



# STEEL MARKET UPDATE

part of the  Group

## SMU Flat Rolled Market Trends Analysis

Responses from our December 21-23, 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](http://www.SteelMarketUpdate.com)



Steel 101 Workshop, Severstal Dearborn 2012

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

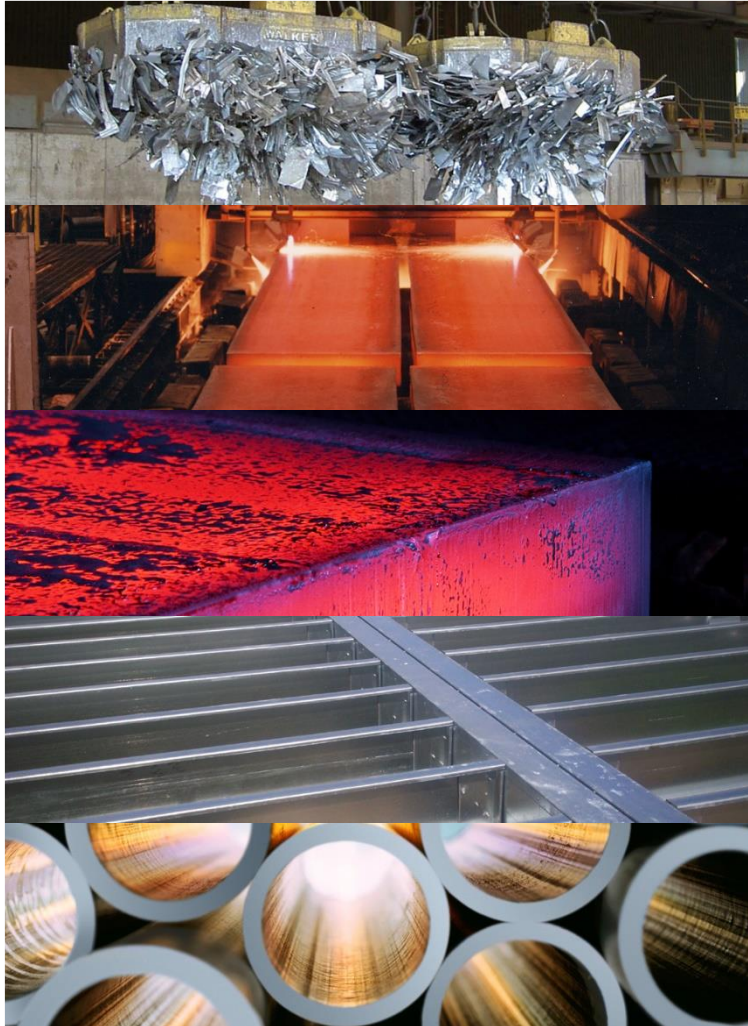
We invite over 600 companies to participate in our surveys.

Normal response rate is 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 February 9-10, 2021



SMU will host a virtual version of our next Steel 101 workshop on **February 9-10, 2021** 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](https://SteelMarketUpdate.com/Events), call our office at 800-432-3475, or e-mail our team at [Events@SteelMarketUpdate.com](mailto:Events@SteelMarketUpdate.com)

# Tampa Steel Conference

## Virtual on February 2, 2021



### **Port Tampa Bay and SMU join forces to keep the steel trade community connected in 2021**

Port Tampa Bay and Steel Market Update are delighted to announce a new partnership to present the first virtual edition for the 32nd annual **Tampa Steel Conference**, to be held on February 2, 2021.

The Tampa Steel Conference began in 1990 as an evening reception and has evolved into one of the nation's largest steel conferences. The movement of iron and steel products is extremely important to the US economy, and this event recognizes that importance, and provides an opportunity for participants to discuss and debate the national and international issues impacting the steel industry and shipment of steel and to network.

[SteelMarketUpdate.com/Events/Tampa-Steel-Conference](https://www.steelmarketupdate.com/Events/Tampa-Steel-Conference)

# Steel Hedging 101 & 201



## Steel Hedging 101: Introduction to Managing Price Risk

**Steel Market Update** and Spencer Johnson, StoneX Group Inc., along with the CME Group, will be conducting a workshop for those who are actively involved in the buying or selling of steel. This workshop is tailored for those looking to understand financial derivatives as an instrument to hedge price risk, protect margins, protect inventories, or offer long-term pricing to their customers.

## Steel Hedging 201: Advanced Strategies and Execution

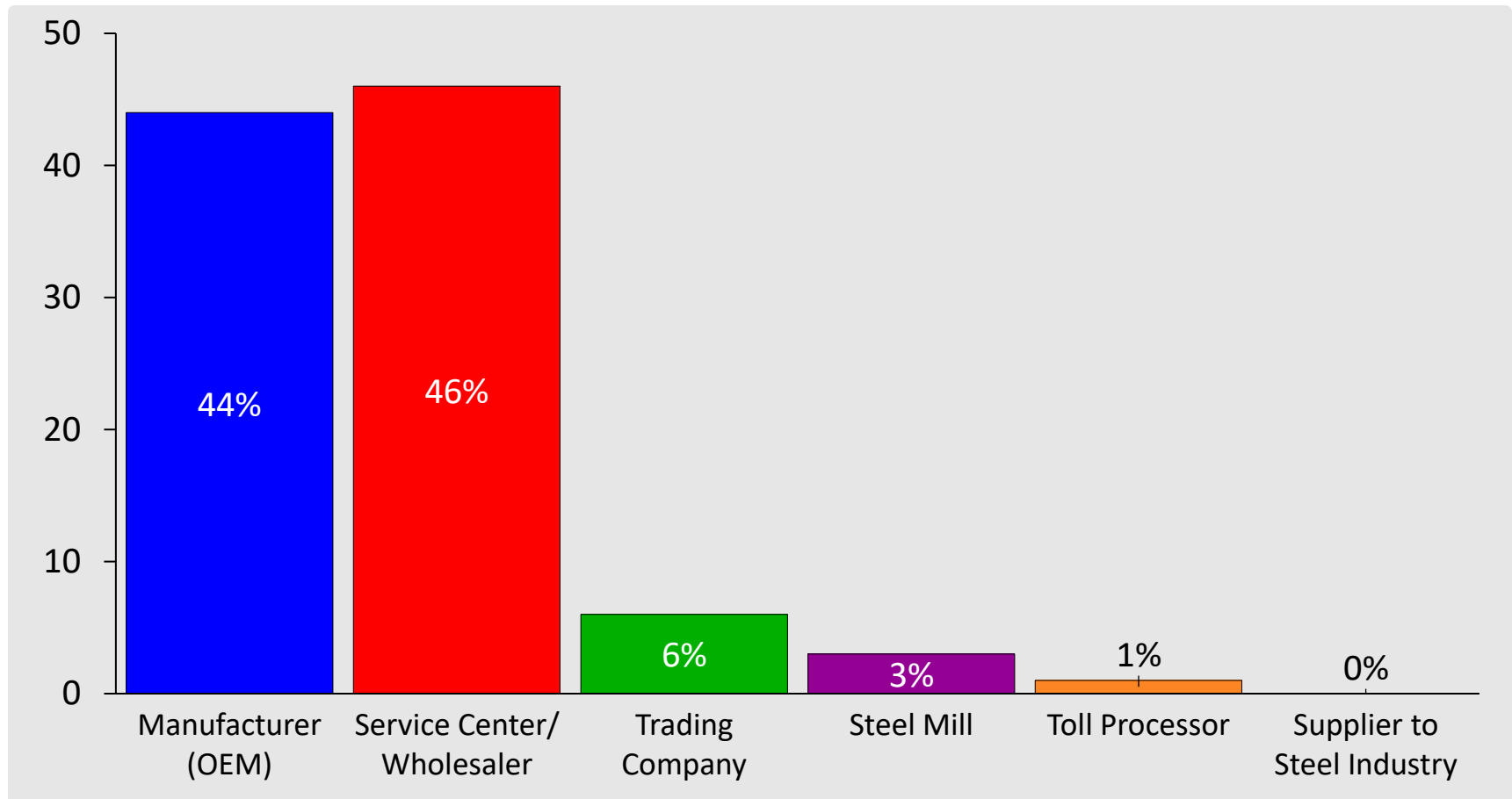
**Steel Market Update** and Spencer Johnson, StoneX Group Inc., along with the CME Group, will be conducting a workshop for those who are actively involved in the buying or selling of steel. This is a continuing education course, which will go past introducing market participants to hedging and the terminology involved when dealing with financial derivatives, and to concentrate on defining strategies and the execution of trades involved with a specific end goal in mind.

[events.crugroup.com/steel101/about-steel-hedging-101](https://events.crugroup.com/steel101/about-steel-hedging-101)

[events.crugroup.com/steel101/about-steel-hedging-201](https://events.crugroup.com/steel101/about-steel-hedging-201)

# Survey Participants

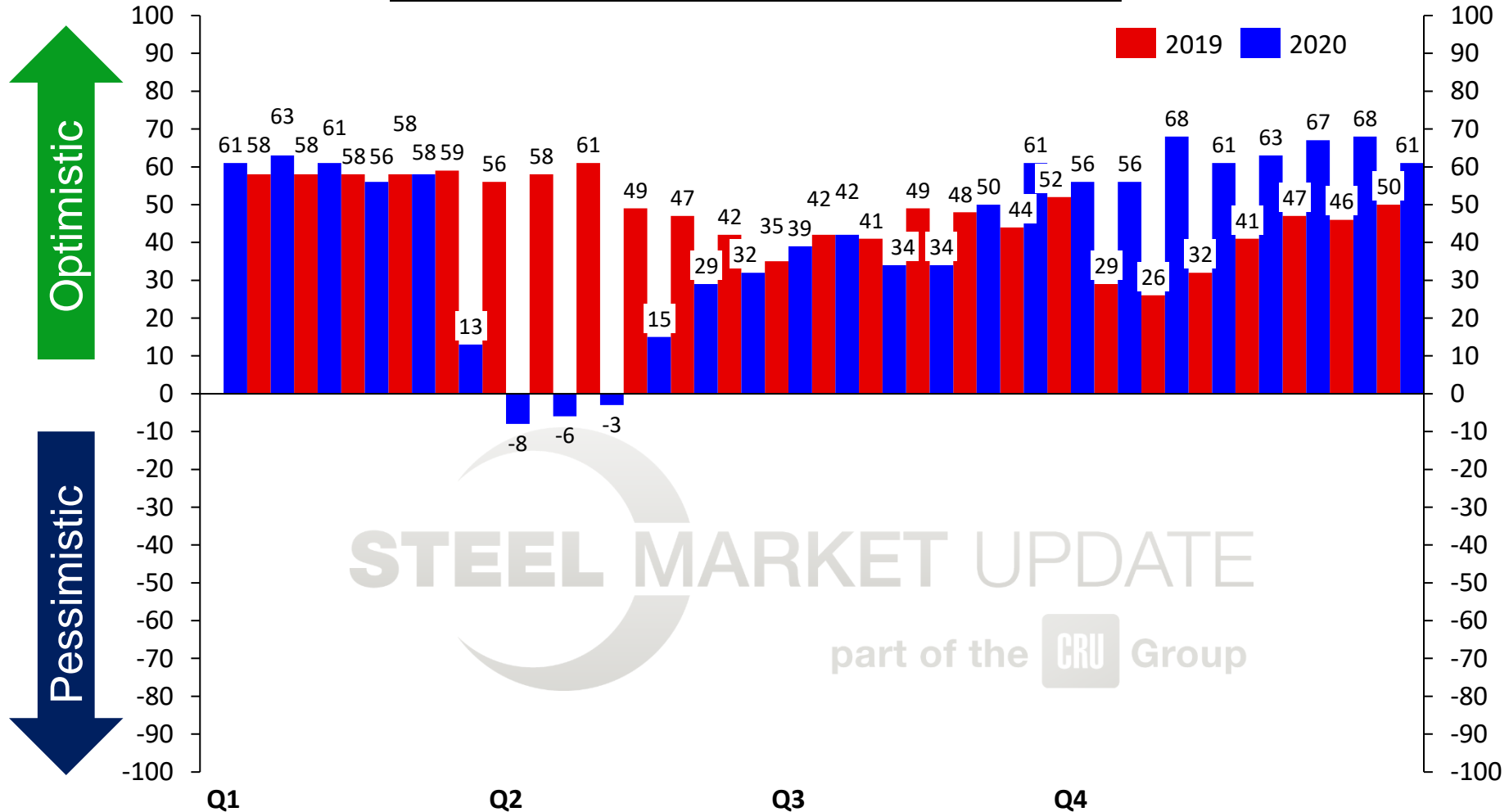
Our survey is by invitation only- Over 600 companies, mostly in the manufacturing or distribution industries, are asked to participate. Here are the percentages of participation in this week's survey by market sector.



# SMU Buyers Sentiment Index

Down 7 points to +61

## Steel Market Update Buyers Sentiment Index

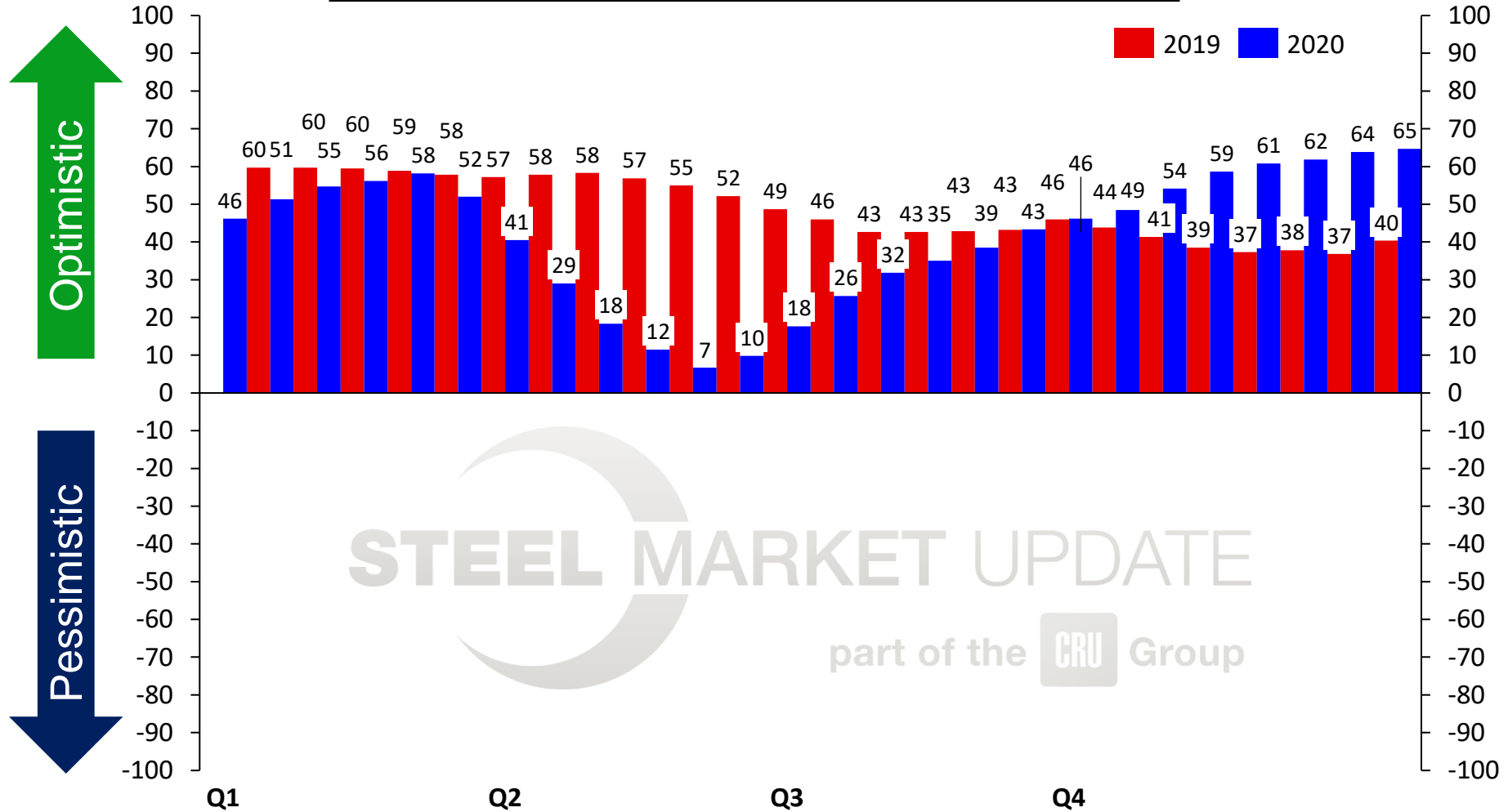




# SMU Buyers Sentiment Index

Three Month Moving Average at +64.67

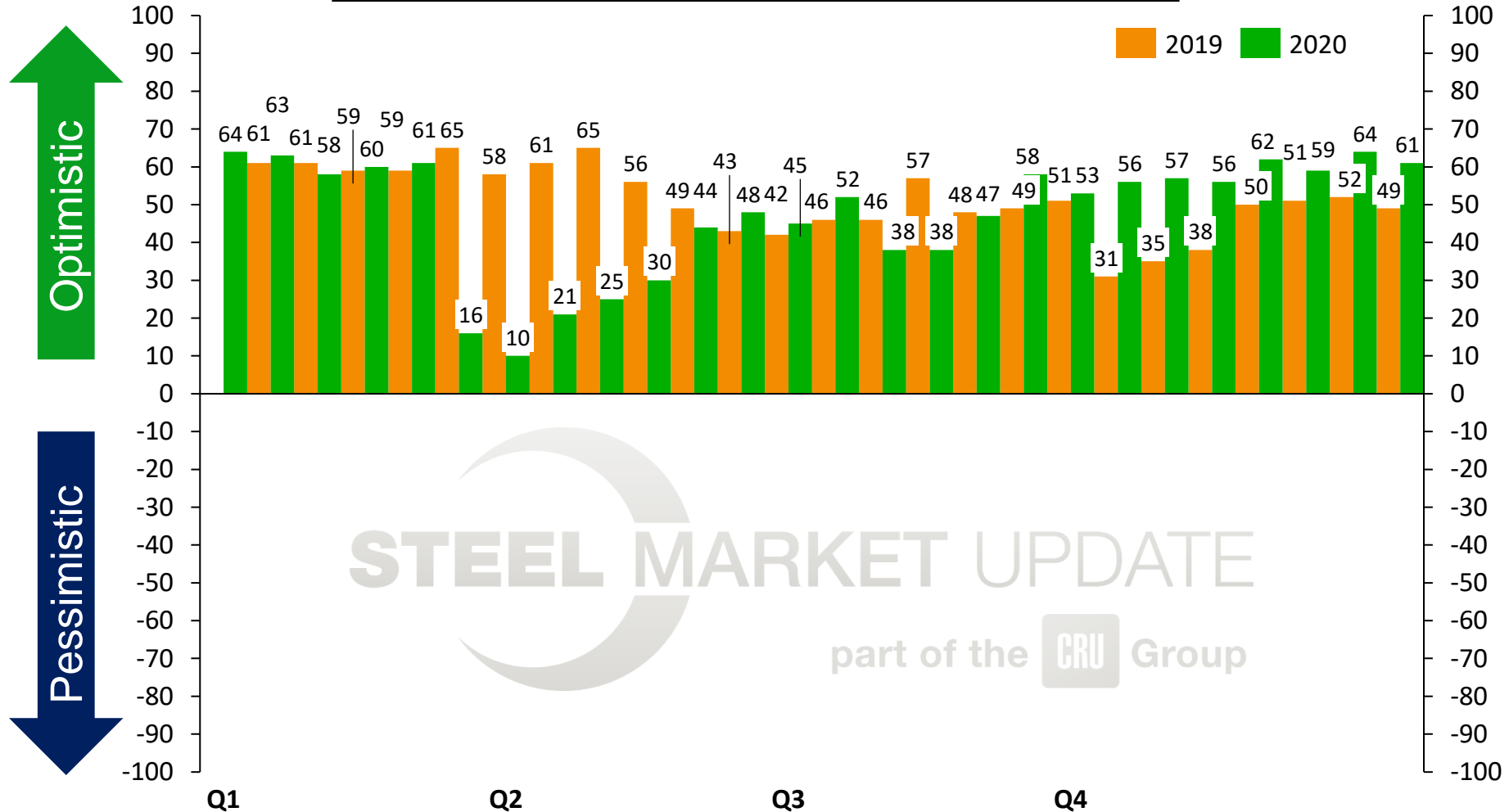
## Steel Market Update Buyers Sentiment Index 3MMA



# SMU Future Buyers Sentiment Index

Down 3 points to +61

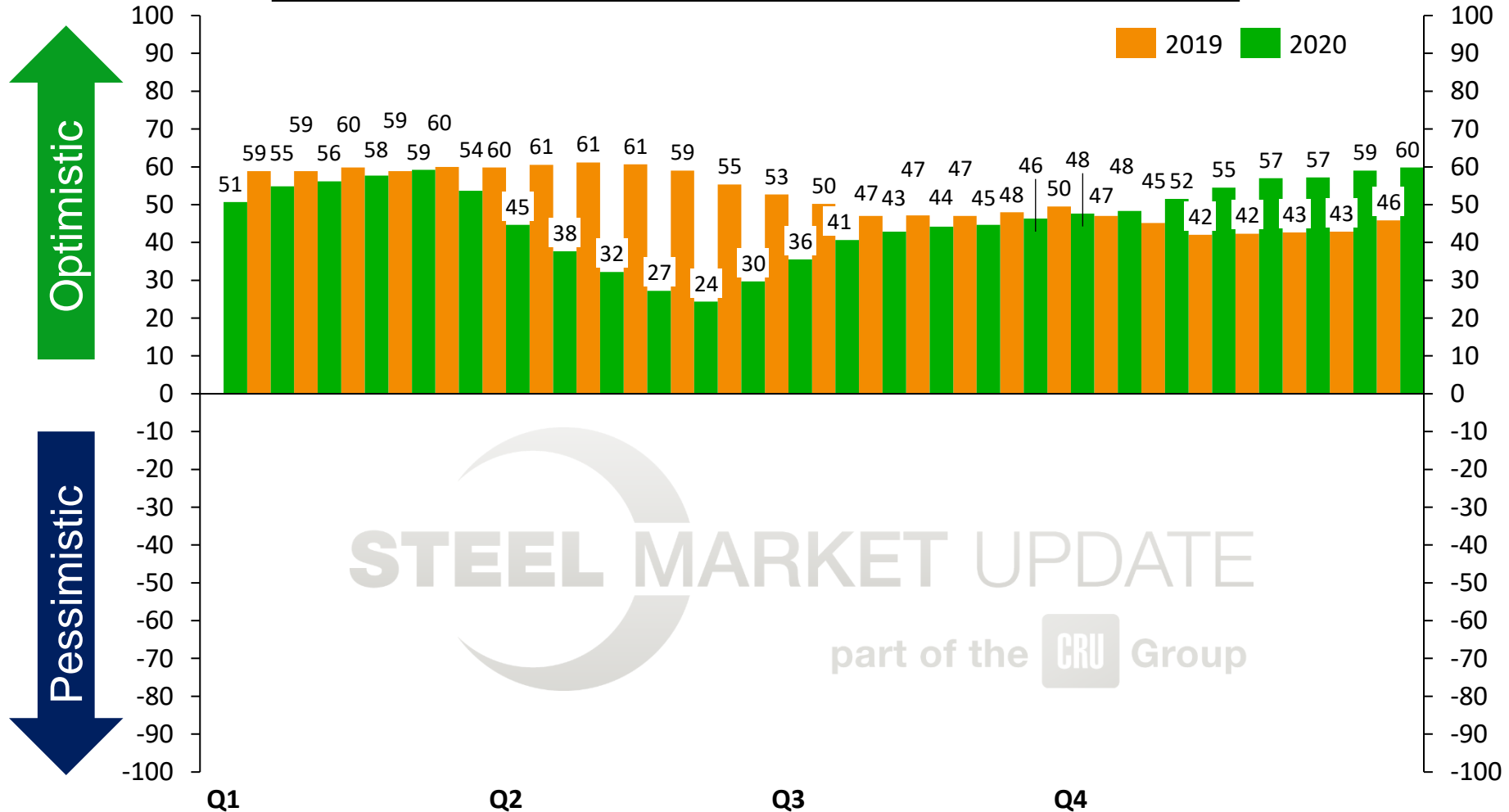
## Steel Market Update Future Buyers Sentiment Index



# SMU Future Buyers Sentiment Index

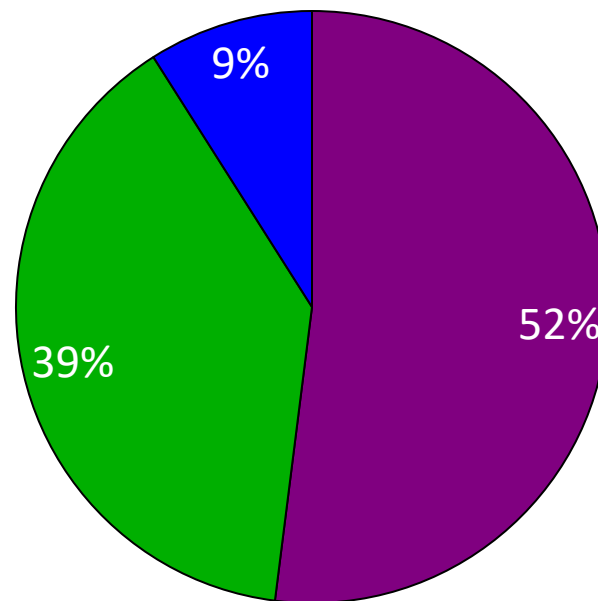
Three Month Moving Average at +59.83

## 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

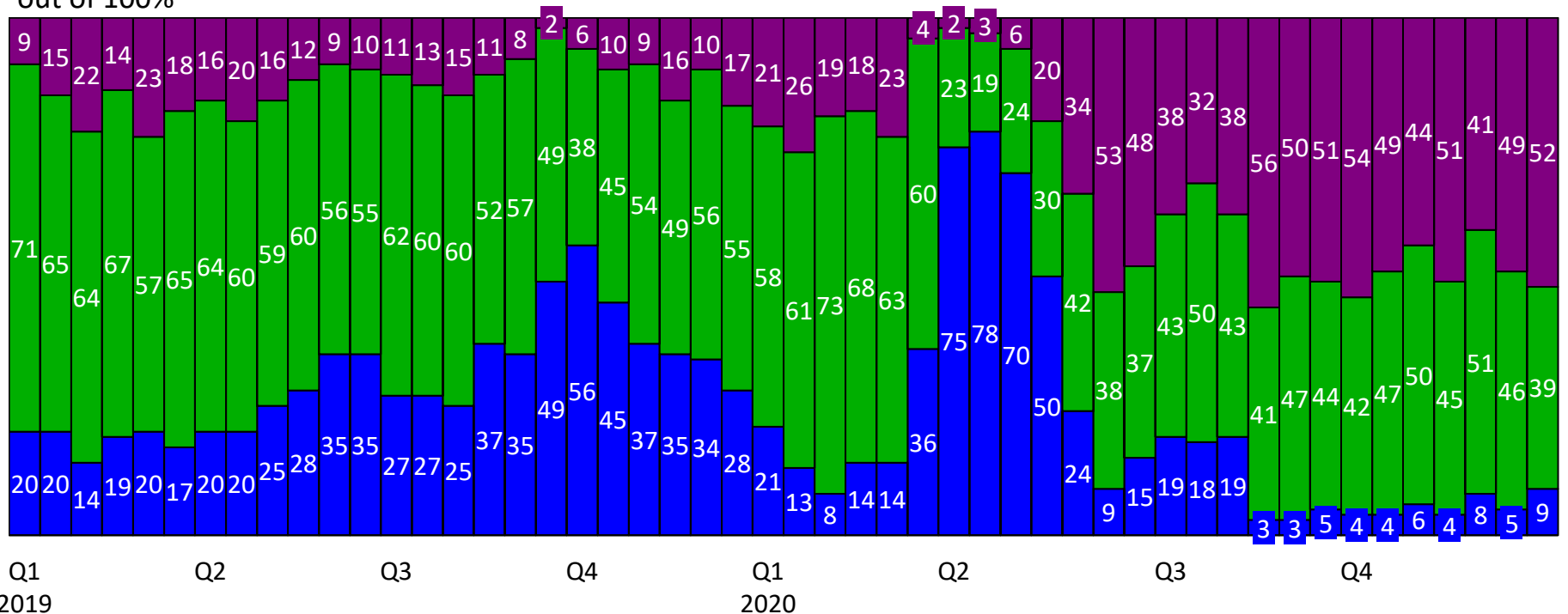


# Overall Demand History

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

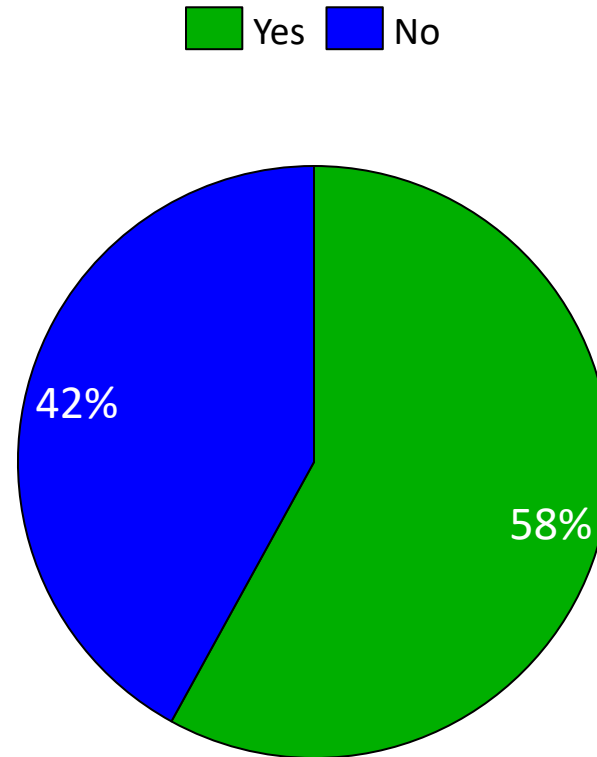
- Demand is improving
- Demand is remaining the same
- Demand is declining

out of 100%



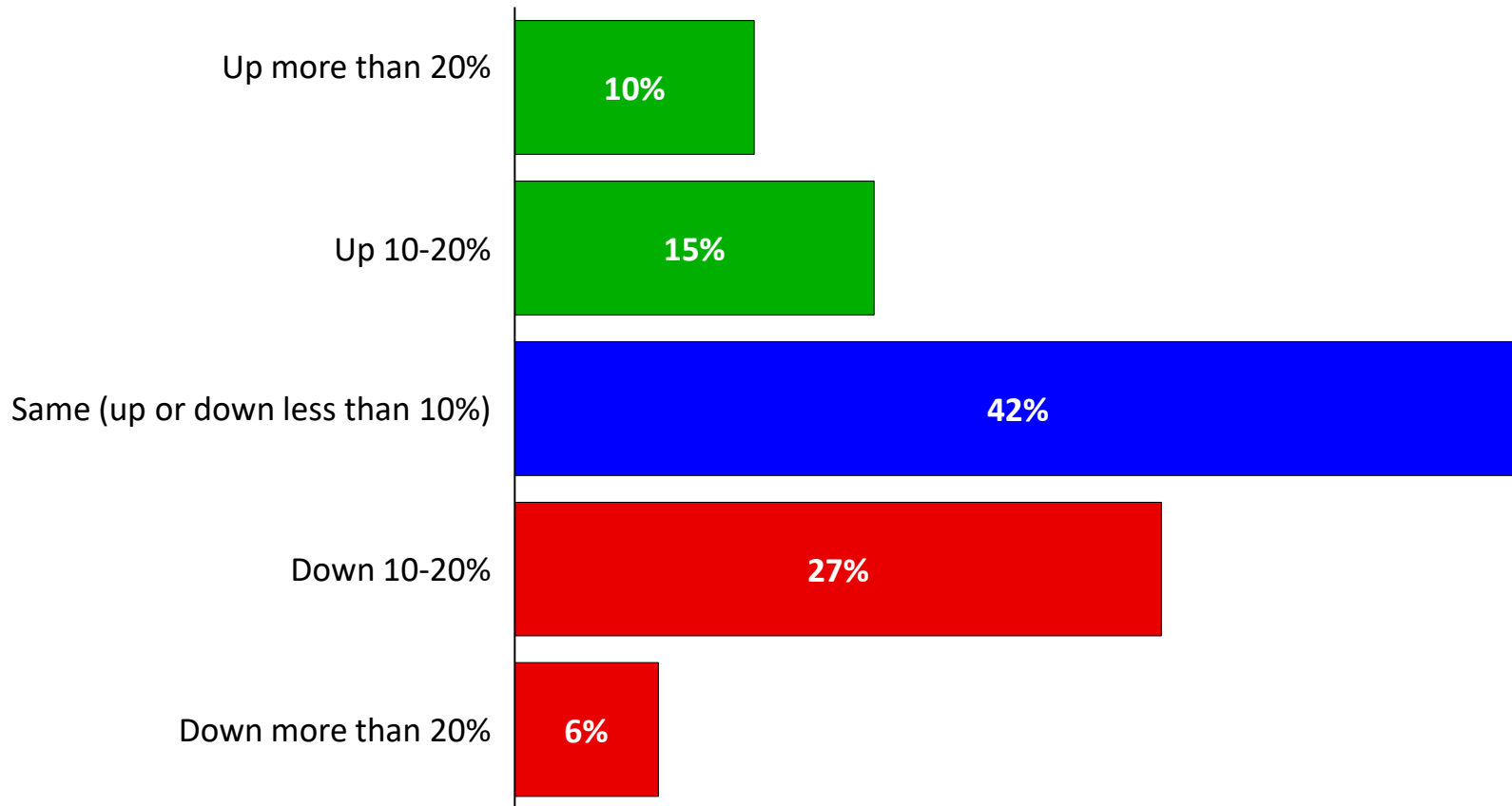
# Will Prices Exceed 2008 Levels?

Steel prices are reaching levels not seen since 2008.  
Do you think benchmark hot rolled prices will exceed  
the \$1,070 per ton level we recorded back in July 2008?



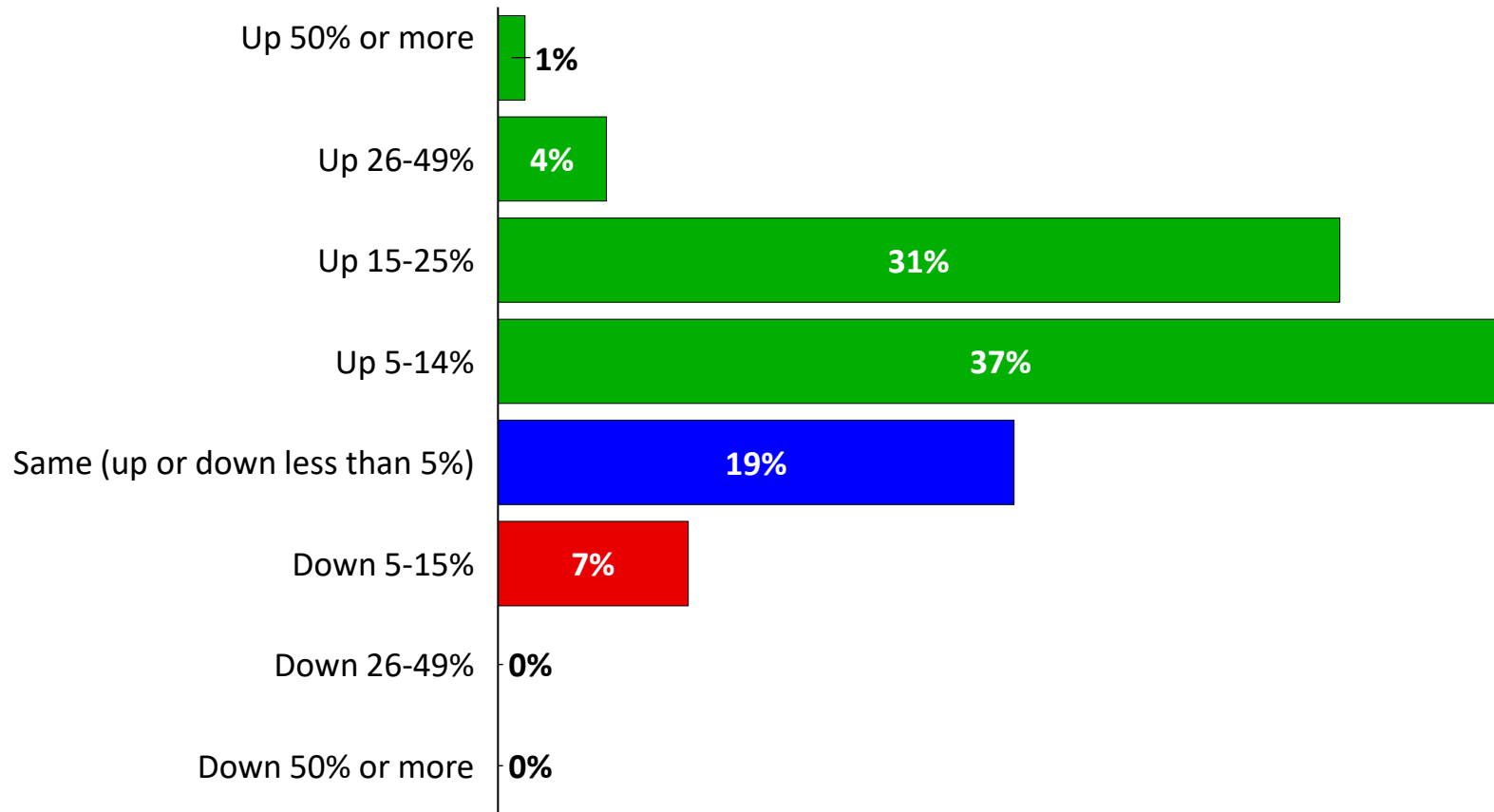
# 2019 vs 2020 Business

As the year ends where will your company end up for the year 2020 compared to 2019?



# 2020 vs 2021 Demand

What does your company expect for demand for your products during calendar year 2021 compared to 2020?

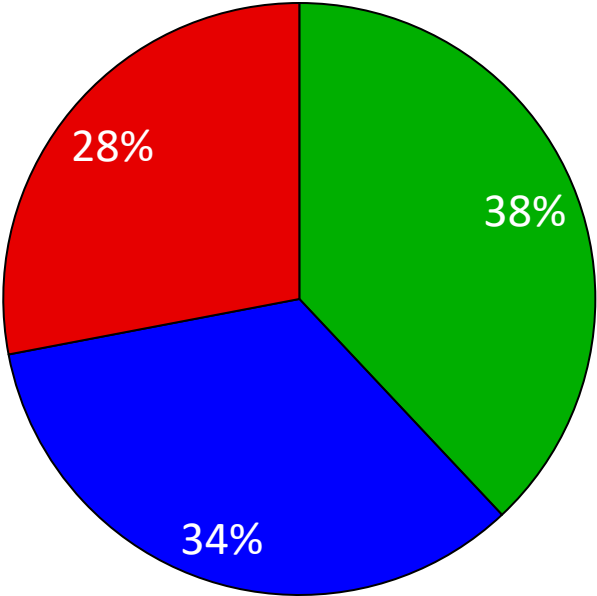




# Manufacturer Purchases

**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

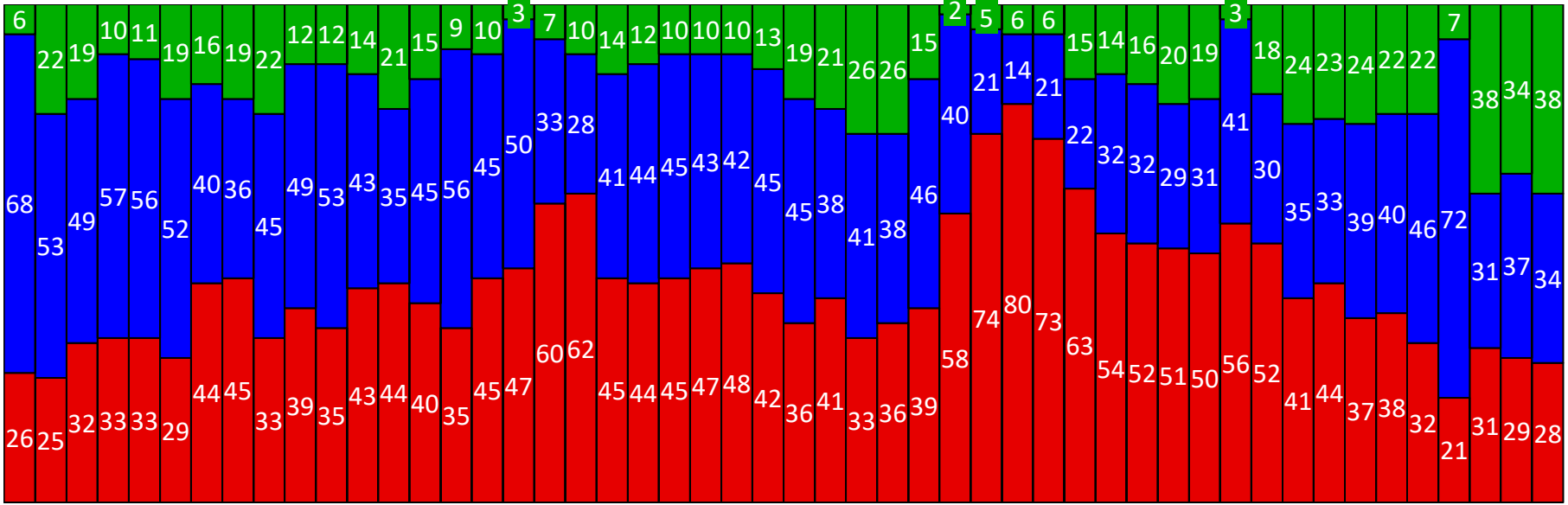


# History of Manufacturer Purchases

**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?

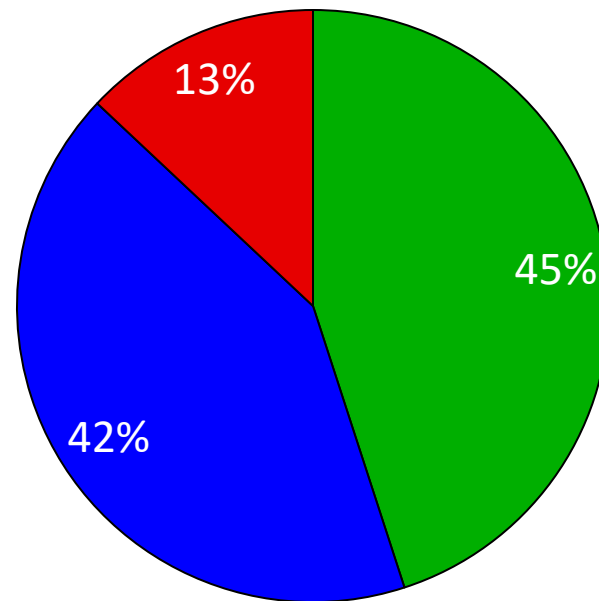
- Buying more steel
- Buying the same amount of steel
- Buying less steel

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

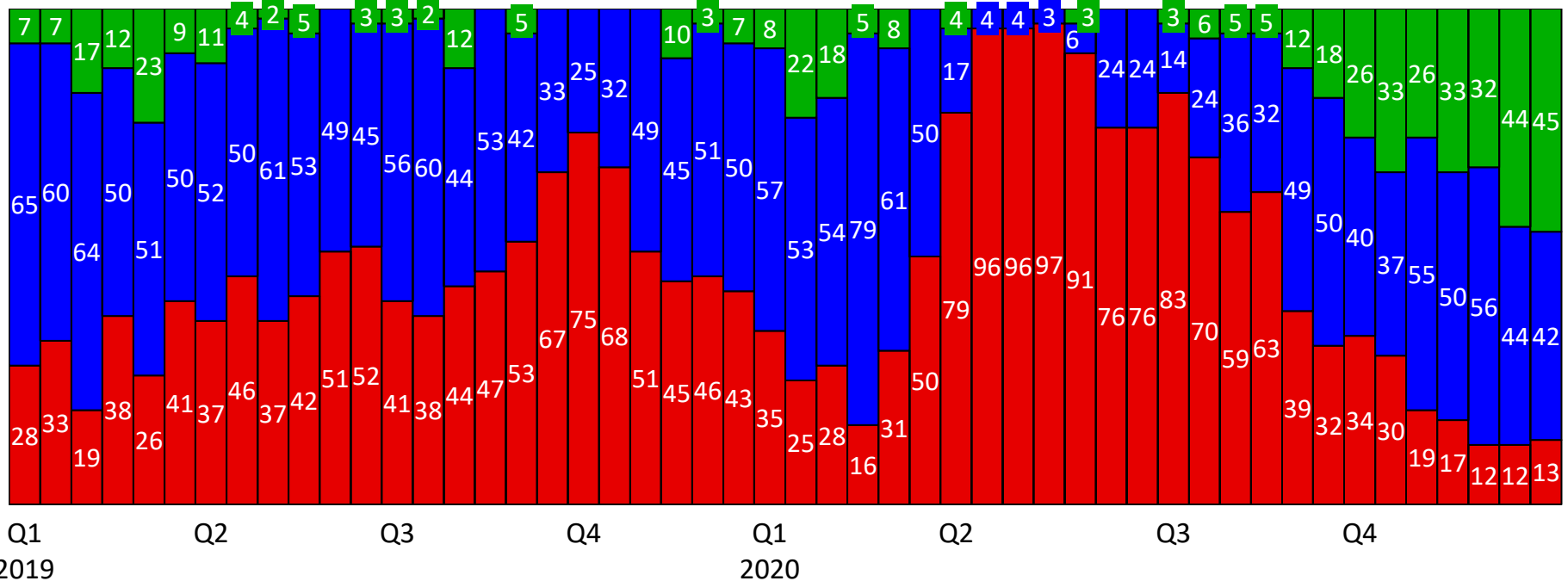


# Service Center Release History

**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

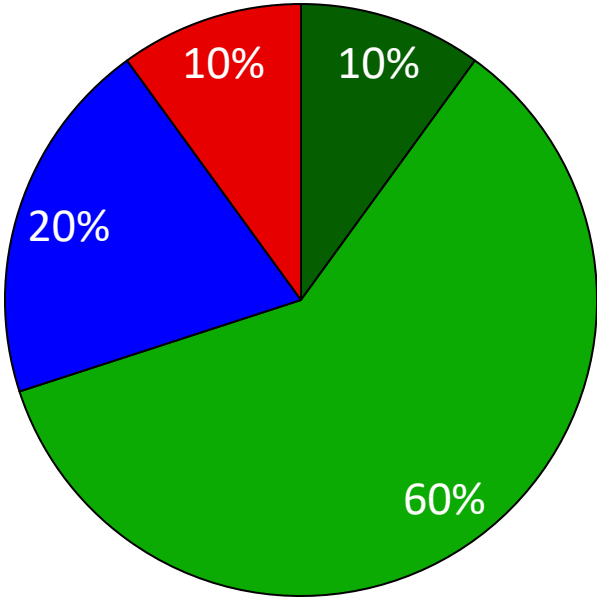
out of 100%



# Manufacturer Demand

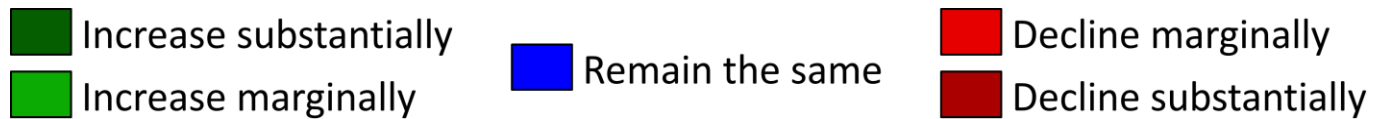
**Manufacturers-** Demand for your products will \_\_\_\_\_  
over the next 3 months based on current order flows.

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

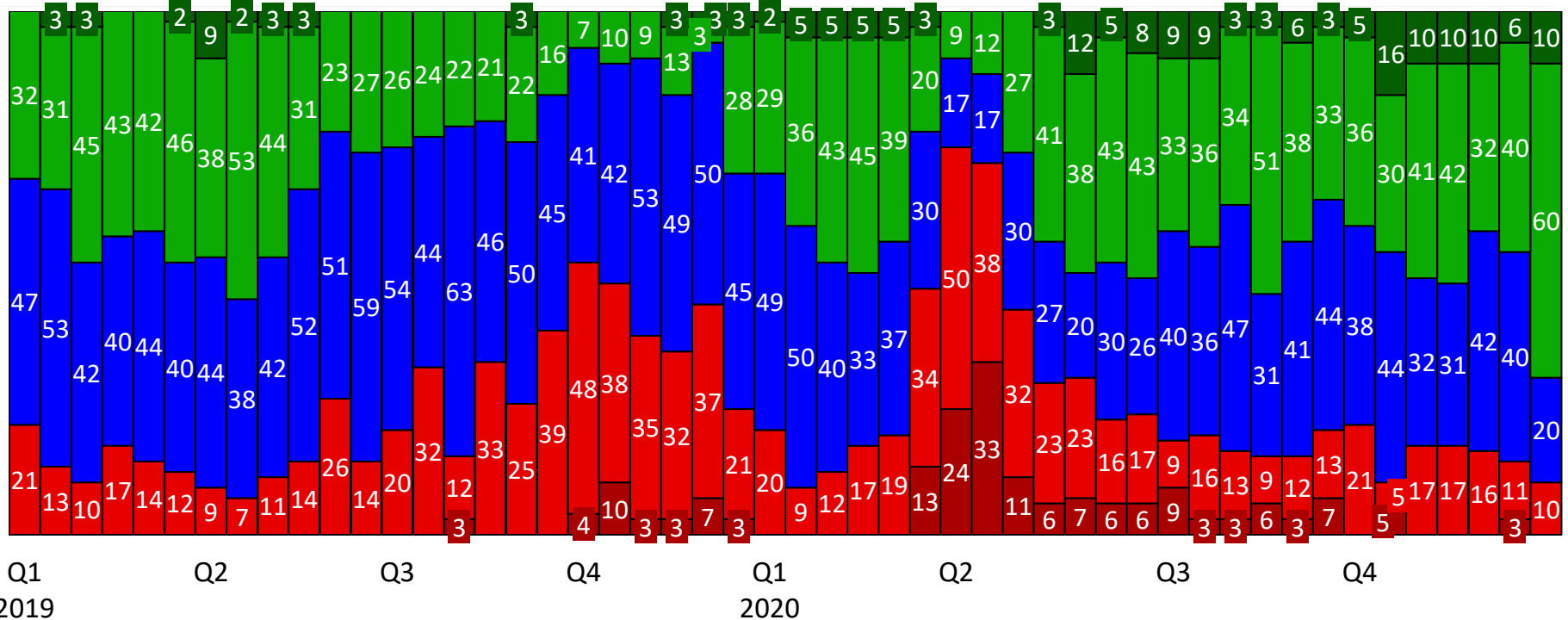


# Manufacturer Demand History

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



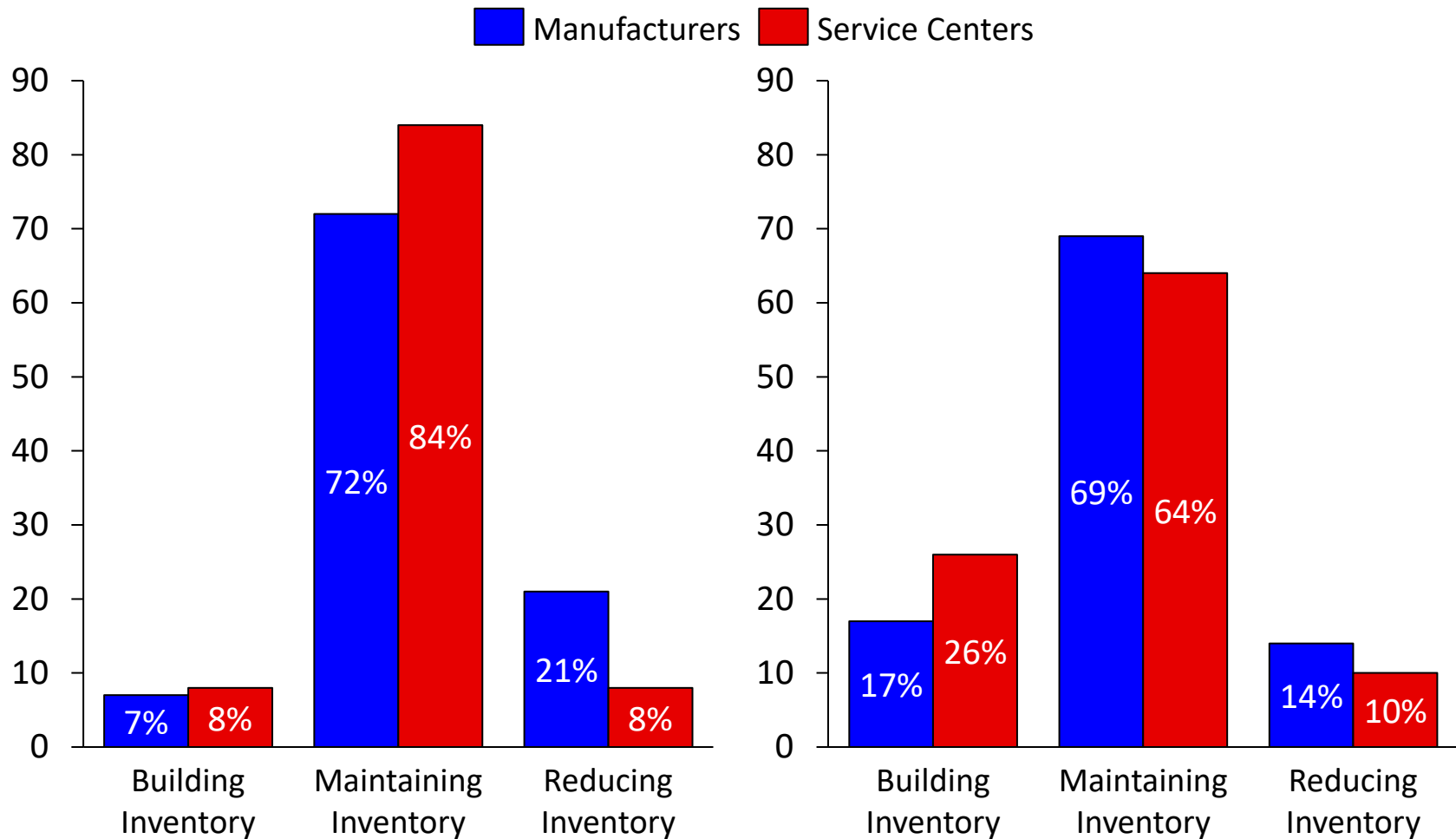
out of 100%



# Manufacturer and Service Center Inventory Buying Patterns

November 13, 2020

December 23, 2020

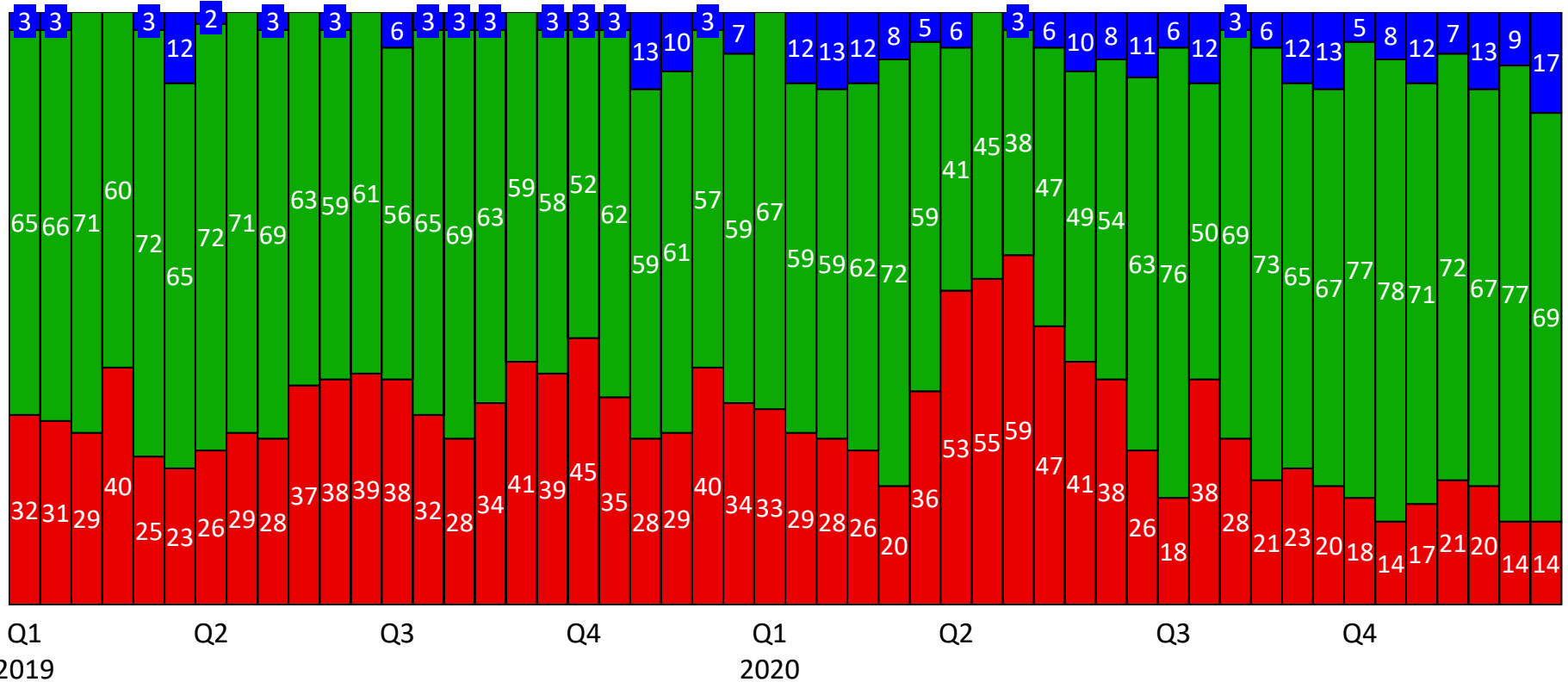


# Manufacturer Inventory Buying History

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

■ Building Inventory 
 ■ Maintaining Inventory 
 ■ Reducing Inventory

out of 100%



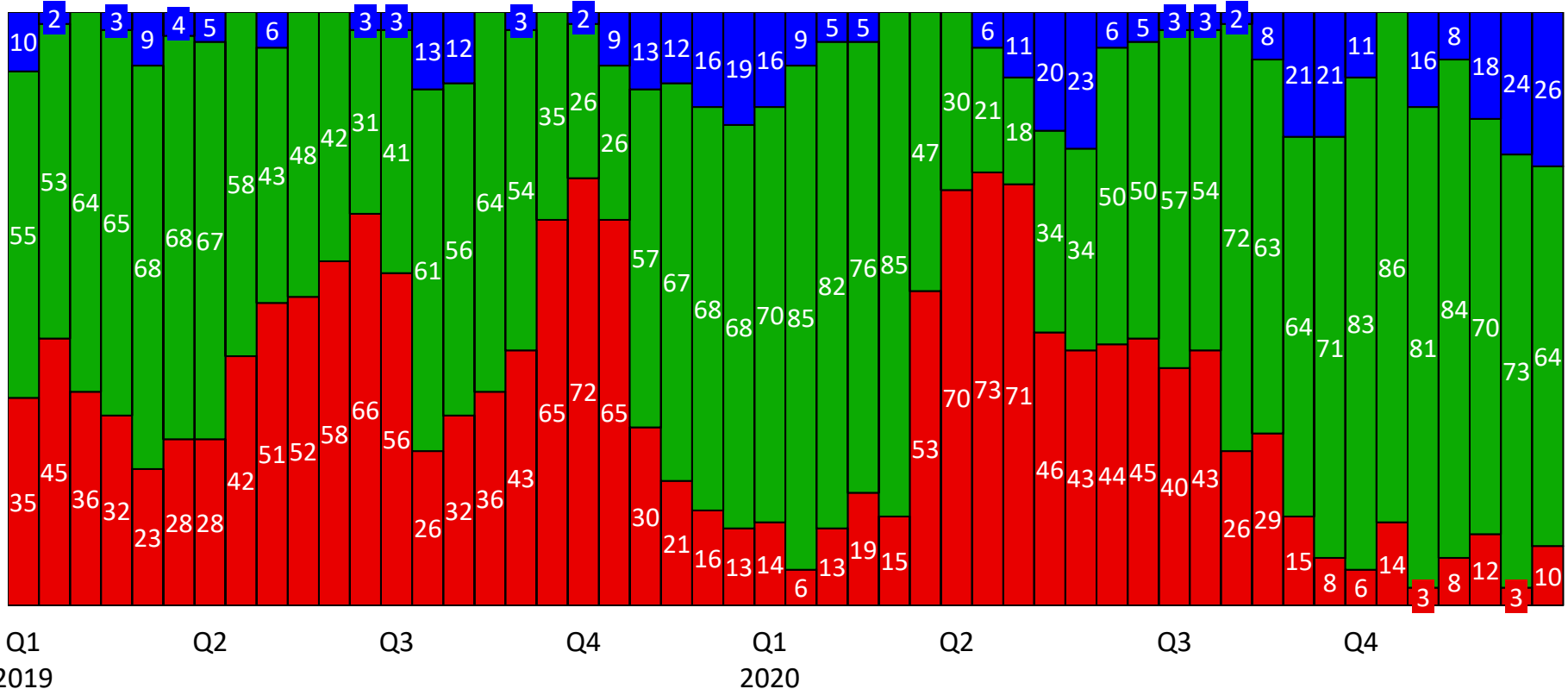


# Service Center Inventory Buying History

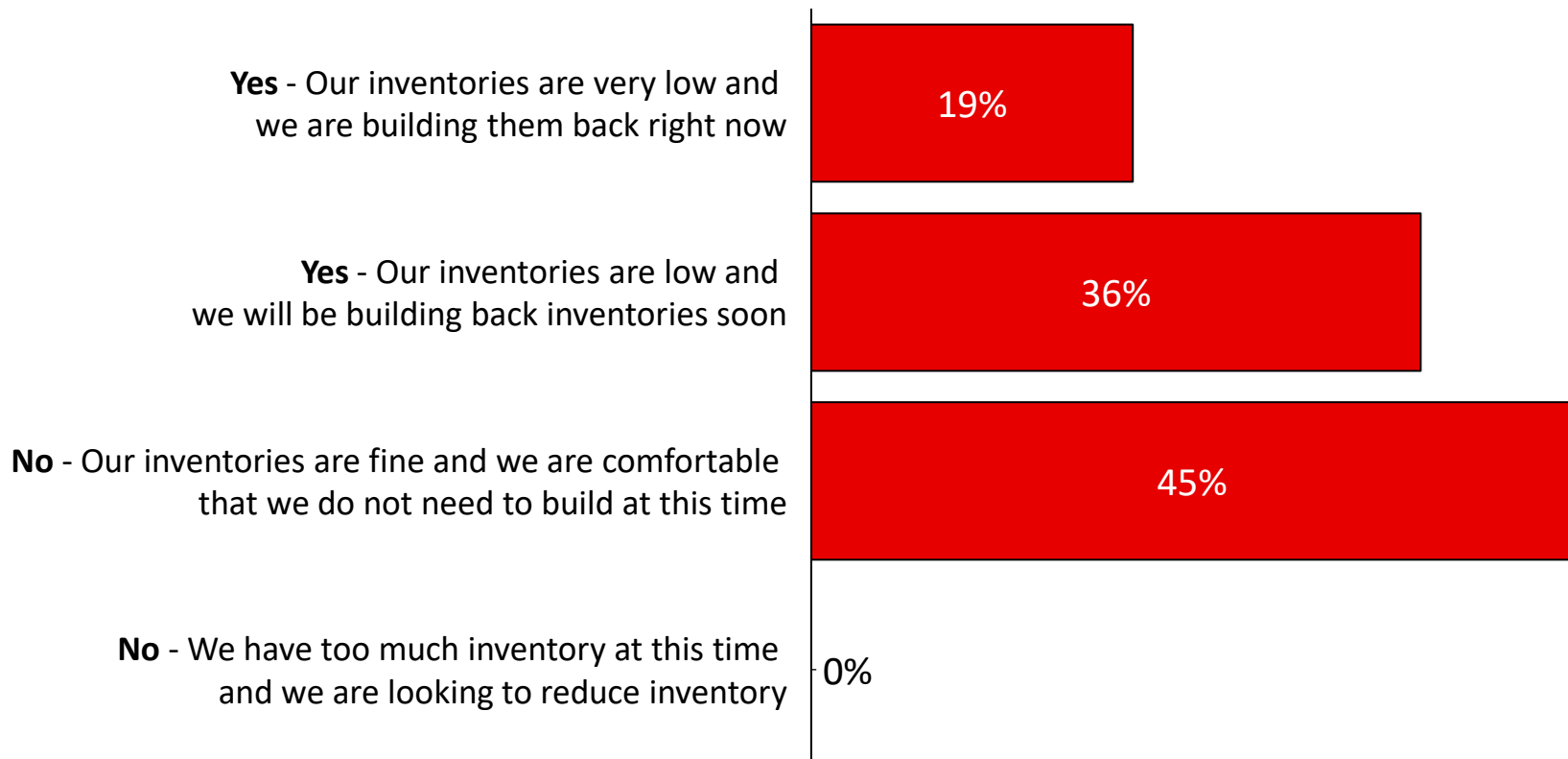
**Service Centers-** Is your company building, reducing or maintaining its flat rolled steel inventory?

■ Building Inventory 
 ■ Maintaining Inventory 
 ■ Reducing Inventory

out of 100%



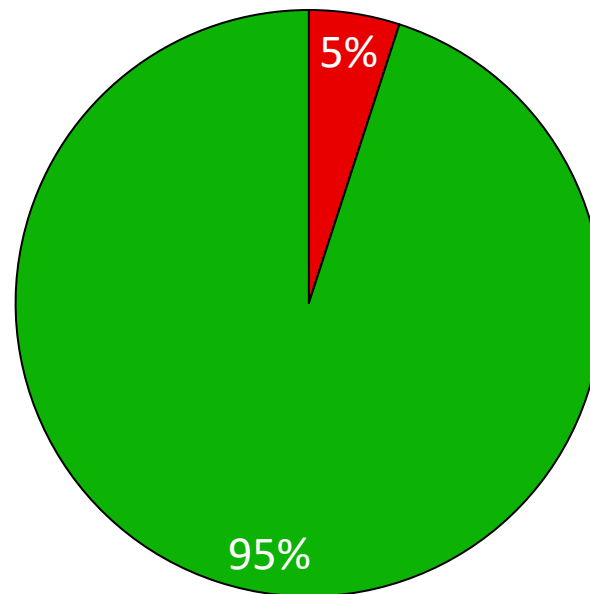
**Service Centers-** Does your company need to build back inventories or are you comfortable with the levels you are holding on your floor?



# 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

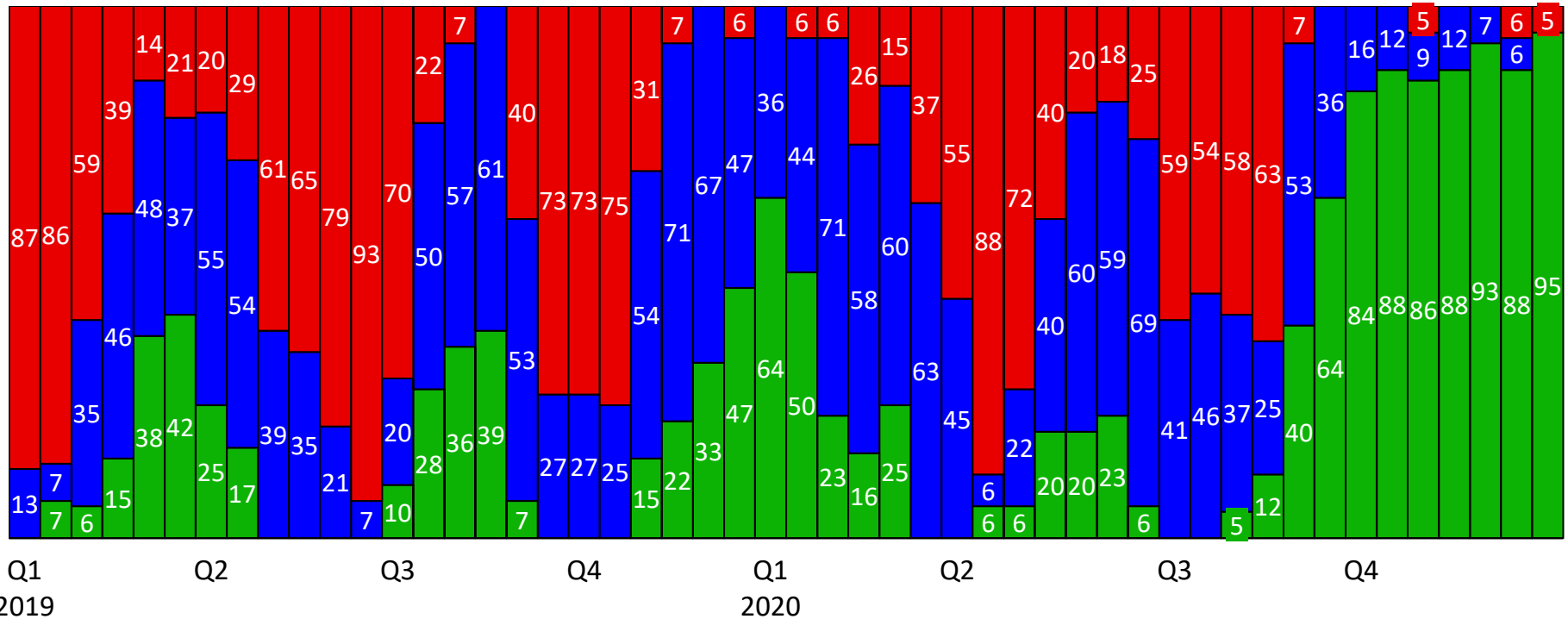


# Manufacturer's View of Service Center Selling Prices History

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

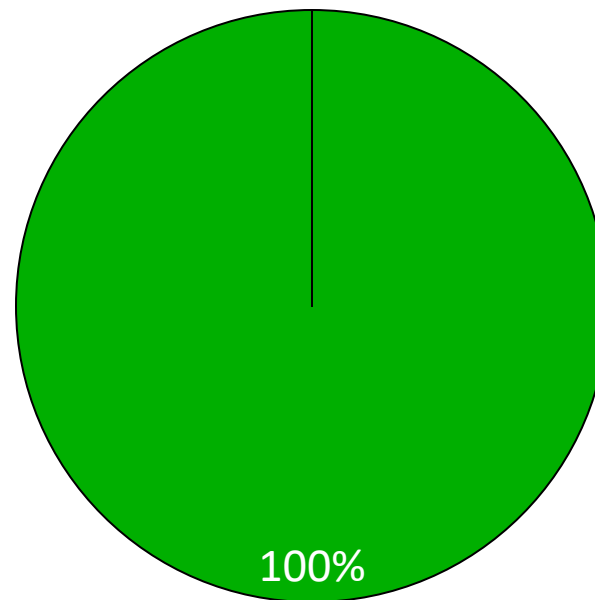
- We are seeing prices decreasing from our service centers
- We are seeing prices stable from our service centers
- We are seeing prices rising from our service centers

out of 100%



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

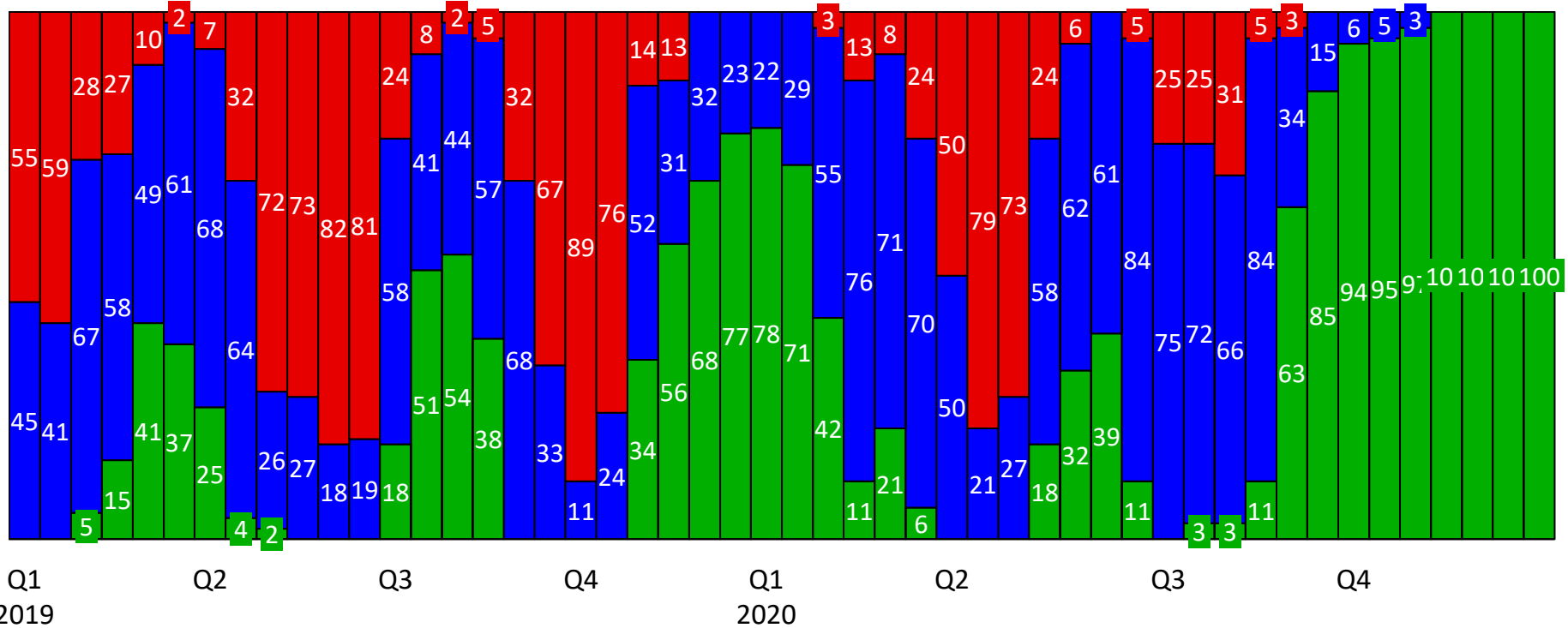
- We are lowering prices
- We are keeping prices the same
- We are raising prices



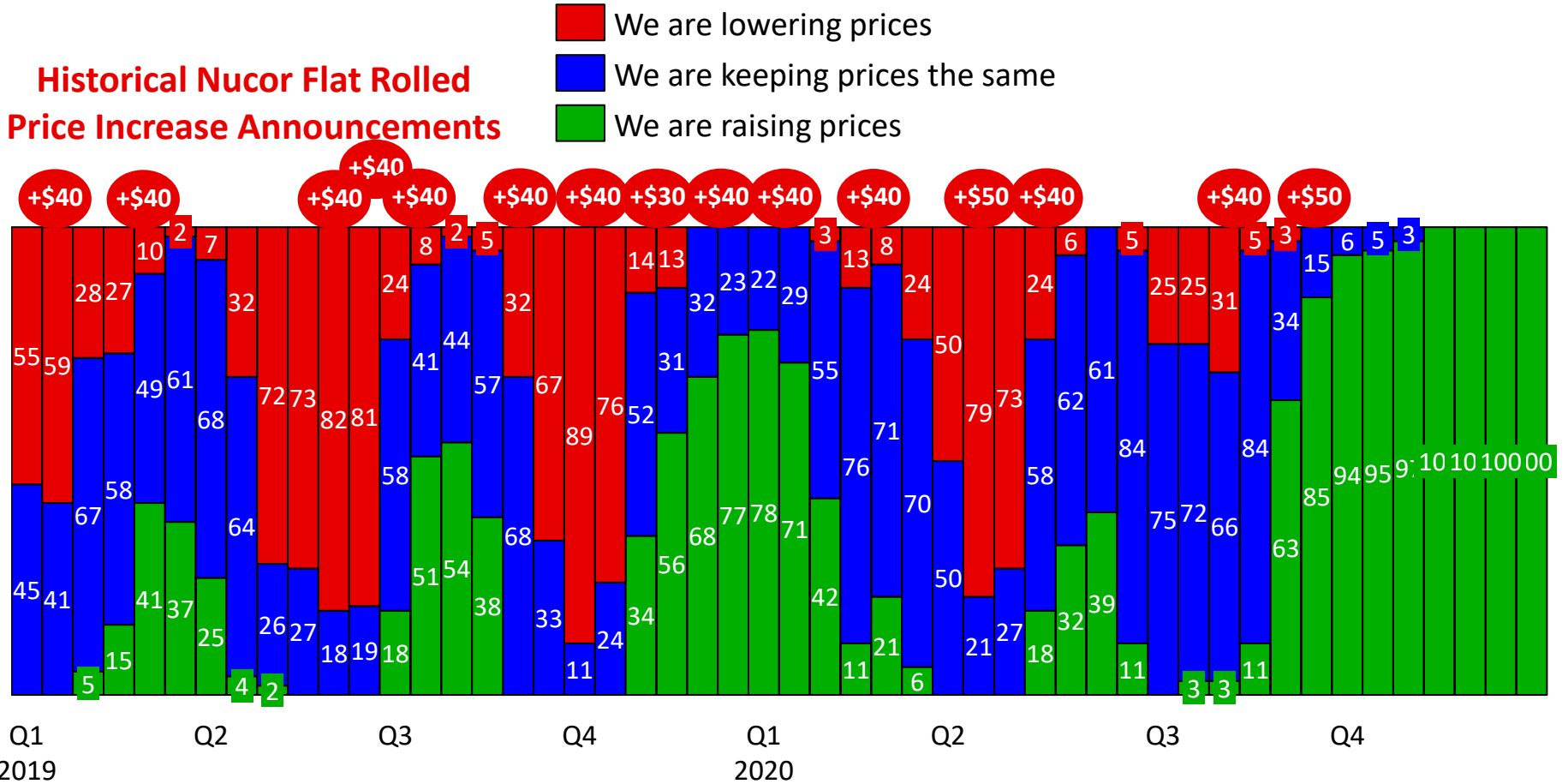
**Service Centers-** Compared to two weeks ago, how is your company handling spot pricing to your customers at this time?

- We are lowering prices
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- 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?

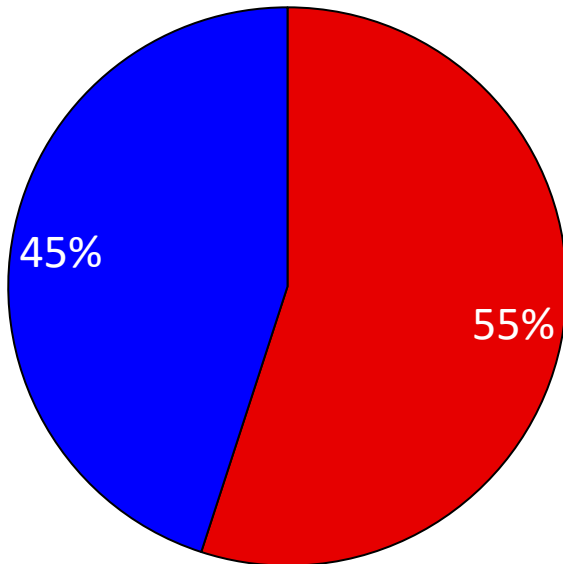


# Passing Along Higher Prices

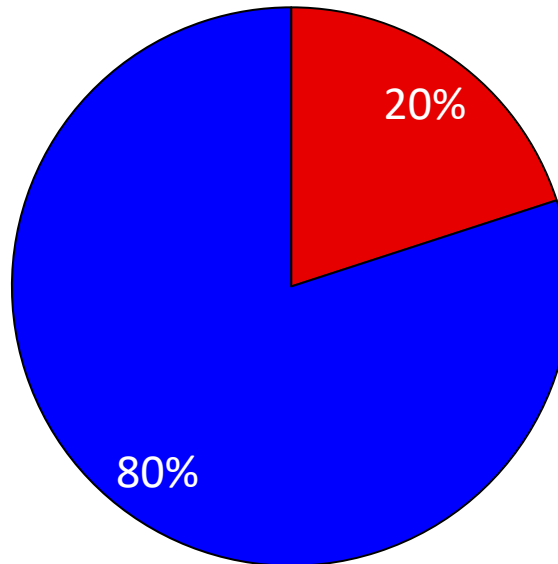
**Service Centers-** Are you having any difficulties in passing along the new higher prices to your customers?

Yes No

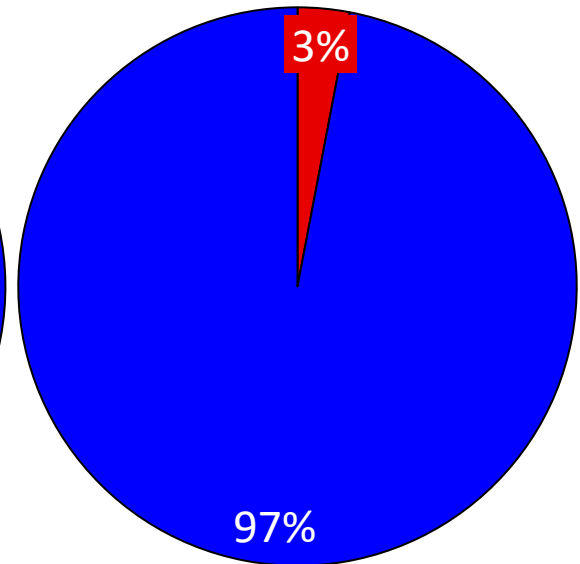
October 2, 2020



December 11, 2020



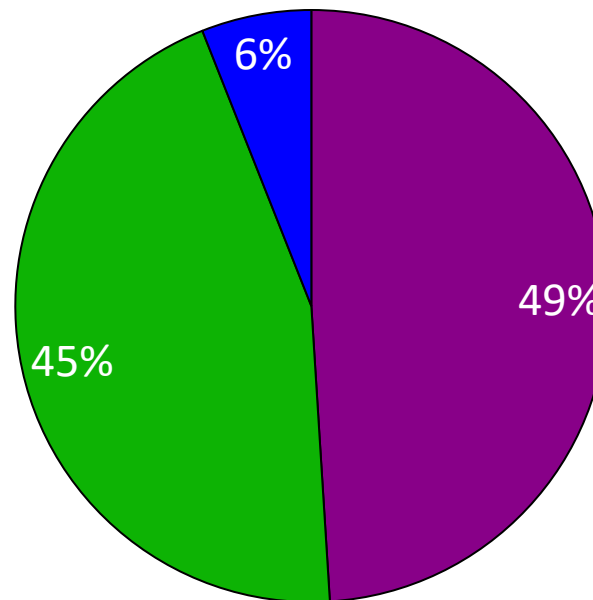
December 23, 2020





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

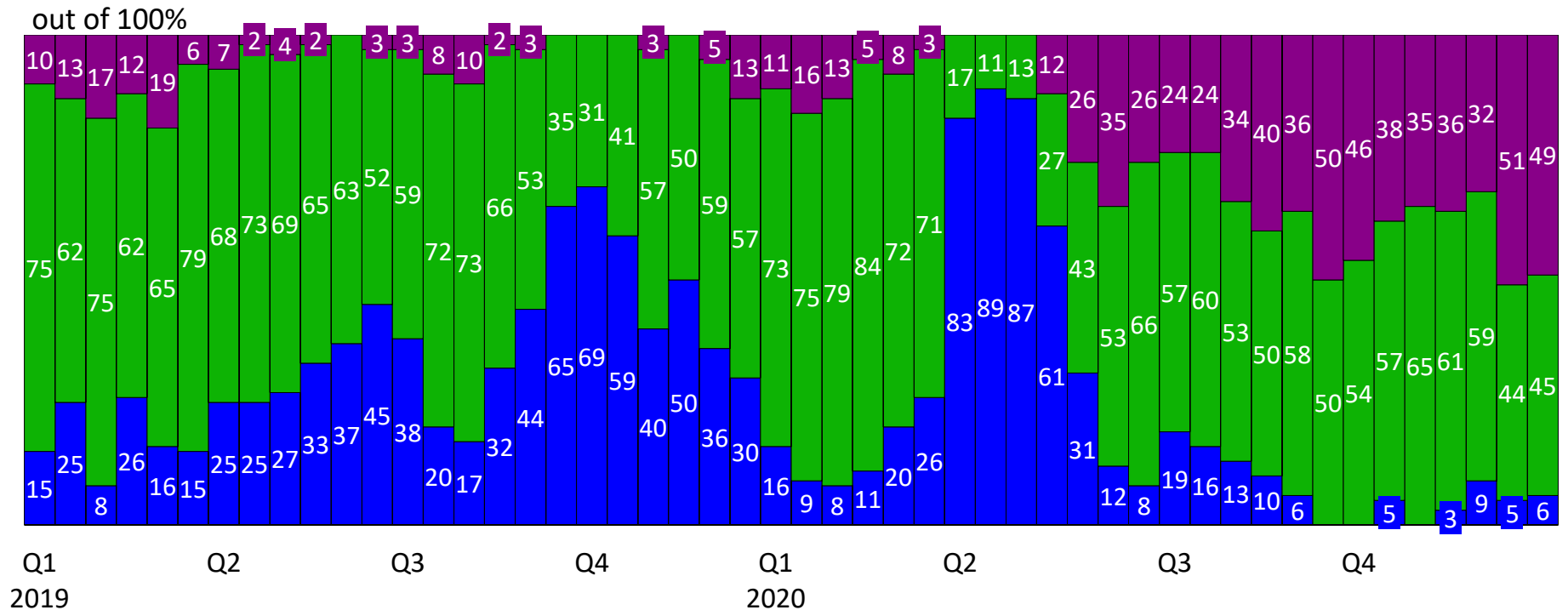
- Our manufacturing customers are increasing orders
- Our manufacturing customers are maintaining their orders
- Our manufacturing customers are reducing their orders



# Service Centers on Manufacturer Orders History

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

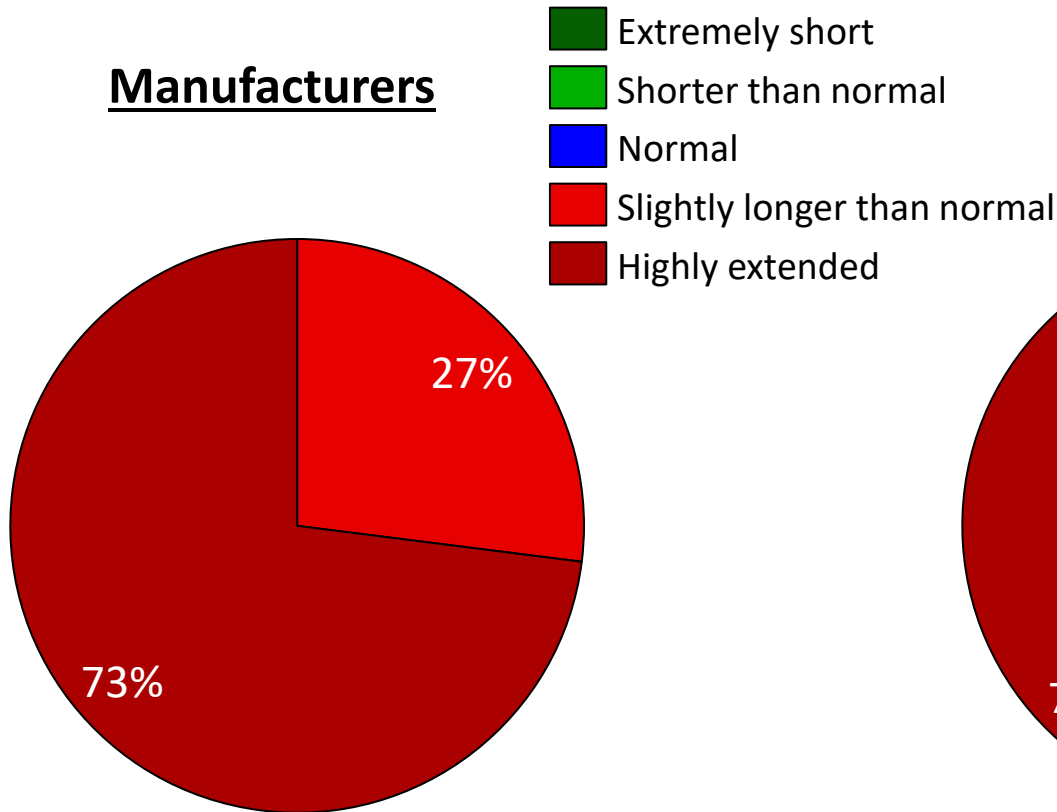
- Our manufacturing customers are increasing orders
- Our manufacturing customers are maintaining their orders
- Our manufacturing customers are reducing their orders



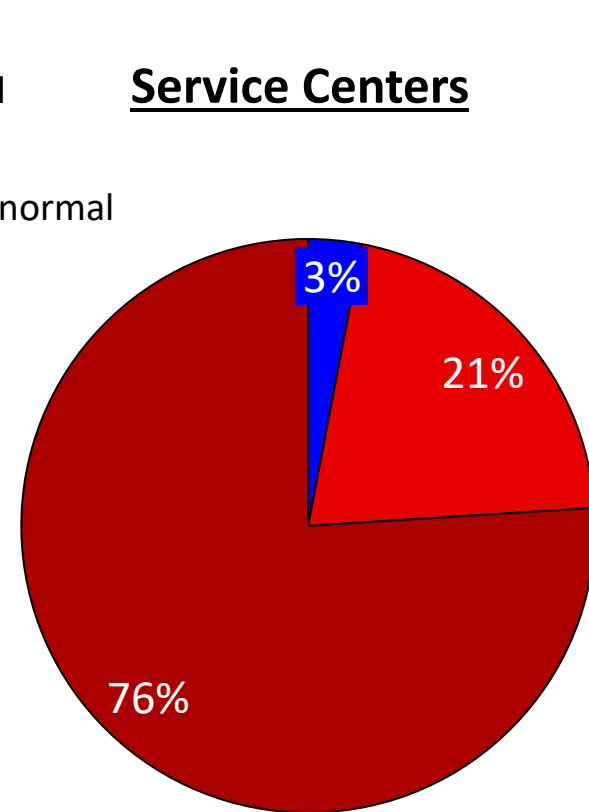
# Mill Lead Times

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

## Manufacturers



## Service Centers

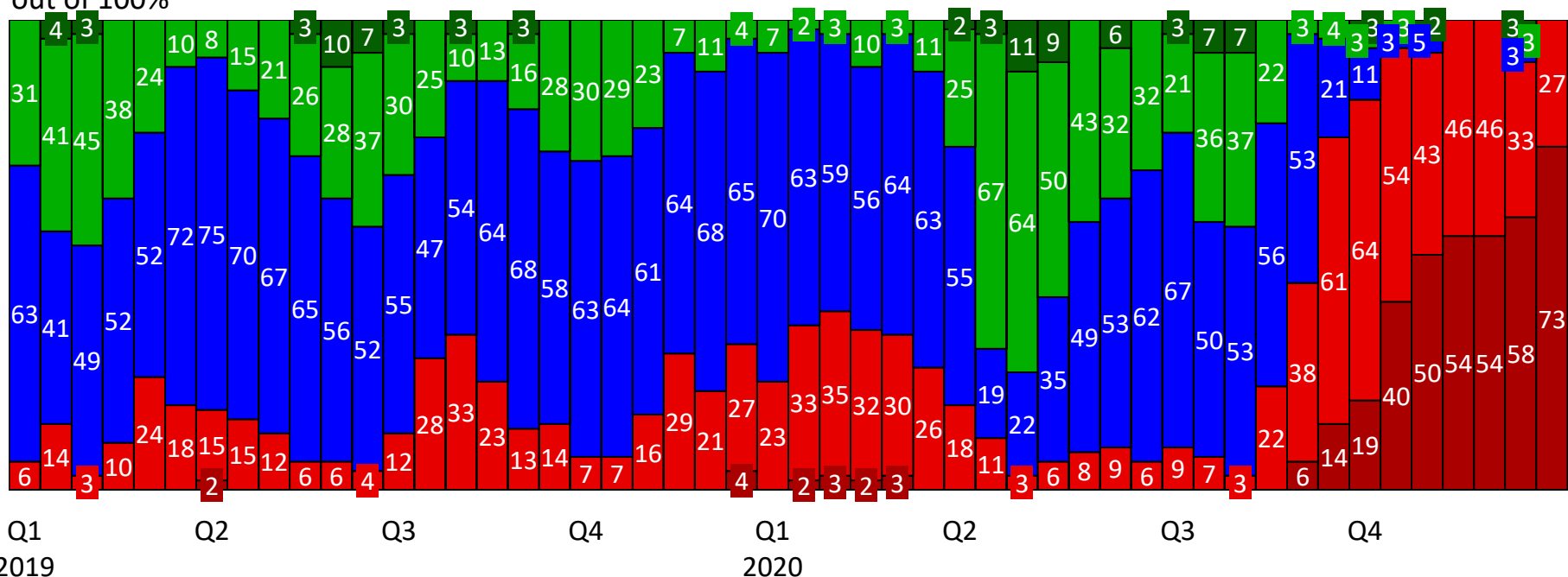


# Mill Lead Times History

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

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

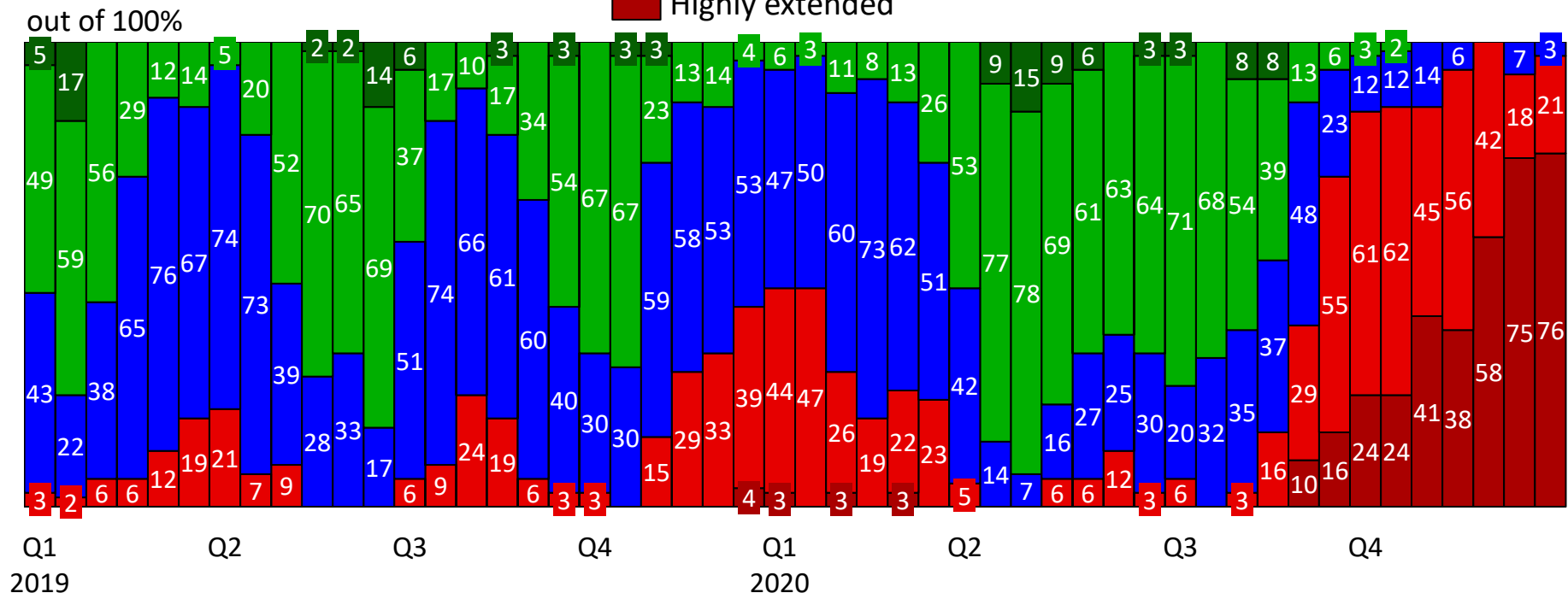
out of 100%



# Mill Lead Times History

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

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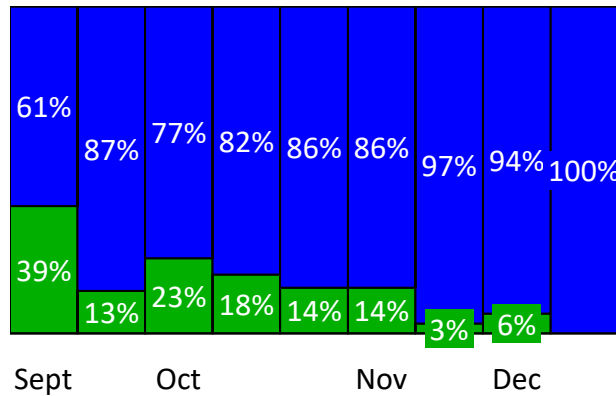


# Mill Negotiations

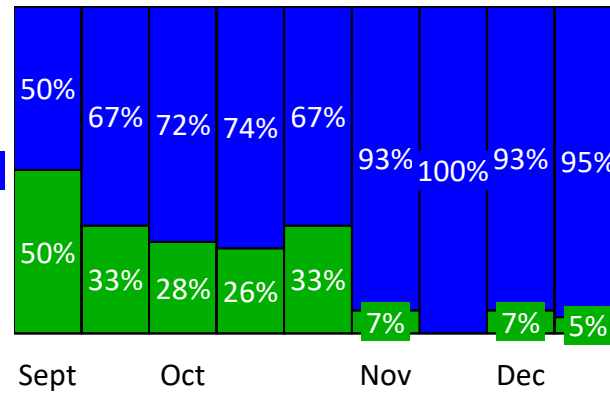
Are you finding the domestic mills are willing to negotiate pricing on brand new orders placed this week?

Yes No

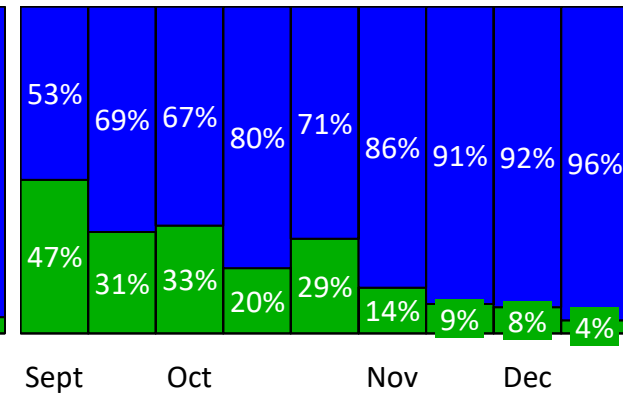
Hot Rolled



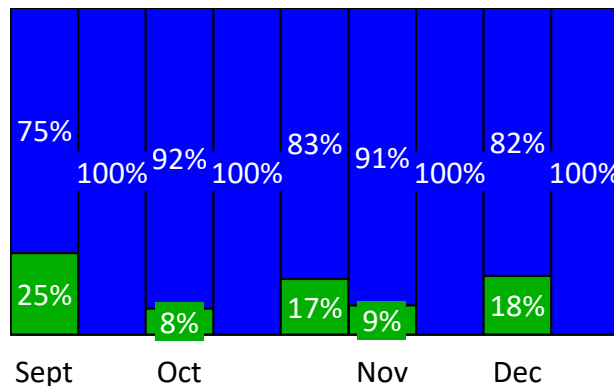
Cold Rolled



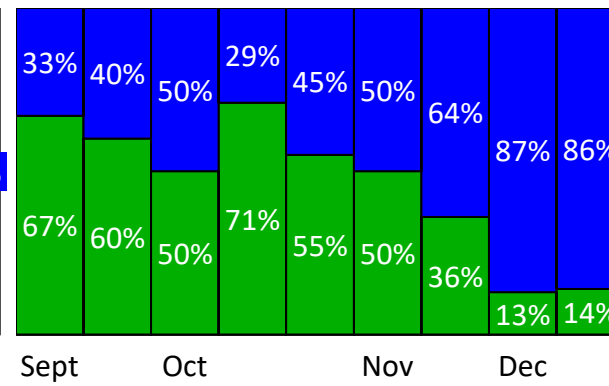
Galvanized



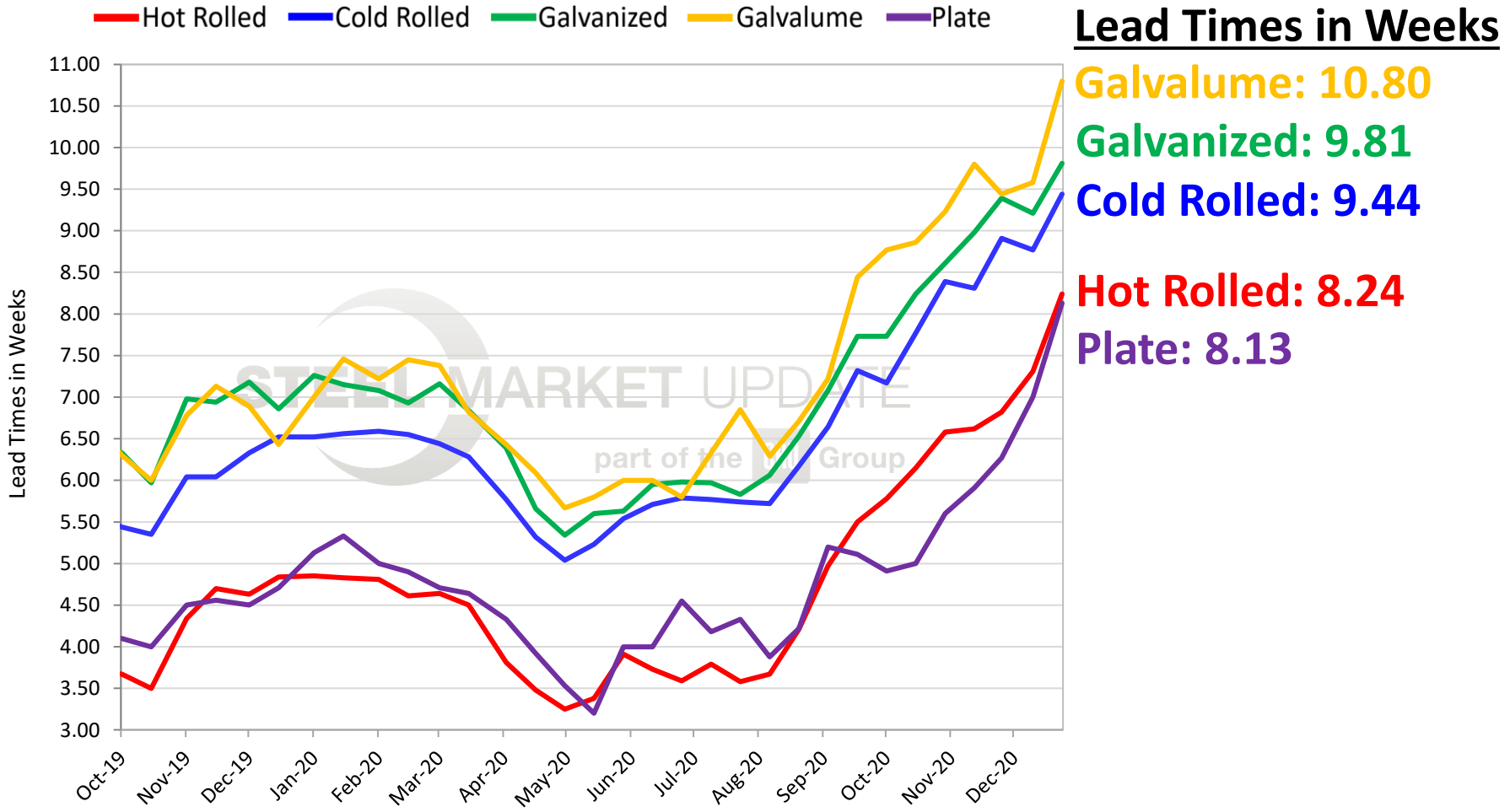
Galvalume



Plate



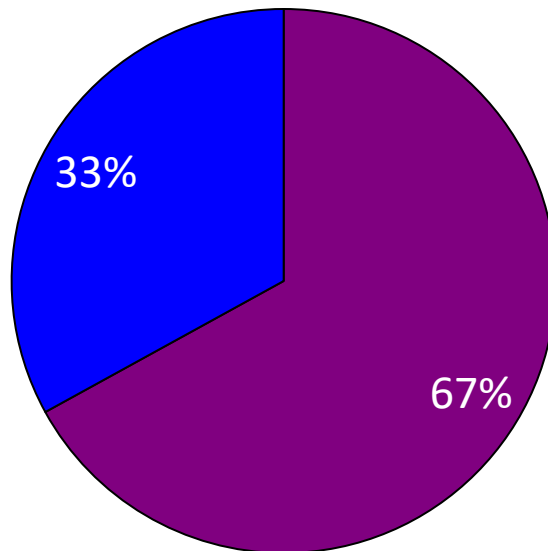
# Mill Lead Times



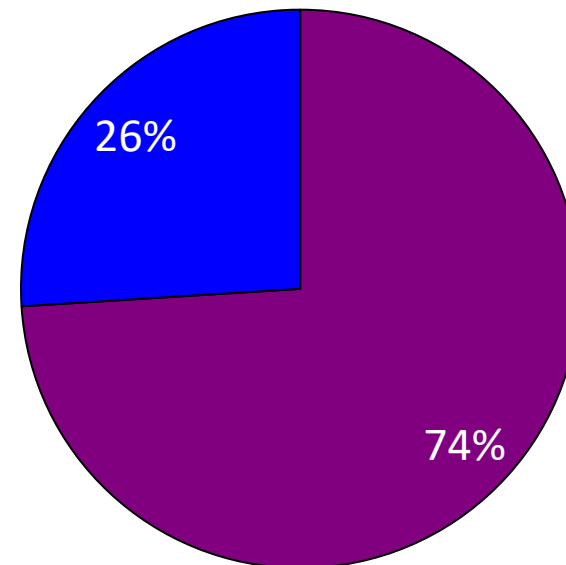
Does your company buy foreign steel?

Yes No

## Manufacturers



## Service Centers

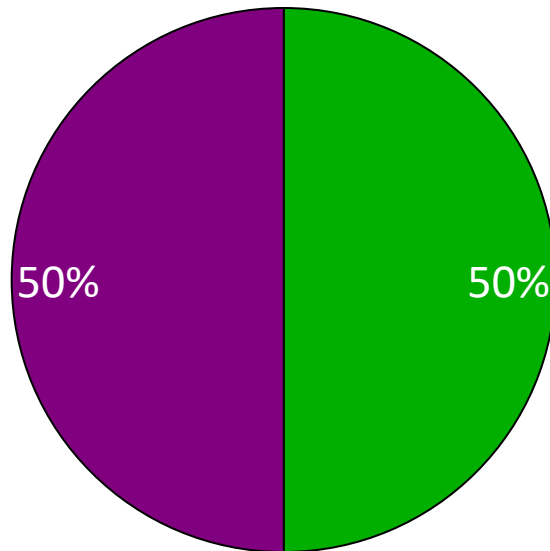




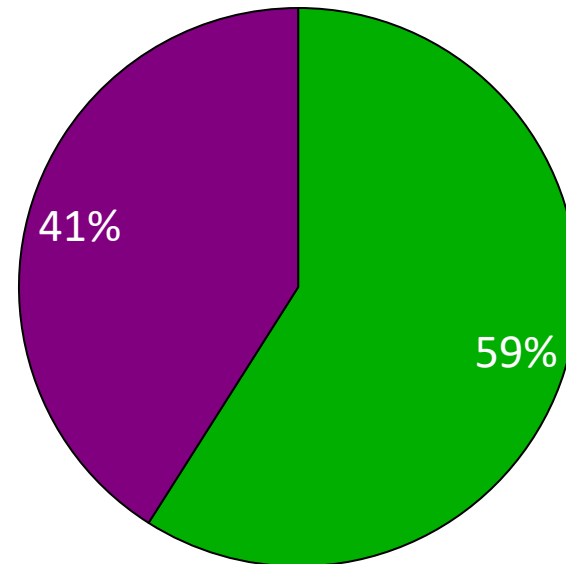
Are your foreign steel suppliers quoting you competitive prices for new orders for future delivery?

Yes No

## Manufacturers



## Service Centers

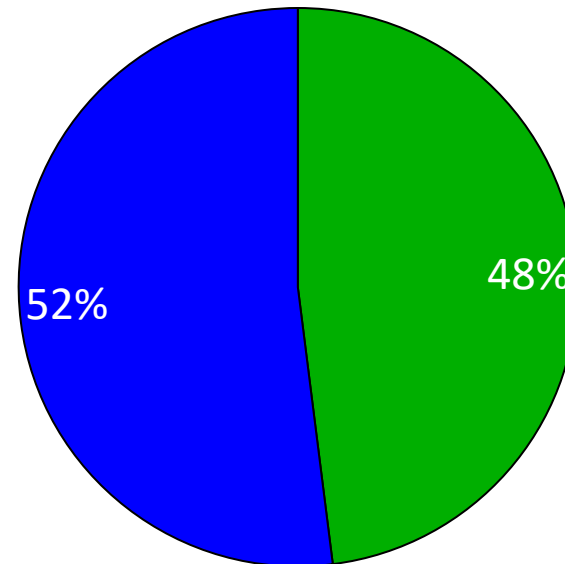
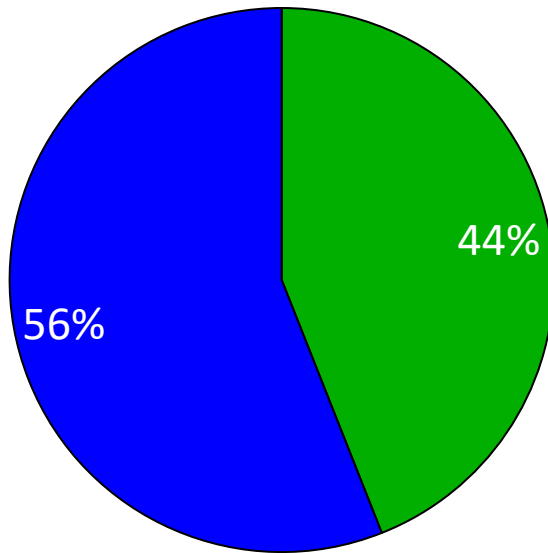


# Foreign Steel

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

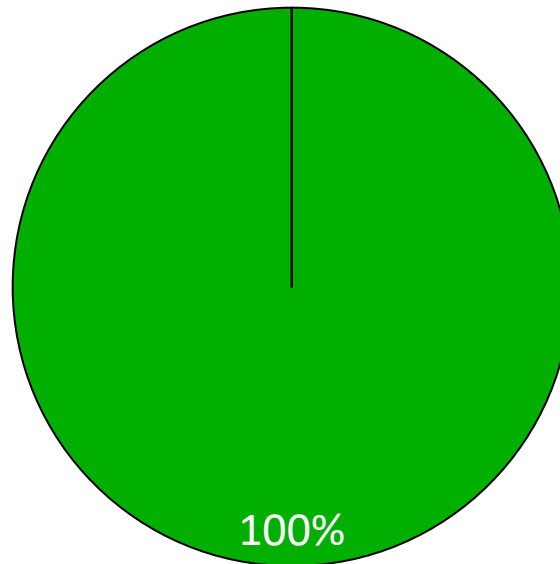
**Service Centers-** Are you decreasing the percentage of foreign steel on your order book?

Yes No



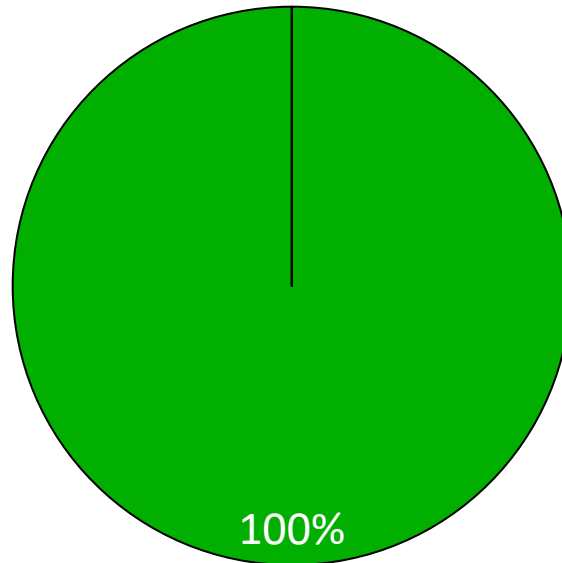
At this time, are you seeing an increase or decrease in orders from your North American buyers?

 Increase  
 Decrease



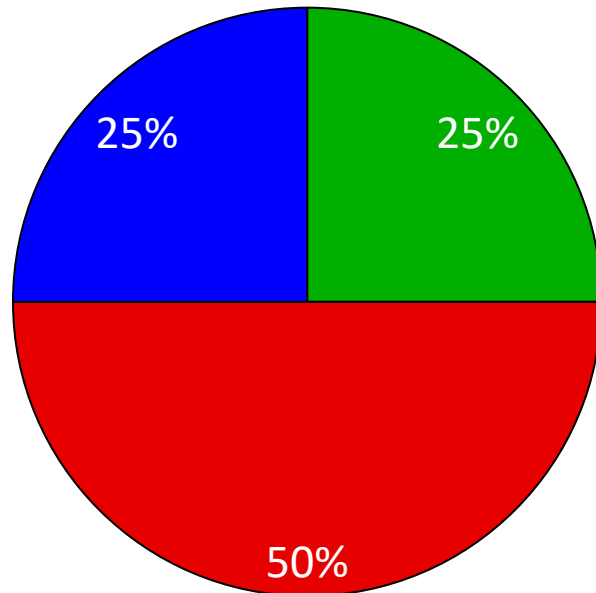
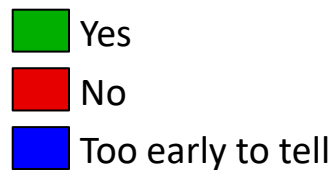
With prices increasing out of the domestic steel mills are foreign products now becoming more attractive to U.S. steel buyers?

Yes No

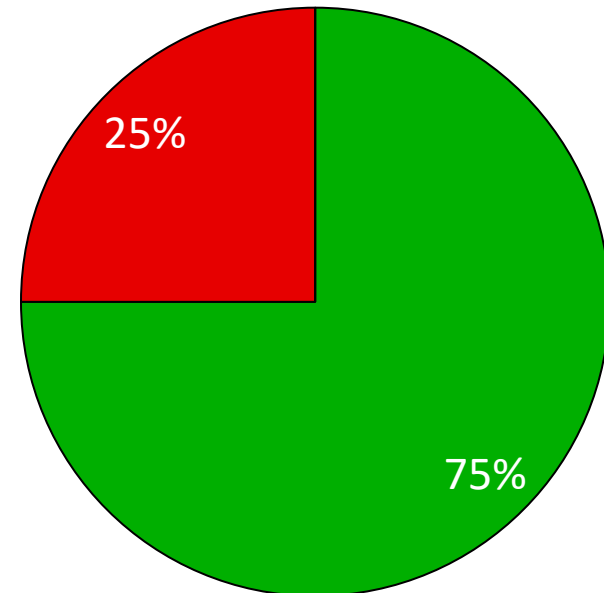
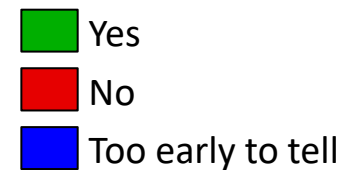


# Trading Companies

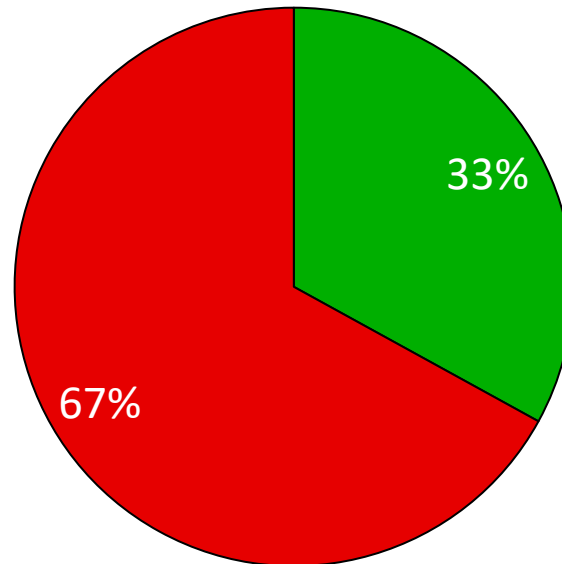
Are your galvanized prices competitive enough right now to get orders (including the new duties)?



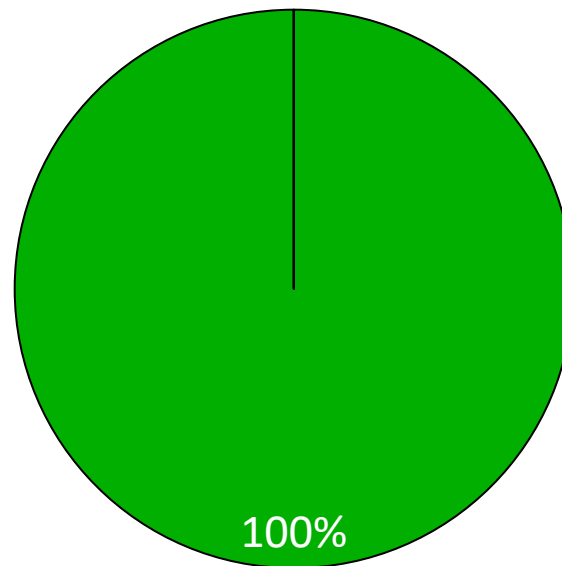
Are your Galvalume prices competitive enough right now to get orders (including the new duties)?



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

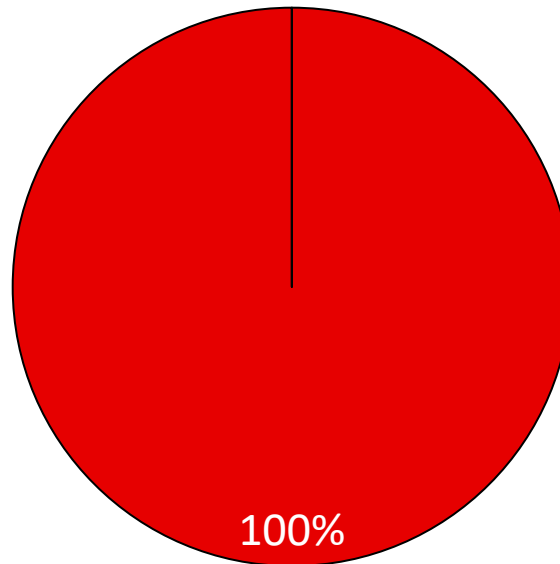


The current order book at your mill is better or worse than last month?



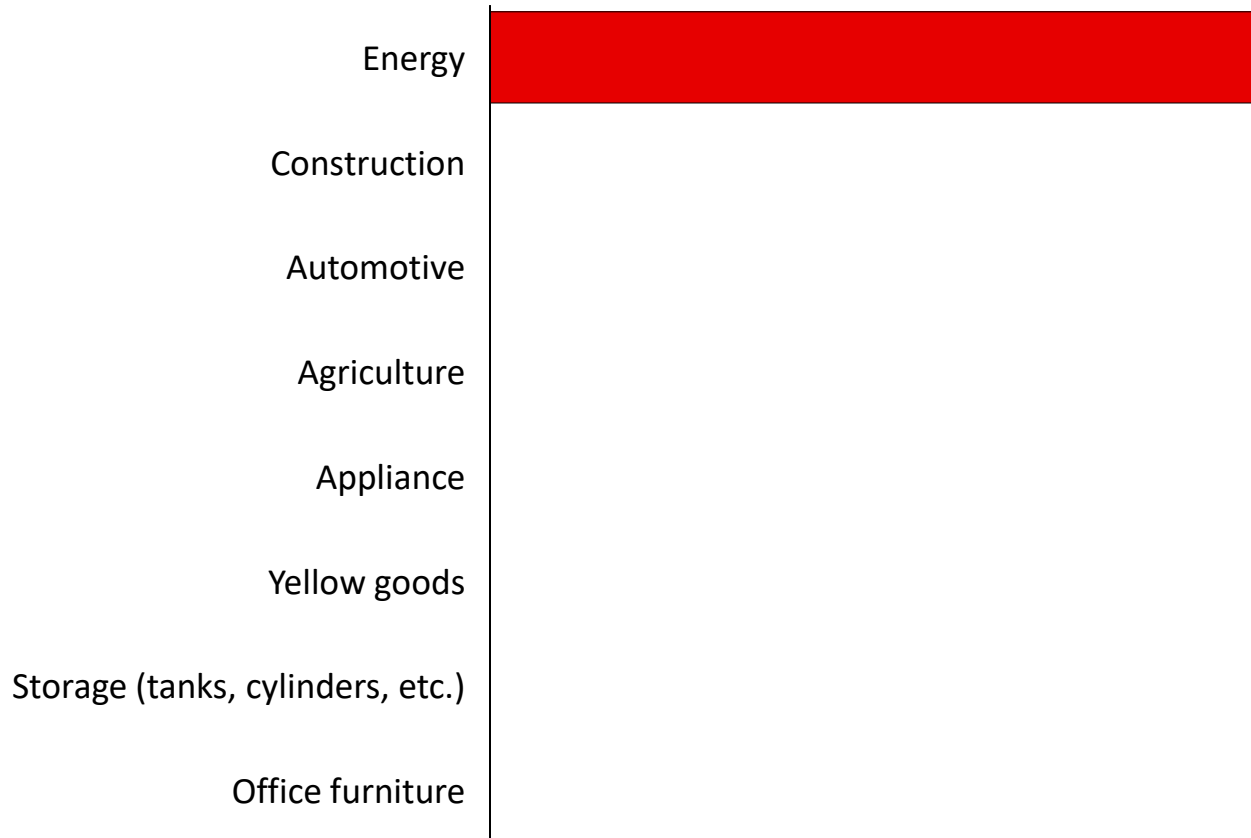
Will the restarts of the blast furnaces at the integrated mills put too much supply and hold down steel prices over the next few months?

Yes  
No





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](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 4, 2021**



# STEEL MARKET UPDATE

part of the  Group

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