



STEEL MARKET UPDATE

SMU Flat Rolled Market Trends Analysis

Responses from our April 17th, 2017 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

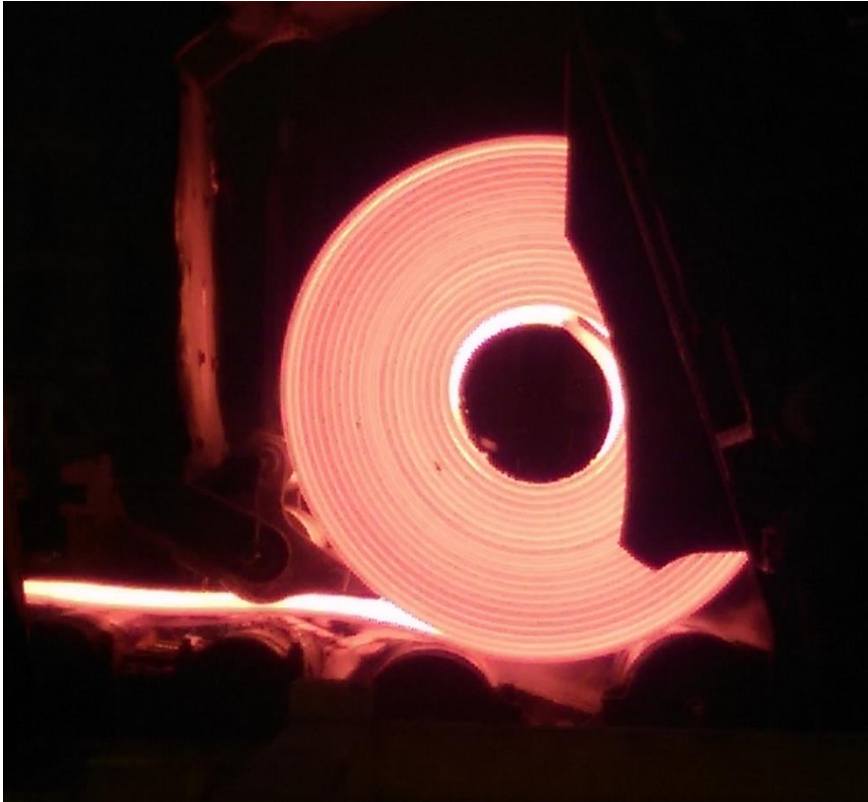
Instructors: John Eckstein, John Packard, Peter Wright, Steve Painter, & Mario Briccetti (not shown in photo).

We have both classroom & on-site (mill) instruction during our 2 day workshop.
For more information [visit our website here](#).



Next Steel 101 Workshop

June 22-23, 2017



Steel 101 Workshop, NLMK Indiana 2015

Our next Steel 101 workshop is in Ontario, California on June 22-23, 2017 and includes a tour of the California Steel Industries 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 e-mail our team at info@SteelMarketUpdate.com.

Steel Summit 2017

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 28-30, 2017

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

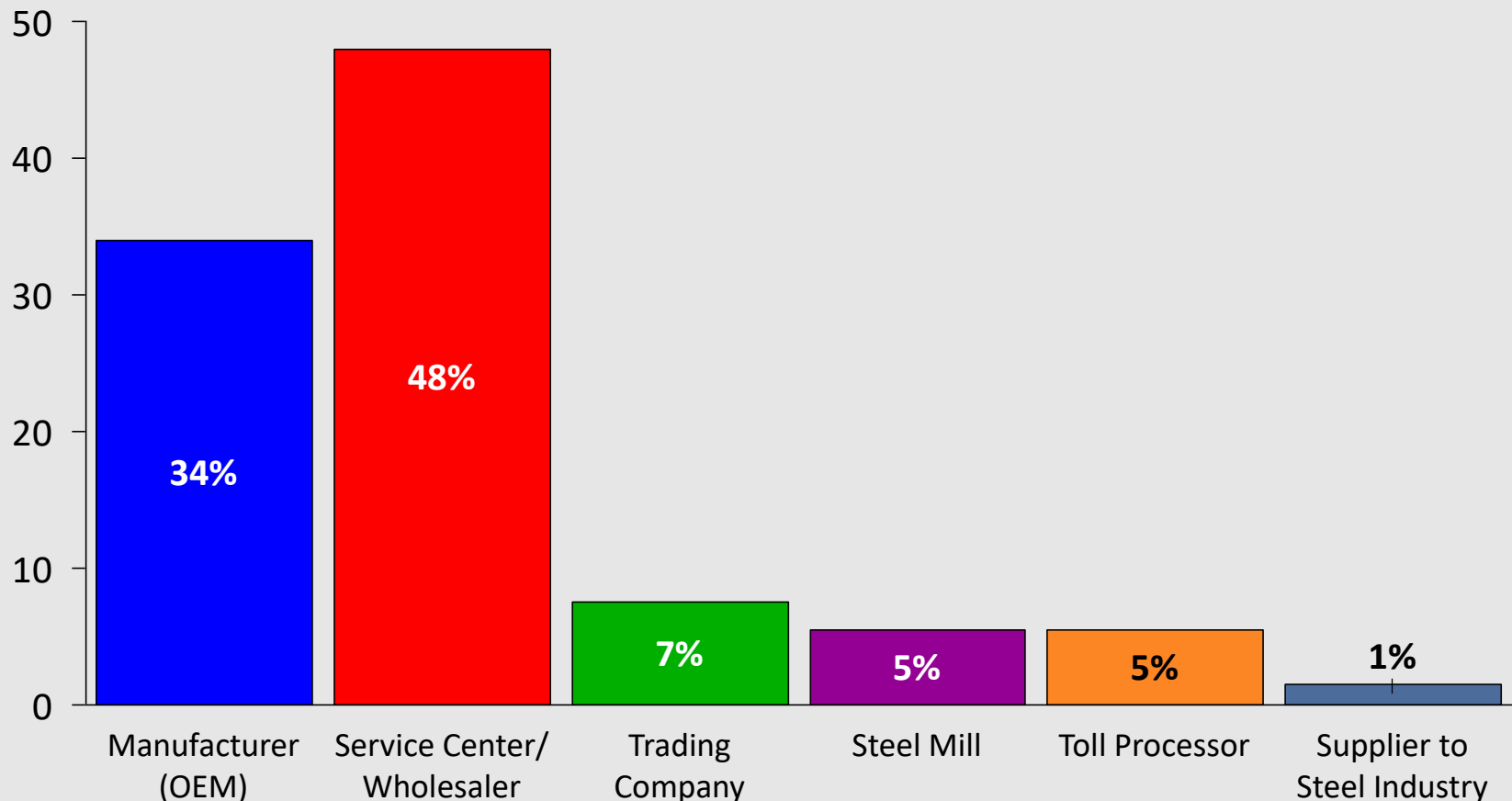
Hotel: Atlanta Airport Marriott Gateway Hotel (adjacent to the Georgia International Convention Center)

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



Survey Participants

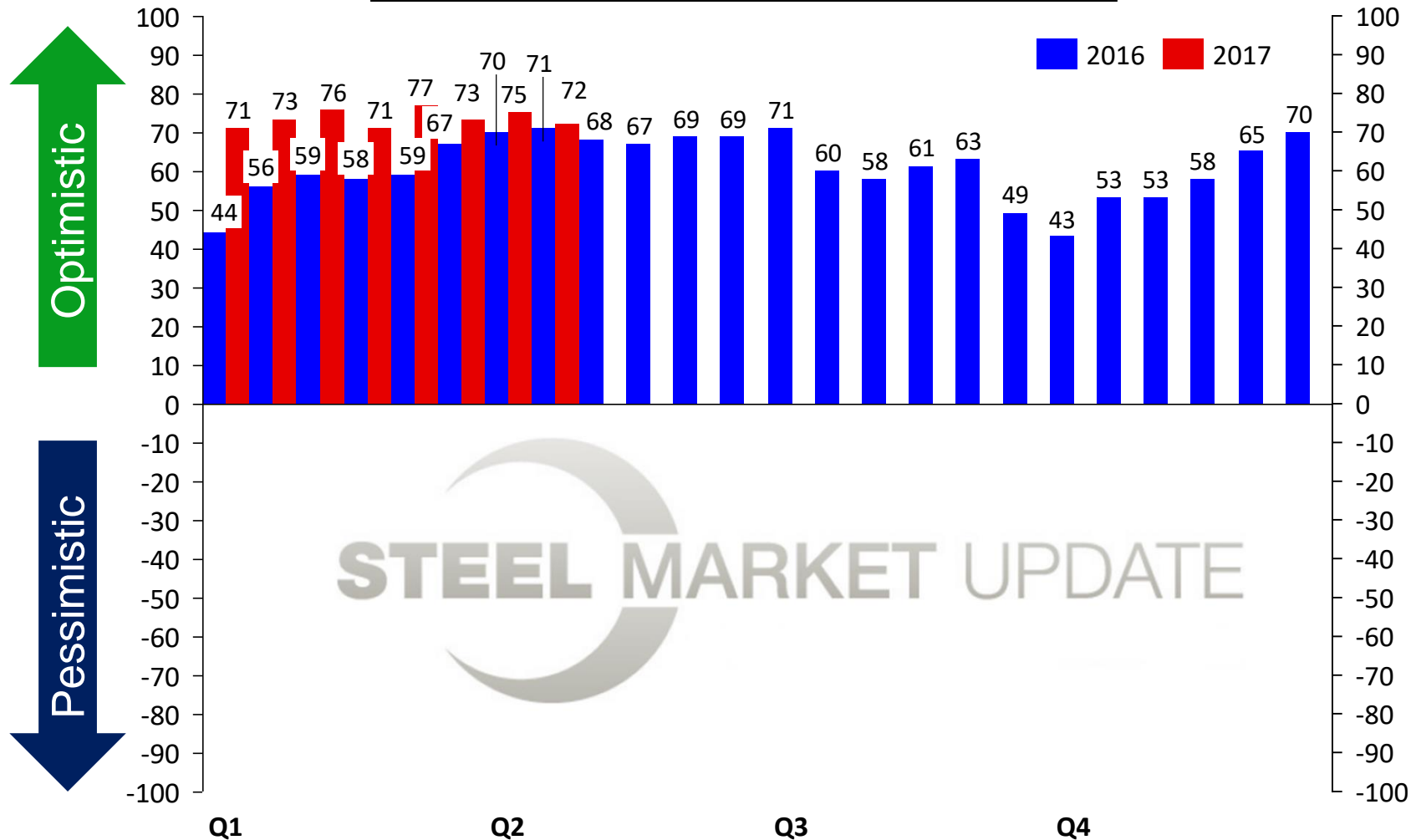
Our survey is by invitation only- Over 600 companies, mostly in the manufacturing or distribution industries, are asked to participate. Here are the percentages of participation in this week's survey by market sector.



SMU Buyers Sentiment Index

Down 3 points to +72

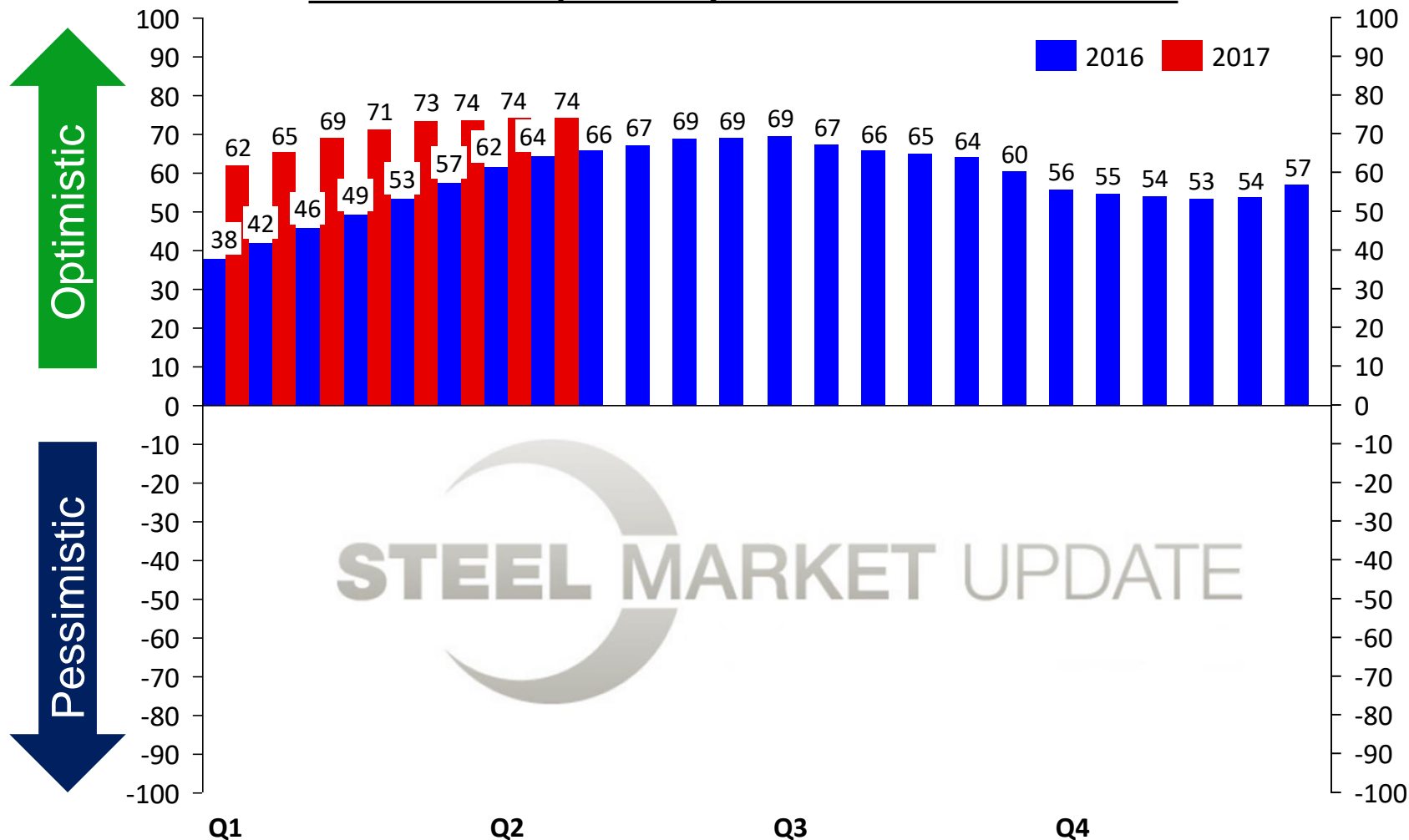
Steel Market Update Buyers Sentiment Index



SMU Buyers Sentiment Index

Three Month Moving Average at +74.00

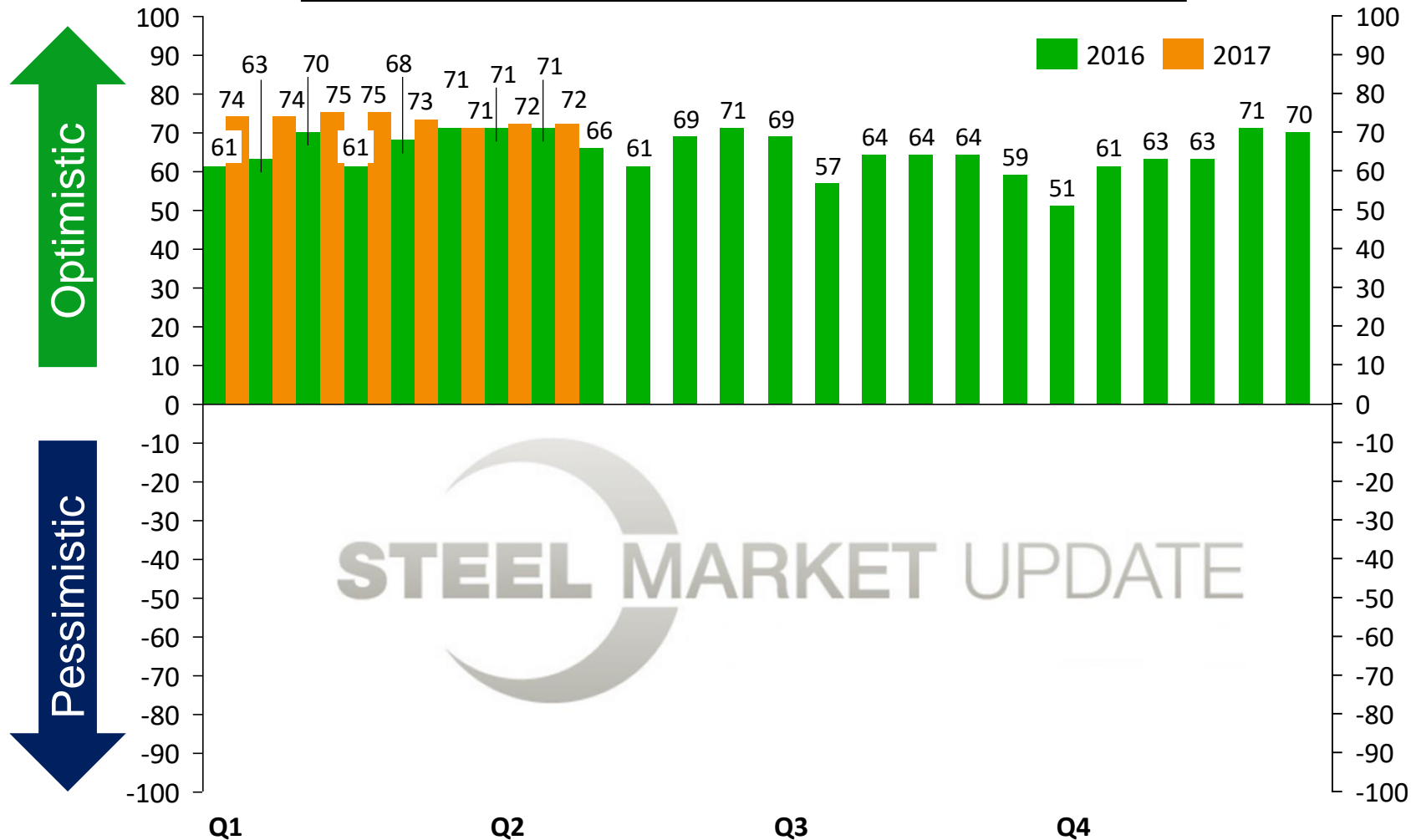
Steel Market Update Buyers Sentiment Index 3MMA



SMU Future Buyers Sentiment Index

Unchanged at +72

Steel Market Update 'Future' Buyers Sentiment Index

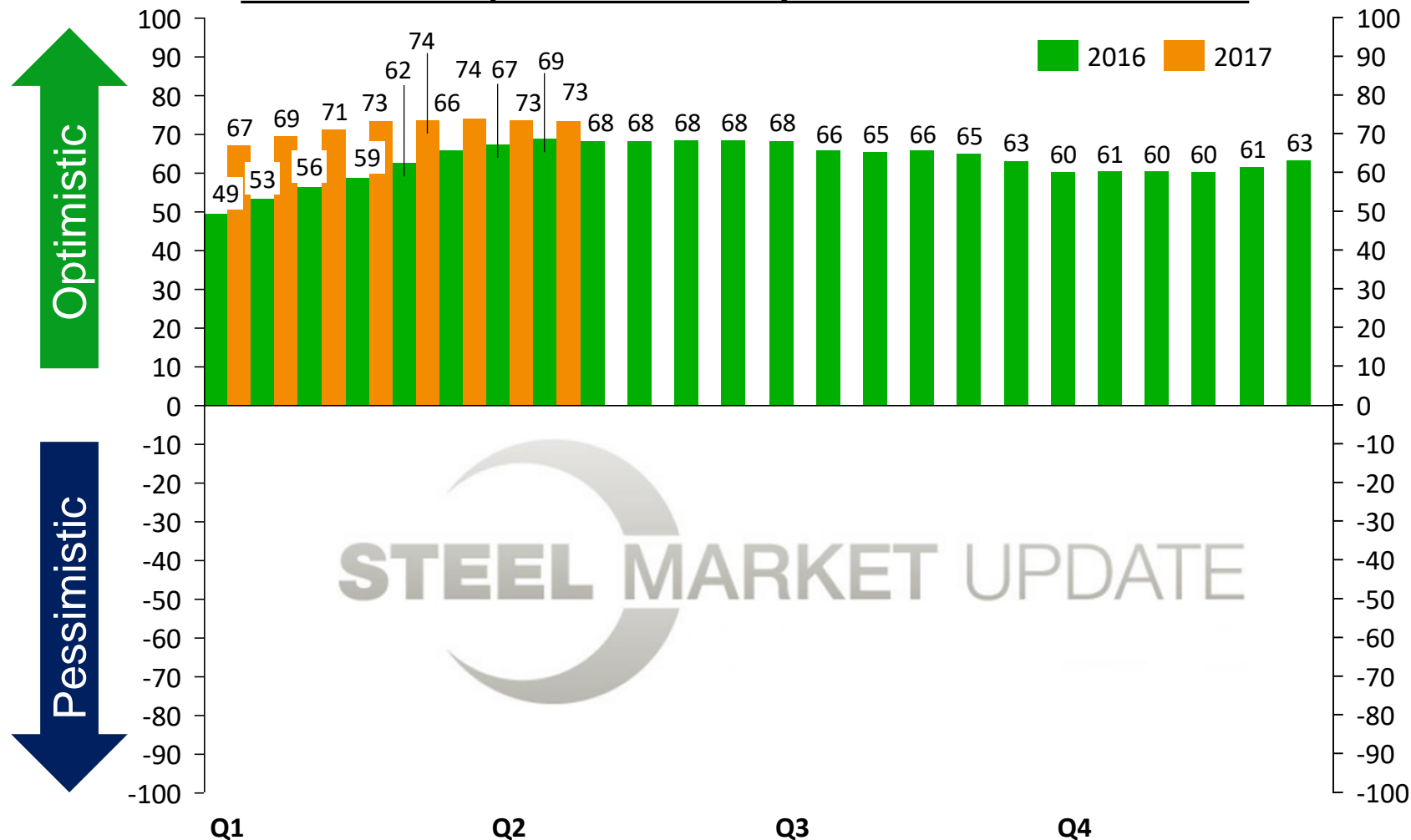


© Steel Market Update 2017

SMU Future Buyers Sentiment Index

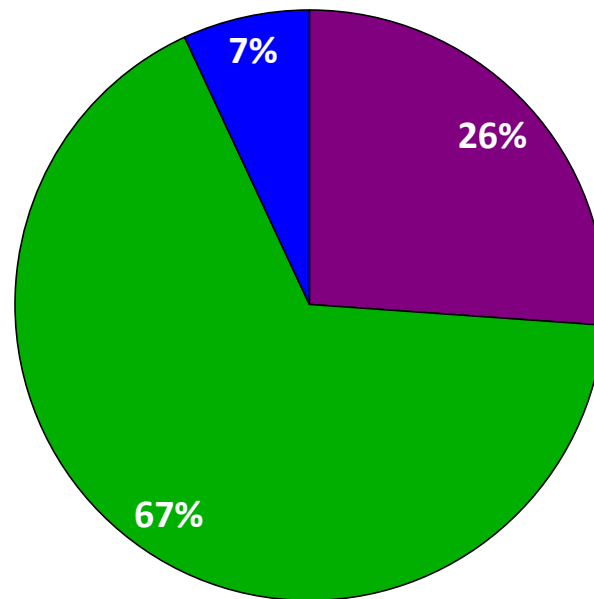
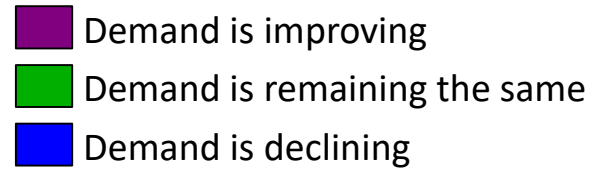
Three Month Moving Average at +73.00

Steel Market Update 'Future' Buyers Sentiment Index 3MMA



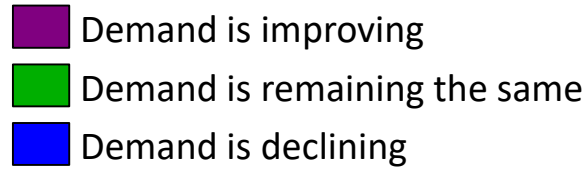
© Steel Market Update 2017

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

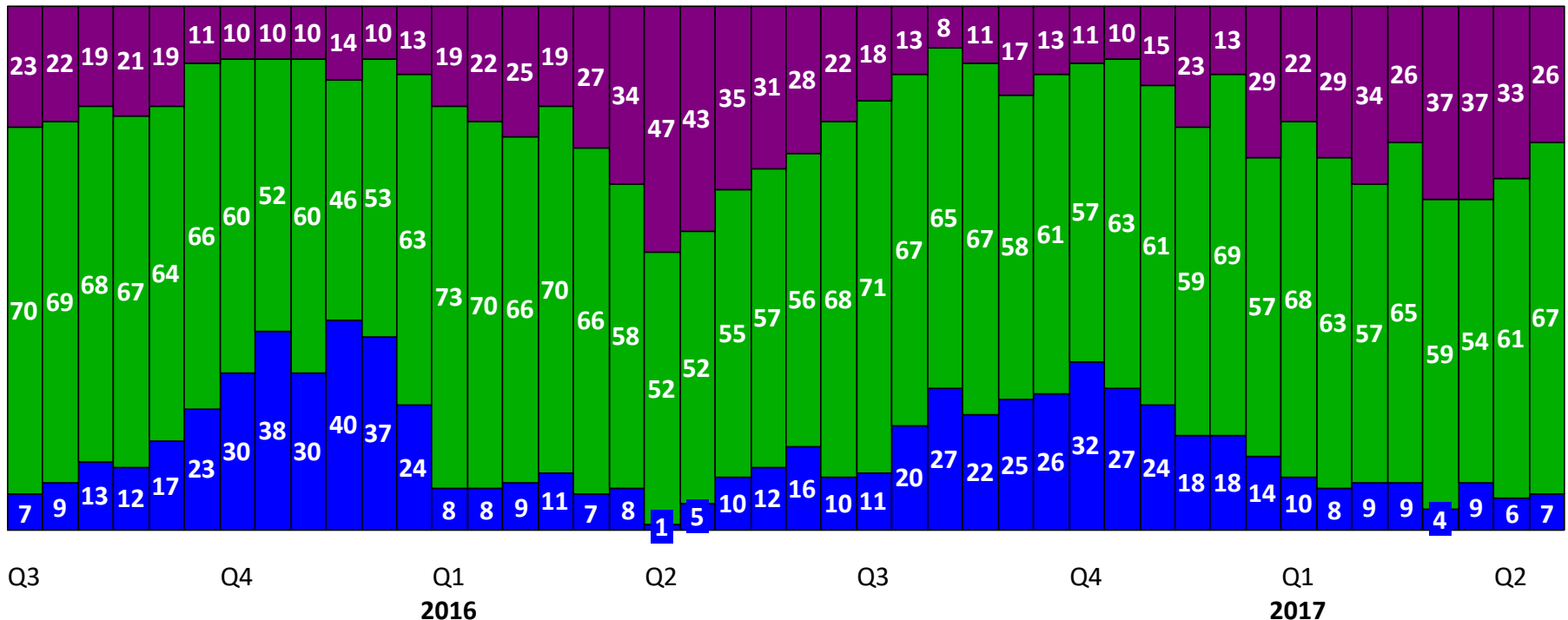


Overall Demand History

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



out of 100%

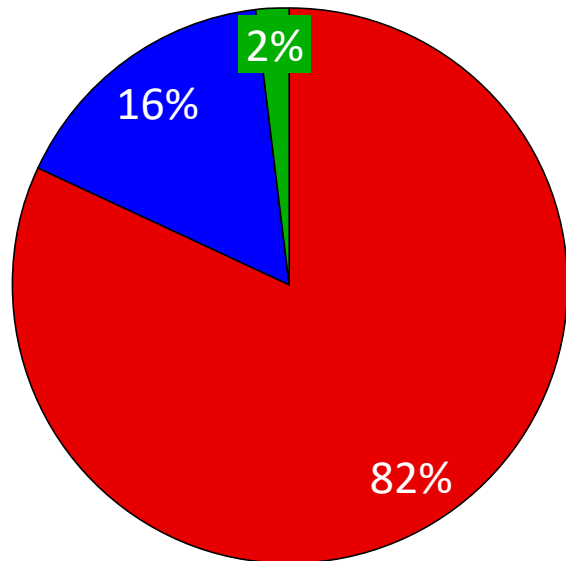


Flat Rolled Prices

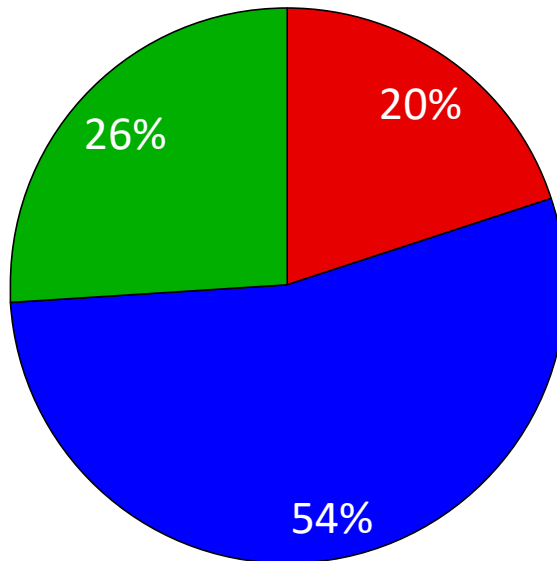
Over the next few weeks flat rolled steel prices will ____?

- Go higher
- Remain where they are now
- Go lower

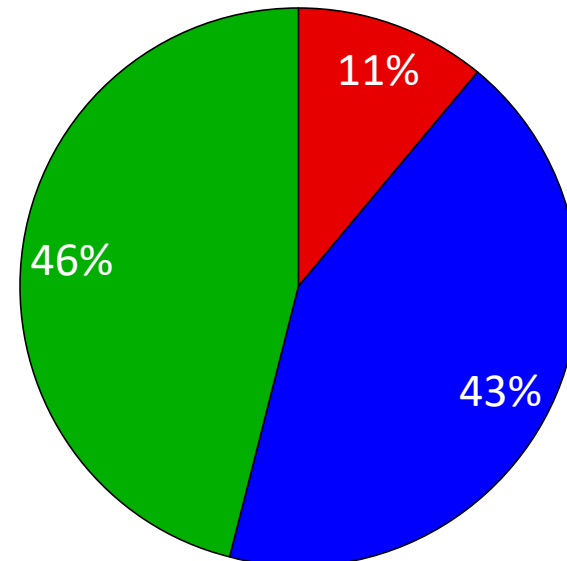
March 10th, 2017



April 7th, 2017



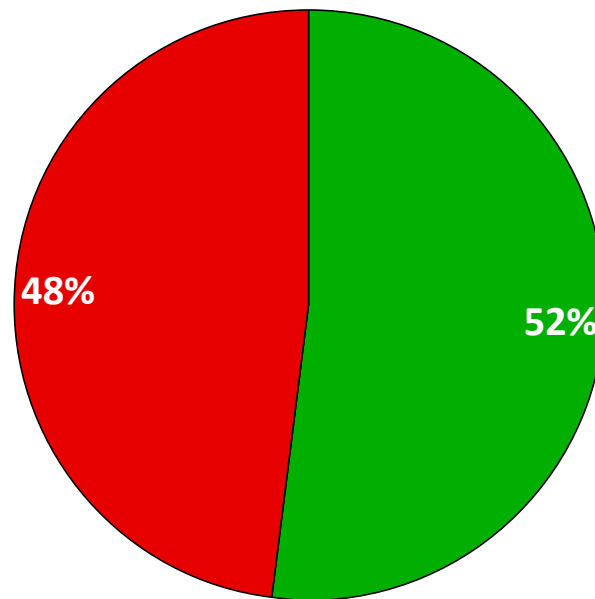
April 21st, 2017



Drop in Spot Prices

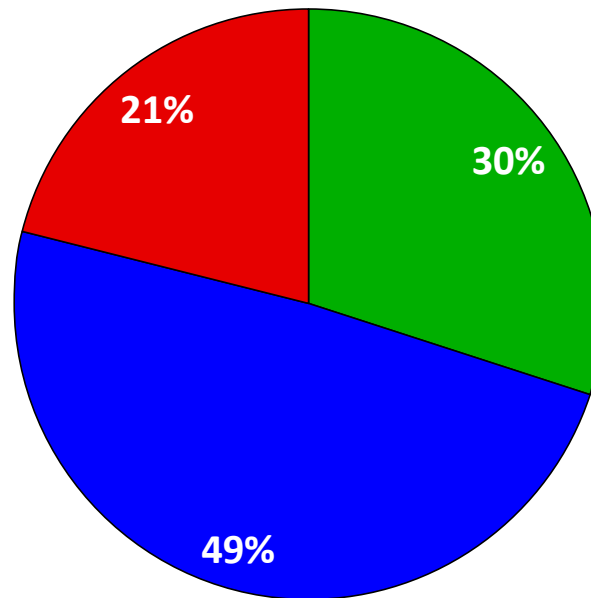
With scrap prices down this month are you seeing the mills as willing to drop spot prices?

■ Yes ■ No



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

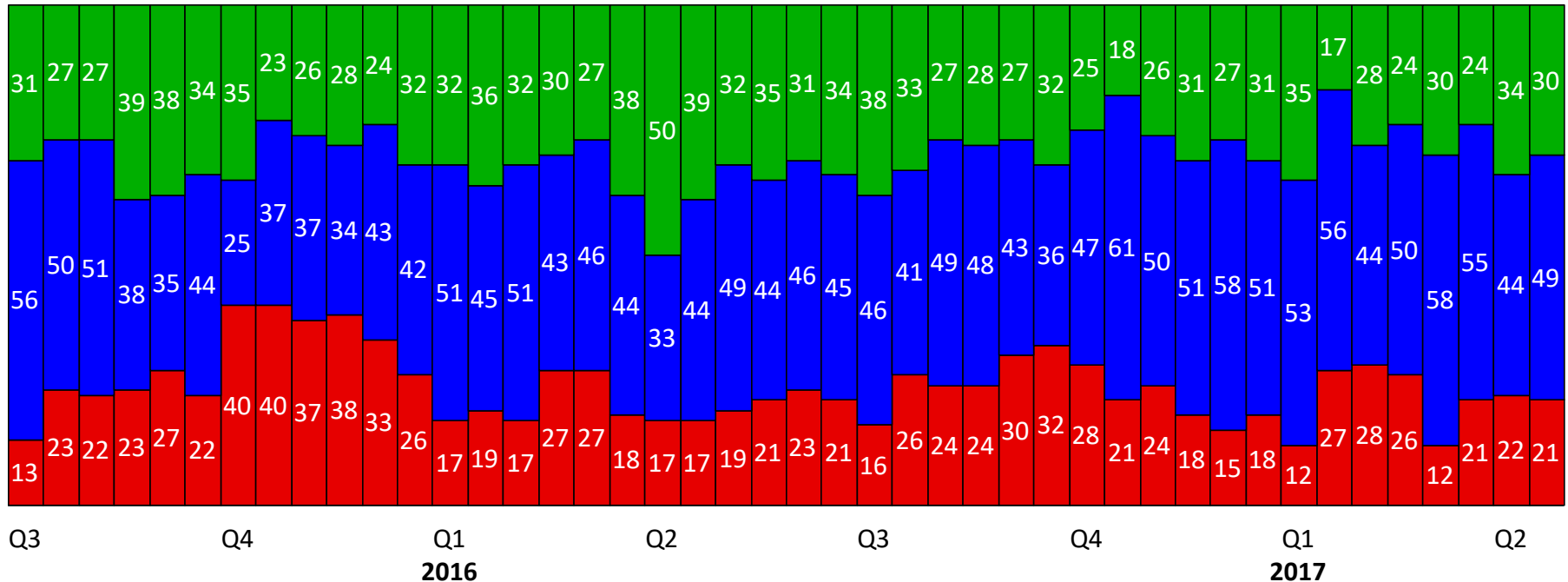


History of Manufacturer Purchases

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?

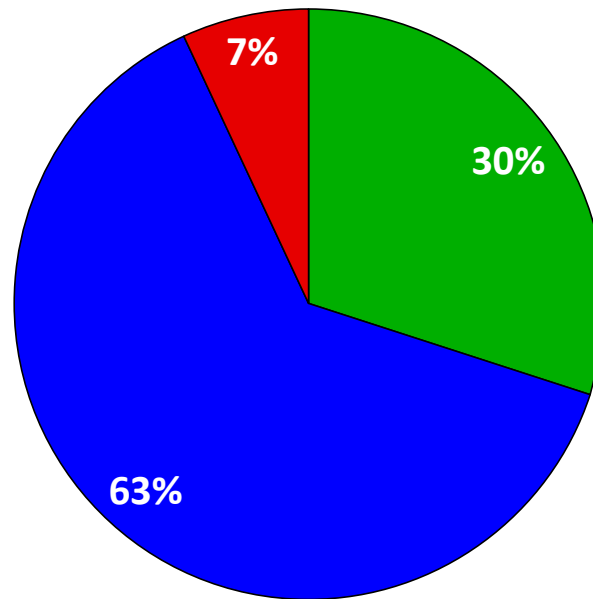
- Buying more steel
- Buying the same amount of steel
- Buying less steel

out of 100%



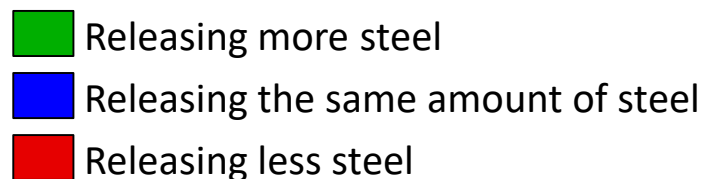
Service Centers- How do you see your customers releases (demand) for the products your company provides this year compared to this time last year?

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

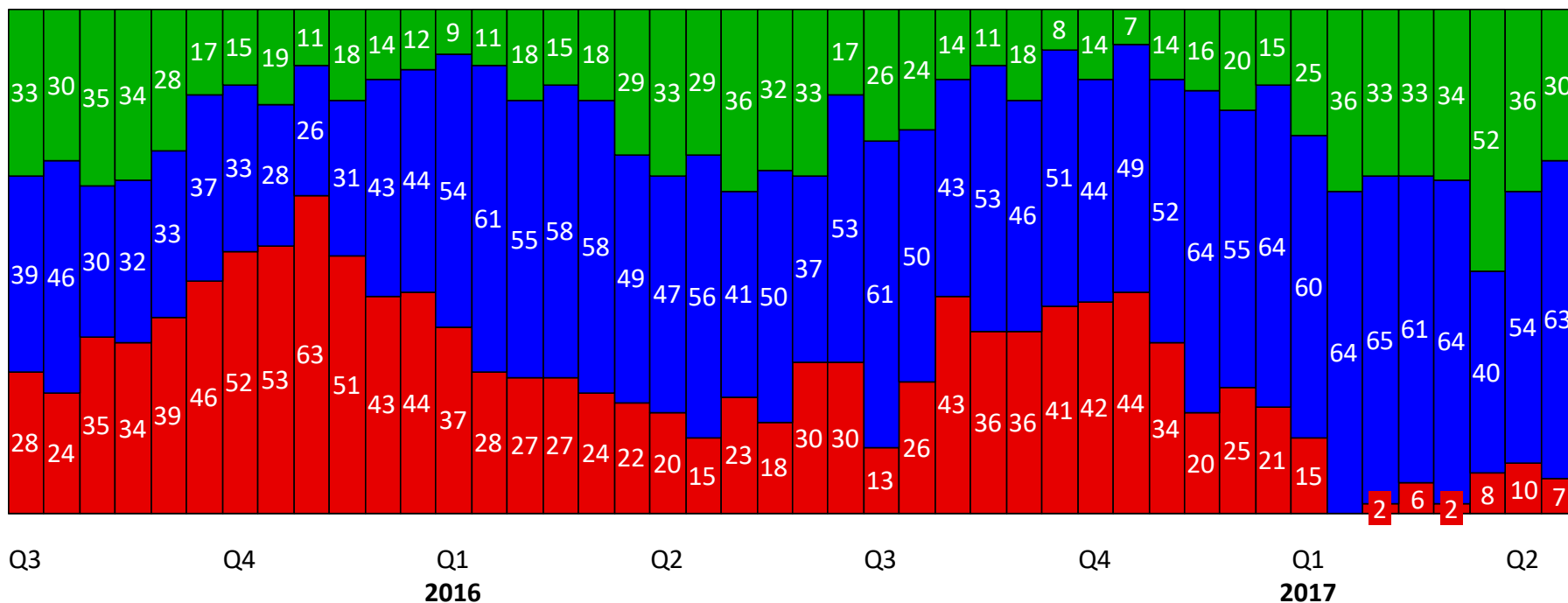


Service Center Release History

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

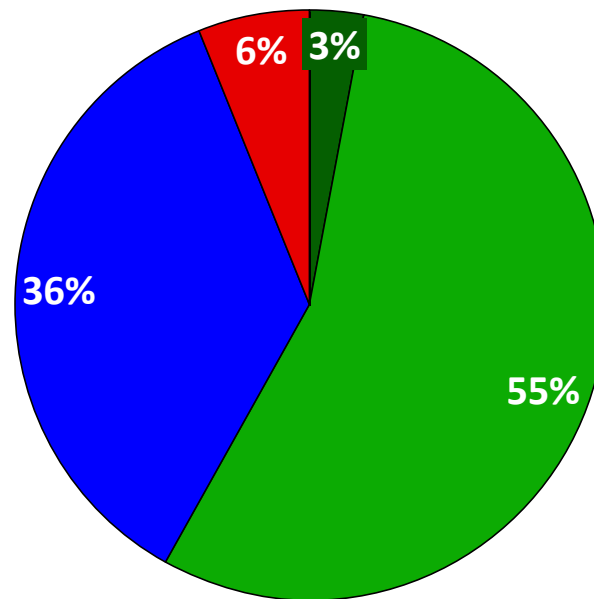
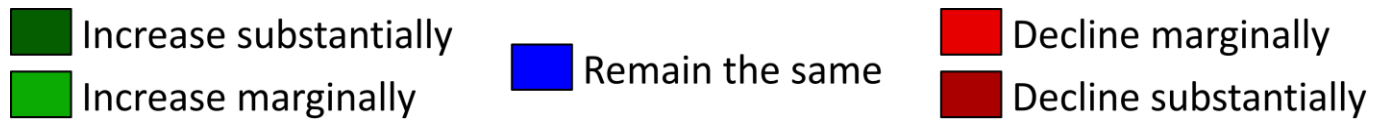


out of 100%



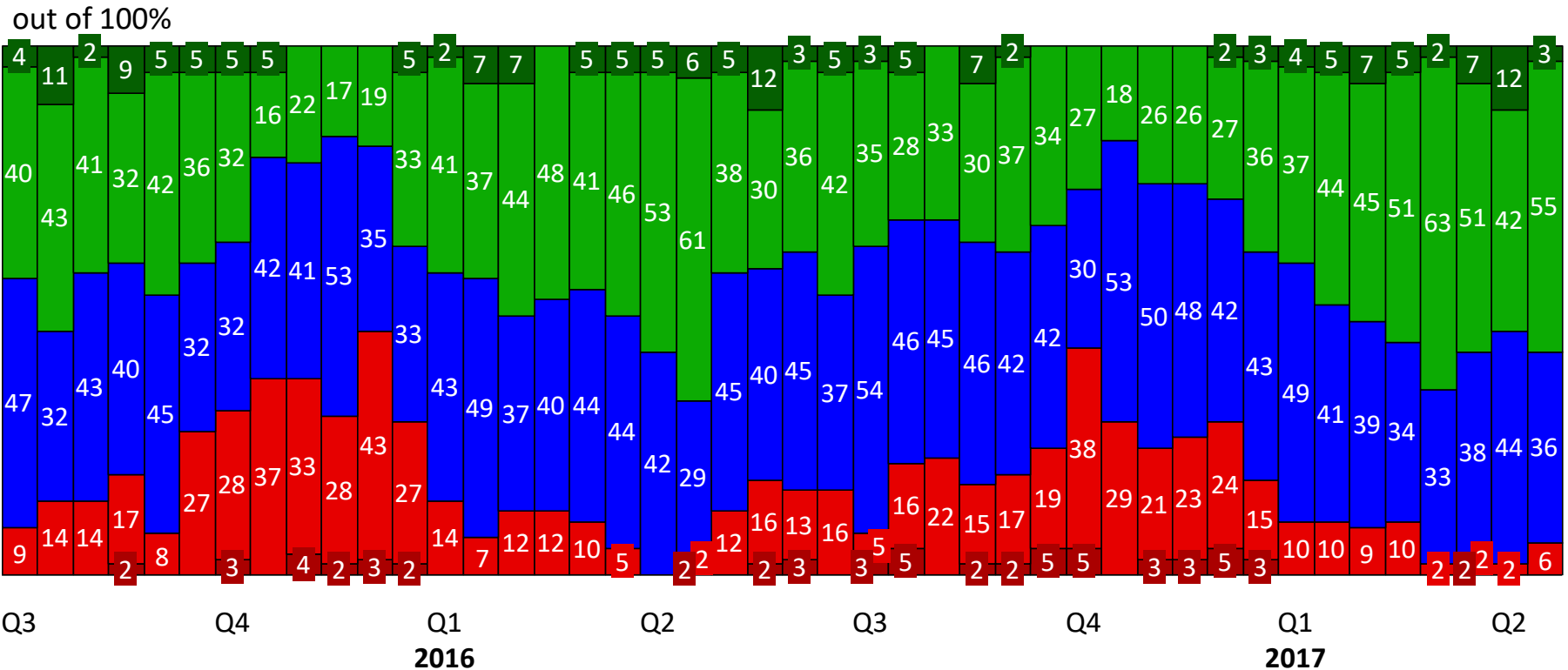
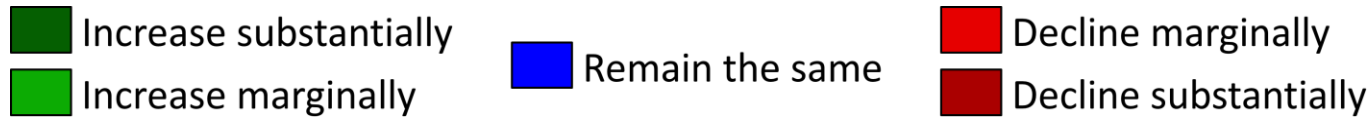
Manufacturer Demand

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



Manufacturer Demand History

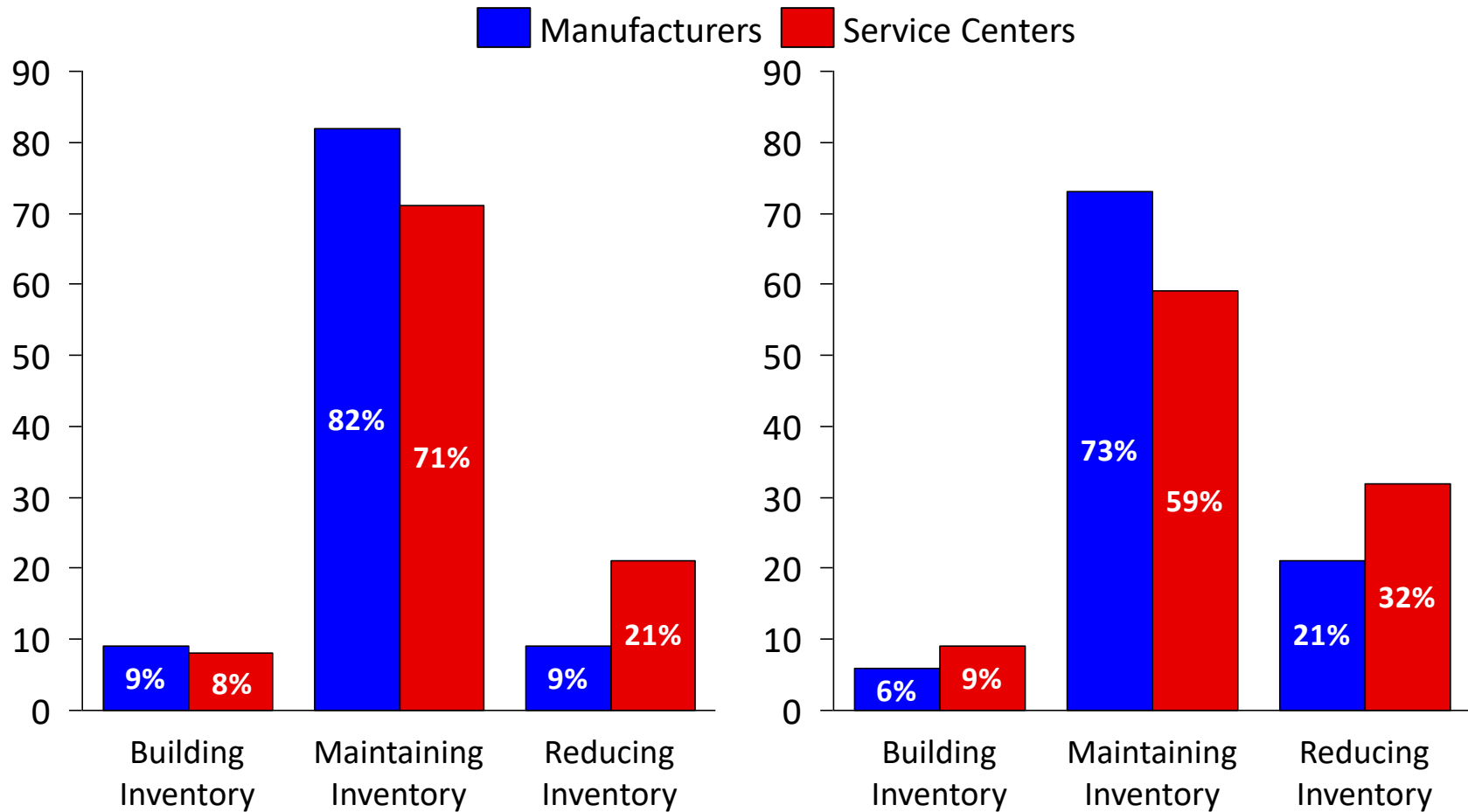
Manufacturers- Demand for your products will _____
over the next 3 months based on current order flows.



Manufacturer and Service Center Inventory Buying Patterns

April 7th, 2017

April 21st, 2017



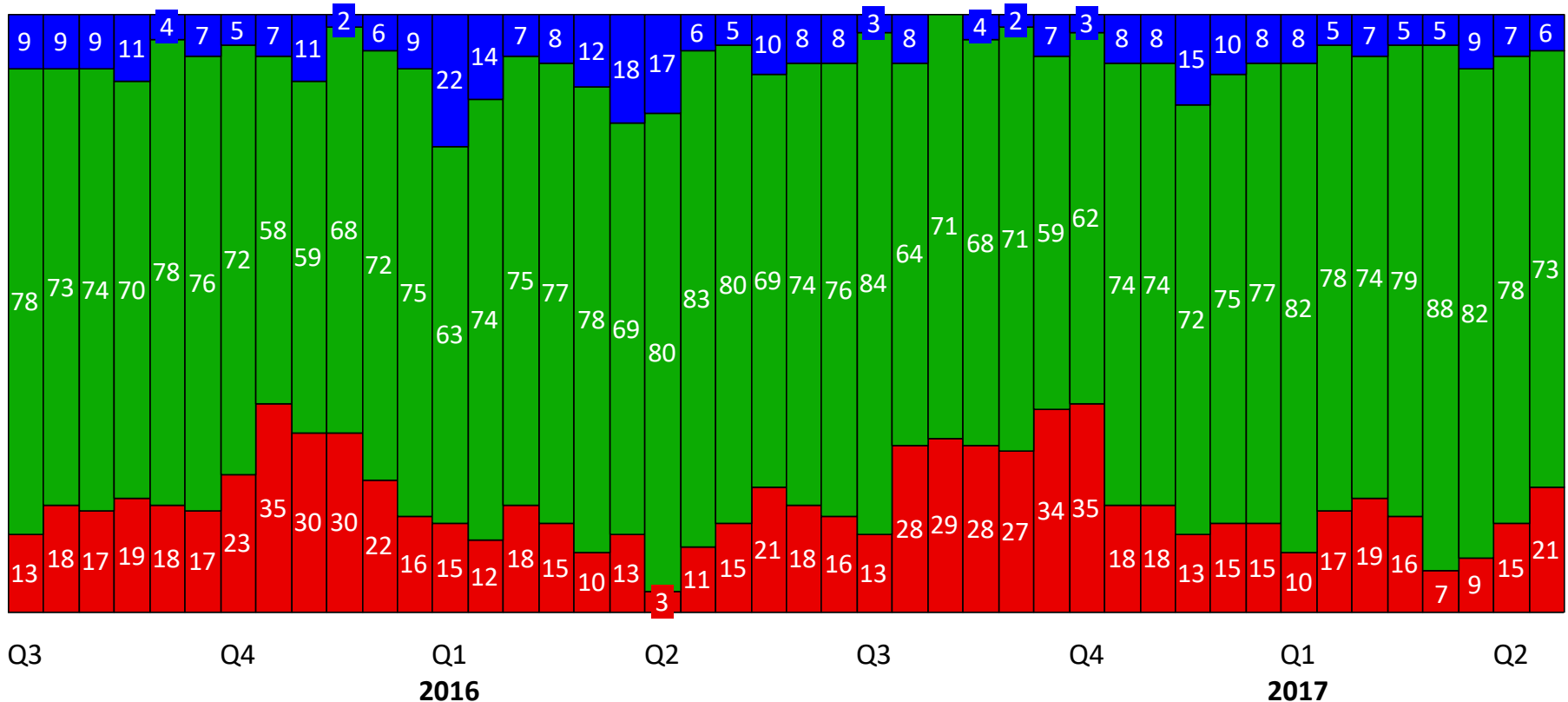
Manufacturer Inventory

Buying History

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

Building Inventory Maintaining Inventory Reducing Inventory

out of 100%



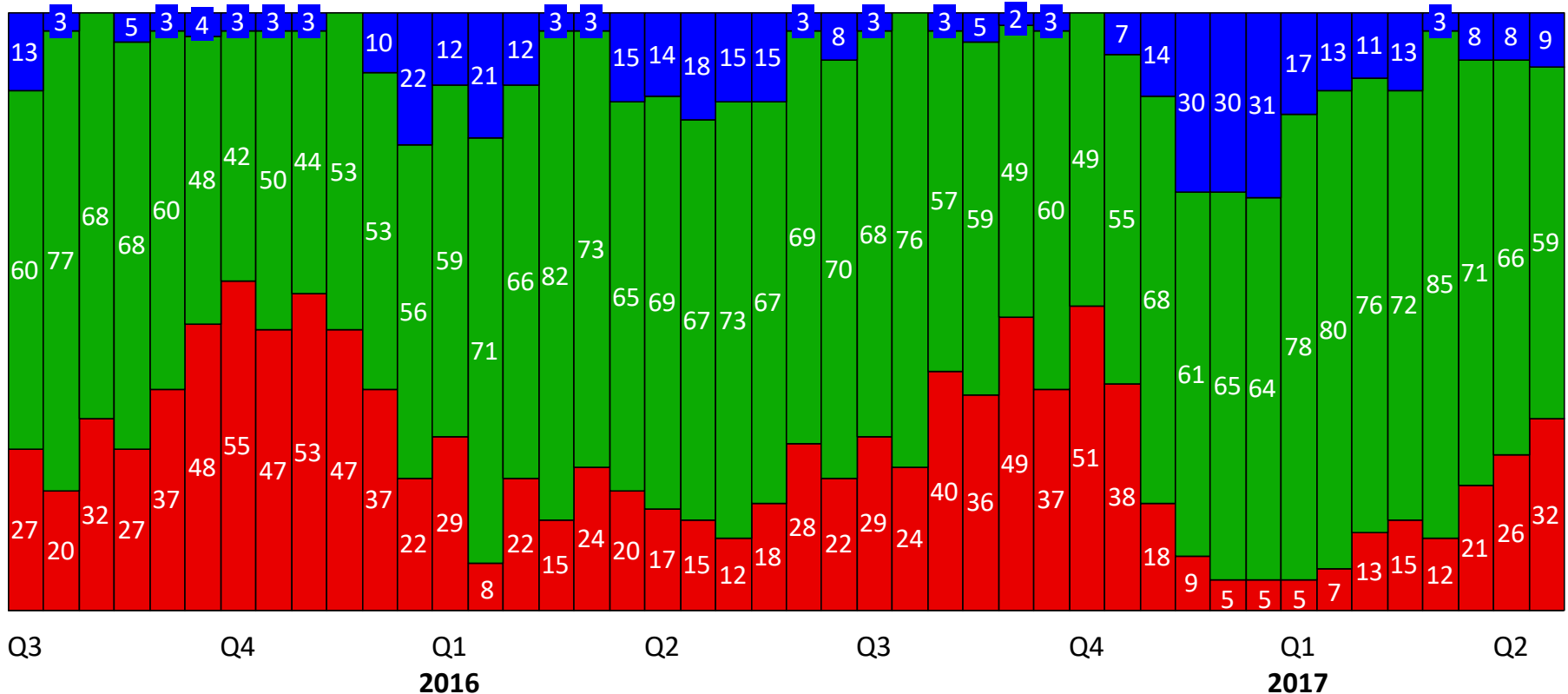
Service Center Inventory

Buying History

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

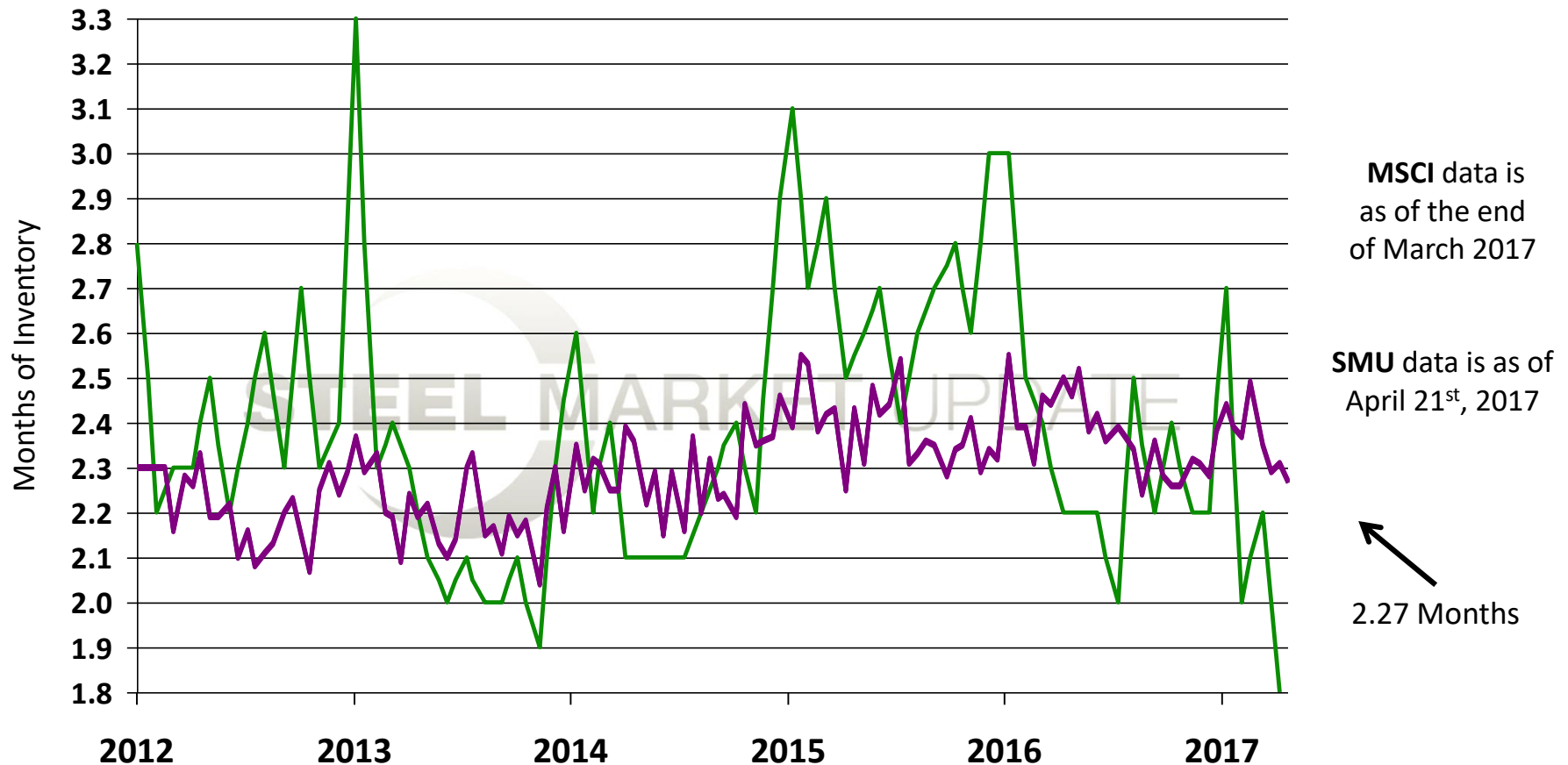
Building Inventory Maintaining Inventory Reducing Inventory

out of 100%



SMU Service Center & MSCI Inventory Level History Comparison

— MSCI Flat Rolled Inventory Level
— SMU Flat Rolled Inventory Level

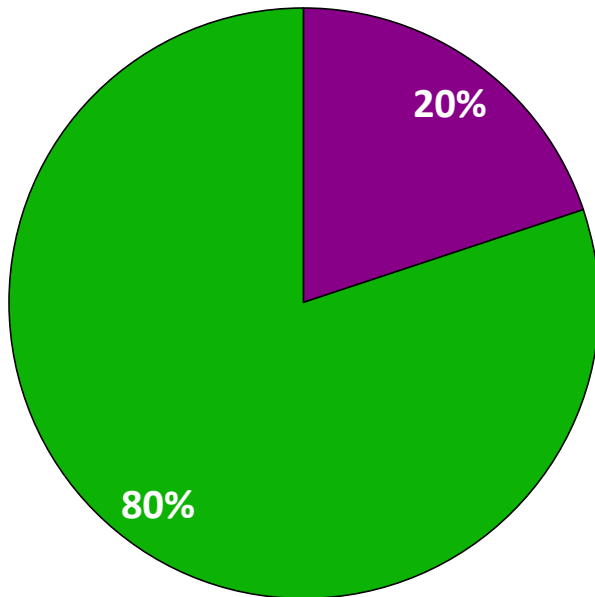


Service Center Inventories

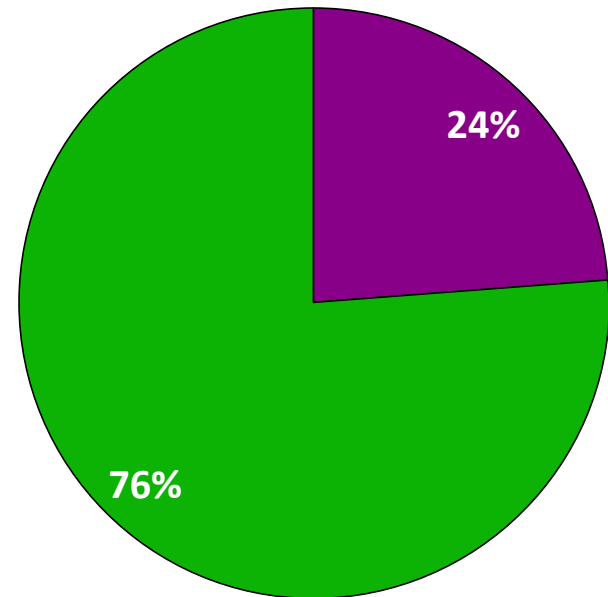
Service Centers- Do you think your company will be forced to buy more steel and build inventories in the near future?

Yes No

April 7th, 2017



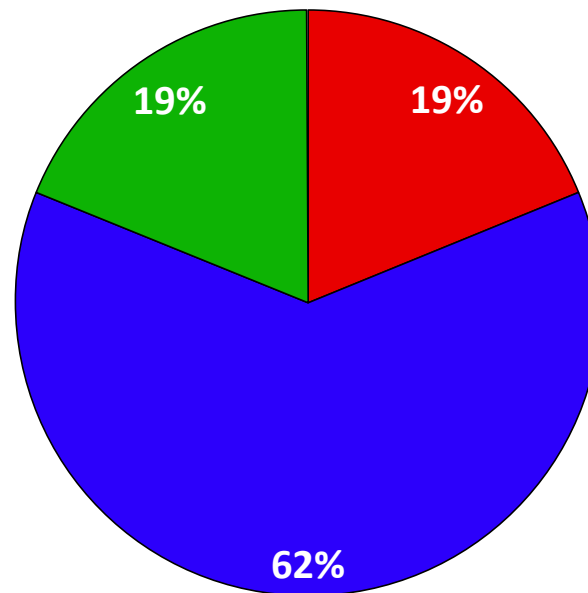
April 21st, 2017



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

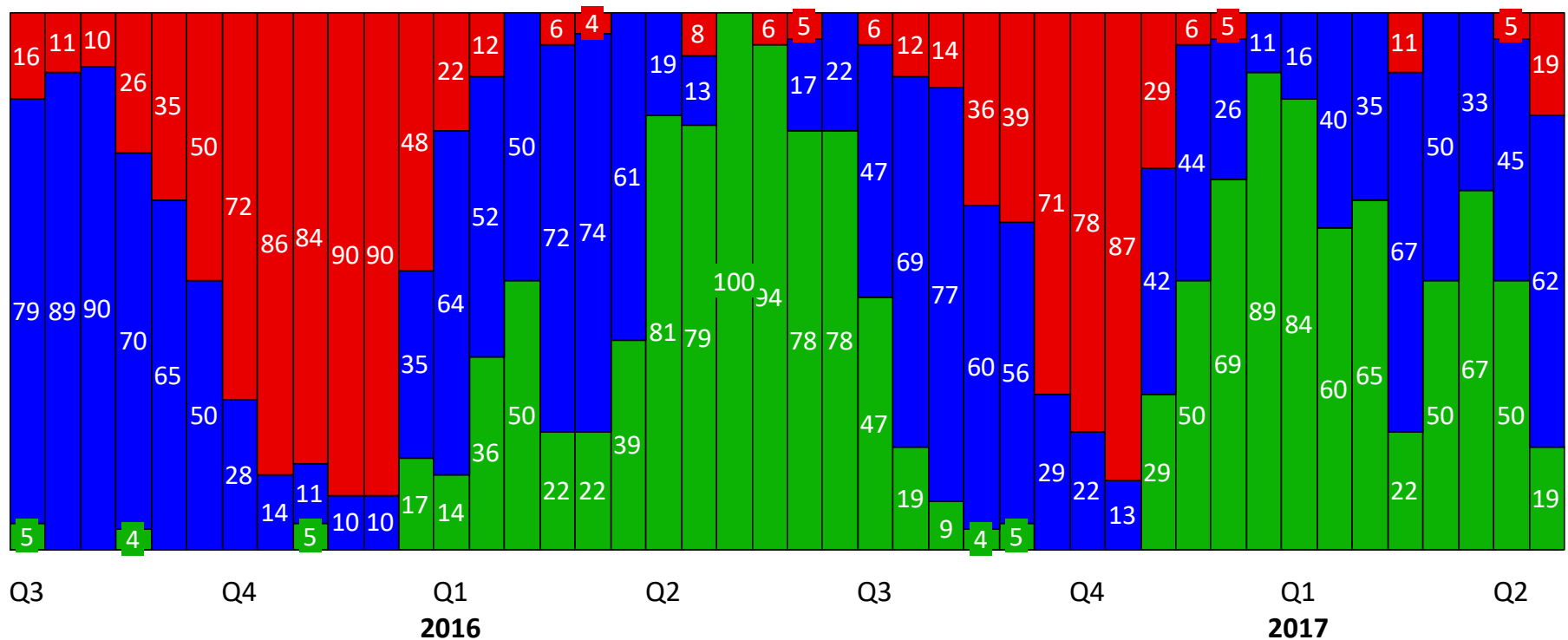


Manufacturer's View of Service Center Selling Prices History

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

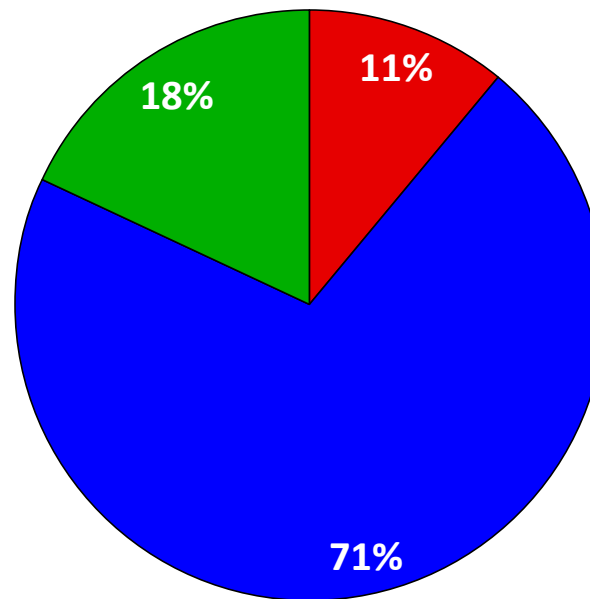
- We are seeing prices decreasing from our service centers
- We are seeing prices stable from our service centers
- We are seeing prices rising from our service centers

out of 100%



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

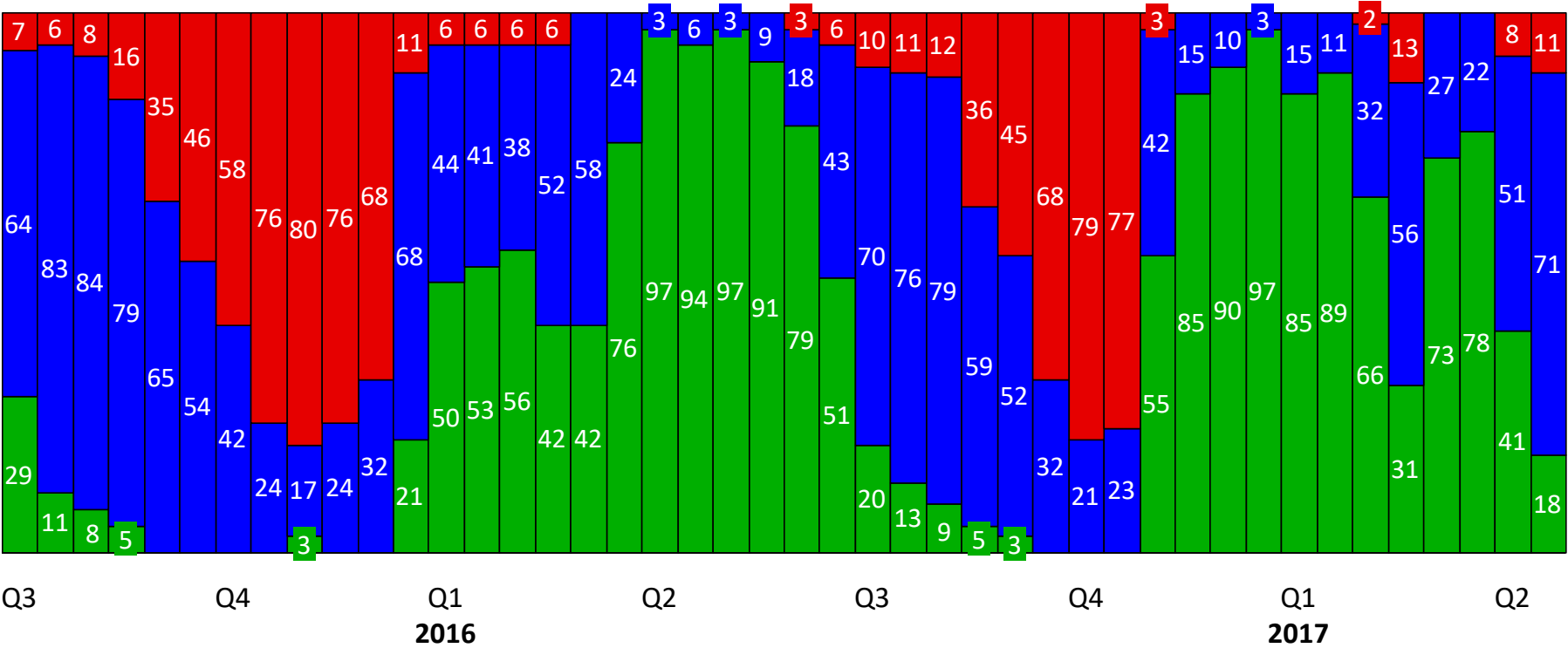
- We are lowering prices
- We are keeping prices the same
- We are raising prices



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

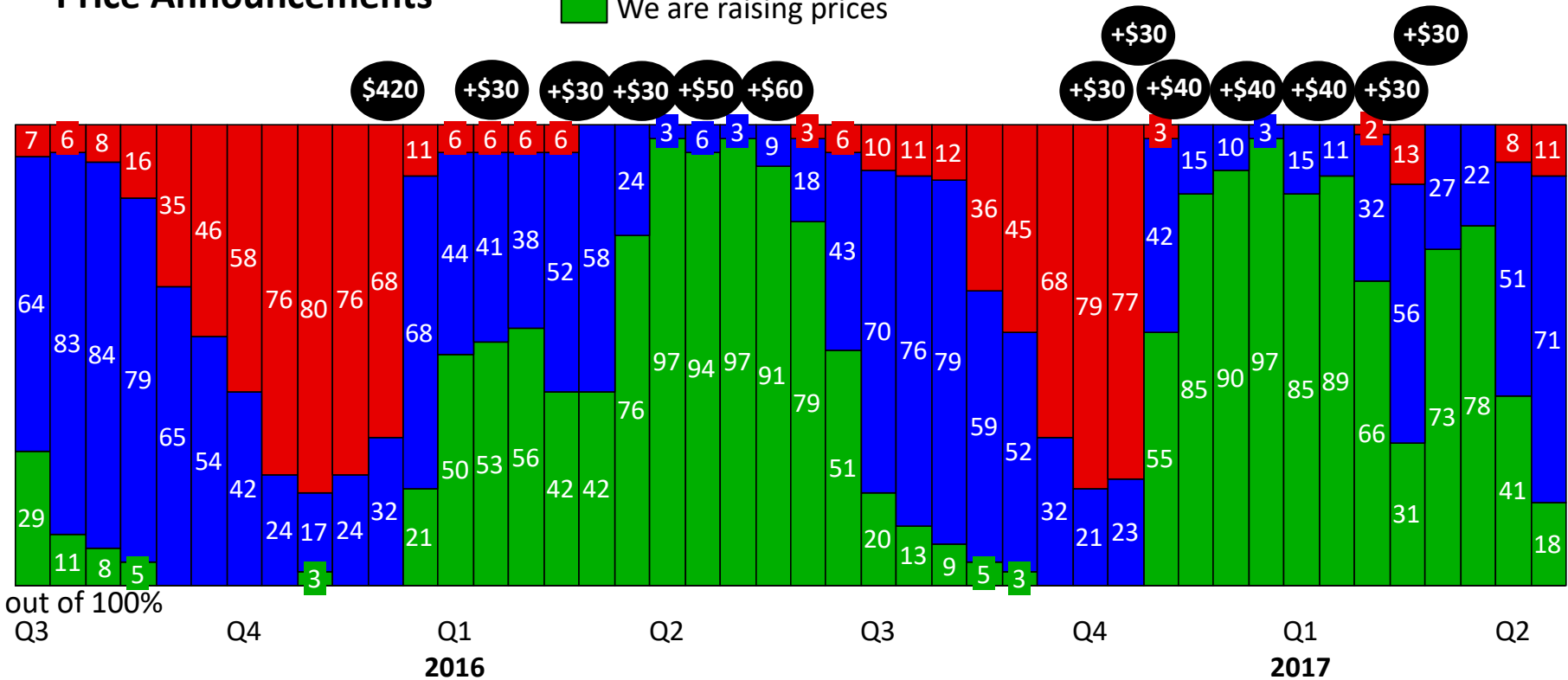
out of 100%



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

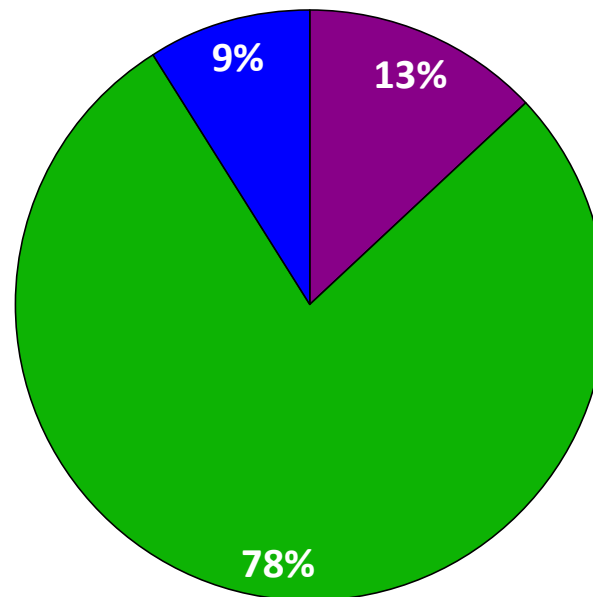
Historical AK Steel Price Announcements

- 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?

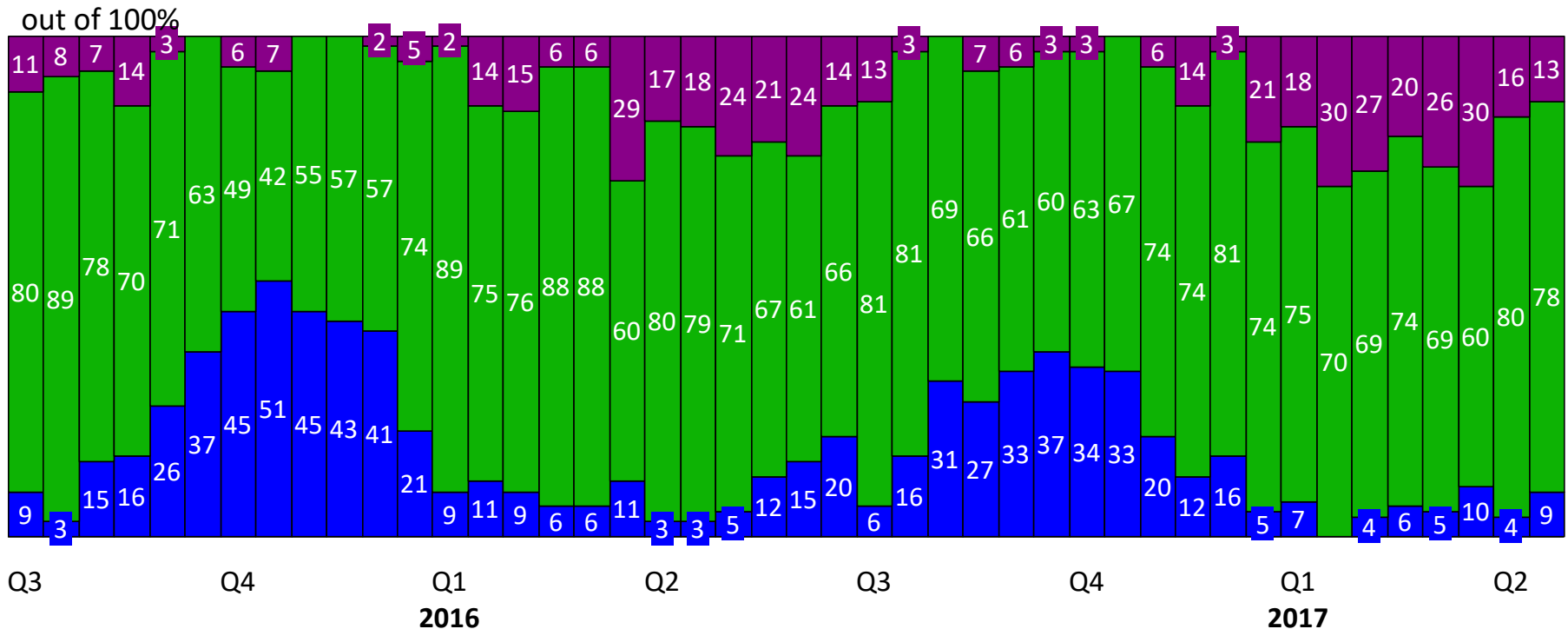
- Our manufacturing customers are increasing orders
- Our manufacturing customers are maintaining their orders
- Our manufacturing customers are reducing their orders



Service Centers on Manufacturer Orders History

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

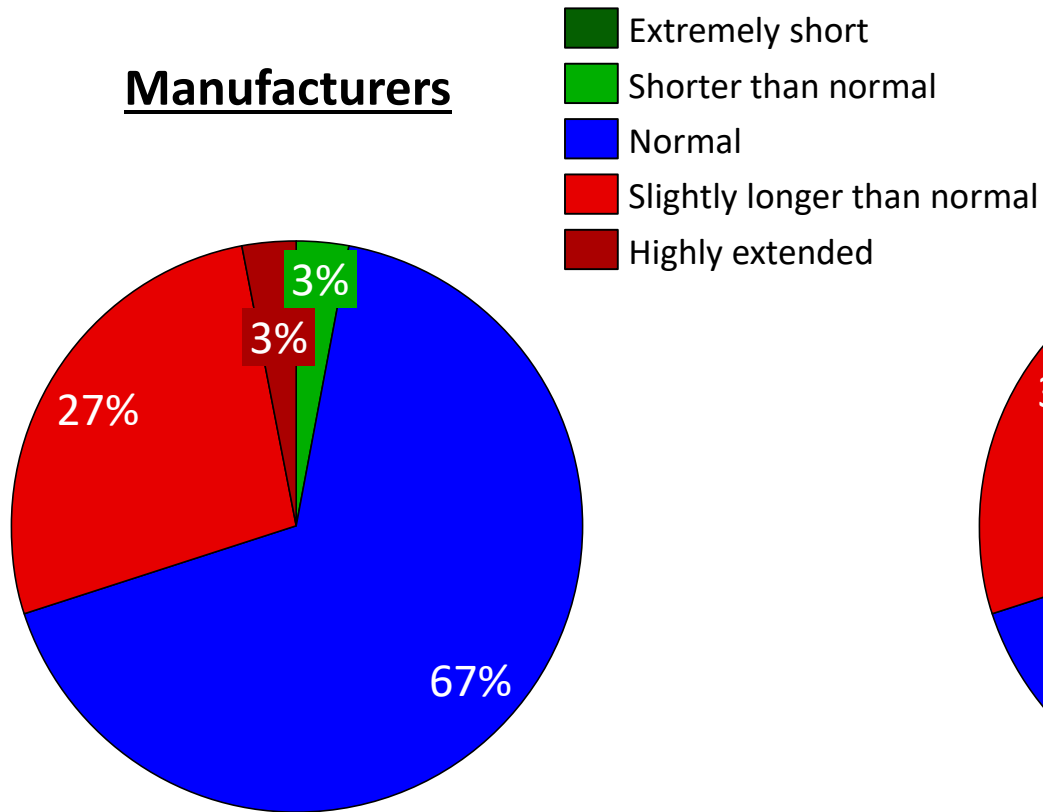
- Our manufacturing customers are increasing orders
- Our manufacturing customers are maintaining their orders
- Our manufacturing customers are reducing their orders



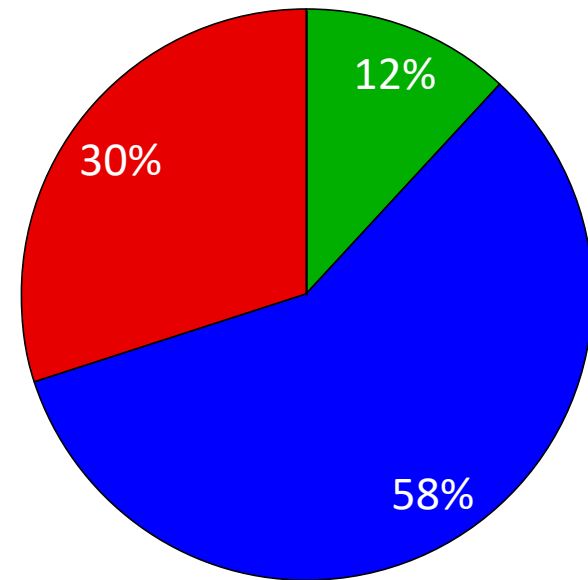
Mill Lead Times

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

Manufacturers

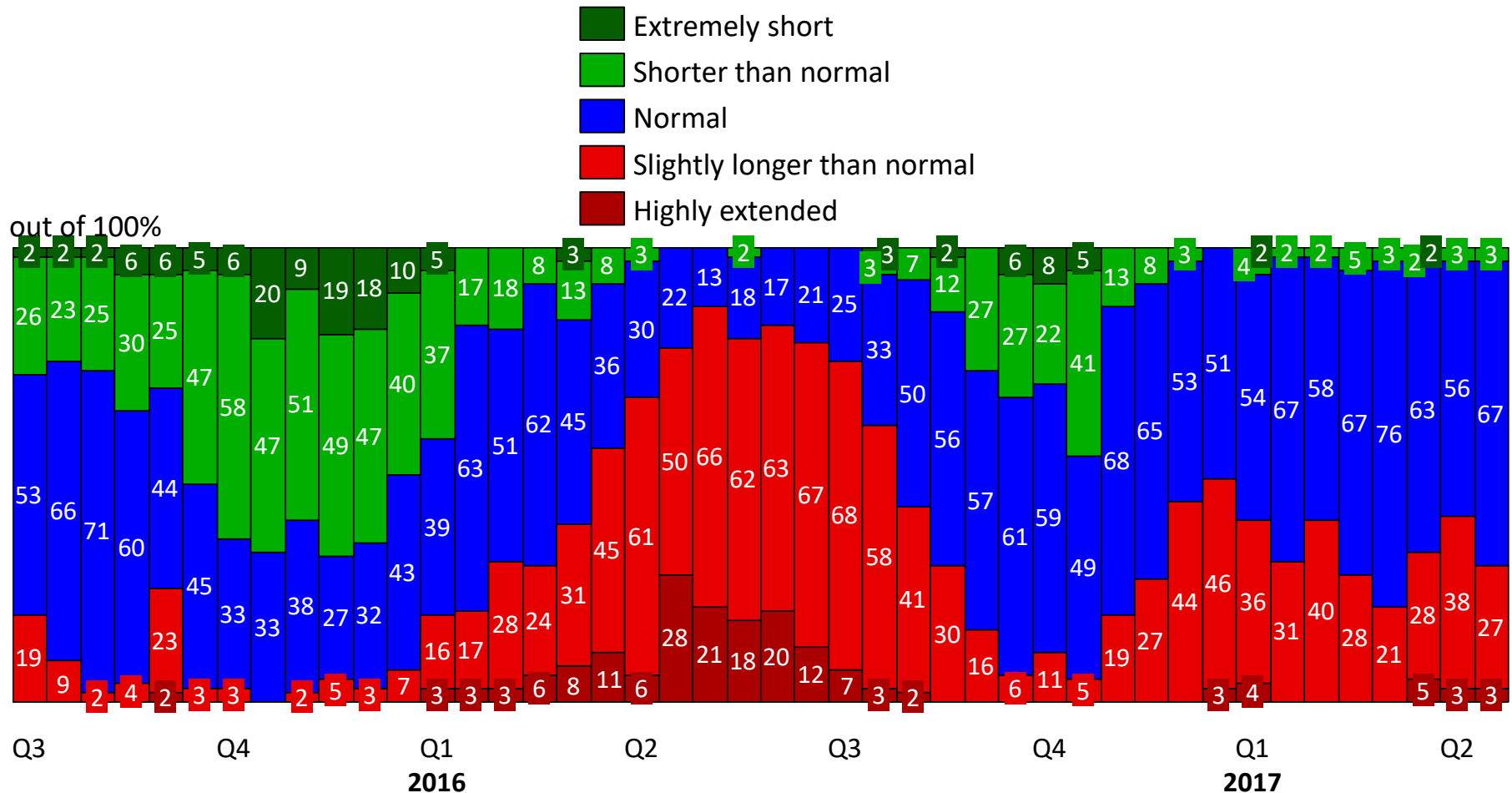


Service Centers



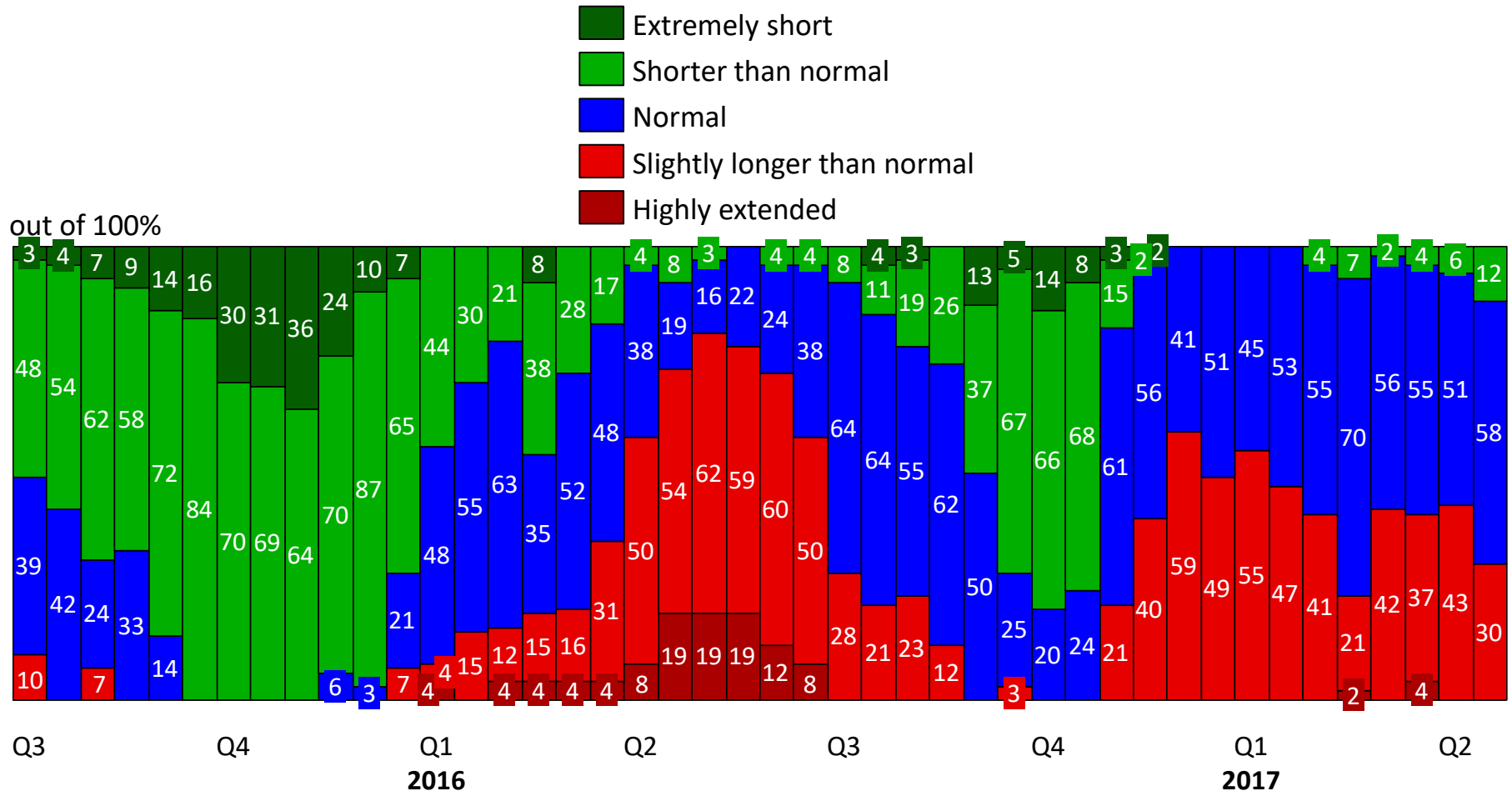
Mill Lead Times History

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?

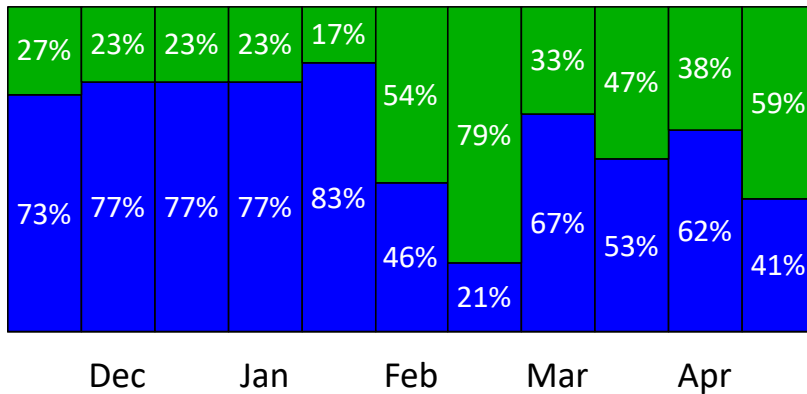


Mill Negotiations

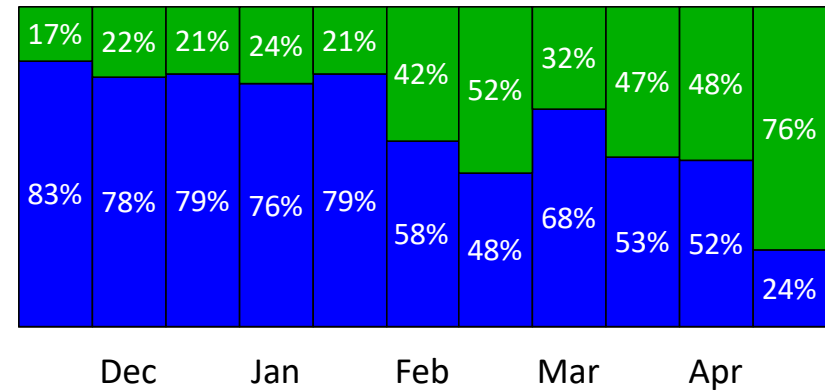
Are you finding the domestic mills are willing to negotiate pricing on brand new orders placed this week?

Yes No

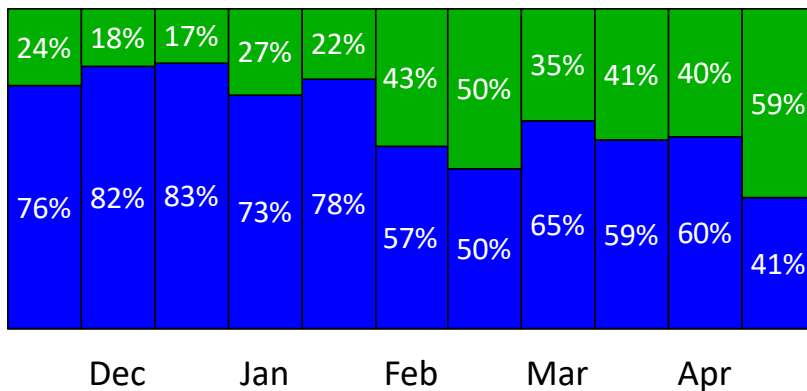
Hot Rolled Orders



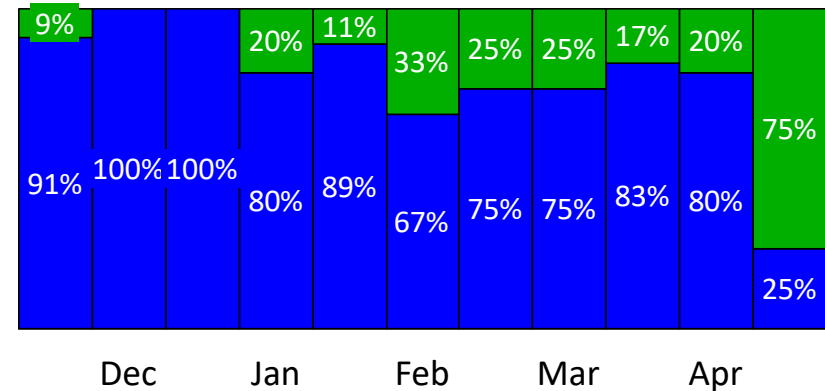
Cold Rolled Orders



Galvanized Orders

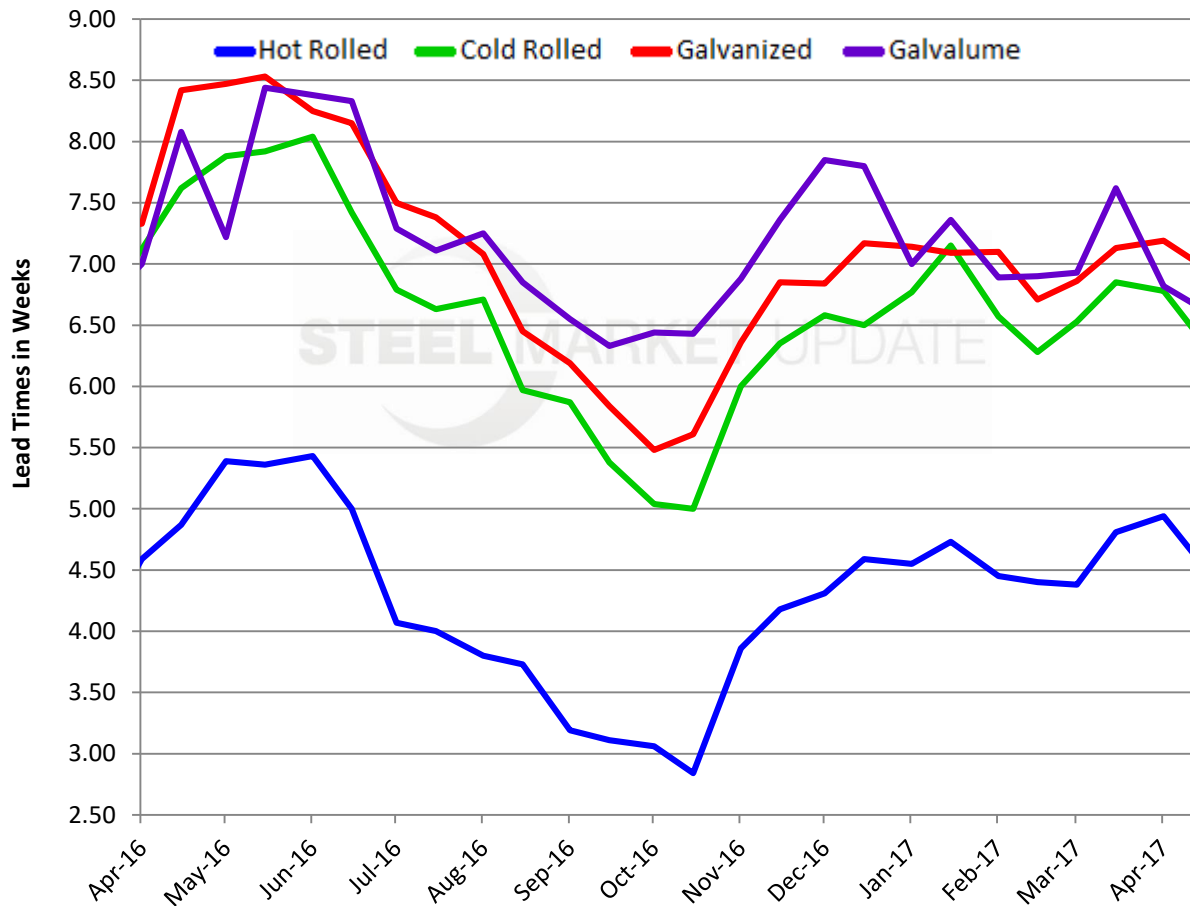


Galvalume Orders



Lead Times (Weeks)

Steel Market Update Lead Times Comparison

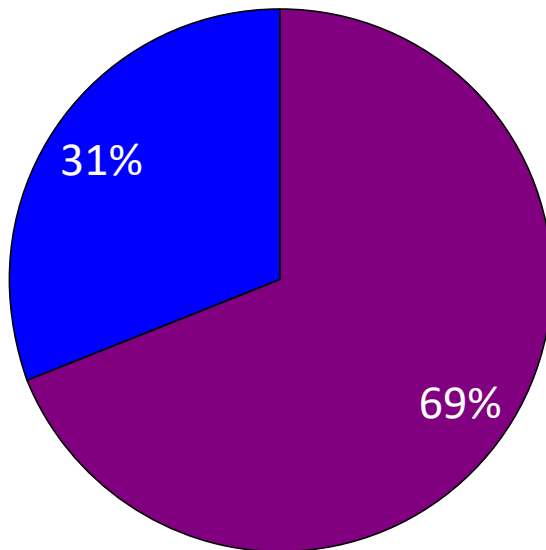


Hot Rolled: 4.54
Cold Rolled: 6.37
Galvanized: 6.98
Galvalume: 6.63

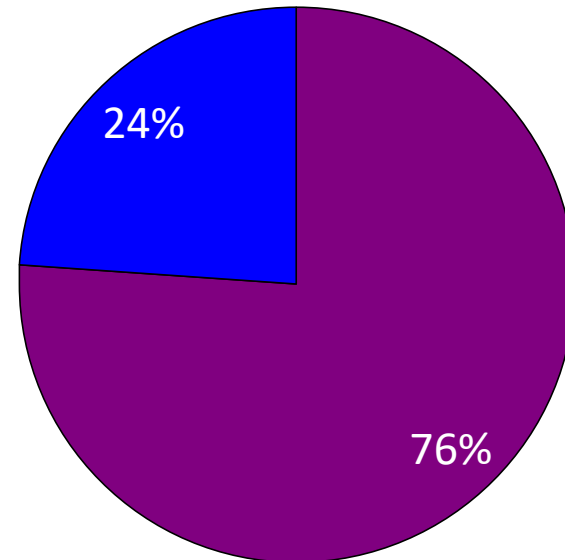
Does your company buy foreign steel?

■ Yes ■ No

Manufacturers



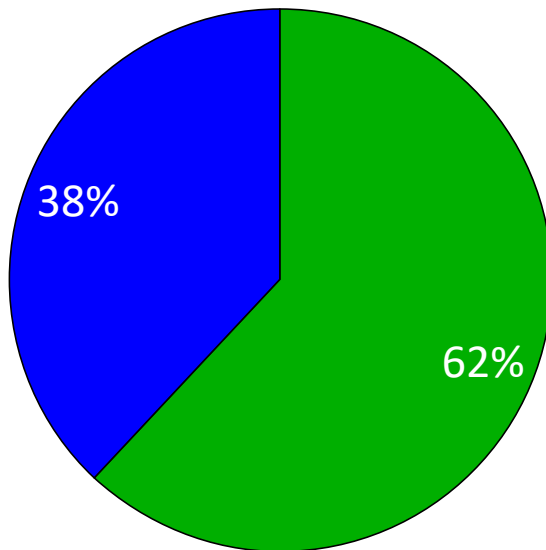
Service Centers



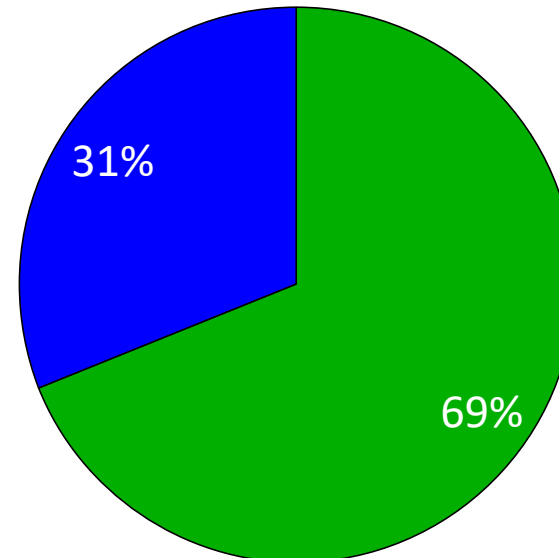
Is the spread between domestic and foreign prices
wide enough to justify buying foreign steel?

Yes No

Manufacturers

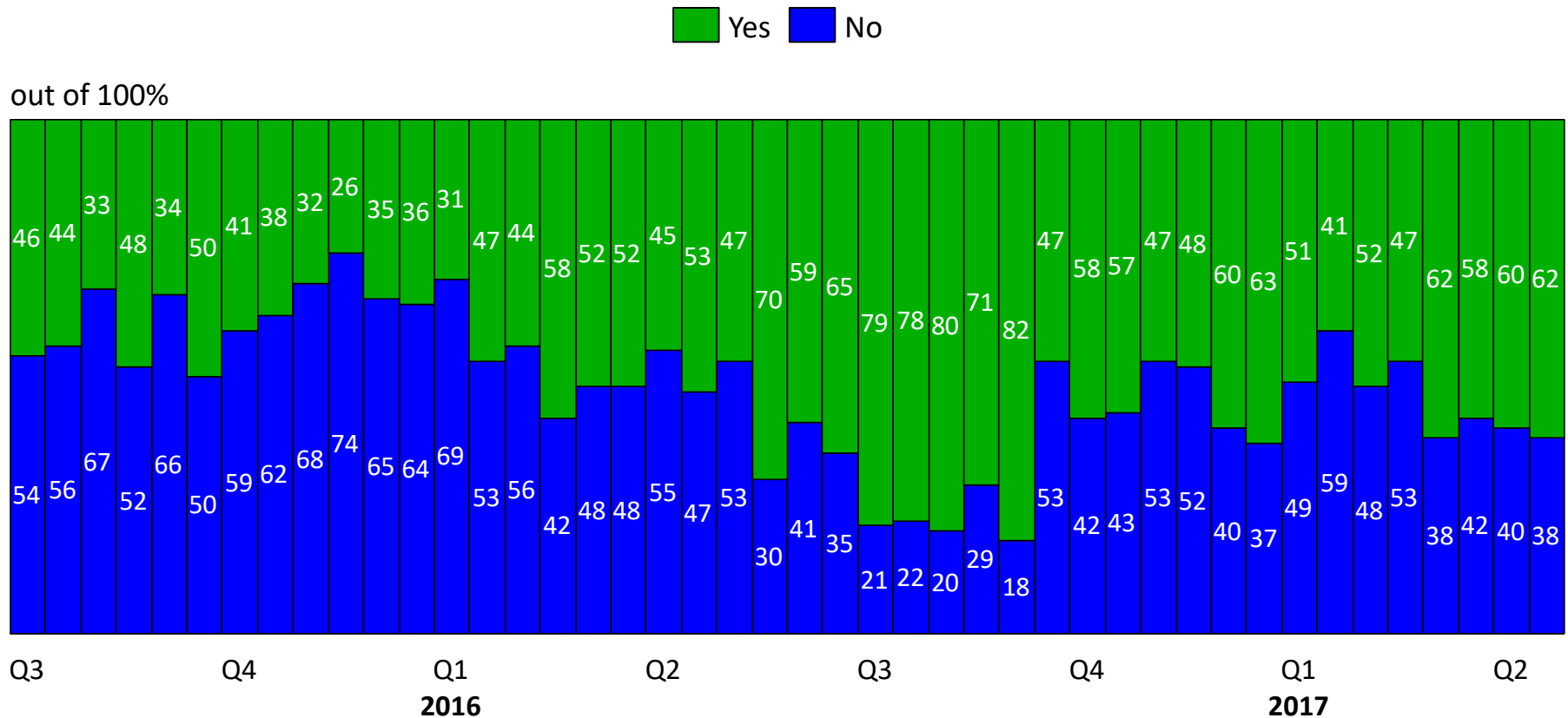


Service Centers



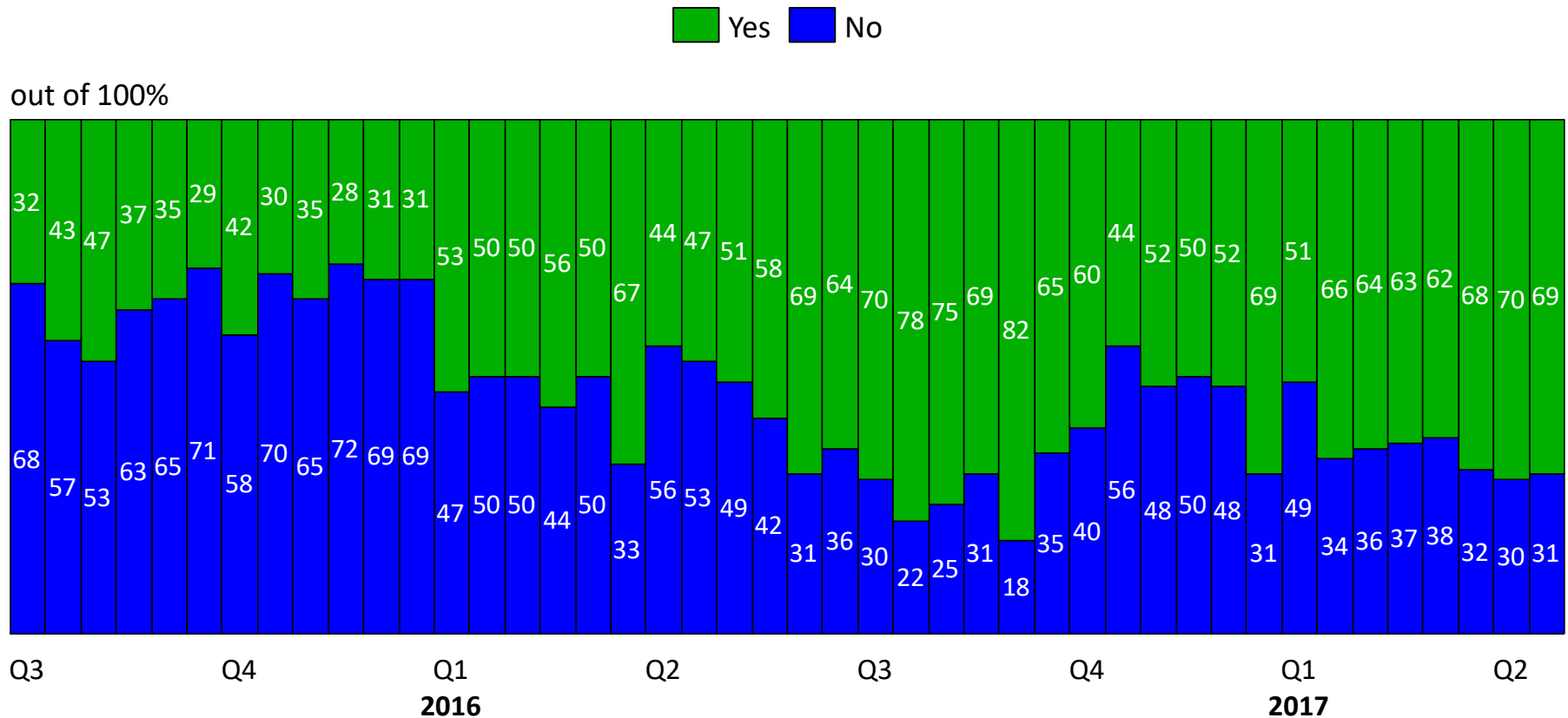
Domestic and Foreign Price Spread

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



Domestic and Foreign Price Spread

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

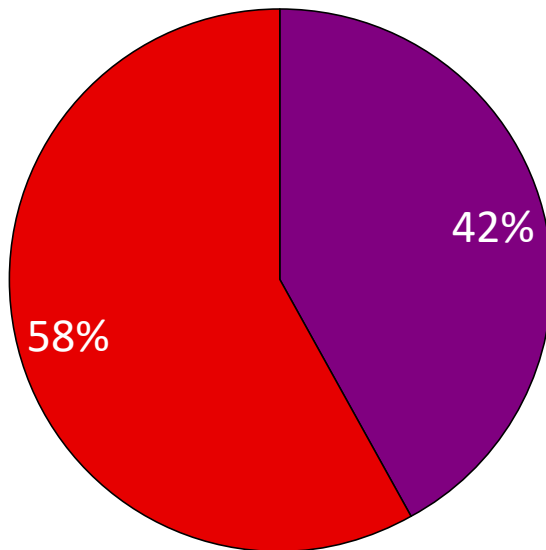


New Foreign Orders

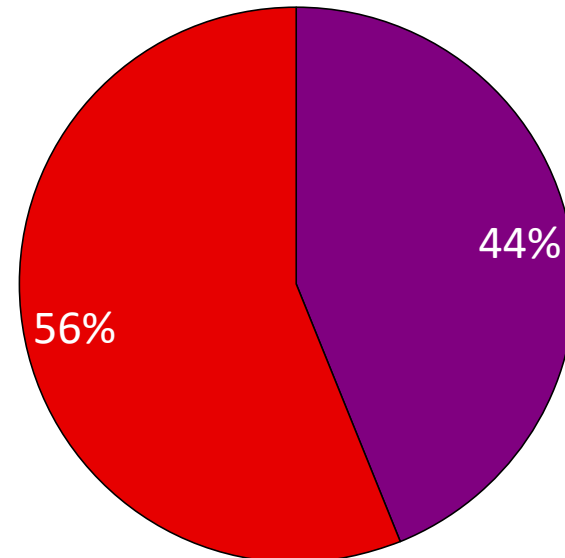
Is your company entering new foreign orders right now?

■ Yes ■ No

Manufacturers

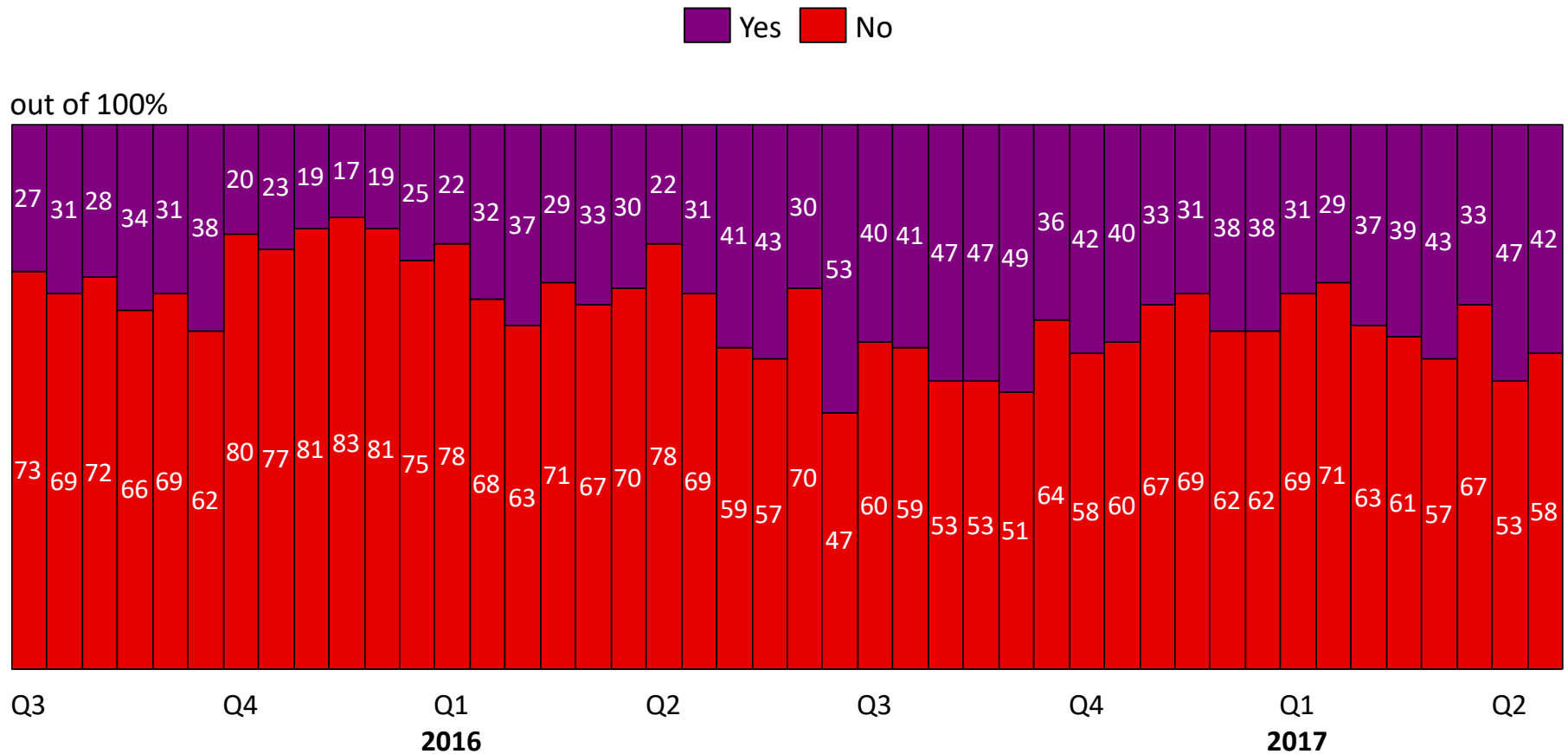


Service Centers



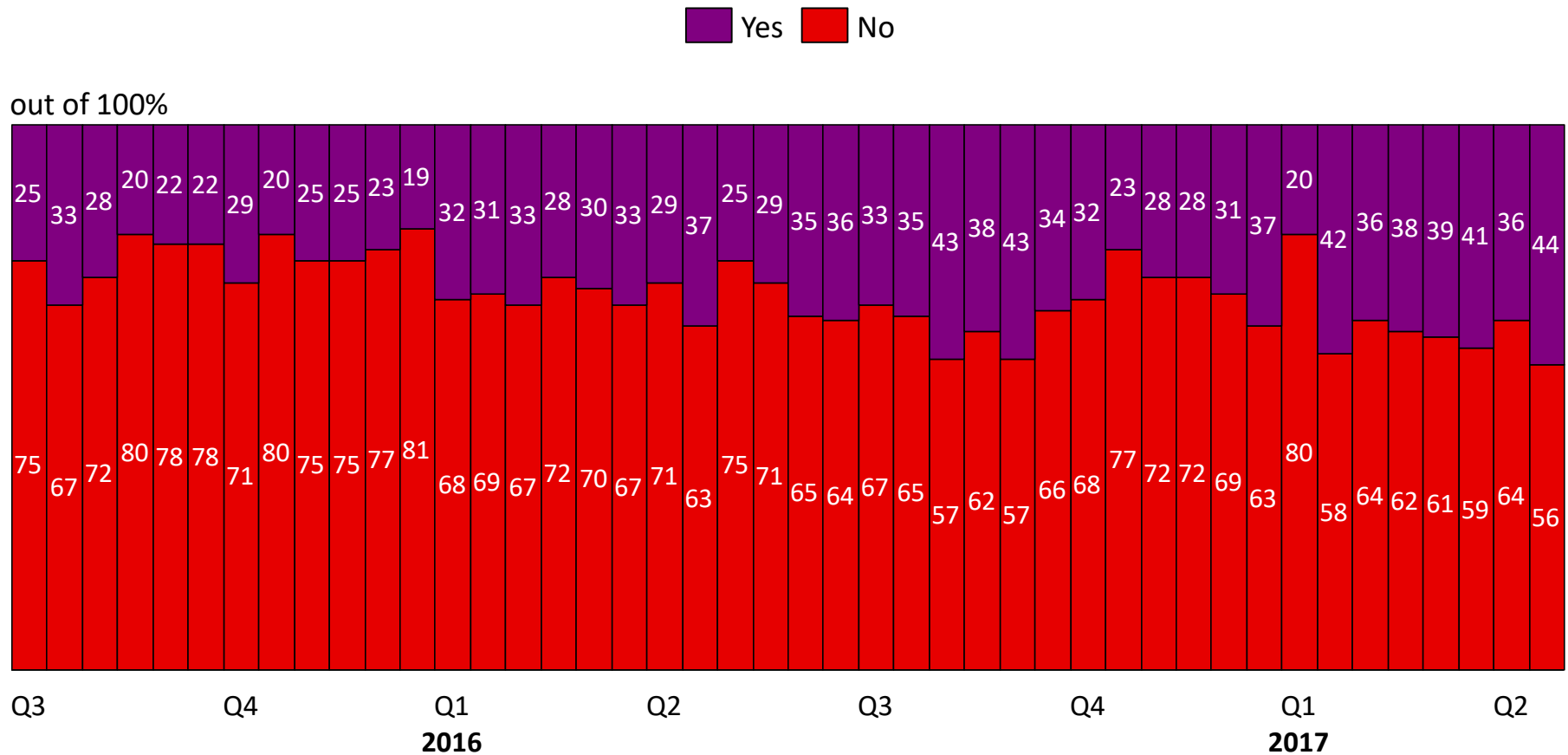
New Foreign Orders

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



New Foreign Orders

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

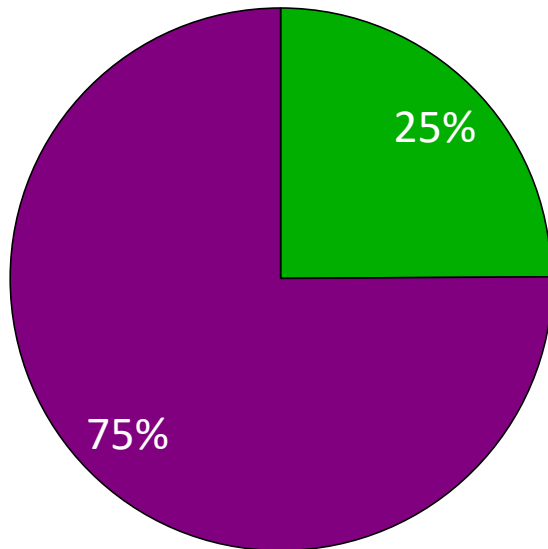


Foreign Difficulties

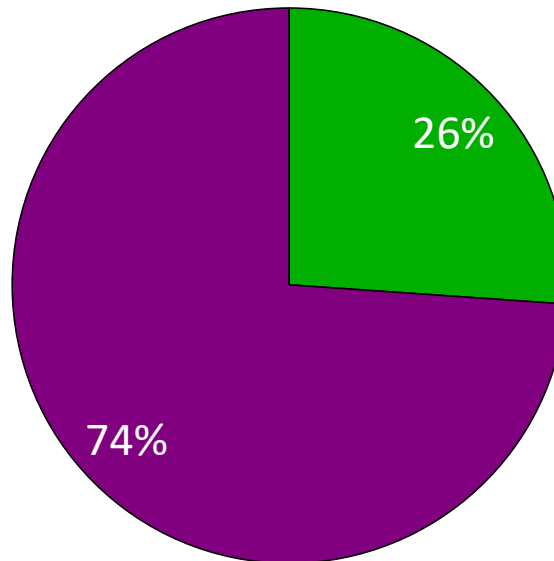
Are you having any difficulties sourcing foreign flat rolled steel products at competitive prices?

Yes No

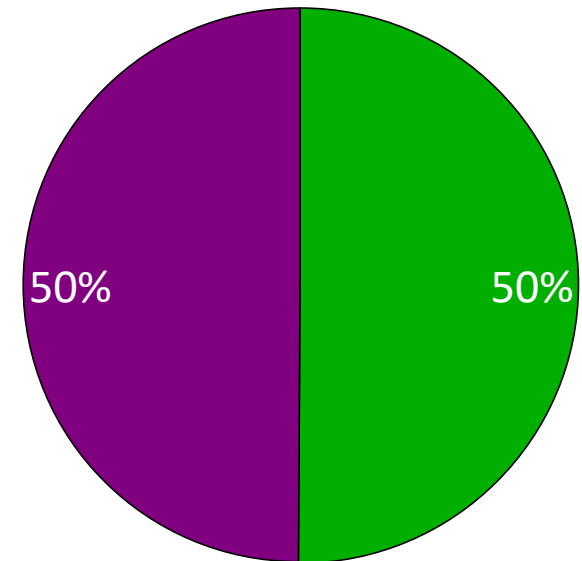
Manufacturers



Service Centers

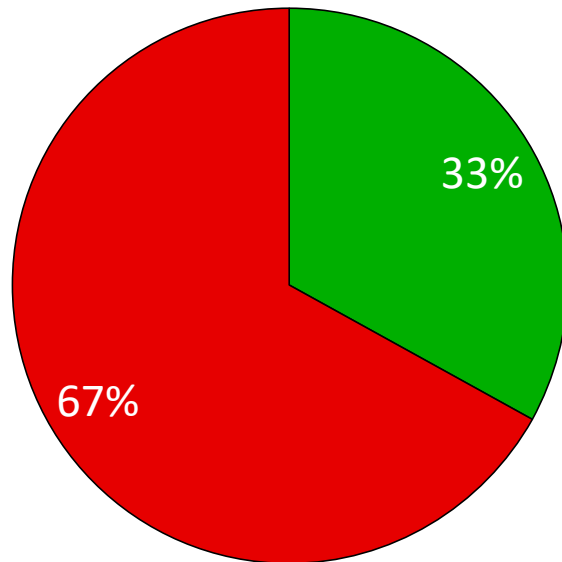


Trading Companies



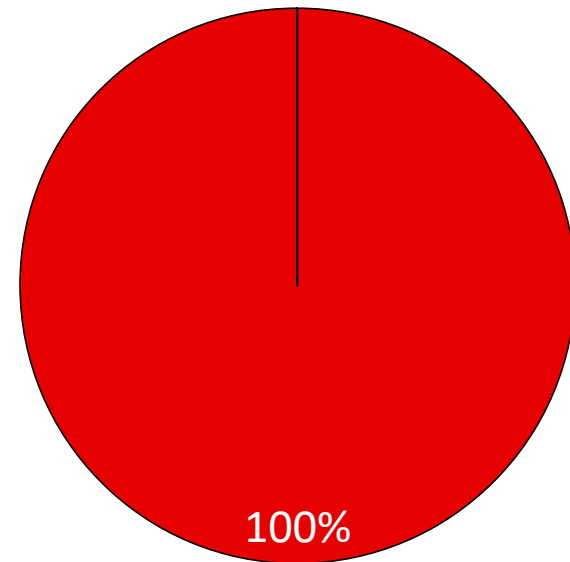
At this time, are you seeing an increase in requests for quotes from North American buyers for foreign steel?

Yes No



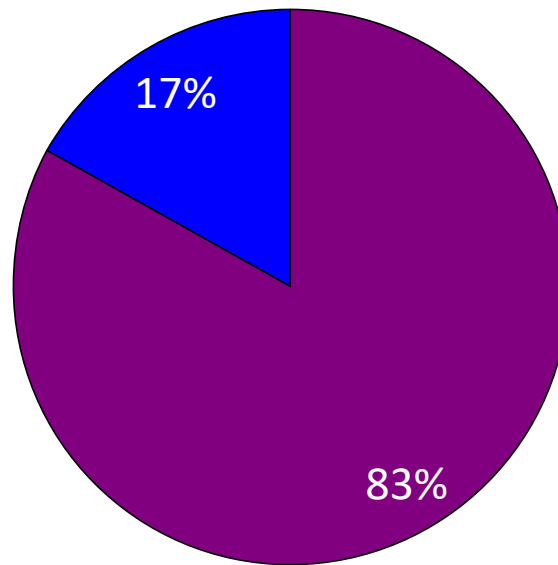
Are foreign steel prices rising compared to one month ago?

Yes
No
Remaining the same



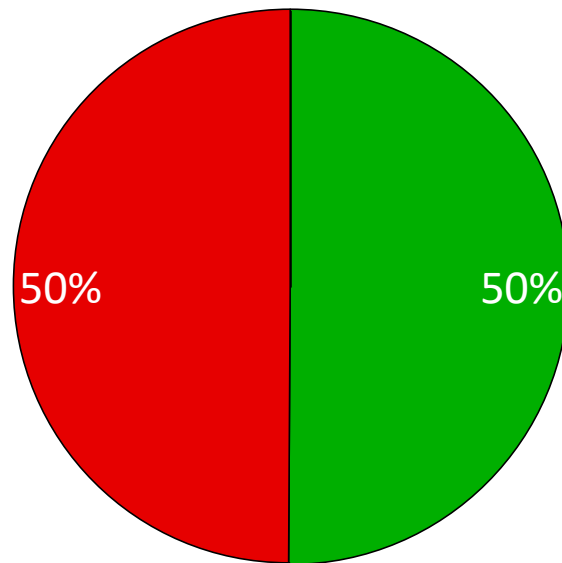
Are the foreign offers being made
priced at levels where you are
confident business can be transacted?

■ Yes ■ No



The first few months have seen high levels of cold rolled and coated steels being imported in the USA. Will this continue as the year goes on or will we see a reduction in imports of these products?

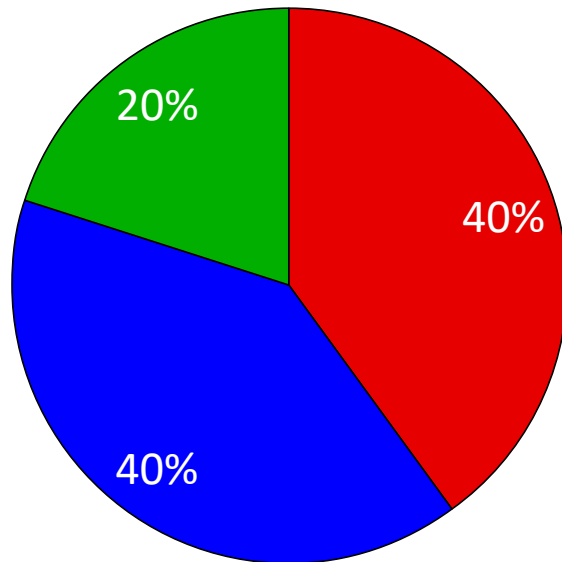
- Imports will continue at high levels
- Imports will drop off in the coming months
- Unsure



Trading Companies

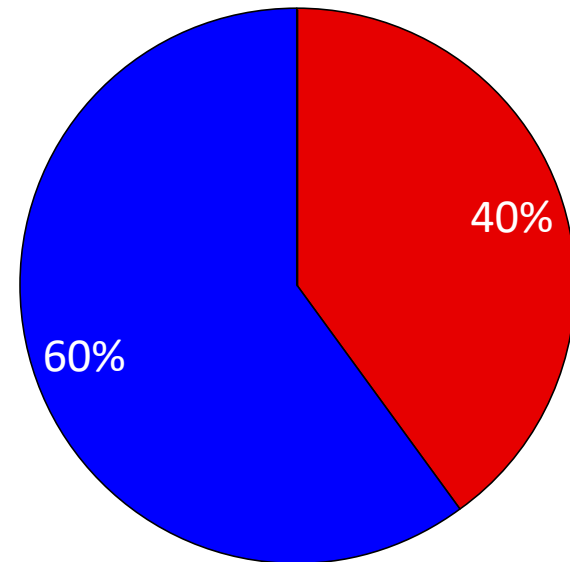
Are foreign galvanized prices more competitive, same, or less competitive than one month ago?

More competitive
Same
Less competitive

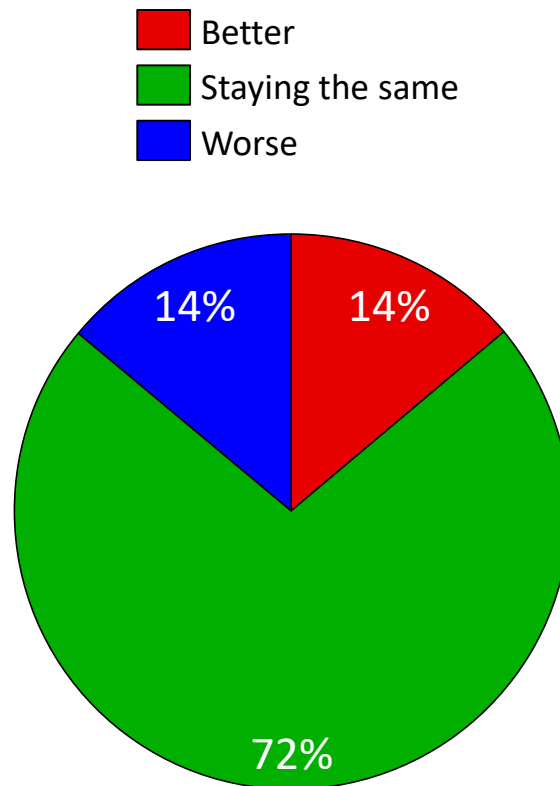


Are foreign Galvalume prices more competitive, same or less competitive than one month ago?

More competitive
Same
Less competitive



Are you seeing business conditions as worsening, getting better or staying the same as they were during 1Q 2016?



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
May 1st, 2017



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