

Weekly Ship Recycling Report

17 June - 24 June 2022



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Highlights of the Week

The Ship recycling industry stands as confused as the world economy right now, attempting to make sense of the volatile demand and supply while predicting what might happen next. On one hand, there is a severe shortage of units available for recycling as the ocean freight rates set staggering new records with every passing day, yet the offer prices from recyclers keep sliding down in tune with the sluggish steel demand. Although many yards are running extremely low on inventory, the offer prices are not bouncing up as there will be no profitability at the current steel price levels.

Steel inventories are slowly piling up at warehouses in China amid a stop-and-start economy which is forcing down demand and prices. Even though steel prices have fallen and eroded steelmaking profitability, mill owners have continued production, with many using iron ore of lower quality to produce smaller volumes to keep the blast furnace "hot" since shutting down blast furnaces would be unfeasible as it requires a long turnaround time to restart the manufacturing process.

Russia has significantly reduced gas supplies to Europe, triggering an energy crisis in many European nations and the possibility of an earlier recessionary phase than the rest of the world. Germany triggered the "alarm stage" of its emergency gas plan on Thursday accusing Russia of an economic attack while other European leaders are growing increasingly concerned about the risk of a full shutdown of gas supplies from Russia.

European leaders have granted EU candidate status to Ukraine and Moldova, in a historic decision that opens the door to EU membership for the war-torn country and sends a strong message to Russia.

Exchange Rates:

USD / INR

This Week : 78.31
Previous Week : 78.05
Lost : 0.33 %

USD / BDT

This Week : 92.83
Previous Week : 91.72
Lost : 1.19 %

USD / PKR

This Week : 206.74
Previous Week : 208.75
Gained : 0.96 %

USD / TL

This Week : 17.36
Previous Week : 17.32
Lost : 0.23 %

India

Govt. mulls to reconsider export duty on Steel

- Domestic steel demand prices continue their rapid decline, resulting in further softening in offer prices from the recyclers of Alang. With about 60% of the yards having no inventory on hand, buying interest remains strong, but the huge gap in price expectations of sellers and buyers and dearth in tonnage available for recycling is leading to no deals being concluded.
- Steel exports from India are expected to plunge by around 35-40 % this fiscal following the 15% export duty imposed on several finished steel products. With the above in mind and an increasing pressure from the steel manufacturers, the government may reconsider export duty on Steel and Iron ore.
- With monsoon season setting in, a seasonal moderation in steel demand is expected, which will put further downward pressure on steel prices.

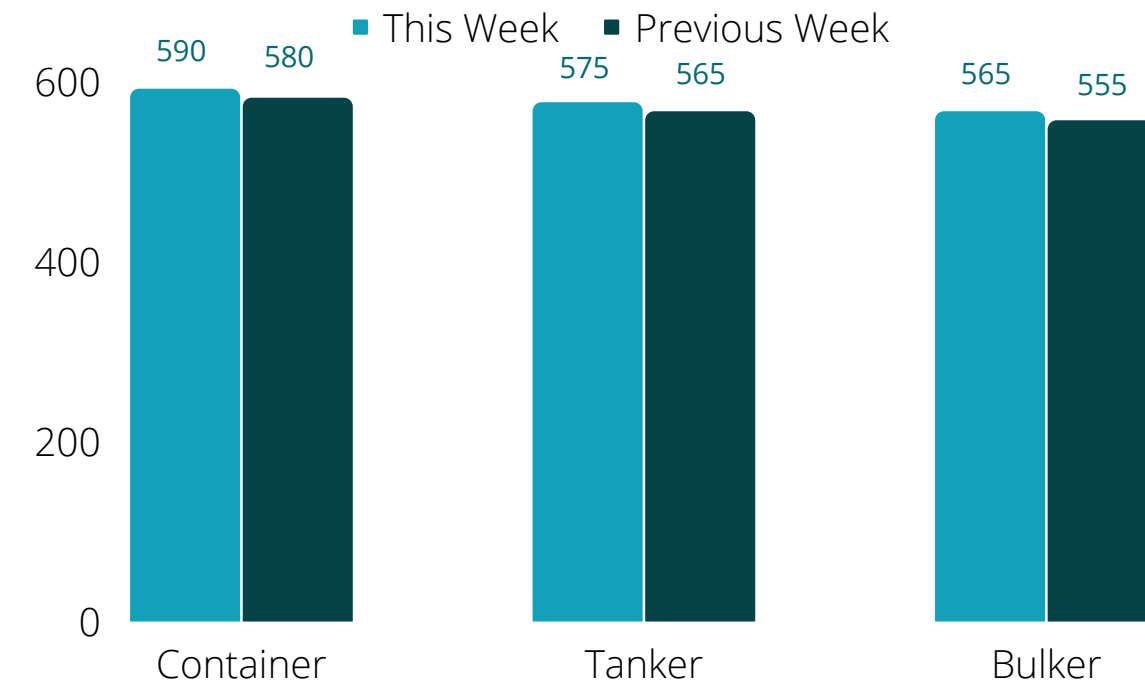
Beaching Dates

25 June to 4 July 2022

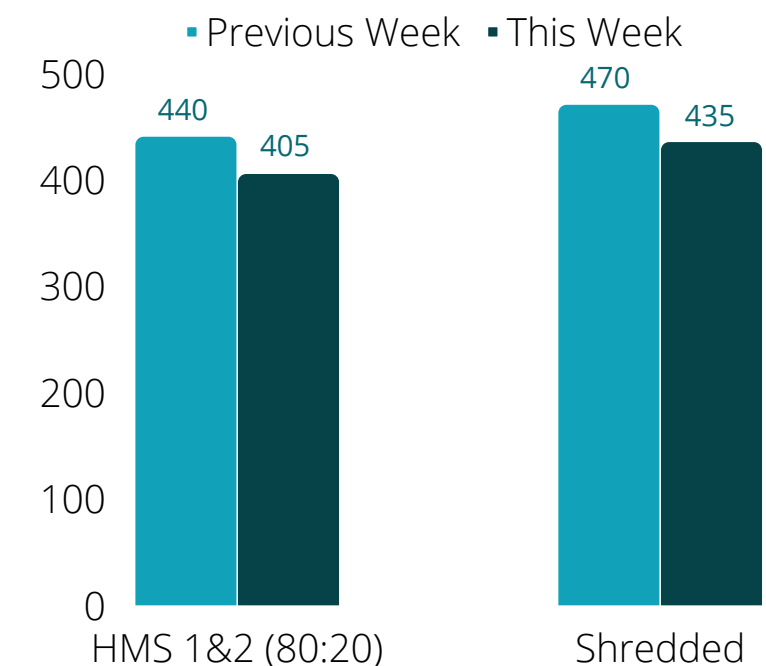
10 July to 19 July 2022

26 July to 3 August 2022

Price for Recycling Ships in India



Price of HMS 1&2 (80:20) and Shredded



Bangladesh

Heavy rainfall affecting domestic demand

- The offer prices from end buyers of Chattogram are leading the price board among the subcontinent recycling destinations but there has been no improvement in the price levels due to gloomy sentiments in the domestic steel market.
- More than 17 districts in Bangladesh have been flooded due to excessive and erratic rainfall, affecting construction and transportation activities in many regions.
- Increasing production costs due to higher electricity tariff, raw material prices and depreciating currency has impacted the profitability of many steel mills, forcing them to slash production.
- Domestic rebar prices remained unchanged week on week due to limited demand from end-users.

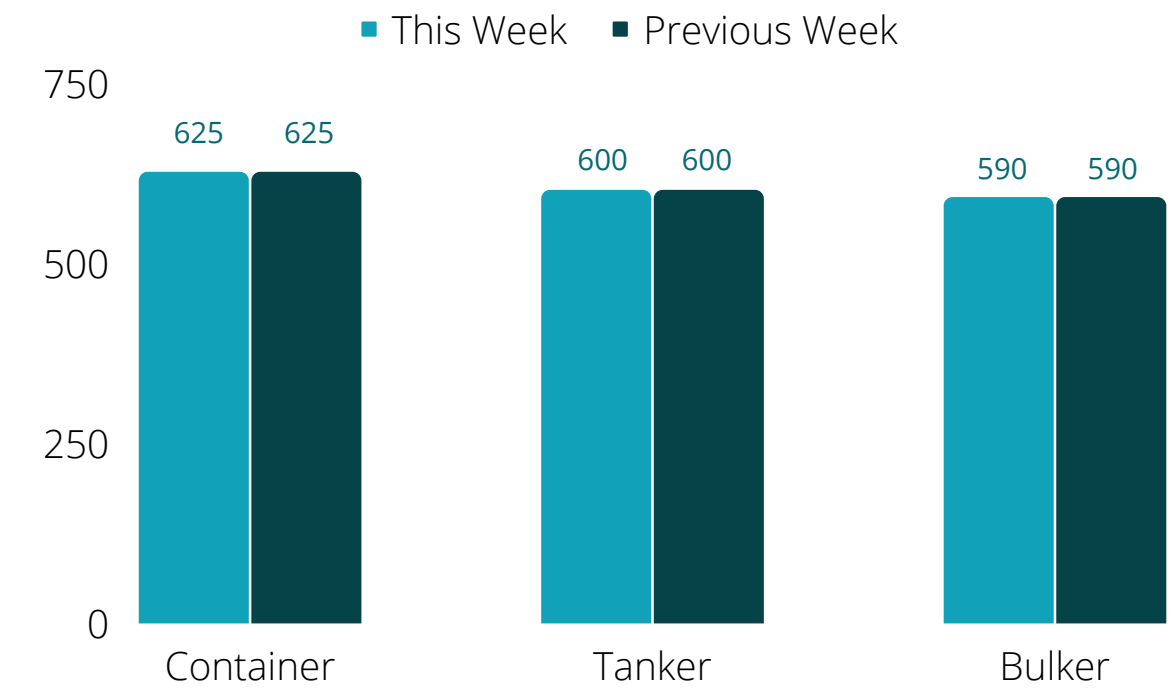
Beaching Dates

29 June to 2 July 2022

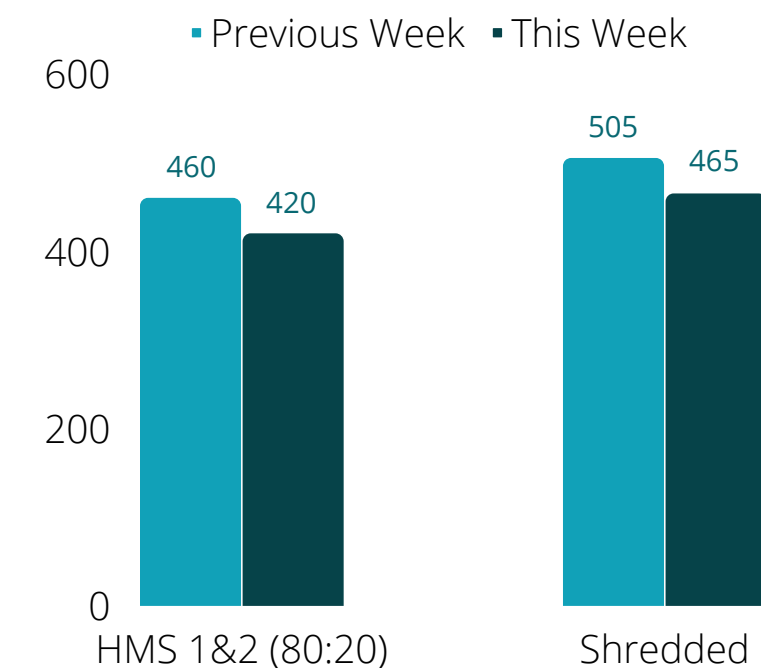
13 July to 16 July 2022

29 July to 1 August 2022

Price for Recycling Ships in Bangladesh



Price of HMS 1&2 (80:20) and Shredded



Pakistan

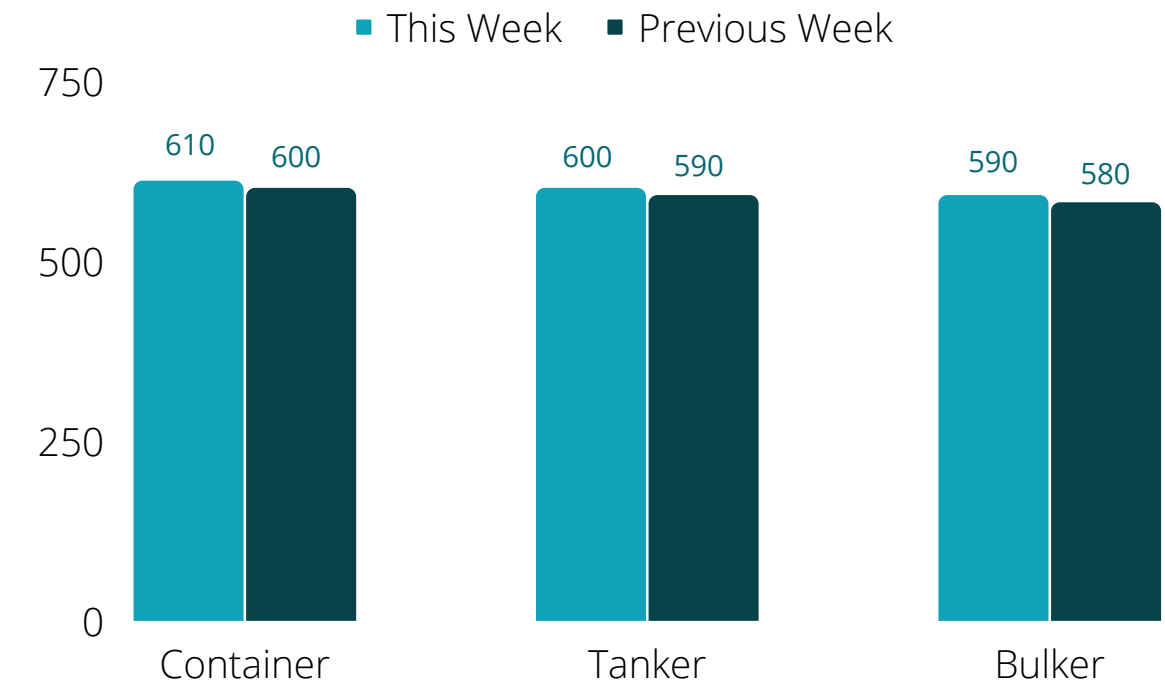
Stock market slides on announcement of 10% Super Tax

- The end buyers of Gadani are looking to secure tonnage and offer competitive prices as the strengthening of PKR boosted their confidence this week, but their offers still remain unattractive for the sellers and as a result, no deals are being materialised at these levels.
- Due to a dispute among the locals, all yards in Gadani remained shut from Monday to Wednesday. Operations resumed on Thursday after the matter was resolved through several meetings.
- Government has announced imposition of 10% super tax on large-scale industries like cement, steel, sugar, oil and gas, fertiliser, banking, textile, chemical, beverage, and automobile industries, to provide relief to the masses and reduce the burden of inflation on the people.

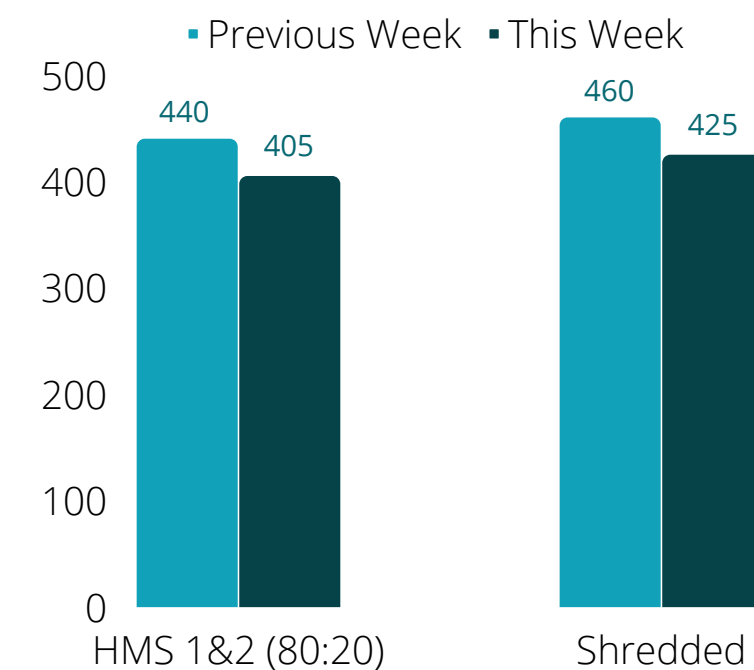
Beaching Dates

Throughout the month

Price for Recycling Ships in Pakistan



Price of HMS 1&2 (80:20) and Shredded



Turkey

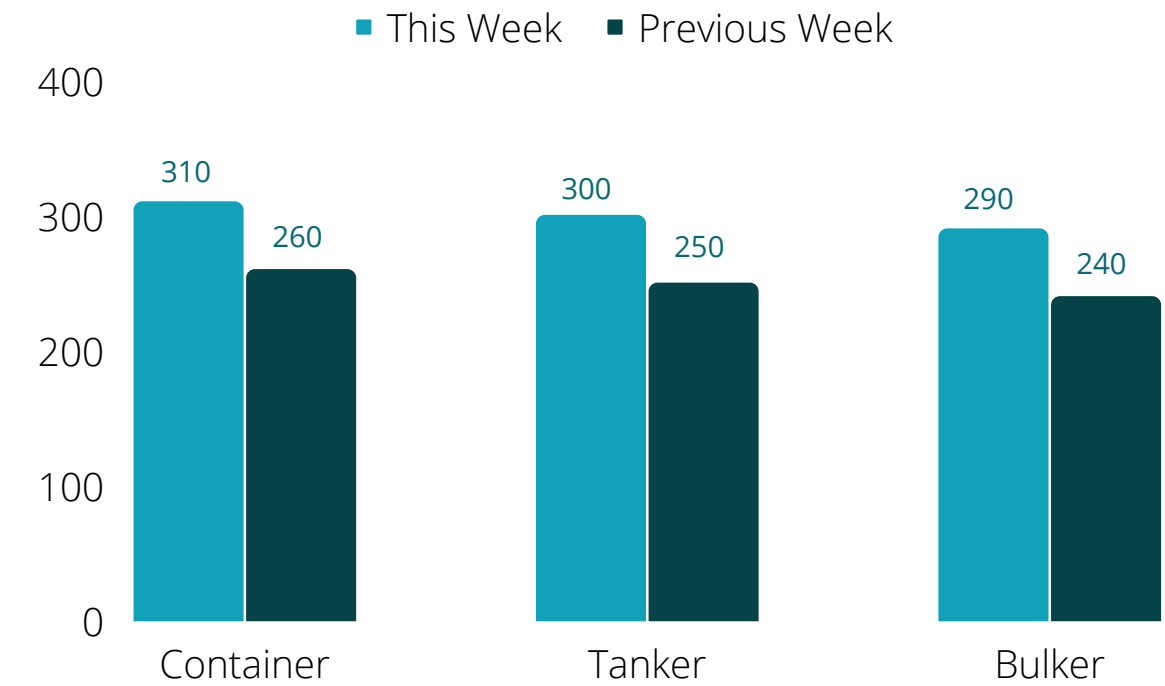
Imported scrap prices softened further

- One passenger vessel of about 20,000 LWT has arrived in Aliaga this week.
- Imported scrap prices have further softened by USD 45/MT this week. The dull downstream steel sector and negative sentiments in the domestic market have kept scrap buyers on the sidelines. Meanwhile, the enquiries remained absent as no firm bids and offers were heard.
- The Central bank decided to leave the main repo rate unchanged at 14%, saying that the Turkish economy is doing well and the growth in external demand has been helped by weak Turkish Lira.
- Today, the Turkish Shipping community is coming together for one of the most popular event of the year i.e. The Shipbrokers' Dinner.

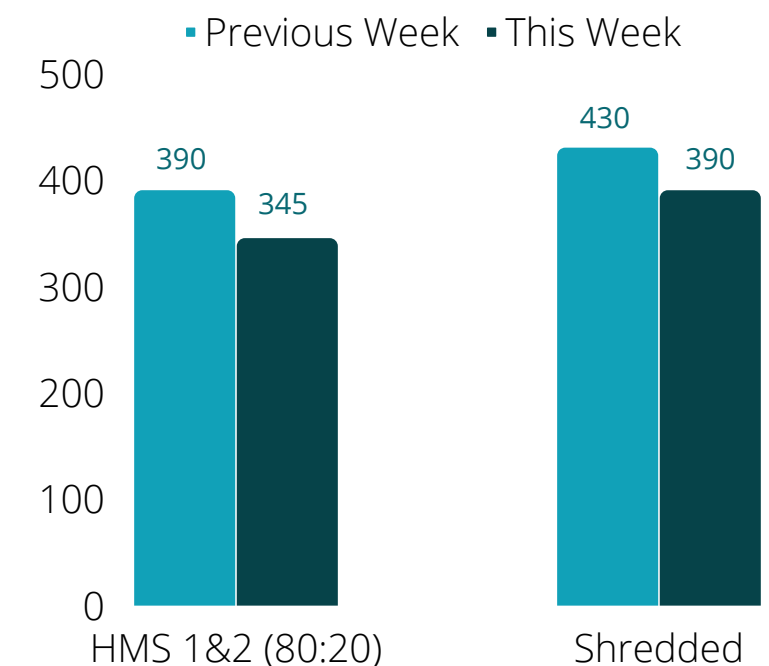
Beaching Dates

Throughout the month

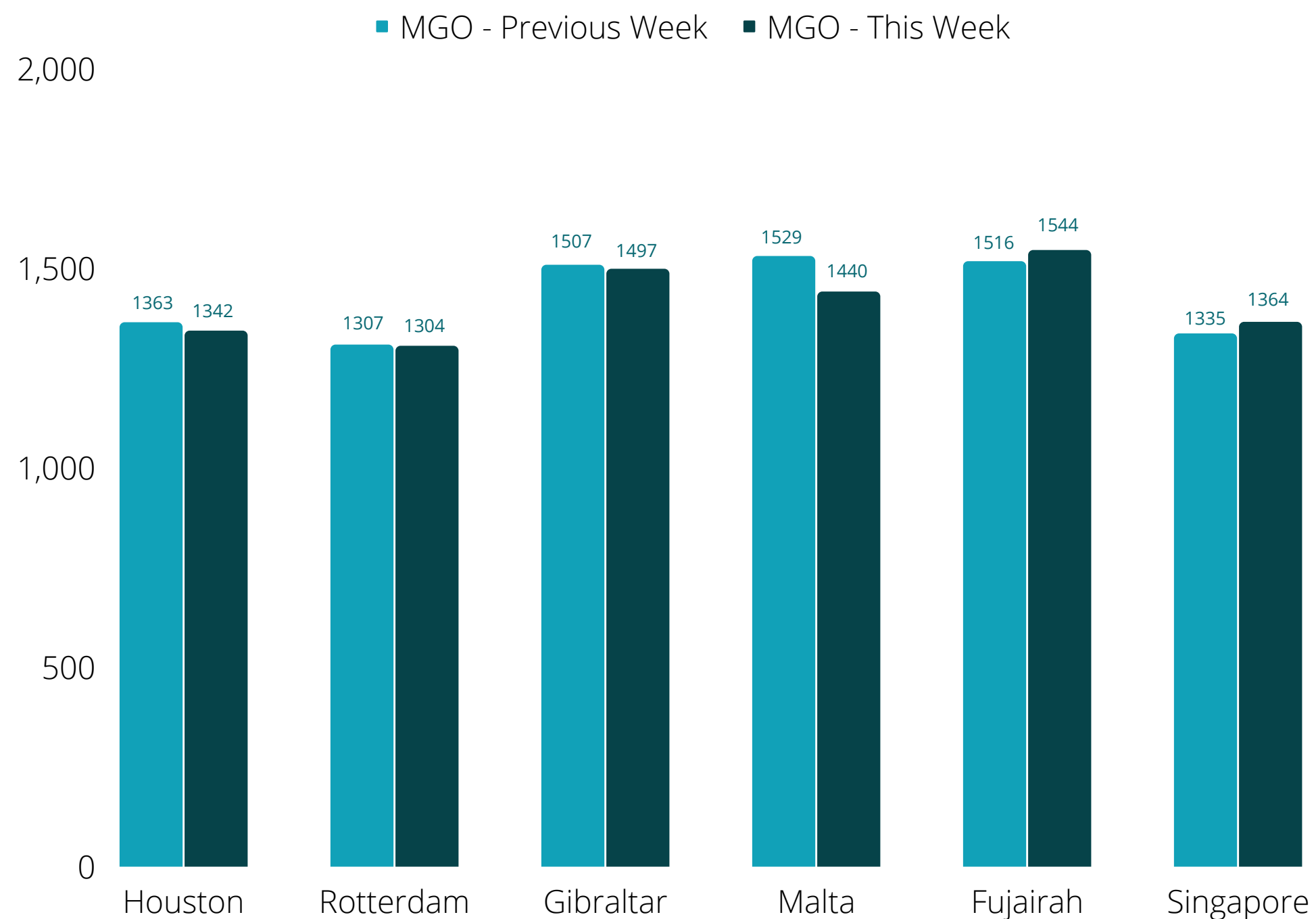
Price for Recycling Ships in Turkey



Price of HMS 1&2 (80:20) and Shredded



Bunker Prices at Port



Brent Crude

This Week : 110.30
 Previous Week : 120.08
 Movement : -8.14 %

WTI Crude

This Week : 104.80
 Previous Week : 117.80
 Movement : -11.03%

- Oil prices remained shaky this week on concerns that a global economic slowdown will ultimately hobble oil demand.

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/LDT (USD)
KIM SENG 3	TANKER	1992	S. KOREA	1,371.00	DELIVERED	BANGLADESH	UNDISCLOSED

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