



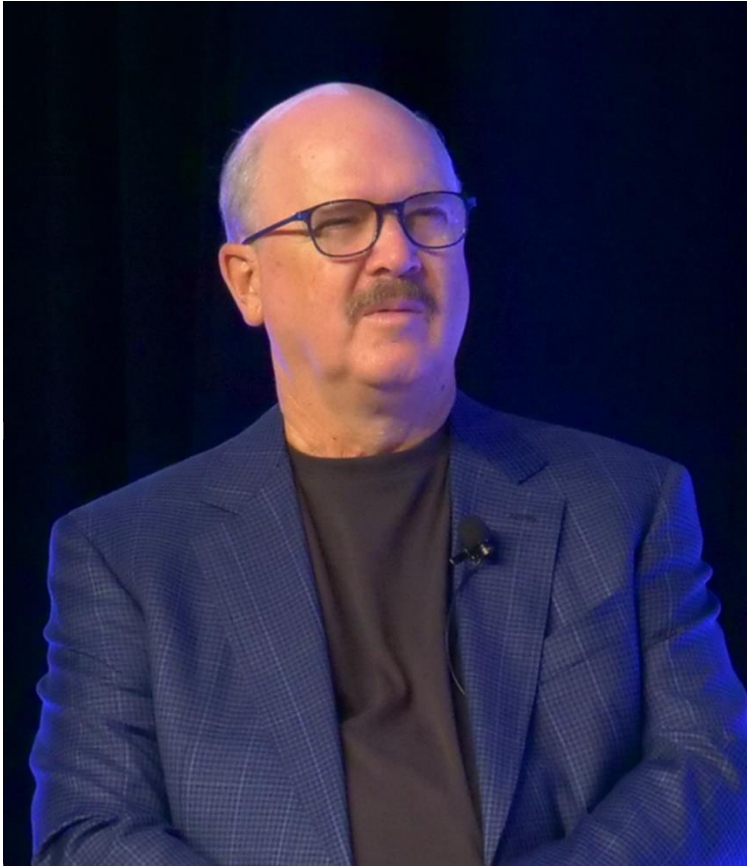
# STEEL MARKET UPDATE

part of the  Group

## SMU Flat Rolled Market Trends Analysis

Responses from our January 7-10, 2019 Market Survey





- 31 years actively selling flat rolled steel – 40+ 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 visit [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 650 companies to participate in our surveys.

Normal response rate is 100-150 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 Packard, Steve Painter, Charles McDaniels, Mario Briccetti, & Roger Walburn

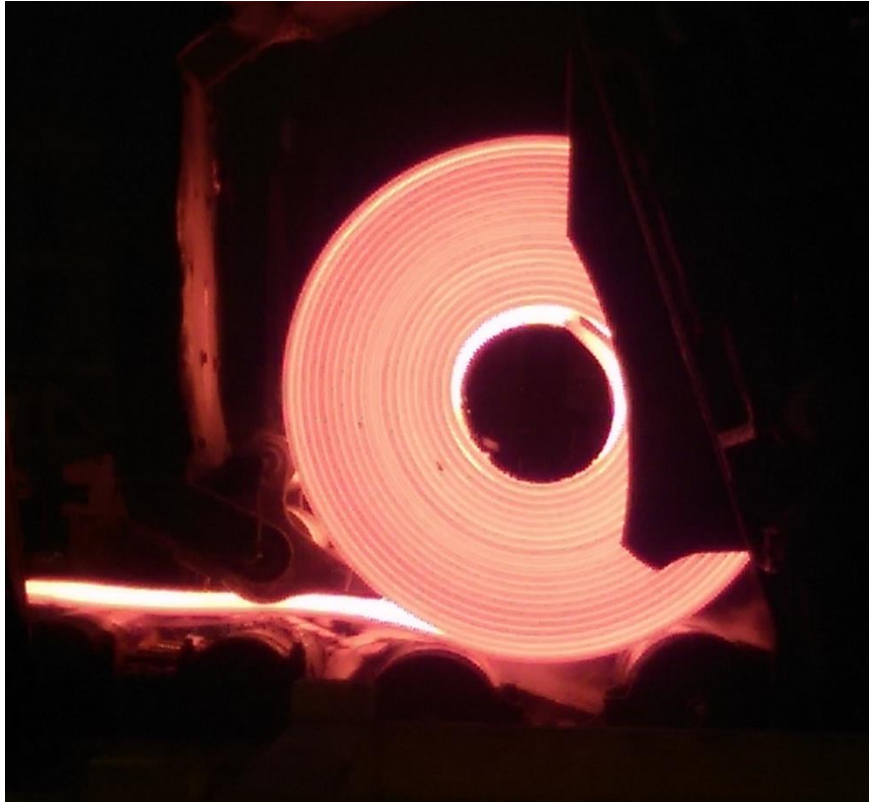
We have both classroom & on-site (mill) instruction during our 2 day workshop.  
For more information [visit our website here.](#)



Steel 101 Workshop, Severstal Dearborn 2012

# Next Steel 101 Workshop

## January 29-30, 2019



Steel 101 Workshop, NLMK Indiana 2015

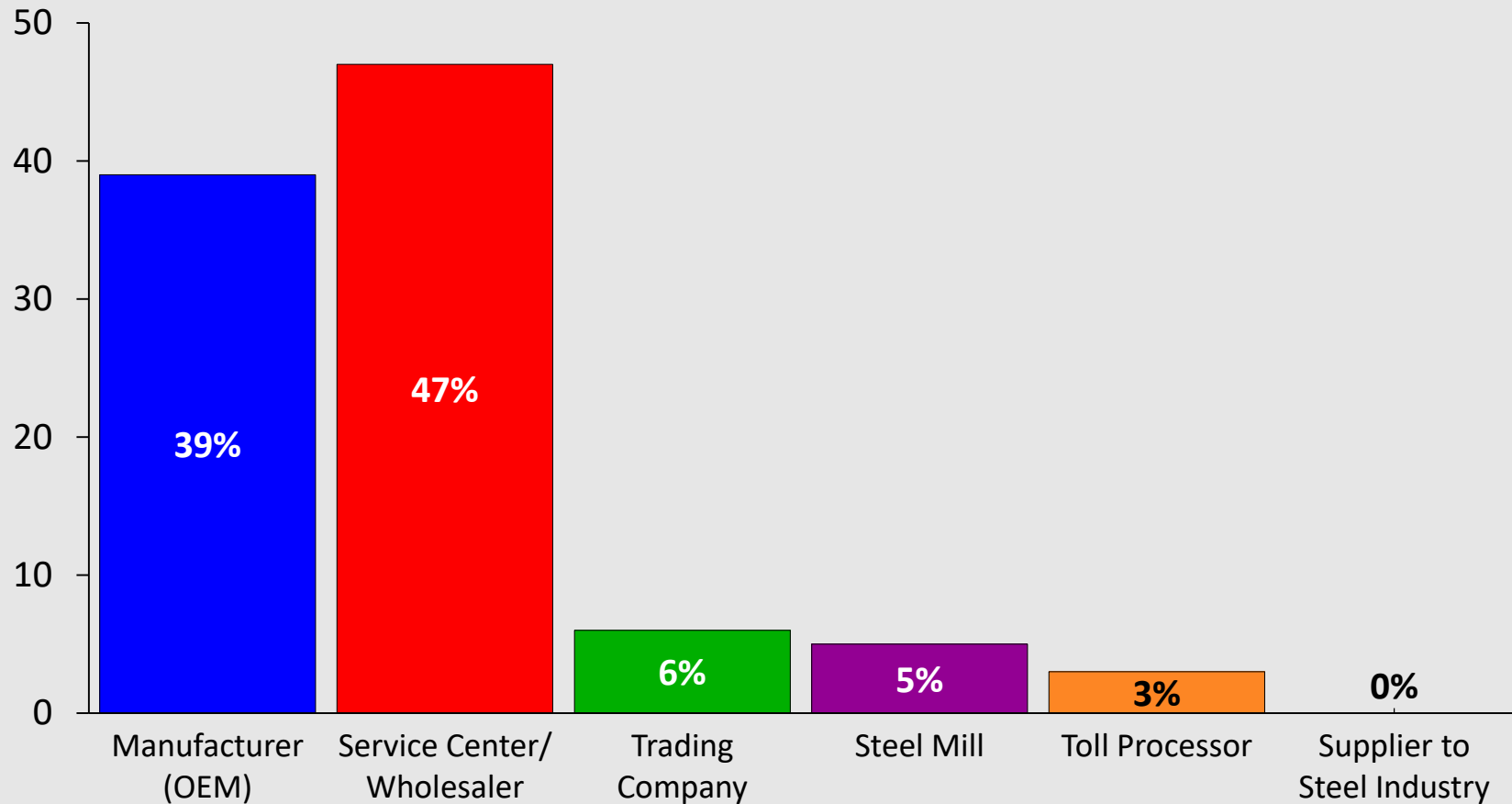
Our next Steel 101 workshop will be held in **Starkville, MS** on **January 29-30, 2019**. Our class will tour the Steel Dynamics Columbus mill.

If you would like more information about any of our workshops, you may visit

[SteelMarketUpdate.com/Events](https://www.steelmarketupdate.com/events),  
call our office at 800-432-3475,  
or e-mail our team at  
[info@SteelMarketUpdate.com](mailto:info@SteelMarketUpdate.com).

# Survey Participants

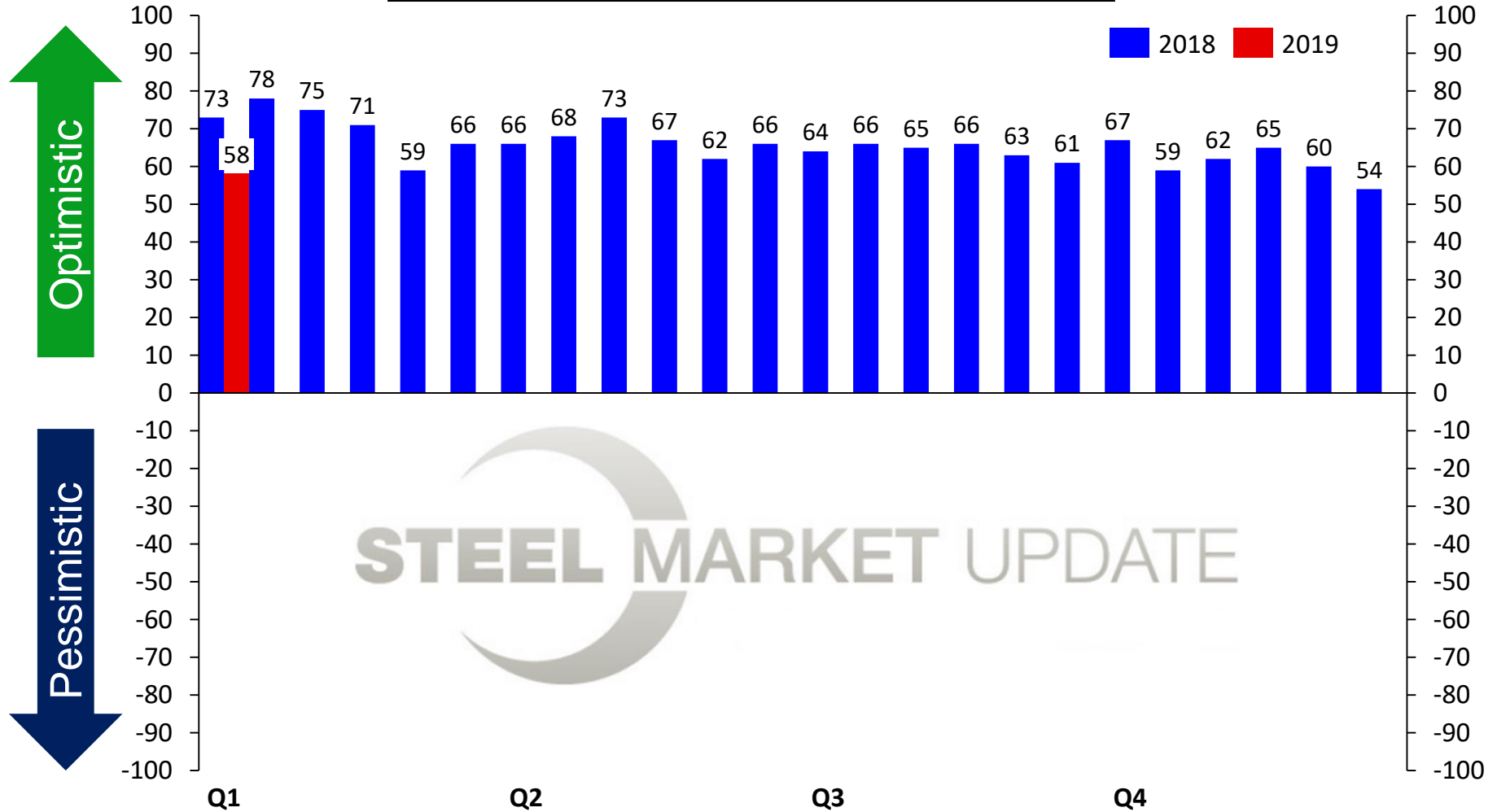
Our survey is by invitation only- Over 650 companies, mostly in the manufacturing or distribution industries, are asked to participate. Here are the percentages of participation in this week's survey by market sector.



# SMU Buyers Sentiment Index

Up 4 points to +58

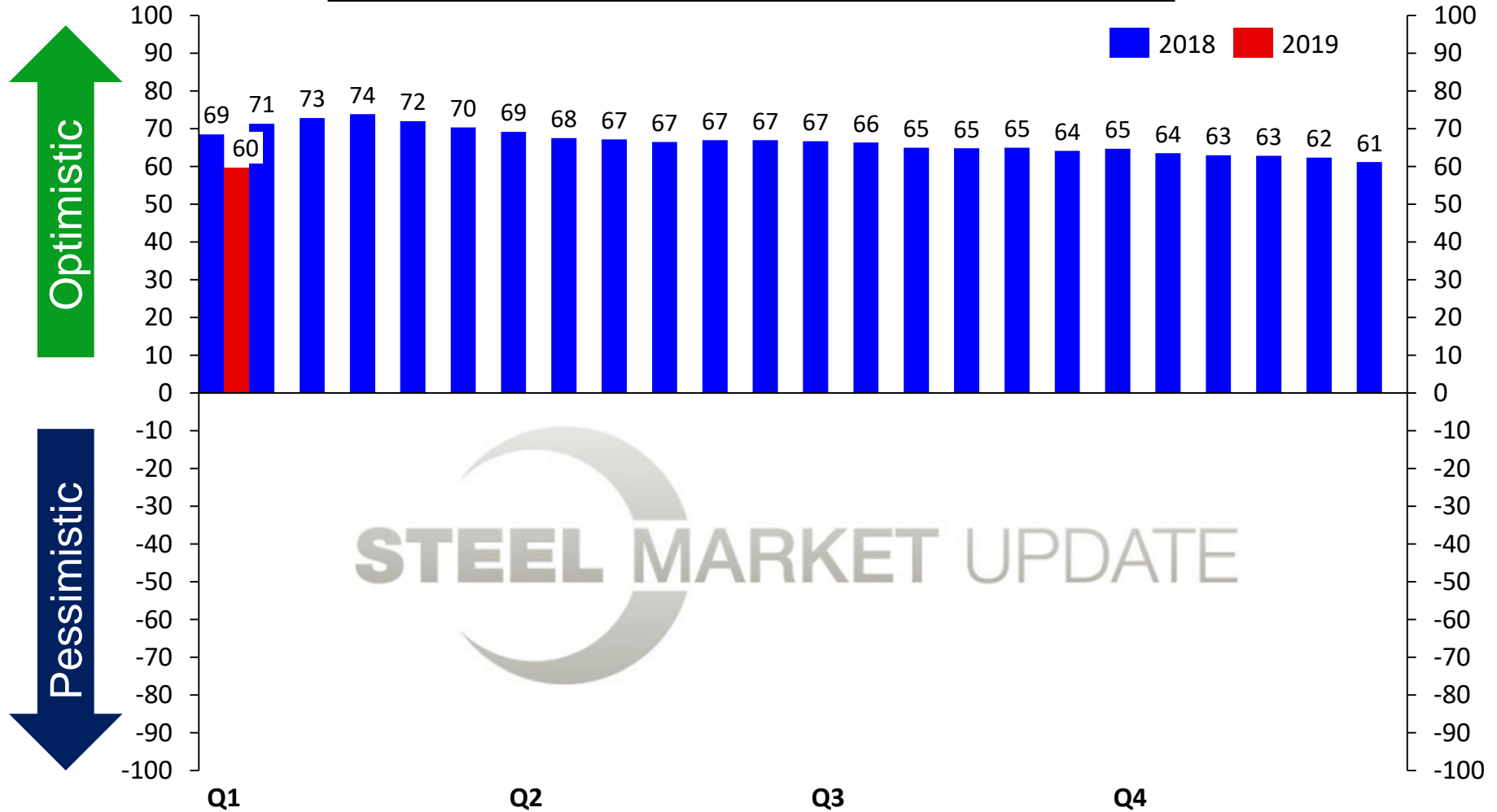
## Steel Market Update Buyers Sentiment Index



# SMU Buyers Sentiment Index

Three Month Moving Average at +59.67

### Steel Market Update Buyers Sentiment Index 3MMA

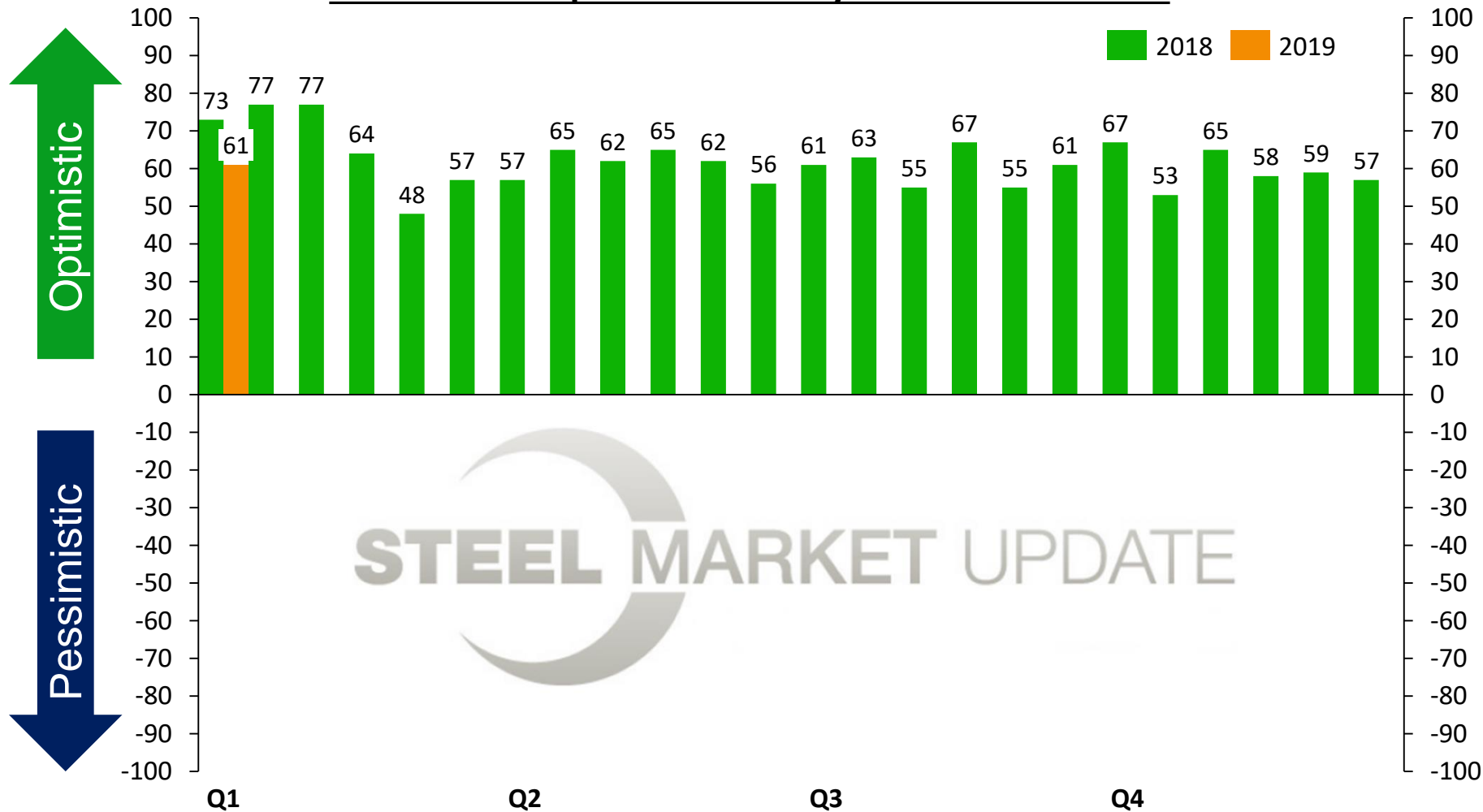




# SMU Future Buyers Sentiment Index

Up 4 points to +61

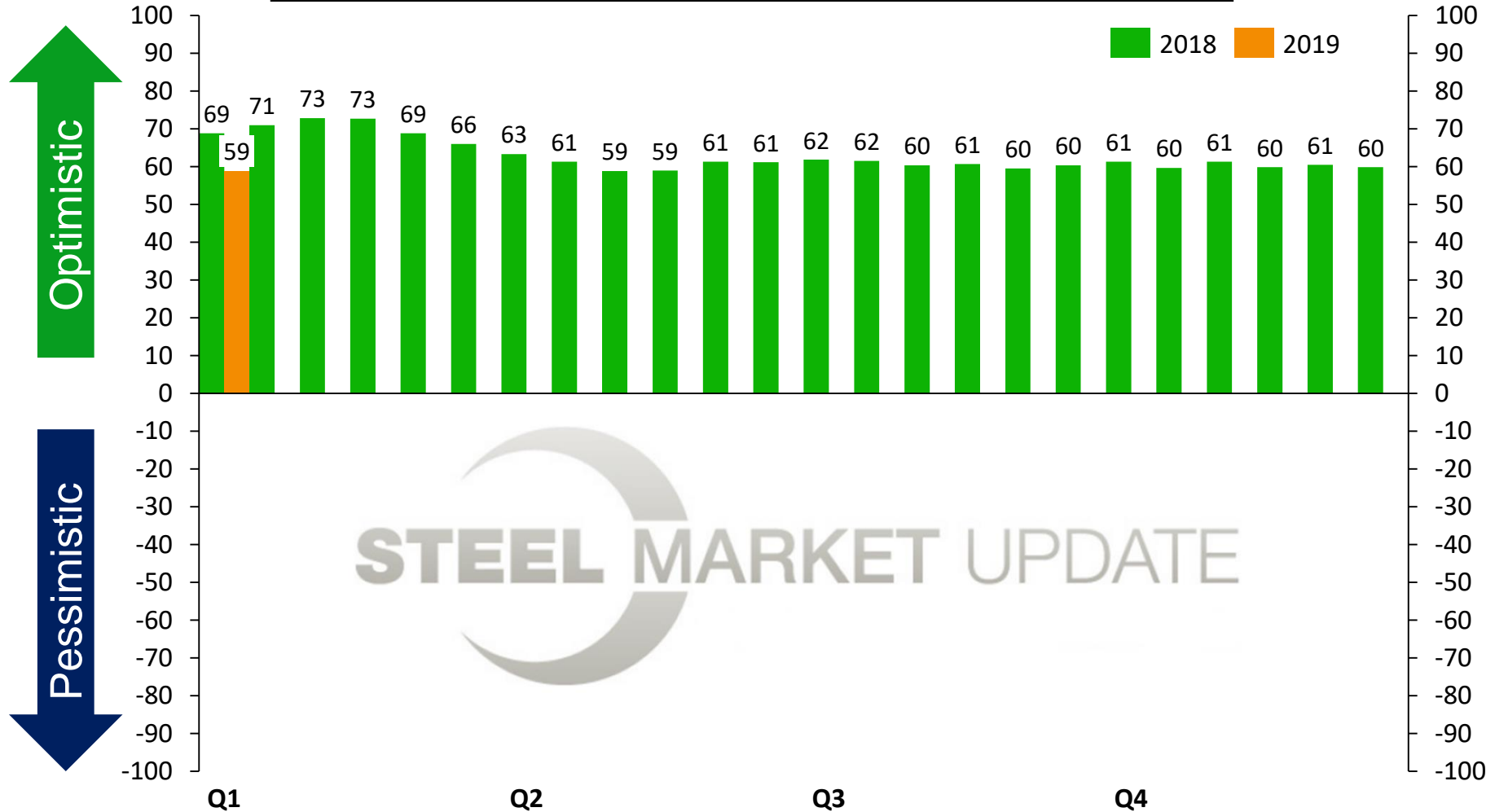
## Steel Market Update Future Buyers Sentiment Index



# SMU Future Buyers Sentiment Index

Three Month Moving Average at +58.83

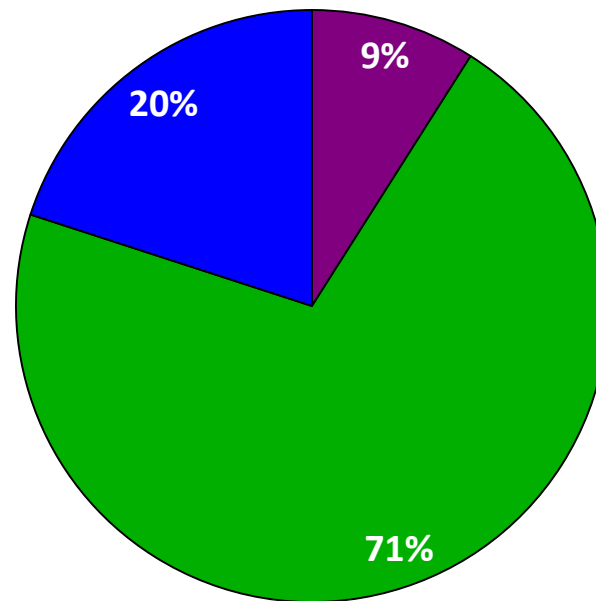
## Steel Market Update Future Buyers Sentiment Index 3MMA



# Overall Demand

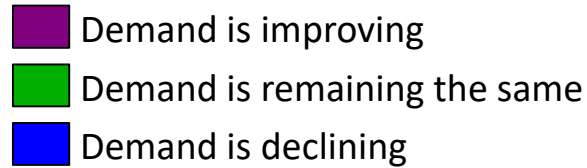
Are you seeing demand for your products improving, remaining the same or declining?

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

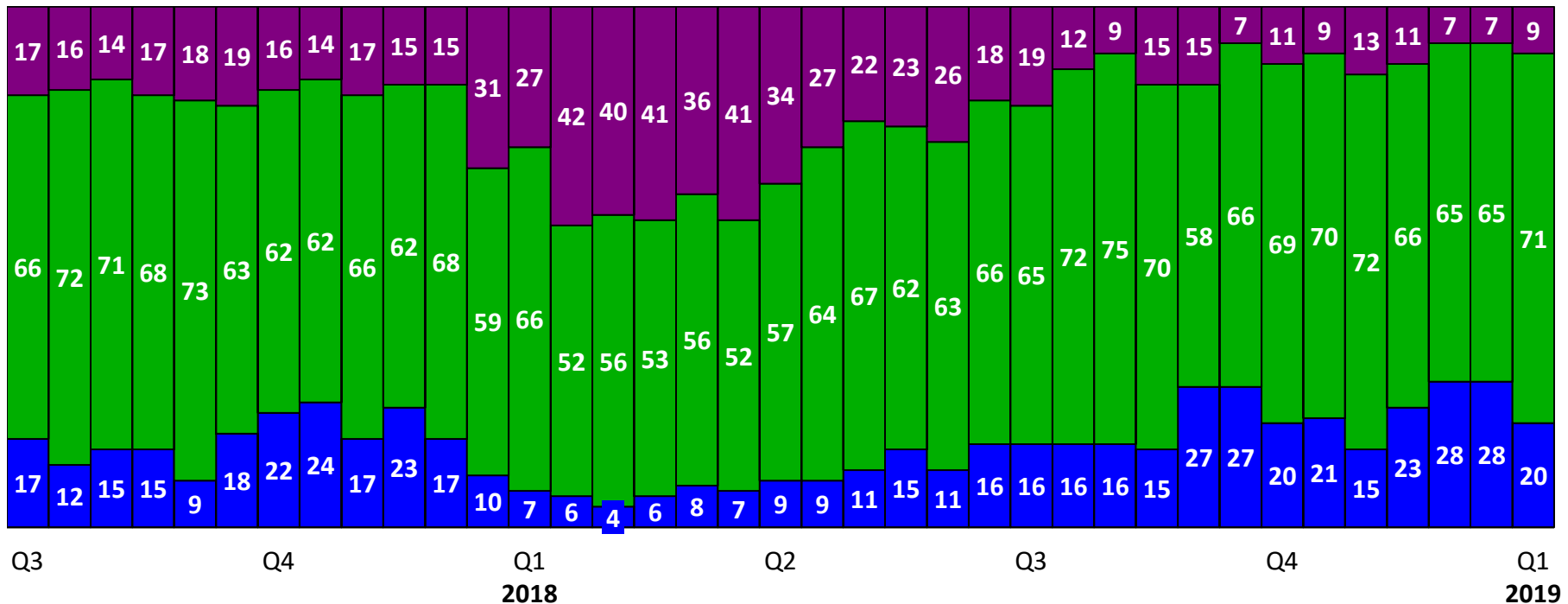


# Overall Demand History

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






out of 100%

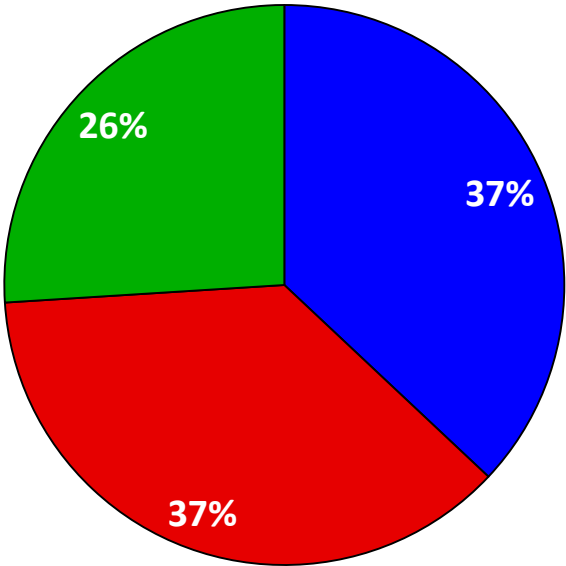


# Foreign vs Domestic Steel

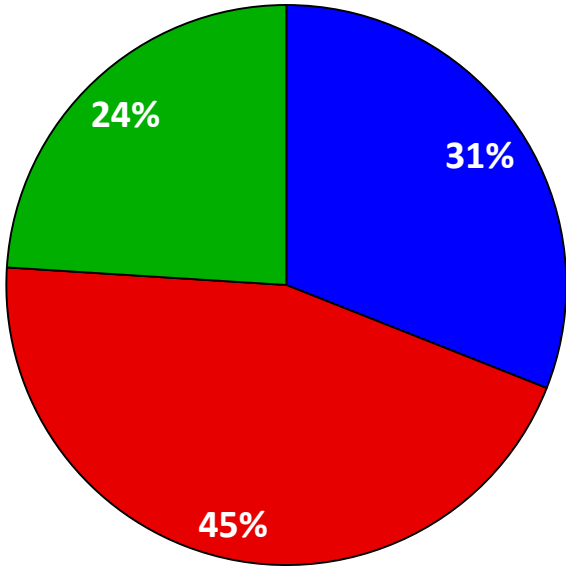
Is your company backing off buying foreign steel due to falling U.S. mill spot pricing?

-  Yes
-  No
-  We don't buy any foreign steel

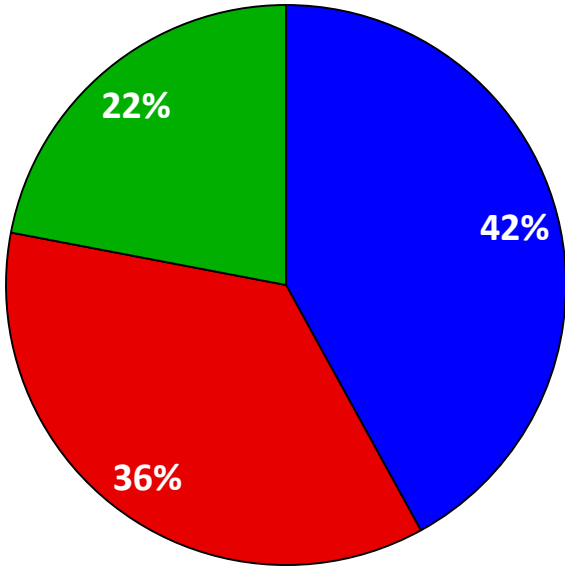
November 21, 2018



December 7, 2018



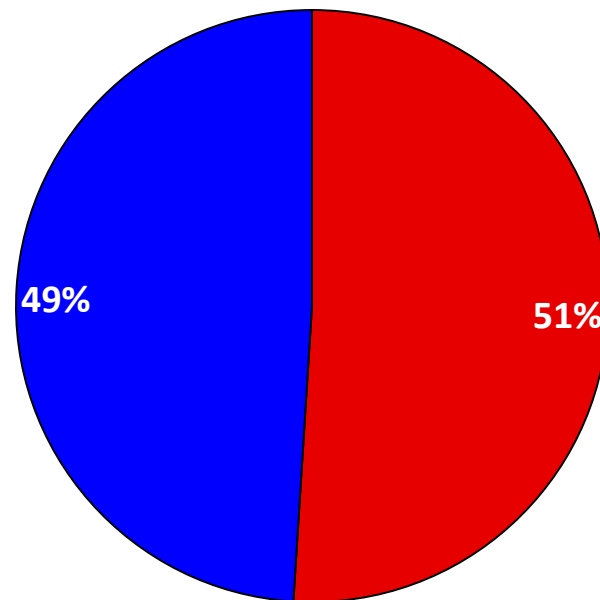
January 11, 2019



# Section 232 Tariffs

Are the Section 232 steel tariffs negatively impacting your business?

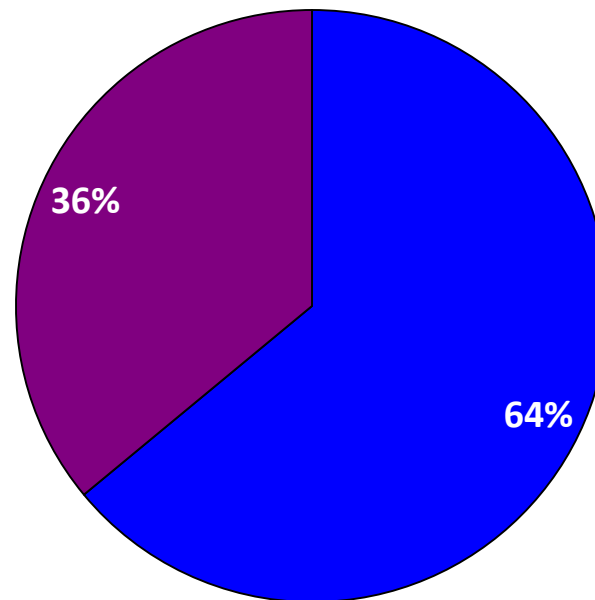
Yes No



# Flat Rolled Price Increases?

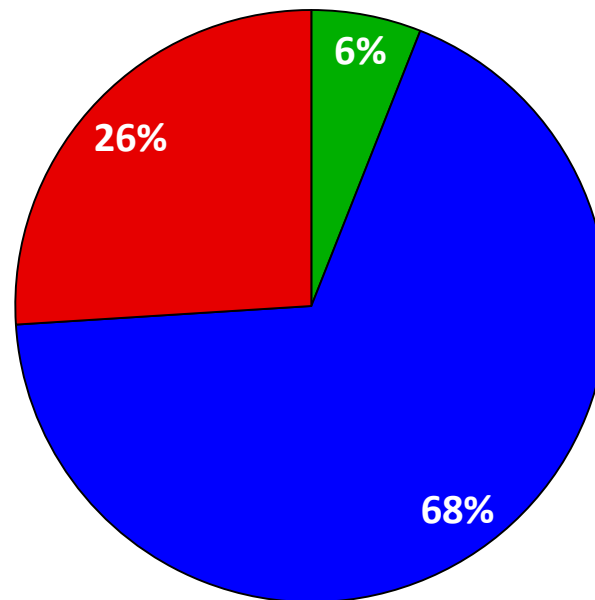
Do you think the domestic steel mills will raise flat rolled prices by the end of January?

Yes No



**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



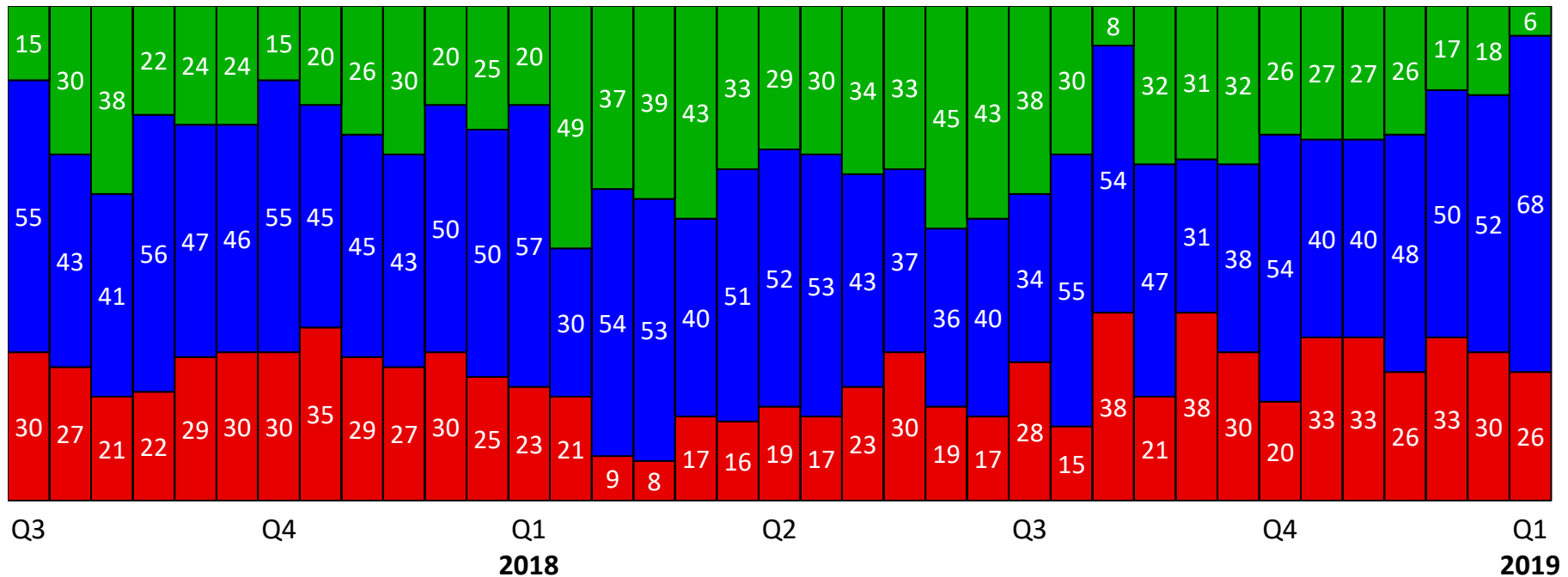


# History of Manufacturer Purchases

**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?

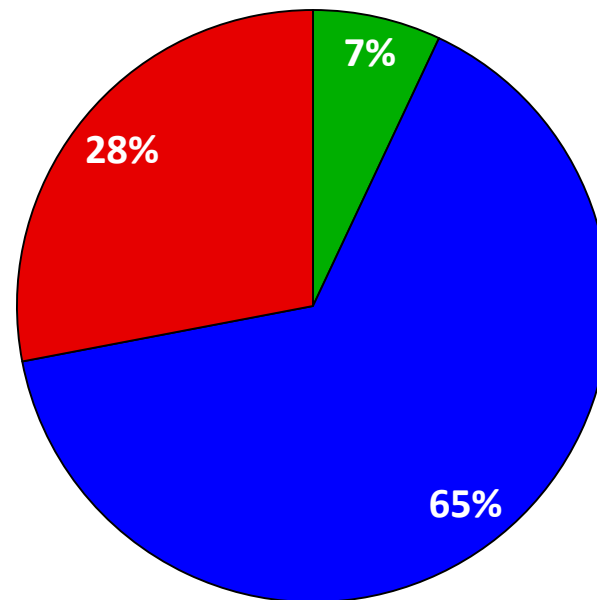
- Buying more steel
- Buying the same amount of steel
- Buying less steel

out of 100%



**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

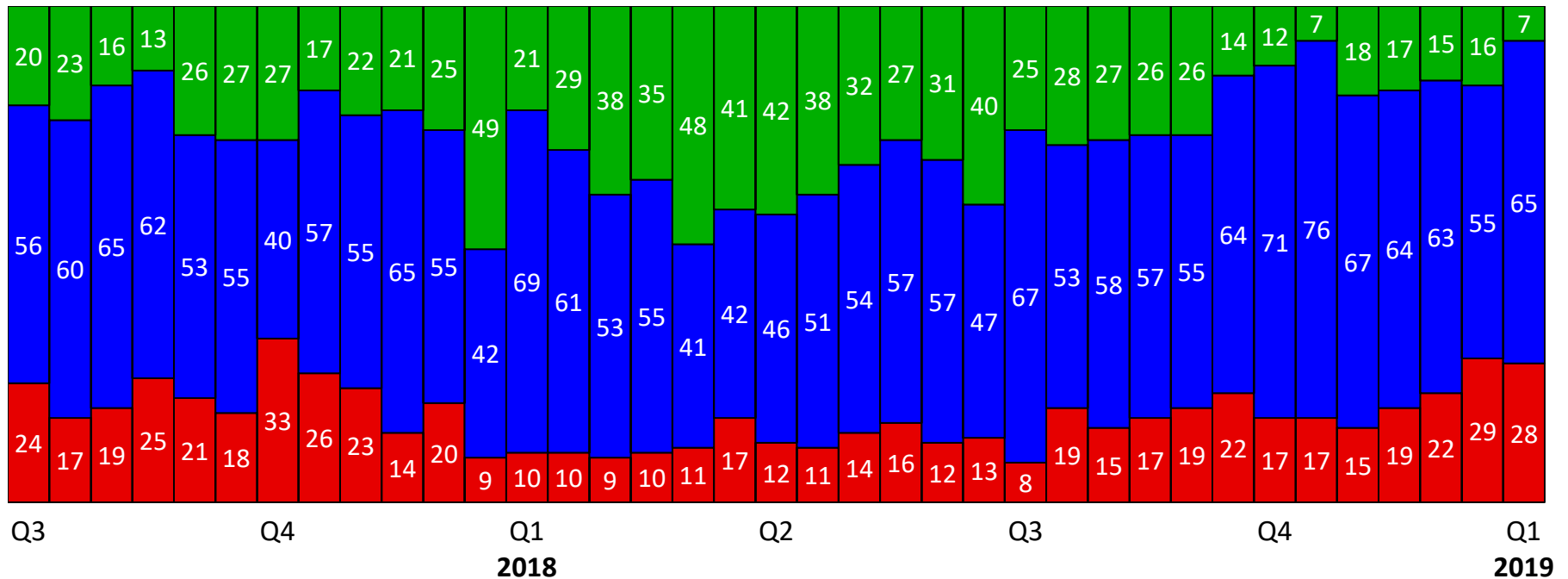


# Service Center Release History

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

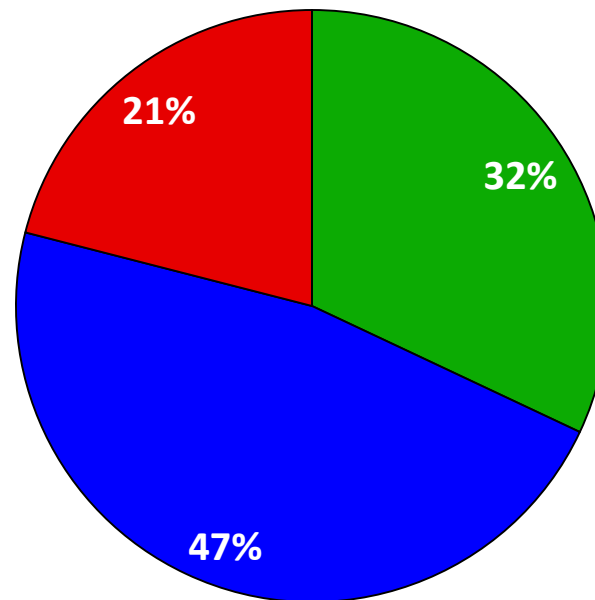
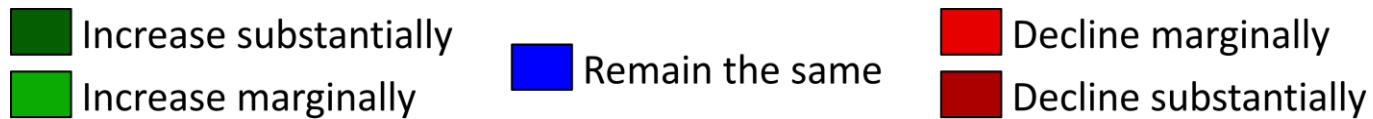
- Releasing more steel
- Releasing the same amount of steel
- Releasing less steel

out of 100%



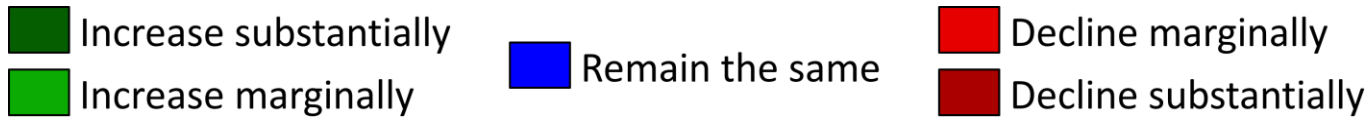
# Manufacturer Demand

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

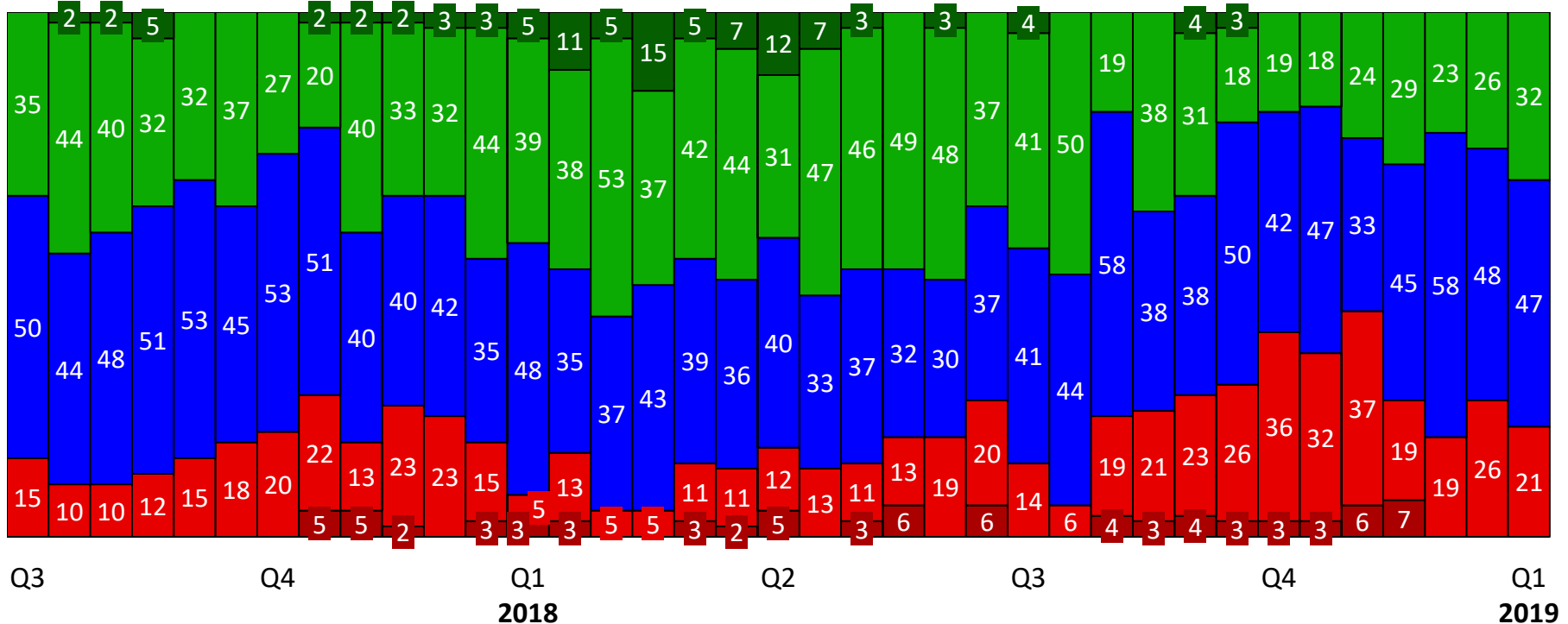


# Manufacturer Demand History

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



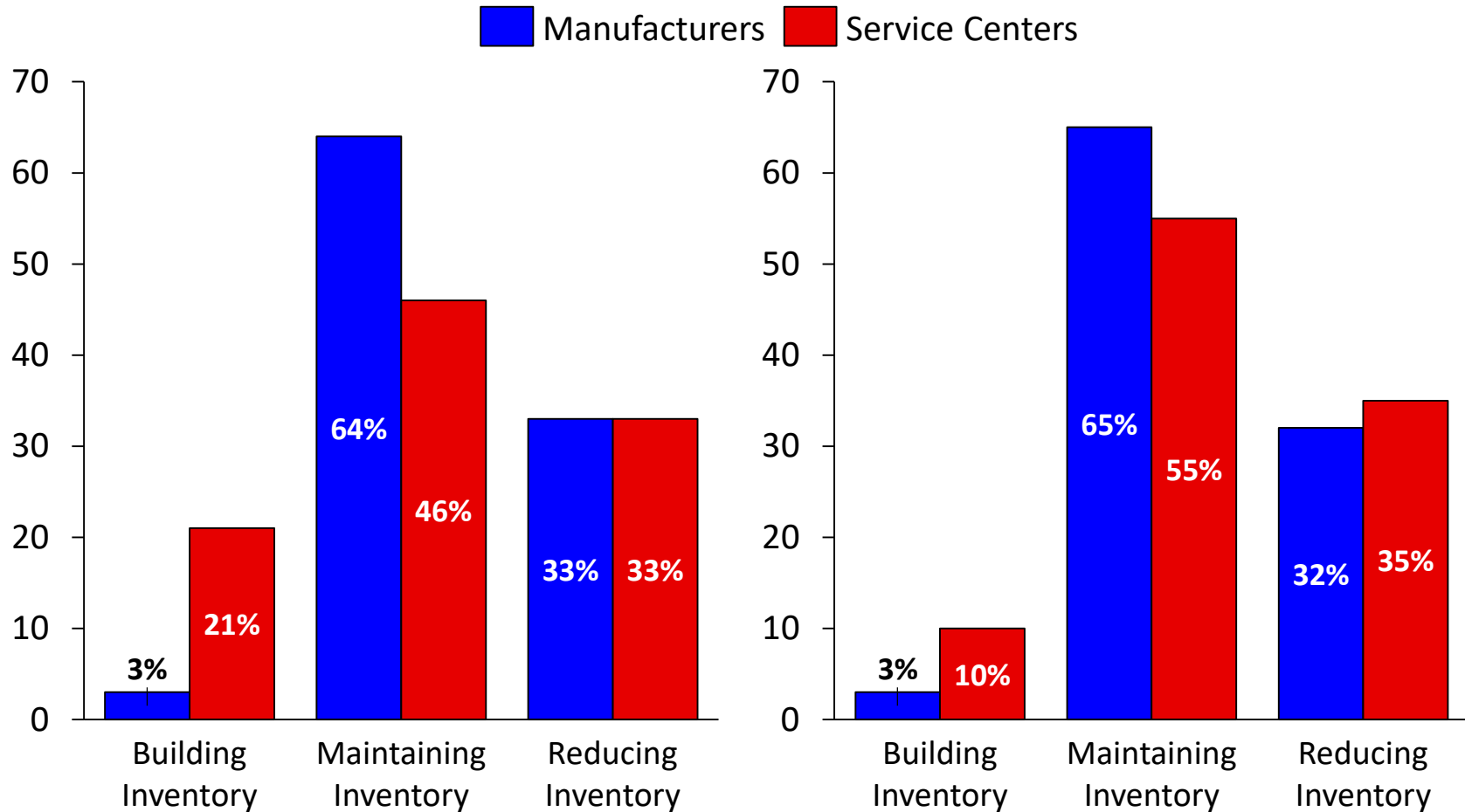
out of 100%



# Manufacturer and Service Center Inventory Buying Patterns

November 9, 2018

January 11, 2018

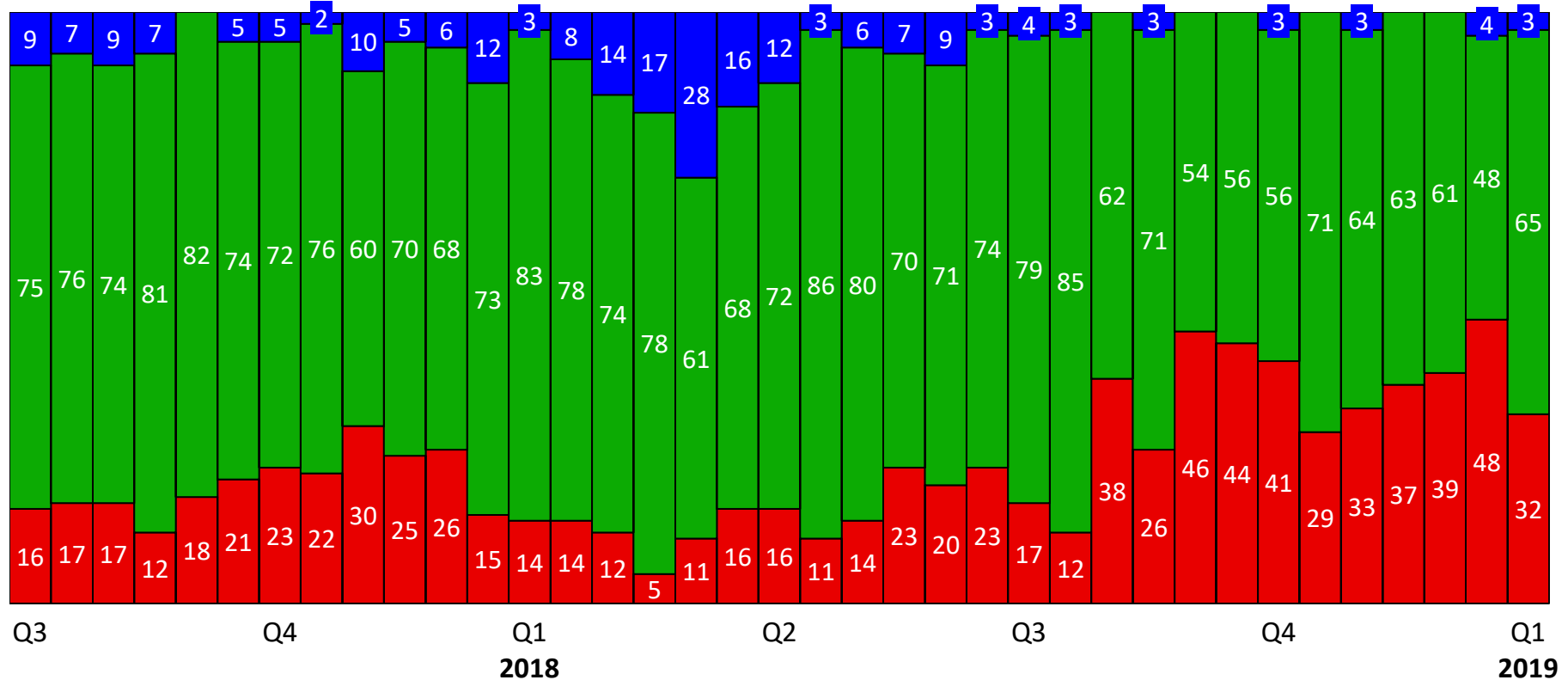


# Manufacturer Inventory Buying History

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

■ Building Inventory  
 ■ Maintaining Inventory  
 ■ Reducing Inventory

out of 100%

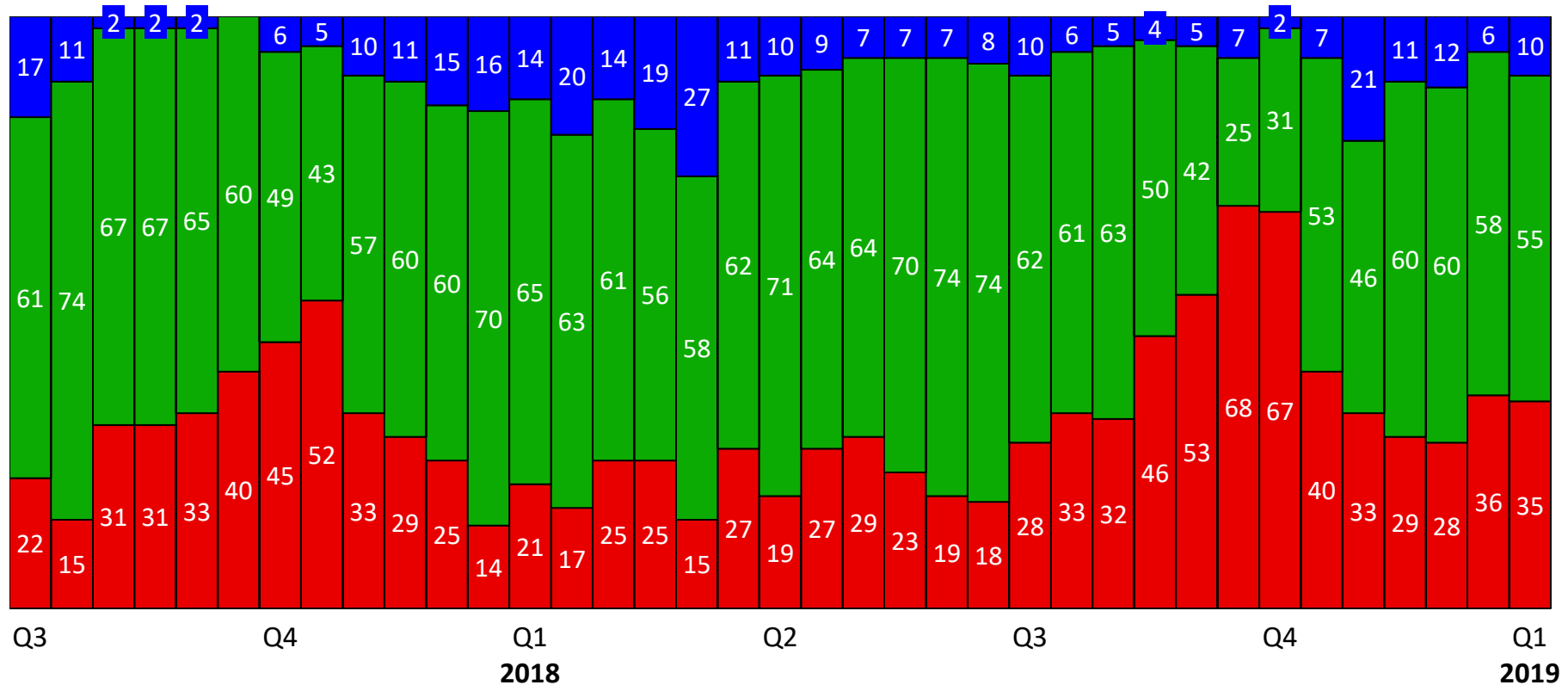


# Service Center Inventory Buying History

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

■ Building Inventory 
 ■ Maintaining Inventory 
 ■ Reducing Inventory

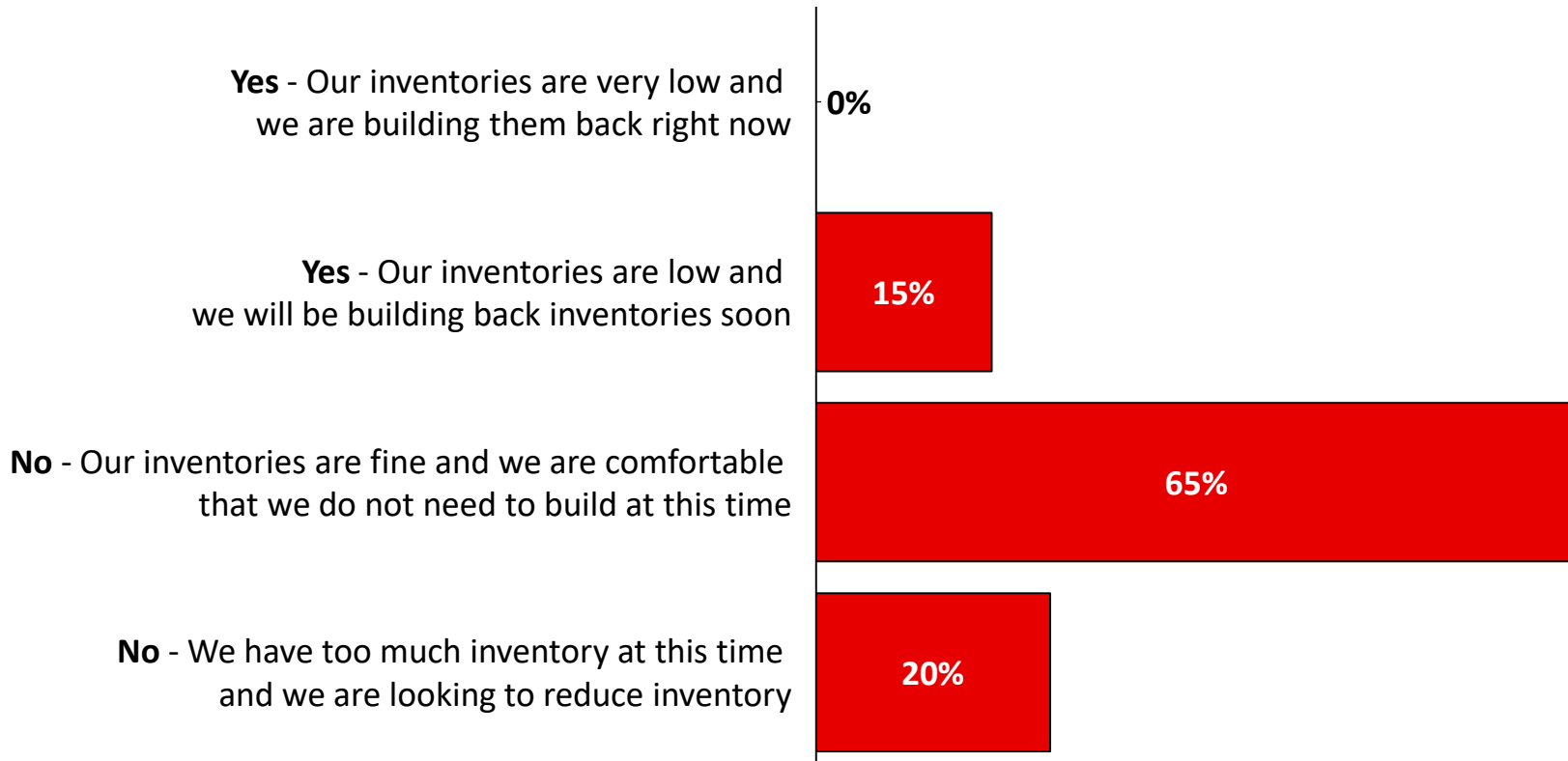
out of 100%





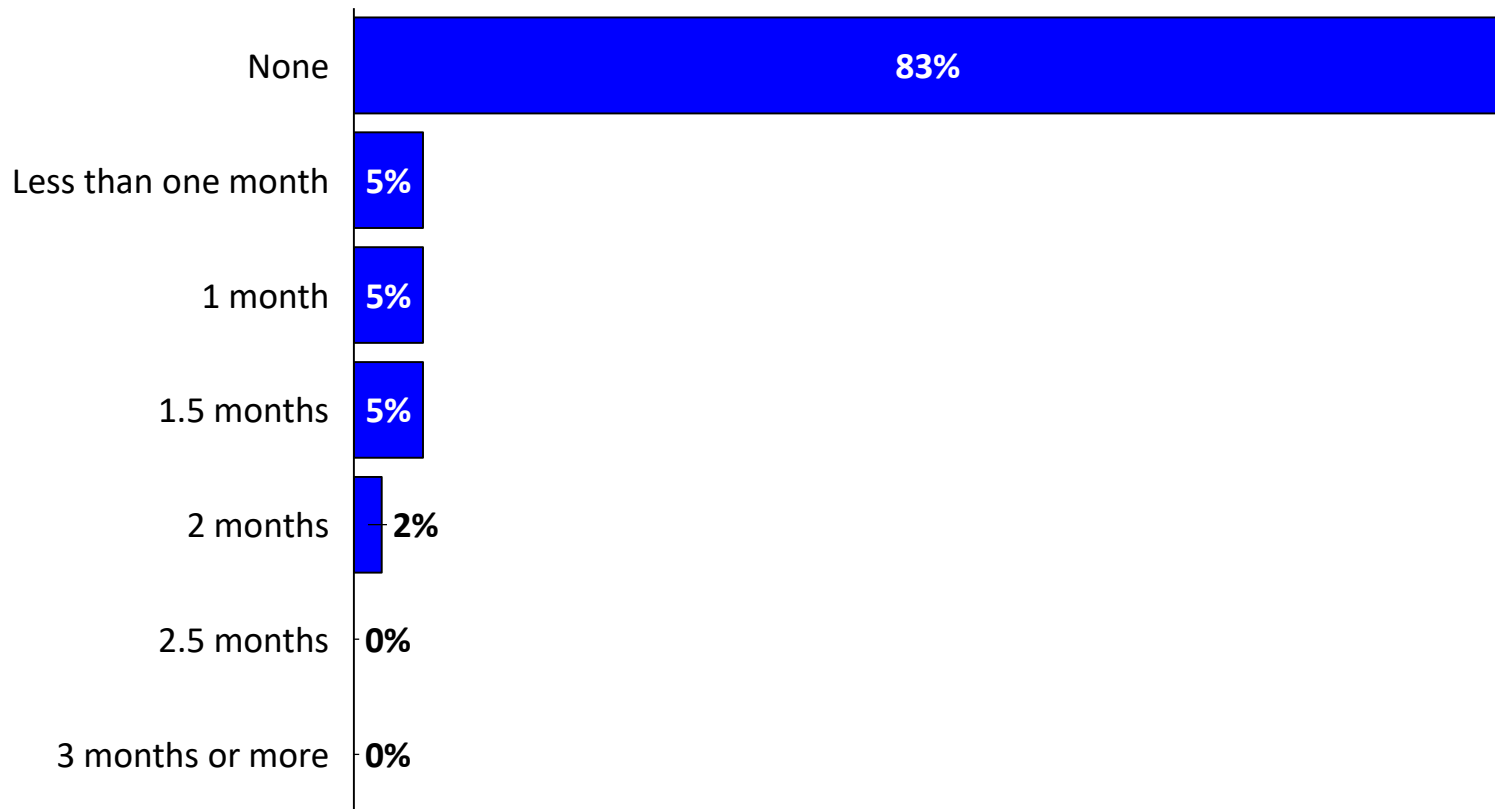
# Service Center Inventories

**Service Centers-** Does your company need to build back inventories or are you comfortable with the levels you are holding on your floor?



# Service Center Inventories

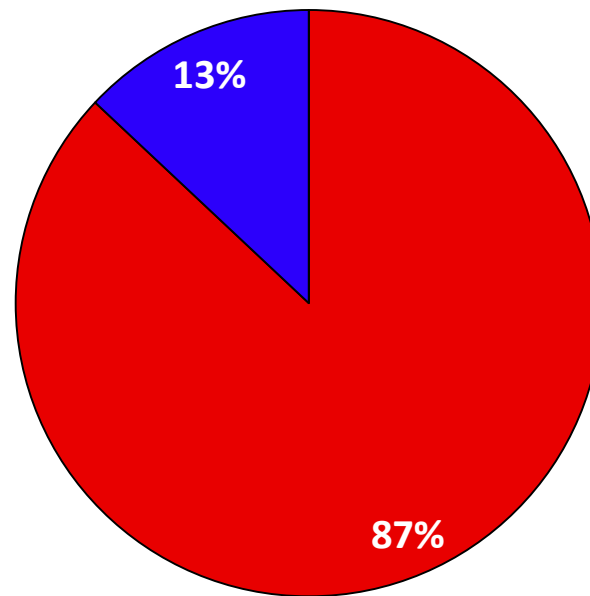
**Service Centers-** How many months of inventory do you have “off the books” in roll & hold and other arrangements where the steel is on the floor and available should you need it?



# Manufacturer's View of Service Center Selling Prices

**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

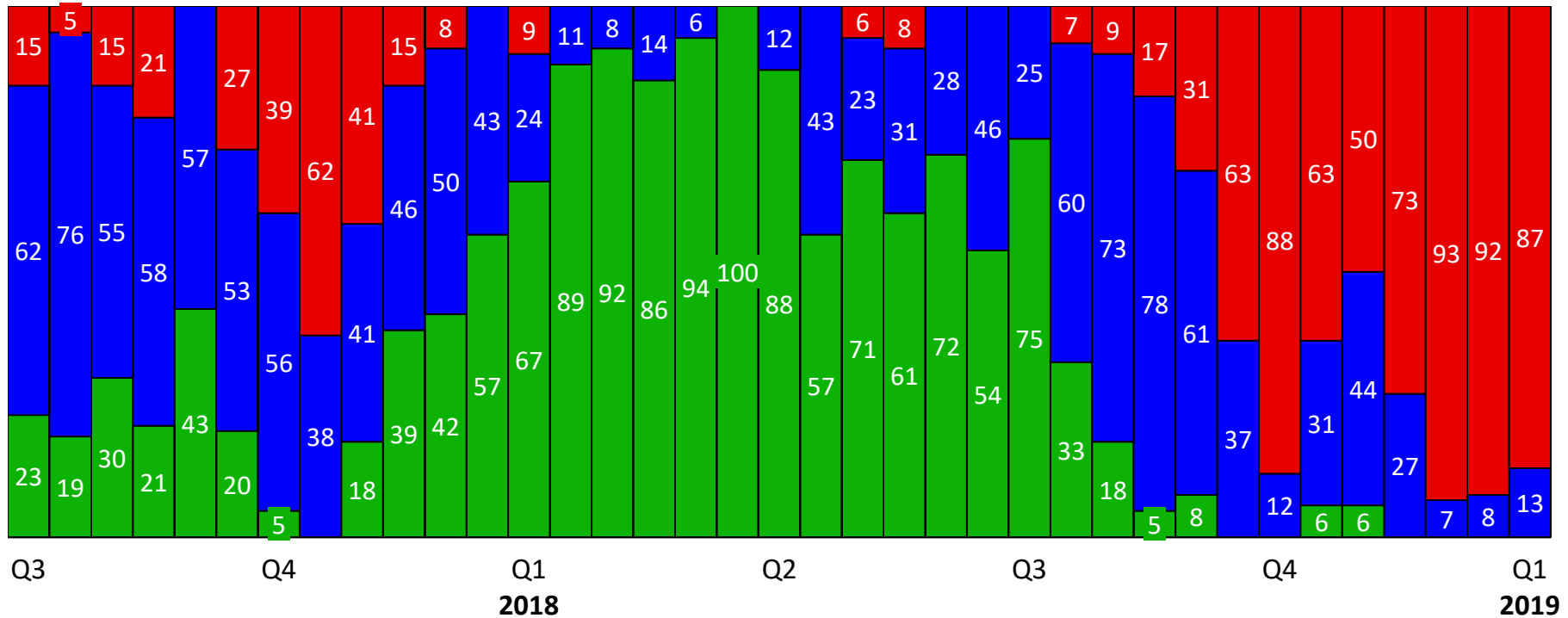


# Manufacturer's View of Service Center Selling Prices History

**Manufacturers-** Which comment do you feel is representative of service center pricing right now compared to two weeks ago?

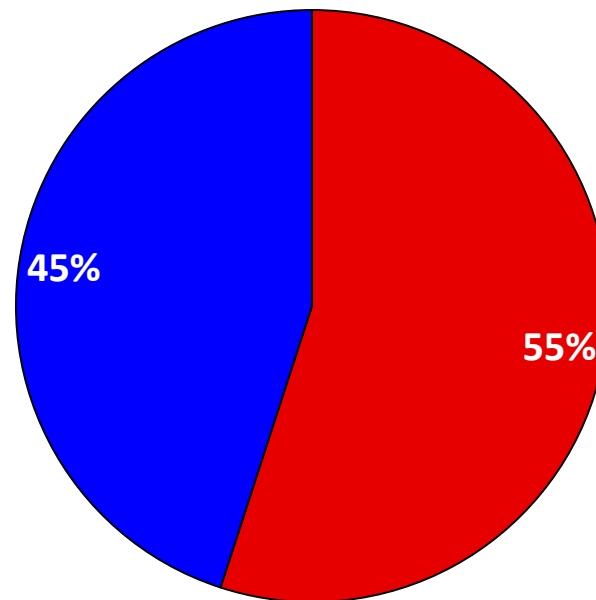
- We are seeing prices decreasing from our service centers
- We are seeing prices stable from our service centers
- We are seeing prices rising from our service centers

out of 100%



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

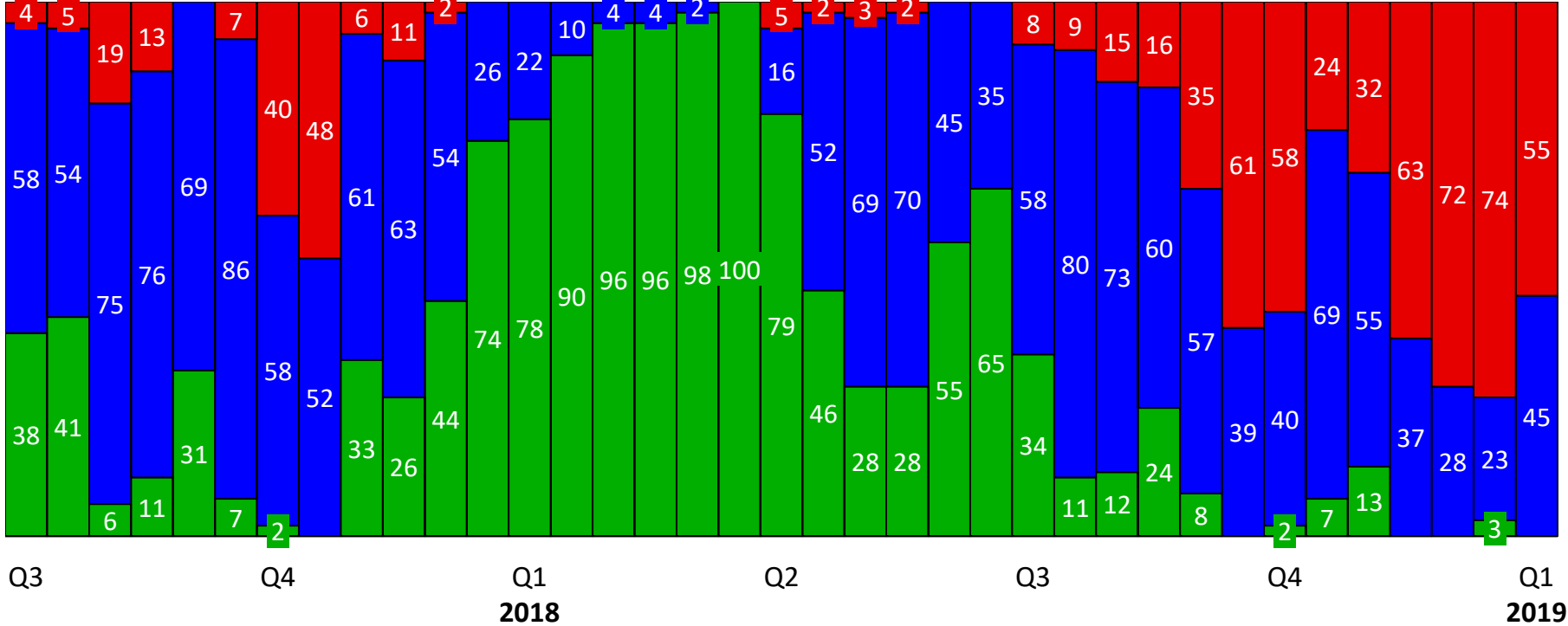
- We are lowering prices
- We are keeping prices the same
- We are raising prices



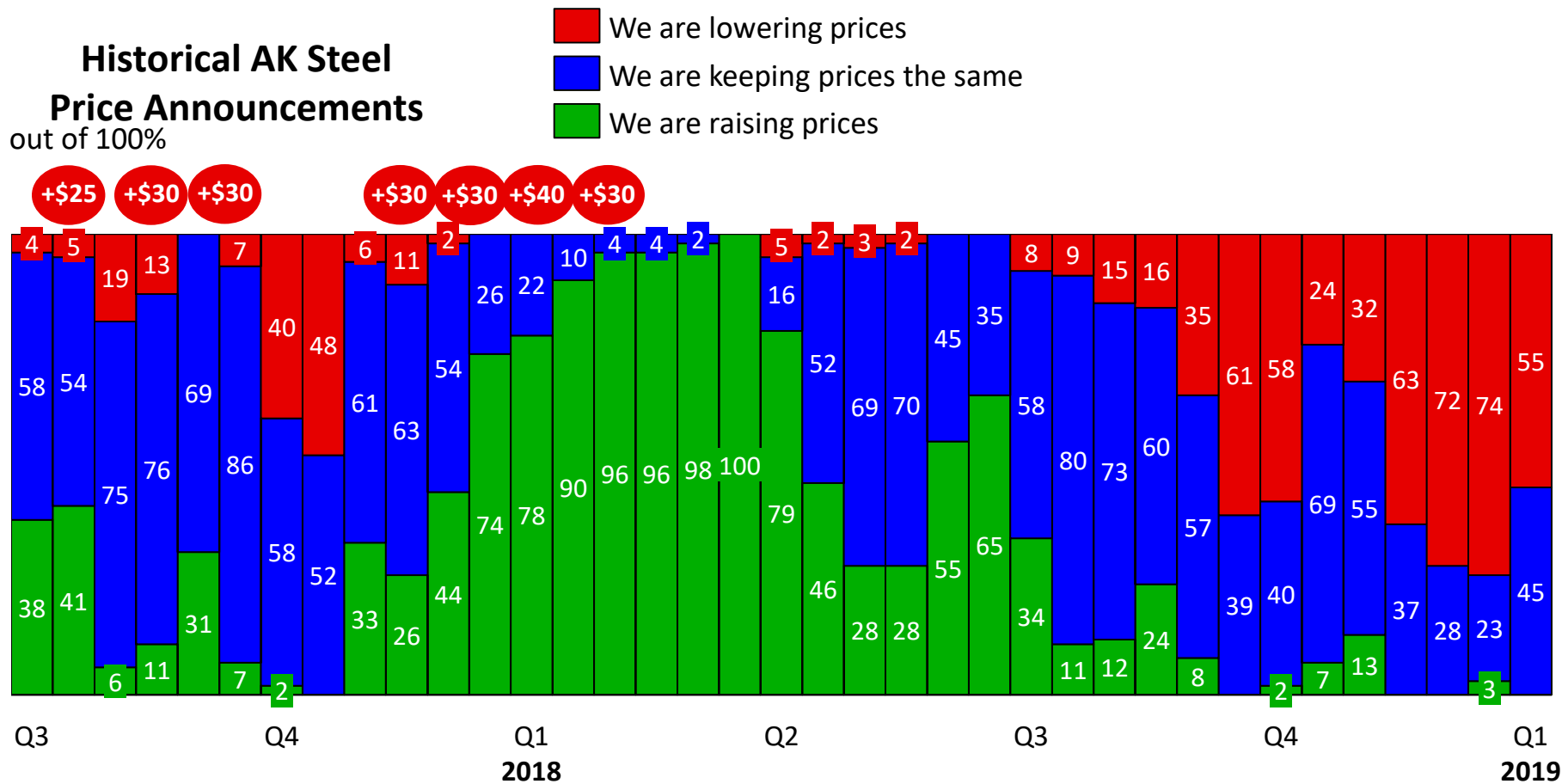
## Service Centers- Compared to two weeks ago, how is your company handling spot pricing to your customers at this time?

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

out of 100%



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

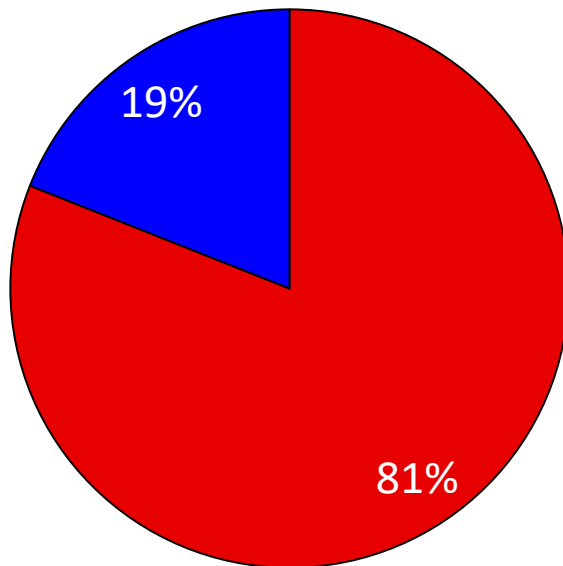


# Passing Along Higher Prices

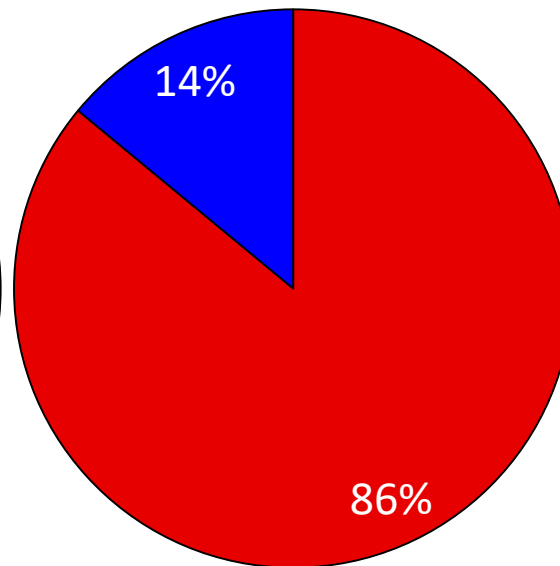
**Service Centers-** Are you having any difficulties in passing along the new higher prices to your customers?

Yes No

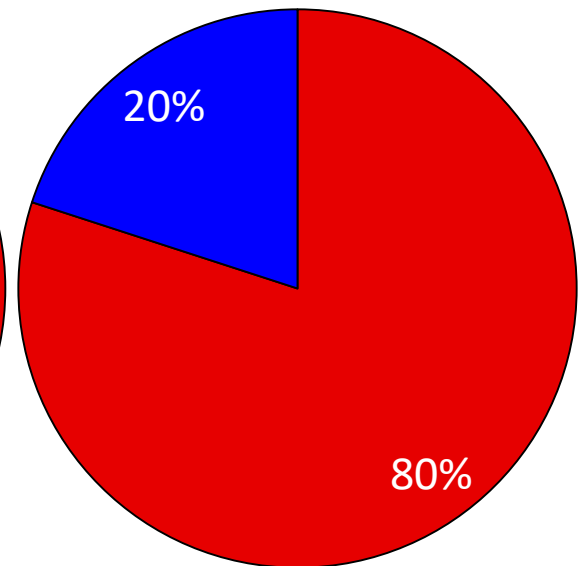
October 5, 2018



December 7, 2018






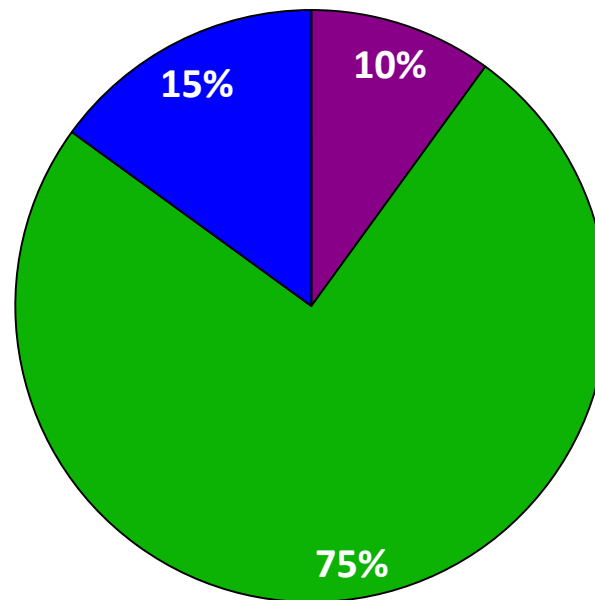
January 11, 2019





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

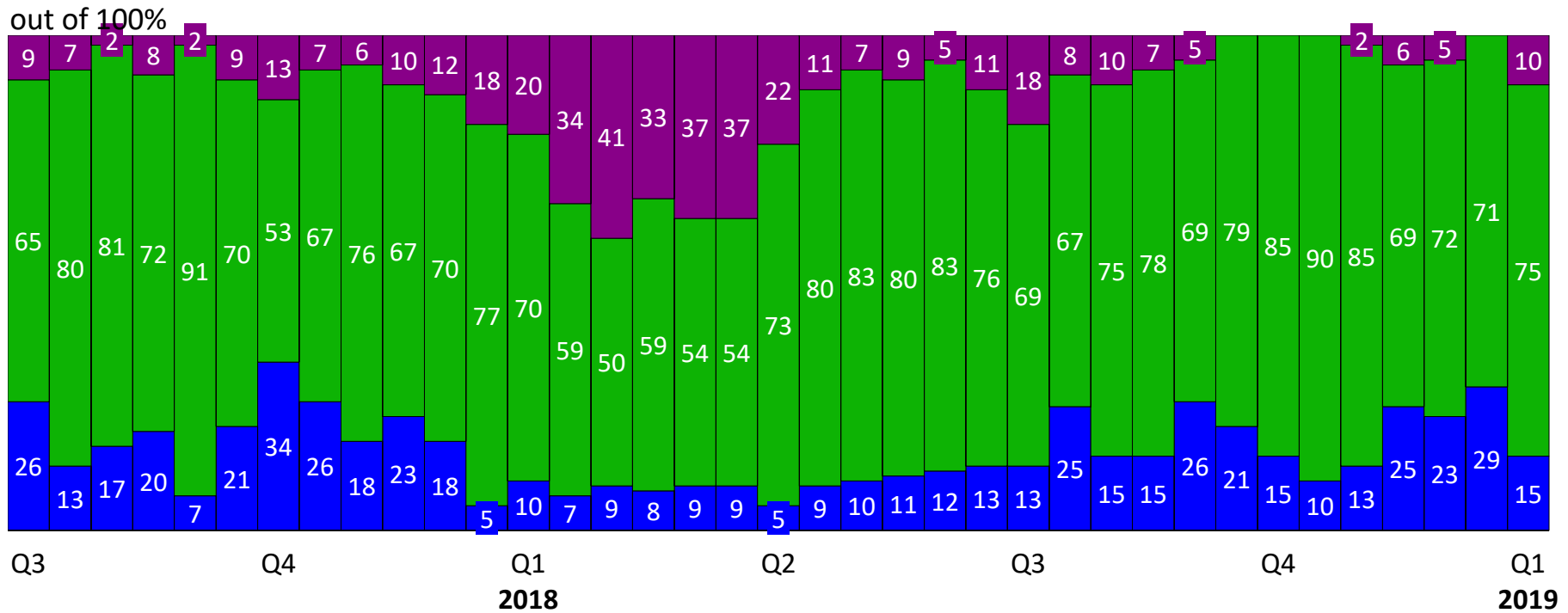
-  Our manufacturing customers are increasing orders
-  Our manufacturing customers are maintaining their orders
-  Our manufacturing customers are reducing their orders



# Service Centers on Manufacturer Orders History

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

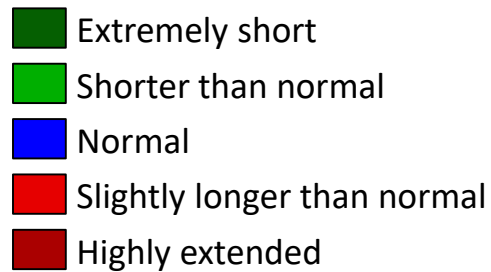
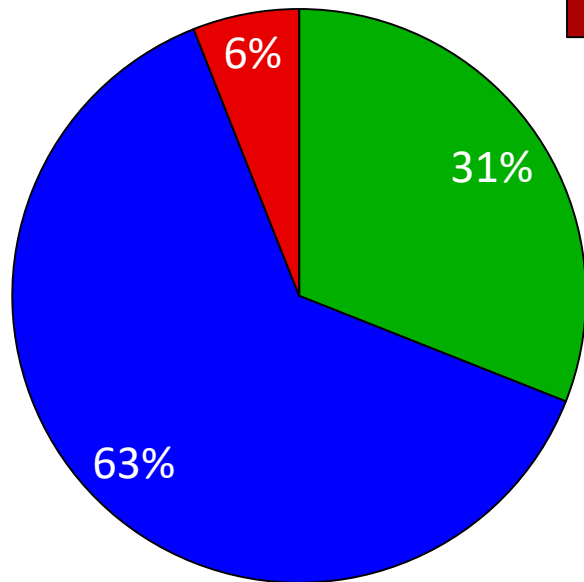
- Our manufacturing customers are increasing orders
- Our manufacturing customers are maintaining their orders
- Our manufacturing customers are reducing their orders



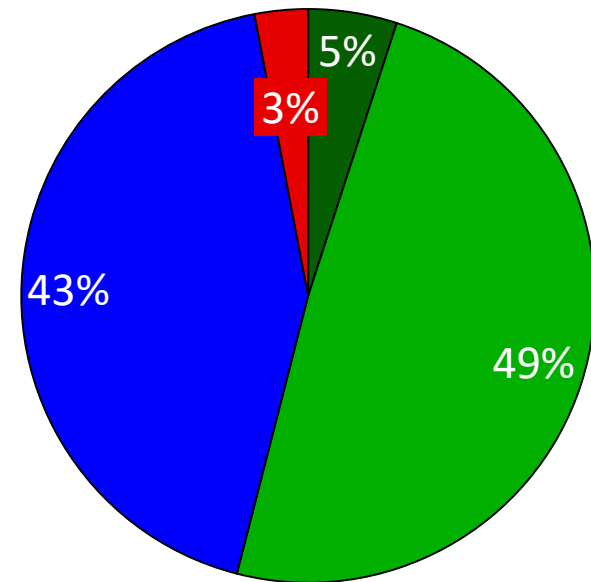
# Mill Lead Times

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

## Manufacturers

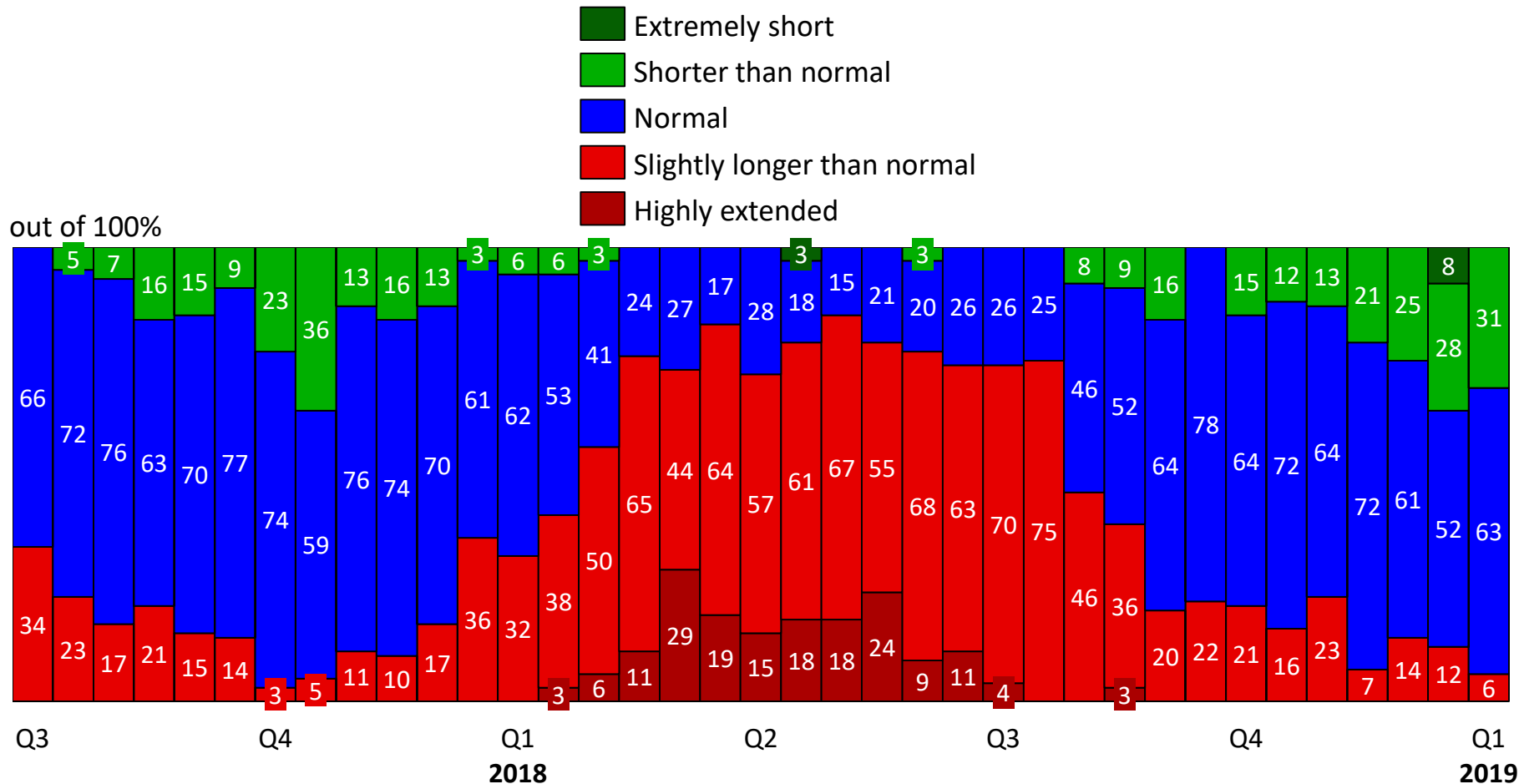


## Service Centers



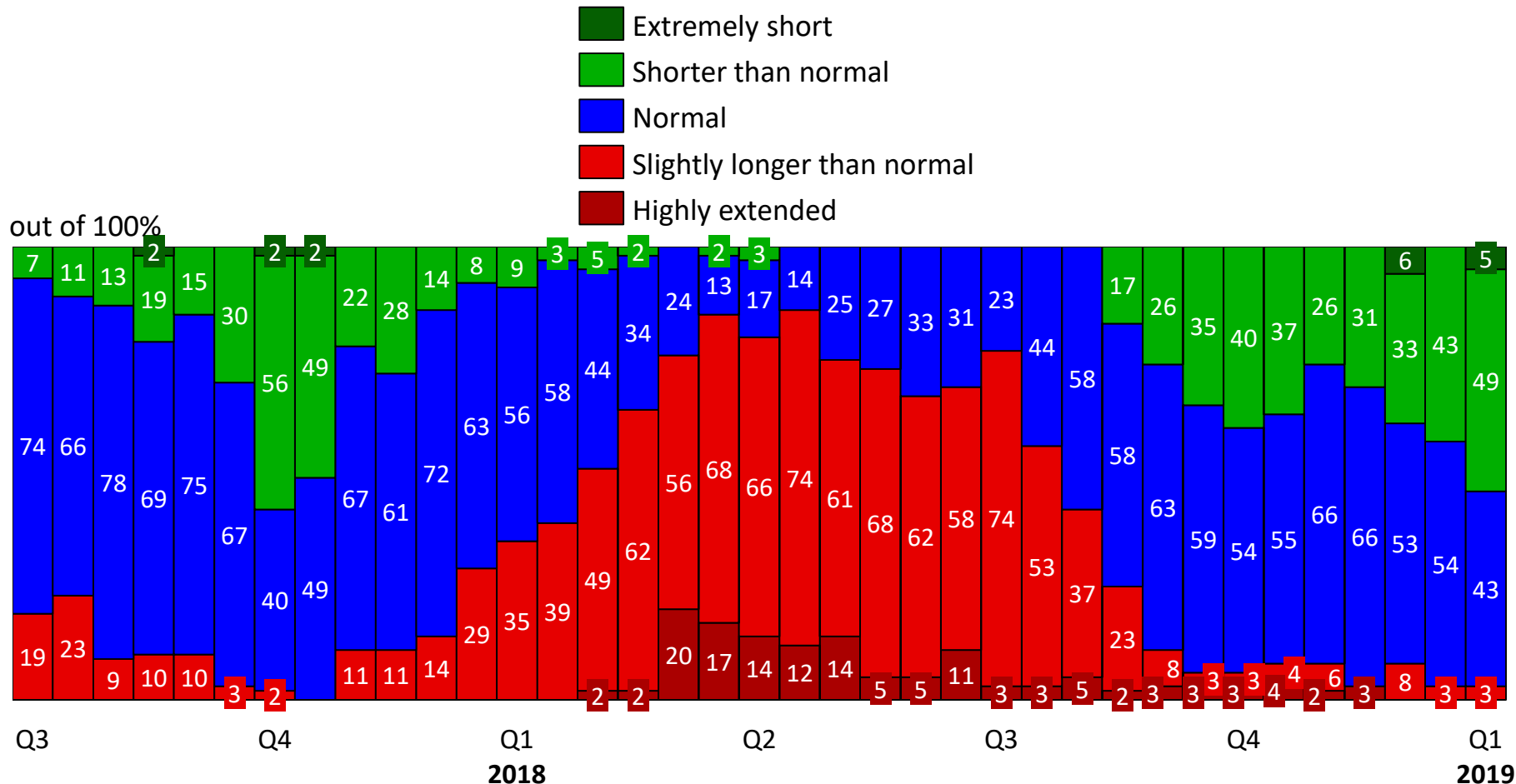
# Mill Lead Times History

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



# Mill Lead Times History

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

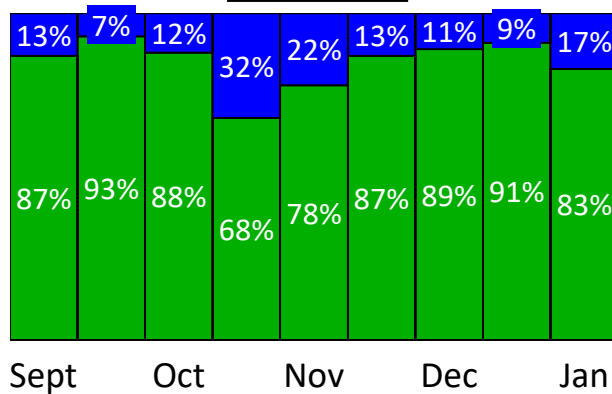


# Mill Negotiations

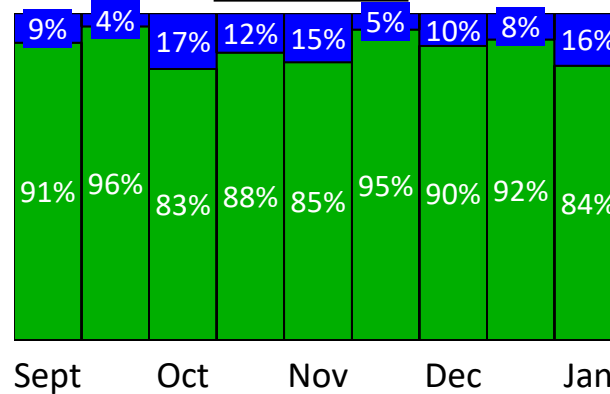
Are you finding the domestic mills are willing to negotiate pricing on brand new orders placed this week?

Yes No

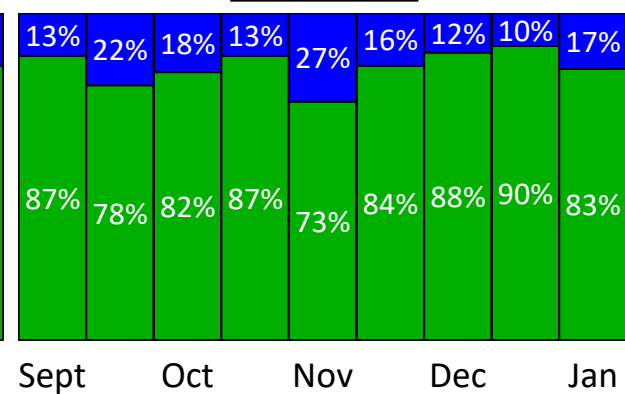
## Hot Rolled



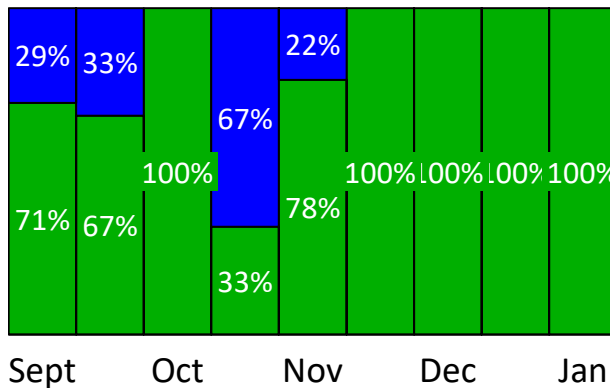
## Cold Rolled



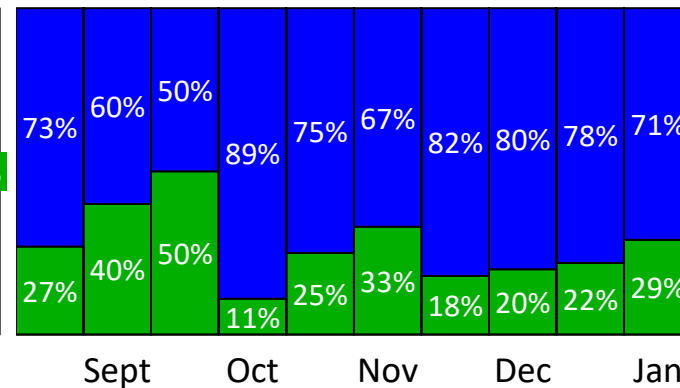
## Galvanized



## Galvalume

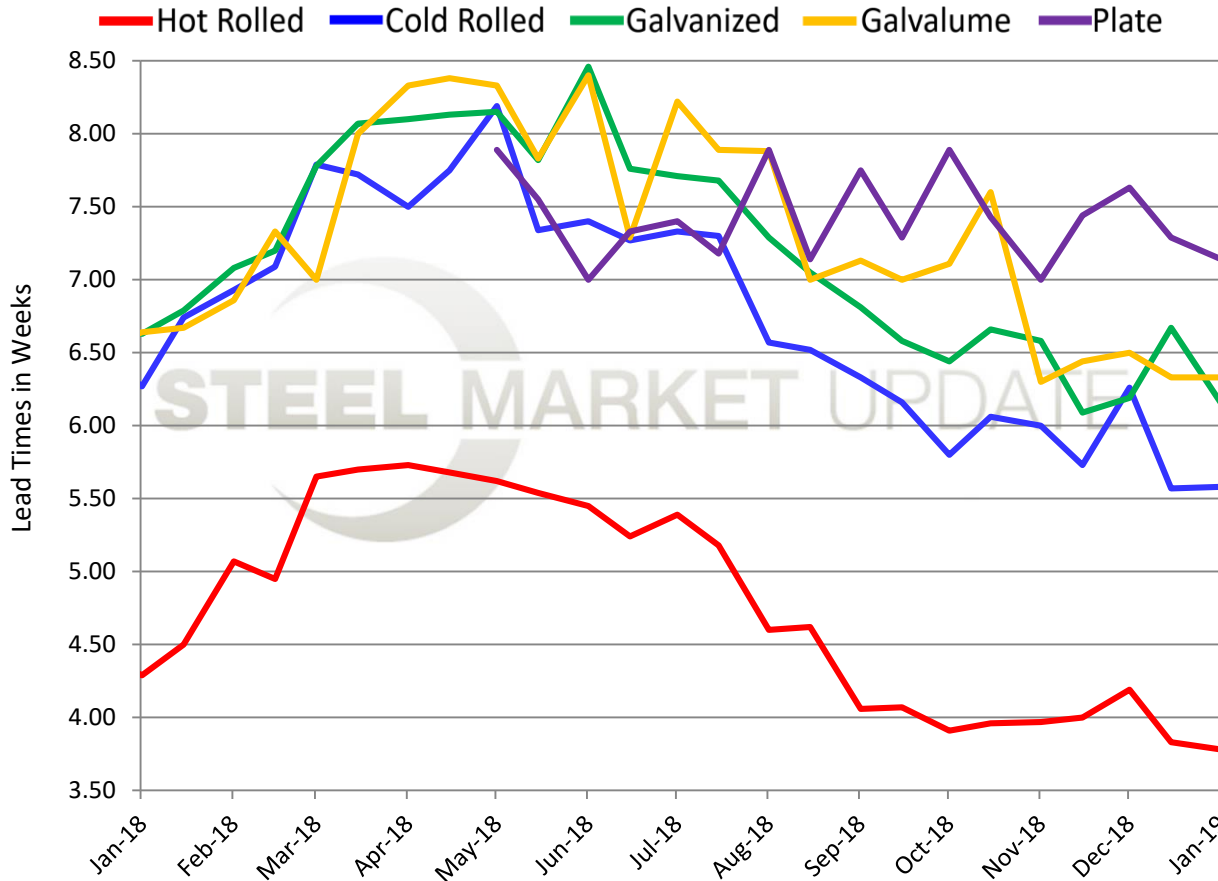


## Plate



# Mill Lead Times

**Steel Market Update Lead Times Comparison**

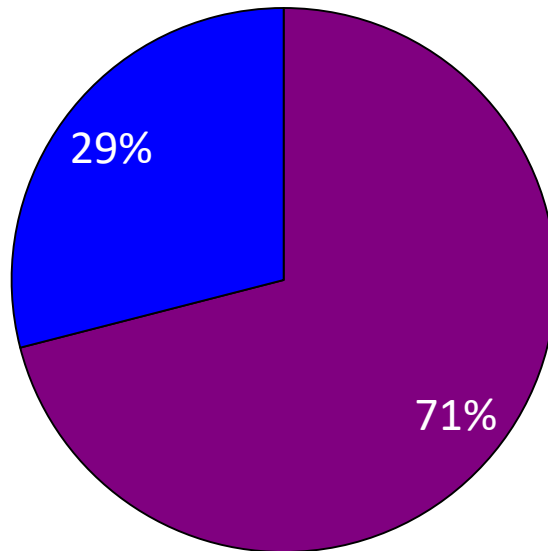


**Hot Rolled: 3.78**  
**Cold Rolled: 5.58**  
**Galvanized: 6.15**  
**Galvalume: 6.33**  
**Plate: 7.14**

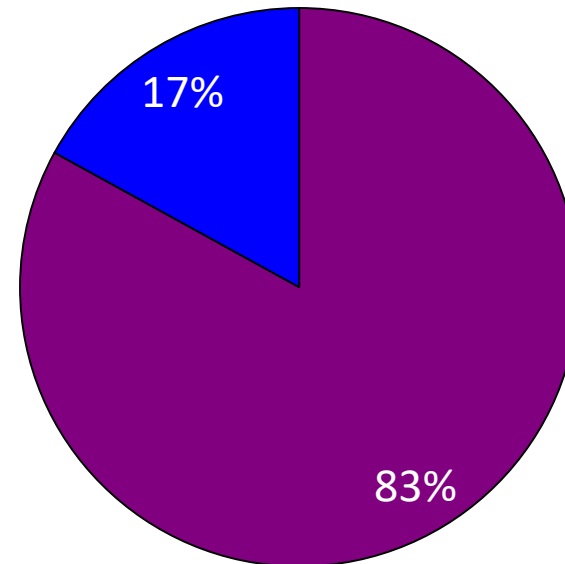
Does your company buy foreign steel?

■ Yes ■ No

## Manufacturers



## Service Centers

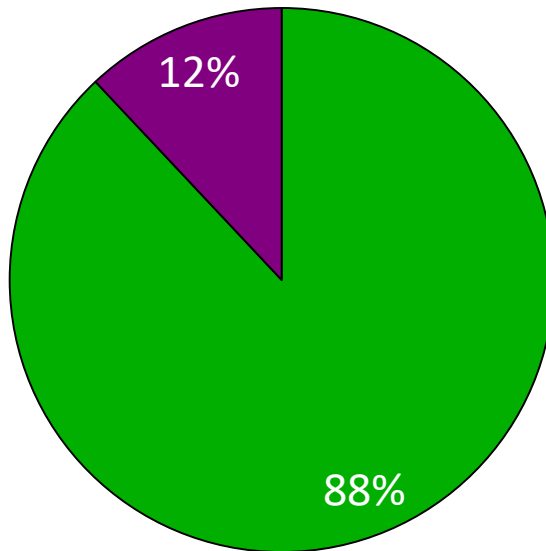




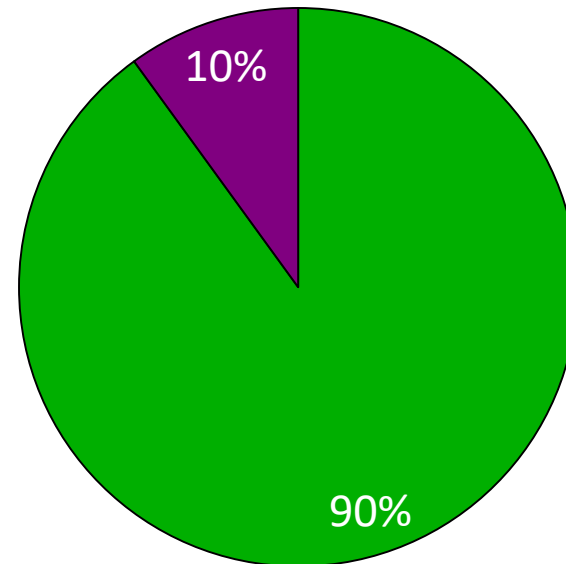
Are your foreign steel suppliers quoting you prices for new orders for future delivery?

Yes No

## Manufacturers



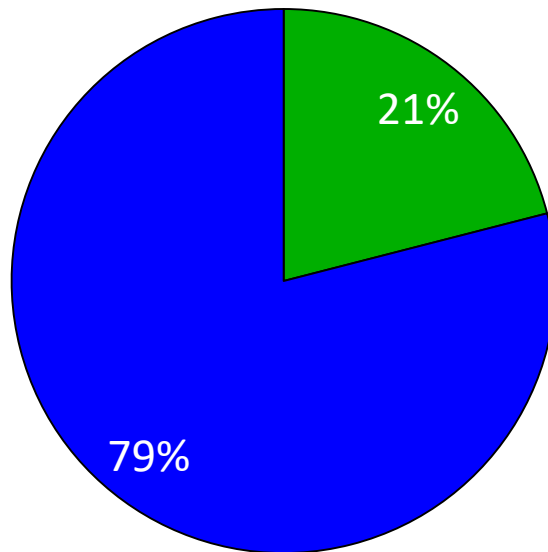
## Service Centers



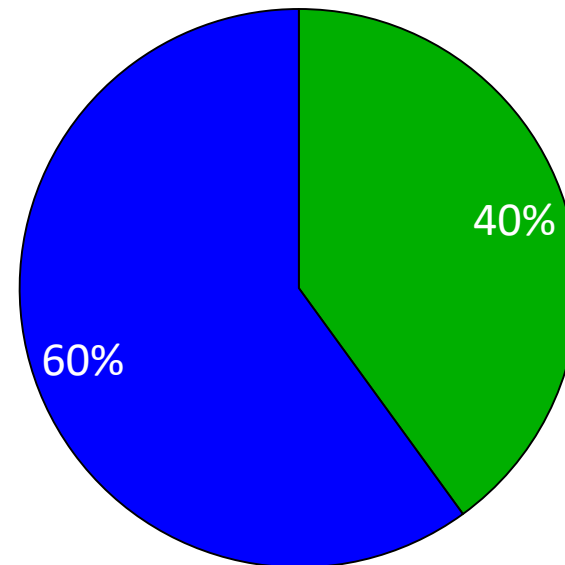
Are you moving foreign orders to the domestic steel mills?

Yes No

## Manufacturers



## Service Centers

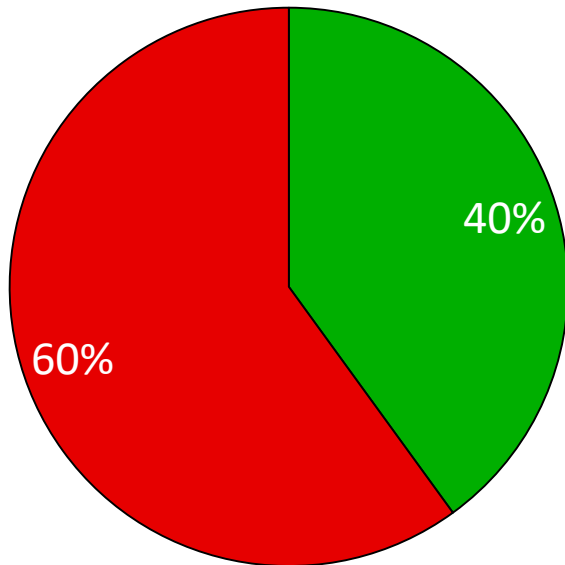


# Trading Companies

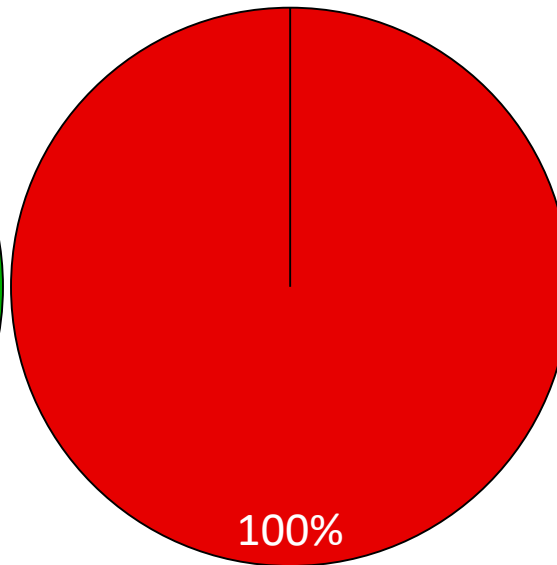
At this time, are you seeing an increase in requests for quotes from North American buyers for foreign steel?

Yes No

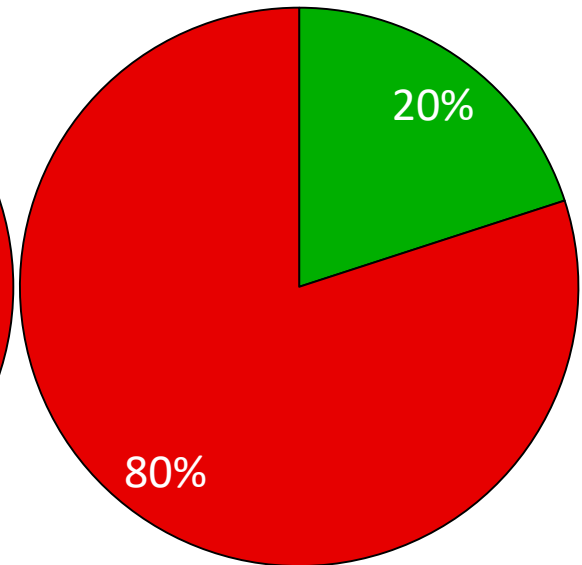
October 5, 2018



December 7, 2018



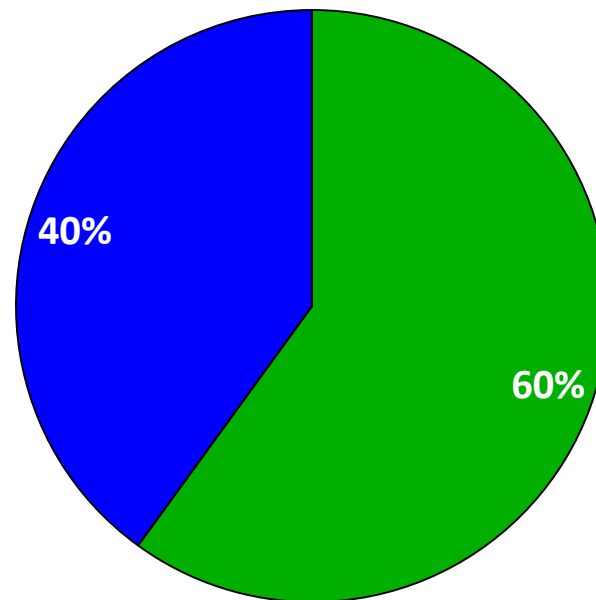
January 11, 2019



# Trading Companies

Based on your company's order flows do you believe there will be less foreign steel coming into the United States in Q4 2018 than 3Q 2018?

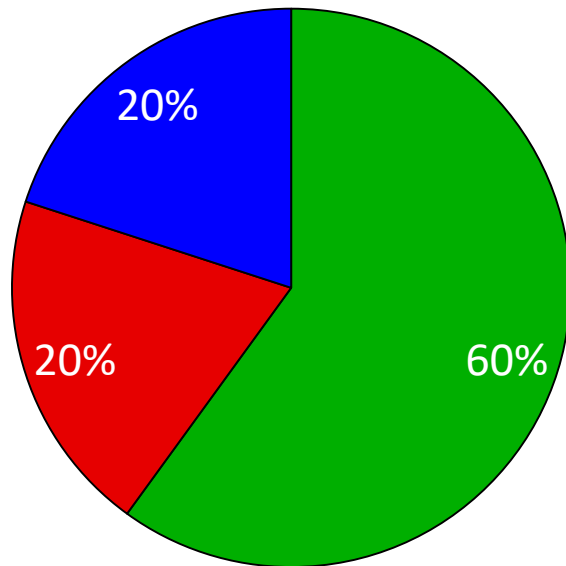
Less More Same as now



# Trading Companies

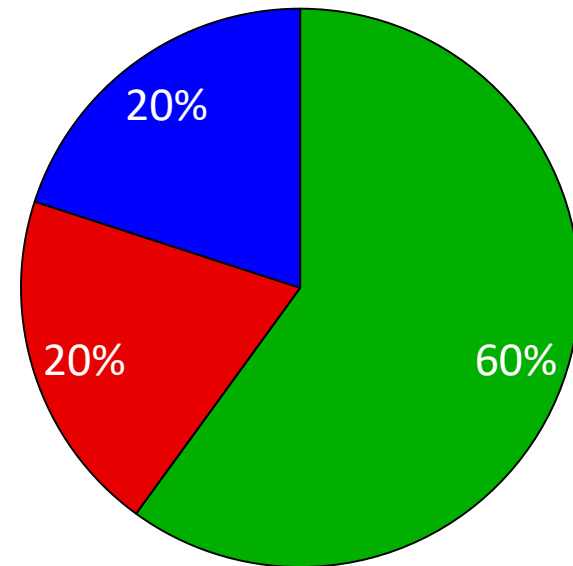
Will your galvanized prices be competitive enough to get new orders (including the new duties)?

- Yes
- No
- Too early to tell



Will your Galvalume prices be competitive enough to get new orders (including the new duties)?

- Yes
- No
- Too early to tell



# 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](https://SteelMarketUpdate.com).

# Look for Our Next Survey



Our next survey  
will be conducted  
the week of  
**January 21, 2019**



# STEEL MARKET UPDATE

part of the  Group

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