



## II Present Conditions for Steel Can Scraps

### 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 average price difference between pressed steel from cans (C press) and H2 ranges from ¥2,000 to ¥9,000, depending on the time and region. C press with good quality could sell at higher price than H2.

#### 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 (2012~2013)

##### Sluggish world economy reduces crude steel production growth rate, affecting price of iron scrap

A continuous demand occurring from foreign countries, the price of iron scrap is restored to about ¥30,000/ton. The estimated growth rate of crude steel produced by total domestic electric furnace makers in 2012 was 0.3% compared to last year, which means they produced 25million tons. In accordance with crude steel production reduced by 4.9% in January-July this year, the demand of domestic scrap has tendency of decreasing. But to Korea, China and south-east Asia, Japan is still an important resource supplying country, a volume of export to these countries was 8.6million tons surging 57.9% from previous year. And the volume in January-July also grew 11.5% account for 5.4million tons above the previous year's record. Despite the drop in domestic demand for crude steel, there is still solid demand from the Asian sector upholding a price in crude steel market. A price of H2 purchased by domestic steel makers was about ¥26,900/ton this year. Average price of January-August this year marking ¥31,700, for firm demand from the Asia and a policy of "correction of yen appreciation", has recovered the ¥30,000 price range.

#### Price Trend of Pressed Steel from Cans (2012~2013)

##### Under the influence of "correction of yen appreciation", the price of steel scrap • C pressed steel was on the rise.

The effect of Government economic policy called "Abenomics" made the yen depreciated rapidly. It not only leads export prices (denominated in yen) rise, but also bring the price of domestic steel scrap on upswing. For this reason, after having bottomed out in October, the price of C press including steel scrap continuously had climbed until March this year. Although a price of C press in Kanto area October last year was ¥14,000/ton, it was increased to ¥26,000/ton March this year. After that, as a result of the cutback in export market, the price continuously declined to ¥23,700. But when entering the summer, depending on shortages of supply worsen, the price soared to ¥25,900. And during this year, the pricing upward trend on c press was observed, recognizing improvement of quality as a reason of the inflation on the steel market, some part of major steel manufacturing companies tried to cope with this situation by narrowing the price gap between H2 and C press grade.

(Unit: 1,000tons/¥)

	Average in 2011	Average in 2012	Differences in price
Kanto region	¥19,400/t	¥25,900/t	¥-6,500 (-25%)
Osaka region	¥21,600/t	¥27,400/t	¥-5,800 (-21%)
Representative factory in West Japan	¥25,100/t	¥32,100/t	¥-7,000 (-22%)

#### 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