
From left: Robert Messmer of SMR (standing at podium), Joost van Kleef of Oryx Stainless, Doug Kramer of Spectrum Alloys and Vegas Yang of HSKU Raw Material Ltd.

# BIR 2019: A tight ceiling remains on stainless scrap pricing

Asia's growing stainless steel production capacity is increasingly configured to use nickel pig iron, rather than scrap, as its main raw material.

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Producing new stainless steel from scrap should be the favored environmental option, but abundant and cheap nickel pig iron remains the raw material of choice in Asia, said a guest speaker at the Stainless Steel & Special Alloys Committee meeting at the Bureau of International Recycling (BIR) 2019 World Recycling Convention in May in Singapore.

Robert Messmer, a nickel and stainless steel industry analyst with Austria-based Steel & Metals Market Research (SMR), said this decade and the one prior, production in Asia has grown to dominate the market, with mills in China alone accounting for more than 50 percent of stainless steel output in 2018.

SMR's forecast for 2019 sees stainless output globally growing by 2.7 percent, but that growth will not be spread out evenly. Net gainers are likely to be Indonesia, where output could grow by as much as 30 percent, followed by the United States with 5.7 percent growth and China with a 3.6 percent output rise. Taiwan is expected to see a nearly 20 percent drop in output in 2019, while output could shrink between 1.6 and 3.3 percent in Europe, Japan and South Korea.

In terms of feedstock for this production, stainless steel scrap is “the lowest cost option” for mills, said Messmer, who added it is experiencing “very competitive pricing at the moment.” For manufacturers genuinely trying to hold down $CO_2$ emissions, Messmer said the lower carbon footprint for scrap versus mined materials helps it gain consideration as a “green technology.”

Unfortunately, there also are negative factors putting a ceiling on scrap demand. Impurities found in the stainless scrap stream means that “especially in blends, there can be quality issues” for mills.

In Asia, the abundance of nickel ore and nickel pig iron means most newer mills there have been designed “for a low scrap input” Messmer remarked. “The nickel pig iron success story has only started yet, especially in Asia,” he told BIR delegates.

Market reports from Stainless Steel & Special Alloys Committee members, read by Vegas Yang of Taiwan-based HSKU Raw Material Ltd., indicated stainless scrap flows in Europe were relatively strong in the first quarter of 2019, while scrap processors in the U.S. benefitted from “overseas demand for stainless scrap [that] made a positive start to the year.”

A summary on Asia’s market indicated the new and growing Tsingshan stainless mill in Indonesia is seeking new exports for its finished products in the face of a tariff on stainless steel coils imposed by China’s government. Mill buyers in India, meanwhile, have been reducing their demand for scrap in 2019 while also turning to nickel pig iron and ferro-nickel, mimicking melt shop habits in other parts of Asia.

The 2019 BIR World Recycling Convention & Exhibition was held May 19-22 at the Shangri-La Hotel in Singapore.

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