PRESS RELEASE

Recent BIR World Recycling Convention & Exhibition in Dubai (17 - 20 May 2015)

Stainless Steel & Special Alloys Committee:

Far East dominates as Western producers push for cost efficiency

Brussels, 26 May 2015

Describing the stainless steel market as "difficult", Joost Van Kleef of KMR Stainless in the Netherlands added: "Scrap merchants are hesitating to sell at current prices." Under such conditions, a primary function of BIR Stainless Steel & Special Alloys Committee meetings was to provide delegates with a best-available market update, he insisted in his Chairman's address to the Committee's latest gathering in Dubai on May 18.

What followed was an in-depth analysis of the stainless steel market from one of the world's most renowned experts, namely Markus Moll, Managing Director of Steel & Metals Market Research of Austria. Among his many interesting observations, he noted that 18/8 stainless steel scrap availability was growing faster over the period 1980-2020 than 300 series stainless steel production - the former by 4.6% per annum and the latter by 4%. He also projected that stainless steel demand would climb 5% in Europe between 2014 and 2016 but would stagnate in the NAFTA region over the same period.

Mr Moll expected global crude stainless steel production to increase by 3.8% to 46.36m tonnes in 2015, with growth in China expected to climb by the same percentage to around 24m tonnes. China was "consuming 100% of its domestically available scrap", according to the speaker, and would continue to extend its scrap ratio - currently at 22% - as more came into the cycle of what represented an increasingly mature market.

Having leapt more than 30% in 2014, the USA's stainless steel output was expected to edge just 0.5% higher in 2015 to some 3m tonnes whereas production in Europe was

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projected to grow 5.1% to 7.65m tonnes. But according to Mr Moll, this year's biggest gain was expected to be recorded in India (+13.1% to 3.96m tonnes) as a result of the "Modi factor".

In 2014, Outokumpu was the only one of the world's leading five producers of stainless steel to be based outside the Far East, with Asian companies occupying 18 of the top 25 places, Mr Moll pointed out. China's Tsingshan Group had taken top spot for the first time, with its low-cost production based around nickel pig iron. However, the most profitable stainless steel producer was North American Stainless while the leading producers of European origin - Aperam, Outokumpu and Acerinox - were now "much more efficient than they were five years ago", partly as a result of substantial cost reduction programmes.

Although another nickel surplus was forecast for 2015, Mr Moll anticipated a floor level of US$ 13,000 per tonne for the metal. "The support line is holding," he insisted, adding that this line was likely to rise in concert with increasing electricity and currency values in China. All factors considered, he predicted that nickel prices would be higher in a year from now.

Further underlining the importance of providing comprehensive market information to help businesses day to day, Mr Van Kleef urged delegates to read the latest World Mirror for Stainless Steel & Special Alloys which was launched at the Dubai meeting.

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