

DG WEEKLY 48 / 2020 | www.demogate.com

INDICATIVE DEMO VALUES

Weekly Change
stable
Value

4,7 usdm (Dely Pakistan)



2500 TEU / 12.432 mts ltd /
~ 25 (23) years*

Container

Weekly Change
stable
Value

3,3 usdm (Dely Pakistan)



72.000 DWT / 8.872 mts ltd /
~ 27 (29) years*

Bulker

Weekly change
stable
Value

5,5 usdm (Dely Pakistan)



75.000 DWT / 15.505 mts ldt /
~ 30 (27) years*

Tanker

Weekly change
stable
Value

0,7 usdm (Dely India)



2800 DWT / 2.123 mts ldt

AHTS

*this is the quarterly adjusted average scrapping age of the vessel type (in brackets the average of last year)

USD / LDT – INDICATIVE MARKET PRICES

	Change	Tanker (HKC)	Container (HKC)	Dry Bulk (HKC)	Avg. last 3 years ³⁾
India	stable	360 (350)	380 (375)	350 (345)	376
Bangladesh¹⁾	+ 5 %	375	385	365	378
Pakistan	stable	380	390	370	374
Turkey²⁾	+ 3 %	220 (215)	225 (220)	215 (210)	248

*All prices are indicative only based on average indications for standard tonnage - all prices in usd / lt/ldt.

1) In Bangladesh only one yard has been awarded a HKC compliance certificate

2) In turkey 6 Yards comply with the EU-SRR and respectively the price in brackets refers to this recycling standard

3) The average accounts for the highest price category (i.e. Container Vessels)

COMMENT *positive sentiment*

While the Container market is booming there is also money to be made trading vessels in other segments at the moment with positive overall sentiment in anticipation of the Covid-19 vaccine and a return to 'normal'. Respectively the overall number of vessels in the market is relatively limited, although there are many rigs under discussion or offer and some older Bulk Carriers have been committed.

While the 'Cartel' disappeared in Bangladesh, prices have spiked there and we have been hearing of some commitments at strong levels. Pakistan remains the leading destination for non-green recycling though.

India is bullish though prices for melted scrap are trading a bit lower this week at \$359 per mt with plate prices in Alang offered at \$388 per mt. Buyers are keen to secure tonnage.

A huge Vessel waiting to be recycled and cut at its final destination in Alang, India.



CONTACT

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REPRESENTATIVE FIXTURES

Name	Type	LDT	Built year	Built where	Terms	Price lt/ldt
MV Sam	Tank	41.600	1996	KRS	Dely Gadani	~ \$ 365
Sold for final Breakup in Pakistan – Flag: Palau						
MV Ensco 88	Rig	6.300	1982	USA	Dely Alang	~ \$ 380
Already beached in India with a sister vessel Ensco 83 – Flag: Liberia						

Total Demolition	2020 ytd		2019	
Bulk	11.577.124 dwt	106 (105) vessels	7.880.246 dwt	93 vessels
Tank	1.789.454 dwt	54 (54) vessels	4.427.162 dwt	87 vessels
Container	188.344 TEU	79 (79) vessels	199.891 TEU	100 vessels

*Last week's numbers are being shown in brackets / we are reporting actual deletions (beached or at the yard), the number of Vessels sold for demolition varies

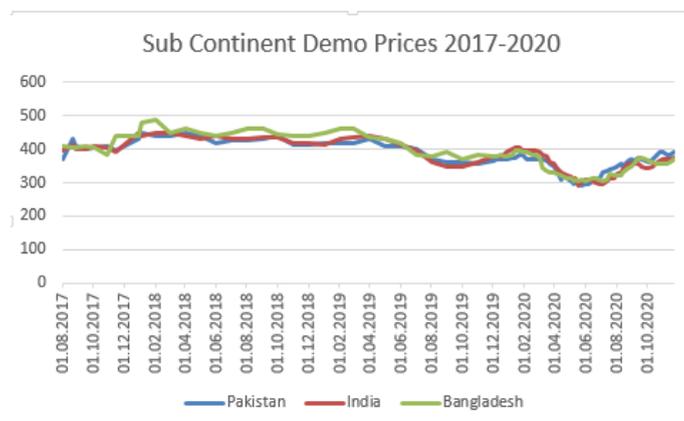
SNAPSHOT: Tanker Recycling 2020

Year to date 54 Tankers have been deleted from the trading fleet adding up to roughly 1.8 mio dwt. This is much less than the 87 vessels or 4.4 mio dwt that had been deleted in 2019 but significantly less than the 191 Vessels that were scrapped in 2018.

30 Vessels this year have been sold to Bangladesh and Pakistan indicating that these vessels were not recycled in accordance with the standards set out in the international Hong Kong Convention (not in force yet). Three Vessels went to turkey and 19 have been demolished in Alang, India. While bigger units are heading to the above mentioned destinations we have been witnessing some scrapping activity in Nigeria but so far mainly for smaller local units.

While recycling operations were affected by Covid-19 and markets were even inaccessible or closed for some time the prices have rebounded to a V-shape recovery and are quoting at similar levels when compared to pre-Covid times.

In the following Graph you can see Tanker demolition prices since 2017 for the three sub-continent locations - Pakistan, India and Bangladesh. They were averaging between \$370 and \$380 over the last three years. The markets have a very high correlation to each other. Based on our regression model we are forecasting that the prices will remain firm between \$360 and \$390 for India and Bangladesh (without guarantee) throughout 2021.



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YARD OF THE WEEK: FORNAES Ship Recycling (DENMARK)



Located on the shores of the Baltic Sea in Greena, Denmark, the Fornaes Ship Recycling Facility is an EU listed recycling Yard that primarily recycles smaller fishing units and ferries but also military equipment from the UK or Scandinavia.

The Yard was founded in 1993 and throughout the years has scrapped well over 1500 ships and vessels. The theoretical annual recycling capacity of the Yard is around 50.000 mts. The maximum length is 150 m, the max width 25 m and the max draught is 6 m only, which limits the number of potential scrap candidates along the much lower prices that norther European yards can offer compared to Turkey or the sub-continent.

Fornaes holds all necessary environmental approvals for scrapping ships and handling of toxic waste from them. All metals are recycled, and waste is destroyed or deposited according to environmental legislation. The municipality of Norddjurs has the right to allocate Hazardous waste for environmentally approved reception facilities.



Track record

Recycling Standard / Certification



Apart from cutting the vessels and recovering the steel the Facility also maintains a more than 80.000 square meter outdoor stockyard and approximately. 15.000 m² in warehouses for the Spare parts that are being recovered throughout the recycling process.

Hundreds of engine parts, navigational equipment and auxiliary engines are being shown and offered for sale as they are to all parts of the world for refurbishment and reuse.

For more information visit: <https://www.fornaes.com/>

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