

Stainless

A fragile and uncertain market



During the latest BIR Stainless Steel & Special Alloys Round-Table, delegates were shown a film which dubbed stainless steel a recycling 'champion'. For the moment, however, the producer sector is being forced to confront the challenge of significantly reduced demand for its products. An upturn is expected - but not even the experts are sure when this will arrive.

On more than one occasion during the course of last month's BIR Stainless Steel & Special Alloys Round-Table in Amsterdam, its Chairman Michael Wright of UK-based ELG Haniel Metals suggested that the stainless steel market is currently 'fragile' and 'sensitive', and that the timing of an upturn in its fortunes remains difficult to predict. However, he still believes that world stainless steel output could climb almost 4 million tonnes next year.

In his introductory comments, Mr Wright cast doubt on whether the latest estimate of 24 million tonnes of global stainless steel production in 2009 is truly achievable, suggesting that a total of nearer

23.5 million tonnes is perhaps more realistic. At the same time, he is 'still optimistic' that the forecast of 27.2 million tonnes for 2010 will be realised. Global scrap availability is on course to fall from 7.5 million tonnes in 2008 to around 6.8 million tonnes this year - but an increase is likely in 2010 and the total is expected to exceed 8 million tonnes by 2013 at the latest, he added.

Fears of deterioration

Switching his focus to the European market, Mr Wright used figures provided by Heinz Pariser of Alloy Metals & Steel Market Research of Austria to highlight a decline of 36.4% in the continent's

stainless steel production from 5.69 million tonnes in January-August 2008 to just 3.616 million tonnes in the corresponding period of the current year. Despite some positive signs of increased demand for stainless steel in recent months due mainly to 'restocking of the supply pipeline', he added: 'In general, the European mills are concerned about a further deterioration in demand after it appears that stock replenishment was completed in the second and third quarters and demand for end-user goods remains depressed.'

Precarious market

The precarious condition of the world market was also highlighted by Mark Sellier of OneSteel Recycling in his report on Asia when he questioned whether fundamental demand for stainless steel is sufficient to consume stock or whether a further period of decline should be anticipated.

Scrap is scarce in Asia and is attracting high prices, he noted. Scrap ratios in China are running at around 20% owing to the large availability of nickel and nickel pig iron. A number of the continent's mills have announced planned maintenance shutdowns for the coming months while scheduled investment in some projects has been delayed. 'Acerinox has yet to break ground in Malaysia after making an announcement more than 18 months ago,' Mr Sellier noted by way of example.

Barry Hunter of Hunter Alloys LLC in the USA offered more positive news about China, pointing to a prediction from industry 'guru' Markus Moll of Austria-based Steel & Metals Market Research that the country's stainless steel output will increase around 10% next year. Other encouraging factors identified by the speaker included more positive economic indicators in the USA and the prospect of huge energy/environmental projects boosting demand for stainless and nickel-bearing materials.

Extreme pressure

Other contributions emphasised the shortage of stainless steel scrap, including the Middle East report from Ahmad Sharif of Sharif Metals Est. in Jordan which also pointed to widespread predictions in the region of an upturn in the market during the first quarter of 2010.

According to the submission from Anand Gupta of India-based Ambica Steels, latest figures show that his country's imports of stainless steel scrap are running some 27% below those of last year due to weak demand from domestic stainless steel producers. Operating capacities have improved to around 80-85% but prices for finished goods remain 'under extreme pressure'.

Russia's stainless steel scrap exports are likely to be higher than official estimates of around 100 000 tonnes for 2009, according to Ildar Neverov of Scrap Market Ltd. Russia is considering a five-fold increase in the export duty - a move which would 'kill the export business', he added.

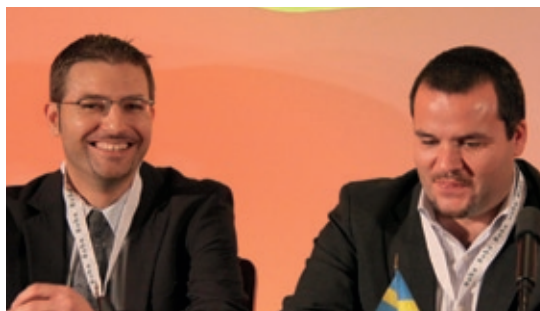
The high temperature alloy and titanium report from Phil Rosenberg of Keywell in the USA confirmed that both markets remain quiet, not least due to low activity levels in the aerospace sector. Of long-term concern for the scrap titanium industry is growing sponge capacity, he added. □



Steel & Special Alloys Round-Table Chairman Michael Wright of UK-based ELG Haniel Metals.



Sheraz Nefatti of the International Chromium Development Association.



Michael Sutter of Cronimet Ferrolegierungen in Germany (left) and Claes Merborn of Hans Andersson Metal in Sweden.