

Hunter sees stainless squeeze

DUBLIN, Ireland — U.S. stainless steel and special alloy scrap processors have a good consumer market and a decent demand for material—but good margins are more elusive, said Barry Hunter, senior vice president of Keywell LLC, Elizabeth, N.J.

Hunter, speaking to industry members at the Bureau of International Recycling's autumn meeting here, noted that third-quarter production of stainless steel was 20 percent lower than the same period last year, led by a 25-percent reduction in the production of austenitic stainless steels.

Hunter, who also is president of the BIR, said he expected the fourth quarter to see similar results, putting overall production for 2001 at 1.3 million short tons, about even with last year.

U.S. exports of stainless steel scrap continued to reflect overseas demand, primarily in the Asian market. In the first seven months of this year, he said, U.S. exports of stainless scrap averaged about 40,000 tons per month, a 25-percent increase from a year earlier. More than 80 percent of that scrap went to Asia, where Taiwan replaced South Korea as the No. 1 destination and China almost doubled its intake compared with 2000.

Available scrap was tight, however. "The supply situation continues to distort values as wholesalers stretch to test the elasticity of the market—assuming the more paid, the greater will be the availability. So much for margins," Hunter said.