



Stainless Steel & Special Alloys Committee: Market improvement not before second quarter of 2009

Report from BIR Autumn Round-Table Sessions, Düsseldorf, 30-31 October 2008

Although consensus on the likely future direction of the market is difficult to achieve, many experts believe stainless steel production and associated raw material demand will not improve until the second quarter of next year at the earliest, the BIR Stainless Steel & Special Alloys Round-Table in Düsseldorf was told by its Chairman, Michael Wright of UK-based ELG Haniel Metals.

Based on opinion from a number of expert sources, Mr Wright's summary of the market outlook indicates slowly rising stainless steel output and increasing demand for stock replenishment towards the end of 2009. For Europe, he anticipates stainless production of 7.6m tonnes in 2008 - compared to the 8.1m tonnes achieved in 2007 - and offered a "best estimate" of "less than 7m tonnes" for 2009.

A lack of new orders

Reporting on the US market, Barry Hunter of Hunter Alloys LLC said the major domestic mills, due to a lack of new orders and some reported cancellations of old orders, have basically withdrawn from the scrap market continuing to reduce inventories in the face of current economic conditions. Any limited amount of scrap required by the mills is being negotiated quietly on a spot basis with their one or two major suppliers. Mr. Hunter told that subsequently today the usual stainless steel scrap marketing pattern - from collectors - to processors - to wholesalers - to consumers does not apply. Regarding U.S. exports of Stainless steel scrap, the current figures continue to reflect Asian dominance. However, numbers and destinations as presented continue to leave tremendous doubt as to the reality of the tonnages reported. The speaker was expecting "next five

months should reflect an overall downward trend in the export as economic conditions worldwide express a lack of need for the materials. But Mr. Hunter emphasizes stainless steel as a remaining significant

part of everyday life - it is not going out of fashion. He added: "unfortunately for all of us in business today negative news seems to feed themselves and grow."

High overall stainless scrap availability

China has not completed any significant imports of stainless scrap in the third and fourth quarters of 2008, according to the South East Asia report from Mark Sellier of KMR Stainless BV. Meanwhile, stainless scrap exports from Russia are likely to fall from 264,000 tonnes in 2007 to nearer 230,000 tonnes this year because of the world economic climate, reported Ildar Neverov of Scrap Market Ltd. The Middle East report delivered by Salam Sharif of Sharif Metals noted that some mills had extended their maintenance closures into September

in response to more difficult market conditions, including slower construction activity within the region.

For the Indian market, Anand Gupta of Ambica Steels - a new recruit to the board of the BIR Stainless Steel & Special Alloys Committee - spoke of "high" overall stainless scrap availability as a result of lower demand from domestic producers who have been cutting production by an average of 30-40%. The same speaker also pointed out that India's production of stainless steel had increased at an annual average rate of 18.3% over a seven-year period to reach 2.3m tonnes by 2007, with the 200 series accounting for around 85% of this total.

Titanium scrap is "very competitively priced"

The special alloys report provided by Stuart Freilich of Universal Metal Corporation in the USA, and read in his absence by Mr Hunter, confirmed that titanium scrap is currently "very competitively priced" in relation to sponge. Although markets will take time to recover, titanium scrap and high-temperature alloys should prove easier to sell "later next year", it was ventured.



Michael Wright at the Stainless Steel session (photo: METALL)