



STEEL MARKET UPDATE

Steel Trends in a Turbulent Market

Responses from our February 3rd 2014 Market Survey





- 31 years actively selling flat rolled steel – 38 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.

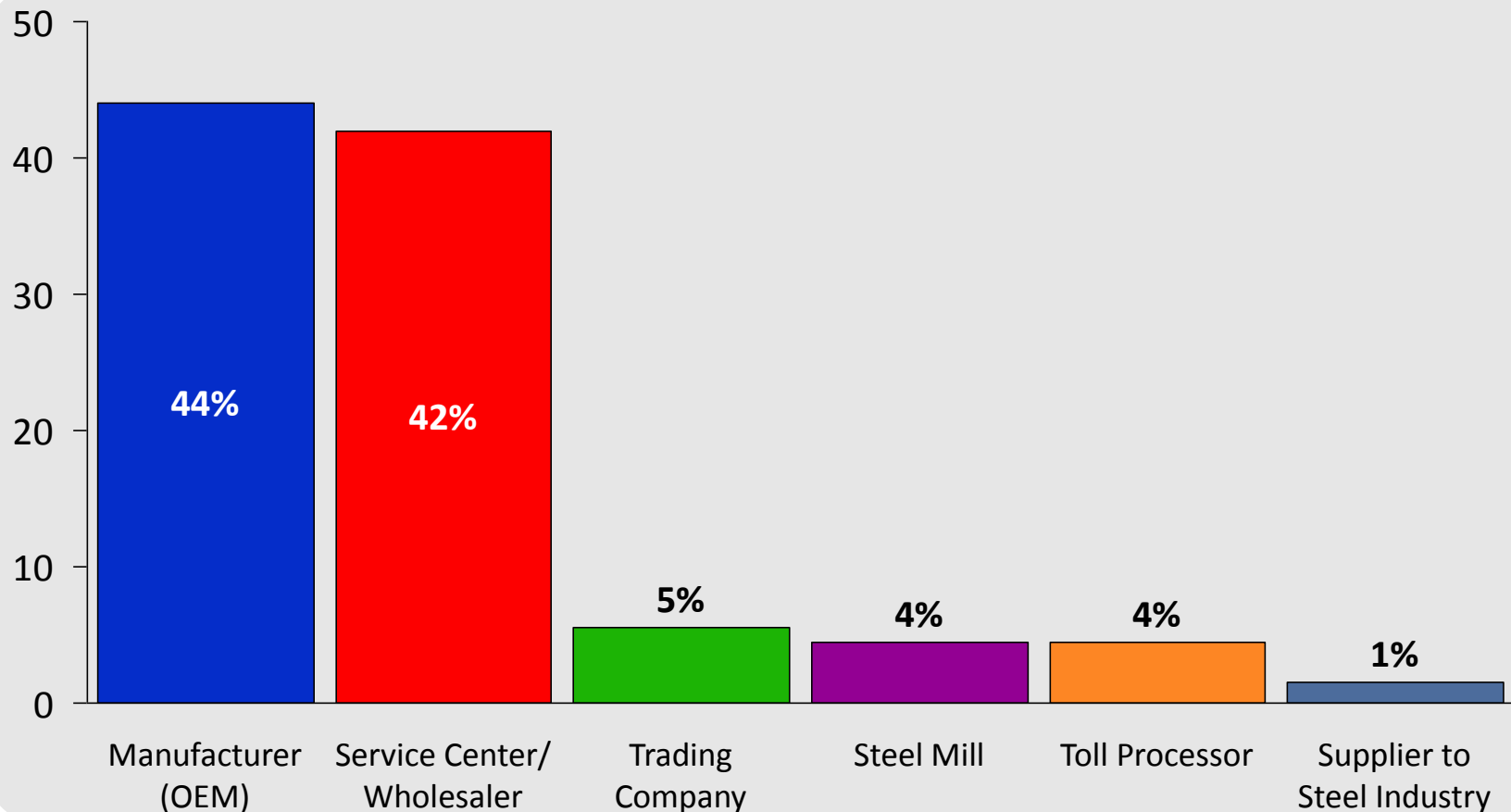
We invite over 600 companies to participate in our surveys.

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

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 down 4 points to +40

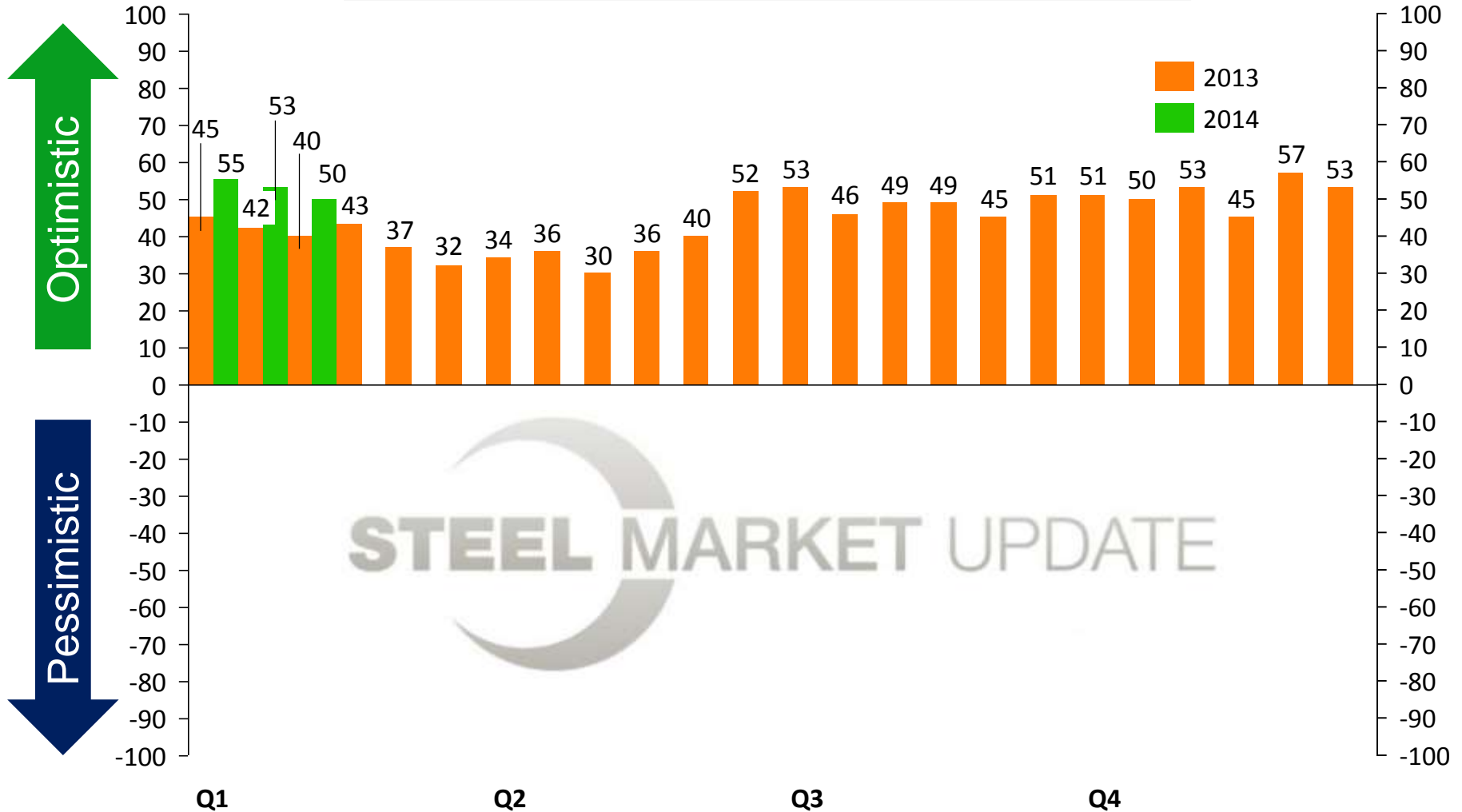
Steel Market Update Buyers Sentiment Index



SMU Future Buyers Sentiment




Future down 3 points to +50

Steel Market Update 'Future' Buyers Sentiment Index

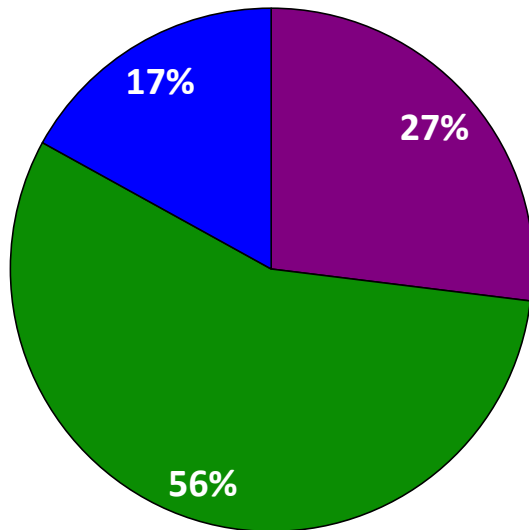


Overall Demand

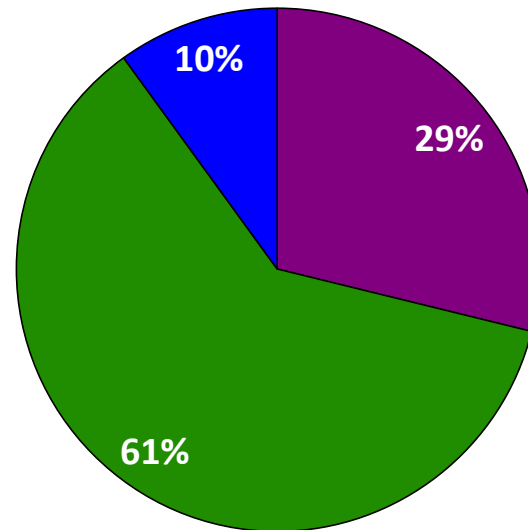
Are you seeing demand for your products improving, remaining the same or declining?

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

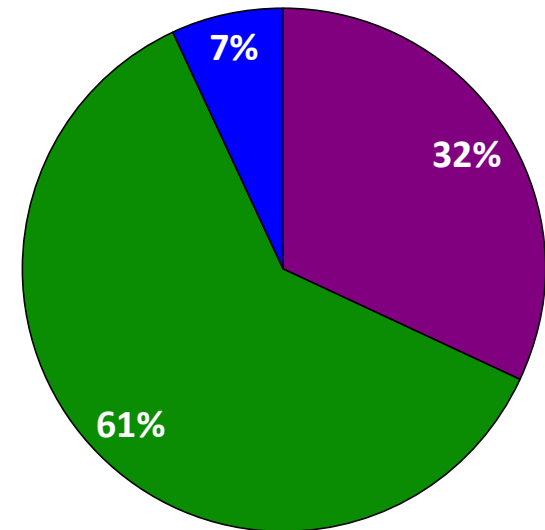
December 6th 2013



January 10th 2014



February 7th 2014

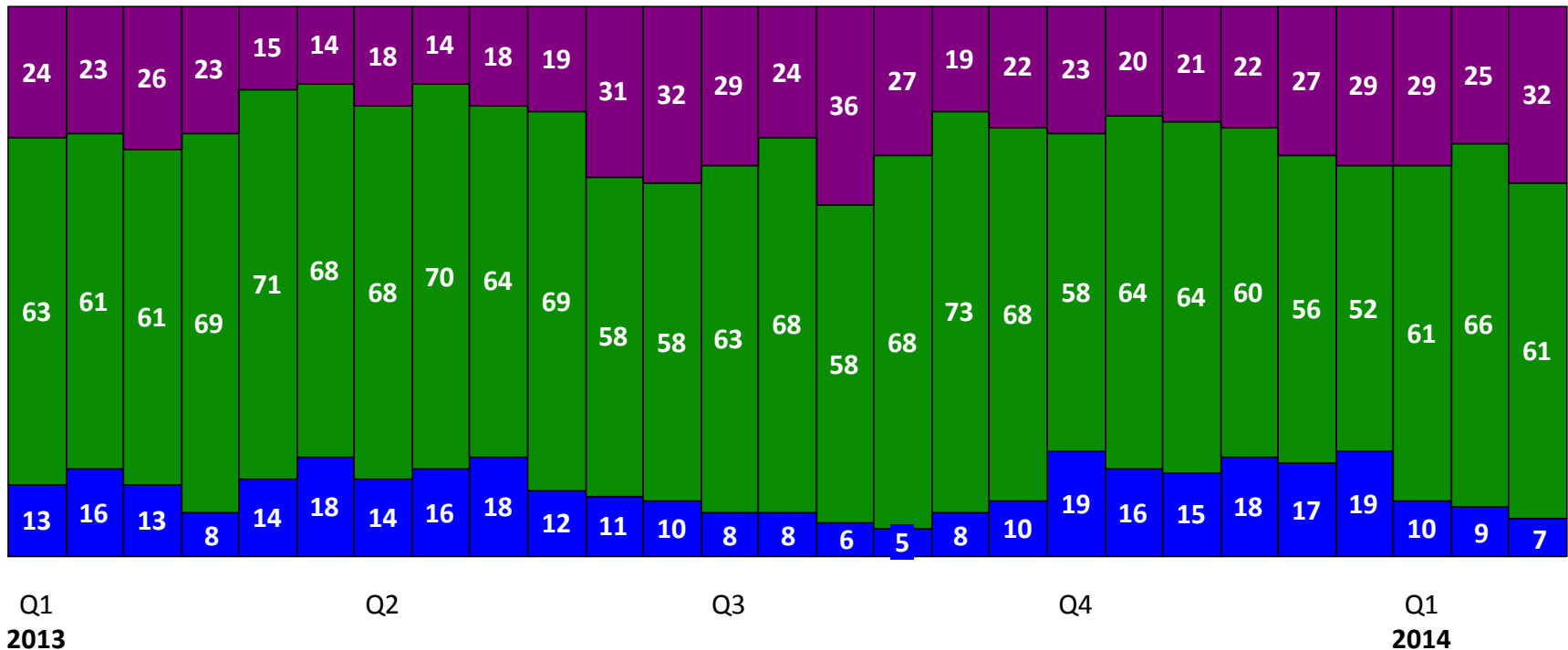


Overall Demand History

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

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

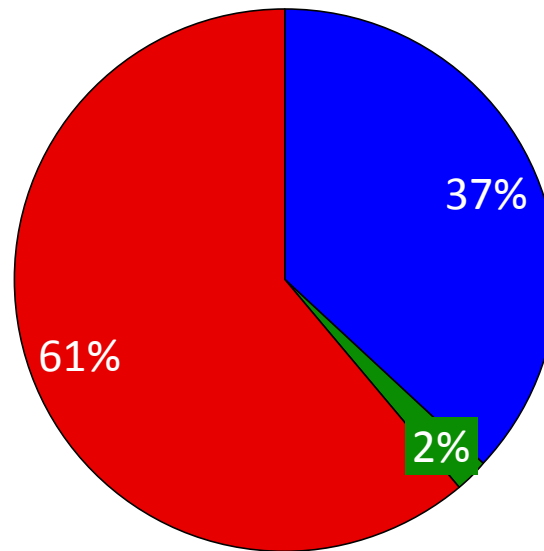
out of 100%



Flat Rolled Price Direction

By the time we reach March 1st –
at that time domestic flat rolled prices will be...?

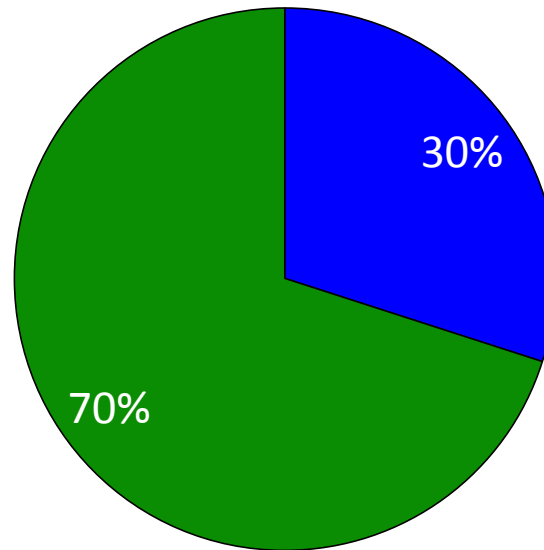
- Staying the same as today
- Moving higher
- Moving lower



Concern for Imports

Imports - all hype or a real concern as we move into February, March and April?




- All hype (imports are being over-stated and will not have that much of an impact on the domestic market pricing)
- Real Concern (imports will surge over the next couple of months which will impact domestic prices)

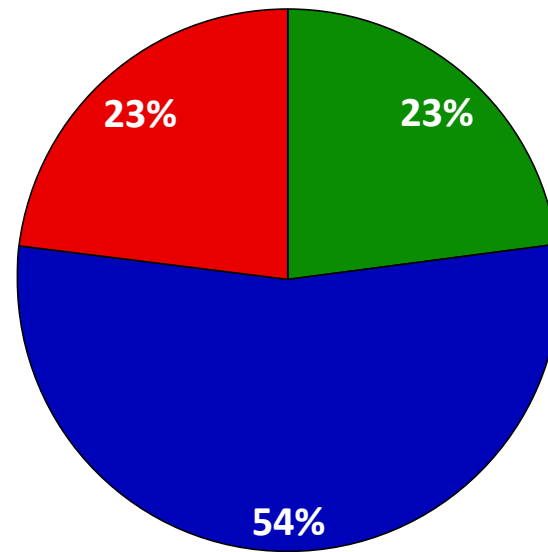
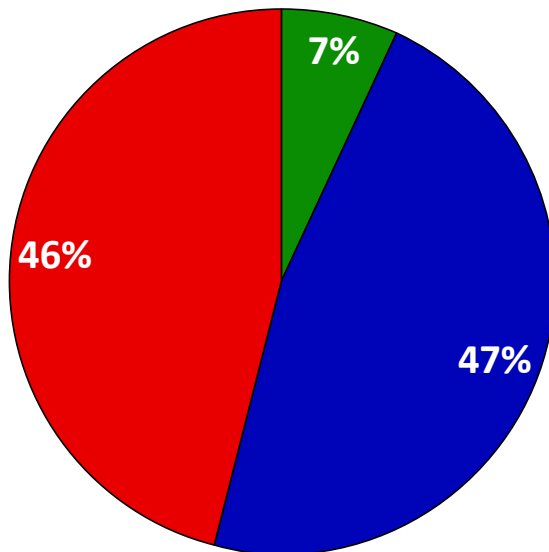


Did your company meet forecast last month?

Manufacturers

Service Centers

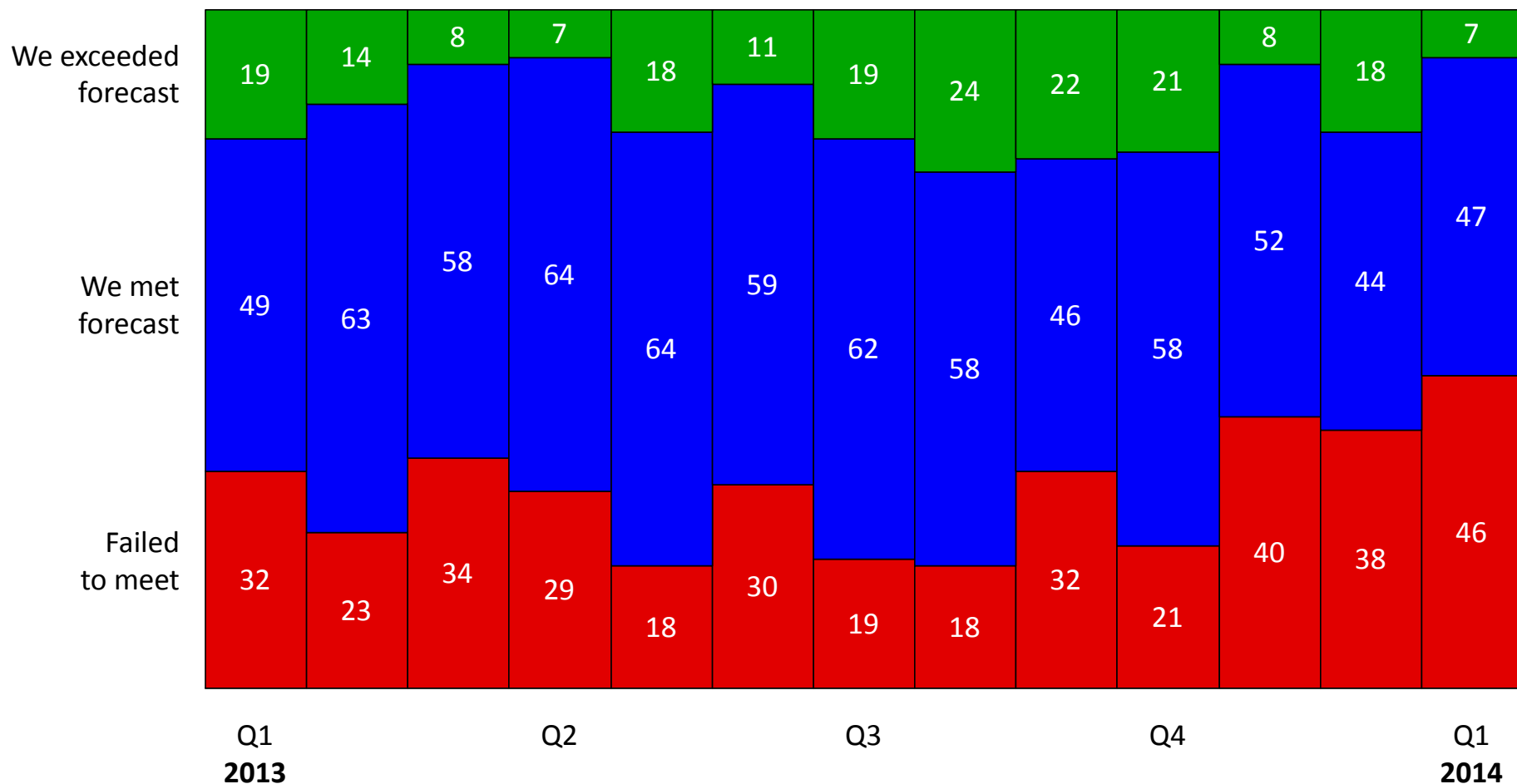
-  We exceeded forecast
-  We met forecast
-  We failed to meet forecast



Manufacturer Comparison of Business Level Forecast

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

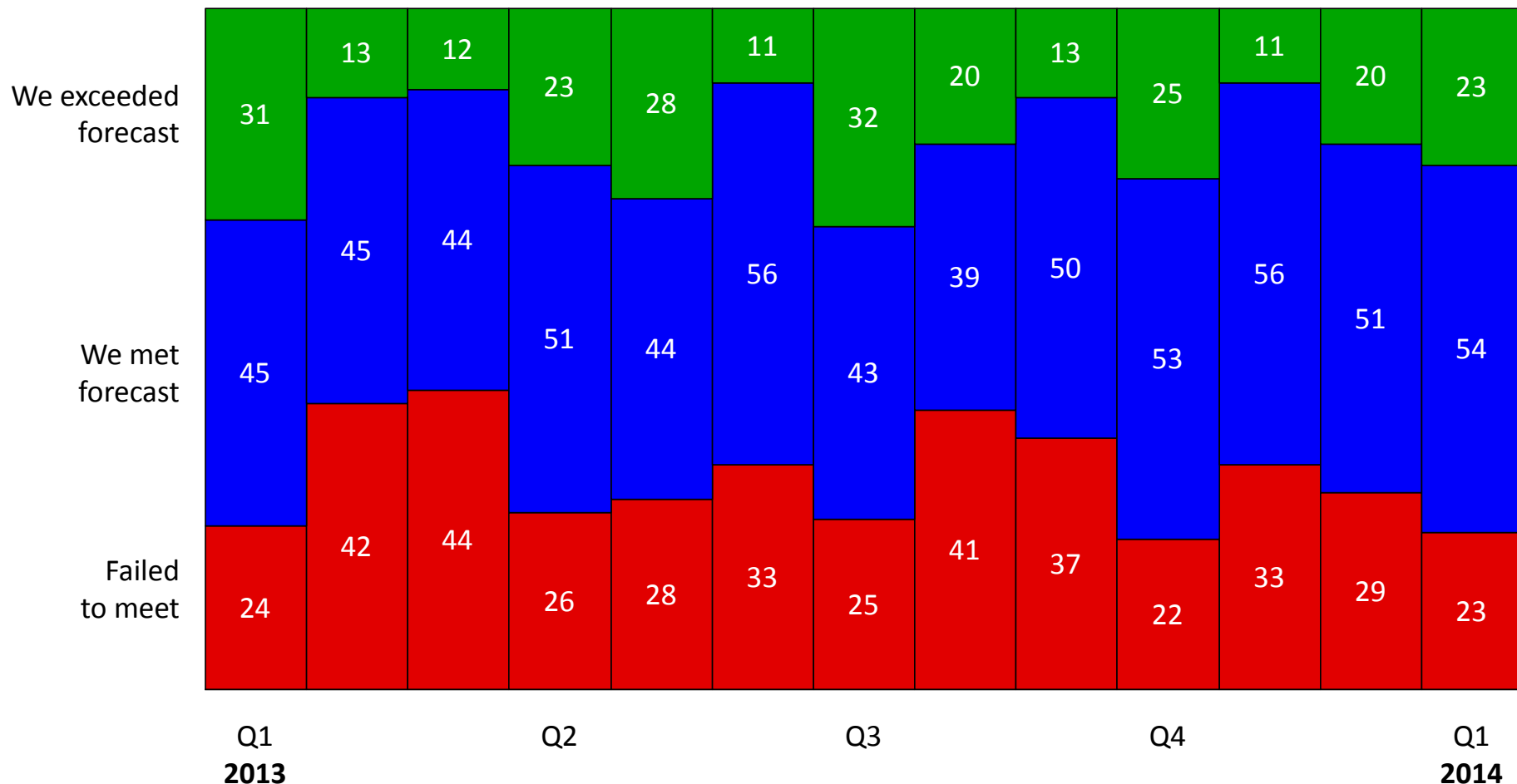
out of 100%



Service Center Comparison of Business Level Forecast

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

out of 100%

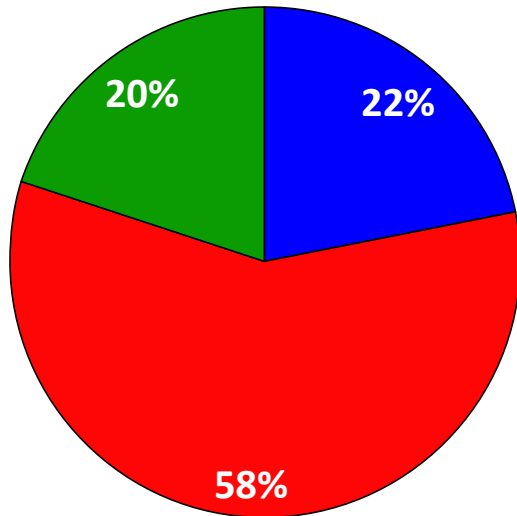


Manufacturer Purchases

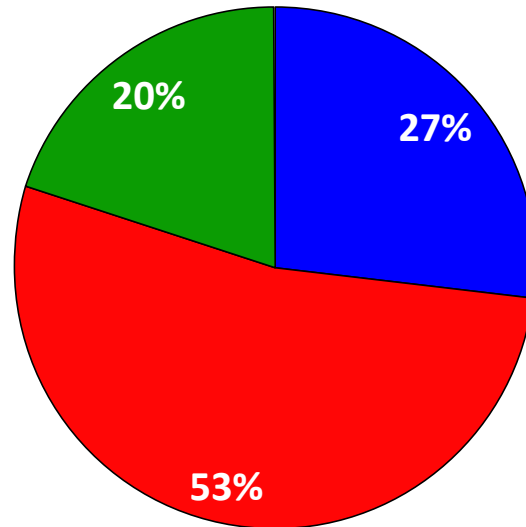
Manufacturers- Compared to this time last year –
is your company buying more, less or the same
amount of flat rolled steel as one year ago?

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

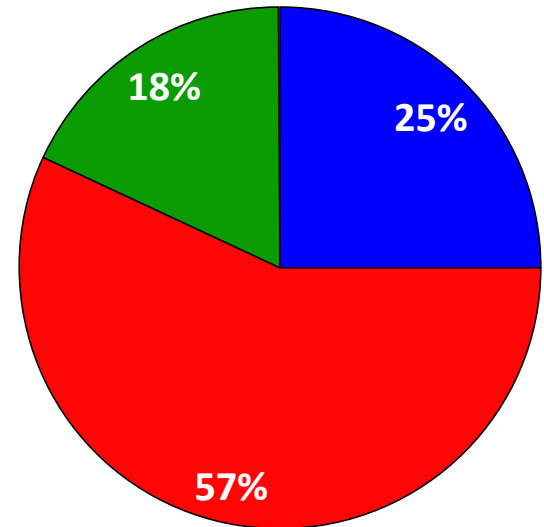
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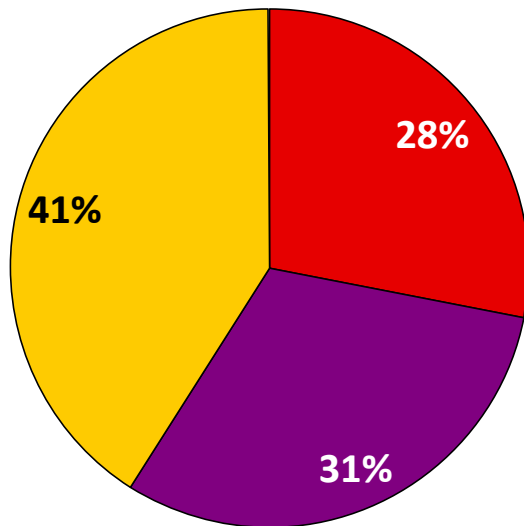


Service Center Releases

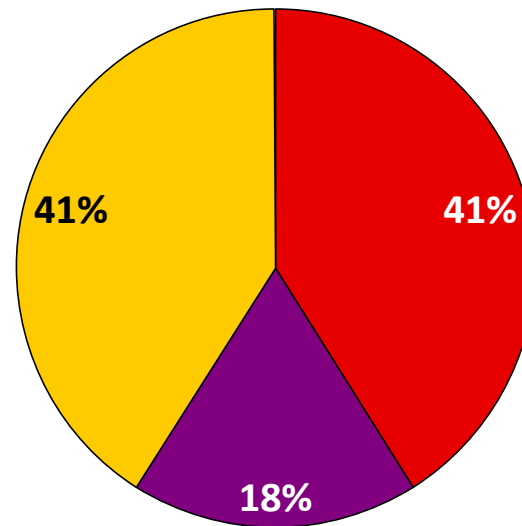
Service Centers- How do you see your customers releases (demand) for the products your company provides this year compared to this time last year?

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

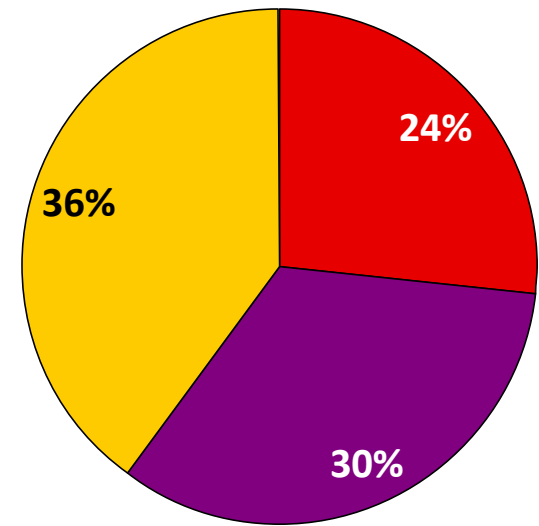
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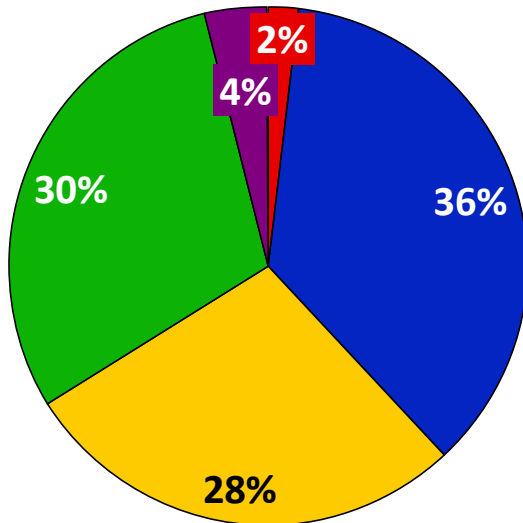


Manufacturer Demand

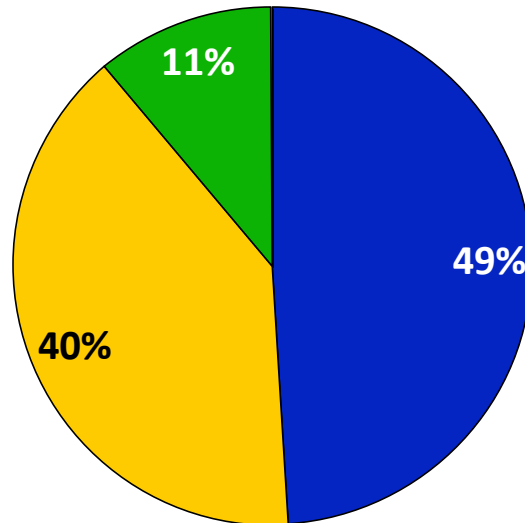
Manufacturers- Demand for your products will _____ over the next 3 months based on current order flows.

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

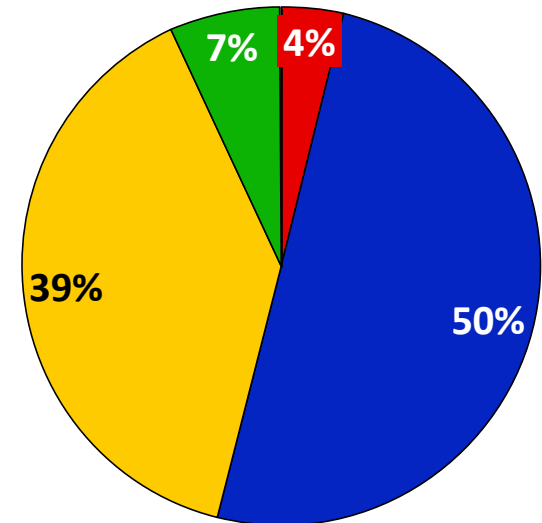
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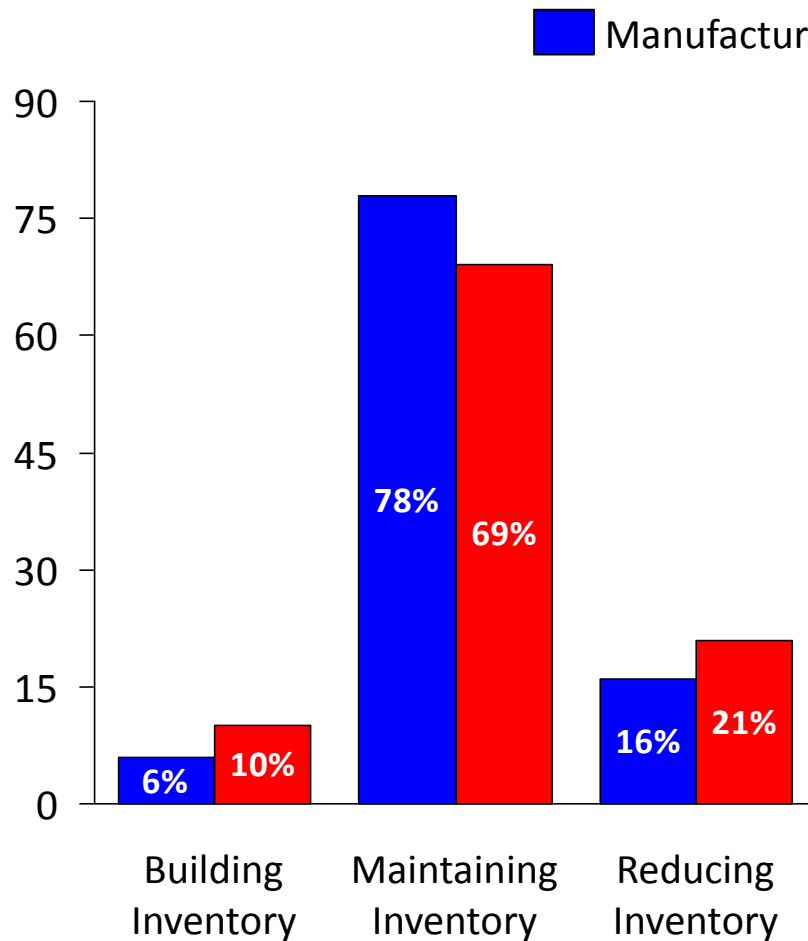


February 7th 2014

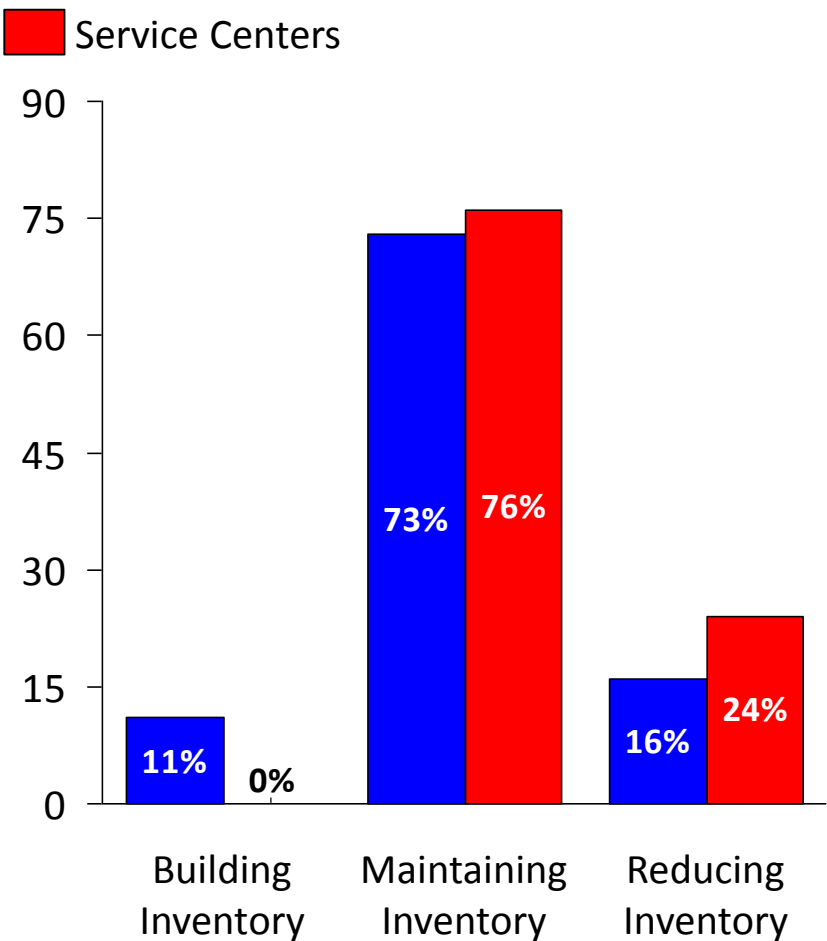


Manufacturer and Service Center Inventory Buying Patterns

January 24th 2014



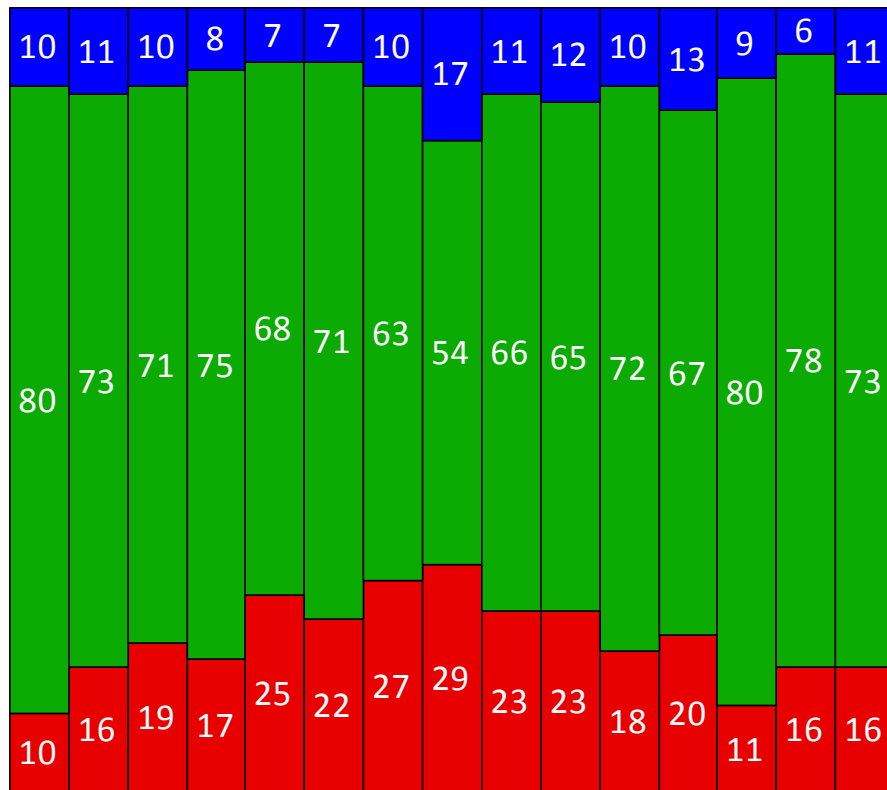
February 7th 2014



Manufacturer and Service Center Inventory Buying History

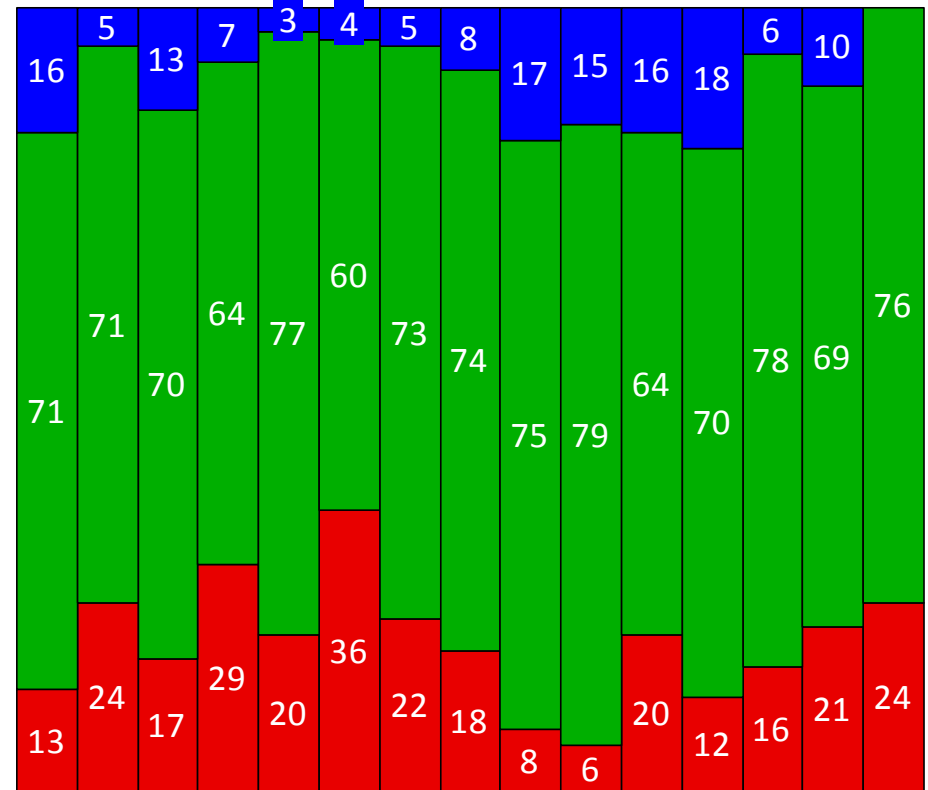
Manufacturers

out of 100%



- Building Inventory
- Maintaining Inventory
- Reducing Inventory

Service Centers



Q3

Q4

Q1
2014

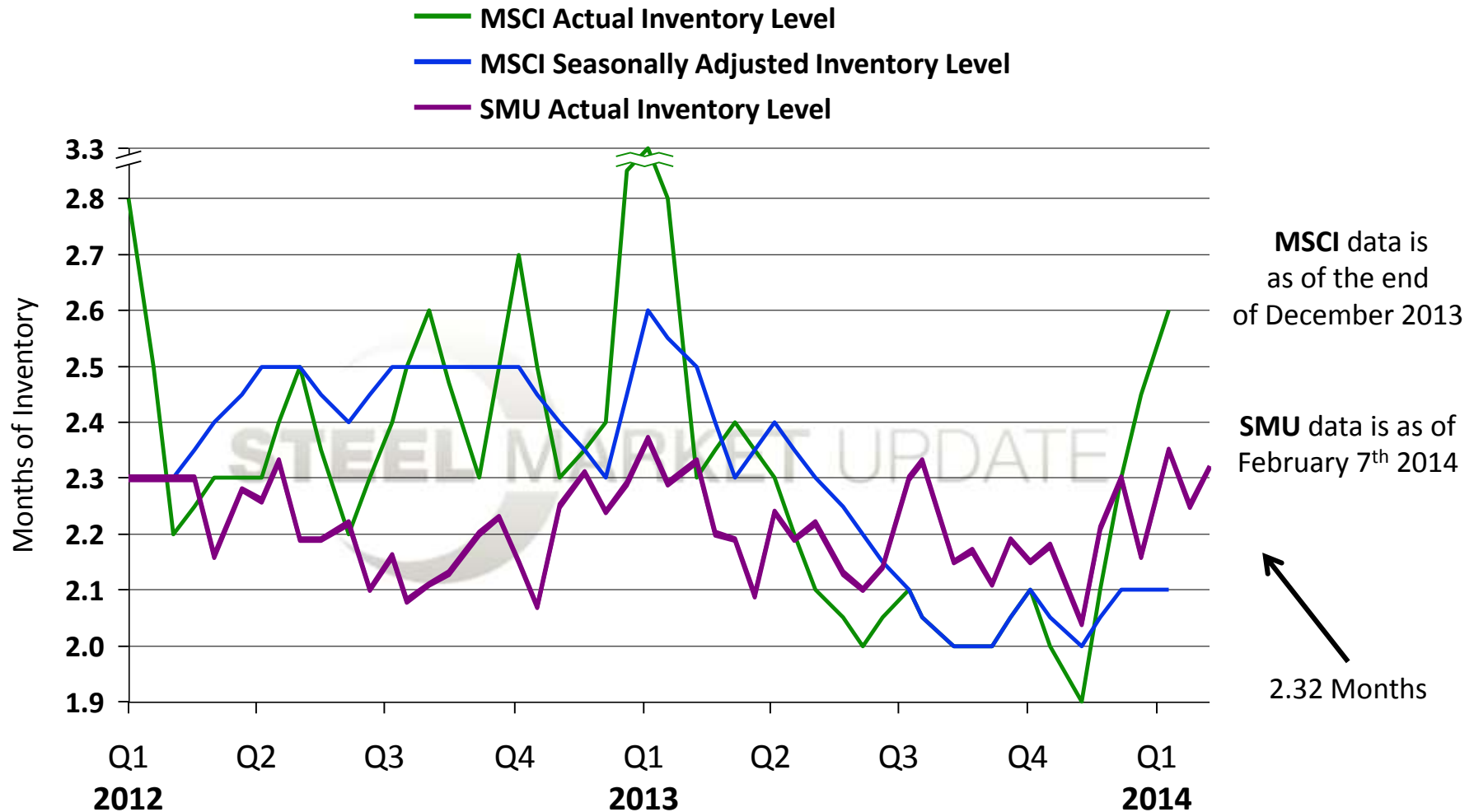
Q3

Q4

Q1
2014

Service Center Months on Hand History

SMU Service Center & MSCI Inventory Level History Comparison

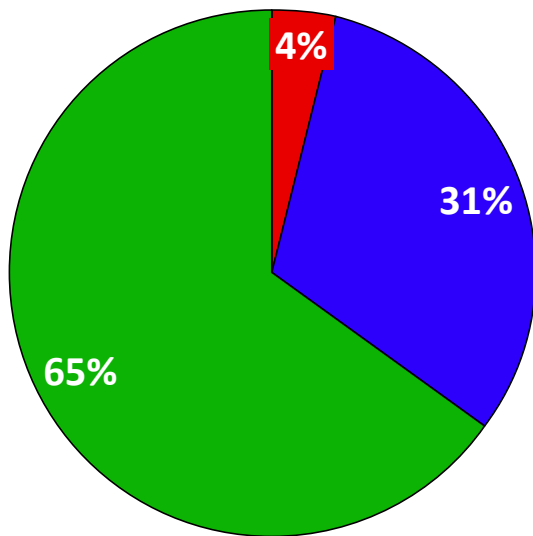


Manufacturer's View of Service Center Selling Prices

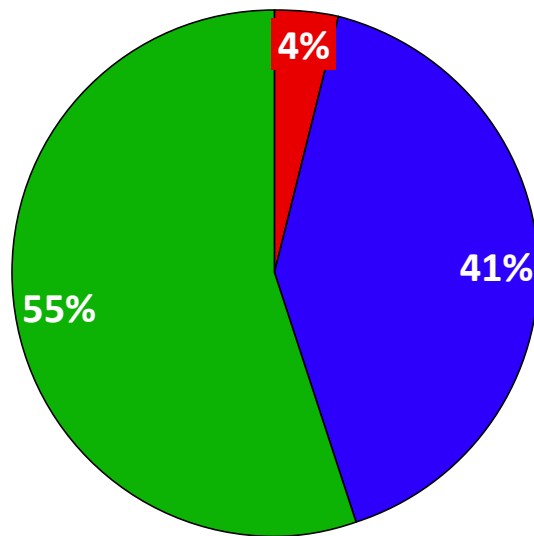
Manufacturers- Which comment do you feel is representative of service center pricing right now?

- 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

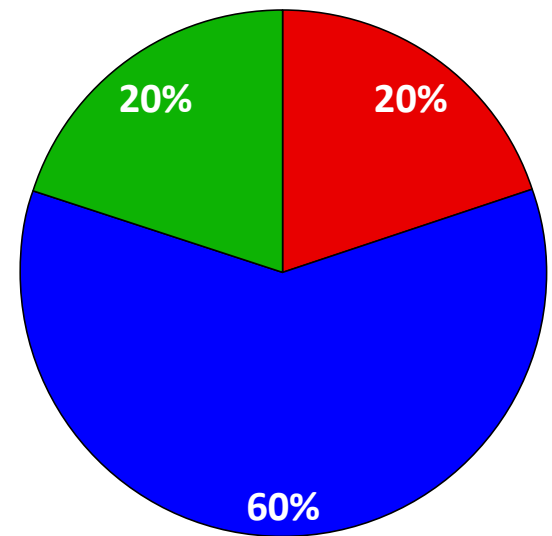
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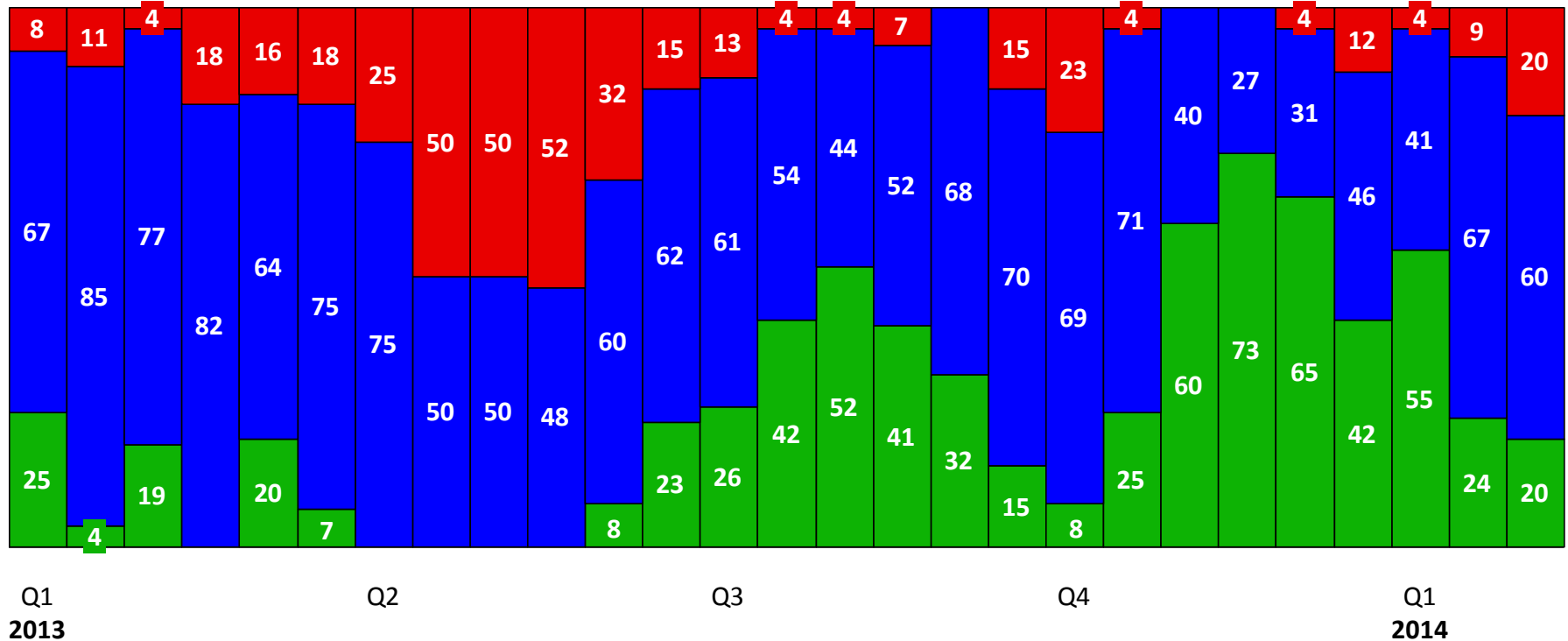


Manufacturer's View of Service Center Selling Prices History

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

out of 100%

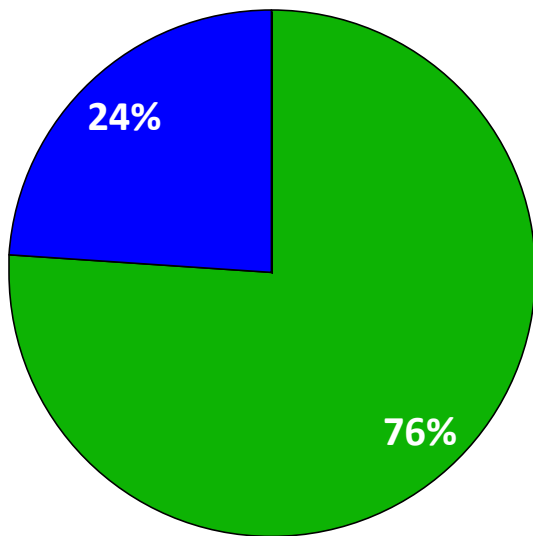


Service Center View of Selling Prices

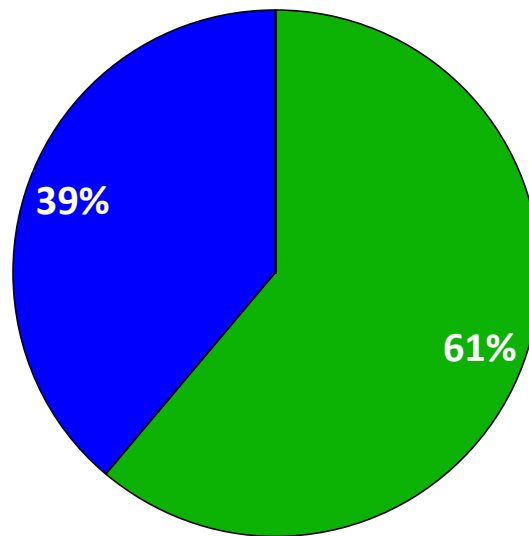
Service Centers- How is your company handling spot pricing to your customers at this time?

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

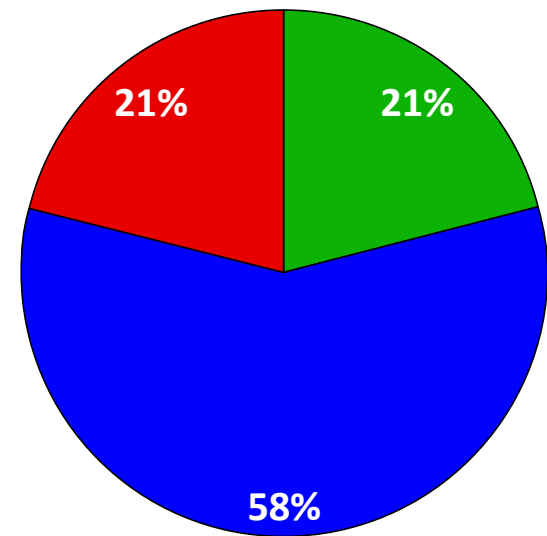
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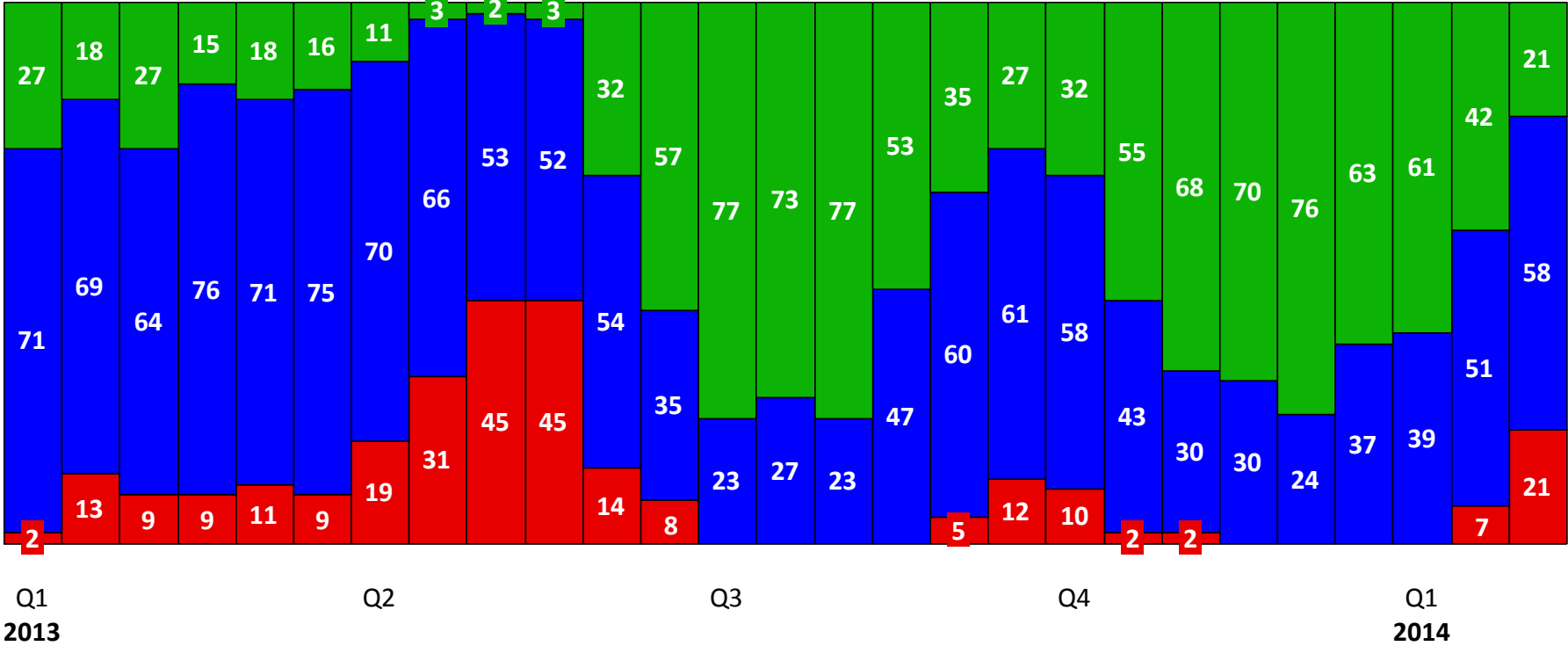


Service Center View of Selling Prices History

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

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out of 100%



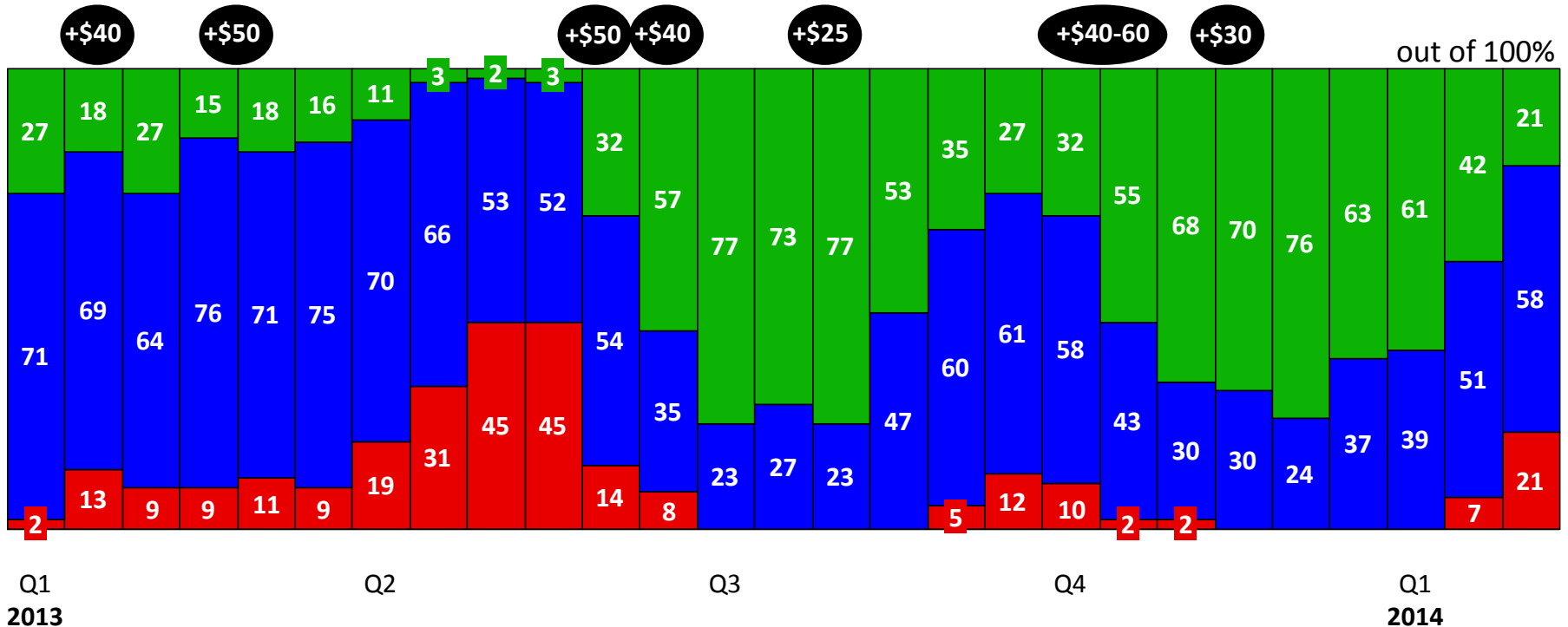
Service Center View of Selling Prices History

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




Historical AK Steel Price Announcements



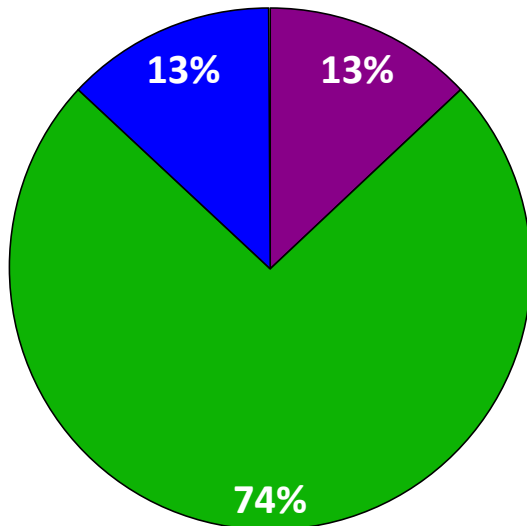
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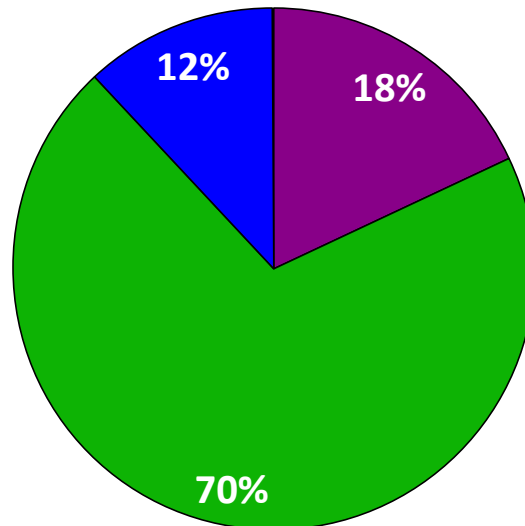
Service Centers- Are your manufacturing customers increasing orders, keeping them the same or reducing orders at this time?

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

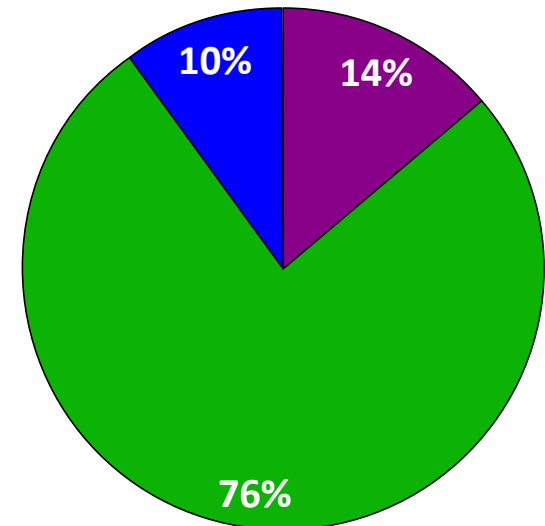
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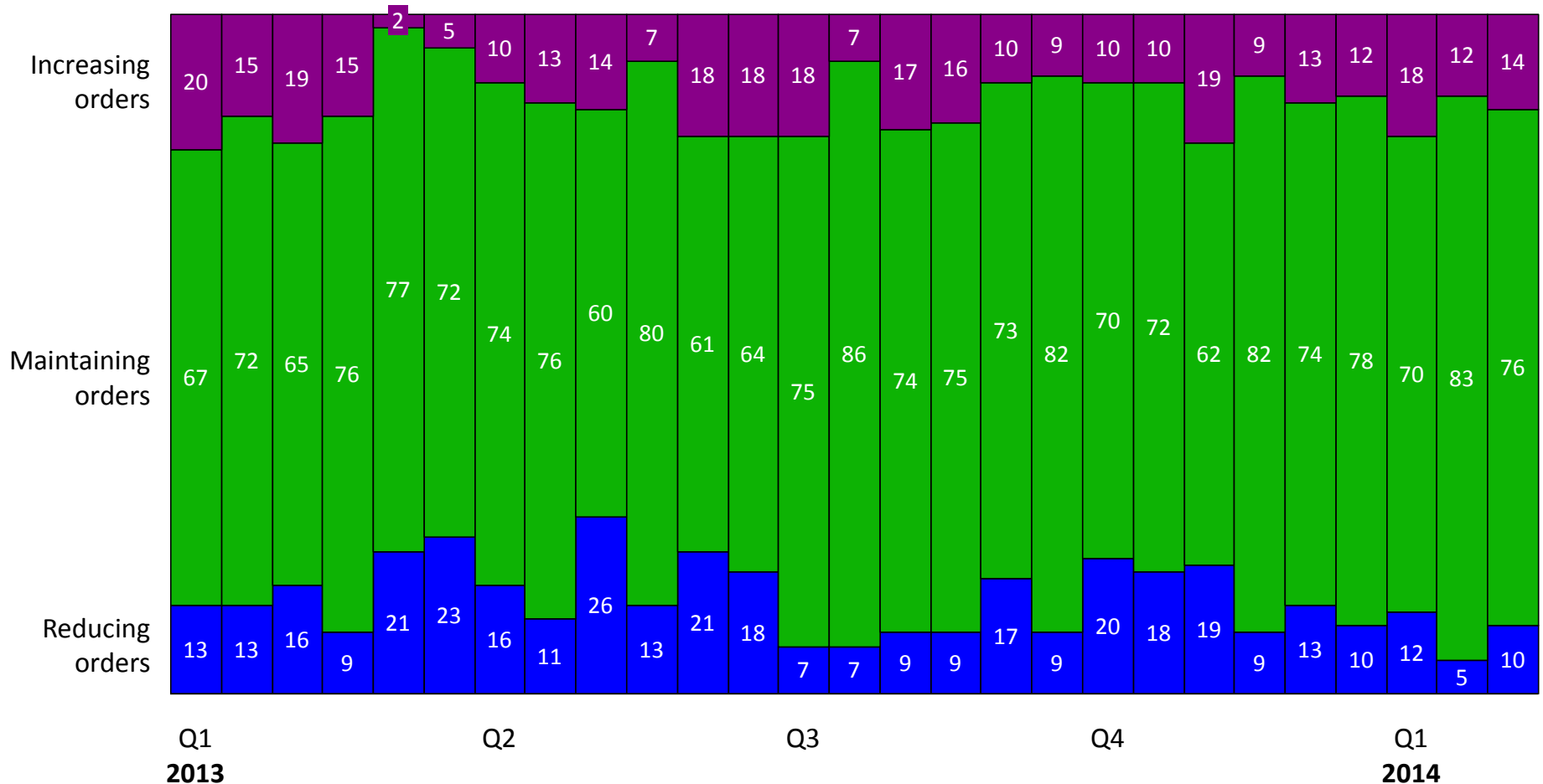
February 7th 2014



Service Centers on Manufacturer Orders History

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

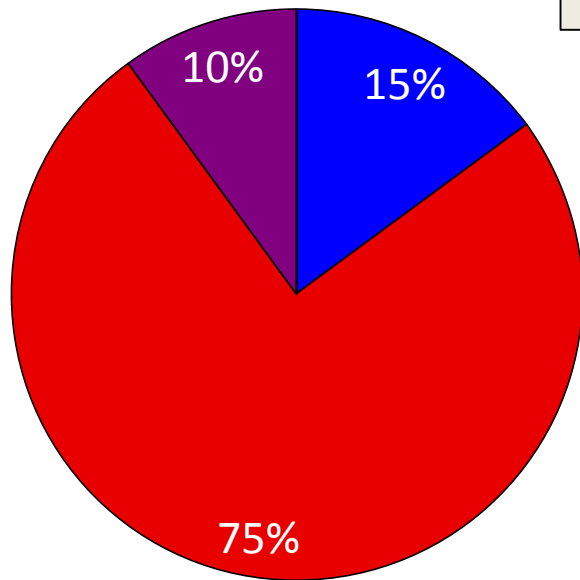
out of 100%



Mill Lead Times

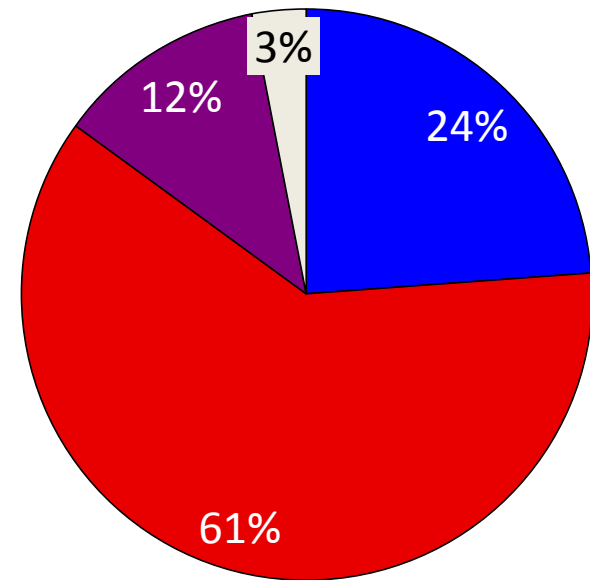
How would you describe domestic mill lead times for new orders placed right now?

Manufacturers



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

Service Centers



Mill Lead Times History

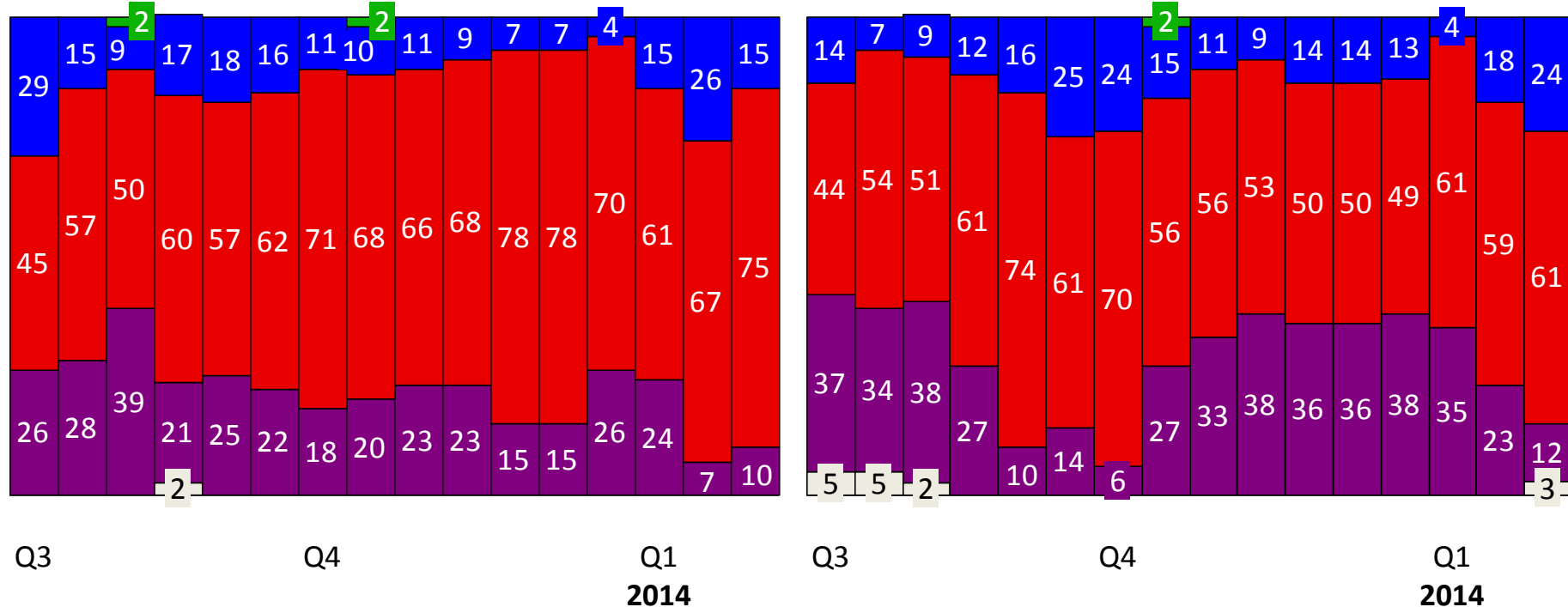
How would you describe domestic mill lead times for new orders placed right now?

Manufacturers

Service Centers

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out of 100%

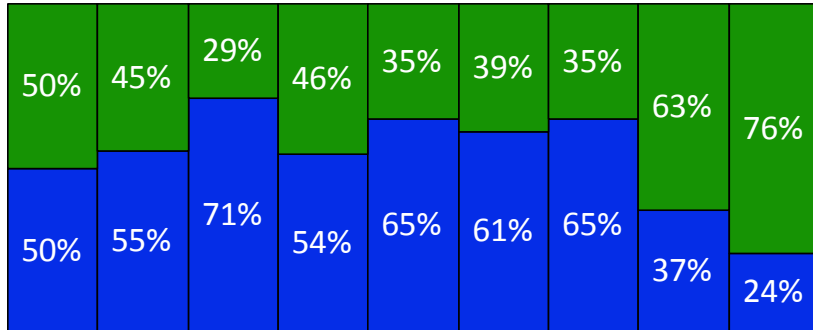


Mill Negotiations

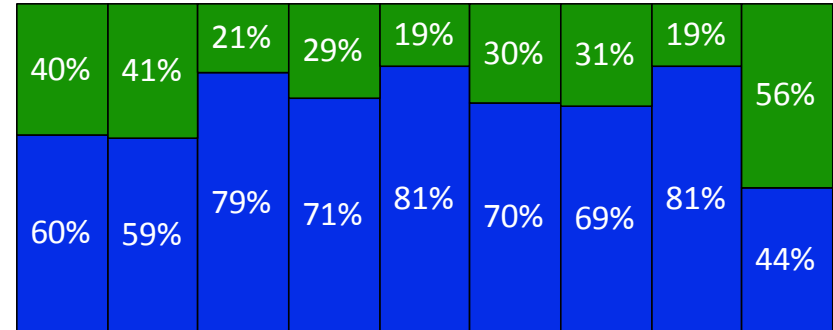
Are you finding the domestic mills are willing to negotiate pricing on brand new orders placed this week?

Yes No

Hot Rolled Orders



Cold Rolled Orders



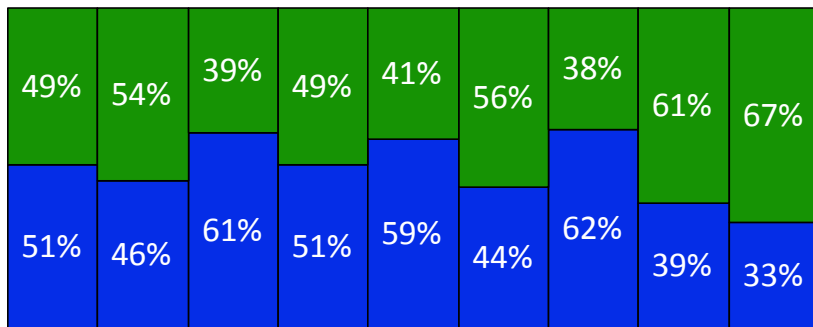
Q4

Q1
2014

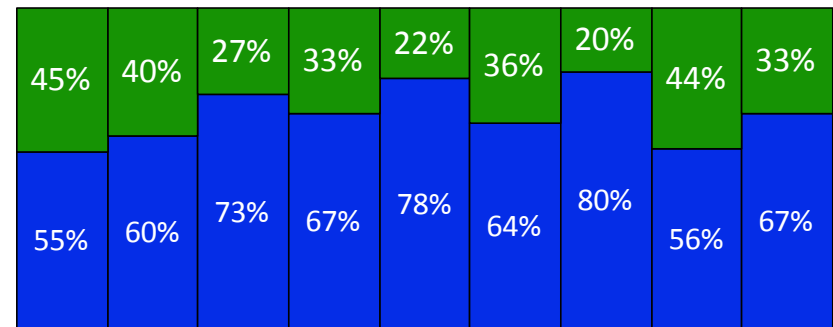
Q3

Q1
2014

Galvanized Orders



Galvalume Orders



Q4

Q1
2014

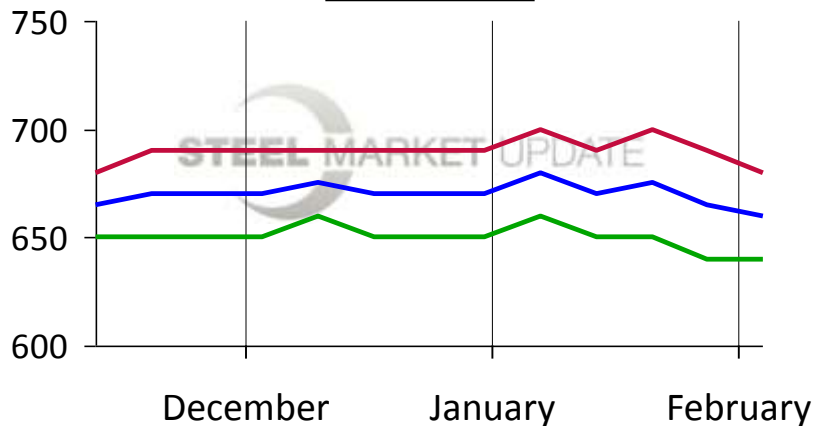
Q4

Q1
2014

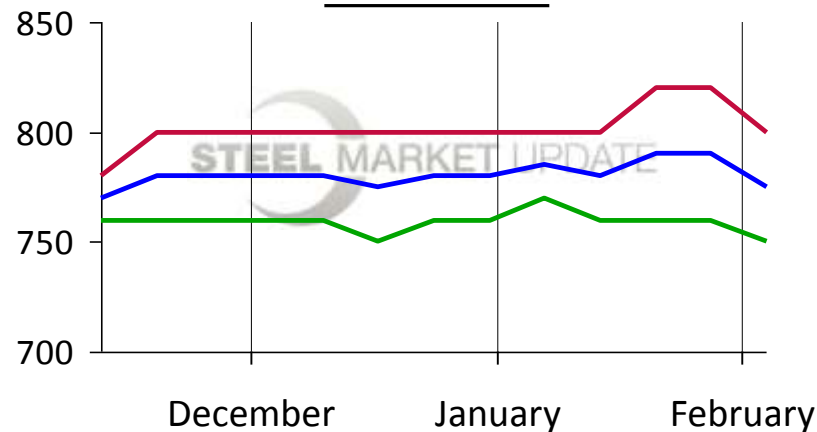
SMU Steel Prices

— Low — High — Average

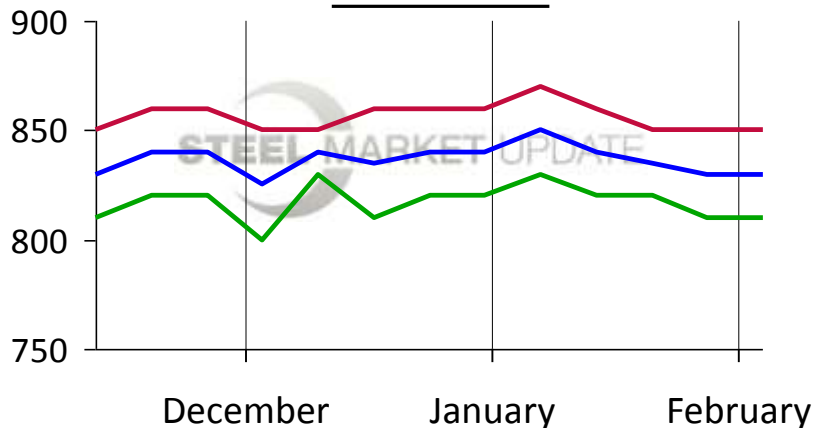
Hot Rolled



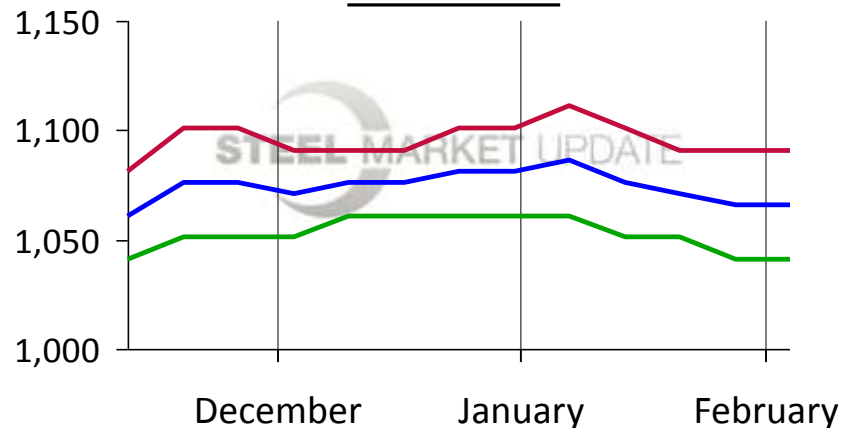
Cold Rolled



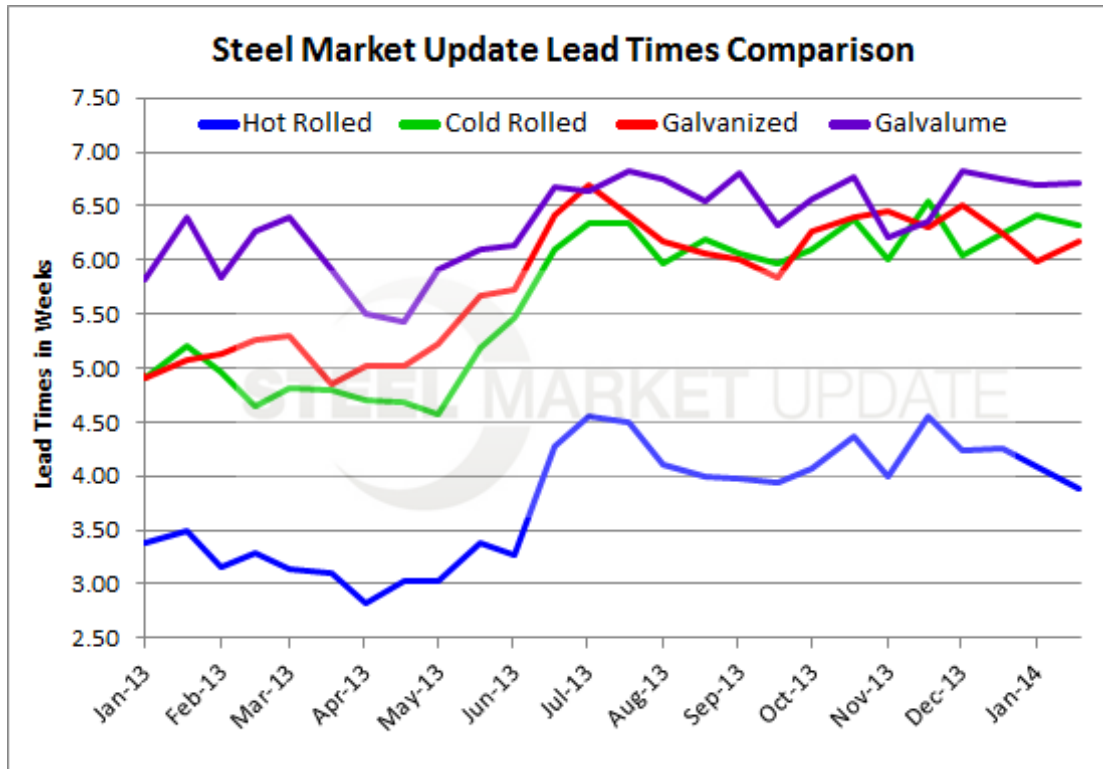
Galvanized



Galvalume



Lead Times (Weeks)



Hot Rolled: 3.89
Cold Rolled: 6.32
Galvanized: 6.18
Galvalume: 6.71

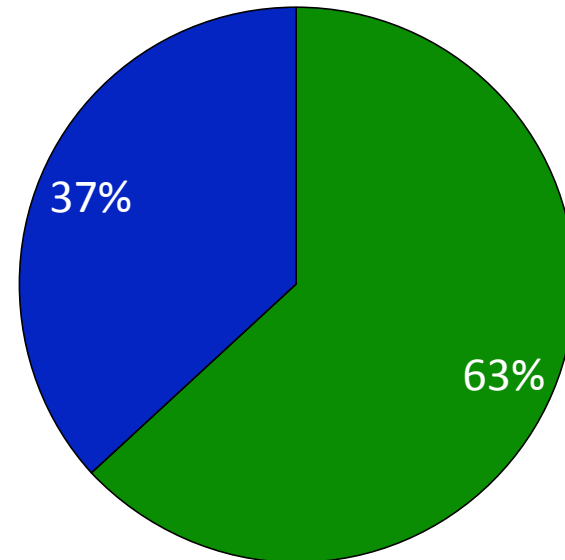
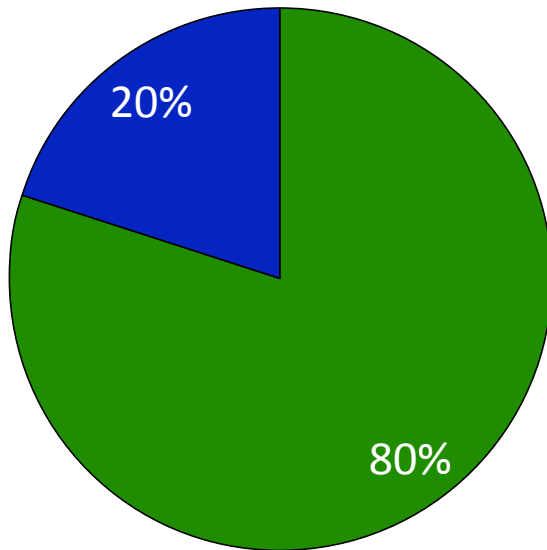
Domestic and Foreign Price Spread

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

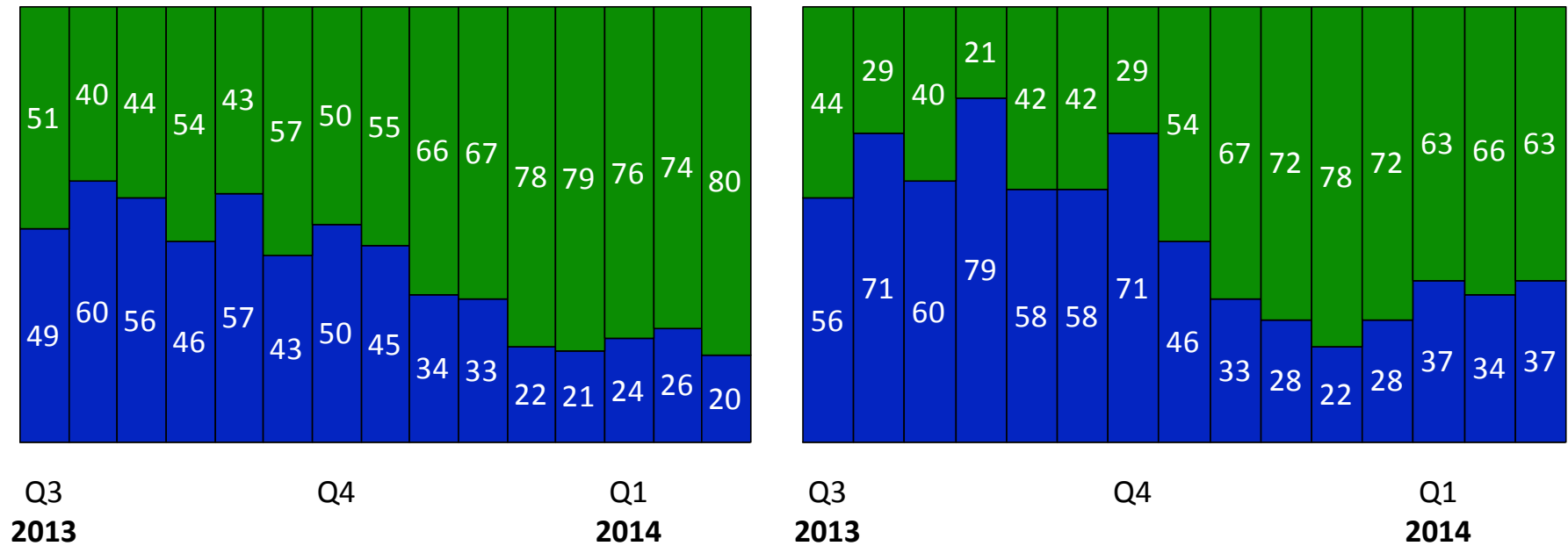
Is the spread between domestic and foreign prices wide enough to justify buying foreign steel?

Manufacturers

Service Centers

Yes No

out of 100%



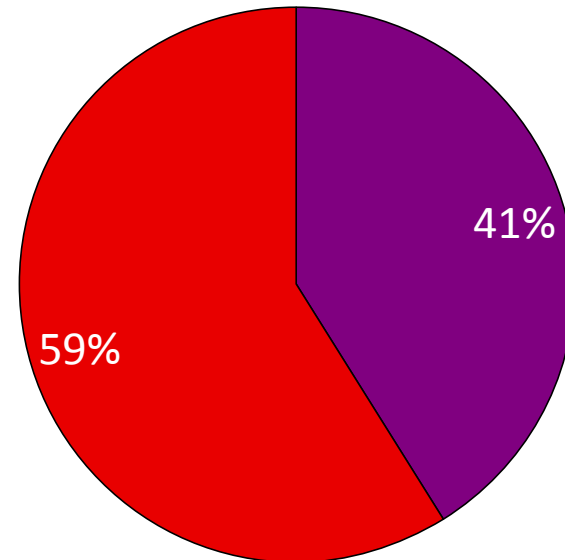
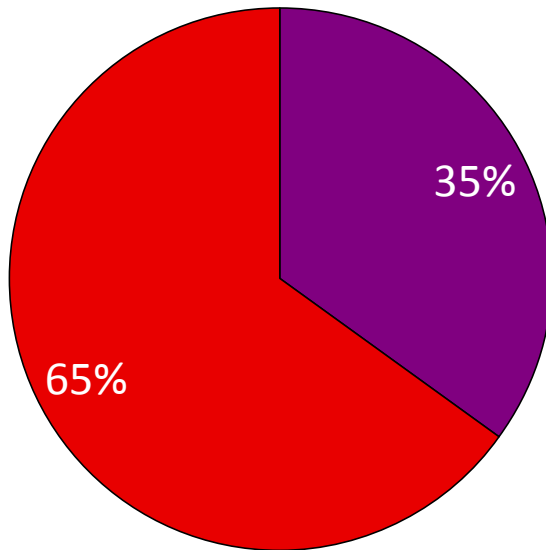
New Foreign Orders

Is your company entering new foreign orders right now?

Manufacturers

Service Centers

Yes No

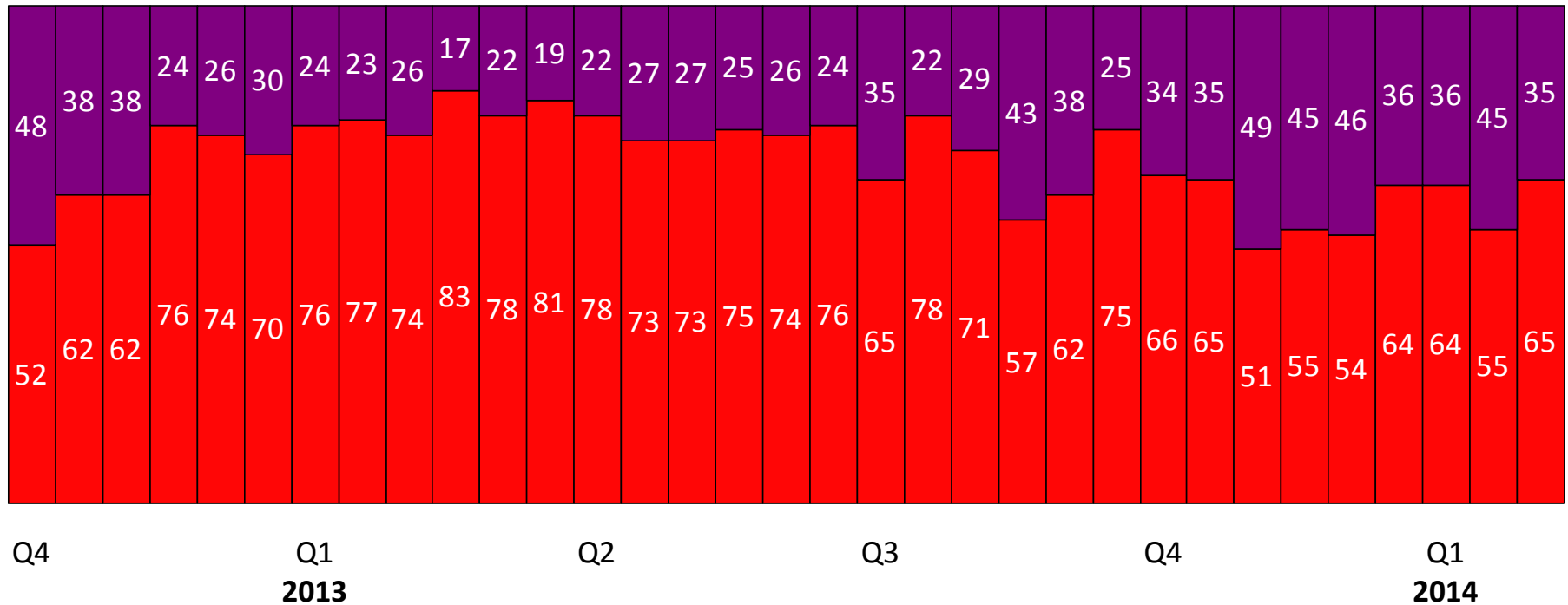


New Foreign Orders

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

■ Yes
 ■ No

out of 100%

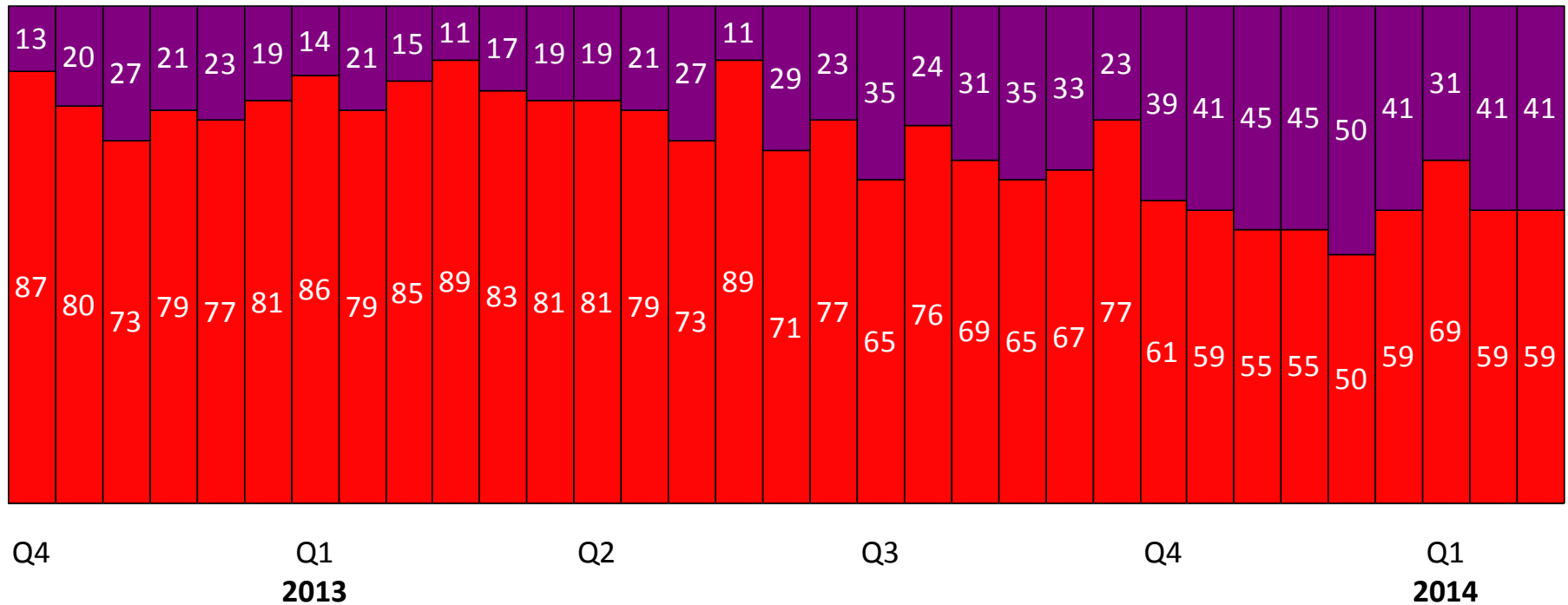


New Foreign Orders

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

■ Yes
 ■ No

out of 100%



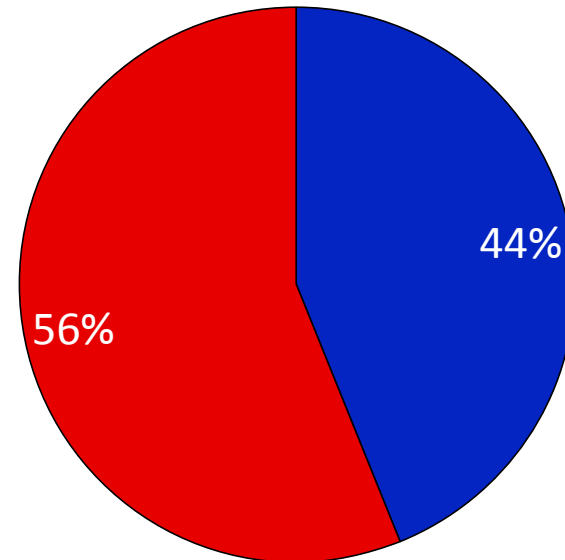
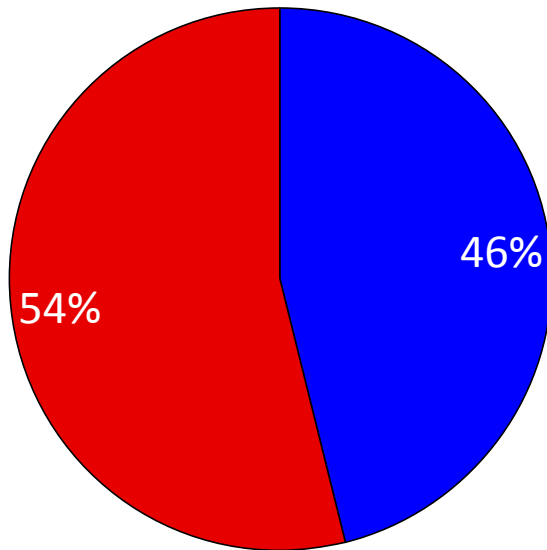
Domestic vs. Foreign Inventory

Will your company be increasing the percentage of foreign vs. domestic inventory as the 1st Quarter 2014 progresses (i.e. foreign steel orders on the books awaiting arrival)?

Manufacturers

Service Centers

Yes No



Questions?



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