

# European stainless steel market 'cautious'

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The European stainless steel market is entering a cautious phase after a volatile 2007, according to Michael Wright, chairman of ELG Haniel.

"In general Europe is entering a cautious phase. Stockists are working from hand-to-mouth and are reluctant to hold

high inventories in view of uncertain nickel prices and exploding chrome and iron ore prices," Wright told delegates at the BIR conference in Monte Carlo.

After a sharp reduction in scrap purchasing volumes in 2007, major European consumers re-entered the market with reasonable demand at the beginning of 2008, but current low inventories showed producers do not wish to build up raw material stocks, according to Wright.

"It is too early to call whether the recent fall in nickel prices will act as a catalyst for them to increase inventories," Wright said.

UK stainless steel production in 2007 saw a fall of 6% to 350,000 tonnes, according to Wright, who predicted a 13% increase in 2008 that would take stainless production to almost 400,000 tonnes.

German stainless steel production saw a considerable cutback during 2007 to 1.5 million tonnes from a 2006 level of 1.77 million tonnes, Wright said quoting delegates.

The Italian stainless steel industry seems to have restored previous production rates after a strong production decrease in 2007, Wright added.

In Scandinavia, Finland saw a 25% decrease in production in 2007 which is forecast to rebound to 2006 levels during 2008.