



# STEEL MARKET UPDATE

## SMU Flat Rolled Market Trends Analysis

Responses from our July 19<sup>th</sup>, 2017 Market Survey





- 31 years actively selling flat rolled steel – 40 years in the steel business.
- Newsletter developed for active buyers & sellers of flat rolled steel.
- Prices – Momentum – Trends – Analysis – with a guarantee.
- For more information visit [www.SteelMarketUpdate.com](http://www.SteelMarketUpdate.com).



Steel 101 Workshop, Severstal Dearborn 2012

Our goal is to provide quality information to the flat rolled steel industry.

We invite over 650 companies to participate in our surveys.

Normal response rate is 100-150 individuals on any one survey.

All responses are kept confidential and are never attributed to the individual or company responding.

# Steel 101: Introduction to Steelmaking & Market Fundamentals

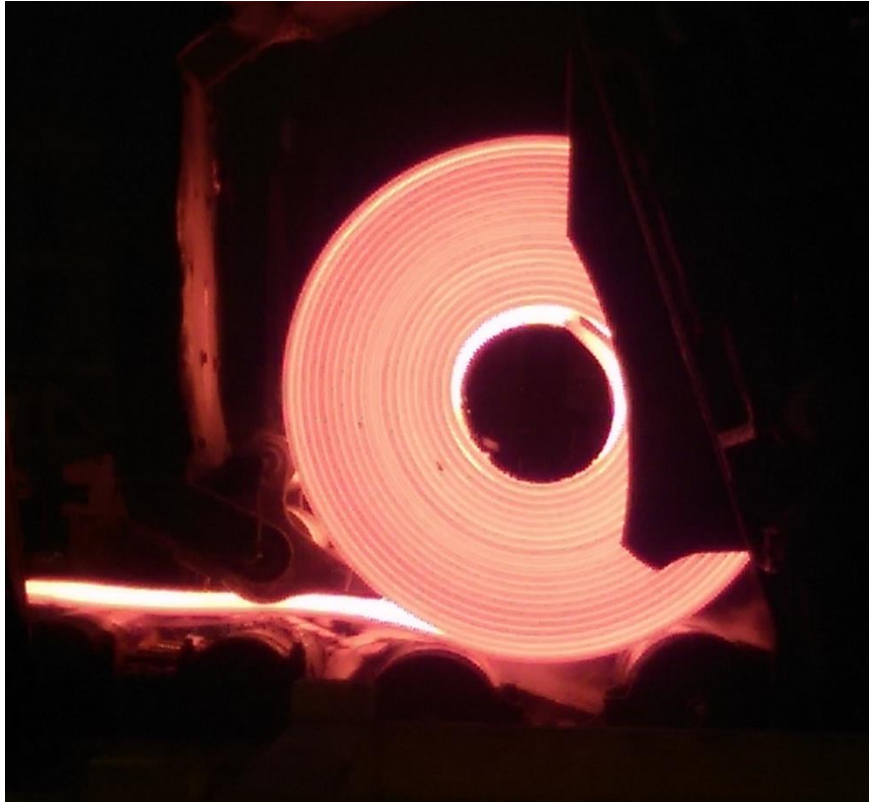
**Instructors:** John Eckstein, John Packard, Peter Wright, Steve Painter, & Mario Briccetti (not shown in photo).

We have both classroom & on-site (mill) instruction during our 2 day workshop. For more information [visit our website here](#).



# Next Steel 101 Workshop

## October 4-5, 2017



Steel 101 Workshop, NLMK Indiana 2015

Our next Steel 101 workshop is in Fort Wayne, Indiana on October 4-5, 2017 and includes a tour of the Steel Dynamics Butler steel mill.

If you would like more information about any of our workshops, you may visit [SteelMarketUpdate.com/Events](http://SteelMarketUpdate.com/Events), call our office at 800-432-3475, or e-mail our team at [info@SteelMarketUpdate.com](mailto:info@SteelMarketUpdate.com).

**Steel Summit:** A steel conference for manufacturing companies, fabricators, service centers, wholesalers, trading companies, steel mills, toll processors and companies who provide products and services to the steel industry.

**When:** August 28-30, 2017

**Where:** Atlanta, Georgia, USA - Georgia International Convention Center

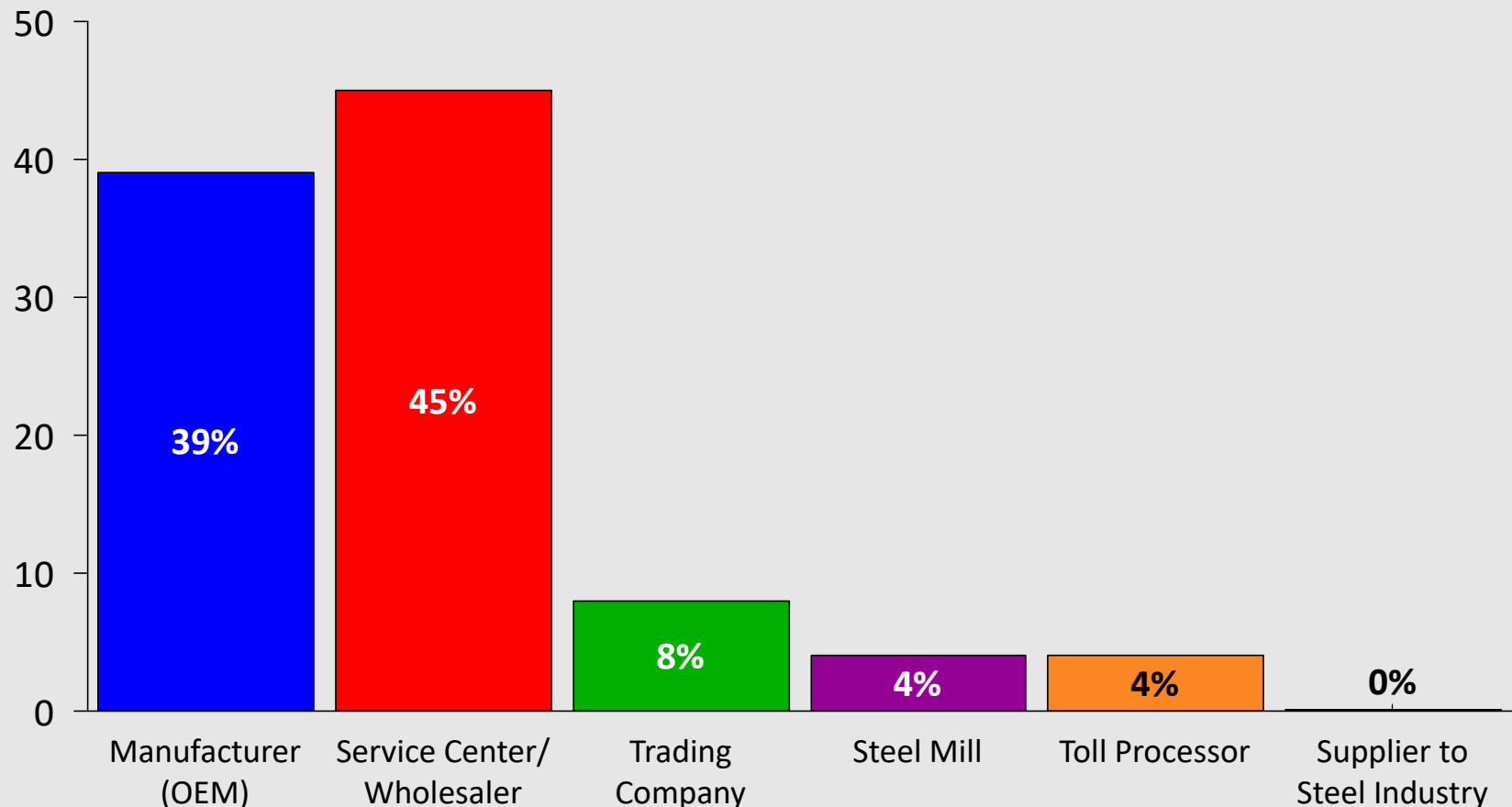
**Lead Hotel:** Atlanta Airport Marriott Gateway Hotel (adjacent to the Georgia International Convention Center)

Additional details can be found at [www.SteelMarketUpdate.com/Events/Steel-Summit](http://www.SteelMarketUpdate.com/Events/Steel-Summit)



# Survey Participants

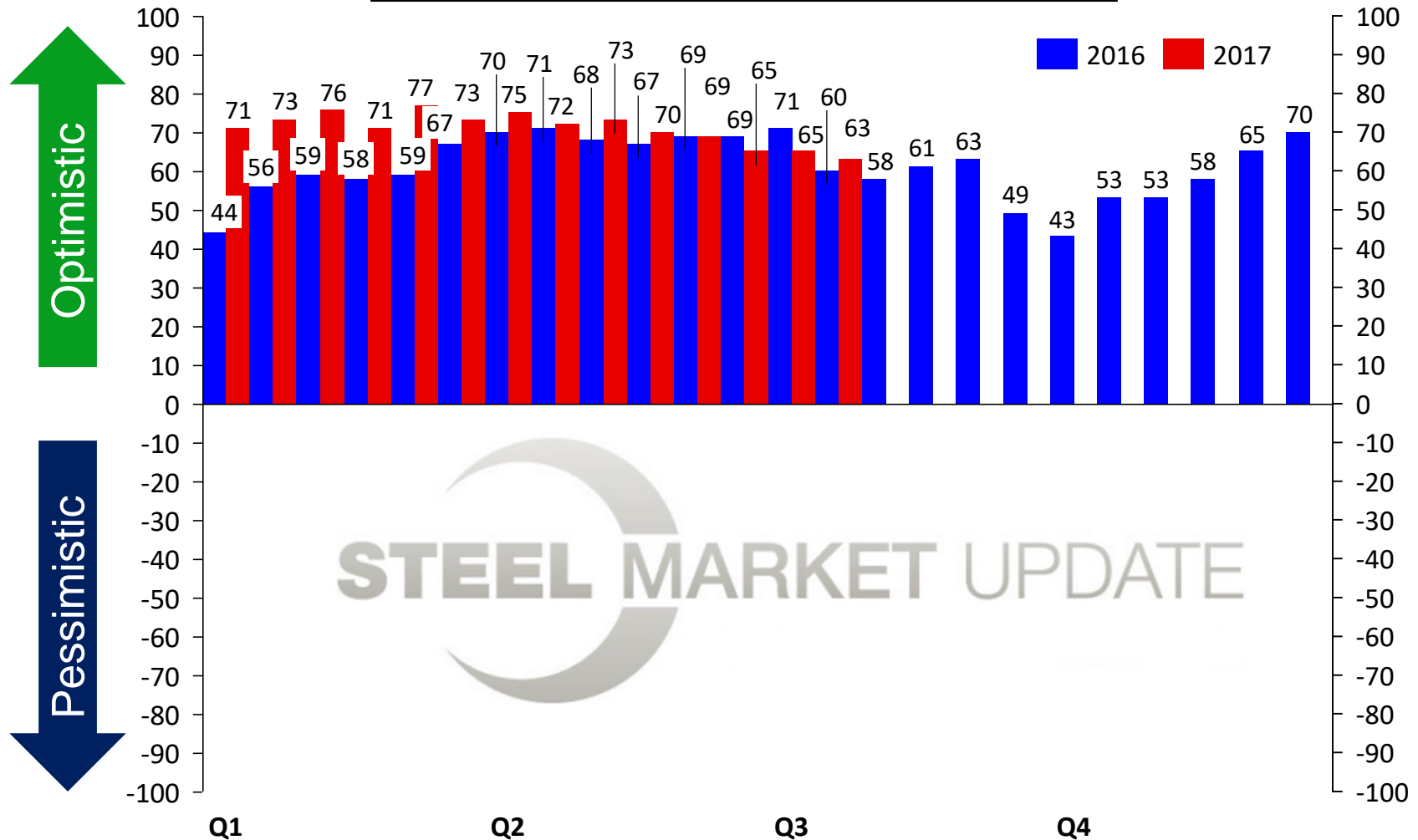
Our survey is by invitation only- Over 600 companies, mostly in the manufacturing or distribution industries, are asked to participate. Here are the percentages of participation in this week's survey by market sector.



# SMU Buyers Sentiment Index

Down 2 points to +63

## Steel Market Update Buyers Sentiment Index

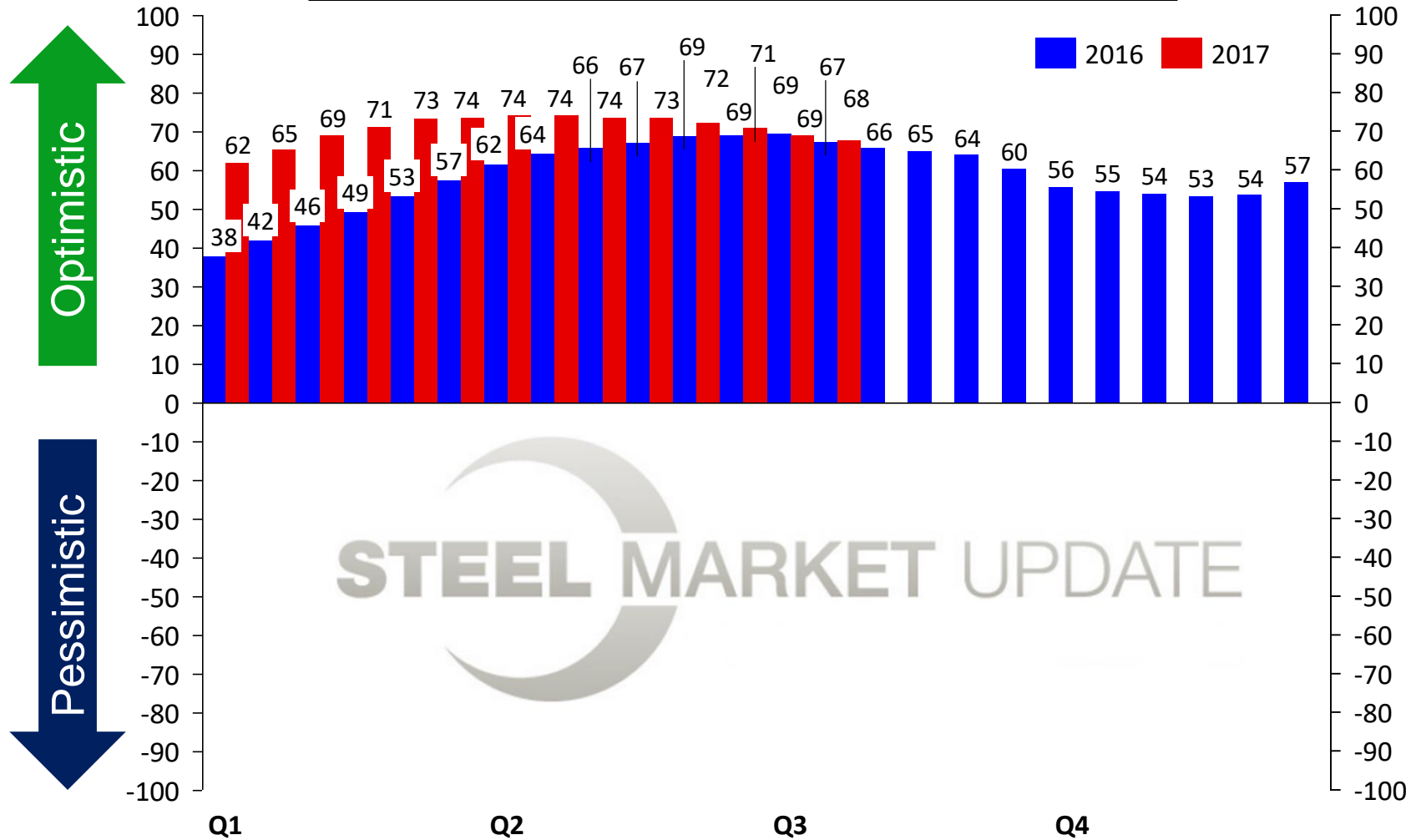




# SMU Buyers Sentiment Index

Three Month Moving Average at +67.50

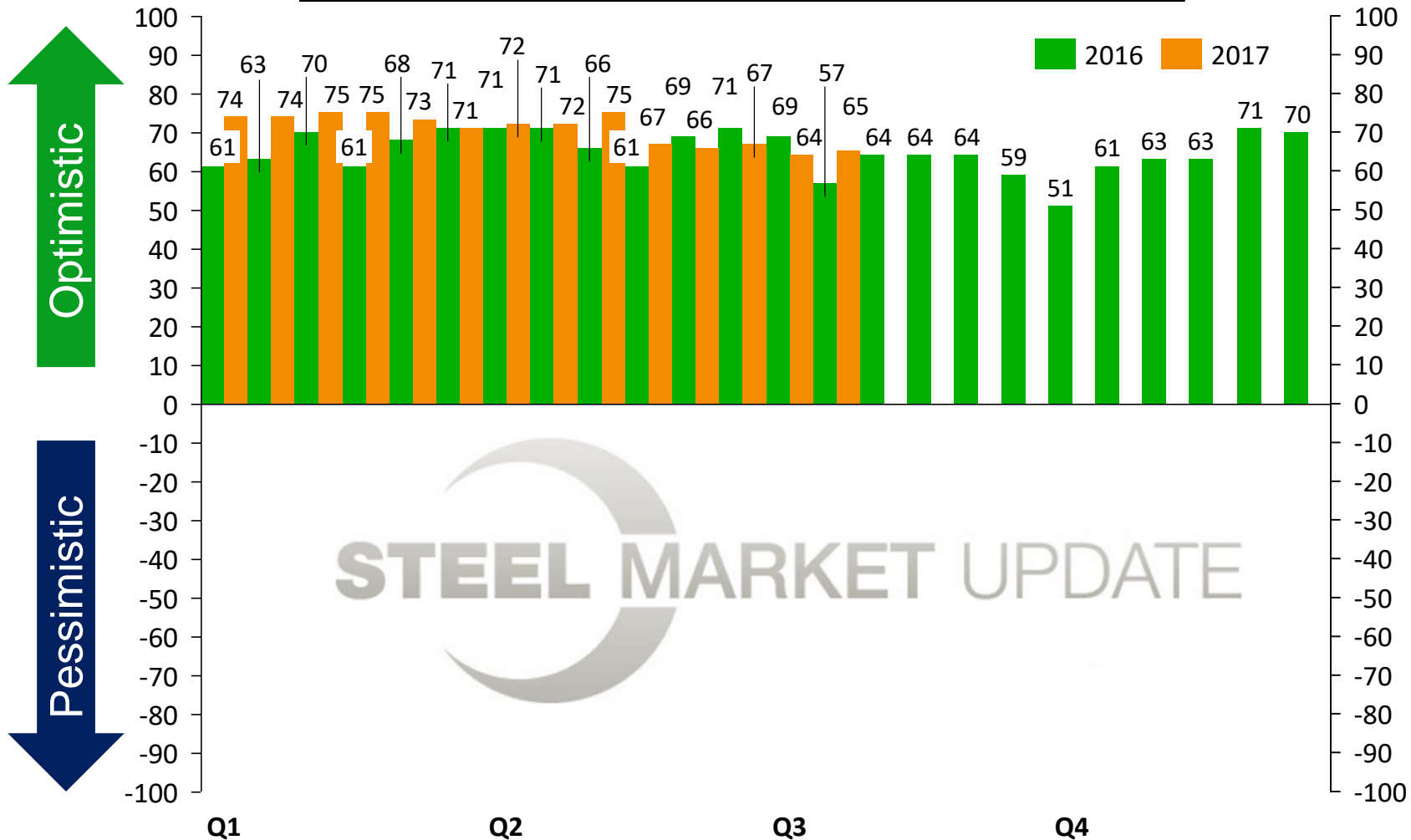
## Steel Market Update Buyers Sentiment Index 3MMA



# SMU Future Buyers Sentiment Index

Up 1 point to +65

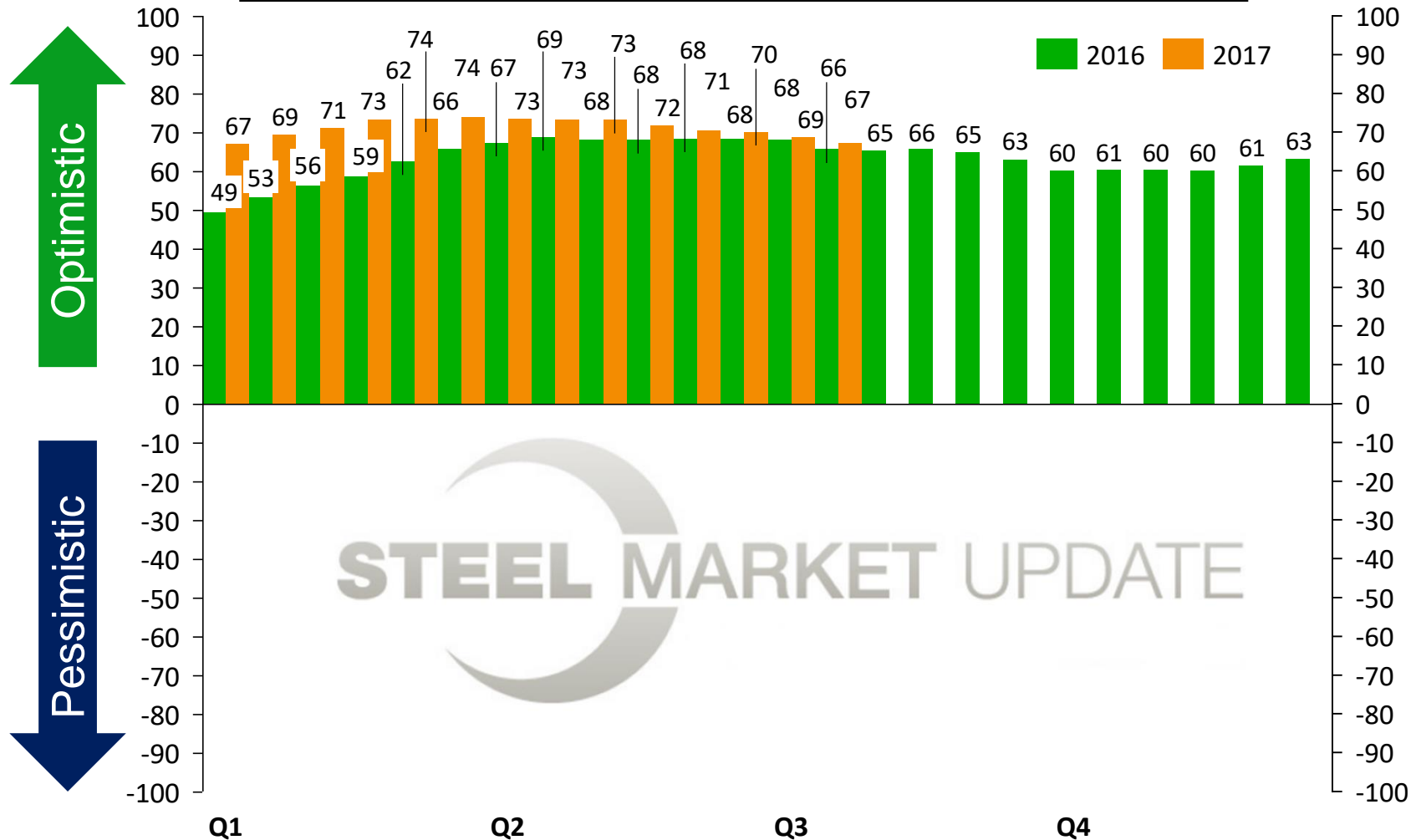
## Steel Market Update 'Future' Buyers Sentiment Index



# SMU Future Buyers Sentiment Index

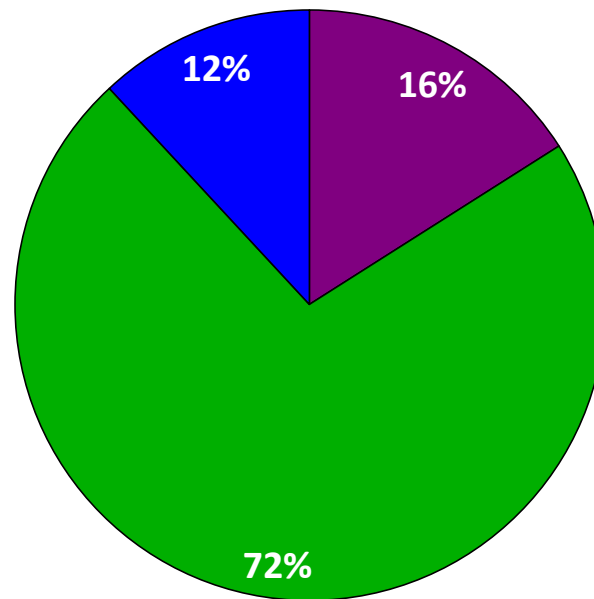
Three Month Moving Average at +67.33

## Steel Market Update 'Future' Buyers Sentiment Index 3MMA



Are you seeing demand for your products improving, remaining the same or declining?

- Demand is improving
- Demand is remaining the same
- Demand is declining

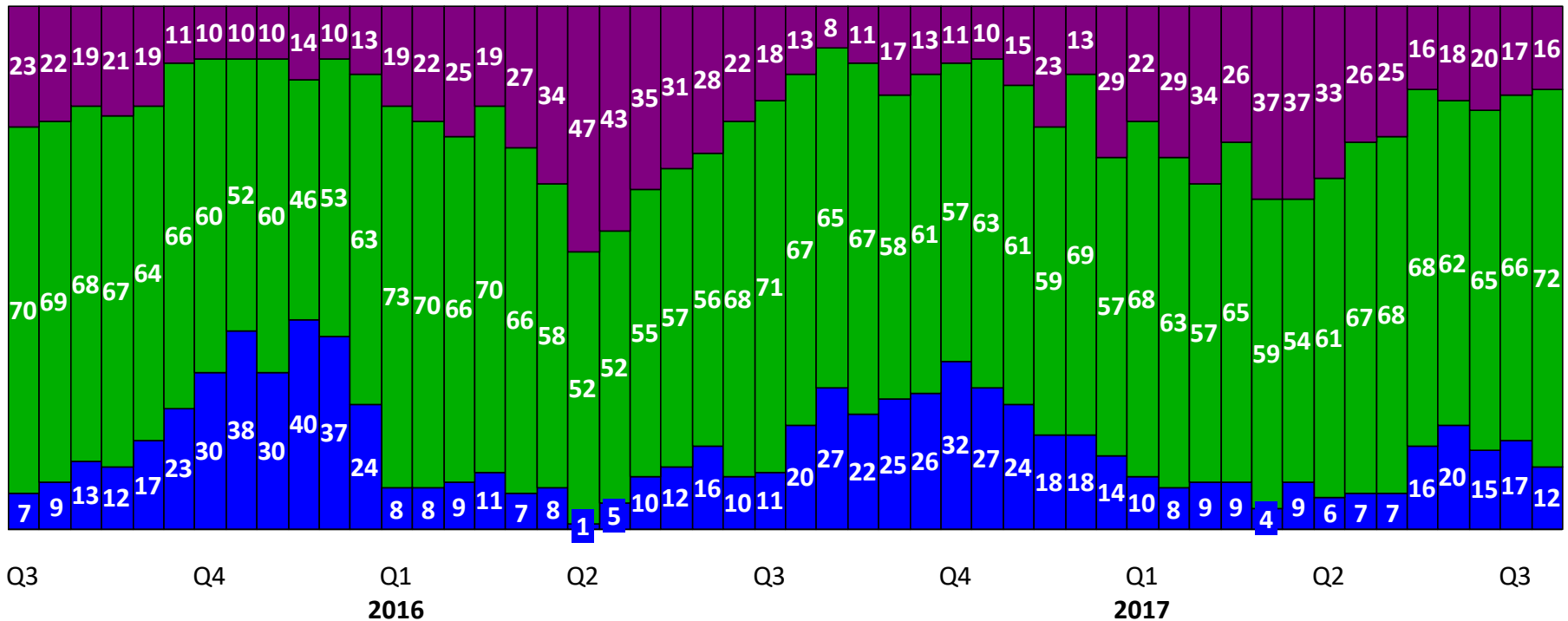


# Overall Demand History

Are you seeing demand for your products improving, remaining the same or declining?

- Demand is improving
- Demand is remaining the same
- Demand is declining

out of 100%

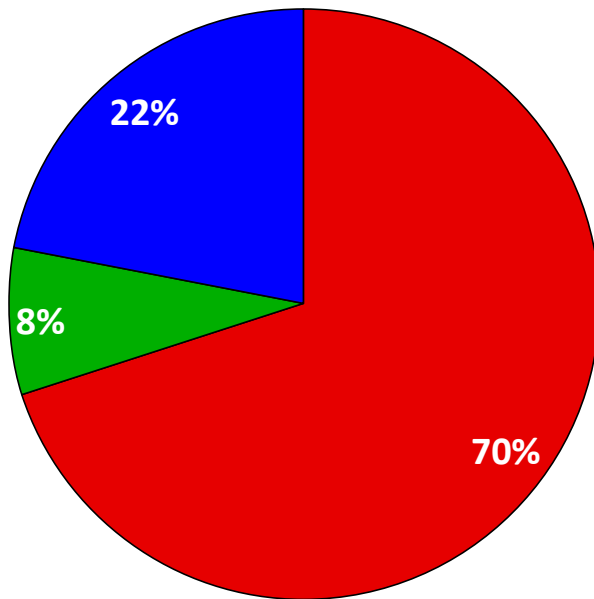


# Price Increase Announcements

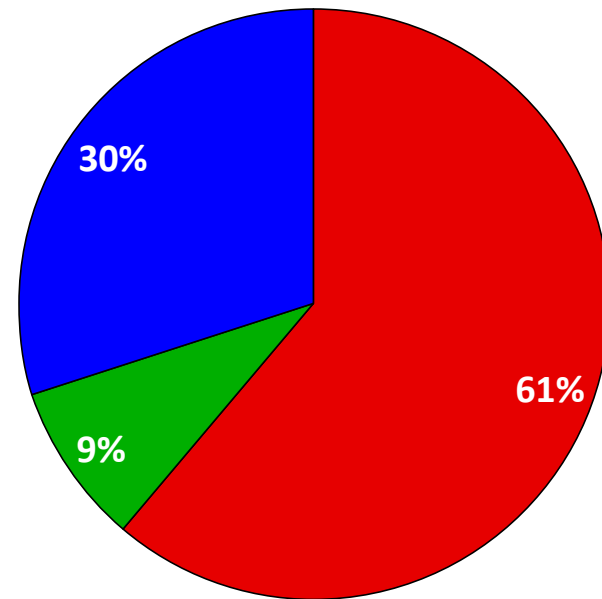
The domestic mills seem to be waiting for the Section 232 recommendation before making their next price announcement. What direction do you expect steel prices to head over the next 30 days?

Higher Lower Unknown

July 7<sup>th</sup>, 2017

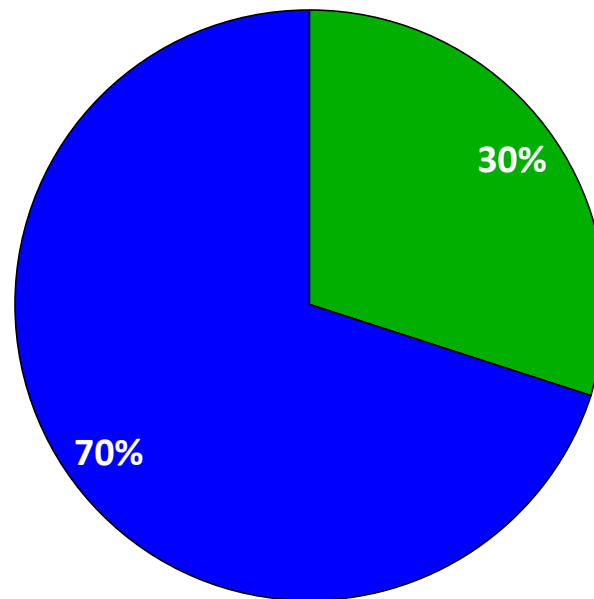


July 21<sup>st</sup>, 2017



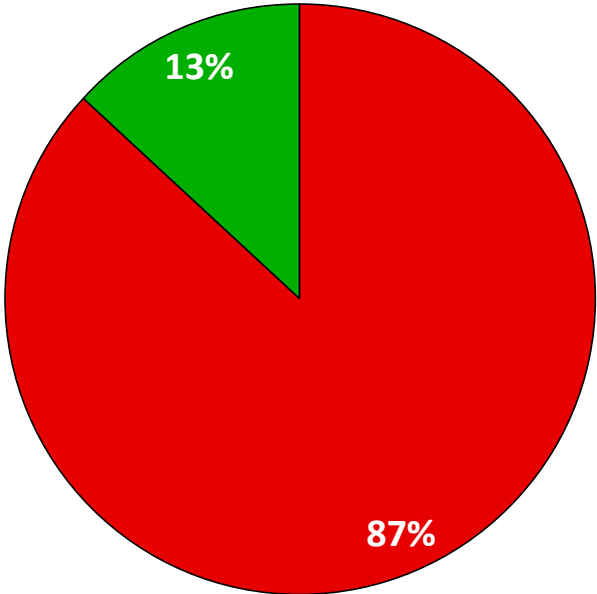
Do you think the U.S. government should penalize countries that have a high rate of steel exports to the U.S. in the name of national security?

Yes No



If Trump places restrictive duties on steel products do you believe this will put an even higher negative price burden on U.S. manufacturers?

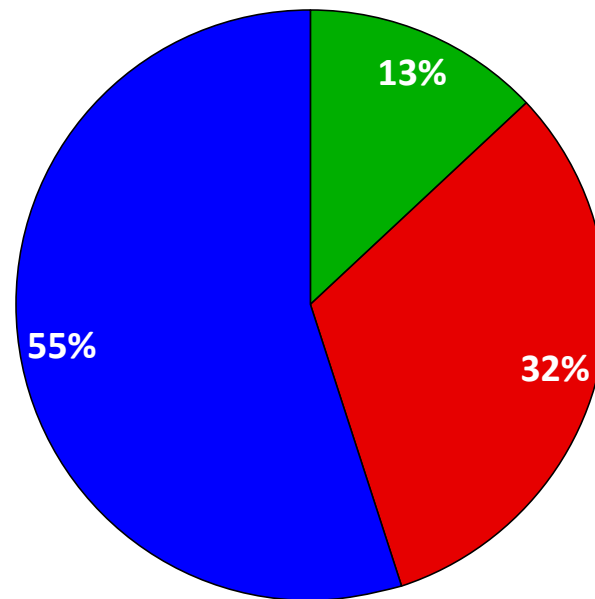
Yes No





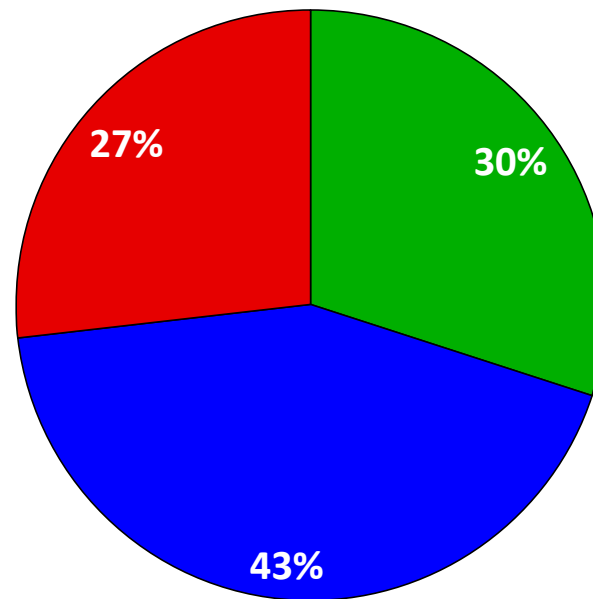
Are you finding that the steel mills order books are firm or do you think there are mills who are still looking for orders and willing to negotiate?

- Order books are firm - no negotiation on price
- Order books are weaker than advertised - willing to negotiate
- Mixed bag - some mills firm, some not so much



**Manufacturers-** Compared to this time last year – is your company buying more, less or the same amount of flat rolled steel as one year ago?

- Buying more steel
- Buying the same amount of steel
- Buying less steel

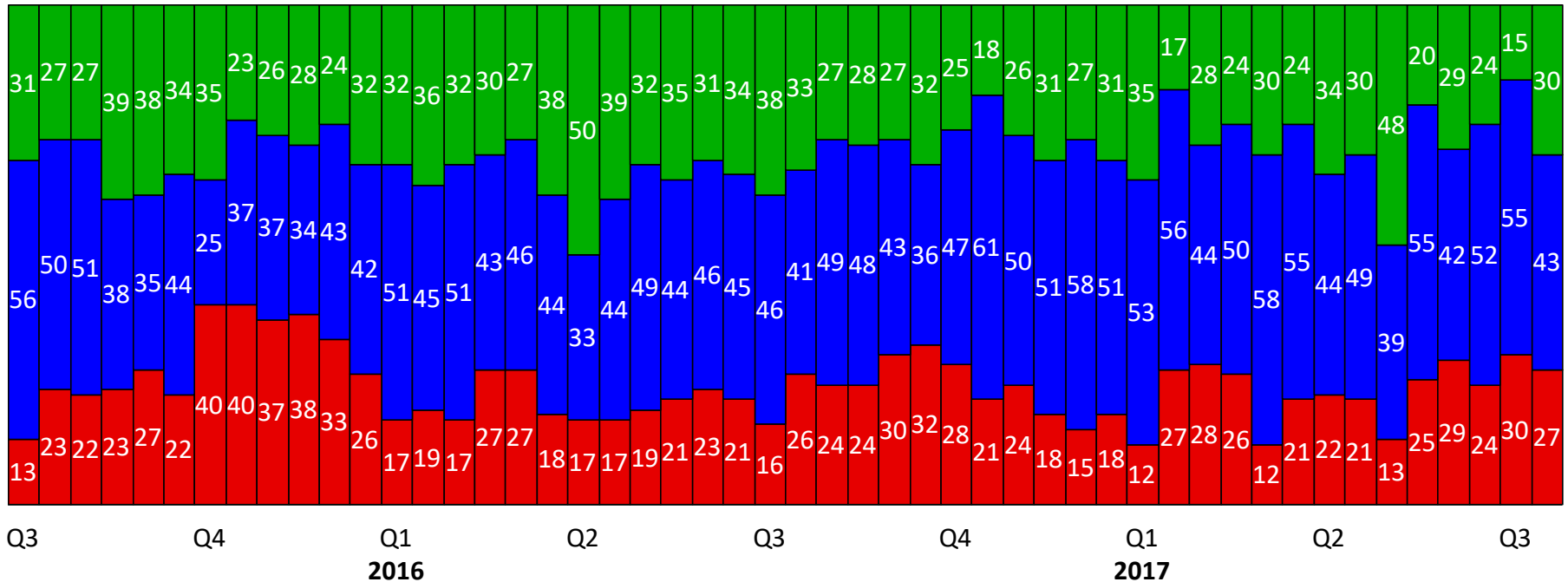


# History of Manufacturer Purchases

**Manufacturers-** Compared to this time last year – is your company buying more, less or the same amount of flat rolled steel as one year ago?

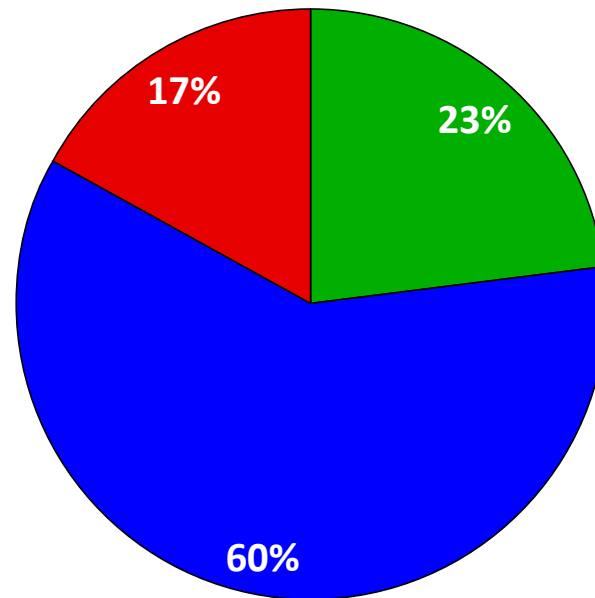
- Buying more steel
- Buying the same amount of steel
- Buying less steel

out of 100%



**Service Centers-** How do you see your customers releases (demand) for the products your company provides this year compared to this time last year?

- Releasing more steel
- Releasing the same amount of steel
- Releasing less steel

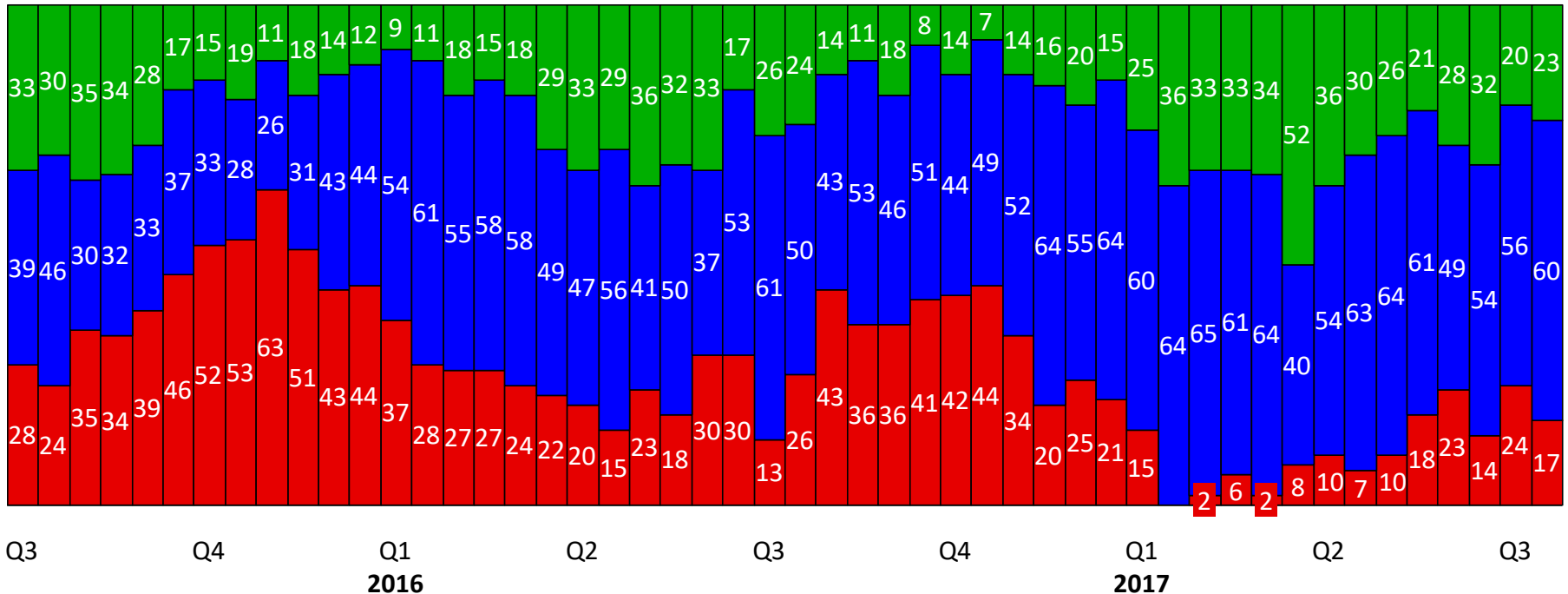


# Service Center Release History

**Service Centers-** How do you see your customers releases (demand) for the products your company provides this year compared to this time last year?

- Releasing more steel
- Releasing the same amount of steel
- Releasing less steel

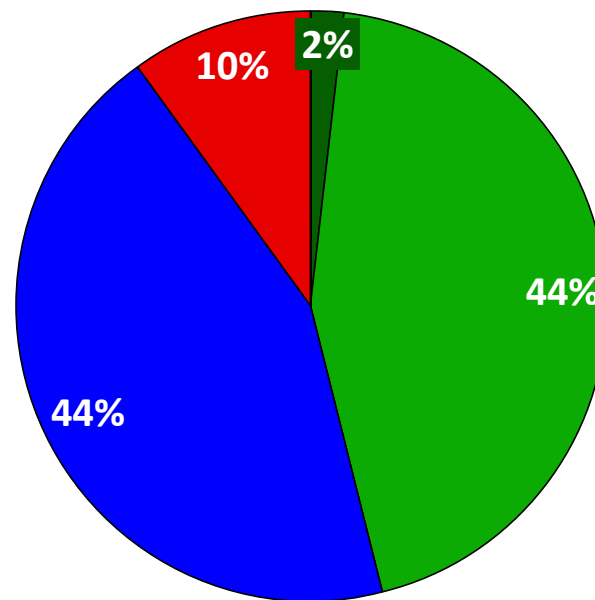
out of 100%



# Manufacturer Demand

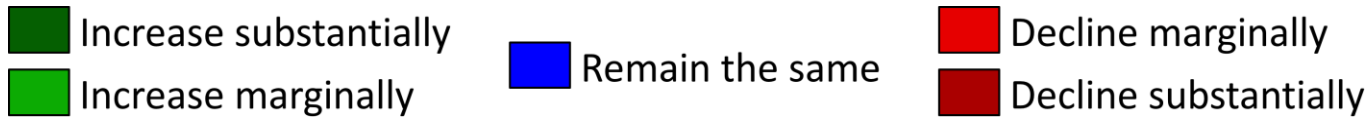
**Manufacturers-** Demand for your products will \_\_\_\_\_  
over the next 3 months based on current order flows.

- Increase substantially
- Increase marginally
- Remain the same
- Decline marginally
- Decline substantially

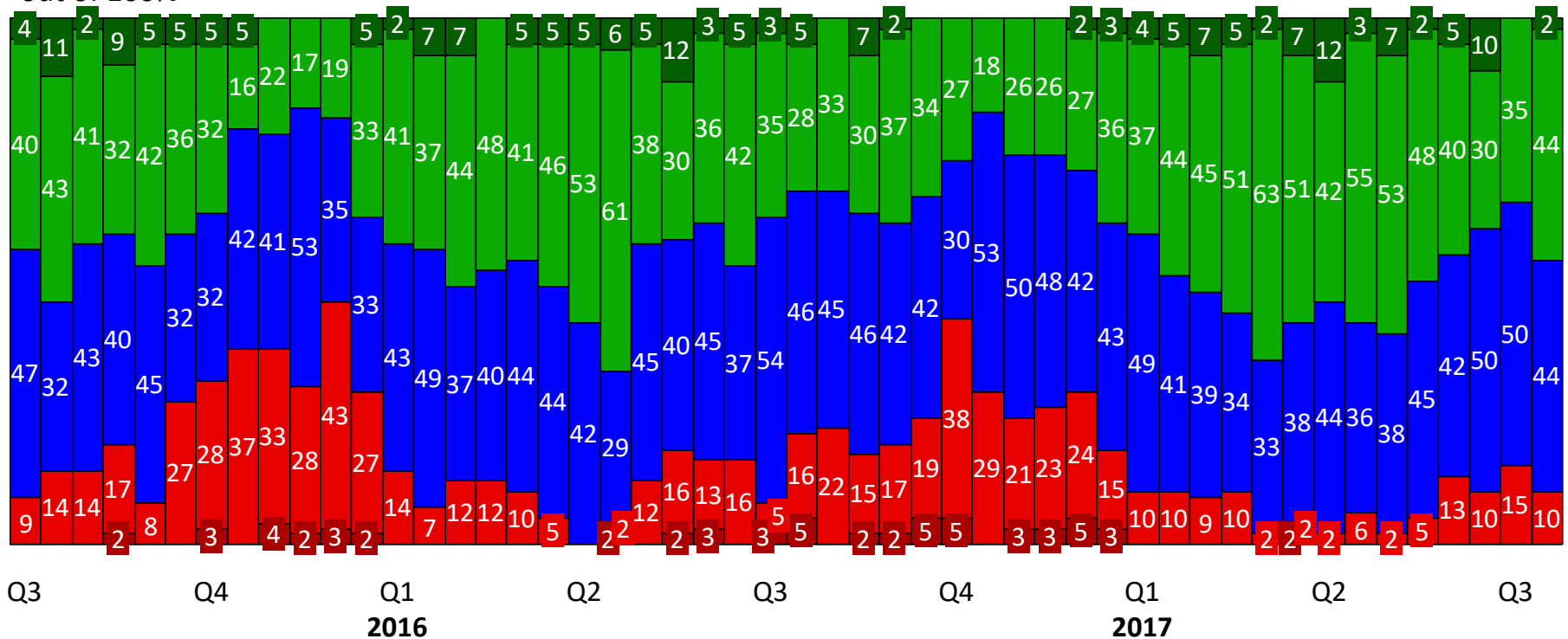


# Manufacturer Demand History

**Manufacturers-** Demand for your products will \_\_\_\_\_  
over the next 3 months based on current order flows.



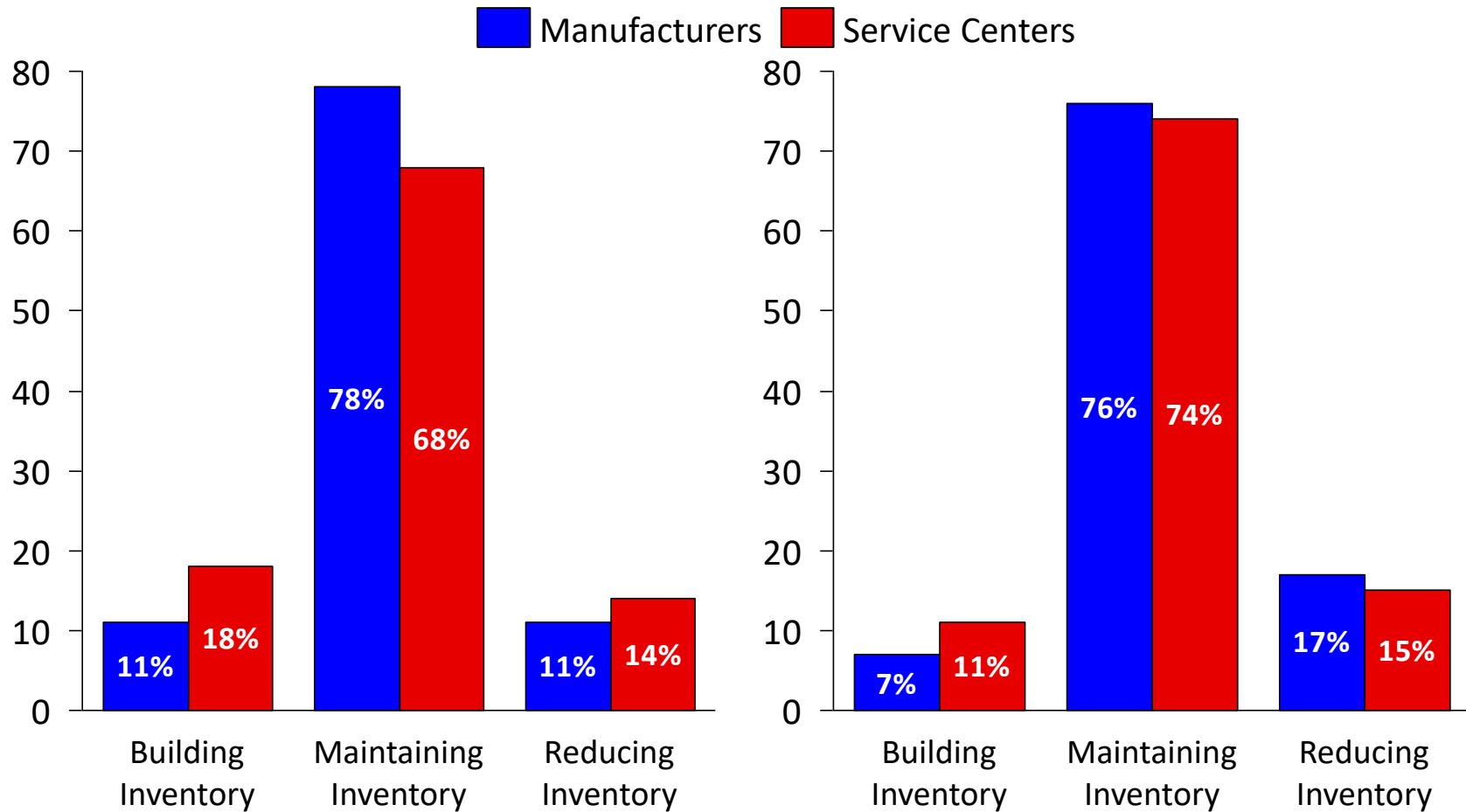
out of 100%



# Manufacturer and Service Center Inventory Buying Patterns

June 23<sup>rd</sup>, 2017

July 21<sup>st</sup>, 2017



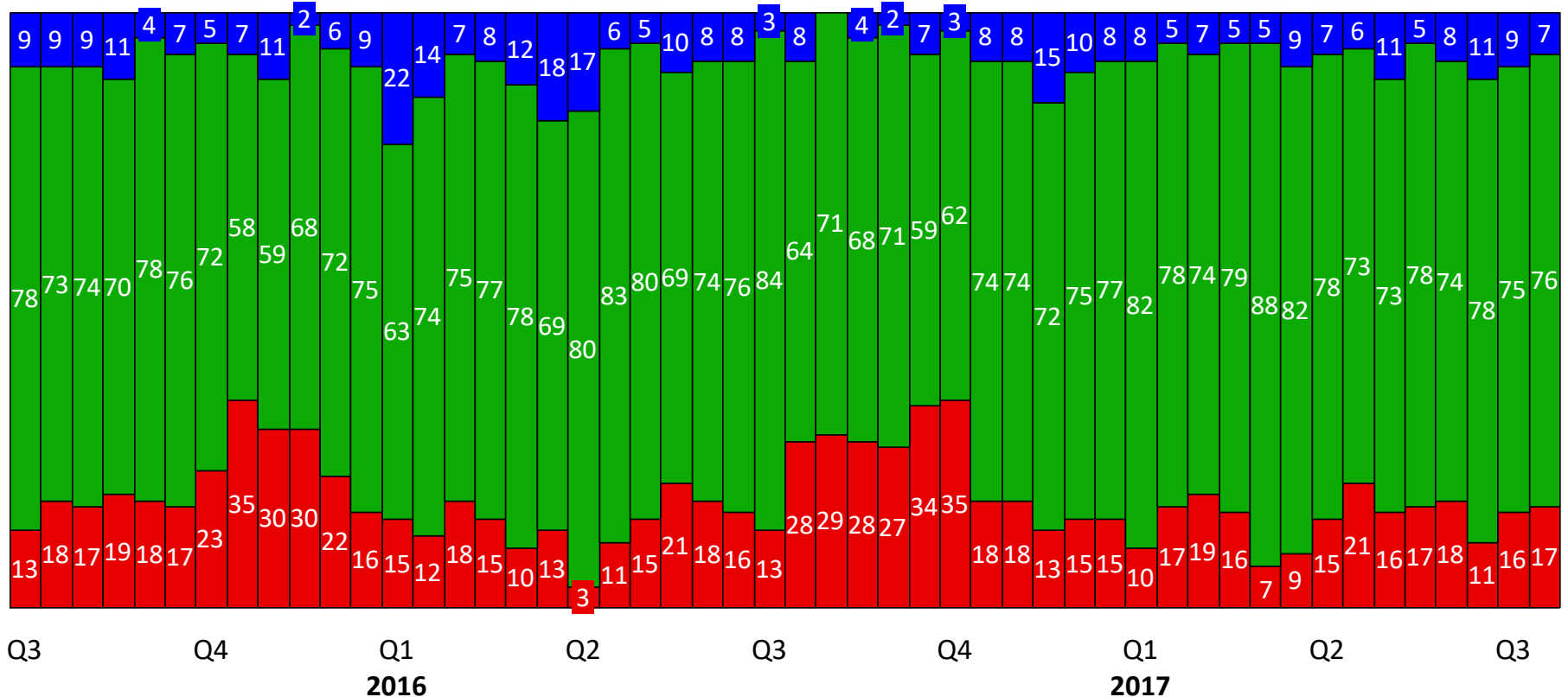


# Manufacturer Inventory Buying History

**Manufacturers-** Is your company building, reducing or maintaining its flat rolled steel inventory?

■ Building Inventory  
 ■ Maintaining Inventory  
 ■ Reducing Inventory

out of 100%

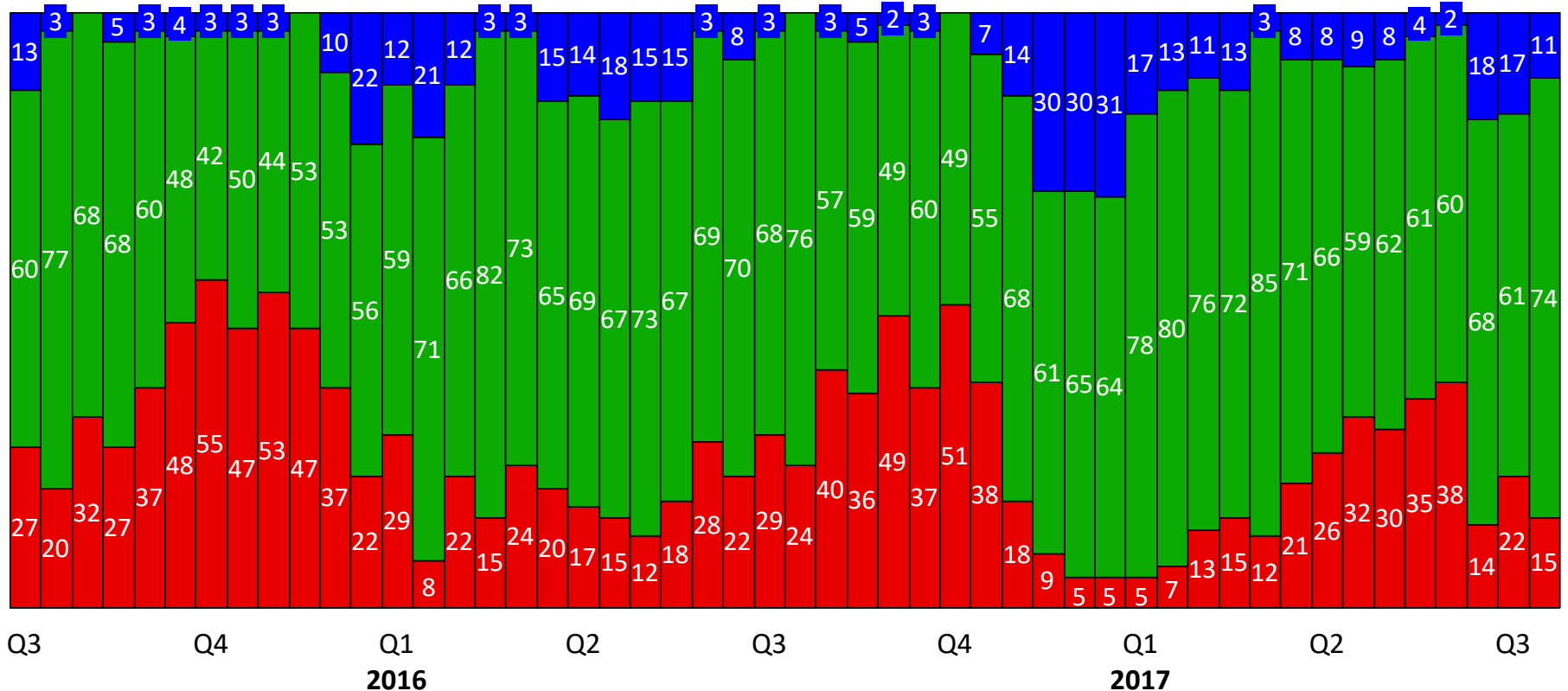


# Service Center Inventory Buying History

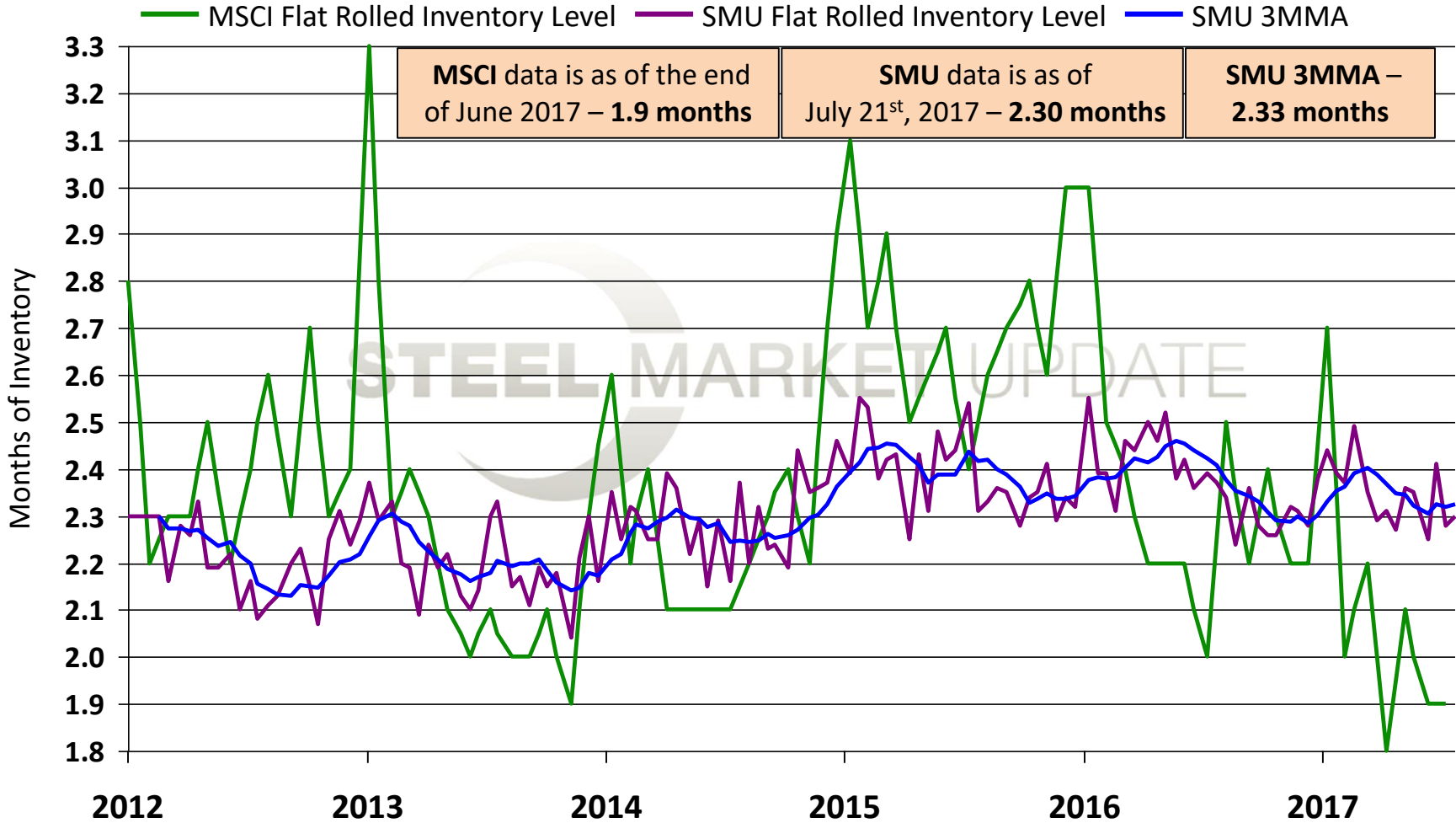
**Service Centers-** Is your company building, reducing or maintaining its flat rolled steel inventory?

■ Building Inventory 
 ■ Maintaining Inventory 
 ■ Reducing Inventory

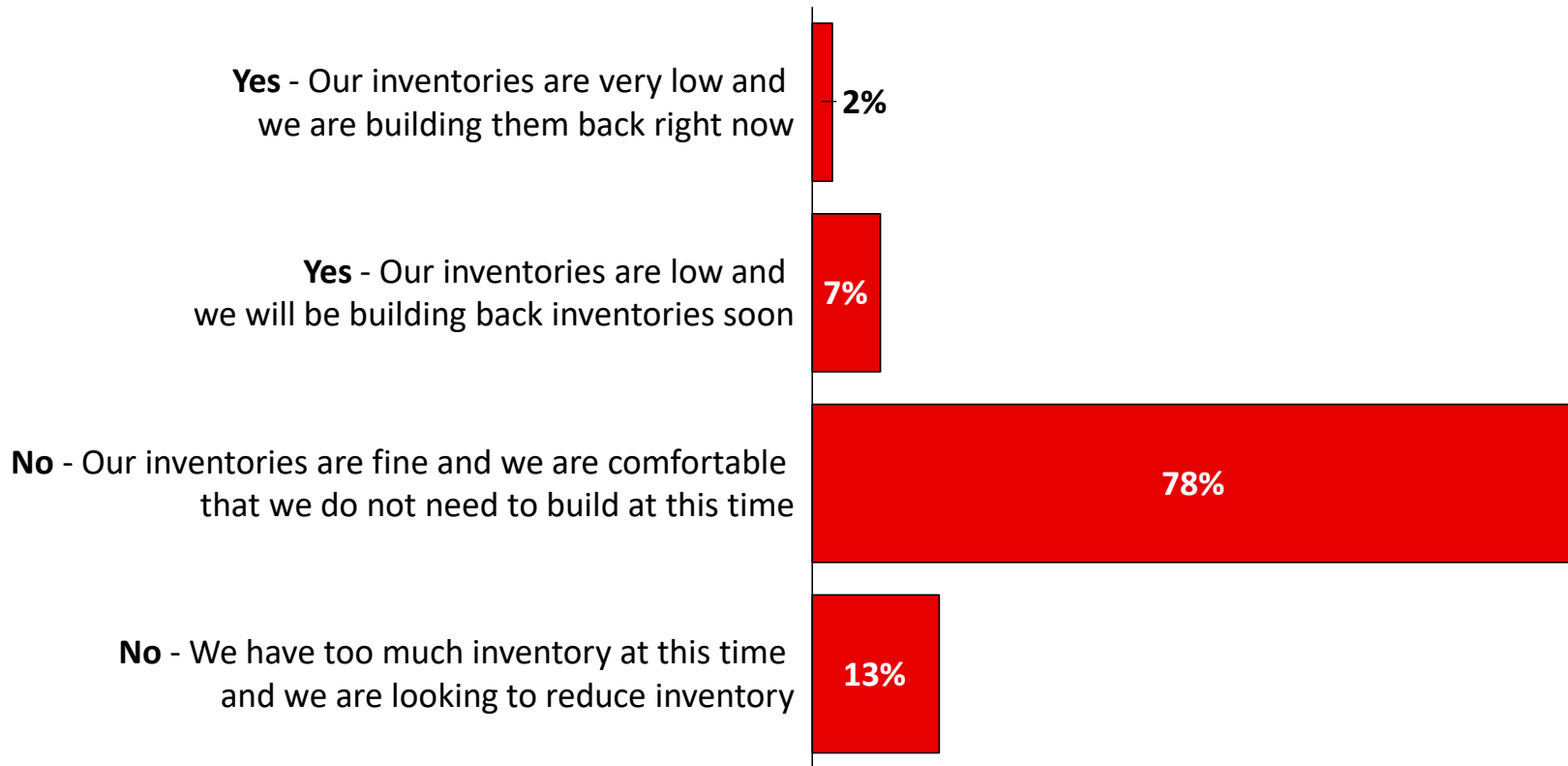
out of 100%



## SMU vs MSCI Service Center Inventory Level Comparison

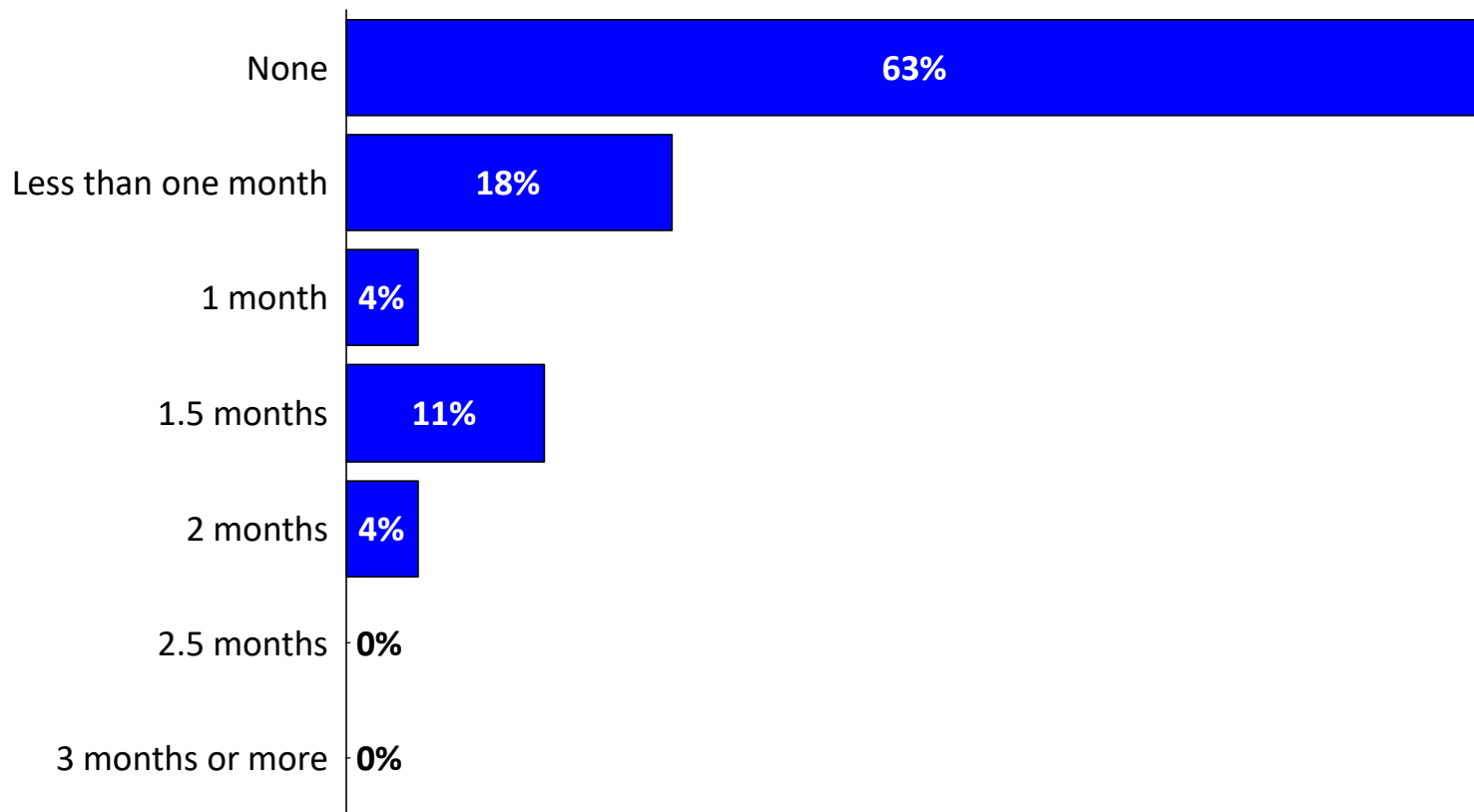


**Service Centers-** Does your company need to build back inventories or are you comfortable with the levels you are holding on your floor?



# Service Center Inventories

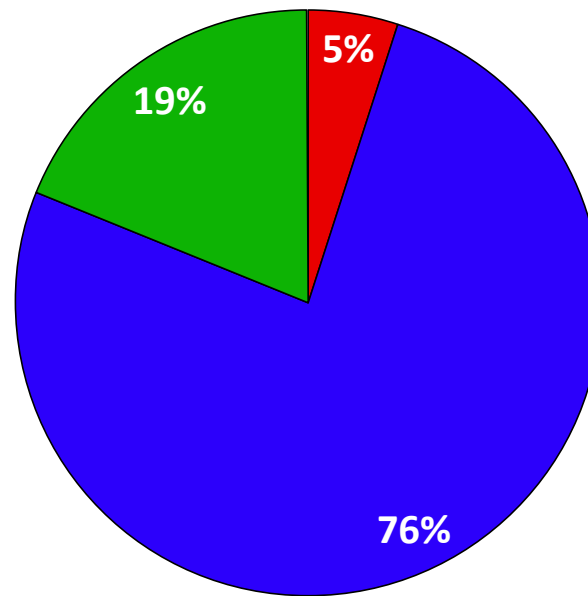
**Service Centers-** How many months of inventory do you have “off the books” in roll & hold and other arrangements where the steel is on the floor and available should you need it?



# Manufacturer's View of Service Center Selling Prices

**Manufacturers-** Which comment do you feel is representative of service center pricing right now compared to two weeks ago?

- We are seeing prices decreasing from our service centers
- We are seeing prices stable from our service centers
- We are seeing prices rising from our service centers

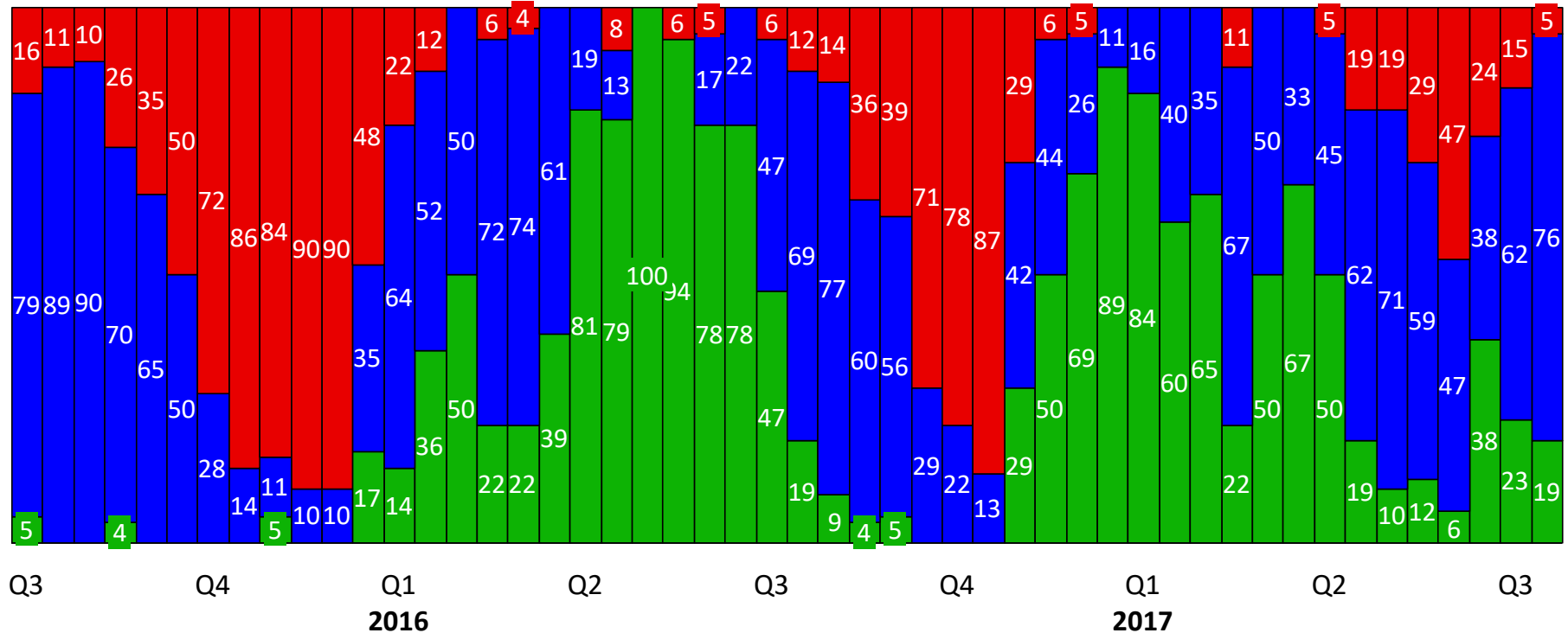


# Manufacturer's View of Service Center Selling Prices History

**Manufacturers-** Which comment do you feel is representative of service center pricing right now compared to two weeks ago?

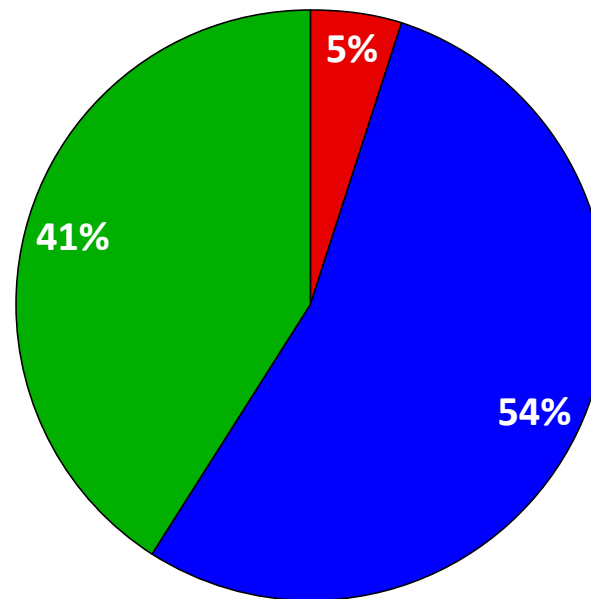
- We are seeing prices decreasing from our service centers
- We are seeing prices stable from our service centers
- We are seeing prices rising from our service centers

out of 100%



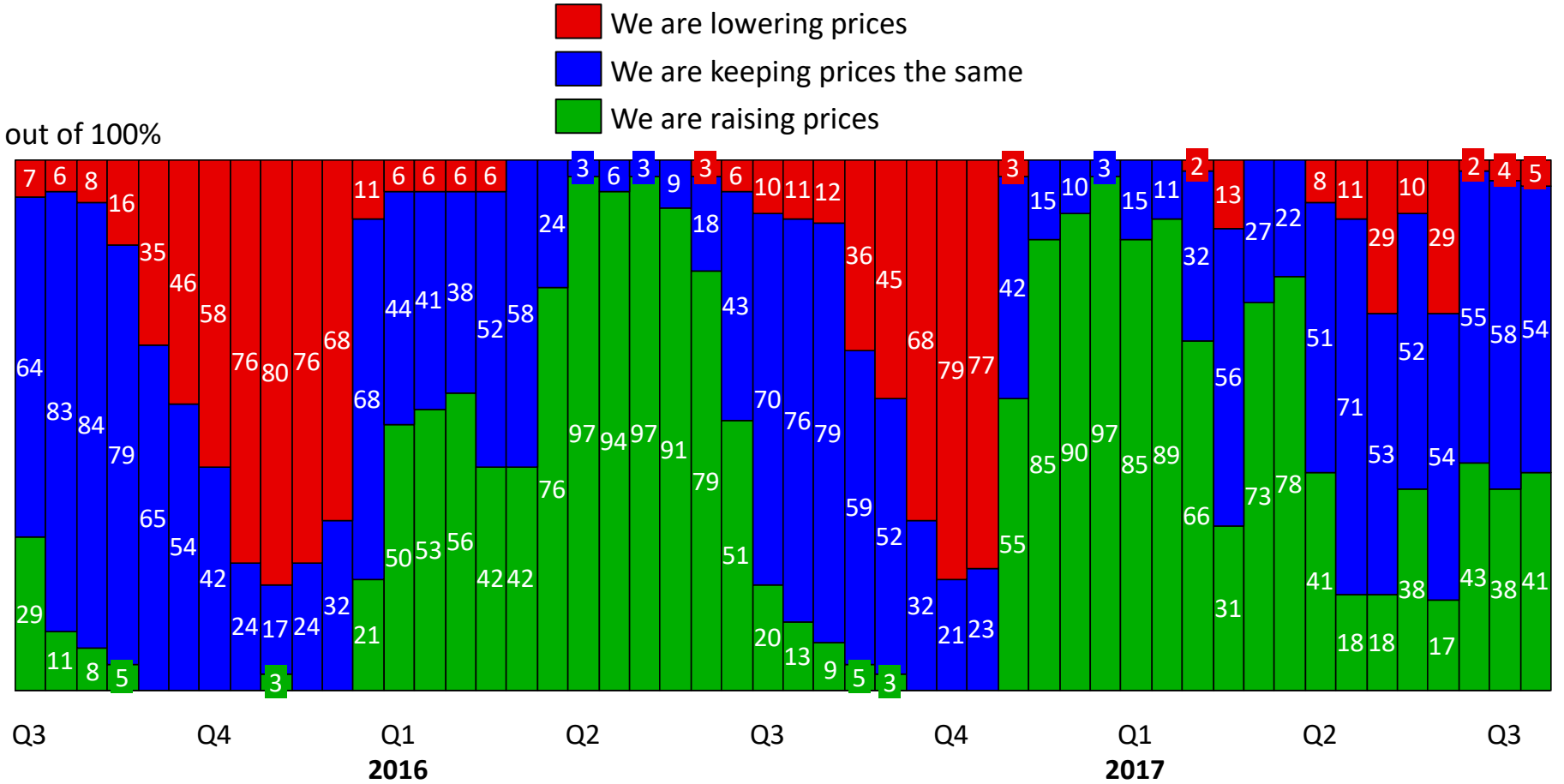
**Service Centers-** Compared to two weeks ago, how is your company handling spot pricing to your customers at this time?

- We are lowering prices
- We are keeping prices the same
- We are raising prices





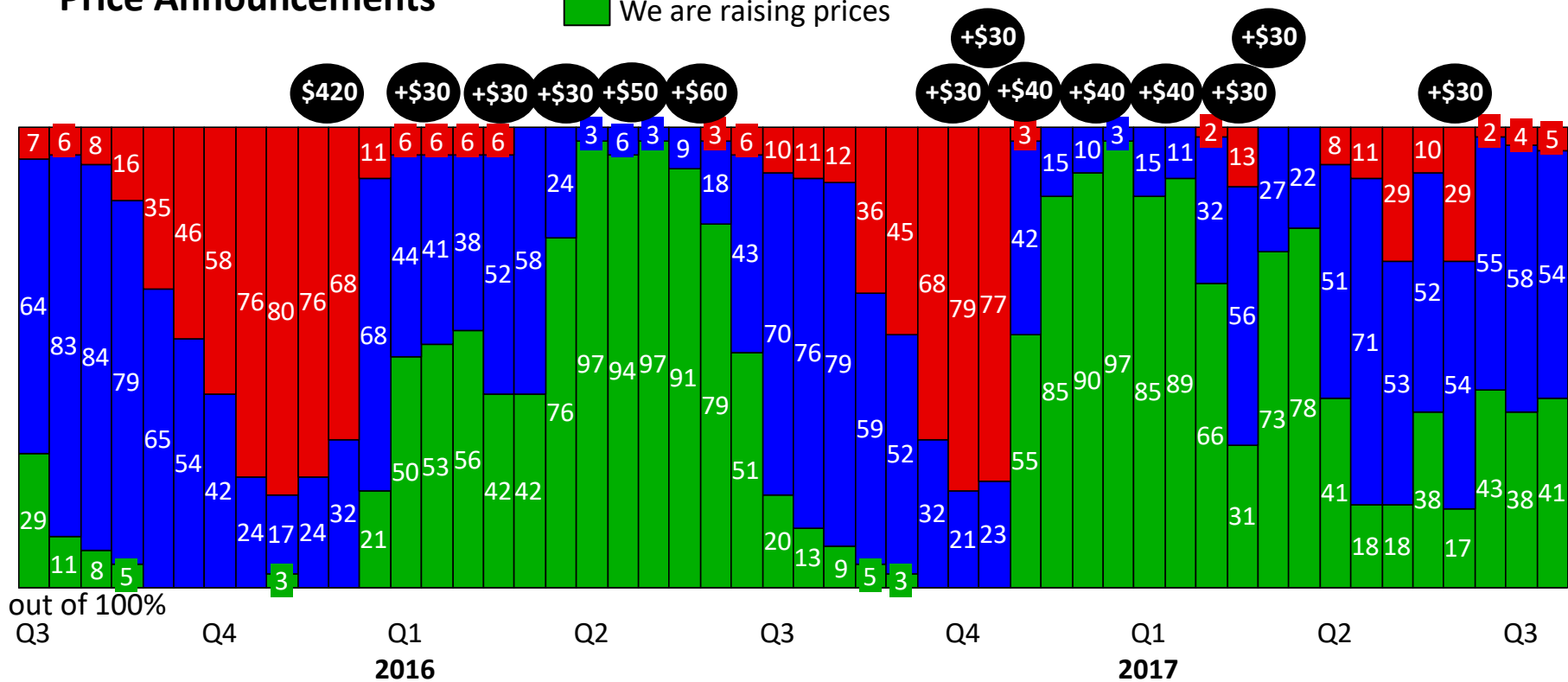
**Service Centers-** Compared to two weeks ago, how is your company handling spot pricing to your customers at this time?






**Service Centers-** Compared to two weeks ago, how is your company handling spot pricing to your customers at this time?

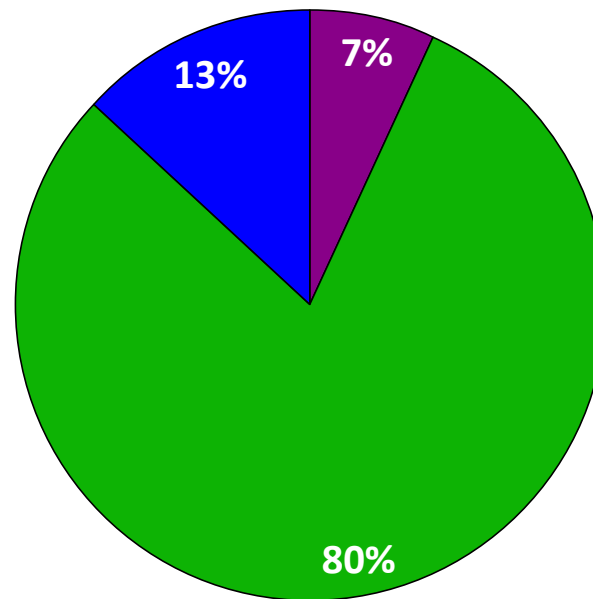
## Historical AK Steel Price Announcements

- We are lowering prices
- We are keeping prices the same
- We are raising prices



**Service Centers-** Are your manufacturing customers increasing orders, keeping them the same or reducing orders at this time?

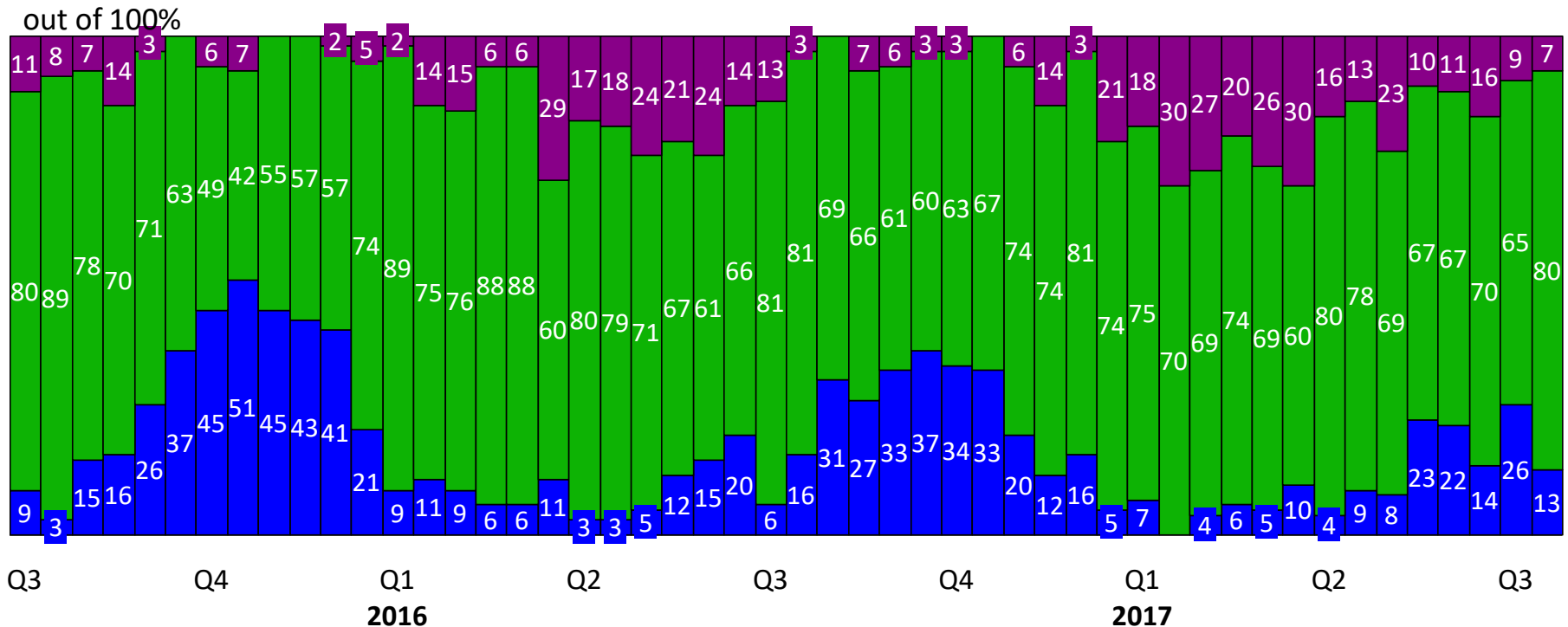
-  Our manufacturing customers are increasing orders
-  Our manufacturing customers are maintaining their orders
-  Our manufacturing customers are reducing their orders



# Service Centers on Manufacturer Orders History

**Service Centers-** Are your manufacturing customers increasing orders, keeping them the same or reducing orders at this time?

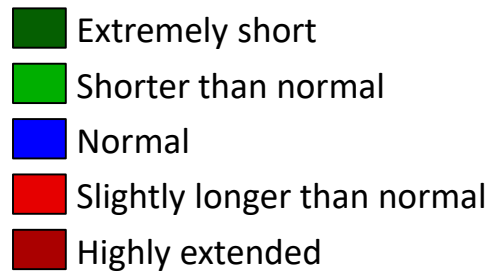
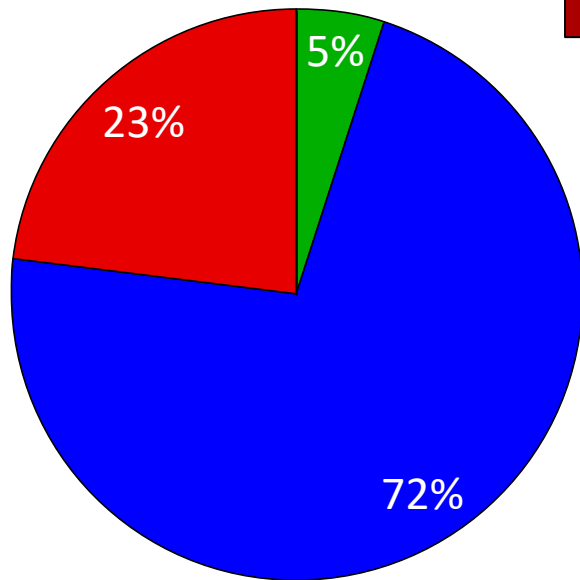
- Our manufacturing customers are increasing orders
- Our manufacturing customers are maintaining their orders
- Our manufacturing customers are reducing their orders



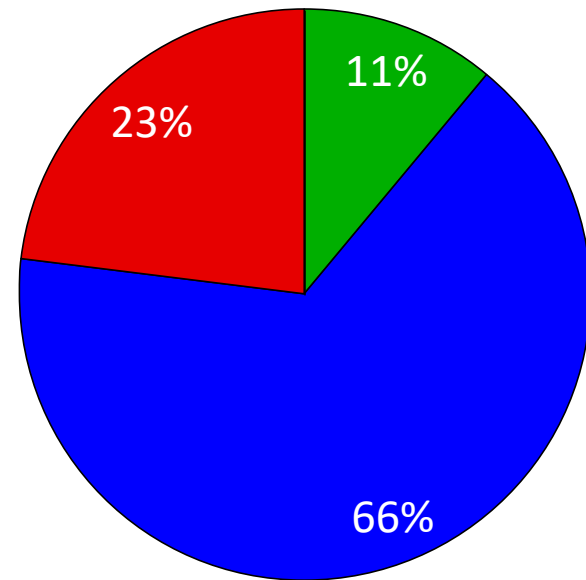
# Mill Lead Times

How would you describe domestic mill lead times for new orders placed right now?

## Manufacturers

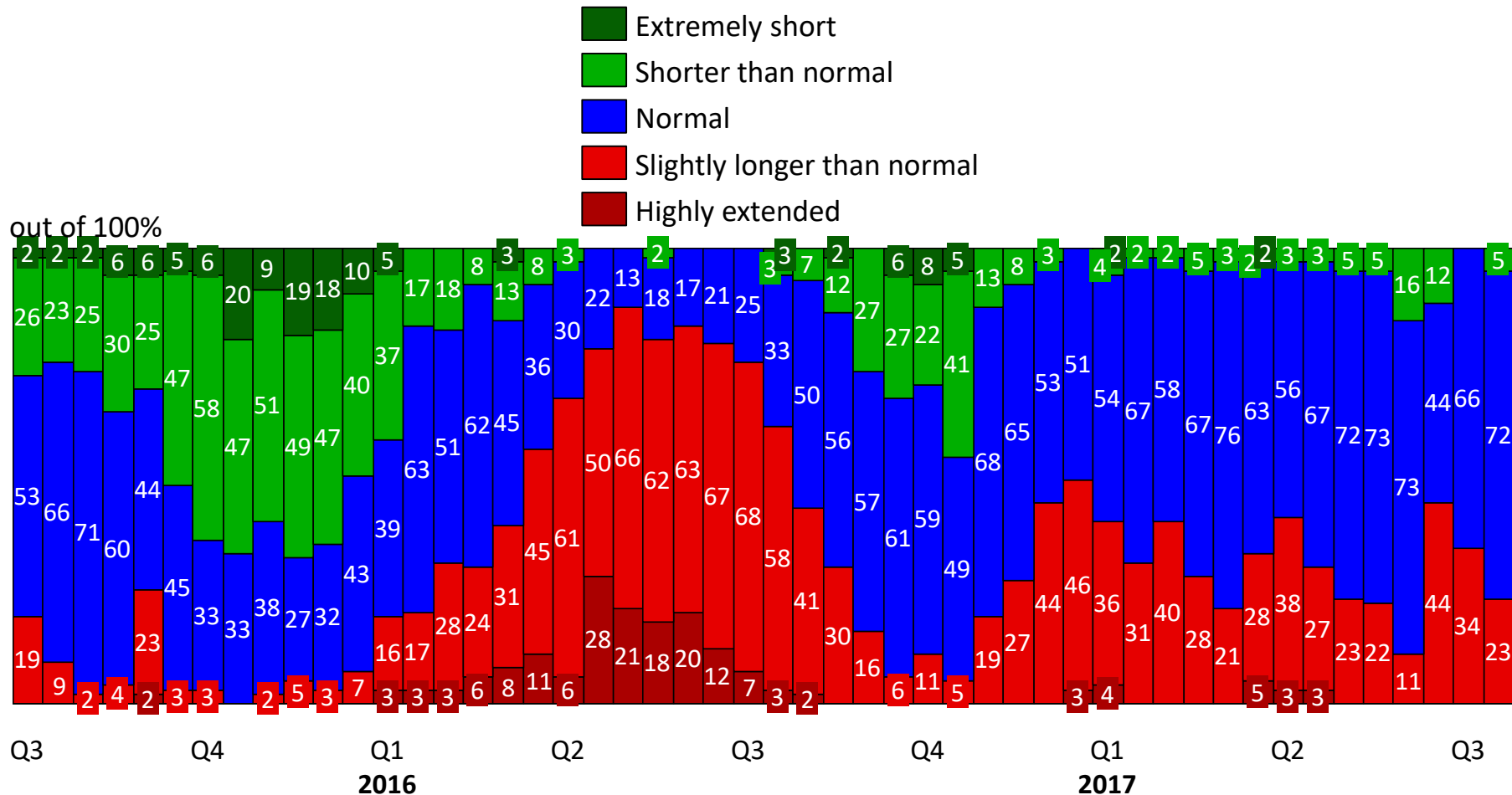


## Service Centers



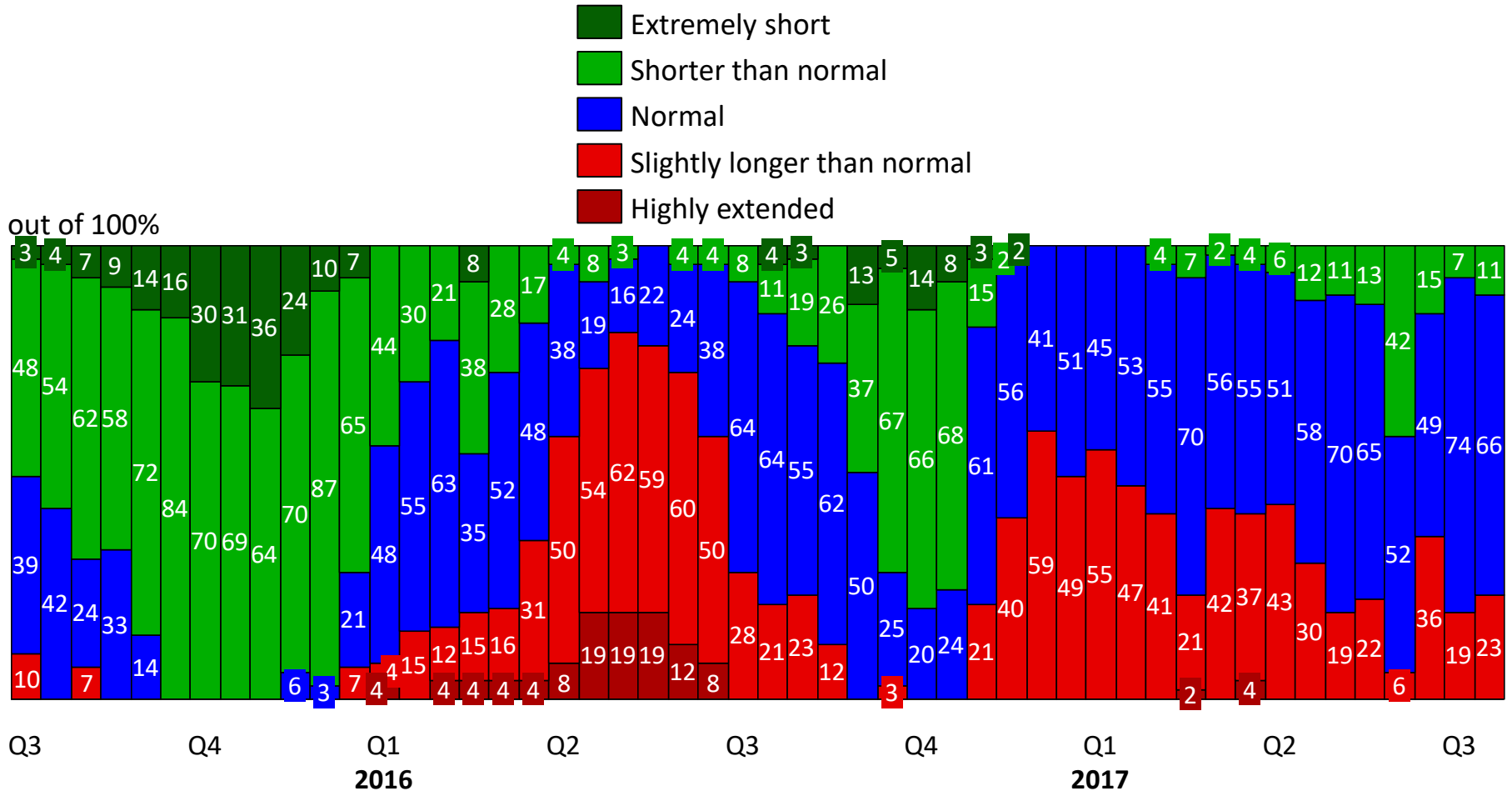
# Mill Lead Times History

**Manufacturers-** How would you describe domestic mill lead times for new orders placed right now?



# Mill Lead Times History

**Service Centers-** How would you describe domestic mill lead times for new orders placed right now?

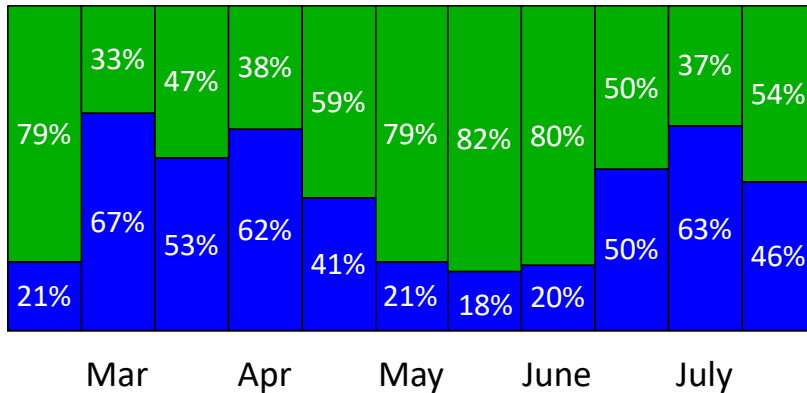


# Mill Negotiations

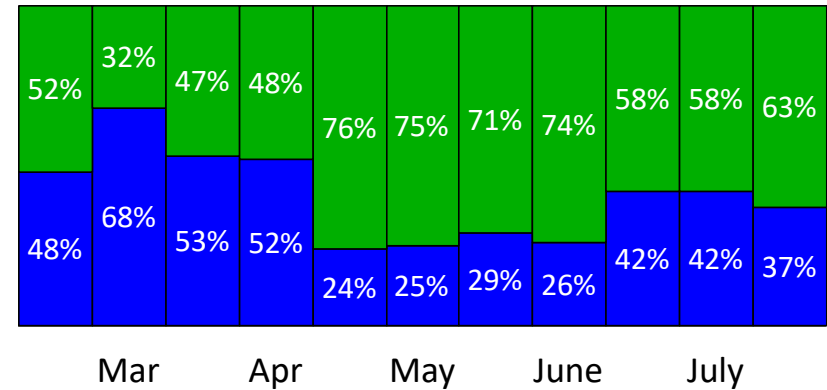
Are you finding the domestic mills are willing to negotiate pricing on brand new orders placed this week?

Yes No

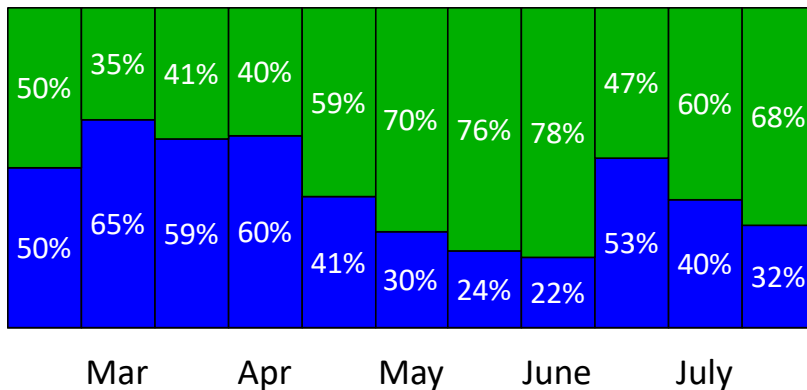
Hot Rolled Orders



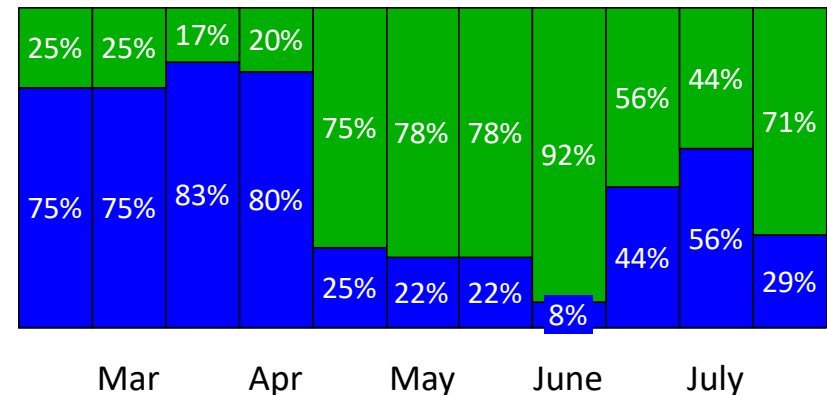
Cold Rolled Orders



Galvanized Orders



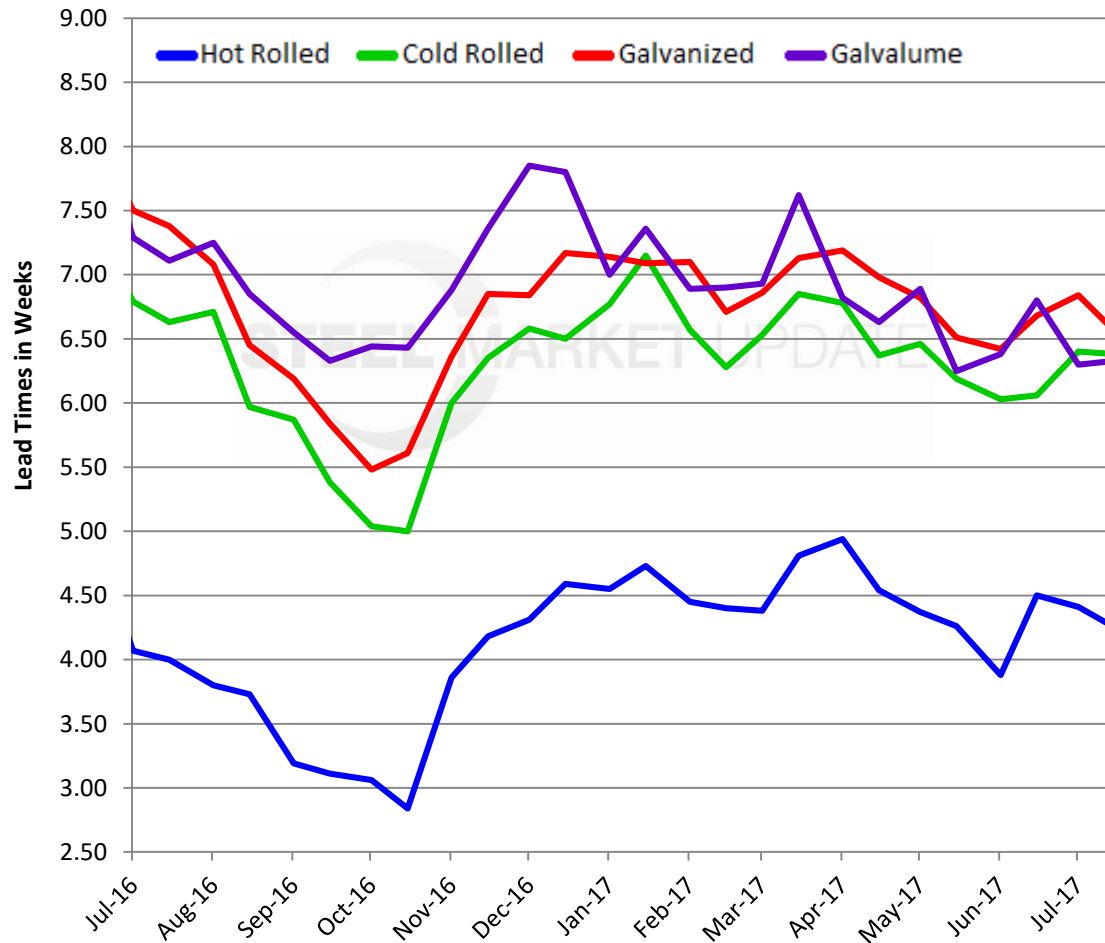
Galvalume Orders





# Lead Times (Weeks)

### Steel Market Update Lead Times Comparison

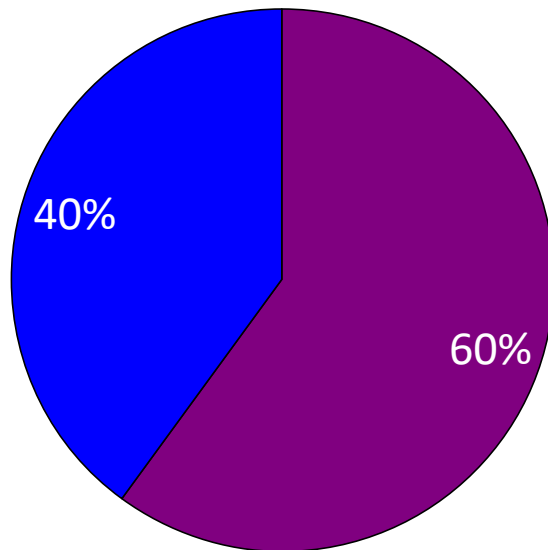


**Hot Rolled: 4.25**  
**Cold Rolled: 6.38**  
**Galvanized: 6.56**  
**Galvalume: 6.33**

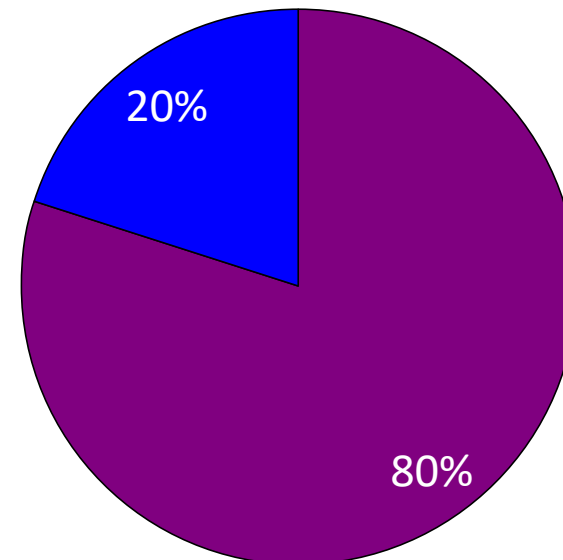
Does your company buy foreign steel?

■ Yes ■ No

## Manufacturers



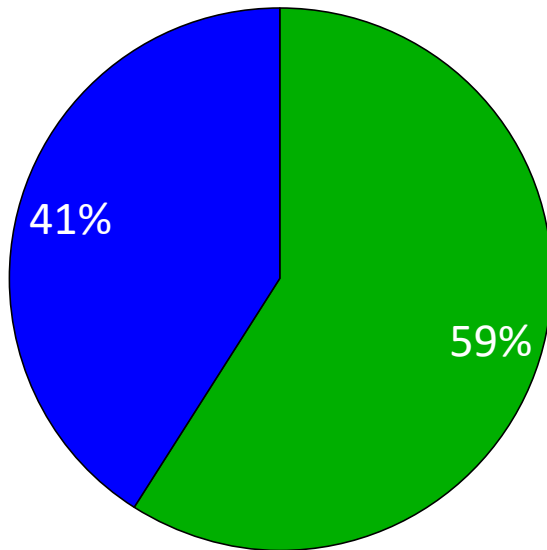
## Service Centers



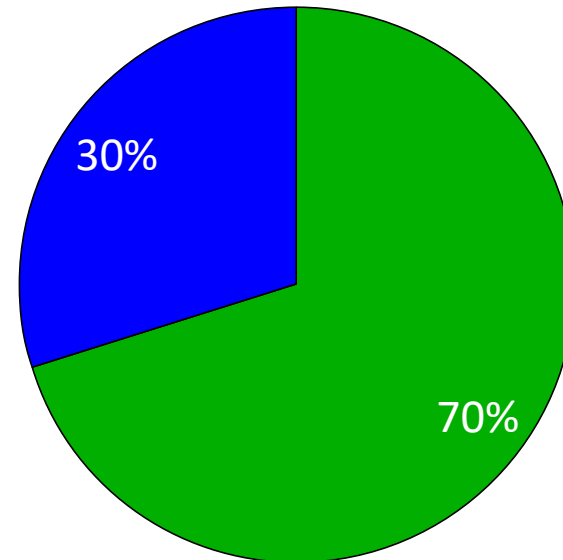
Is the spread between domestic and foreign prices wide enough to justify buying foreign steel?

Yes No

## Manufacturers



## Service Centers

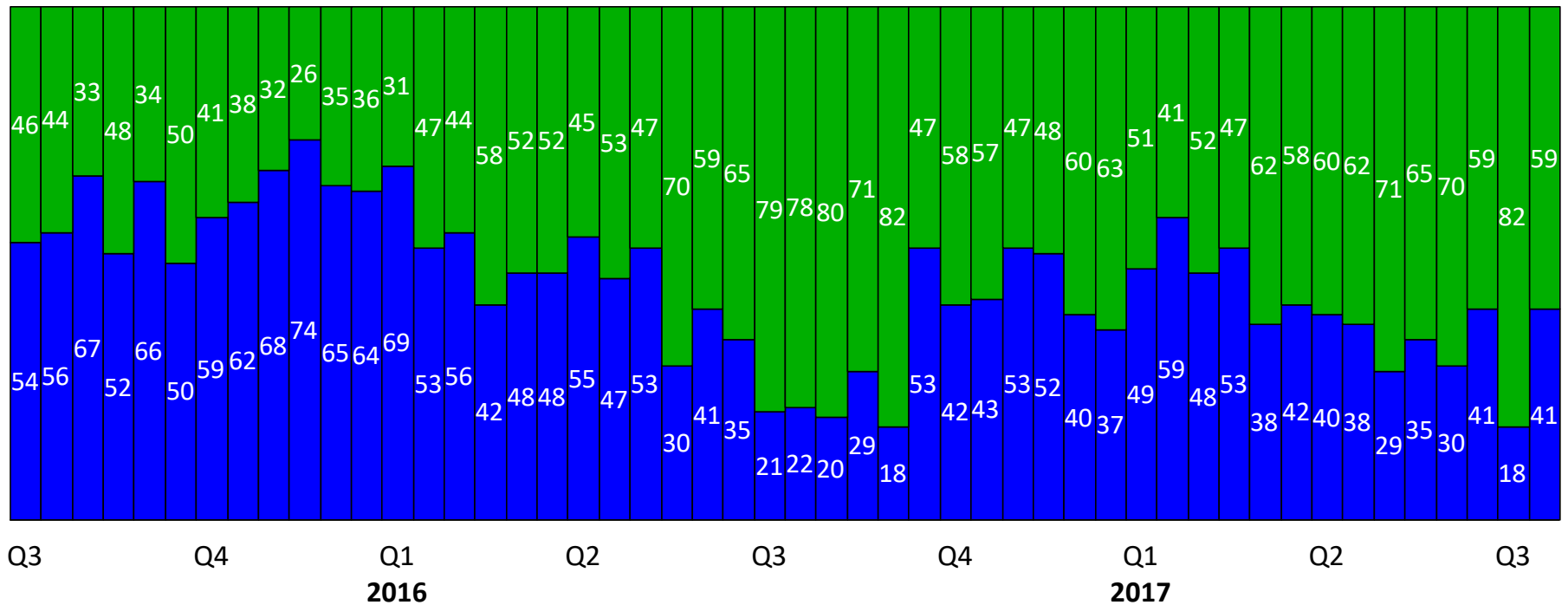


# Domestic and Foreign Price Spread

**Manufacturers-** Is the spread between domestic and foreign prices wide enough to justify buying foreign steel?

Yes No

out of 100%

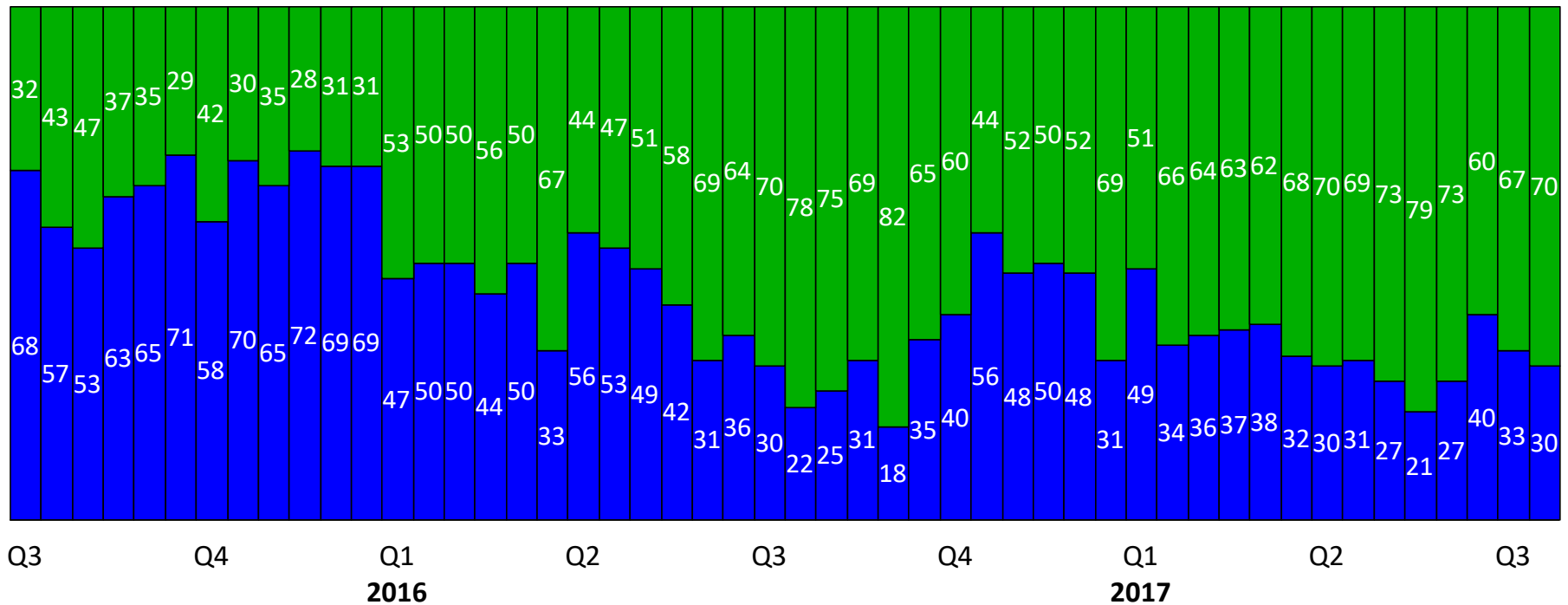


# Domestic and Foreign Price Spread

**Service Centers-** Is the spread between domestic and foreign prices wide enough to justify buying foreign steel?

Yes No

out of 100%

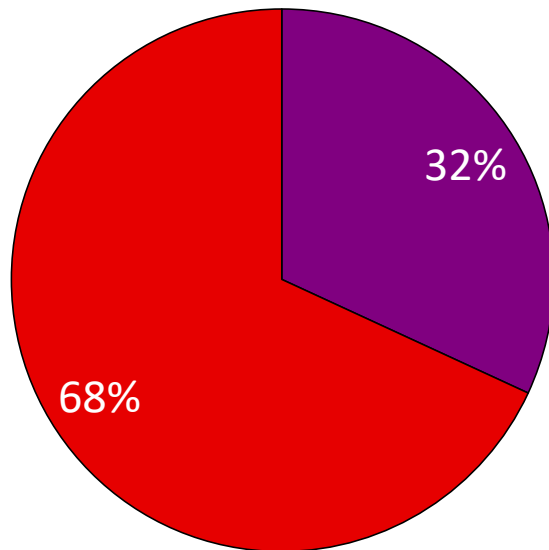


# New Foreign Orders

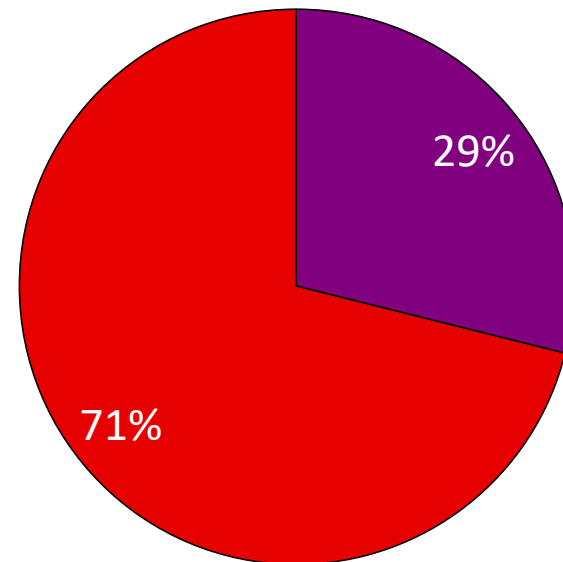
Is your company entering new foreign orders right now?

Yes No

## Manufacturers



## Service Centers

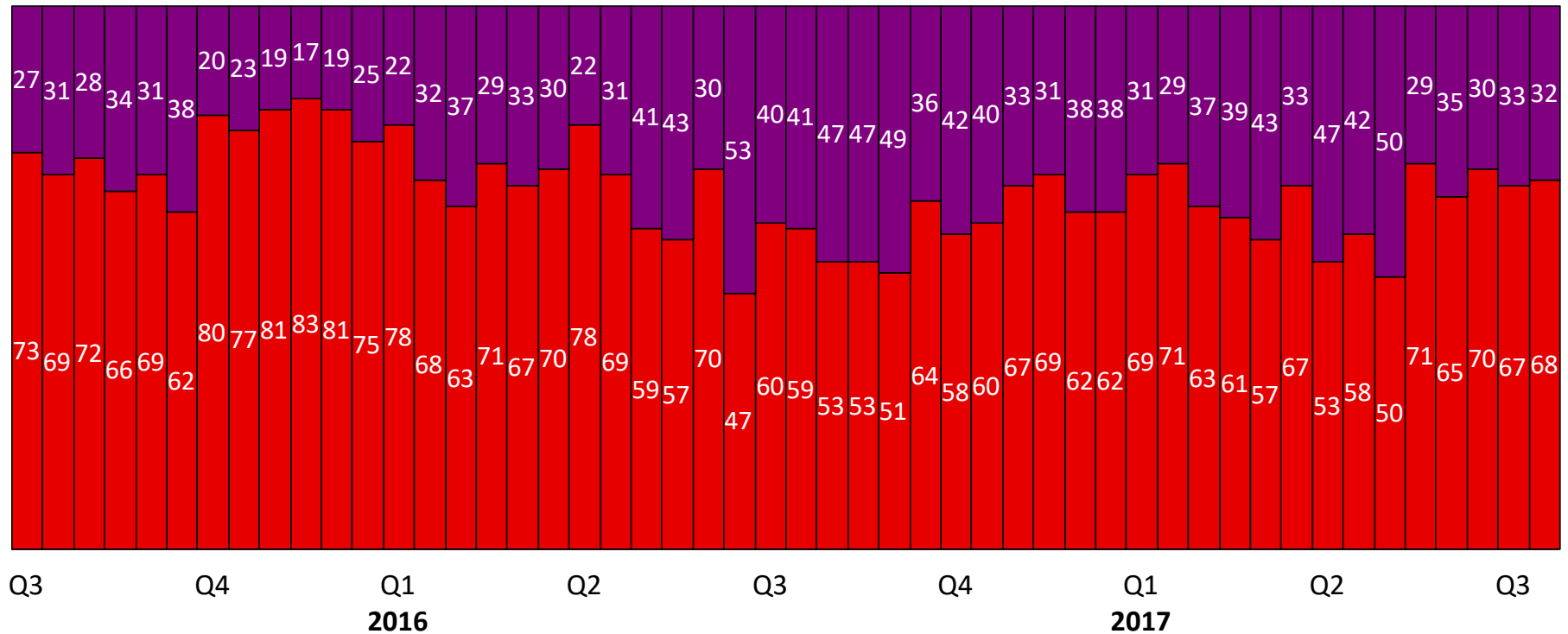


# New Foreign Orders

**Manufacturers-** Is your company entering new foreign orders right now?

Yes No

out of 100%

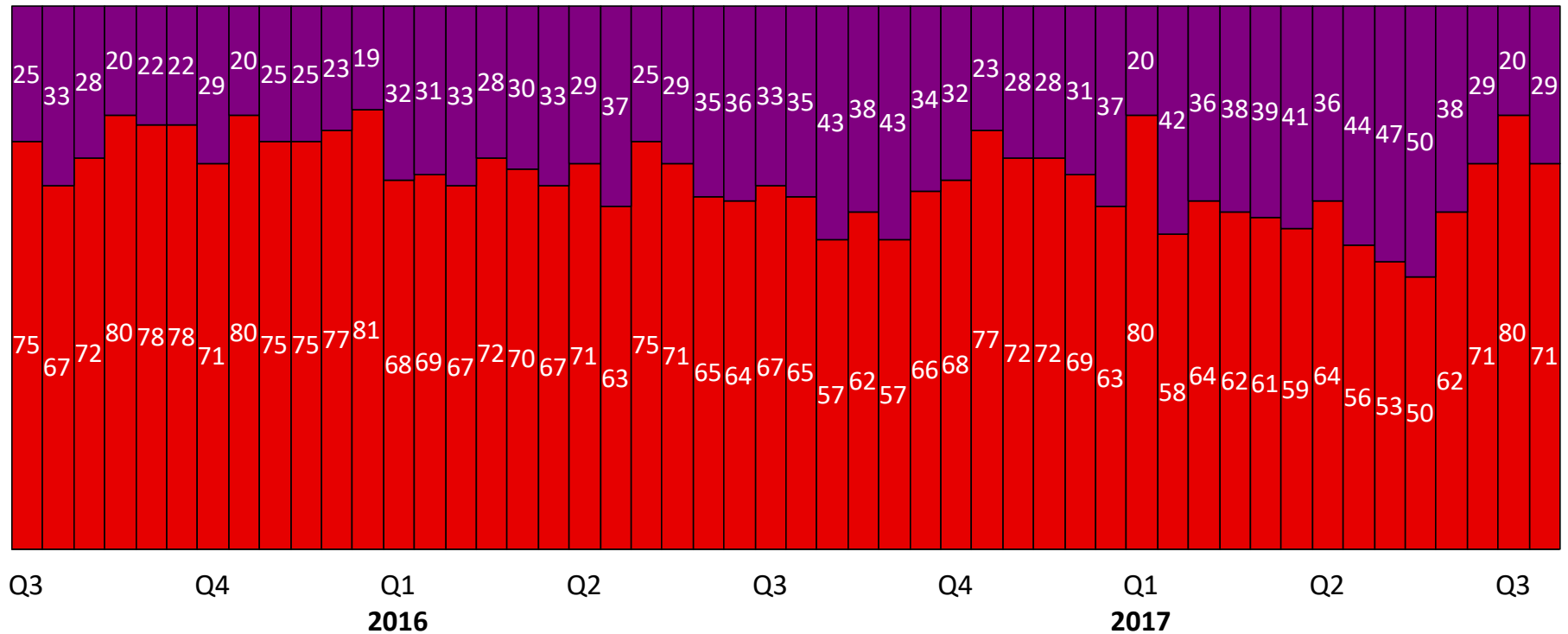


# New Foreign Orders

**Service Centers-** Is your company entering new foreign orders right now?

Yes No

out of 100%

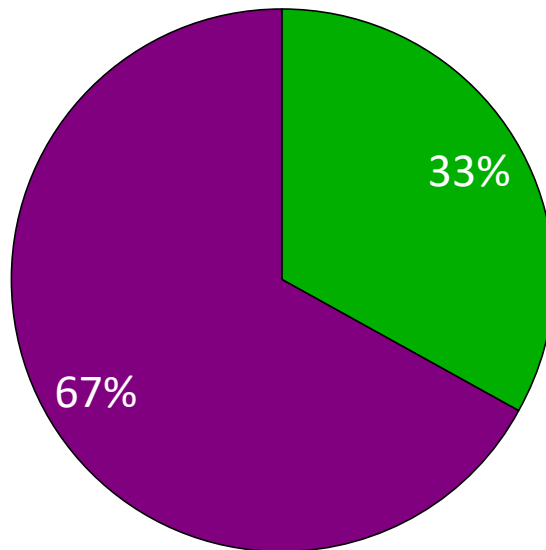




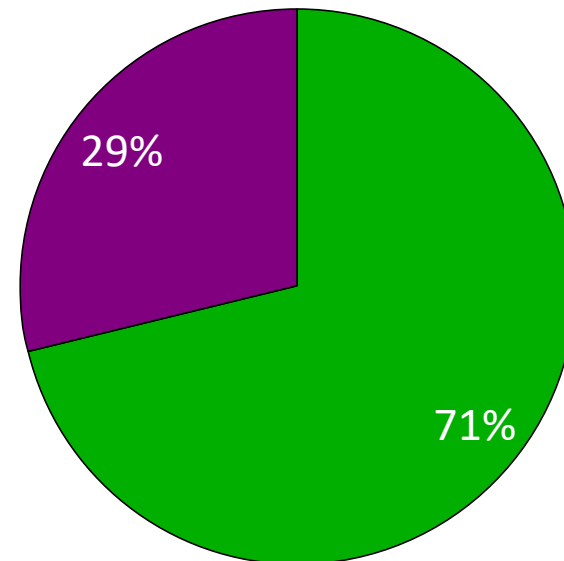
Are you having any difficulties sourcing foreign flat rolled steel products at competitive prices?

Yes No

## Manufacturers

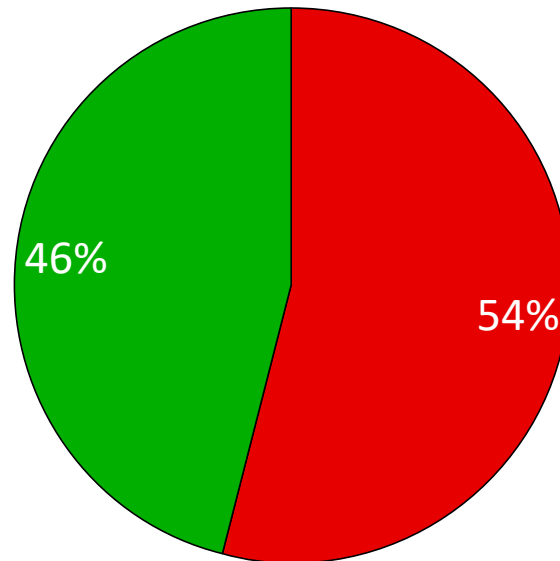


## Trading Companies



**Service Centers-** Are you worried about losing your foreign steel suppliers?

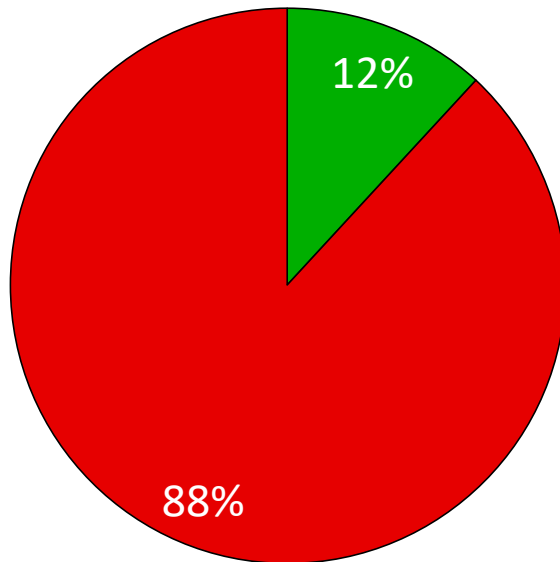
Yes No



# Trading Companies

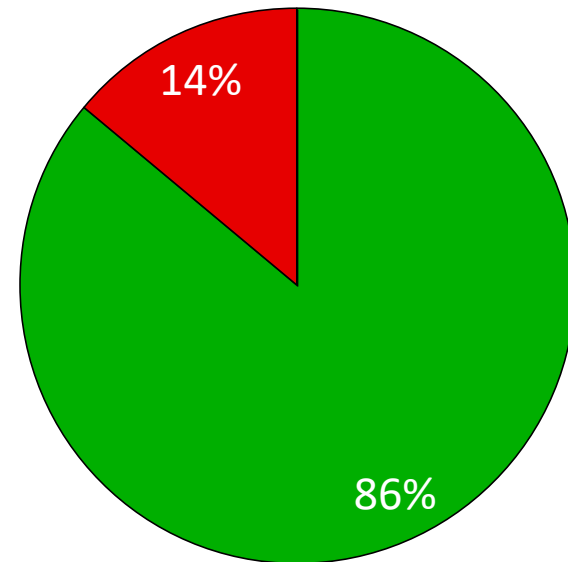
At this time, are you seeing an increase in requests for quotes from North American buyers for foreign steel?

Yes No



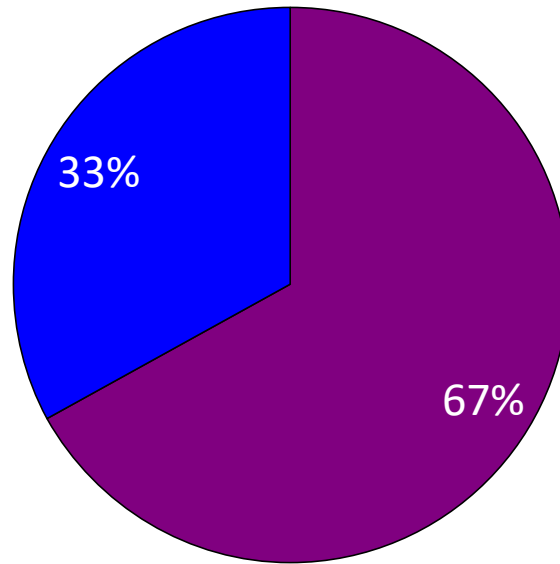
Are foreign steel prices rising compared to one month ago?

Yes  
No  
Remaining the same



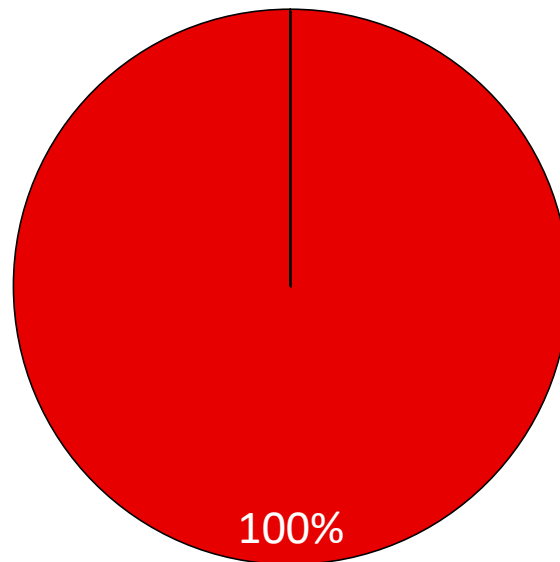
Are the foreign offers being made  
priced at levels where you are  
confident business can be transacted?

Yes No



The first few months have seen high levels of cold rolled and coated steels being imported in the USA. Will this continue as the year goes on or will we see a reduction in imports of these products?

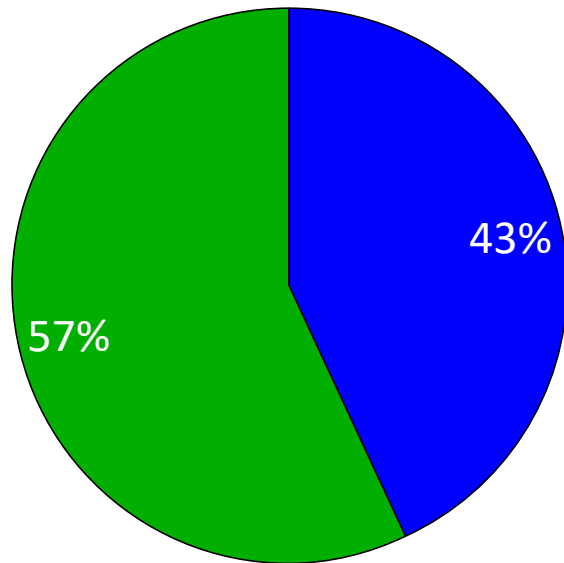
- Imports of CR, GI and AZ will continue at high levels
- Imports of CR, GI and AZ will drop off in the coming months
- I don't know



# Trading Companies

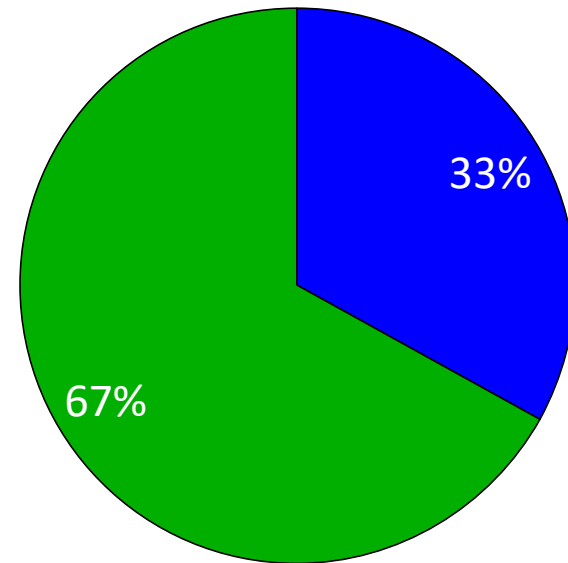
Are foreign galvanized prices more competitive, same, or less competitive than one month ago?

- More competitive
- Same
- Less competitive



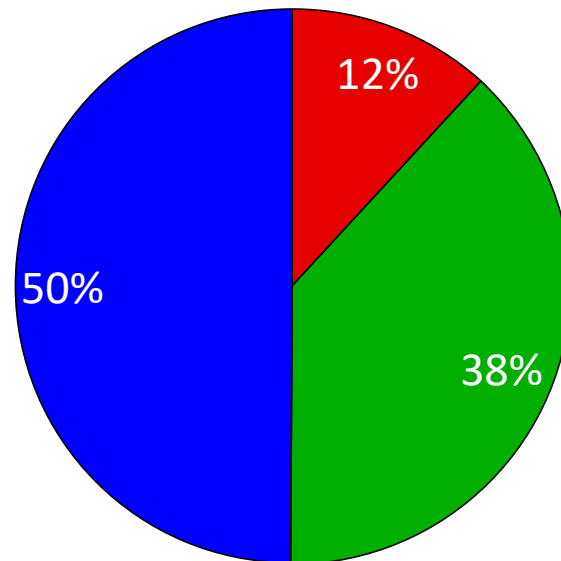
Are foreign Galvalume prices more competitive, same or less competitive than one month ago?

- More competitive
- Same
- Less competitive



Do you think the Section 232 remedies will end up killing your import business?

- Yes
- No
- Don't know yet



# Questions?

If you have any questions regarding the information presented here, please contact us at [info@SteelMarketUpdate.com](mailto:info@SteelMarketUpdate.com).

If you would like a copy of this presentation, please send an email to the above email address with your request.

We always appreciate referrals- tell your friends, suppliers, and customers to sign up for a free trial at [SteelMarketUpdate.com](https://SteelMarketUpdate.com).



# Look for Our Next Survey



Our next survey  
will be conducted  
the week of  
**July 31<sup>st</sup>, 2017**

The logo features a stylized circular element on the left, composed of two curved segments. The top segment is orange and the bottom segment is red, meeting at a central point. The text "STEEL MARKET UPDATE" is positioned to the right of this graphic, with "STEEL" in a bold, white, sans-serif font and "MARKET UPDATE" in a regular weight of the same font.

# STEEL MARKET UPDATE

When you need answers... [www.SteelMarketUpdate.com](http://www.SteelMarketUpdate.com)