

# Stainless steel production to grow by 4.2 pct in 2008, reach 30 MT by 2012 - SMR

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Monte Carlo, 02 June 2008 - Global production of all finished stainless steel products is expected to grow by only 4.2 percent in 2008 to over 25 million tonnes and reach 30 million by 2012, which will still not be enough to meet demand, according to Steel and Metals market Research (SMR).

Total production will be 25.322 million tonnes this year, up from 24.3 million in 2007, with the pace of the increase slowing down from the usual six-percent annual growth recorded since the 1950s, Markus Moll, managing director at SMR said at a Bureau of International Recycling (BIR) convention in w:st="on"Monaco.

Almost 80 percent of production is in the form of flat products, used in the automotive and white goods sectors, with long products (construction) getting a share of some 22 percent.

Production is expected to double by 2012 on the basis of the 1998 level of 15 million tonnes, like it did between 1984 and 1998, Moll said. This will bring total production close to 30 million tonnes in 2011-2012.

At the same time, global consumption is expected to reach 35 million tonnes in 2012, meaning the stainless steel market will be in deficit, according to SMR.

w:st="on"China will dominate, with consumption seen growing by nine percent between now and 2010, to almost 11 million tonnes. Europe will absorb almost seven million tonnes while India will become the world's third biggest consumer instead of w:st="on"Japan, with 3 million tonnes. Turkey, meanwhile, will replace w:st="on"Canada in the top 10 consumers, with about half a million tonnes.

Moll also predicted a "renaissance" of the 304 stainless steel grades of high-nickel content, as the cost advantage of alternatives is shrinking.

This is because the nickel price is expected to fall by another 20 percent over the next four years, while chrome could see its price jump by a further 80 percent and manganese by 50 percent, Moll said.

In fact, Moll sees the LME nickel price falling to under \$20,000 a tonne until at least 2012, compared with current levels of around \$22,000 and a record price of \$51,800 in May 2007.

Industry specialists are gathered in w:st="on"Monaco this week for the Spring Convention of the BIR, attended by 1,200 delegates.