Stainless: Stainless Steel & Special Alloys Committee: Margins "still not sufficient"

Persistent problems are continuing to challenge stainless steel scrap processors and mill producers, not the least of which is that "margins are still not sufficient". So said Uwe Dierkes of German company Siegfried Jacob Metallwerke GmbH & Co. KG in his global market review presented to delegates at the last BIR Stainless Steel & Special Alloys Committee meeting in Amsterdam.

Market participants had been hopeful of a stronger finish to the current year after nickel price gains in September, but sentiment was dampened early in the fourth quarter by a renewed weakening of the metal's value despite mine closure announcements in the Philippines and projections of a global nickel market deficit of up to 100,000 tons for 2016. Indeed, Mr Dierkes questioned the significance of the anticipated nickel deficit and of developments in the Philippines given "an estimated stock of 1m tons (of nickel) around the world".

He went on to speak of "a big lack of confidence in the economic outlook" and expressed the hope that the US Presidential Election, once concluded, would bring about some "positive change".

The rest of the meeting in Amsterdam was devoted to a guest presentation entitled "The challenge of recycling spent catalysts, metallic oxides and batteries". Stéphane Chorlet, Sales & Marketing Vice President at Valdi-Groupe Eramet in France, explained that his company has developed its recycling knowledge around three families of industrial waste, namely spent catalysts from the chemical and petrochemical industries, batteries and metallic oxides/hydroxides, with the priorities of generating zero waste as well as cost efficiency for all parties involved.

Mr Chorlet went on to reveal that Eramet has invested heavily in a brownfield project north of Clermont-Ferrand in central France where it will be maintaining the existing production of high speed steel and transferring the recycling technology currently used at two Valdi plants near Lyon and Limoges. Its recycling model, based on the pyrometallurgical approach, will be "unique" within Europe when operations commence at the beginning of 2017, Mr Chorlet declared to delegates.

It was also confirmed in Amsterdam that Rick Dobkin, Executive Vice President of Shapiro Metals, has joined the board of the BIR Stainless Steel & Special Alloys Committee as representative for the USA.

Ferrous Division: Unpredictability is one of few certainties

"We have become all too familiar with uncertainty," is how BIR Ferrous Division President William Schmiedel began his presentation to the body's latest meeting in Amsterdam.

With currency manipulations, political upheavals and no meaningful reduction in Chinese steel exports, the scrap market is no longer subject simply to the traditional "supply/demand continuum", he said. To this list of unpredictable factors, Mr Schmiedel of US-based Sims Metal Management Global Trade Corporation added the recent "precipitous" increase in coking coal prices and the possibility of increased ferrous scrap demand from the integrated steel sector over the near term.

According to George Adams of SA Recycling in the USA, coking coal and export prices are "putting a floor" under the American scrap market despite "weak" steel mill order books. Hisatoshi Kojo of Metz Corporation anticipated a generally stable outlook for the scrap market in Japan while the European report from Tom Bird of UK-based Liberty Steel indicated "no reason to see anything other than a much stronger market for the remainder of the year".

Also on the upside, Zain Nathani of the Nathani Group of Companies contended that scrap imports into India, Pakistan and Bangladesh could reach a combined total of 10-15m tonnes in the next year or so. With significant new steelmaking capacity scheduled in Bangladesh, the country's annual imports of ferrous scrap can be expected to soar from around 1.5m tonnes last year to nearer 4m tonnes by 2018, he said.

In his "World Steel Recycling in Figures" update for the first half of 2016, BIR Ferrous Division Statistics Advisor Rolf Willeke confirmed that India was now established as the second-largest importer of steel scrap. He also observed that the world's leading three steel scrap importers had increased their overseas purchases by the following margins when compared to January-June 2015: Turkey +8.3% to 9.178m tonnes; India +19.1% to 3.773m tonnes; and South Korea +1.4% to 2.816m tonnes. The steel scrap exporter league table was led by the EU-28 with a year-on-year increase of 15.2% to 8.593m tonnes in the opening half of 2016.

In the guest presentation from Curtis Zhu, the focus switched back to China and its impact on the steel and steelmaking raw materials sectors. The Principal Analyst at leading research and consultancy group Wood Mackenzie in the UK contended that scrap arisings in China will increase significantly after 2030 and that this may well present an export opportunity when high prices are prevailing on the international markets. "China could become quite a big scrap exporter in the long term," he told delegates.

Mr Zhu also suggested that the Chinese government's target of cutting 150m tonnes of annual steelmaking capacity is entirely achievable within five years and that the total could even rise to 170-180m tonnes within that period, thus boosting domestic utilisation rates from around 70% at present to 75% or beyond. Earlier, Mr Schmiedel had restated his concern that "Chinese officials continually speak of capacity cuts but never speak of production cuts".

Also at the meeting in Amsterdam, it was confirmed that Alton Scott Newell III, President of US-based Newell Recycling Equipment, has been elected.