

METAL NEWS REVIEW

Here is the latest metals update from Winlock...

ZINC

To paraphrase Her Majesty 2017 has been annus horribilis for manufacturers of zinc products with the price seeming to rise inexorably during the year. We were complaining of spot prices of \$2600 this time last year, whereas for the last 3 months the price has rarely been below \$3200 per tonne, which is an increase of 23% in the year on top of a huge increase in the previous 18 months. At the moment there is no sign of respite, it will probably come eventually but it could still be some way off. In the meantime expect to see a lot of manufacturers looking to replace zinc with aluminium or plastics.

ALUMINIUM

This year aluminium has followed the trend of zinc and has increased approximately 20% in the year from \$1700 at the start of the year to \$2050 at present and it is now 35% more expensive than in mid-2016. The lighter weight of aluminium compared to zinc means that its cost advantage has increased vs zinc in 2017 and hence many suppliers are looking to switch material where possible. This is very similar to the situation in 2008, which in the main proved to be a temporary conversion until the price of zinc fell.

COPPER

Copper prices this year have almost exactly mirrored zinc, increasing by 23% or so from \$5500 to \$6800. This being the case then brass products generally will have seen a 23% increase in material costs, so bad news for the price of eurocylinders and brass door furniture.

STEEL

Steel prices generally rose in the first half of the year, for all grades, and mild steel grades in particular are much higher than the lows of 2015 when cheap Chinese steel flooded the world almost. Mild steel prices are not so high historically but they have risen significantly in the last 18 months with merchant bar at around £450 per tonne – way up from under £300 just over 2 years ago. Prices in most regions have increased 10% or so this year but local Chinese prices have increased around 50% and are now more or less in line with the rest of the world as China reduces its capacity. Some might say this has been the Trump effect as the huge tariffs put on Chinese steel in the USA have certainly had the desired effect. Stainless prices rose 10% or so in the first 6 months of 2017 but have softened a little since. 2018 is likely to see prices holding at around current levels.

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