

SMU Community Chat

December 16, 2020

Starting at 11 AM Eastern

John Packard, Steel Market Update

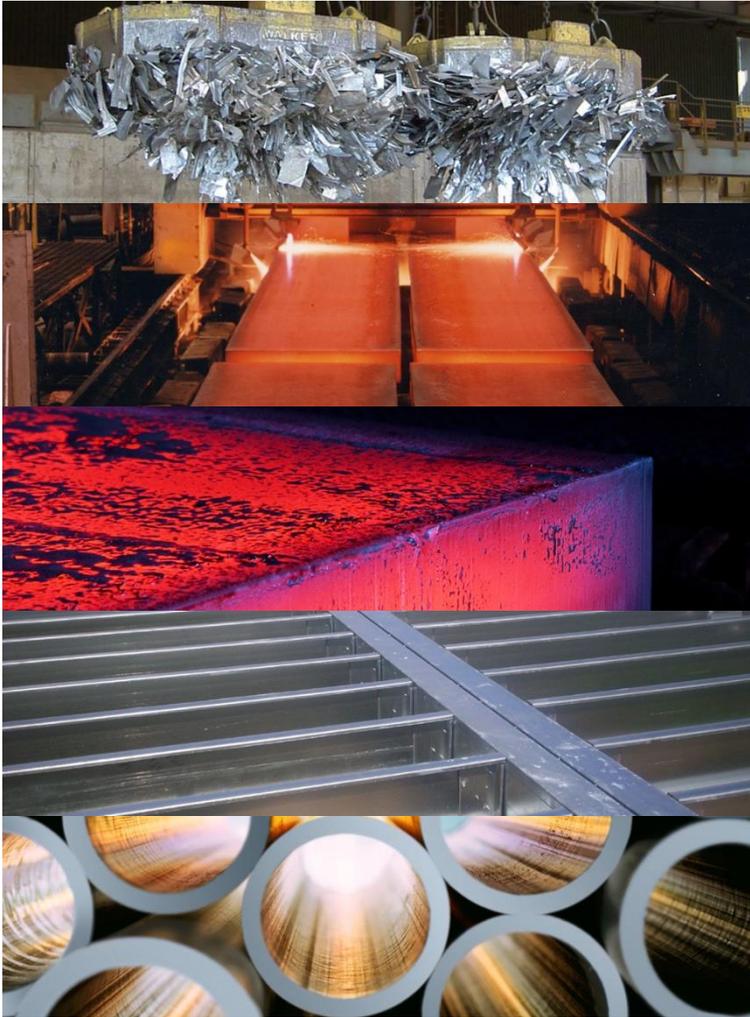
Spencer Johnson, StoneX



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

Next Steel 101 Workshop

Virtual on February 9-10, 2021



SMU will host a virtual version of our next Steel 101 workshop on **February 9-10, 2021** using a similar platform as our Virtual Steel Summit.

SMU's team of expert instructors will describe the structure of the steel industry and the steelmaking process, starting with raw materials and going all the way through the various rolling and coating processes. Participants will have the opportunity to ask questions in live Q&As after each main topic. The agenda even includes a Networking Happy Hour to allow registrants to "mingle" online with other workshop attendees.

For more information and to register, click [here](#).

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 Events@SteelMarketUpdate.com

Tampa Steel Conference

Virtual on February 2, 2021



Port Tampa Bay and SMU join forces to keep the steel trade community connected in 2021

Port Tampa Bay and Steel Market Update are delighted to announce a new partnership to present the first virtual edition for the 32nd annual **Tampa Steel Conference**, to be held on February 2, 2021.

The Tampa Steel Conference began in 1990 as an evening reception and has evolved into one of the nation's largest steel conferences. The movement of iron and steel products is extremely important to the US economy, and this event recognizes that importance, and provides an opportunity for participants to discuss and debate the national and international issues impacting the steel industry and shipment of steel and to network.

SteelMarketUpdate.com/Events/Tampa-Steel-Conference

Steel Hedging 101 & 201



Steel Hedging 101: Introduction to Managing Price Risk

Steel Market Update and Spencer Johnson, StoneX Group Inc., along with the CME Group, will be conducting a workshop for those who are actively involved in the buying or selling of steel. This workshop is tailored for those looking to understand financial derivatives as an instrument to hedge price risk, protect margins, protect inventories, or offer long-term pricing to their customers.

Steel Hedging 201: Advanced Strategies and Execution

Steel Market Update and Spencer Johnson, StoneX Group Inc., along with the CME Group, will be conducting a workshop for those who are actively involved in the buying or selling of steel. This is a continuing education course, which will go past introducing market participants to hedging and the terminology involved when dealing with financial derivatives, and to concentrate on defining strategies and the execution of trades involved with a specific end goal in mind.

events.crugroup.com/steel101/about-steel-hedging-101

events.crugroup.com/steel101/about-steel-hedging-201

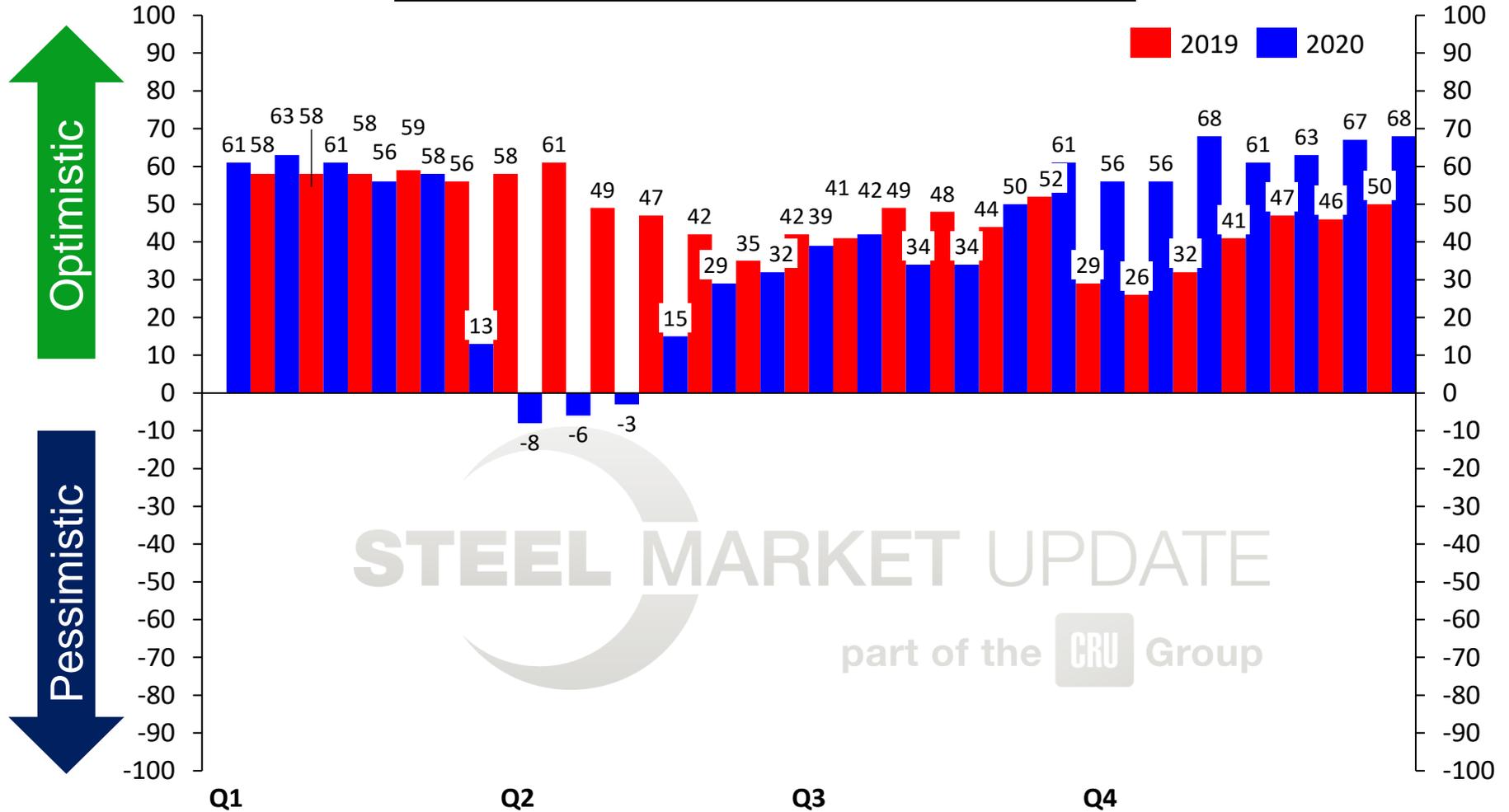
SMU Hot Rolled Price Index



SMU Buyers Sentiment Index

Up 1 point to +68

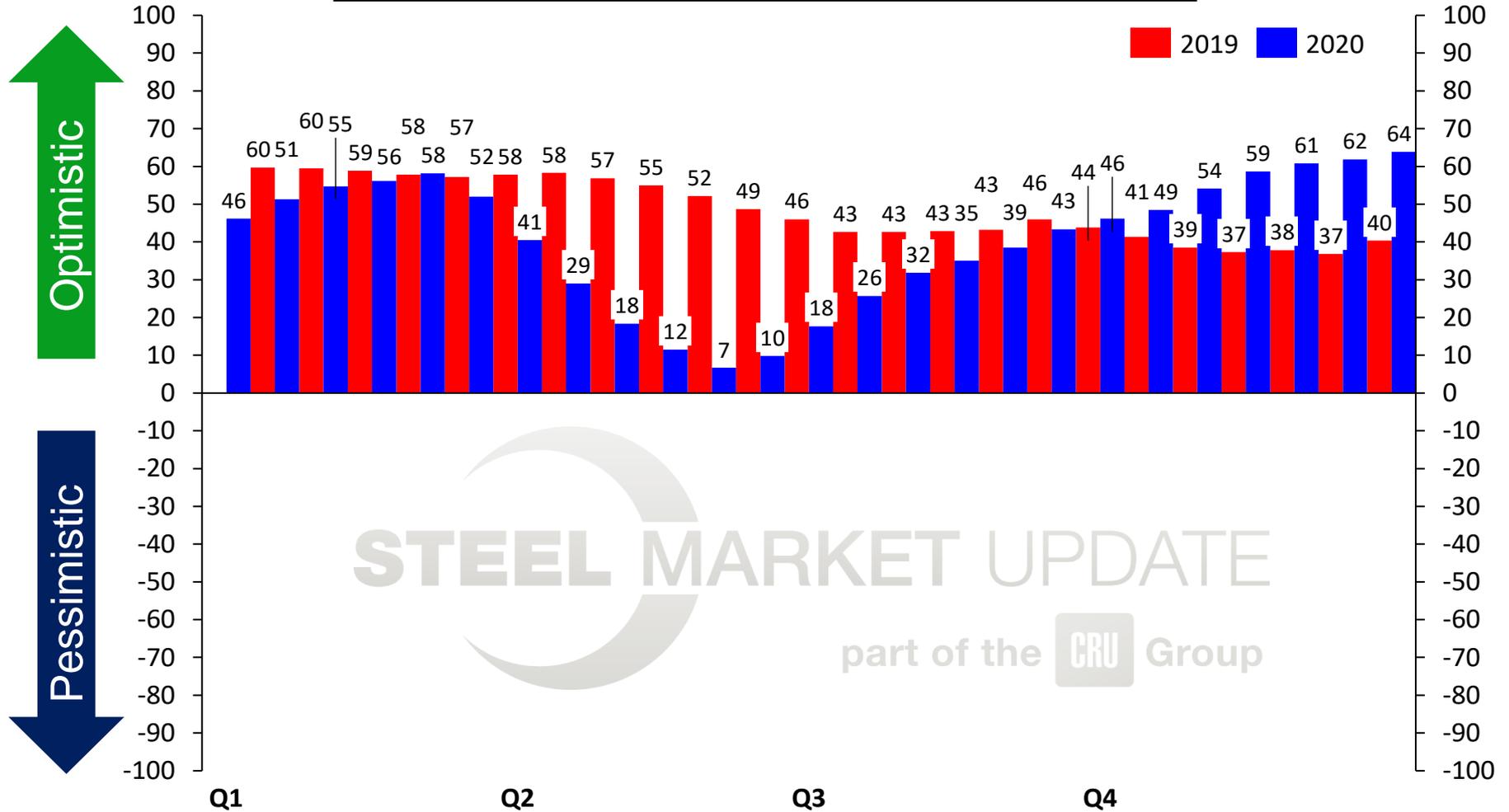
Steel Market Update Buyers Sentiment Index



SMU Buyers Sentiment Index

Three Month Moving Average at +63.83

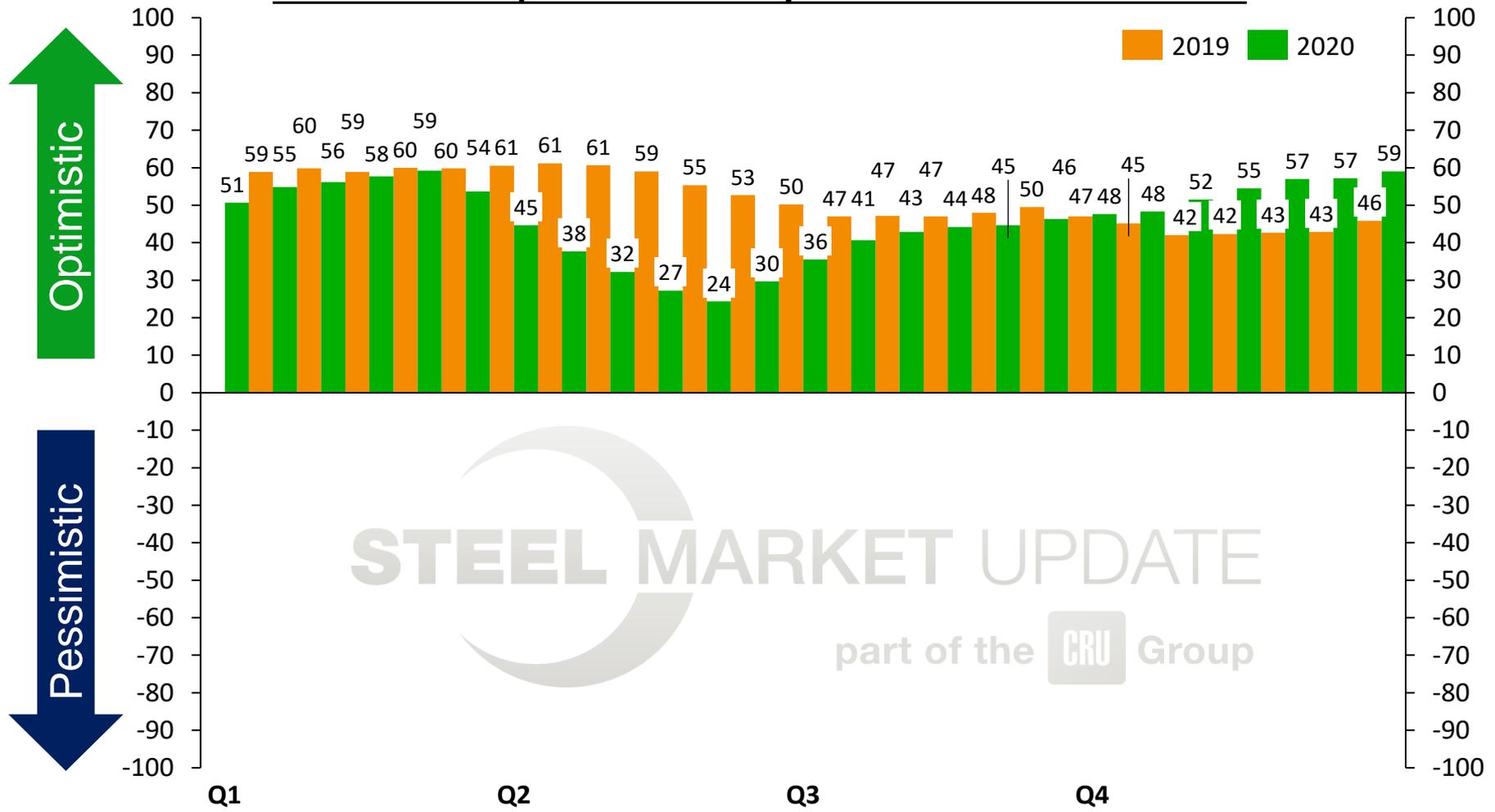
Steel Market Update Buyers Sentiment Index 3MMA



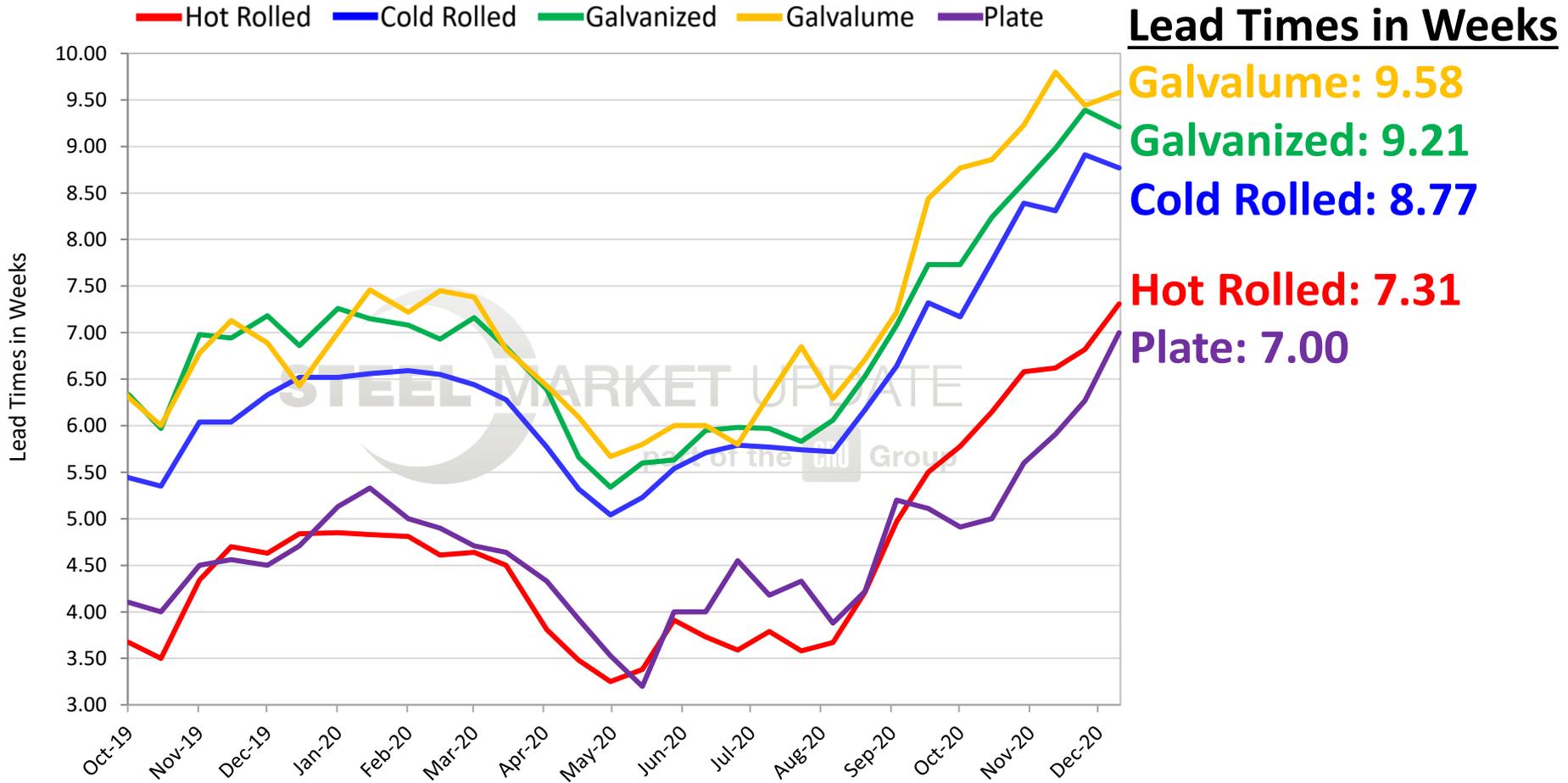
SMU Future Buyers Sentiment Index

Three Month Moving Average at +59.00

Steel Market Update Future Buyers Sentiment Index 3MMA



Mill Lead Times

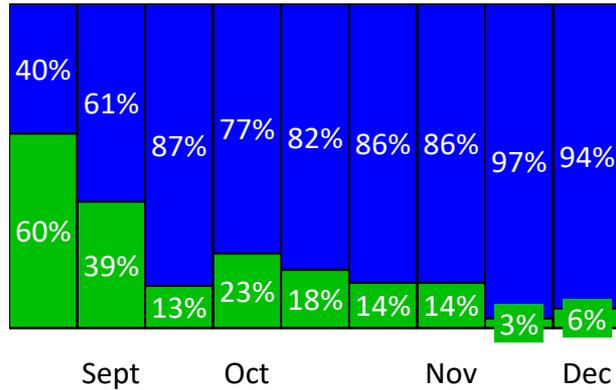


Mill Negotiations

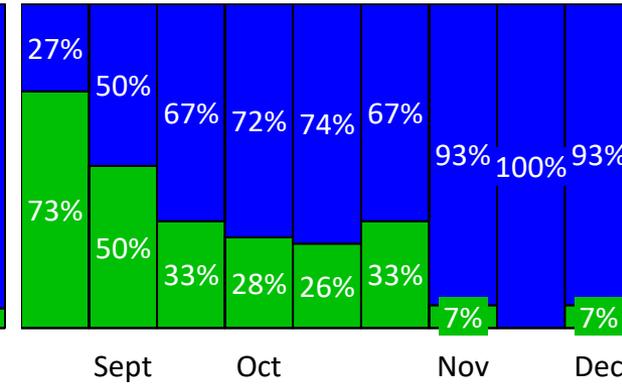
Are you finding the domestic mills are willing to negotiate pricing on brand new orders placed this week?

Yes No

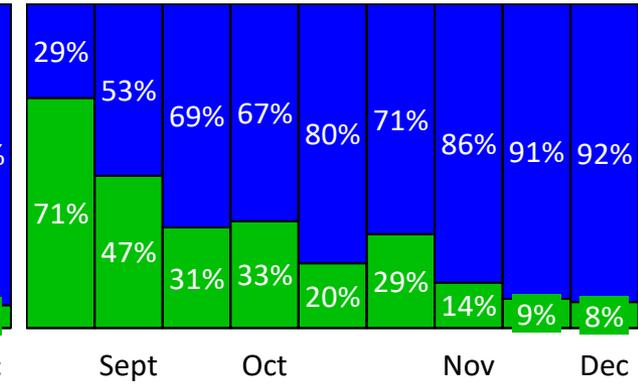
Hot Rolled



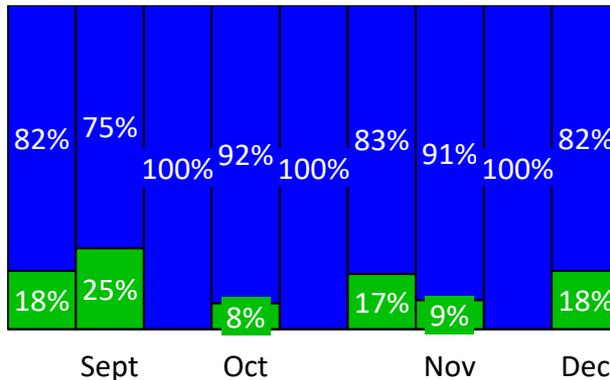
Cold Rolled



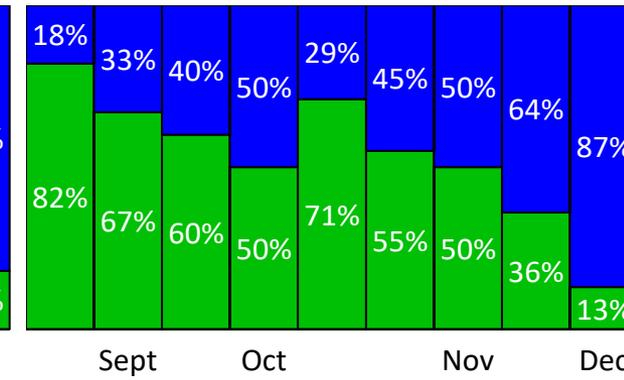
Galvanized



Galvalume



Plate

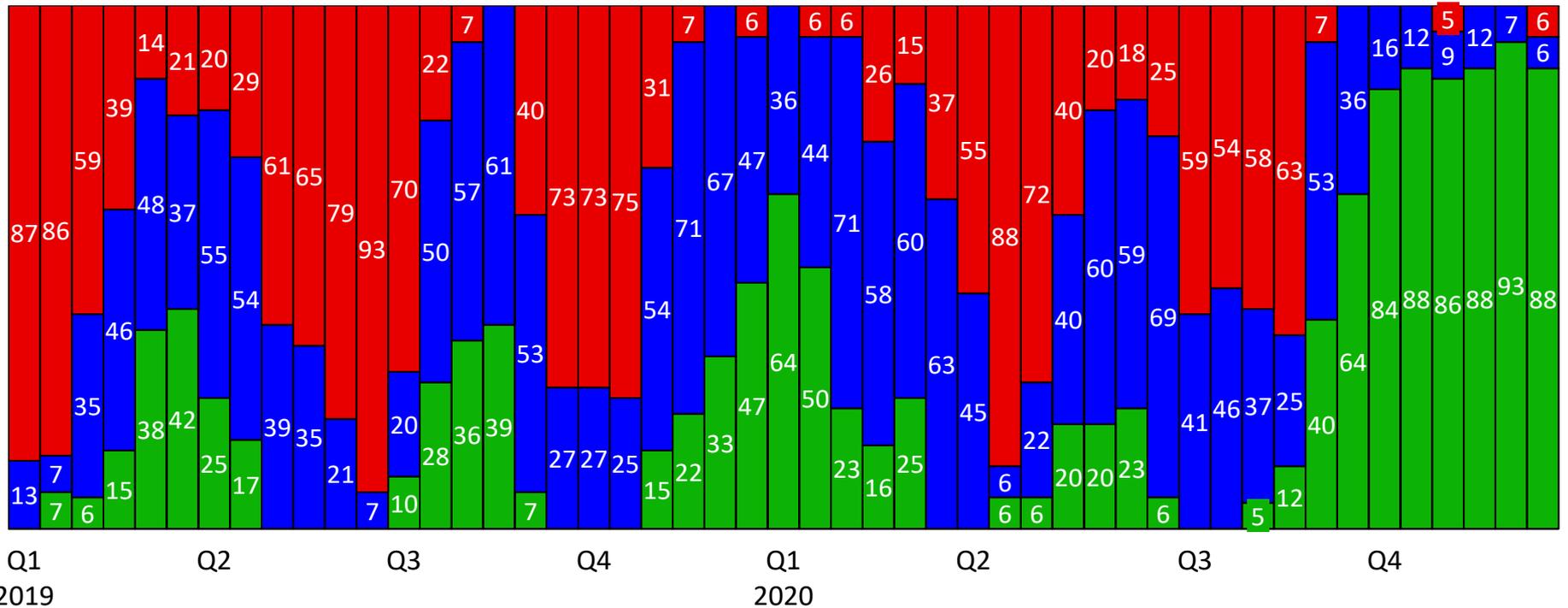


Manufacturer's View of Service Center Selling Prices History

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

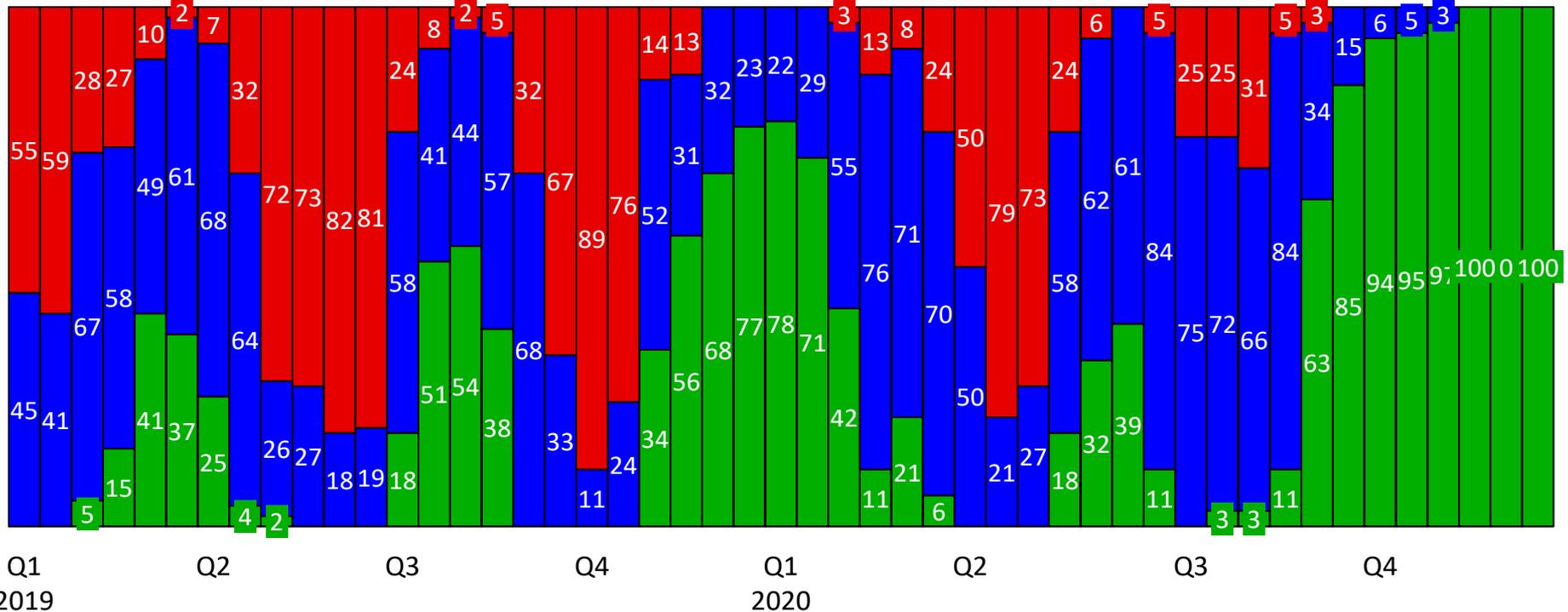
out of 100%



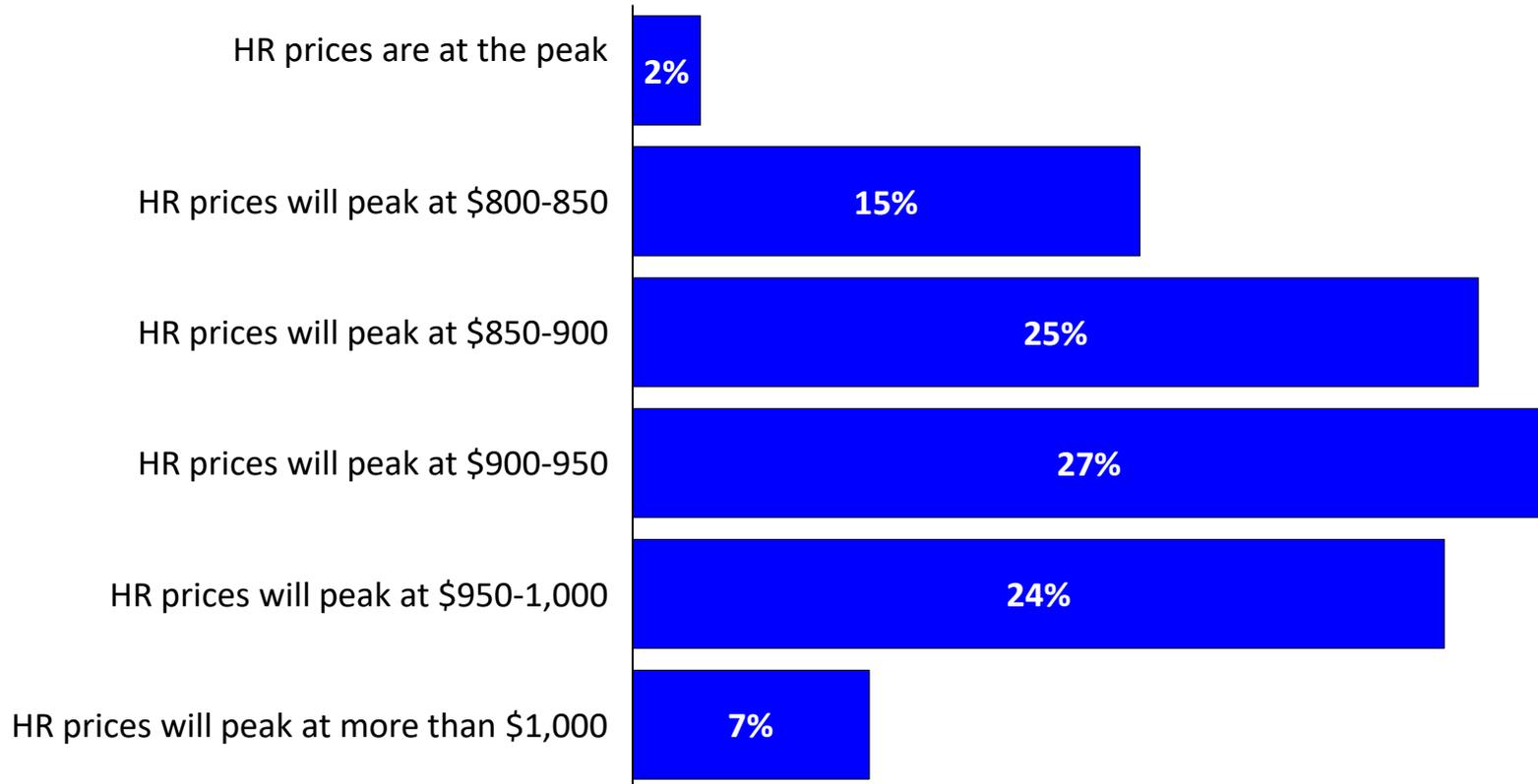
Service Centers- Compared to two weeks ago, how is your company handling spot pricing to your customers at this time?

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

out of 100%

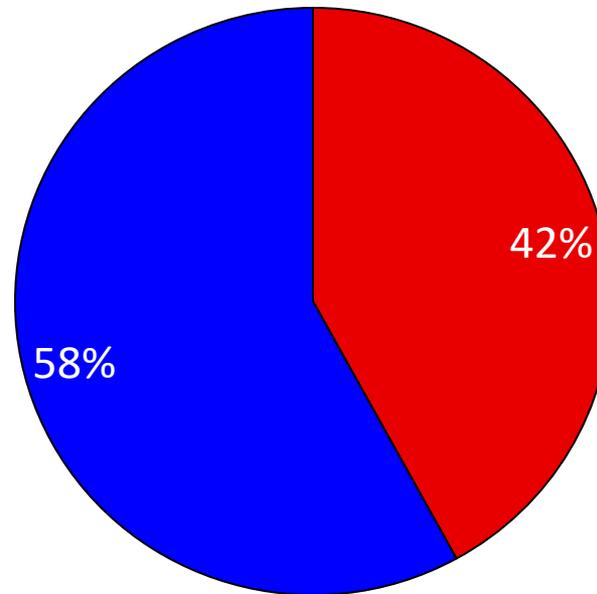


At what price/ton does this market peak?



Given the tightness of steel supplies in 2020, do you believe a Steelmageddon (oversupply) scenario is still a threat for 2021?

Yes No





Spencer is an 11-year veteran in the world of steel futures, all of them with StoneX (formerly FCStone Financial Inc.). Over that time, StoneX has worked with every type of market participant to formulate risk management and trading strategies for steel derivatives. StoneX has also worked tirelessly to grow liquidity and provide access to new ferrous markets for its clients. Spencer is also one of the longest serving members of the London Metal Exchange's steel committee.

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StoneX Financial Inc – FCM division

Flat Rolled Futures above \$800/ton:
Historical Review

Prepared by Spencer O. Johnson

December, 2020



Disclaimer

The trading of derivatives such as futures, options, and over-the-counter (OTC) products or “swaps” may not be suitable for all investors. Derivatives trading involves substantial risk of loss, and you should fully understand those risks prior to trading. Past financial results are not necessarily indicative of future performance. All references to futures and options on futures trading are made solely on behalf of the FCM Division of StoneX Financial Inc., a member of the National Futures Association (“NFA”) and registered with the U.S. Commodity Futures Trading Commission (“CFTC”) as a futures commission merchant. All references to and discussion of OTC products or swaps are made solely on behalf of StoneX Markets, LLC (“SXM”), a member of the NFA and provisionally registered with the CFTC as a swap dealer. SXM’s products are designed only for individuals or firms who qualify under CFTC rules as an ‘Eligible Contract Participant’ (“ECP”) and who have been accepted as customers of SXM.

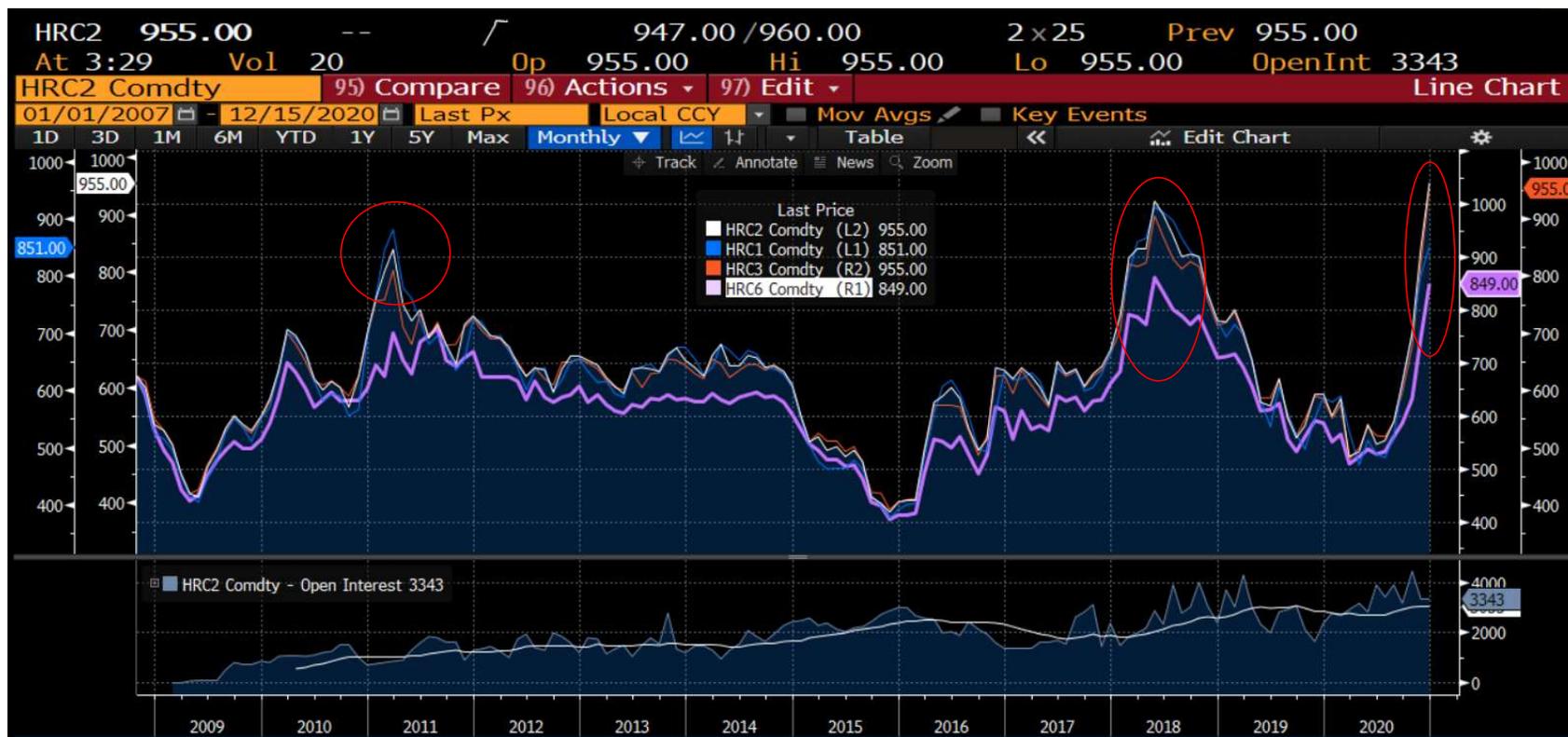
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The Historical Look at \$800/t and above



- There are only three instances of moves above \$800/t in HRC futures over the last 10 years, and only two moves above \$900/t. 12/15/20 saw a high trade price of \$1000/t even for HRC2 (January 2021 futures)



The Historical Look at \$800/t and above



- The spread between 2 and 6 months in 2018's peak price moment was just \$67/t (935 vs 868)
- The current 2 to 6 month spread on the 12/14/20 close was \$106/t (955 and 849)

The Historical Look at \$800/t and above



- The closer reflection of today's backwardation then is the 2011 rally above, where at the peak moment for 2nd month futures (\$880/t) six month forwards settled \$770/t, a \$110/t discount).



Today's Forward Curve

Month	Last Price
Dec	880
Jan	1000
Feb	990
Mar	949
Apr	915
May	878
June	828
Jul	805
Aug	750
Sep	740
Oct	729
Nov	705
Dec	680





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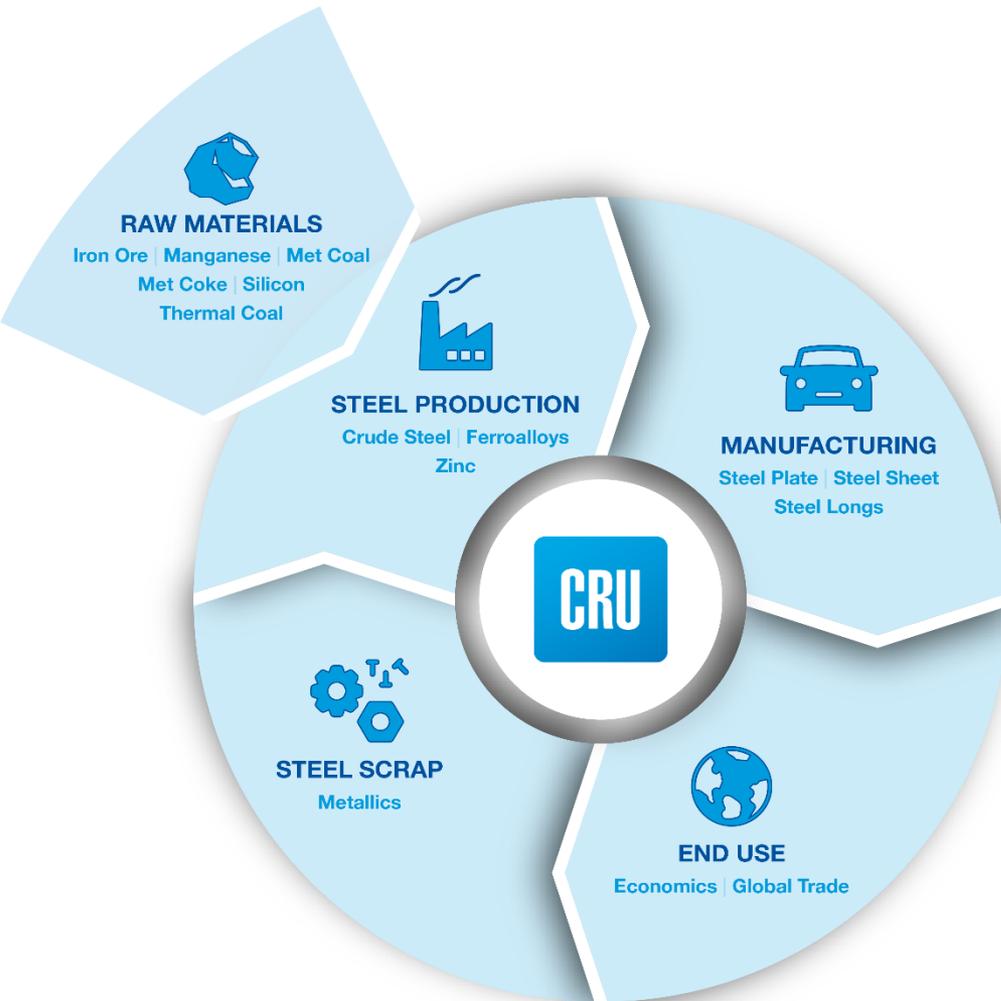
Phone: +1 212-379-5492
Email spencer.johnson@stonex.com

Risk Management Associate

Thank you!

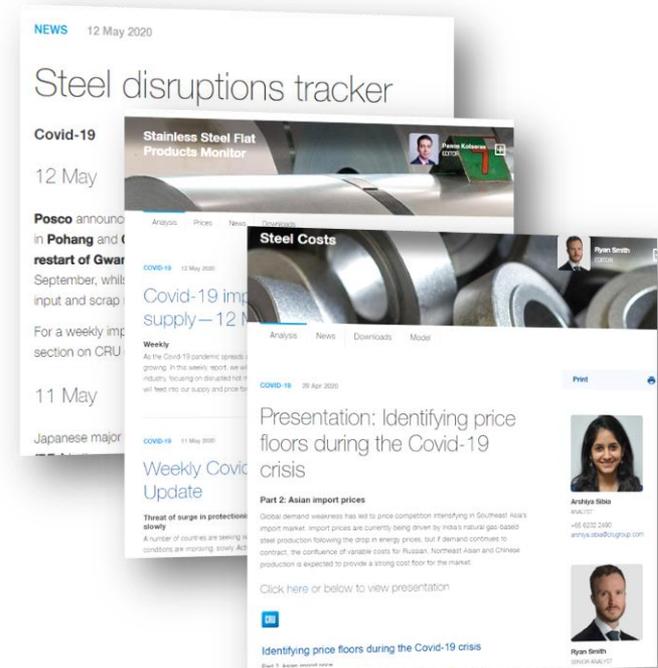


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Get in touch for more information or a demo

Thank You

Thank you for attending our SMU Community Chat Webinar.

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To contact Spencer Johnson – Spencer.Johnson@StoneX.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