



**STEEL MARKET UPDATE**

# Steel Trends in a Turbulent Market

Responses from our March 17<sup>th</sup> 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](http://www.SteelMarketUpdate.com)



Steel 101 Workshop, Severstal Dearborn 2012

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

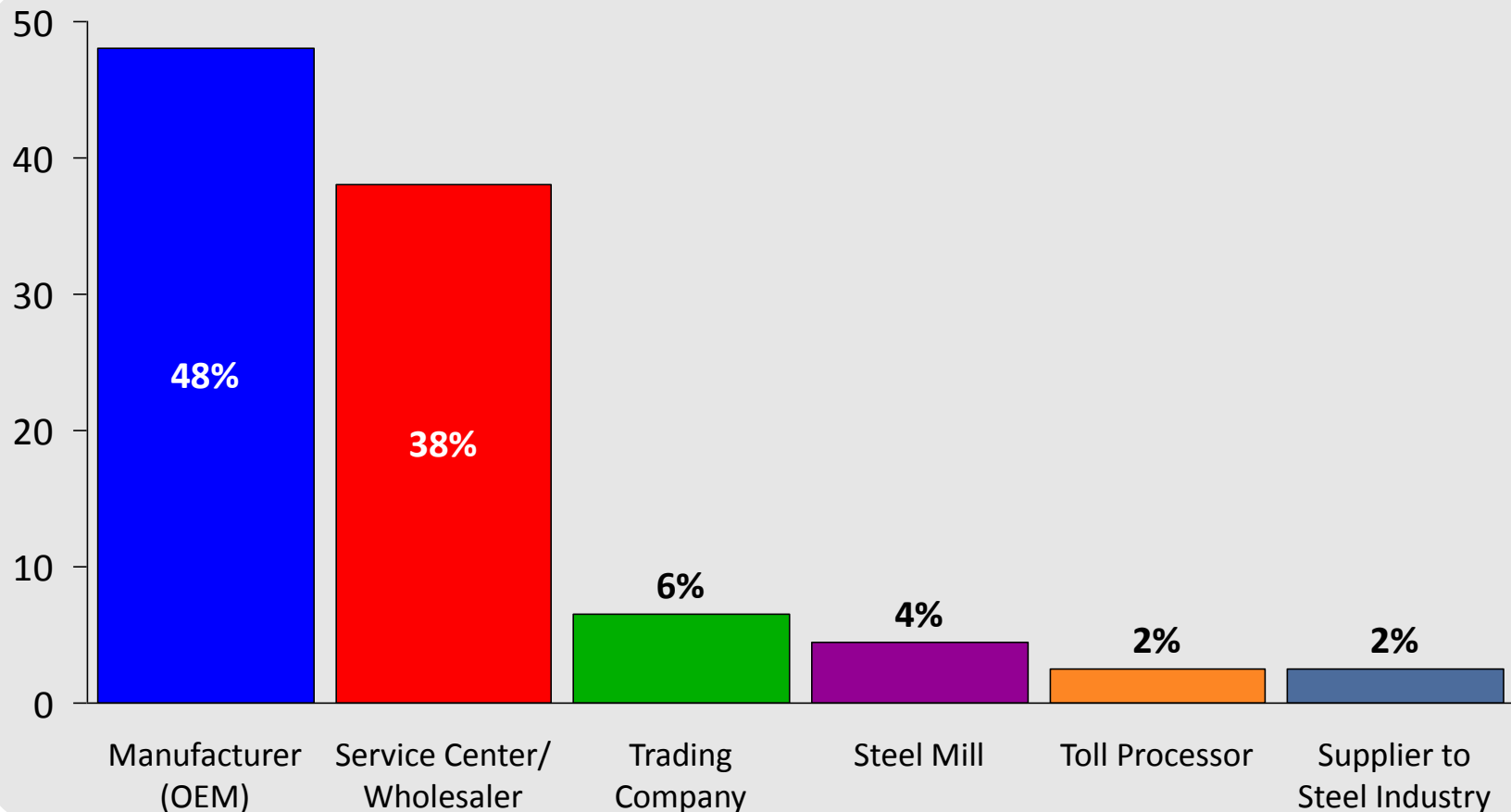
We invite over 600 companies to participate in our surveys.

Normal response rate is 125-175 individuals on any one survey.

All responses are kept confidential and are never attributed to the individual or company responding

# Survey Participants

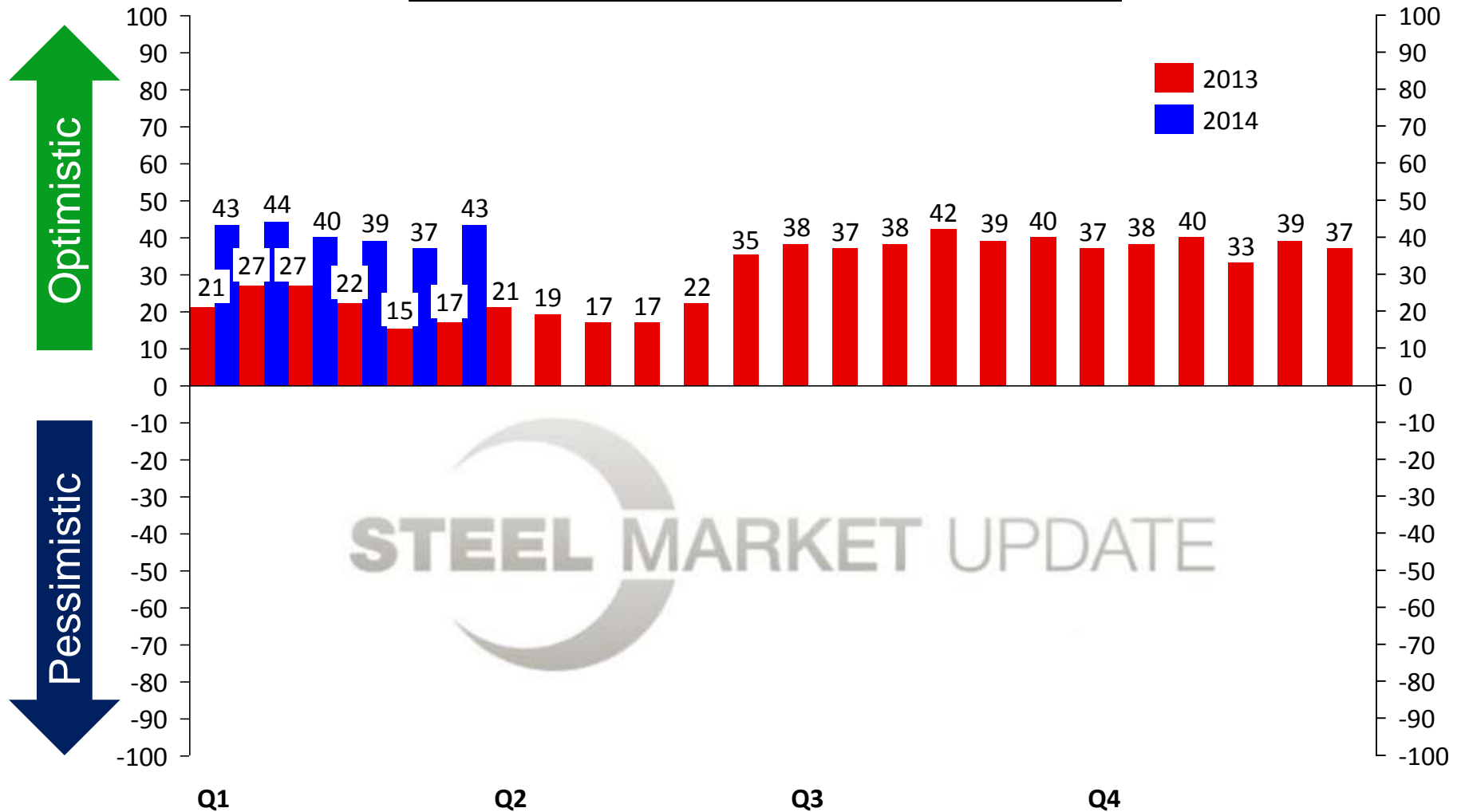
Our survey is by invitation only- Over 600 companies, mostly in the manufacturing or distribution industries, are asked to participate. Here are the percentages of participation in this week's survey by market sector.



# SMU Buyers Sentiment Index

Up 6 points to +43

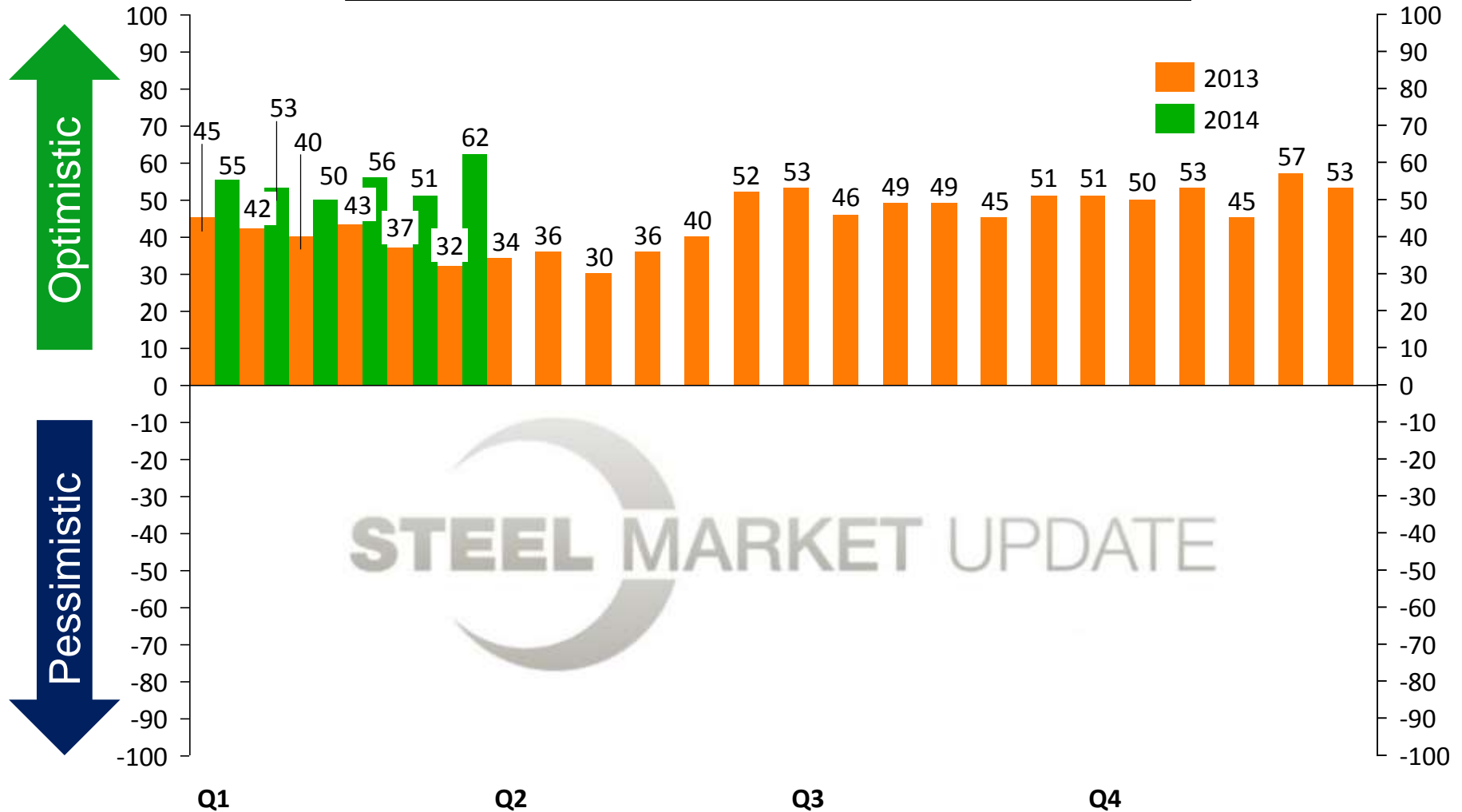
## Steel Market Update Buyers Sentiment Index



# SMU Future Buyers Sentiment Index

Up 11 points to +62

## Steel Market Update 'Future' Buyers Sentiment Index

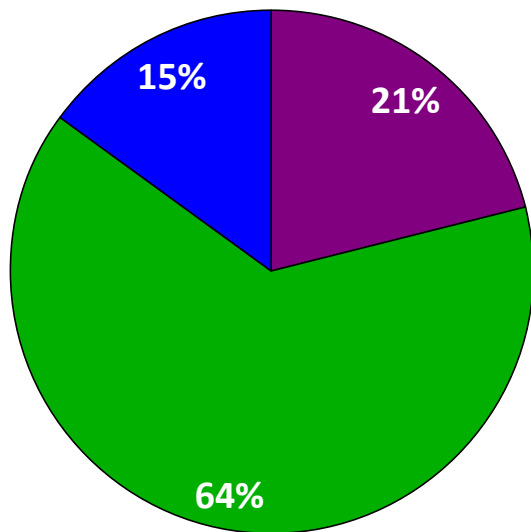


# Overall Demand

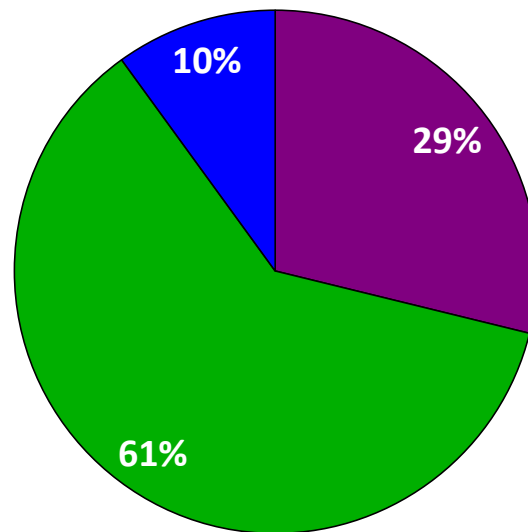
Are you seeing demand for your products improving, remaining the same or declining?

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

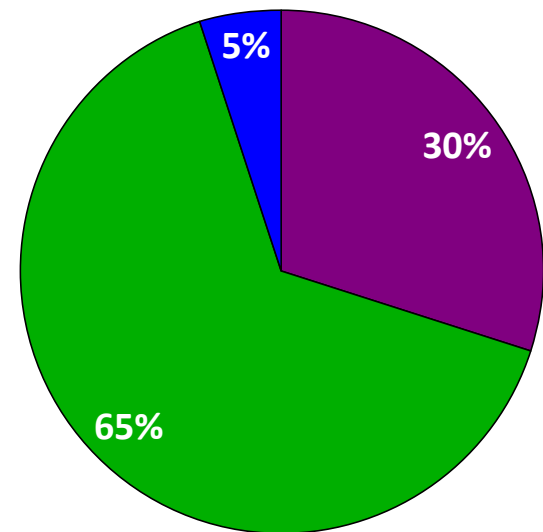
November 8<sup>th</sup> 2013



January 10<sup>th</sup> 2014



March 21<sup>st</sup> 2014

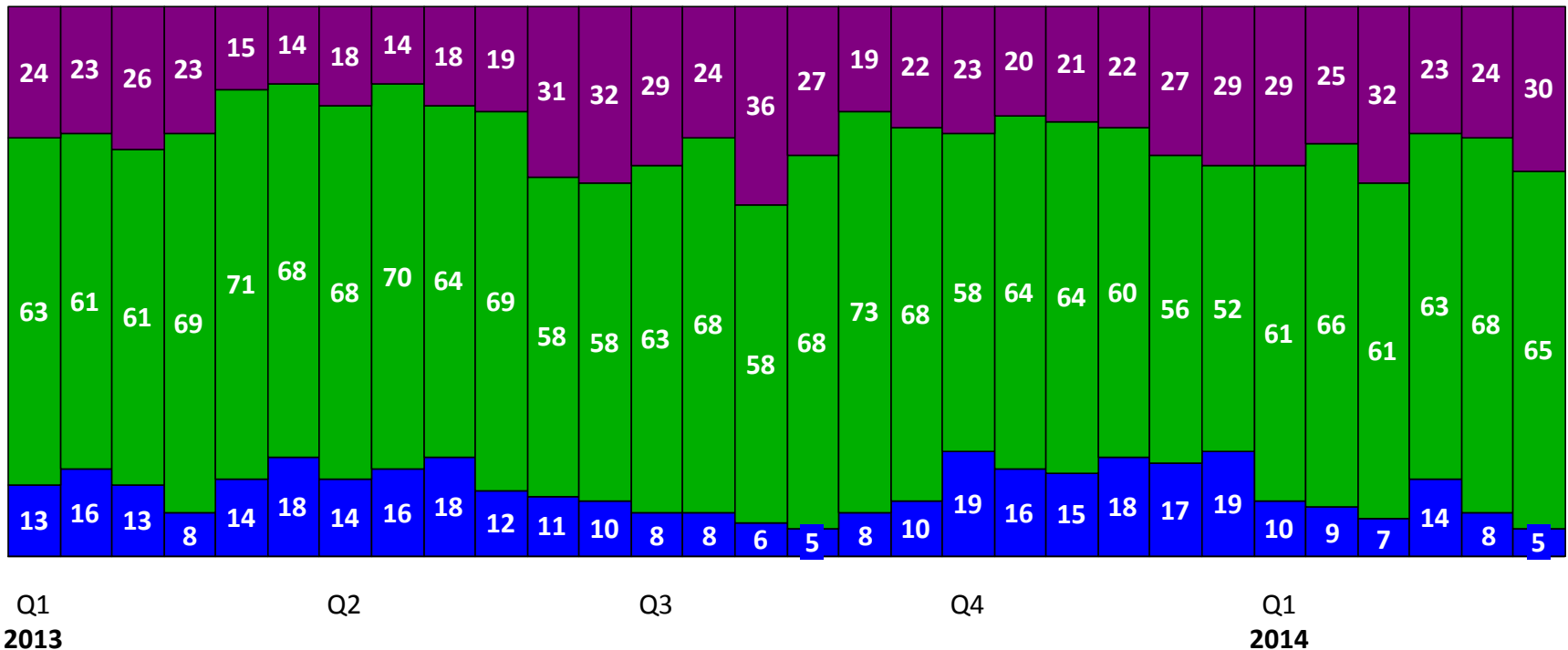


# Overall Demand History

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%

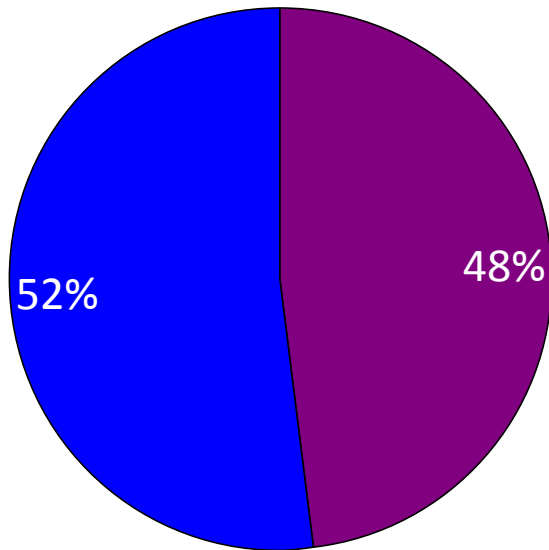




# Price Outlook

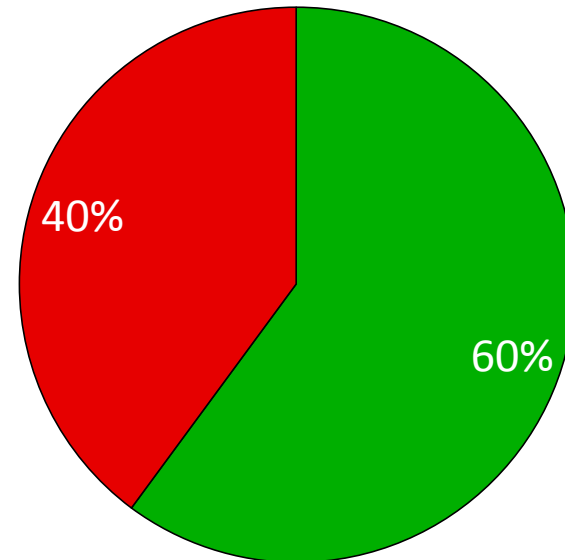
Do you think steel prices have bottomed?

Yes No



Do you expect the domestic mills to announce price increases between now and April 1, 2014?

Yes No

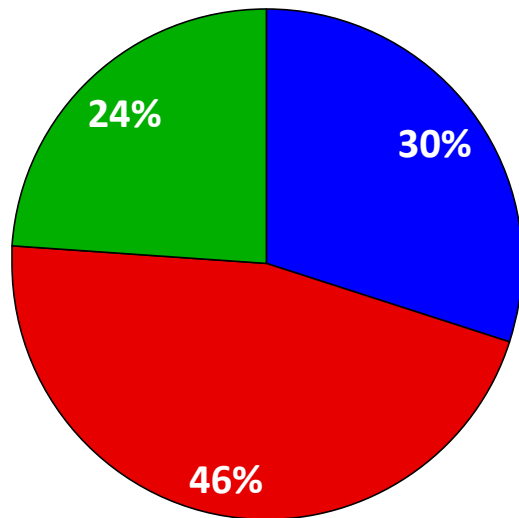


# Manufacturer Purchases

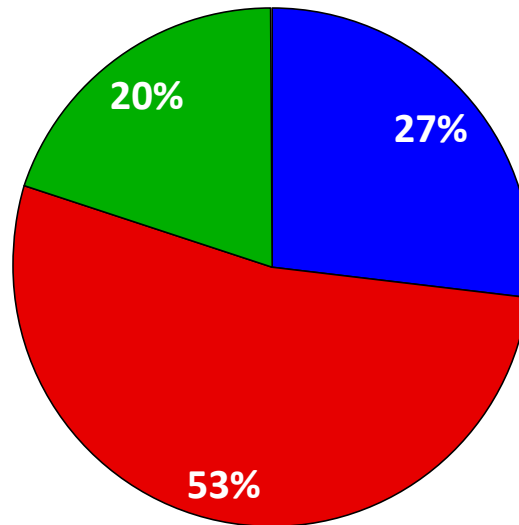
**Manufacturers-** Compared to this time last year – is your company buying more, less or the same amount of flat rolled steel as one year ago?

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

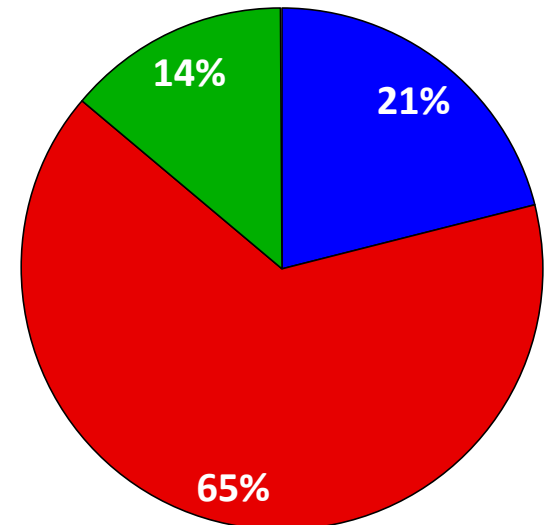
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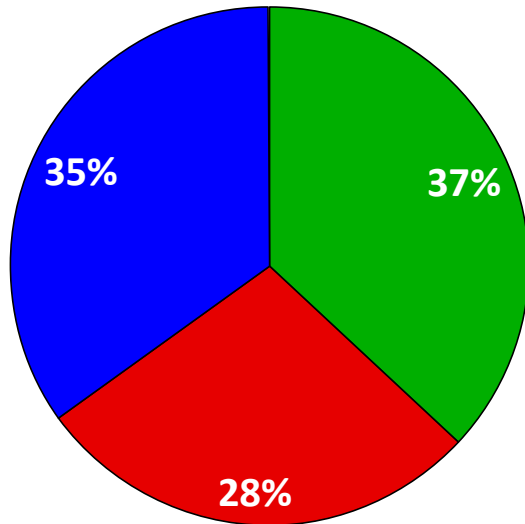


# Service Center Releases

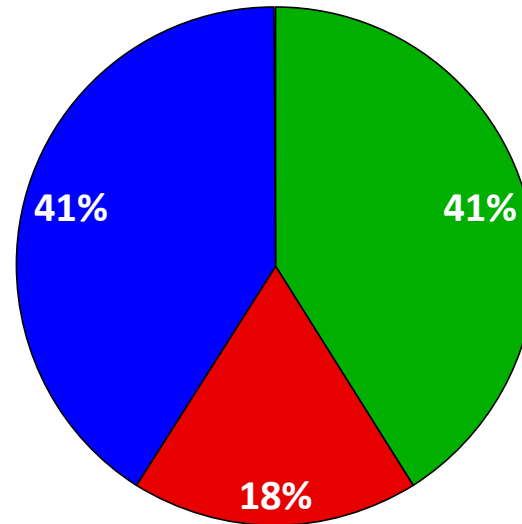
**Service Centers-** How do you see your customers releases (demand) for the products your company provides this year compared to this time last year?

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

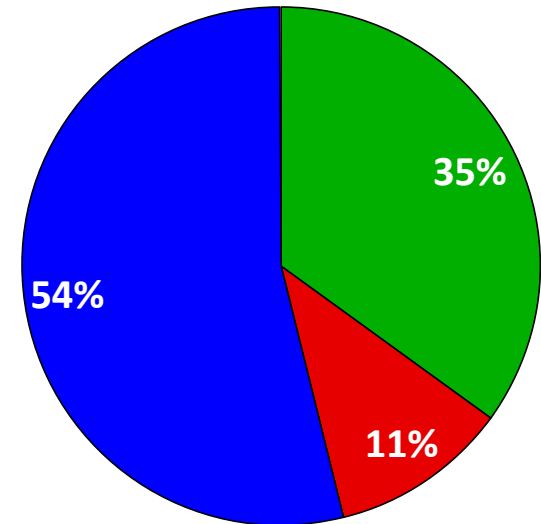
November 8<sup>th</sup> 2013



January 10<sup>th</sup> 2014



March 21<sup>st</sup> 2014



# Manufacturer Demand

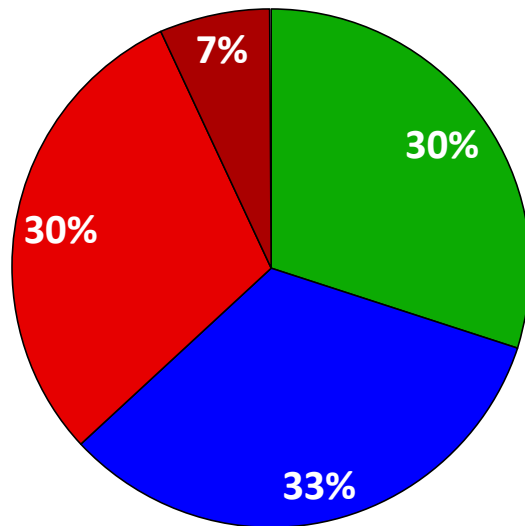
**Manufacturers-** Demand for your products will \_\_\_\_\_  
over the next 3 months based on current order flows.

■ Increase substantially  
■ Increase marginally

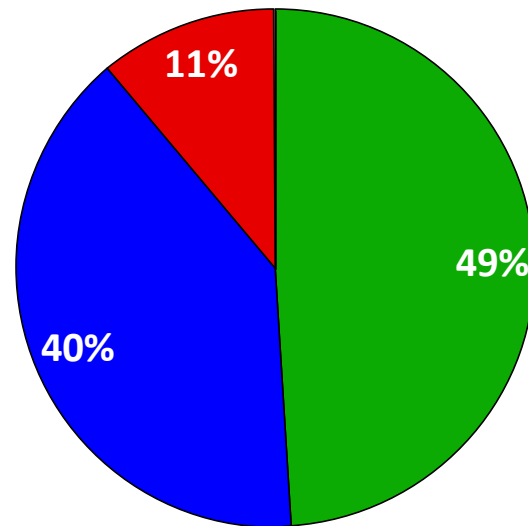
■ Remain the same

■ Decline marginally  
■ Decline substantially

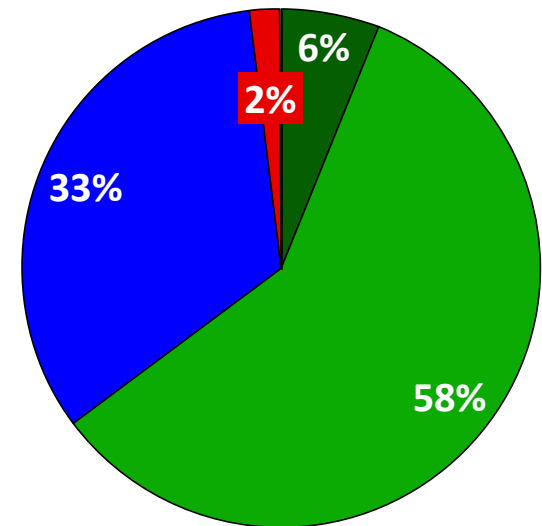
November 8<sup>th</sup> 2013



January 10<sup>th</sup> 2014



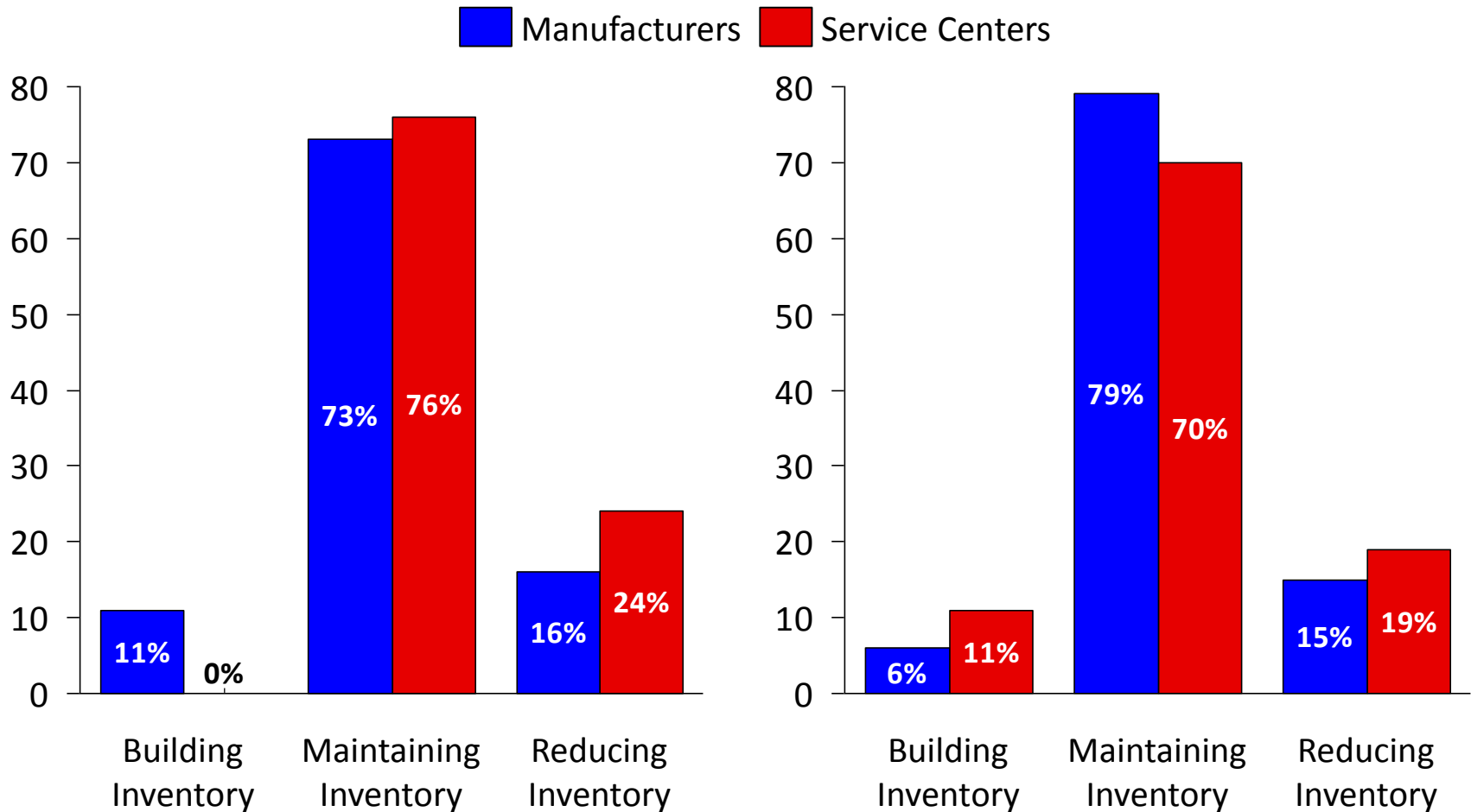
March 21<sup>st</sup> 2014



# Manufacturer and Service Center Inventory Buying Patterns

February 7<sup>th</sup> 2014

March 21<sup>st</sup> 2014

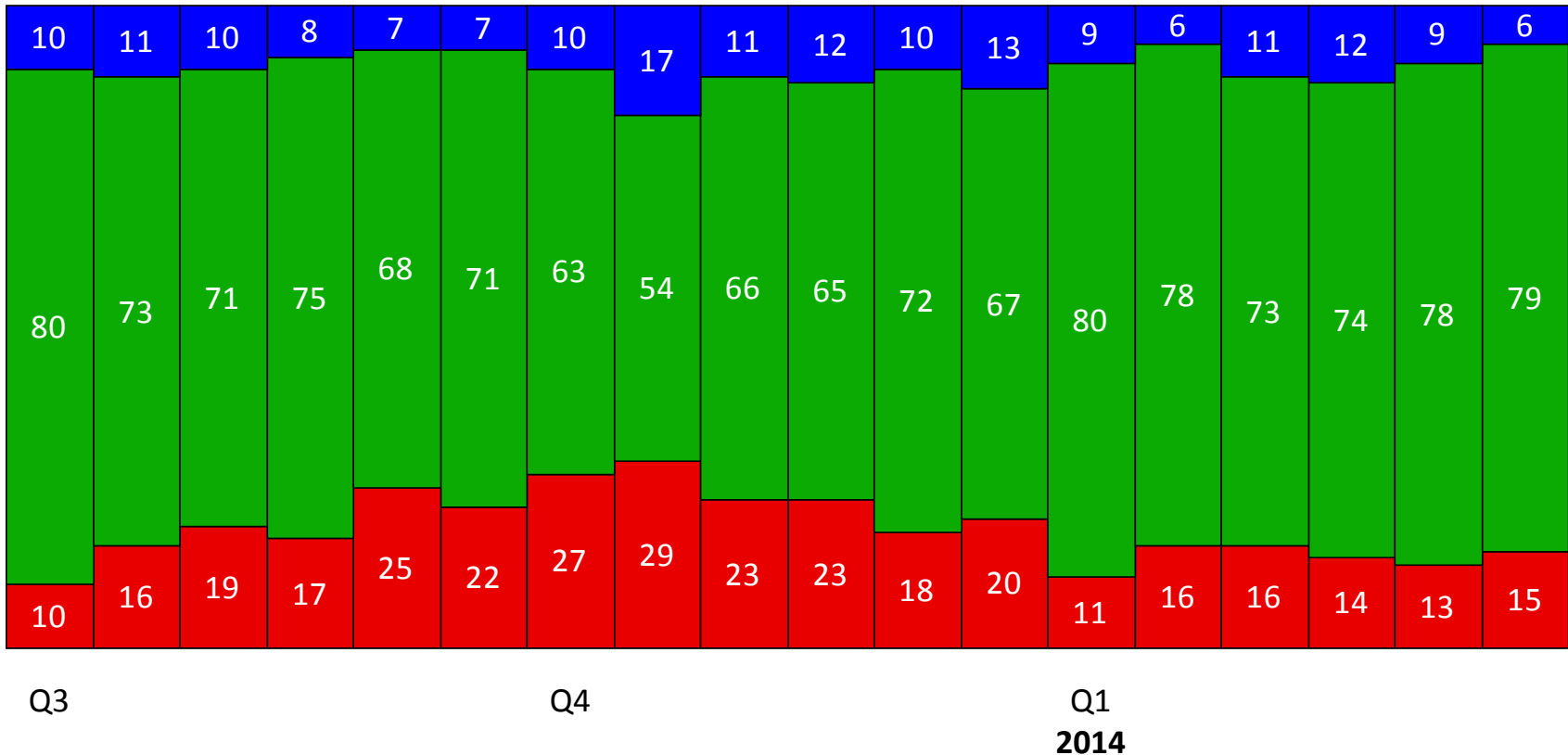


# Manufacturer Inventory Buying History

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

■ Building Inventory 
 ■ Maintaining Inventory 
 ■ Reducing Inventory

out of 100%

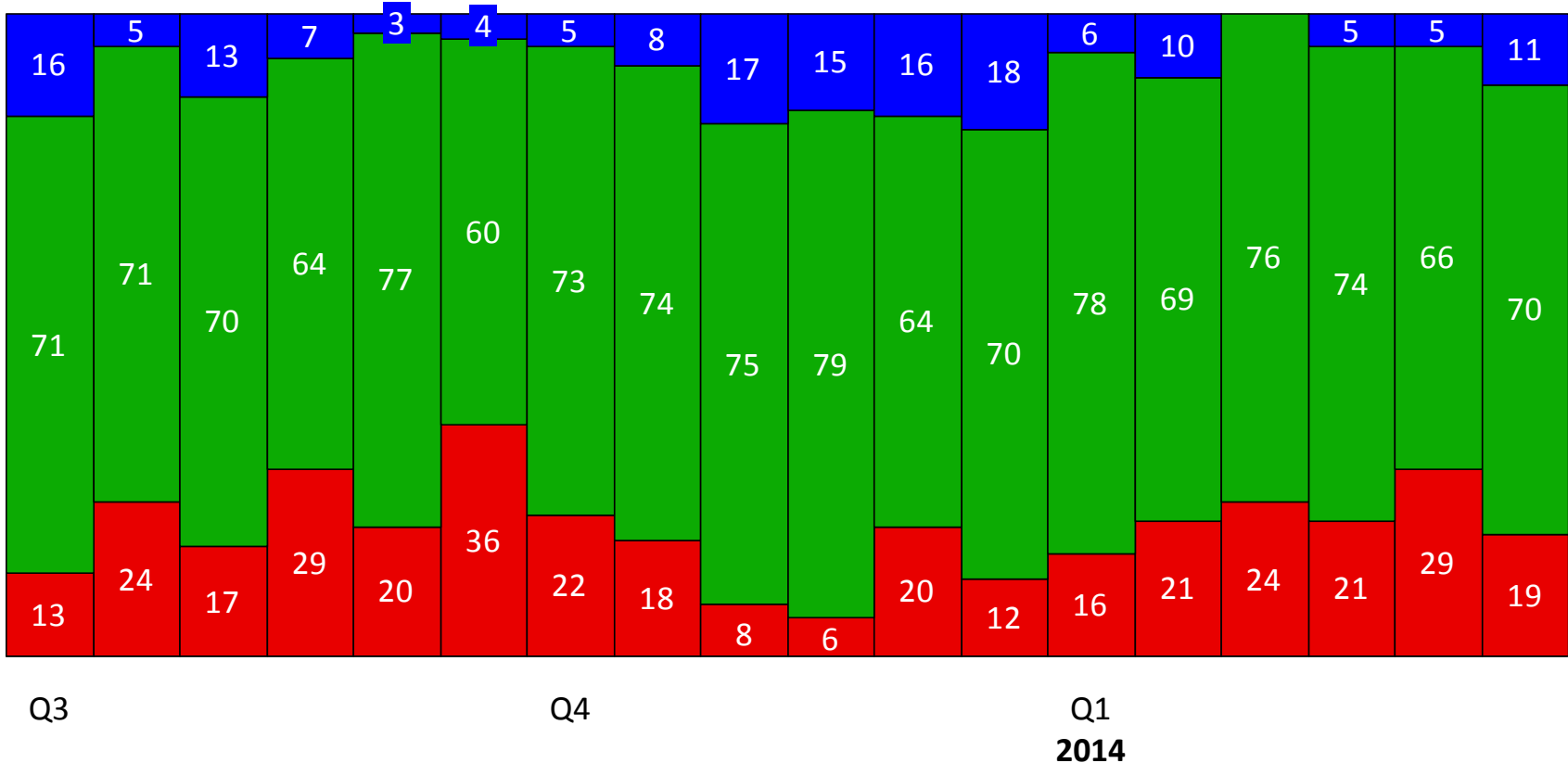


# Service Center Inventory Buying History

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

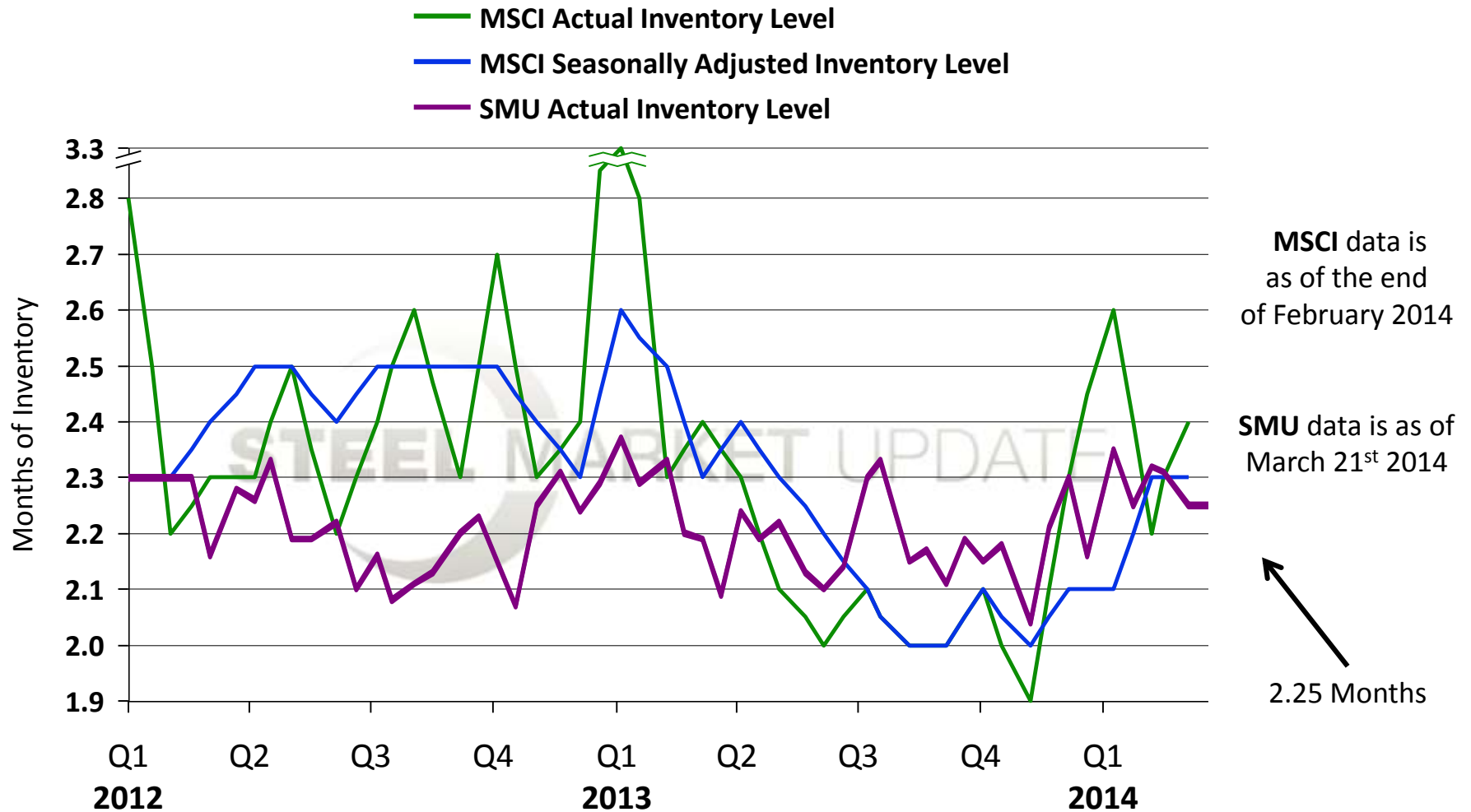
■ Building Inventory 
 ■ Maintaining Inventory 
 ■ Reducing Inventory

out of 100%



# Service Center Months on Hand History

## SMU Service Center & MSCI Inventory Level History Comparison



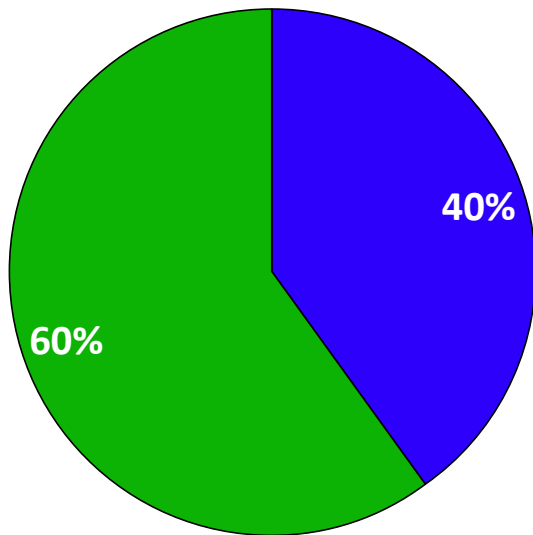


# Manufacturer's View of Service Center Selling Prices

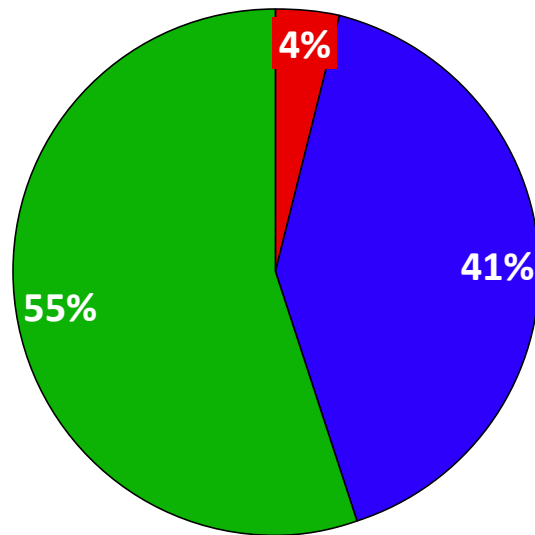
**Manufacturers-** Which comment do you feel is representative of service center pricing right now?

- 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

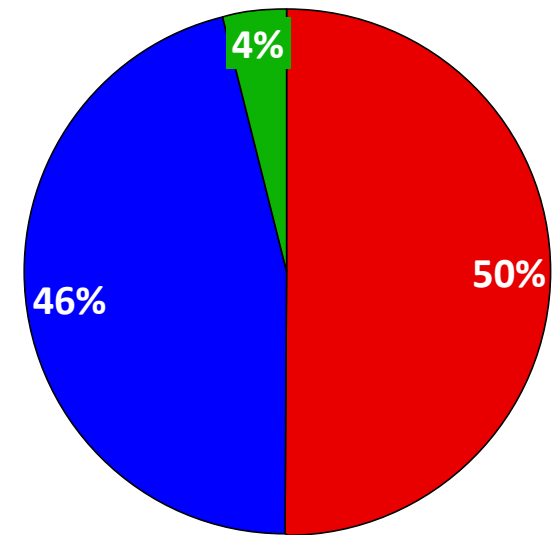
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March 21<sup>st</sup> 2014

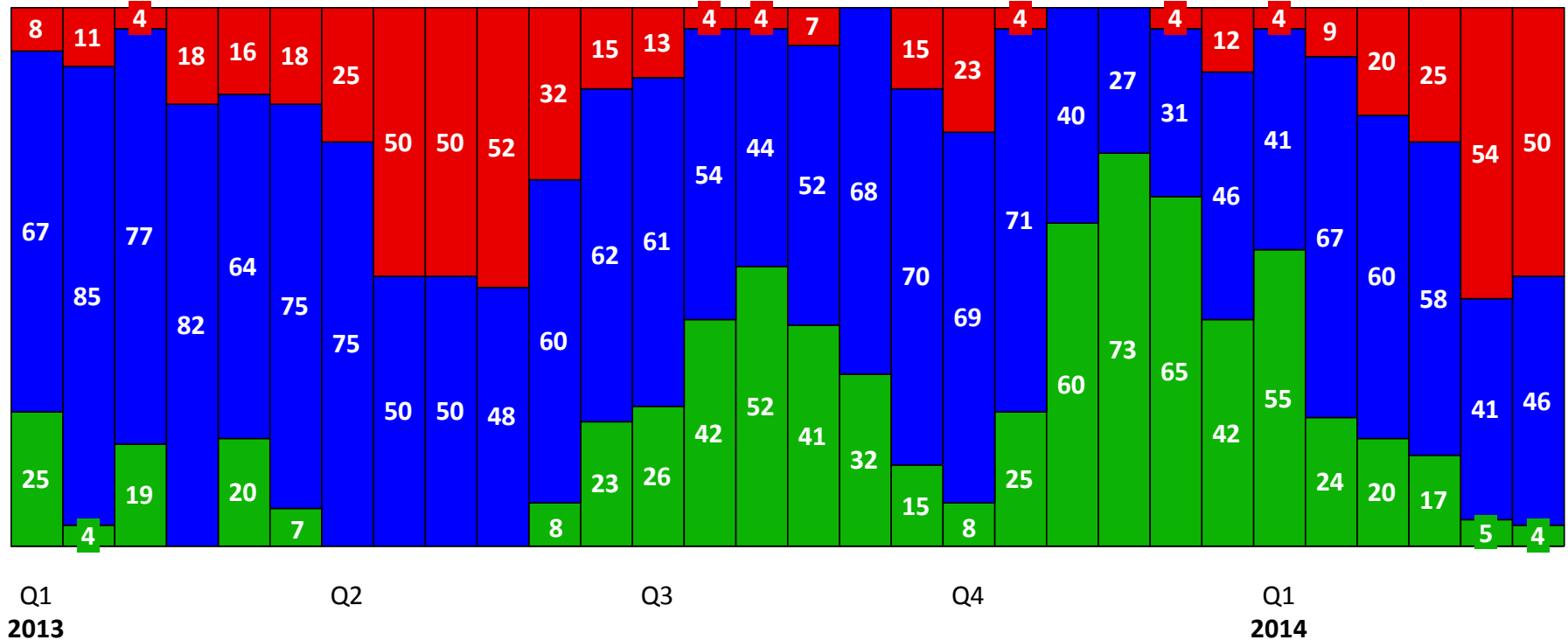


# Manufacturer's View of Service Center Selling Prices History




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

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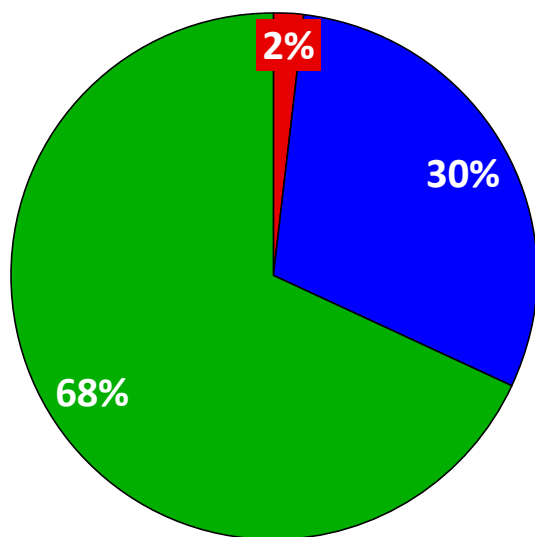
out of 100%



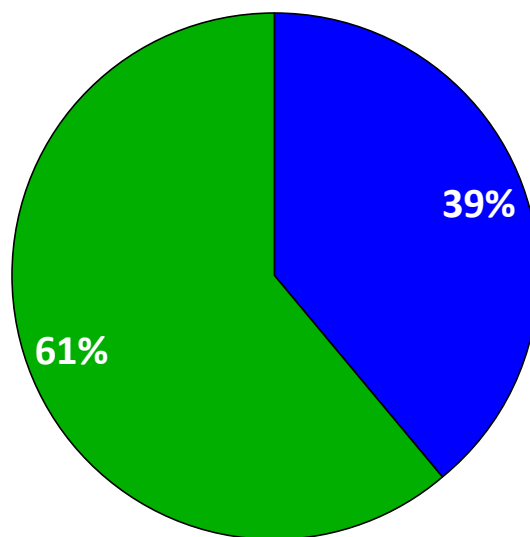
**Service Centers-** How is your company handling spot pricing to your customers at this time?

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

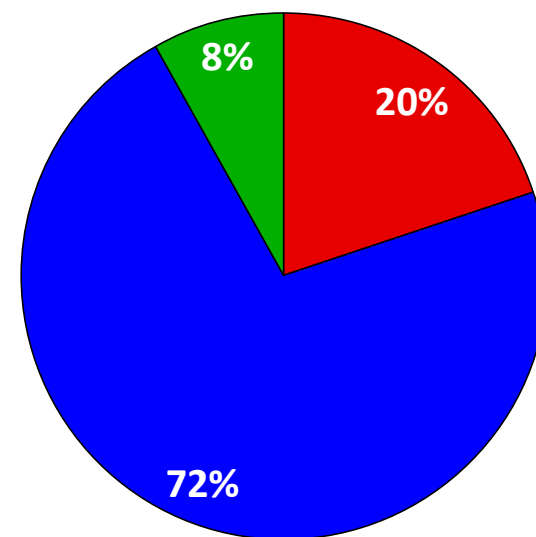
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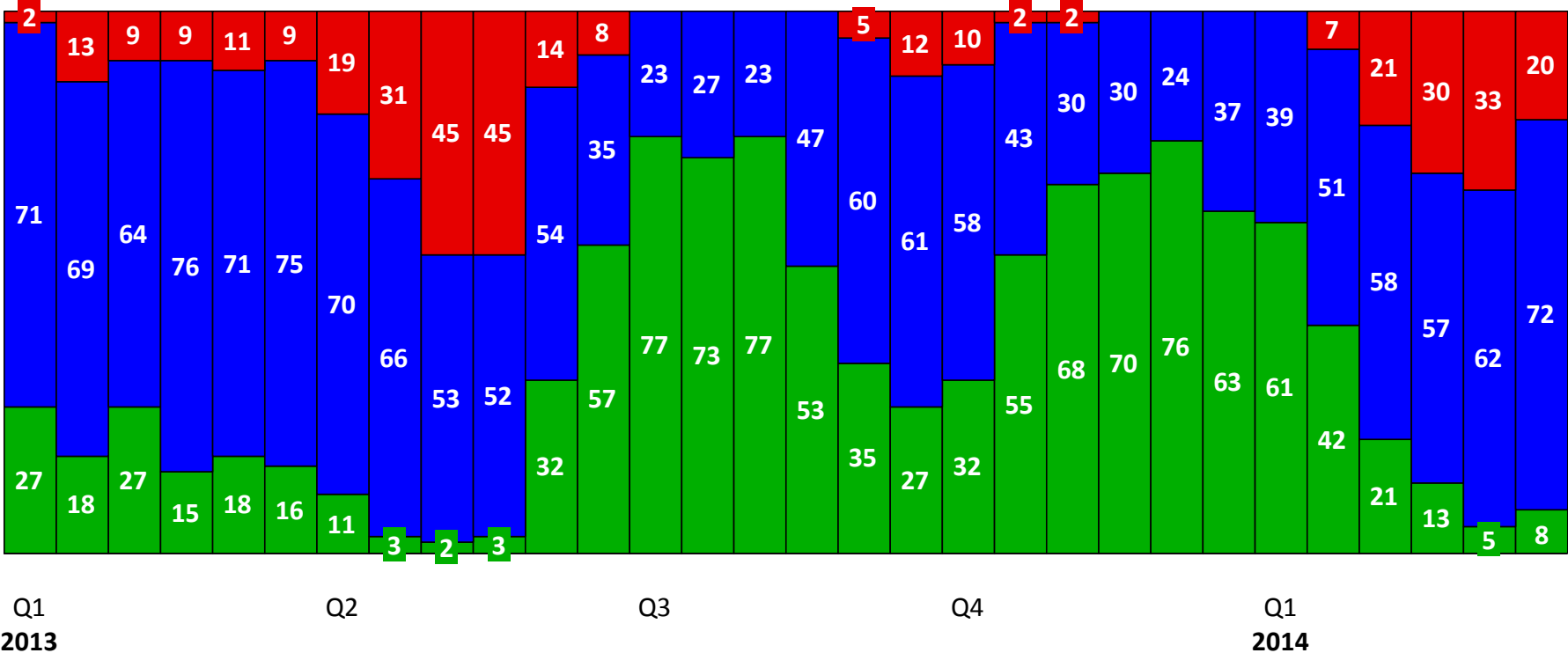


# Service Center View of Selling Prices History

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




- We are lowering prices
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out of 100%

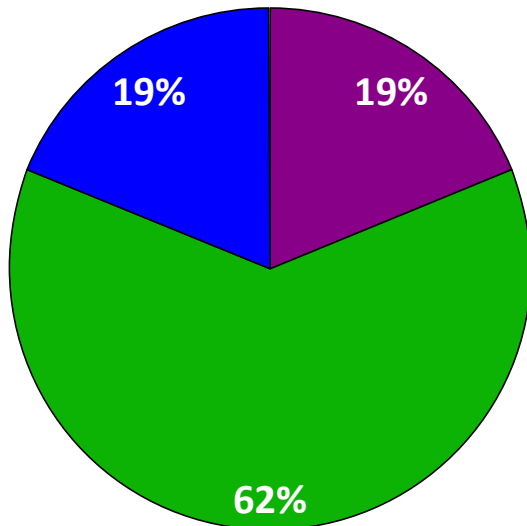




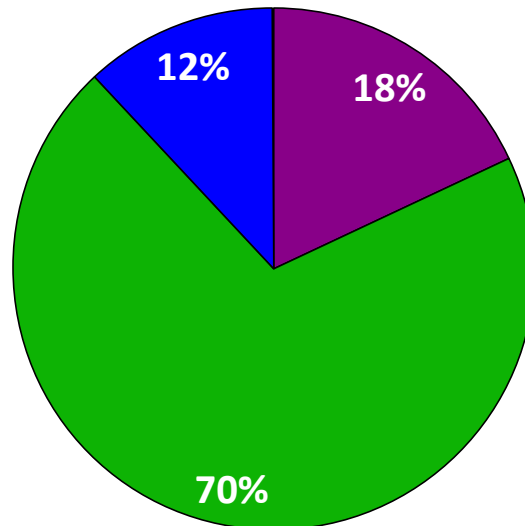
**Service Centers-** Are your manufacturing customers increasing orders, keeping them the same or reducing orders at this time?

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

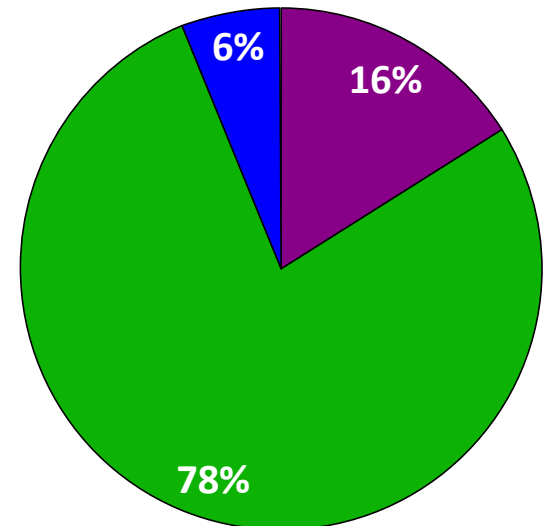
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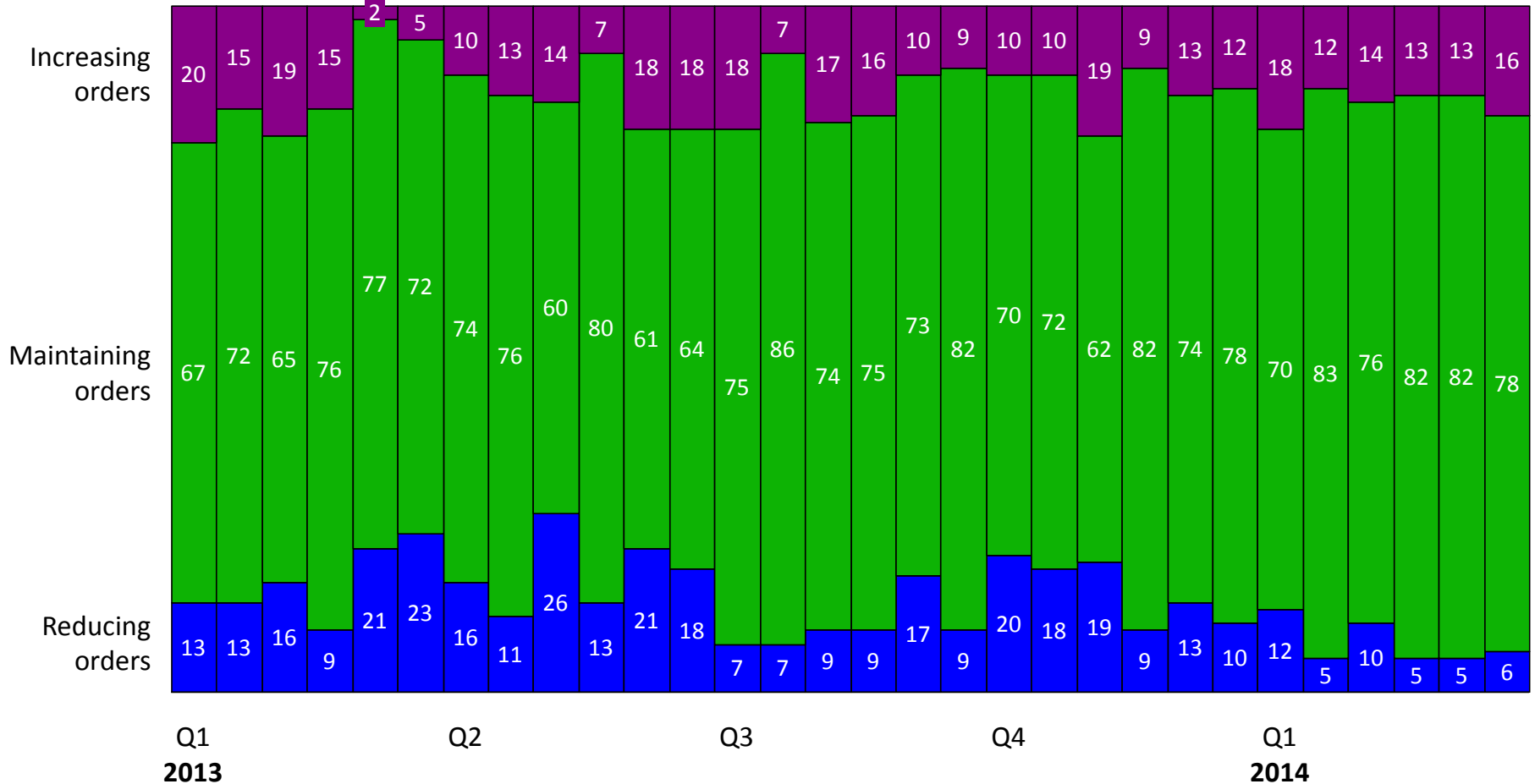
March 21<sup>st</sup> 2014



# Service Centers on Manufacturer Orders History

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

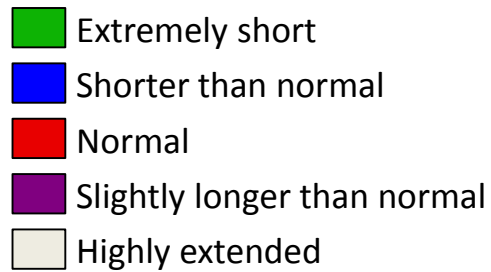
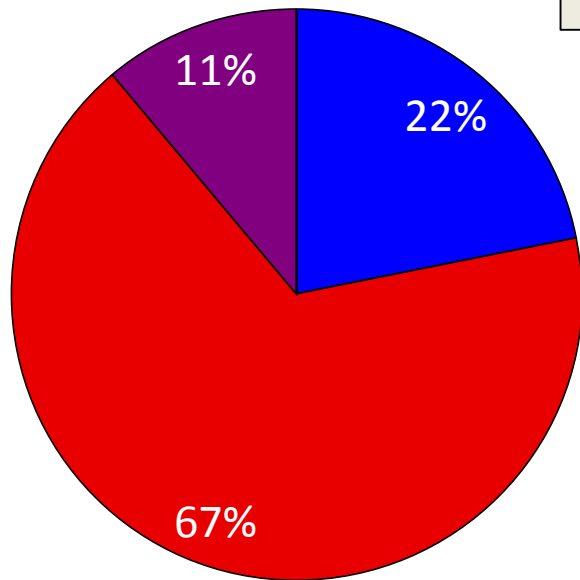
out of 100%



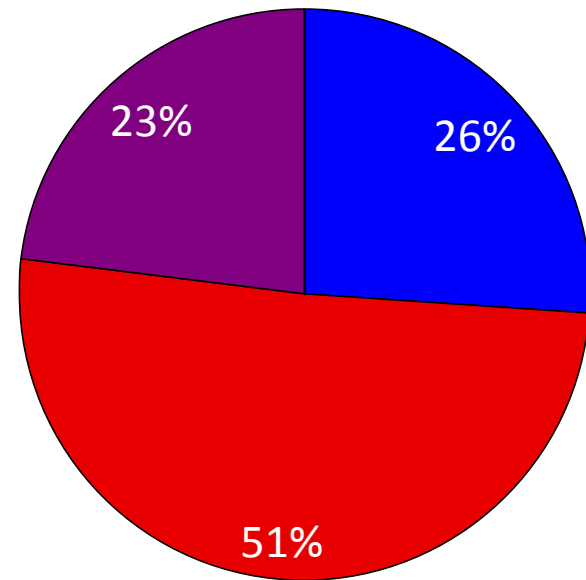
# Mill Lead Times

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

## Manufacturers



## Service Centers



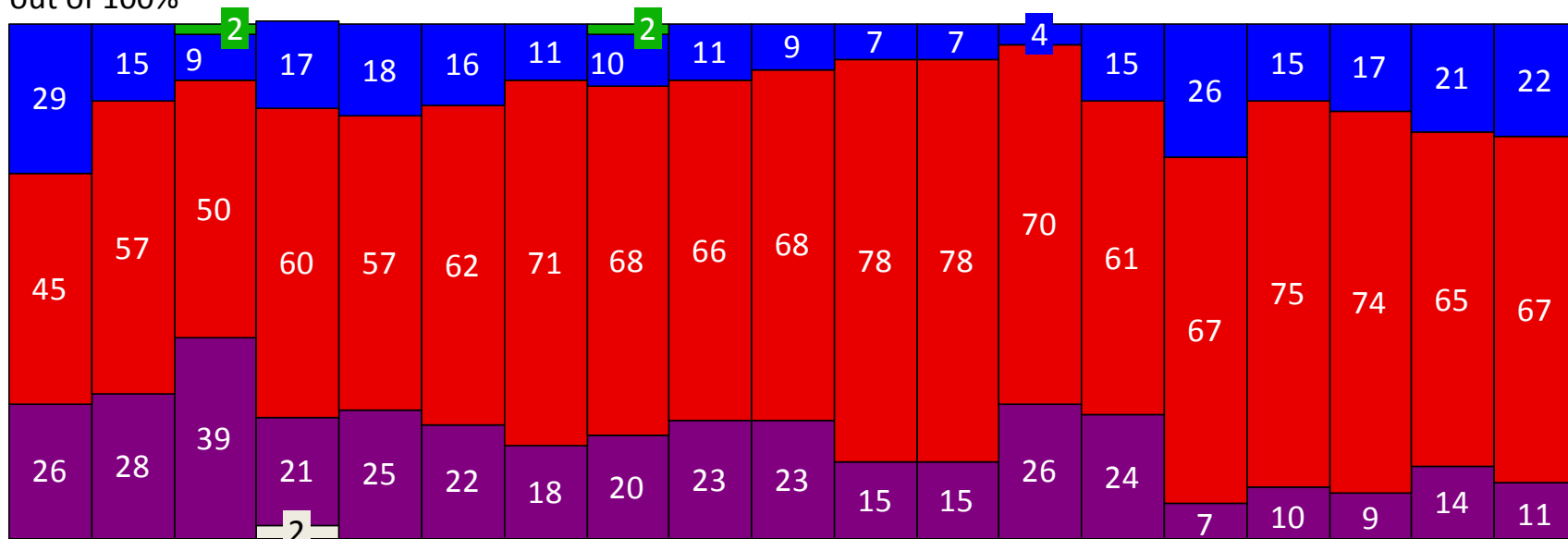


# Mill Lead Times History

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

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

out of 100%



Q3

Q4

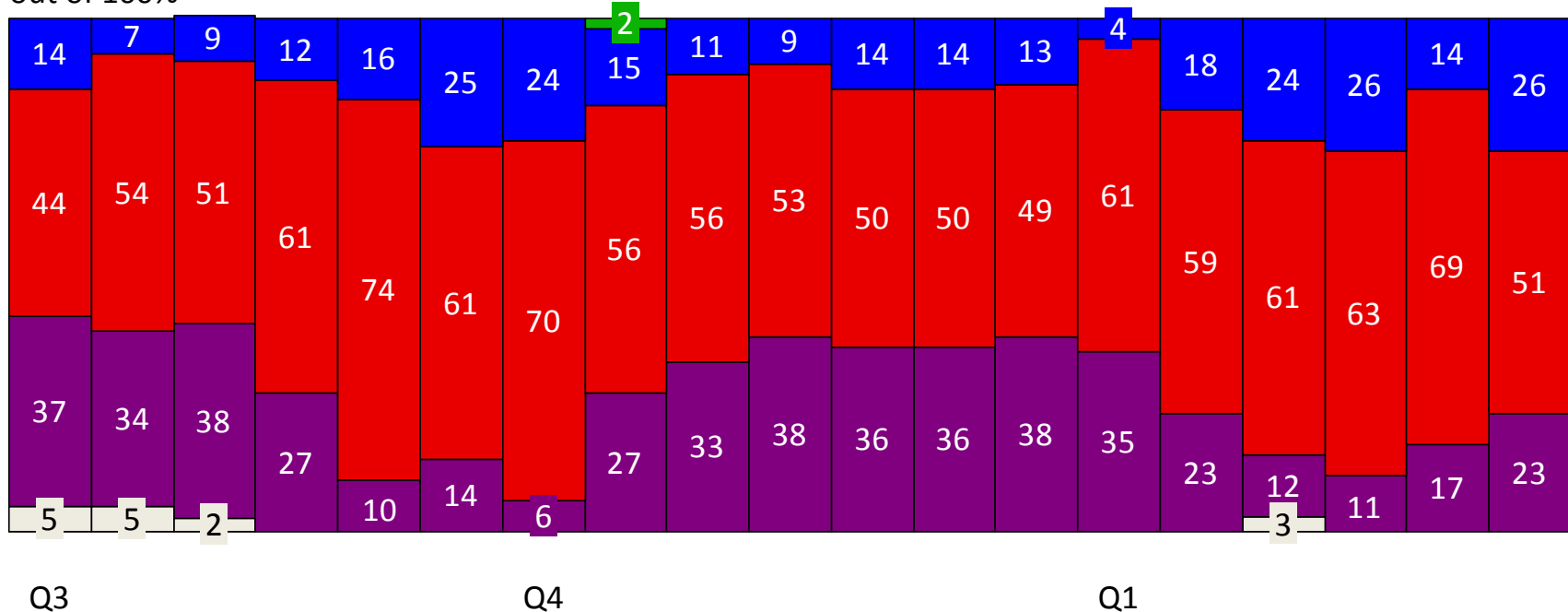
Q1  
2014

# Mill Lead Times History

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

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

out of 100%

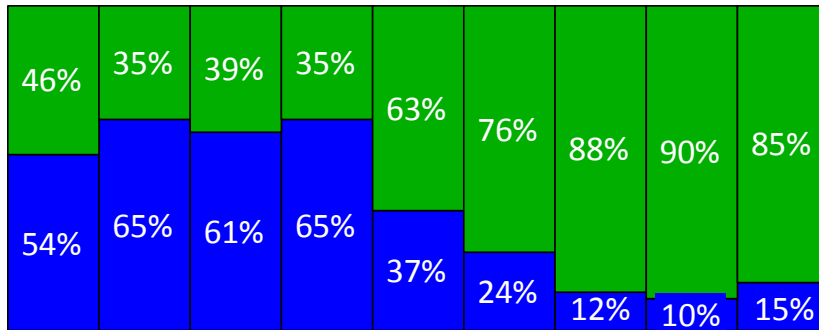


# Mill Negotiations

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

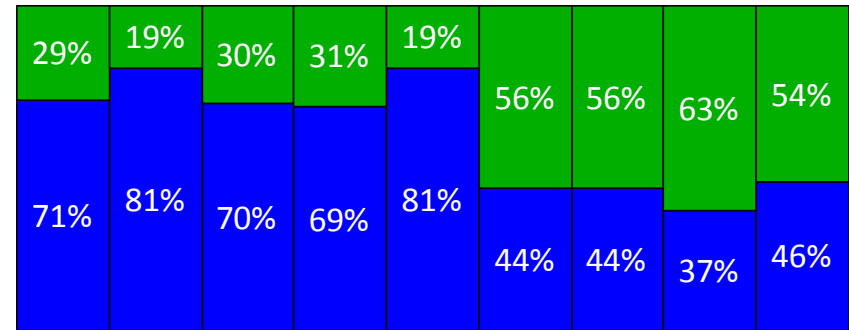
Yes No

Hot Rolled Orders



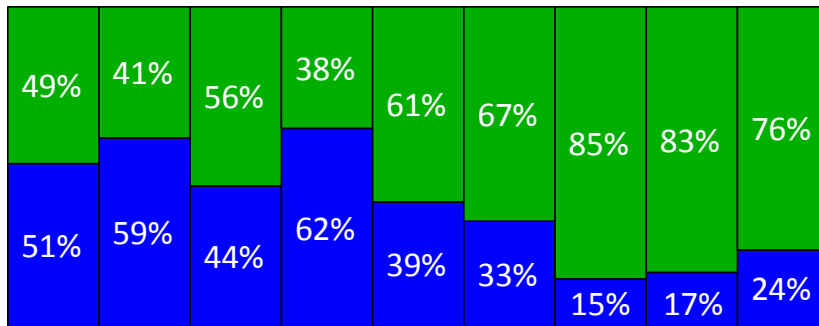
Q1  
2014

Cold Rolled Orders



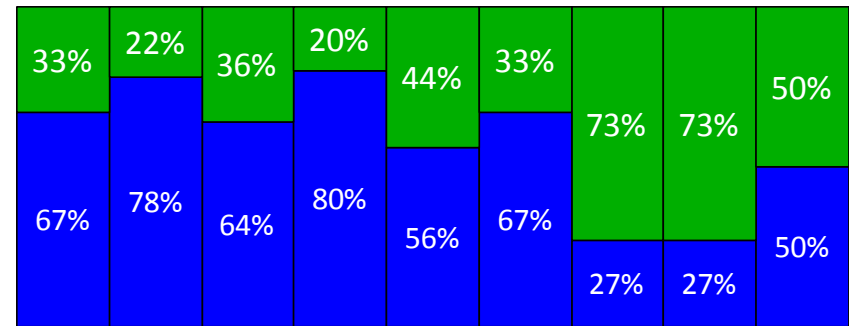
Q1  
2014

Galvanized Orders



Q1  
2014

Galvalume Orders

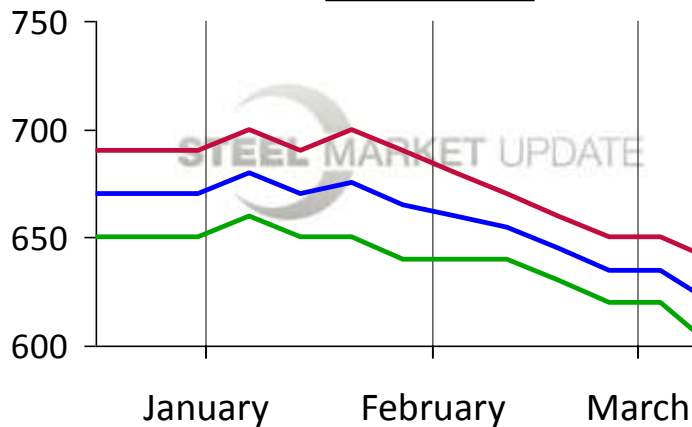


Q1  
2014

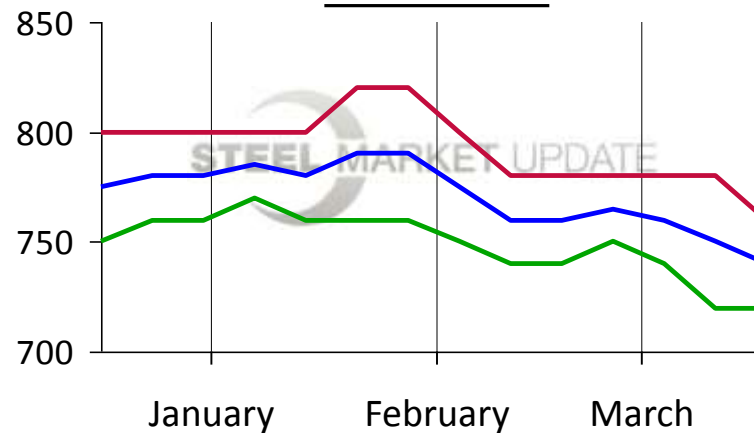
# SMU Steel Prices

— Low — High — Average

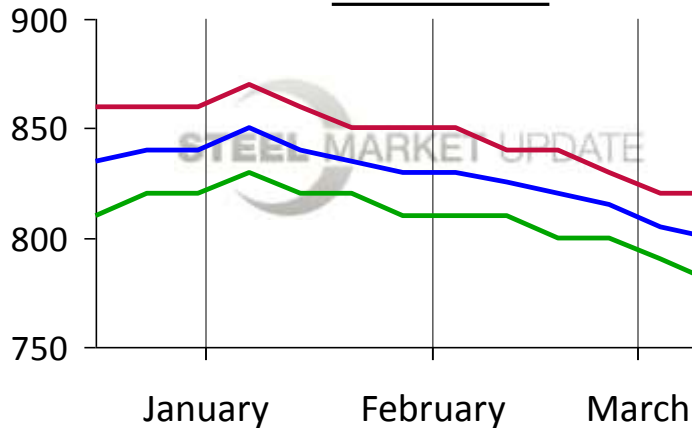
## Hot Rolled



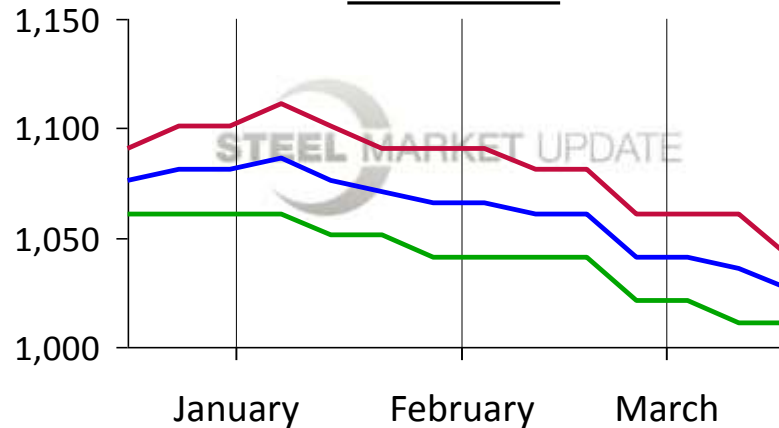
## Cold Rolled



## Galvanized

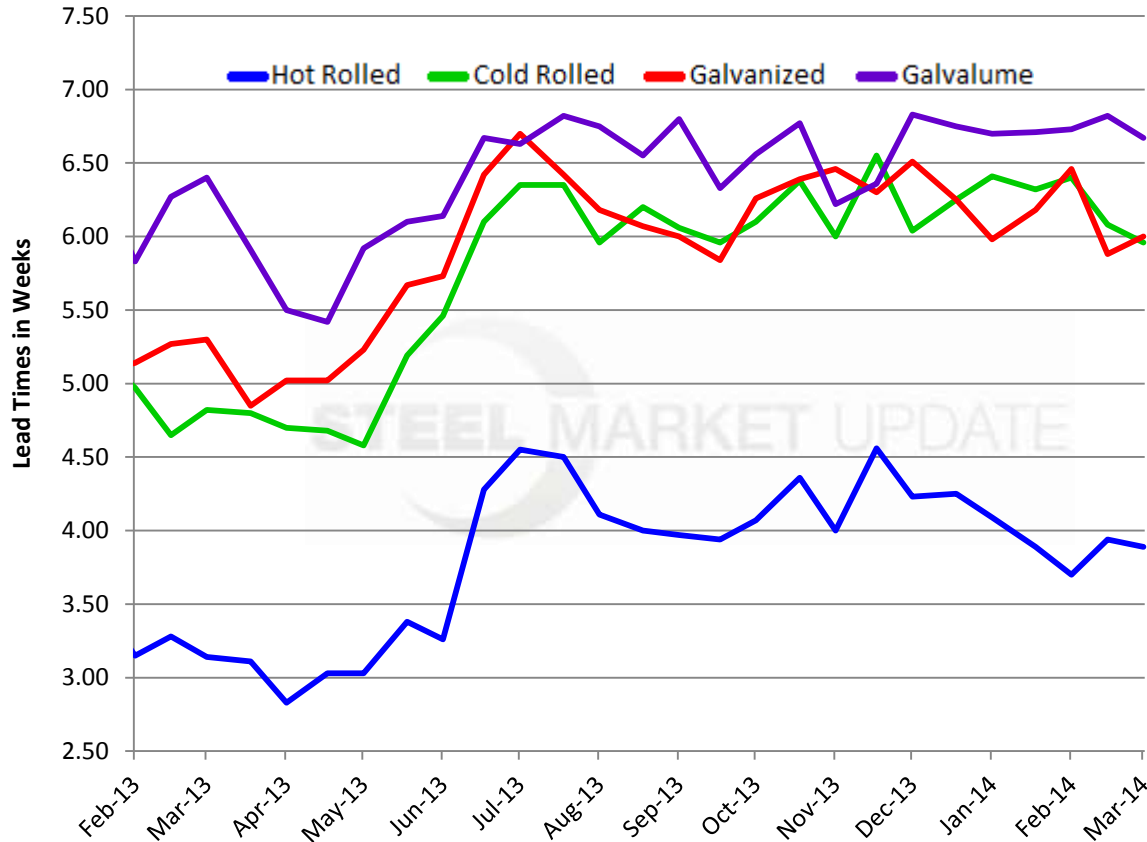


## Galvalume



# Lead Times (Weeks)

### Steel Market Update Lead Times Comparison



**Hot Rolled: 3.89**  
**Cold Rolled: 5.96**  
**Galvanized: 6.00**  
**Galvalume: 6.67**

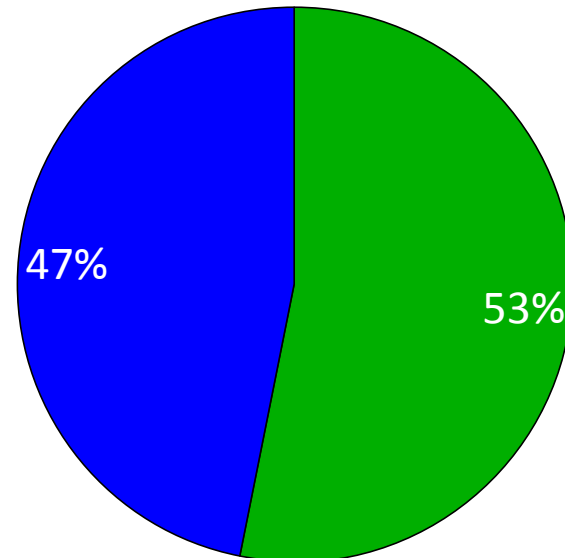
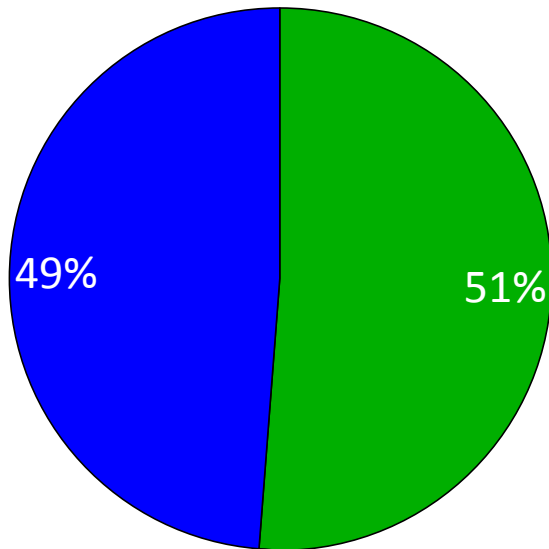
# Domestic and Foreign Price Spread

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

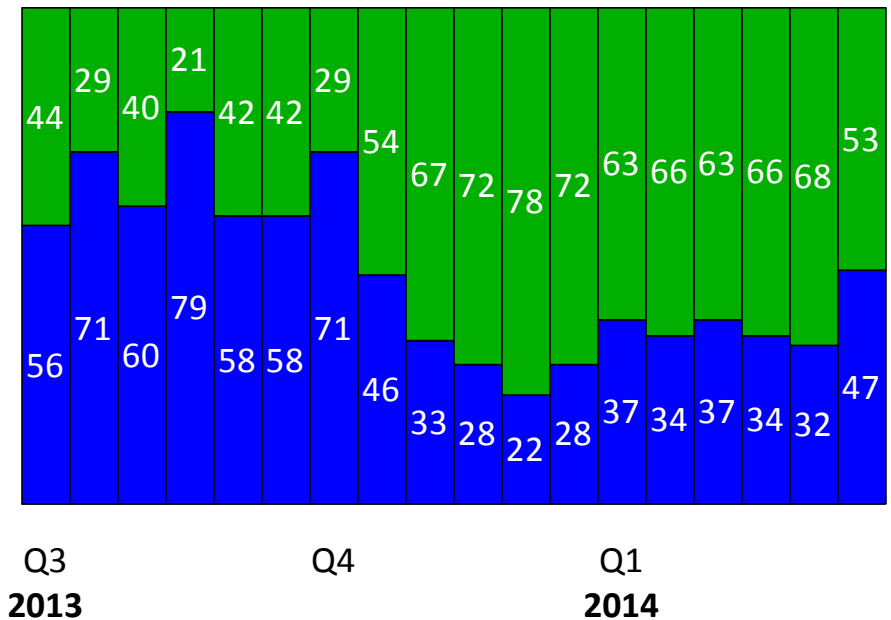
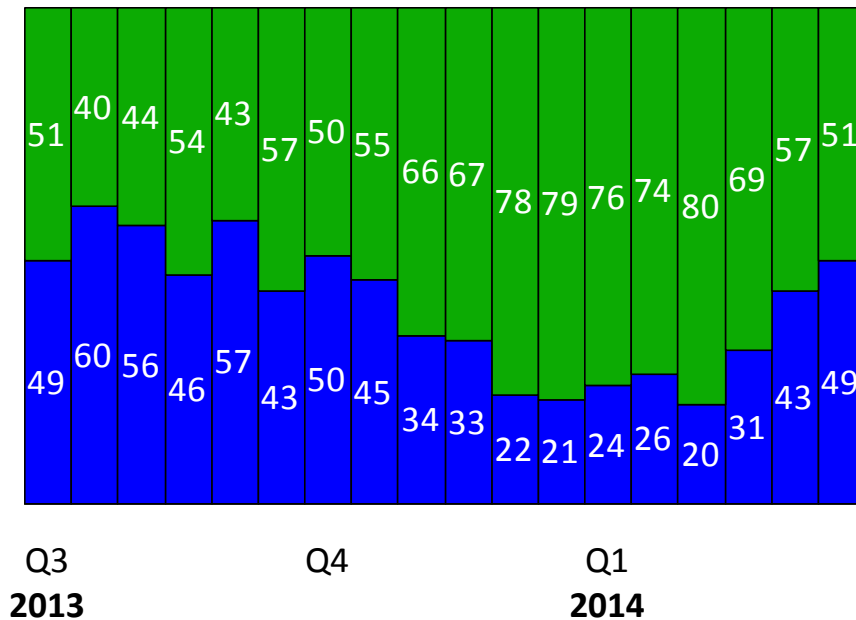
Is the spread between domestic and foreign prices wide enough to justify buying foreign steel?

## Manufacturers

## Service Centers

Yes No

out of 100%



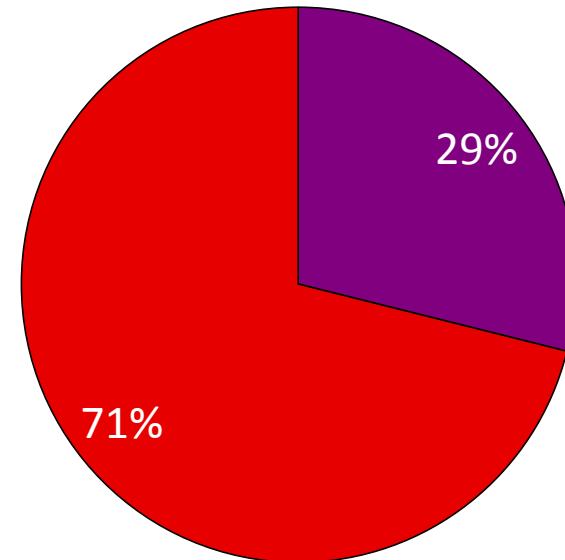
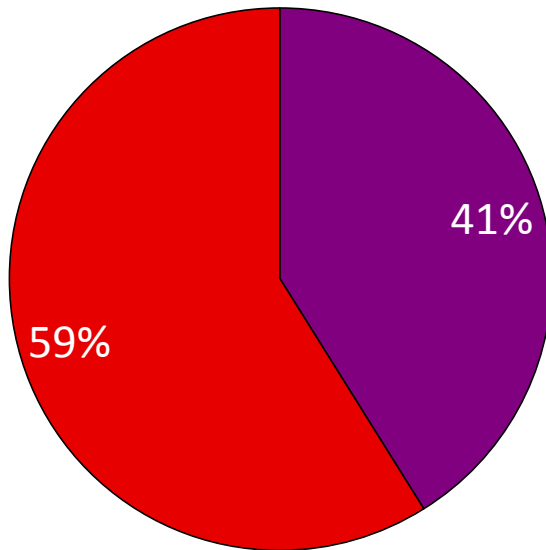
# New Foreign Orders

Is your company entering new foreign orders right now?

## Manufacturers

## Service Centers

■ Yes ■ No



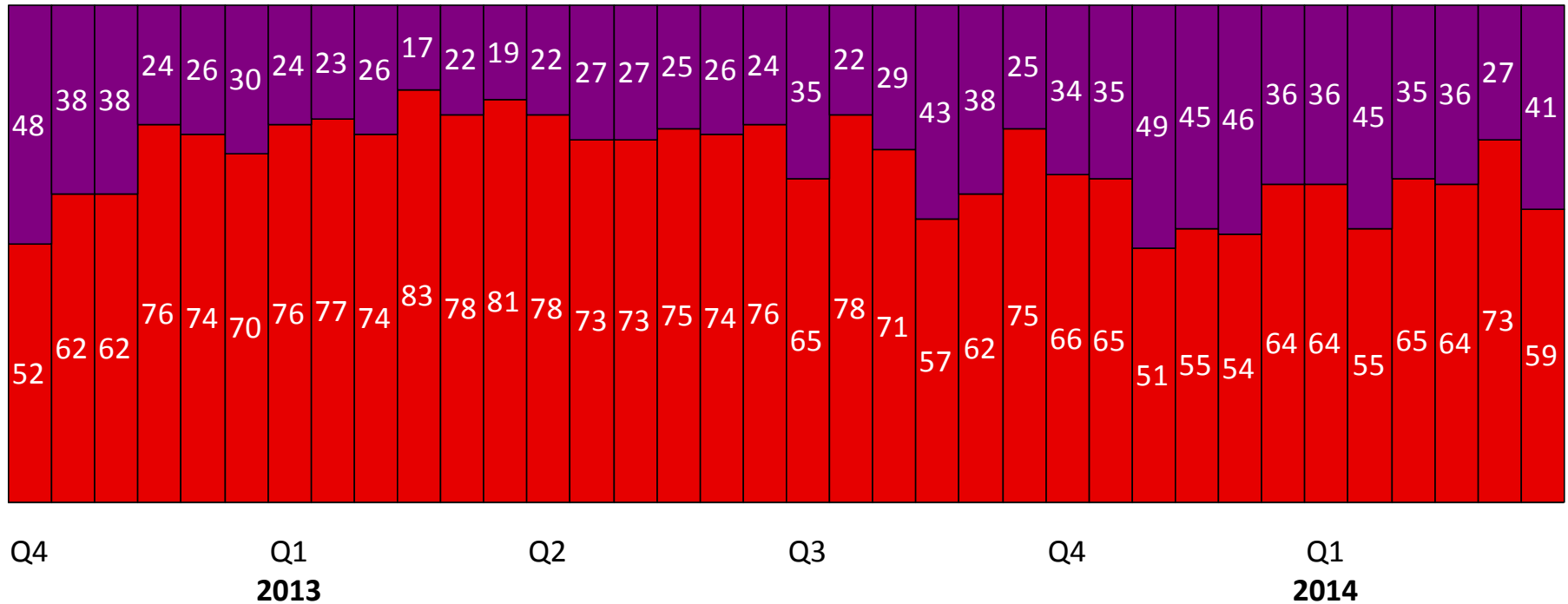


# New Foreign Orders

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

■ Yes
 ■ No

out of 100%

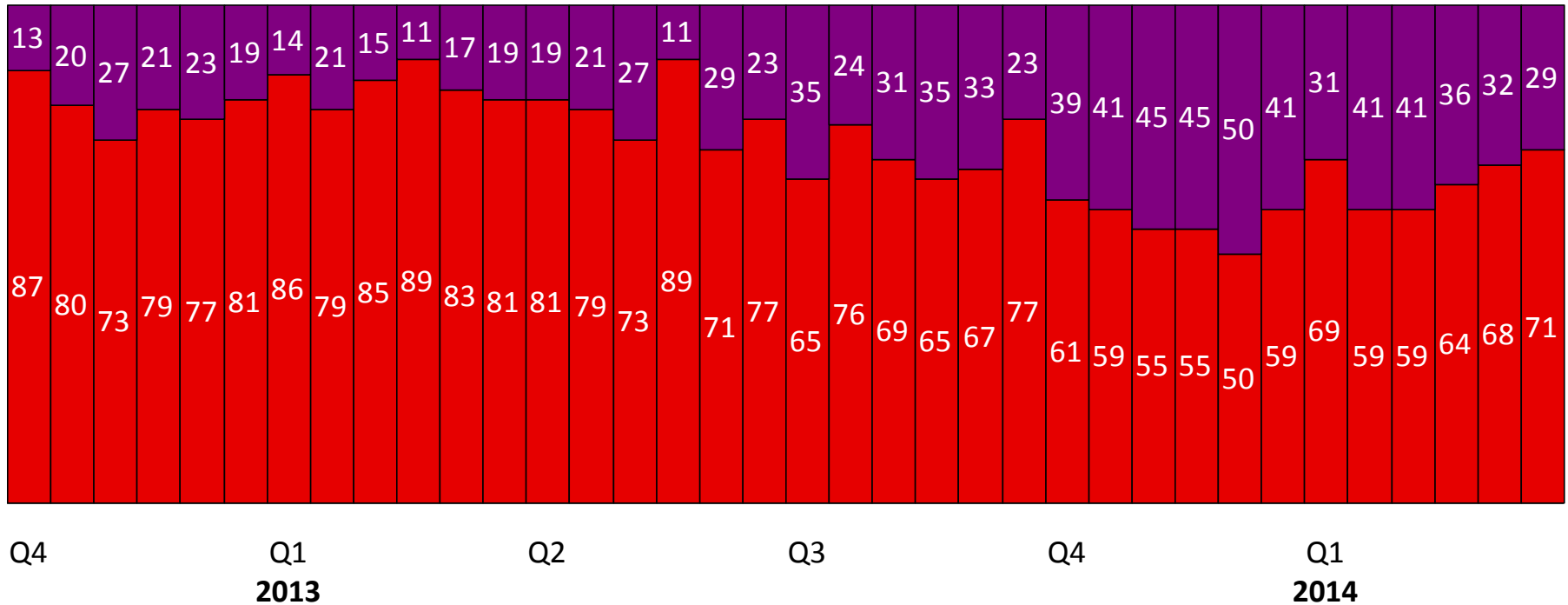


# New Foreign Orders

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

■ Yes
 ■ No

out of 100%





When you need answers... [www.SteelMarketUpdate.com](http://www.SteelMarketUpdate.com)