



STEEL MARKET UPDATE

Steel Trends in a Turbulent Market

Responses from our December 2nd 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 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

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



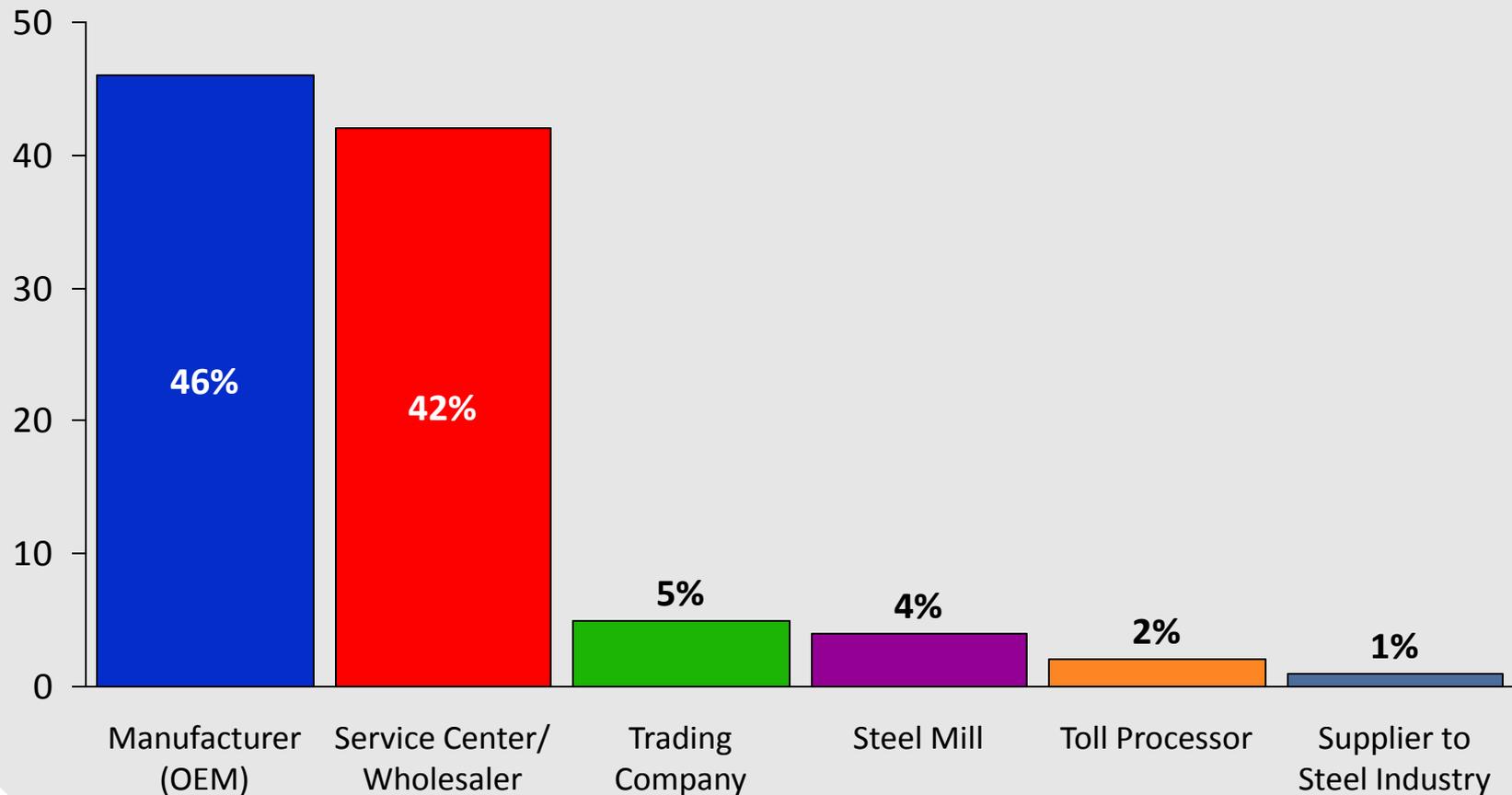
Steel 101 Workshop ArcelorMittal Dofasco 2013

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

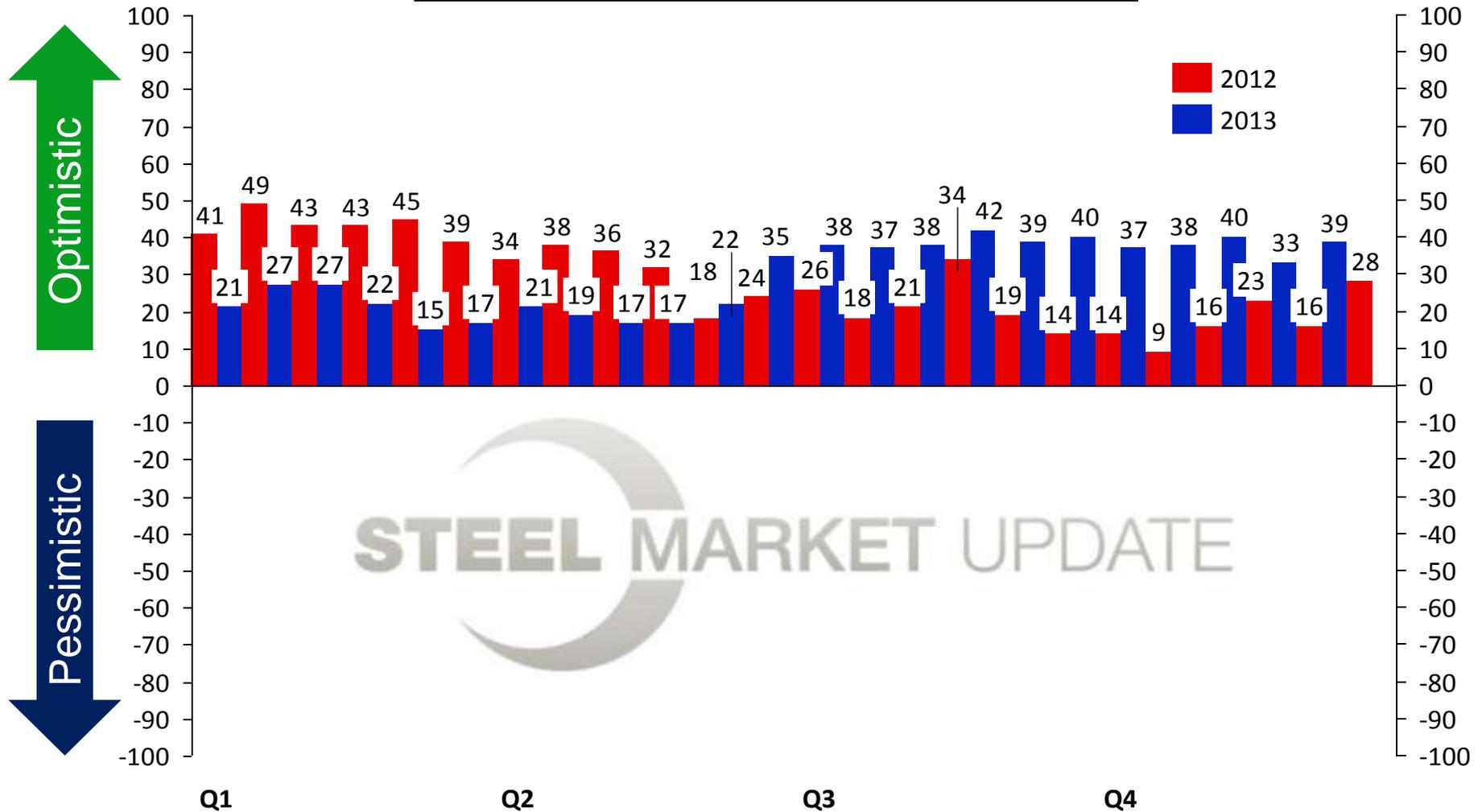
Our survey is by invitation only- Over 600 companies, mostly in the manufacturing or distribution industries, are asked to participate. Here are the percentages of participation in this week's survey by market sector.



SMU Buyers Sentiment

Current up 6 points to +39

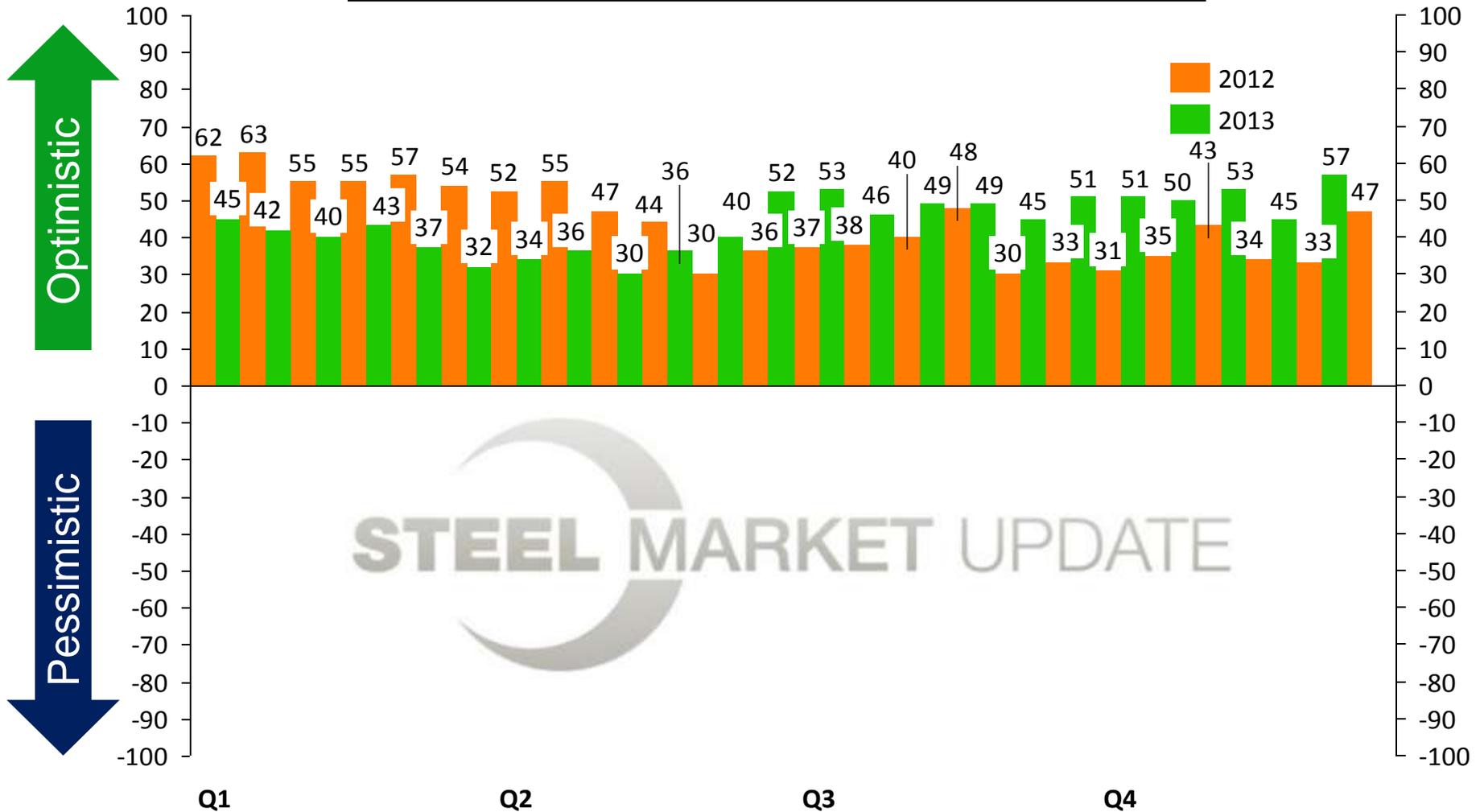
Steel Market Update Buyers Sentiment Index



SMU Future Buyers Sentiment

Future up 12 points to +57

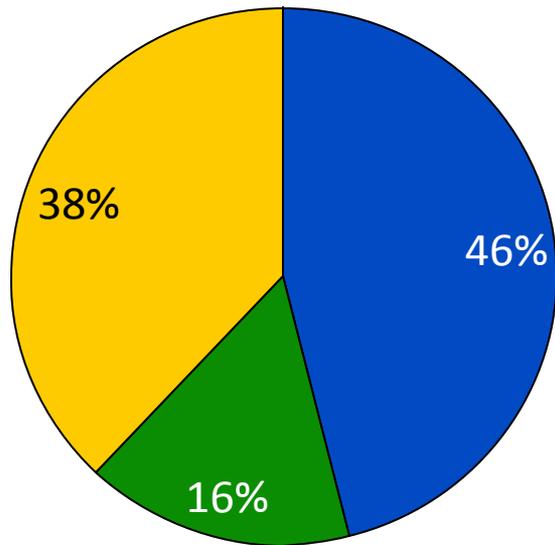
Steel Market Update 'Future' Buyers Sentiment Index



ThyssenKrupp Calvert Mill

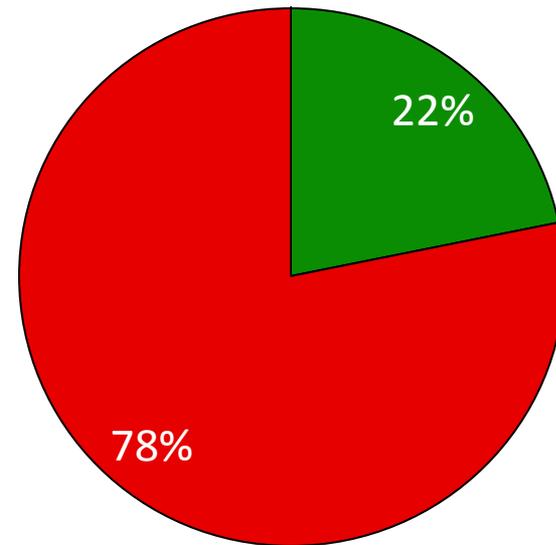
Will the purchase of ThyssenKrupp Steel USA affect steel prices as we move into 2014?

- Yes- Prices will move higher
- No- Prices will move lower
- The sale of TK USA will have no impact one way or the other



Do you think ArcelorMittal will be required to sell off one of their other North American mills in order to buy the ThyssenKrupp Calvert, Alabama facility?

- Yes
- No

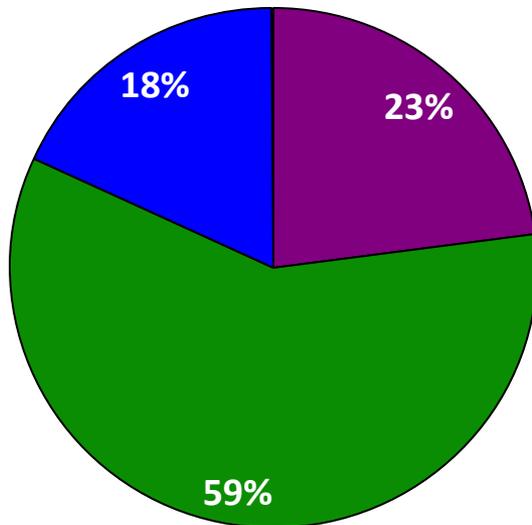


Overall Demand

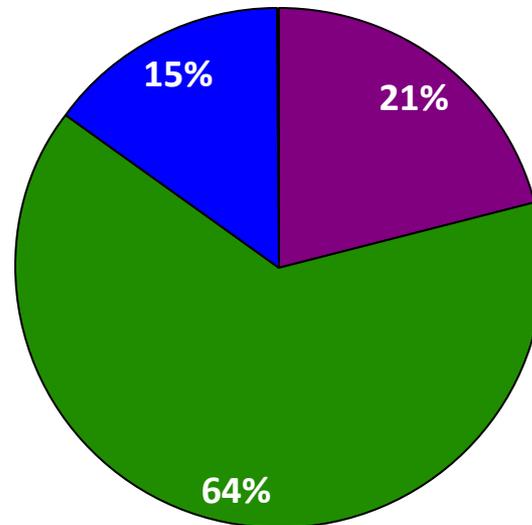
Are you seeing demand for your products improving, remaining the same or declining?

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

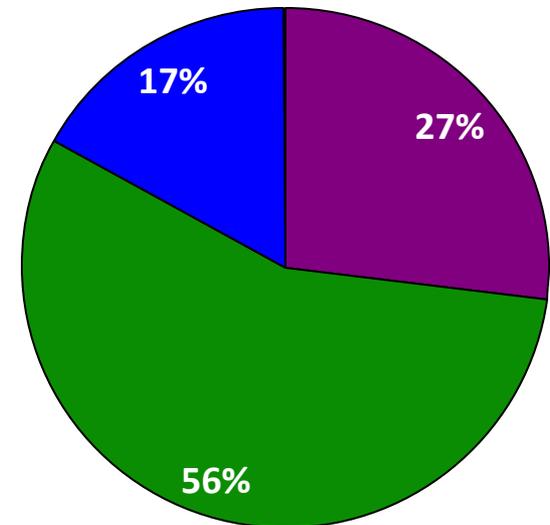
October 3rd 2013



November 8th 2013



December 6th 2013

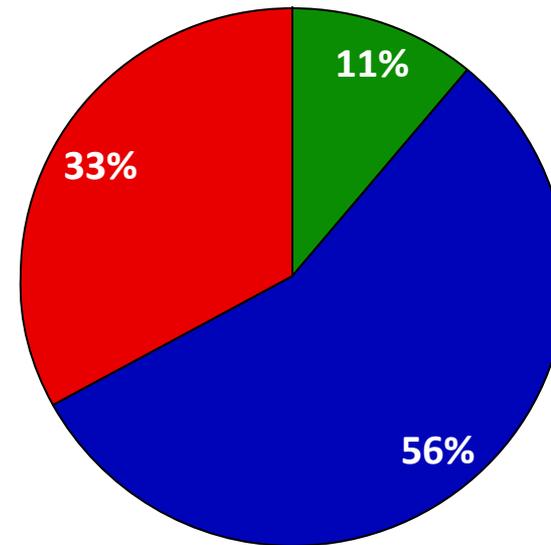
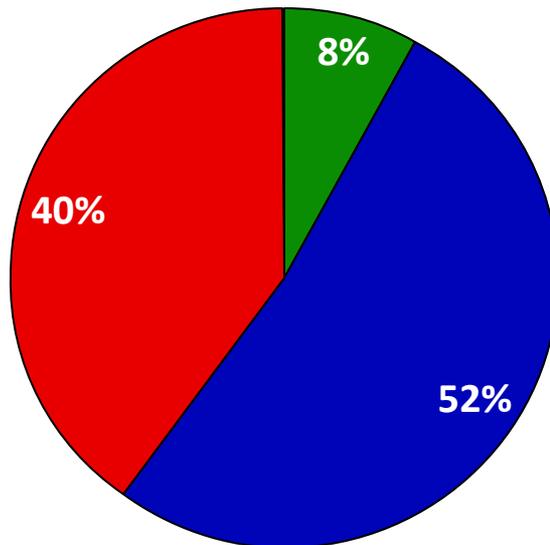


Did your company meet forecast last month?

Manufacturers

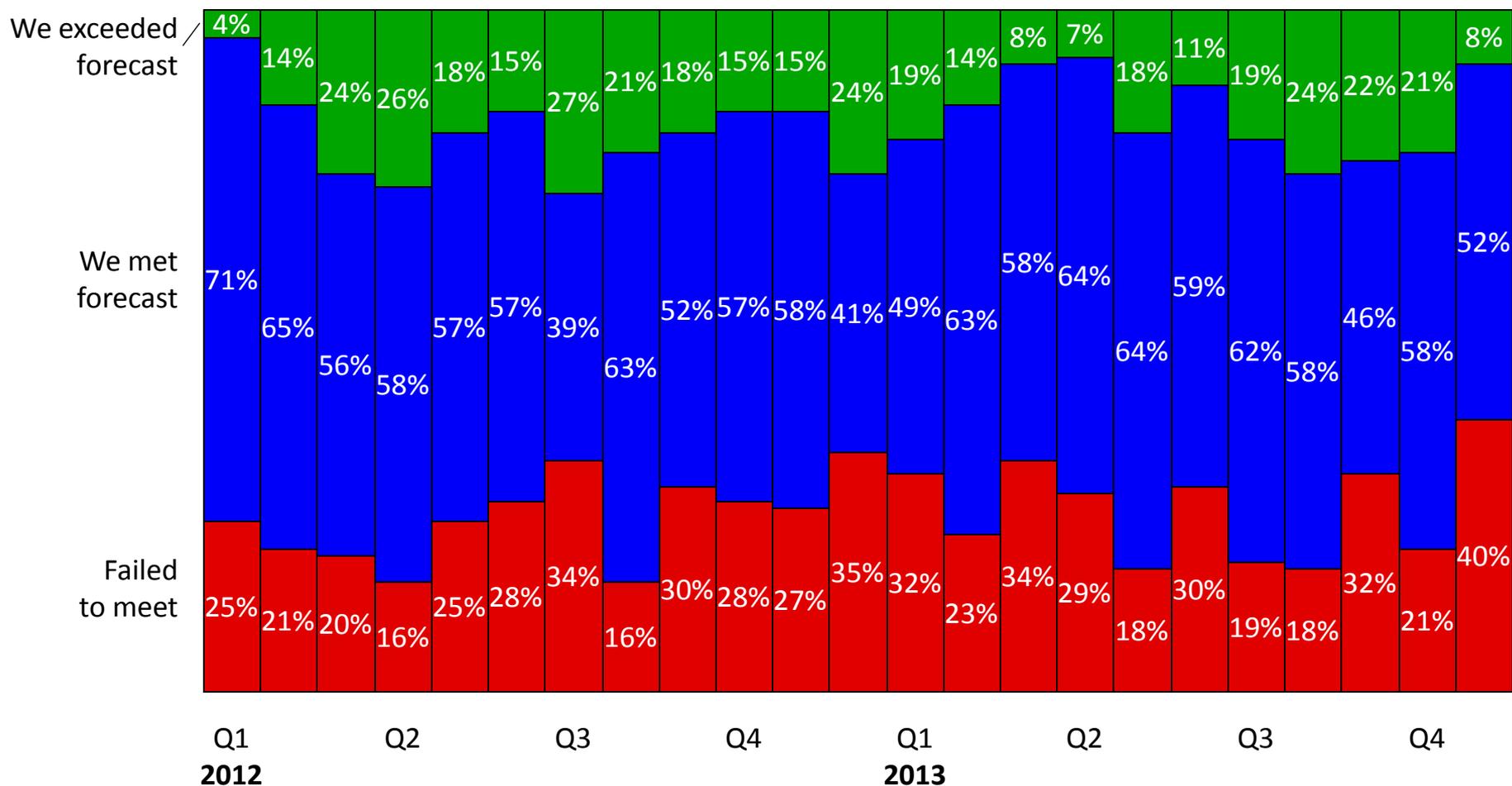
Service Centers

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



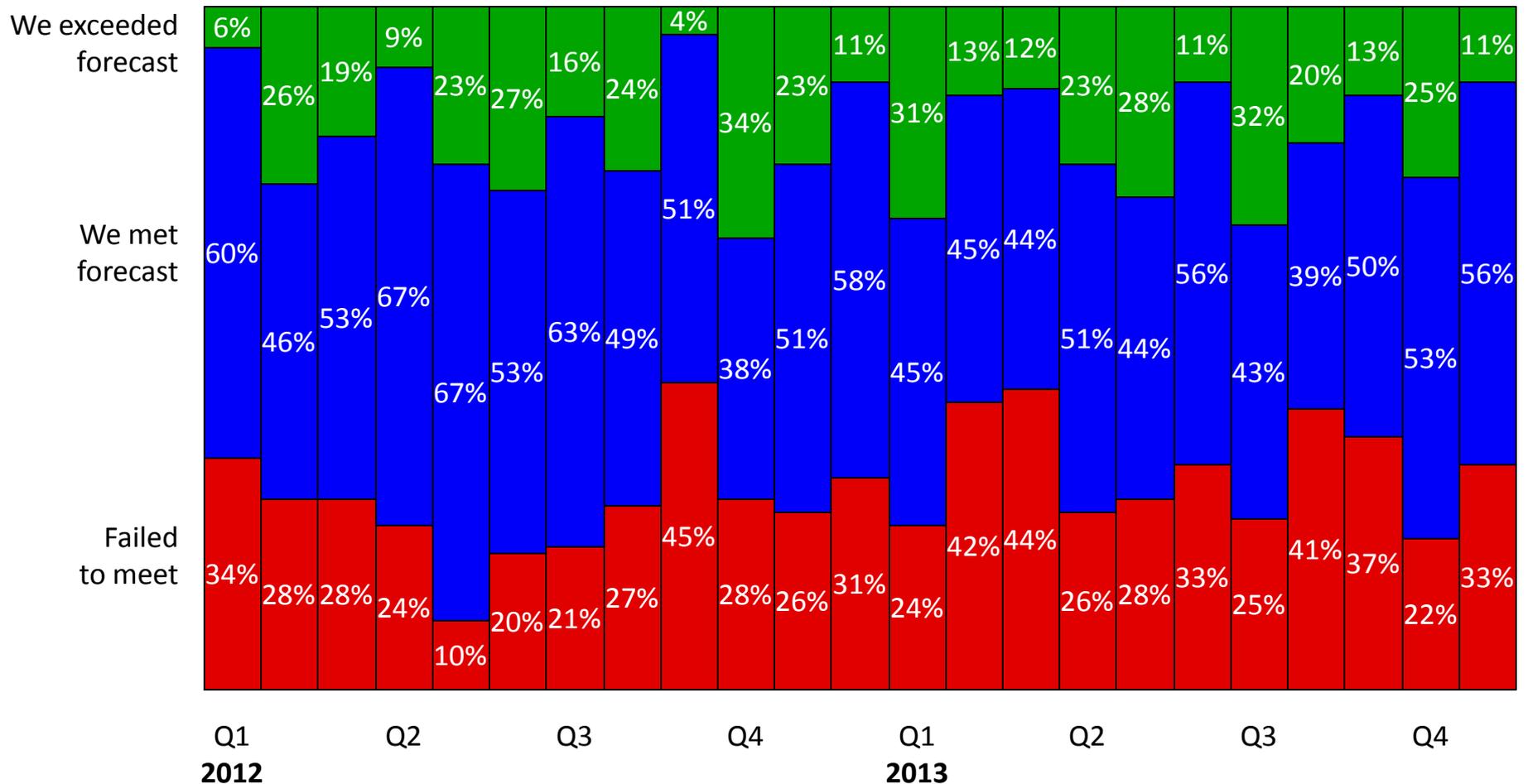
Manufacturer Comparison of Business Level Forecast

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



Service Center Comparison of Business Level Forecast

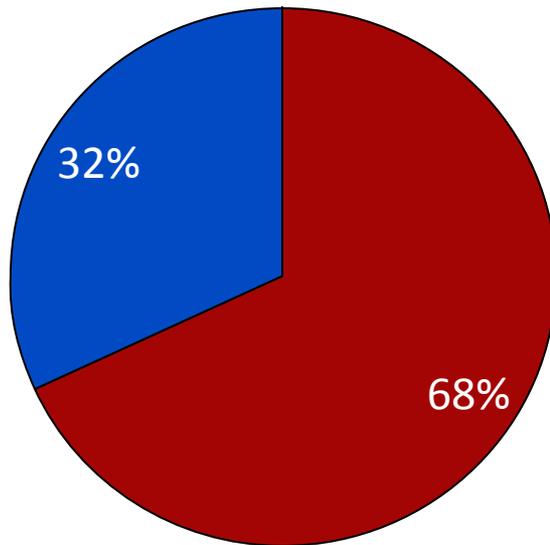
Service Centers- Did your company meet forecast for the month of...



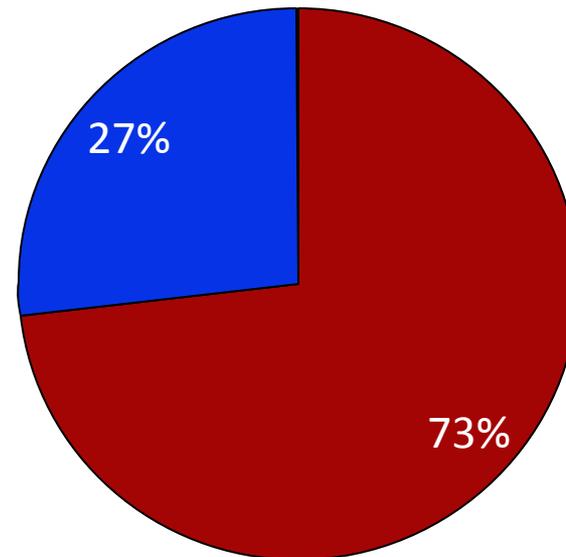
Negotiations

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

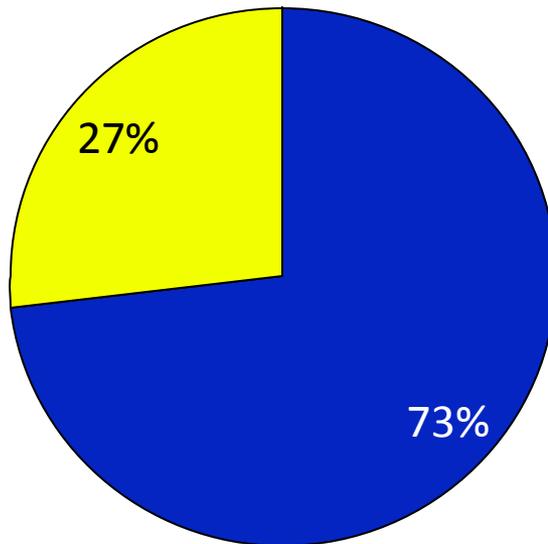


Yes No

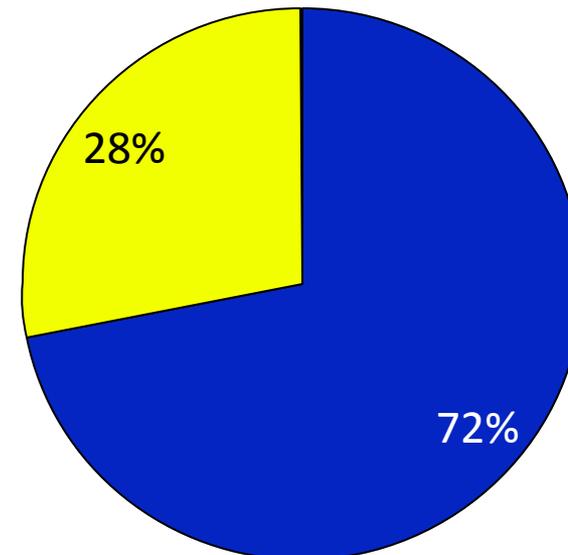
Spot Market Tonnage

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

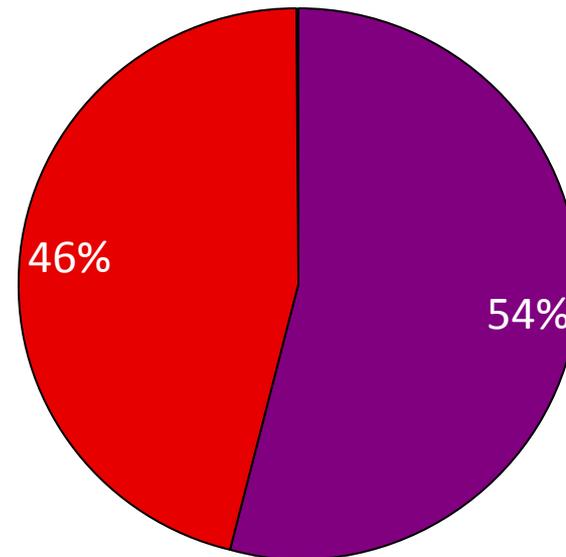
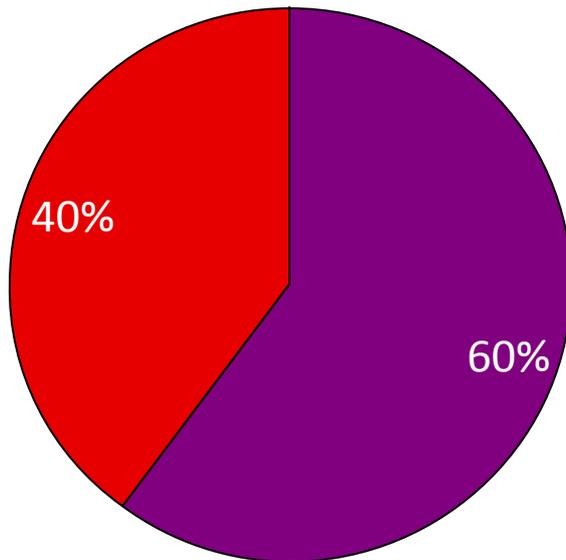
2014 Contract Prices

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

Manufacturers

Service Centers

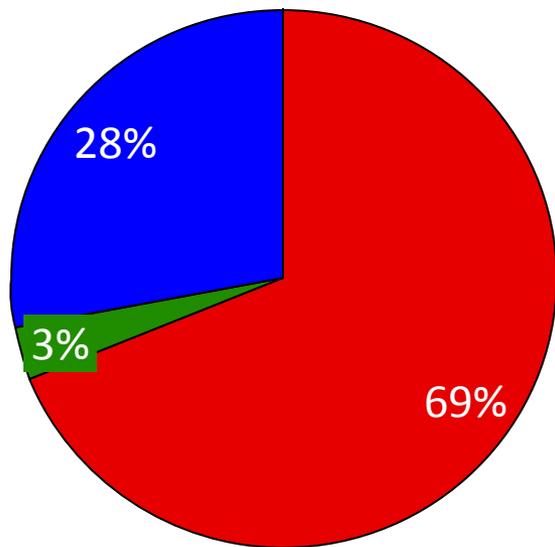
Yes No



2014 Contract Prices

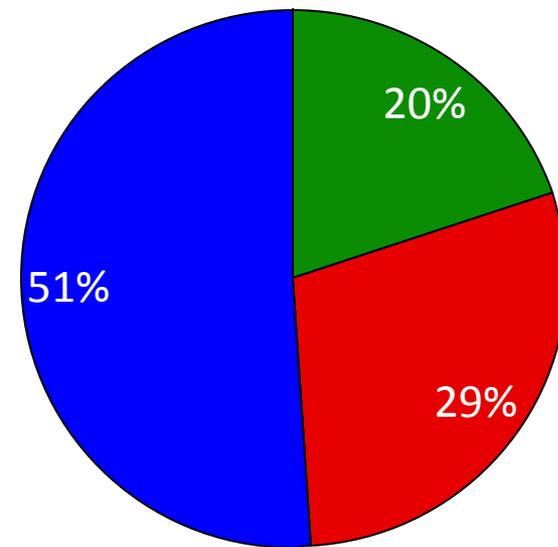
Manufacturers- Do you think you will end up paying more, less or the same for your 2014 1st Quarter contract tons than what you are paying now in 4th Quarter 2013?

More Less Same



Service Centers- Are your end user customers willing to place their 2014 CONTRACT tons at the new higher prices using domestic mill numbers?

Yes No It's a mixed bag

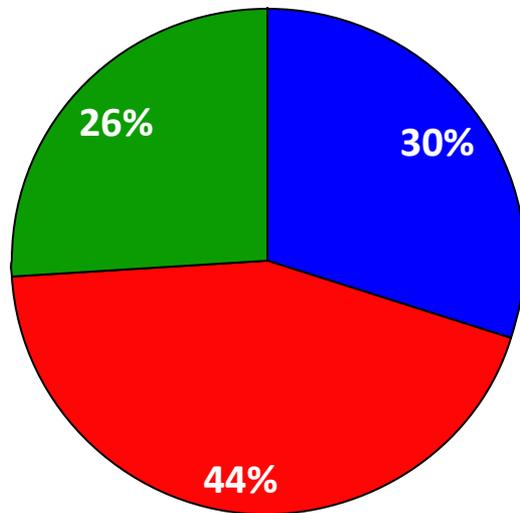


Manufacturer Purchases

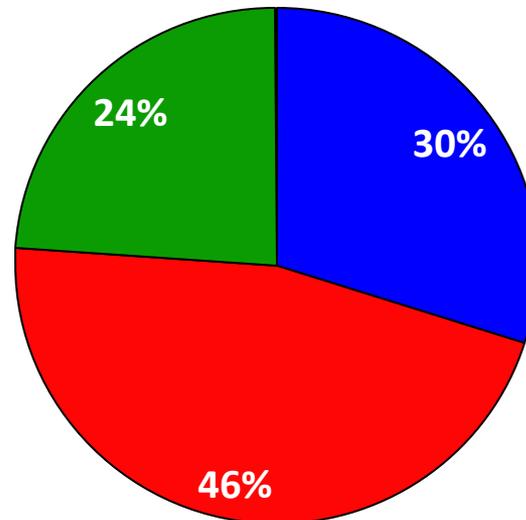
Manufacturers- Compared to this time last year – is your company buying more, less or the same amount of flat rolled steel as one year ago?

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

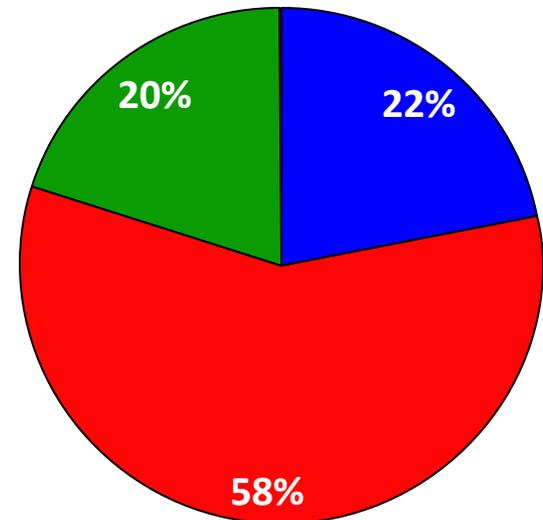
October 3rd 2013



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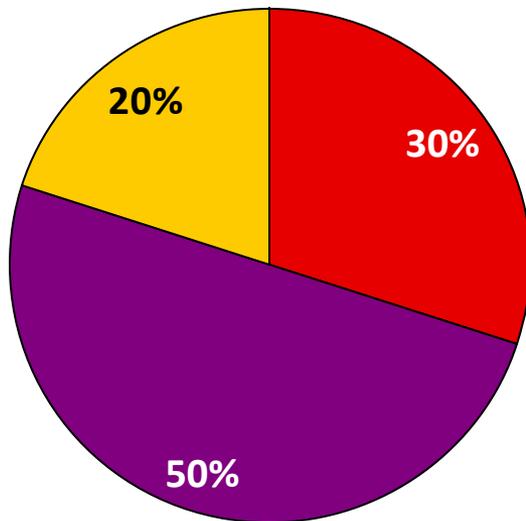


Service Center Releases

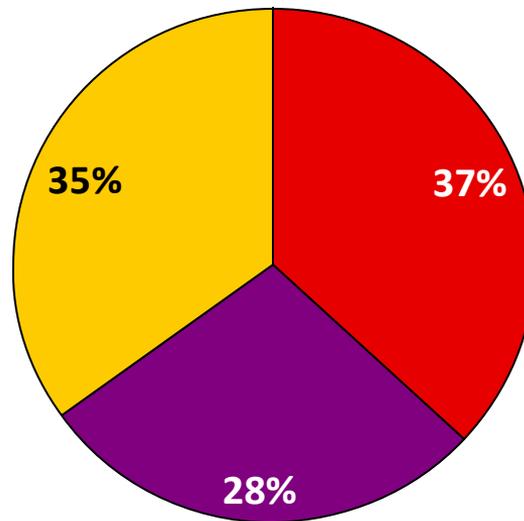
Service Centers- How do you see your customers releases (demand) for the products your company provides this year compared to this time last year?

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

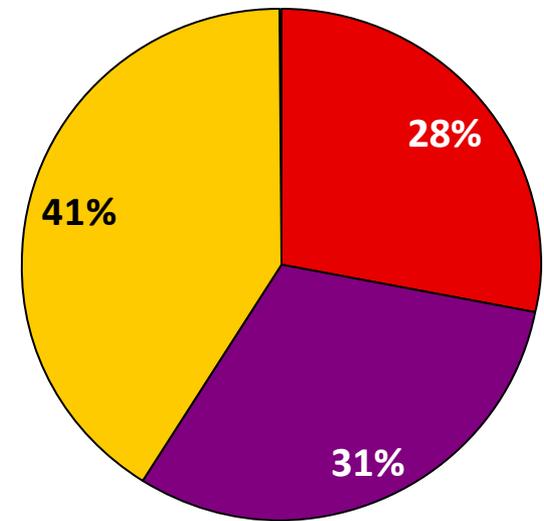
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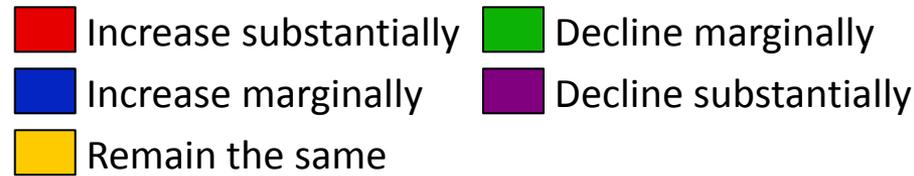


December 6th 2013

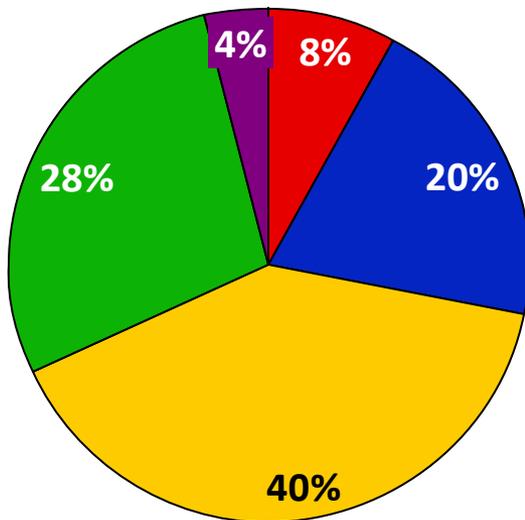


Manufacture Demand

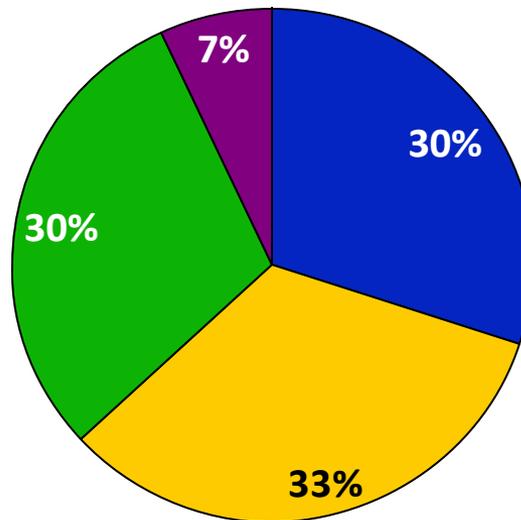
Manufacturers- Demand for your products will _____ over the next 3 months based on current order flows.



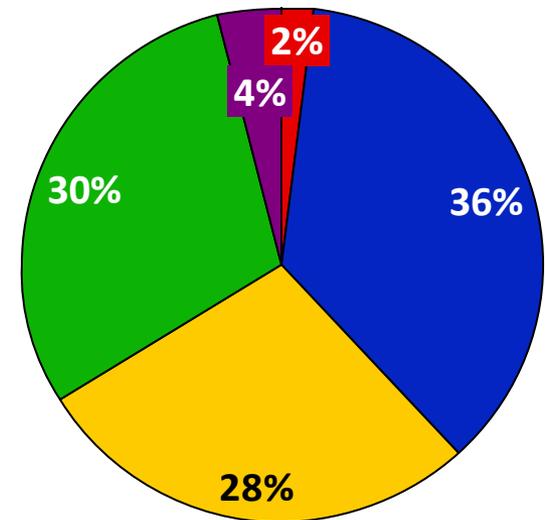
October 3rd 2013



November 8th 2013



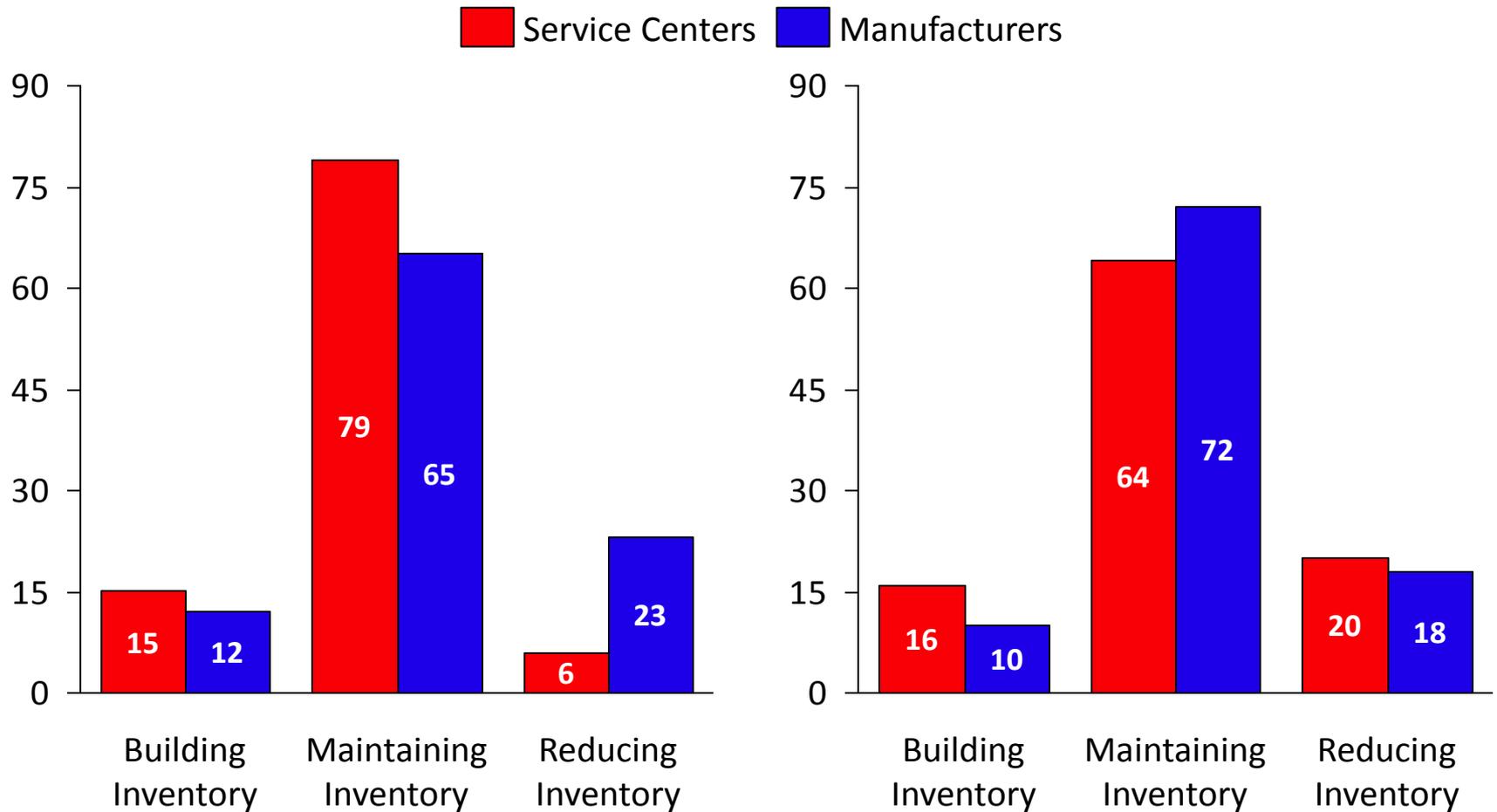
December 6th 2013



Manufacturer and Service Center Inventory Buying Patterns

November 22nd 2013

December 6th 2013

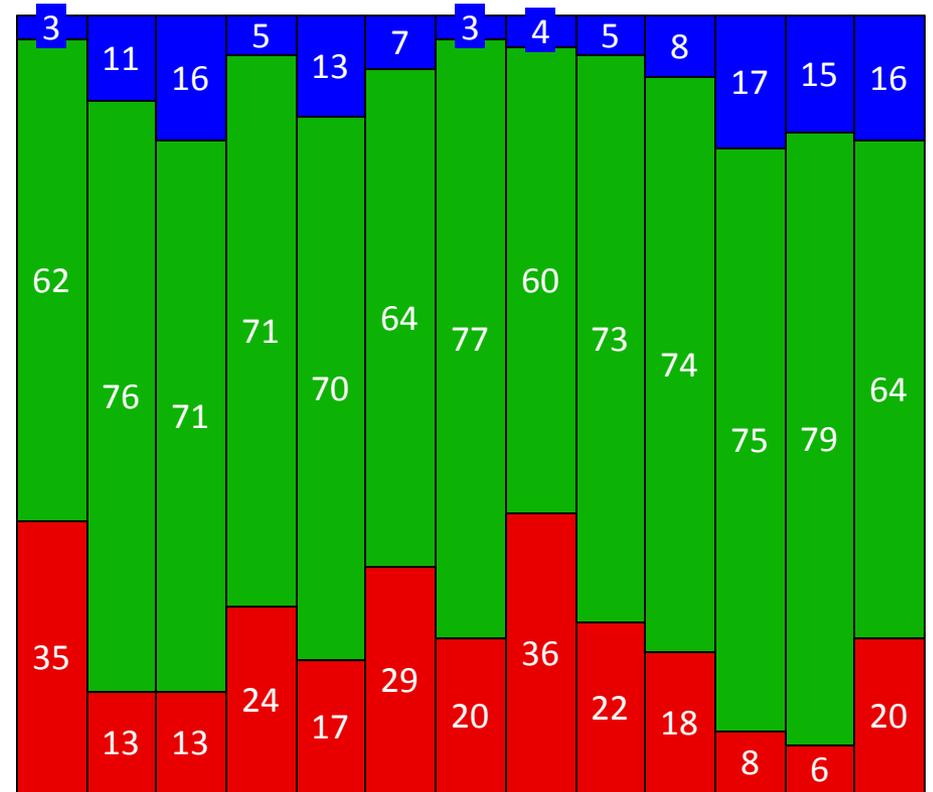
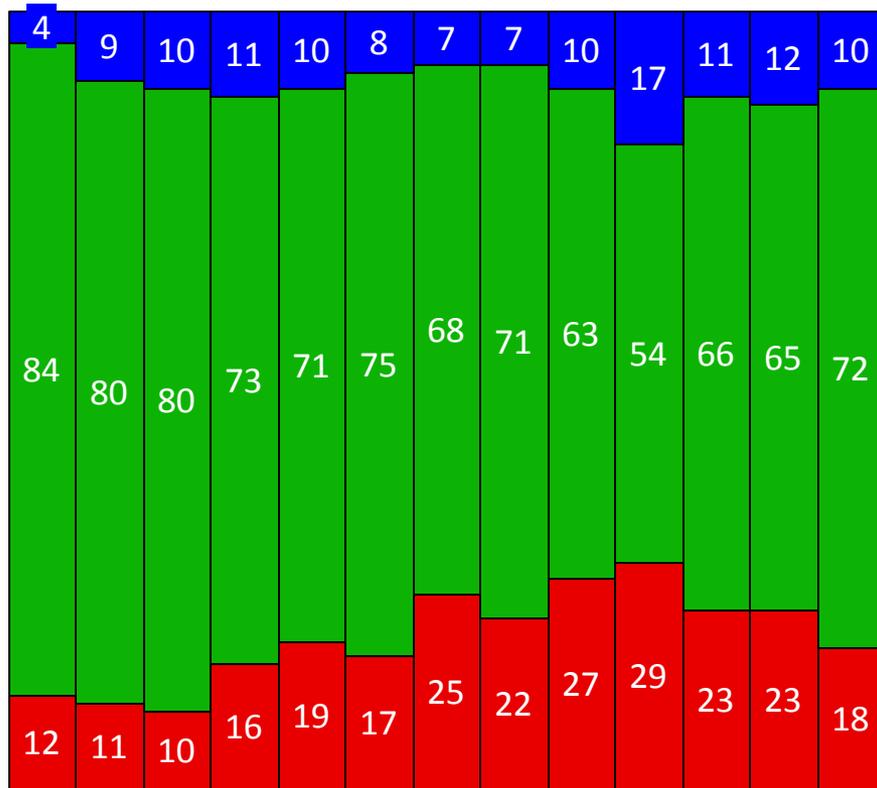


Manufacturer and Service Center Inventory Buying History

Manufacturers

- Building Inventory
- Maintaining Inventory
- Reducing Inventory

Service Centers



Q3

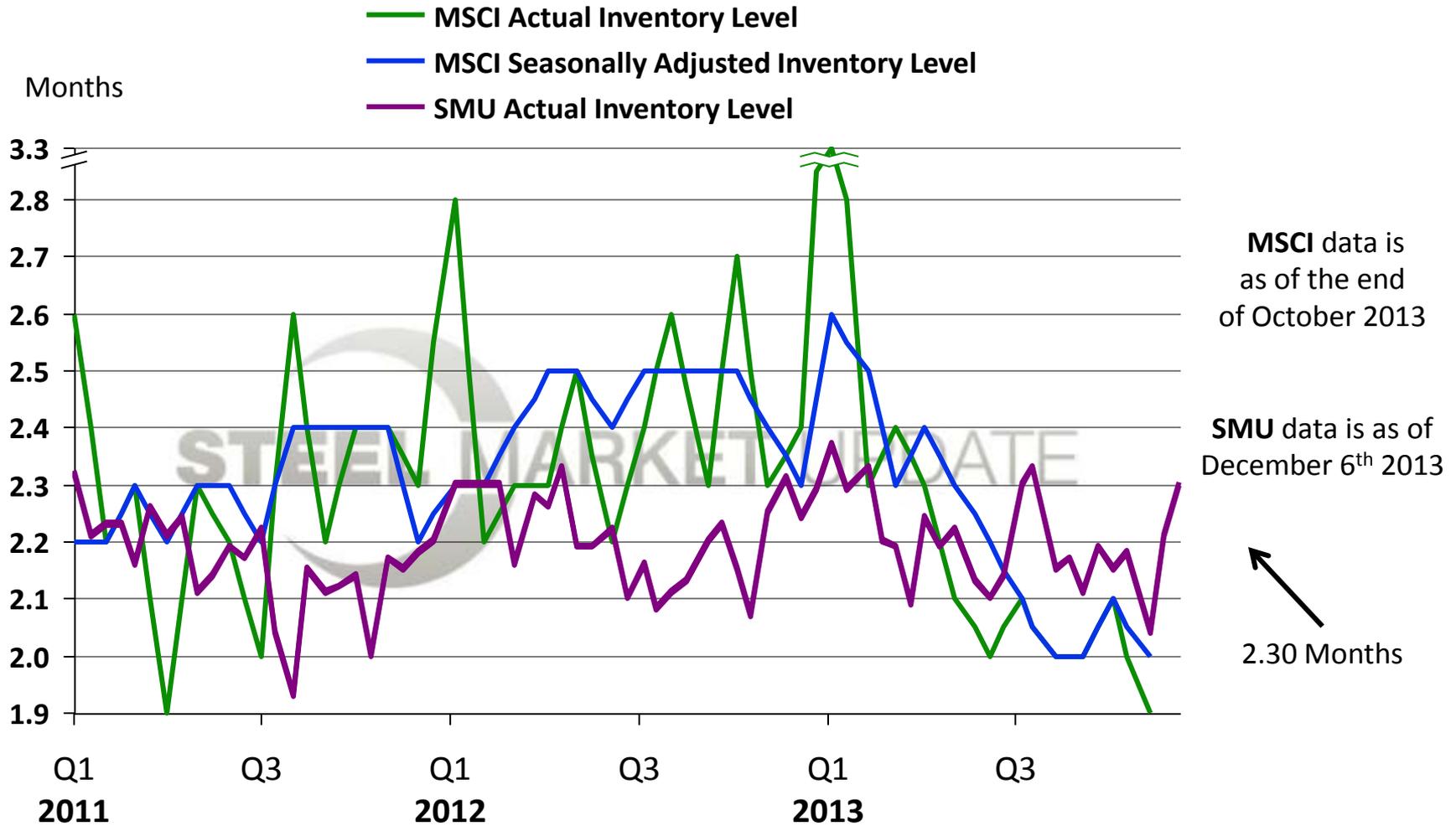
Q4

Q3

Q4

Service Center Months on Hand History

SMU Service Center & MSCI Inventory Level History Comparison

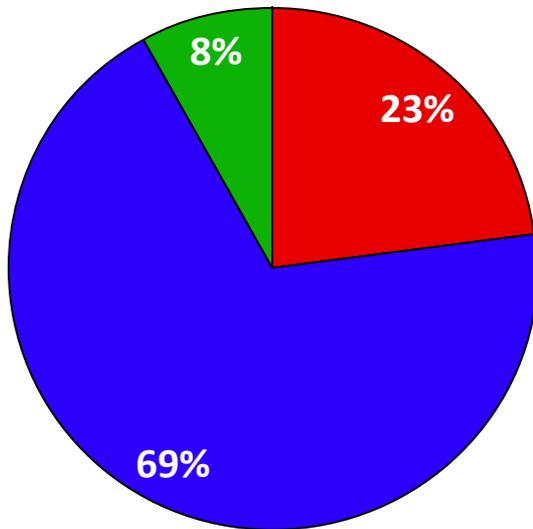


Manufacturer's View of Service Center Selling Prices

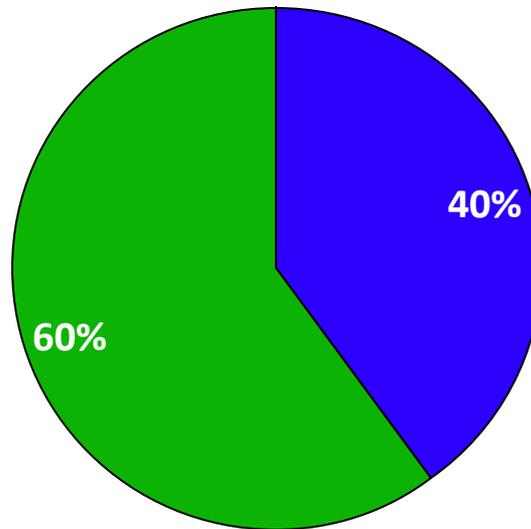
Manufacturers- Which comment do you feel is representative of service center pricing right now?

- 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

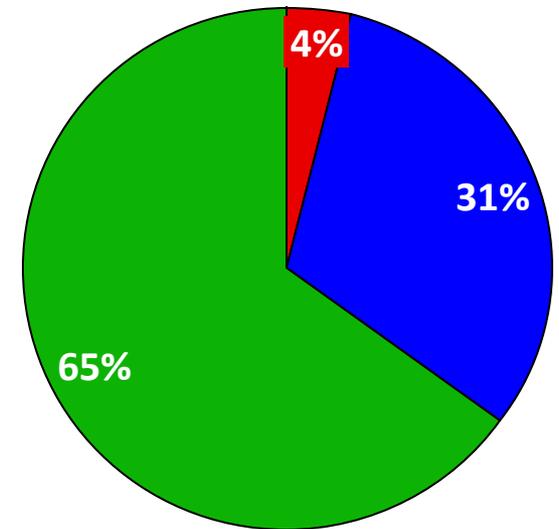
October 3rd 2013



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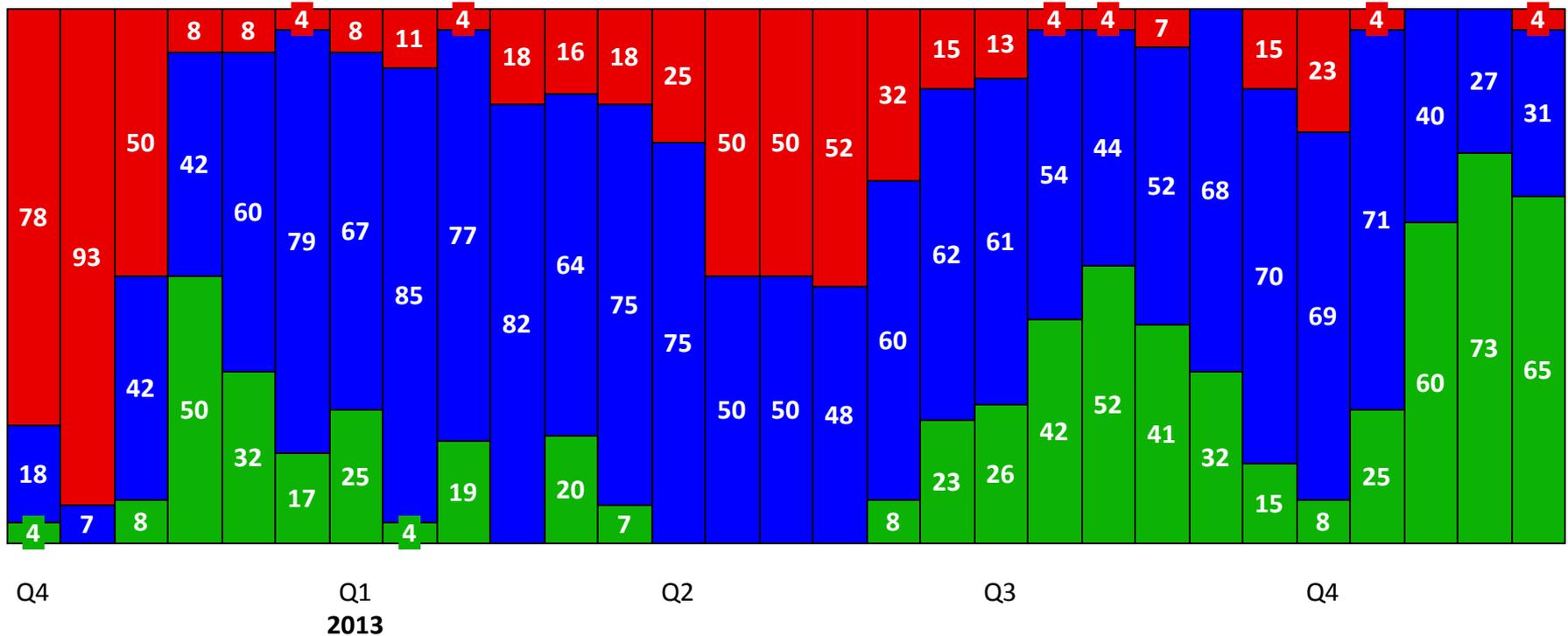
December 6th 2013



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

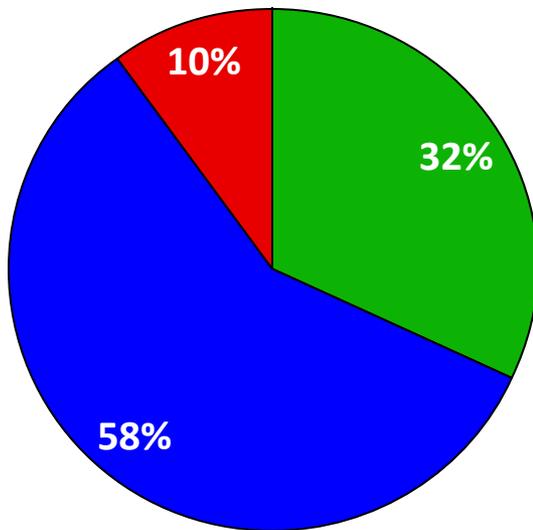


Service Center View of Selling Prices

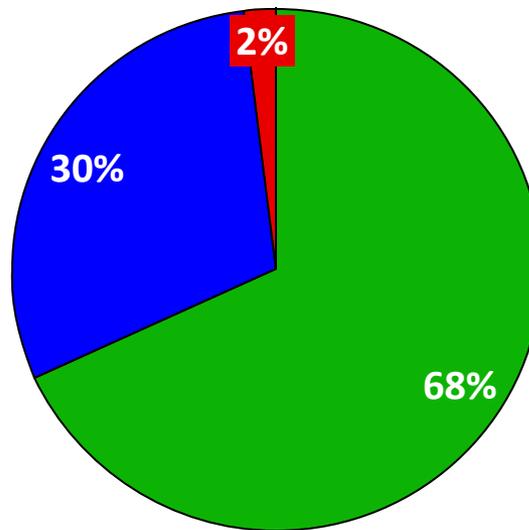
Service Centers- how is your company handling spot pricing to your customers at this time?

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

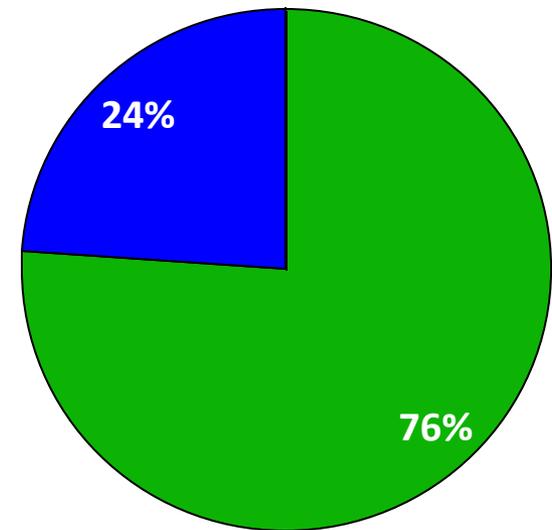
October 3rd 2013



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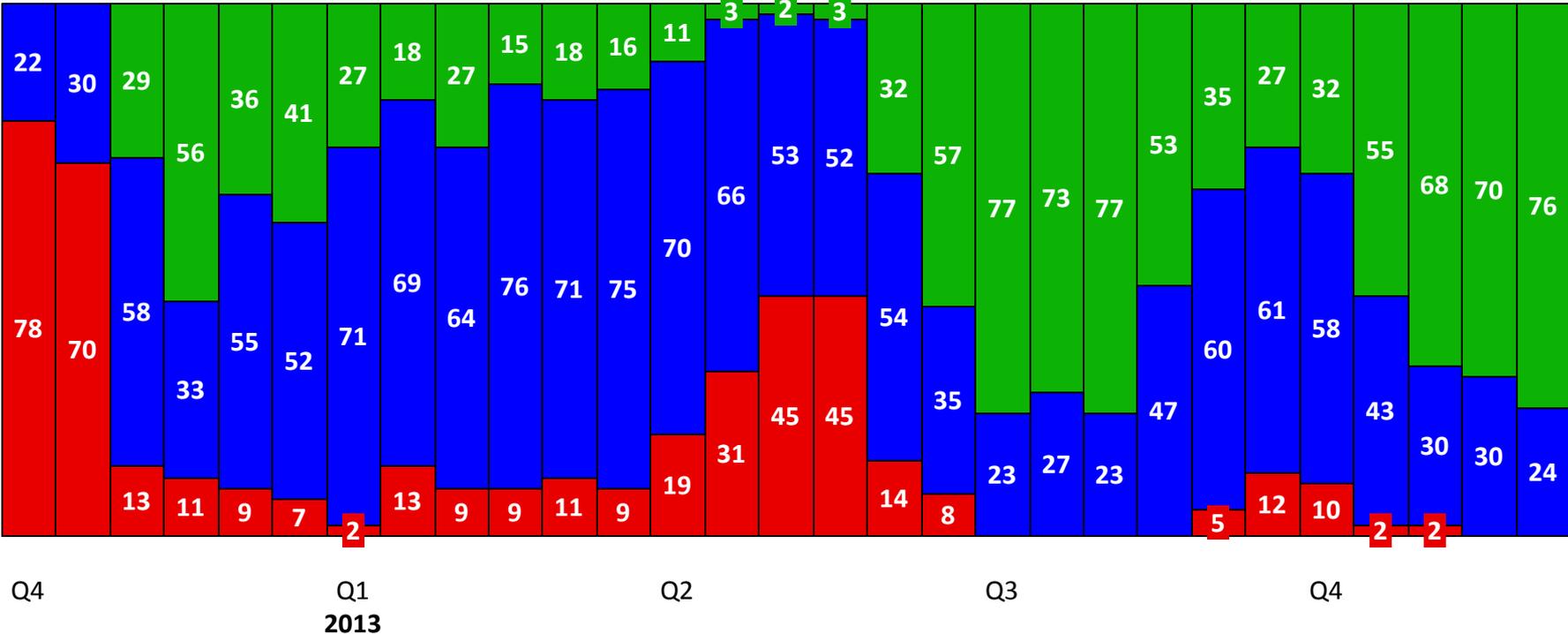
December 6th 2013



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



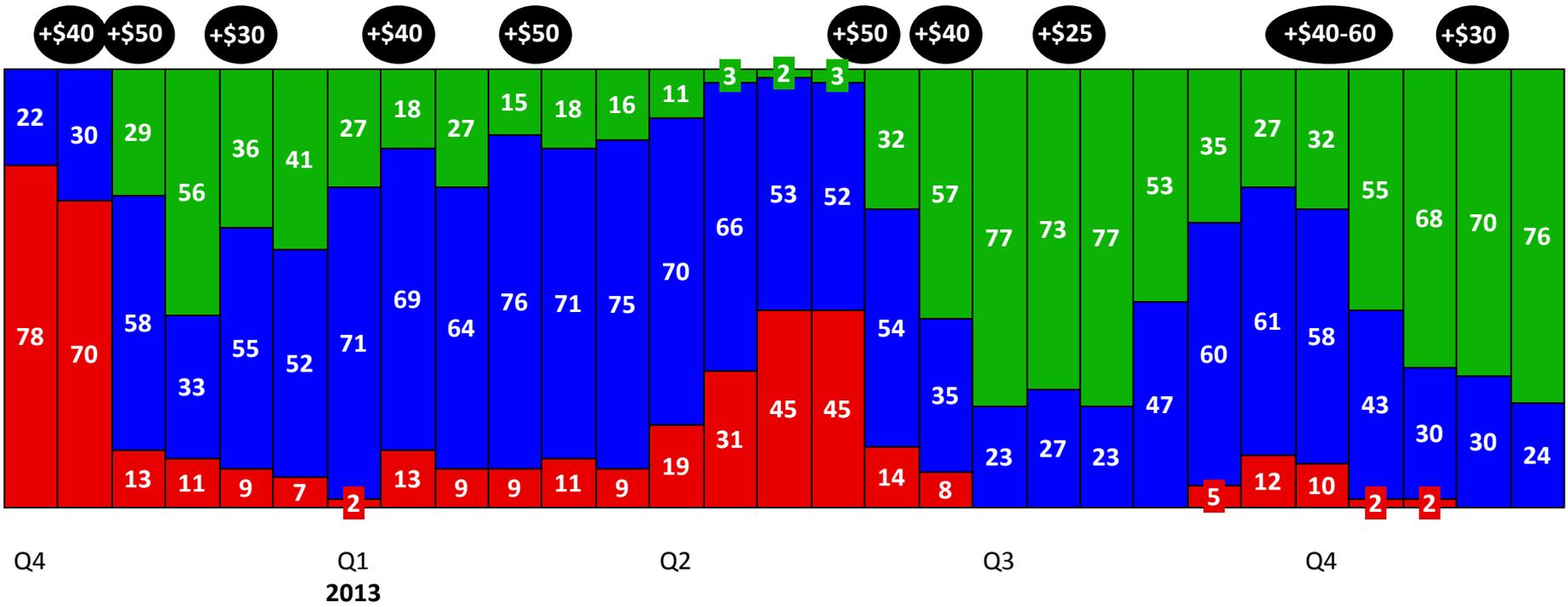
Service Center View of Selling Prices History

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

Historical AK Steel Price Announcements



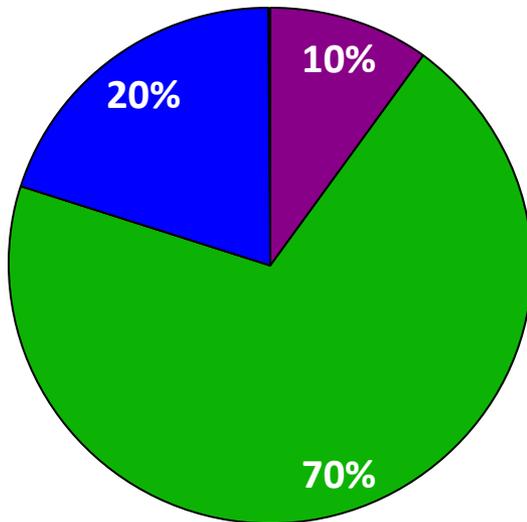
- We are raising prices
- We are keeping prices the same
- We are lowering prices



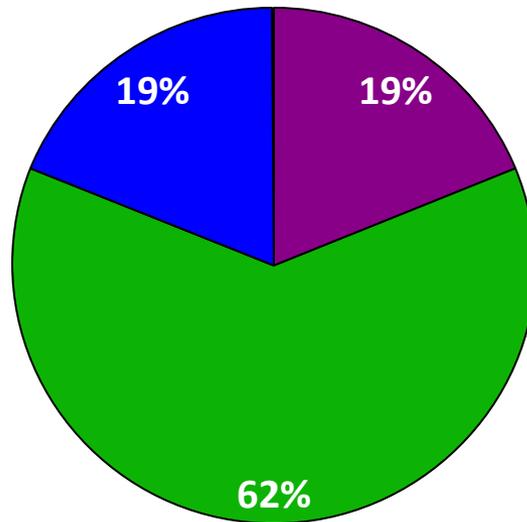
Service Centers- Are your manufacturing customers increasing orders, keeping them the same or reducing orders at this time?

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

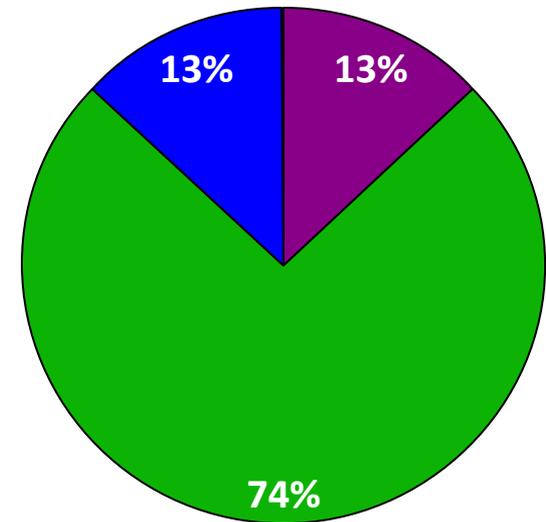
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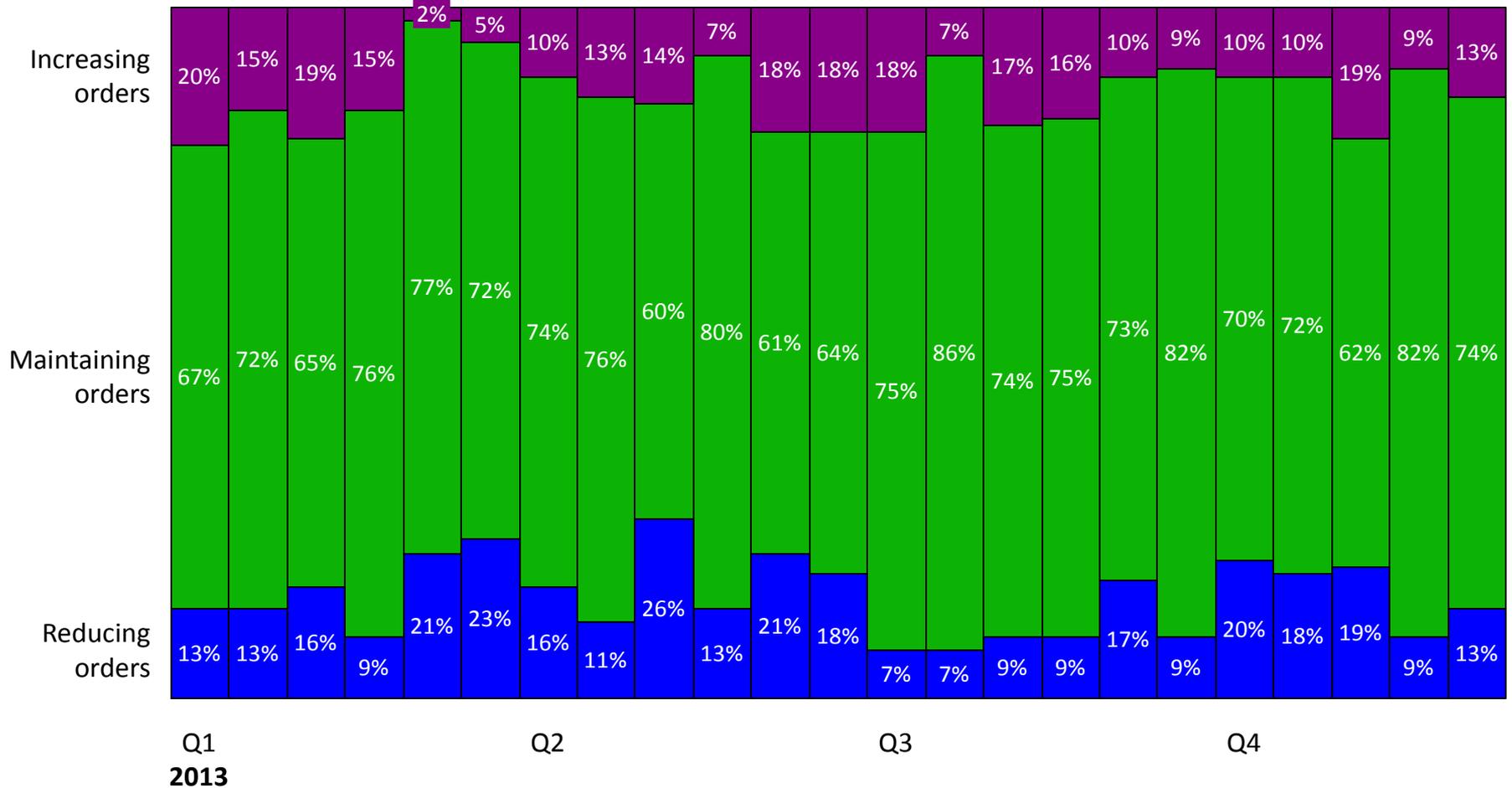


December 6th 2013



Service Centers on Manufacturer Orders History

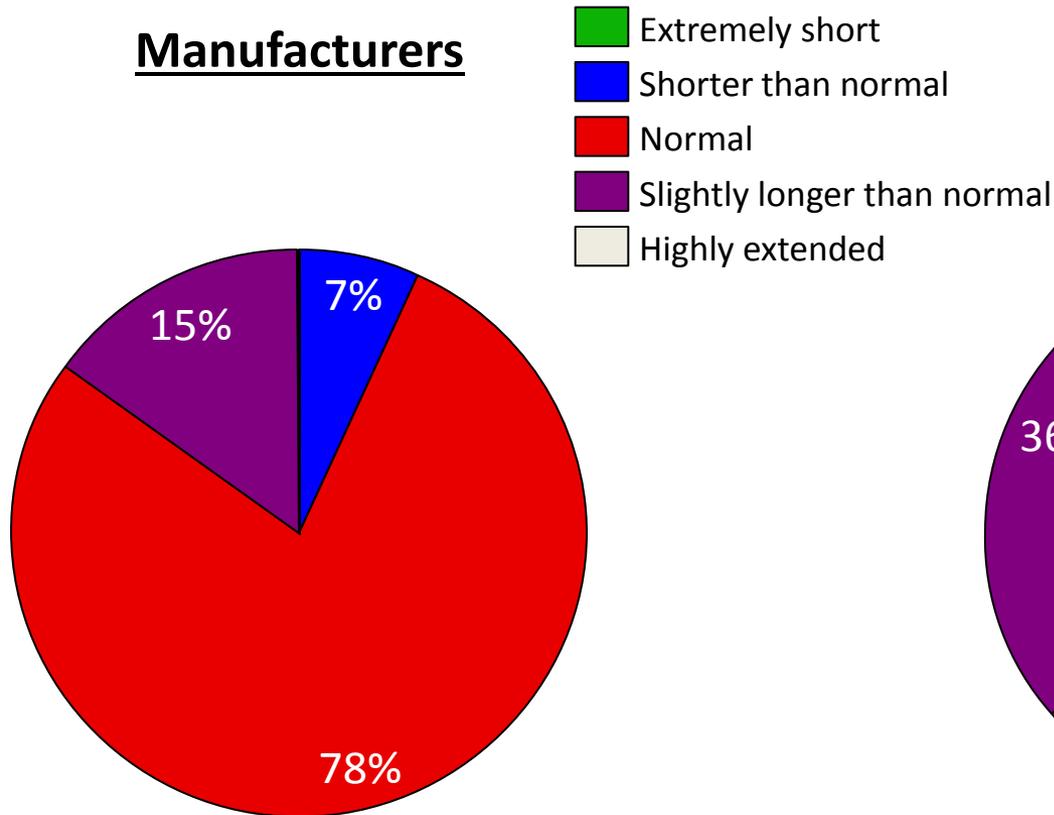
Service Centers- How are your manufacturing companies handling orders at this time?



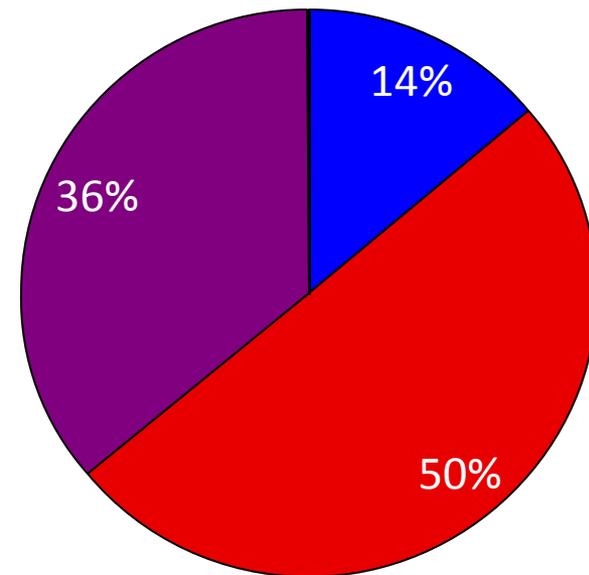
Mill Lead Times

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

Manufacturers



Service Centers



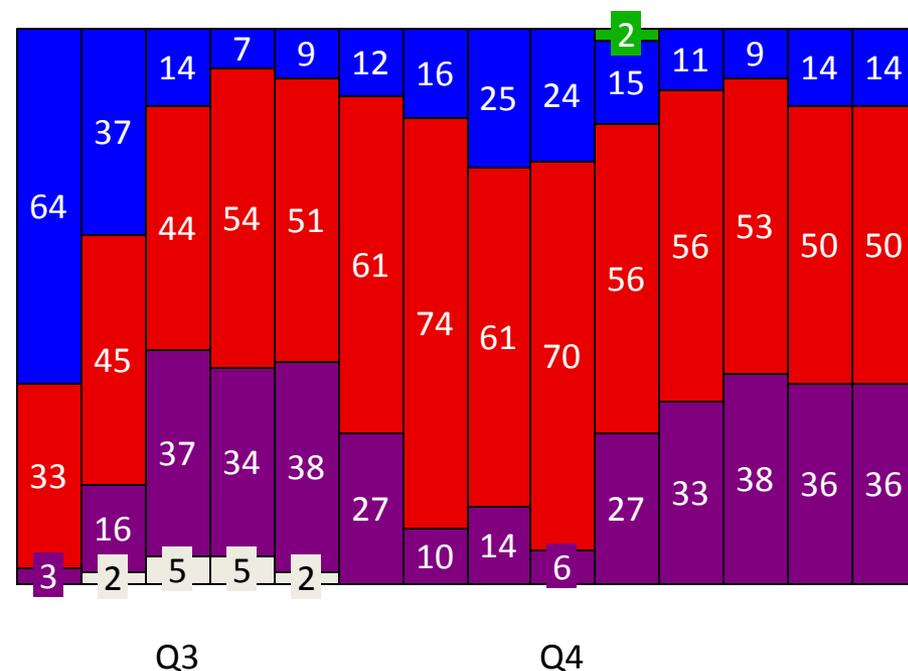
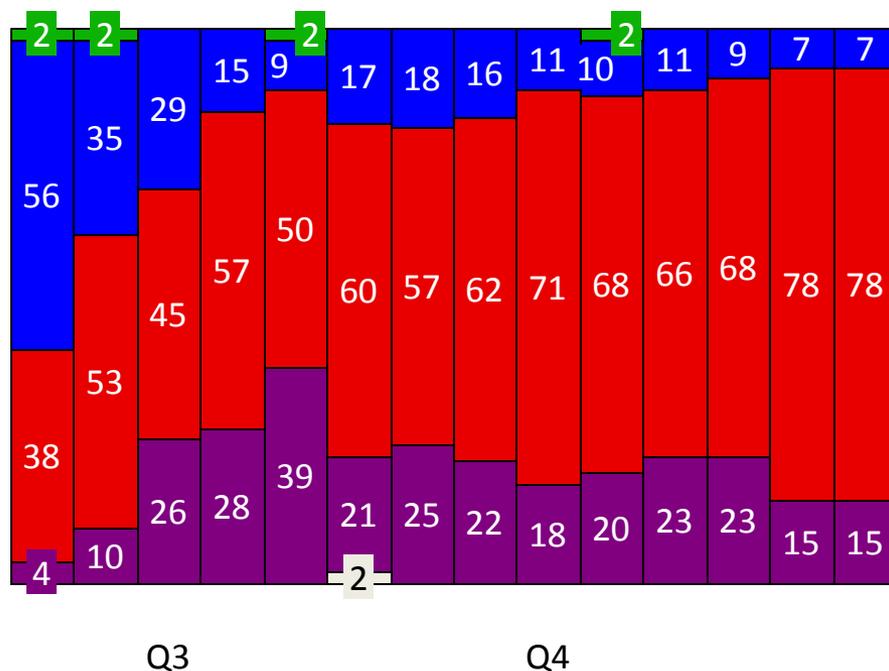
Mill Lead Times History

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

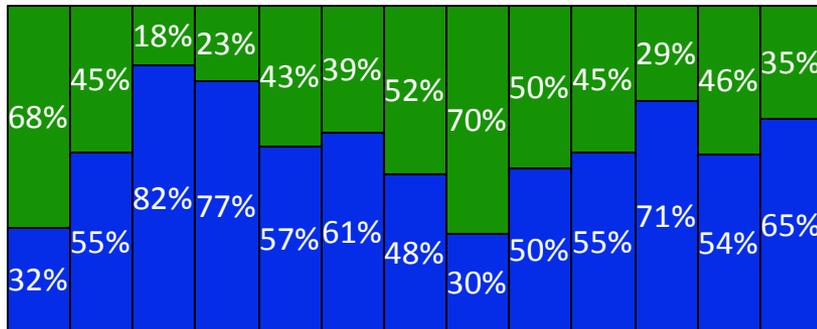


Mill Negotiations

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

Yes No

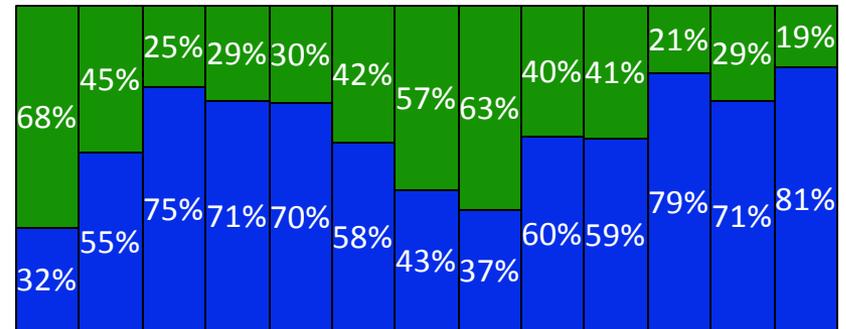
Hot Rolled Orders



Q3

Q4

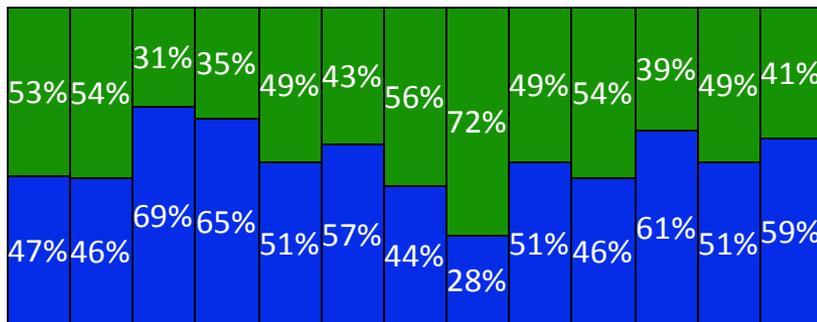
Cold Rolled Orders



Q3

Q4

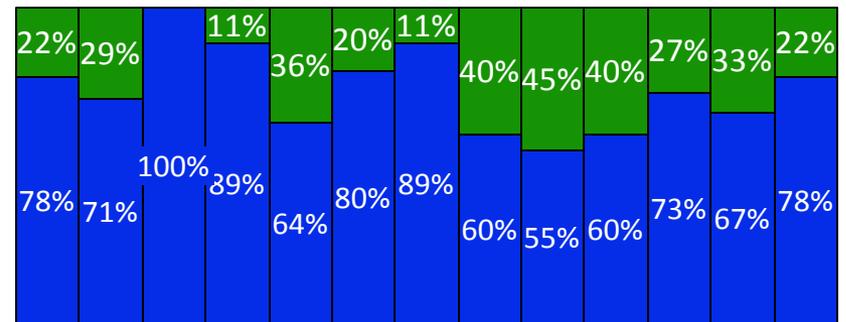
Galvanized Orders



Q3

Q4

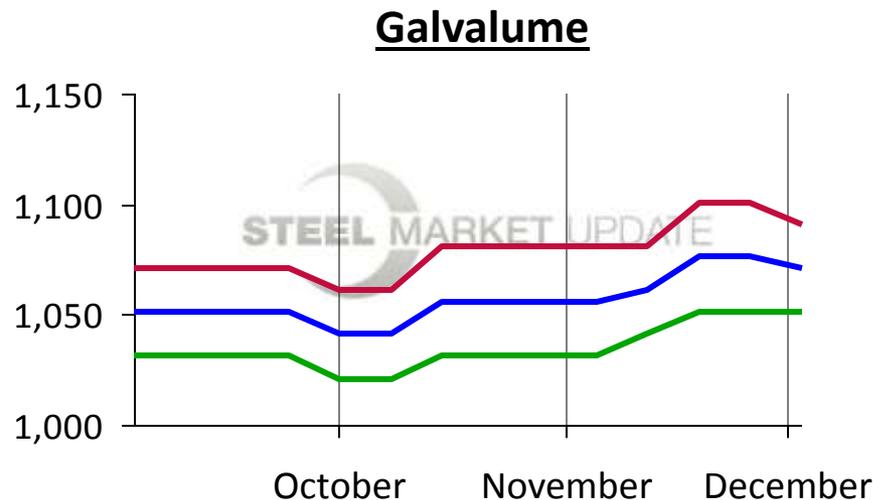
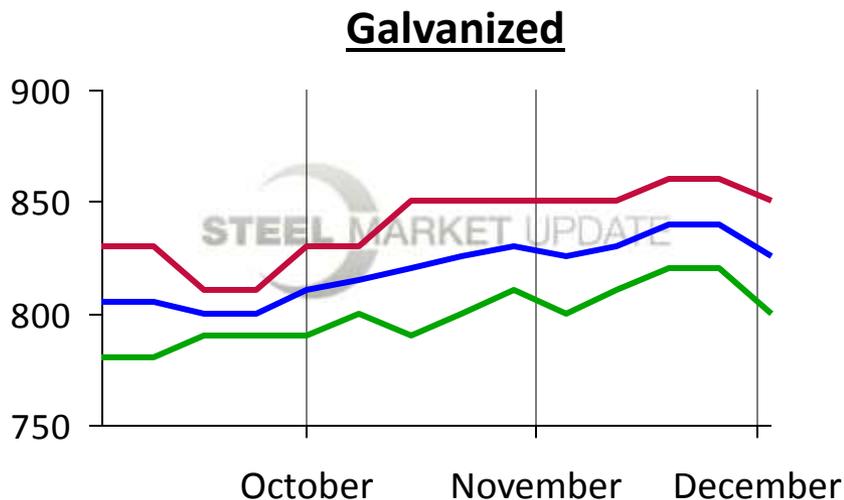
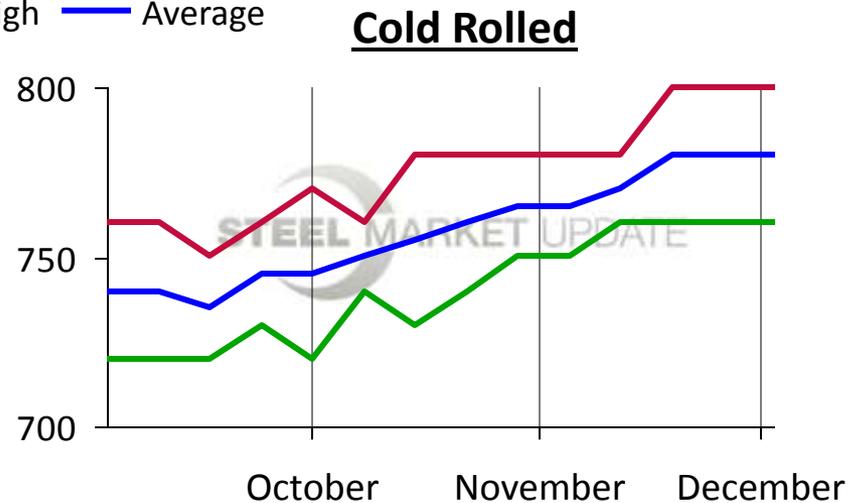
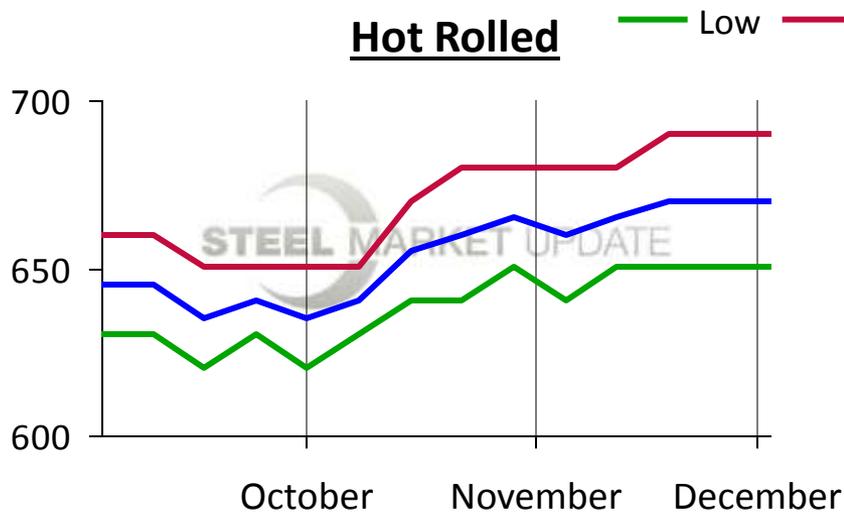
Galvalume Orders



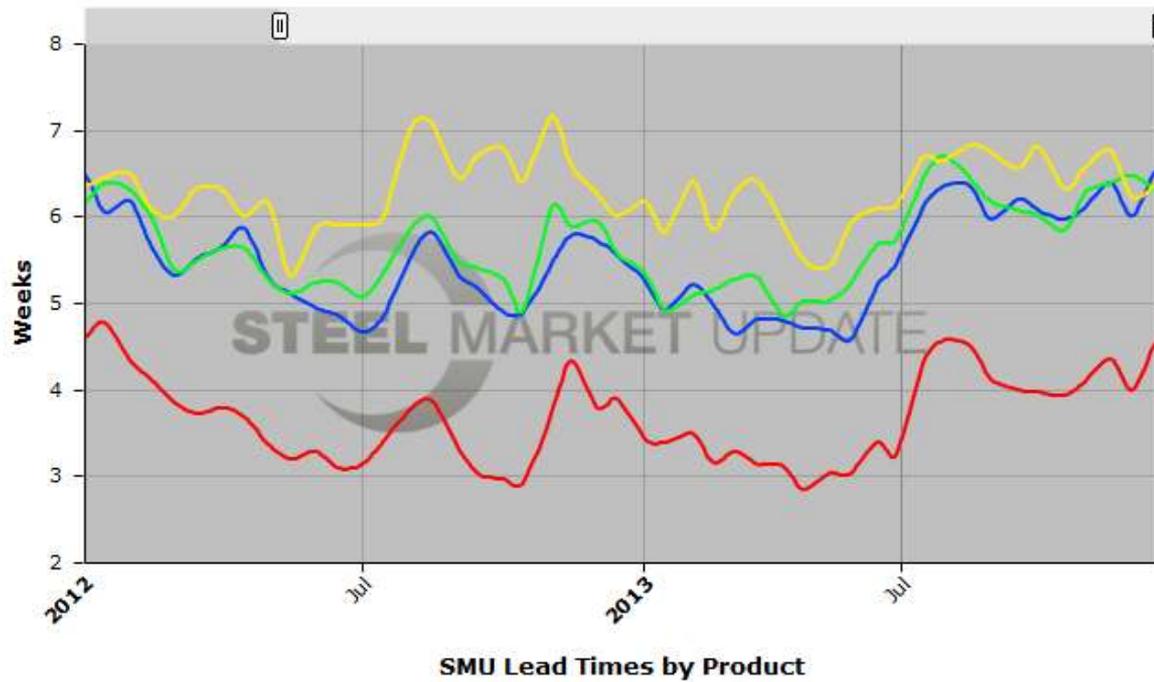
Q3

Q4

SMU Steel Prices



Lead Times (Weeks)



Hot Rolled: 4.56
Cold Rolled: 6.55
Galvanized: 6.30
Galvalume: 6.36

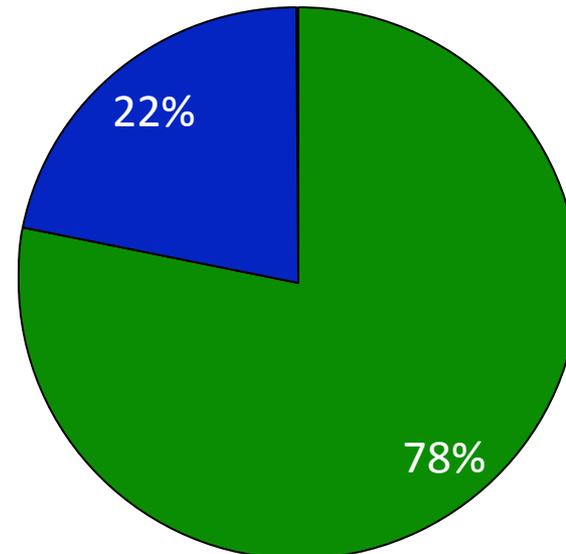
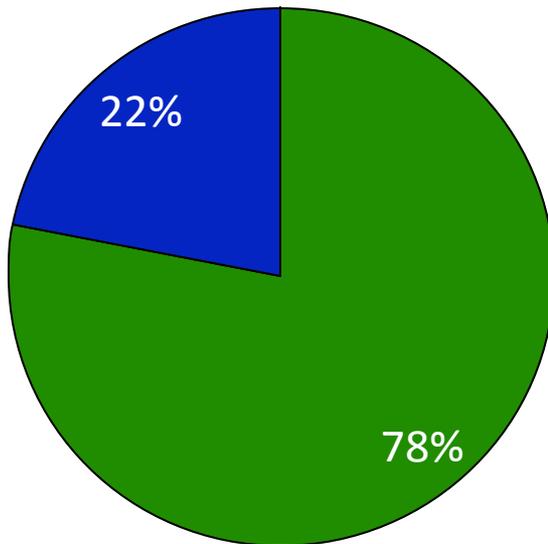
Domestic and Foreign Price Spread

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

Manufacturers

Service Centers

■ Yes ■ No



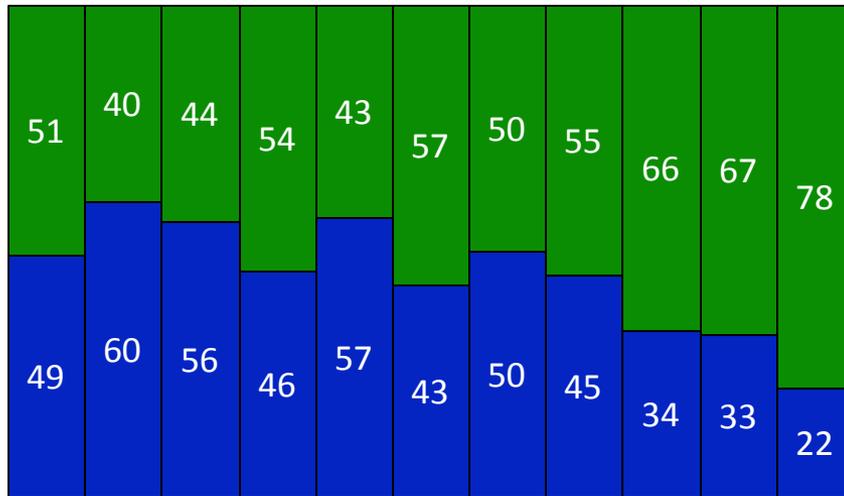
Domestic and Foreign Price Spread

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

Manufacturers

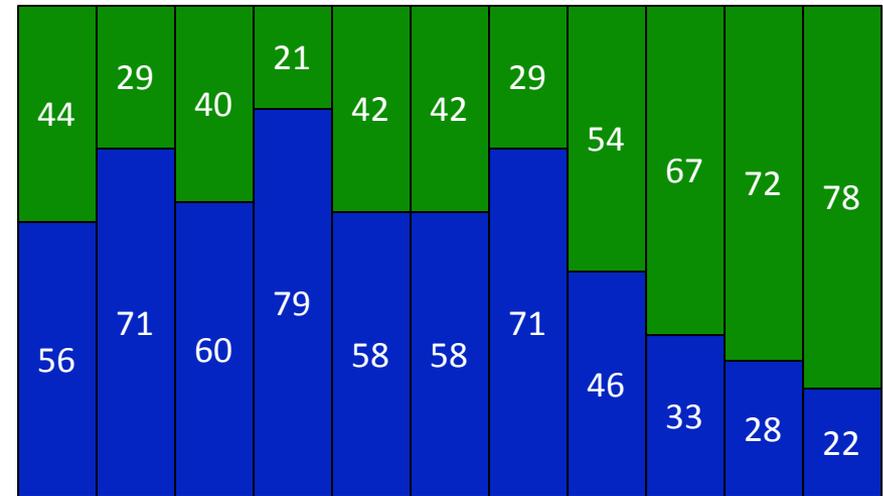
Service Centers

Yes No



Q3
2013

Q4



Q3
2013

Q4

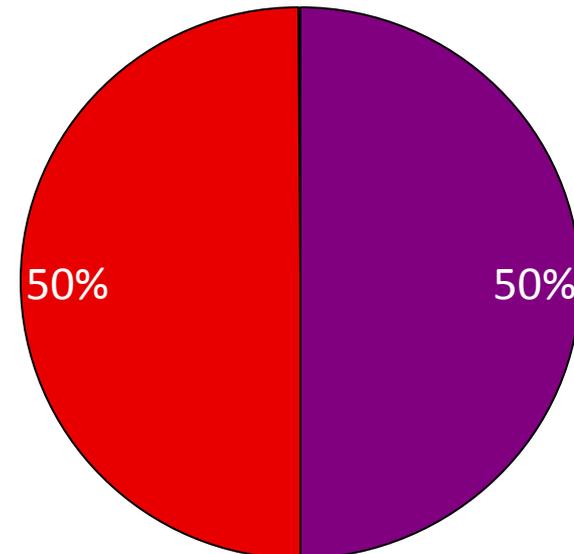
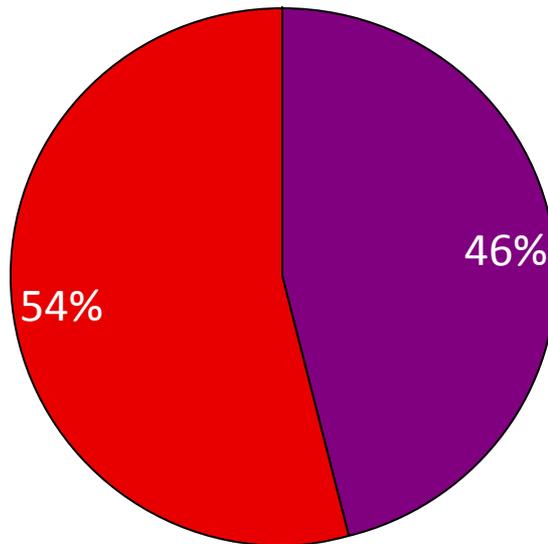
New Foreign Orders

Is your company entering new foreign orders right now?

Manufacturers

Service Centers

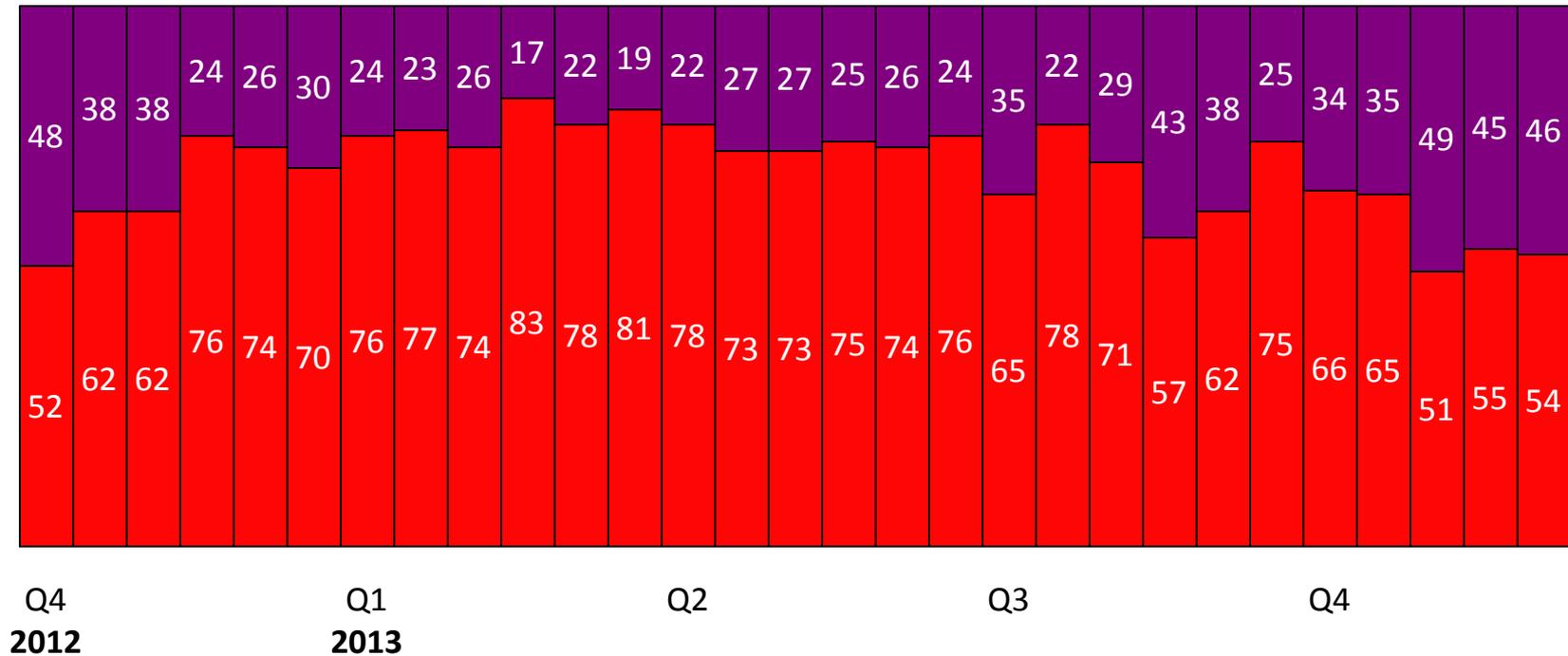
Yes No



New Foreign Orders

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

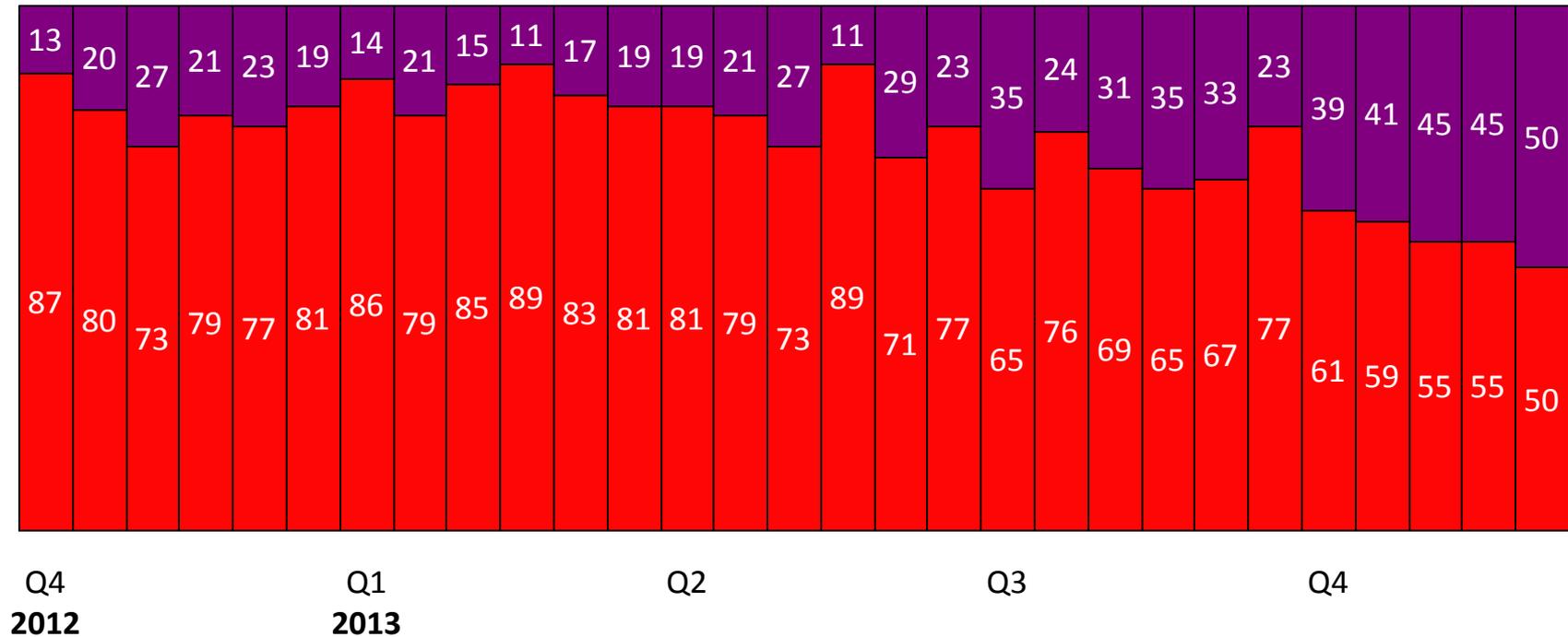
■ Yes
 ■ No



New Foreign Orders

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

■ Yes
 ■ No



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.

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