

Seatrade Maritime News



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Steel plate costs push 'hot' demo market close to 2008 highs

Paul Bartlett | Mar 14, 2022

Surging steel prices and rising commodity costs are underpinning a further boost to recycling rates across the Indian subcontinent and Turkey.

The price of steel plate shot up by about \$65 a tonne in Bangladesh last week, extending the country's lead in the recycling rankings and bringing \$700 per light displacement ton (ldt) within clear sight, according to GMS, the world's largest cash buyer of end-of-life ships.

"There is every expectation that the \$700/ldt mark will be imminently breached in the subcontinent region once again," GMS analysts wrote in the firm's latest report. "These are comfortably and certainly the highest numbers we have seen since the historical highs of 2008, when over \$800/ldt was surpassed."

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Even the Turkish market, where recycling prices typically lag well behind subcontinent levels, has put on an impressive spurt. Prices there are edging closer to the \$500/ldt mark, GMS said, describing sentiment as 'hot' and noting it as "certainly a first for this market". However, whether owners will be able to take advantage of this substantial price hike depends on how quickly they can deliver their vessels to recycling yards in Aliaga.

In rate terms, Bangladesh prices had climbed to just above the mid \$600s last week, with indicative containership rates at \$670/ldt, tankers at \$660, and bulkers at \$650. However, GMS noted that despite many enquiries, no deal has been done at these levels so far. The firm noted a "growing reticence from Chattogram buyers to secure ships at the peak of the market", whilst also raising the issue of whether banks will open letters of credit at these levels and the likely requirement for some recyclers to provide additional security.

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Typical prices in the other subcontinent markets were some way behind, with Indian recyclers lagging by about \$25/ldt across ship types, and Pakistan, in third, down by another \$5/ldt. Turkish prices have leapt up by about \$90/ldt since the beginning of the month with indicative prices now at \$470 for container ships, \$460 for tankers, and \$450 for bulkers.

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