

## **BIR Meeting: Stainless Steel Scrap Demand Likely to Bounce Back Next Year**

During a meeting of the stainless steel and special alloy committee, held during the recent BIR fall meeting, several speakers noted that the end of this year will likely result in minimal changes in stainless steel production, especially in Europe and the United States.

However, according to Michael Wright of ELG Haniel Metals Ltd., and chairman of the committee, demand for stainless steel scrap "will quickly recover in first quarter 2008." concluded BIR Stainless Steel & Special Alloys Committee Chairman Michael Wright of "We are well past the bottom and are on the increase. When the market comes back, we feel it will come back heavily for stainless steel scrap."

But following the changes made in June to the LME's lending guidance, nickel prices are unlikely to visit the "unrealistic" \$ 50,000-plus levels of earlier in the year, Wright added. Prices would most likely move between \$ 25,000-\$ 35,000 per metric ton.

High nickel prices have contributed to a decline in the austenitic proportion of world stainless steel production, from 68 percent last year to 60 percent this year. However, in 2008, production of austenitic grades would return broadly to 2006 levels while growth in other grades would push global stainless steel output from an estimated 28 million metric tons this year to 32.5 million metric tons next year.

The European market report, delivered by Sandro Giuliani of Giuliani Metalli - Cronimet Group in Italy, also acknowledged "extremely limited" demand for stainless steel scrap over the past four or five months "with a reasonable quantity of material being shipped to merchant speculators in China".

Feedback from Mogens Norsk of H. J. Hansen Recycling/NRF of Denmark indicated that, in the third quarter of 2007, Outokumpu had been producing only 50 percent of its normal volumes in both Sweden and Finland. And to a certain extent, this major player had been producing qualities "with low nickel content".

After a period of more muted buying activity, there are clear signs of "renewed interest" in stainless steel scrap purchasing activity in the United States, according to a report read out on behalf of Barry Hunter of Hunter Alloys LLC. "The scrap consumers, when they come back in earnest, will most likely assume prompt availability and bargains," he wrote. "This may not be the case and could turn a supply and demand situation into a bullish international scrap market very quickly - perhaps even before year end."

The report from Mark Sellier of Capricorn Stainless in South Africa confirmed China as the world's leading stainless producer, contributing to 20.2 percent growth in Asian output to 8.5 million metric tons during the first half of the year. However, the meeting in Warsaw also heard about a possible major expansion of stainless steel production capacity in Russia: if plans put forward by the Mechel group, Jindal Stainless and the Estar group are fully realized, Russian production could soar from 127,000 metric tons a year to around 900,000 metric tons by 2011, ventured Ildar Neverov of Scrap Market Ltd.

*Recycling Today*  
*Thursday, November 1, 2007*