

## Scrap metal recyclers see signs of rebound

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Economic indicators give a quick glimpse of how the economy is doing. They include traditional measures such as consumer confidence indexes, sales tax revenue and home prices. An offbeat economic bellwether is the dry cleaning industry, with higher unemployment typically leading to fewer pressed shirts and pants for work.

But metal recyclers also provide a quick snapshot of the economy, since more metal ends up in yards when consumers buy new appliances and cars.

At least for the past few years, metal recyclers have been seeing a shrinking stream of metals as the recession hurts their business. But that may finally be turning around according to scrap metal recyclers such as [Gershow Recycling](#) in Medford.

"A scrap metal recycling plant is a great place to go to see how the economy is performing," said Gershow President Kevin Gershowitz, who's seeing signs of improving business and an improving economic climate.

A number of statistics related to metal point to signs of an improving economy for metal recyclers and business in general.

New orders for manufactured goods in November rose \$3.2 billion or 0.7 percent to \$423.8 billion, according to the most recent data from the U.S. Census Bureau.

"When companies and individuals buy more durable goods, then the older products come to our scrap yards," Gershowitz said. "The increase in durable goods purchases shows that the economy is improving."

Other factors are sending more metal to scrap yards.

The [National Automobile Dealers Association](#) estimated 11.5 million new cars were sold in 2010, up from 10.4 million the prior year. While that's lower than the 13.2 million in 2008, it's still a hefty year-over-year jump.

"When a new car is purchased, an older vehicle is taken off the road," Gershowitz said. "As more people buy new cars, we'll see more old cars coming in to be recycled."

Gershowitz also believes the extension of tax breaks should boost consumer demand, good news for retailers selling new goods and firms like his, which recycle older items.

"This means more scrap metal should be brought into the yards," Gershowitz said. "As people make more durable goods purchases or home improvements, we'll be one of the first industries to feel the impact as old appliances are brought in to be recycled."

But problems in the housing and construction industry continue to impact recyclers like Gershow, which are seeing less scrap from renovations and new buildings.

"We feel that business for many contractors remains slow and some of them have left the industry," Gershowitz said. "We see this in our metal shops, with far fewer home improvements being done, compared to pre-recession levels. Most of the activity continues to be necessary repairs, rather than major home improvements."

Privately owned housing units authorized by building permits in December were at a seasonally adjusted annual rate of 635,000, 6.8 percent below the 681,000 estimate a year ago, according to the Census.

The Census estimates that construction spending in November was at a seasonally adjusted annual rate of \$810.2 billion, 6 percent below the November 2009 estimate of \$861.5 billion.

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