

Stainless production sector 'on its knees'

Stainless Steel & Special Alloys

Many of the world's stainless steel producers are currently in 'very bad shape' but the outlook for the sector is not utterly bleak, it was confirmed at the latest Stainless Steel & Special Alloys Committee gathering. For example, global demand growth in 2013 is expected to outstrip last year's small improvement.

Stainless steel stock levels are generally under control to the extent that the beneficial market impact of any significant upturn in demand would be reasonably rapid; and in this

'Let your wife spend more money'

It would appear that the fortunes of the stainless steel industry are inextricably linked to who holds the household purse strings. Markus Moll of Steel & Metals Market Research concluded his guest presentation to the BIR Stainless Steel & Special Alloys Committee meeting in Shanghai with a brief aside about what he termed 'female empowerment'. Research has found, he explained, that for every 4 kg of stainless steel contained in products bought by men, women purchase 10 kg of the same metal. Therefore, he offered this simple advice to a meeting hall populated largely by men with an interest in stainless steel: 'Let your wife spend more money.'

context, global consumption is expected to grow at a faster rate this year than it did in 2012.

But to say the least, the stainless sector is some way short of its shiny best at present, Markus Moll, managing director of Austria's Steel & Metals Market Research, lamented in his guest presentation to the BIR Stainless Steel & Special Alloys Committee meeting in Shanghai. He spoke of widescale 'stagnation' in the stainless steel market outside of the BRIC countries. In the Americas, for example, demand growth is expected to slow from 4% in 2012 to just 2% this year, while Europe is expected to follow up a consumption decline of 4% last year with a further 1% drop in 2013. Chinese demand climbed 5% in 2012 and is anticipated to grow another 7% this year whereas the rest of Asia will post a gain of just 3% in 2013 after recording a demand decline of 2% in 2012. Worldwide, Moll suggested, stainless steel consumption can be expected to increase by 4% in 2013 - equivalent to 1.23 million tonnes - after edging just 2% higher last year. The stainless production sector is largely 'on its knees' and has targeted

scrap purchasing as one means of bettering its financial standing, according to Moll. Profitability for scrap processors and traders is 'way below target levels', he added. But on a brighter note, he expected the average capacity utilisation rate among the world's leading 20 stainless steel flat product producers to jump from a 'low' 73% in 2012 to 80% next year.

Identifying India as 'the only growing market for stainless steel scrap at the moment', he said its government's recent decision to raise the basic customs duty on imports from 0% to 2.5% is 'not a game-changer' and 'can be absorbed'.

Producer cutbacks?

Nickel pig iron (NPI) continues to dominate the Ni units scene in China although, in light of lower LME nickel levels, 'some producers may cut back less cost-effective NPI production', said general delegate Ian Hetherington of the British Metals Recycling Association in a broad market review in which he confirmed that, overall, the lack of demand for stainless steel scrap has been countered by its low availability.

When commenting on the generally 'very bad' state of the stainless steel production sector, Moll was at pains to identify the USA as an exception. And in updating his contribution to

the recent BIR Stainless Steel & Special Alloys World Mirror, Barry Hunter of Hunter Alloys confirmed in a written submission that North American Stainless 'remains the volume scrap buyer and material producer', and appears likely to continue to look to purchase 'a significant amount of scrap' going forward.

No influence on market

Hunter also wrote that Outokumpu's new mill in Alabama 'is currently running on a limited production basis' and 'has really no influence on the current US scrap market', although its impact is expected to increase in line with the ramp-up of its operations. For his part, Moll is 'convinced we need melt shop closures in North America'.

The BIR Stainless Steel & Special Alloys Committee meeting was chaired by Mark Sellier of OneSteel Recycling following the resignation of Frank Waacklerle for personal reasons. A new chairman will hopefully be identified in time for the BIR Convention in Warsaw this October, Sellier observed. □



Mark Sellier expects a new chairman for the BIR Stainless Steel & Special Alloys Committee will be chosen soon.



Markus Moll predicted that worldwide stainless steel consumption will increase by 4% this year.