



US Stainless Scrap Market Shows No Sign of Bouncing Back



The US stainless steel scrap market is in the doldrums, showing generally lacklustre demand and little price momentum, sources said.

"This market is deathly quiet," one broker said, citing a lack of demand.

Tepid nickel prices combined with falling molybdenum prices are doing little to help, market participants said. Nickel, a key component in pricing stainless, saw modest movement on the London Metal Exchange last time and rebounded only slightly this time.

Broker buying prices for the ferritic grades showed similar mixed trends, 409 stainless steel scrap bundles and solids in Chicago unchanged at \$270-335 per ton while type 430 turnings in the same market ticked up slightly to \$225-290 per ton from \$200-270 previously.

Another processor said that geopolitical factors were also weighing on market sentiment. "The summer blues are upon us and are not helped by the political and economic developments in Europe and China," he said. "I think it is fair to say that all the processors are cautious right now, which reflects mill buying activity."

"This market is lacklustre and the new motto should be 'if you don't get it, don't fret it,'" one long-time veteran of the stainless steel scrap industry said.

Steel Supply Surged while Iron Ore Prices Slashed



While analysts say waning demand for steel in China and surging supply is set to push the iron ore price lower, Australia's biggest iron ore miners are looking at the future with rose tinted glasses.

Rio Tinto's CEO, Andrew Harding, told The Australian Financial Review that volatility will recede and the iron ore price "is moving around its long-term average after coming off an unprecedented high that was never sustainable". He maintains that the "long-term picture for iron ore remains sound", and the commodity will "continue to be a wealth generation machine for Australia" BHP Billiton's head also forecasts declining volatility.

But right now, iron ore prices are choppy. Iron ore delivered to China's Qingdao port nosedived and lost 10% falling to \$44.59 a

tonne. That's the lowest price since spot trading of iron ore began in May 2009.

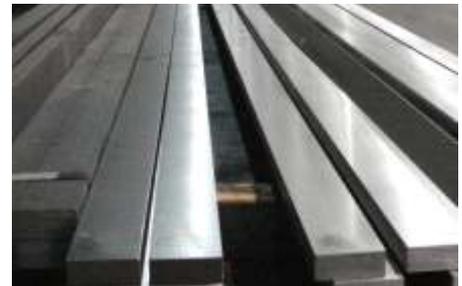
Adding to factors that could upset markets are miners at the brink. UBS estimates of break even prices the point at which miners neither make or lose money show little room to move. The investment bank puts the breakeven of BC Iron at \$52 a tonne, Mount Gibson at around \$49, and Fortescue Metals Group at \$44 a tonne. Gina Rinehart's Roy Hill, expected to ship its first ore this September, has an assumed breakeven price of \$41 a tonne.

And while iron ore miners say full steam ahead, an industry group forecasts a coming production drop. The Metallurgical Industry Planning Association says output will fall this year for the first time in two decades mainly in response to weak demand.

Brazil's Flat Steel Imports Up 10% in June

Brazilian flat steel import volumes grew by 9.6% year-on-year in June, mainly on increased plate shipments from Austria.

Imports reached 140,354 tonnes during the month, up from 128,070 tonnes in the corresponding period of 2014, according to figures released by the country's foreign trade ministry, MDIC. This is the first increase on an annual comparison since March, when flat steel imports were up by 3% year-on-year. China was the largest exporter of flat steel into Brazil, with 61,019 tonnes, down from 88,560 tonnes a year earlier. It was followed by Austria, with 33,094 tonnes. This compares with only 509 tonnes exported from Austria to Brazil in June 2014. Plate imports totalled 36,163 tonnes compared with 660 tonnes in the corresponding period a year earlier. Most of the plate came from Austria, with 33,049 tonnes, up from 477 tonnes in June 2014,



MDIC figures show. Imports of hot rolled coil came to 22,687 tonnes in June, compared with 2,965 tonnes a year before. Meanwhile, cold rolled coil imports dropped by 52.7% year-on-year in June, to 14,177 tonnes.

Imports of hot dipped galvanized coil came to 28,640 tonnes, down by 45% in the same comparison. In the first half of 2015, flat steel import volumes into Brazil reached 901,586 tonnes, an increase of 2% from the corresponding period in 2014.