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## **PRESS RELEASE**

**FOR IMMEDIATE RELEASE**

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### **BIR Warsaw Round-Table Sessions**

#### ***Stainless Steel & Special Alloys Committee: Scrap demand likely to recover***

“Little or no increase” in stainless steel production is envisaged for the final quarter of 2007, particularly in Europe and the USA. However, demand for stainless steel scrap “will quickly recover in first quarter 2008”, concluded BIR Stainless Steel & Special Alloys Committee Chairman Michael Wright of UK-based ELG Haniel Metals Ltd in his review of global market factors at the latest meeting in Warsaw on 22 October 2007. “We are well past the bottom and are on the increase. When the market comes back, we feel it will come back heavily for stainless steel scrap.”

But following the changes made in June to the LME's lending guidance, nickel prices are unlikely to visit the “unrealistic” US\$ 50,000-plus levels of earlier in the year, according to Mr Wright. Prices could fluctuate between US\$ 25,000 and US\$ 35,000 per tonne, he ventured.

High nickel prices have contributed to a decline in the austenitic proportion of world stainless steel production from 68% last year to 60% in 2007. However, Mr Wright predicted that, in 2008, production of austenitic grades would return broadly to 2006 levels while growth in other grades would push global stainless steel output from an estimated 28 million tonnes in 2007 to 32.5 million tonnes next year.

The European market report delivered by Sandro Giuliani of Giuliani Metalli - Cronimet Group in Italy also acknowledged “extremely limited” demand for stainless steel scrap over the past four or five months “with a reasonable quantity of material being shipped to merchant speculators in China”. Feedback from Mogens Norsk of H. J. Hansen Recycling/NRF of Denmark indicated that, in the third quarter of 2007, Outokumpu had been producing only 50% of its normal volumes in both Sweden and Finland. And to a certain extent, this major player had been producing qualities “with low nickel content”.

After a period of more muted buying activity, there are clear signs of “renewed interest” in stainless steel scrap purchasing activity in the USA, according to a report read out on behalf of Barry Hunter of Hunter Alloys LLC. “The scrap consumers, when they come back in earnest, will most likely assume prompt availability and bargains,” he wrote. “This may not be the case and could turn a supply and demand situation into a bullish international scrap market very quickly - perhaps even before year end.”

The report from Mark Sellier of Capricorn Stainless in South Africa confirmed China as the world’s leading stainless producer, contributing to 20.2% growth in Asian output to 8.5 million tonnes during the first half of the year. However, the meeting in Warsaw also heard about a possible major expansion of stainless steel production capacity in Russia: if plans put forward by the Mechel group, Jindal Stainless and the Estar group are fully realised, Russian production could soar from 127,000 tonnes per annum at present to nearer 900,000 tonnes by 2011, ventured Ildar Neverov of Scrap Market Ltd.

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