



**BIR**

Bureau of International Recycling

**BIR is the international trade association of the recycling industries. More than 50 countries are represented through their national trade associations and individual companies which are involved in recycling. BIR comprises four commodity divisions: iron and steel, non ferrous metals, paper and textiles, and has committees dealing with stainless steel and special alloys, plastics and rubber. BIR's primary goals are to promote recycling and recyclability, thereby conserving natural resources, protecting the environment and facilitating free trade of secondary raw materials.**

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## **PRESS RELEASE**

**FOR IMMEDIATE RELEASE**

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### **Dramatic fluctuations appear set to continue**

Despite some 'rebalancing' of the nickel market during 2004, prices should remain firm in the first half of next year, the **BIR Stainless Steel & Special Alloys Round-Table** in London was informed by **guest speaker Jim Lennon from Macquarie Research Metals and Mining**. His company's latest charts suggested an LME cash price average of US\$ 13,558 per tonne for 2004, rising to US\$ 14,881 next year.

Mr Lennon agreed that speculation had played its part in the current bull market - 'but not the central one'. He emphasised the pivotal role of China whose nickel consumption had risen by 84.4% between 2001 and 2004. The same country had also been responsible to a large extent for a 45.2% increase in global production of 200 series stainless during 2003 and for a predicted 37.6% increase in the current year. However, the 200 series was 'a bit of a time bomb - particularly from the scrap recycling perspective', Mr Lennon contended. 'This is giving stainless a bad reputation, particularly in external applications.'

**Zunqing Yang, Deputy Secretary General of the China Iron & Steel Association**, confirmed that stainless steel constituted an important area of development in his country. New production projects were being approved and a 'very big' capacity increase was envisaged over the next two or three years.

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**Sandro Giuliani of Giuliani Metalli-Cronimet Group, Chairman of the BIR Stainless Steel & Special Alloys Round-Table**, reflected that nickel and stainless steel scrap prices had been on a 'roller-coaster' throughout the year and further volatility appeared inevitable in 2005. 'Dramatic fluctuations' had swept nickel from a high of US\$ 17,700 on January 6 to a low of some US\$ 10,500 in May, then from approaching US\$ 16,000 in July to around US\$ 12,000 in September. A price close to US\$ 17,000 had been regained in early October prior to another sharp down-swing, he reported.

The constant production growth experienced by the stainless steel industry included an 11.2% increase last year to 22.5 million tonnes, with analysts predicting totals of 24.3 million tonnes and 26.8 million tonnes for 2004 and 2005 respectively. Nickel producers had taken into account rising demand and attractive prices, but their higher outputs had still failed to match the increased demand. High prices had led to a substantial supply of scrap in the early part of 2004, but de-stocking during this period had reduced availability in the third quarter.

Extreme volatility was also emphasised by **Barry Hunter of Hunter-BenMet Assoc.** in his report on the US market. 'Three-month LME nickel has already dropped within this month (October) some US\$ 3500 a metric ton - a drop that would equate to about US\$ 280 a metric ton decrease in calculating for nickel content values in 18/8 scrap,' the report noted. US mills remained 'aggressive' purchasers of scrap while exports were running at similar levels to last year, with China, South Korea, Finland, Taiwan and India absorbing more than 80% of its offshore shipments.

**Ildar Neverov of Teplovtorresource** in Russia, whose election to the BIR Stainless Steel & Special Alloys board was confirmed in London, noted a high availability of stainless steel scrap in his domestic market over recent months due to elevated purchasing prices. Another board member - **Stuart Freilich of Universal Metal Corporation** in the USA - reported 'spectacular' market conditions during 2004 for vacuum prepared nickel alloys, titanium alloys and refractory scrap. He also predicted that these markets would remain firm throughout most of 2005 'but with higher levels of price volatility'.

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