Turkish Ferrous Scrap Import Prices Slide on Lower Indications

Platts' daily assessment of Turkish ferrous premium heavy melting scrap I/II (80:20) imports slipped $2/mt to $286.50/mt CFR on lower indications and a cheaper deal. A US East Coast-origin cargo was heard sold comprising 25,000 mt of HMS I/II (80:20) at $285/mt CFR and 15,000 mt of shred at $290/mt CFR. The seller had the option to load some of the material in Puerto Rico, which sell-side sources said lowered the value of the cargo somewhat.

Platts partially factored the cargo into its assessment, and normalized it to $287-$288/mt CFR, taking into account the Puerto Rican-origin scrap -- the methodology specifies 80:20 of premium USEC origin or equivalent.A premium US seller offered HMS 1 and plate and structural grade at $296/mt CFR, and was counterbid at $292/mt CFR, a stateside source said.

This middle of the bid-offer spread normalized to around $287-$288/mt CFR on an 80:20 basis. One stateside source said he had inquiries from a few Turkish mills, while a premium Scandinavian merchant said there was still good demand, though it was not as aggressive as a few weeks ago. Both also mentioned good demand from a mill in Spain. Others said Turkish buyers had covered their requirements for June. "For June they're covered, for July you have Chinese billet coming and then Ramadan -- I don't think you

could go wrong at $285/mt CFR," one Belgium-based trader said. He did say he would not go long in the current market, and would short "just about everything." Another European trader also estimated tradeable value at $285/mt CFR in market. Earlier in the day, a buyer said bids were around $285-$287/mt and offers closer to $290/mt for premium 80:20. The premium Scandinavian merchant put value around $285-$286/mt CFR for premium 80:20. He said there was more "talk than action" on Chinese billet. "I know some mills have booked but tonnage not as big as they suggest," he said. "One to two mills have bought 30,000-50,000 mt of billet." One trader said around 300,000-400,000 mt of Chinese billet had been booked by Turkish mills, while another said 500,000 mt had been sold in a short time frame -- he said higher electricity prices during summer meant buying billet for delivery during the second half of July and August makes sense. The merchant suggested the softening had more to do with the dollar firming relative to the euro and lira, rather than fundamentals. Revised first-quarter gross domestic product figures pushed the value of the dollar higher, he said.

UAE Sees Investment Growth from Automotive Sector

Growing numbers of automotive aftermarket companies are choosing to establish manufacturing facilities in the GCC, according to Messe Frankfurt, organisers of Automechanika Dubai.The event organiser cites three parts manufacturers that have invested in UAE parts manufacturing facilities during 2015.In February 2015, German manufacturer Cardan Service Network (CSN), made a multimillion-dirham investment in a shaft manufacturing plant in Dubai. The facility produces parts for European trucks, light commercial vehicles, and construction machinery operating across the Middle East and North Africa (MENA) region.

Commenting on the purpose of the plant, Hans Brune, managing partner at CSN, said: “Previously, workshops were forced to arrange temporary repair solutions until a new replacement part of the correct size is made available from abroad. Or, they would rely on second-hand parts to keep vehicles and equipment running, which runs the risk of repeat breakdowns.“Now, we have in the UAE a factory that can design, develop, manufacture, and exchange Cardan shafts for four different segments, with the quick turnaround enabling customers to reduce downtimes and better monetise their businesses,” he explained.

In March 2015, Advanced Manufacturing Solutions penned a deal with Abu Dhabi's Khalifa Port Industrial Zone (Kizad) for the establishment of a steel factory that will produce automotive spare parts. The facility will boast a 300,000-tonne-per-annum capacity, and will manufacture components such as brake callipers and brake discs for the global automotive industry.

Earlier this month, in partnership with Albelad Auto Parts Trading, Canada-headquartered Ecobrex opened a 6,500m2 warehouse distribution centre in Dubai to supply components across the MENA region. The $15m (AED55.1m) facility has an outbound capacity of five-to-eight containers per day. Ecobrex predicts that the warehouse's annual turnover will be in the region of $50m (AED183.7m).The manufacturer's general manager, Babak Ras, said: “Ecobrex has already established a solid foothold in the MENA region, but in the past, we faced some challenges in terms of delivery. With this new facility, Ecobrex will substantially increase its capacity to meet regional demand. For us, the biggest and the most important markets are Saudi Arabia and Egypt, but we also serve the UAE, Kuwait, Jordan, Bahrain, Qatar, Oman, and Algeria in good quantities.”

Auto spare parts demand in the MENA region is expected to hit $16.85bn (AED61.9bn) by 2020, according to analysts Frost & Sullivan. If accurate, this figure will be almost double that of the $9.5bn (AED34.89bn) market value achieved in 2013.Ahmed Pauwels, CEO of Messe Frankfurt, commented: “The Middle East automotive aftermarket is clearly undergoing rapid growth, and industry majors are tapping into new opportunities by investing heavily in the region with a more robust physical presence.”