

Chinese stainless-steel scrap prices seen rising

BaseMetals.com - Martin Hayes

Supplies of stainless steel scrap are tightening in China, which is likely to force firm prices higher still, Ben Lee, of China's Alco Resources Ltd said.

"Supplies within the Nanhai area of South China are proving extremely limited – only shredded steel scrap requiring sorting is being brought in," Lee said in the latest BIR World Mirror, released at the BIR's (Bureau of International Recycling) Autumn Convention in Brussels.

Imports of 304-series mill scrap are almost zero now, so steel scrap stocks on the local market have fallen to a low of 10,000 tonnes. Most of this material held by recyclers has already been booked by steelworks, he added.

"As a result of this diminishing supply, dealers are optimistic that already-high prices have considerable further upward potential," Lee said.

Industry specialists are gathered in Brussels for the BIR's (Bureau of International Recycling) Autumn Convention, against a background of rising production in stainless steel – seen continuing this quarter – increased scrap availability, and record nickel prices. Stainless-steel manufacturing is nickel's main end-use – some two-thirds of annual global production.

China is the largest consumer of stainless steel in the world. No scrap metal exports are permitted, while its 2006 import requirement is seen around 200,000 tonnes, similar to 2005.