



STEEL MARKET UPDATE

Steel Trends in a Turbulent Market

Responses from our December 16th 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

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



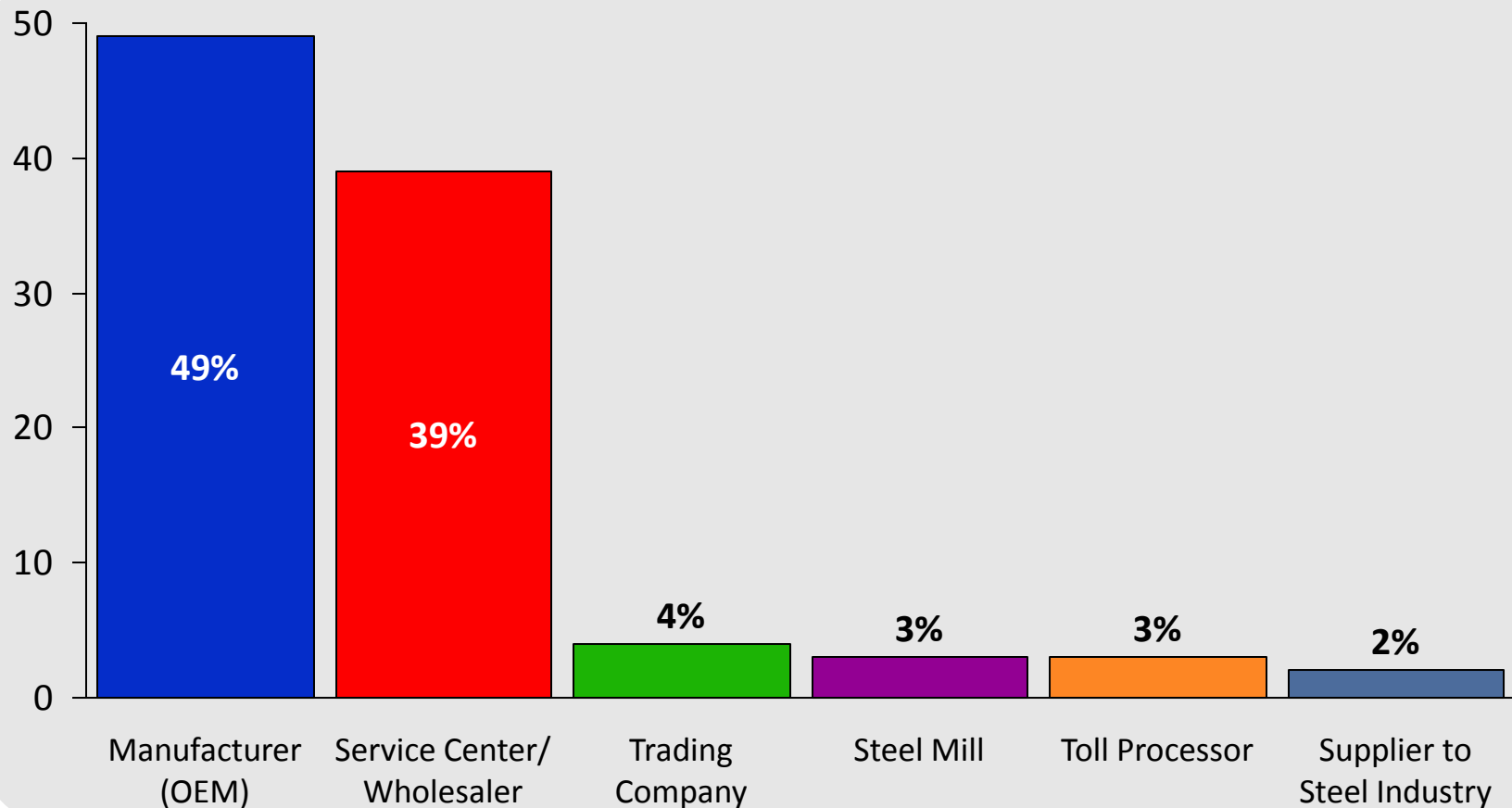
Steel 101 Workshop ArcelorMittal Dofasco 2013

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

Survey Participants

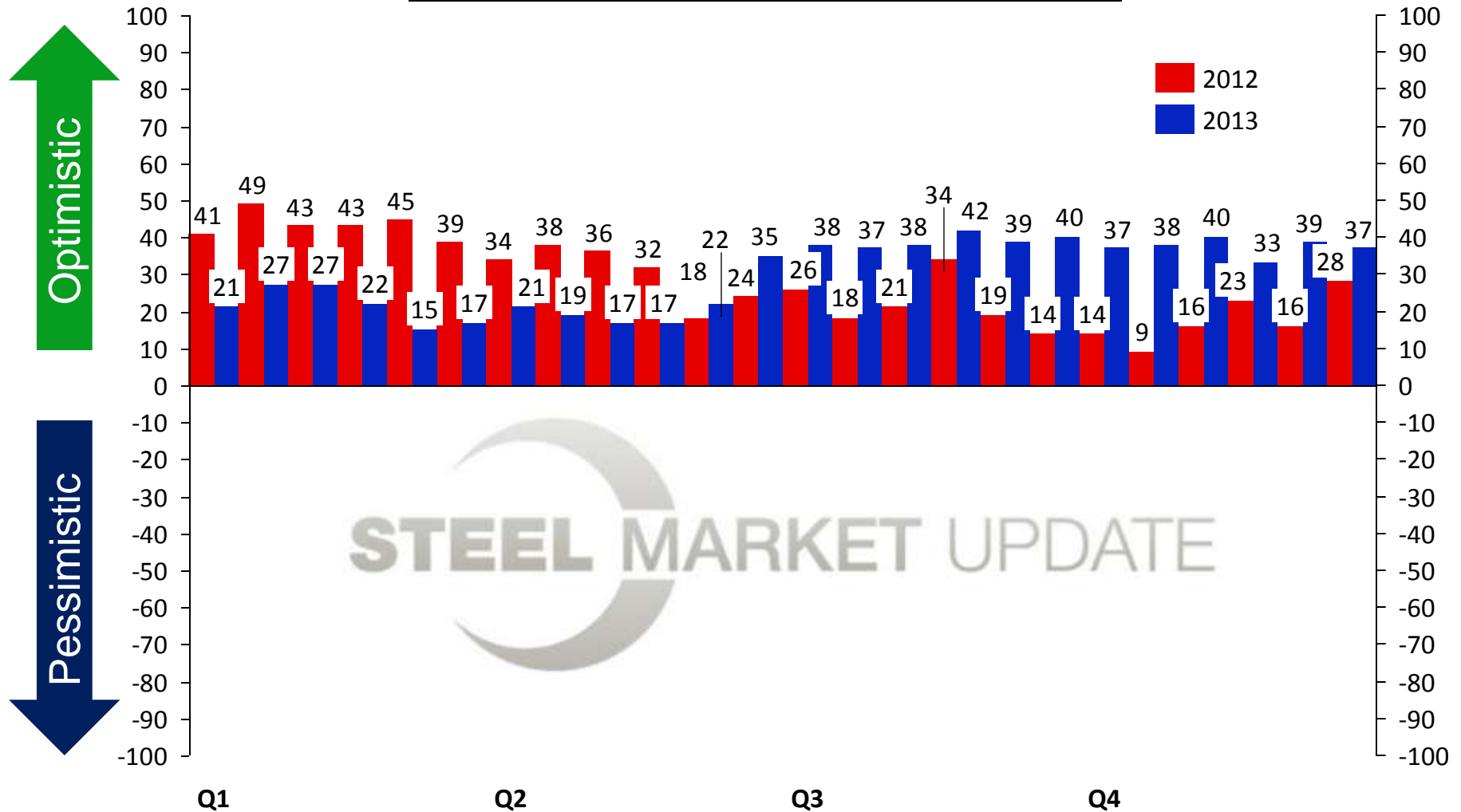
Our survey is by invitation only- Over 600 companies, mostly in the manufacturing or distribution industries, are asked to participate. Here are the percentages of participation in this week's survey by market sector.



SMU Buyers Sentiment

Current down 2 points to +37

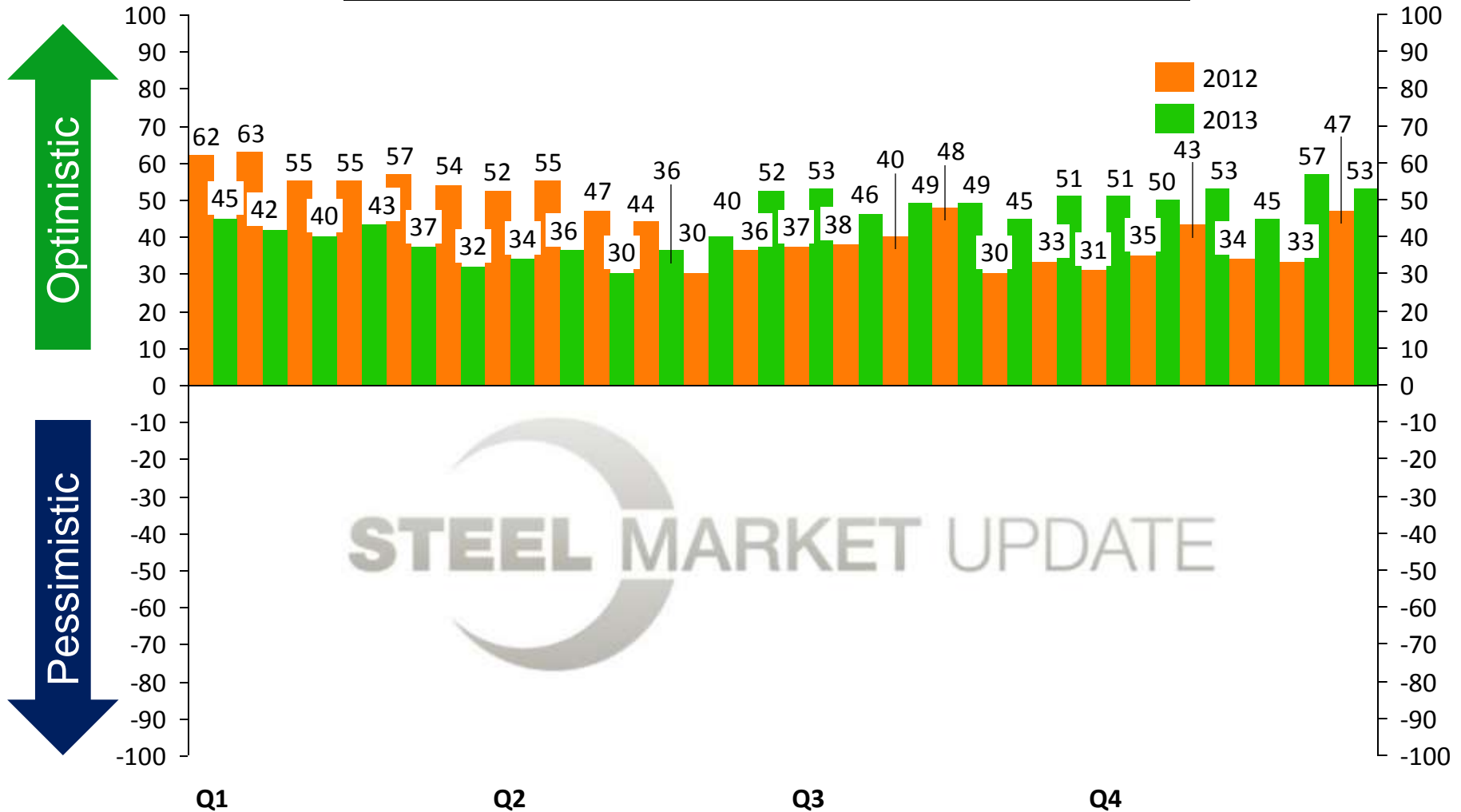
Steel Market Update Buyers Sentiment Index



SMU Future Buyers Sentiment

Future down 4 points to +53

Steel Market Update 'Future' Buyers Sentiment Index

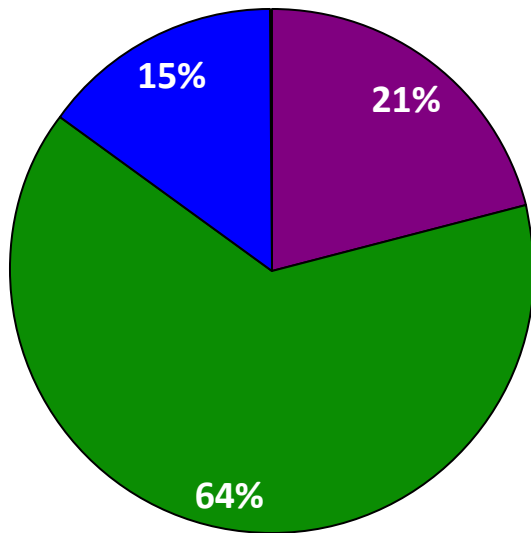


Overall Demand

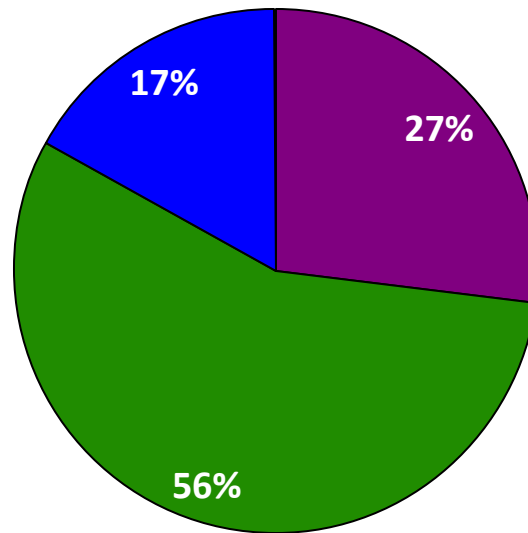
Are you seeing demand for your products improving, remaining the same or declining?

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

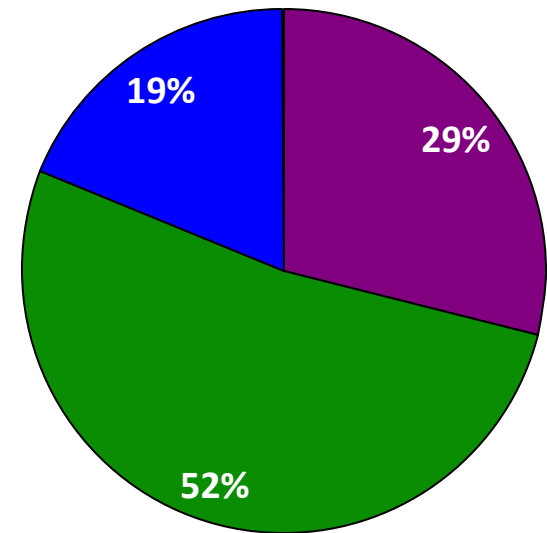
November 8th 2013



December 6th 2013



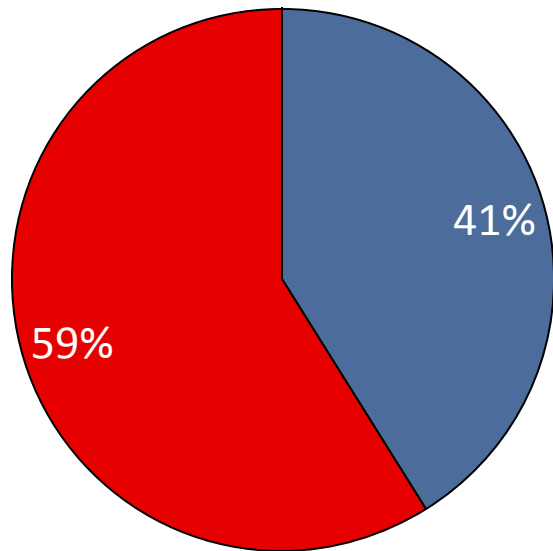
December 20th 2013



Flat Rolled Prices

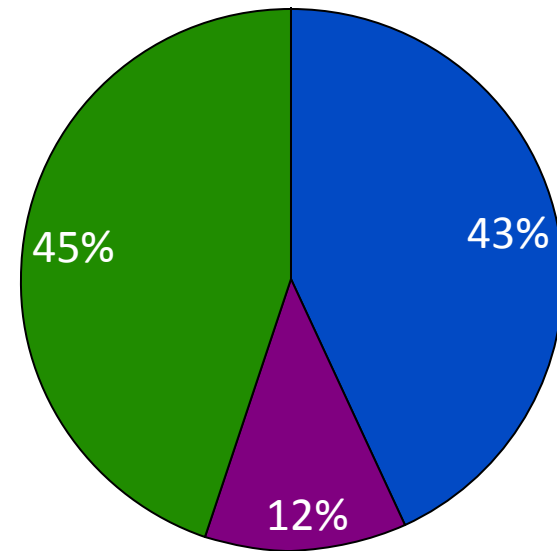
Are you surprised that there has not been a new price increase announcement during the month of December?

Yes No



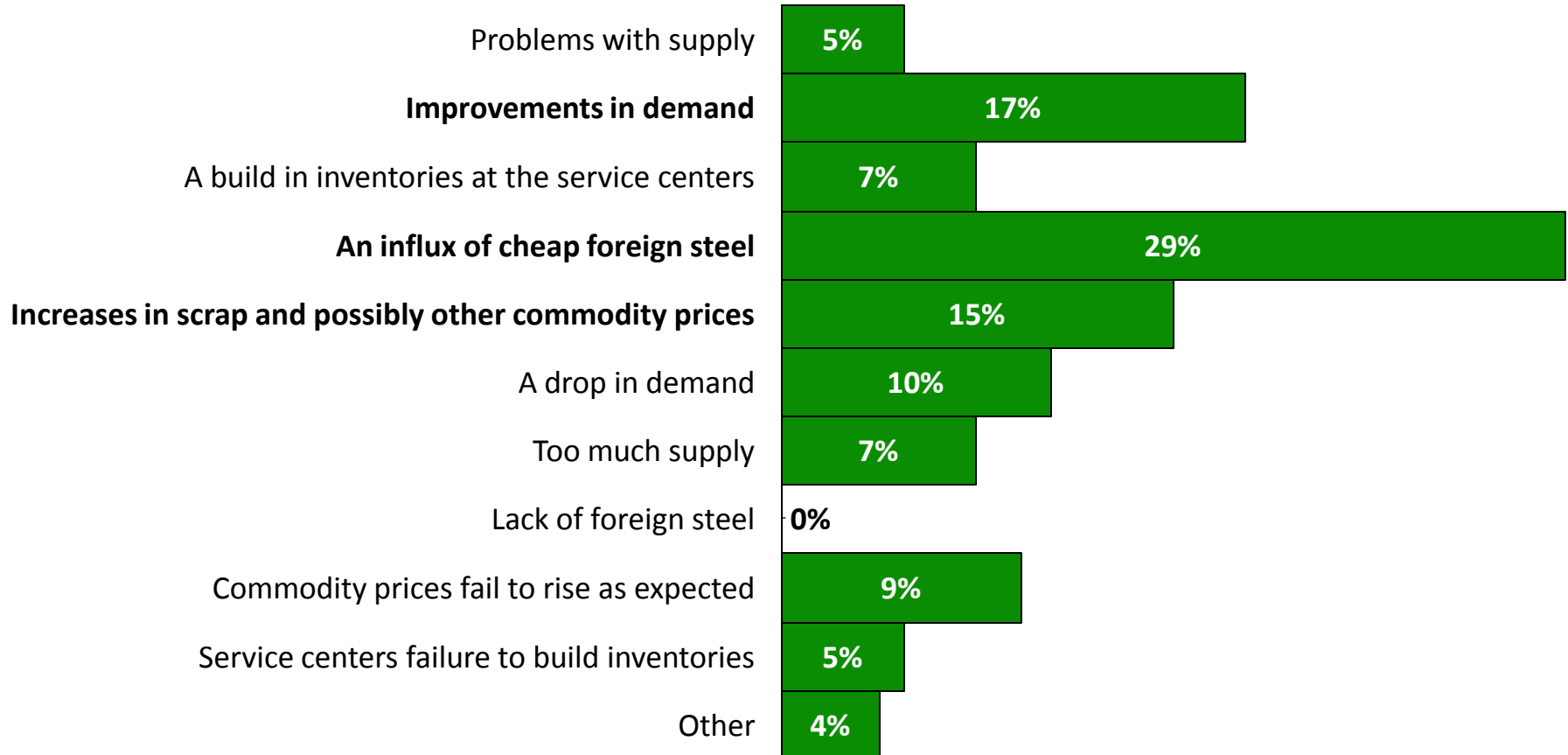
What direction do you think flat rolled spot prices will follow over the next 30 to 60 days?

Prices will move higher from here
Prices will move lower from here
Prices will move sideways from here



Flat Rolled Prices

What will be the key driver of prices over the next 90 days?



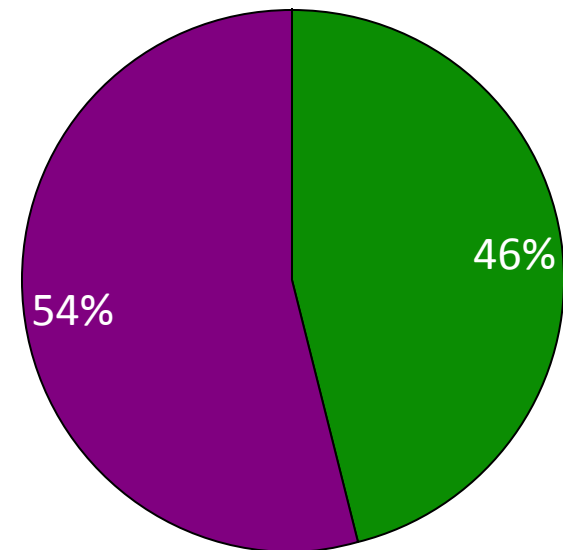
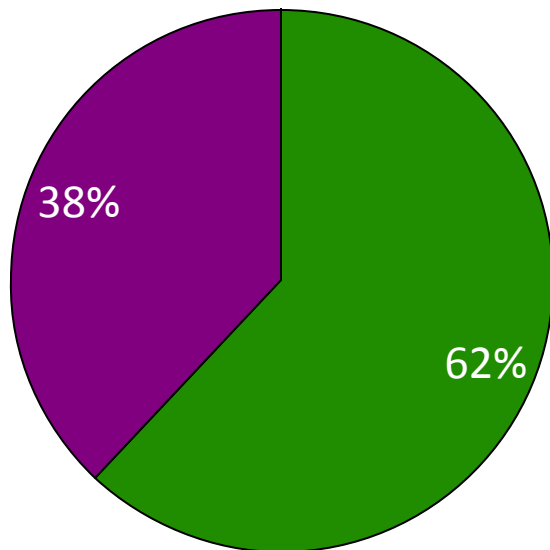
Q1 Contract Needs

Have you placed steel orders for all of your first quarter contract needs?

Manufacturers

Service Centers

Yes No



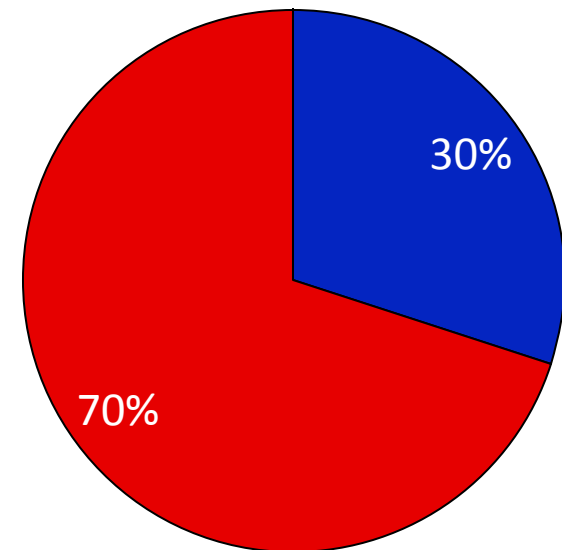
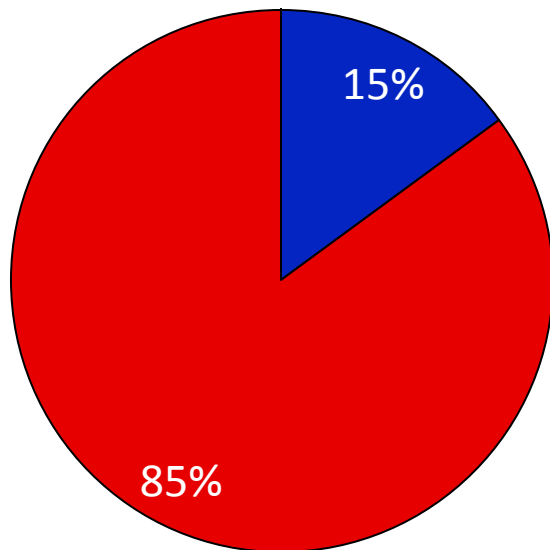
Q1 Tonnage

Do you anticipate going into 1st Quarter potentially needing to place more "spot" tons than normal?

Manufacturers

Service Centers

Yes No

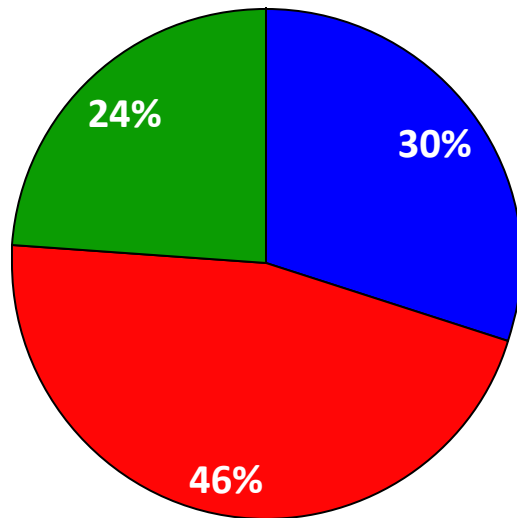


Manufacturer Purchases

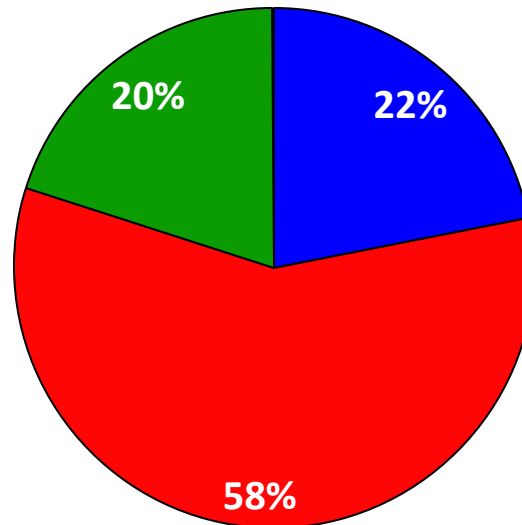
Manufacturers- Compared to this time last year –
is your company buying more, less or the same
amount of flat rolled steel as one year ago?

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

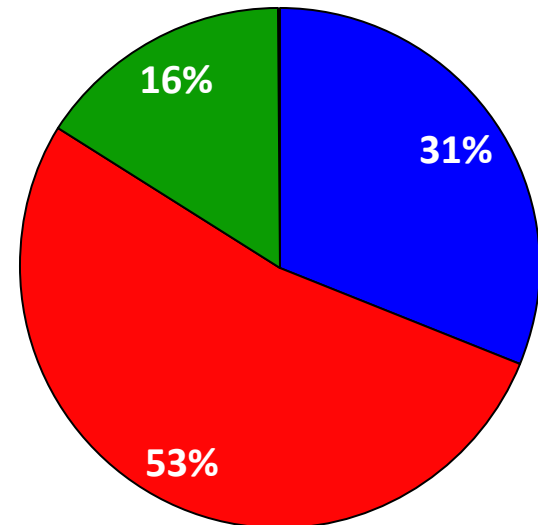
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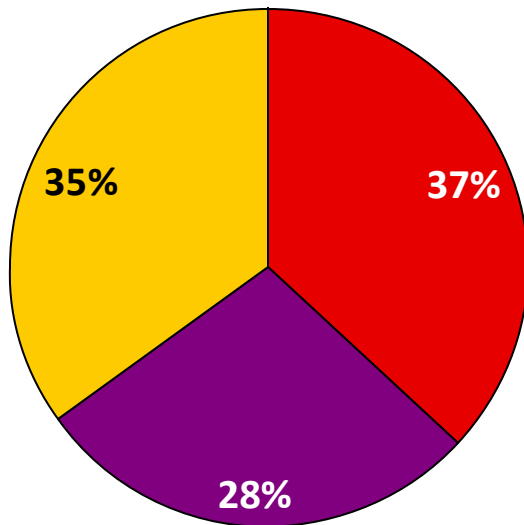


Service Center Releases

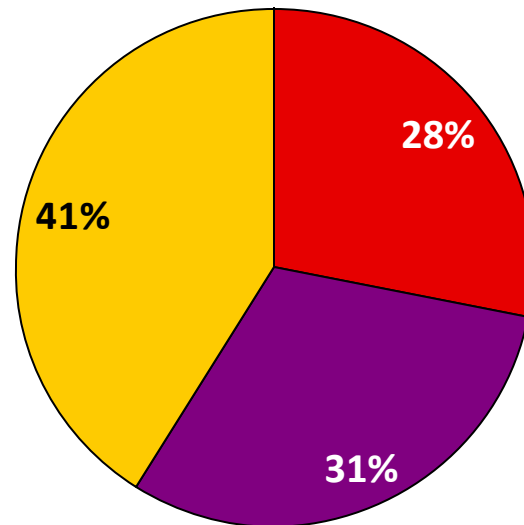
Service Centers- How do you see your customers releases (demand) for the products your company provides this year compared to this time last year?

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

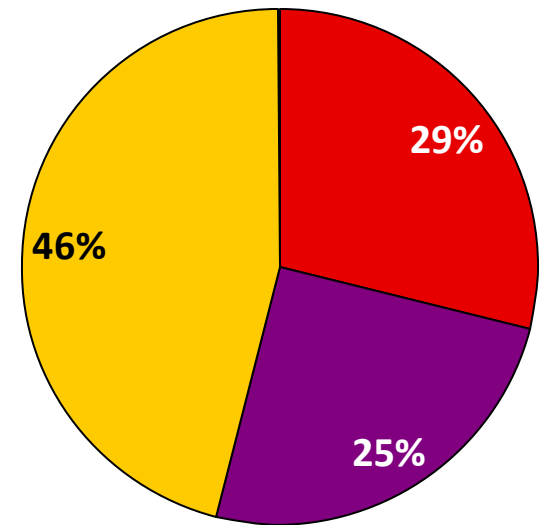
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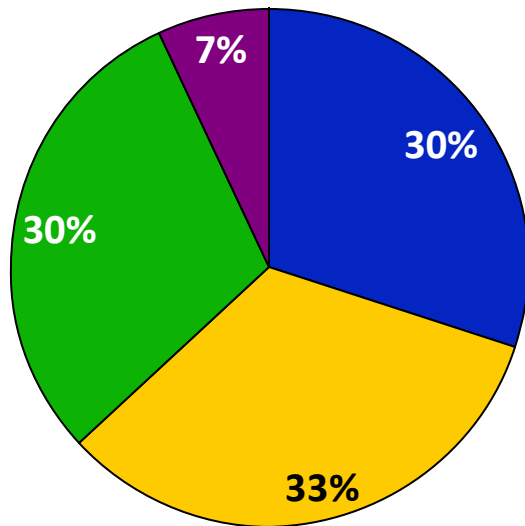


Manufacturer Demand

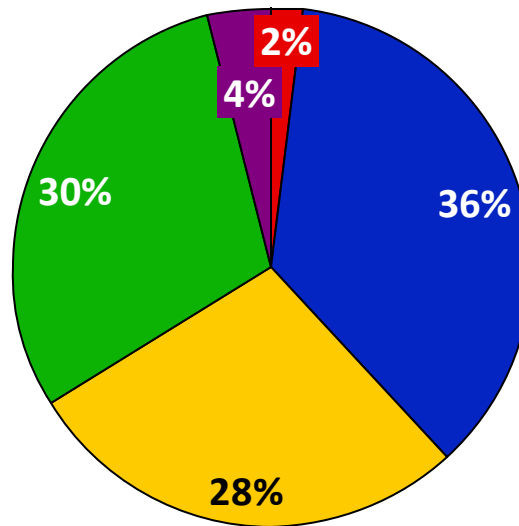
Manufacturers- Demand for your products will _____ over the next 3 months based on current order flows.

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

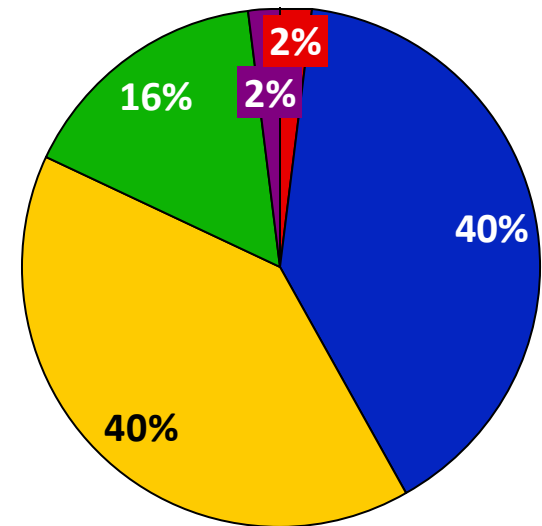
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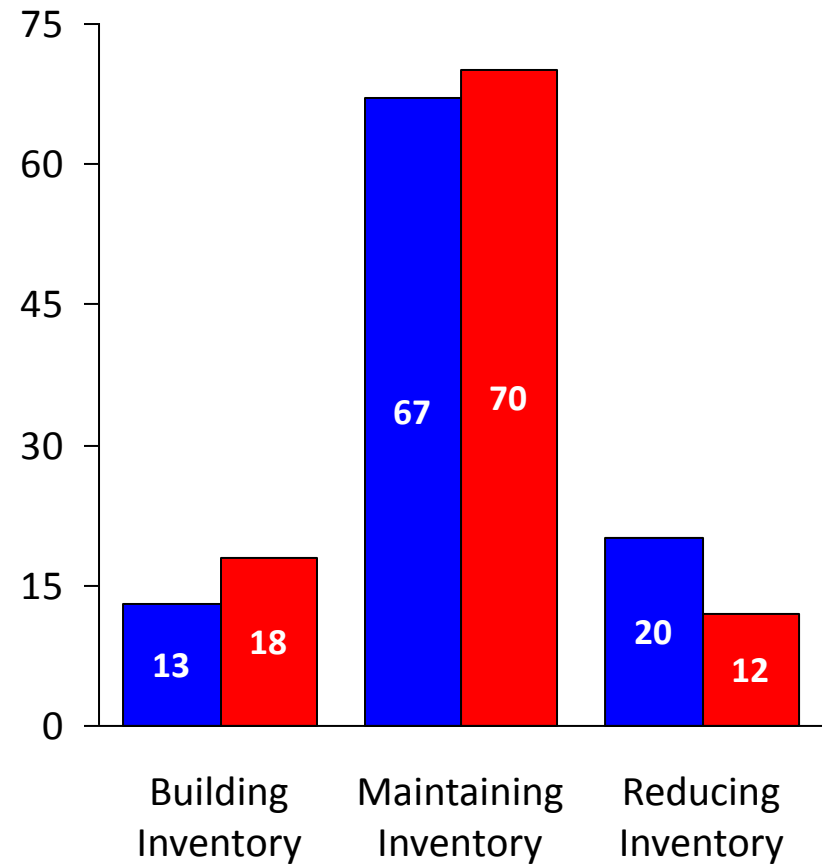
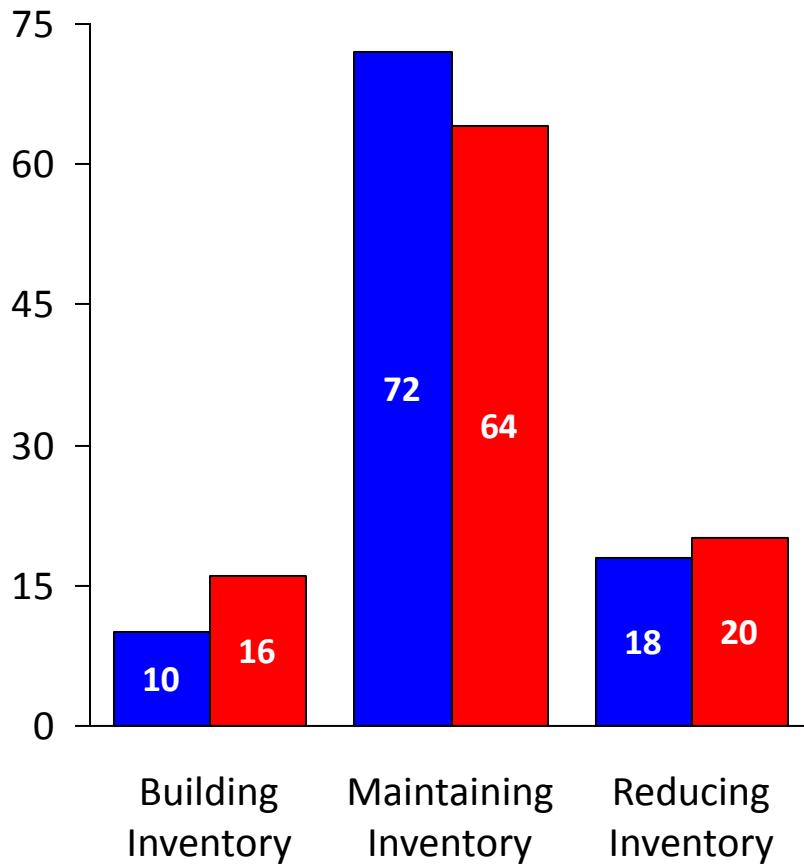


Manufacturer and Service Center Inventory Buying Patterns

December 6th 2013

December 20th 2013

■ Manufacturers ■ Service Centers

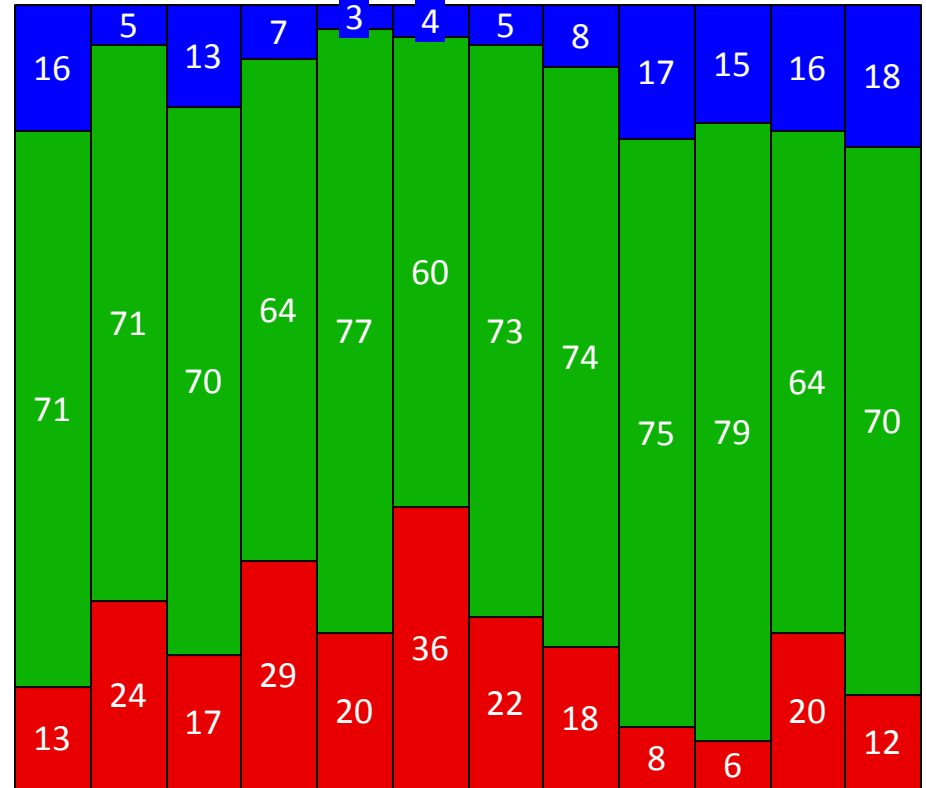
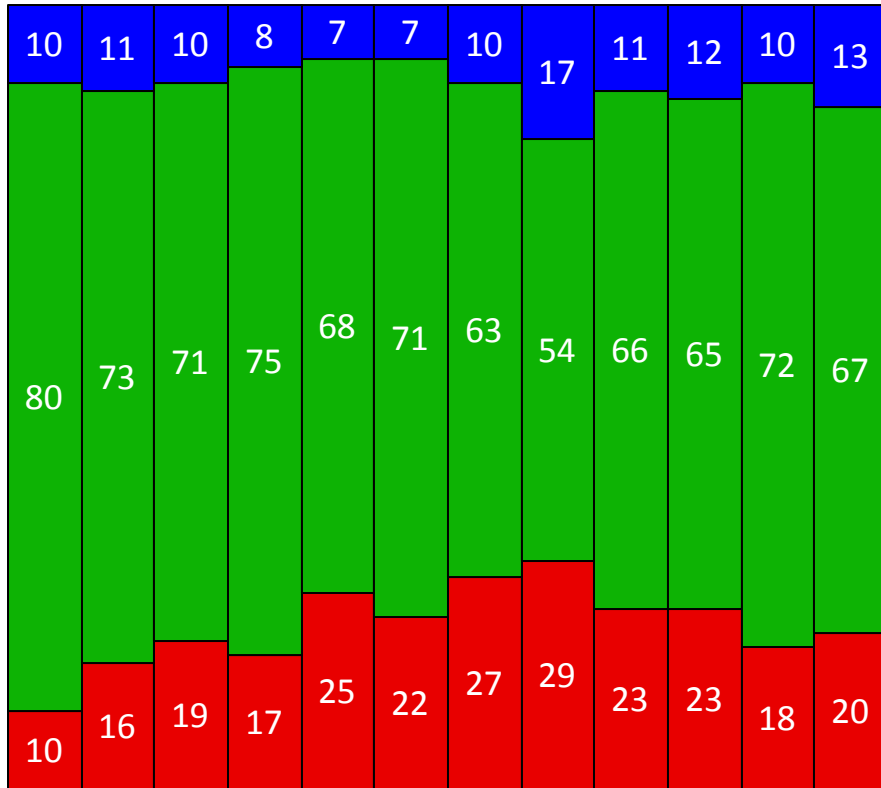


Manufacturer and Service Center Inventory Buying History

Manufacturers

- Building Inventory
- Maintaining Inventory
- Reducing Inventory

Service Centers



Q3

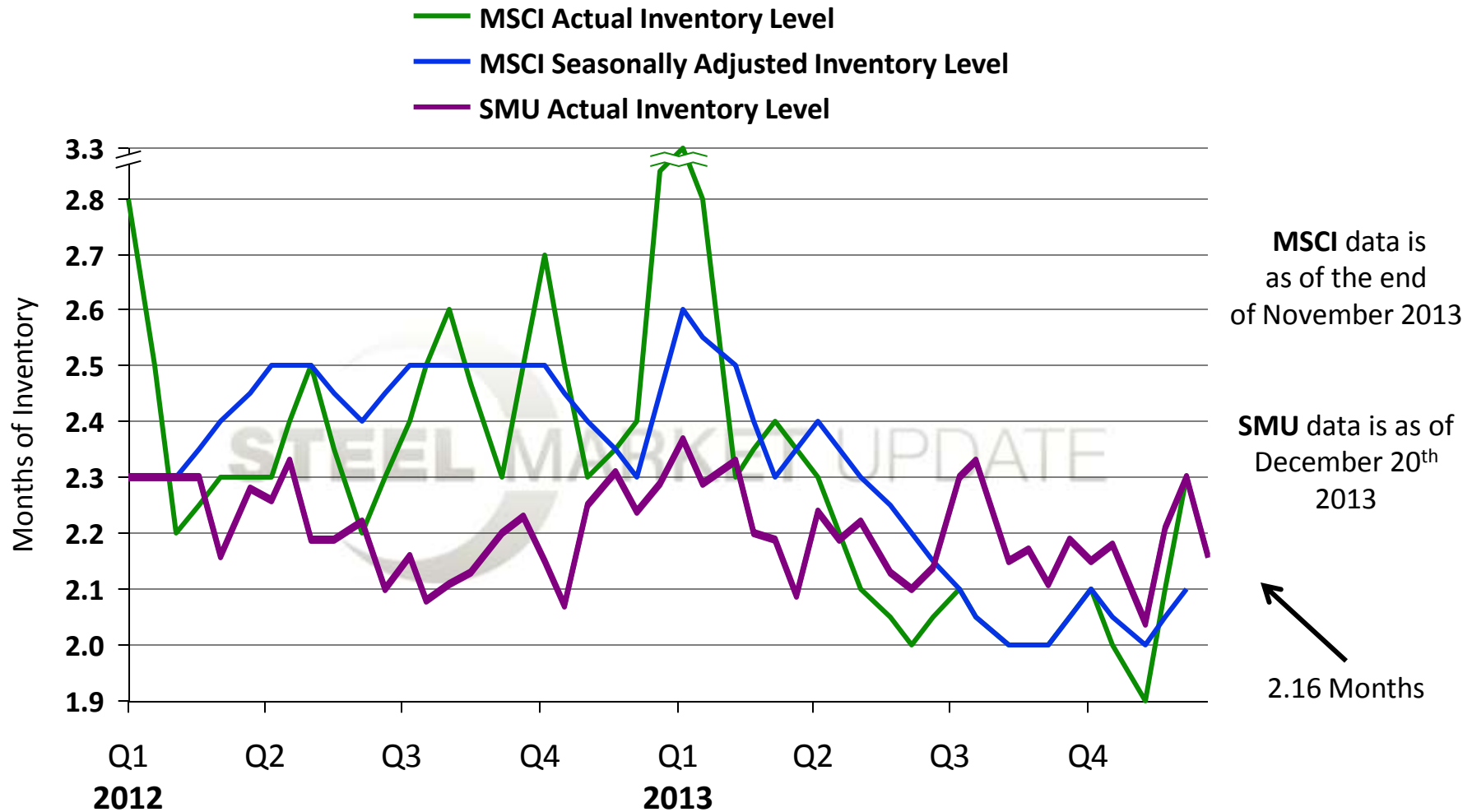
Q4

Q3

Q4

Service Center Months on Hand History

SMU Service Center & MSCI Inventory Level History Comparison

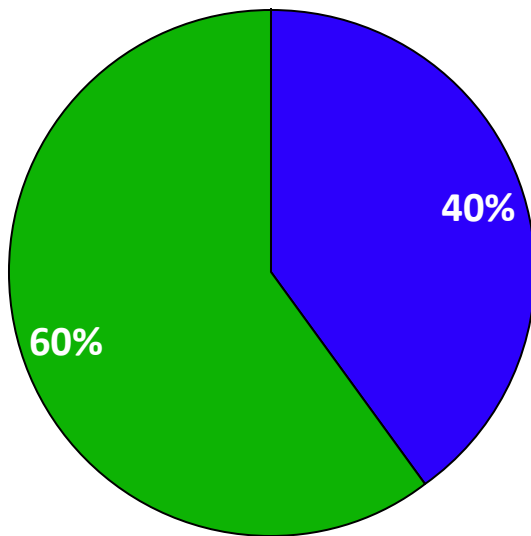


Manufacturer's View of Service Center Selling Prices

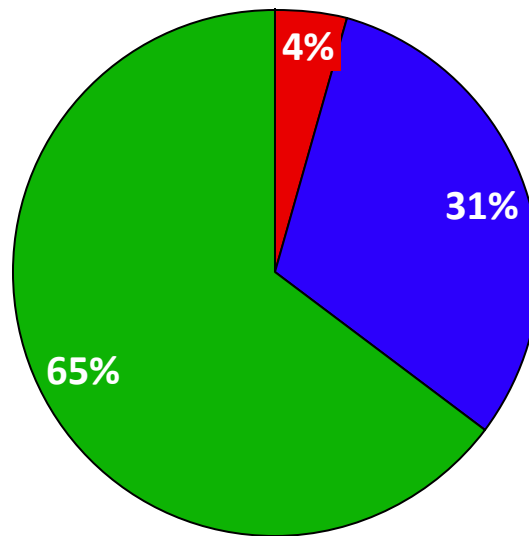
Manufacturers- Which comment do you feel is representative of service center pricing right now?

- 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

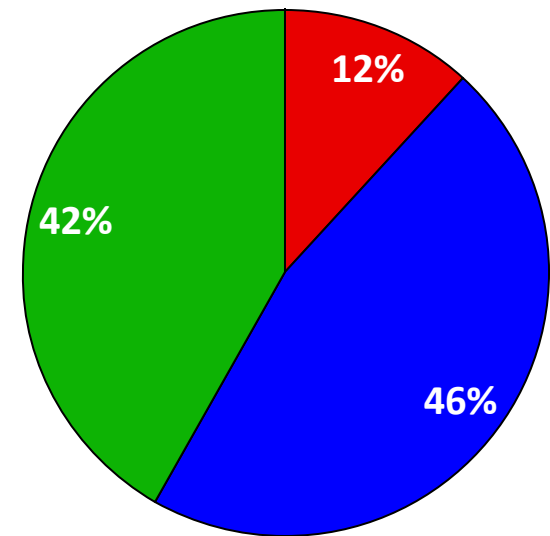
November 8th 2013



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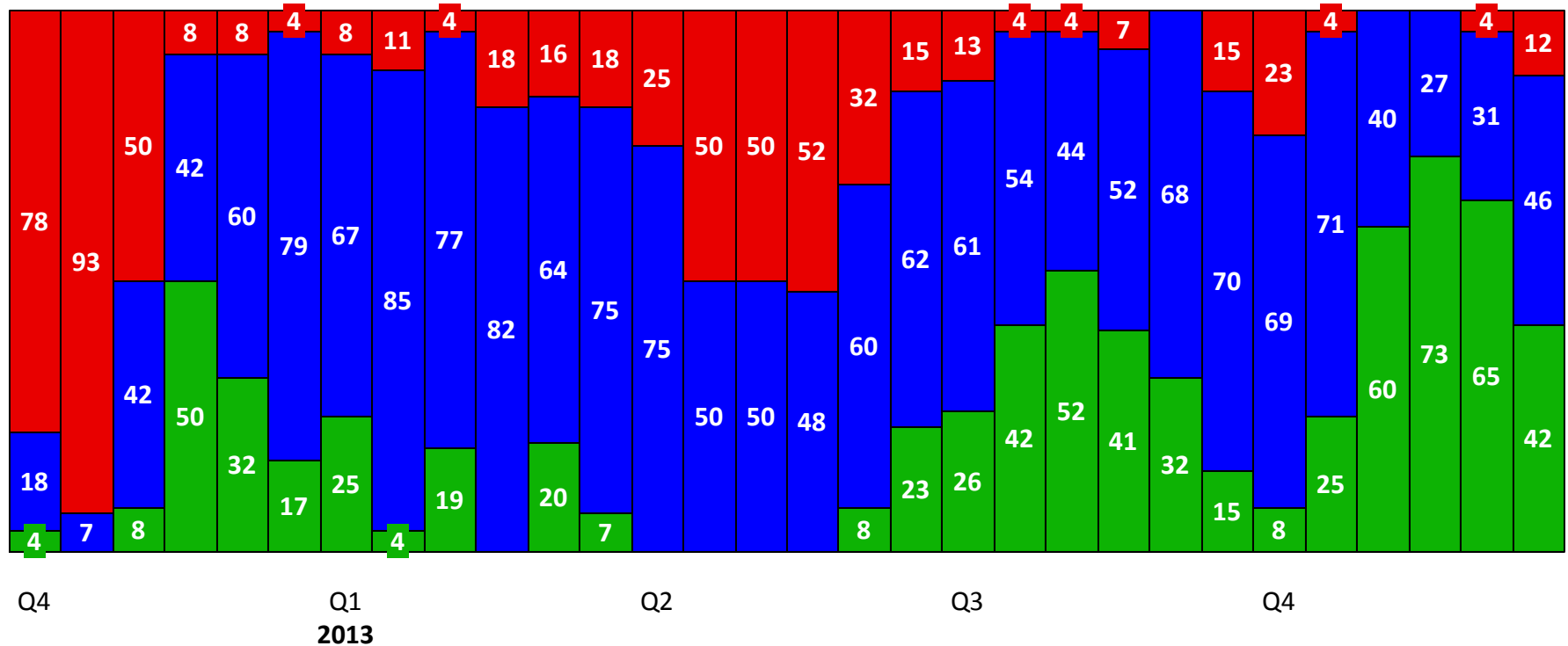
December 20th 2013



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

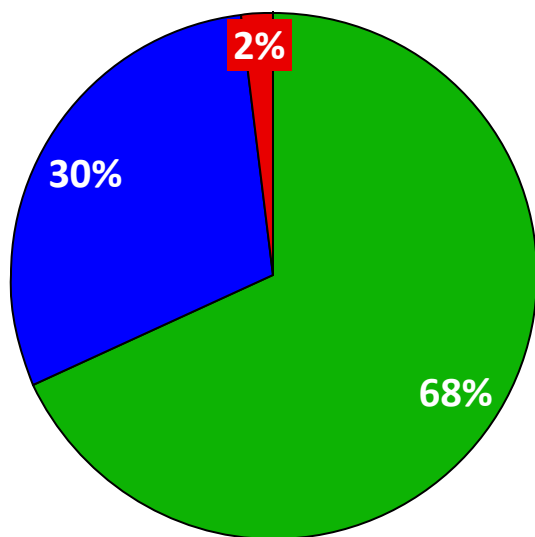


Service Center View of Selling Prices

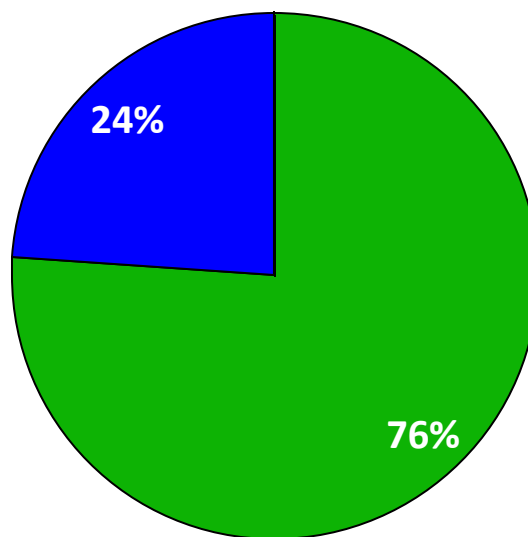
Service Centers- how is your company handling spot pricing to your customers at this time?

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

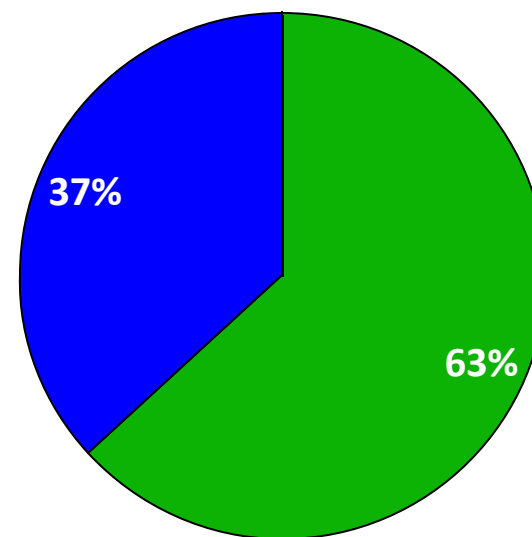
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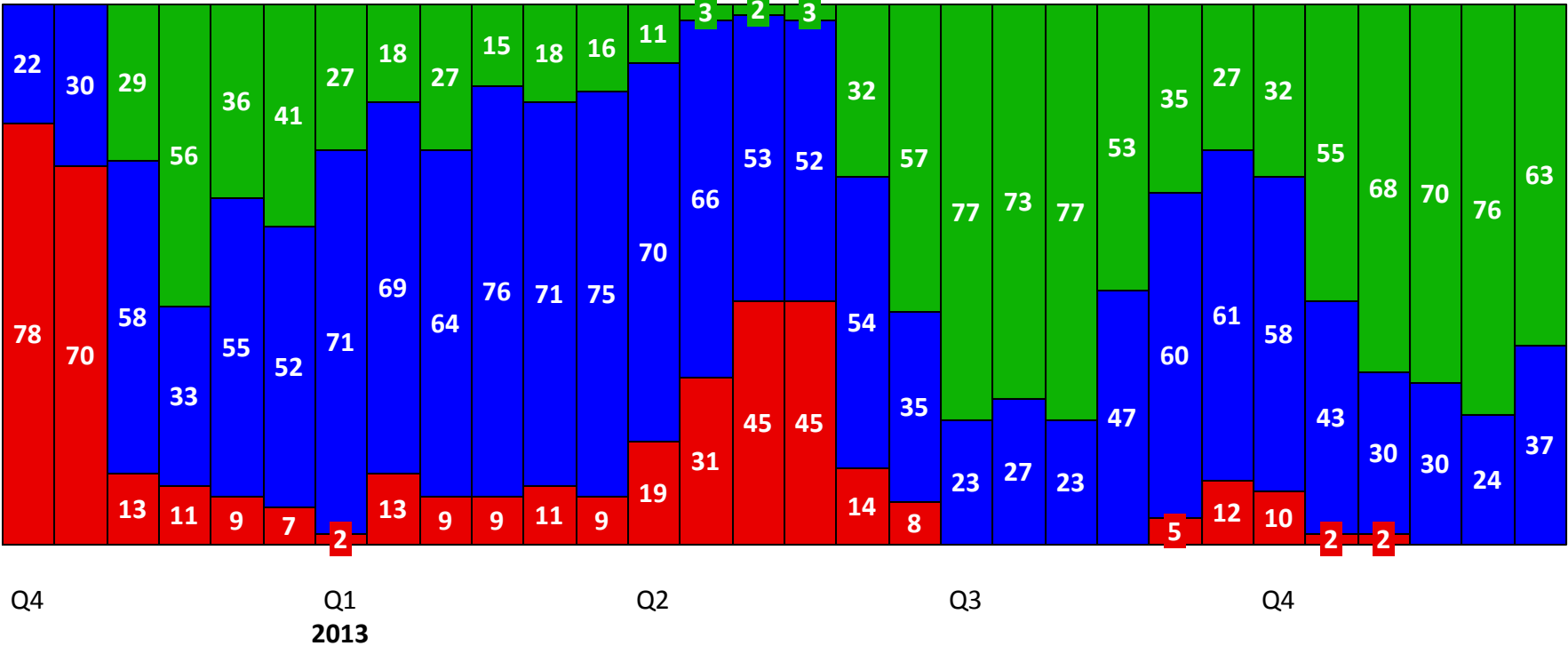
December 20th 2013



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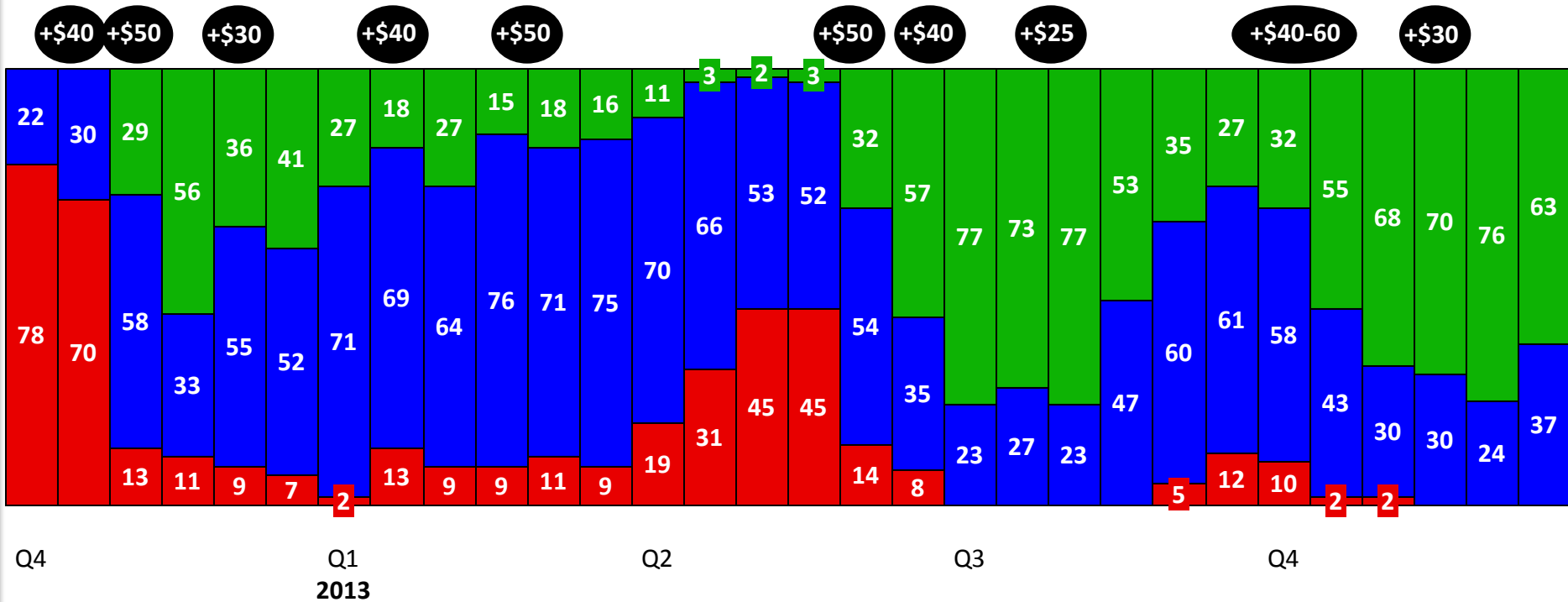
Service Center View of Selling Prices History

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




Historical AK Steel Price Announcements



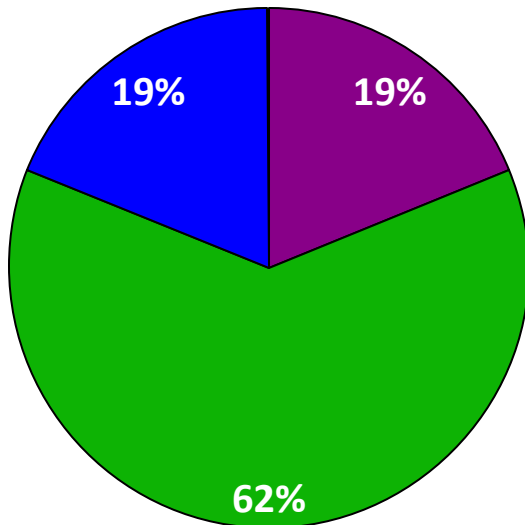
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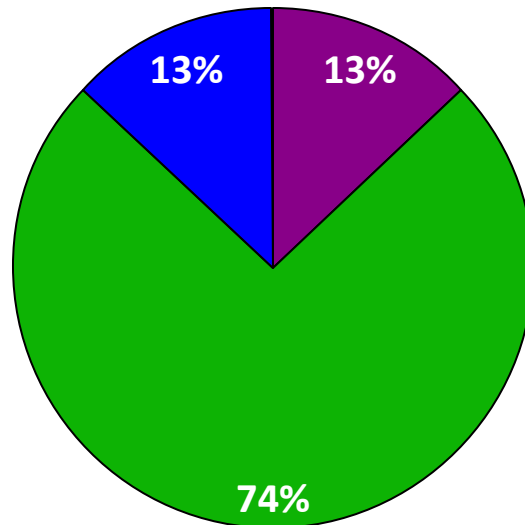
Service Centers- Are your manufacturing customers increasing orders, keeping them the same or reducing orders at this time?

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

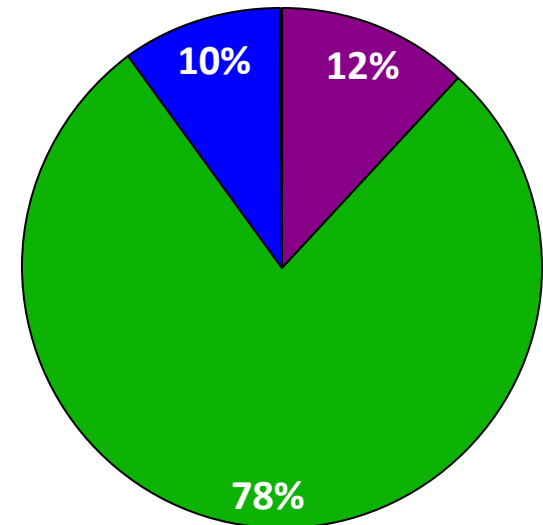
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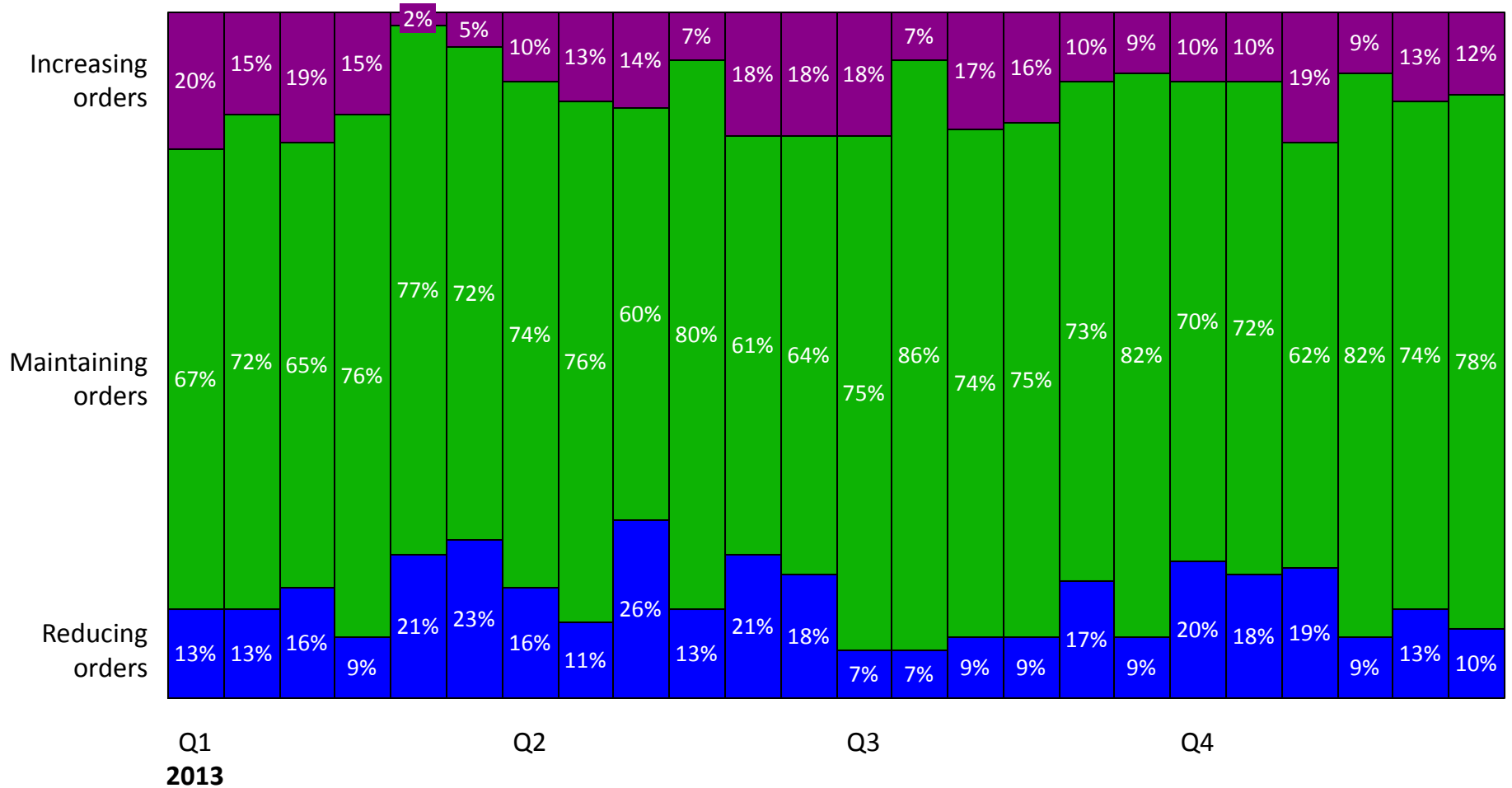


December 20th 2013



Service Centers on Manufacturer Orders History

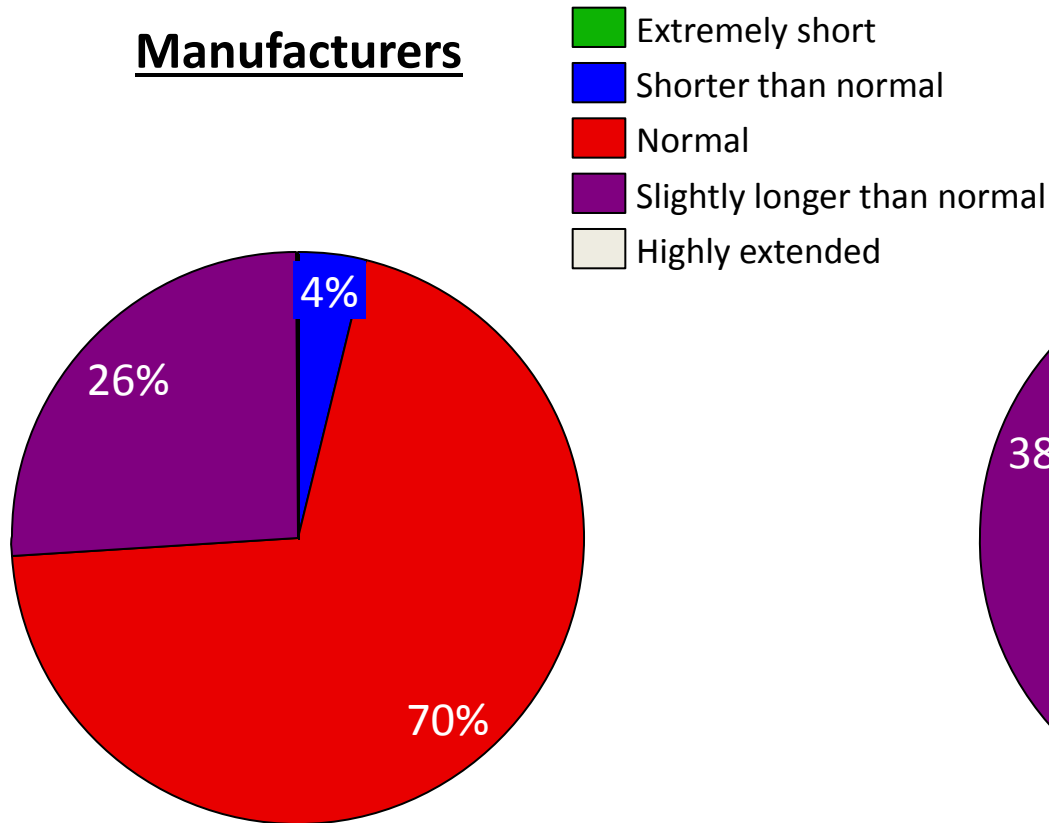
Service Centers- How are your manufacturing companies handling orders at this time?



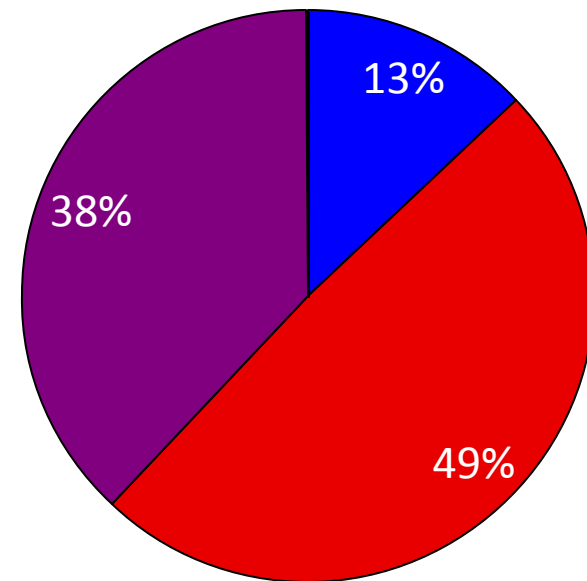
Mill Lead Times

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

Manufacturers



Service Centers

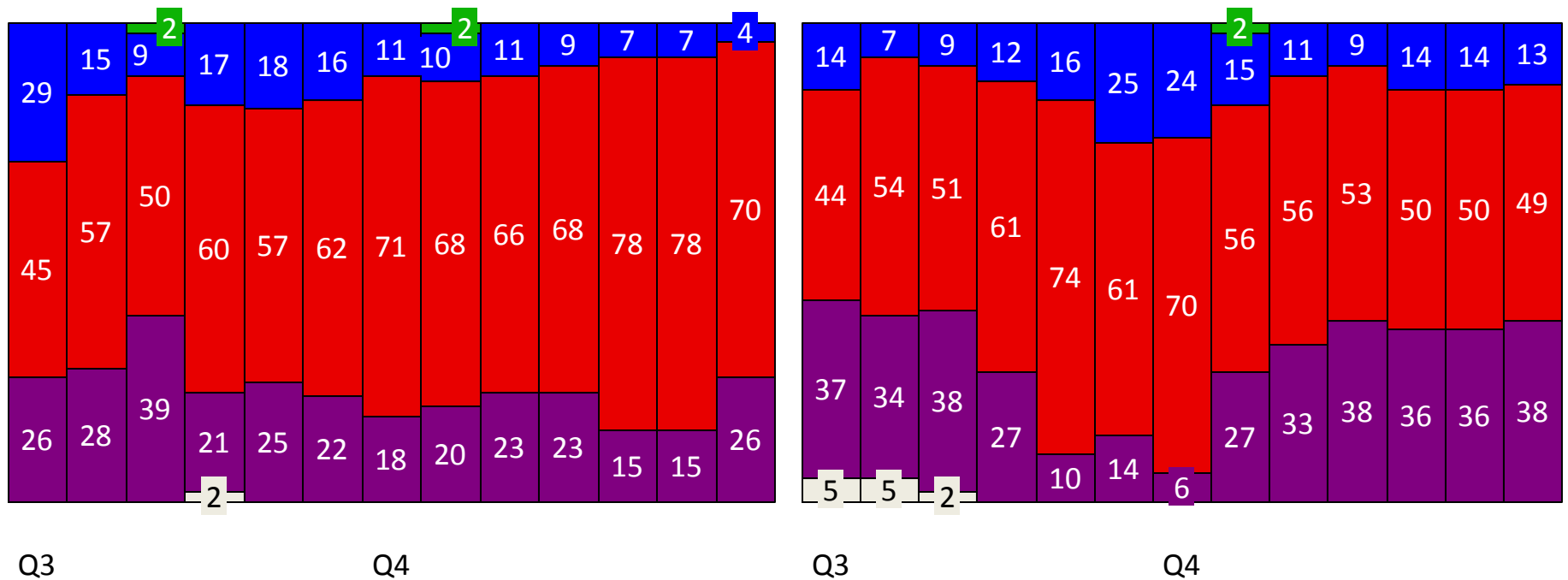
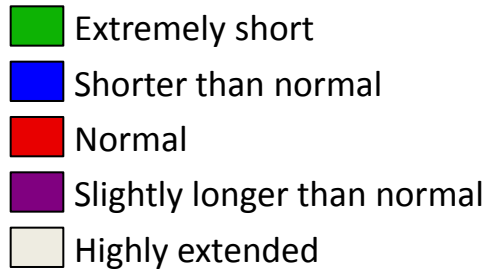


Mill Lead Times History

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Service Centers

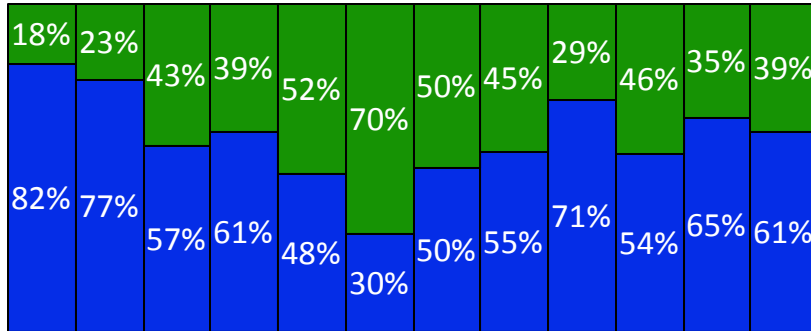


Mill Negotiations

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

Yes No

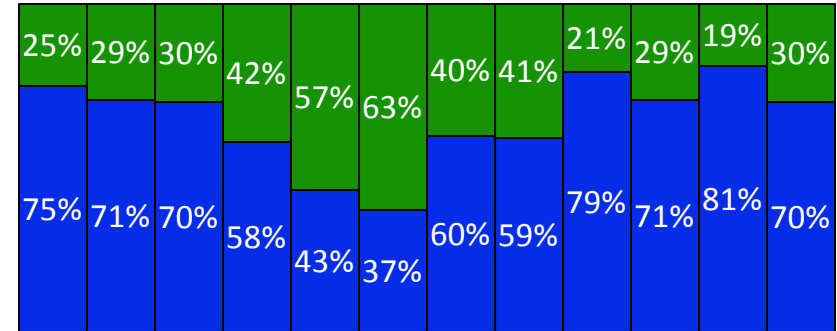
Hot Rolled Orders



Q3

Q4

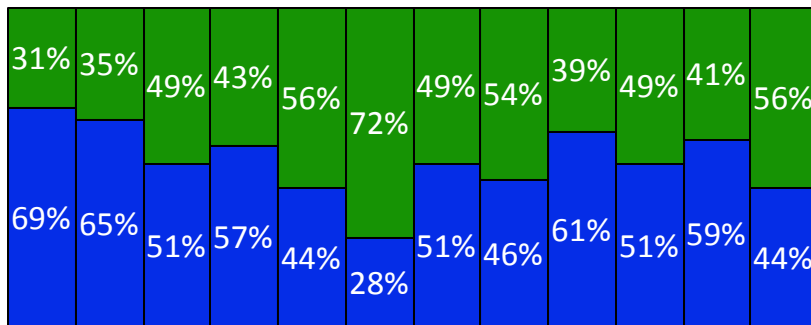
Cold Rolled Orders



Q3

Q4

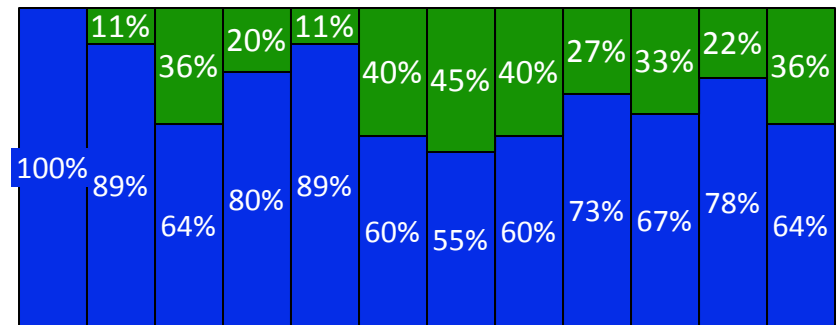
Galvanized Orders



Q3

Q4

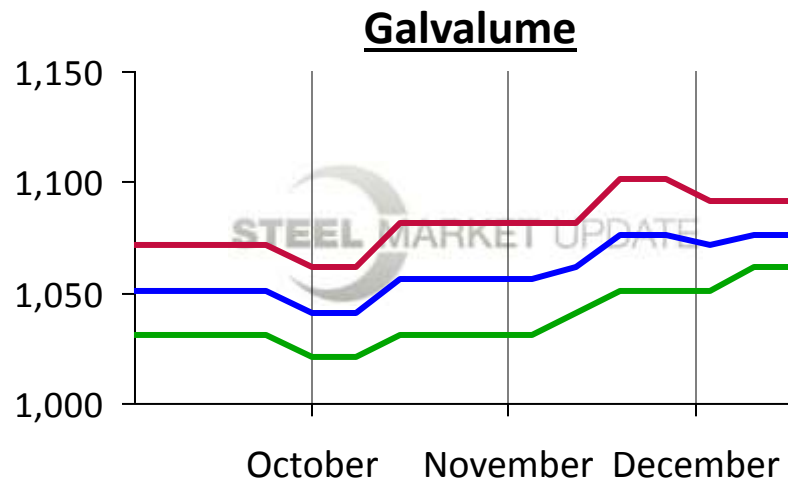
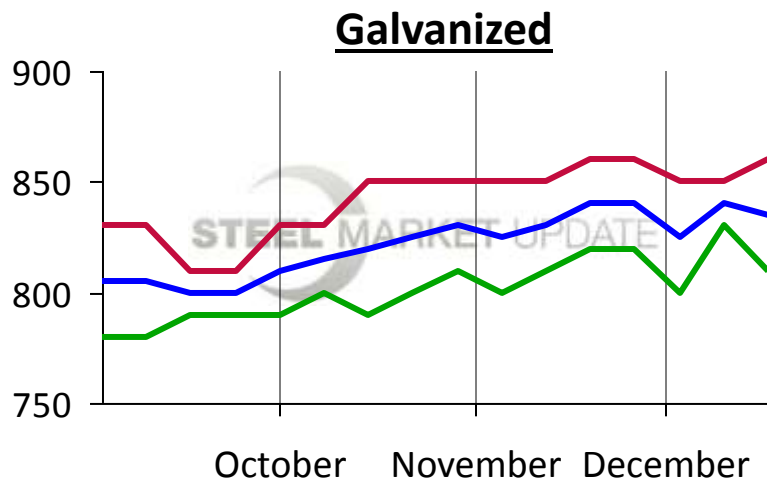
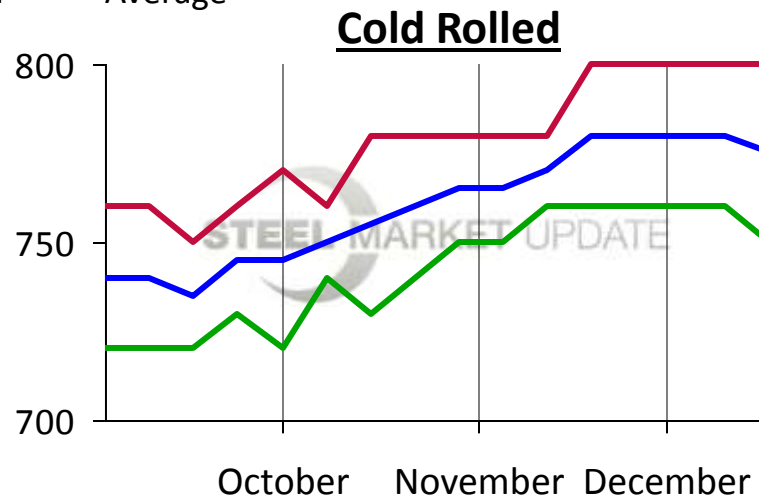
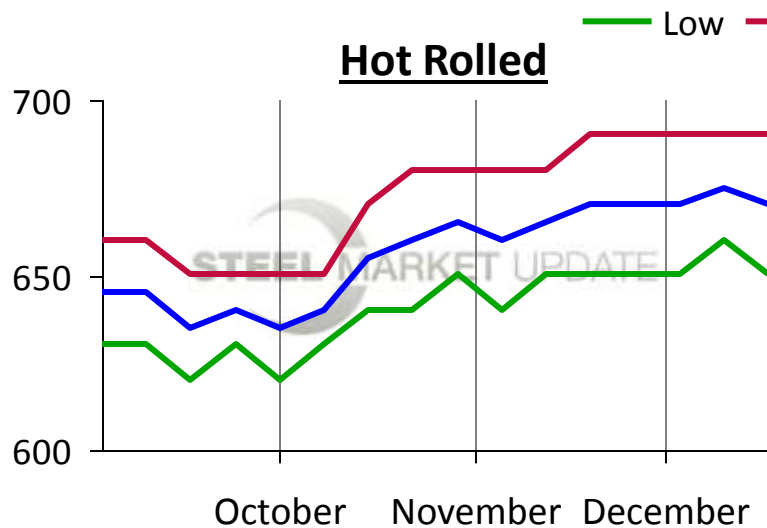
Galvalume Orders



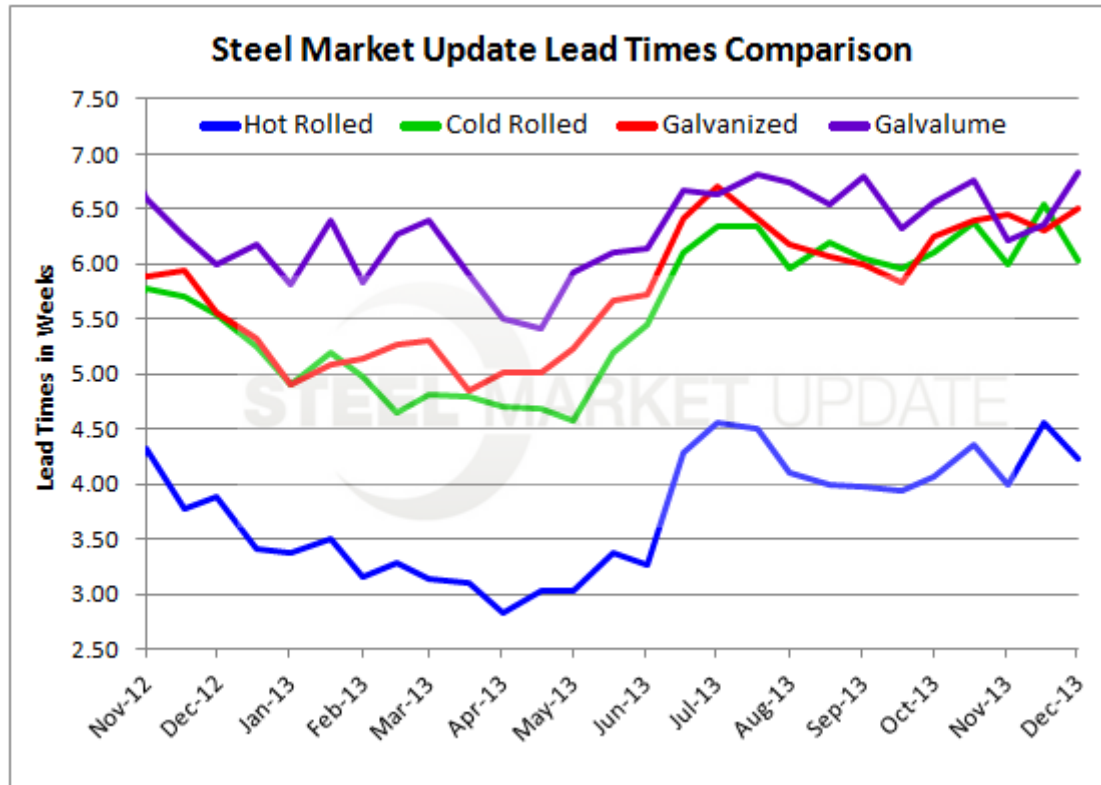
Q3

Q4

SMU Steel Prices



Lead Times (Weeks)



Hot Rolled: 4.23
Cold Rolled: 6.04
Galvanized: 6.51
Galvalume: 6.83

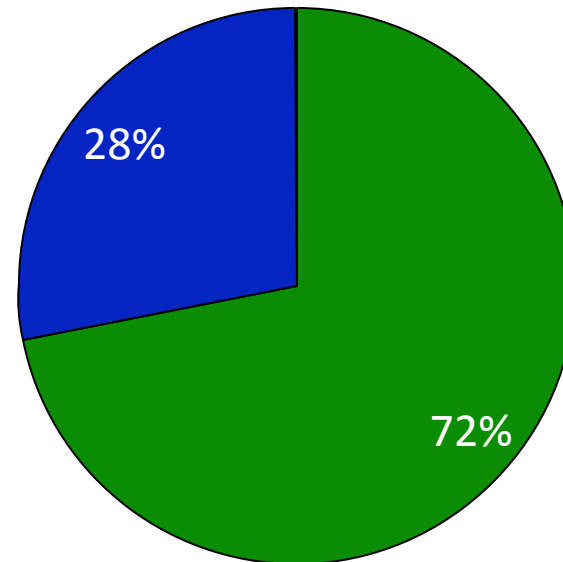
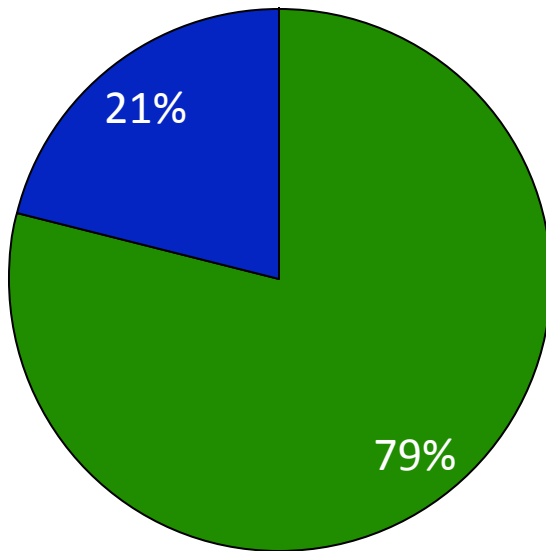
Domestic and Foreign Price Spread

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

Manufacturers

Service Centers

Yes No



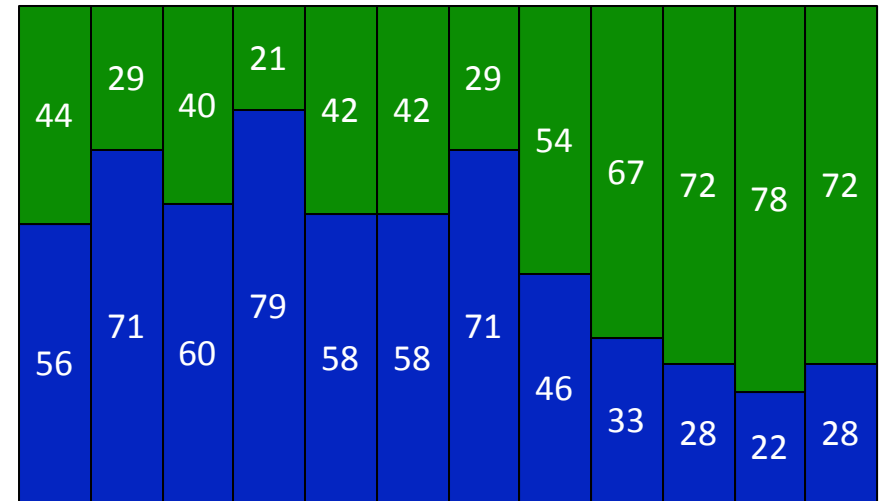
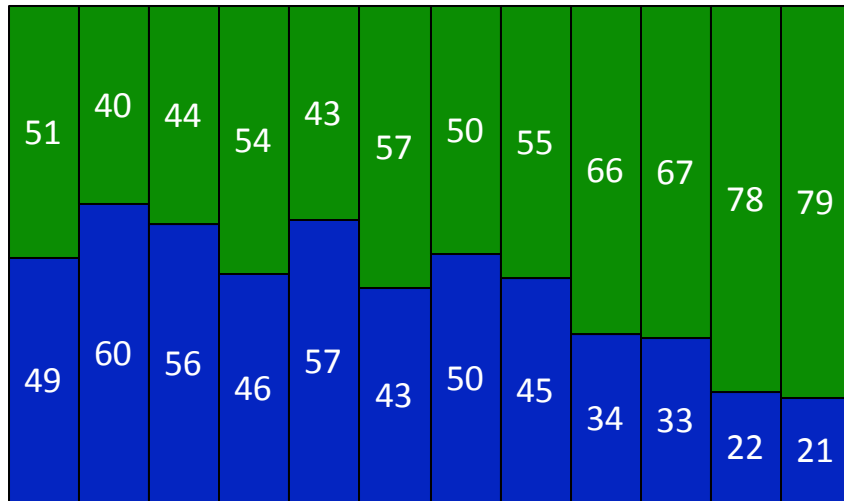
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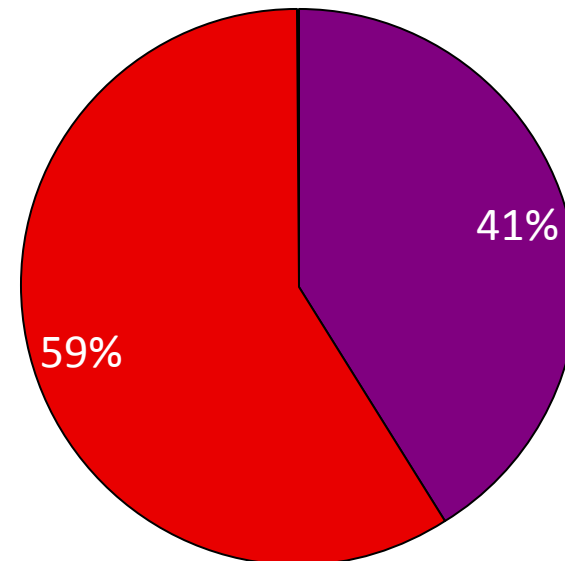
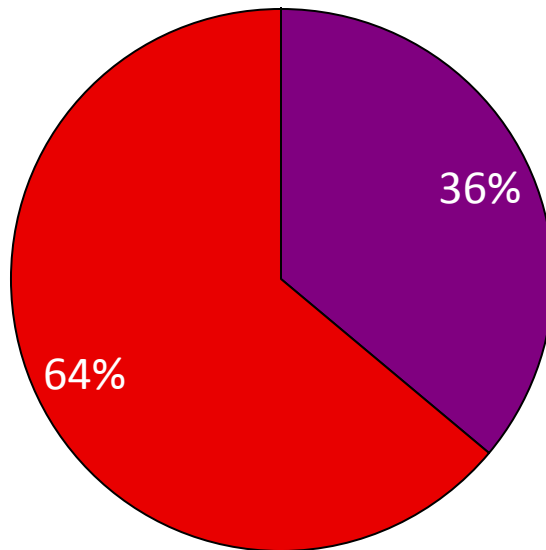
New Foreign Orders

Is your company entering new foreign orders right now?

Manufacturers

Service Centers

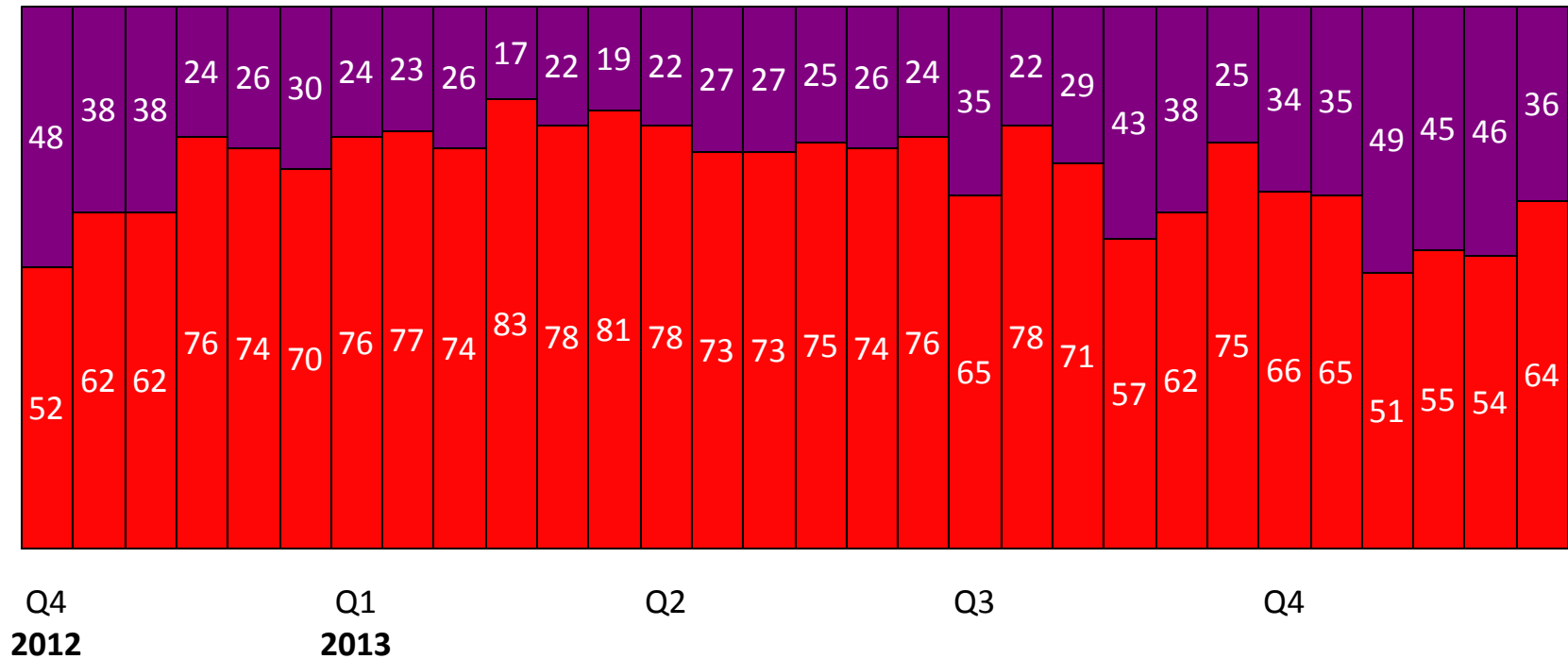
Yes No



New Foreign Orders

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

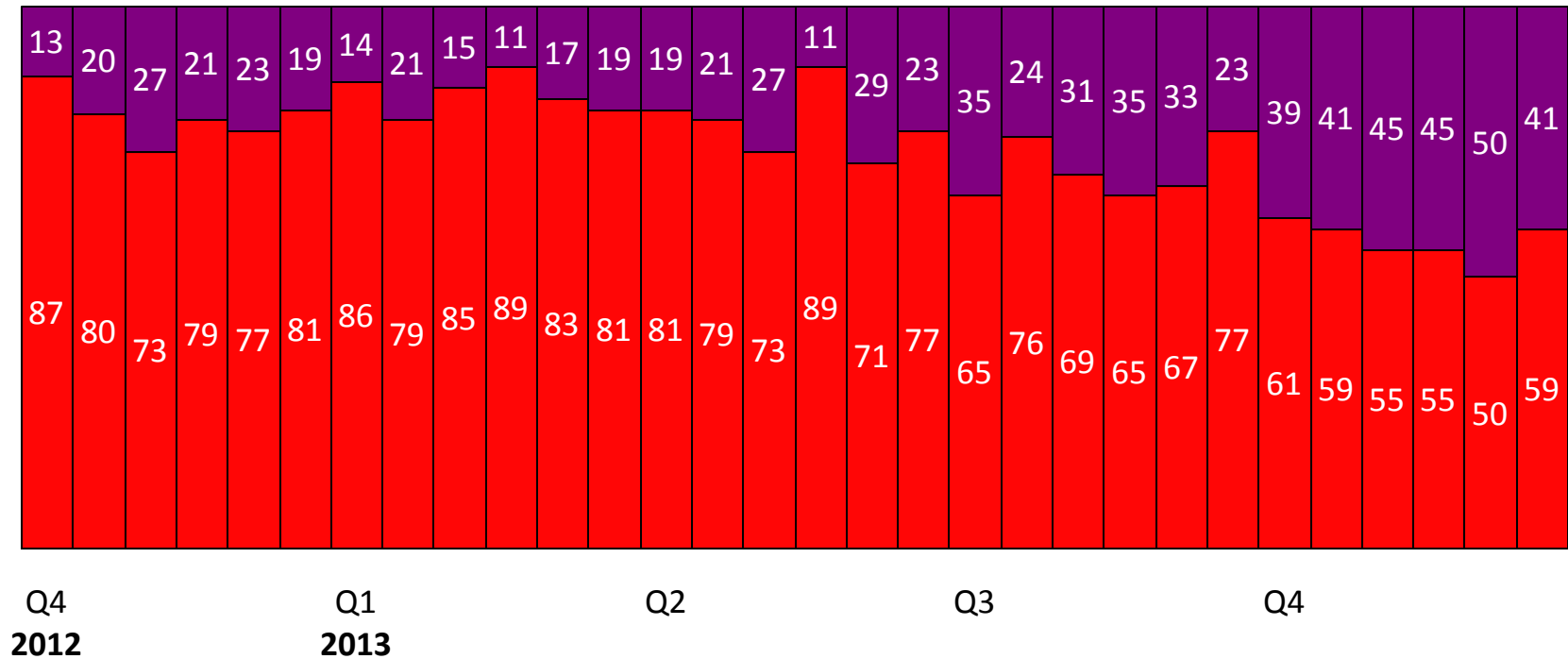
■ Yes
 ■ No



New Foreign Orders

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

■ Yes
 ■ No





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