



STEEL MARKET UPDATE

Steel Trends in a Turbulent Market

Responses from our May 19th 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.

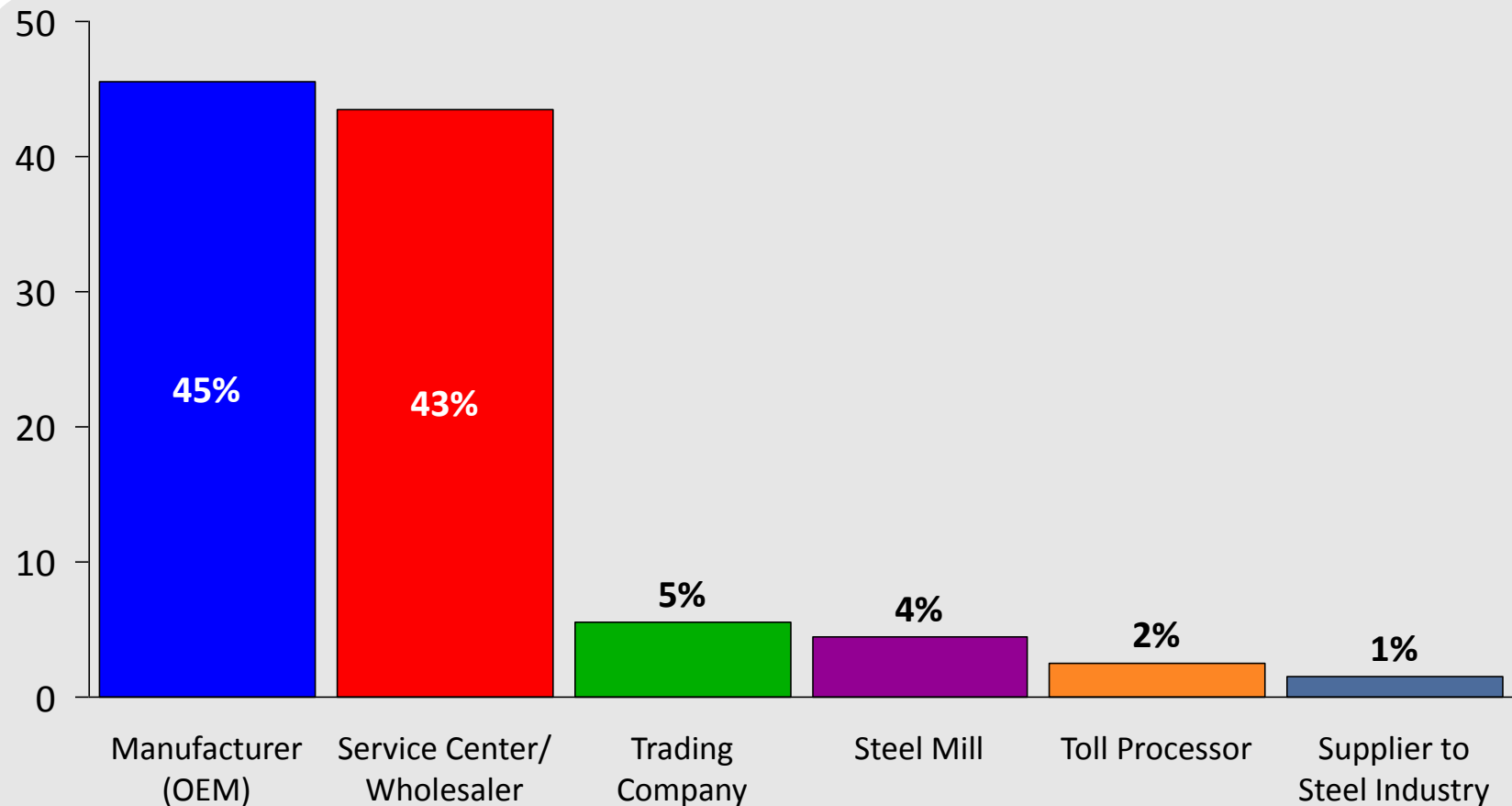
We invite over 600 companies to participate in our surveys.

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

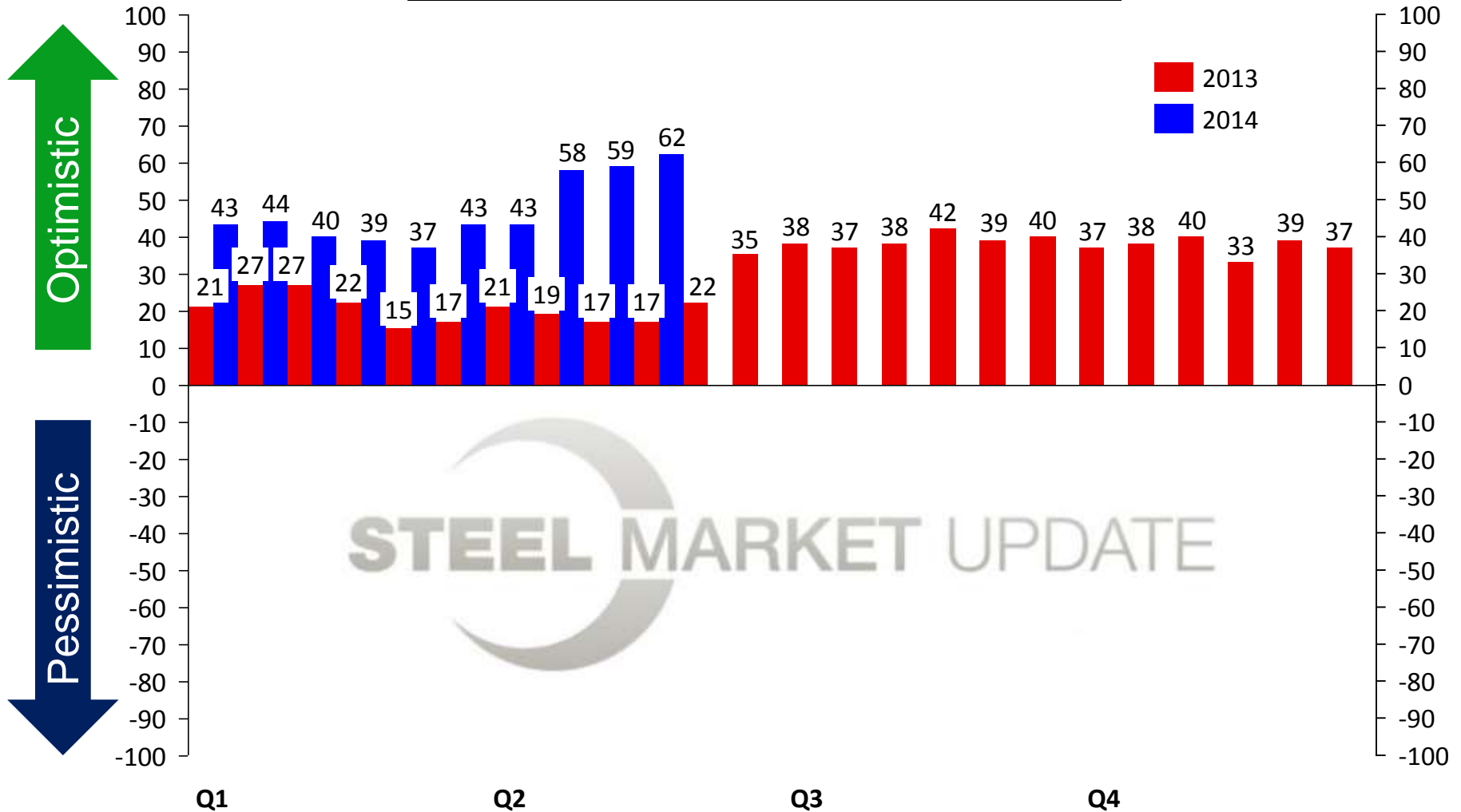
Our survey is by invitation only- Over 600 companies, mostly in the manufacturing or distribution industries, are asked to participate. Here are the percentages of participation in this week's survey by market sector.



SMU Buyers Sentiment Index

Up 3 points to +62

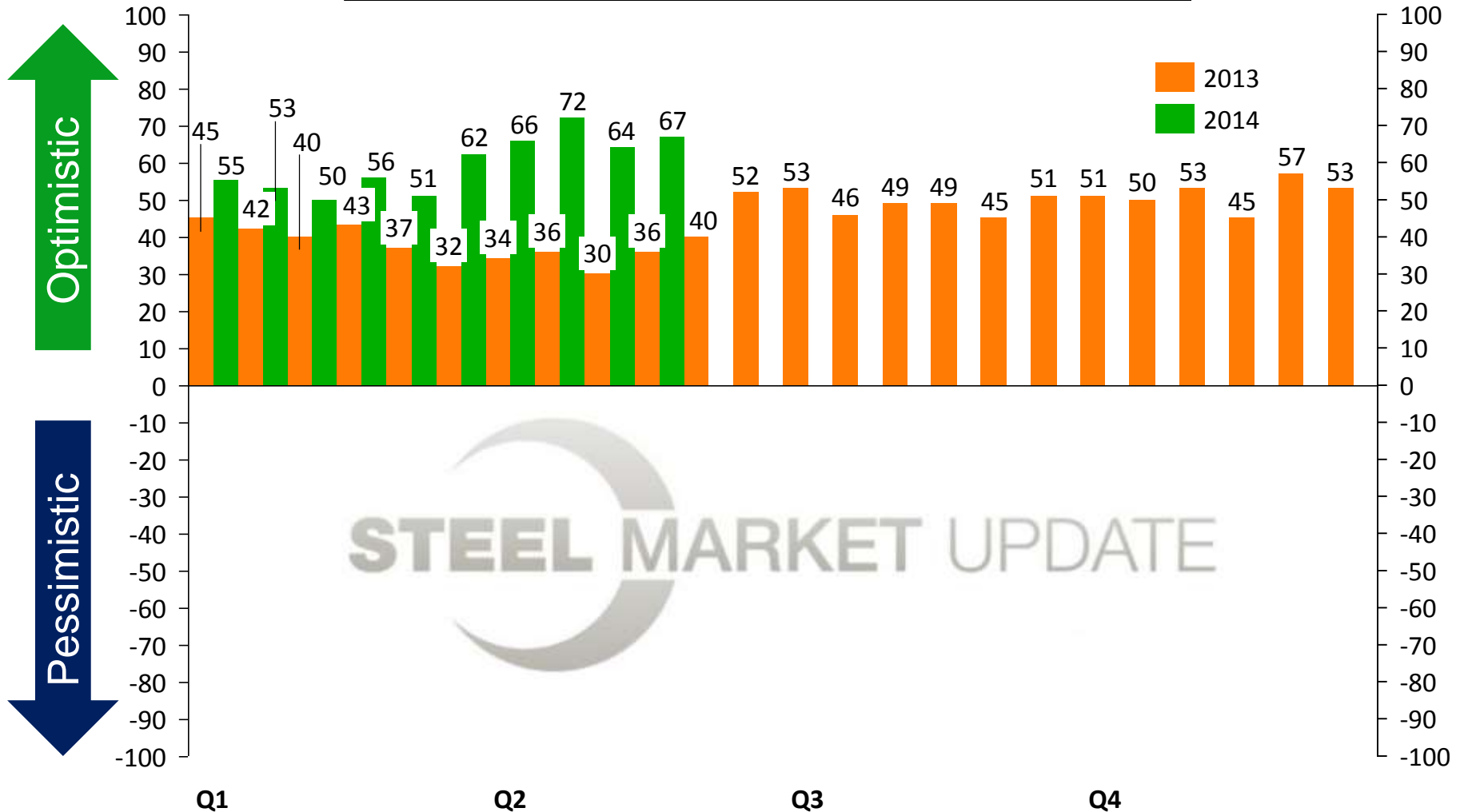
Steel Market Update Buyers Sentiment Index



SMU Future Buyers Sentiment Index

Up 3 points to +67

Steel Market Update 'Future' Buyers Sentiment Index

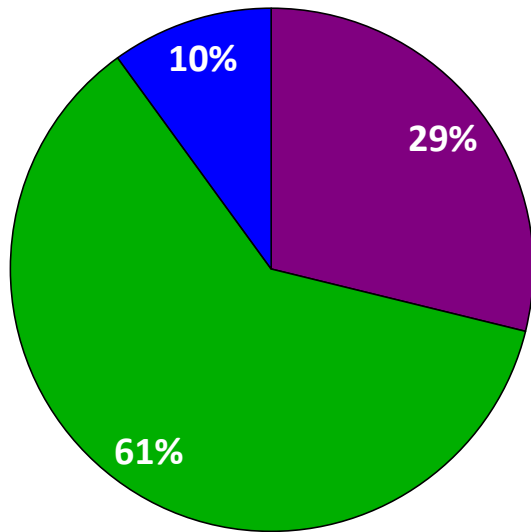


Overall Demand

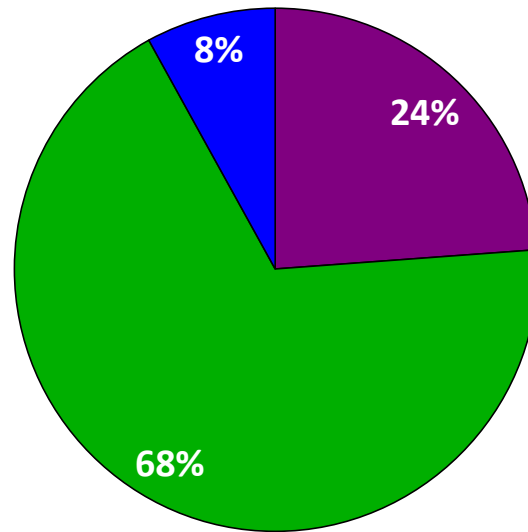
Are you seeing demand for your products improving, remaining the same or declining?

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

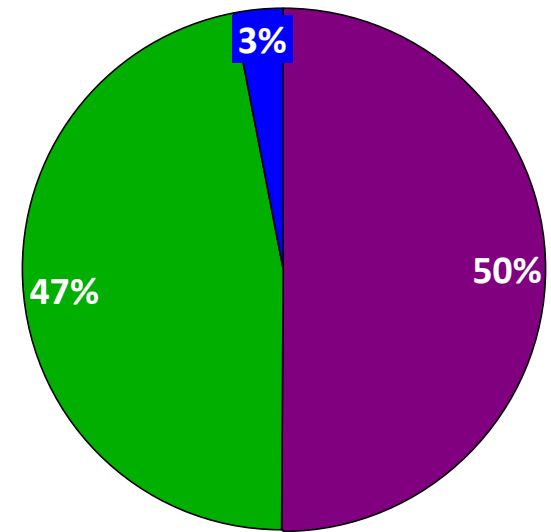
January 10th 2014



March 6th 2014



May 23rd 2014

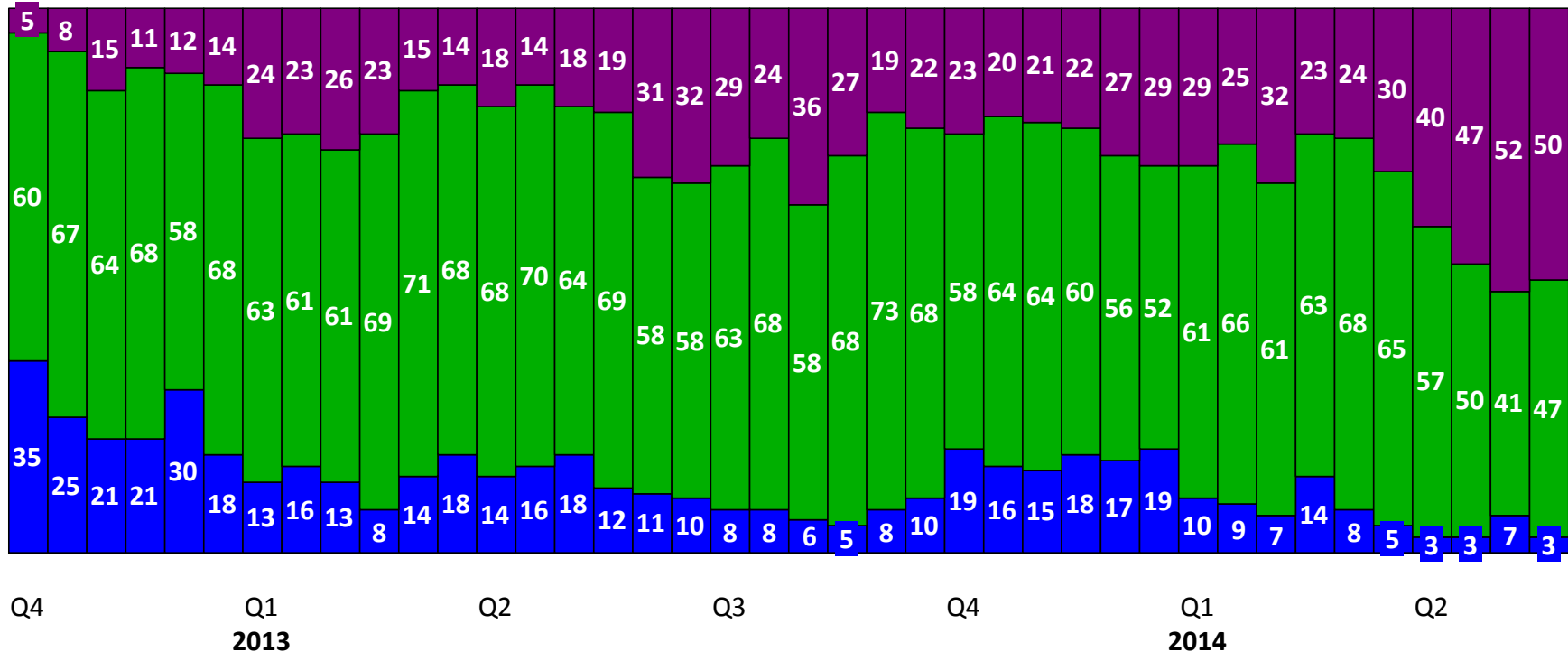


Overall Demand History

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%



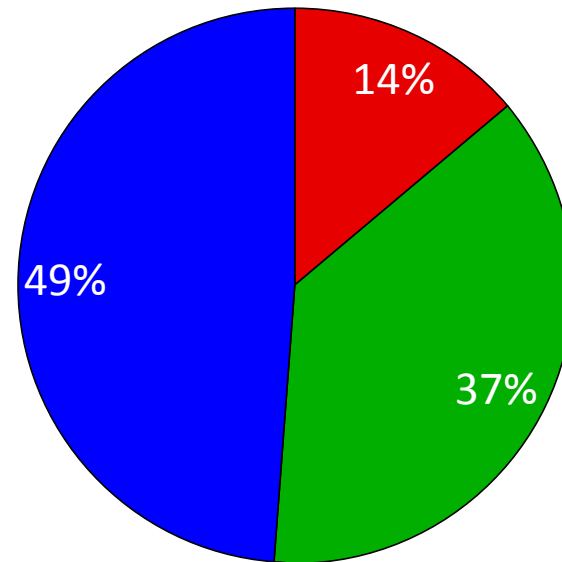
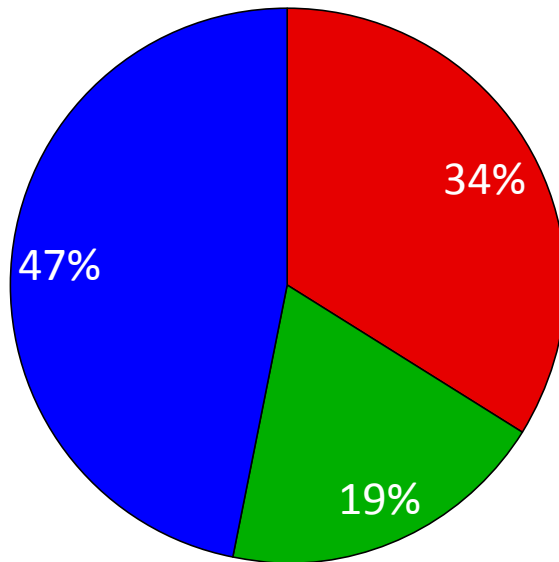
Price Expectations

By the end of May 2014 the direction mill spot prices will be head will be ___?

May 8th 2014

May 23rd 2014

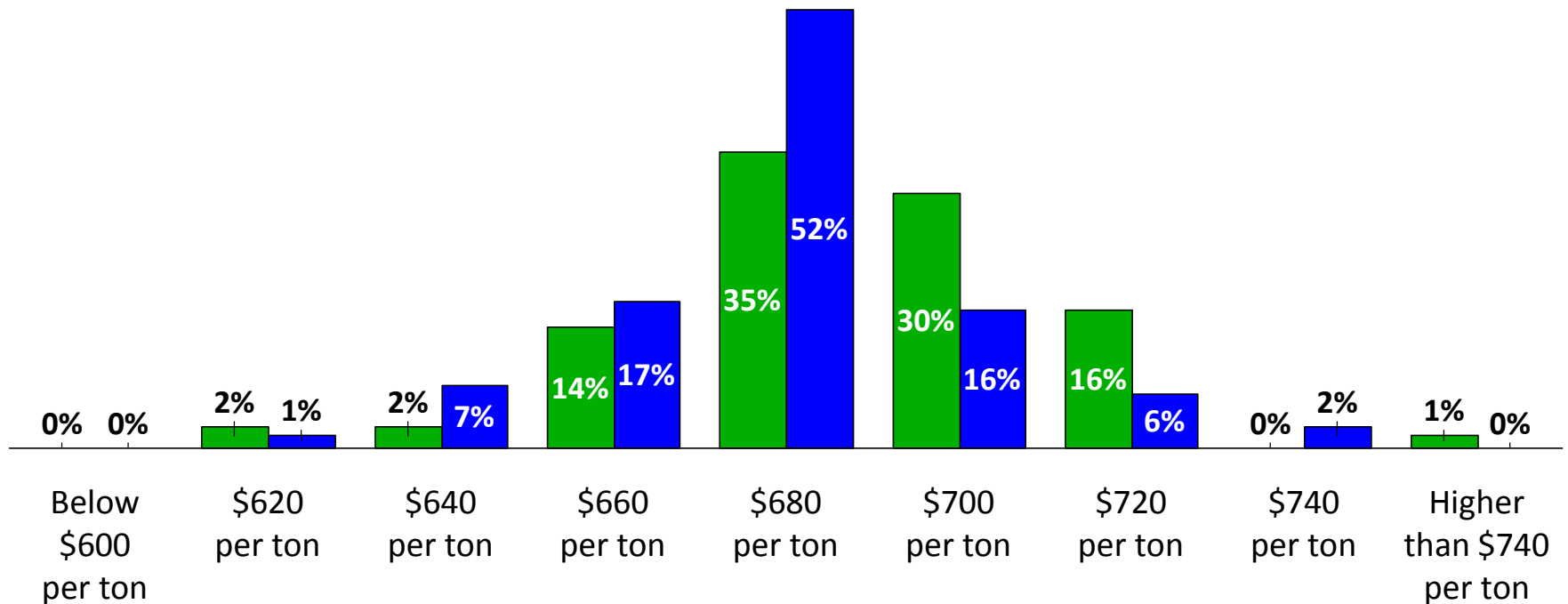
Higher Lower Sideways



Prices on June 1st

Where do you think benchmark hot rolled coil base price offers will be on June 1, 2014 (June 1 order placement date for future delivery)?

■ May 8th ➔ Average: \$688 per ton
■ May 23rd ➔ Average: \$680 per ton

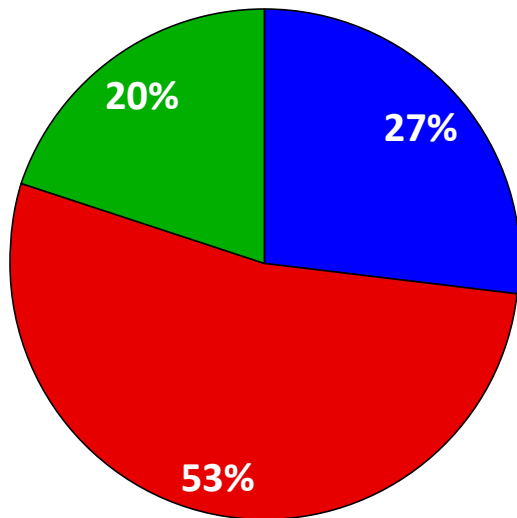


Manufacturer Purchases

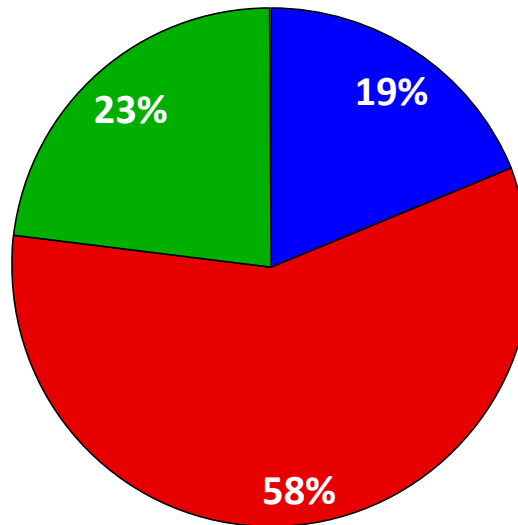
Manufacturers- Compared to this time last year –
is your company buying more, less or the same
amount of flat rolled steel as one year ago?

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

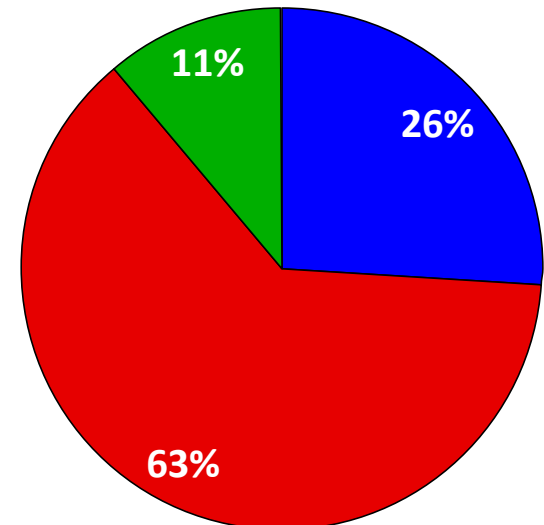
January 10th 2014



March 6th 2014



May 23rd 2014

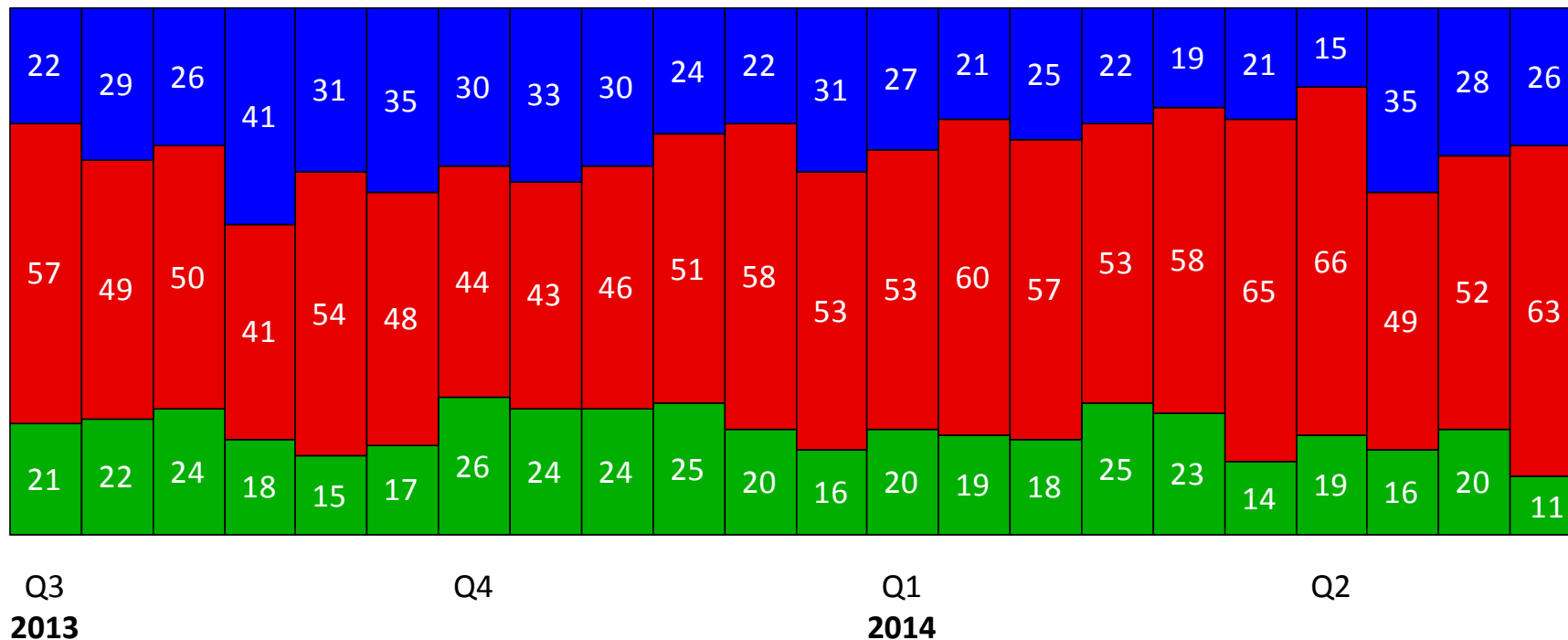


History of Manufacturer Purchases

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%

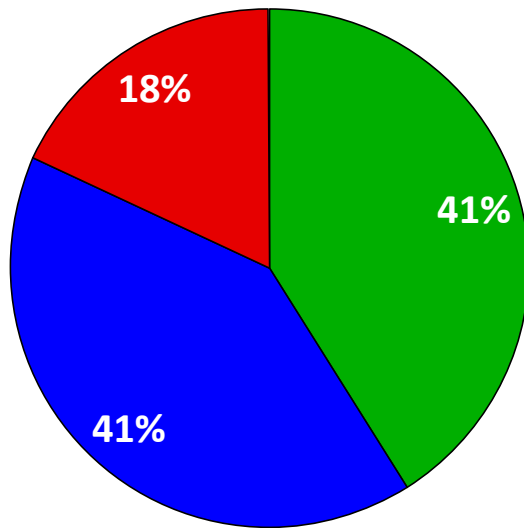


Service Center Releases

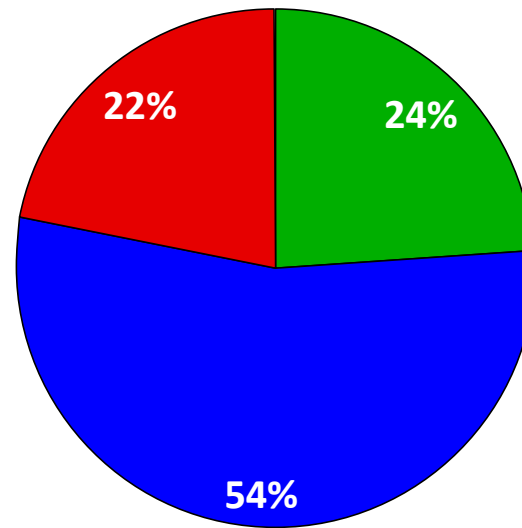
Service Centers- How do you see your customers releases (demand) for the products your company provides this year compared to this time last year?

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

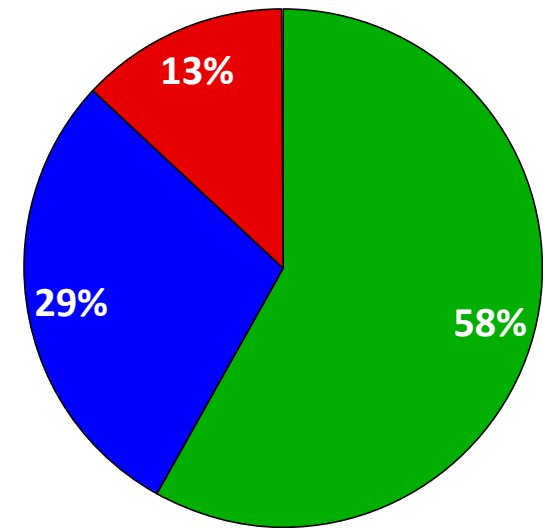
January 10th 2014



March 6th 2014



May 23rd 2014

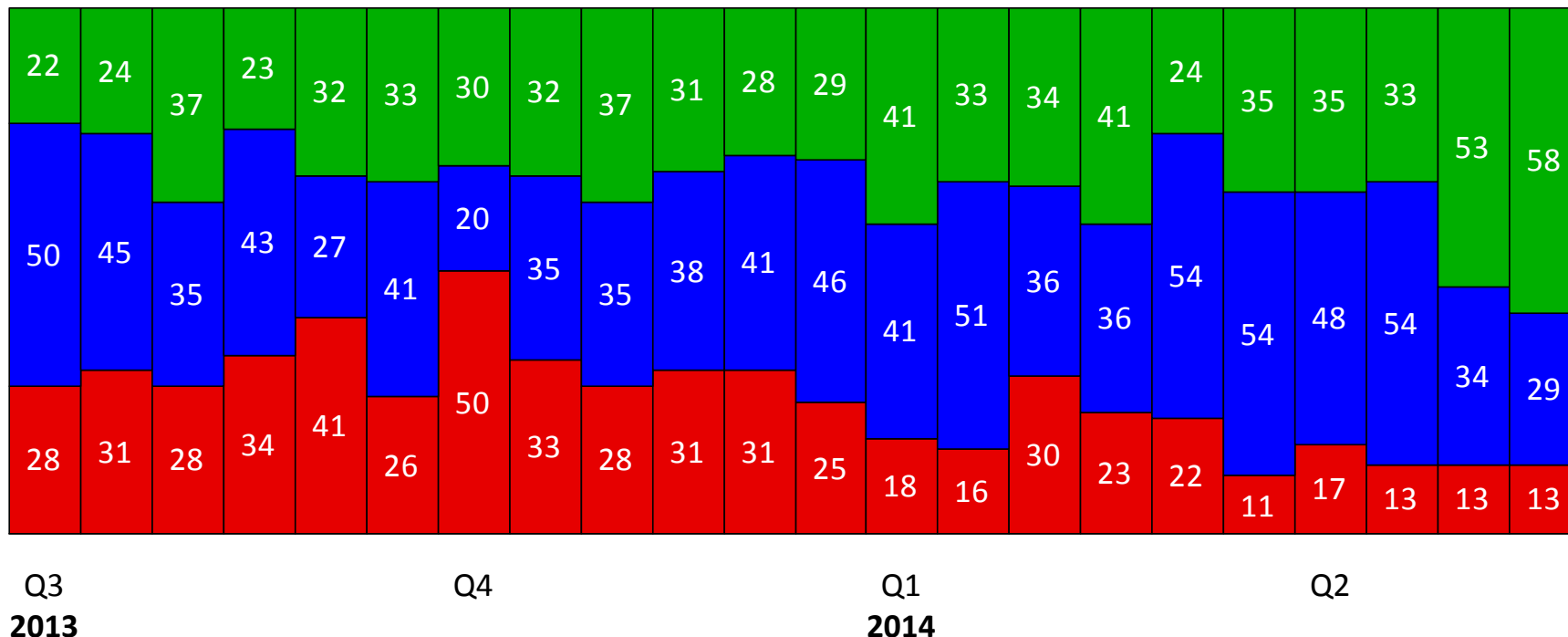


Service Center Release History

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

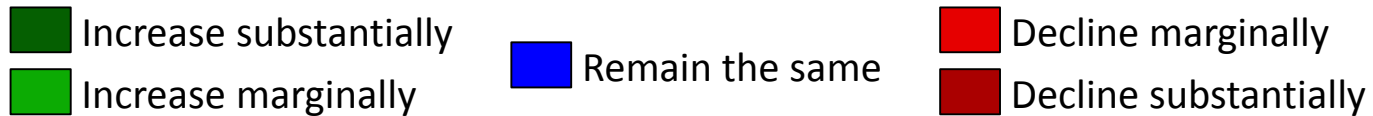
- Releasing more steel
- Releasing the same amount of steel
- Releasing less steel

out of 100%

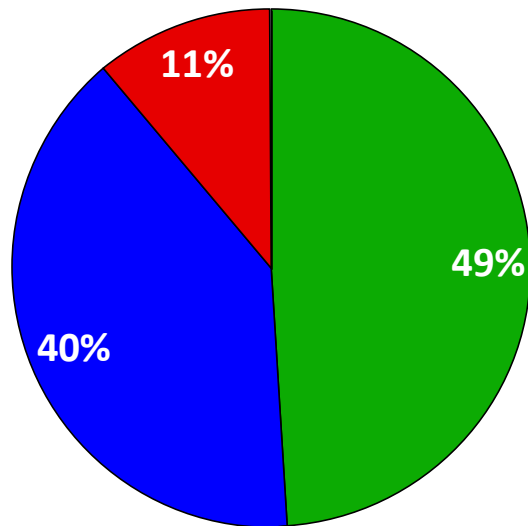


Manufacturer Demand

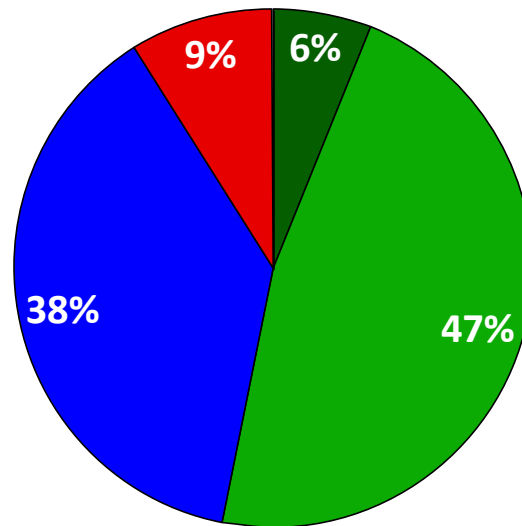
Manufacturers- Demand for your products will _____
over the next 3 months based on current order flows.



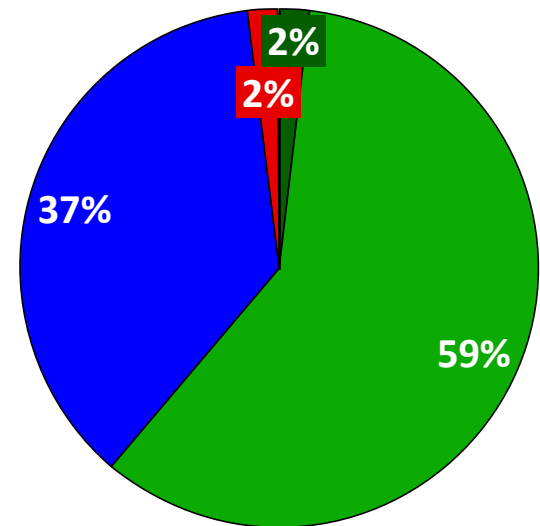
January 10th 2014



March 6th 2014

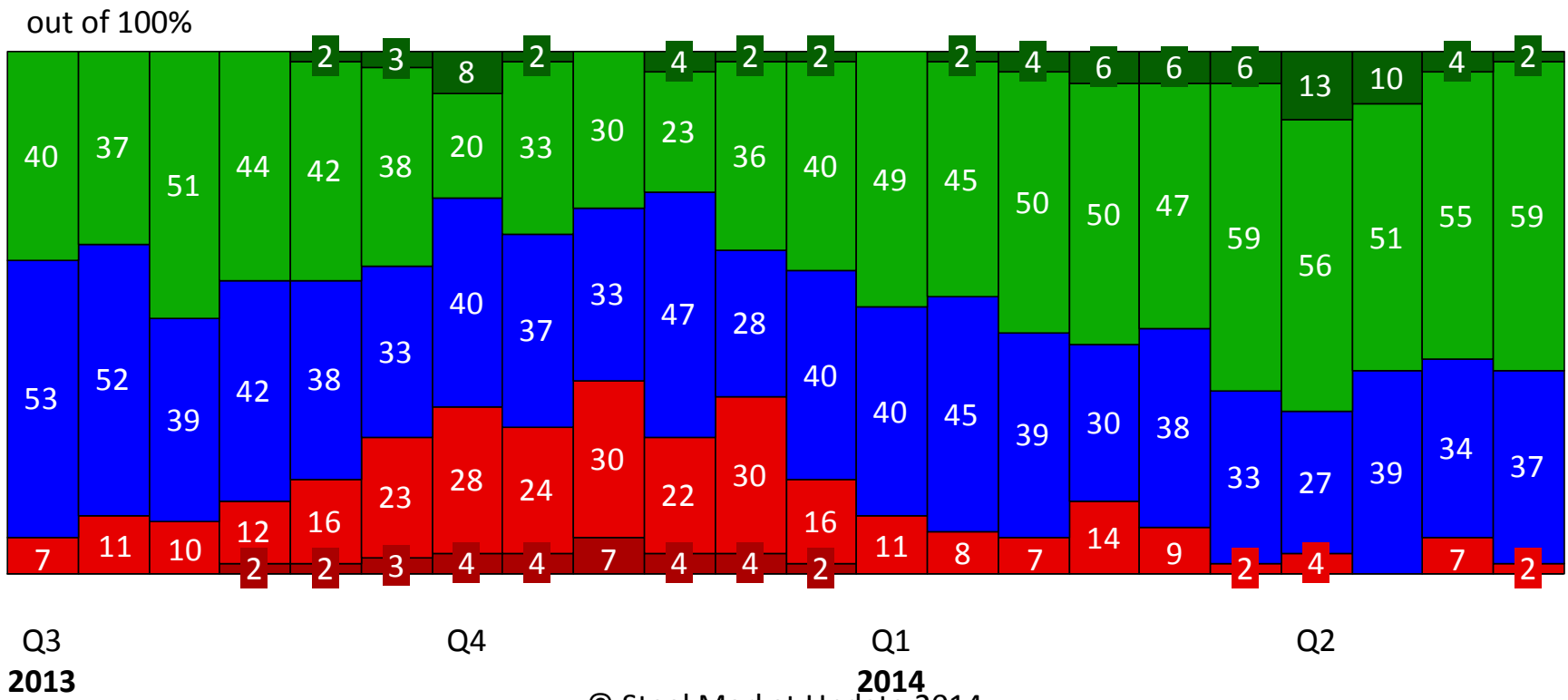
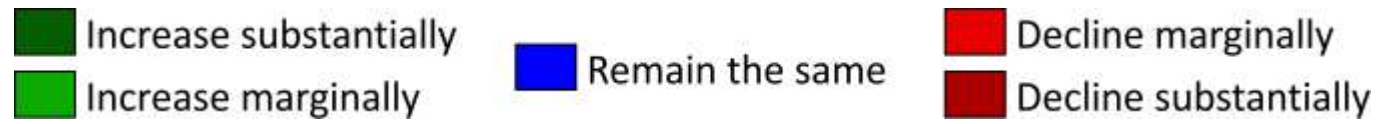


May 23rd 2014



Manufacturer Demand History

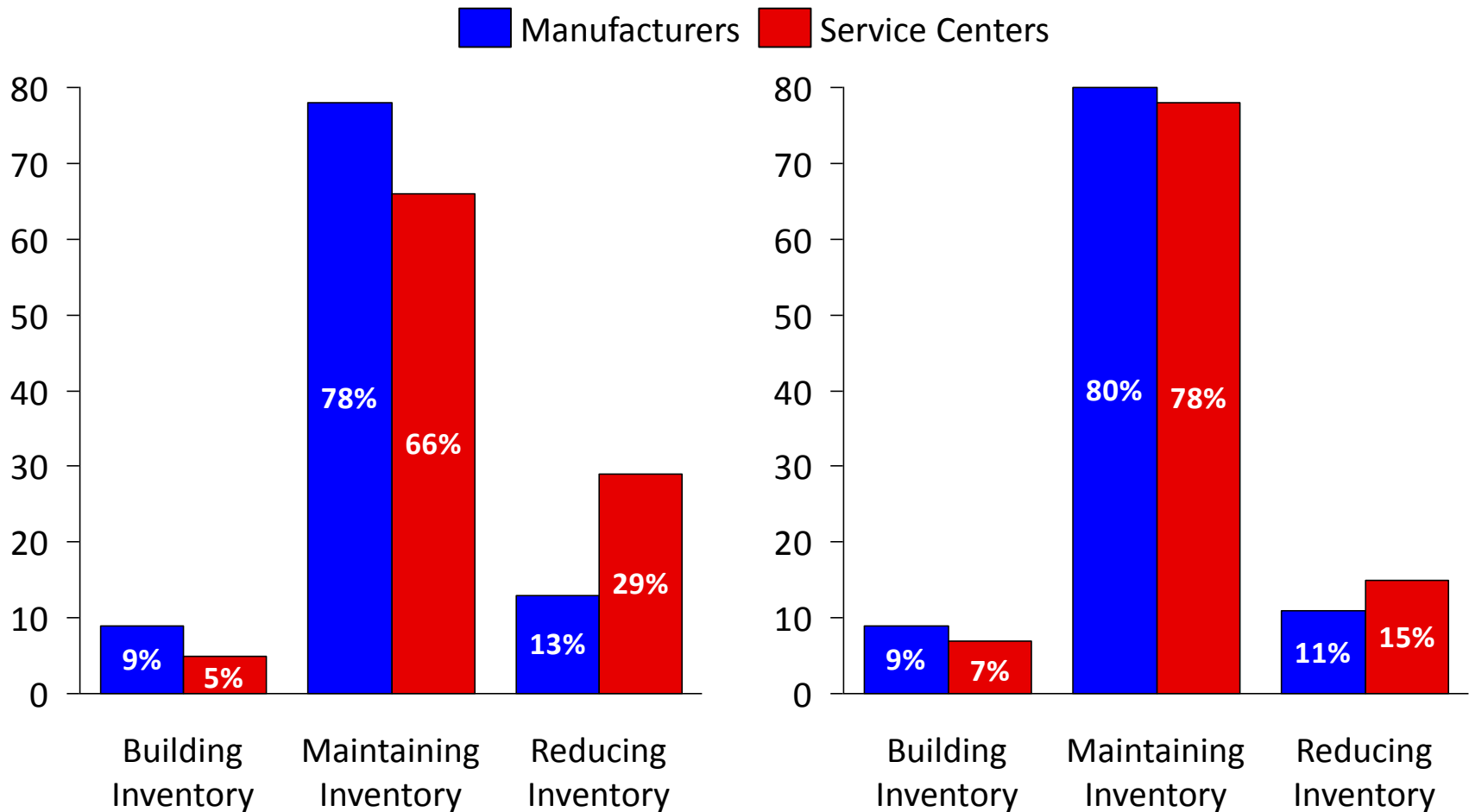
Manufacturers- Demand for your products will _____ over the next 3 months based on current order flows.



Manufacturer and Service Center Inventory Buying Patterns

March 6th 2014

May 23rd 2014

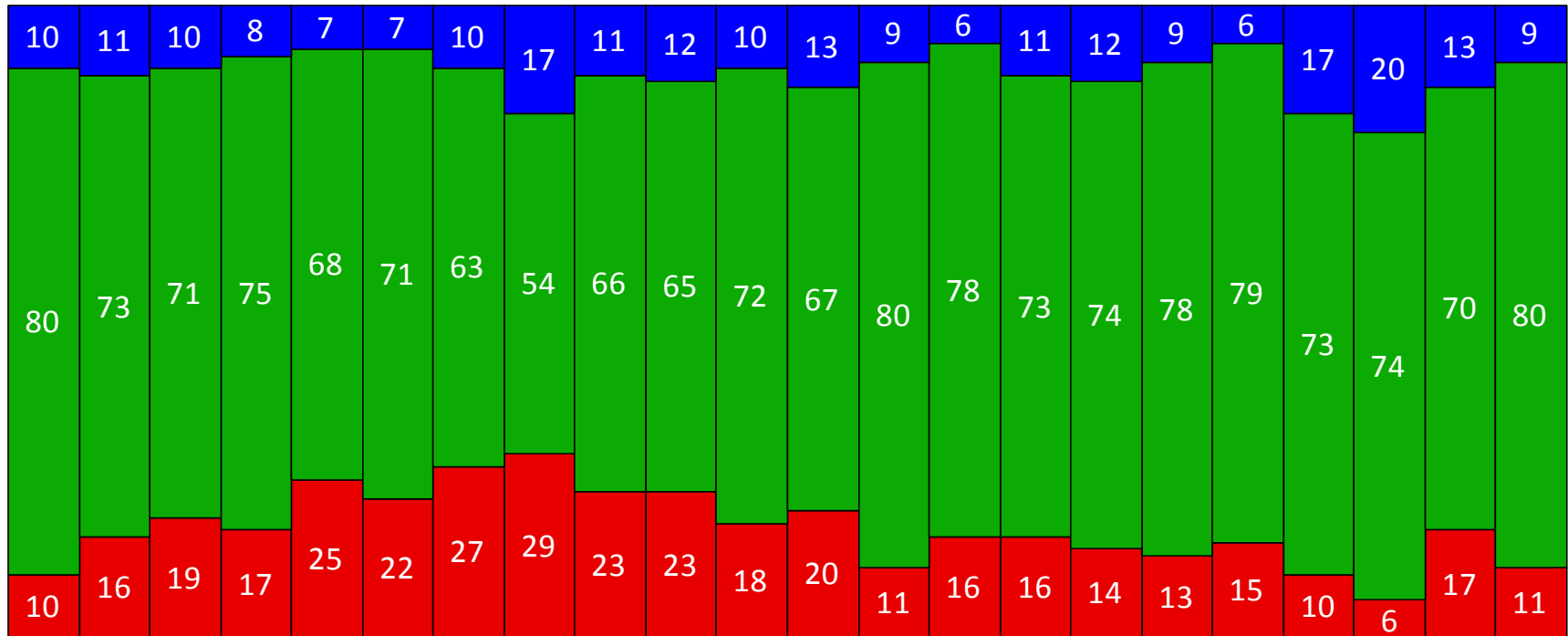


Manufacturer Inventory Buying History

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

■ Building Inventory
 ■ Maintaining Inventory
 ■ Reducing Inventory

out of 100%



Q3

Q4

Q1

Q2

2014

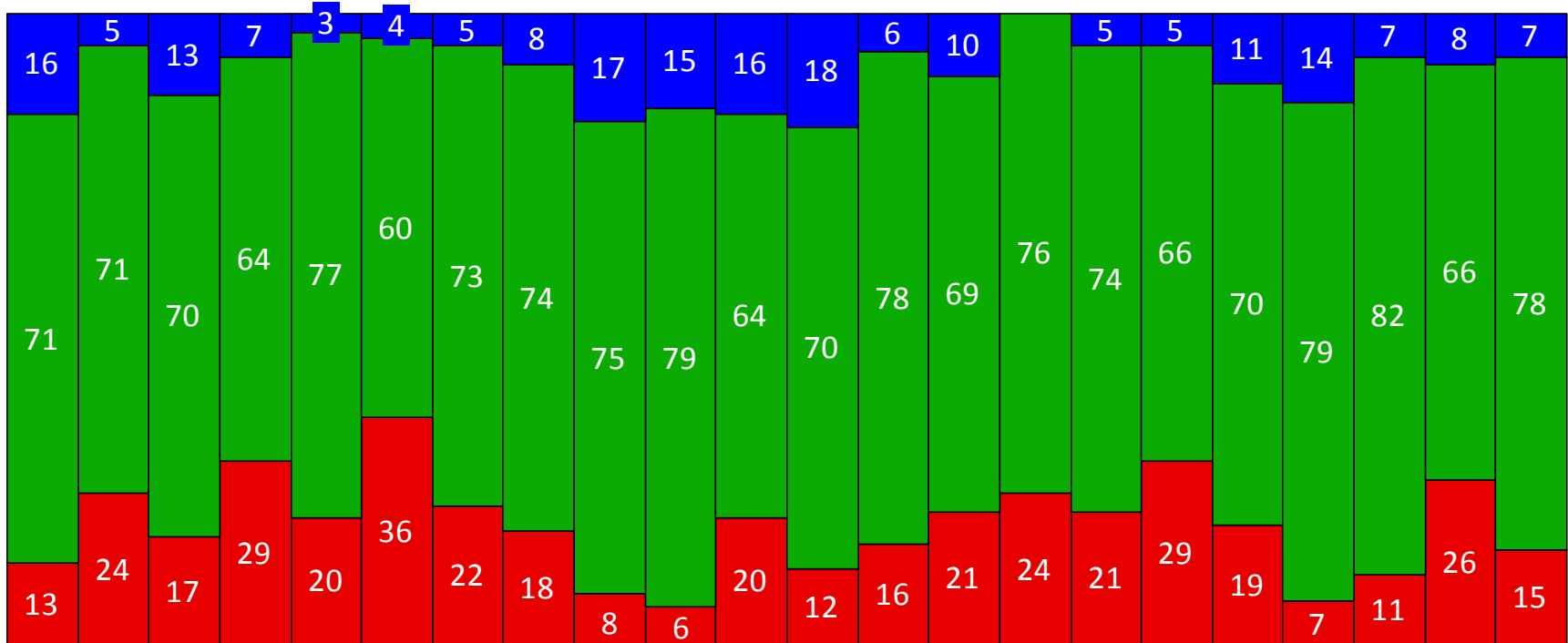
© Steel Market Update 2014

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%

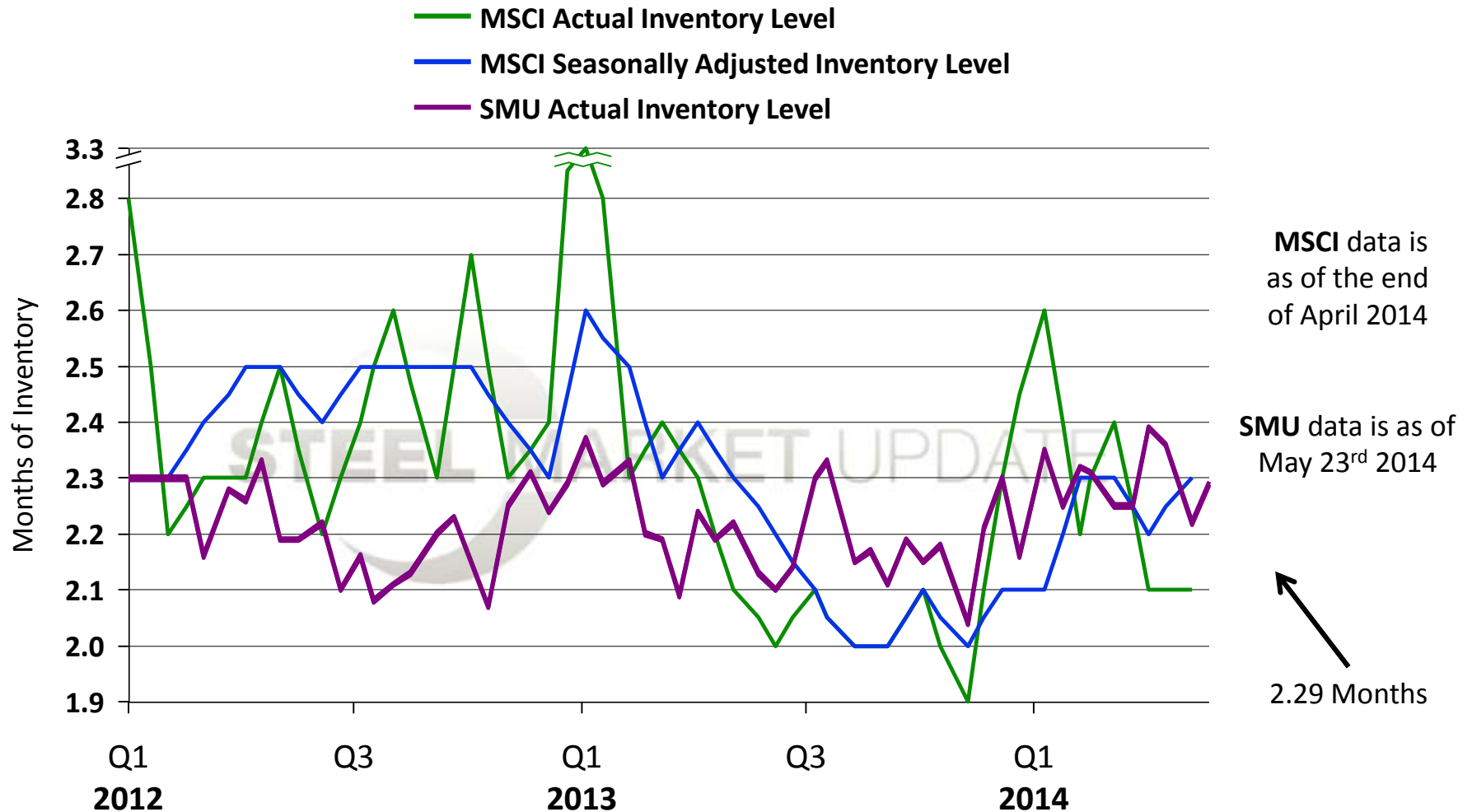


2014

© Steel Market Update 2014

Service Center Months on Hand History

SMU Service Center & MSCI Inventory Level History Comparison

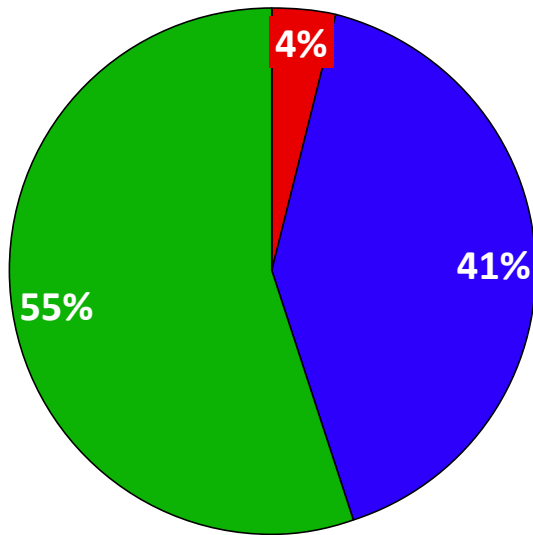


Manufacturer's View of Service Center Selling Prices

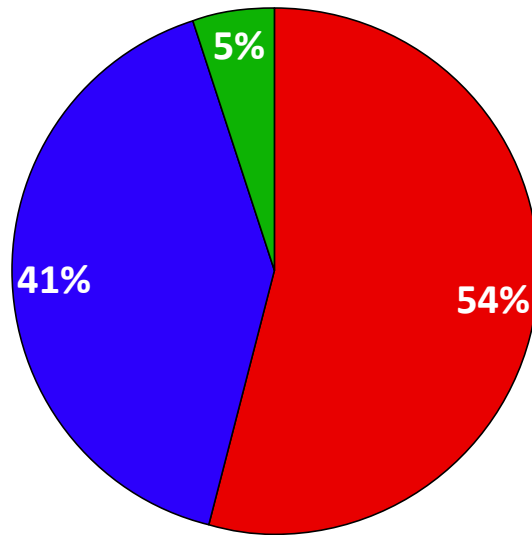
Manufacturers- Which comment do you feel is representative of service center pricing right now?

- 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

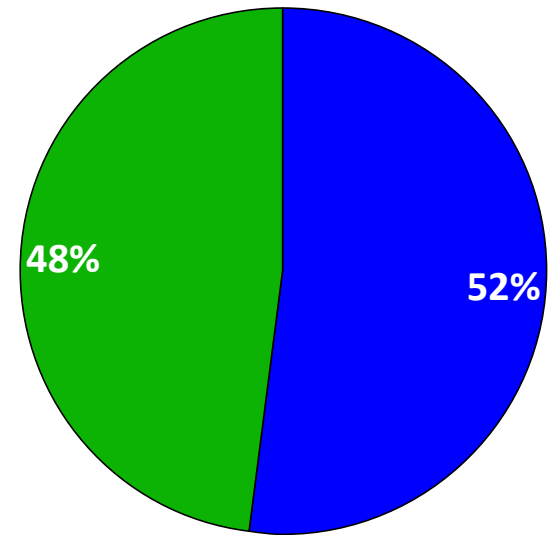
January 10th 2014



March 6th 2014



May 23rd 2014

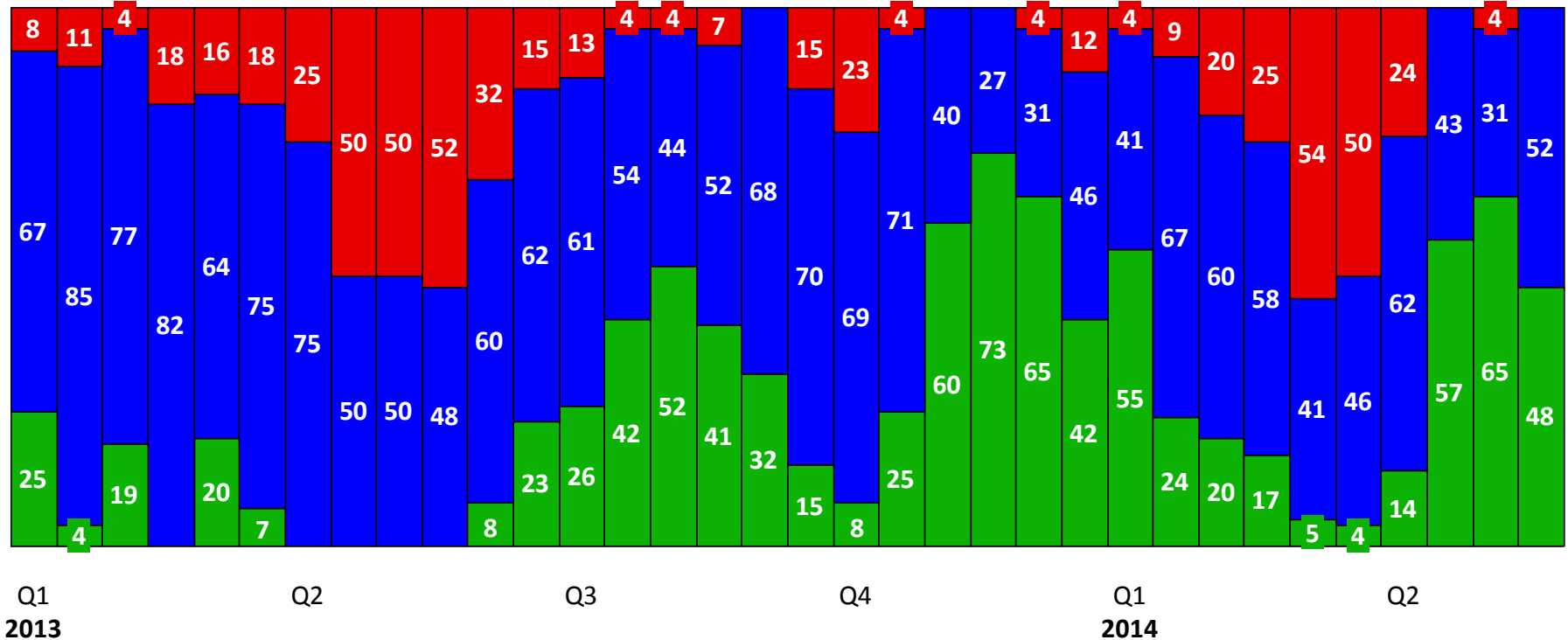


Manufacturer's View of Service Center Selling Prices History




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

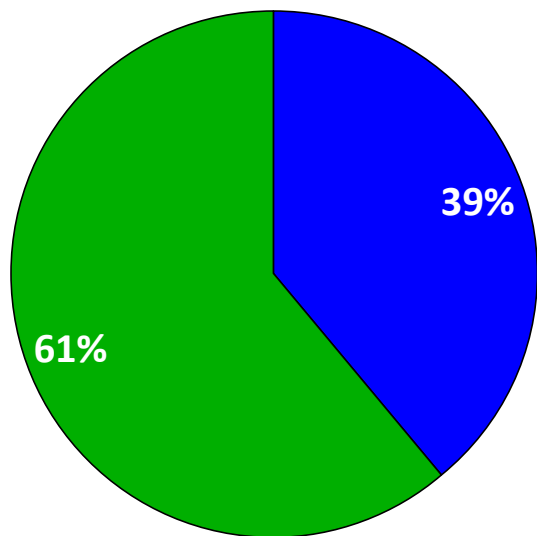
out of 100%



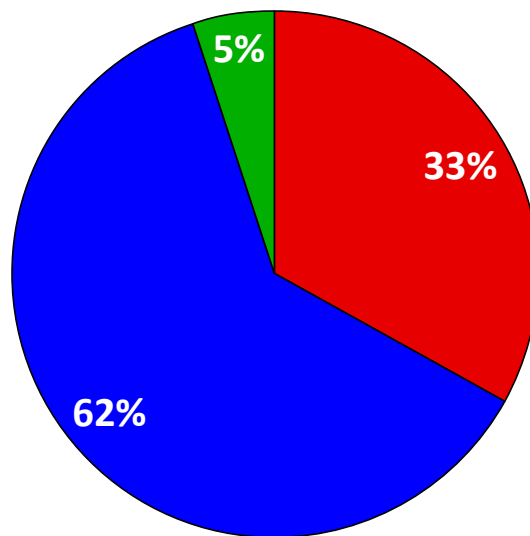
Service Centers- How is your company handling spot pricing to your customers at this time?

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

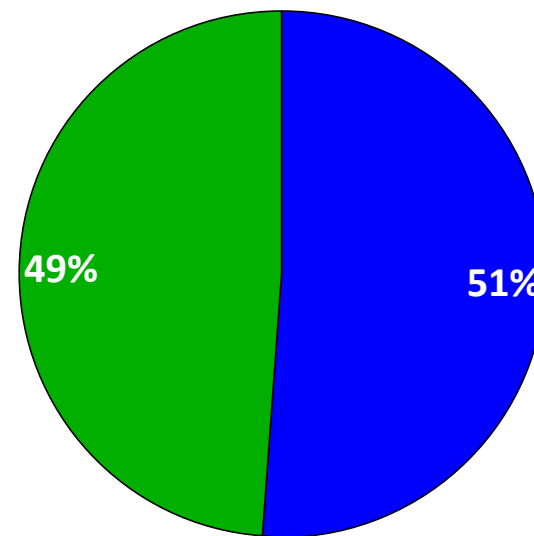
January 10th 2014



March 6th 2014



May 23rd 2014



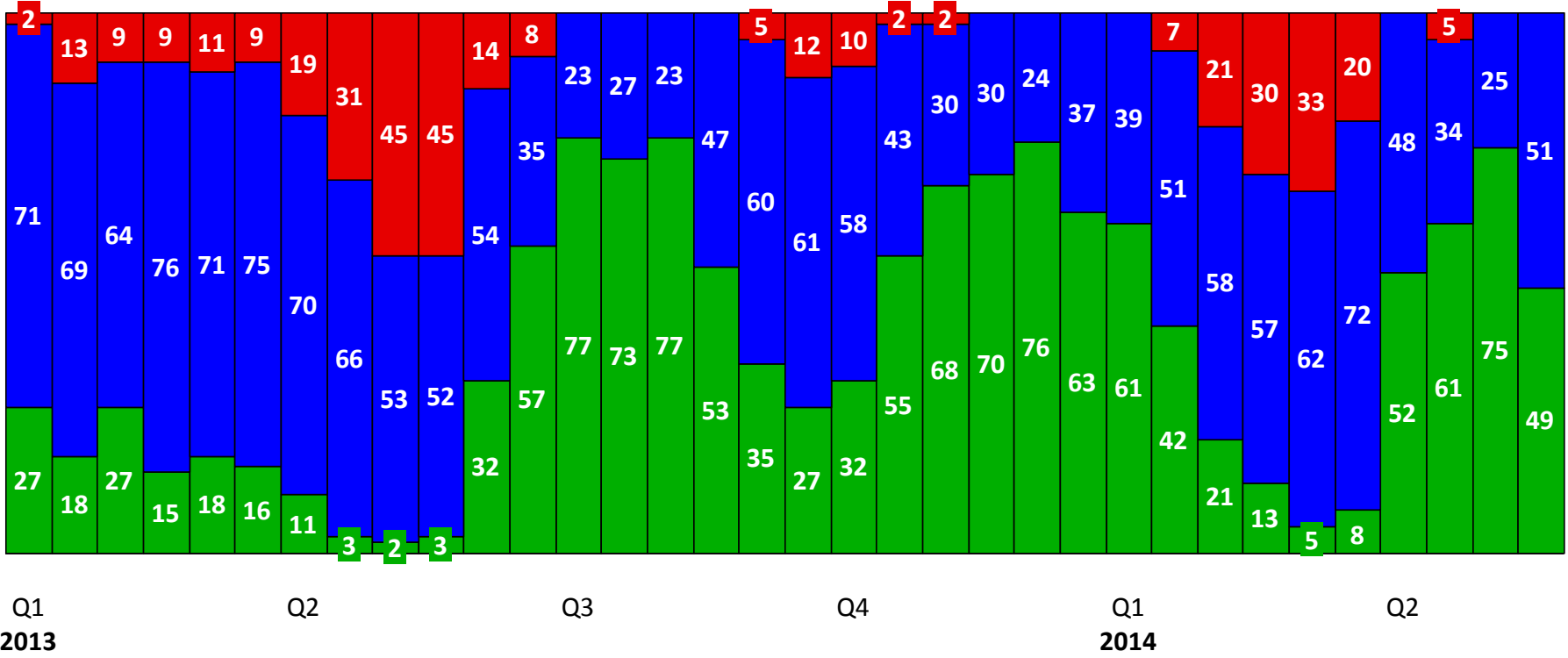
Service Center View of Selling Prices History



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

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

out of 100%



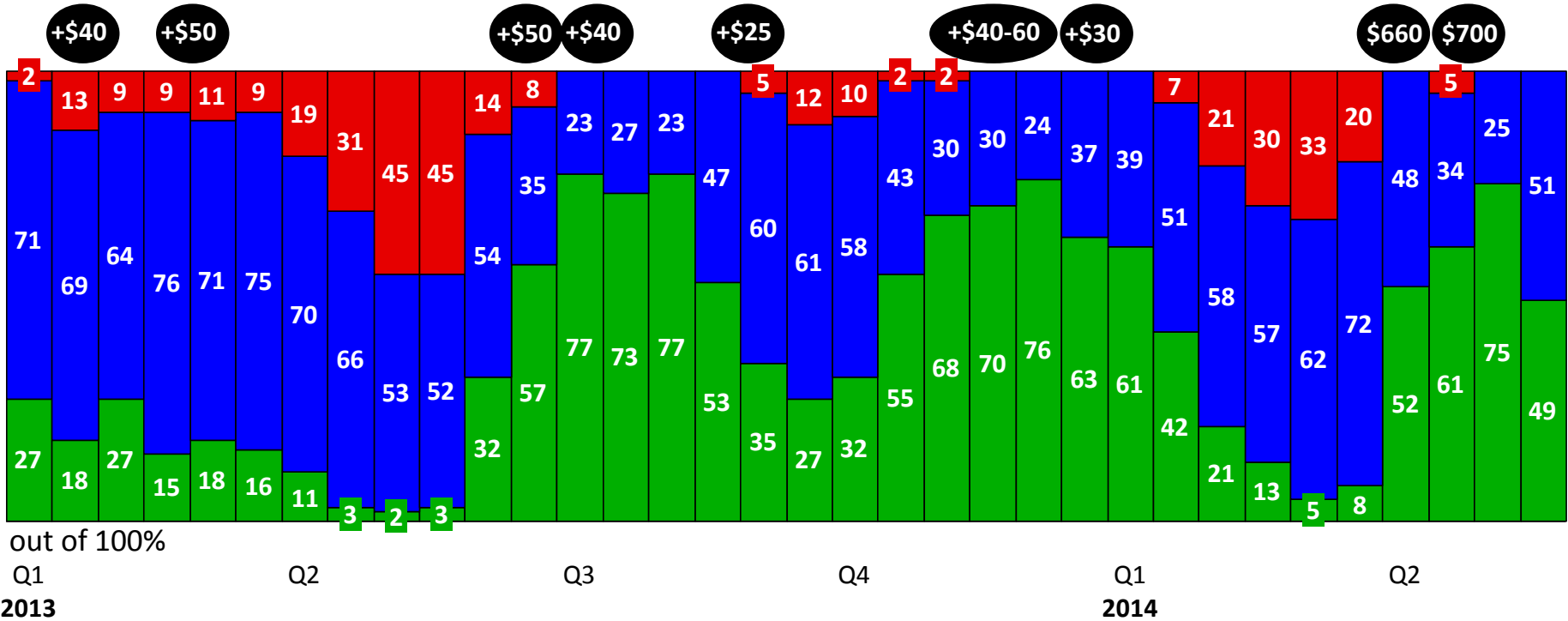
Service Center View of Selling Prices History

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




Historical AK Steel Price Announcements



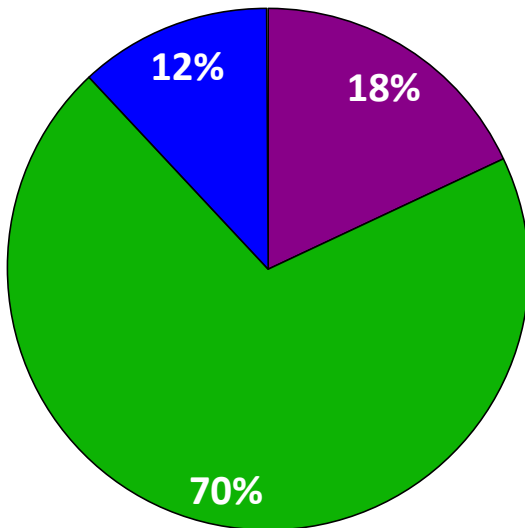
- We are lowering prices
- We are keeping prices the same
- We are raising prices



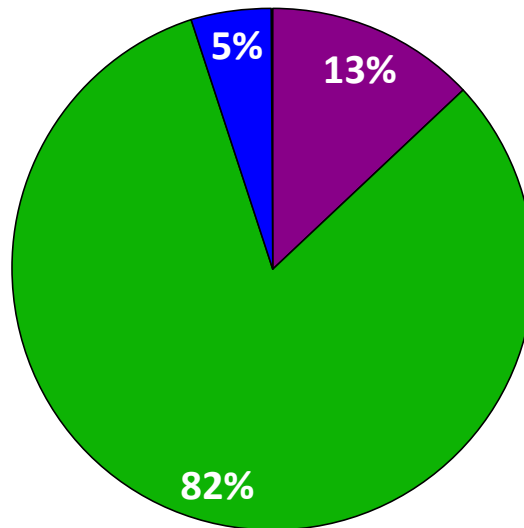
Service Centers- Are your manufacturing customers increasing orders, keeping them the same or reducing orders at this time?

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

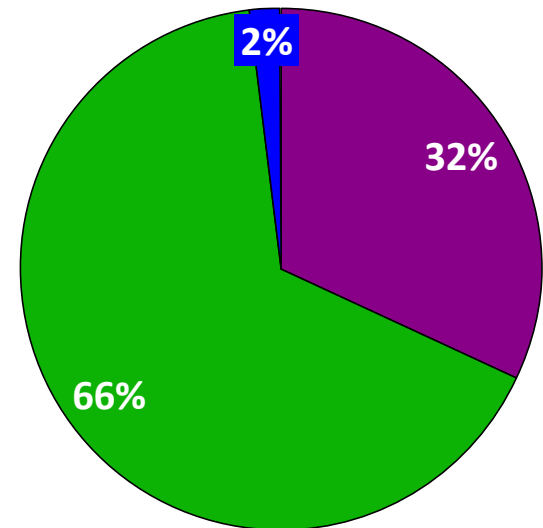
January 10th 2014



March 6th 2014



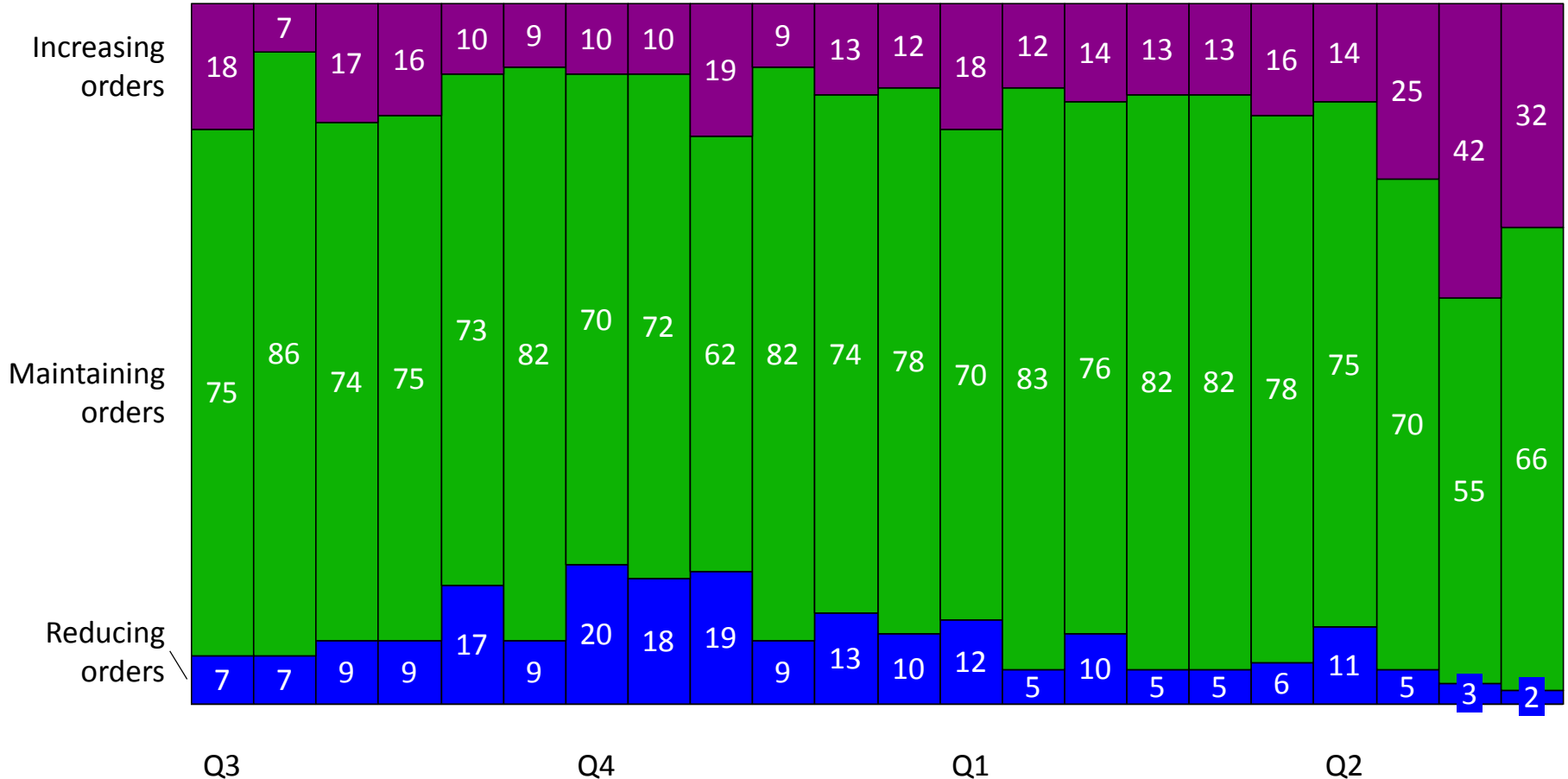
May 23rd 2014



Service Centers on Manufacturer Orders History

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

out of 100%



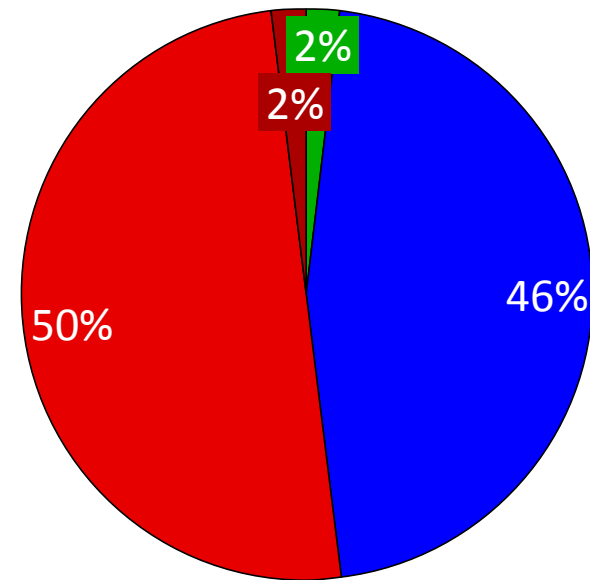
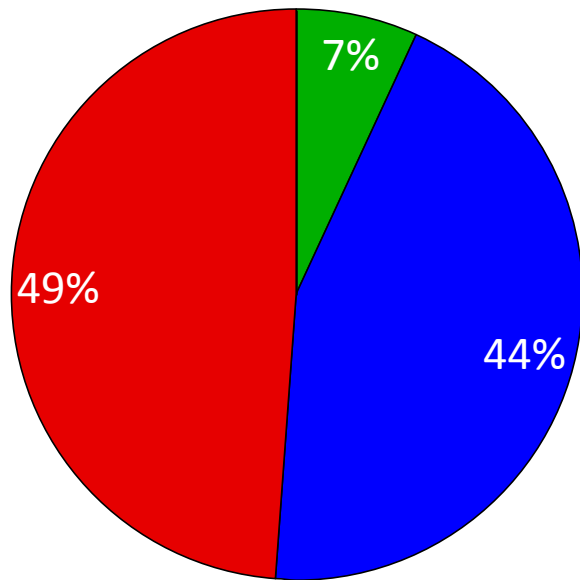
Mill Lead Times

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

Manufacturers

Service Centers

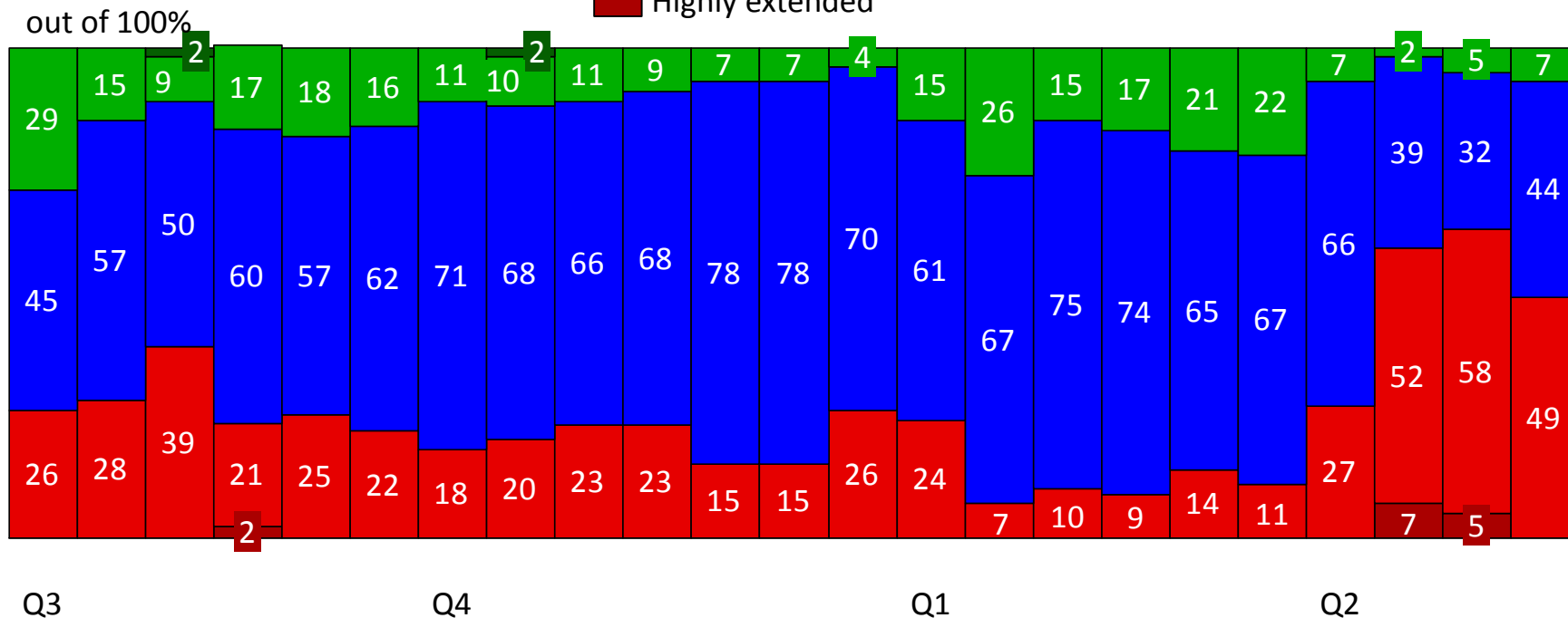
- Extremely short
- Shorter than normal
- Normal
- Slightly longer than normal
- Highly extended



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



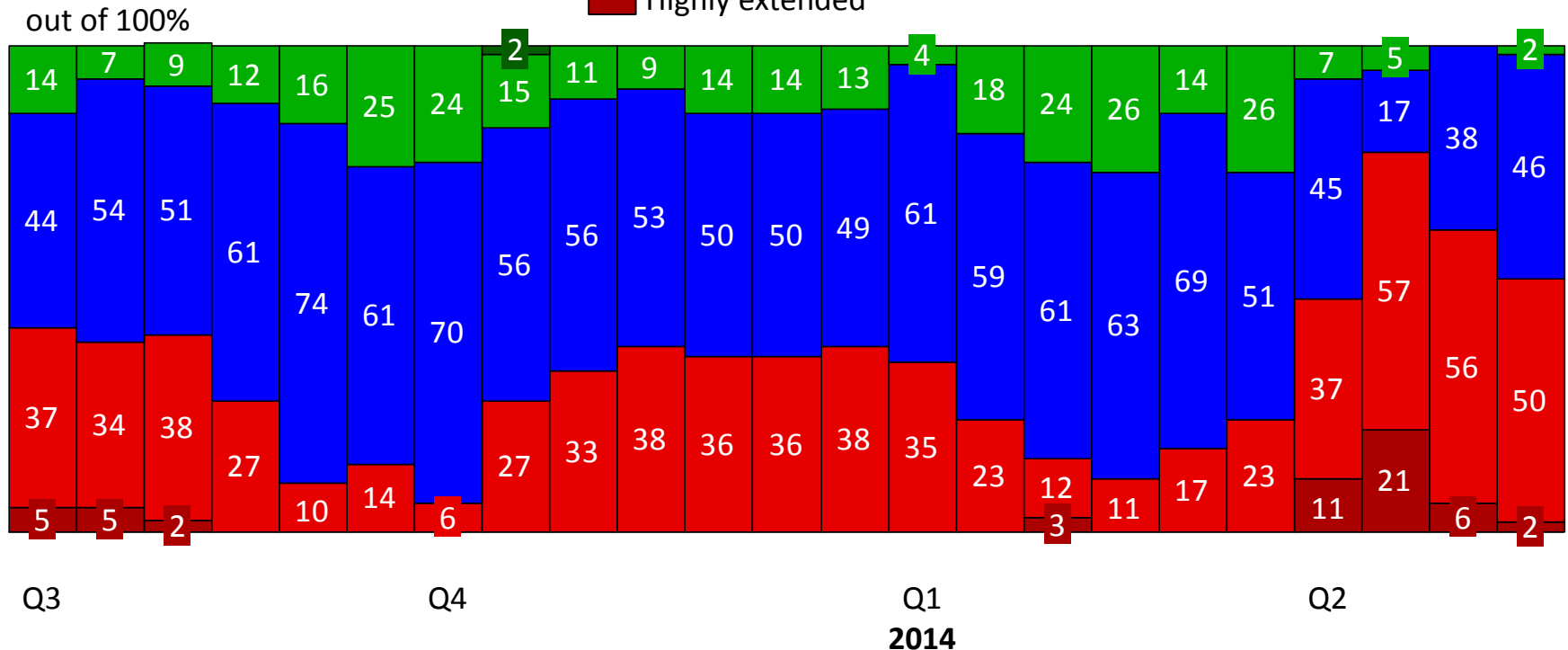
2014

© Steel Market Update 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

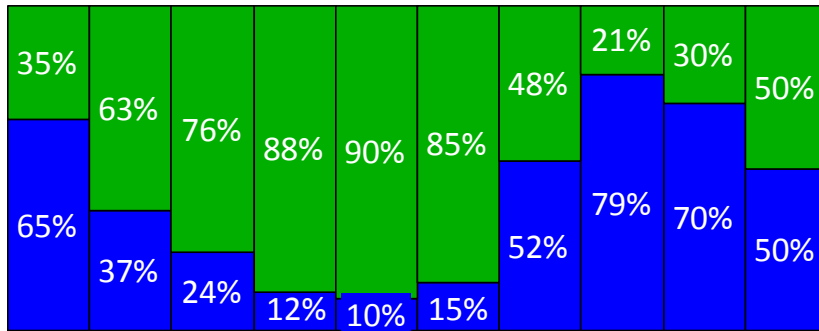


Mill Negotiations

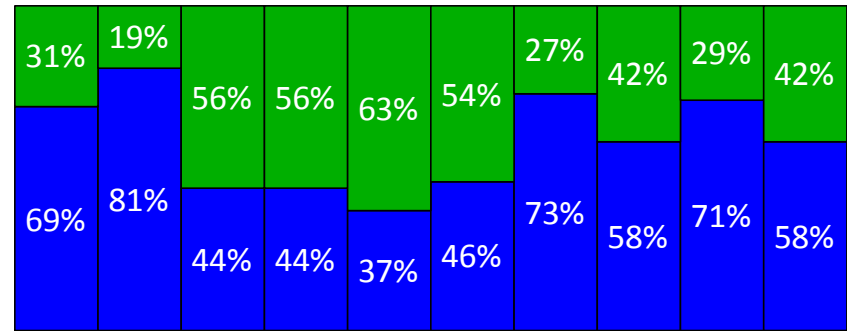
Are you finding the domestic mills are willing to negotiate pricing on brand new orders placed this week?

Yes No

Hot Rolled Orders



Cold Rolled Orders

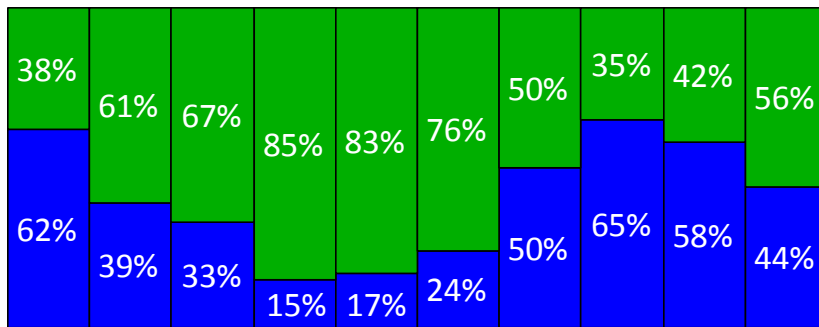


Q1
2014

Q2

Q2

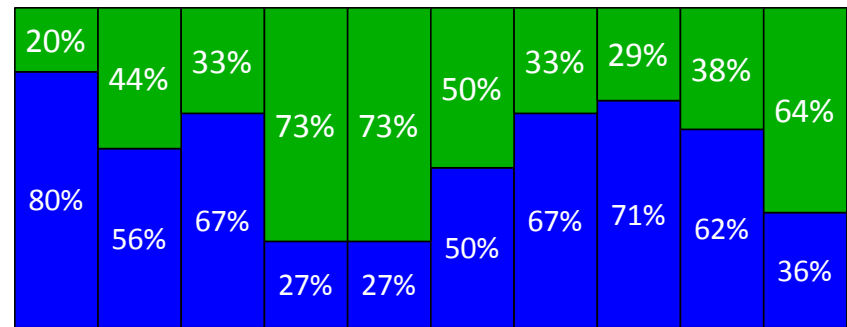
Galvanized Orders



Q1
2014

Q2

Galvalume Orders

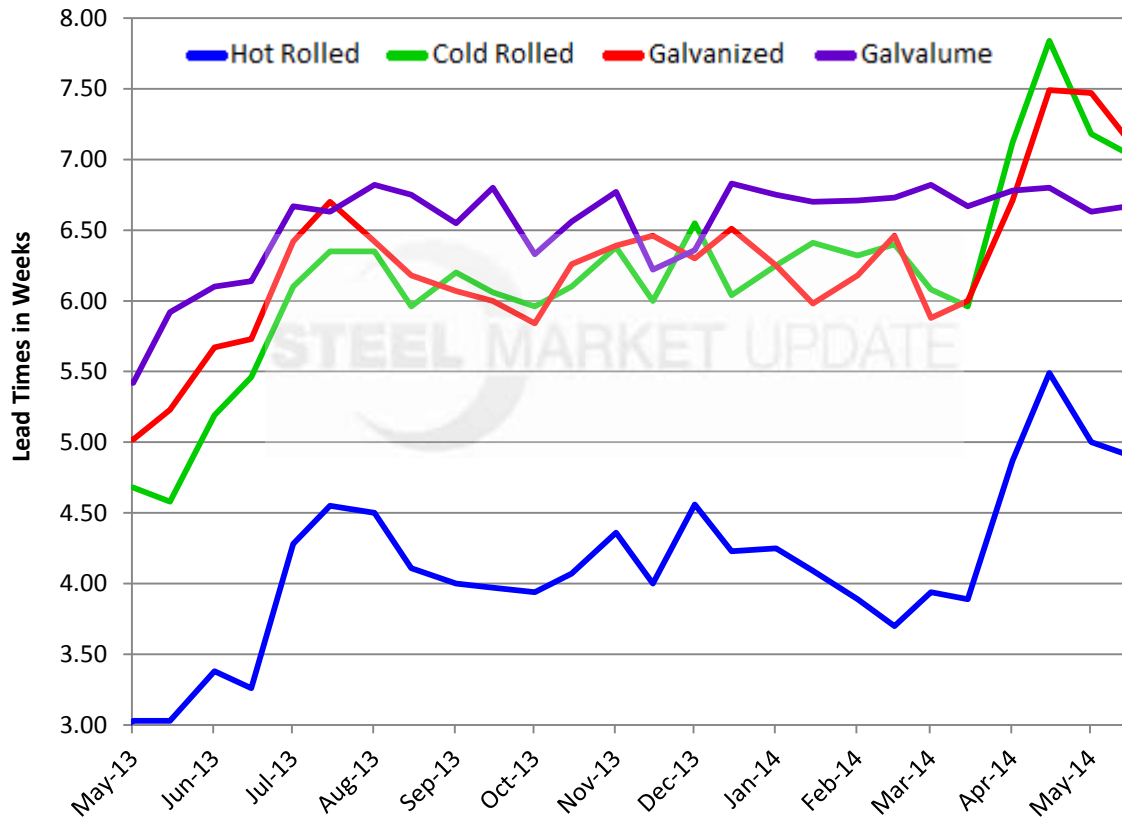


Q1
2014

Q2

Lead Times (Weeks)

Steel Market Update Lead Times Comparison



Hot Rolled: 4.91
Cold Rolled: 7.04
Galvanized: 7.14
Galvalume: 6.67

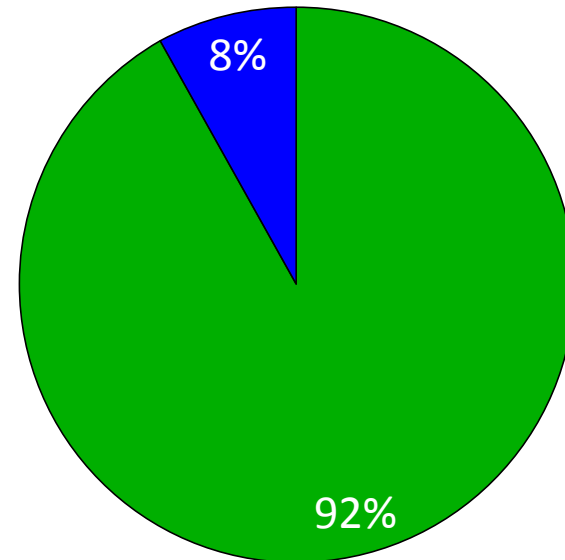
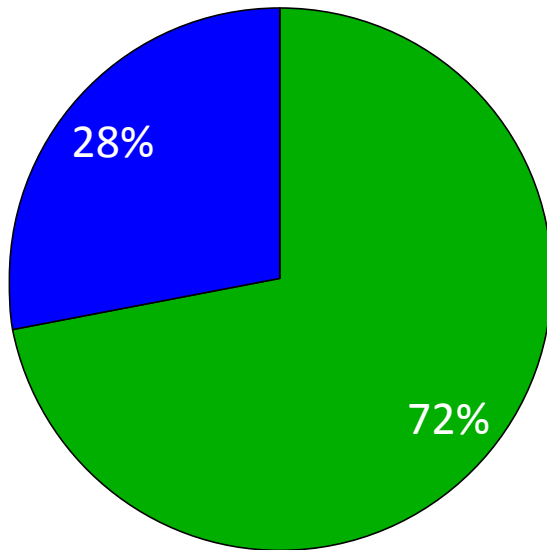
Domestic and Foreign Price Spread

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

Manufacturers

Service Centers

Yes No

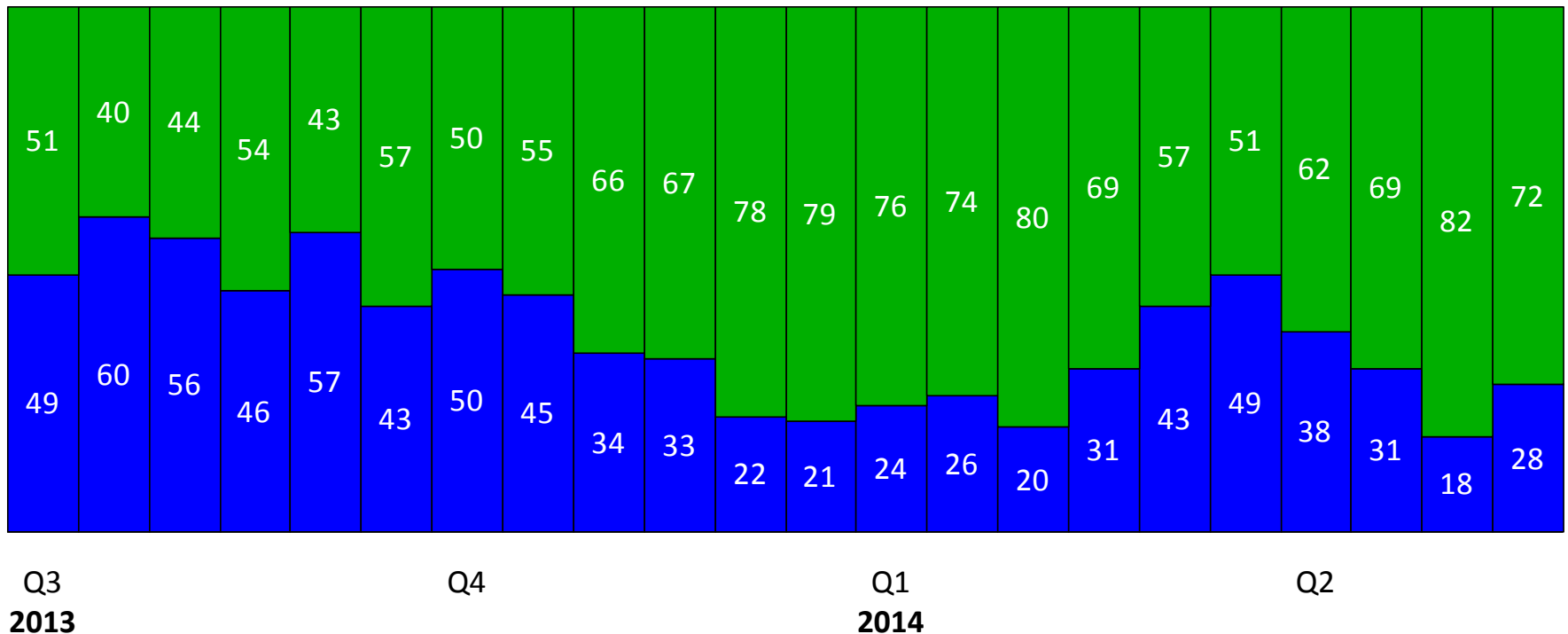


Domestic and Foreign Price Spread

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

Yes No

out of 100%

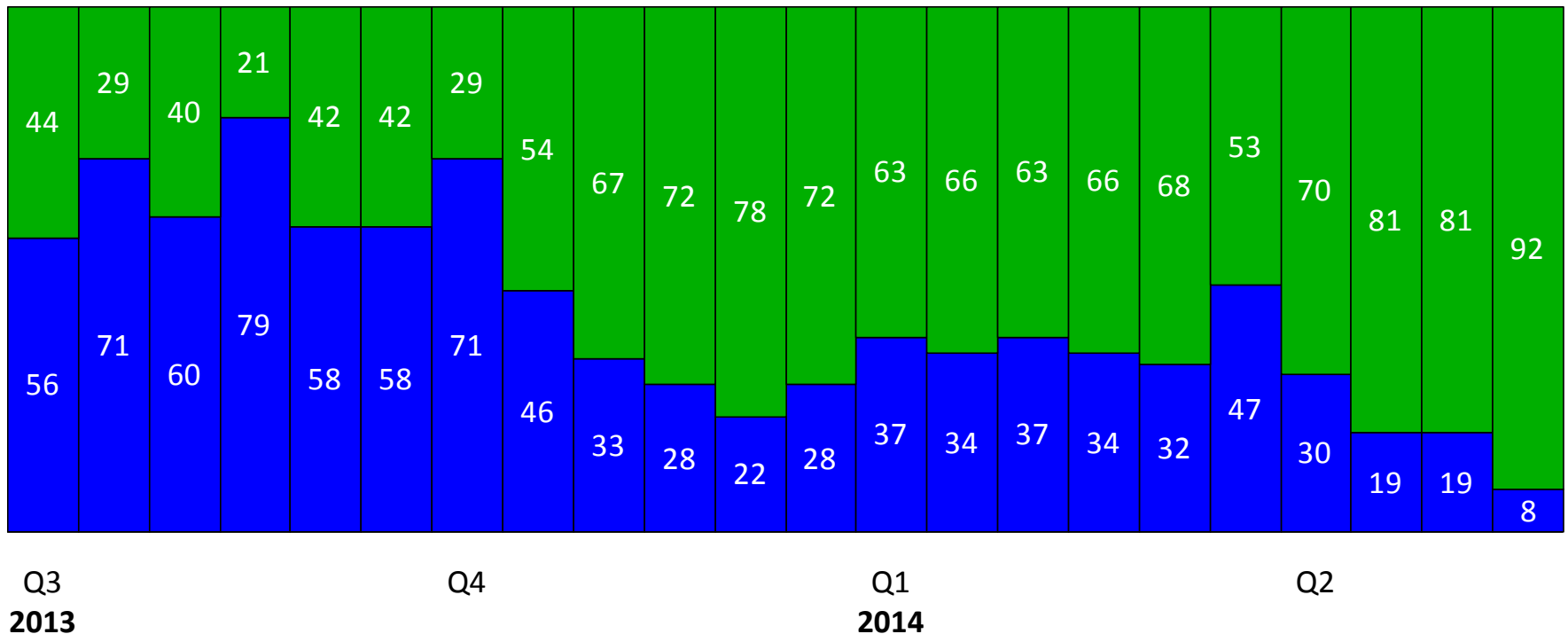


Domestic and Foreign Price Spread

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

Yes No

out of 100%



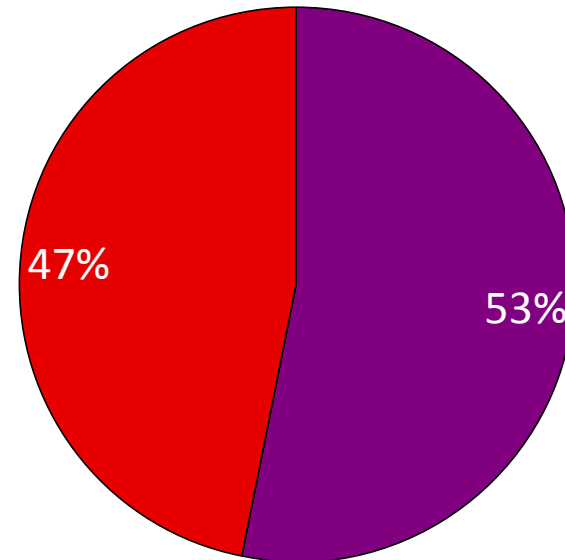
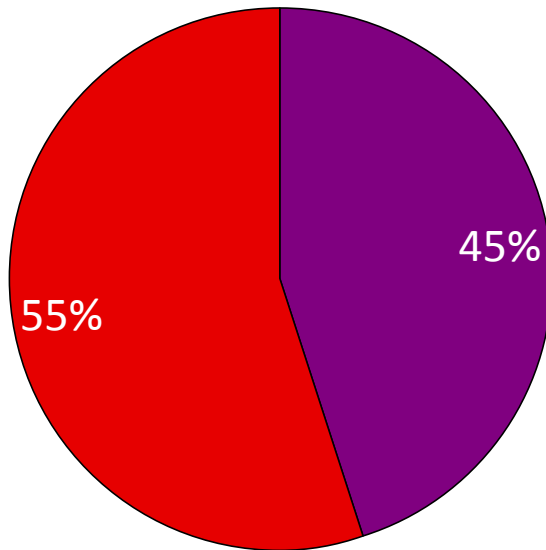
New Foreign Orders

Is your company entering new foreign orders right now?

Manufacturers

Service Centers

Yes No

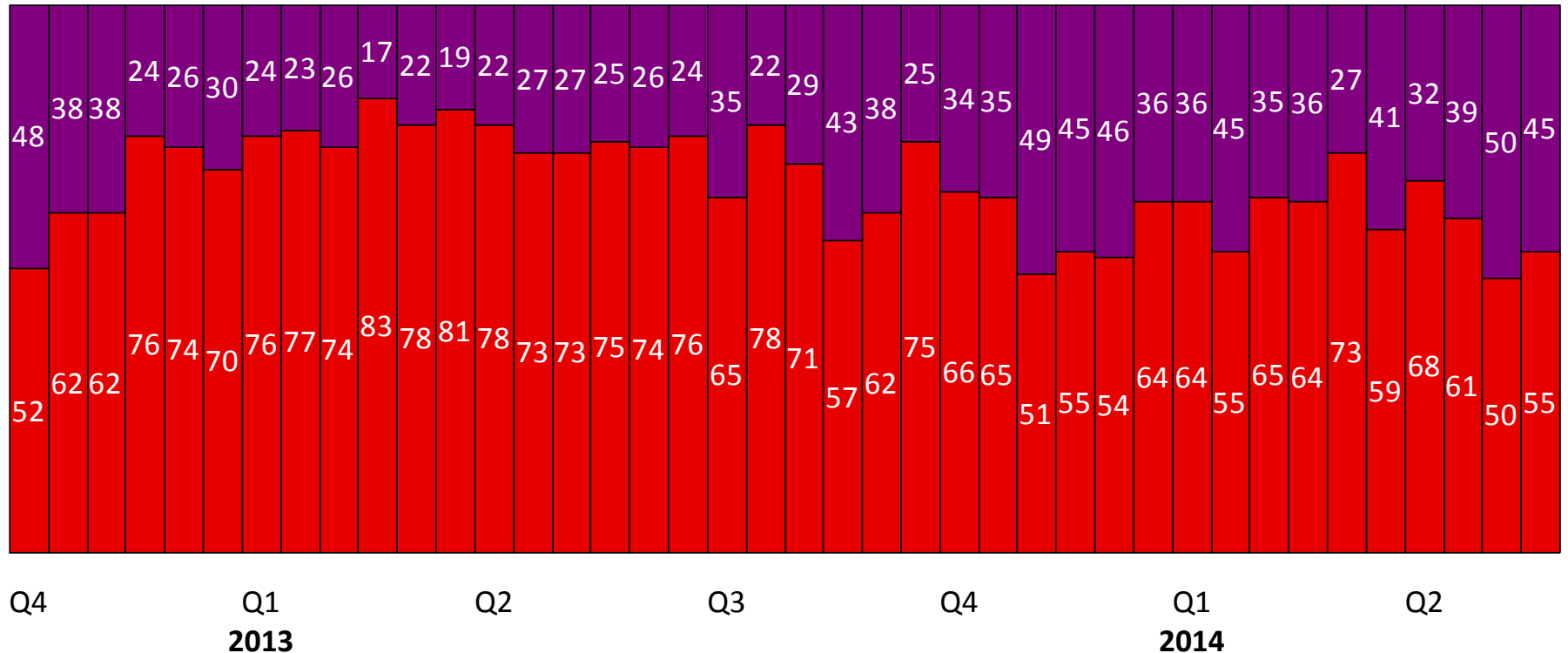


New Foreign Orders

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

■ Yes
 ■ No

out of 100%

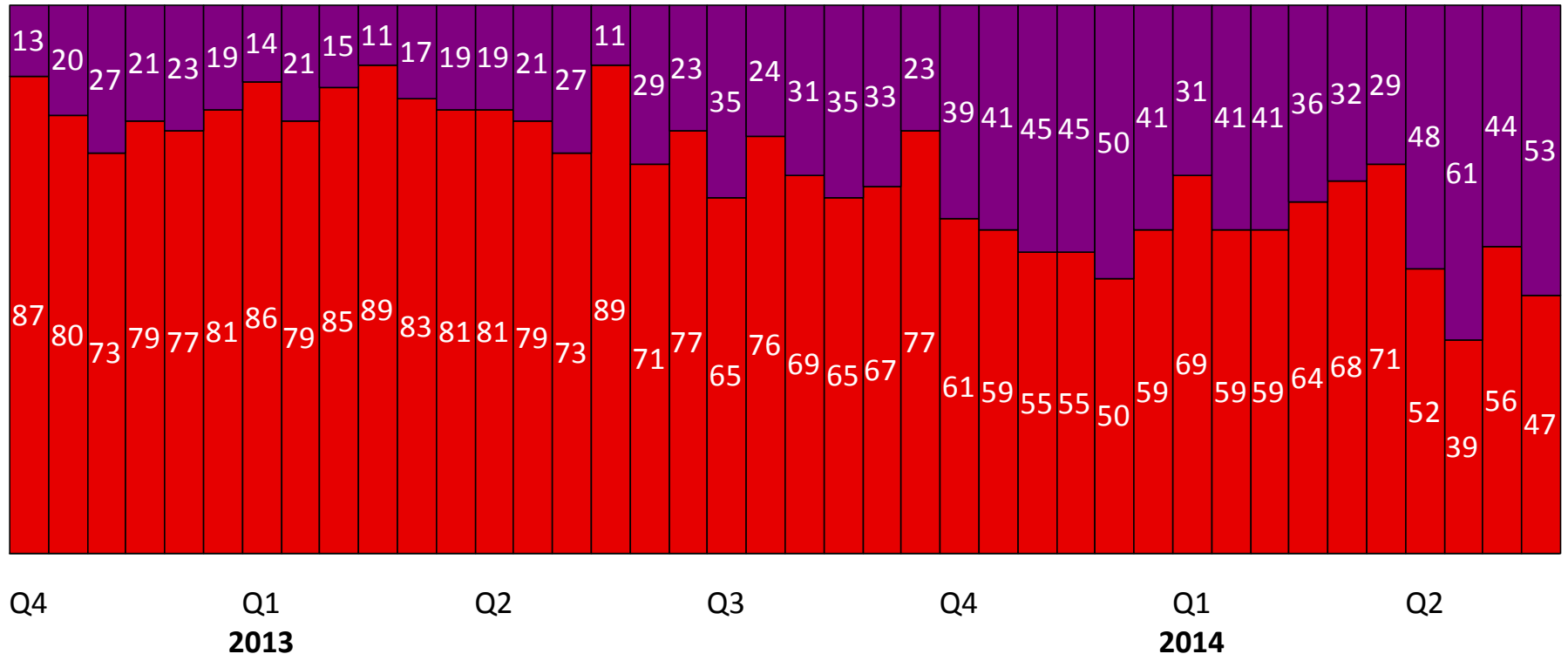


New Foreign Orders

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

■ Yes
 ■ No

out of 100%



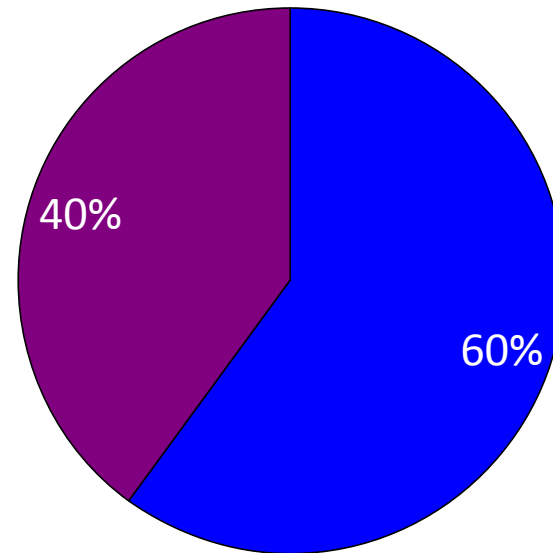
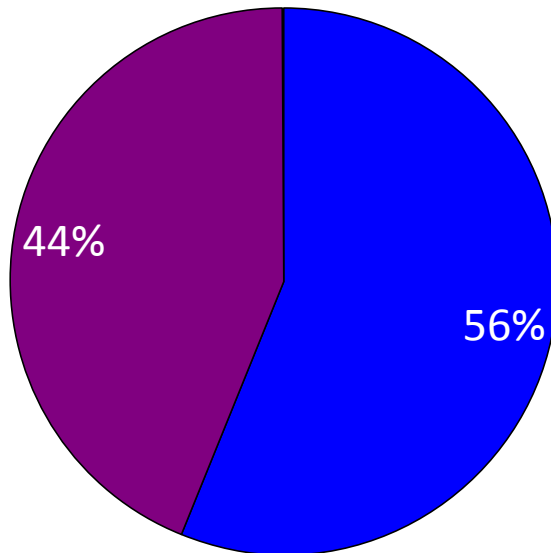
Reduction of Domestic Orders

Will receipts of foreign imports cause your company to reduce domestic steel orders?

Manufacturers

Service Centers

Yes No



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



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