

Weekly Ship Recycling Report

23 September - 30 September 2022



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Highlights of the Week

Global economic outlook has darkened with geopolitical tensions fueling inflation and disrupting economic activities. Subdued demand and weak international prices of steel are continuing to affect the prices being offered by the recyclers, making them less attractive for owners of aging assets to consider sending their units for recycling. Steel sector is not expected to be too buoyant in the immediate short-term, since China, the world's largest steel consumer is also experiencing a real estate crisis, coupled with COVID-led lockdowns.

China issued its biggest fuel-export quota this year, a highly anticipated allocation that could offer a lifeline to a faltering oil market. The nation is seeking to export more fuel in an attempt to help revive its economy, which has been hit by frequent lockdowns and a housing slump. Beijing maintains strict control over how much its refiners can ship overseas, and an increase would be a reversal from its focus on curbing emissions.

European re-rollers have sent a letter to European authorities to express opposition to a potential ban on Russian-origin semi-finished steel imports into the EU stating that extending the sanctions to semis would only harm the European industry, rather than hit the Russian economy. They reaffirmed that the semi-finished steel products [slabs, billets, and blooms] would be immediately redirected to other regions and with a 1% share of steel semis in total Russian exports, the potential ban would not have any tangible impact on Russia.

Russian President Vladimir Putin at a ceremony today announced the annexation of four Ukrainian regions of Donetsk, Luhansk, Kherson and Zaporizhzhia, a move being widely condemned in the West. The United States, United Kingdom and European Union have vowed to never recognize Russian sovereignty over the regions.

Exchange Rates:

USD / INR

This Week : 81.54
Previous Week : 80.92
Lost : 0.76 %

USD / BDT

This Week : 101.28
Previous Week : 103.34
Gained : 1.99 %

USD / PKR

This Week : 227.92
Previous Week : 239.24
Gained : 4.73 %

USD / TL

This Week : 18.55
Previous Week : 18.38
Lost : 0.92 %

India

INR touched an all-time low

- Domestic steel demand in India is likely to regain some momentum with the end of monsoon and the ongoing festive season driving sales of cars and consumer goods. A surge in demand is also being expected on account of the INR 10-lakh crore government-propelled infrastructure push. Since the first two quarters had been rather quiet, dampened by the export tax and overall lack of domestic demand, it is expected that Q3 will see a major portion of this pent-up demand coming to the fore. The recyclers of Alang have maintained their offer prices week-on-week, watching the market for any sign of further demand.
- Steel mills have raised their offer prices by about USD 10-15/MT and are bracing for further hikes in October as the INR is sliding against USD, which will raise import cost of raw materials.
- India's central bank is expected to increase its policy rate by half a point for the third time in a row as the currency's plunge to a record low this month complicates the battle against inflation.

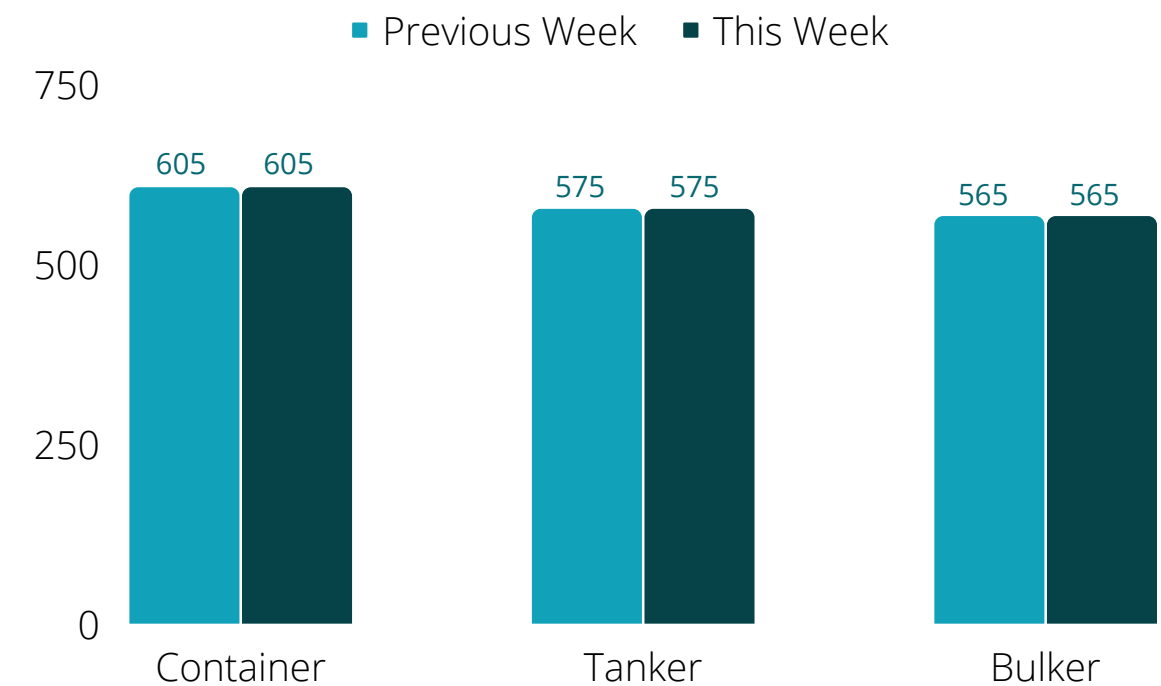
Beaching Dates

24 September to 2 October 2022

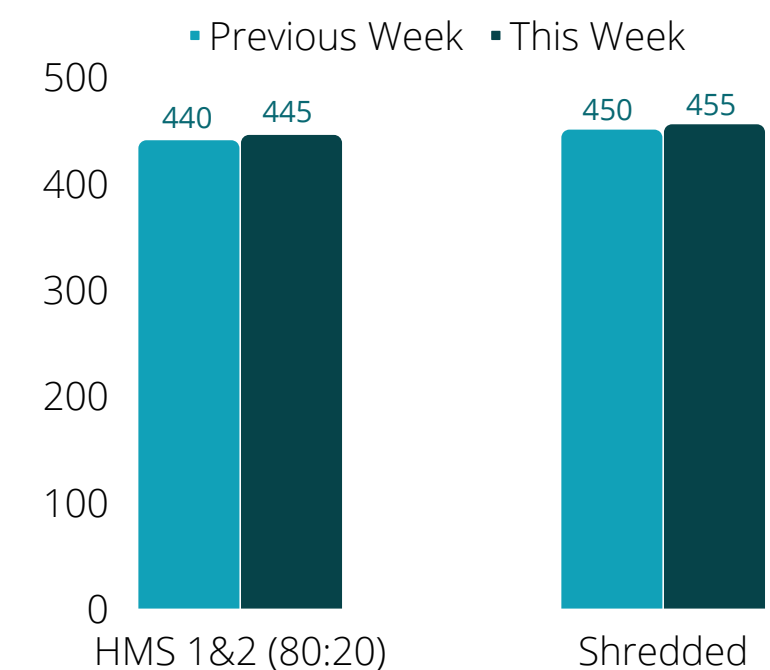
7 October to 15 October 2022

25 October to 31 October 2022

Price for Recycling Ships in India



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



Bangladesh

Central Bank raised repo rate to control inflation

- The recyclers of Chattogram are inquiring for small-sized vessels with prompt delivery to meet the domestic demand for steel ahead of the construction season in winter. However, a volatile currency and shortfall of funds has kept market sentiments largely subdued.
- Steel mills are selling finished steel at discounted prices to continue the cash flow and pay remaining dues. Imported scrap demand also remained soft in the country due to currency fluctuations and rising freight rates.
- The central bank of Bangladesh has hiked the repo rate by 25 basis points to 5.75 per cent on Thursday in a bid to rein in inflation. The new rate will come into effect October 2

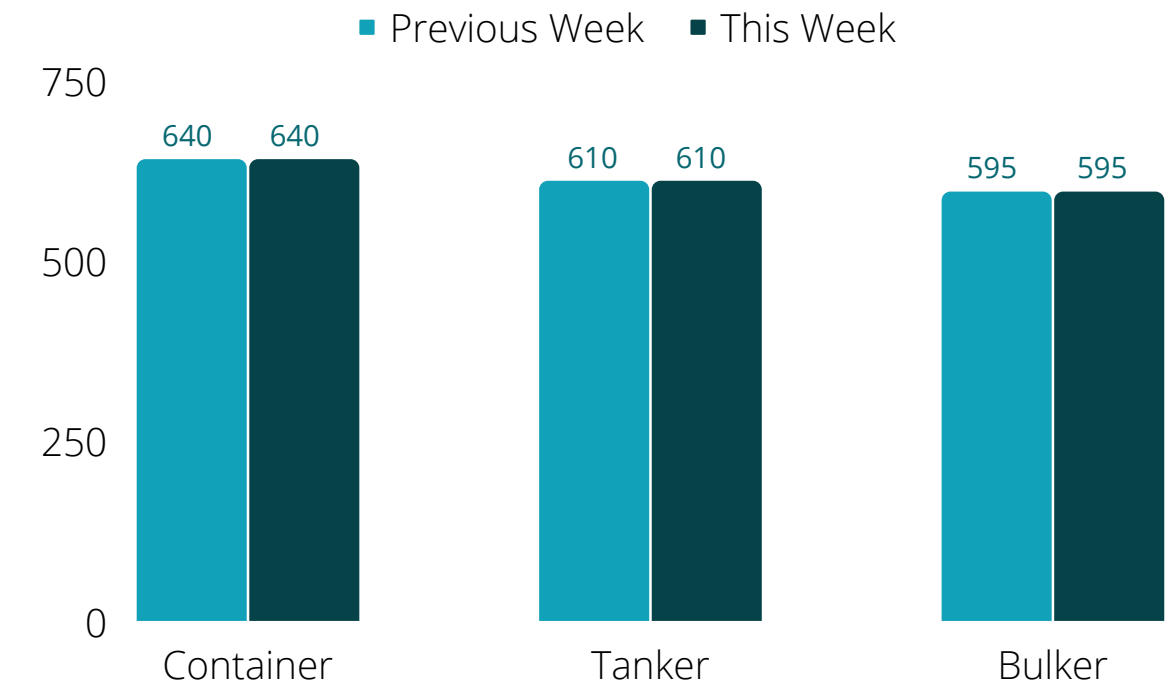
Beaching Dates

8 October to 11 October 2022

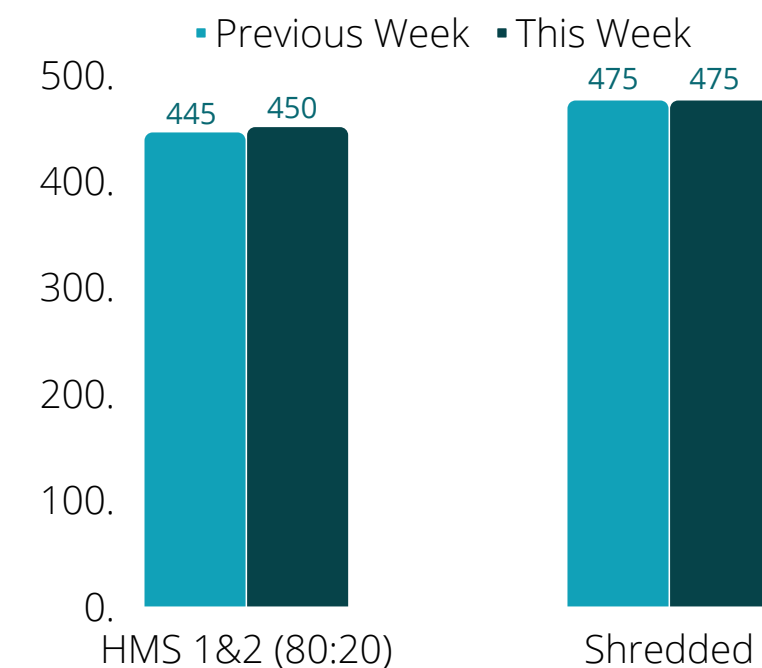
24 October to 27 October 2022

6 November to 9 November 2022

Price for Recycling Ships in Bangladesh



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



Pakistan

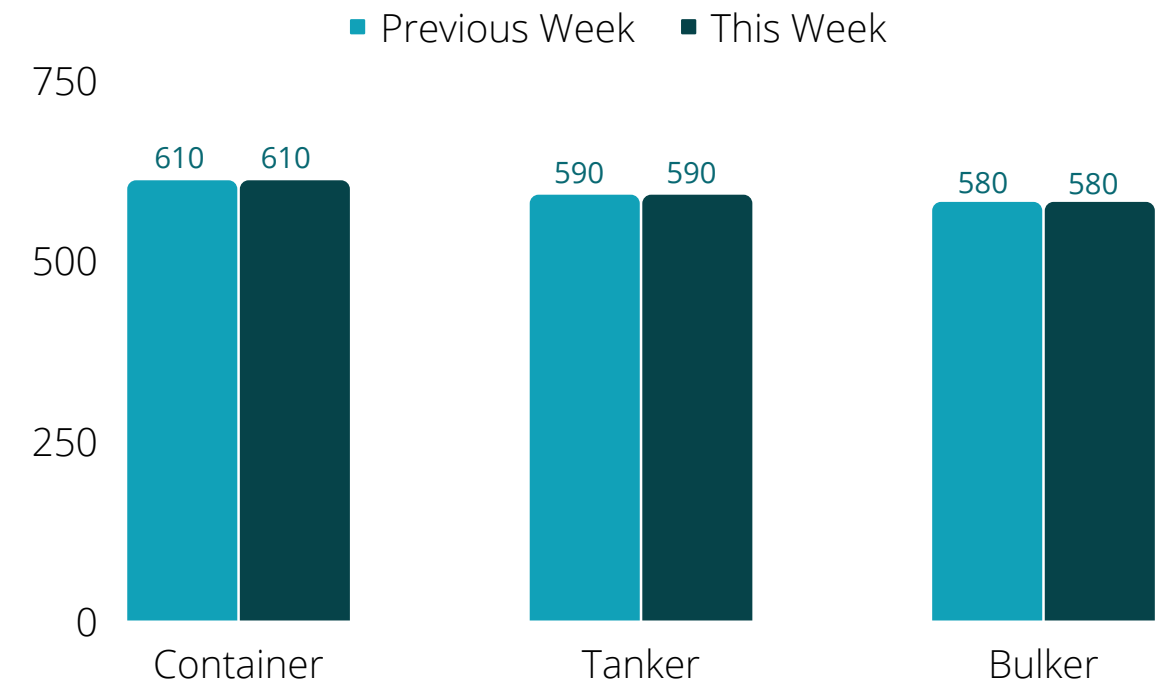
Improvement in Imported scrap offers

- Domestic steel market is showing signs of slight improvement with few mills having started booking small quantities. Many government funded construction projects may resume in the coming months as winter is considered a favorable period for construction activities.
- The Pakistani rupee continued to recover against the US dollar for the second consecutive week. It is now trading at 227.92 against the dollar.
- Major credit ratings agencies have lowered their outlook for Pakistan and have rated the country as highly speculative and risky. The decline in the currency is pushing up the cost of imports, borrowing and debt servicing, and in turn will further exacerbate inflation running already at a multi-decade high of 27.3%.

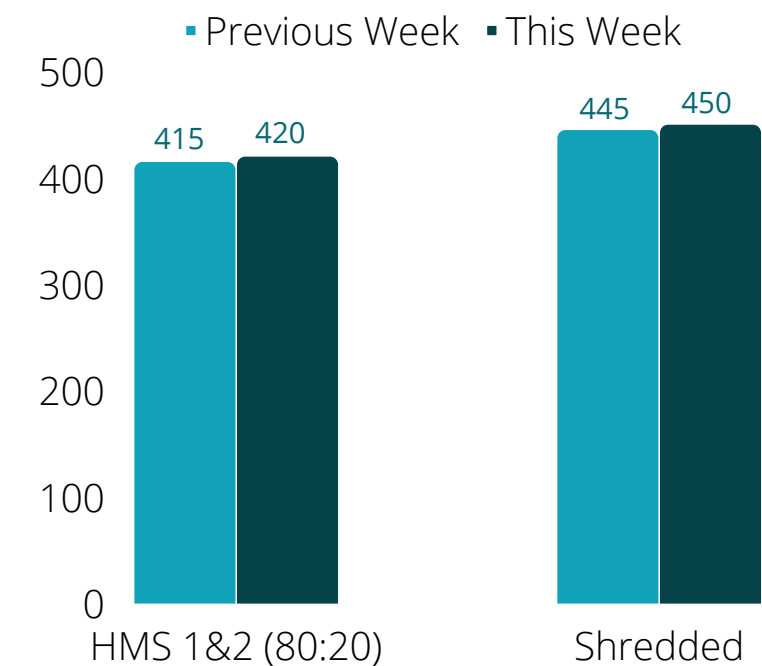
Beaching Dates

Throughout the month

Price for Recycling Ships in Pakistan



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



Türkiye

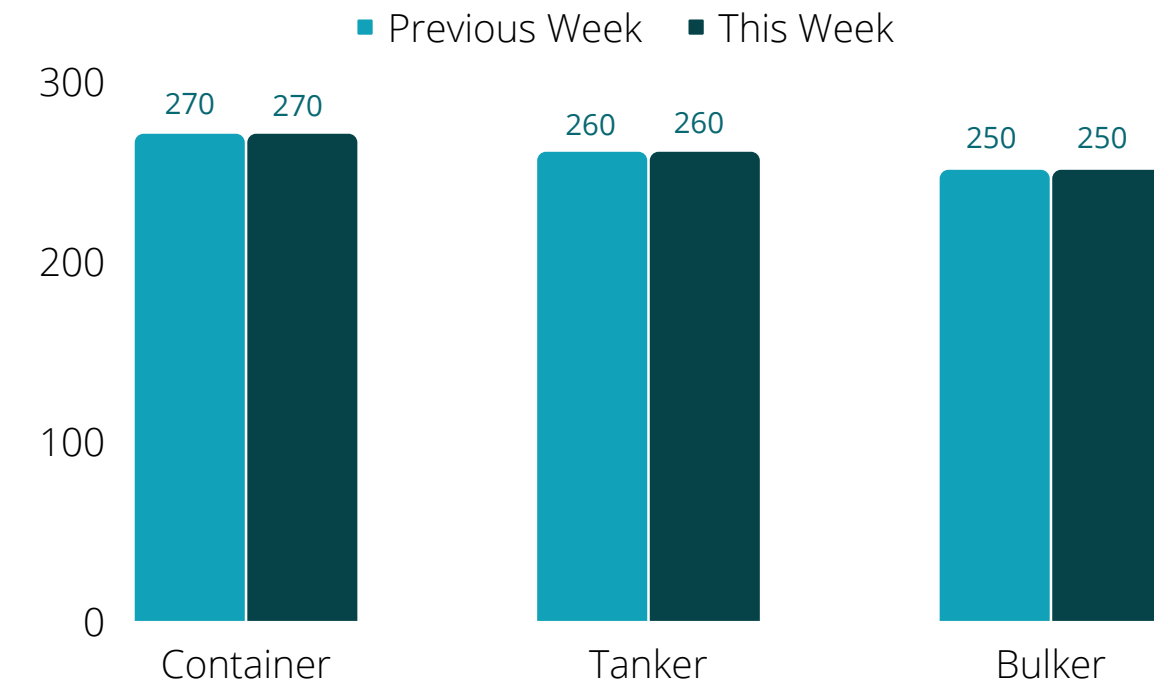
Lira weakens to a record low

- Major steel producers have raised their domestic and imported scrap offers due to an increase in demand. However, steel mills are buying only hand to mouth as of now as industry participants believe that the uptrend in prices is temporary and may not be sustainable.
- President Erdogan announced on Thursday that he had advised the central bank to lower its policy rate at its upcoming meetings, a day after saying he expects interest rates to come down to single digits by year-end.
- The Russian operator of a pipeline that supplies Turkey and the Balkans with natural gas said it would suspend some maintenance and repair work, citing European Union sanctions.

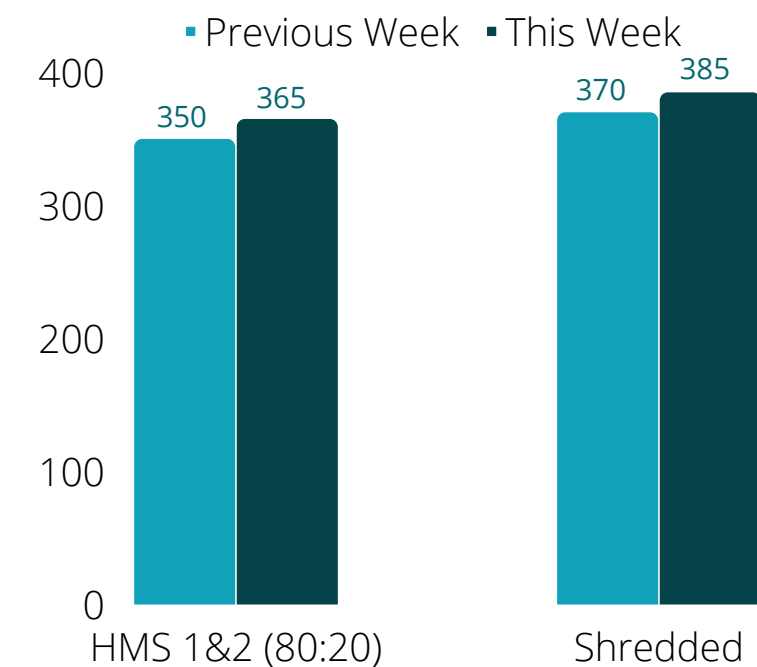
Beaching Dates

Throughout the month

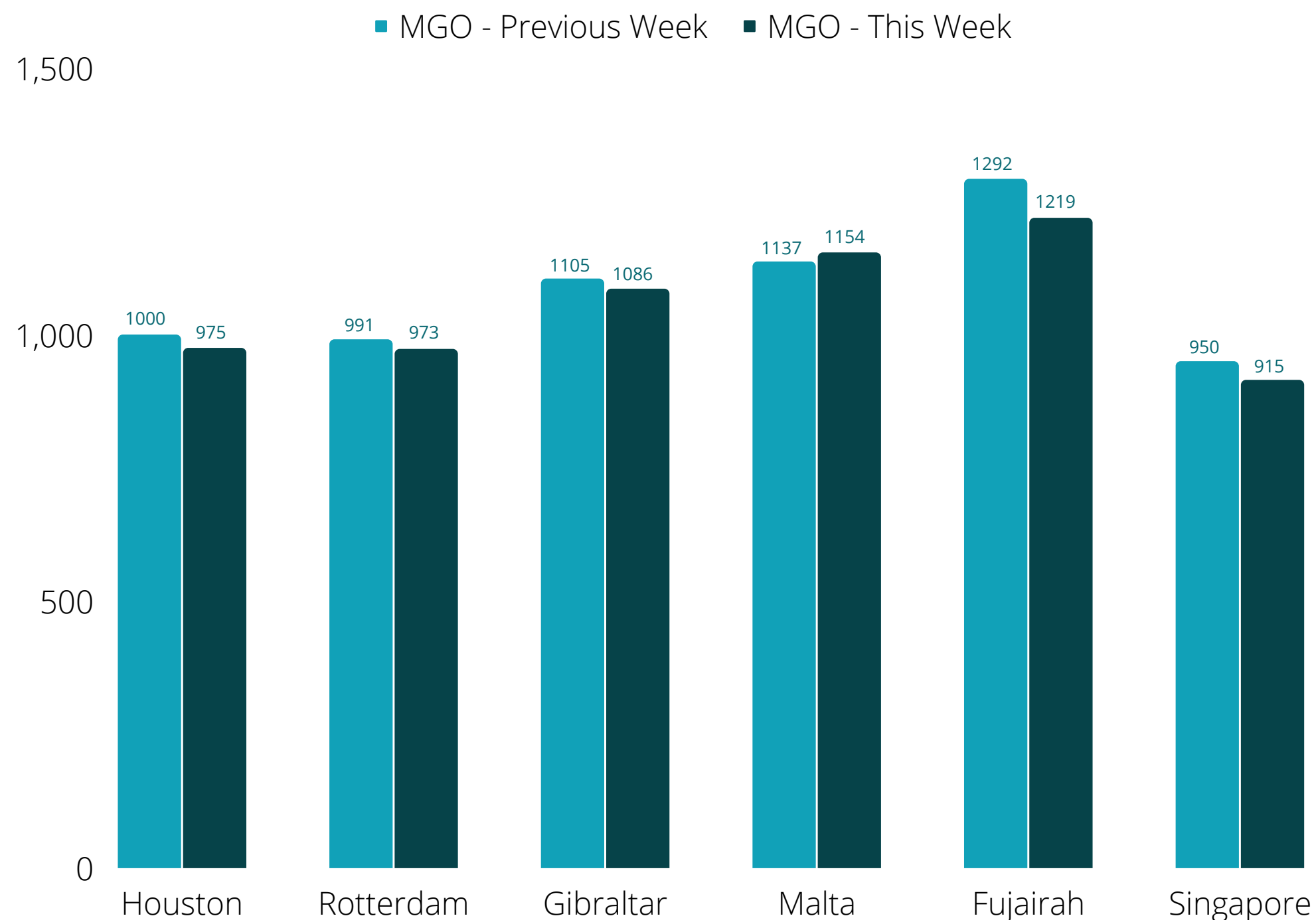
Price for Recycling Ships in Türkiye



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



Bunker Prices at Port



Brent Crude

This Week : 88.38
 Previous Week : 86.98
 Movement : +1.58 %

WTI Crude

This Week : 81.50
 Previous Week : 79.76
 Movement : +2.13 %

- Oil prices appear to have found a floor and are likely to move higher from here, with supply set to tighten as the European Union will ban Russian oil imports from December 5. However, the key unknown is how much demand will drop as global growth slows in the face of aggressive interest rate hikes.
- Leading members of the OPEC+, have begun discussing an output cut ahead of their meeting on October 5.
- In China, the world's biggest crude oil importer, travel during the forthcoming week-long national holiday is set to hit its lowest level in years as Beijing's zero-Covid rules keep people at home while economic woes curb spending.

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) |
|----------------|----------------|---------|---------------|------------------|----------|--------------|----------------------|----------------------|
| LUMOSO KARUNIA | BULKER | 9009152 | 1990 | JAPAN | 7,987.00 | AS-IS | BATAM | 590.00 |
| FU YI | BULKER | | 1989 | JAPAN | 8,000.00 | DELIVERED | BANGLADESH | 620.00 |

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