



Steel Market Update

CRU

SMU Community Chat
Taylor St. Germain,
Economist, ITR Economics

Dec. 11, 2024 | Michael Cowden, Editor-in-Chief

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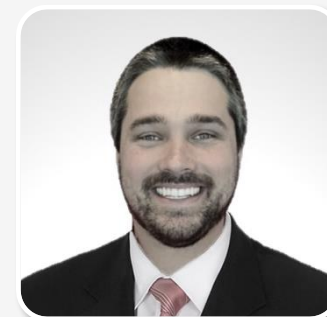
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The SMU newsletter was developed for active buyers and sellers of flat-rolled steel.

Prices | Momentum | Sentiment | Trends | Analysis

For more information visit www.steelmarketupdate.com

Upcoming events



Tampa Steel Conference
Feb. 2-4, 2025 | Tampa, Fla.
JW Marriott Tampa Water Street



Live Steel 101 Workshop
March 11-12, 2025 | Charleston, S.C.
Tour of Nucor Berkeley



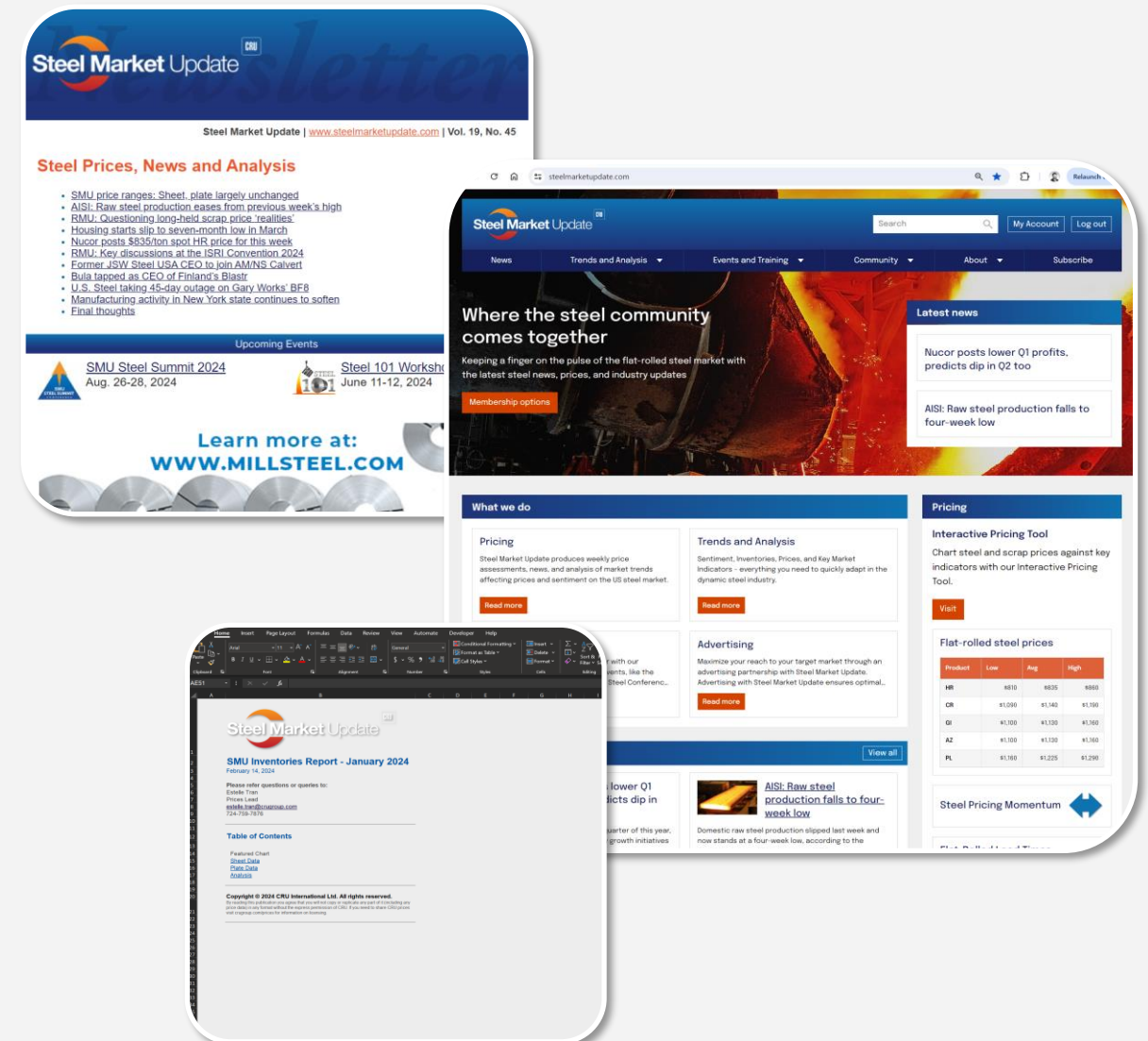
Steel Summit 2025
Aug. 25-27, 2025 | Atlanta
Georgia International Convention Center

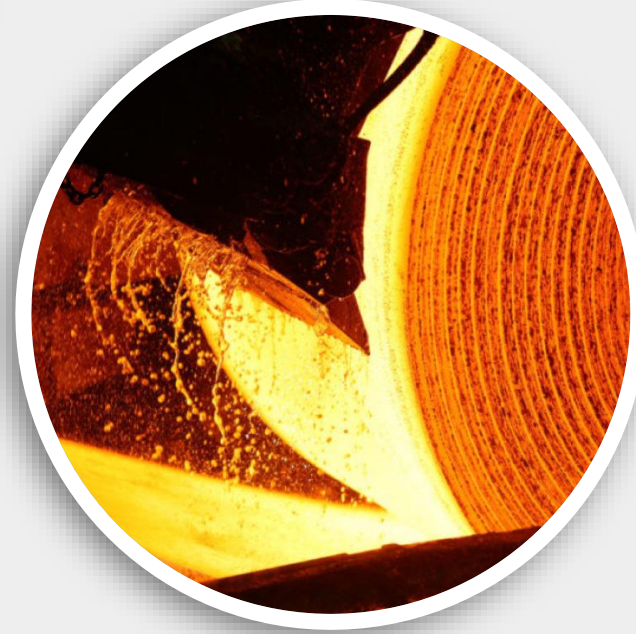
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Steel Market Update membership levels

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- **Executive:** Limited website access, executive newsletter delivery 3x per week, steel prices, scrap prices, news, lead times, and more.
- **Premium:** Executive PLUS Full website access, supplemental premium newsletters, full SMU survey results, service center inventory analysis, and more.
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Don't just read our data,
**see your company's
experience reflected in it.**

Contact david@steelmarketupdate.com for participation information.



Recent headlines

Trump threatens Canada, Mexico with 25% tariffs, China another 10%

Pig iron showdown as Trump puts BRICS to the wall?

December scrap settle seen down \$10-20/gt

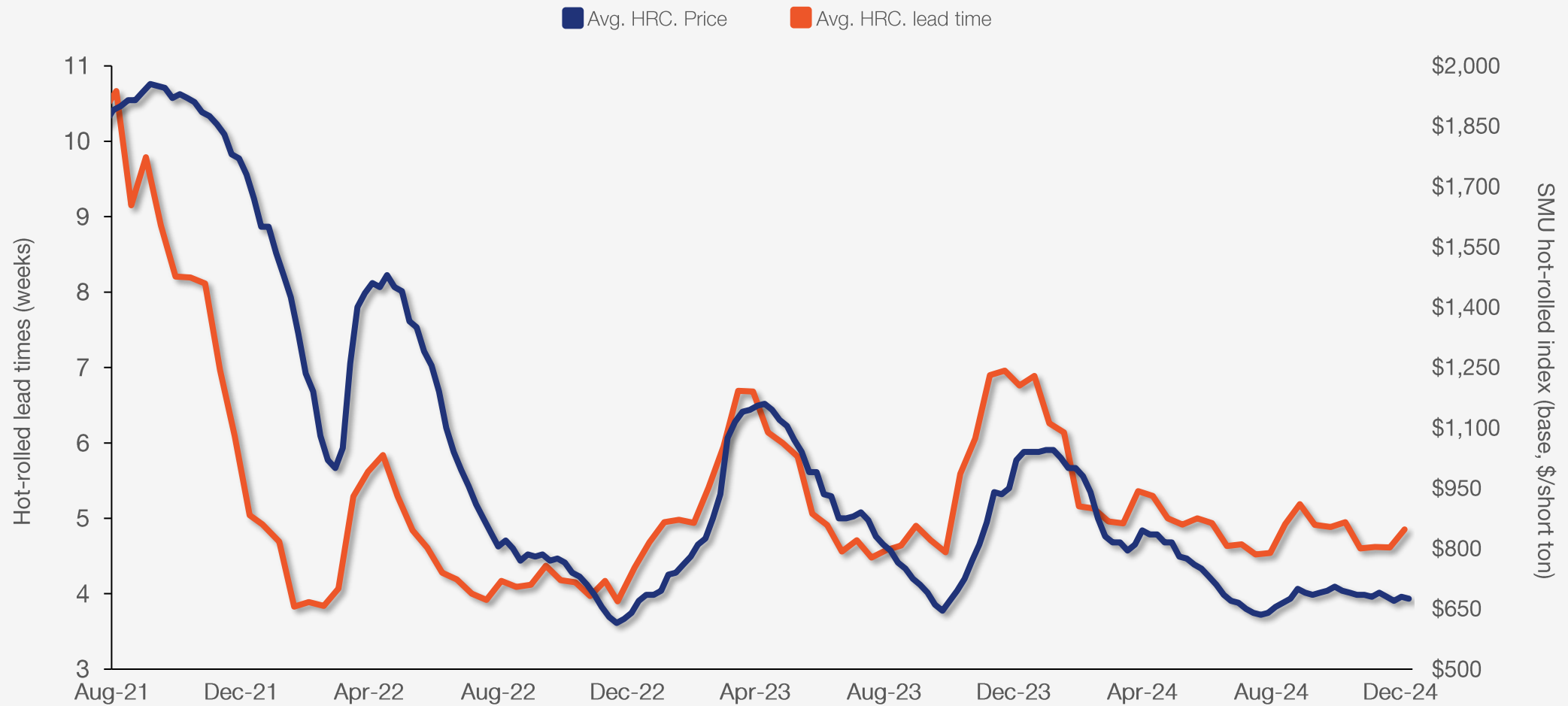
SMU Survey: Buyers say most mills still flexible on prices

Commerce delays initial CVD decision in coated case

Cliffs opens January HR book, holds published price at \$750/ton

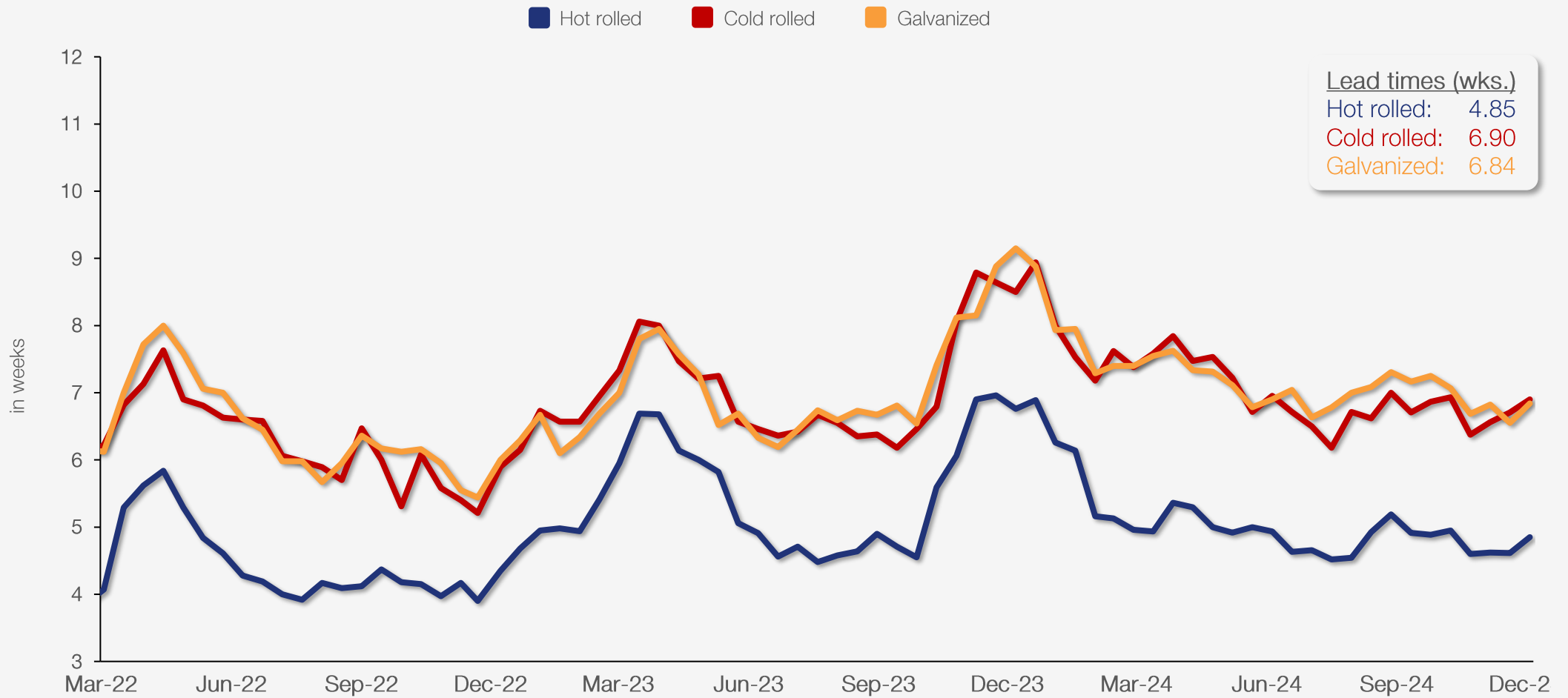
Hot-rolled steel prices vs. lead times

SMU's hot-rolled steel prices and lead times, data through Dec. 10, 2024.



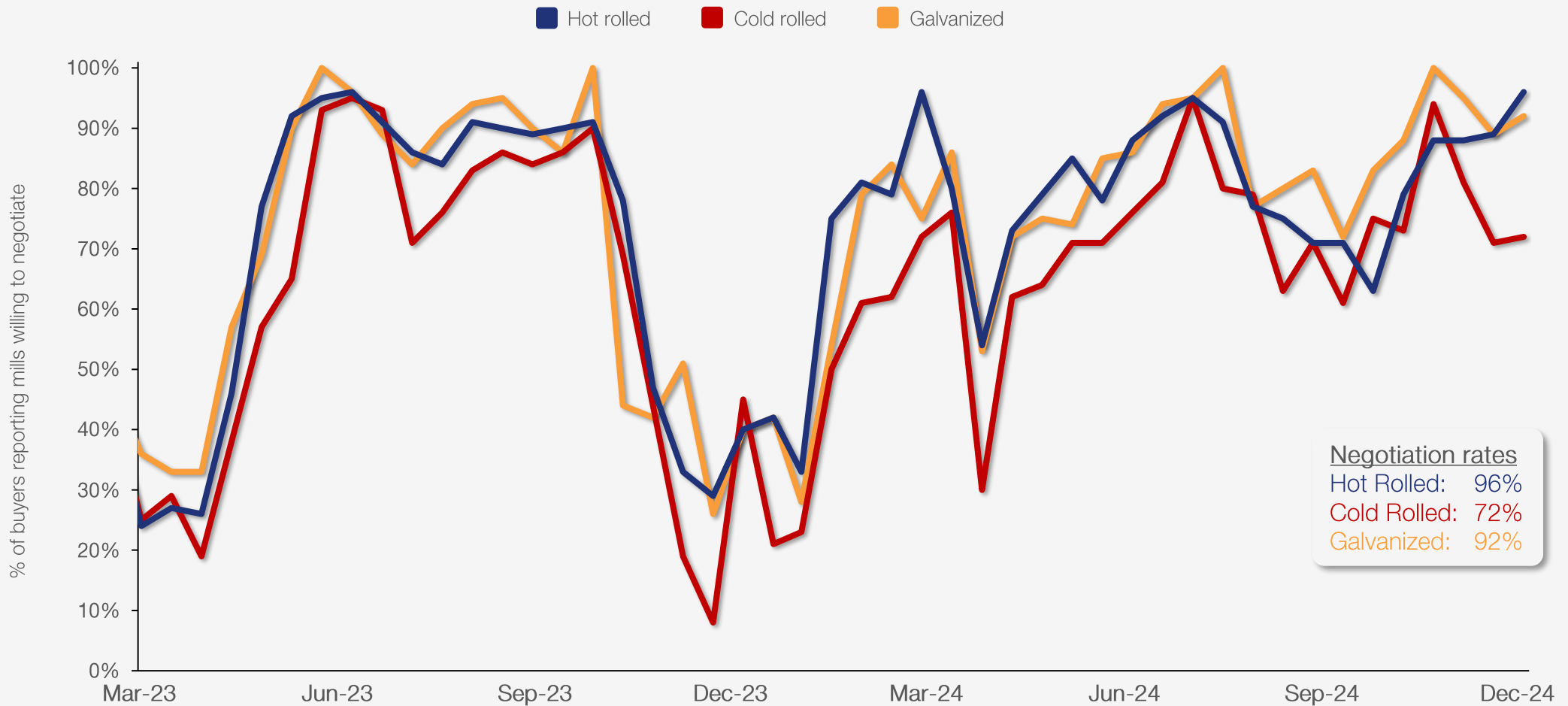
Steel mill lead times by product

SMU lead times on new steel orders by product through Dec. 4, 2024.



Steel mill negotiations

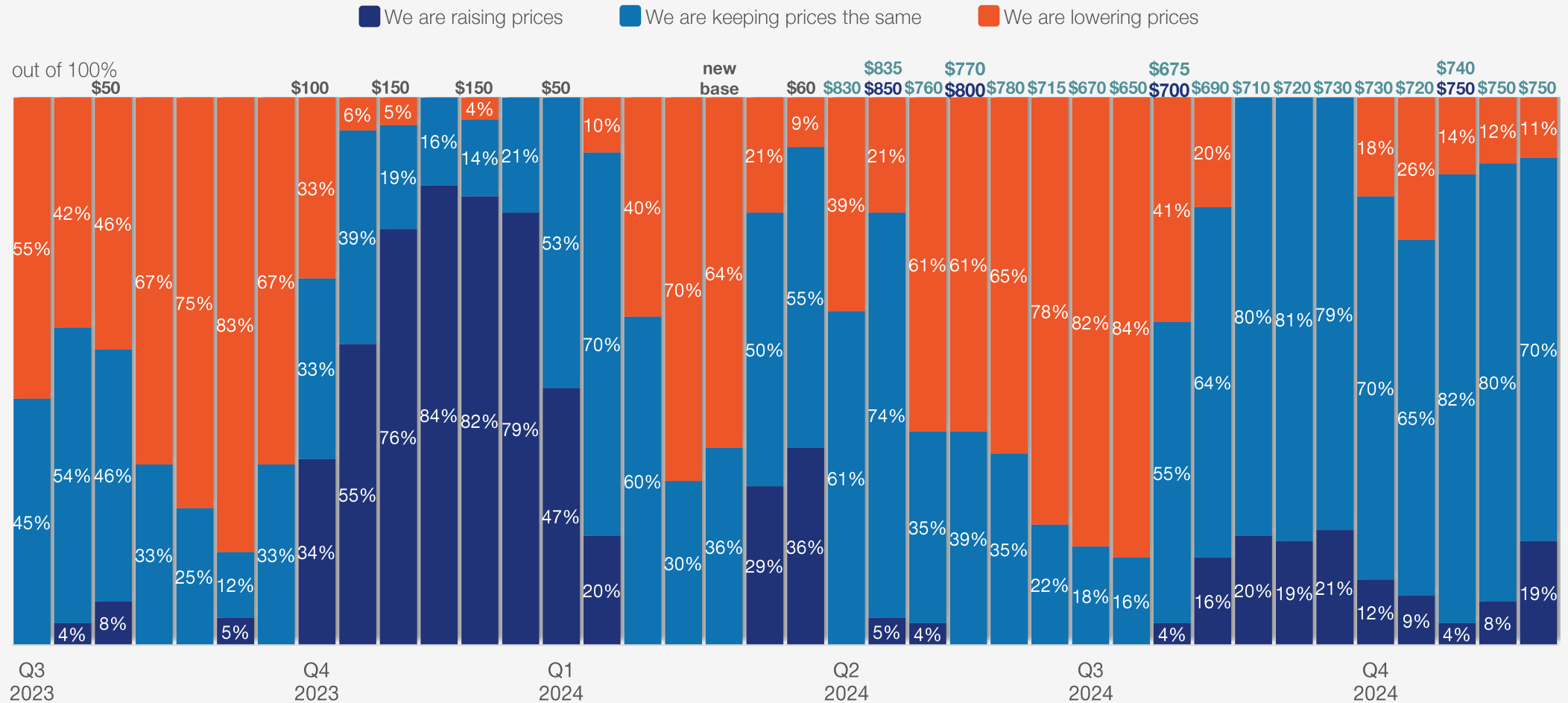
SMU's price negotiations on new steel orders by product through Dec. 4, 2024.



Service center view of selling prices history

Service centers

Compared to two weeks ago, how is your company handling spot pricing to your customers?

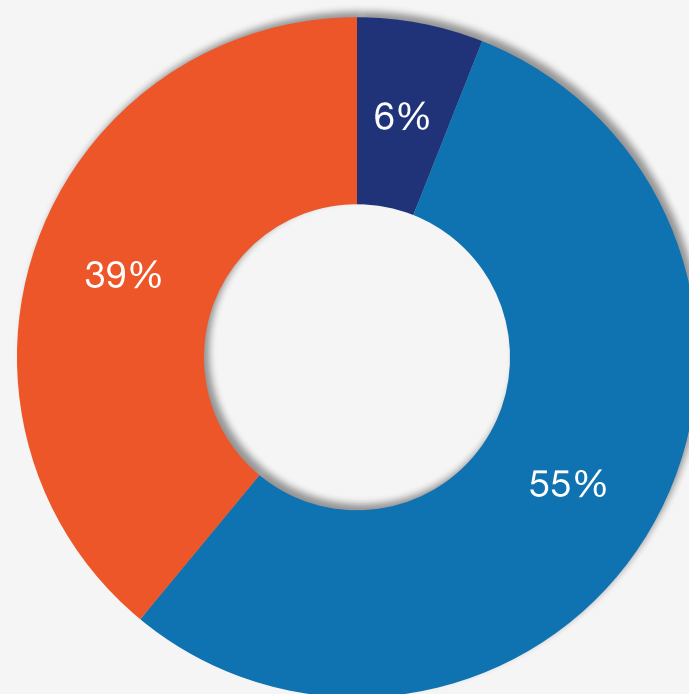


Business forecasts

How did your company perform last month compared to your forecast?

■ We exceeded forecast ■ We met forecast ■ We did not meet forecast

Dec. 4, 2024

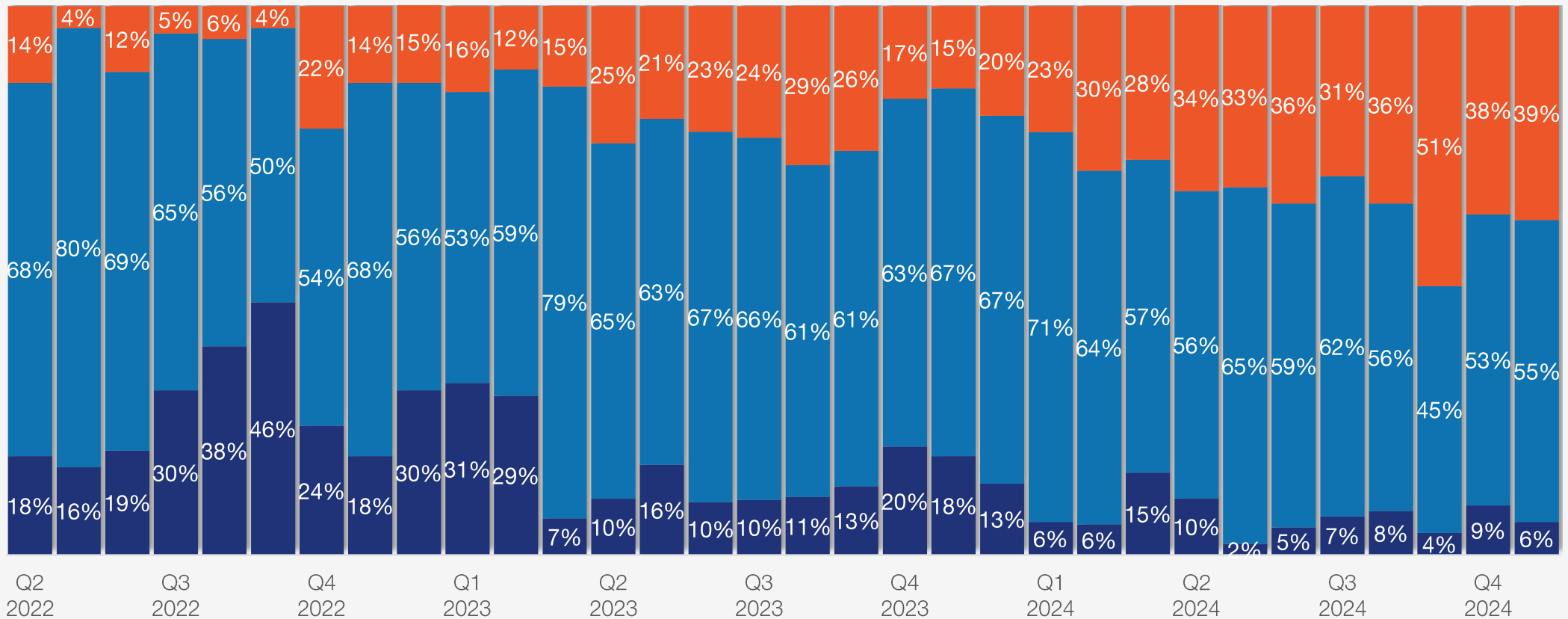


Business forecasts history

How did your company perform last month compared to your forecast?

■ We exceeded forecast
 ■ We met forecast
 ■ We did not meet forecast

out of 100%



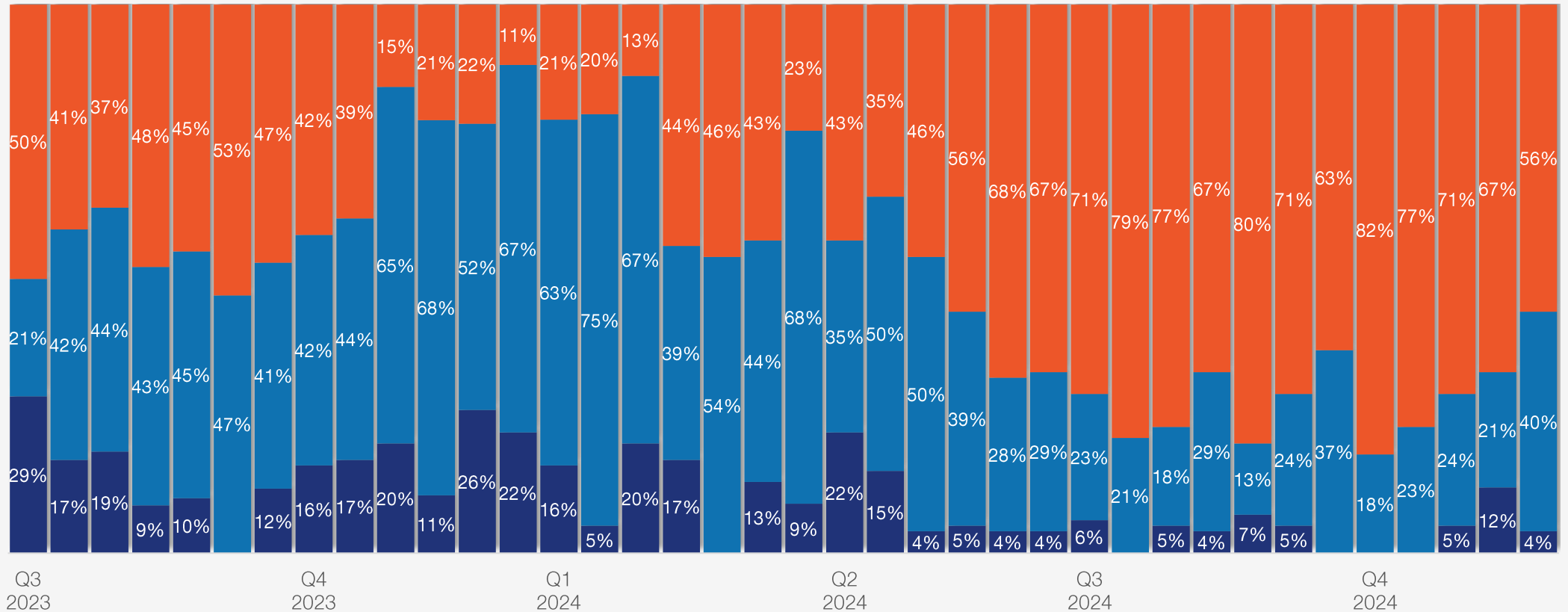
Service center releases history

Service centers

How do you see your customer releases (demand) for your products compared to one year ago?

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

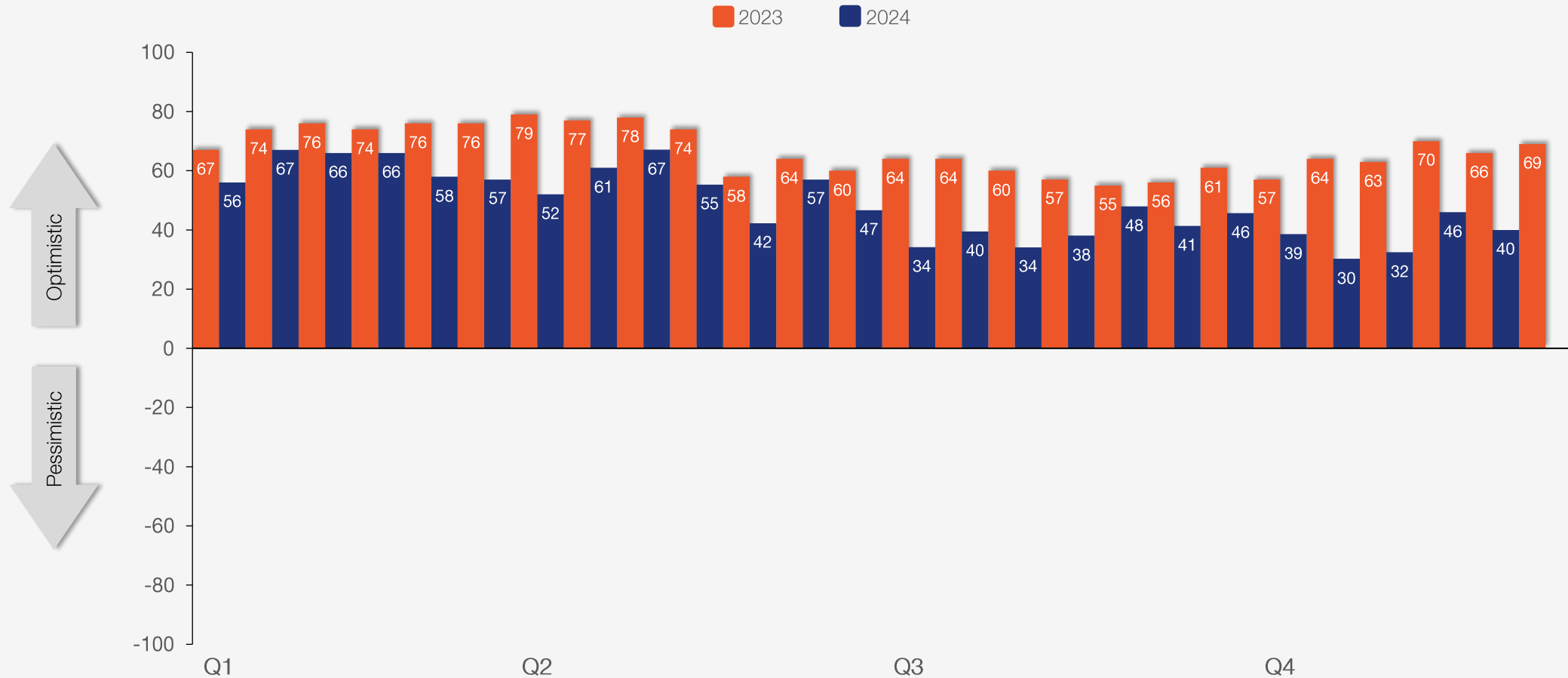
out of 100%



Steel buyers' sentiment

Down 6 points to +40

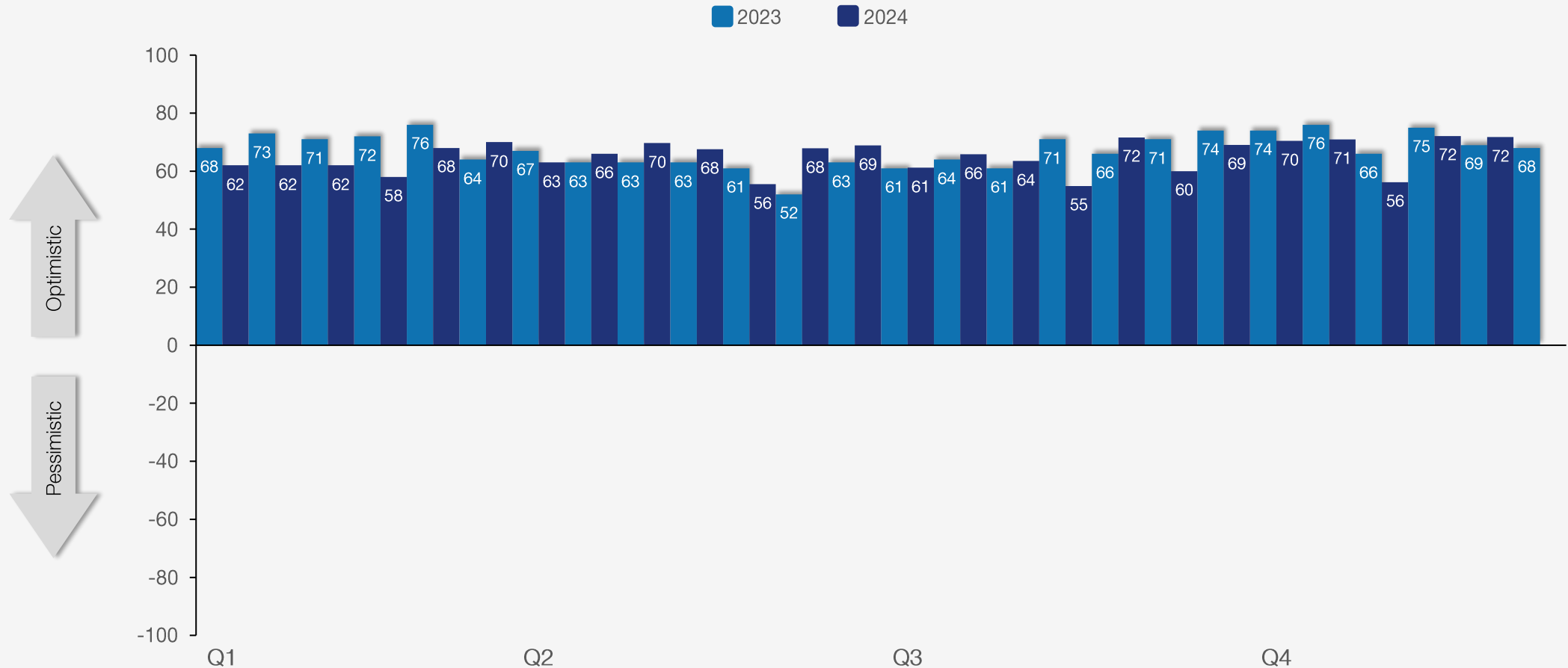
SMU's current steel buyers' sentiment index, with data through Dec. 4, 2024.



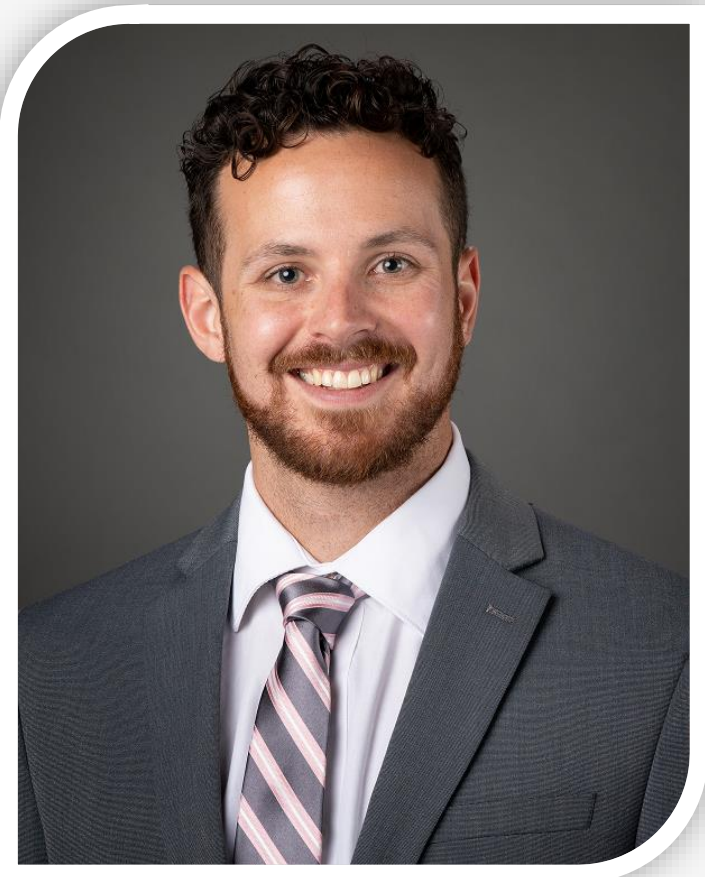
Steel buyers' future sentiment

Unchanged at +72

SMU's future steel buyers' sentiment index, with data through Dec. 4, 2024.



Taylor St. Germain



As an experienced economist, Taylor St. Germain provides consulting services for small businesses, trade associations, and Fortune 500 companies across a spectrum of industries. Taylor specializes in forecasting at both the market and company levels and is a key contributor to maintaining ITR Economics' forecast accuracy rating of 94.7%.

His dynamic personality and extensive knowledge of economic trends and their business relevance are highly valued by clients and colleagues alike.

Taylor spent time in the tech industry providing market intelligence to electronics OEMs, semiconductor companies, and component manufacturers. In his five years with ITR Economics, he has worked with various distributors, manufacturers, and producers, helping each client navigate the business cycle and optimize their corporate planning strategy.



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Staying Ahead of the Curve in 2025–2026

**Presented by ITR Economics
Economist & Senior
Consulting Speaker
Taylor St. Germain**



Global

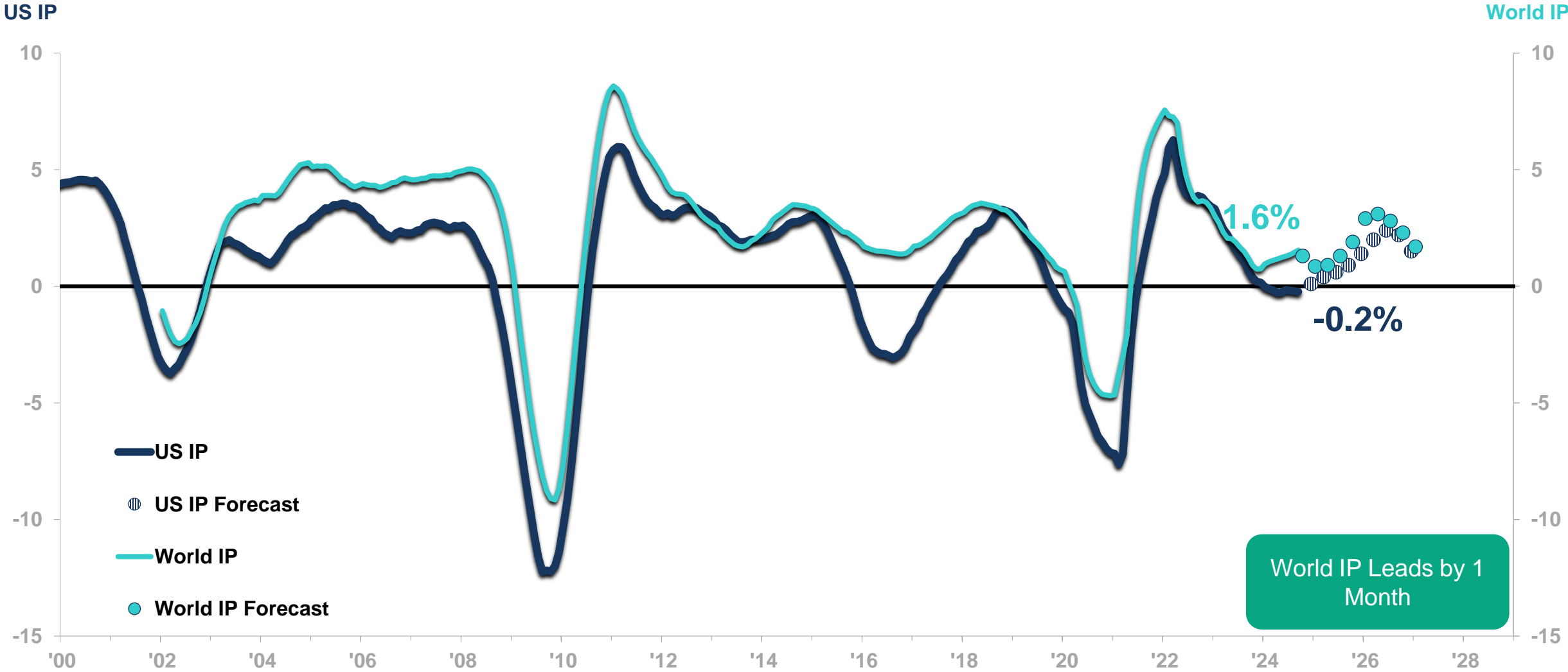


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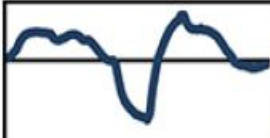



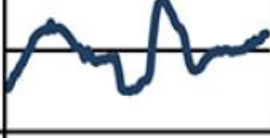

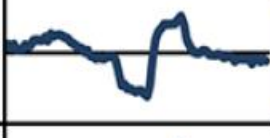







US Industrial Production Index to World Industrial Production Index 12/12 Rates-of-Change



World IP Leads by 1 Month

The Global Economy At-a-Glance

Source: ITR Economics Trends Report™

	Historical 12/12	Historical 12MMA	Current 12/12	2024	2025	2026
Canada Industrial Production			-0.6	-0.4	3.3	2.9
Mexico Industrial Production Index			1.9	0.4	0.4	0.7
Brazil Manufacturing and Mining Industrial Production Index			2.4	1.7	-2.2	2.7
Western Europe Industrial Production Index			-1.3	-1.0	2.1	0.8
Eastern Europe Industrial Production Index			-1.2	0.8	2.9	1.6
India Industrial Production Index			5.0	3.5	5.3	3.3
China Industrial Production Index			5.7	5.9	3.4	4.5

Note: Forecast color represents what Phase the market will be in at the end of the year. Ukraine data has been removed from Eastern Europe Industrial Production as it is unavailable due to the war. We have added Hungary Industrial Production data to the series.



The US Economy



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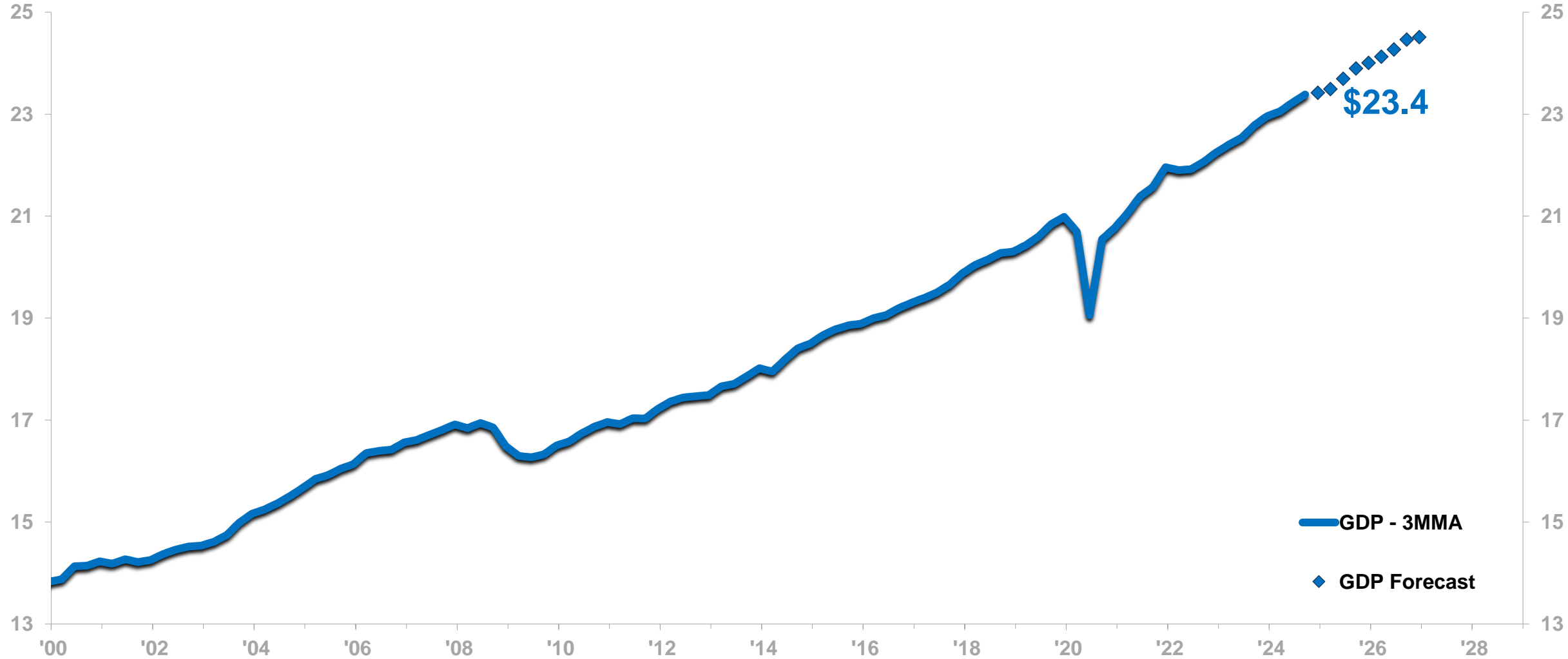
Growth Expected to Characterize 2025 & 2026

Source: BEA

US Real Gross Domestic Product



Quarterly Data Trend: Trillions of Chained 2017 Dollars



Services Rising Above Industrial Activity

Sources: FRB, BEA

US Industrial Production Index to US Services GDP

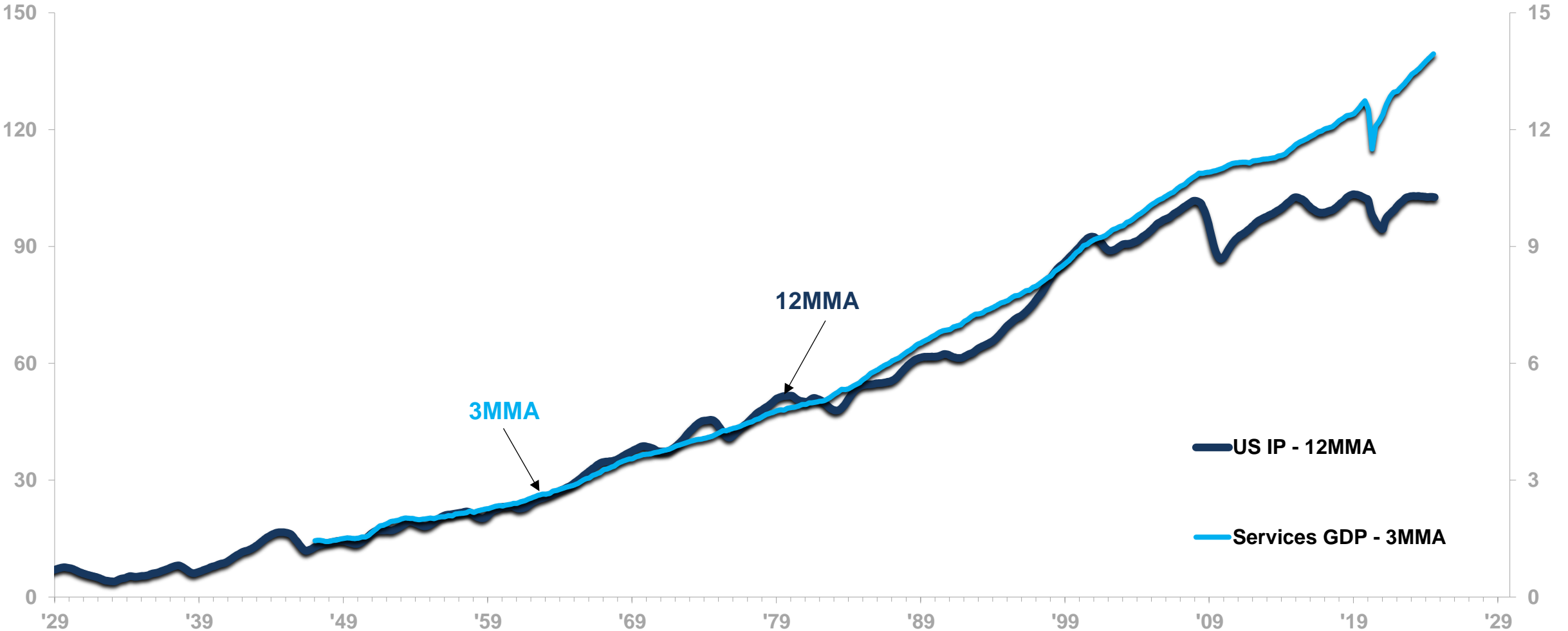


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Data Trends

US IP (2017 = 100)

Services GDP (Tril. 2017 \$)



Rise Begins in Early 2025

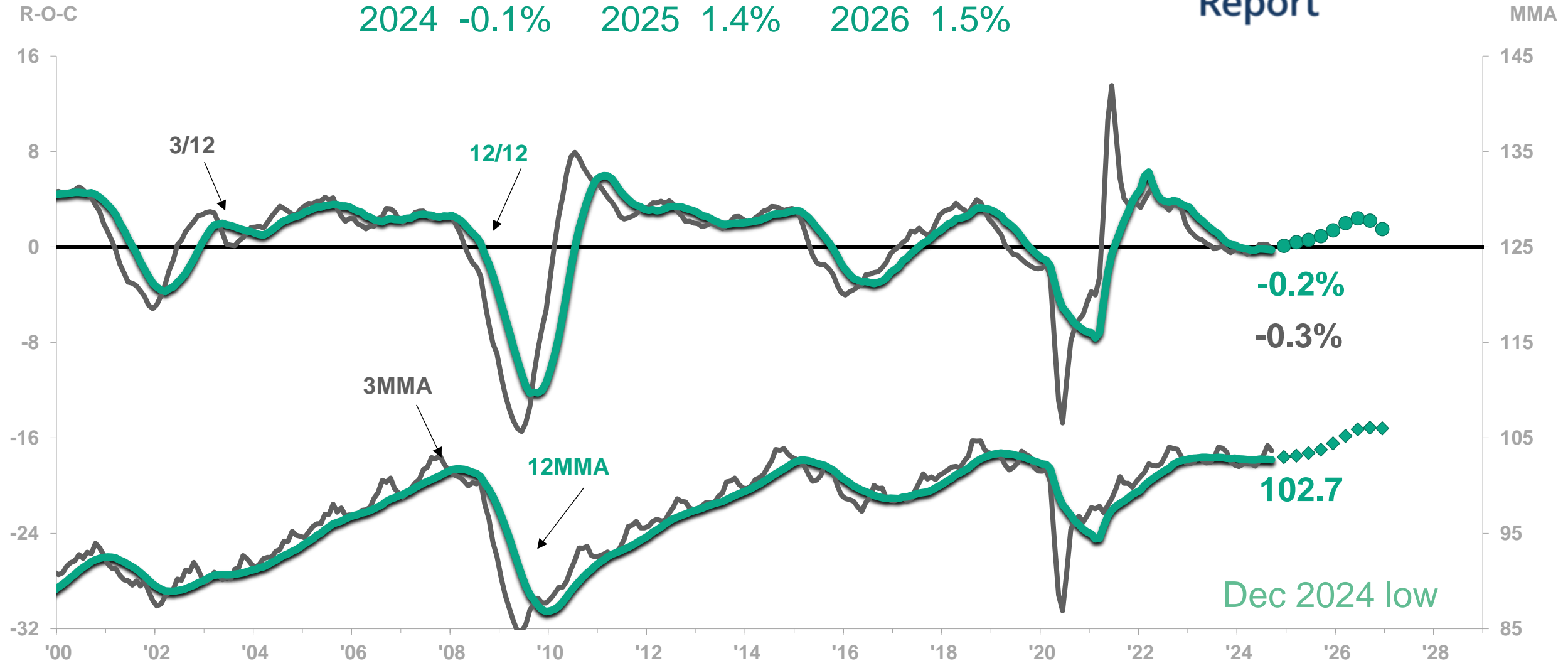
Source: FRB

US Industrial Production Index

2017 = 100

as seen in
ITR Economics'
**Trends
Report**


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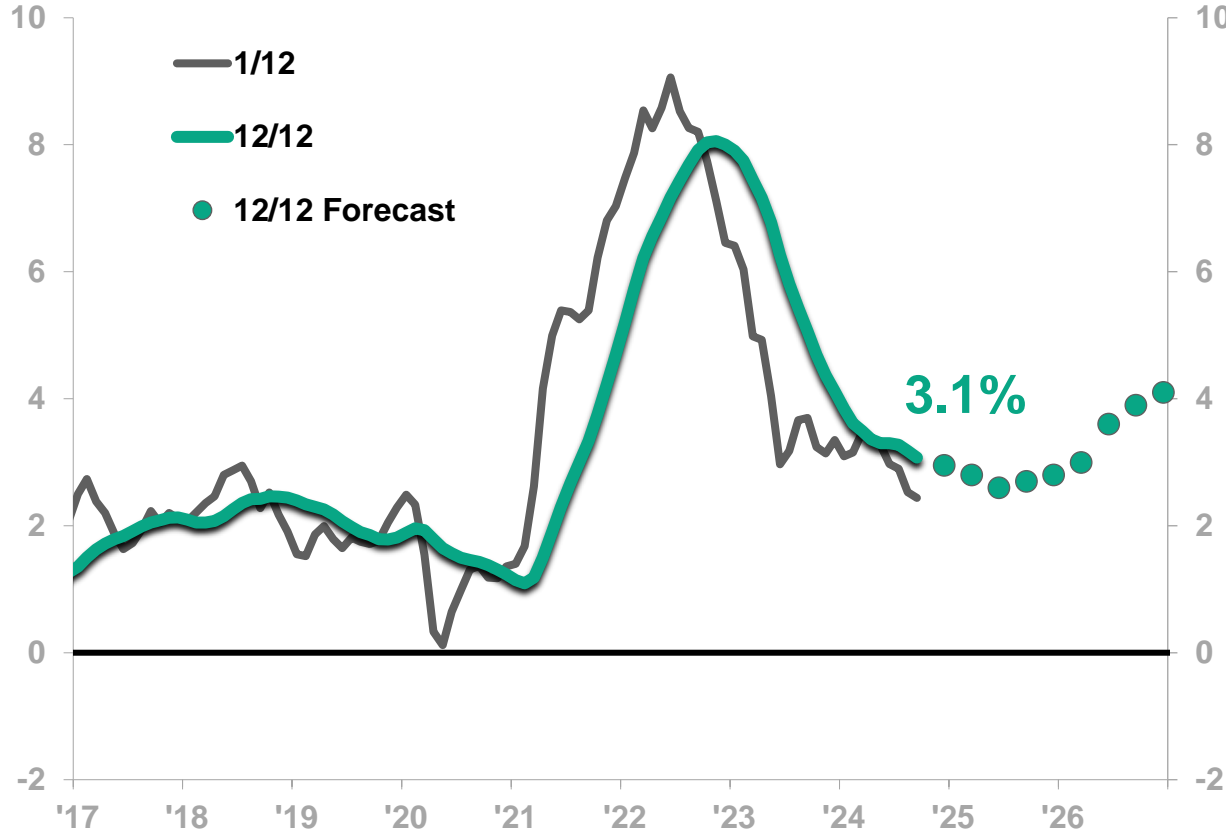


CPI Disinflation Continues But PPI Will Likely Rise

Source: BLS

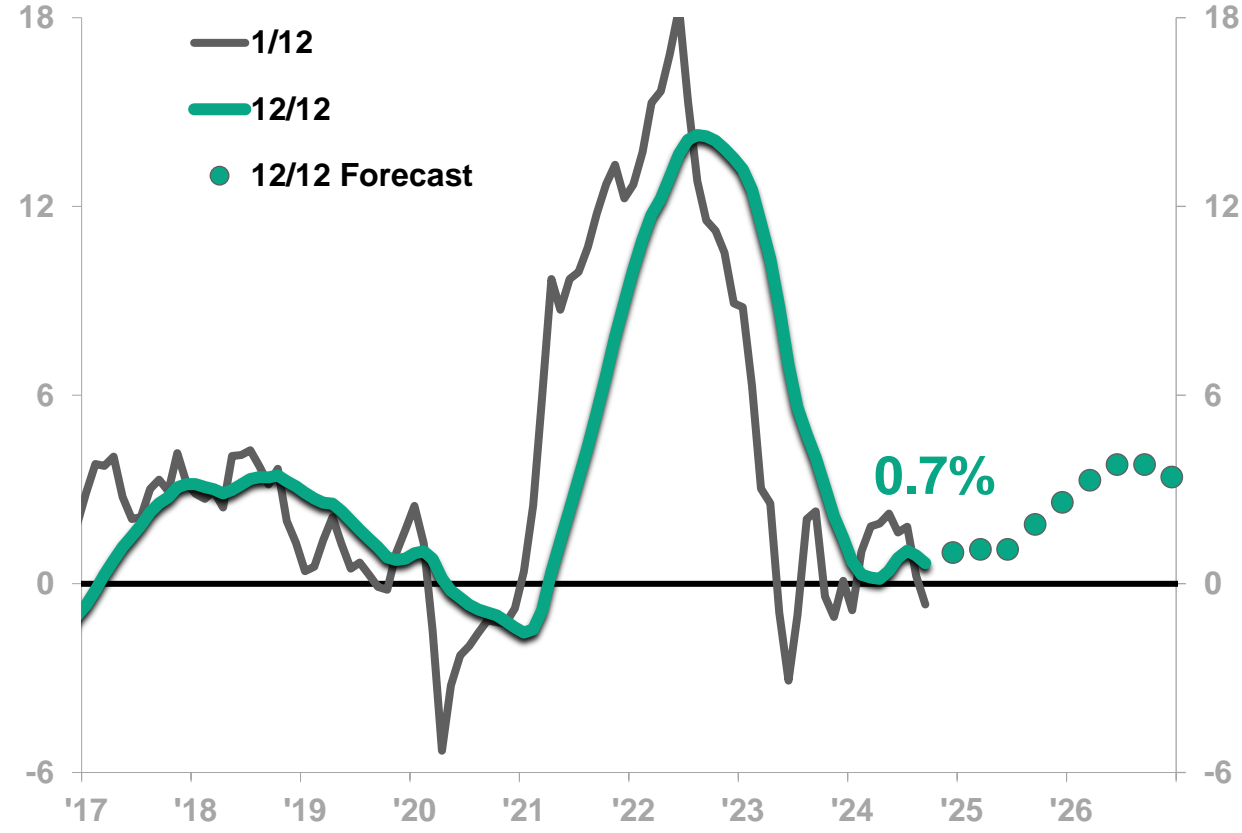


US Consumer Price Index



Forecast	12/12
2024	3.0%
2025	2.8%
2026	4.1%

US Producer Price Index



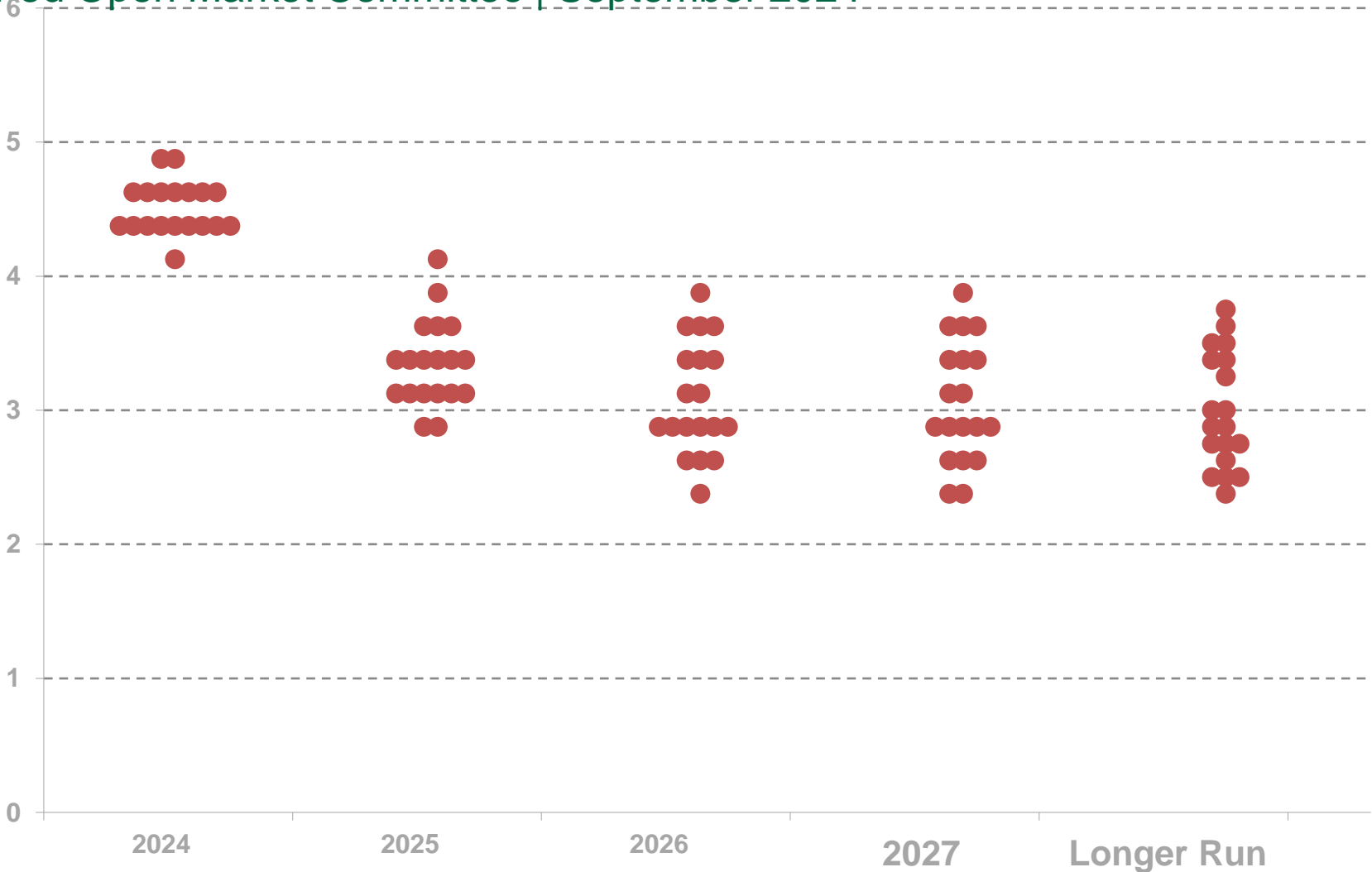
Forecast	12/12
2024	1.0%
2025	2.6%
2026	3.4%

FOMC Member Interest Rate Projections

Source: FRB



Fed Open Market Committee | September 2024



Take advantage of lower interest rates

Make acquisitions

Invest in your products – innovate

Invest in your processes

The Next Round of Inflation is Already Forming

Source: SIFMA

US Treasury Gross Issuances

Data Trends: Trillions of Dollars

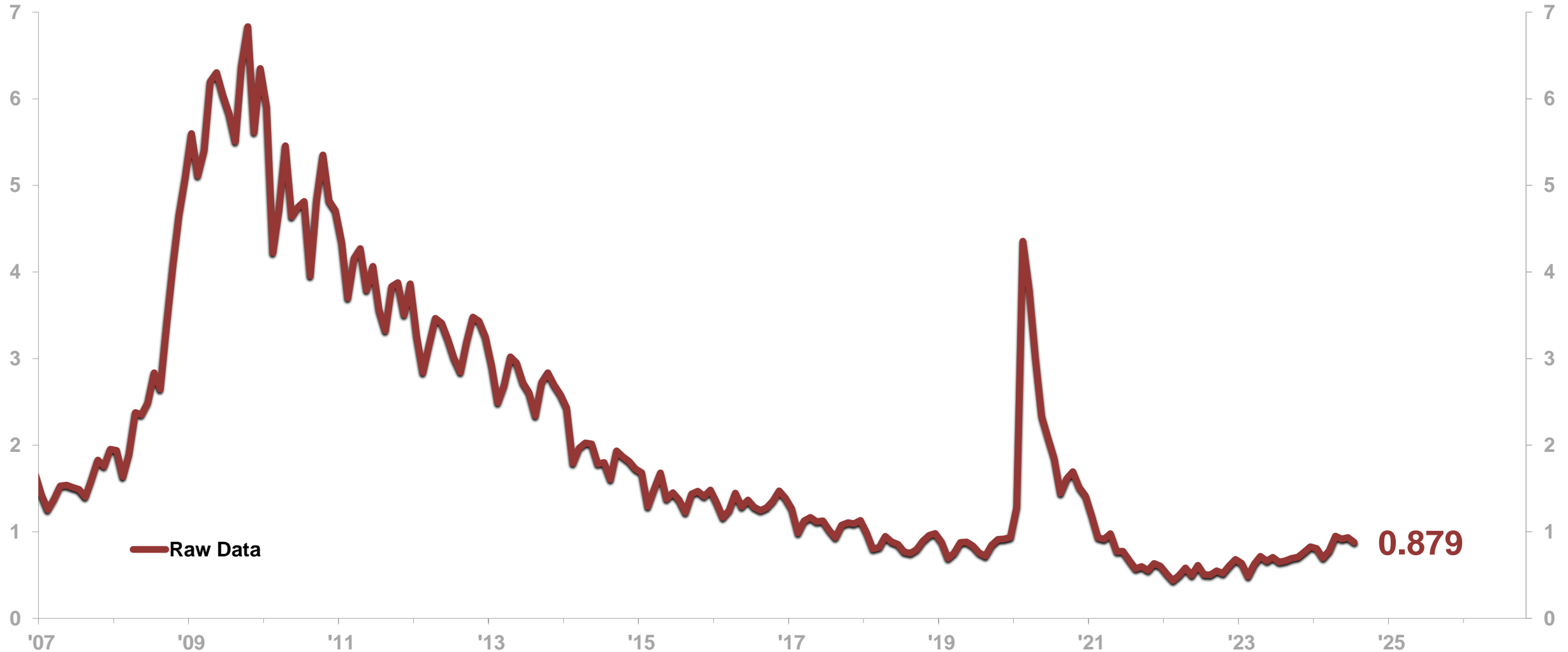


Tight Labor Market is Here to Stay

Source: BLS

US Number of Unemployed Persons per Job Opening

Raw Data, Number of Persons



Not Enough Immigration to Fill All the Jobs

Sources: DHS, BLS

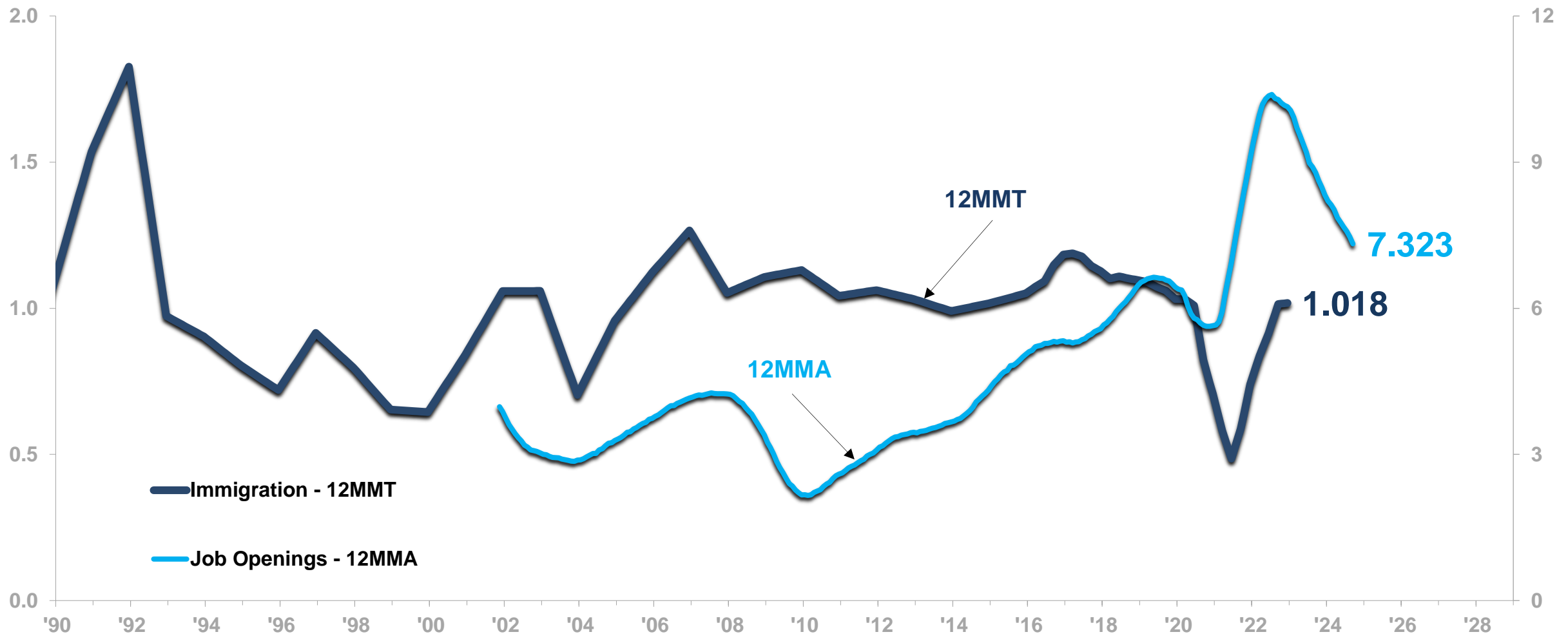
Lawful Permanent Residents Immigrating into the US to US Total Private Job Openings



Annual Data Trends

Immigration (Mil. of Persons)

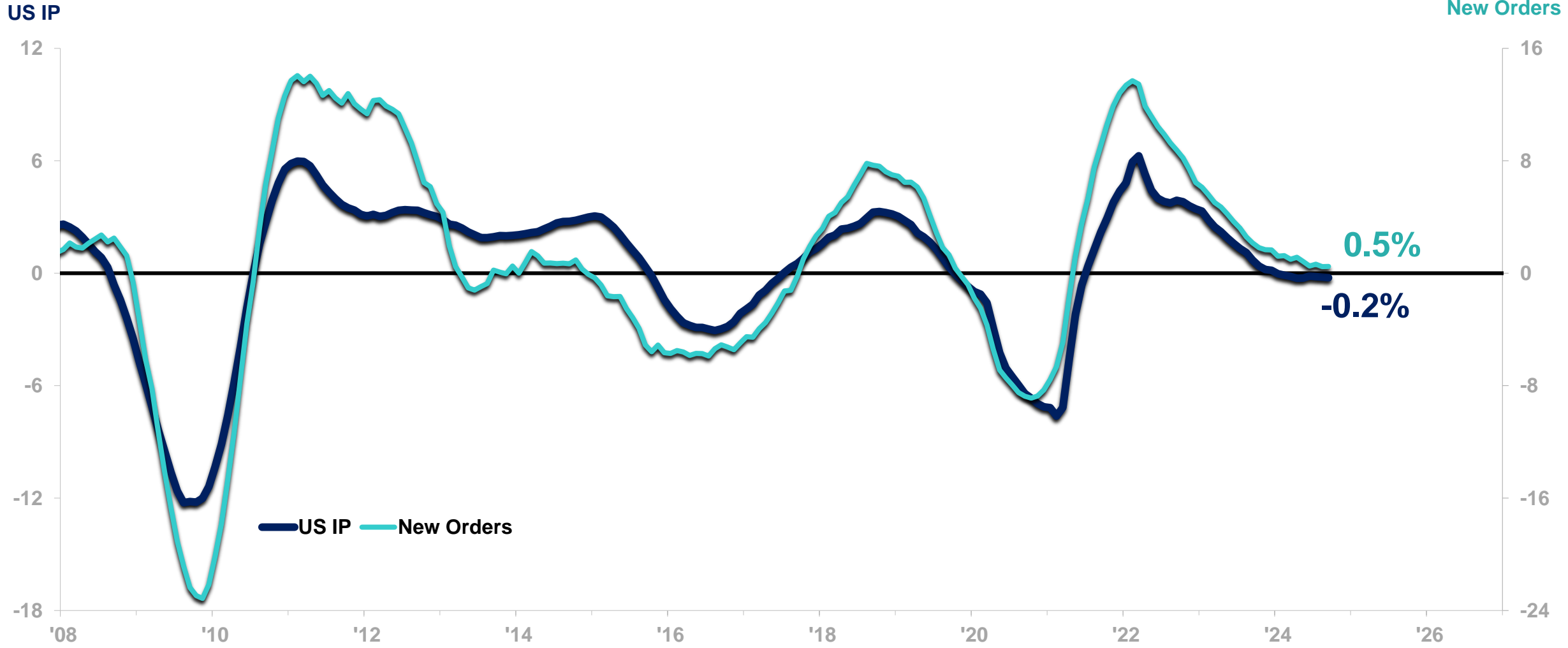
Job Openings (Mil. of Job Openings)



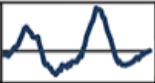

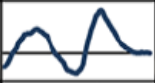

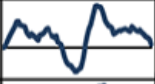

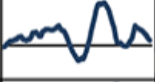



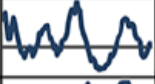

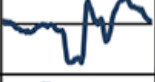

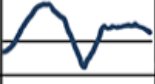

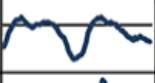





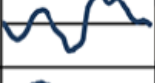





Growth in US IP Supports Increasing CAPEX in 2025

Sources: FRB,
US Census Bureau

US Industrial Production Index to US Nondefense Capital Goods New Orders (excluding aircraft) 12/12 Rates-of-Change



The Manufacturing Economy-At-A-Glance

	Historical 12/12	Historical 12MMT/A	Current 12/12	2024	2025	2026	Highlights
US Metalworking Machinery New Orders			0.3	3.3	4.2	1.9	New Orders tentatively transitioned to Phase B, Accelerating Growth. Rise will be sluggish at first then pick up in the second half of 2025.
US Machinery New Orders			0.1	-0.3	5.0	4.4	While rise in 2025 and beyond will be aided by higher prices, we anticipate volume growth as well.
US Construction Machinery New Orders			2.4	2.3	1.7	3.0	The third quarter came in weak, indicating soft volume and pricing. The 12MMT will generally plateau into mid-2025.
US Electrical Equipment New Orders			2.7	-1.6	4.3	2.2	Rising electricity demand bodes well for New Orders. The 12MMT will plateau into early 2025, then rise into mid-2026.
US Computers & Electronics New Orders			3.3	2.9	1.3	1.8	The New Orders 12MMT will generally rise through at least 2026. Growth will slow in 2025 alongside the service sector.
US Defense Capital Goods New Orders			2.8	2.7	-1.9	6.7	The 12MMT will rise into early 2025, then decline through 2025 based on the defense budget, but policy changes are possible.
North America Light Vehicle Production			2.0	0.5	0.9	3.7	The Production 12MMT will plateau with a downward bias into mid-2025. Hybrids may be an area of opportunity.
US Oil & Gas Extraction Production			4.0	2.8	2.2	4.2	A conservative approach to capex will contribute to the slowing growth trend in Production that will extend into mid-2025.
US Mining Production (excluding oil & gas)			-4.8	-4.1	2.6	2.0	The 12MMA will reach a low around year-end; expect subsequent rise through at least 2026 as the macroeconomy rises.
US Chemicals & Chemical Products Production			1.4	-0.2	1.2	0.9	Imports are outperforming exports. An improving global economy in 2025 will drive higher demand for Chemical Production.
US Civilian Aircraft Equipment Production			-5.7	3.1	5.7	3.1	The Boeing strike will likely push Production below the forecast range in the near term, but we still expect it to rise in 2025.
US Medical Equipment & Supplies Production			-0.3	-1.1	0.9	0.8	Production transitioned to Phase D, Recession. Services Revenue trends are already signaling green shoots for this market.
US Heavy-Duty Truck Production			-0.1	-0.3	2.4	5.1	We revised the Production forecast upward. Following near-term decline, we anticipate rise from mid-2025 through 2026.
US Food Production			-1.5	-0.2	1.7	1.5	Elevated demand and healthy industry profits bode well for Production. Plan for 12MMA rise in the near term through 2026.

Source: ITR Economics
Trends Report™



Note: Forecast color represents what Phase the market will be in at the end of the year.

Thank You!

Thanks for listening!

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