



# STEEL MARKET UPDATE

## SMU Flat Rolled Market Trends Analysis

Responses from our May 2<sup>nd</sup> 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](http://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](http://SteelMarketUpdate.com/Events), call our office at 800-432-3475, or send an e-mail to [info@SteelMarketUpdate.com](mailto: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

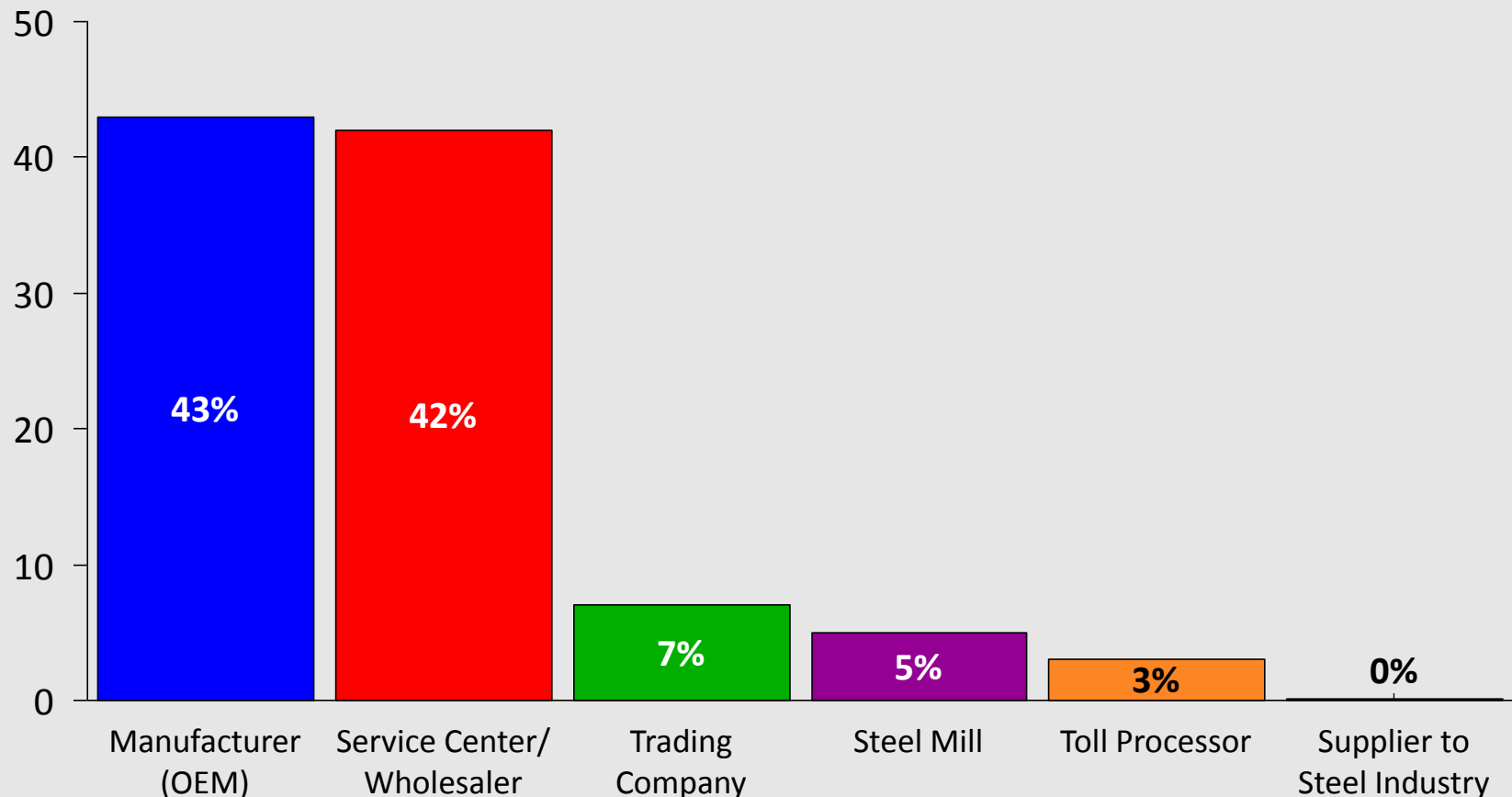
**Hotel:** Atlanta Airport Marriott Gateway Hotel (adjacent to the Georgia International Convention Center)

Additional details can be found at [www.SteelMarketUpdate.com/Events/Steel-Summit](http://www.SteelMarketUpdate.com/Events/Steel-Summit)



# Survey Participants

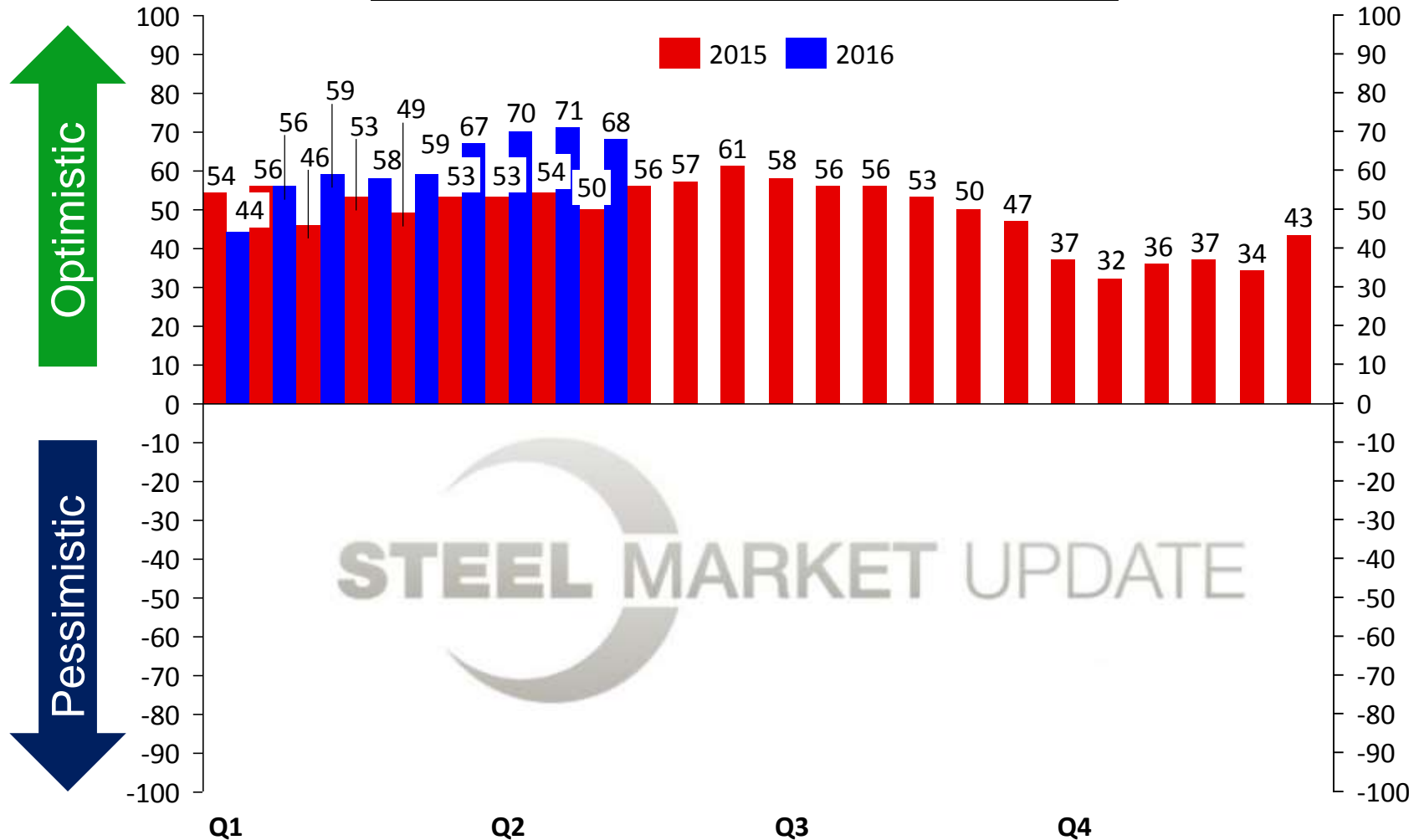
Our survey is by invitation only- Over 600 companies, mostly in the manufacturing or distribution industries, are asked to participate. Here are the percentages of participation in this week's survey by market sector.



# SMU Buyers Sentiment Index

Down 3 points to +68

## Steel Market Update Buyers Sentiment Index





# SMU Buyers Sentiment Index

Three Month Moving Average

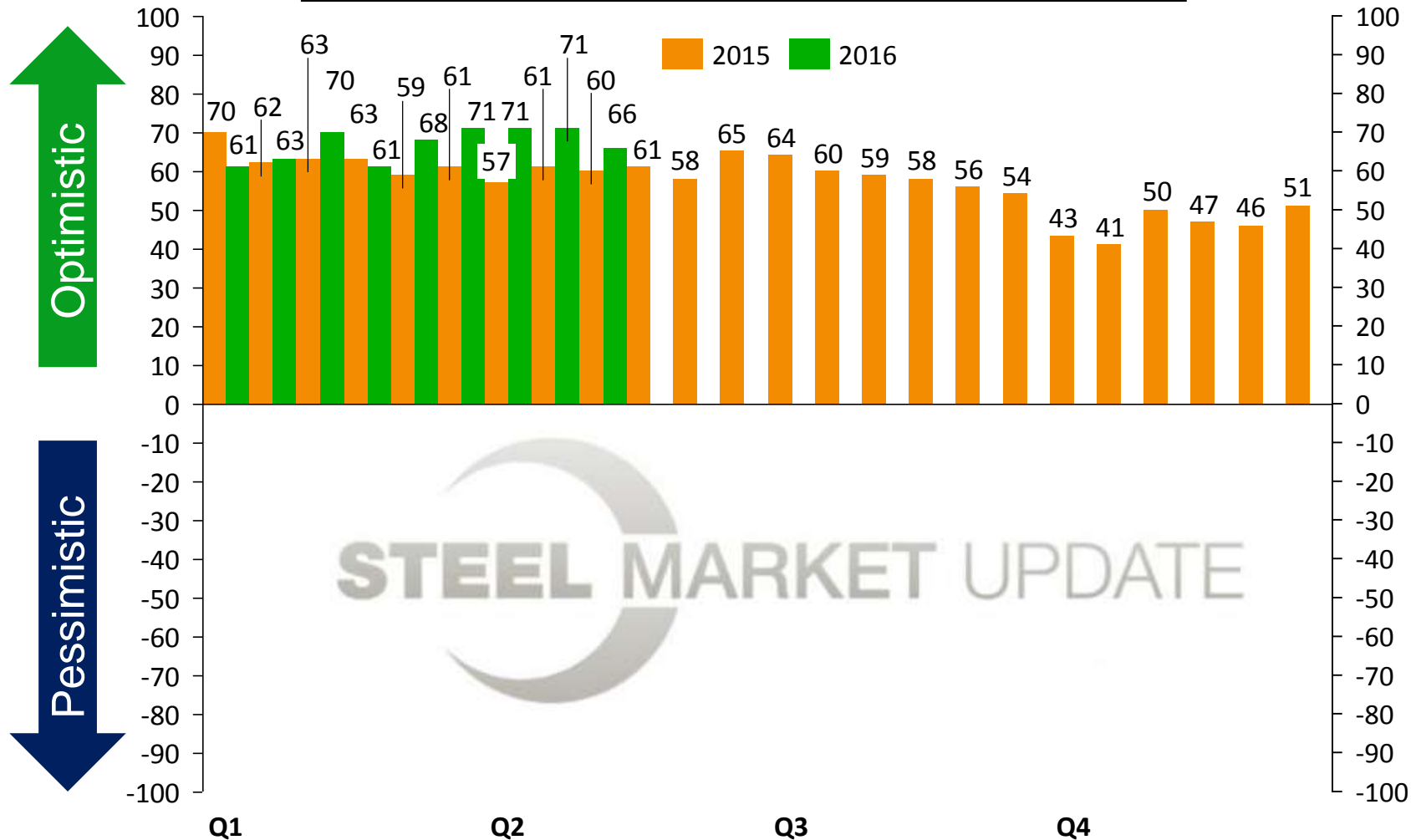
## Steel Market Update Buyers Sentiment Index 3MMA



# SMU Future Buyers Sentiment Index

Down 5 points to +66

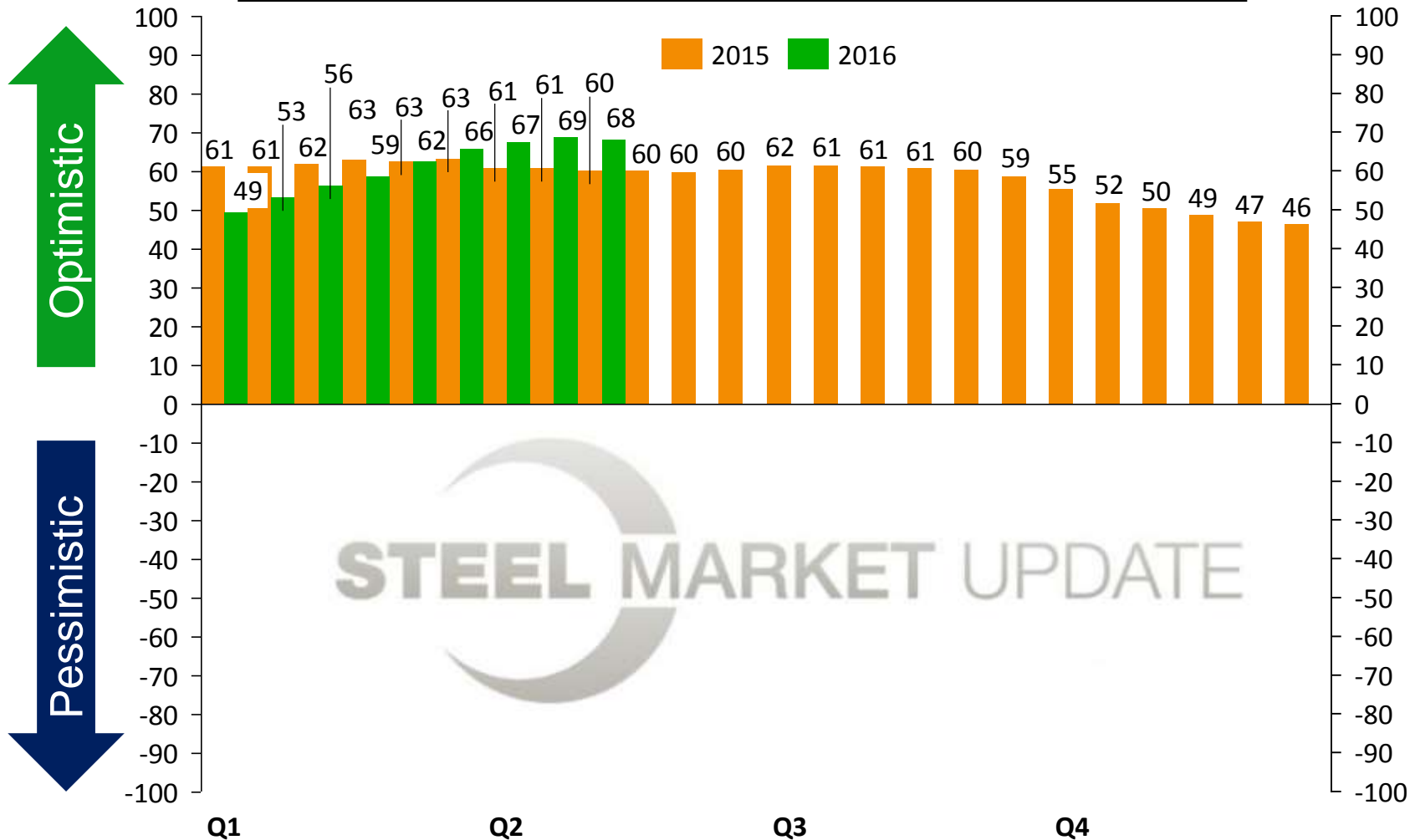
## Steel Market Update 'Future' Buyers Sentiment Index



# SMU Future Buyers Sentiment Index

Three Month Moving Average

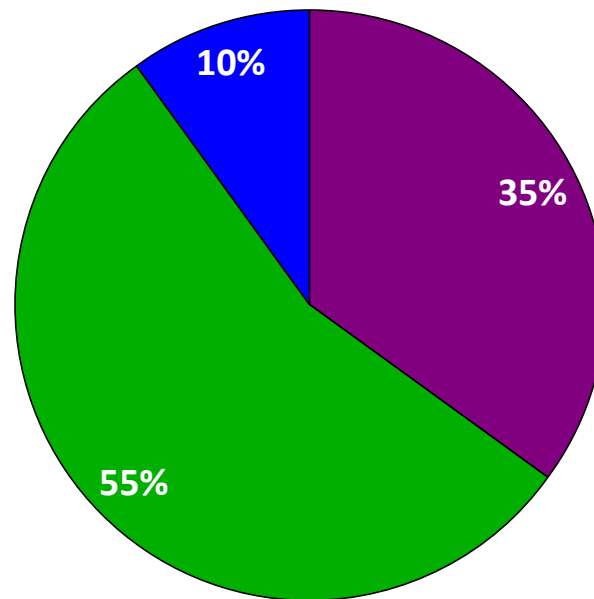
### Steel Market Update 'Future' Buyers Sentiment Index 3MMA



# 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

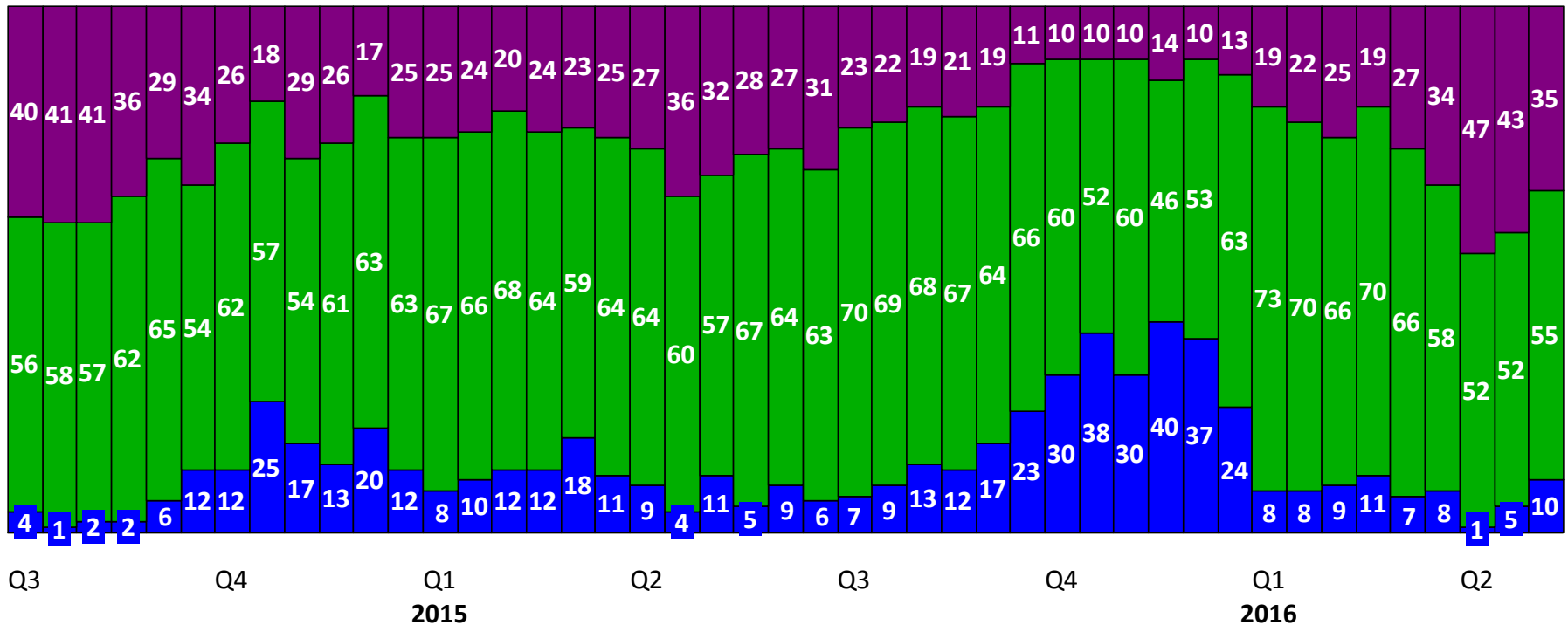


# Overall Demand History

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%

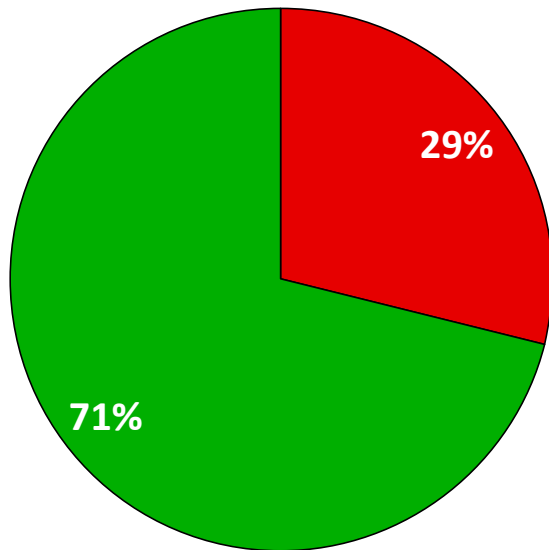


# Domestic Order Deliveries

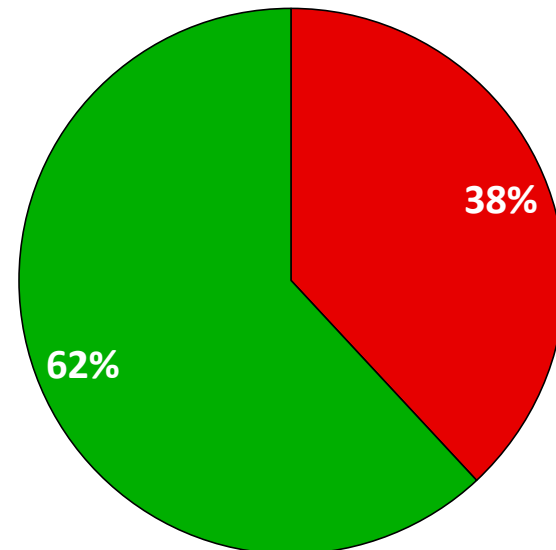
Are you having any difficulties getting deliveries on any of your flat rolled steel domestic mill orders?

Yes No

April 8<sup>th</sup>, 2016

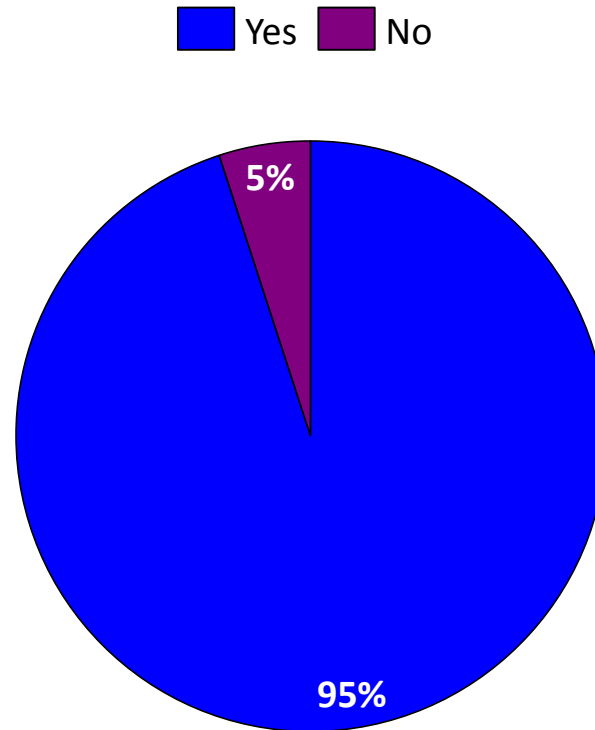


May 5<sup>th</sup>, 2016



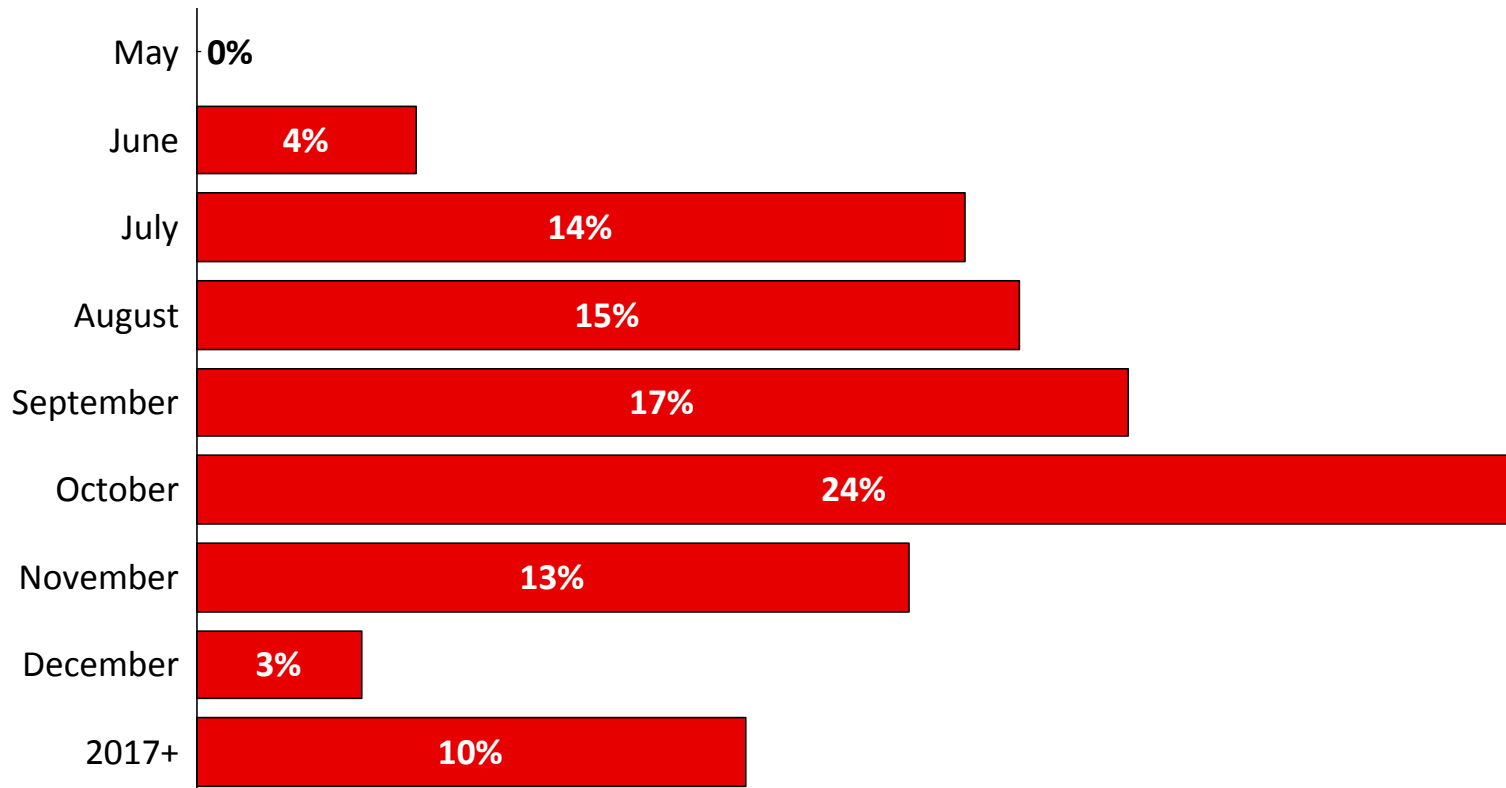
# Price Increases

We have had 5 price increases since early December.  
Do you expect the domestic steel mills to raise prices again within the next 30 days?



# Break in Pricing Cycle

When do you expect the current pricing cycle to break and for flat rolled steel prices to head lower?



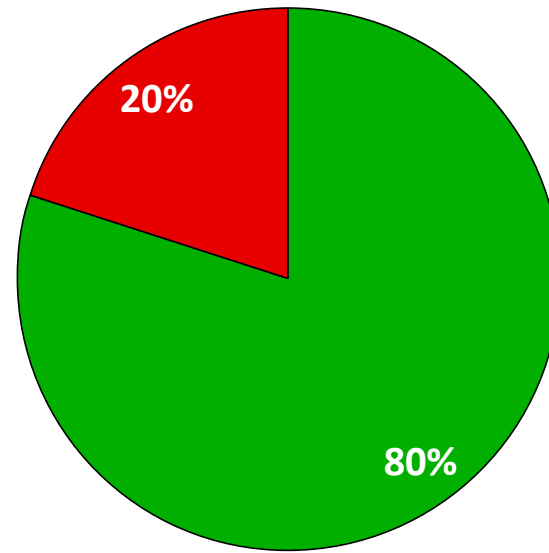
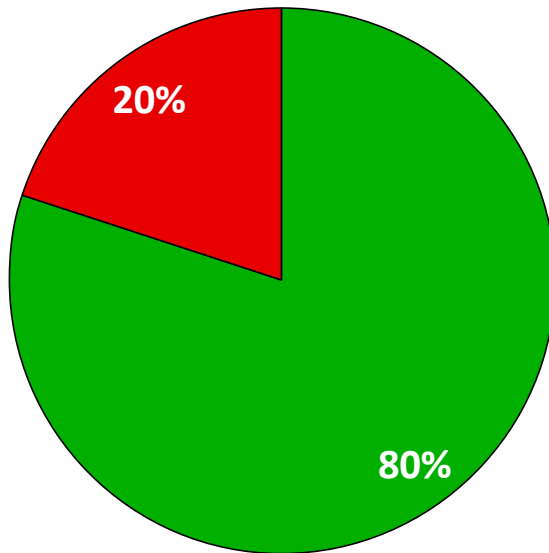


Did your company achieve forecast last month?

## Manufacturers

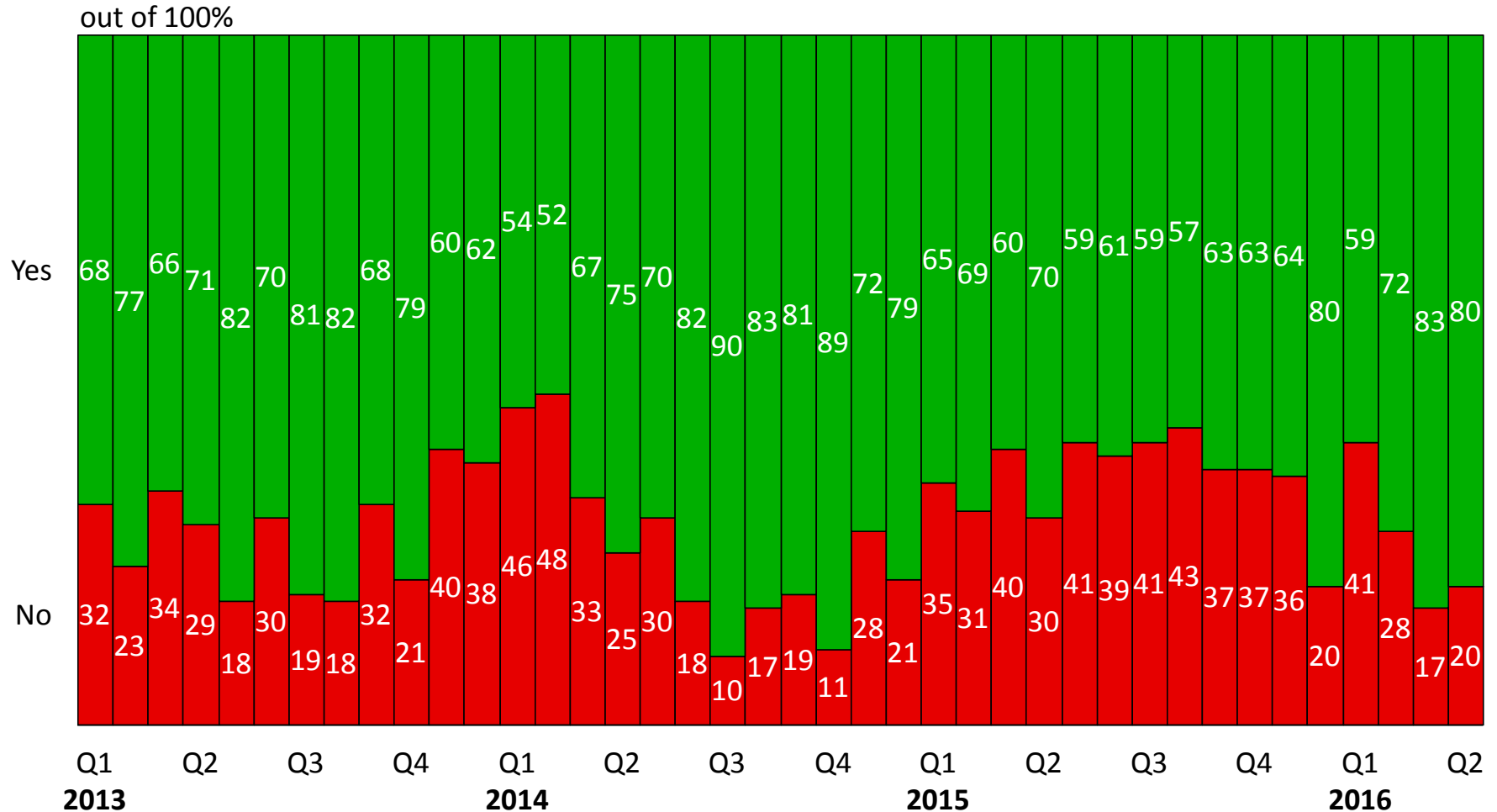
## Service Centers

Yes No



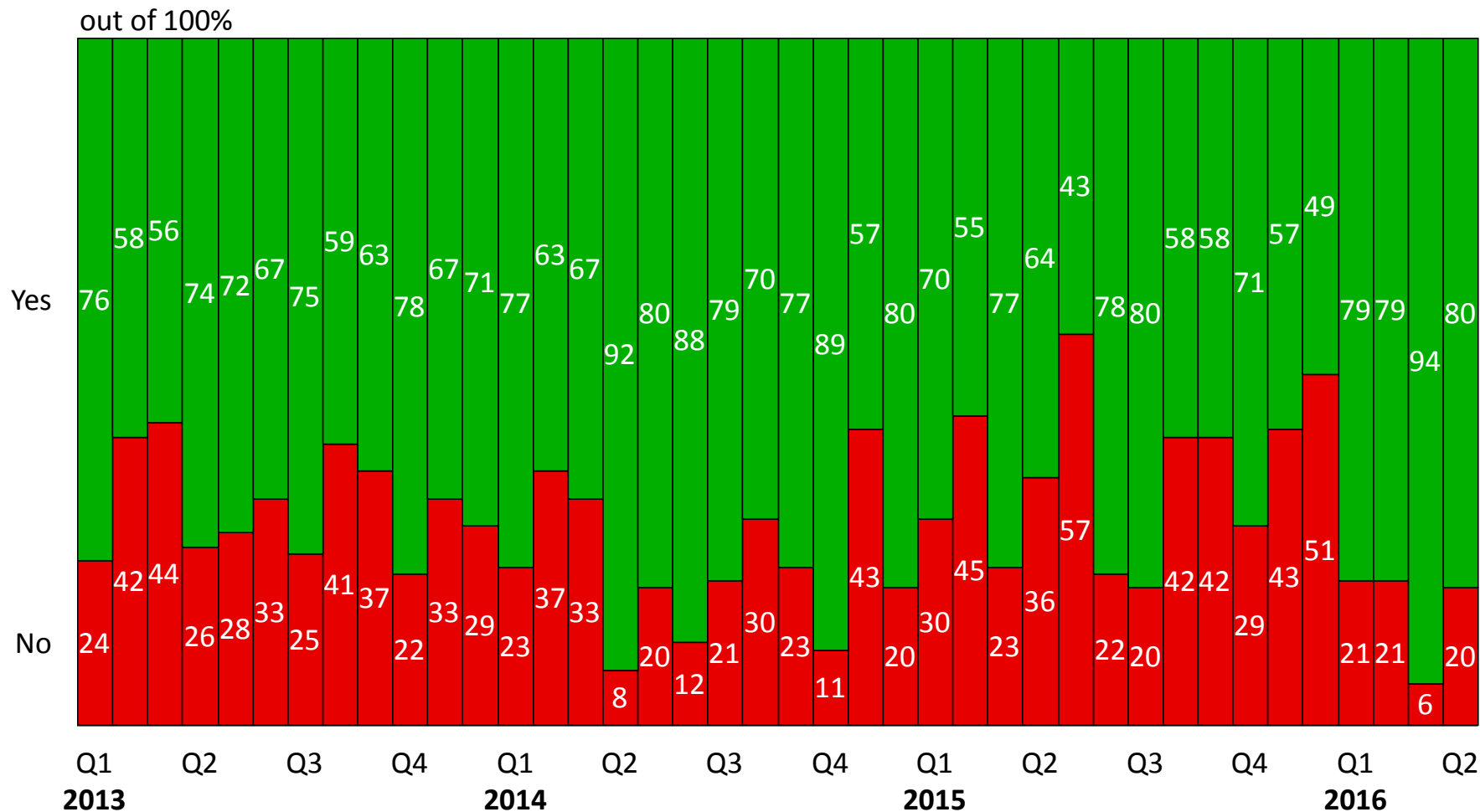
# Manufacturer Comparison of Business Level Forecast

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



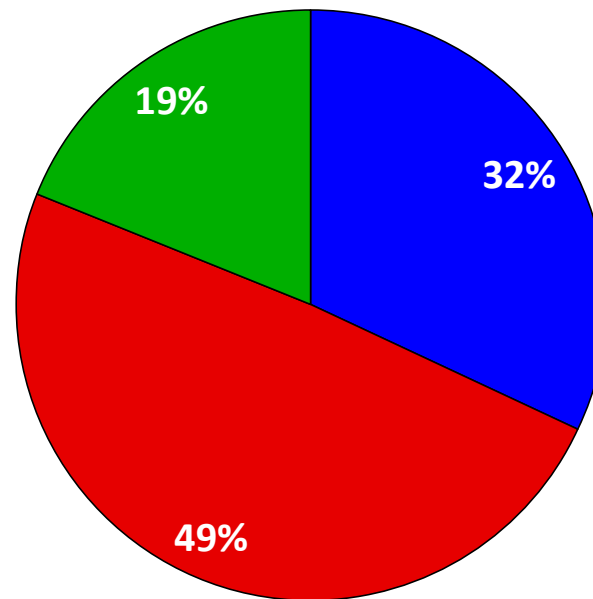
# Manufacturer Comparison of Business Level Forecast

**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

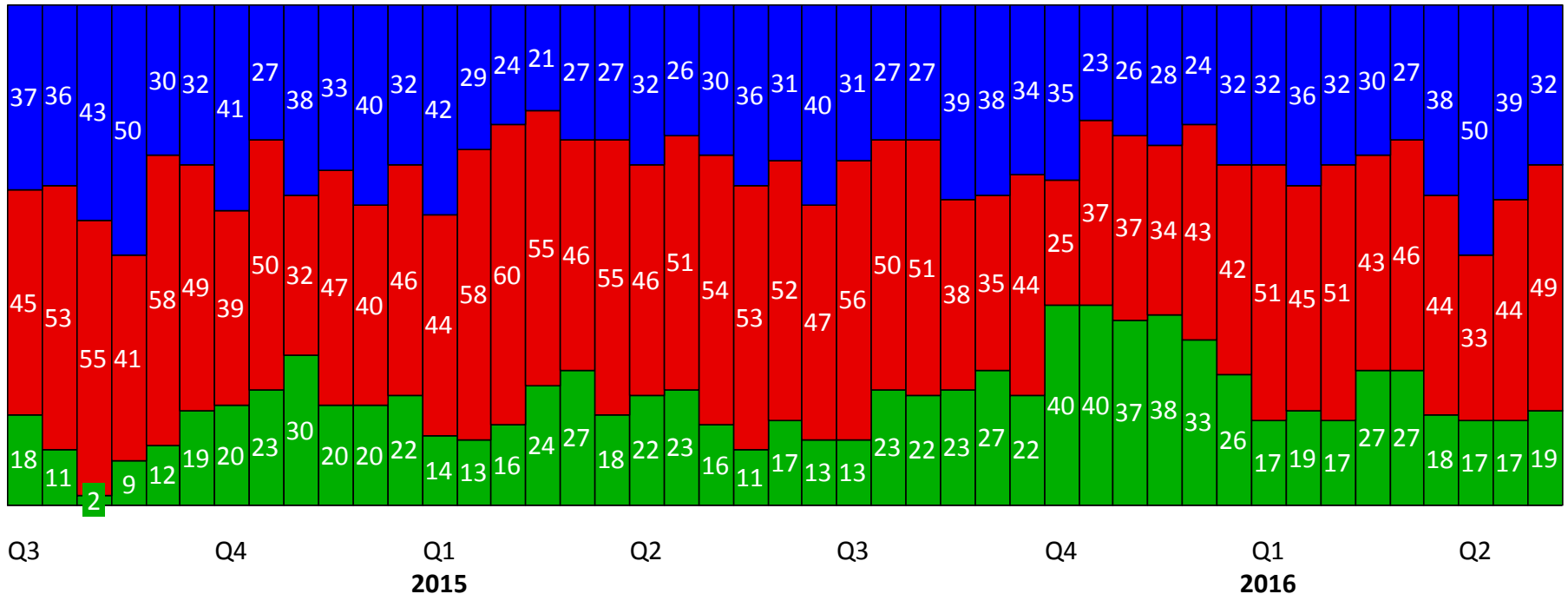


# History of Manufacturer Purchases

**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?

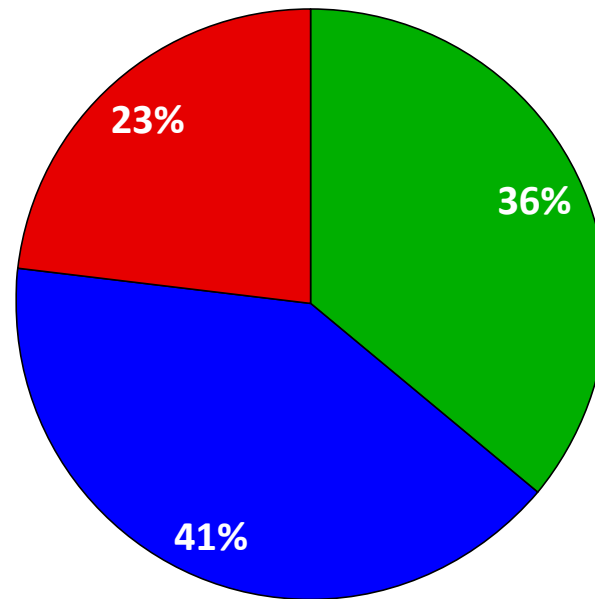
- Buying more steel
- Buying the same amount of steel
- Buying less steel

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

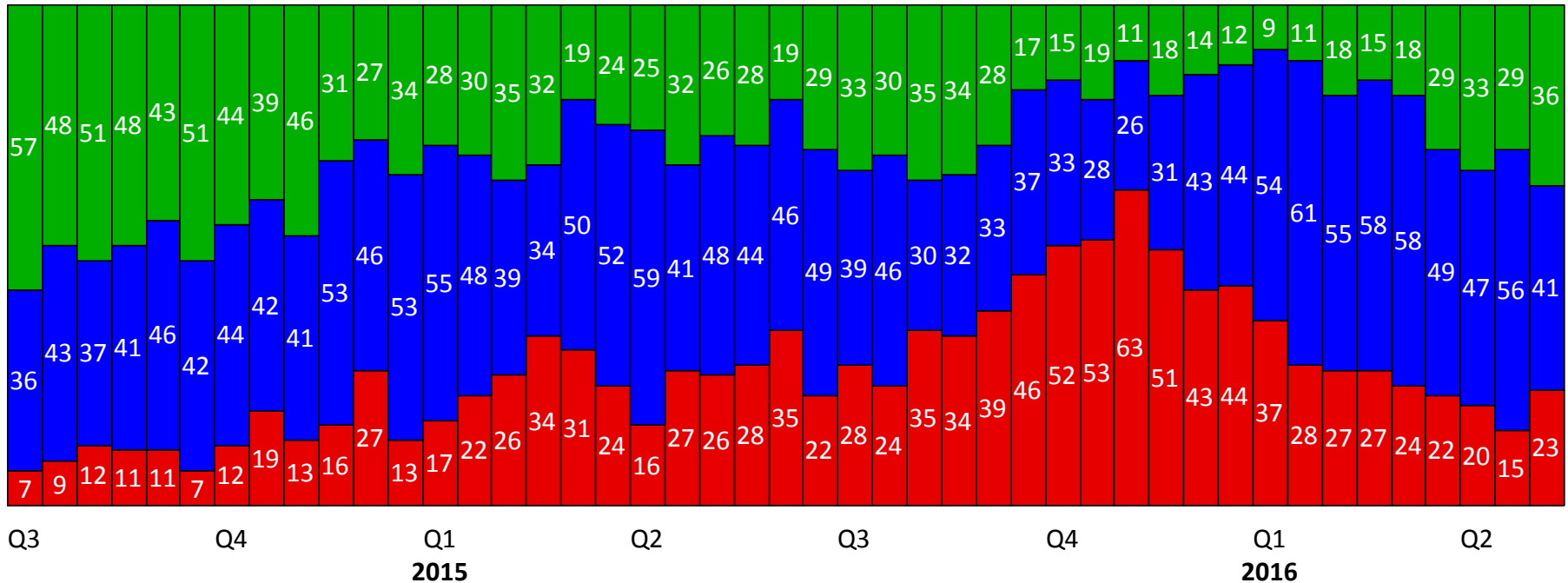


# Service Center Release History

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

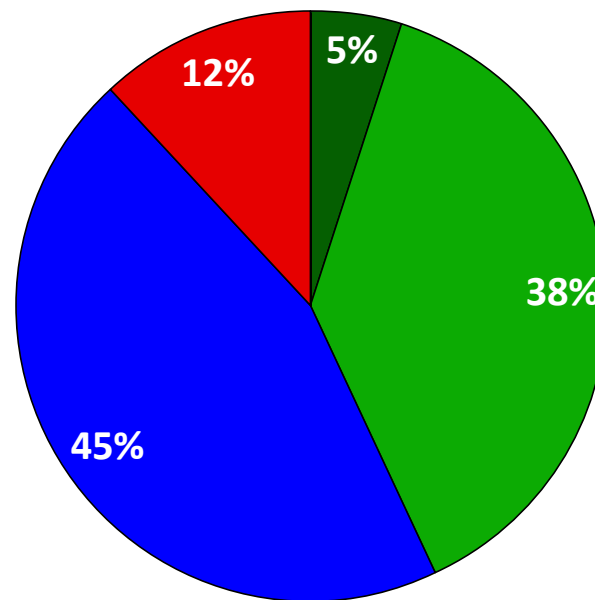
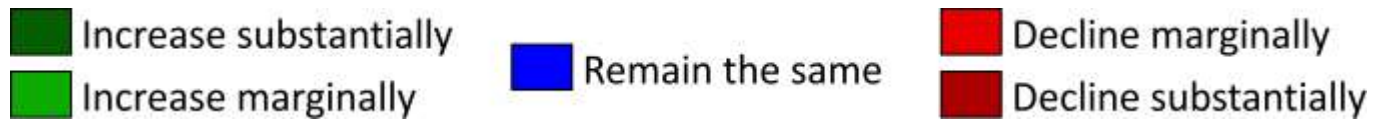
- Releasing more steel
- Releasing the same amount of steel
- Releasing less steel

out of 100%



# Manufacturer Demand

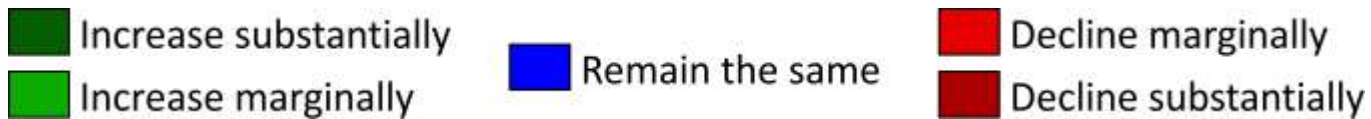
**Manufacturers-** Demand for your products will \_\_\_\_\_  
over the next 3 months based on current order flows.



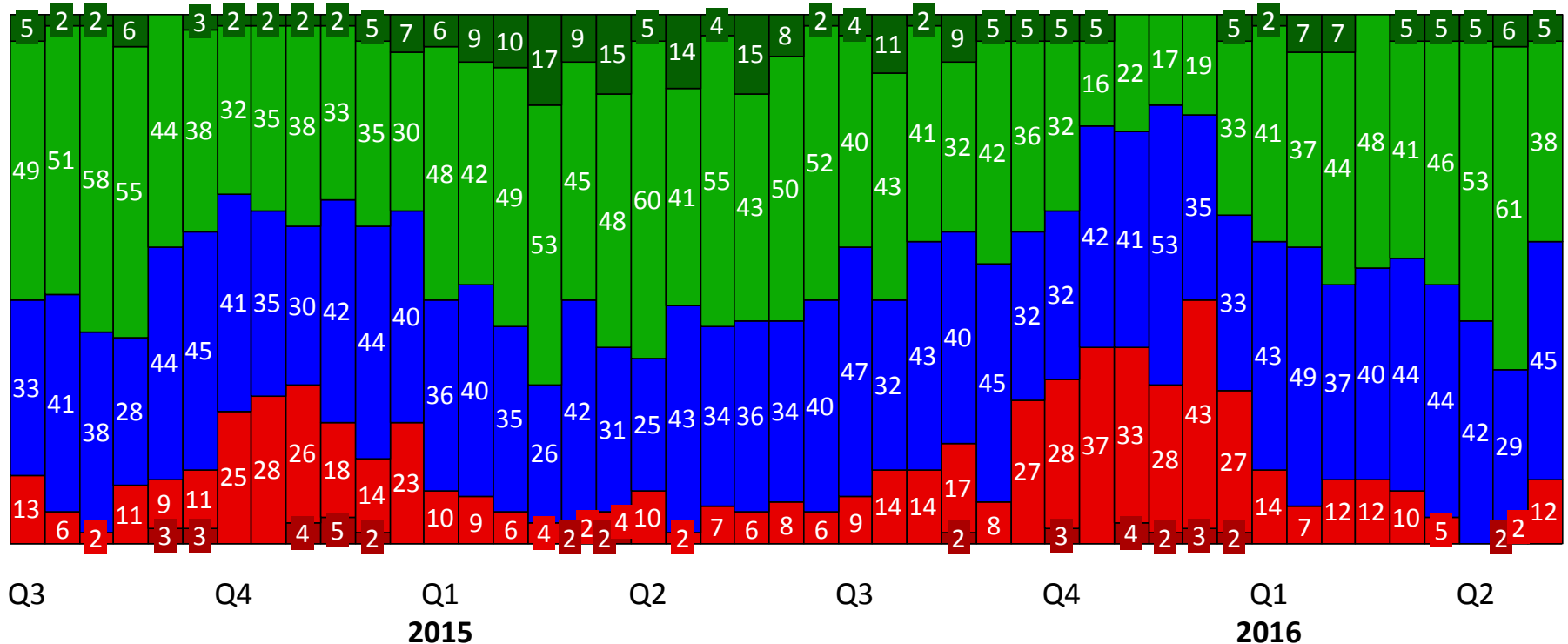


# Manufacturer Demand History

**Manufacturers-** Demand for your products will \_\_\_\_\_  
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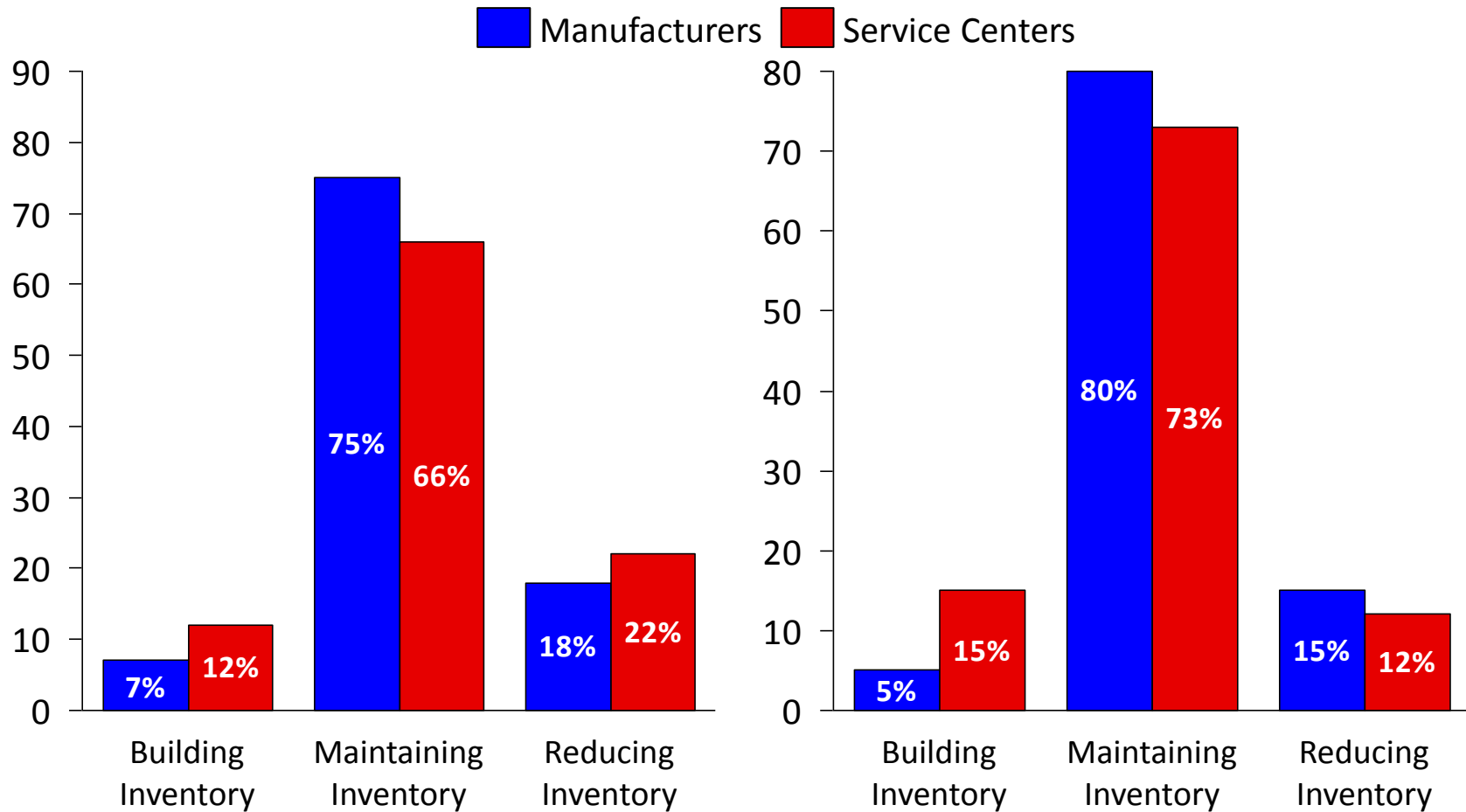
out of 100%



# Manufacturer and Service Center Inventory Buying Patterns

February 5<sup>th</sup> 2016

May 5<sup>th</sup> 2016

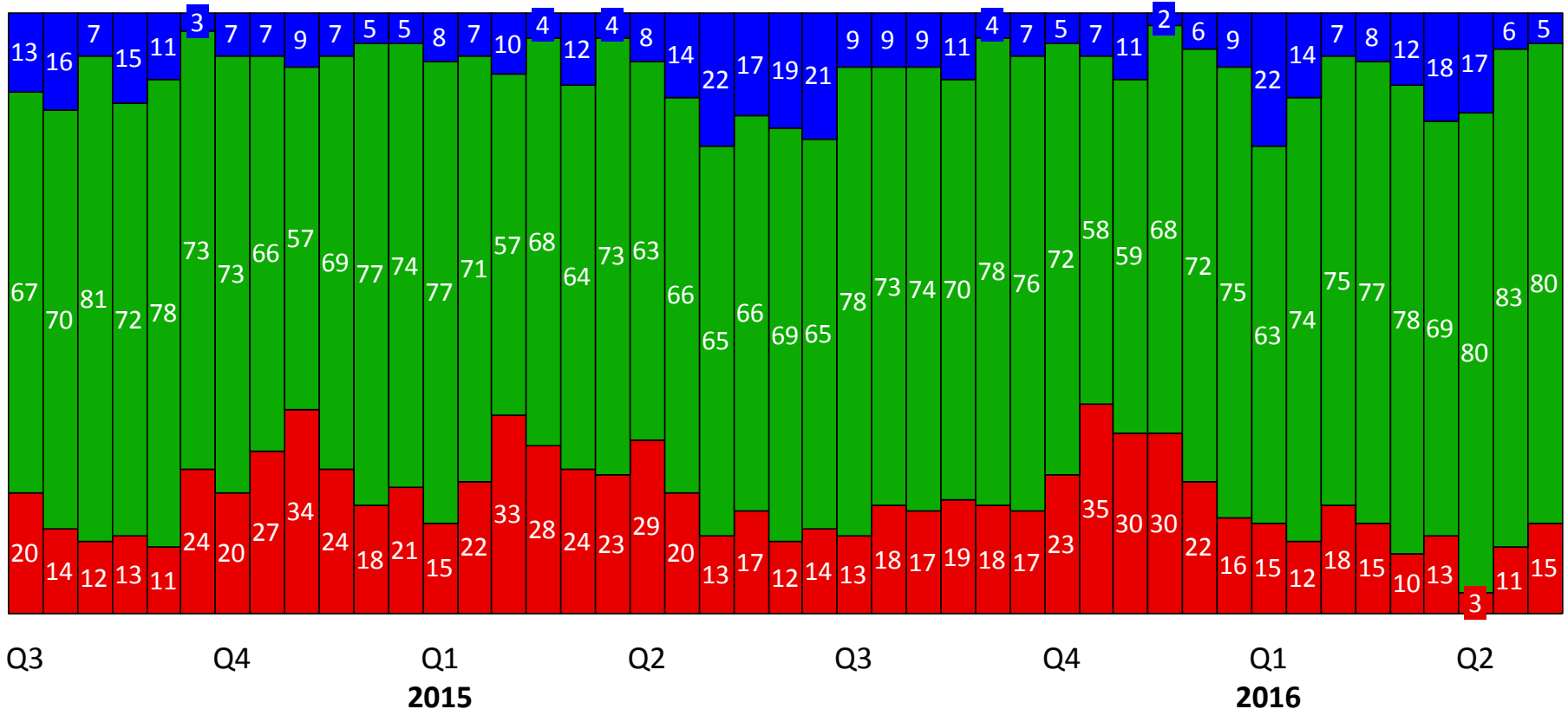


# Manufacturer Inventory Buying History

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

■ Building Inventory  
 ■ Maintaining Inventory  
 ■ Reducing Inventory

out of 100%

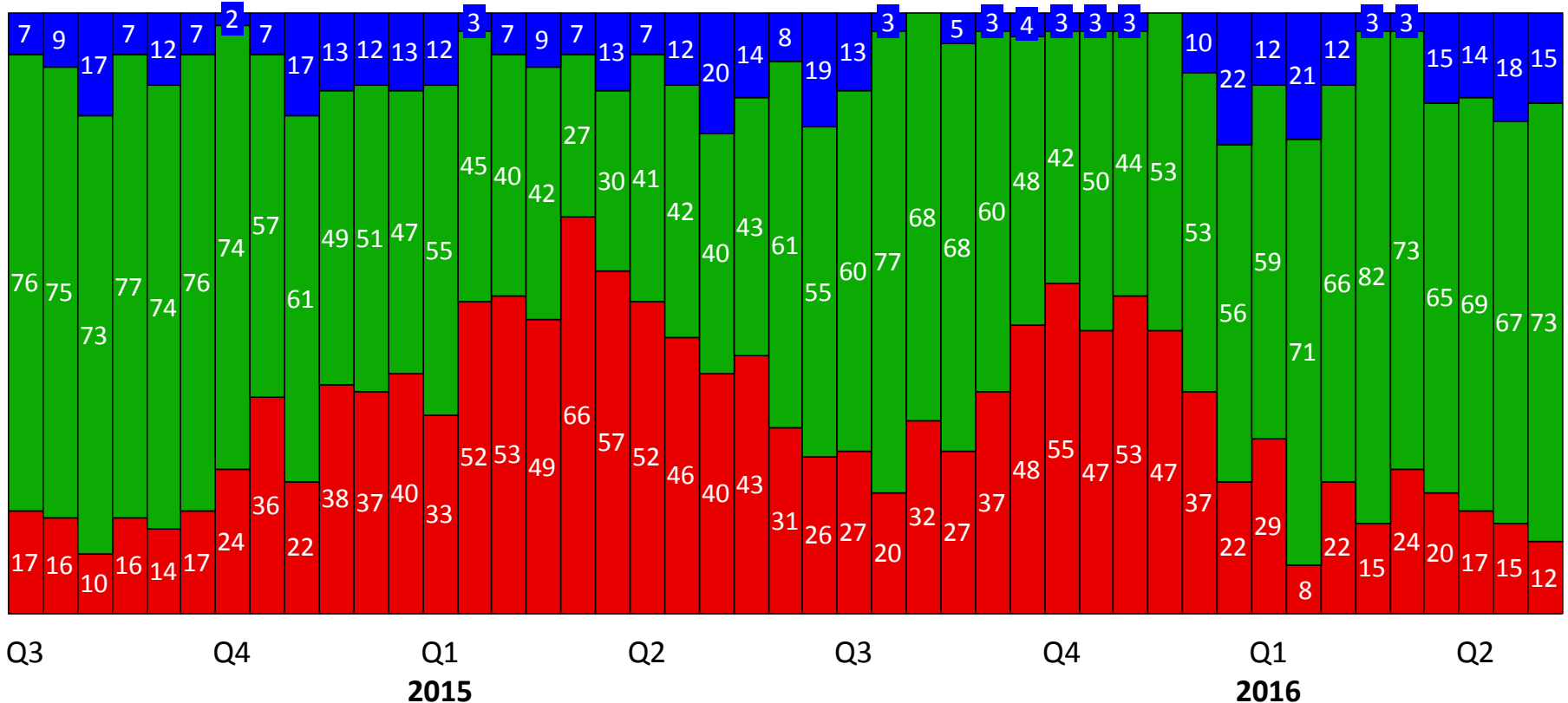


# Service Center Inventory Buying History

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

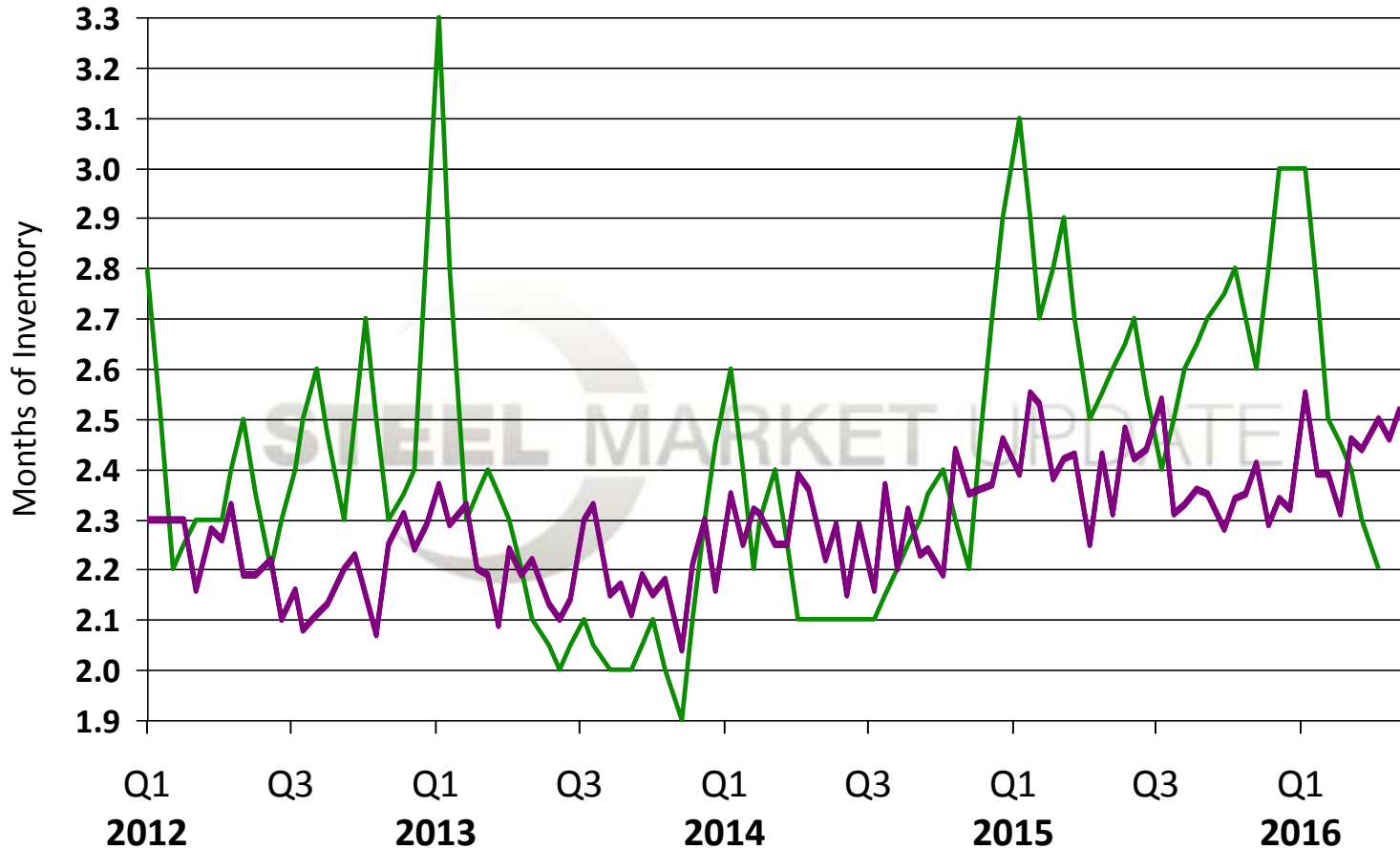
■ Building Inventory  
 ■ Maintaining Inventory  
 ■ Reducing Inventory

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 March 2016

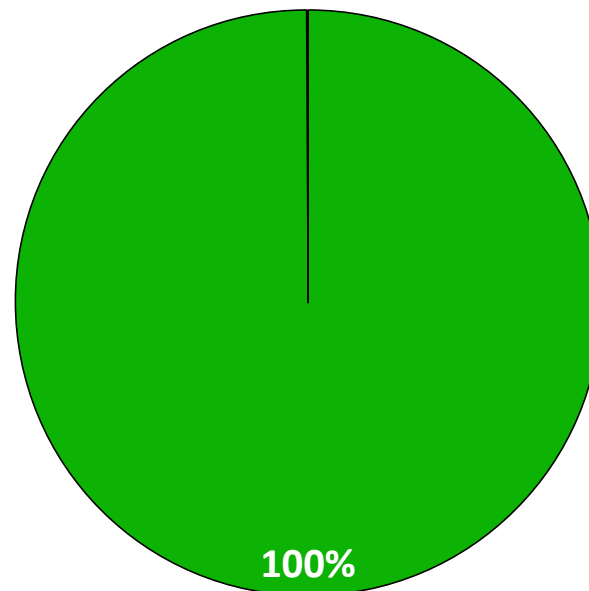
SMU data is as of May 5<sup>th</sup> 2016

2.52 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

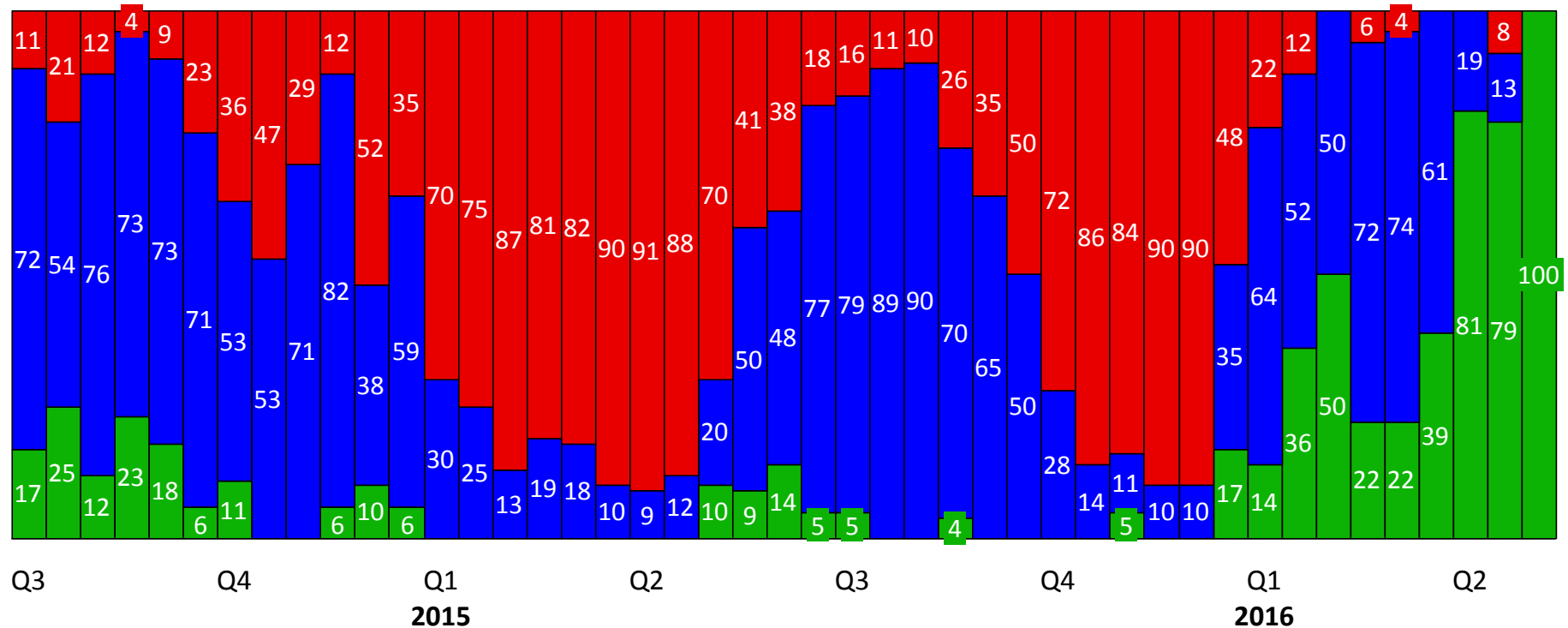


# Manufacturer's View of Service Center Selling Prices History

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

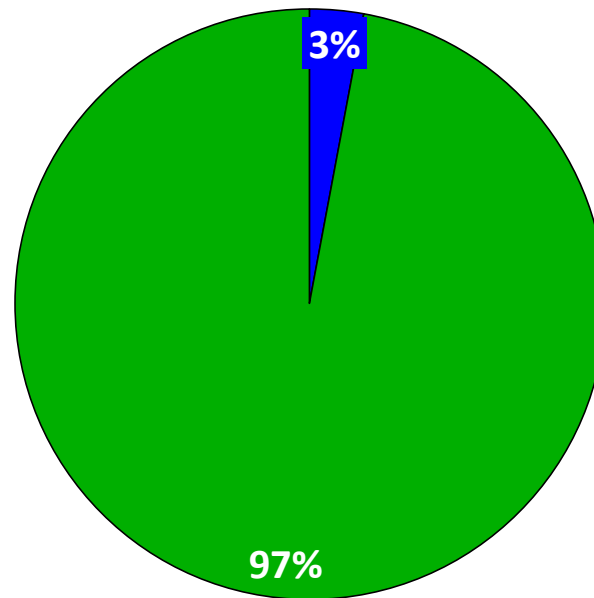
- We are seeing prices decreasing from our service centers
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out of 100%



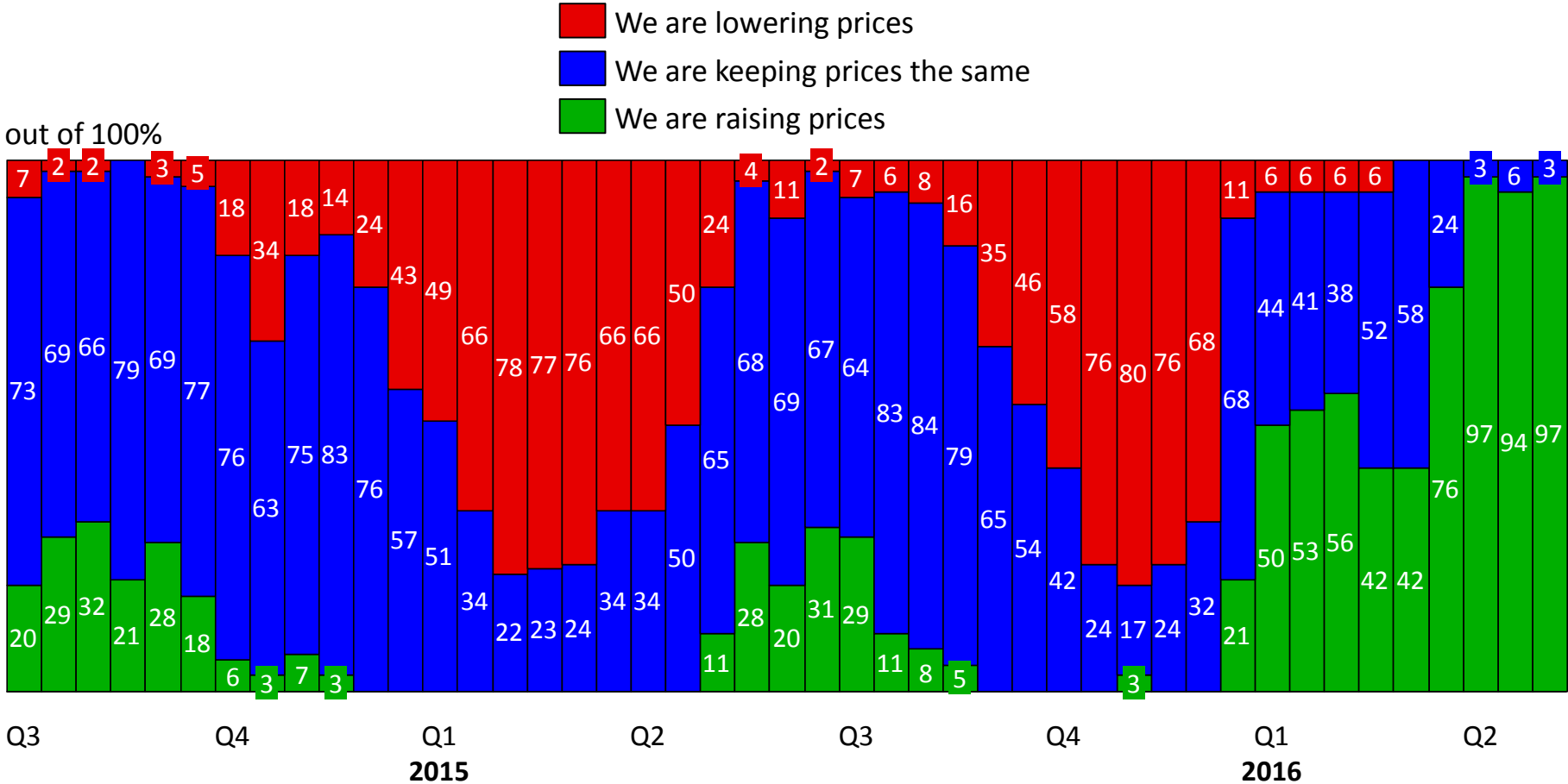
**Service Centers-** How is your company handling spot pricing to your customers at this time?

- 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?

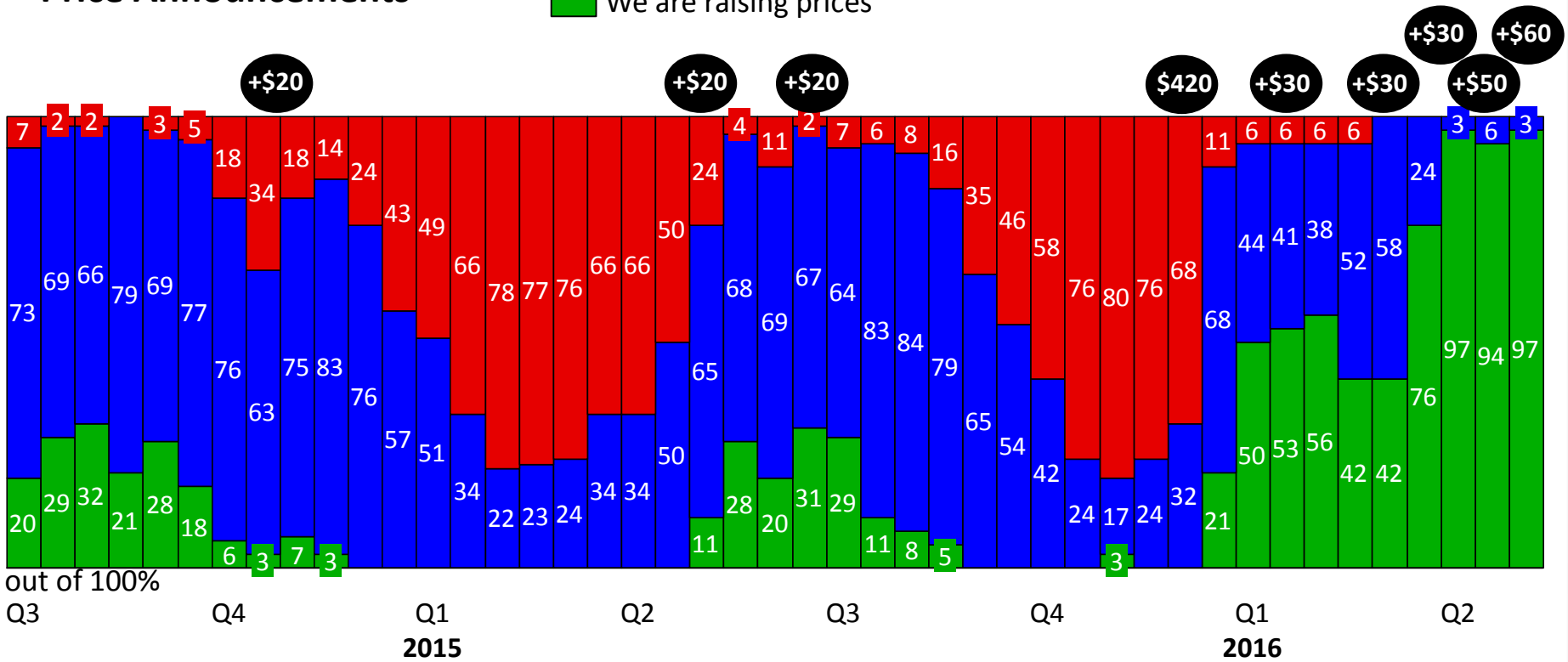


# Service Center View of Selling Prices History

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

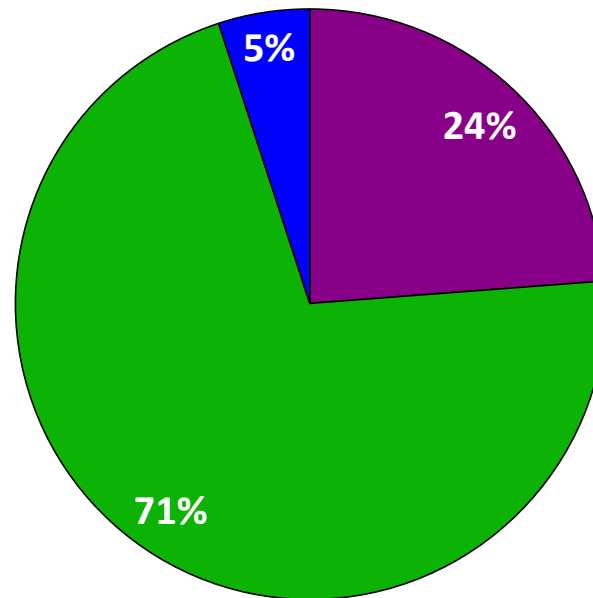
## Historical AK Steel Price Announcements

- 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?

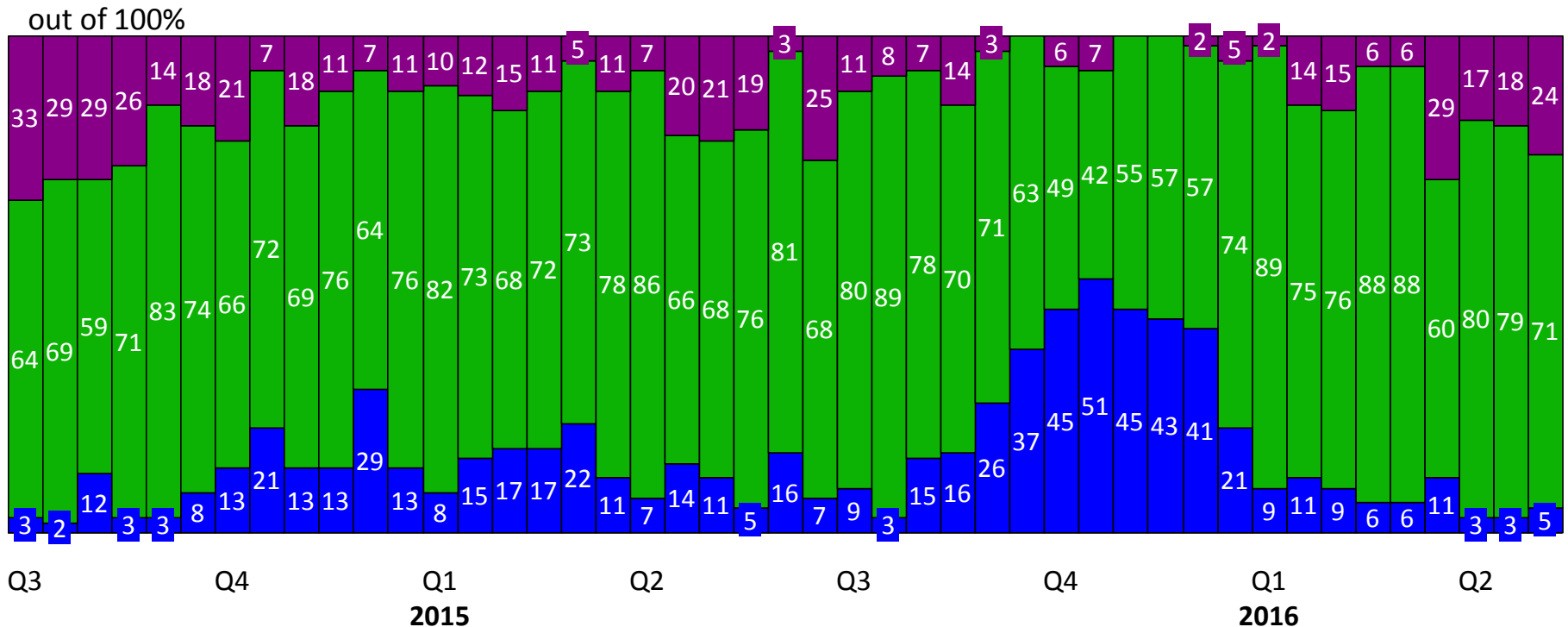
- Our manufacturing customers are increasing orders
- Our manufacturing customers are maintaining their orders
- Our manufacturing customers are reducing their orders



# Service Centers on Manufacturer Orders History

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

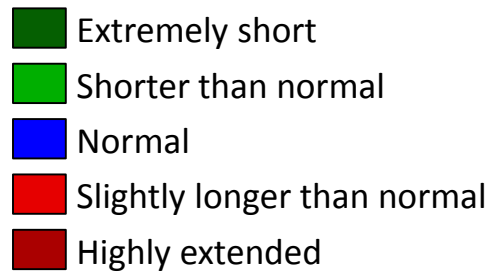
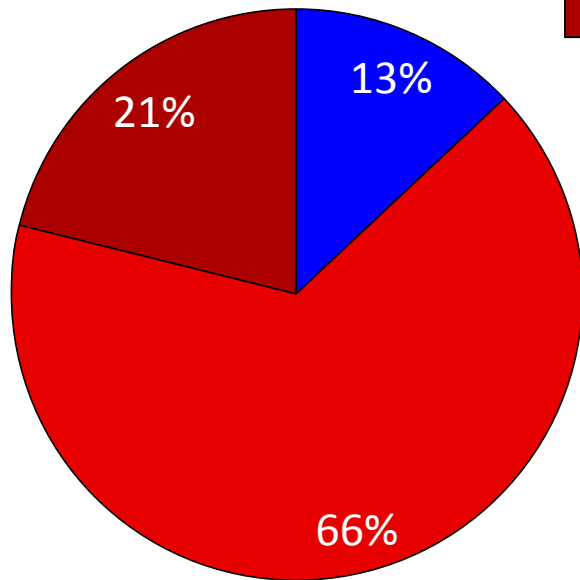
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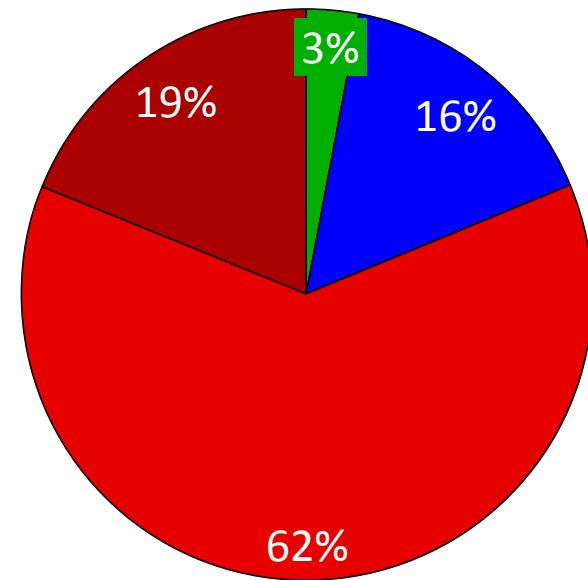
# Mill Lead Times

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

## Manufacturers

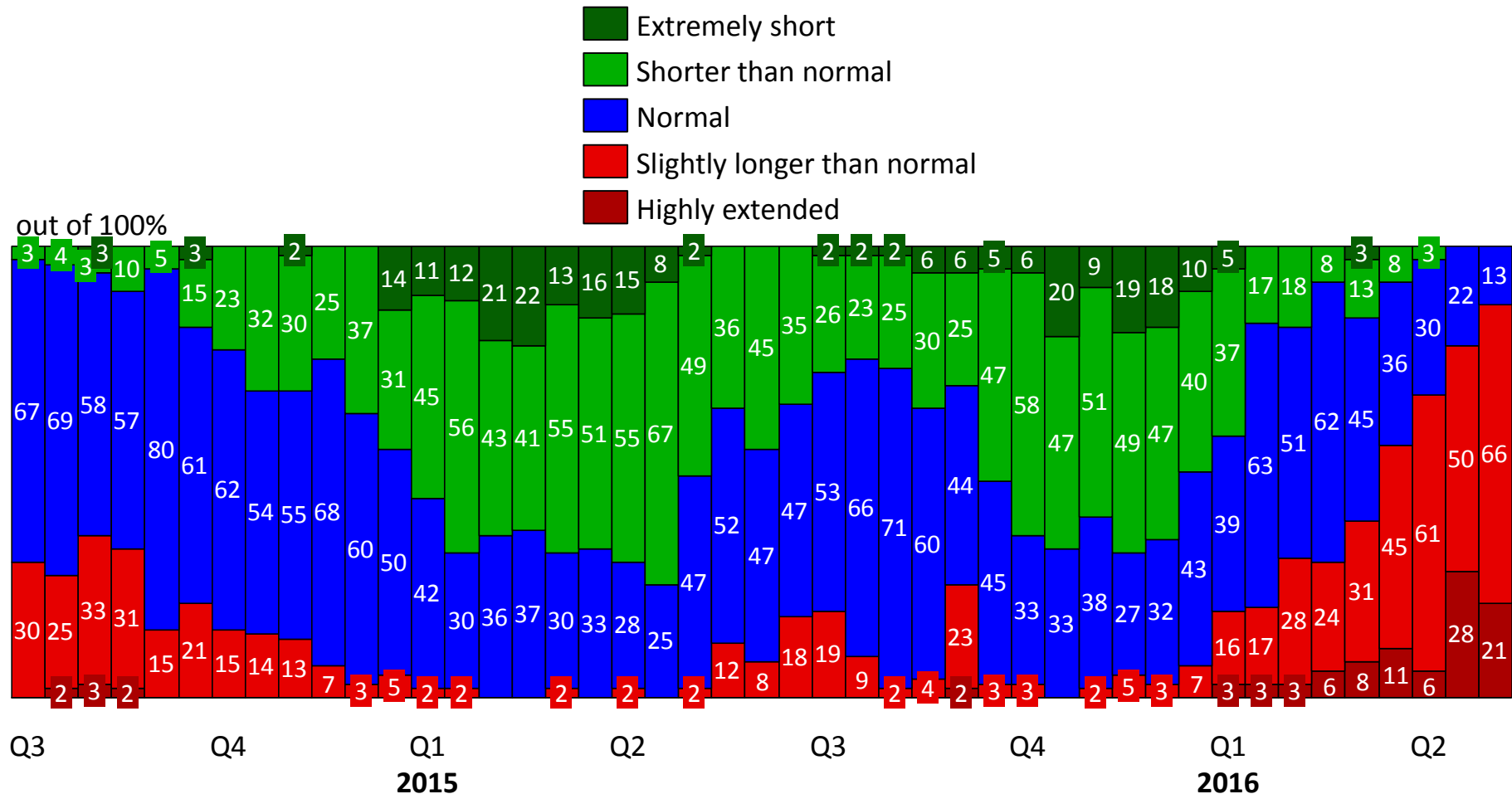


## Service Centers



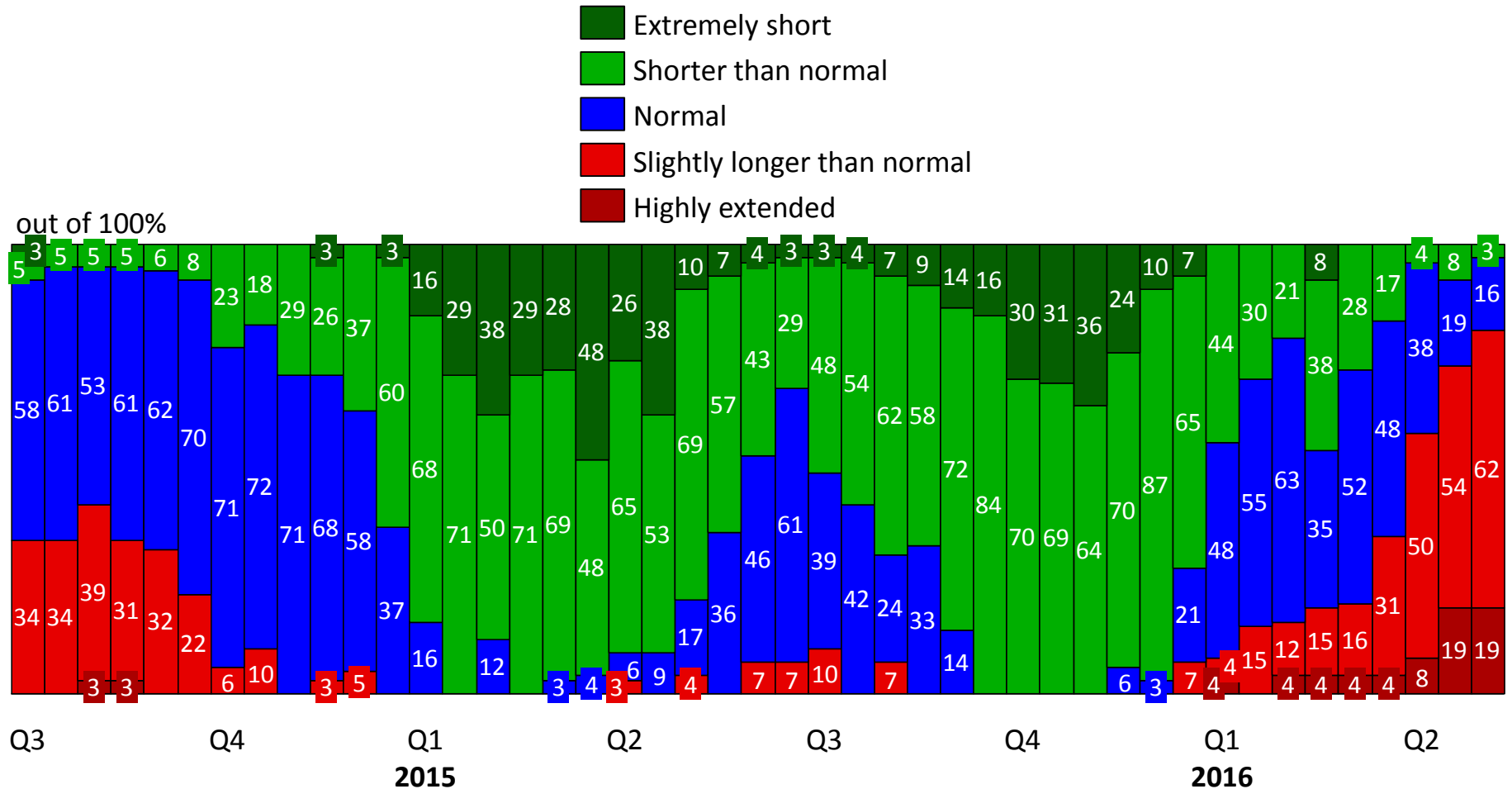
# Mill Lead Times History

**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?

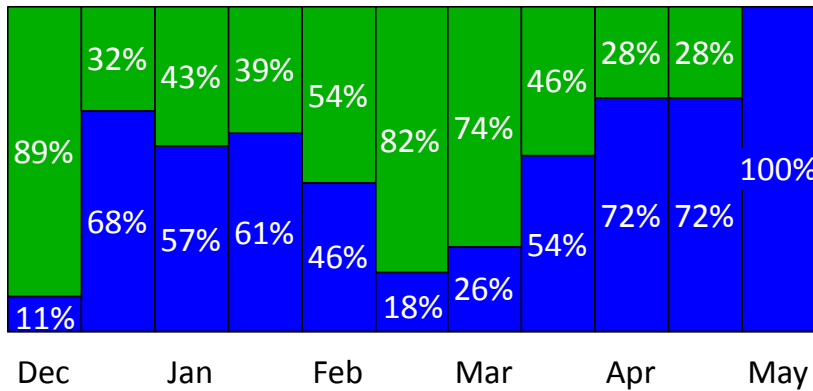


# Mill Negotiations

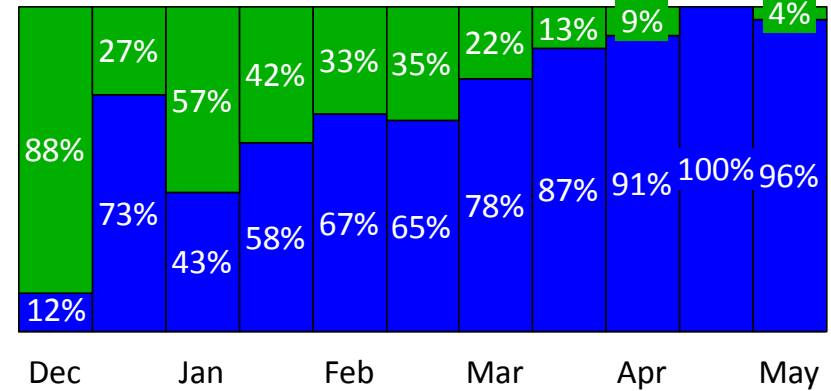
Are you finding the domestic mills are willing to negotiate pricing on brand new orders placed this week?

Yes No

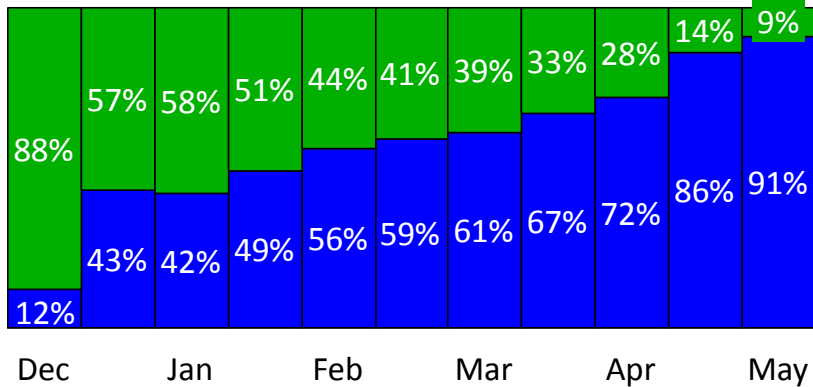
Hot Rolled Orders



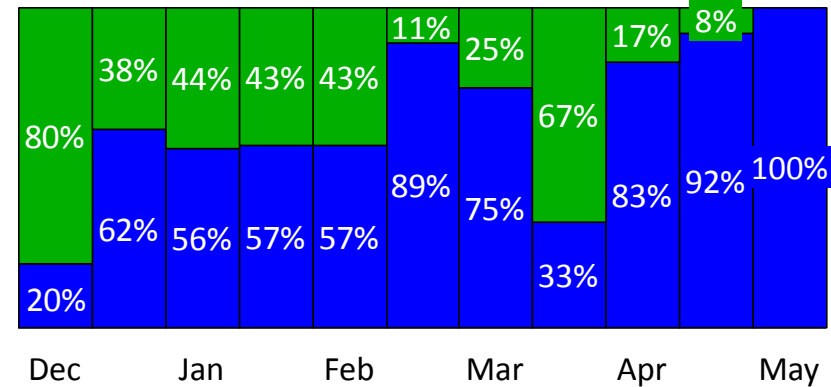
Cold Rolled Orders



Galvanized Orders



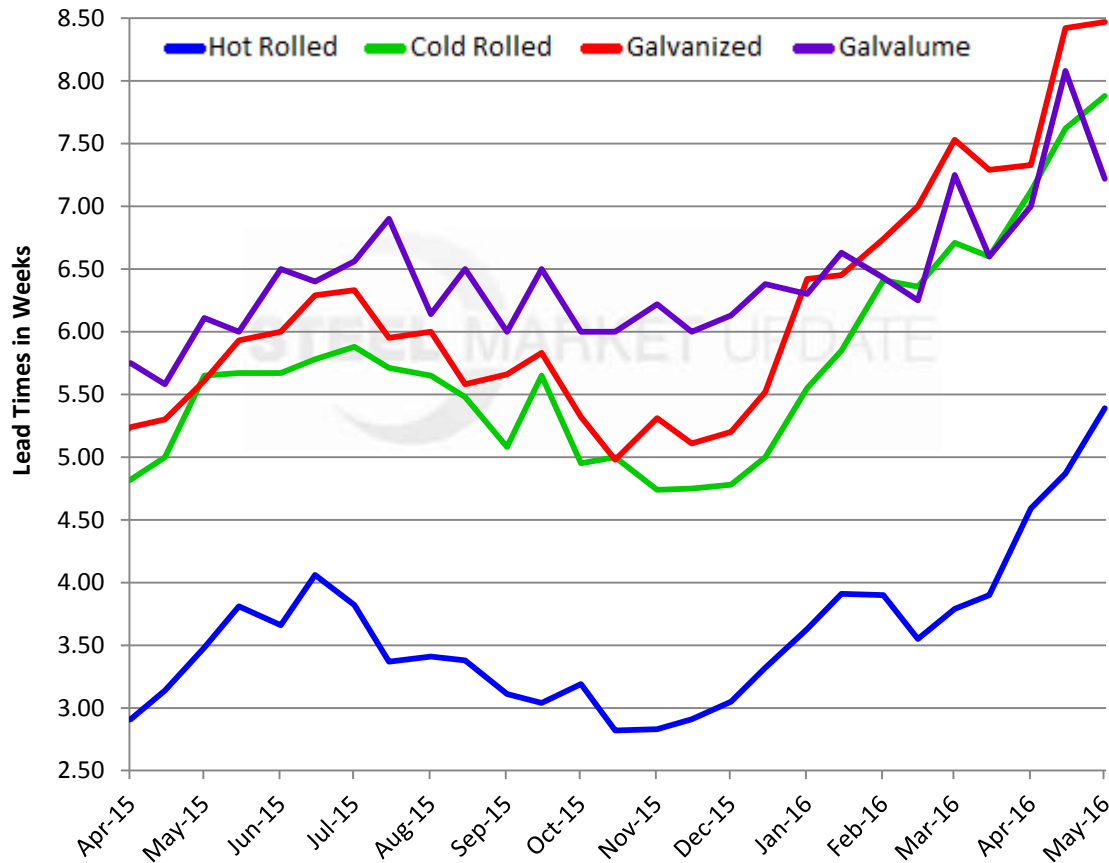
Galvalume Orders





# Lead Times (Weeks)

### Steel Market Update Lead Times Comparison



**Hot Rolled: 5.39**  
**Cold Rolled: 7.88**  
**Galvanized: 8.47**  
**Galvalume: 7.22**

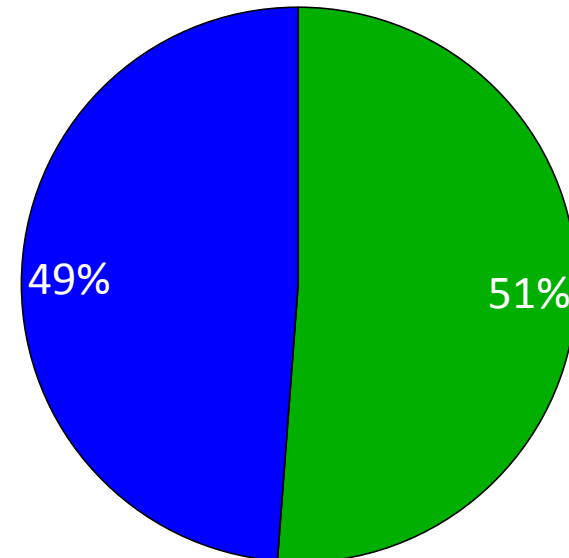
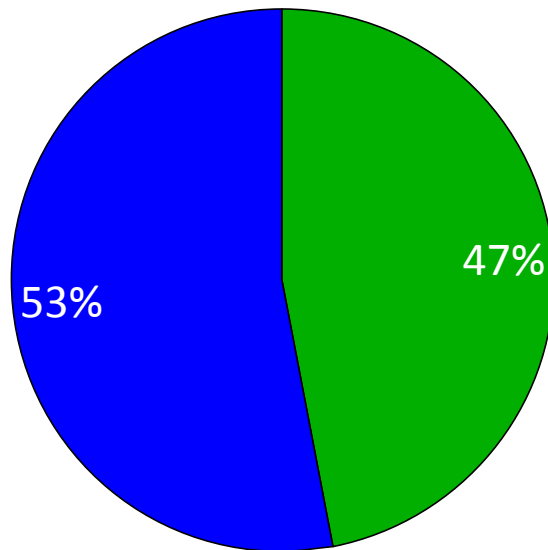
# Domestic and Foreign Price Spread

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

## Manufacturers

## Service Centers

Yes No

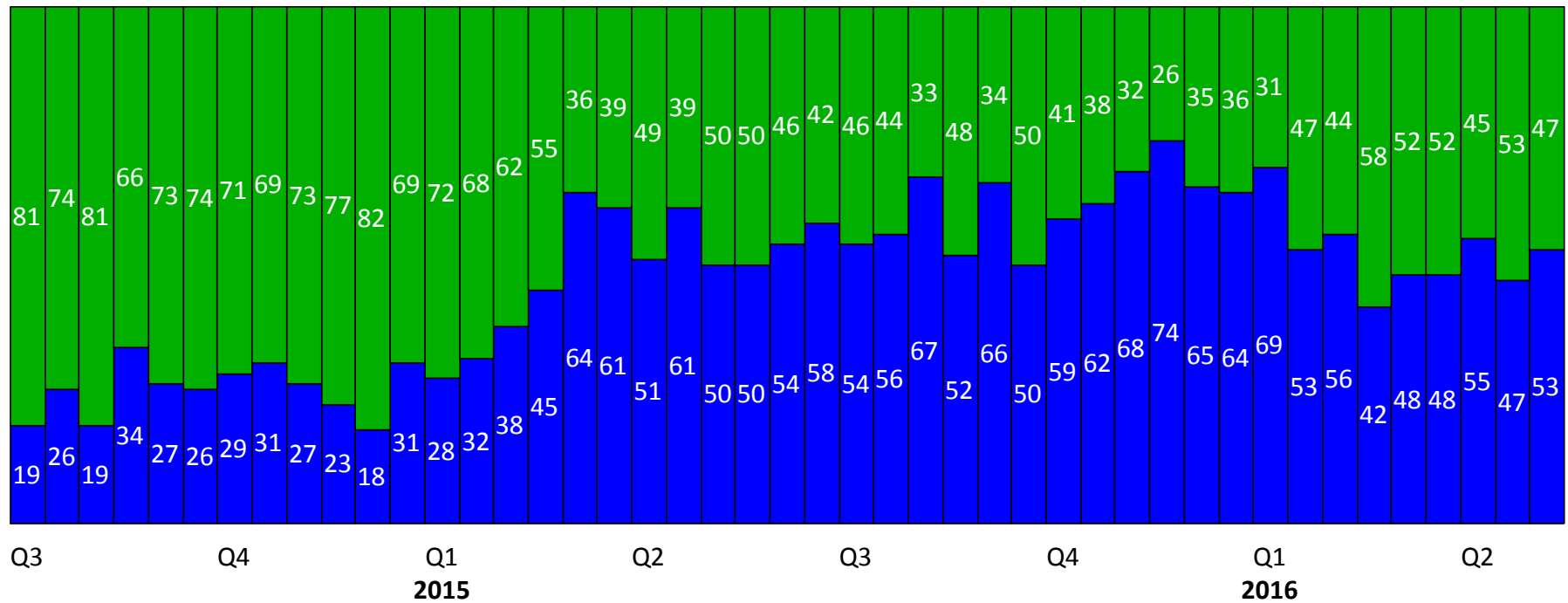


# Domestic and Foreign Price Spread

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

Yes No

out of 100%

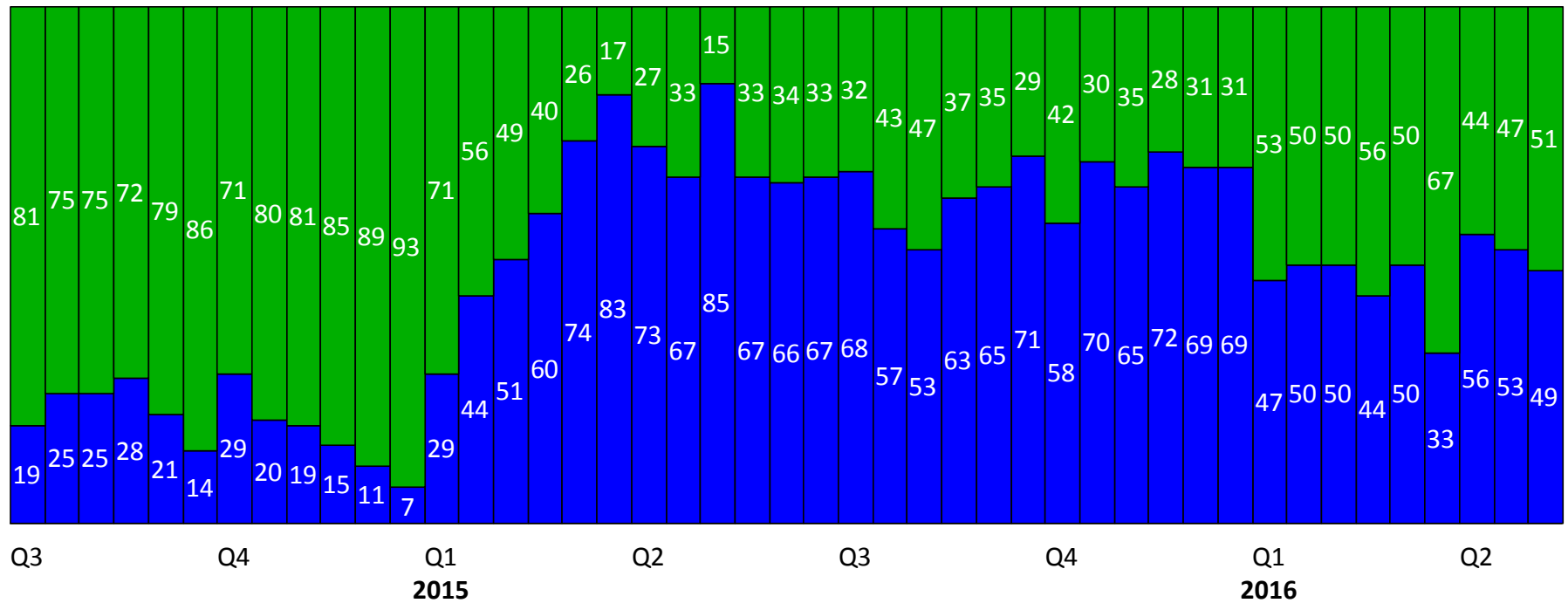


# Domestic and Foreign Price Spread

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

Yes No

out of 100%



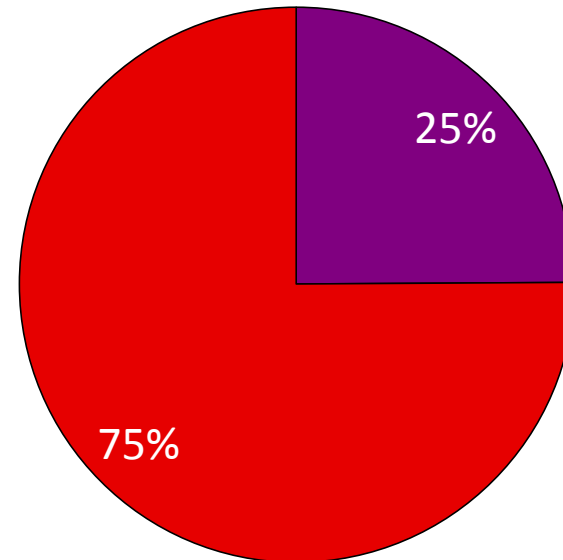
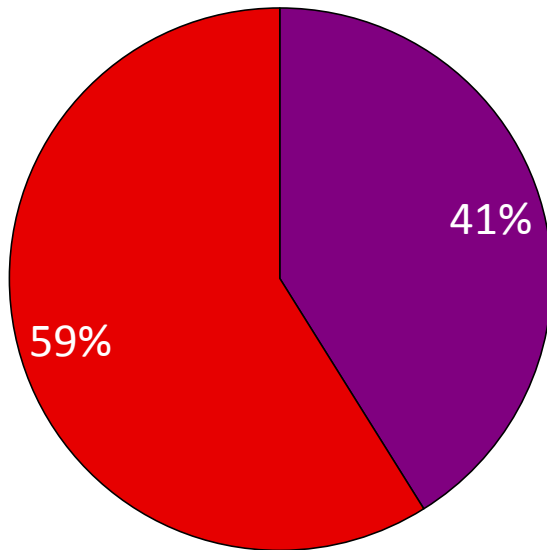
# New Foreign Orders

Is your company entering new foreign orders right now?

## Manufacturers

## Service Centers

Yes No

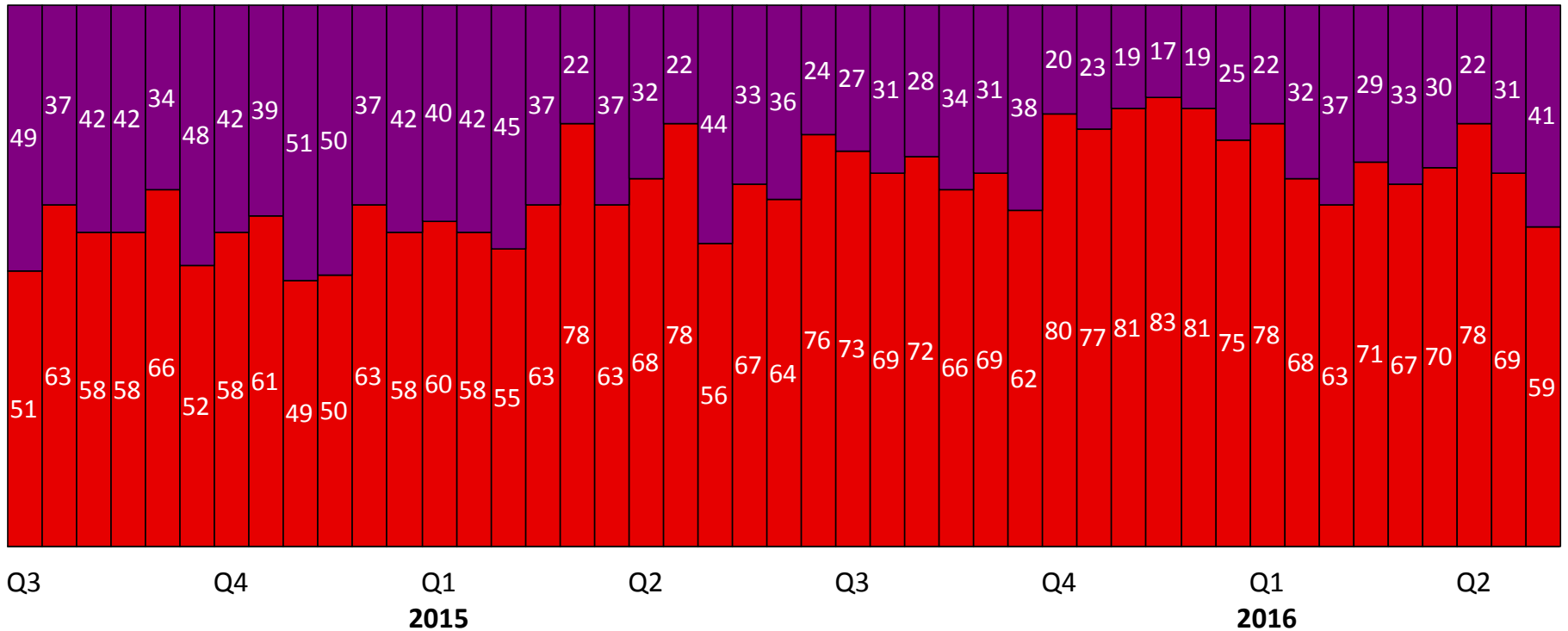


# New Foreign Orders

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

Yes No

out of 100%

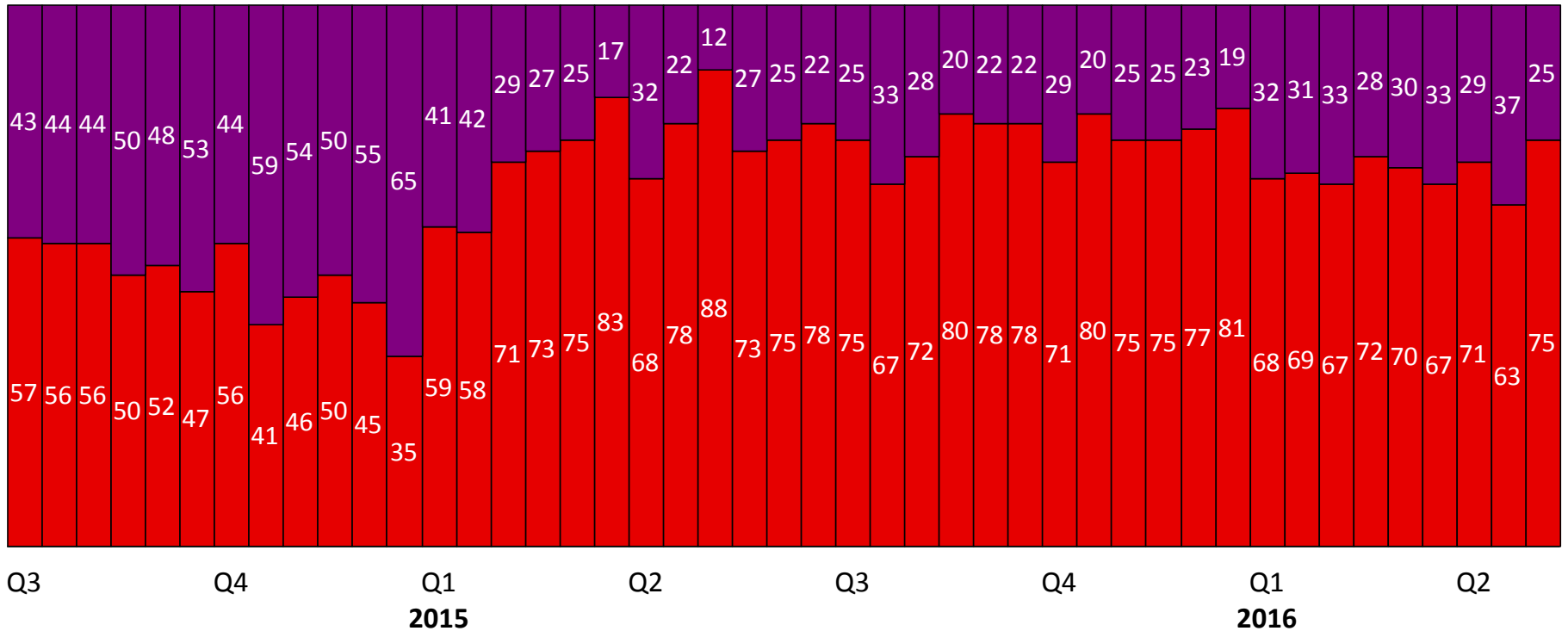


# New Foreign Orders

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

Yes No

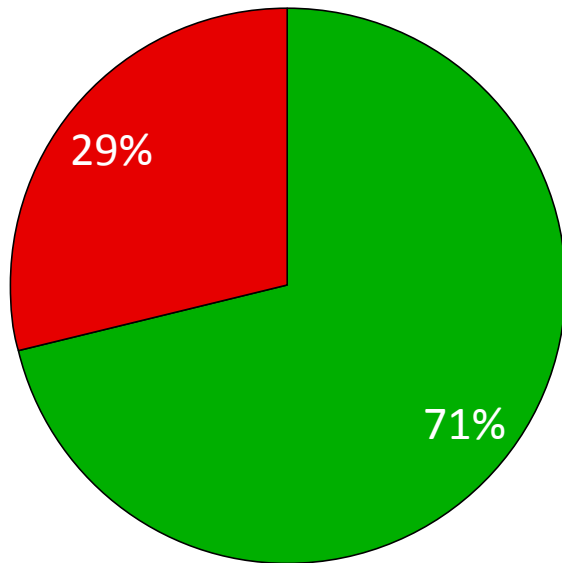
out of 100%



# Trading Companies

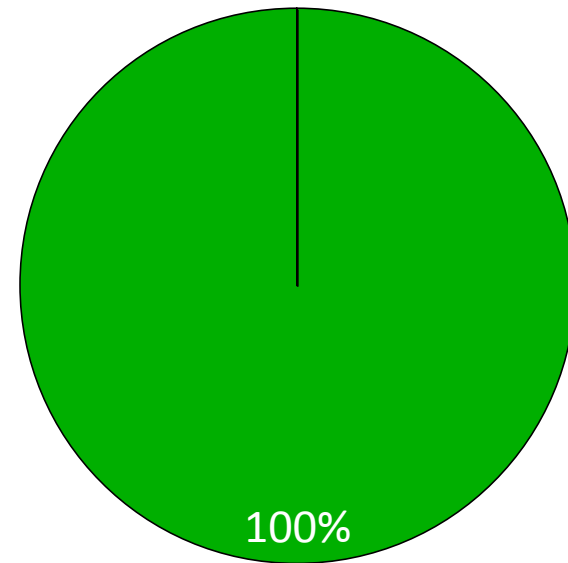
At this time, are you seeing an increase in requests for quotes from North American buyers for foreign steel?

Yes No



Are foreign steel prices rising compared to one month ago?

Yes  
No  
Remaining the same

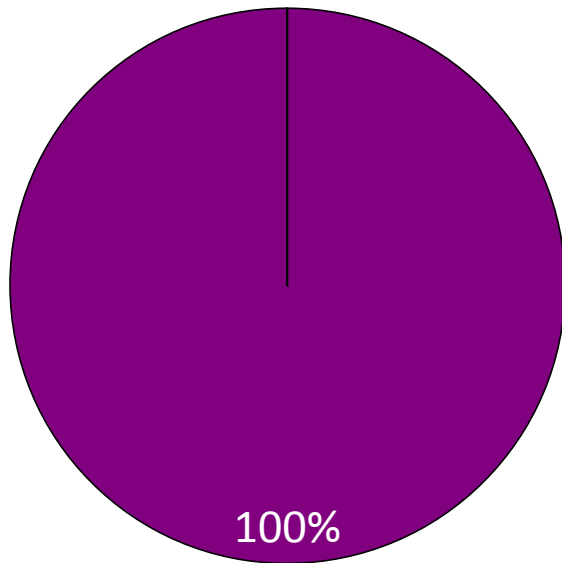




# Trading Companies

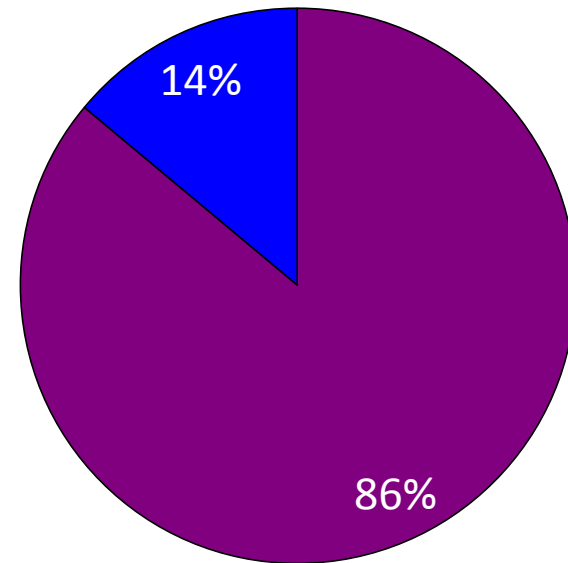
Are the foreign offers being made priced at levels where you are confident business can be transacted?

Yes No



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

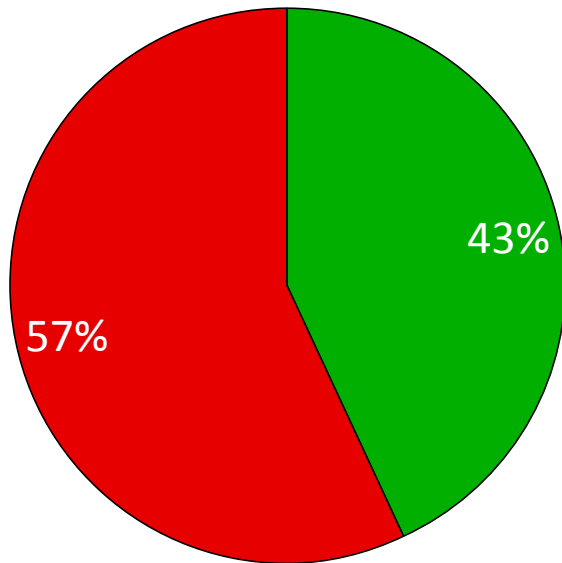
Yes No



# Trading Companies

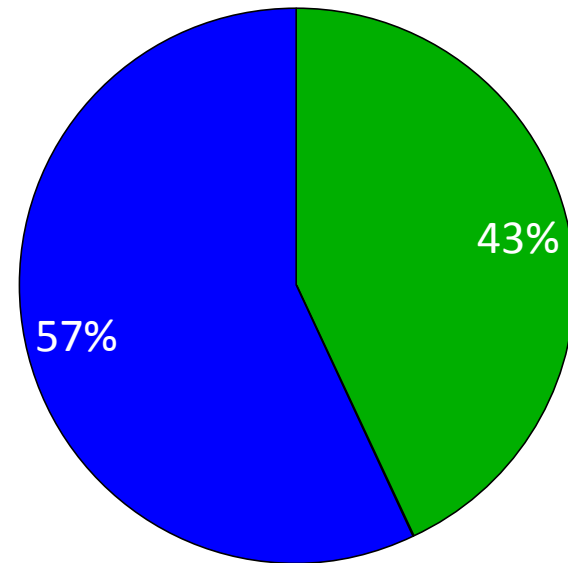
Have you had foreign offers withdrawn recently due to pricing uncertainty or concern about trade suits?

Yes No



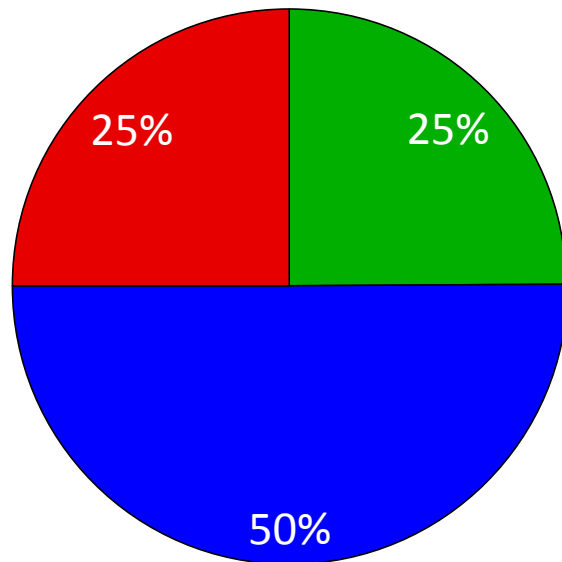
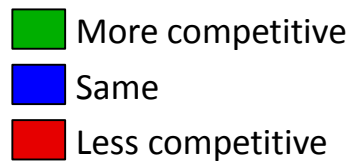
Will the recently passed trade and enforcement legislation impact your ability to sell foreign steel into the US?

Yes  
No  
Don't Know Yet

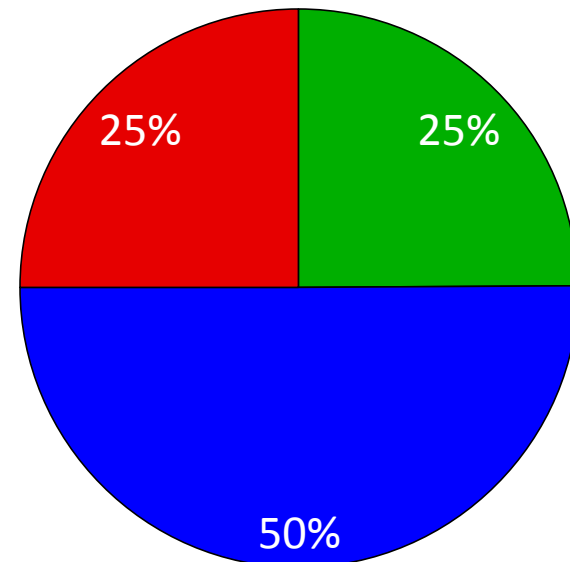
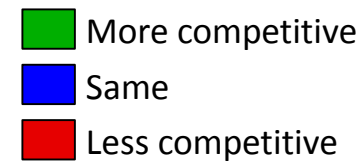


# Trading Companies

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



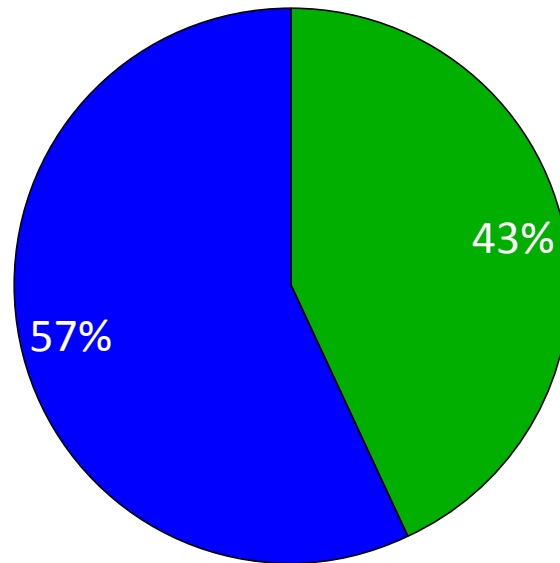
Are foreign Galvalume prices more competitive, same or less competitive than one month ago?



# 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](mailto: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](http://SteelMarketUpdate.com)

# Look for Our Next Survey



Our next survey  
will be conducted  
the week of  
**May 16<sup>th</sup> 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

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