



## BIR 2017 Convention: A ray or two of stainless sunshine

Stainless scrap demand may be ready to improve but not on a fast track.

May 29, 2017

Brian Taylor

[SUBSCRIBE](#)

Conferences & Events International Recycling News Nonferrous

*Pictured above: Markus Moll, managing director of Steel & Metals Market Research (SMR).*

Global demand for stainless steel products has been growing steadily; but, unfortunately for scrap dealers, that has not translated into surging demand for stainless scrap. At the 2017 Bureau of International Recycling (BIR) World Recycling Convention, held in late May in Hong Kong, delegates received an update on the lackluster market.

BIR Stainless Steel & Special Alloys Committee member Jonathan Bower, based in the United Kingdom with ELG Haniel Metals Ltd., said 2017 started with “positive developments” in the first quarter. These included stronger LME (London Metal Exchange) nickel pricing, which led to good supply of and demand for stainless steel scrap.

The second quarter, however, has seen nickel pig iron mining restrictions in Indonesia and then the Philippines being lifted, causing what Bower called “a significant correction in the nickel price.” Unfortunately for scrap traders, more nickel

pig iron available to Chinese stainless mills typically leads to less scrap demand from those same mills.

Markus Moll of Austria-based Steel & Metals Market Research (SMR) said while the abundant supply of nickel pig iron has suppressed nickel pricing and stainless scrap demand from 2011 to 2015, “2016 was the year of the turnaround,” adding that in 2016 stainless raw material suppliers (including scrap shippers) saw their margins improve for the first time since 2010.

SMR forecasts global stainless steel production to rise by some 3 million tonnes in 2017 (or 4.8%), followed by a 3.6% growth forecast for 2018. He said Indonesian stainless mill capacity is coming online, which will help the country consume some of its own nickel pig iron by the end of this decade.

Moll said conditions are in place that should lead to rising scrap usage ratios in melt shops in both the United States and India starting in the second half of 2016, though China’s producers will likely still rely on abundant nickel pig iron.

Freelance journalist Adam Minter, who is based in Kuala Lumpur, Malaysia, said increased scrap generation in China and other parts of Asia is likely to lead to “multi-polar scrap trade” patterns, and less of the one-way flow from Europe and North America to Asia.

In his presentation, Moll indicated that the stainless scrap trade could be providing a leading indicator for this, as “only 8% of the market” in stainless scrap involves trade from one continent to another. “Stainless [steel] has increasingly become a regional business,” he stated.

The BIR 2017 World Recycling Convention was held at the Hong Kong Convention Centre 22-24 May.