



# STEEL MARKET UPDATE

## Steel Trends in a Turbulent Market

Responses from our June 15<sup>th</sup> 2015 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





# Next Workshop – October 6-7, 2015



Steel 101 Workshop ArcelorMittal Dofasco 2013

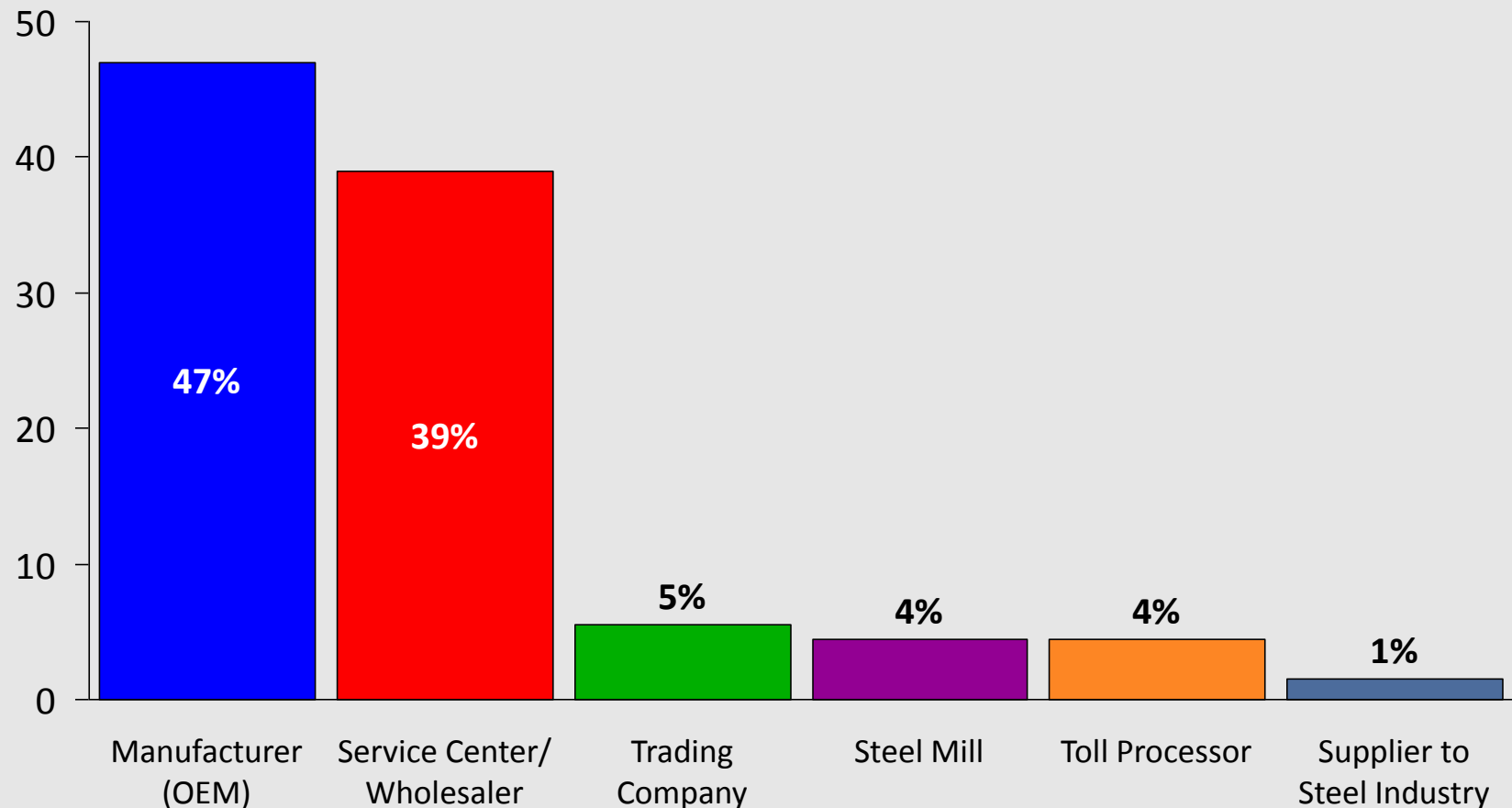
Our next Steel 101 workshop is in Davenport, Iowa and includes a mill tour of SSAB.

If you would like more information about any of our workshops, you may visit the events section of our website, call our office at 800-432-3475, or send us an e-mail at:

[info@SteelMarketUpdate.com](mailto:info@SteelMarketUpdate.com)

# Survey Participants

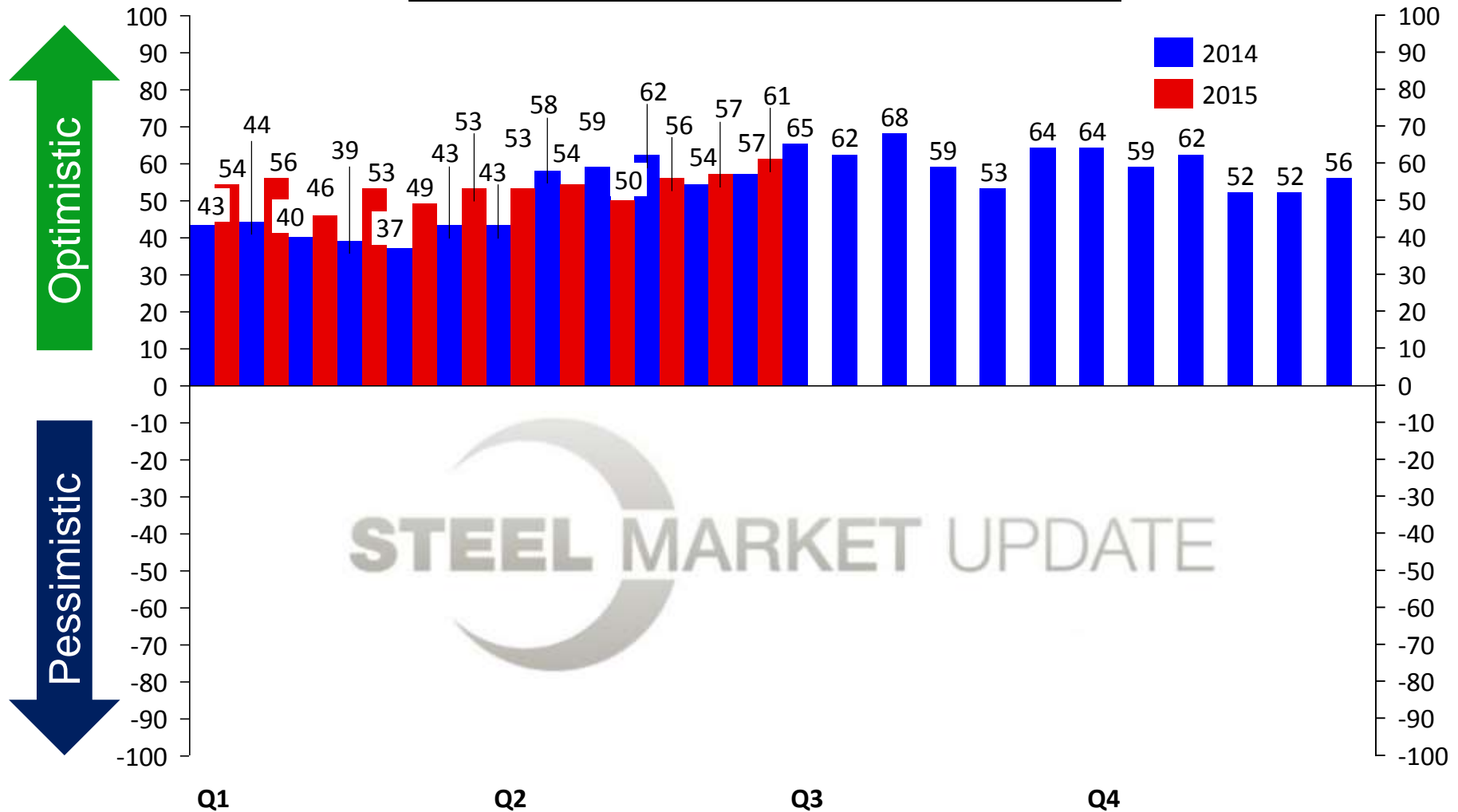
Our survey is by invitation only- Over 600 companies, mostly in the manufacturing or distribution industries, are asked to participate. Here are the percentages of participation in this week's survey by market sector.



# SMU Buyers Sentiment Index

Up 4 points to +61

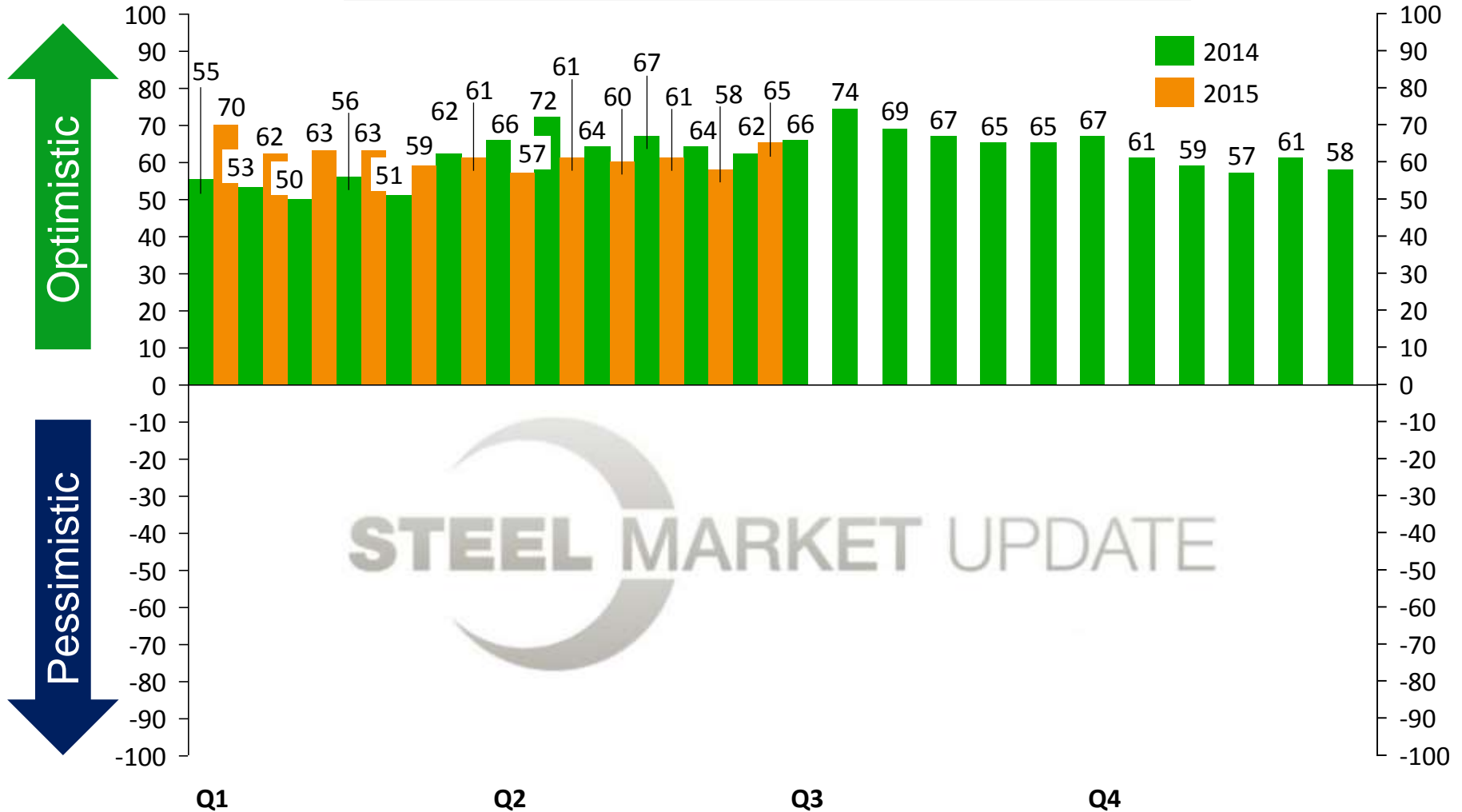
## Steel Market Update Buyers Sentiment Index



# SMU Future Buyers Sentiment Index

Up 7 points to +65

## Steel Market Update 'Future' Buyers Sentiment Index



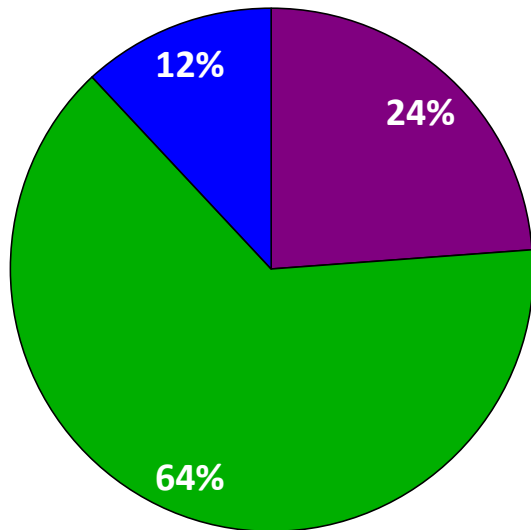


# Overall Demand

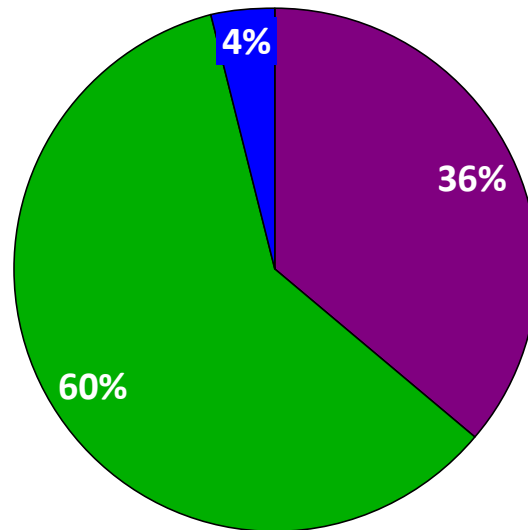
Are you seeing demand for your products improving, remaining the same or declining?

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

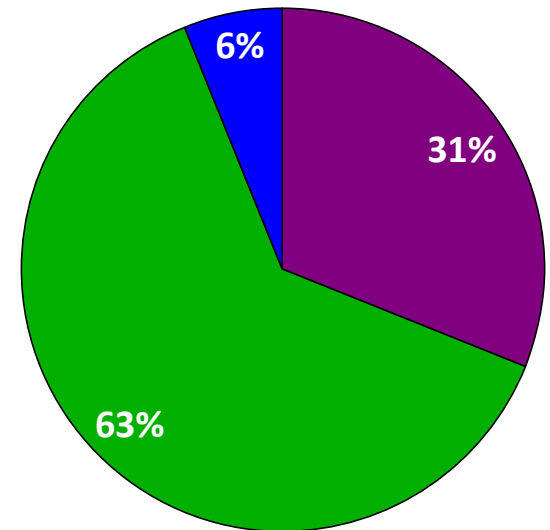
February 20<sup>th</sup> 2015



April 24<sup>th</sup> 2015



June 19<sup>th</sup> 2015

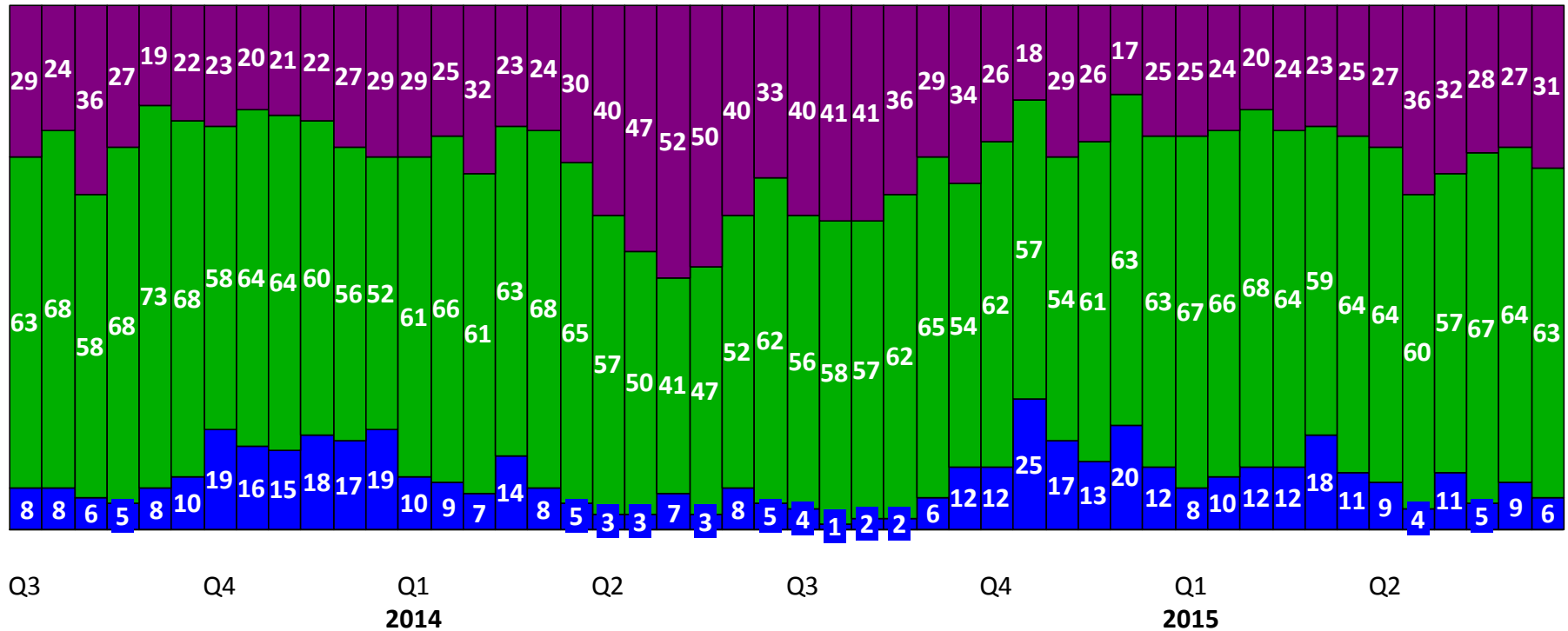


# Overall Demand History

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

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- Demand is remaining the same
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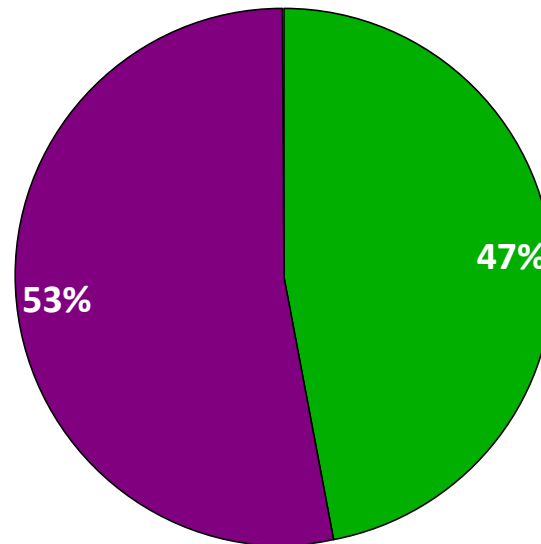
out of 100%



# Dumping Suits

Will the anti-dumping suits filed on coated products affect your purchasing decisions?

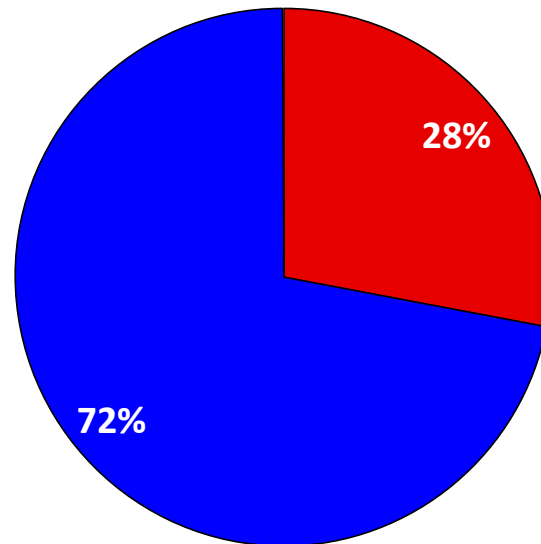
Yes No



# Inventory Plans

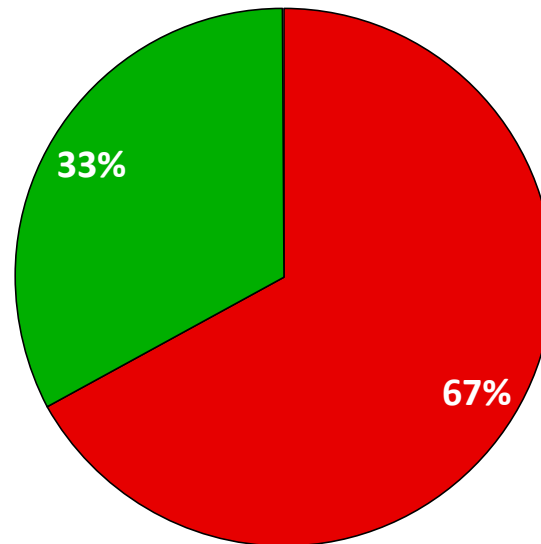
Do you plan on building inventory (or adjust sources of supply) in light of the USW negotiations with USS and ArcelorMittal (contract expires on September 1, 2015)?

Yes No



Will the latest round of price increases "stick" and be collected by the domestic steel mills?

Yes No



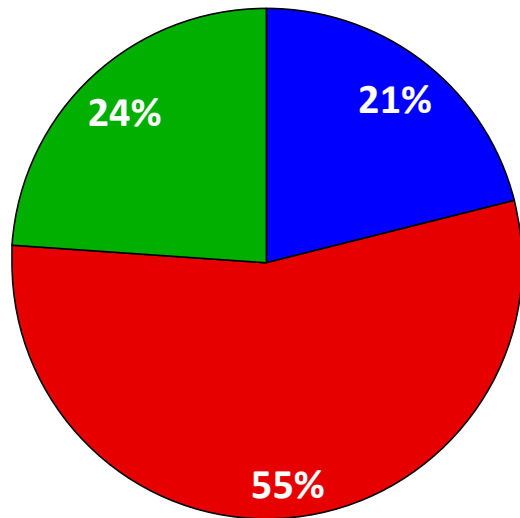


# Manufacturer Purchases

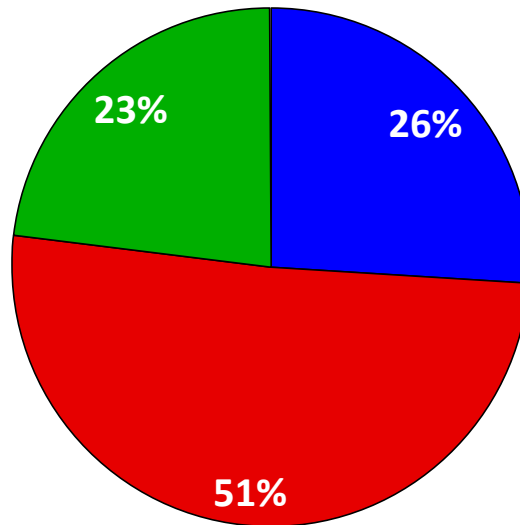
**Manufacturers-** Compared to this time last year – is your company buying more, less or the same amount of flat rolled steel as one year ago?

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

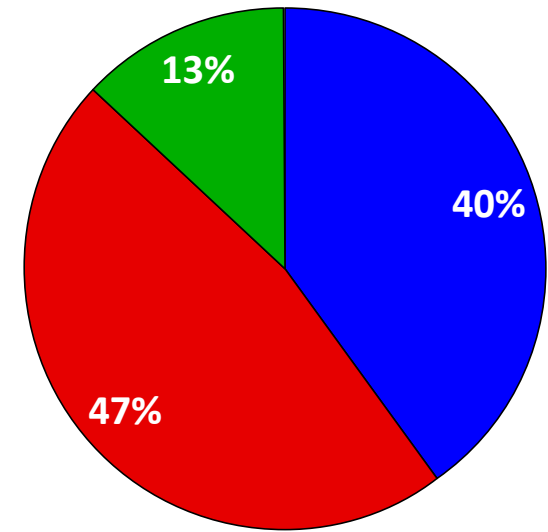
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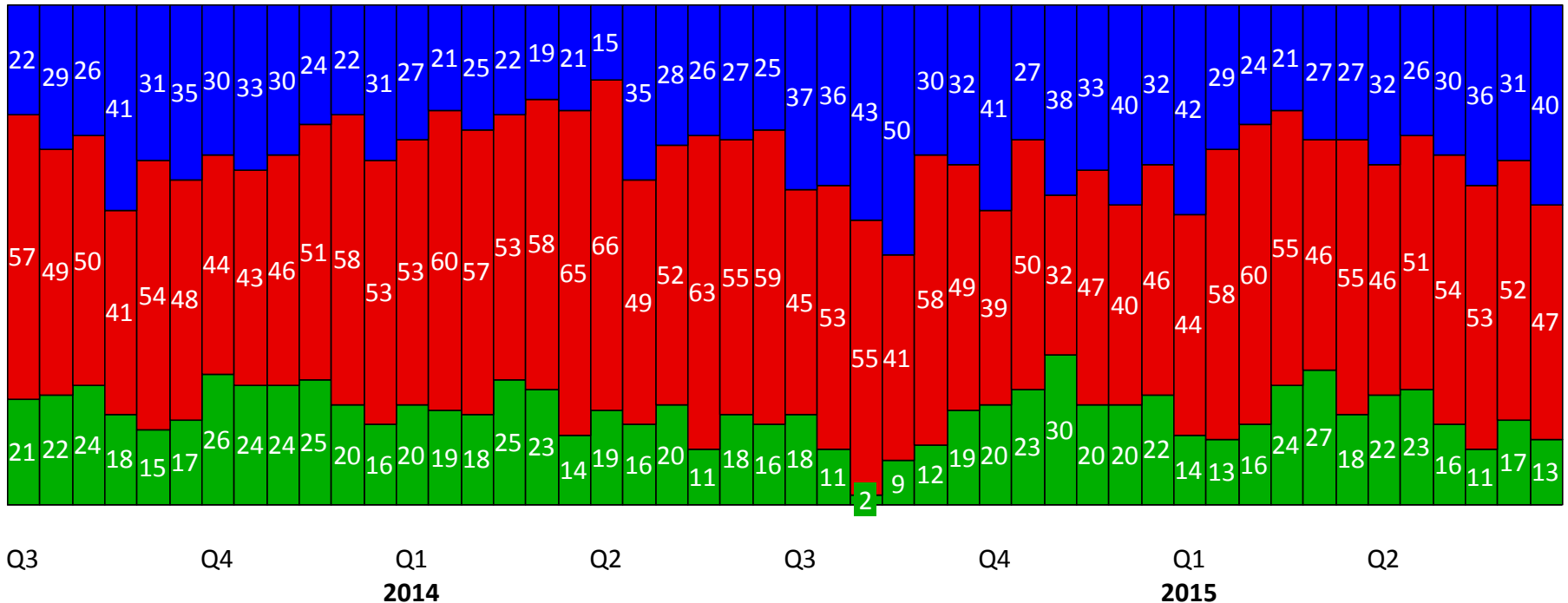


# History of Manufacturer Purchases

**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
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out of 100%

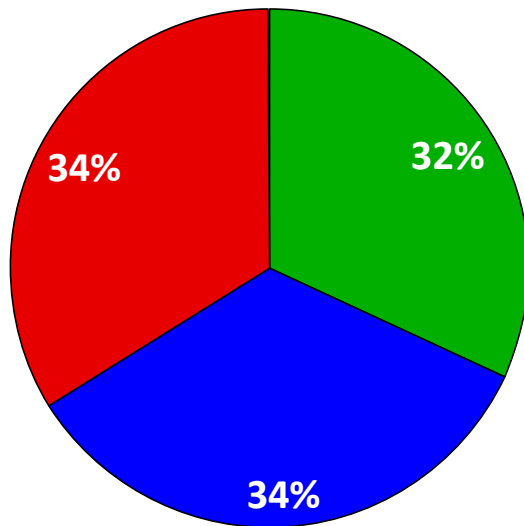


# Service Center Releases

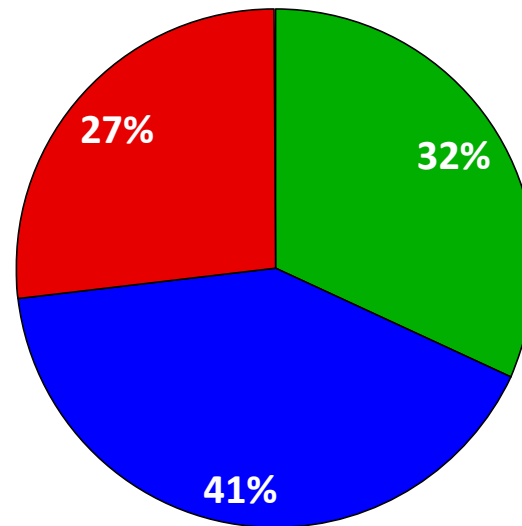
**Service Centers-** How do you see your customers releases (demand) for the products your company provides this year compared to this time last year?

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

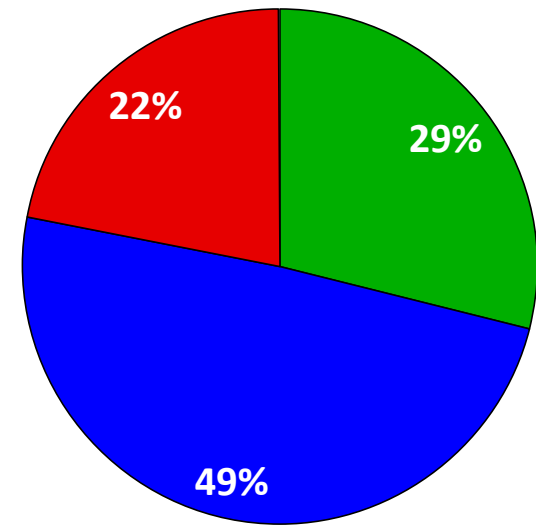
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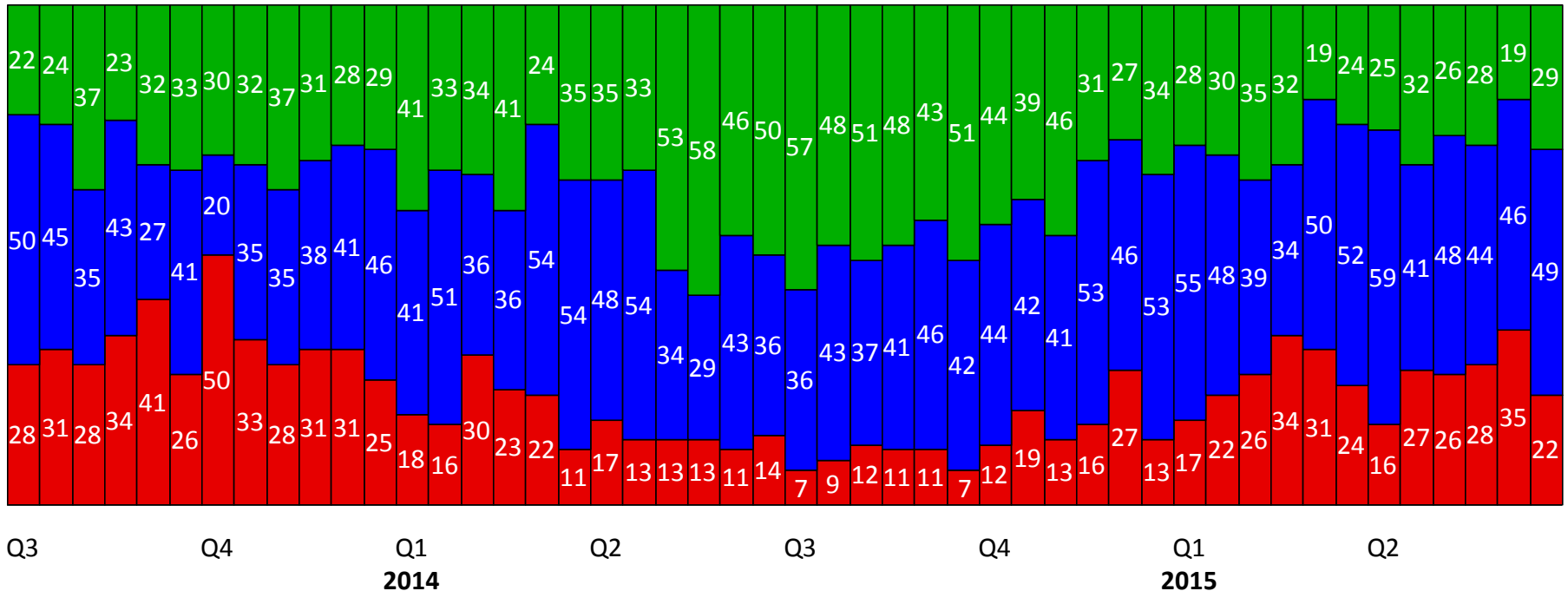


# Service Center Release History

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

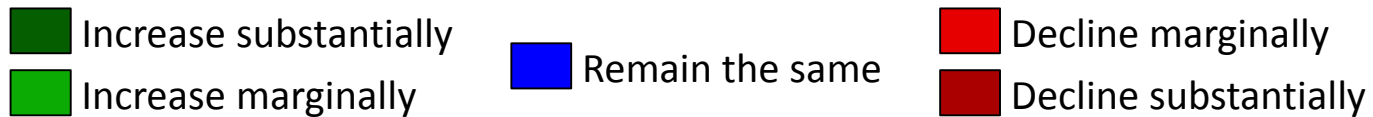
- Releasing more steel
- Releasing the same amount of steel
- Releasing less steel

out of 100%

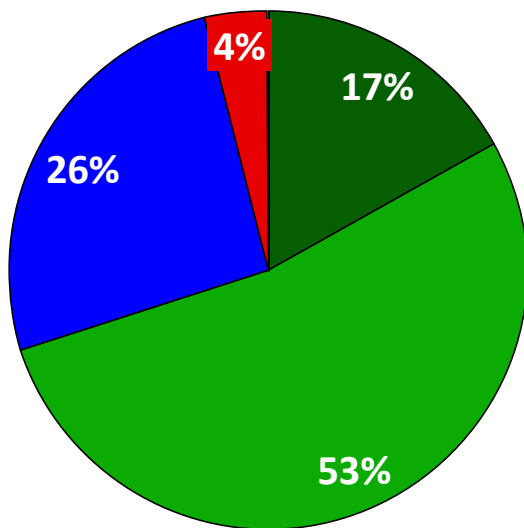


# Manufacturer Demand

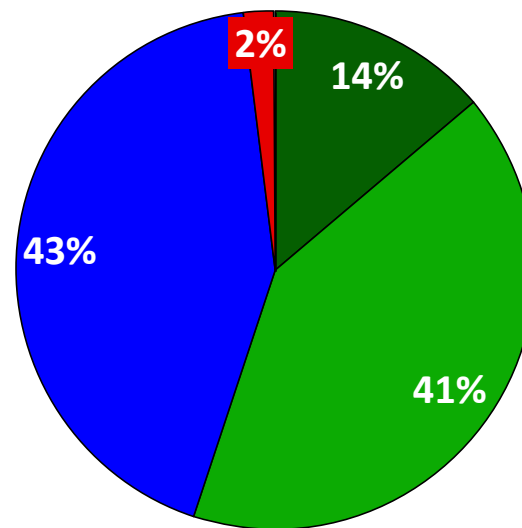
**Manufacturers-** Demand for your products will \_\_\_\_\_  
over the next 3 months based on current order flows.



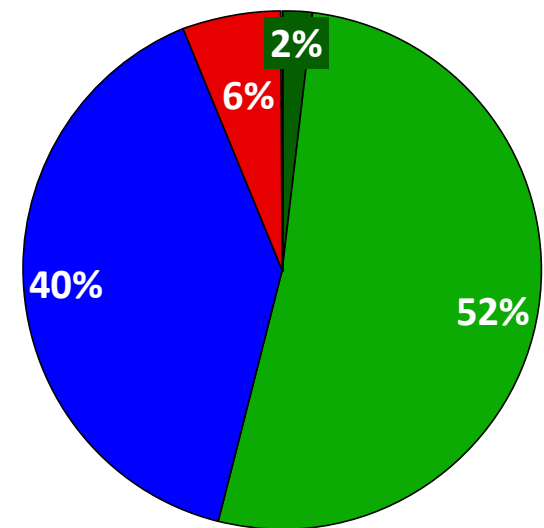
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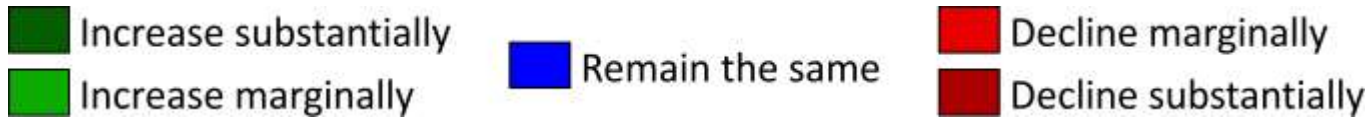
June 19<sup>th</sup> 2015



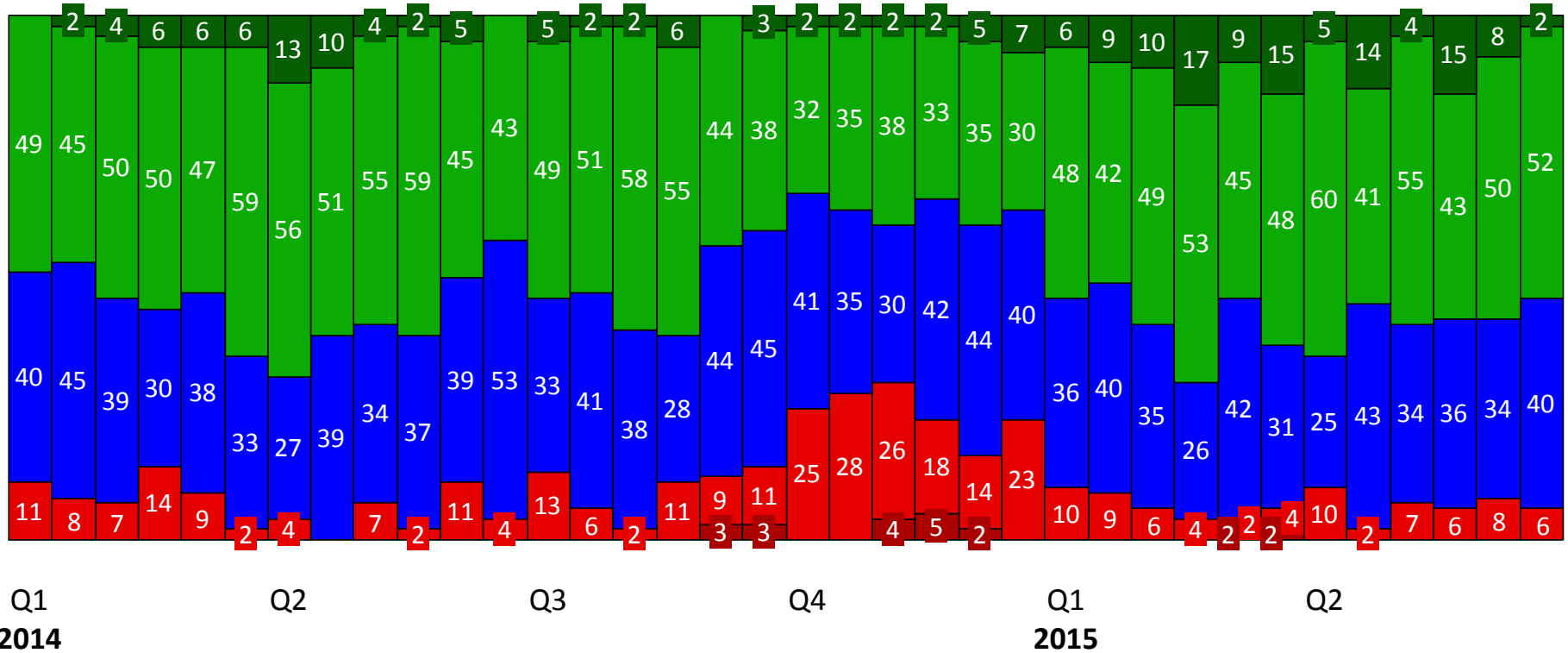


# Manufacturer Demand History

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



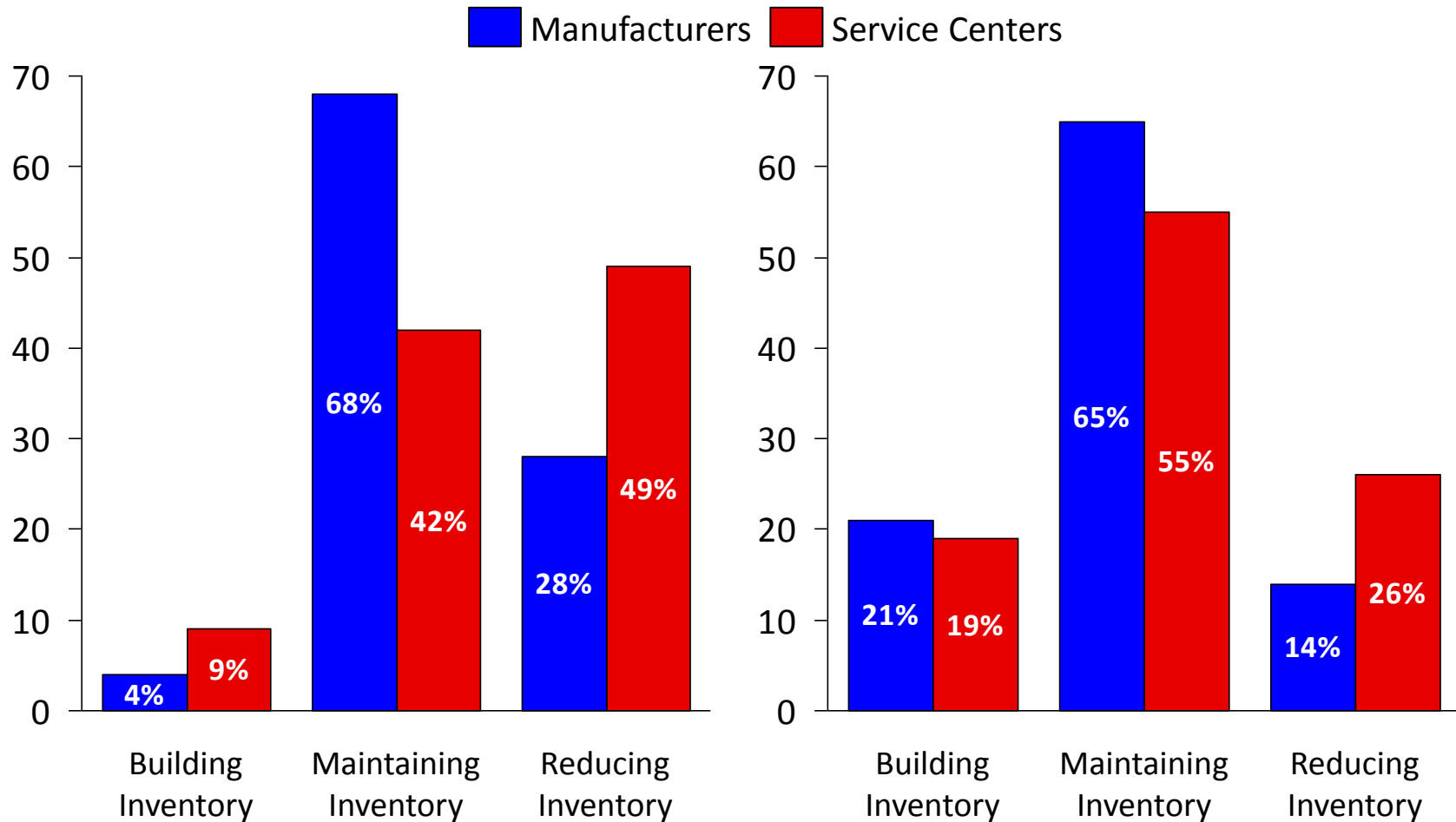
out of 100%



# Manufacturer and Service Center Inventory Buying Patterns

February 20<sup>th</sup> 2015

June 19<sup>th</sup> 2015

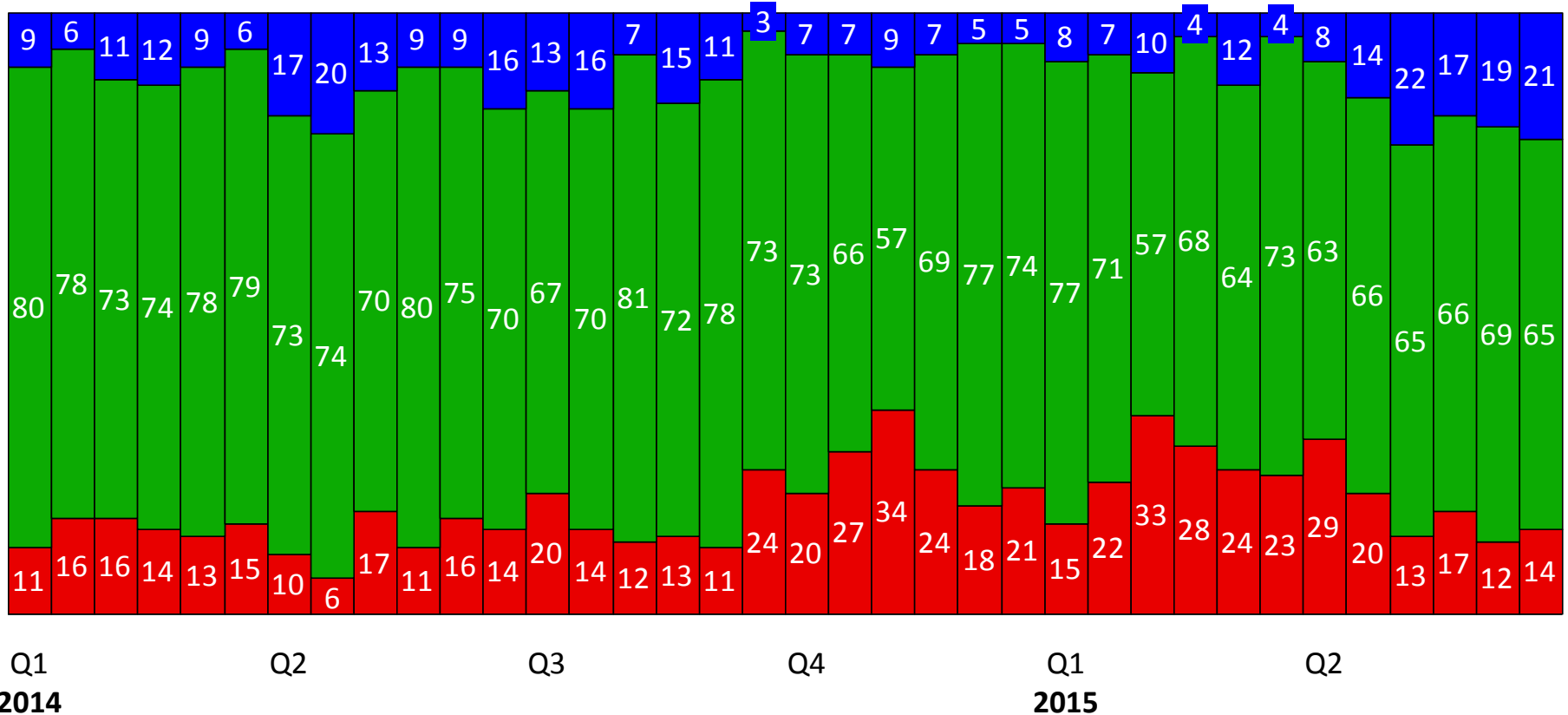


# Manufacturer Inventory Buying History

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

■ Building Inventory 
 ■ Maintaining Inventory 
 ■ Reducing Inventory

out of 100%

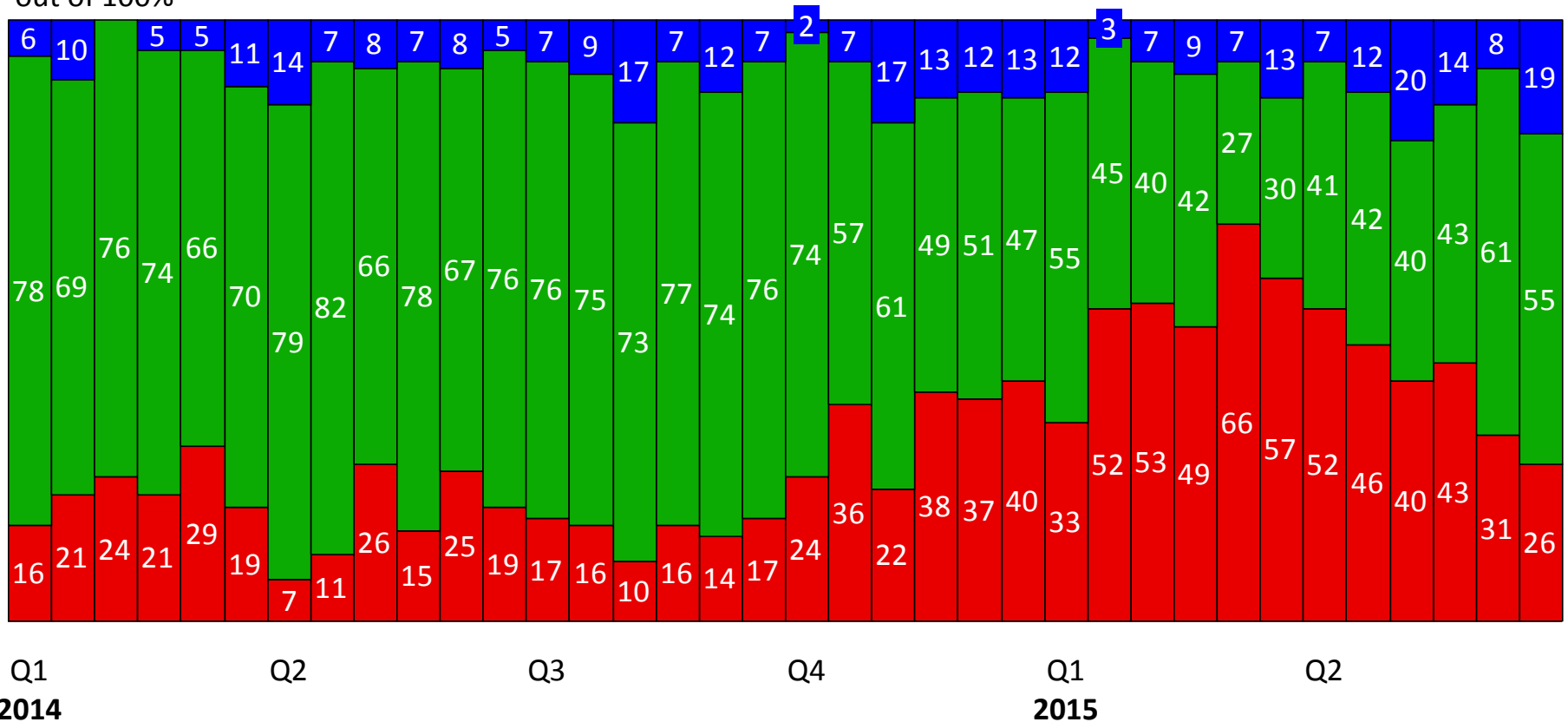


# Service Center Inventory Buying History

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

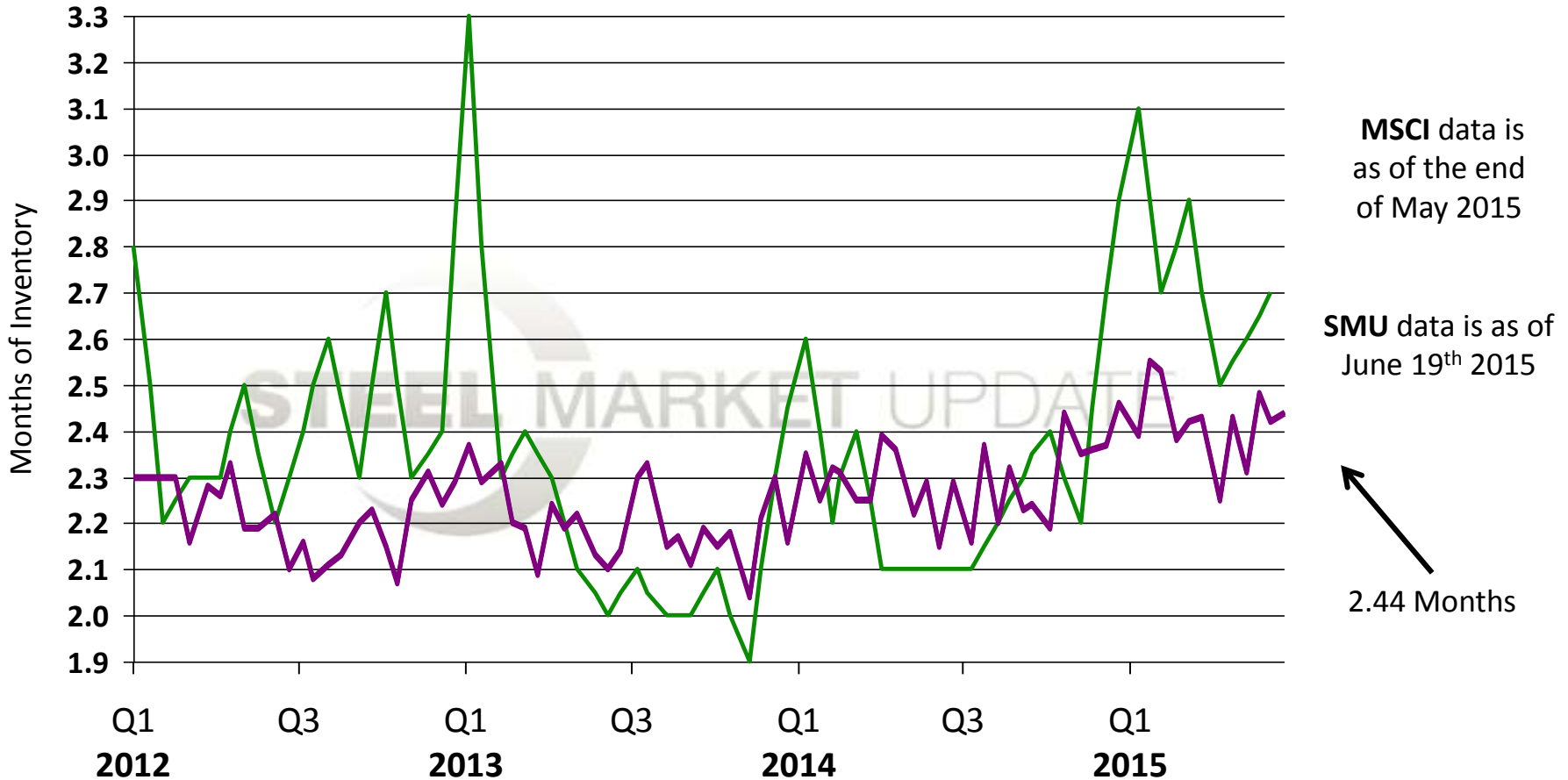
■ Building Inventory  
 ■ Maintaining Inventory  
 ■ Reducing Inventory

out of 100%



## SMU Service Center & MSCI Inventory Level History Comparison

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



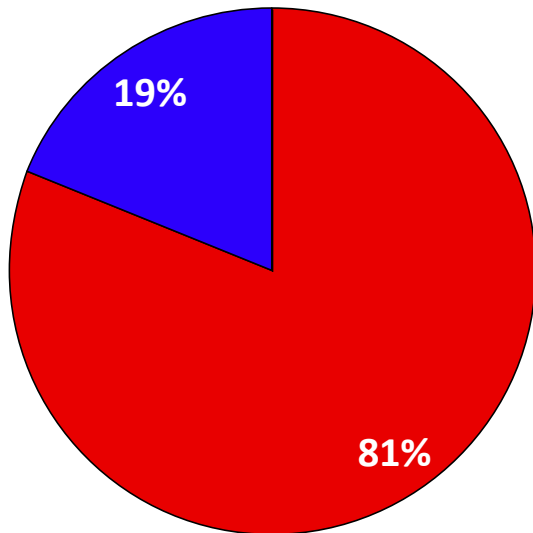


# Manufacturer's View of Service Center Selling Prices

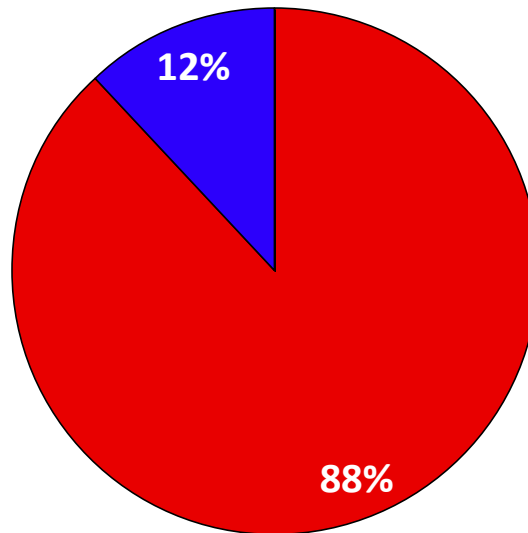
**Manufacturers-** Which comment do you feel is representative of service center pricing right now?

- 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

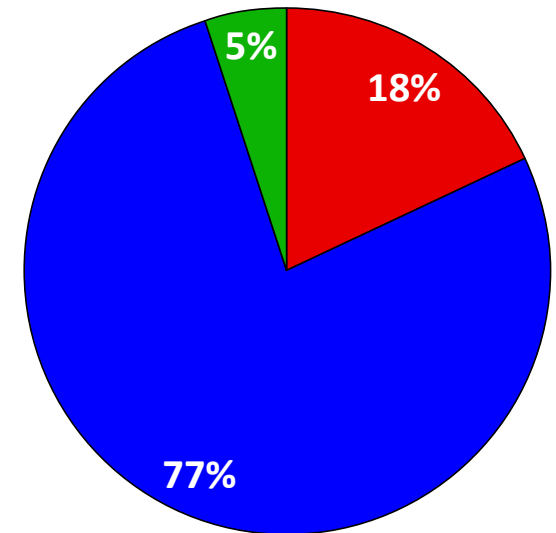
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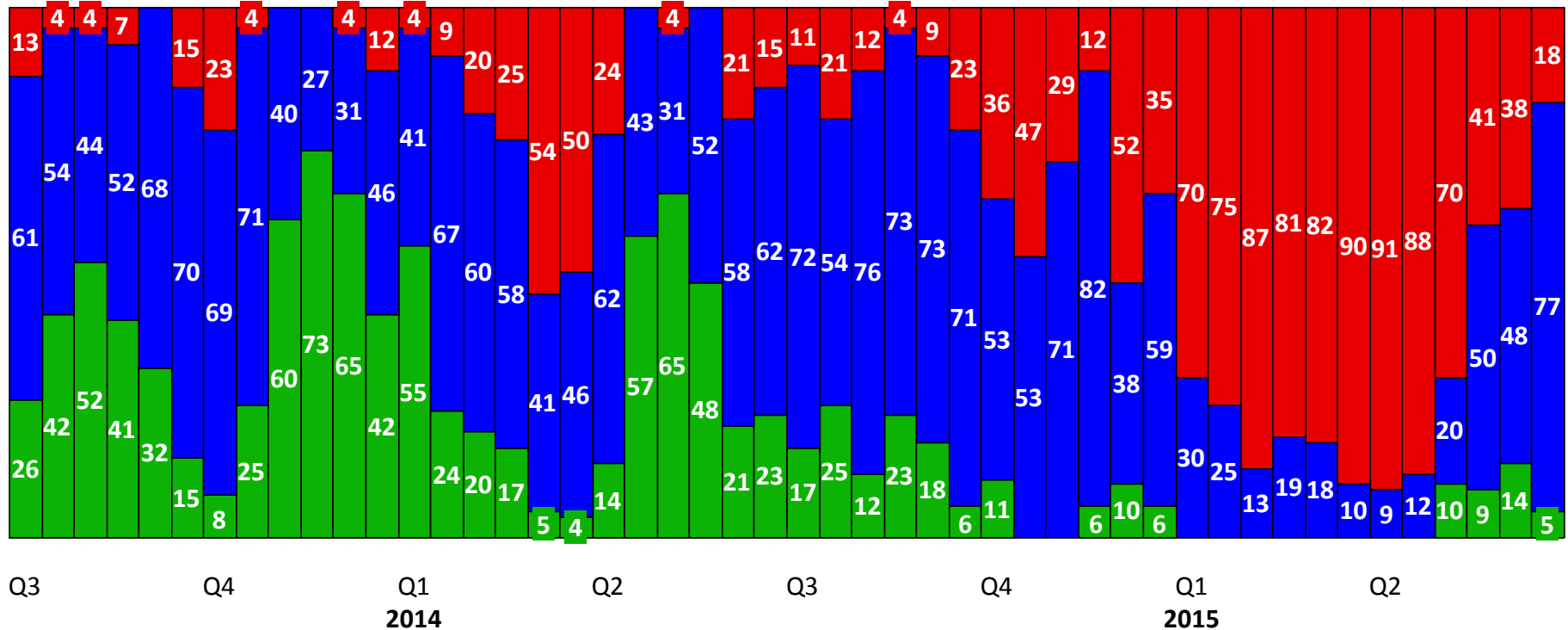


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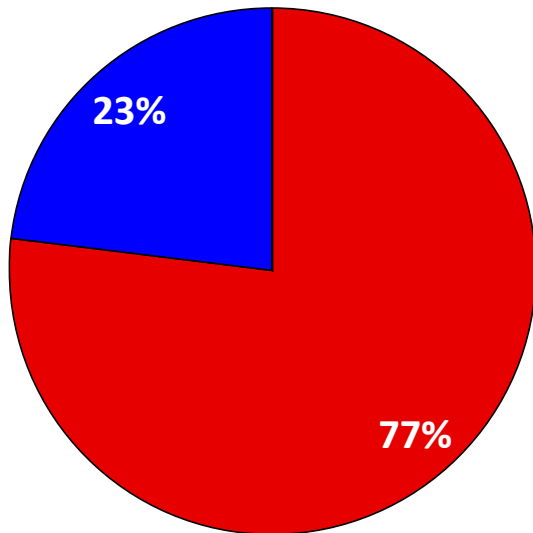
out of 100%



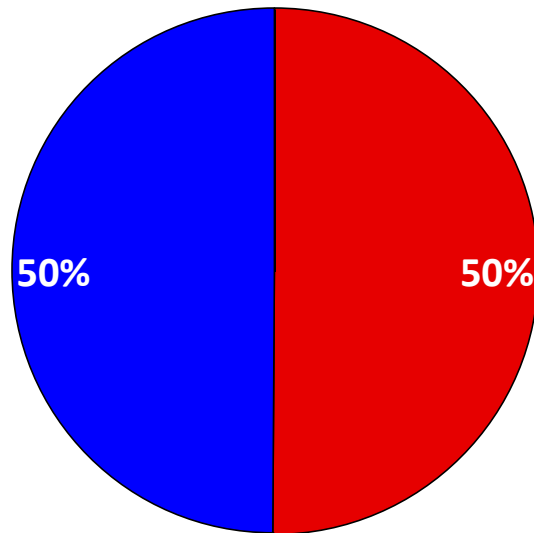
**Service Centers-** How is your company handling spot pricing to your customers at this time?

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

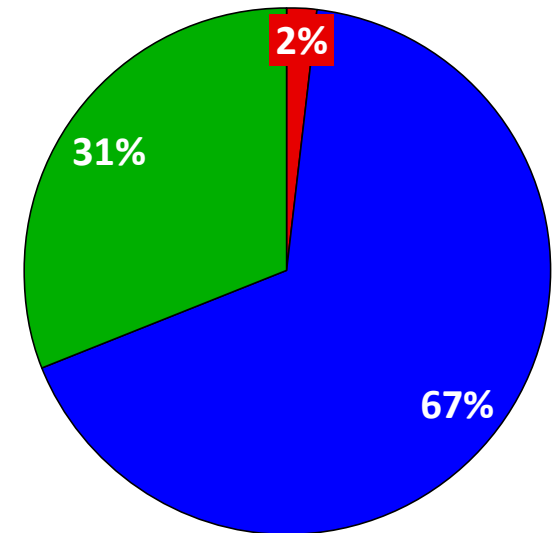
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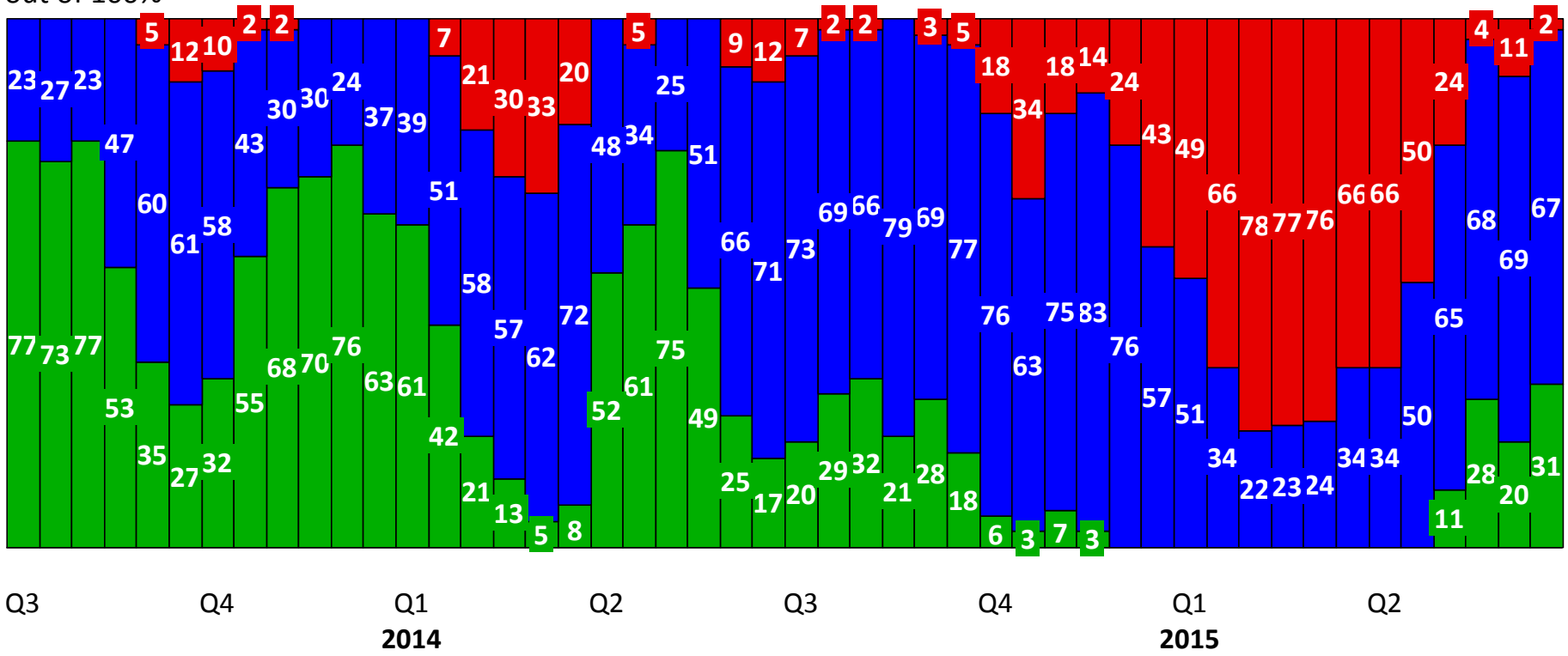


# Service Center View of Selling Prices History

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out of 100%

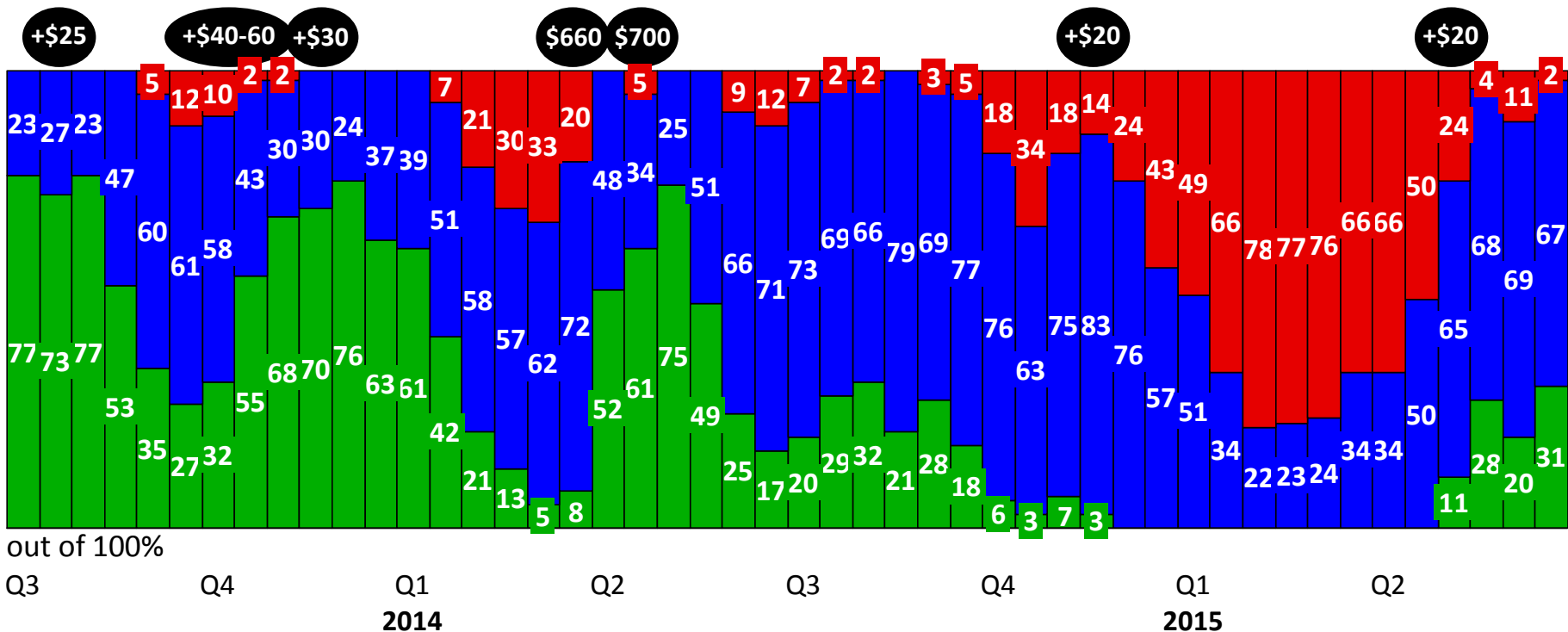


# Service Center View of Selling Prices History

**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

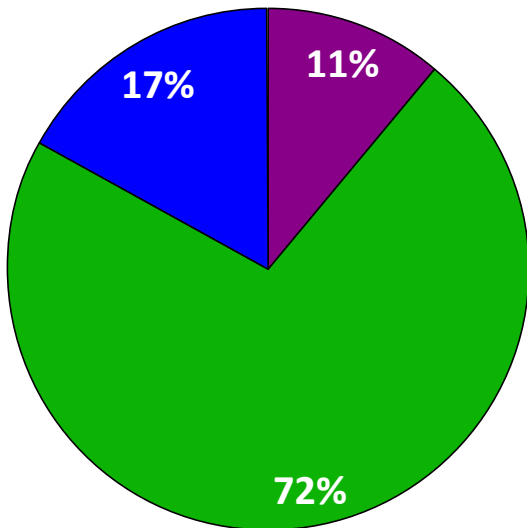




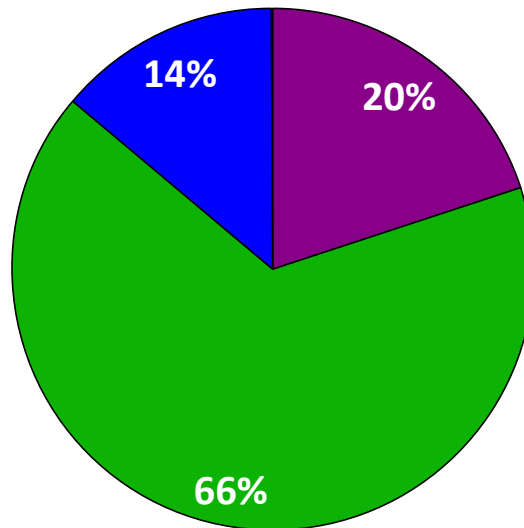
**Service Centers-** Are your manufacturing customers increasing orders, keeping them the same or reducing orders at this time?

-  Our manufacturing customers are increasing orders
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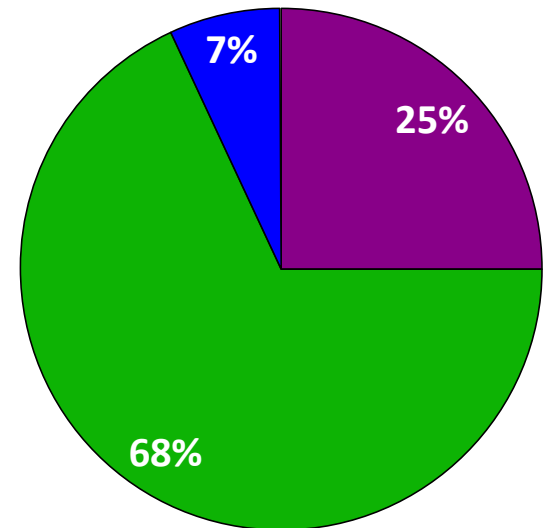
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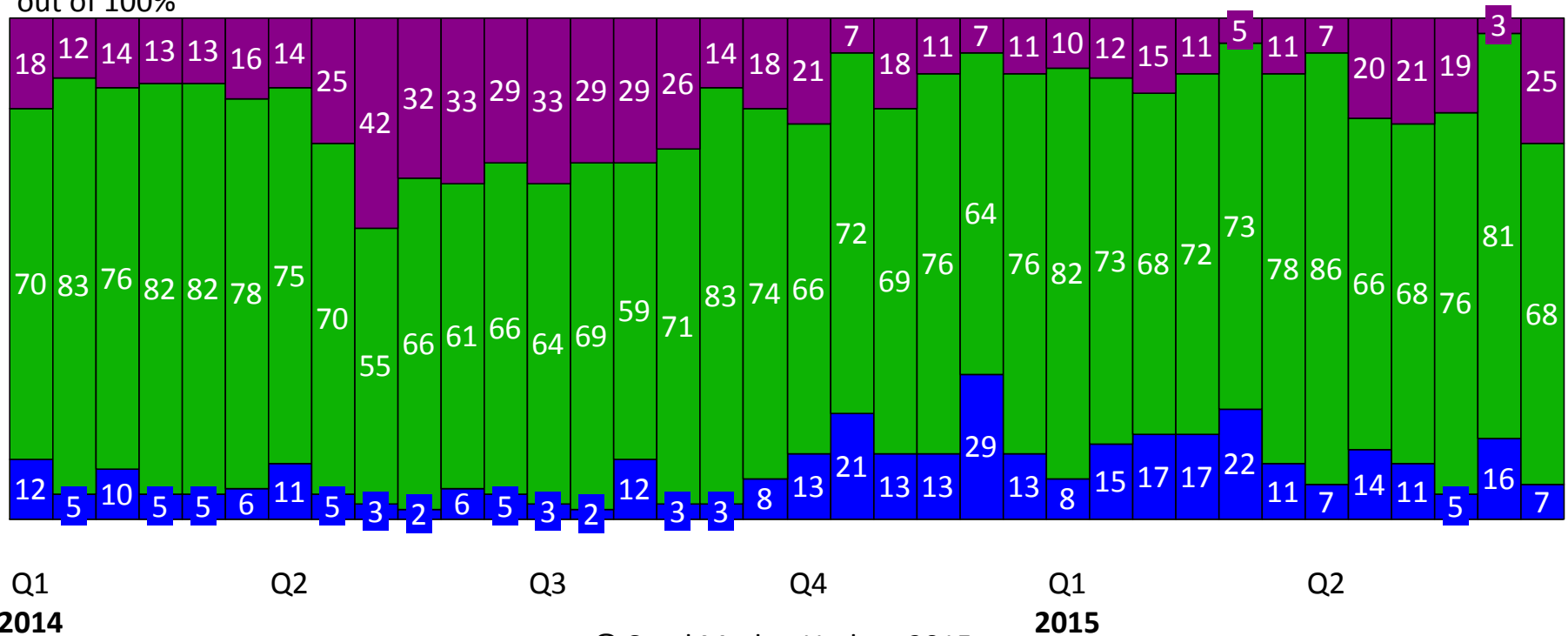


# Service Centers on Manufacturer Orders History

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

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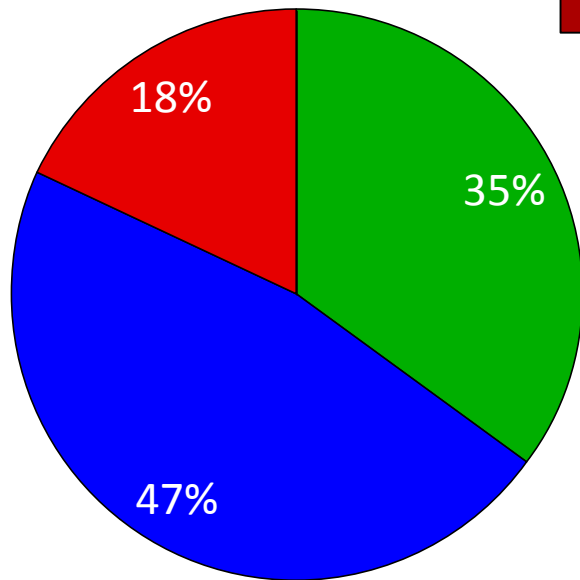
out of 100%



# Mill Lead Times

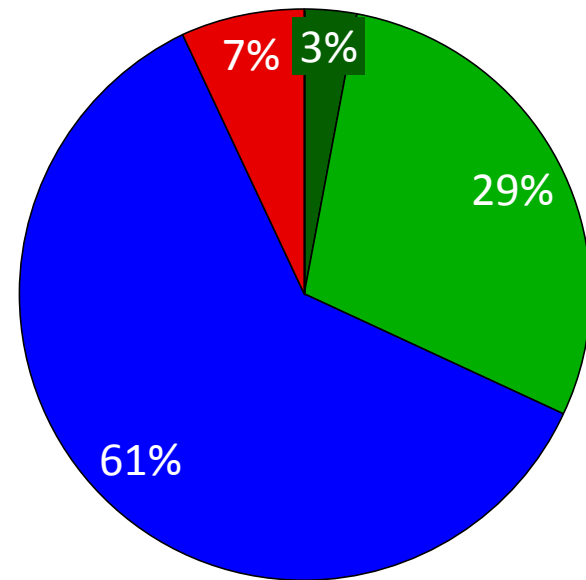
How would you describe domestic mill lead times for new orders placed right now?

## Manufacturers



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

## Service Centers

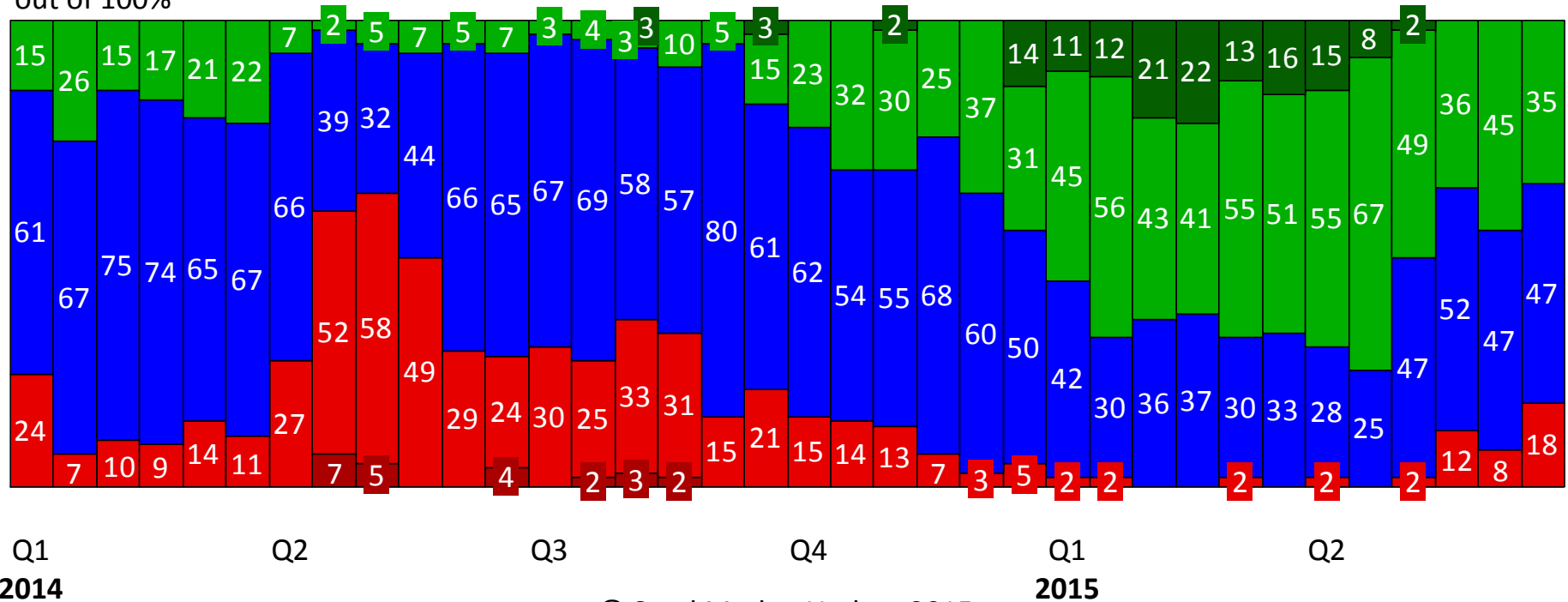


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out of 100%

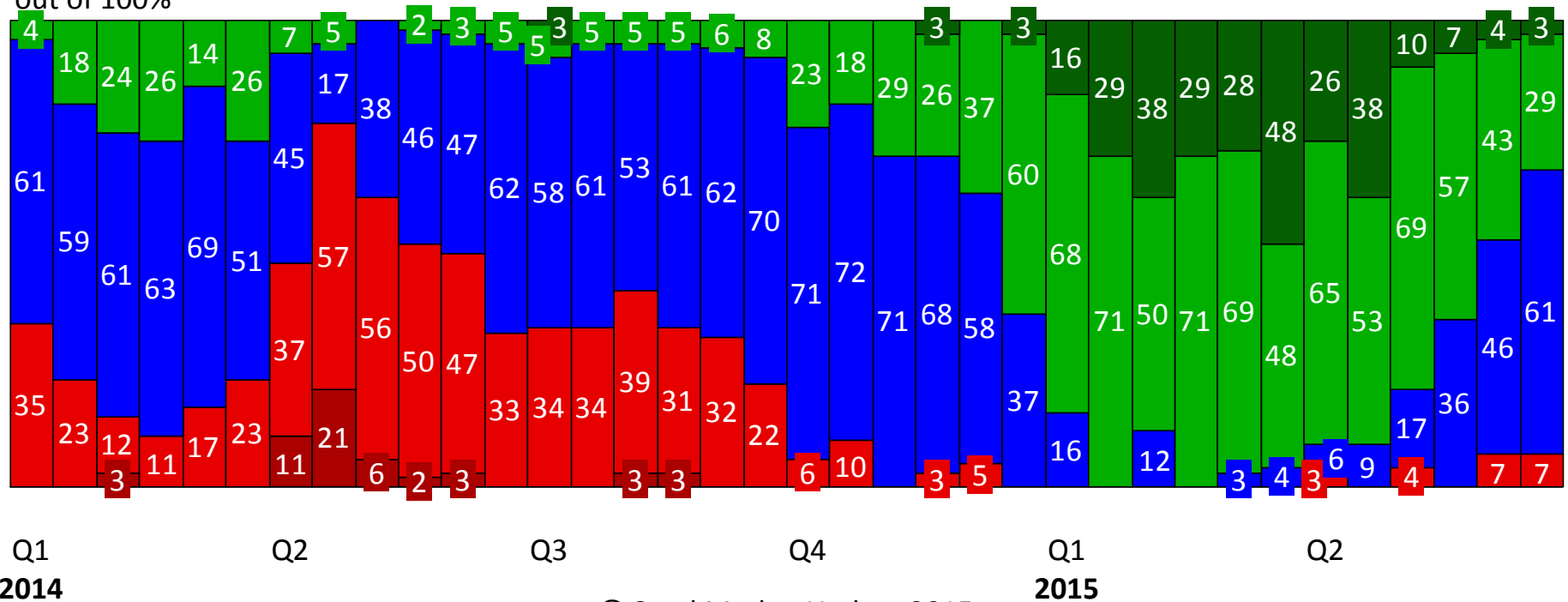


# Mill Lead Times History

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out of 100%

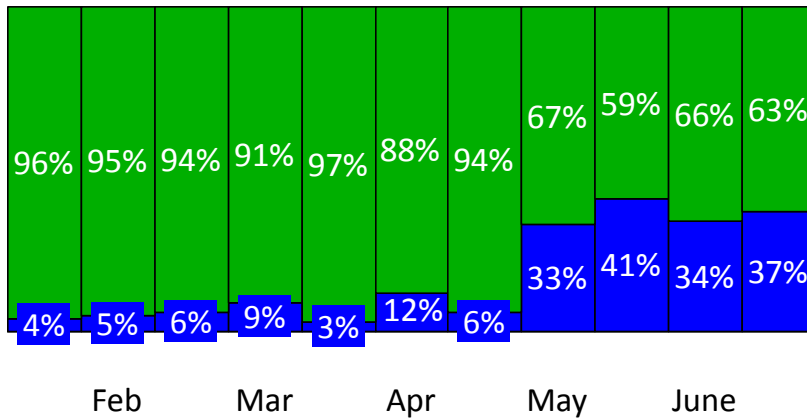


# Mill Negotiations

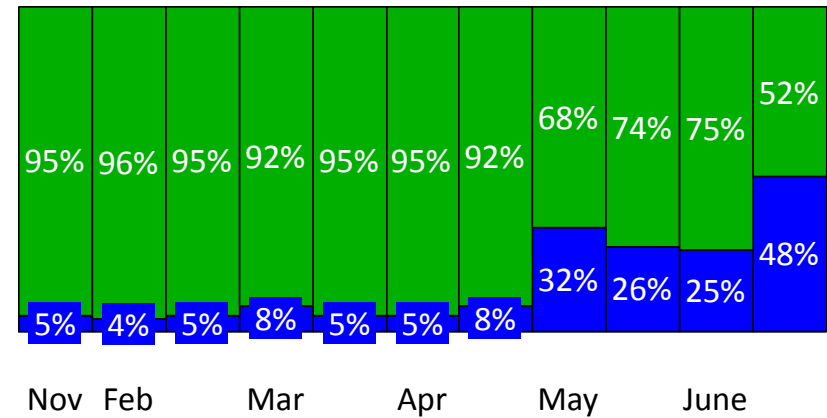
Are you finding the domestic mills are willing to negotiate pricing on brand new orders placed this week?

Yes No

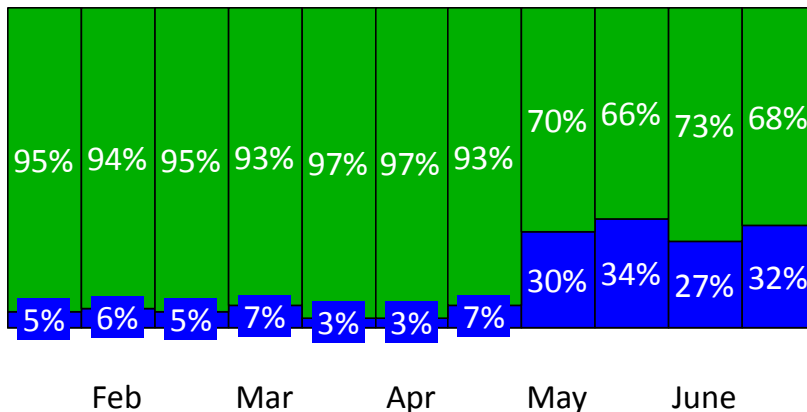
### Hot Rolled Orders



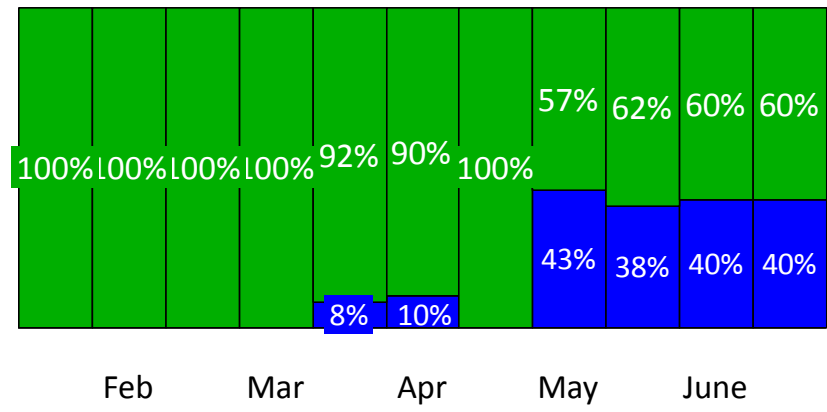
### Cold Rolled Orders



### Galvanized Orders

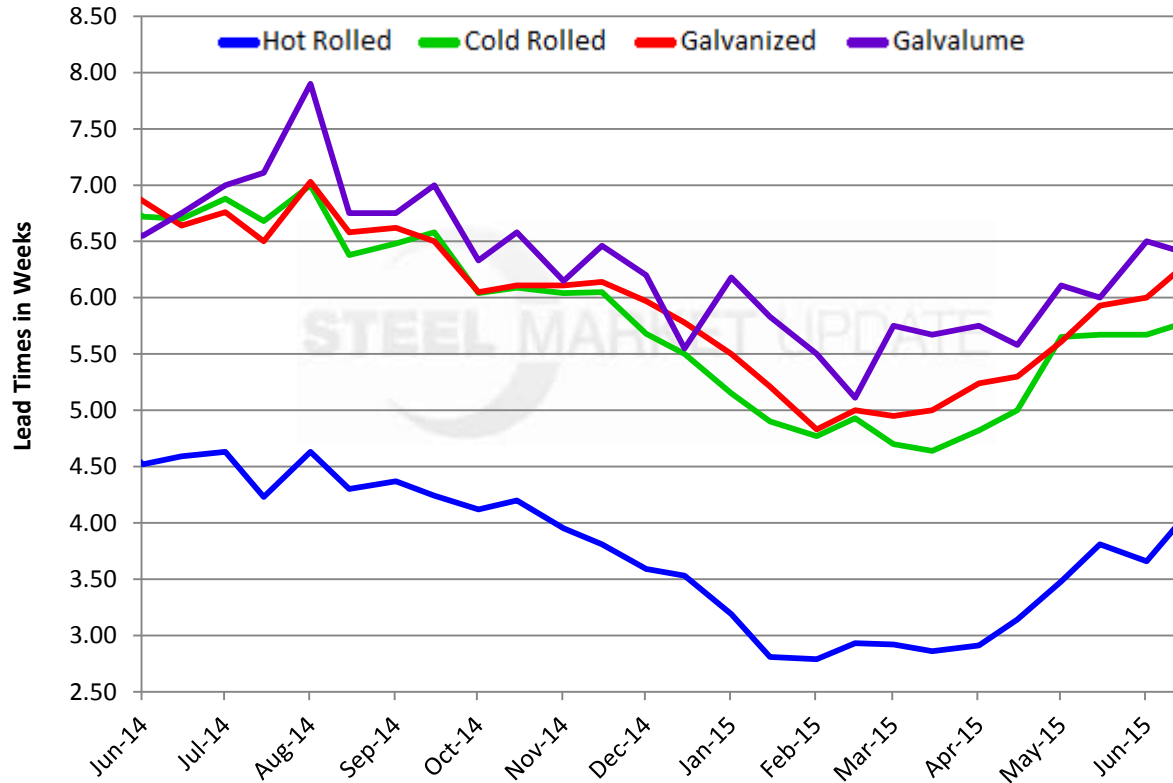


### Galvalume Orders



# Lead Times (Weeks)

### Steel Market Update Lead Times Comparison



**Hot Rolled: 4.06**  
**Cold Rolled: 5.78**  
**Galvanized: 6.29**  
**Galvalume: 6.40**

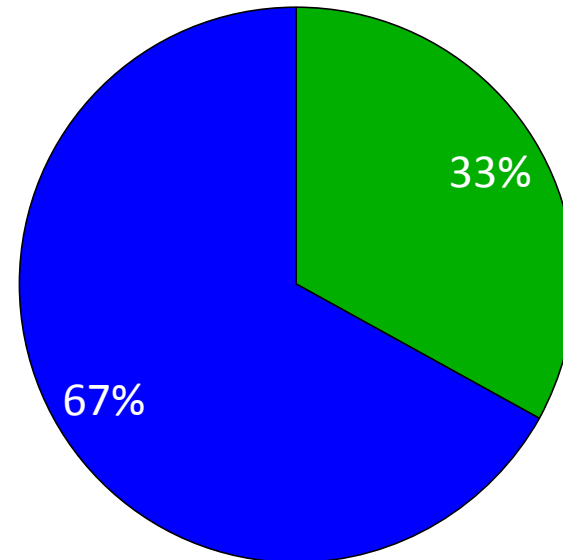
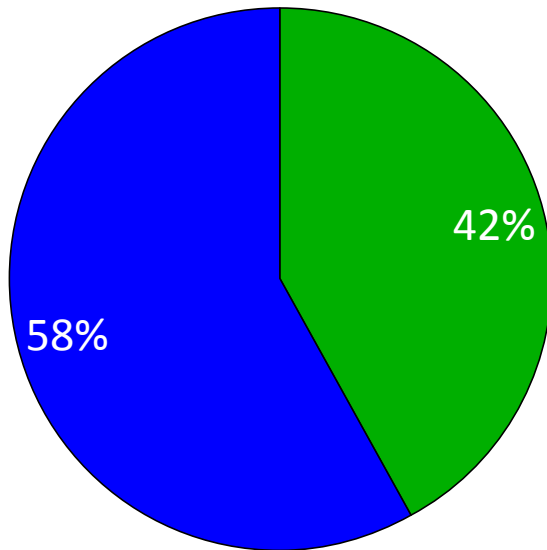
# Domestic and Foreign Price Spread

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

## Manufacturers

## Service Centers

Yes No



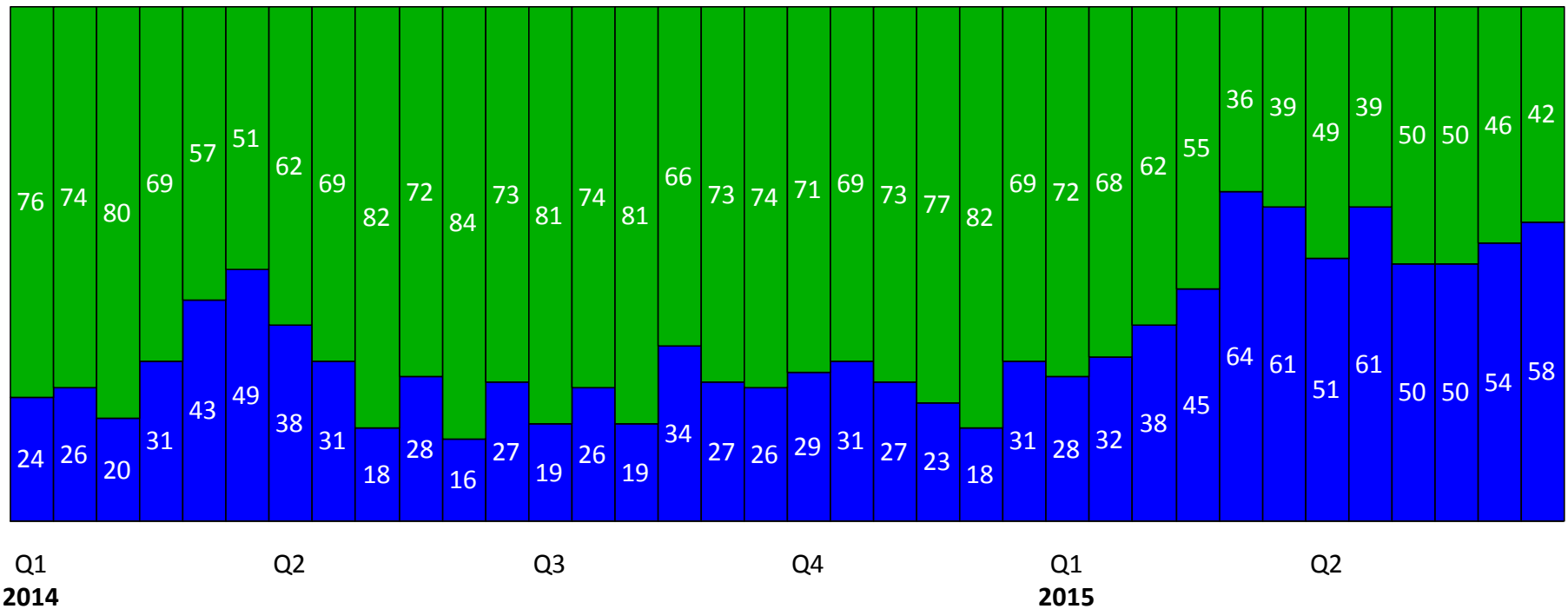


# Domestic and Foreign Price Spread

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out of 100%

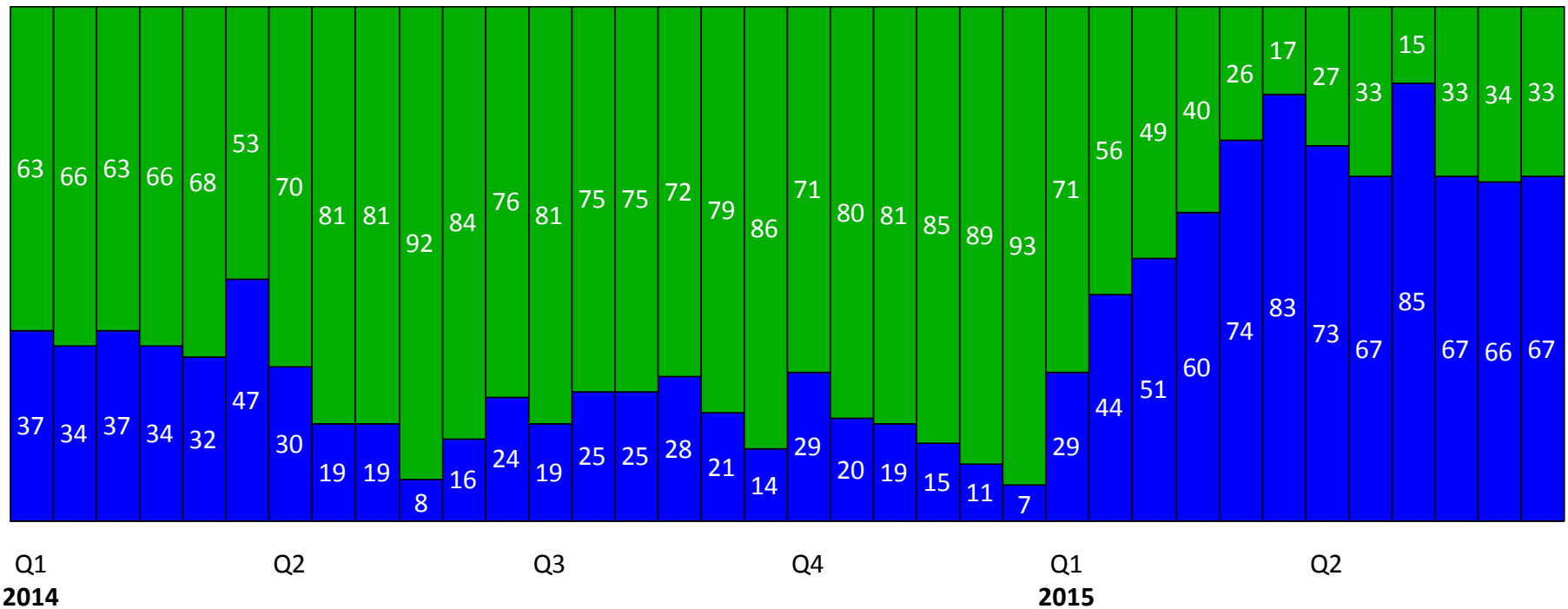


# Domestic and Foreign Price Spread

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

Yes No

out of 100%



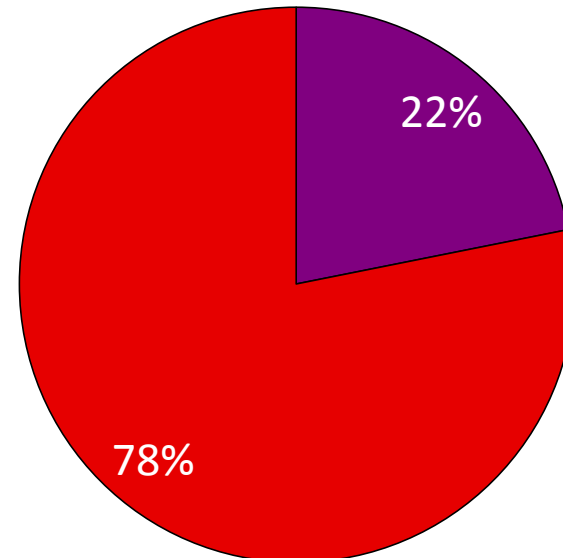
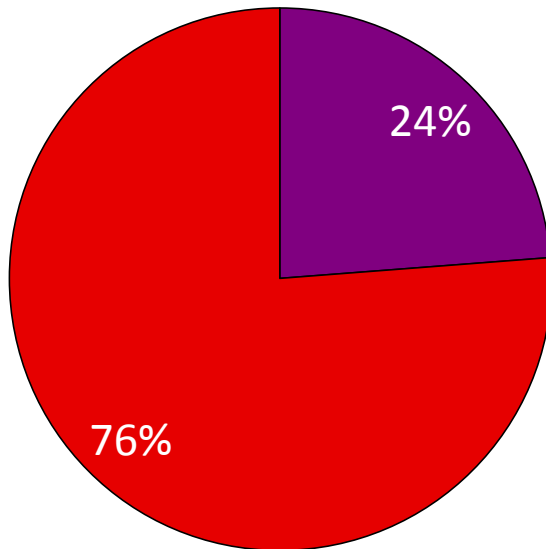
# New Foreign Orders

Is your company entering new foreign orders right now?

## Manufacturers

## Service Centers

Yes No

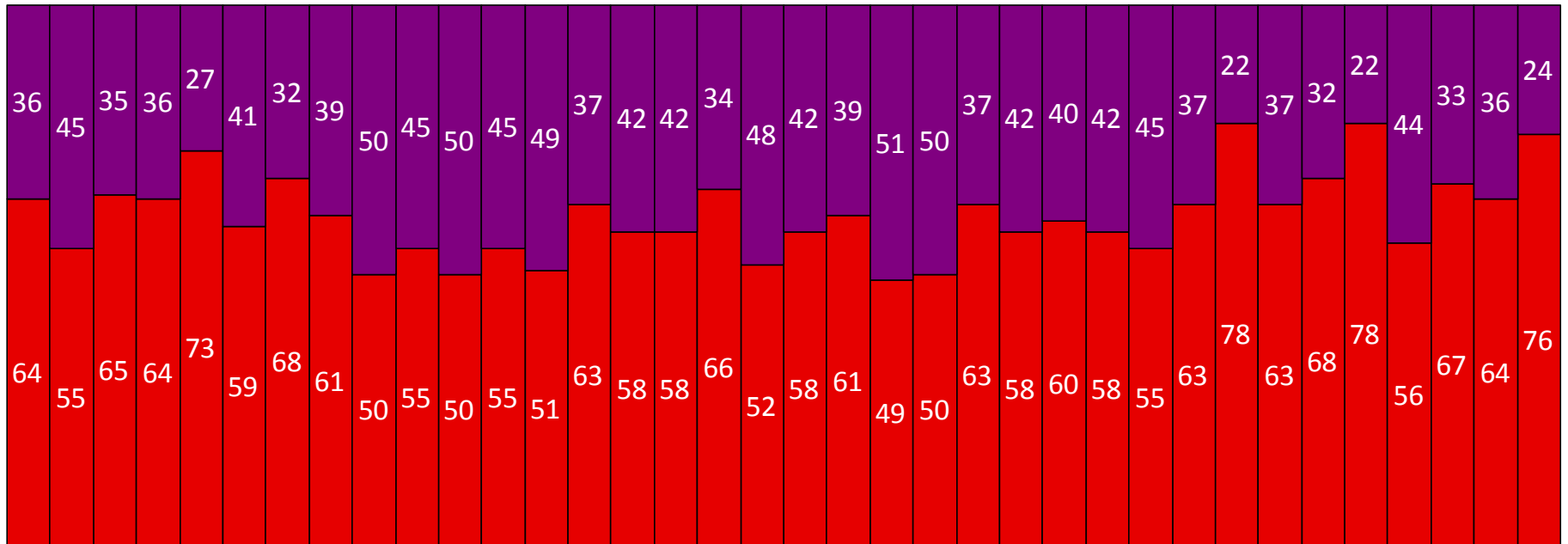


# New Foreign Orders

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

Yes No

out of 100%



Q1 2014

Q2

Q3

Q4

Q1 2015

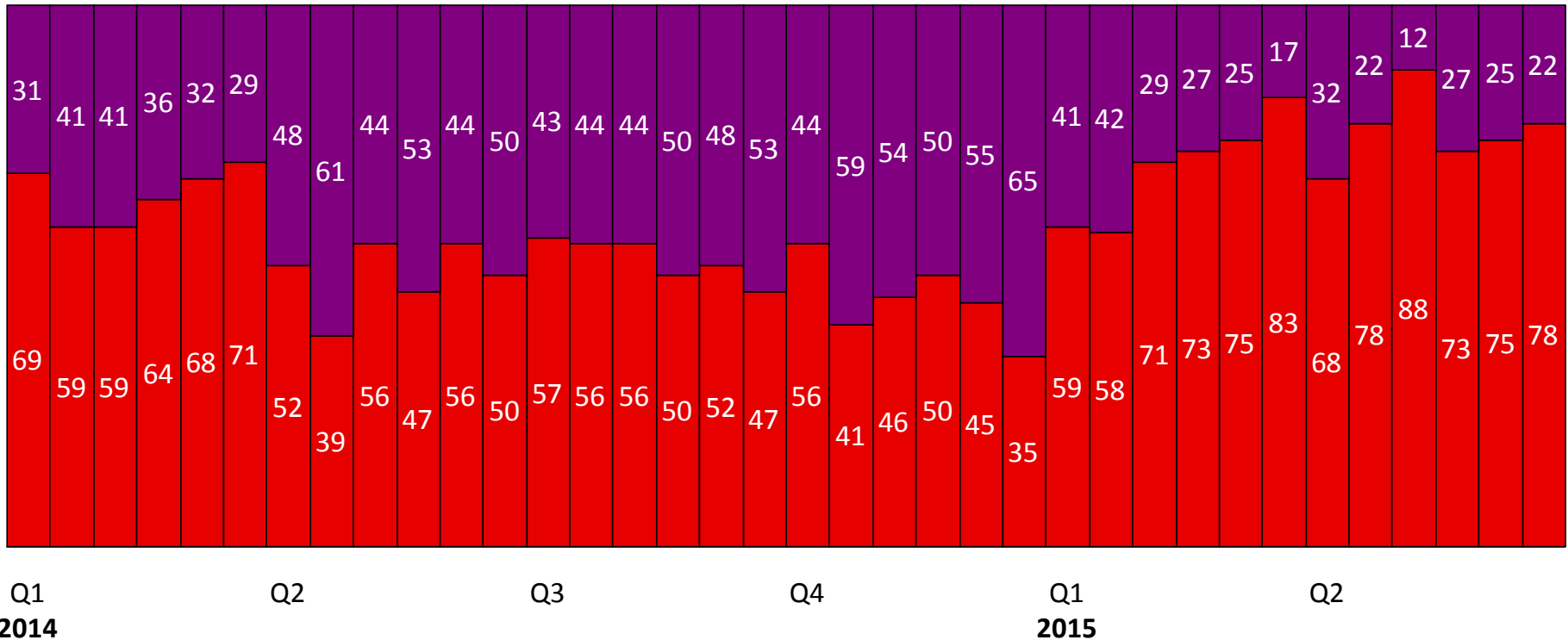
Q2

# New Foreign Orders

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

Yes No

out of 100%



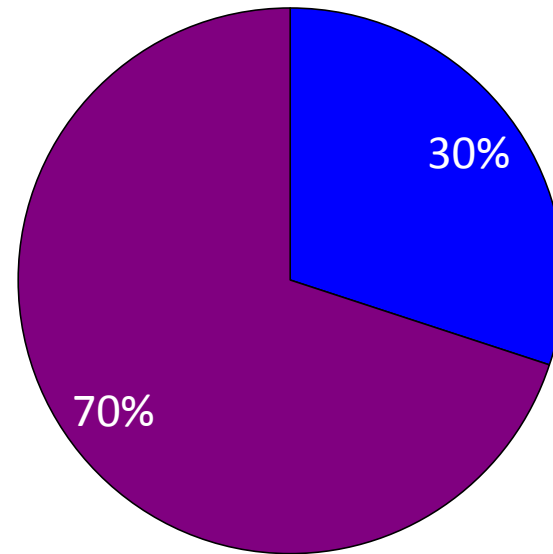
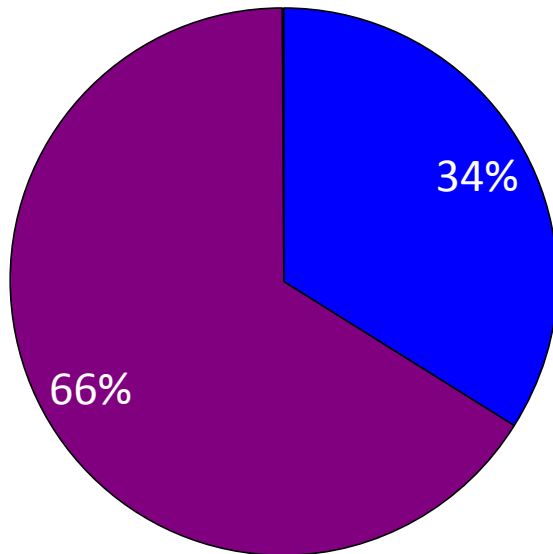
# Reduction of Domestic Orders

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

## Manufacturers

## Service Centers

Yes No

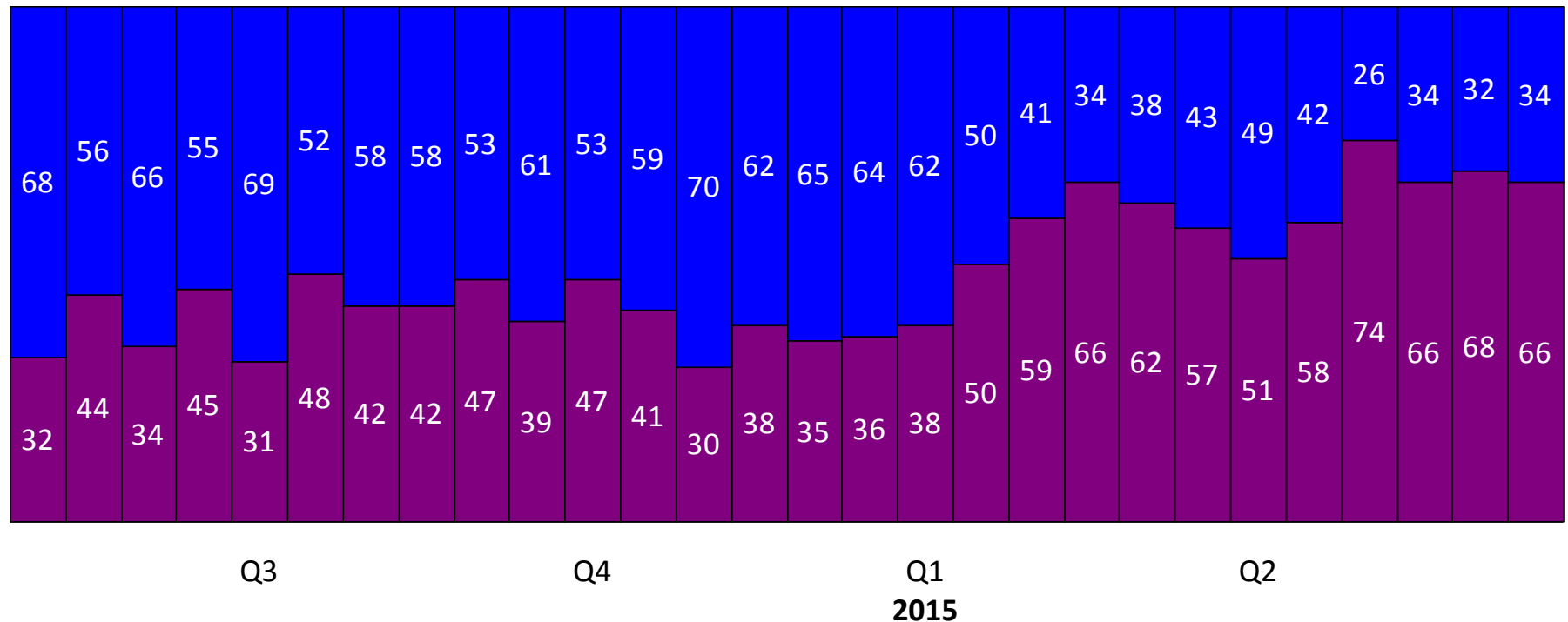


# Reduction of Domestic Orders

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out of 100%

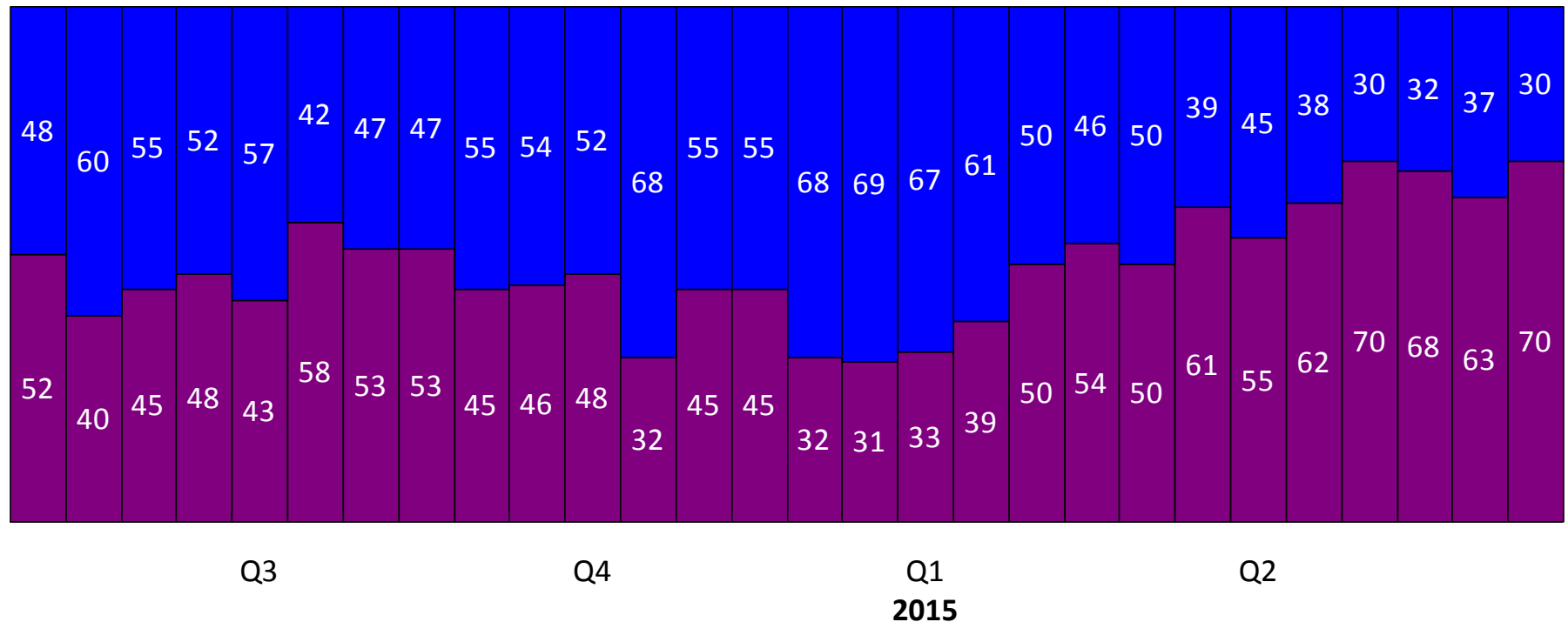


# Reduction of Domestic Orders

**Service Centers-** Will receipts of foreign imports cause your company to reduce domestic steel orders?

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out of 100%

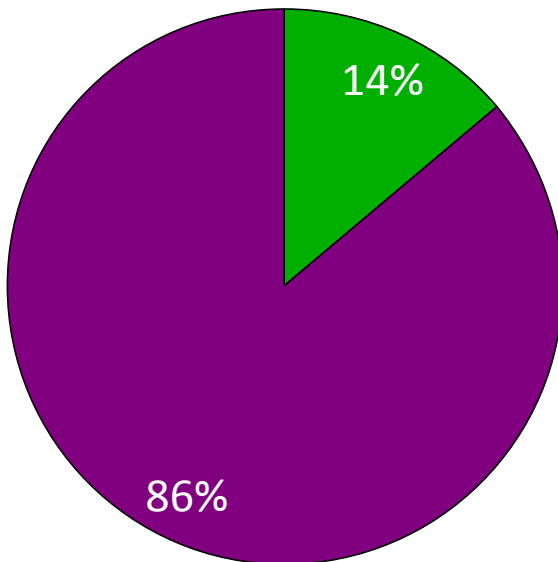




# Trading Companies

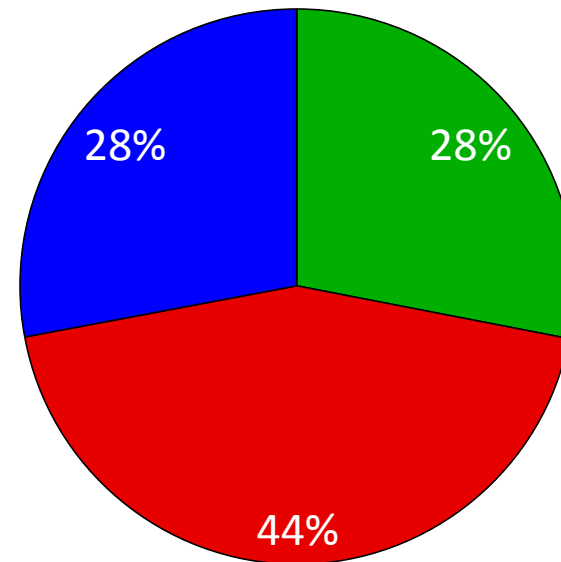
At this time, are you seeing an increase in requests for quotes from North American buyers for foreign steel?

Yes No



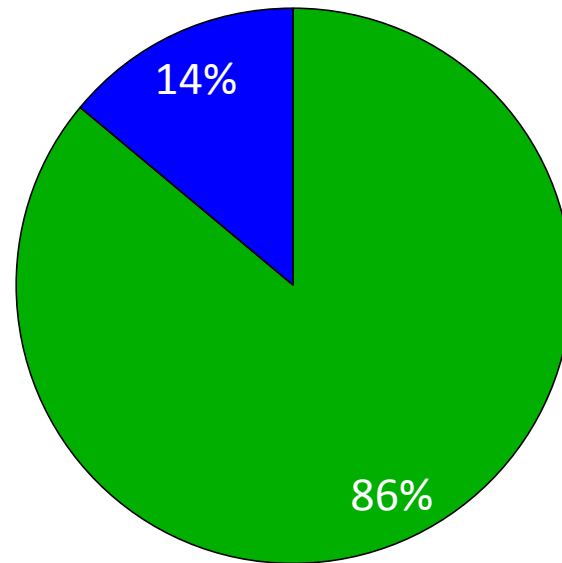
Are foreign steel prices rising compared to one month ago?

Yes  
No  
Remaining the same



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

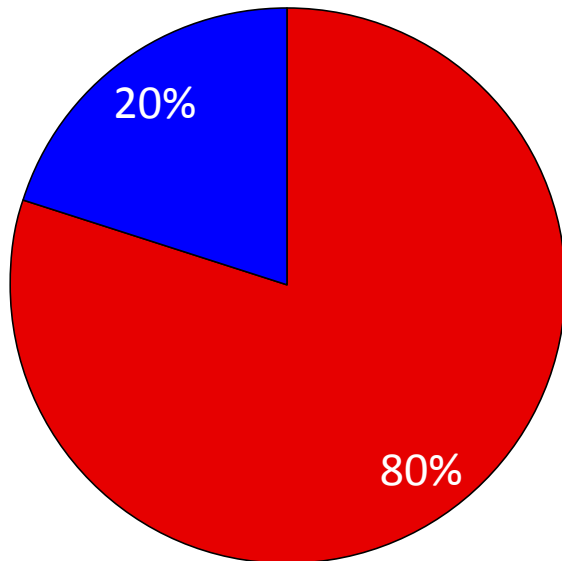
Yes No



# Trading Companies

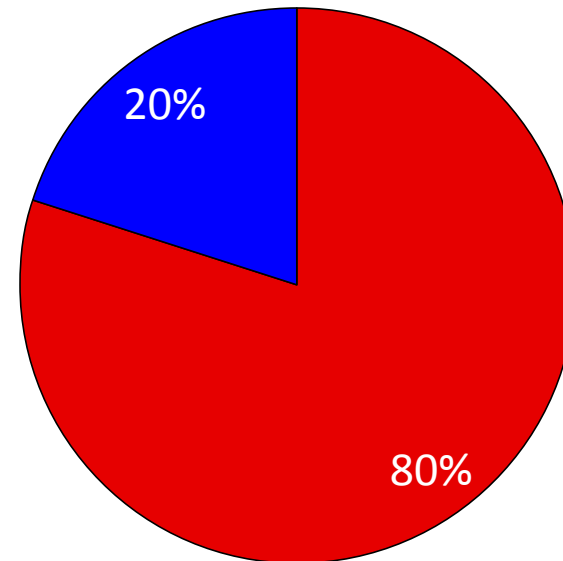
Are foreign galvanized prices more competitive, same, or less competitive than one month ago?

- More competitive
- Same
- Less competitive



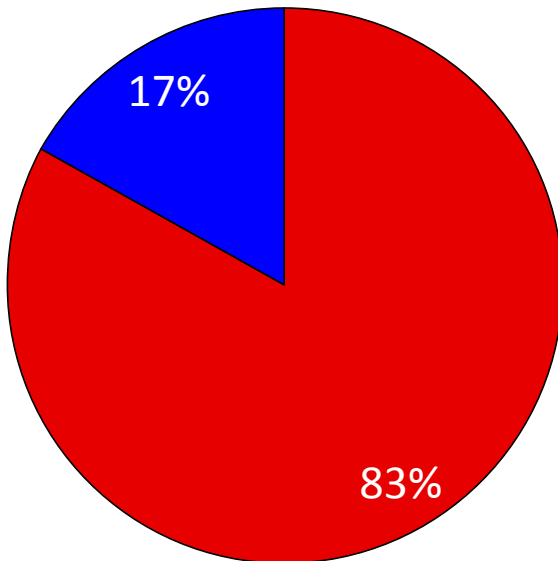
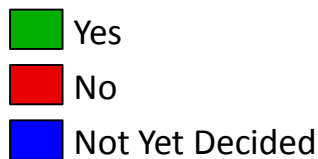
Are foreign Galvalume prices more competitive, same or less competitive than one month ago?

- More competitive
- Same
- Less competitive

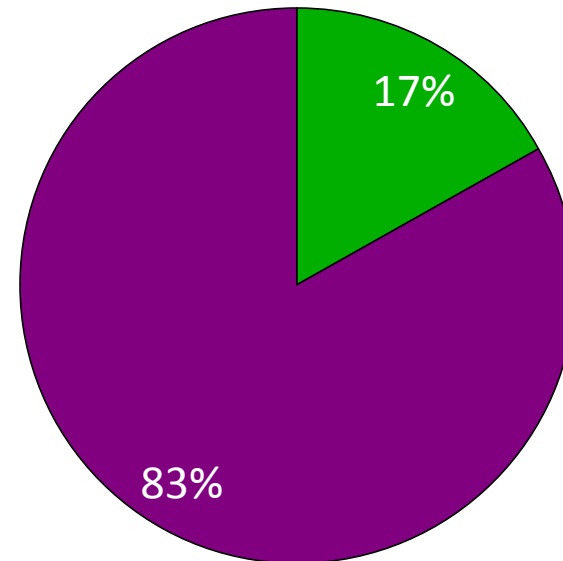


# Trading Companies

Will the Chinese mills continue to quote and ship coated products to the U.S. despite dumping suit?



Will the Taiwanese, Indian, South Korean or Italian mills continue to quote and ship coated steels to the U.S. despite dumping suit?



# 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  
**July 6<sup>th</sup> 2015**

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

When you need answers... [www.SteelMarketUpdate.com](http://www.SteelMarketUpdate.com)