



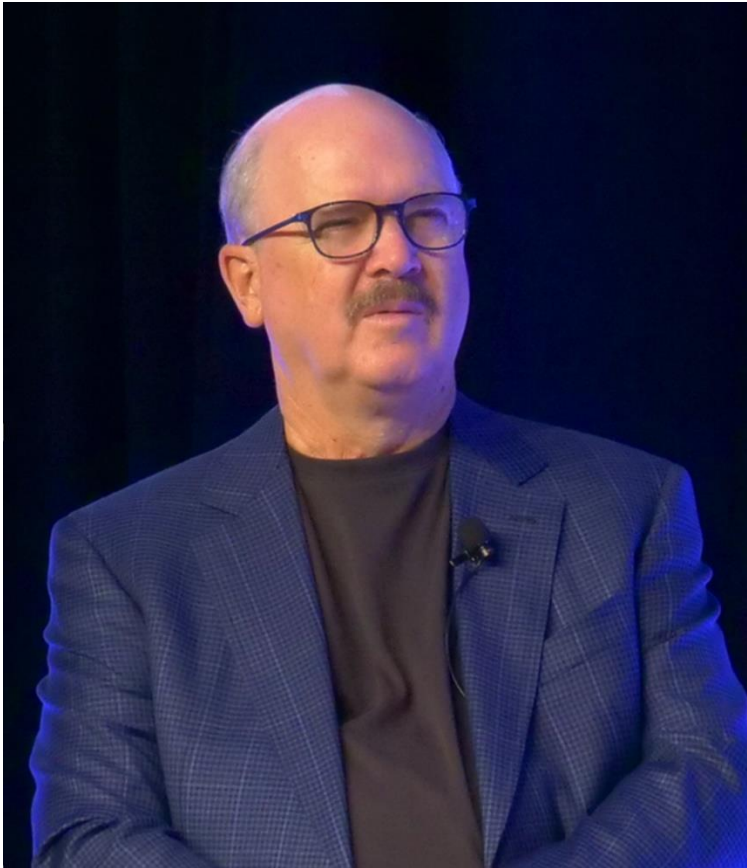
STEEL MARKET UPDATE

part of the  Group

SMU Flat Rolled Market Trends Analysis

Responses from our December 3-6, 2018 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 650 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.

Steel 101: Introduction to Steelmaking & Market Fundamentals

Instructors: John Packard, Steve Painter, Charles McDaniels, Mario Briccetti, & Roger Walburn

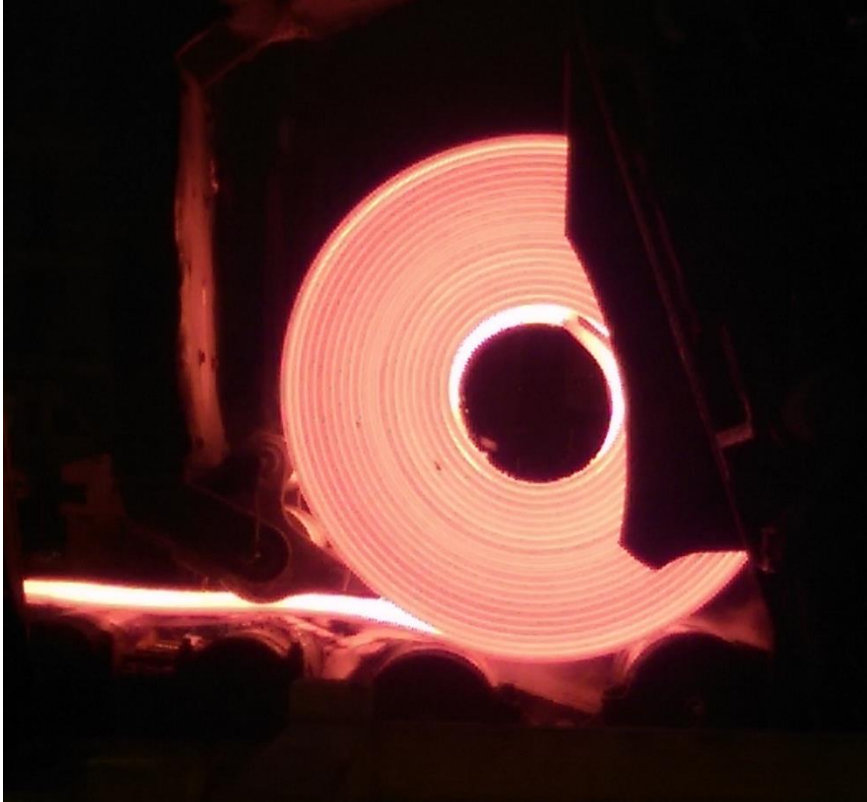
We have both classroom & on-site (mill) instruction during our 2 day workshop.
For more information [visit our website here](#).



Steel 101 Workshop, Severstal Dearborn 2012

Next Steel 101 Workshop

January 29-30, 2019



Steel 101 Workshop, NLMK Indiana 2015

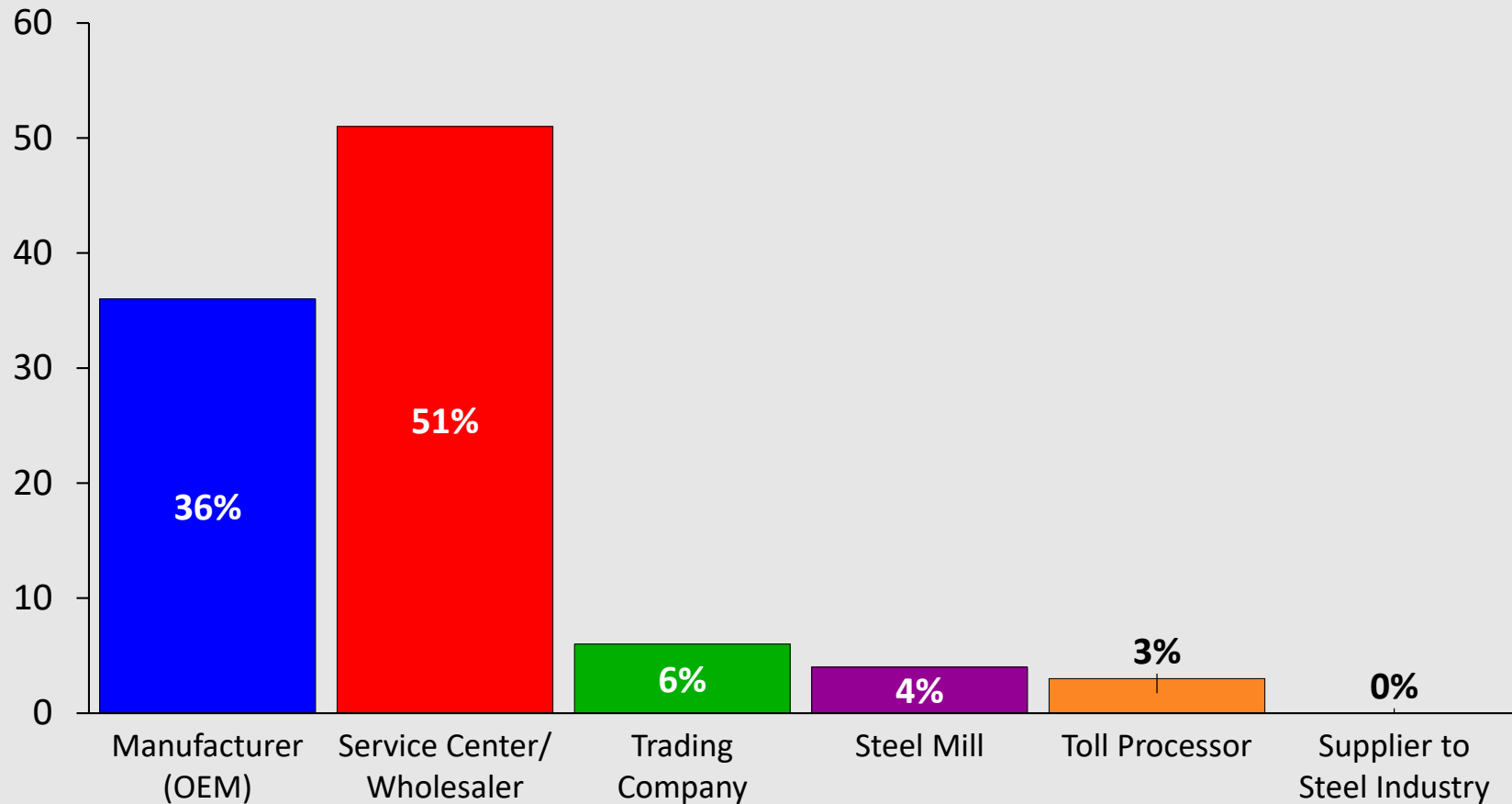
Our next Steel 101 workshop will be held in **Columbus, MS** on **January 29-30, 2019**. Our class will tour the Steel Dynamics mill.

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
info@SteelMarketUpdate.com.

Survey Participants

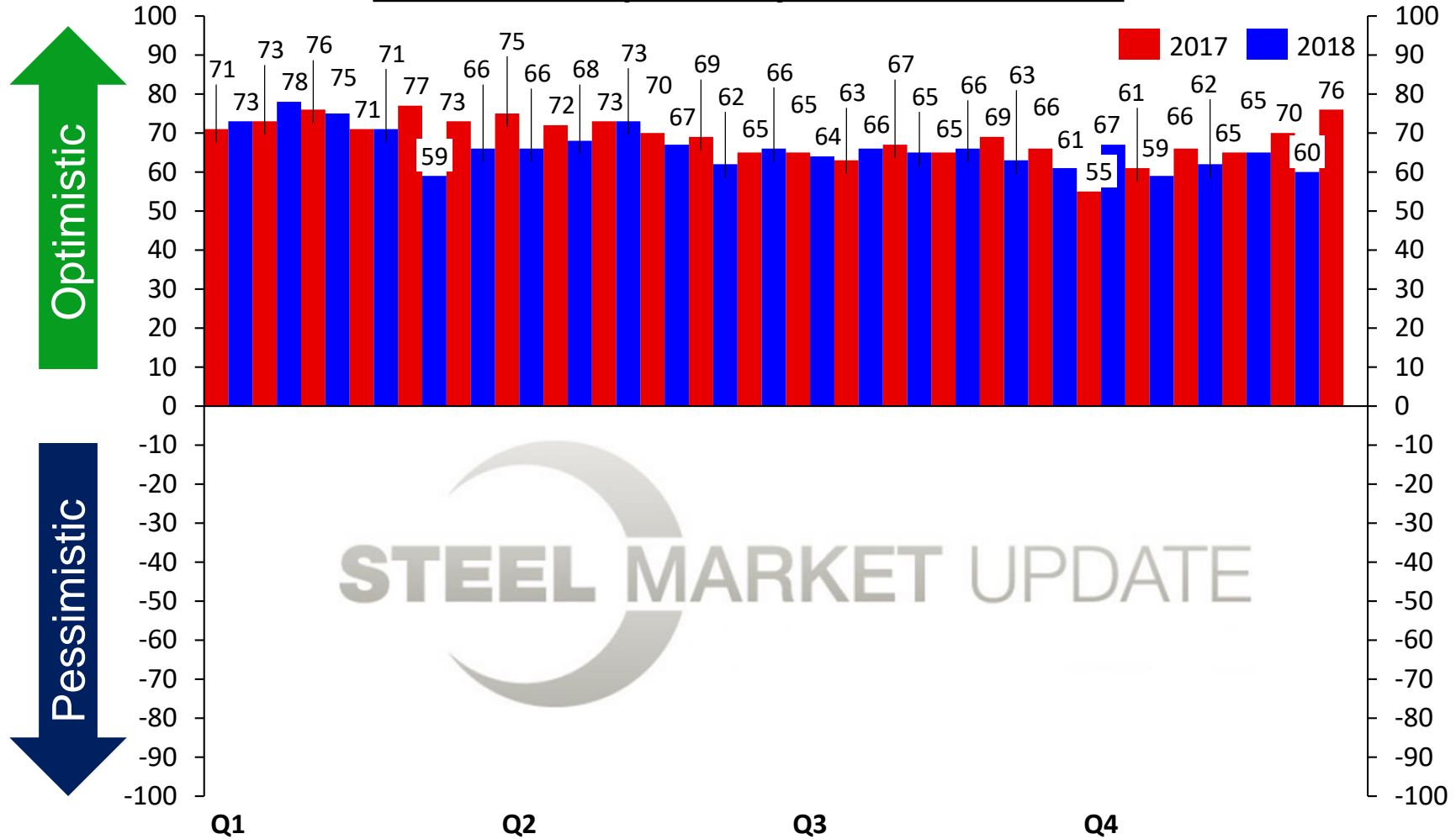
Our survey is by invitation only- Over 650 companies, mostly in the manufacturing or distribution industries, are asked to participate. Here are the percentages of participation in this week's survey by market sector.



SMU Buyers Sentiment Index

Down 5 points to +60

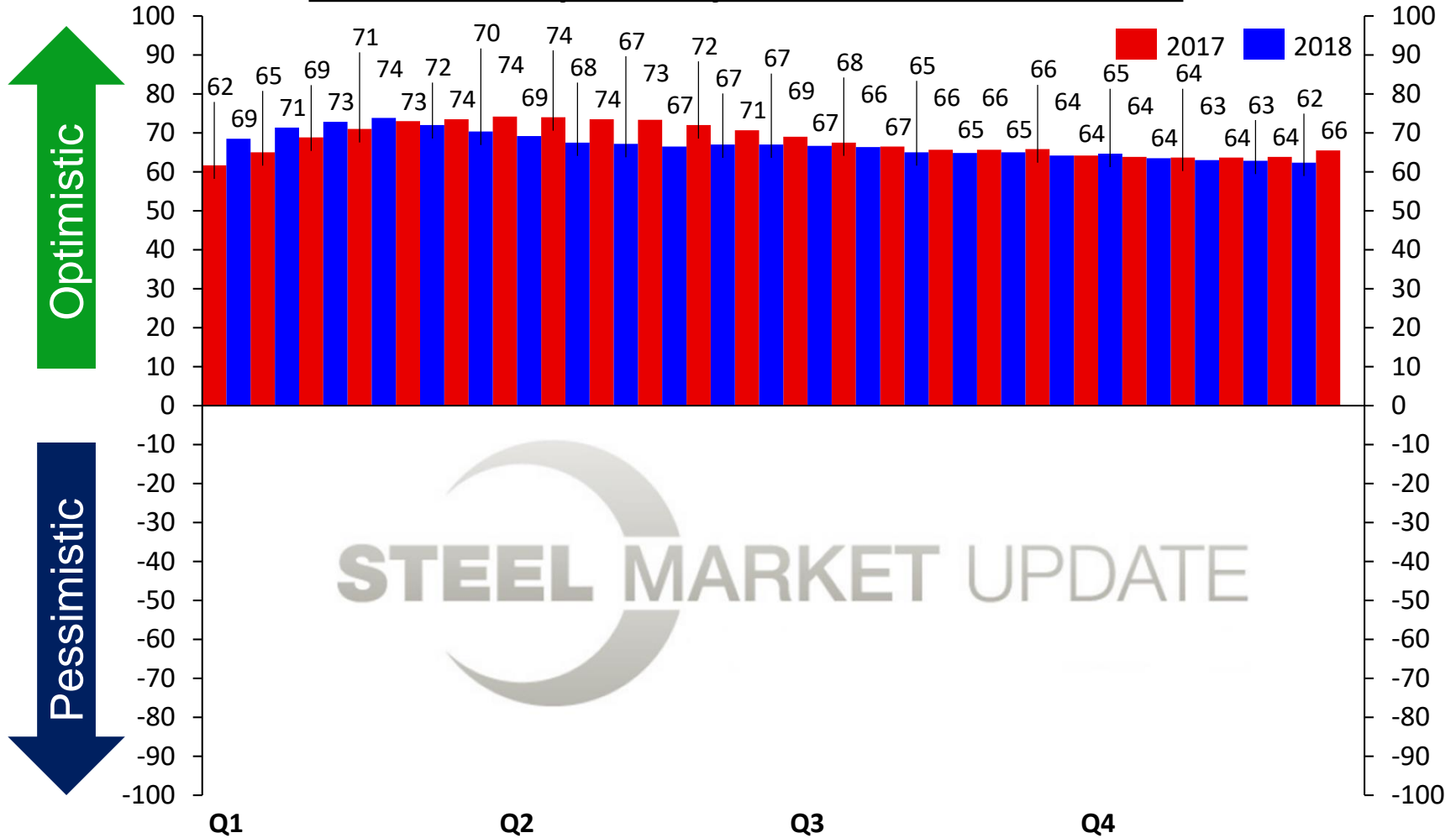
Steel Market Update Buyers Sentiment Index



SMU Buyers Sentiment Index

Three Month Moving Average at +62.33

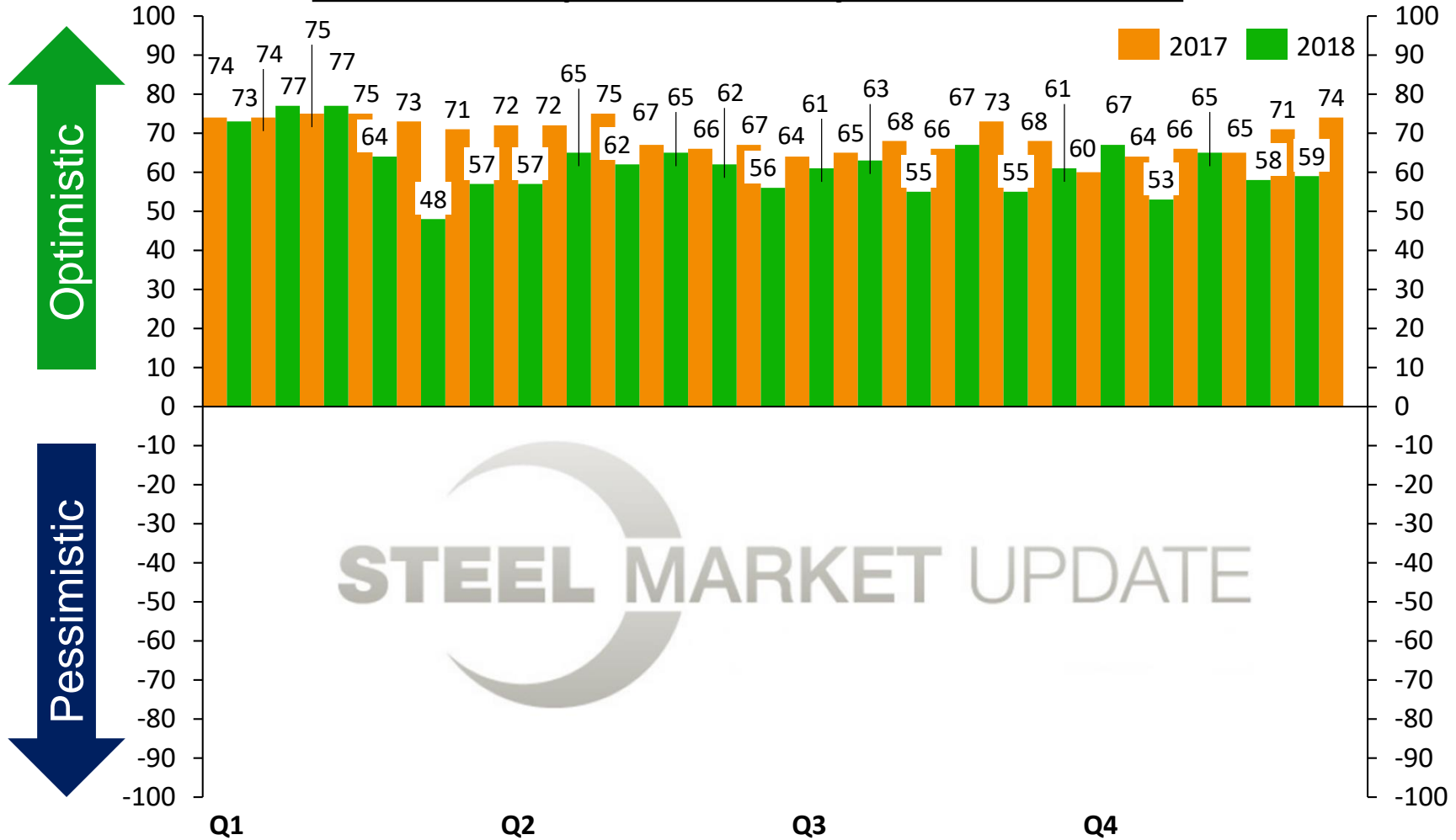
Steel Market Update Buyers Sentiment Index 3MMA



SMU Future Buyers Sentiment Index

Up 1 point to +59

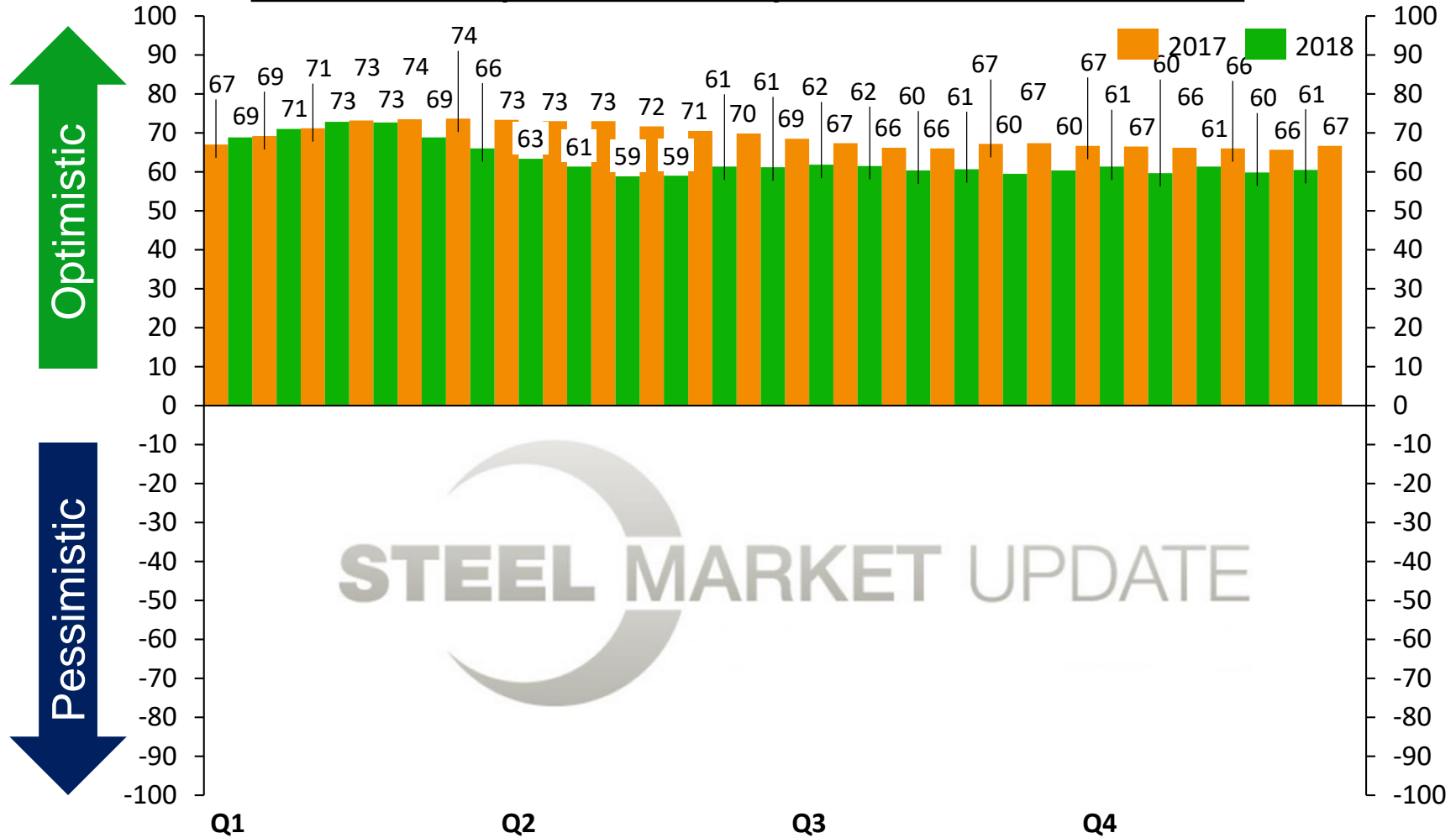
Steel Market Update Future Buyers Sentiment Index



SMU Future Buyers Sentiment Index

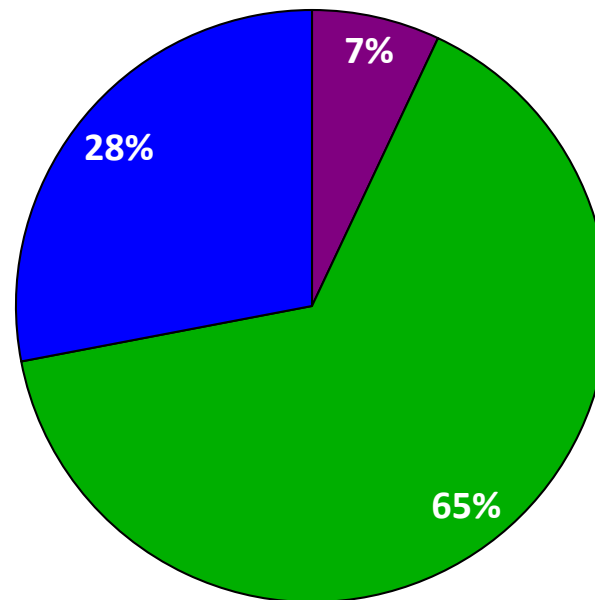
Three Month Moving Average at +60.50

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

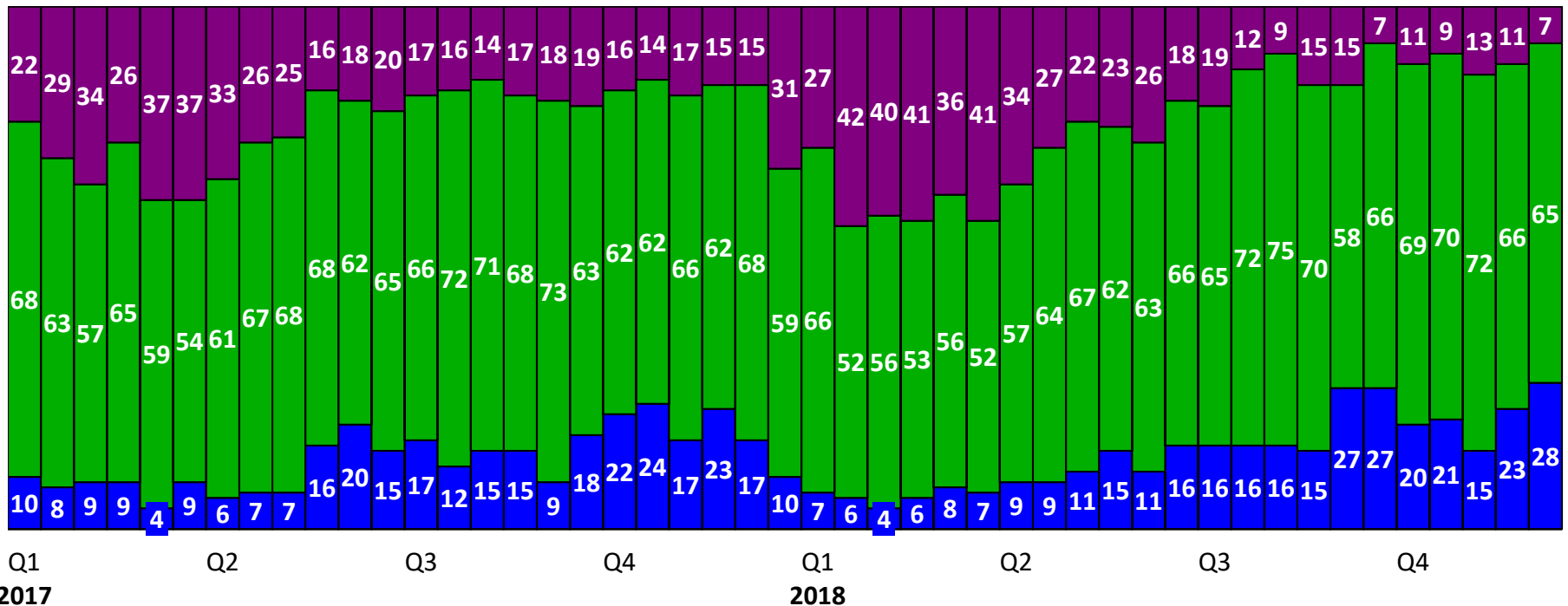


Overall Demand History

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%

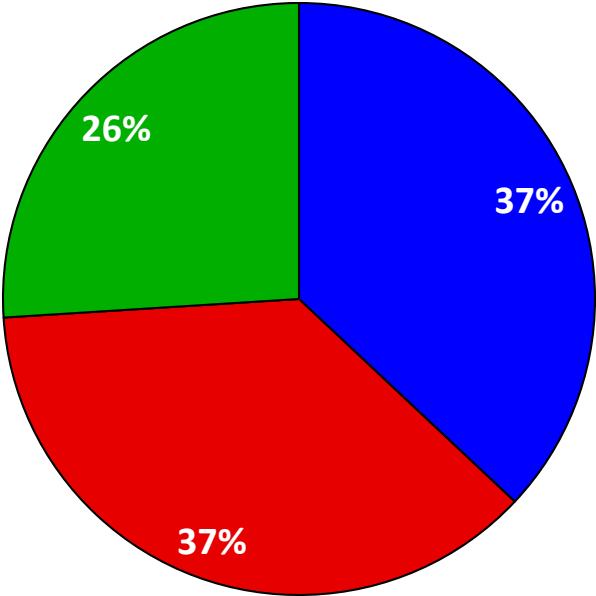


Foreign vs Domestic Steel

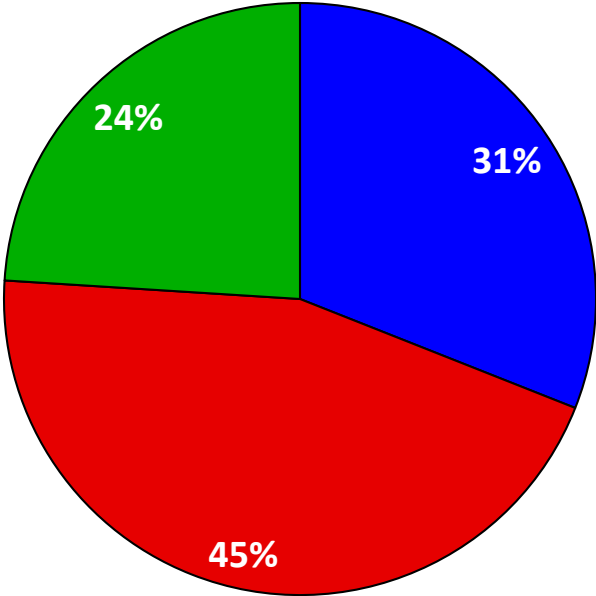
Is your company backing off buying foreign steel due to falling U.S. mill spot pricing?

-  Yes
-  No
-  We don't buy any foreign steel

November 21, 2018

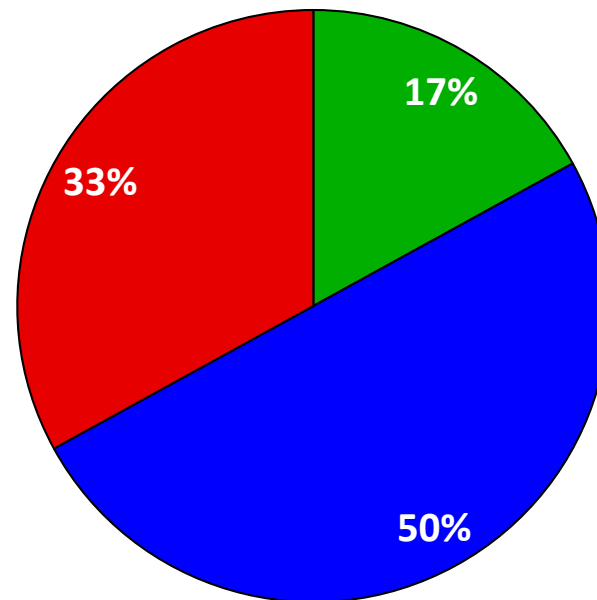


December 7, 2018



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

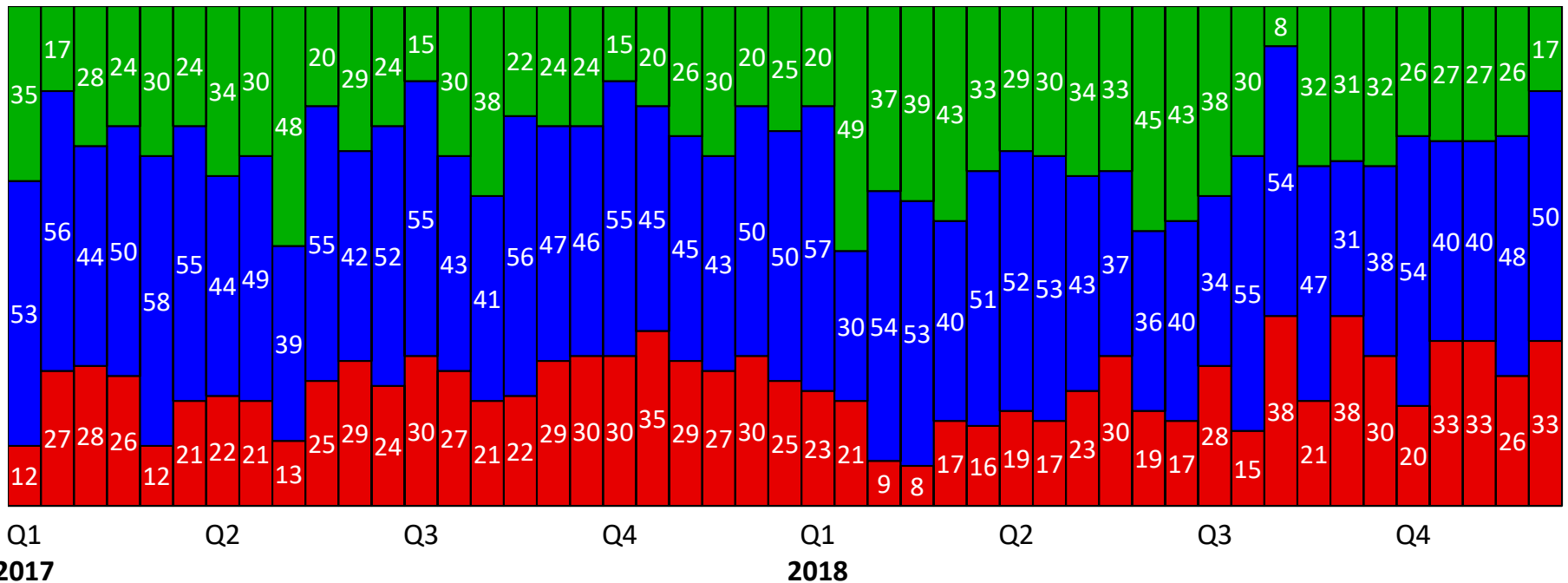


History of Manufacturer Purchases

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?

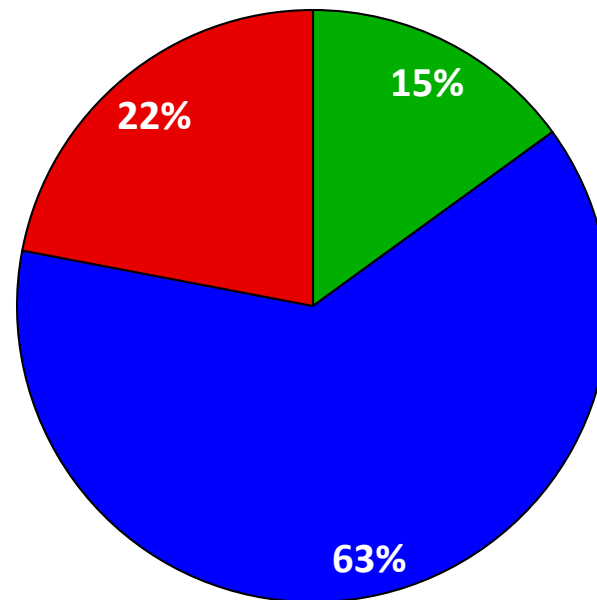
- Buying more steel
- Buying the same amount of steel
- Buying less steel

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

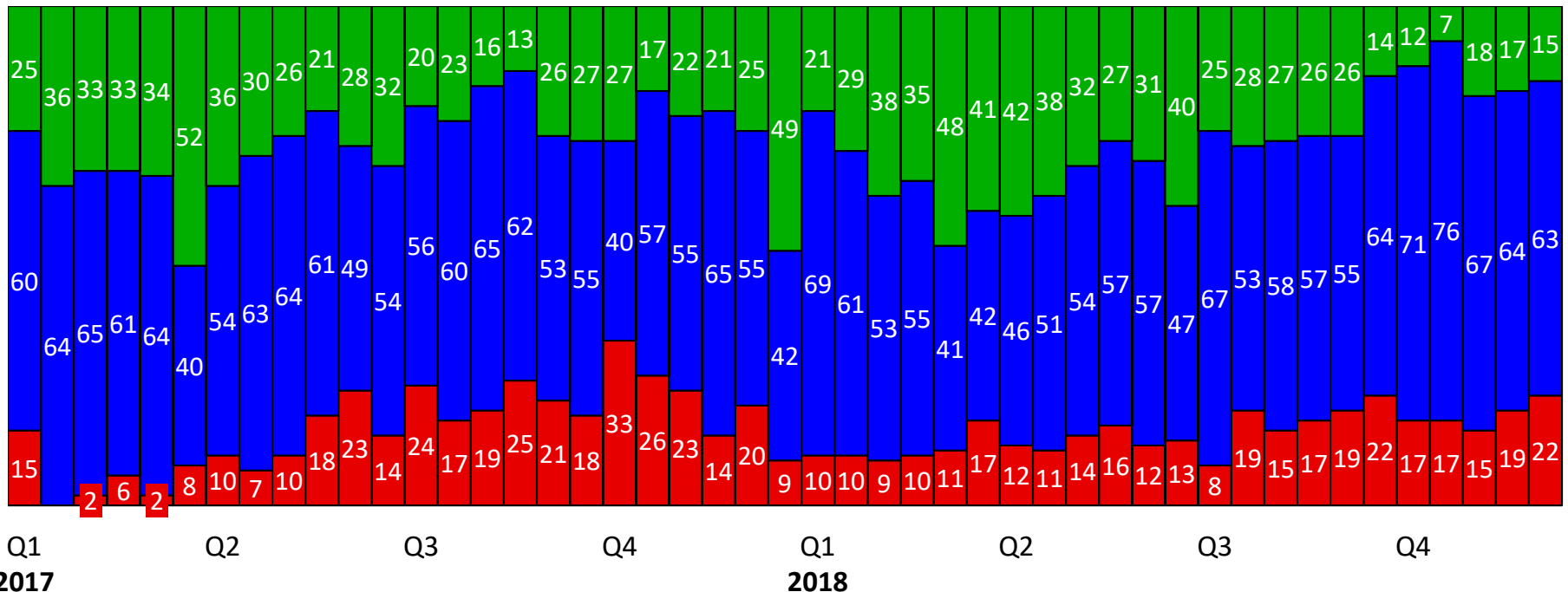


Service Center Release History

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

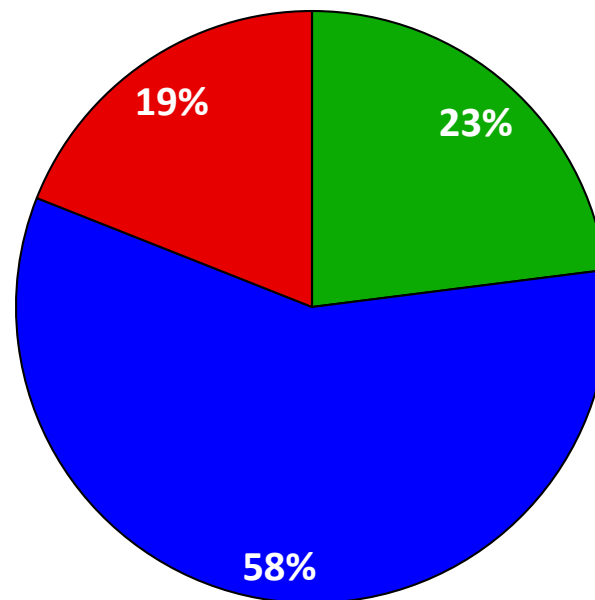
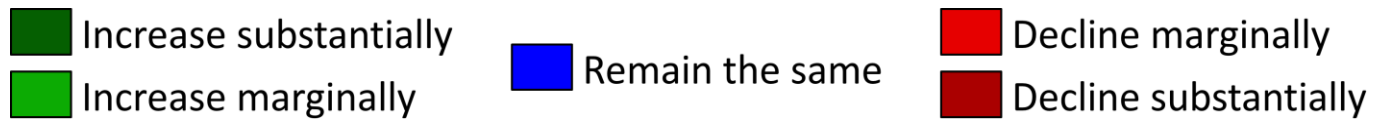
- Releasing more steel
- Releasing the same amount of steel
- Releasing less steel

out of 100%



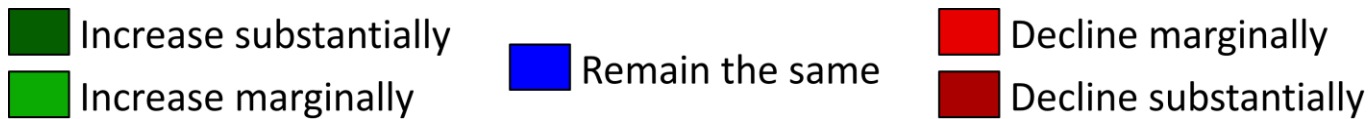
Manufacturer Demand

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

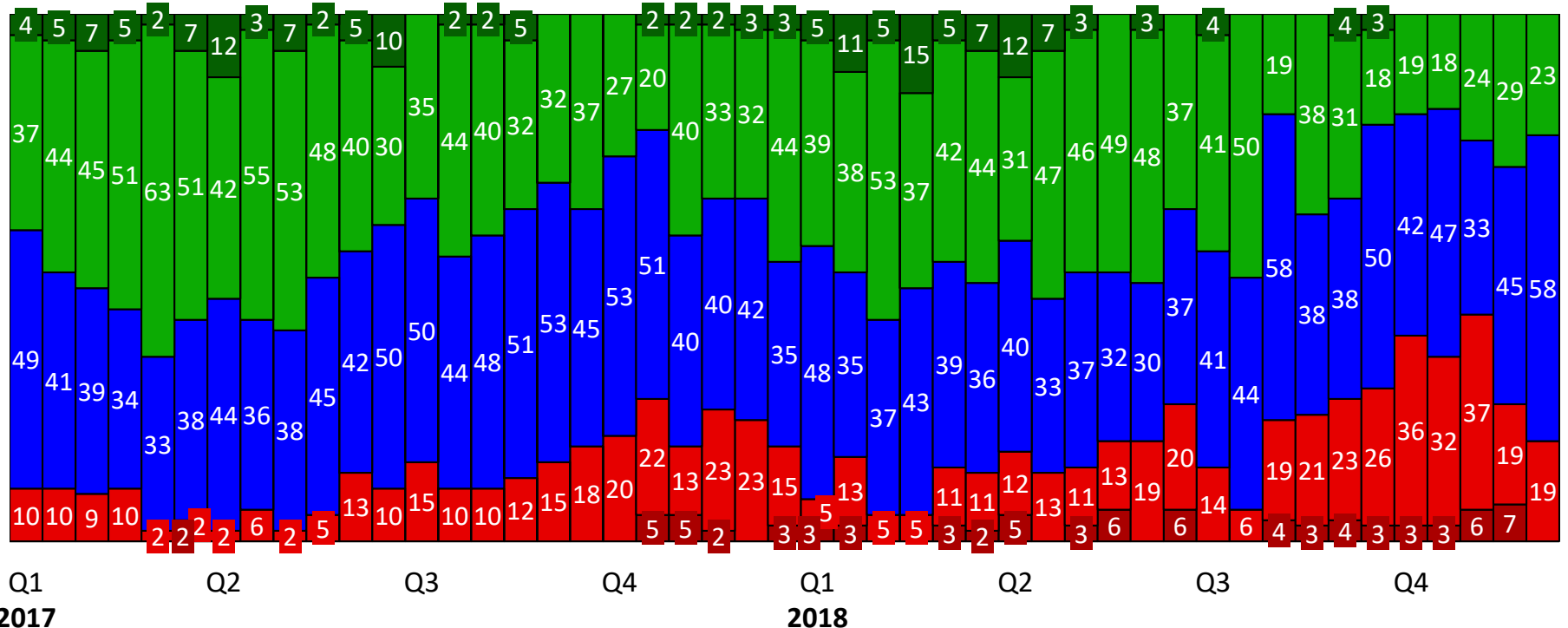


Manufacturer Demand History

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



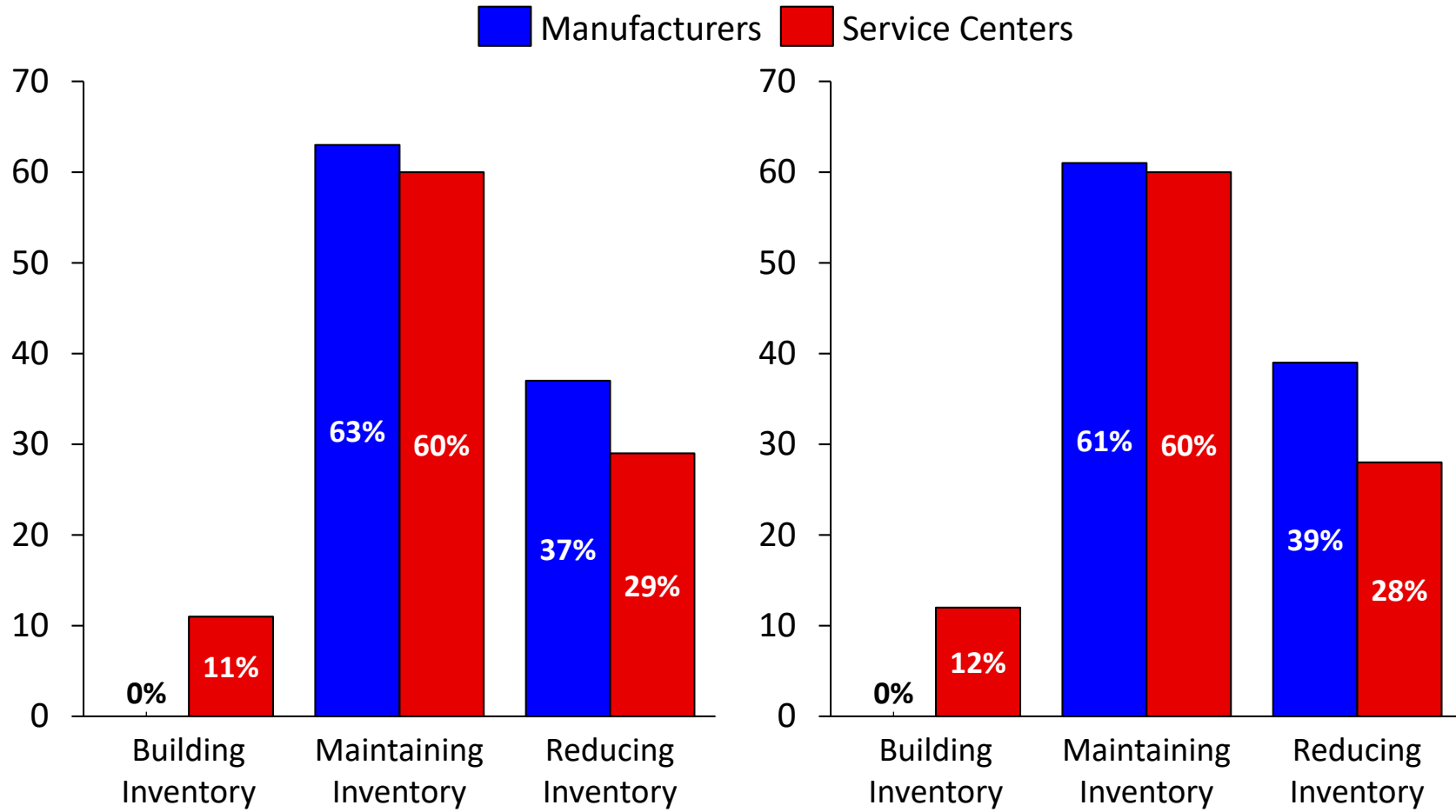
out of 100%



Manufacturer and Service Center Inventory Buying Patterns

November 21, 2018

December 7, 2018

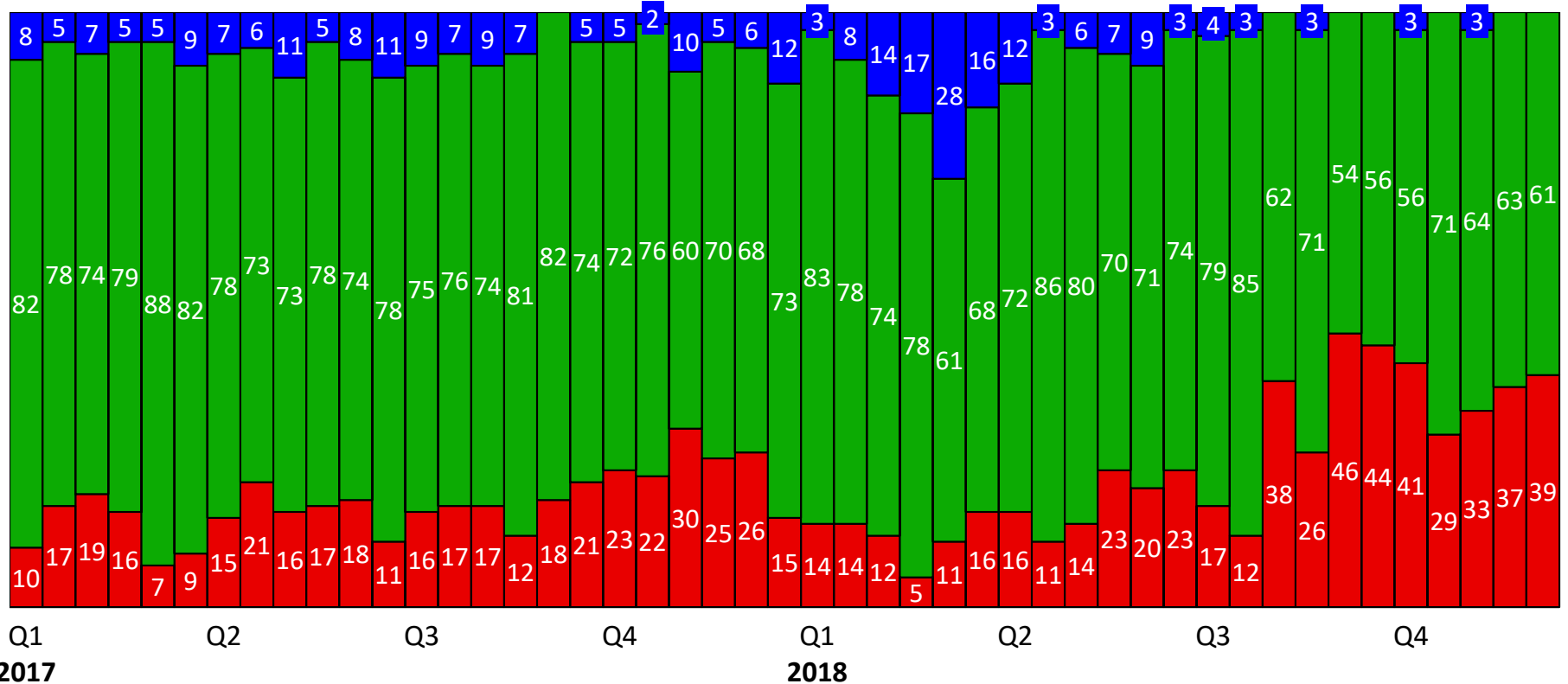


Manufacturer Inventory Buying History

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

■ Building Inventory
 ■ Maintaining Inventory
 ■ Reducing Inventory

out of 100%



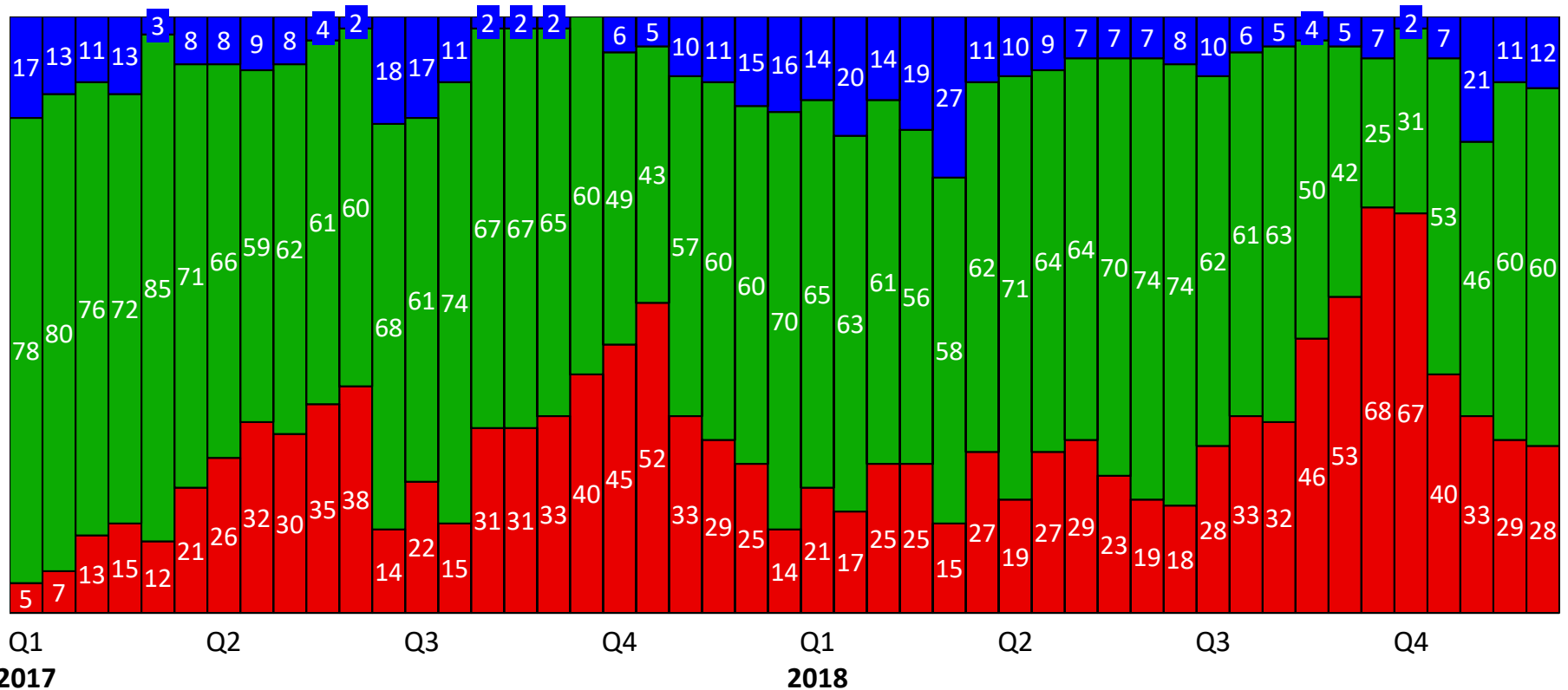
Service Center Inventory

Buying History

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

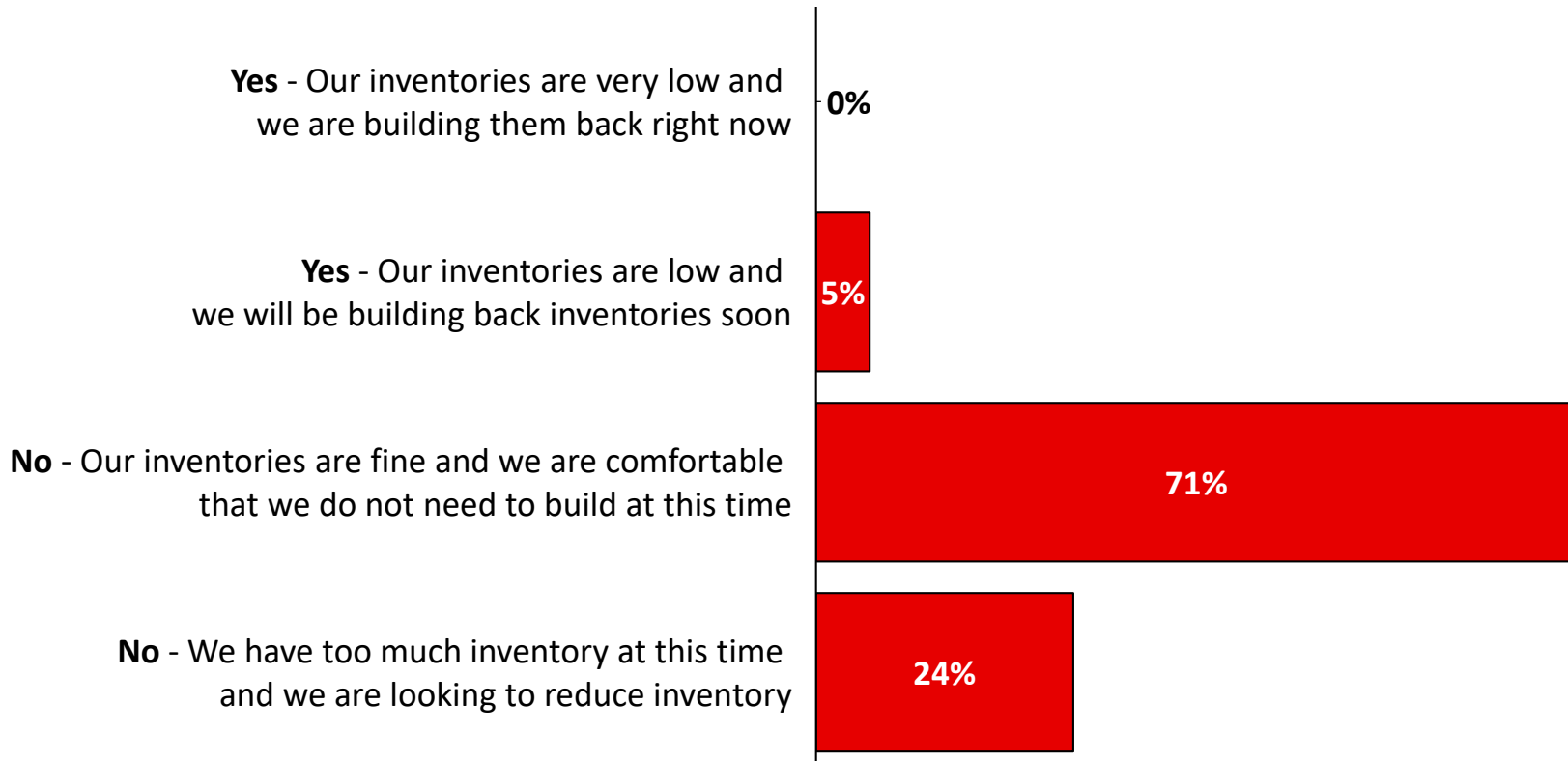
■ Building Inventory
 ■ Maintaining Inventory
 ■ Reducing Inventory

out of 100%



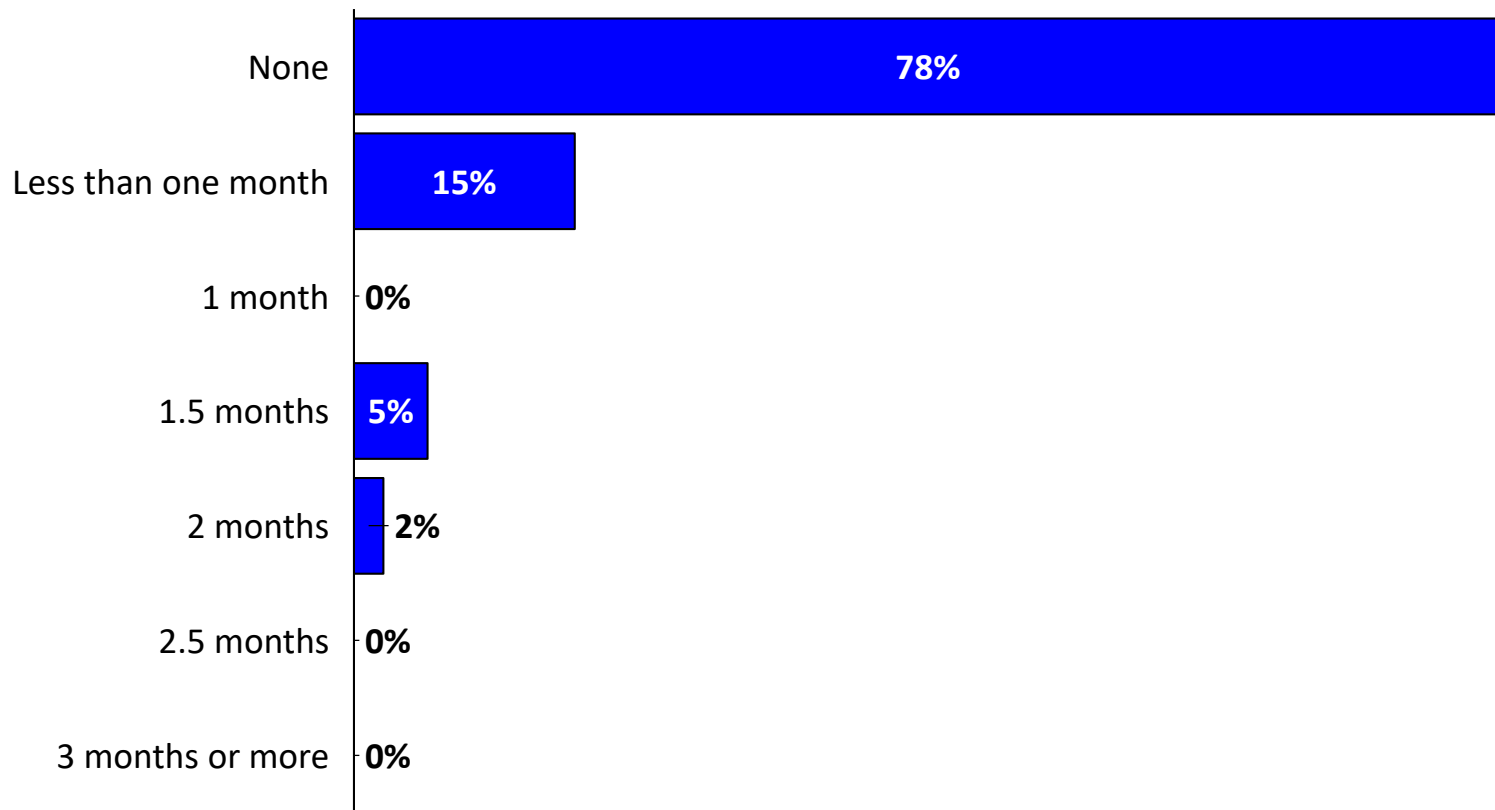
Service Center Inventories

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



Service Center Inventories

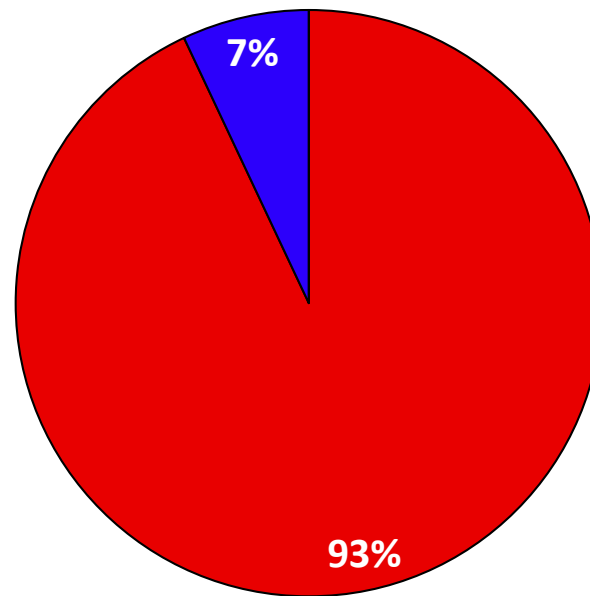
Service Centers- How many months of inventory do you have “off the books” in roll & hold and other arrangements where the steel is on the floor and available should you need it?



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

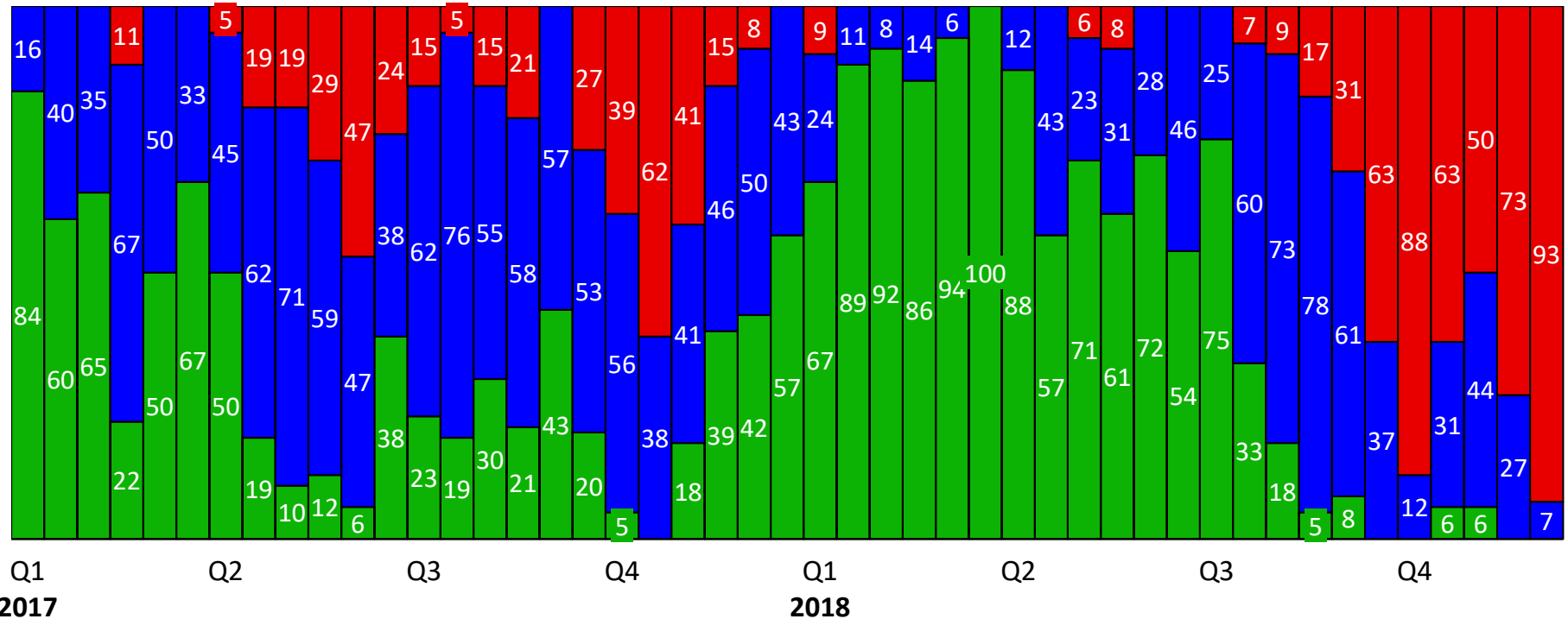


Manufacturer's View of Service Center Selling Prices History

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

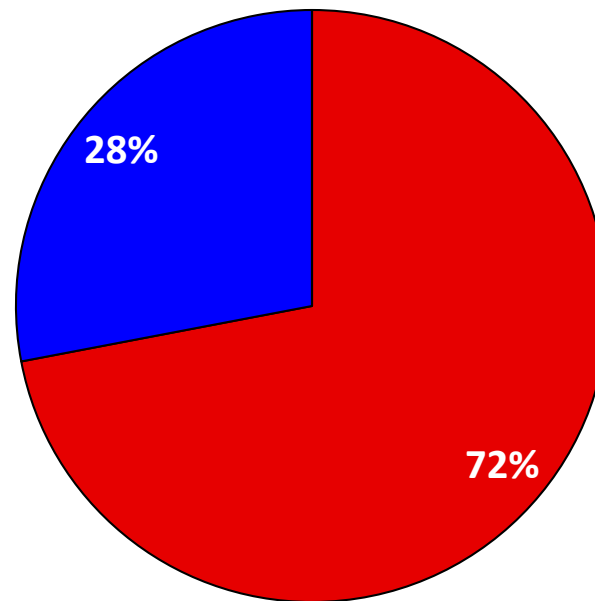
- We are seeing prices decreasing from our service centers
- We are seeing prices stable from our service centers
- We are seeing prices rising from our service centers

out of 100%

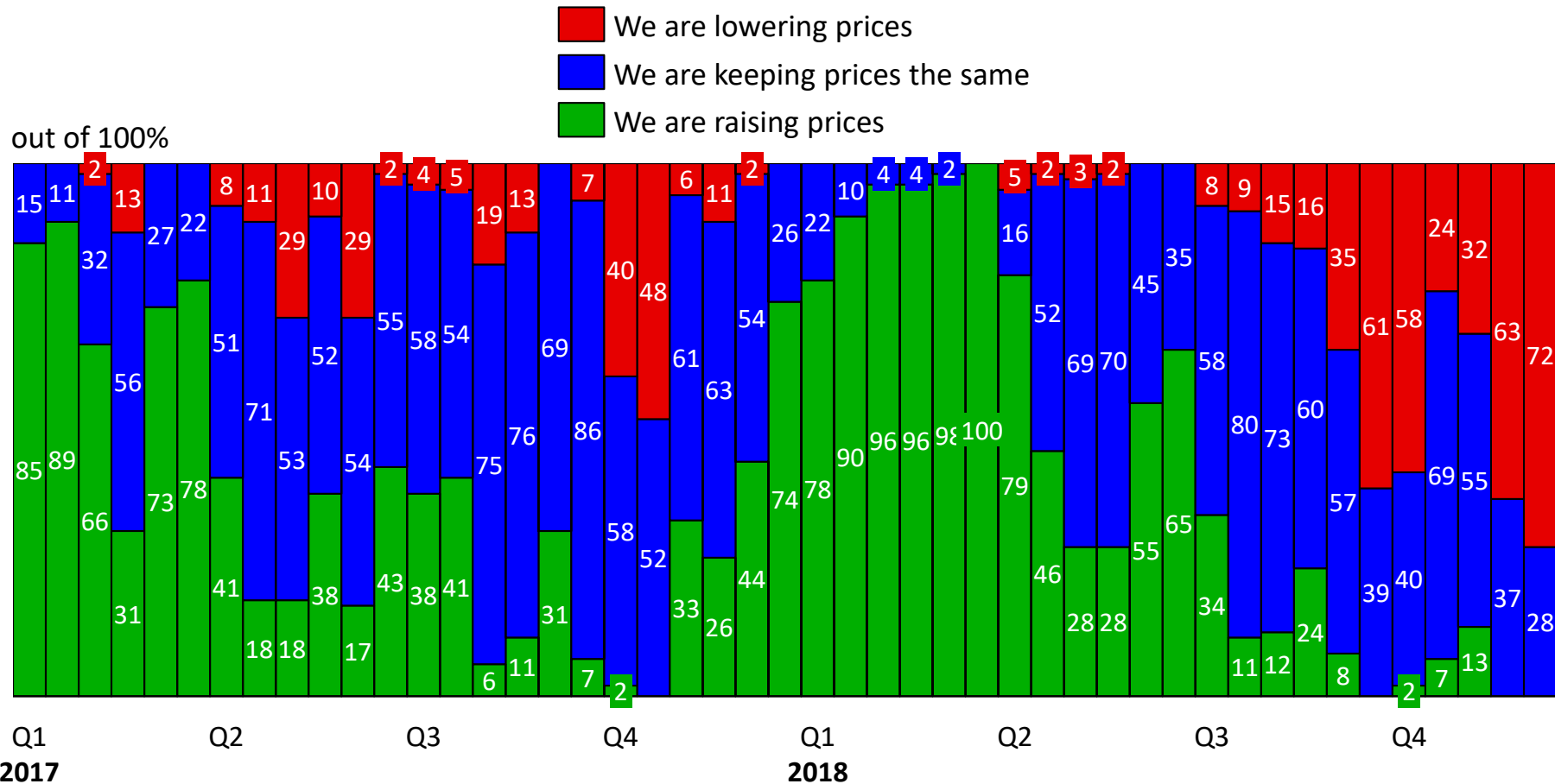


Service Centers- Compared to two weeks ago, how is your company handling spot pricing to your customers at this time?

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



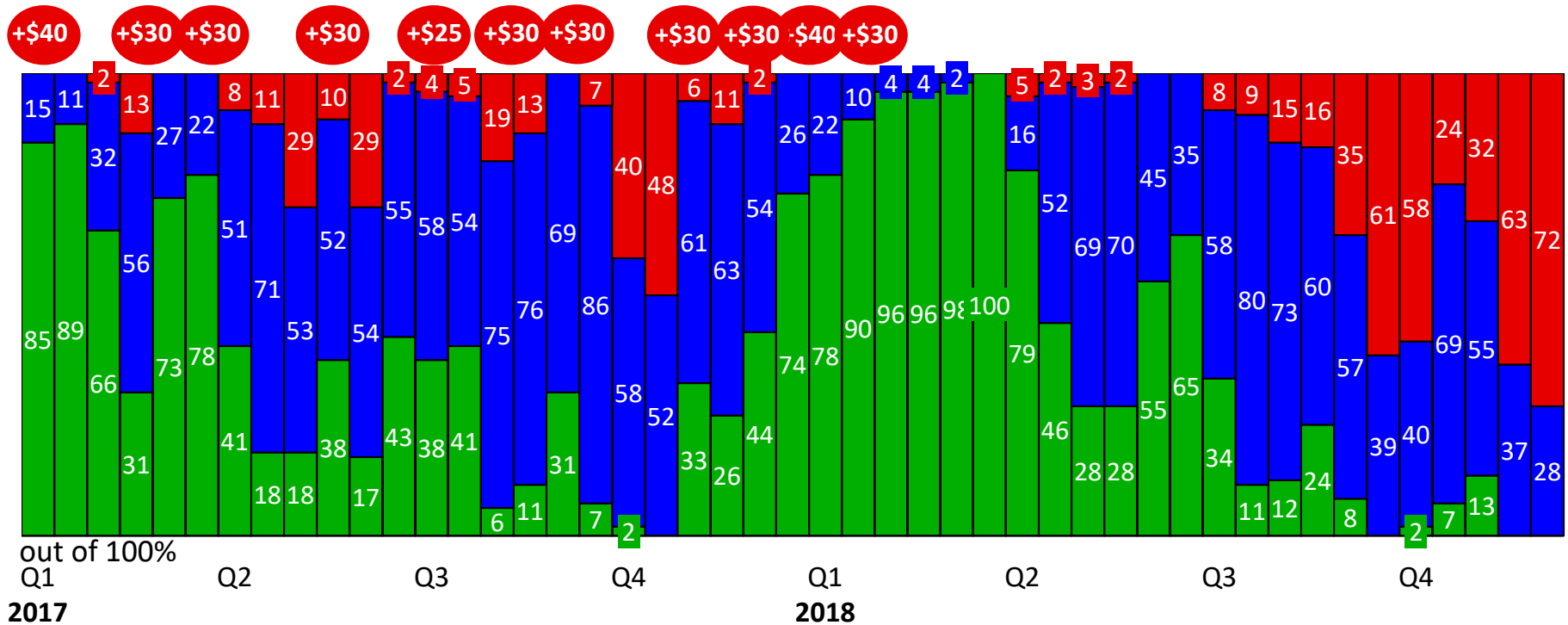
Service Centers- Compared to two weeks ago, how is your company handling spot pricing to your customers at this time?



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

Historical AK Steel Price Announcements

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

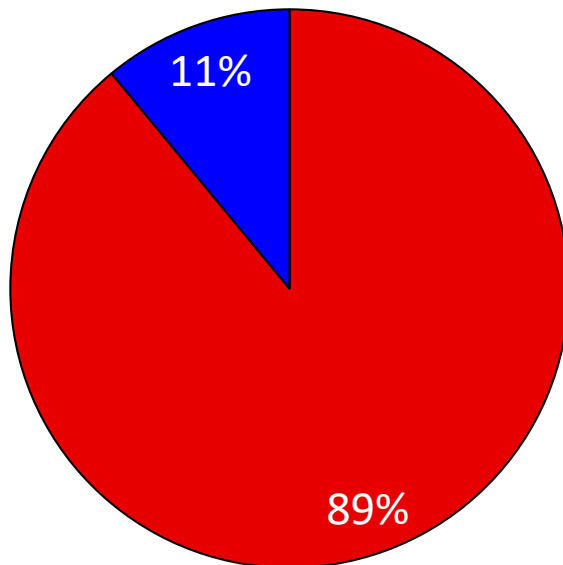


Passing Along Higher Prices

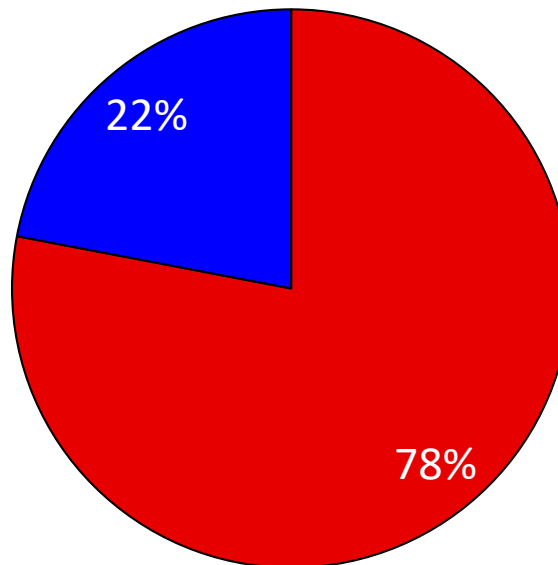
Service Centers- Are you having any difficulties in passing along the new higher prices to your customers?

Yes No

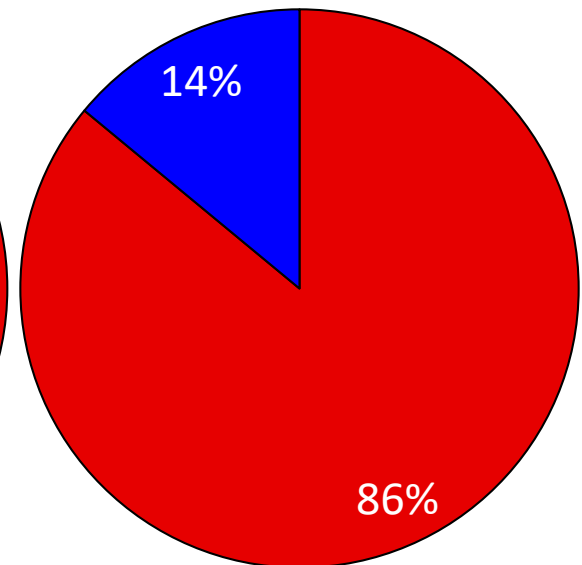
November 9, 2018






November 21, 2018

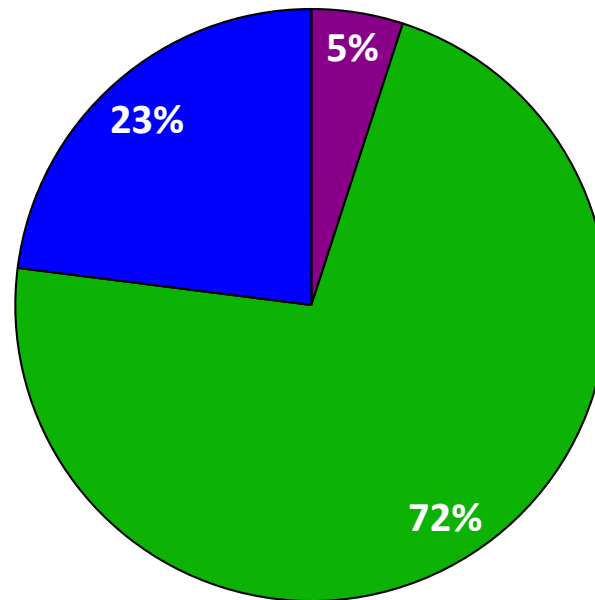


December 7, 2018



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

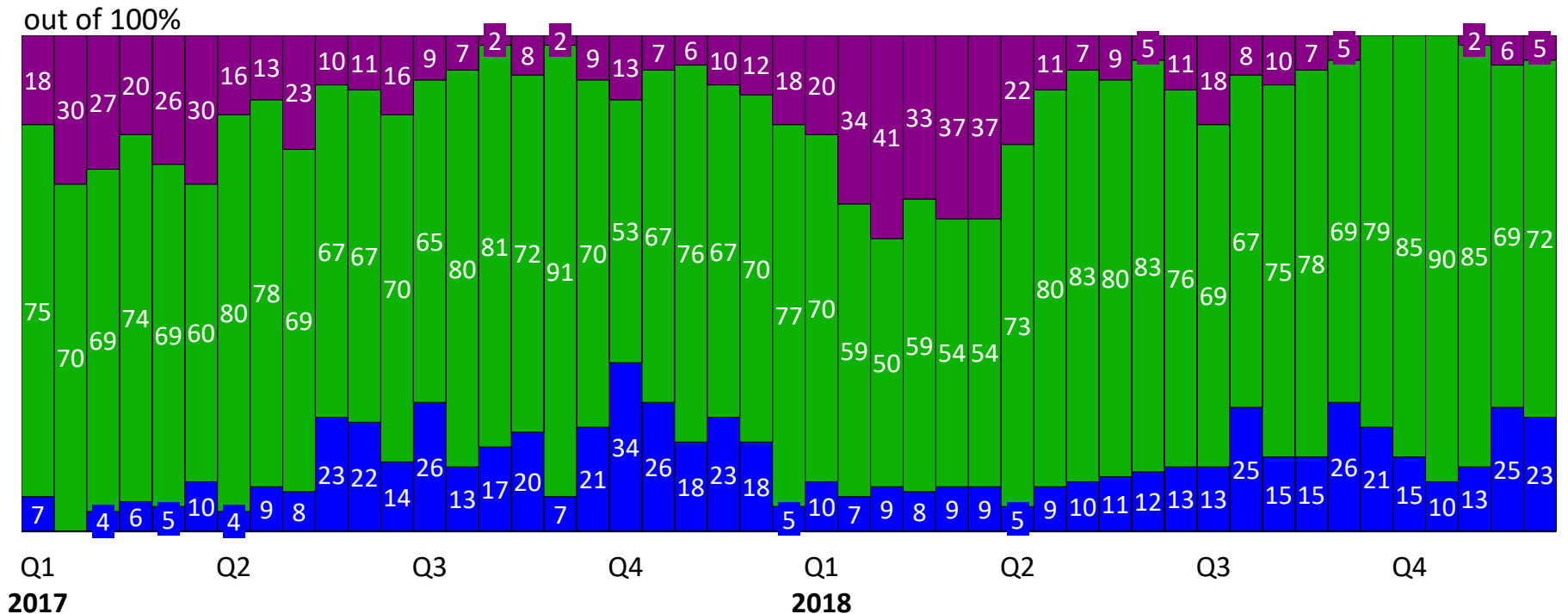
-  Our manufacturing customers are increasing orders
-  Our manufacturing customers are maintaining their orders
-  Our manufacturing customers are reducing their orders



Service Centers on Manufacturer Orders History

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

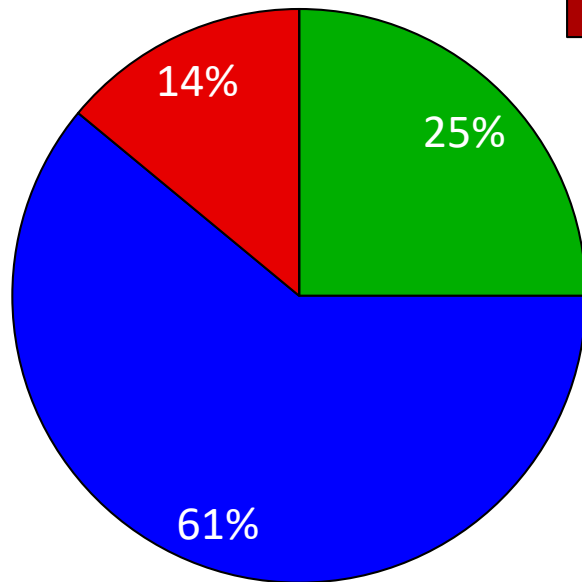
- Our manufacturing customers are increasing orders
- Our manufacturing customers are maintaining their orders
- Our manufacturing customers are reducing their orders



Mill Lead Times

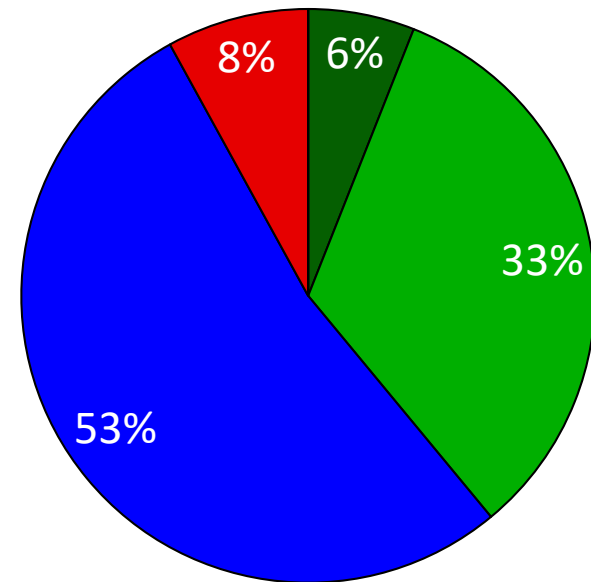
How would you describe domestic mill lead times for new orders placed right now?

Manufacturers



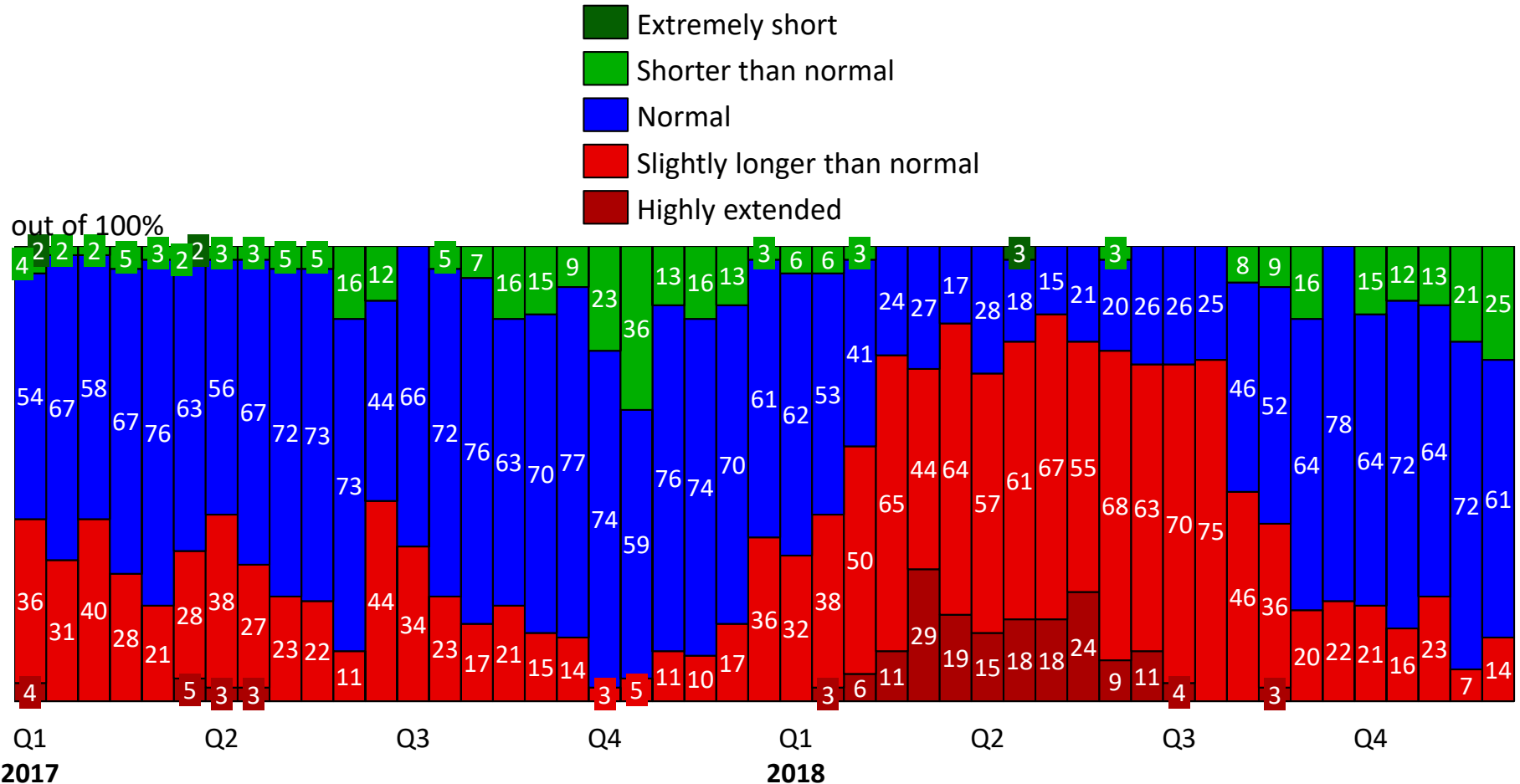
- Extremely short
- Shorter than normal
- Normal
- Slightly longer than normal
- Highly extended

Service Centers



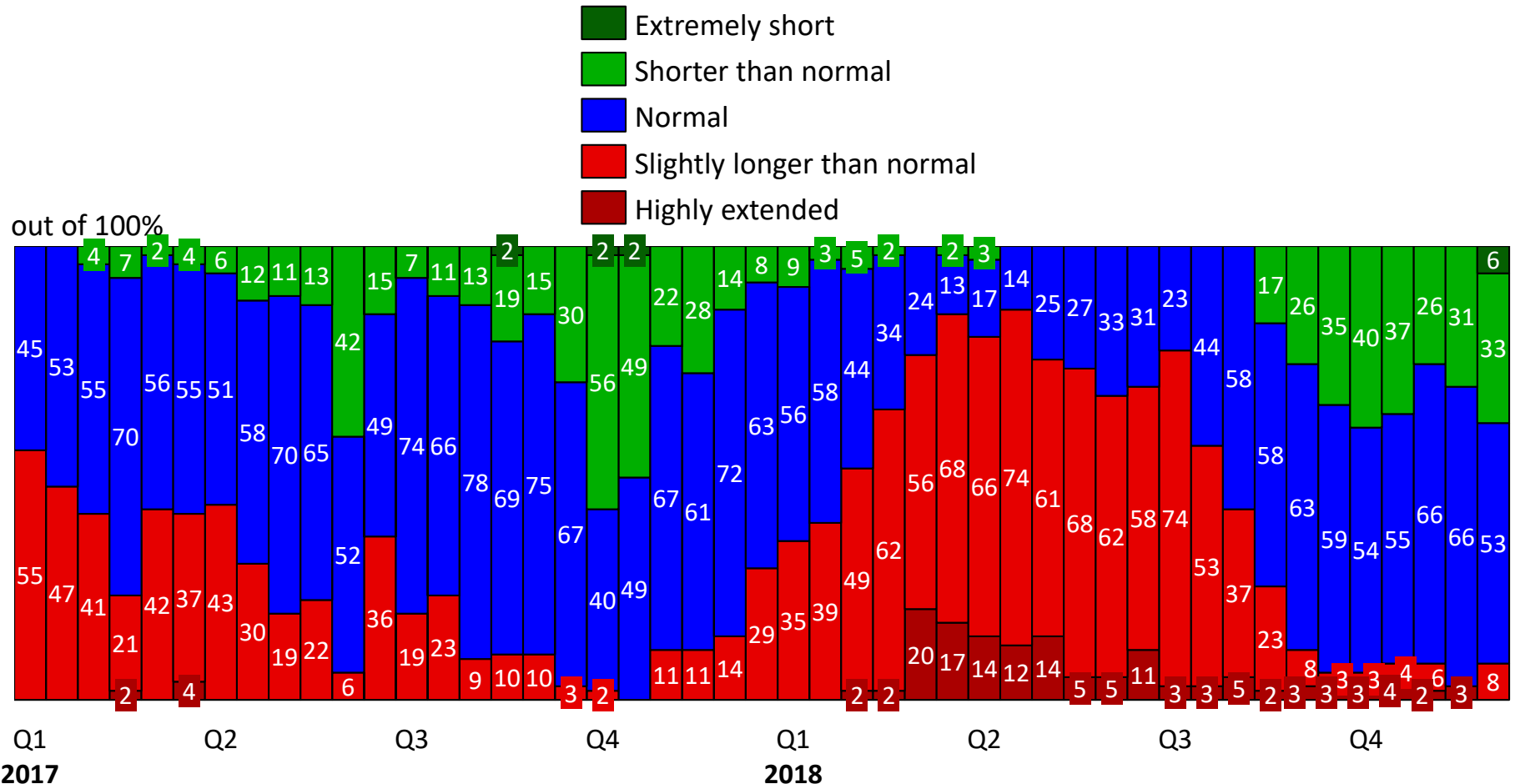
Mill Lead Times History

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



Mill Lead Times History

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

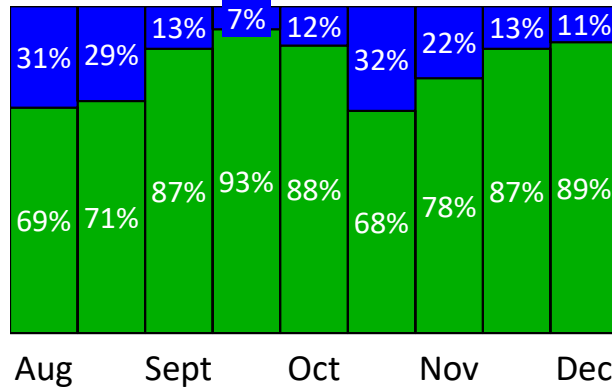


Mill Negotiations

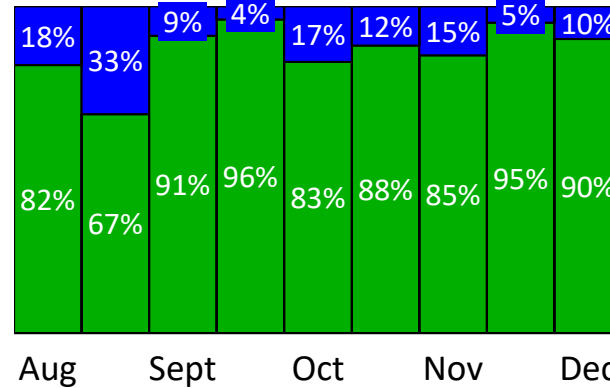
Are you finding the domestic mills are willing to negotiate pricing on brand new orders placed this week?

Yes No

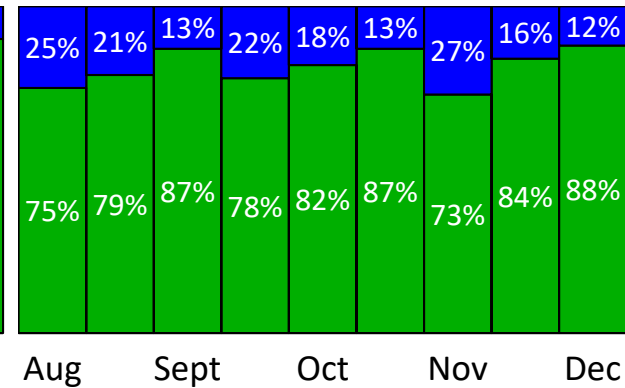
Hot Rolled



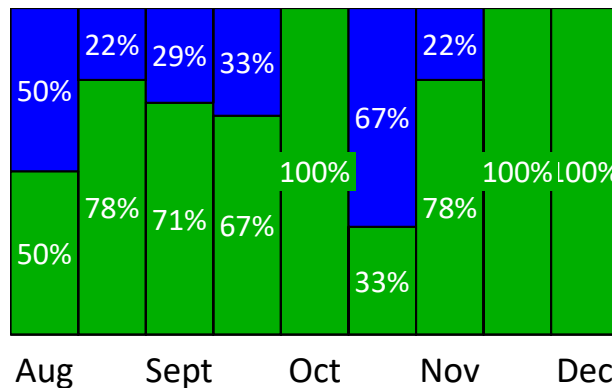
Cold Rolled



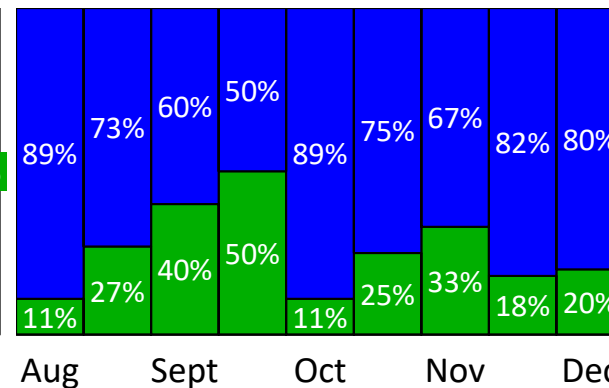
Galvanized



Galvalume

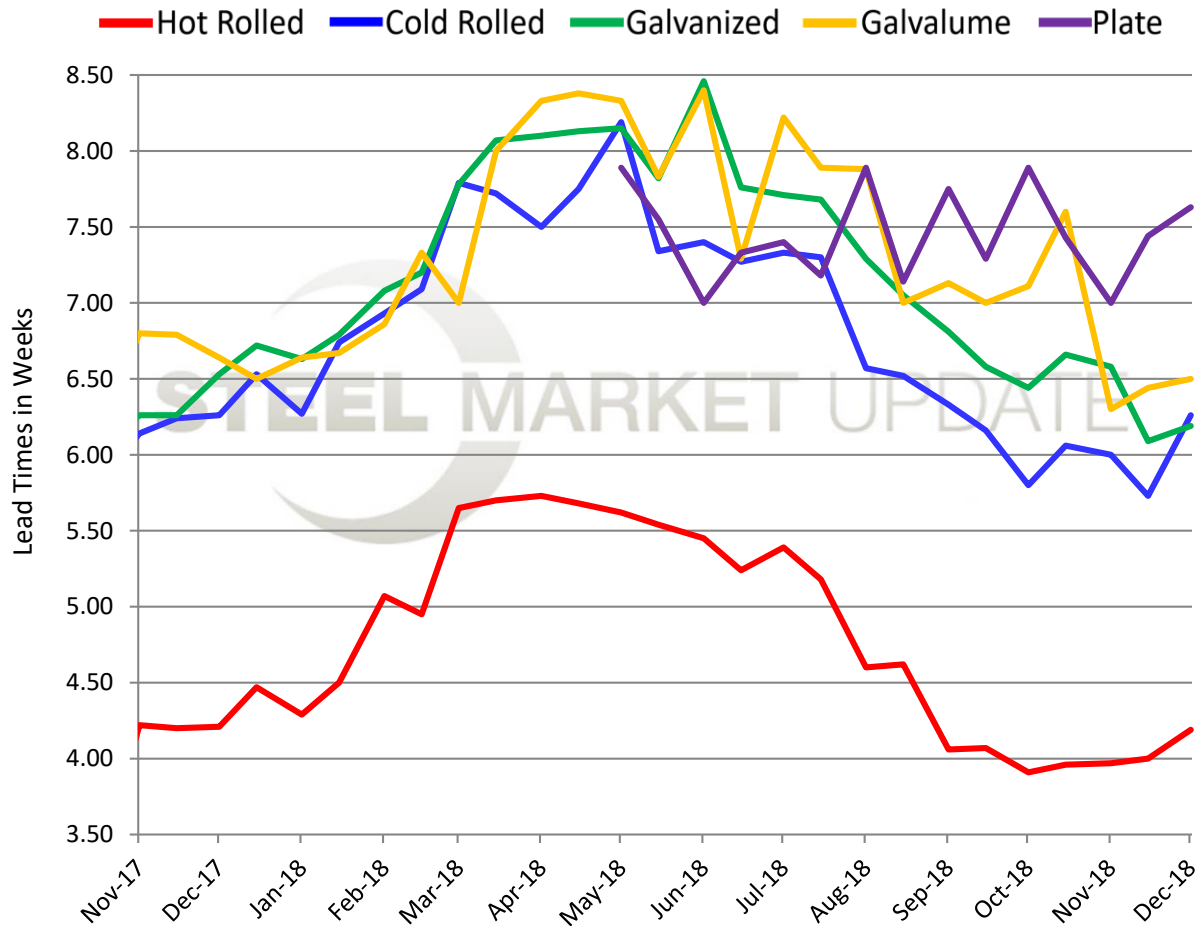


Plate



Mill Lead Times

Steel Market Update Lead Times Comparison



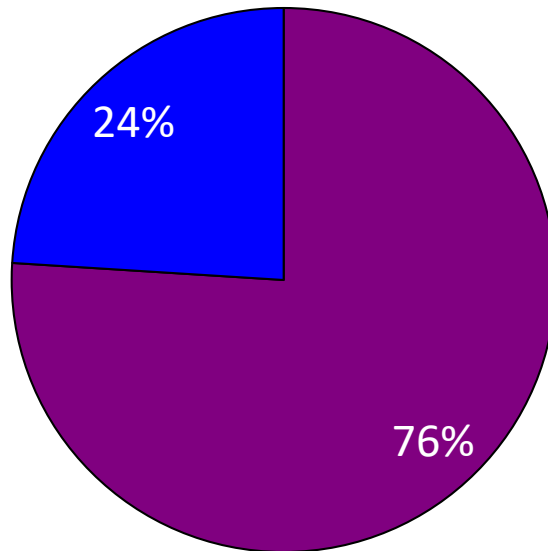
Hot Rolled: 4.19
Cold Rolled: 6.26
Galvanized: 6.19
Galvalume: 6.50
Plate: 7.63

Foreign Steel

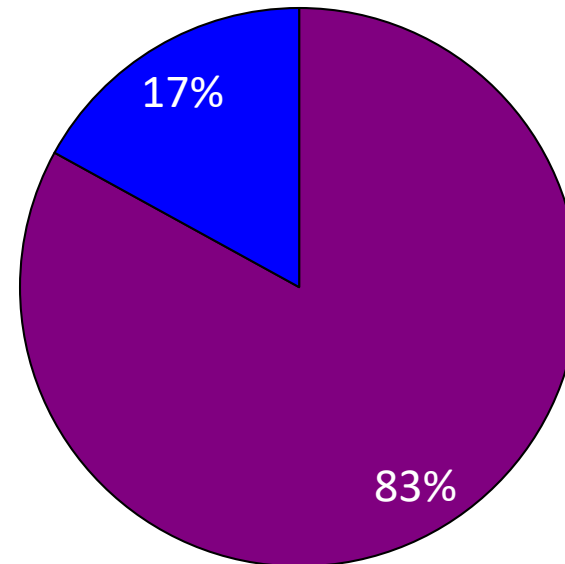
Does your company buy foreign steel?

■ Yes ■ No

Manufacturers



Service Centers

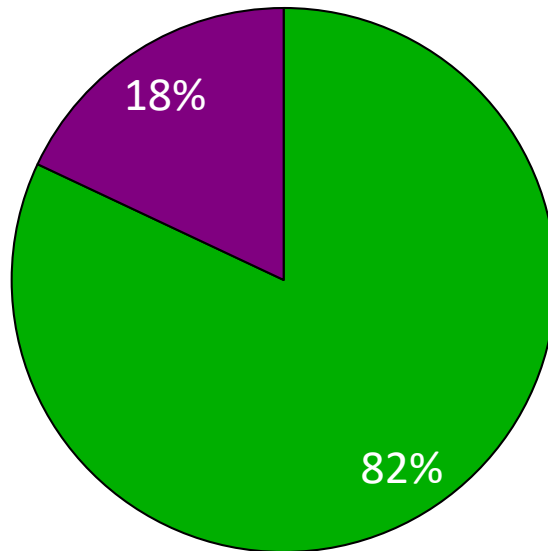


Foreign Steel

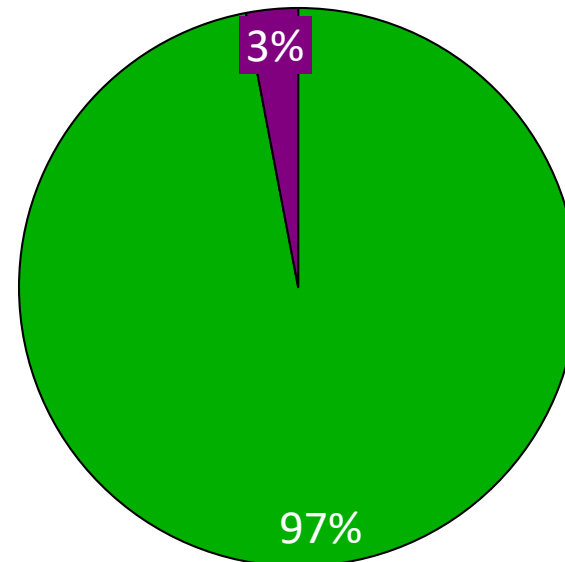
Are your foreign steel suppliers quoting you prices for new orders for future delivery?

Yes No

Manufacturers



Service Centers

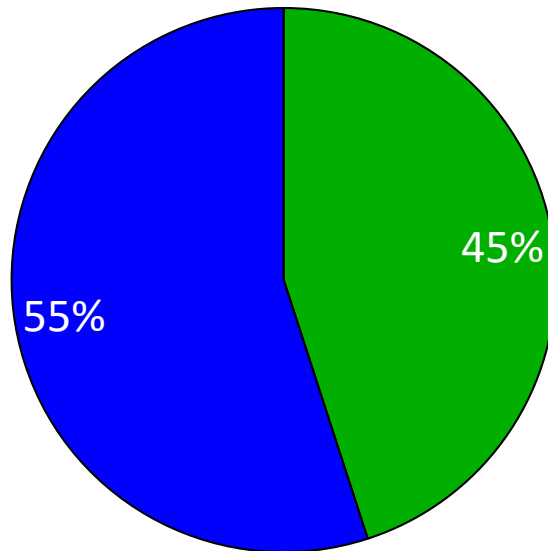


Foreign Steel

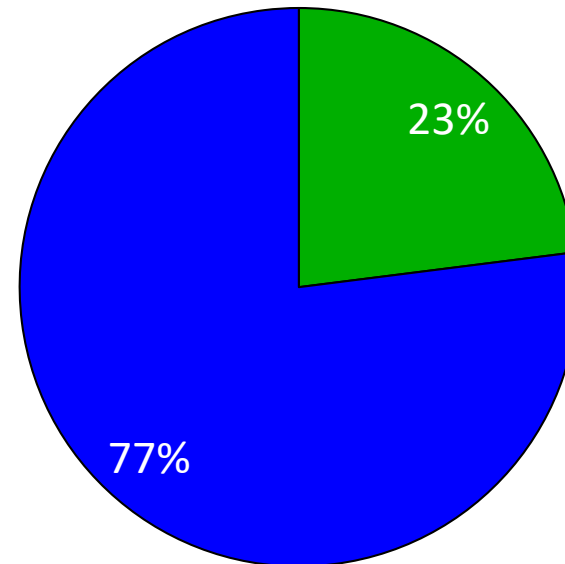
Are you moving foreign orders to the domestic steel mills?

Yes No

Manufacturers



Service Centers

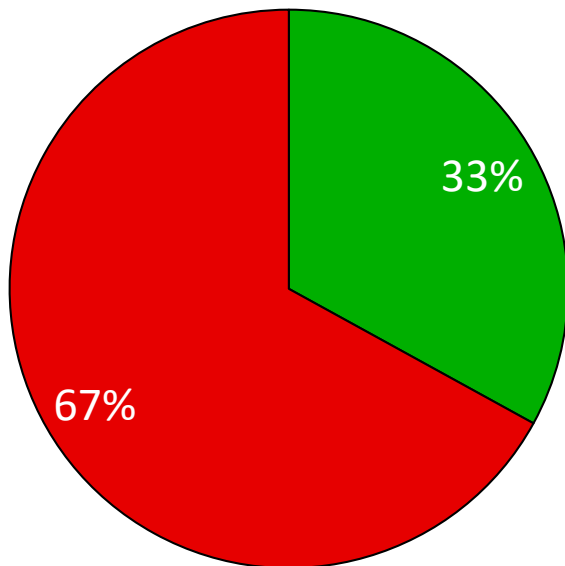


Trading Companies

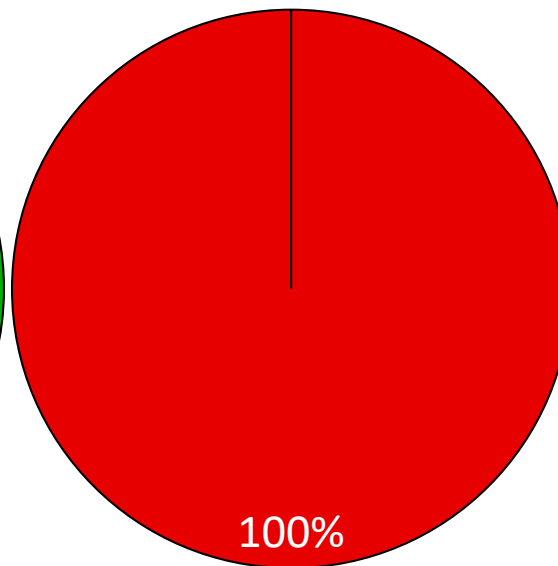
At this time, are you seeing an increase in requests for quotes from North American buyers for foreign steel?

Yes No

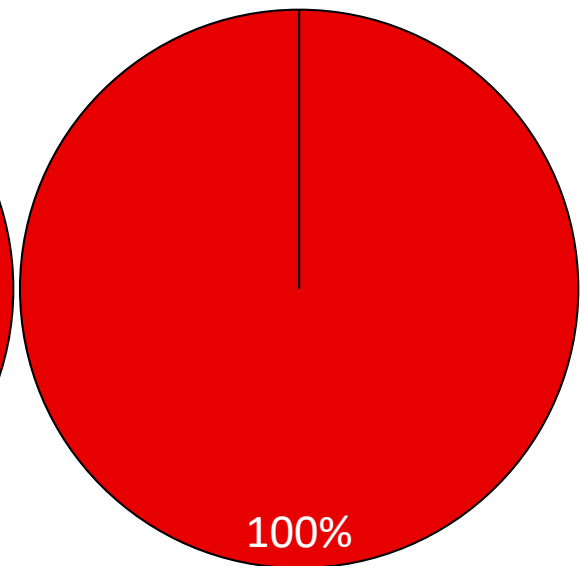
November 9, 2018



November 21, 2018



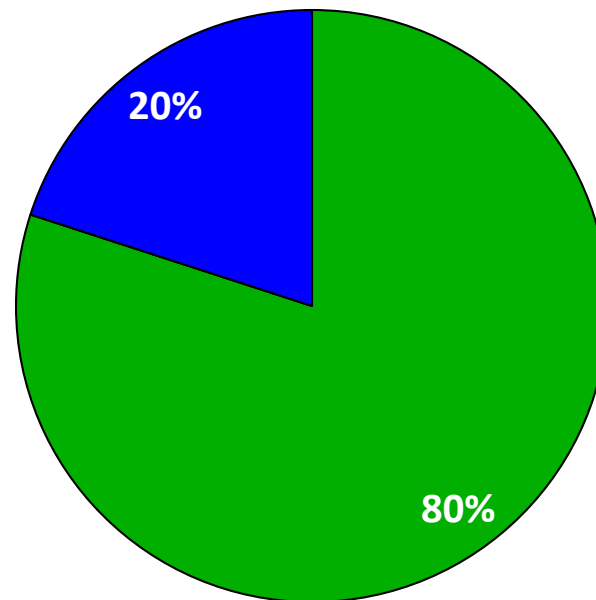
December 7, 2018



Trading Companies

Based on your company's order flows do you believe there will be less foreign steel coming into the United States in Q4 2018 than 3Q 2018?

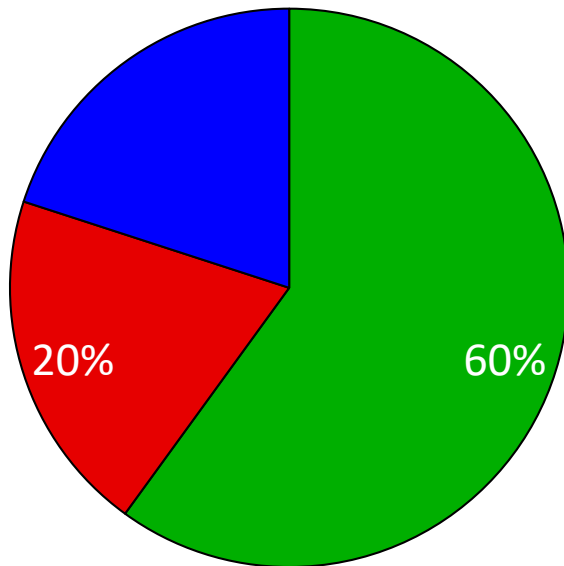
Less More Same as now



Trading Companies

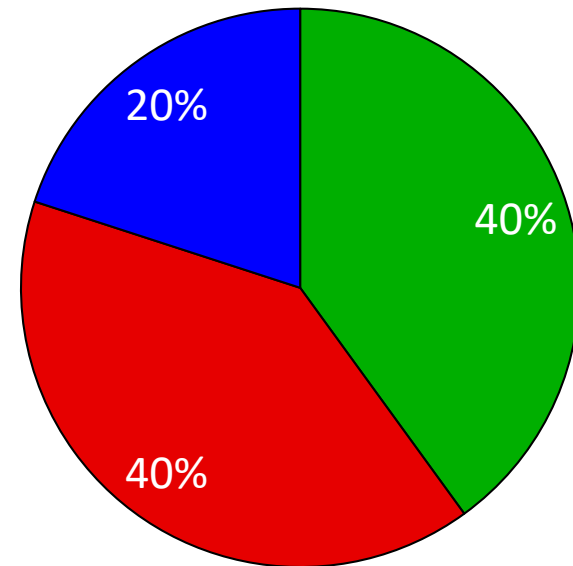
Will your galvanized prices be competitive enough to get new orders (including the new duties)?

- Yes
- No
- Too early to tell



Will your Galvalume prices be competitive enough to get new orders (including the new duties)?

- Yes
- No
- Too early to tell



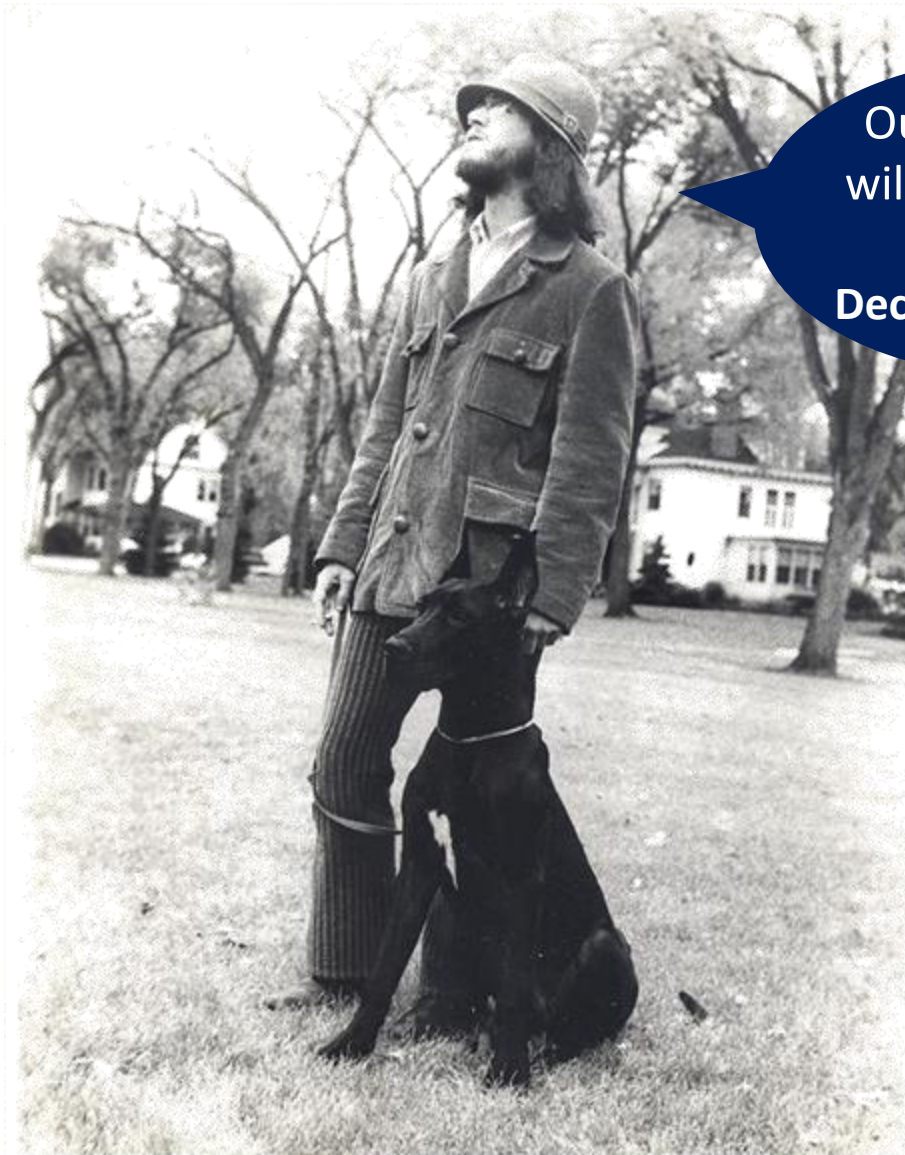
Questions?

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
December 17, 2018



STEEL MARKET UPDATE

part of the  Group

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