



STEEL MARKET UPDATE

SMU Flat Rolled Market Trends Analysis

Responses from our February 29th 2016 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](#).





Steel 101 Workshop, NLMK Indiana 2015

Our next Steel 101 workshop is in Sylvania, Ohio on May 17-18, 2016 and includes a tour of the North Star BlueScope Steel 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 send an e-mail to info@SteelMarketUpdate.com

Steel Summit 2016

Steel Summit: A steel conference for manufacturing companies, fabricators, service centers, wholesalers, trading companies, steel mills, toll processors and companies who provide products and services to the steel industry.

When: August 29 - 31, 2016

Where: Atlanta, Georgia, USA - Georgia International Convention Center

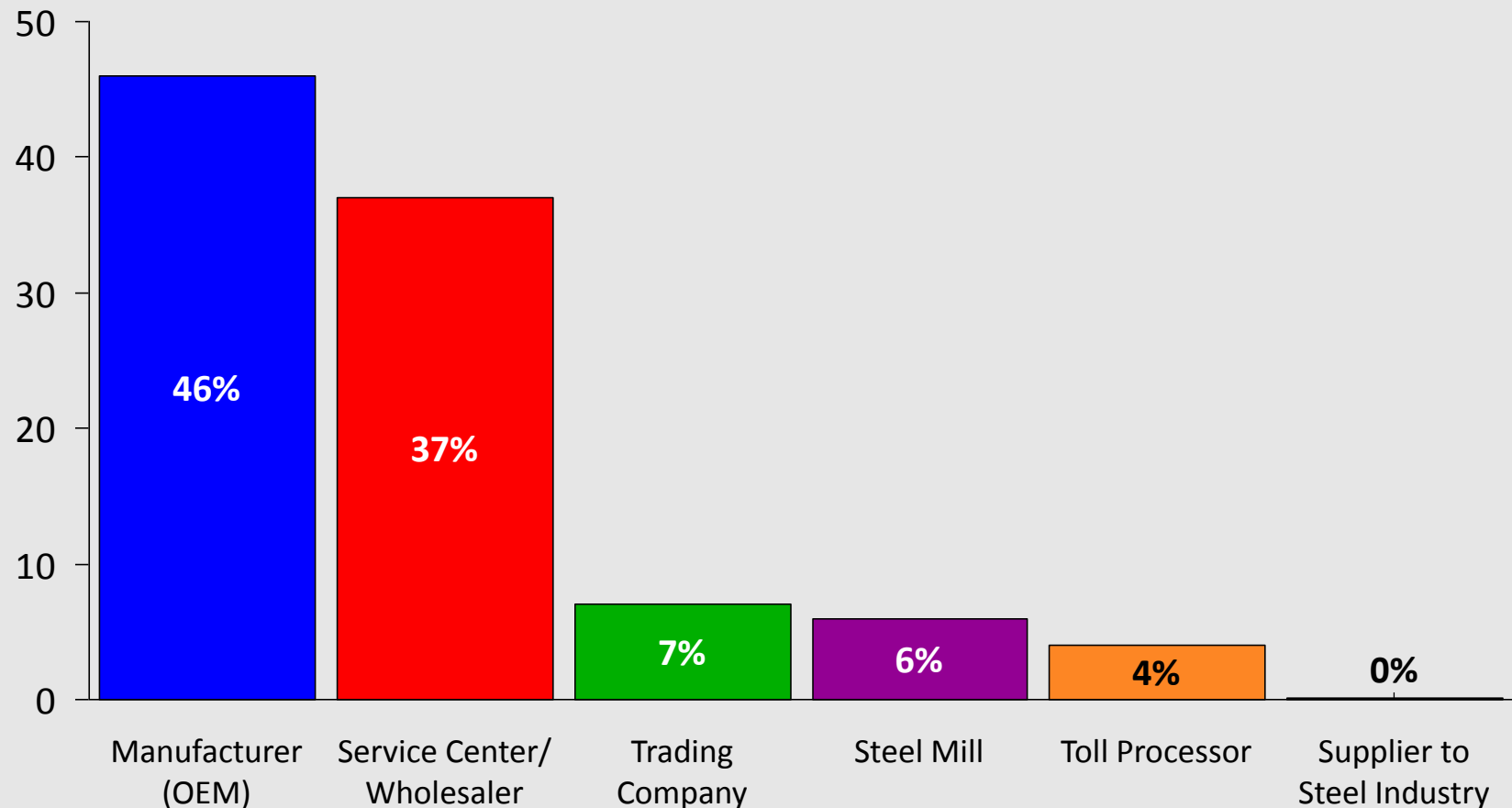
Hotel: Atlanta Airport Marriott Gateway Hotel (adjacent to the Georgia International Convention Center)

Additional details can be found at www.SteelMarketUpdate.com/Events/Steel-Summit



Survey Participants

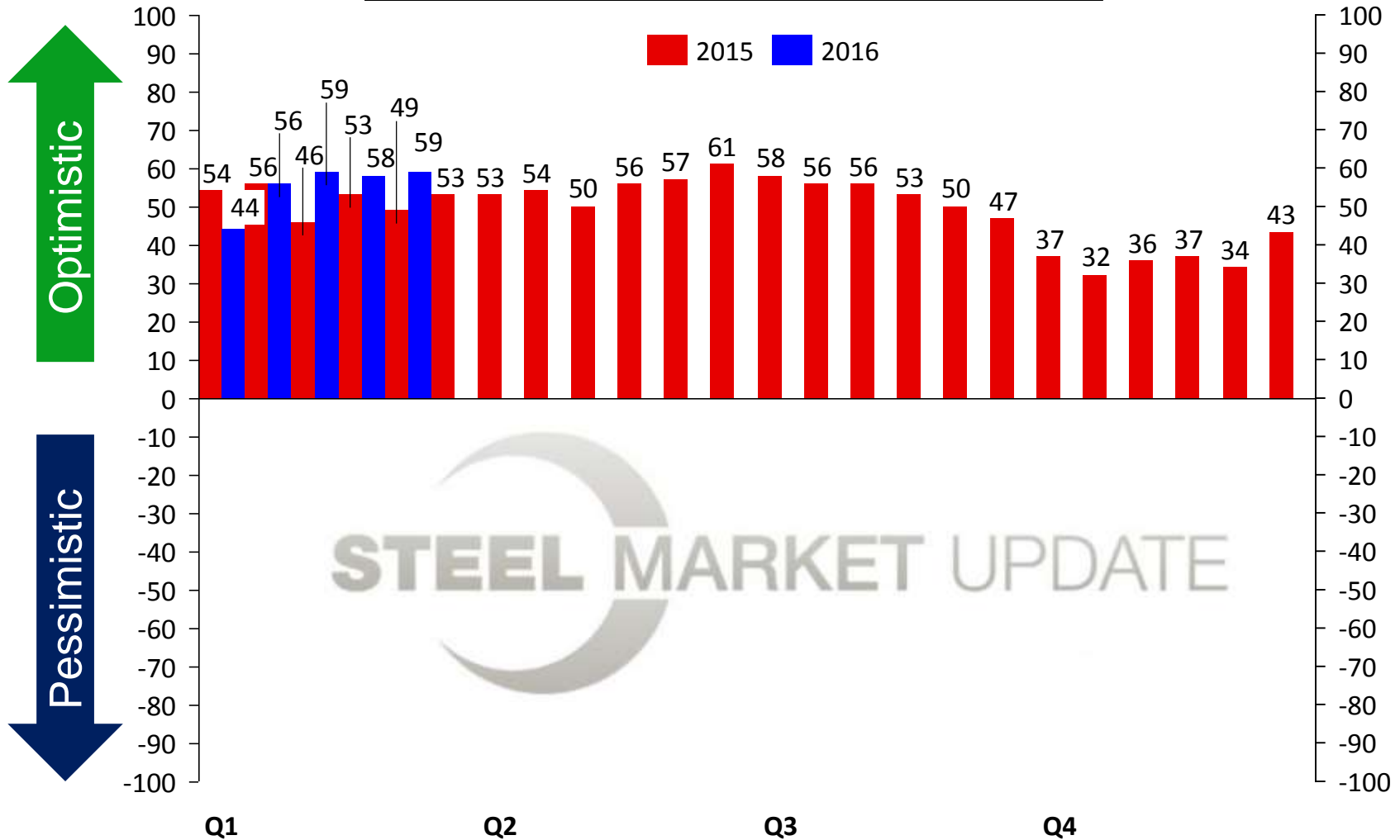
Our survey is by invitation only- Over 600 companies, mostly in the manufacturing or distribution industries, are asked to participate. Here are the percentages of participation in this week's survey by market sector.



SMU Buyers Sentiment Index

Up 1 point to +59

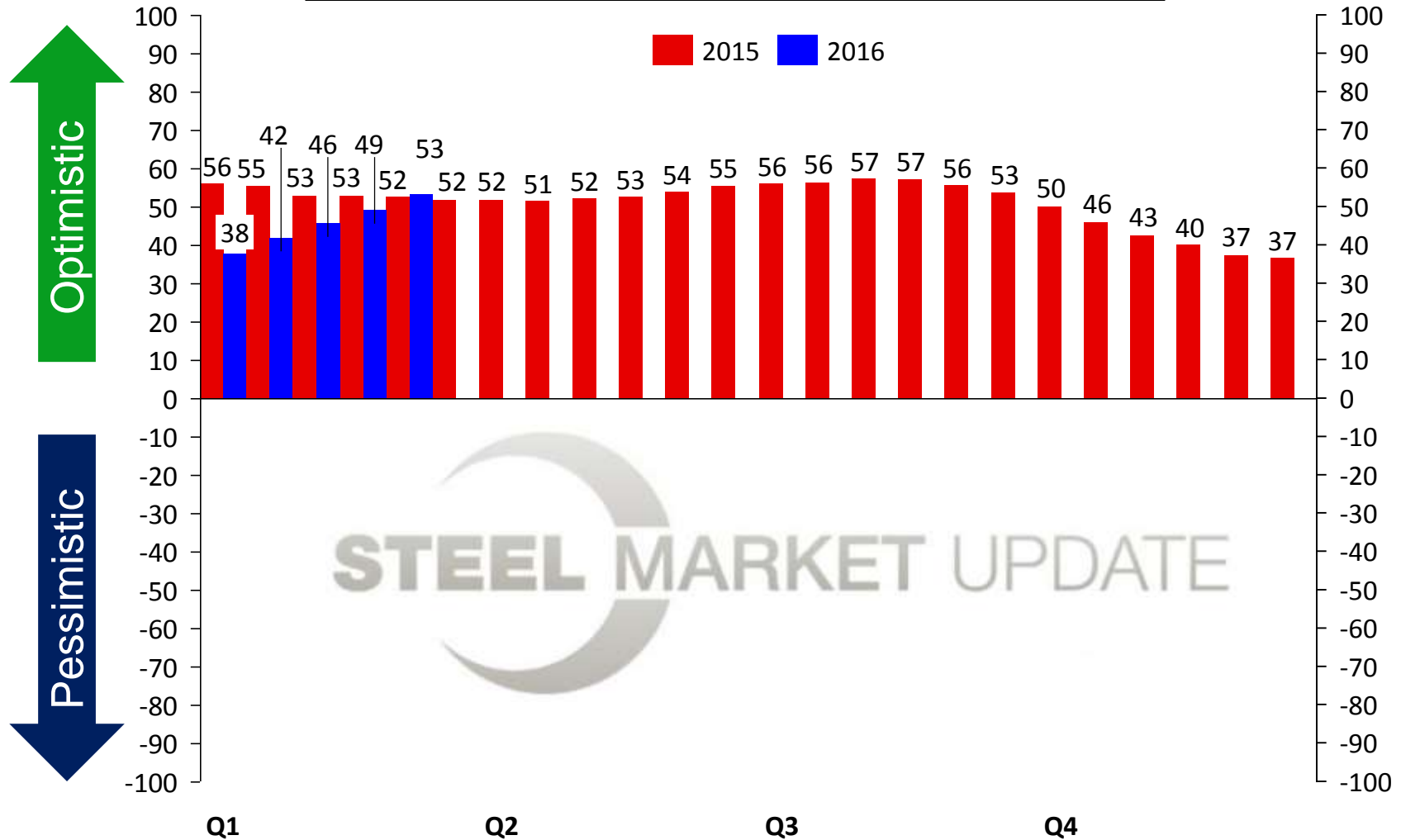
Steel Market Update Buyers Sentiment Index



SMU Buyers Sentiment Index

Three Month Moving Average

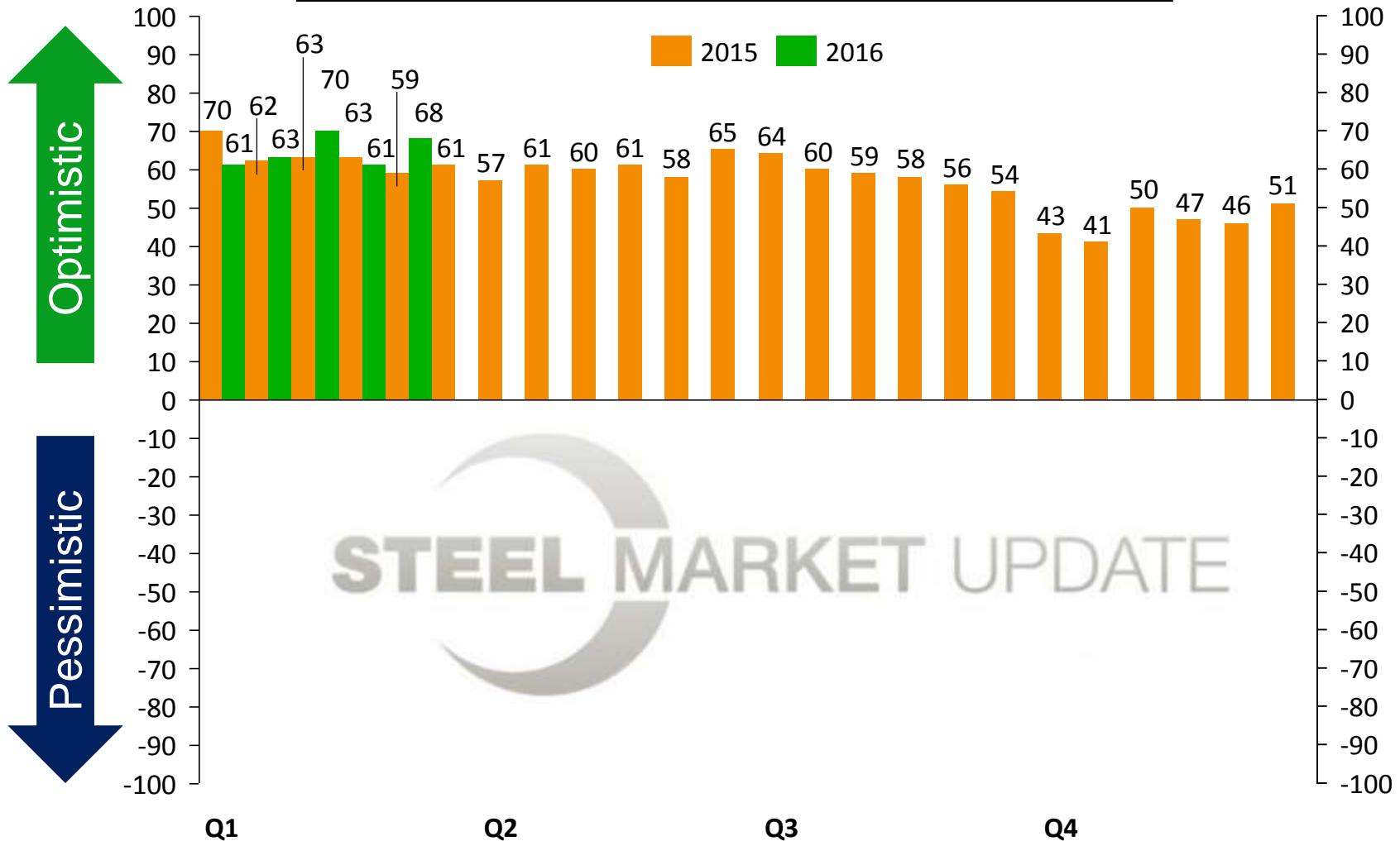
Steel Market Update Buyers Sentiment Index 3MMA



SMU Future Buyers Sentiment Index

Up 7 points to +68

Steel Market Update 'Future' Buyers Sentiment Index

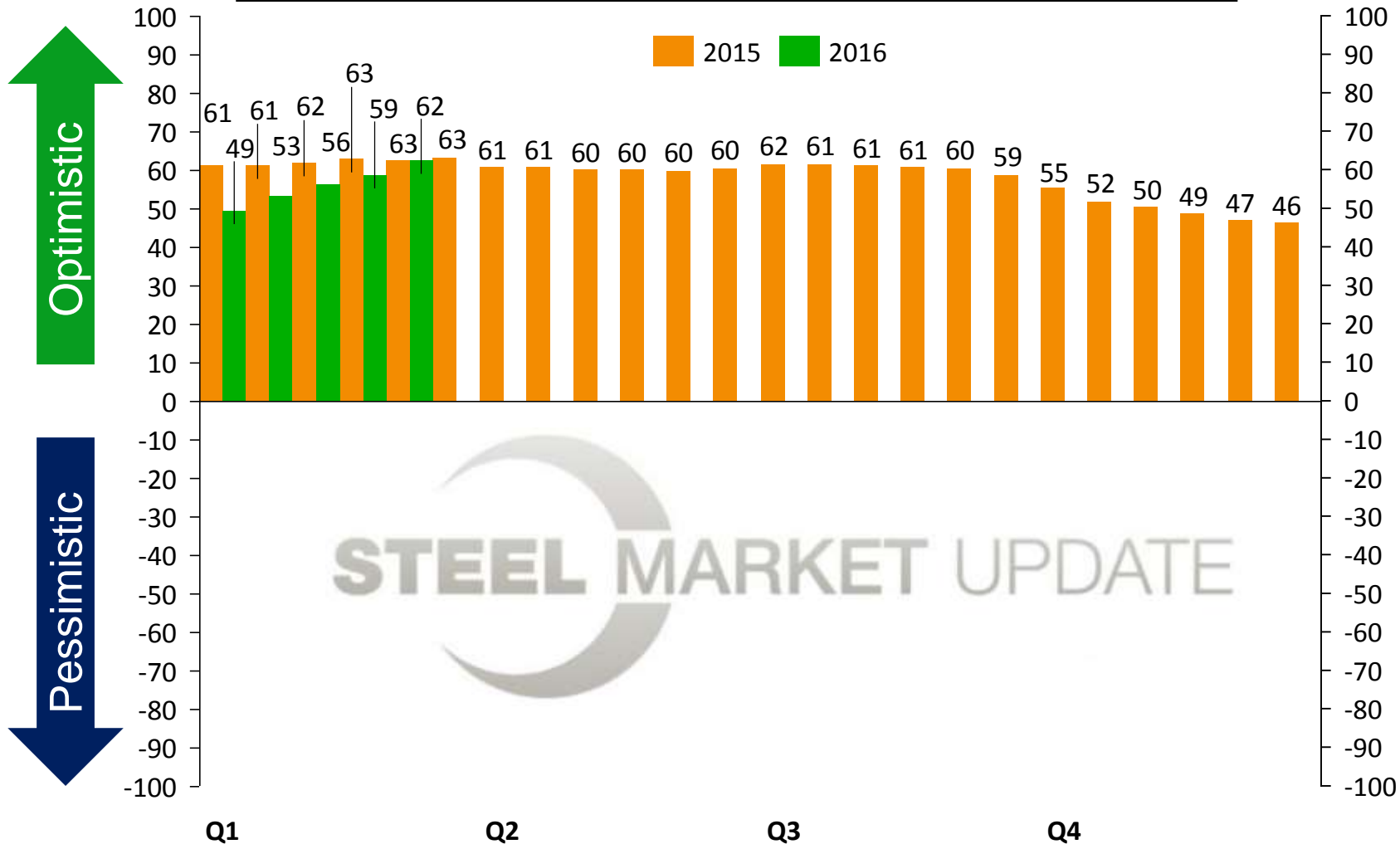


© Steel Market Update 2016

SMU Future Buyers Sentiment Index

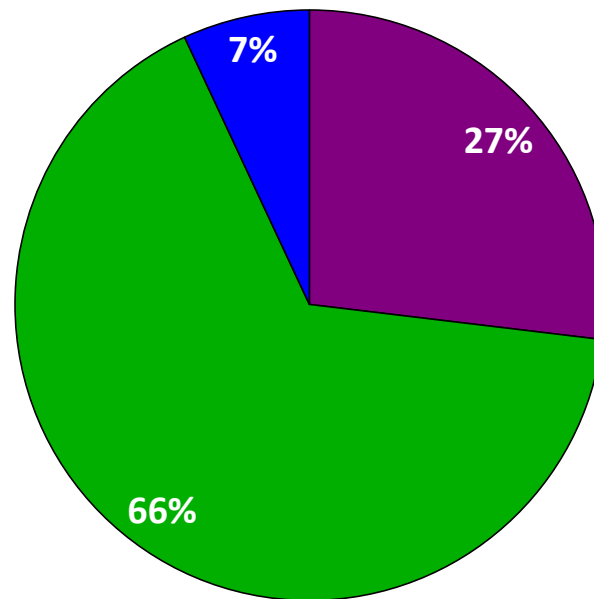
Three Month Moving Average

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

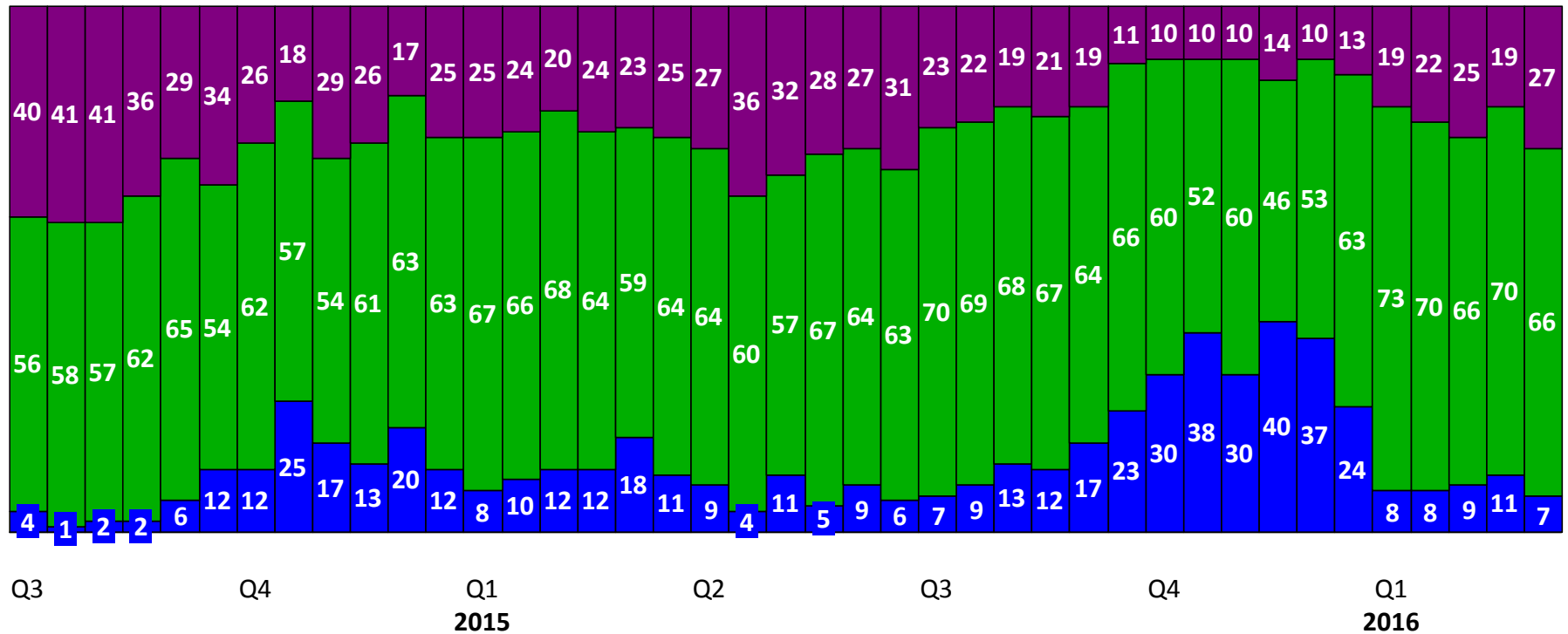


Overall Demand History

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

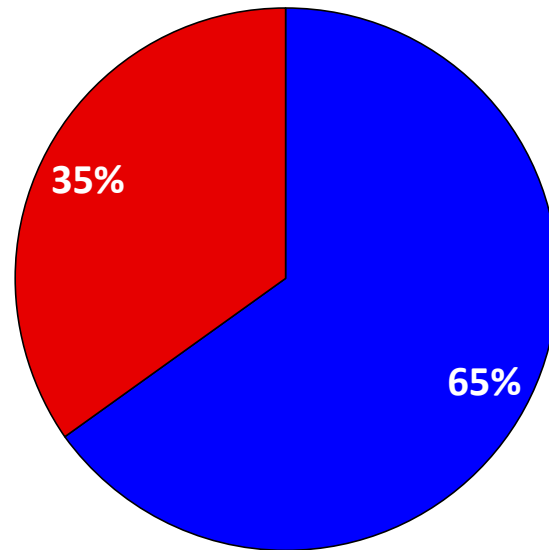
- Demand is improving
- Demand is remaining the same
- Demand is declining

out of 100%



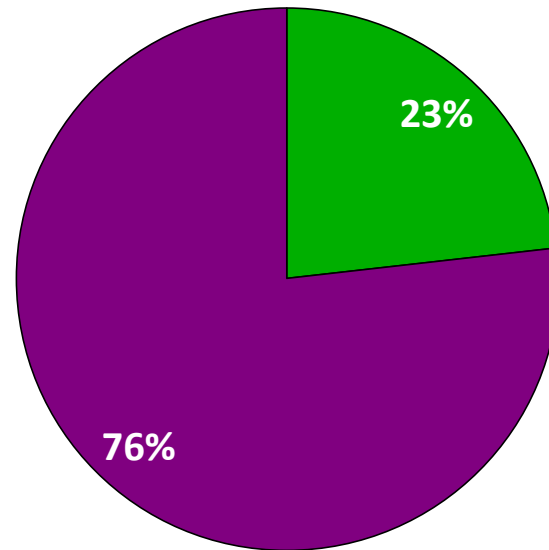
Do you expect the domestic steel mills to raise prices again within the next 30 days?

Yes No



Are you having any difficulties getting deliveries on any of your flat rolled steel domestic mill orders?

Yes No

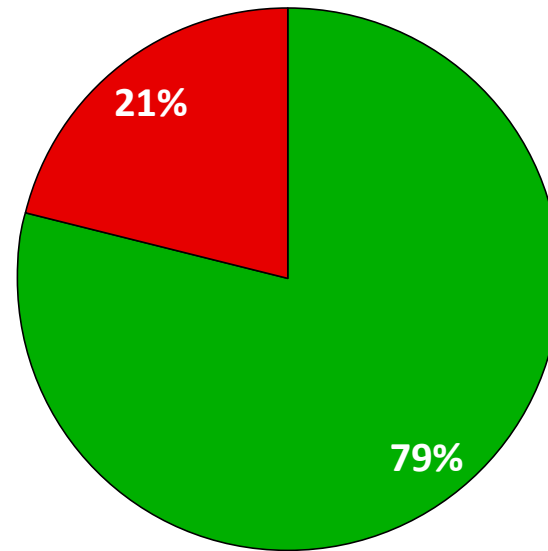
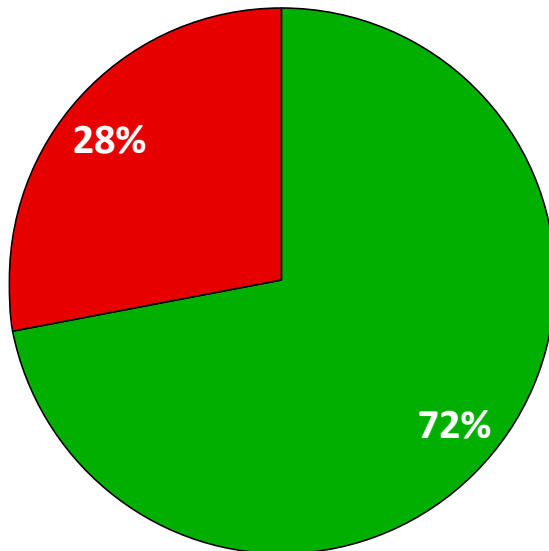


Did your company achieve forecast last month?

Manufacturers

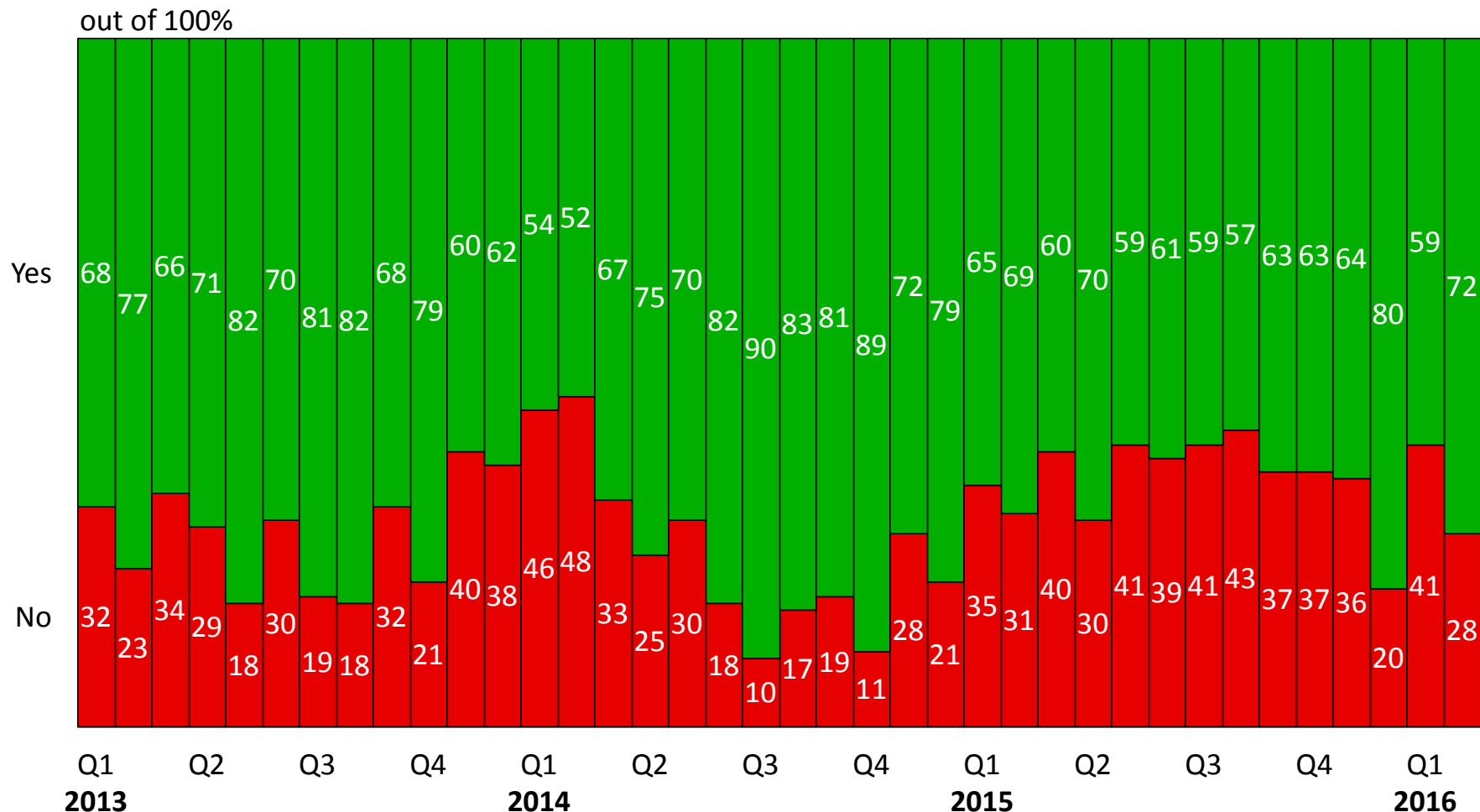
Service Centers

Yes No



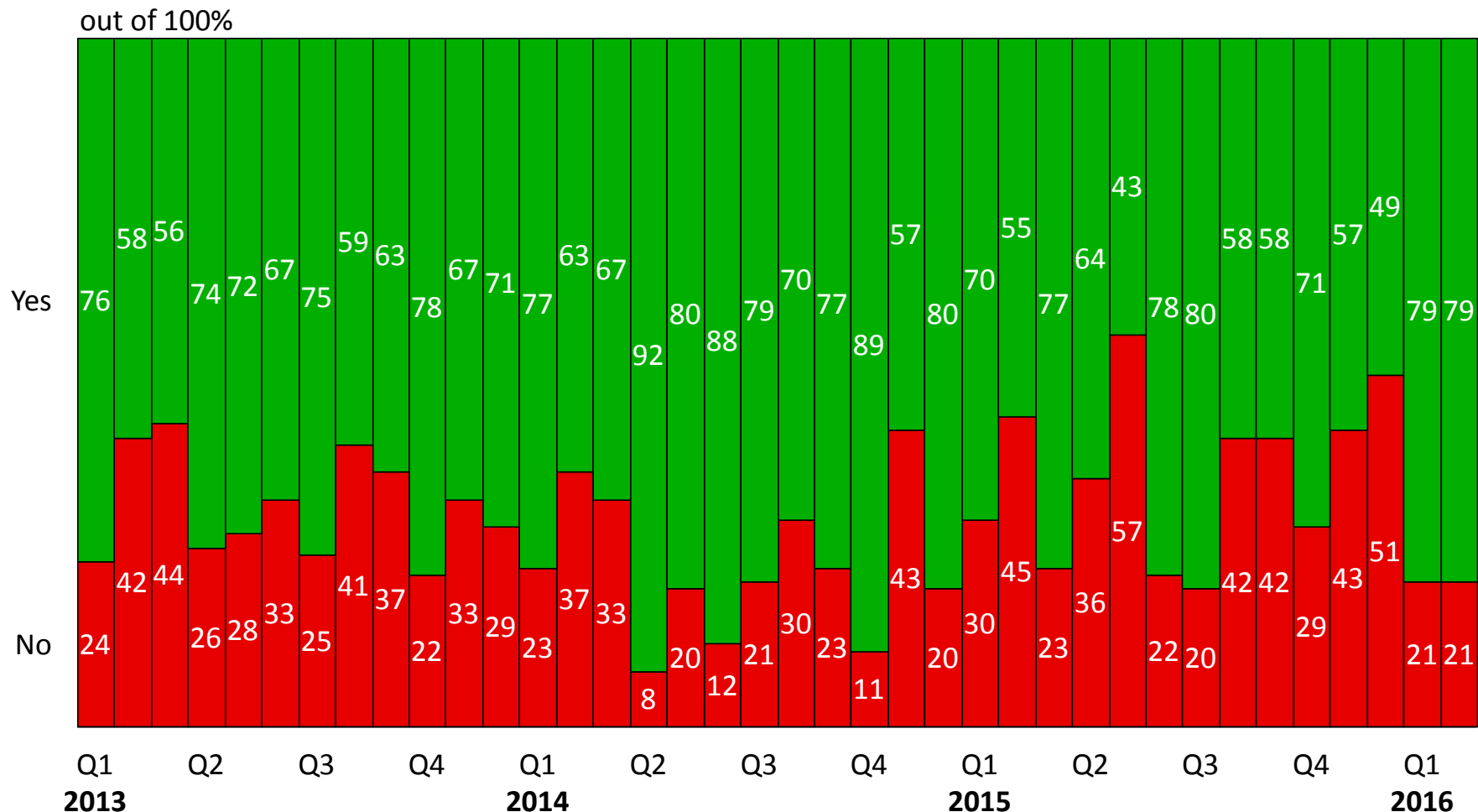
Manufacturer Comparison of Business Level Forecast

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



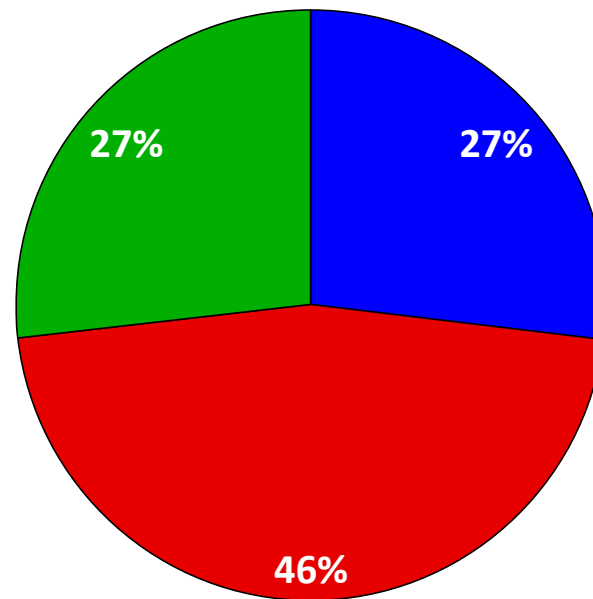
Manufacturer Comparison of Business Level Forecast

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



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

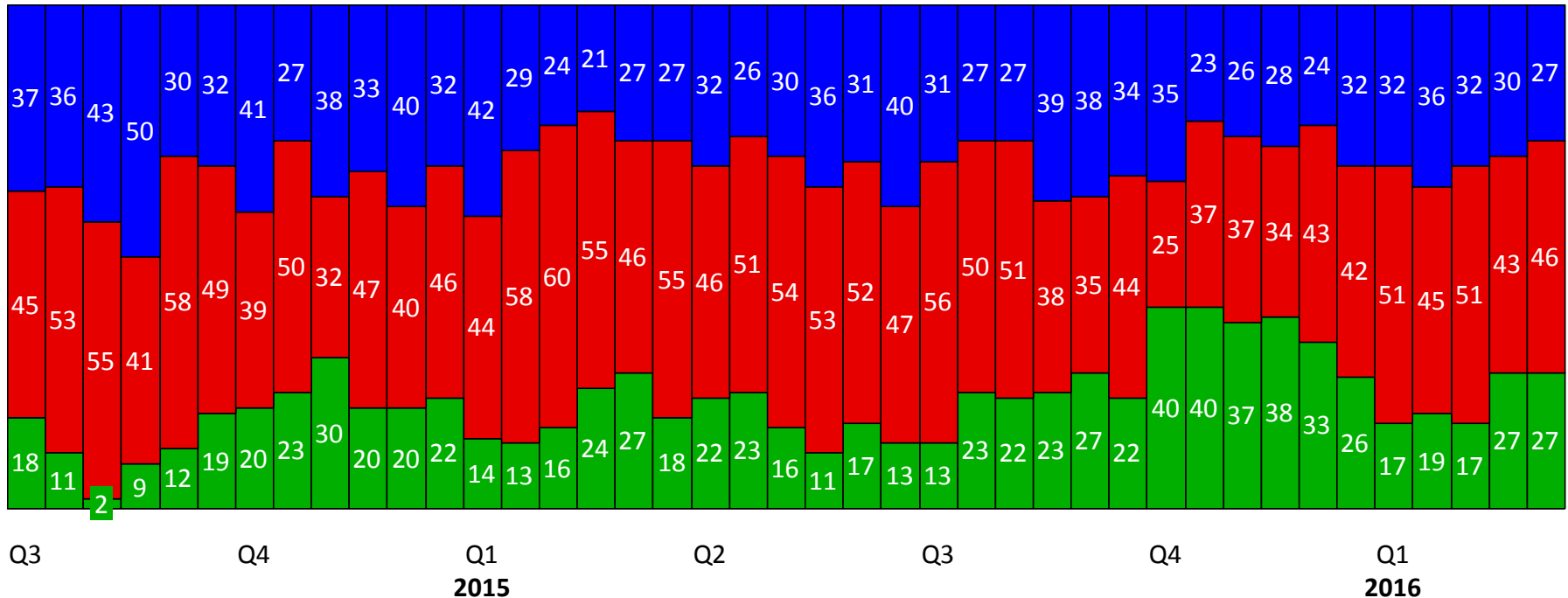


History of Manufacturer Purchases

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?

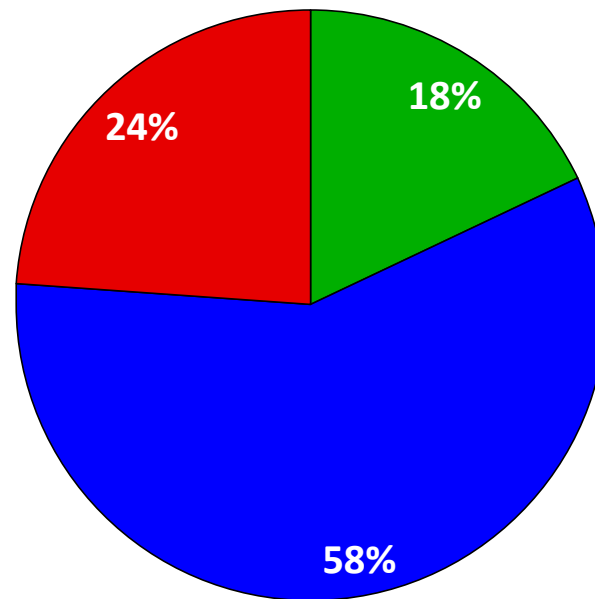
- Buying more steel
- Buying the same amount of steel
- Buying less steel

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

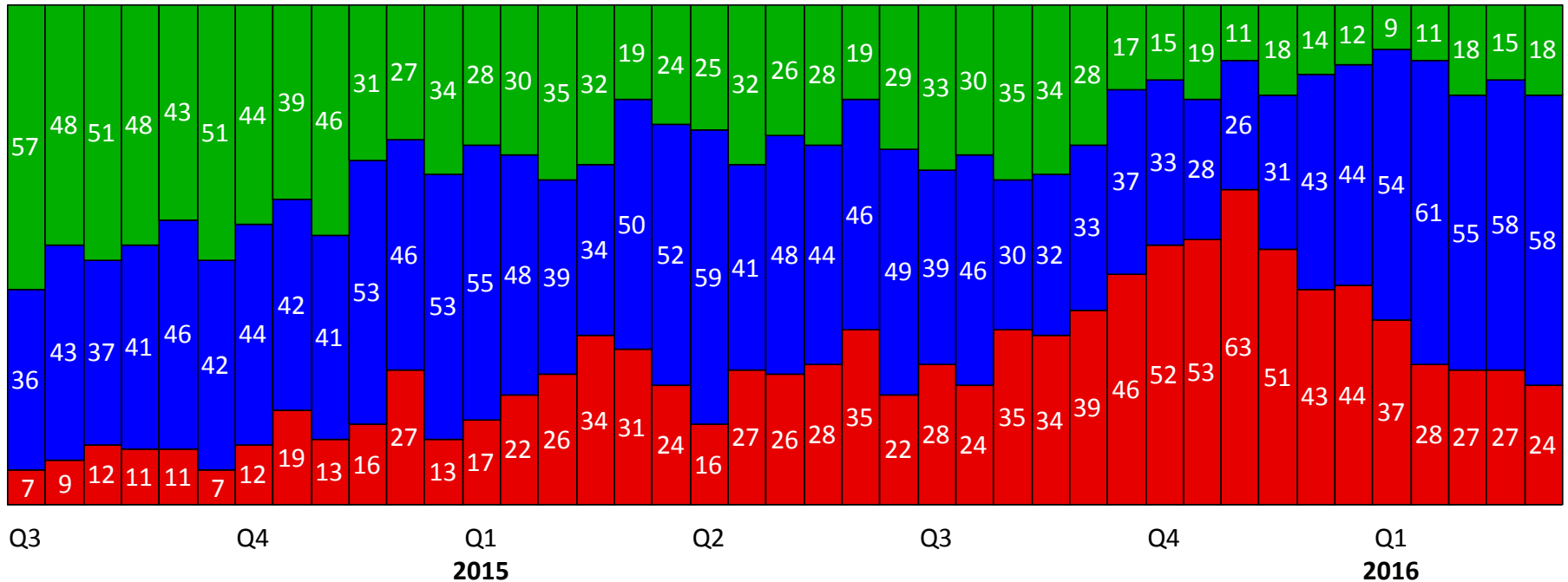


Service Center Release History

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

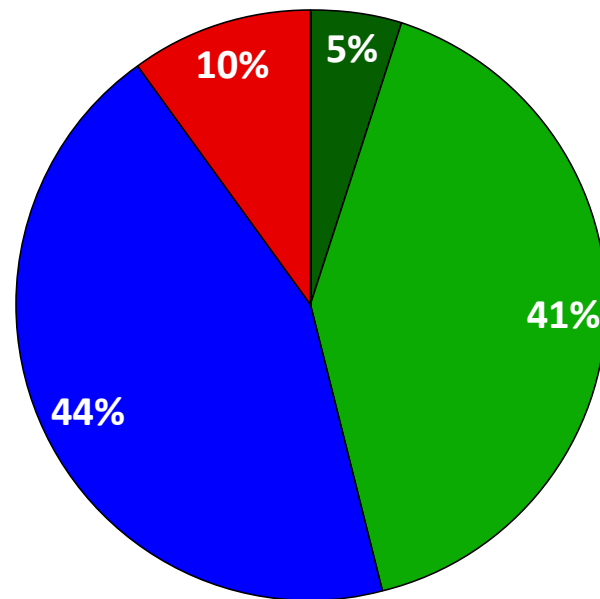
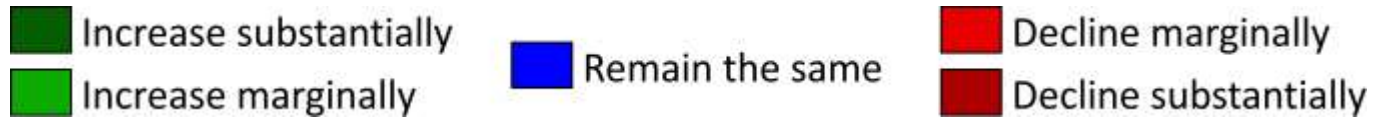
- Releasing more steel
- Releasing the same amount of steel
- Releasing less steel

out of 100%



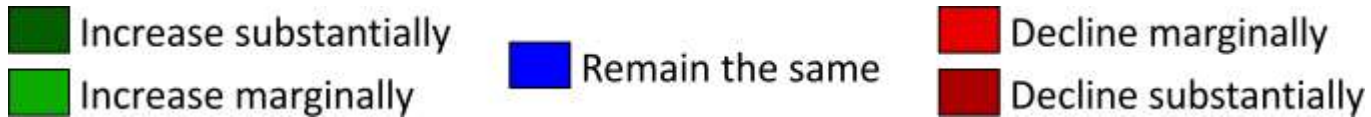
Manufacturer Demand

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

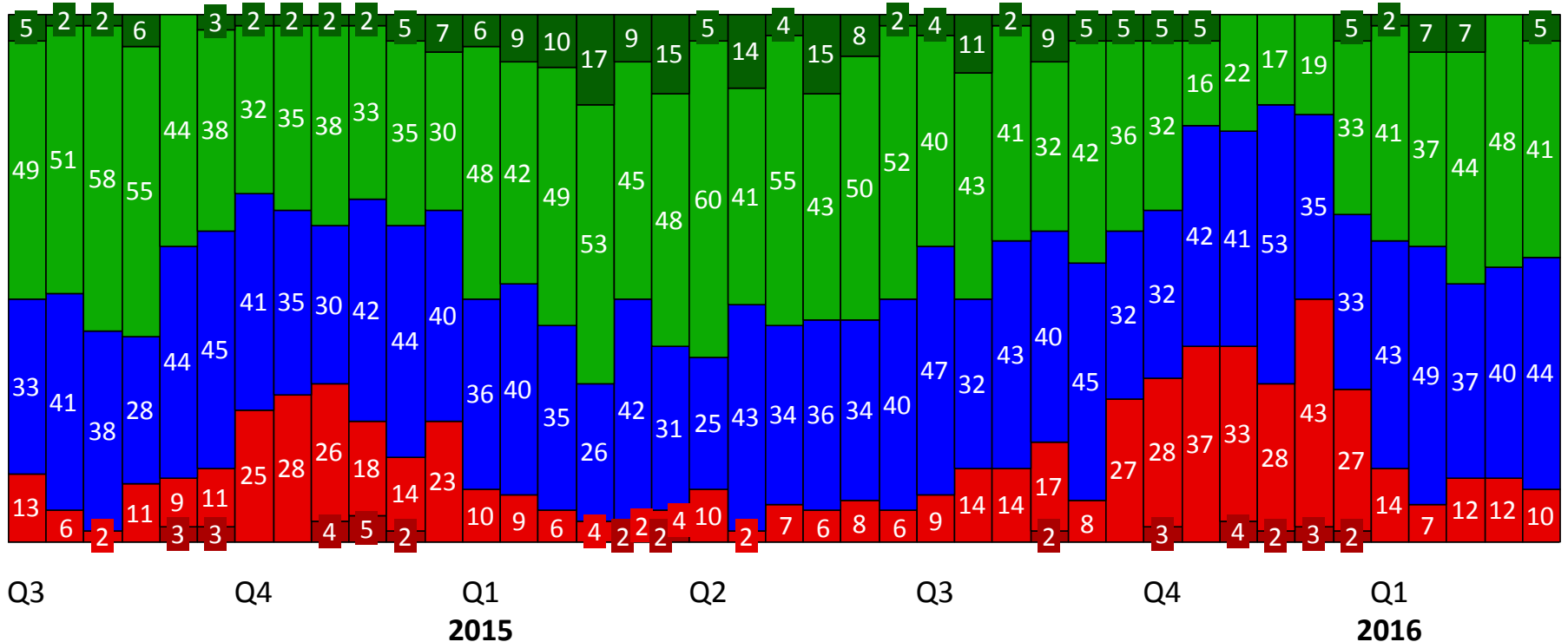


Manufacturer Demand History

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



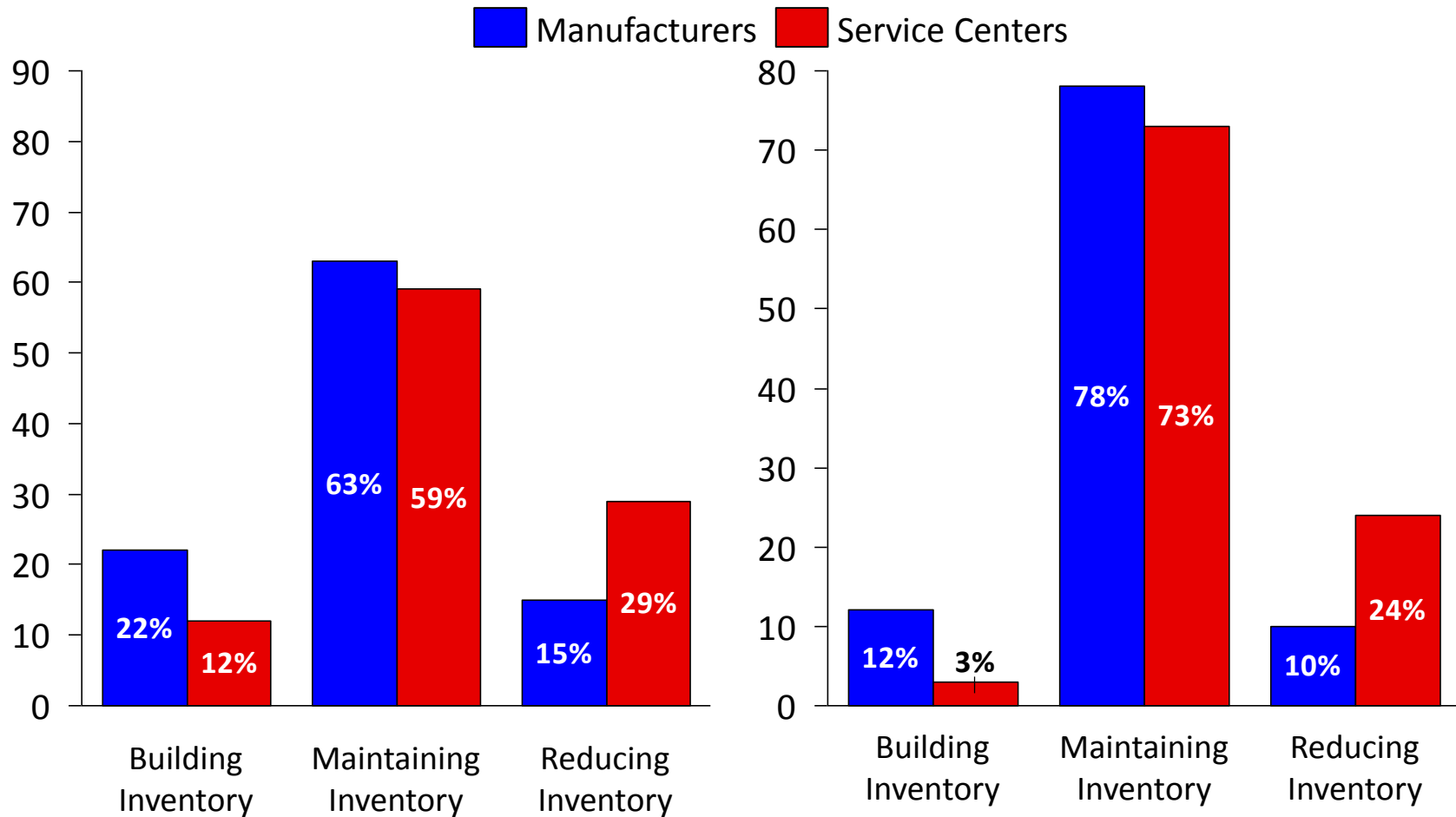
out of 100%



Manufacturer and Service Center Inventory Buying Patterns

January 8th 2016

March 4th 2016

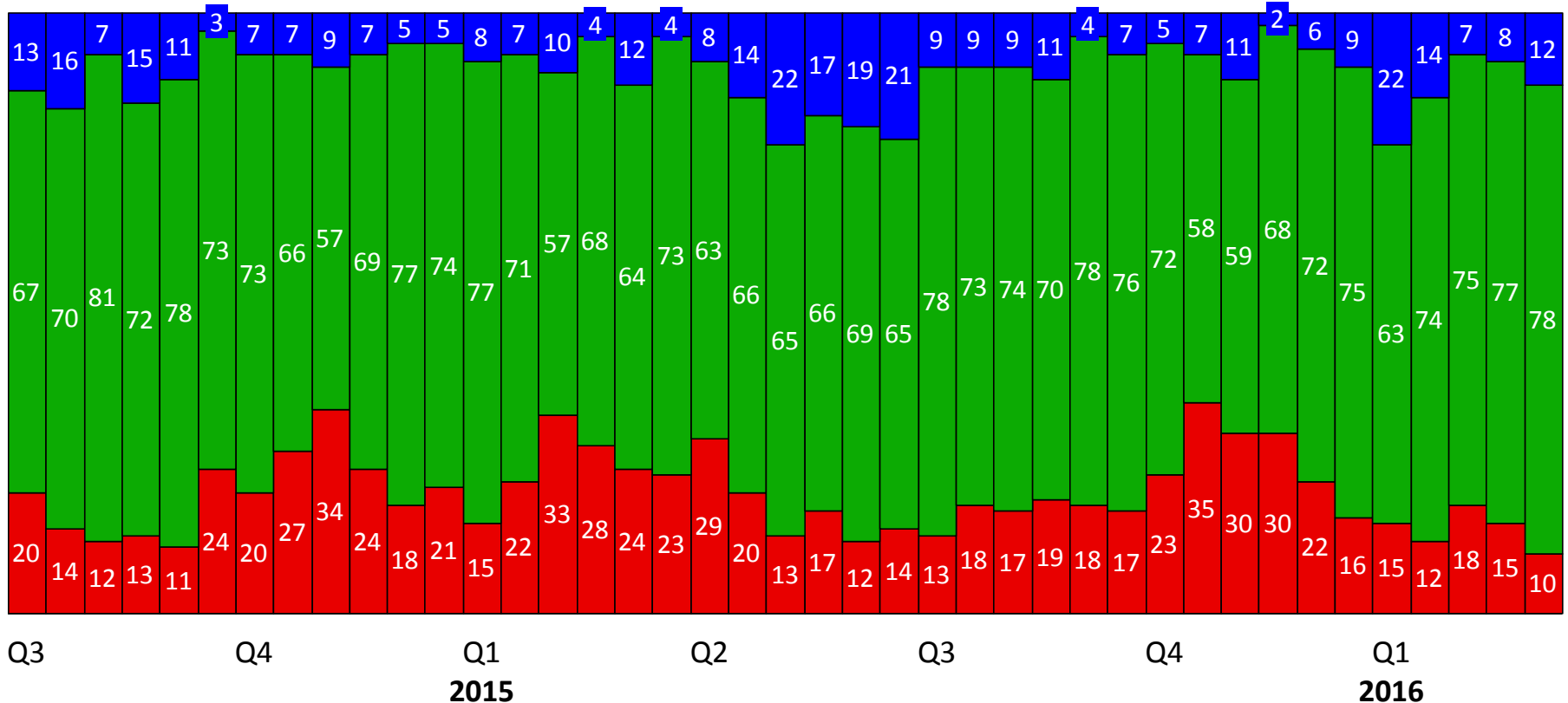


Manufacturer Inventory Buying History

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

■ Building Inventory
 ■ Maintaining Inventory
 ■ Reducing Inventory

out of 100%



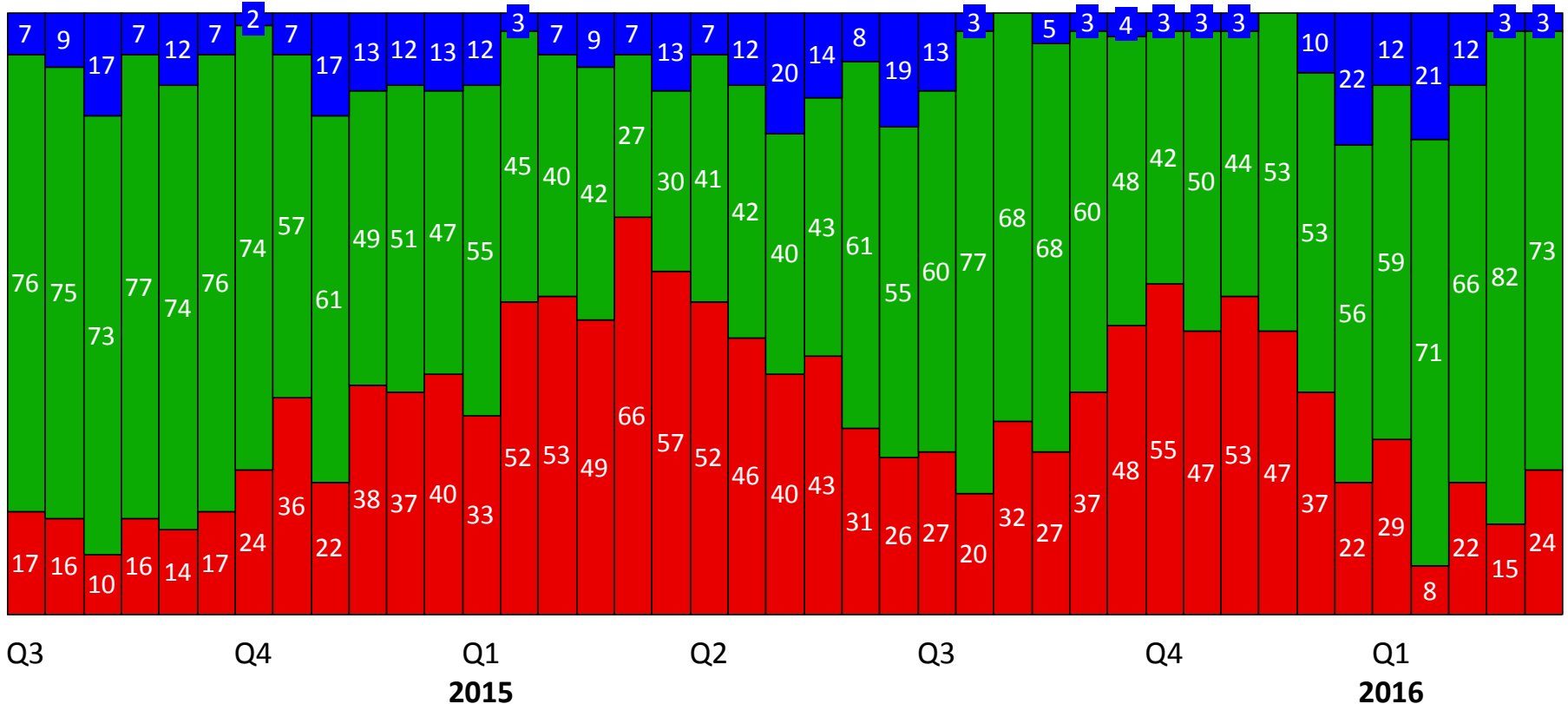
Service Center Inventory

Buying History

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

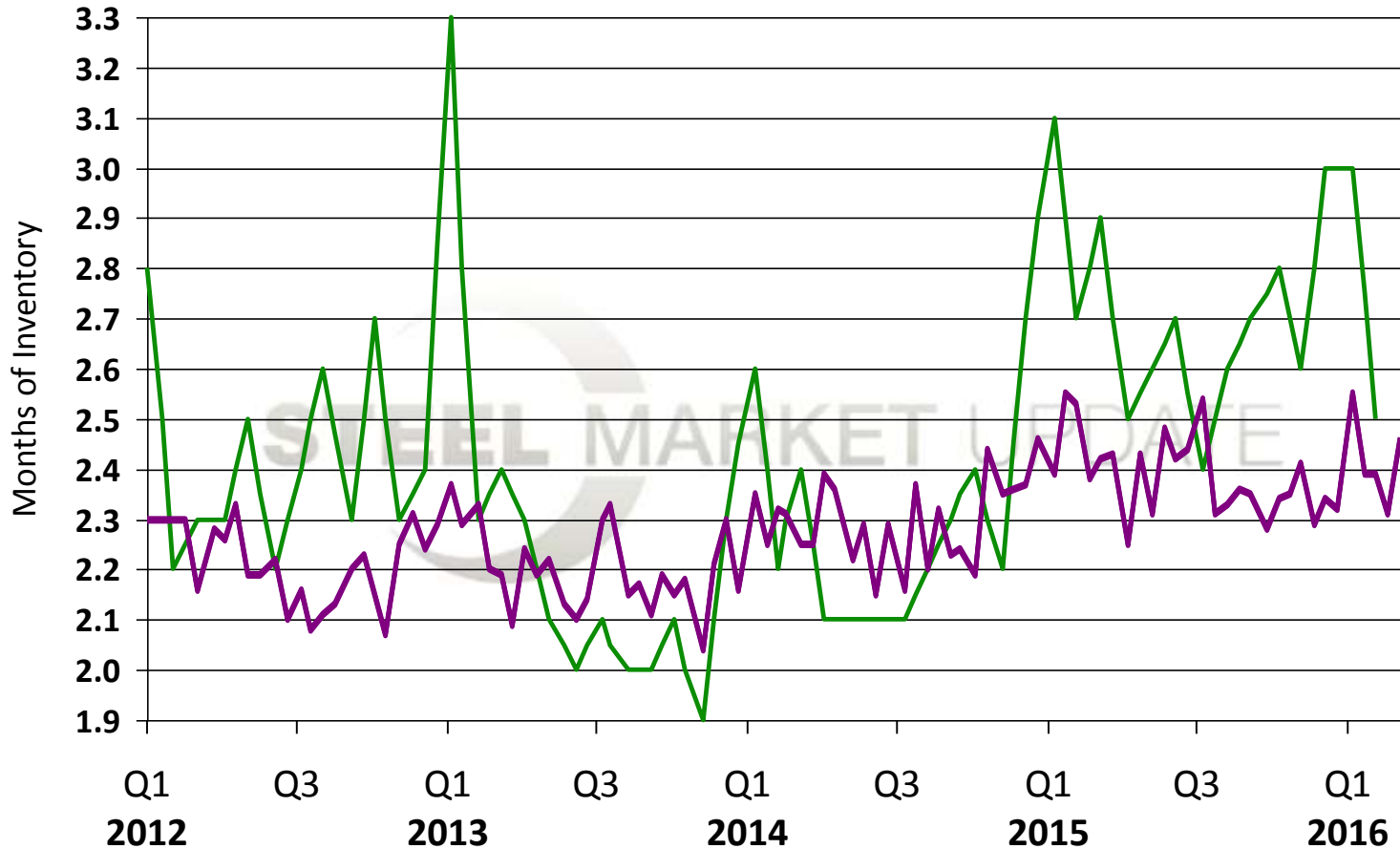
■ Building Inventory
 ■ Maintaining Inventory
 ■ Reducing Inventory

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 2016

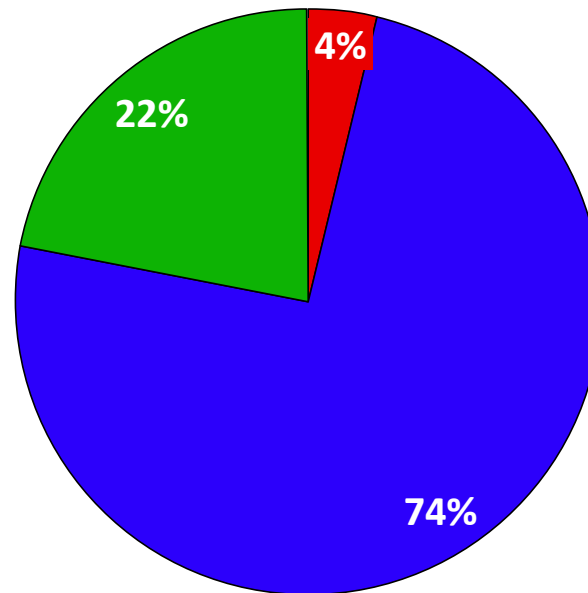
SMU data is as of March 4th 2016

↖
2.46 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

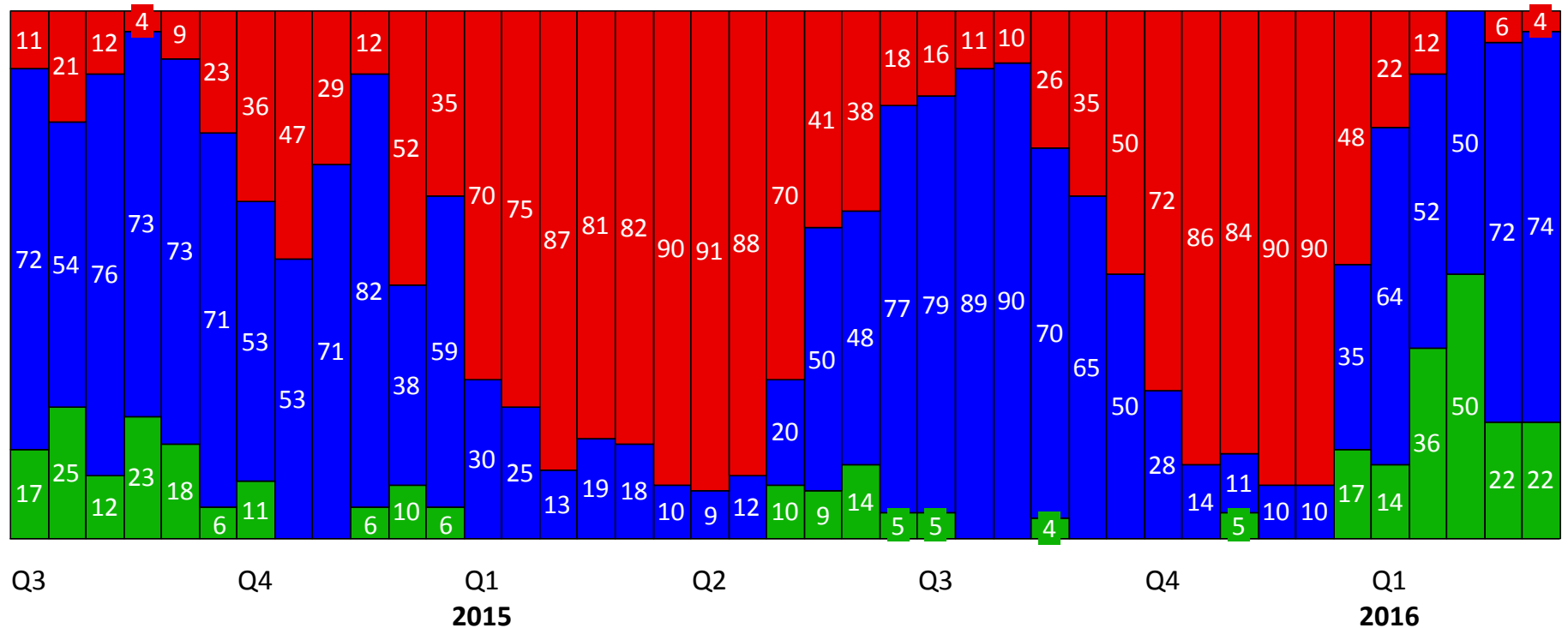


Manufacturer's View of Service Center Selling Prices History

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

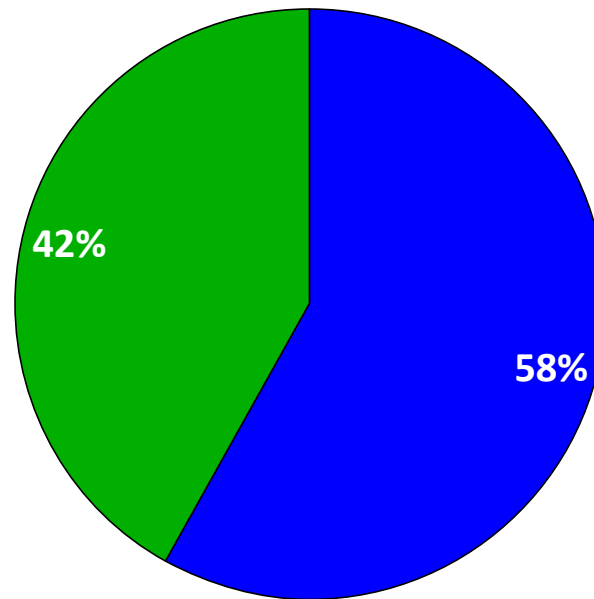
- We are seeing prices decreasing from our service centers
- We are seeing prices stable from our service centers
- We are seeing prices rising from our service centers

out of 100%



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

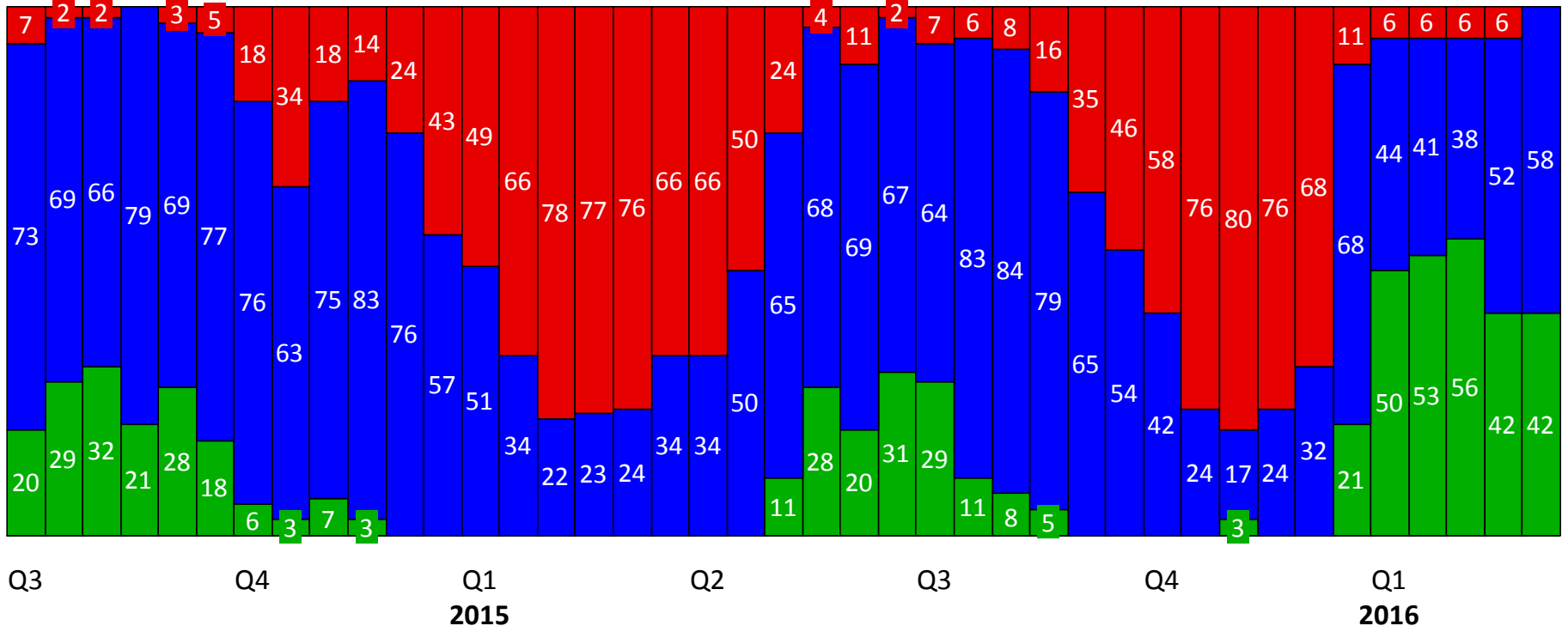
- We are lowering prices
- We are keeping prices the same
- We are raising prices



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%

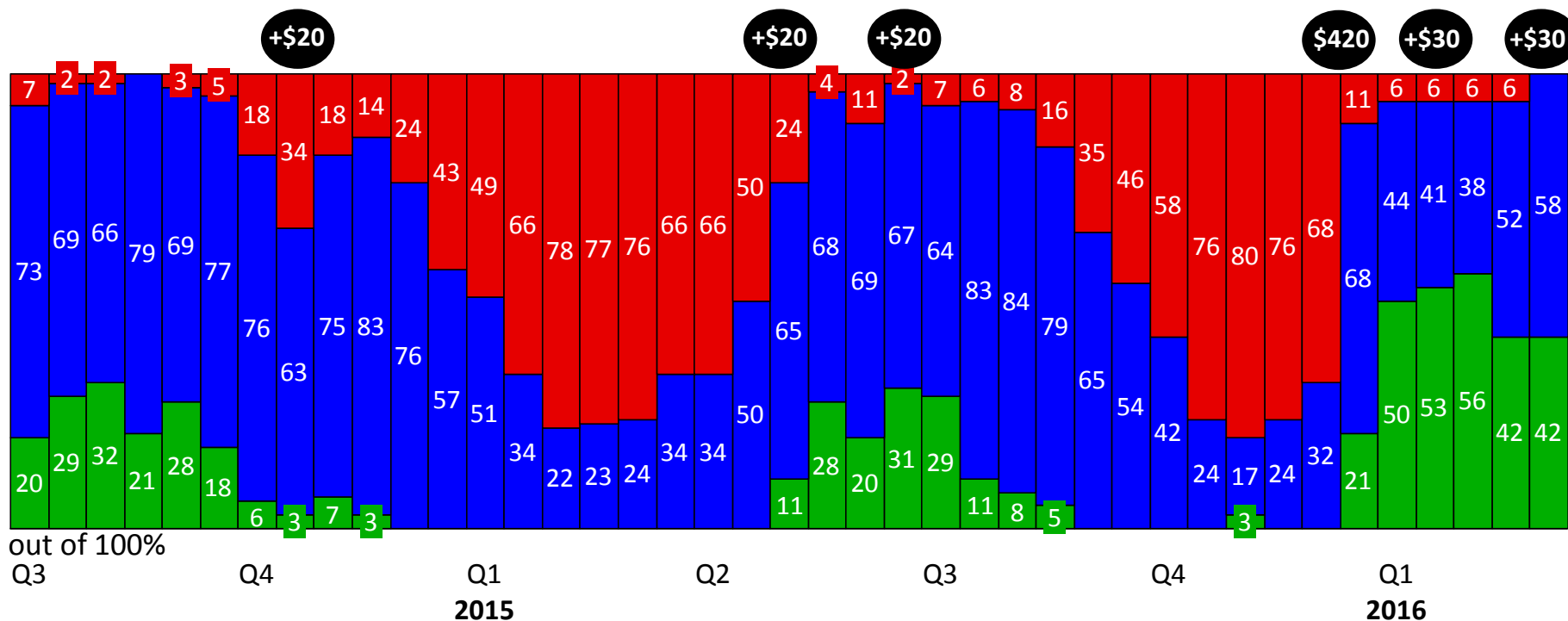


Service Center View of Selling Prices History

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

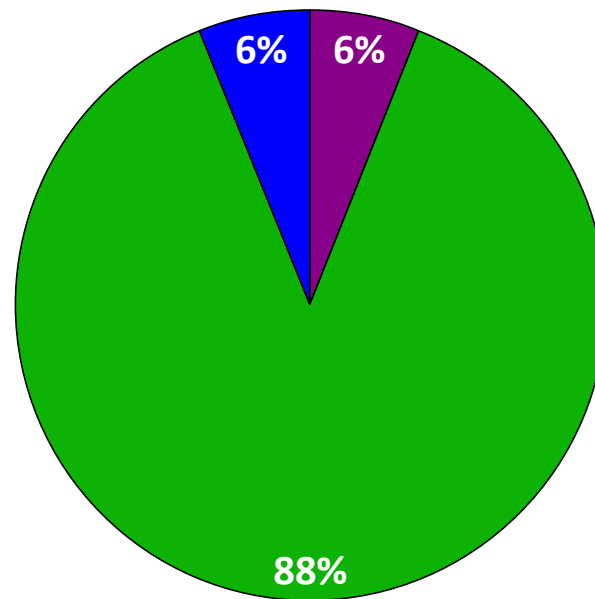
Historical AK Steel Price Announcements

- 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?

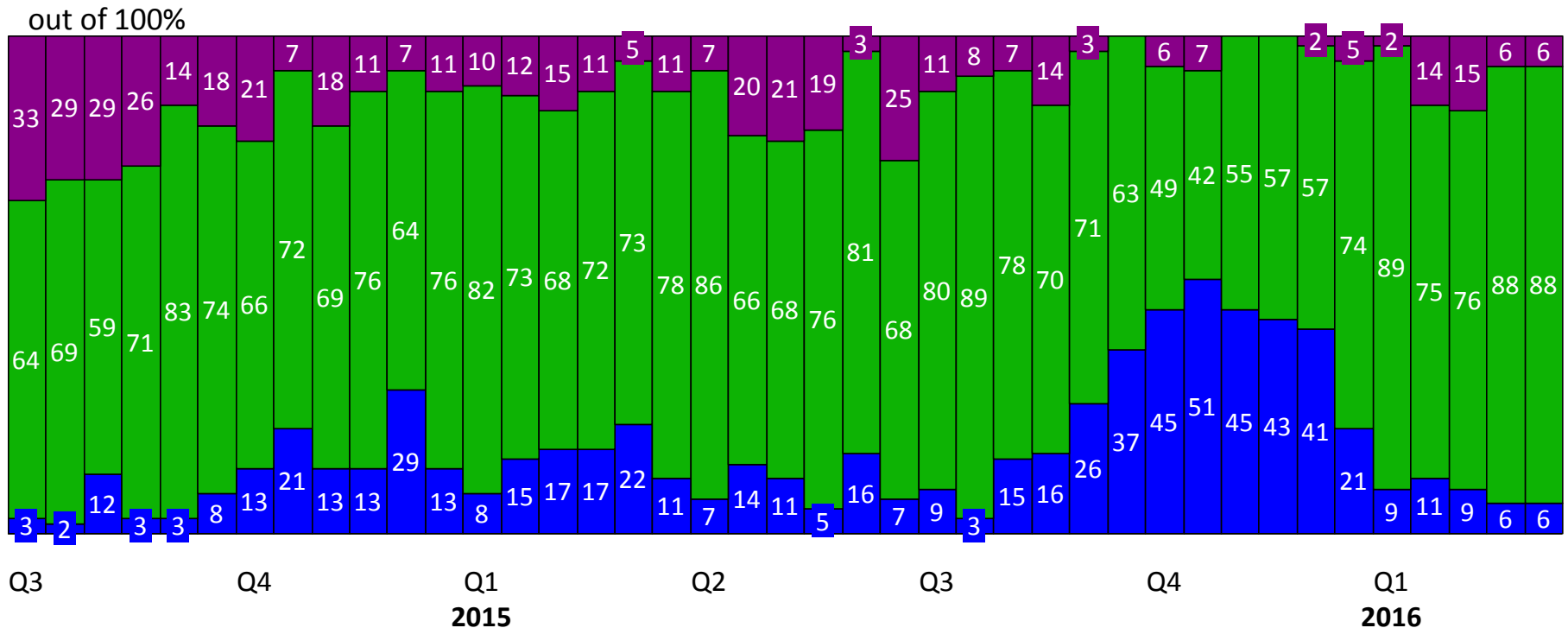
- Our manufacturing customers are increasing orders
- Our manufacturing customers are maintaining their orders
- Our manufacturing customers are reducing their orders



Service Centers on Manufacturer Orders History

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

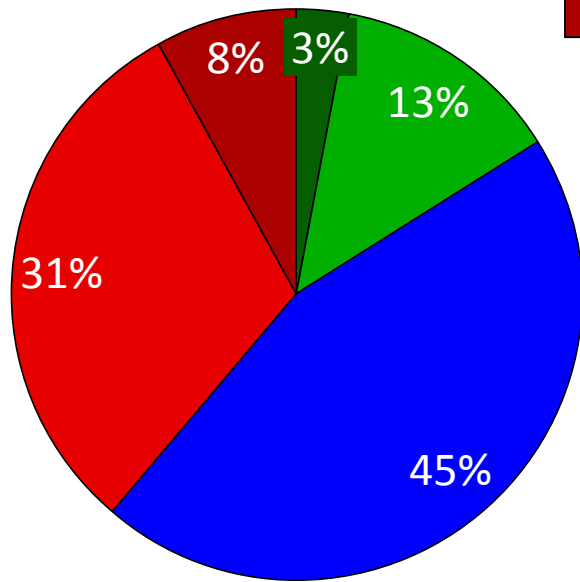
- Our manufacturing customers are increasing orders
- Our manufacturing customers are maintaining their orders
- Our manufacturing customers are reducing their orders



Mill Lead Times

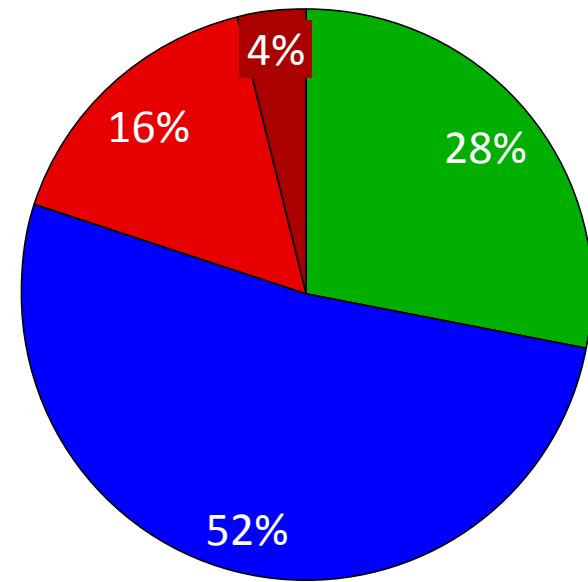
How would you describe domestic mill lead times for new orders placed right now?

Manufacturers



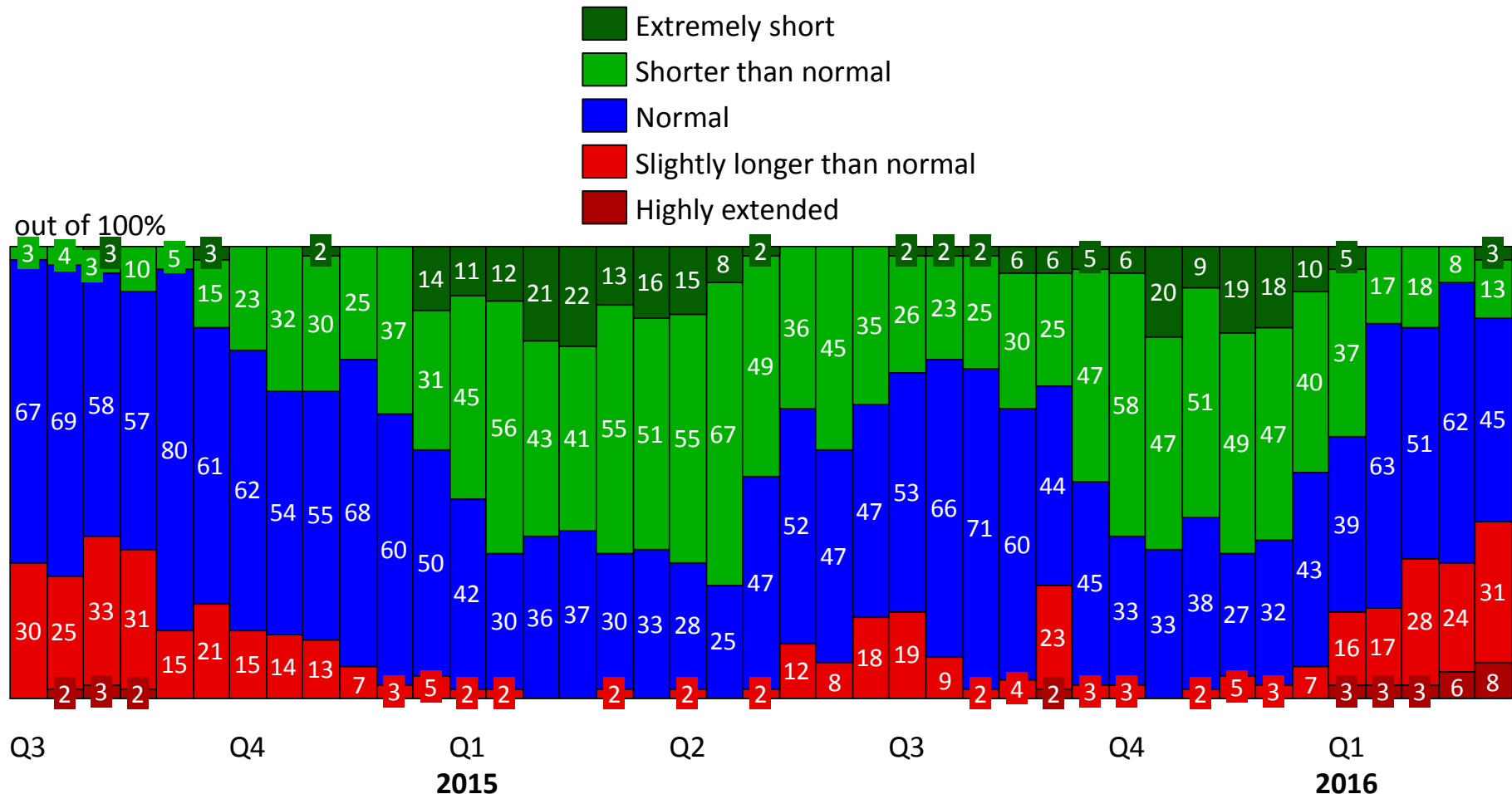
- Extremely short
- Shorter than normal
- Normal
- Slightly longer than normal
- Highly extended

Service Centers



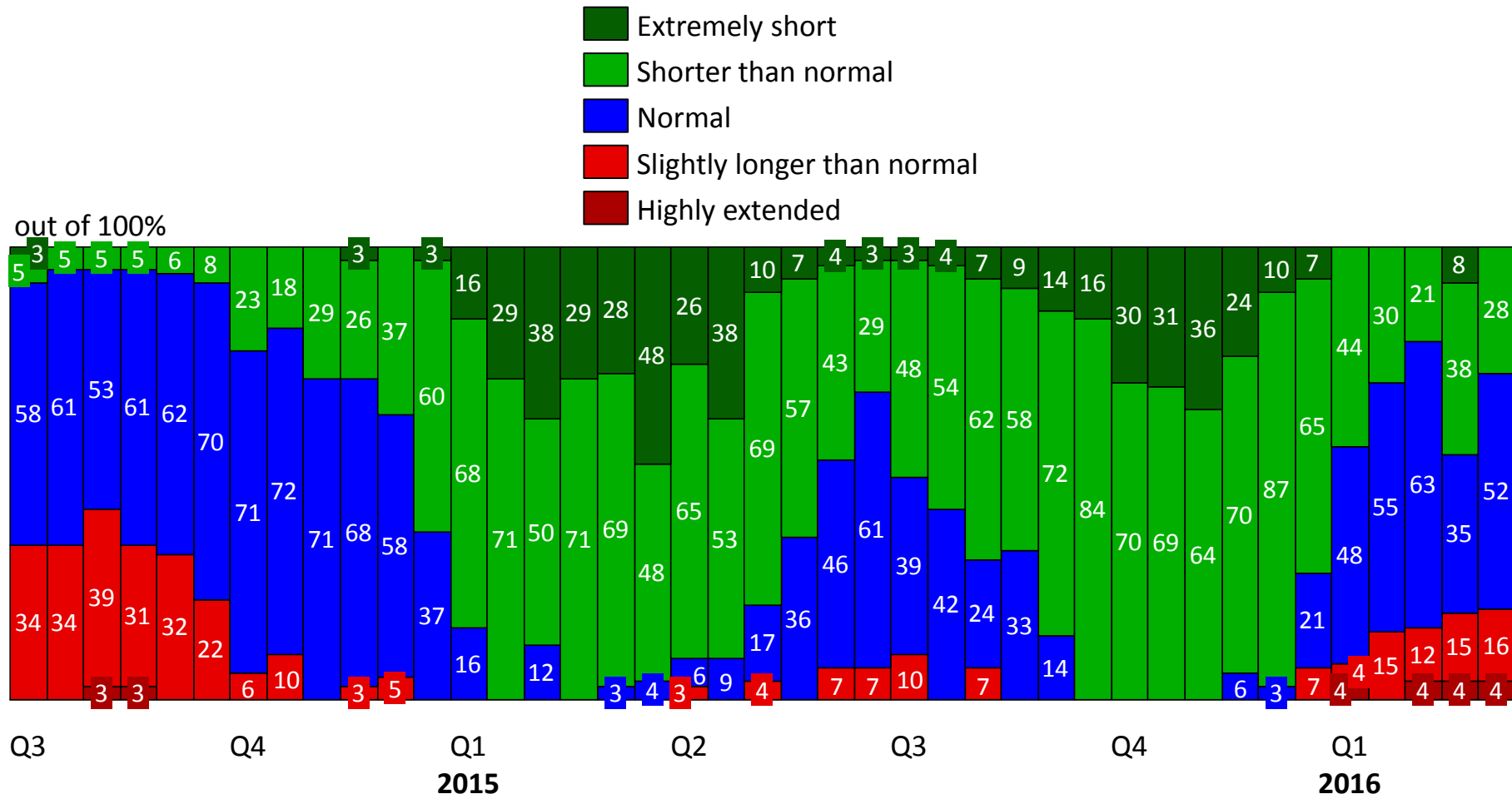
Mill Lead Times History

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?

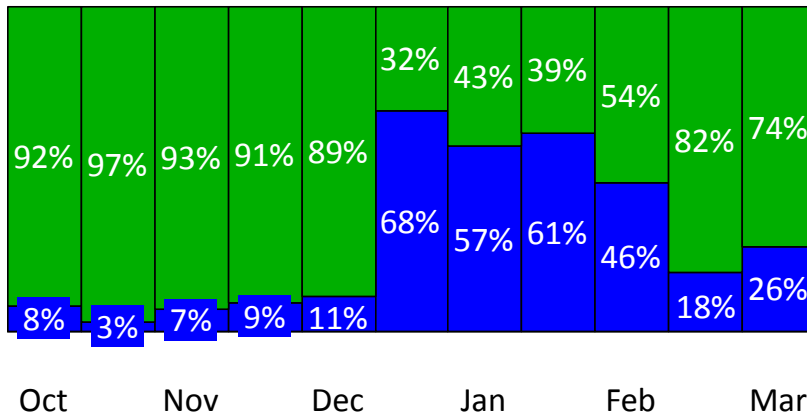


Mill Negotiations

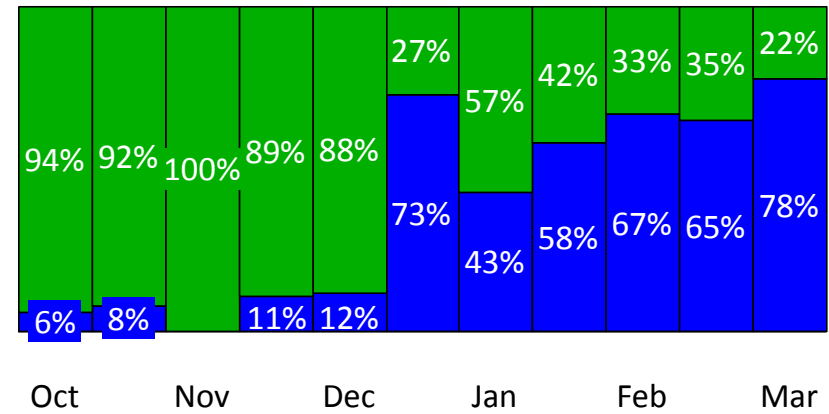
Are you finding the domestic mills are willing to negotiate pricing on brand new orders placed this week?

Yes No

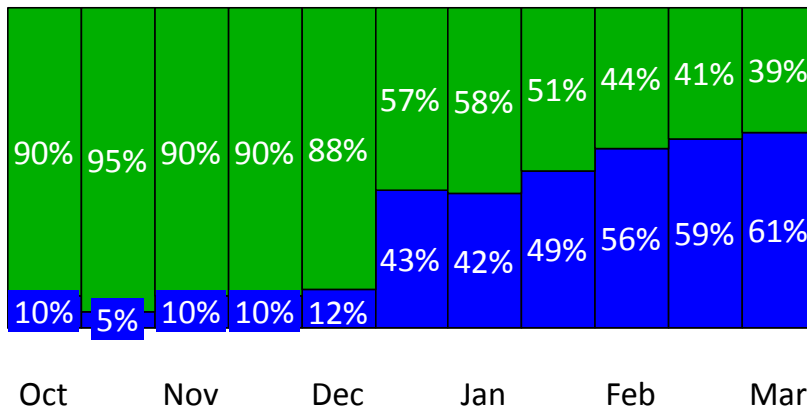
Hot Rolled Orders



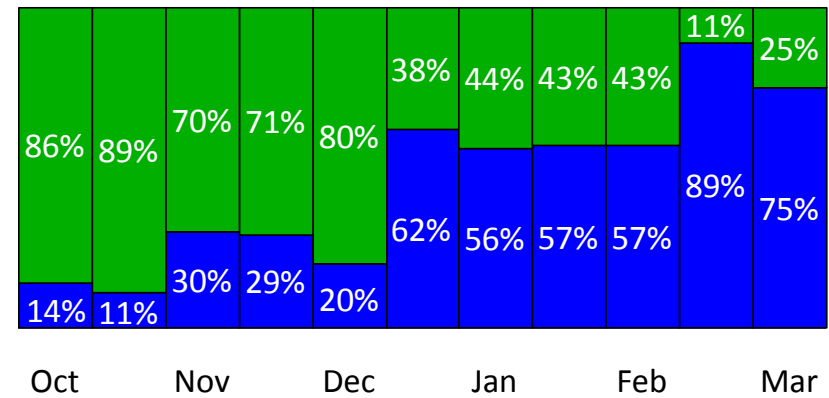
Cold Rolled Orders



Galvanized Orders

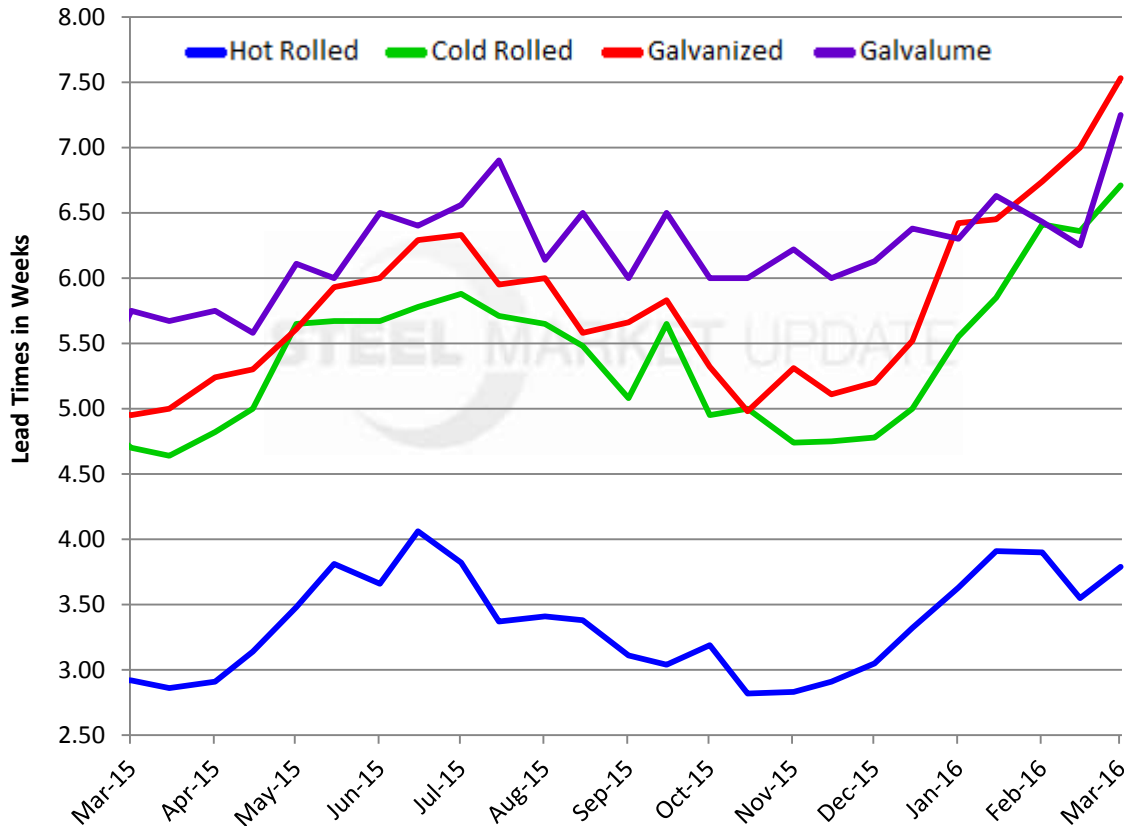


Galvalume Orders



Lead Times (Weeks)

Steel Market Update Lead Times Comparison



Hot Rolled: 3.79
Cold Rolled: 6.71
Galvanized: 7.53
Galvalume: 7.25

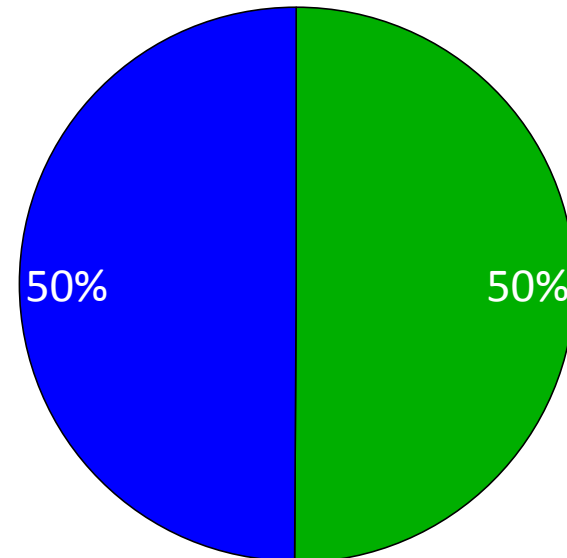
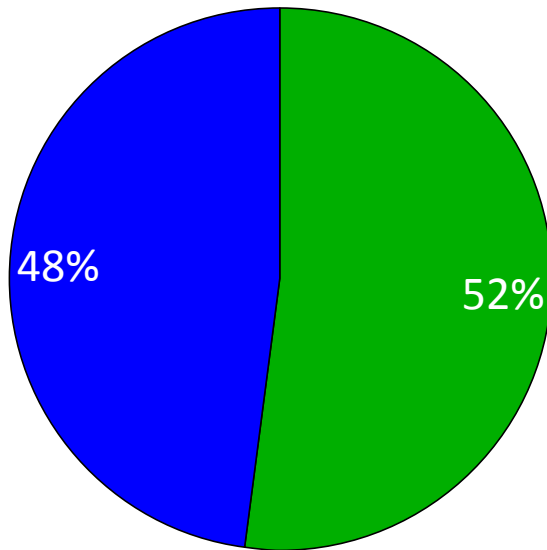
Domestic and Foreign Price Spread

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

Manufacturers

Service Centers

Yes No

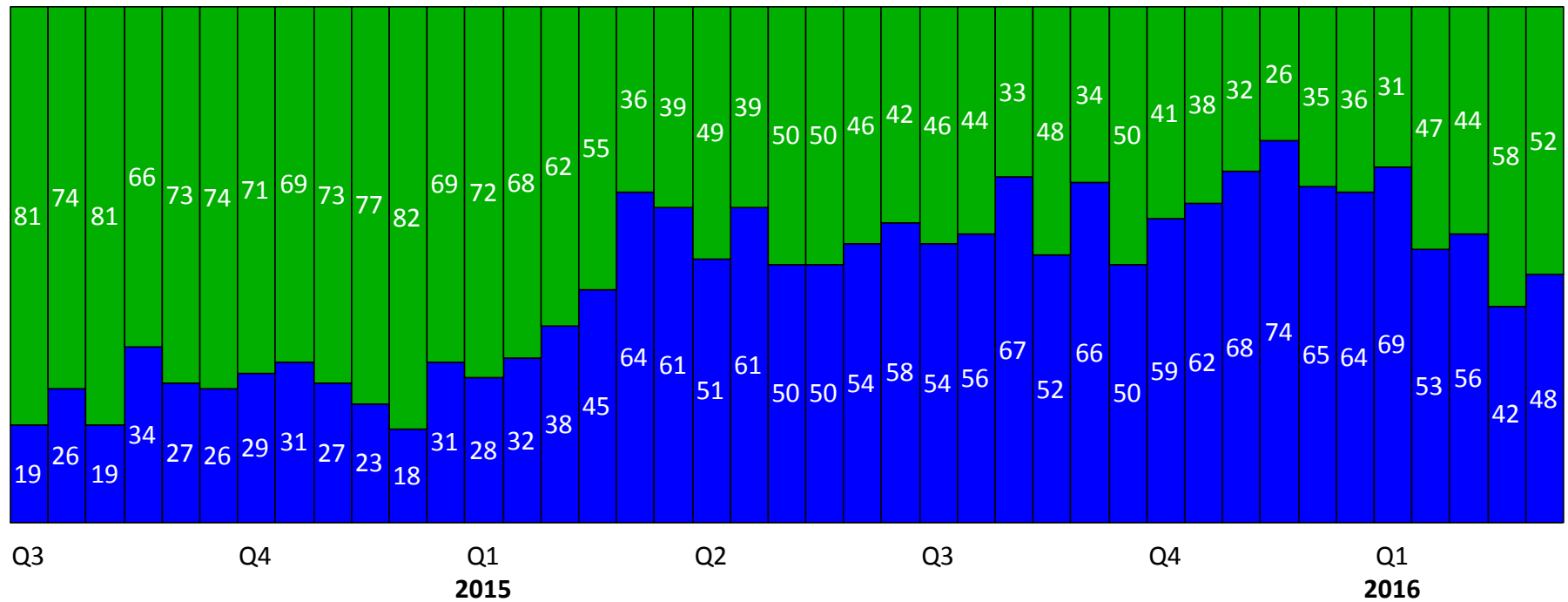


Domestic and Foreign Price Spread

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

Yes No

out of 100%

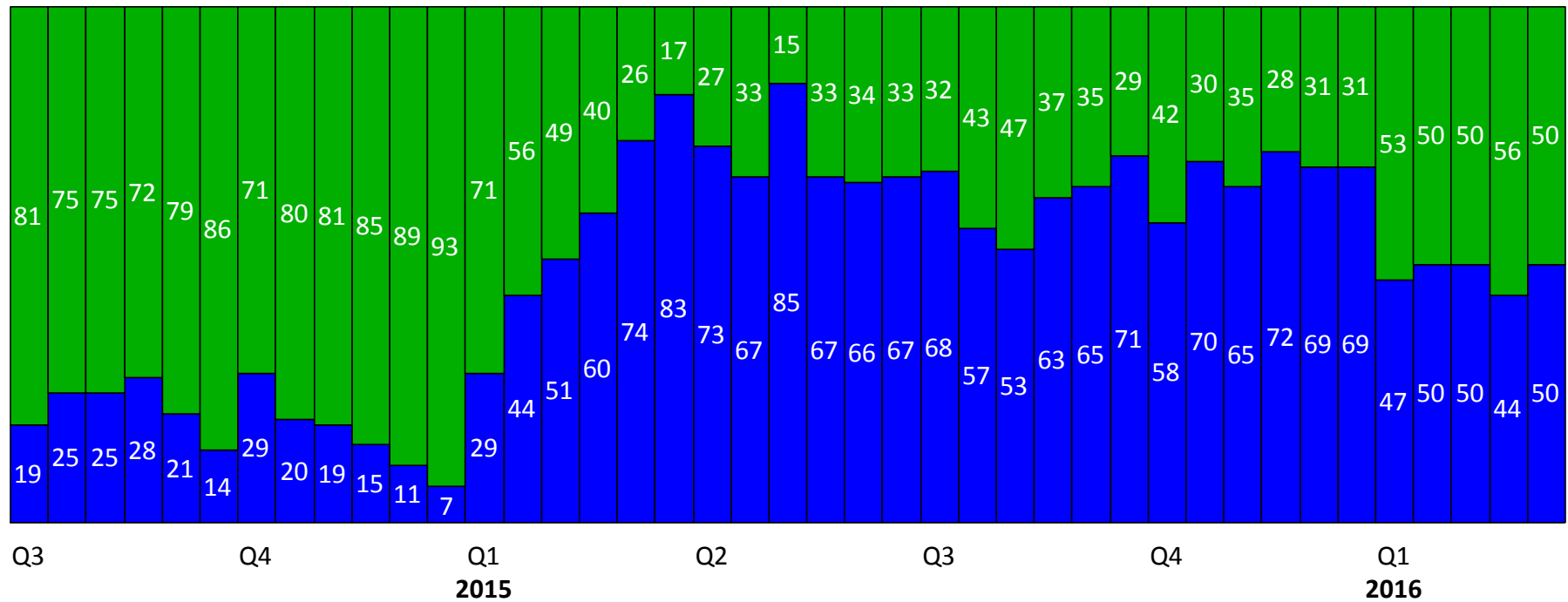


Domestic and Foreign Price Spread

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

Yes No

out of 100%



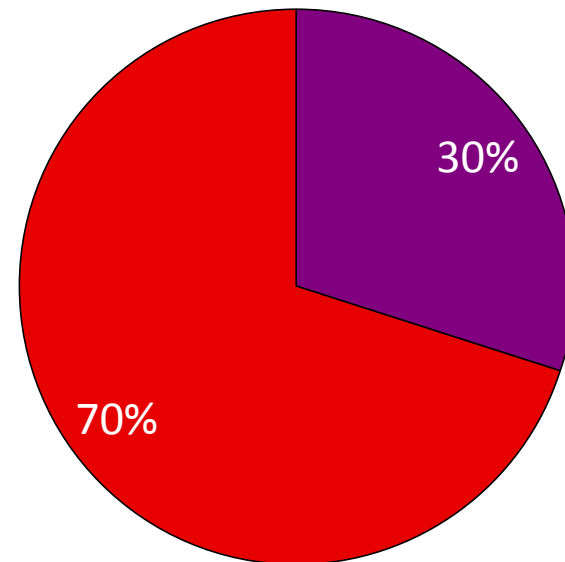
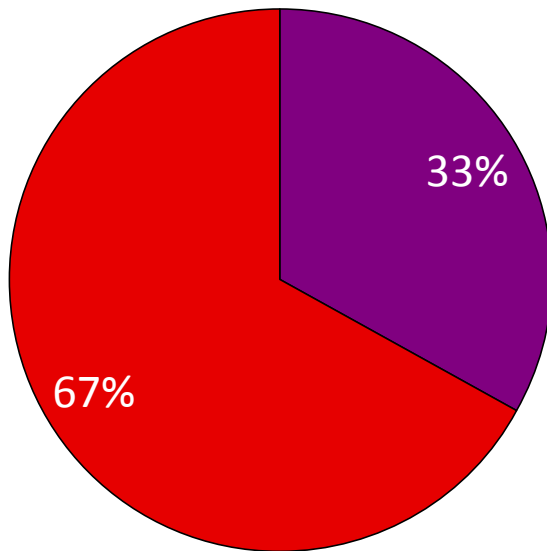
New Foreign Orders

Is your company entering new foreign orders right now?

Manufacturers

Service Centers

Yes No

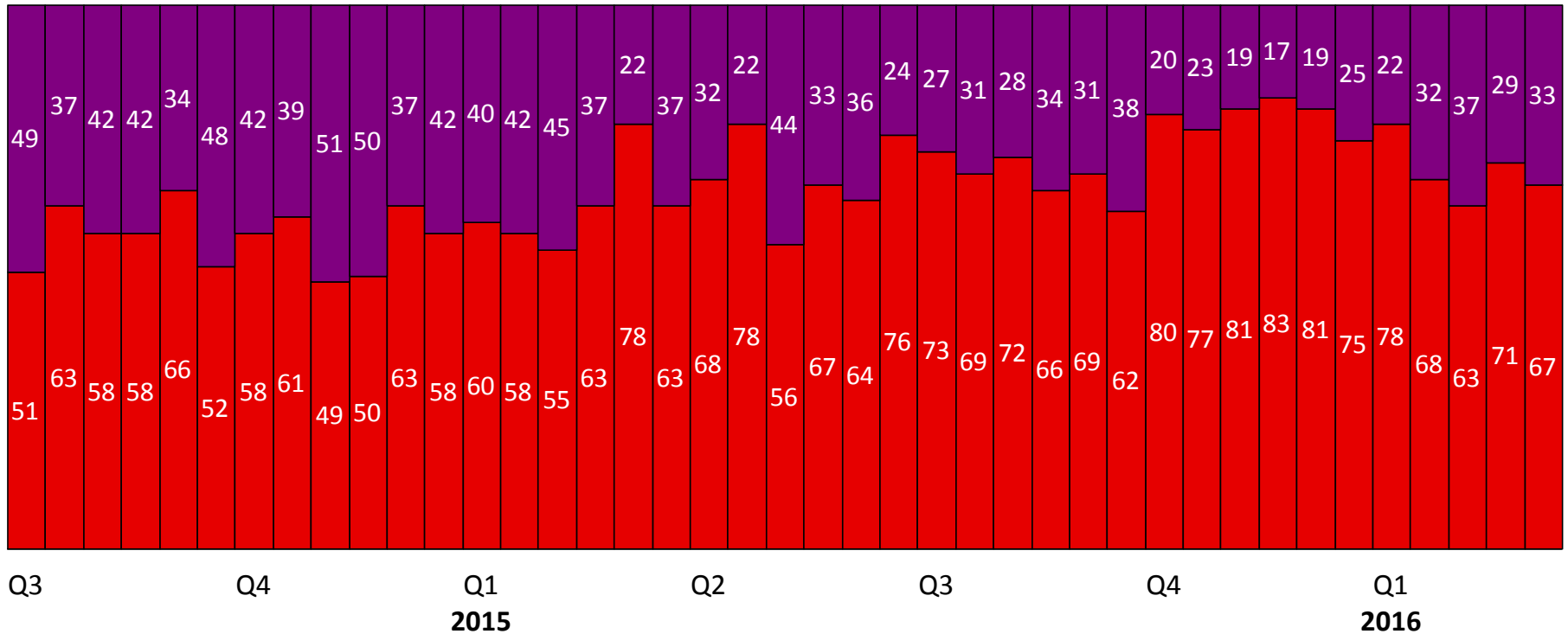


New Foreign Orders

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

Yes No

out of 100%

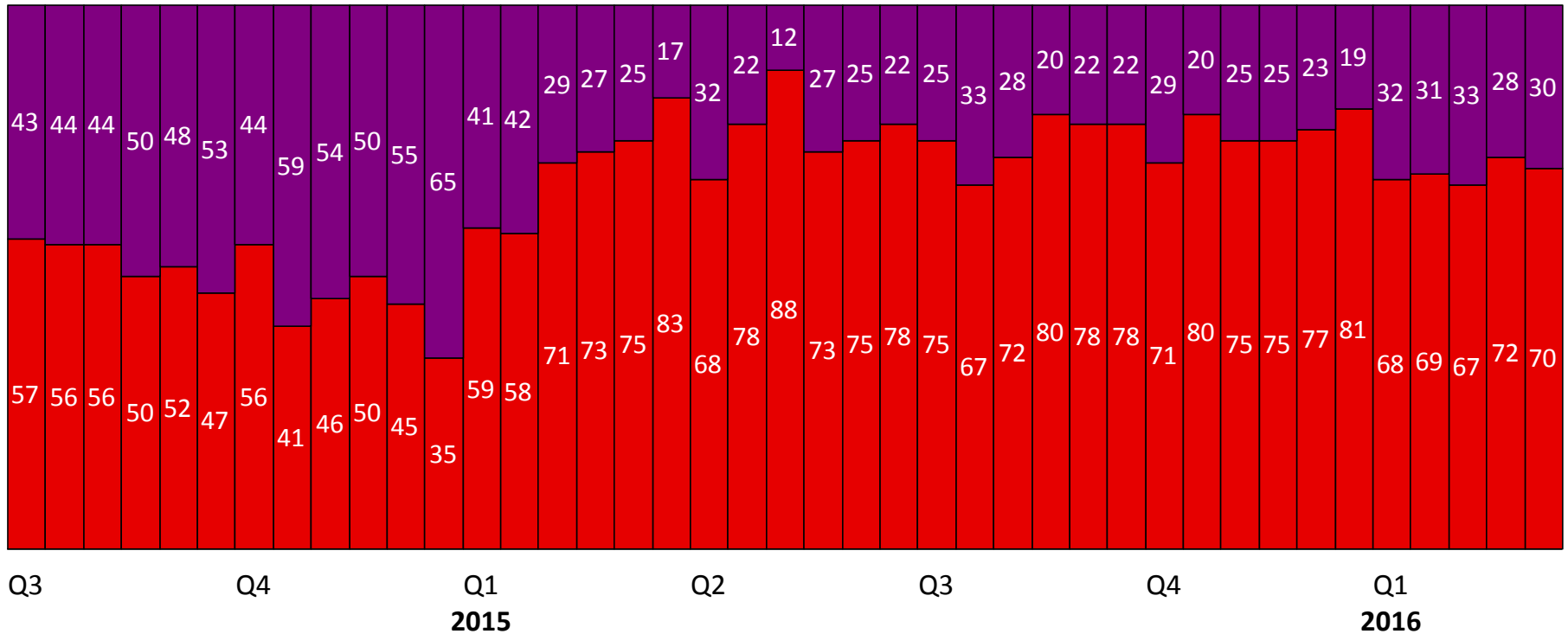


New Foreign Orders

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

Yes No

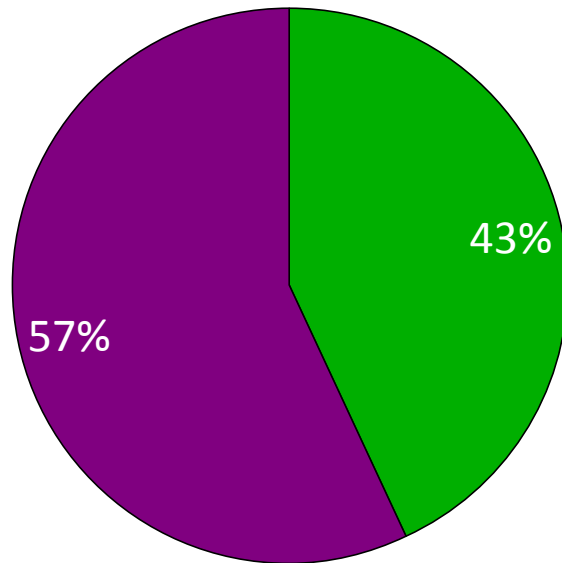
out of 100%



Trading Companies

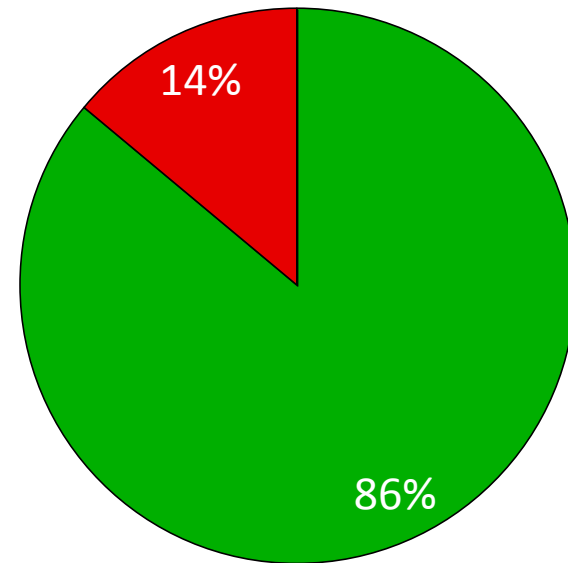
At this time, are you seeing an increase in requests for quotes from North American buyers for foreign steel?

Yes No



Are foreign steel prices rising compared to one month ago?

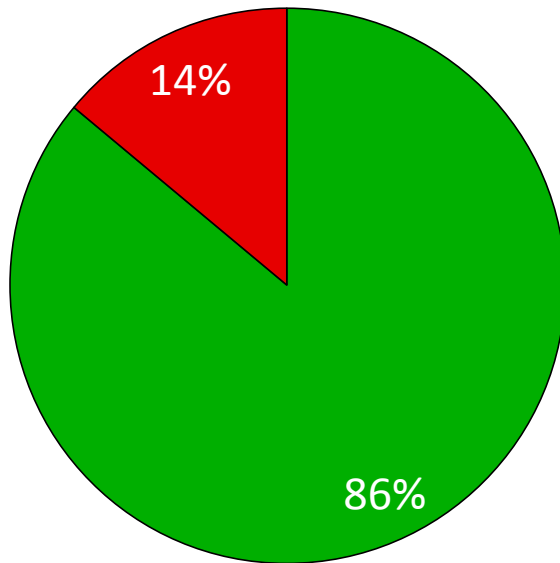
Yes
No
Remaining the same



Trading Companies

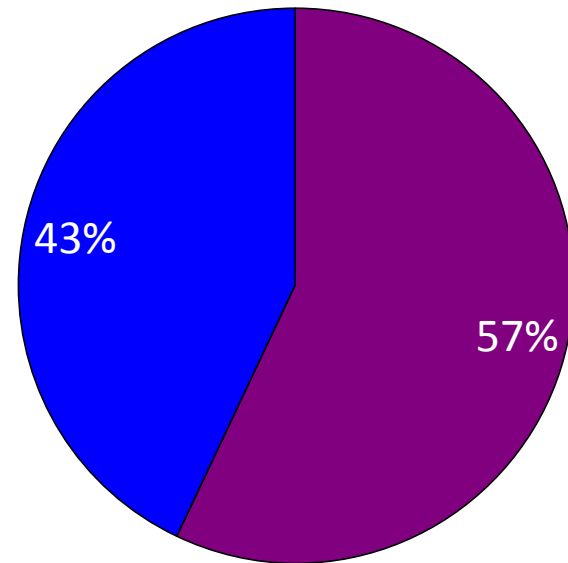
Are the foreign offers being made priced at levels where you are confident business can be transacted?

Yes No



Have the trade suits affected your ability to quote and service your U.S. customers?

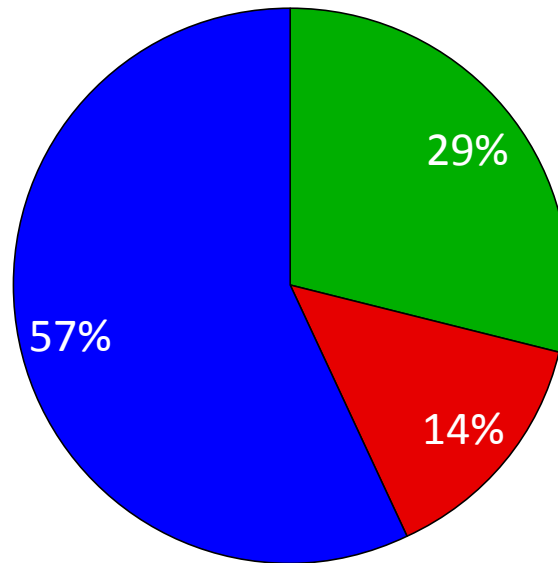
Yes No



Trading Companies

Will the recently passed trade and enforcement legislation impact your ability to sell foreign steel into the US?

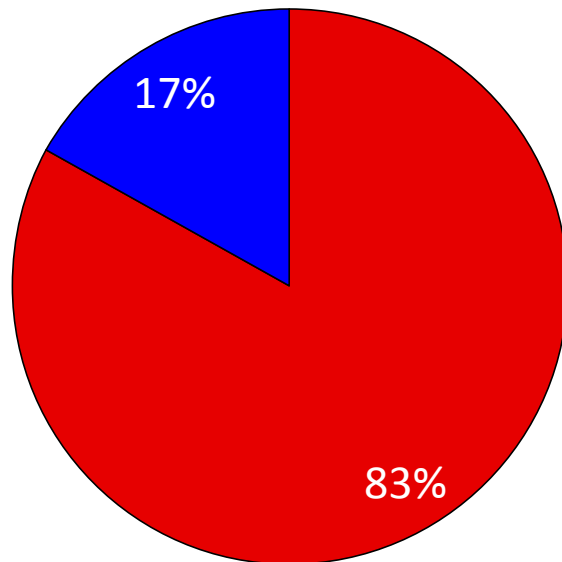
- Yes
- No
- Don't Know Yet



Trading Companies

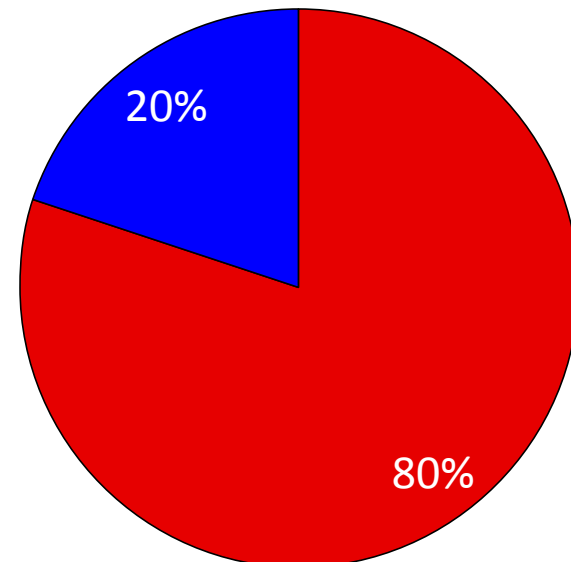
Are foreign galvanized prices more competitive, same, or less competitive than one month ago?

- More competitive
- Same
- Less competitive



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

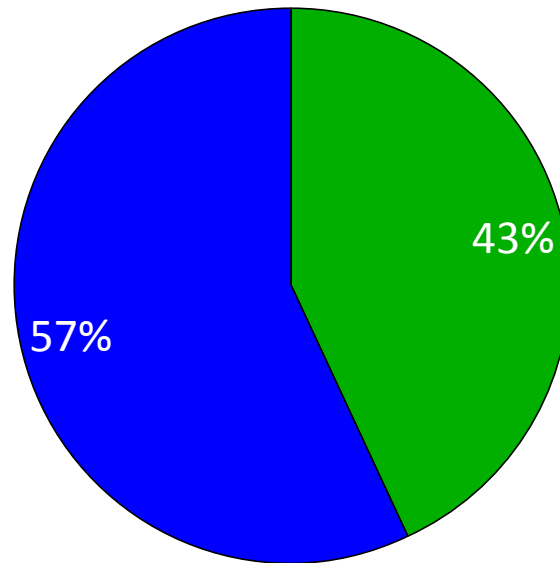
- More competitive
- Same
- Less competitive



Trading Companies

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

- Worse
- Better
- Staying the Same



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
March 14th 2016

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