

Weekly Ship Recycling Report

24 June - 1 July 2022



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Highlights of the Week

The landscape of ferrous scrap supply and demand is dramatically shifting due to the ongoing geopolitical shocks and high inflationary environment. As a result of increasing interest rates and soaring energy prices, the consumer spending power is steadily declining, and the steel market is experiencing a strong downward pull in prices due to sluggish demand from end-user industries. Among the major recycling destinations, Bangladesh and Pakistan witnessed a steep drop this week in prices offered by recyclers due to continual decline in international scrap prices and uncertainty regarding future demand. Despite the significant shortage of tonnage in the recycling market, there appear to be very slim prospects for any significant improvement in offer prices in the coming week.

In a dramatic reversal from the past two years, when metal prices surged on a wave of post-lockdown optimism, inflationary predictions and supply concerns, the industrial metals are on track for their worst quarter since the 2008 financial crisis as prices are pummeled by recession worries. Copper, widely considered as a barometer for the world economy due to its varied use in multiple industries sank below USD 8,000/MT, hitting its lowest since early 2021 while Aluminum, Nickel and Zinc also extended significant losses this week.

The UK government is set to extend existing import tariffs on five categories of steel until June 2024 to dovetail with the expiry date of tariffs on 10 other categories of steel. This move is welcomed by the domestic steel industry to safeguard their interests and ensure a level playing field in the face of cheaper imports.

There are grim signs for the global economy as the US stock market saw its worst first half of trading in more than 50 years while Euro-area inflation surged to a fresh record, driven once more by soaring food and energy costs, adding momentum to calls for aggressive interest-rate hikes.

Exchange Rates:

USD / INR

This Week : 79.09
Previous Week : 78.31
Lost : 0.99 %

USD / BDT

This Week : 93.58
Previous Week : 92.83
Lost : 0.80 %

USD / PKR

This Week : 204.59
Previous Week : 206.74
Gained : 1.04 %

USD / TL

This Week : 16.71
Previous Week : 17.36
Gained : 3.74 %

India

Plunging INR pushes govt. to raise taxes on Oil & Gold

- After a sharp correction in domestic steel prices, the prices have now stabilized at current levels and are expected to move northward due to increase in input costs and extreme shortage of coal. Despite this stability in prices, the recyclers are not feeling confident because of the grim global outlook and pessimism surrounding the steel demand.
- Landed cost of imported ferrous scrap is becoming more cost competitive now compared to domestic steel scrap. However, mills still prefer domestic cargoes to get prompt delivery and avoid the risk of depreciating Indian rupee.
- The government raised import taxes on gold, while increasing levies on exports of gasoline and diesel in an attempt to control a fast-widening current account gap. For the broader fuel market, a drop in Indian exports could further tighten global markets that are grappling with reduced supply from Russia and rising post-pandemic demand.

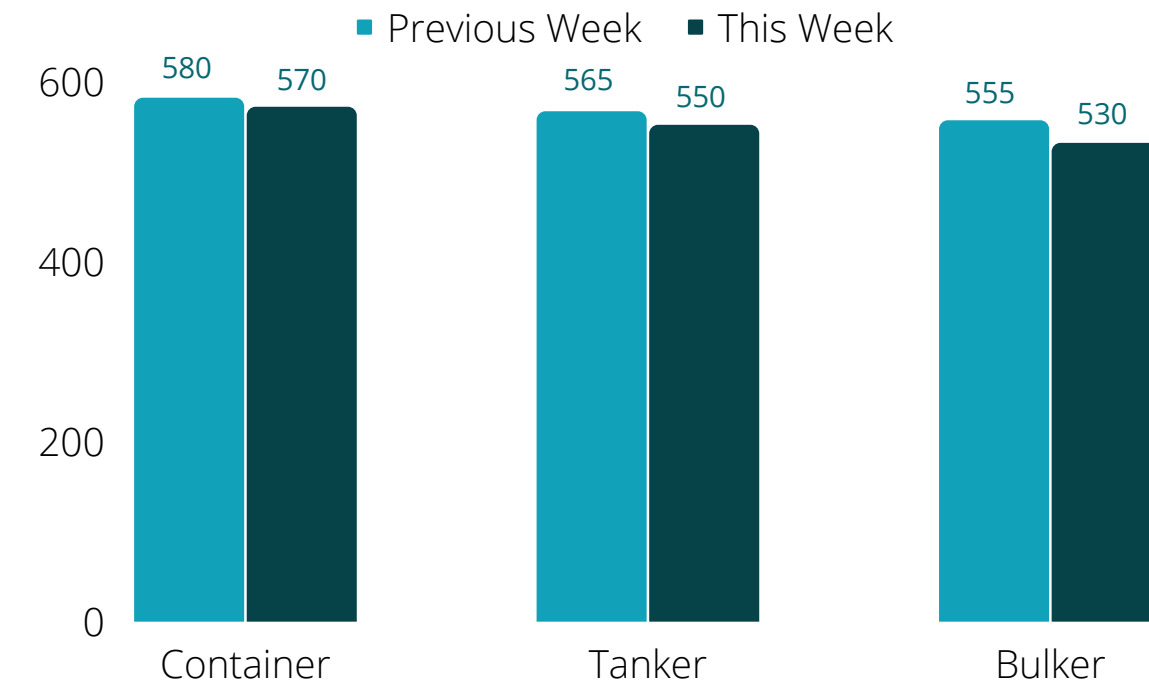
Beaching Dates

25 June to 4 July 2022

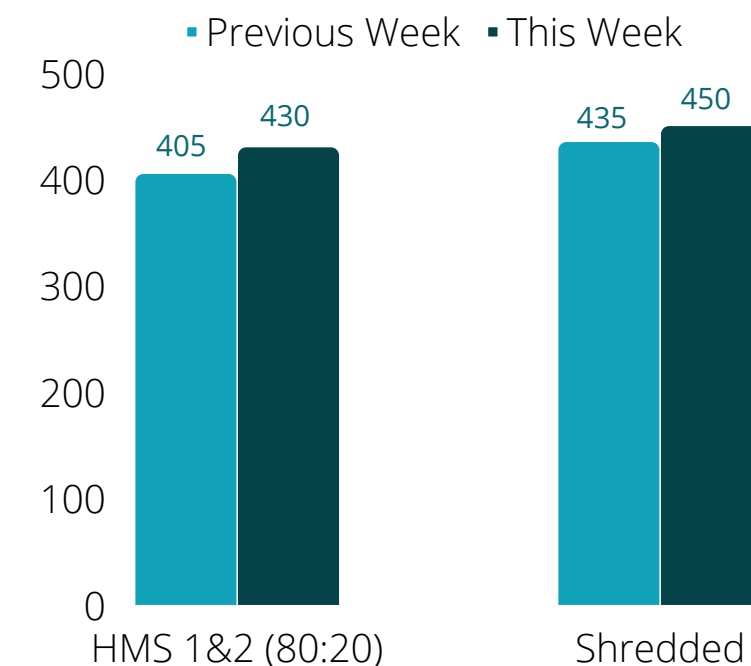
10 July to 19 July 2022

26 July to 3 August 2022

Price for Recycling Ships in India



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



Bangladesh

No selling and delivery until further notice

- In response to the continuous sliding of prices being offered, Bangladesh Ship Breakers and Recycling Association has decided to halt selling and delivering scrap until further notice. The prices are expected to firm up when the markets reopen after upcoming Eid holidays.
- Slow construction activities and heavy rainfall in many parts of Bangladesh have led to a decrease in end-user buying interest. Mills have been offering attractive discounts to boost sales.
- After falling to their 14-month lows in June, imported scrap offers have slightly rebounded this week. Major mills have booked sufficient bulk cargoes for July and August deliveries as bulk scrap prices fell by around USD 100/MT within the month of June.

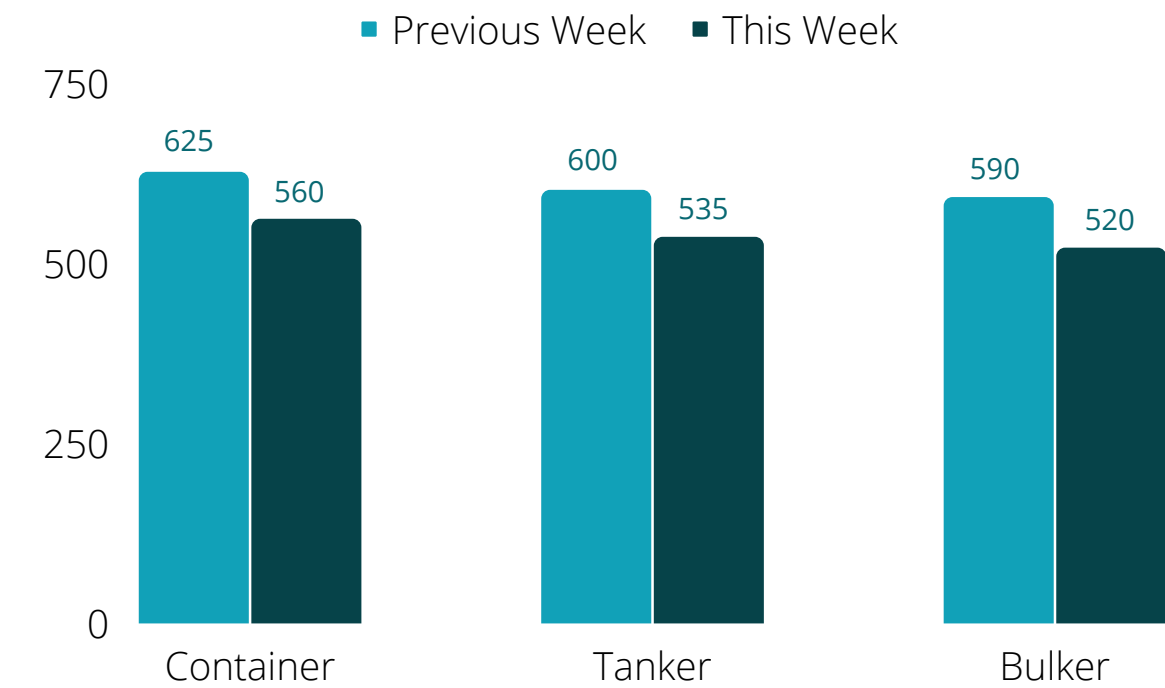
Beaching Dates

13 July to 16 July 2022

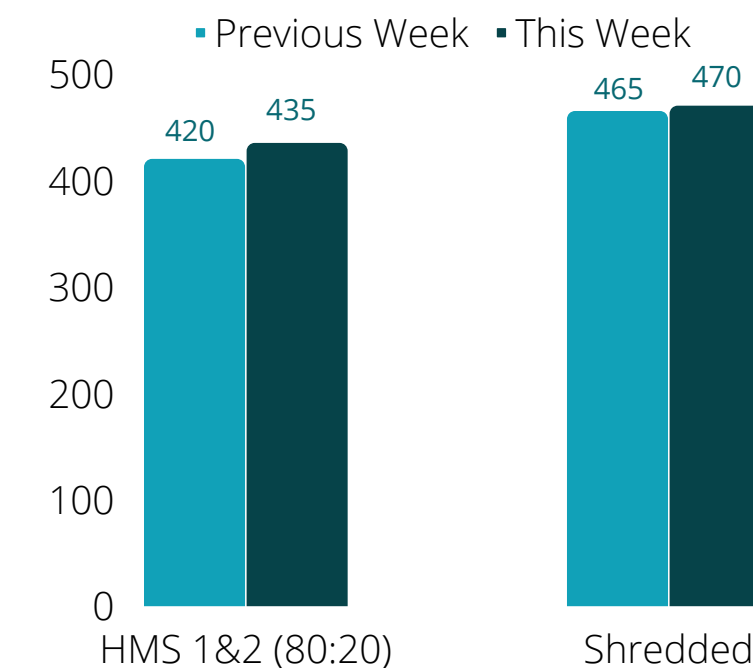
29 July to 1 August 2022

11 August to 14 August 2022

Price for Recycling Ships in Bangladesh



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



Pakistan

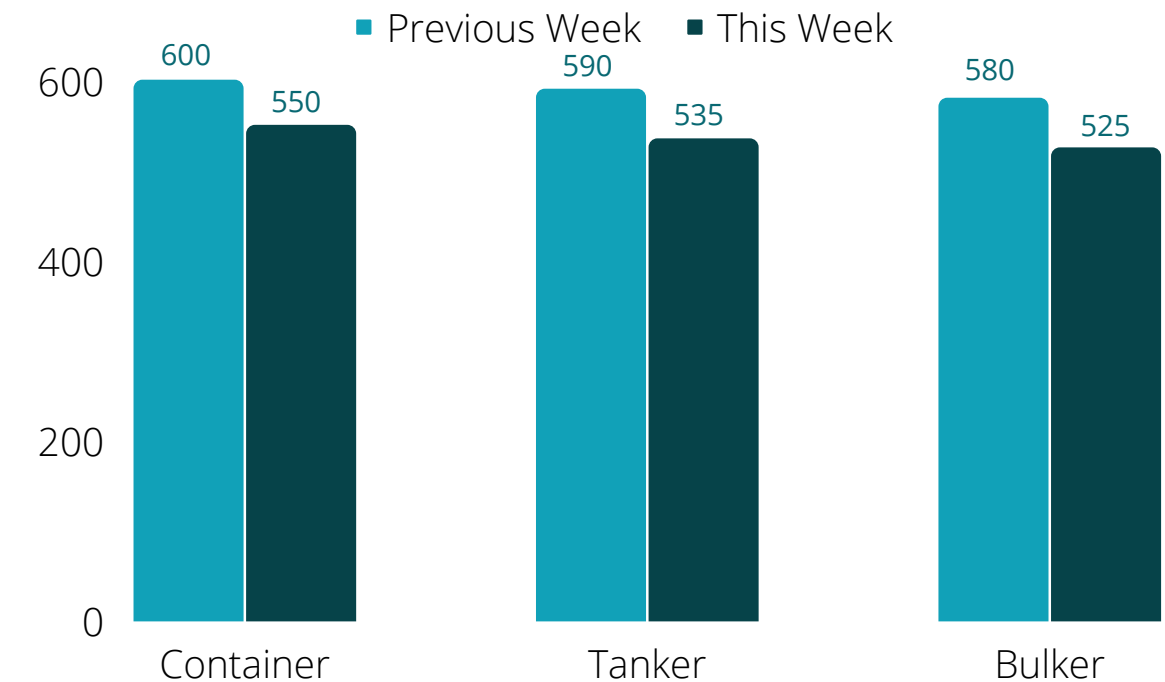
Improvement in imported scrap offers

- Ship plates are holding their prices in Gadani due to an extreme shortage of materials, as with the exception of a few very small-sized tonnages, Gadani has not been able to receive any vessels in the past six weeks.
- Imported scrap offers from Pakistan improved this week after remaining near a 16-month low until last week. However, some buyers believe that this may only be a temporary spike due to restocking before upcoming eid holidays.
- Domestic steel mills have increased their offers due to sharp hike in electricity and transportation costs.
- The government has once again hiked the price of petroleum products on Thursday, putting an additional burden of nearly PKR 15-18 per litre. This latest increase will bring the price of petrol up from PKR 148/litre just a month ago to PKR 248.74/litre.

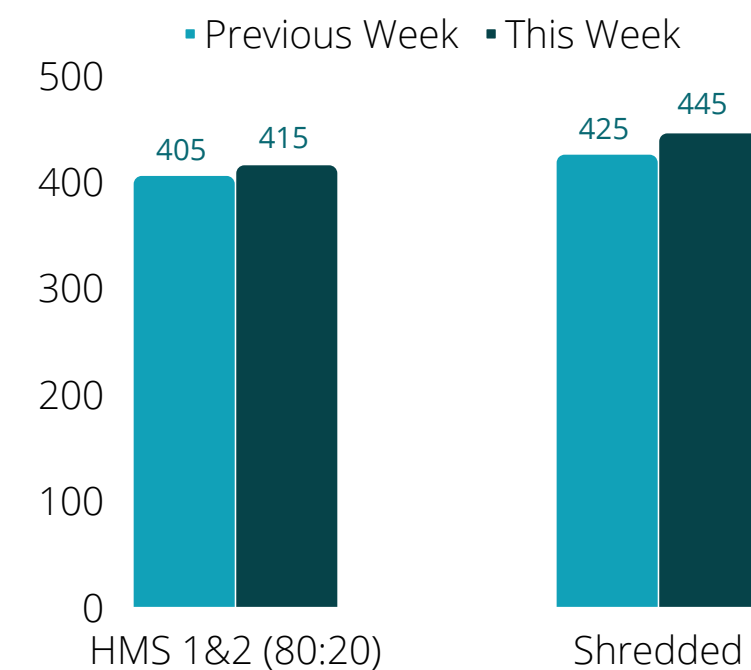
Beaching Dates

Throughout the month

Price for Recycling Ships in Pakistan



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



Turkey

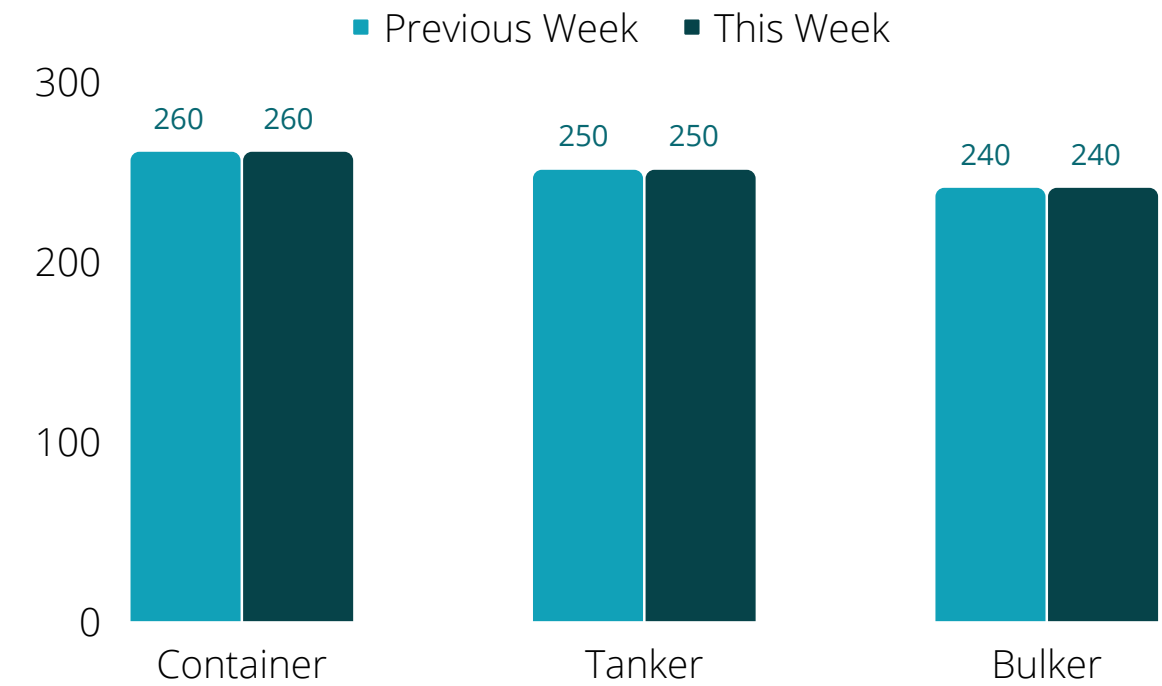
Market sentiments remained stable

- Imported scrap prices rebounded this week after hitting a two-year low as mills remained active in booking orders ahead of the upcoming Eid holidays.
- Turkey has set new customs duties which will be imposed from July 1 on some steel products imported from OIC member countries such as Bahrain, Bangladesh, U.A.E., Morocco, Iran, Qatar, Kuwait, Malaysia, Pakistan, Saudi Arabia, Oman and Jordan. Industry sources also expect upward adjustments in customs duties on flat steel products from the EU and some Asian countries, as low priced imports have been putting pressure on Turkish mills' flat steel pricing.
- Turkish Lira witnessed an improvement this week after the country's banking regulator announced a ban on Lira loans to companies holding what it deemed to be too much foreign currency. The new rule is meant to shore up Lira, which has dramatically weakened over the past few years as the Central bank largely refused to raise interest rates to curb rising inflation.

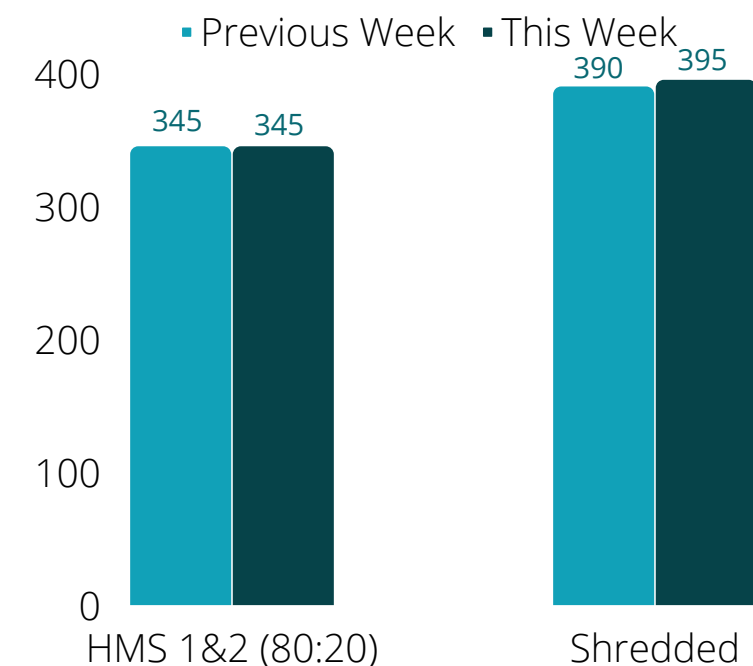
Beaching Dates

Throughout the month

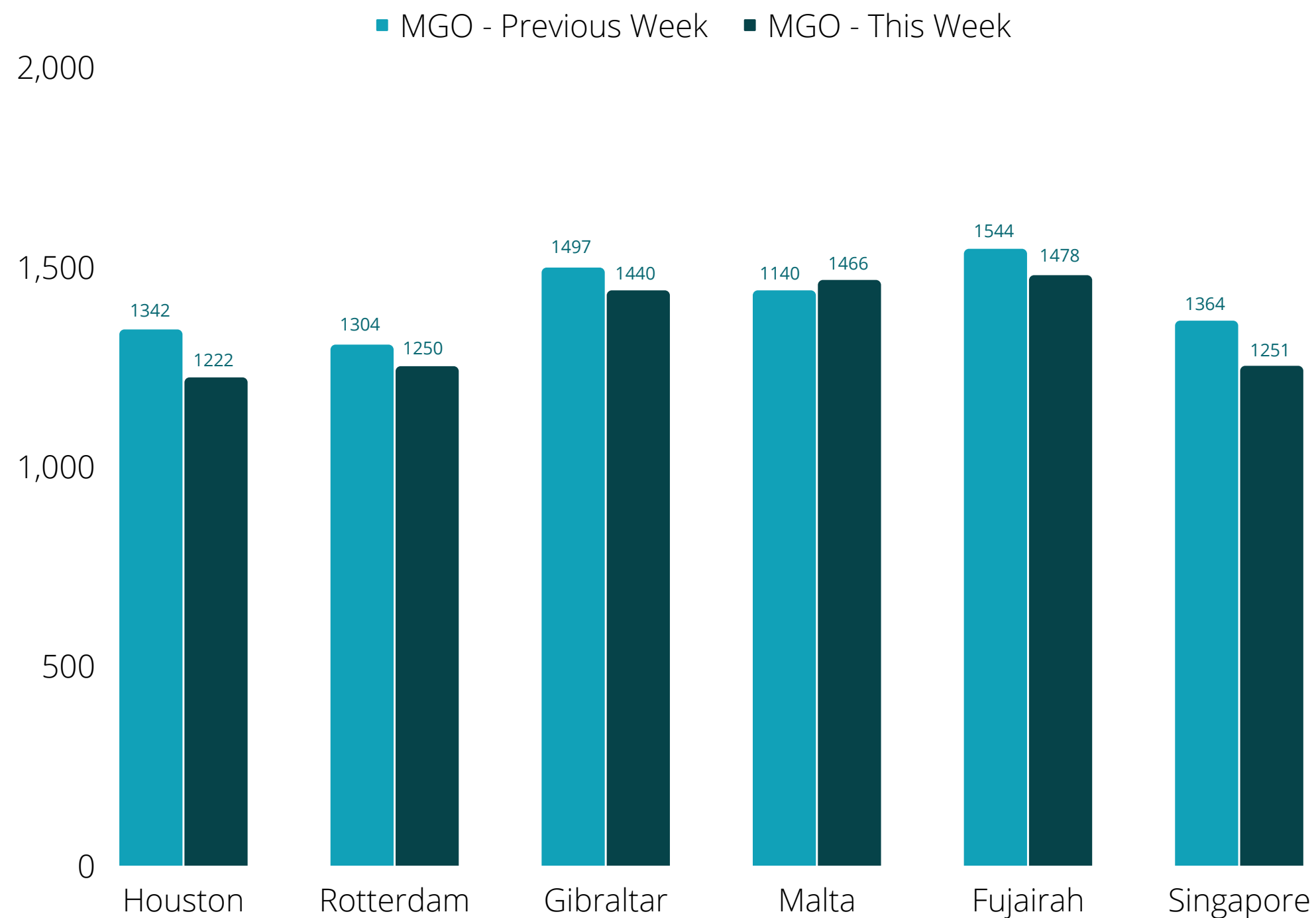
Price for Recycling Ships in Turkey



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



Bunker Prices at Port



Brent Crude

This Week : 110.90
 Previous Week : 110.30
 Movement : +0.54 %

WTI Crude

This Week : 107.40
 Previous Week : 104.80
 Movement : +2.42 %

- OPEC+ sticks with planned oil production hike of 648,000 barrels per day in August, defying calls to pump more barrels to cool red-hot crude prices.

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)
TAI FU NO.3	REEFER	1980	JAPAN	2,595.77	AS-IS	THAILAND	UNDISCLOSED
TAI FU NO.1	REEFER	1979	JAPAN	3,670.29	AS-IS	THAILAND	UNDISCLOSED

Old Sales

MARELLA DREAM	PASSENGER SHIP	1986	GERMANY	19,391.00	AS-IS (Sold for Green Recycling in Turkey)	GREECE	UNDISCLOSED
CUI HUA	BULK CARRIER	1996	JAPAN	5,491.00	DELIVERED	BANGLADESH	UNDISCLOSED
WINTON T128	BULK CARRIER	2003	CHINA	975.00	DELIVERED	BANGLADESH	UNDISCLOSED

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