



STEEL MARKET UPDATE

SMU Flat Rolled Market Trends Analysis

Responses from our February 13th, 2017 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 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 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

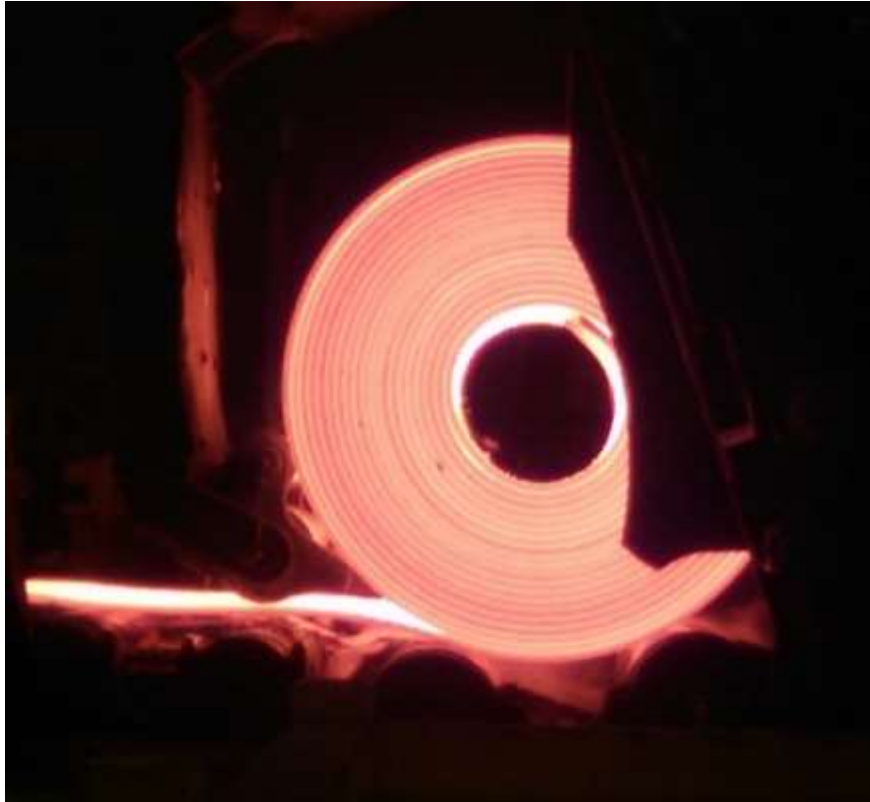
Instructors: John Eckstein, John Packard, Peter Wright, Steve Painter, & Mario Briccetti (not shown in photo)

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



Next Steel 101 Workshop

April 11-12, 2017



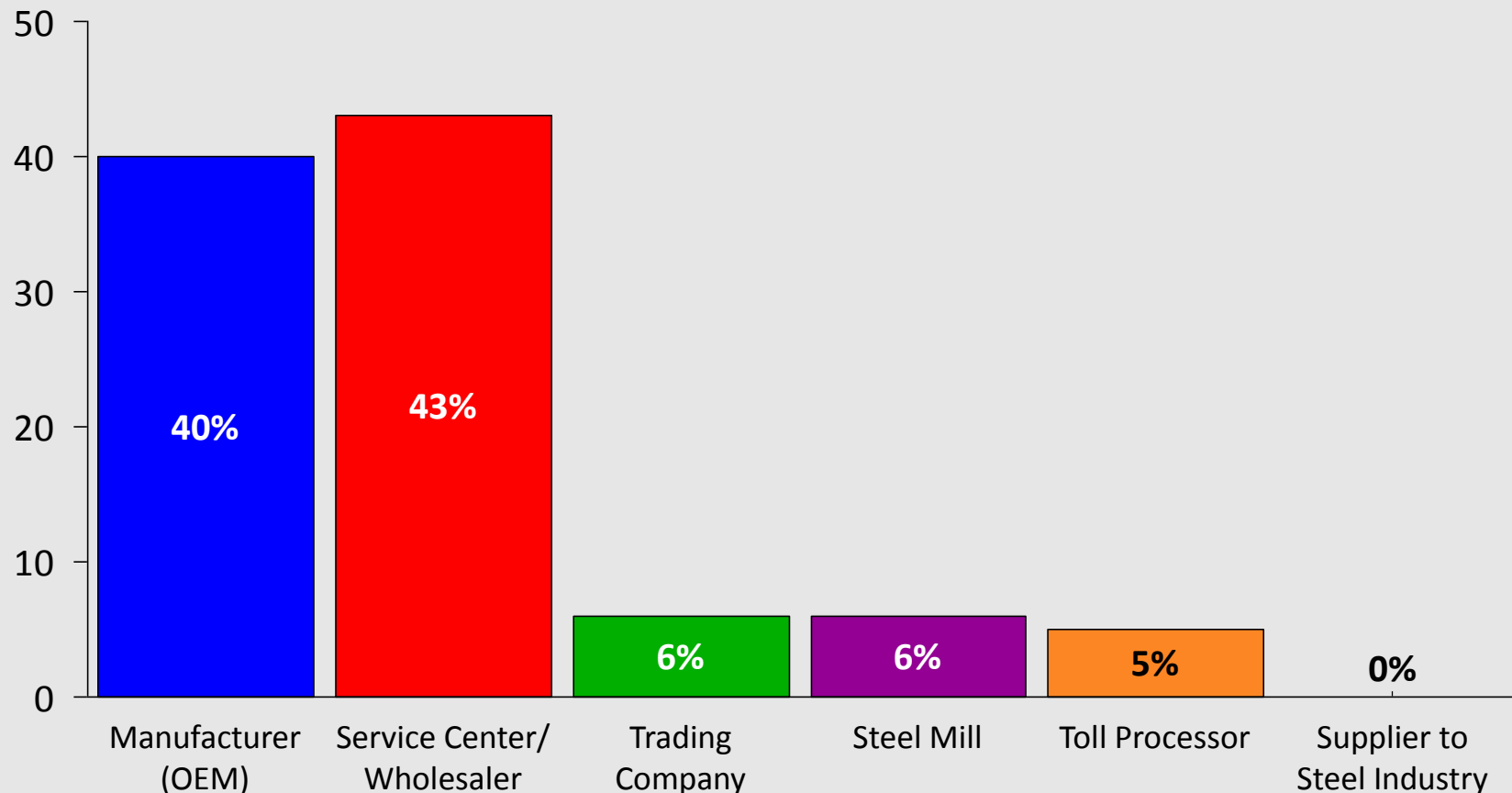
Steel 101 Workshop, NLMK Indiana 2015

Our next Steel 101 workshop is in Toledo, Ohio on April 11-12, 2017 and includes a tour of the North Star BlueScope 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

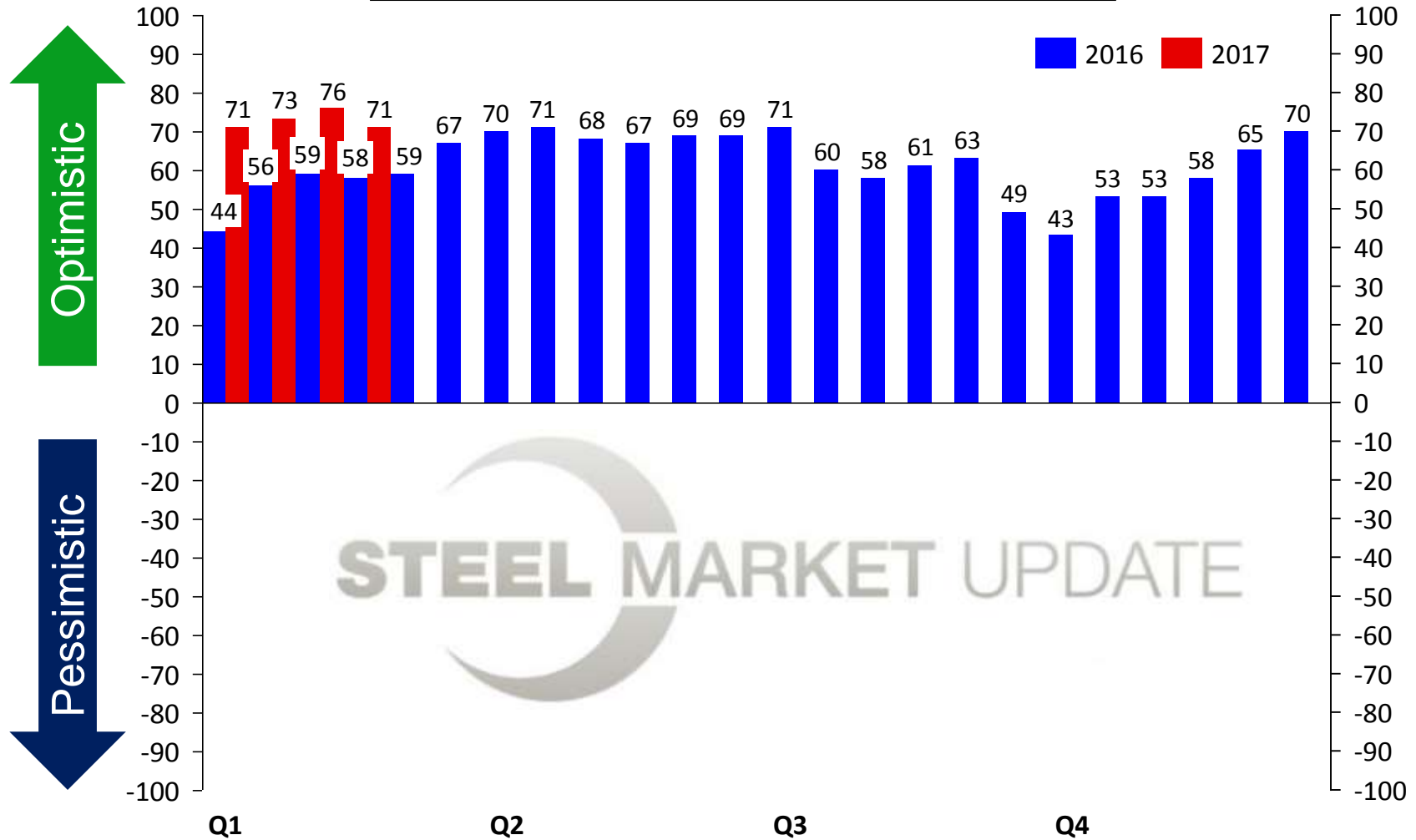
Our survey is by invitation only- Over 600 companies, mostly in the manufacturing or distribution industries, are asked to participate. Here are the percentages of participation in this week's survey by market sector.



SMU Buyers Sentiment Index

Down 5 points to +71

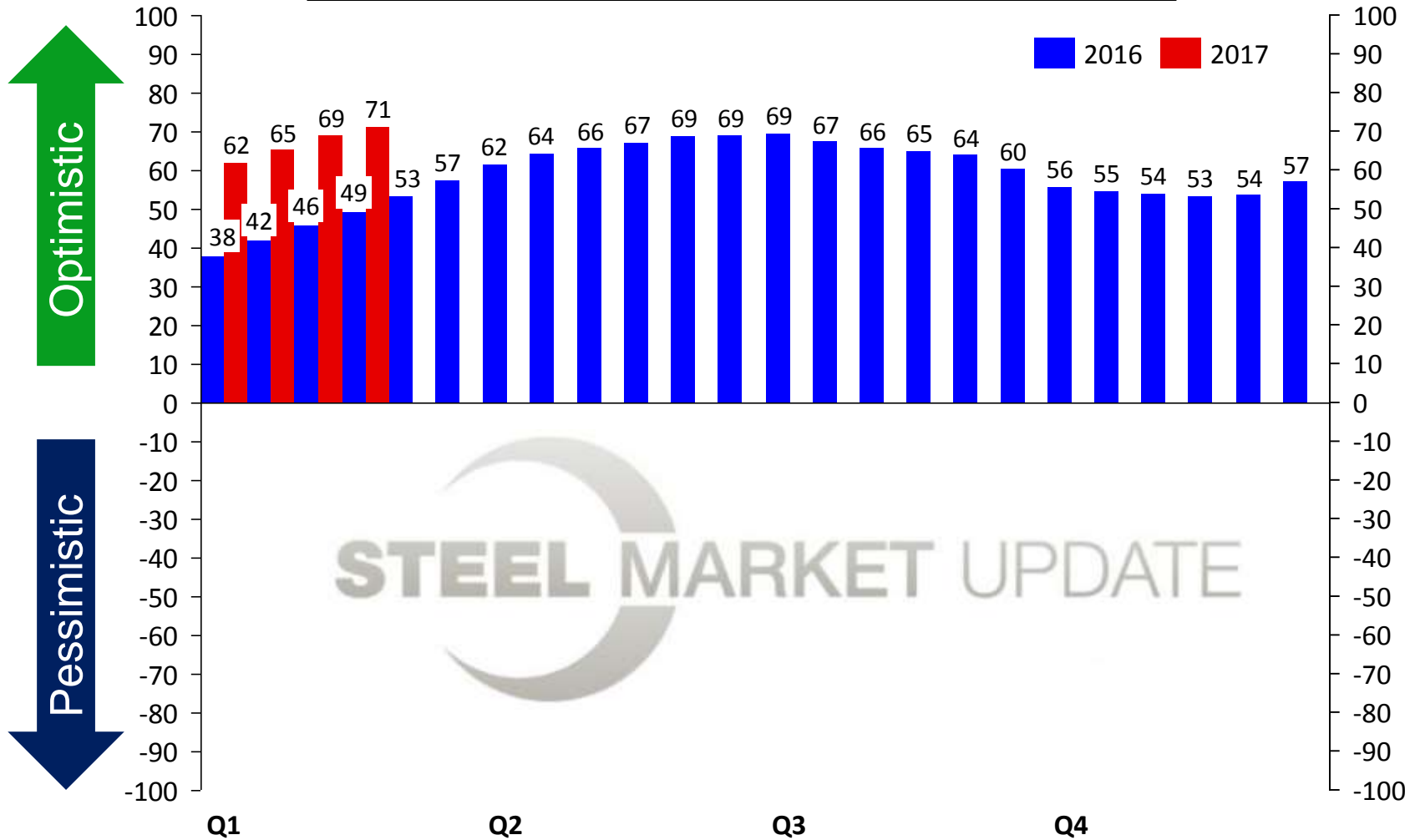
Steel Market Update Buyers Sentiment Index



SMU Buyers Sentiment Index

Three Month Moving Average at +71.00

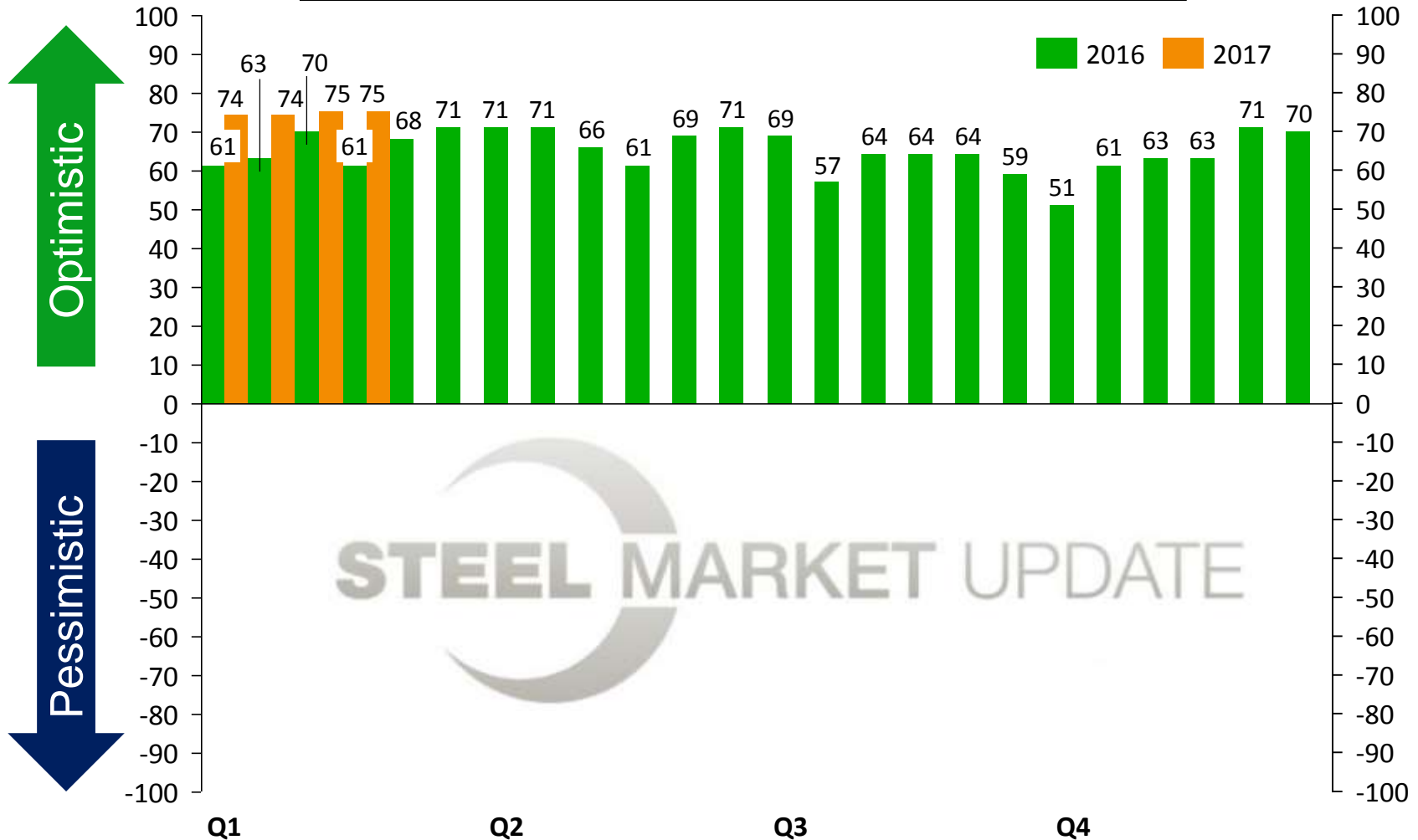
Steel Market Update Buyers Sentiment Index 3MMA



SMU Future Buyers Sentiment Index

Unchanged at +75

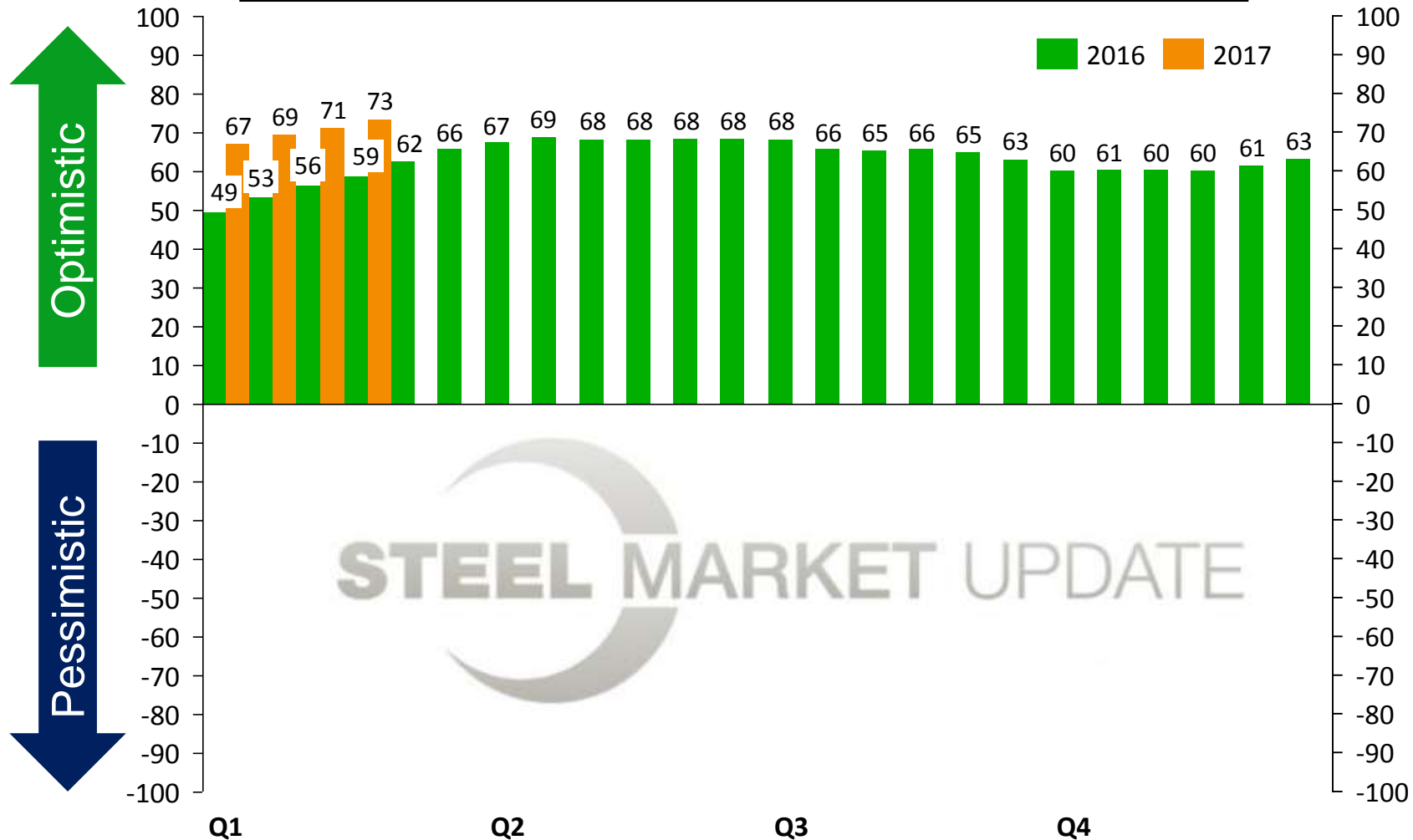
Steel Market Update 'Future' Buyers Sentiment Index



SMU Future Buyers Sentiment Index

Three Month Moving Average at +73.17

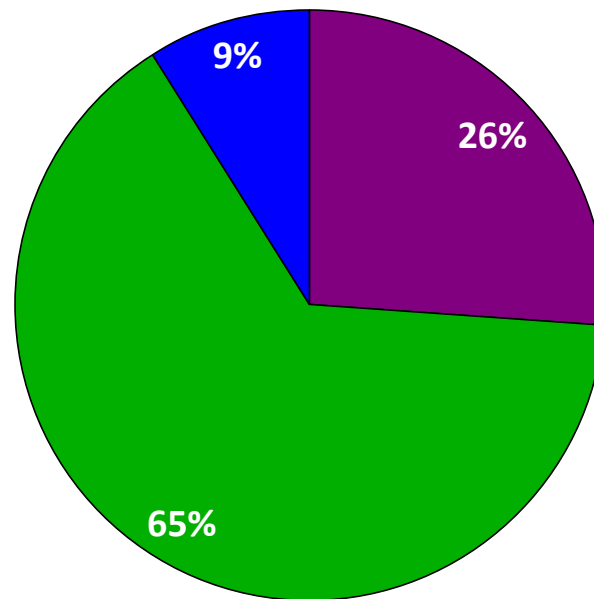
Steel Market Update 'Future' Buyers Sentiment Index 3MMA



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

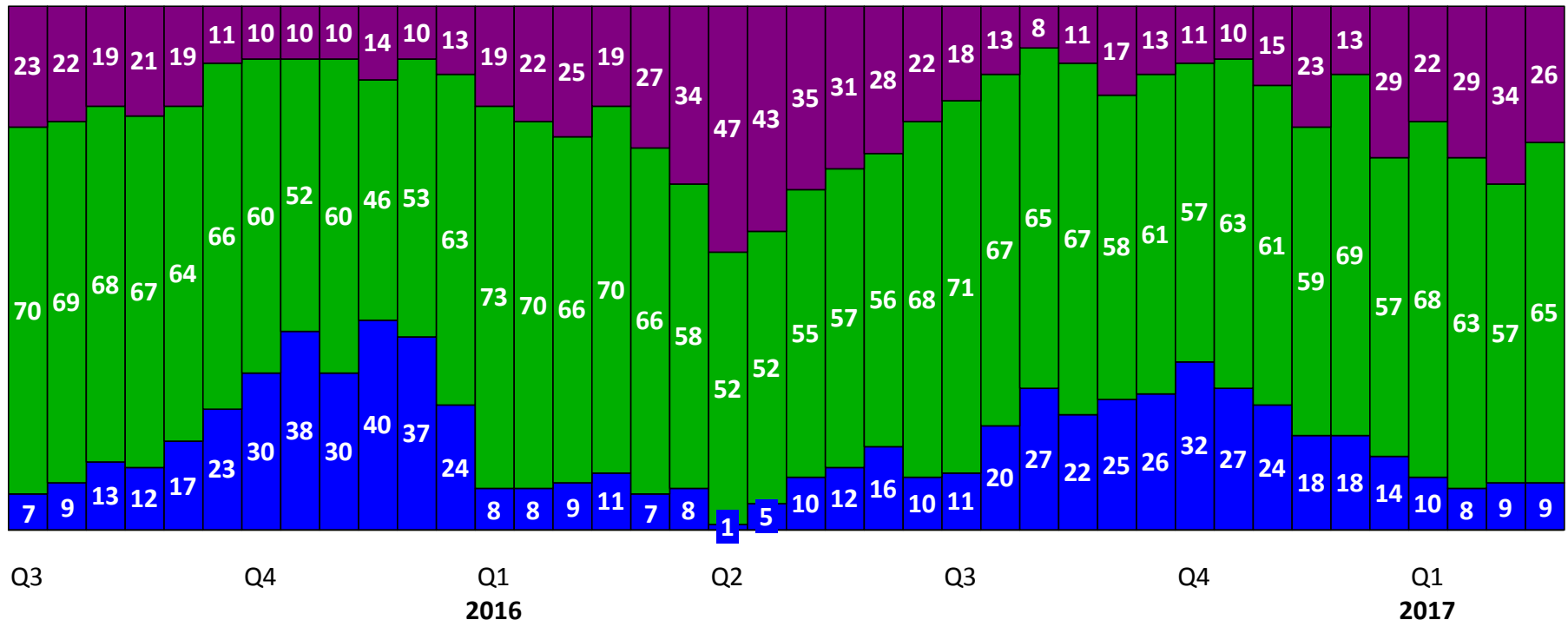


Overall Demand History

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

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

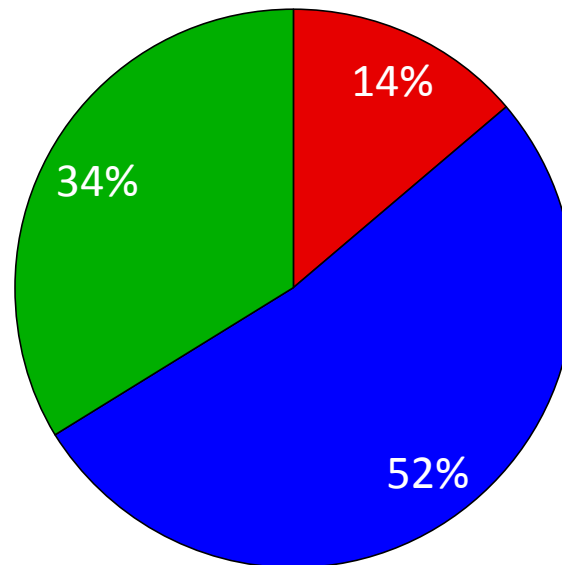
out of 100%



Flat Rolled Prices

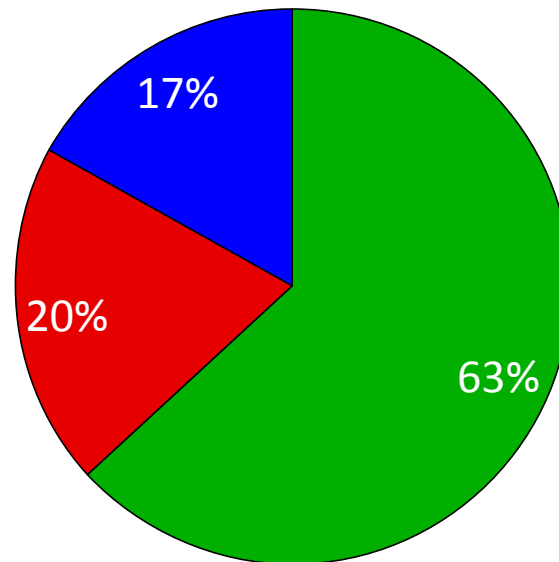
Over the next few weeks
flat rolled steel prices will _____?

- Go higher
- Remain where they are now
- Go lower



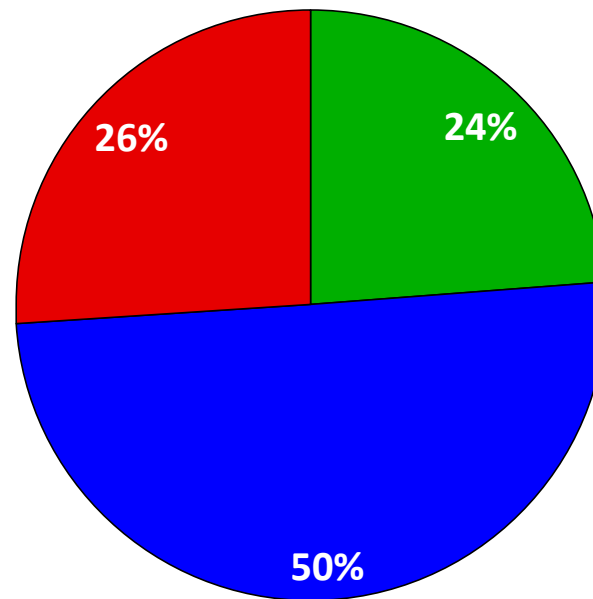
Do you have any concerns that there may be too little supply of HR, CR or Coated during calendar year 2017?

- No concerns as there is plenty of supply
- Yes we have concerns that our supply may be restricted
- No opinion



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

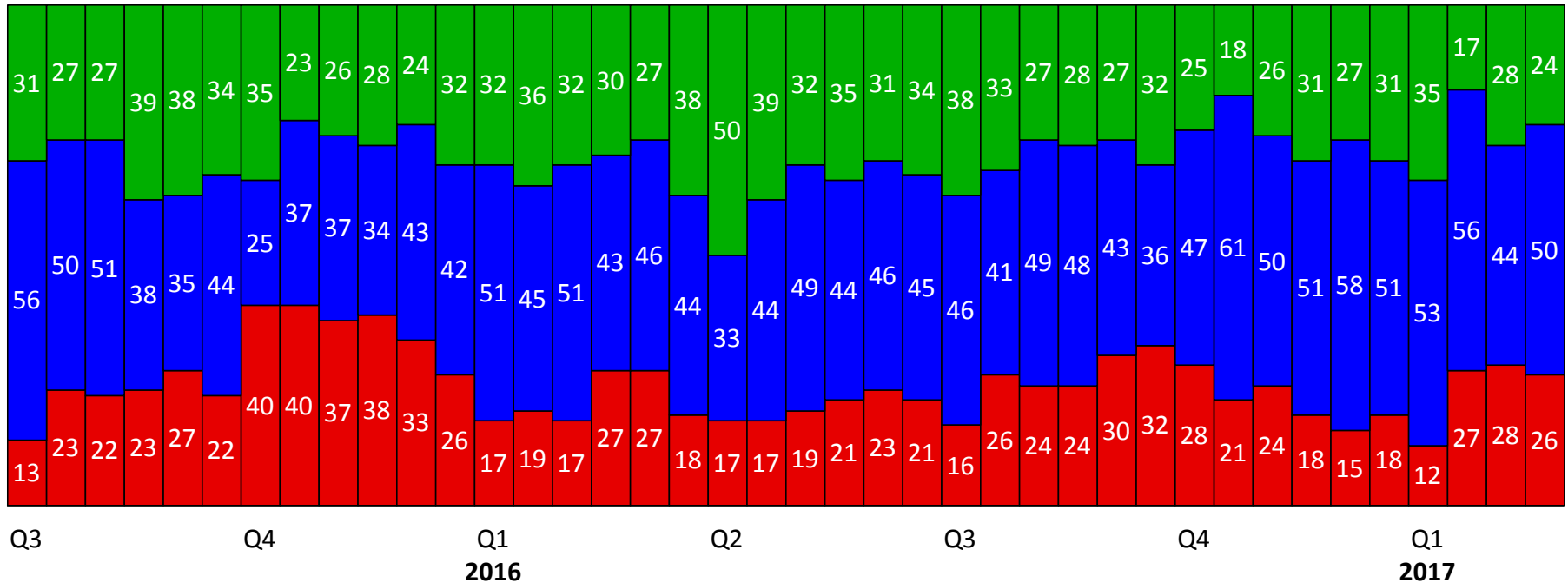


History of Manufacturer Purchases

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?

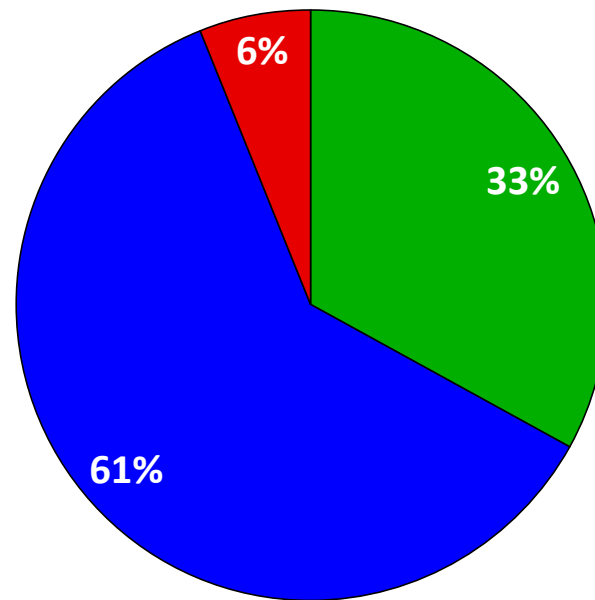
- Buying more steel
- Buying the same amount of steel
- Buying less steel

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

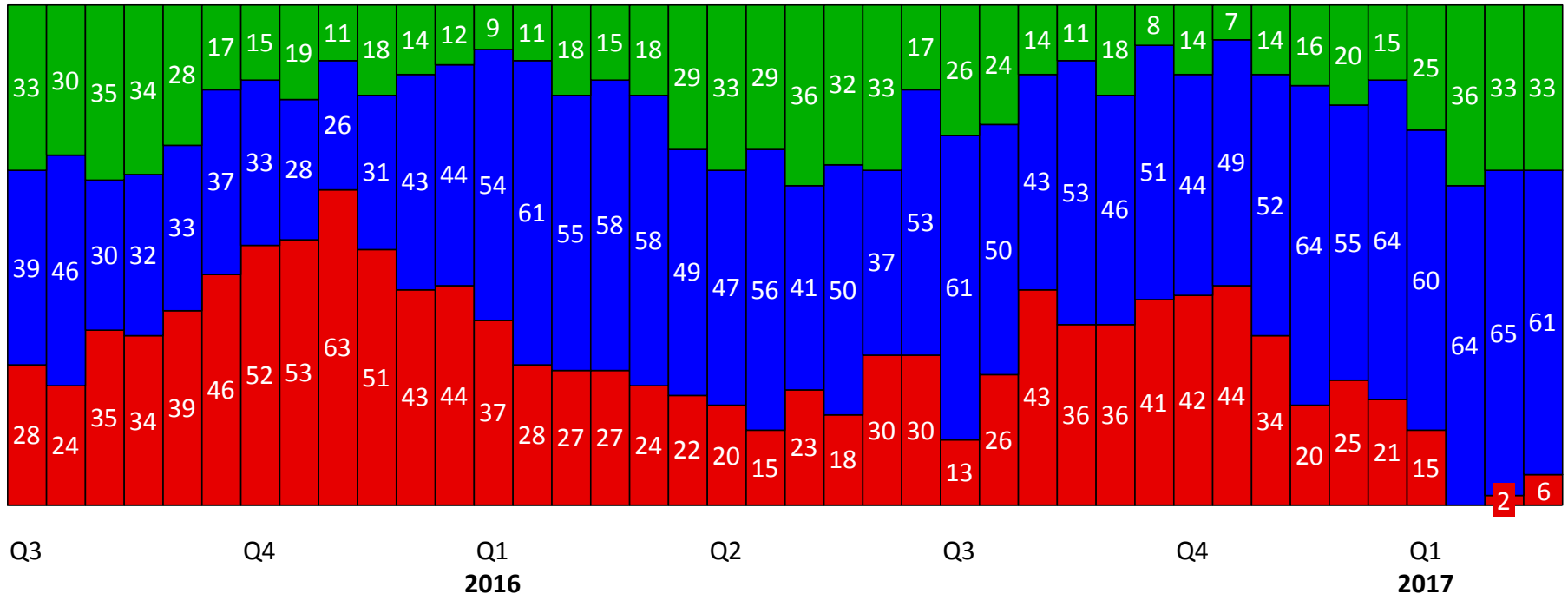


Service Center Release History

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

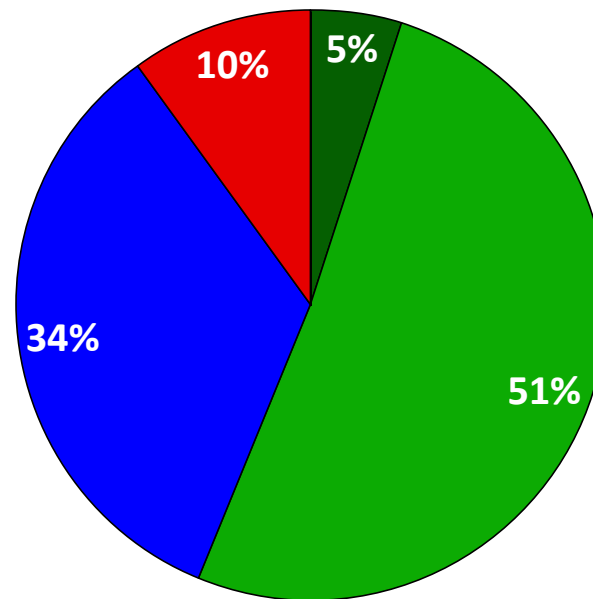
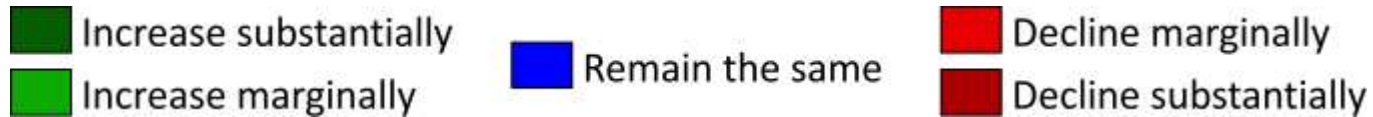
- Releasing more steel
- Releasing the same amount of steel
- Releasing less steel

out of 100%



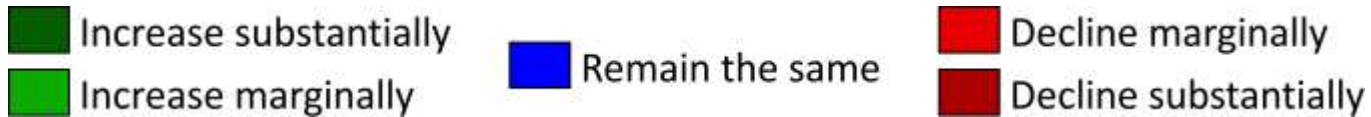
Manufacturer Demand

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

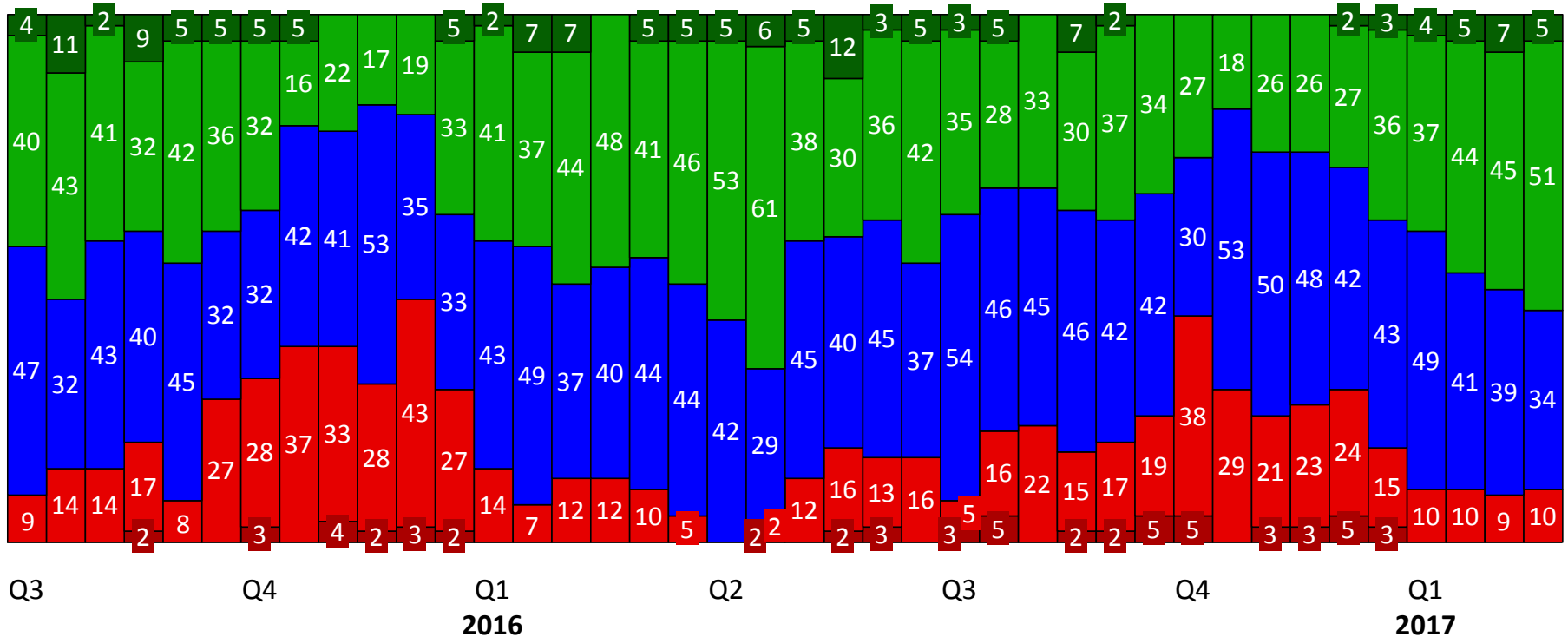


Manufacturer Demand History

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



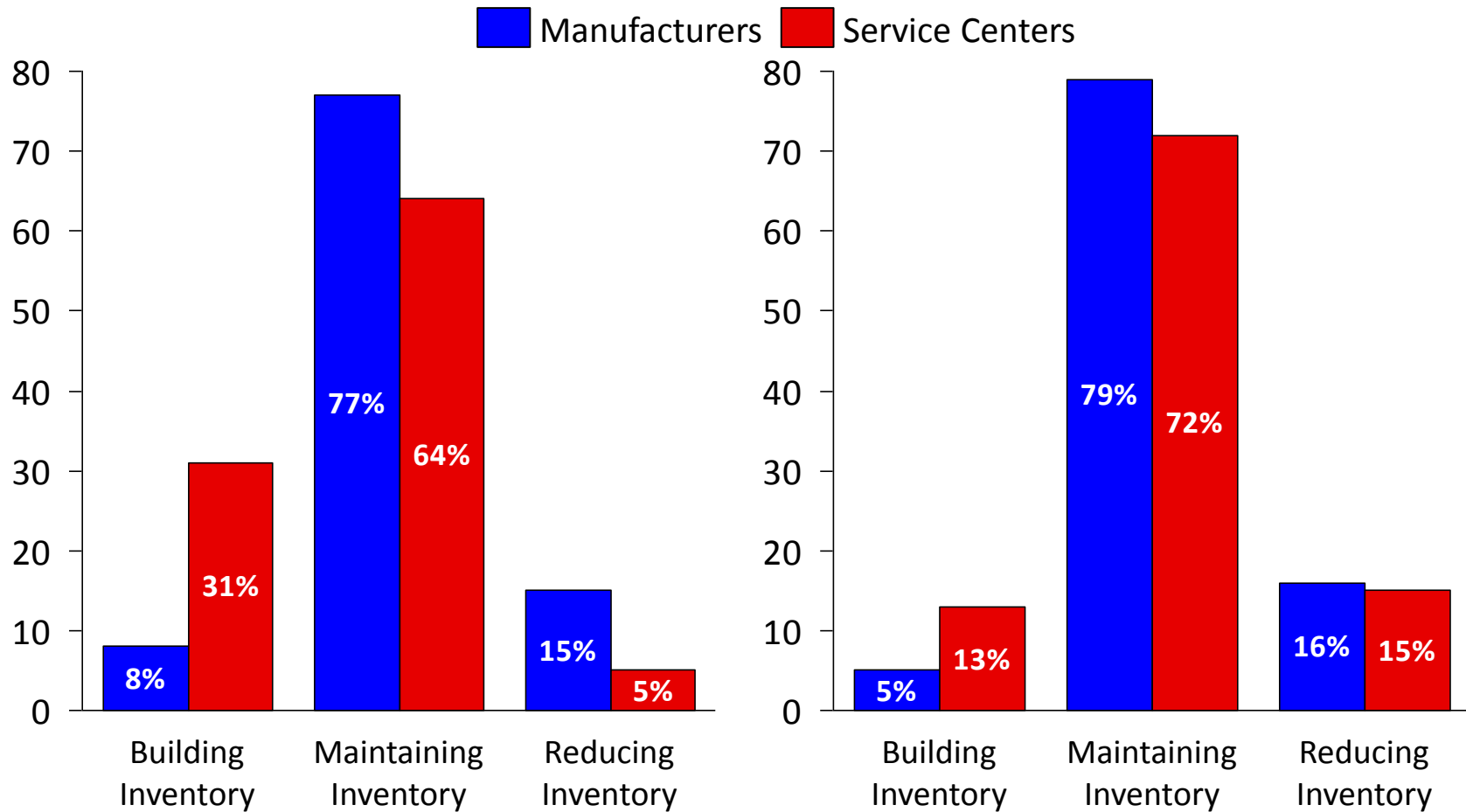
out of 100%



Manufacturer and Service Center Inventory Buying Patterns

December 22nd, 2016

February 17th, 2017

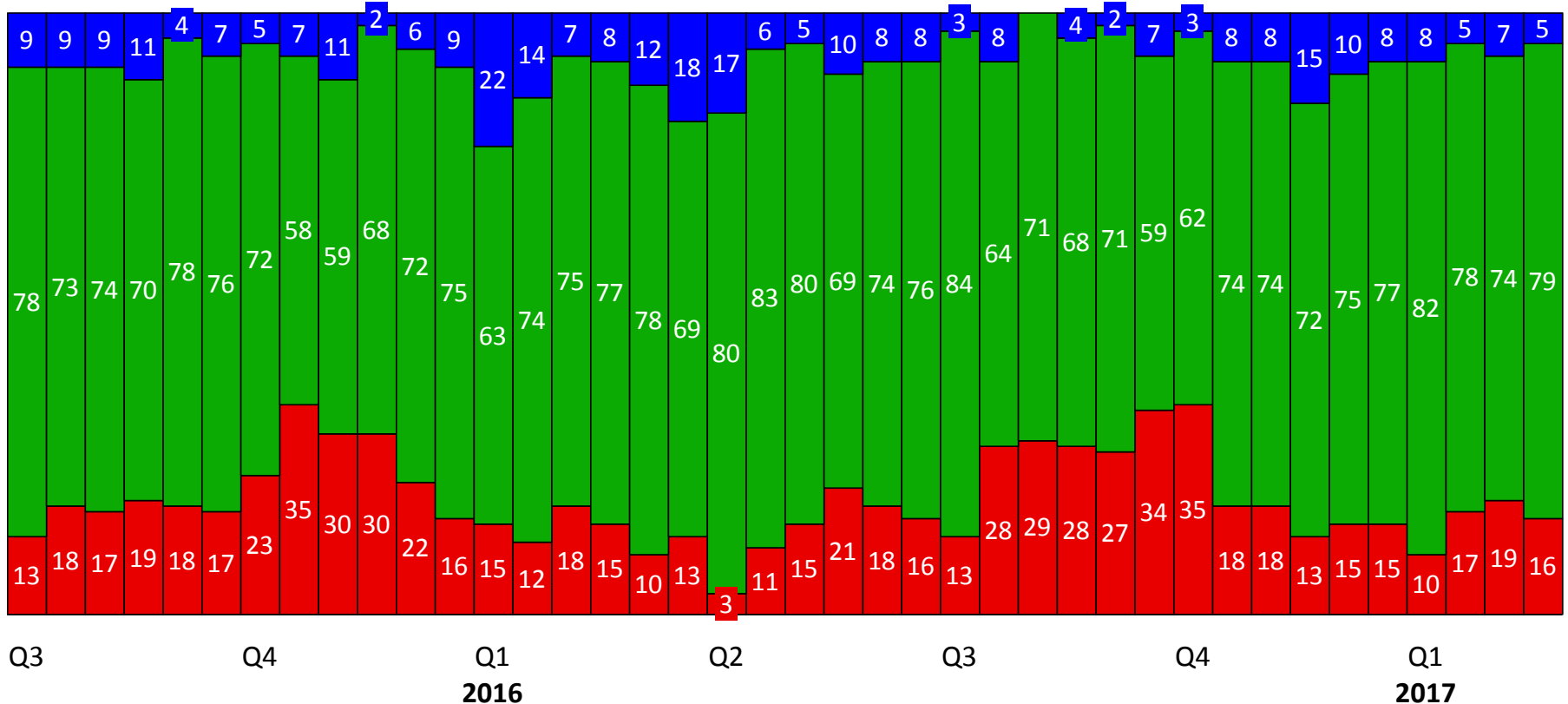


Manufacturer Inventory Buying History

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

■ Building Inventory
 ■ Maintaining Inventory
 ■ Reducing Inventory

out of 100%

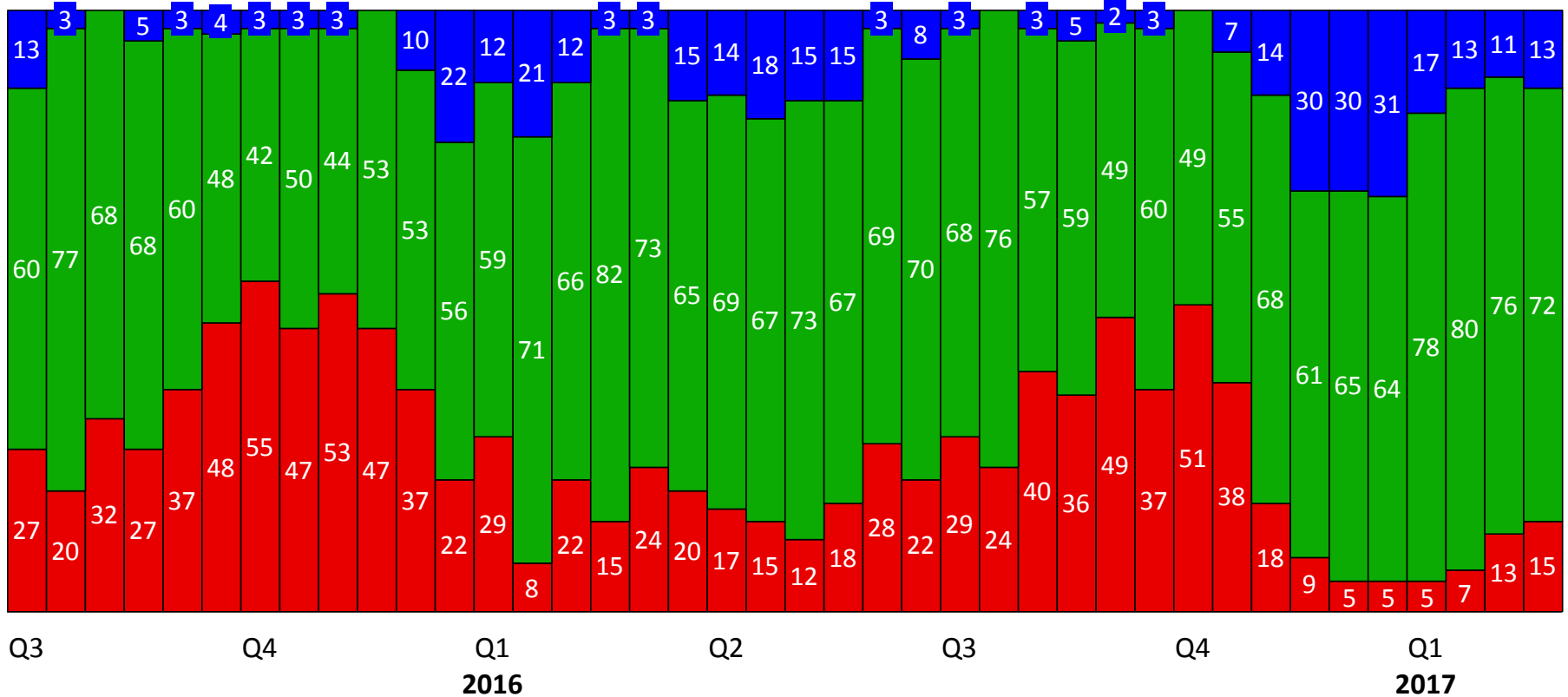


Service Center Inventory Buying History

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

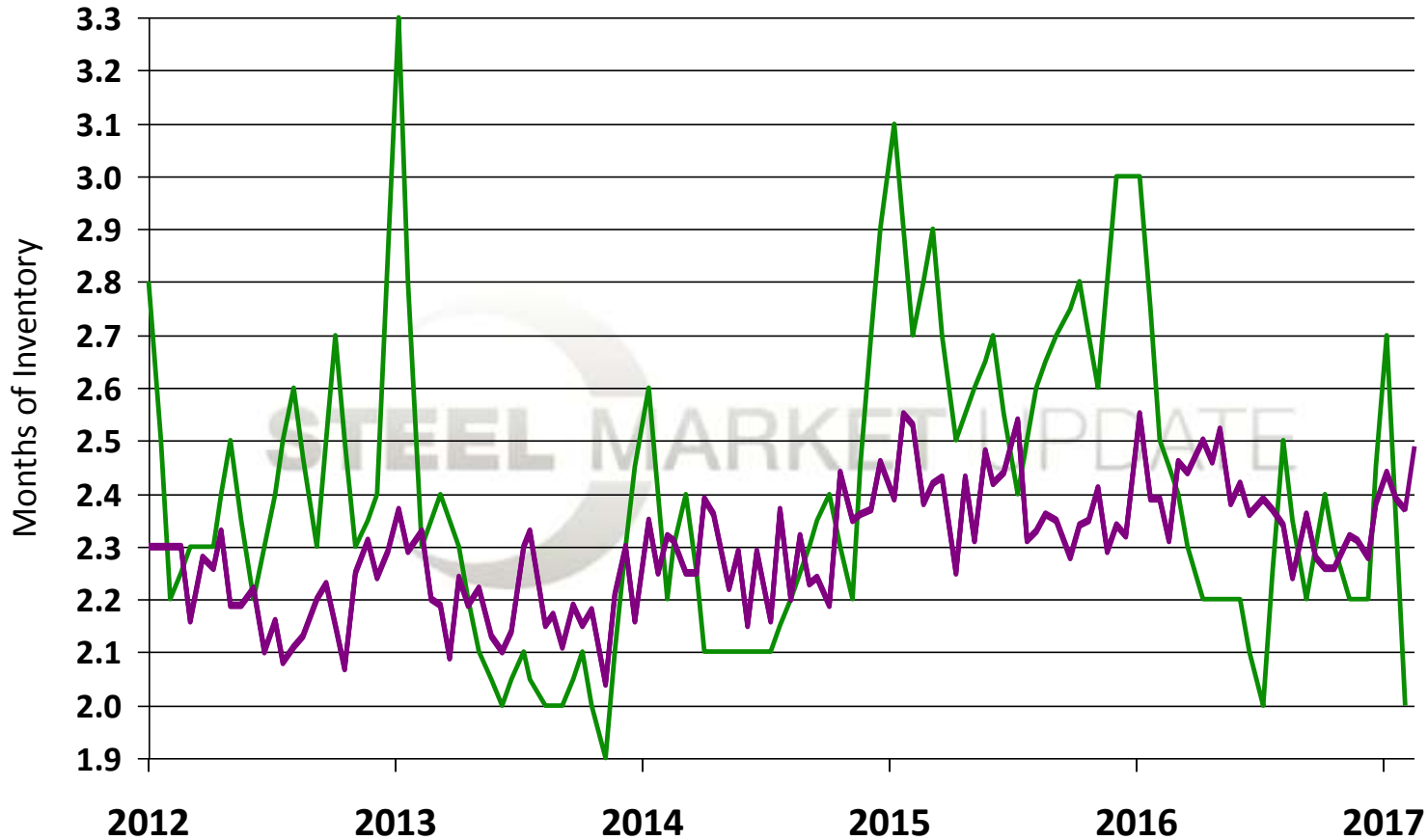
■ Building Inventory
 ■ Maintaining Inventory
 ■ Reducing Inventory

out of 100%



SMU Service Center & MSCI Inventory Level History Comparison

— MSCI Flat Rolled Inventory Level
— SMU Flat Rolled Inventory Level



MSCI data is as of the end of January 2017

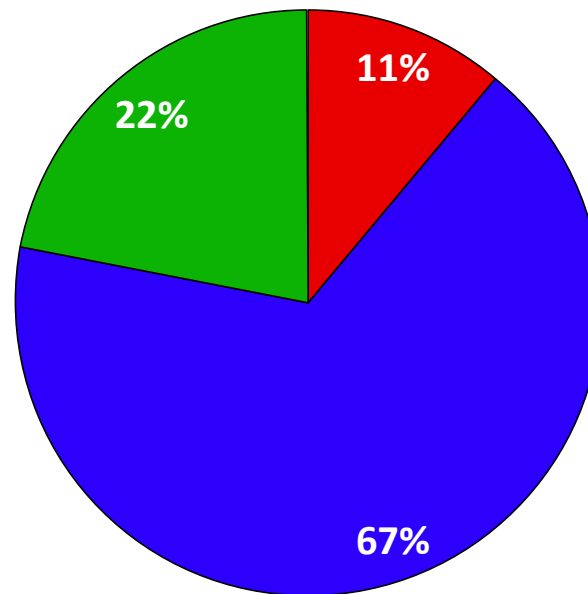
SMU data is as of February 17th, 2017

2.49 Months

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

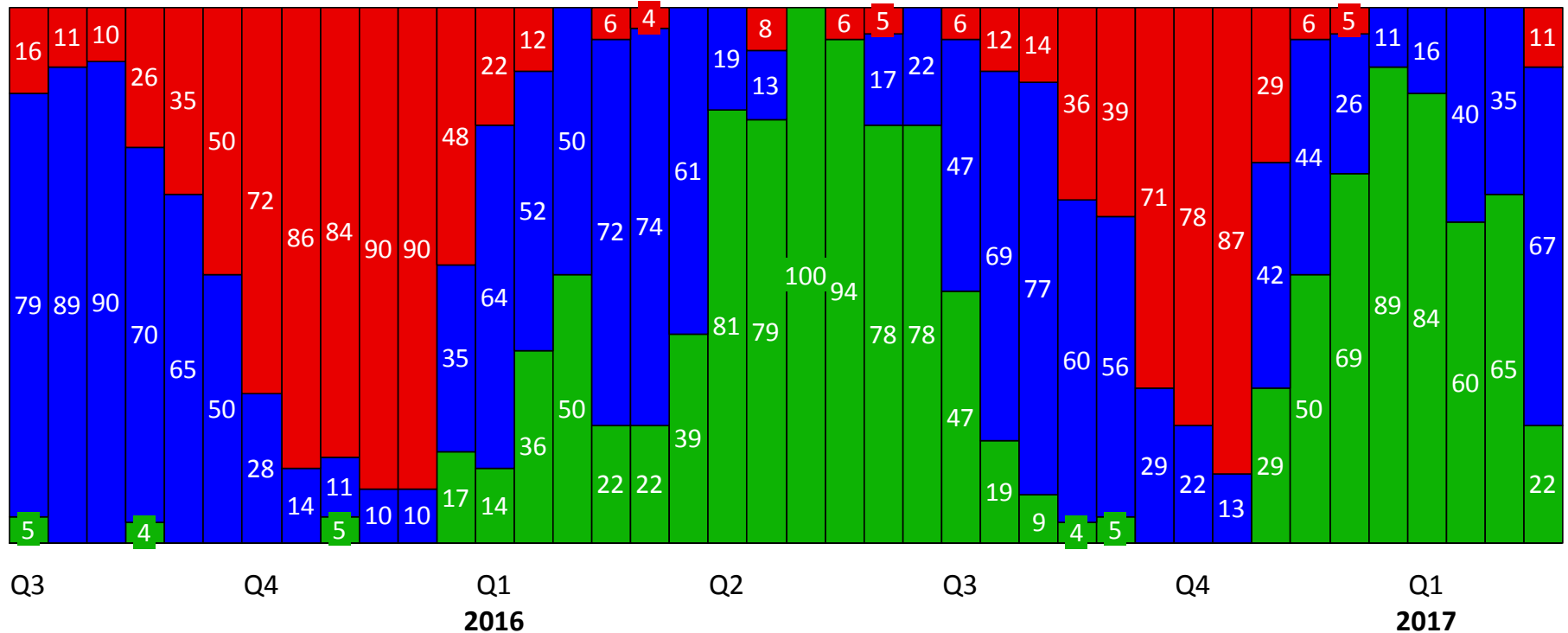


Manufacturer's View of Service Center Selling Prices History

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

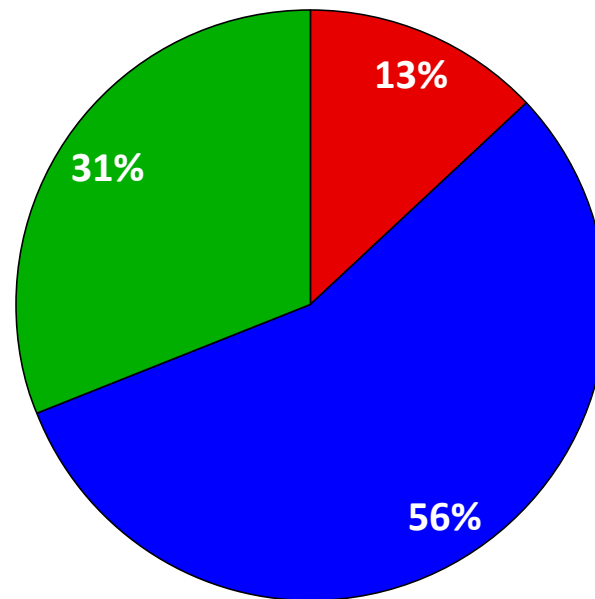
- We are seeing prices decreasing from our service centers
- We are seeing prices stable from our service centers
- We are seeing prices rising from our service centers

out of 100%



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

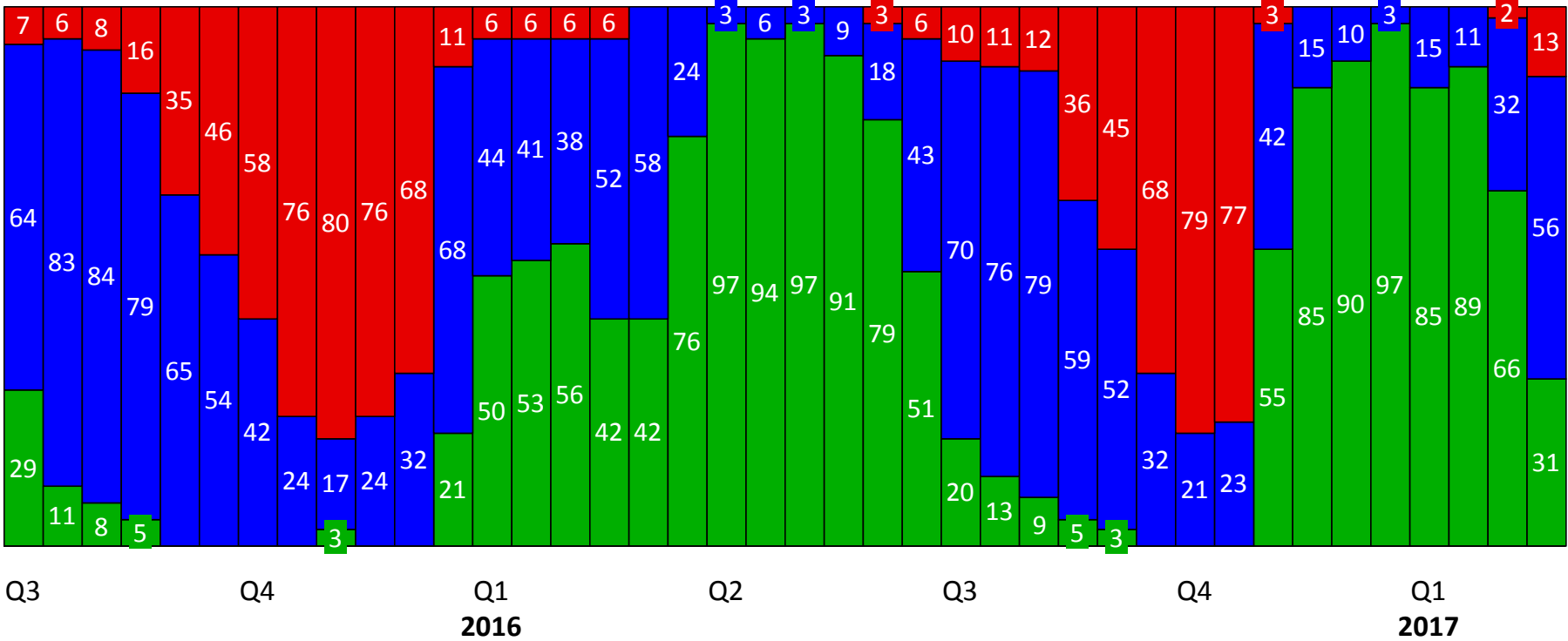
- We are lowering prices
- We are keeping prices the same
- We are raising prices



Service Centers- 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

out of 100%

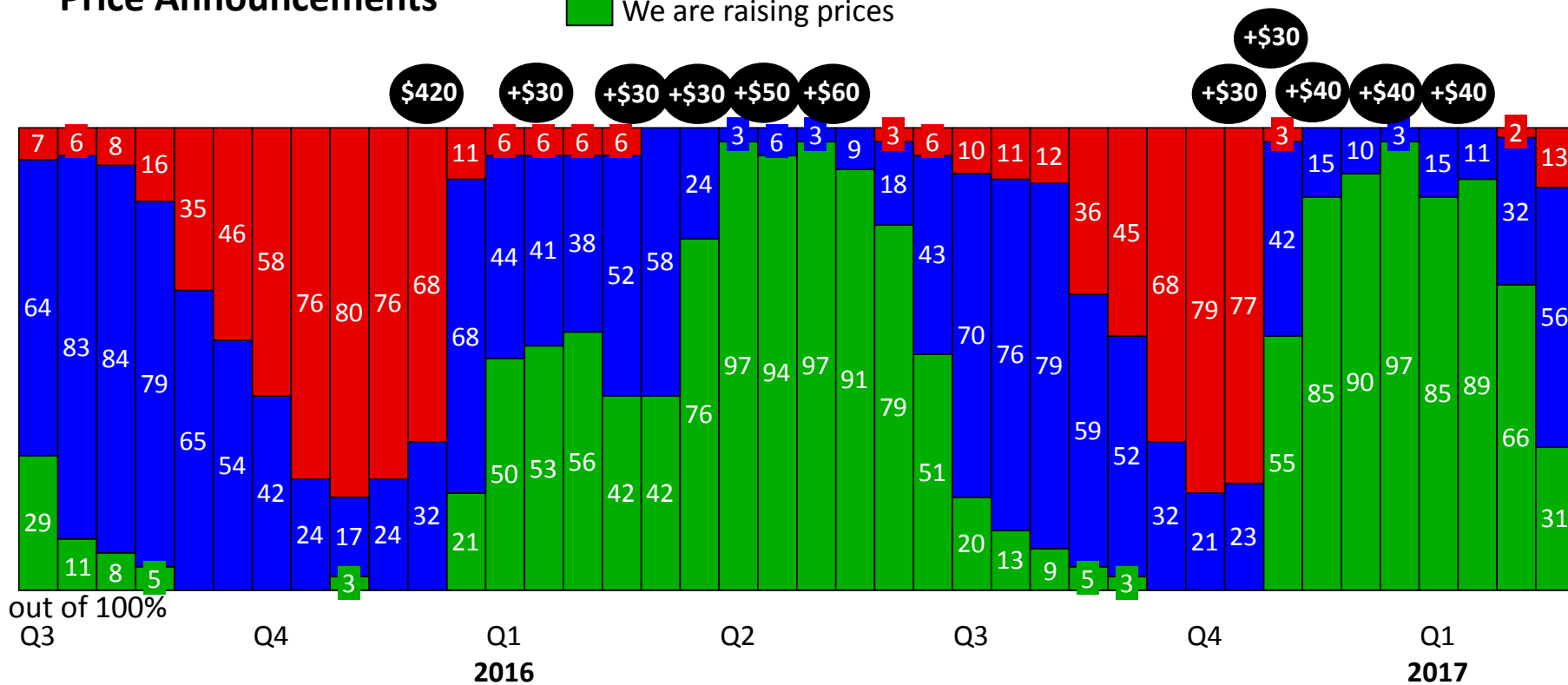


Service Center View of Selling Prices History

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

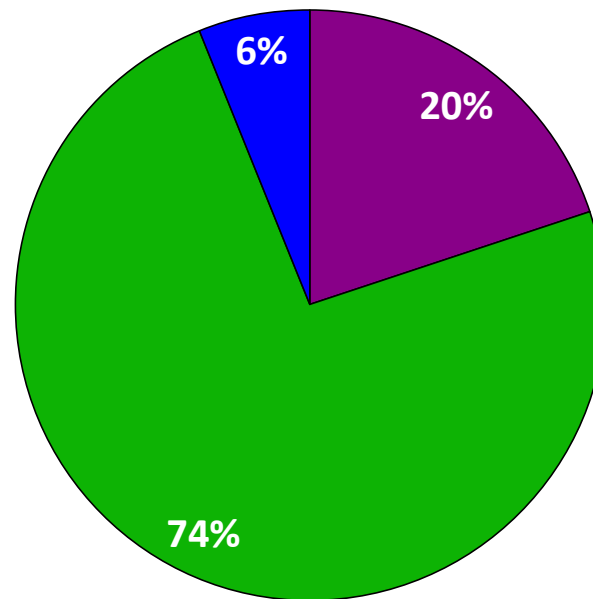
Historical AK Steel Price Announcements

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



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

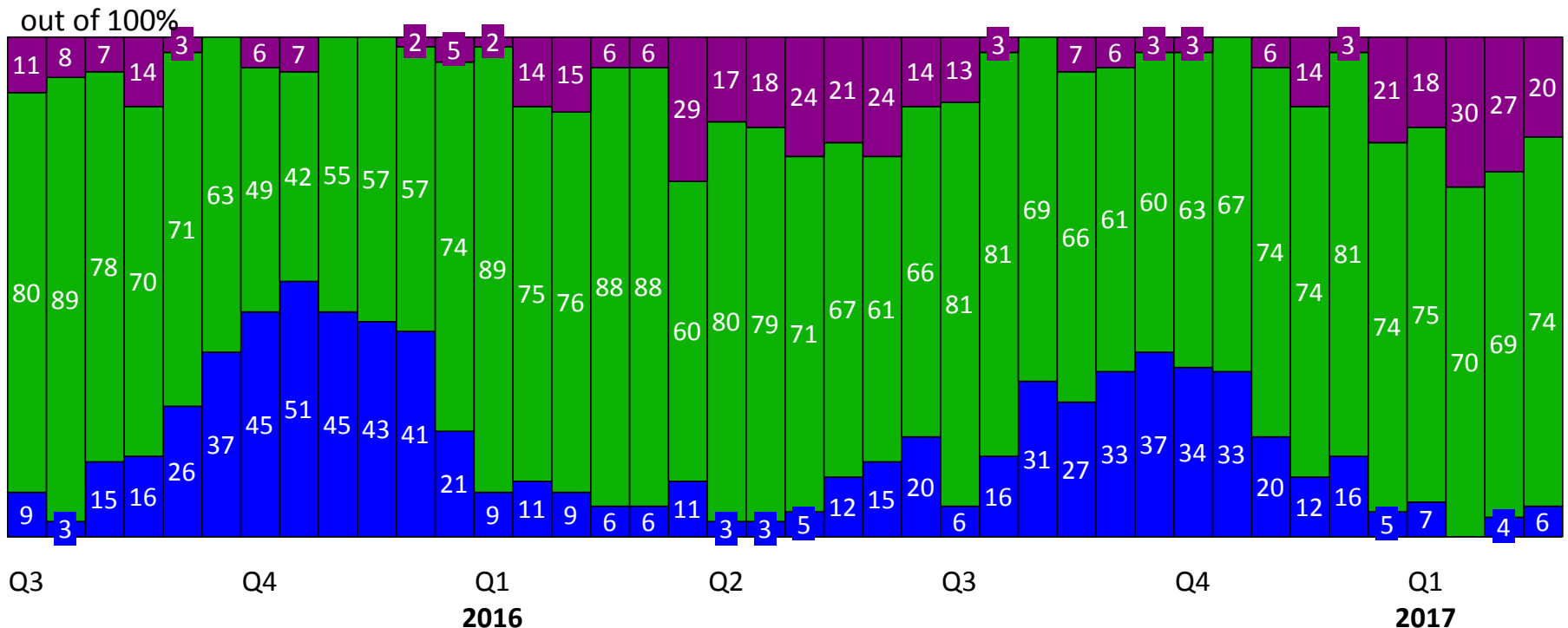
- Our manufacturing customers are increasing orders
- Our manufacturing customers are maintaining their orders
- Our manufacturing customers are reducing their orders



Service Centers on Manufacturer Orders History

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

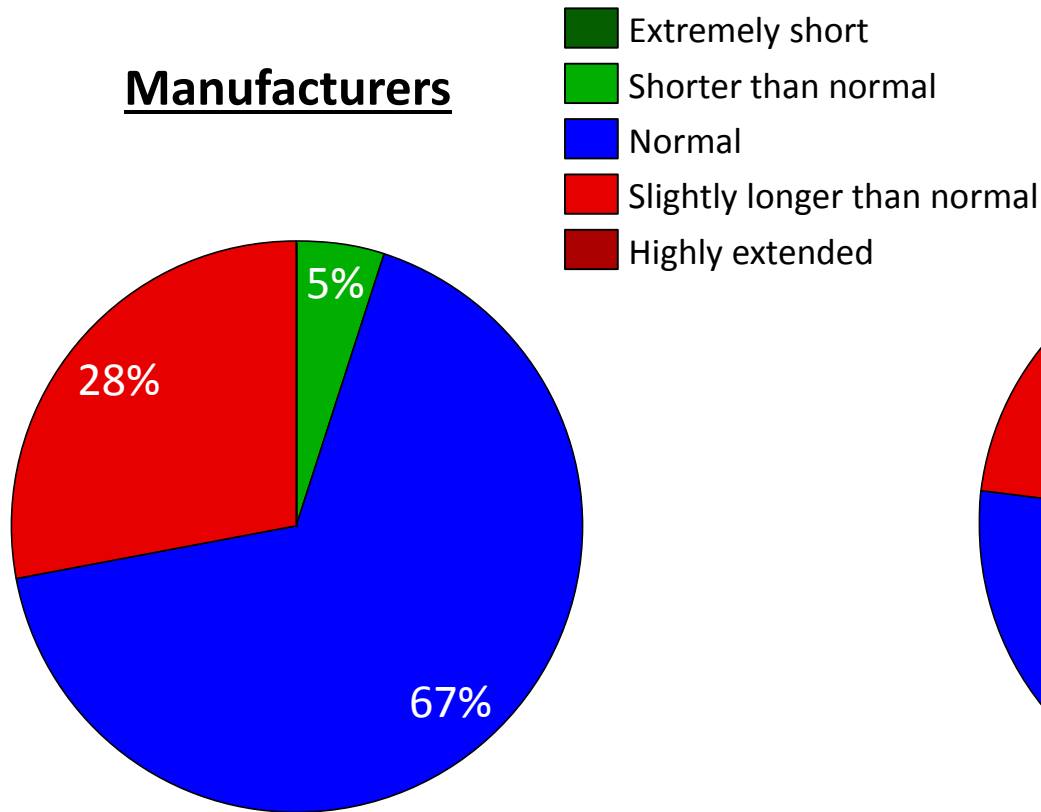
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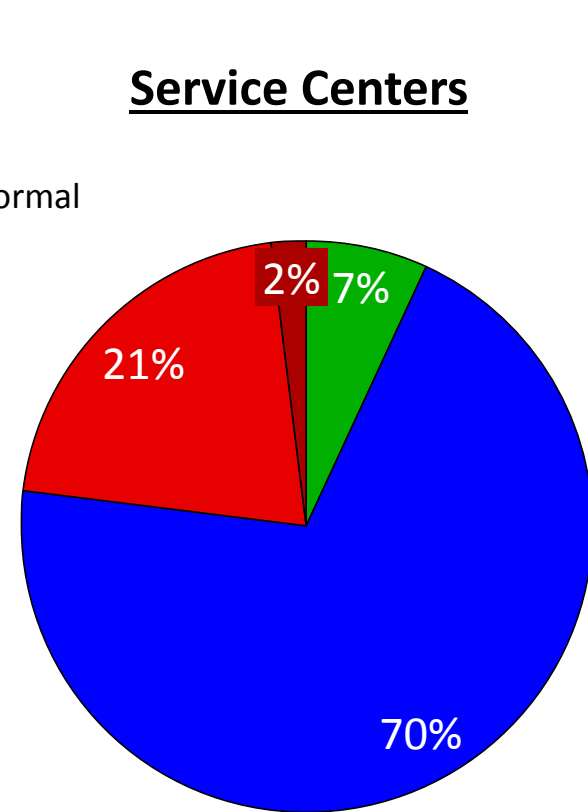
Mill Lead Times

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

Manufacturers

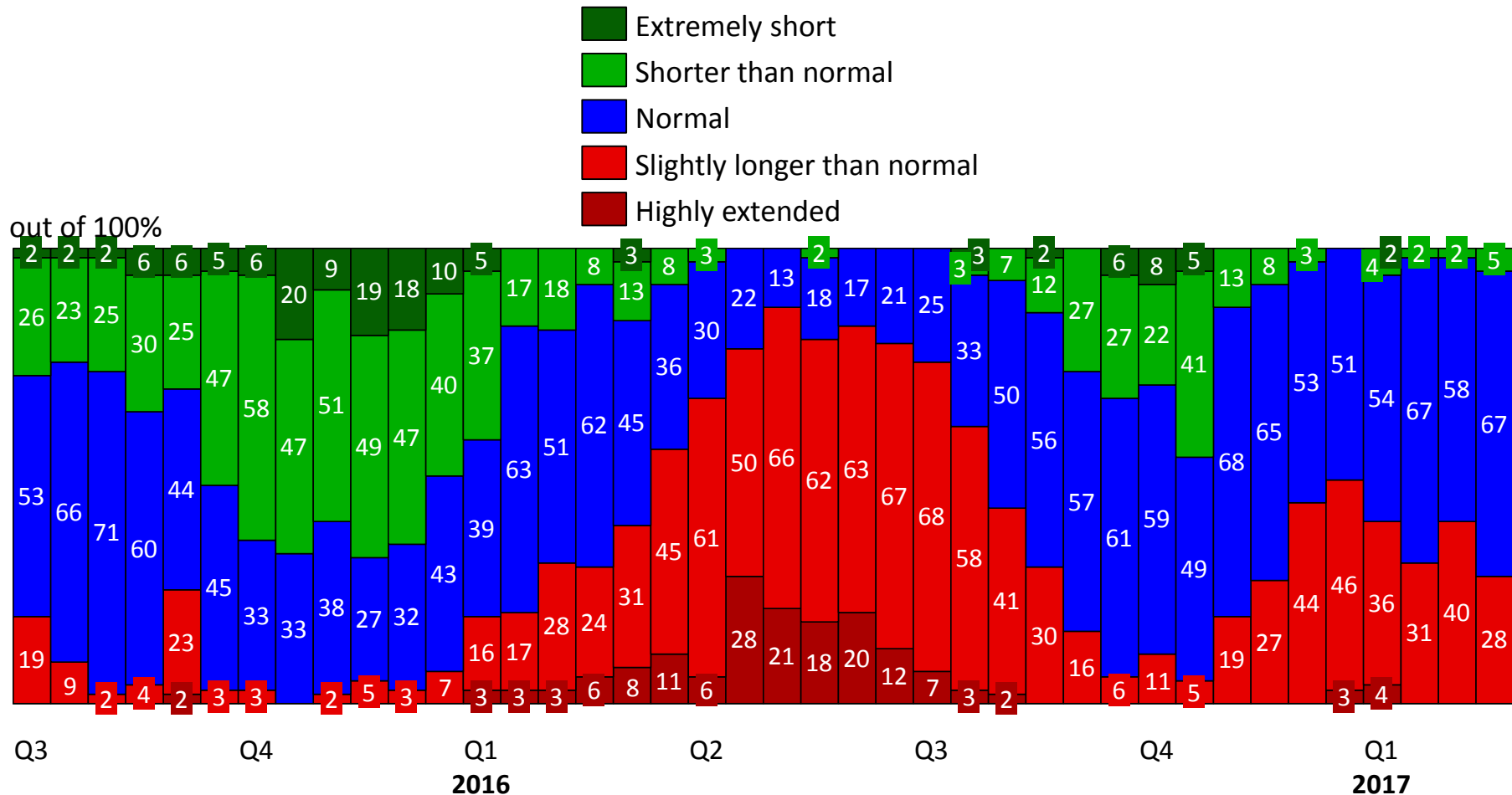


Service Centers



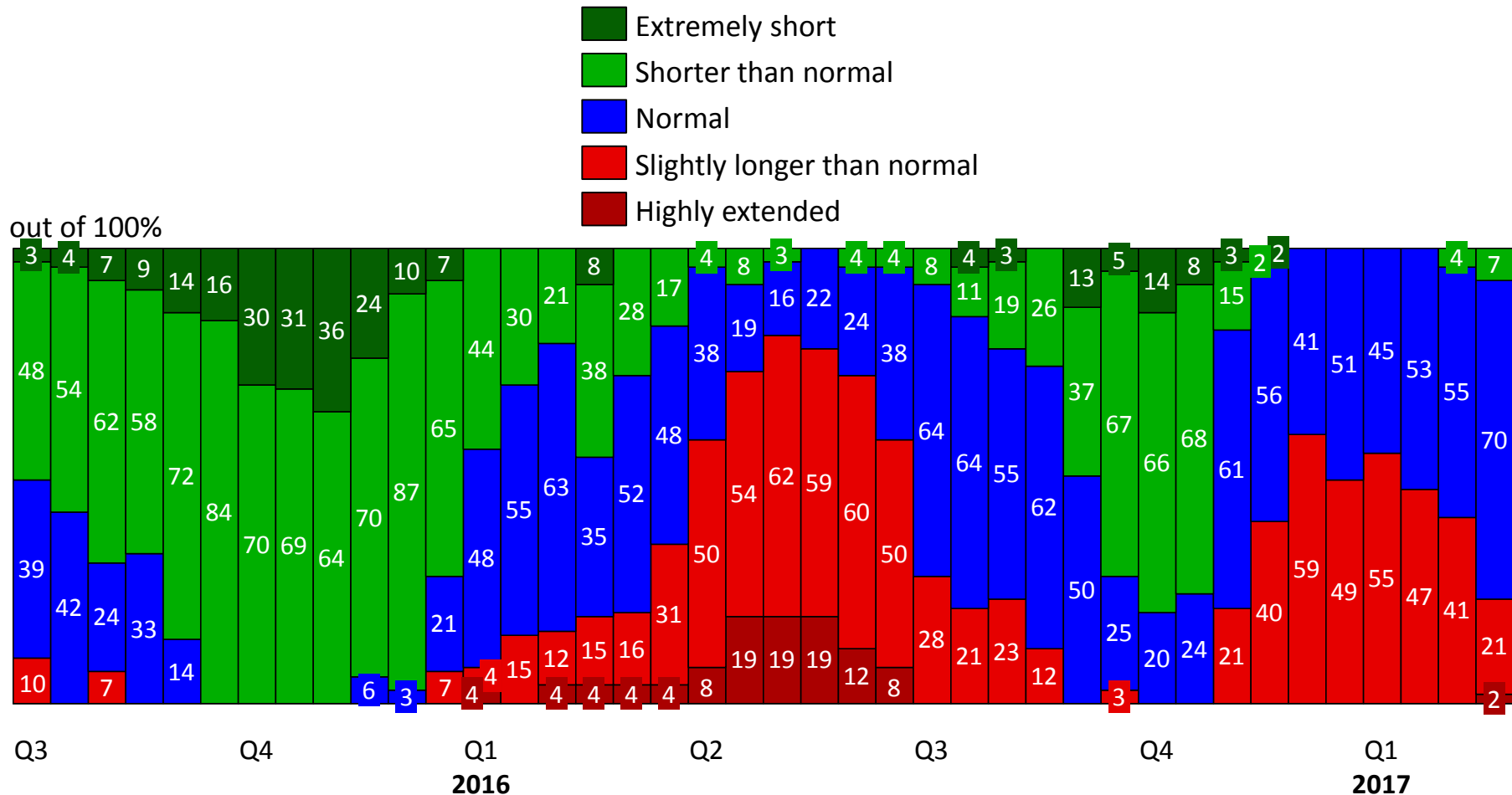
Mill Lead Times History

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Mill Lead Times History

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

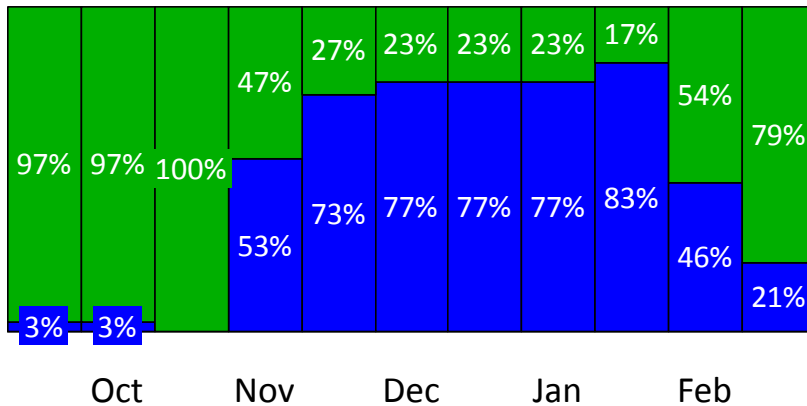


Mill Negotiations

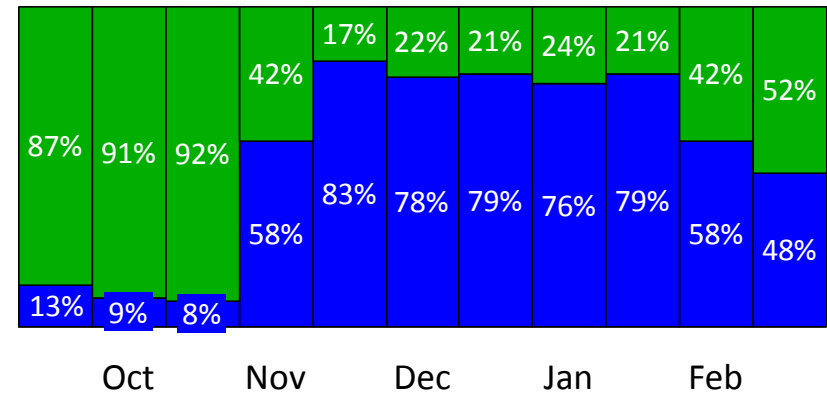
Are you finding the domestic mills are willing to negotiate pricing on brand new orders placed this week?

Yes No

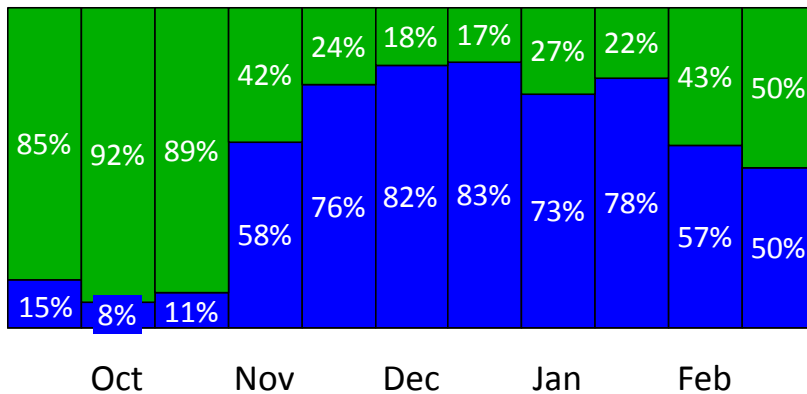
Hot Rolled Orders



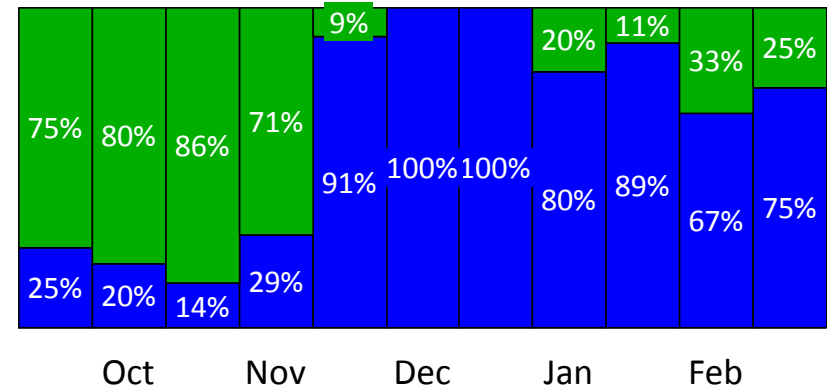
Cold Rolled Orders



Galvanized Orders

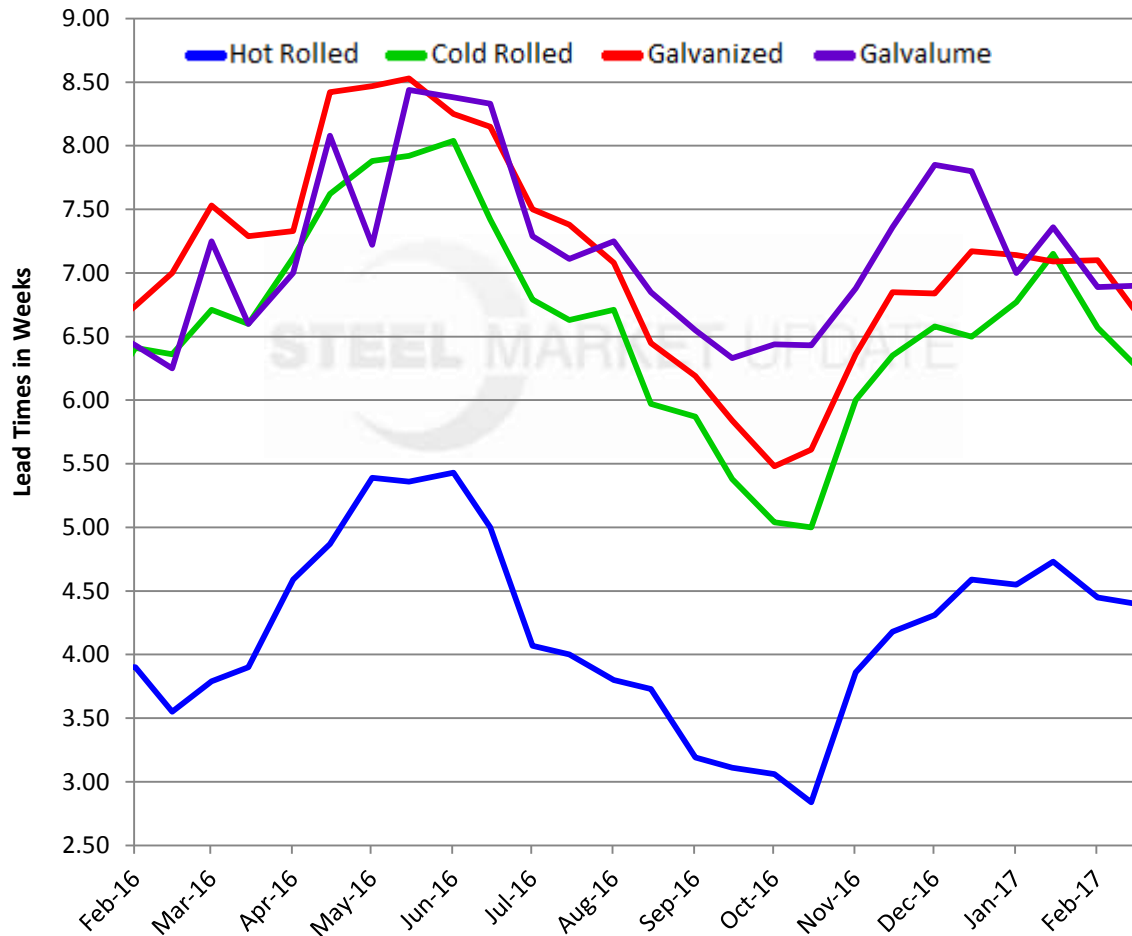


Galvalume Orders



Lead Times (Weeks)

Steel Market Update Lead Times Comparison

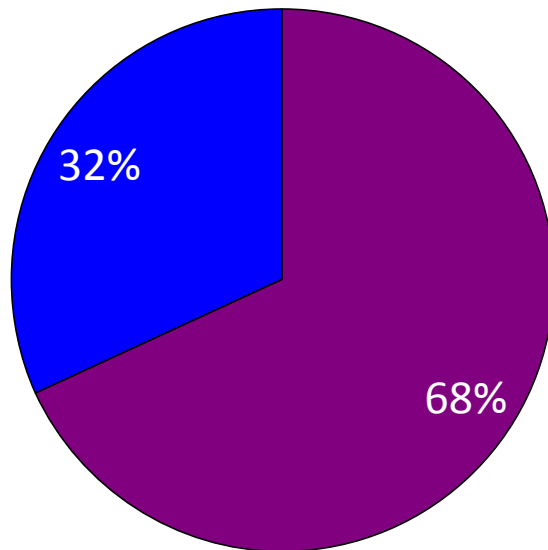


Hot Rolled: 4.40
Cold Rolled: 6.28
Galvanized: 6.71
Galvalume: 6.90

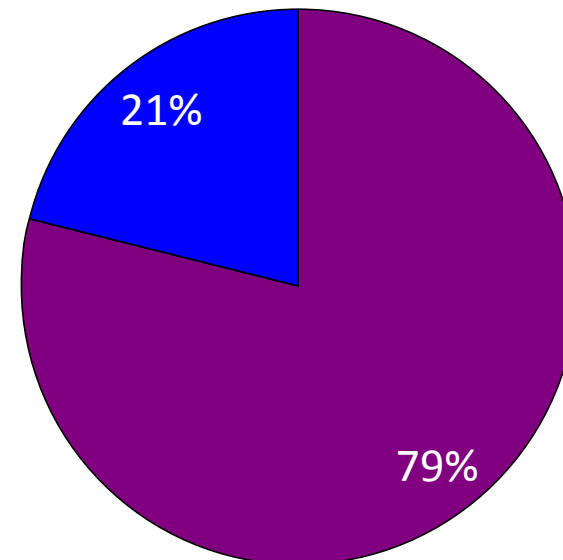
Does your company buy foreign steel?

■ Yes ■ No

Manufacturers



Service Centers

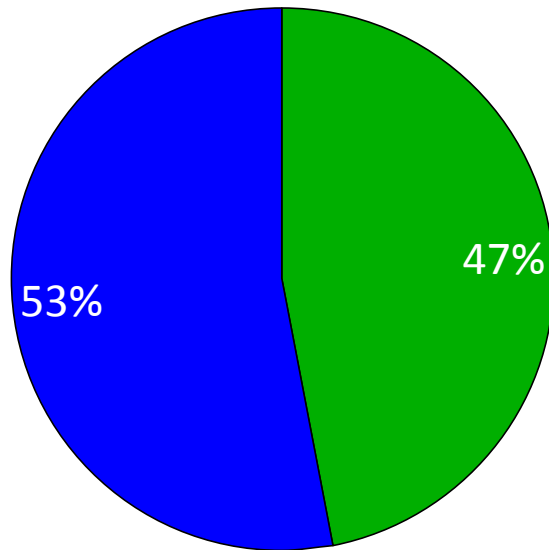


Domestic and Foreign Price Spread

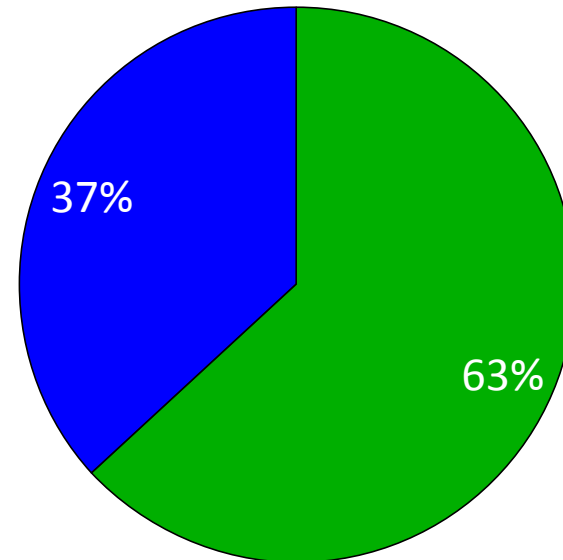
Is the spread between domestic and foreign prices wide enough to justify buying foreign steel?

Yes No

Manufacturers



Service Centers

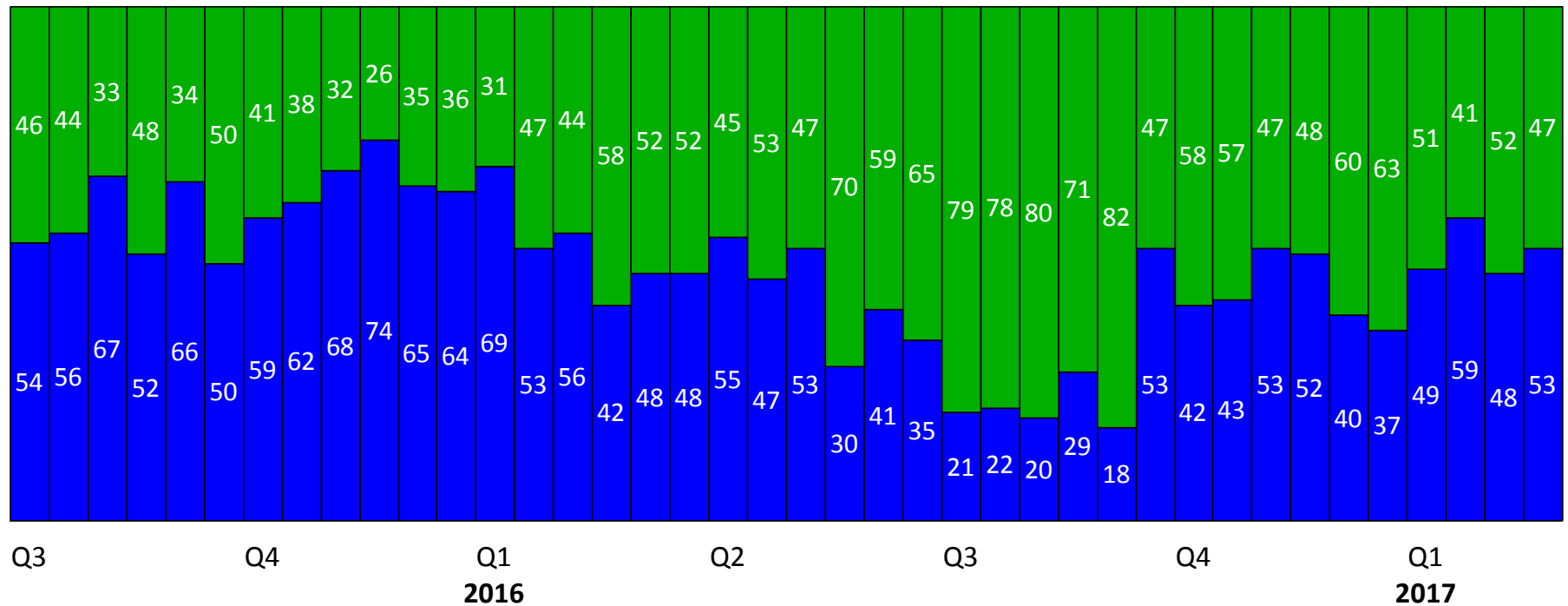


Domestic and Foreign Price Spread

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

Yes No

out of 100%

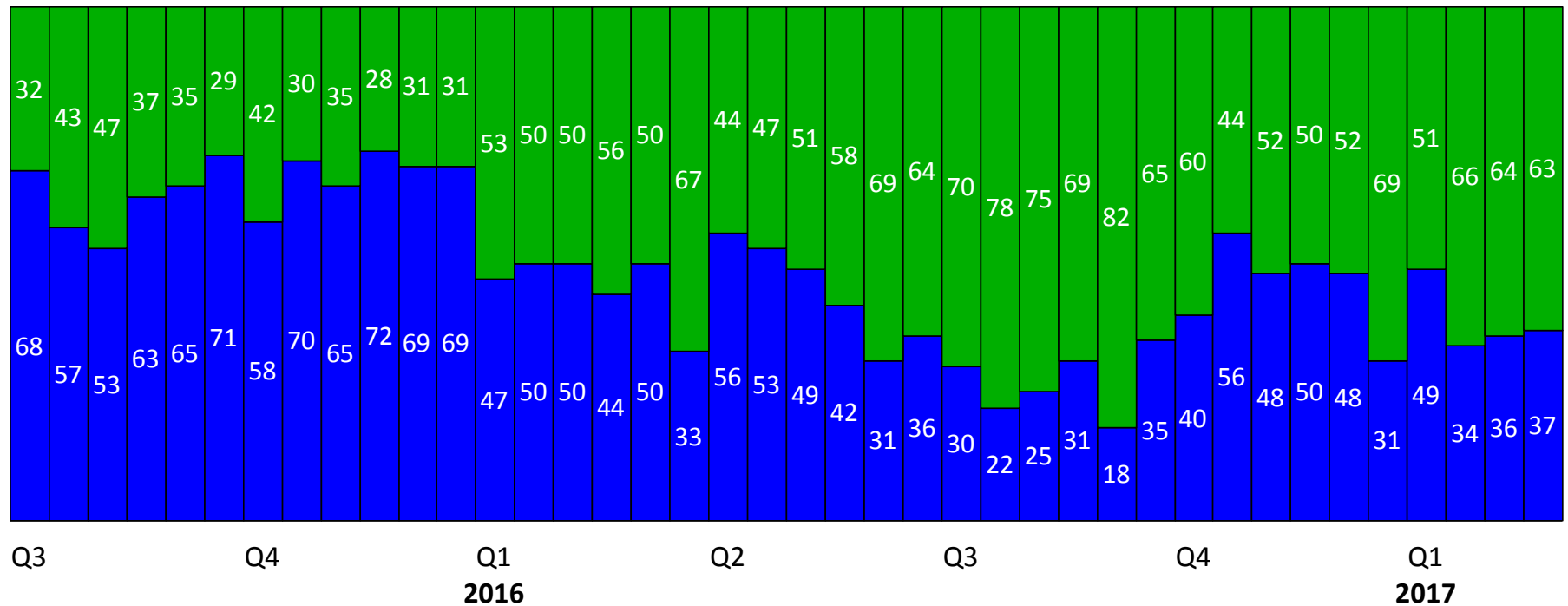


Domestic and Foreign Price Spread

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

Yes No

out of 100%

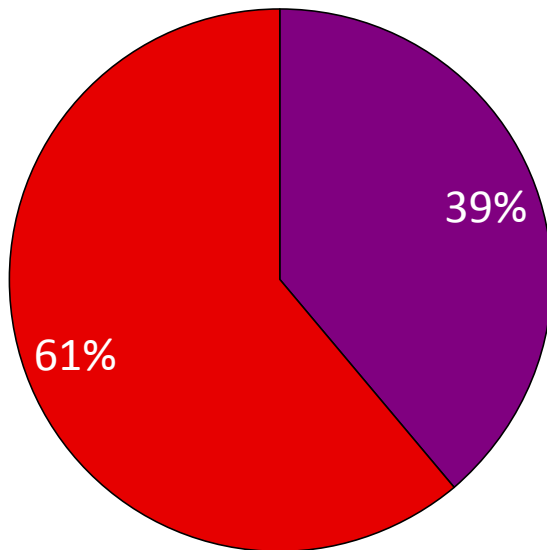


New Foreign Orders

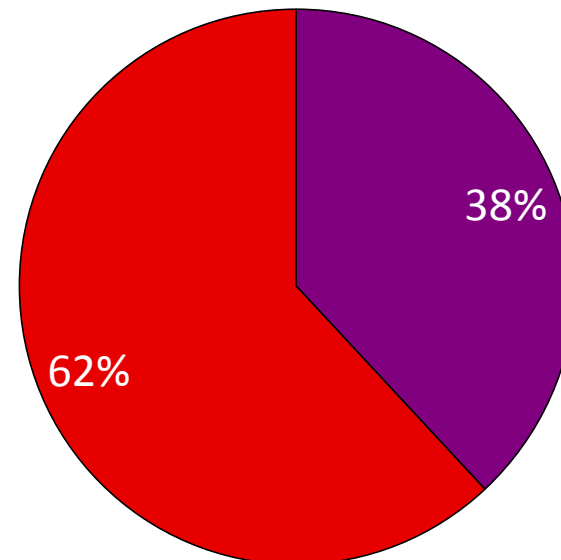
Is your company entering new foreign orders right now?

Yes No

Manufacturers



Service Centers

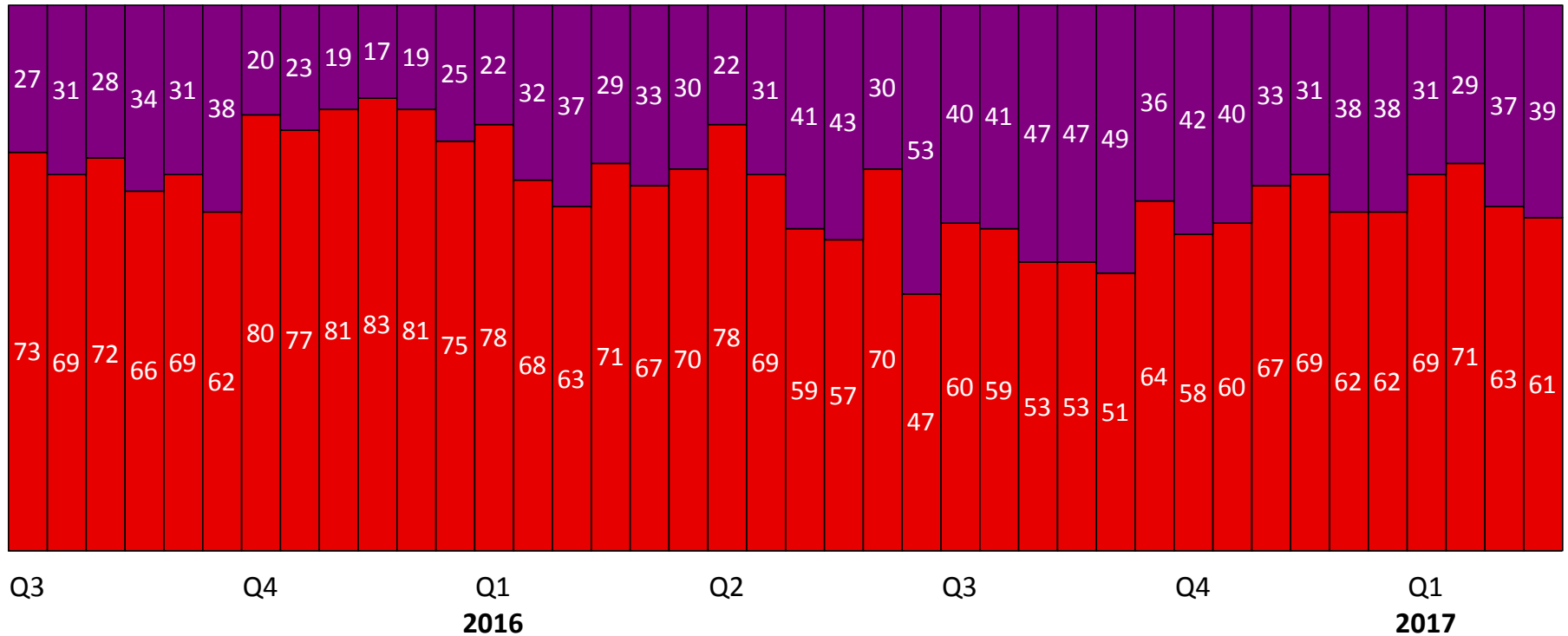


New Foreign Orders

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

Yes No

out of 100%

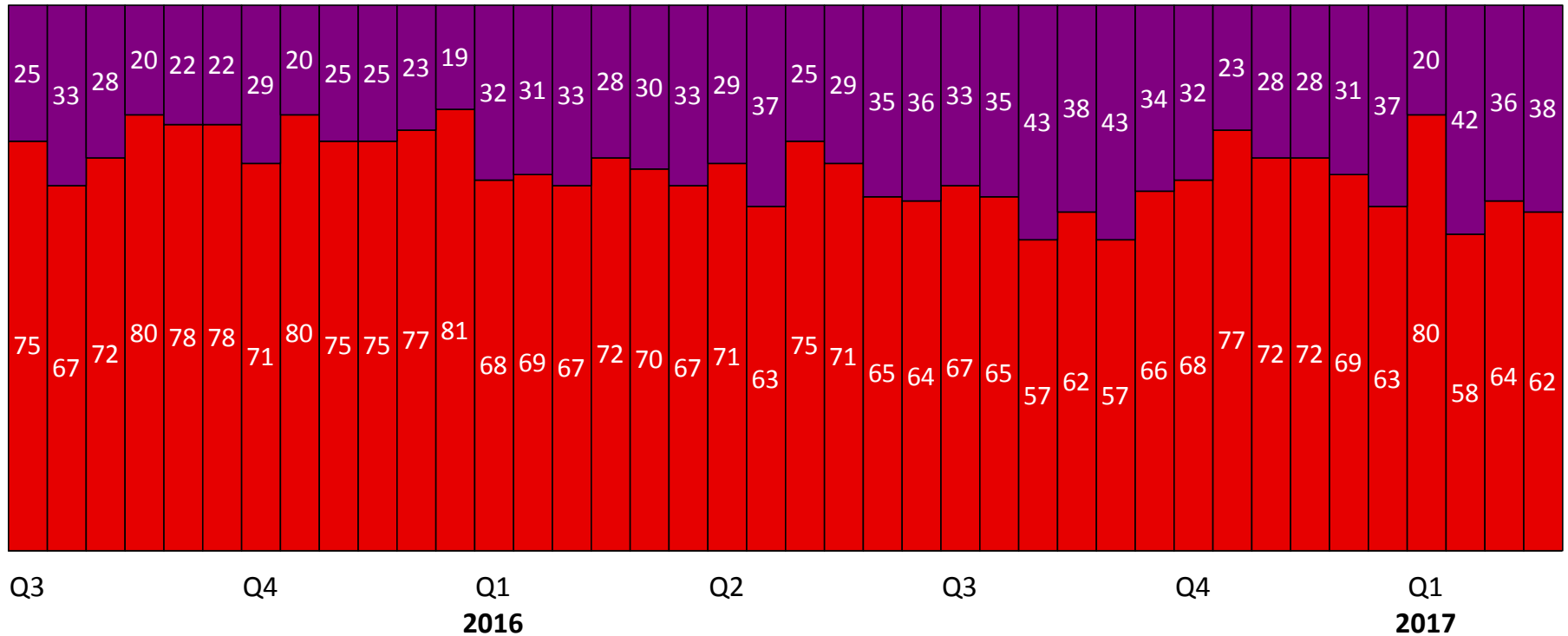


New Foreign Orders

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

Yes No

out of 100%

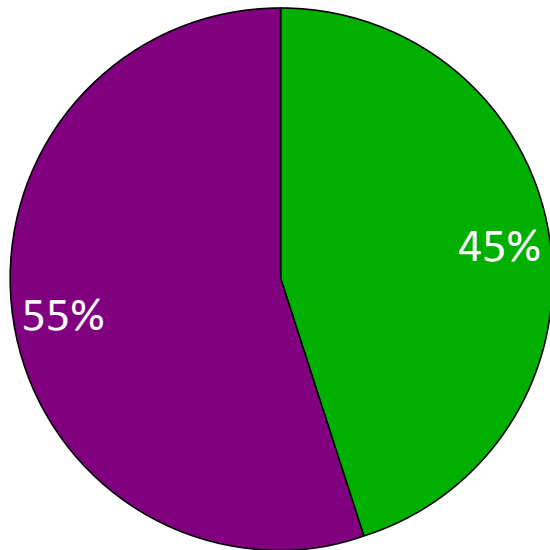


Foreign Difficulties

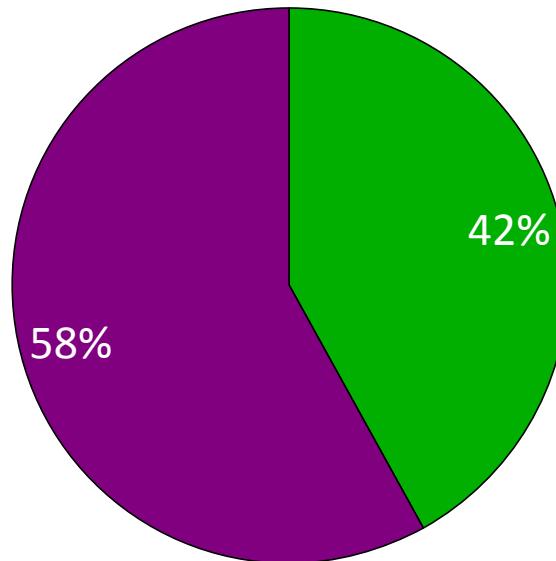
Are you having any difficulties sourcing foreign flat rolled steel products at competitive prices?

Yes No

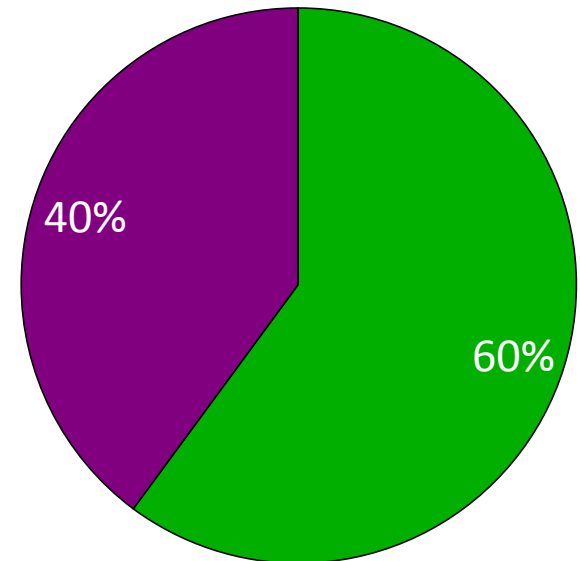
Manufacturers



Service Centers



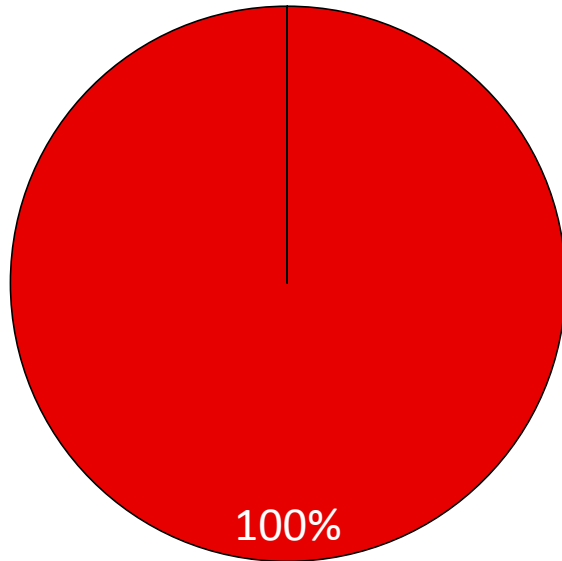
Trading Companies



Trading Companies

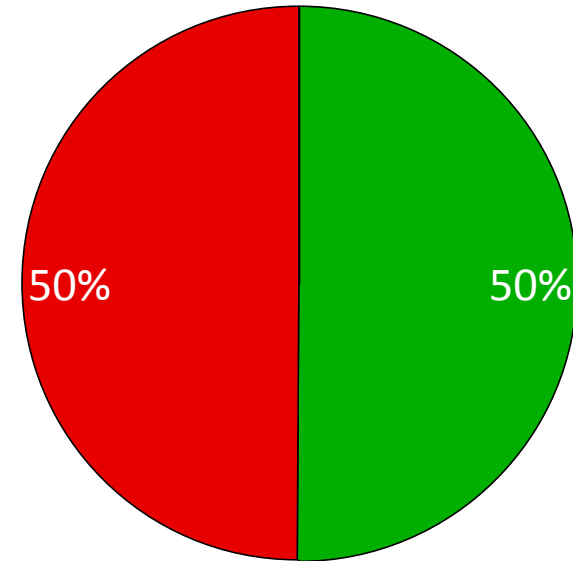
At this time, are you seeing an increase in requests for quotes from North American buyers for foreign steel?

Yes No



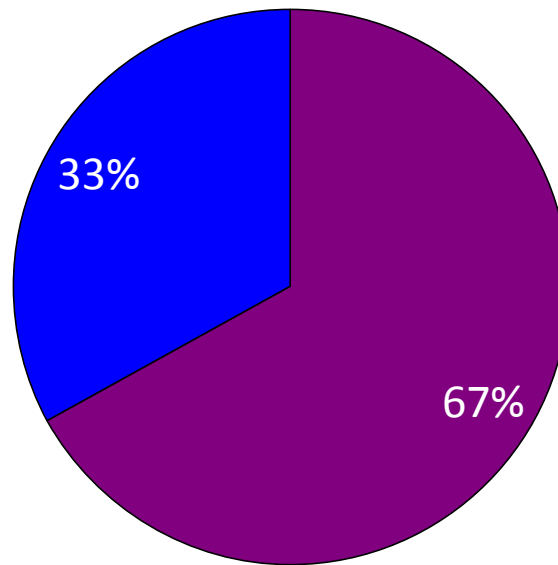
Are foreign steel prices rising compared to one month ago?

Yes
No
Remaining the same



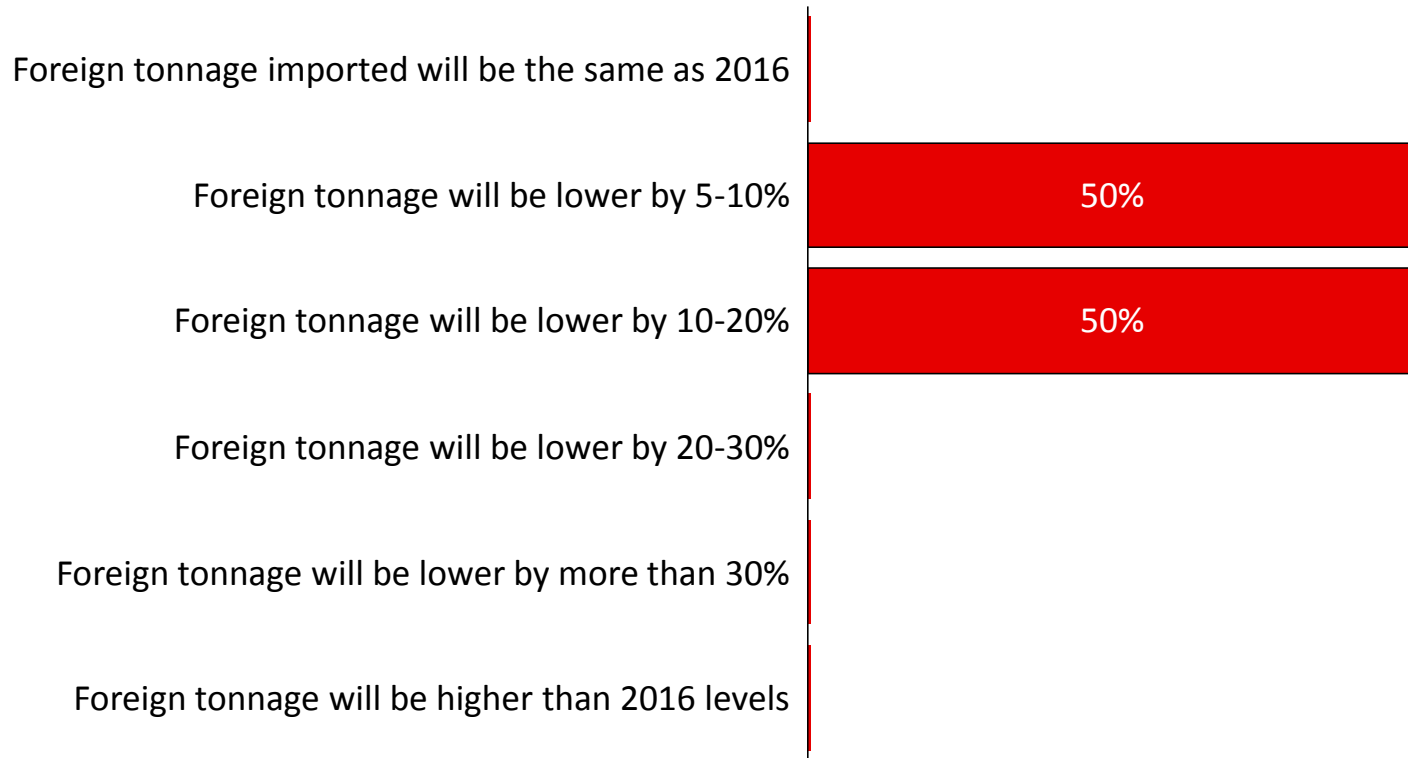
Are the foreign offers being made
priced at levels where you are
confident business can be transacted?

Yes No



Trading Companies

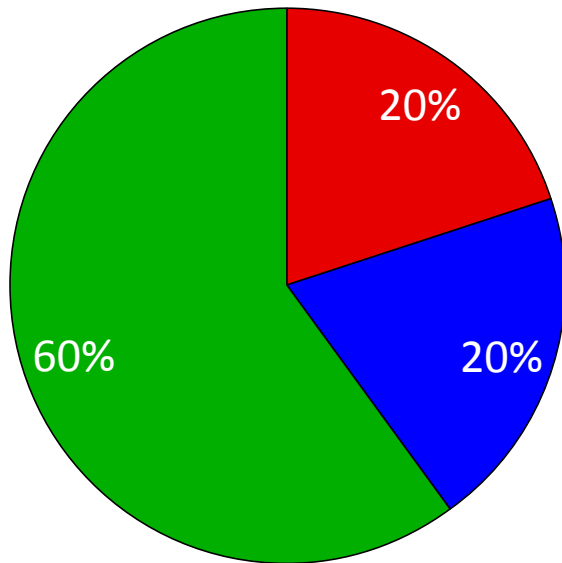
Do you expect the tonnage of foreign flat rolled being imported into US will be _____ during 2017 than 2016?



Trading Companies

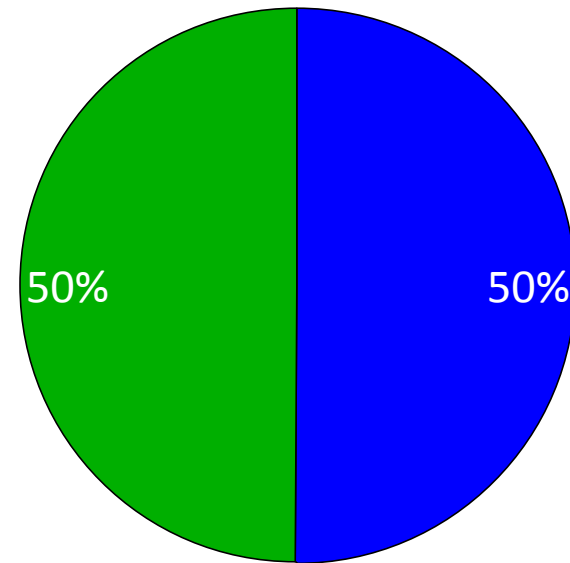
Are foreign galvanized prices more competitive, same, or less competitive than one month ago?

- More competitive
- Same
- Less competitive



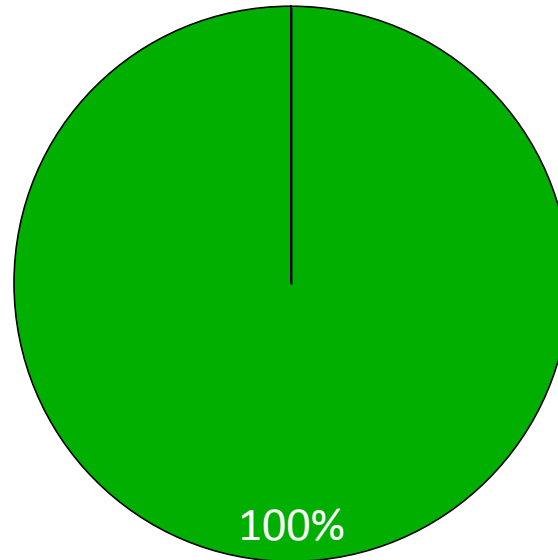
Are foreign Galvalume prices more competitive, same or less competitive than one month ago?

- More competitive
- Same
- Less competitive



Are you seeing business conditions as worsening, getting better or staying the same as they were earlier this year?

- Better
- Staying the same
- Worse



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
February 27th, 2017

The logo features a stylized circular element on the left, composed of two curved segments. The top segment is orange and the bottom segment is red, meeting at a central point. The text "STEEL MARKET UPDATE" is positioned to the right of this graphic, with "STEEL" in a bold, white, sans-serif font and "MARKET UPDATE" in a regular weight of the same font.

STEEL MARKET UPDATE

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