



STEEL MARKET UPDATE

Steel Trends in a Turbulent Market

Responses from our June 2nd 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

Steel Summit 2014



Steel Market Update is pleased to announce the return of our 'Steel Summit: Forecasting & Risk Analysis' conference to Atlanta, GA on September 3-4 2014.



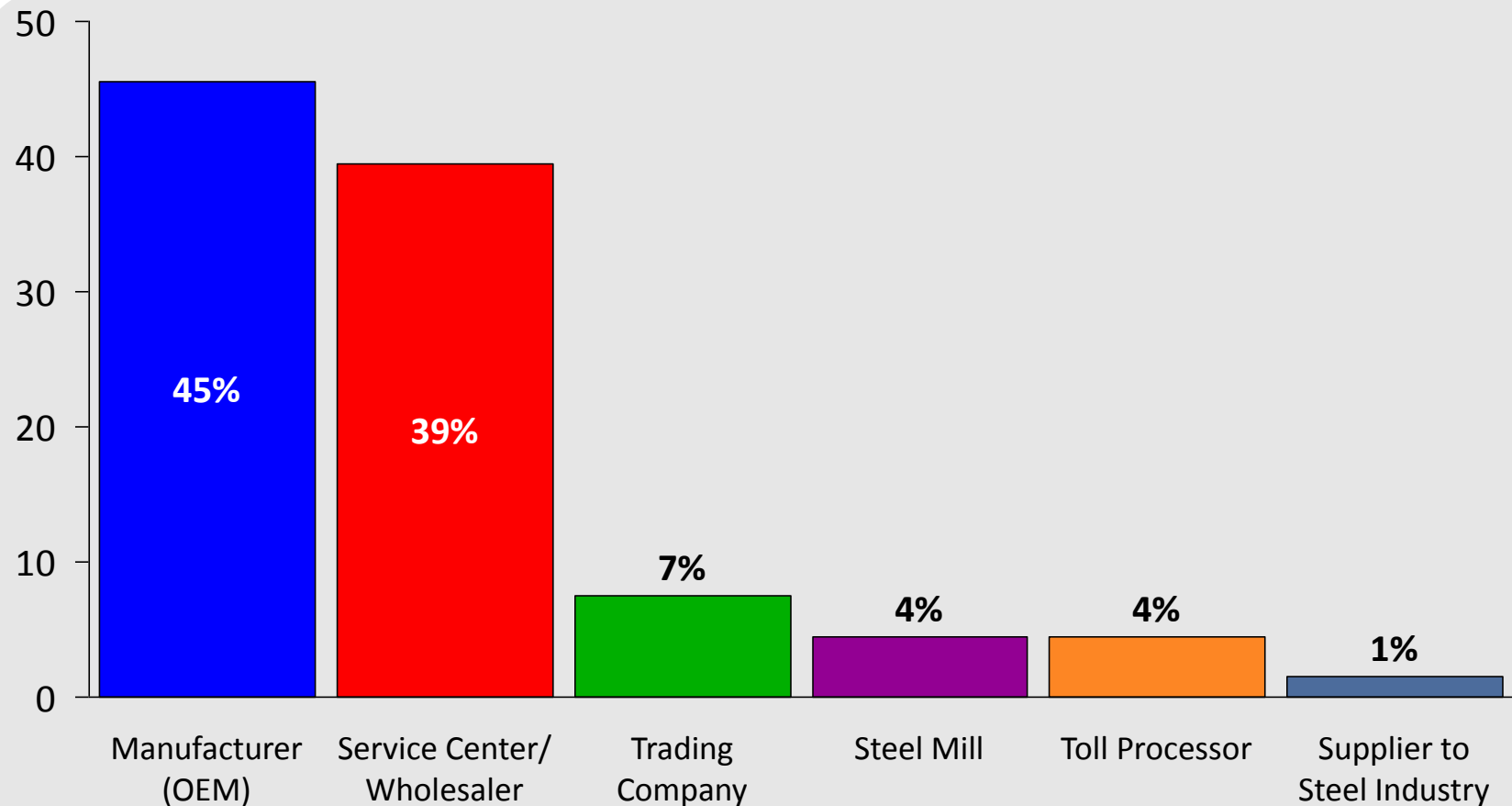
This years conference will focus on current risk in both the global and domestic steel industry as well as provide forecasting from a number of steel related industry sectors.

Mark your calendars and join a host of manufacturing and steel distribution professionals for a look into the future of the North American steel market.

For more details visit: www.SteelMarketUpdate.com/Events

Survey Participants

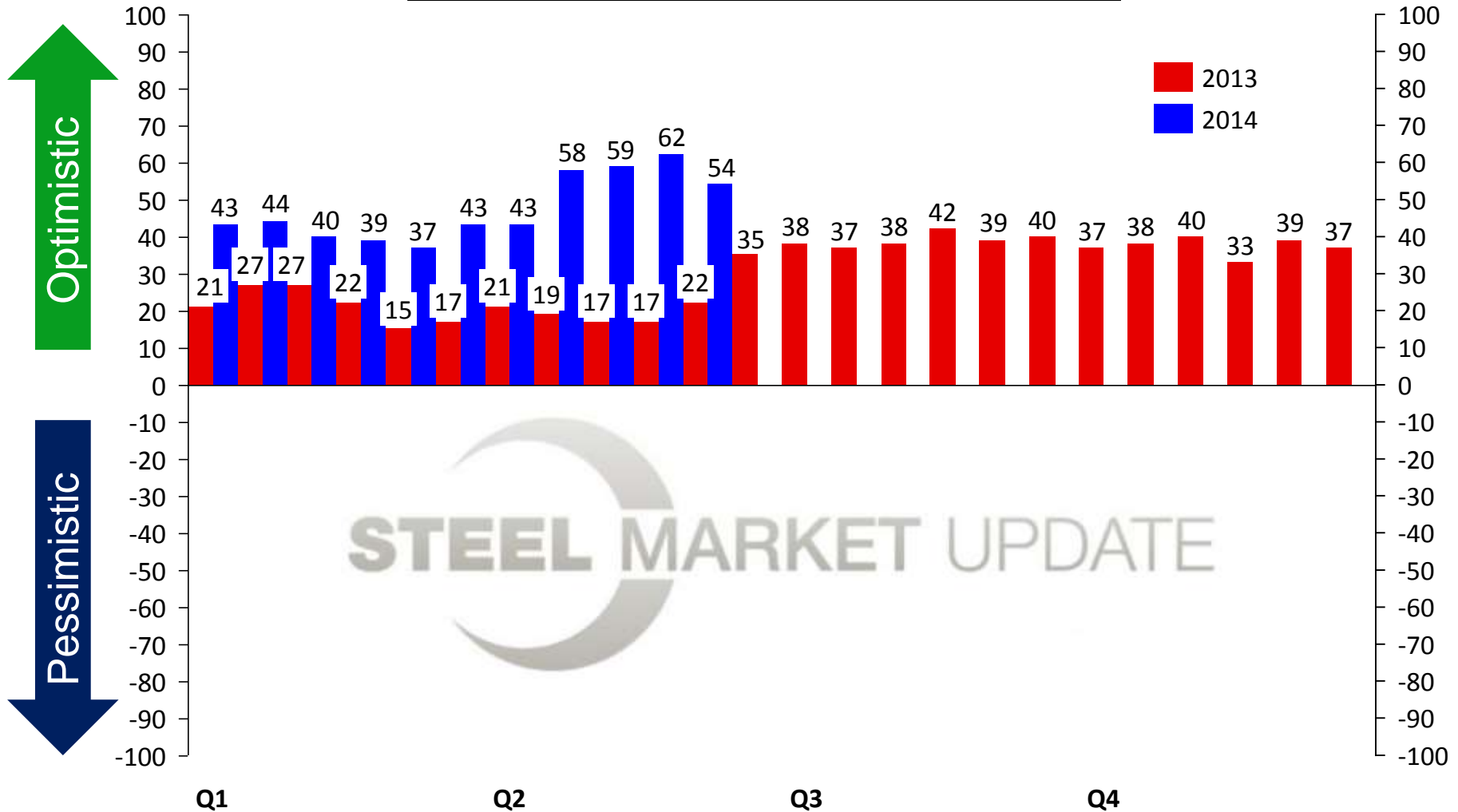
Our survey is by invitation only- Over 600 companies, mostly in the manufacturing or distribution industries, are asked to participate. Here are the percentages of participation in this week's survey by market sector.



SMU Buyers Sentiment Index

Down 8 points to +54

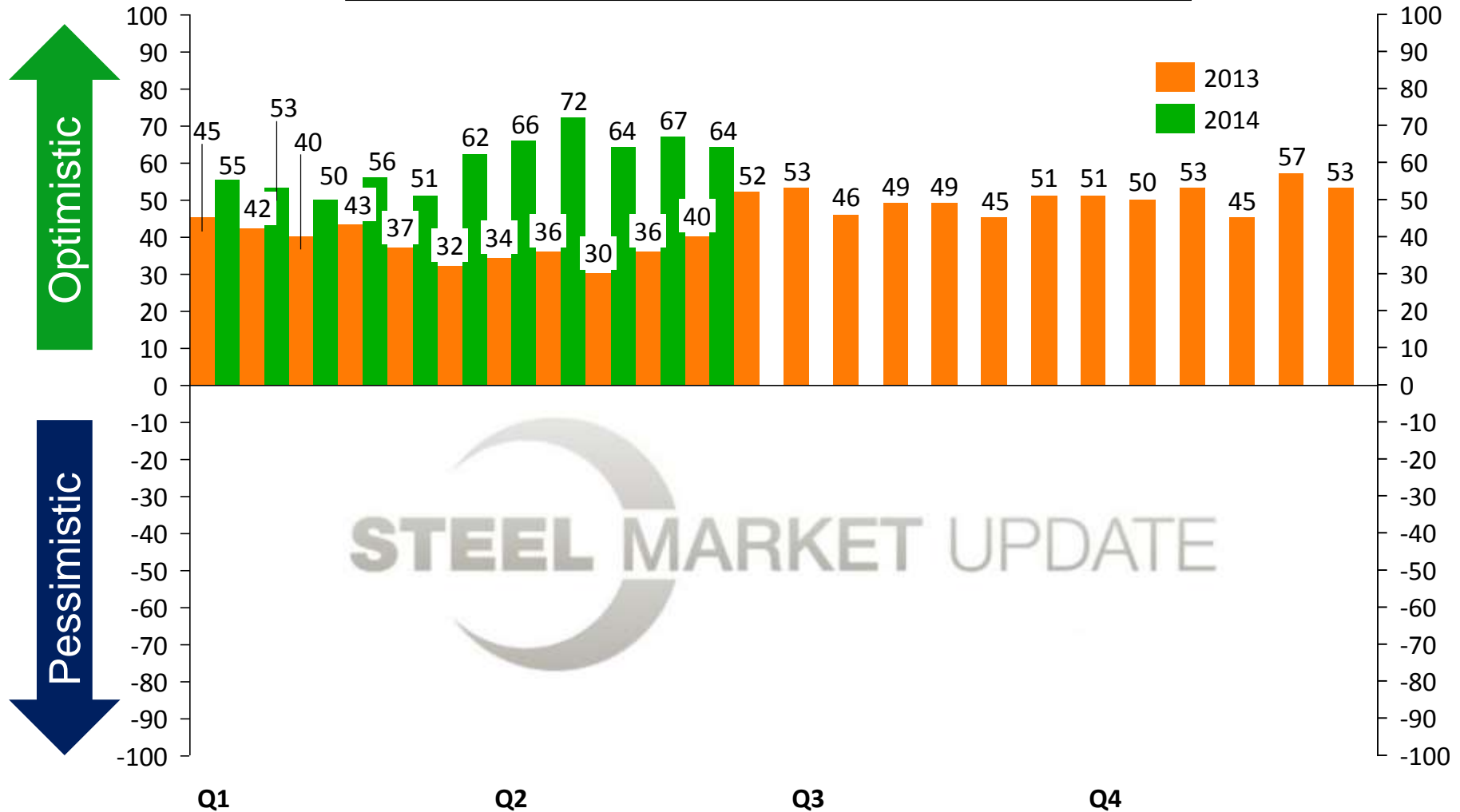
Steel Market Update Buyers Sentiment Index



SMU Future Buyers Sentiment Index

Down 3 points to +64

Steel Market Update 'Future' Buyers Sentiment Index

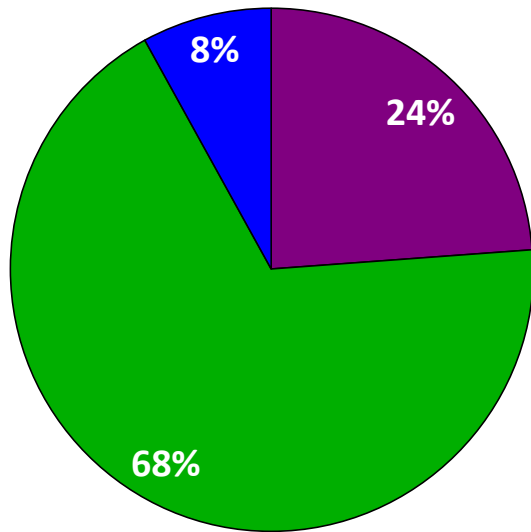


Overall Demand

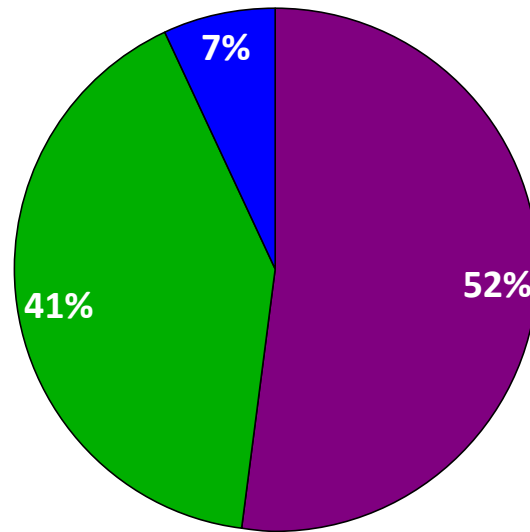
Are you seeing demand for your products improving, remaining the same or declining?

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

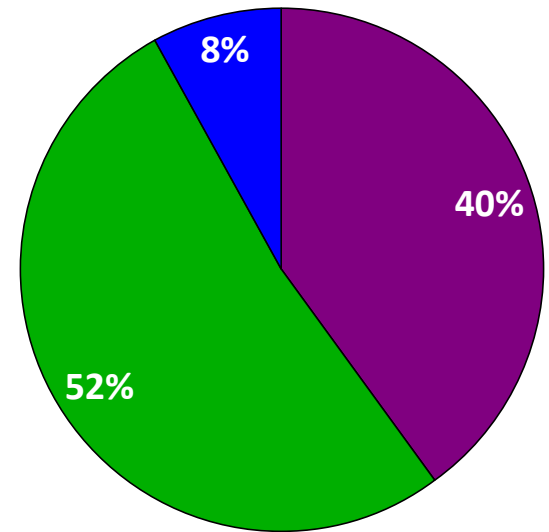
March 6th 2014



May 9th 2014



June 6th 2014

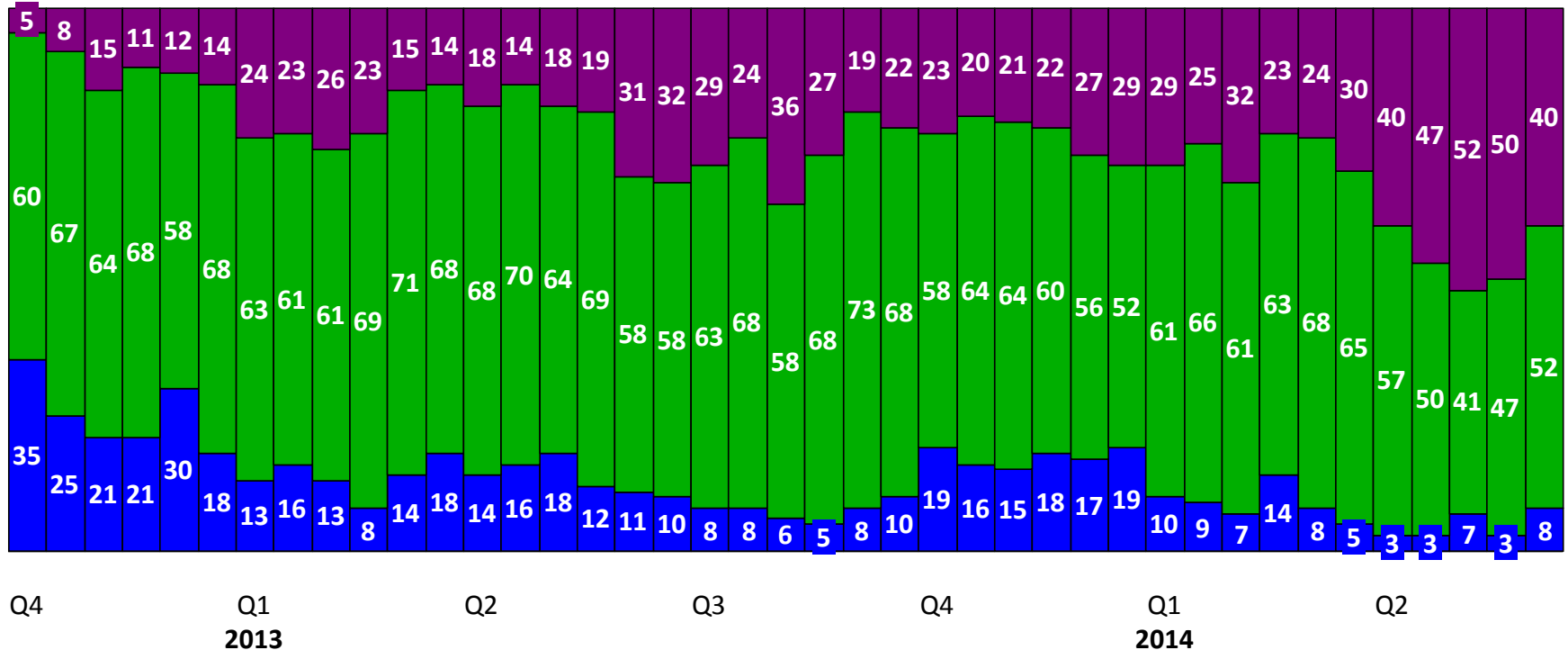


Overall Demand History

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

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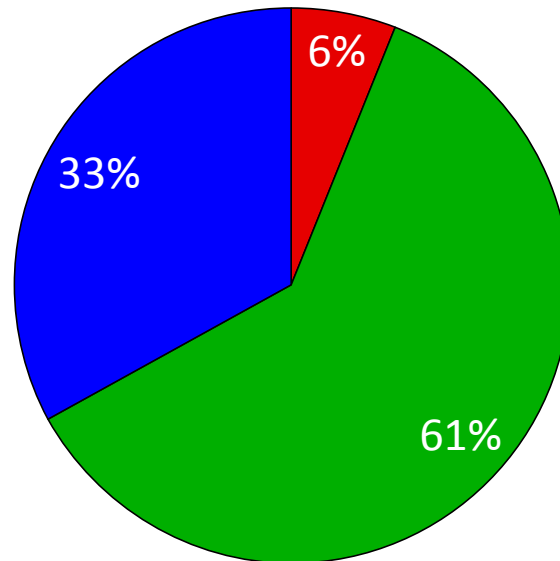
out of 100%



Price Expectations

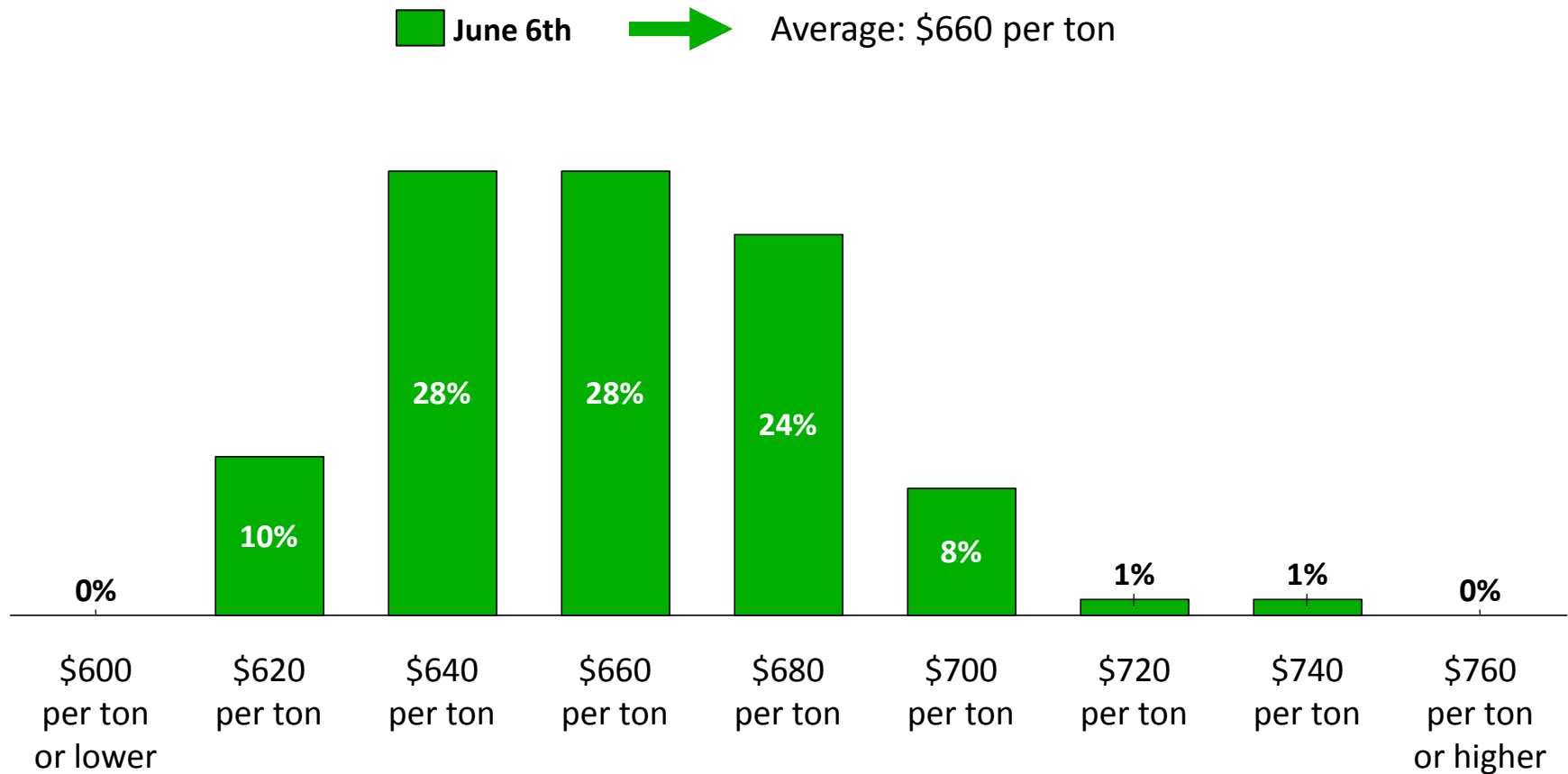
By the end of June 2014 the direction mill spot prices will be head will be ___?

Higher Lower Sideways



Prices on July 1st




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

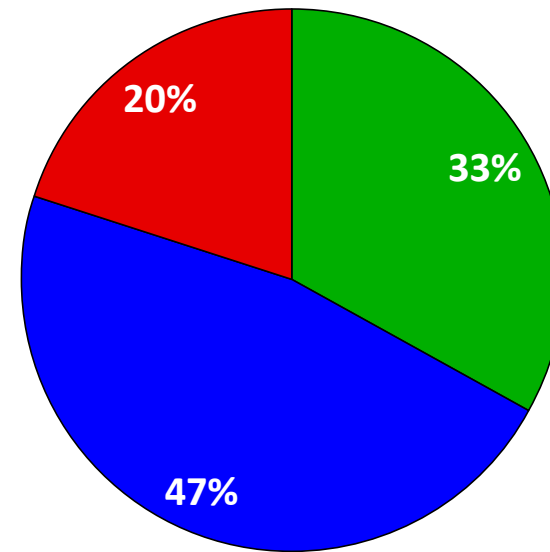
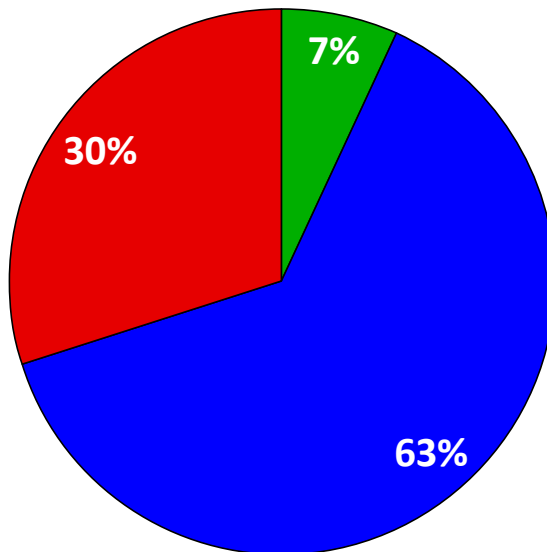


Did your company meet forecast last month?

Manufacturers

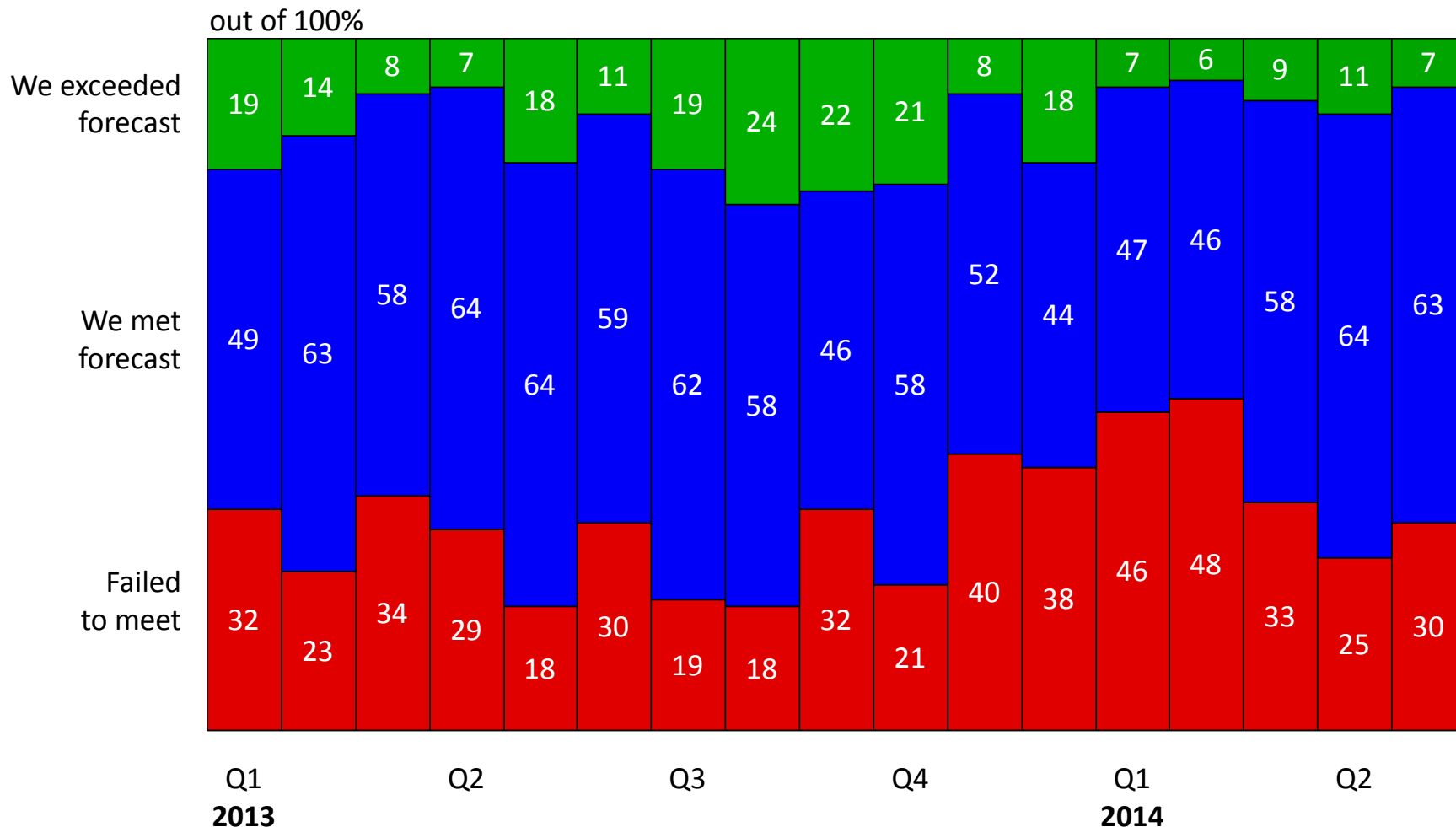
Service Centers

-  We exceeded forecast
-  We met forecast
-  We failed to meet forecast



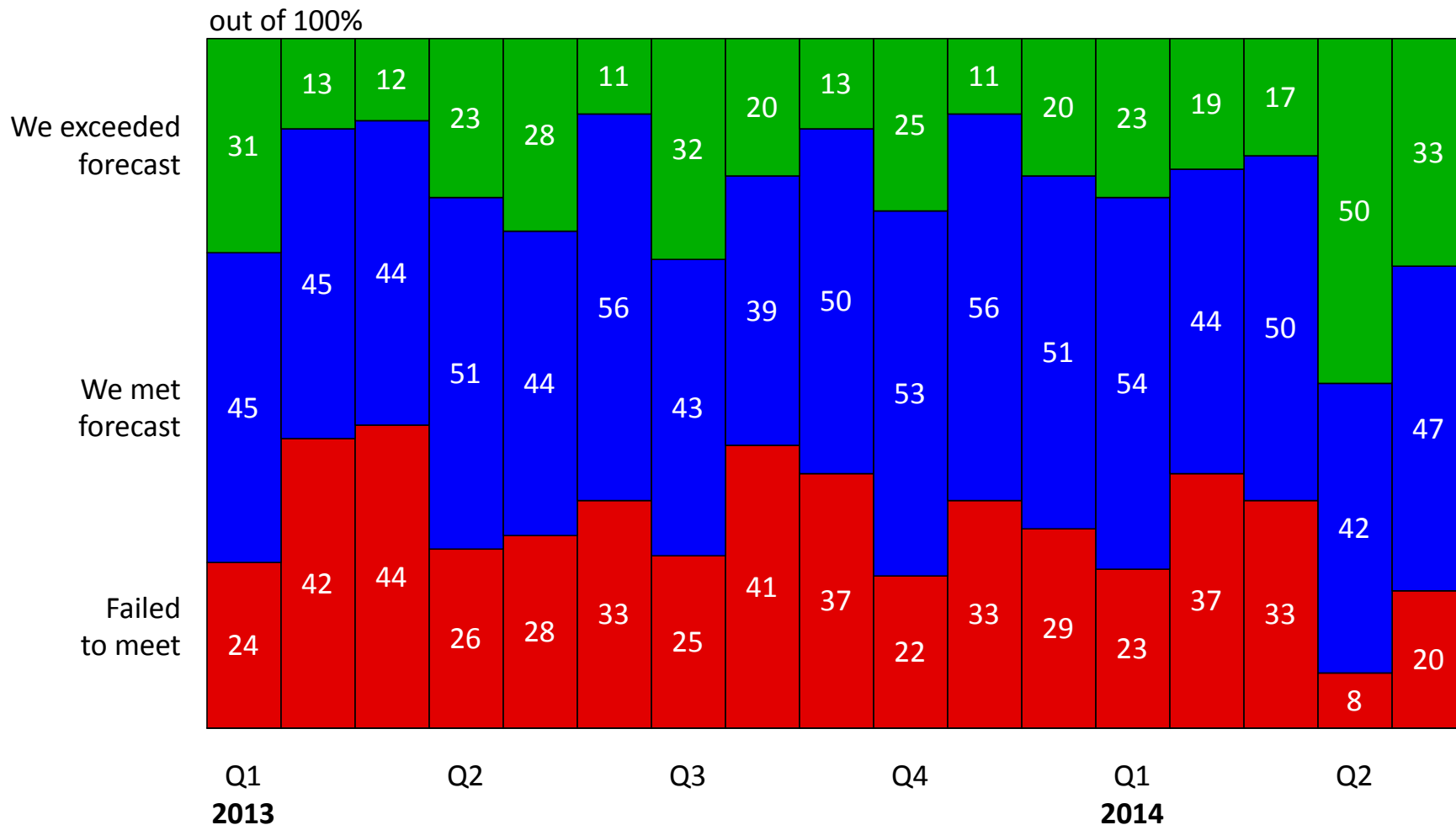
Manufacturer Comparison of Business Level Forecast

Manufacturers- Did your company meet forecast for the month of...



Service Center Comparison of Business Level Forecast

Service Centers- Did your company meet forecast for the month of...

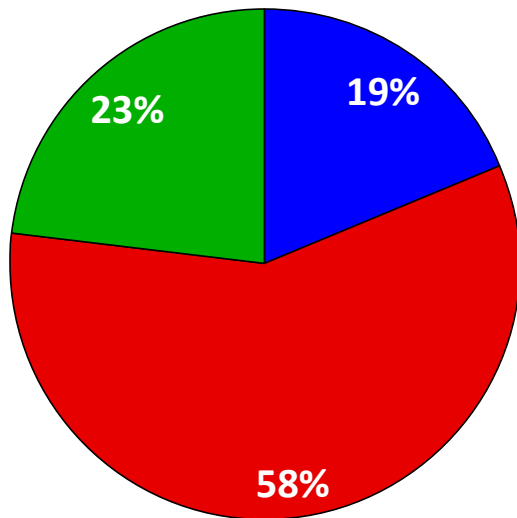


Manufacturer Purchases

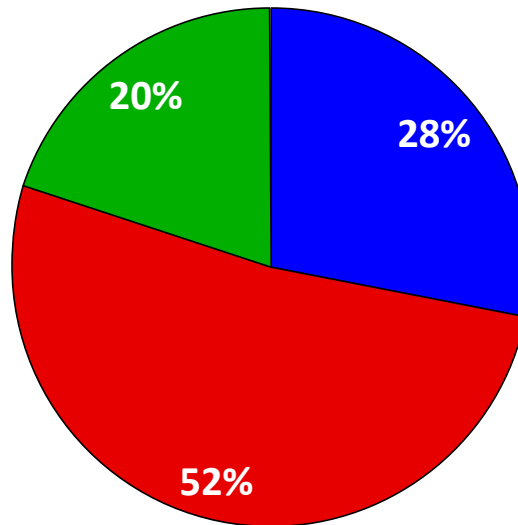
Manufacturers- Compared to this time last year – is your company buying more, less or the same amount of flat rolled steel as one year ago?

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

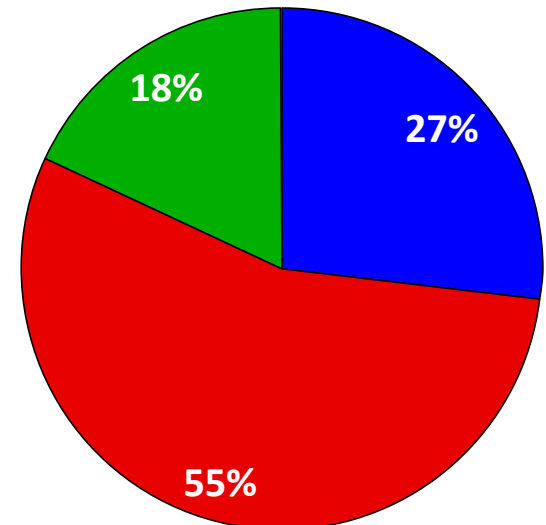
March 6th 2014



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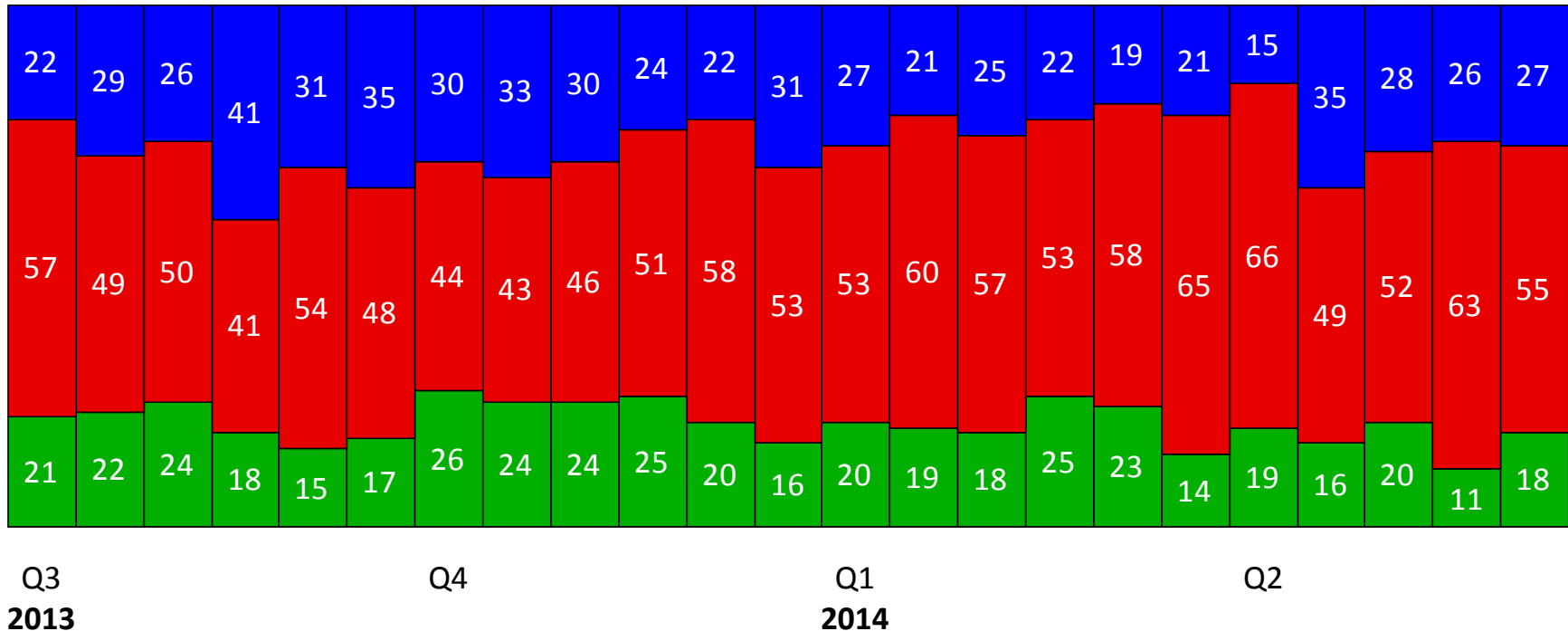


History of Manufacturer Purchases

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
- Buying the same amount of steel
- Buying less steel

out of 100%

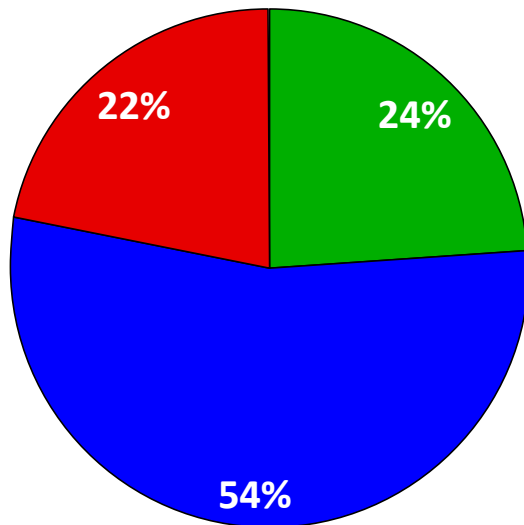


Service Center Releases

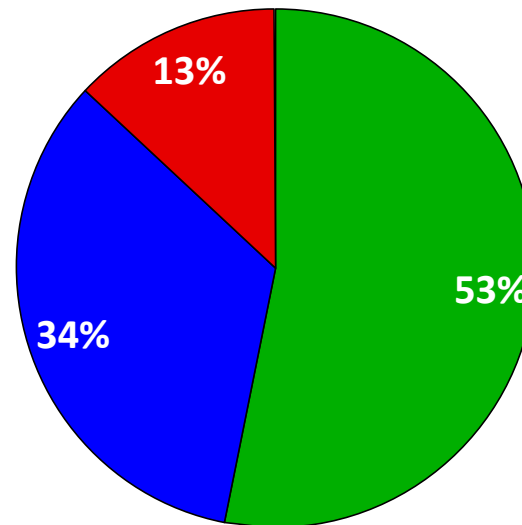
Service Centers- How do you see your customers releases (demand) for the products your company provides this year compared to this time last year?

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

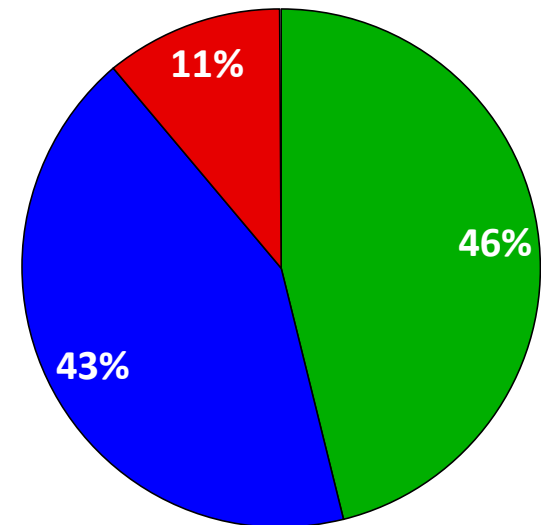
March 6th 2014



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June 6th 2014

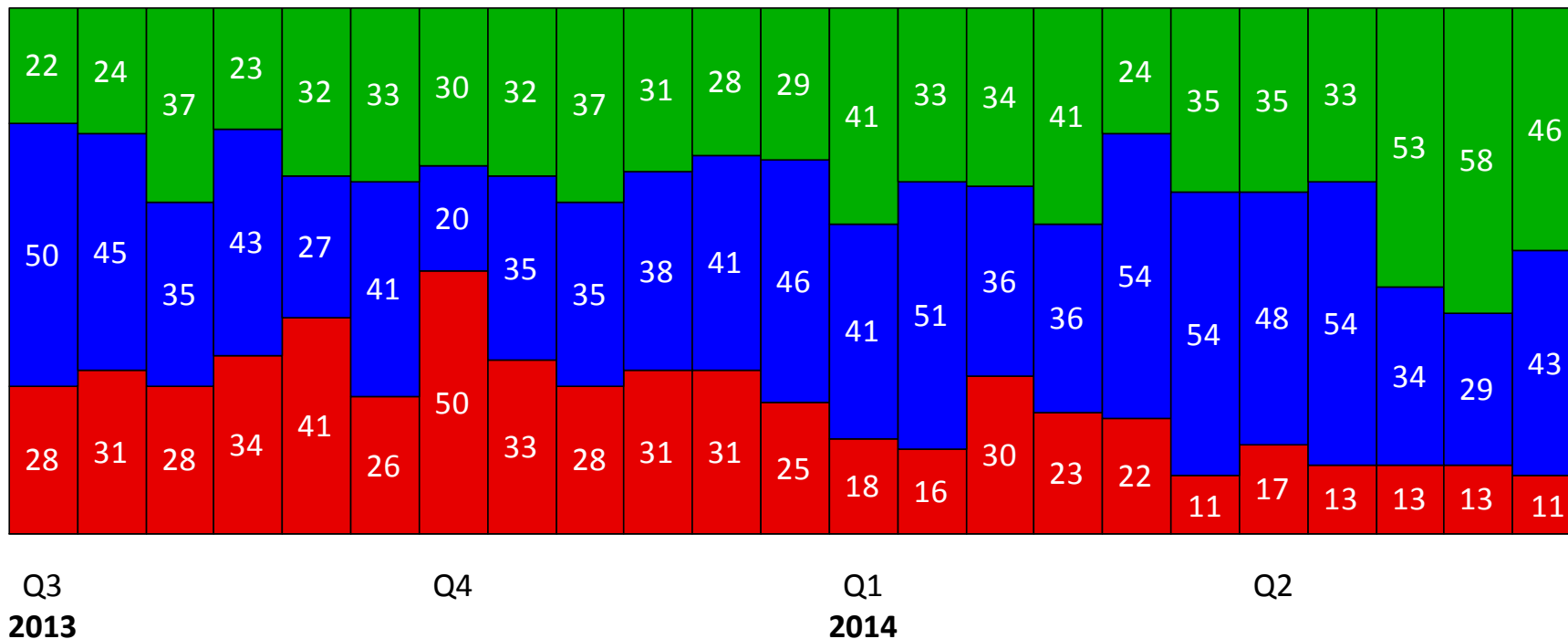


Service Center Release History

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

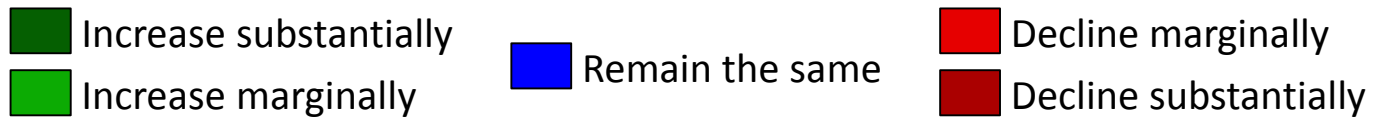
- Releasing more steel
- Releasing the same amount of steel
- Releasing less steel

out of 100%

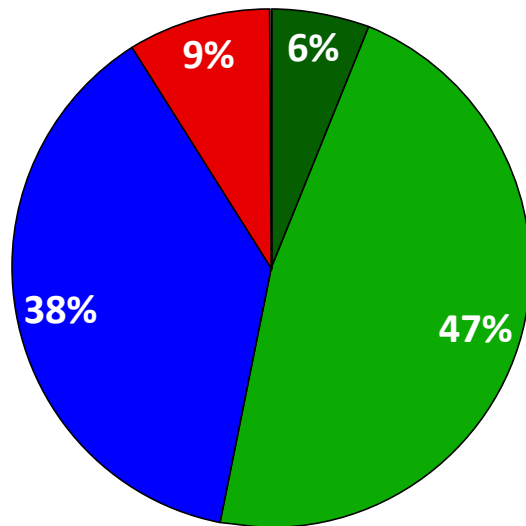


Manufacturer Demand

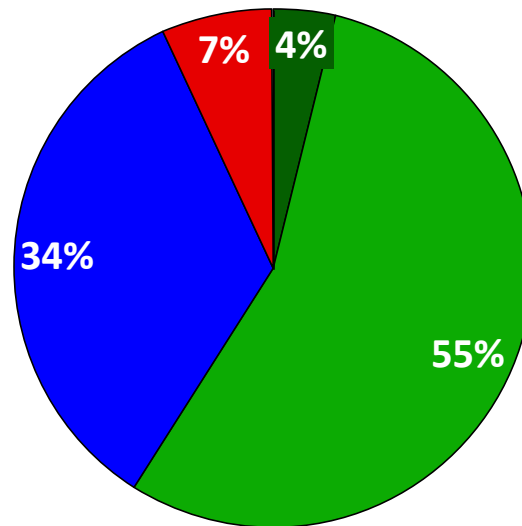
Manufacturers- Demand for your products will _____
over the next 3 months based on current order flows.



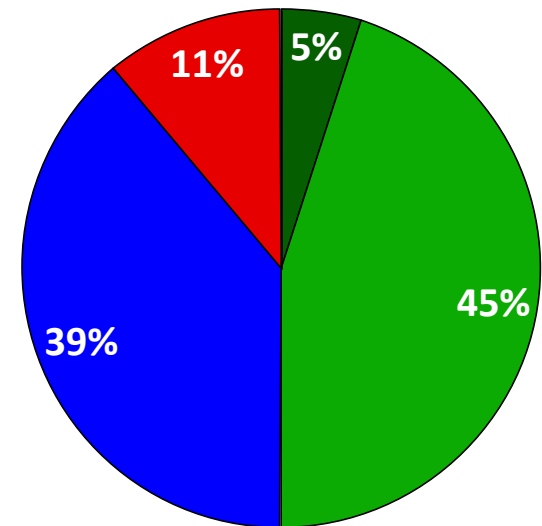
March 6th 2014



May 9th 2014

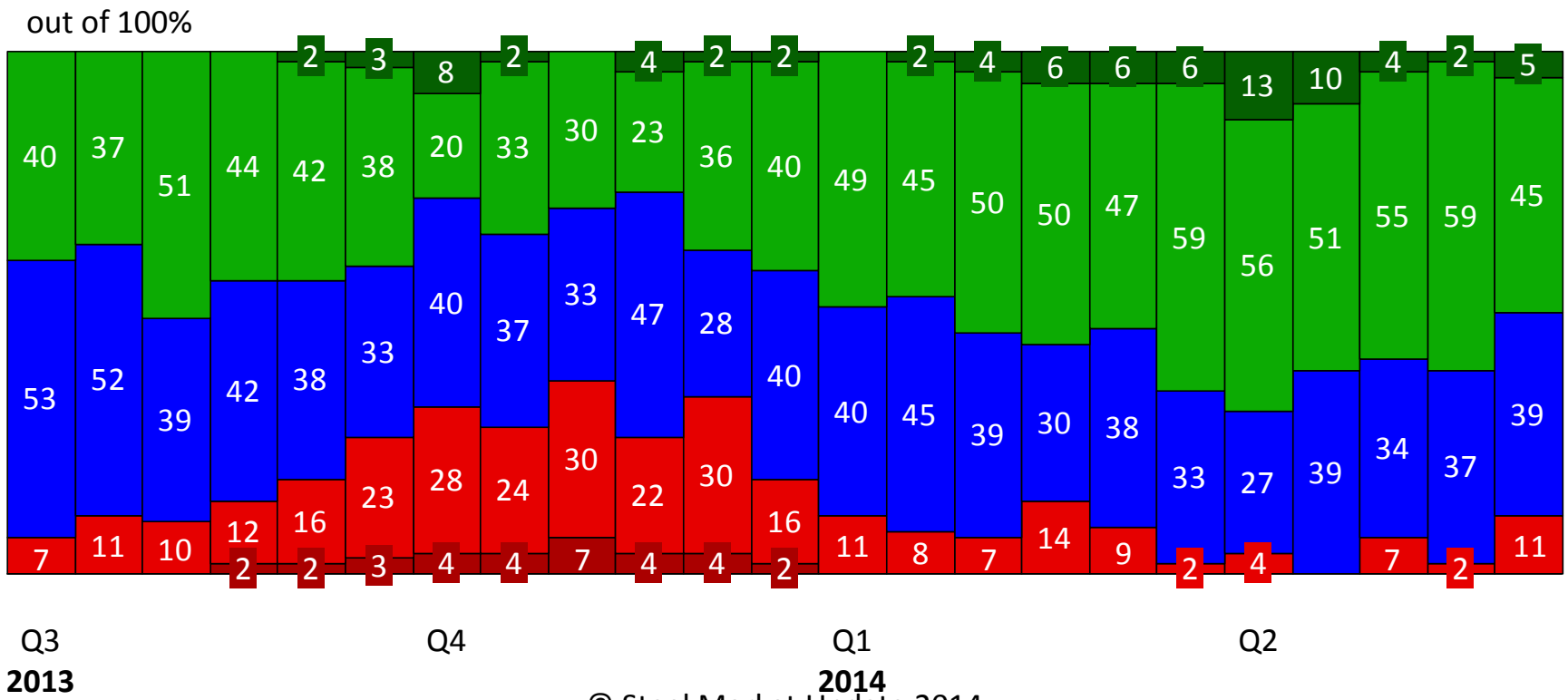
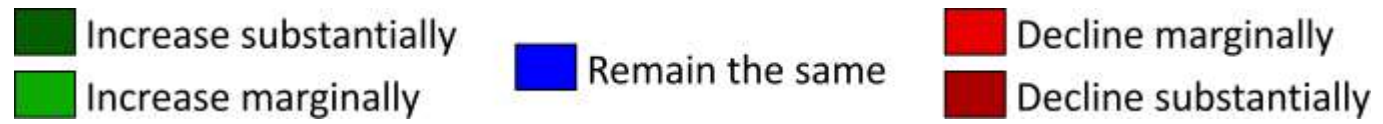


June 6th 2014



Manufacturer Demand History

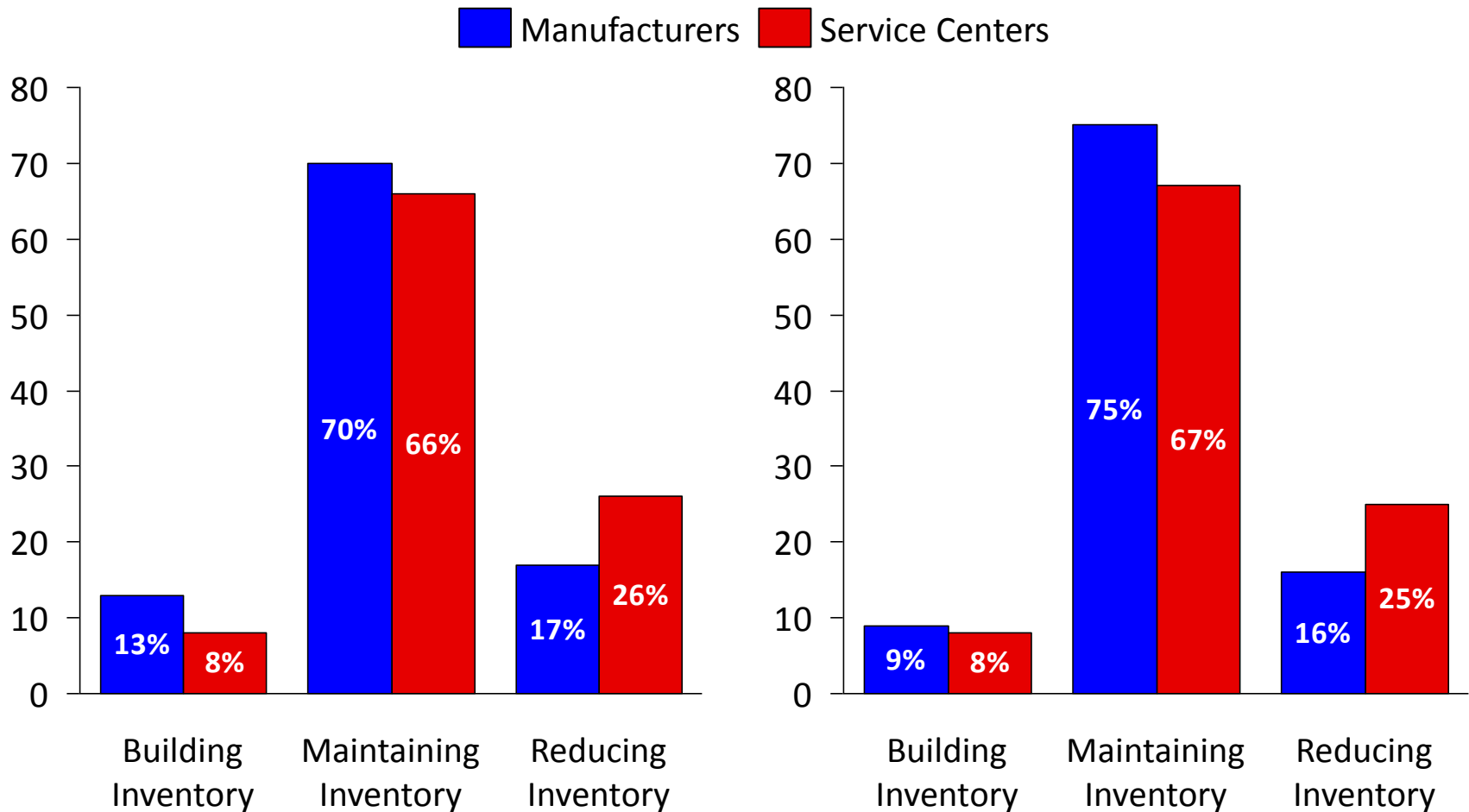
Manufacturers- Demand for your products will _____ over the next 3 months based on current order flows.



Manufacturer and Service Center Inventory Buying Patterns

May 9th 2014

June 6th 2014

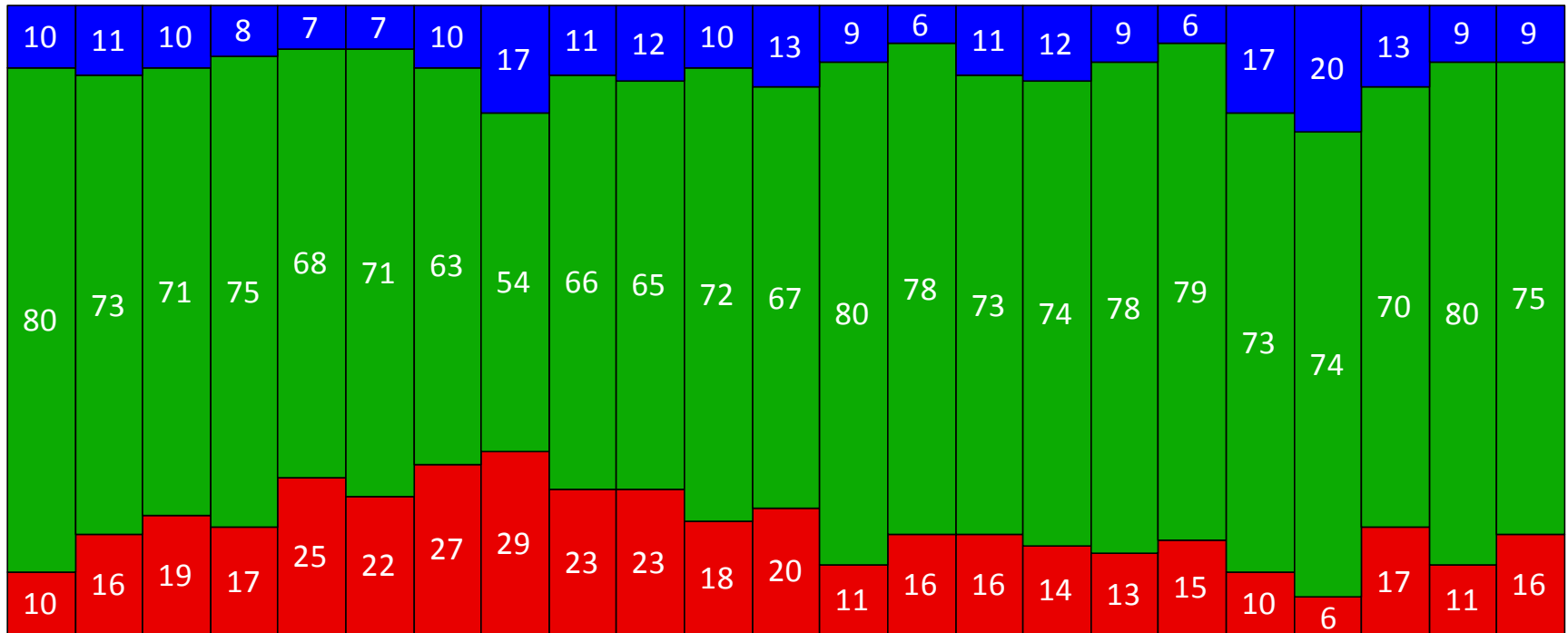


Manufacturer Inventory Buying History

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

■ Building Inventory
 ■ Maintaining Inventory
 ■ Reducing Inventory

out of 100%



2014

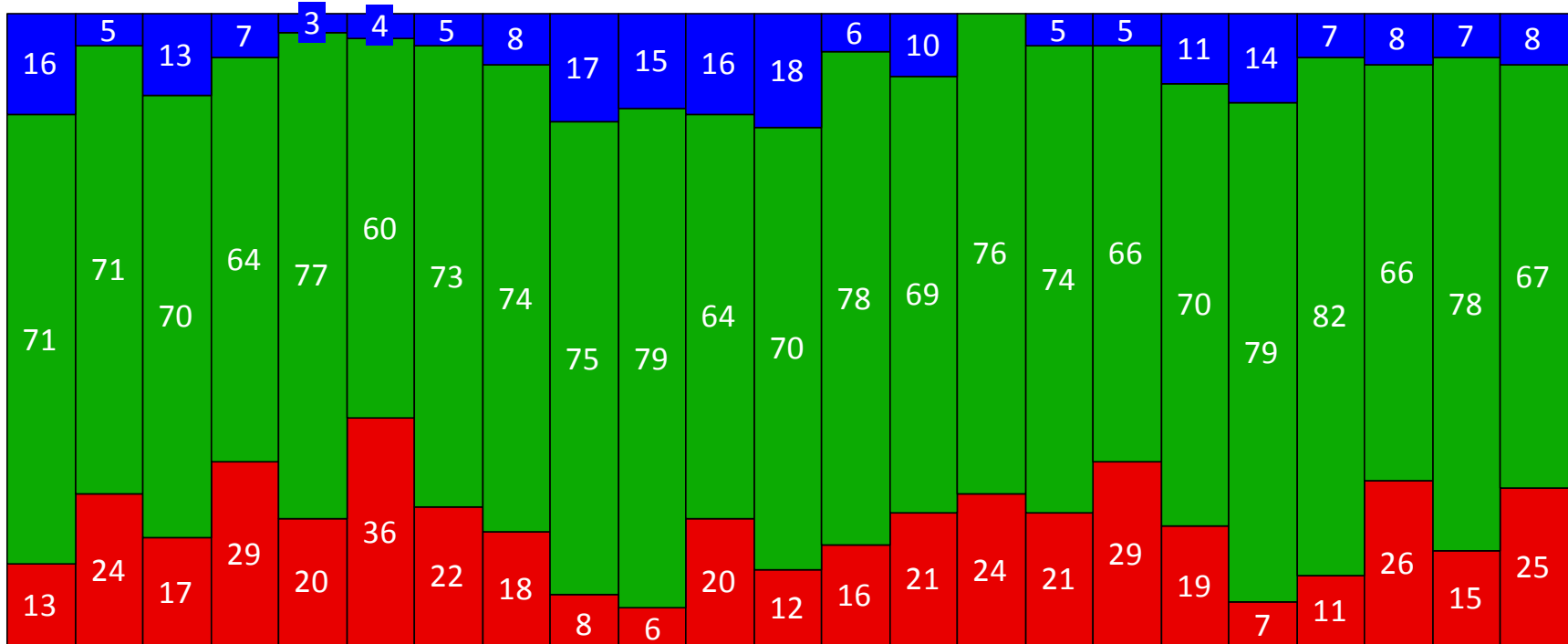
© Steel Market Update 2014

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%



Q3

Q4

Q1

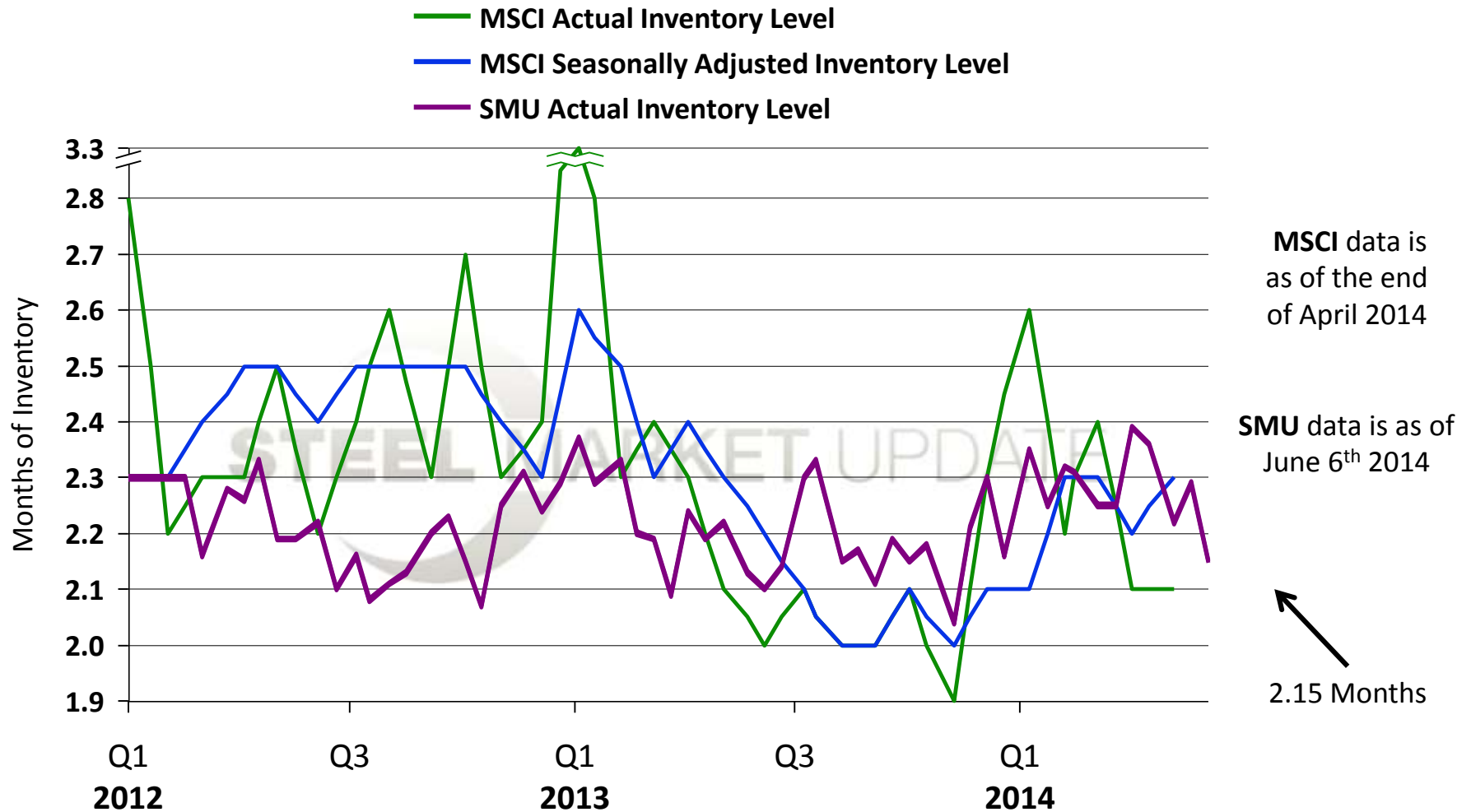
Q2

2014

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Service Center Months on Hand History

SMU Service Center & MSCI Inventory Level History Comparison

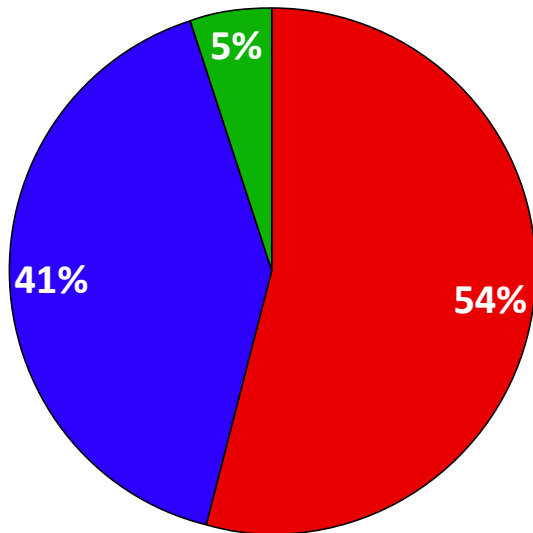


Manufacturer's View of Service Center Selling Prices

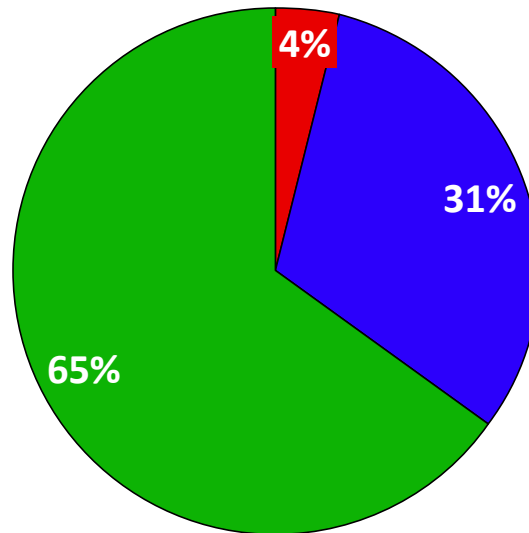
Manufacturers- Which comment do you feel is representative of service center pricing right now?

- 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

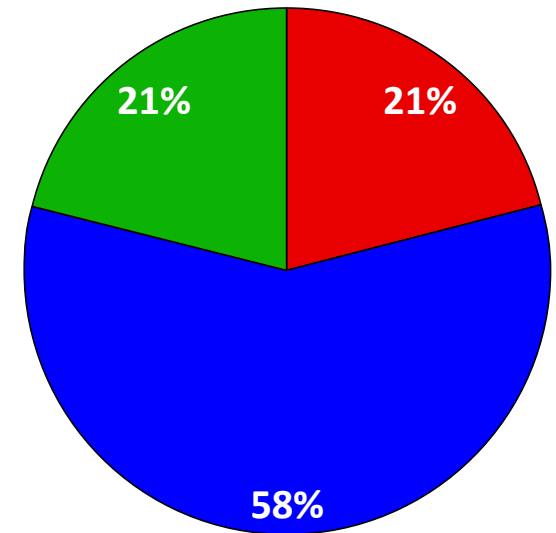
March 6th 2014



May 9th 2014



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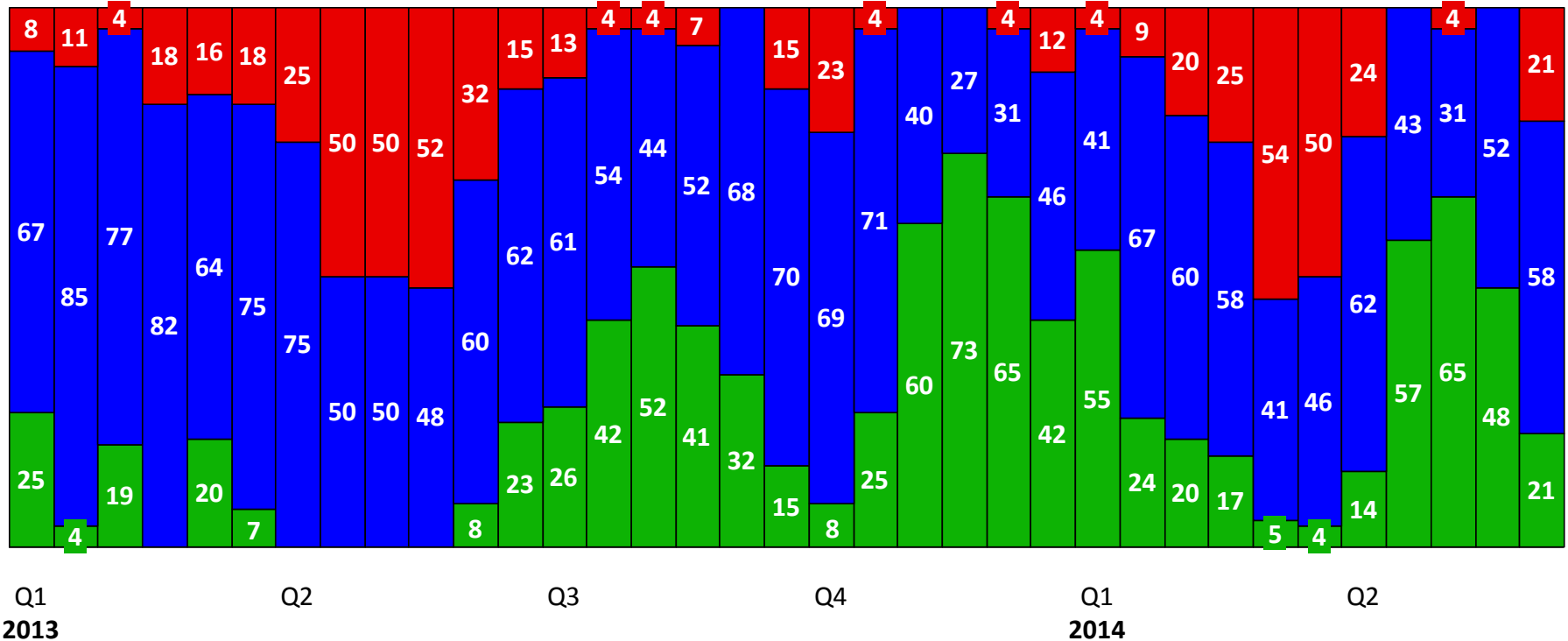


Manufacturer's View of Service Center Selling Prices History

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out of 100%

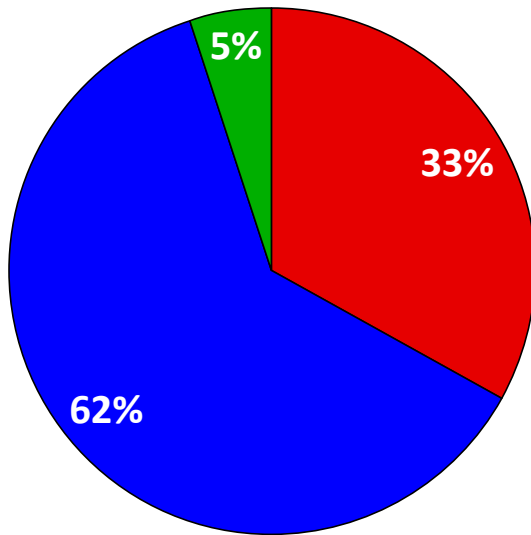


Service Center View of Selling Prices

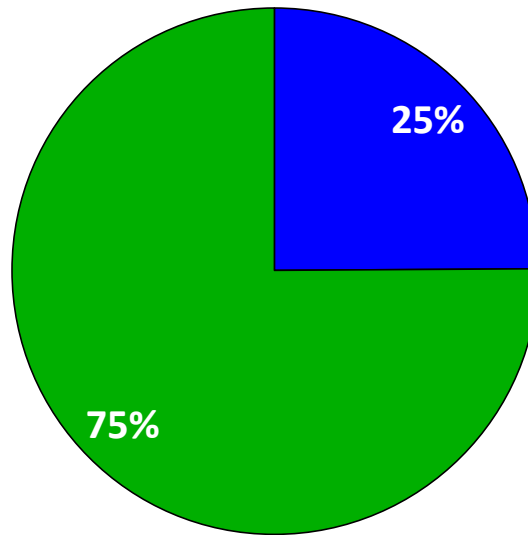
Service Centers- How is your company handling spot pricing to your customers at this time?

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

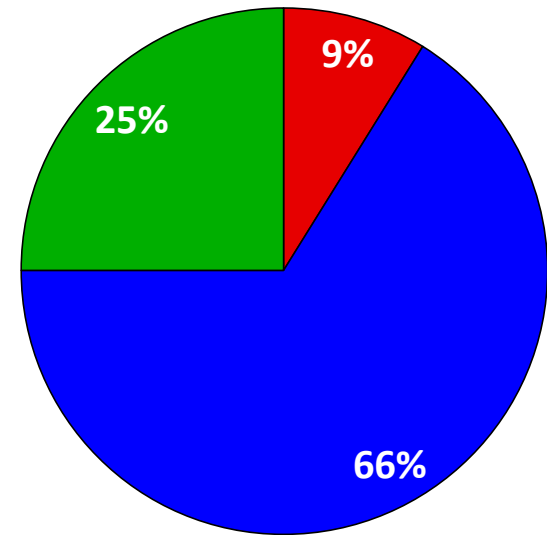
March 6th 2014



May 9th 2014



June 6th 2014

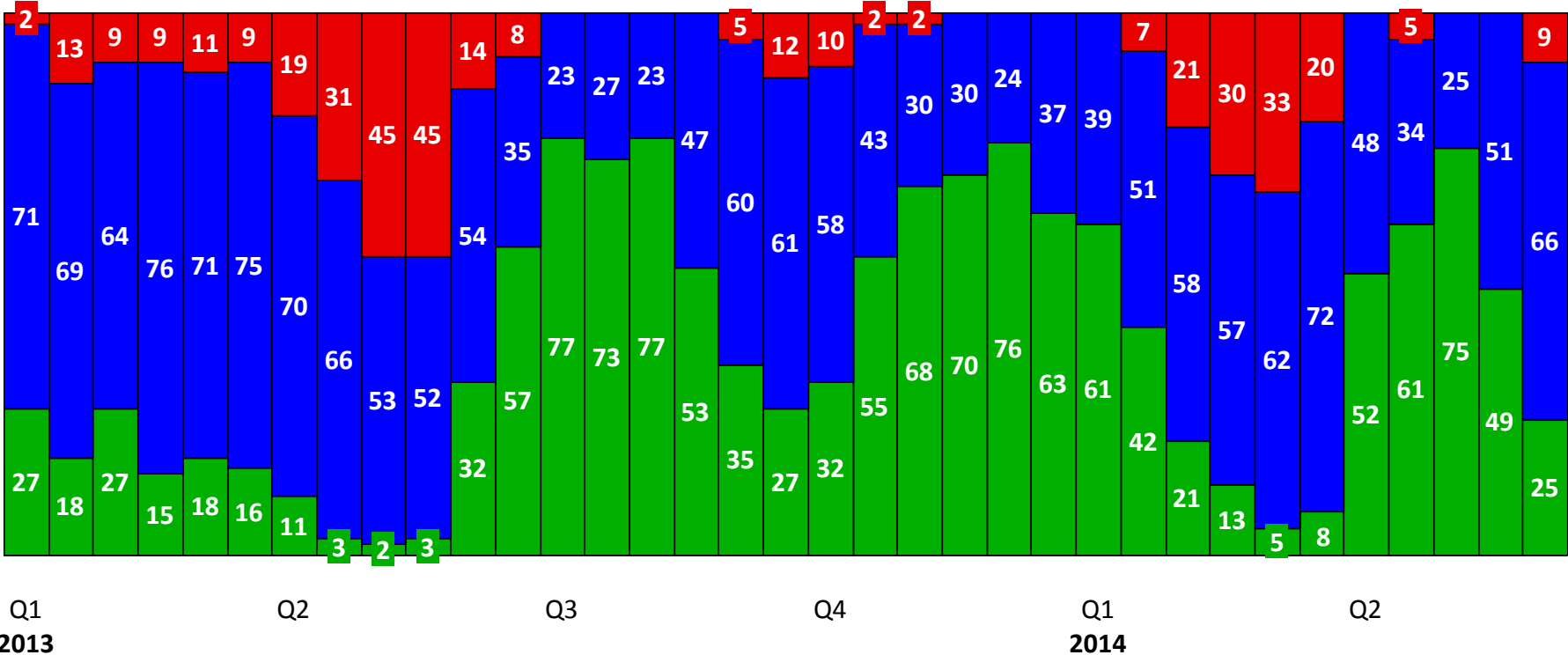


Service Center View of Selling Prices History

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out of 100%



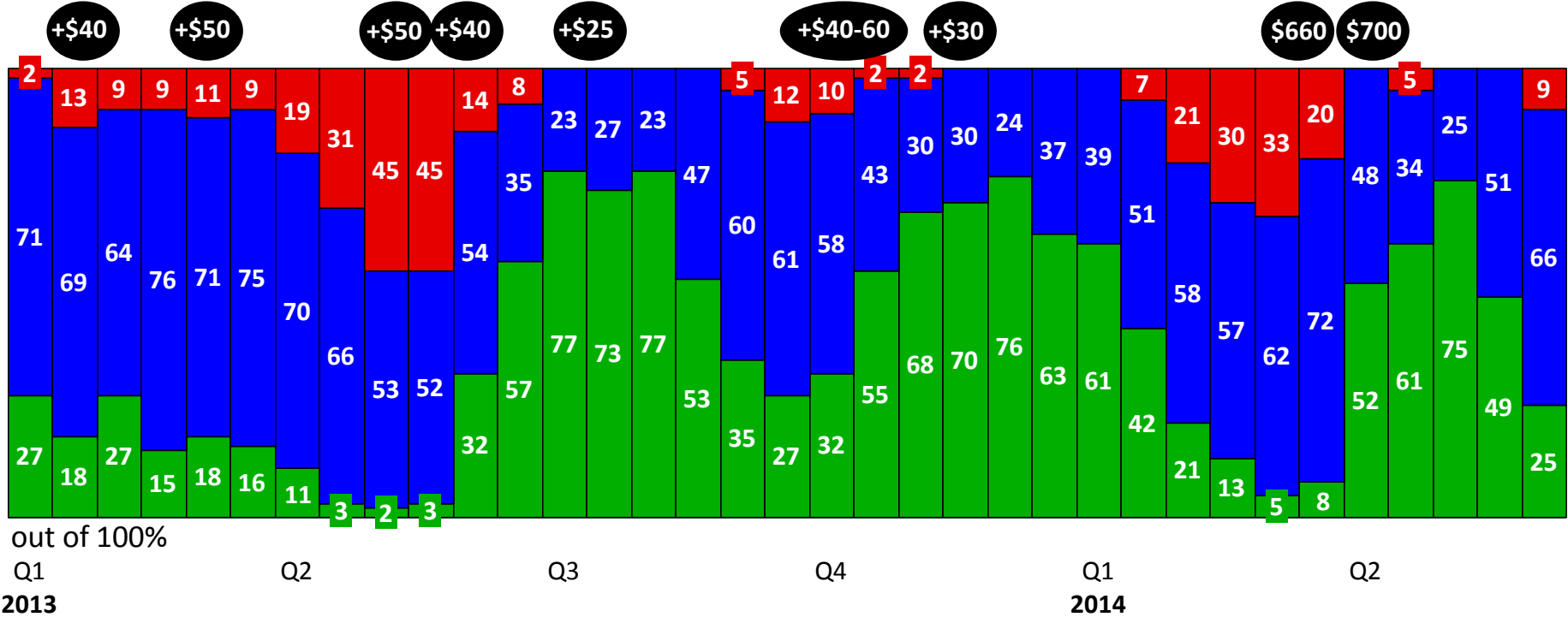
Service Center View of Selling Prices History

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




Historical AK Steel Price Announcements



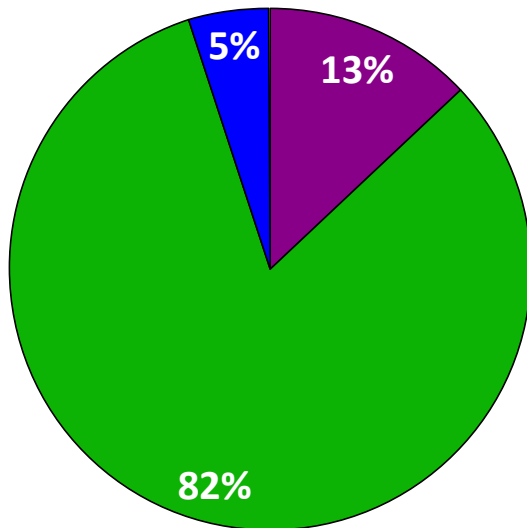
- We are lowering prices
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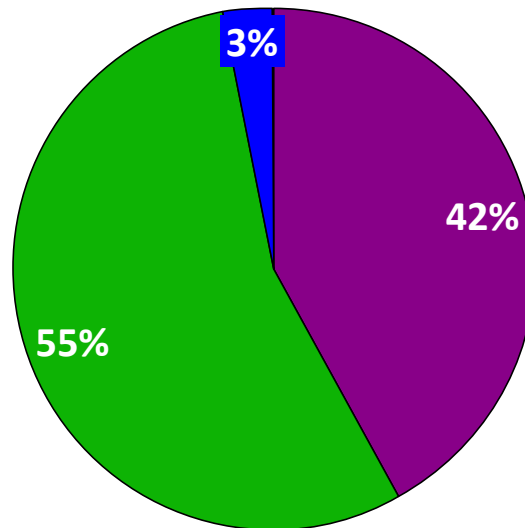
Service Centers- Are your manufacturing customers increasing orders, keeping them the same or reducing orders at this time?

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

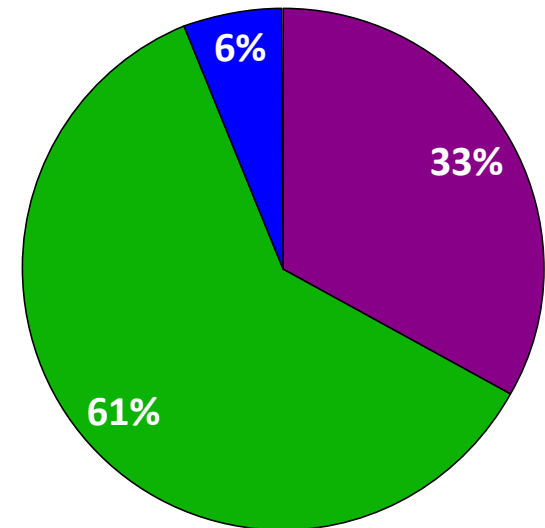
March 6th 2014



May 9th 2014



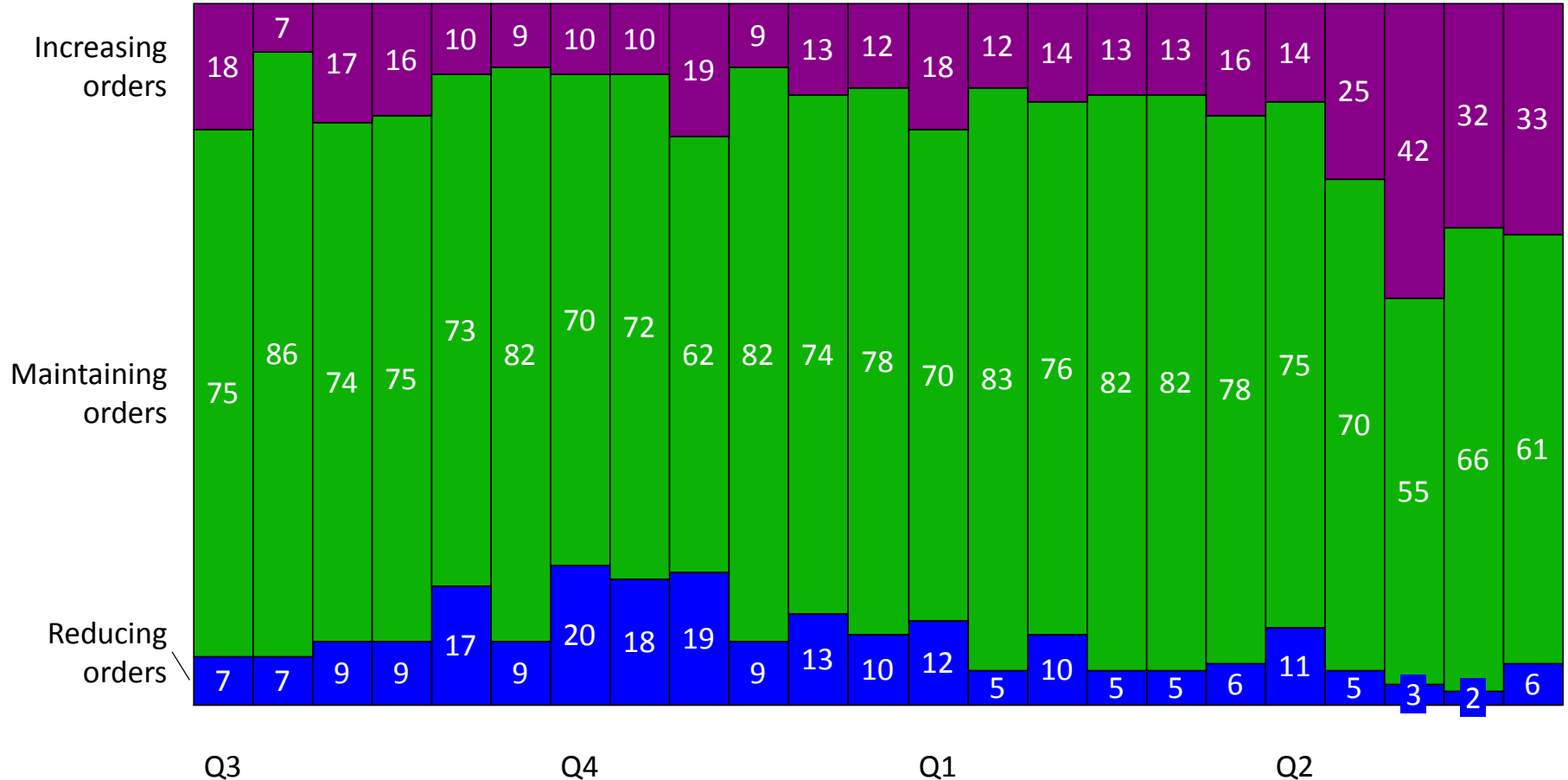
June 6th 2014



Service Centers on Manufacturer Orders History

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

out of 100%



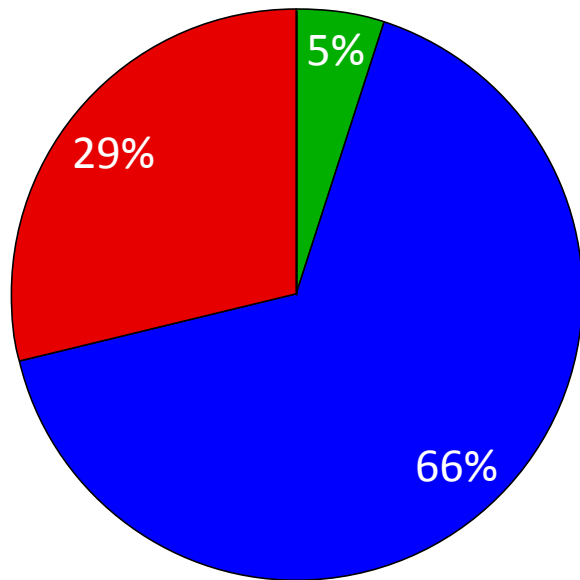
2014

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Mill Lead Times

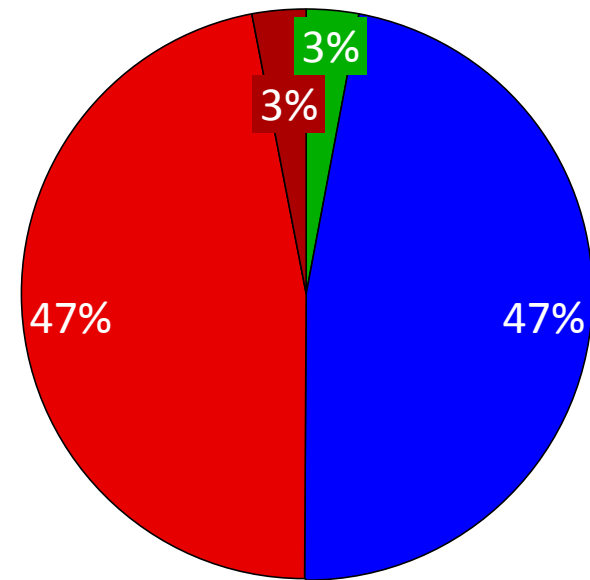
How would you describe domestic mill lead times for new orders placed right now?

Manufacturers



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

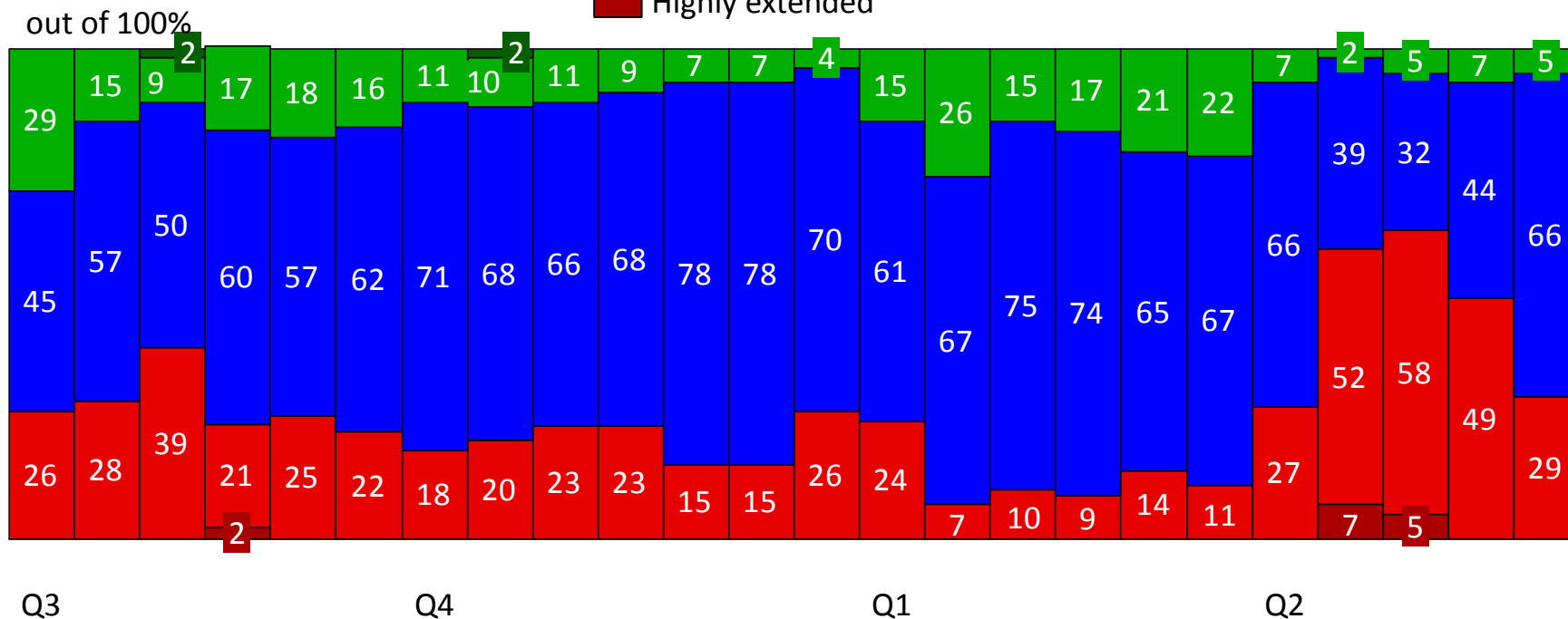
Service Centers



Mill Lead Times History

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

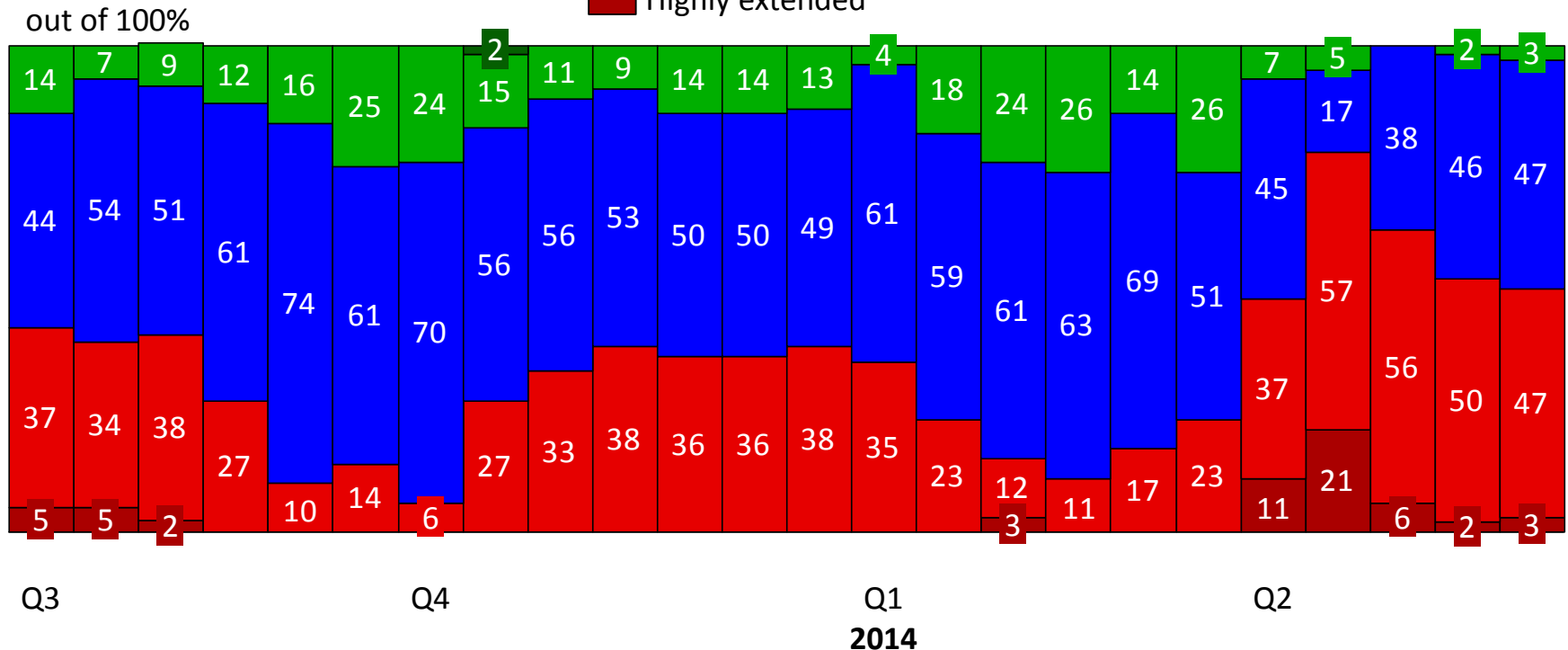
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Mill Lead Times History

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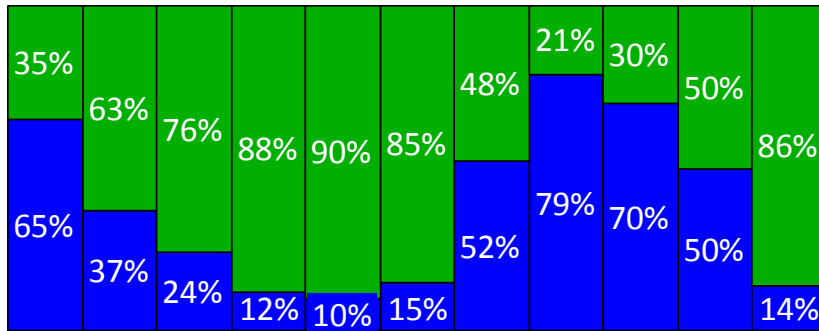


Mill Negotiations

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

Yes No

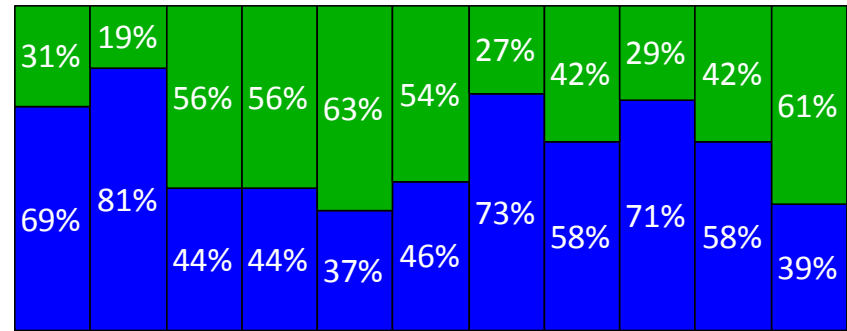
Hot Rolled Orders



Q1
2014

Q2

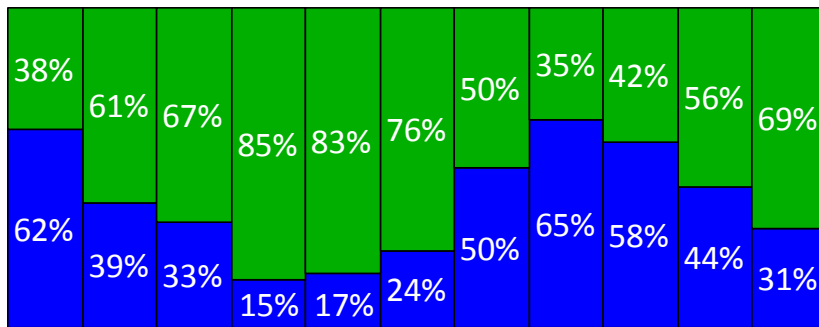
Cold Rolled Orders



Q1
2014

Q2

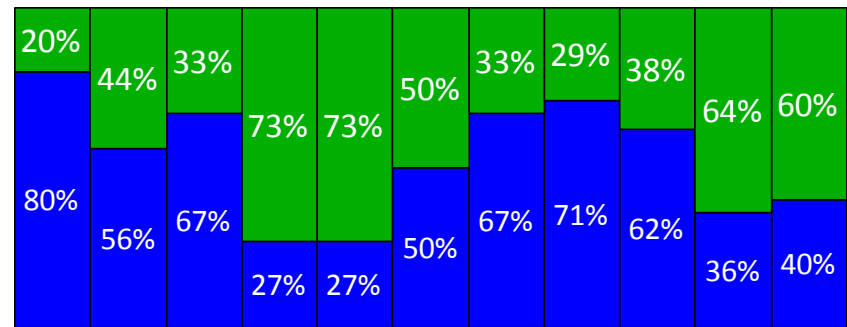
Galvanized Orders



Q1
2014

Q2

Galvalume Orders

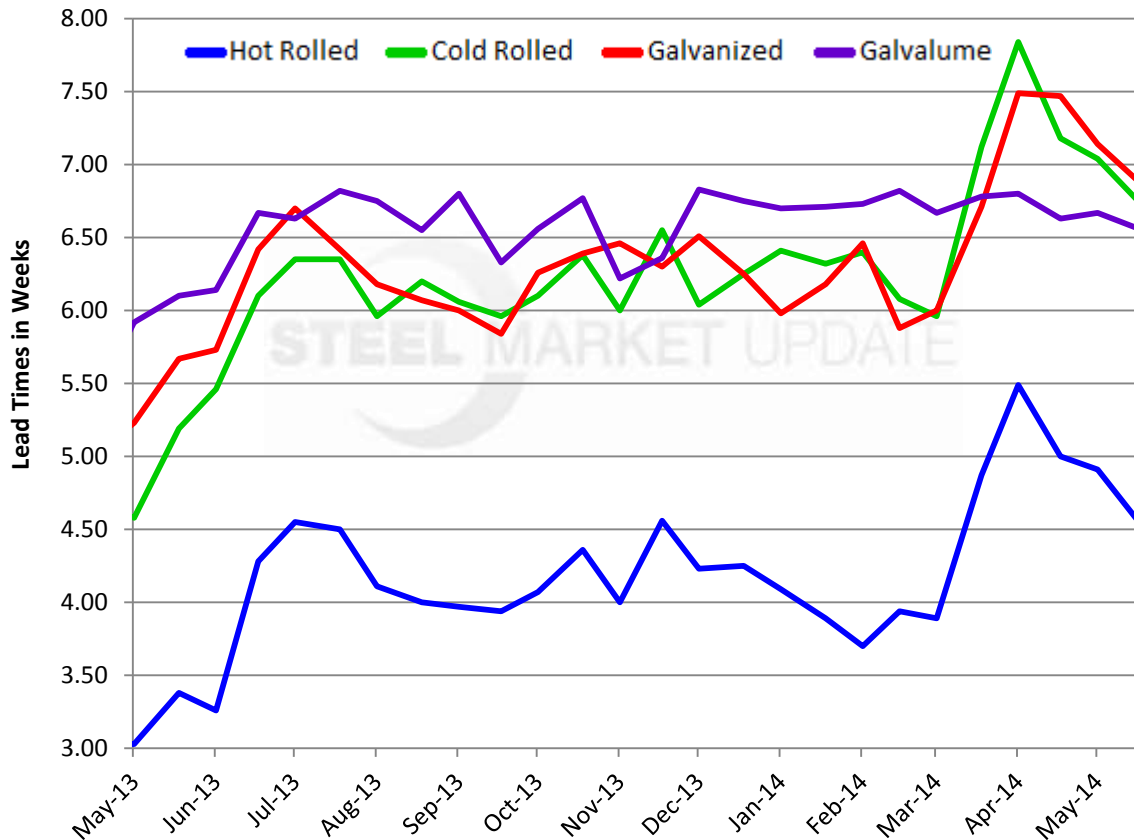


Q1
2014

Q2

Lead Times (Weeks)

Steel Market Update Lead Times Comparison



Hot Rolled: 4.52
Cold Rolled: 6.72
Galvanized: 6.86
Galvalume: 6.55

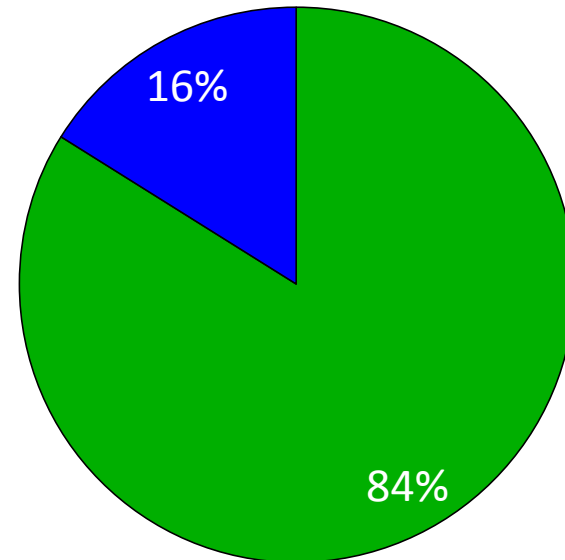
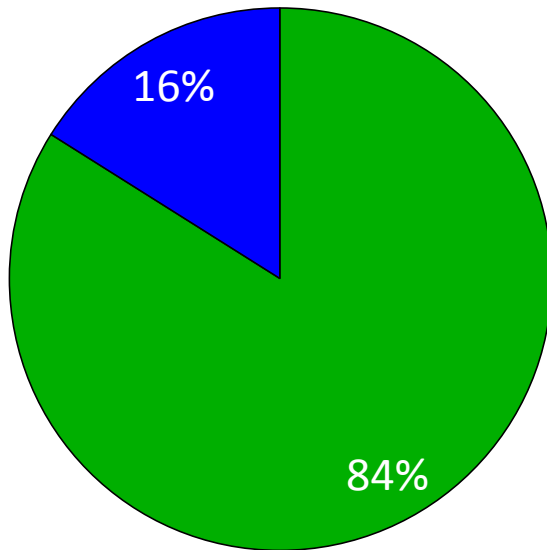
Domestic and Foreign Price Spread

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

Manufacturers

Service Centers

Yes No

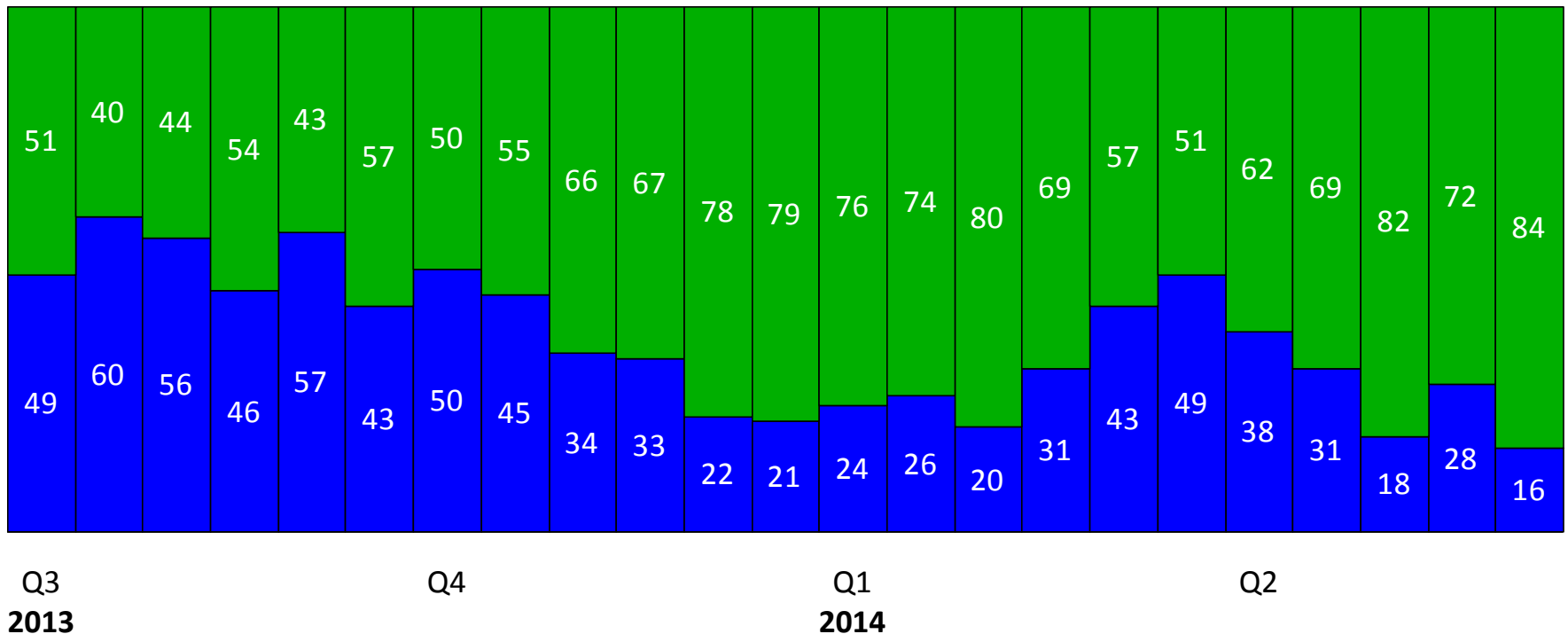


Domestic and Foreign Price Spread

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

Yes No

out of 100%

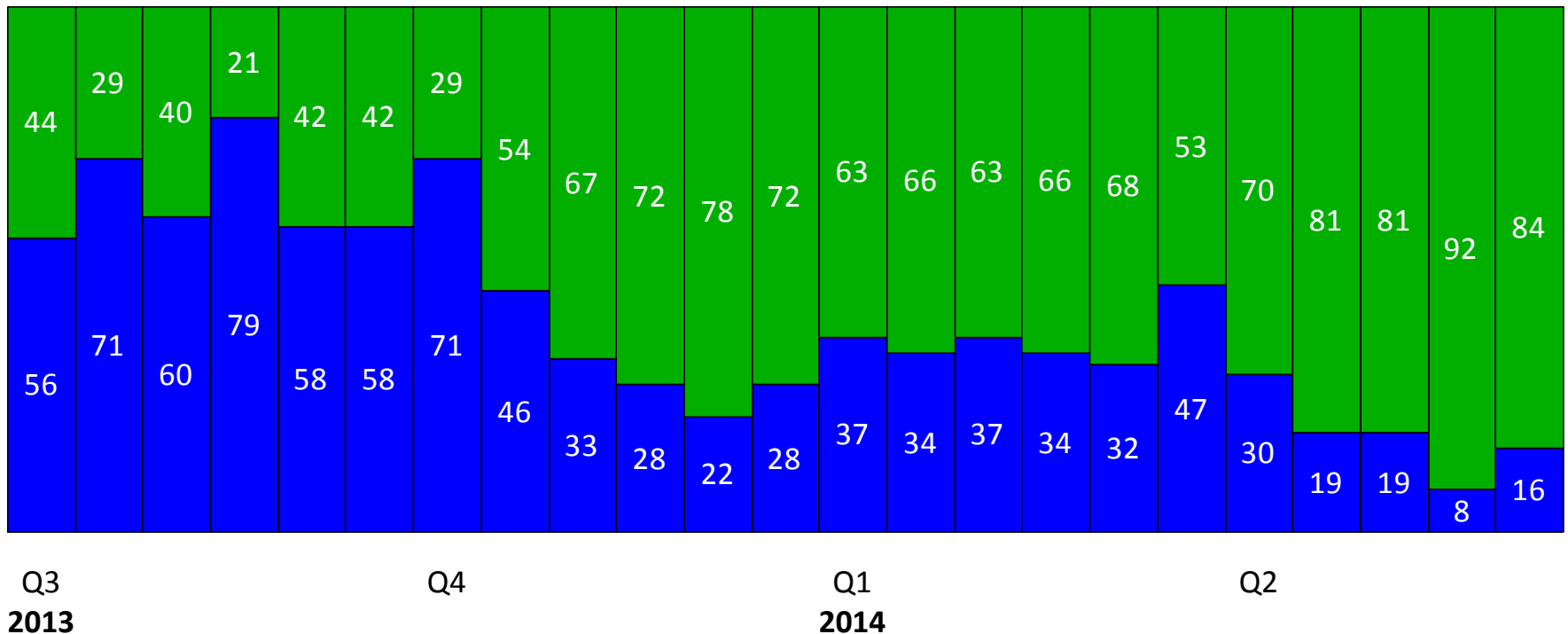


Domestic and Foreign Price Spread

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

Yes No

out of 100%



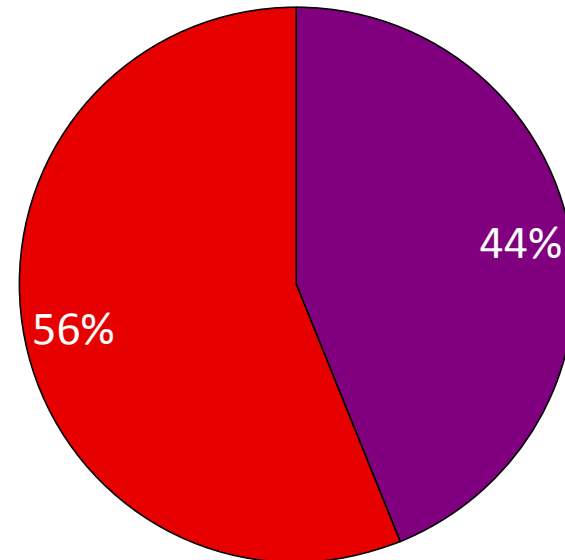
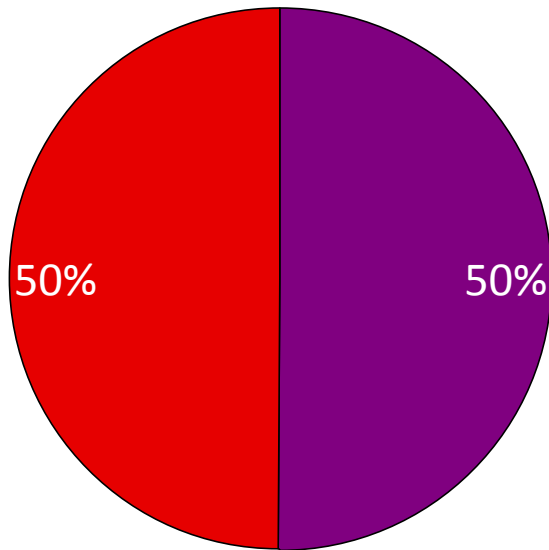
New Foreign Orders

Is your company entering new foreign orders right now?

Manufacturers

Service Centers

Yes No

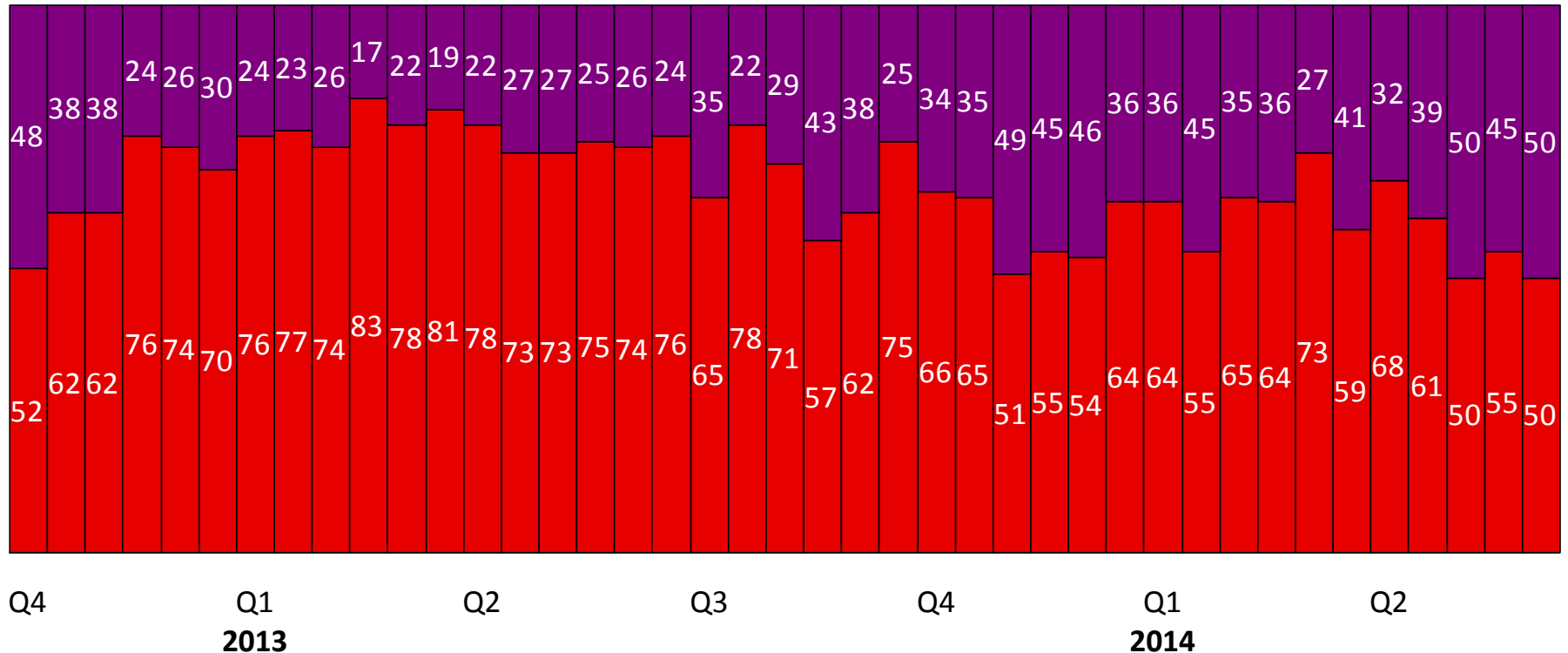


New Foreign Orders

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

■ Yes
 ■ No

out of 100%

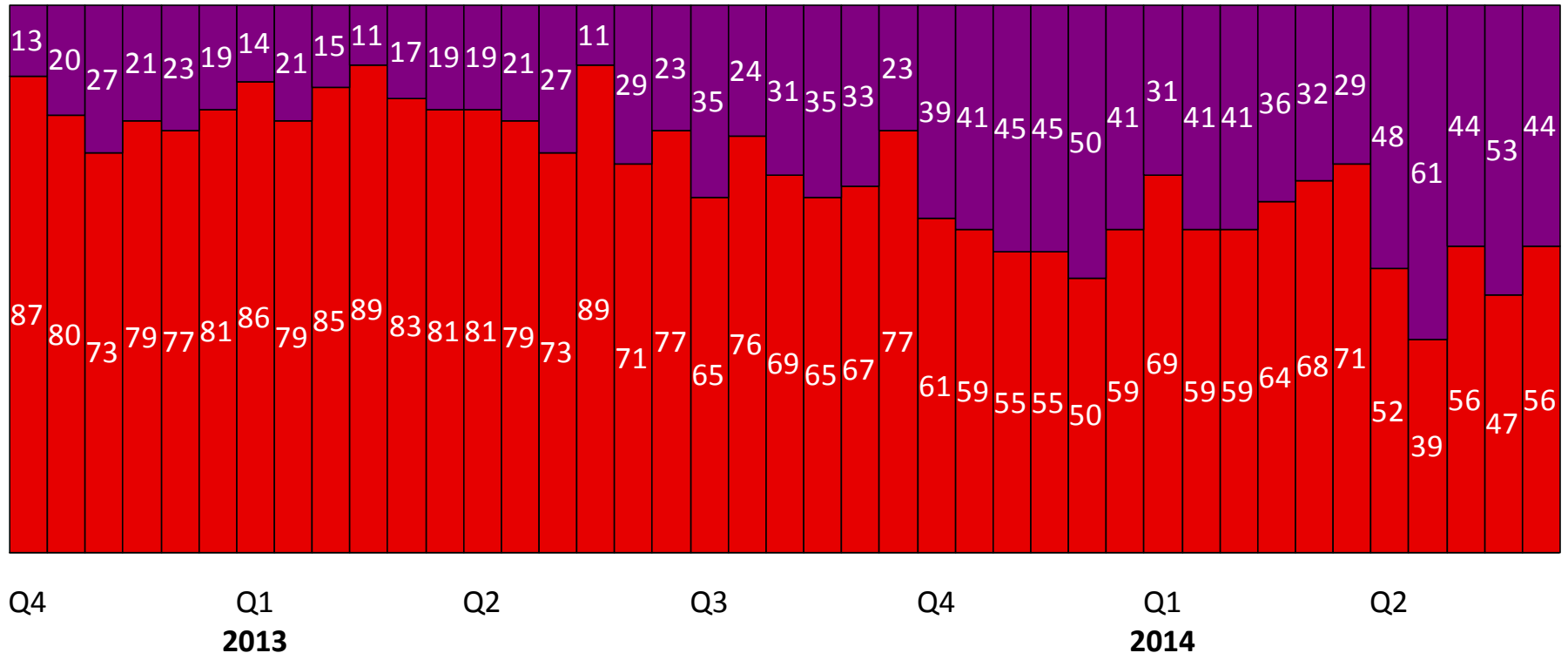


New Foreign Orders

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

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out of 100%



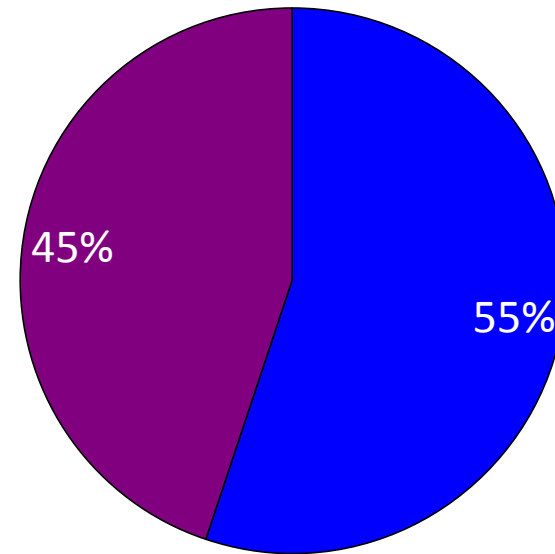
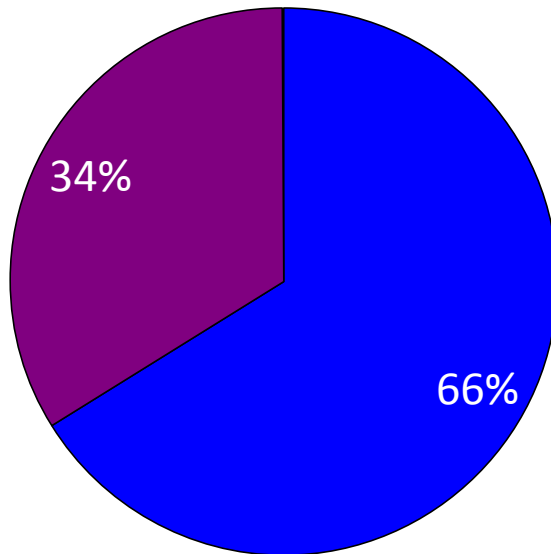
Reduction of Domestic Orders

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

Look for Our Next Survey



Our next survey
will be conducted
the week of
June 16th 2014



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