



STEEL MARKET UPDATE

part of the  Group

SMU Flat Rolled Market Trends Analysis

Responses from our February 1-4, 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



Steel 101 Workshop, Severstal Dearborn 2012

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

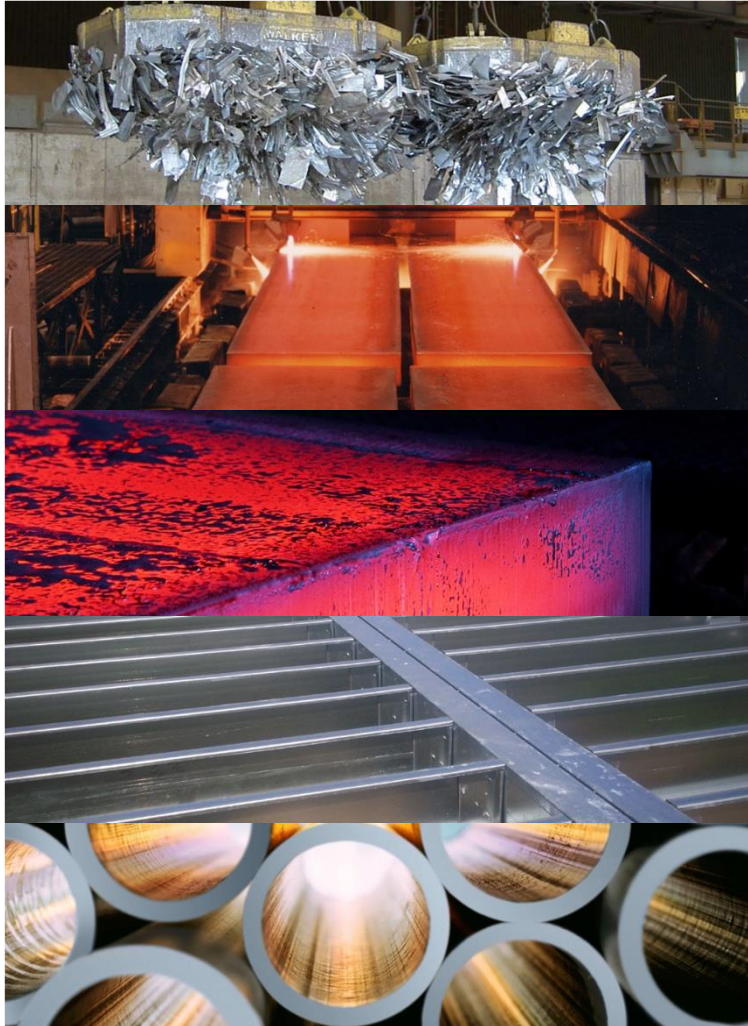
We invite over 600 companies to participate in our surveys.

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, call our office at 800-432-3475, or e-mail our team at 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

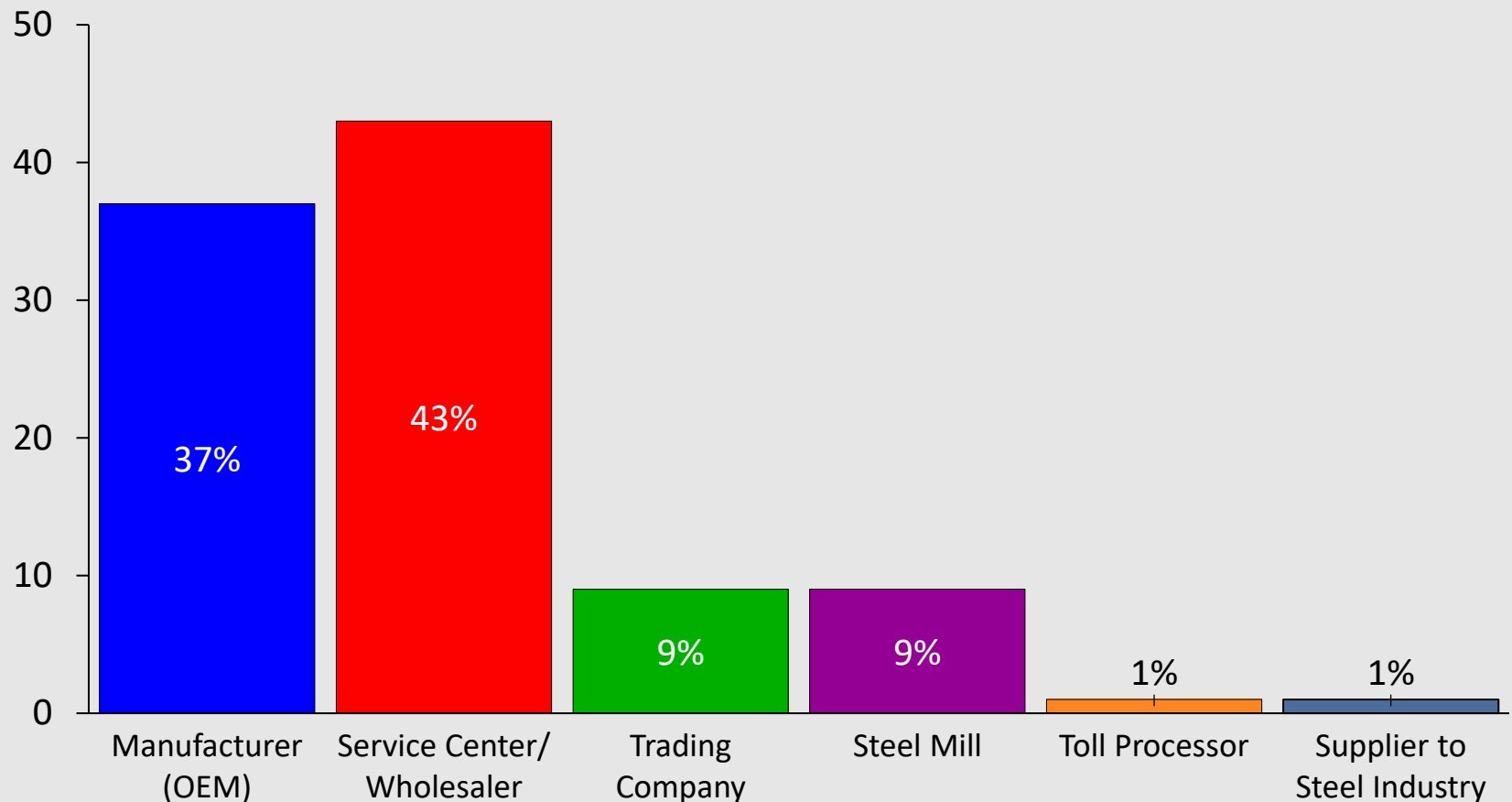
Steel Market Update and Spencer Johnson, StoneX Group Inc., along with the CME Group, will be conducting a workshop for those who are actively involved in the buying or selling of steel. This is a continuing education course, which will go past introducing market participants to hedging and the terminology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

events.crugroup.com/steel101/about-steel-hedging-201

Survey Participants

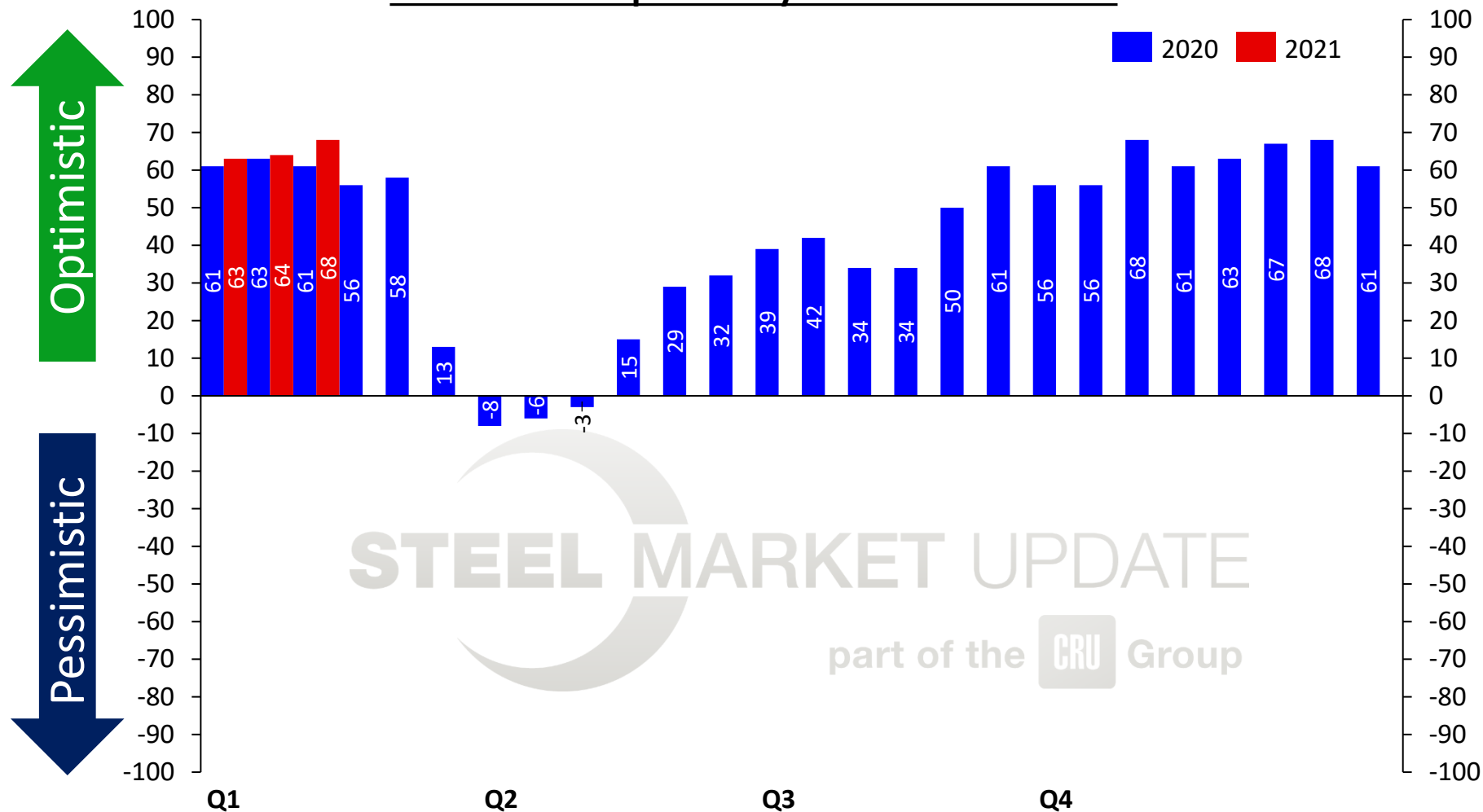
Our survey is by invitation only- Over 600 companies, mostly in the manufacturing or distribution industries, are asked to participate. Here are the percentages of participation in this week's survey by market sector.



SMU Buyers Sentiment Index

Up 4 points to +68

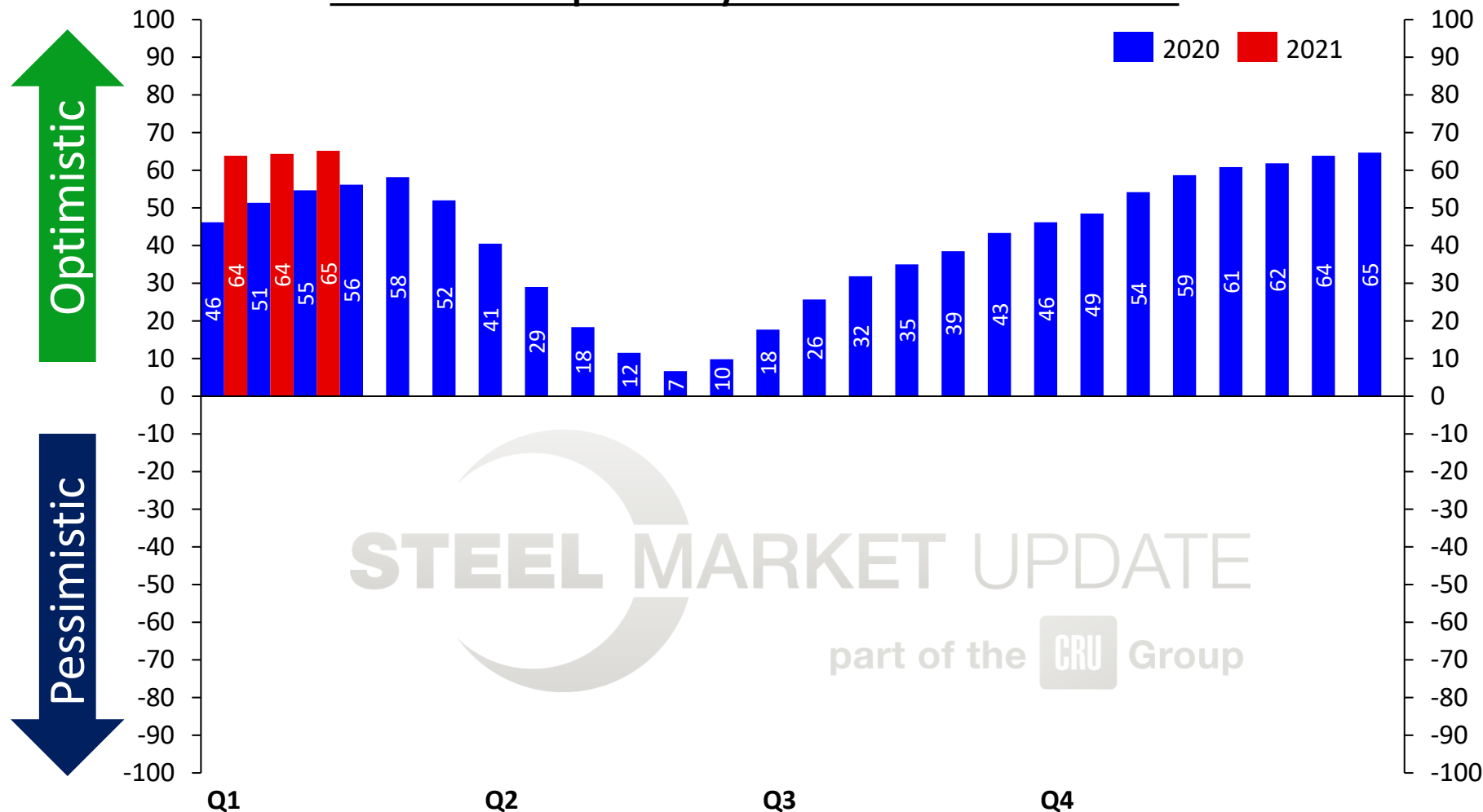
Steel Market Update Buyers Sentiment Index



SMU Buyers Sentiment Index

Three Month Moving Average at +65.17

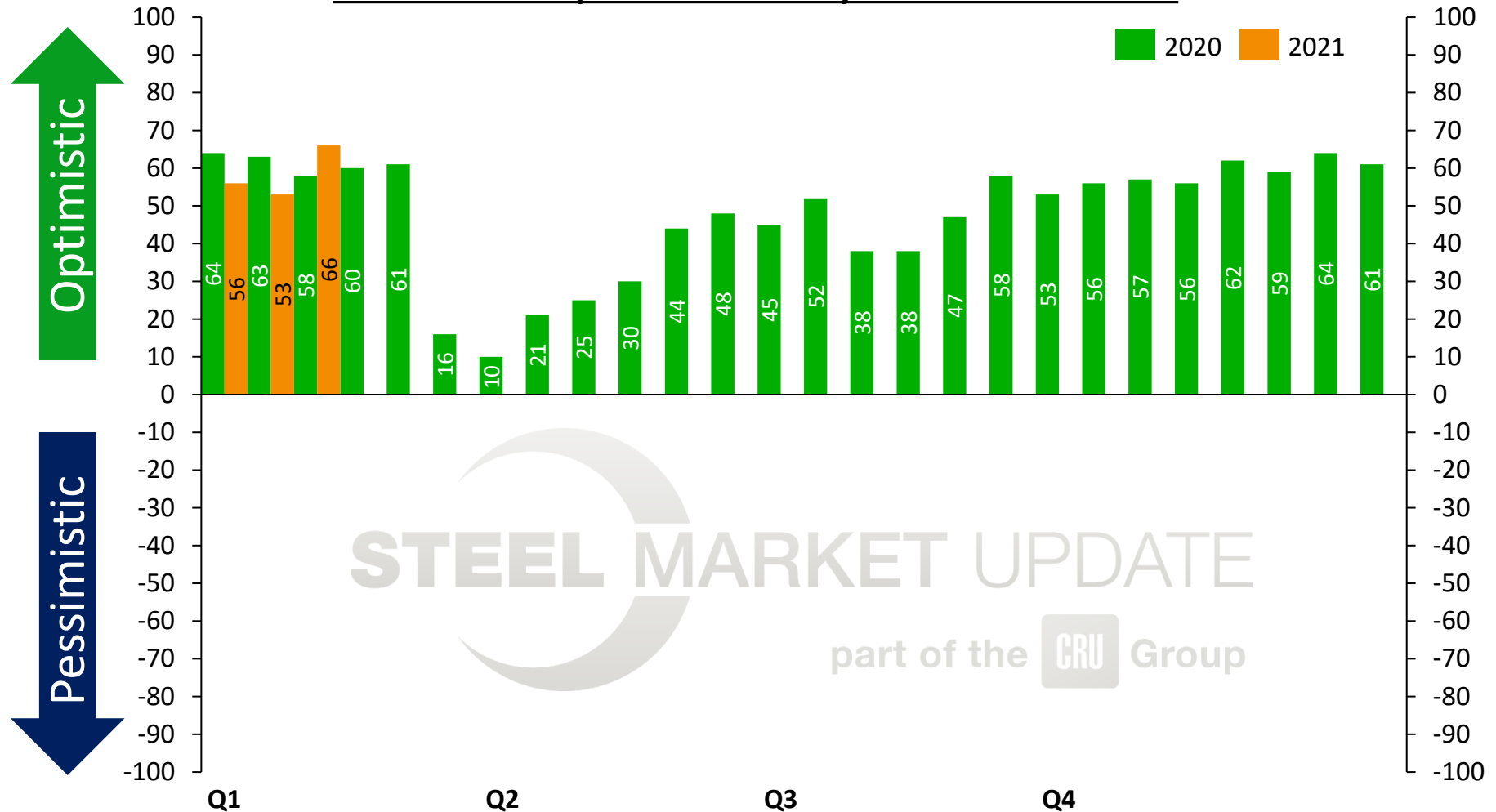
Steel Market Update Buyers Sentiment Index 3MMA



SMU Future Buyers Sentiment Index

Up 13 points to +66

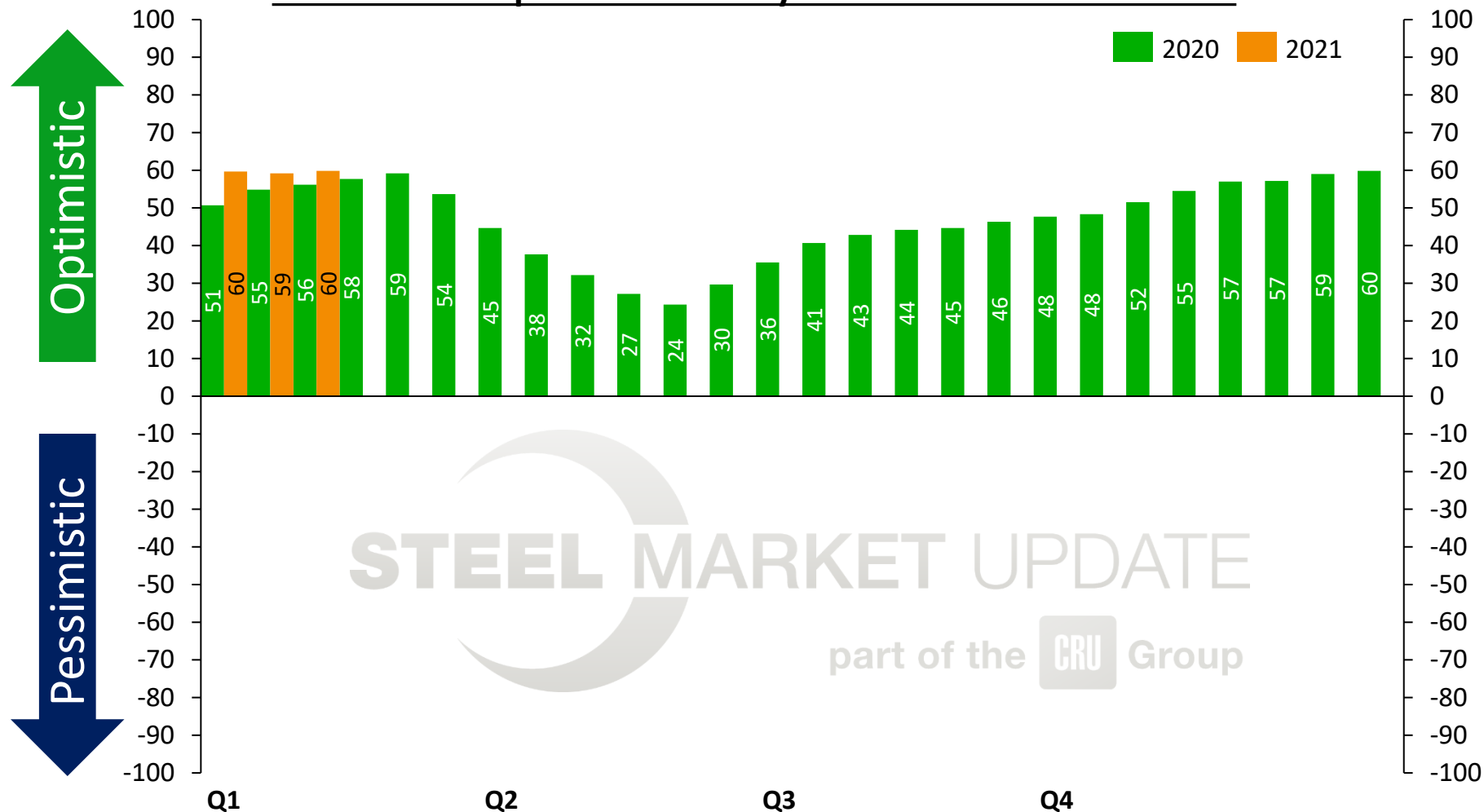
Steel Market Update Future Buyers Sentiment Index



SMU Future Buyers Sentiment Index

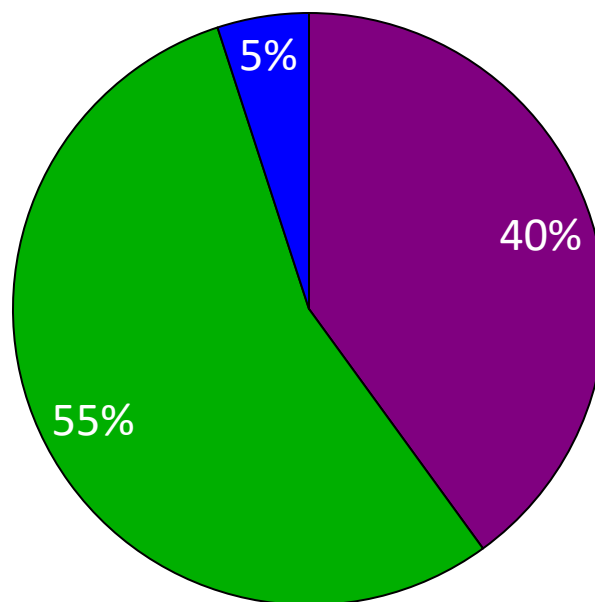
Three Month Moving Average at +59.83

Steel Market Update Future Buyers Sentiment Index 3MMA



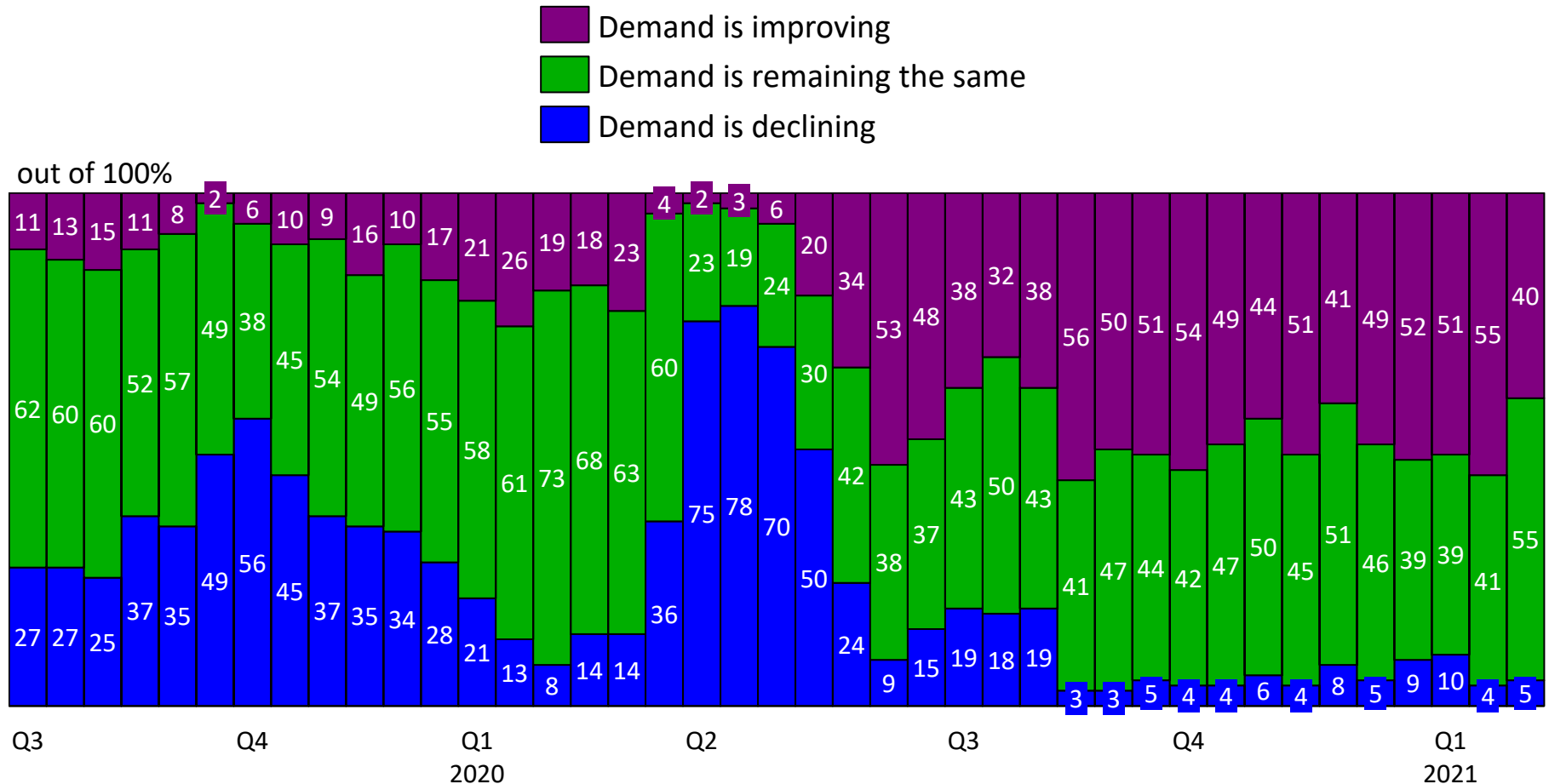
Are you seeing demand for your products improving, remaining the same or declining?

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



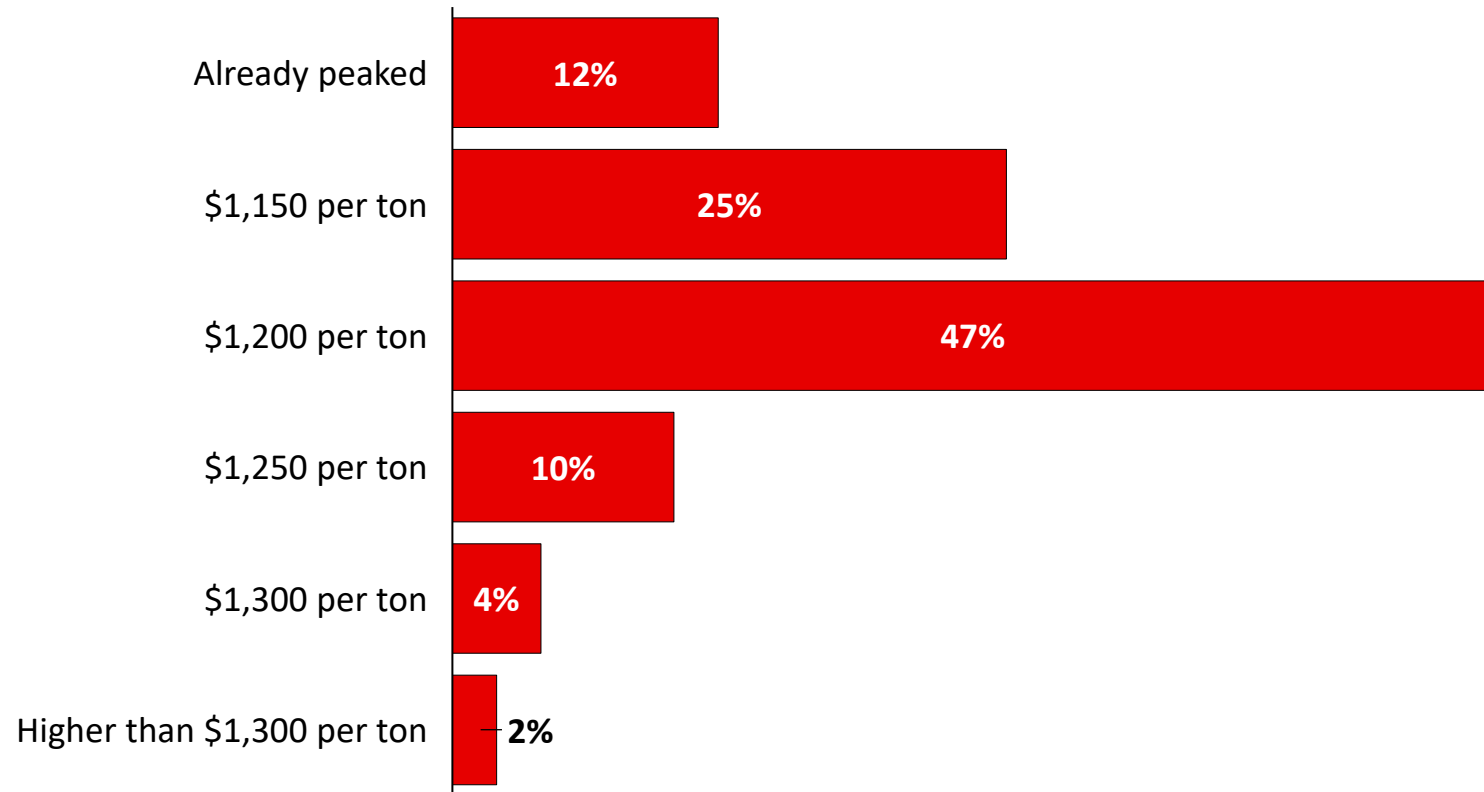
Overall Demand History

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



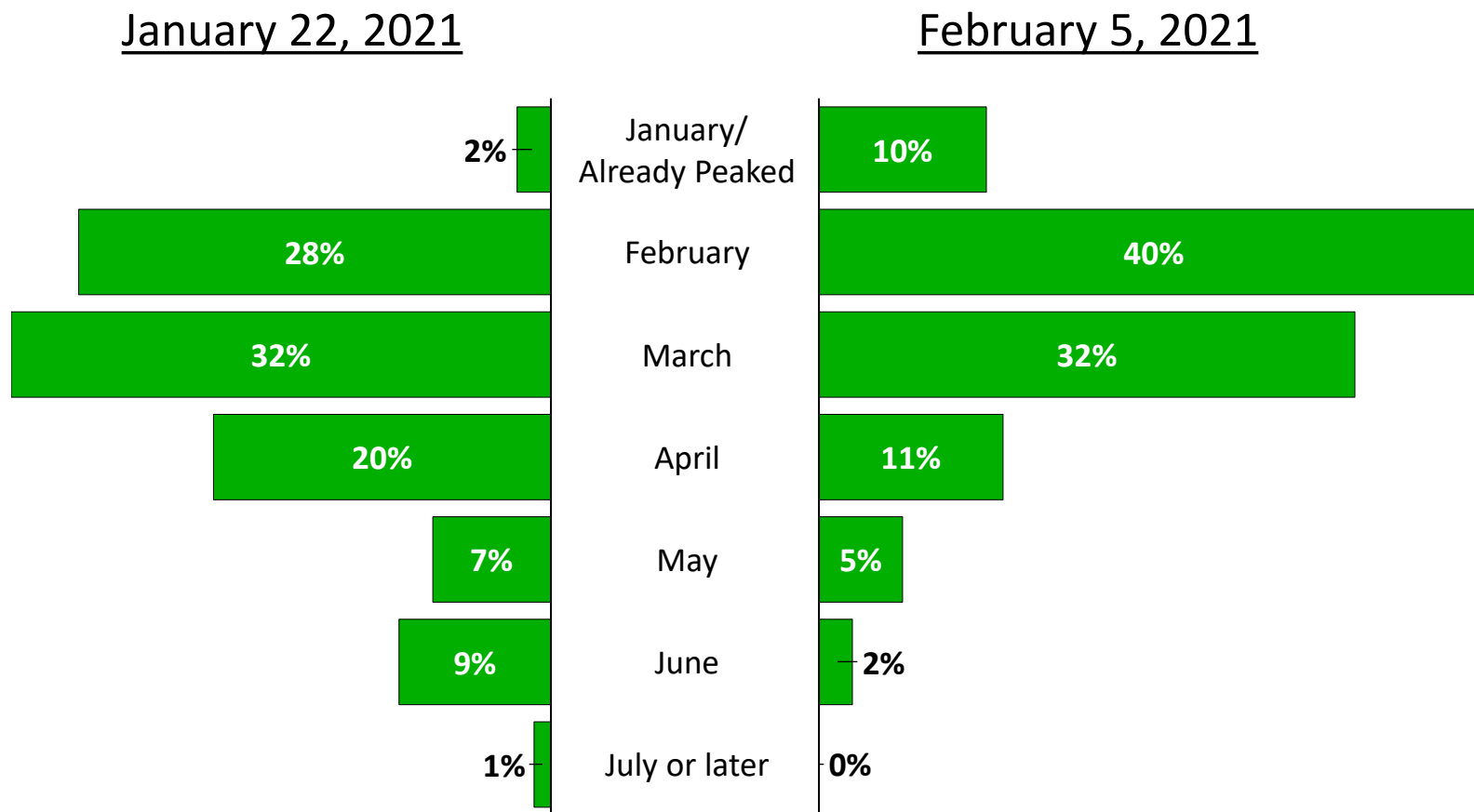
HRC Price Peak

Hot rolled price offers have now surpassed \$1,100 per ton.
At what level do you think HRC prices will peak?



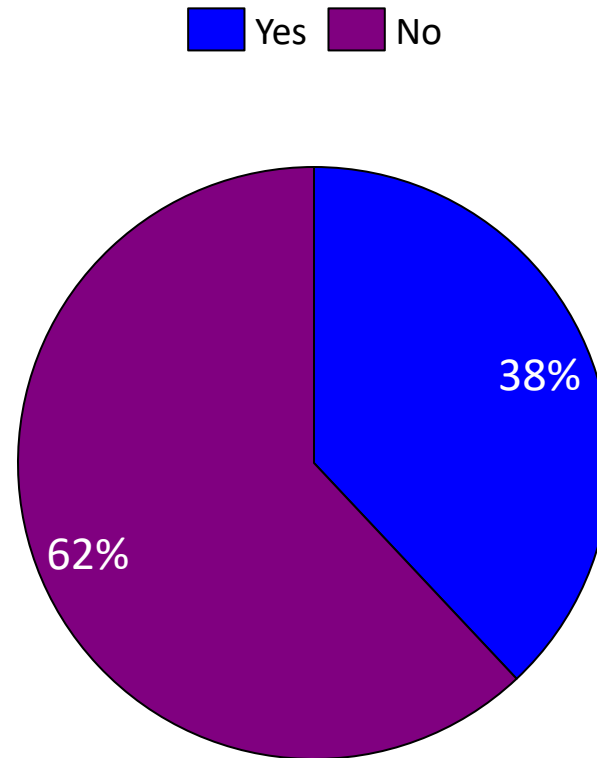
When Will Prices Peak?

When do you see prices peaking?

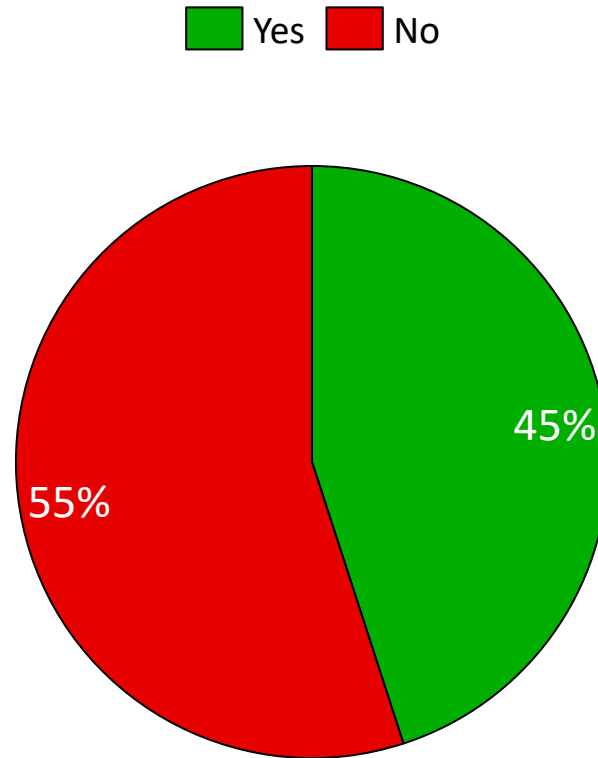


Tipping Point?

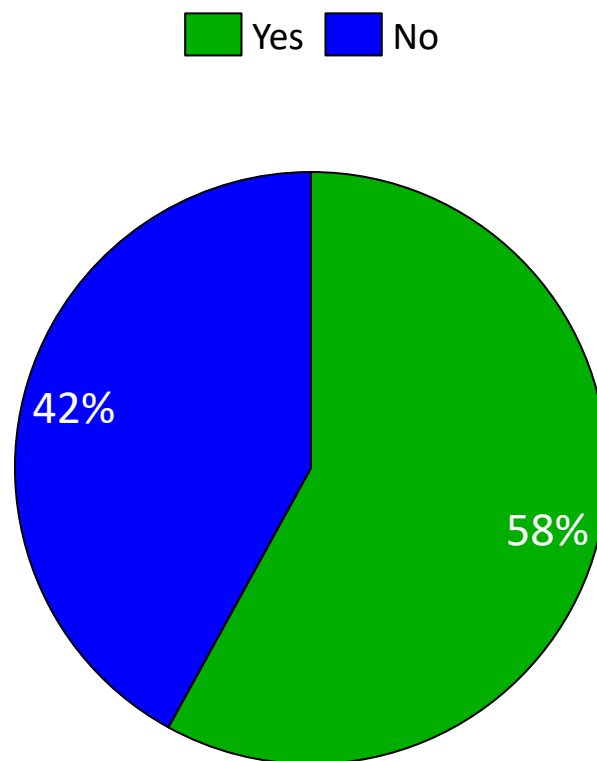
Have you seen any cracks in the market yet, signaling that the record-high steel prices are nearing a tipping point?



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

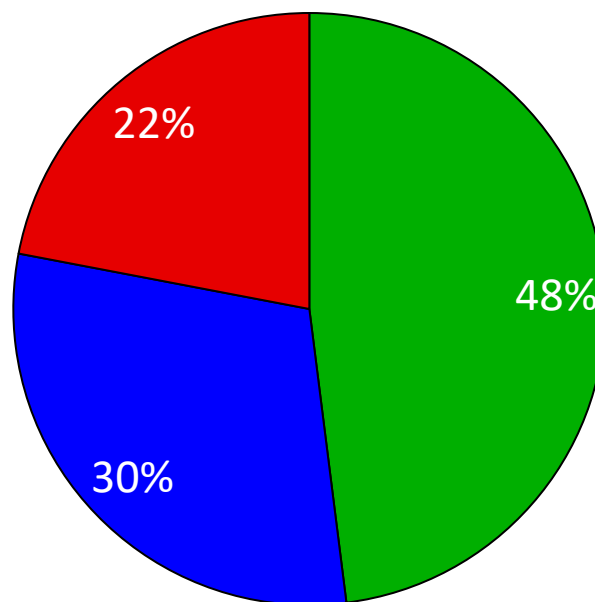


Do you believe the mills should add capacity sooner rather than later to relieve the critically short supplies?



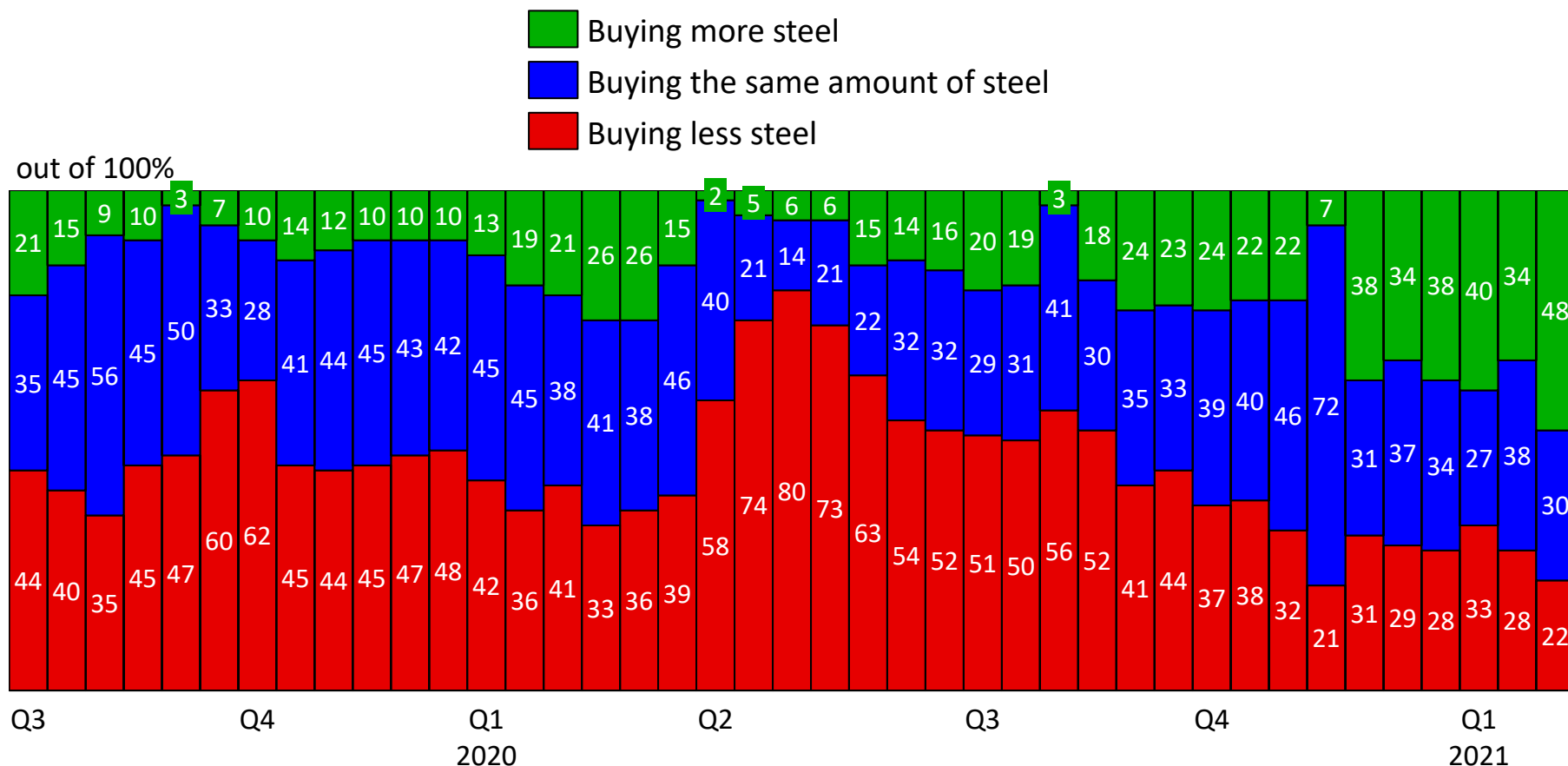
Manufacturers- Compared to this time last year –
is your company buying more, less or the same
amount of flat rolled steel as one year ago?

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



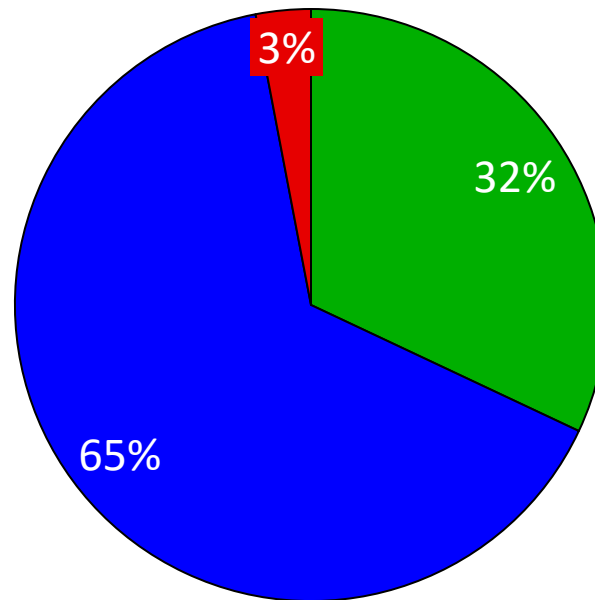
History of Manufacturer Purchases

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?



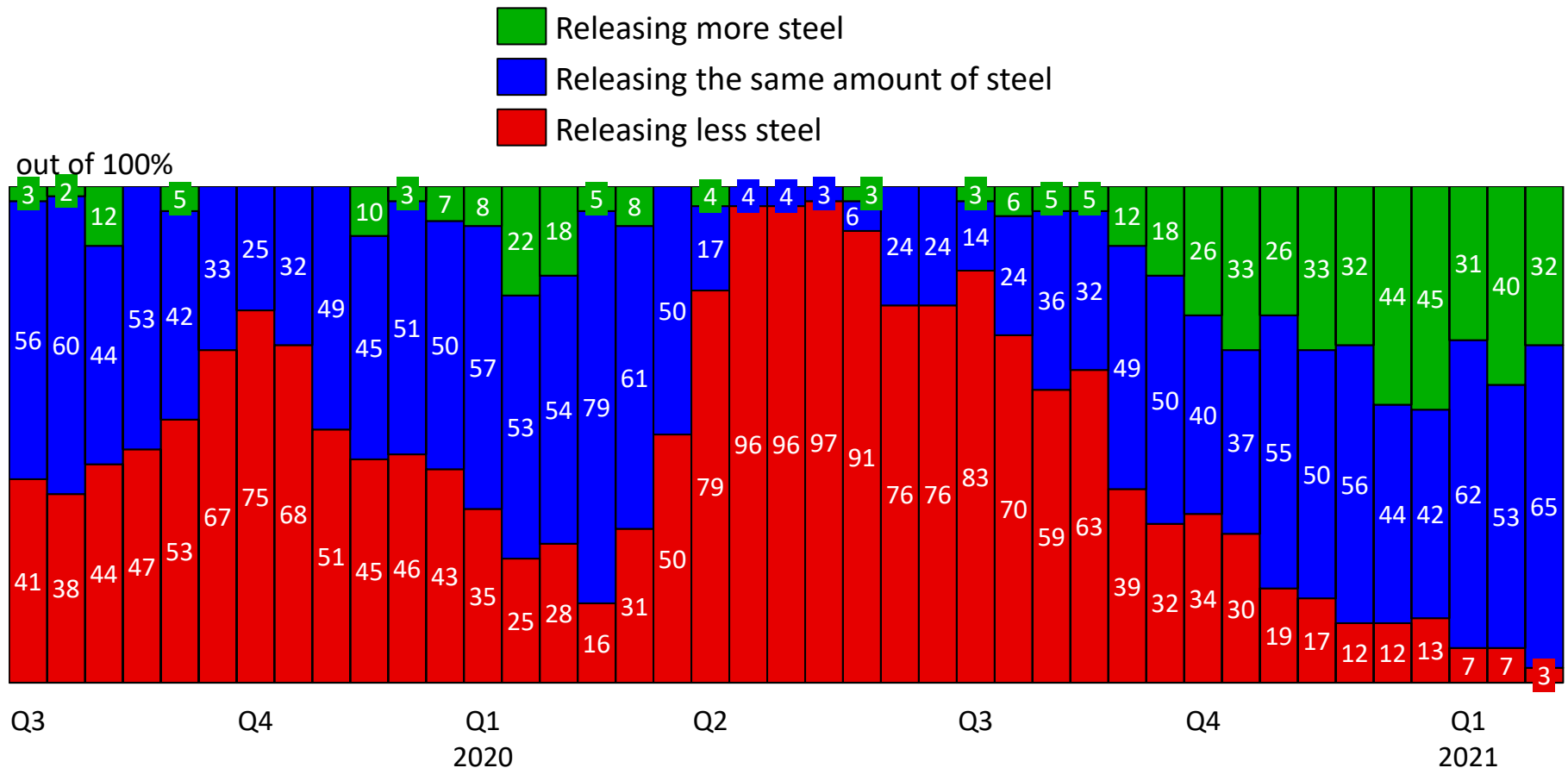
Service Centers- How do you see your customers releases (demand) for the products your company provides this year compared to this time last year?

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

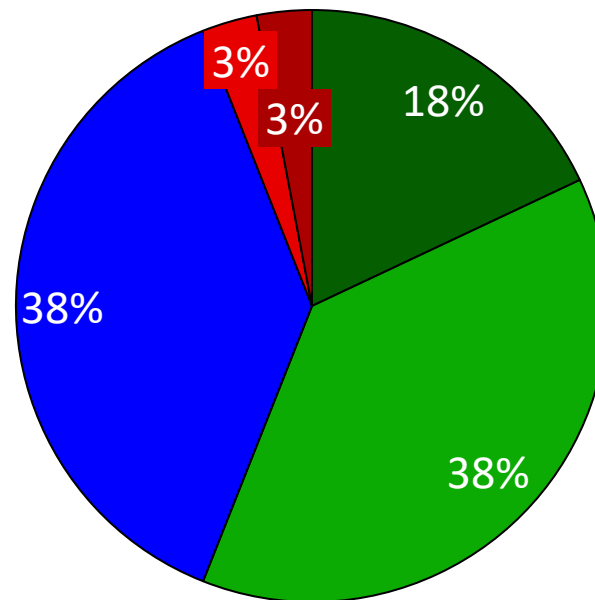
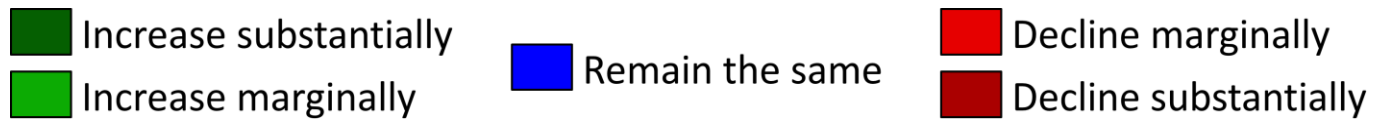


Service Center Release History

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

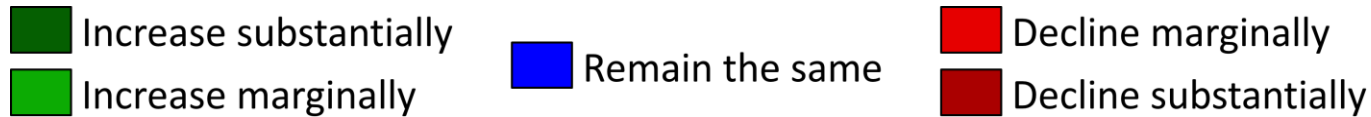


Manufacturers- Demand for your products will _____
over the next 3 months based on current order flows.

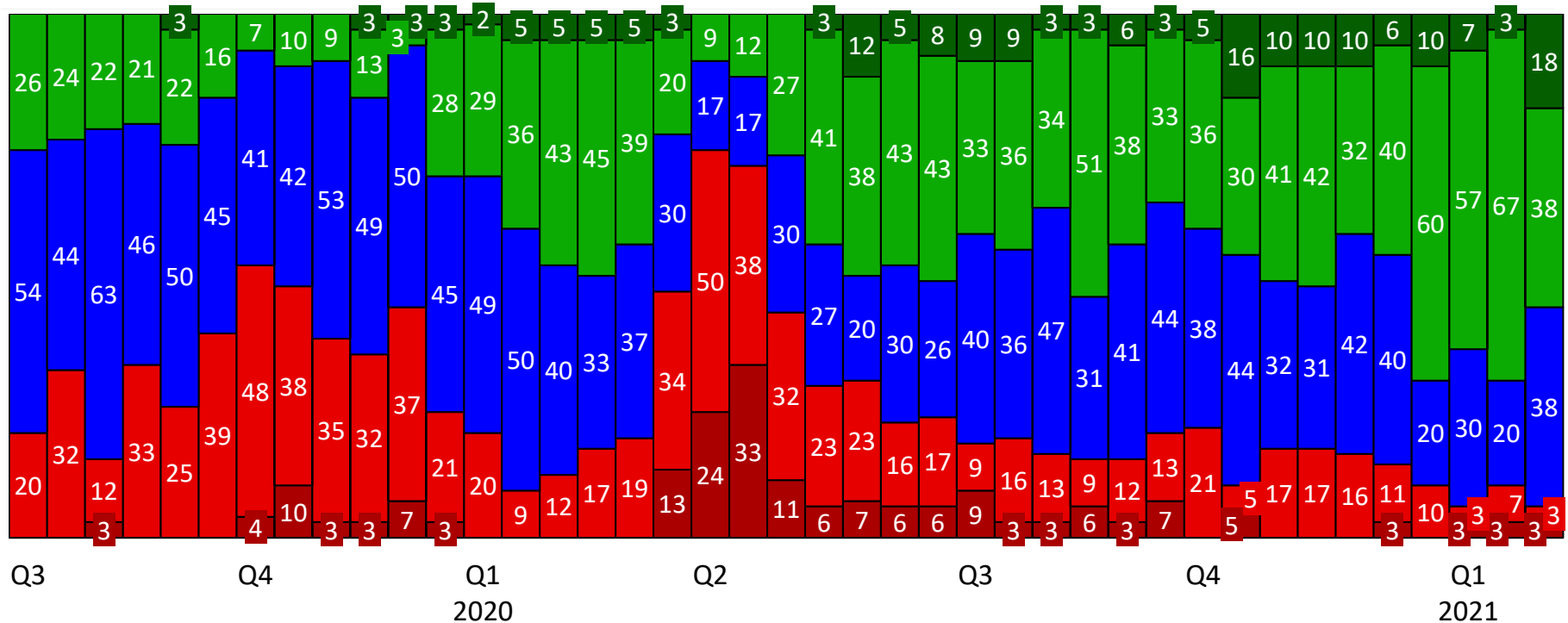


Manufacturer Demand History

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



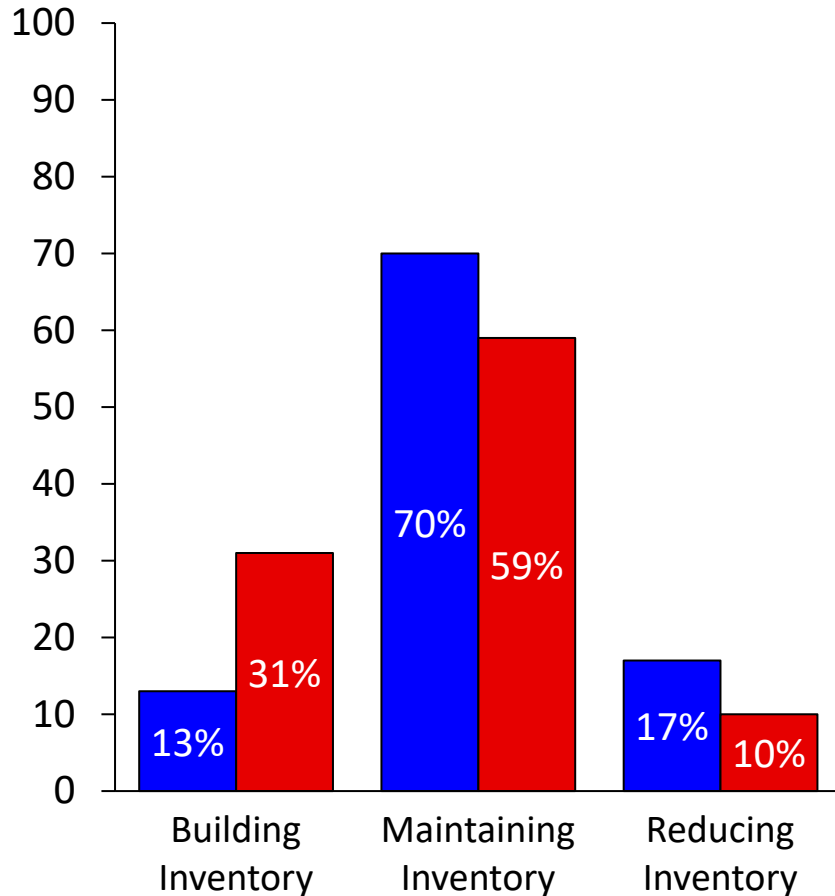
out of 100%



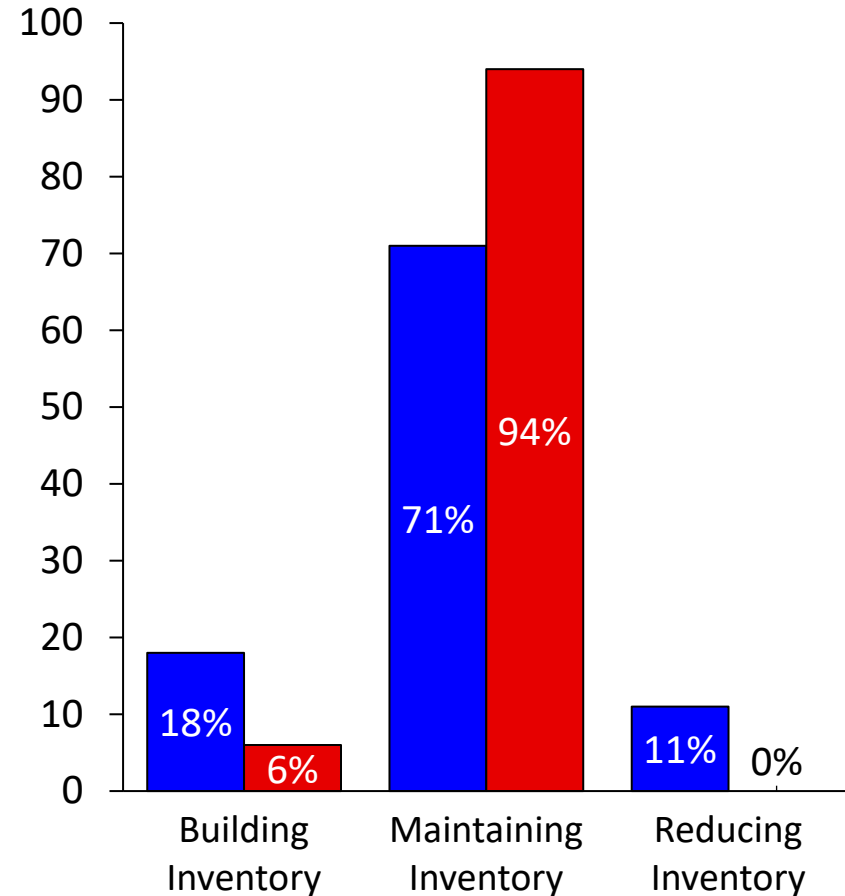
Manufacturer and Service Center Inventory Buying Patterns

January 7, 2021

Manufacturers Service Centers



February 5, 2021

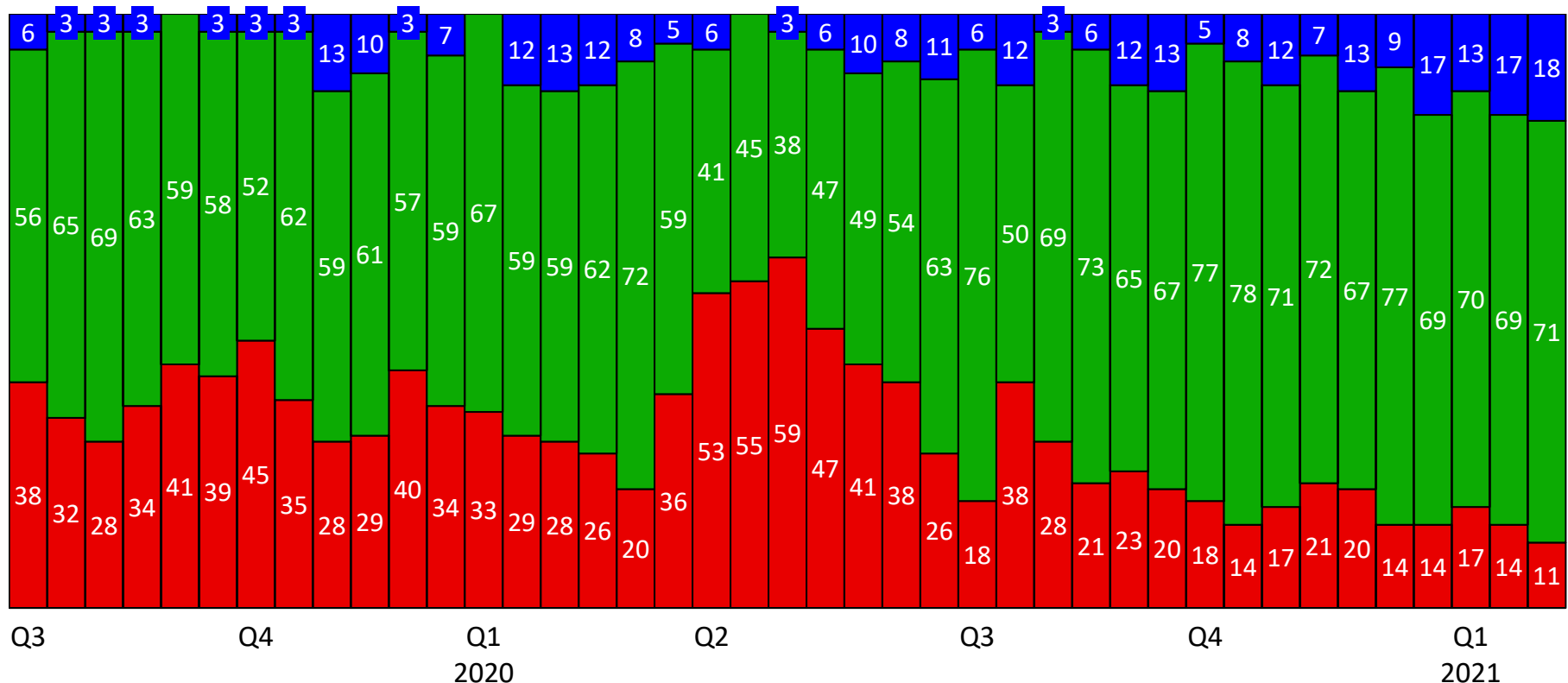


Manufacturer Inventory Buying History

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

Building Inventory Maintaining Inventory Reducing Inventory

out of 100%



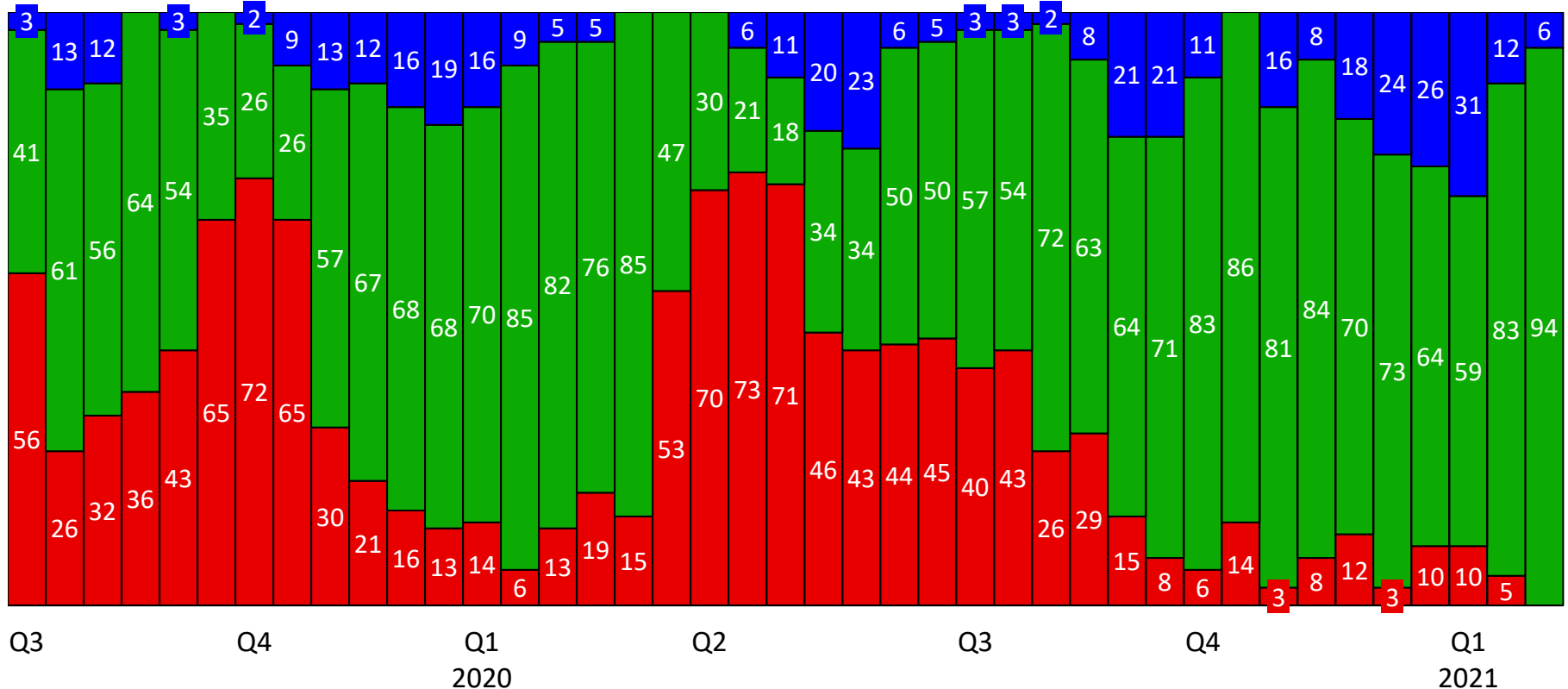
Service Center Inventory

Buying History

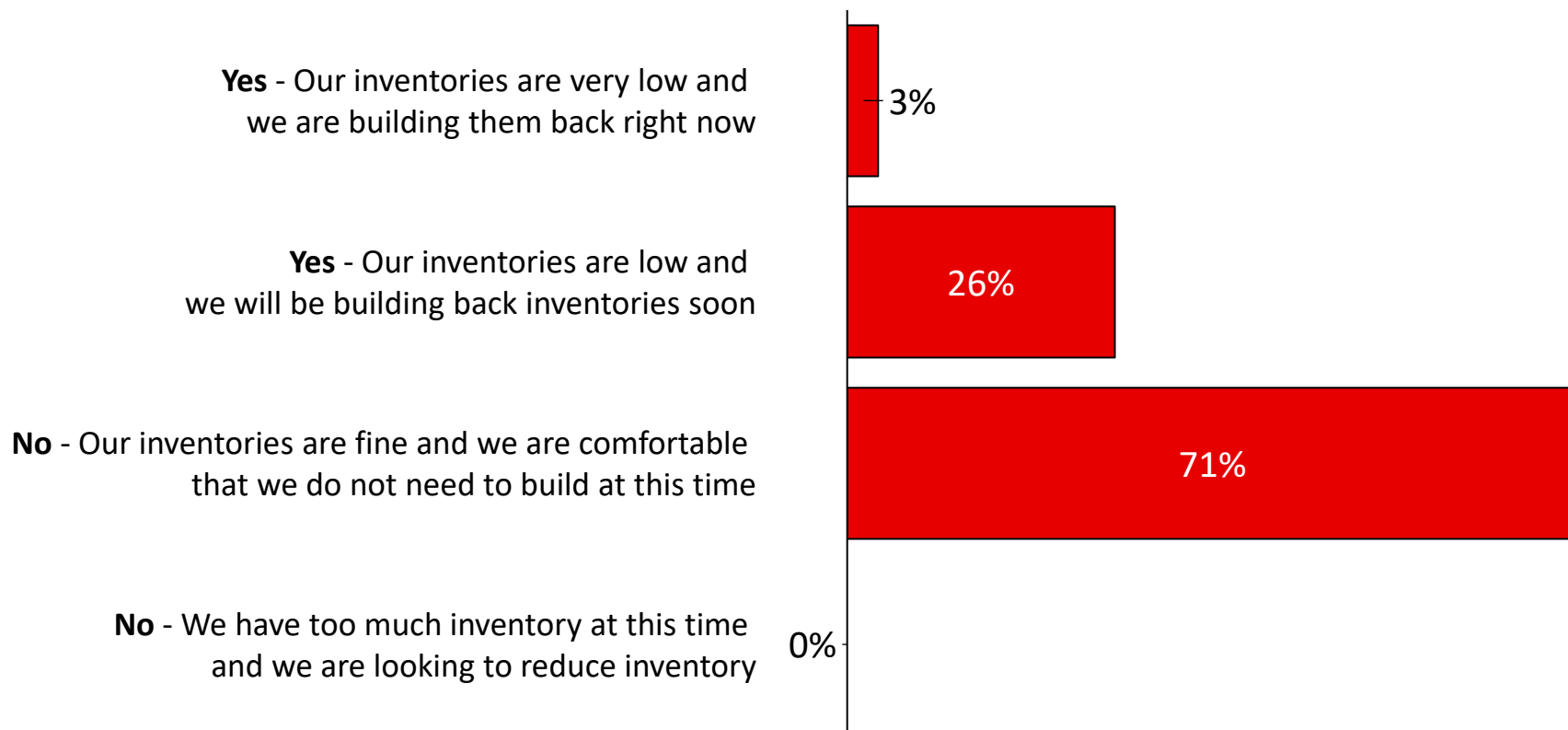
Service Centers- Is your company building, reducing or maintaining its flat rolled steel inventory?

Building Inventory Maintaining Inventory Reducing Inventory

out of 100%



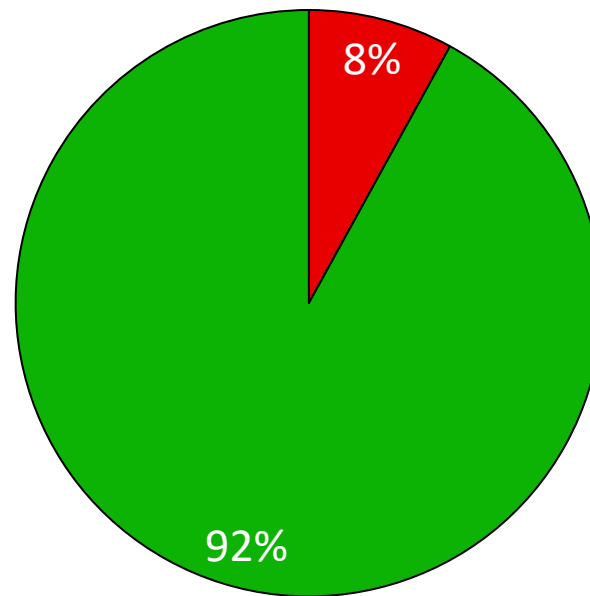
Service Centers- Does your company need to build back inventories or are you comfortable with the levels you are holding on your floor?



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

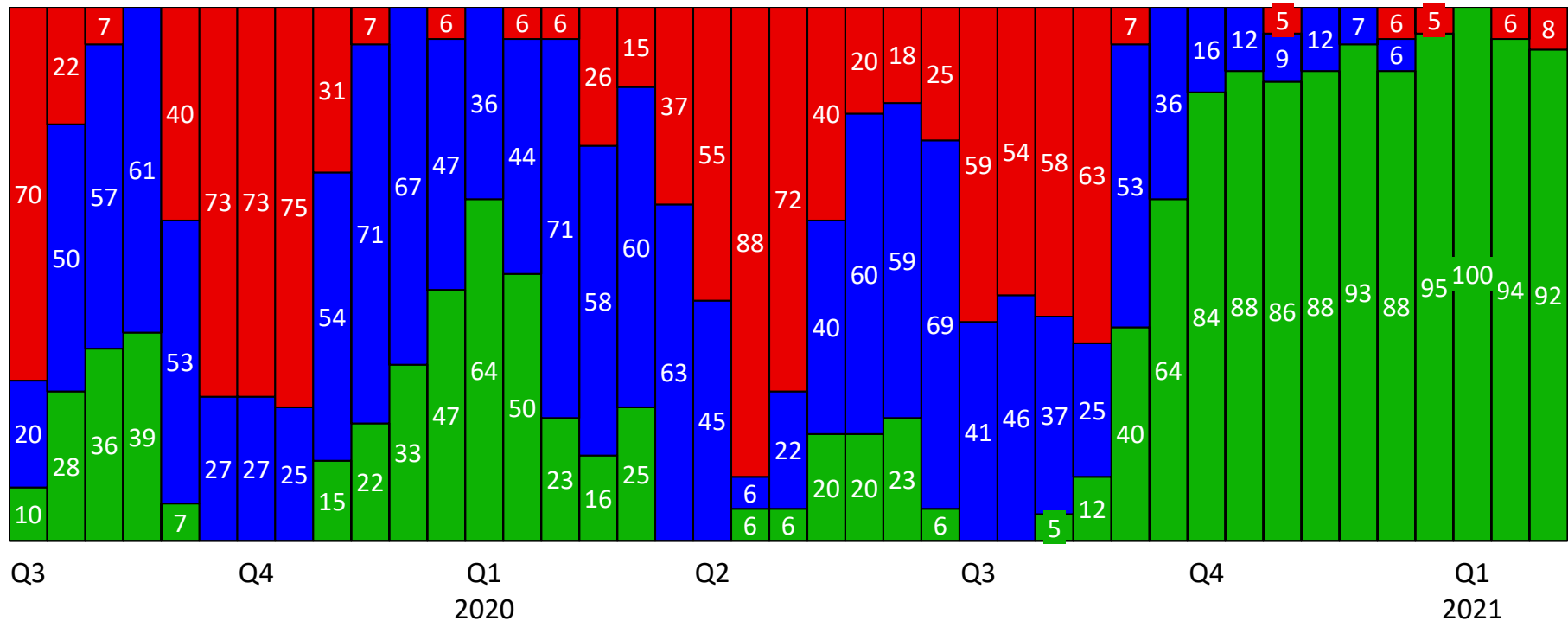


Manufacturer's View of Service Center Selling Prices History

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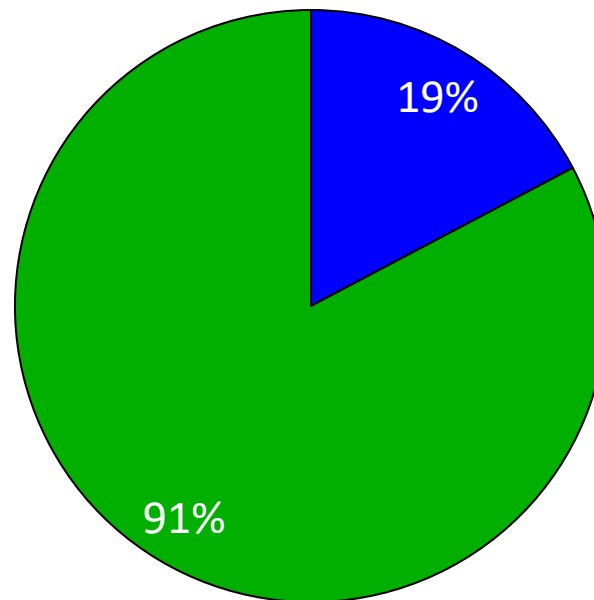
- We are seeing prices decreasing from our service centers
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out of 100%

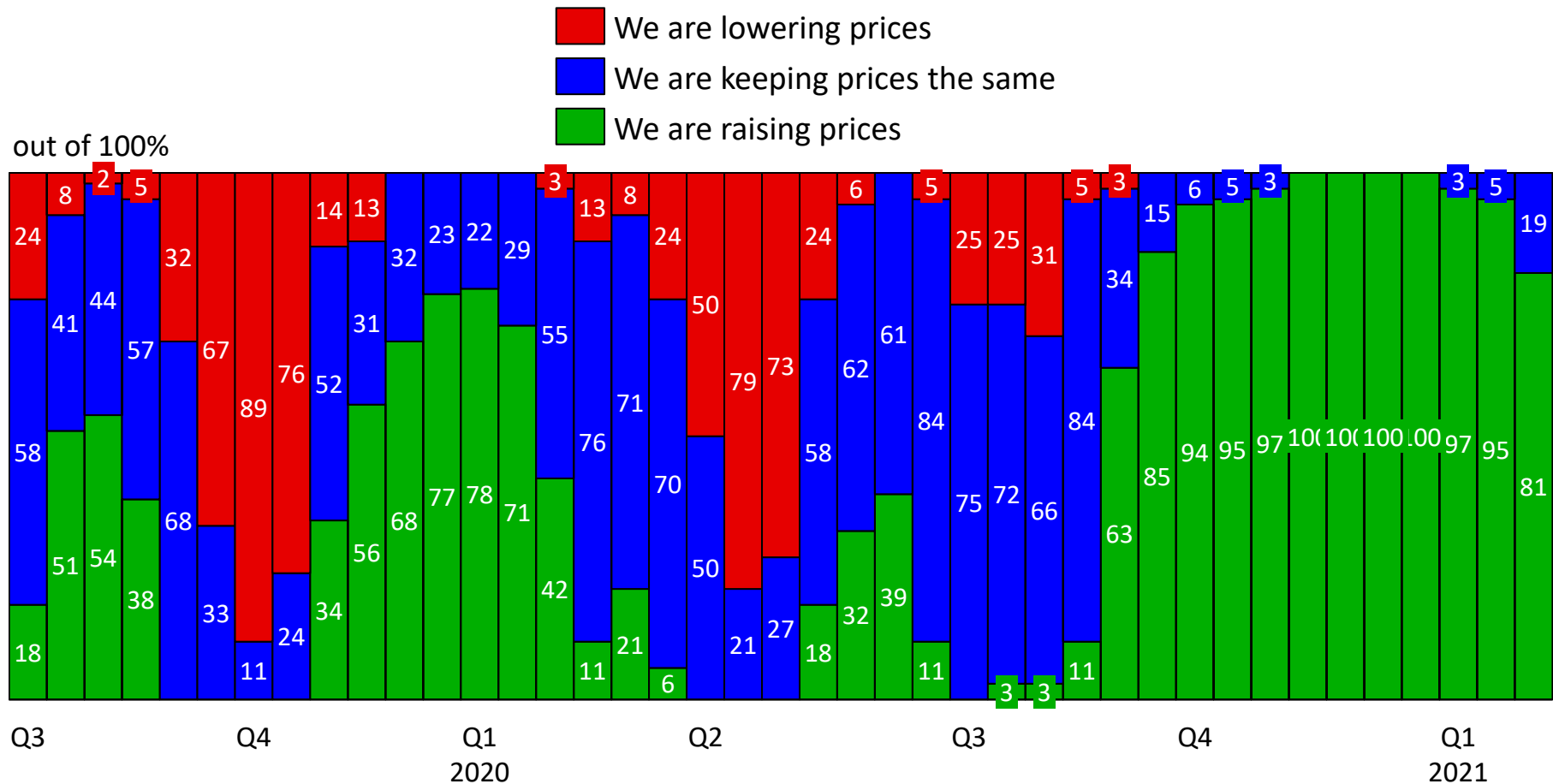


Service Centers- Compared to two weeks ago, how is your company handling spot pricing to your customers at this time?

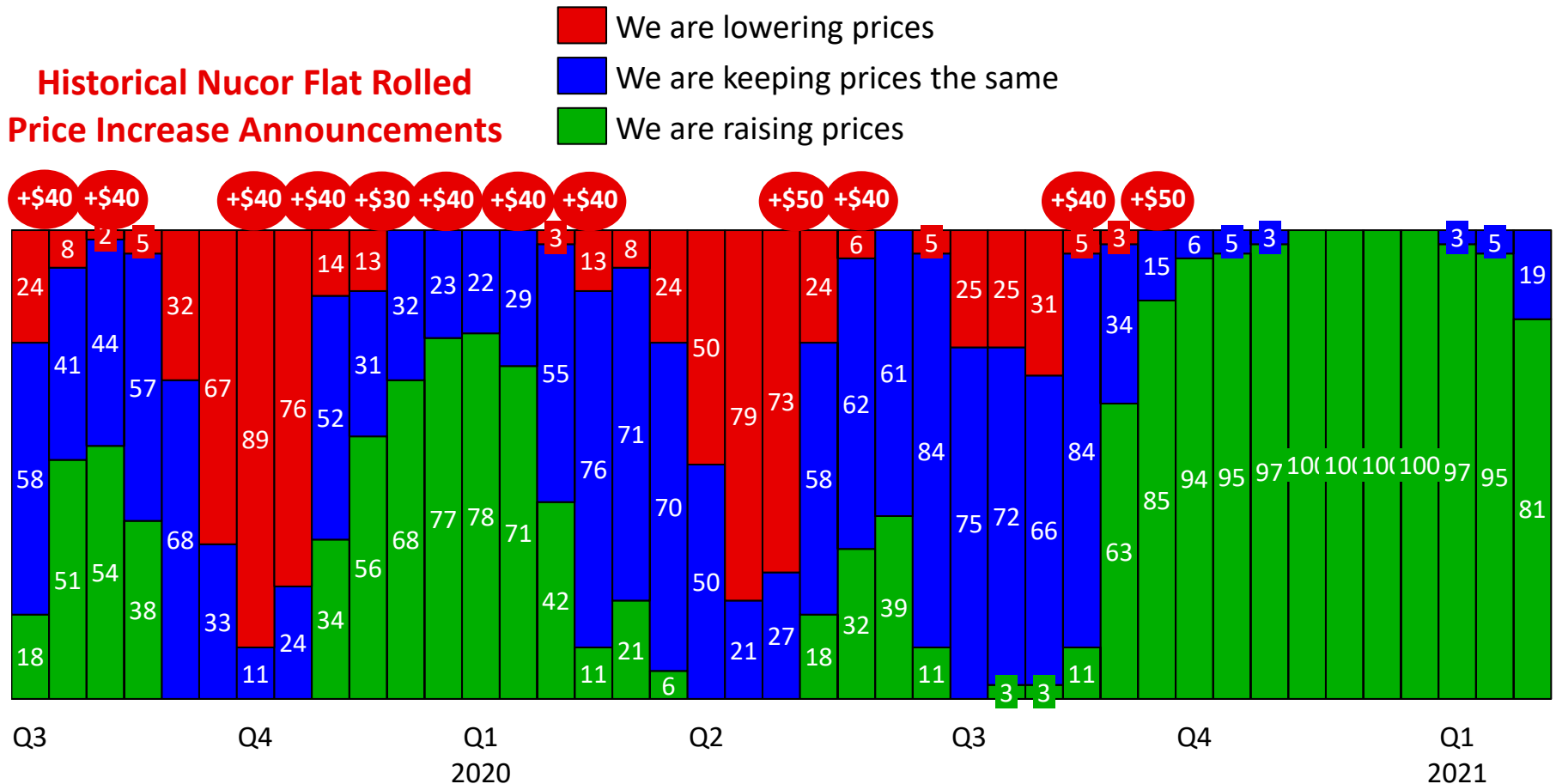
- We are lowering prices
- We are keeping prices the same
- We are raising prices



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?

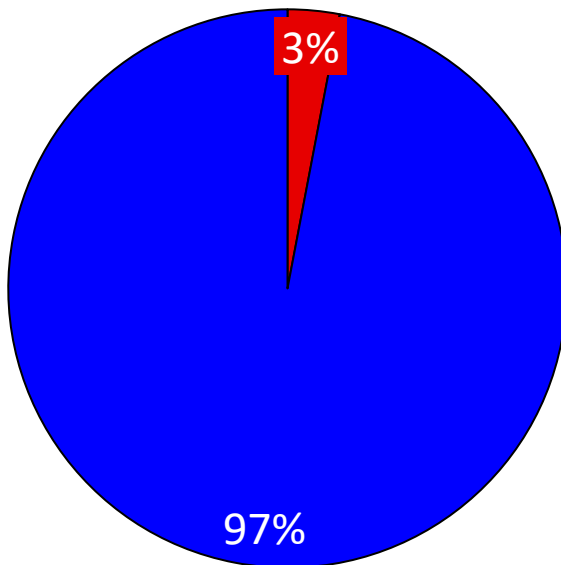


Passing Along Higher Prices

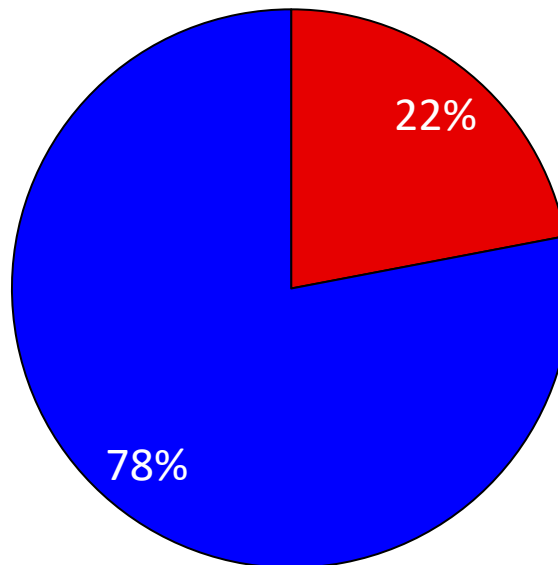
Service Centers- Are you having any difficulties in passing along the new higher prices to your customers?

Yes No

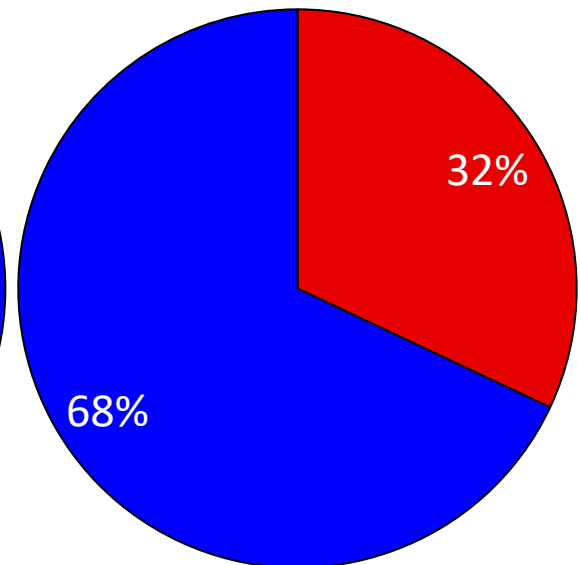
December 23, 2020



January 21, 2021

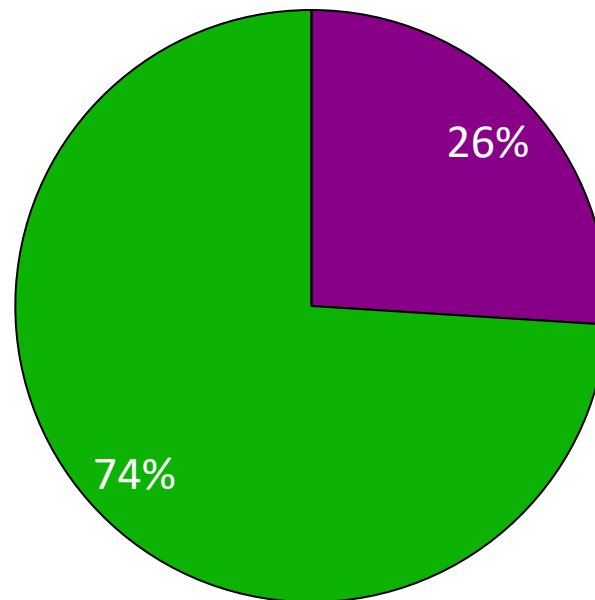


February 5, 2021



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

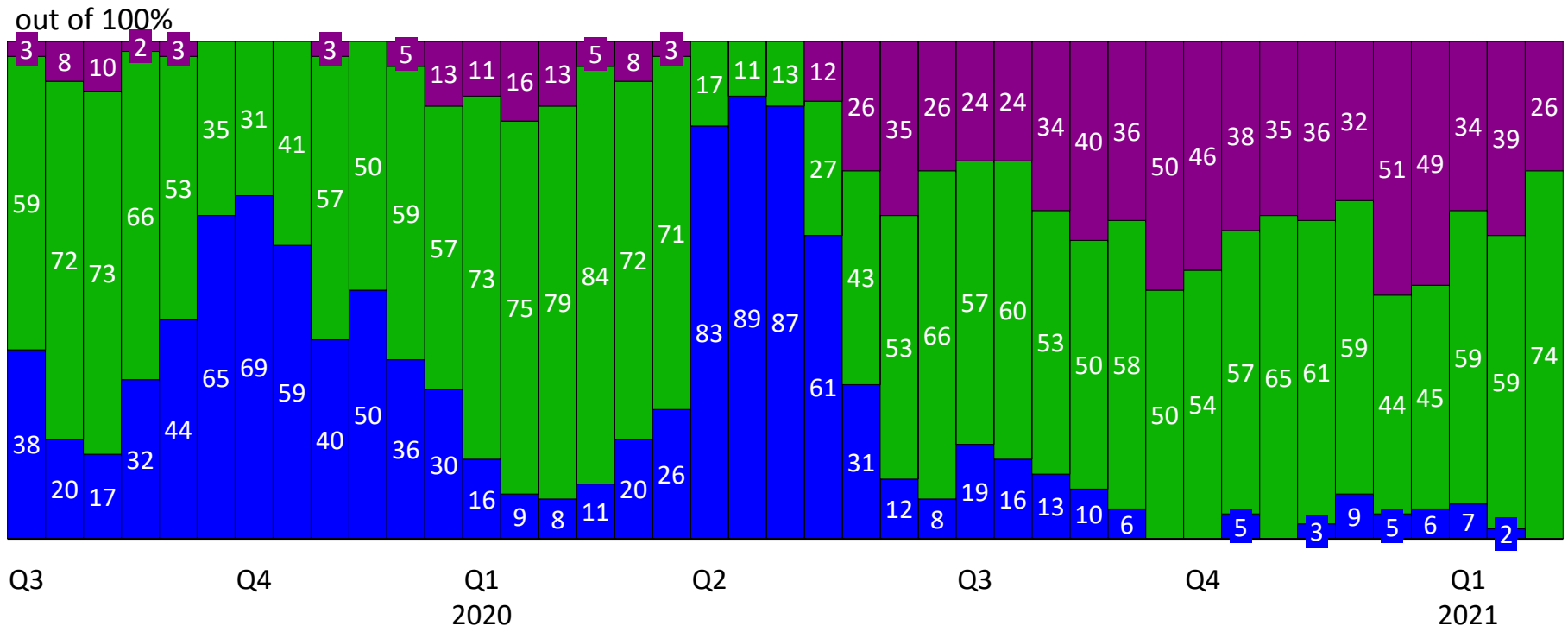
- Our manufacturing customers are increasing orders
- Our manufacturing customers are maintaining their orders
- Our manufacturing customers are reducing their orders



Service Centers on Manufacturer Orders History

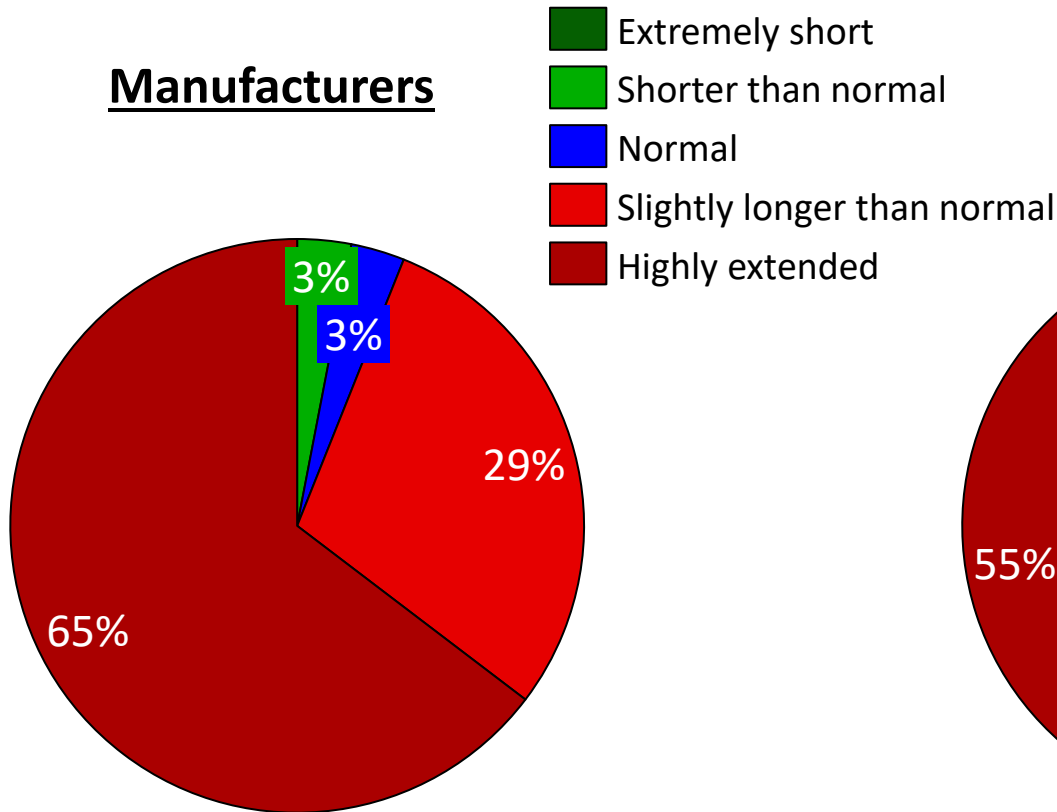
Service Centers- Are your manufacturing customers increasing orders, keeping them the same or reducing orders at this time?

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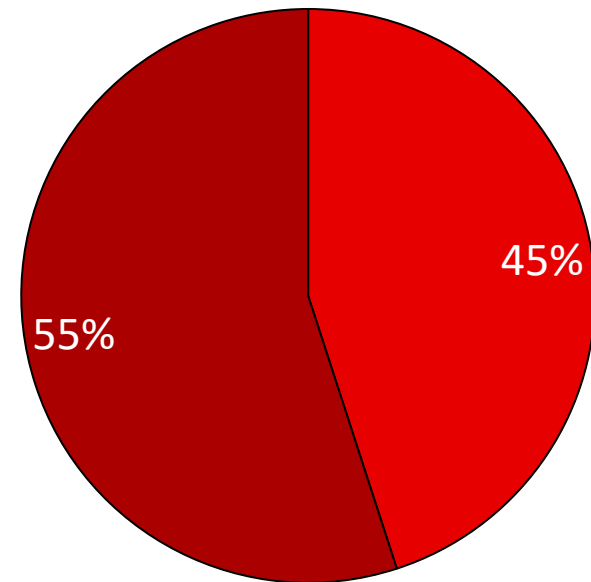


How would you describe domestic mill lead times
for new orders placed right now?

Manufacturers

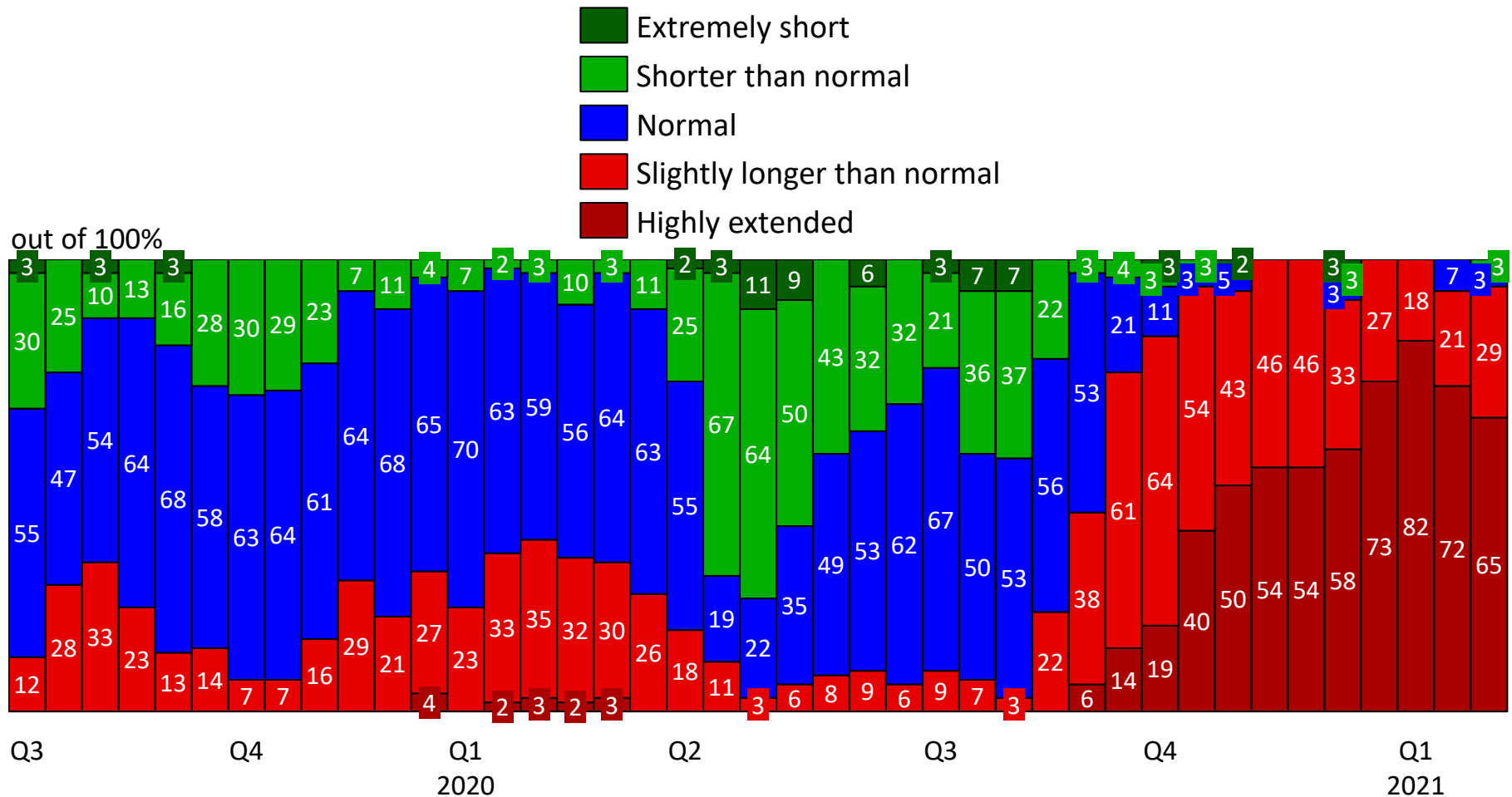


Service Centers



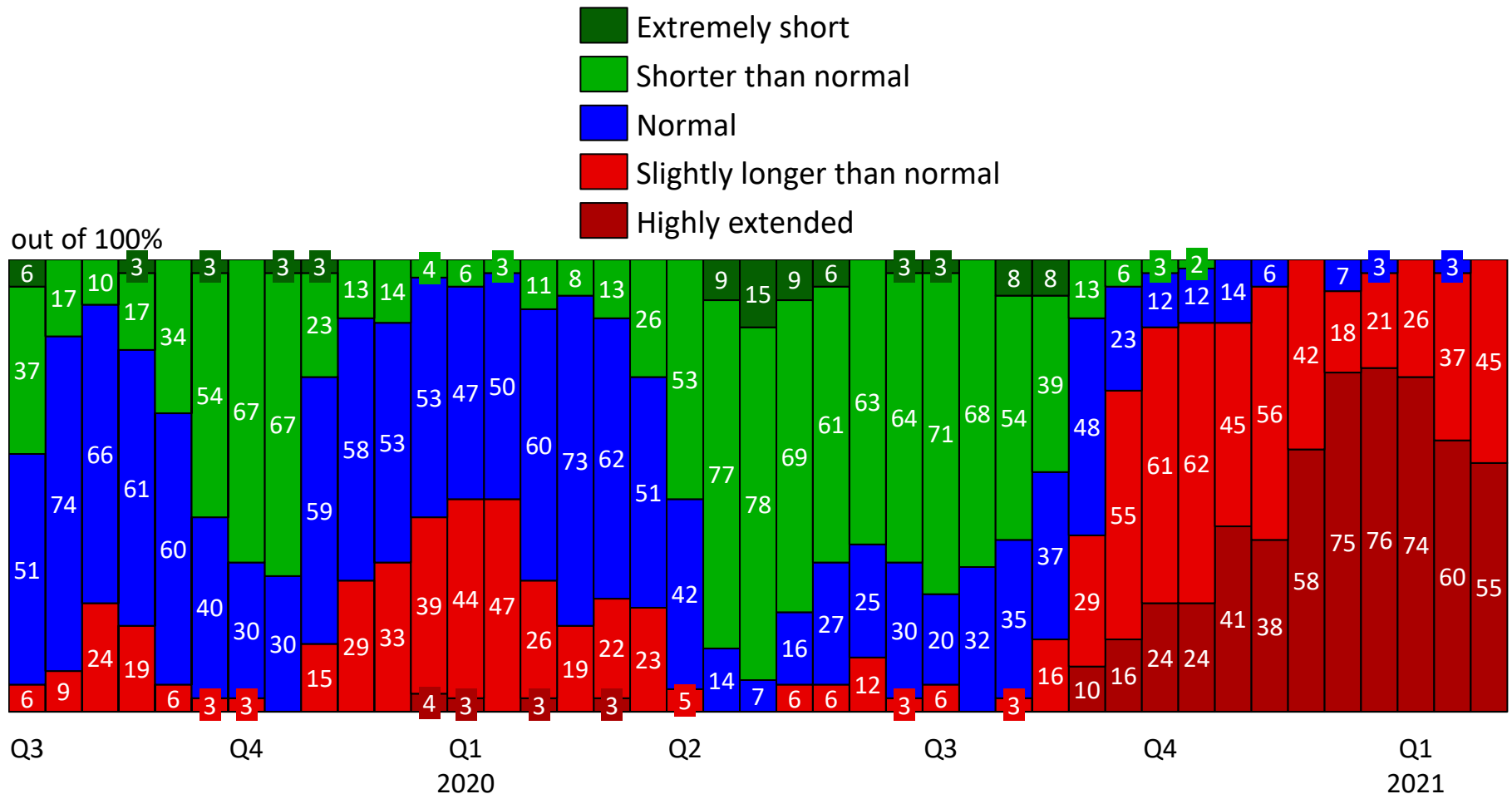
Mill Lead Times History

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?

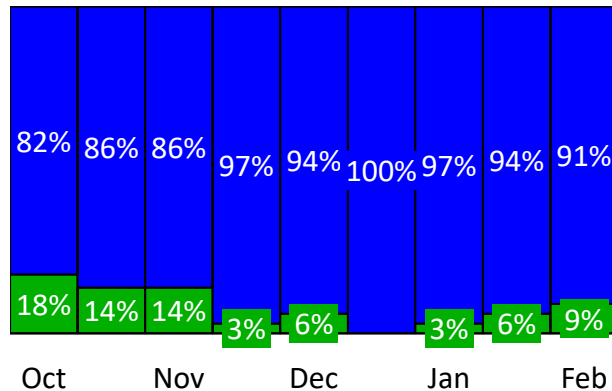


Mill Negotiations

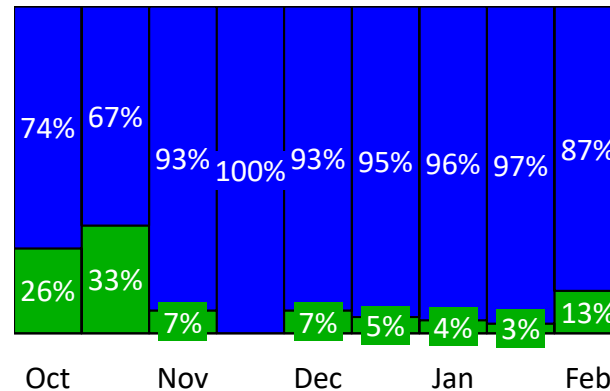
Are you finding the domestic mills are willing to negotiate pricing on brand new orders placed this week?

Yes No

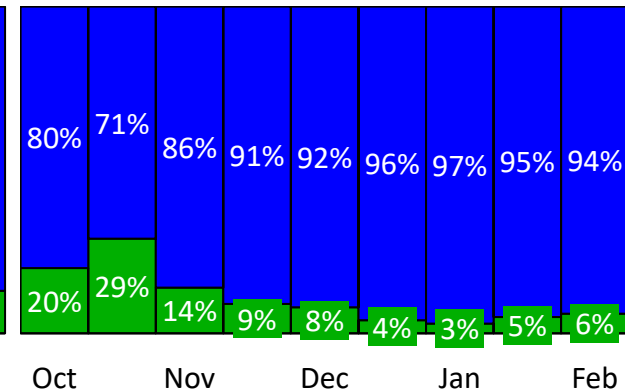
Hot Rolled



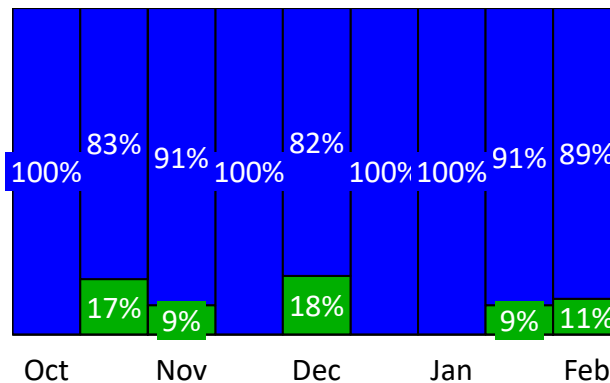
Cold Rolled



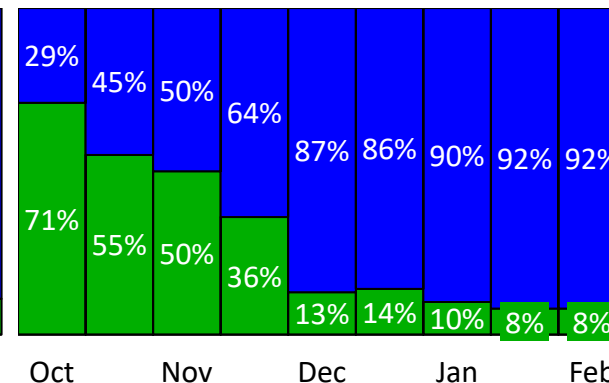
Galvanized



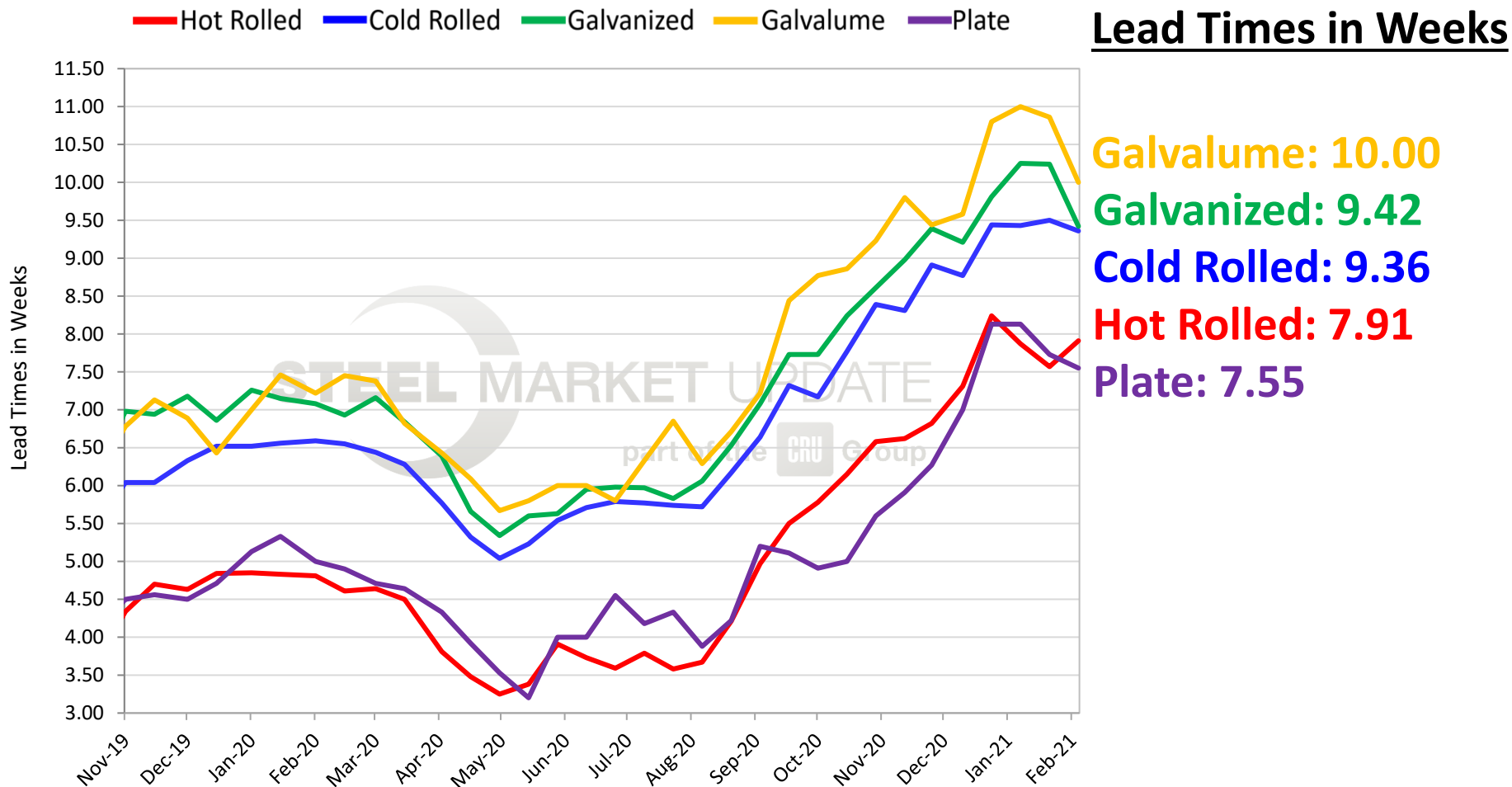
Galvalume



Plate



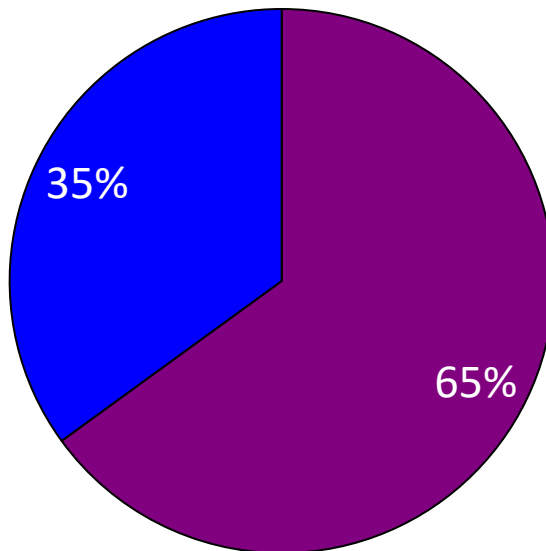
Mill Lead Times



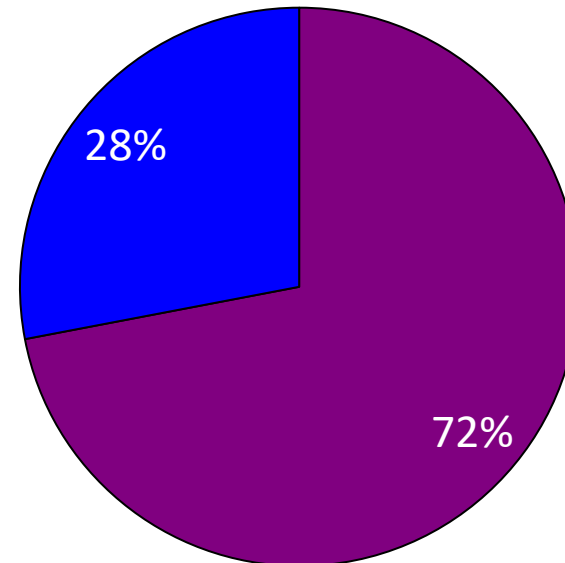
Does your company buy foreign steel?

■ Yes ■ No

Manufacturers



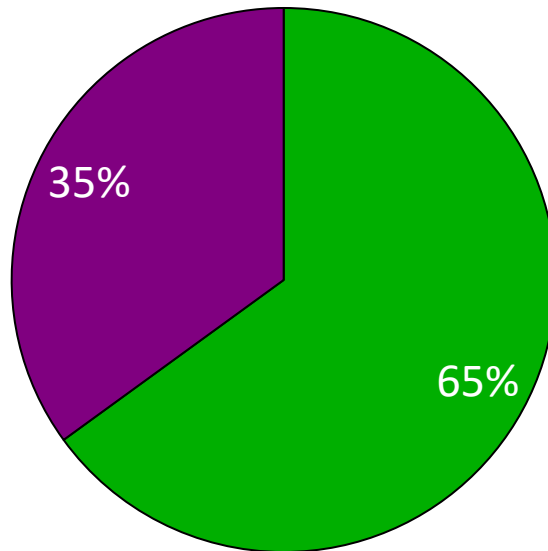
Service Centers



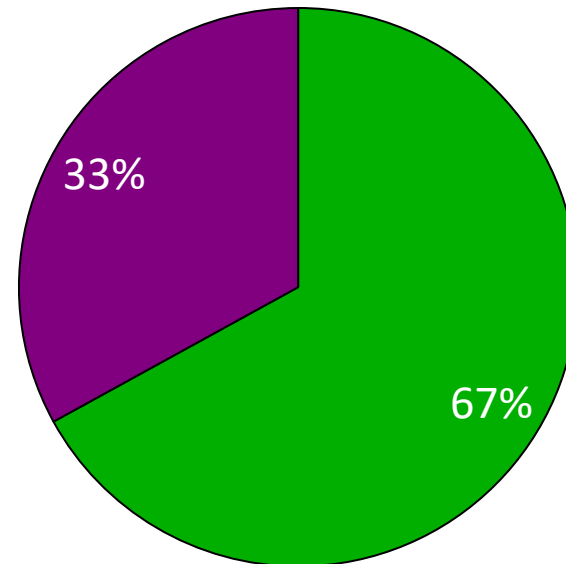
Are your foreign steel suppliers quoting you competitive prices for new orders for future delivery?

Yes No

Manufacturers

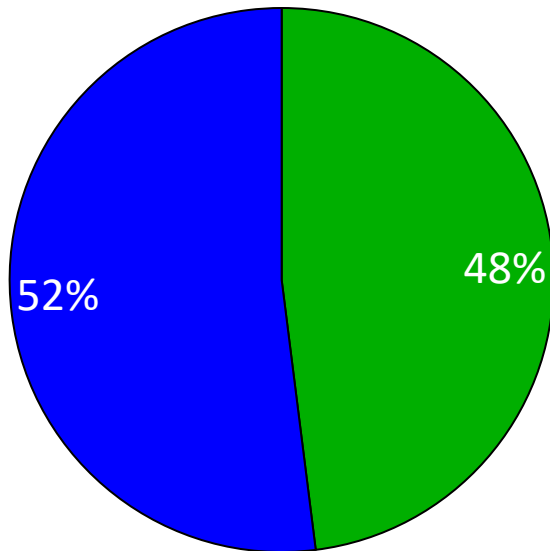


Service Centers

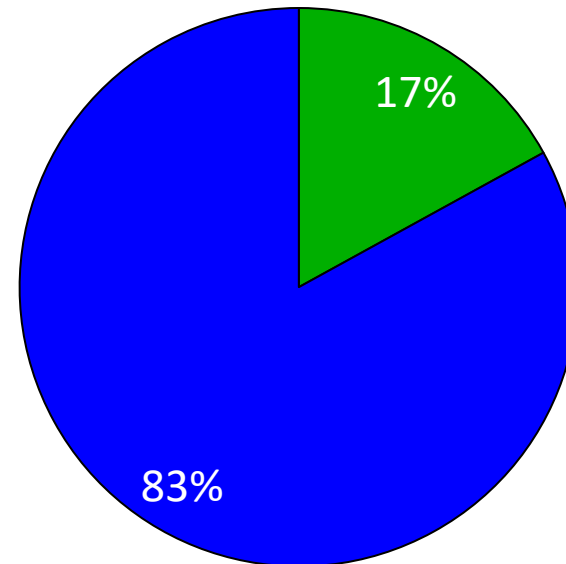


Foreign Steel

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

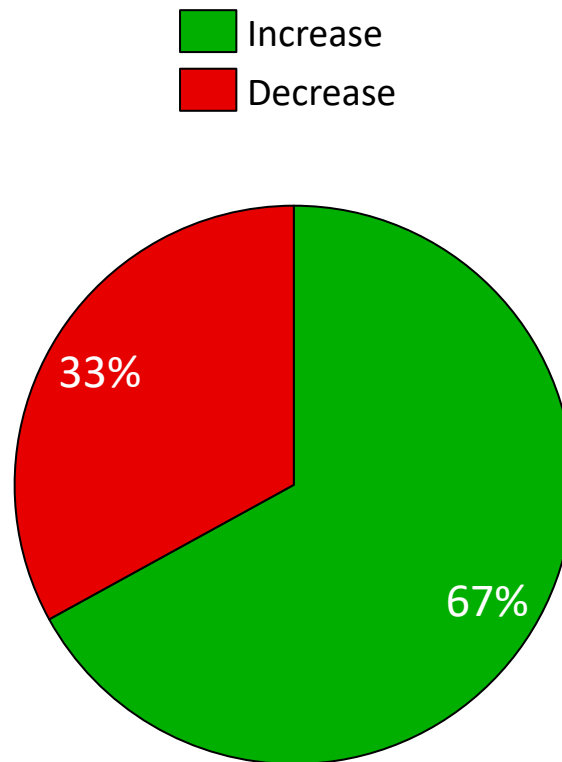


Service Centers- Are you decreasing the percentage of foreign steel on your order book?



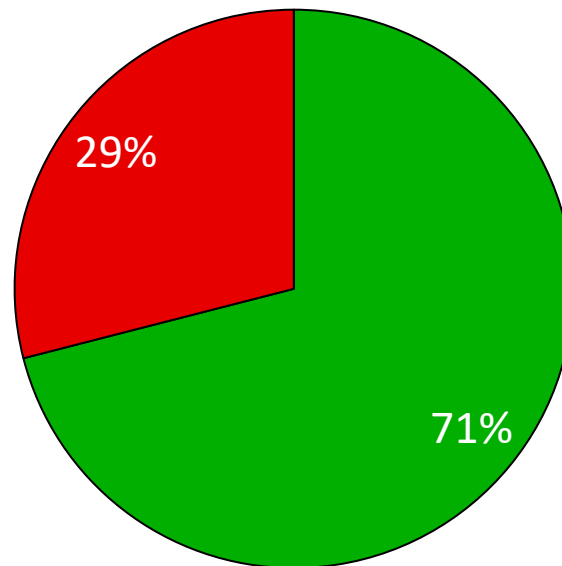
■ Yes ■ No

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



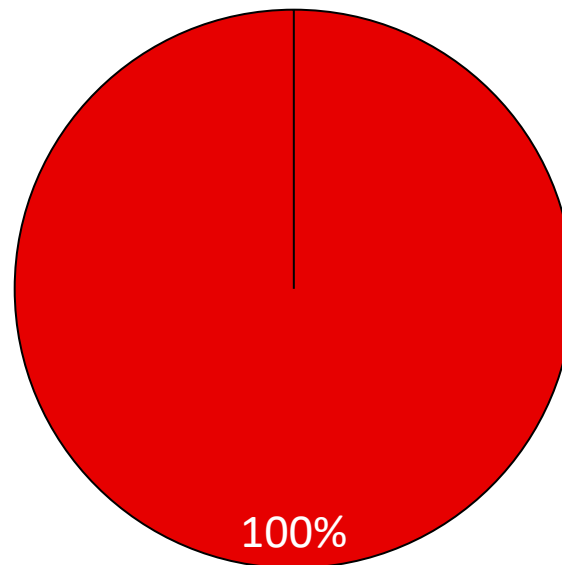
With prices so high out of the domestic steel mills,
are foreign products now attractive to U.S. steel buyers?

Yes No

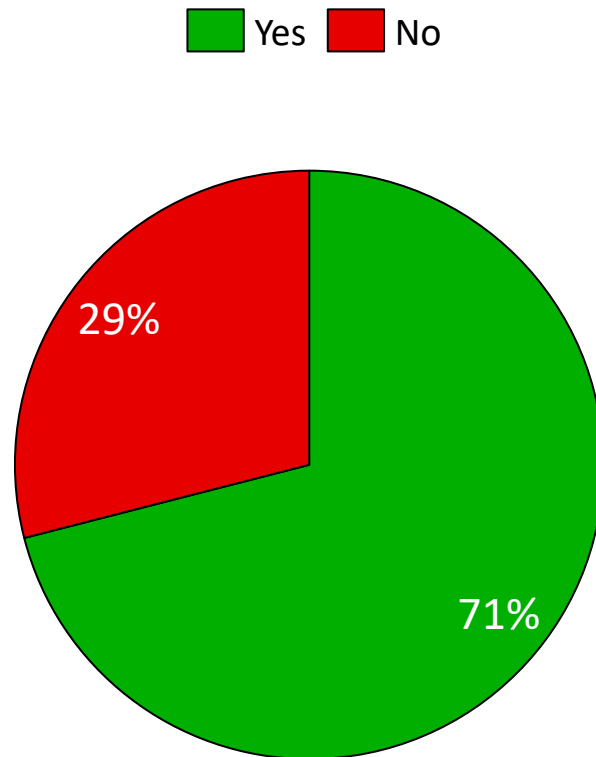


Are you able to offer plate pricing
that is attractive to buyers right now?

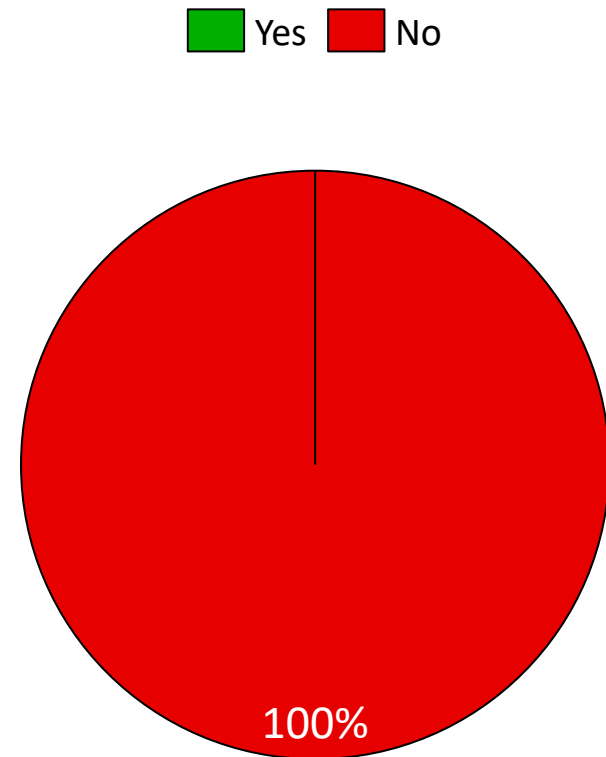
Yes
No



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

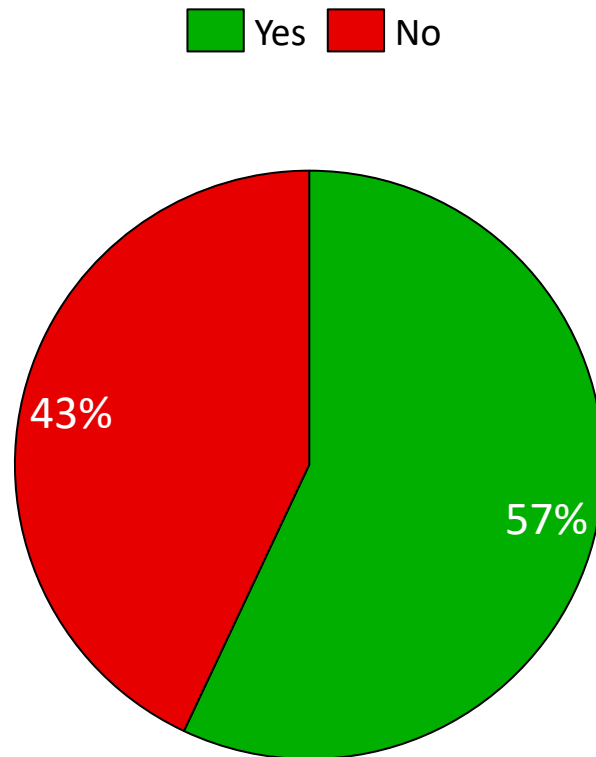


Are you able to offer plate pricing that is attractive to buyers right now?

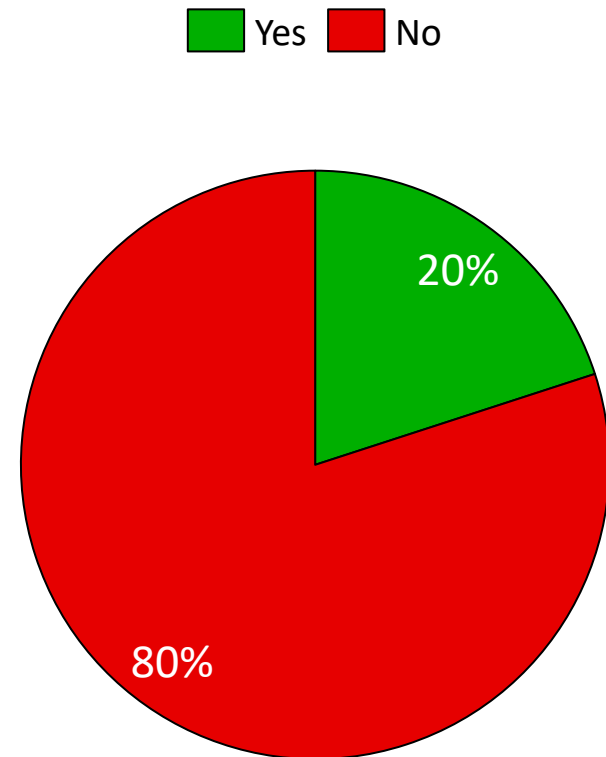


Trading Companies

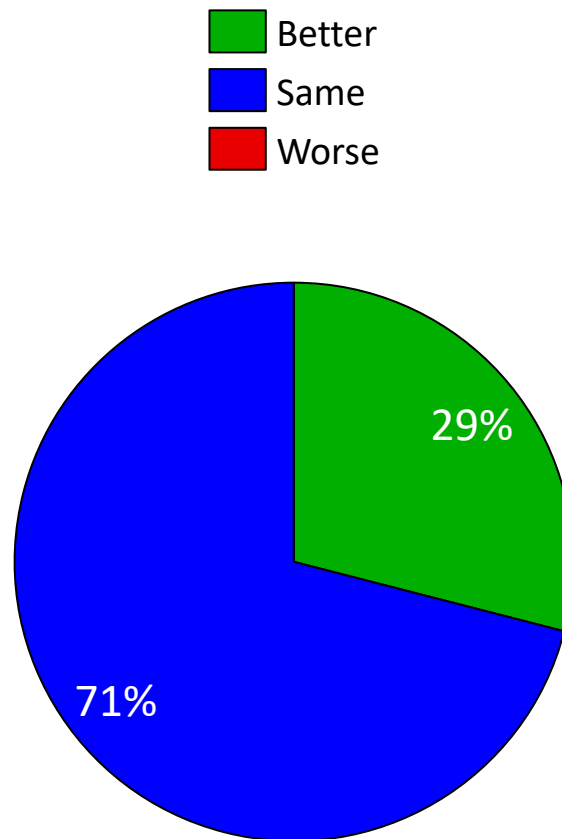
Are your galvanized prices competitive enough right now to get orders (including duties)?



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

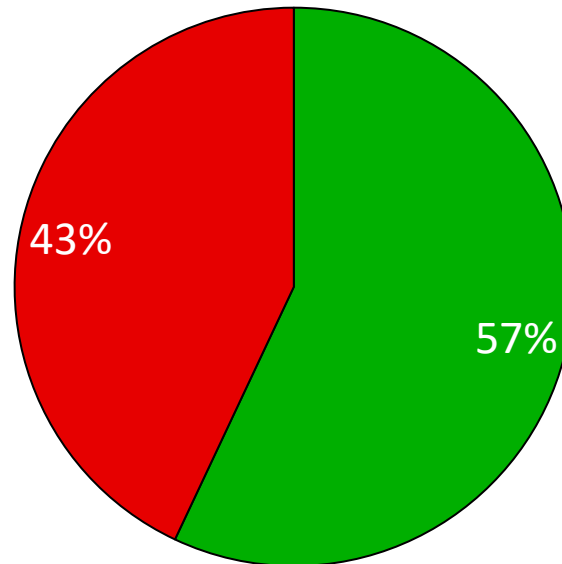


The current order book at your mill is better or worse than last month?

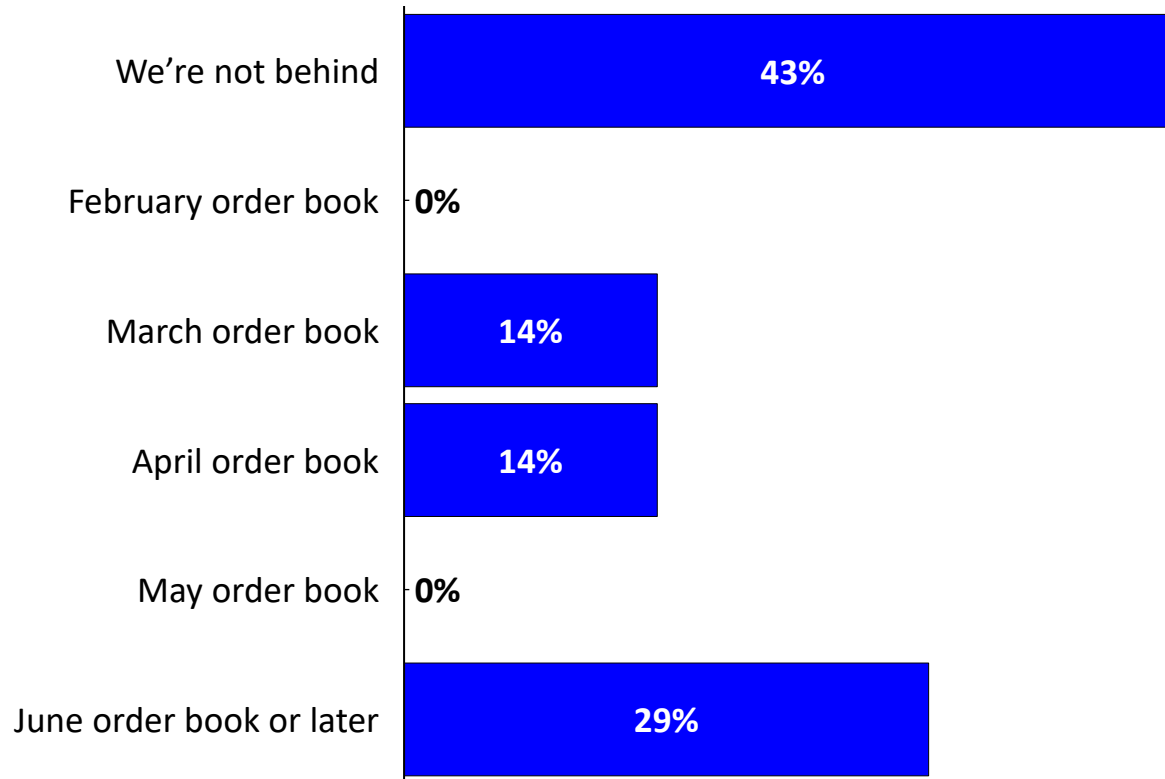


Will restarts of blast furnaces at the integrated mills
add enough supply to affect steel prices this year?

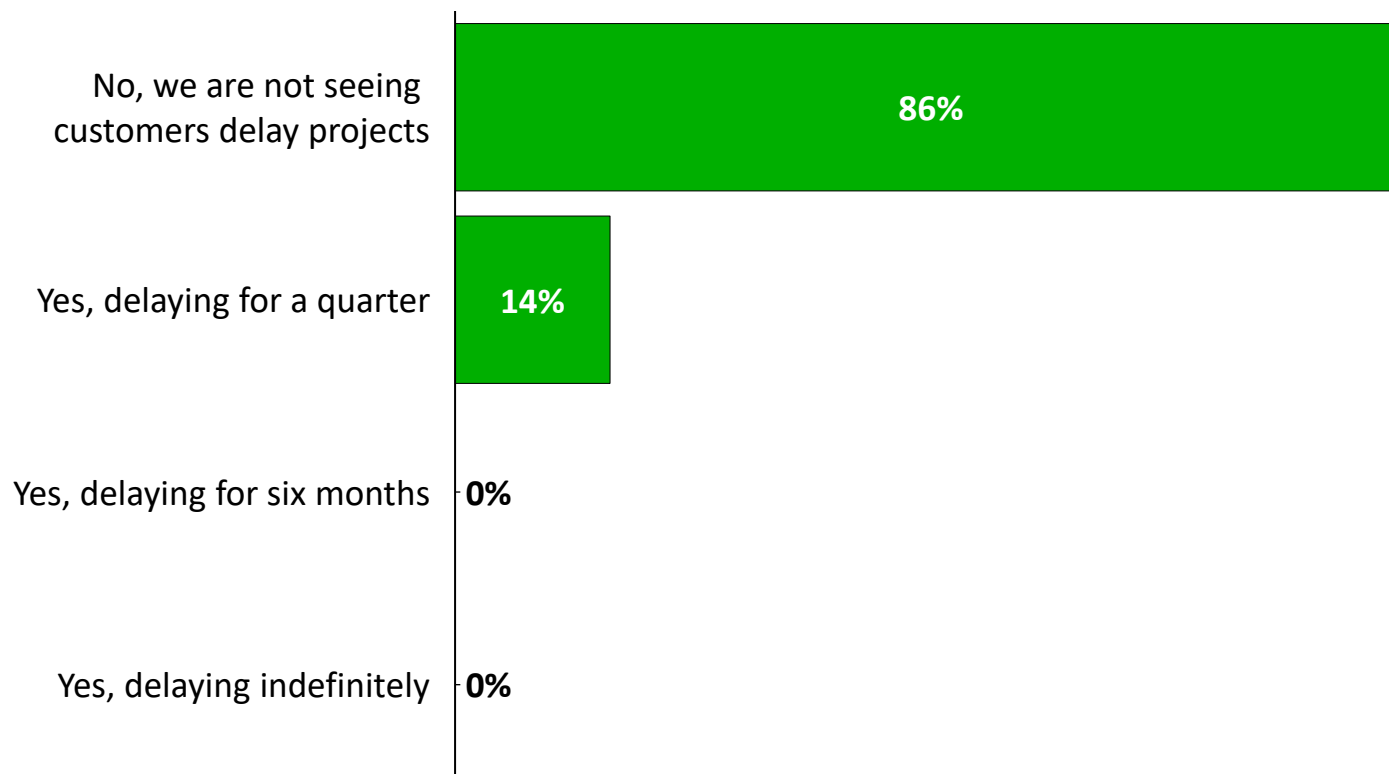
■ Yes ■ No



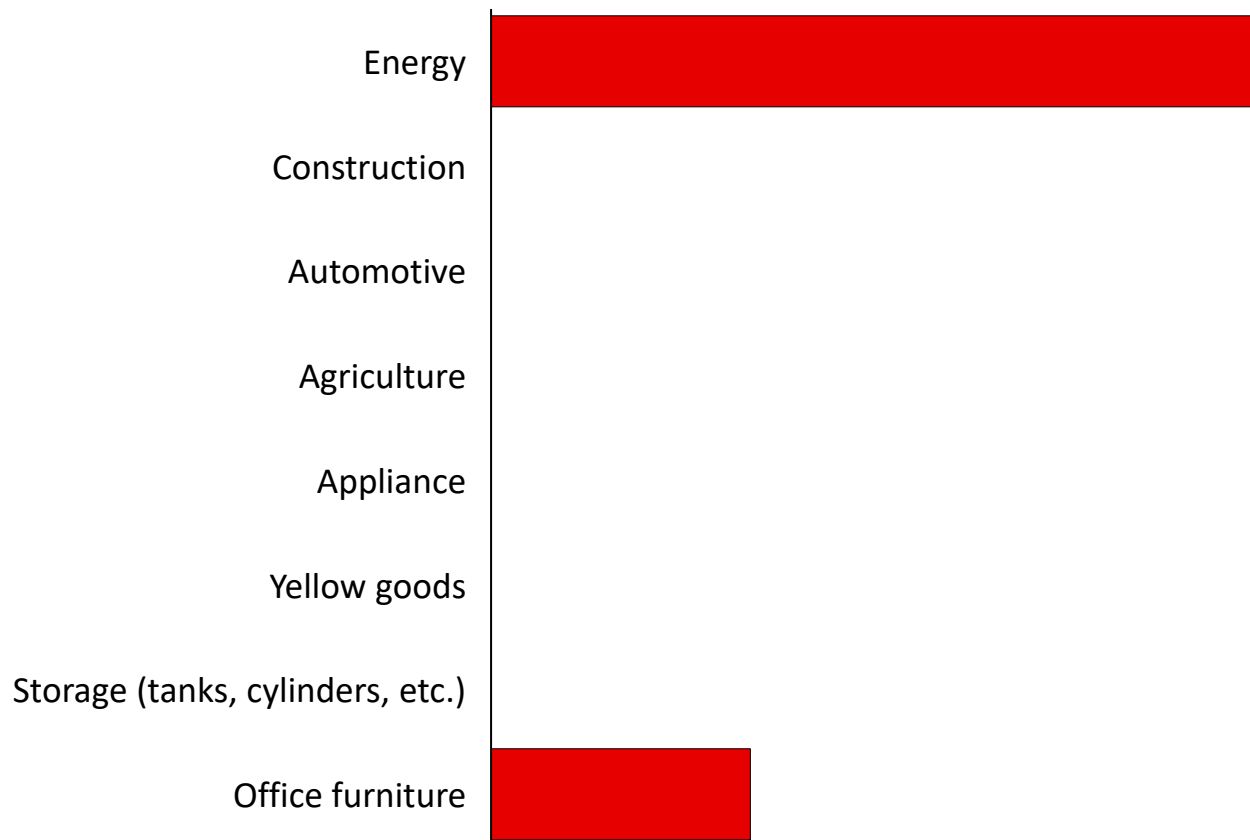
If you are behind on orders, how long do you think it will take you to catch up?



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.

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 15, 2021



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