



STEEL MARKET UPDATE

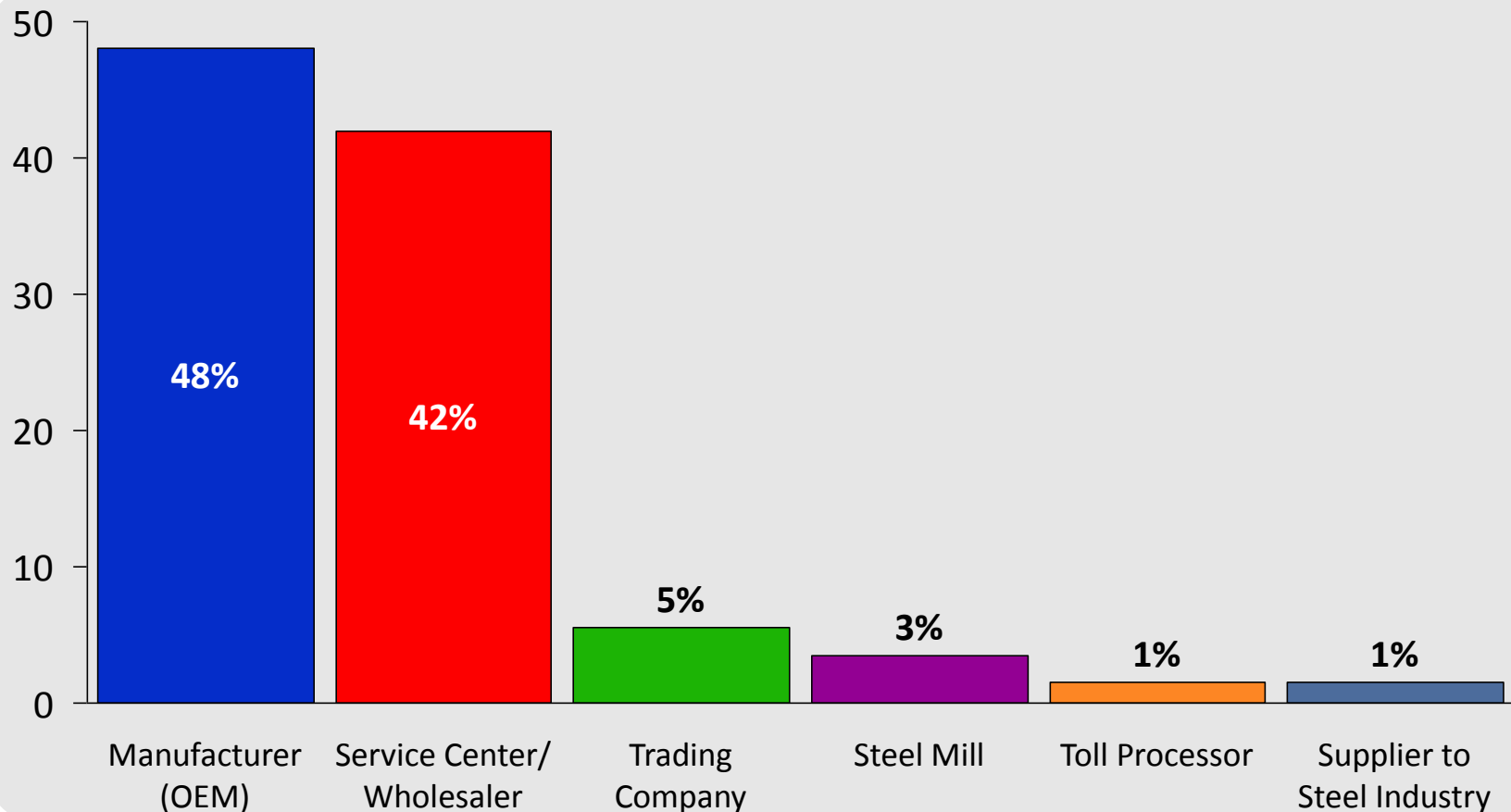
Steel Trends in a Turbulent Market

Responses from our January 20th 2014 Market Survey



Survey Participants

Our survey is by invitation only- Over 600 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

Current up 1 point to +44

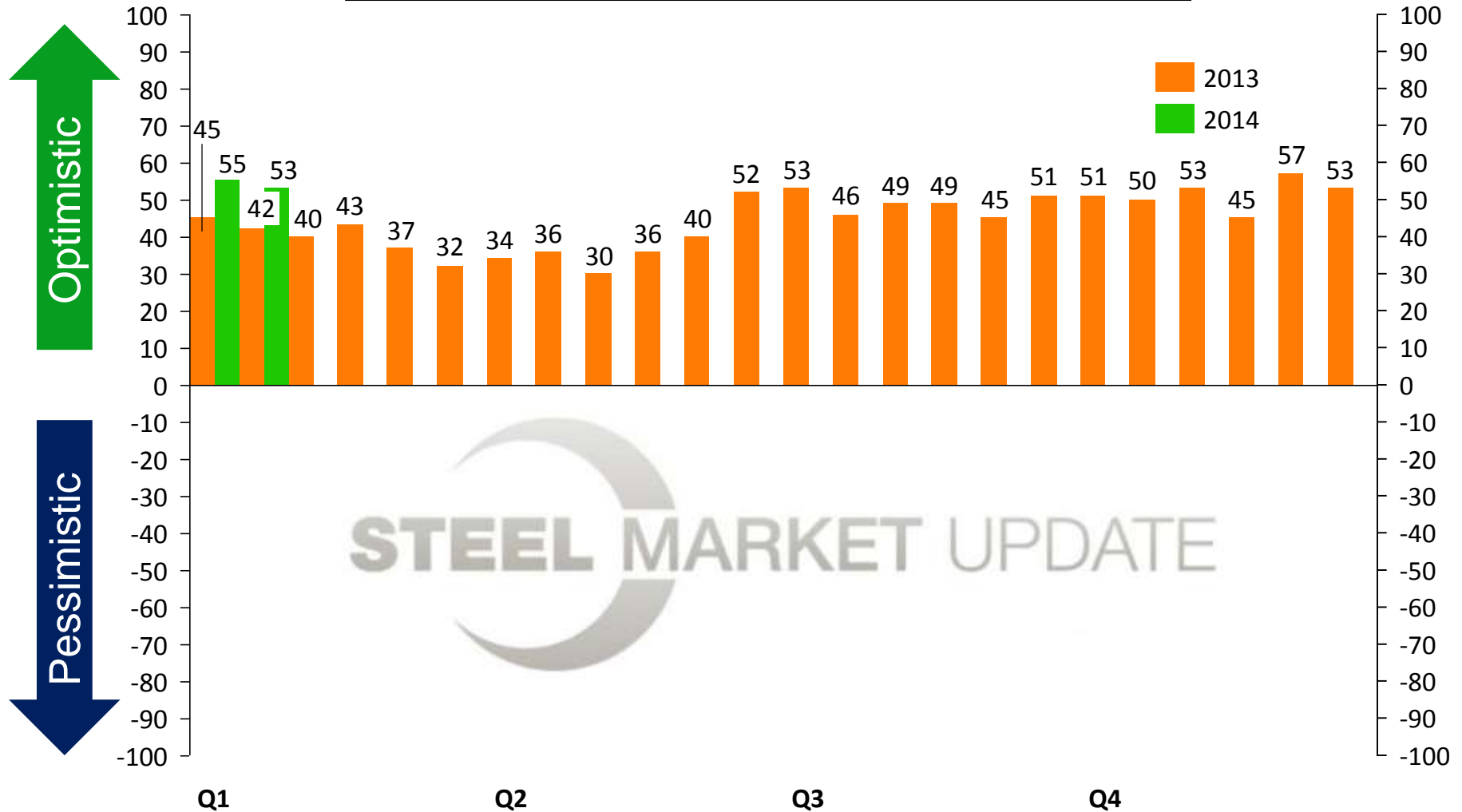
Steel Market Update Buyers Sentiment Index



SMU Future Buyers Sentiment

Future down 2 points to +53

Steel Market Update 'Future' Buyers Sentiment Index

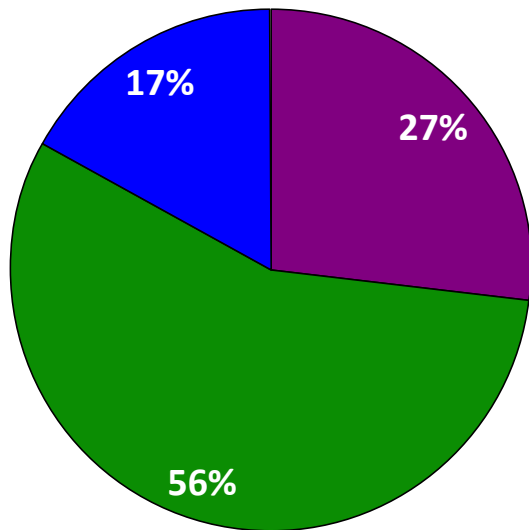


Overall Demand

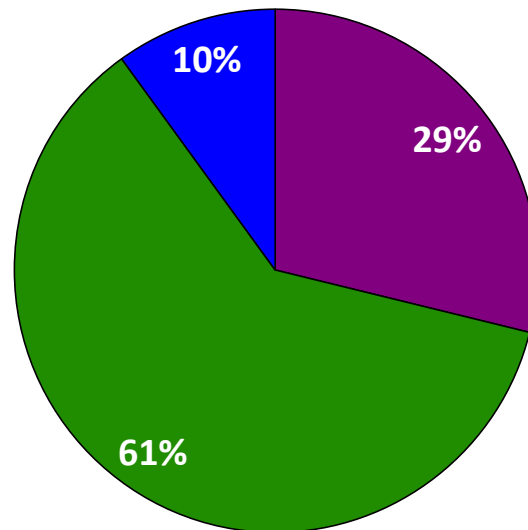
Are you seeing demand for your products improving, remaining the same or declining?

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

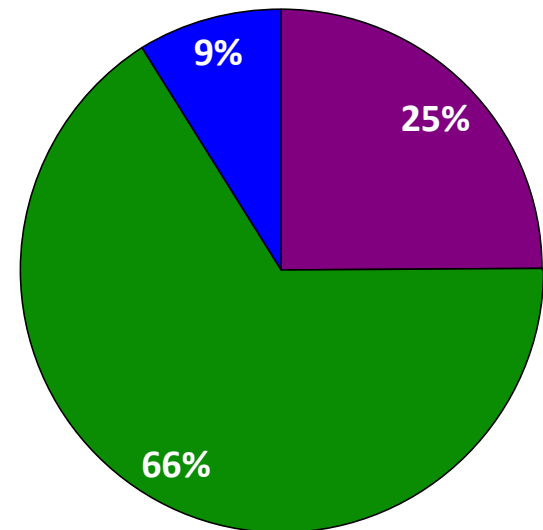
December 6th 2013



January 10th 2014



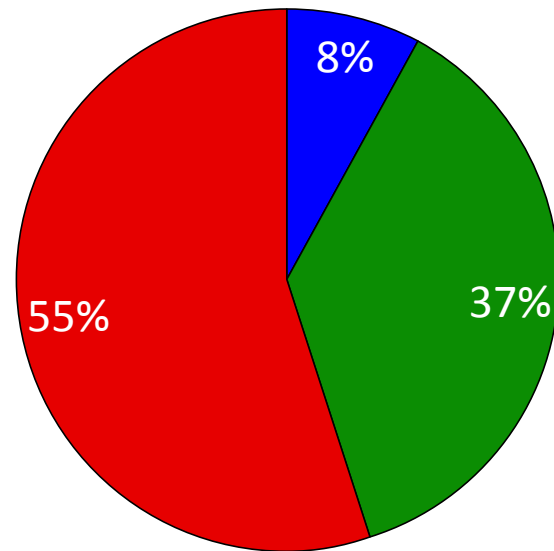
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Flat Rolled Price Direction

The next direction flat rolled steel prices will be heading from here is...?

- Higher
- Lower
- Sideways

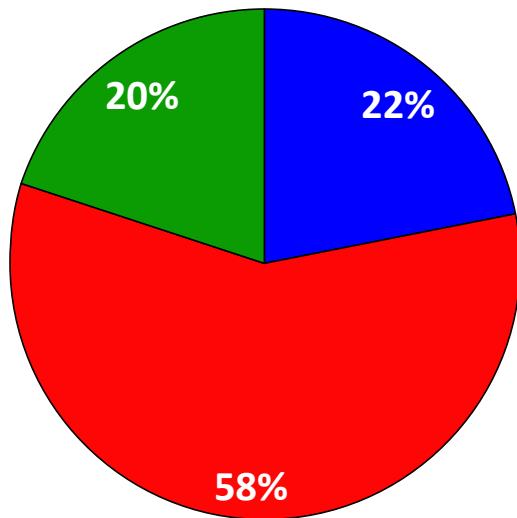


Manufacturer Purchases

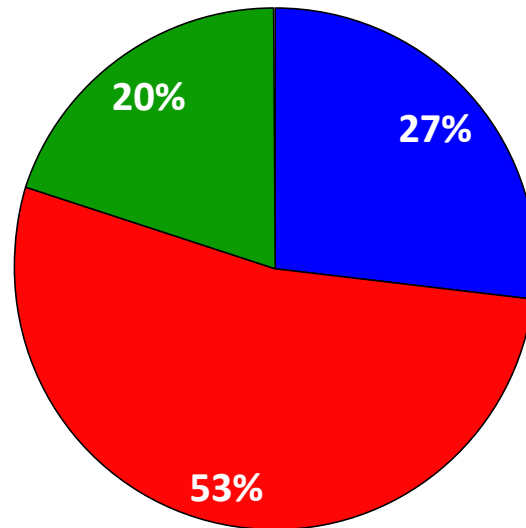
Manufacturers- Compared to this time last year – is your company buying more, less or the same amount of flat rolled steel as one year ago?

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

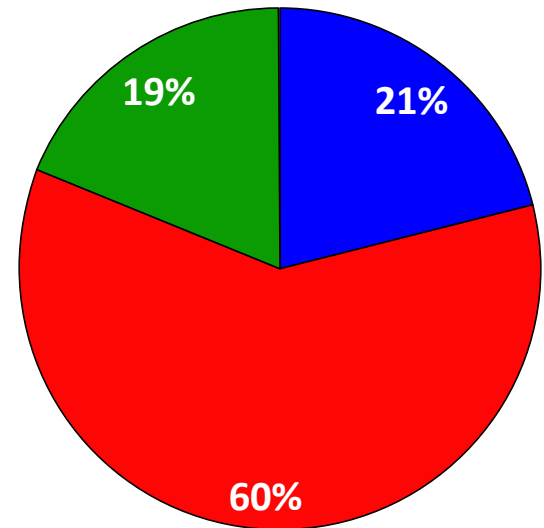
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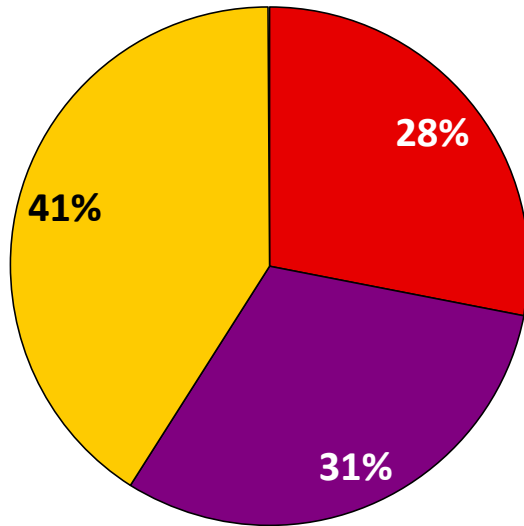


Service Center Releases

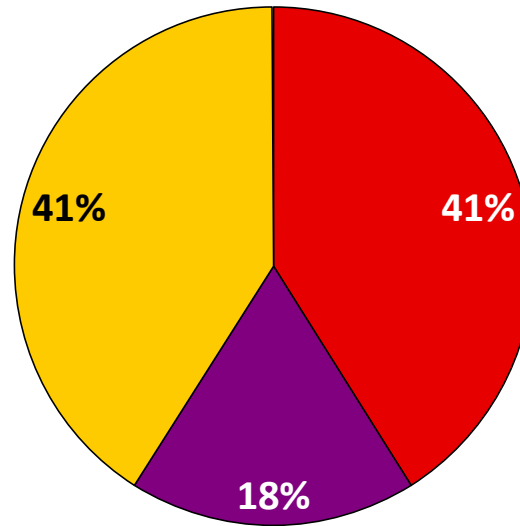
Service Centers- How do you see your customers releases (demand) for the products your company provides this year compared to this time last year?

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

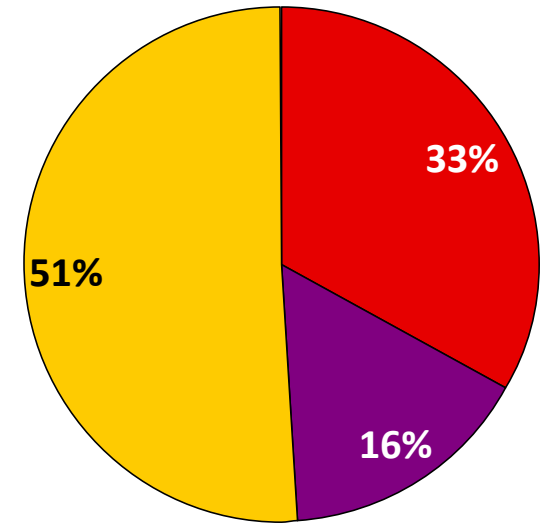
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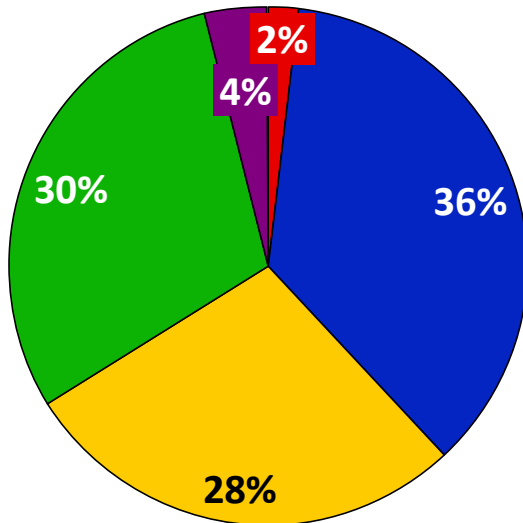


Manufacturer Demand

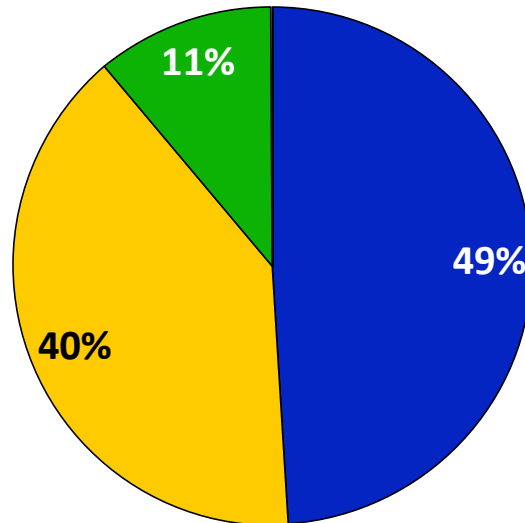
Manufacturers- Demand for your products will _____ over the next 3 months based on current order flows.

- Increase substantially
- Increase marginally
- Remain the same
- Decline marginally
- Decline substantially

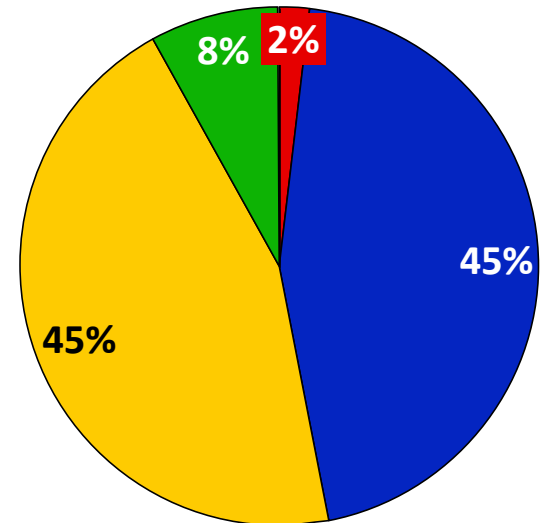
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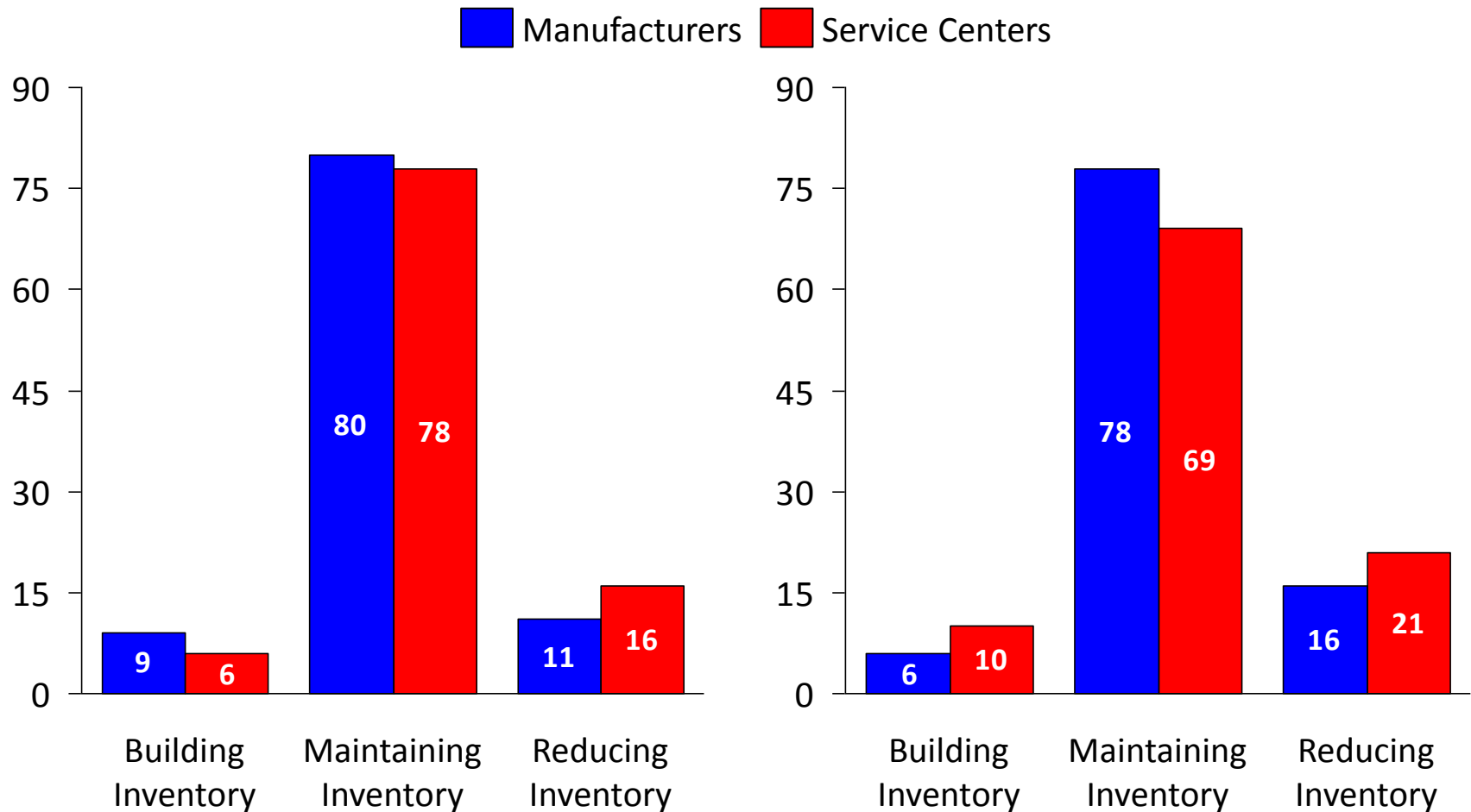
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Manufacturer and Service Center Inventory Buying Patterns

January 10th 2014

January 24th 2014

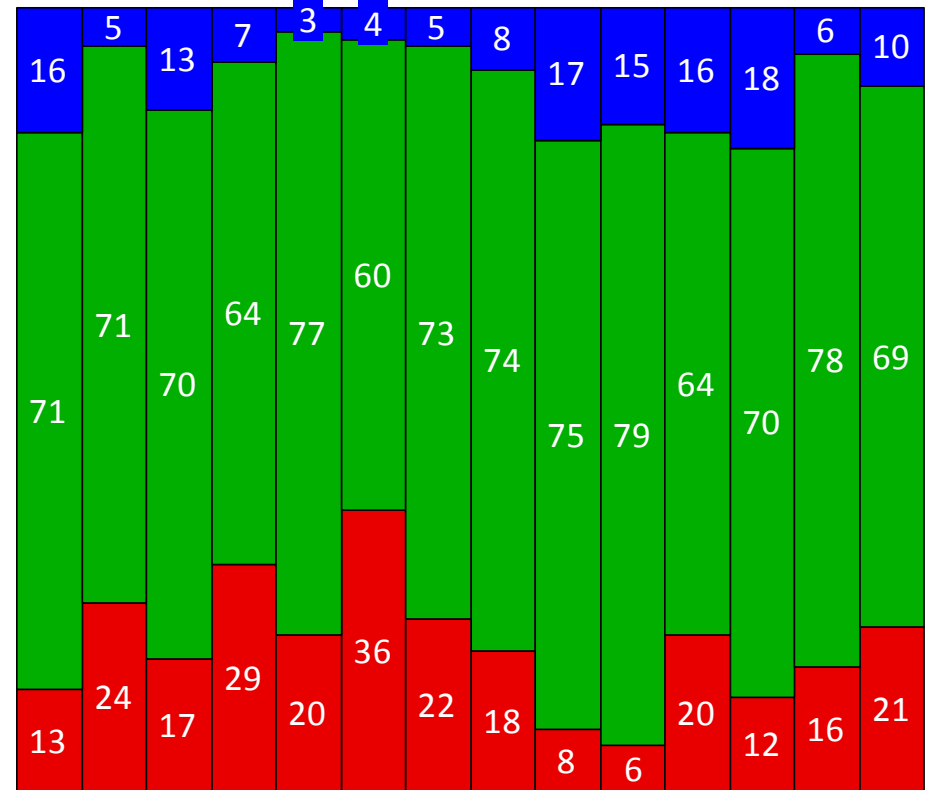
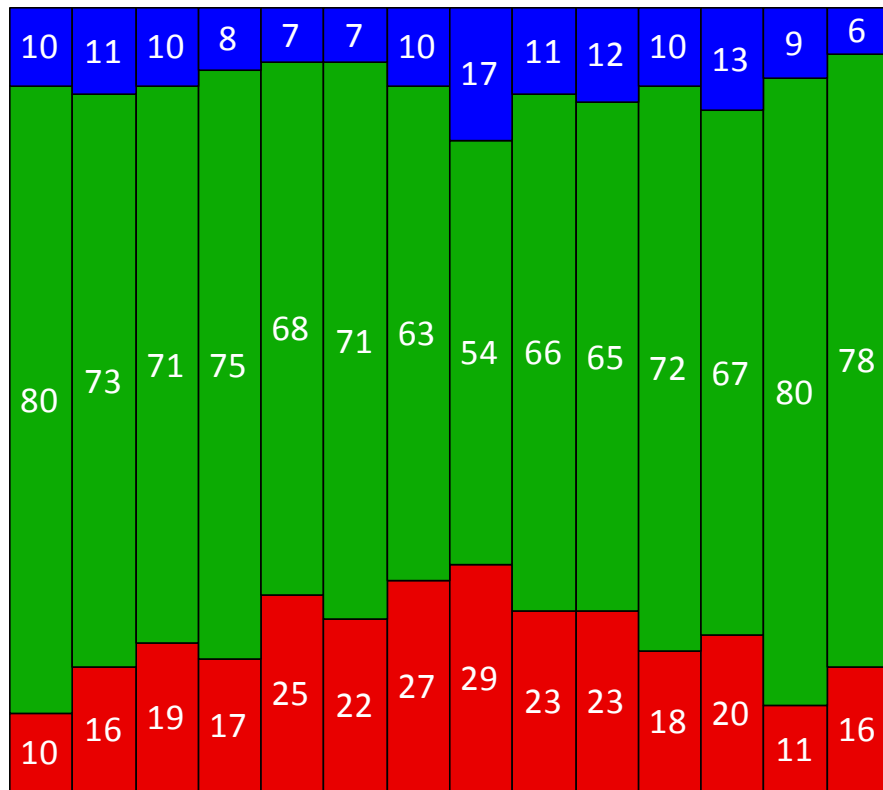


Manufacturer and Service Center Inventory Buying History

Manufacturers

Service Centers

- Building Inventory
- Maintaining Inventory
- Reducing Inventory



Q3

Q4

Q1

2014

Q3

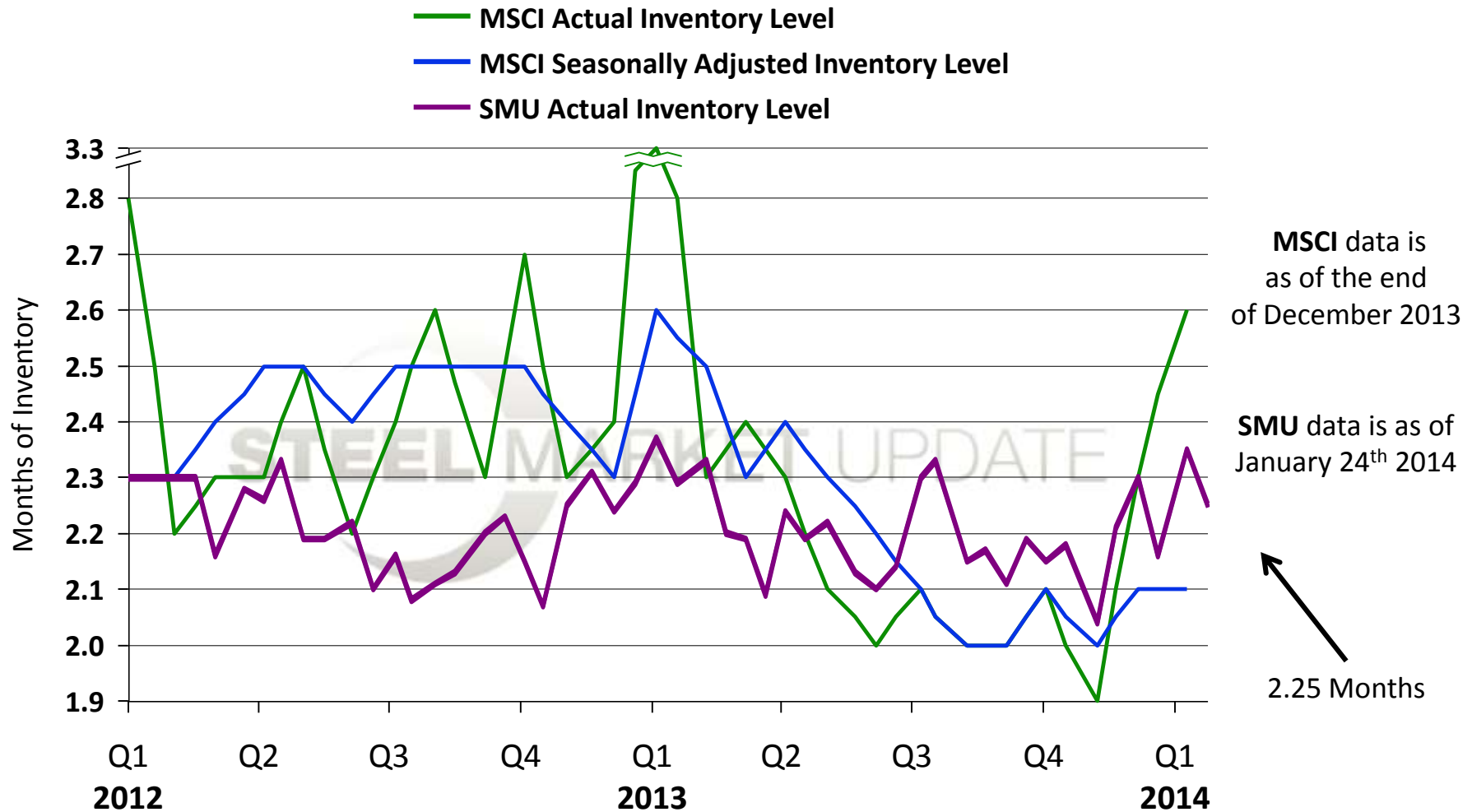
Q4

Q1

2014

Service Center Months on Hand History

SMU Service Center & MSCI Inventory Level History Comparison



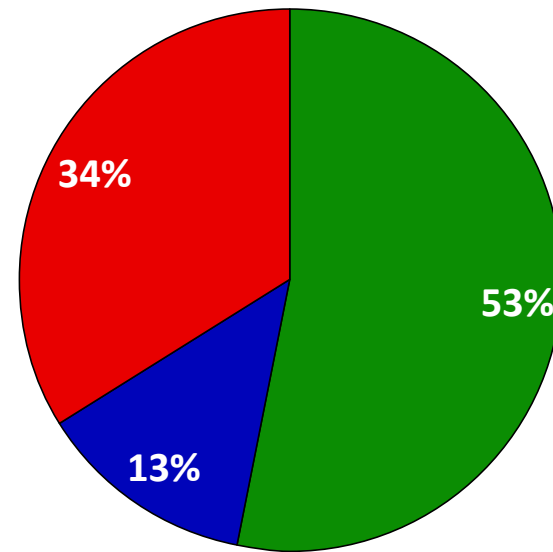
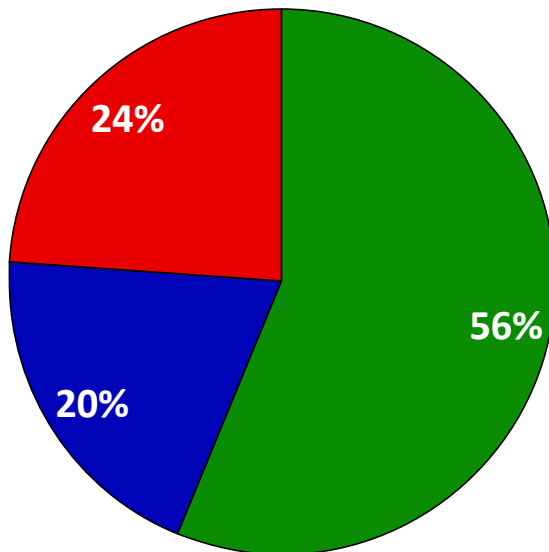
Mill Delivery Performance

How would you describe the mill's on time delivery performance right now?

Manufacturers

Service Centers

- They are delivering orders on time
- They are delivering orders early
- They are delivering orders late

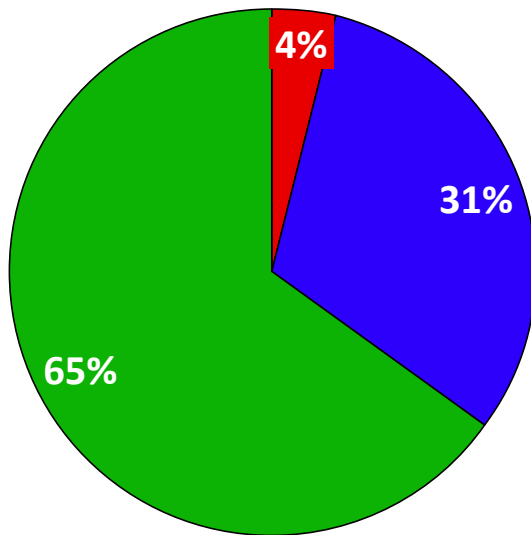


Manufacturer's View of Service Center Selling Prices

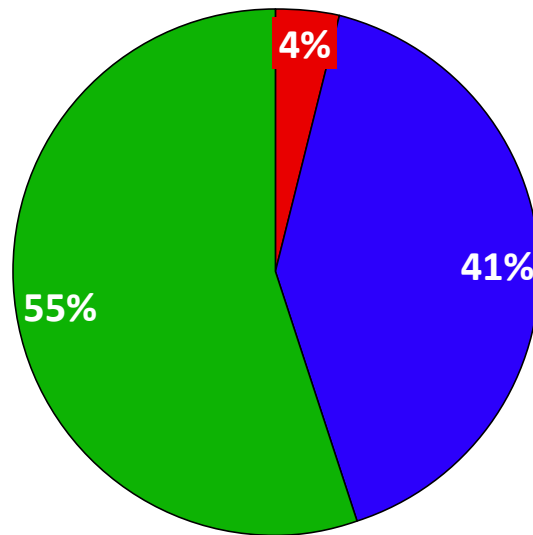
Manufacturers- Which comment do you feel is representative of service center pricing right now?

- 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

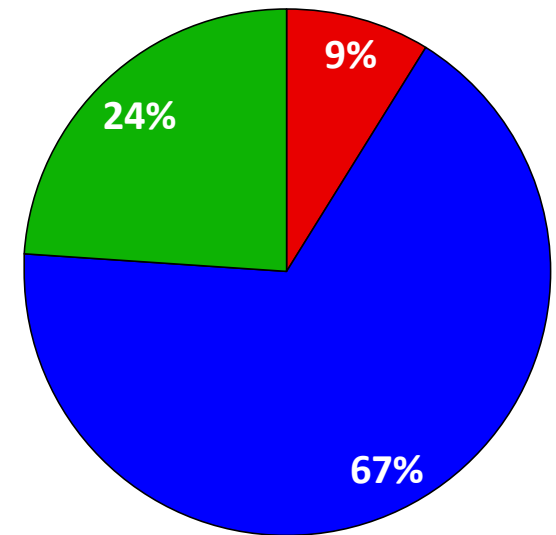
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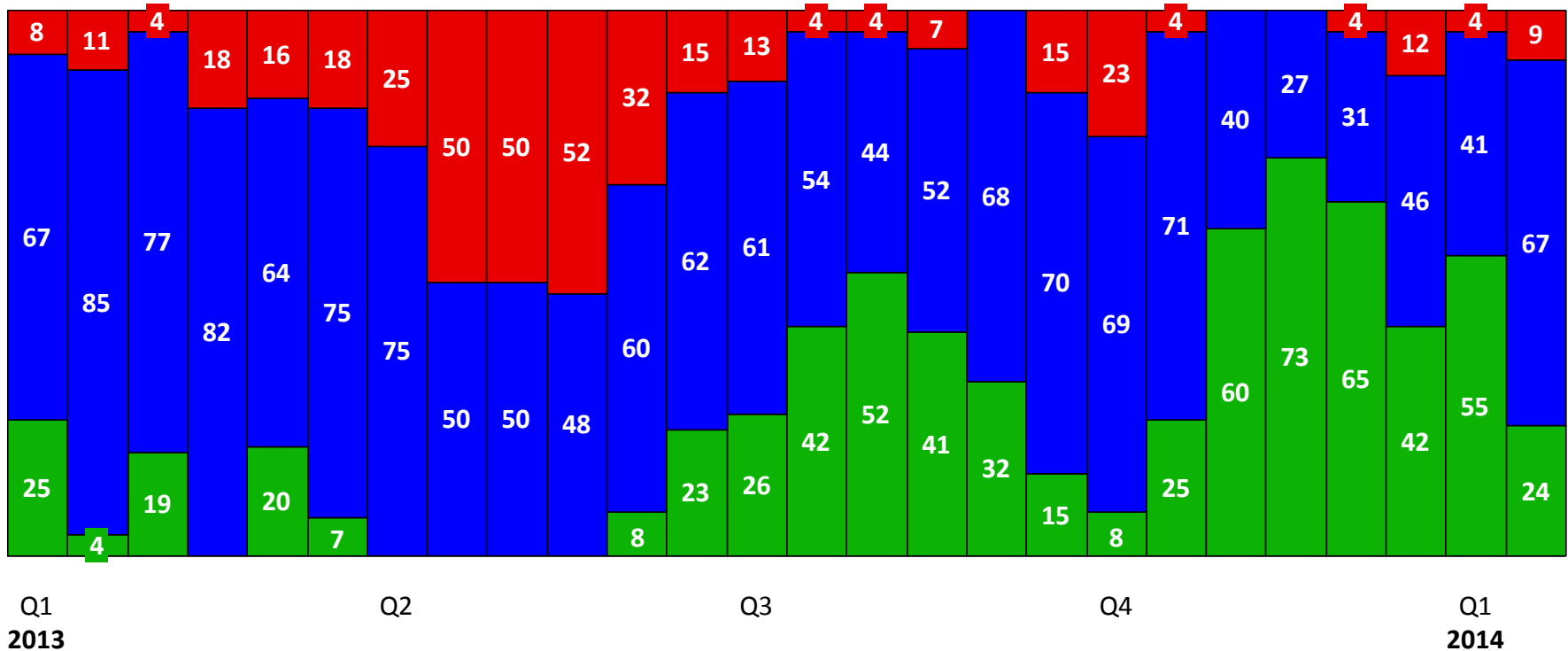
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Manufacturer's View of Service Center Selling Prices History

Manufacturers- Which comment do you feel is representative of service center pricing right now?

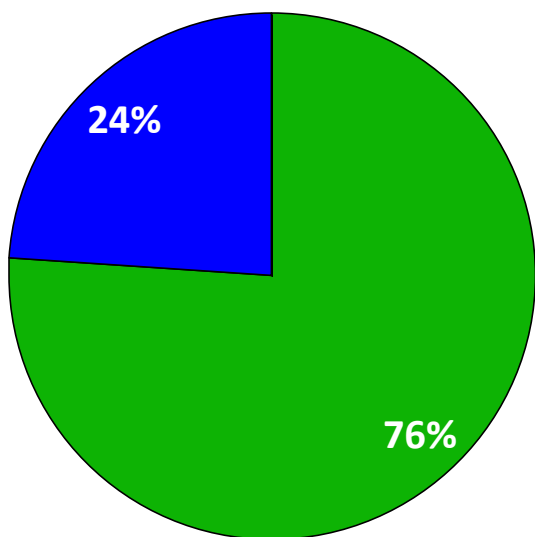
- We are seeing prices decreasing from our service center suppliers
- We are seeing prices stable (no change) from our service center suppliers
- We are seeing prices rising from our service center suppliers



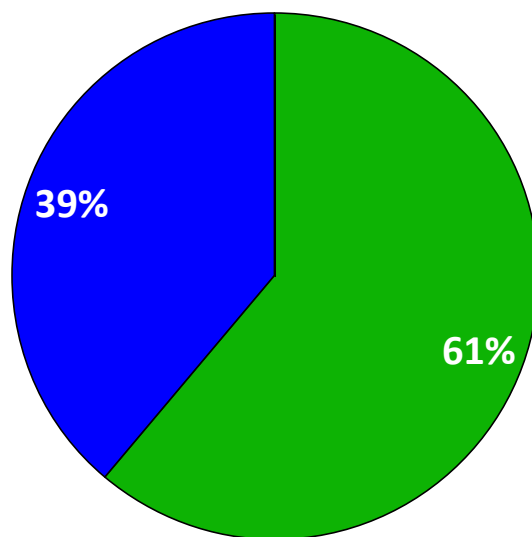
Service Centers- How is your company handling spot pricing to your customers at this time?

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

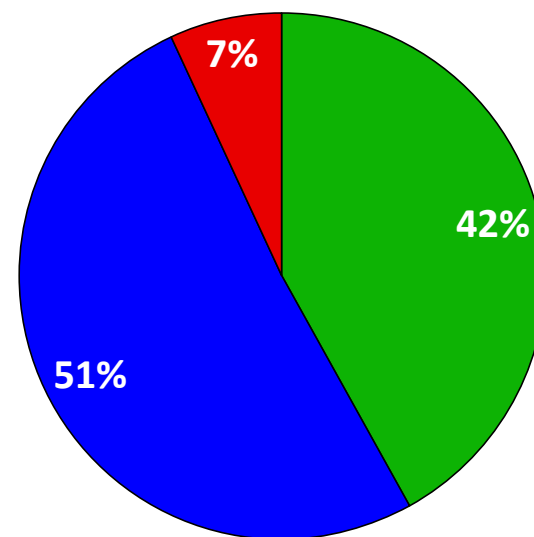
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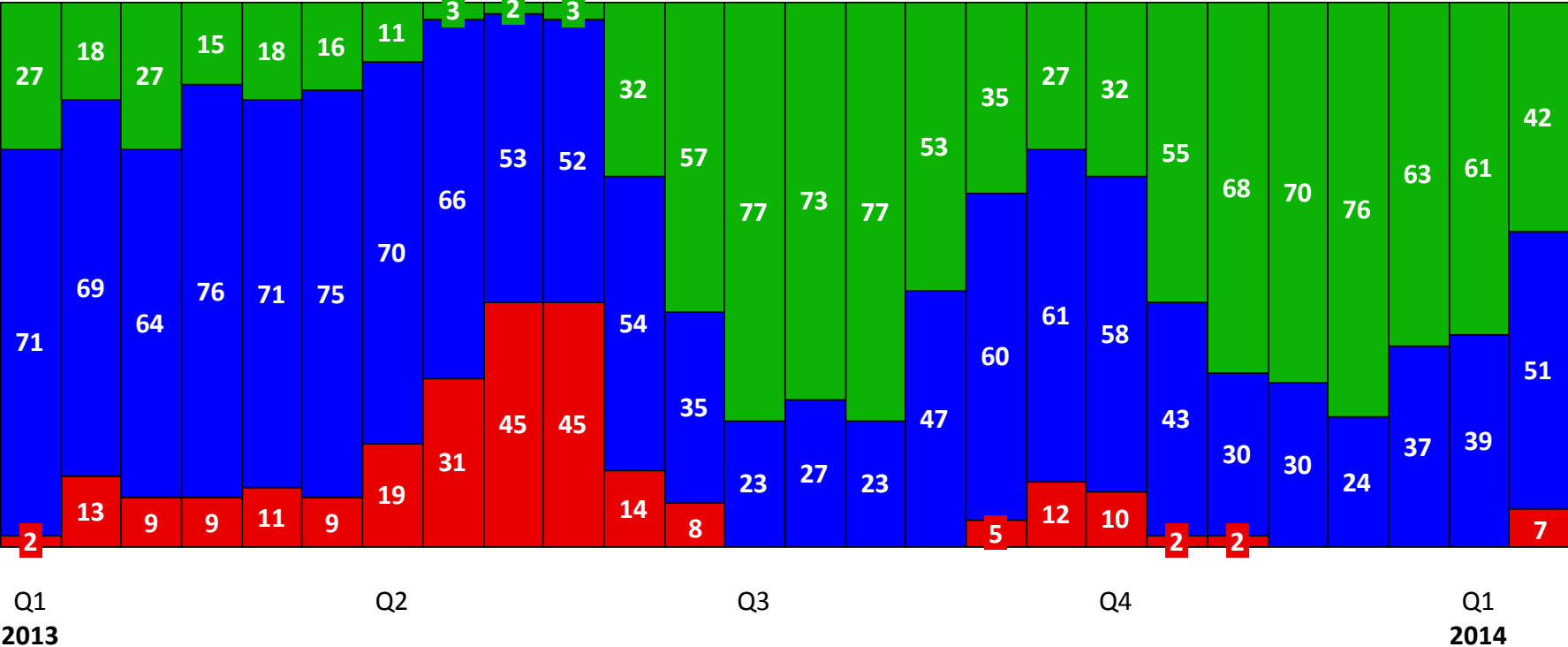
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Service Center View of Selling Prices History

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- We are raising prices
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- We are lowering prices



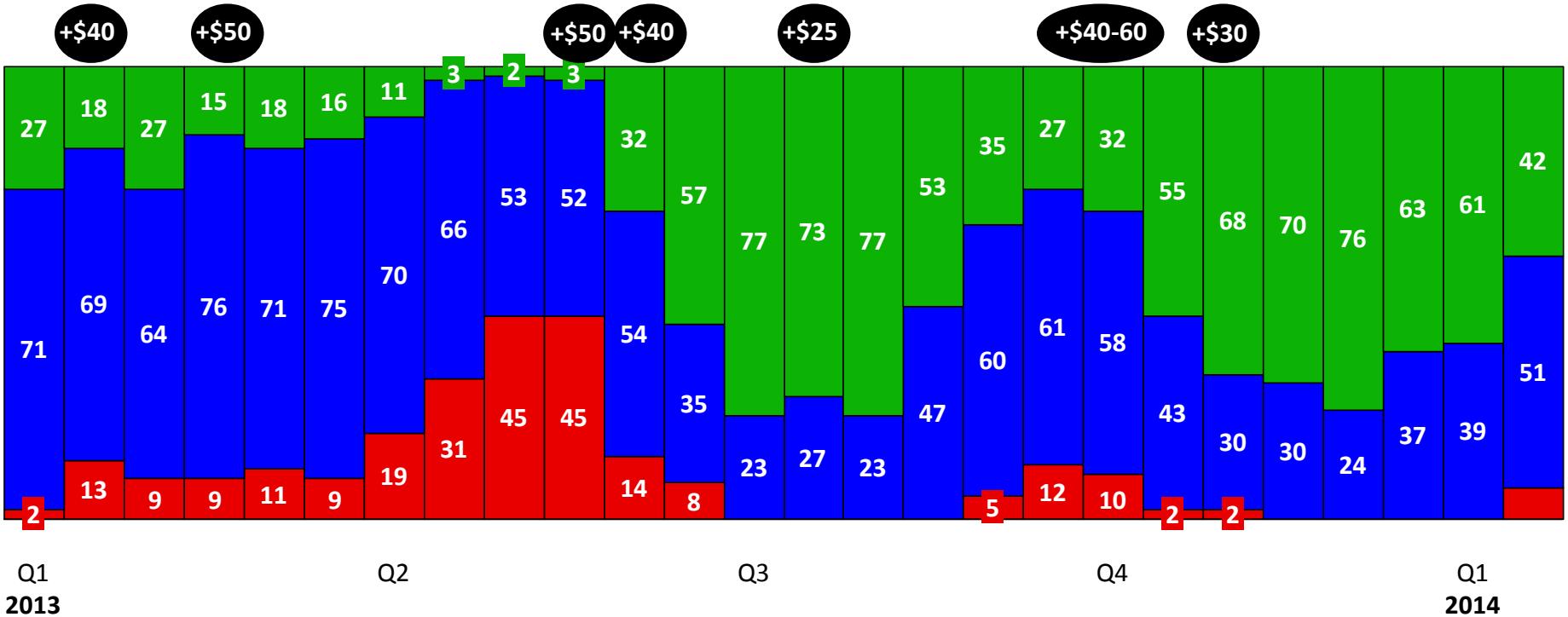
Service Center View of Selling Prices History

Service Centers- How is your company handling spot pricing to your customers at this time?




Historical AK Steel Price Announcements



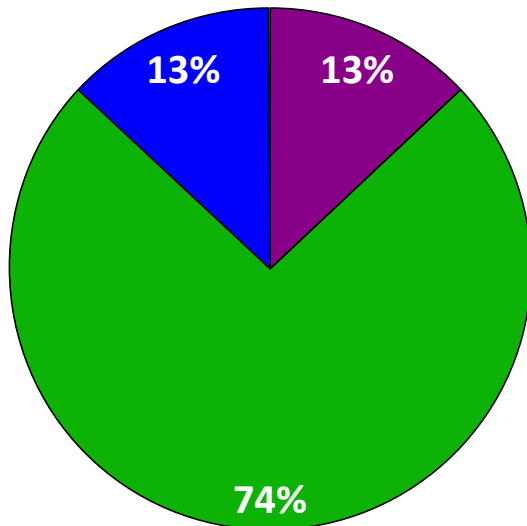
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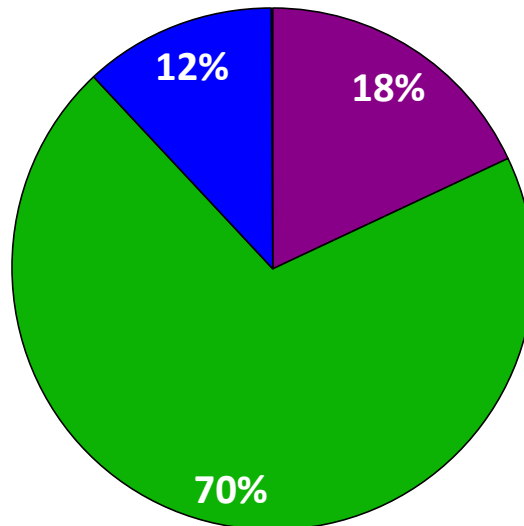
Service Centers- Are your manufacturing customers increasing orders, keeping them the same or reducing orders at this time?

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

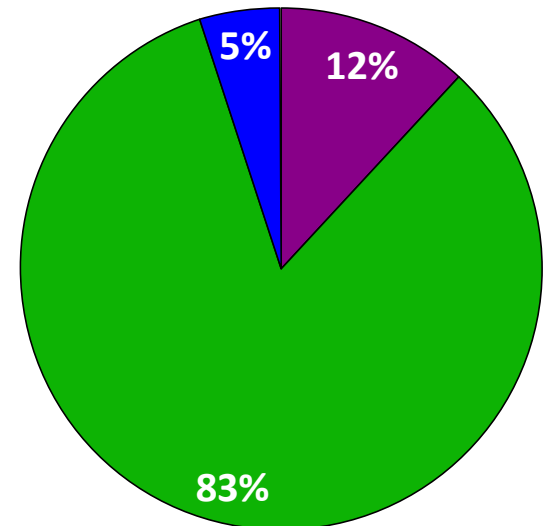
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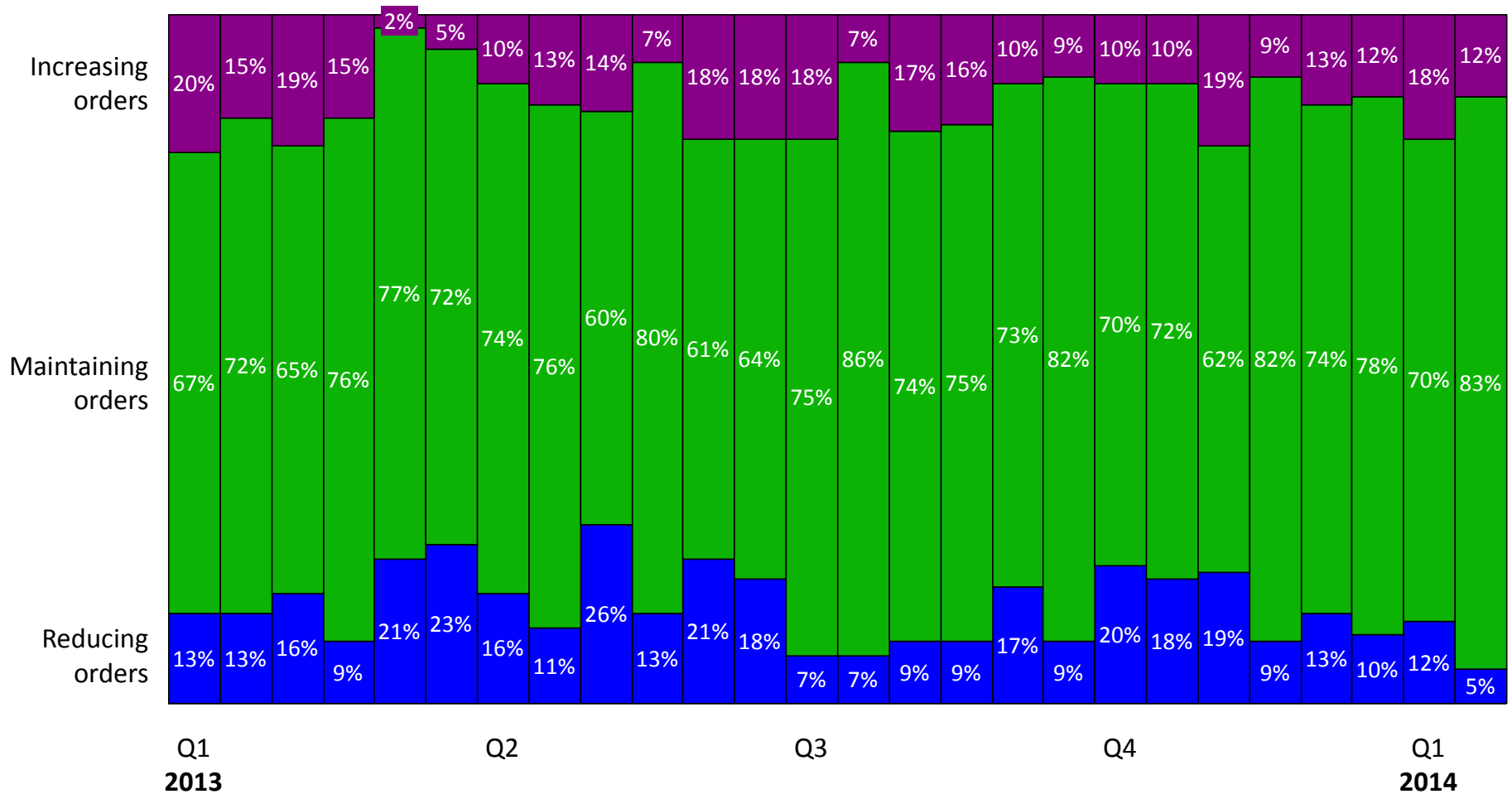


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Service Centers on Manufacturer Orders History

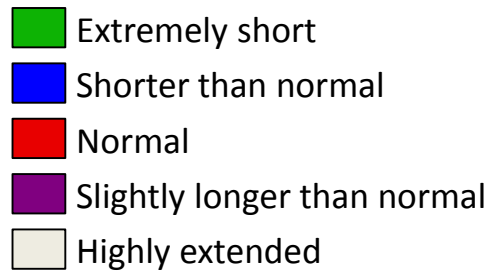
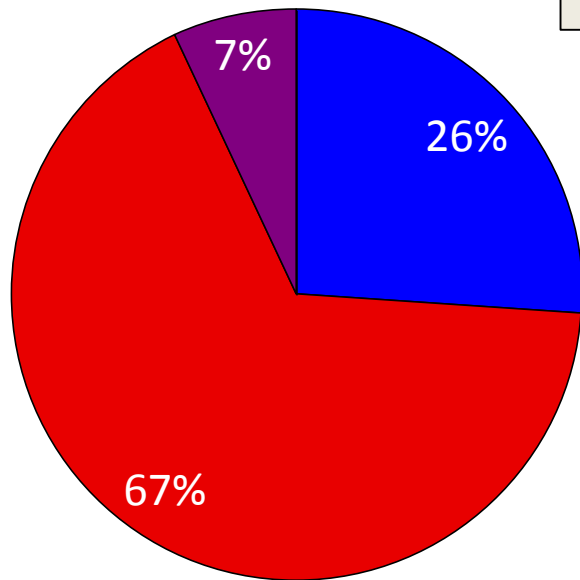
Service Centers- How are your manufacturing companies handling orders at this time?



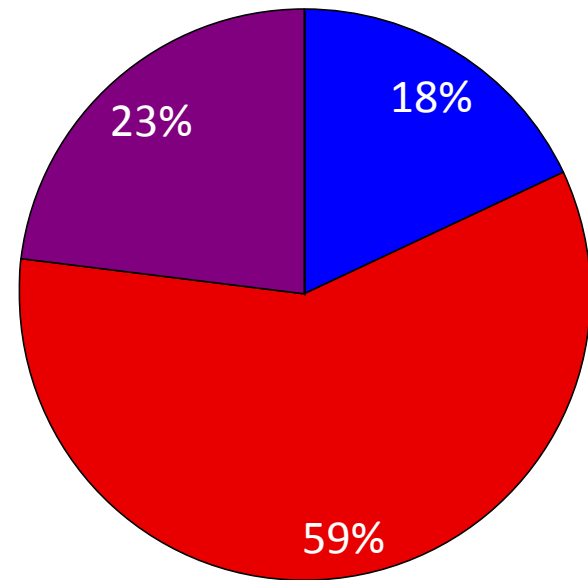
Mill Lead Times

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

Manufacturers



Service Centers



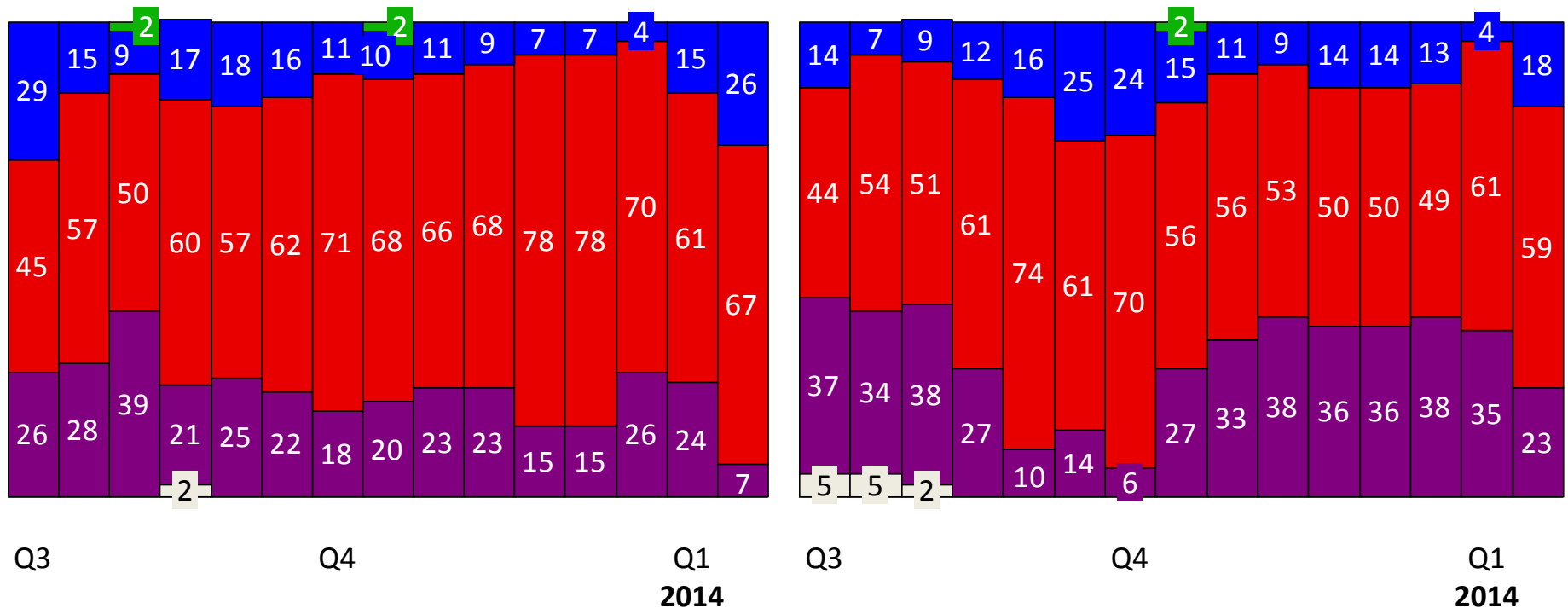
Mill Lead Times History

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

Manufacturers

Service Centers

- Extremely short
- Shorter than normal
- Normal
- Slightly longer than normal
- Highly extended

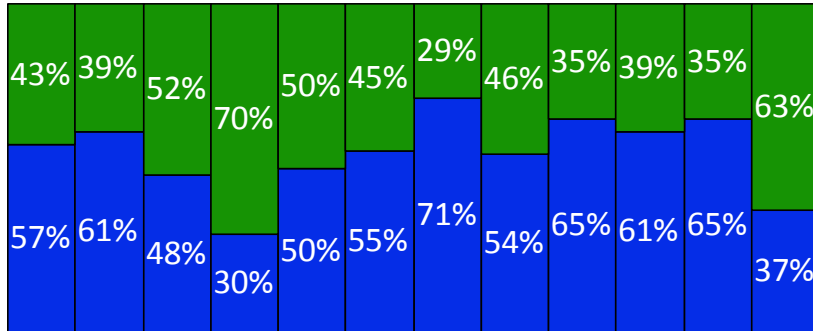


Mill Negotiations

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

Yes No

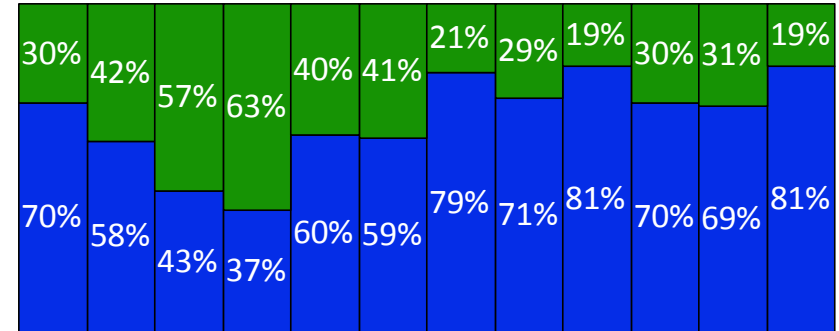
Hot Rolled Orders



Q4

Q1
2014

Cold Rolled Orders

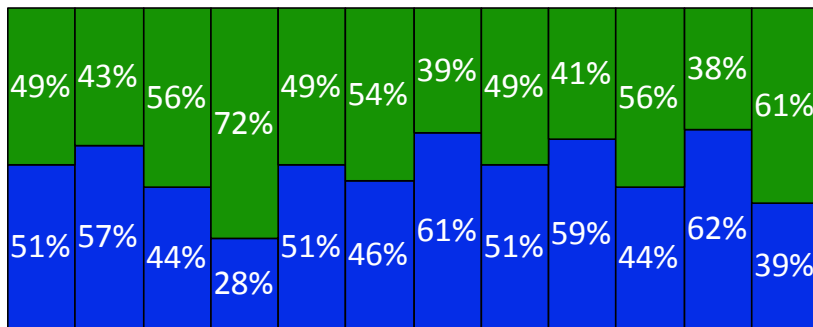


Q3

Q4

Q1
2014

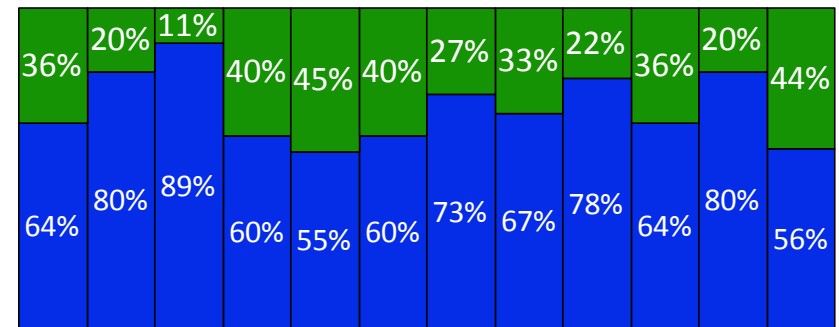
Galvanized Orders



Q4

Q1
2014

Galvalume Orders



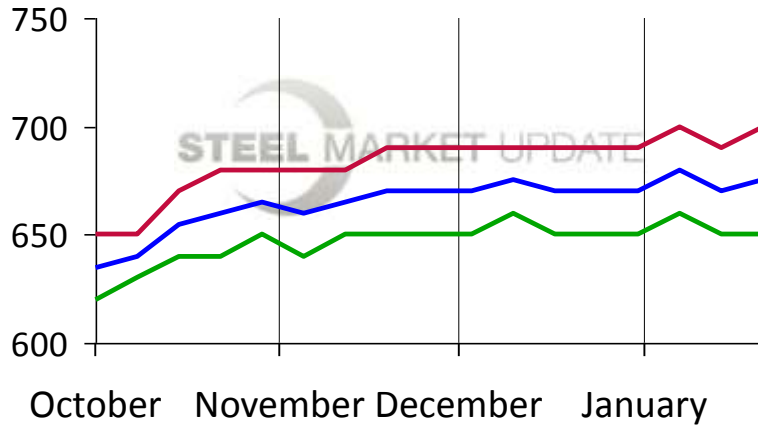
Q4

Q1
2014

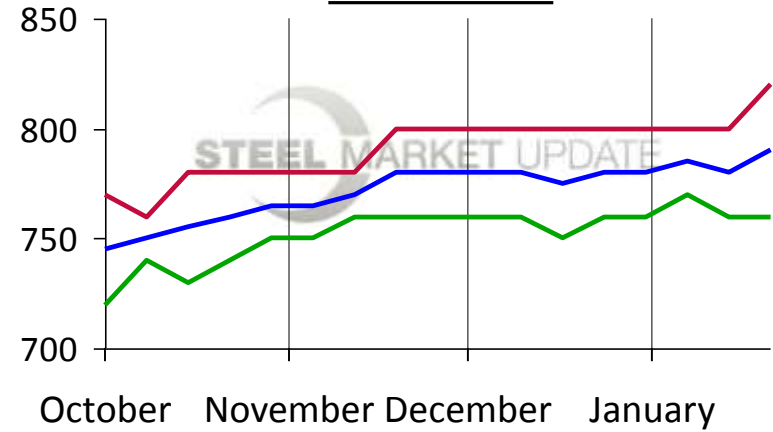
SMU Steel Prices

— Low — High — Average

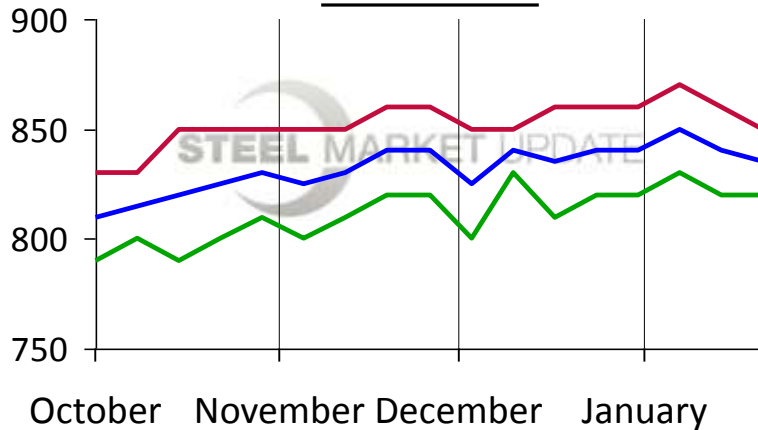
Hot Rolled



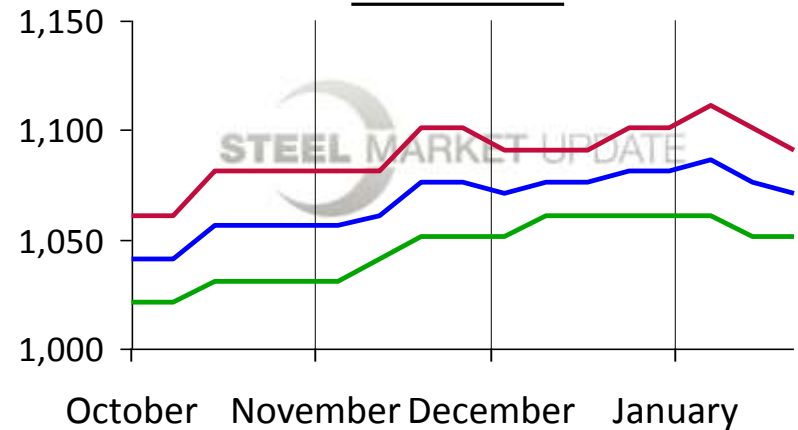
Cold Rolled



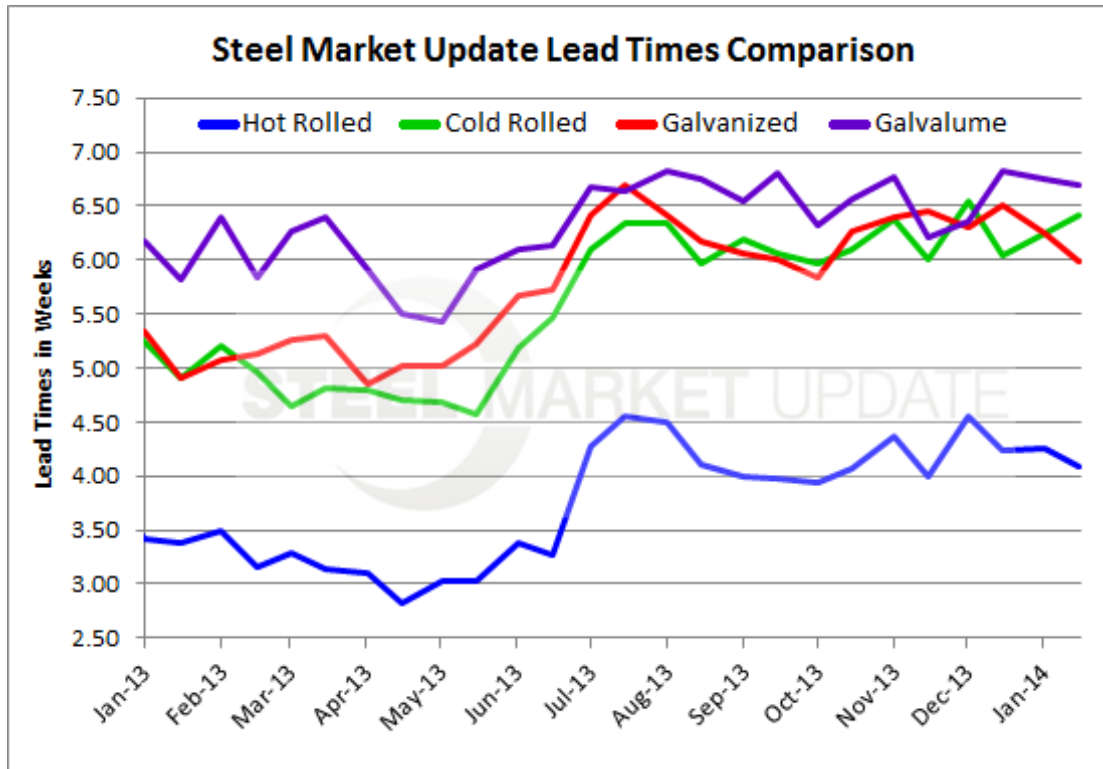
Galvanized



Galvalume



Lead Times (Weeks)



Hot Rolled: 4.09
Cold Rolled: 6.41
Galvanized: 5.98
Galvalume: 6.70

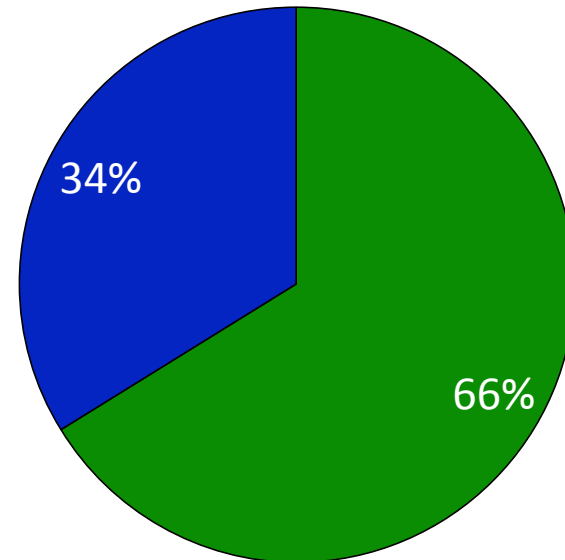
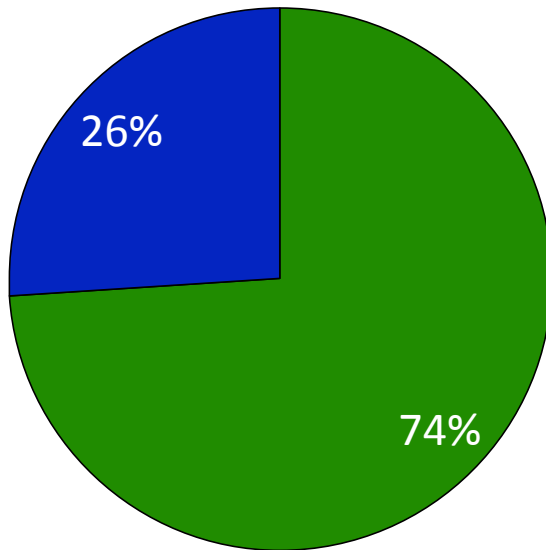
Domestic and Foreign Price Spread

Is the spread between domestic and foreign prices wide enough to justify buying foreign steel?

Manufacturers

Service Centers

Yes No



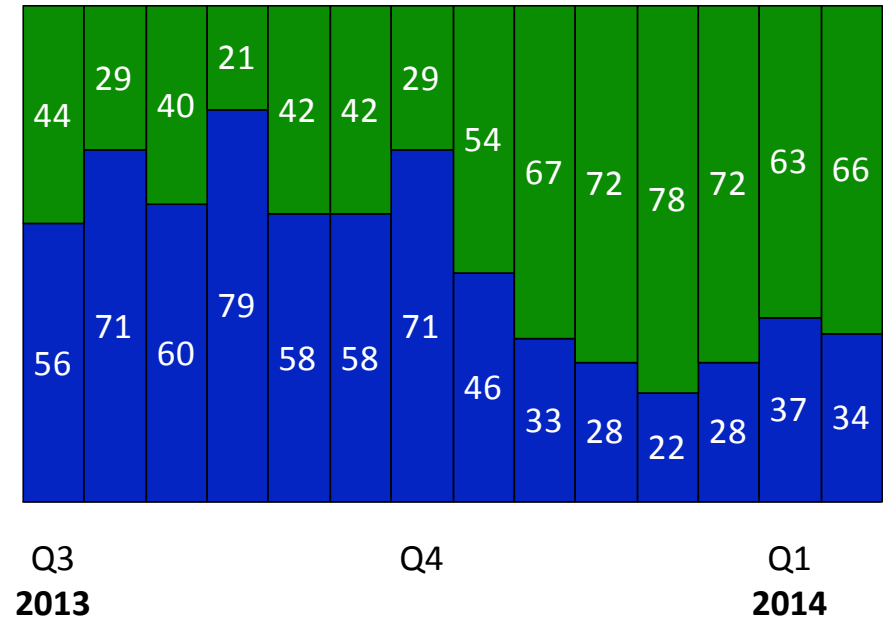
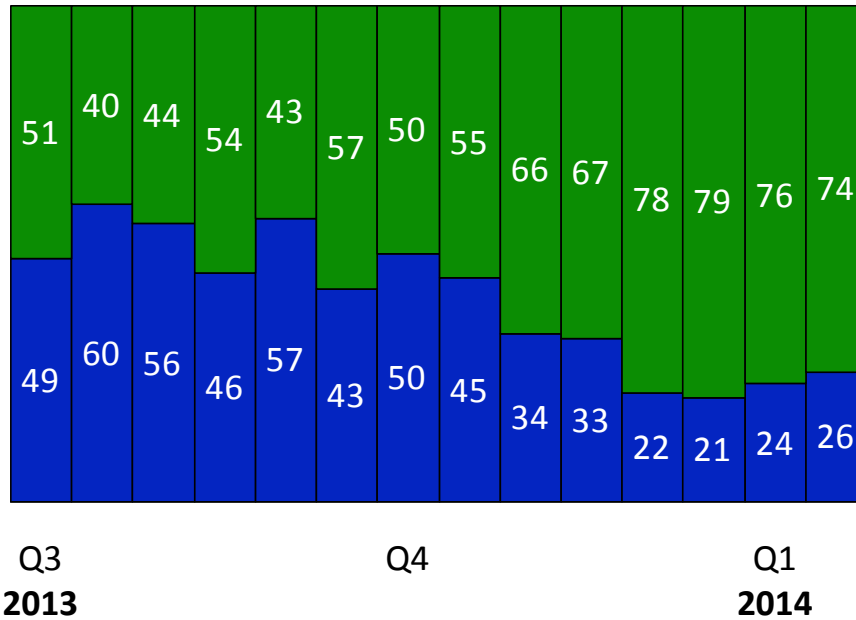
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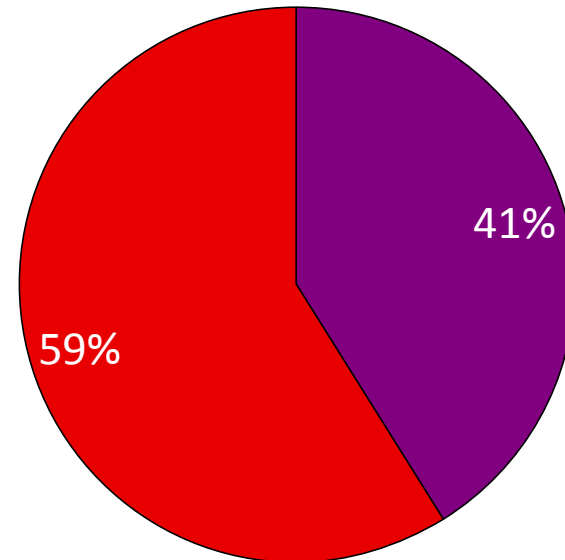
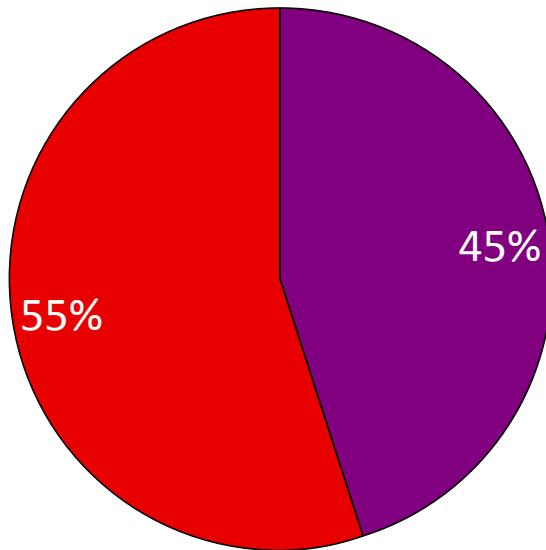
New Foreign Orders

Is your company entering new foreign orders right now?

Manufacturers

Service Centers

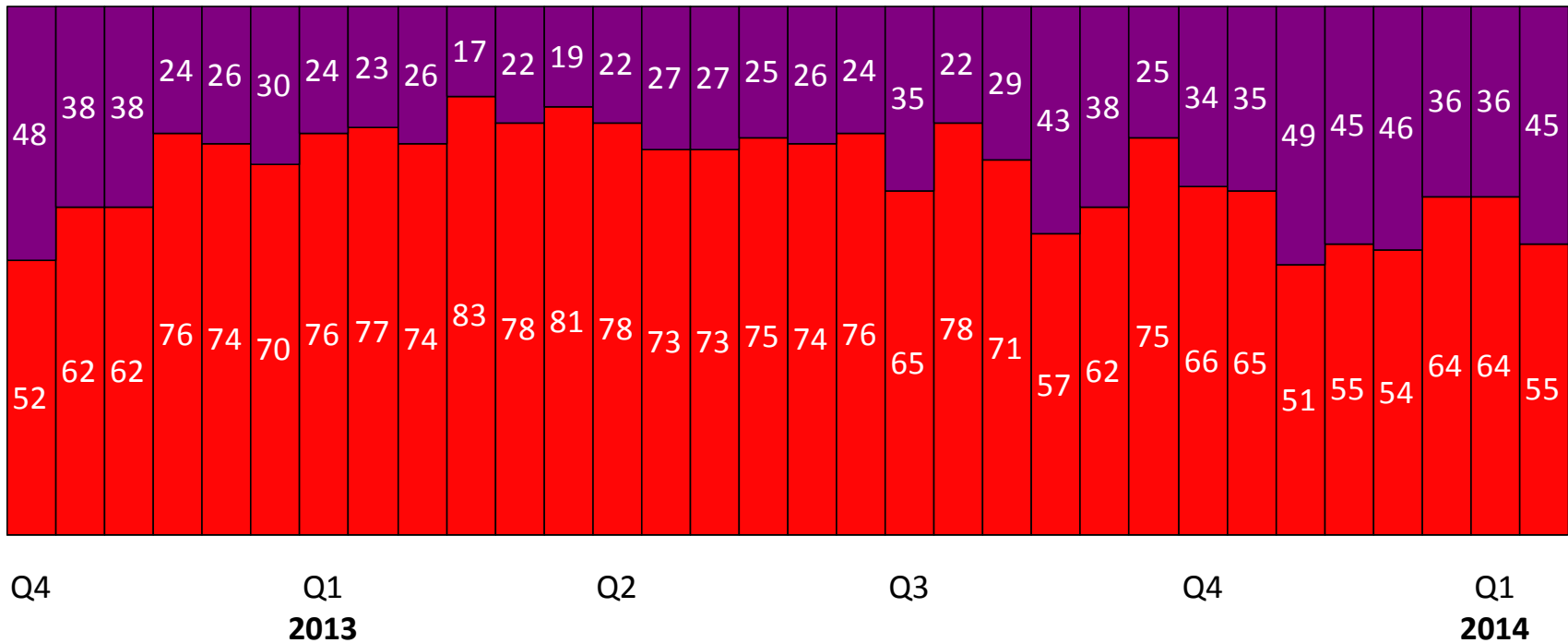
Yes No



New Foreign Orders

Manufacturers- Is your company entering new foreign orders right now?

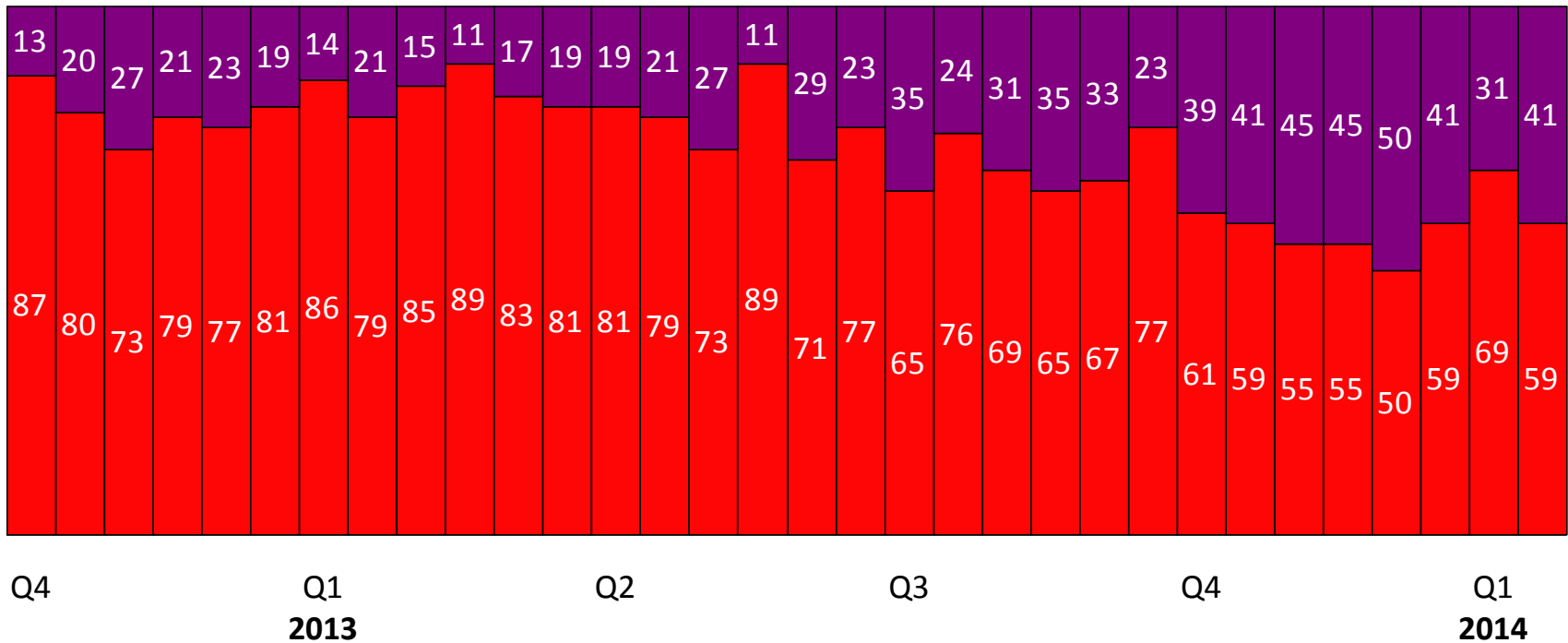
■ Yes
 ■ No



New Foreign Orders

Service Centers- Is your company entering new foreign orders right now?

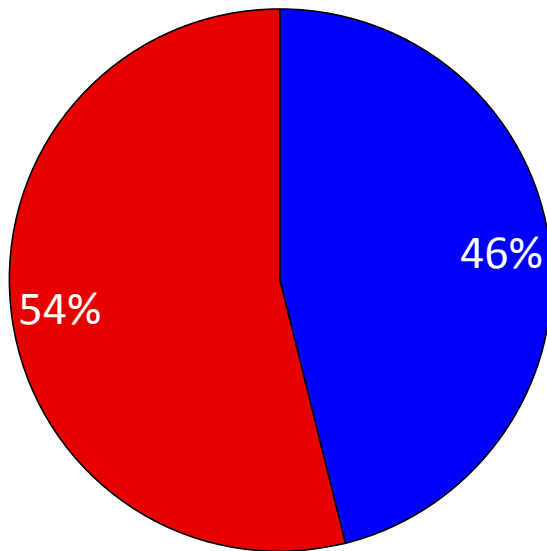
■ Yes
 ■ No



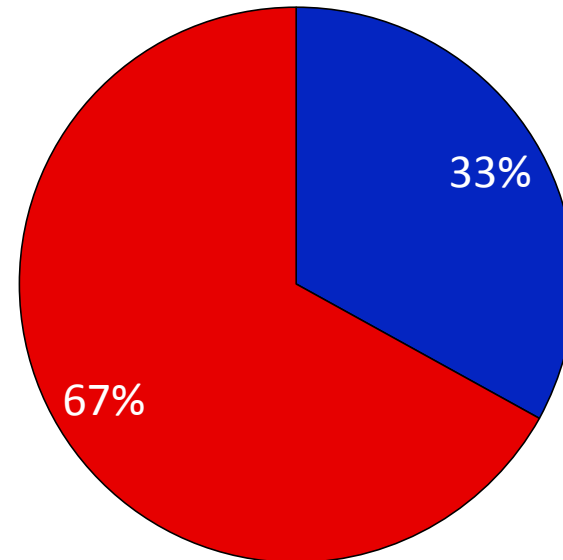
Domestic vs. Foreign Inventory

Will your company be increasing the percentage of foreign vs. domestic inventory as the 1st Quarter 2014 progresses (i.e. foreign steel orders on the books awaiting arrival)?

Manufacturers



Service Centers



Yes No

Questions?



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