

## Stainless steel scrap prices likely to fall in 3Q

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31 May 18, 08:24 - Metals, Scrap, Ferrous

London, 31 May (Argus) — Stainless steel scrap prices are expected to fall in the third quarter thanks to the ramp up of production at China-based Tsingshan's stainless steel facility in Indonesia and the impact of the seasonal slowdown, delegates heard at the BIR World Recycling Convention and Exhibition in Barcelona.

European stainless steel production was strong in the first quarter with good margins for mills, but the second quarter proved more challenging because of increased production in Indonesia, BIR stainless steel and special alloys committee member Rick Dobkin said.

European mills are finding it difficult to compete with Indonesian output on a cost basis, he added.

Tsingshan started production at its new facility in Indonesia in August last year and is expected to reach a capacity of 3mn t by the end of 2018.

"The expectations are that there will be significant price decreases over the coming months, and the situation reminds us strongly of the nickel pig iron (NPI) situation from several years ago that brought stainless steel scrap prices down," Dobkin said.

Markets in India have been affected by banking restrictions put in place to prohibit fraudulent credit guarantees. This has impacted India's ability to import stainless steel scrap and has increased costs for mills.

Indian imports of stainless steel scrap in 2018 have decreased for every grade other than 200 series alloys compared with 2017, Dobkin said.

There has been an increase in imports in Asia of hot-rolled coil and NPI from Indonesia that has displaced scrap units. This has left pricing in a very tender situation that could rapidly deteriorate, Dobkin said.

"Taiwan and South Korea's purchase of spot cargoes have been very limited, and Japanese mills are the only bright spot because they are producing for the upcoming 2020 Olympics in Tokyo," he added.

Mills in the US are busy and processors are maintaining relatively high prices to keep scrap flowing into their yards.

US stainless scrap prices have recently flattened out and flows into the yards have been good, with reasonably valued pricing and good industrial production.

The *Argus* price for stainless steel scrap 304 solids delivered US processor has been stable for the last six assessments at \$1,467.20/gt.