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By Anna Stablum

Oct. 26 (Bloomberg) -- High-grade copper scrap prices will rise next year as demand recovers, narrowing the discount to three-month futures on the London Metal Exchange by 30 percent, the Bureau of International Recycling said.

Demand for electrolytic copper wire scrap, graded as high quality and which feeds about 40 percent of the world's copper smelters, will outstrip supply next year, Robert Stein, president of the non-ferrous division of the 700-member trade group, said in an interview today.

"I see continued strength in the market," Stein, also vice president of St. Louis-based recycler Alter Trading Corp., said at a BIR conference in Amsterdam. "The buyers of the world, if they want scrap they will have to pay the price."

The price of three-month copper, which has more than doubled this year, is likely to increase further next year "and demand for scrap will follow suit," Stein said.

The availability of scrap slumped last year as the world's economy slid into a recession and a 54 percent decline in copper prices halted the collection of offcuts and surplus metal.

Volumes at yards, which slid to a low of about 40 percent in the first quarter, have now rebounded to about 60 percent in the U.S., Stein said.

"Scrap will be in a little bit better supply as the economy improves," he said.

After a year of little industrial activity, scrap generated by manufacturers remains low and "there is not enough scrap to really support an economic rebound," Stein said.

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