Quarterly Report – February 2013

President's opening remarks

Challenges remain amid mixed outlook

Dear friends and colleagues,

2012 was a difficult year for our industry. Looking at the latest press release from worldsteel a few days ago, steel production statistics recorded by the various countries and continents again reveal a highly diverse picture: Asia and North America enjoyed positive growth rates of, respectively, 2.6% and 2.5% whereas EU steel production shrank, most notably in Spain and Italy by, in turn, 12.1% and 5.2%. Europe is economically 'the sick man' and its political future is still unclear. I personally fear that 2013 will not be the year of a positive turn-round in Europe's fortunes; its current plight may last into 2014 or even longer.

The global challenges for our industry - such as overcapacity, trade barriers and export restrictions - are also far from being resolved. New and dangerous challenges continue to be added. Bank of England governor Mervyn King warns of a "currency war" and of the run for devaluation.

At the forthcoming BIR Convention in Shanghai, we will address these issues in our Ferrous Division meeting. Peter Marcus, founder and Managing Director of World Steel Dynamics will speak to us on the outlook for world steel production; the HSBC Bank will give us its outlook on the world economy and currencies; and a representative of the Chinese recycling association CAMU will give us an overview of the country's steel and steel scrap market.

The Chinese economy is gearing up again and I am sure our Convention in Shanghai this May will take place in a very positive and prosperous environment.

Christian Rubach
TSR Recycling
President of the BIR Ferrous Division

WORLD STEEL RECYCLING IN FIGURES

January-September 2012 update

by **Rolf Willeke**, Statistics Advisor of the BIR Ferrous Division

World crude steel production in the first nine months of 2012 was 1.149bn tonnes for only a slight increase of 0.6% over the same period in 2011, according to worldsteel.

North America and Asia recorded respective increases of 3.9% and 1.5% whereas the EU-27 and South America recorded negative growth of, in turn, 4.6% and 4.7%.

Lower usage of steel scrap in the main steel-producing countries

The report for the first nine months of 2012 shows a decline in the use of steel scrap as a raw material in the main steel-producing countries of the world. This is particularly apparent in China where usage dropped sharply - by 16.9% to 60.6m tonnes - despite the fact the country's crude steel production was in positive territory (+1.7% to 542.34m tonnes).

There were steel scrap usage reductions in the EU-27 (-6.7% to 72.012m tonnes) and in Japan (-3.2% to 27.189m tonnes), but it is worth noting a smaller percentage decline in EU-27 crude steel production (-4.6% to 129.625m tonnes) as well as a slight increase in Japan's crude steel output (+0.4% to 81.321m tonnes). Also on the decline during the most recent January-September period was steel scrap consumption in Russia (-3.4% to 15.596m tonnes), even though the country's crude steel production increased around 4.3% to 53.777m tonnes.

The only major positives for steel scrap use were to be found in Turkey and the USA. From our statistics, it is noticeable that the increase in Turkish steel scrap use (+9.7% to 24.735m tonnes) was greater than the growth in domestic crude steel production (+8.4% to 27.153m tonnes). The growth in US steel scrap consumption of around 2.2% to 42.5m tonnes was outpaced by the upturn in domestic crude steel production (+5.3% to 68.154m tonnes).

Turkey: the world's foremost importer of steel scrap

In the first nine months of 2012, Turkey's overseas purchases of steel scrap climbed around 7.7% to 16.856m tonnes to enable the country to reinforce its position as the world's foremost importer of steel scrap.

It was similarly interesting to note the increased overseas purchases of the Republic of Korea (+20.4% to 7.751m tonnes) and of India (+53% to 6.233m tonnes). Other positives included steel scrap imports into Canada (+45.6% to 2.053m tonnes), Malaysia (+7.3% to 1.572m tonnes) and Thailand (+4.6% to 1.444m tonnes).

Furthermore, the first nine months of last year produced a drop in overseas purchases by Taiwan (-4.3% to 2.59m tonnes), China (-18.4% to 3.896m tonnes), the USA (-3.7% to 2.863m tonnes), the EU-27 (-8.6% to 2.612m tonnes) and Indonesia (-20.1% to 1.257m tonnes).

Over the same January-September period, there was a decline in America's steel scrap exports of around 10.7% to 16.938m tonnes from the high figure of the first nine months of 2011. But in spite of this drop, the USA remained the world's leading exporter of steel scrap - the biggest buyer of which was Turkey (+17.6% to 5.079m tonnes). It is also worth highlighting a steep decline in US shipments to China (-52.4% to 1.551m tonnes) as well as a drop in Canada's steel scrap exports of around 3% to 3.322m tonnes.

The EU's exports jumped 7.3% to 14.791m tonnes in the first nine months of 2012, with Turkey maintaining its position as the biggest buyer on 8.265m tonnes (+11.2%). However, there was also a sharp decline in EU shipments to China (-41.2% to 0.4m tonnes).

After a difficult 2011, Japan's export volumes jumped 64.4% to 6.173m tonnes in the first nine months of 2012, with shipments to the Republic of Korea soaring 85% to 3.554m tonnes. The second biggest buyer of Japan's exported steel scrap was China on 2.14m tonnes (+26%). In the same January-September period, higher overseas shipments were also recorded by Russia (+15.7% to 3.202m tonnes), Australia (+35.8% to 1.646m) and South Africa (+17% to 1.214m tonnes).

For this year's January-September period, it is also interesting to note that all of the world's leading steel scrap exporters are major net steel scrap exporters.

Special charts have been developed for the USA and the EU-27 to show the worldwide spread of steel scrap export flows (See pp. 8-9)

MAIN STEEL SCRAP USE FOR STEELMAKING IN THE WORLD (MILLION TONNES)

	Crude Steel Production		Steel Scrap Consumption	
	Jan-Sept 2012	% Change	Jan-Sept 2012	% Change
EU-27	129.625	-4.6	72.012	-6.7
China	542.340	+1.7	60.600	-16.9
USA	68.154	+5.3	42.500	+2.2
Japan	81.321	+0.4	27.189	-3.2
Russia	53.777	+4.3	15.596	-3.4
Turkey	27.153	+8.4	24.735	+9.7

Sources: worldsteel, EUROFER, CAMU, ISRI /USGS, DCUD, Japan Ministry of Economy, Impextrade Ltd, Russia
% Change Jan-Sept 2012/2011

STEEL SCRAP USE FOR STEELMAKING IN EU-27 COUNTRIES (MILLION TONNES)

	Crude Steel Production		Steel Scrap Consumption	
	Jan-Sept 2012	% Change	Jan-Sept 2012	% Change
Austria	5.622	-3.7	1.904	-3.3
Belgium	5.551	-13.5	2.412	-5.2
Czech Rep.	3.966	-7.5	1.570	-11.4
Finland	2.903	-3.6	1.335	+6.7
France	12.045	+1.1	6.362	-3.3
Germany	32.444	-4.9	14.503	-3.8
Greece	0.976	-34.0	0.853	-34.2
Hungary	1.216	-6.0	0.305	-20.2
Italy	20.853	-2.6	15.719	-6.0
Luxembourg	1.664	-20.3	1.864	-20.3
Netherlands	5.177	+0.5	1.262	-5.8
Poland	6.693	+1.7	4.397	-1.7
Romania	2.935	+3.0	1.584	-11.2
Slovakia	3.441	+5.6	1.087	+15.3
Slovenia	0.507	+0.2	0.590	+3.5
Spain	10.695	-11.8	8.754	-14.5
Sweden	3.308	-11.8	1.571	-13.2
UK	7.146	-2.0	2.789	-7.7
Other EU-27	1.956	+4.9	2.898	+9.5
EU-27	129.625	-4.6	72.018	-6.7

Source: Steel Production: worldsteel; Scrap Consumption: EUROFER
% Change Jan-Sept 2012/2011

MAIN STEEL SCRAP EXPORTERS IN THE WORLD (MILLION TONNES)

	Jan-Sept 2012	Jan-Sept 2011	%Change
USA	16.938	18.957	-10.7
EU-27	14.791	13.791	+7.3
Japan	6.173	3.750	+64.6
Canada	3.322	3.323	-3.0
Russia	3.202	2.768	+15.7
Australia	1.646	1.212	+35.8
South Africa	1.214	1.038	+17.0

Sources: Official Trade Statistics/WV Stahl

MAIN STEEL SCRAP IMPORTERS IN THE WORLD (MILLION TONNES)

	Jan-Sept 2012	Jan-Sept 2011	%Change
Turkey	16.856	15.645	+7.7
Korea Rep.	7.751	6.439	+20.4
India	6.233	4.074	+53.0
Taiwan	3.973	4.027	-1.3
China	3.896	4.774	-18.4
USA	2.863	2.974	-3.7
EU-27	2.612	2.859	-8.6
Canada	2.053	1.410	+45.6
Malaysia	1.572	1.465	+7.3
Thailand	1.444	1.380	+4.6
Indonesia	1.257	1.573	-20.1

Sources: Official Trade Statistics/WV Stahl

MAIN FLOWS OF STEEL SCRAP EXPORTS IN THE WORLD (MILLION TONNES)

Exporters	Jan-Sept 2012	%Change	Biggest Buyers	Jan-Sept 2012	%Change
USA	16.938	-10.7	Turkey	5.079	+17.6
			Taiwan	2.756	+4.1
			Korea Rep.	2.376	-1.0
			China	1.551	-52.4
			India	0.970	+8.6
			Canada	0.952	-18.7
			Malaysia	0.620	-22.8
			Mexico	0.566	+30.7
			Vietnam	0.412	+23.0
			Egypt	0.372	-45.0
EU-27	14.791	+7.3	Turkey	8.265	+11.2
			India	2.052	+32.5
			Egypt	1.246	+13.5
			China	0.400	-41.2
			Morocco	0.344	+13.2
			Pakistan	0.331	+24.9
			Vietnam	0.307	+66.8
			Switzerland	0.267	-25.6
			Korea Rep.	0.257	-28.8
Japan	6.173	+64.4	Korea Rep.	3.554	+85.0
			China	2.140	+26.0
			Vietnam	0.171	+677.3
			Taiwan	0.126	+472.7
Canada	3.322	-3.0	USA	2.289	-4.4
			Turkey	0.330	-21.8
			Egypt	0.202	-21.7
			India	0.124	+226.3
Russia	3.202	+15.7	Turkey	1.600	+26.8
			Korea Rep.	0.666	+78.6
			Spain	0.289	+4.3
			Latvia	0.193	+436.0
Australia	1.646	+35.8	Vietnam	0.422	+210.3
			China	0.300	-14.8
			Indonesia	0.244	+194.0
			Malaysia	0.183	+45.2
			Thailand	0.161	+24.8
			Taiwan	0.146	+21.7
South Africa	1.214	+17.0	India	0.748	+76.0
			Malaysia	0.096	-50.3
			Pakistan	0.088	+15.8

Sources: Official Trade Statistics/WV Stahl
% Change Jan-Sept 2012/2011

US and Pacific Rim

by **Blake Kelley,** Member of the BIR Ferrous Division
Sims Group Global Trade Corporation

USA

Domestic mill buying prices for dealer scrap were essentially unchanged moving from December into January, with pricing for prime grades at around US$ 385-400 per tonne, shredded at US$ 385-395 and HMS at US$ 350-370 depending on location. The AMM composite price for HMS was unchanged in the most recent week at US$ 350.83 per gross ton delivered. Shipments to steel mills and collections into scrap yards have been fairly steady as winter weather has delayed its expected chilling impact until only recent days. US scrap exports in November declined to a 16.6m tonnes annualised rate compared to the year-to-date rate of 21.6m tonnes.

AK Steel recently announced its intention to increase HRC prices by US$ 40 per net ton in a presumed effort to bolster order book entry rates. Other producers may follow that lead. HRC prices on the spot market had been deteriorating towards US$ 600-620 per net ton ex works, with some reports of lower-priced purchases. The rebar price is around US$ 620 per net ton. Raw steel production in the week ended January 19 increased 0.3% to 1.824m net tons for a 76.1% capacity utilisation rate, equating to an annualised rate near 95m net tons (86m tonnes). US steel service centre inventories increased 4.6% in December to 3.1 months' supply.

Low water levels on the Mississippi have necessitated a reduced cargo per barge as well as slower transit times through bottleneck areas around St Louis, with an obvious impact on steel and scrap distribution whether for import or export. The impediments to normal river traffic flow have caused many shippers, when possible, to divert to railcar and truck transportation, which subsequently stressed those alternative modes. Consequently, many freight rates have generally increased. Separately, negotiations between International Longshoremen and various container terminal operators located on the US East Coast and the US Gulf Coast have not yet produced a new contract.

Pacific Rim

China

China has become a little more active in recent weeks, buying deep-sea scrap import cargoes on top of its continuous importing from Japan. Scrap imports in November were up 15% month on month to 312,000 tonnes and an annual rate of 4.48m tonnes. Raw steel production increased 2.3% in the first 10 days of January from the prior period to an annualised rate of 710m tonnes compared to the full-year 2012 total of around 717m tonnes. China also imported 743m tonnes of iron ore in 2012 (+8.4% compared to the previous year). Iron ore inventories averaged 90m tonnes for most of 2012 but fell to 73m tonnes at the end of December. China reportedly has 900-1000m tonnes of steelmaking capacity and is therefore operating at around 70% utilisation. Chinese steel exports in 2012 increased 14% year on year to 56m tonnes. Baosteel has announced a US$ 30 per tonne increase in HRC prices to US$ 613 ex works, excluding VAT.

South Korea

Deep-sea scrap purchases have been typical. After receiving many offers in the week beginning January 21, Hyundai reportedly purchased imported H-2 scrap from Japan at the equivalent of US$ 390 per tonne C&F. Steelmakers reduced domestic scrap prices to US$ 395 per tonne delivered as production recently slowed, something which is expected to continue through the Lunar New Year. However, one producer has announced a US$ 44 per tonne rebar price increase to US$ 745 ex works, effective from January 28. And Posco has announced an increase in export plate prices of US$ 55 per tonne to US$ 900 FOB ST. Domestic vehicle production decreased 2% year on year to 4.56m units.

Taiwan

Deep-sea and containerised scrap imports have continued over recent months to this important market. Rebar sales volumes began slowing in early January, causing steelmakers to react with lower offers. As one example, Feng Hsin reduced its domestic rebar price by US$ 10 per tonne to US$ 635 ex works in the week beginning January 21 and effected a corresponding price reduction on domestic scrap to US$ 397-421 depending on grade.

South East Asia

As usual, this region remains active in the purchase of bulk and containerised scrap cargoes. Small bulk cargoes earlier available from Japan have become uncompetitive as FOB Japan prices have increased. Malaysia, Indonesia and Vietnam have had the most interest in recent months. Construction activity consumes steel in each of these countries. Economic performance has been impressive, especially in Indonesia. Competition for steel orders is severe and restrains margins.

Summary

The daily rate of world raw steel production decreased 3.9% in December from November to an annual rate of 1.456bn tonnes. The world steel industry operated at 73.2% of capacity in December. In 2012, world raw steel production increased 1.2% compared to the previous year to 1.548bn tonnes, setting a new record. Based on World Steel Association data and compared with 2011, the world last year:

- Produced 18m tonnes more raw steel;
- Produced 12m tonnes more iron; and
- Apparently consumed 6m tonnes more purchased scrap.

The iron ore price recovery of recent months has played a significant role in improving steel and scrap metal prices. Based on TSI data, the CFR North China price for 62% Fe iron ore reached a recent peak of US$ 147.65 per tonne in April last year and then fell until September when it bottomed at US$ 99.47. Since then, the index price has risen steadily, recently reaching US$ 154.60 per tonne. Scrap metal prices reacted similarly.

India

by **Zain Nathani**, Vice-President of the BIR Ferrous Division
Nathani Group of Companies

Indian ferrous scrap imports continue to increase year on year. In the six-month period from April to September 2012, India imported around 3.76m tonnes of ferrous scrap. In the last two to three months, scrap prices have moved within a range of around US$ 20-30 per tonne.

At the time of the most recent BIR Convention, held in Barcelona, the market bottomed out at levels of around US$ 400 per tonne cfr Nhava Sheva for shredded scrap in containers. Subsequently, prices began to climb through November and peaked at levels of around US$ 425 per tonne cfr Nhava Sheva in early December.

In spite of a restricted flow of feedstock into the yards during the winter months, poor scrap demand led to prices again cooling off. Some Indian traders were caught on the wrong foot as they expected a further rise in prices. This resulted in these traders offloading material on the high seas at below the international market level.

In January, sales of shredded in containers have been concluded at levels of US$ 420-430 per tonne cfr Nhava Sheva but the market for February is uncertain, with most international scrap markets not showing much strength.

Japan

by **Hisatoshi Kojo,** Board Member of the BIR Ferrous Division
Metz Corporation

Between October and November, the Japanese scrap market increased from Yen 23,000 per tonne (US$ 291) to Yen 27,000 (US$ 331) on the back of stable demand from China, which continued to buy until around November 20. Thereafter, the scrap market suffered a correction of Yen 1000 per tonne because of the drop-off in Chinese buying; however, it returned to its upward trend in early December owing to strong demand from Vietnam, Indonesia and Taiwan, all of which appeared to be in a rush to secure relatively cheaper Japanese scrap when compared with deep-sea cargoes.

In addition to these three countries, Korean buyers - who had been sitting back for around two months - decided to come into the Japanese market to cover their January/February requirements, thus pushing up the market. Chinese buying resumed after December 25. Overall, the scrap price climbed around Yen 3000 to Yen 29,000-29,500 per tonne (US$ 345-351).

Japanese blast furnace mills cut their production throughout 2012. Not only did they reduce their scrap buying by around 2m tons but also some of them exported their basic pig iron. It was feared these exports would put a cap on scrap prices, especially at the time when they started to sell aggressively in October, but the market was not influenced too much owing to strong scrap demand from overseas. Around mid-December, one of the mills announced that it would stop exporting its pig iron because its finished products should become more competitive as a result of the Japanese yen getting weaker. Japan exported around 260,000 tons of basic pig iron in January-November last year compared to around 60,000 tons in the same period of 2011.

At the start of the New Year, the Japanese H-2 scrap price jumped beyond Yen 30,000 per tonne (US$ 341), which was deemed to be a turning point as values then continued to speed to Yen 33,000 (US$ 375), helped by the strong tailwind provided by the rapid depreciation of the yen and the hike in iron ore prices. Nobody could have imagined this a month earlier. The Japanese scrap price effectively went up around Yen 10,000 per tonne, or 43%, from the bottom price of Yen 23,000 in October last year.

Recent fixture prices for deep-sea cargoes to east Asia were US$ 425 per tonne cfr China/Korea and US$ 430 per tonne cfr Vietnam for HMS 1. Given that the price was around US$ 370 per tonne cfr last October, the deep-sea scrap price went up by US$ 55-60 per tonne, or by about 15%, which is lower than the rate of climb of Japanese scrap. This means that the Japanese scrap price on a US dollar basis has always been cheaper than deep-sea cargoes, taking an exchange rate fluctuation of around 12% into consideration.

Since the third week of January, there has been a price correction as Chinese purchasers lowered their buying price by US$ 10-20 per tonne following the price drop for iron ore and D-bar in China on January 11.

Japanese steel products have recently seen some signs of recovery in both price and demand. This is because imports have been falling as a result of the weak Japanese yen and rising demand from reconstruction projects in the disaster area of Tohoku and from warehouse construction for the expansion of on-line shopping.

For seasonal reasons and because steel mills' operating rates are improving, it is anticipated that the Japanese scrap price will not fall so much during the current price correction.

It should be noted that the scrap prices mentioned in this report refer to H-2 on a FOB ST basis unless otherwise specified. Also, the prices reflect significant exchange rate movements over recent months, ie: Yen 79 to the US dollar in October; Yen 81.50 to the US dollar in November; Yen 84 to the US dollar in December; and Yen 88 to the US dollar in January.

Russia and The Ukraine

by **Andrey Moiseenko**, Member of the BIR Ferrous Division
Ukrmet Ltd

Crude steel production in Russia was 70.6m tonnes last year. Total steel scrap collections were 25.7m tonnes and domestic consumption was 20.1m tonnes; the remaining 5.6m tones was exported to various destinations, including 1.4m tonnes by rail to Belorussia for which no export duty applied. The breakdown of seaborne exports is as follows: 1.8m tonnes to Baltic and northern ports; 1.4m tonnes to southern ports; and only 0.9m tonnes to Far East ports.

During the whole of last year, steel scrap prices in Russia followed a negative trend in line with general international developments. Given the depressed international market for final products, Russian steel mills opted in cases of limited steel scrap availability to cut production or reduce the steel scrap share rather than to increase the purchasing price. In other words, they managed to keep steel scrap collections stable with low price levels and avoided any unnecessary price rally in months when collections and supply were limited by weather conditions.

For example, steel scrap offers are currently limited, as is common in the winter. However, steel mills are keeping prices at a low level, some of them are using winter stock and some of them have reduced production. Currently, the market is made only by the activities of Severstal and Metalloinvest. A small price increase has been observed in the south of Russia, but this was caused by increased exporter activity.

There was some export activity at the beginning of January. Prices for Black Sea scrap went close to the US$ 400 per tonne CIF level. However, demand is currently very weak and steel mills have started pushing the price below US$ 390 per tonne CIF.

Meanwhile, exporters prefer to sit and wait because no-one is sure about the weather for February and about real freight costs. As per market conditions, the shipper has to pay demurrage for ice-breaker expectation time (above a certain limit). At the end of December 2012, the average ice-breaker expectation time of around 10 days could have meant an extra cost for the shipper of US$ 10 per tonne that he was not initially expecting. Therefore, exporters prefer to stay out of the market and reduce collection rather than take on extra risk. Everyone remembers very well the transport collapse in the region last year when some vessels stayed on demurrage for more than a month.

Turning to Ukraine, the situation is very similar as always. Ukrainian steel producers are much more dependent on exports of final products than their Russian counterparts and so they were under pressure for the whole of last year, especially the EAF mills. Some big players like Metinvest and ISD decreased production slightly, and Mechel has suspended operations at its subsidiary in Doneck until April 2013. This year will also be quite difficult, and even the unofficial ban on steel scrap exports (no new export quotas have been issued as yet) appears unlikely to resolve the region's steelmaking overcapacity problems.

EU

by **Tom Bird,** EFR President

2012 proved to be a very challenging year for the European ferrous business. The close of the year saw the market show signs of improvement as buyers, anticipating the usual post-New Year jump, looked to cover a significant amount of business before 2013 arrived. Following last October's BIR Convention, the market in Europe saw some small increases in the final two months of the year. Those merchants who held back material at the beginning of December also received better levels towards the end of the month. These improvements did not necessarily point to a better long-term trading environment.

After the holiday break, Turkey was very active, buying approximately 20 deep-sea cargoes in the first week. Despite this activity, prices increased only around US$ 2 per tonne from their end-December levels. Mills quickly saw that they were able to buy material with relative ease and sat back. Sales from the USA were at around US$ 407 per tonne for HMS I/II 80/20, US$ 412 for shredded and US$ 417 for PS. Europe, on the other hand, supplied HMS I/II 80/20 at some US$ 400 and 70/30 at US$ 385.

Based on scrap price increases, billet/rebar values climbed somewhat to US$ 560-570 per tonne ex works for the former and US$ 610-620 ex works for the latter. These prices are for the domestic market. The export market was slow in reacting to market conditions, possibly because of silence from Ukraine due to Orthodox Christmas. During this buying spree, Turkey covered around 900,000 tonnes of material for January and 400,000 tonnes for February, allowing buyers to be more circumspect in their approach to the market.

The impact on the EU market generally was price increases. It is fair to say, however, that increases were not as high as expected because material for export was covered relatively quickly, with buyers sitting back as explained and thus taking the heat out of the market. Increases across the EU were of around Euro 15-20 per tonne depending on grade.

Over the last few days, the Eastern European short-sea market has headed generally sideways at close to the US$ 390 per tonne level. The latest deep-sea sales are slightly down, but not significantly. The steel market has tried to move sideways but rebar levels have tapered off slightly to around US$ 600 per tonne.

Spain was much more active in the early part of the month, paying out numbers close to those available on deep-sea cargoes, and this gave European shippers an option. Over the last few days, however, Spain has retreated from the market.

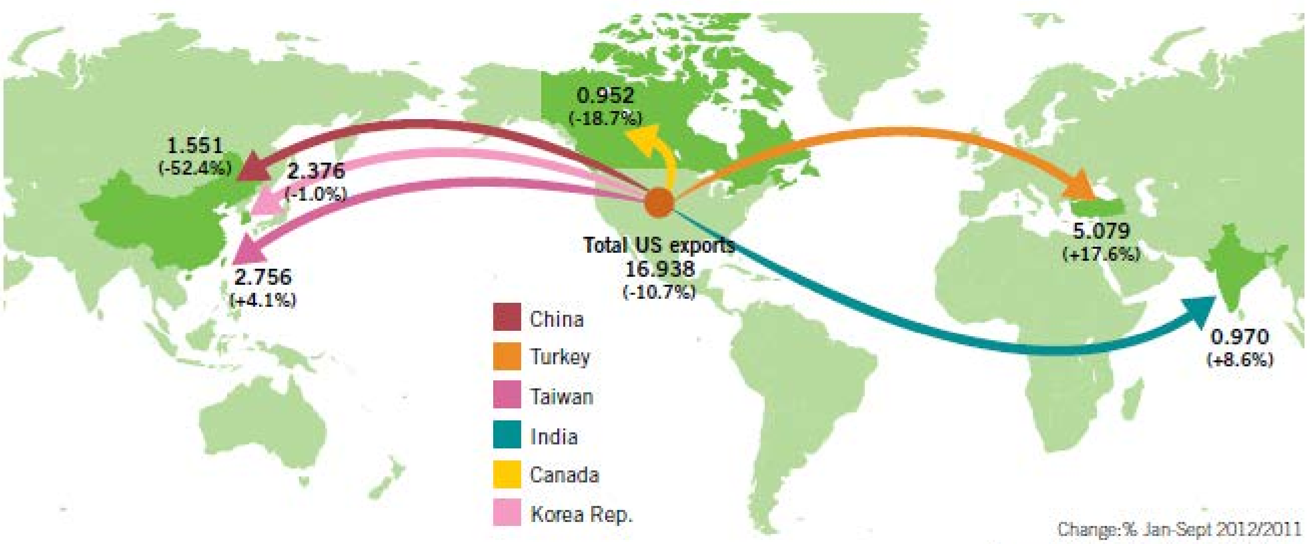
As usual, there has been currency exchange volatility; this has led to decision-making on whether to sell out of the EU not being driven purely on the price in dollar terms. The British pound has taken something of a battering over the last few days, dropping to its lowest level for some time; at the time of writing, it has fallen 5% against the Euro over a six-week period, thus helping exports from the UK.

Container business out of the EU has picked up somewhat in January. This has increased the options available to EU suppliers and is keeping up the market level in certain areas.

Looking ahead in the first quarter, a great deal will depend on availability. Worsening weather conditions across Europe will put a squeeze on arisings. The January buying spree has calmed down but the market is still holding out. February should see a flat market with a roll-over expected in most markets across the EU. Certainly, there seems to be little downside anticipated.

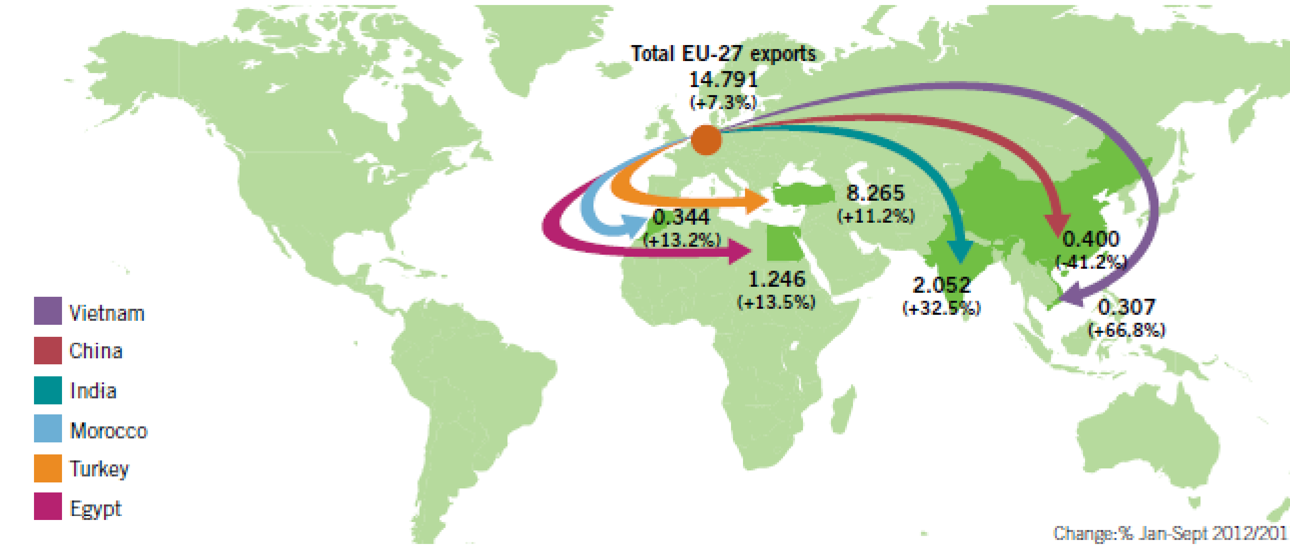
Stronger prices for flat products in South East Asia are a positive factor and the impact should filter through to the steel market generally. Obviously, the state of the ferrous industry in the EU over the next two quarters will depend massively on sentiment and on whether any noticeable recovery is witnessed in the European economies. Certainly, 2013 has started better than 2012 ended.

MAIN FLOWS OF **US** STEEL SCRAP EXPORT JANUARY-SEPTEMBER 2012 (MILLION TONNES)



Change:% Jan-Sept 2012/2011
Source: Official Trade Statistics/WV Stahl

MAIN FLOWS OF **EU-27** STEEL SCRAP EXPORT JANUARY-SEPTEMBER 2012 (MILLION TONNES)



Change:% Jan-Sept 2012/2011

Source: Official Trade Statistics/WV Stahl

Bureau of International Recycling
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