
Outlook for industrial metals in 2010 - BIR

Wednesday, 27 Jan, 2010

Reuters reported that following are comments from members of the Bureau of International Recycling issued late last week about the 2010 outlook for industrial metals markets in different regions.

Mr Robert Stein president of BIR Non Ferrous Metals Division said that "Generally speaking, it's hard to find anyone overly pessimistic about 2010, but whether that's based on wishful thinking or economic metrics depends on the source."

1. China

Mr David Chiao of Uni All Group & Board Member of BIR Non Ferrous Metals Division said that "During the final 2 weeks of 2009, all commodity values increased 10% or more and this momentum seems to have carried forward into 2010; specifically, copper has gained 10.3% and aluminum 11.4%. The general belief is that this upward trend will continue until the Chinese New Year in February."

2. India

Mr Dhawal Shah of Metco Marketing & Board Member of BIR Non Ferrous Metals Division said that the markets are no longer endlessly haunted by the bad memories of 2008 to 2009. There is renewed energy, confidence and faith in business. Despite the current high valuations, trading continues to be strong and buyers remain in hot pursuit of material.

While the current optimism is positively impacting the outlook for 2010, there is still a need for adequate and frequent risk management to ensure businesses continue to function seamlessly.

3. United States

Mr Andy Wahl of Newell Recycling of Atlanta Inc & VP of BIR Non Ferrous Metals Division said that US housing statistics and other key data such as new construction are still lagging behind when compared to the never-ending growth in Asia. The employment market is not set to recover in the near term and where there are no jobs, there is more limited consumption. The next quarter will certainly test whether we are really on the road to recovery or not.

Mr Michael Oppenheimer of Brookside Metal Company Ltd & Senior VP of BIR Non Ferrous Metals Division said that the increase in VAT and the ending of the car scrap page scheme are casting a shadow over domestic ingot demand but the strengthening of the US dollar in relation to sterling and stable LME quotations could provide significant support to the aluminum market, both for scrap and ingots. Most consumers in the UK purchased healthy volumes in December and this may also mitigate the effects of the heavy snowfall which traditionally supports scrap prices.

4. France

Mr Joachim Muscinesi of Epur & Board Member of BIR Non Ferrous Metals Division said that a large proportion of copper scrap is continuing to remain within Europe but increasing demand has emerged from Asia at prices higher than those of the previous few weeks. Even though some of Europe's brass ingot-makers are keen to purchase scrap, they cannot compete with Far and Middle East buying prices.

He said that European demand for aluminum remains very weak with some of the low- to middle-grade scrap going to Asia. The situation for zinc is similar: there are large stocks, almost no buyers and low prices despite a higher LME quotation. Europe's soft lead scrap consumers are showing no real buying interest for the time being.

5. Italy

Mr Carmelo Polucci of Trentavizi SPA & Board Member of BIR Non Ferrous Metals Division said that the copper outlook for 2010 is positive and demand is set to remain strong on the domestic market.

He said that Chinese buying activity is being fuelled by prices on the Shanghai Futures Exchange which are sufficiently above London Metal Exchange values to make importing the metal more attractive. The government has taken appropriate measures to safeguard the main industries and to promote a stable economic recovery.

6. Germany

Mr Ralf Schmitz VDM of German Metal Traders & Recycling Federation said that there is continuing uncertainty over how the economy will develop in 2010; positive trends are expected in the metals market but most participants are concerned about cyclical developments.

7. Nordic Countries

Mr Ola Eklund of Kuusakoski OV, Finland & VP of BIR Non Ferrous Metals Division said that "Last year was one of the gloomiest ever experienced by the Nordic countries. At the dawn of this New Year, the bottom seems to have been reached and markets appear set to recover. Industrial production is mirroring economic performance.

Meanwhile, global demand for non-ferrous metals has continued to show clear signs of recovery. The flow of money has been the driving force behind base metals but it could be argued that market fundamentals are justifying this solid price development to an ever increasing extent.

8. Russia

Mr Ildar Neverov of Steelway Limited Company & Board Member of BIR Non Ferrous Metals Division said that "Following the return to work in the H2 of the month, mills will be eager to buy scrap and sellers will be looking for cash, so this will be an interesting time for the non ferrous industry in particular. In addition to the impact of the holidays, tonnages of material available to domestic metallurgical companies have been reduced by severe winter weather affecting major regions of Russia."

9. Middle East

Mr Fadi Shahrour of Sharmetal Trading Company & Board Member of BIR Non Ferrous Metals Division said that in general, December was a good month for recyclers in the Middle East. Most of the region's aluminum scrap is continuing to head to India. And the same country is also taking most of the Middle East's lead scrap.

(Sourced from Reuters)

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