

SMU Community Chat

May 20, 2020

Starting at 11 AM Eastern

John Packard, President & CEO of Steel Market Update

John Anton, Pricing and Purchasing at IHS Markit



SteelMarketUpdate.com/Blog/SMU-Community-Chat-Webinars

Mr. Barry Zekelman is Executive Chairman and Chief Executive Officer of **Zekelman Industries**. Mr. Zekelman is responsible for all aspects of business at Zekelman Industries. He has devoted his entire career to the development of the corporation. He started out at Atlas Tube and assumed ownership, along with his brothers, with his father's sudden passing in 1986. Under Barry Zekelman's leadership as CEO, chairman and president of Atlas, the business grew from \$2 million to over \$1.2 billion in sales. In 2006 Atlas became part of the company now known as Zekelman Industries, with Barry Zekelman as chief operating officer (COO) of the corporation. He became CEO and president in 2008. In 2010 he became executive Chairman and returned to the role of CEO in 2013. Today, Barry Zekelman leads the largest independent steel pipe and tube manufacturer in North America with sales in excess of \$2.7 billion.



[SteelMarketUpdate.com/blog/SMU-Community-Chat-Webinars](https://www.SteelMarketUpdate.com/blog/SMU-Community-Chat-Webinars)



We are pleased to announce the 2nd annual [SMU NexGen Leadership Award](#), sponsored by the Steel Manufacturers Association. The Award is designed to recognize and celebrate the excellence of emerging leaders within the greater steel community.

SMU is dedicated to helping businesses recruit, train and retain the next generation of talent. Any young motivated employee under the age of 35 who is currently employed by an organization that utilizes carbon steel as part of its core business function is eligible for this award.

This is a great opportunity to shine the light on the hard work of the people in your organization, and celebrate it with the greater steel industry.

The winner will get: a mentorship day with **Chuck Schmitt, President of SSAB Americas**; a free pass to a SMU Steel 101 Workshops; and a free pass to the next SMU Steel Summit.

Nomination details will be announced by SMU in the coming days.

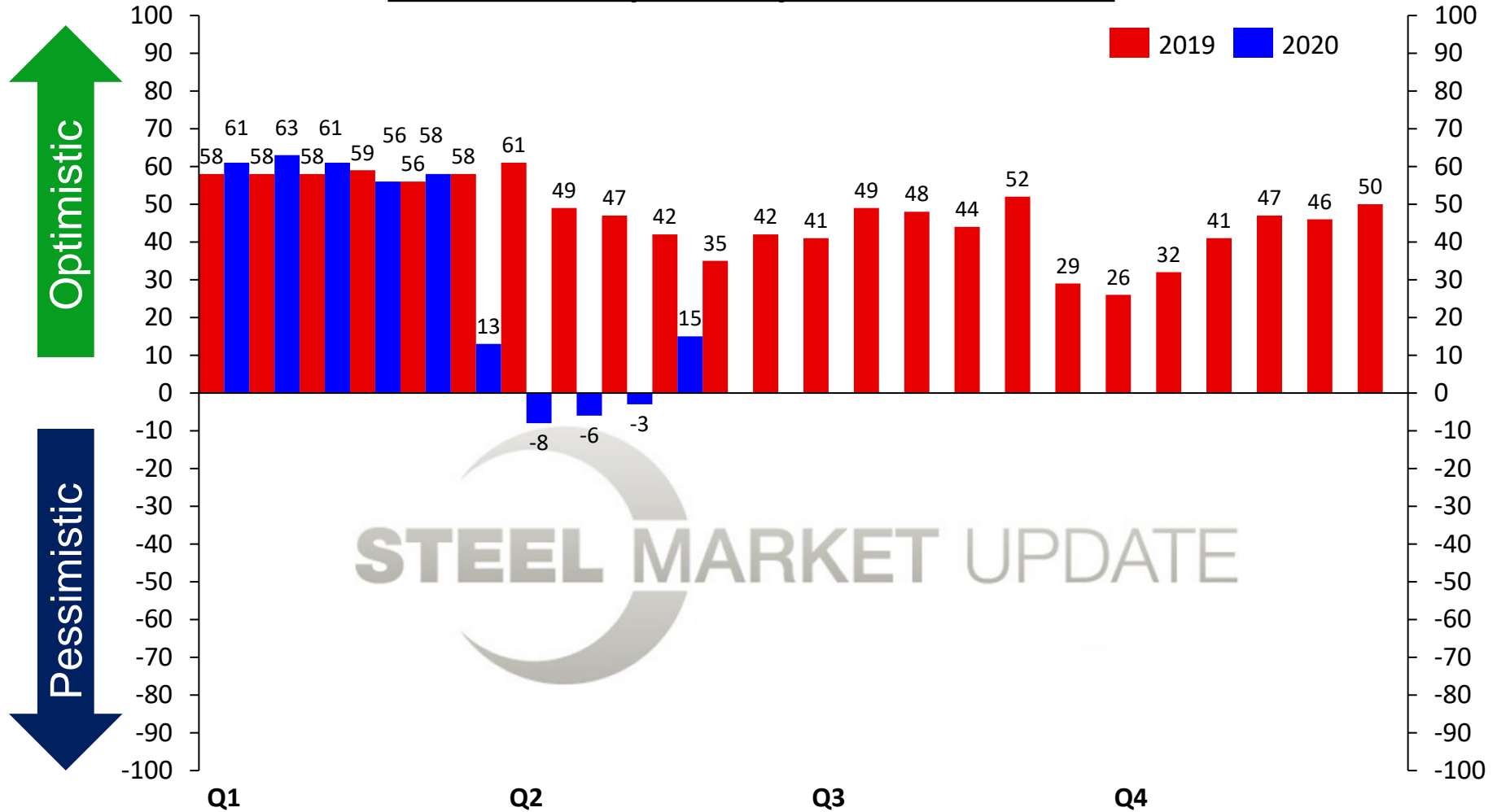
SMU Hot Rolled Price Index



SMU Buyers Sentiment Index

Up 18 points to +15

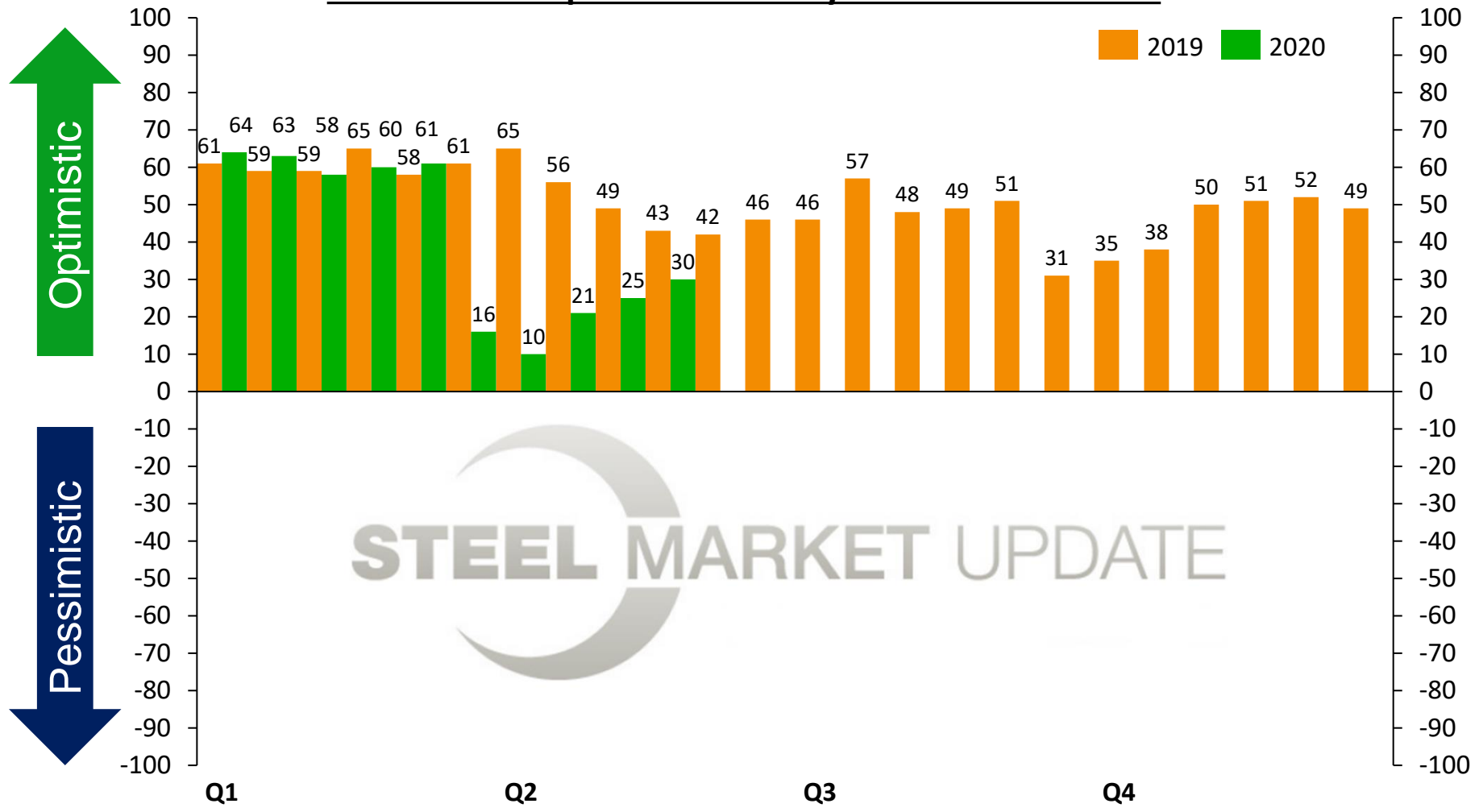
Steel Market Update Buyers Sentiment Index



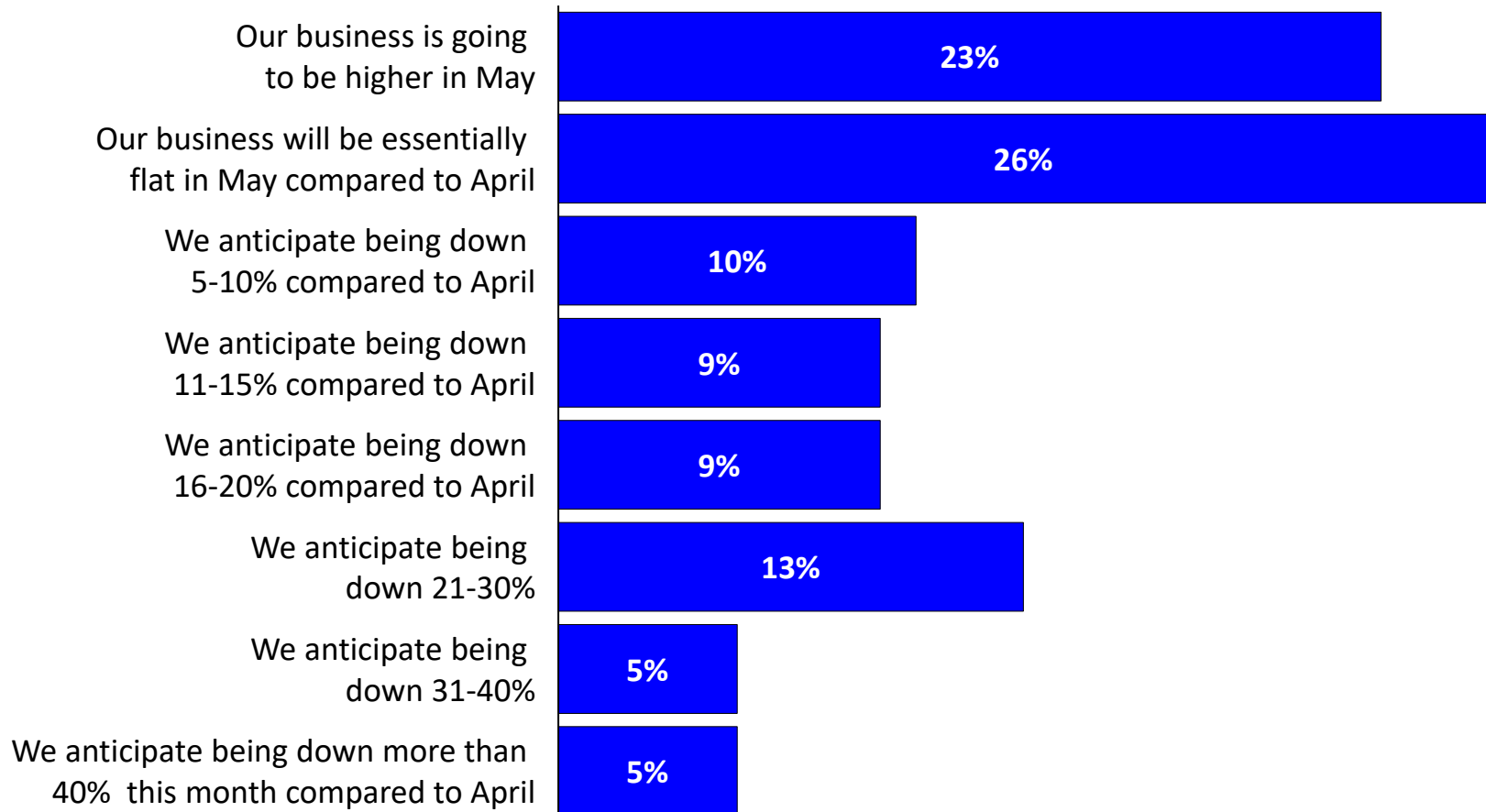
SMU Future Buyers Sentiment Index

Up 5 points to +30

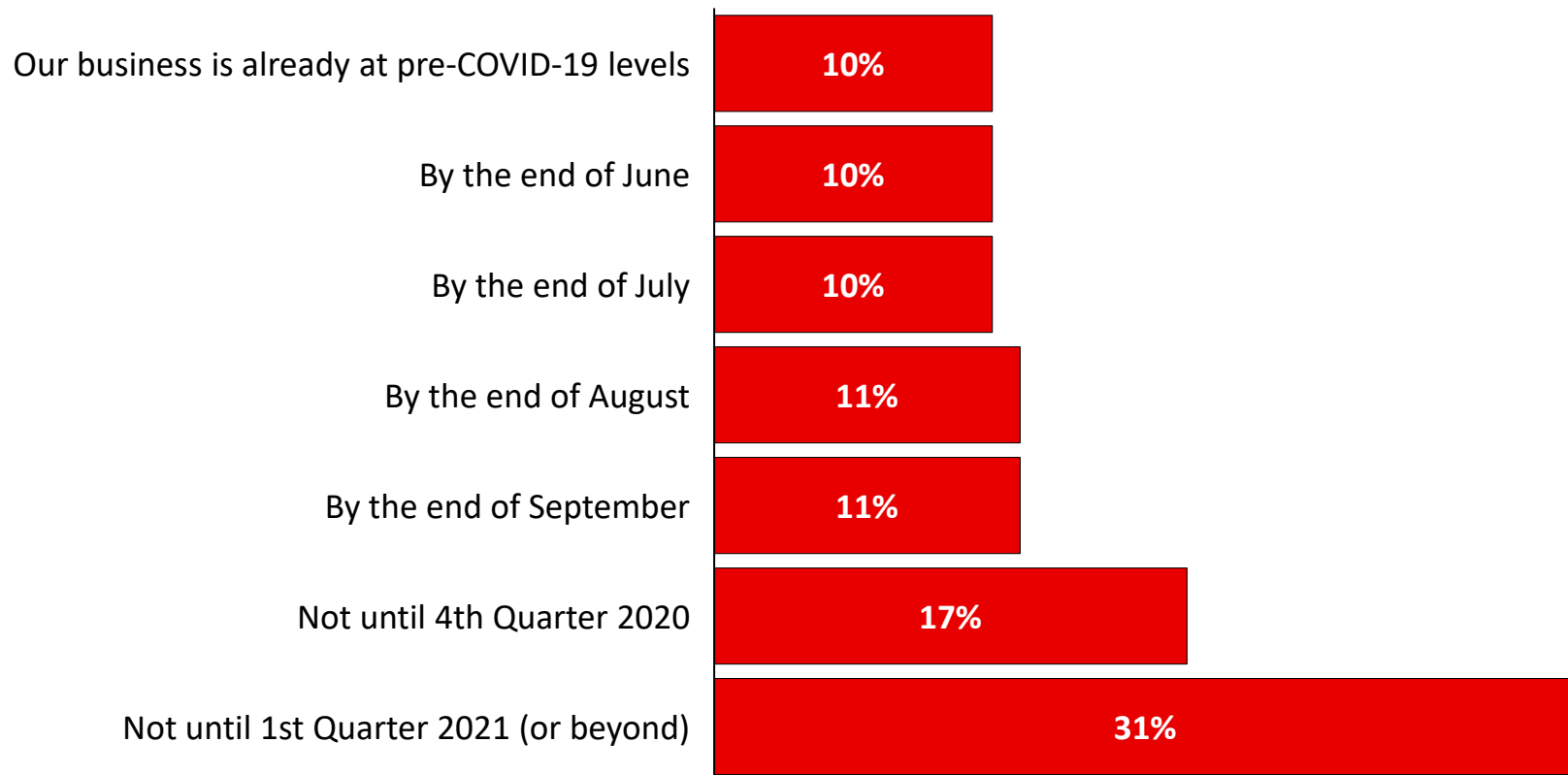
Steel Market Update Future Buyers Sentiment Index



As it stands now, what will the impact of the virus be on your order book and/or shipments for the month of May compared to what it was in April 2020?



Some states are beginning to re-open for business. The question now becomes when will your business return to pre-COVID-19 levels?



Mr. John Anton is the lead steel expert, as an associate director in the Pricing and Purchasing Service at **IHS Markit**. Recognized for his expertise in the ferrous metals industry, he is responsible for evaluating the outlook for steel. Mr. Anton also specializes in forecasting commodities and works closely with the Automotive, Construction, Energy and Economics teams at IHS Markit. Steel demand is linked to outlooks from these key sectors. In turn, the profitability of these sectors can rise or fall depending on the price and availability of steel. Prior to joining IHS Markit, now IHS Markit, in 1995, he was in the private practice of law as well as an economist and statistician for the United States Department of Labor in the Bureau of Labor Statistics (BLS). Mr. John Anton received a Bachelor of Science in Economics from Florida State University, US, and a Juris Doctor from the Marshall-Wythe School of Law at the College of William and Mary, US.



SteelMarketUpdate.com/blog/SMU-Community-Chat-Webinars

Steel – Passing the bottom is not the same as huge hikes

- 2009 should be your guide to demand

John Anton, Associate Director, +1 202 600 0103 (mobile), john.anton@ihsmarkit.com

Copyright notice and disclaimer

© 2020 IHS Markit. All rights reserved.

These slides are subject to IHS Markit copyright. You are not permitted to reproduce, reuse, or otherwise redistribute the slides or any portion of this presentation to anyone outside of your organization without prior written consent of IHS Markit.

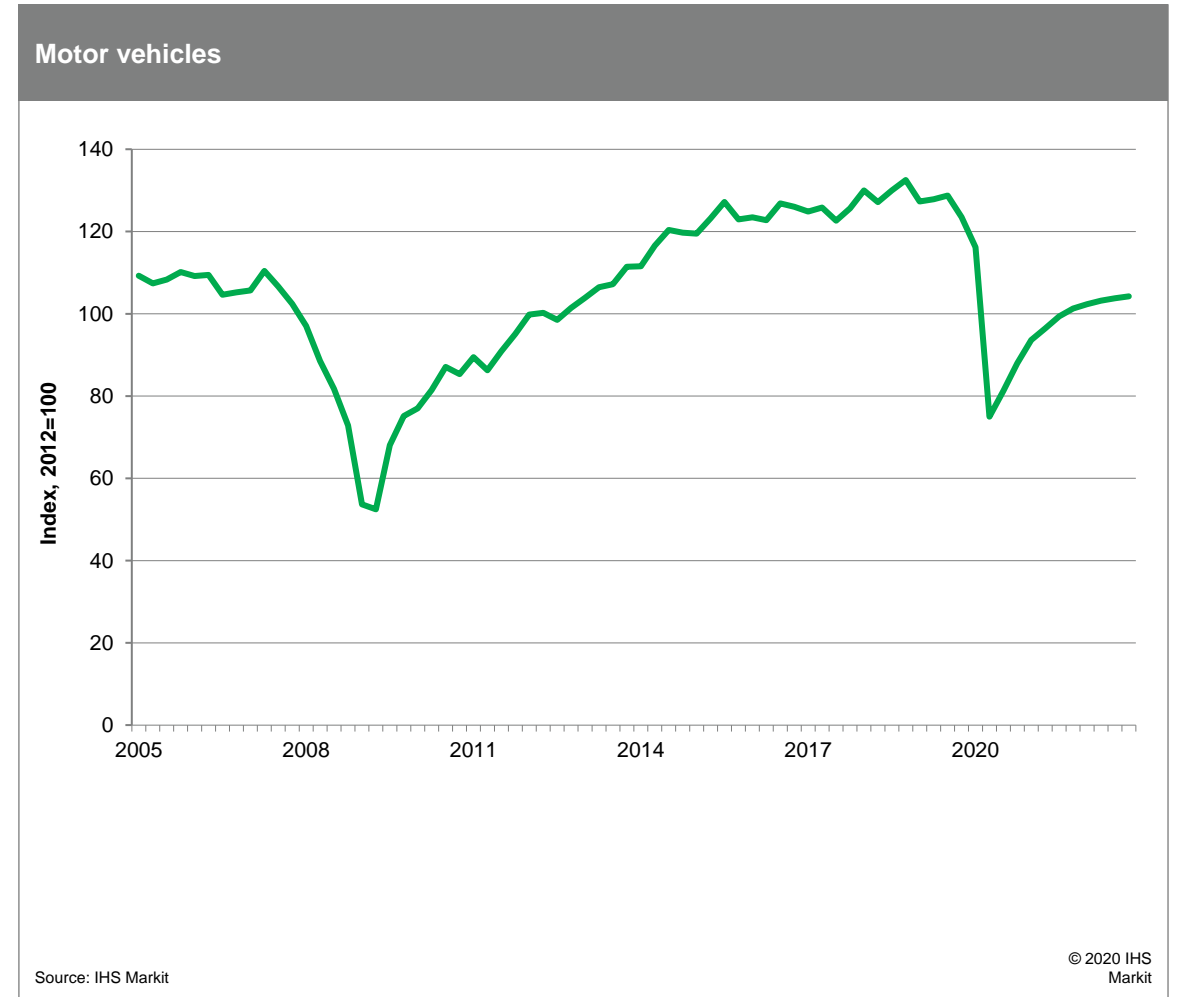
This presentation is not to be construed as legal or financial advice, use of or reliance on any content is entirely at your own risk, and to the extent permitted by law, IHS Markit shall not be liable for any errors or omissions or any loss, damage, or expense incurred by you or your organization.

Steel prices are about to rise but that does not mean strength

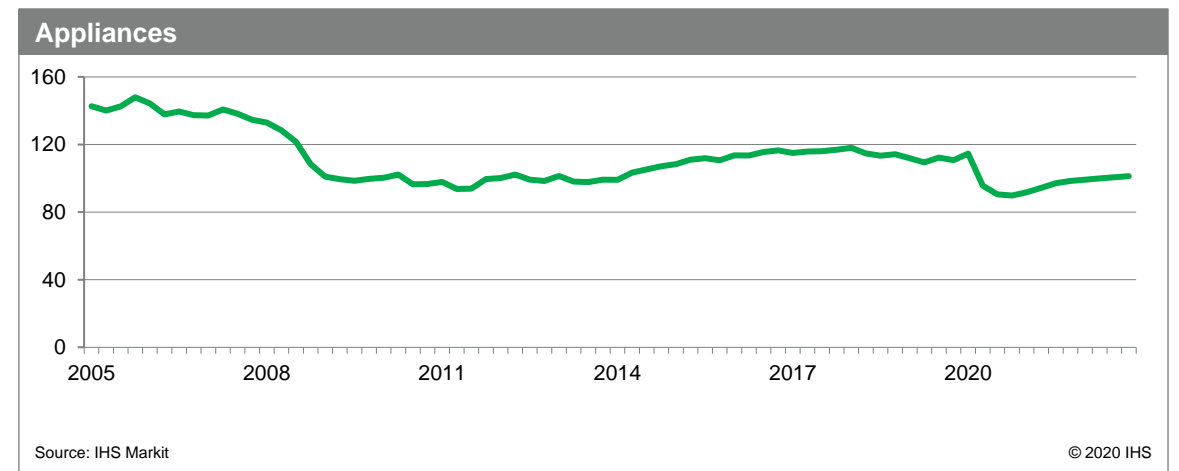
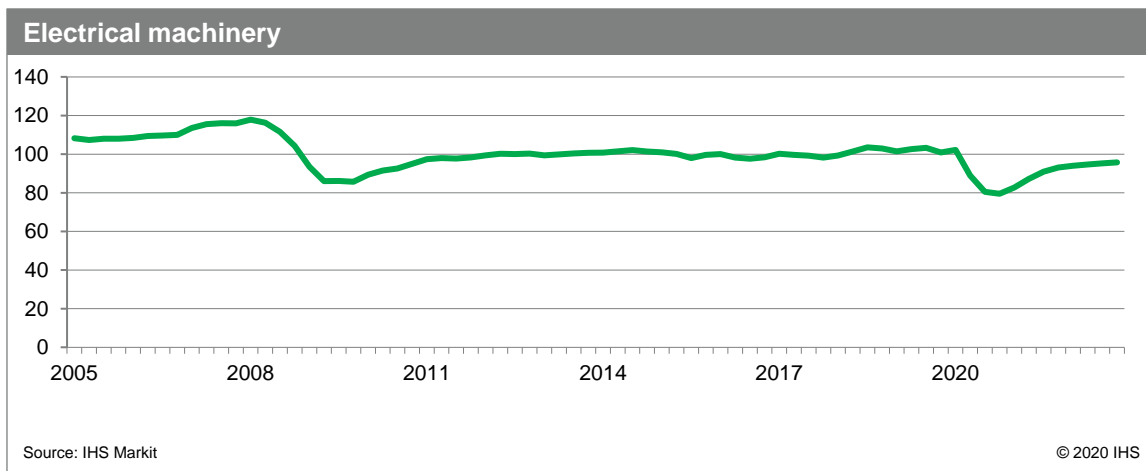
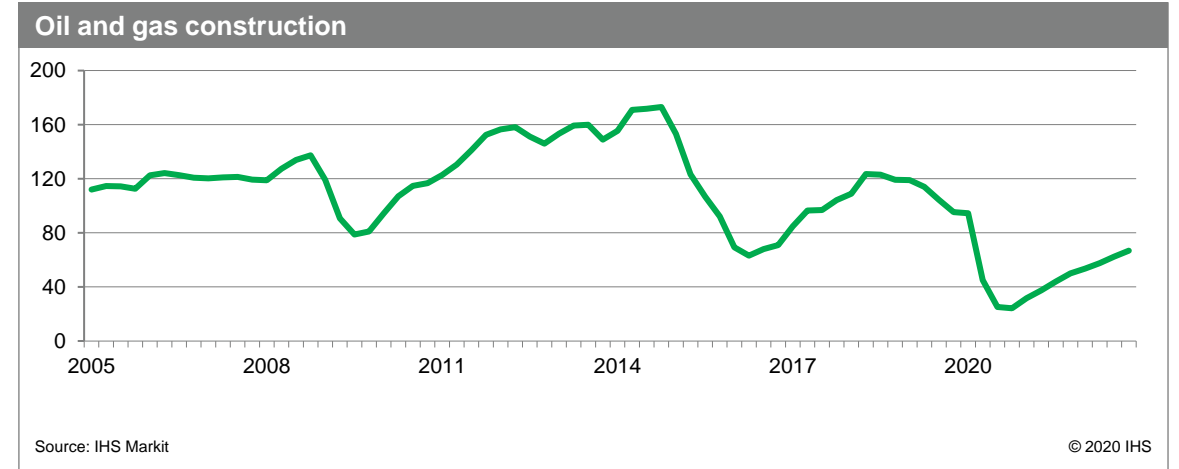
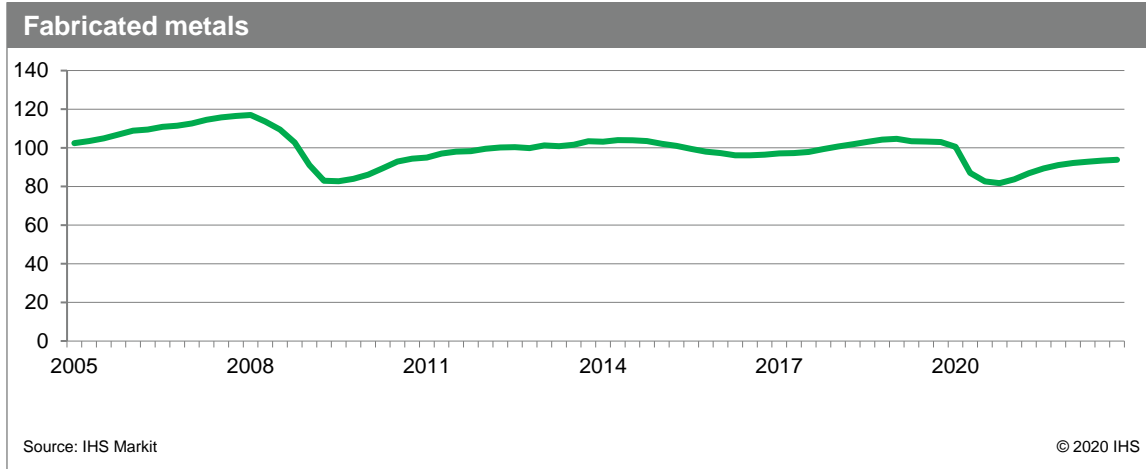
Takeaway: steel prices are bottoming in May and starting to turn upwards. When you fall into the Grand Canyon, it can take time to climb out. Rising is not the same as ground level.

- **Demand:** Steel demand collapsed in March and April. Re-openings will cause demand to rise but not be near 2019 levels except in China.
- **Supply:** Mills have done a very good job of cutting production to match demand so inventory is not excessive. Shortages are still a concern, but market may be over-selling the point.
- **Prices:** prices are rising but will be restrained by lack of demand. There can be small increases to price and volume, but not large for either or prices will fail.

The two biggest end markets are weak for an extended duration



Industrial production indexes, all 2012=100, except Oil and Gas construction is spending in real 2012 dollars

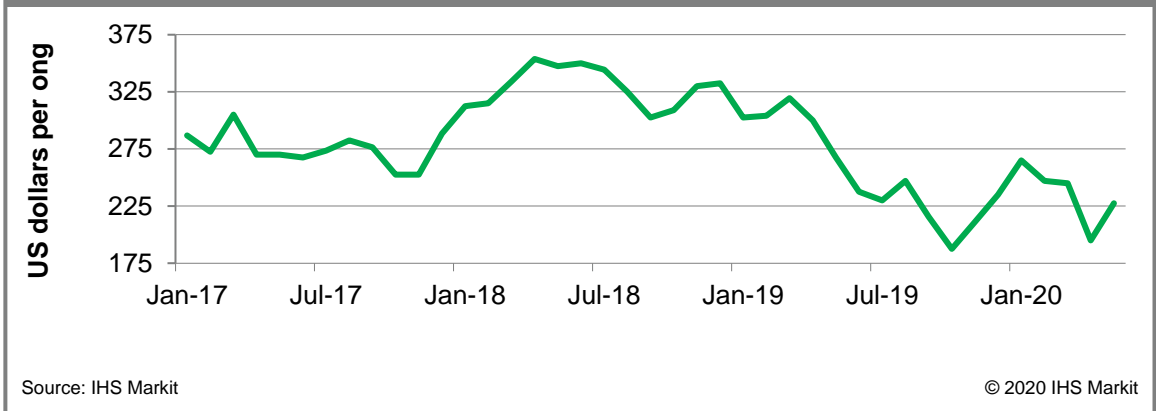


Scrap is higher than two months ago, much lower than a year ago

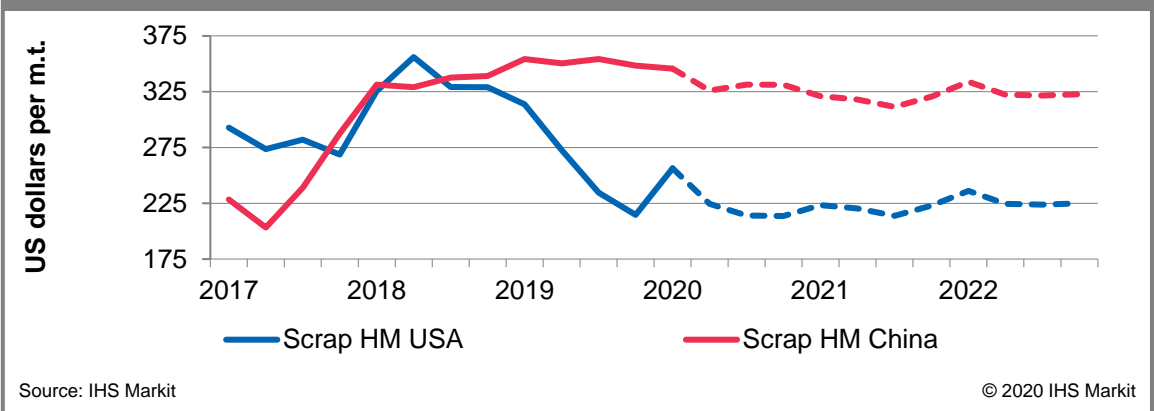
A new range, with erratic movement within it

- Scrap narrative can be spun any way you want
 - > It can be spun as up sharply 17% since April
 - > It can be spun as 15% since May 2019 and 35% since May 2018
- Prices overshoot on the downside (\$150 for a week)
- Current levels are more reasonable
- Early indications are another price hike in June, but rising supply is starting to be taken into account
- China limits imports so prices have diverged from global
- Trend is jagged sideways

Scrap, #1 heavy melt USA (History)

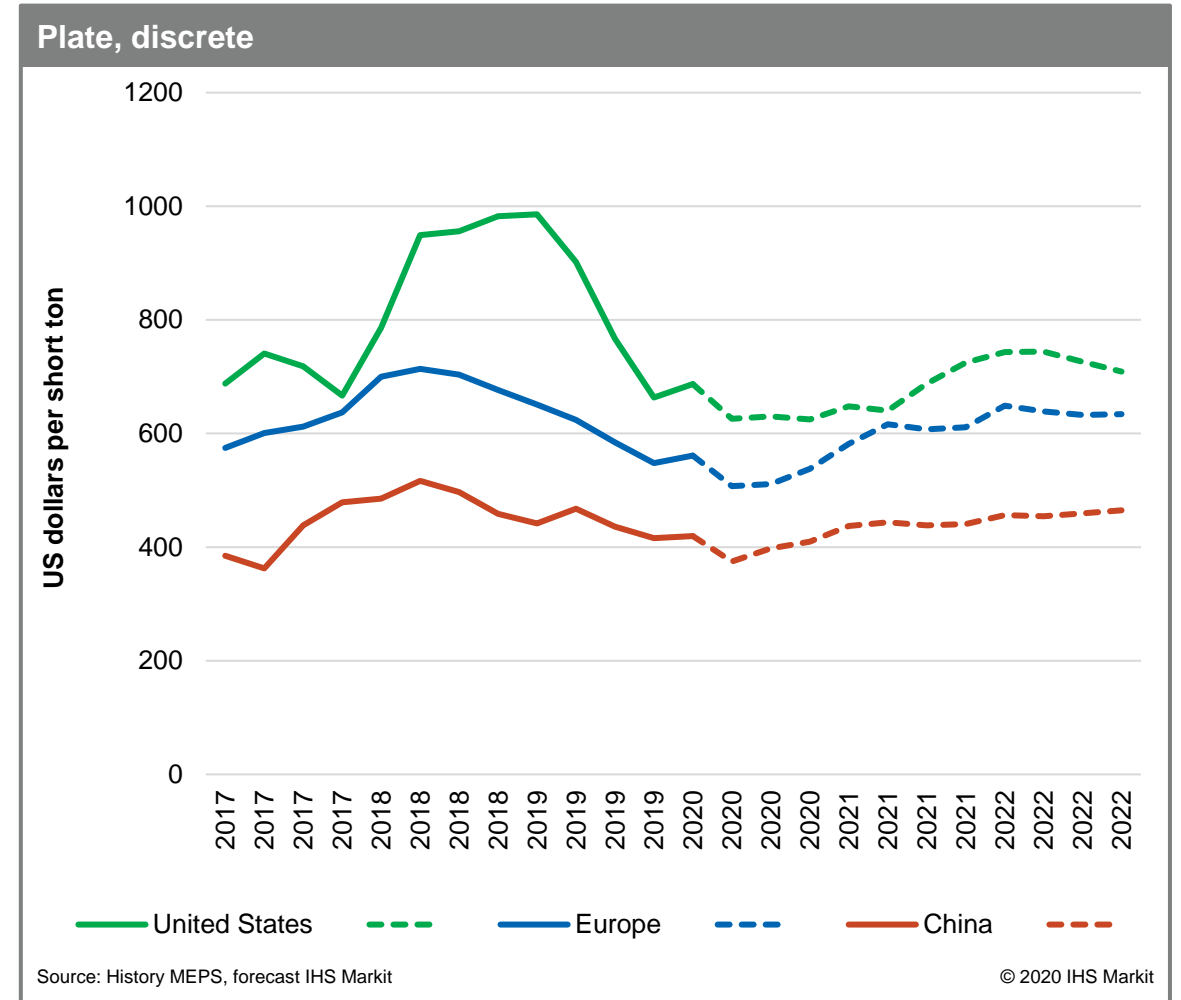
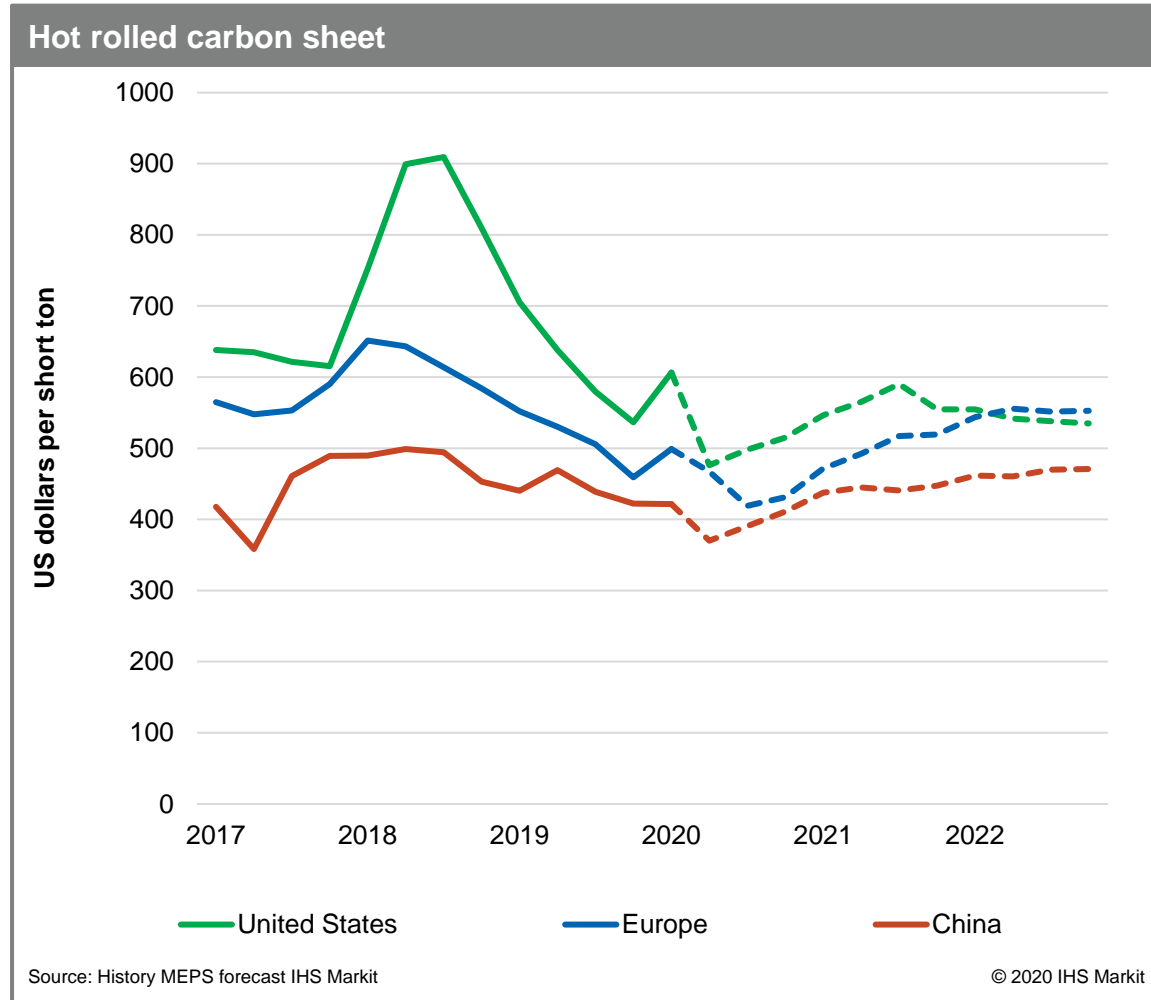


Scrap prices (History and forecast)



Prices rebound very modestly through the end of the year

Entirely dependent on restart rate of idle capacity



IHS Markit Customer Care

CustomerCare@ihsmarkit.com

Americas: +1 800 IHS CARE (+1 800 447 2273)

Europe, Middle East, and Africa: +44 (0) 1344 328 300

Asia and the Pacific Rim: +604 291 3600

Disclaimer

The information contained in this presentation is confidential. Any unauthorized use, disclosure, reproduction, or dissemination, in full or in part, in any media or by any means, without the prior written permission of IHS Markit Ltd. or any of its affiliates ("IHS Markit") is strictly prohibited. IHS Markit owns all IHS Markit logos and trade names contained in this presentation that are subject to license. Opinions, statements, estimates, and projections in this presentation (including other media) are solely those of the individual author(s) at the time of writing and do not necessarily reflect the opinions of IHS Markit. Neither IHS Markit nor the author(s) has any obligation to update this presentation in the event that any content, opinion, statement, estimate, or projection (collectively, "information") changes or subsequently becomes inaccurate. IHS Markit makes no warranty, expressed or implied, as to the accuracy, completeness, or timeliness of any information in this presentation, and shall not in any way be liable to any recipient for any inaccuracies or omissions. Without limiting the foregoing, IHS Markit shall have no liability whatsoever to any recipient, whether in contract, in tort (including negligence), under warranty, under statute or otherwise, in respect of any loss or damage suffered by any recipient as a result of or in connection with any information provided, or any course of action determined, by it or any third party, whether or not based on any information provided. The inclusion of a link to an external website by IHS Markit should not be understood to be an endorsement of that website or the site's owners (or their products/services). IHS Markit is not responsible for either the content or output of external websites. Copyright © 2019, IHS Markit®. All rights reserved and all intellectual property rights are retained by IHS Markit.

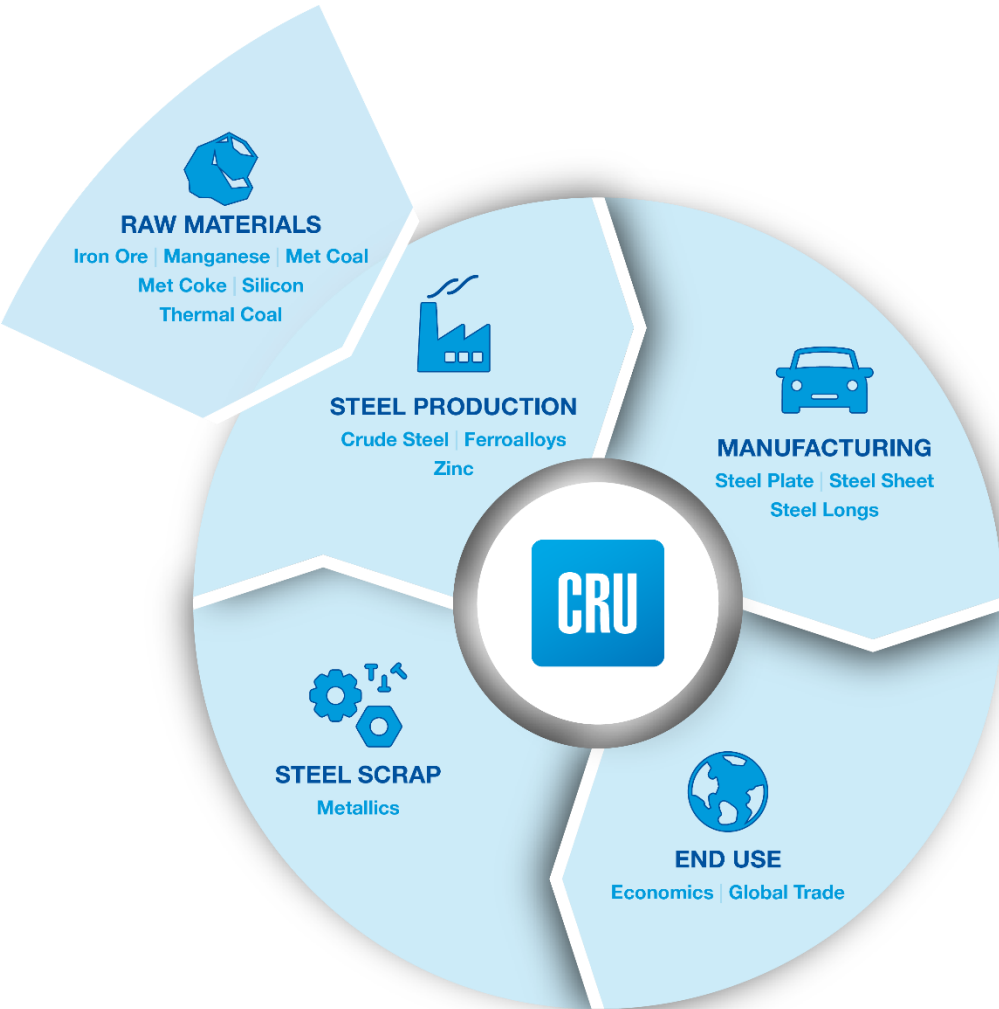


- SMU Will Conduct Our Conference on August 24-26th
- We will offer a “virtual” conference option for the first time
- A final decision on a “live” conference at the Georgia International Convention Center will be made on June 1st
- We have a strong program and our “virtual” online platform will have special networking opportunities



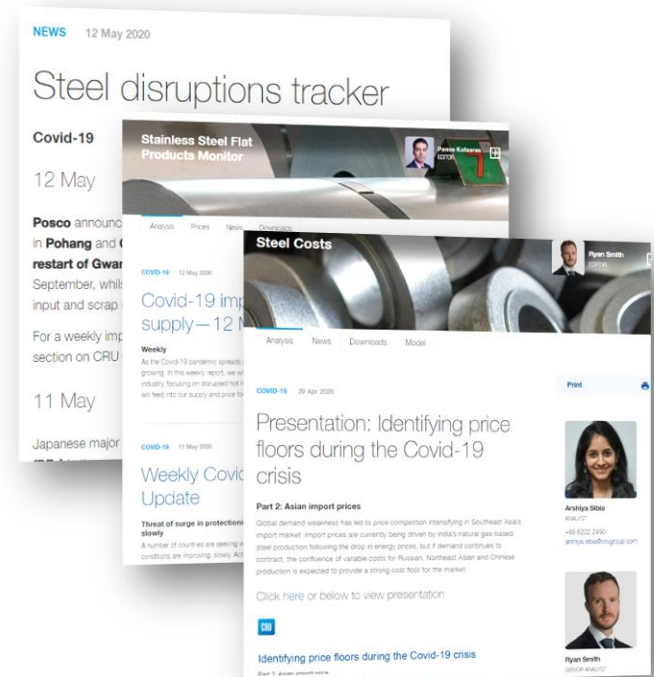
Additional details can be found at www.SteelMarketUpdate.com/Events/Steel-Summit

CRU SUPPORTS STEEL



Your market intelligence solution across the entire supply chain.

PRICES • ANALYSIS • FORECASTS • COSTS • CONSULTING



[Learn more](#)



Get in touch for more information or a demo

Thank You

Thank you for attending our SMU Community Chat Webinar.

A special thank you to John Anton for his participation in today's community chat – John.Anton@ihsmarkit.com

Our next webinar will be **Wednesday, May 27th at 11 AM ET** and will feature Barry Zekelman, Executive Chairman and CEO of Zekelman Industries.

To ask a question of Zekelman: chat@SteelMarketUpdate.com

To contact John Packard – John@SteelMarketUpdate.com

For information about subscribing to SMU contact Paige Mayhair at Paige@SteelMarketUpdate.com

Stay safe and stay tuned to Steel Market Update.

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 point on the right side. The text 'STEEL MARKET UPDATE' is written in a bold, white, sans-serif font across the middle of the image, with the circular logo partially overlapping the word 'STEEL'.

STEEL MARKET UPDATE

part of the  Group

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