



**STEEL MARKET UPDATE**

# Steel Trends in a Turbulent Market

Responses from our November 4<sup>th</sup> 2013 Market Survey





- 31 years actively selling flat rolled steel – 36 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 go to [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 600 companies to participate in our surveys.

Normal response rate is 125-175 individuals on any one survey.

All responses are kept confidential and are never attributed to the individual or company responding

# Survey Invitees



Steel 101 Workshop, Severstal Columbus 2013

You are one of our survey invitees.

If someone else at your company is better suited to take our surveys please advise us their name and email address and we will make the change.

We can be reached at:

[Info@SteelMarketUpdate.com](mailto:Info@SteelMarketUpdate.com)

We appreciate your assistance in helping SMU understand the markets better.



# Steel 101: Introduction to Steelmaking & Market Fundamentals



**Instructors:** John Eckstein, John Packard, Peter Wright, Steve Painter

We have both classroom and on-site (mill) instruction during our 2 day workshop



# Next Workshop – February 4-5



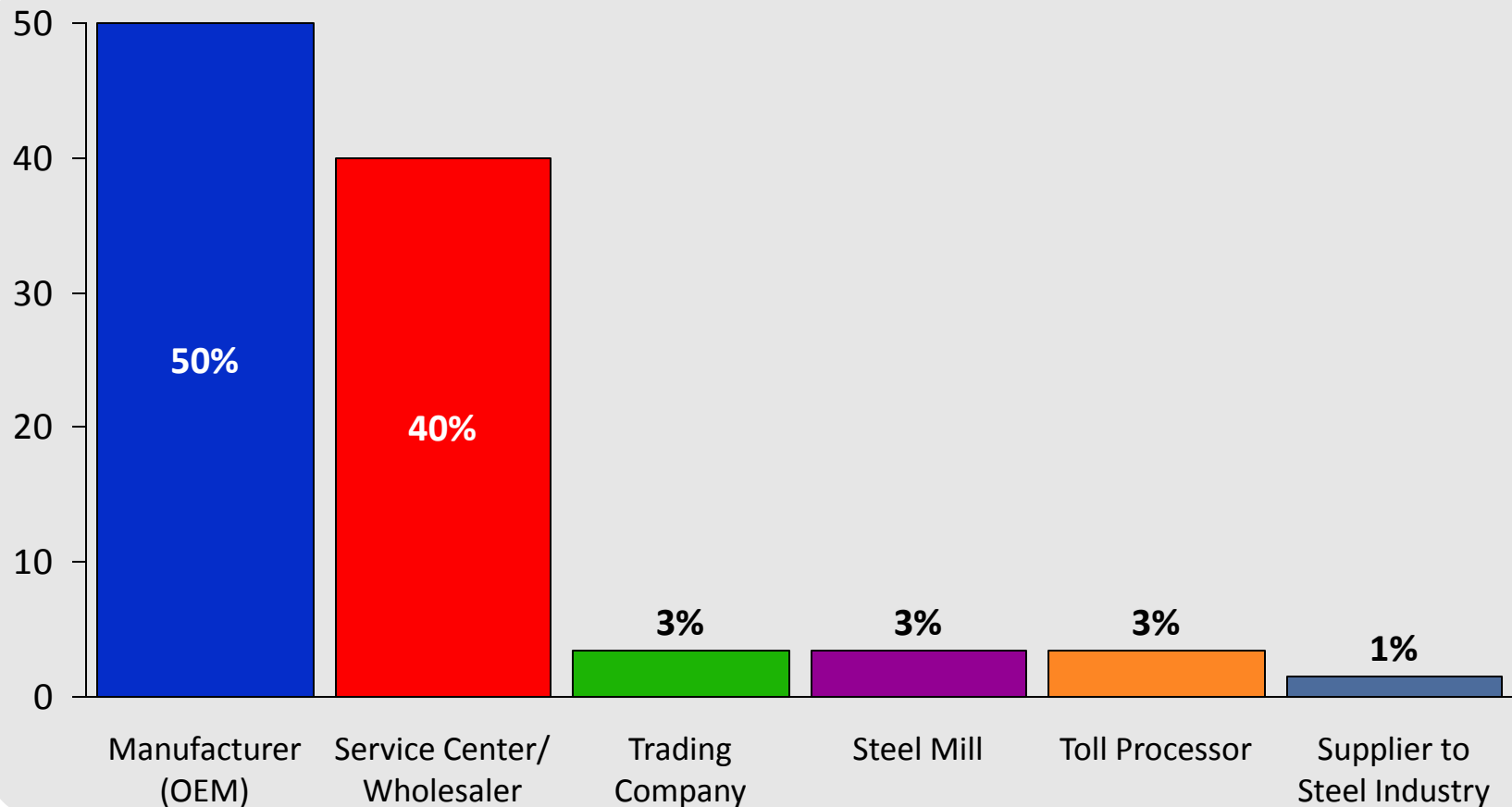
Steel 101 Workshop ArcelorMittal Dofasco 2013

Our next Steel 101 workshop is in Mobile, Alabama and includes a mill tour of SSAB.

If you would like more information about any of our workshops, you may visit the events section of our website, call or office at 800-432-3475, or send us an e-mail at: [info@SteelMarketUpdate.com](mailto:info@SteelMarketUpdate.com)

# Survey Participants

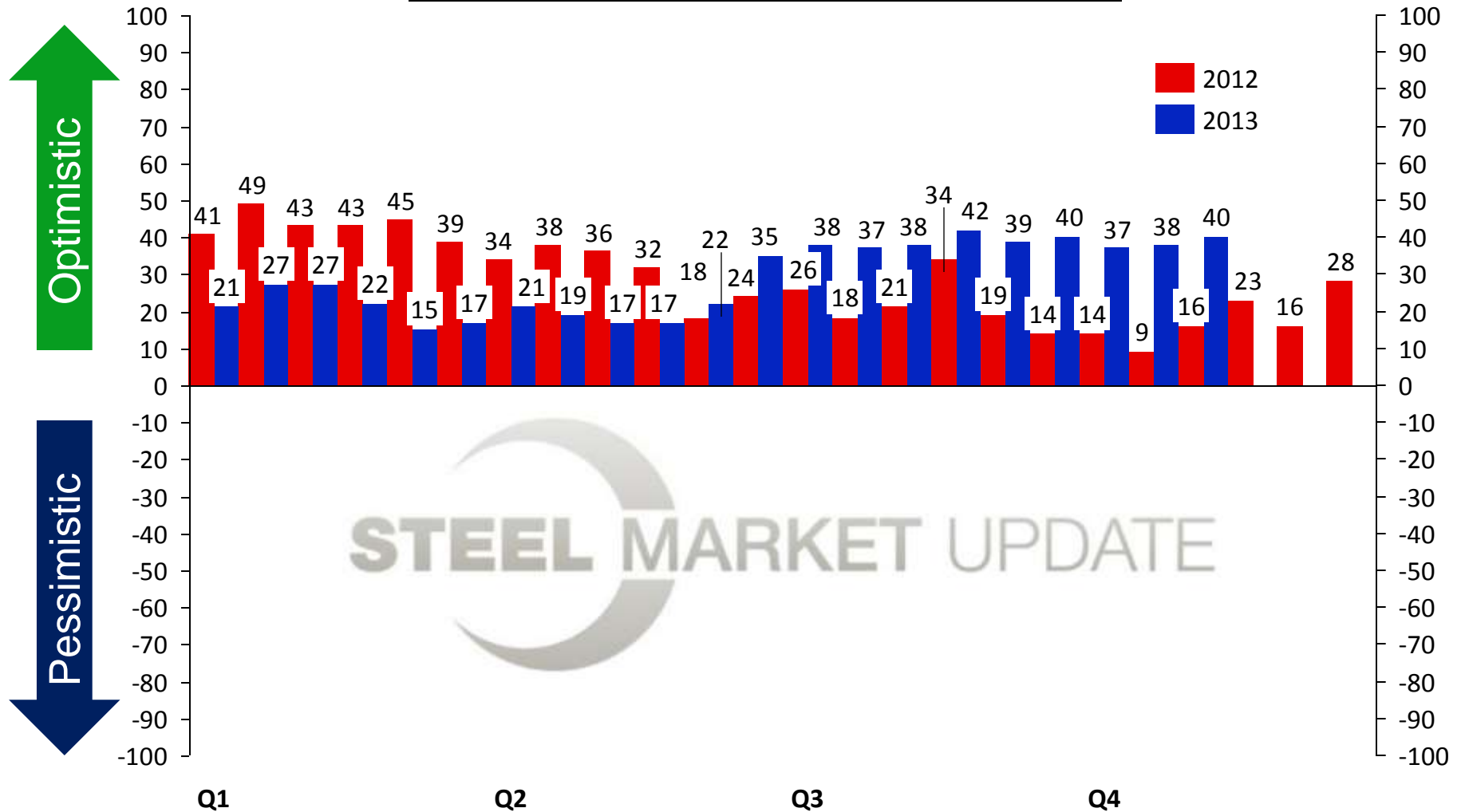
Our survey is by invitation only- Over 600 companies, mostly in the manufacturing or distribution industries, are asked to participate. Here are the percentages of participation in this week's survey by market sector.



# SMU Buyers Sentiment

Current up 2 points to +40

## Steel Market Update Buyers Sentiment Index

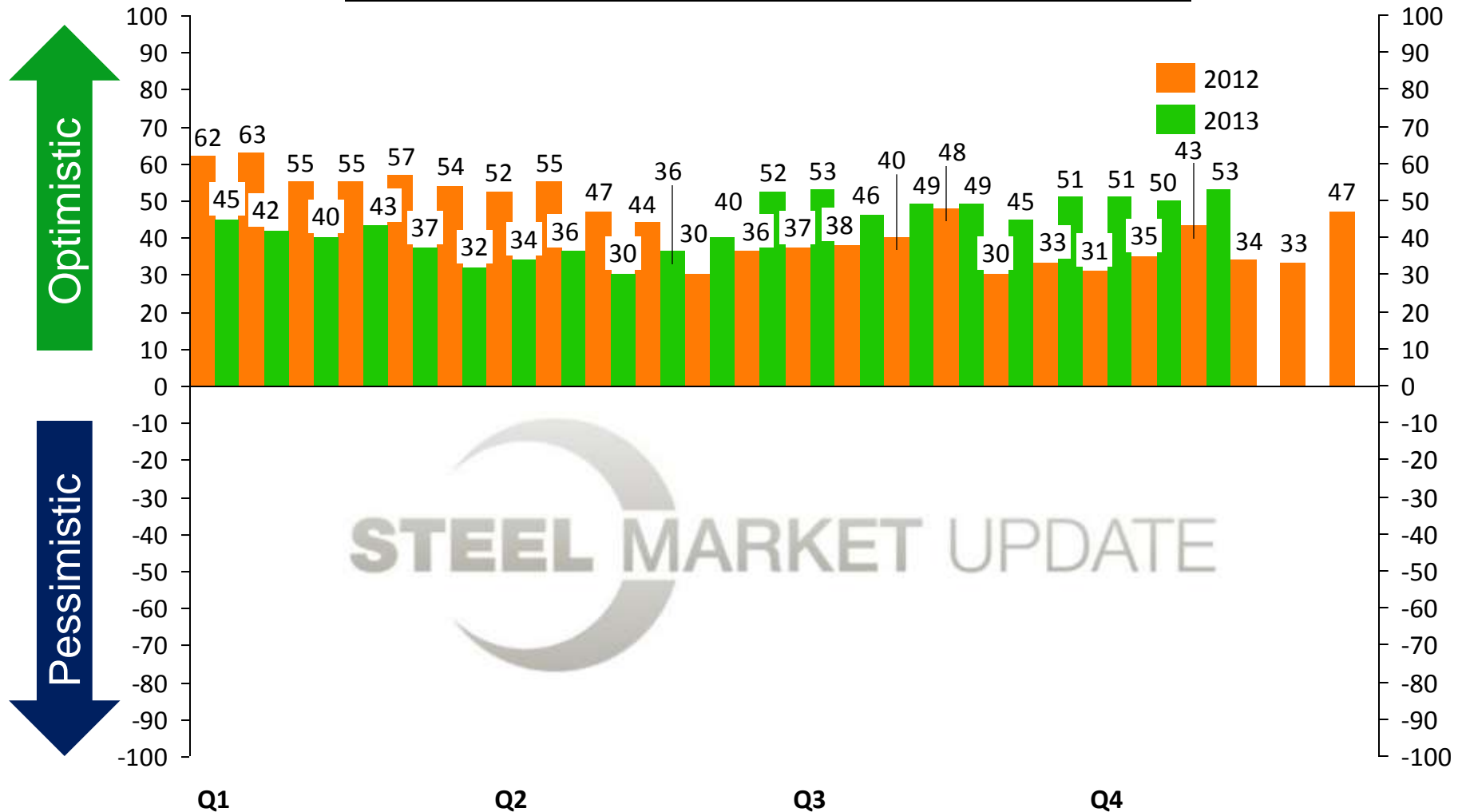




# SMU Future Buyers Sentiment

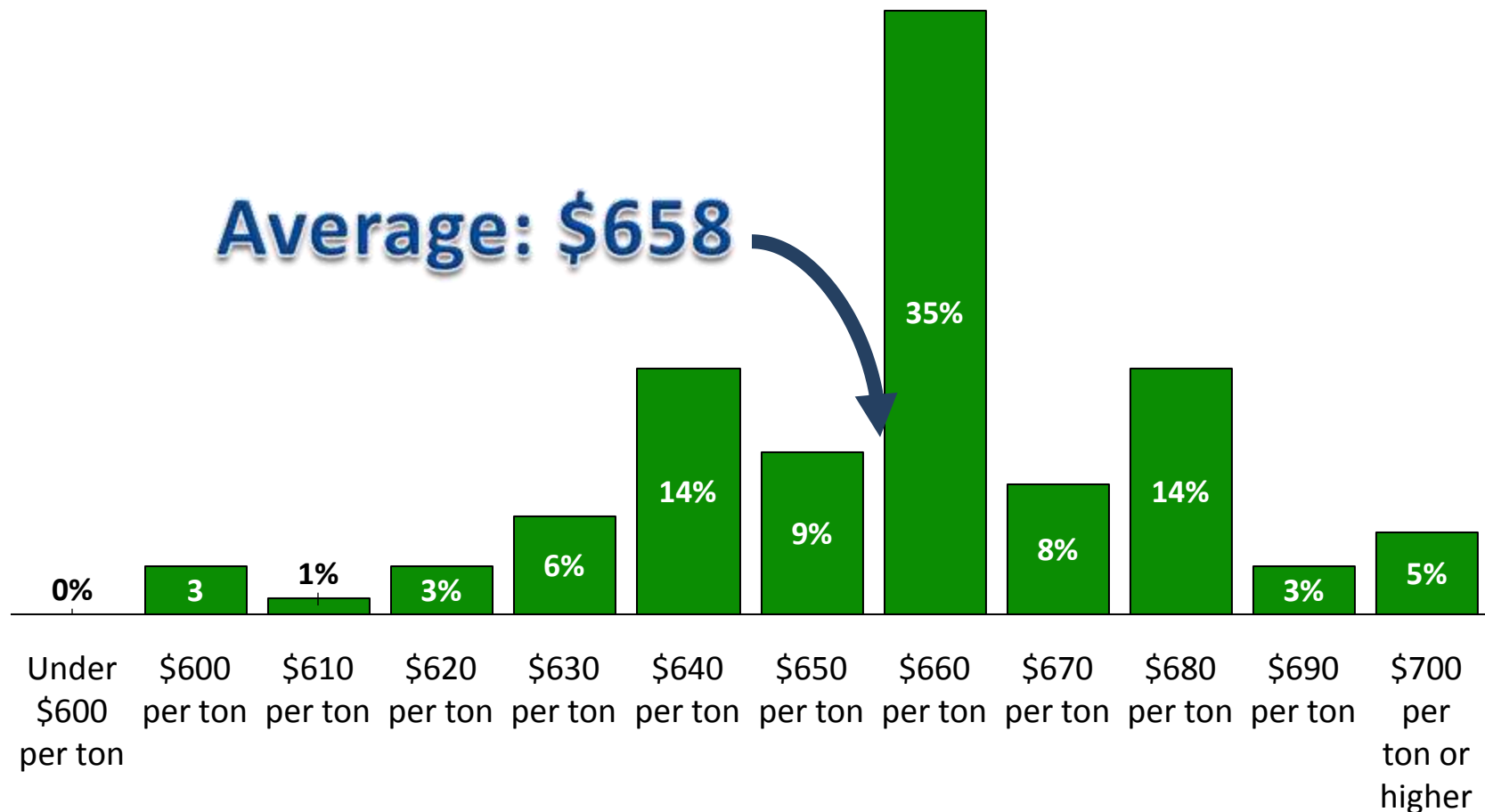
Future up 3 points to +53

## Steel Market Update 'Future' Buyers Sentiment Index



# Prices on December 1<sup>st</sup>

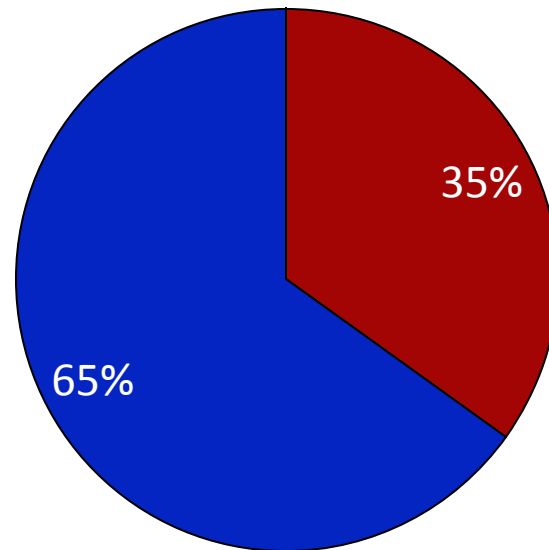
By the time we reach December 1<sup>st</sup> what do you think will be the collected hot rolled base price at that point for future orders placed at that time?



# Another Price Increase?

Do you expect the domestic flat rolled steel mills to announce another price increase within the next 2 weeks?

Yes No

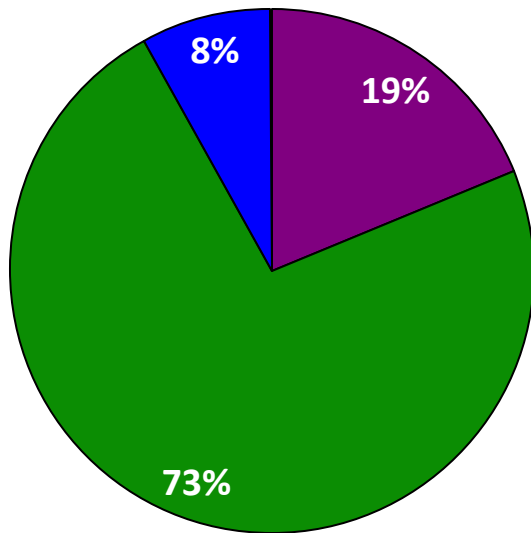


# Overall Demand

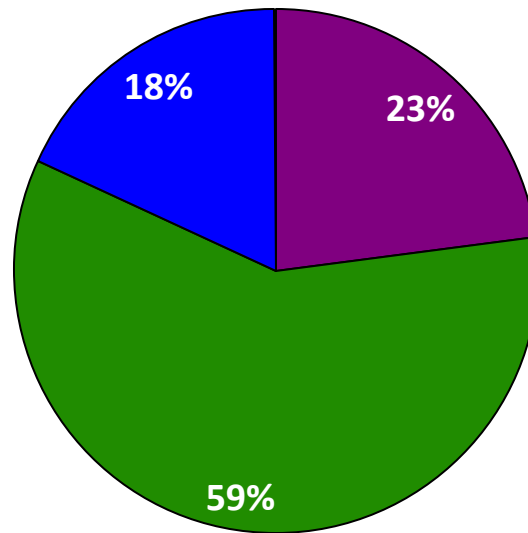
Are you seeing demand for your products improving, remaining the same or declining?

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

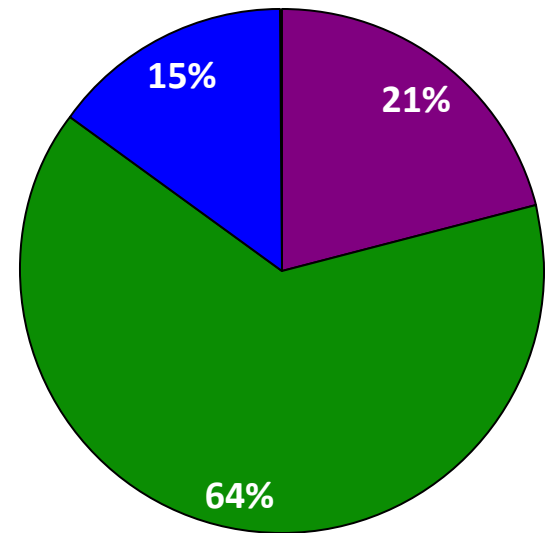
September 5<sup>th</sup> 2013



October 3<sup>rd</sup> 2013



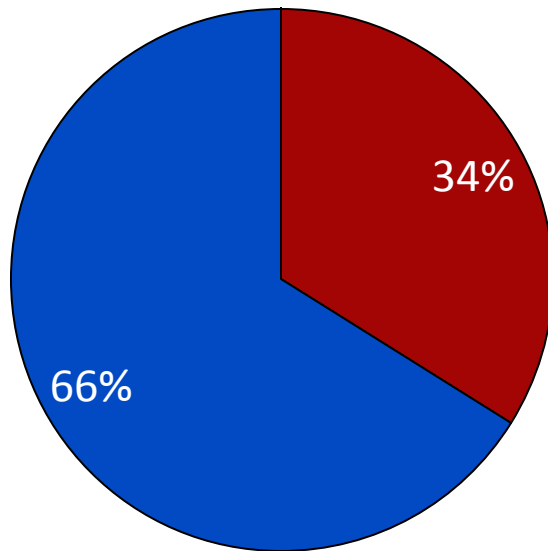
November 8<sup>th</sup> 2013



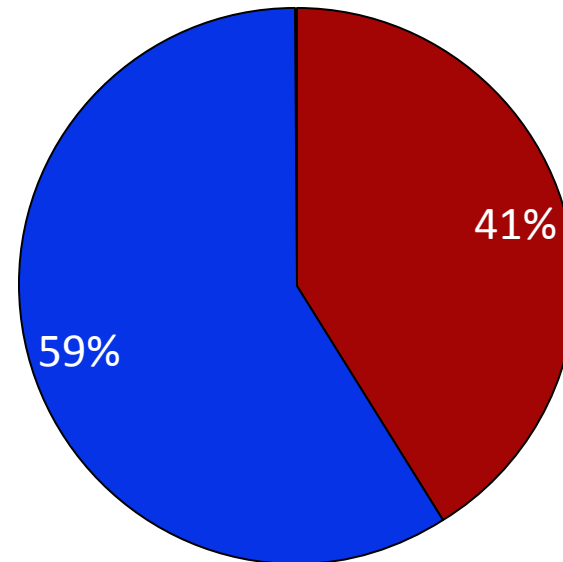
# Negotiations

For those negotiating NEW CONTRACTS for 2014 flat rolled business - Have you been able to conclude negotiations and now have pricing for at least 1st Quarter 2014?

## Manufacturers



## Service Centers



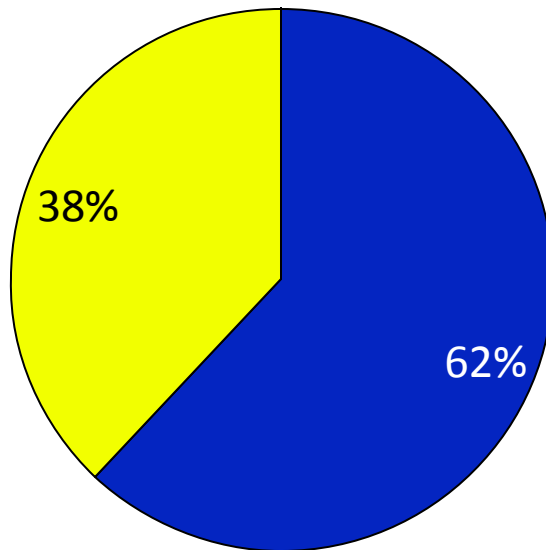
Yes No



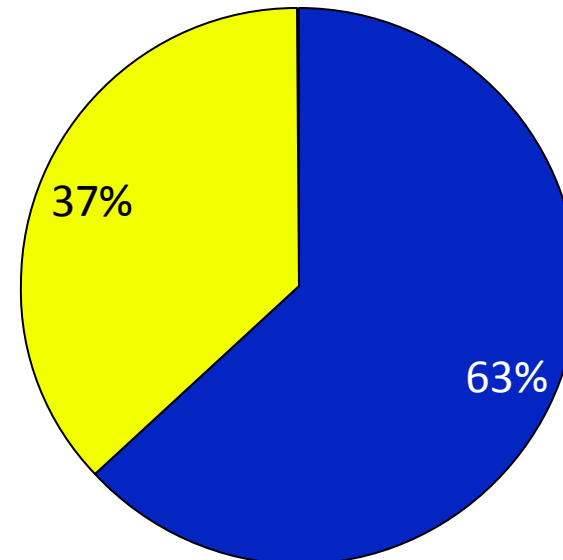
# Spot Market Tonnage

If you have not concluded negotiations on 2014 CONTRACTS – will you take your tonnage into the SPOT market for 1st Quarter 2014?

## Manufacturers



## Service Centers



■ Yes ■ No

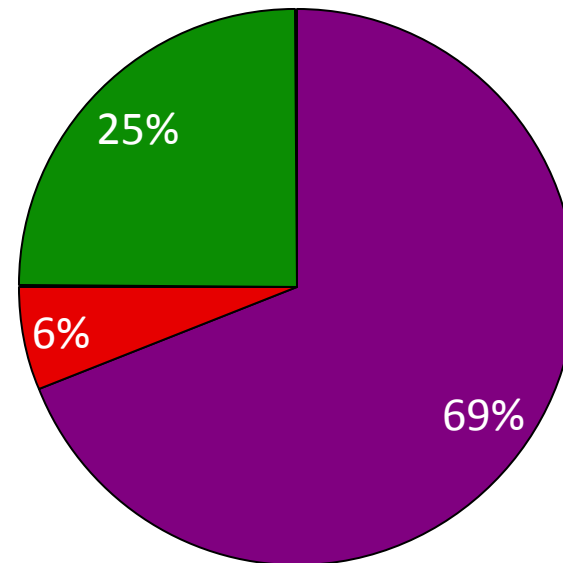
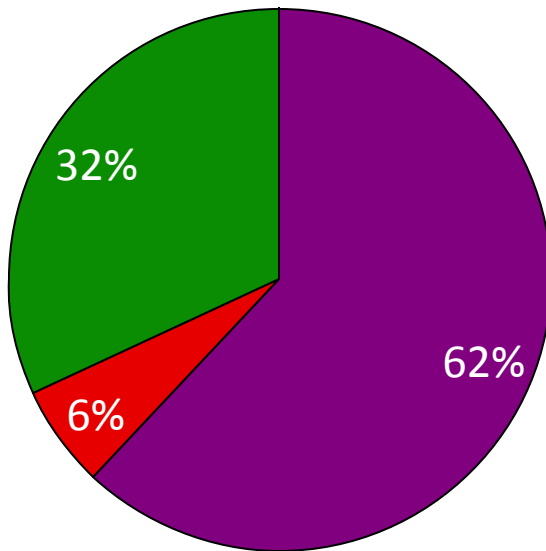
# 2014 Contract Prices

Do you think you will end up paying more, less or the same for your 2014 contract tons?

## Manufacturers

## Service Centers




More Less Same

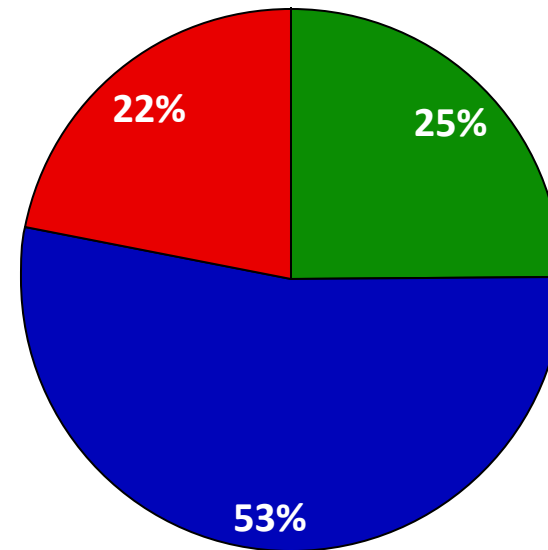
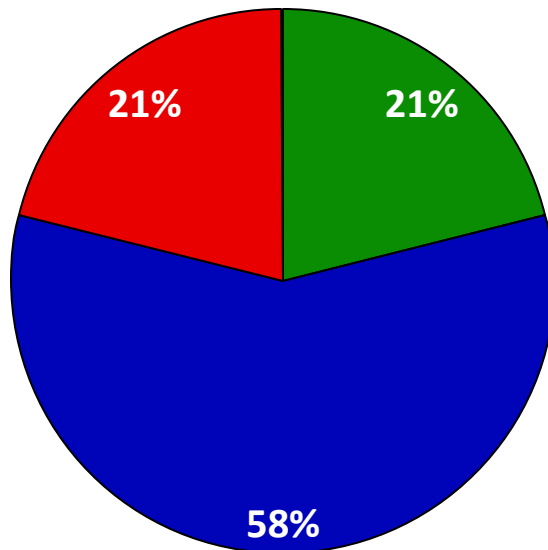


Did your company meet forecast last month?

## Manufacturers

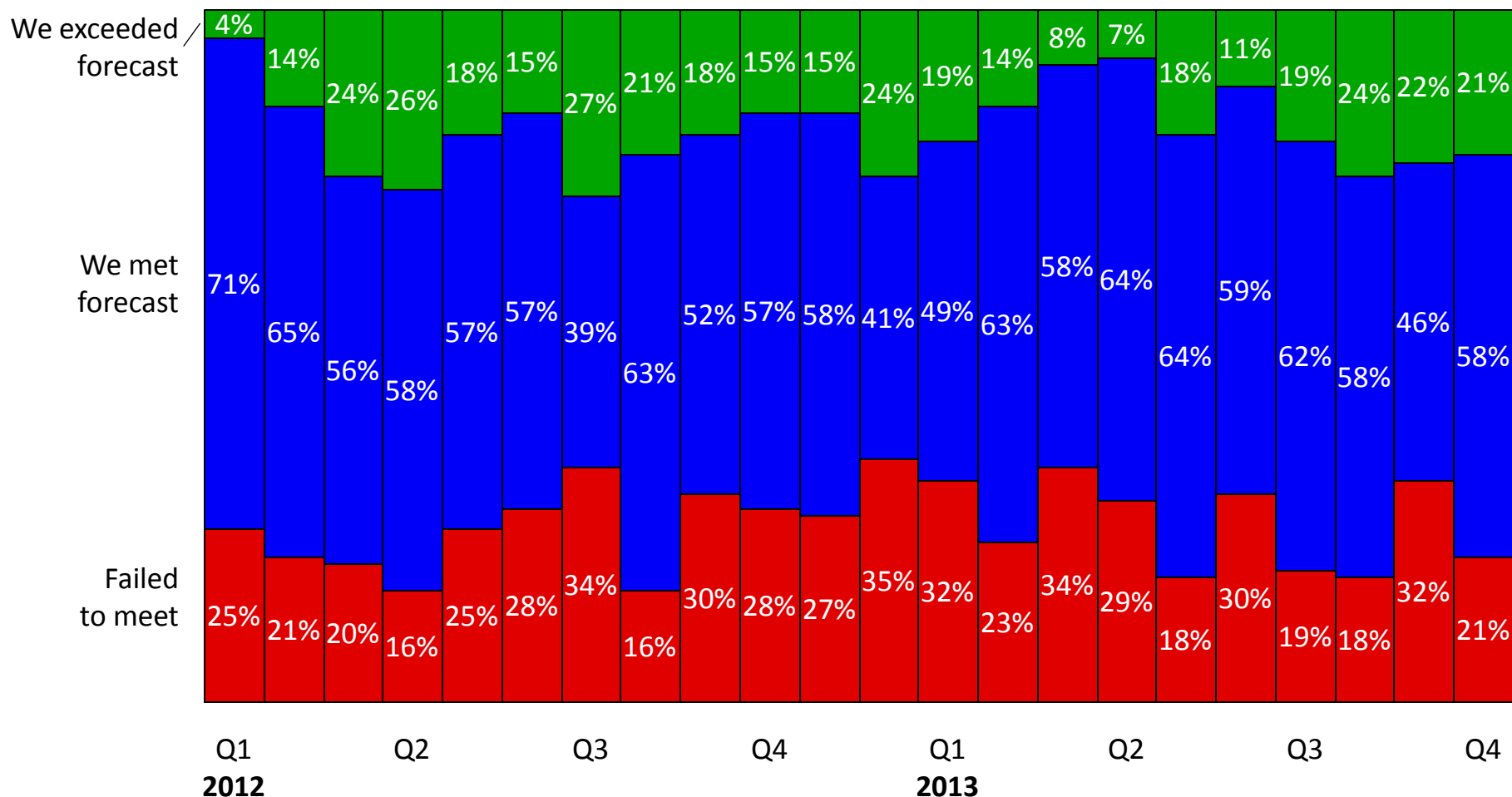
## Service Centers

-  We exceeded forecast
-  We met forecast
-  We failed to meet forecast



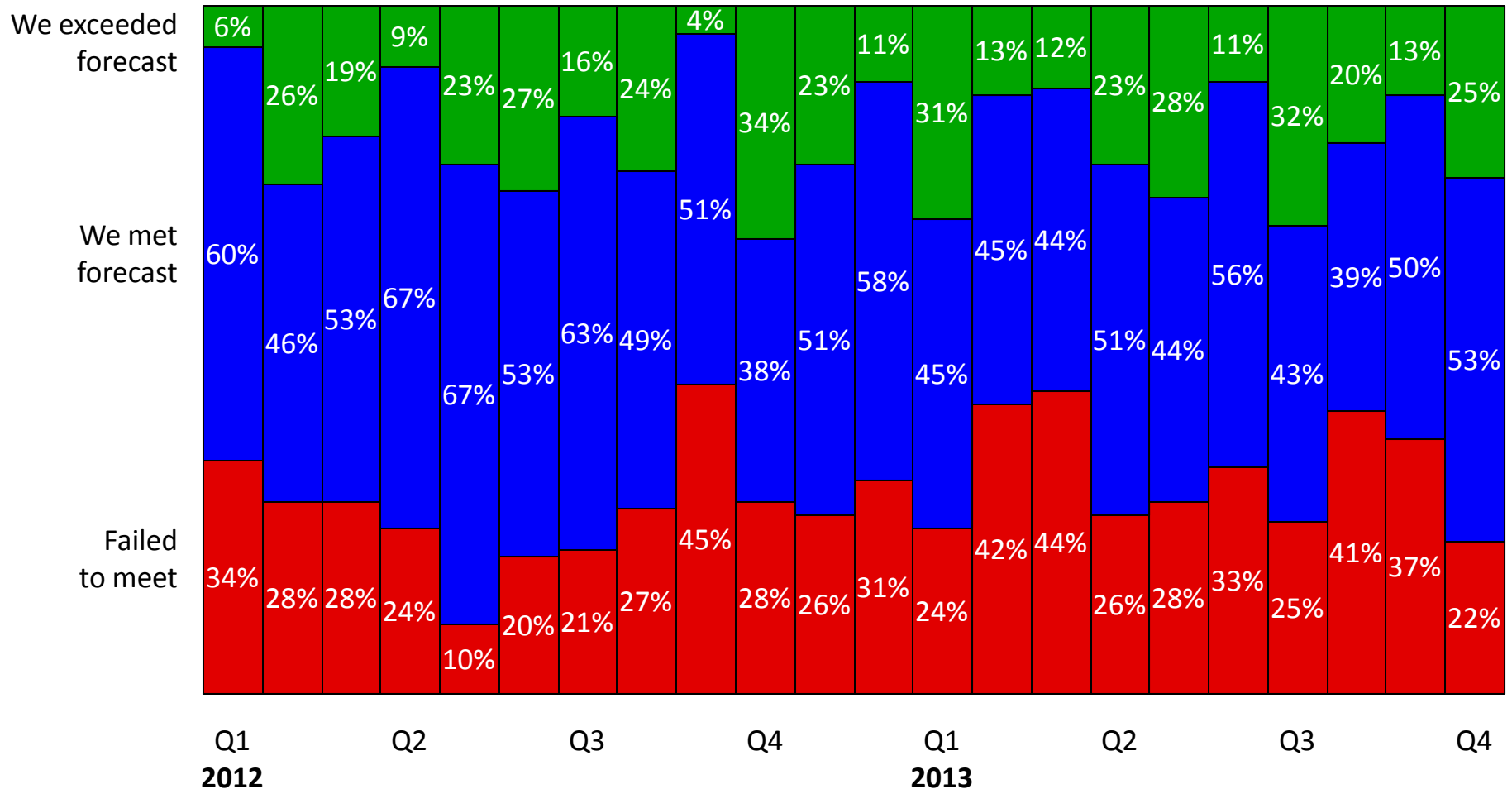
# Manufacturer Comparison of Business Level Forecast

**Manufacturers-** Did your company meet forecast for the month of...



# Service Center Comparison of Business Level Forecast

**Service Centers-** Did your company meet forecast for the month of...



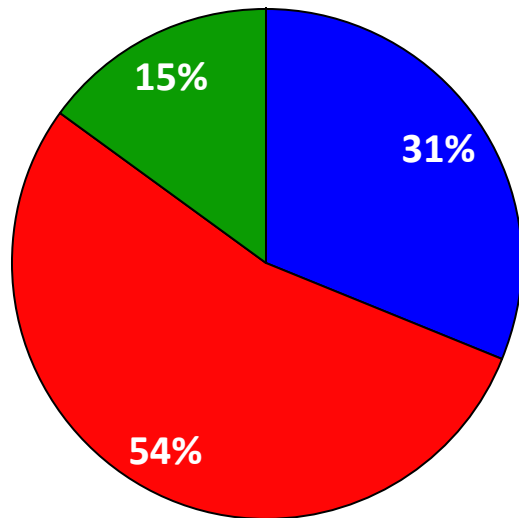


# Manufacturer Purchases

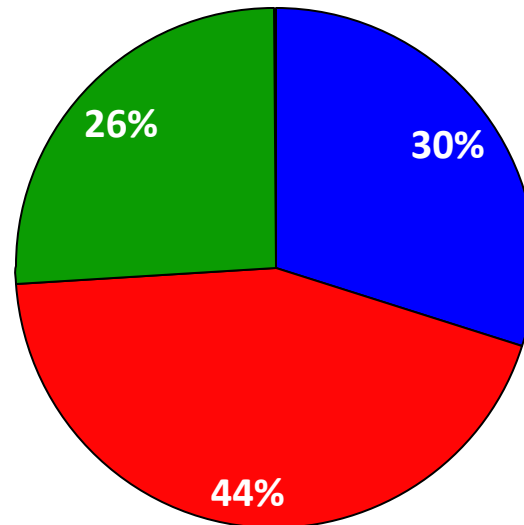
**Manufacturers-** Compared to this time last year –  
is your company buying more, less or the same  
amount of flat rolled steel as one year ago?

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

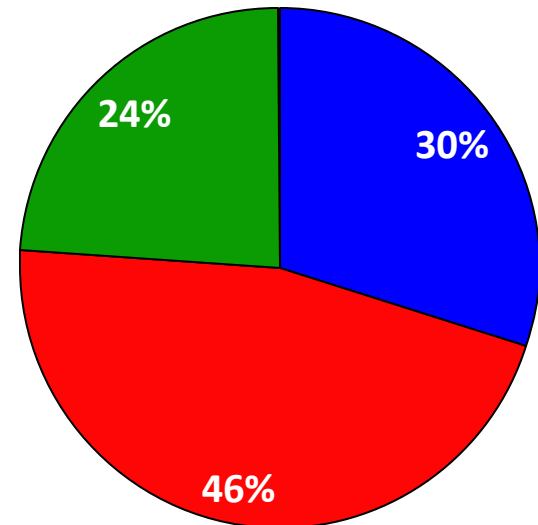
September 5<sup>th</sup> 2013



October 3<sup>rd</sup> 2013



November 8<sup>th</sup> 2013

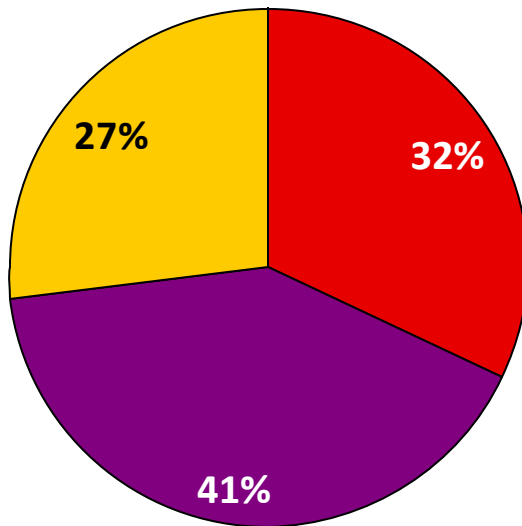


# Service Center Releases

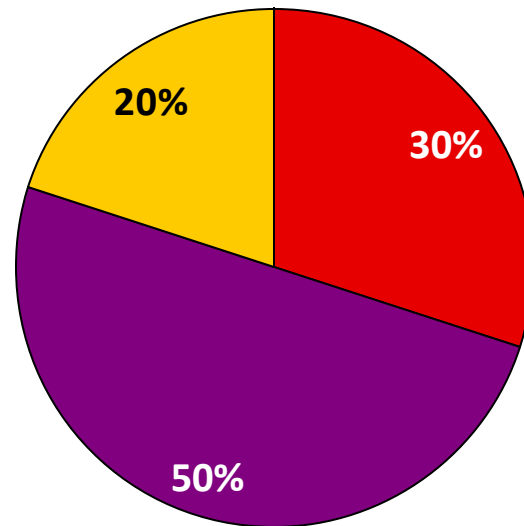
**Service Centers-** How do you see your customers releases (demand) for the products your company provides this year compared to this time last year?

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

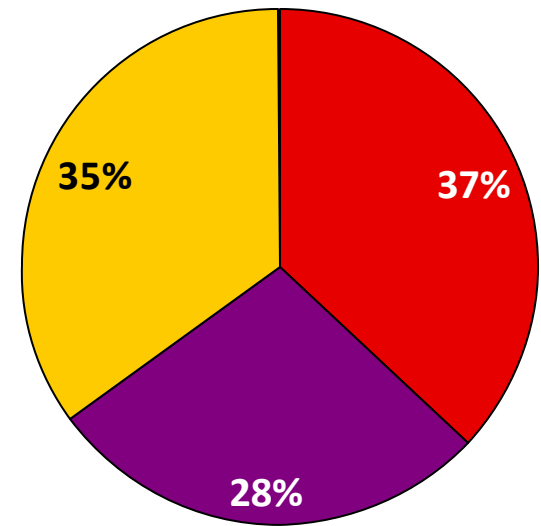
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November 8<sup>th</sup> 2013

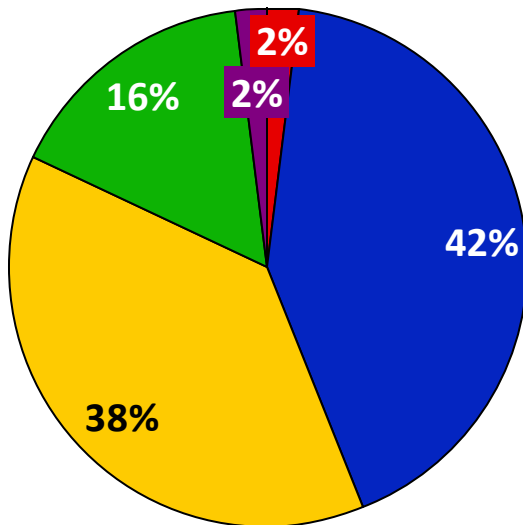


# Manufacture Demand

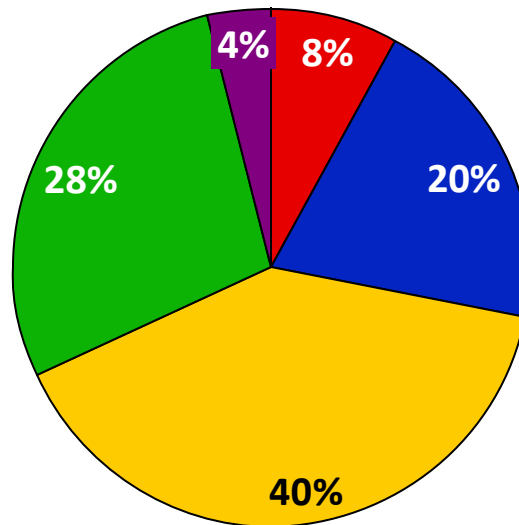
**Manufacturers-** Demand for your products will \_\_\_\_\_  
over the next 3 months based on current order flows.

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

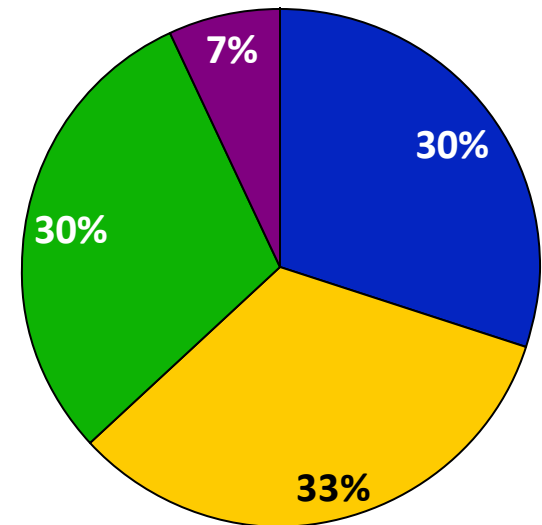
September 5<sup>th</sup> 2013



October 3<sup>rd</sup> 2013



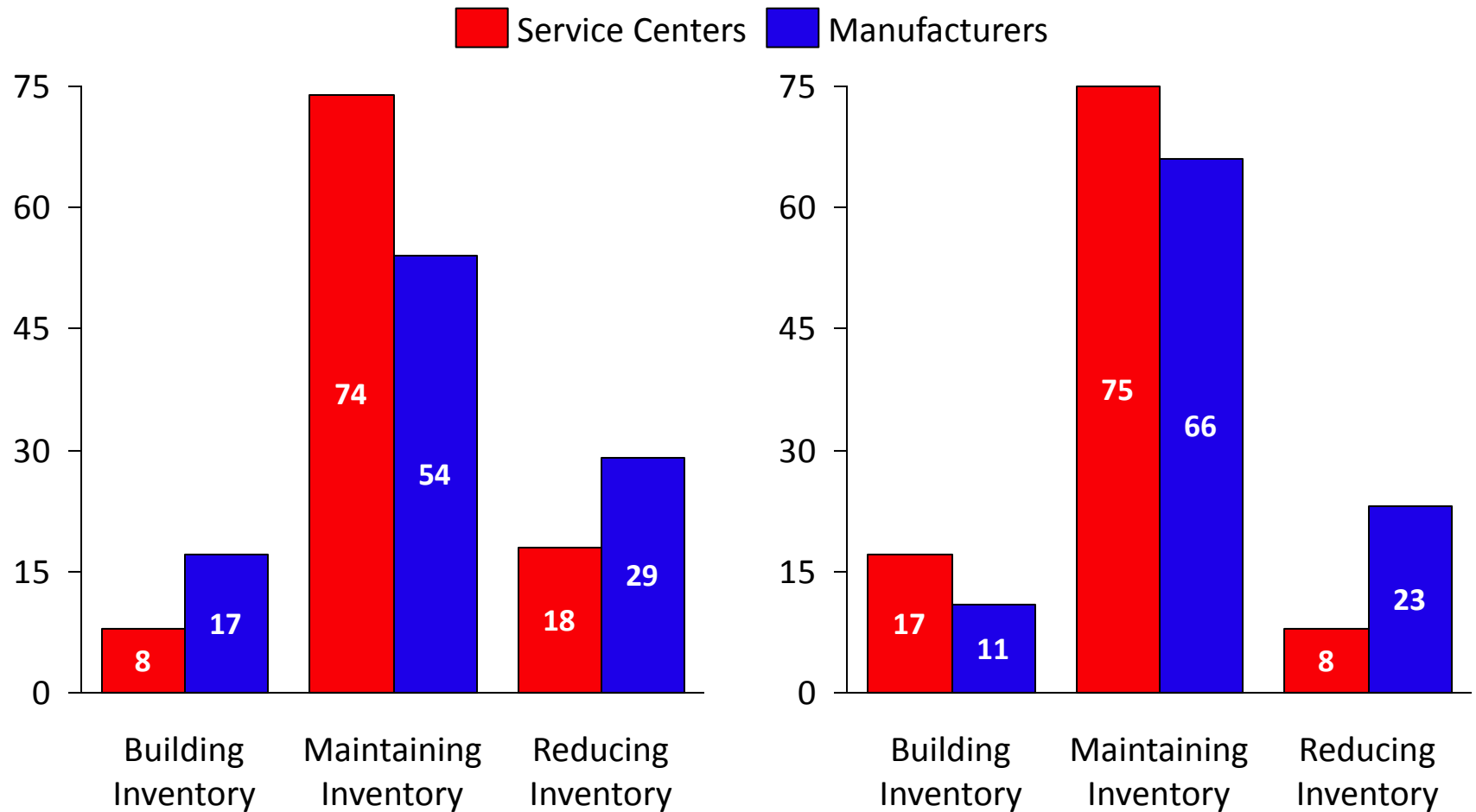
November 8<sup>th</sup> 2013



# Manufacturer and Service Center Inventory Buying Patterns

October 17<sup>th</sup> 2013

November 8<sup>th</sup> 2013

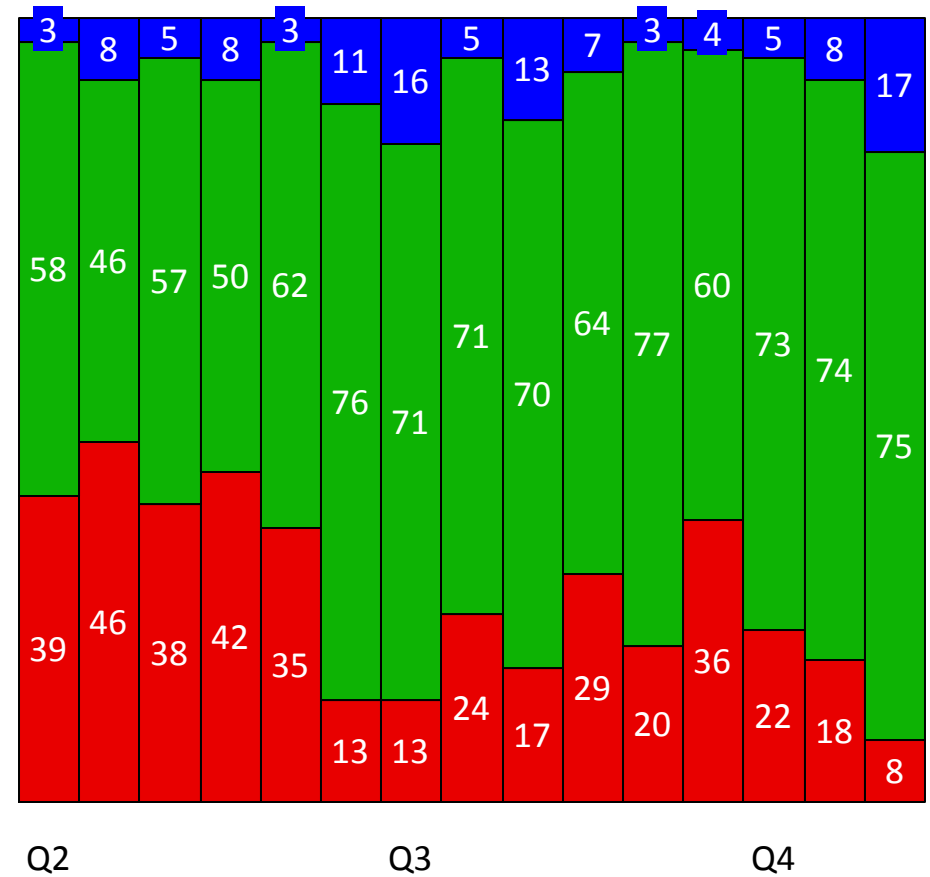
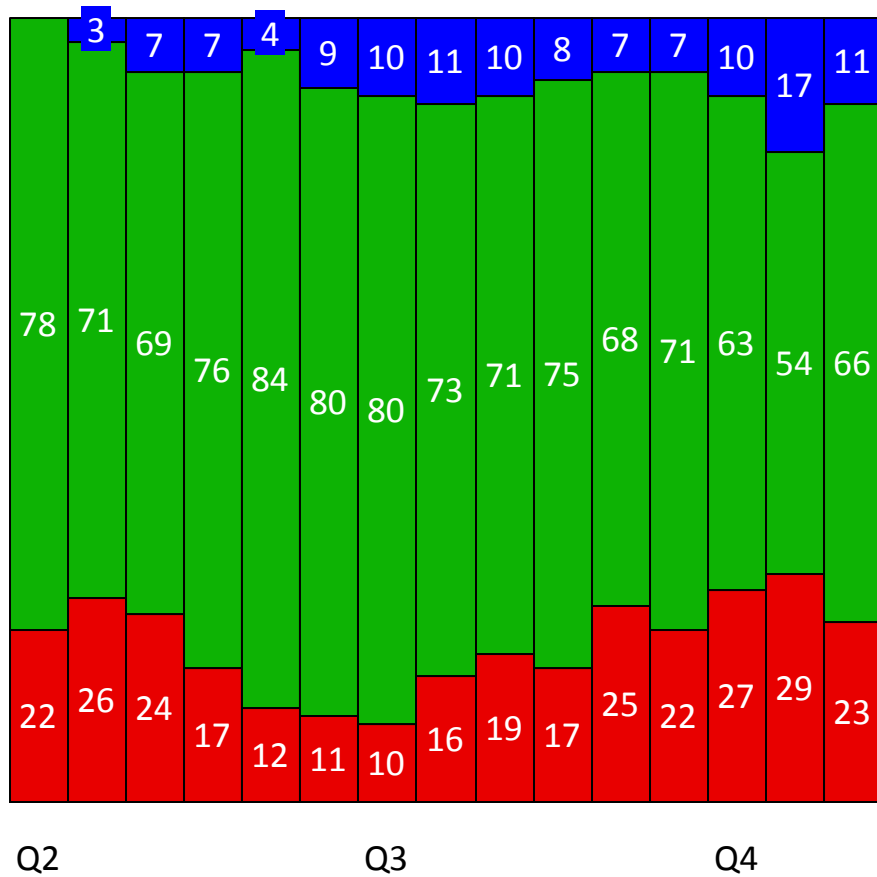


# Manufacturer and Service Center Inventory Buying History

## Manufacturers

## Service Centers

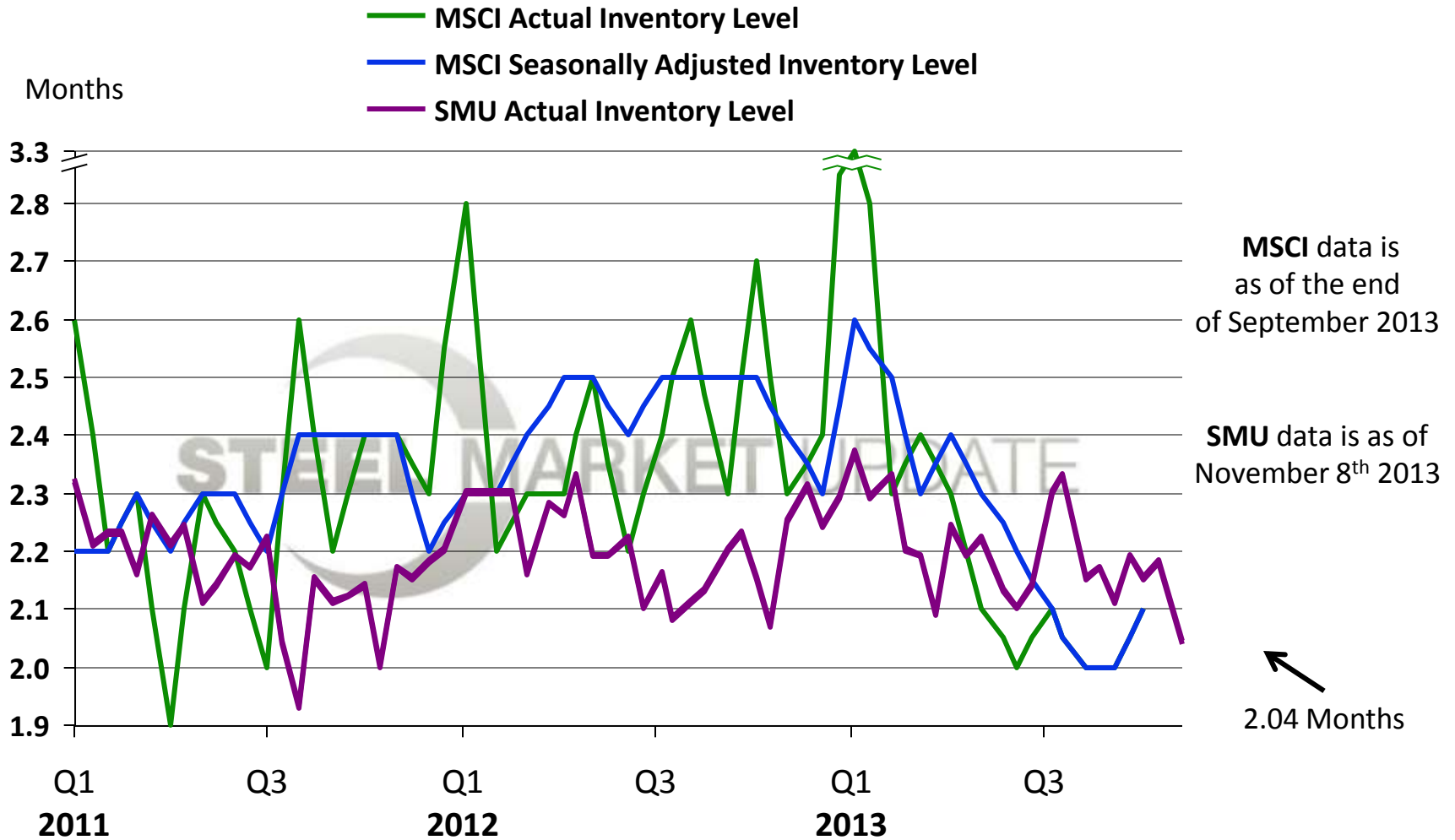
- Building Inventory
- Maintaining Inventory
- Reducing Inventory





# Service Center Months on Hand History

## SMU Service Center & MSCI Inventory Level History Comparison

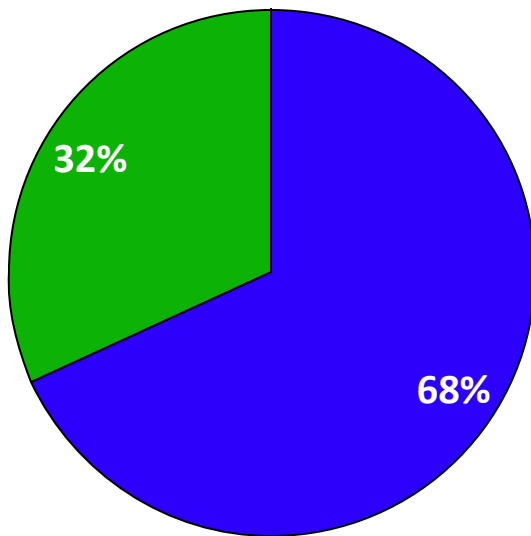


# Manufacturer's View of Service Center Selling Prices

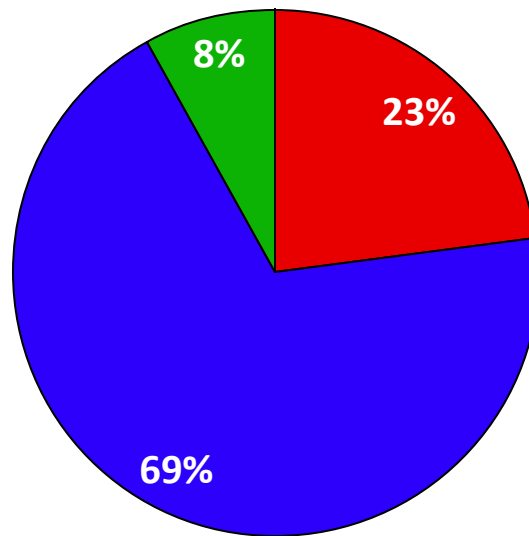
**Manufacturers-** Which comment do you feel is representative of service center pricing right now?

- 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

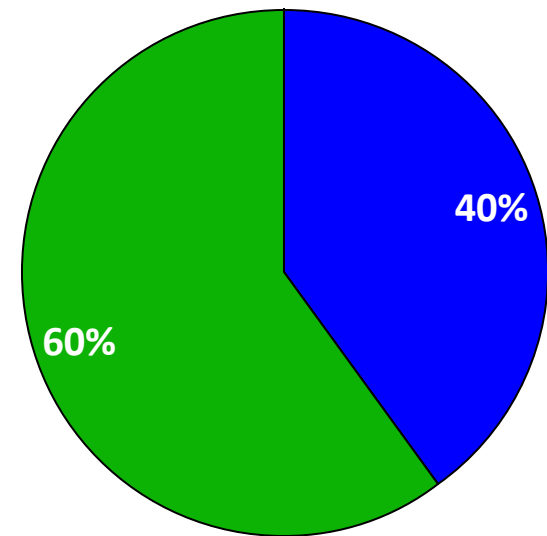
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October 3<sup>rd</sup> 2013



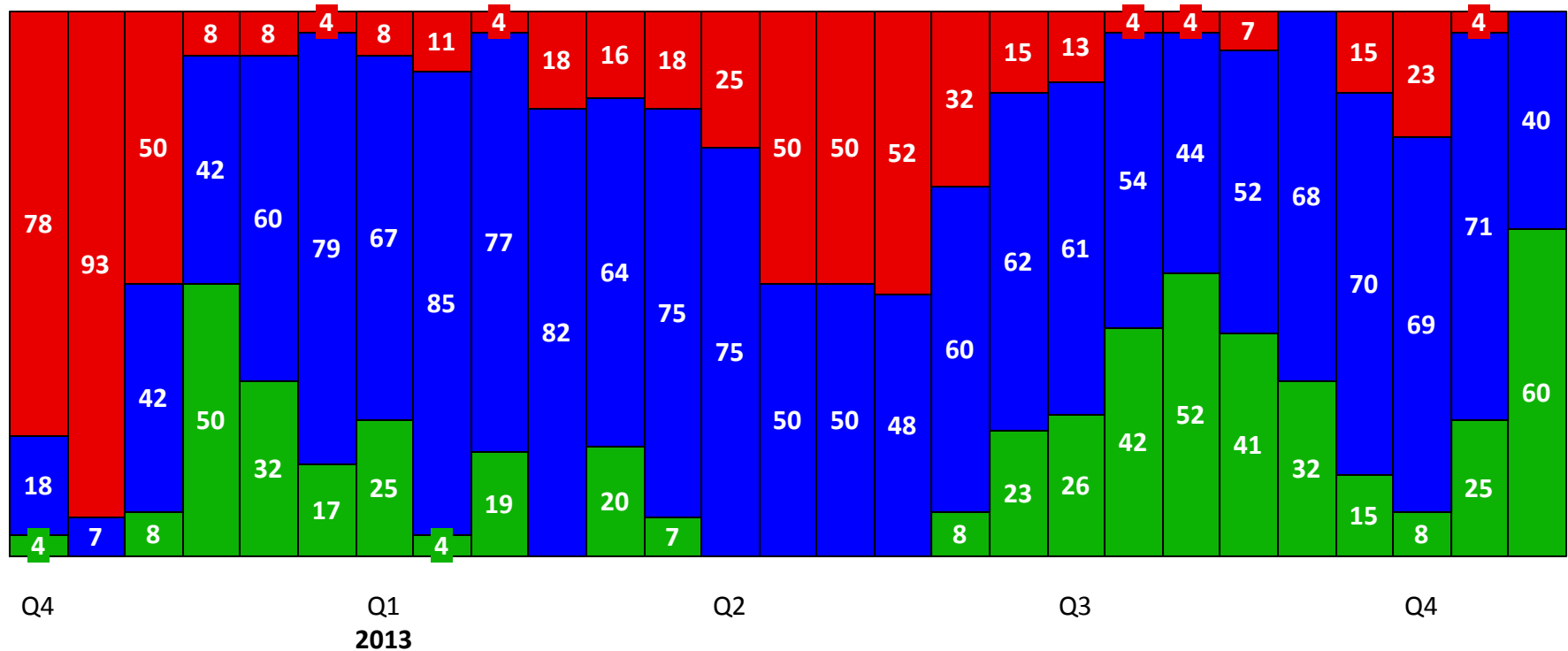
November 8<sup>th</sup> 2013



# 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

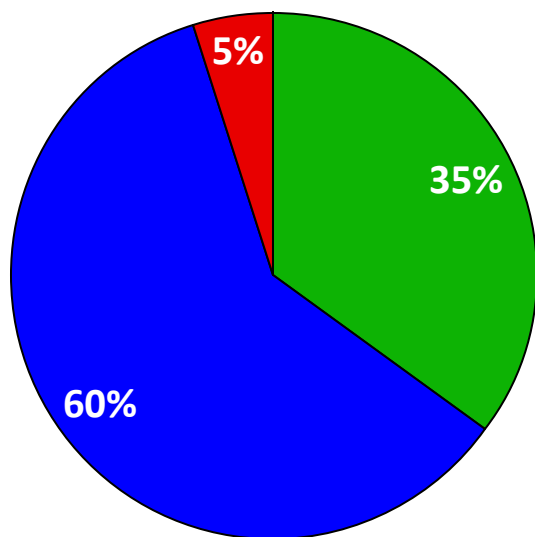


# Service Center View of Selling Prices

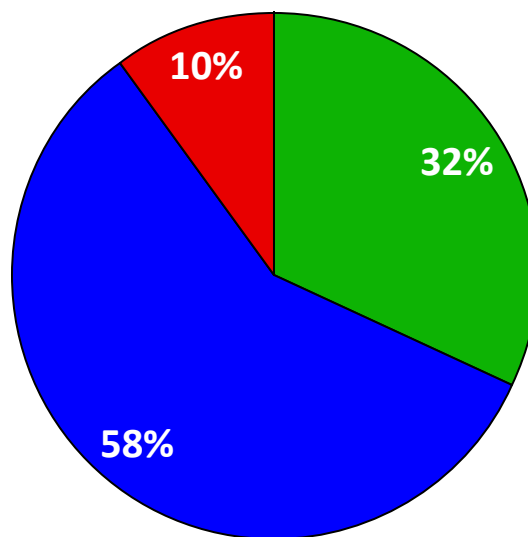
**Service Centers-** how is your company handling spot pricing to your customers at this time?

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

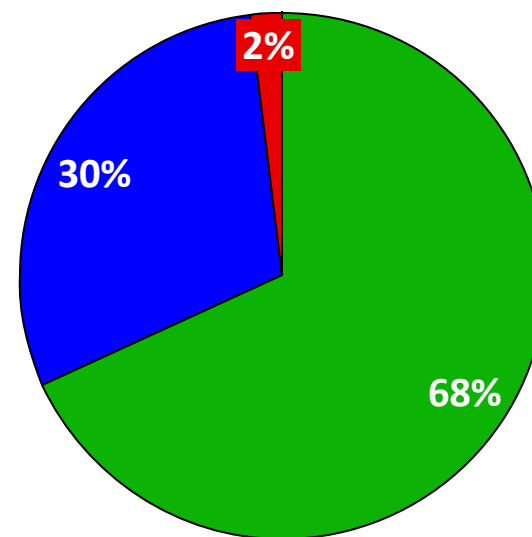
September 5<sup>th</sup> 2013



October 3<sup>rd</sup> 2013



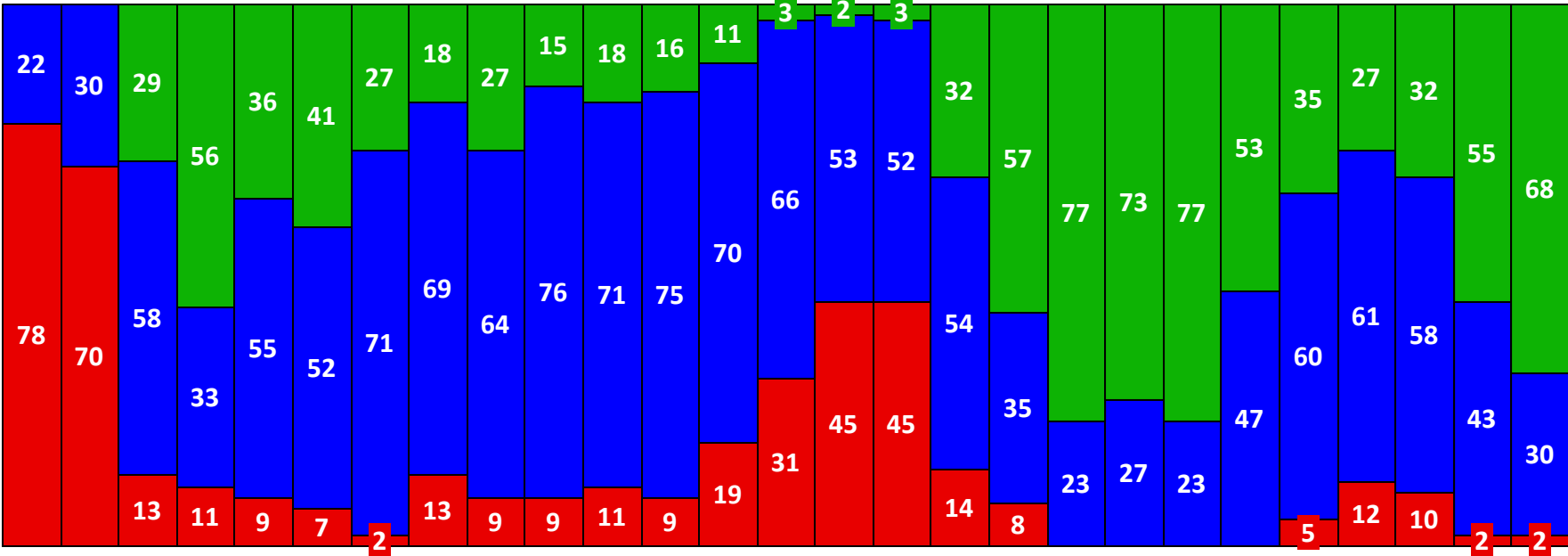
November 8<sup>th</sup> 2013



# Service Center View of Selling Prices History

**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





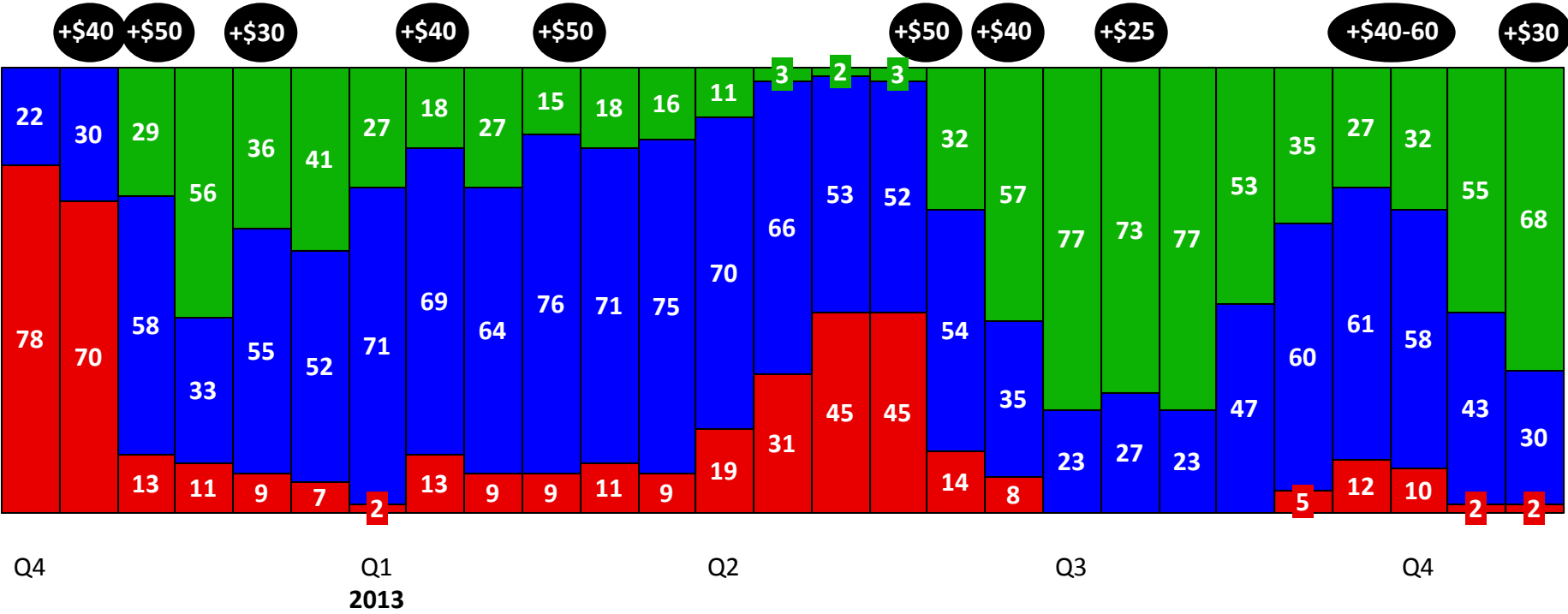
# Service Center View of Selling Prices History

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




Historical AK Steel Price Announcements



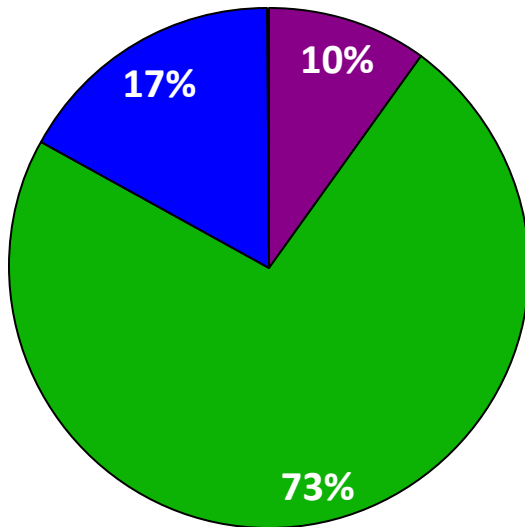
- We are raising prices
- We are keeping prices the same
- We are lowering prices



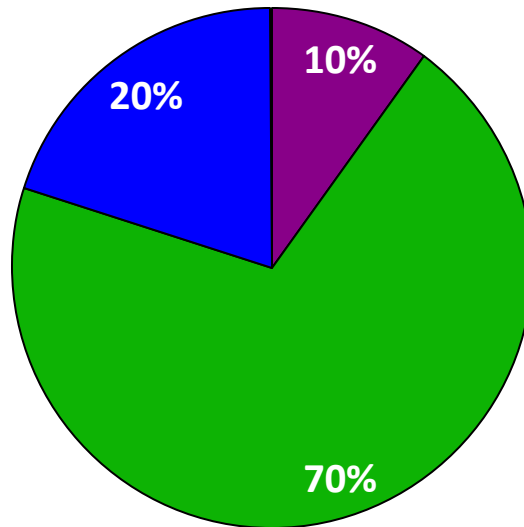
**Service Centers-** Are your manufacturing customers increasing orders, keeping them the same or reducing orders at this time?

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

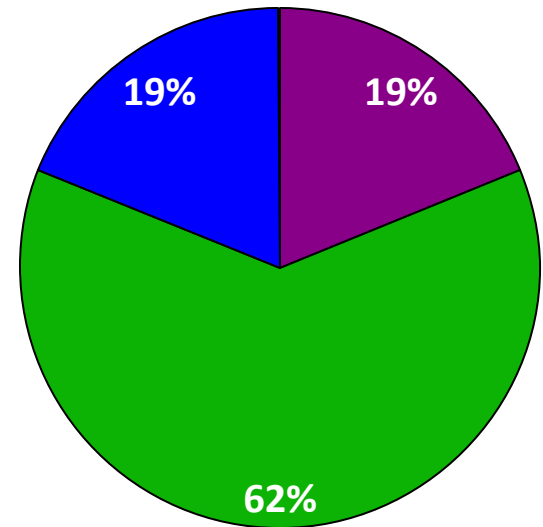
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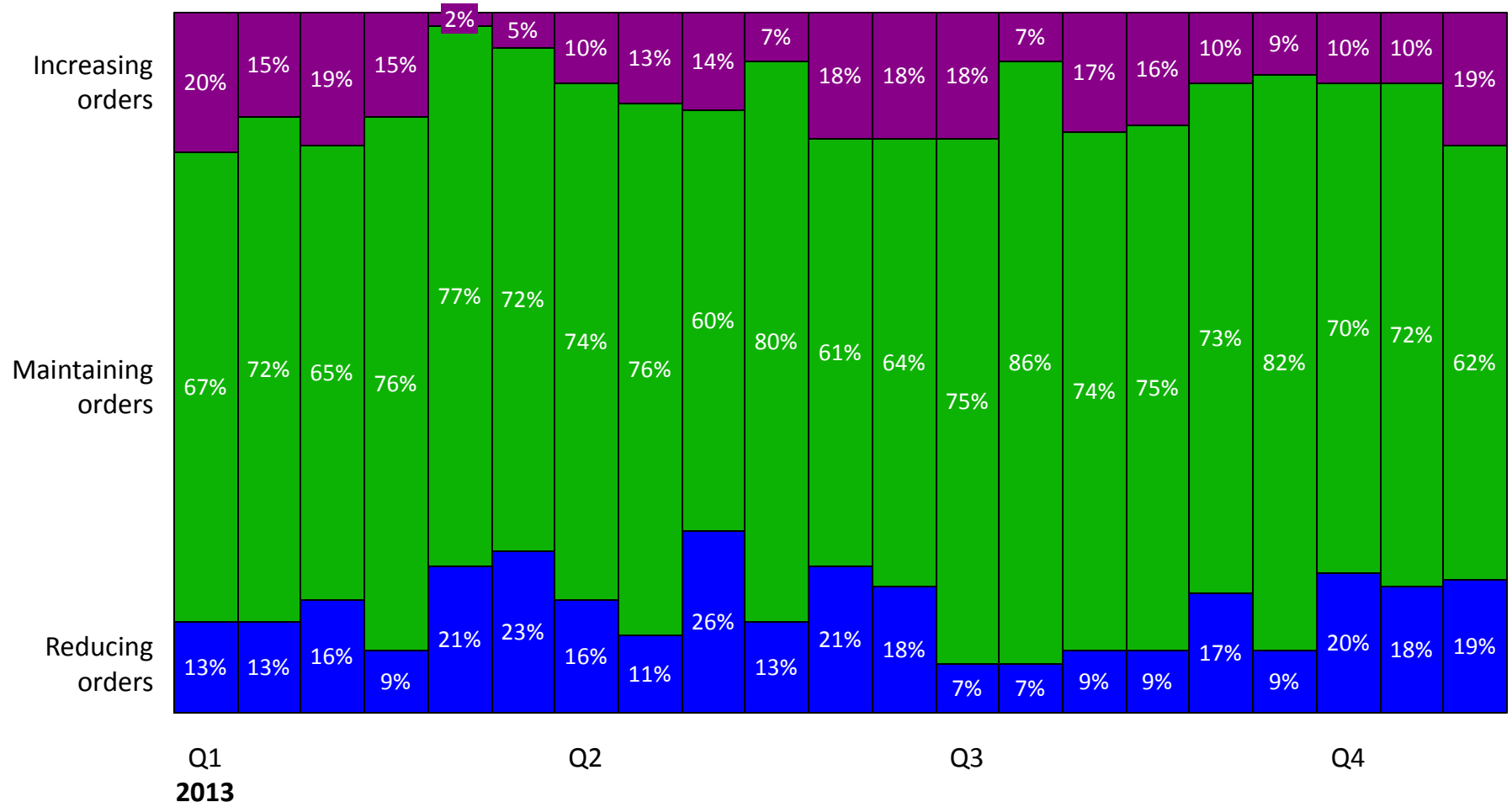


November 8<sup>th</sup> 2013



# Service Centers on Manufacturer Orders History

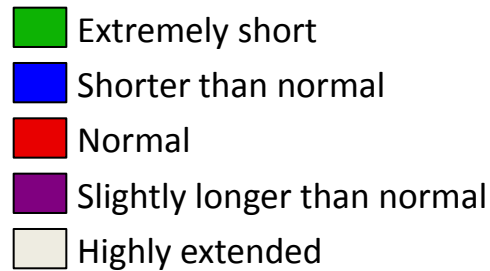
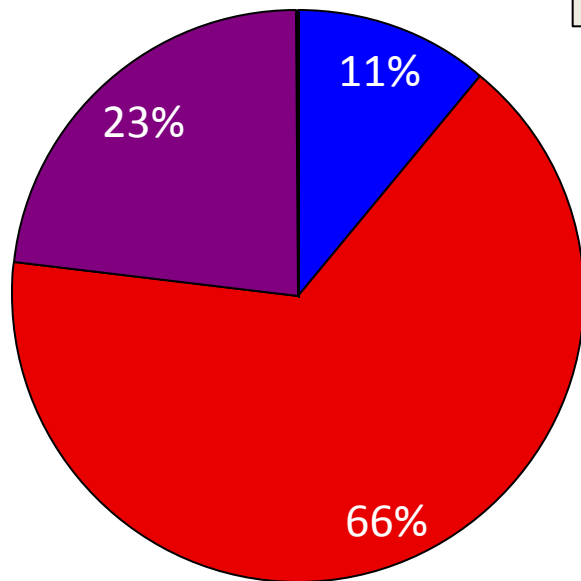
**Service Centers-** How are your manufacturing companies handling orders at this time?



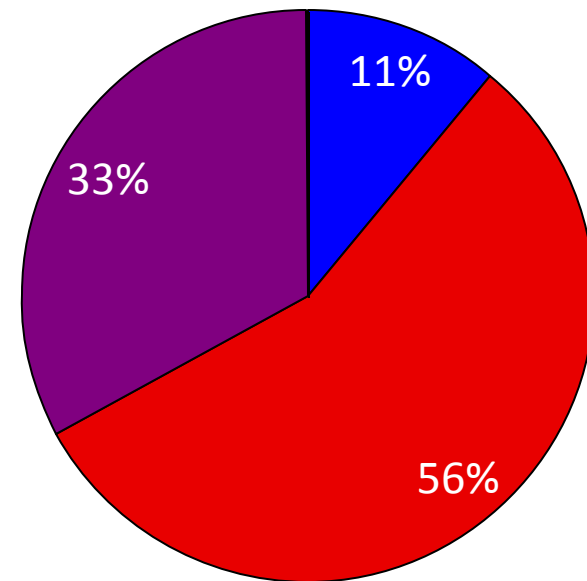
# Mill Lead Times

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

## Manufacturers



## Service Centers



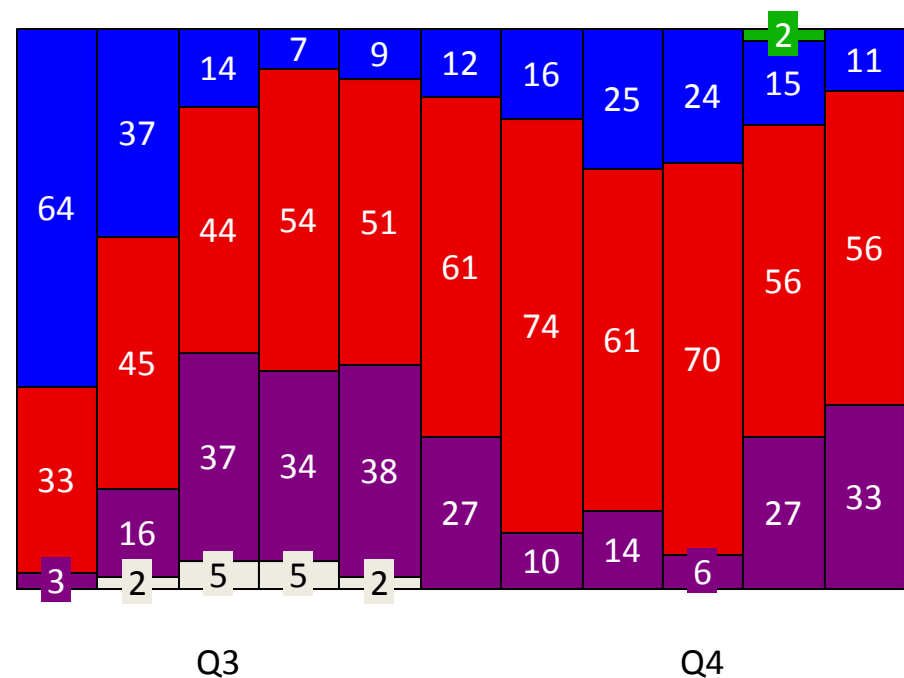
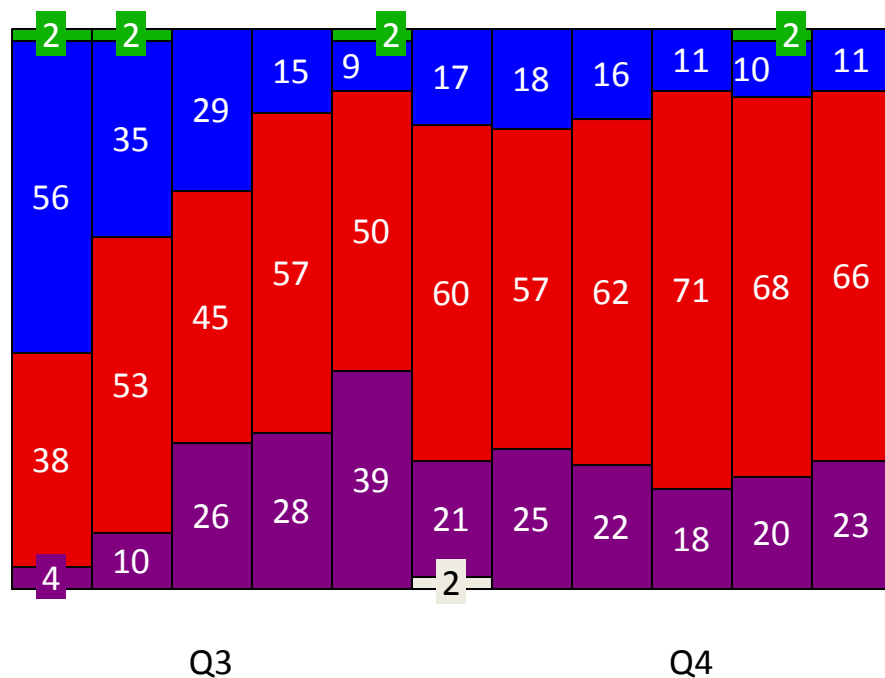
# Mill Lead Times History

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

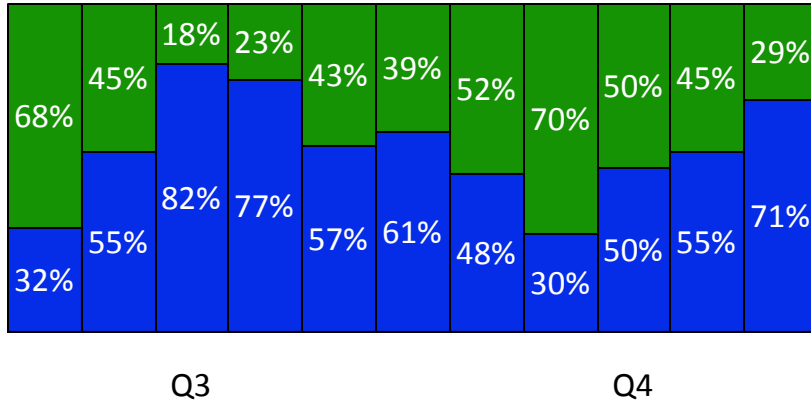


# Mill Negotiations

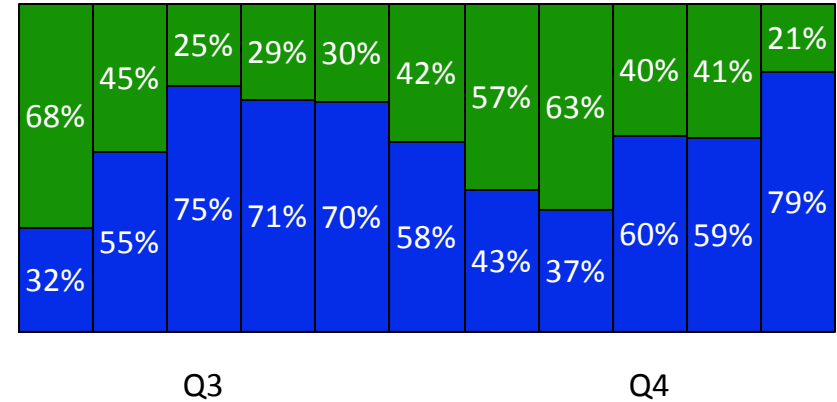
Are you finding the domestic mills are willing to negotiate pricing on brand new orders placed this week?

Yes No

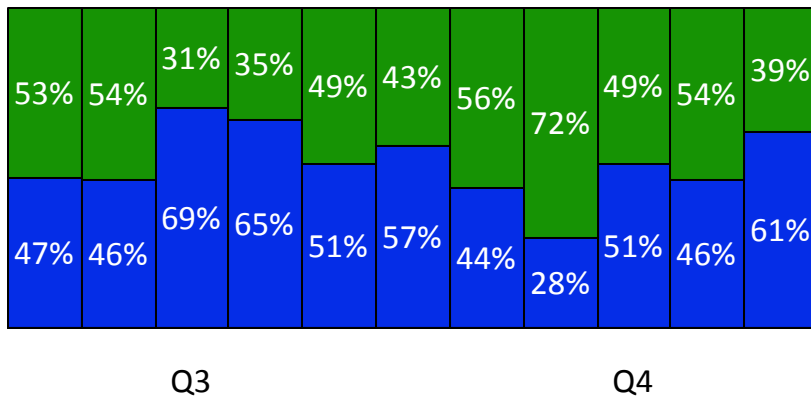
Hot Rolled Orders



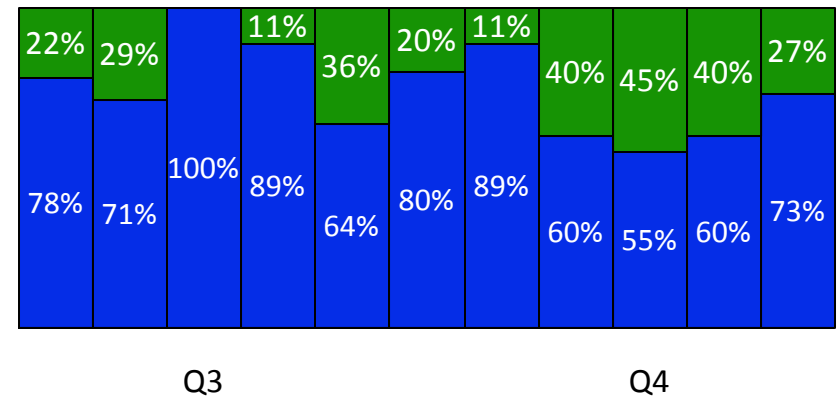
Cold Rolled Orders



Galvanized Orders



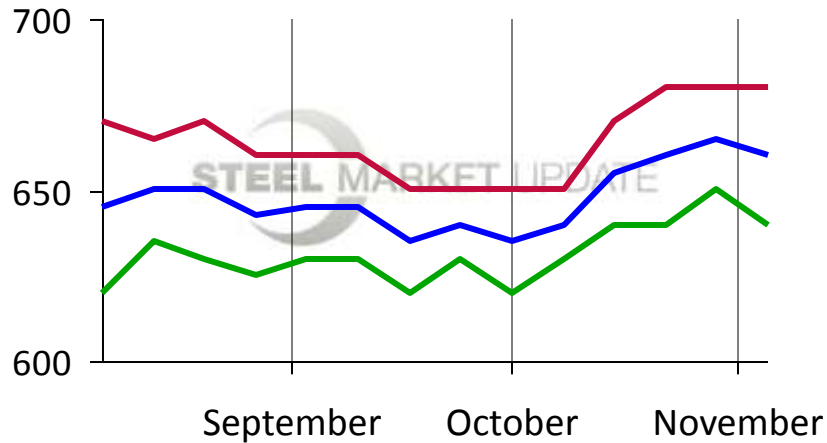
Galvalume Orders



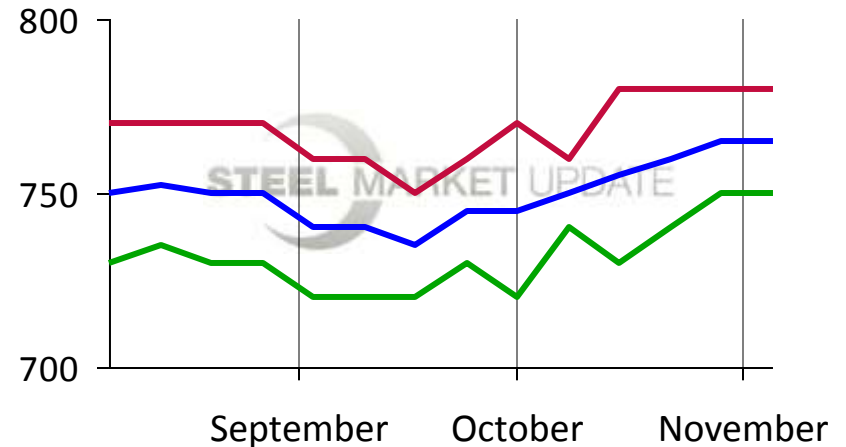
# SMU Steel Prices

— Low — High — Average

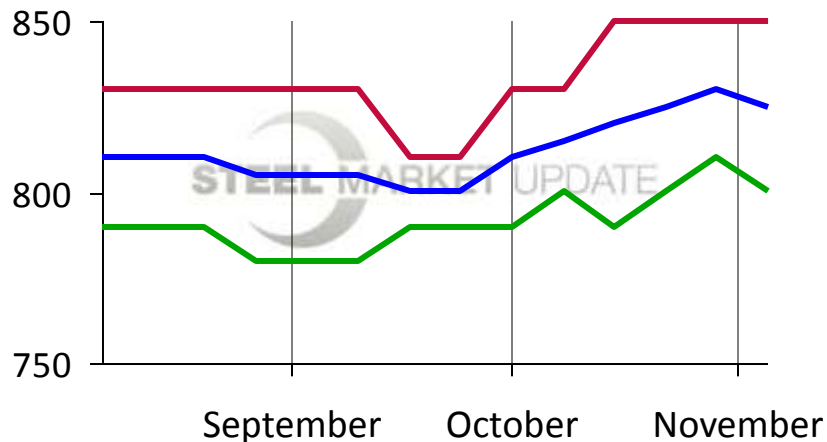
## Hot Rolled



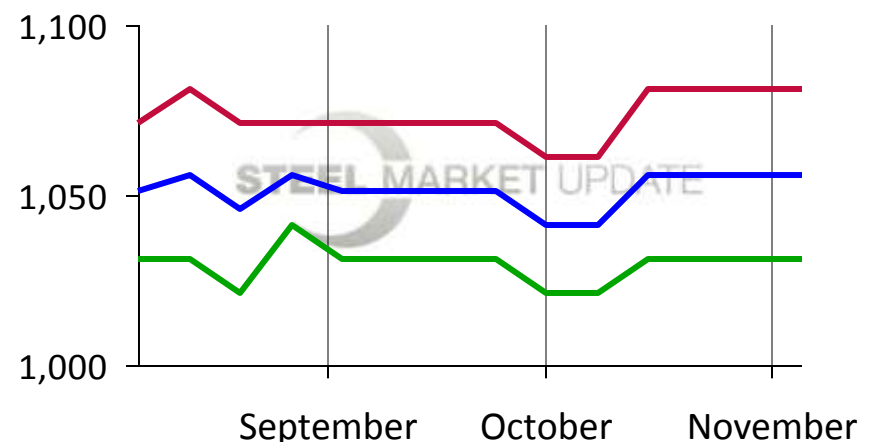
## Cold Rolled



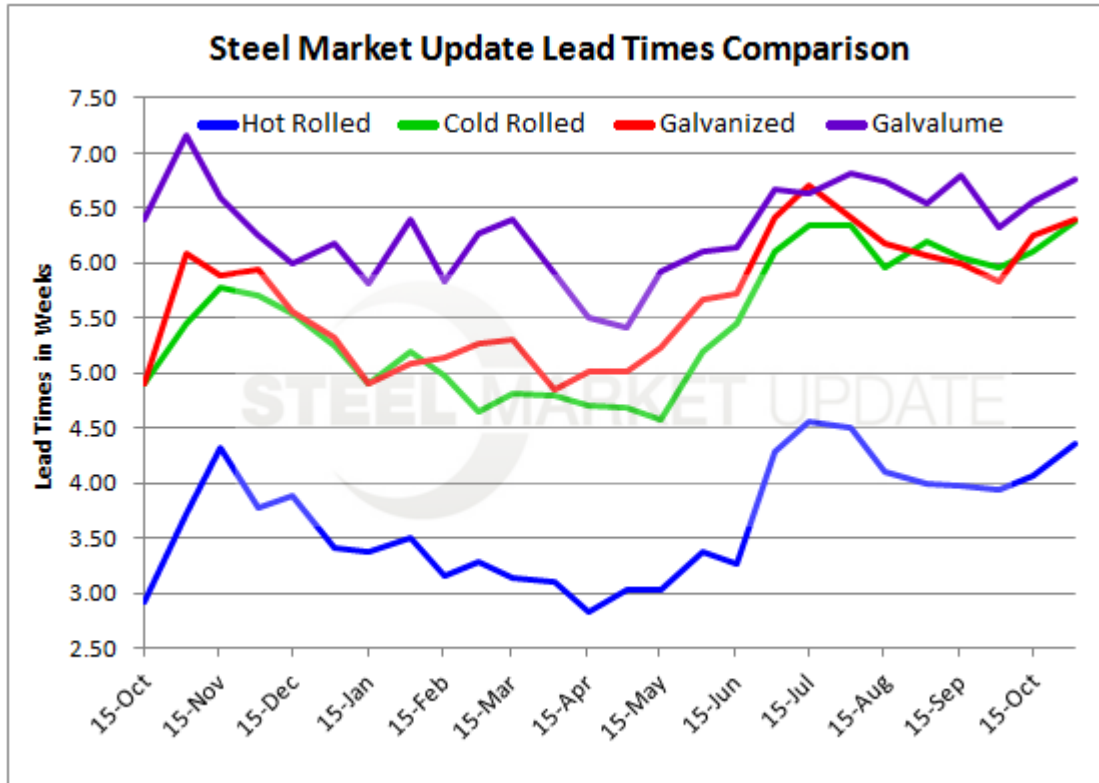
## Galvanized



## Galvalume



# Lead Times (Weeks)



**Hot Rolled:** 4.36  
**Cold Rolled:** 6.38  
**Galvanized:** 6.39  
**Galvalume:** 6.77



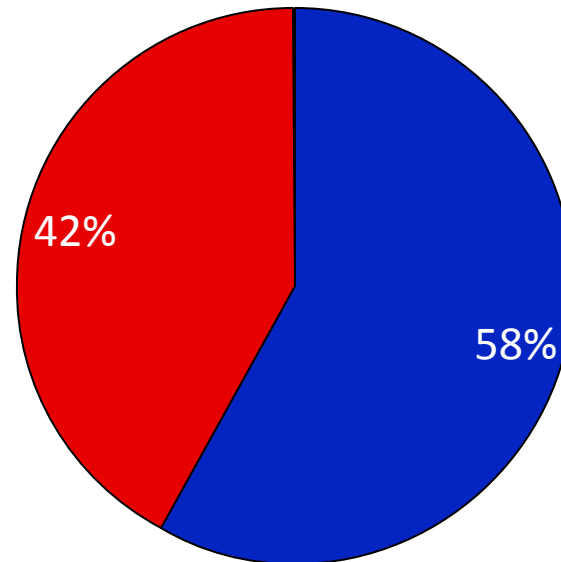
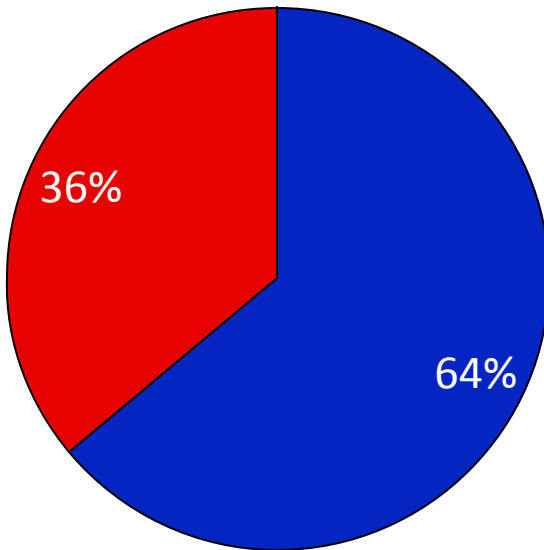
# Foreign over Contract Tonnage

Are you considering foreign tonnage to replace at least a portion of your domestic CONTRACT tons for 1st Half 2014?

## Manufacturers

## Service Centers

■ Yes ■ No



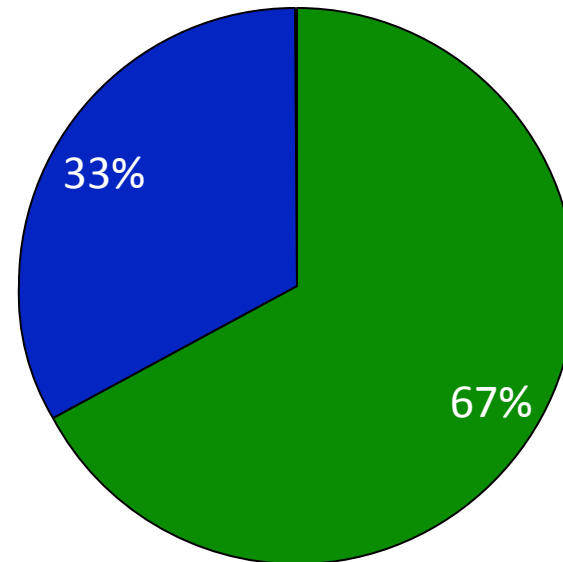
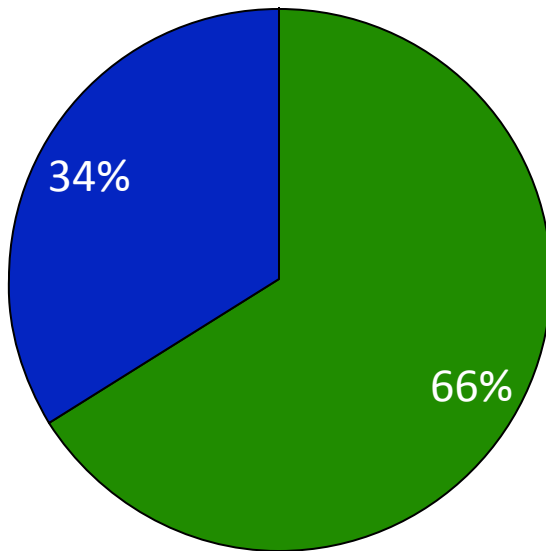
# Domestic and Foreign Price Spread

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

## Manufacturers

## Service Centers

Yes No



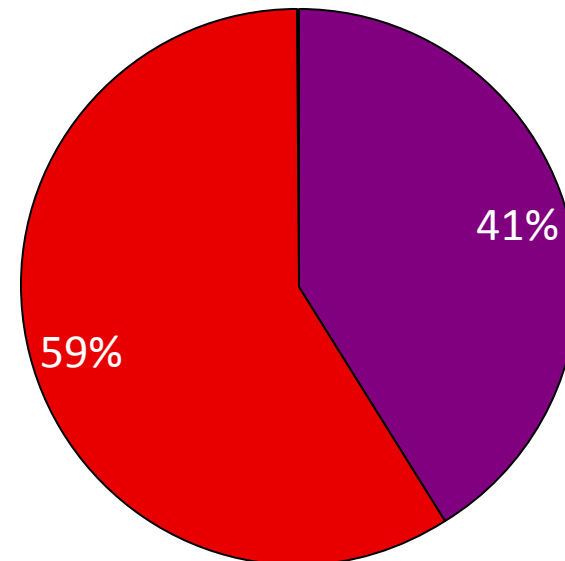
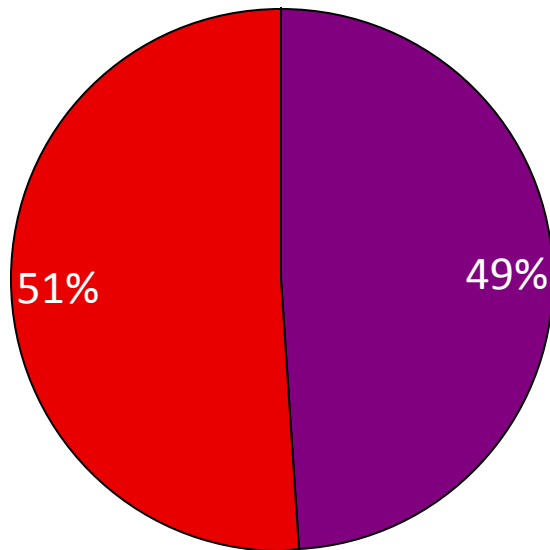
# New Foreign Orders

Is your company entering new foreign orders right now?

## Manufacturers

## Service Centers

Yes No



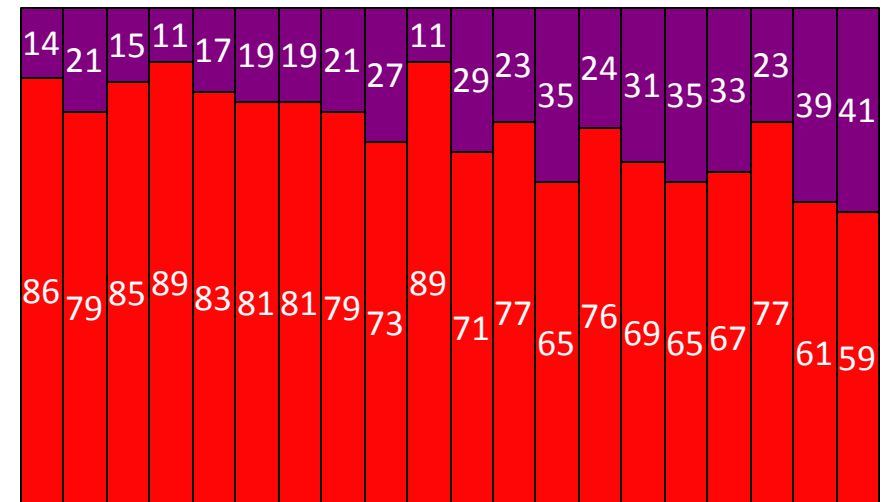
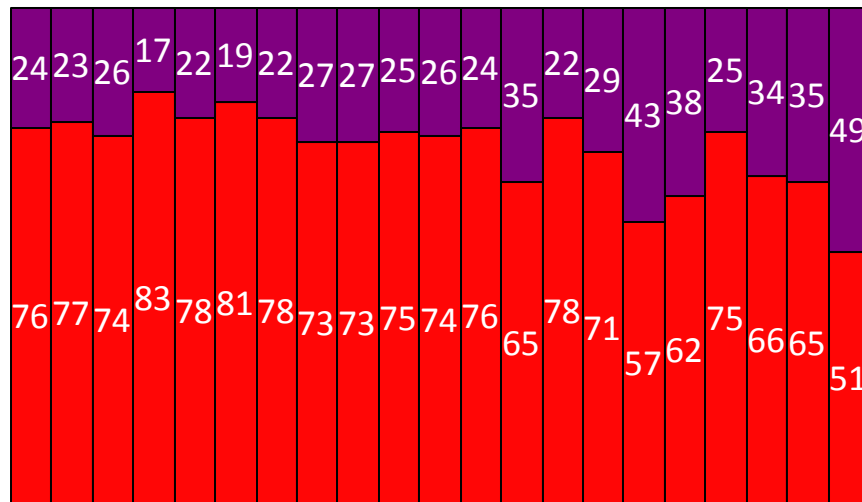
# New Foreign Orders

Is your company entering new foreign orders right now?

## Manufacturers

## Service Centers

Yes No



# 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](http://SteelMarketUpdate.com)

# Look for Our Next Survey



Our next survey  
will be conducted  
the week of  
**November 18<sup>th</sup> 2013**



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