Quarterly Report – July 2022

Tough outlook for the remainder of 2022

In light of rising inflation, continued supply chain disruptions and ongoing concerns over power supply and prices, the worldwide economy in general - but the European one in particular - is looking towards a yet more insecure future. All industrial growth forecasts for Europe's core countries have shifted into the negative and an even more difficult scenario is anticipated as the full effects of inflation, such as the reduced purchasing power of consumers, have yet to reach all markets.

In addition, European imports of finished stainless steel products have spiralled to a record level such that a market experiencing low demand is being confronted with plenty of supply. As a consequence, demand and prices for the related raw materials - mainly stainless scrap - look very poor.

Over the summer, we will be faced with one of the lowest levels of demand for stainless scrap in more than a decade, putting even more pressure on related prices. After the speculative price rally from the end of last year, the market needs to understand that the price of stainless steel is still at attractive levels when compared to the average over the last decade.

However, market conditions are expected to remain tough throughout the rest of 2022 and could easily worsen if power supply in Europe is squeezed further.

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