

Where are the markets going?

Report from the BIR World Recycling Convention & Exhibition in Dubai (17 - 20 May 2015), Ferrous Division and Stainless Steel & Special Alloys Committee

The World Steel Association's Director General Dr Edwin Basson declared himself to be "quite positive about the health of the steel industry" and about the steel markets' ability to adapt. But as for a buoyant future for the sector, he told the BIR Ferrous Division meeting in Dubai on May 18: "I can't guarantee that."

He made these comments in direct response to Tom Bird of UK-based Mettalis Recycling who, in his report on the European market, had asserted: "To see a sustained improved steel scrap industry, we need a buoyant and healthy steel sector."

On a positive note, Dr Basson suggested in his guest presentation that global demand for ferrous scrap for steelmaking would increase by around 110m tonnes in the period from 2014 to 2019, driven by China and Turkey, as well as by the ASEAN and NAFTA regions. He also anticipated that the electric arc furnace share of global steel production would climb from 27% last year to 30% by 2019 - although he doubted that the figure would greatly exceed the 30% threshold because of a lack of electricity and scrap available to developing markets.

Lack of scrap

Lack of scrap was a recurring theme of the Dubai meeting, with Mr Bird attesting that "the material is not out there in the market". And in his report on the USA, George Adams of SA Recycling agreed that "there isn't any scrap around", adding that volumes tended to drop off following a sharp fall in prices such as that seen in the first quarter.

Mr Adams also contended that China's steel exports would "determine where the markets are going to go in the future". BIR Ferrous Division President William Schmiedel of Sims Metal Management Global Trade Corporation in the USA had made a similar observation in his opening address to delegates, stating: "The key number to watch is the amount of Chinese

exports of finished and semi-finished steel which, while radically decreasing in February and March, bounced back to over 8.5m tons in April, which is a 15% increase over March."

In other country reports, Hisatoshi Kojo of Metz Corporation predicted that the Japanese export price for H-2 scrap was likely to occupy a range some US\$ 8 per tonne either side of the US\$ 212.50 mark over the coming months. In response to a comment about recent Japanese scrap offers into Turkey, Mr Kojo acknowledged that Japan's exporters would need to find new customers as China and South Korea moved towards becoming steel scrap exporters over the coming years. According to Andrey Moiseenko of Ukrmet Ltd, the government in Ukraine was trying to make the distribution of scrap export quotas "more transparent" but this was "a slow process". And in other governmental matters, Zain Nathani of the Nathani Group of Companies suggested that lack of clarity over new pre-shipment inspection (PSI) rules for scrap imports into India had brought new bookings from the USA, Europe and Japan "pretty much to a standstill". A few hours after his speech, however, India's Directorate General of Foreign Trade came forward with new proposals covering PSI certificates and agencies (more information can be obtained from the BIR update to members issued on May 19 and the topic will be covered in more detail in the press release on the BIR International Trade Council meeting in Dubai).

Ferrous Division guest speaker Ismail Al-Sulby, General Manager of the Long Products Business Unit of Saudi steel producer SABIC, played down the impact of

scrap export restrictions from the country. Many scrap businesses preferred to sell into the local market, he suggested, while Saudi consumers were "very cautious" regarding scrap imports.

The Dubai meeting also saw the launch of the sixth edition of the BIR Ferrous Division's "World Steel Recycling in Figures". According to divisional Statistics Advisor Rolf Willeke, the latest of these popular statistical reviews revealed that steel scrap usage in global steel production climbed 0.9% last year to 585m tonnes. The EU-28 was the world's leading exporter of steel scrap in 2014 following a slender increase of 0.3% to 16.859m tonnes whereas US overseas shipments tumbled 17.1% to 15.34m tonnes. Meanwhile, Russia recorded a massive 53.2% jump in its steel scrap exports to 5.689m tonnes.

Far East dominates as Western producers push for cost efficiency

Describing the stainless steel market as "difficult", Joost Van Kleef of KMR Stainless in the Netherlands added: "Scrap merchants are hesitating to sell at current prices." Under such conditions, a primary function of BIR Stainless Steel & Special Alloys Committee meetings was to provide delegates with a best-available market update, he insisted in his Chairman's address to the Committee's latest gathering in Dubai on May 18.

What followed was an in-depth analysis of the stainless steel market from one of the world's most renowned experts, namely Markus Moll, Managing Director of Steel & Metals Market Research of Austria. Among his many interesting observations, he noted that 18/8 stainless steel scrap availability was growing faster over the period 1980-2020 than 300 series stainless steel production - the former by 4.6% per annum and the latter by 4%. He also projected that stainless steel demand would climb 5% in Europe between 2014 and 2016 but would stagnate in the NAFTA region over the same period.

Mr Moll expected global crude stainless steel production to increase by 3.8% to 46.36m tonnes in 2015, with growth in China expected to climb by the same percentage to around 24m tonnes. China was "consuming 100% of its domestically available scrap", according to the speaker, and would continue to extend its scrap

ratio - currently at 22% - as more came into the cycle of what represented an increasingly mature market.

Having leapt more than 30% in 2014, the USA's stainless steel output was expected to edge just 0.5% higher in 2015 to some 3m tonnes whereas production in Europe was projected to grow 5.1% to 7.65m tonnes. But according to Mr Moll, this year's biggest gain was expected to be recorded in India (+13.1% to 3.96m tonnes) as a result of the "Modi factor".

In 2014, Outokumpu was the only one of the world's leading five producers of

stainless steel to be based outside the Far East, with Asian companies occupying 18 of the top 25 places, Mr Moll pointed out. China's Tsingshan Group had taken top spot for the first time, with its low-cost production based around nickel pig iron. However, the most profitable stainless steel producer was North American Stainless while the leading producers of European origin - Aperam, Outokumpu and Acerinox - were now "much more efficient than they were five years ago", partly as a result of substantial cost reduction programmes.

Another nickel surplus

Although another nickel surplus was forecast for 2015, Mr Moll anticipated a floor level of US\$ 13,000 per tonne for the metal. "The support line is holding," he insisted, adding that this line was likely to rise in concert with increasing electricity and currency values in China. All factors considered, he predicted that nickel prices would be higher in a year from now.

Verschärfung des Emissionshandels bedroht Stahlindustrie

15. Jul. 2015 – Scharf kritisiert die Wirtschaftsvereinigung Stahl die aktuellen Pläne der Europäischen Kommission zur Überarbeitung des EU-Emissionsrechtehandels. „Die geplante Verschärfung der Richtwerte (Benchmarks) für den CO₂-Ausstoß und die drohende weitere Verknappung der Zuteilung werden für die im weltweiten Wettbewerb stehende Stahlindustrie in Deutschland zu untragbaren Mehrbelastungen führen“, kommentiert Hans Jürgen Kerkhoff, Präsident der Wirtschaftsvereinigung Stahl in Düsseldorf.

In den Wochen, in denen es um zentrale Fragen der Zukunft Europas geht, fasst die Europäische Kommission in Brüssel mit der Verschärfung des Emissionsrechtehandels einen Beschluss, der an den Nerv industrieller Wertschöpfung in Europa geht. Der Beschluss stehe im krassen Gegensatz zu der Ankündigung der Juncker-Kommission, Wachstum, Wettbewerbsfähigkeit

und Beschäftigung in den Mittelpunkt ihrer Arbeit stellen zu wollen. „Die weitere Kürzung der Emissionsrechte ab 2021 und die absehbaren Strompreissteigerungen führen für die Stahlindustrie in Deutschland zu zusätzlichen Kosten von jährlich rund 1 Milliarde Euro bis 2030“, so Kerkhoff. Deshalb müssten die Regelungen des Emissionsrechtehandels für die im internationalen Wettbewerb

stehenden Grundstoffindustrien für die vierte Handelsperiode von jetzt bis 2030 revidiert werden. So müssten die Benchmarks technisch und wirtschaftlich erreichbar sowie der sektorübergreifende Korrekturfaktor abgeschafft werden. Die Stahlindustrie fordert, dass die Zuteilung kostenfrei in Höhe der Emissionen der effizientesten Anlagen erfolgt. Darüber hinaus dürfe es keine zusätzliche Verknappung geben. Zusätzlich sollten die durch den Emissionshandel bedingten Strompreissteigerungen vollumfänglich kompensiert werden.

Die Wirtschaftsvereinigung Stahl appelliert an die Mitgliedsstaaten der EU und das Europaparlament, bei der Befassung mit den Kommissionsvorschlägen die notwendigen Änderungen zum Erhalt der Grundstoffindustrien in der EU herbeizuführen. „Jetzt können nur noch die Regierungen in Europa und die Abgeordneten des Parlaments den Vorschlag der Kommission so korrigieren, dass für die Stahlunternehmen Planungs- und Investitionssicherheit gewährleistet wird.“

Kein Hochsommer im Metallhandel

13. Jul. 2015 – Nach einer Belebung zu Beginn des zweiten Quartals hat sich das Geschäftsklima im deutschen Metallhandel Anfang Juli wieder abgekühlt. Der VDM Geschäftsklimaindex ist gefallen und liegt aktuell nur knapp über seinem Januarwert. Das ist das Ergebnis der aktuellen VDM Geschäftsklimauffrage.

Der VDM Geschäftsklimaindex setzt sich aus zwei Teilindizes zusammen, der Geschäftslage der Unternehmen und deren Erwartungen. Ausschlaggebend für die aktuelle Verschlechterung des Geschäfts-

klimas sind beide Teilindizes. Die Unternehmen bewerten sowohl ihre Lage als auch ihre Perspektiven schlechter als noch vor drei Monaten.

Das Ergebnis überrascht. Immerhin hat sich der Aufschwung der deutschen Wirtschaft in der ersten Jahreshälfte fortgesetzt, dies deuten zumindest die aktuellen Frühindikatoren an. Diese Entwicklung sollte die Nachfrage nach Metallen fördern. Ausschlaggebend für die weniger positive Beurteilung der Geschäftslage im Metallhandel könnte sein, dass sich die deutsche

Wirtschaft im Verlauf des zweiten Quartals dennoch abgekühlt hat und gegenwärtig weniger dynamisch expandiert.

Möglich ist aber auch, dass der gegenwärtige Aufschwung der deutschen Wirtschaft vor allem konsumgütergetrieben ist. Die Investitionsgüterproduktion festigt sich hingegen erst langsam. Auch der Rückgang der Erwartungen könnte im Zusammenhang mit dem konsumgetriebenen Konjunkturbild stehen. Er könnte zudem saisonbedingt sein und vor dem Hintergrund der Sommerferien stehen.