

Stainless-steel production seen rising 9.4 pct in 2006

BaseMetals.com - Martin Hayes

Global stainless steel production is expected to rise by 9.4 percent this year to 27.1 million tonnes, with increased output seen in all regions, Michael Wright of ELG Haniel Metals Ltd said.

"A comparison of quarterly production figures shows no increase for the first quarter, an increase of five percent for the second quarter, and a substantial increase of 20 percent for the third quarter," Wright, who is chairman of the BIR Stainless Steel and Special Alloys Committee said on Monday in Brussels.

Industry specialists are gathered in Brussels for the BIR's (Bureau of International Recycling) Autumn Convention, against a background of rising production in stainless steel – seen continuing this quarter – increased scrap availability, and record nickel prices. Stainless-steel manufacturing is nickel's main end-use – some two-thirds of annual global production.

Wright said that stainless-steel producers responded to high demand by reducing holiday closures in the third quarter, when output rose to 6.7 million tonnes from 5.6 million tonnes.

"This dramatic growth is expected to continue into the fourth quarter, with production estimated to increase 12 percent from the 6.1 million tonnes registered in the final three months of 2005 to 6.9 million tonnes in the same period this year," he said.

ASIA DOMINATES GROWTH

Asia was the area of strongest growth, rising 11.3 percent to 1.5 million tonnes, and the region now accounts for 53 percent of world stainless-steel production. China registered the strongest growth rate – up 27.3 percent, or 960,000 tonnes.

In Western Europe, despite high alloy prices and sharp increases in base prices, customers are not only confirming existing bookings, but placing fresh orders.

"Order books remain full for most European mills, until at least the end of the year," Wright added.

In the U.S. output is also seen rising – up 8.9 percent or 200,000 tonnes – with order books similarly full until end-December