



# STEEL MARKET UPDATE

part of the  Group

## SMU Flat Rolled Market Trends Analysis

Responses from our February 15-17, 2021 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.

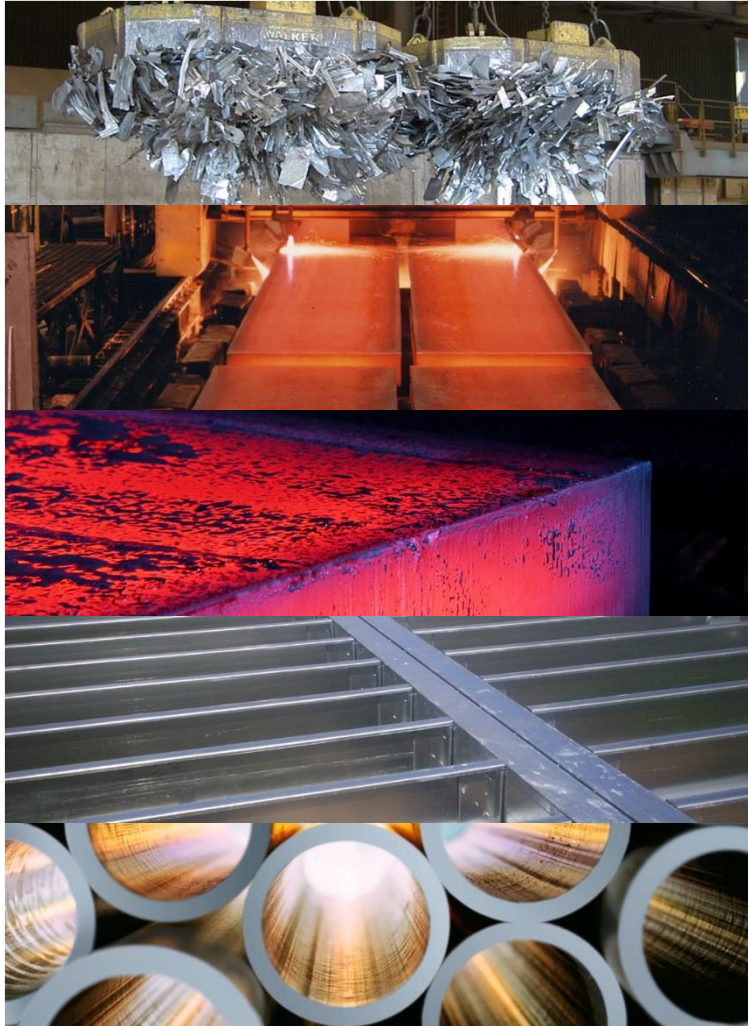
We invite over 600 companies to participate in our surveys.

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 May 11-12, 2021



SMU will host a virtual version of our next Steel 101 workshop on **May 11-12, 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)

# 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

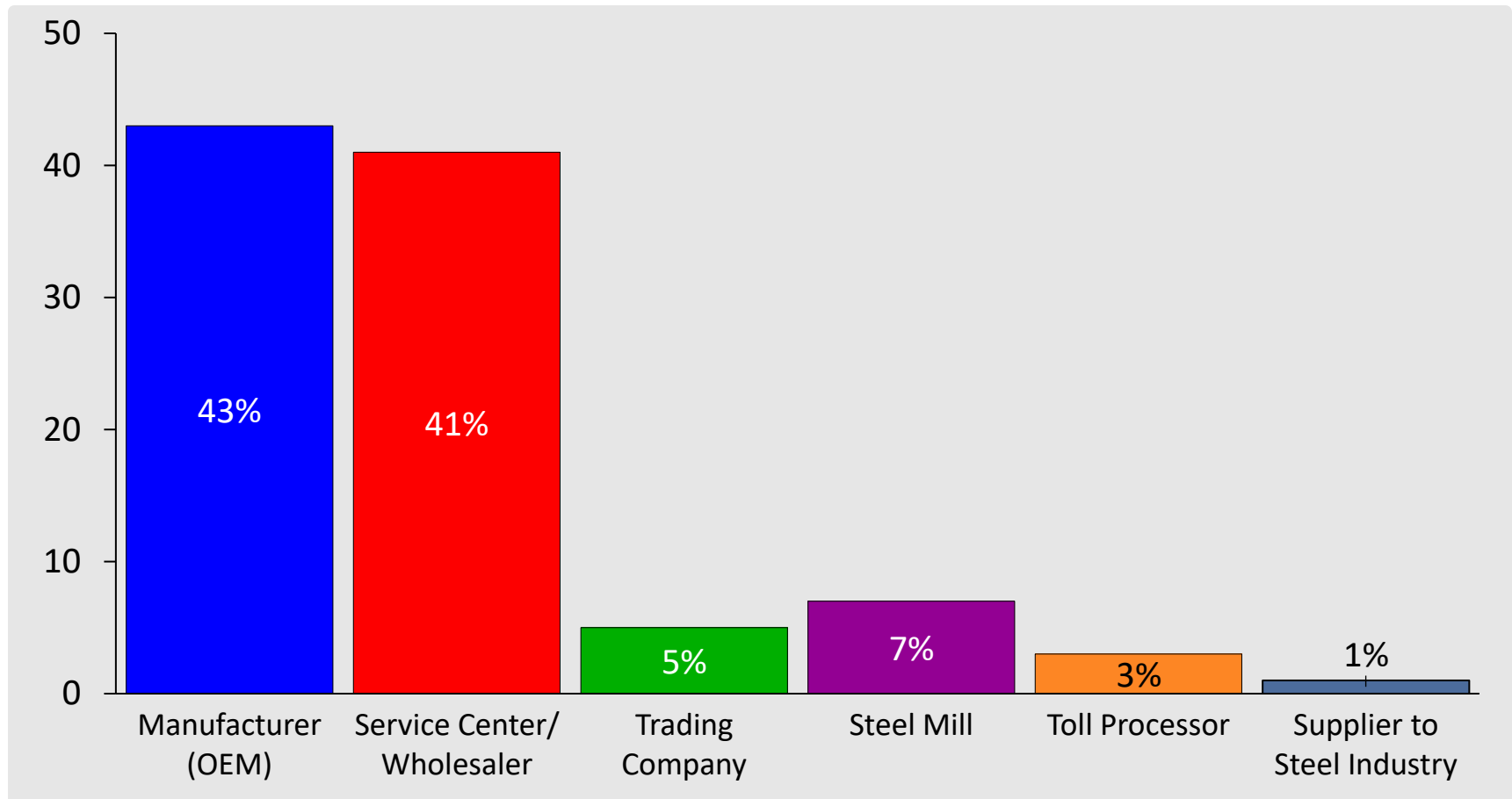
**Steel Market Update** and Spencer Johnson, StoneX Group Inc., along with the CME Group, will be conducting a workshop for those who are actively involved in the buying or selling of steel. This is a continuing education course, which will go past introducing market participants to hedging and the terminology 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

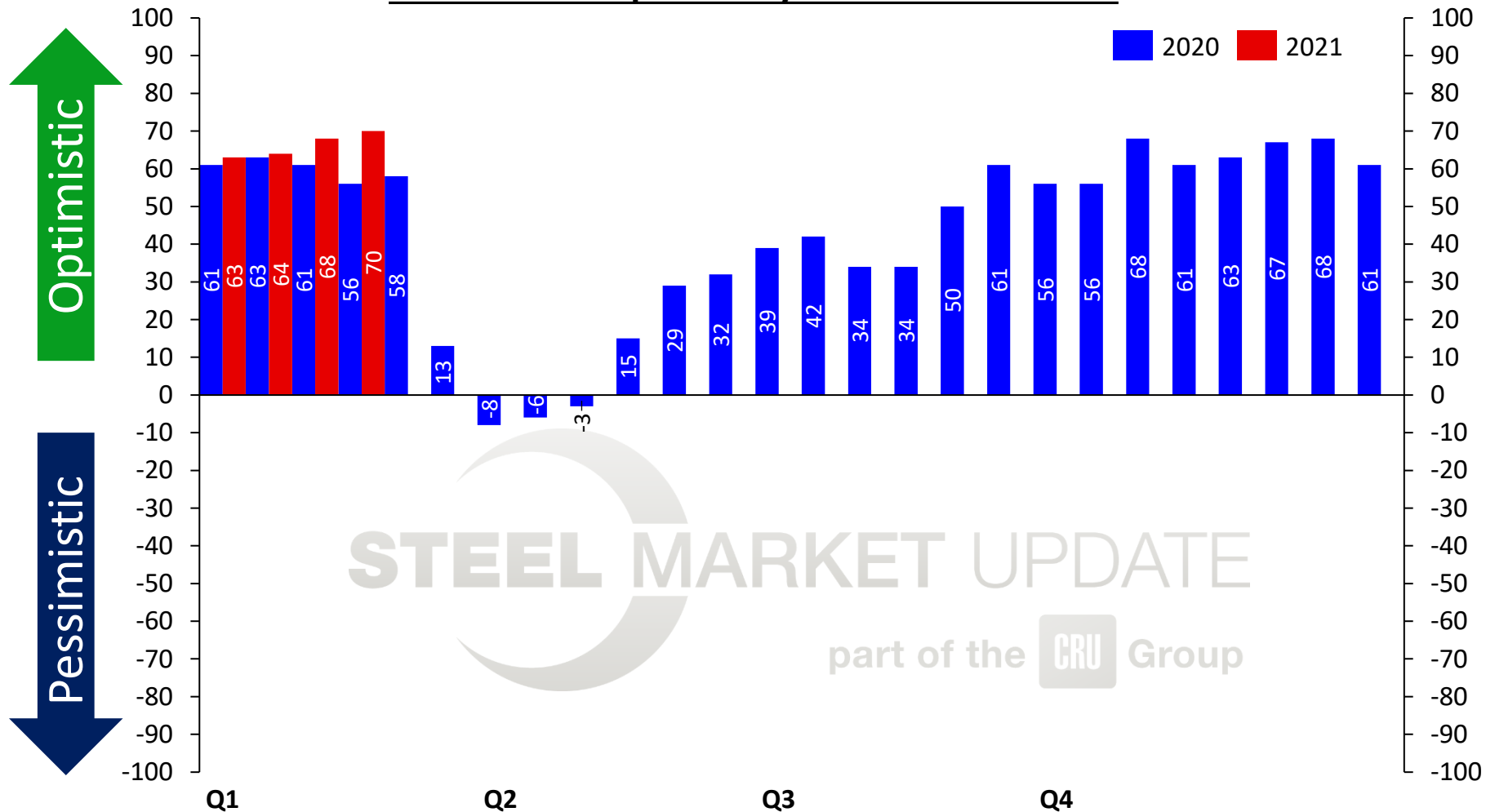
Our survey is by invitation only- Over 600 companies, mostly in the manufacturing or distribution industries, are asked to participate. Here are the percentages of participation in this week's survey by market sector.



# SMU Buyers Sentiment Index

Up 2 points to +70

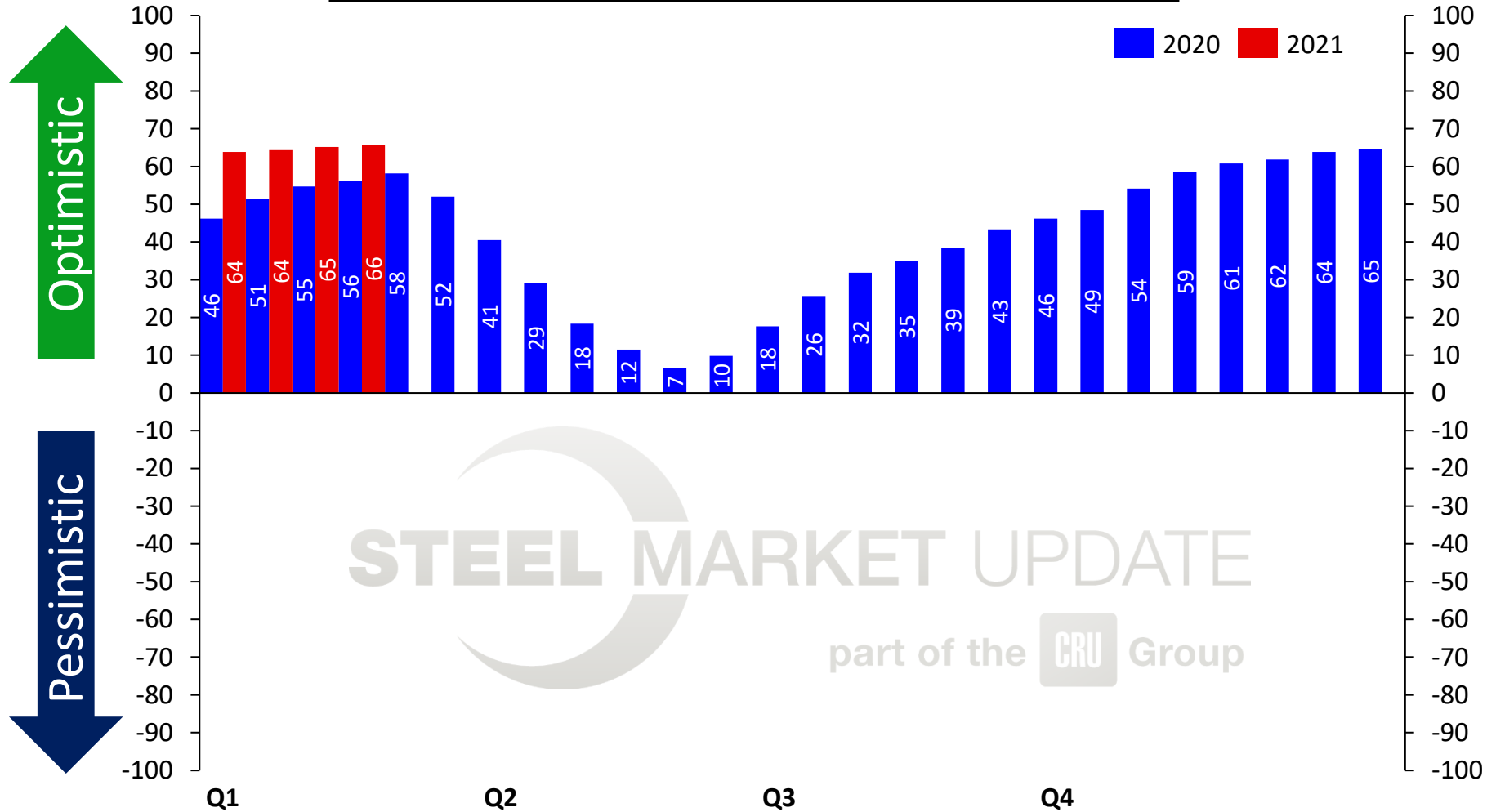
## Steel Market Update Buyers Sentiment Index



# SMU Buyers Sentiment Index

Three Month Moving Average at +65.67

## Steel Market Update Buyers Sentiment Index 3MMA

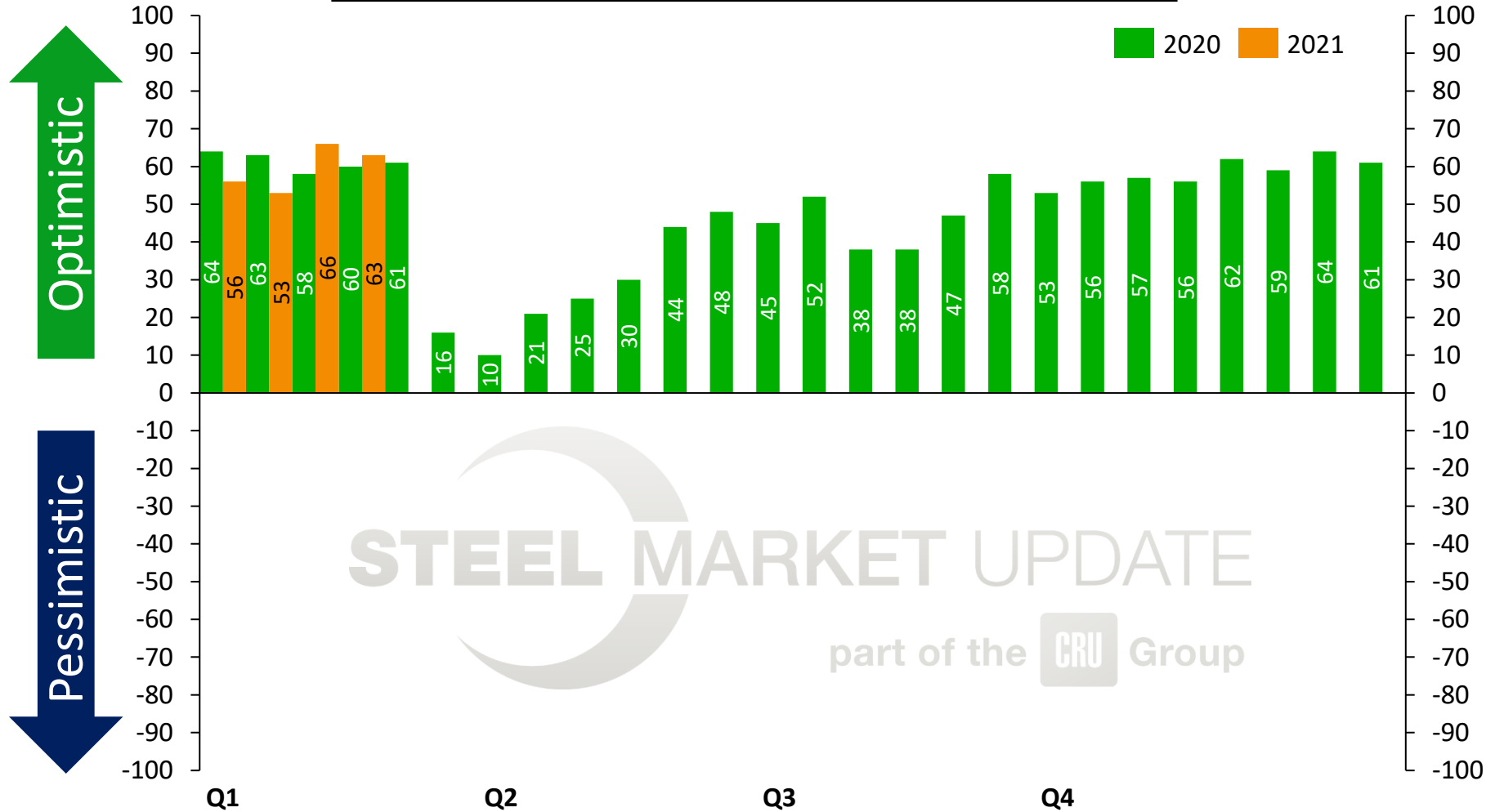




# SMU Future Buyers Sentiment Index

Down 3 points to +63

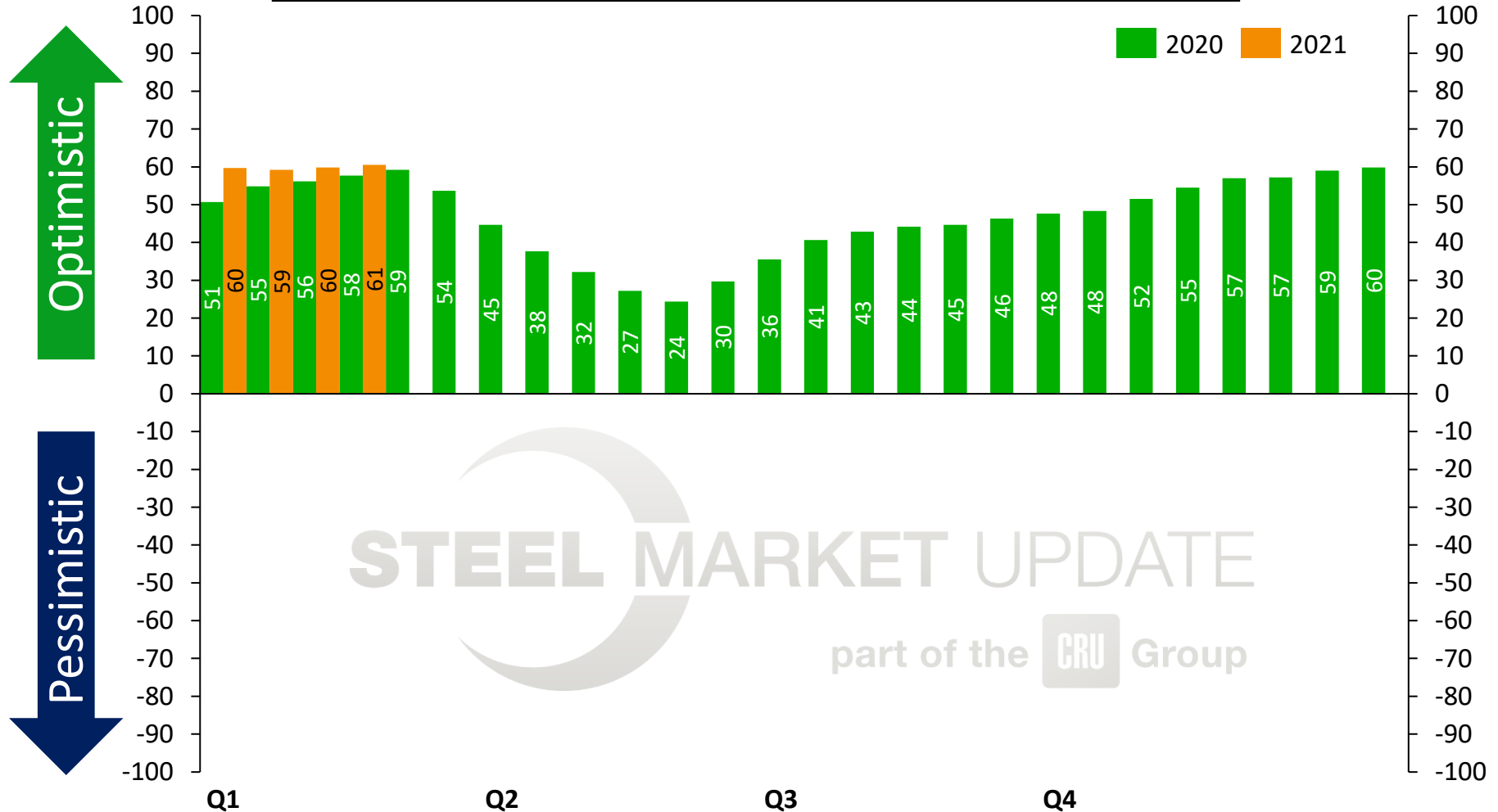
## Steel Market Update Future Buyers Sentiment Index



# SMU Future Buyers Sentiment Index

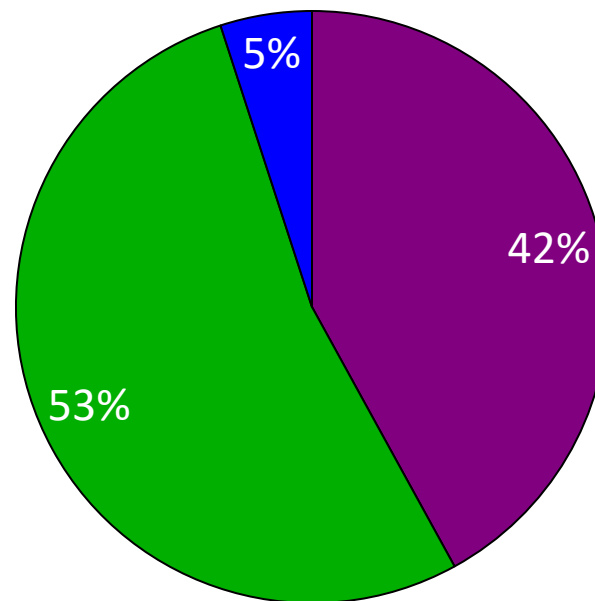
Three Month Moving Average at +60.50

## 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

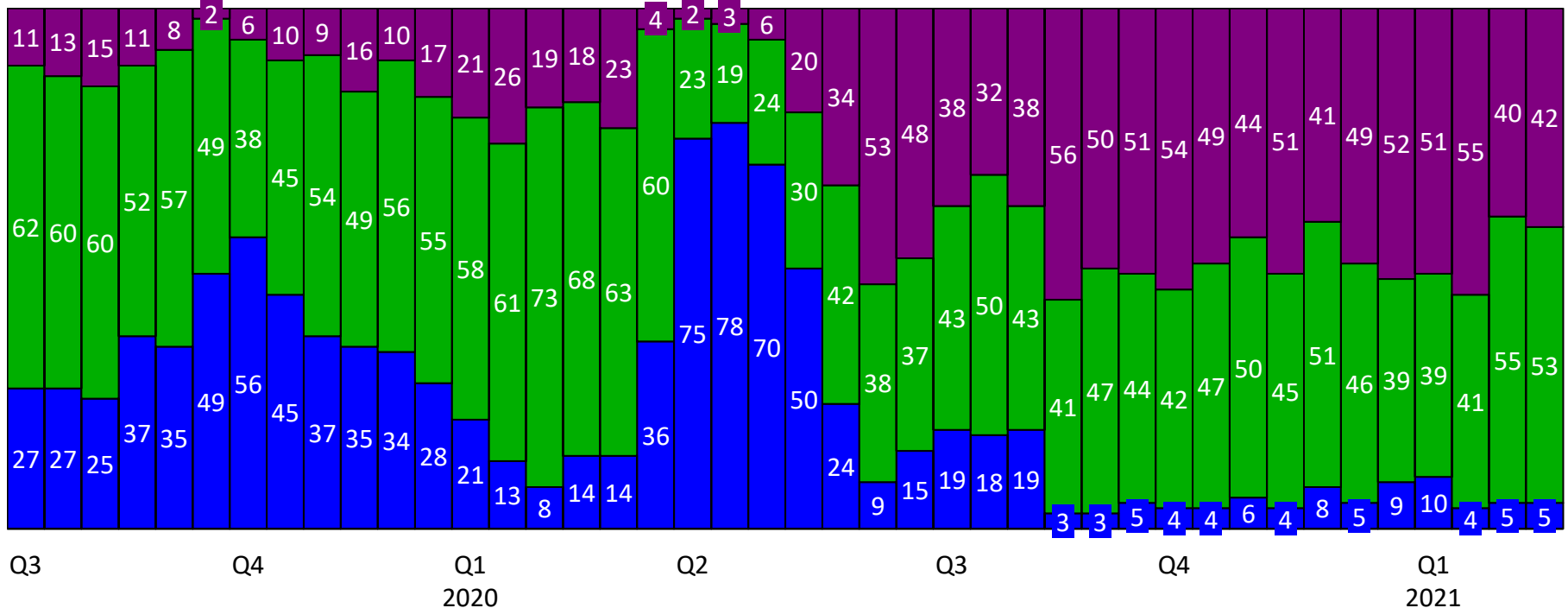


# Overall Demand History

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

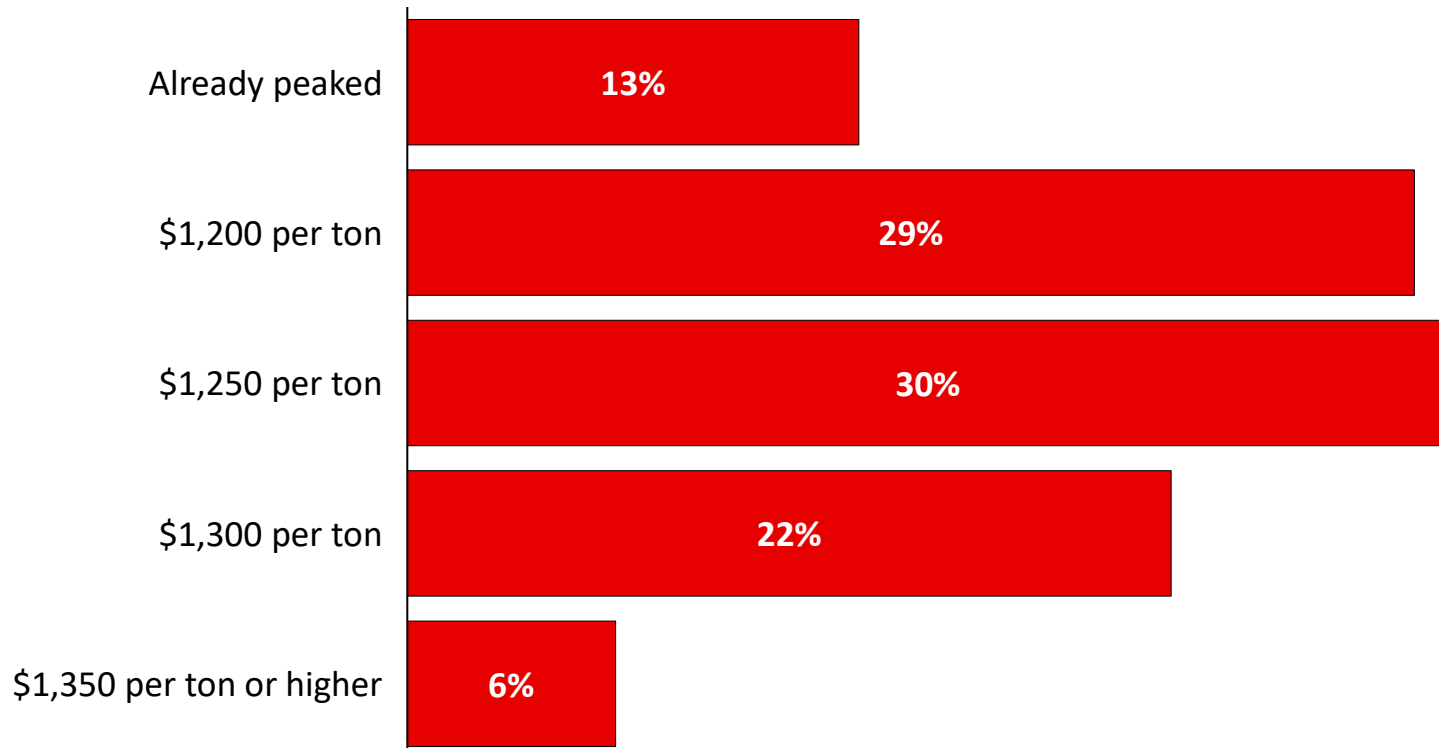
- Demand is improving
- Demand is remaining the same
- Demand is declining

out of 100%



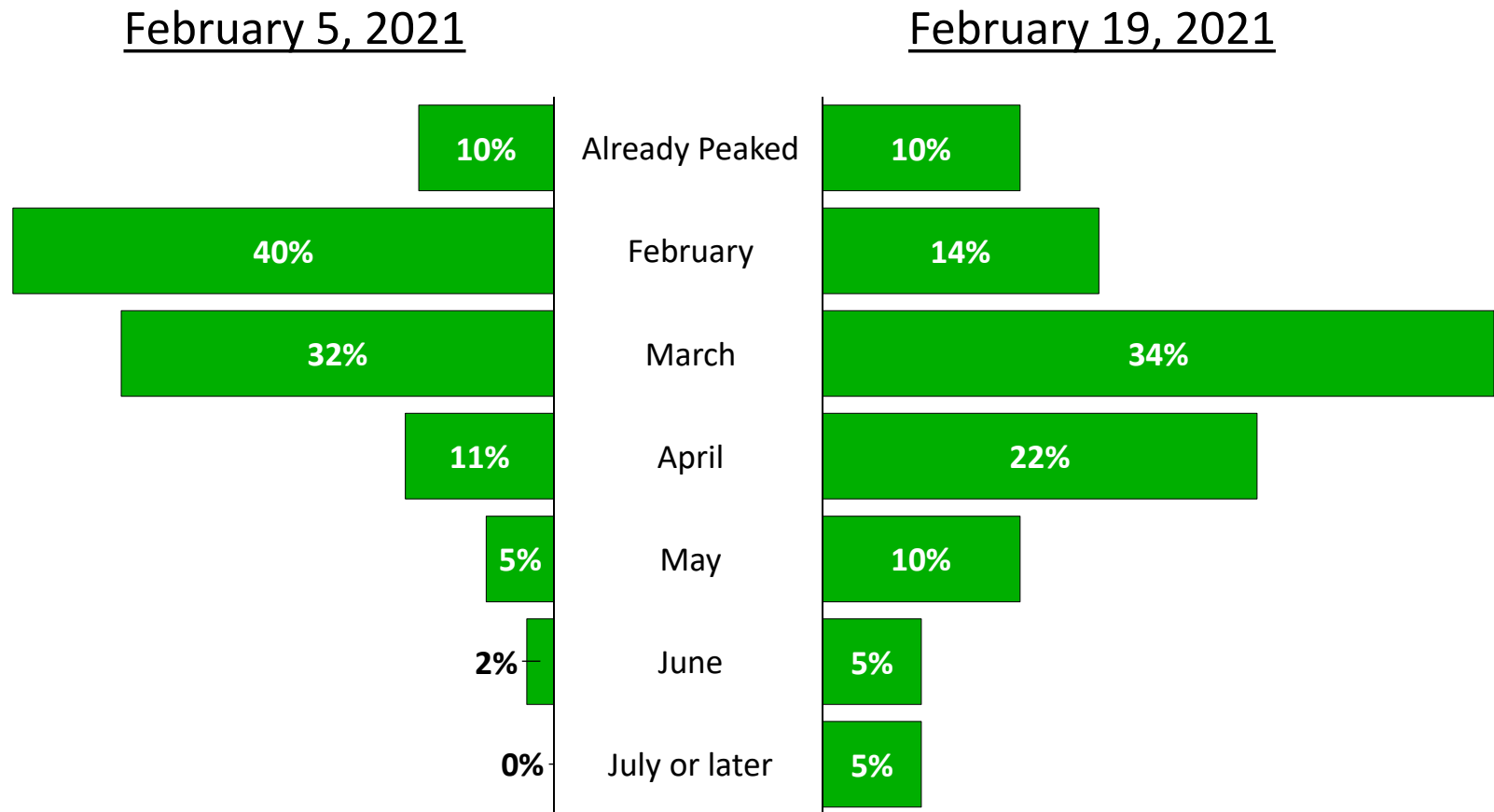
# HRC Price Peak

Hot rolled price offers have now surpassed \$1,175 per ton.  
At what level do you think HRC prices will peak?



# When Will Prices Peak?

When do you see prices peaking?

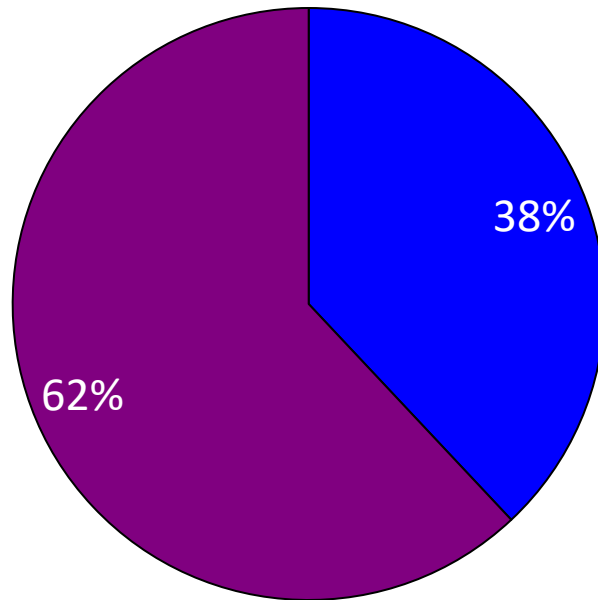


# Tipping Point?

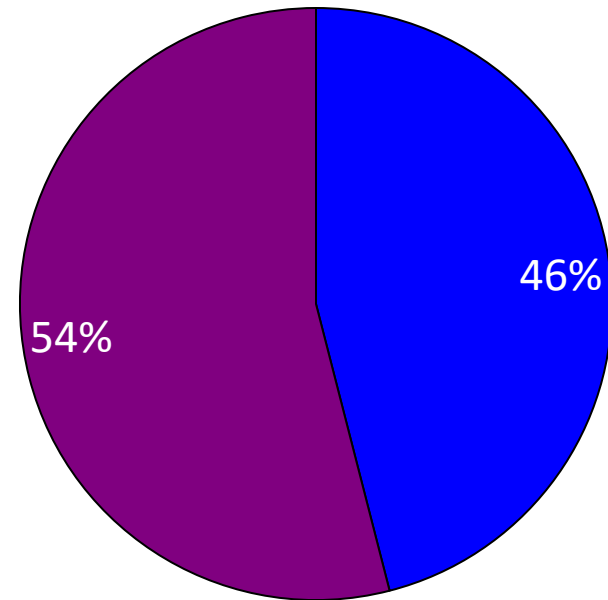
Have you seen any cracks in the market yet, signaling that the record-high steel prices are nearing a tipping point?

Yes No

February 5, 2021



February 19, 2021

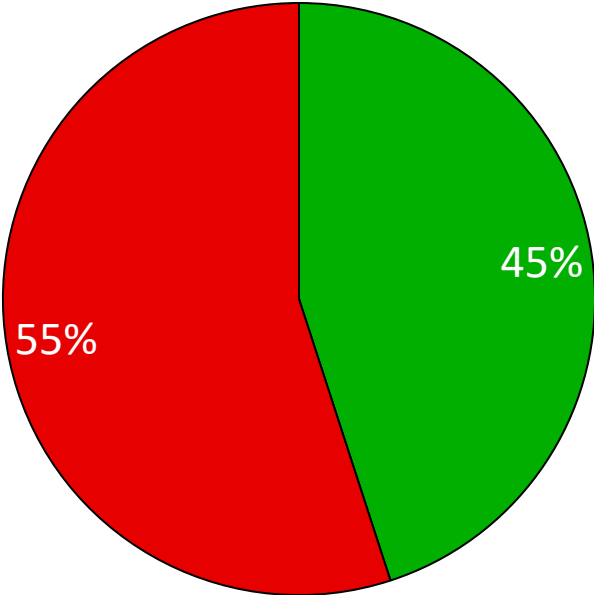


# Material Availability

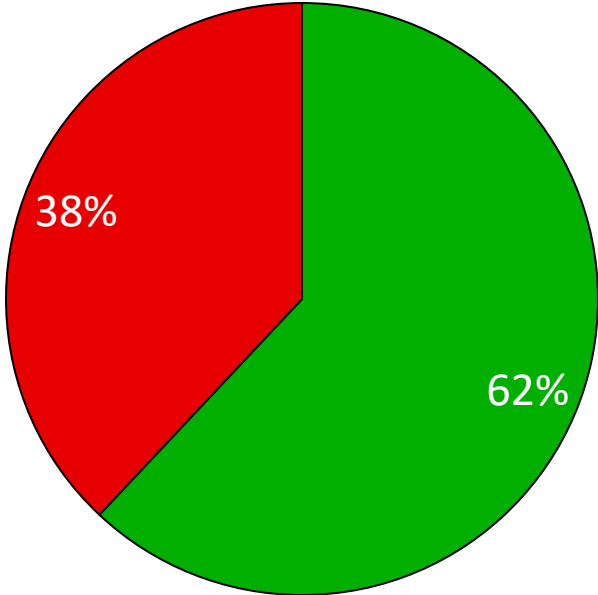
Are you able to purchase all of the material you need to run your business, or keep your customers satisfied?

Yes No

February 5, 2021



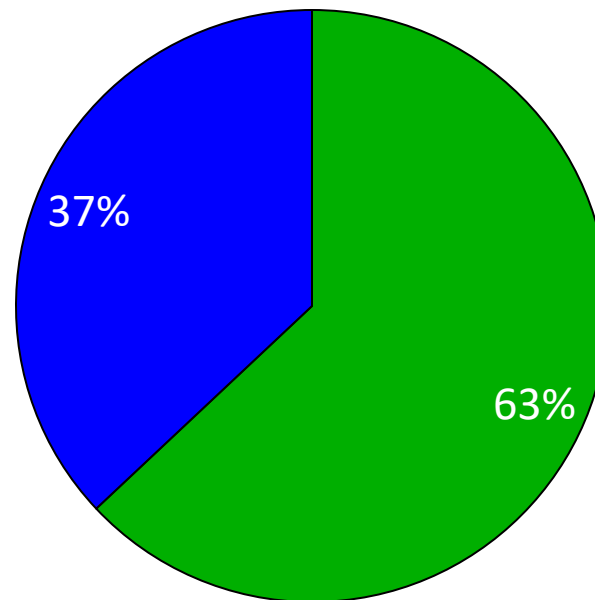
February 19, 2021





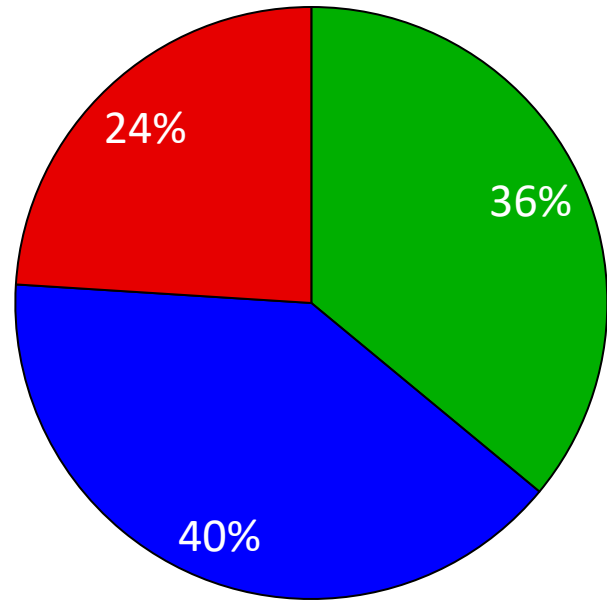
Do you think imports arriving over the next few months or additional capacity later this year will help relieve near-term supply shortages?

Yes No



**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

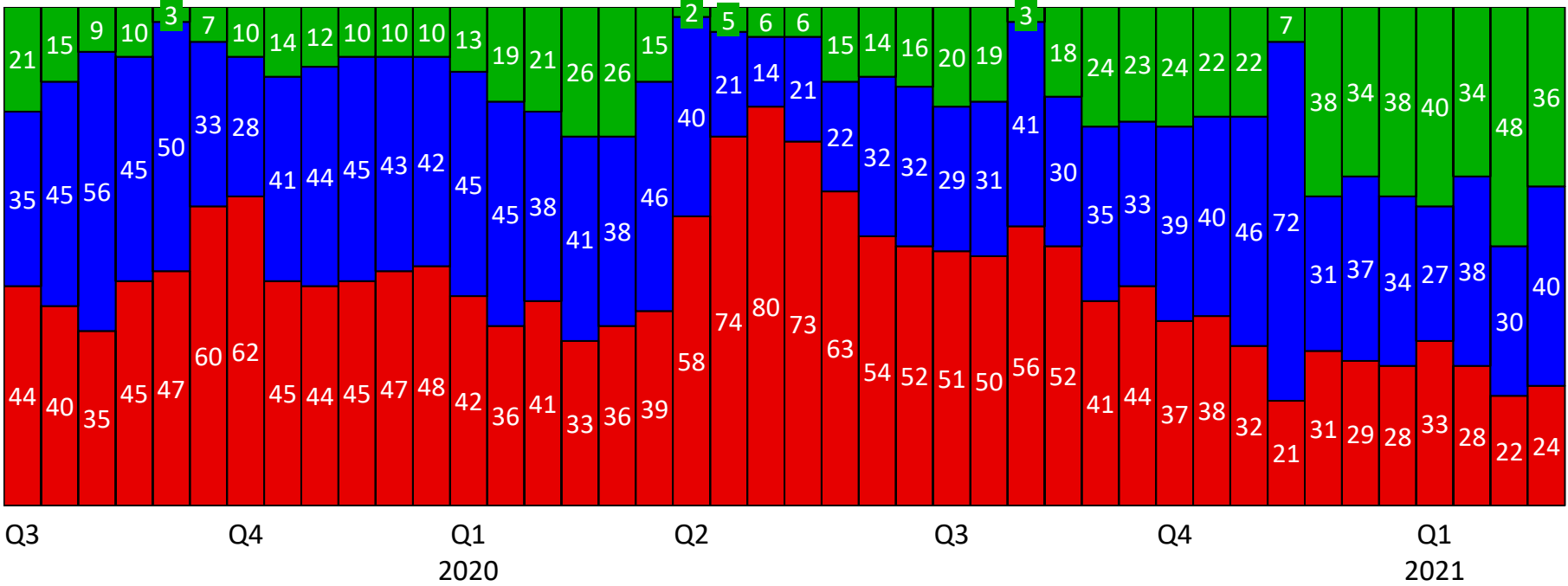


# History of Manufacturer Purchases

**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?

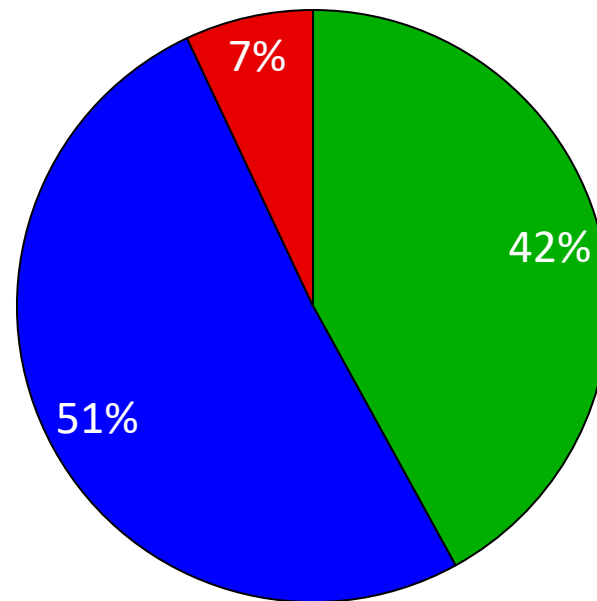
- Buying more steel
- Buying the same amount of steel
- Buying less steel

out of 100%



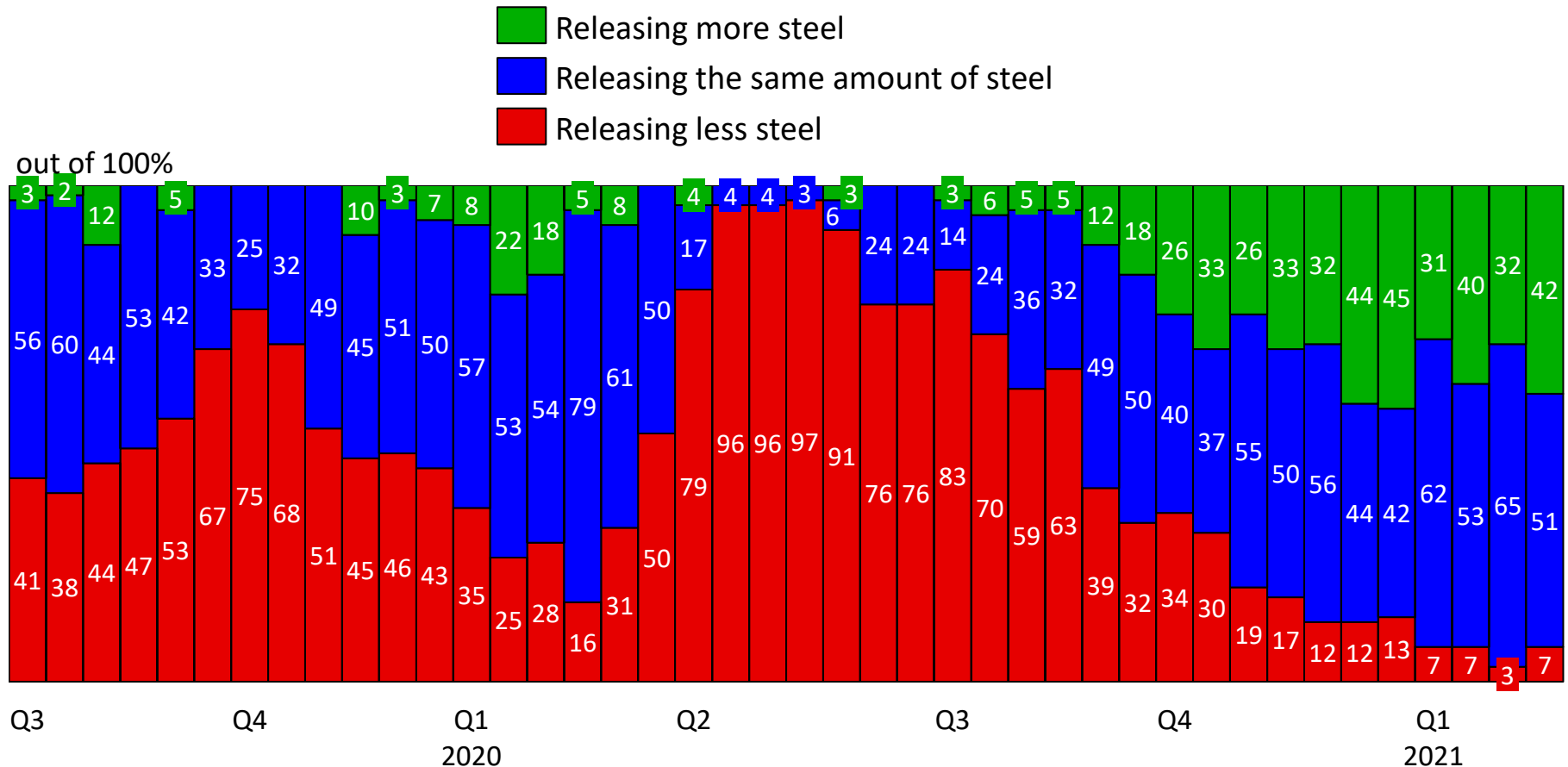
**Service Centers-** How do you see your customers releases (demand) for the products your company provides this year compared to this time last year?

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



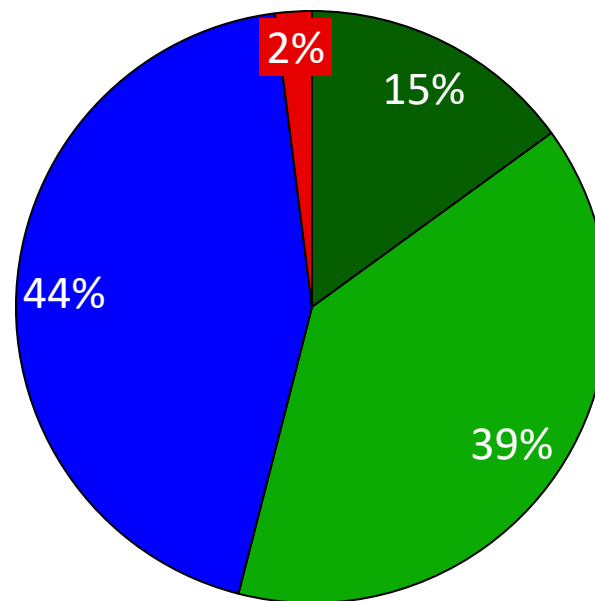
# Service Center Release History

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



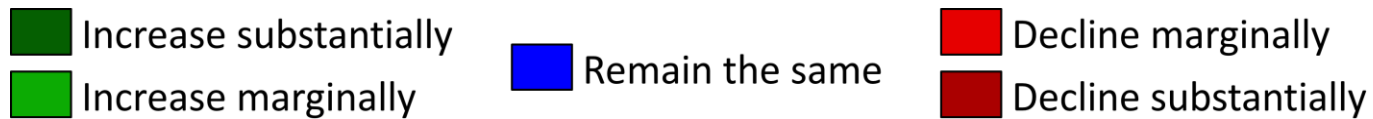
**Manufacturers-** Demand for your products will \_\_\_\_\_  
over the next 3 months based on current order flows.

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

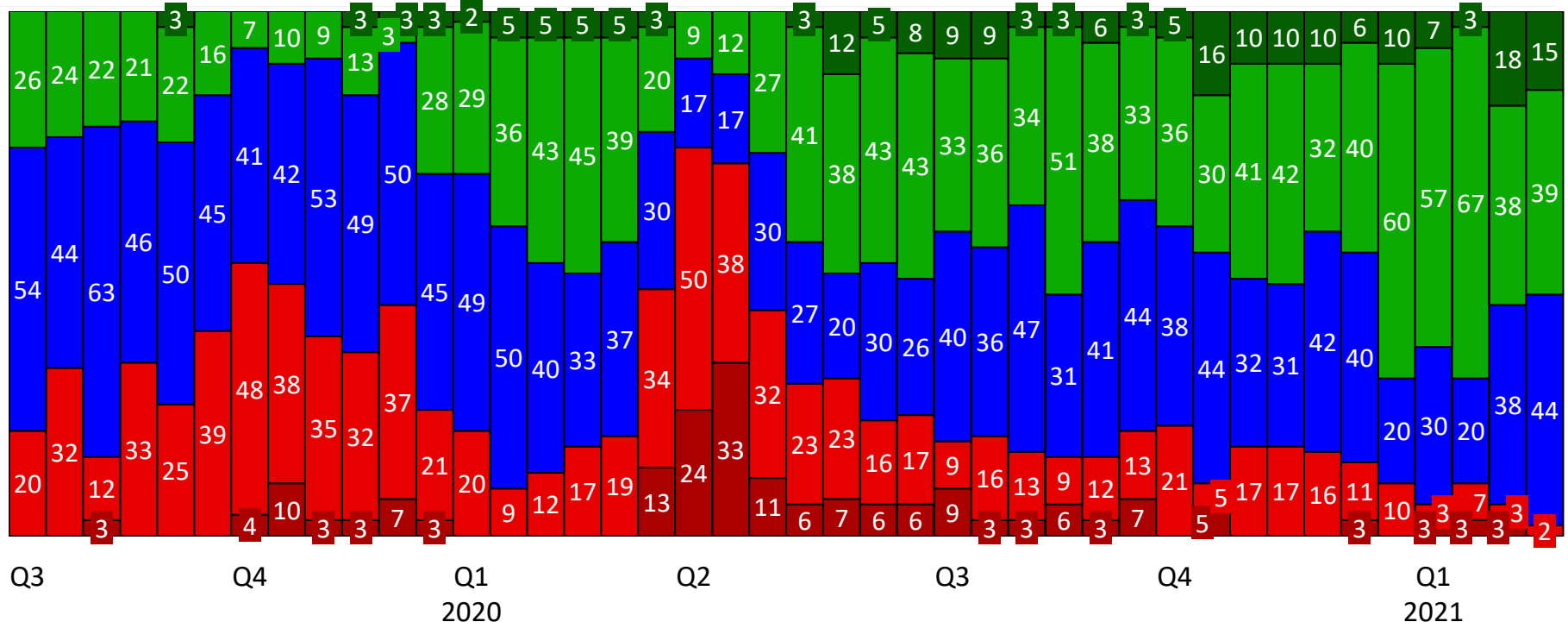


# Manufacturer Demand History

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



out of 100%

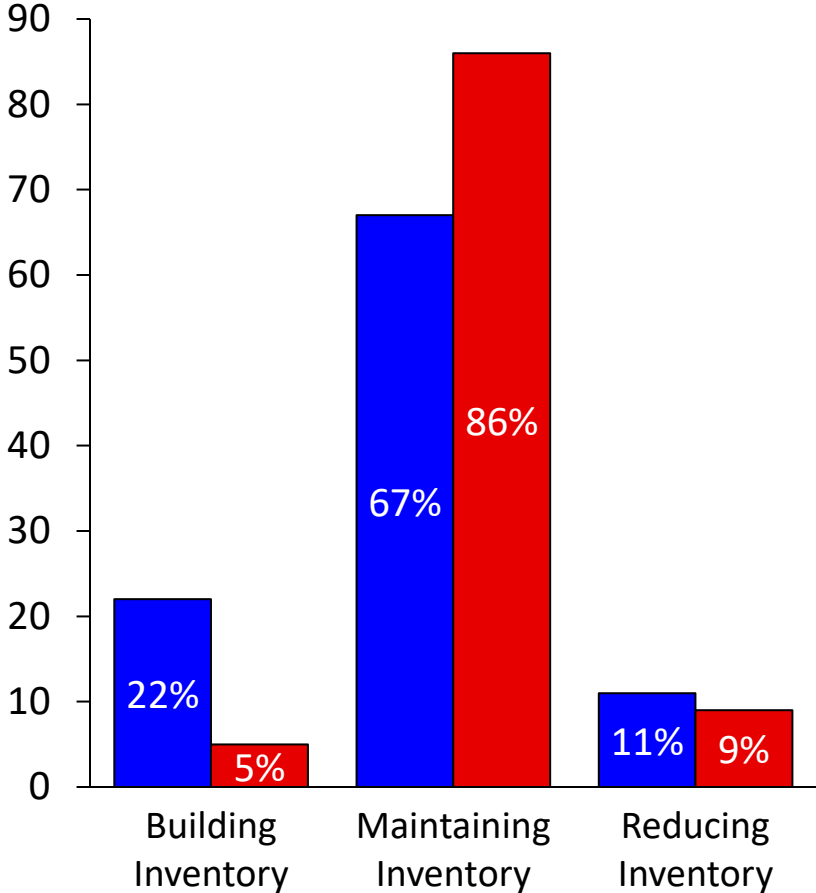
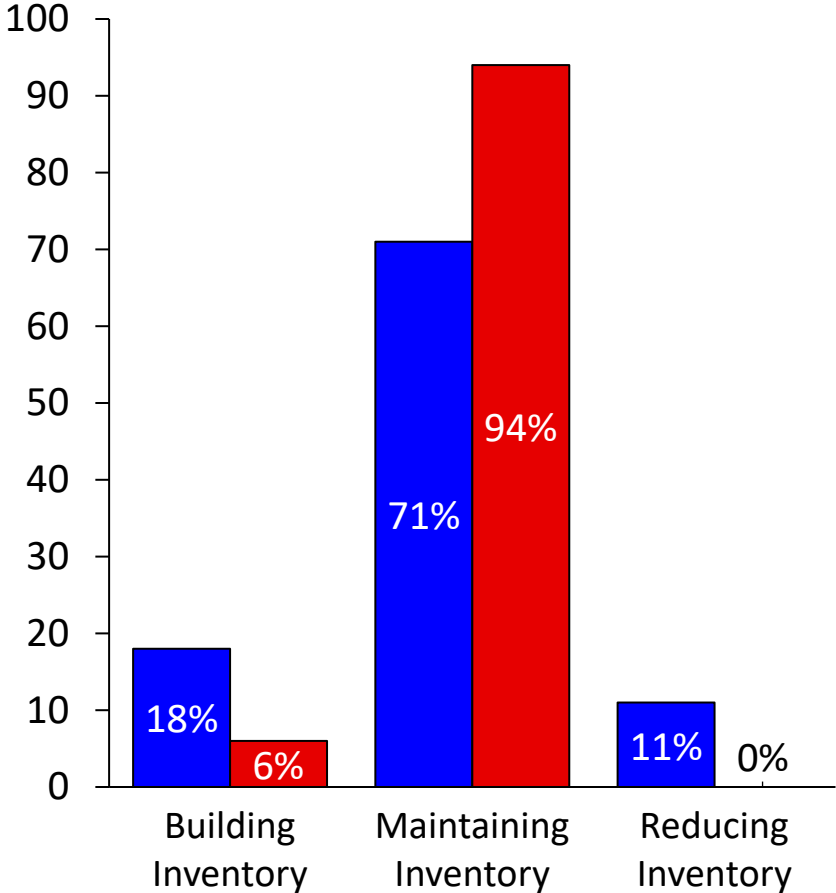


# Manufacturer and Service Center Inventory Buying Patterns

February 5, 2021

February 19, 2021

Manufacturers Service Centers



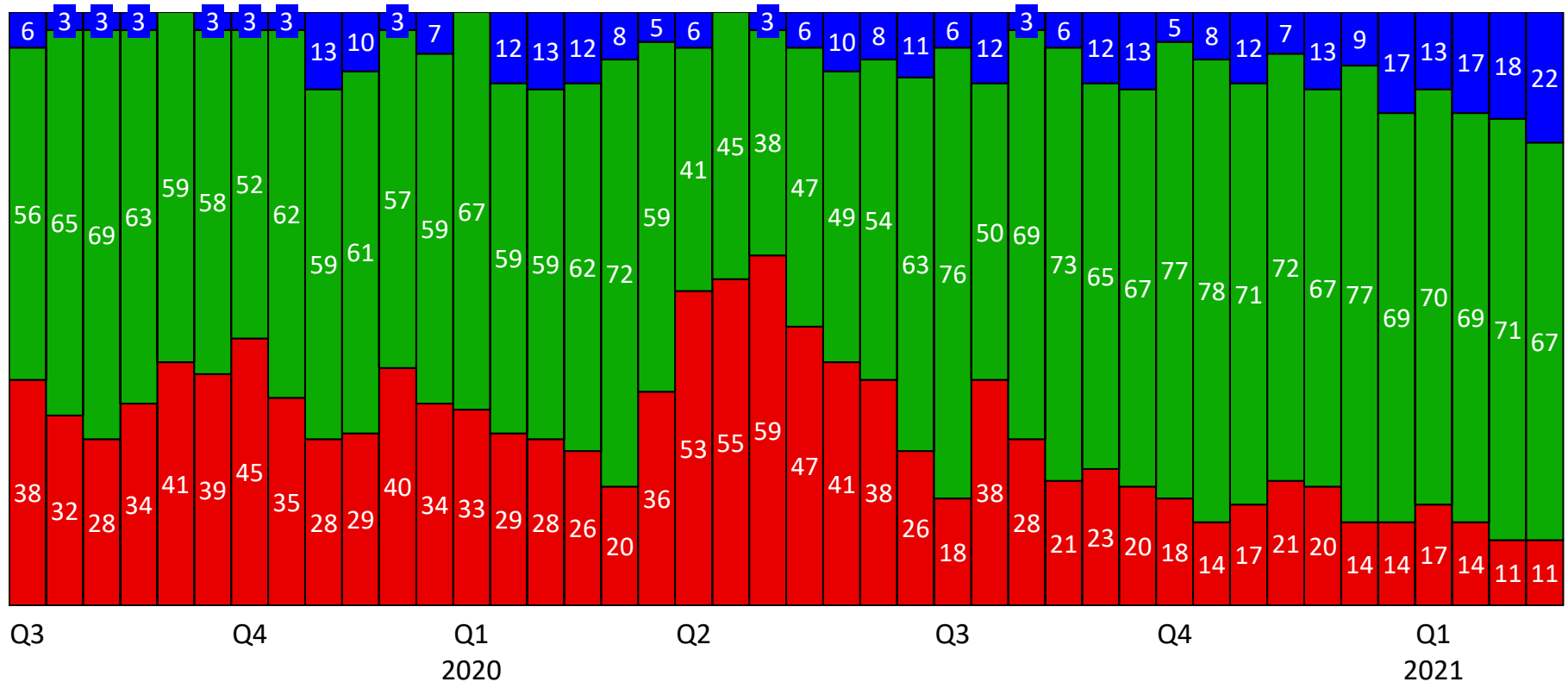


# Manufacturer Inventory Buying History

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

■ Building Inventory  
 ■ Maintaining Inventory  
 ■ Reducing Inventory

out of 100%

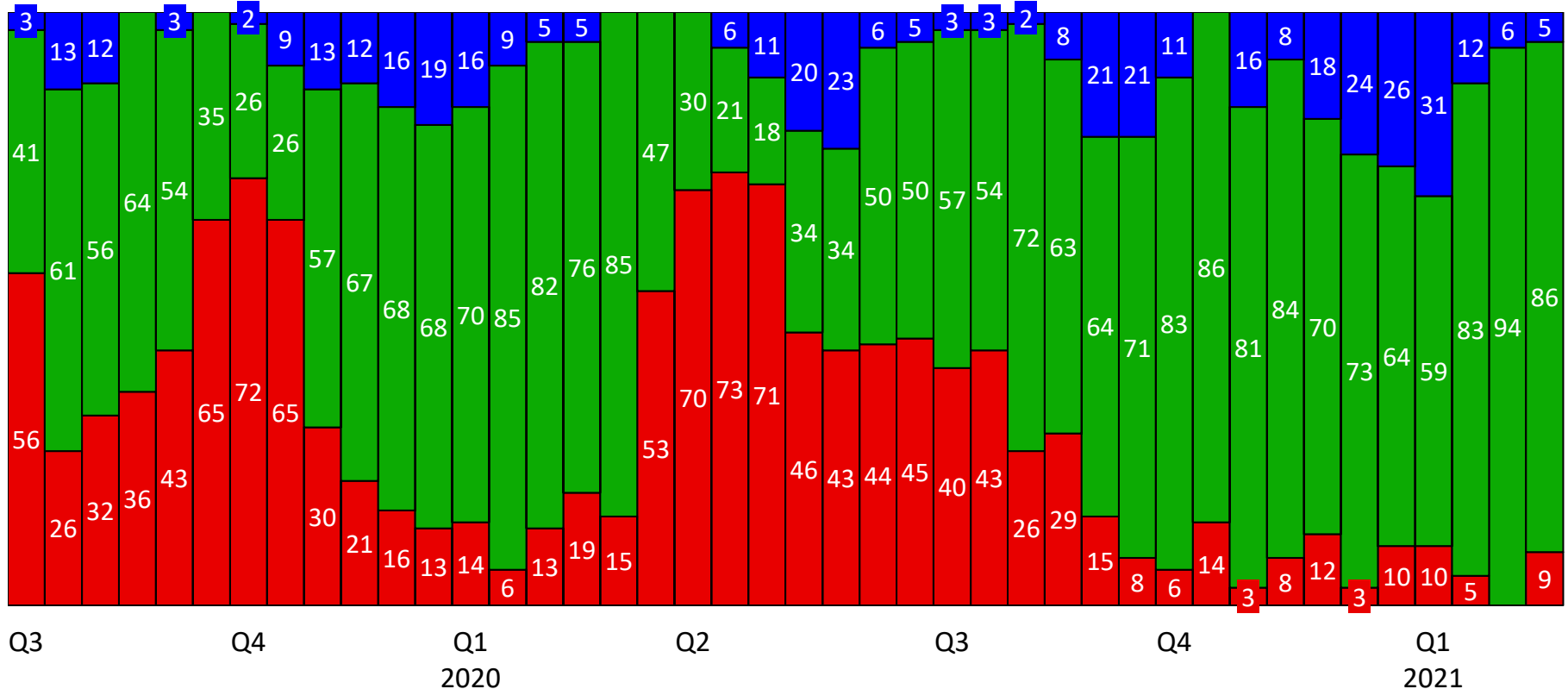


# Service Center Inventory Buying History

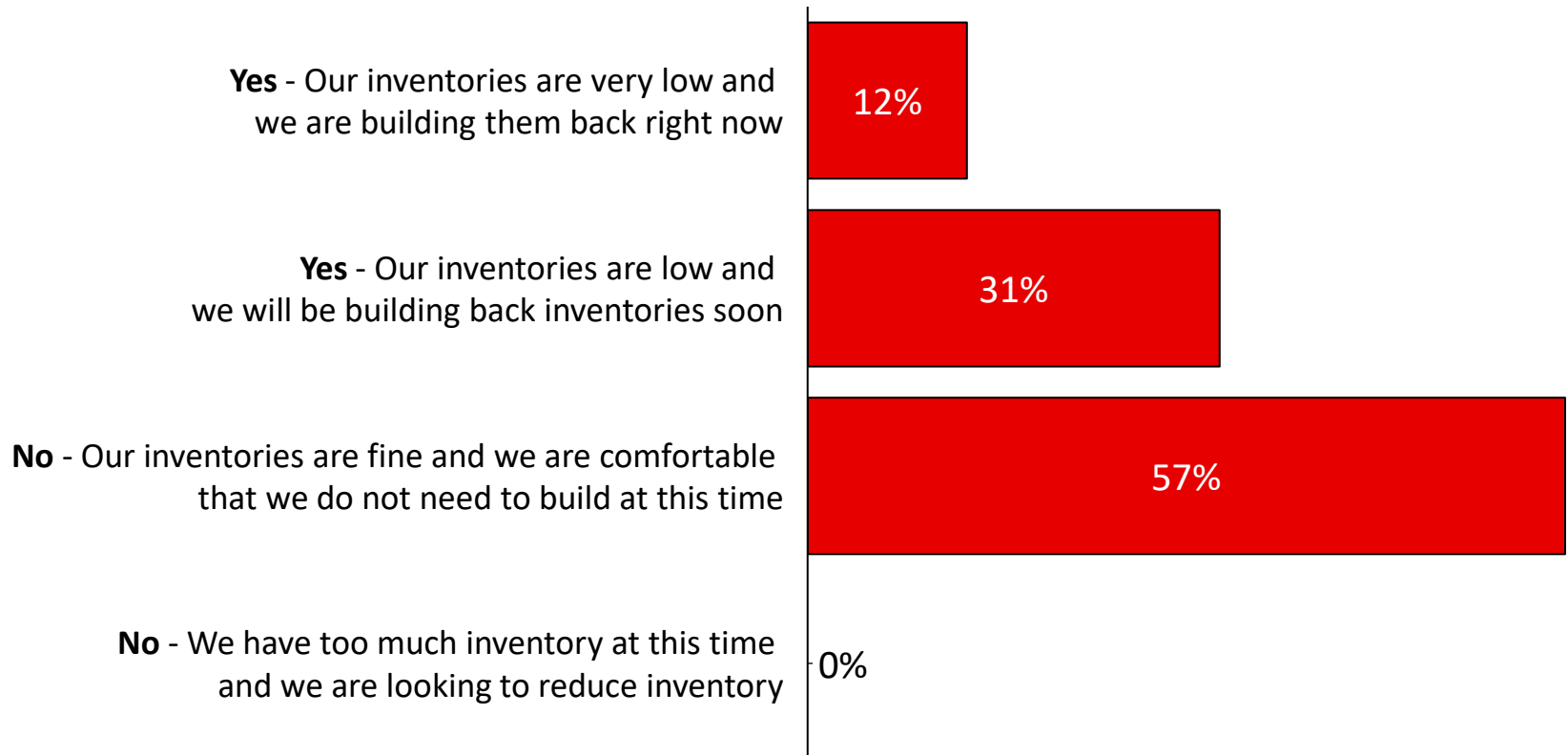
**Service Centers-** Is your company building, reducing or maintaining its flat rolled steel inventory?

■ Building Inventory   
 ■ Maintaining Inventory   
 ■ Reducing Inventory

out of 100%



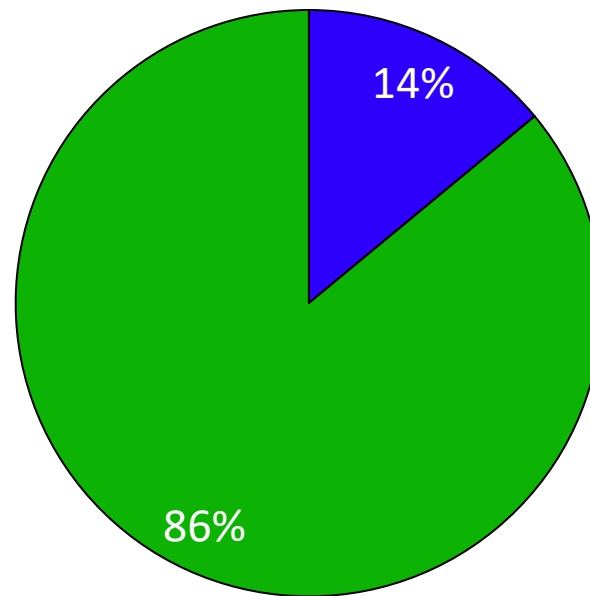
**Service Centers-** Does your company need to build back inventories or are you comfortable with the levels you are holding on your floor?



# 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

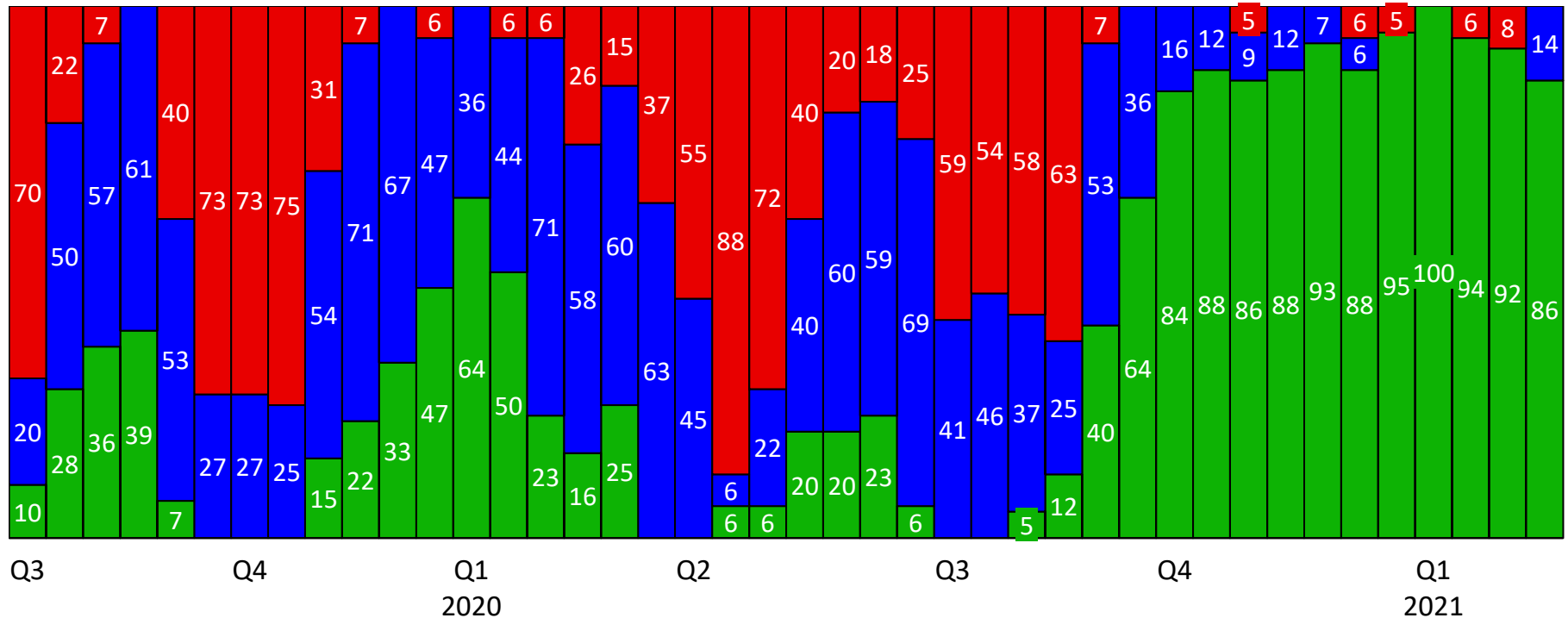


# Manufacturer's View of Service Center Selling Prices History

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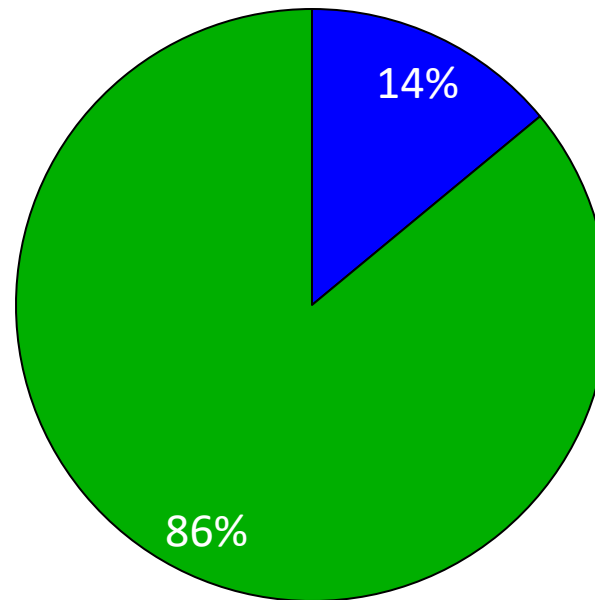
- We are seeing prices decreasing from our service centers
- We are seeing prices stable from our service centers
- We are seeing prices rising from our service centers

out of 100%



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

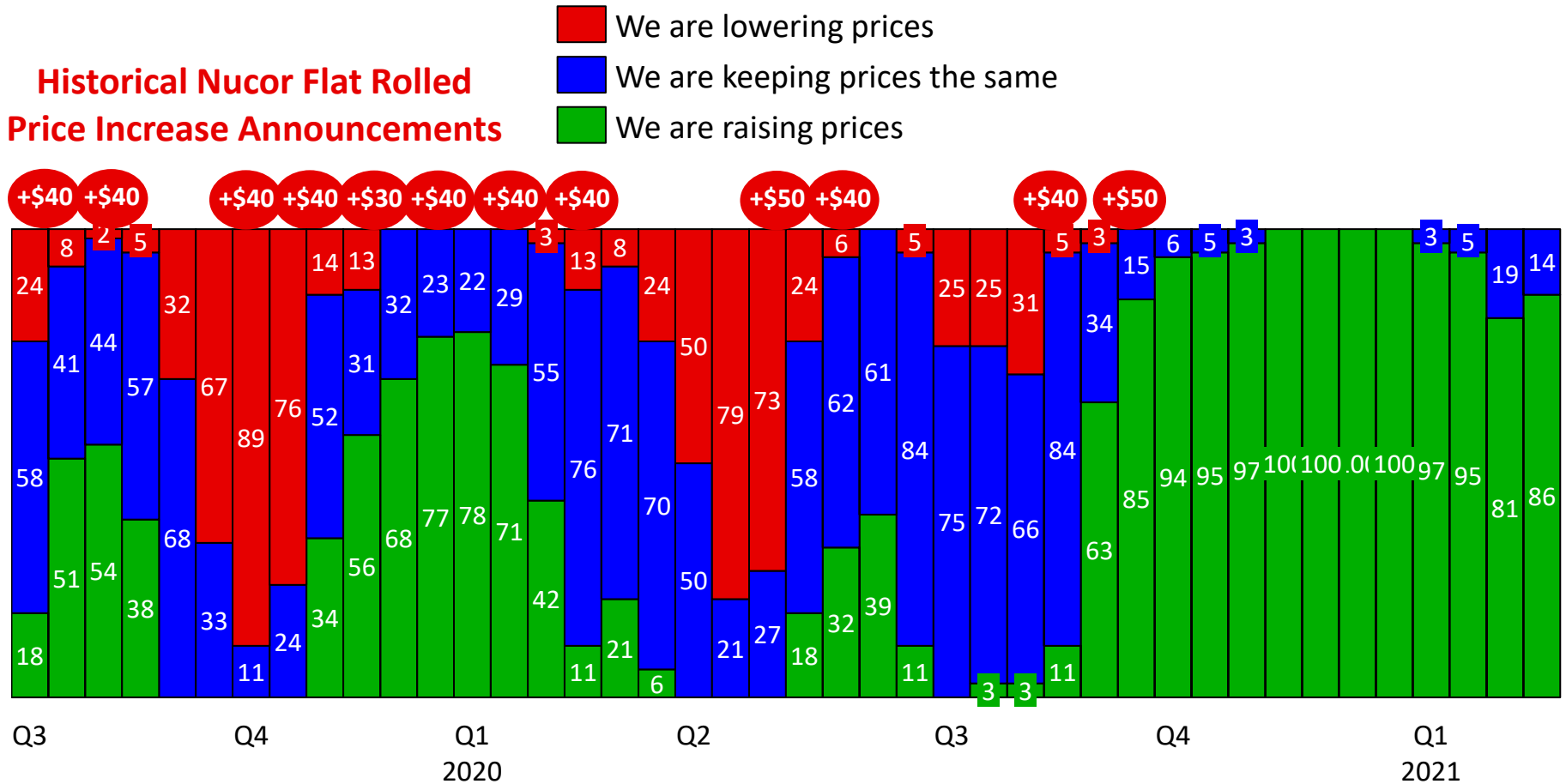
- We are lowering prices
- We are keeping prices the same
- We are raising prices



**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?



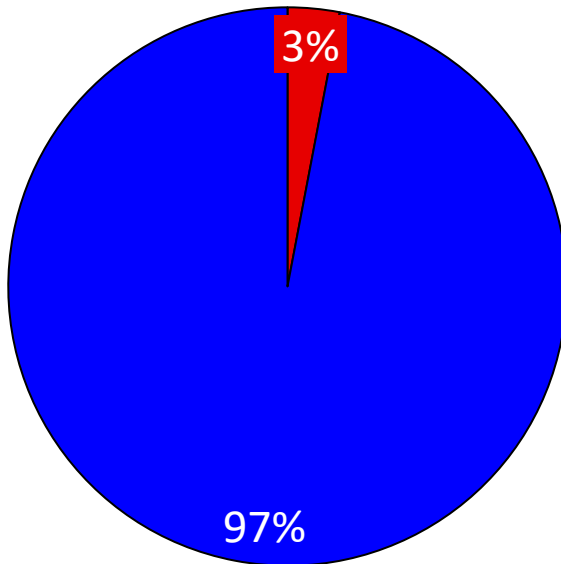


# Passing Along Higher Prices

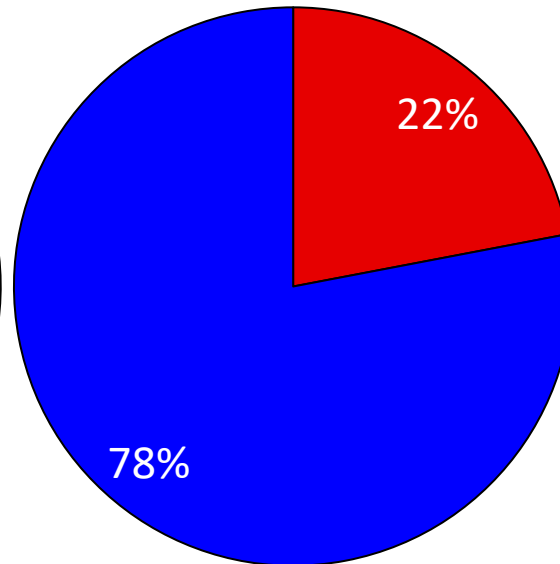
**Service Centers-** Are you having any difficulties in passing along the new higher prices to your customers?

Yes No

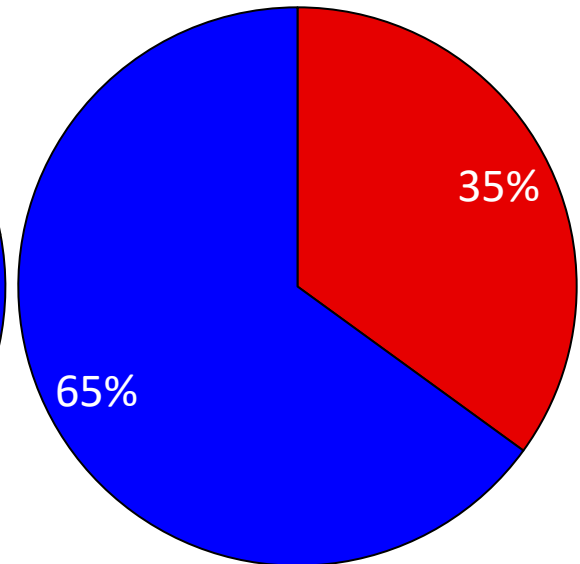
December 23, 2020



January 21, 2021

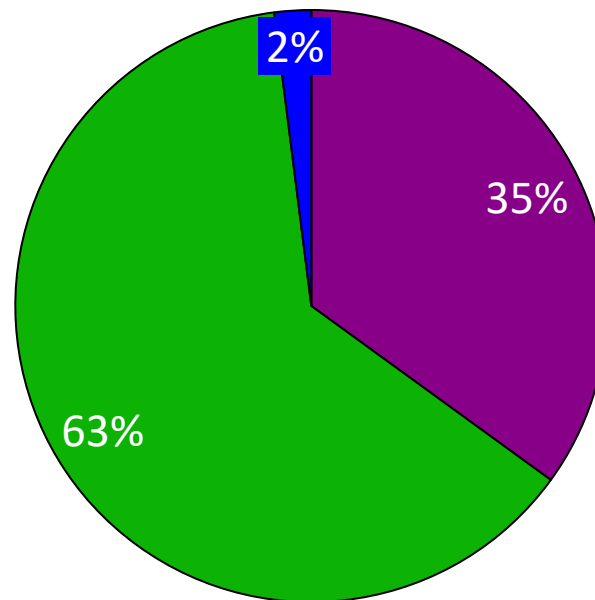


February 19, 2021



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

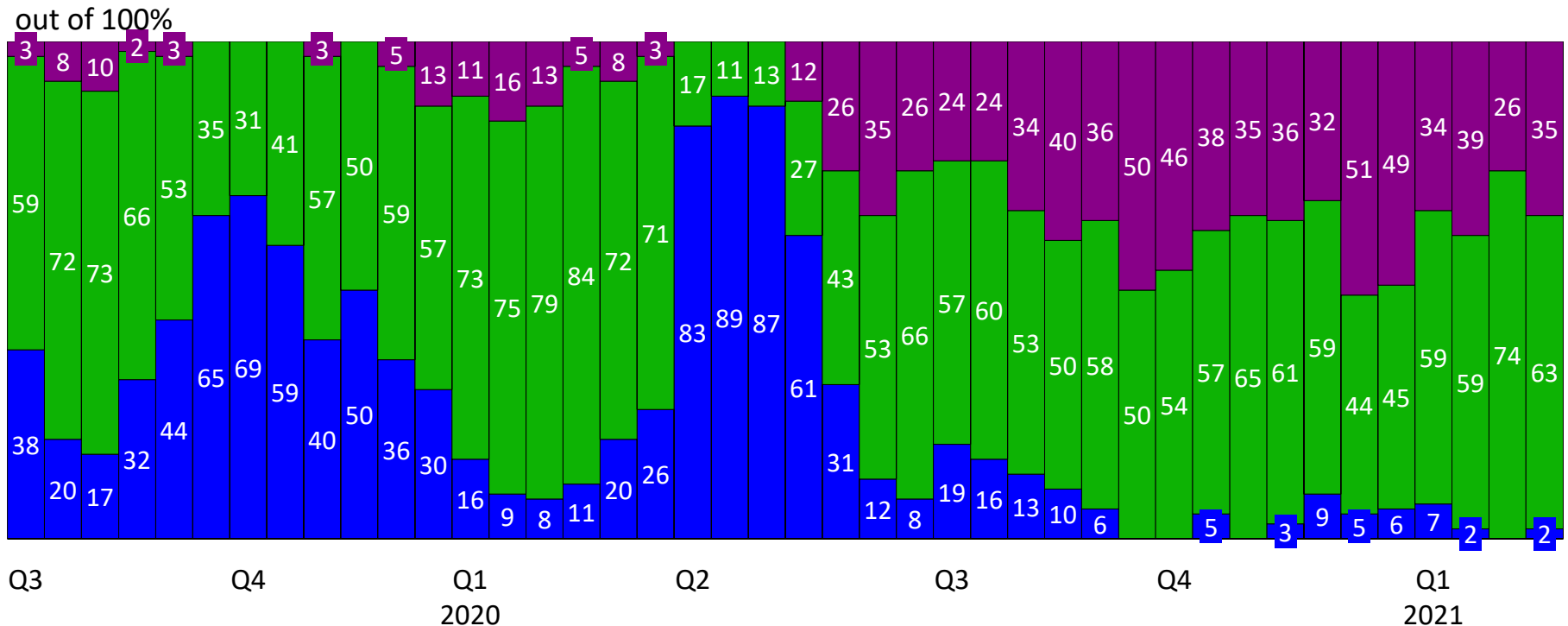
- Our manufacturing customers are increasing orders
- Our manufacturing customers are maintaining their orders
- Our manufacturing customers are reducing their orders



# Service Centers on Manufacturer Orders History

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

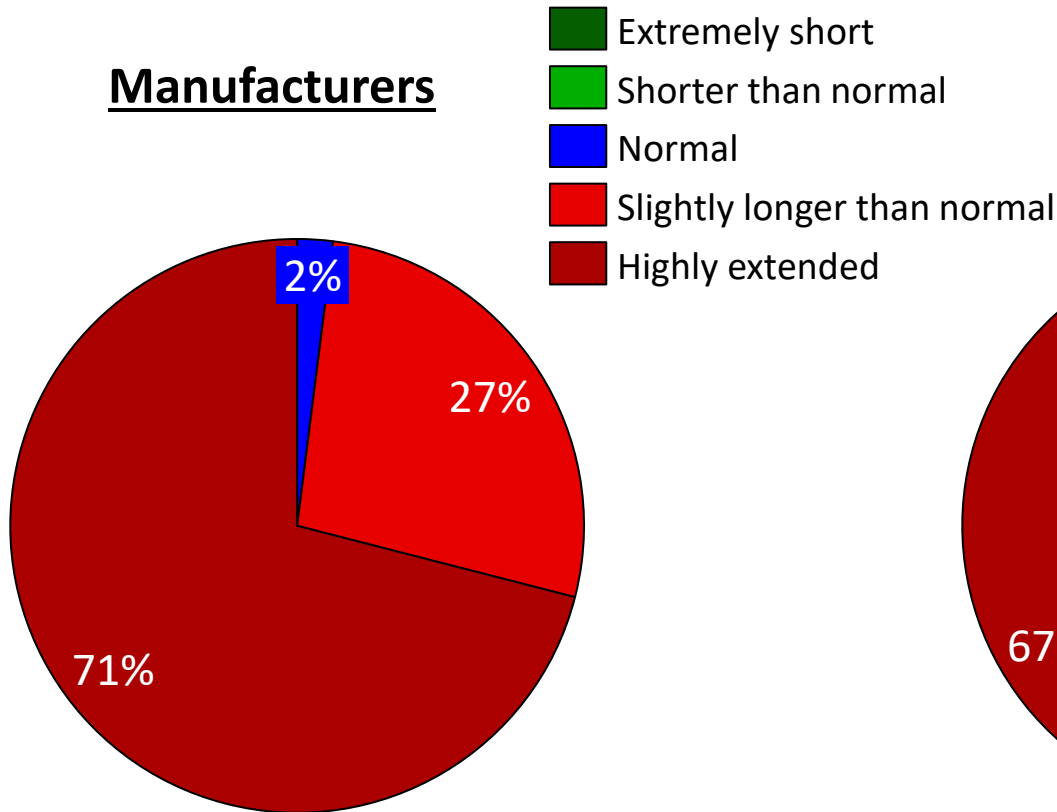
- Our manufacturing customers are increasing orders
- Our manufacturing customers are maintaining their orders
- Our manufacturing customers are reducing their orders



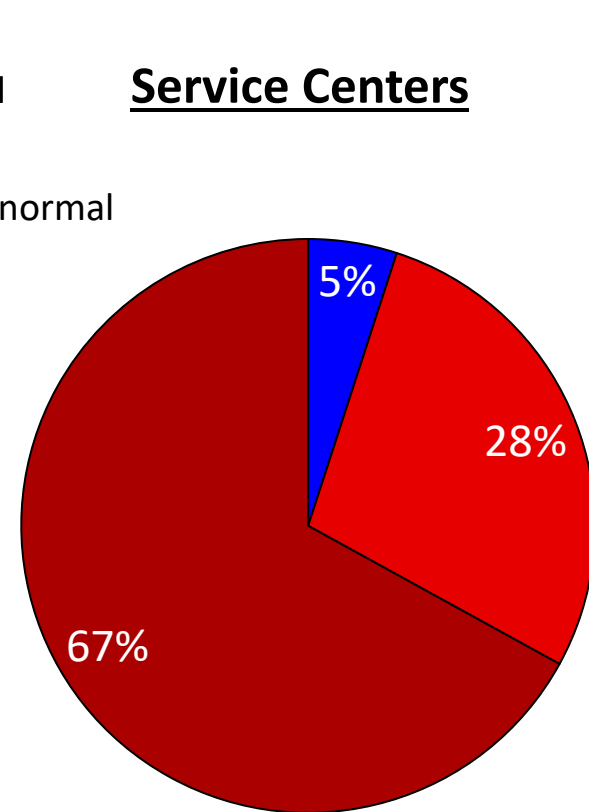
# Mill Lead Times

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

## Manufacturers

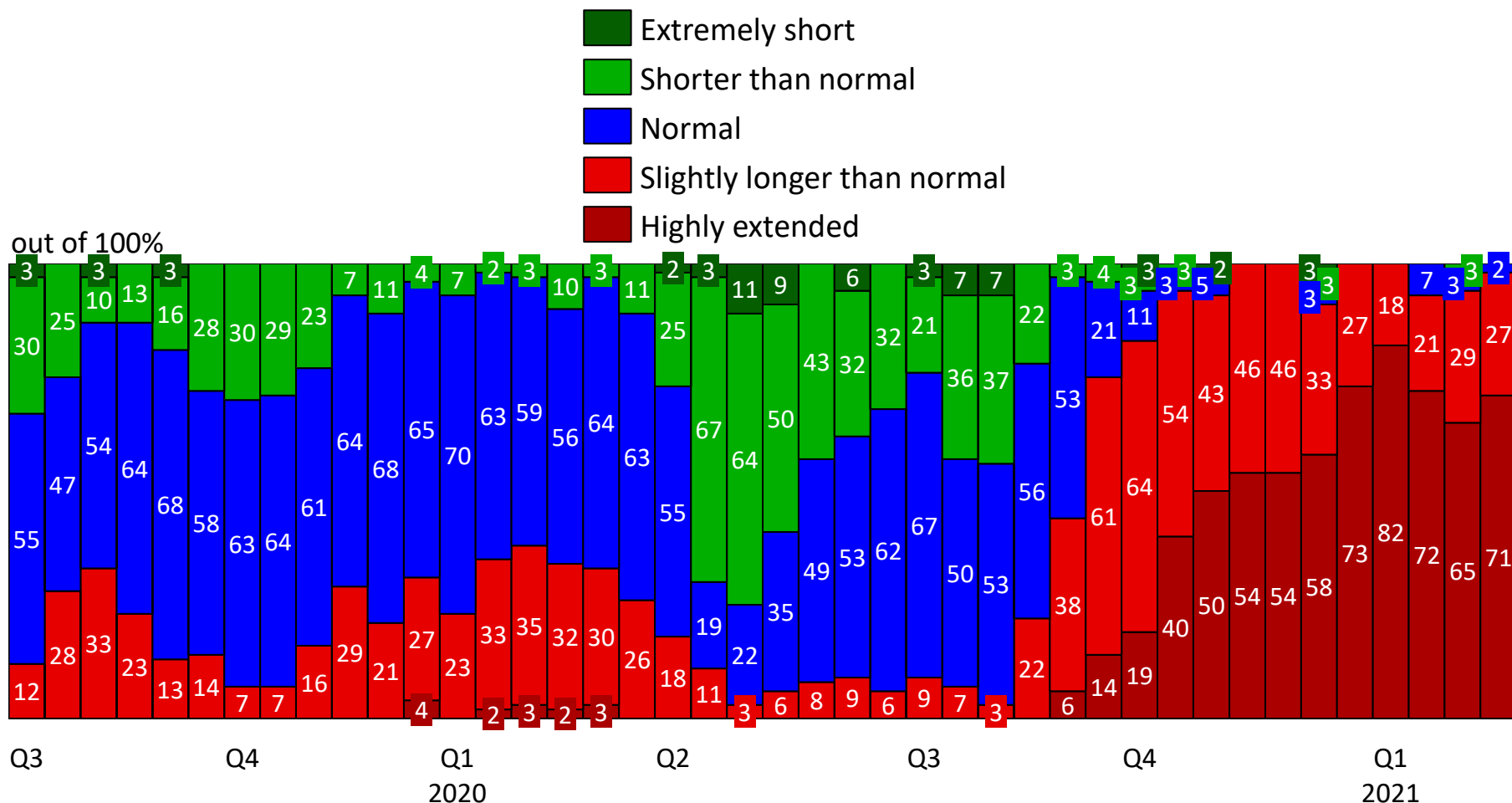


## Service Centers



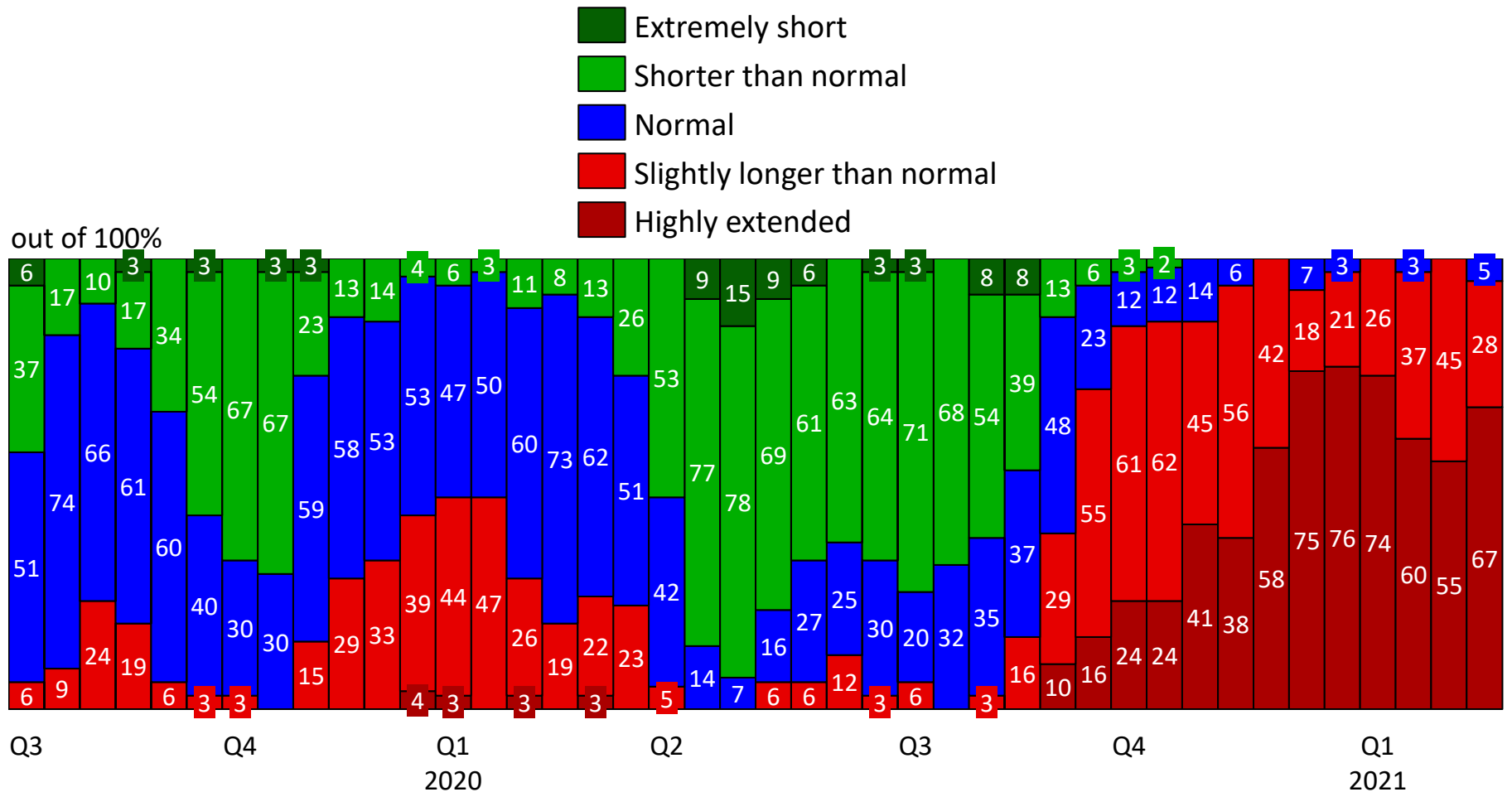
# Mill Lead Times History

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



# Mill Lead Times History

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

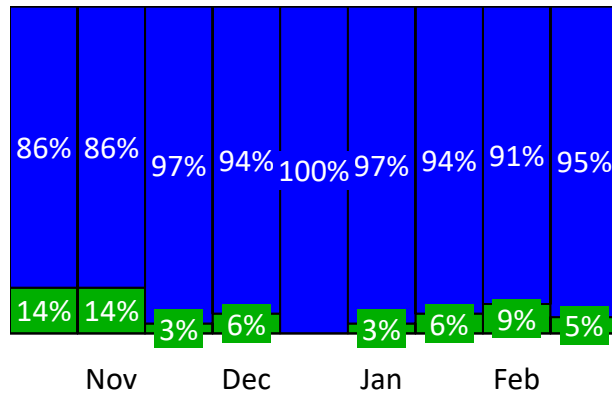


# Mill Negotiations

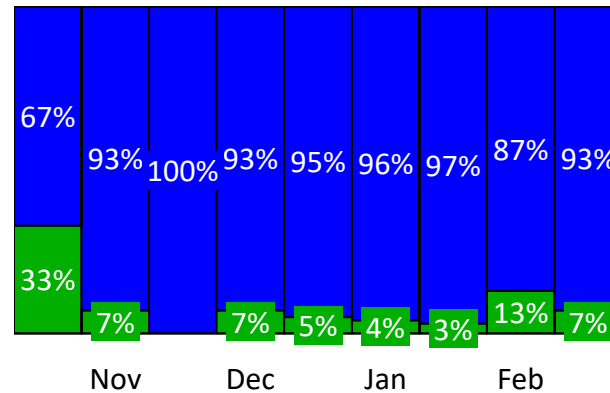
Are you finding the domestic mills are willing to negotiate pricing on brand new orders placed this week?

Yes No

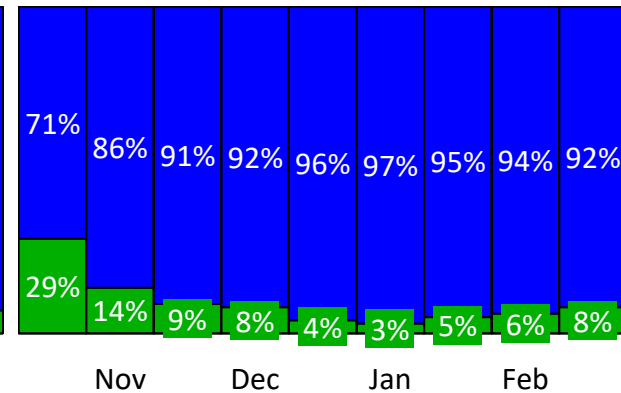
Hot Rolled



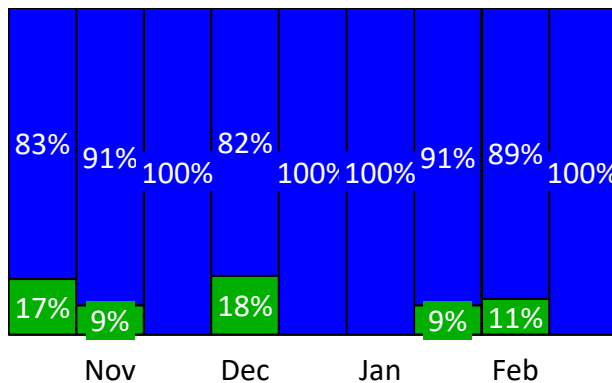
Cold Rolled



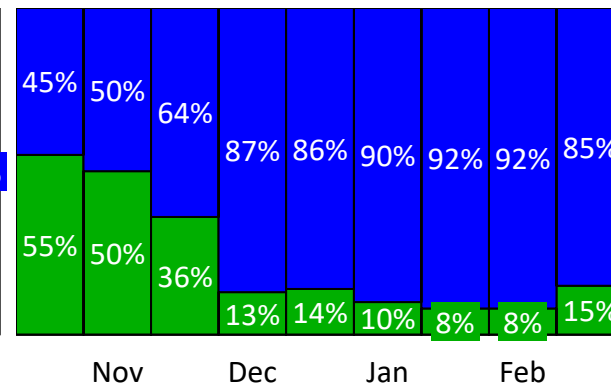
Galvanized



Galvalume

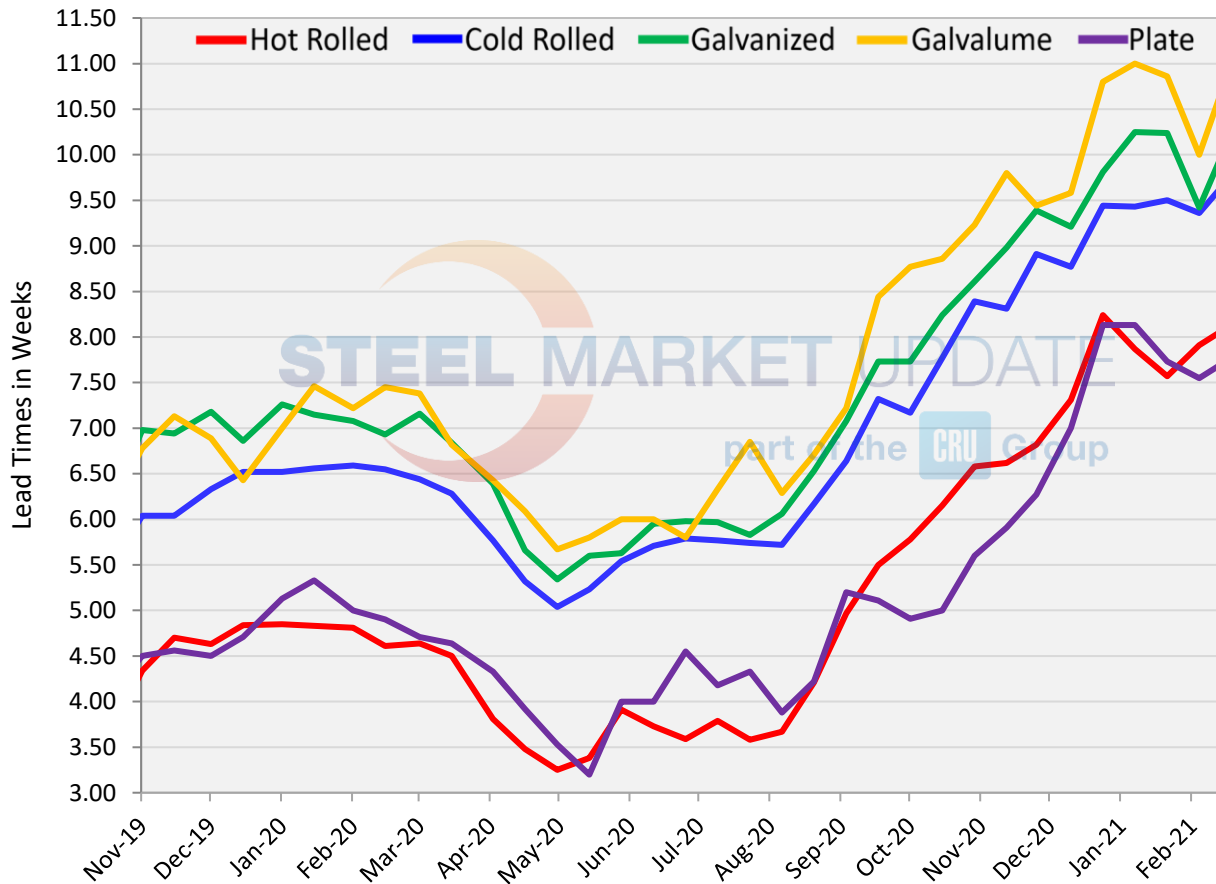


Plate



# Mill Lead Times

### Steel Market Update Lead Times Comparison



## Lead Times in Weeks

**Galvalume: 11.00**

**Galvanized: 10.24**

**Cold Rolled: 9.77**

**Hot Rolled: 8.13**

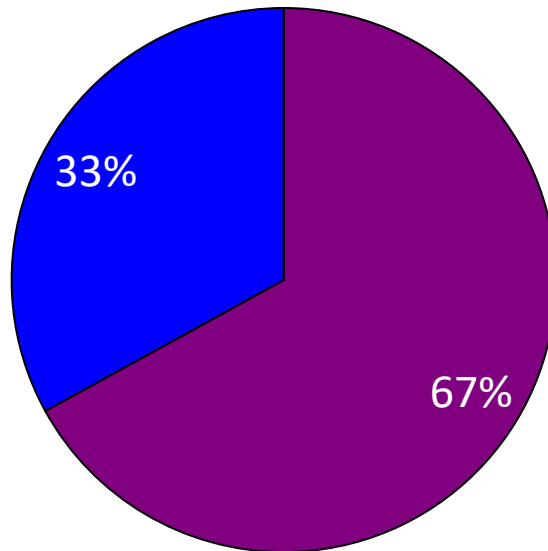
**Plate: 7.77**



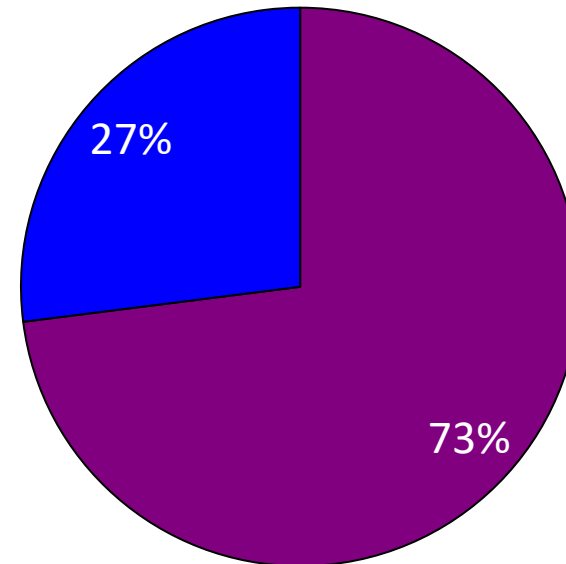
Does your company buy foreign steel?

■ Yes ■ No

## Manufacturers



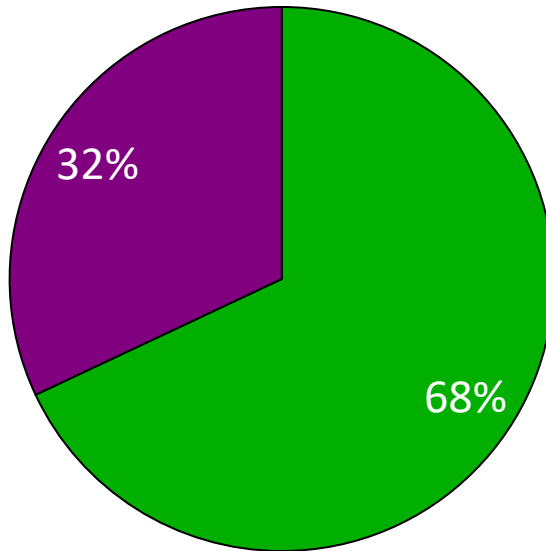
## Service Centers



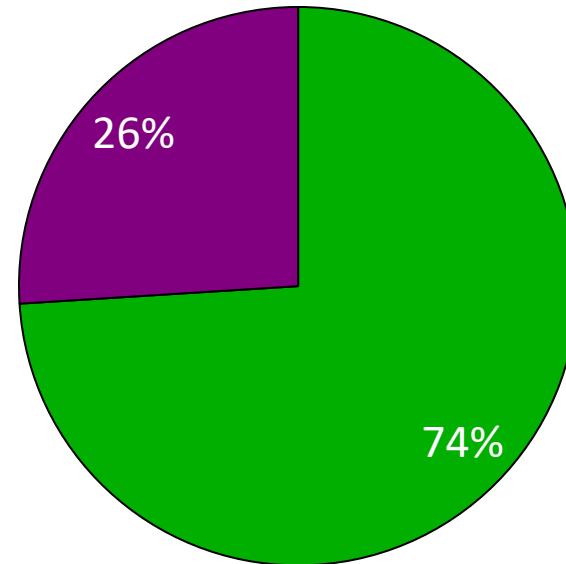
Are your foreign steel suppliers quoting you competitive prices for new orders for future delivery?

Yes No

## Manufacturers



## Service Centers

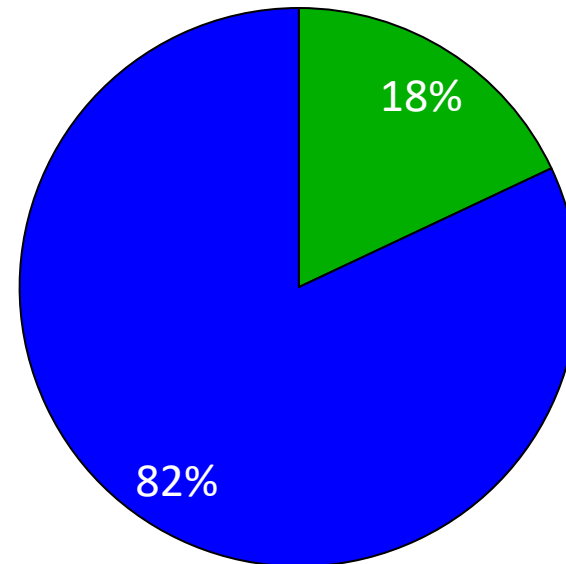
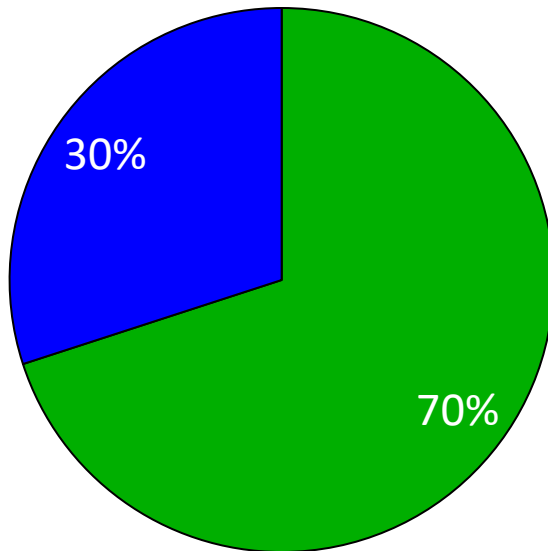


# Foreign Steel

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

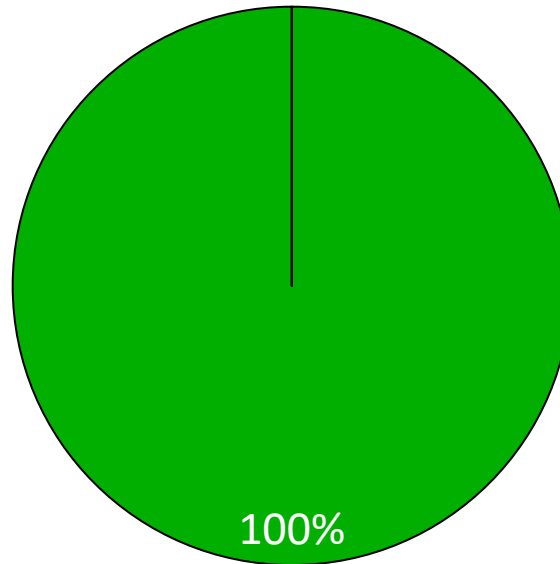
**Service Centers-** Are you decreasing the percentage of foreign steel on your order book?

Yes No



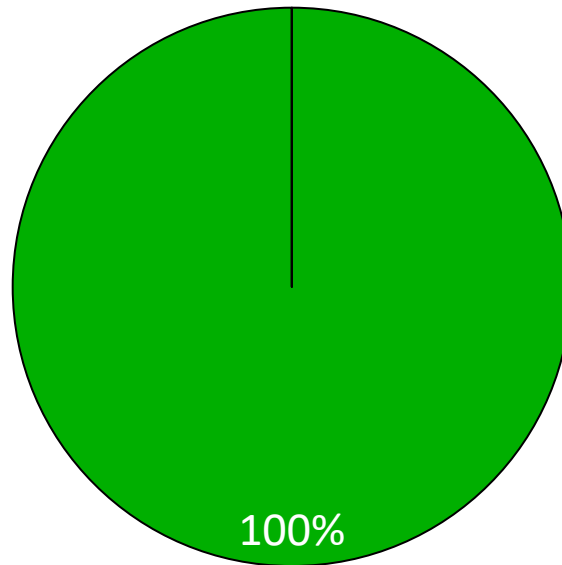
At this time, are you seeing an increase or decrease in orders from your North American buyers?

 Increase  
 Decrease



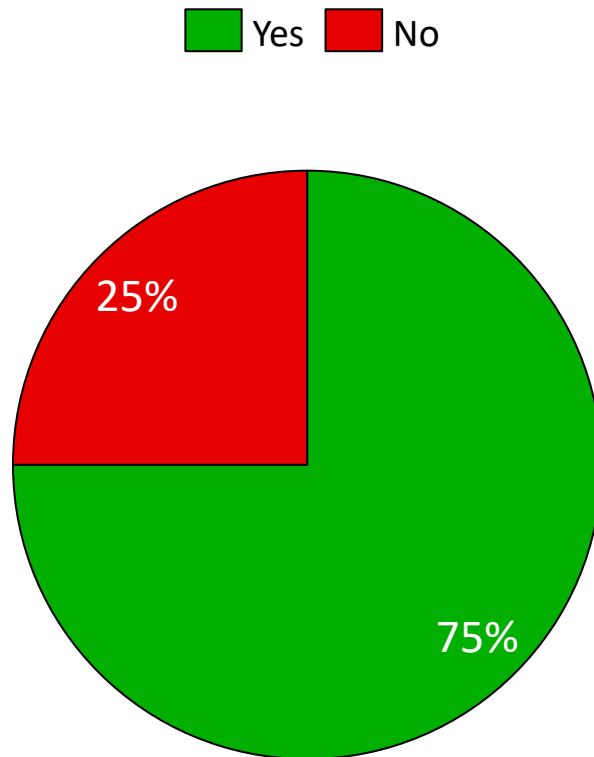
With prices so high out of the domestic steel mills,  
are foreign products now attractive to U.S. steel buyers?

Yes No

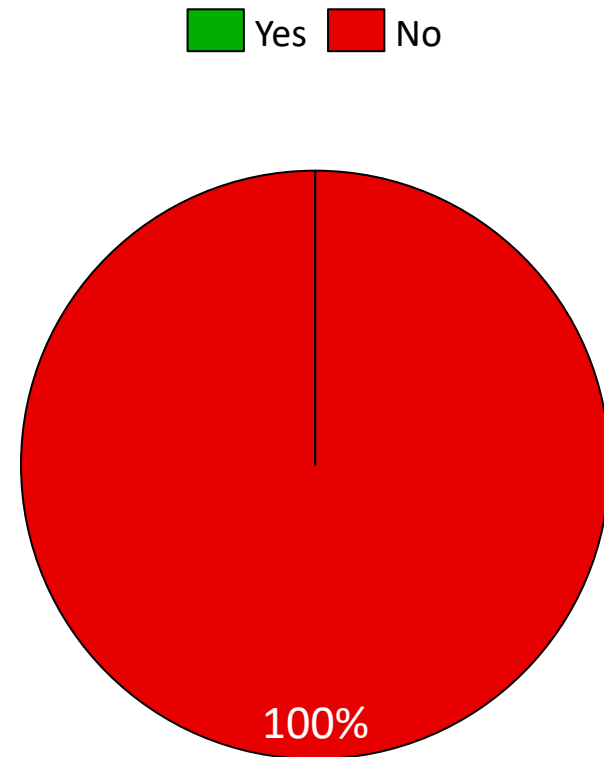


# Trading Companies

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



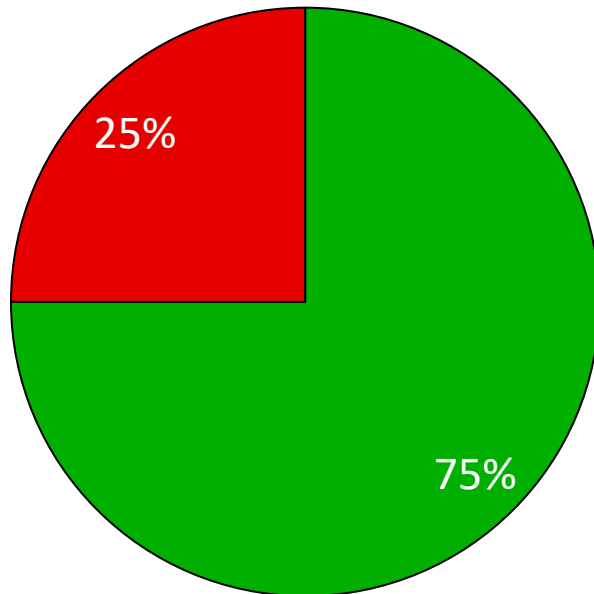
Are you able to offer plate pricing that is attractive to buyers right now?



# Trading Companies

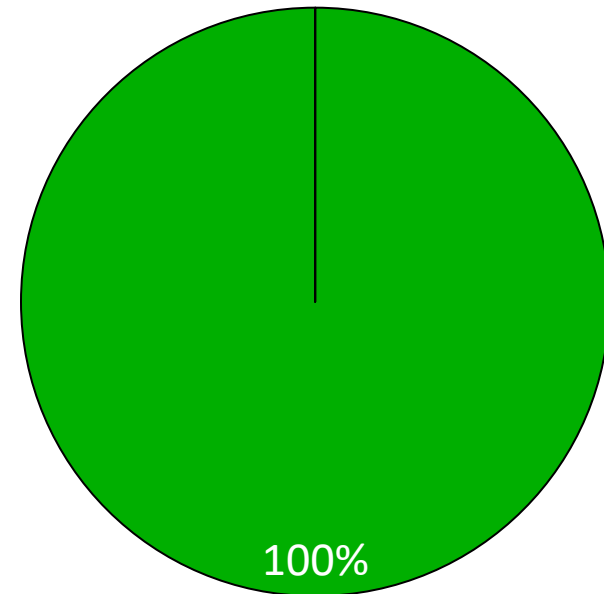
Are your galvanized prices competitive enough right now to get orders (including duties)?

Yes No

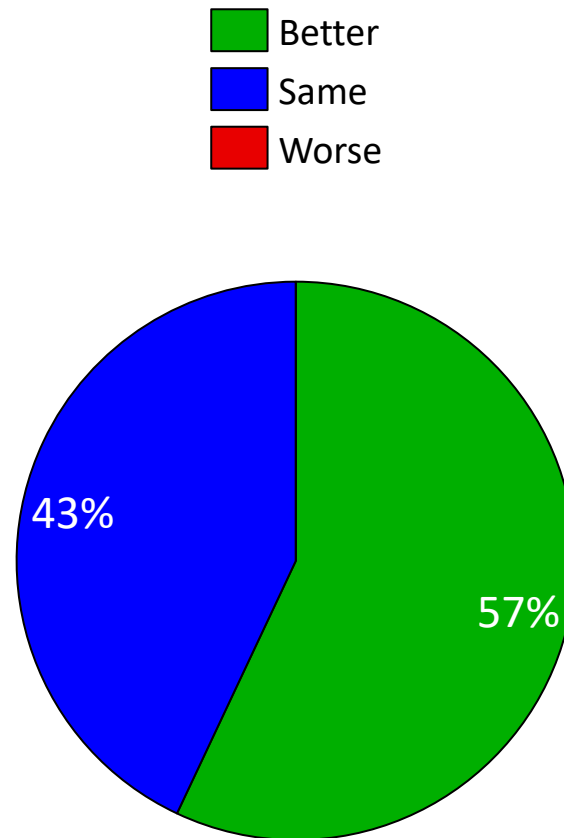


Are your Galvalume prices competitive enough right now to get orders (including duties)?

Yes No



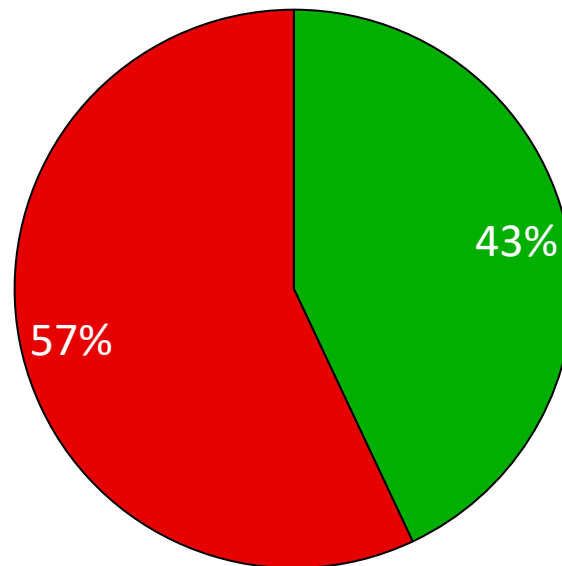
The current order book at your mill is better or worse than last month?



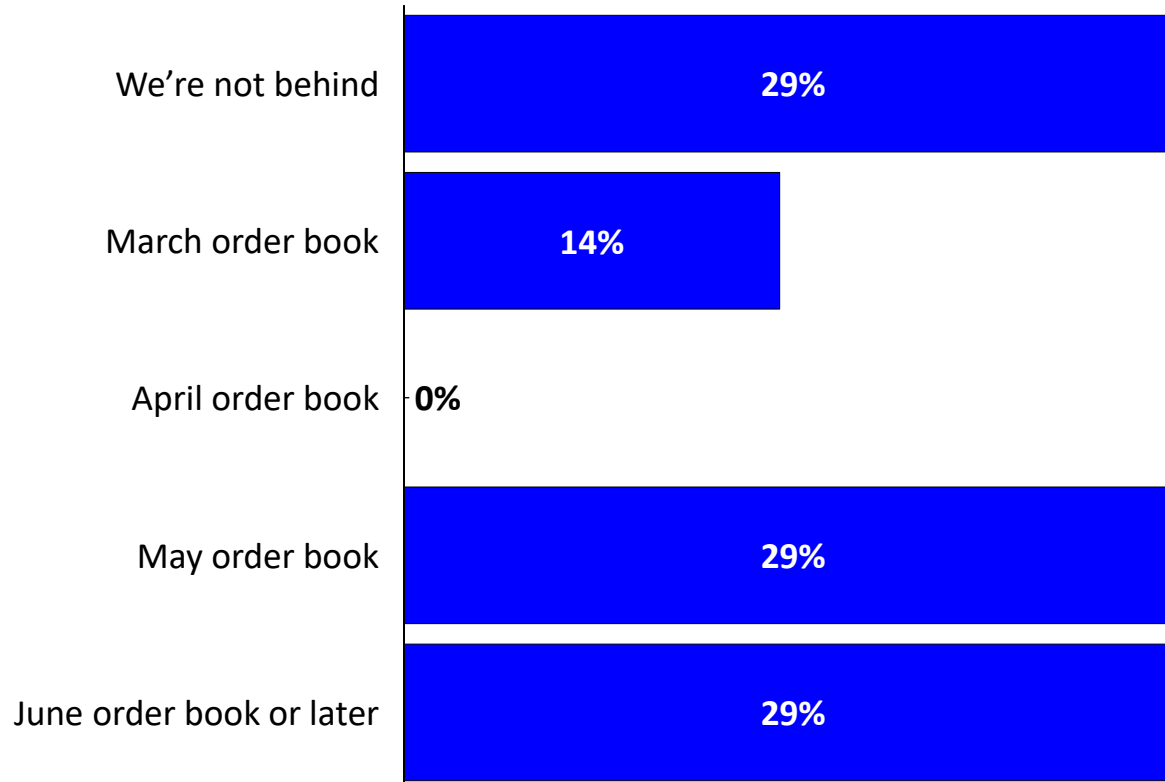


Will restarts of blast furnaces at the integrated mills add enough supply to affect steel prices this year?

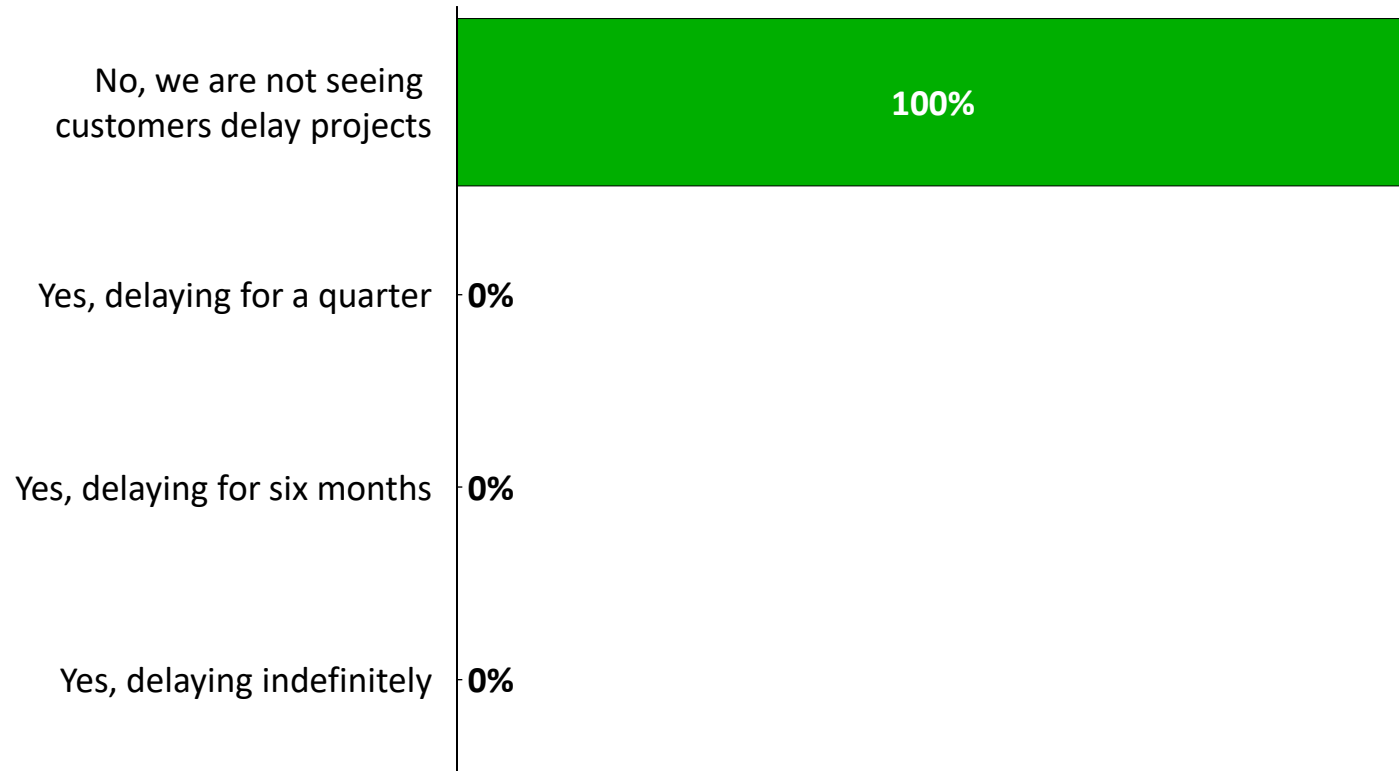
■ Yes ■ No



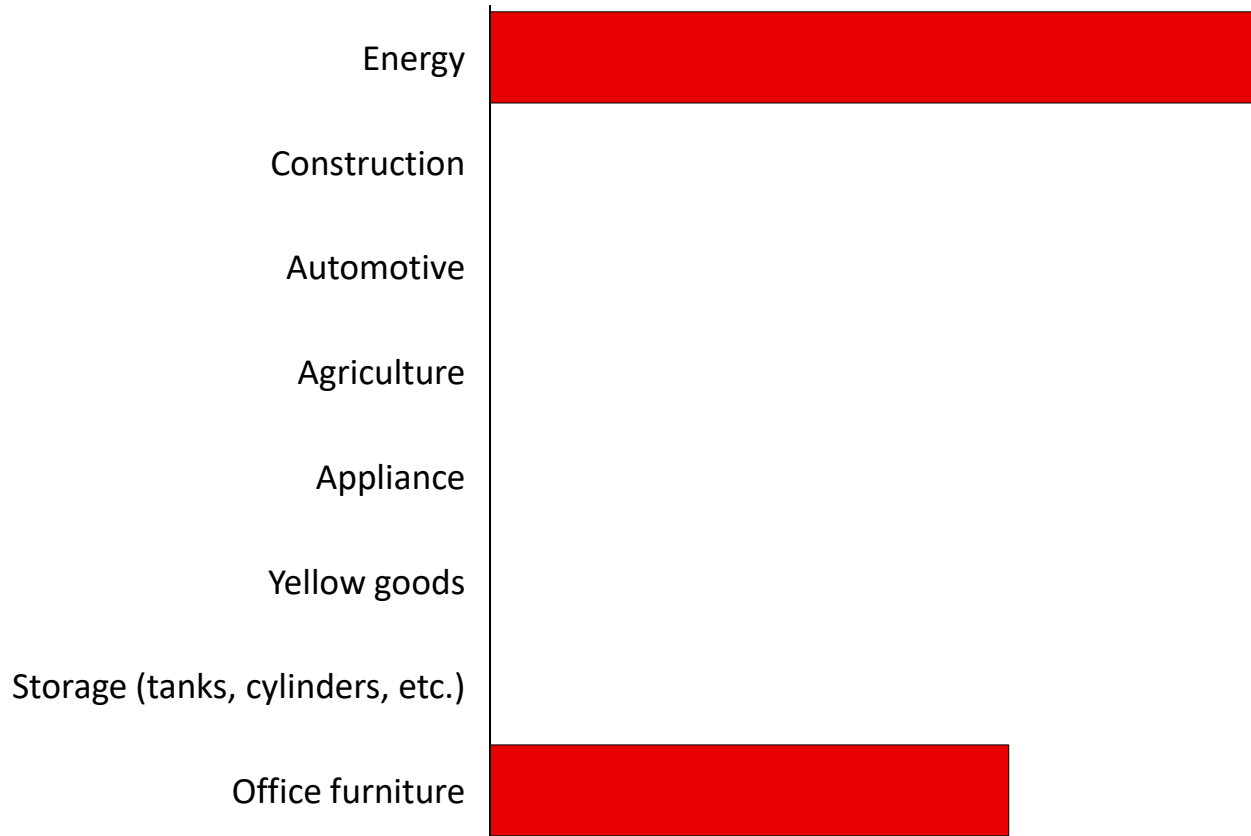
If you are behind on orders, how long do you think it will take you to catch up?



Are you seeing customers delay projects because of high prices? And, if yes, for how long?



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](http://SteelMarketUpdate.com).

# Look for Our Next Survey



Our next survey  
will be conducted  
the week of  
**March 1, 2021**

The logo features a stylized circular shape on the left, composed of two curved segments. The top segment is orange and the bottom segment is red, meeting at a dark blue center. The text 'STEEL MARKET UPDATE' is written in white, bold, uppercase letters across the middle of the circle.

# STEEL MARKET UPDATE

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