

# Expert

By Ryan Carafiello PMR Inc.



## Four Tips to Be Most Effective with Your Most Profitable Core

**W**ith 10 years' experience between the scrap recycling industry and converter refining, the relationships I've developed with numerous converter collectors indicate that many still may lack essential information and knowledge. With that said, here are some expert tips for the handling and processing of your catalytic converters.

### Tip #1. Follow the correct market.

As an automotive recycler, it is very important to know what kind of material you hold in terms of precious metal content. For instance, is your material Platinum or Palladium based? The answer to this question relies on the type of vehicles you salvage and recycle.

Truck salvage yards produce converters that are primarily Platinum based with 30-40 percent Palladium and zero percent Rhodium. Late model yards generate converters with a higher composition of Palladium and Rhodium, whereas yards that purchase older model vehicles will produce converters holding more Palladium.

Having this knowledge will help you follow the correct market and metal prices and will also allow you to better understand how market value changes affect your converter values.

**Tip #2. Proper dismantling of material.** How you process and dismantle your converters can make a big difference on your bottom line. The value of any given converter is highly compromised when the converter biscuit is damaged or broken due to aggressive dismantling or improper cutting. For example, a Honda converter valued at \$800 can significantly depreciate to as low as \$200 if just a quarter of the unit (equivalent to less than 1 pound) is damaged. Additionally, if more than 8 percent of your load is made up of partials, this is a definite indication that you must change how you cut and dismantle your

converters to avoid continued lost profit from damages or lost material.

Another way to maximize your profits during dismantling is by pulling your Oxygen Sensors. Buyers and processors will pay anywhere from \$4-\$6 per pound for O2 sensors and roughly six O2 sensors represent one pound. Therefore, pulling and collecting the O2 sensors from your converters will also help you generate more revenue. Lastly, by carefully trimming pipes closer to the shell, you will be able to fit more converters within a box which will result in cheaper freight.

**Tip #3. Know your count!** Having a running count of your converters is extremely important. Unfortunately, many automotive recyclers rarely keep updated counts of their material. An easy way to keep track is by utilizing a count system that can be as simple as adding tally marks by marker on the outside of your galvord boxes.

More advantageously, if you work with a processor that can also help you factor in partials (full versus partially full units) to your tally, you will benefit from the luxury of having more precise counts. With accurate converter counts, some buyers/processors will allow you to hedge your material before shipping which can sometimes mean securing a higher market. The market can change rapidly in a matter of hours which can result in significant losses if material is unhedged (as we have recently seen and experienced this past March 2020).

**Tip #4. Assay is a must!** If you're still selling your converters by piece, grade or code, it's time for a change! All converters must be toll-refined and the more times they switch hands before assay, means more money being left on the table. With that said, it's important to keep in mind that any core buyer or company that is still purchasing by the piece, is stockpiling and

selling on assay recovery from their end.

Outside of making anywhere from 10-30 percent more profit on your material, a bigger advantage of assaying is having the flexibility to cash out your precious metal ounces at different dates. For example; if Palladium and Rhodium prices are at an all-time high, but Platinum is low, you can choose to bank or pool your Platinum ounces to sell in a better market at a later date while still cashing out the other metals.

Gone are the days where processors require large minimum shipments of 1000+ units with 60-90-day settlement times. Access assayed results with as low as 200 lbs of ceramic with final settlement and results available in two weeks and advance payment upon receipt. Use a processor that can deliver fast processing speeds as well as allows you to access assay returns for each material type, equates to methods that best service any seller of catalytic converters.

### Moving Forward

Investing time in converters will do wonders for your bottom line. Non-ferrous items aren't as simple as alternators, starters or rims but rest assured they are not as difficult as they may seem. Recyclers can add extra revenue by working with a buyer/processor that offers education and data on their valuable cores. In 2020, information should no longer be hidden or secretive. 📧



Ryan Carafiello joined the PMR team over 5 years ago and has been successfully servicing converter recyclers

ever since. Ryan best describes his role at PMR as a relationship builder. With an extensive background as a core buyer himself, Ryan has expert knowledge of converters which enables him to better serve his clients.

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