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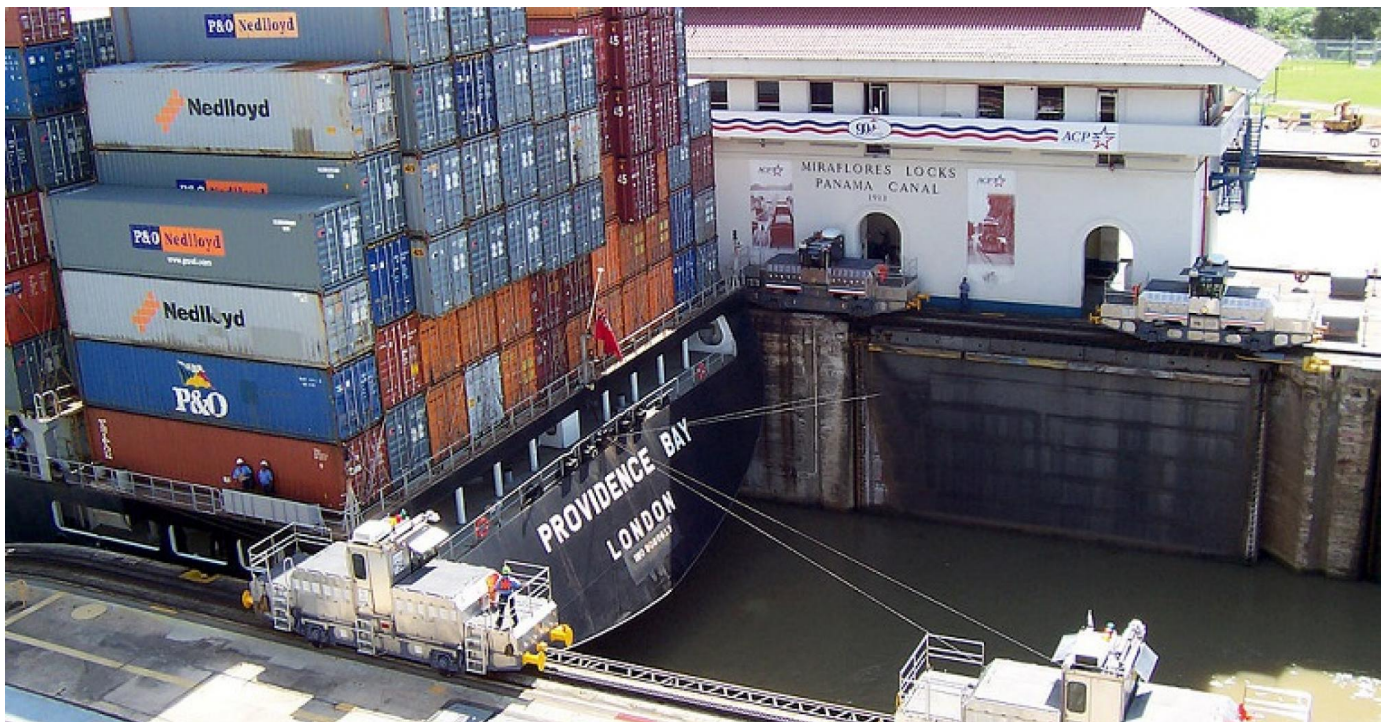


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Secondhand and scrapping prices surge on shipping bull run

Paul Bartlett | Aug 03, 2021

Record container freight and charter markets have propelled secondhand boxship prices to new peaks, according to recent analysis by Clarkson Research.

A ten-year-old Panamax vessel – 4,500 teu– would have sold typically for around \$9.5m in June 2020. Three weeks ago, such vessels were being valued at around \$60m.

Clarkson revealed in its latest weekly report that strong markets in containers and dry bulk have pushed the ClarkSea Index to its highest level since 2008. The bull run is not evident across all markets, however. Tankers and offshore vessels are weak.

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However, gloomy tanker owners, for example, may be able to take advantage of buoyant recycling markets which, so far, have not weakened as they usually do with the arrival of the summer months and the onset of the monsoon season.

Some tankers are already heading for recycling yards where Bangladeshi breakers are leading the fray, shelling out \$600/ldt and more for some vessels. Lagging Indian recyclers have sharpened their act, according to GMS, the world's largest cash buyer of end-of-life ships. Pakistani yards will have to the same, GMS said, in the face of bullish Bangladeshi buyers.

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There are already signs of this, the firm reported, noting that Pakistani fundamentals are firm, with local steel plate prices close to record levels. Meanwhile, the Pakistani rupee is holding its value, following worrying depreciation earlier this year.

Clarkson's recycling index has risen 114% year-on-year, on the back of rising steel prices and limited tonnage supply. However, GMS suggested that recycling prices could have reached their peak, partly as a result of a surge in the Delta variant of Covid-19 on the Indian subcontinent which could lead to new lockdowns, as well as limited supplies of badly needed vaccines.

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