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Non-Ferrous Metals: Sector faced with “diminishing margins, rising costs and low confidence”

2015 has been “a very tough year” in which the “bad economic climate” has led to adverse effects on companies’ budgets and employment plans. So said the BIR Non-Ferrous Metals Division’s President David Chiao of the Uni-All Group in the USA at the body’s meeting in Prague on October 26.

These sentiments were echoed in the world market summary provided by divisional board member Nick Rose of UK-based Tandom Metallurgical Group. “It was never going to be the year of plenty but the most pessimistic of bears couldn’t have foreseen the constant downward spiral of 2015,” he lamented. “Today’s non-ferrous industry faces diminishing margins, rising costs and low confidence - and it will not be long until the banks become nervous.”

Since January, he noted, LME prices had fallen by 14-15% for copper, 12% for aluminium and 9% for lead, but even these declines had been eclipsed by the 23% and 35% slumps seen in, respectively, zinc and nickel.

Among the contributory factors, Mr Rose listed slowing economic growth in China and the devaluing of the Chinese currency, which had “undermined traders’ confidence”. And even though India had fared better than most this year, the non-ferrous industry had been adversely affected by “teething problems” surrounding the country’s new pre-shipment inspection procedures. Market conditions in Europe, meanwhile, were “pretty bleak”, with traders complaining of “low volumes and sales hard to come by”.

Quelle: BIR