

BIR: Ferrous and Nonferrous scrap supply shortage to aggravate

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BRUSSELS (Scrap Monster): The slower economic growth conditions in China may continue to keep the ferrous and non-ferrous scrap market weak. The supply and demand of scrap seems to be well-balanced currently. However, adverse winter weather conditions or any other reasons may lead to reduced supply levels towards the year end, noted David Chiao, President, Bureau of International Recycling (BIR) Nonferrous Division.

Chiao noted that commodity prices have witnessed serious downtrend during the year 2015. During the course of the year, LME [Nickel prices](#) saw the sharpest cut. The prices have dropped by nearly 35% since the start of the year. Also, LME [copper prices](#) were down by around 17% during the first eleven months of 2015. Meantime, [aluminum prices](#) have corrected by 13% during this period.

According to recyclers, the slower-than-anticipated economic growth in China continues to be the major threat facing nonferrous scrap markets. The country's economic growth is currently predicted to grow at sub-7%.

The demand for [copper scrap](#) from Chinese consumers have seen sharp de-growth. The US domestic demand for prime and secondary grades of aluminum scrap continues to remain stable. The rising scrap demand from India is not adequate enough to offset the drop in Chinese demand. Also, the Indian demand seems to be limited to certain specific category of scrap products.

The increased level of aluminum production in China and the dramatic rise in exports of aluminum products from that country has impacted aluminum production and scrap consumption elsewhere in the world. For instance, the Chinese exports of semi-fabricated aluminum products to the US surged higher by over 115% from 2012 to 2014. The excess of semi-fabricated aluminum also has affected export demand for scrap, noted Chiao.