from spiralling out of control. It is currently trading at TL 8.72/USD.

Social distancing measures across the nation have been eased from June 1 as the daily Covid-19 cases have been steadily dropping.



### Beaching Dates:

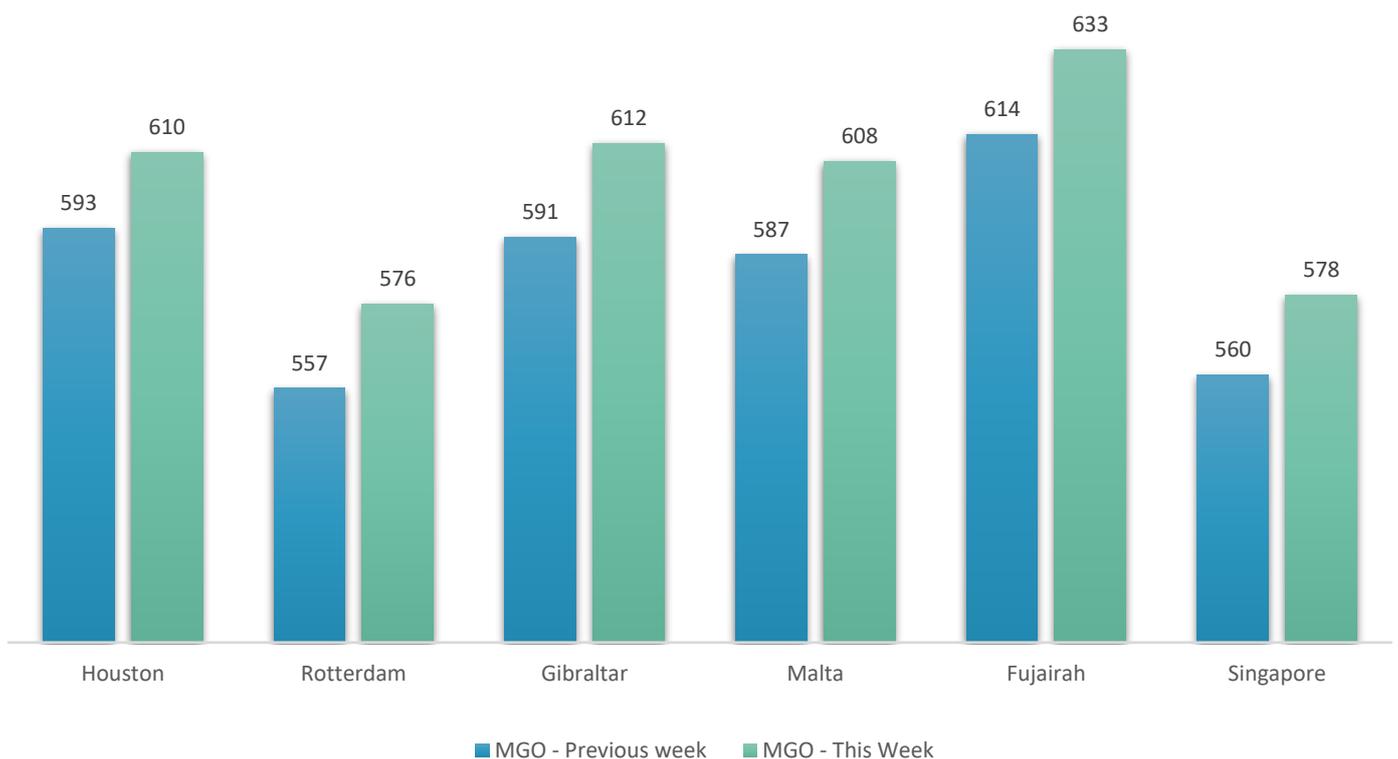
Throughout the month

# LIST OF VESSELS SOLD THIS WEEK

Vessel Name	Type of Vessel	Year of Build	Country of Build	LDT	Term of Sale	Location of Delivery	Sale Price/LT (USD)
Ice Glacier	Reefer	1988	Japan	6,614.00	Delivered	India	543
Vega	Fish Factory	1984	Poland	6,614.00	Delivered	India	606 (With 250 MT Bunker)

# BUNKER PRICES AT PORT

Bunker Prices - MGO



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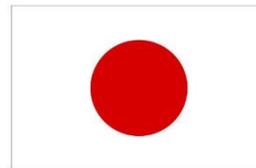
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