

PRESS RELEASE

Recent BIR World Recycling Convention & Exhibition in Shanghai (27-29 May 2013)

Stainless Steel & Special Alloys Committee: Profitability “way below target levels”

Brussels, 4 June 2013

Growth in world stainless steel demand can be expected to double this year, according to industry statistics guru Markus Moll, Managing Director of Austria-based Steel & Metals Market Research.

Speaking at the BIR Stainless Steel & Special Alloys Committee meeting in Shanghai on May 27, Mr Moll suggested consumption would grow by 4% - or 1.23m tonnes - in 2013 after edging just 2% higher last year. The strongest growth of 7% is anticipated for China whereas Europe is expected to witness a further 1% decline in demand, following on from the 4% reverse seen in 2012.

Among the leading 20 stainless steel flat product producers worldwide, average capacity utilisation is expected to jump from a “low” 73% in 2012 to 80% next year, Mr Moll also indicated.

At present, however, the stainless production sector was largely “on its knees” and in “a very, very bad shape”, with the exception of the USA. For scrap processors and traders too, profitability was “way below target levels”.

Mr Moll identified India as “the only growing market for stainless steel scrap at the moment”. Asked whether its scrap imports would be greatly affected by the government’s recent decision to raise the basic customs duty from 0% to 2.5%, Mr Moll said this was “not a game-changer” and “can be absorbed”.

The BIR Stainless Steel & Special Alloys Committee meeting in Shanghai was chaired by Mark Sellier of OneSteel Recycling following the resignation of Frank Waeckerle for personal reasons. General Delegate Ian Hetherington of the British Metals Recycling Association provided the general market review, in which he confirmed that the lack of demand for stainless steel scrap was being countered by its low availability. The situation in China continued to be dominated by nickel pig iron (NPI) although, in light of low LME nickel levels, “some producers may cut back less cost-effective NPI production”, he said. As Mr Moll agreed, NPI had become “relatively expensive”.

BIR – REPRESENTING THE FUTURE LEADING RAW MATERIAL SUPPLIERS

A couple of market reporters offered updates on their contributions to the recent BIR Stainless Steel & Special Alloys World Mirror. For the USA, Barry Hunter of Hunter Alloys LLC confirmed in a written submission that North American Stainless remained “the volume scrap buyer and material producer”, and appeared likely to continue to look to purchase “a significant amount of scrap” going forward. For his part, Mr Moll said that he was “convinced we need melt shop closures in North America” and that “we will see some casualties”.

And updating his superalloys report, Phil Rosenberg of Keywell LLC in the USA pointed to a slight improvement in Airbus production levels of late. Aerospace industry fundamentals were still positive, Mr Moll contended.

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