



STEEL MARKET UPDATE

part of the  Group

SMU Flat Rolled Market Trends Analysis

Responses from our October 12-15, 2020 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



Steel 101 Workshop, Severstal Dearborn 2012

Our goal is to provide quality information to the flat rolled steel industry.

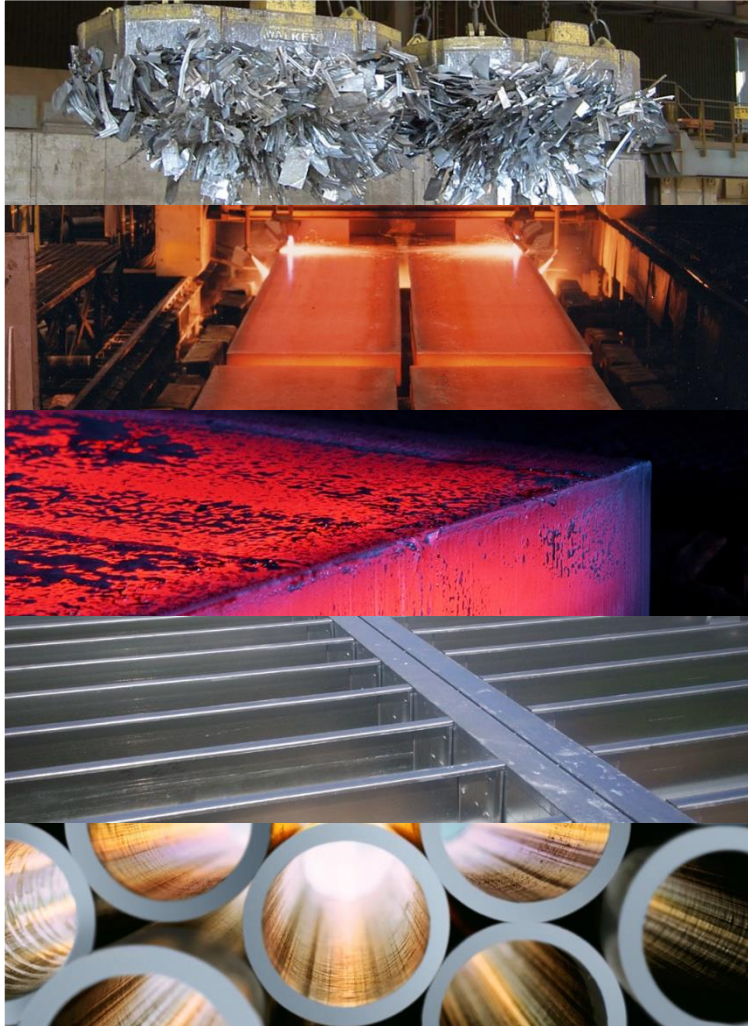
We invite over 600 companies to participate in our surveys.

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.

Next Steel 101 Workshop

Virtual on October 20-21, 2020



SMU will host a virtual version of our next Steel 101 workshop on **October 20-21, 2020** using a similar platform as our Virtual Steel Summit.

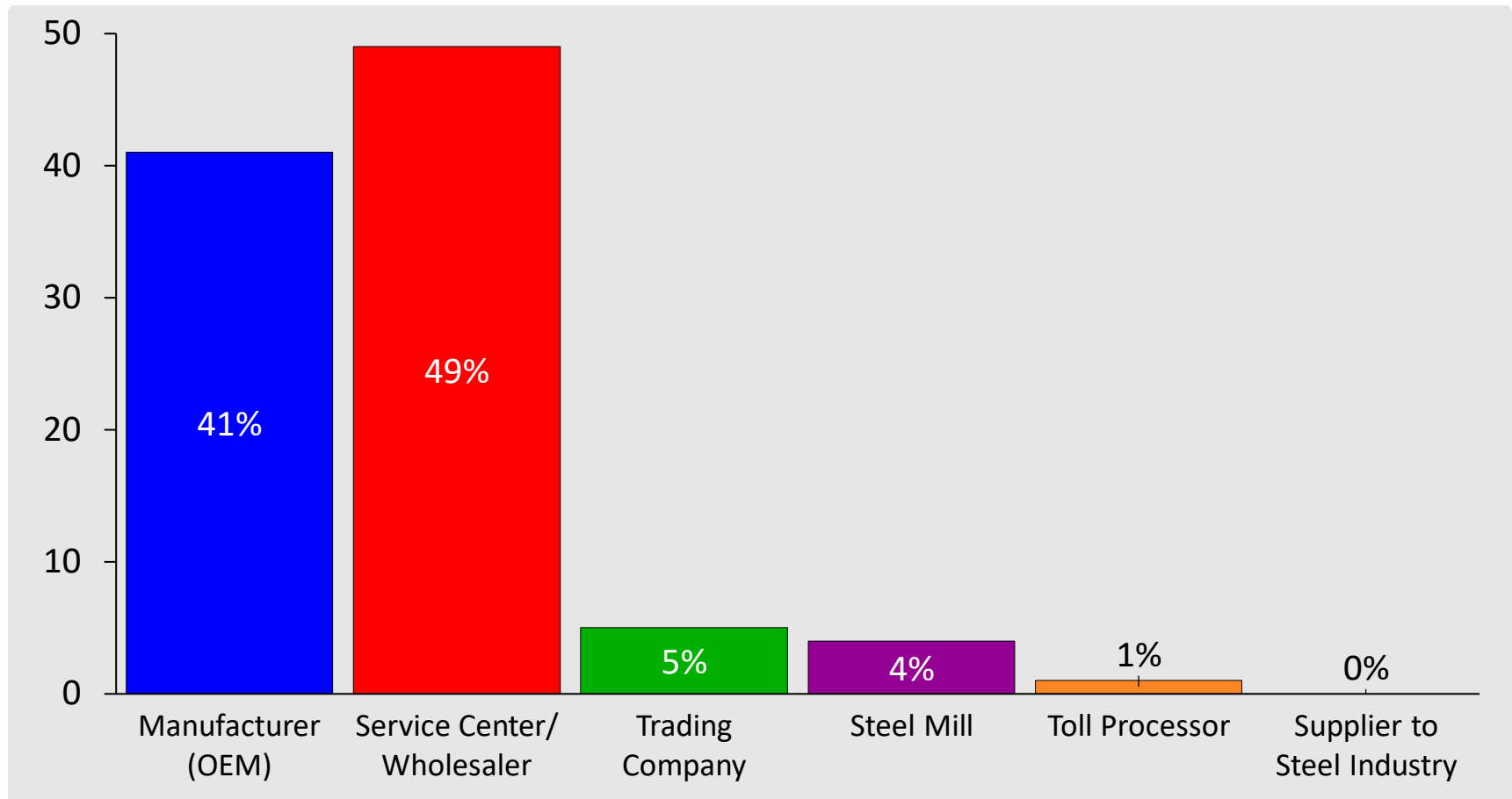
SMU's team of expert instructors will describe the structure of the steel industry and the steelmaking process, starting with raw materials and going all the way through the various rolling and coating processes. Participants will have the opportunity to ask questions in live Q&As after each main topic. 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

Survey Participants

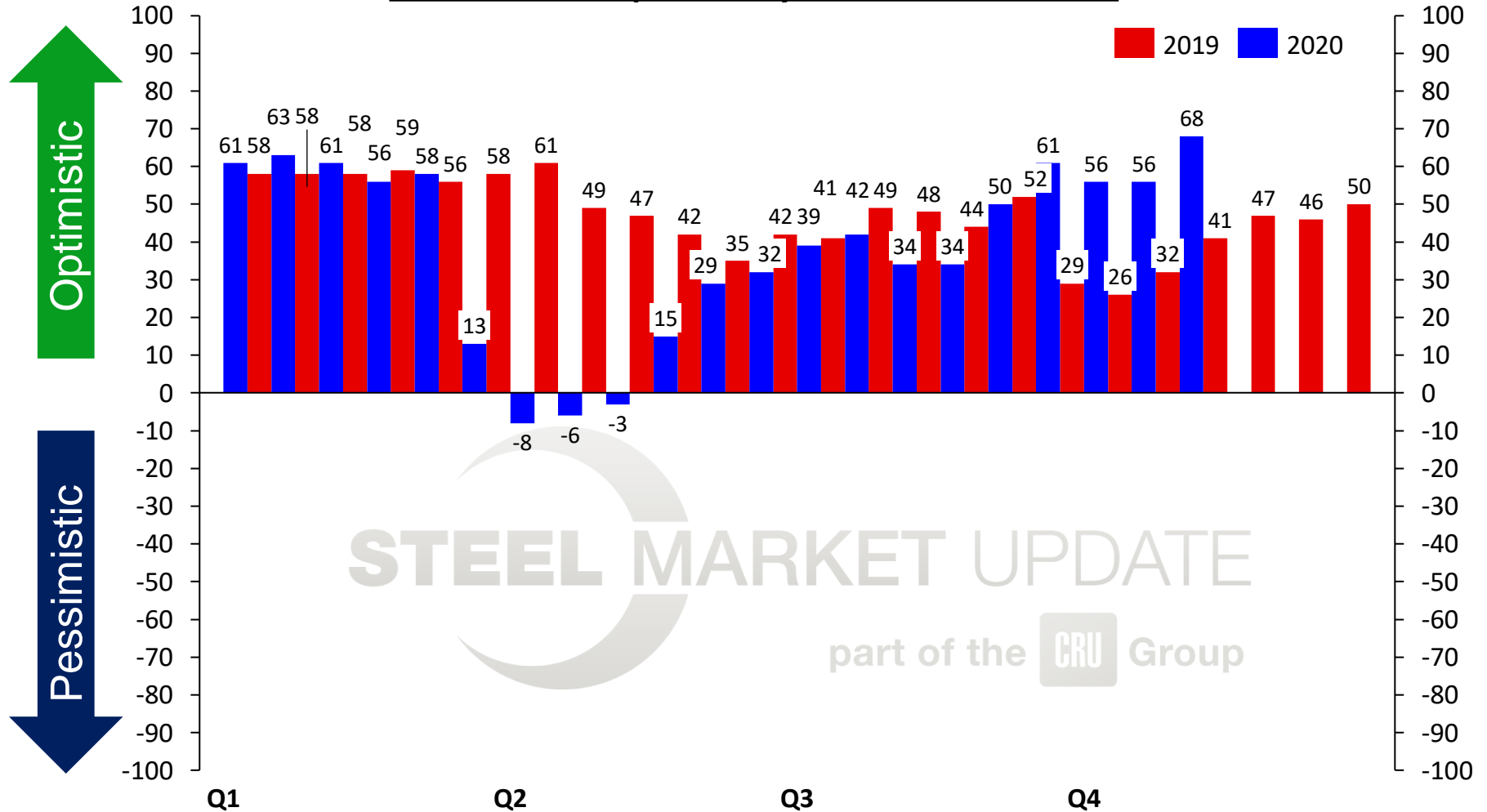
Our survey is by invitation only- Over 600 companies, mostly in the manufacturing or distribution industries, are asked to participate. Here are the percentages of participation in this week's survey by market sector.



SMU Buyers Sentiment Index

Up 12 points to +68

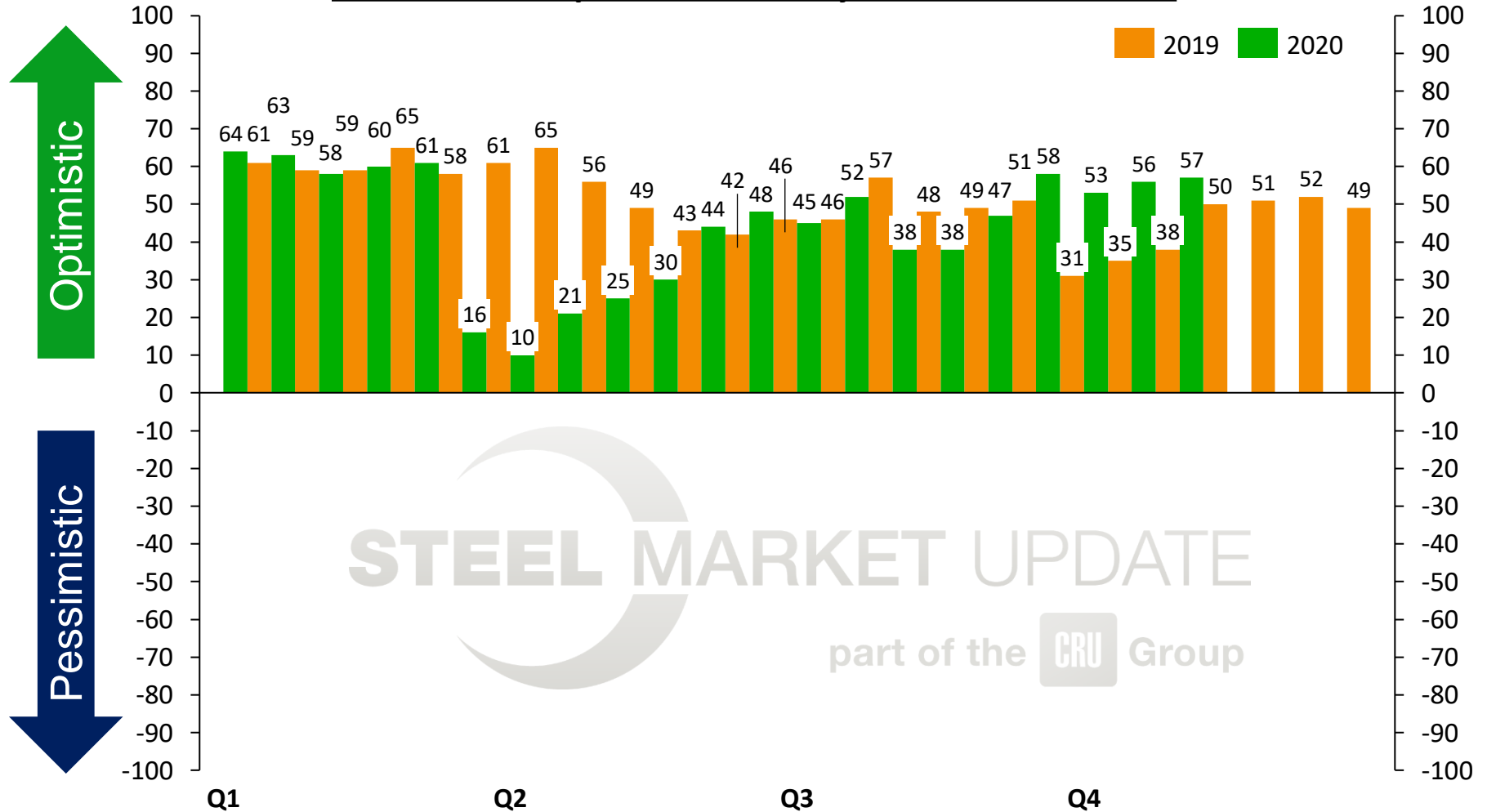
Steel Market Update Buyers Sentiment Index



SMU Future Buyers Sentiment Index

Up 1 point to +57

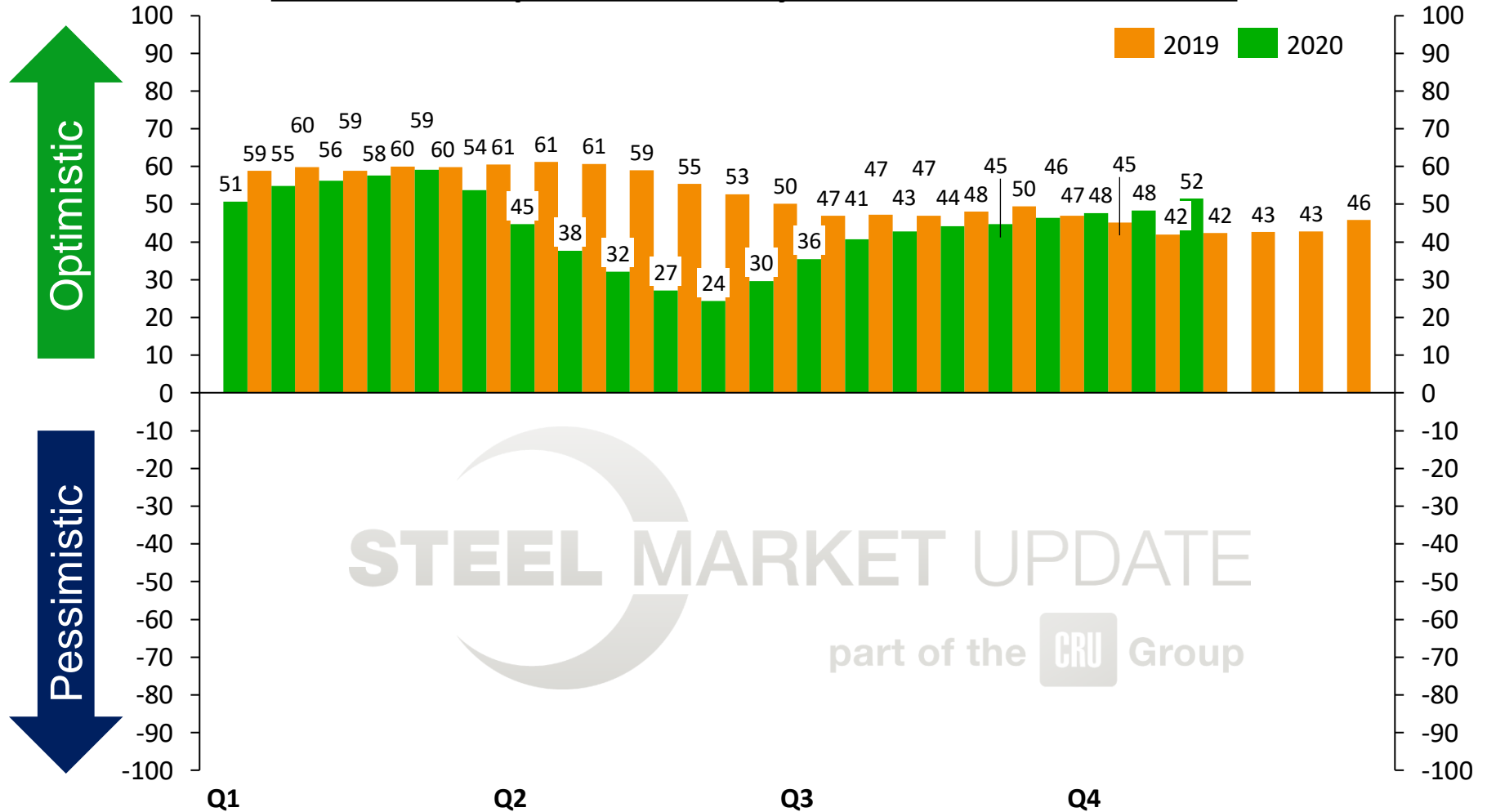
Steel Market Update Future Buyers Sentiment Index



SMU Future Buyers Sentiment Index

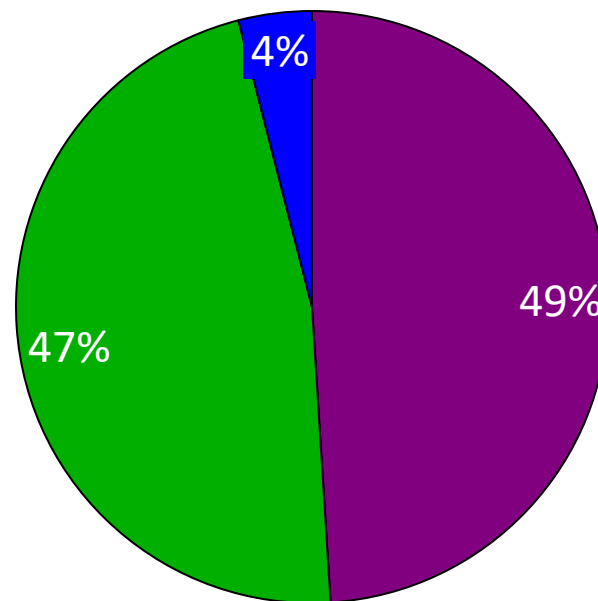
Three Month Moving Average at +51.50

Steel Market Update Future Buyers Sentiment Index 3MMA



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

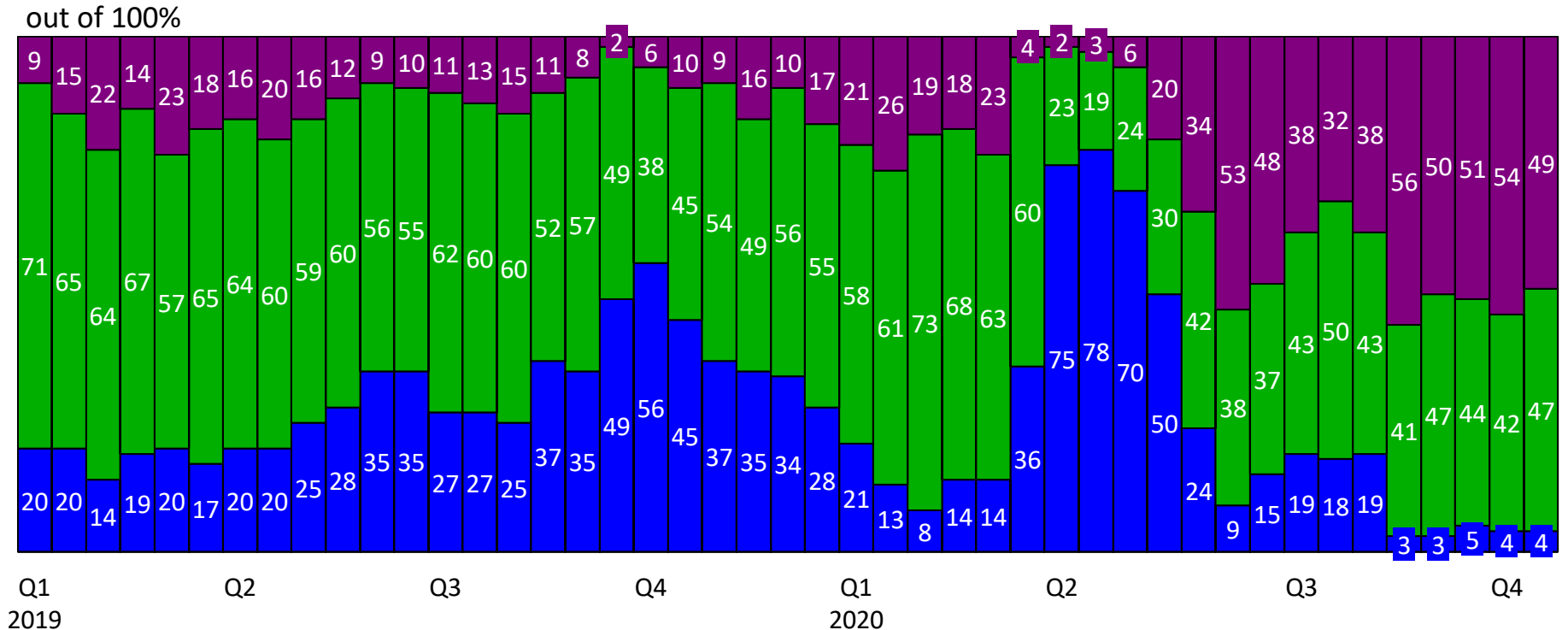
- Demand is improving
- Demand is remaining the same
- Demand is declining



Overall Demand History

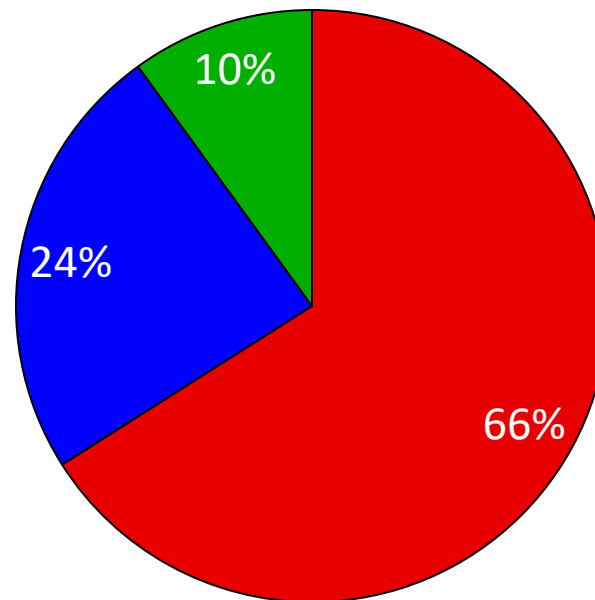
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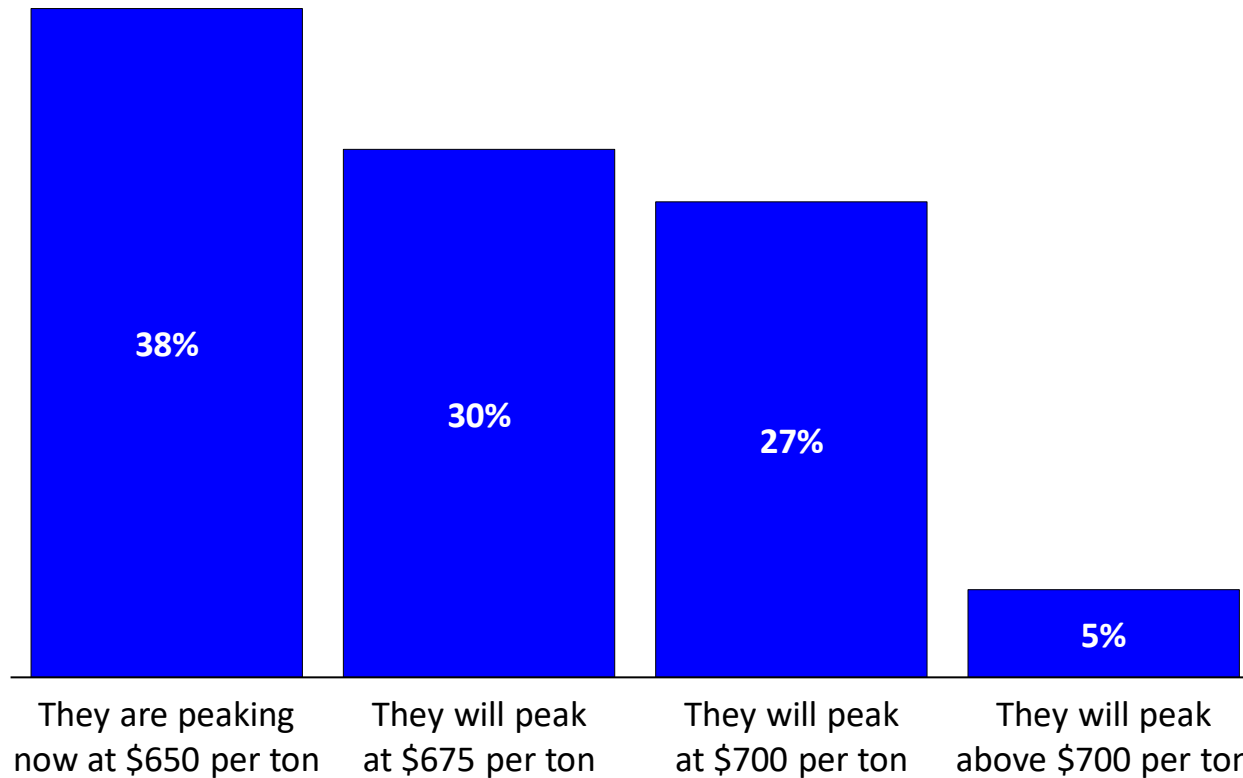
We are now three weeks before the final day of voting for the presidential election.
Who will you be voting for for president?

■ Trump ■ Biden ■ Other



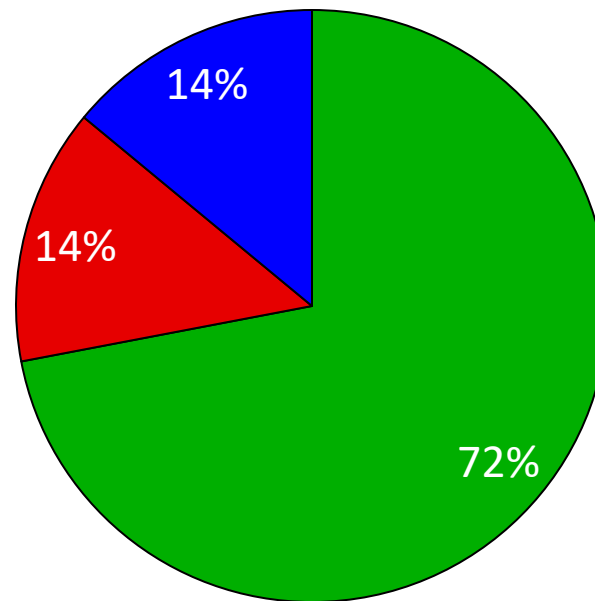
HRC Price Peak

At what level will hot rolled coil prices peak before correcting?



Will the economy in 2021 be better or worse than 2020?

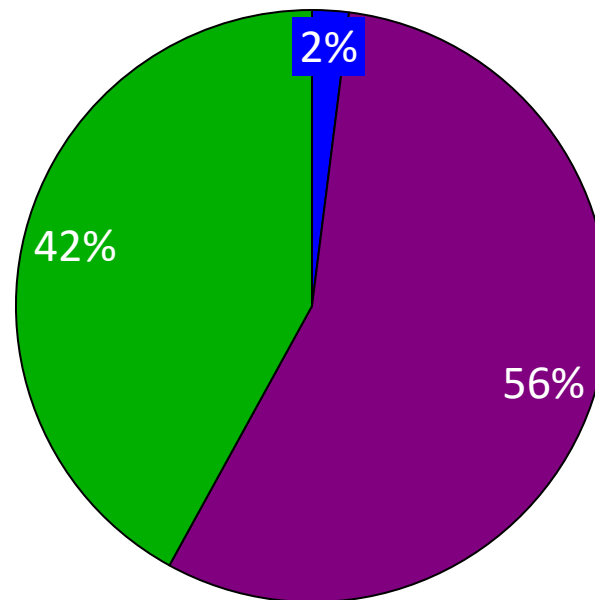
■ Better ■ Worse ■ No change



Section 232

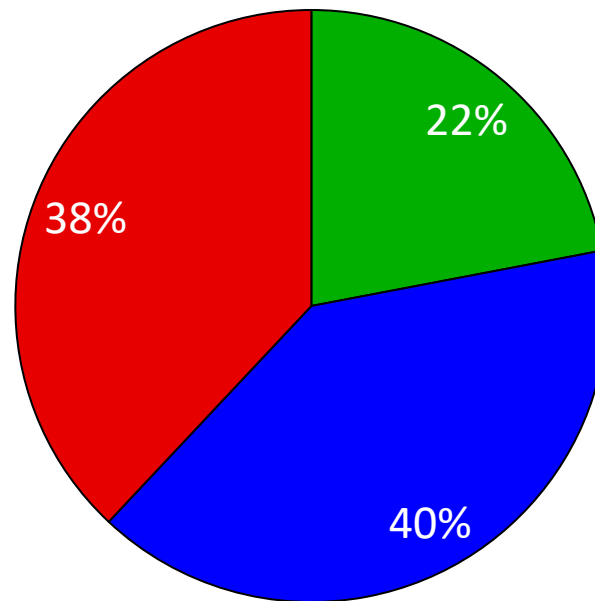
Do you think Section 232 tariffs will exist come March 2021?

- No, they will be totally eliminated
- Yes, they will remain as is
- Yes, but there will be more exclusions allowed
(such as slabs, or countries will be added such as in Europe)



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?

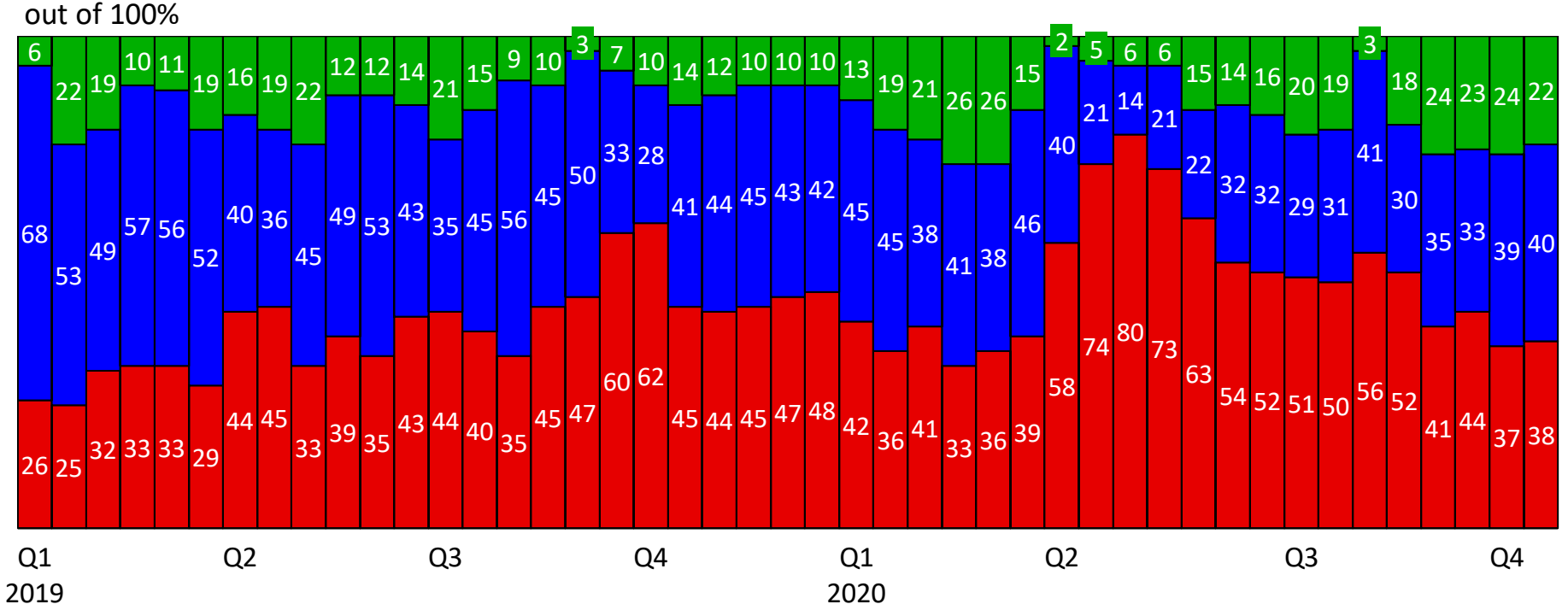
- Buying more steel
- Buying the same amount of steel
- Buying less steel



History of Manufacturer Purchases

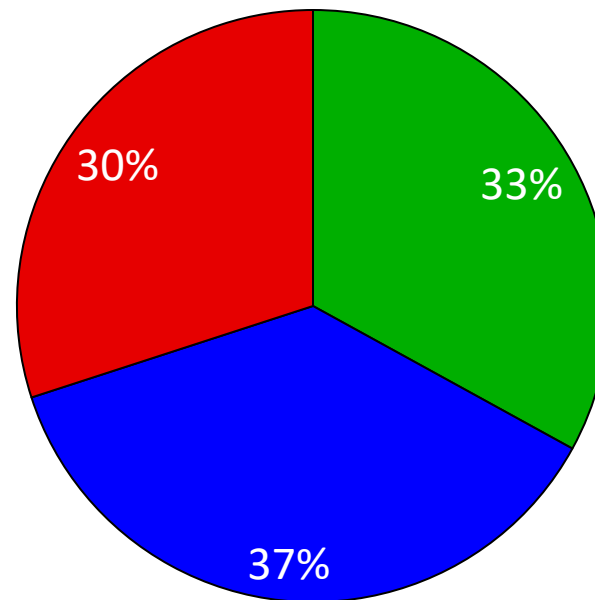
Manufacturers- Compared to this time last year – is your company buying more, less or the same amount of flat rolled steel as one year ago?

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



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

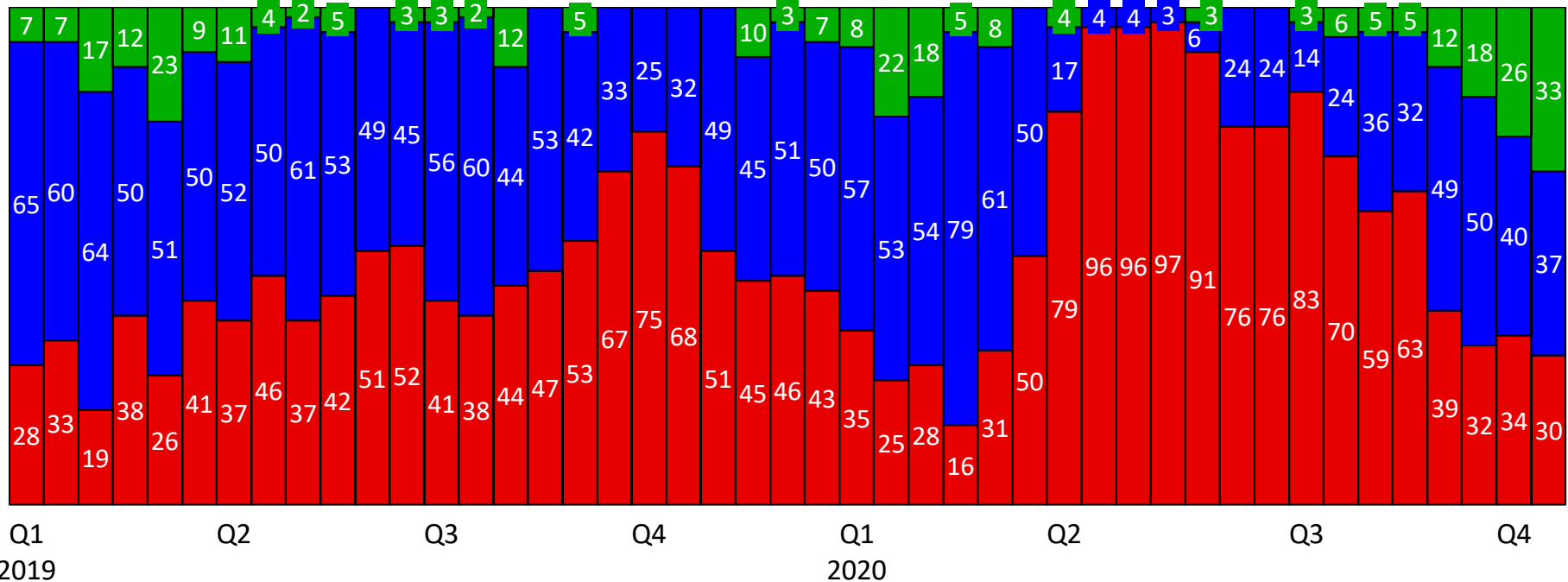


Service Center Release History

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

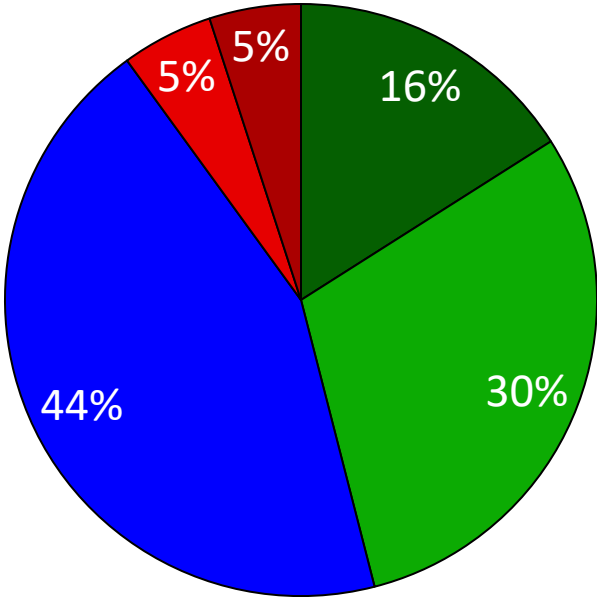
out of 100%



Manufacturer Demand

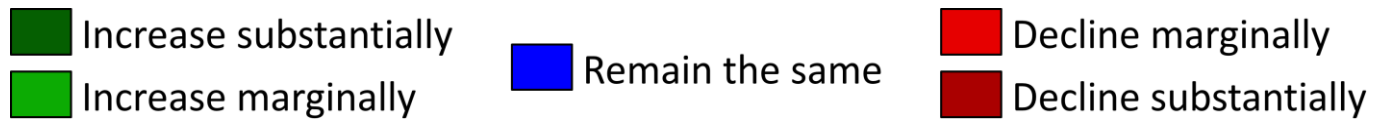
Manufacturers- Demand for your products will _____
over the next 3 months based on current order flows.

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

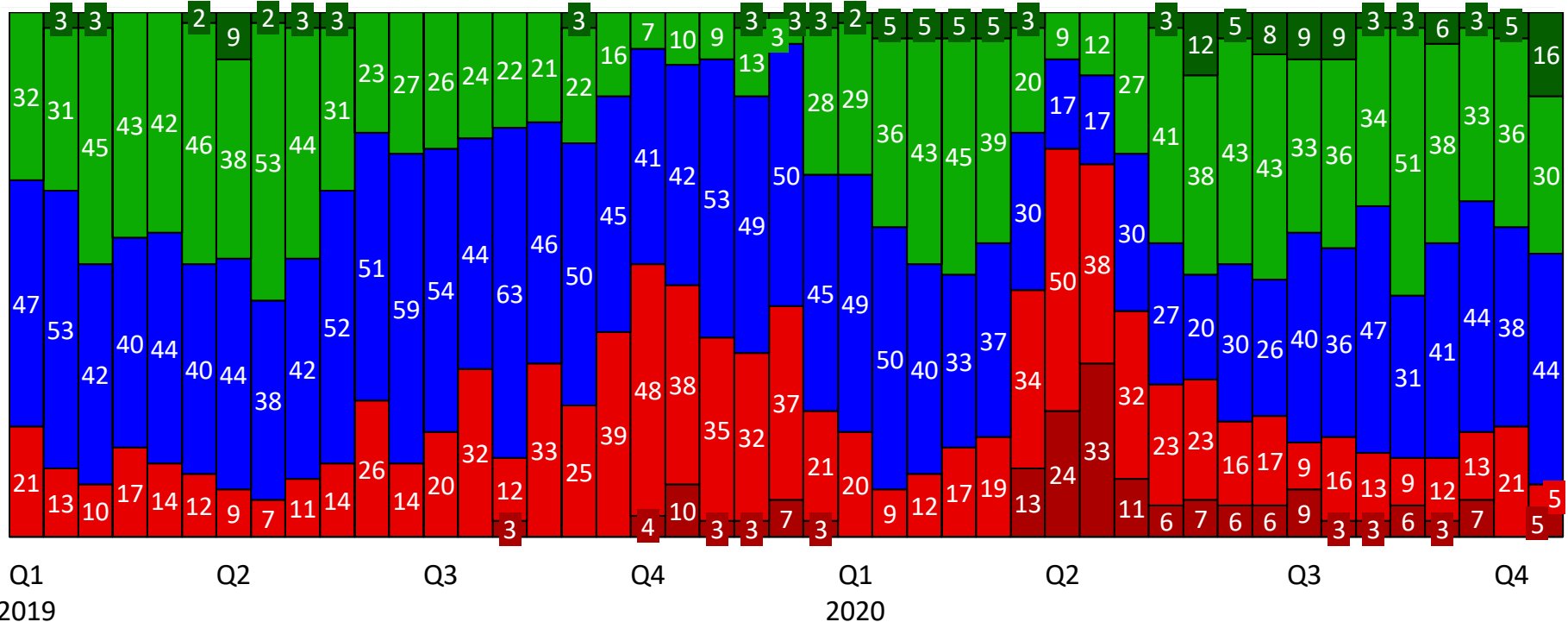


Manufacturer Demand History

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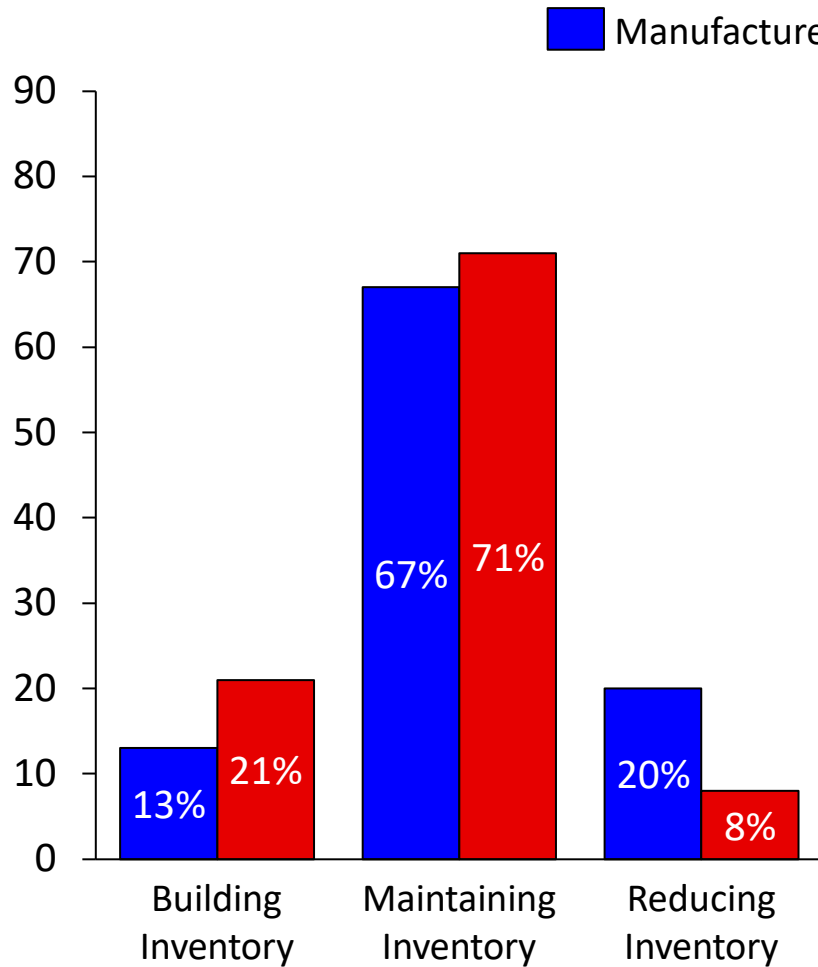


out of 100%

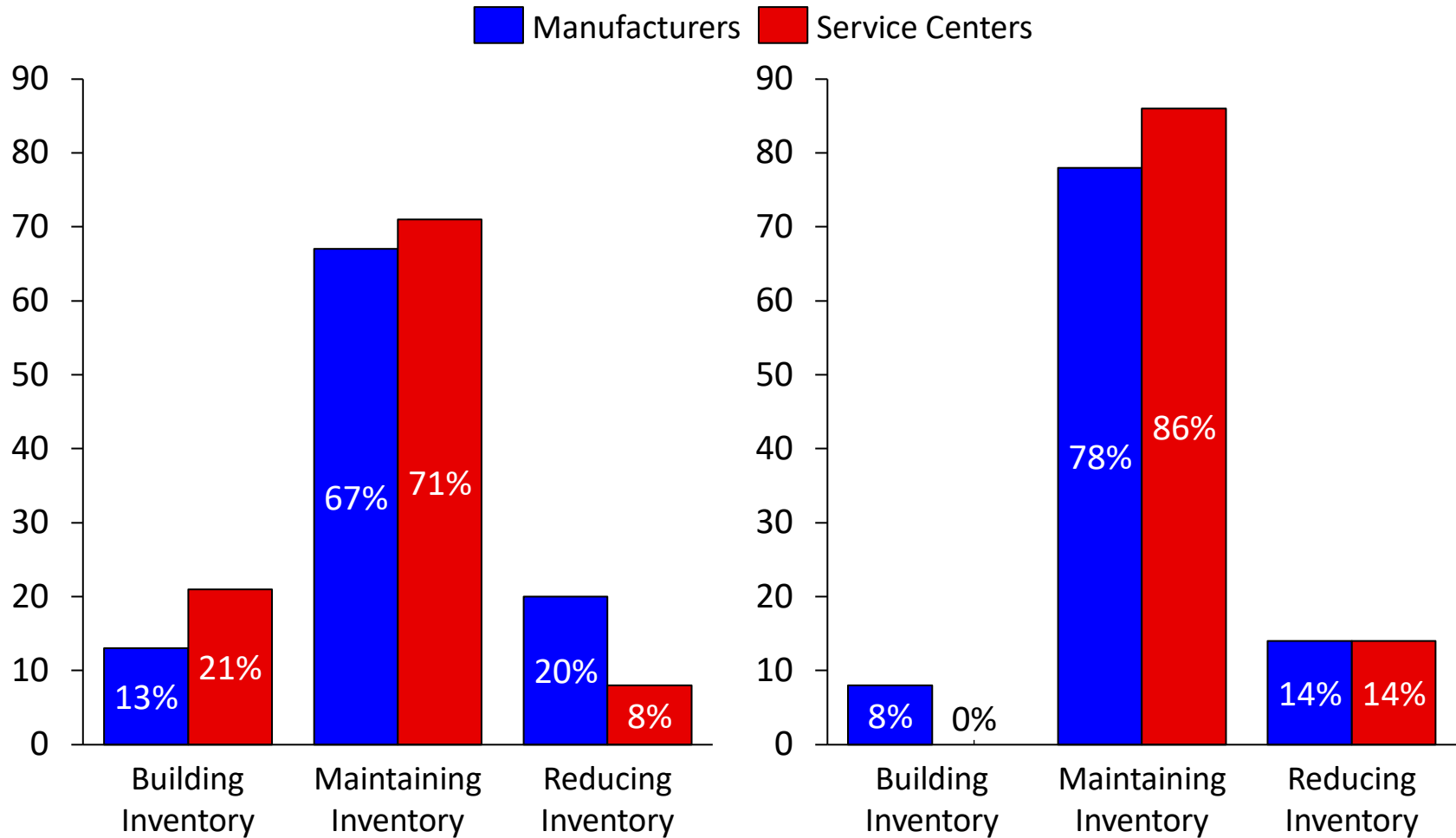


Manufacturer and Service Center Inventory Buying Patterns

September 18, 2020



October 16, 2020

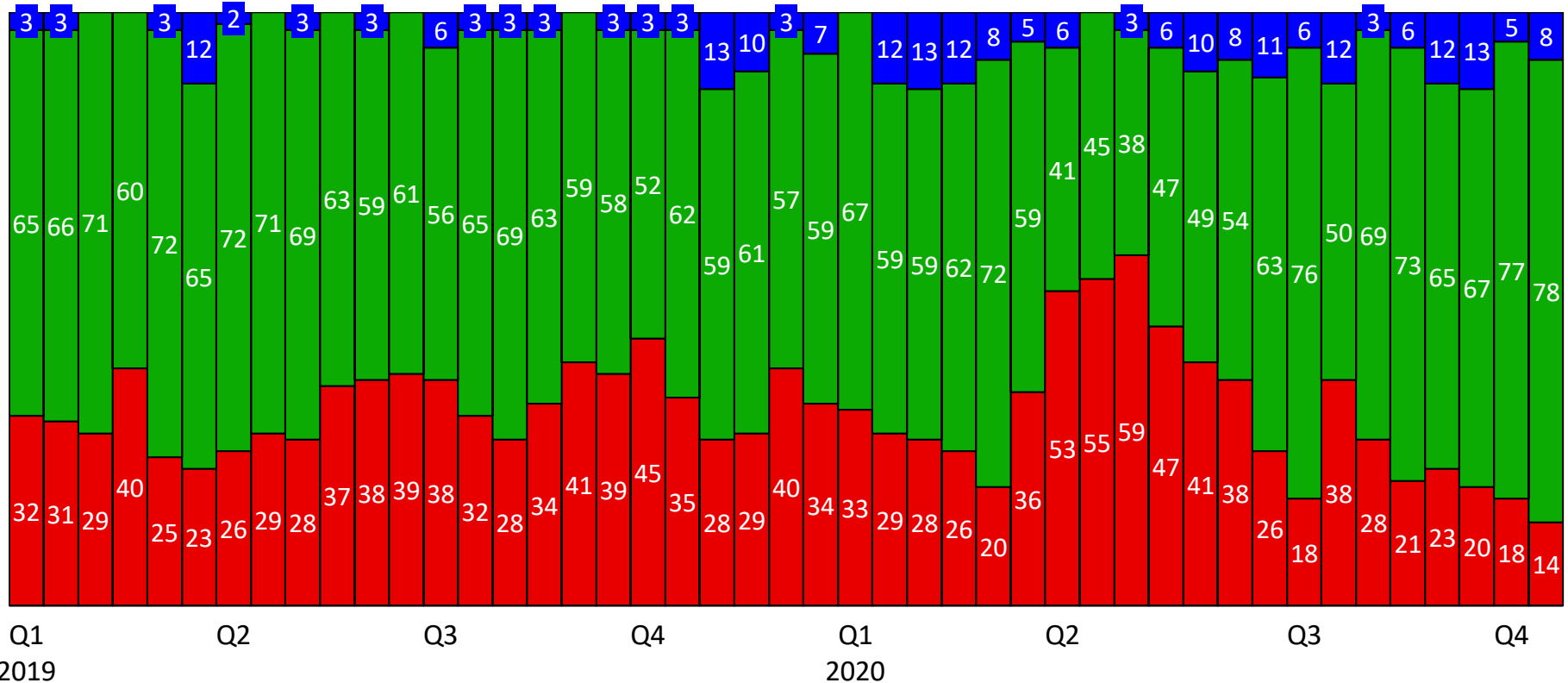


Manufacturer Inventory Buying History

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

■ Building Inventory
 ■ Maintaining Inventory
 ■ Reducing Inventory

out of 100%

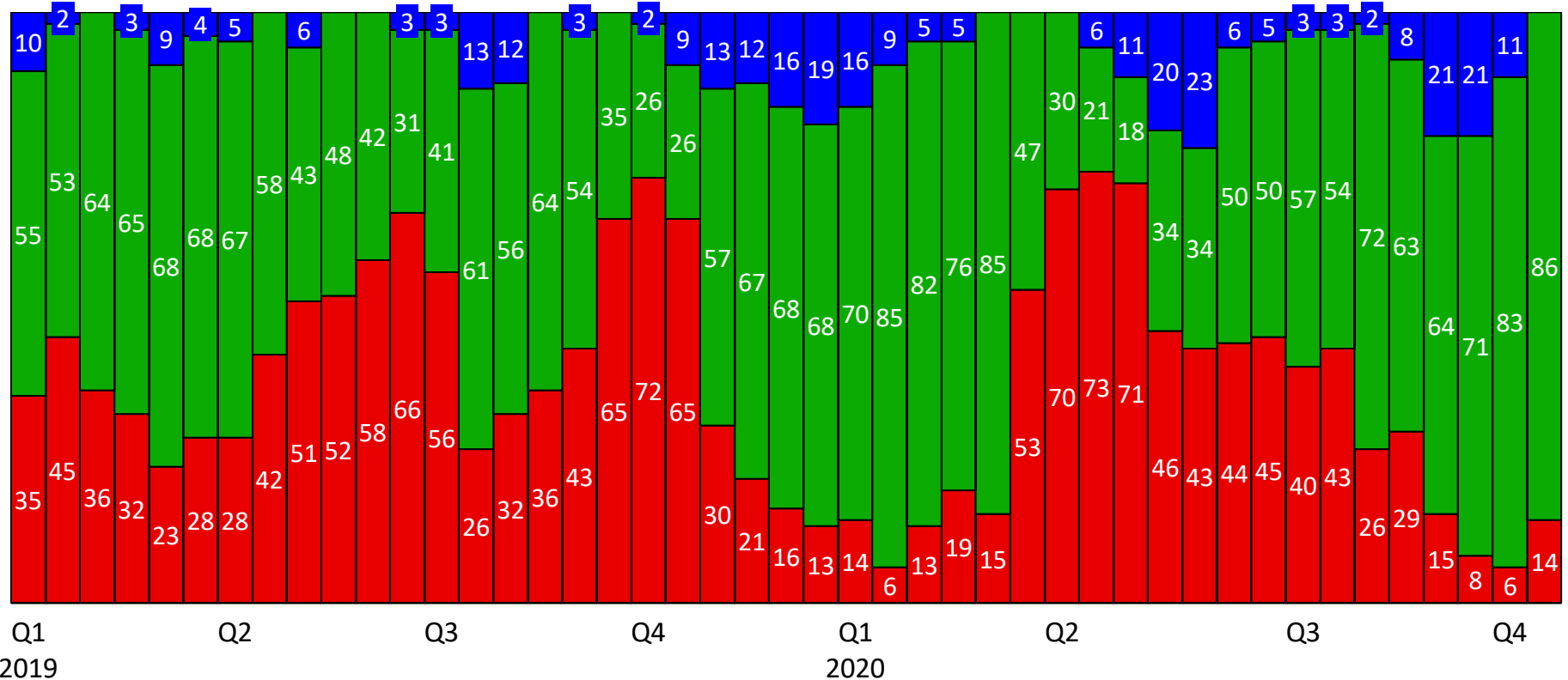


Service Center Inventory Buying History

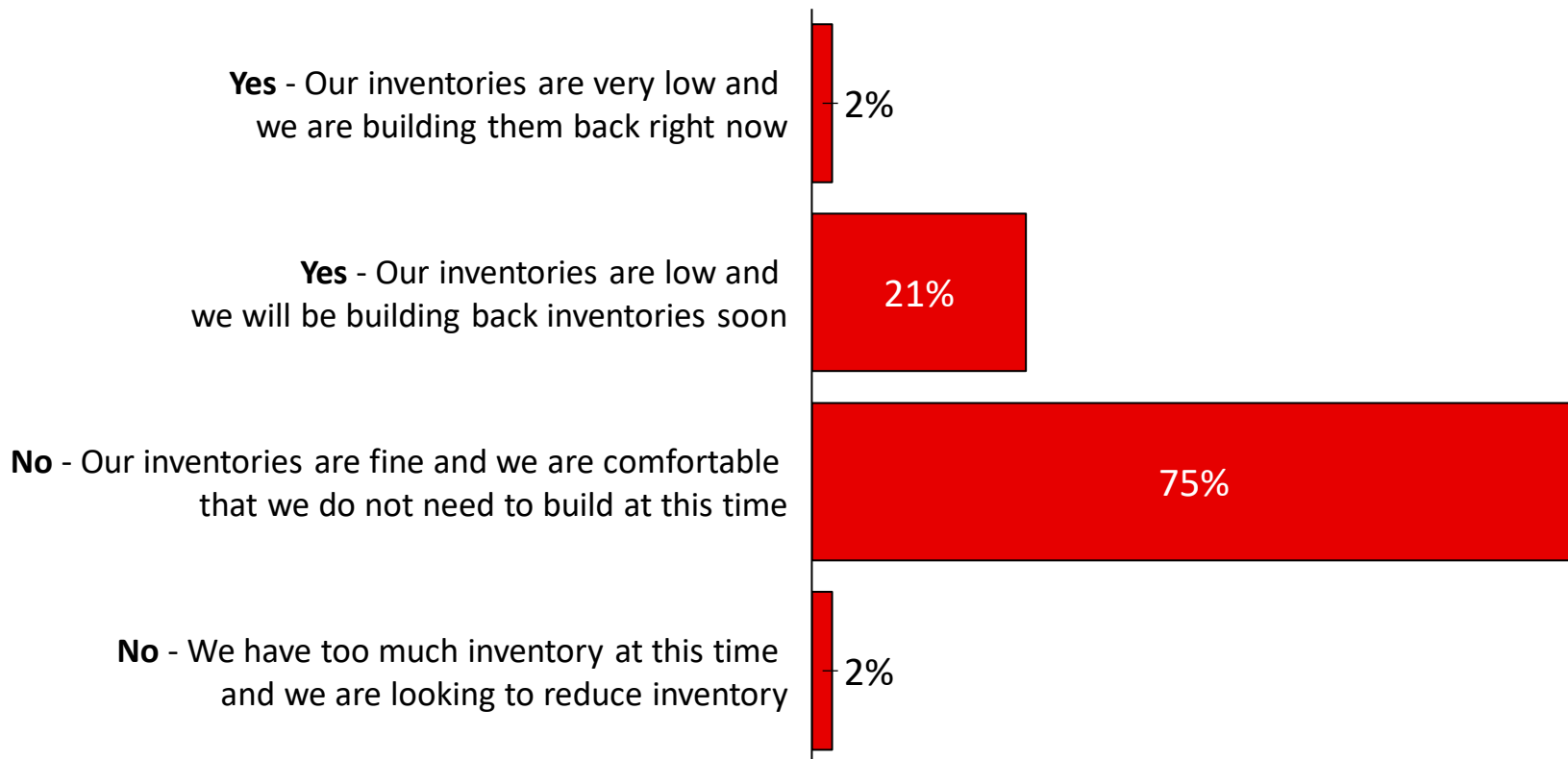
Service Centers- Is your company building, reducing or maintaining its flat rolled steel inventory?

■ Building Inventory
 ■ Maintaining Inventory
 ■ Reducing Inventory

out of 100%



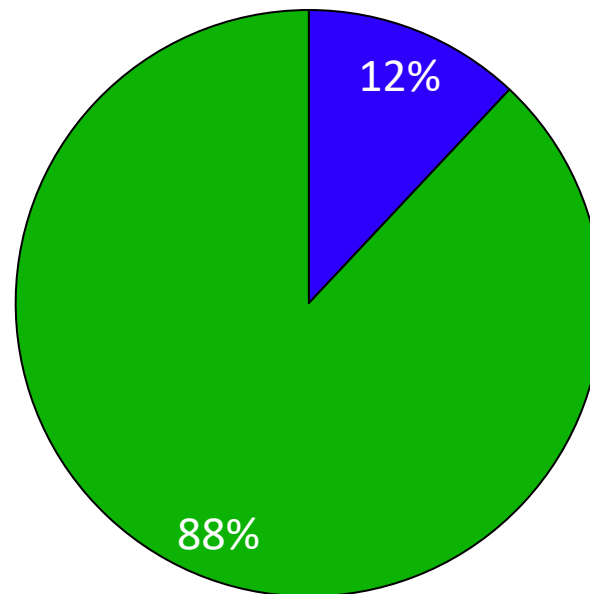
Service Centers- Does your company need to build back inventories or are you comfortable with the levels you are holding on your floor?



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

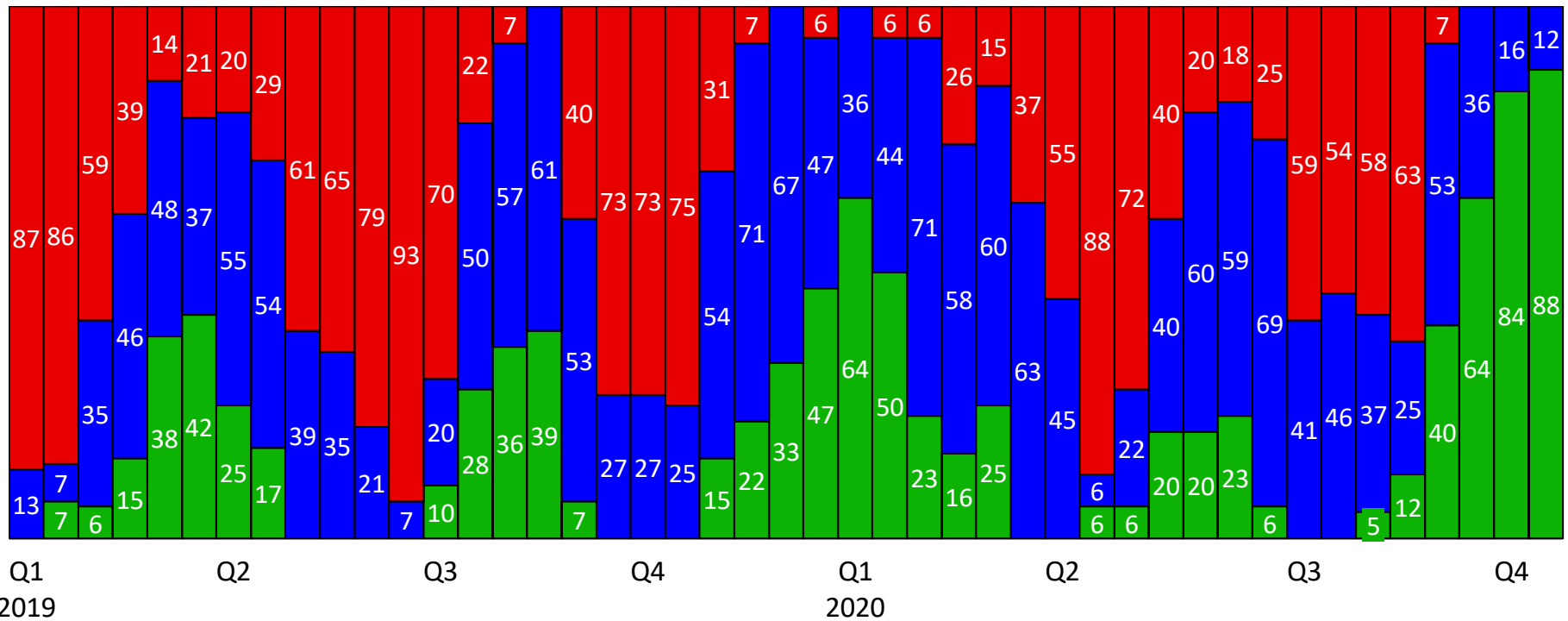


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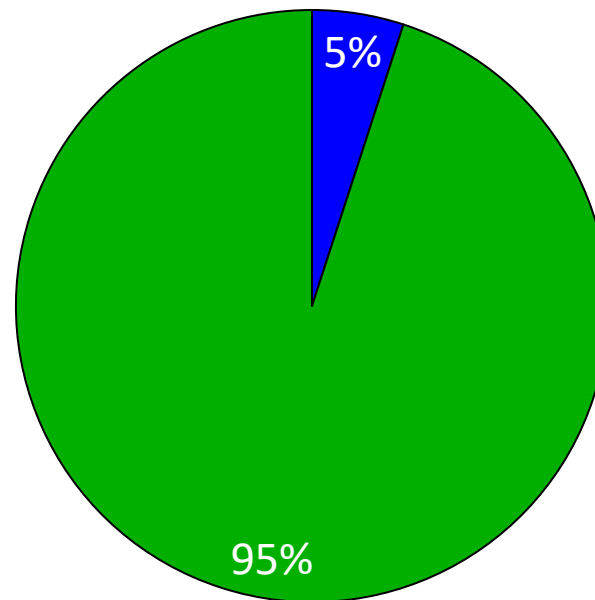
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out of 100%

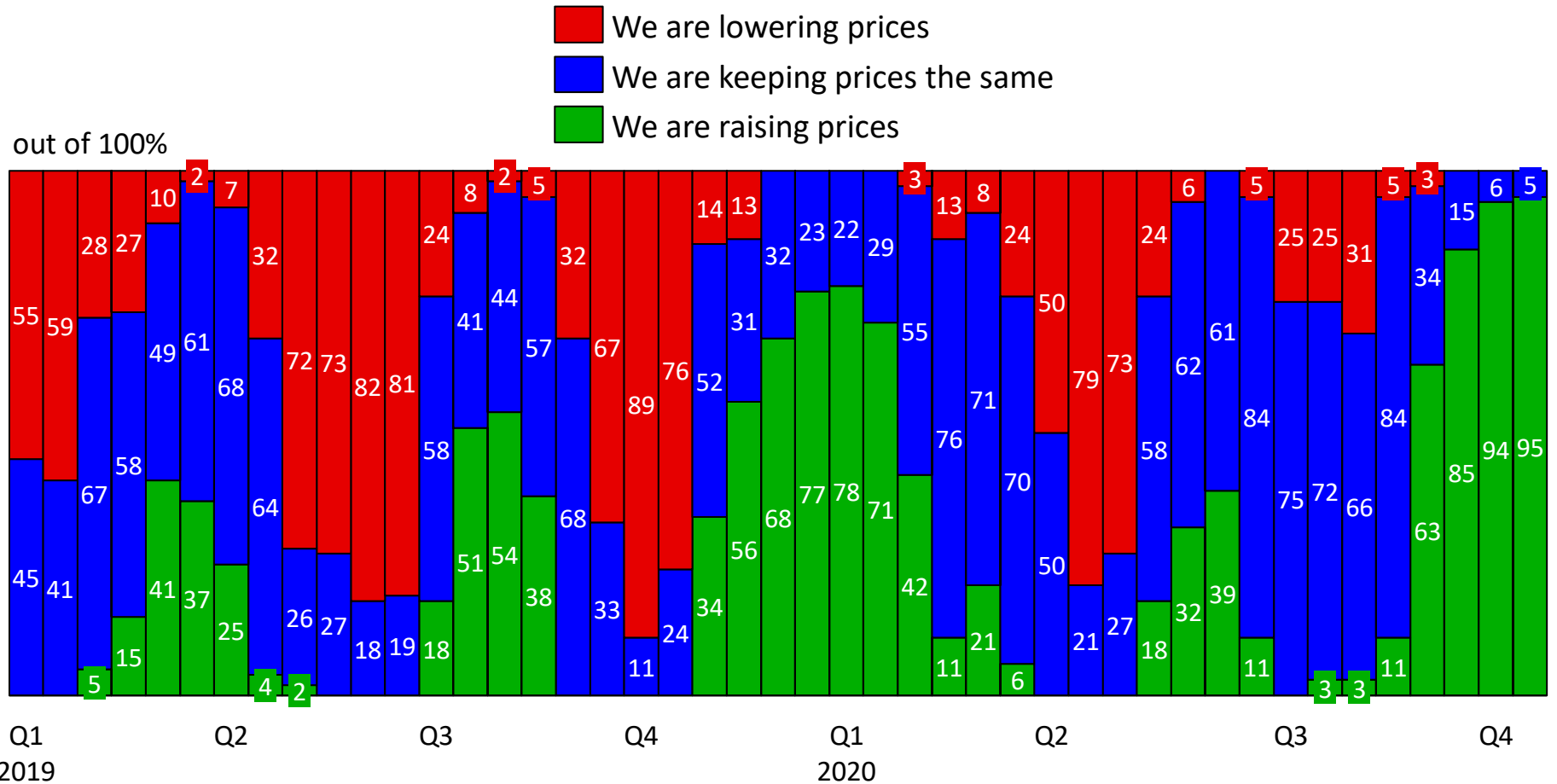


Service Centers- Compared to two weeks ago, how is your company handling spot pricing to your customers at this time?

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

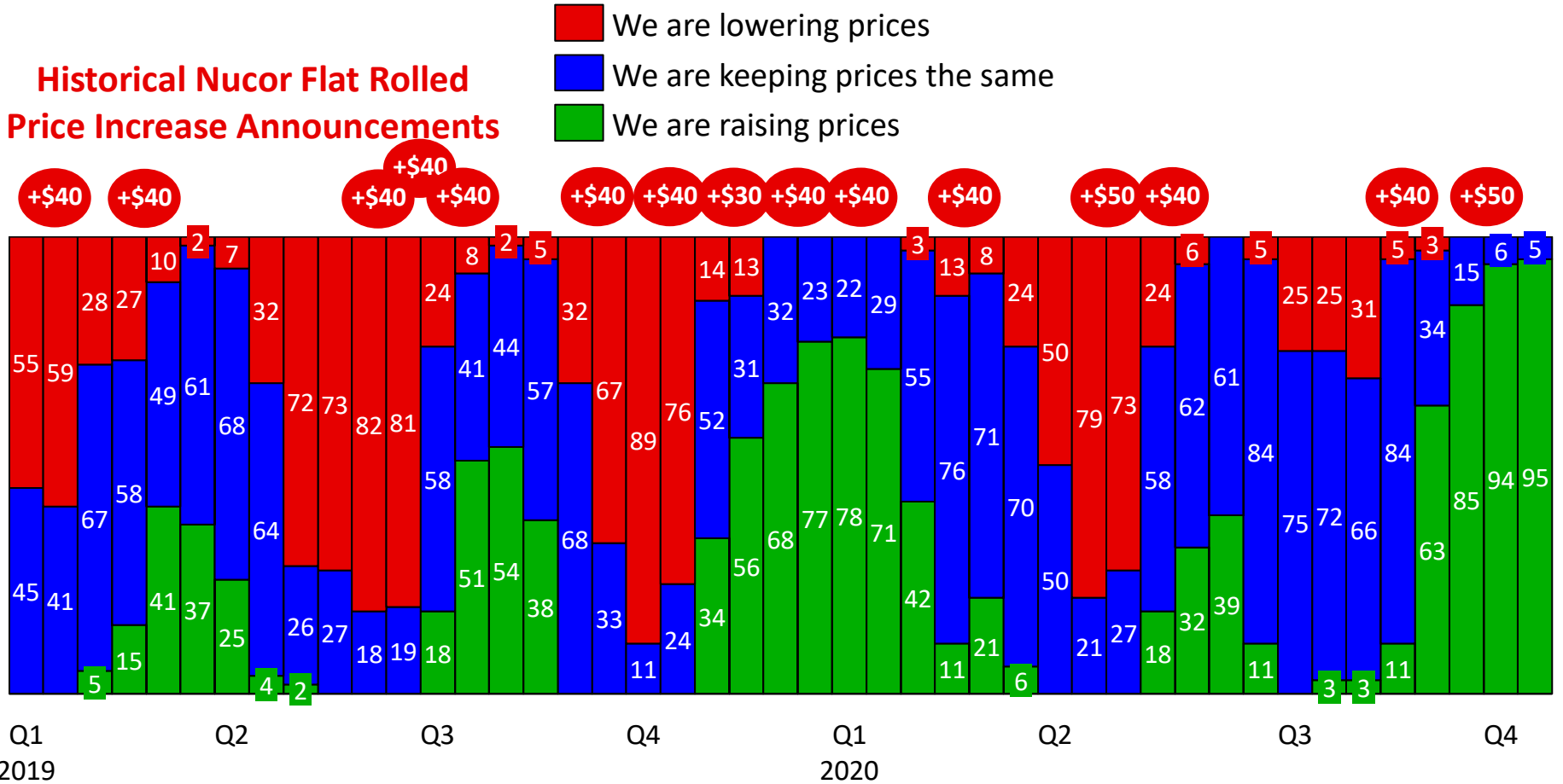


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Service Center View of Selling Prices History

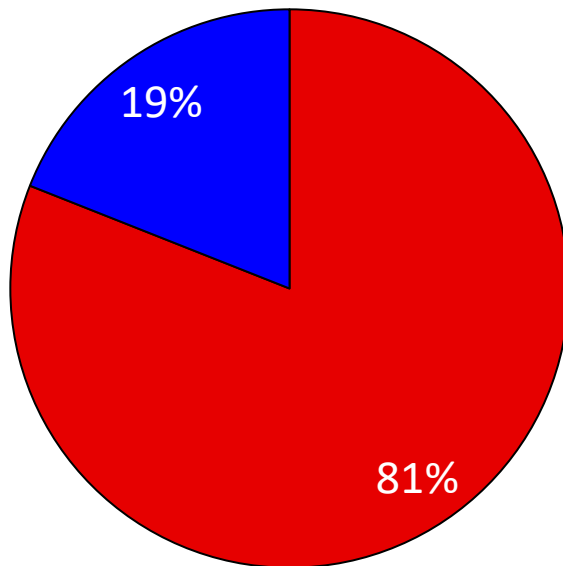
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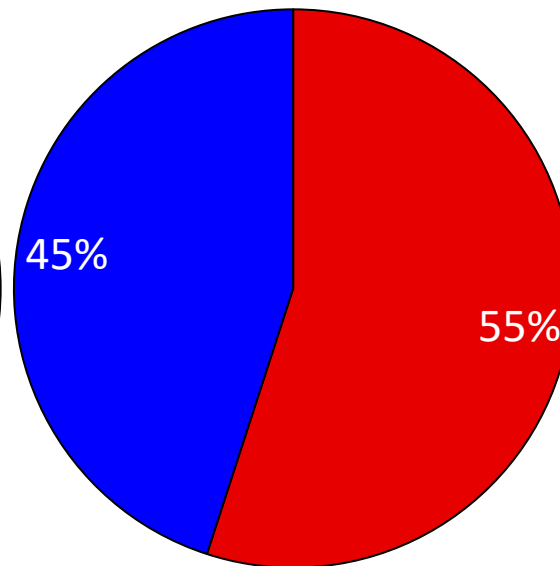
Service Centers- Are you having any difficulties in passing along the new higher prices to your customers?

Yes No

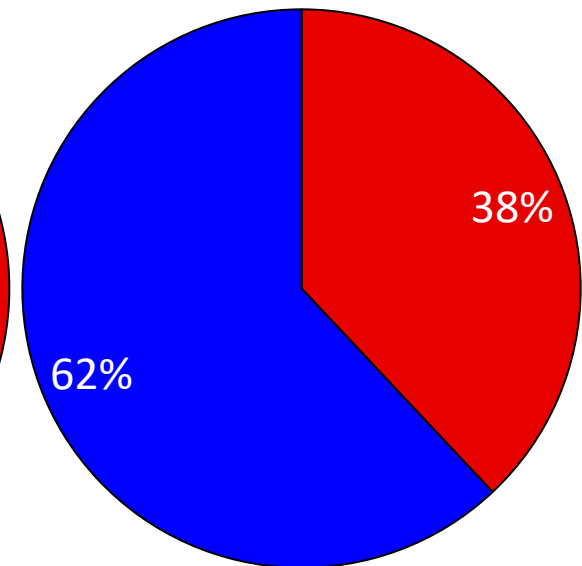
September 4, 2020



October 2, 2020

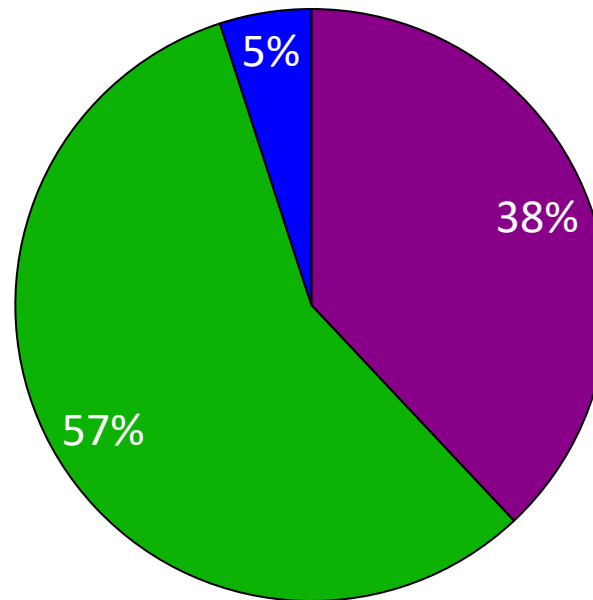


October 16, 2020



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

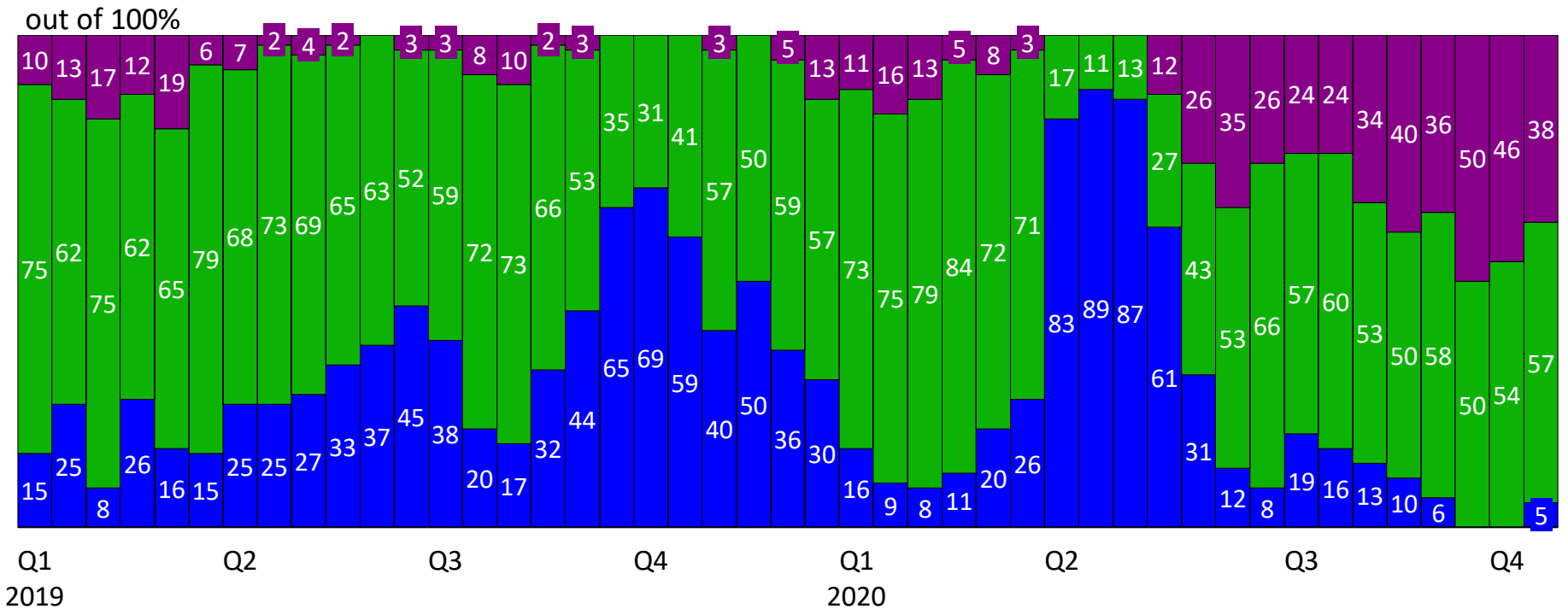
- Our manufacturing customers are increasing orders
- Our manufacturing customers are maintaining their orders
- Our manufacturing customers are reducing their orders



Service Centers on Manufacturer Orders History

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

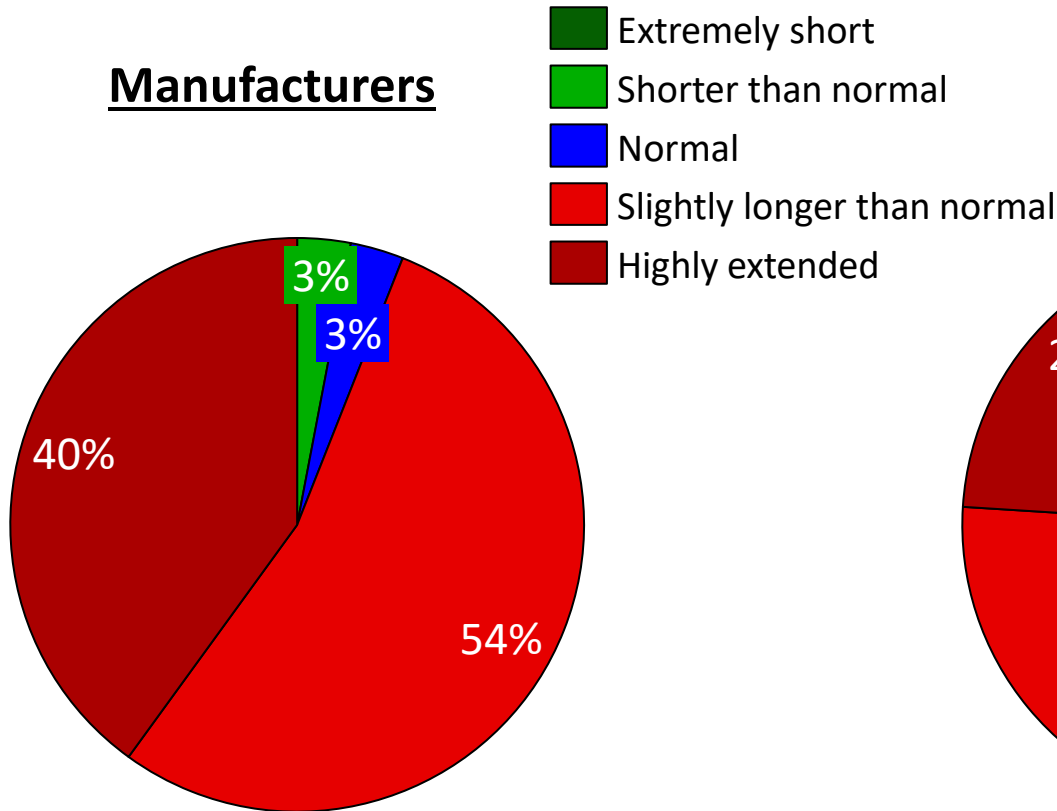
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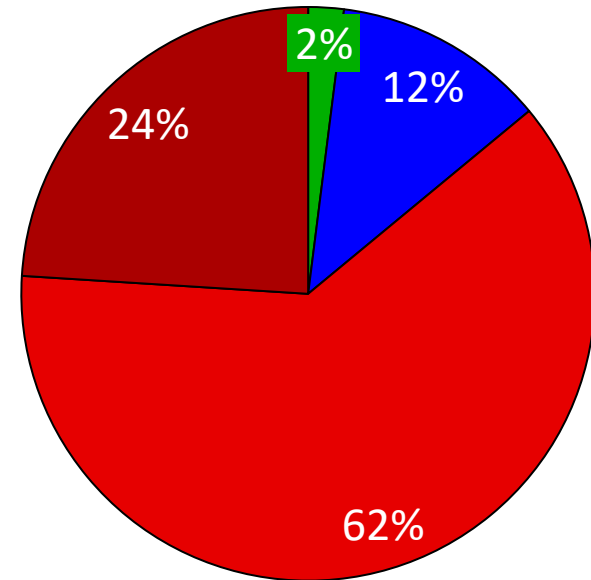
Mill Lead Times

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

Manufacturers



Service Centers

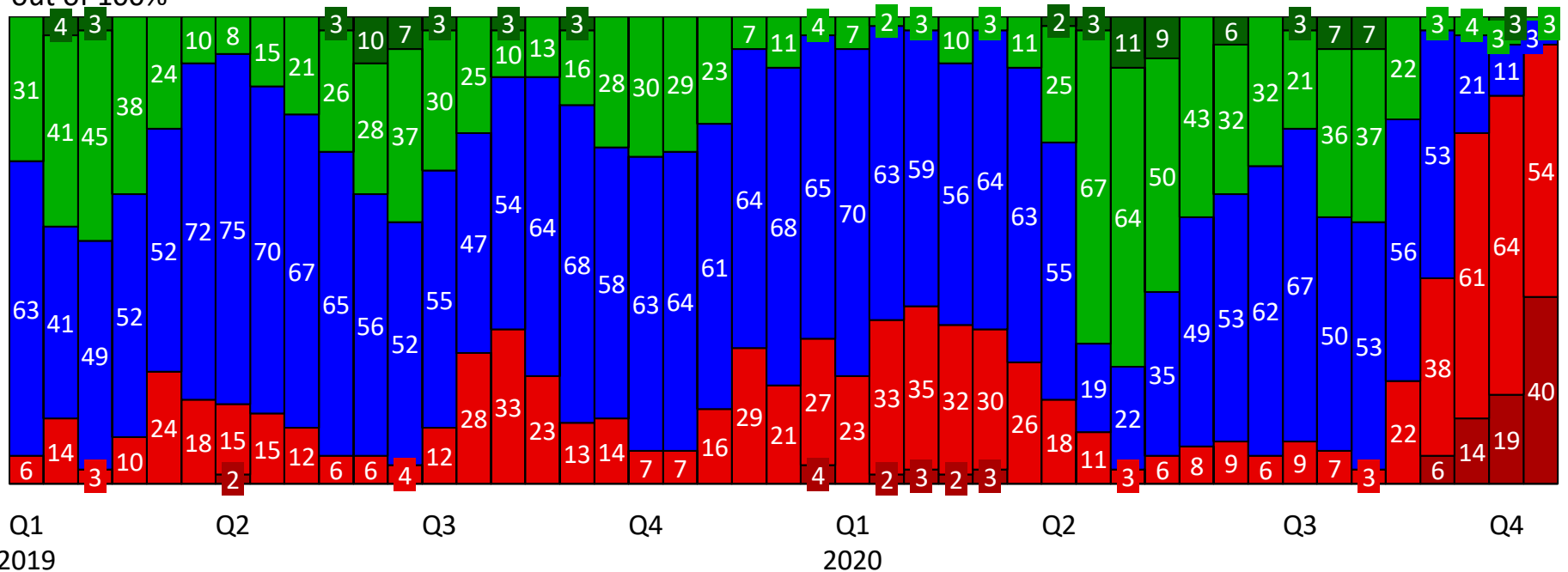


Mill Lead Times History

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

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

out of 100%

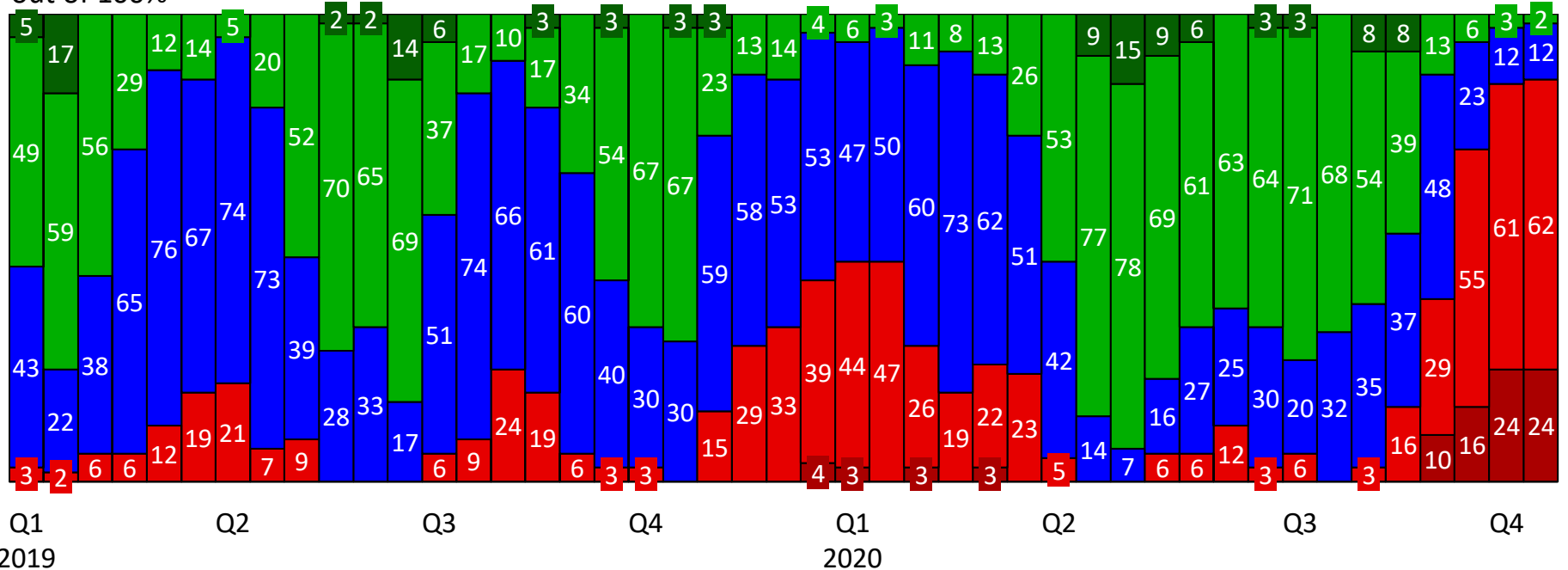


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out of 100%

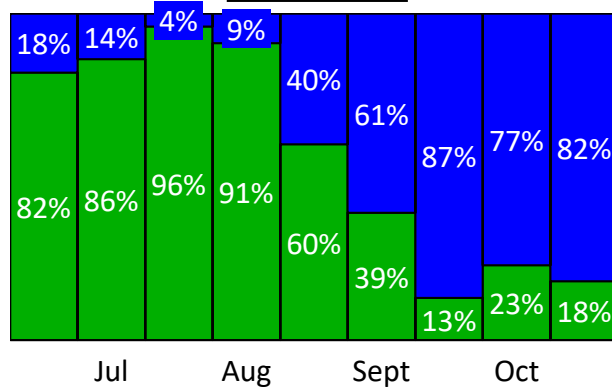


Mill Negotiations

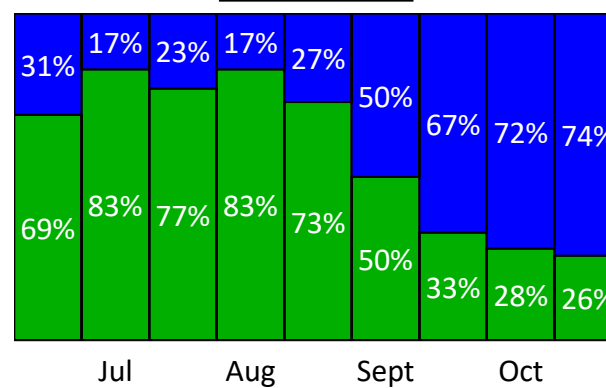
Are you finding the domestic mills are willing to negotiate pricing on brand new orders placed this week?

Yes No

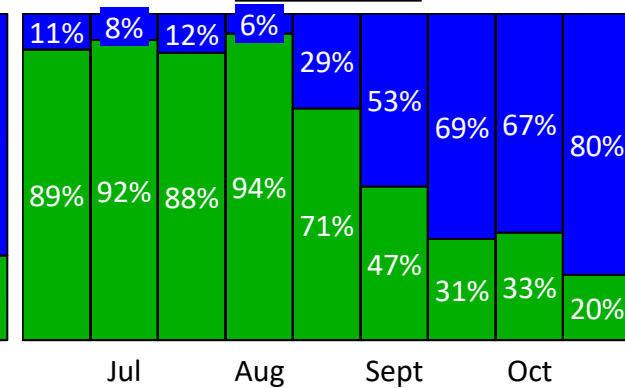
Hot Rolled



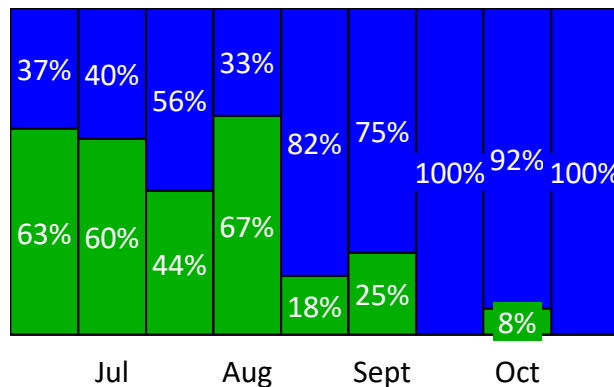
Cold Rolled



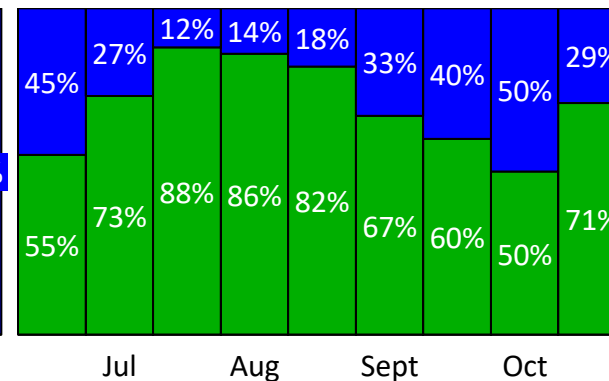
Galvanized



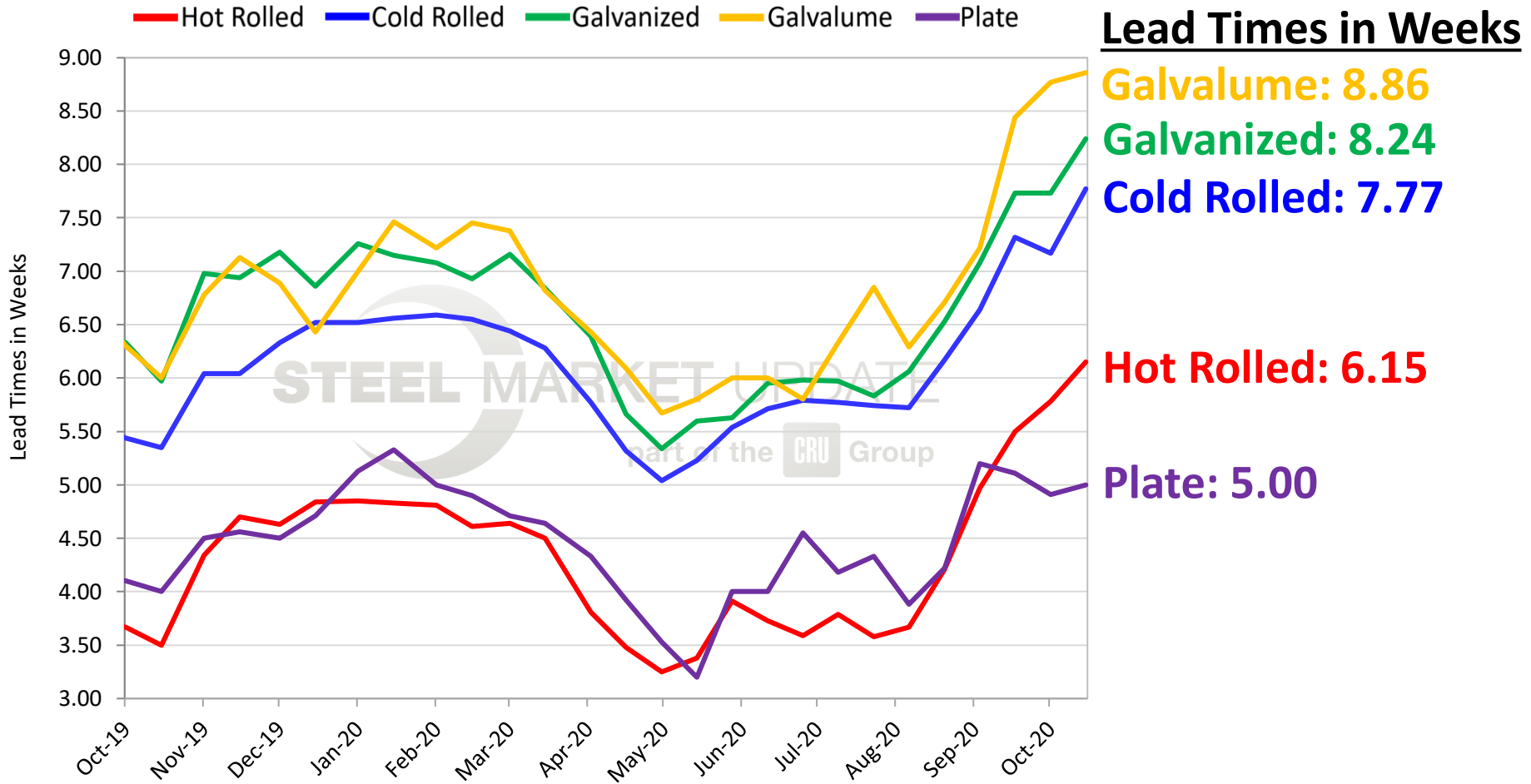
Galvalume



Plate



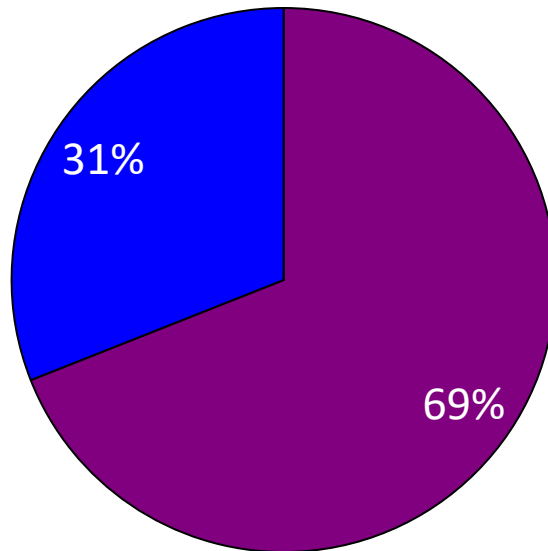
Mill Lead Times



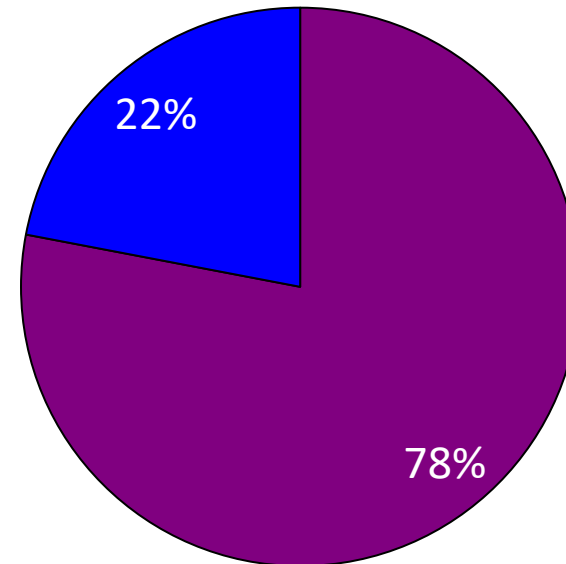
Does your company buy foreign steel?

■ Yes ■ No

Manufacturers



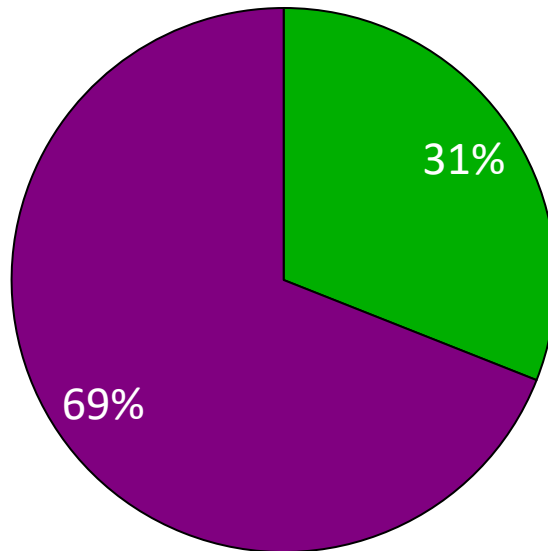
Service Centers



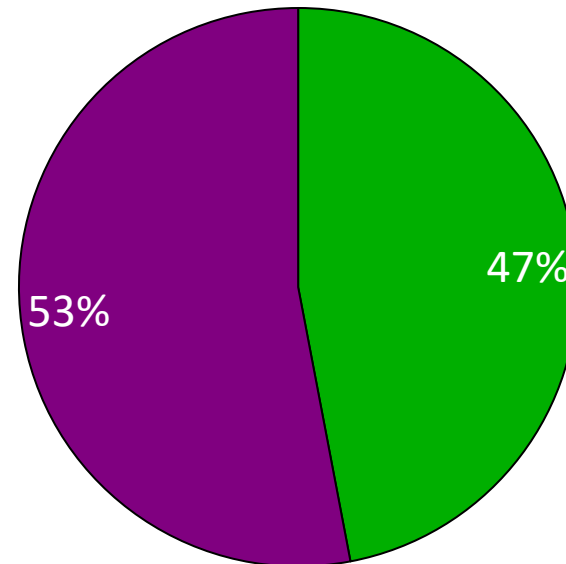
Are your foreign steel suppliers quoting you competitive prices for new orders for future delivery?

Yes No

Manufacturers



Service Centers

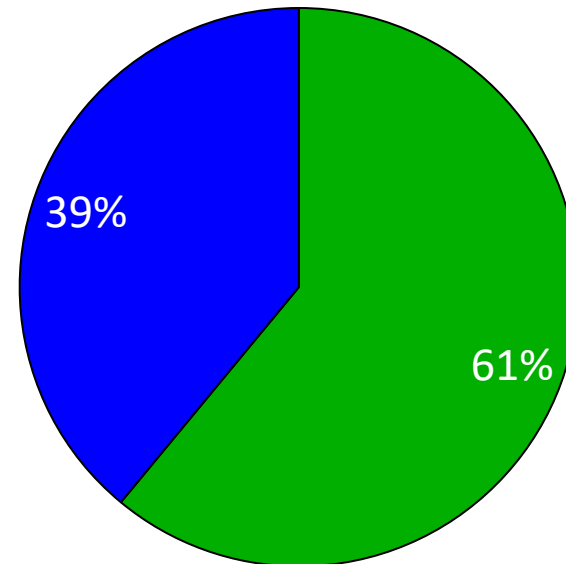
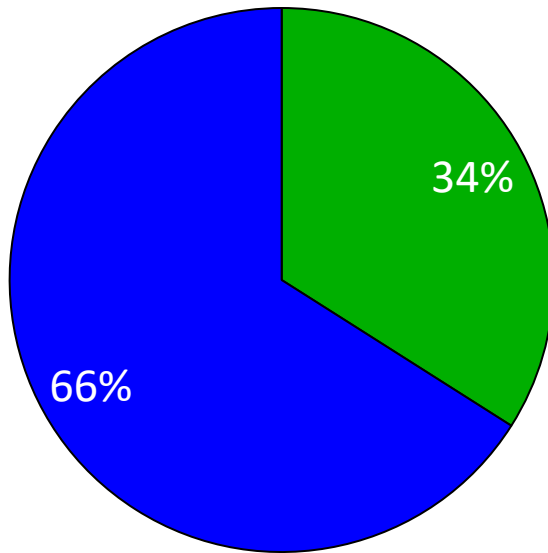


Foreign Steel

Manufacturers- Are you buying new orders of foreign steel for future delivery?

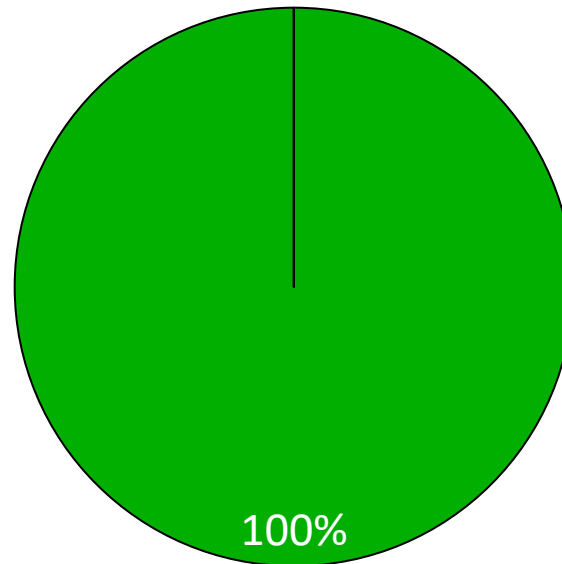
Service Centers- Are you decreasing the percentage of foreign steel on your order book?

Yes No



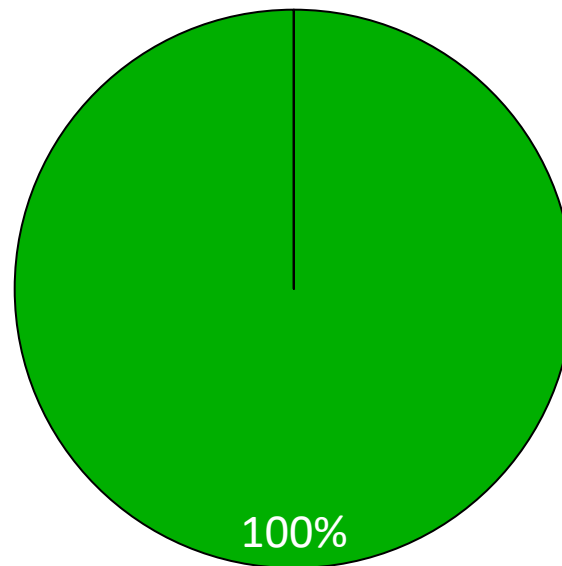
At this time, are you seeing an increase or decrease in orders from your North American buyers?

 Increase
 Decrease



With prices increasing out of the domestic steel mills are foreign products now becoming more attractive to U.S. steel buyers?

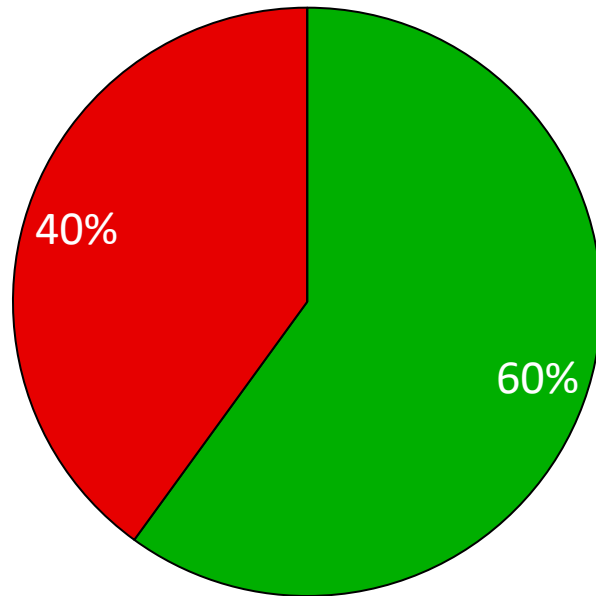
Yes No



Trading Companies

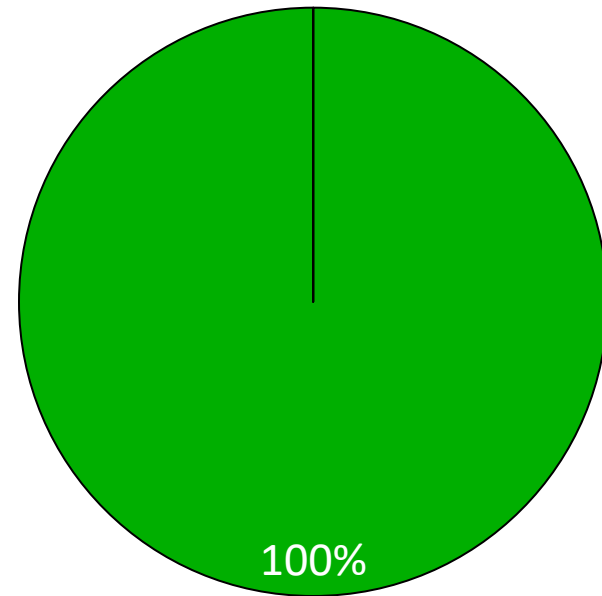
Are your galvanized prices competitive enough right now to get orders (including the new duties)?

- Yes
- No
- Too early to tell



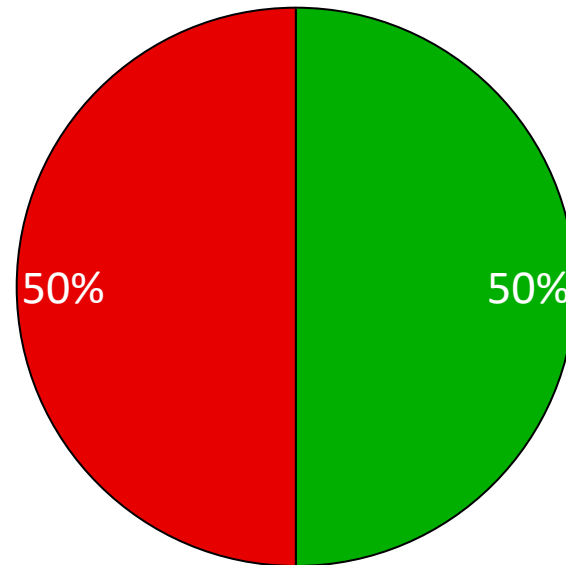
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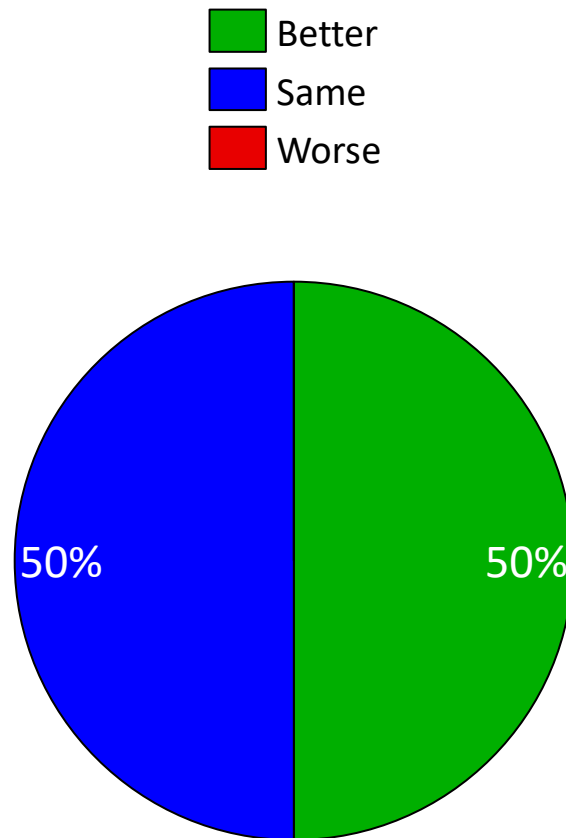


Are you able to offer plate pricing that is attractive to buyers right now?

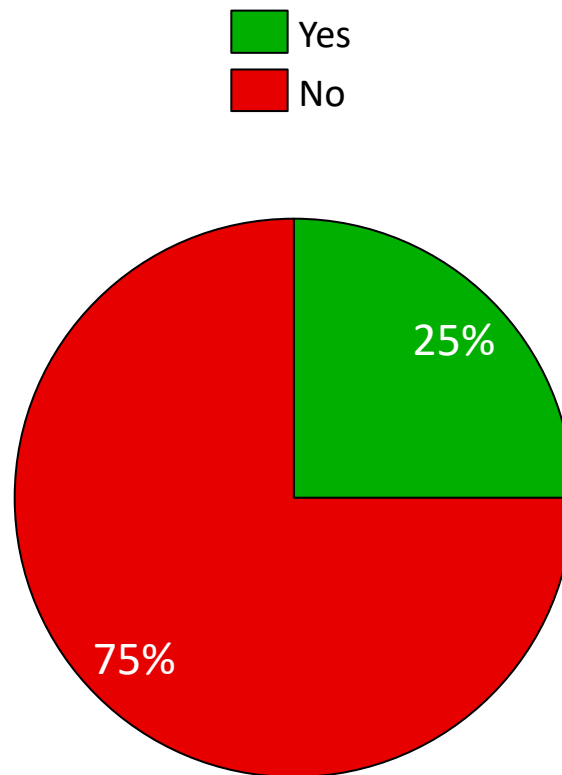
Yes
No



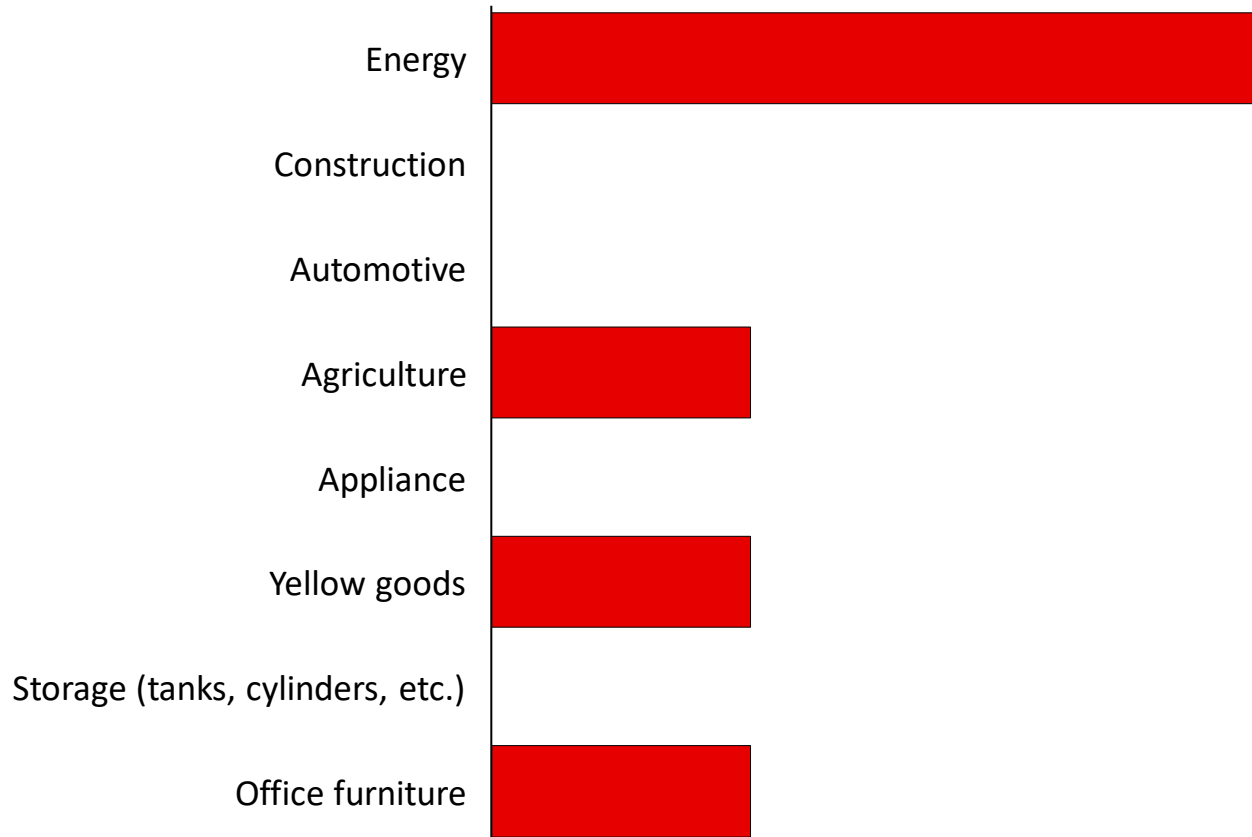
The current order book at your mill is better or worse than last month?



Will the restarts of the blast furnaces at the integrated mills put too much supply and hold down steel prices over the next few months?



Are there any market segments that your company feels will be doing poorly 3-6 months from now (check all that apply)?



Questions?

If you have any questions regarding the information presented here, please contact us at 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.

Look for Our Next Survey



Our next survey
will be conducted
the week of
October 26, 2020



STEEL MARKET UPDATE

part of the  Group

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