

## SPOTLIGHT: BIR delegates uneasy on secondary aluminium

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The main issue discussed by market participants at the Bureau of International Recycling (BIR) conference in Monaco was whether the “good times” are over for secondary aluminium prices.

After several years of buoyant prices, the recent market downturn has left producers and traders wondering how far things will go.

“The mood is not so good because of the slowdown in the global economy, it’s hard to be positive,” one industry source said.

With Europe’s summer holidays looming, much debate took place at the conference over how much of the fall could be explained by a historically quiet period and how much was down to the shaky global economy.

Consumers and traders alike were adamant that scrap prices are set to fall further, with one market participant suggesting that all grades in Europe would be down €100 within a matter of weeks.

“This week alone I’ve heard of one UK trader cutting all his grades of scrap by £50 and another who has cut his turnings price by almost £100 in one go. It’s all part of the sentiment of continuing decline,” a UK-based trader said.

Opinions varied about how much the ingot price has already been affected. Prices in Europe have been falling for a few weeks and producers in the UK are now beginning to feel the pinch.

“The main consumers of secondary aluminium are the automotive, construction and airline industries and they are exactly the ones who are affected first when the economy is in crisis, so demand is definitely down,” a second ingot producer said.

Other producers played down the knock on effects on ingot prices, but several producers told MB their prices are continuing to fall.

“I think the car industry is slowing down, it’s not so bad yet but it could get much worse... right now I’m enjoying the falling scrap prices as it approves our margins,” according to a third ingot producer.

Participants were unanimous that there’s a surplus of scrap stock in the market and ingot producers seem to have enough to sit it out for prices to fall further.

“Everyone’s trying to sell but I’m not buying. There’s loads of scrap in the market and I’m going to wait because the prices are all coming down,” an ingot producer said.