

Weekly Ship Recycling Report

9 September - 16 September 2022



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Highlights of the Week

Global ferrous scrap market is experiencing a downward pull due to sluggish demand from the end-user industries. Despite the ongoing volatility in steel prices, ship recyclers from all the major recycling destinations are maintaining stable offer prices due to the prevailing scarcity of units available in the recycling market. However, the end buyers are more inclined towards acquiring smaller tonnage as the rising inflation, economic slowdown, and shortage of dollars have lowered their purchasing power and risk appetite. Among the major subcontinent players, Bangladesh is leading the price board, closely followed by India and Pakistan.

Europe's energy crisis is hammering its metal producers, driving up costs while simultaneously curbing demand from key consumers. While steelmakers have been less affected than more power-intensive metals like aluminum and zinc, they're still being forced to idle capacity due to weak demand and high energy costs.

The iron ore prices are expected to stabilize around USD 100/MT on signs of improving housing market in China as the nation is stepping up its efforts to support the housing sector, with more cities announcing credit support and subsidies for home purchases.

Germany seized the local unit of Russian oil major Rosneft PJSC to take sweeping control of its energy industry, secure supplies and sever decades of deep dependence on Moscow for fuel. Berlin is also nearing a decision to take over Uniper SE and two other large gas importers as it tries to avoid a collapse of its energy industry.

The Federal Reserve is likely to get more aggressive and raise interest rates faster and further than previously expected after data showed underlying inflation broadening out rather than cooling as expected. Global markets are expecting another rate hike of 0.75%- 1% in the Fed meeting scheduled on September 20-21.

Exchange Rates:

USD / INR

This Week : 79.82
Previous Week : 79.62
Lost : 0.25 %

USD / BDT

This Week : 104.13
Previous Week : 94.81
Lost : 8.95 %

USD / PKR

This Week : 236.60
Previous Week : 228.11
Lost : 3.58 %

USD / TL

This Week : 18.27
Previous Week : 18.24
Lost : 0.16 %

India

Offer prices remain stable

- Market sentiments remained stable in India as steel mills have started restocking ahead of the upcoming festive season in October. Alongwith the steady growth in the domestic front, the export market is also picking up steam as the intensifying energy crisis and consequent inflation in EU has pushed the mills to cut down production, forcing them to explore import options from Southeast Asia.
- The 15% export duty imposed in May on a range of items covering around 95% of the finished steel export basket is likely to stay till December 2022 as the Steel Ministry feels that any roll-back of the duty at this stage may suppress domestic prices and also give unintended signals to market to prefer exports over domestic demand. The ministry is confident that the domestic demand will go up after the monsoon, particularly because of governments thrust to building infrastructure across the country, and this will put upward pressure on prices.

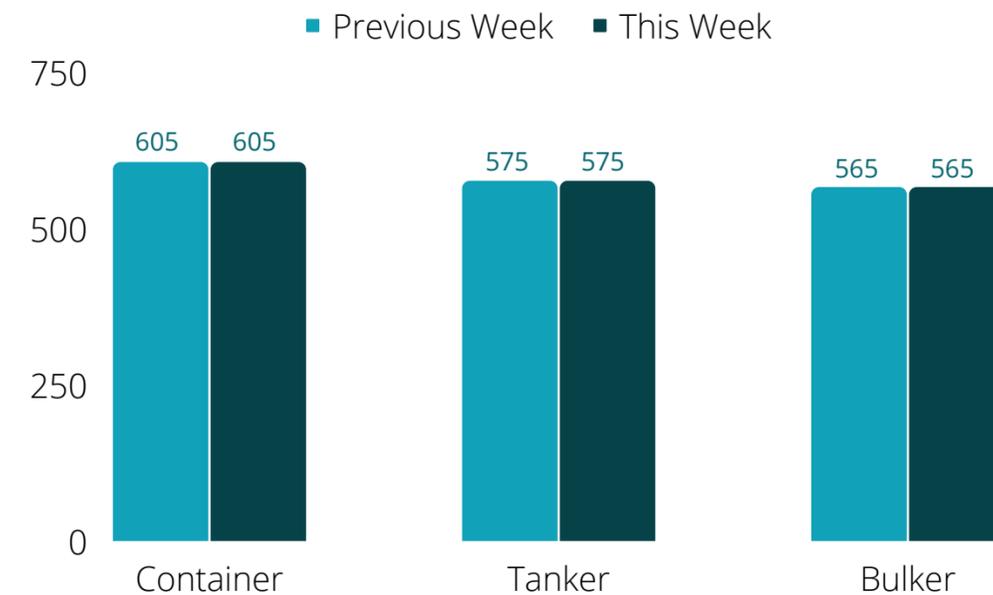
Beaching Dates

24 September to 2 October 2022

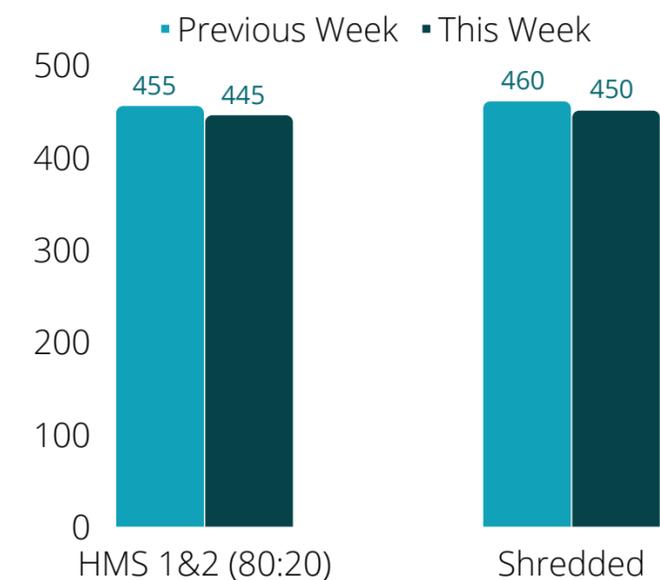
7 October to 15 October 2022

25 October to 31 October 2022

Price for Recycling Ships in India



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



Bangladesh

BDT weakens to a record low

- Recyclers of Chattogram are cautiously placing their bids as the domestic steel prices have not yet seen any uptrend despite stable demand in the local market. With very few vessels available in the recycling market, offer prices are expected to remain steady as the end buyers need to remain competitive with the neighboring markets of India and Pakistan.
- Bangladesh loosened its grip on BDT and allowed taka to weaken to a record low by finally embracing a floating exchange rate as the Central Bank adjusted its interbank foreign exchange rate in line with the market realities. The country is struggling to protect its foreign-exchange reserves as surging import costs erode the stockpile. Authorities have implemented power cuts throughout the country and are cracking down on money hoarders amid a dollar shortage.

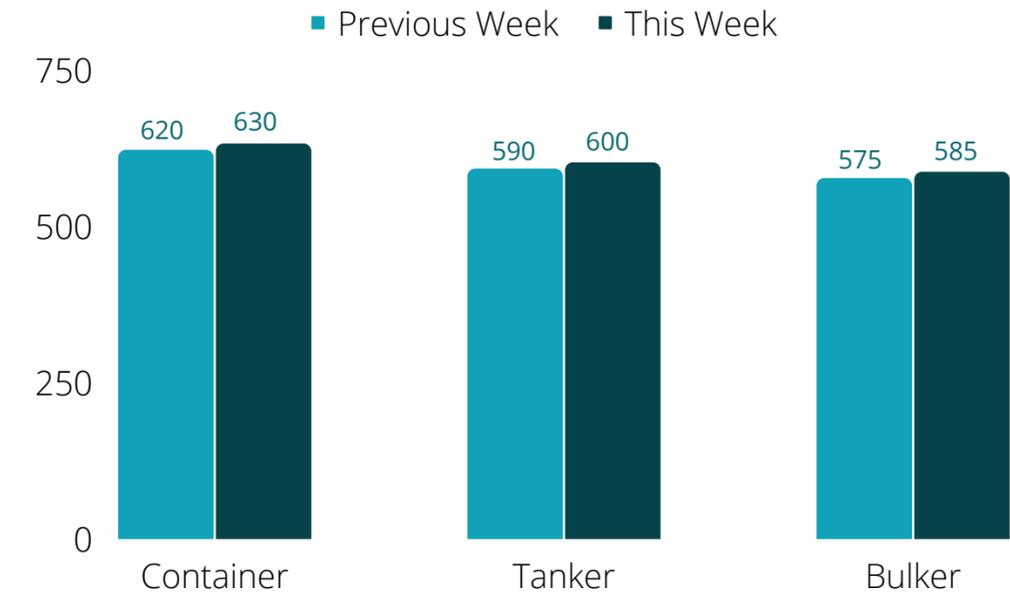
Beaching Dates

25 September to 28 September 2022

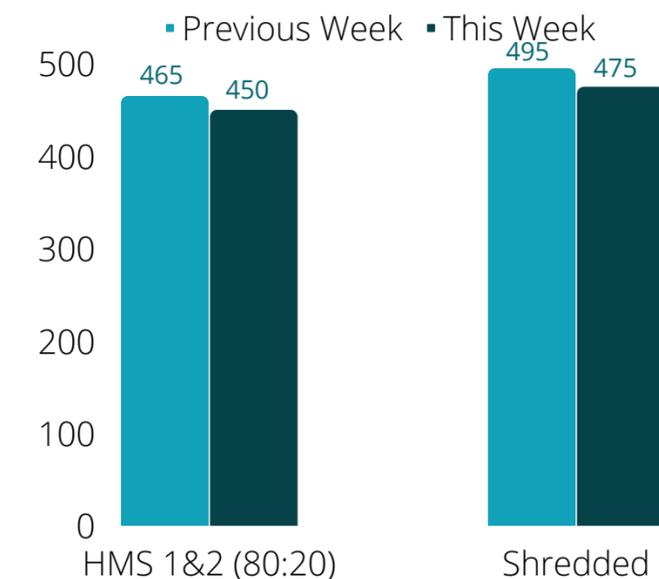
8 October to 11 October 2022

24 October to 27 October 2022

Price for Recycling Ships in Bangladesh



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



Pakistan

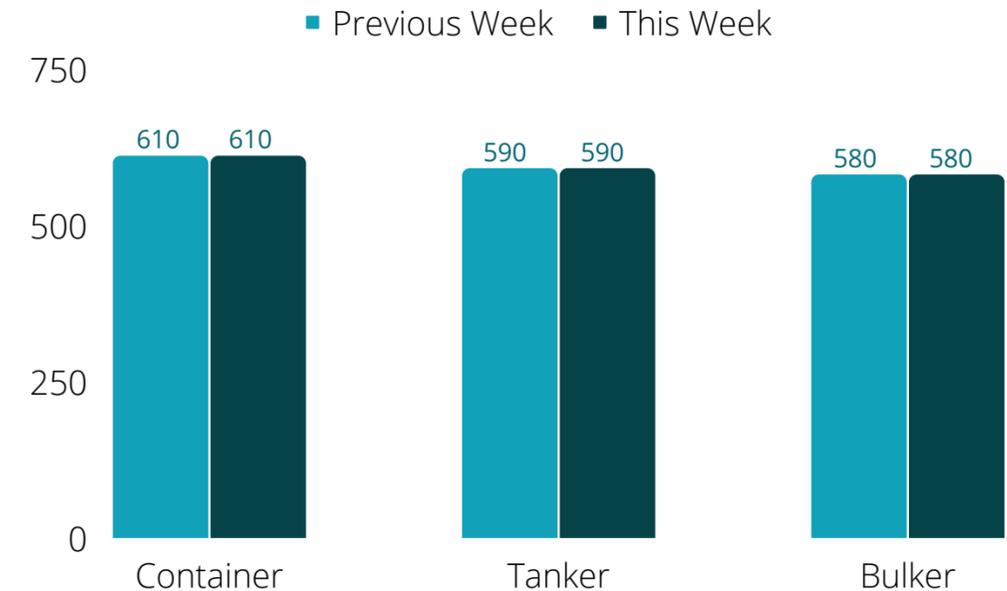
PKR continues its downtrend

- In Pakistan, the aftermath of heavy rains and flash floods has left the market in a state of chaos. The recyclers are unable to make firm offers and buying decisions in the current scenario as there is no certainty regarding the domestic steel demand due to transportation issues.
- The Pakistani rupee continued its downward trajectory this week. Several factors have contributed to the currency's decline, such as an increased import bill caused by flooding and delays in funding from friendly countries who have made prior commitments, apart from the delay in the multilateral and bilateral loans expected.
- Imported scrap offers have softened by about USD 15-20/MT due to limited end-user demand and weak market sentiments. The country expects a 2% cut in the GDP growth figure due to a combination of crises, chief among which were the floods, the delayed approval of IMF funds, and the economic situation emerging in the wake of the Russia-Ukraine war.

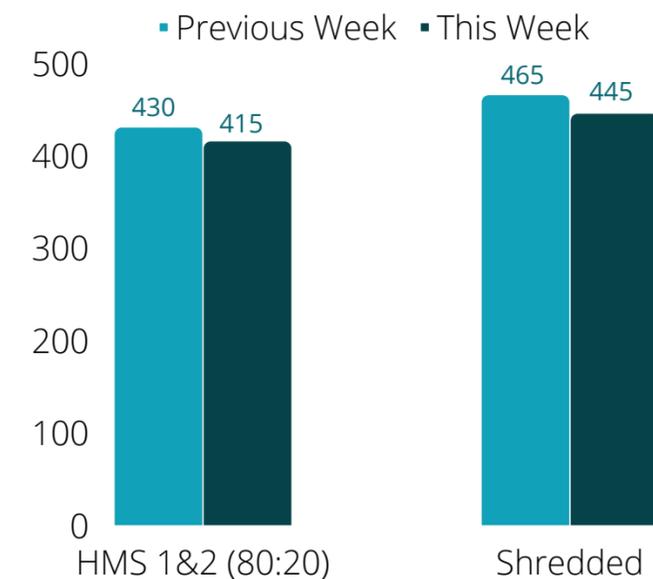
Beaching Dates

Throughout the month

Price for Recycling Ships in Pakistan



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



Türkiye

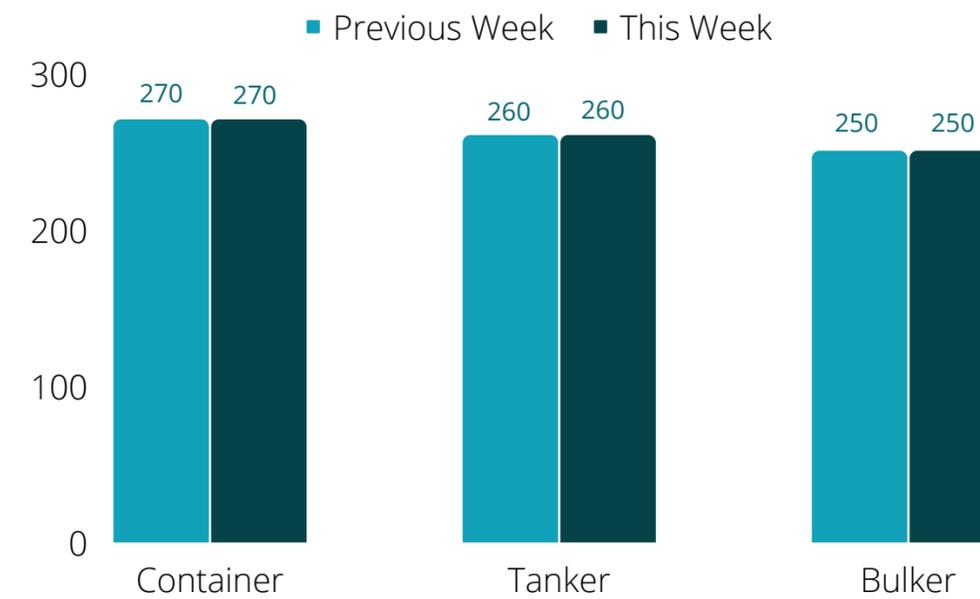
Imported scrap prices softened further

- One semi-submersible of about 16,000 LWT arrived under tow in Aliaga this week.
- Imported scrap prices have softened by USD 20/MT and are likely to fall further owing to less interest from steel mills and prevailing negative market sentiments caused by recent increase in energy prices.
- Turkey's annual inflation climbed to a fresh 24-year high of 80.21% in August, after the central bank unexpectedly cut interest rates and stoked a nearly year-long cost-of-living crisis.
- US and EU have increased pressure on Turkey to impose sanctions on Russia, warning against cooperation between Ankara and Moscow. Washington and its allies will be focusing their efforts on sanctioning Turkey for its banking system's adoption of the Russian Mir payment system.

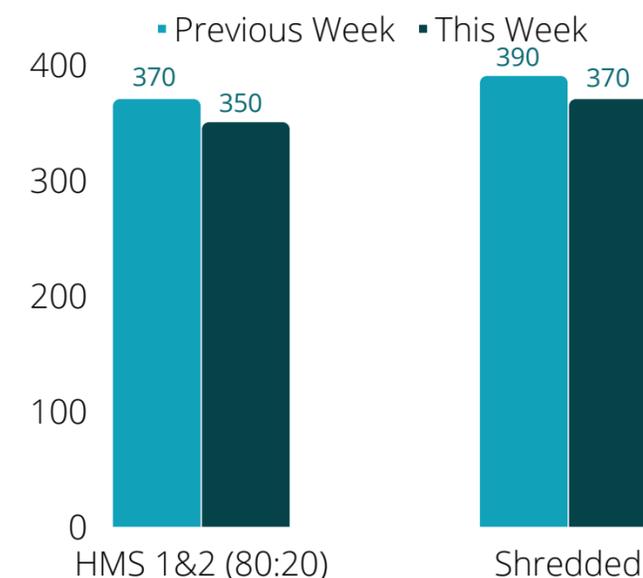
Beaching Dates

Throughout the month

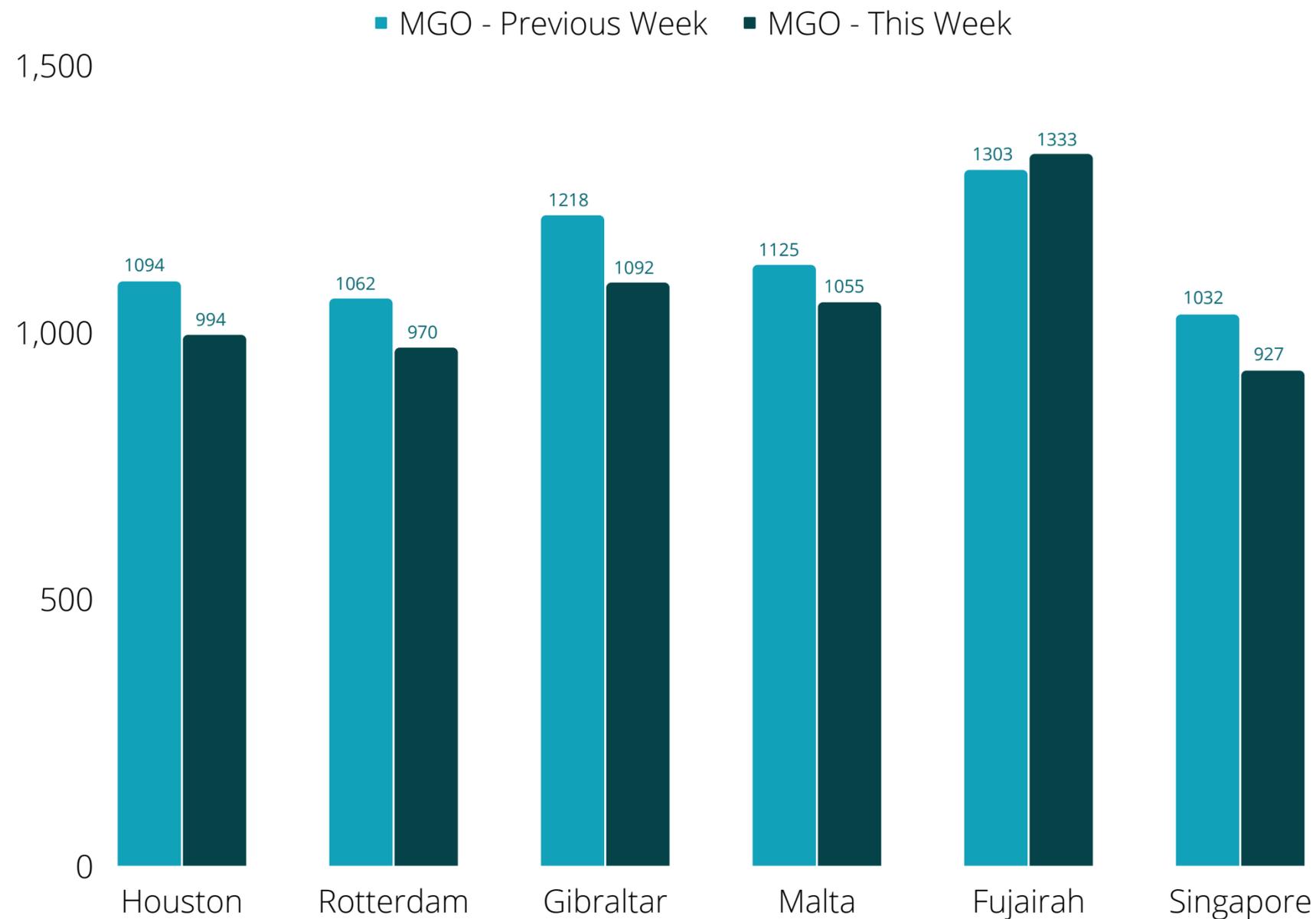
Price for Recycling Ships in Türkiye



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



Bunker Prices at Port



Brent Crude

This Week : 91.25
 Previous Week : 89.39
 Movement : +2.04 %

WTI Crude

This Week : 85.40
 Previous Week : 83.65
 Movement : +2.05 %

- Oil prices witnessed high volatility this week with multiple factors simultaneously acting on it. For the near term, we remain cautious on oil prices as the global economy is under pressure from rising rates, undermining fuel demand.
- The recent correction in oil prices is being considered a short-term event as the Fed is expected to raise interest rates next week, causing market uncertainty.

List of Vessels Sold this Week

Vessel Name	Type of Vessel	IMO No.	Year of Build	Country of Build	LDT	Term of Sale	Location of Delivery	Sale Price/LDT (USD)
SEARICH	TANKER	9044085	1992	S. KOREA	1,778.27	DELIVERED	BANGLADESH	672.00
DAWN LUCK	TANKER	9004097	1991	JAPAN	2,012.00	DELIVERED	BANGLADESH	672.00
JIN SHING	TANKER	9046746	1991	JAPAN	1,711.00	AS-IS	BATAM	505.00

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