



**STEEL MARKET UPDATE**

# Steel Trends in a Turbulent Market

Responses from our September 15<sup>th</sup> 2014 Market Survey





- 31 years actively selling flat rolled steel – 38 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 go to [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 600 companies to participate in our surveys.

Normal response rate is 110-170 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

We have both classroom and on-site (mill) instruction during our 2 day workshop



# Next Workshop – October 7 & 8



Steel 101 Workshop ArcelorMittal Dofasco 2013

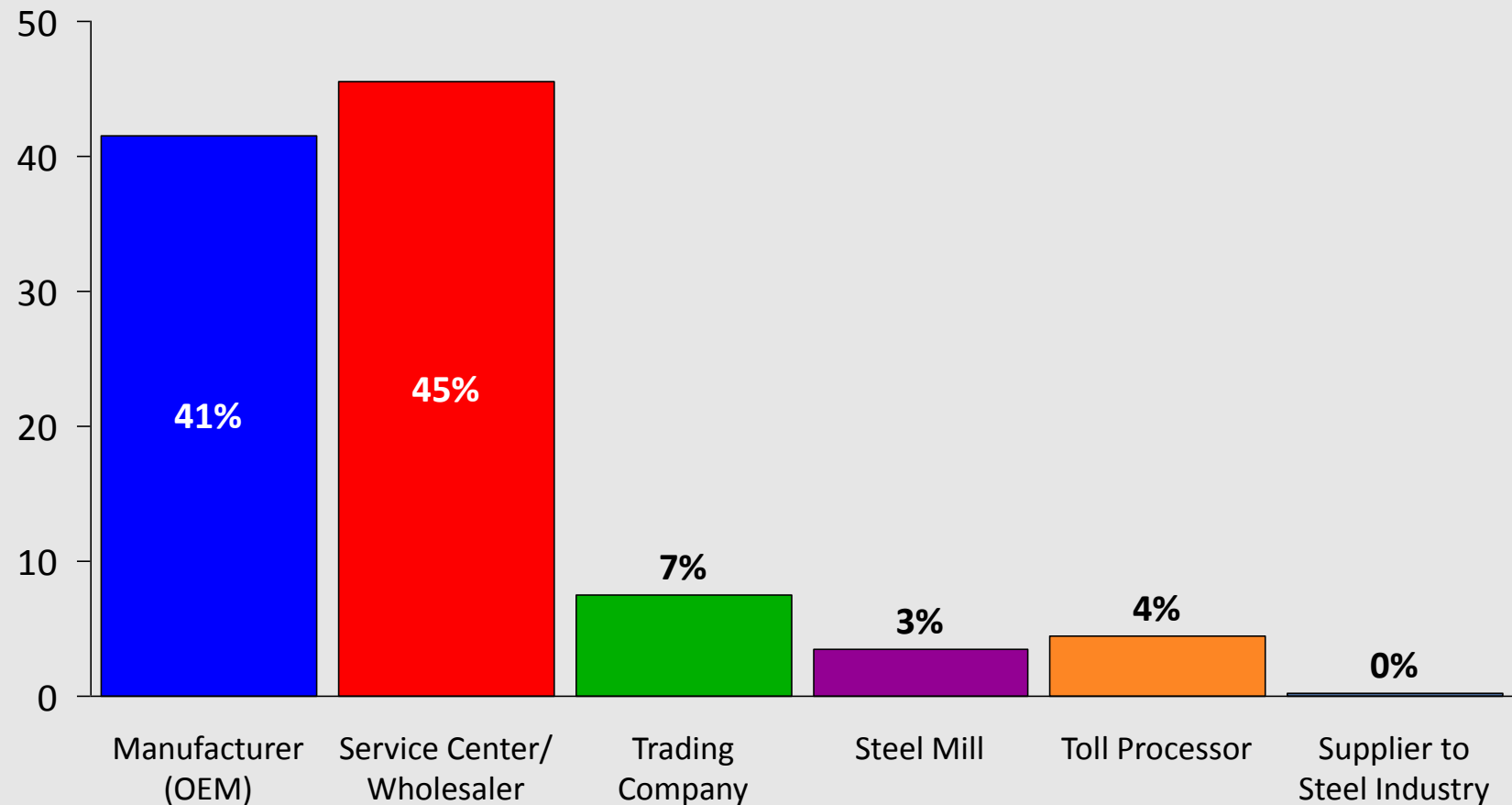
Our next Steel 101 workshop is in Fort Wayne, IN and includes a mill tour of Steel Dynamics.

If you would like more information about any of our workshops, you may visit the events section of our website, call our office at 800-432-3475, or send us an e-mail at:

[info@SteelMarketUpdate.com](mailto:info@SteelMarketUpdate.com)

# Survey Participants

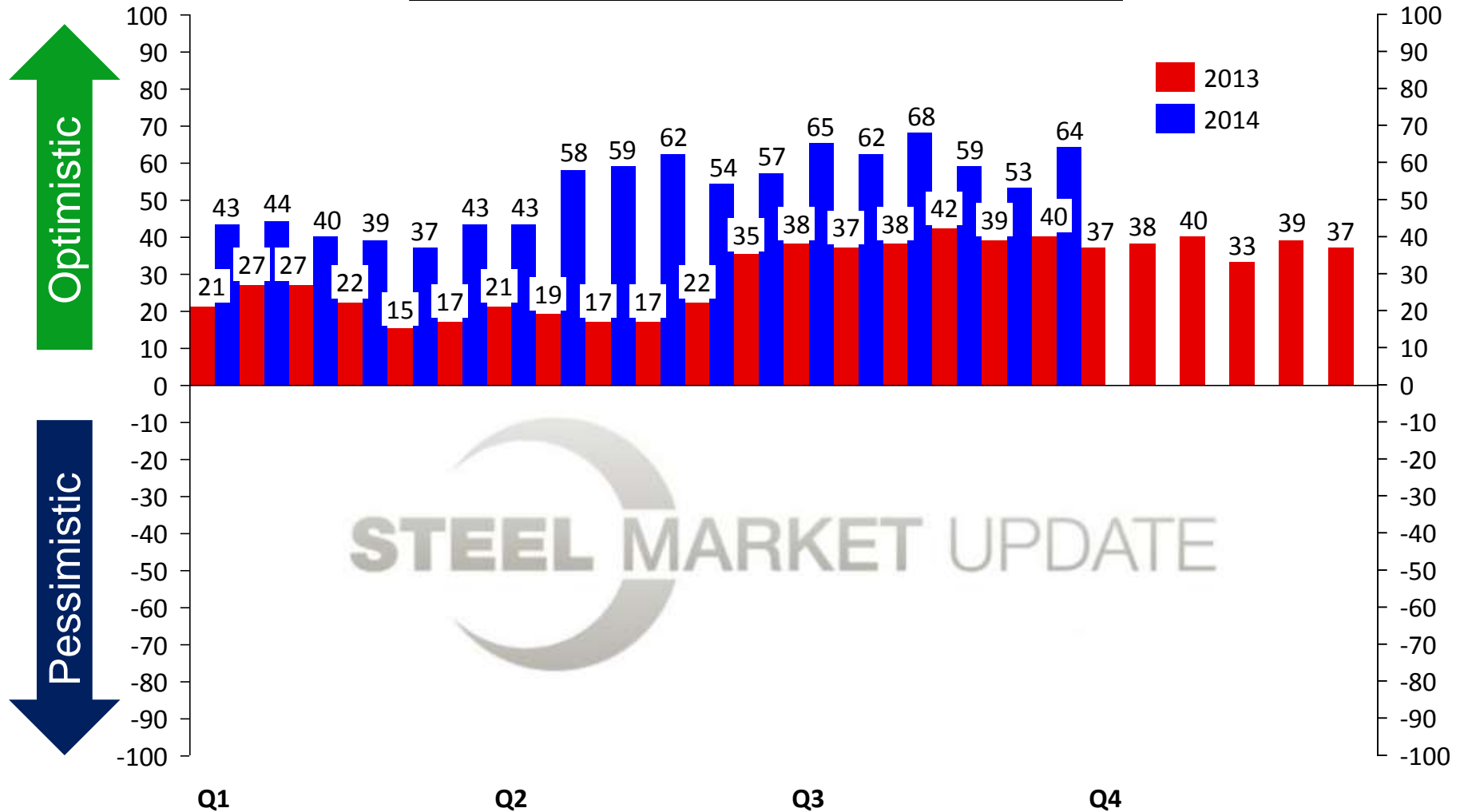
Our survey is by invitation only- Over 600 companies, mostly in the manufacturing or distribution industries, are asked to participate. Here are the percentages of participation in this week's survey by market sector.



# SMU Buyers Sentiment Index

Up 11 points to +64

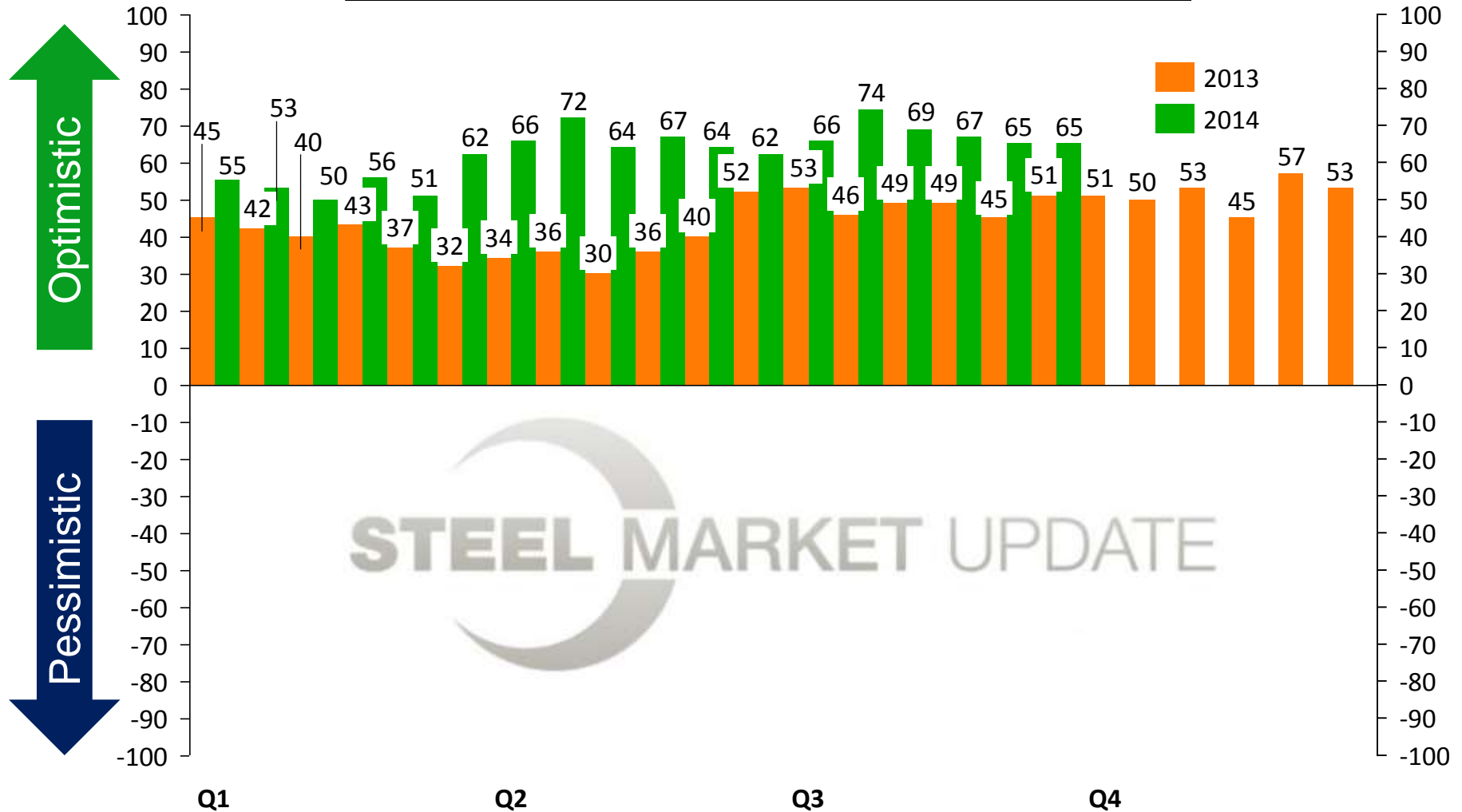
## Steel Market Update Buyers Sentiment Index



# SMU Future Buyers Sentiment Index

Unchanged at +65

## Steel Market Update 'Future' Buyers Sentiment Index



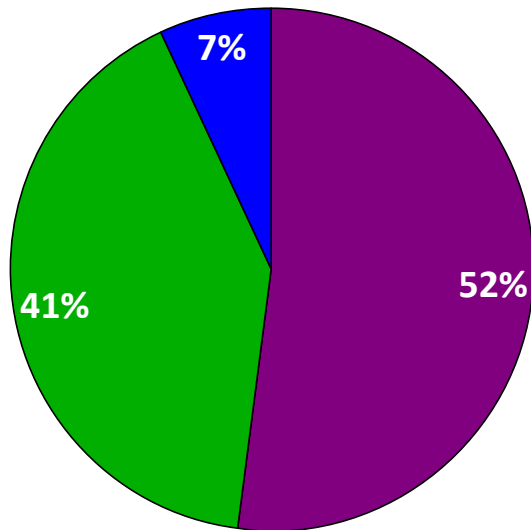


# Overall Demand

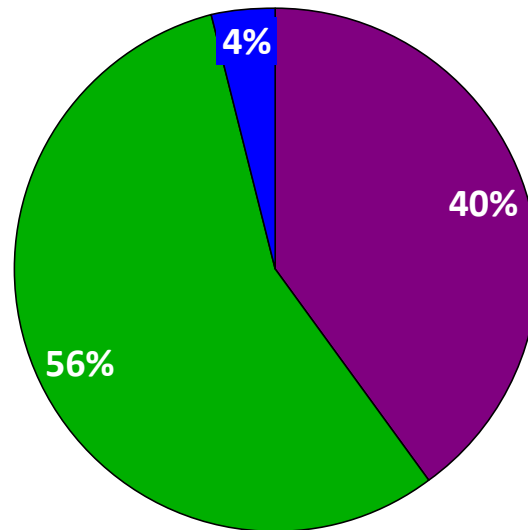
Are you seeing demand for your products improving, remaining the same or declining?

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

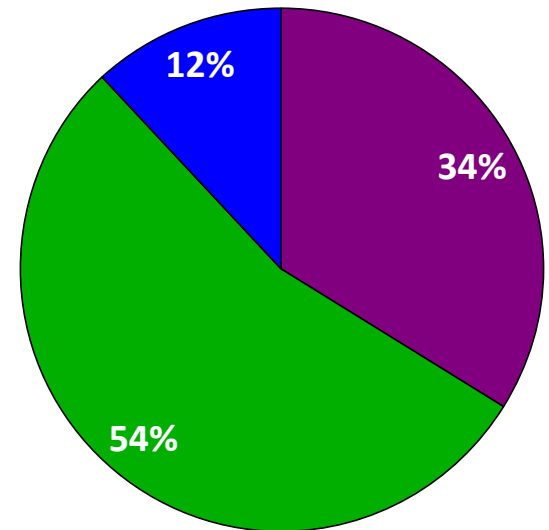
May 9<sup>th</sup> 2014



July 10<sup>th</sup> 2014



September 19<sup>th</sup> 2014

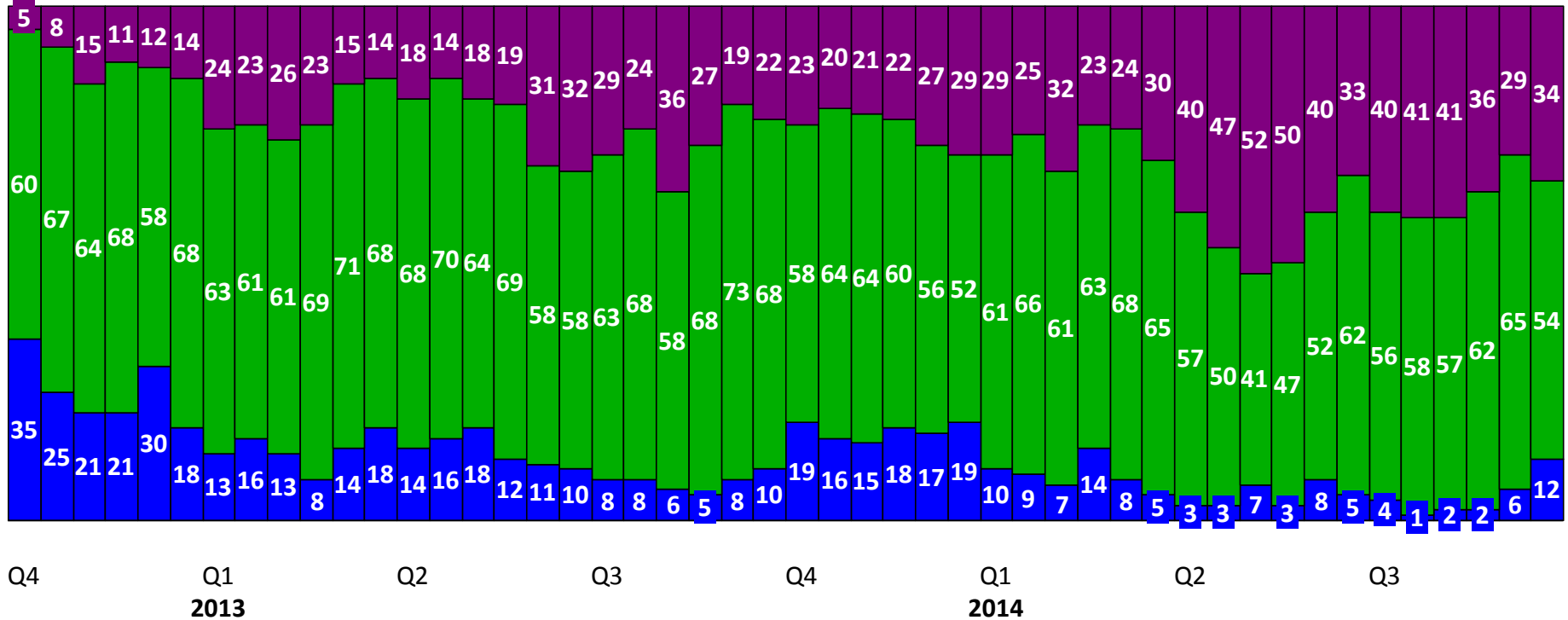


# Overall Demand History

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%

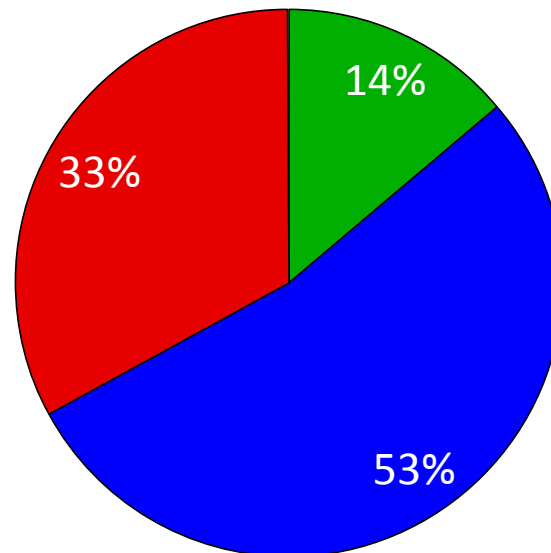


© Steel Market Update 2014

# Price Direction

By the end of October 2014 the direction mill spot prices will be headed will be \_\_\_?

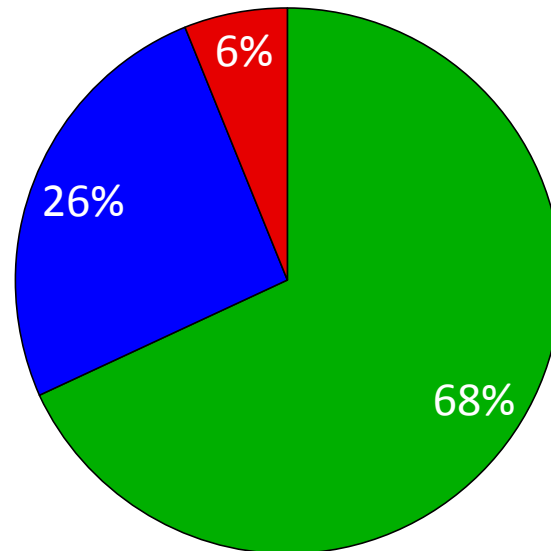
- Higher
- Sideways
- Lower



# Consolidation

Nucor just announced they are purchasing Gallatin Steel. This week AK Steel and SDI should close on the Severstal Dearborn and Columbus assets. How will consolidation affect your business and relationships with your suppliers?

- No Change
- Make Negotiations More Difficult
- Make Negotiations Easier

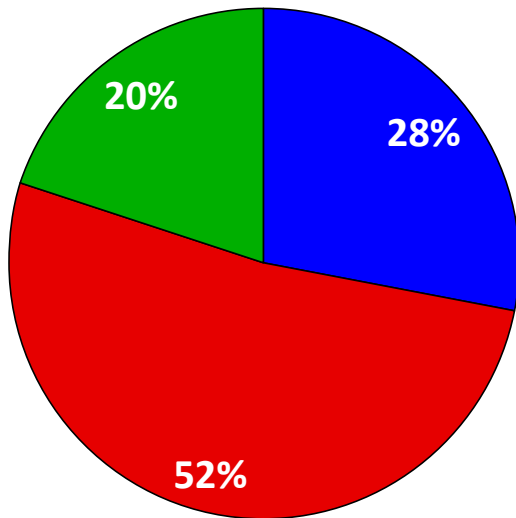


# Manufacturer Purchases

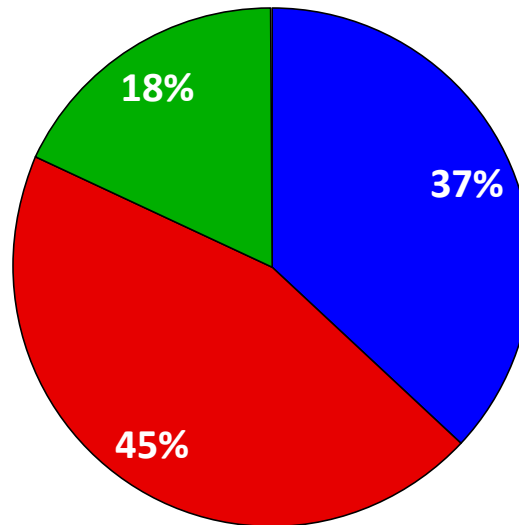
**Manufacturers-** Compared to this time last year – is your company buying more, less or the same amount of flat rolled steel as one year ago?

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

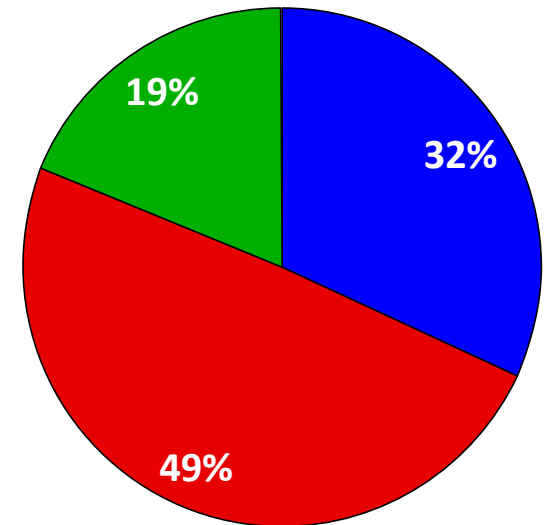
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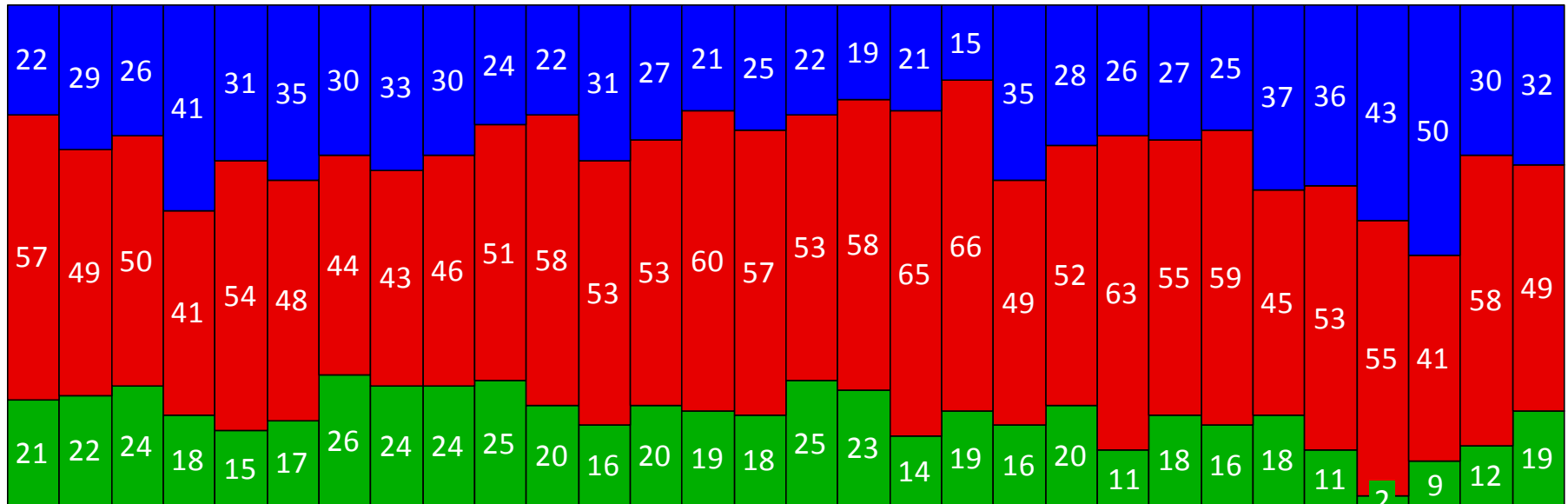


# History of Manufacturer Purchases

**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%



Q3  
2013

Q4

Q1

Q2

Q3

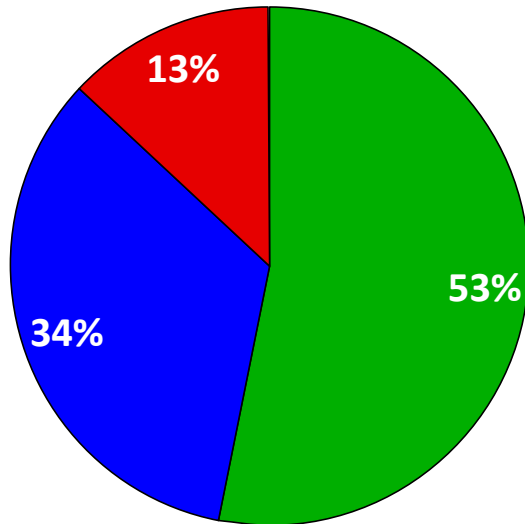
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# Service Center Releases

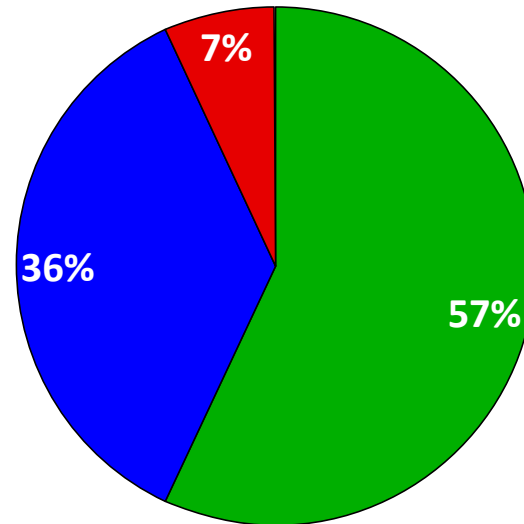
**Service Centers-** How do you see your customers releases (demand) for the products your company provides this year compared to this time last year?

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

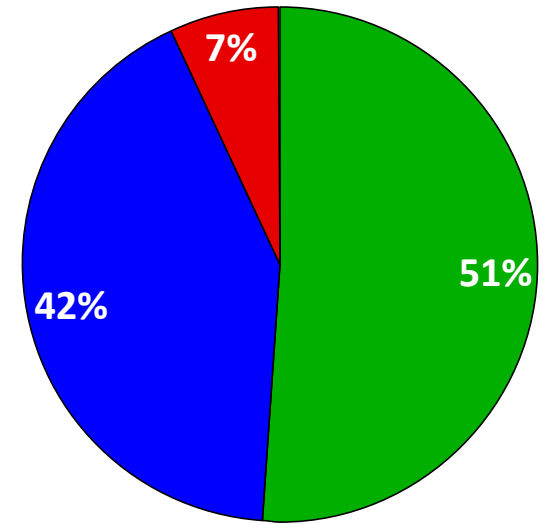
May 9<sup>th</sup> 2014



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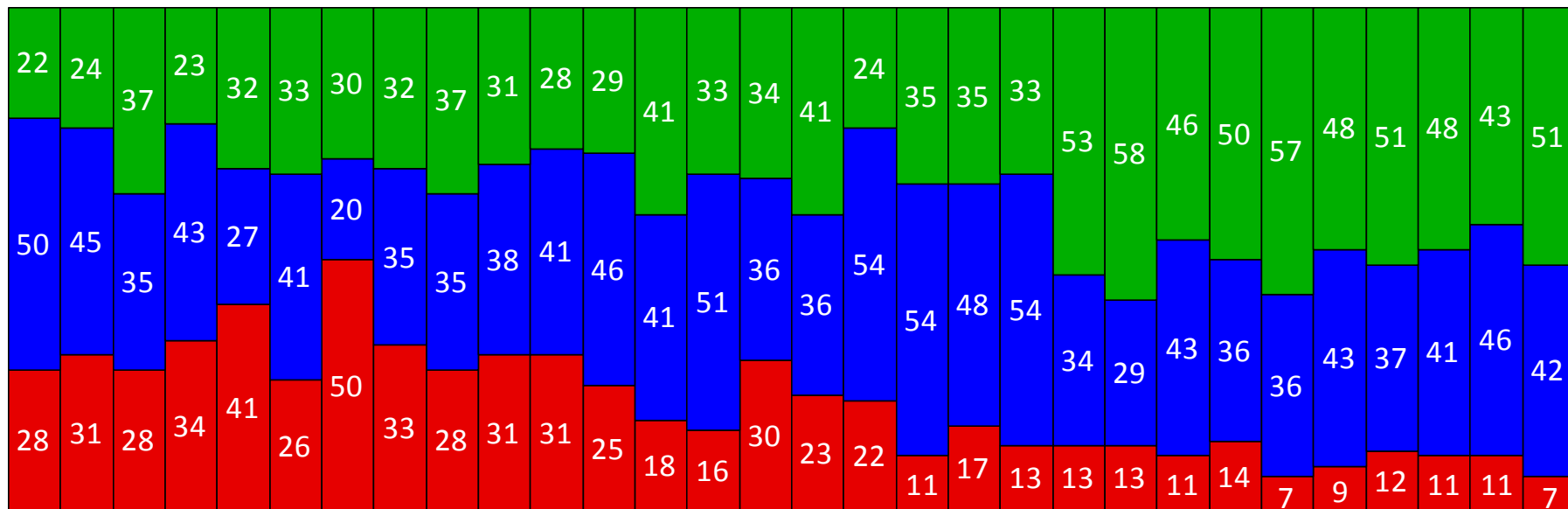


# Service Center Release History

**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%



Q3  
2013

Q4

Q1  
2014

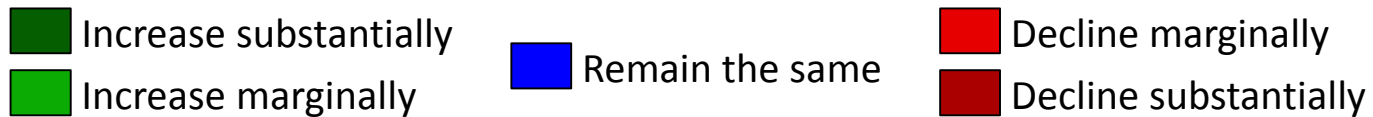
Q2

Q3

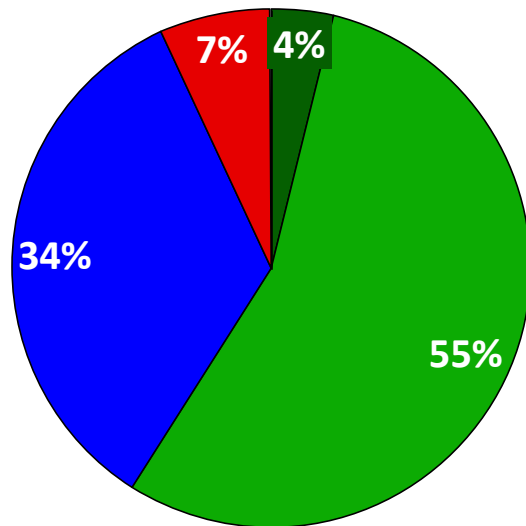


# Manufacturer Demand

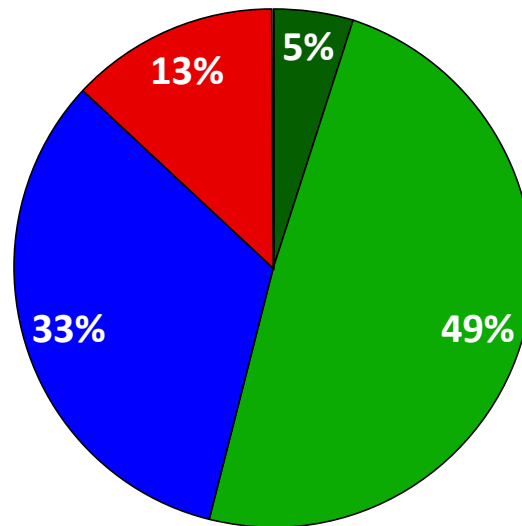
**Manufacturers-** Demand for your products will \_\_\_\_\_  
over the next 3 months based on current order flows.



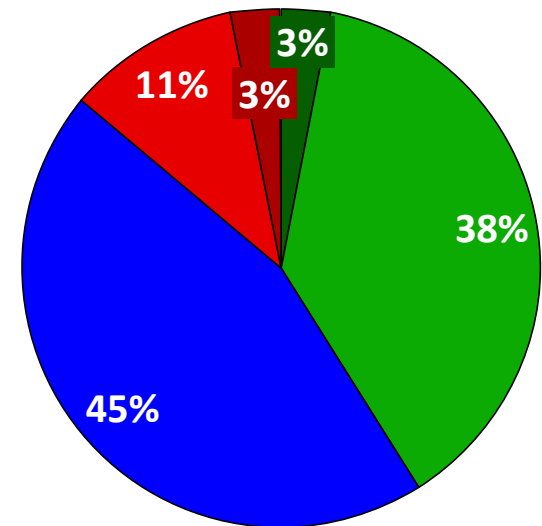
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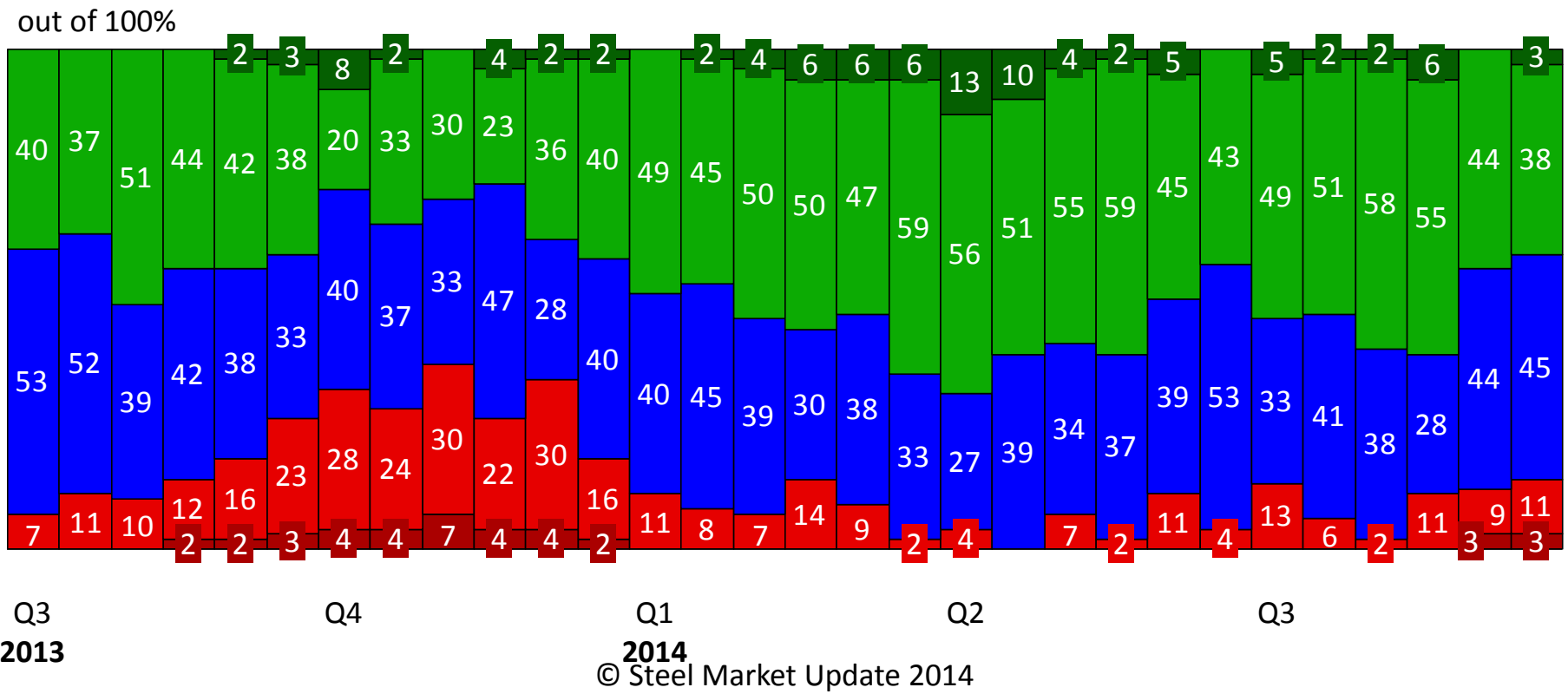
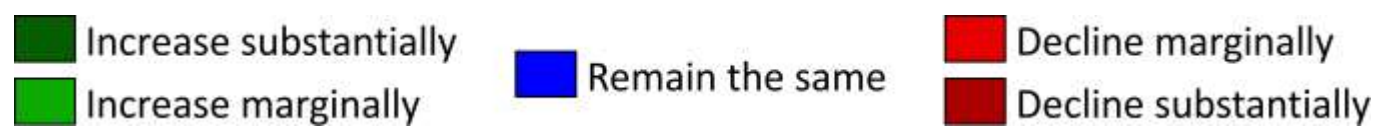


September 19<sup>th</sup> 2014



# Manufacturer Demand History

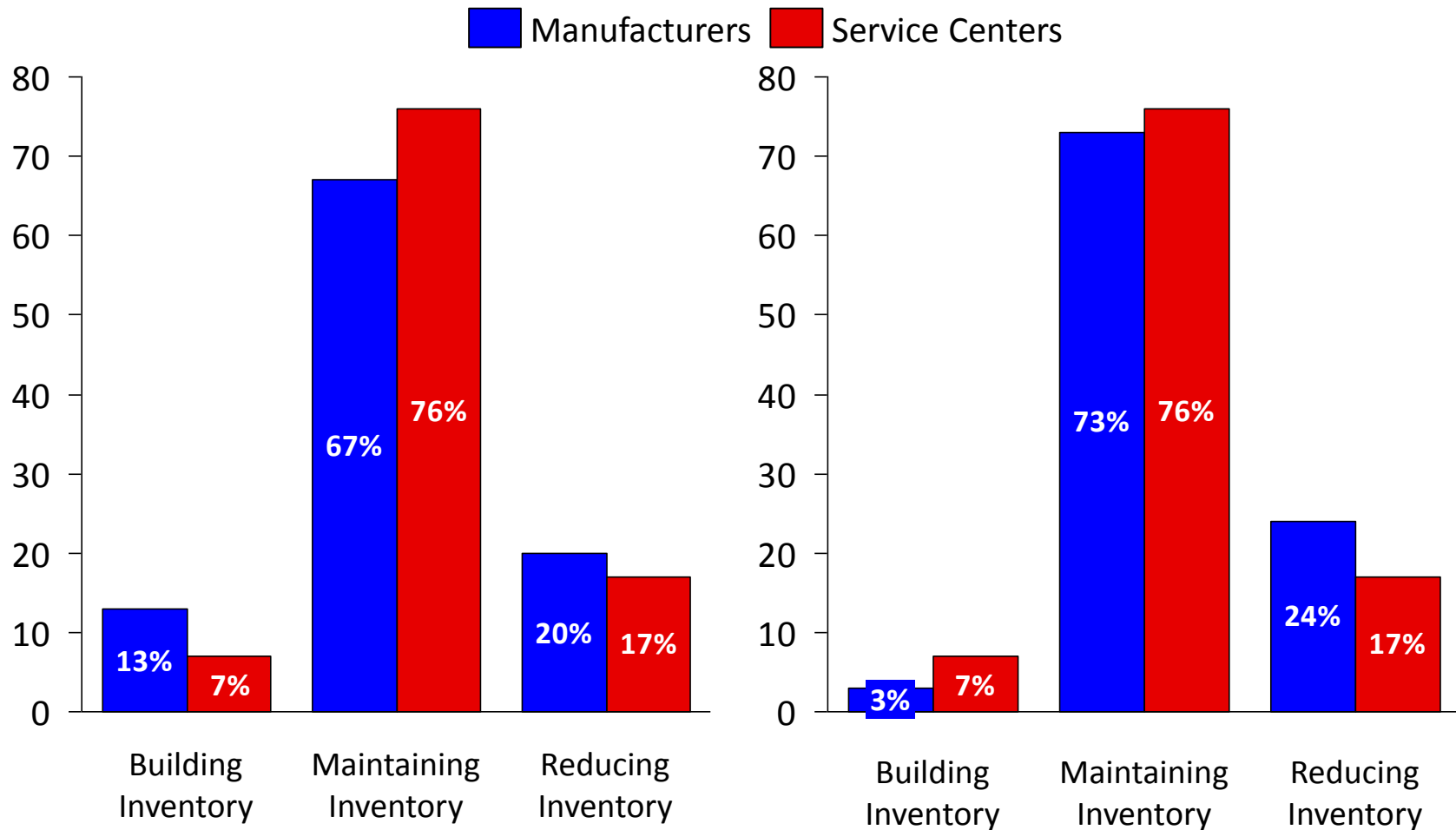
**Manufacturers-** Demand for your products will \_\_\_\_\_ over the next 3 months based on current order flows.



# Manufacturer and Service Center Inventory Buying Patterns

July 10<sup>th</sup> 2014

September 19<sup>th</sup> 2014

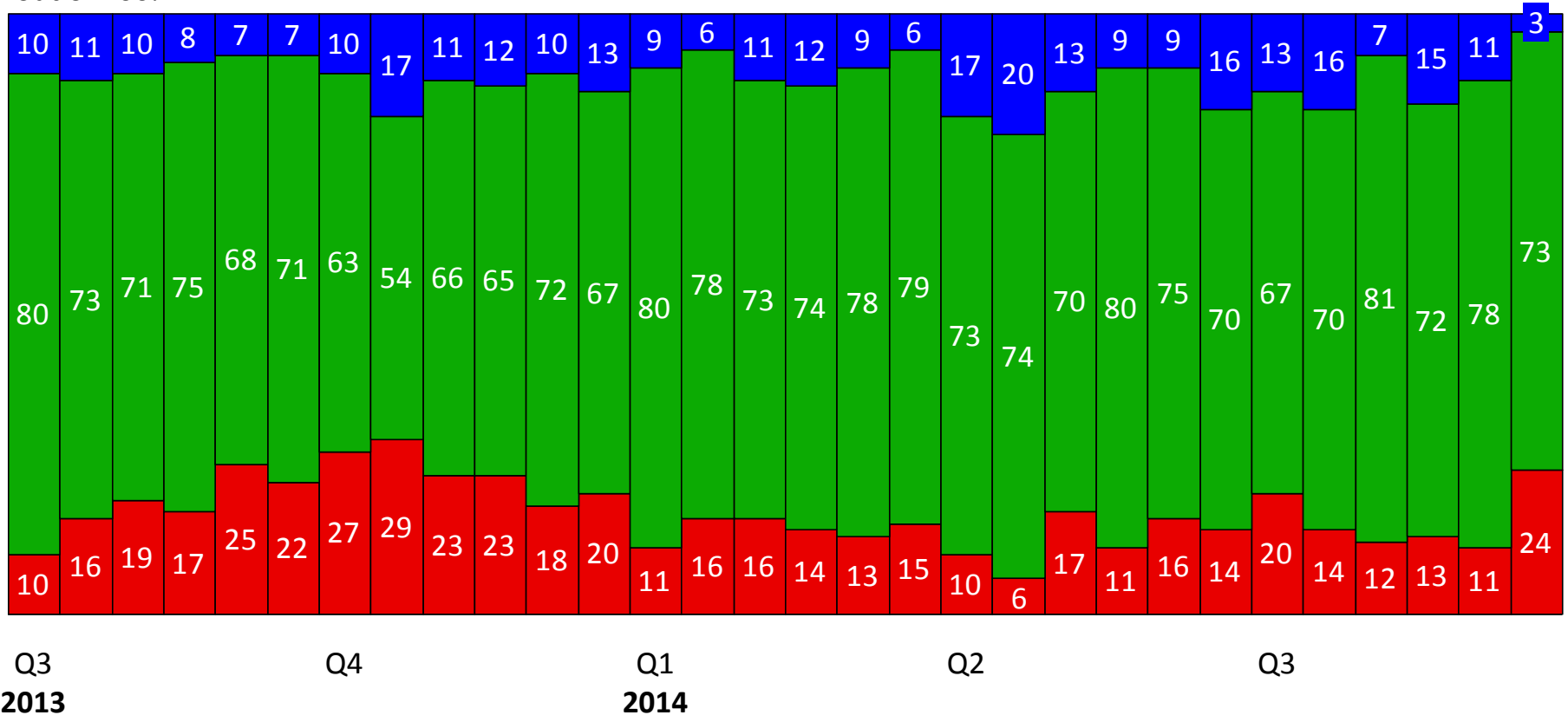


# Manufacturer Inventory Buying History

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

■ Building Inventory 
 ■ Maintaining Inventory 
 ■ Reducing Inventory

out of 100%

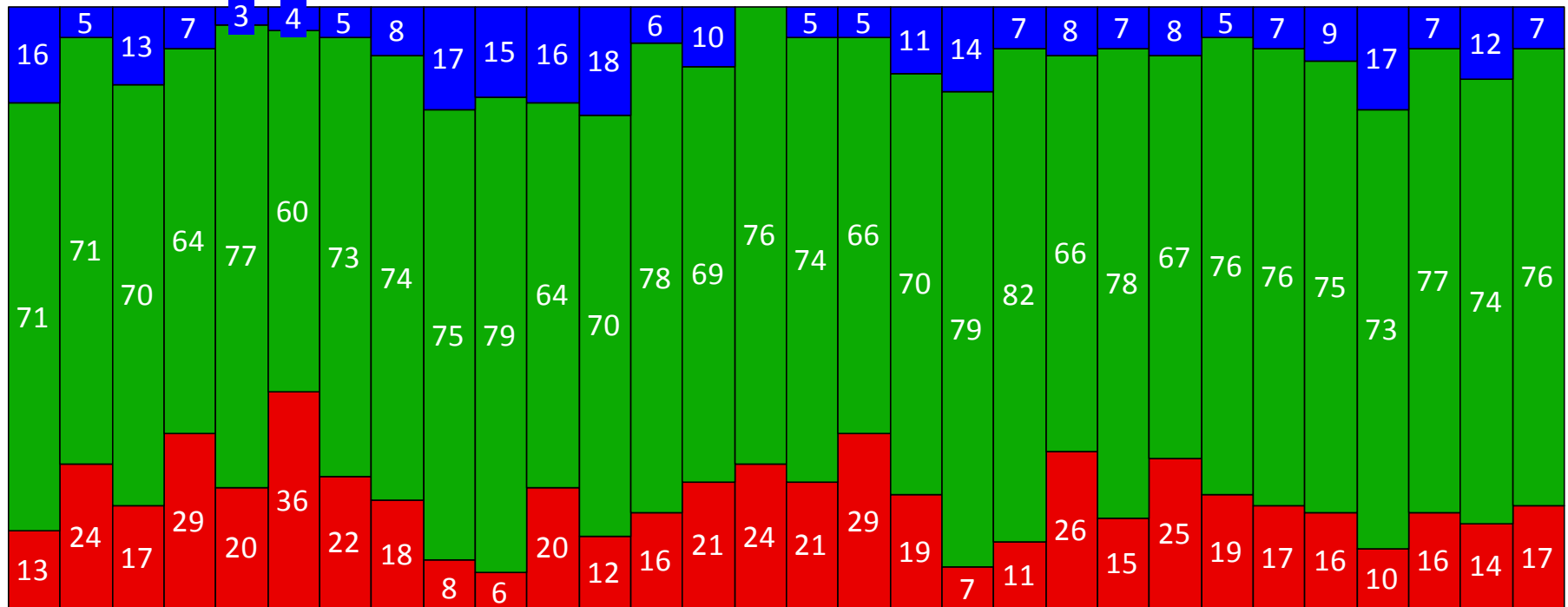


# Service Center Inventory Buying History

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

■ Building Inventory 
 ■ Maintaining Inventory 
 ■ Reducing Inventory

out of 100%



Q3  
2013

Q4

Q1  
2014

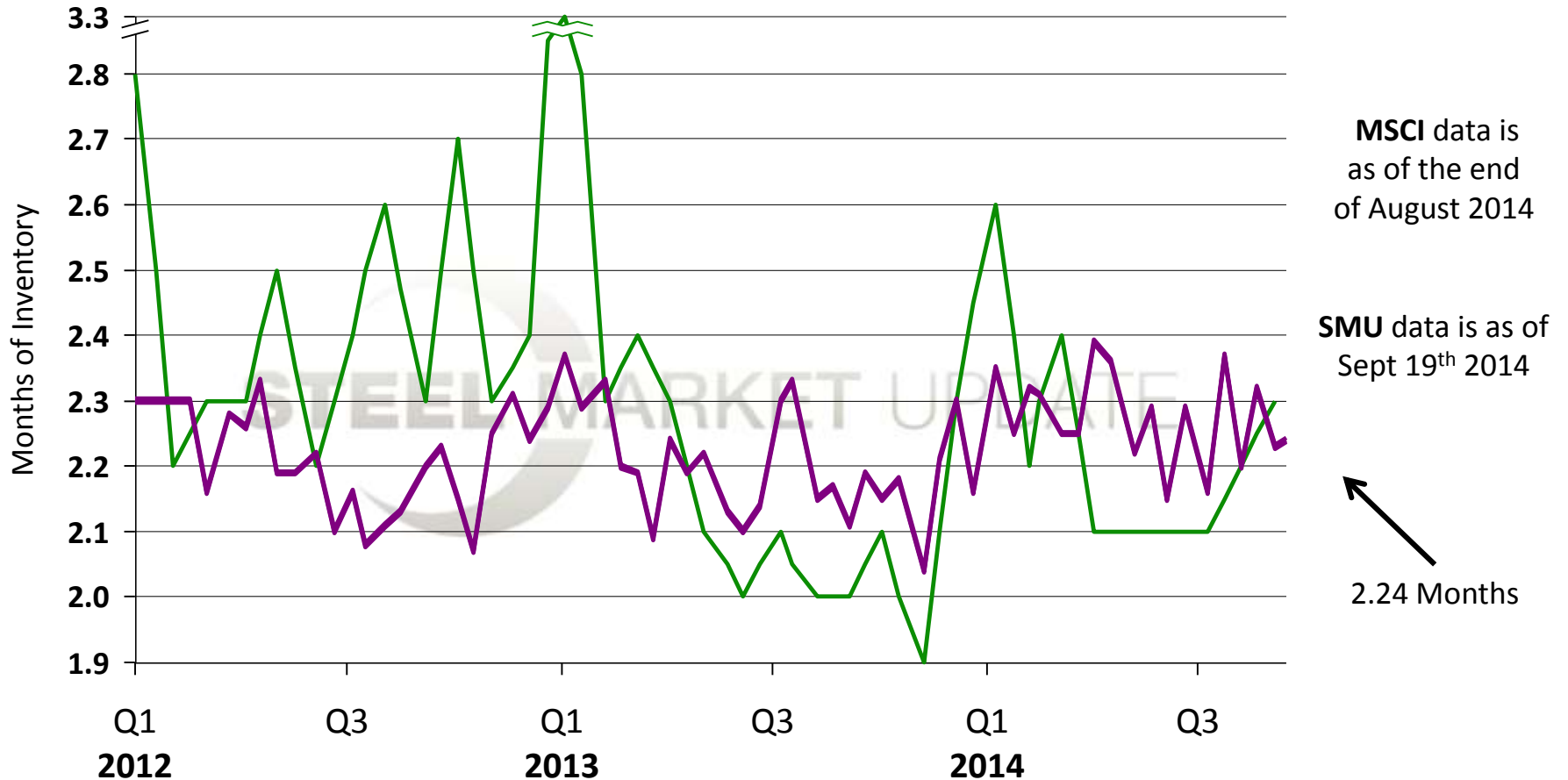
Q2

Q3

# Service Center Months on Hand History

## SMU Service Center & MSCI Inventory Level History Comparison

— MSCI Flat Rolled Inventory Level  
— SMU Flat Rolled Inventory Level

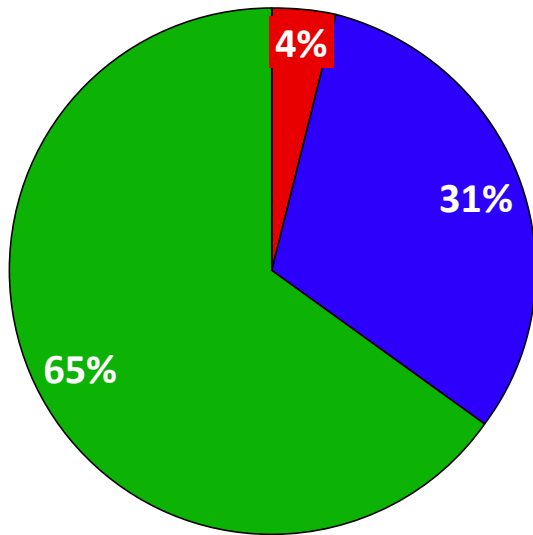


# Manufacturer's View of Service Center Selling Prices

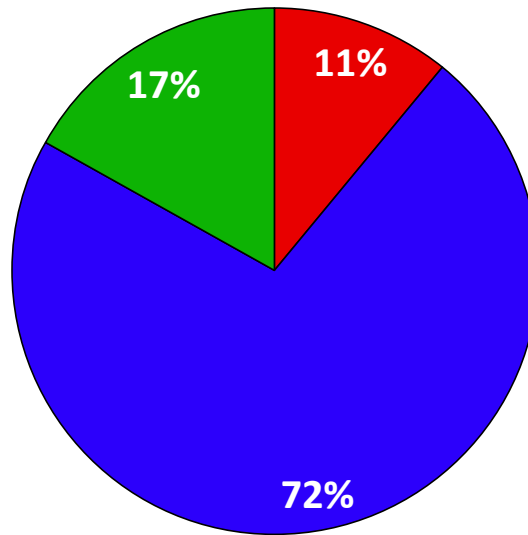
**Manufacturers-** Which comment do you feel is representative of service center pricing right now?

- 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

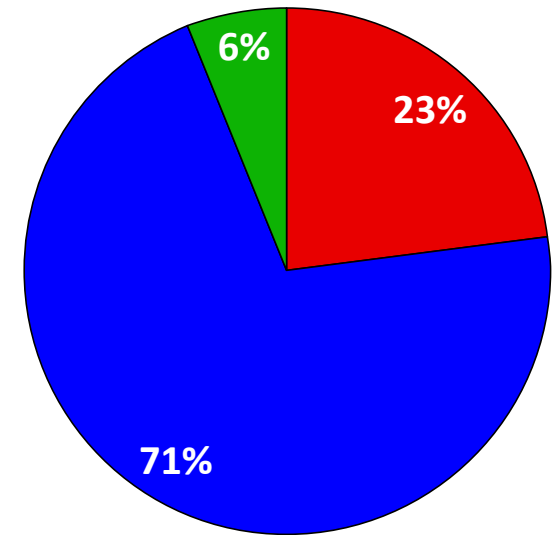
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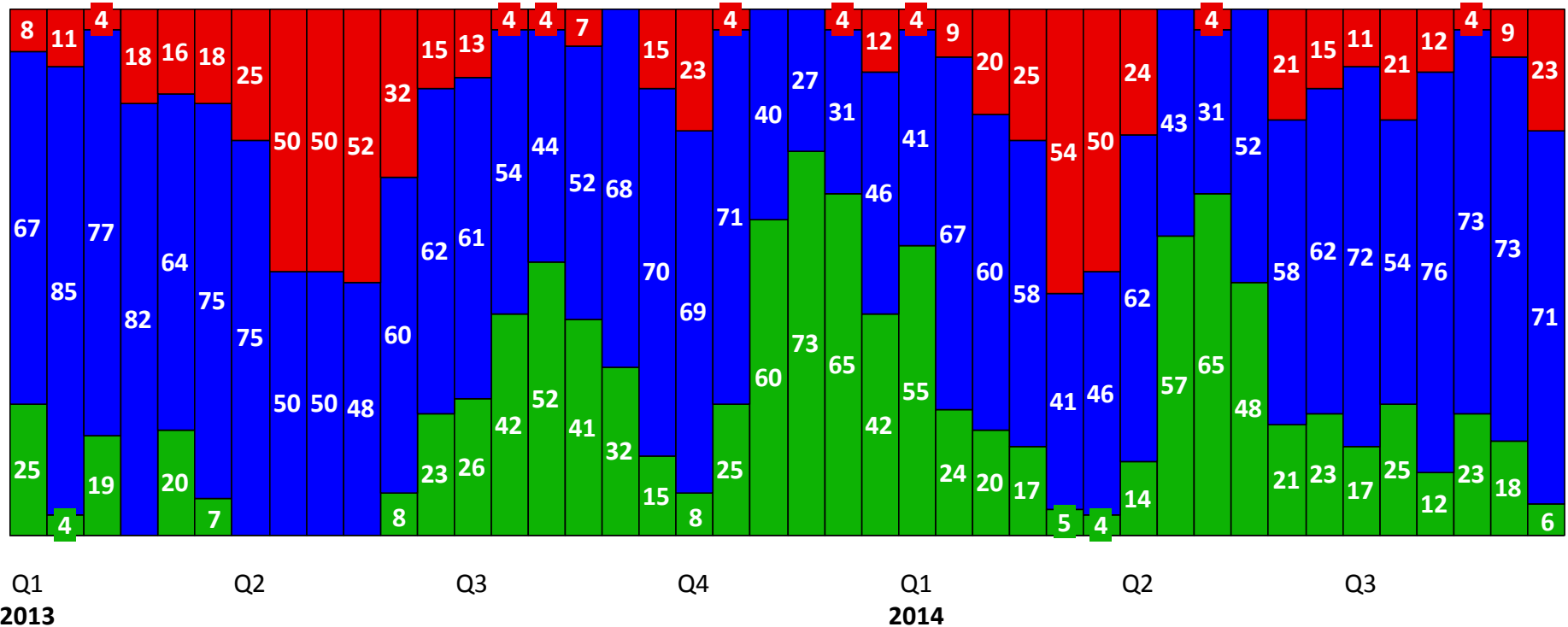


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**Manufacturers-** Which comment do you feel is representative of service center pricing right now?

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out of 100%



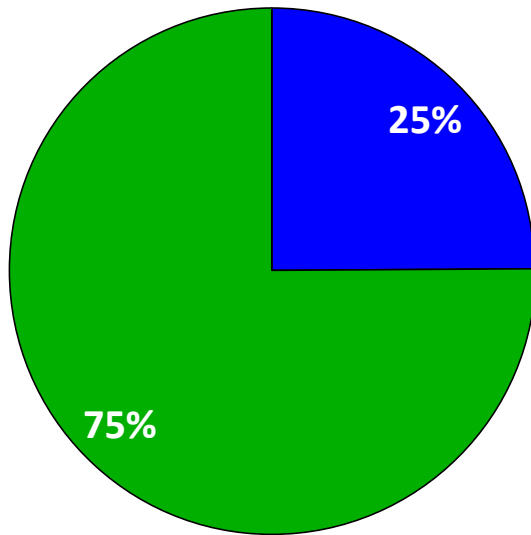


# Service Center View of Selling Prices

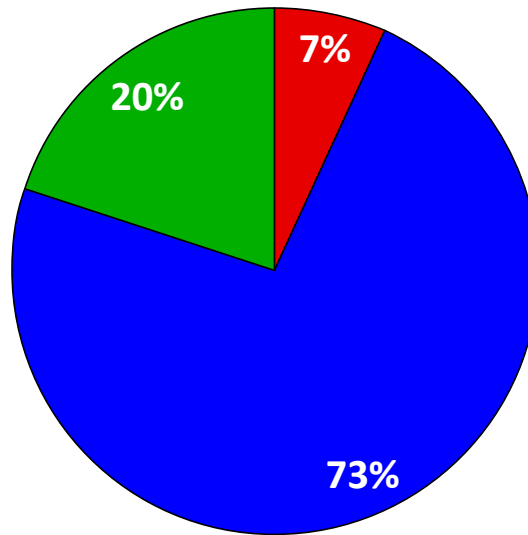
**Service Centers-** How is your company handling spot pricing to your customers at this time?

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

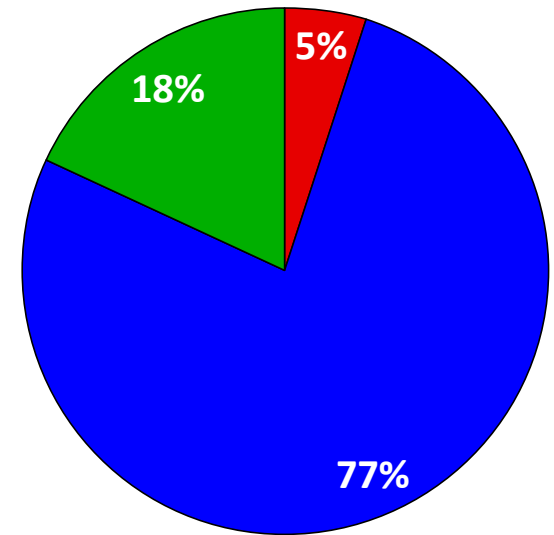
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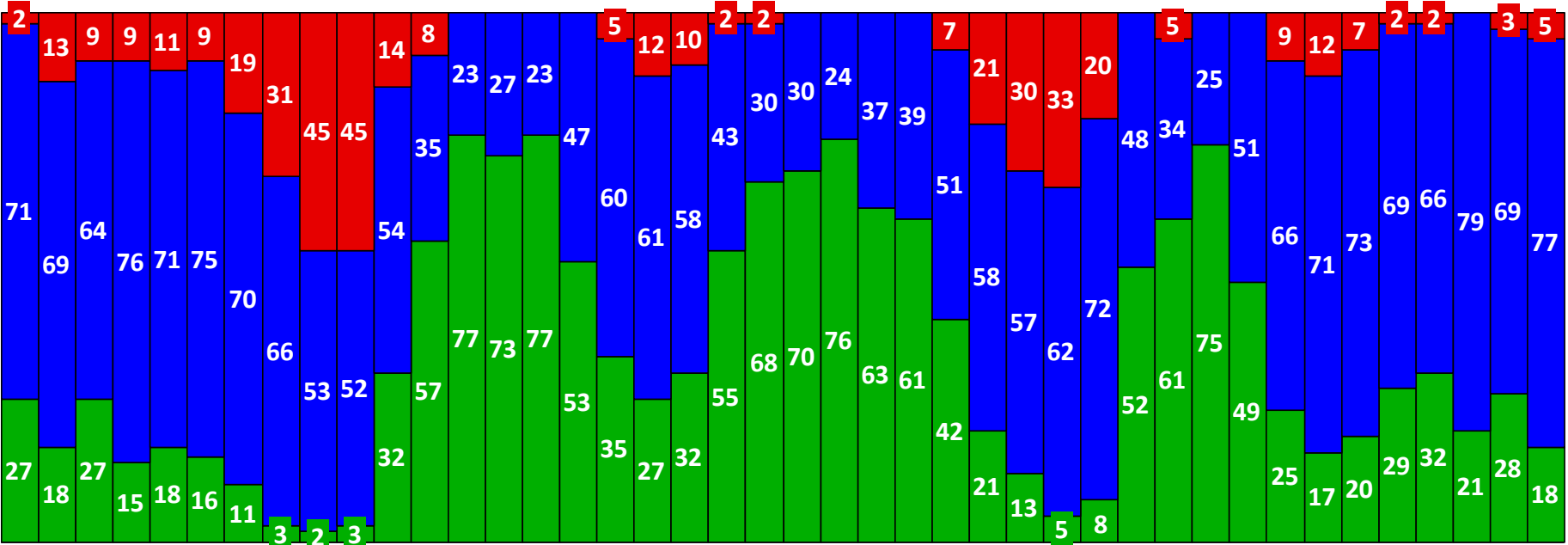


# Service Center View of Selling Prices History

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out of 100%

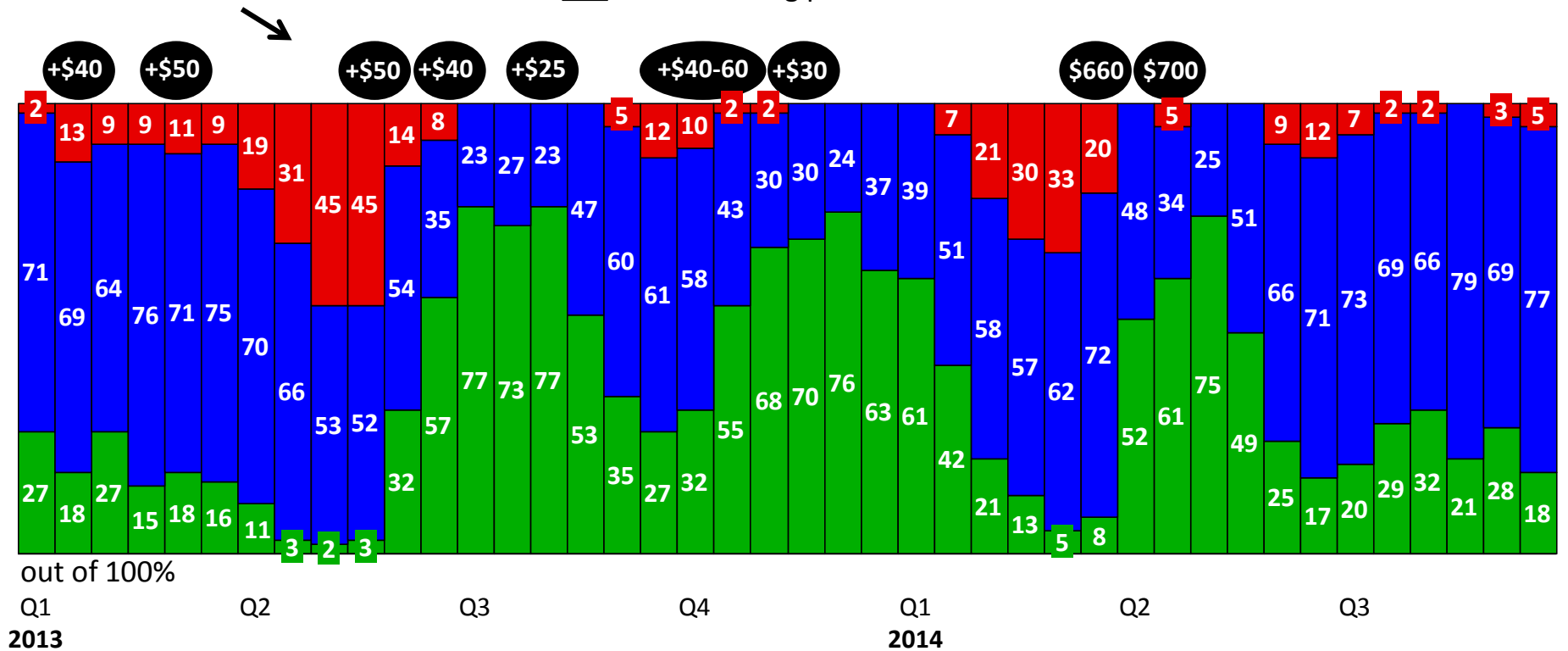


# Service Center View of Selling Prices History




**Service Centers-** How is your company handling spot pricing to your customers at this time?

## Historical AK Steel Price Announcements

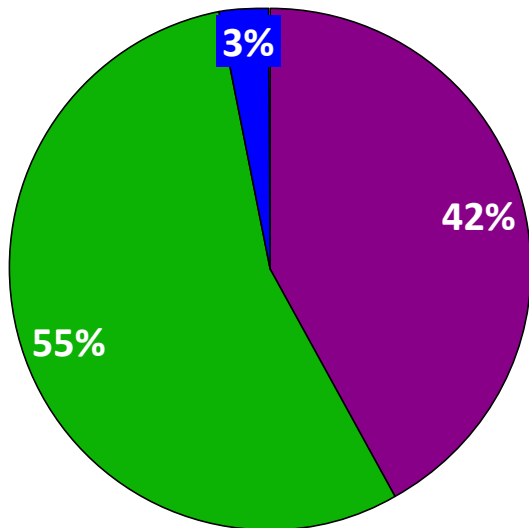
- We are lowering prices
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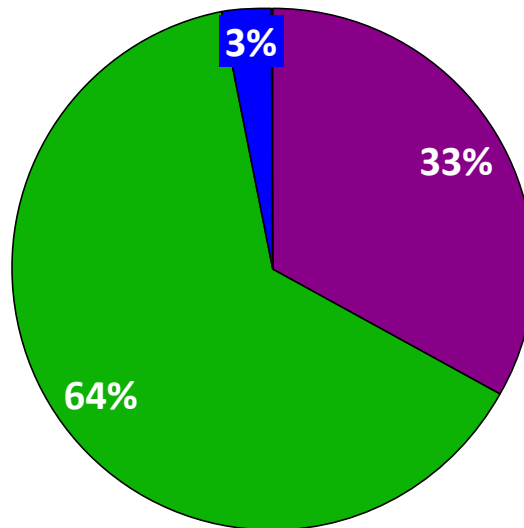
**Service Centers-** Are your manufacturing customers increasing orders, keeping them the same or reducing orders at this time?

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

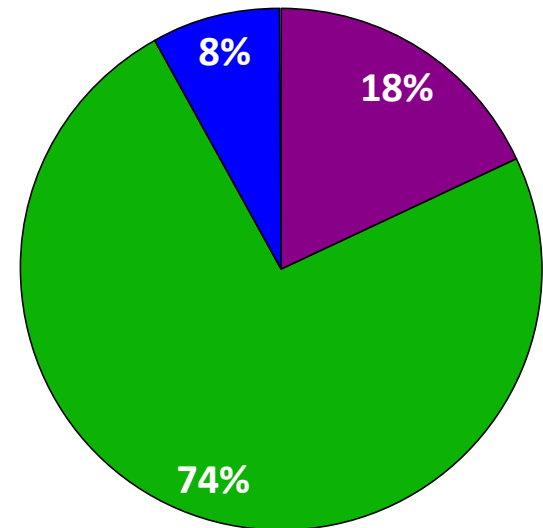
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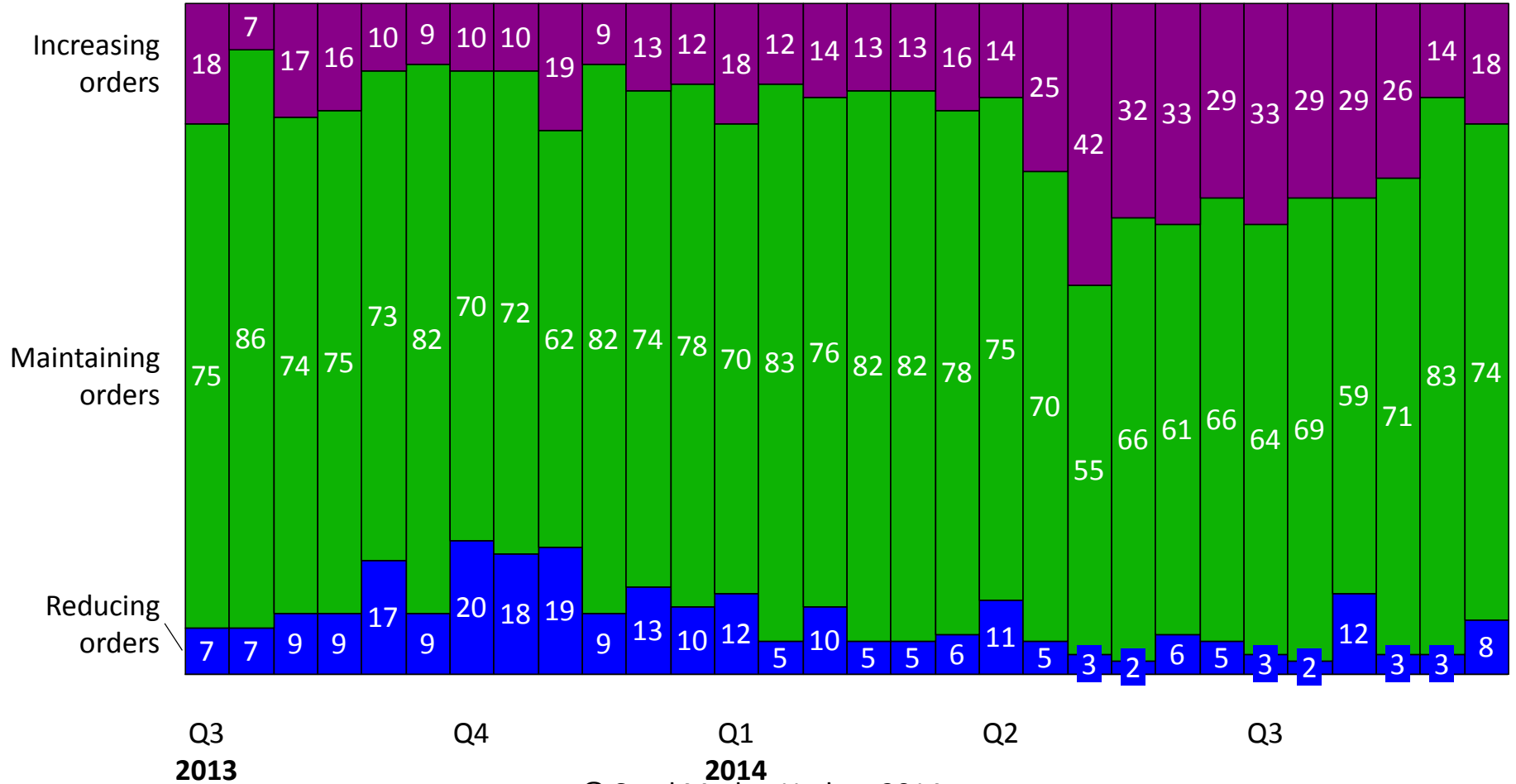
September 19<sup>th</sup> 2014



# Service Centers on Manufacturer Orders History

**Service Centers-** How are your manufacturing companies handling orders at this time?

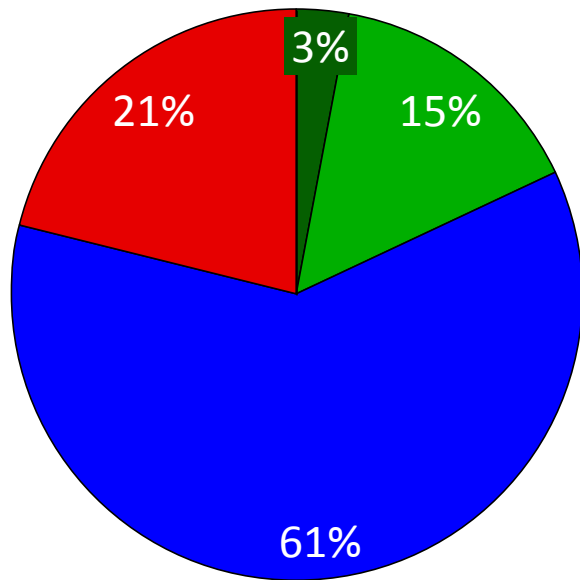
out of 100%



# Mill Lead Times

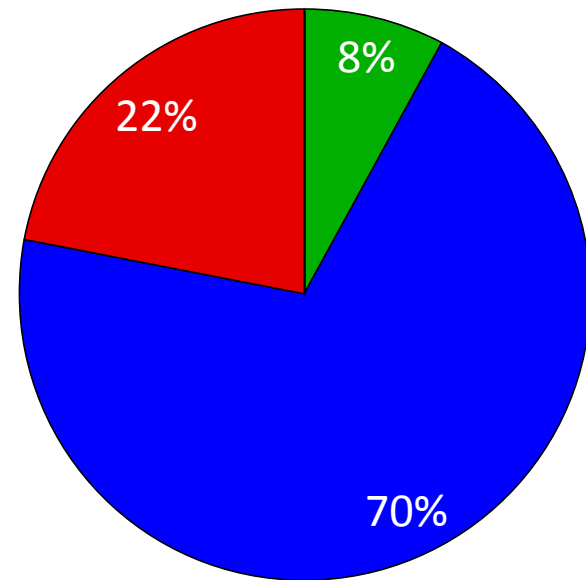
How would you describe domestic mill lead times for new orders placed right now?

## Manufacturers



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

## Service Centers

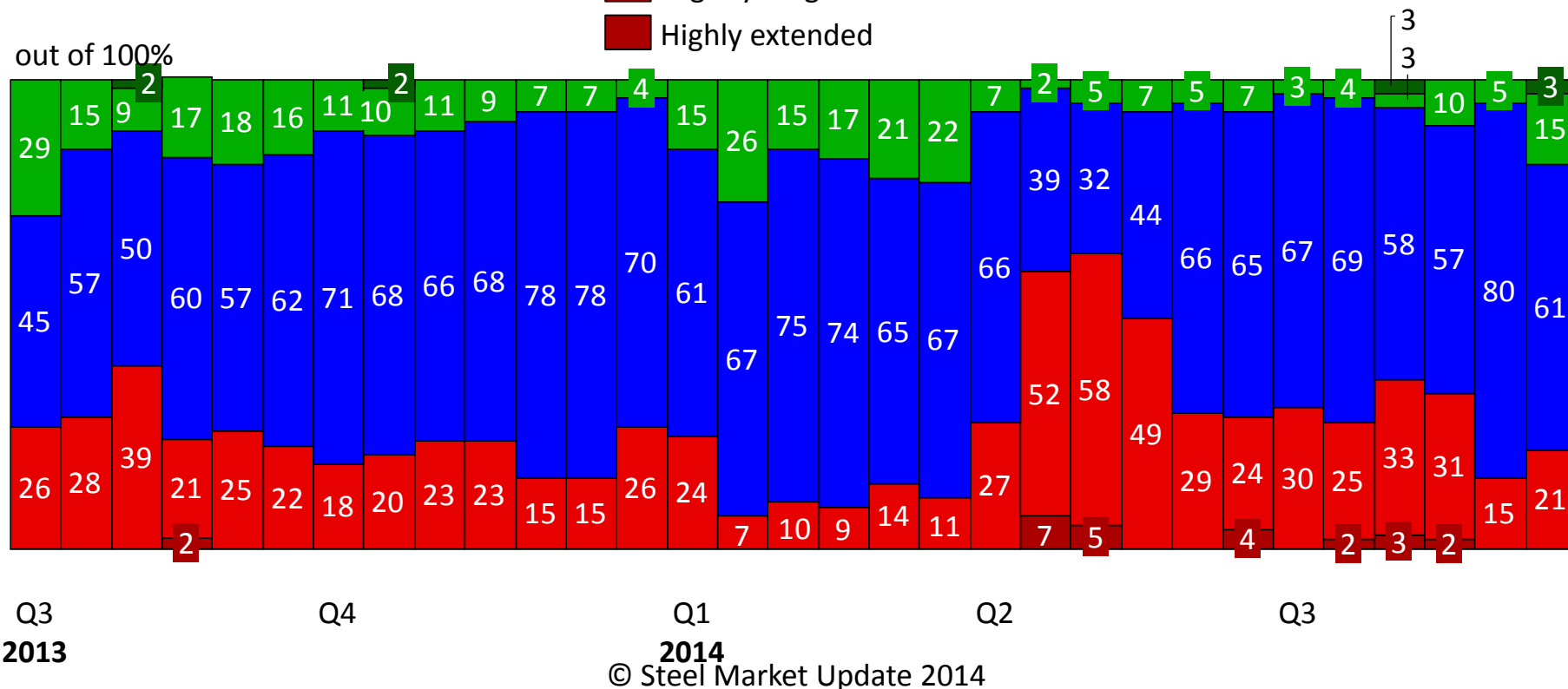


# Mill Lead Times History

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

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- Highly extended

out of 100%

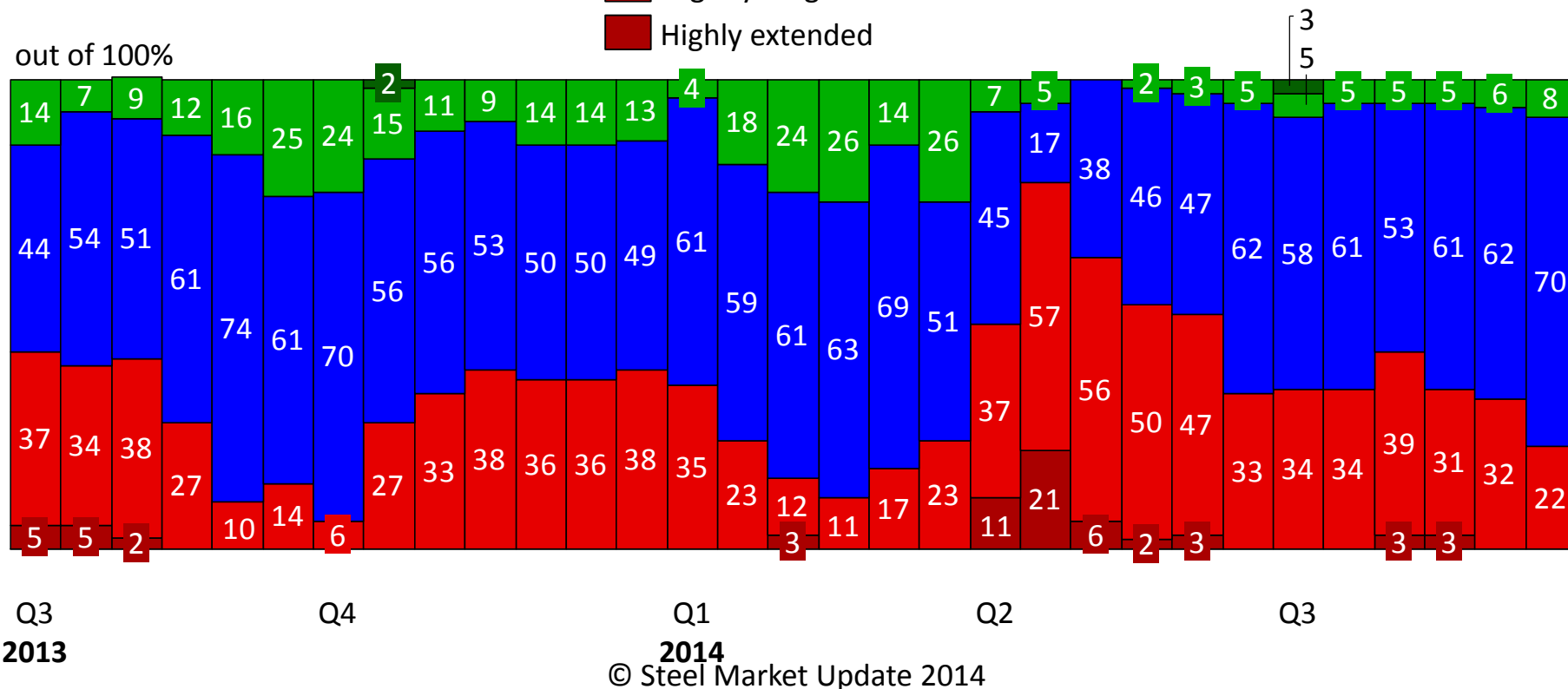


# Mill Lead Times History

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

- Extremely short
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out of 100%



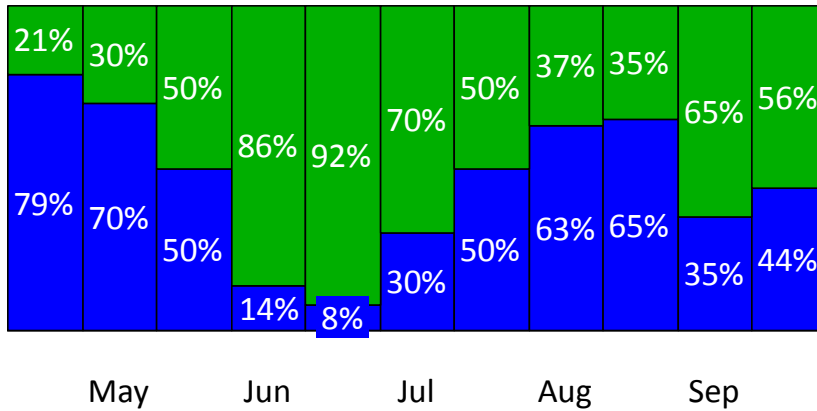


# Mill Negotiations

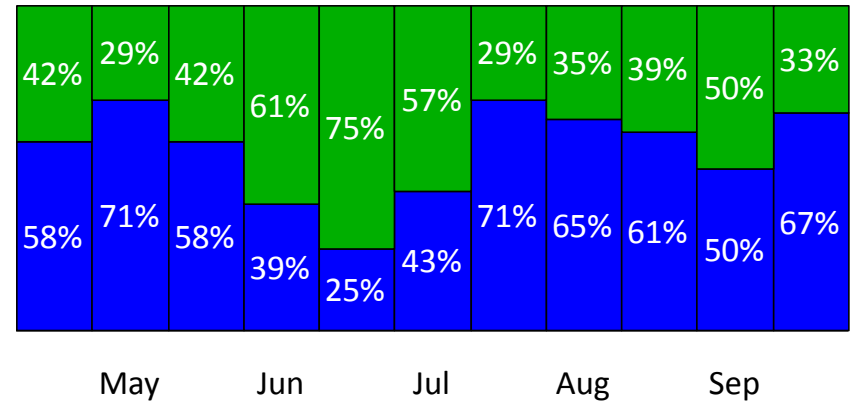
Are you finding the domestic mills are willing to negotiate pricing on brand new orders placed this week?

Yes No

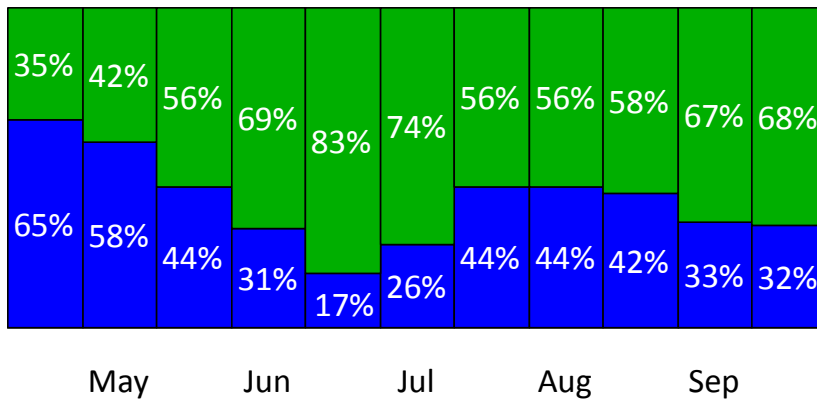
Hot Rolled Orders



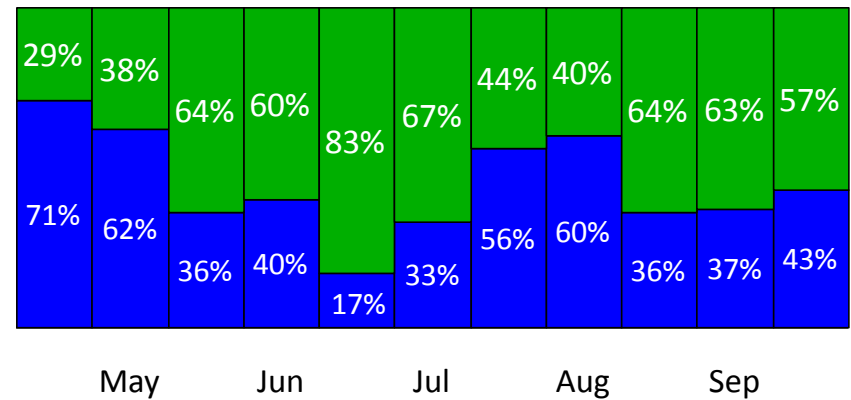
Cold Rolled Orders



Galvanized Orders

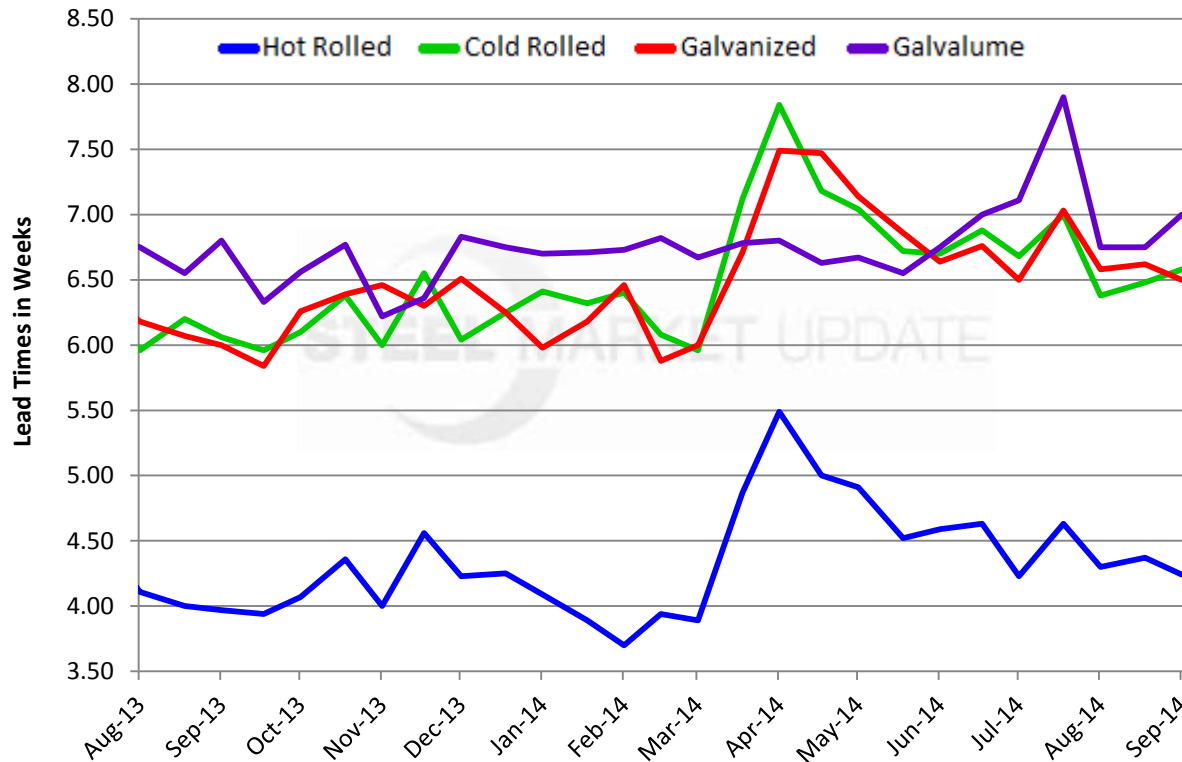


Galvalume Orders



# Lead Times (Weeks)

### Steel Market Update Lead Times Comparison



**Hot Rolled:** 4.24  
**Cold Rolled:** 6.58  
**Galvanized:** 6.50  
**Galvalume:** 7.00

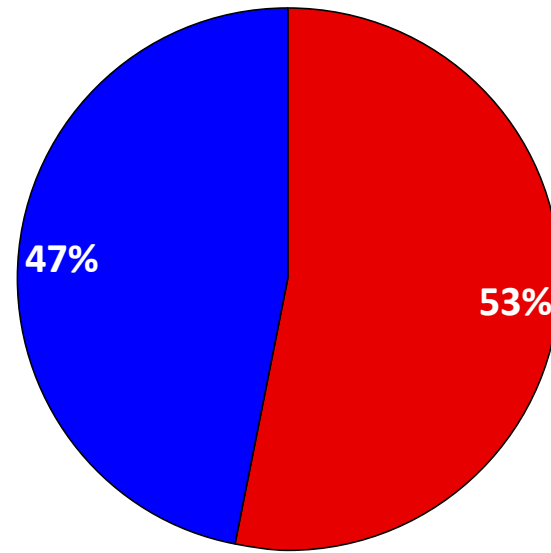
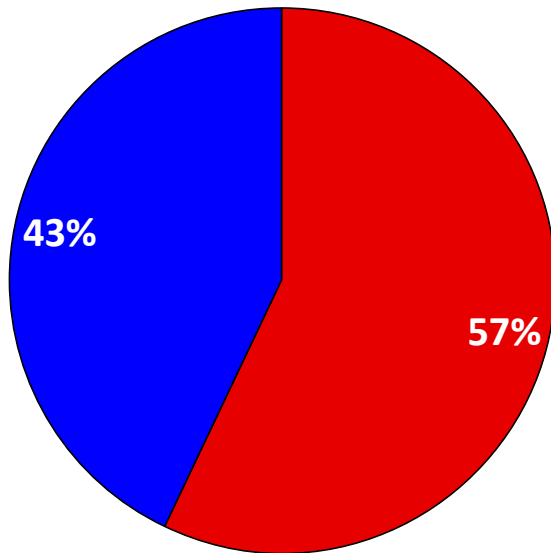
# Foreign Interest

Will consolidation of the domestic steel industry cause you to consider buying more foreign steel?

## Manufacturers

## Service Centers

Yes No



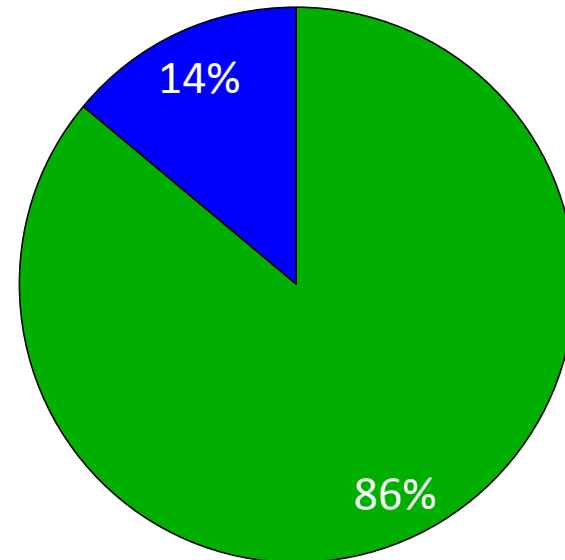
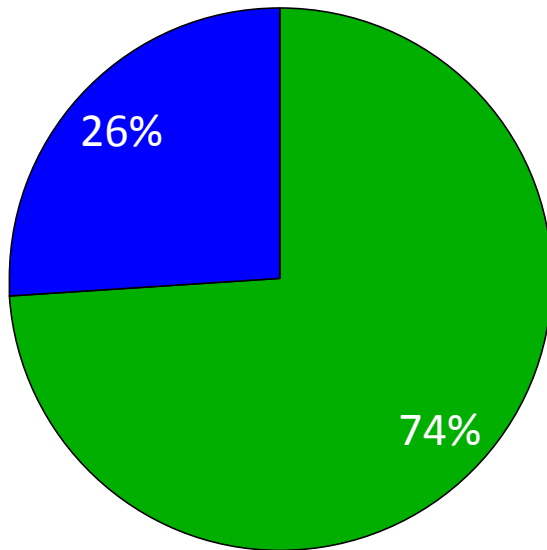
# Domestic and Foreign Price Spread

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

## Manufacturers

## Service Centers

Yes No

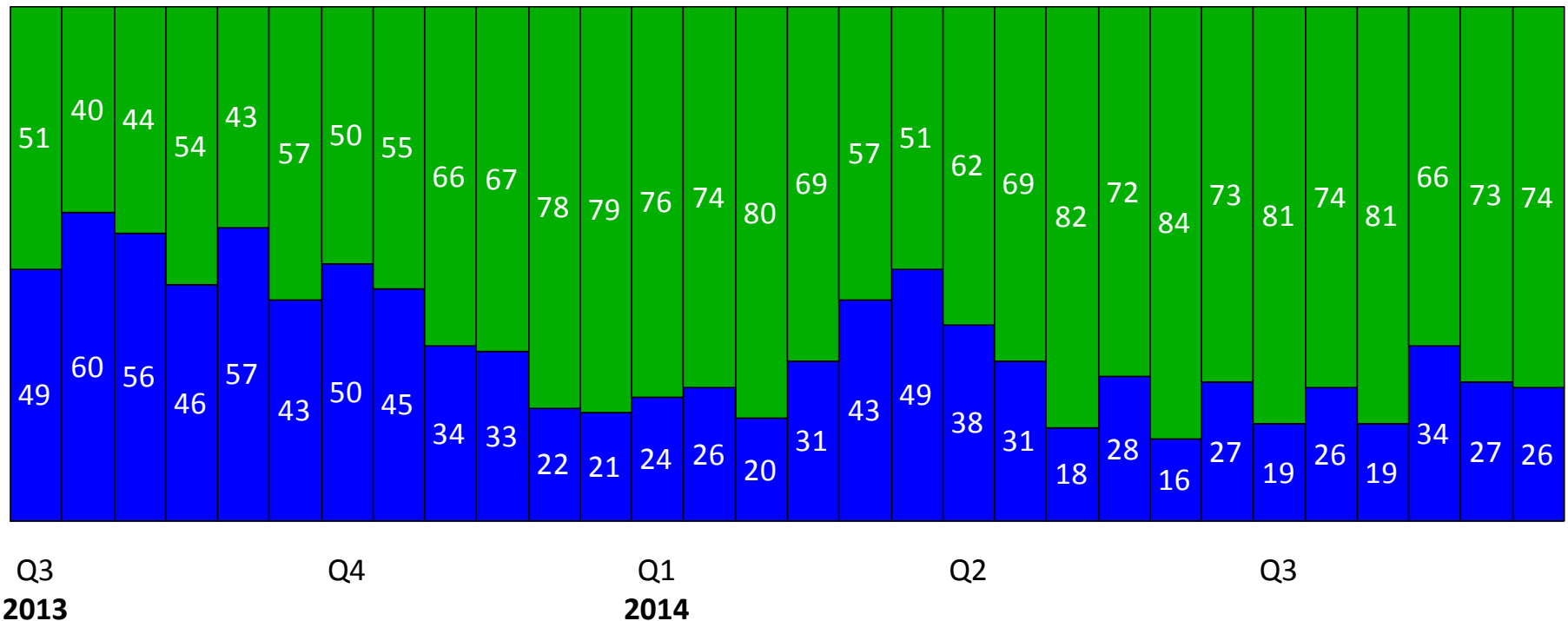


# Domestic and Foreign Price Spread

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

Yes No

out of 100%

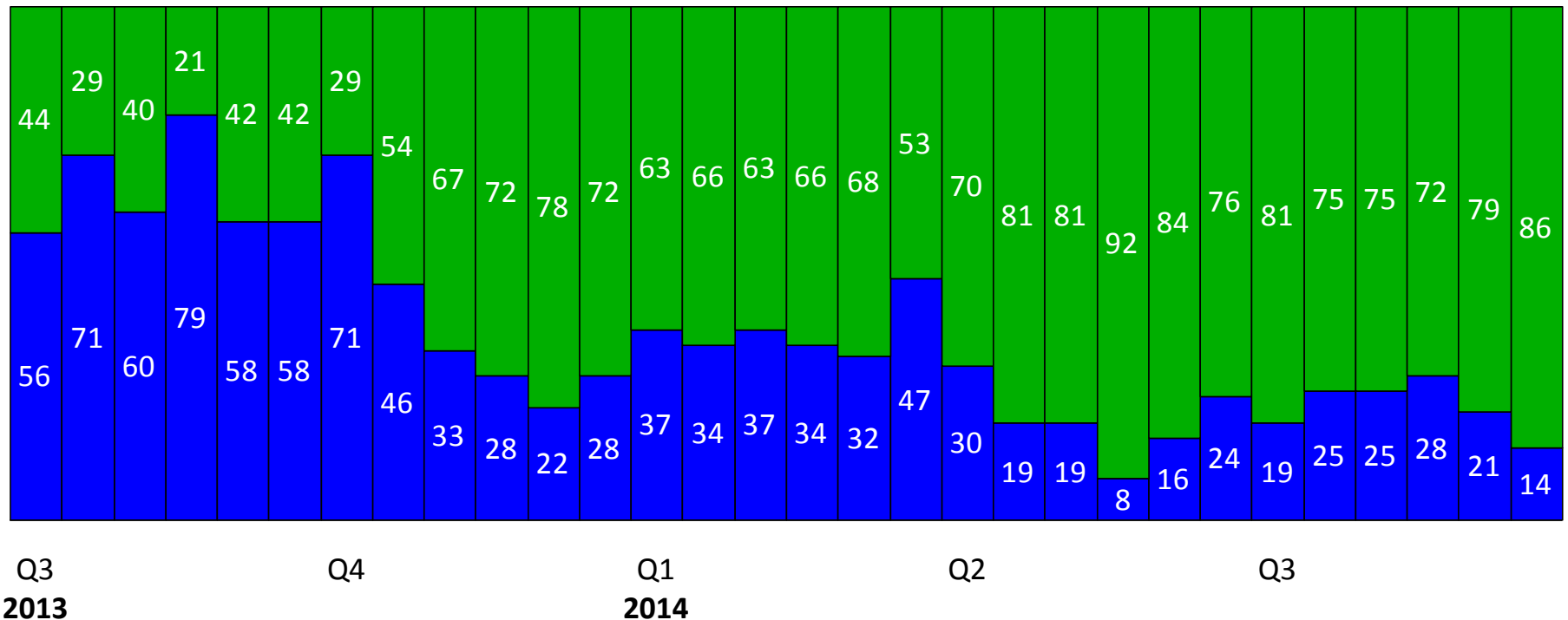


# Domestic and Foreign Price Spread

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

Yes No

out of 100%



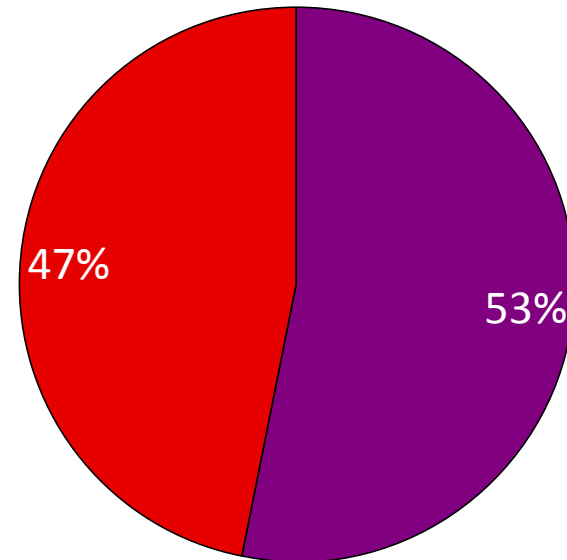
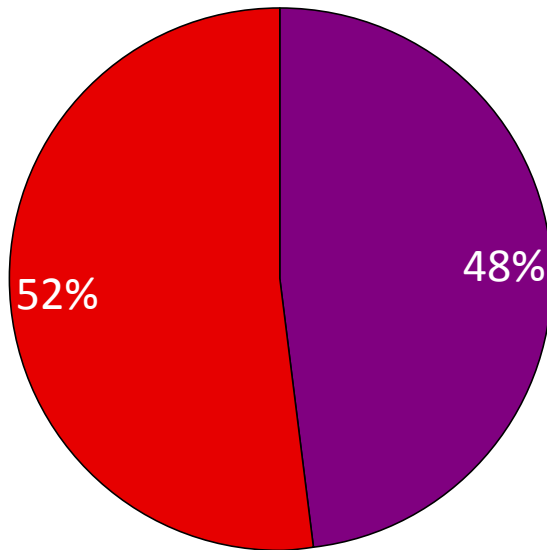
# New Foreign Orders

Is your company entering new foreign orders right now?

## Manufacturers

## Service Centers

Yes No

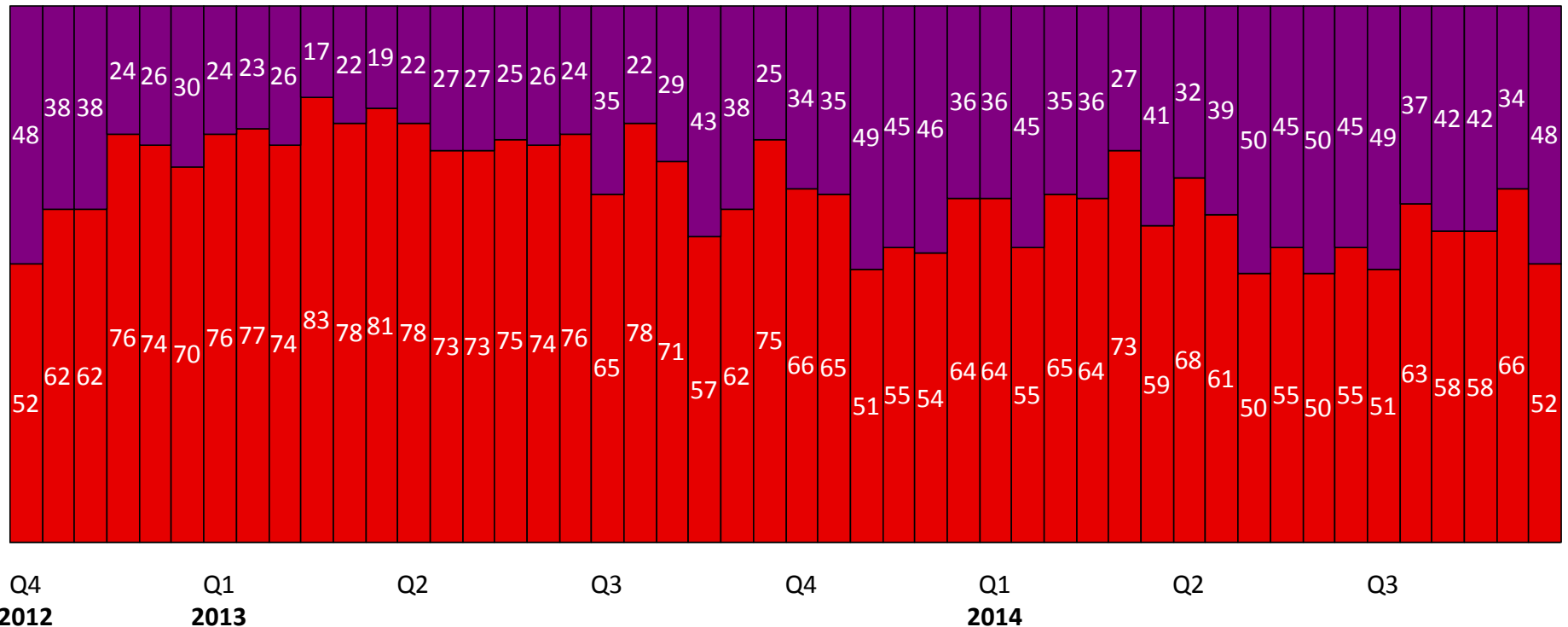


# New Foreign Orders

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

■ Yes
 ■ No

out of 100%



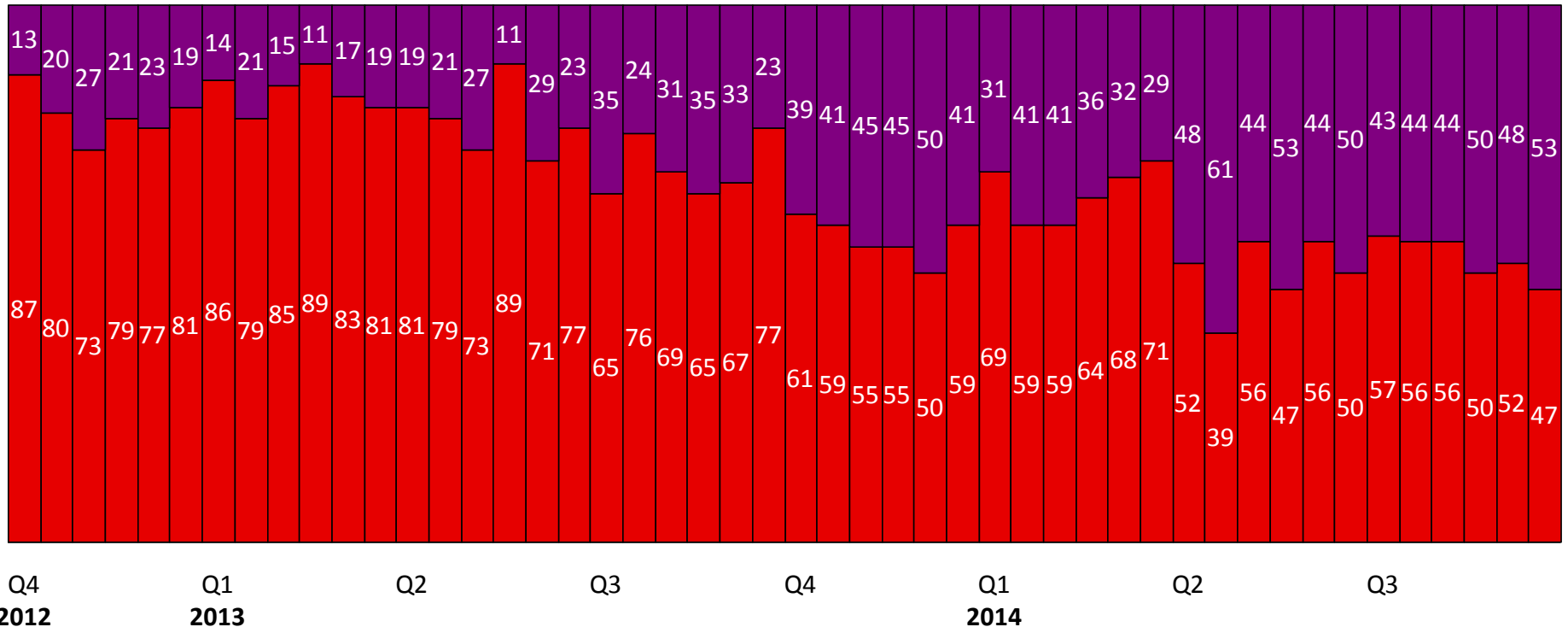


# New Foreign Orders

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

Yes No

out of 100%



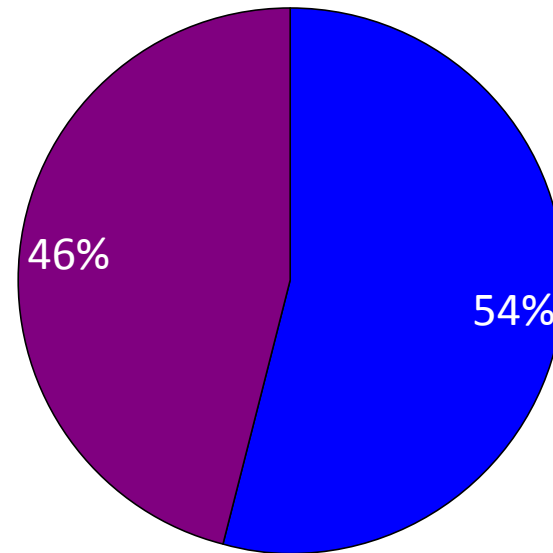
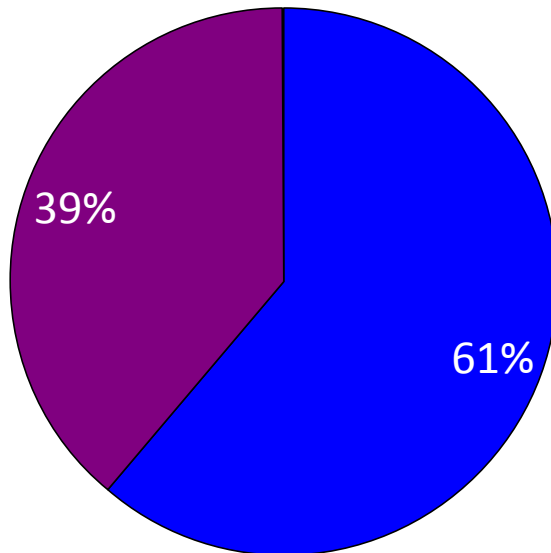
# Reduction of Domestic Orders

Will receipts of foreign imports cause your company to reduce domestic steel orders?

## Manufacturers

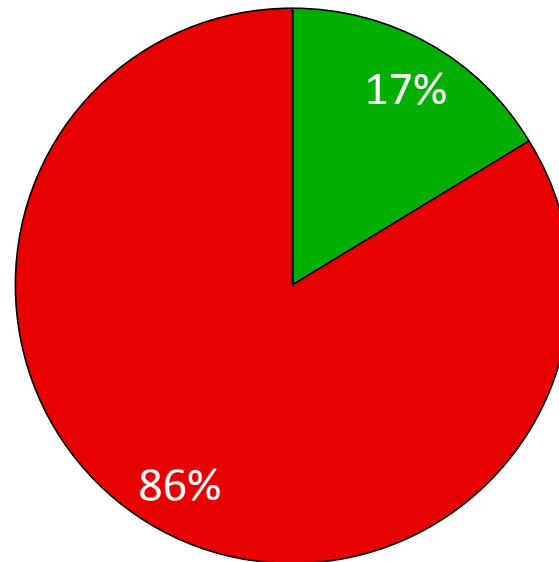
## Service Centers

Yes No



How will consolidation of the U.S. flat rolled steel industry affect foreign steel prices and offers in the future?

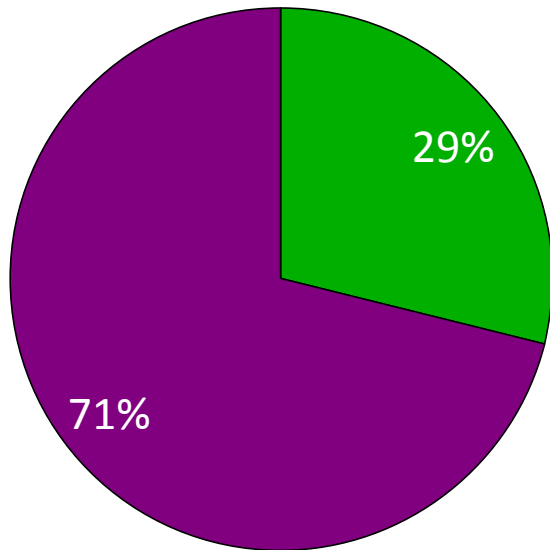
- No Impact
- Create More Opportunities to Sell Foreign
- Create Less Opportunities to Sell Foreign



# Trading Companies

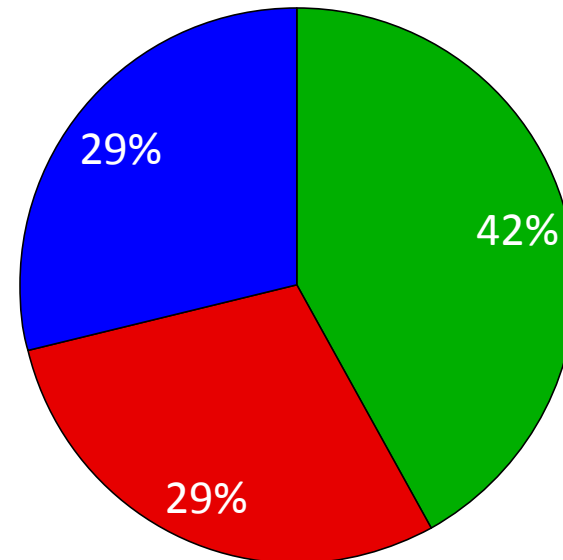
At this time, are you seeing an increase in requests for quotes from North American buyers for foreign steel?

Yes No



Are foreign steel prices rising compared to one month ago?

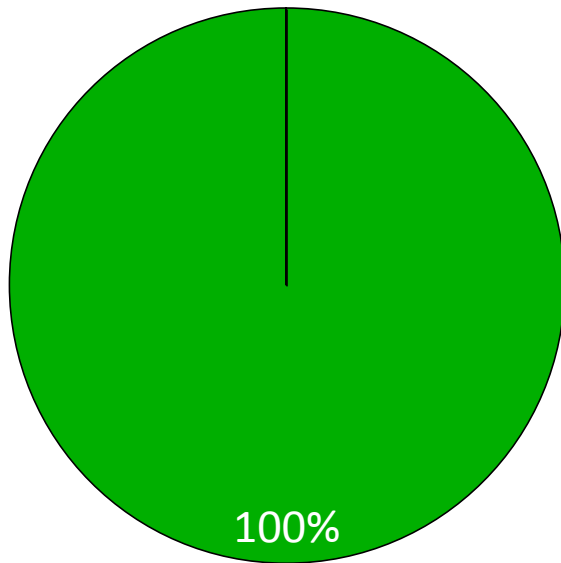
Yes  
No  
Unchanged



# Trading Companies

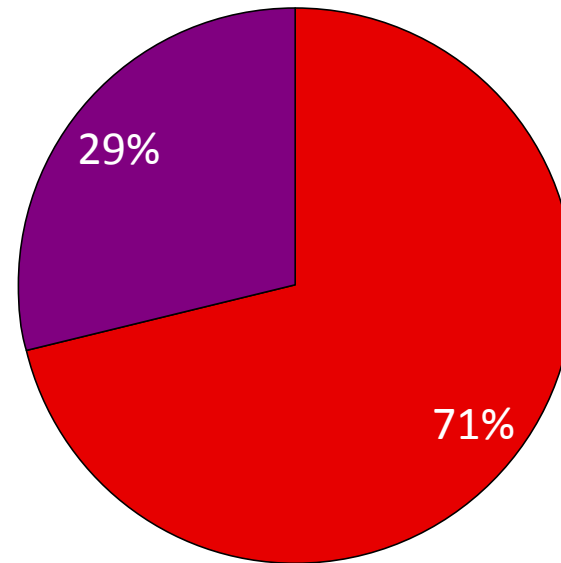
Are the foreign offers being made priced at levels where you are confident business can be transacted?

Yes No



Has your company stopped offering CR or Coated steel out of China due to potential dumping suits?

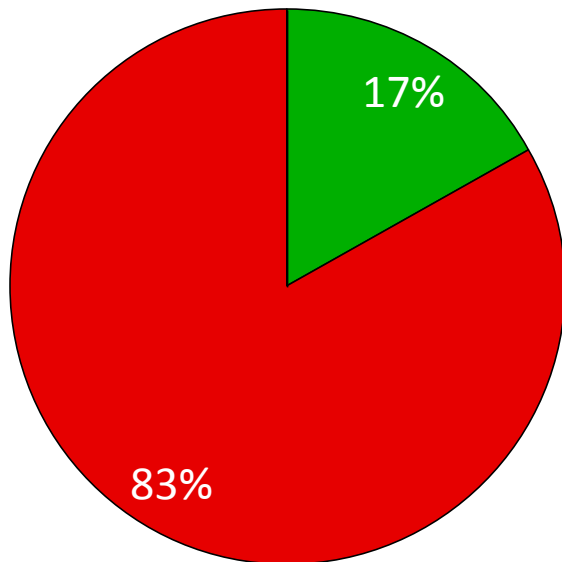
Yes No



# Trading Companies

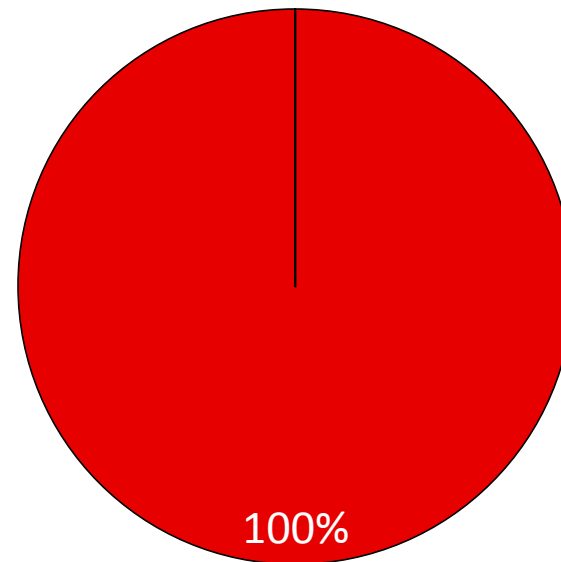
Are foreign galvanized prices more competitive, same, or less competitive than one month ago?

- More competitive
- Same
- Less competitive



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

- More competitive
- Same
- Less competitive



# 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](http://SteelMarketUpdate.com)

# Look for Our Next Survey



Our next survey  
will be conducted  
the week of  
**September 29<sup>th</sup> 2014**





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