



STEEL MARKET UPDATE

Steel Trends in a Turbulent Market

Responses from our April 14th 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.

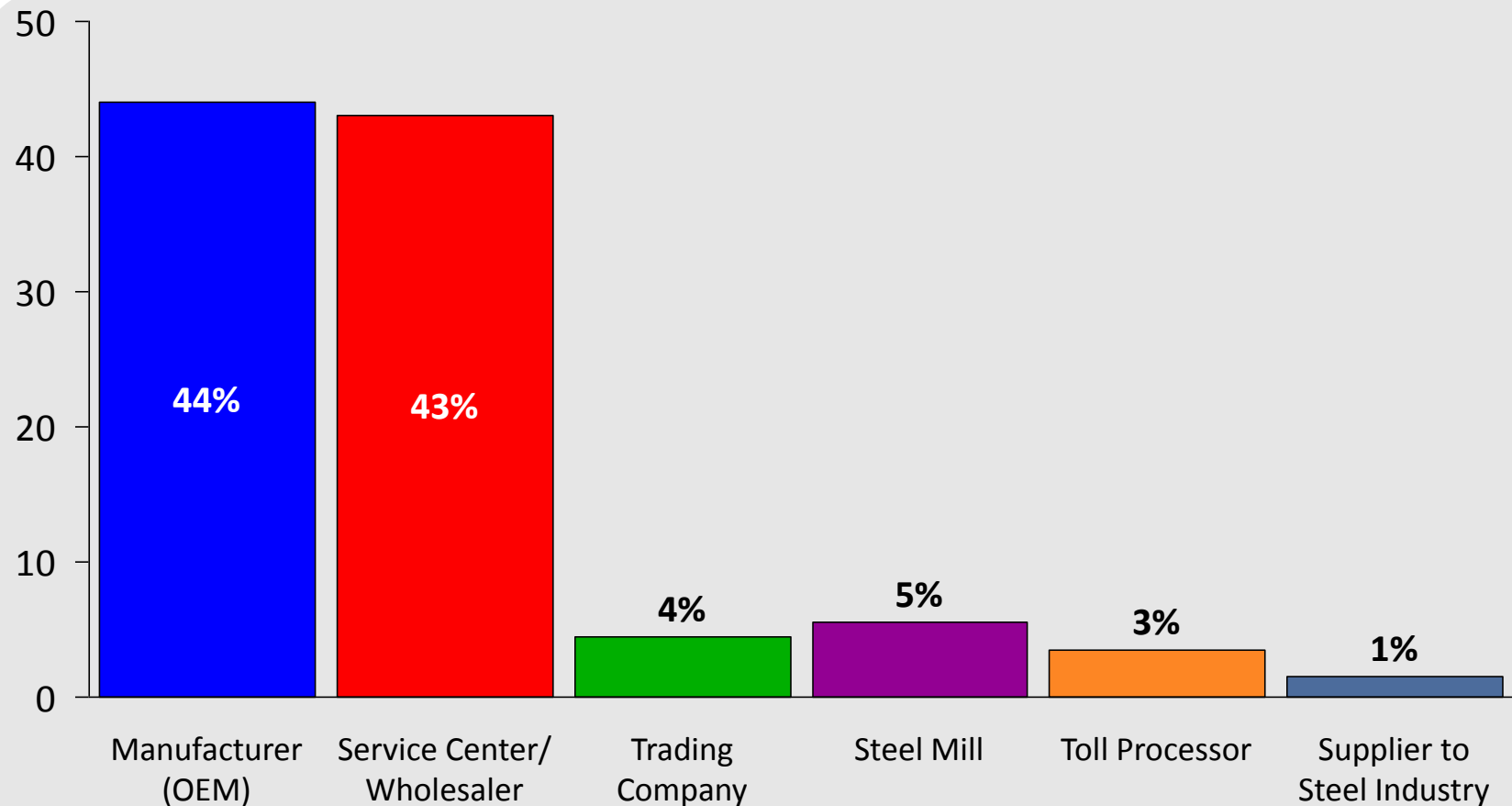
We invite over 600 companies to participate in our surveys.

Normal response rate is 110-170 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 15 points to +58

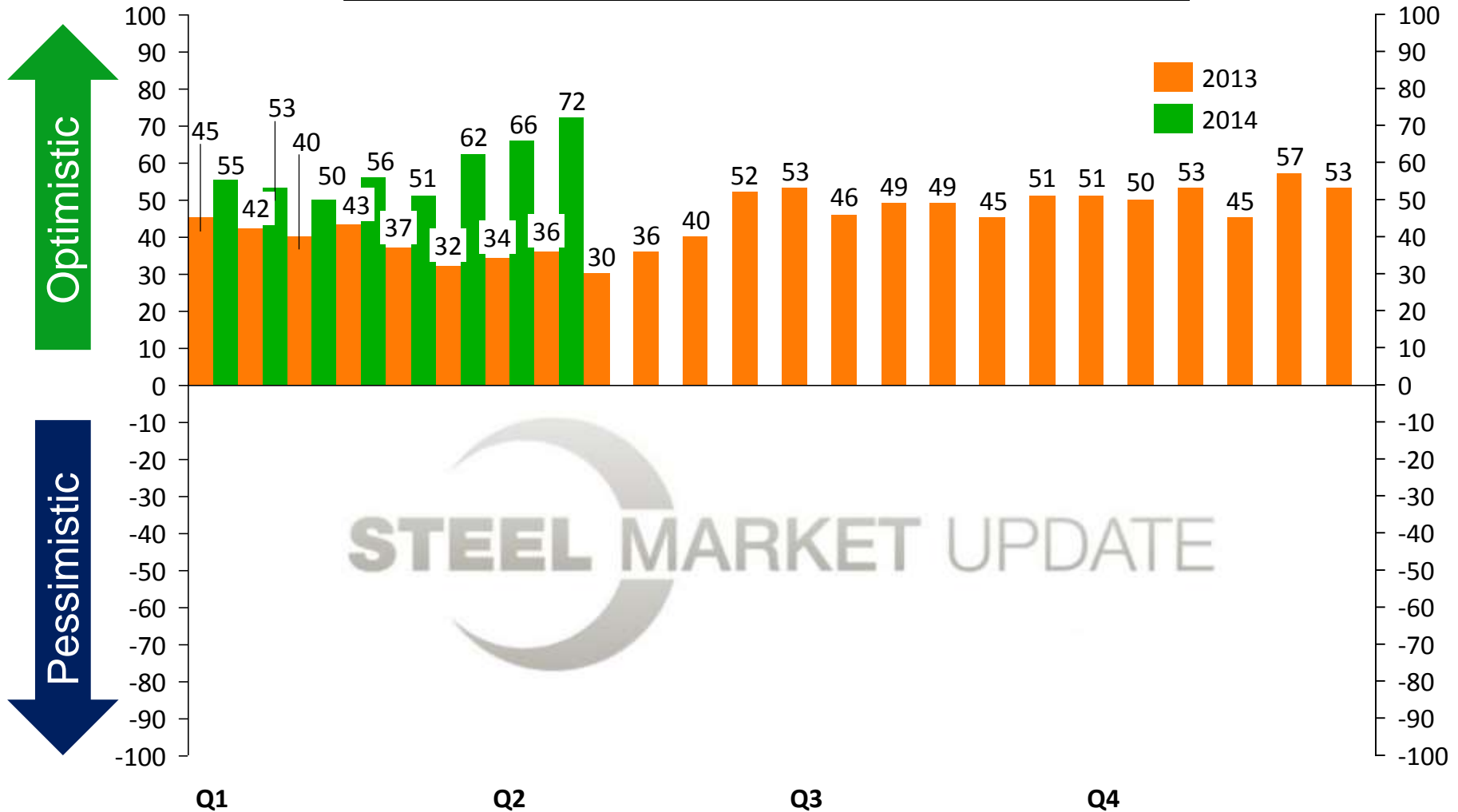
Steel Market Update Buyers Sentiment Index



SMU Future Buyers Sentiment Index

Up 6 points to +72

Steel Market Update 'Future' Buyers Sentiment Index

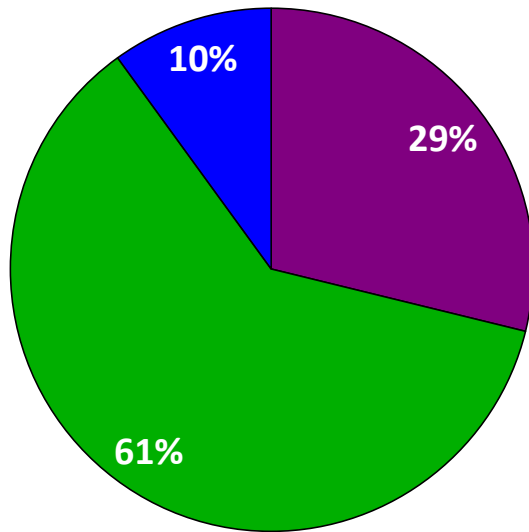


Overall Demand

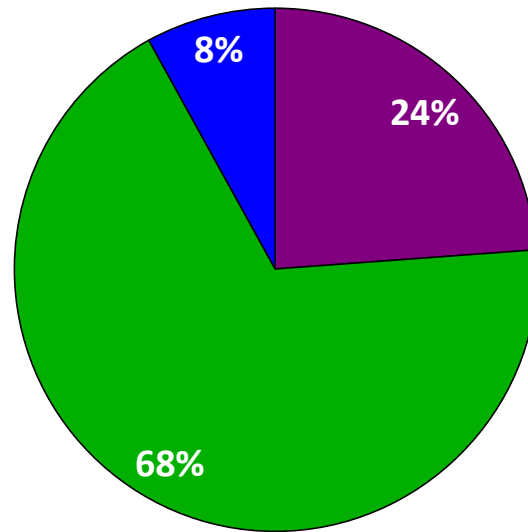
Are you seeing demand for your products improving, remaining the same or declining?

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

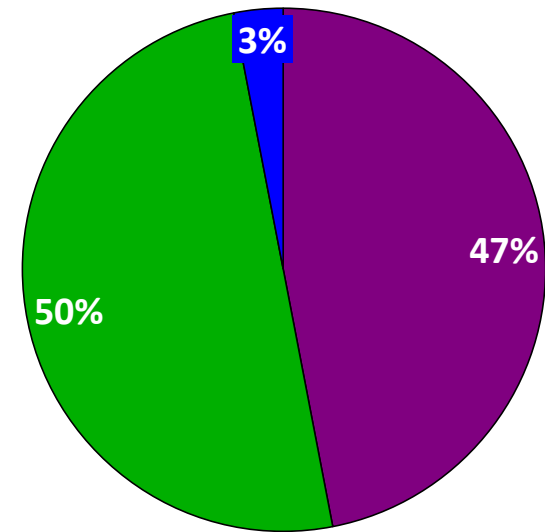
January 10th 2014



March 6th 2014



April 17th 2014

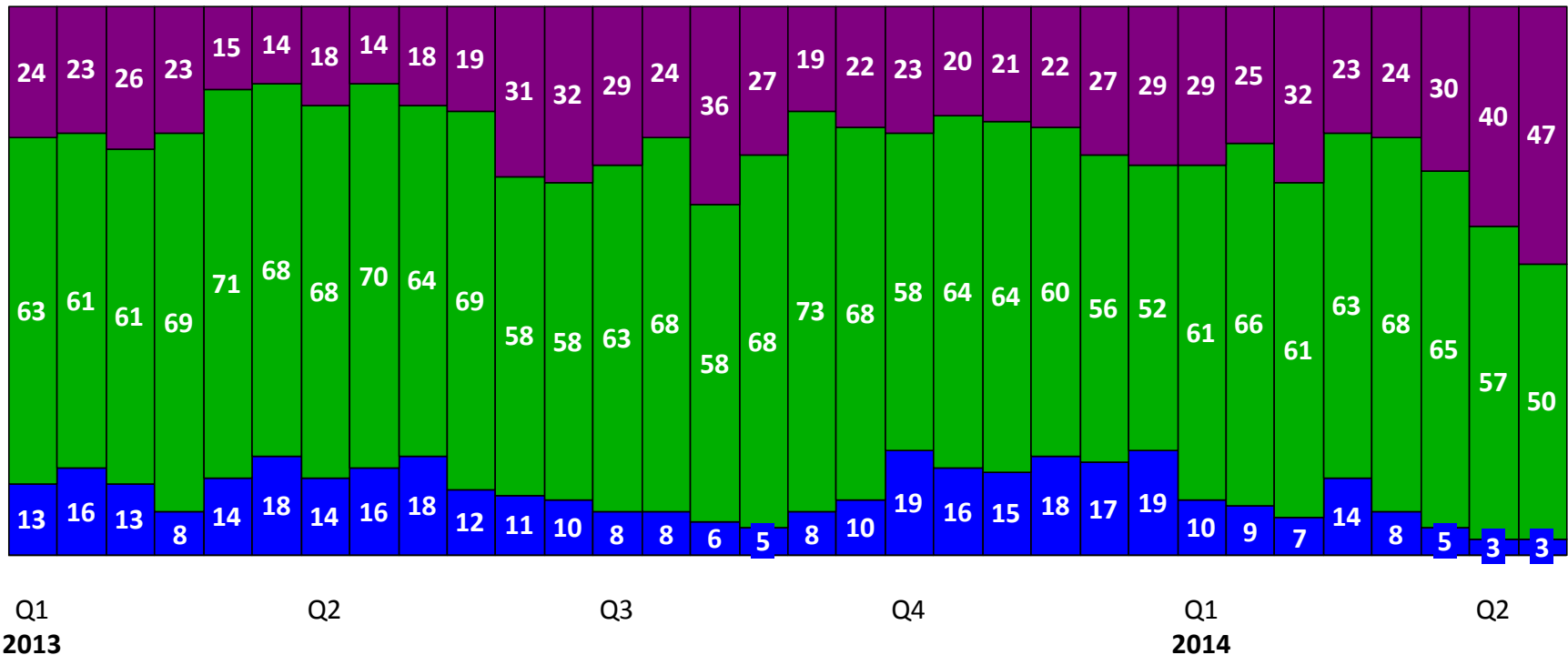


Overall Demand History

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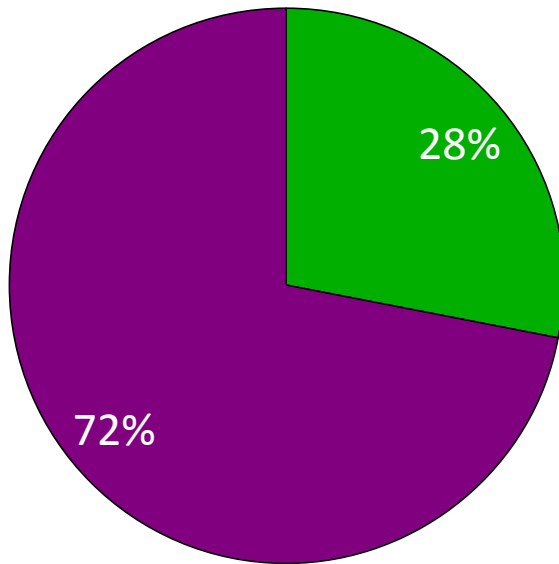
out of 100%



Mill Issues

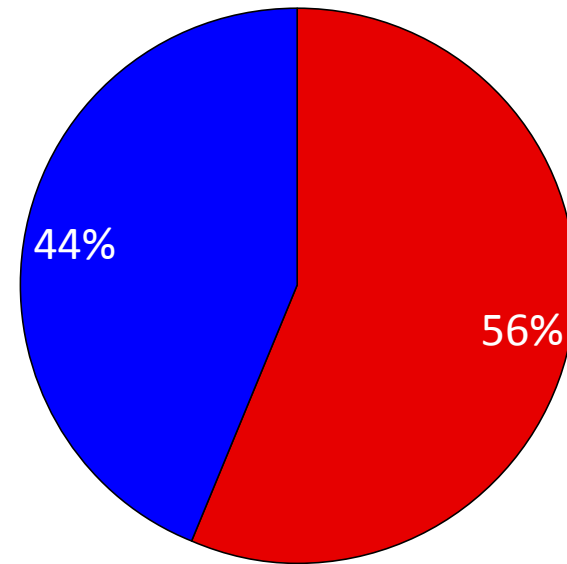
Are you having any issues receiving the steel you have on order from the domestic steel mills?

Yes No



Are you concerned that domestic mill prices could get out of control due to the production problems at US Steel and other domestic mills?

Yes No



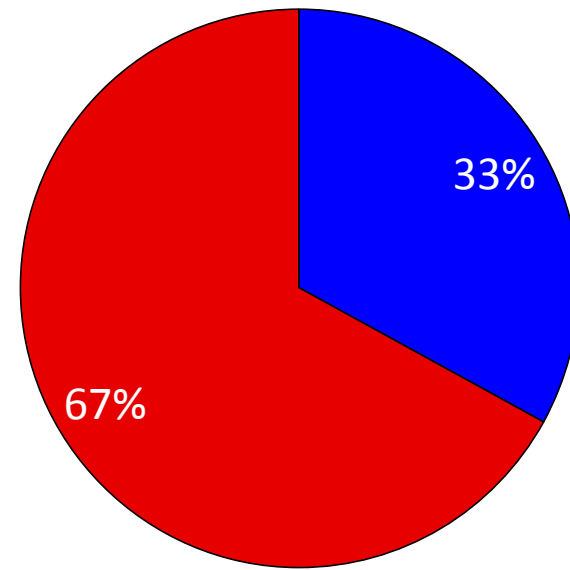
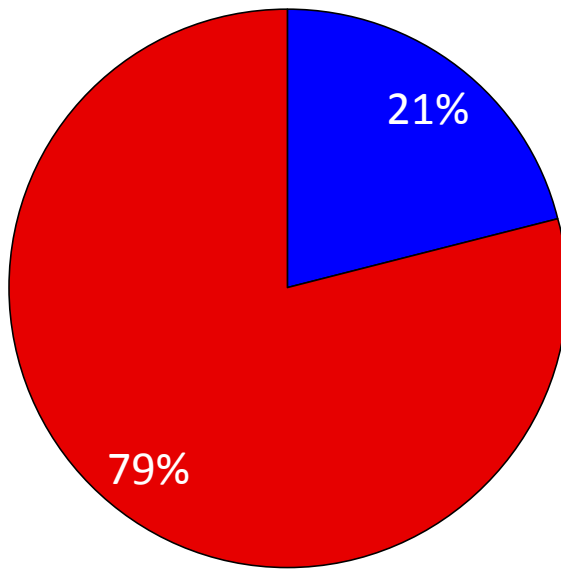
Impact of US Production Issues

Are you placing foreign steel orders due to production issues at the North American steel mills?

Manufacturers

Service Centers

Yes No

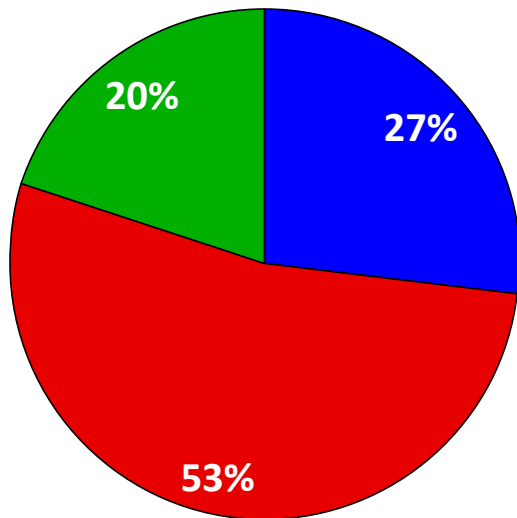


Manufacturer Purchases

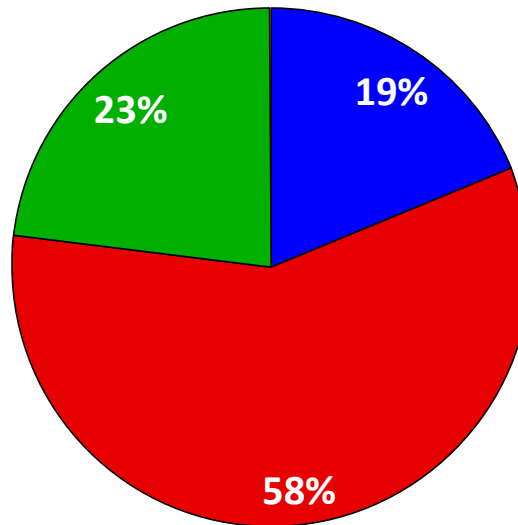
Manufacturers- Compared to this time last year –
is your company buying more, less or the same
amount of flat rolled steel as one year ago?

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

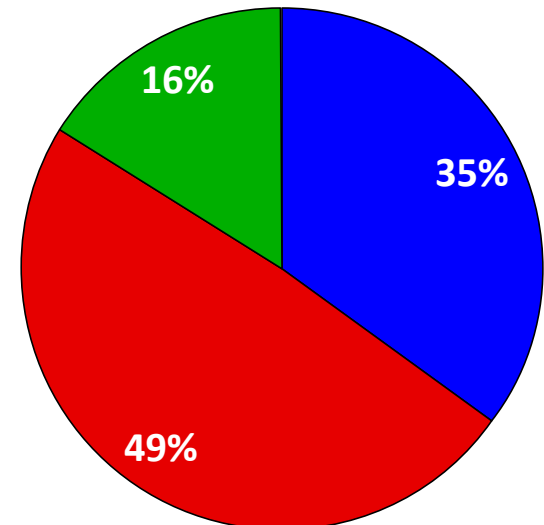
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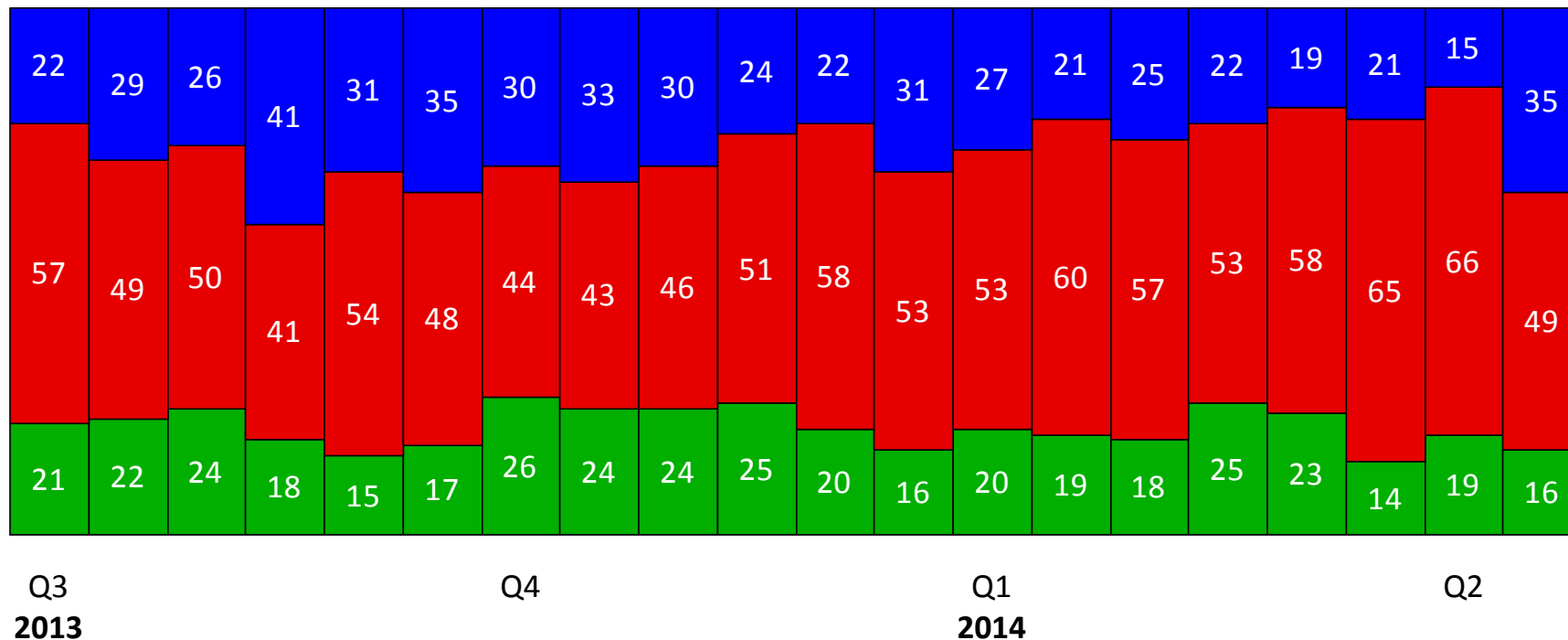


History of Manufacturer Purchases

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%

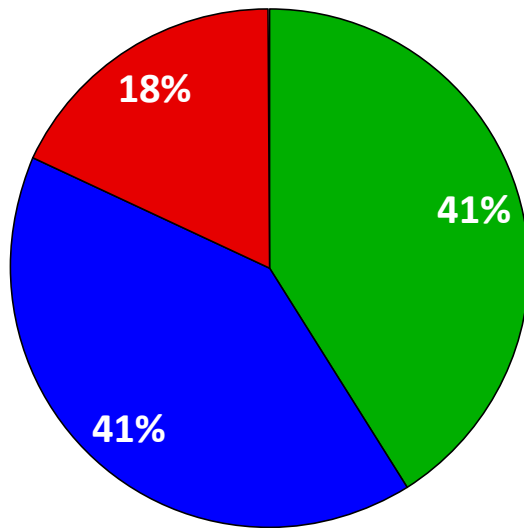


Service Center Releases

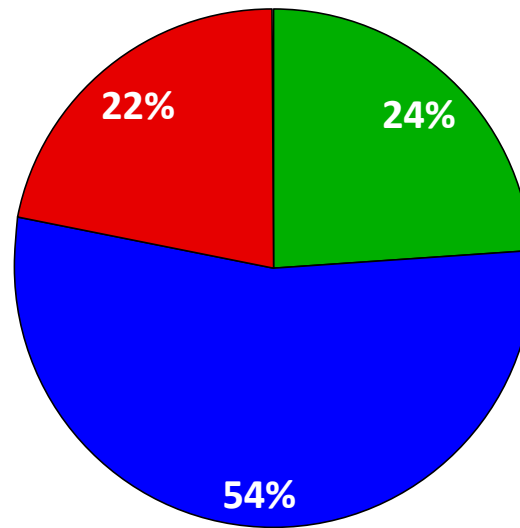
Service Centers- How do you see your customers releases (demand) for the products your company provides this year compared to this time last year?

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

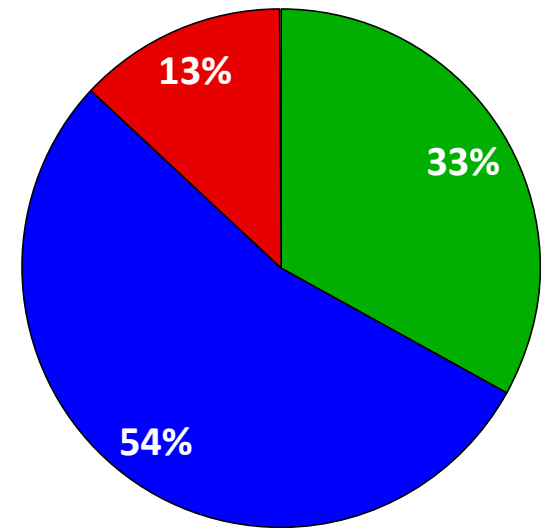
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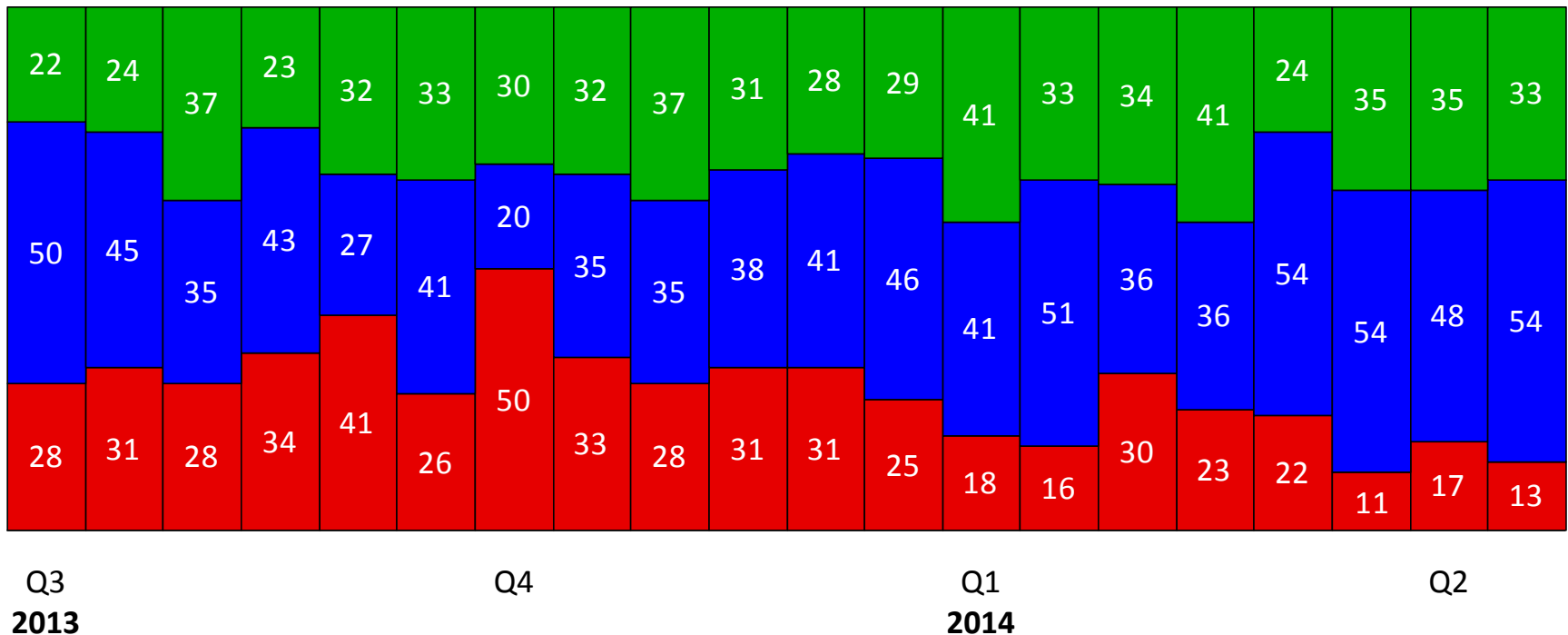


Service Center Release History

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

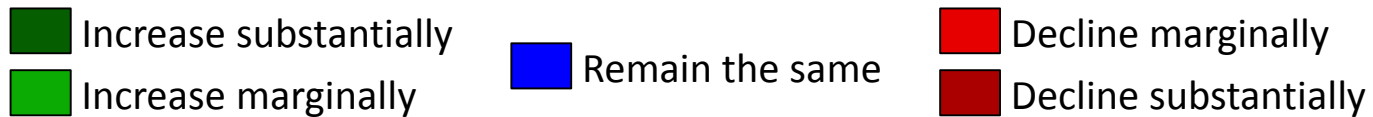
- Releasing more steel
- Releasing the same amount of steel
- Releasing less steel

out of 100%

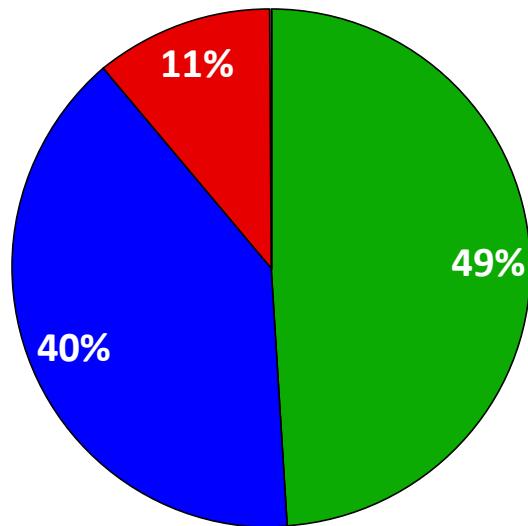


Manufacturer Demand

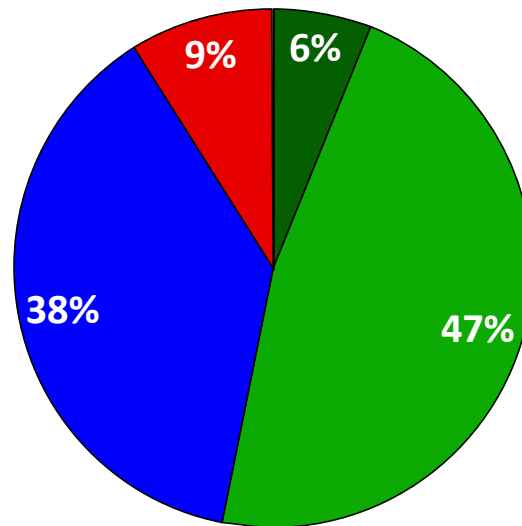
Manufacturers- Demand for your products will _____
over the next 3 months based on current order flows.



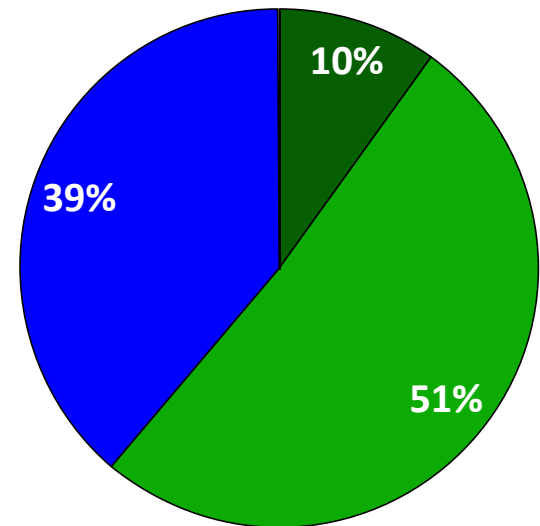
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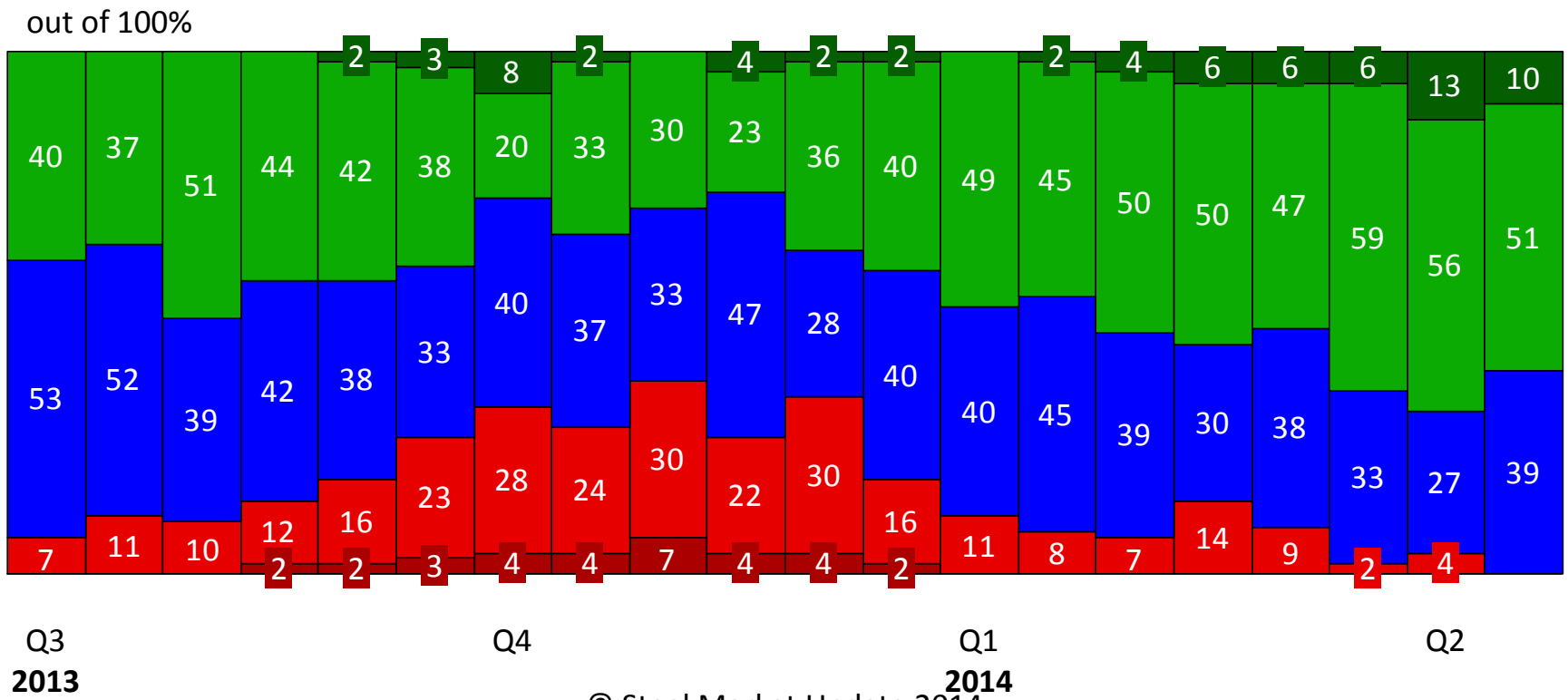
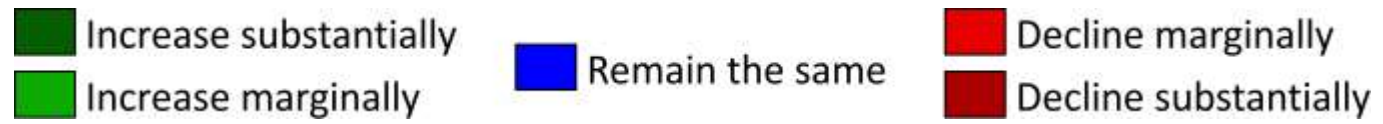


April 17th 2014



Manufacturer Demand History

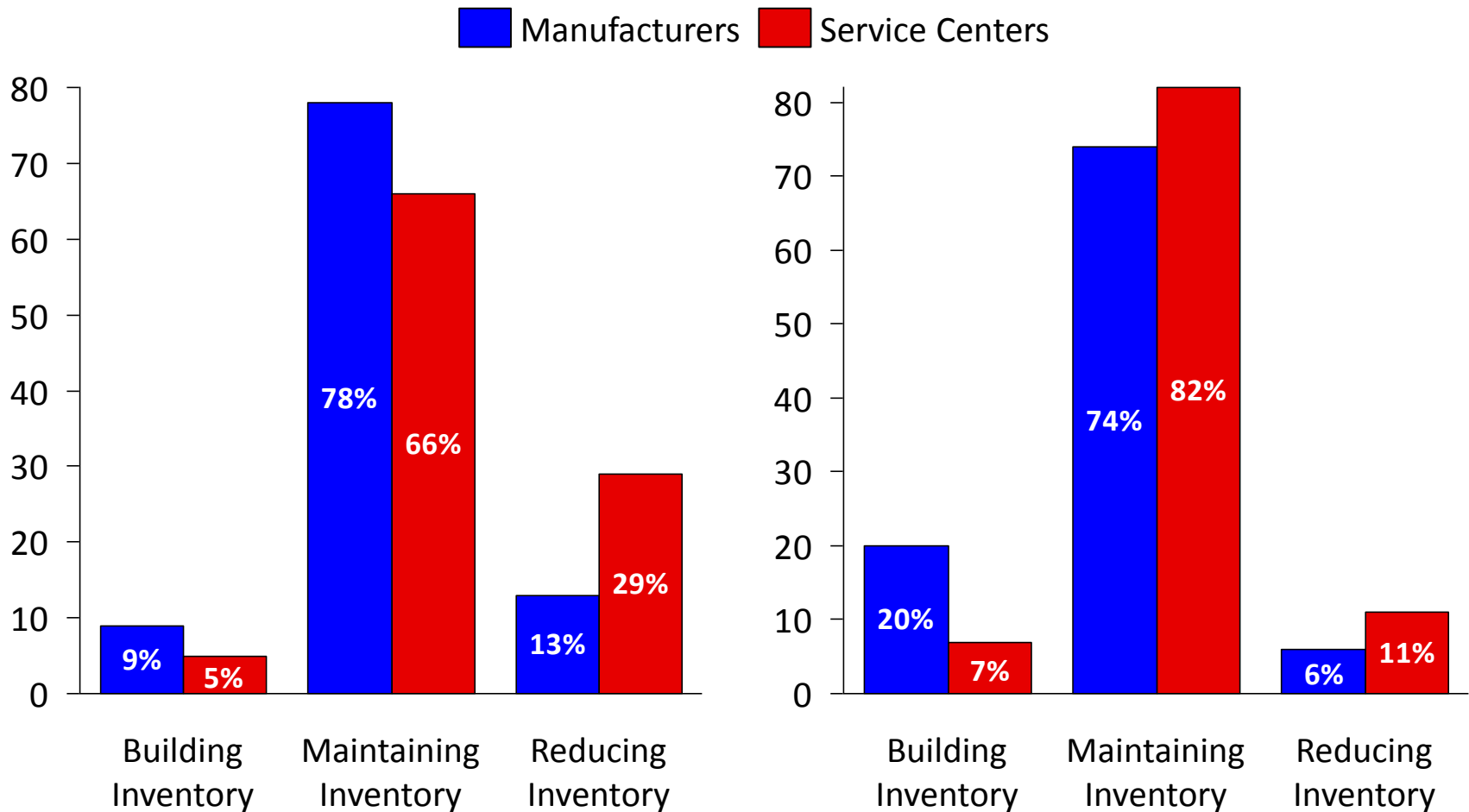
Manufacturers- Demand for your products will _____ over the next 3 months based on current order flows.



Manufacturer and Service Center Inventory Buying Patterns

March 6th 2014

April 17th 2014

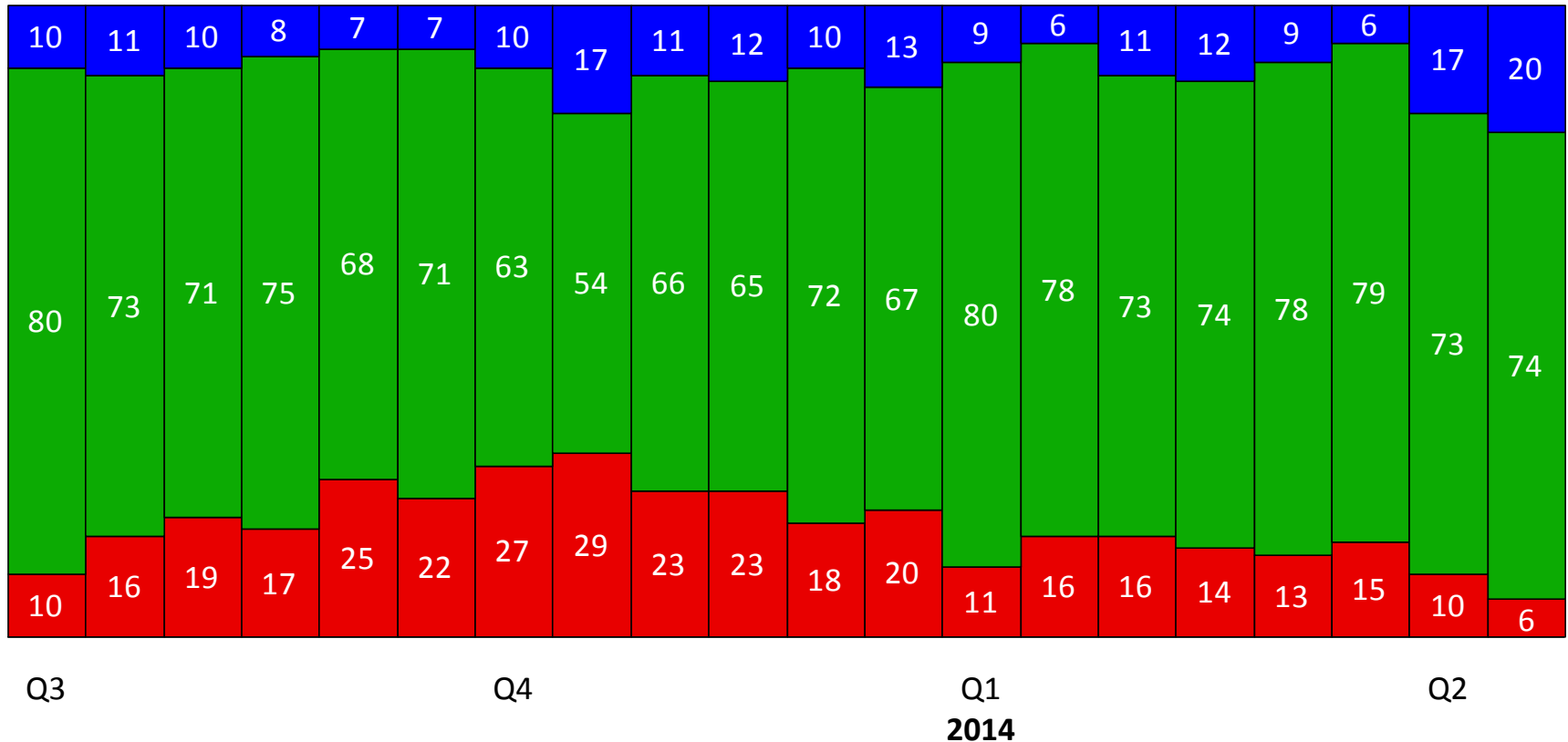


Manufacturer Inventory Buying History

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

■ Building Inventory
 ■ Maintaining Inventory
 ■ Reducing Inventory

out of 100%

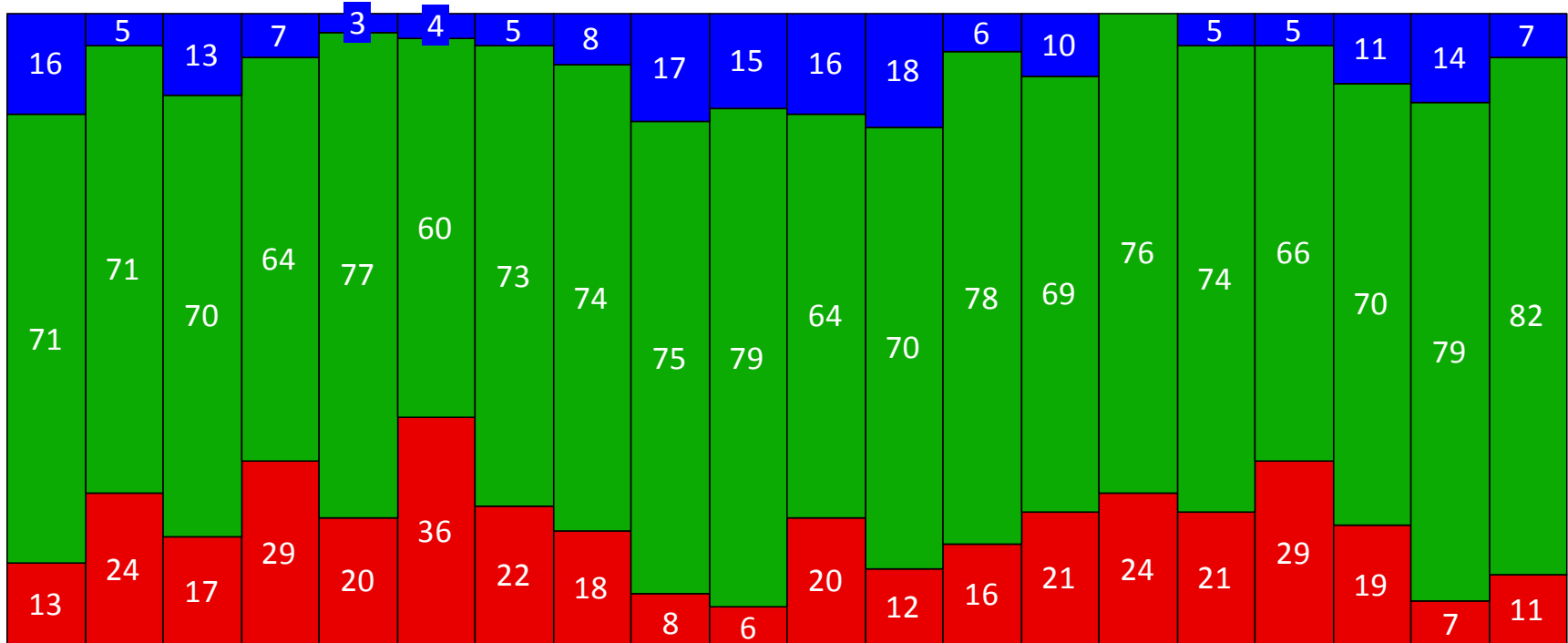


Service Center Inventory Buying History

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

■ Building Inventory
 ■ Maintaining Inventory
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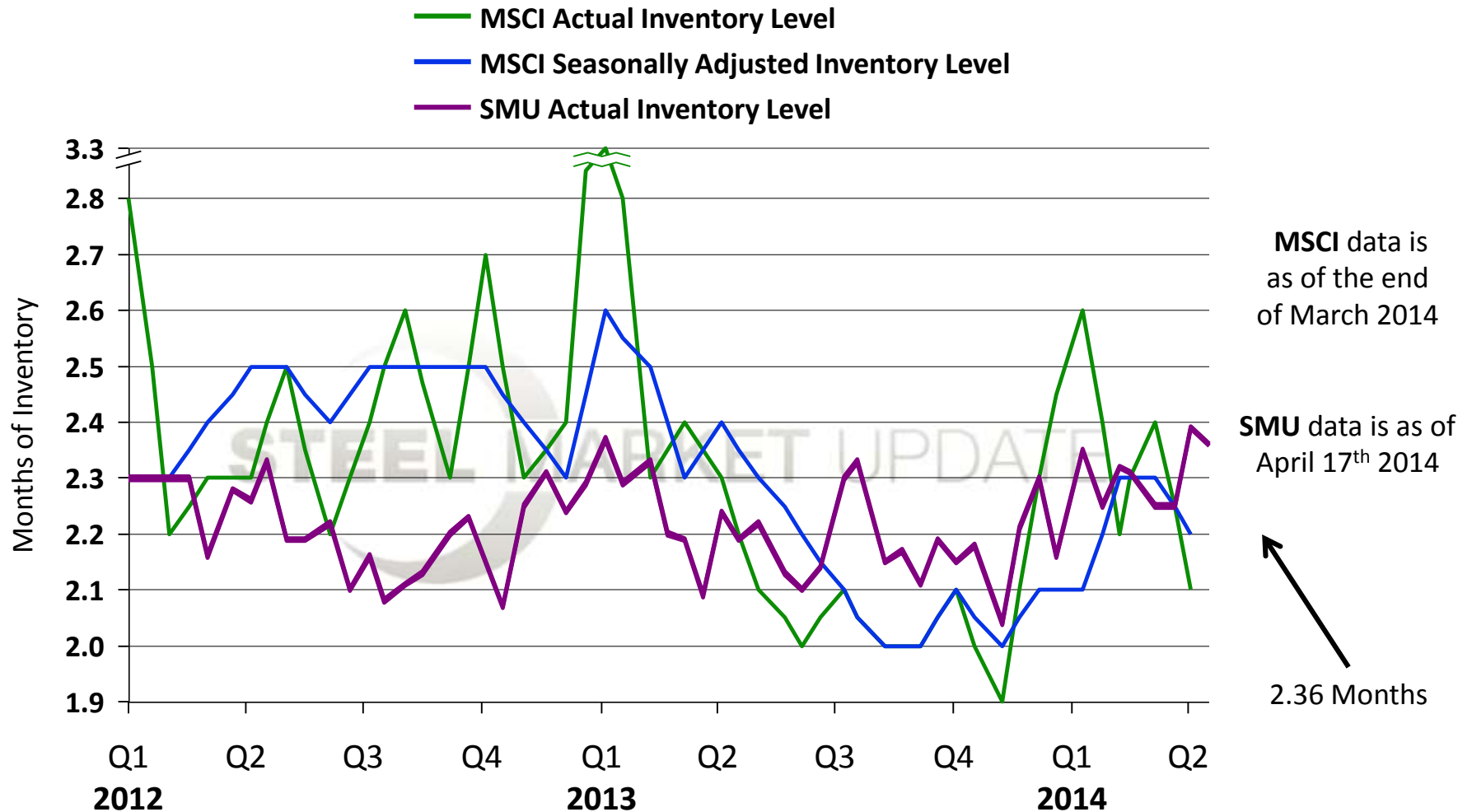
out of 100%



2014




Service Center Months on Hand History

SMU Service Center & MSCI Inventory Level History Comparison

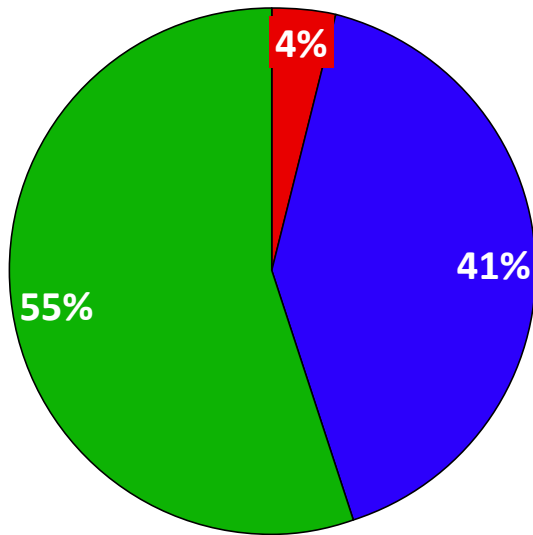


Manufacturer's View of Service Center Selling Prices

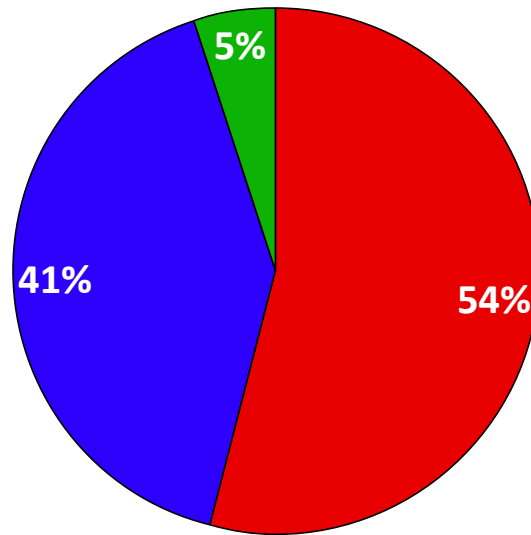
Manufacturers- Which comment do you feel is representative of service center pricing right now?

-  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

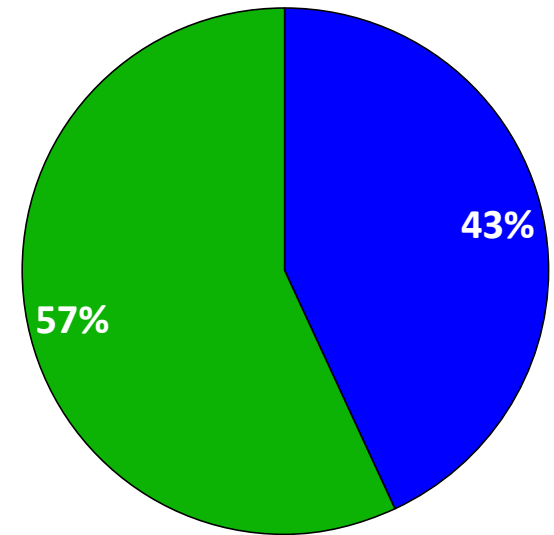
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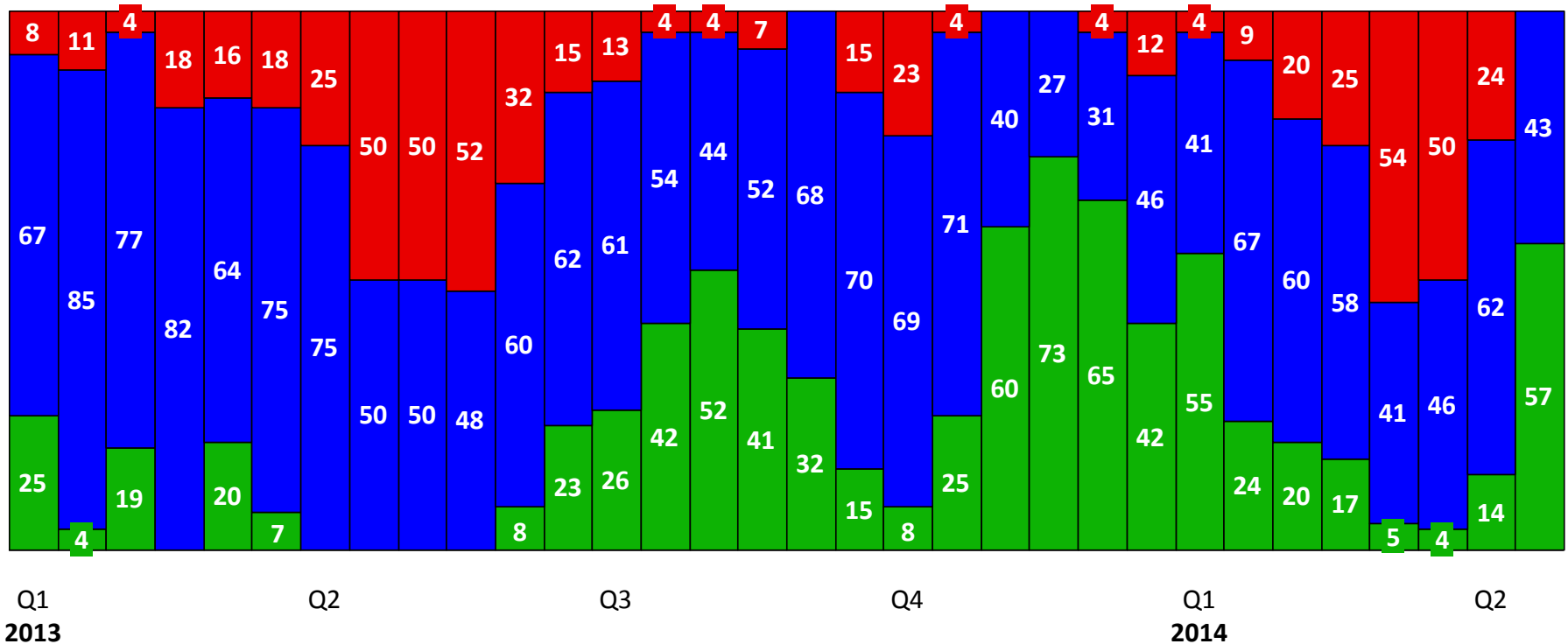


Manufacturer's View of Service Center Selling Prices History

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out of 100%

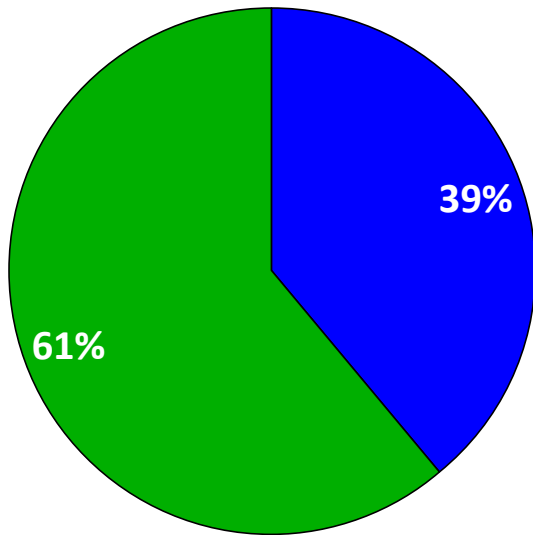


Service Center View of Selling Prices

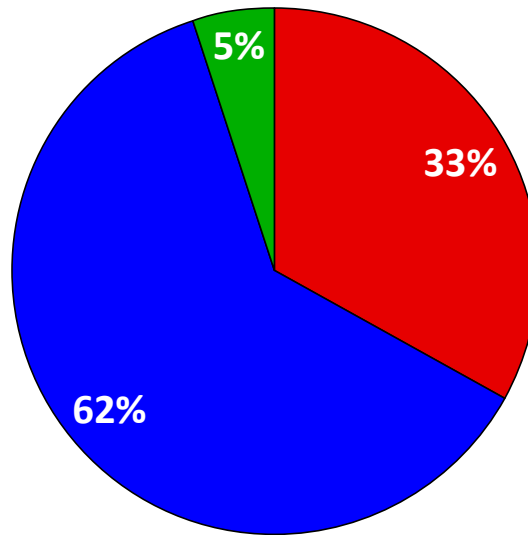
Service Centers- How is your company handling spot pricing to your customers at this time?

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

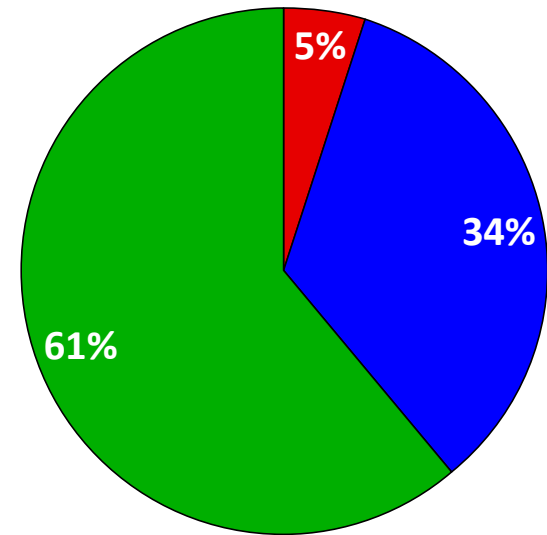
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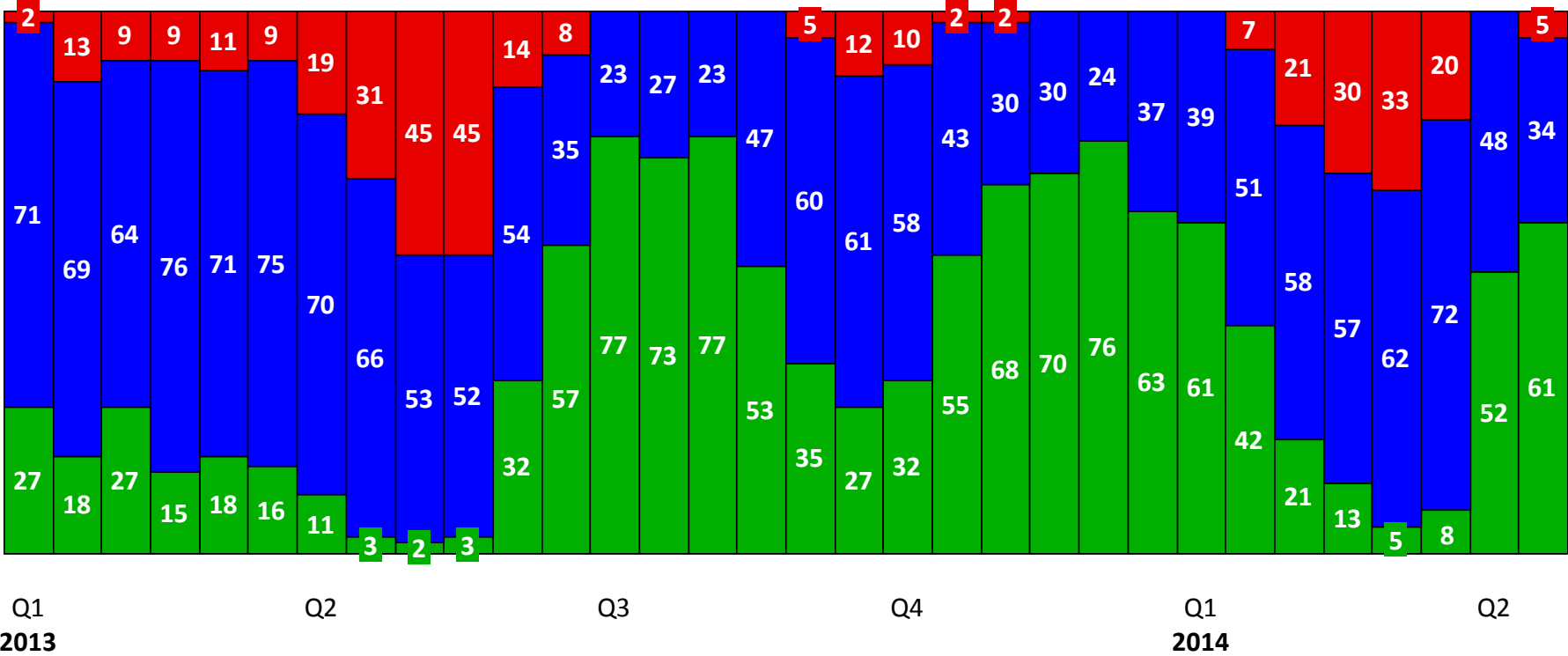


Service Center View of Selling Prices History

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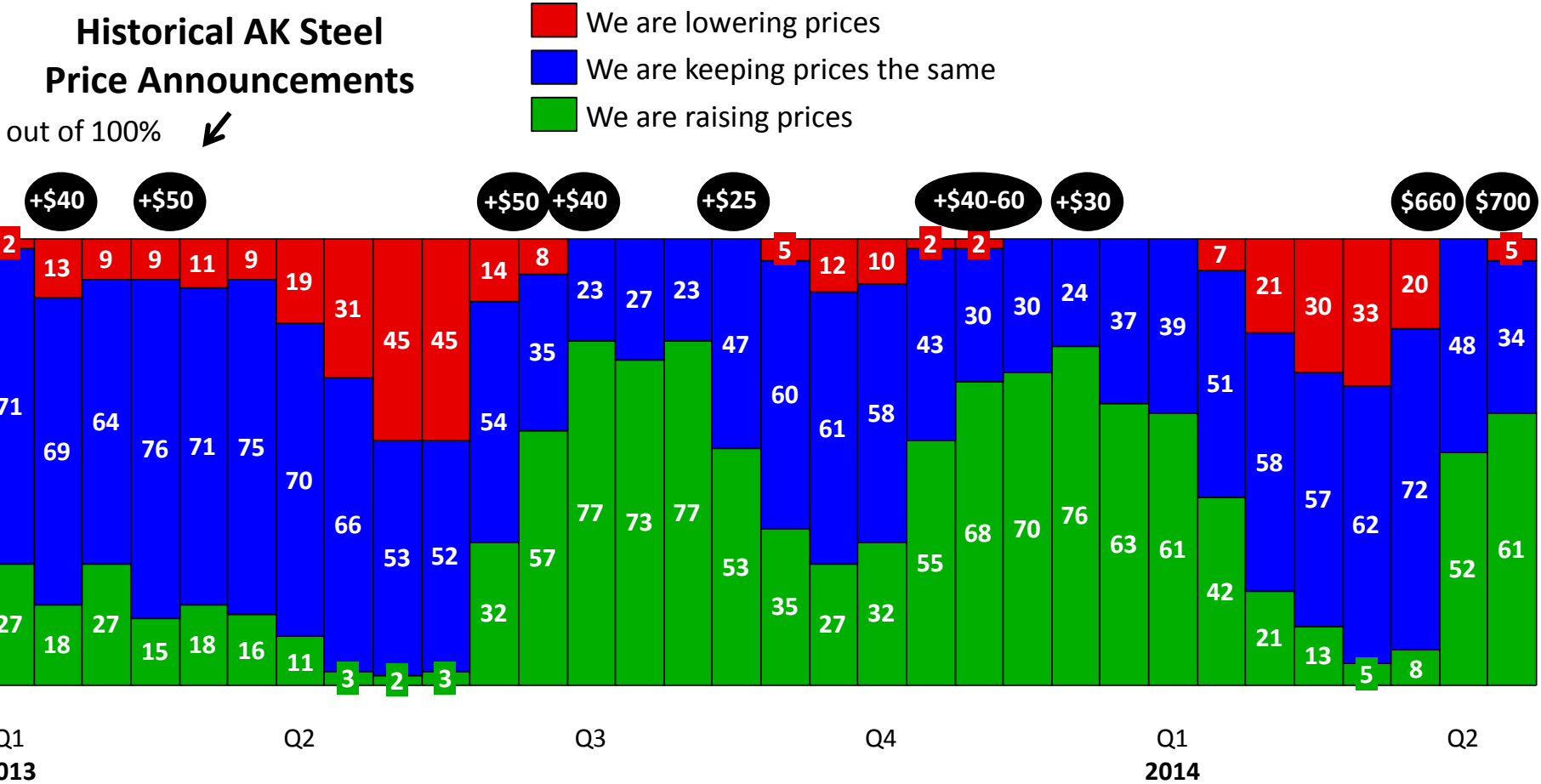
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out of 100%






Service Center View of Selling Prices History

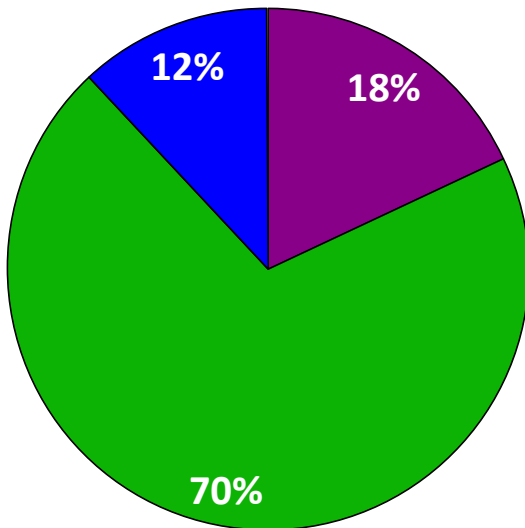
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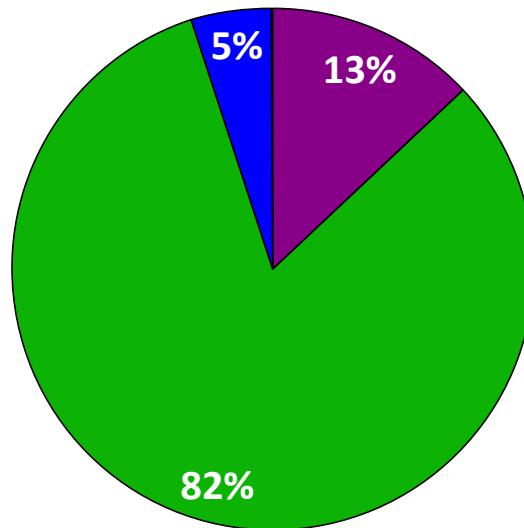
Service Centers- Are your manufacturing customers increasing orders, keeping them the same or reducing orders at this time?

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

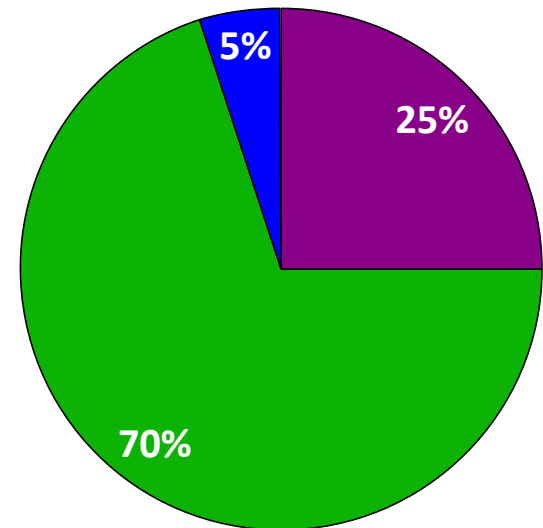
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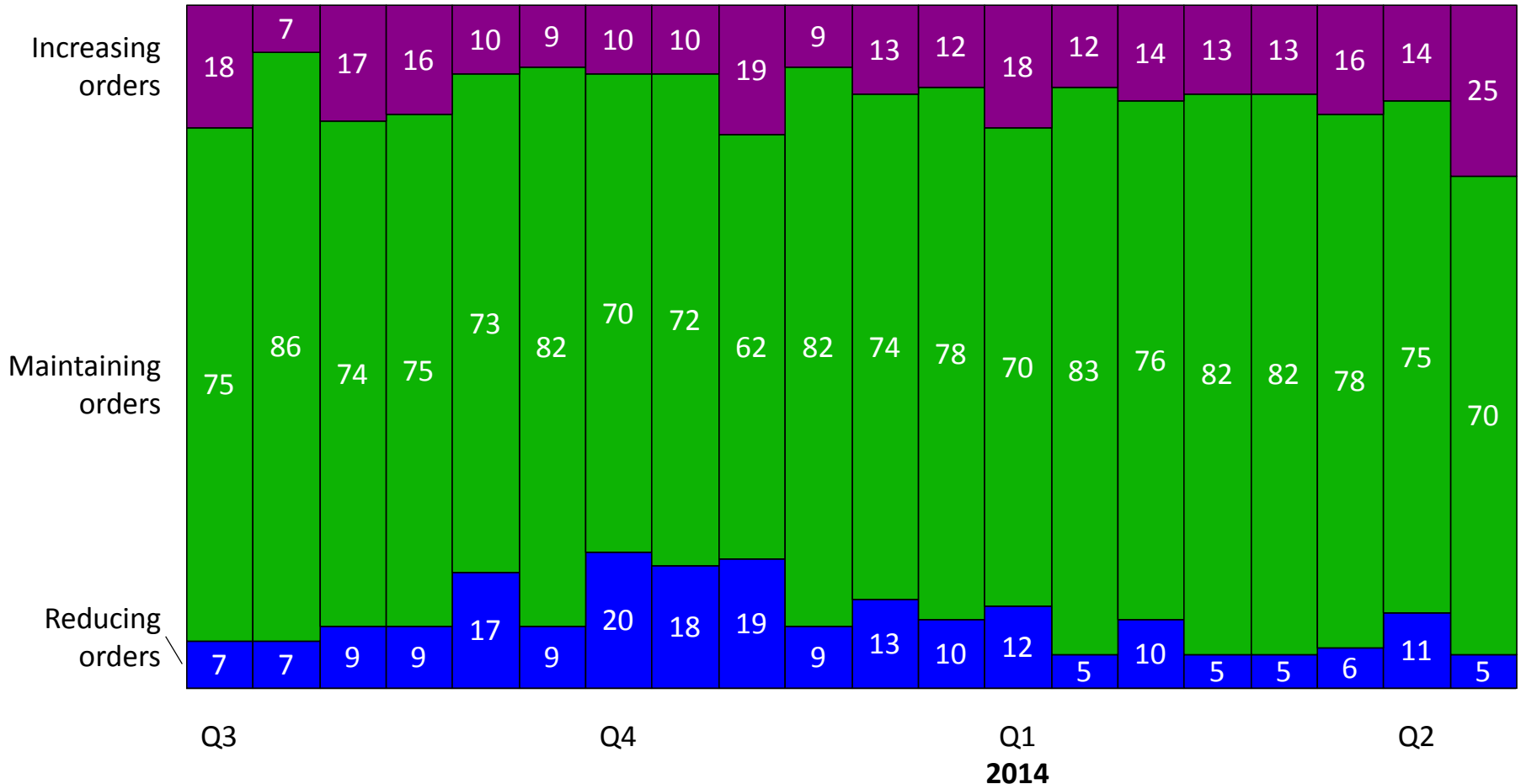
April 17th 2014



Service Centers on Manufacturer Orders History

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

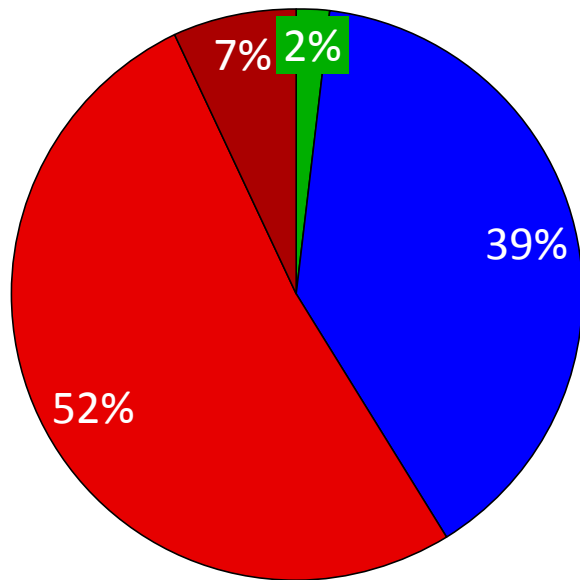
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Mill Lead Times

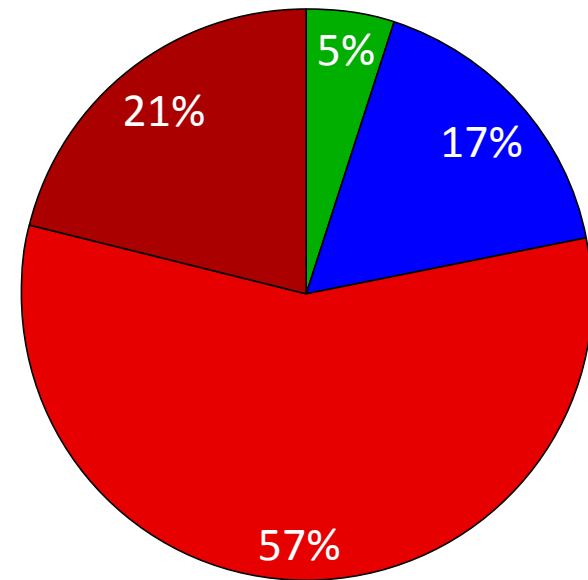
How would you describe domestic mill lead times for new orders placed right now?

Manufacturers



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

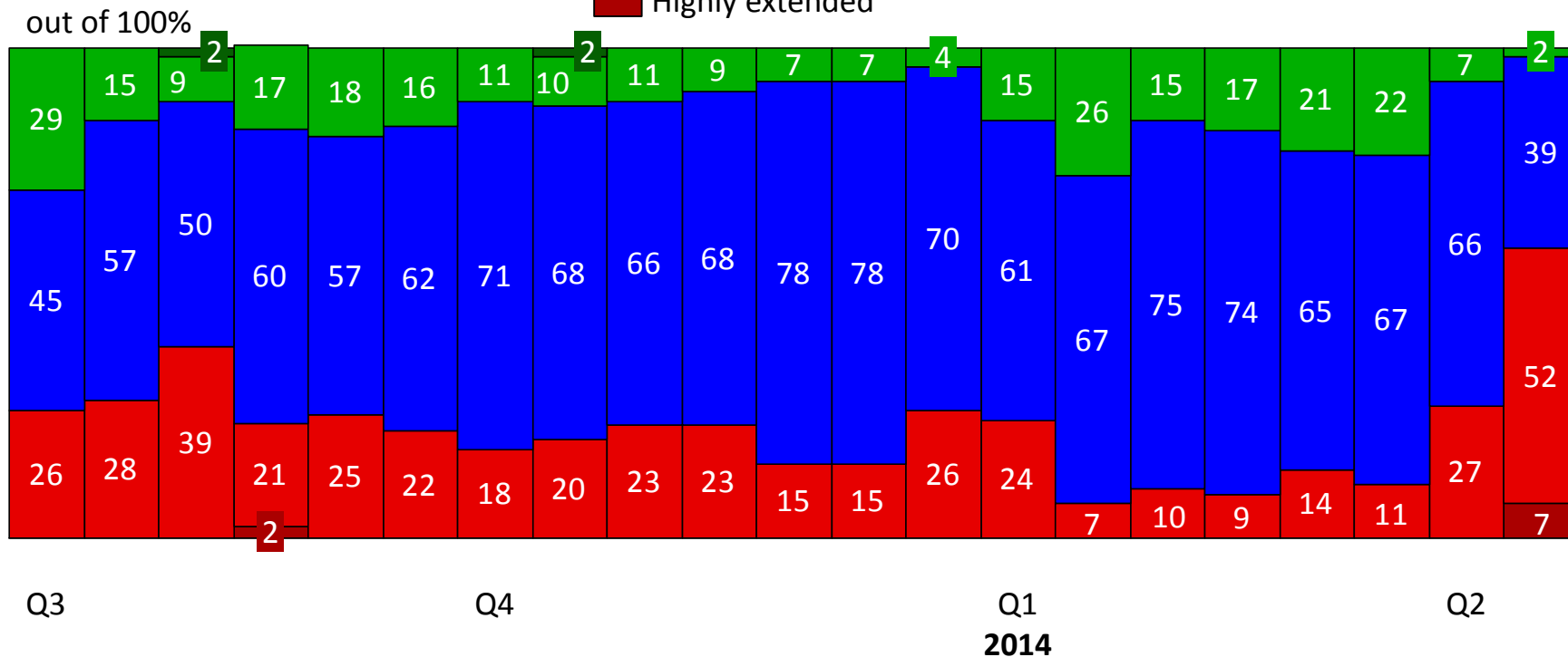
Service Centers



Mill Lead Times History

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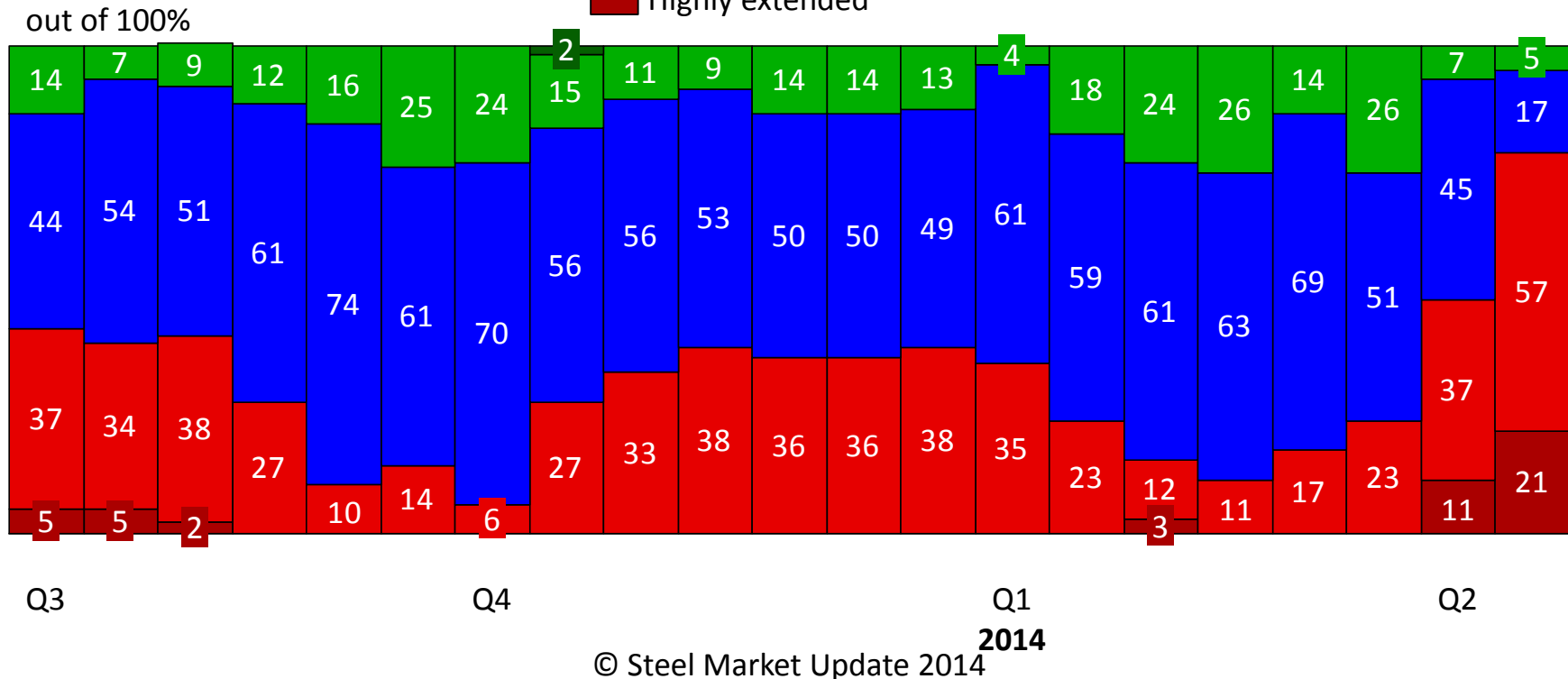
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Mill Lead Times History

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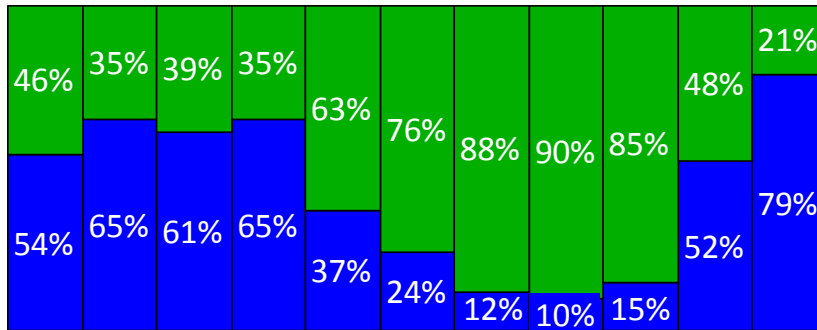


Mill Negotiations

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

Yes No

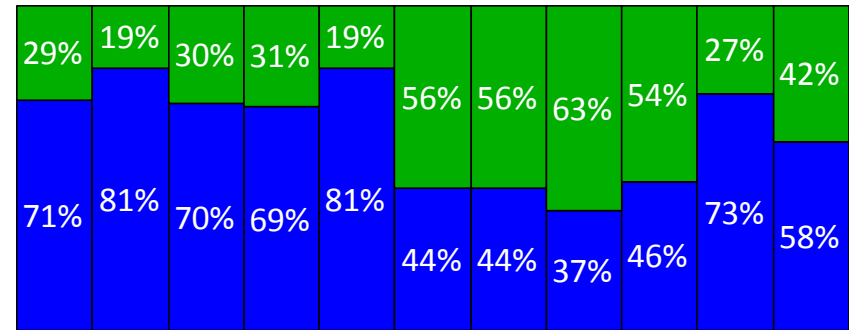
Hot Rolled Orders



Q1
2014

Q2

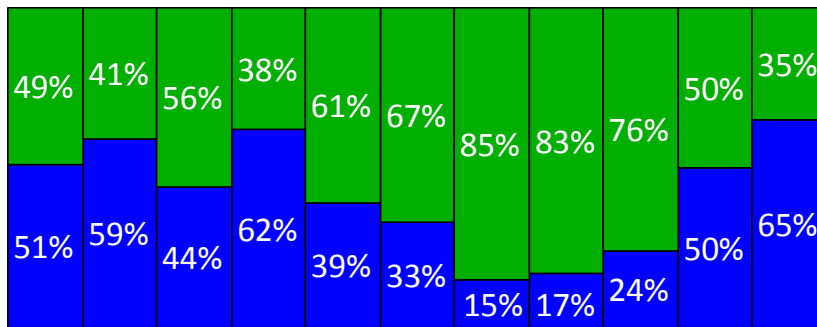
Cold Rolled Orders



Q1
2014

Q2

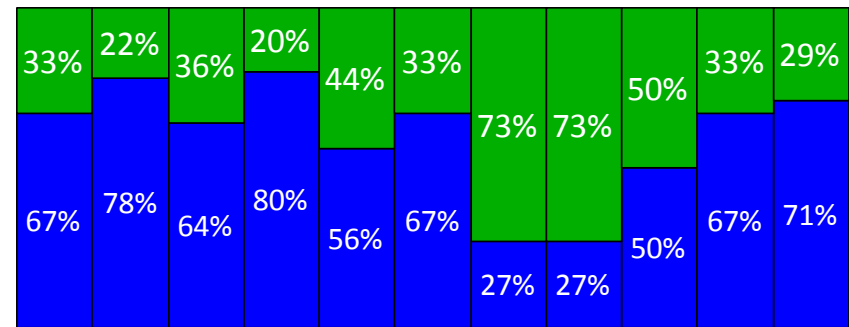
Galvanized Orders



Q1
2014

Q2

Galvalume Orders

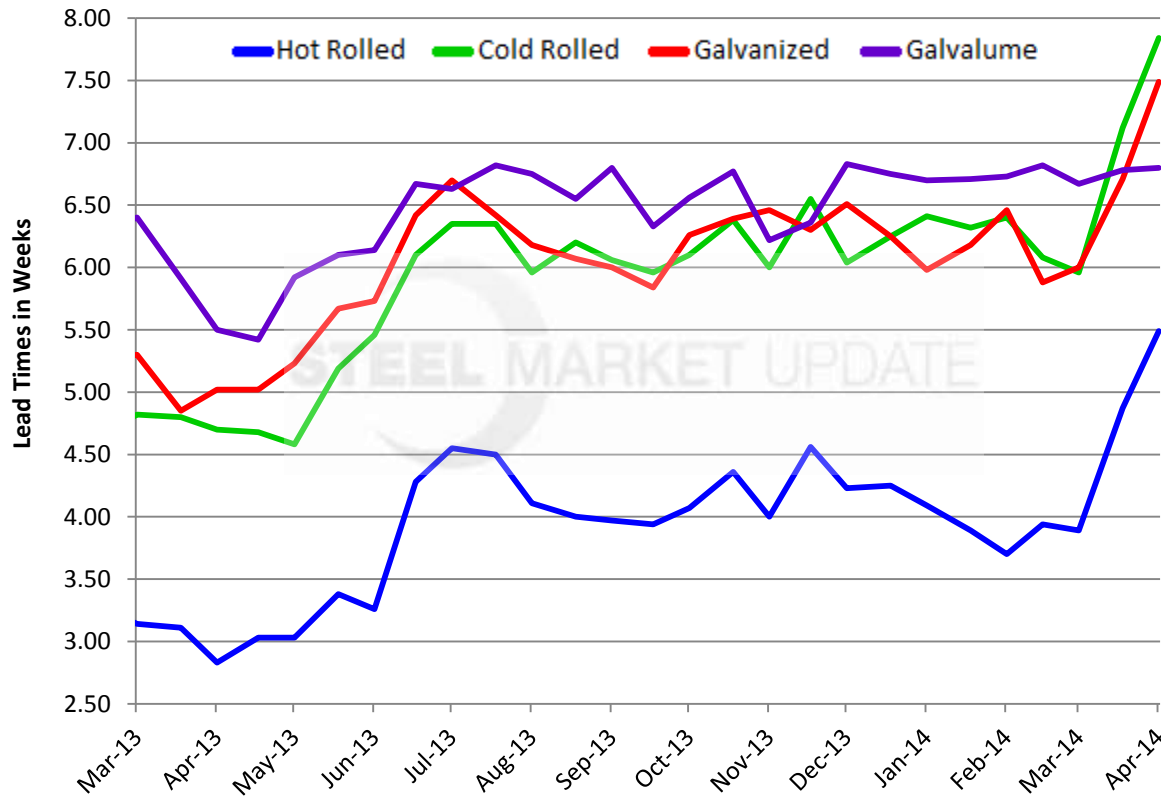


Q1
2014

Q2

Lead Times (Weeks)

Steel Market Update Lead Times Comparison



Hot Rolled: 5.49
Cold Rolled: 7.84
Galvanized: 7.49
Galvalume: 6.86

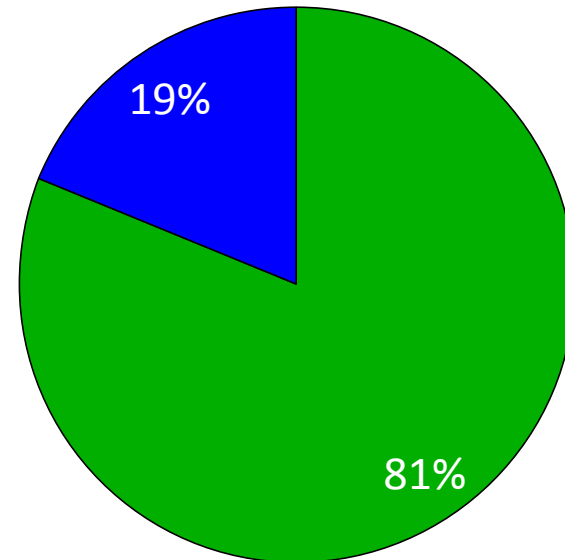
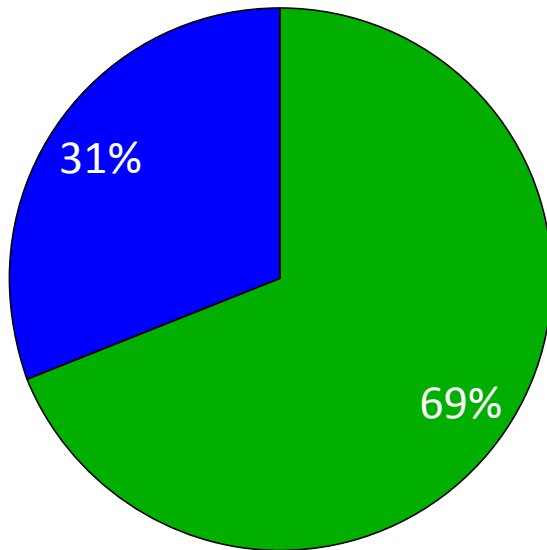
Domestic and Foreign Price Spread

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

Manufacturers

Service Centers

Yes No

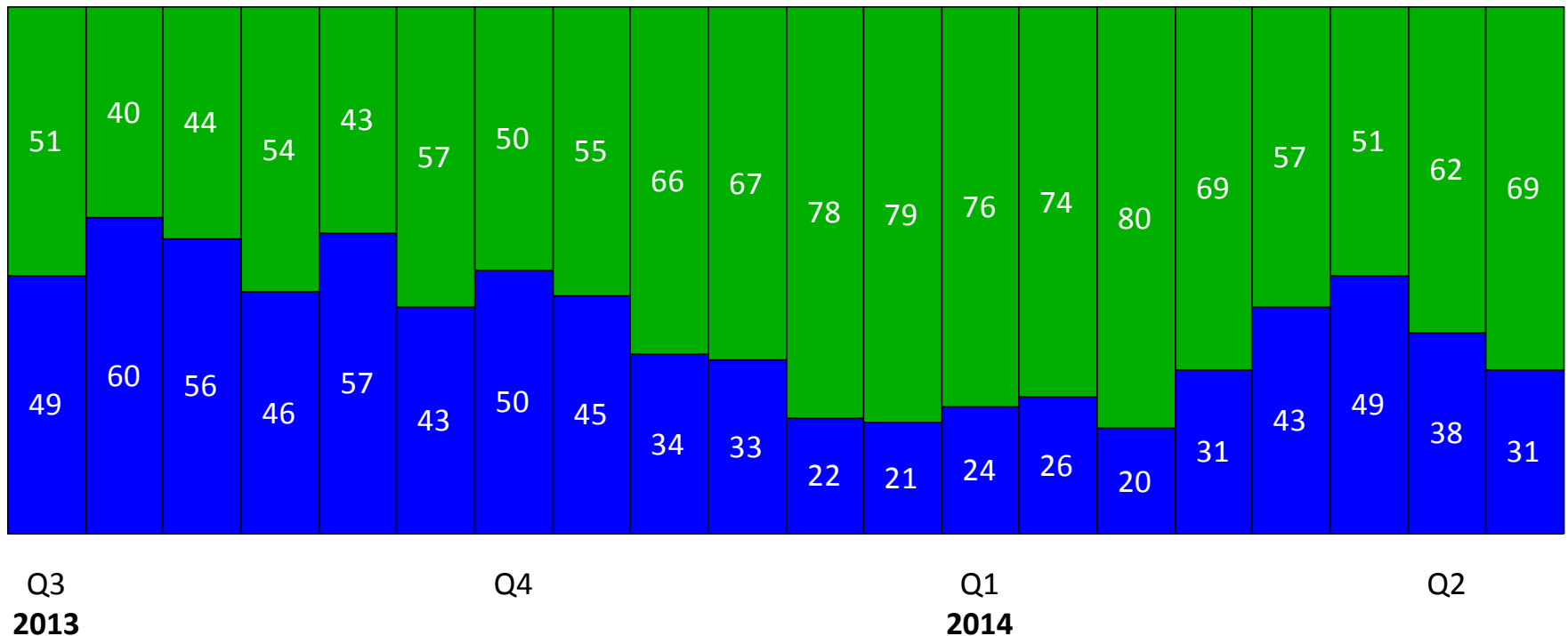


Domestic and Foreign Price Spread

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

Yes No

out of 100%

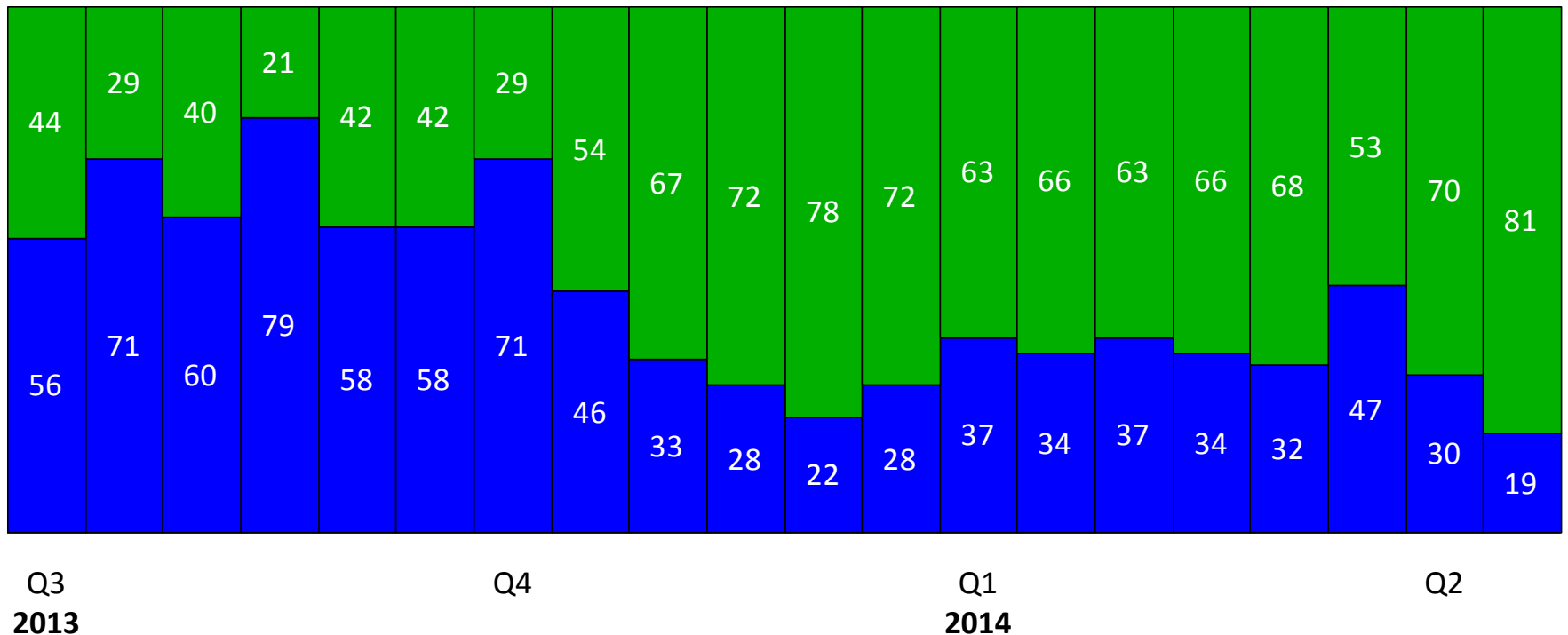


Domestic and Foreign Price Spread

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

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out of 100%



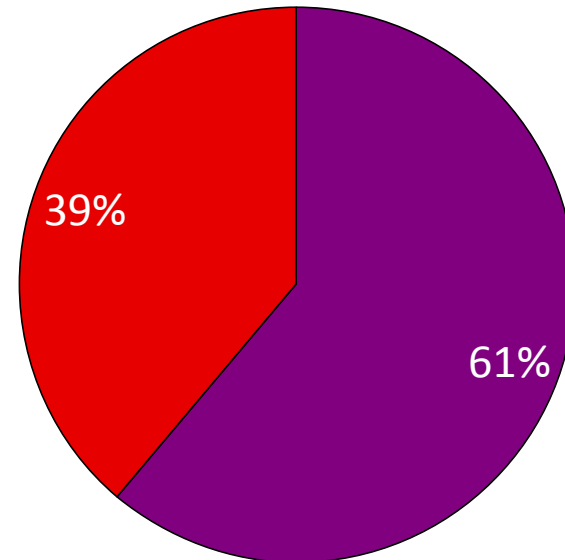
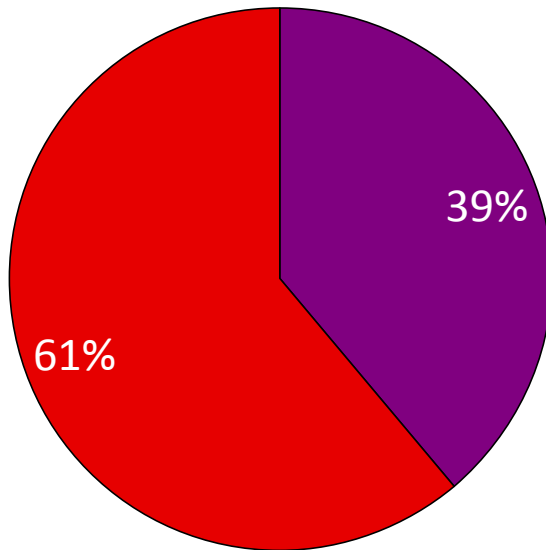
New Foreign Orders

Is your company entering new foreign orders right now?

Manufacturers

Service Centers

■ Yes ■ No

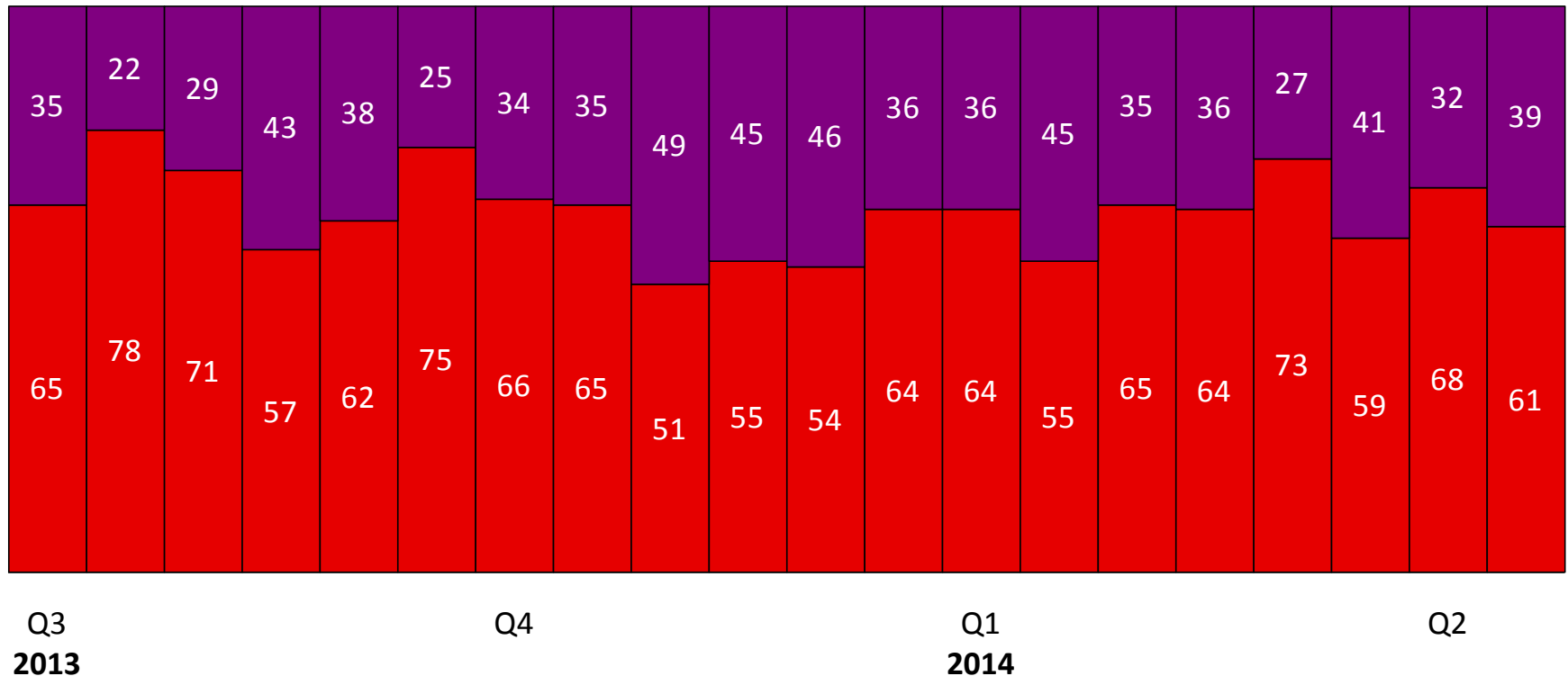


New Foreign Orders

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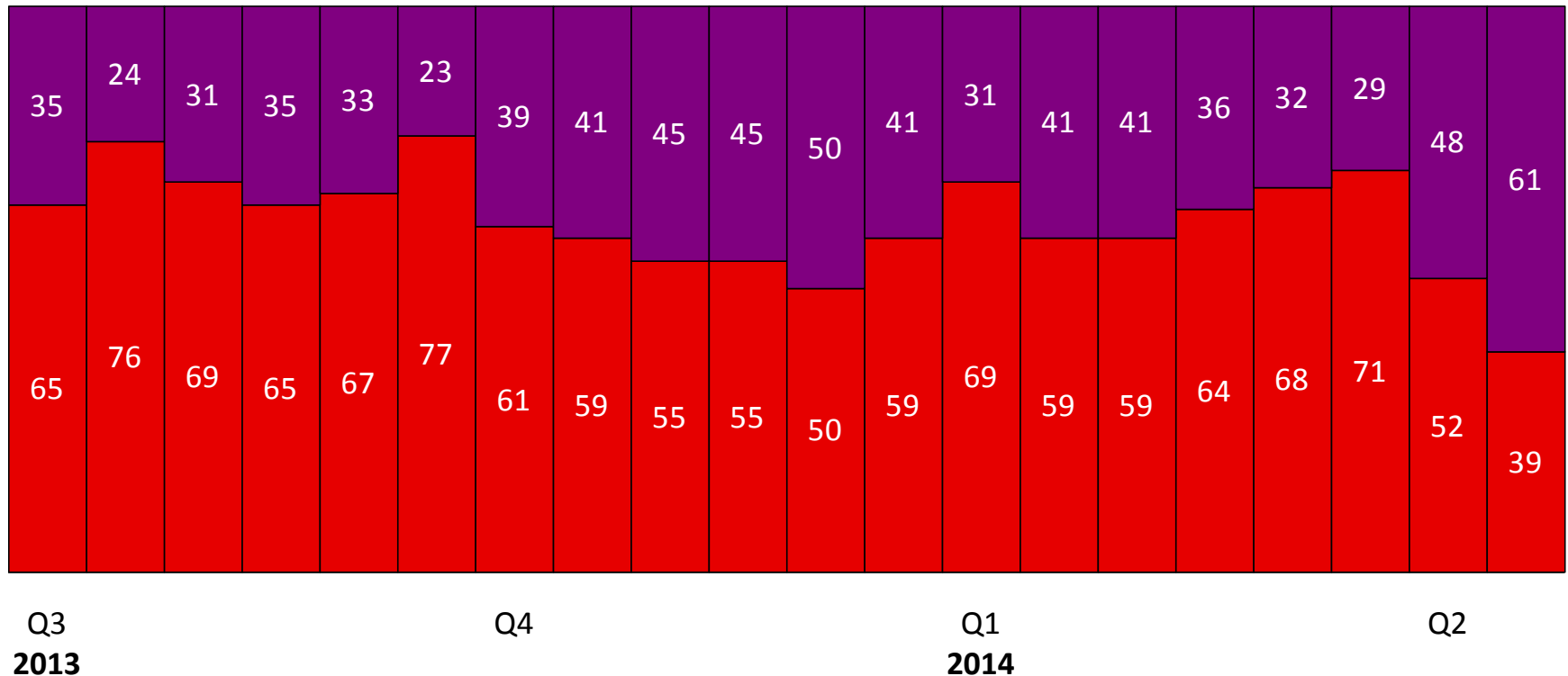


New Foreign Orders

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

■ Yes
 ■ No

out of 100%



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.

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