



STEEL MARKET UPDATE

part of the **CRU** Group

SMU Flat Rolled Market Trends Analysis

Responses from our May 25-28, 2020 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 visit www.SteelMarketUpdate.com



Steel 101 Workshop, Severstal Dearborn 2012

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

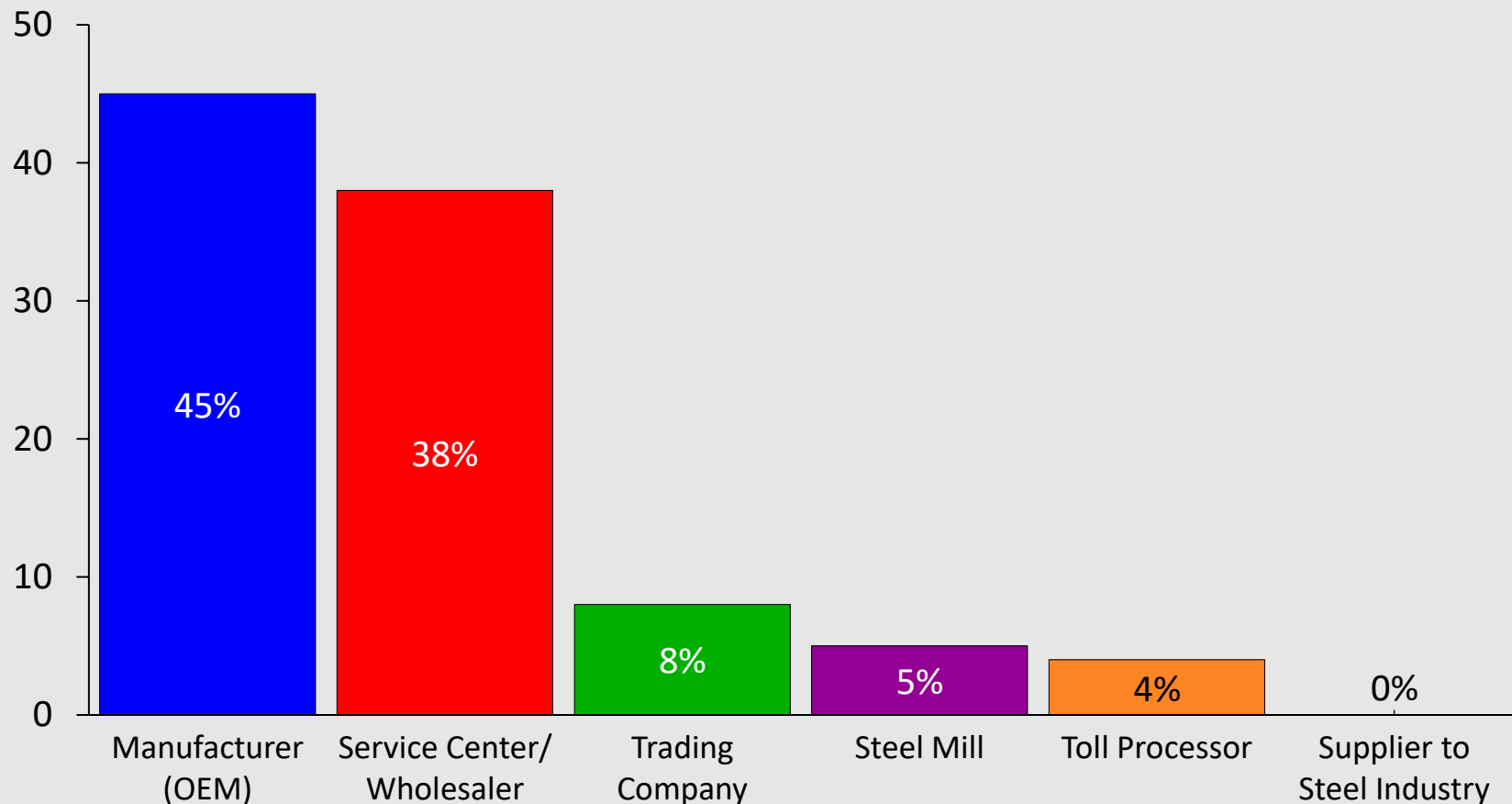
We invite over 600 companies to participate in our surveys.

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.

Survey Participants

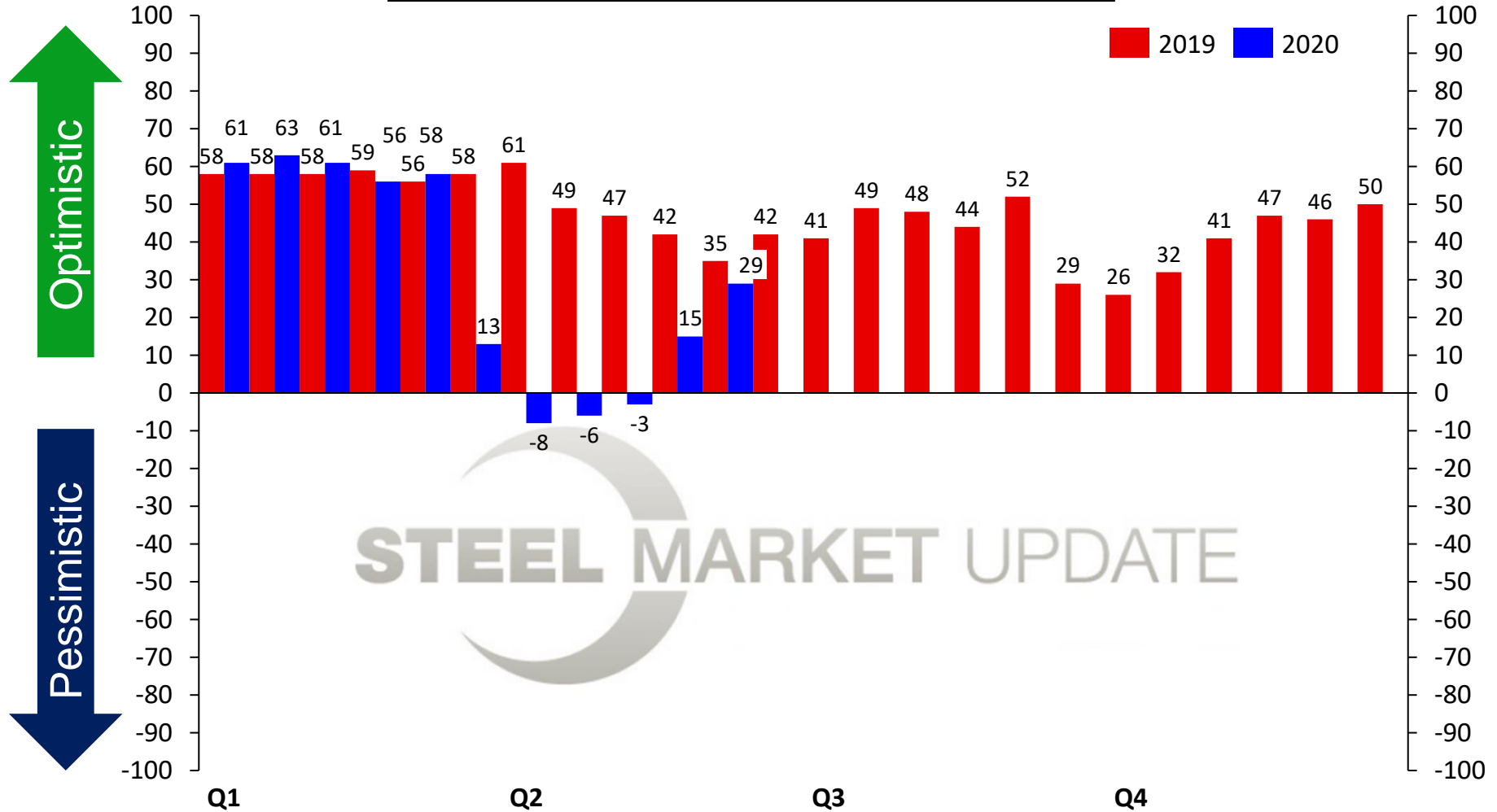
Our survey is by invitation only- Over 600 companies, mostly in the manufacturing or distribution industries, are asked to participate. Here are the percentages of participation in this week's survey by market sector.



SMU Buyers Sentiment Index

Up 14 points to +29

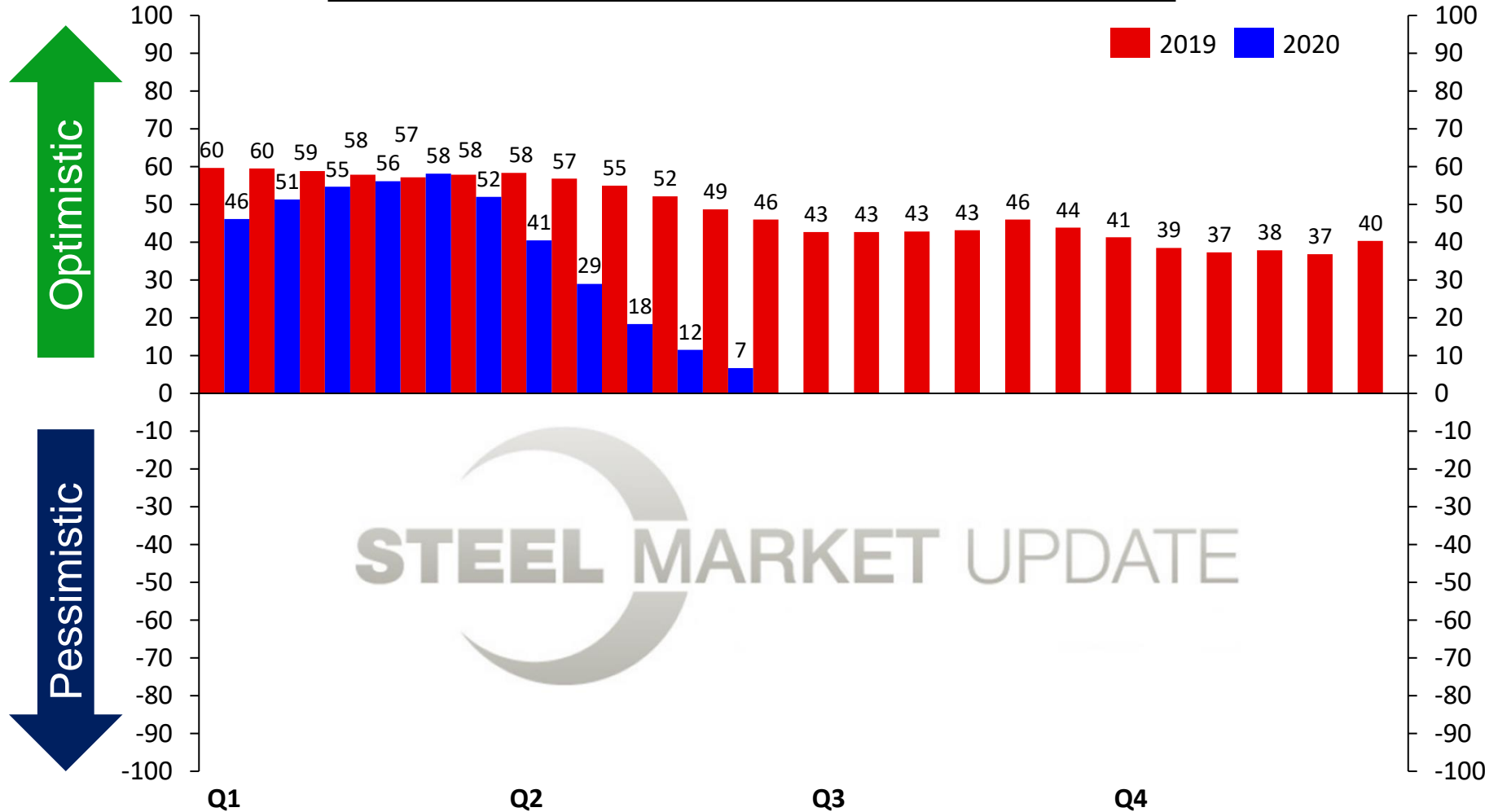
Steel Market Update Buyers Sentiment Index



SMU Buyers Sentiment Index

Three Month Moving Average at +6.67

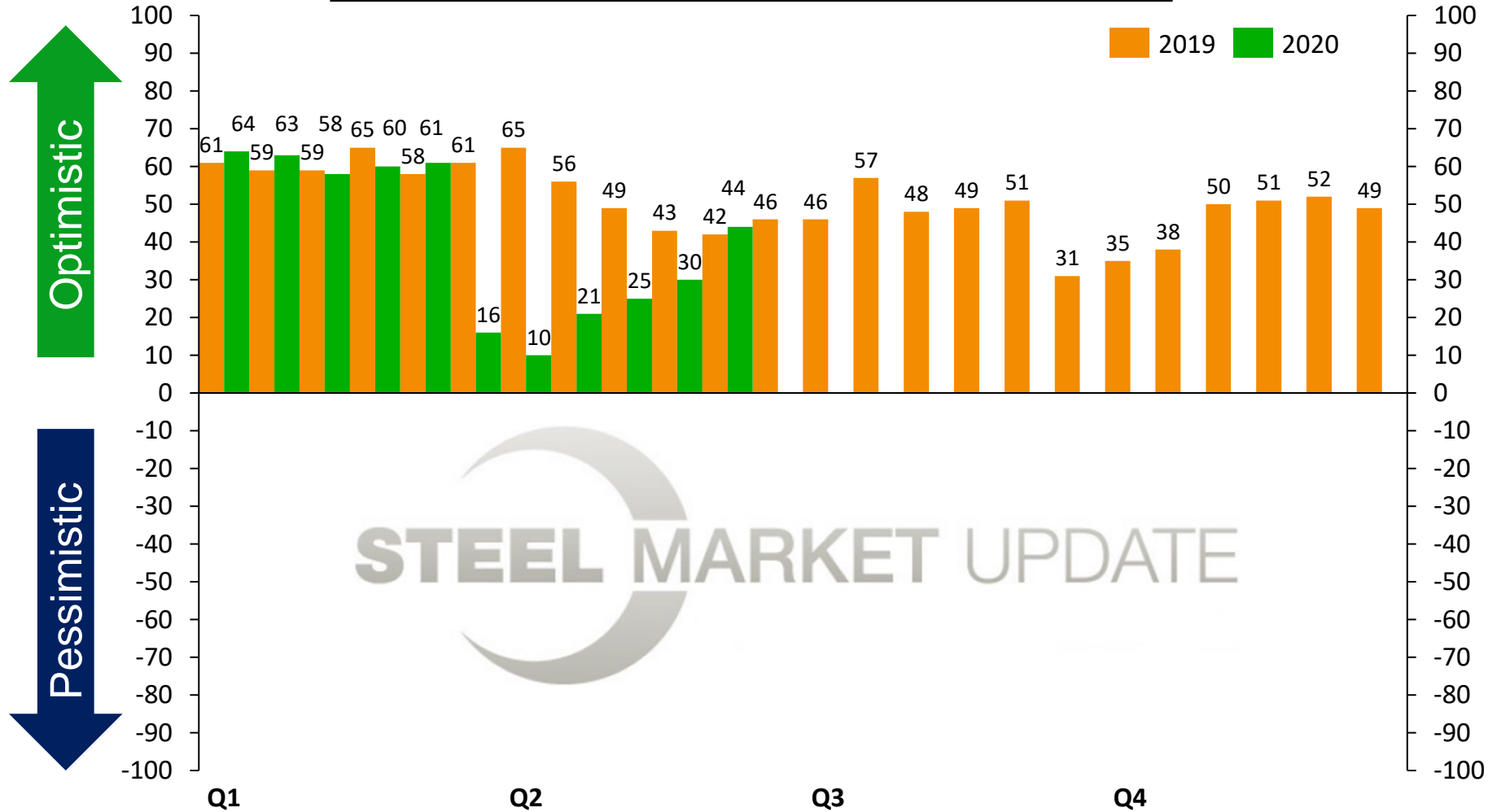
Steel Market Update Buyers Sentiment Index 3MMA



SMU Future Buyers Sentiment Index

Up 14 points to +44

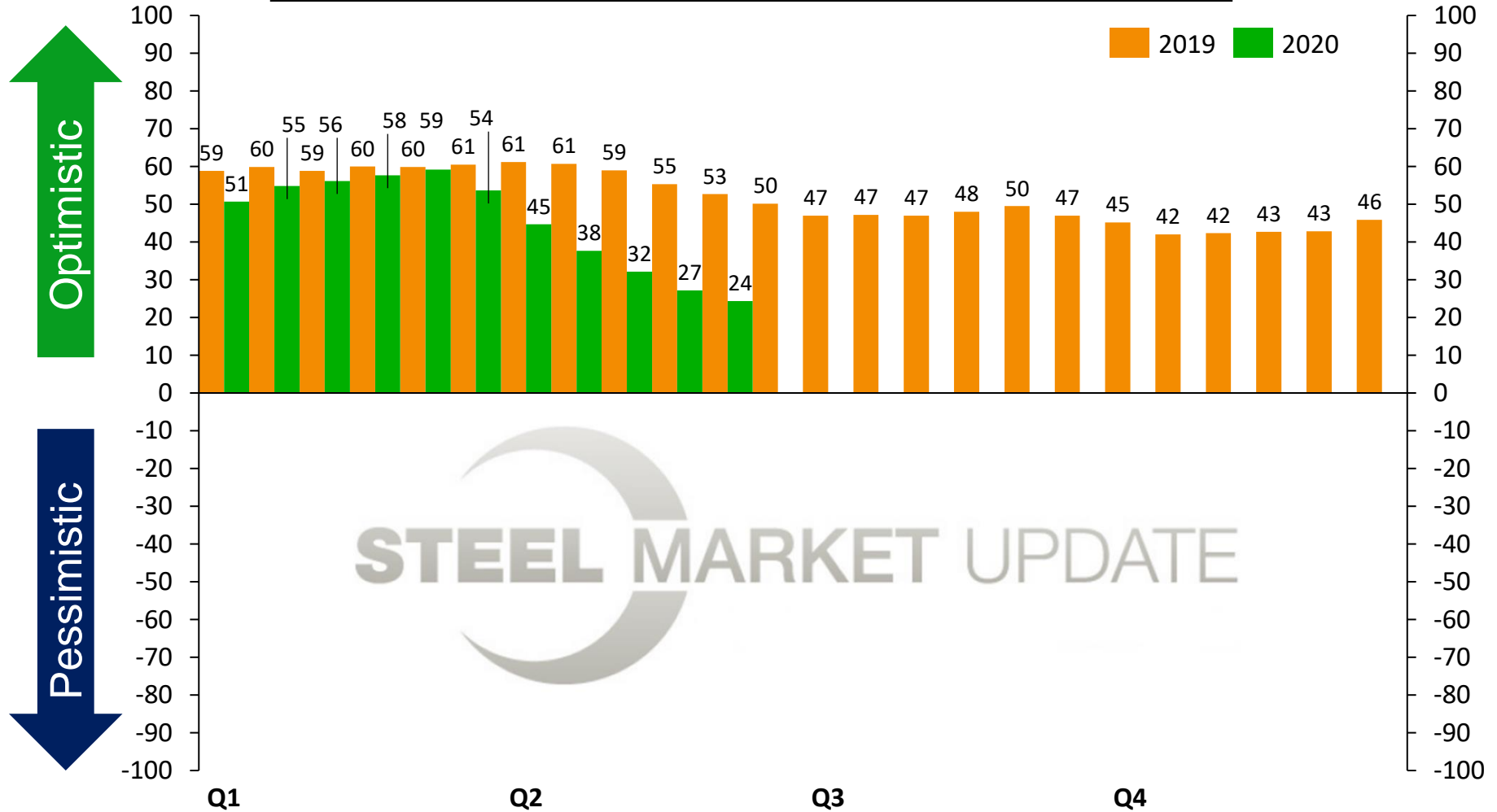
Steel Market Update Future Buyers Sentiment Index



SMU Future Buyers Sentiment Index

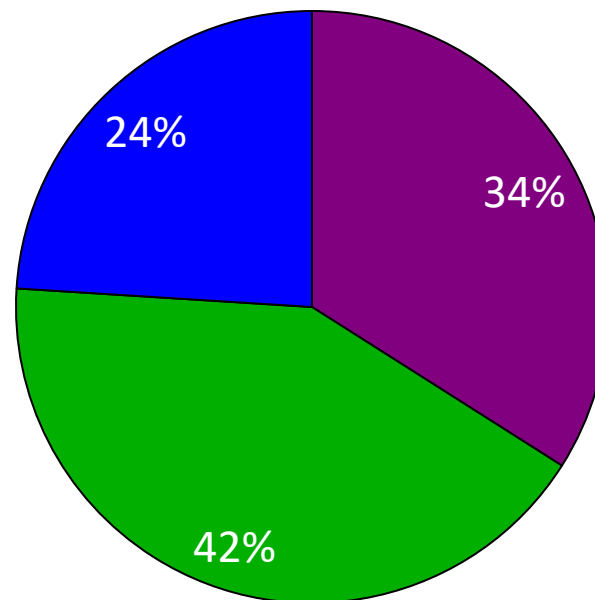
Three Month Moving Average at +24.33

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

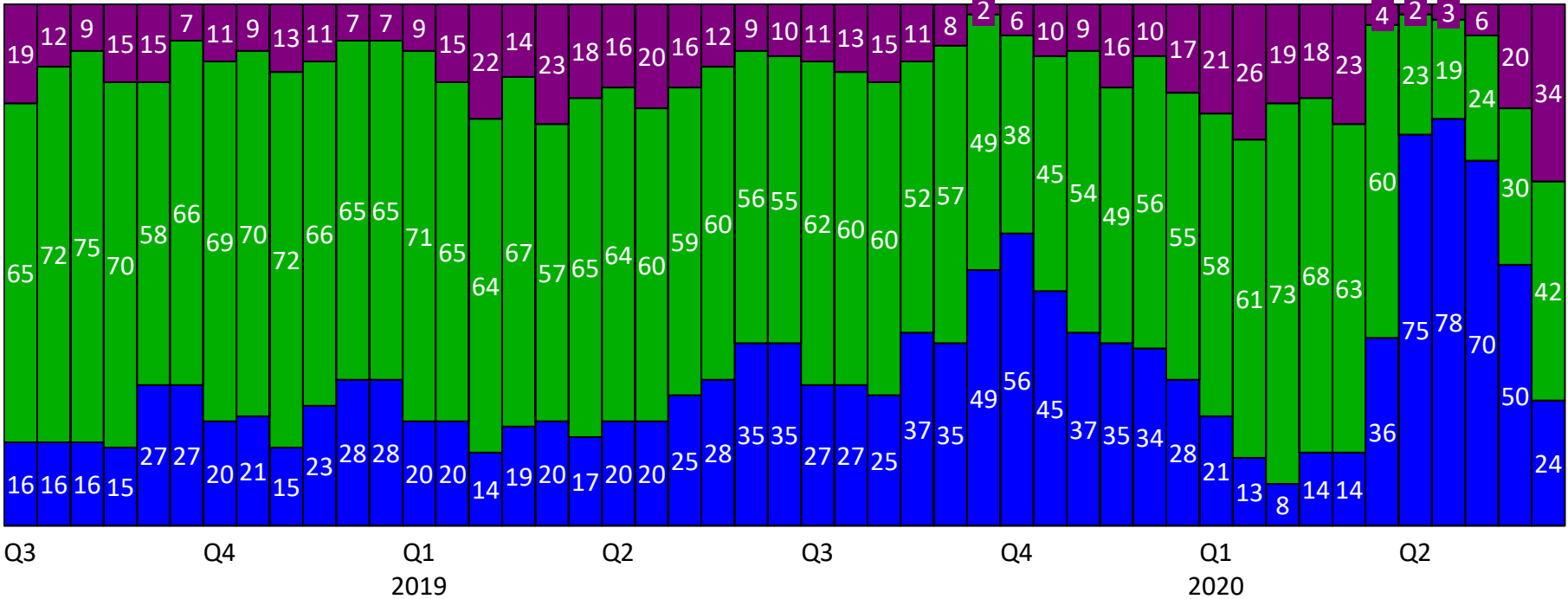


Overall Demand History

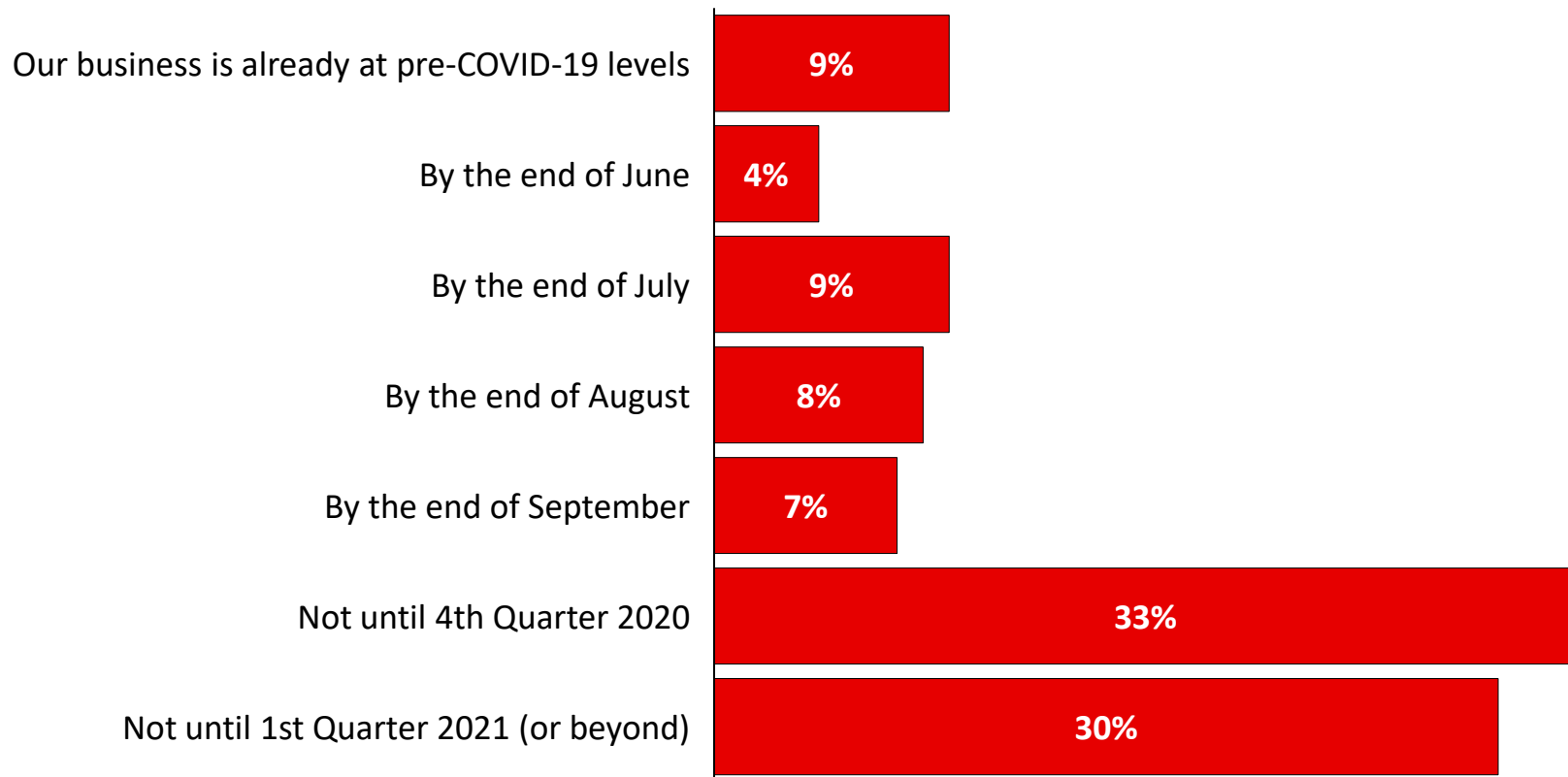
Are you seeing demand for your products improving, remaining the same or declining?

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

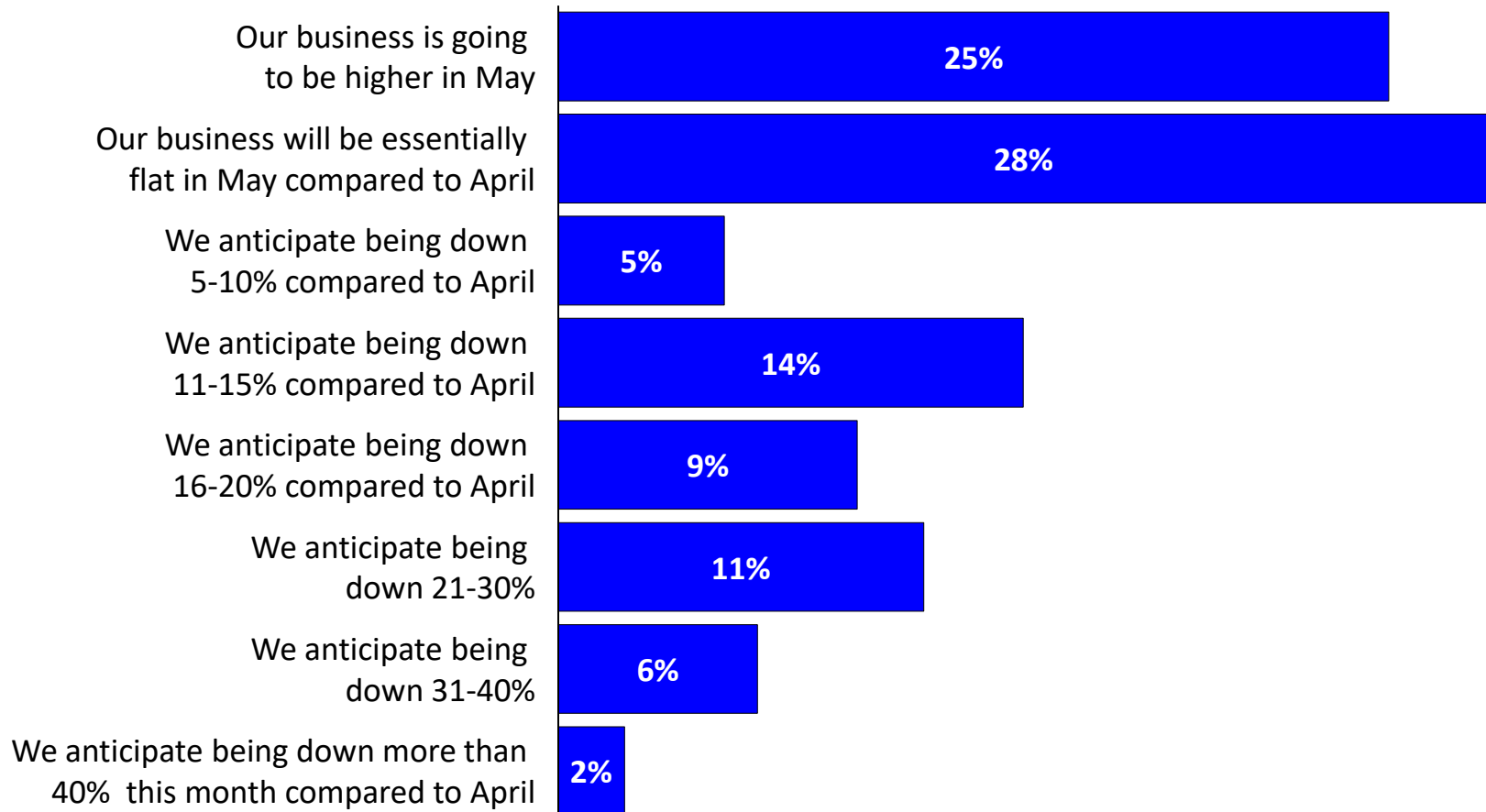
out of 100%



Some states are beginning to re-open for business. The question now becomes when will your business return to pre-COVID-19 levels?



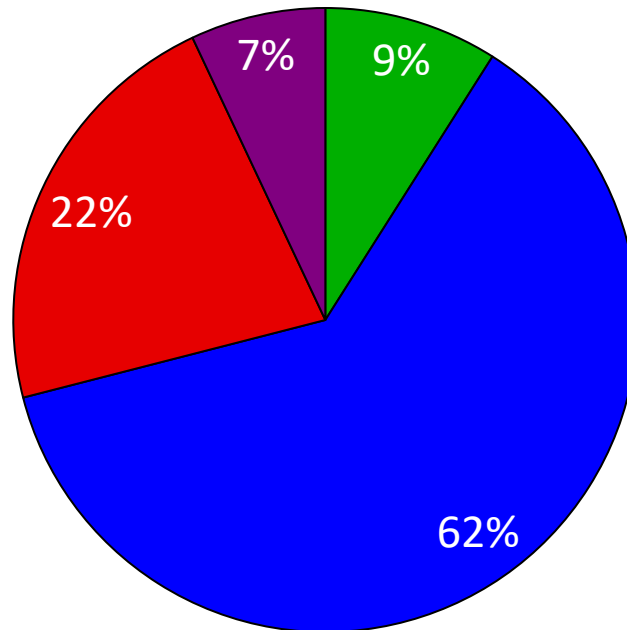
As it stands now, what will the impact of the virus be on your order book and/or shipments for the month of May compared to what it was in April 2020?



Price Increase Collection

Given current demand, will the domestic mills be able to collect the full price increases leading to \$540 hot rolled and \$740 base cold rolled and coated?

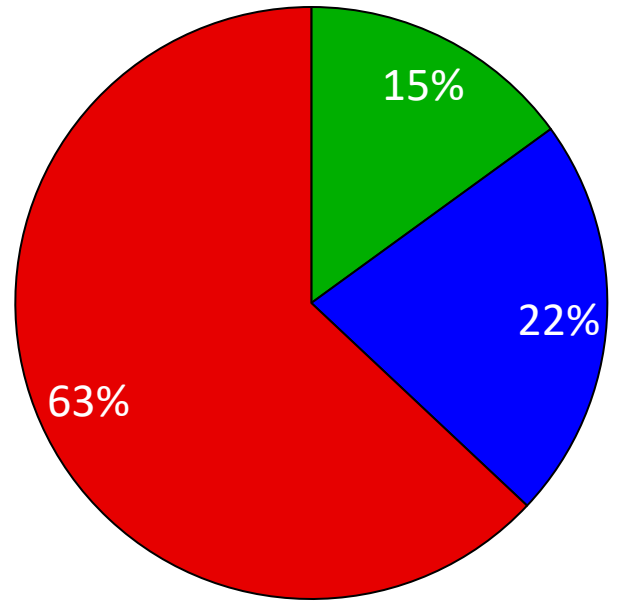
- Yes – the mills will collect the full price increases
- Yes – the mills will collect a portion of the increases
- Prices will remain the same as they were prior to the increase announcements
- No – prices will move lower from here



© Steel Market Update 2020

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

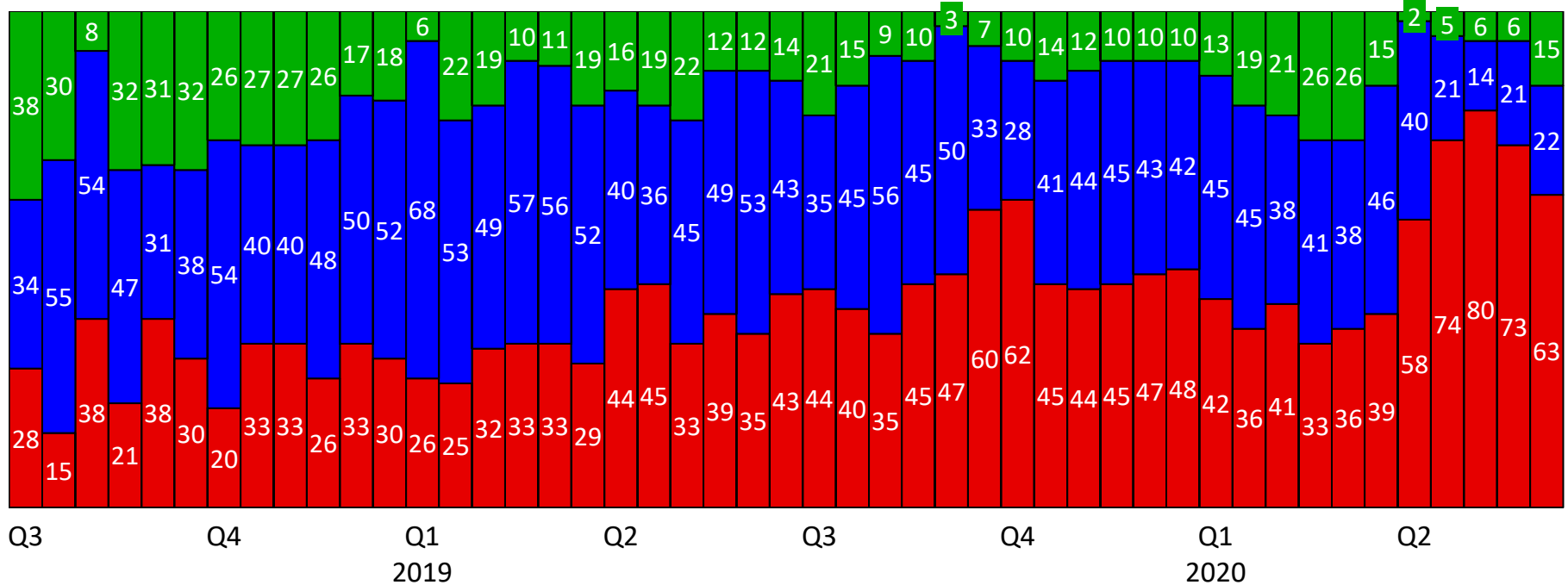


History of Manufacturer Purchases

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?

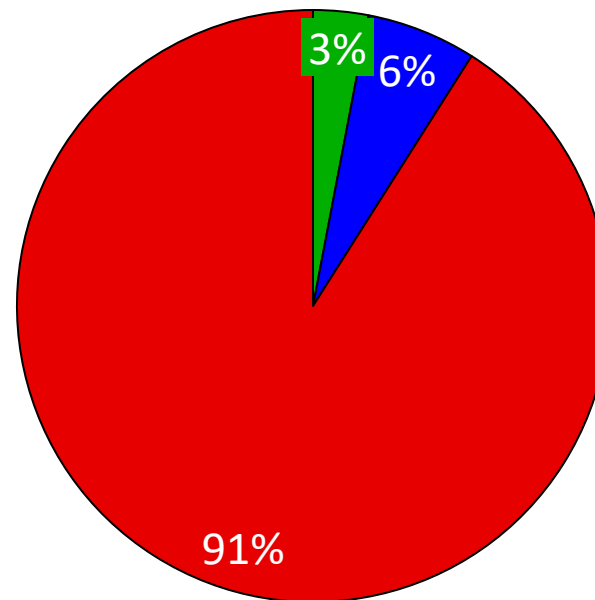
- Buying more steel
- Buying the same amount of steel
- Buying less steel

out of 100%



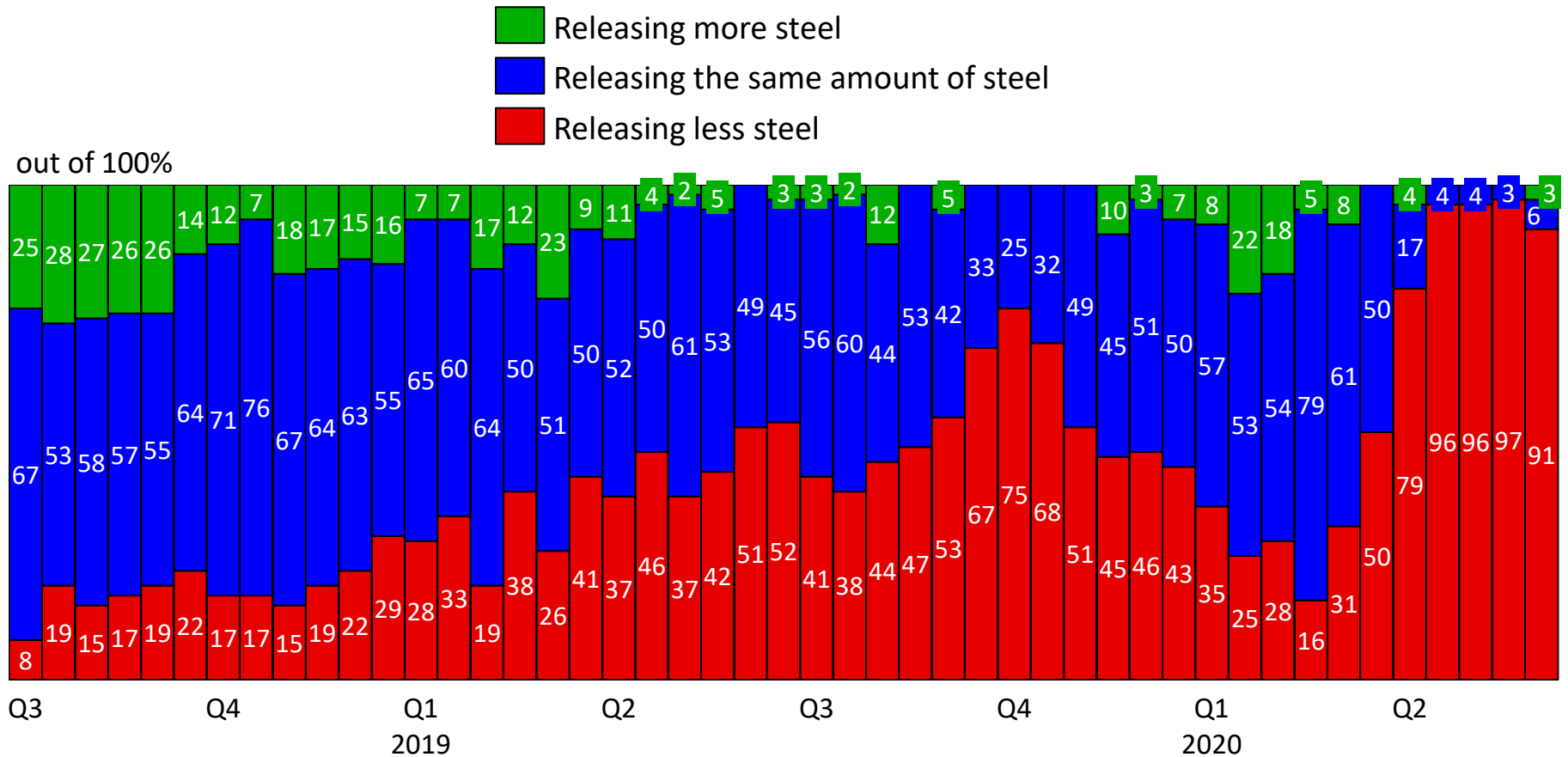
Service Centers- How do you see your customers releases (demand) for the products your company provides this year compared to this time last year?

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



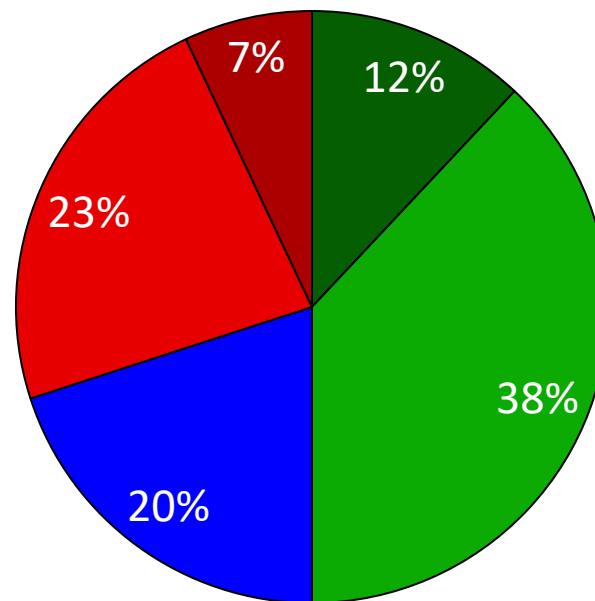
Service Center Release History

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



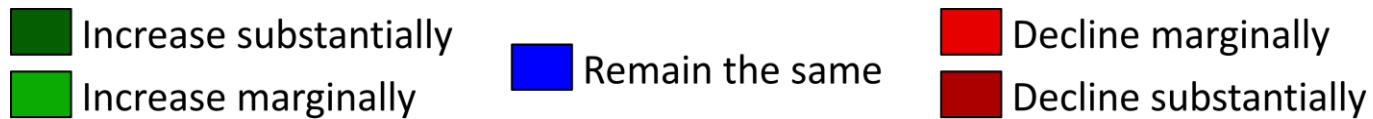
Manufacturers- Demand for your products will _____
over the next 3 months based on current order flows.

- Increase substantially
- Increase marginally
- Remain the same
- Decline marginally
- Decline substantially

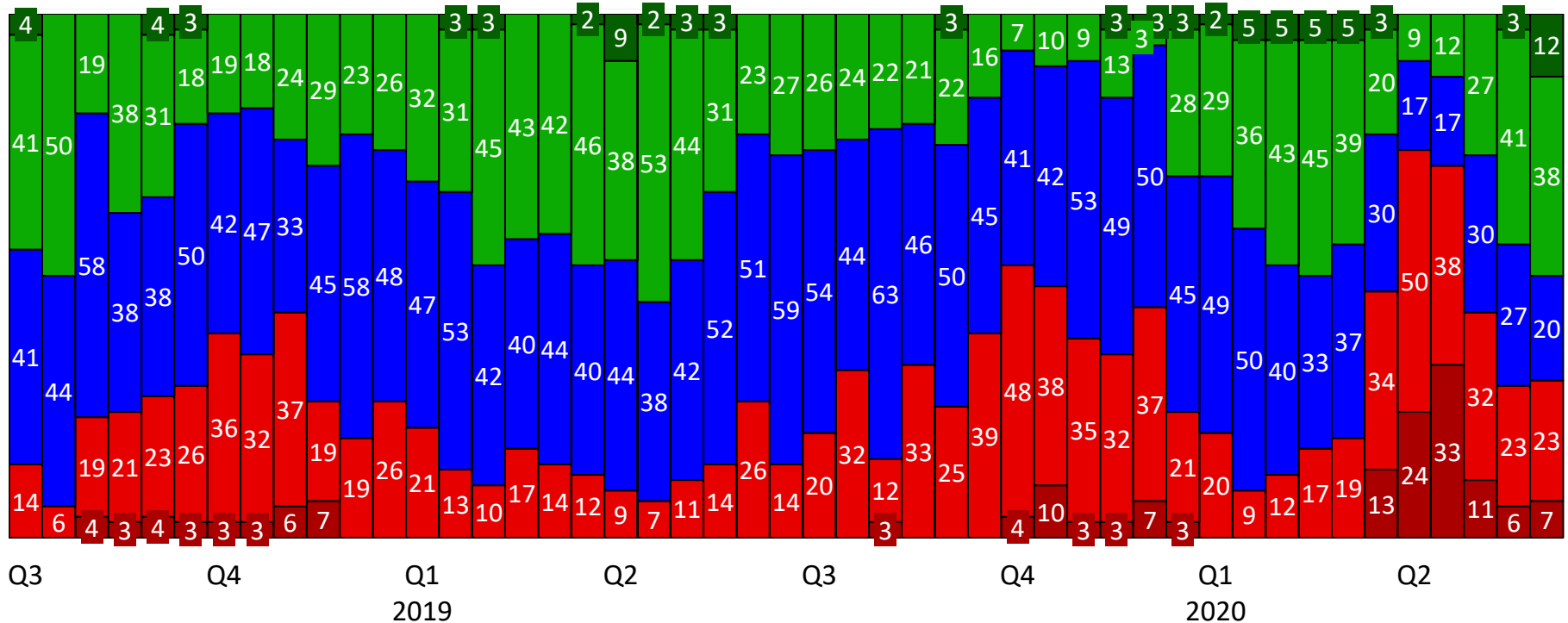


Manufacturer Demand History

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



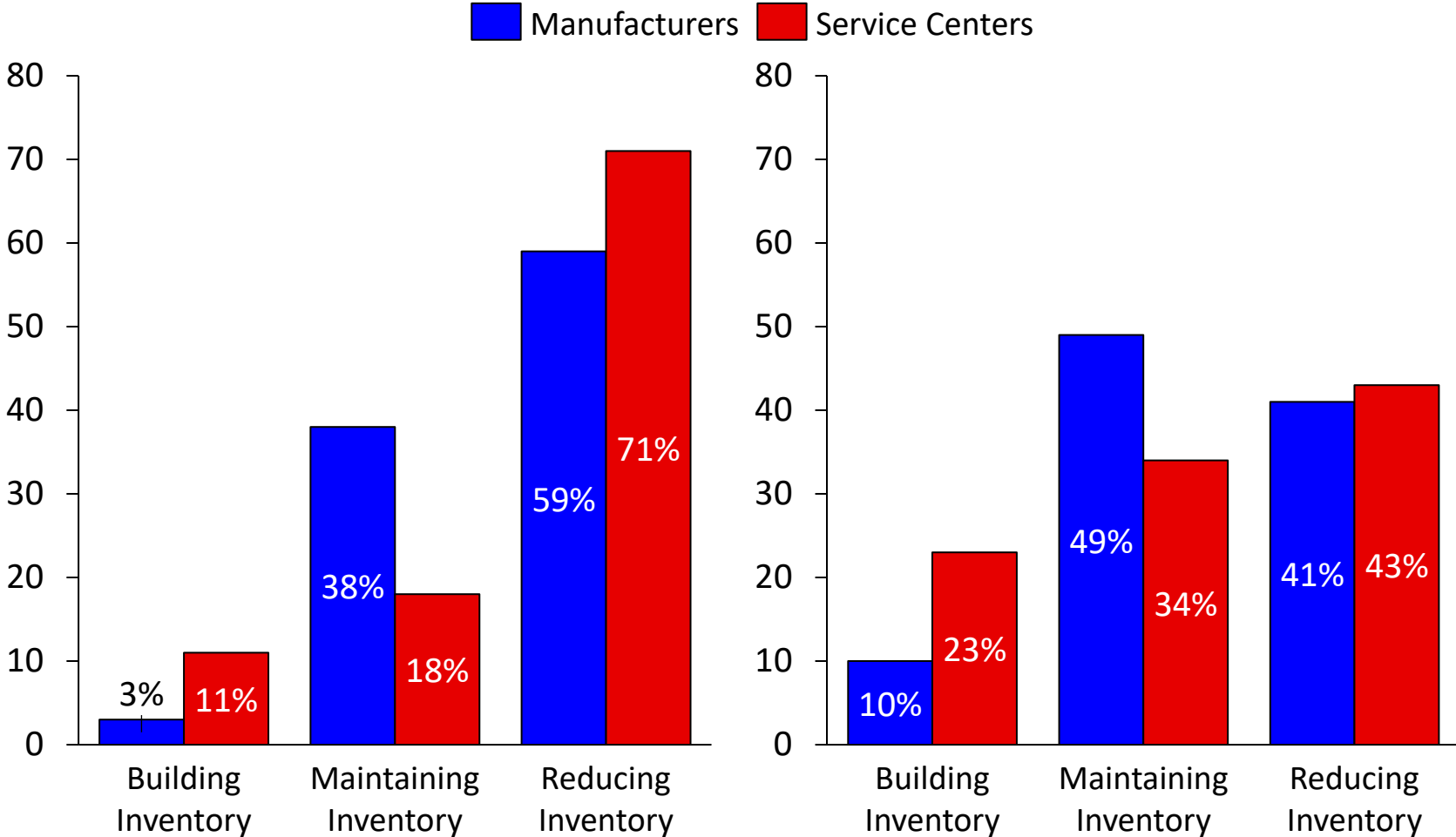
out of 100%



Manufacturer and Service Center Inventory Buying Patterns

April 30, 2020

May 29, 2020

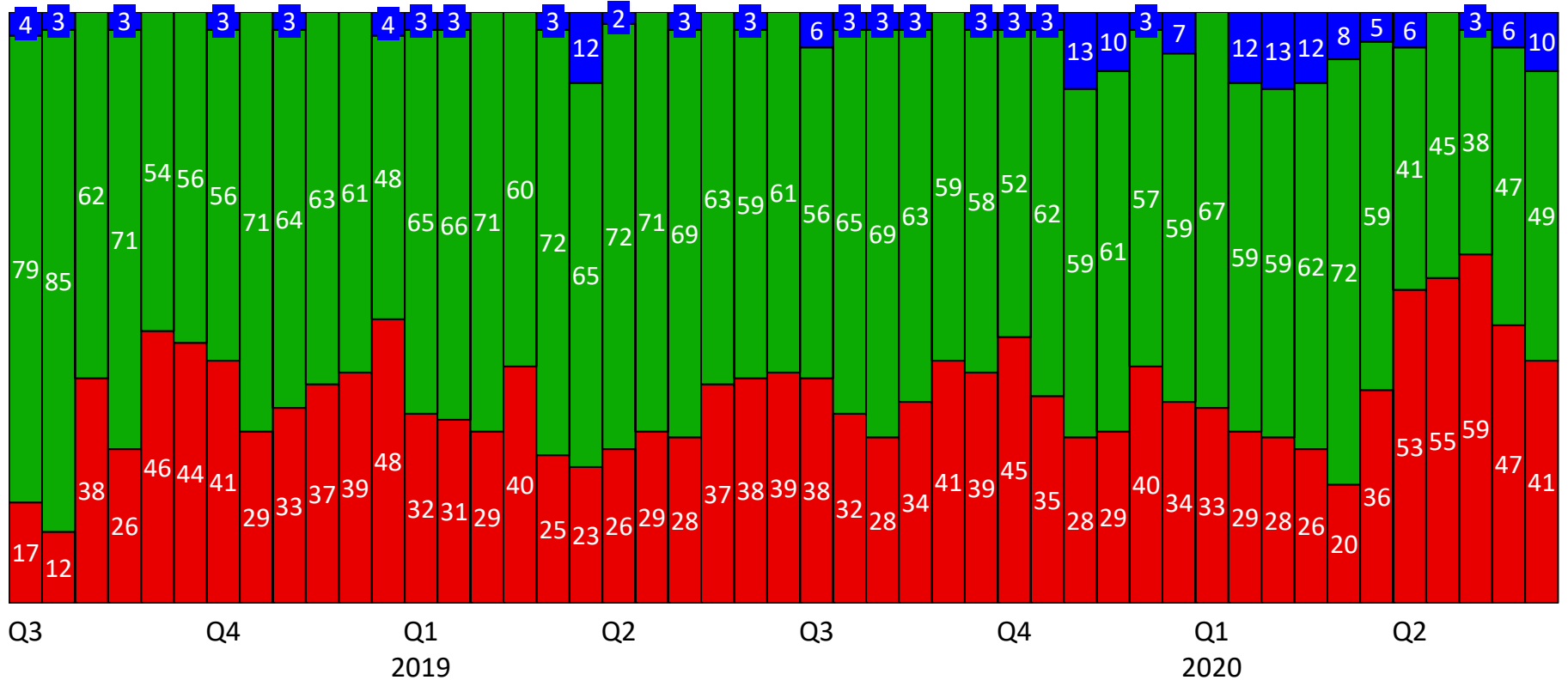


Manufacturer Inventory Buying History

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

■ Building Inventory
 ■ Maintaining Inventory
 ■ Reducing Inventory

out of 100%

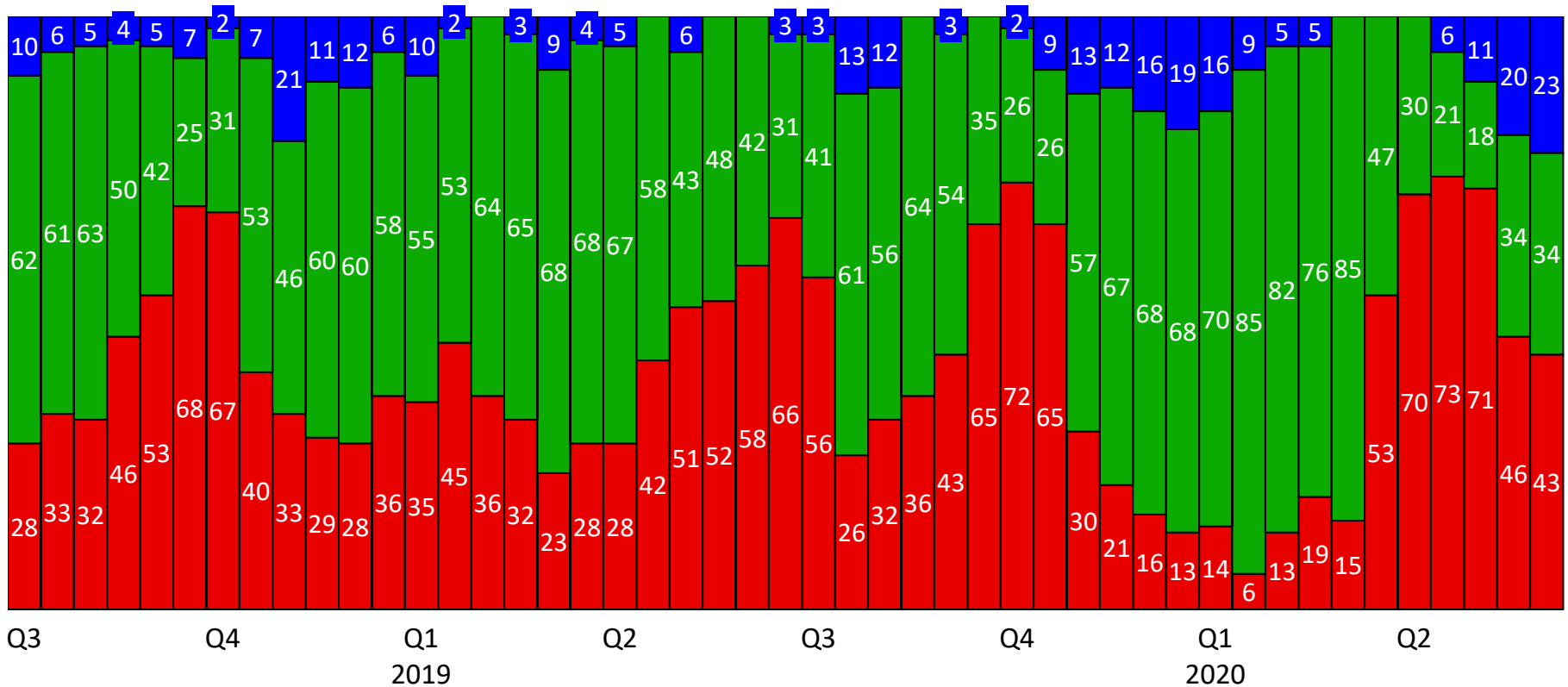


Service Center Inventory Buying History

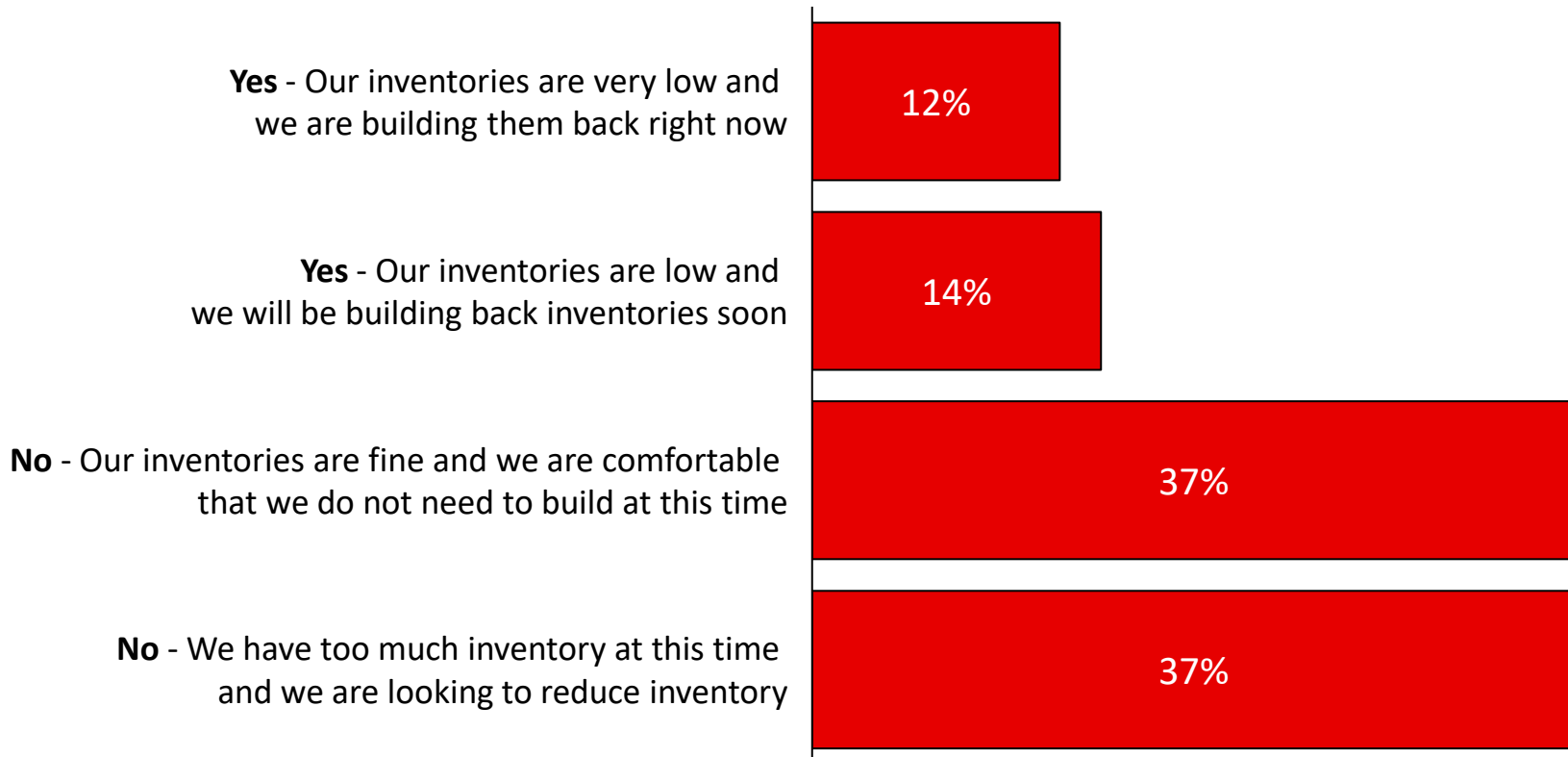
Service Centers- Is your company building, reducing or maintaining its flat rolled steel inventory?

■ Building Inventory
 ■ Maintaining Inventory
 ■ Reducing Inventory

out of 100%



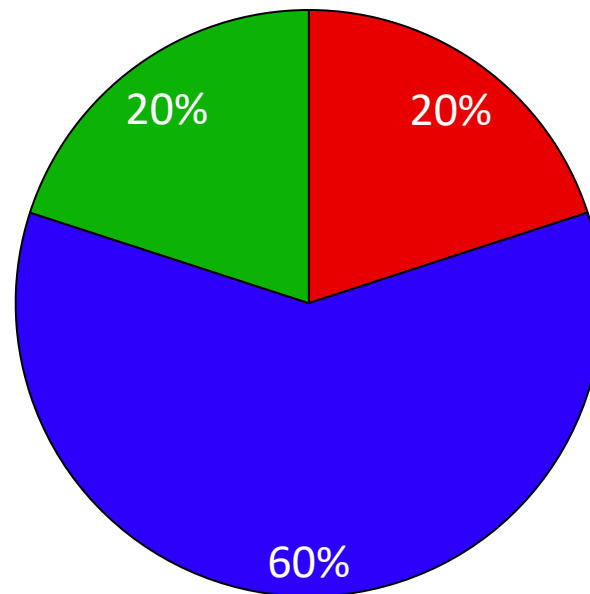
Service Centers- Does your company need to build back inventories or are you comfortable with the levels you are holding on your floor?



Manufacturer's View of Service Center Selling Prices

Manufacturers- Which comment do you feel is representative of service center pricing right now compared to two weeks ago?

- 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

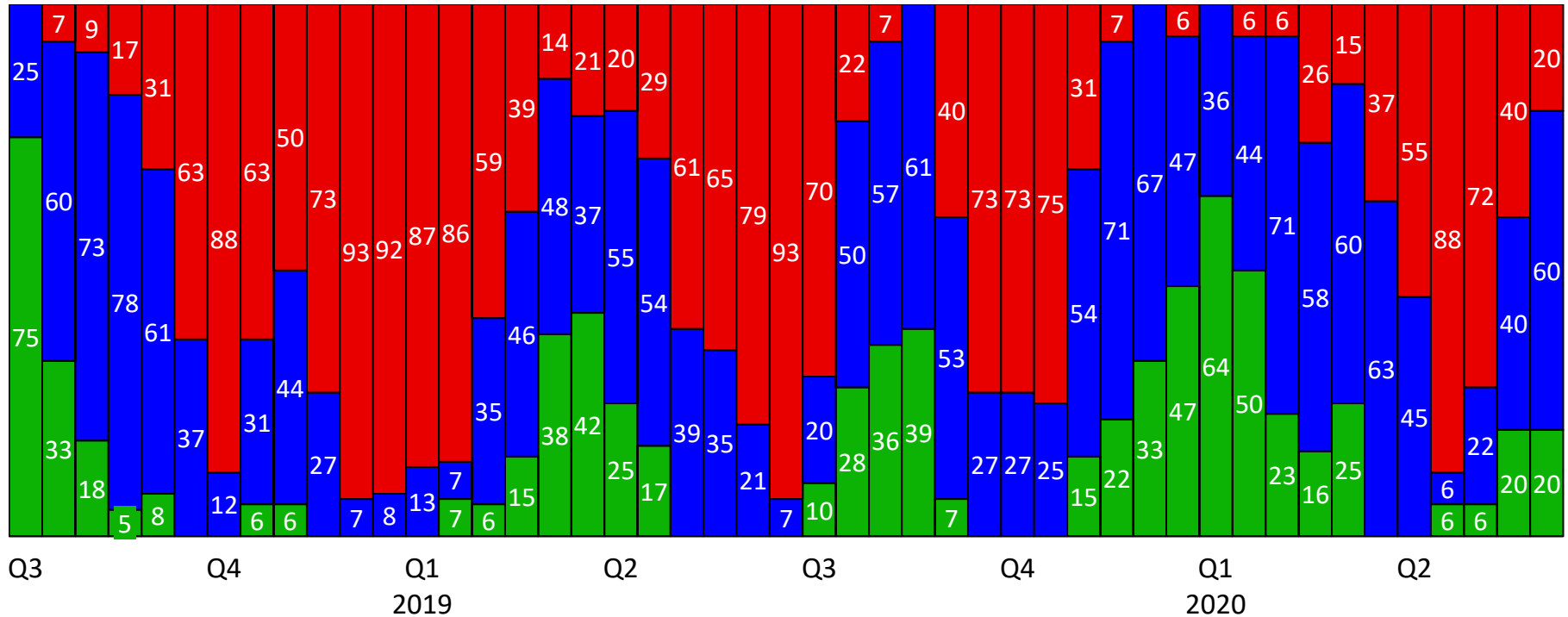


Manufacturer's View of Service Center Selling Prices History

Manufacturers- Which comment do you feel is representative of service center pricing right now compared to two weeks ago?

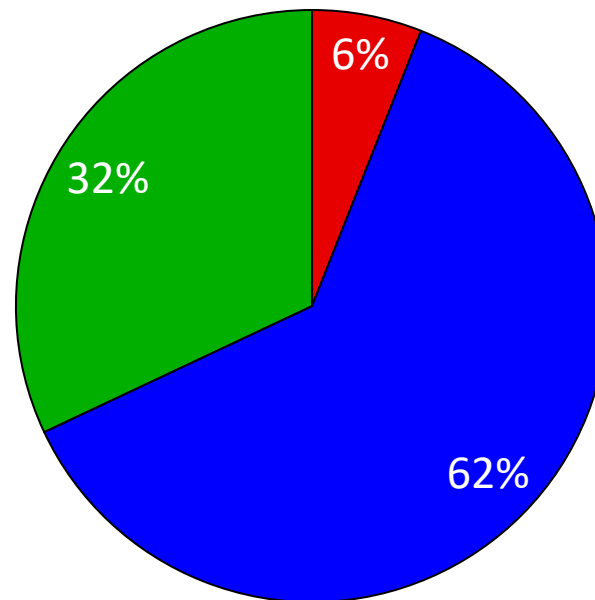
- We are seeing prices decreasing from our service centers
- We are seeing prices stable from our service centers
- We are seeing prices rising from our service centers

out of 100%

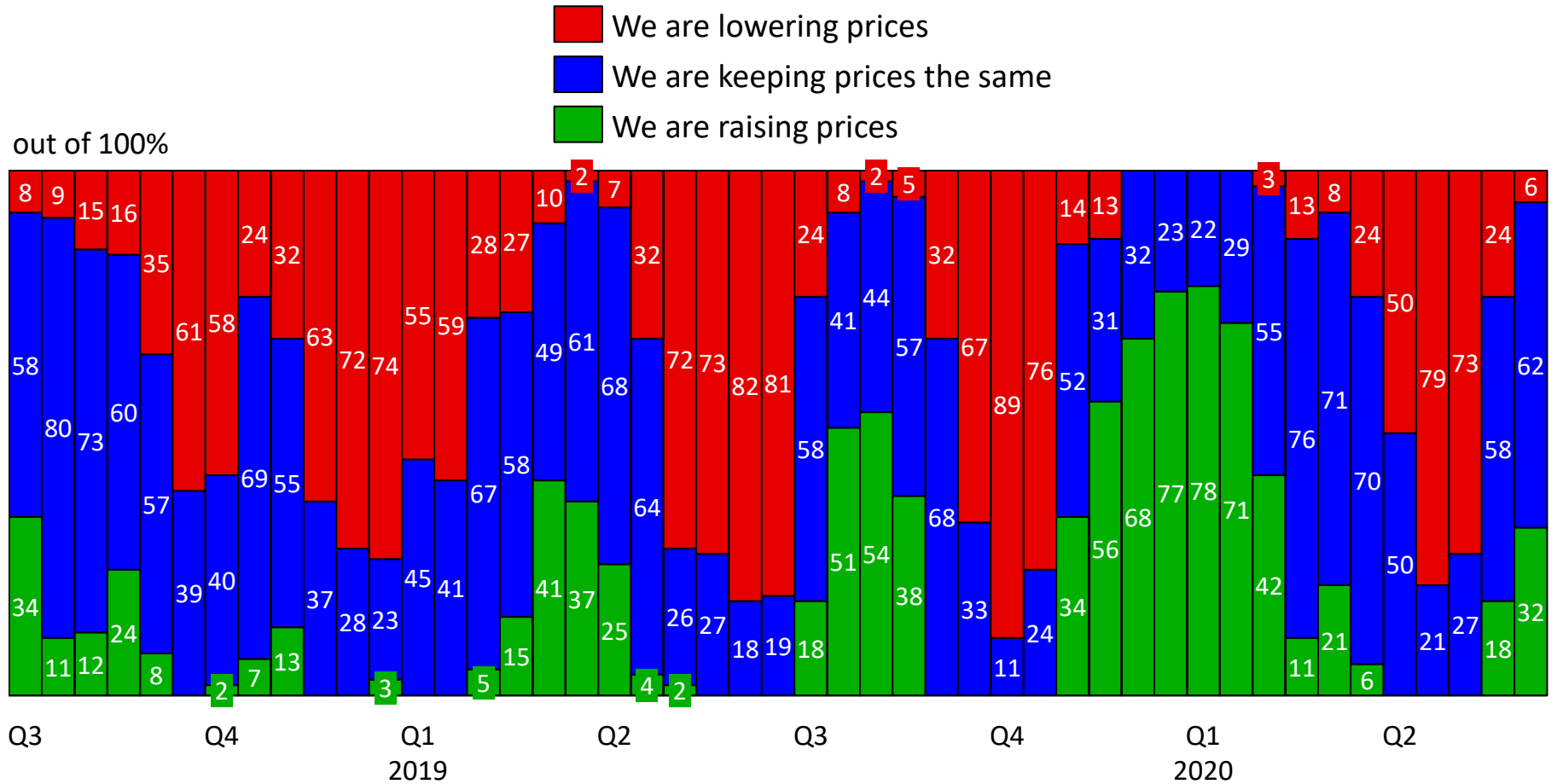


Service Centers- Compared to two weeks ago, how is your company handling spot pricing to your customers at this time?

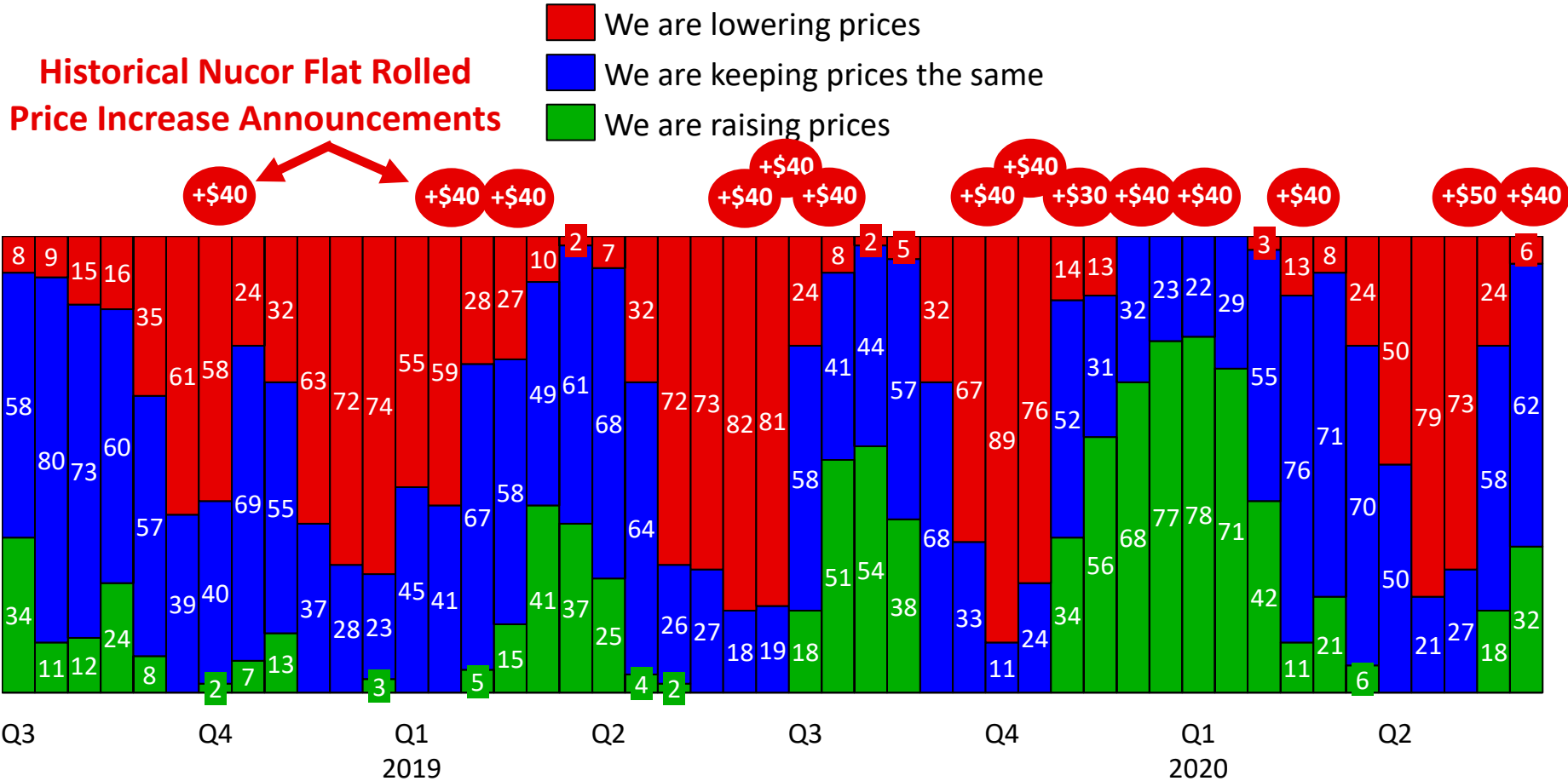
- We are lowering prices
- We are keeping prices the same
- We are raising prices



Service Centers- Compared to two weeks ago, how is your company handling spot pricing to your customers at this time?



Service Centers- Compared to two weeks ago, how is your company handling spot pricing to your customers at this time?

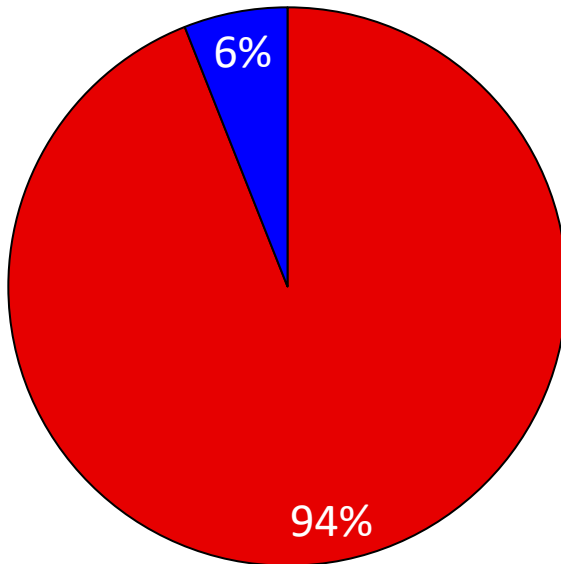


Passing Along Higher Prices

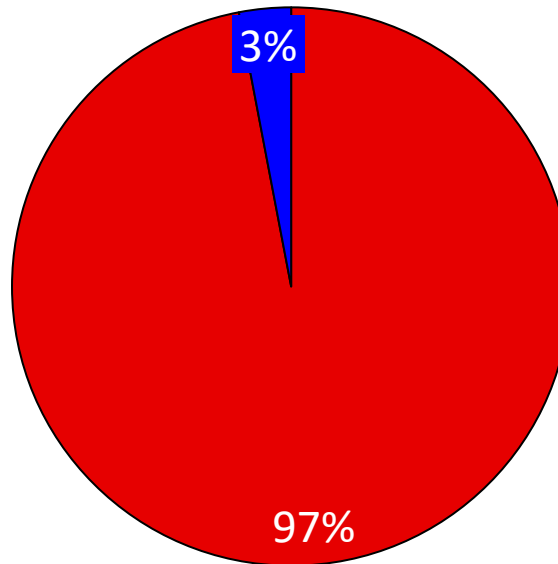
Service Centers- Are you having any difficulties in passing along the new higher prices to your customers?

Yes No

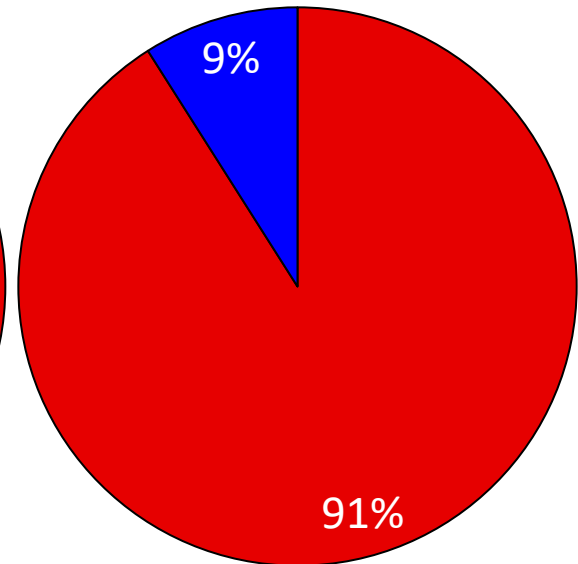
March 20, 2020






April 17, 2020

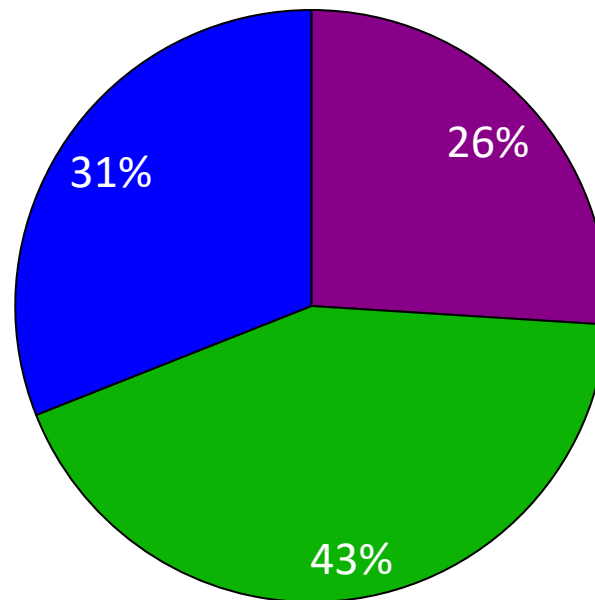


May 29, 2020



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

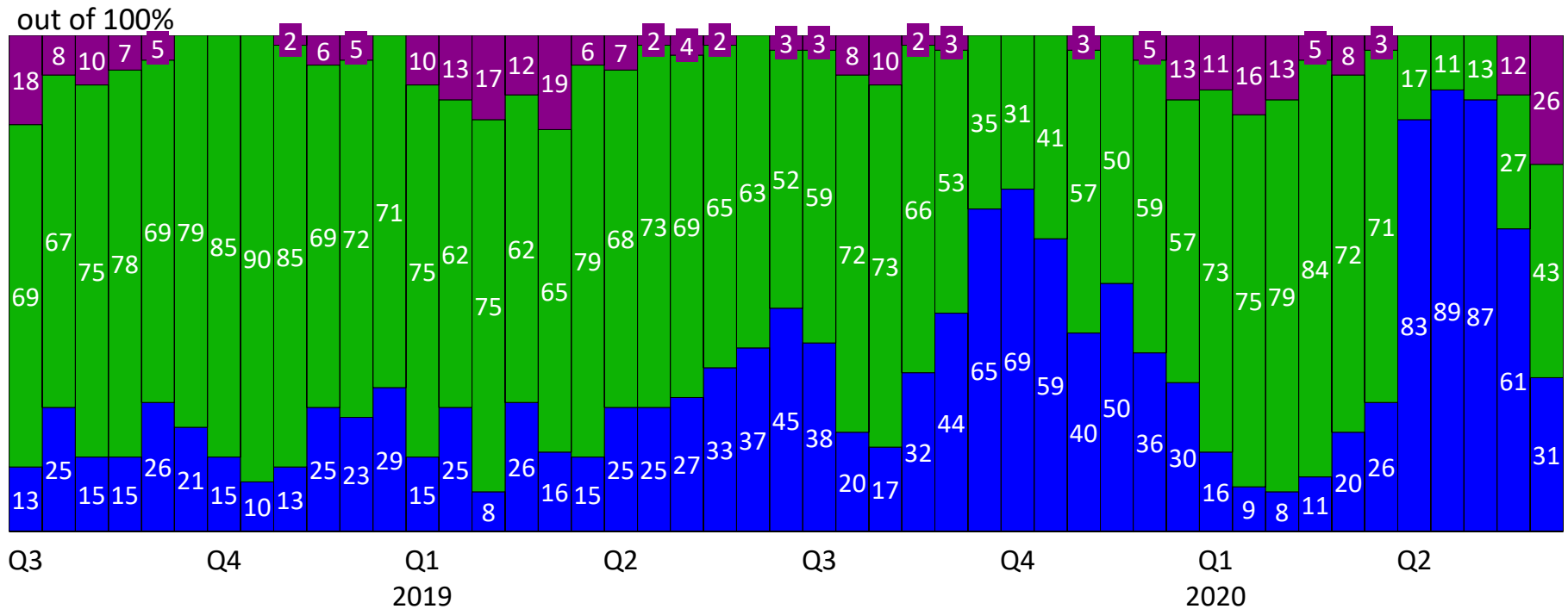
-  Our manufacturing customers are increasing orders
-  Our manufacturing customers are maintaining their orders
-  Our manufacturing customers are reducing their orders



Service Centers on Manufacturer Orders History

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

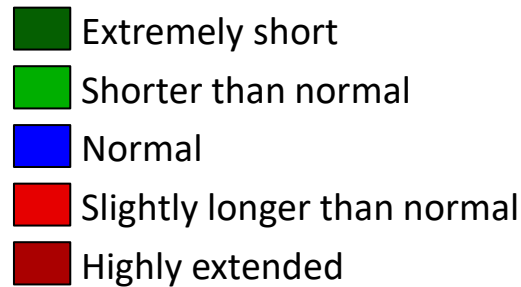
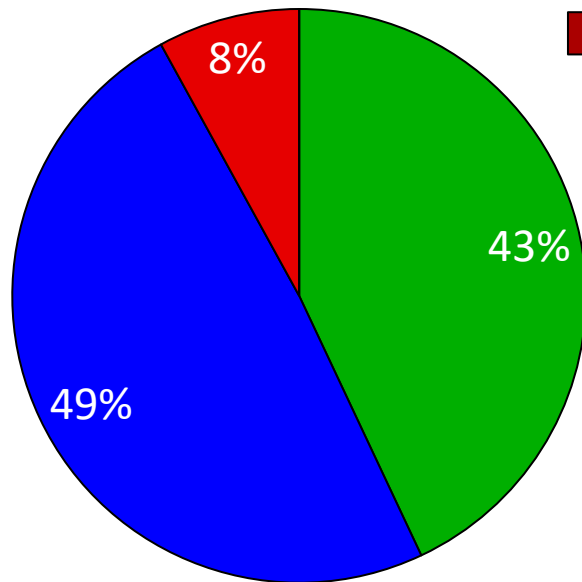
- Our manufacturing customers are increasing orders
- Our manufacturing customers are maintaining their orders
- Our manufacturing customers are reducing their orders



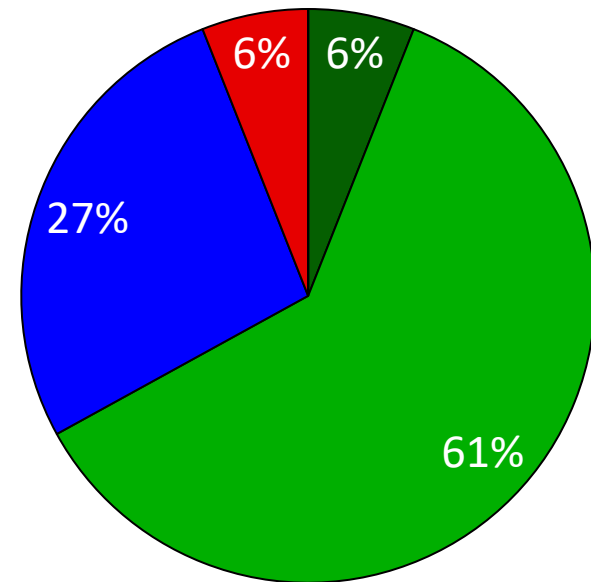
Mill Lead Times

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

Manufacturers

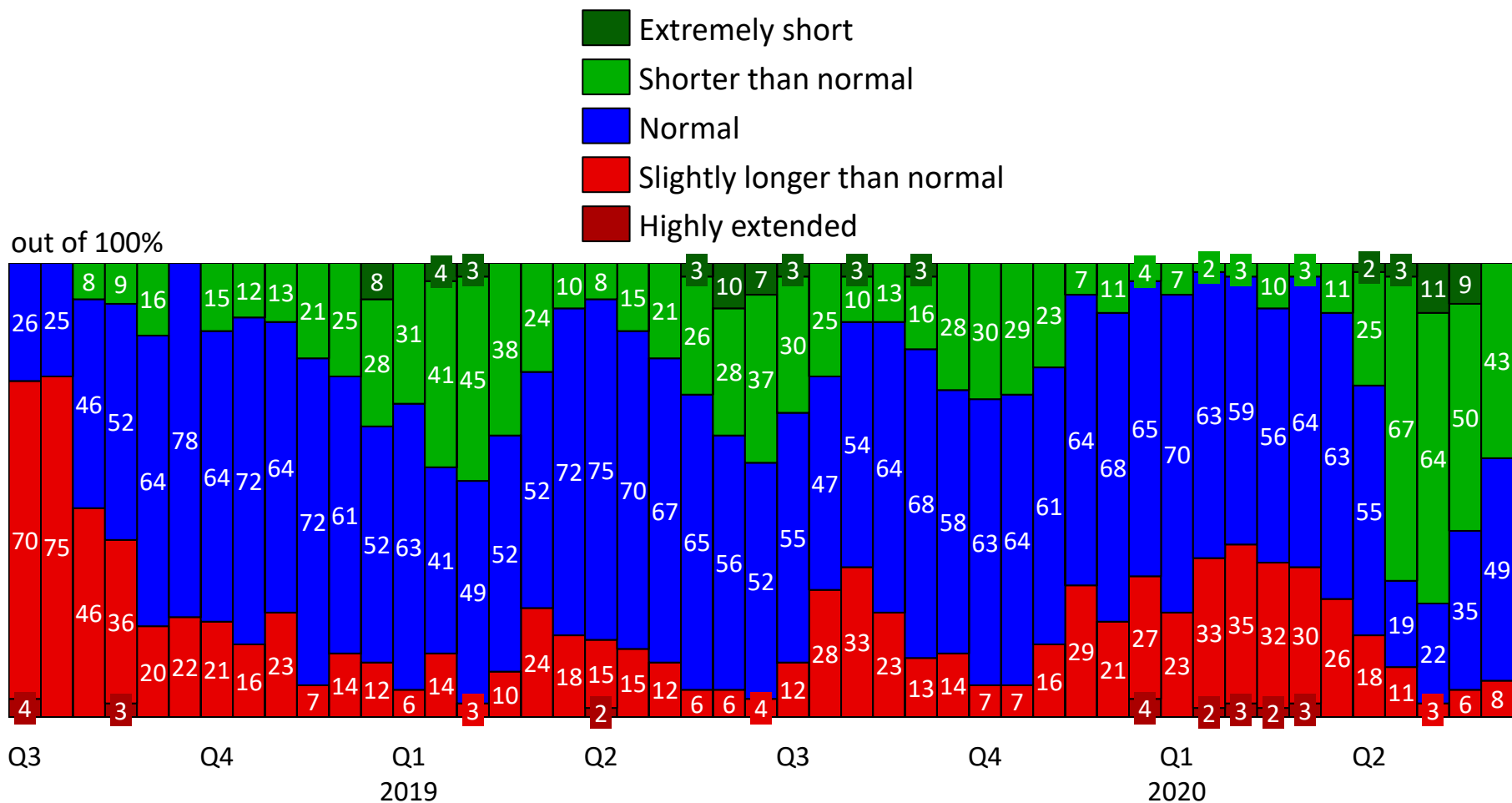


Service Centers



Mill Lead Times History

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

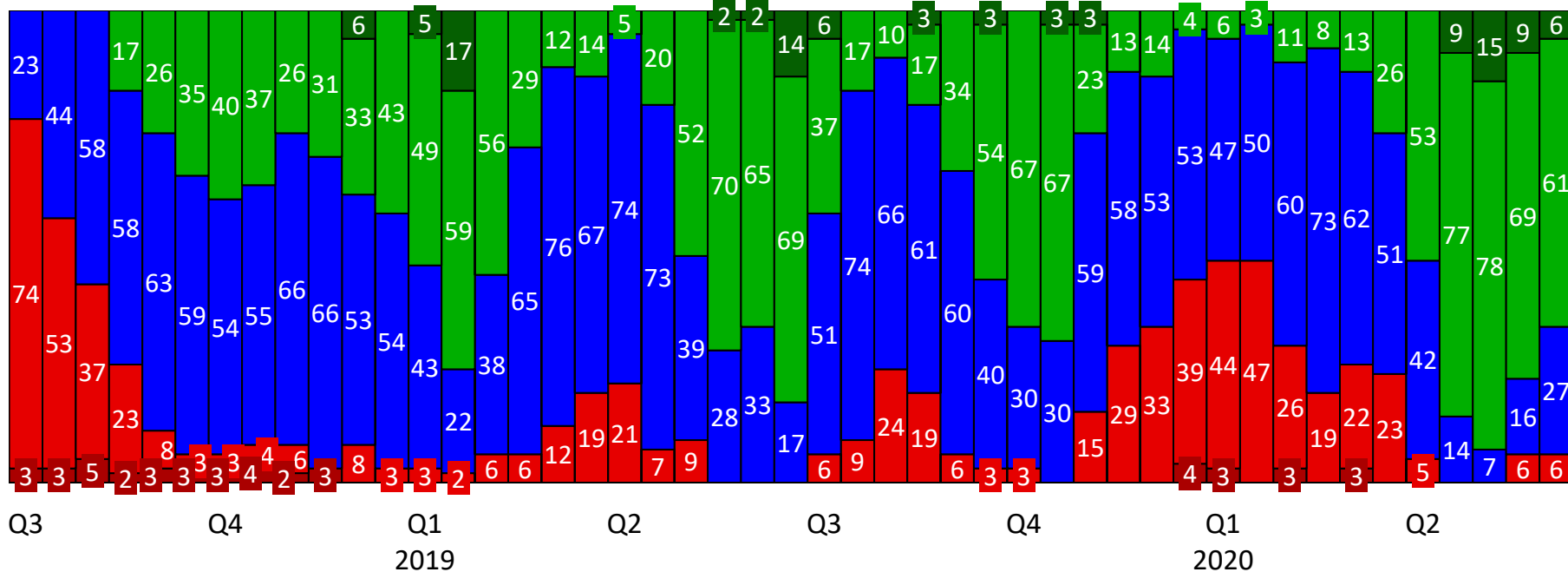


Mill Lead Times History

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

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

out of 100%

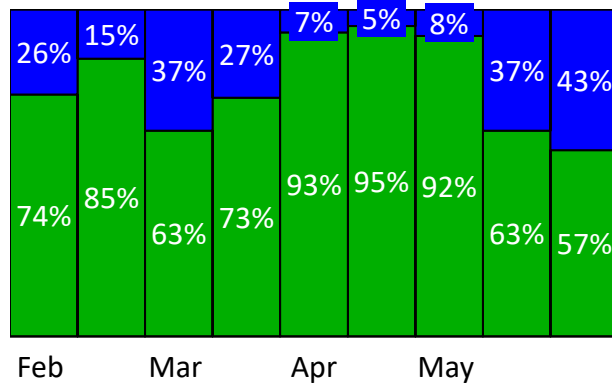


Mill Negotiations

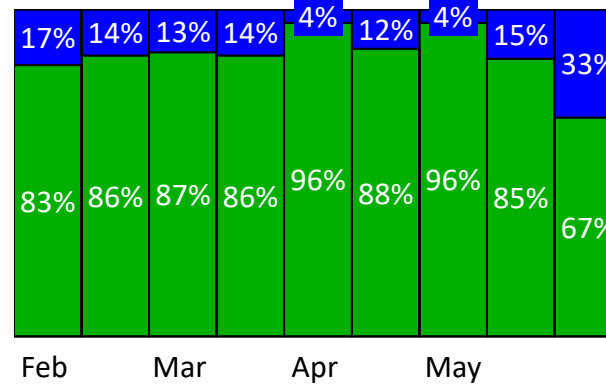
Are you finding the domestic mills are willing to negotiate pricing on brand new orders placed this week?

Yes No

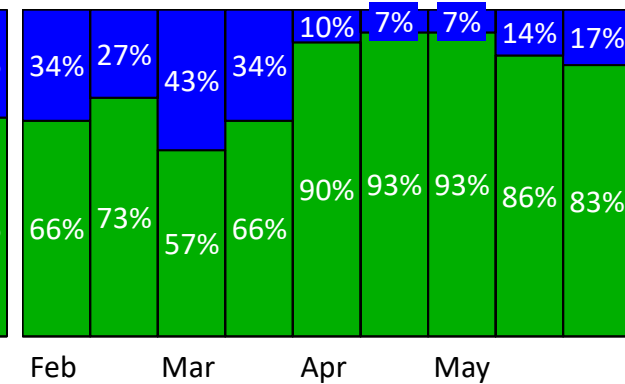
Hot Rolled



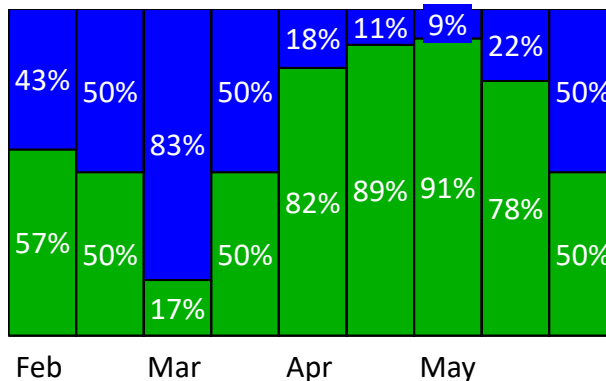
Cold Rolled



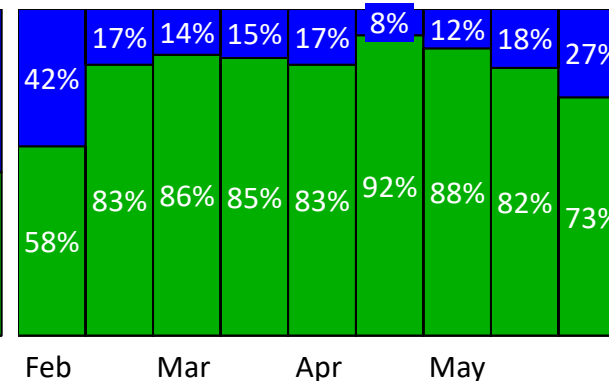
Galvanized



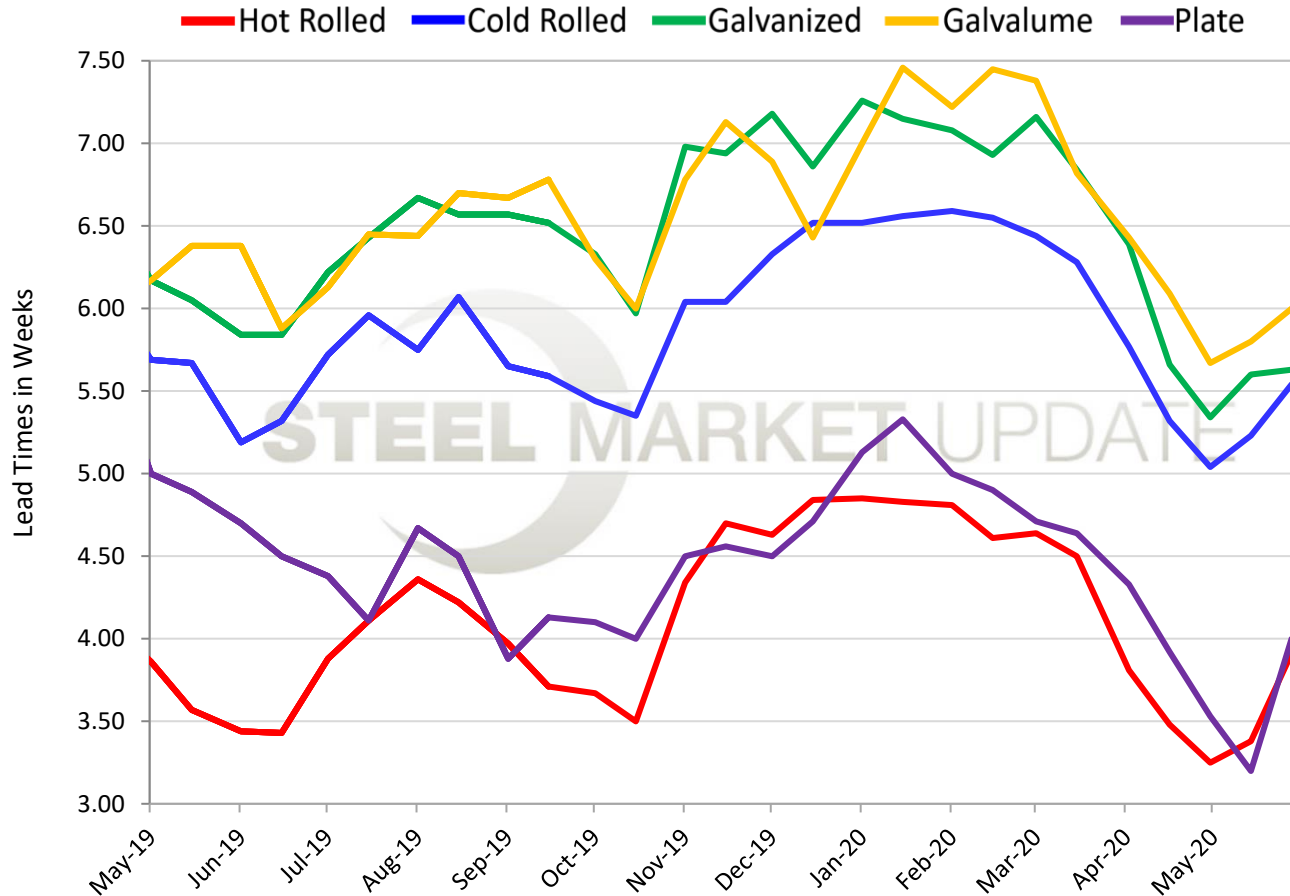
Galvalume



Plate



Mill Lead Times



Lead Times in Weeks

Galvalume: 6.00

Galvanized: 5.63

Cold Rolled: 5.54

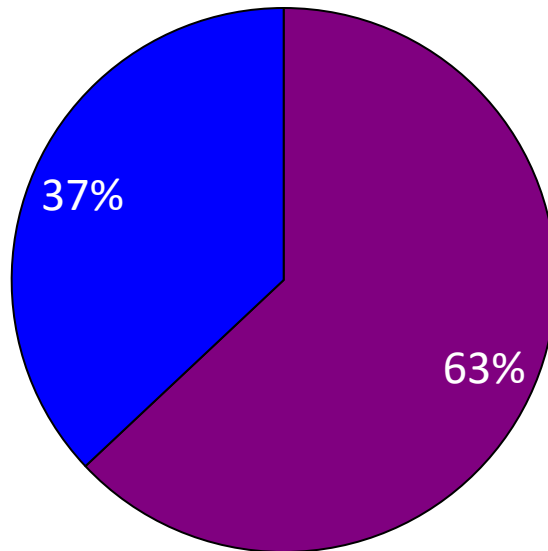
Plate: 4.00

Hot Rolled: 3.91

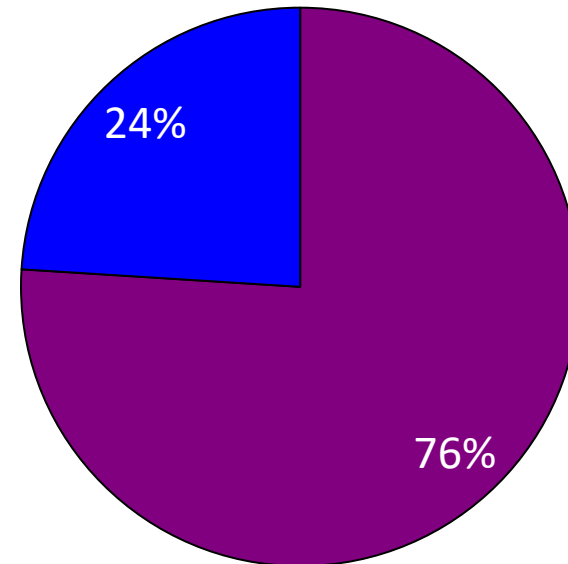
Does your company buy foreign steel?

Yes No

Manufacturers



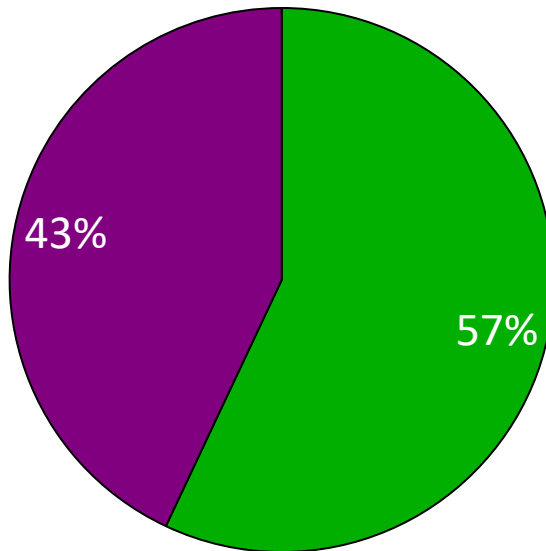
Service Centers



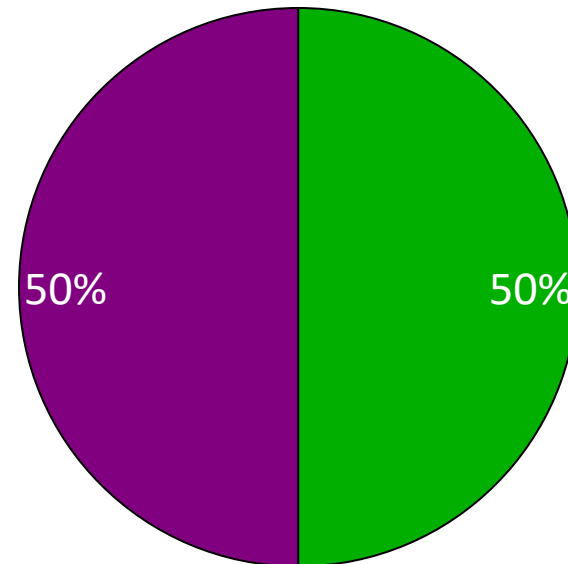
Are your foreign steel suppliers quoting you competitive prices for new orders for future delivery?

Yes No

Manufacturers



Service Centers

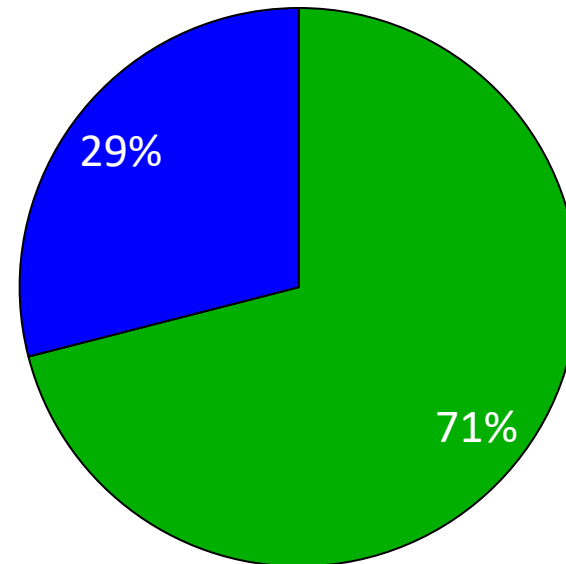
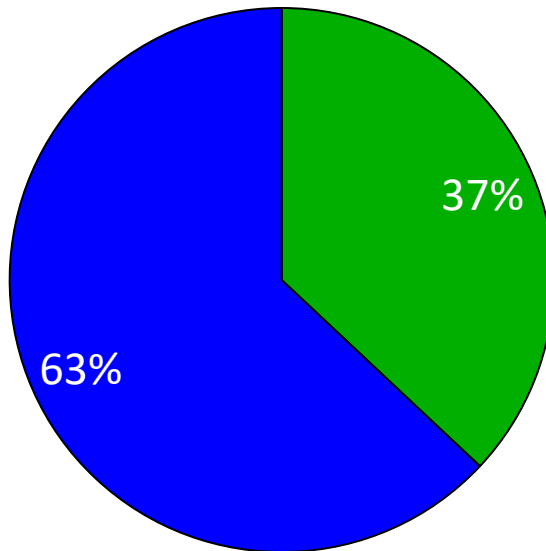


Foreign Steel

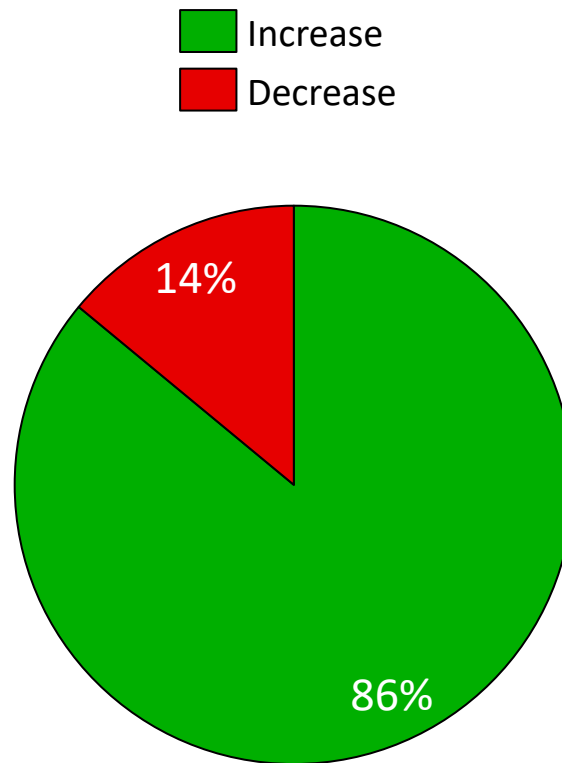
Manufacturers- Are you buying new orders of foreign steel for future delivery?

Service Centers- Are you decreasing the percentage of foreign steel on your order book?

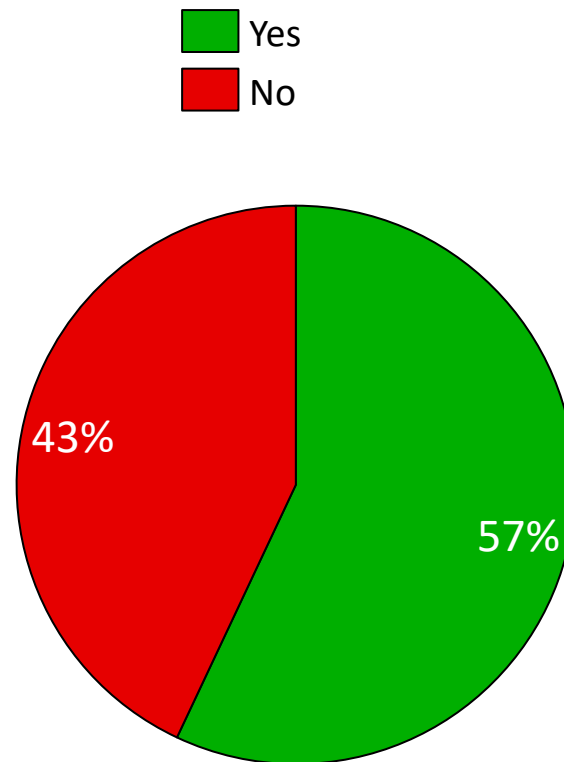
Yes No



At this time, are you seeing an increase or decrease in orders from your North American buyers?

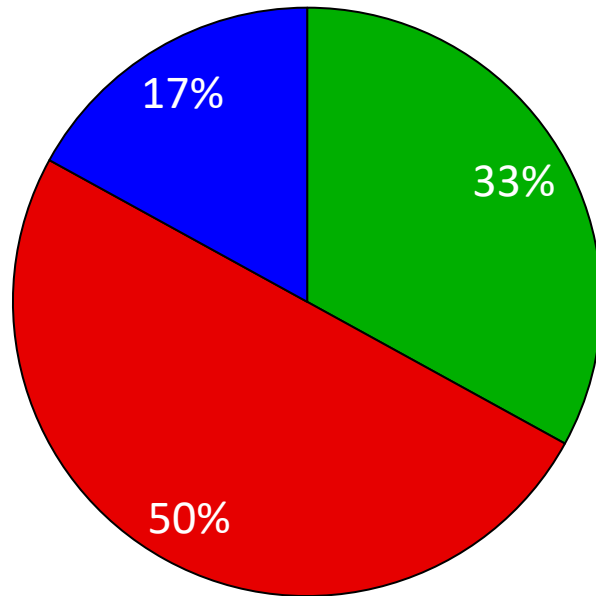
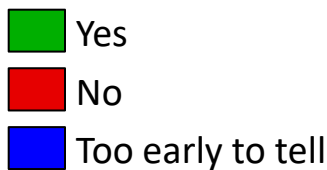


With prices increasing out of the domestic steel mills are foreign products now becoming more attractive to U.S. steel buyers?

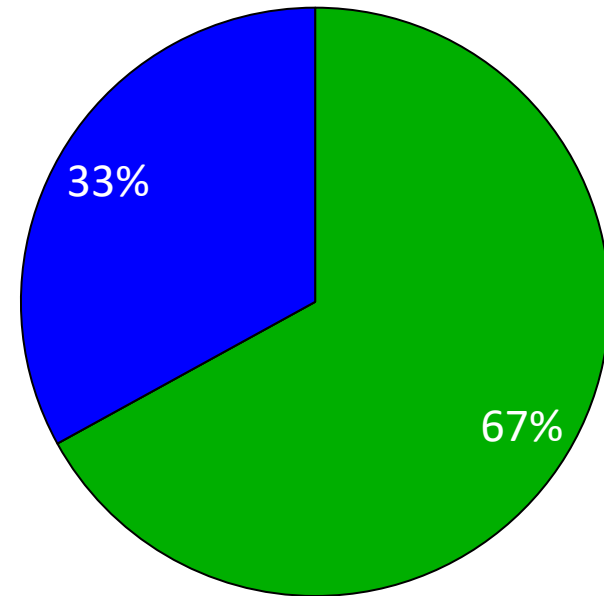
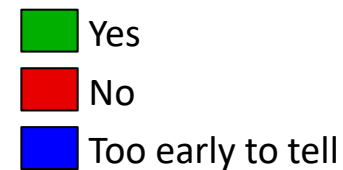


Trading Companies

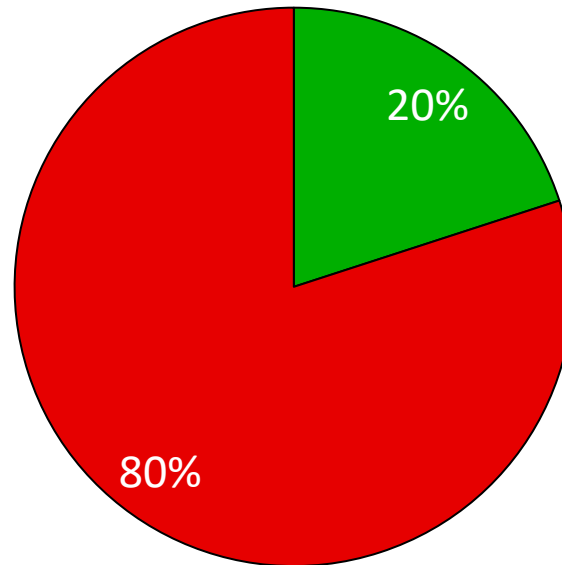
Are your galvanized prices competitive enough right now to get orders (including the new duties)?



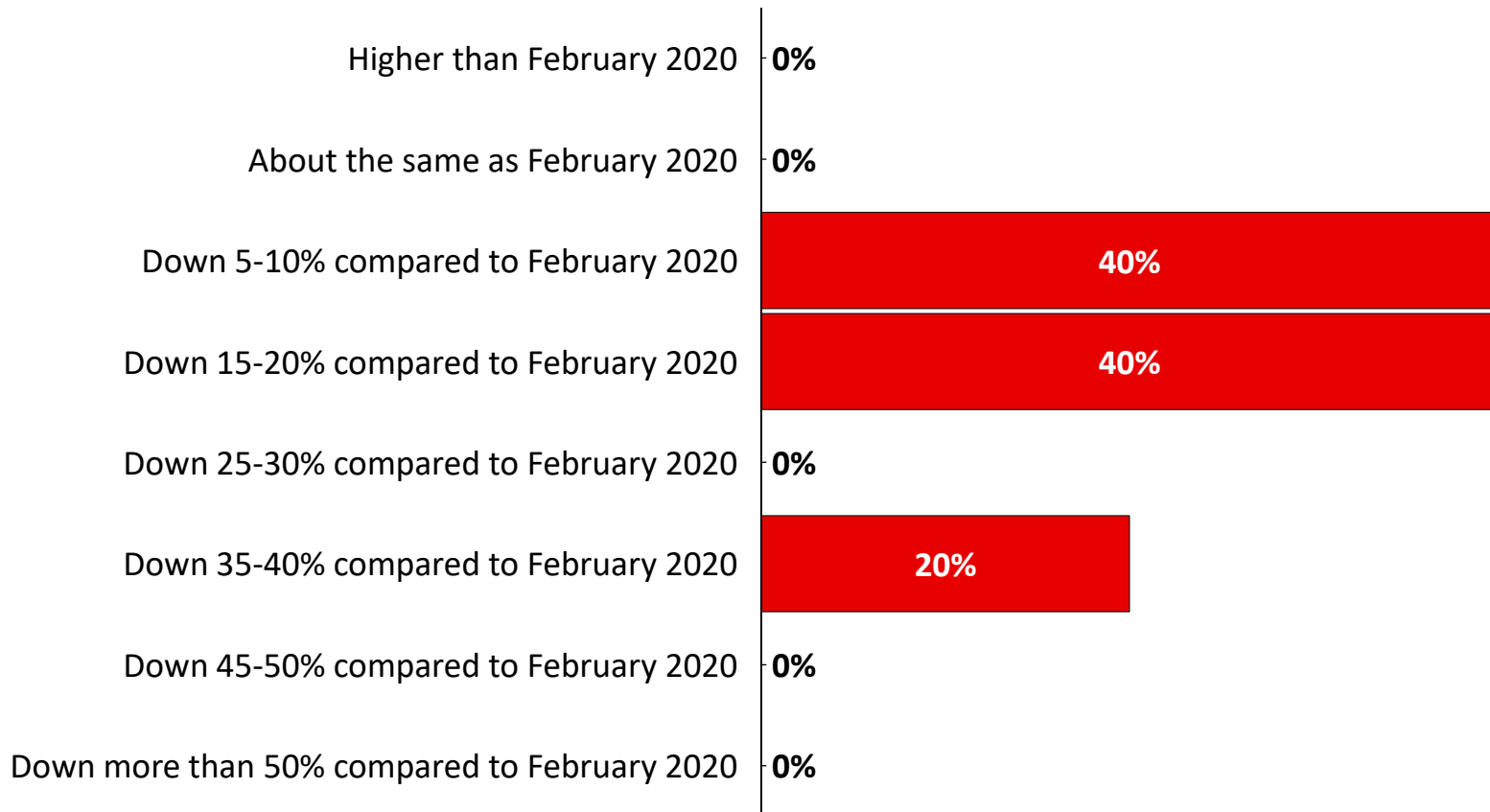
Are your Galvalume prices competitive enough right now to get orders (including the new duties)?



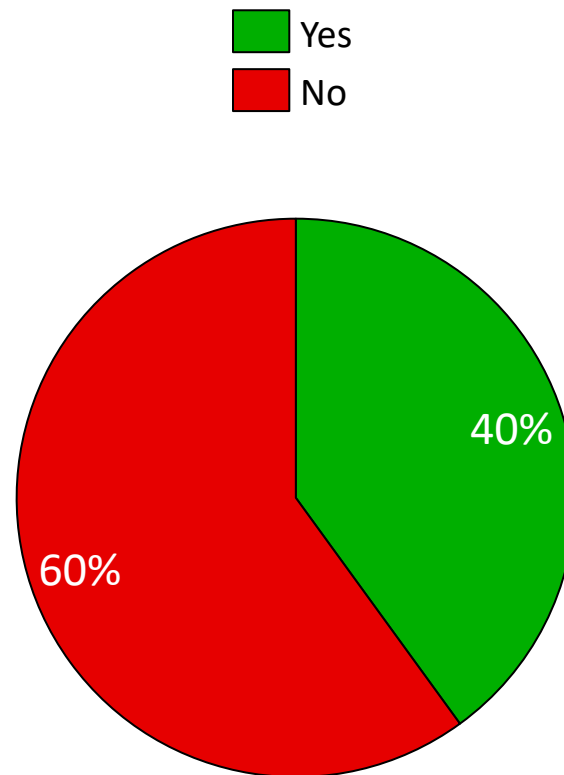
Are you able to offer plate pricing that is attractive to buyers right now?



Current order book at your mill is _____ compared to the month of February?

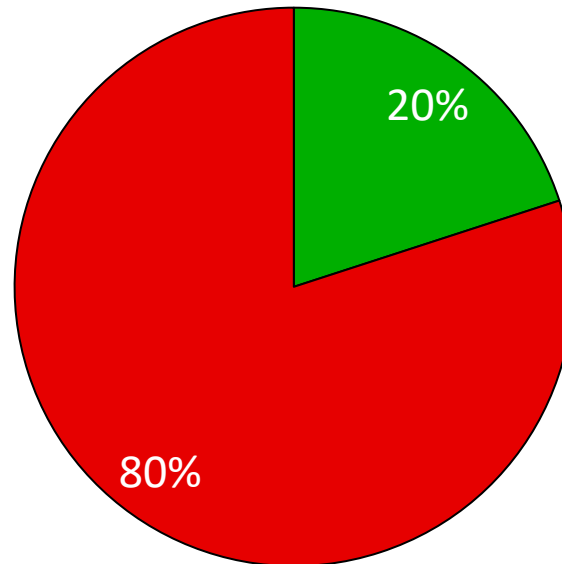


Do you think prices will stabilize by the end of May 2020?



Are you seeing order cancellations, or a large amount of order "push-outs" coming from your customers?

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.

Look for Our Next Survey



Our next survey
will be conducted
the week of
June 8, 2020



STEEL MARKET UPDATE

part of the  Group

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