

## PRESS RELEASE

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### *Recent BIR World Recycling Convention (Round-Table Sessions) in London (5-7 October 2018)*

#### ***Stainless Steel & Special Alloys Committee:***

#### **Nickel price volatility likely to remain “pretty intense”**

**Brussels, 10 October 2018**

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World output of stainless steel leapt 7.6% in 2016 and a further 6.7% in 2017 - but “a turning point” has been reached and the rate of increase can be expected to slow to perhaps 3.4% in 2018 and 2.6% in 2019, according to Jim Lennon, Senior Commodities Consultant at UK-based Macquarie Capital (Europe) Ltd. The guest speaker at the latest gathering of the BIR Stainless Steel & Special Alloys Committee also emphasised that the current “protectionist phase” in the stainless steel market is rendering more difficult the forecasting of future developments.

Nickel pricing has been generally upwards in recent years owing to demand growth driven principally by strong global stainless steel production, Mr Lennon told the meeting in London on October 7. Furthermore, nickel use in batteries is growing at 30-40% per annum from a low base.

Nickel price volatility has been “pretty intense”, he added, “and I don’t see that changing any time soon.” He projected that the LME cash price would average around US\$ 16,000 per tonne in 2019, as compared to the US\$ 13,800 forecast for 2018 as a whole. Nickel is in structural deficit but overall stocks remain high despite a recent “dramatic” decline, delegates were told. Latest figures from the International Nickel Study Group suggest world usage of the metal will climb to 2.422 million tonnes next year and outstrip global production of 2.389 million tonnes.

Mr Lennon’s presentation highlighted the emergence of Indonesia as a key player in the nickel and stainless steel markets. The country could well account for around a quarter of global nickel supply this year and has been “a very large contributor” to stainless steel production growth over the last 12 months as a result of the venture owned by China-based Tsingshan. Described as “by far the

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lowest-cost stainless steel producer”, this added 2 million tonnes of annual stainless melt capacity in Indonesia last year, with a further 1 million tonnes for the second half of 2018. More than 80% of its exports had been going to China but Taiwan has now taken over as the leading importer, according to Mr Lennon.

In terms of global nickel use in stainless steel production, the guest speaker projected that the nickel in scrap component will climb from 904,000 tonnes in 2017 to 945,000 tonnes this year and perhaps 983,000 tonnes in 2019.

Reviewing market developments since the previous BIR Stainless Steel & Special Alloys Committee meeting in May of this year, board member Omar Al Sharif of UAE-based Sharif Metals International stated: “Concerns about the trade war between the USA and China, along with falling raw material prices for stainless steel, have been recurring themes.” While able to maintain a high scrap melt ratio, he added, US stainless mills appear confident of sourcing material as required “and at continued historically high discounts applied to nickel values”.

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