



STEEL MARKET UPDATE

SMU Flat Rolled Market Trends Analysis

Responses from our September 4, 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.



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

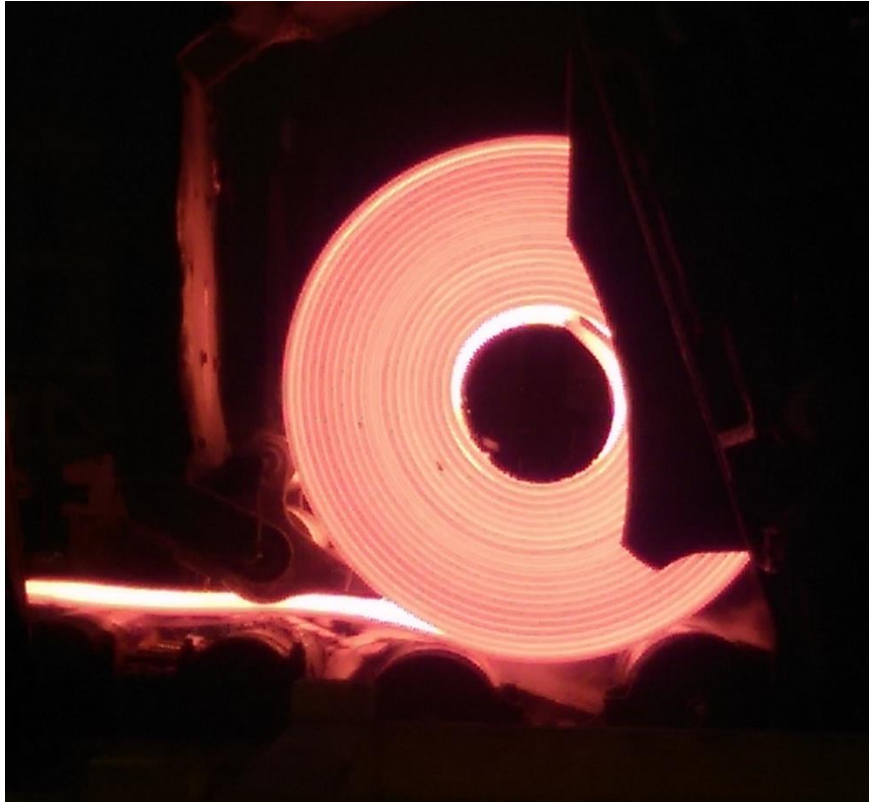
Instructors: John Eckstein, John Packard, Peter Wright, Steve Painter, & Mario Briccetti (not shown in photo).

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



Next Steel 101 Workshop

Mid-January 2018



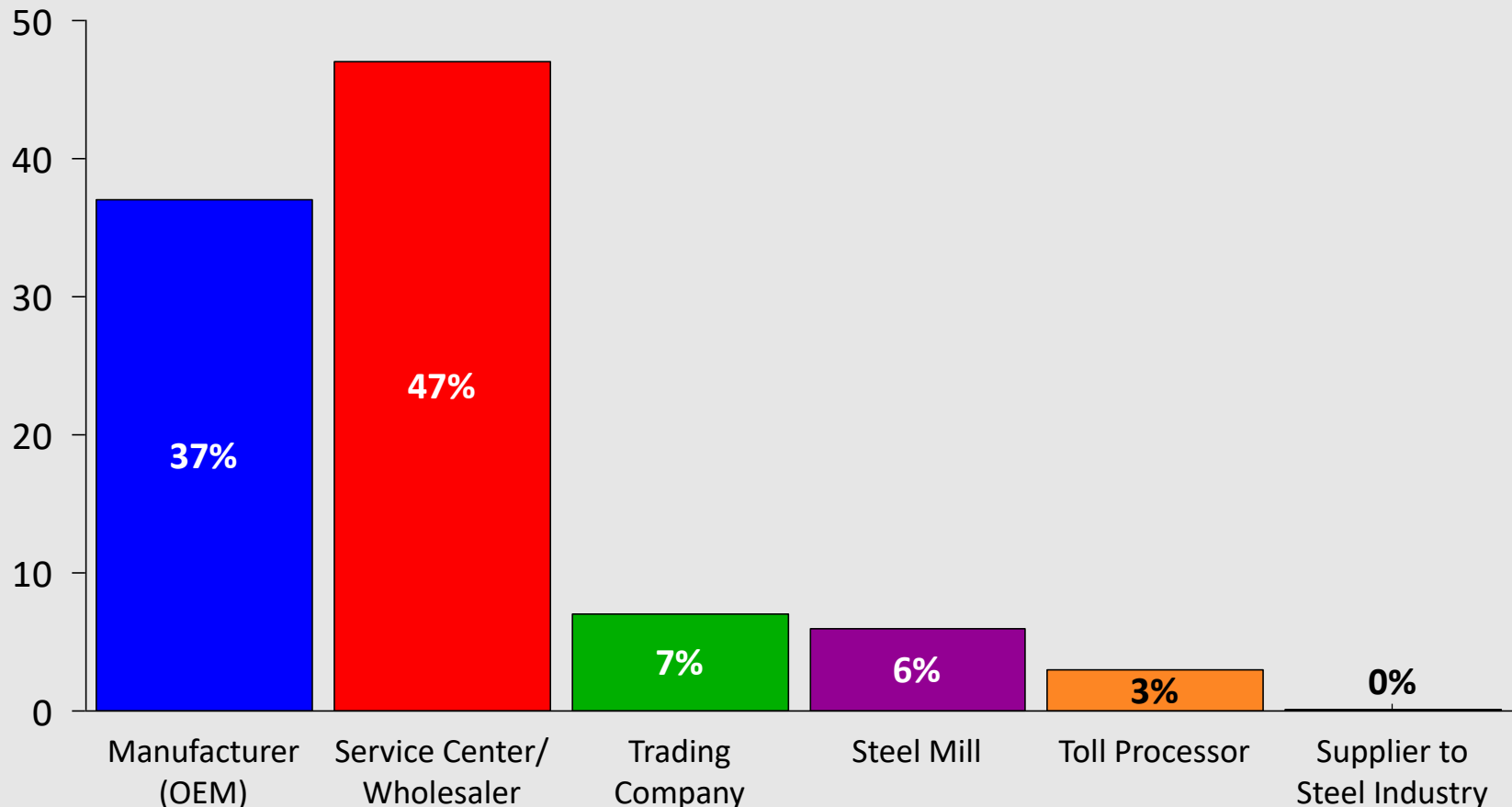
Steel 101 Workshop, NLMK Indiana 2015

Our next Steel 101 workshop will be held in Mobile, Alabama in mid-January 2018. Our class will tour the SSAB steel mill.

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

Survey Participants

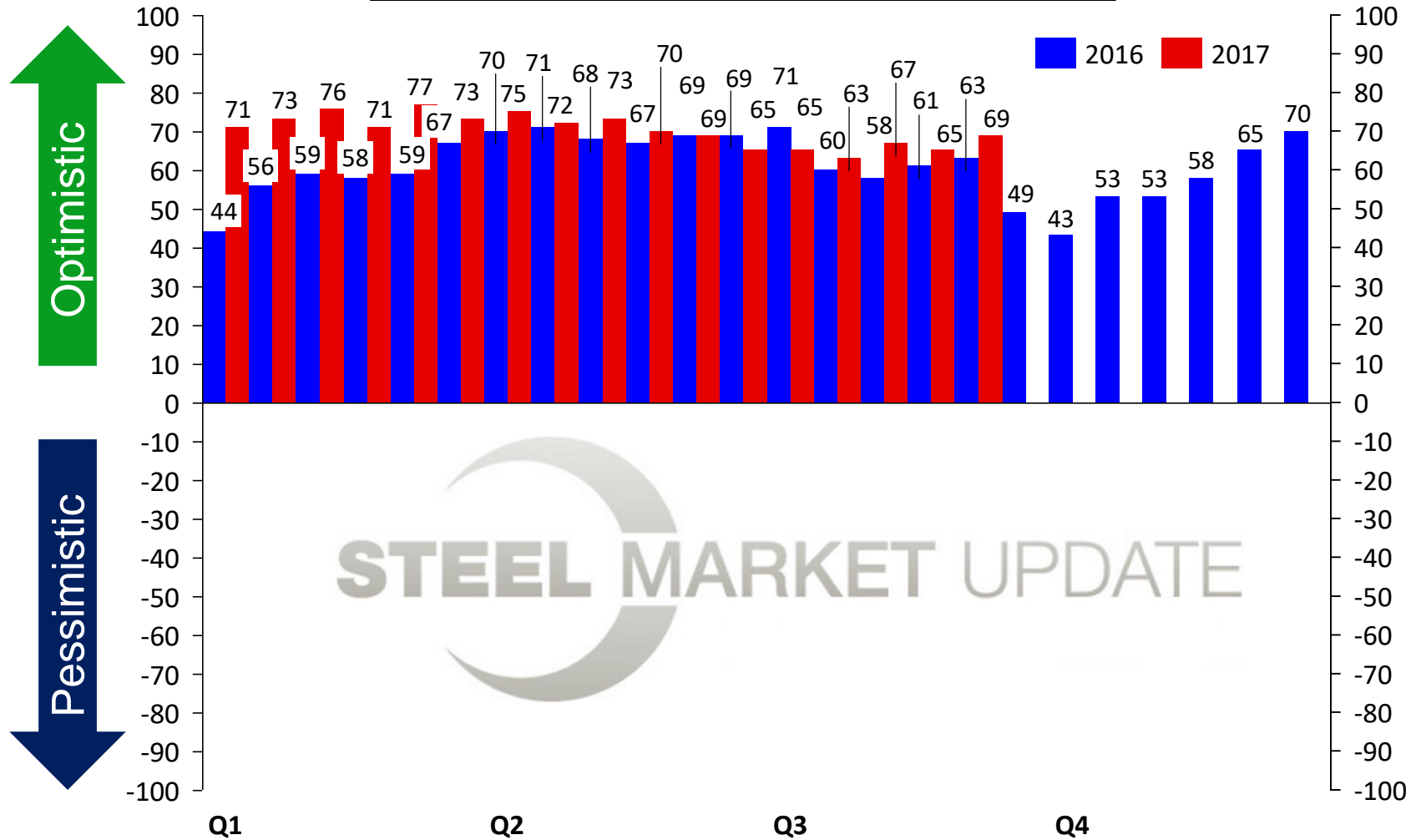
Our survey is by invitation only- Over 600 companies, mostly in the manufacturing or distribution industries, are asked to participate. Here are the percentages of participation in this week's survey by market sector.



SMU Buyers Sentiment Index

Up 4 points to +69

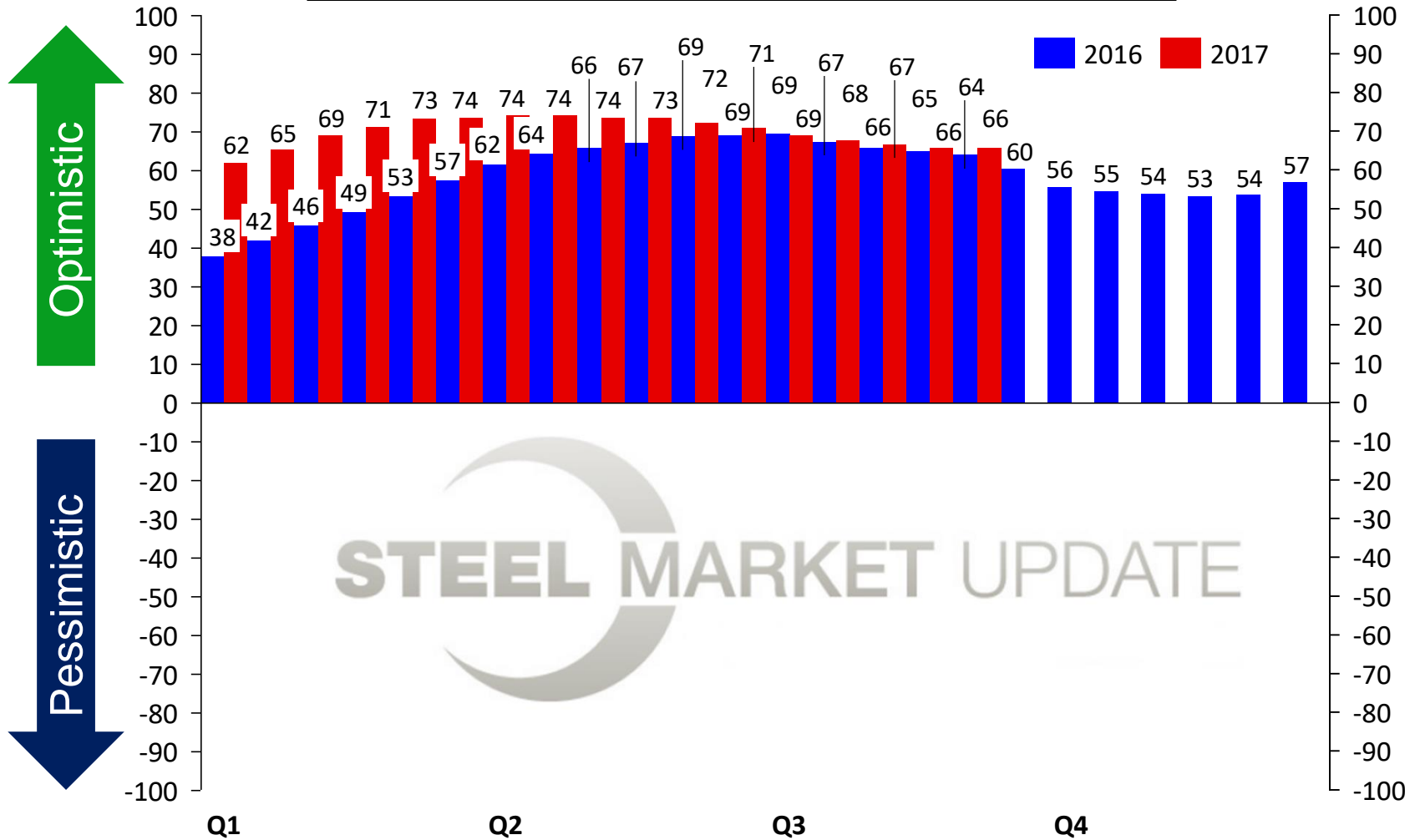
Steel Market Update Buyers Sentiment Index



SMU Buyers Sentiment Index

Three Month Moving Average at +65.67

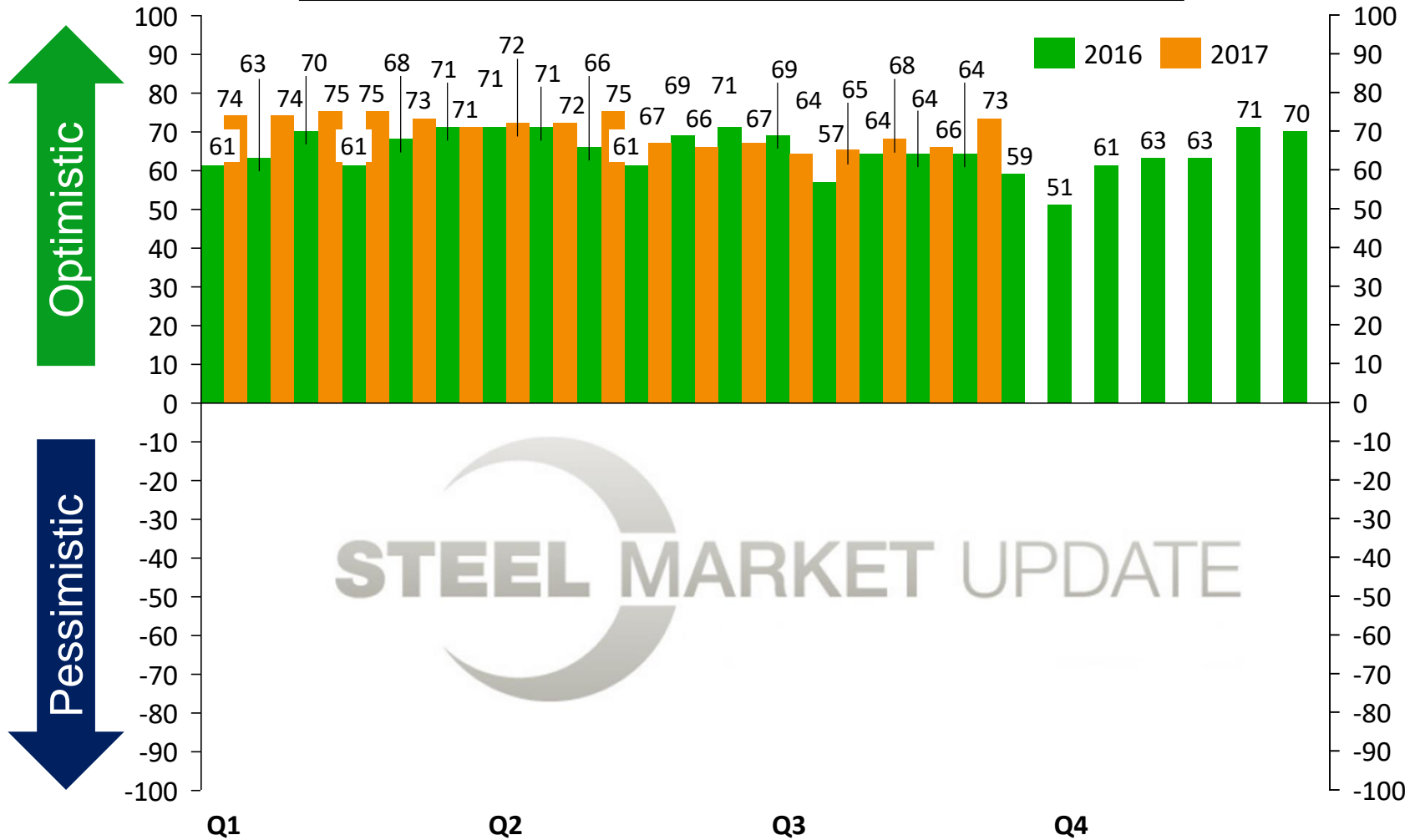
Steel Market Update Buyers Sentiment Index 3MMA



SMU Future Buyers Sentiment Index

Up 7 points to +73

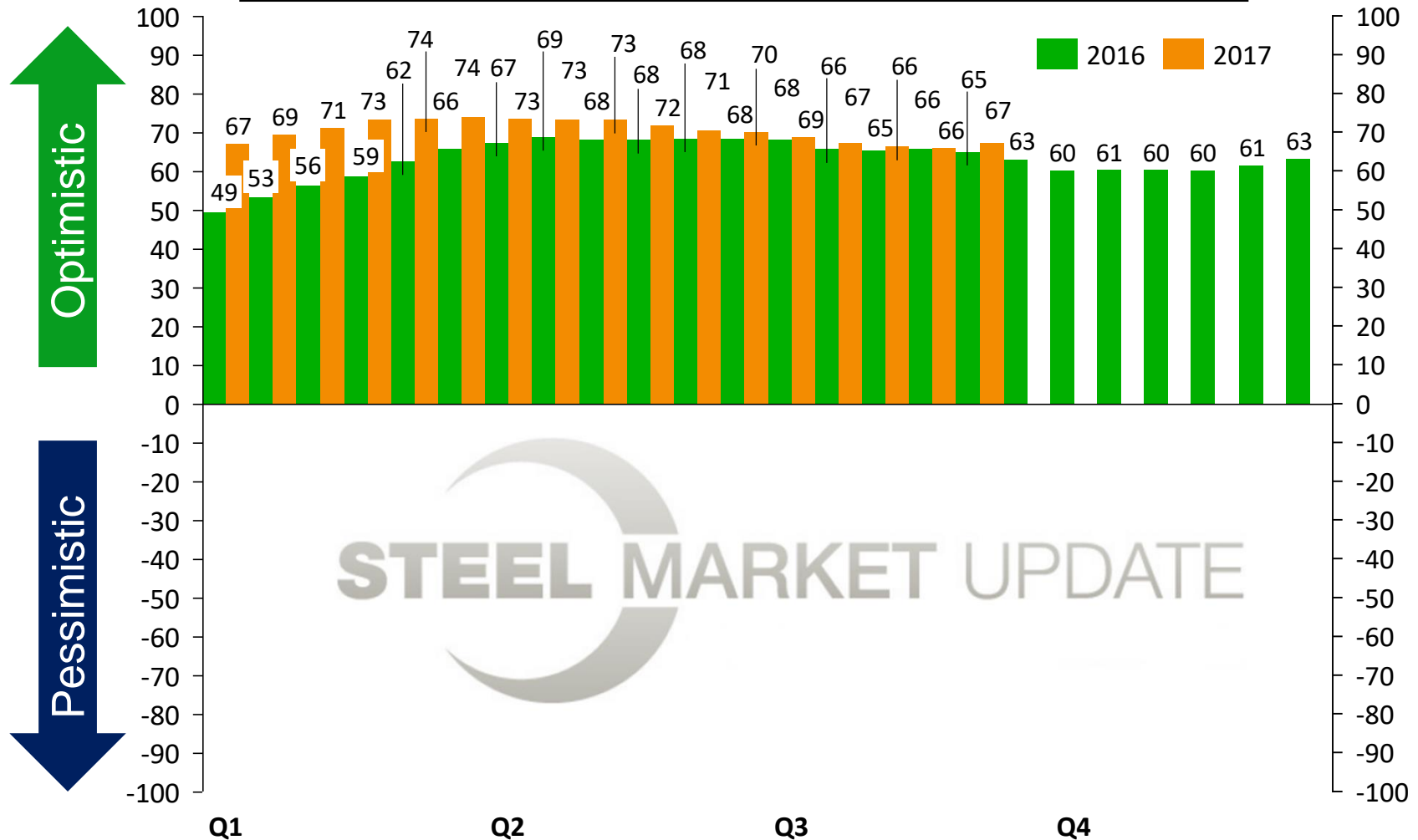
Steel Market Update 'Future' Buyers Sentiment Index



SMU Future Buyers Sentiment Index

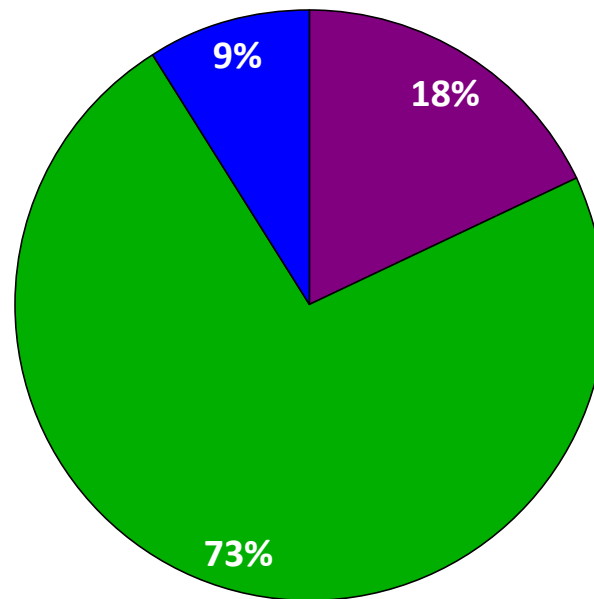
Three Month Moving Average at +67.17

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

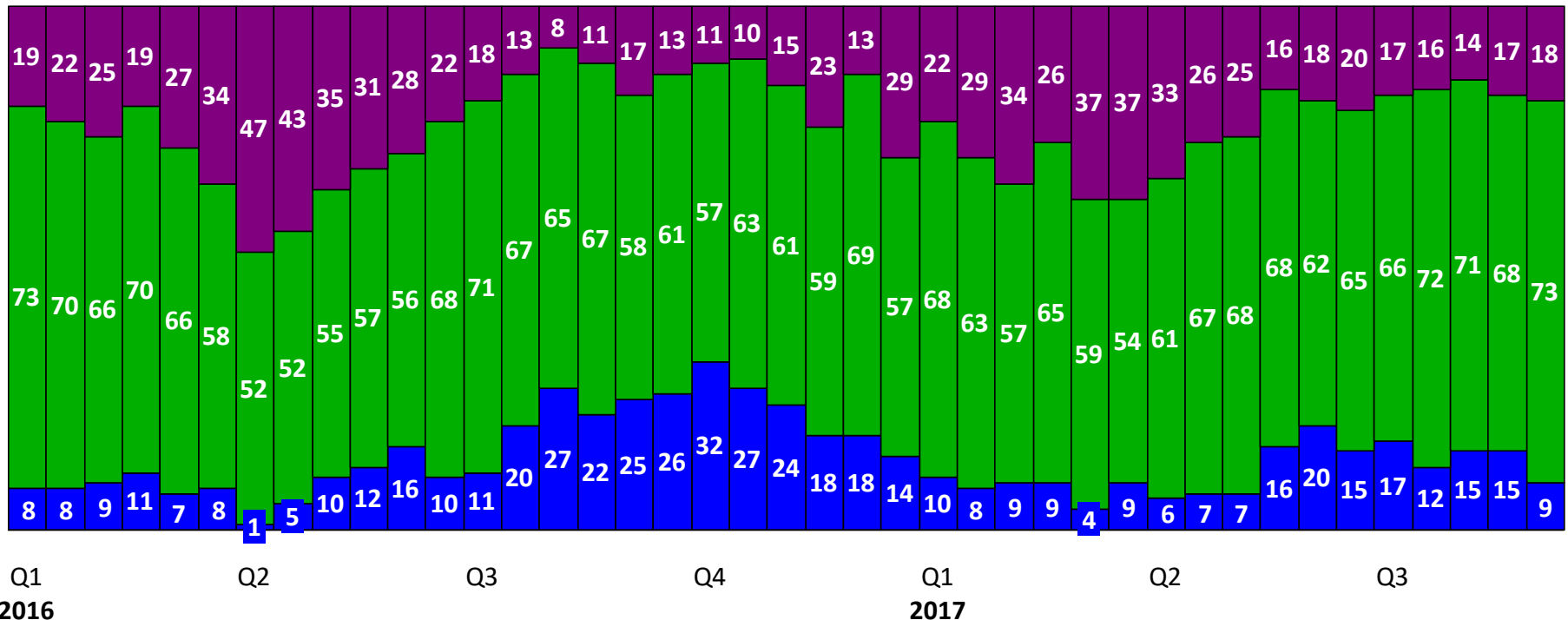


Overall Demand History

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

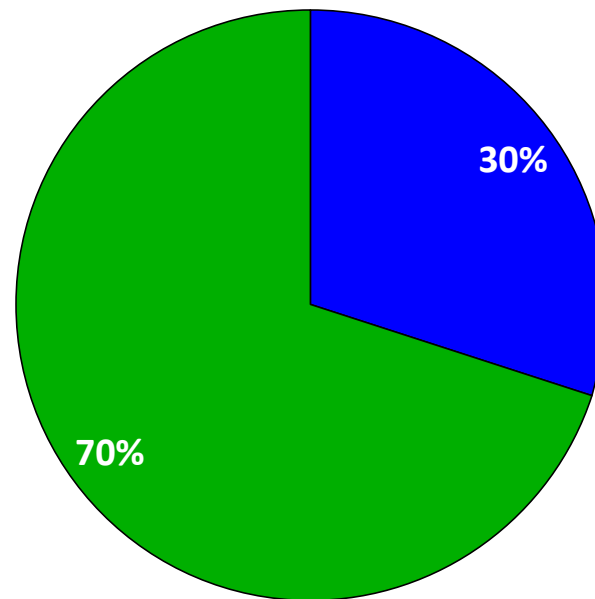
- Demand is improving
- Demand is remaining the same
- Demand is declining

out of 100%



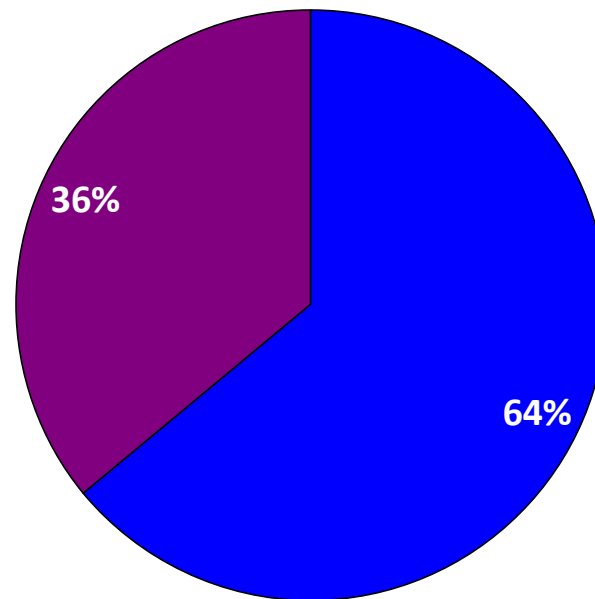
If the U.S. does not get concessions should it withdraw from NAFTA?

Yes No



Will foreign steel imports drop off dramatically in September and October 2017?

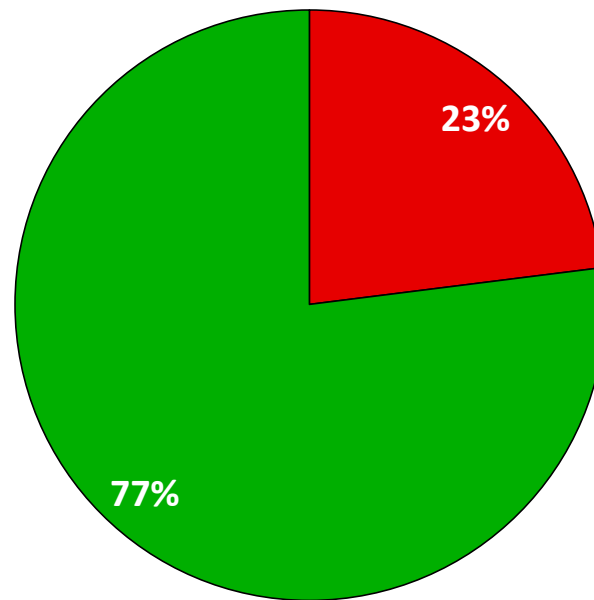
Yes No



Harvey Impact

Will the hurricane and flooding in Houston have a short-term impact on the steel industry?

Yes No

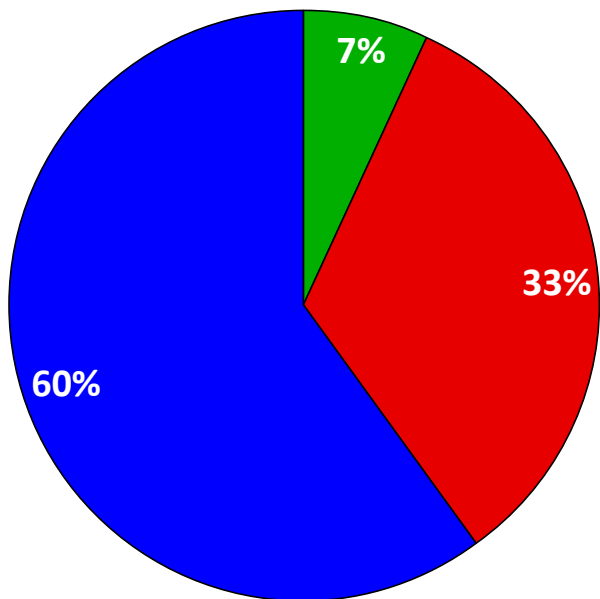


Order Books

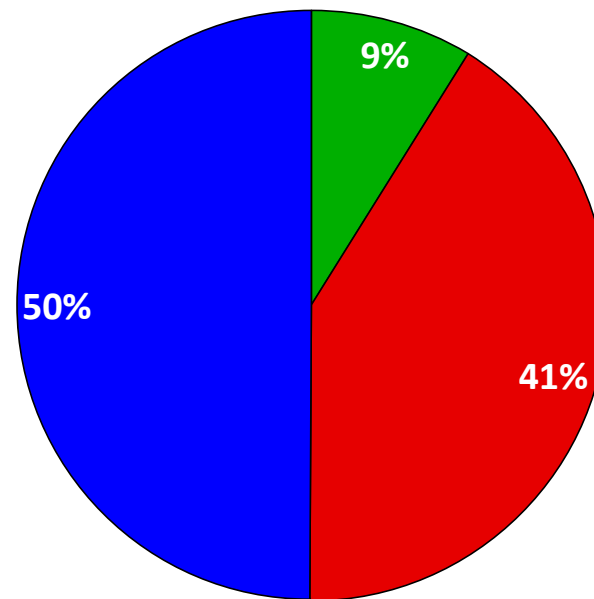
Are you finding that the steel mills order books are firm or do you think there are mills who are still looking for orders and willing to negotiate?

- 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

August 18, 2017

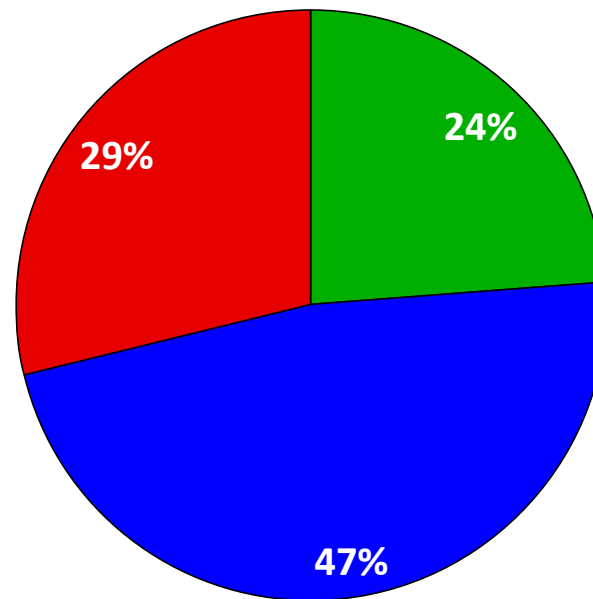


September 8, 2017



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

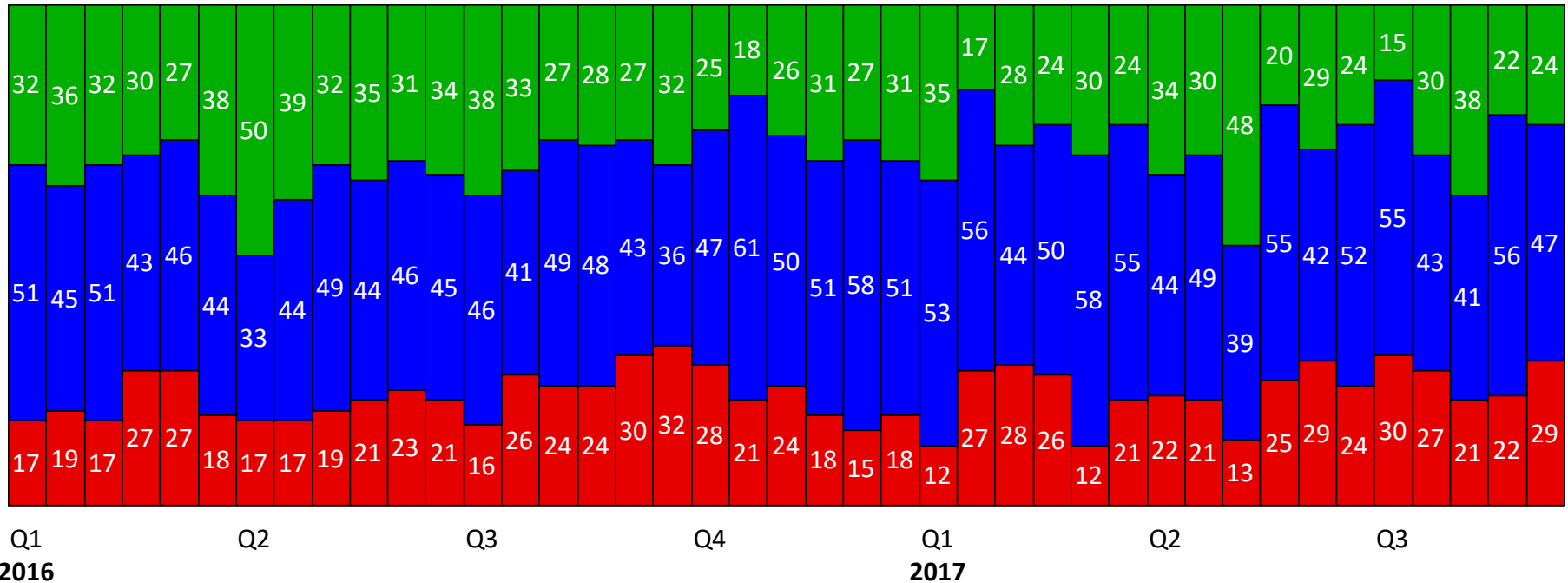


History of Manufacturer Purchases

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?

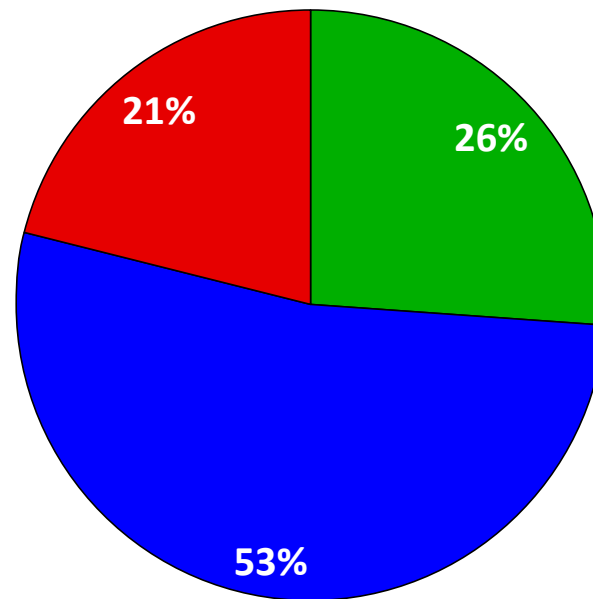
- Buying more steel
- Buying the same amount of steel
- Buying less steel

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

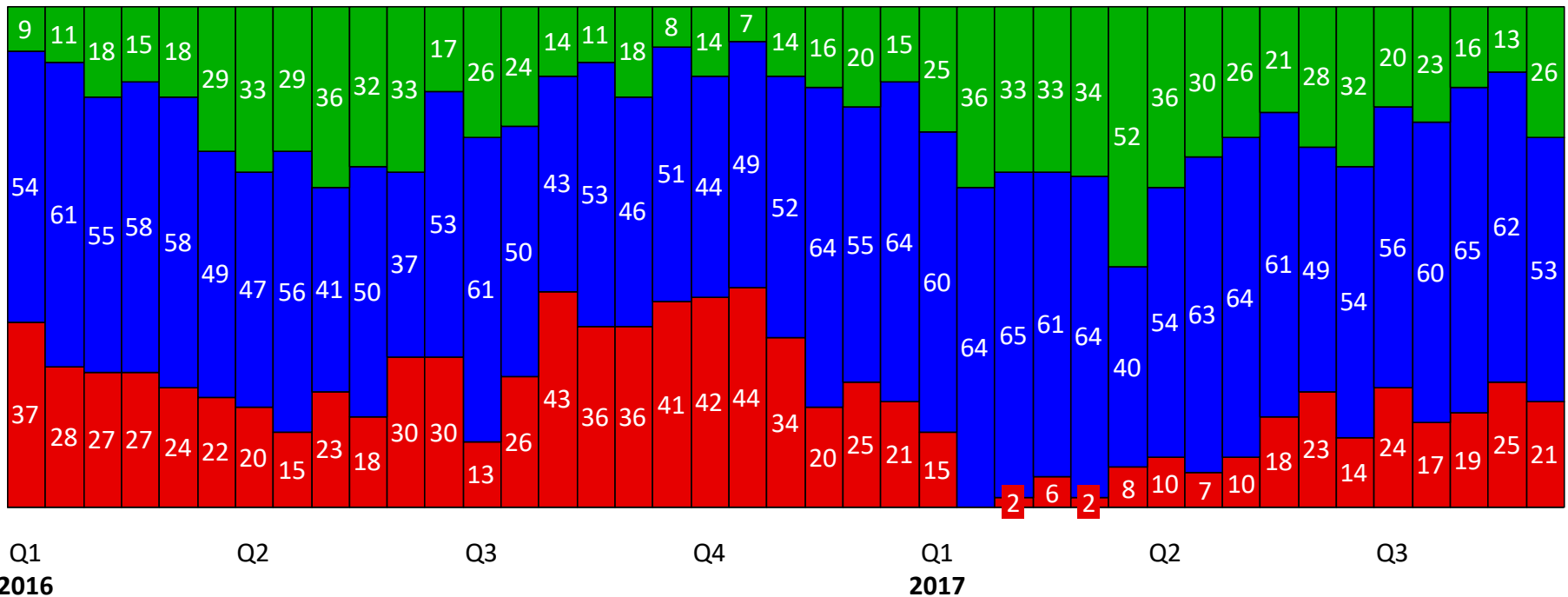


Service Center Release History

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

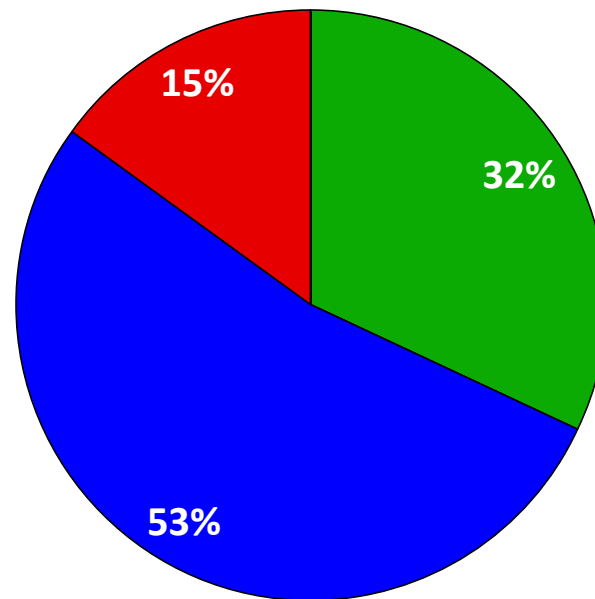
- Releasing more steel
- Releasing the same amount of steel
- Releasing less steel

out of 100%



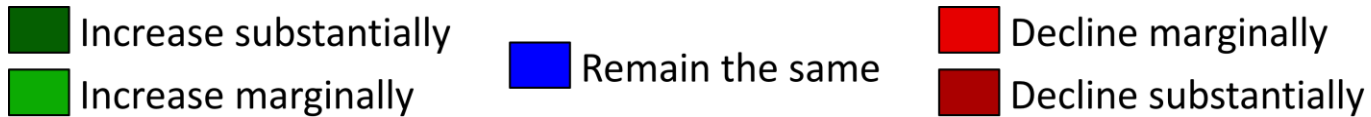
Manufacturers- Demand for your products will _____
over the next 3 months based on current order flows.

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

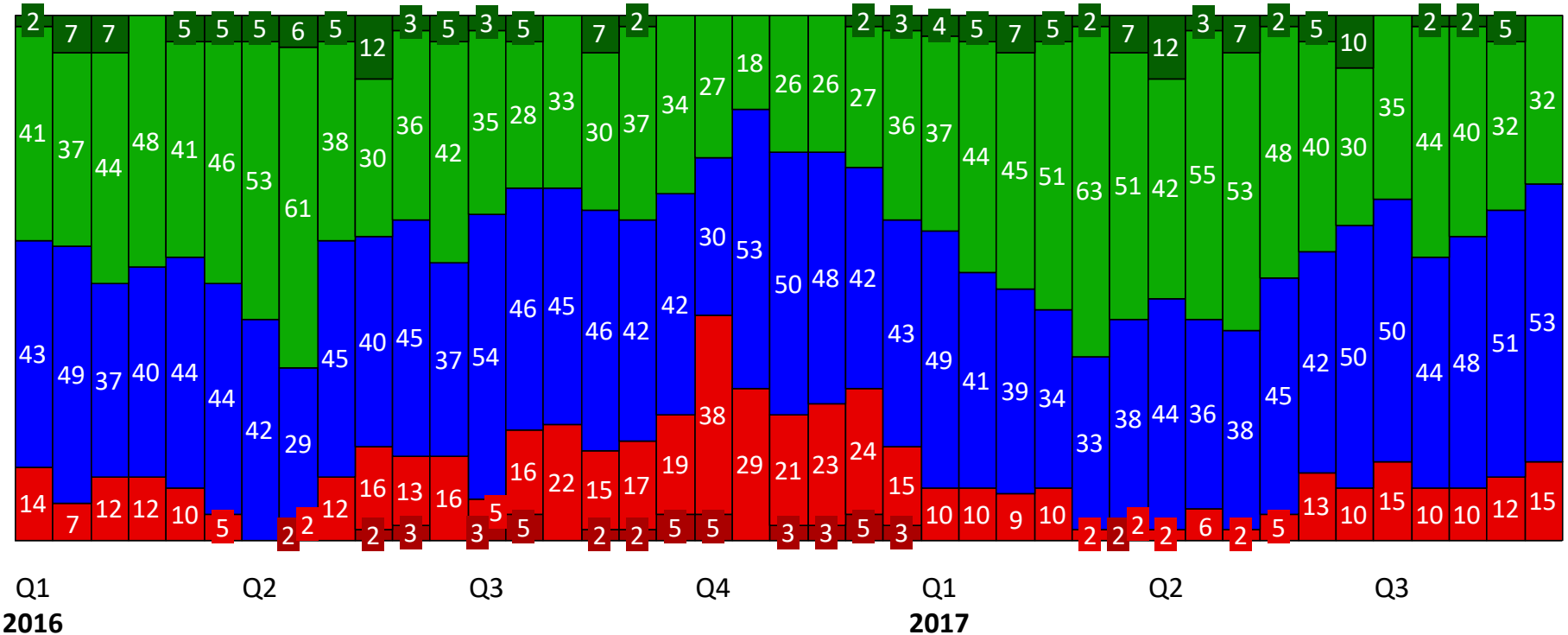


Manufacturer Demand History

Manufacturers- Demand for your products will _____
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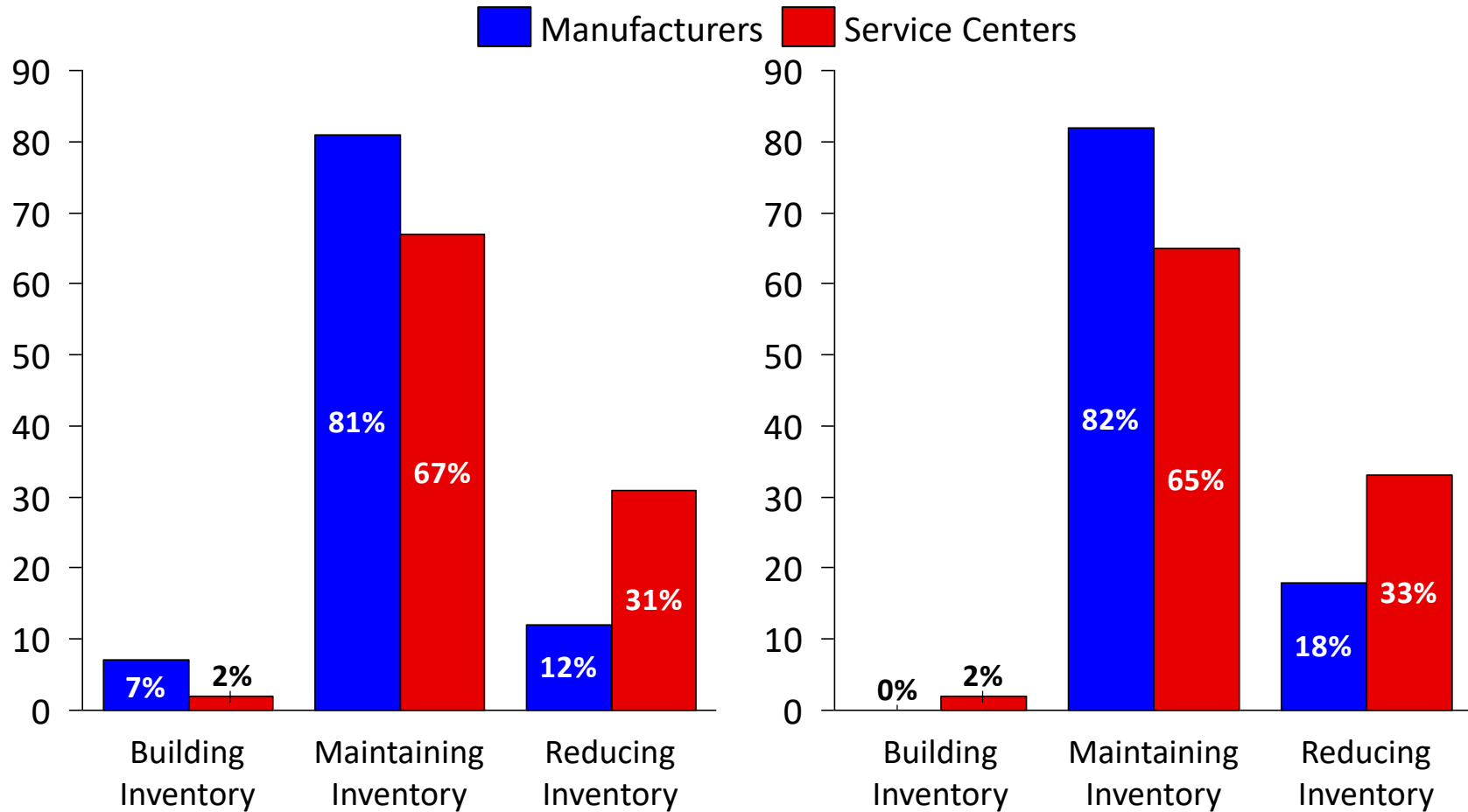
out of 100%



Manufacturer and Service Center Inventory Buying Patterns

August 18, 2017

September 8, 2017

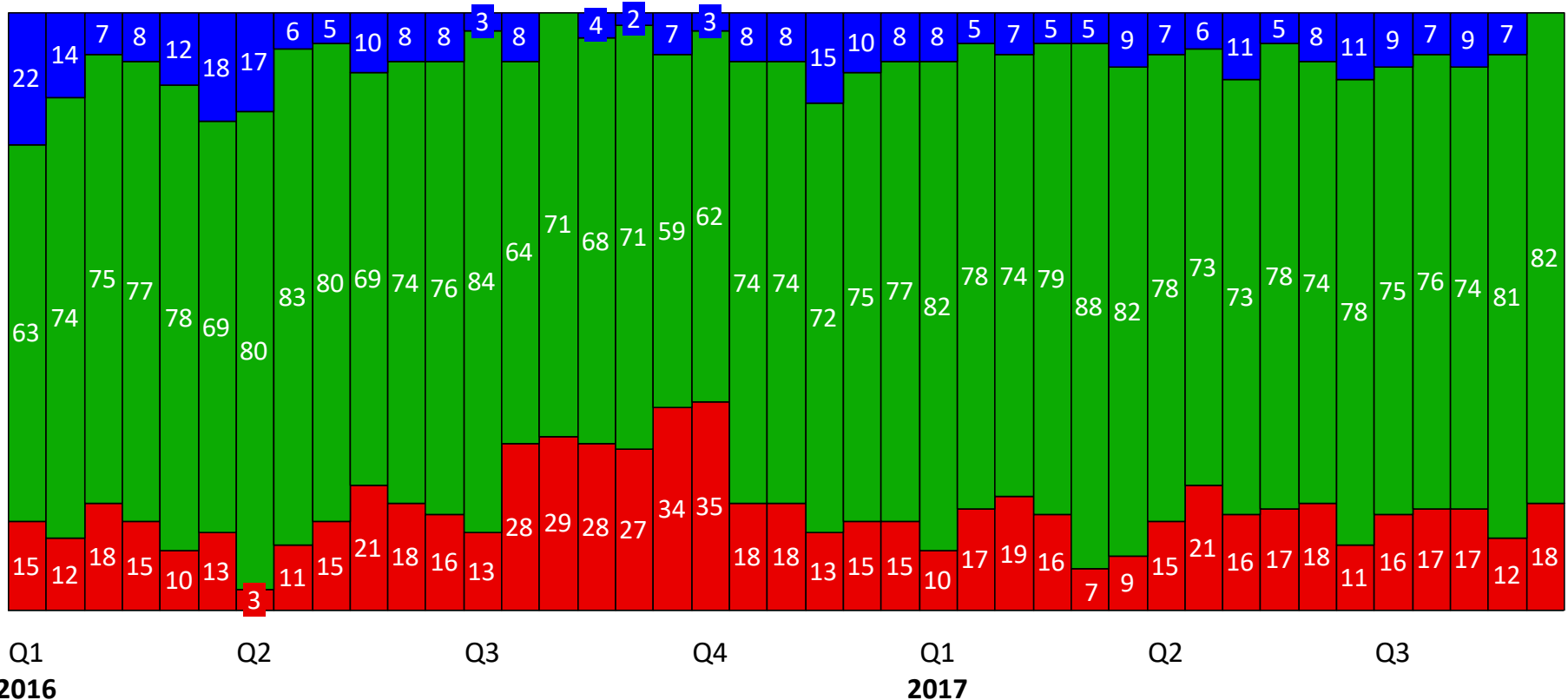


Manufacturer Inventory Buying History

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

■ Building Inventory
 ■ Maintaining Inventory
 ■ Reducing Inventory

out of 100%

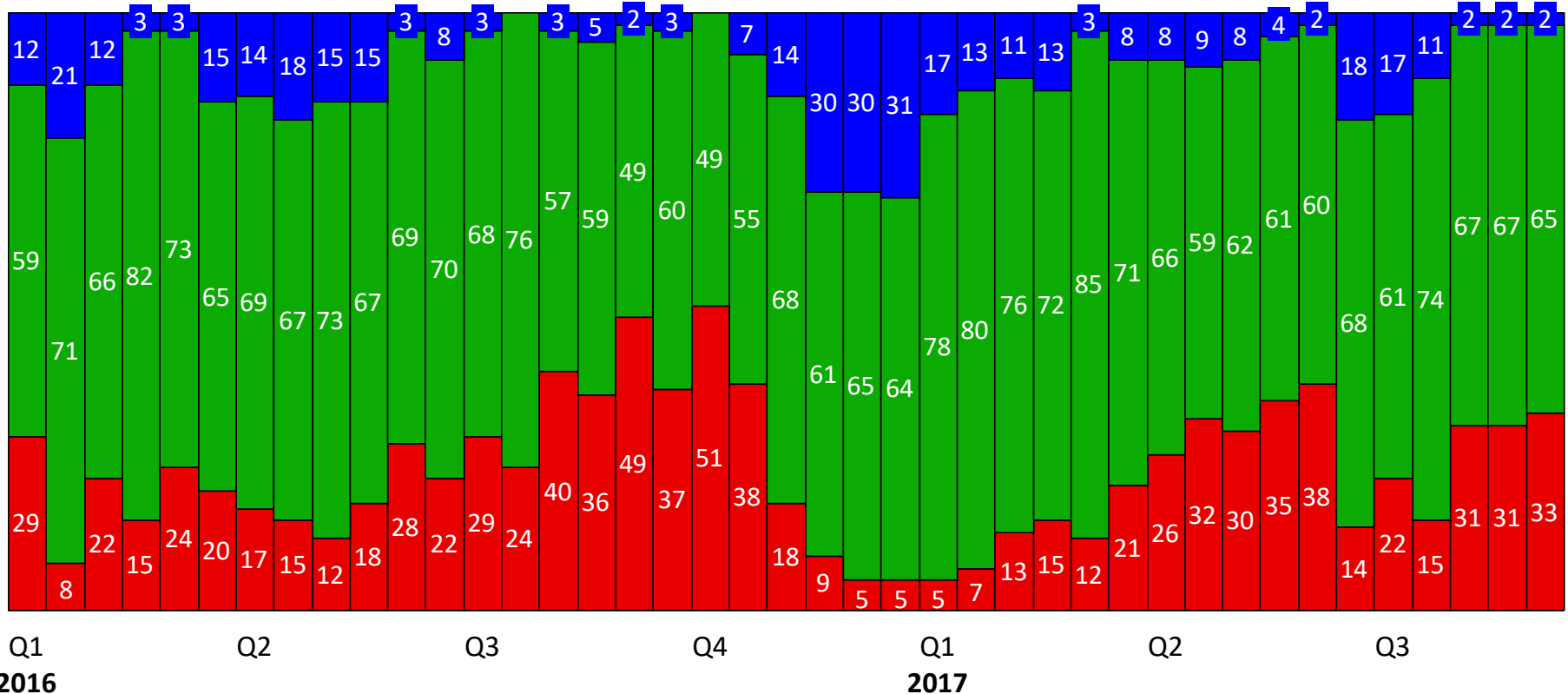


Service Center Inventory Buying History

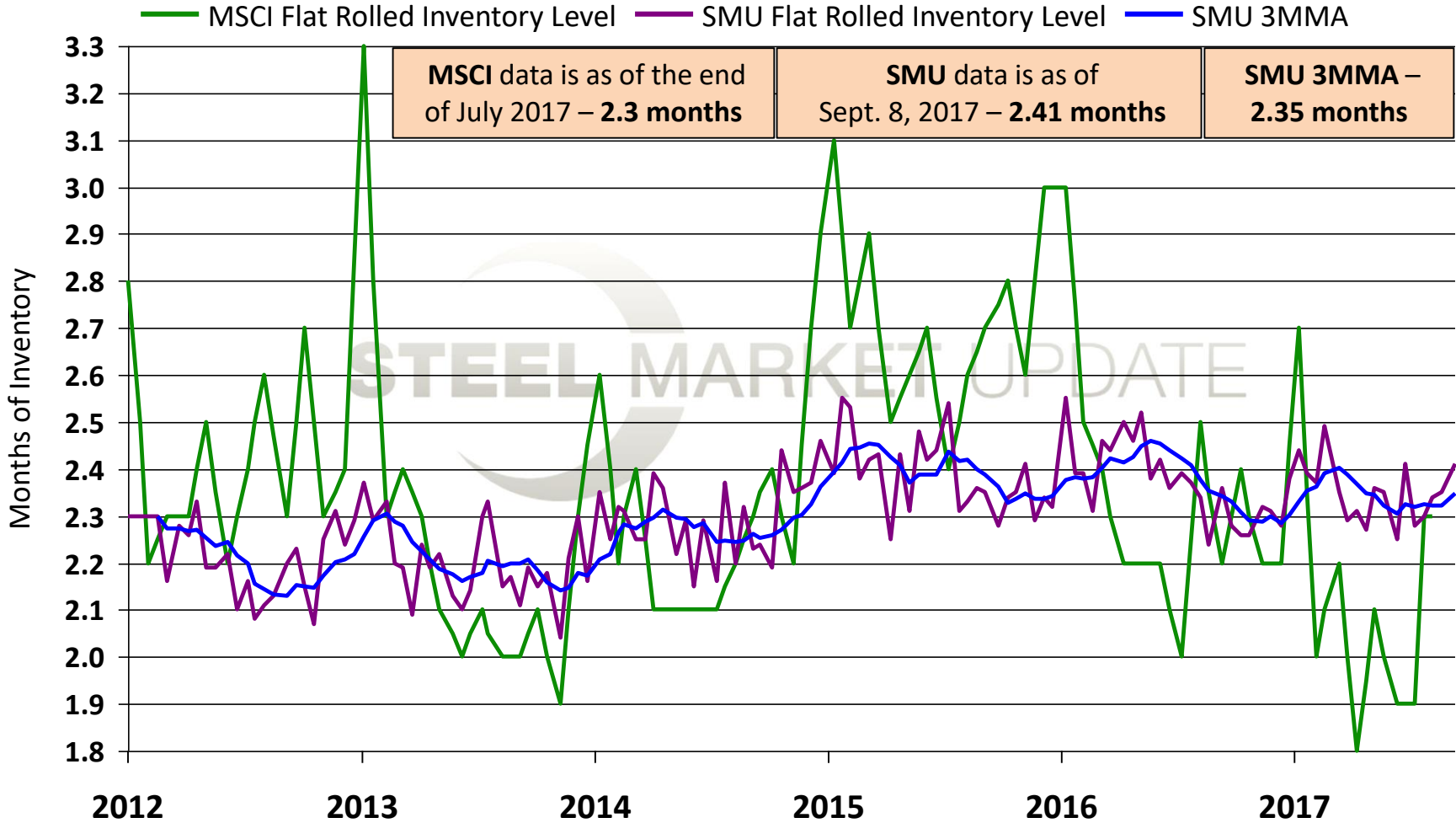
Service Centers- Is your company building, reducing or maintaining its flat rolled steel inventory?

■ Building Inventory
 ■ Maintaining Inventory
 ■ Reducing Inventory

out of 100%

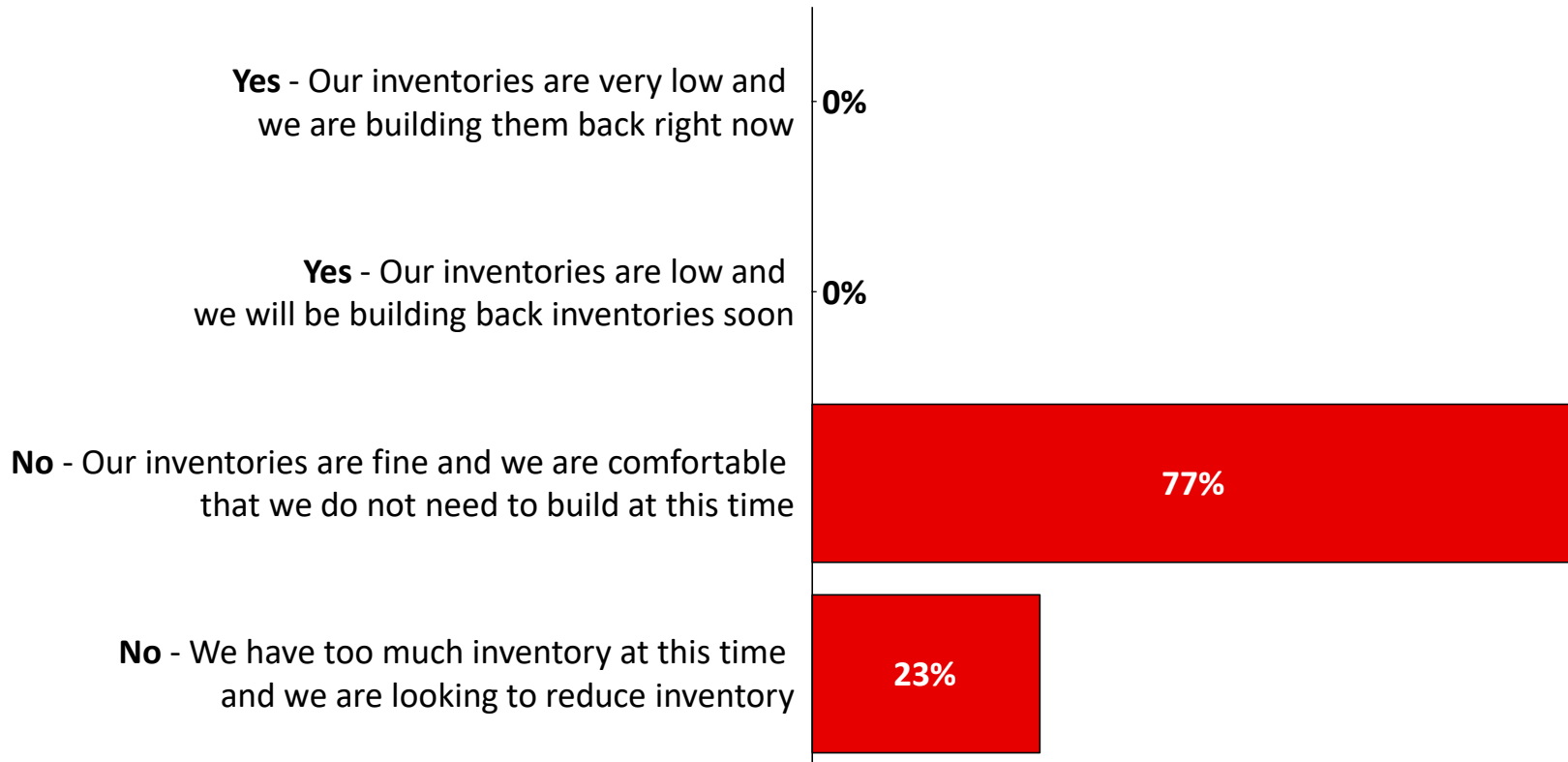


SMU vs MSCI Service Center Inventory Level Comparison



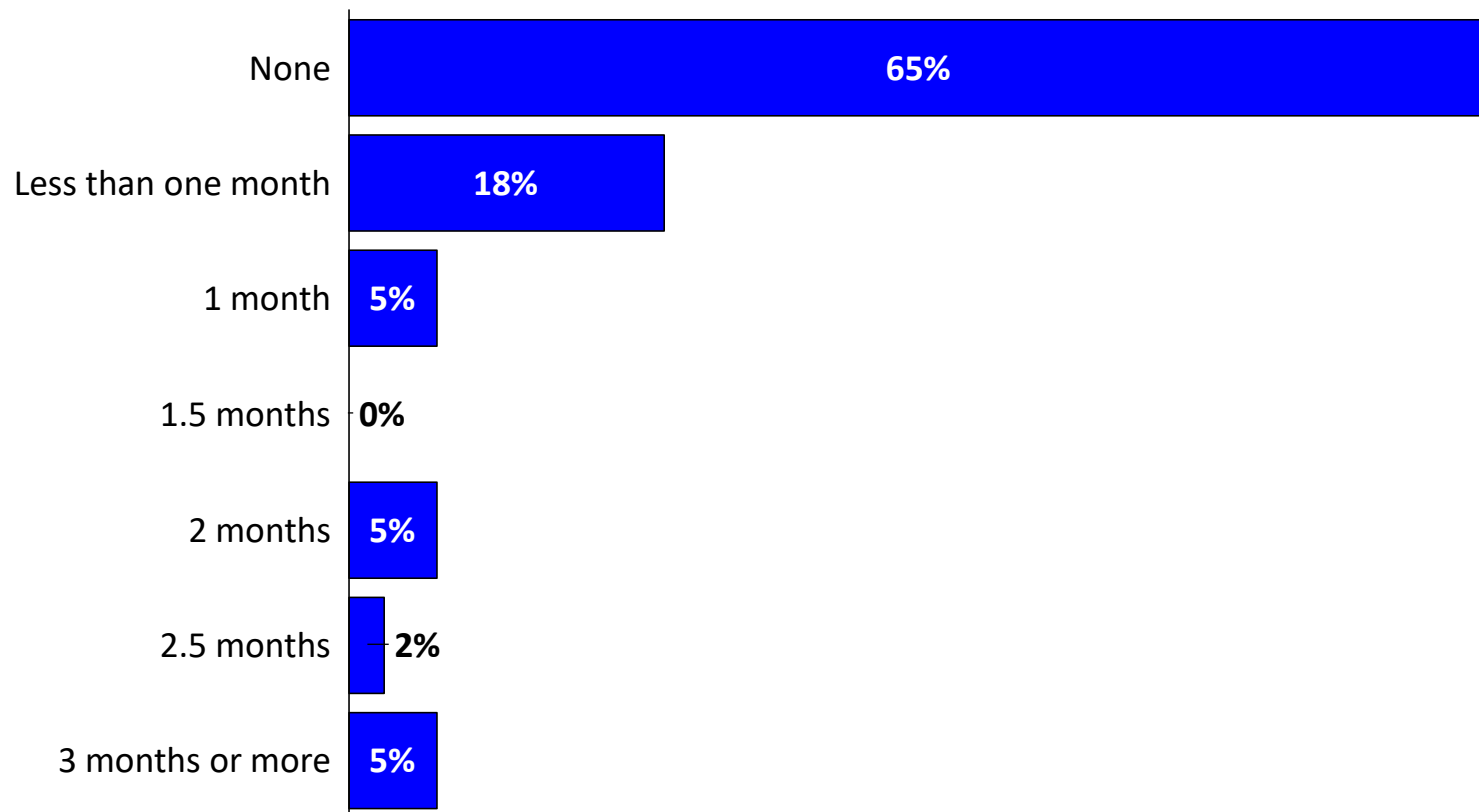
Service Center Inventories

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

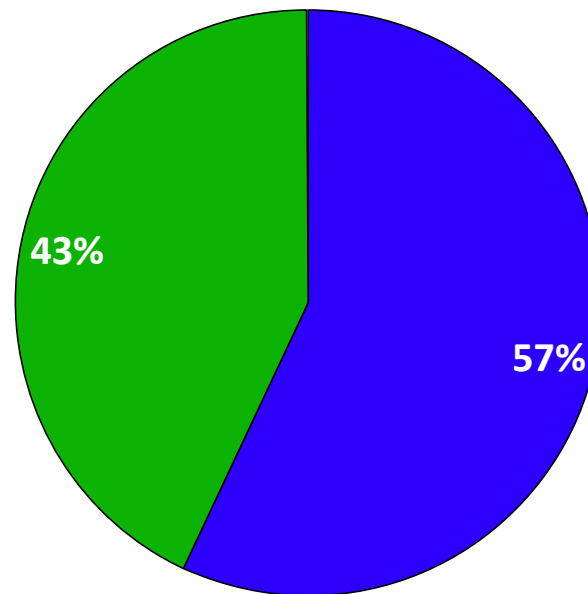
Service Centers- How many months of inventory do you have “off the books” in roll & hold and other arrangements where the steel is on the floor and available should you need it?



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

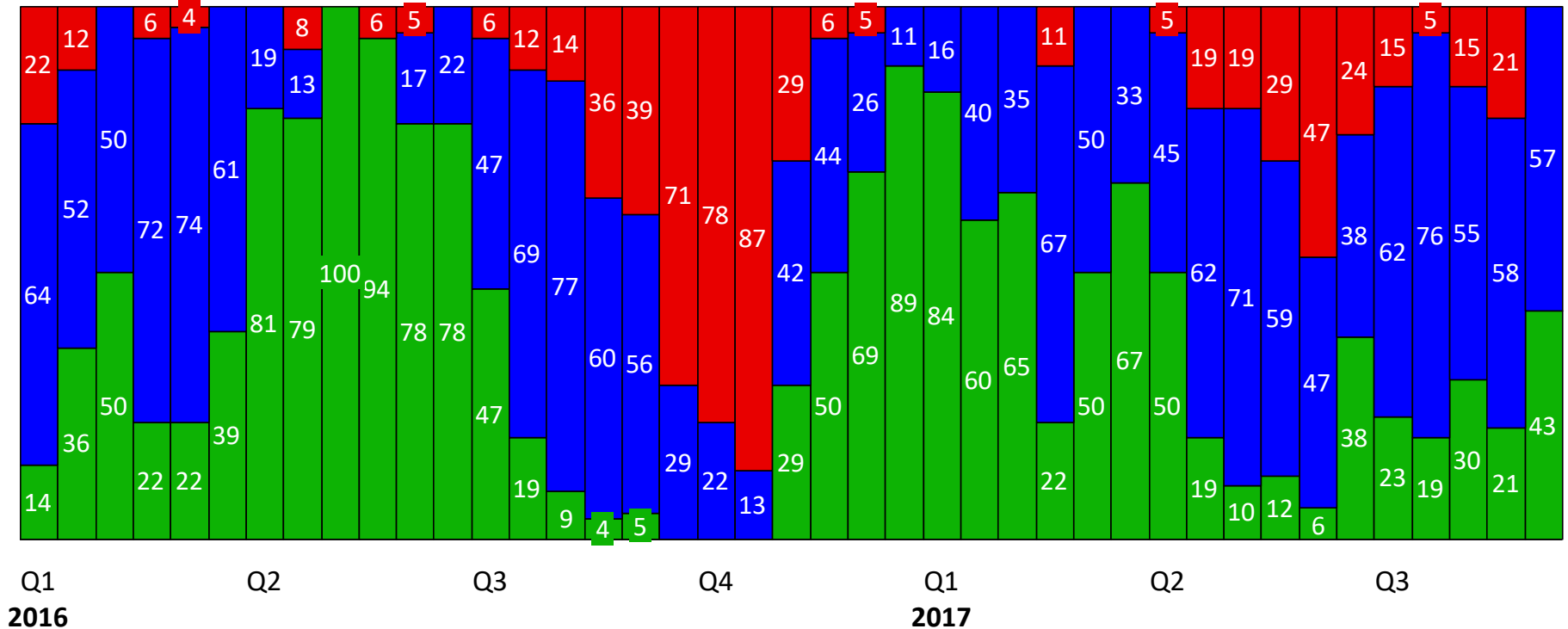


Manufacturer's View of Service Center Selling Prices History

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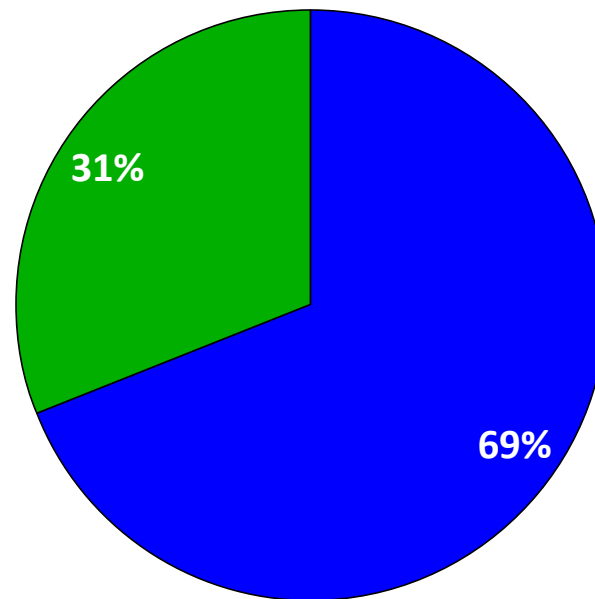
- We are seeing prices decreasing from our service centers
- We are seeing prices stable from our service centers
- We are seeing prices rising from our service centers

out of 100%

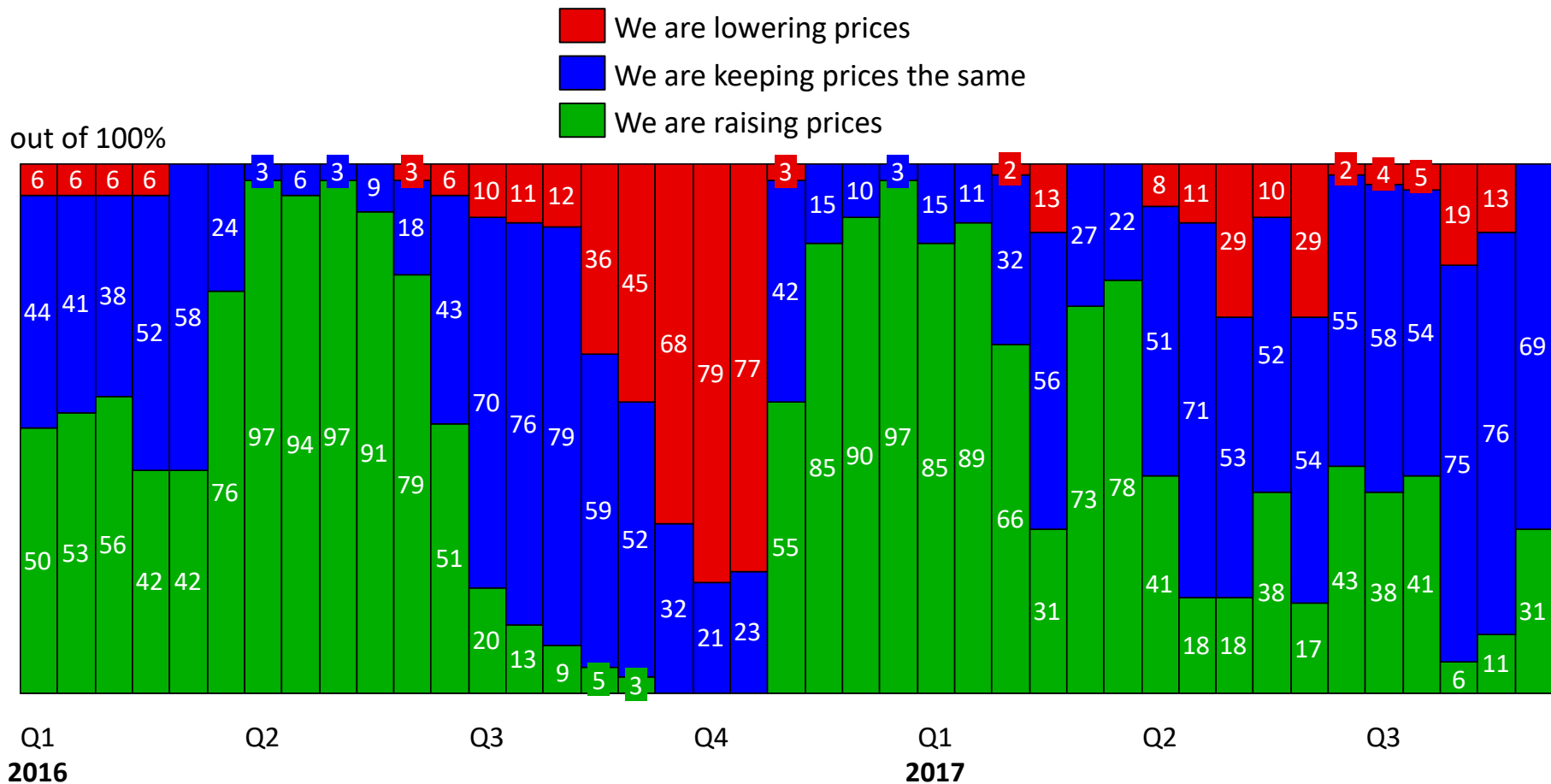


Service Centers- Compared to two weeks ago, how is your company handling spot pricing to your customers at this time?

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



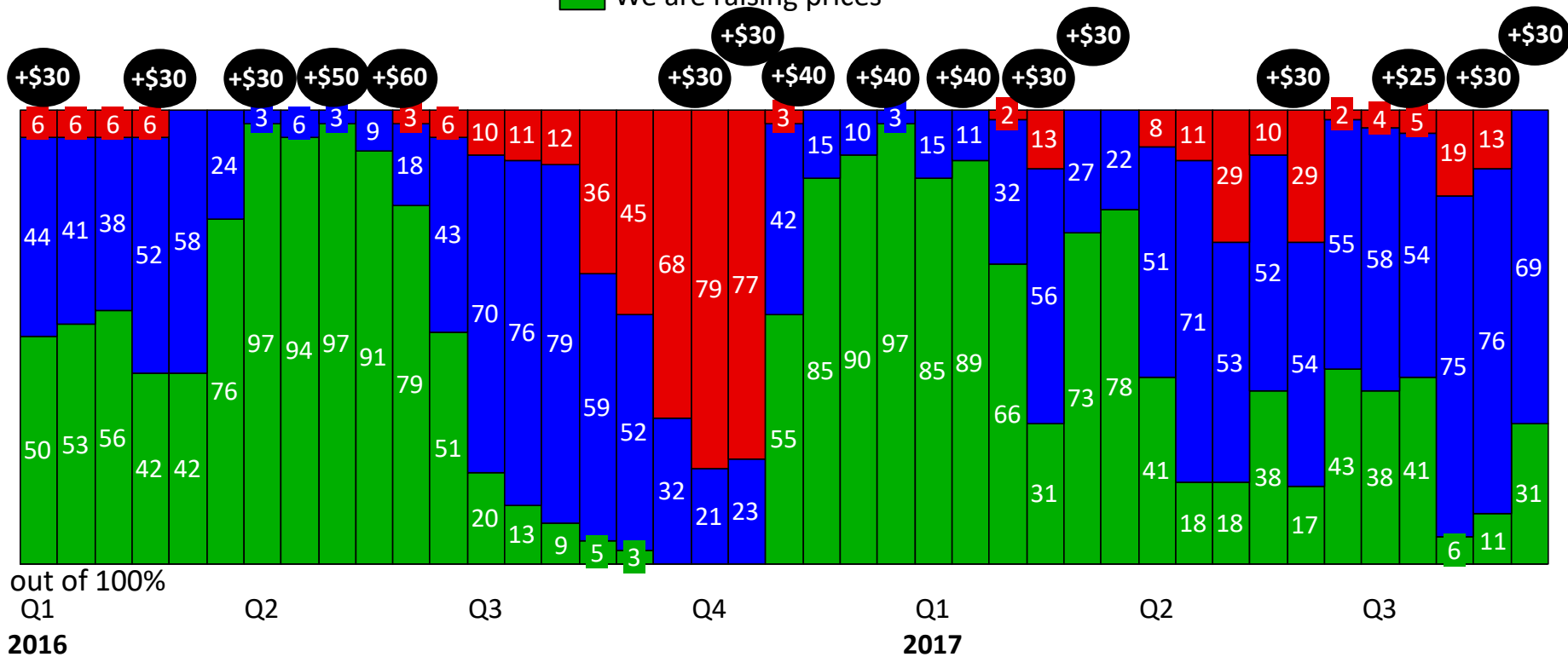
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Service Centers- Compared to two weeks ago, how is your company handling spot pricing to your customers at this time?

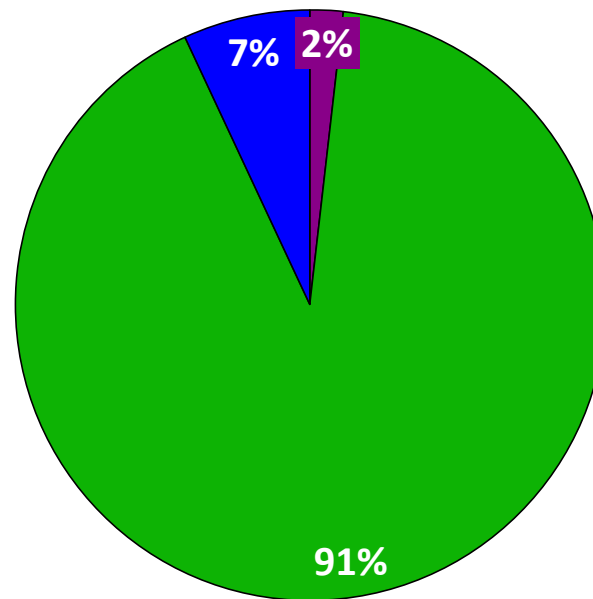
Historical AK Steel Price Announcements

- 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?

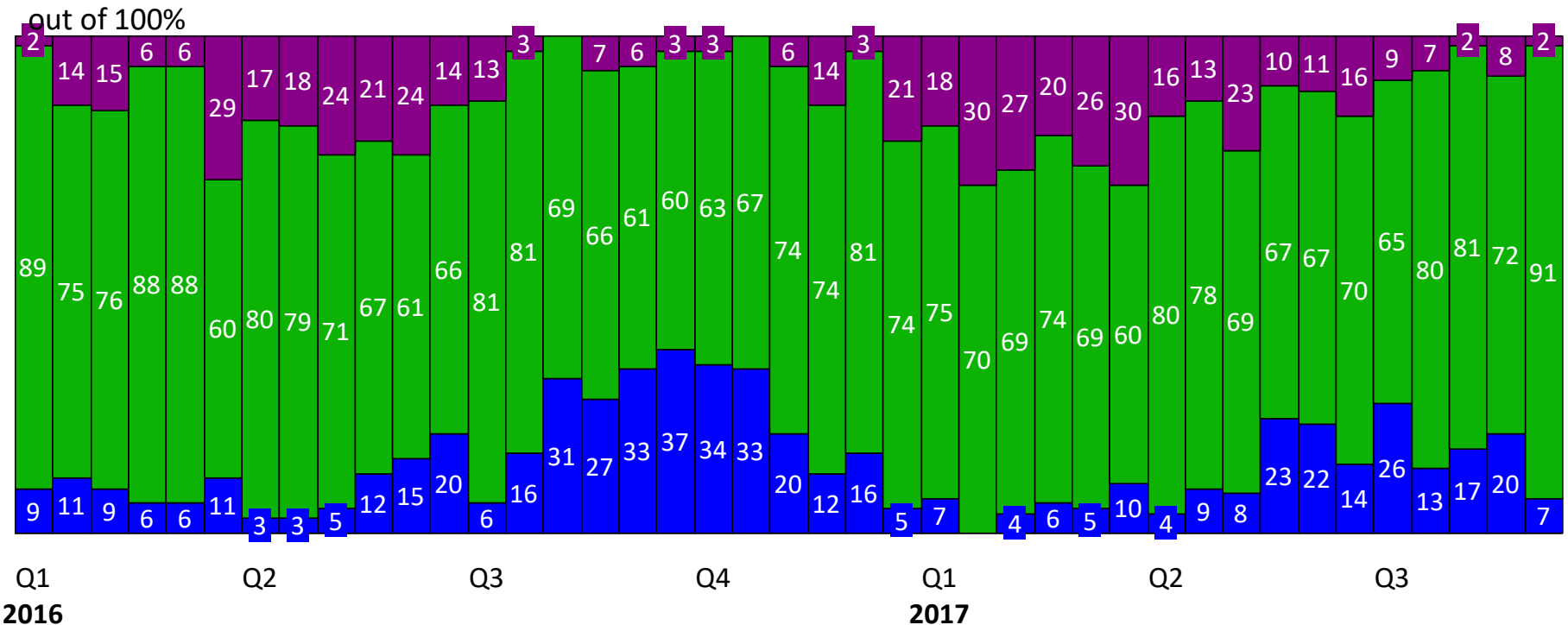
- Our manufacturing customers are increasing orders
- Our manufacturing customers are maintaining their orders
- Our manufacturing customers are reducing their orders



Service Centers on Manufacturer Orders History

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

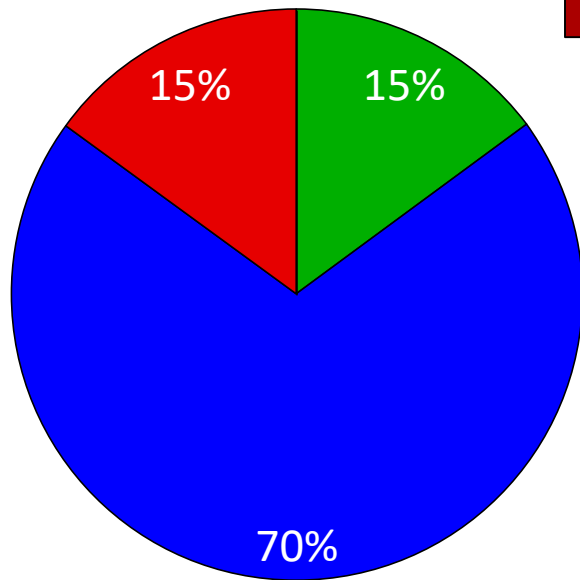
- Our manufacturing customers are increasing orders
- Our manufacturing customers are maintaining their orders
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Mill Lead Times

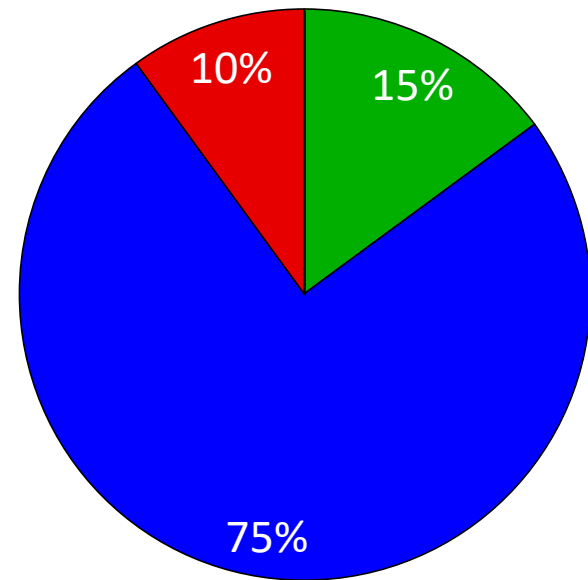
How would you describe domestic mill lead times for new orders placed right now?

Manufacturers



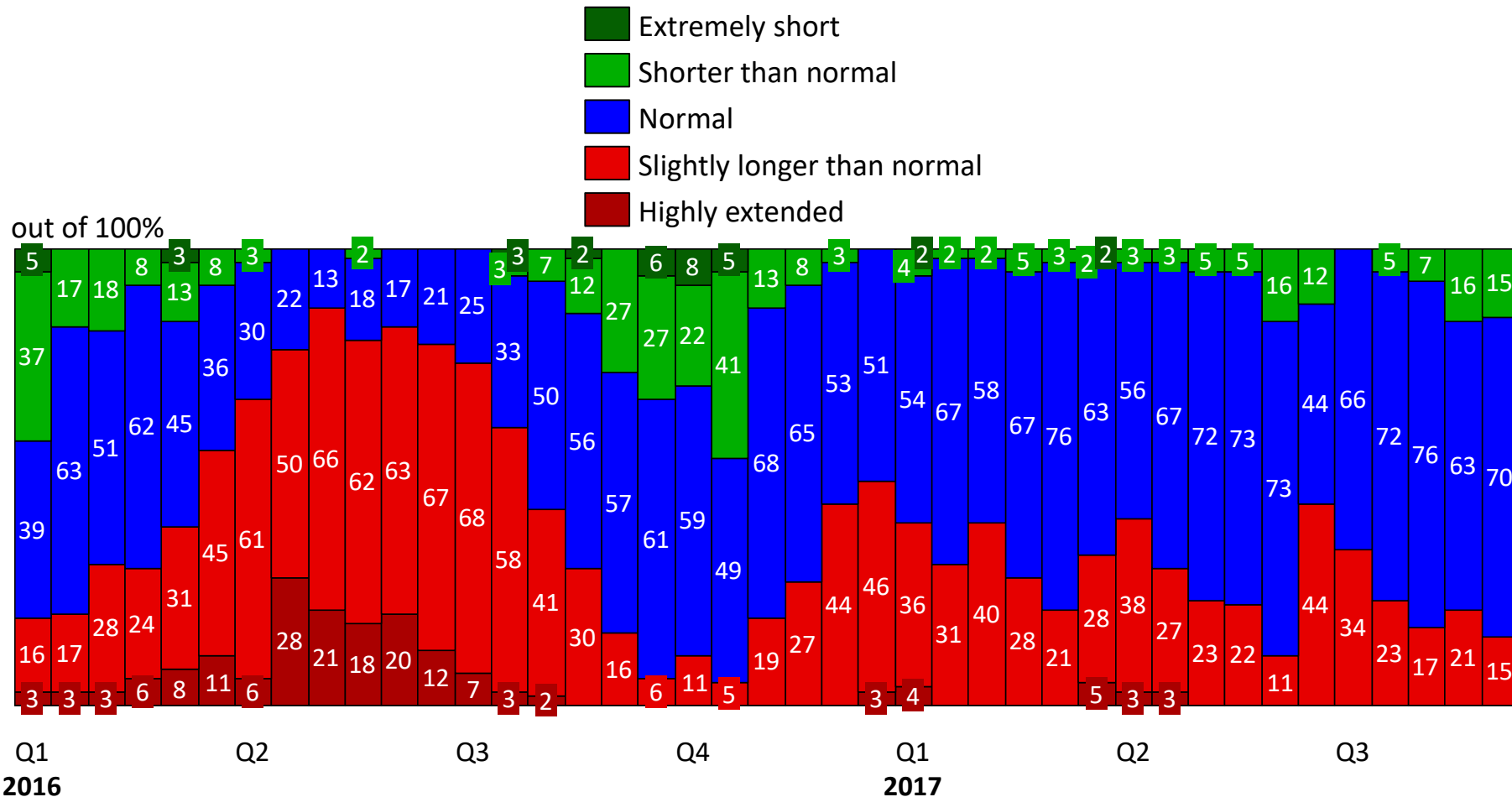
- Extremely short
- Shorter than normal
- Normal
- Slightly longer than normal
- Highly extended

Service Centers



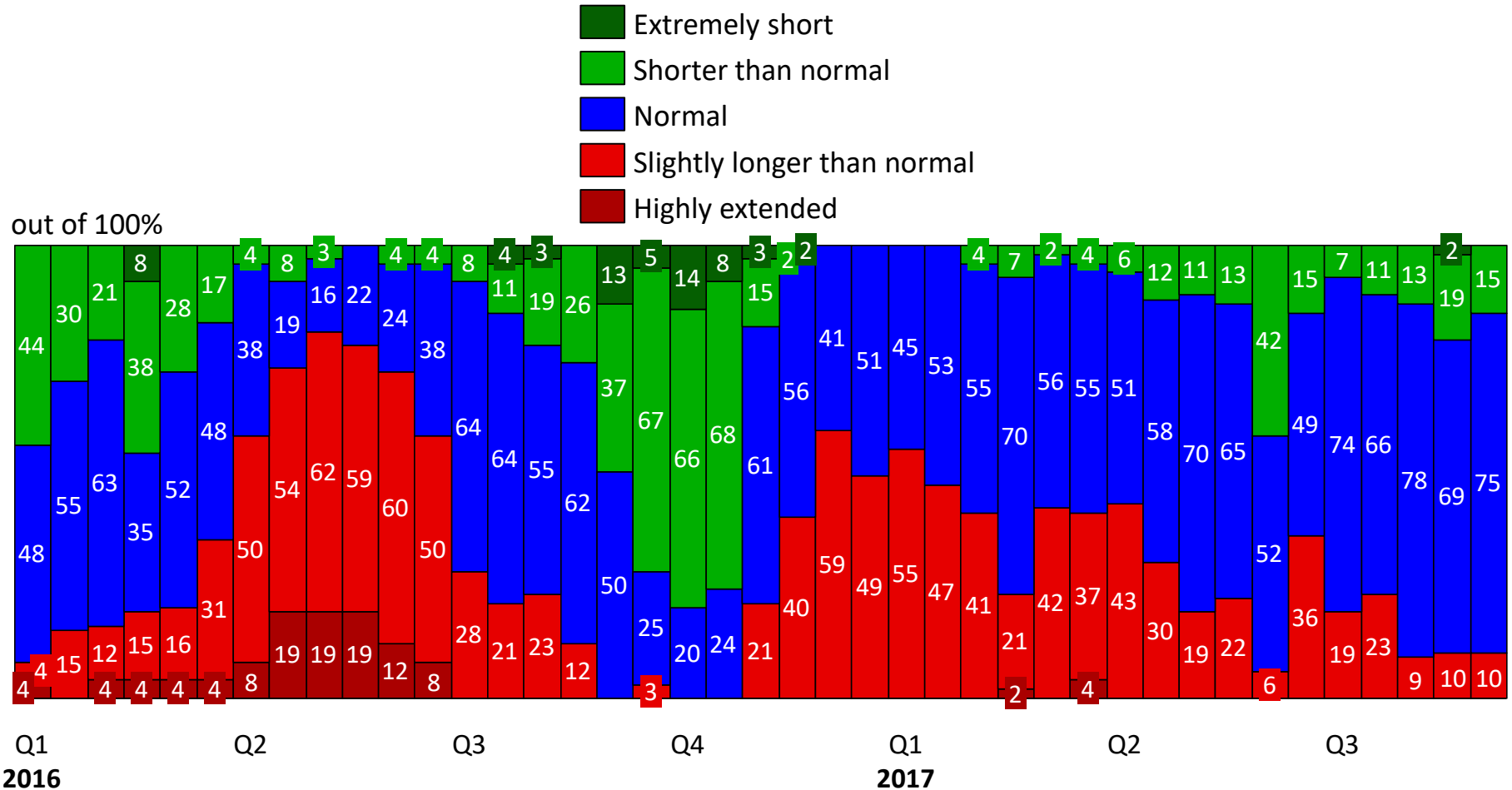
Mill Lead Times History

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?

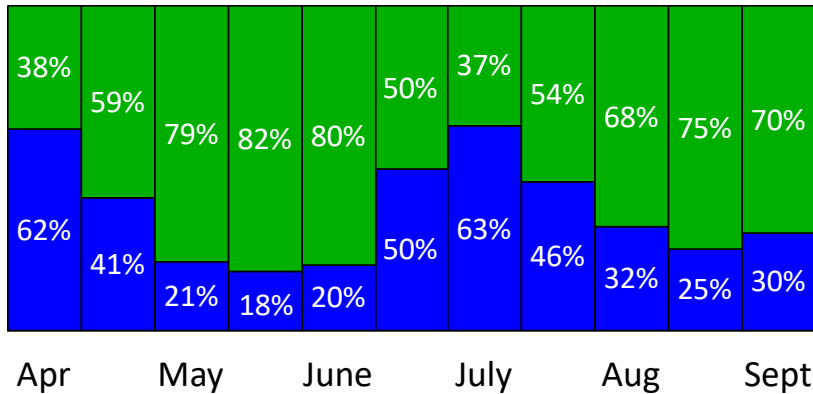


Mill Negotiations

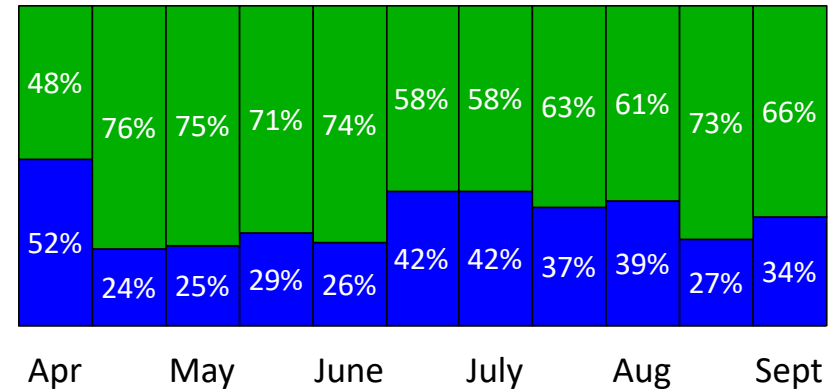
Are you finding the domestic mills are willing to negotiate pricing on brand new orders placed this week?

Yes No

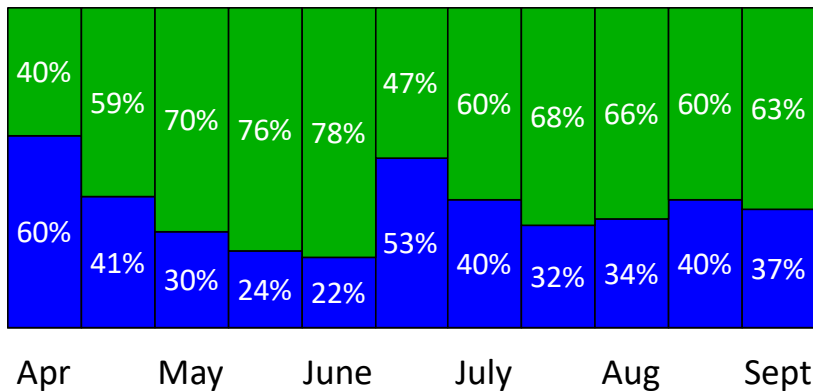
Hot Rolled Orders



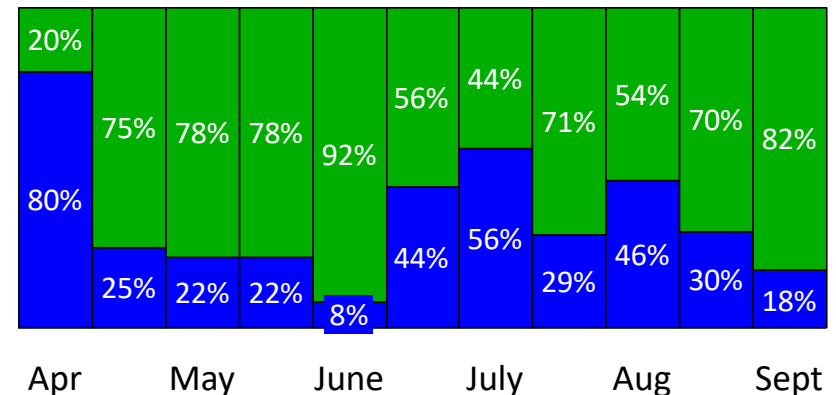
Cold Rolled Orders



Galvanized Orders

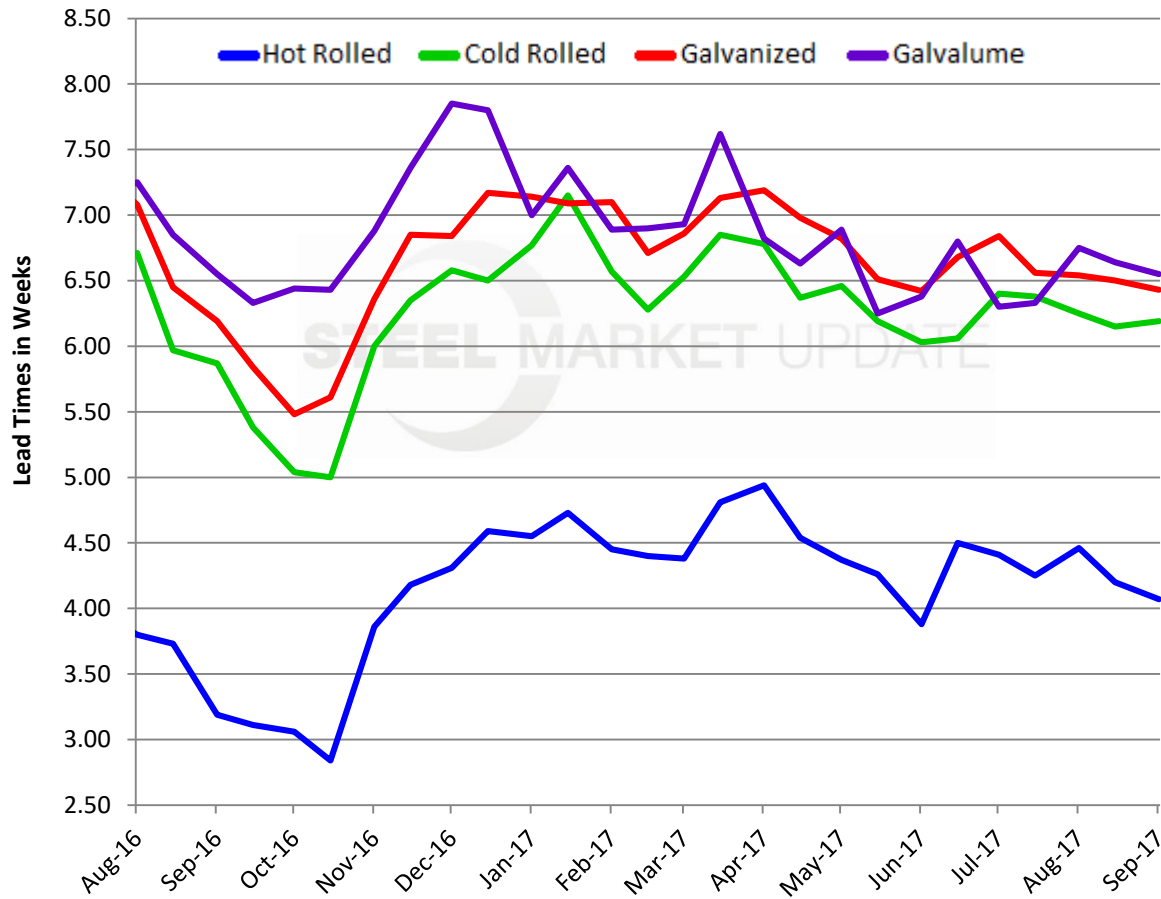


Galvalume Orders



Lead Times (Weeks)

Steel Market Update Lead Times Comparison

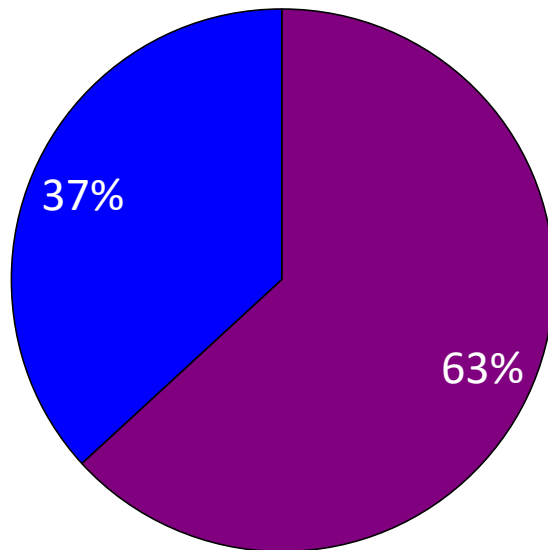


Hot Rolled: 4.07
Cold Rolled: 6.19
Galvanized: 6.43
Galvalume: 6.55

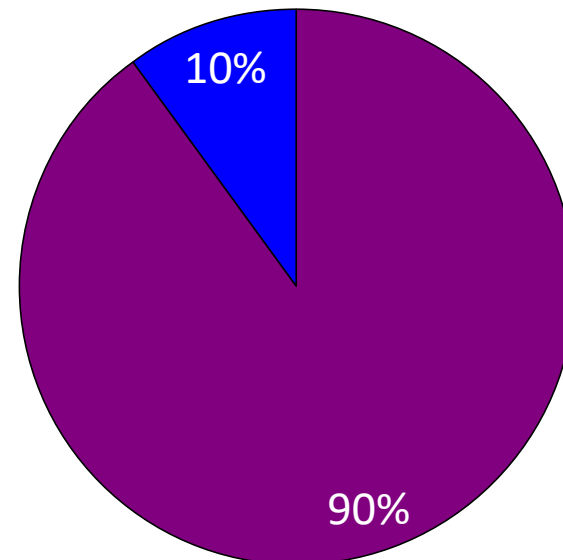
Does your company buy foreign steel?

■ Yes ■ No

Manufacturers



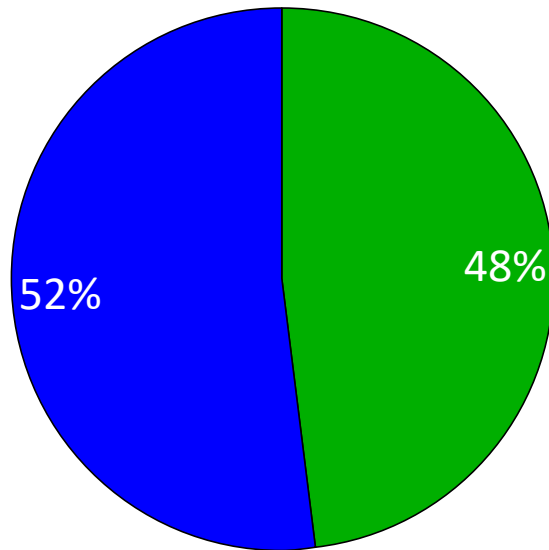
Service Centers



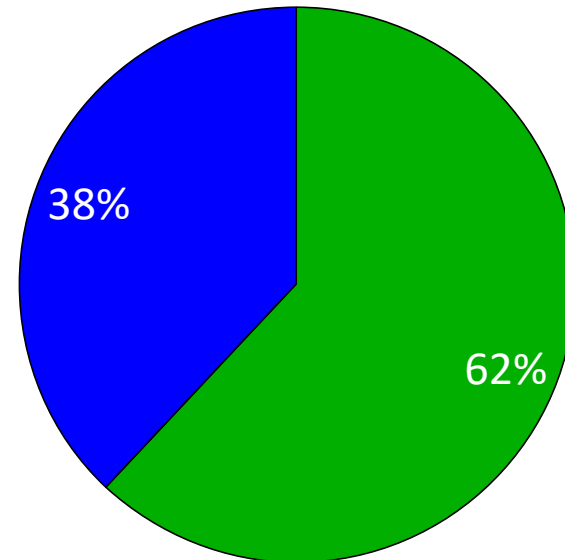
Is the spread between domestic and foreign prices wide enough to justify buying foreign steel?

Yes No

Manufacturers



Service Centers

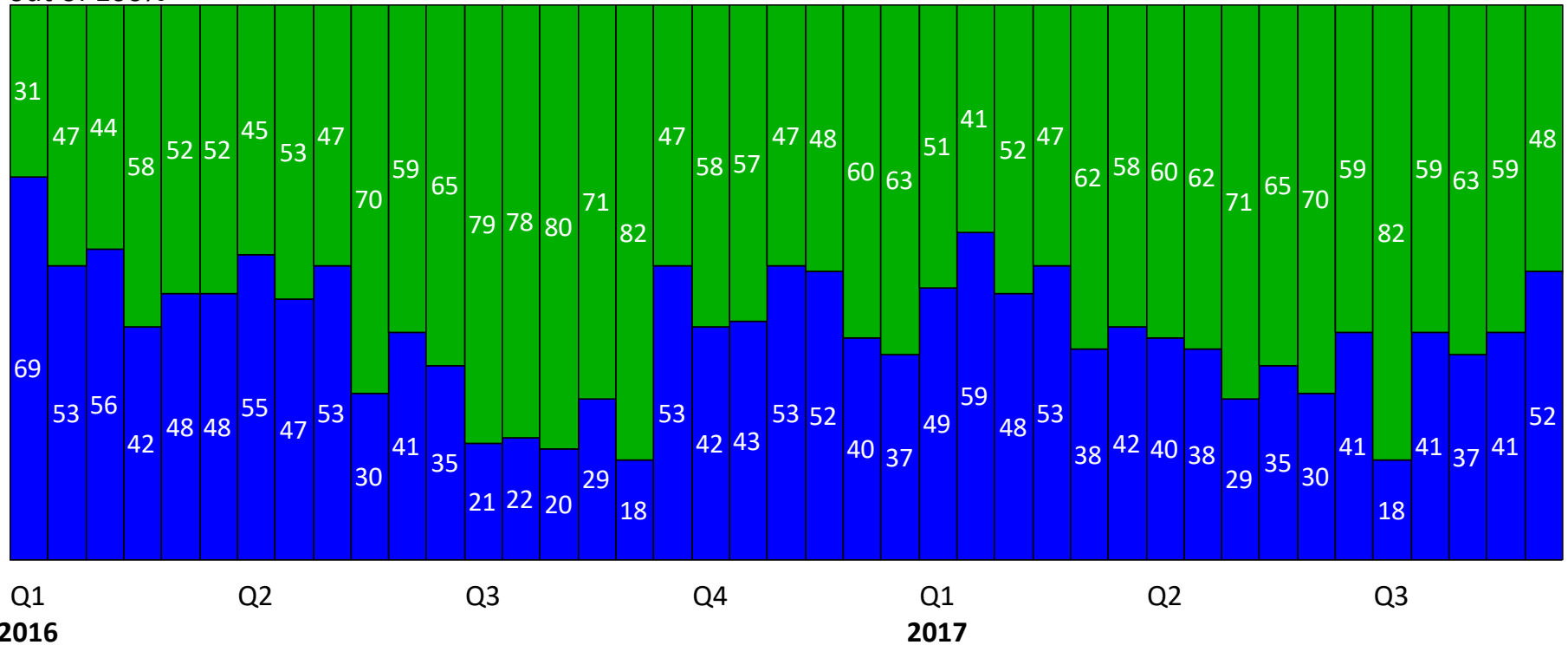


Domestic and Foreign Price Spread

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

Yes No

out of 100%

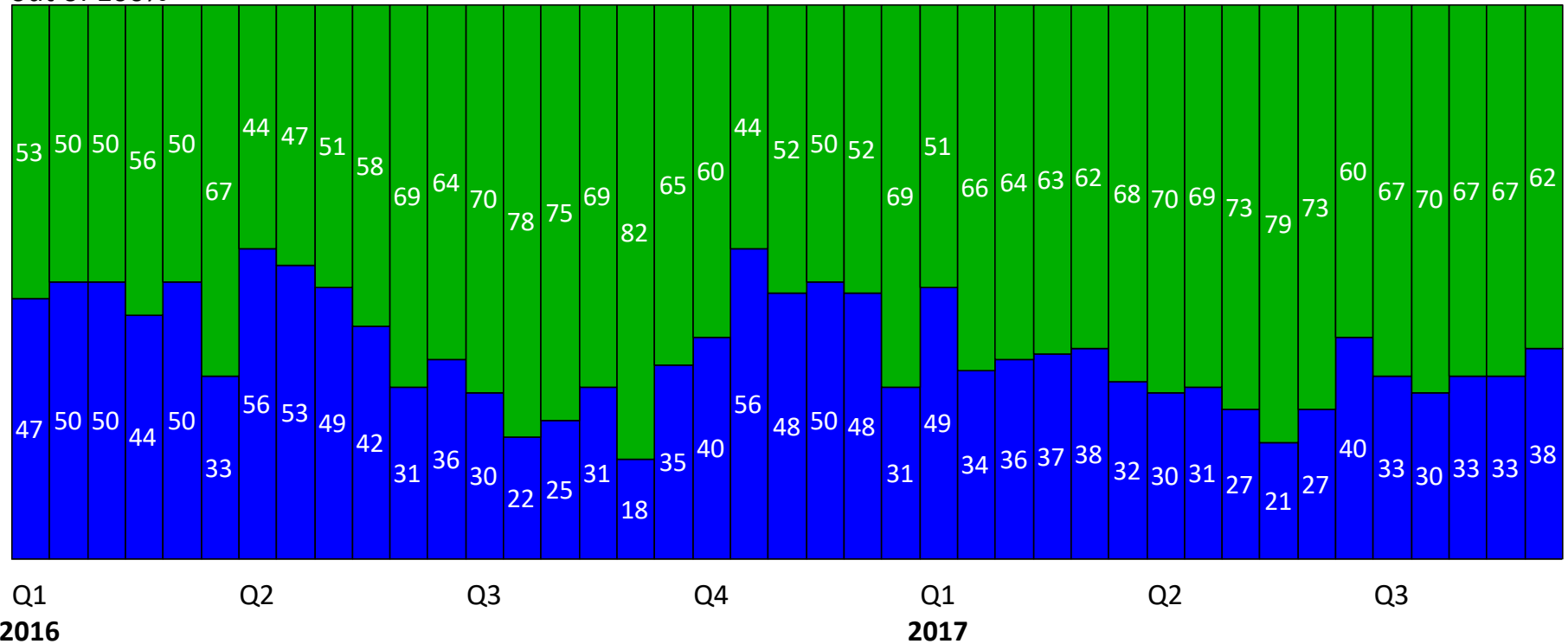


Domestic and Foreign Price Spread

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

Yes No

out of 100%

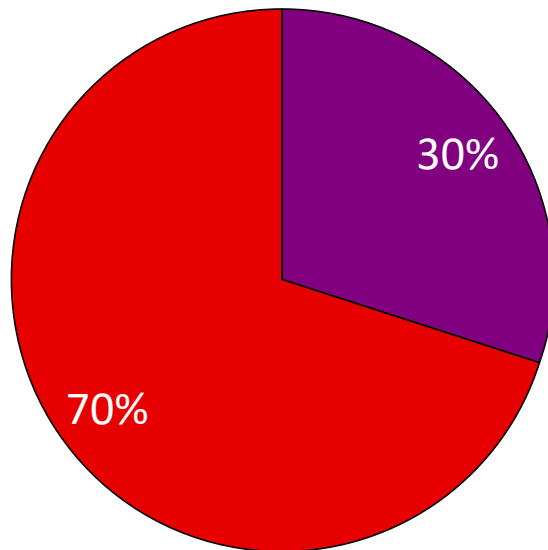


New Foreign Orders

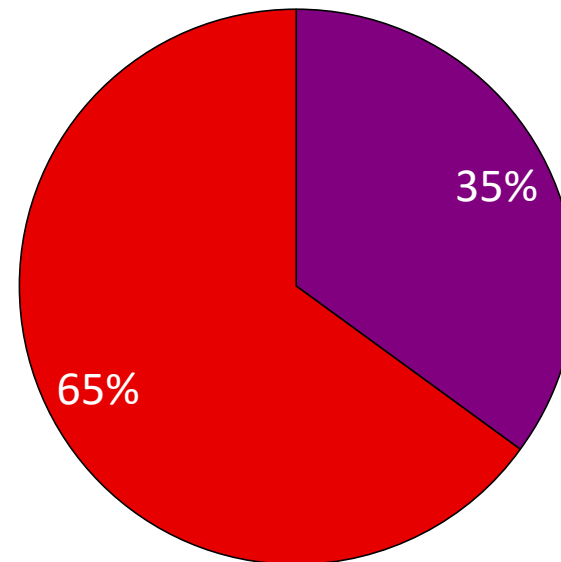
Is your company entering new foreign orders right now?

Yes No

Manufacturers



Service Centers

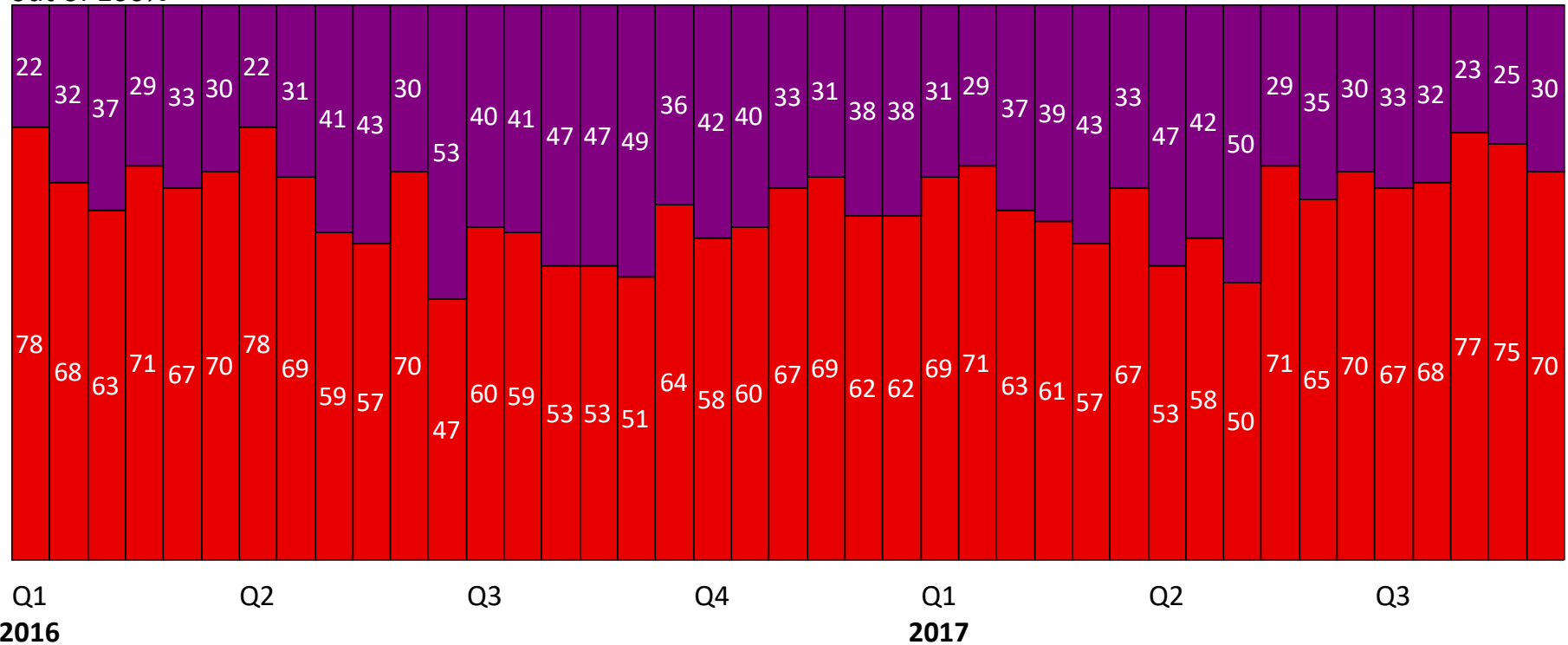


New Foreign Orders

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

Yes No

out of 100%

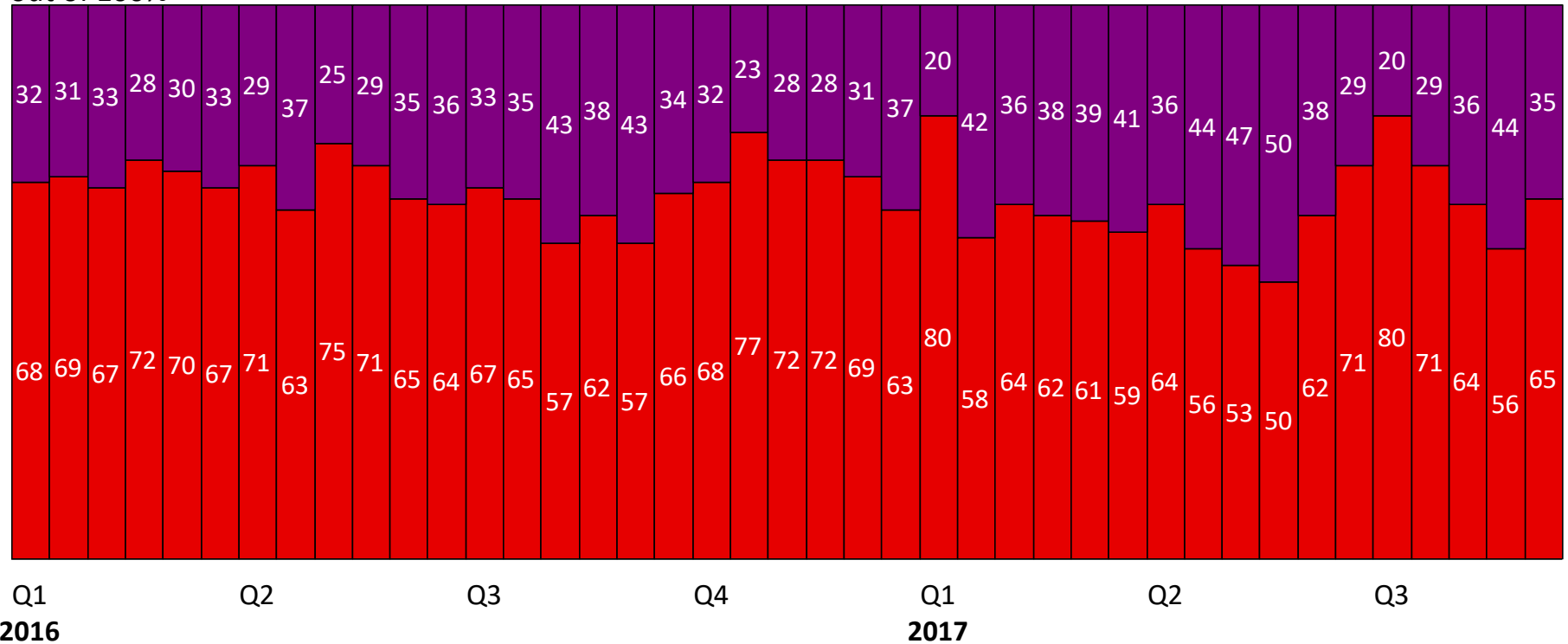


New Foreign Orders

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

Yes No

out of 100%

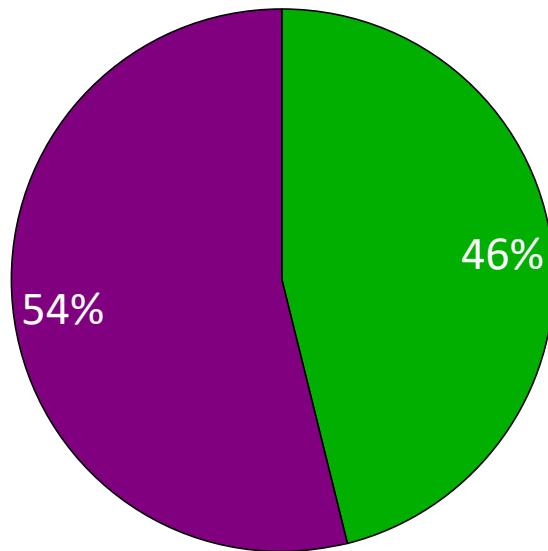


Foreign Difficulties

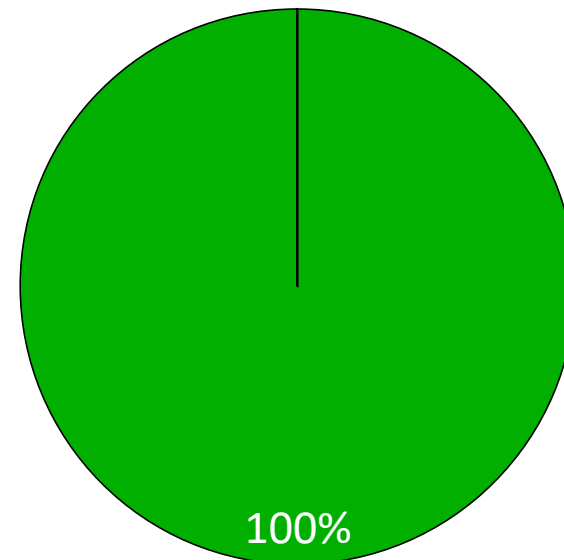
Are you having any difficulties sourcing foreign flat rolled steel products at competitive prices?

Yes No

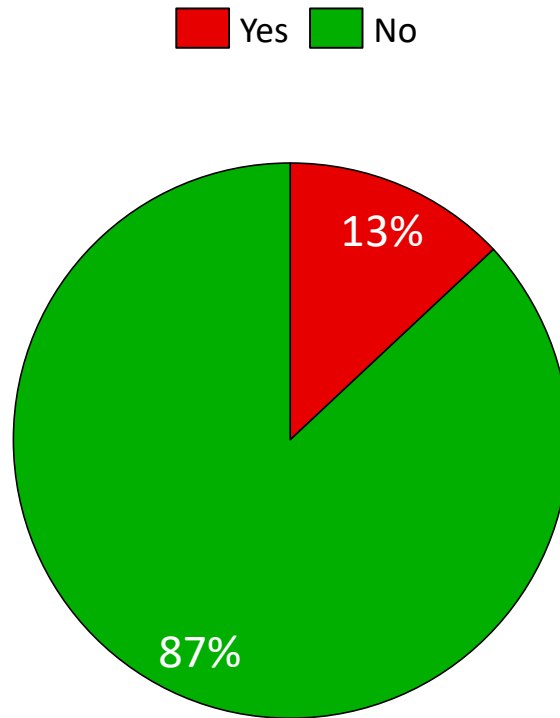
Manufacturers



Trading Companies



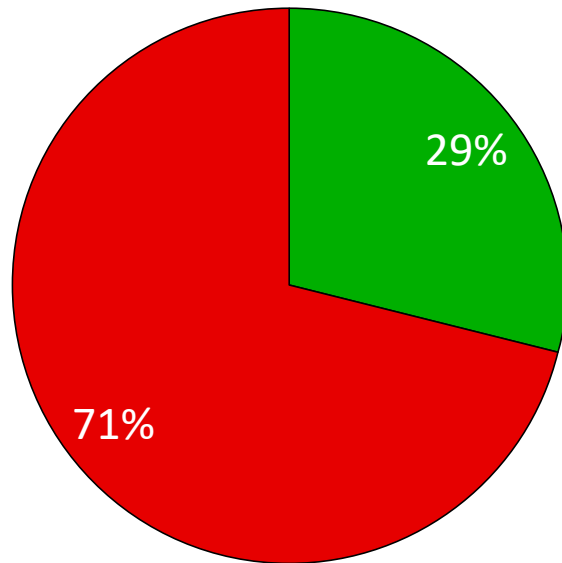
Service Centers- Are you worried about losing your foreign steel suppliers?



Trading Companies

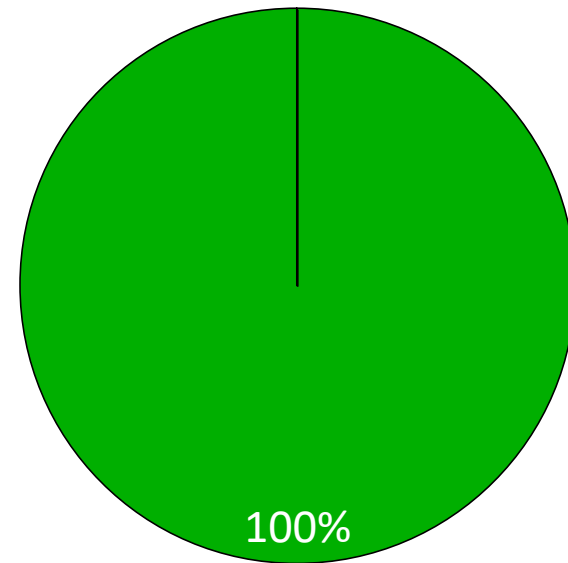
At this time, are you seeing an increase in requests for quotes from North American buyers for foreign steel?

Yes No



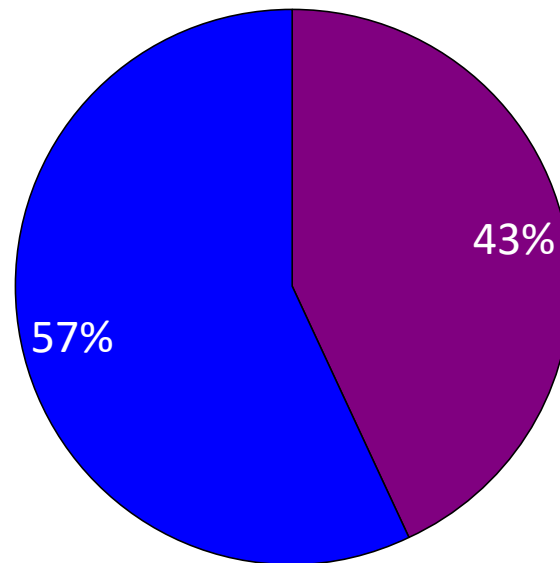
Are foreign steel prices rising compared to one month ago?

Yes
No
Remaining the same



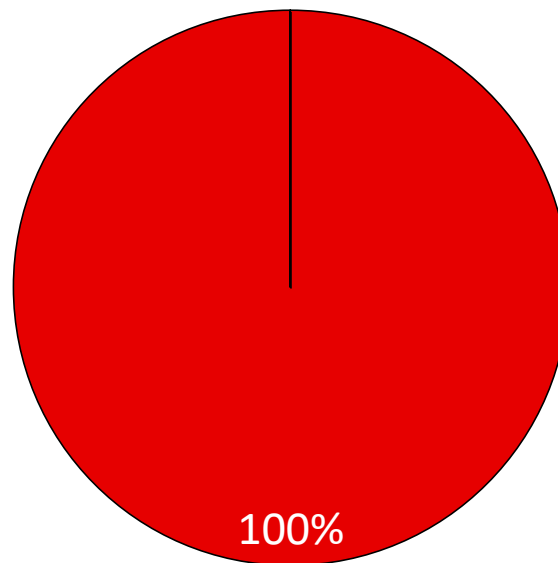
Are the foreign offers being made
priced at levels where you are
confident business can be transacted?

Yes No



The first eight 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?

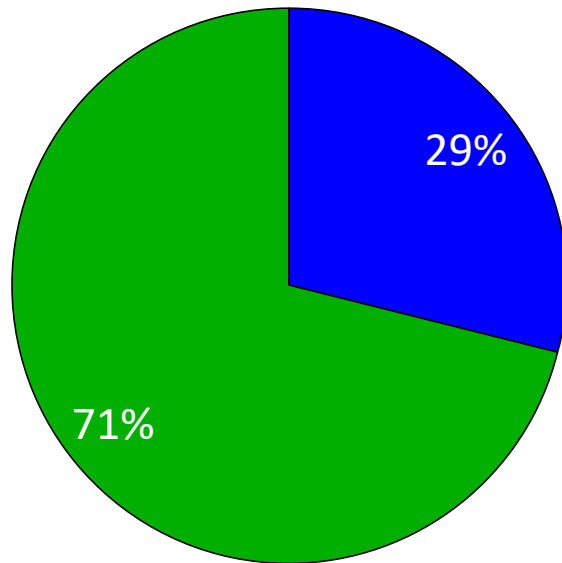
- Imports of CR, GI and AZ will continue at high levels
- Imports of CR, GI and AZ will drop off in the coming months
- I don't know



Trading Companies

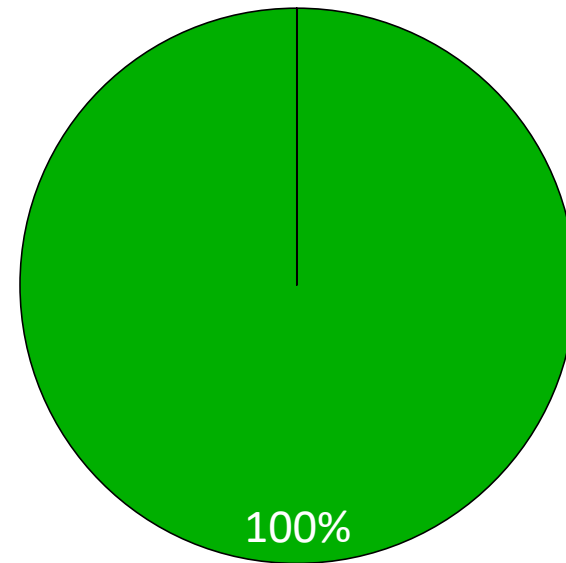
Are foreign galvanized prices more competitive, same, or less competitive than one month ago?

- More competitive
- Same
- Less competitive



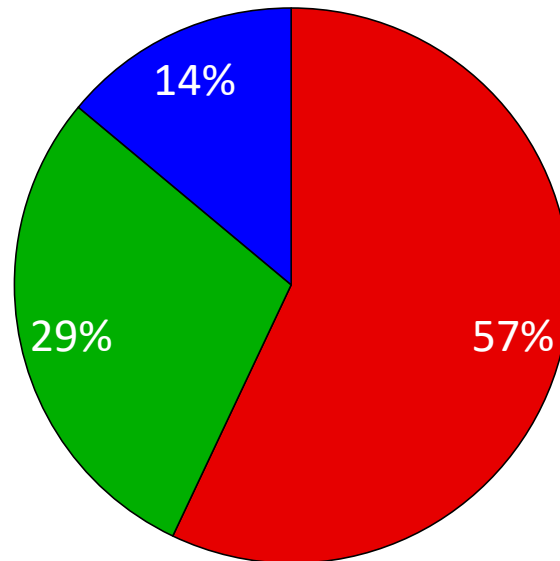
Are foreign Galvalume prices more competitive, same or less competitive than one month ago?

- More competitive
- Same
- Less competitive



Do you think the president will add duties/quotas
re: Section 232 by early next year?

- Yes
- No
- Don't know yet



Questions?

If you have any questions regarding the information presented here, please contact us at 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.

Look for Our Next Survey



Our next survey
will be conducted
the week of
September 18, 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 written in a bold, white, sans-serif font, with the word "STEEL" in a larger font size than "MARKET UPDATE".

STEEL MARKET UPDATE

When you need answers... www.SteelMarketUpdate.com