

SMU Community Chat

March 3, 2021

Starting at 11 AM Eastern

Michael Cowden, Steel Market Update

Rick Preckel, Preston Pipe



[SteelMarketUpdate.com/Blog/SMU-Community-Chat-Webinars](https://www.steelmarketupdate.com/blog/smu-community-chat-webinars)

SMU Hot Rolled Price Index

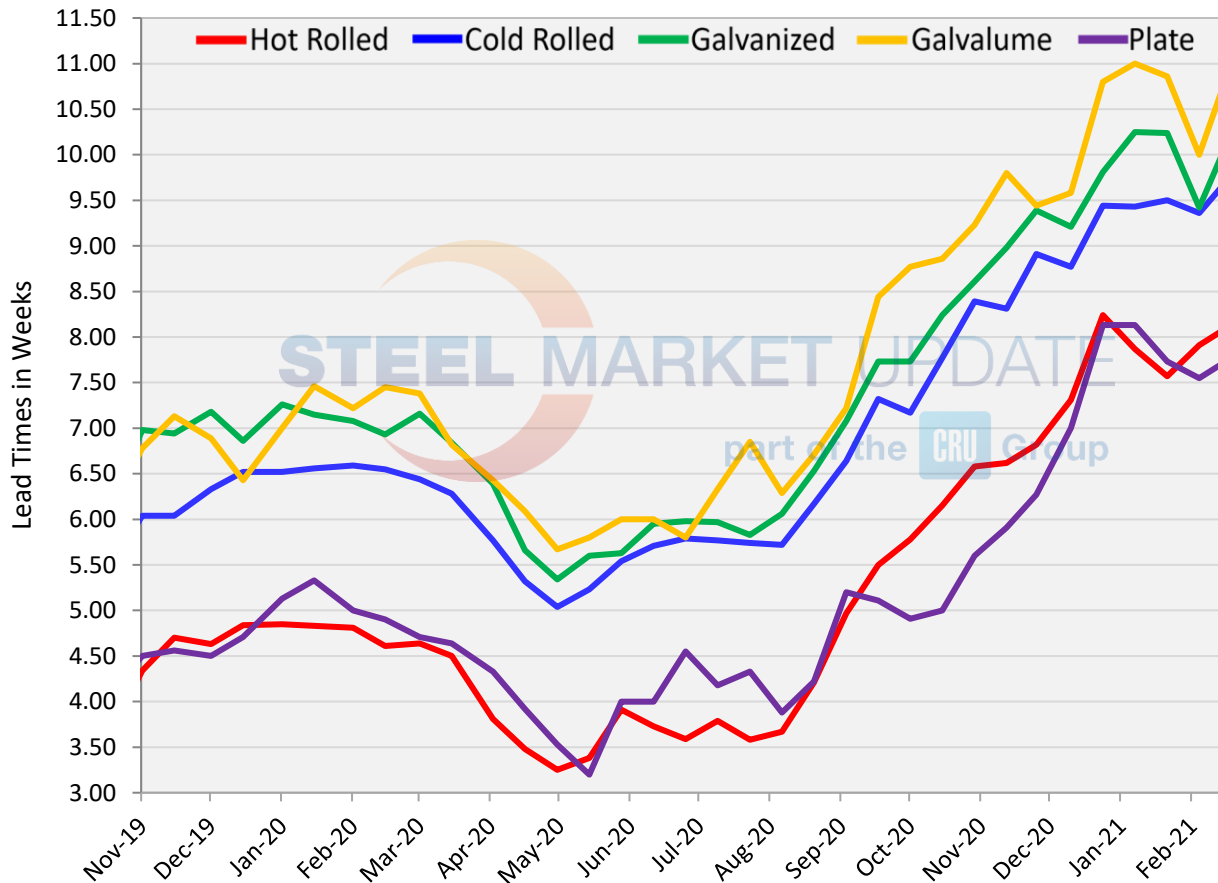


Historical Hot Rolled Steel Prices



Mill Lead Times

Steel Market Update Lead Times Comparison



Lead Times in Weeks

Galvalume: 11.00

Galvanized: 10.24

Cold Rolled: 9.77

Hot Rolled: 8.13

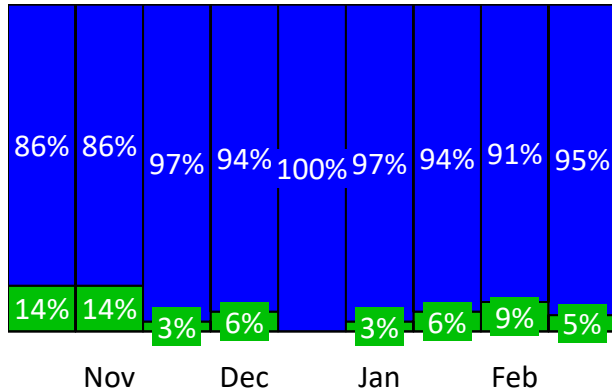
Plate: 7.77

Mill Negotiations

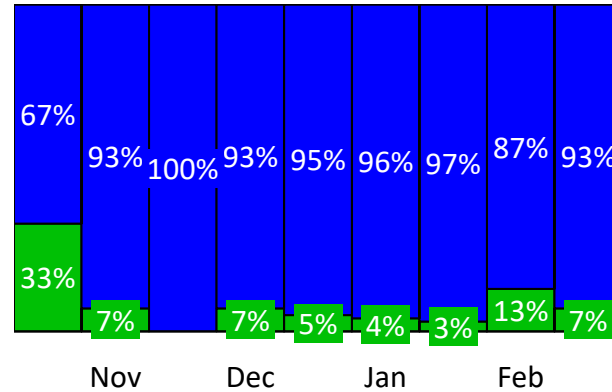
Are you finding the domestic mills are willing to negotiate pricing on brand new orders placed this week?

Yes No

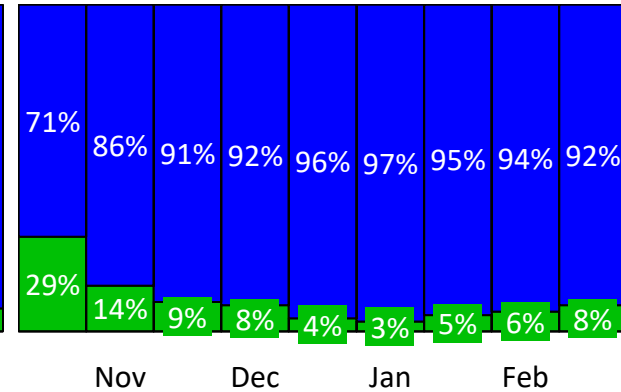
Hot Rolled



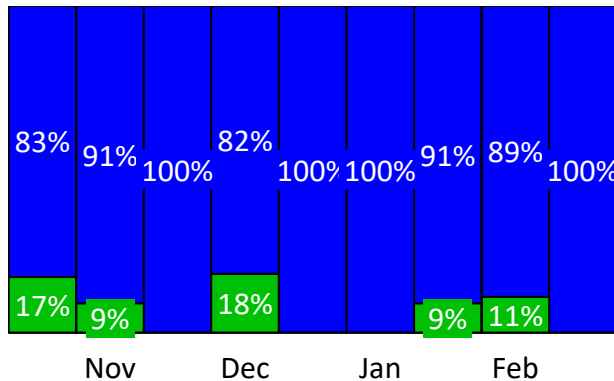
Cold Rolled



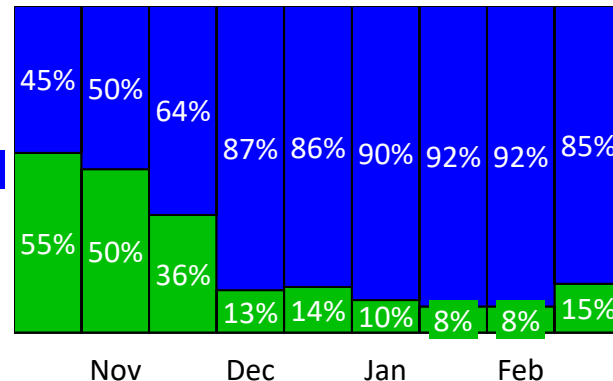
Galvanized



Galvalume

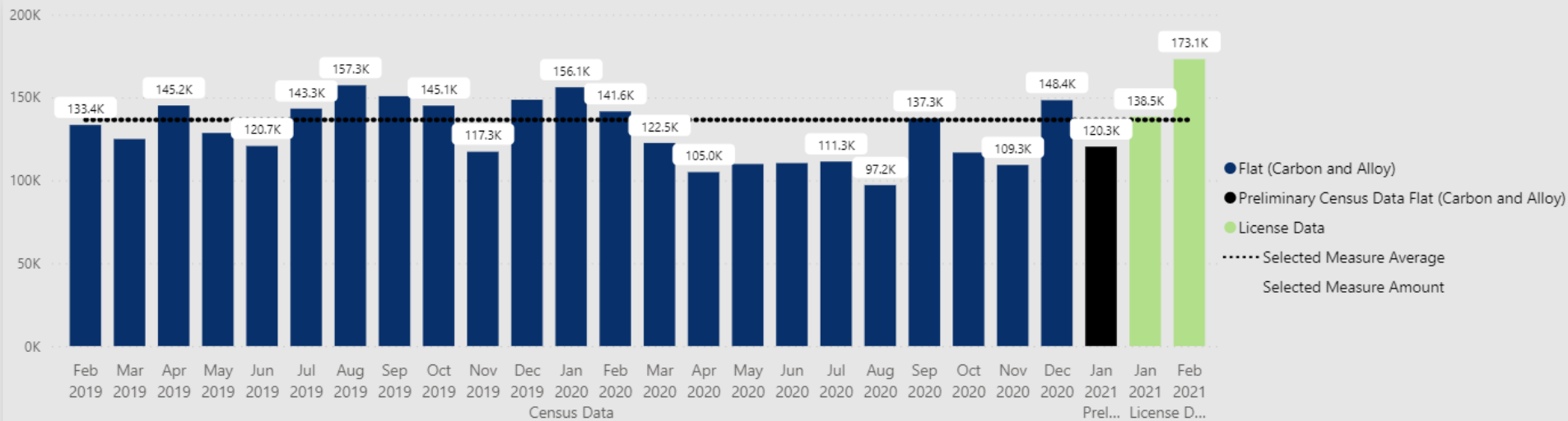


Plate



HRC Imports: Highest in 2 Yrs

U.S. Imports of Flat (Carbon and Alloy) [Carbon and Alloy Hot Rolled Sheets] (for Domestic Consumption) From World (Quantity in Metric Tons) (Licensin...

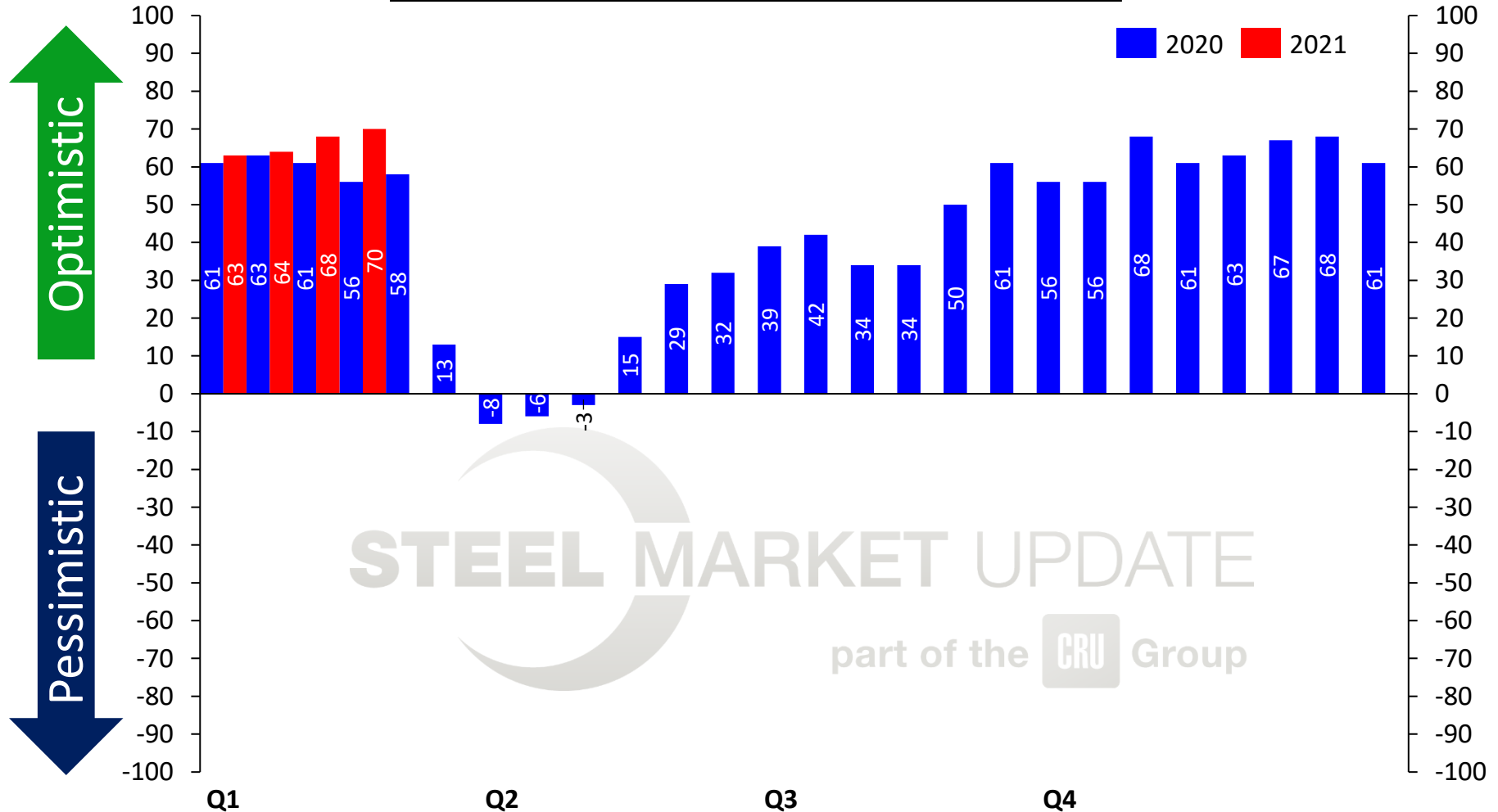


Source: United States Department of Commerce, Enforcement and Compliance

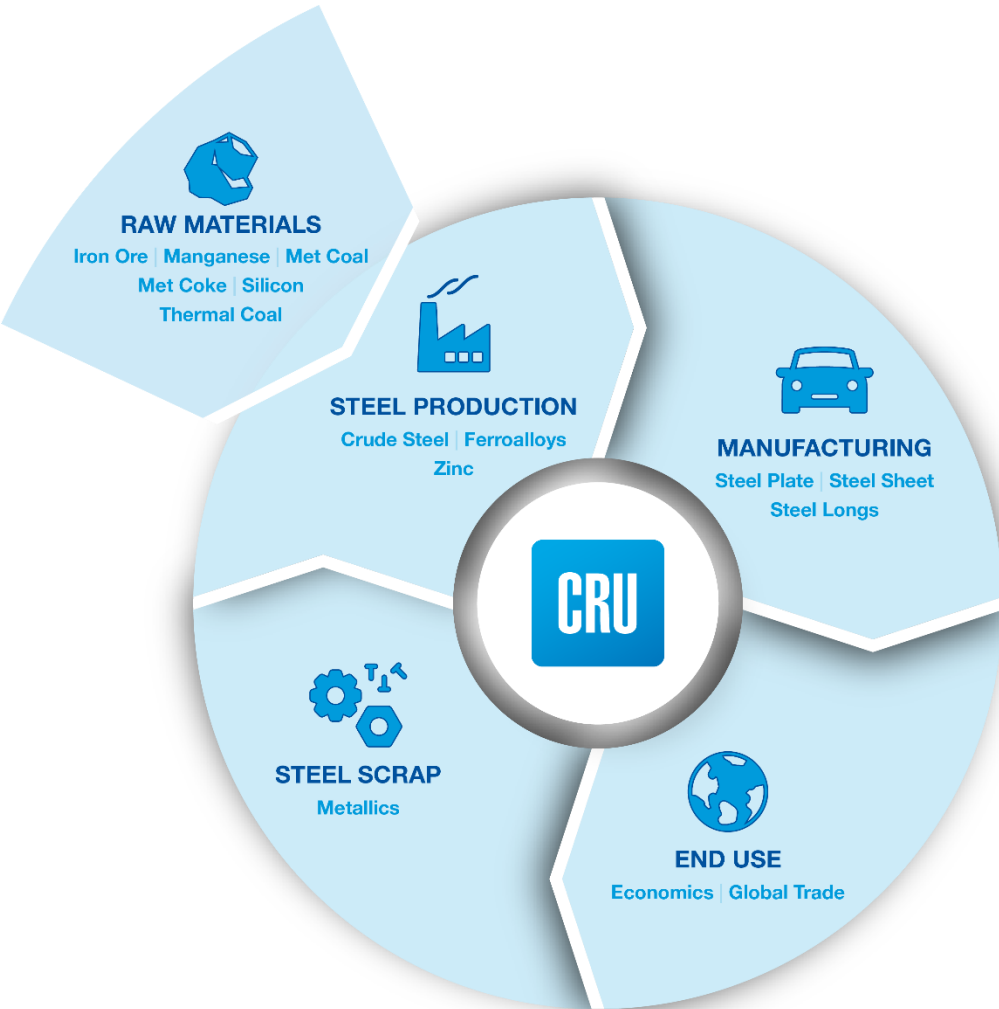
SMU Buyers Sentiment Index

Up 2 points to +70

Steel Market Update Buyers Sentiment Index

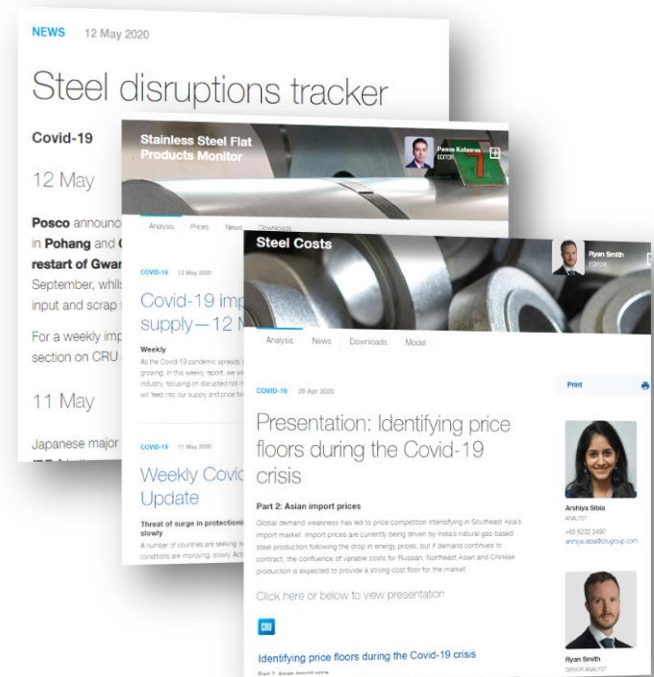


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Rick Preckel is a Partner at **Preston Pipe** - a consulting, market research, and reporting firm that specializes in steel pipe and tube data, analysis, and related services. It was founded in 1982.

Preckel has been in the steel industry since 1985, when he started his career at Maverick Tube. He held increasingly senior roles at the pipe and tube producer, including vice president strategic services and president and CEO of Prudential Steel, a Maverick Tube subsidiary. He, along with another steel veteran, Paul Vivian, purchased Preston Pipe in 2006.

Preckel is a graduate of the University of Missouri-Saint Louis, where he received a bachelor of science in business administration.

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About Preston Publishing

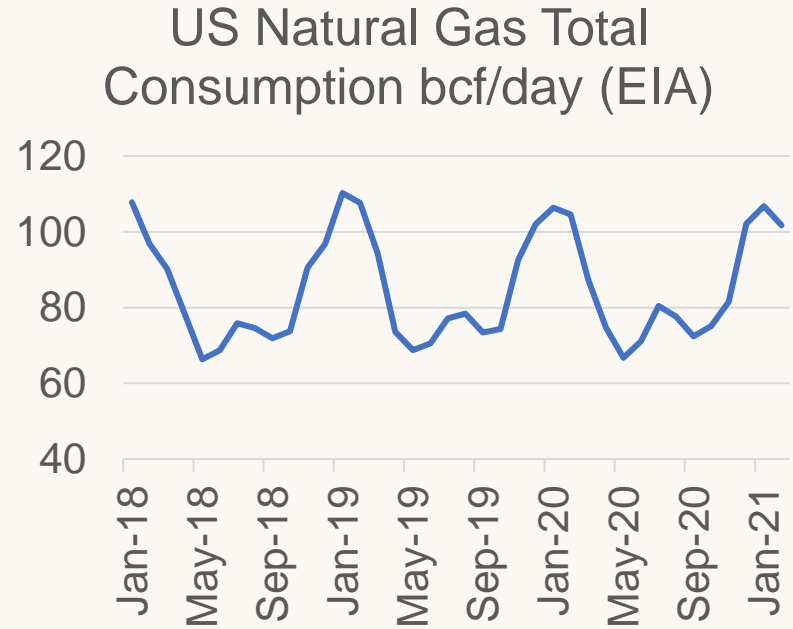
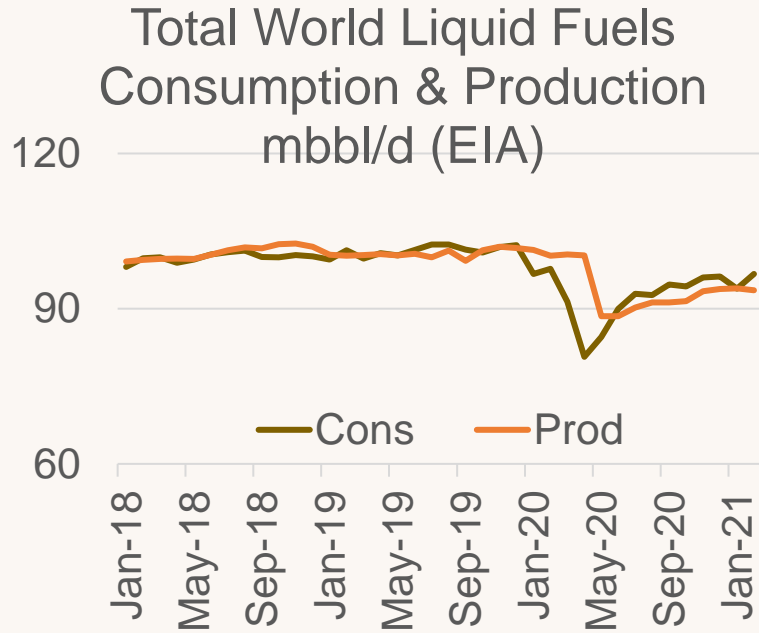
We help suppliers, manufacturers, distributors, importers, end-users, analysts and others in the OCTG, line pipe, standard pipe, mechanical tube, structural tube, pressure pipe, and stainless pipe & tube markets improve business performance by providing data, forecasts, and actionable insights and analyses for these markets. We provide these services through subscription-based and custom-designed reports and presentations.



Oil & gas and steel

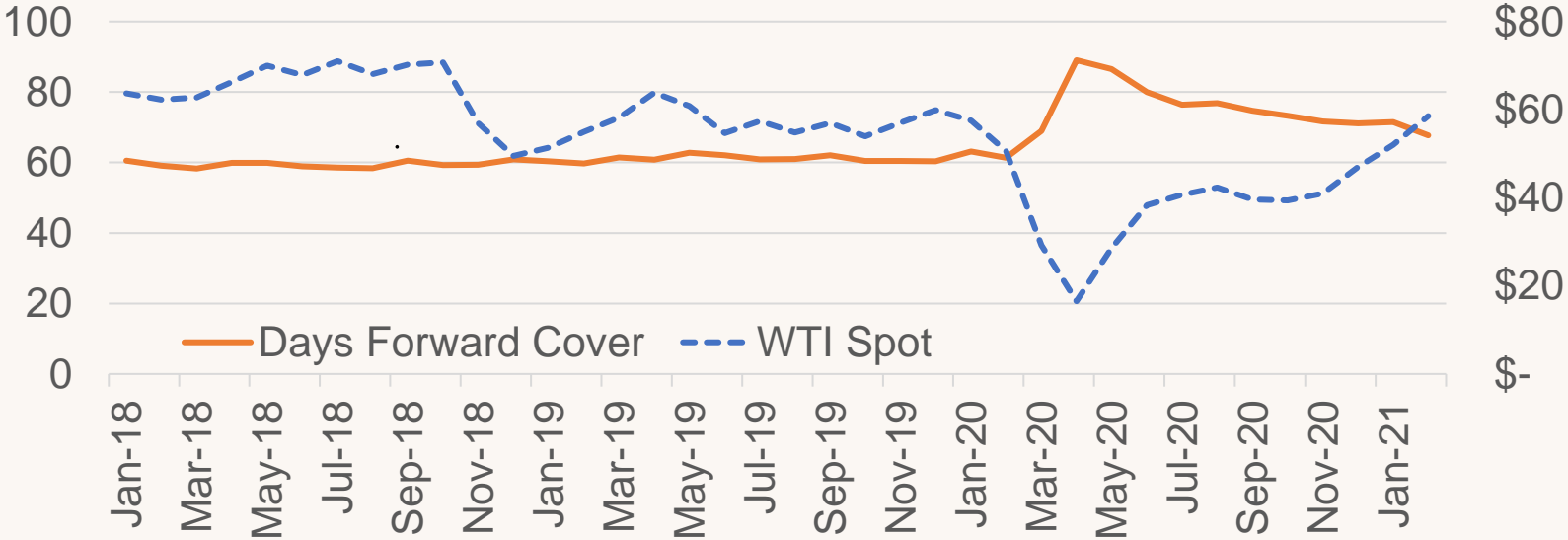
- Where are we in the current oil and gas cycle?
- What drove the oil price down then up?
- How has the rig count been affected?
- What is the state of the oil markets today?
- How will the current state affect the rig count?

State of oil and gas



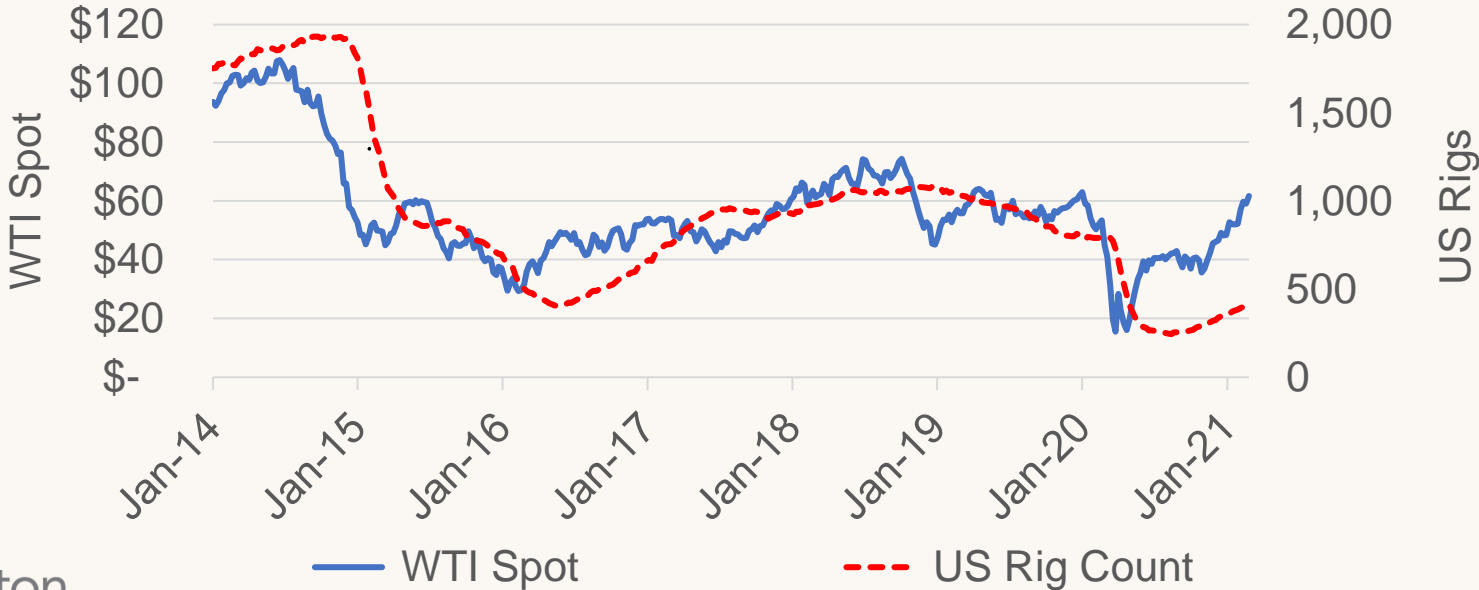
Inventories & price

OECD Days Forward Cover



Oil Prices & the US Rig Count

WTI Spot Prices & the US Rig Count

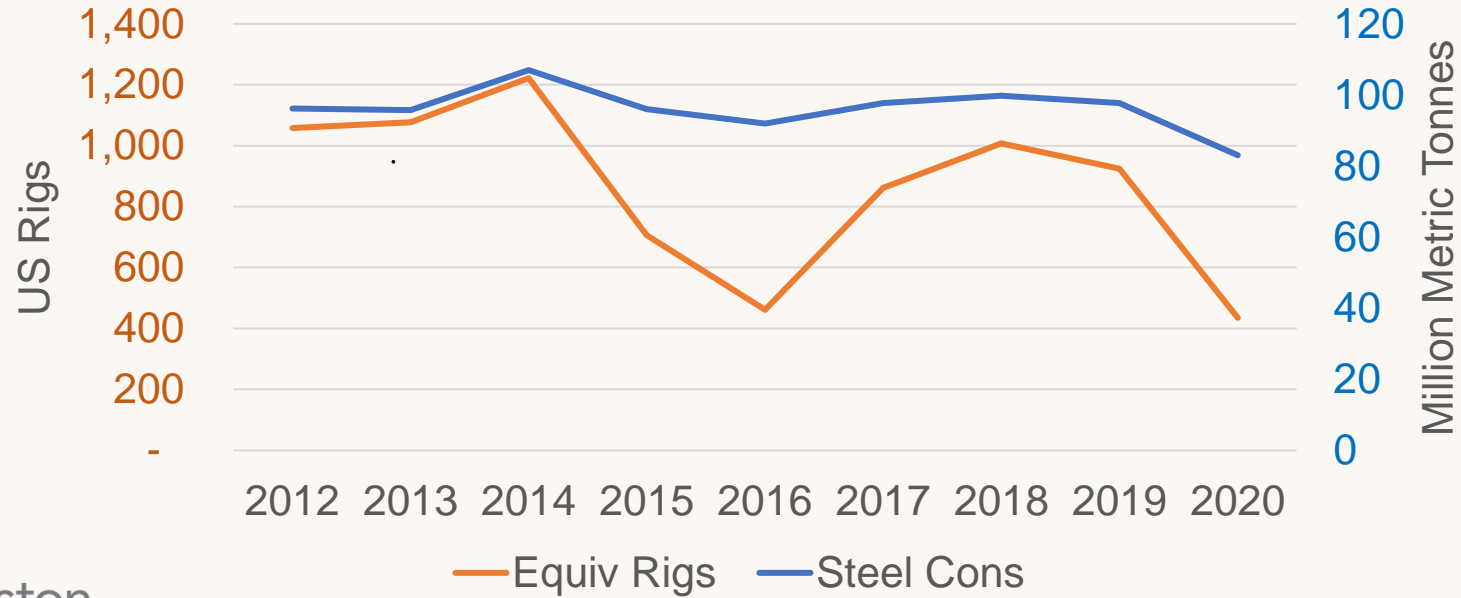


Steel in Oil & Gas

Affected Quickly	Phase in Near-Mid Term	Phase in Longer Term
Tubing	Completion Equip	Rigs
Casing	Tanks, etc.	Pipelines
Couplings	Gathering Lines	Compression Equip
Tool Joints		
Drill Pipe		
Wellheads		
Valves/Fittings		

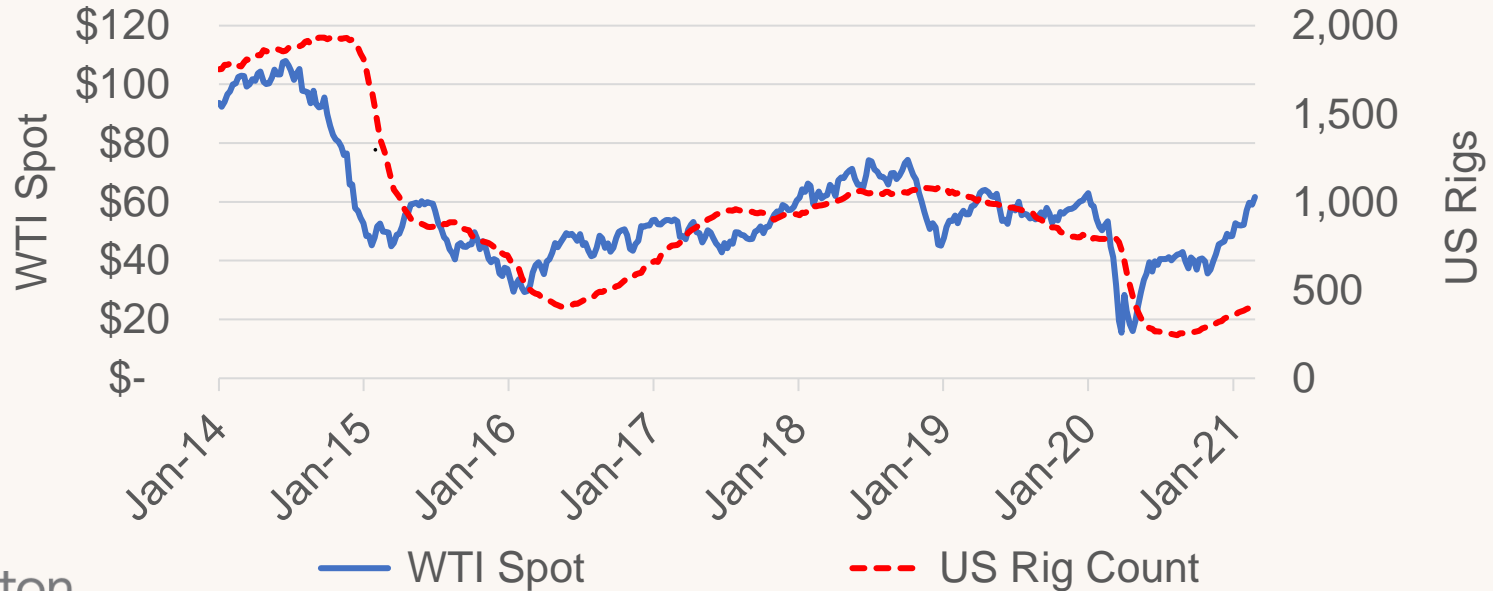
Oil & Gas & Steel

US Adjusted Rig Count vs US Steel Consumption



Where do we go from here?

WTI Spot Prices & the US Rig Count



Right & wrong in the oil market today

What's wrong	What's right
OPEC+ withholding 7+ mbl/d, inventories still a bit high, managing returning production to the market	OPEC needs higher prices
Economic recovery still a risk	Public US drillers maintaining discipline for now, investors limit capital available.
Iraq production growing	Activity increases coming from private drillers
Iran and JCPOA agreement	International rig count at the lowest point in 20 years
Jet fuel, gasoline demand lags	Diesel demand strong

Back to steel

- Rig count growth is expected to continue at a measured pace due to limited sustainable confidence in the oil market
- Tubing, casing, couplings, drill pipe, wellheads, etc have already begun to recover.
- % contribution to apparent demand not likely to change much due to limited recovery and improvements in steel demand
- Expect an increase in import share due to differential between domestic HRB and world export HRB prices.

Thank you for listening

Contact us for:

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Thank You

Thank you for attending our SMU Community Chat Webinar.

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