

Stainless Steel Scrap in China

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The Emergence of China





August 20, 2010 2:38 am Bloomberg News Service

Nickel May Rise 14% as Consumption Climbs, According to Societe Generale

Nickel may rise 14 percent in the fourth quarter as higher stainless-steel production in China drives a gain in usage, according to Societe Generale SA.

Nickel for immediate delivery will probably average \$26,835 a metric ton in the next quarter, compared with the bank's estimate of \$23,500 for the current period, David Wilson, director of metals research at Societe Generale in London, said today by phone. China's stainless-steel output probably will climb at least 25 percent this year, he said.

August 20, 2010 2:40 am Bloomberg News Service

Nickel May Fall 23% on Weaker Demand for Stainless Steel, According to UBS

Nickel may drop as much as 23 percent by the end of this year as demand weakens for stainless steel, the main source of consumption for the metal, according to UBS AG.

Immediate-delivery nickel may fall as low as \$16,535 a metric ton, analyst Tom Price said by phone from Sydney yesterday. Spot metal closed yesterday at \$21,479 on the London Metal Exchange. Prices probably will breach February's 2010 low of \$17,030 before rebounding next year, according to UBS



There are over 300 biotech firms operating in China with no restrictions on policy

There are 320 million people in China under the age of 14

There are 100 cities with over 1 million inhabitants compared to the U.S. with 9. Europe and the U.S. combined have only 42.

China's steel production is already greater than the U.S. and Japan combined







Supply and Production of Stainless Raw Materials



Nickel Stocks down, Nickel price reacts up



Stainless Growth in China

International Stainless Steel Forum



Media Release

FOR IMMEDIATE RELEASE 23 MARCH 2010

Stainless production drops in 2009 but results better than expected

Brussels, 23 March 2010. The International Stainless Steel Forum (ISSF) has released preliminary stainless crude steel production figures which show that 24.6 million metric tons (mmt) of stainless was produced during 2009. This is a decline of 5.2% on 2008

However, the decrease was not even around the world with some regions reporting that production declined by up to 30%, while in other areas stainless fabrication increased by up to 27%. This result probably reflects the uneven nature of the global economic downturn which has seen some countries and regions affected more than others. Similarly, some areas of the world have recovered quicker from the downturn than others.

Excluding China, Asian stainless production declined by 11.6% to 7.1 mmt. While the level of stainless fabrication remained flat in Korea during 2009, it increased by 13% in Taiwan, China. Production declined in Japan by 27% during the year while in India the drop was 11%.

China has been the driving force in the stainless industry and that trend continued in 2009. Production grew by 26.8% compared to 2008 to reach 8.8 mmt. Including China, Asia now makes almost 65% of the world's stainless steel.

Production in the Western Europe/Africa region declined by 22% in 2009 with total volume reaching just 6.5 mmt. Except for South Africa, all countries in the region reported significant declines in production, some as high as 50%.

Table 1: Stainless crude steel production (in '000 metric tons): Full year 2009 compared to 2008.

Region	Full Year		Y-o-Y +/- %	Full Year		Y-o-Y +/- %
	2007	2008		2008	2009 (p)	
Western Europe/Africa	8,669	8,272	-4.6	8,272	6,449	-22.0
Central and Eastern Europe	364	333	-8.6	333	237	-28.9
The Americas	2,604	2,315	-11.1	2,315	1,958	-15.4
Asia (excluding China)	8,994	8,068	-10.3	8,068	7,130	-11.6
China	7,206	6,943	-3.6	6,943	8,805	26.8
World total	27,836	25,930	-6.8	25,930	24,579	-5.2

(p) = provisional. Source: International Stainless Steel Forum (ISSF)

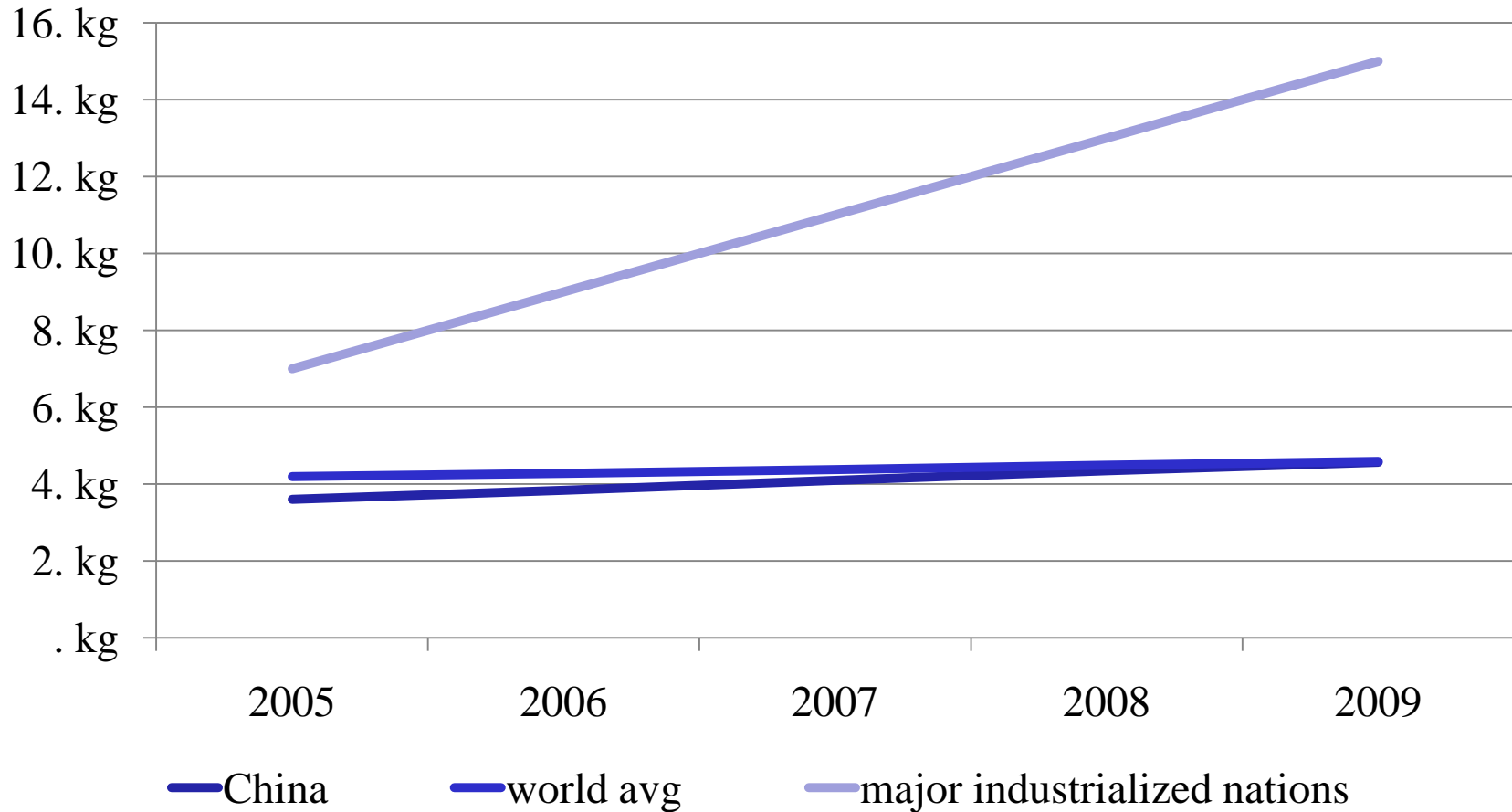
Comparing the individual quarters of 2009 with those of 2008 shows very different growth rates during the year. This reflects the improvement in the global economy during 2009. The first quarters of the year were clearly depressed with production down by 34.5% in the first quarter and by 18.8% in the second. This compares to the first two quarters of 2008 when stainless production was at normal levels.

However, by the third quarter of 2009 there were clear signs of recovery with global production increasing by 11.9% compared to the same period of the previous year which corresponded to

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CONSUMPTION

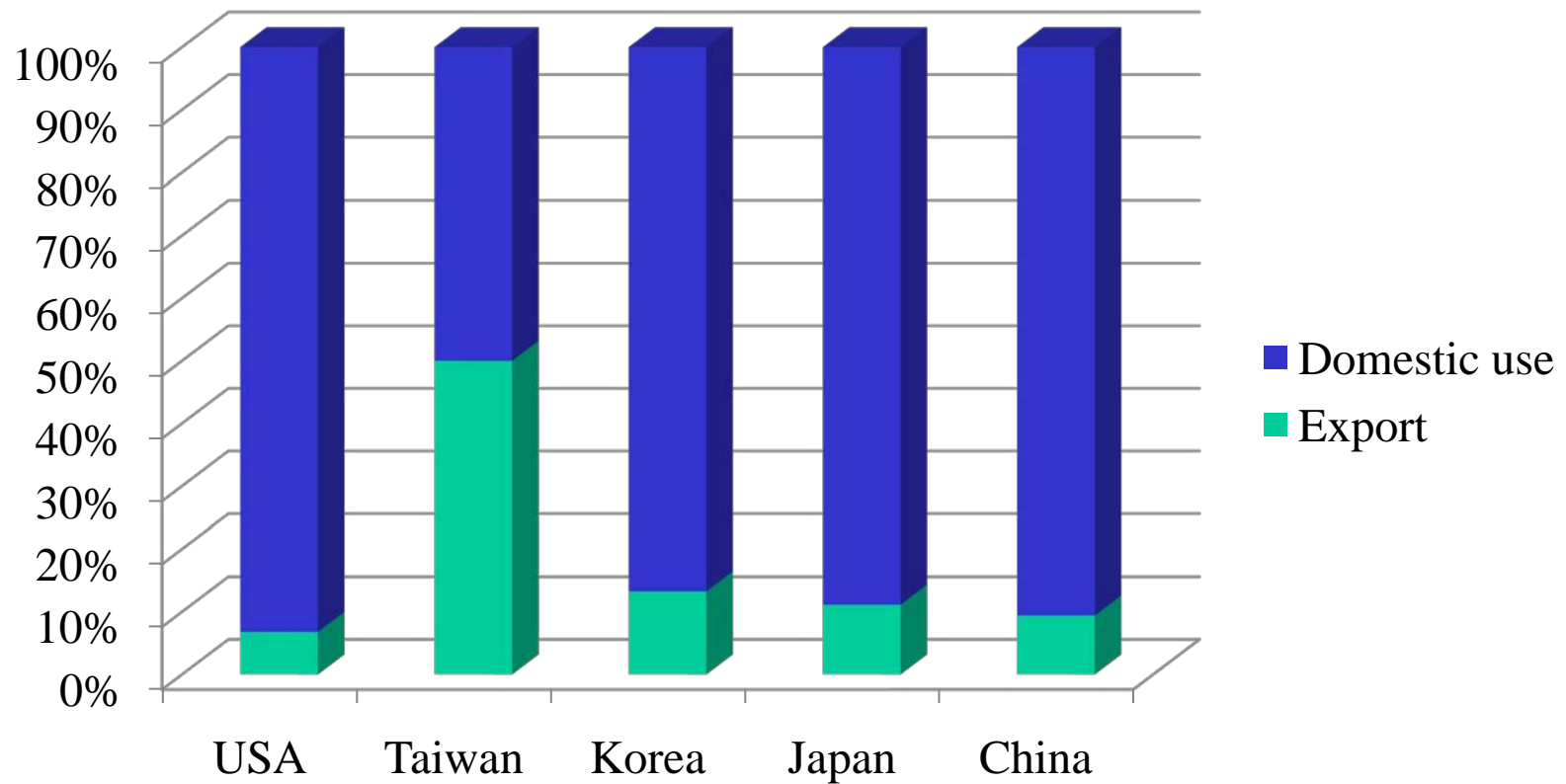
Per capita use of Stainless Steel



New Buzzword: “Green”
Industry Reality: RECYCLING



Stainless Scrap Exports / Domestic use



Nickel Pig Iron



Chinese Imports of Stainless from USA

- China has imported 39,001 tons of stainless steel scrap in the first six months of this year from the USA, and it can be estimated that nearly all of the quantity consists of Sabot, or 300 series scrap, and not blends.
- In fact, according to Mr. Fu, Mr. Shi and Mr. Zhu of Baosteel in a recent published paper, they load only about a 15% charge of scrap into the furnace, relying on the benefits of Ni Pig Iron which they claim has better impurities, less inclusions, thereby creating a better stainless product, at less cost, with less power used.

**A LOOK TO THE FUTURE: RANDOM COMMENTS
PATIENCE IS A VIRTUE: TAKING THE LONG VIEW**



Thank you for your attention!

