



3. Trends in Price of Domestic Steel Can Scraps

Factors Determining the Price of Iron Scrap

- ① The quality of scraps
- ② Changes in the supply - demand balance in each region
- ③ Comparative values internationally (e.g., overseas market conditions resulting from the international availability of commodities, etc.)
- ④ Costs of scrap collection from the market, scrap collection by scrap processors, and scrap - processing.
- ⑤ Costs of material price variance (iron ore and others) , and an iron dissolution by blast furnace makers.

Relation between the Price of Steel Scrap and the Price of H2 (Heavy and Other General Scrap)

The price of steel can scrap moves almost in parallel with that of H2 (see the next page) - the latter taking the lion's share of the scrap market. The price difference between pressed steel from cans (C press) and H2 ranges from ¥2,000 to ¥9,000, depending on the time and region.

The Sale Price of Pressed Steel from Cans vs. the Base Price of Steel Can Scrap in Municipalities

The pressed steel from cans separated and processed in municipalities is delivered to steel makers via scrap processors, hauling/storage companies, and others. Thus, the sale price for the steel press in the municipalities is equivalent to the scrap purchase price by the steel manufacturers minus the amount spent on delivery via the intermediate routes.

Trend in Price of Iron Scrap (2009~2010)

The price rose till May 2010, and fell sharply to ¥10,000/t. It recovered again in August

After the Lehman's fall occurred in September 2008 leading to a Great Depression, the domestic scrap market for scrap business from 2009 to 2010, and the current market price of H2 fell sharply to ¥10,000/t in November. However, the price rose gradually and was back on course of recovery. And the price rose to ¥30,000/t in September 2009, and it rose to ¥38,000/t in May 2010 (approximately half of peak price of ¥70,000/t). Then due to the financial crisis in Europe, excess inventory of general-purpose iron under the controlling policies for the housing bubble in China, the business situation became uncertain and the scrap price fell about ¥10,000/t. However, in August, the negative issues making the business situation uncertain had been improved. As the stock was in lacking in summer, increased scrap was undiminished as the export became active and the price was led to ¥30,000/t again.

Price Trend of Pressed Steel from Cans (2009~2010)

The price fell after the recovery in ¥30,000/t in April 2010, and remained at a stable level of ¥20,000/t

The price of steel scrap in November 2009, represented by maker's C press price in the Kanto Area fell to ¥6,500/t. However, from 2009 until the first half of 2010 the price was back on recovery, and in April it was ¥30,000/t level. However, from May to July, the price recovered gradually to ¥20,000/t level as well as the price of iron scrap due to healthy flow of demand in scrap and relatively stable.

	Average in 2008	Average in 2009	Differences in price
Kanto region	36,000円 / t	15,100円 / t	-20,900円 (-58%)
Osaka region	34,600円 / t	15,200円 / t	-19,400円 (-56%)
Representative factory in West Japan	42,900円 / t	20,300円 / t	-22,600円 (-53%)

For more information about the price trend of pressed steel from cans

Nikkan Shikyo Tsushinsha Co., Ltd publishes "MRM (Metal Recycle Monthly)" that carries international and domestic scrap market trends, topics, hot issues, and explanation of recycling laws.

TEL: +81-3-3864-6021