

Concerns about the trade war between the USA and China

BIR World Recycling Convention (Round-Table Sessions) in London (5-7 October 2018)

Despite the Section 232 measures adopted by the Trump administration, US scrap markets still rely on exports. Indeed, Turkey's reliance on US scrap imports has increased since the start of the current year, it was revealed by Fastmarkets metals analyst Lee Allen in his guest presentation to the latest meeting of the BIR Ferrous Division

Stainless Steel & Special Alloys Committee: Nickel price volatility likely to remain "pretty intense"

World output of stainless steel leapt 7.6% in 2016 and a further 6.7% in 2017 - but "a turning point" has been reached and the rate of increase can be expected to slow to perhaps 3.4% in 2018 and 2.6% in 2019, according to Jim Lennon, Senior Commodities Consultant at UK-based Macquarie Capital (Europe) Ltd. The guest speaker at the latest gathering of the BIR Stainless Steel & Special Alloys Committee also emphasised that the current "protectionist phase" in the stainless steel market is rendering more difficult the forecasting of future developments.

Nickel pricing has been generally upwards in recent years owing to demand growth

driven principally by strong global stainless steel production, Mr Lennon told the meeting in London on October 7. Furthermore, nickel use in batteries is growing at 30-40% per annum from a low base.

Nickel price volatility has been "pretty intense", he added, "and I don't see that changing any time soon." He projected that the LME cash price would average around US\$ 16,000 per tonne in 2019, as compared to the US\$ 13,800 forecast for 2018 as a whole. Nickel is in structural deficit but overall stocks remain high despite a recent "dramatic" decline, delegates were told. Latest figures from the International Nickel Study Group suggest world usage of the metal will climb to 2.422 million tonnes next year and outstrip global production of 2.389 million tonnes.

Mr Lennon's presentation highlighted the emergence of Indonesia as a key player in the nickel and stainless steel markets. The country could well account for around a quarter of global nickel supply this year and has been "a very large contributor" to stainless steel production growth over the last 12 months as a result of the venture owned by China-based Tsingshan. Described as "by far the lowest-cost stainless steel producer", this added 2 million tonnes of annual stainless melt capacity in Indonesia last year, with a further 1 million tonnes for the second half of 2018. More than 80% of its exports had been going to China but Taiwan has now taken over as the leading importer, according to Mr Lennon.

In terms of global nickel use in stainless steel production, the guest speaker projected that the nickel in scrap component will climb from 904,000 tonnes in 2017 to 945,000 tonnes this year and perhaps 983,000 tonnes in 2019.

Reviewing market developments since the previous BIR Stainless Steel & Special Alloys Committee meeting in May of this year, board member Omar Al Sharif of UAE-based Sharif Metals International stated: "Concerns about the trade war between the USA and China, along with falling raw material prices for stainless steel, have been recurring themes." While able to maintain a high scrap melt ratio, he added, US stainless mills appear confident of sourcing material as required "and at continued historically high discounts applied to nickel values".

Global Demand for Automotive Batteries to Increase 13% Annually Through 2022

Global demand for automotive batteries is forecast to rise 13% per year to \$54.1 billion in 2022, expanding to 38% of total sales. Rising manufacturing and use of motor vehicles worldwide will spur sales growth. The HEV segment will more than quadruple in size as these vehicles increasingly penetrate global markets. Electric vehicles, which use more expensive batteries than hybrids, will post particularly strong growth, boosting overall market value. While falling prices for lithium-ion batteries (on a kWh basis) will be a major contributor to growth for HEVs, a shift toward batteries with higher capacities will boost prices on a unit basis and

contribute to the expanding market size. These and other trends are presented in Global Batteries, 11th Edition, a new study from The Freedonia Group, a Cleveland-based industry research firm.

The automotive market is the largest outlet for battery sales worldwide, accounting for 34% of demand in 2017. The universal need for aftermarket batteries creates a massive global market for these products and provides a stabilizing influence in comparison to the more volatile OEM segment. Lead-acid batteries account for the vast majority of automotive market demand, but lithium-ion and nickel-based types have steadily become increasingly

prevalent with the commercialization of HEVs.

Global demand for batteries in all outlets is forecast to rise 9.8% per year to \$141 billion in 2022, improving on the 2017-2022 performance. According to analyst Elliott Woo, "Growth prospects vary significantly among product and market segments, and suppliers will need to carefully tailor their strategies to the differing needs of target areas."

Global Batteries, 11th Edition (published 6/2018, 374 pages) is available for \$6800 from The Freedonia Group.
www.freedoniagroup.com