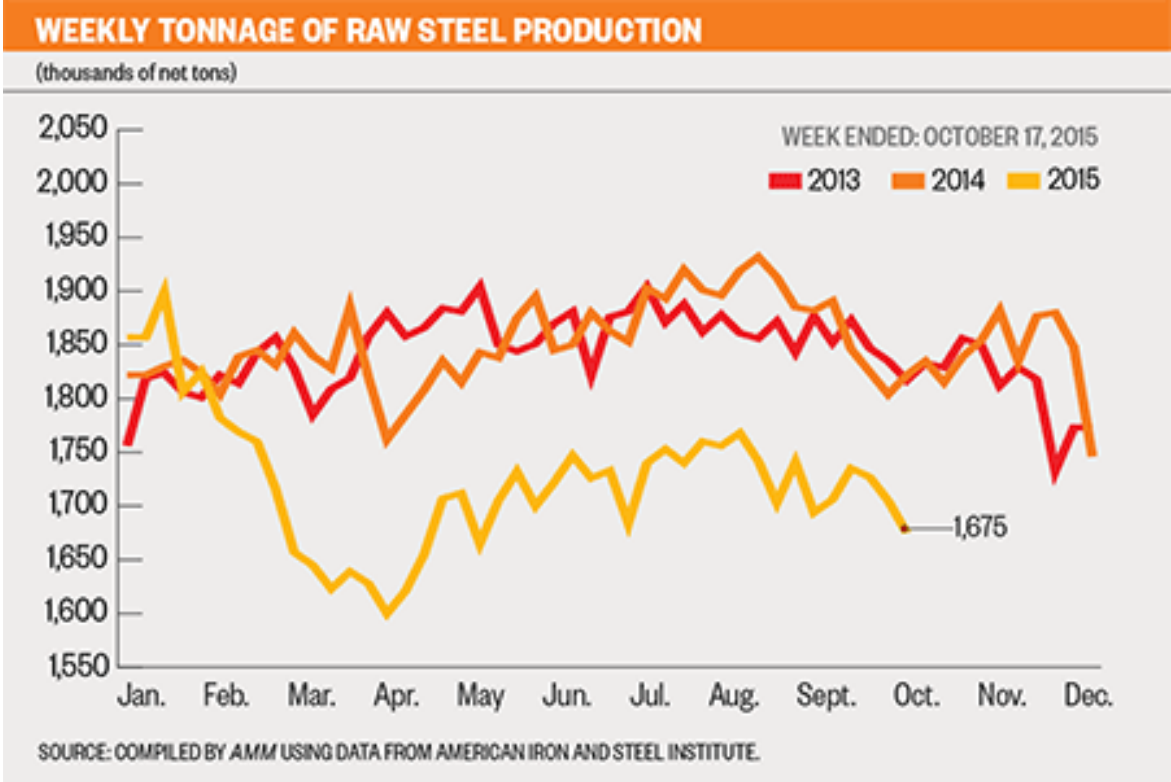


This is the Scrap Metal & Commodities Recycling report, by BENLEE Roll off and Open Top Trailers as well as Raleigh and Goldsboro Metal Recycling, leaders in Metal, Cardboard, Computers, Batteries and Junk Cars.

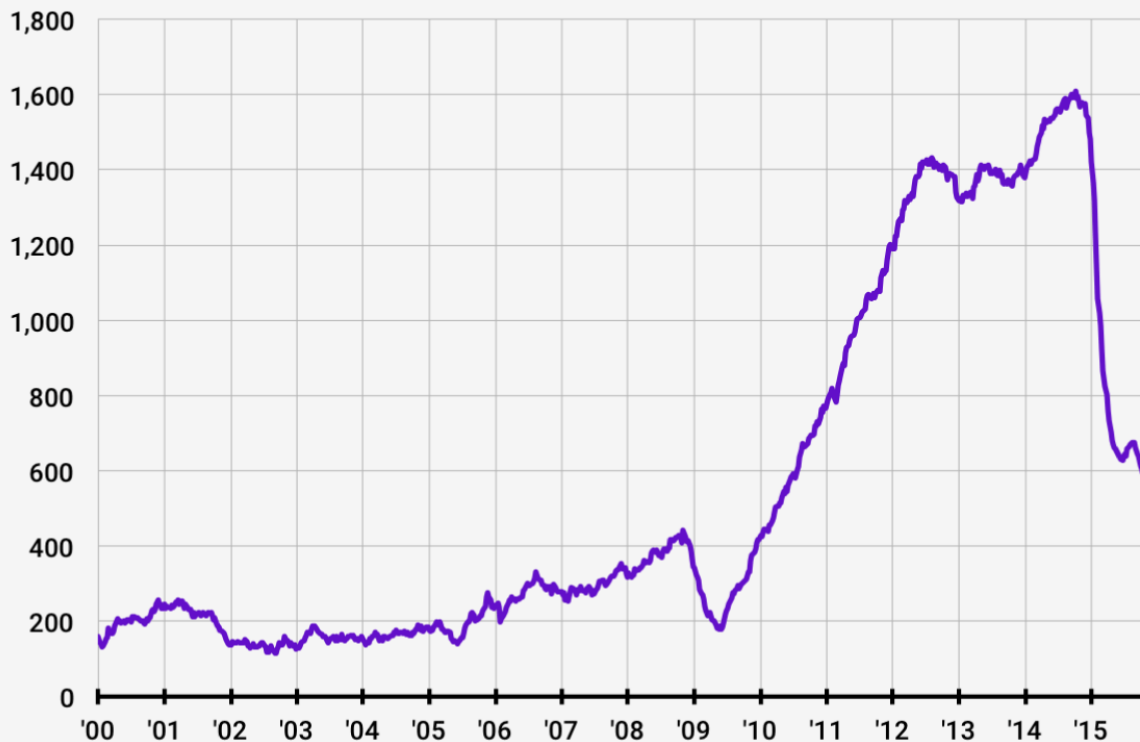
Today is Monday October 26th, 2015. My name is Greg Brown.

The story remains the same. Continued falling metal prices remains great for manufacturers, yet it is increasingly very troubling for recycling operations.



U.S. steel production was down yet again in the last reporting week and is now at a 4 month low mainly due to imported steel continues to flood into the U.S., hurting U.S. steel mills.

## US OIL RIG COUNT



SOURCE: Baker Hughes

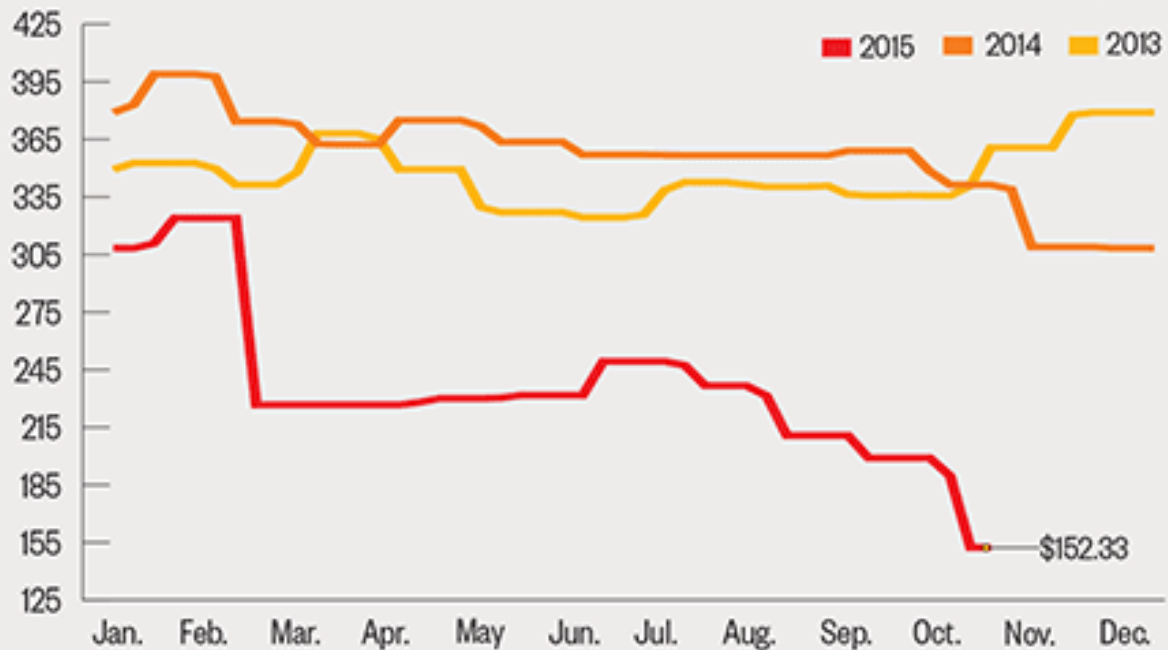
BUSINESS INSIDER

The U.S. oil drilling rig count fell for an 8<sup>th</sup> straight week landing at a new 5 and a half year low. Steel mills that produce steel for these rigs remain running at very low capacity.

## AMM WEEKLY NO. 1 HEAVY MELT PRICE COMPOSITE

(price per gross ton)

UPDATED: OCTOBER 23, 2015



BASED ON NO. 1 HEAVY MELTING STEEL AT PITTSBURGH, CHICAGO AND PHILADELPHIA.

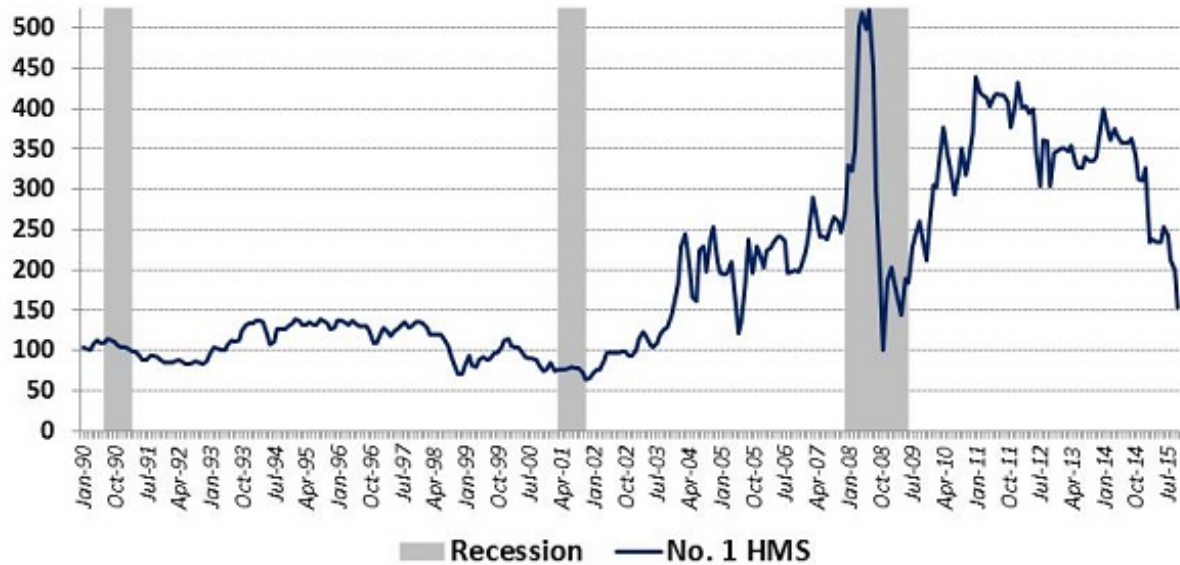
SOURCE: AMM.

Scrap steel prices leveled off last week at the recent low, which supports lower steel costs at steel mills. These low scrap prices have dramatically lowered incoming scrap flows at Retail Peddler scrap yards.

Despite low incoming flows there is word that with low needed production and low demand for exports, ferrous prices could be no change to down more than \$10/GT next month.

## Composite Monthly No. 1 HMS (\$/gt) and U.S. Recessions, Jan 1990 - Oct 2015 (p)

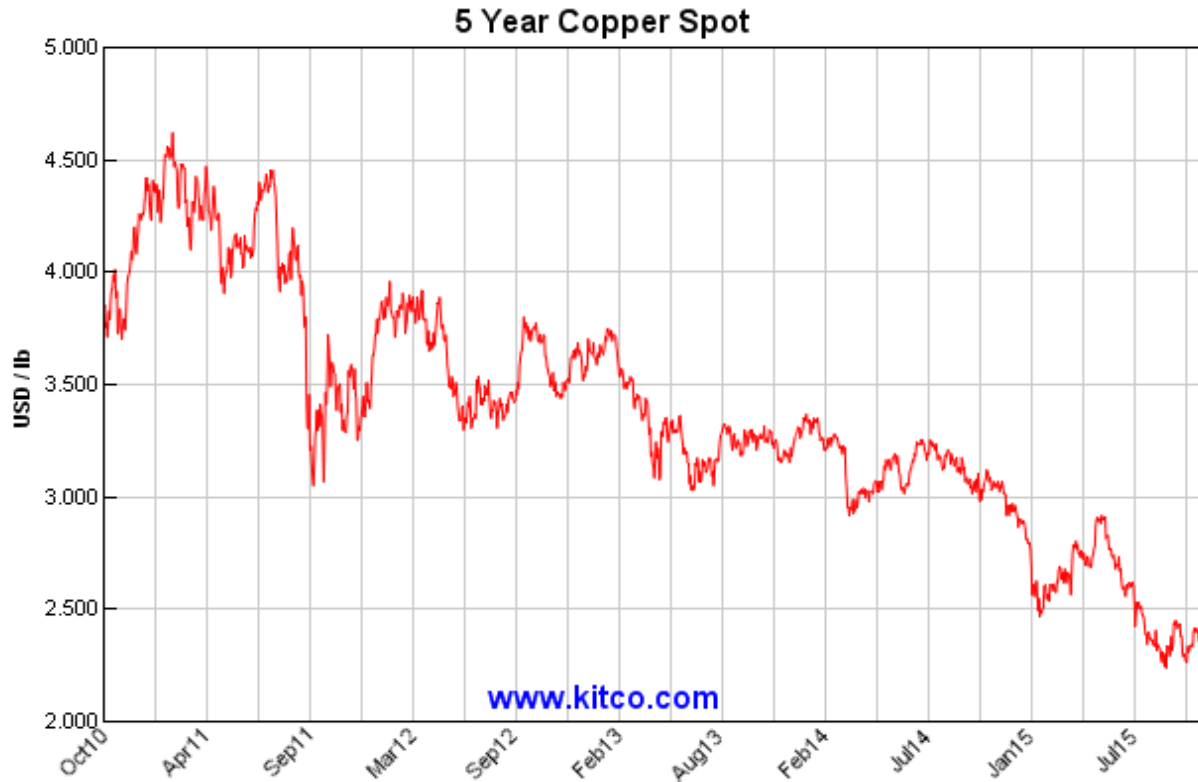
Sources: Scrap Price Bulletin/Iron Age and St. Louis Fed



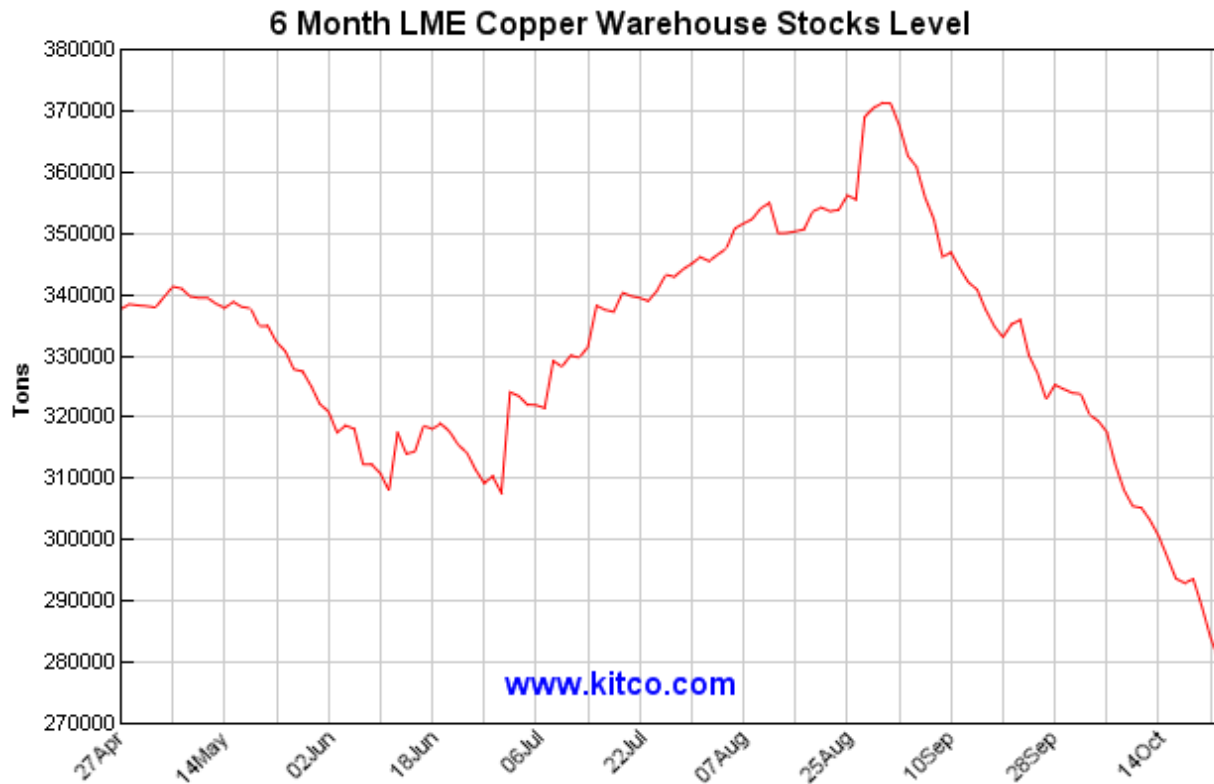
Last week we showed this chart of the last 25 years of scrap steel prices, but we gave the wrong take away. Scrap metal prices are now almost where they were 22 years ago, in 1993, not 2003, which is what we said last week.



Copper prices continue to fluctuate, but remain in a band for the last few months. Prices have stabilized after the second and third largest copper mining companies shut down mines a few months ago.



This 5 year copper price chart shows prices holding for the past few months, but at very low levels.

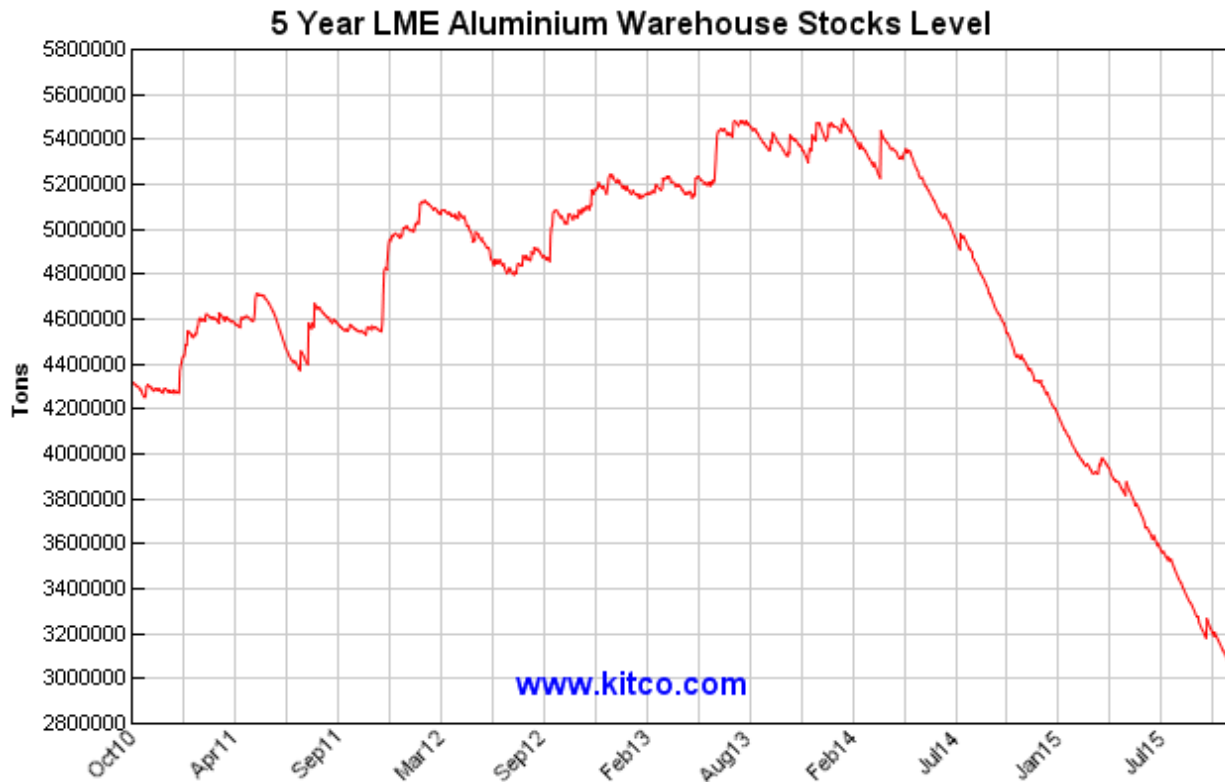


Copper Inventory data shows that with some mines now shut, inventories are declining, which could help support prices.





Aluminum prices for the past 5 years are like steel. Great if you buy aluminum for manufacturing, terrible if you are in the recycling business. Prices are now at new 6 plus year lows.



The 5 year aluminum inventory chart shows inventories declining, so one would think prices would stabilize soon.

As has been said, low commodity prices are being driven by China's slow growth. About 72 hours ago, the Chinese central bank cut interest rates for the 6<sup>th</sup> time this year to try to boost their slowing economy.

Last Friday the New York Times had an article on the collapse of global commodity prices.

They wrote that from 1993 to 2013, China built 200 cities that each hold 1 million people or more, which has now stopped. Remember what I said about two minutes ago. Scrap steel prices are back to 1993 levels.

Global economic news was mixed last week. Maersk, the world's largest operator of container freight ships, lowered their earnings guidance due to low capacity utilization of their ships.

Nucor and Steel Dynamics, who both own major steel and scrap metal operations, both announced lower earnings due to lower finished goods pricing and high levels of imported steel which was at 30% of the market last quarter, vs. 27% a year ago.

I will add an important note to those of you owners of scrap metal recycling operations that have significant Retail Peddler traffic. Remember, your cash flow is pretty good this month, mostly NOT due to many of you have laid off people.

It is due to receipts are coming in now from higher steel and aluminum prices of material you sold in last month, but today you are buying less material, at a lower prices, so cash flow is good.

This will reverse in November because you have less for sale this month, at lower prices. If you have not cut costs, sadly we recommend you cut them now.

Related we were sad to hear yet another NC scrap owner filed for personal bankruptcy and his operation is close to being sold by the bank. There will be a lot more of this in the months to come.

As for positive news, the four week average of U.S. jobless claims has fallen to a low not seen since December 1973, 42 years ago, gasoline prices remain low, housing starts in September hit a nearly 8 year high and the stock market has had some great weeks.

With that we hope all have a Safe and Profitable week.