



STEEL MARKET UPDATE

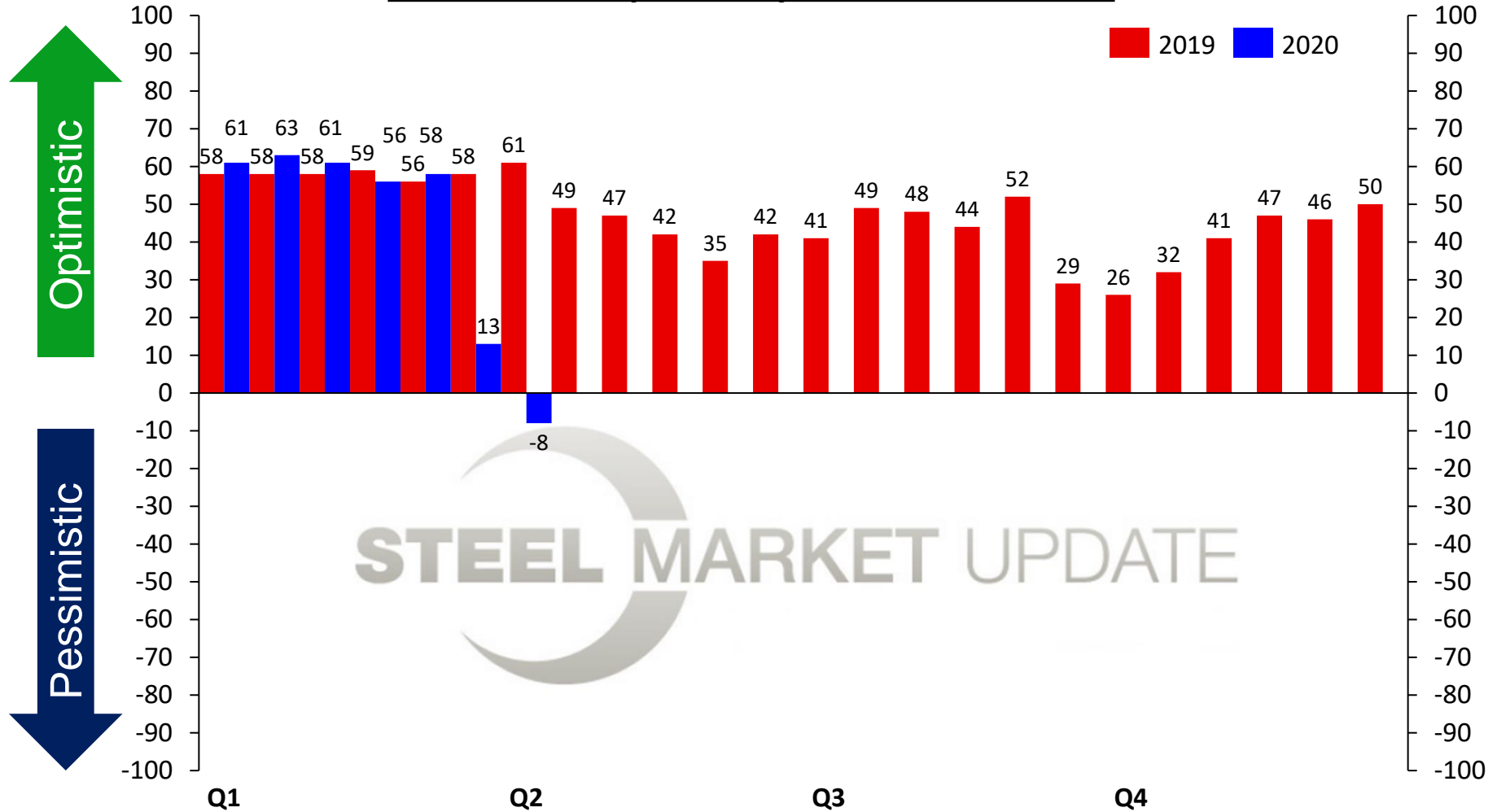
part of the  Group

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

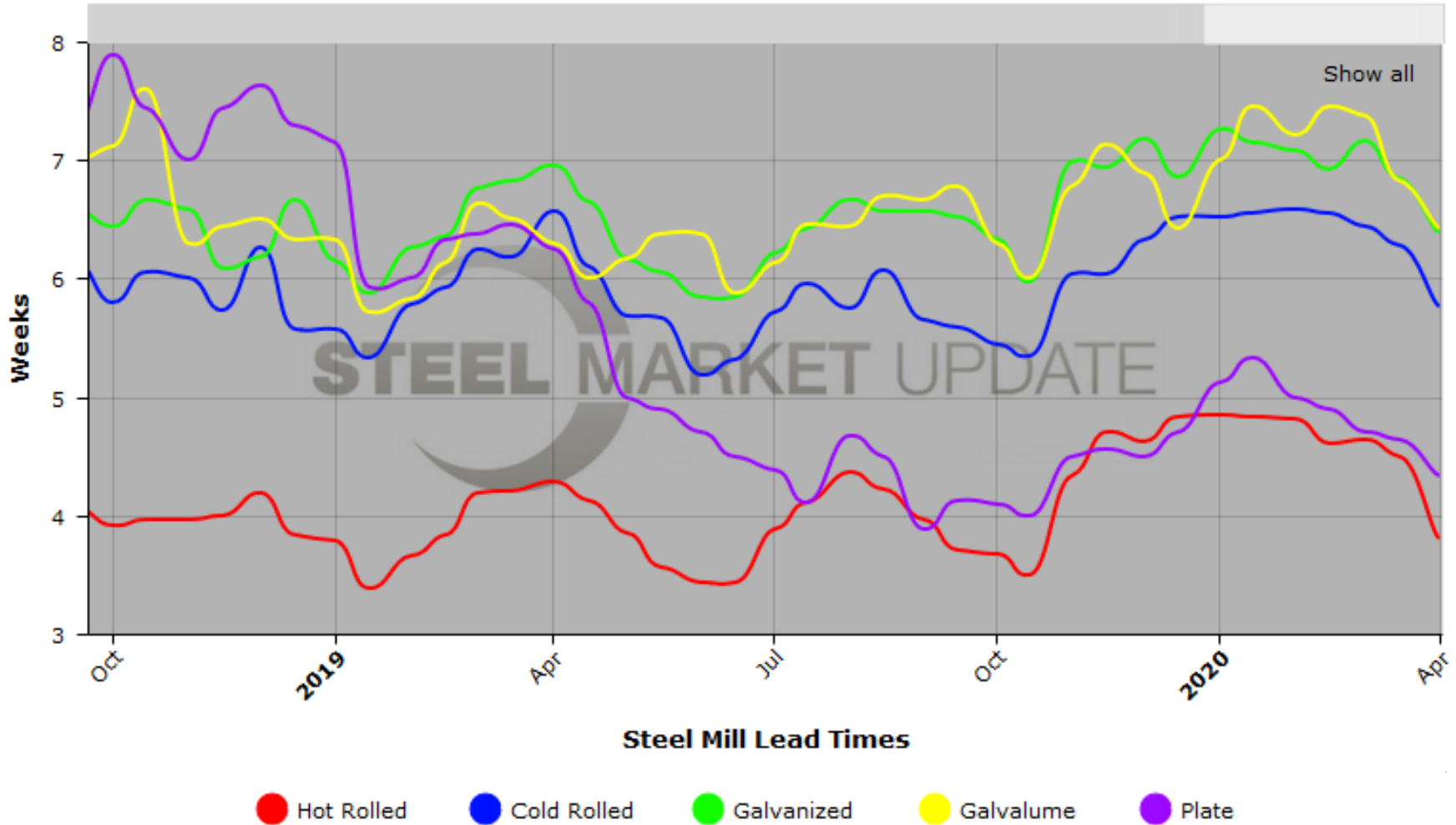
SMU Buyers Sentiment Index

Down 21 points to -8

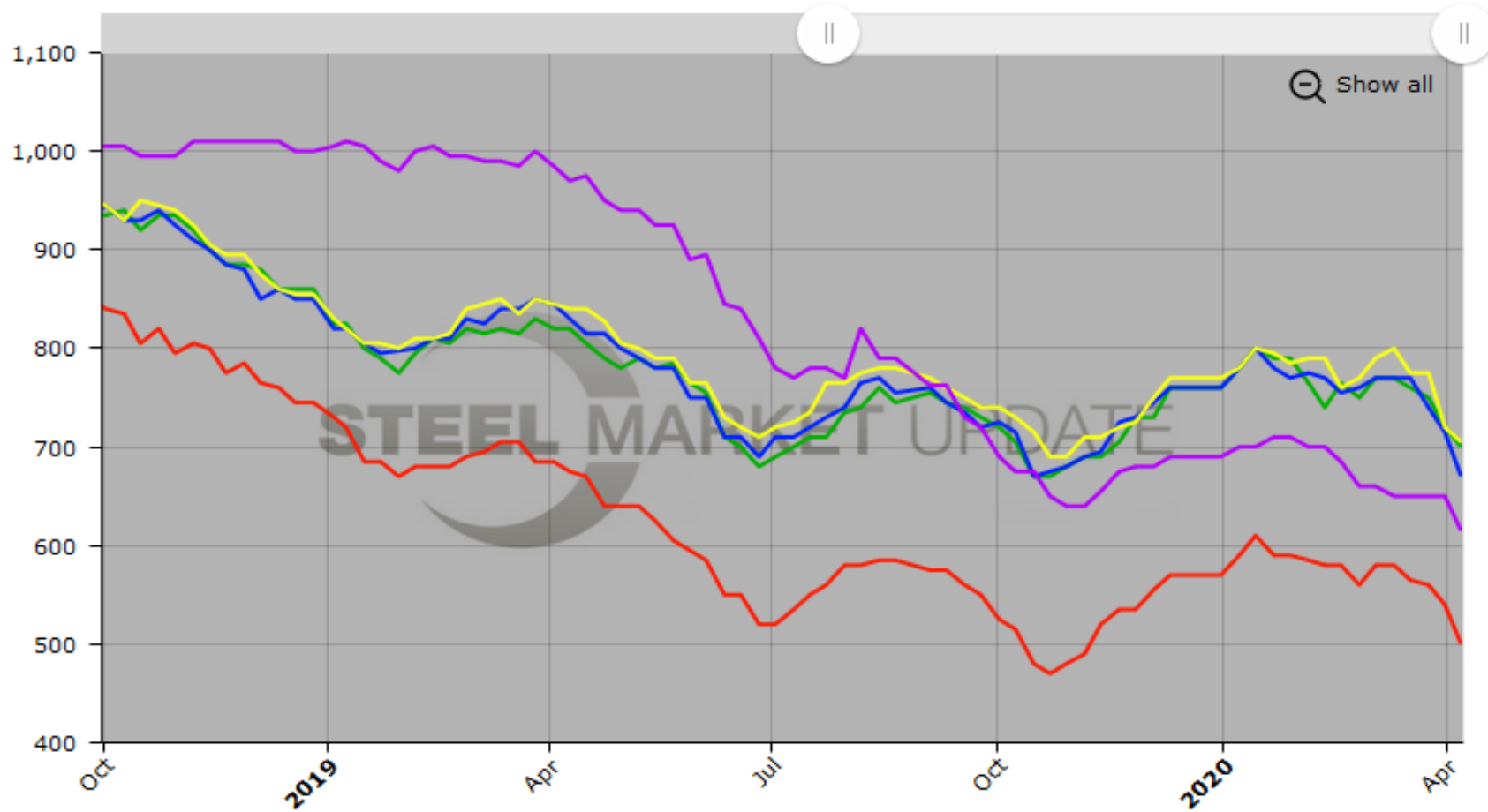
Steel Market Update Buyers Sentiment Index



SMU Lead Times (Weeks)



SMU Price Indices



Steel Market Update Flat Rolled Pricing

- Hot Rolled
- Cold Rolled
- Galvanized
- Galvalume
- Plate

- AK Steel Dearborn Furnace
- ArcelorMittal Cleveland C-6 Furnace
- ArcelorMittal Indiana Harbor IH-4 Furnace
- NLMK Portage EAF
- U.S. Steel Gary No. 4 Furnace
- U.S. Steel Granite City A Furnace
- U.S. Steel Great Lakes D-4 Furnace

- There are also push outs of new equipment announced by USS and NSBS



North America

Covid-19 shuts down manufacturing in the US

Steel Sheet Products Market Outlook
2020 Q2 Edition

April 2020



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North America



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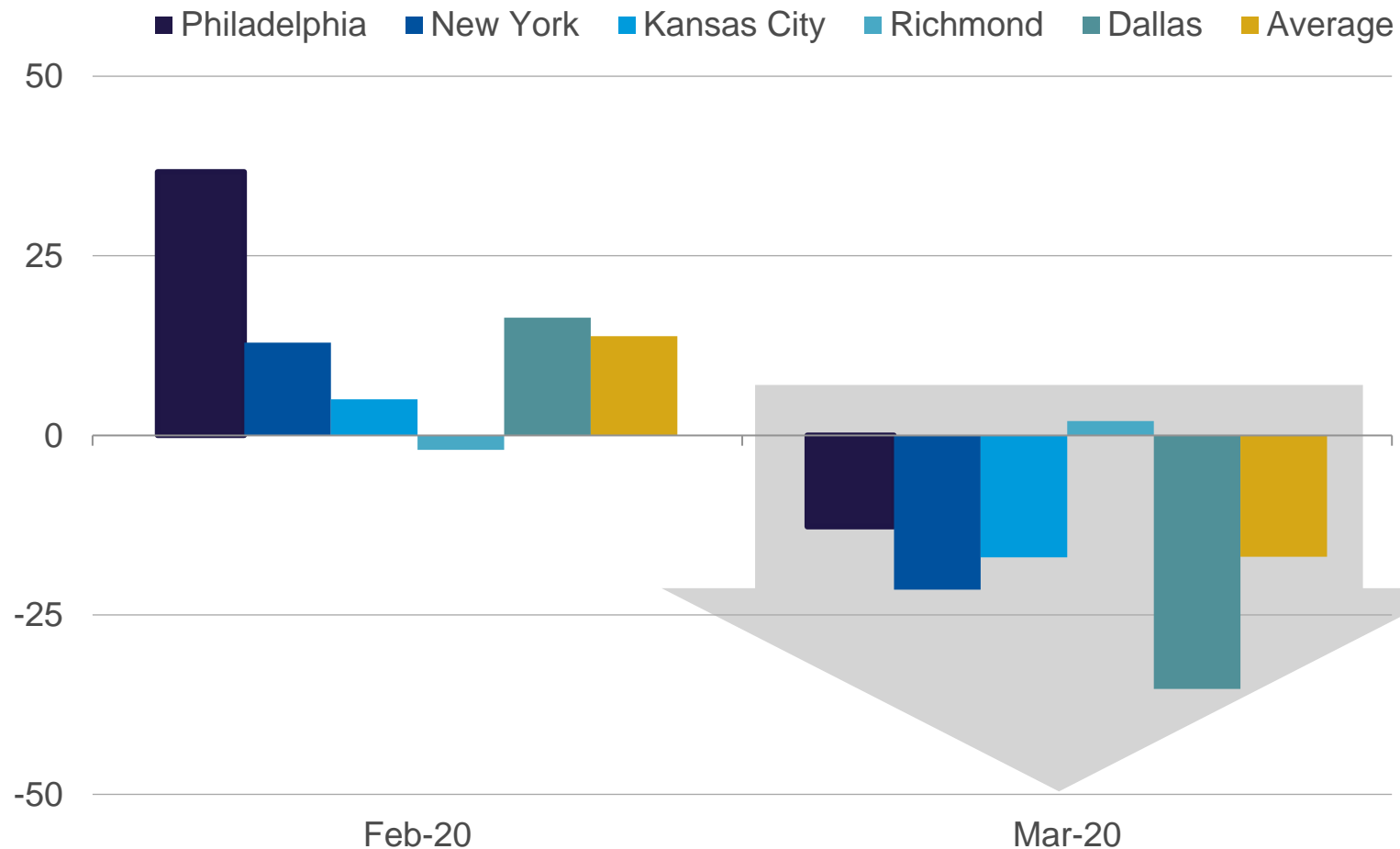
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Summary

1. The Covid-19 pandemic has shut down manufacturing in the US
2. With limited demand, there is an inventory glut of steel sheet
3. Producers are responding to the oversupply: North American mills have already cut furnace capacity by 8Mt
4. Sheet prices were, so far, slow to react to this absence of demand
5. The economic collapse will be isolated to 2020, though risks remain. Stronger steel-intensive industrial activity will drive sheet demand up from the 2020 low
6. Prices to rebound, though gains limited by new and restarted capacity

The Covid-19 pandemic has shut down manufacturing in the US

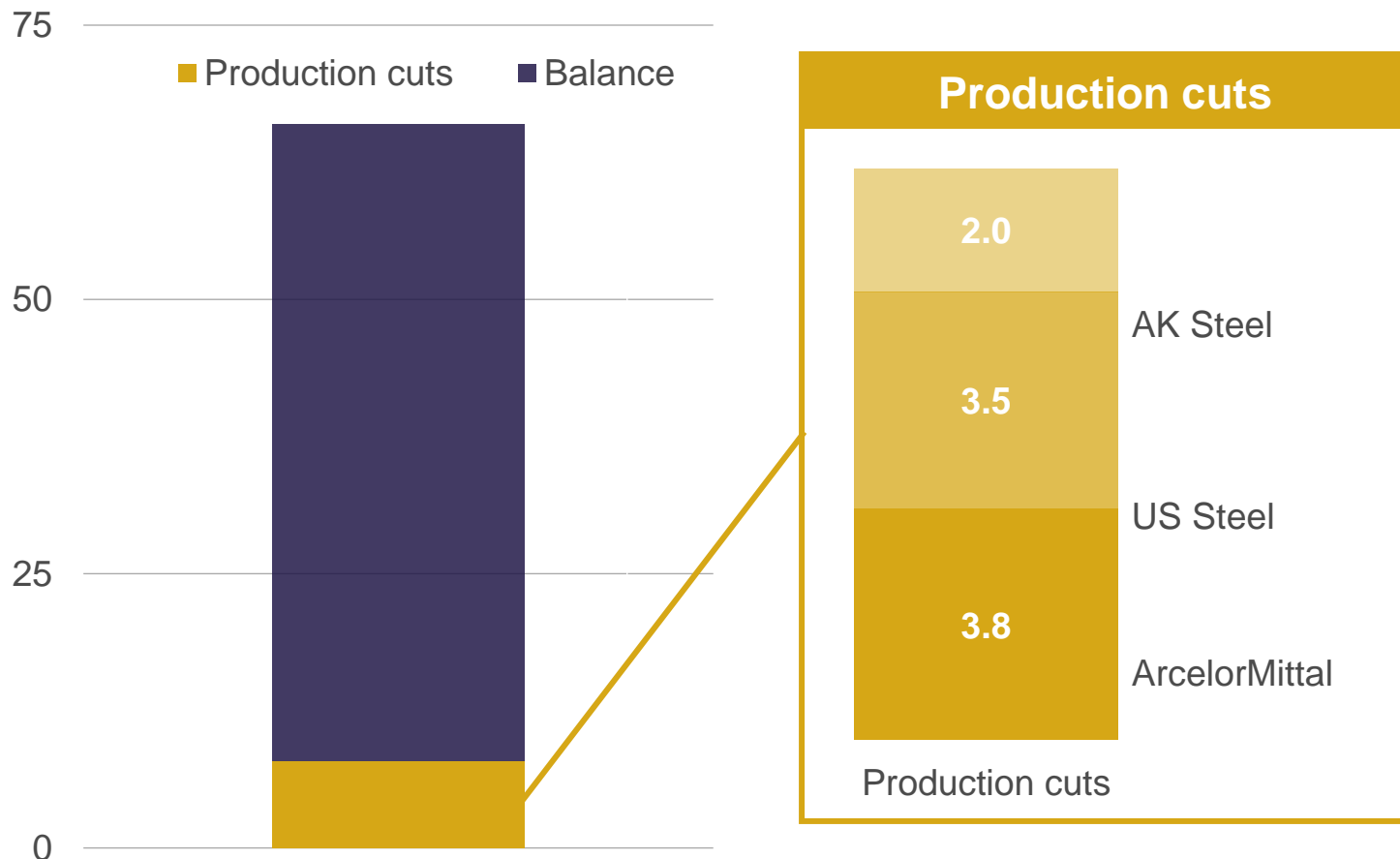
Regional Federal Reserve manufacturing indices, net



- The spread of Covid-19 throughout the region has led to a rapid and substantial vacuum of industrial activity.
- Due to “shelter in place” orders across whole states and metropolitan areas, sheet-intensive manufacturing activity has slowed dramatically.
- Temporary shutdowns at automotive plants have been one of the most visible examples.

North American mills already cut furnace capacity by 9.3Mt

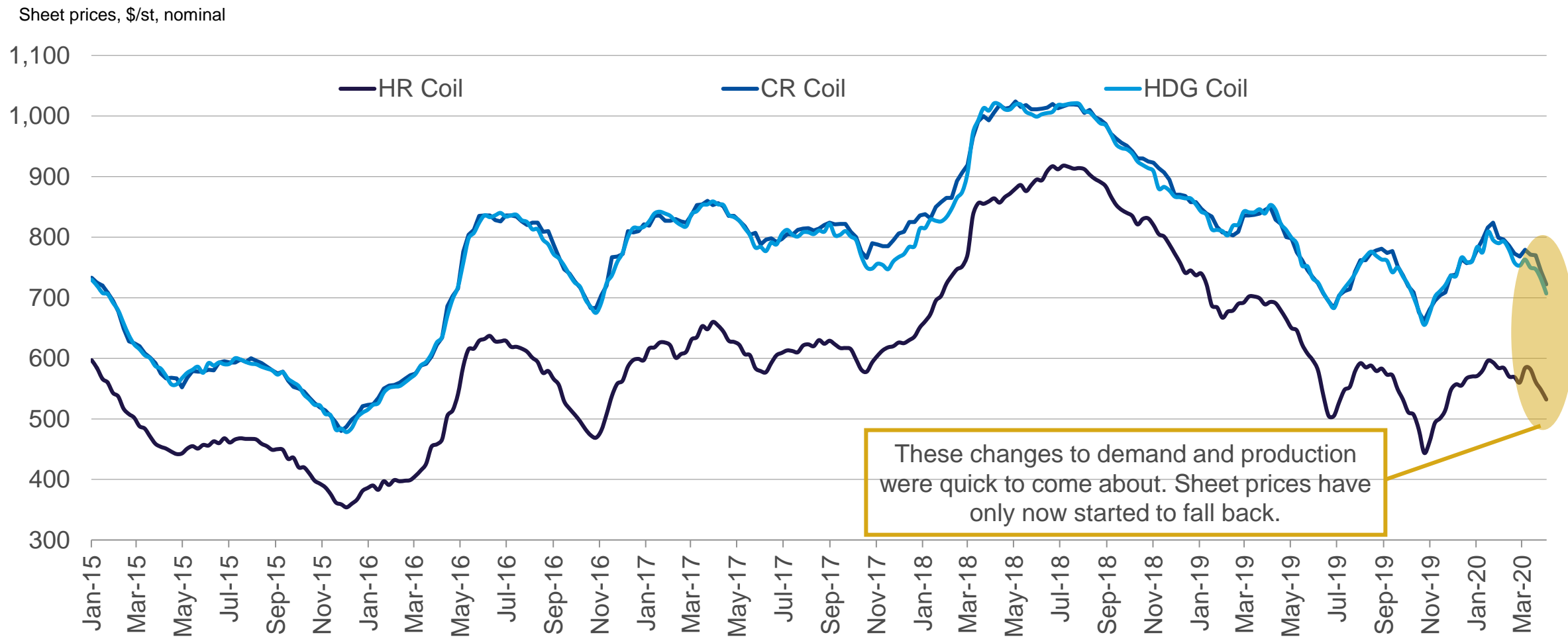
North American sheet production and stated cuts, Mt



- Steel producers have quickly responded to this oversupply of inventory and lack of demand at service centres by taking multiple mills down until a more visible demand environment emerges.
- The total cuts so far reflect 14% of 2019 sheet production or 9.3 Mt.
- Further cuts will come from EAF producers who will be able to flex production by adjusting the number of heats produced rather than idling or closing facilities.

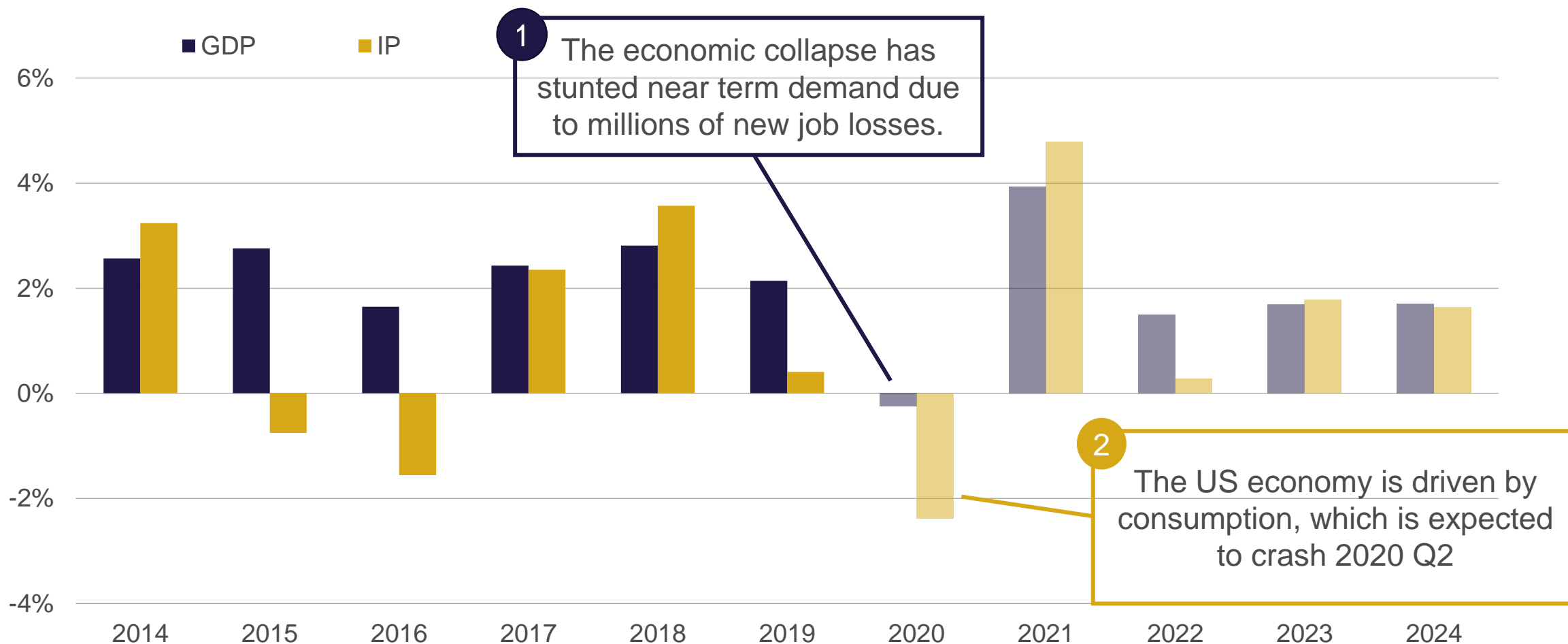
Sheet prices were, so far, slow to react to this absence of demand

US sheet prices, \$/st, nominal



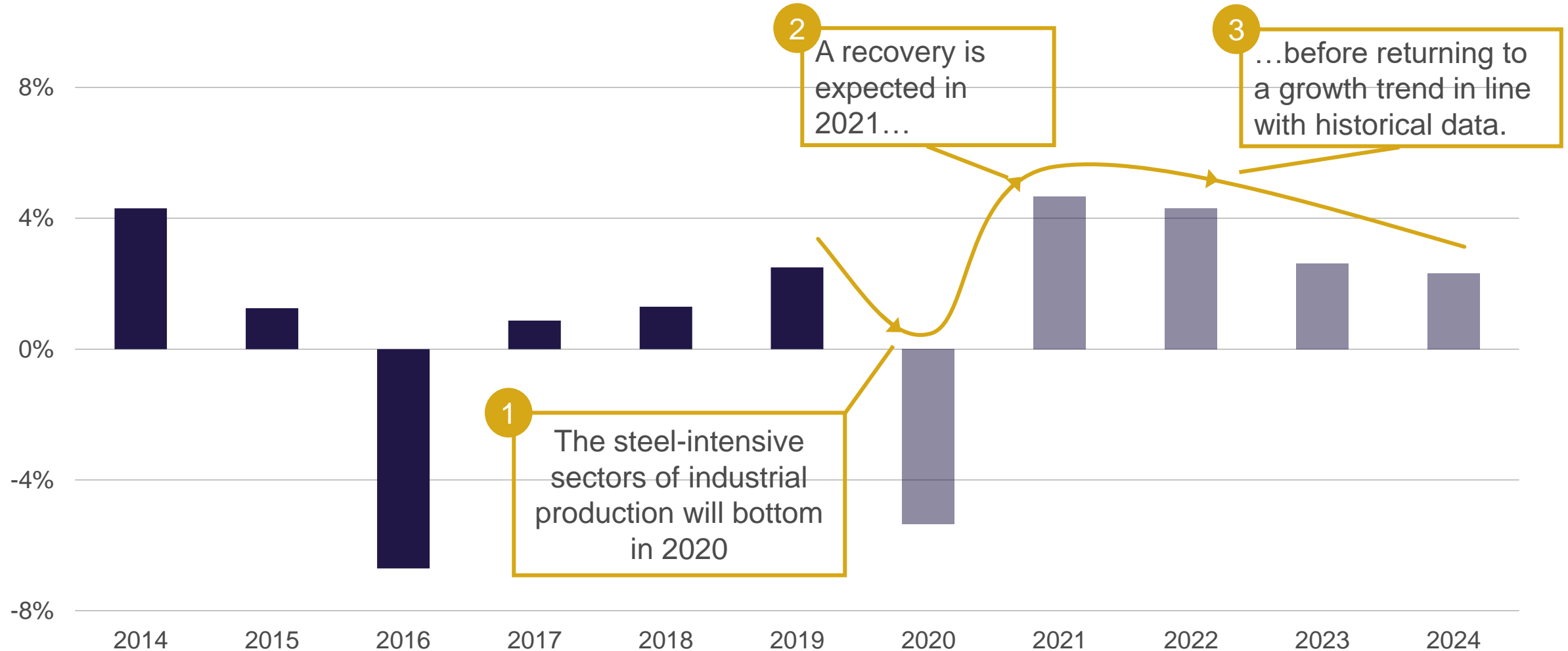
The economic collapse will be isolated to 2020, though risks remain

Economic and industrial growth, y/y, %



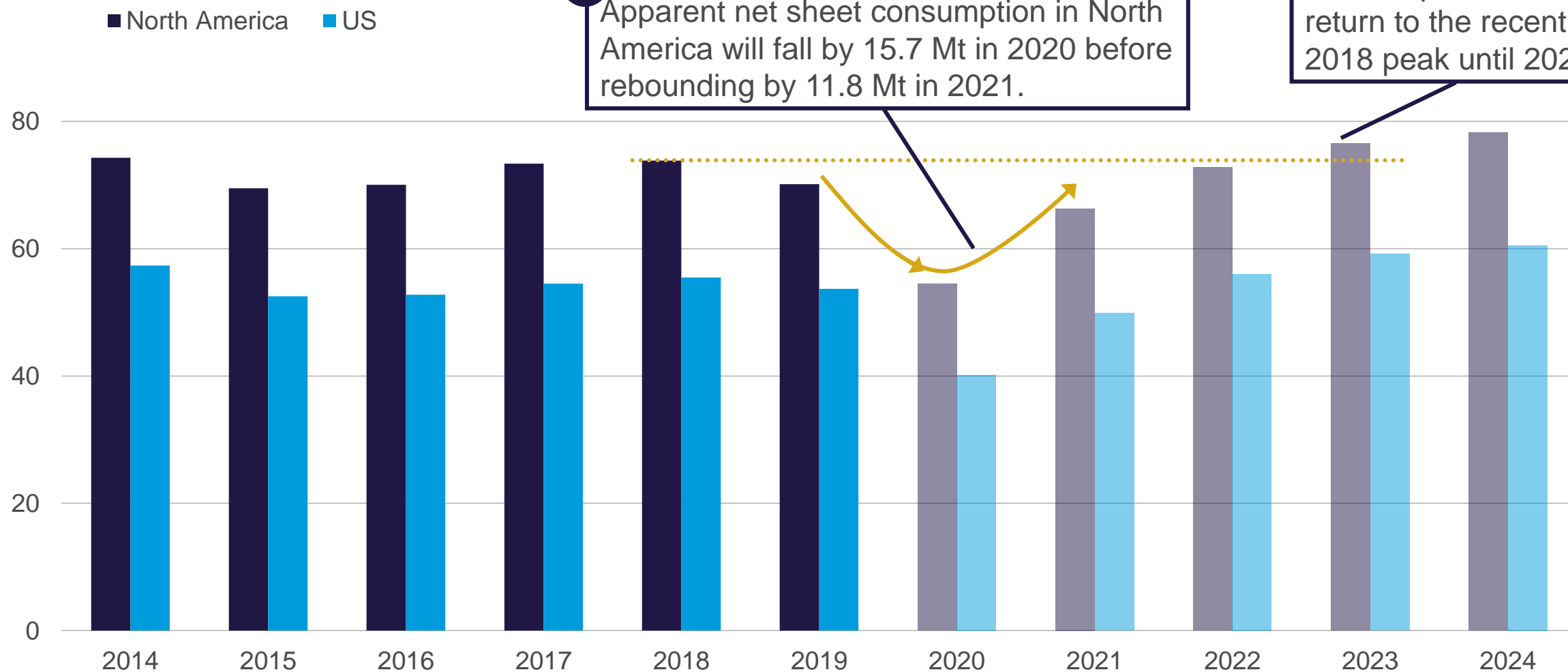
Stronger steel-intensive industrial activity will drive sheet demand

Steel-intensive IP growth (automotive, construction & manufacturing), y/y, %



Overall sheet consumption will rise from the 2020 bottom

Apparent net sheet consumption, Mt



Prices to rebound, though gains limited by new and restarted capacity

Sheet prices, \$/st, nominal

