

US scrap prices slip, 2007 exports may reach 14m tonnes - Tuesday, 23rd October 2007

US scrap exports rise

Although the US domestic scrap market began October with unchanged scrap buying prices, this situation was soon eroded with prices moving down about \$10/long ton, Jeremy Sutcliffe of Sims Group told the BIR meeting in Warsaw on Tuesday (23 October).

Current delivered mill prices for dealer grades are now typically \$315-320/metric tonne for prime scrap and about \$300/t for shredded. Imported pig iron is at \$375-380/t in New Orleans, Sims reports.

Sutcliffe said US scrap exports have increased this year, with reported figures showing them rising by nearly 38% in the first seven months of 2007. On an annualised basis this would mean a record 16.5m tonnes. However, Sims thinks these figures are overstated by 2-2.5m t, bringing the real full year figure closer to 13.5-14m t.

The growing trade in containerised scrap export shipments was underlined by Sutcliffe. Cheap container freight rates – in contrast to high bulk ocean rates – have encouraged this trend. Special machinery is now being manufactured to assist the rapid loading of containers, **Steel Business Briefing** understands.

With continued high steel production and consumption levels in the US there will be high scrap trading volumes, and Sims expects prices to “remain in a narrow band with a positive bias in response to seasonal and fiscal factors in early 2008.”

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Stainless past bottom of cycle, scrap demand up in Q1 - Tuesday, 23rd October 2007

Stainless scrap

There will be little or no increase in stainless steel production in the fourth quarter of this year, particularly in Europe and the USA, Michael Wright of ELG Haniel Metals Ltd told this week's BIR meeting in Warsaw. But there could be an increase in stainless scrap demand from mills pre-planning their Q1 2008 requirements.

Wright believes the stainless industry is now through the bottom of the cycle and forecasts a “significant turnaround” in stainless steel scrap demand for the first half of 2008, recovering to a quarterly requirement of approximately 2.5m tonnes. **Steel Business Briefing** understands that this volume is contingent on rising nickel prices. With nickel stable, stainless scrap demand is likely to be 2m t, and with prices declining it will be in the range 1.5-1.7m t.

Although there is concern that scrap demand could outstrip supply, Wright is confident that buffer stocks currently held in large merchants' yards will be enough to meet industry's needs. “However, the large nickel discounts available at present will not be

sustainable,” he commented.

On nickel prices, Wright said that, following LME changes to procedures with respect to nickel back in June, there is less likelihood of “unrealistic” nickel pricing, with the range fluctuating between \$25,000-35,000/t.

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EU heads for scrap export surplus of 2.6m tonnes in 2007 - Tuesday, 23rd October 2007

EU scrap exports

Against a background of generally stable scrap prices in the EU in quarter 4 2007, major German scrap merchant TSR forecasts full-year regional scrap consumption of 119m tonnes. This assumes an EU27 steel output of 210m t – slightly up on 2006.

In a presentation delivered in his absence to the BIR autumn meeting in Warsaw, Anton Van Genuchten of TSR indicates that EU steel scrap exports rose 6.8% in the first half of the year to 5.5m t, while imports fell by almost 23% to 2.9m t – an export surplus of 2.6m t.

The biggest buyer of EU export shipments in the first half of 2007 was Turkey (2.96m t, up nearly 25% on H1 2006). Egypt was the next largest buyer (551,000t, down 18% year-on-year), and India third (252,000t, down 12.5%).

Russia was the largest supplier of scrap imported by the EU in H1 (987,000t, but down about 38% on the 2006 period). Next came the USA (366,000t, up by about 70%) and Switzerland (311,000t, a 13% increase).

Steel Business Briefing learned during the meeting that India has recently abandoned plans to enforce a scrap import regulation/registration system as a way to combat the threat of explosives in scrap consignments. The proposal to introduce these measures was announced in March 2006.

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