

PRESS RELEASE

Recent BIR World Recycling Convention in Barcelona (29-30 October 2012)

Stainless Steel & Special Alloys Committee: Stainless production to fall short of projections?

Brussels, 05 November 2012

Heading up his final meeting as Chairman of the BIR Stainless Steel & Special Alloys Committee, Michael Wright of ELG Haniel GmbH was not at all confident that global stainless steel production in 2012 would achieve the mark predicted earlier this year.

It is "very doubtful", he told the Round-Table gathering in Barcelona, that production will rise the projected 4% to 33.3m tonnes; indeed, he added, there is a strong possibility the total will fail to match that of last year owing to third and fourth quarters which have been "much weaker than anticipated". In the end, he added, 2012 has turned out to be "an extremely difficult year" for stainless steel scrap processors and traders, with arisings actually falling slightly more than demand.

Looking to the longer term, Mr Wright said stainless steel scrap growth will average 4-5% per annum, although nickel pig iron will remain China's "preferred option" domestically while nickel prices continue above US\$ 15,000 per tonne. He also maintained that the new stainless steel production facility in Alabama "could affect the dynamics of scrap flow in the USA", although he emphasised that it is likely to be "three or four years" before the plant's production targets are reached. The market report submitted to the latest Stainless Steel & Special Alloys World Mirror by Barry Hunter of US-based Hunter Alloys LLC suggested the aforementioned flow shift could extend to: reduced exports of stainless scrap from America to the Asian market; and imports of stainless scrap from Europe to the US Gulf region.

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The report on the European market was delivered by Frank Waeckerle of Cronimet Germany – who had been elected to succeed Mr Wright as Chairman of the BIR Stainless Steel & Special Alloys Committee. He noted that the Outokumpu/Inoxum merger is still on hold and that the most recent indication suggests AST will not be part of the package, thus creating “a state of uncertainty” among traders in Italy. Mr Wright expressed the hope that the deal will be concluded soon “because there has to be consolidation” in a European stainless steel industry recording operating rates of 60%.

In India, meanwhile, stainless mills are operating at around 70-75% capacity utilisation, according to Anand Gupta of Ambica Steels. New factory scrap generation has dropped typically 30-40% below the optimum in South East Asia because of a lack of orders, it was also noted in Barcelona by Bharat Mandloi of Singapore-based Abcom.

Exporting stainless steel scrap from Russia remains “a great headache” - with a mere 56,000 tonnes having been shipped out in this year’s January-September period, according to Ildar Neverov of Steelway Limited Company. A further 15,000-20,000 tonnes could follow before the end of the year, he added.

The superalloys report prepared by Phil Rosenberg of Keywell LLC in the USA confirmed that no increase in titanium scrap demand is envisaged before the second half of 2013. “The high speed steel market also retreated during the third quarter and projections for the fourth quarter are at 50% of the previous three months,” it was added.

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