

Stainless Steel & Special Alloys: Markets still fragile

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Global production of stainless steel is likely to exceed 30m tonnes this year compared to less than 24m tonnes in 2009, with 50% of this output likely to be from emerging markets such as China, India, the Middle East and South America, the BIR Stainless Steel & Special Alloys Committee meeting in Istanbul was informed by its Chairman Michael Wright of ELG Haniel GmbH.

However, he added, current market conditions are “fragile at best” while “great uncertainty” surrounds prospects for the third quarter. Guest speakers confirmed Mr Wright’s assertion that China remains “the main driver” of stainless production growth. David Wilson, Director of Metals Research at Société Générale Corporate & Investment Banking in the UK, suggested that China’s annual output could grow from more than 11m tonnes in 2010 to approaching 16m tonnes by the year 2014. In that same four-year timeframe, he expected world stainless steel production to reach a “conservative” 38m tonnes.

Nickel market with deficit

Mr Wilson went on to forecast that the nickel market would move into deficit this year while LME prices would occupy the range of US\$ 20,000 to US\$ 24,000 per tonne for the next couple of months. A return to restocking and end-user consumption would push the price average to US\$ 25,000-26,000 per tonne in the fourth quarter, he anticipated.

Fellow guest speaker Cengiz Onal, Sales Manager of Eti Krom Inc. of Turkey, underlined India’s rapid emergence as a stainless steel powerhouse. Likely to become the world’s third largest producer next year when its annual melting capacity is scheduled to reach 3.3m tonnes, India’s stainless steel production could well approximate to 6m tonnes per annum by 2015, he added.

Good demand from India’s stainless steel producers has increased scrap imports by 22% this year, according

to Anand Gupta of Ambica Steels. The Indian government has also reduced the import custom duty from 5% to 2.5% on all stainless steel and special alloys scrap. Availability of scrap from the domestic market is “pretty good”, he said.

“Very tight” scrap availability

The Asian report delivered by Mark Sellier of OneSteel Recycling highlighted “very tight” scrap availability in the region - “exacerbated over recent months by the aggressive buying coming out of Europe”. Asia’s stainless mills are still operating at near-full production capacity and are expected to continue at these levels throughout the quieter summer period. The Middle East report provided by Ahmad Sharif of Jordan-based Sharif Metals

Est. reflected reasonable scrap availability although suppliers and yard owners “are adopting a wait-and-see policy while holding on tight to unsold materials”.

For his part, Ildar Neverov of Scrap Market Ltd emphasised that Russia’s domestic market is becoming “more powerful” in terms of stainless scrap consumption.

Titanium markets with steady improvements

The report prepared by Barry Hunter of US-based Hunter Alloys LLC anticipated “a great deal of caution being expressed by our mills across the USA in relationship to future purchasing” such that “spot buying will once again become the norm”. And Phil Rosenberg of Keywell, also of the USA, reported that the high temperature alloy and titanium markets have witnessed steady improvements in pricing and volumes this year. Supply remains tight “and the value for recycled material as compared to virgin remains quite close”.



Stainless steel scrap

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