



# STEEL MARKET UPDATE

## SMU Flat Rolled Market Trends Analysis

Responses from our June 5<sup>th</sup>, 2017 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

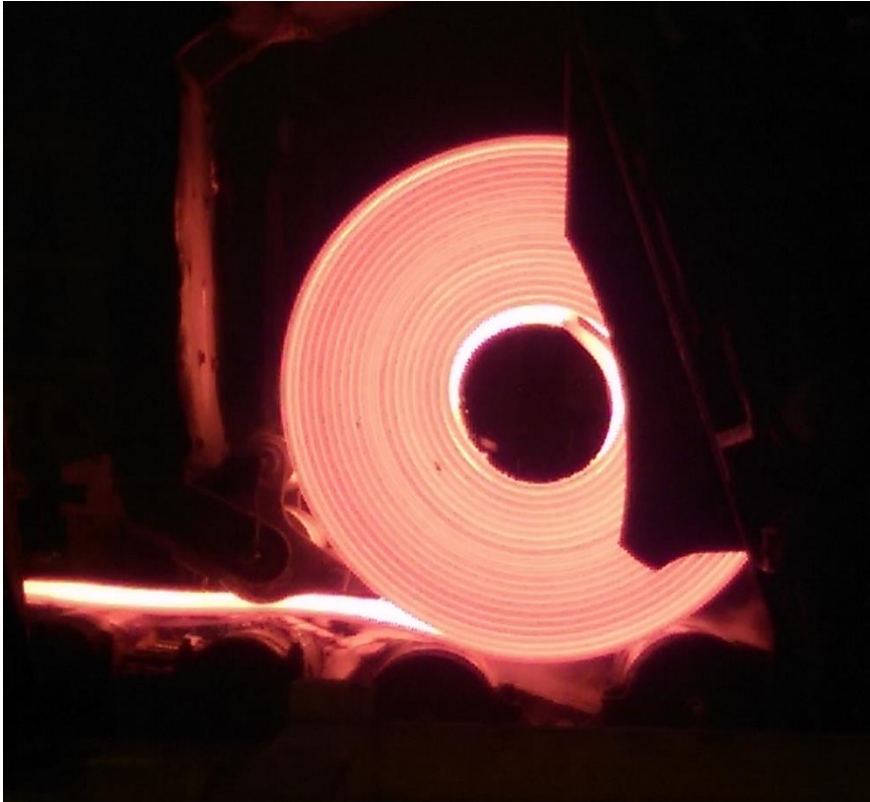
**Instructors:** John Eckstein, John Packard, Peter Wright, Steve Painter, & Mario Briccetti (not shown in photo).

We have both classroom & on-site (mill) instruction during our 2 day workshop.  
For more information [visit our website here](#).



# Next Steel 101 Workshop

## June 22-23, 2017



Steel 101 Workshop, NLMK Indiana 2015

Our next Steel 101 workshop is in Ontario, California on June 22-23, 2017 and includes a tour of the California Steel Industries 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 e-mail our team at [info@SteelMarketUpdate.com](mailto:info@SteelMarketUpdate.com).

# Steel Summit 2017

**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 28-30, 2017

**Where:** Atlanta, Georgia, USA - Georgia International Convention Center

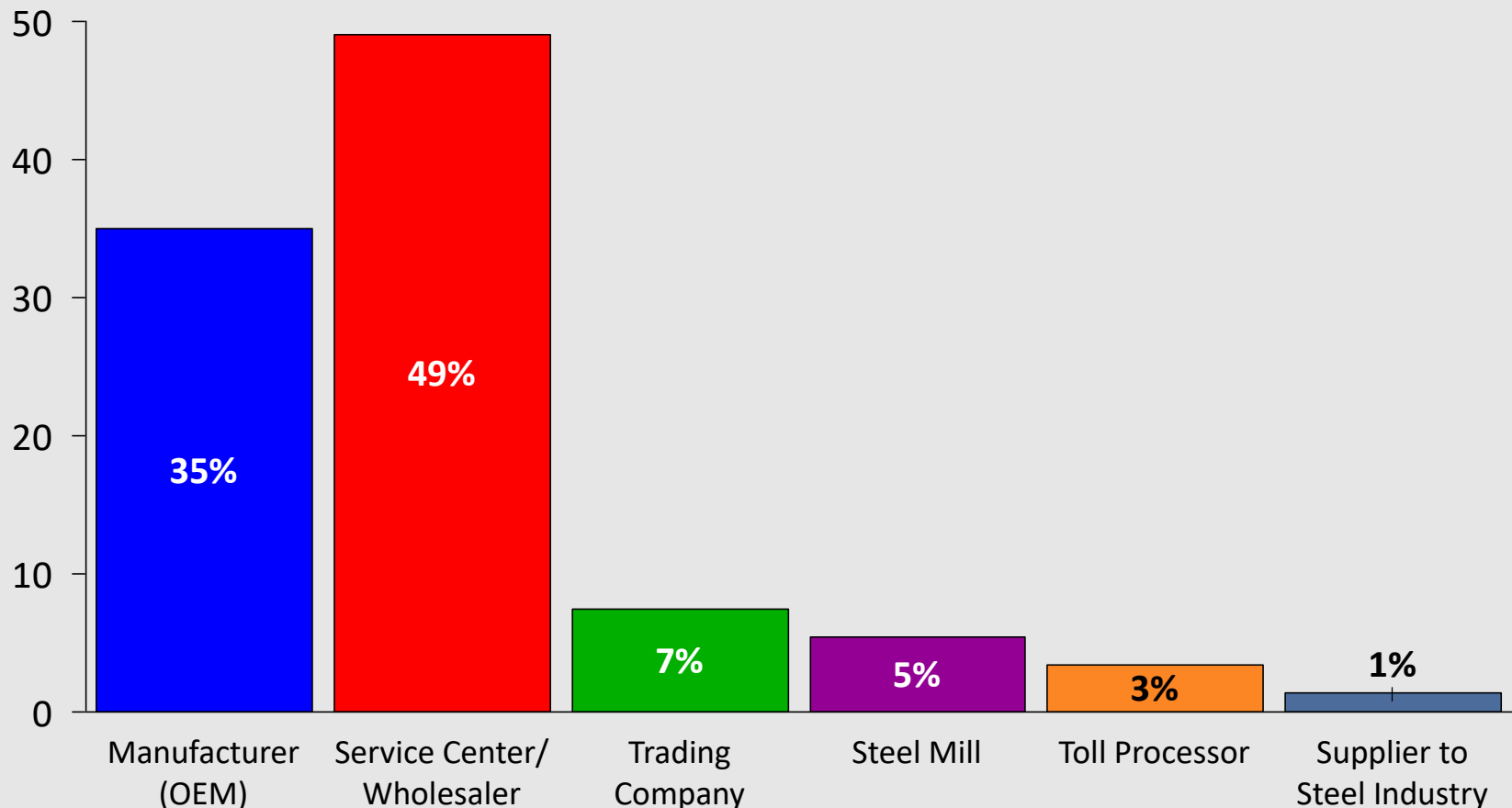
**Hotel:** Atlanta Airport Marriott Gateway Hotel (adjacent to the Georgia International Convention Center)

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



# Survey Participants

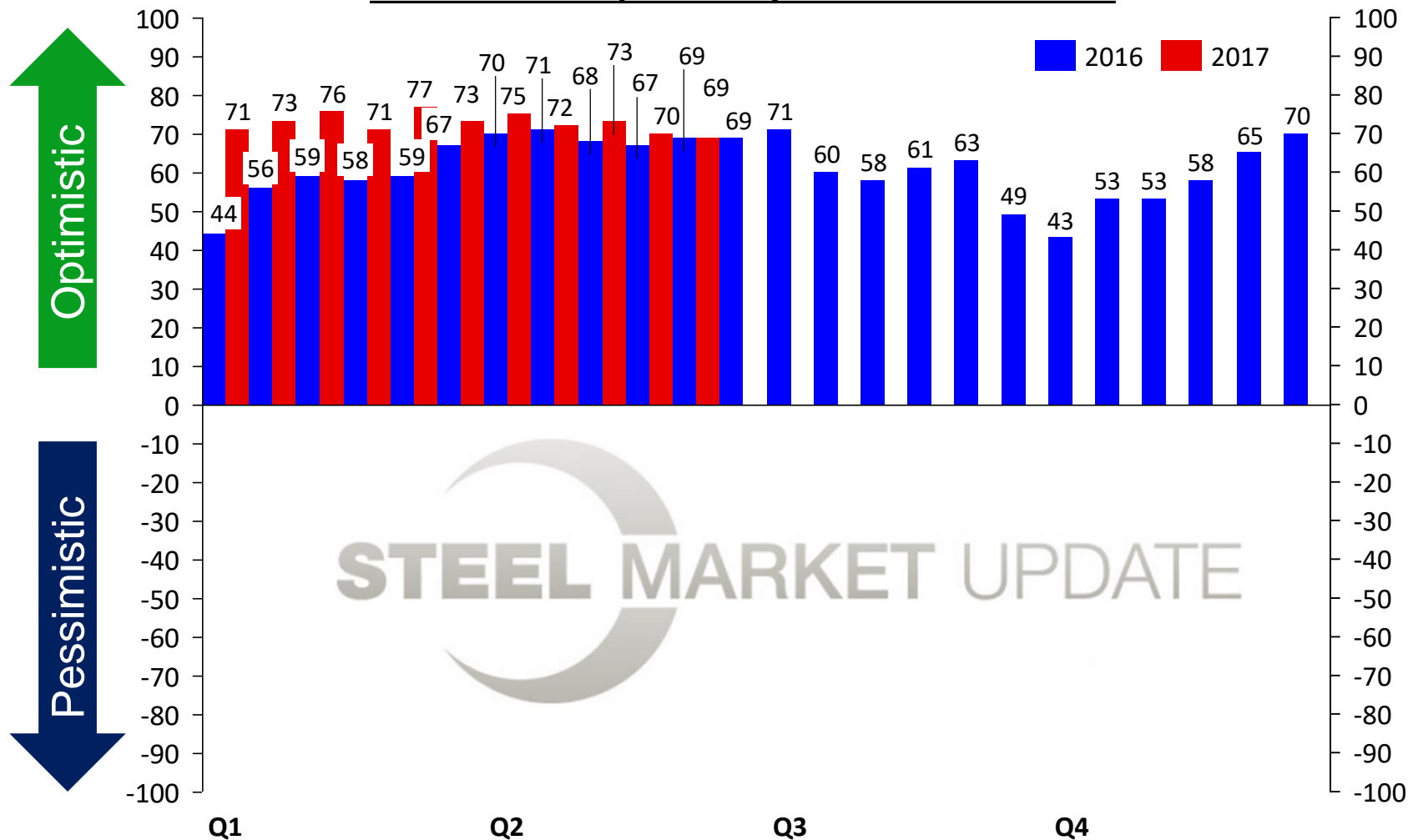
Our survey is by invitation only- Over 600 companies, mostly in the manufacturing or distribution industries, are asked to participate. Here are the percentages of participation in this week's survey by market sector.



# SMU Buyers Sentiment Index

Down 1 point to +69

## Steel Market Update Buyers Sentiment Index

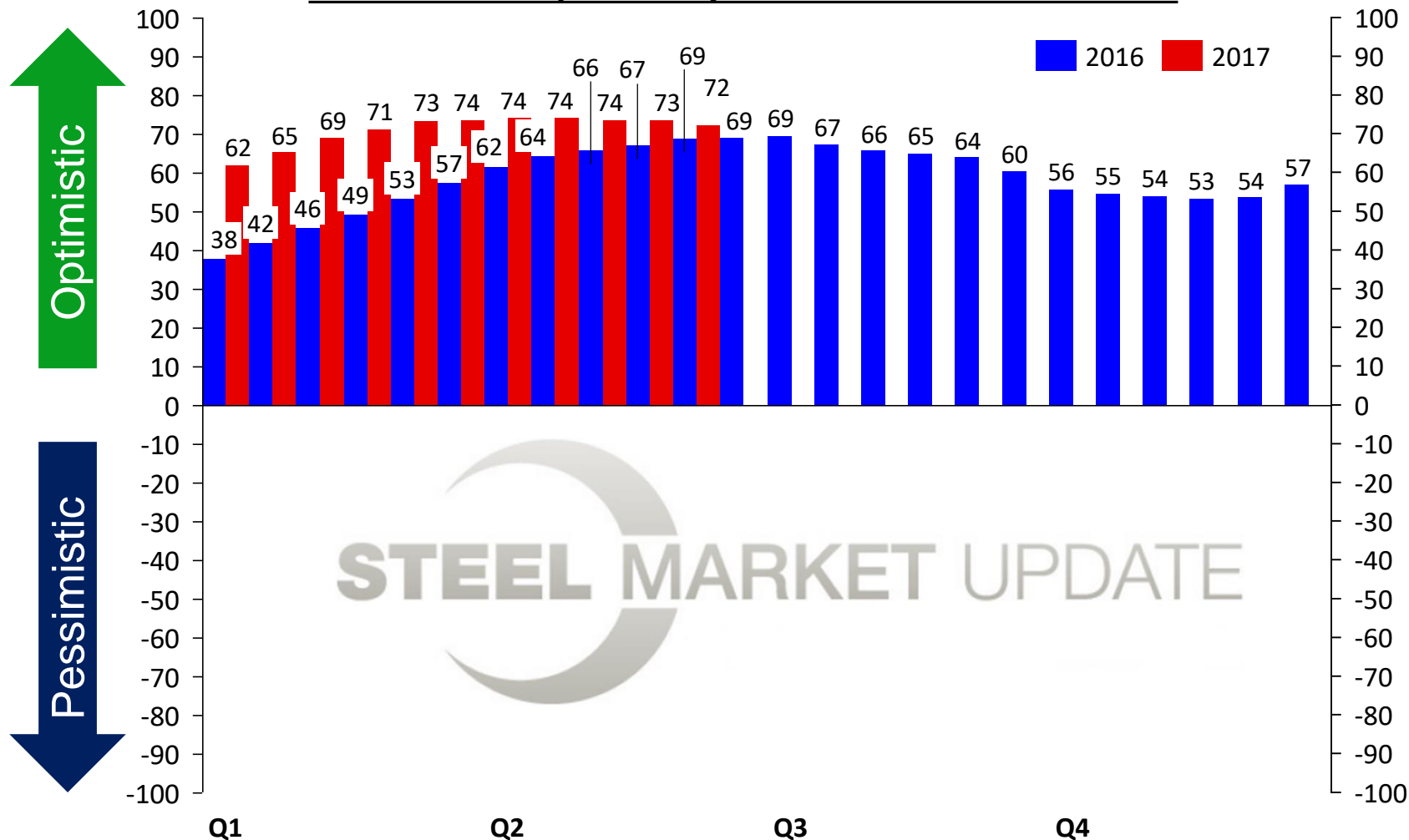




# SMU Buyers Sentiment Index

Three Month Moving Average at +72

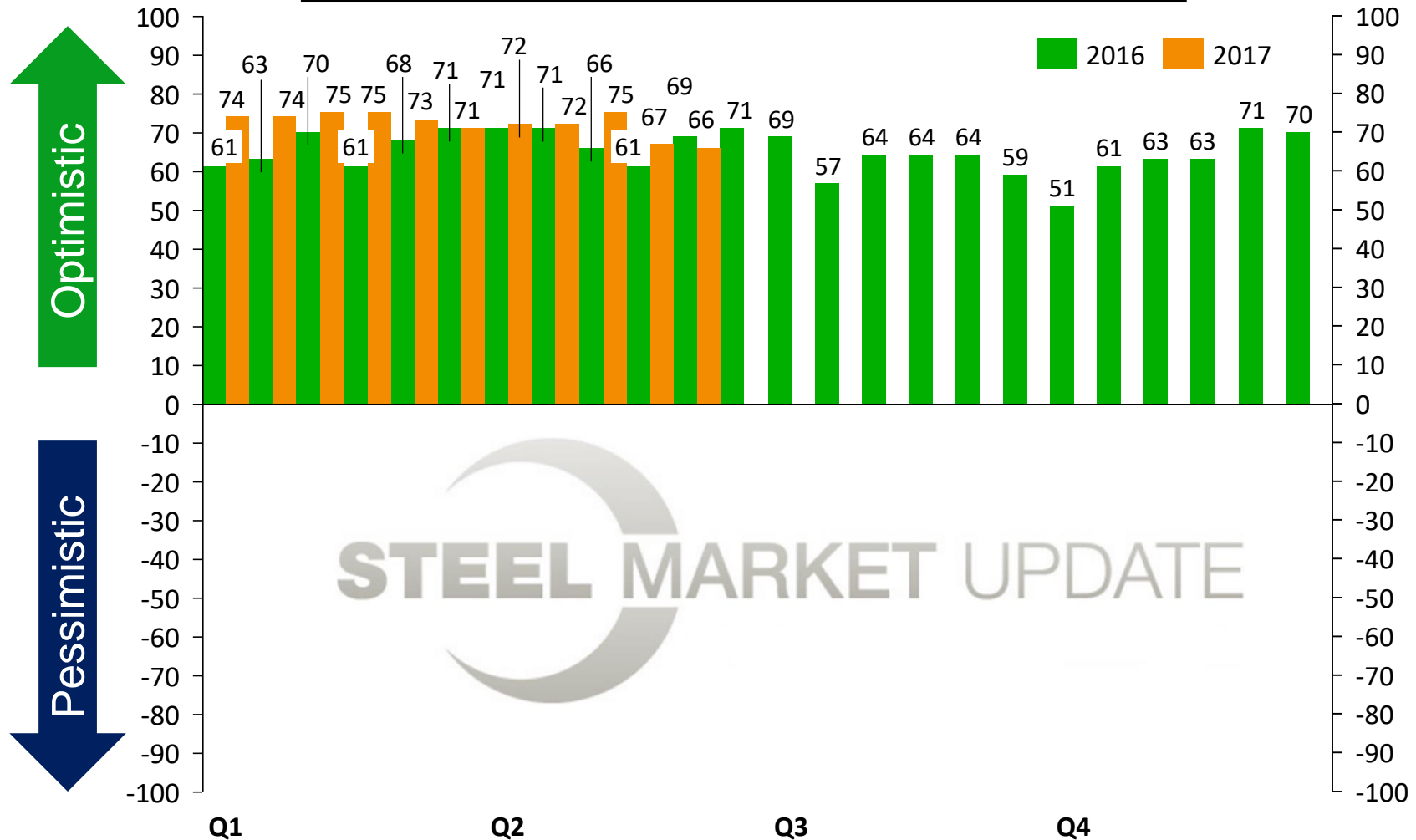
## Steel Market Update Buyers Sentiment Index 3MMA



# SMU Future Buyers Sentiment Index

Down 1 point to +66

## Steel Market Update 'Future' Buyers Sentiment Index

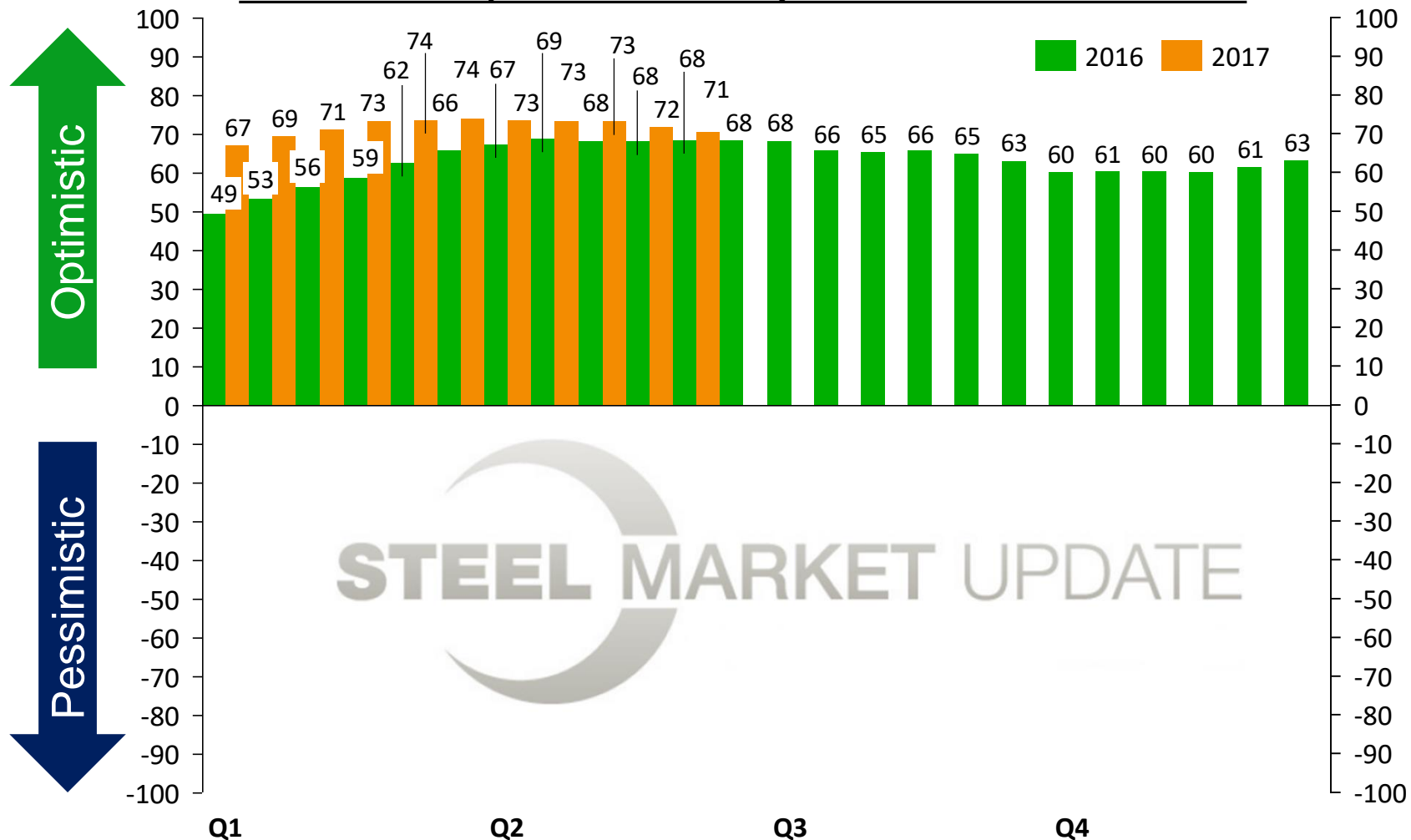


© Steel Market Update 2017

# SMU Future Buyers Sentiment Index

Three Month Moving Average at +71

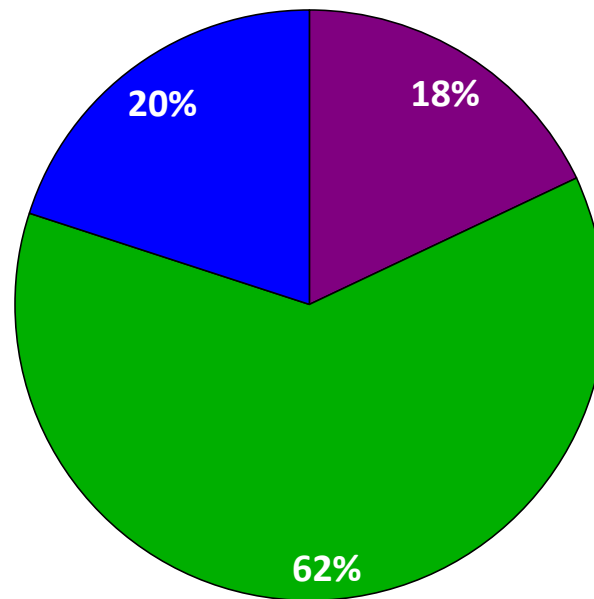
## Steel Market Update 'Future' Buyers Sentiment Index 3MMA



© Steel Market Update 2017

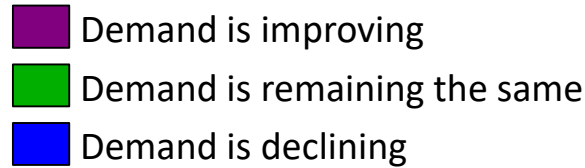
Are you seeing demand for your products improving, remaining the same or declining?

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

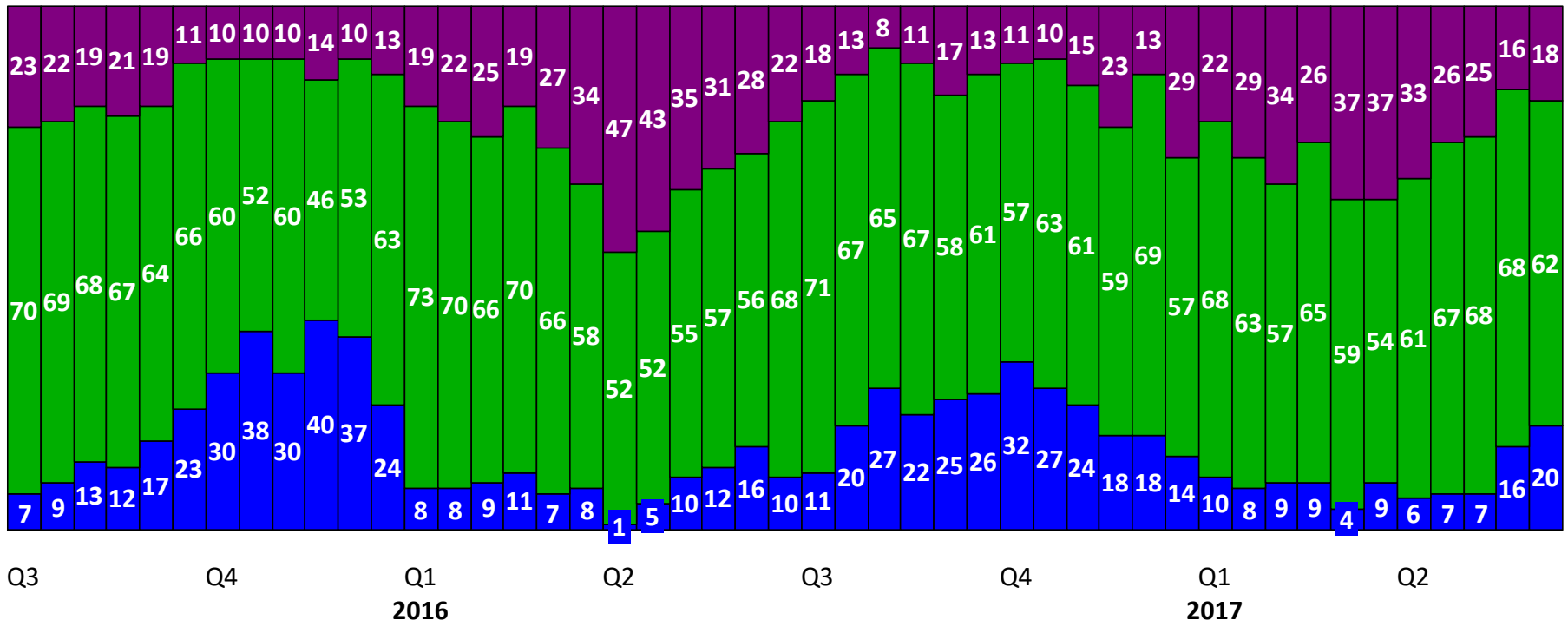


# Overall Demand History

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



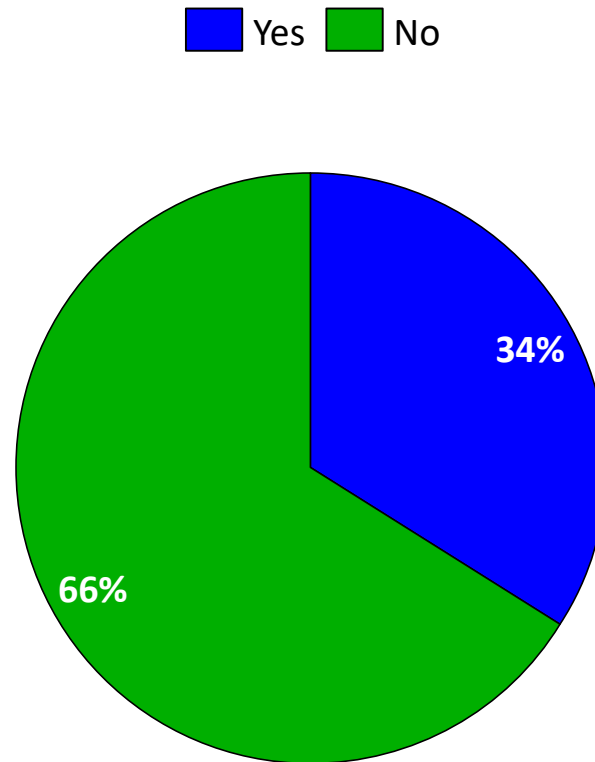
out of 100%





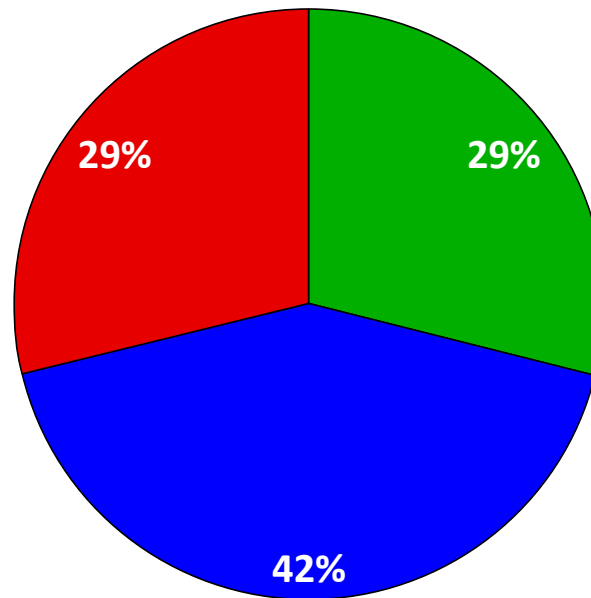
# Price Increase Announcements

Expectations are for the U.S. mills to announce a \$30 per ton price increase this week. If so, do you think the mills will be able to collect the full amount?



**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

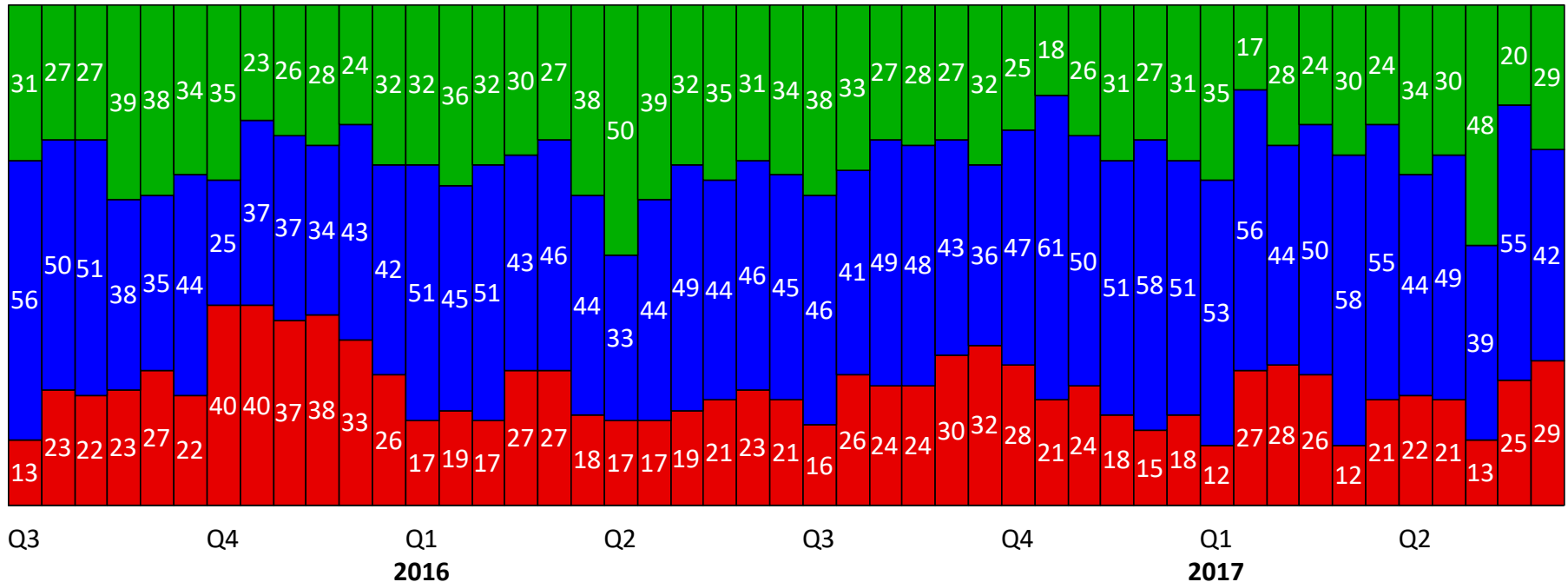


# History of Manufacturer Purchases

**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?

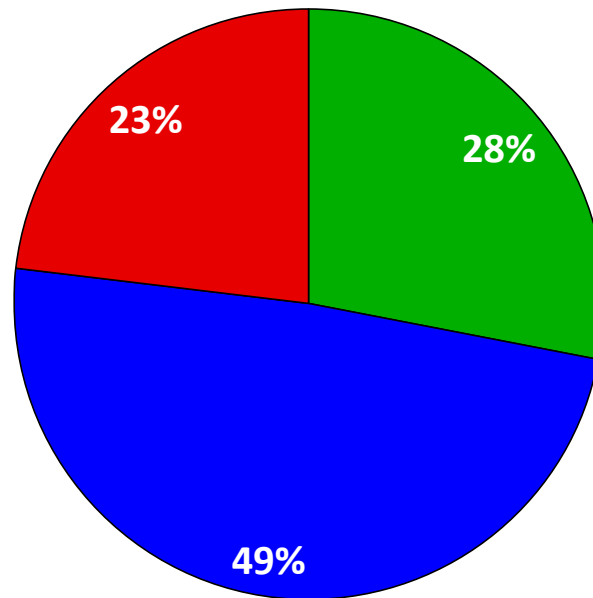
- Buying more steel
- Buying the same amount of steel
- Buying less steel

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

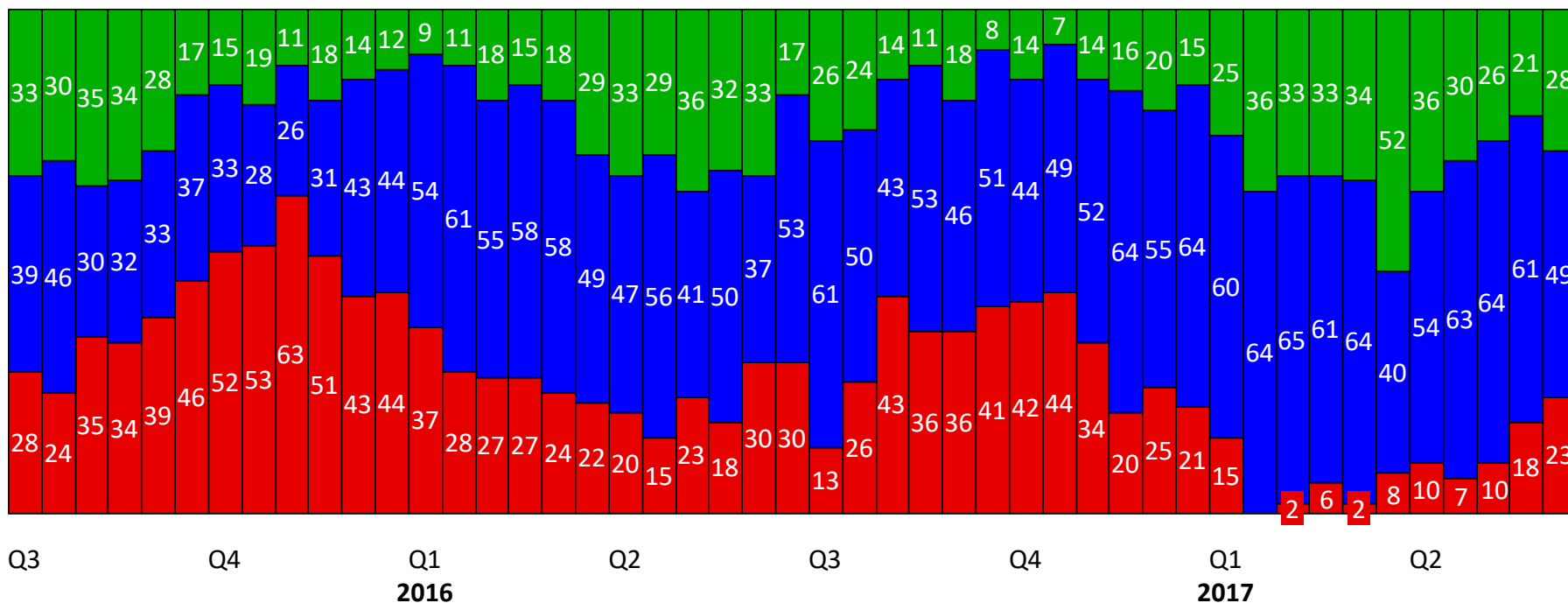


# Service Center Release History

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

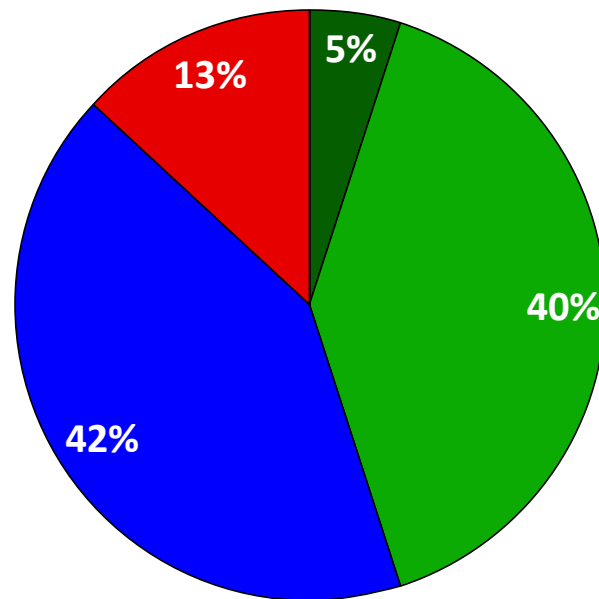
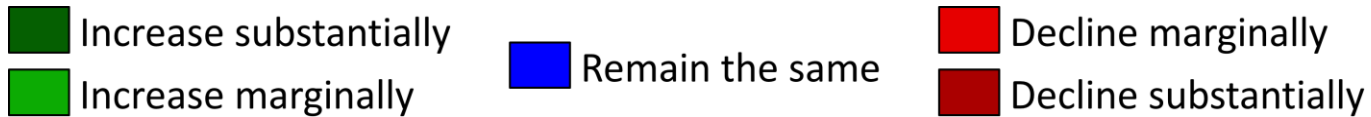
- Releasing more steel
- Releasing the same amount of steel
- Releasing less steel

out of 100%



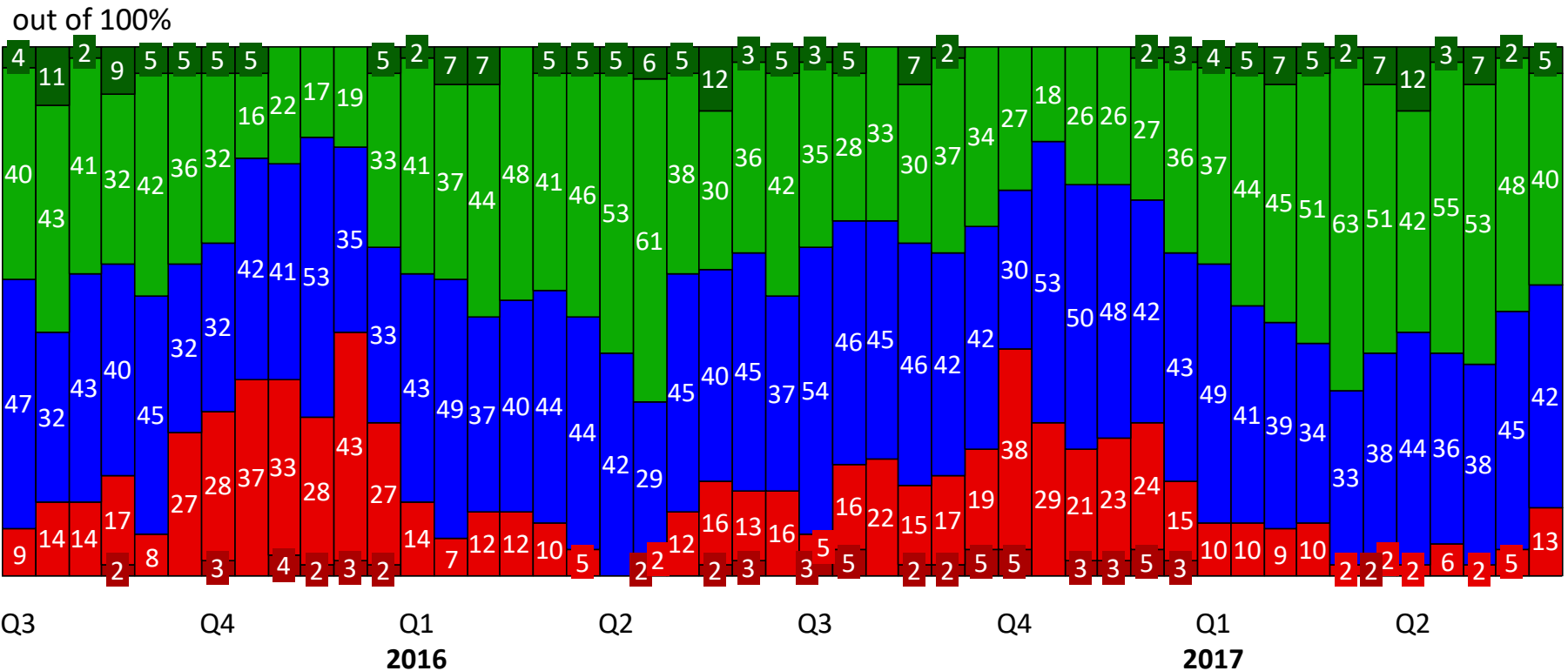
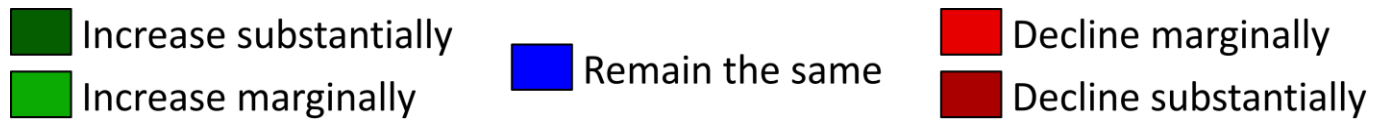


**Manufacturers-** Demand for your products will \_\_\_\_\_  
over the next 3 months based on current order flows.



# Manufacturer Demand History

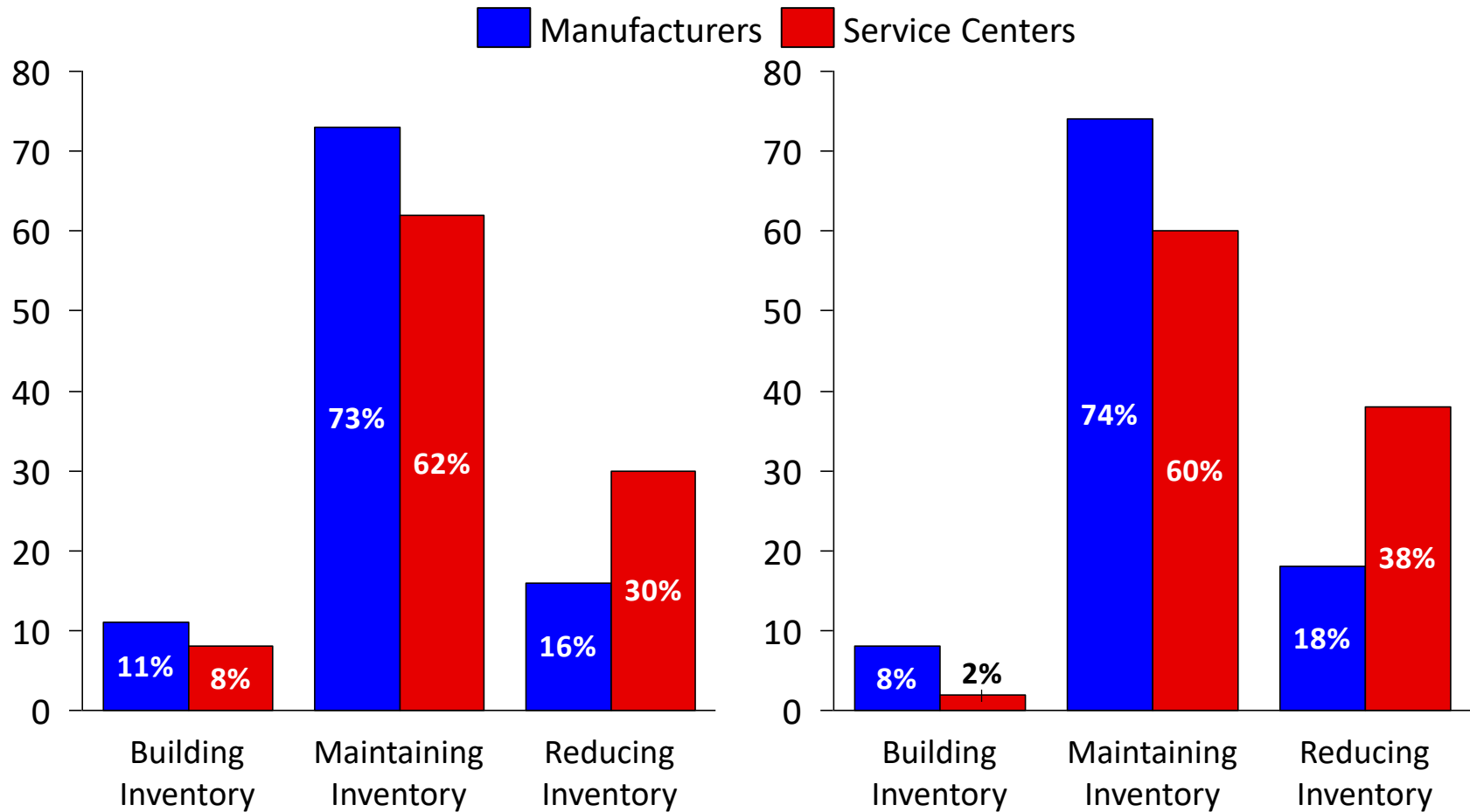
**Manufacturers-** Demand for your products will \_\_\_\_\_  
over the next 3 months based on current order flows.



# Manufacturer and Service Center Inventory Buying Patterns

May 5<sup>th</sup>, 2017

June 9<sup>th</sup>, 2017



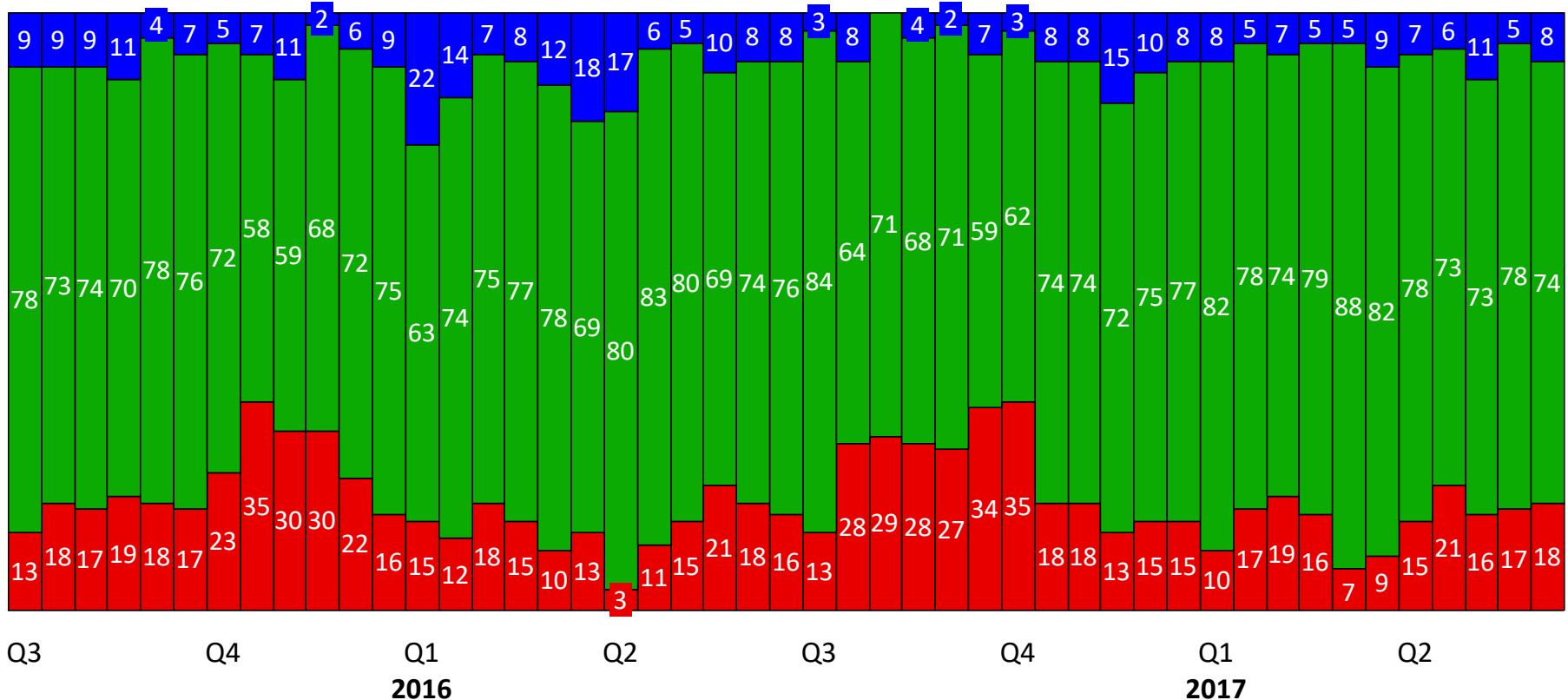
# Manufacturer Inventory

## Buying History

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

Building Inventory Maintaining Inventory Reducing Inventory

out of 100%



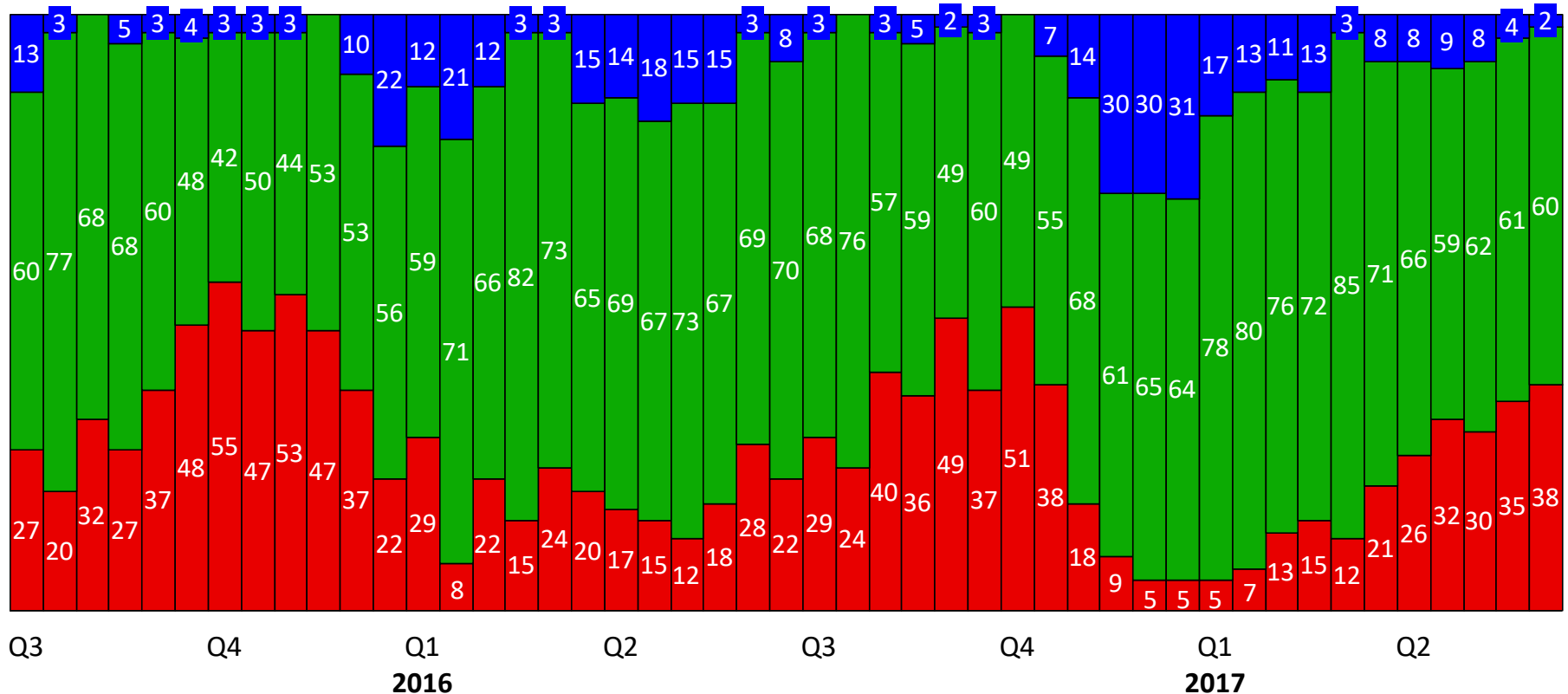
# Service Center Inventory

## Buying History

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

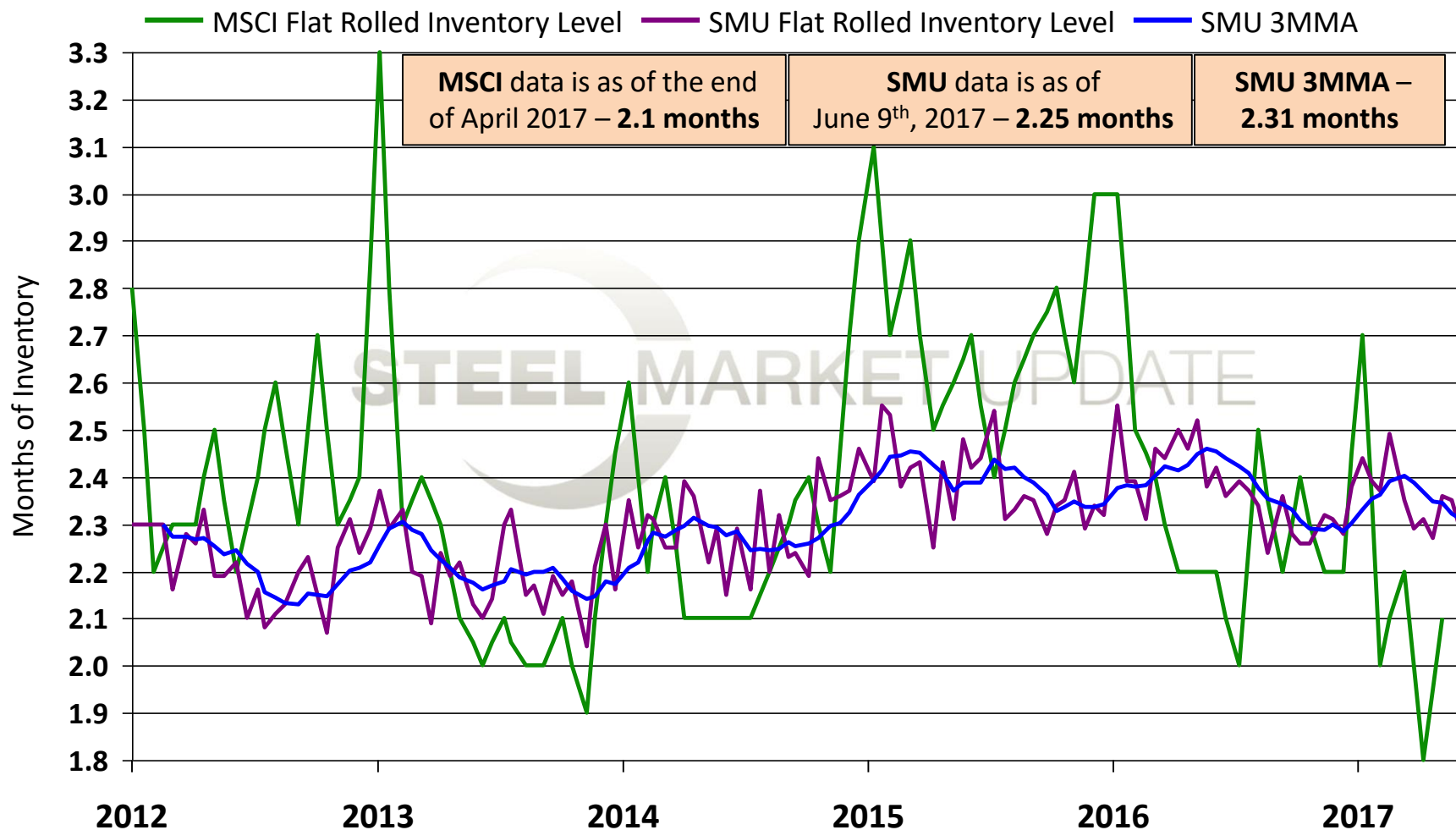
Building Inventory Maintaining Inventory Reducing Inventory

out of 100%



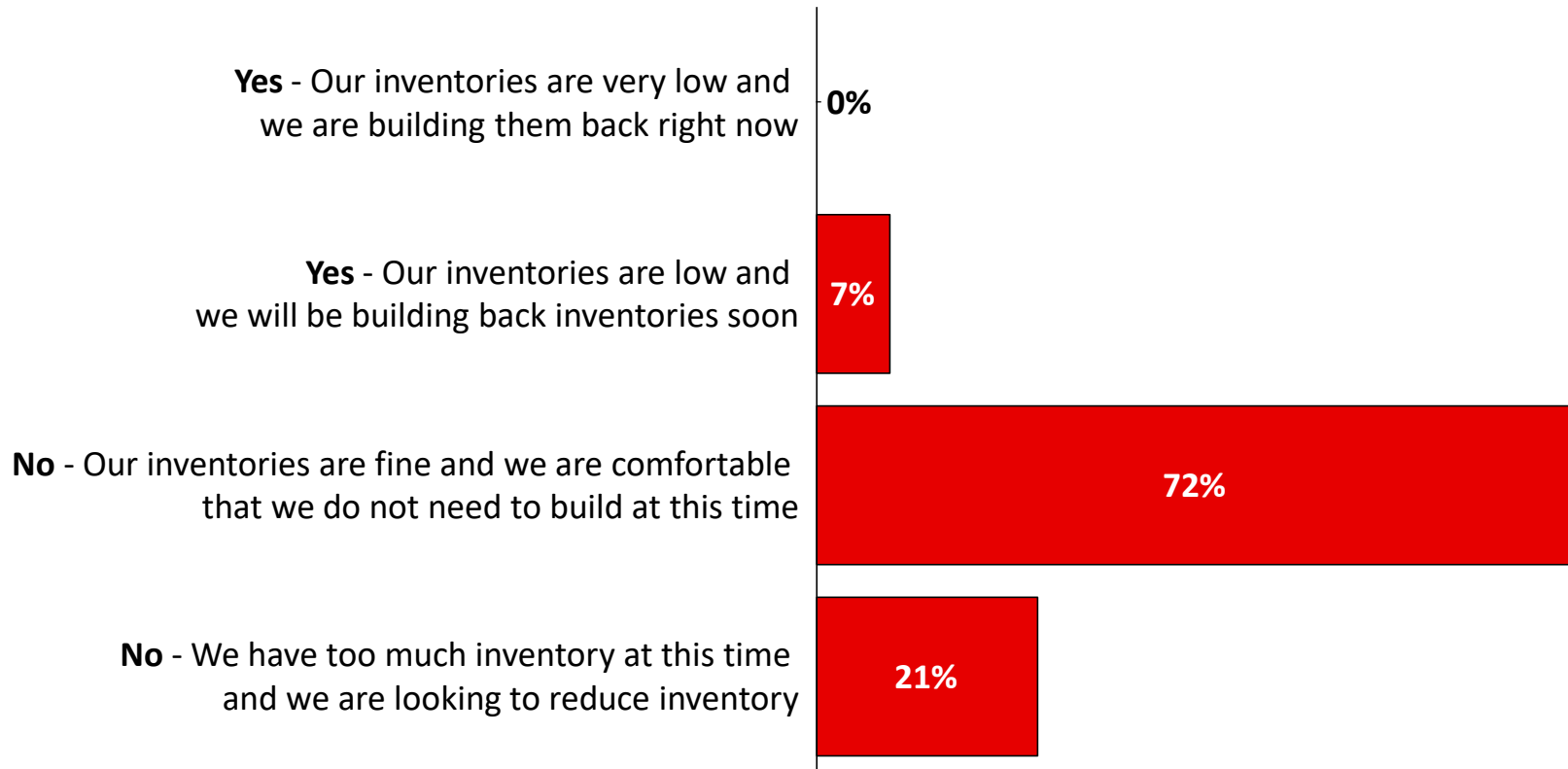


## SMU vs MSCI Service Center Inventory Level Comparison



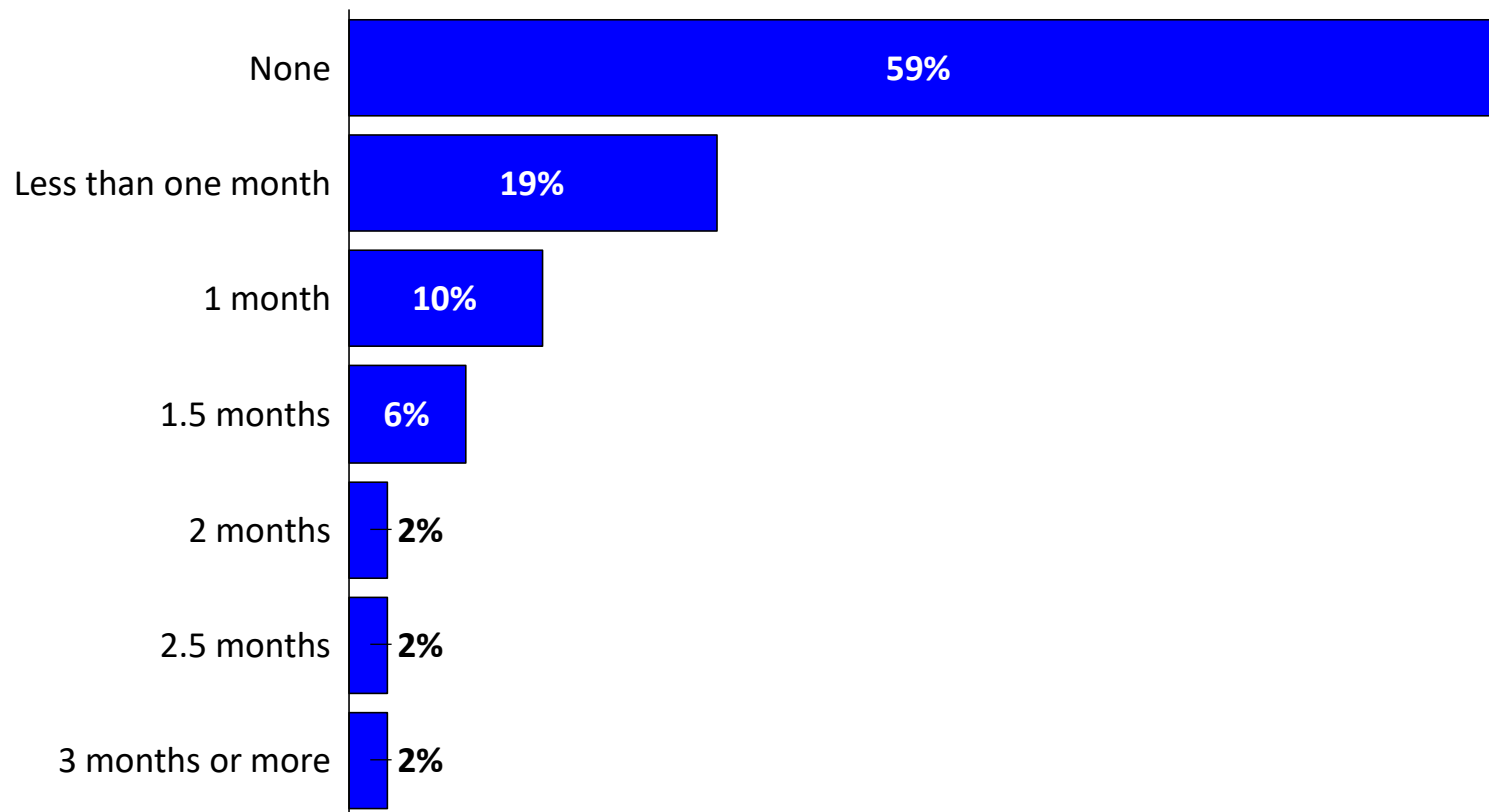
# Service Center Inventories

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



# Service Center Inventories

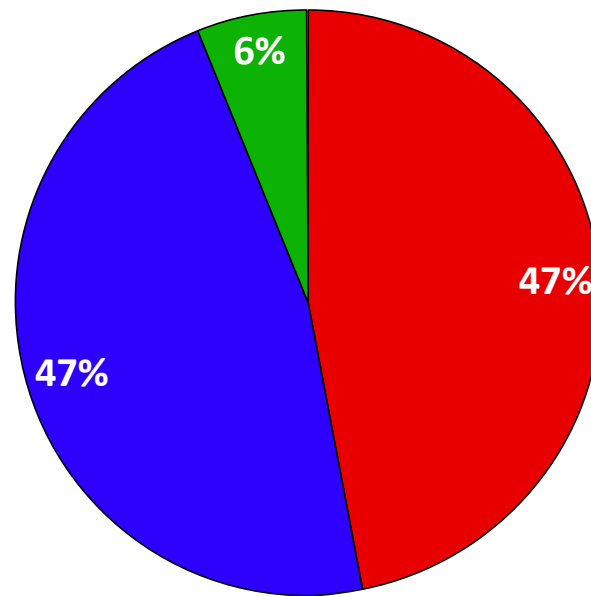
**Service Centers-** How many months of inventory do you have “off the books” in roll & hold and other arrangements where the steel is on the floor and available should you need it?



# 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

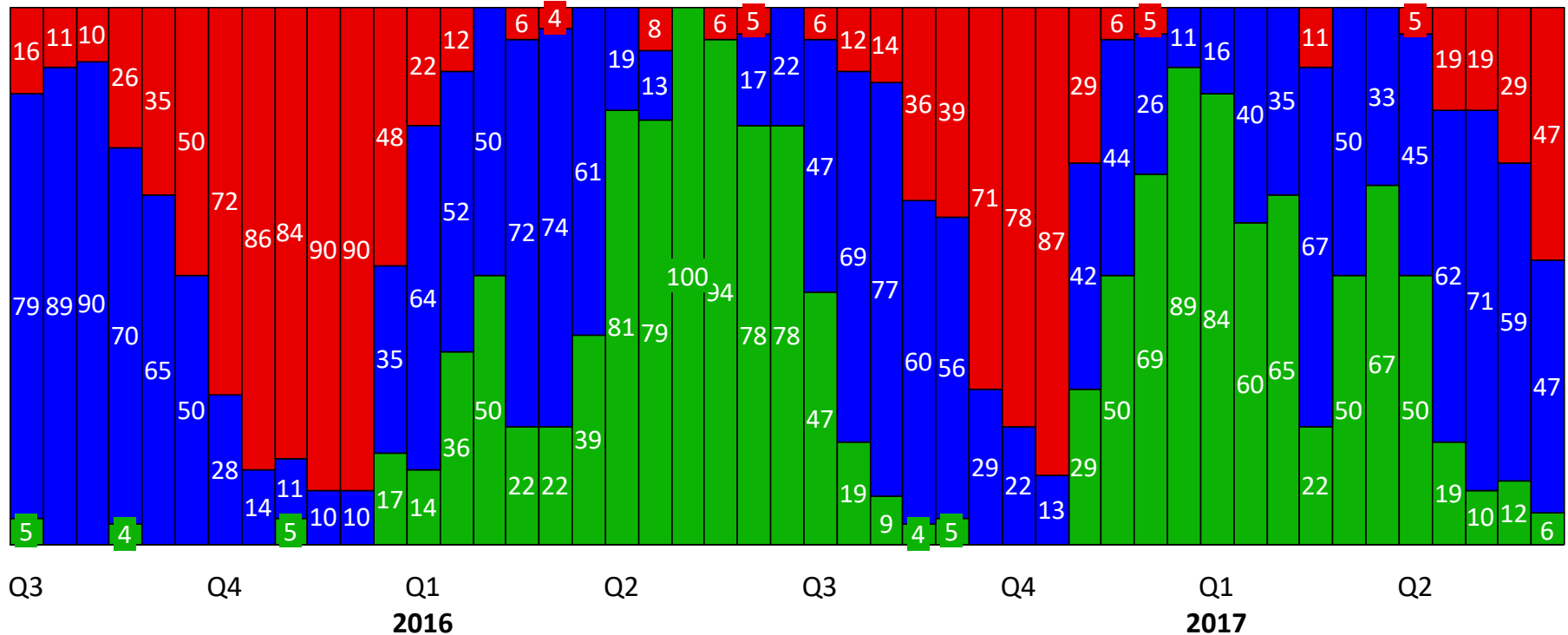


# Manufacturer's View of Service Center Selling Prices History

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

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

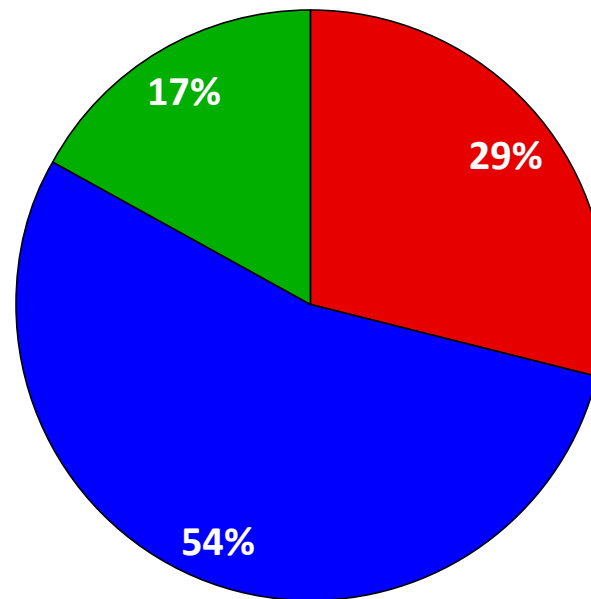
out of 100%





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

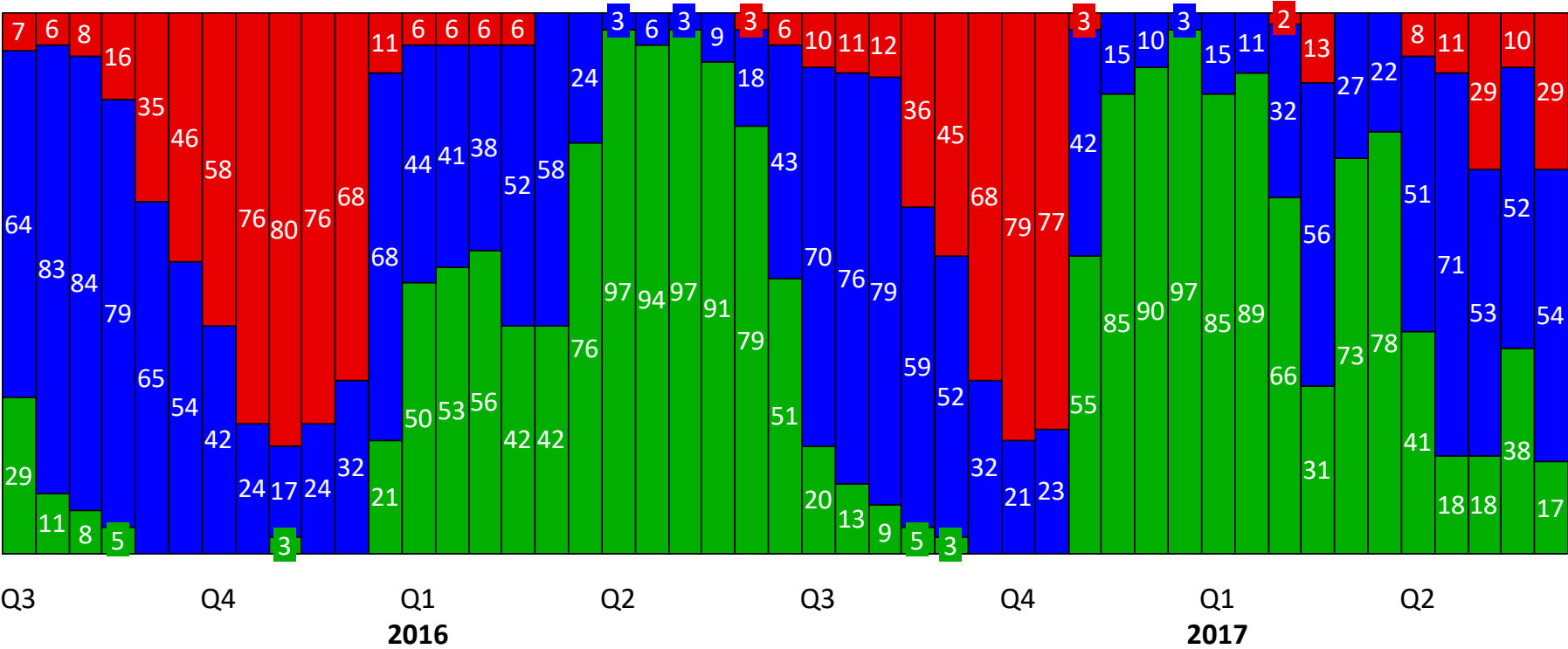
- We are lowering prices
- We are keeping prices the same
- We are raising prices



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

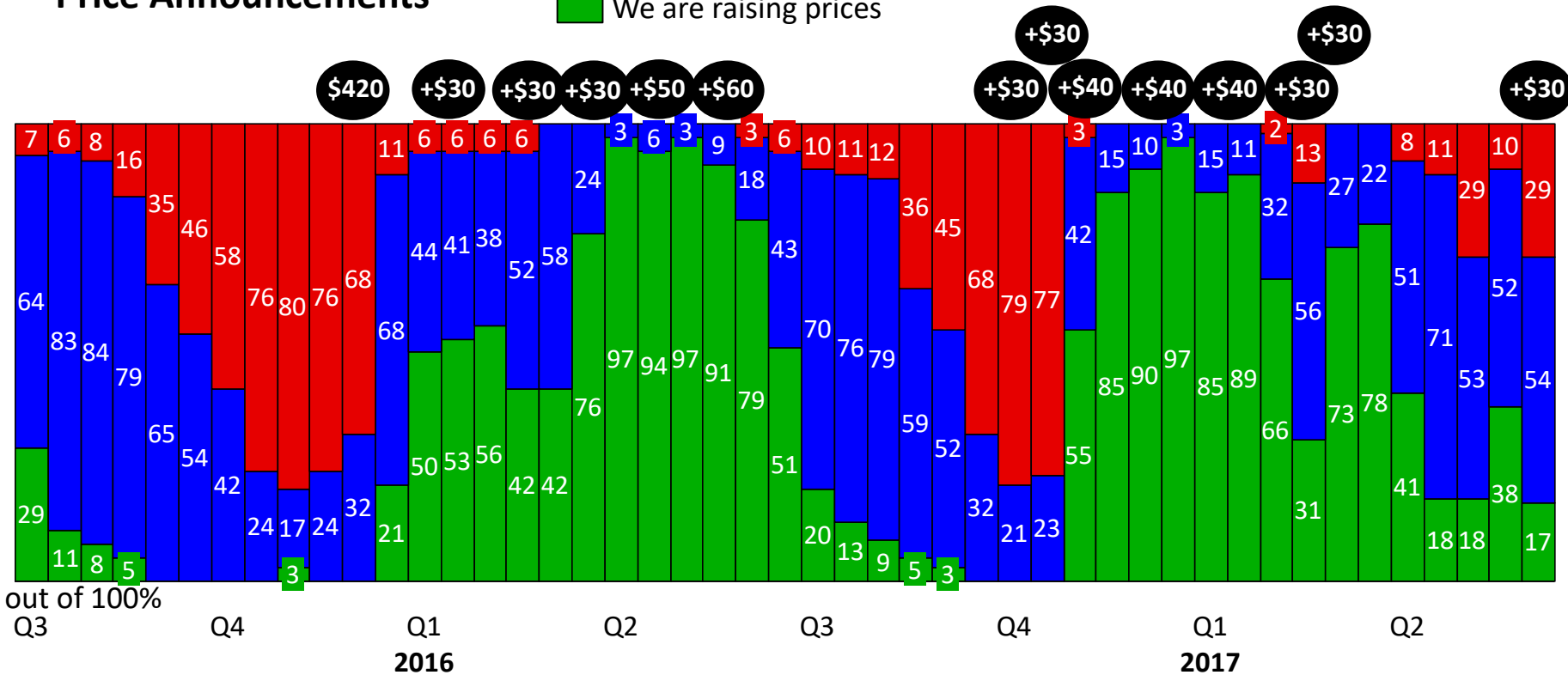
out of 100%



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

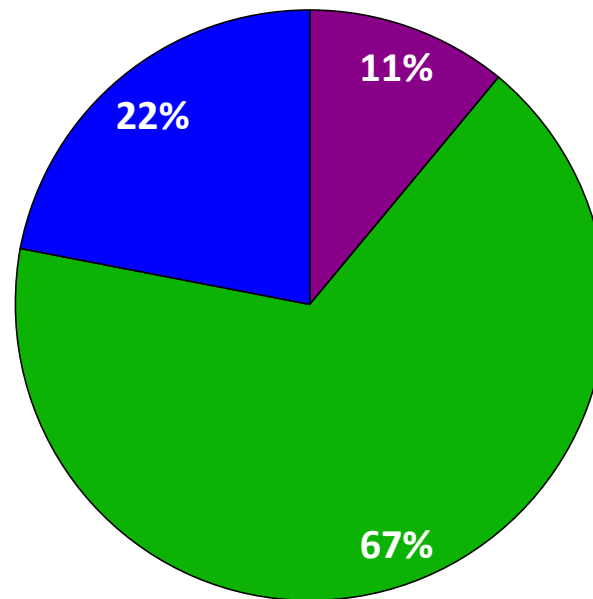
Historical AK Steel Price Announcements

- 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?

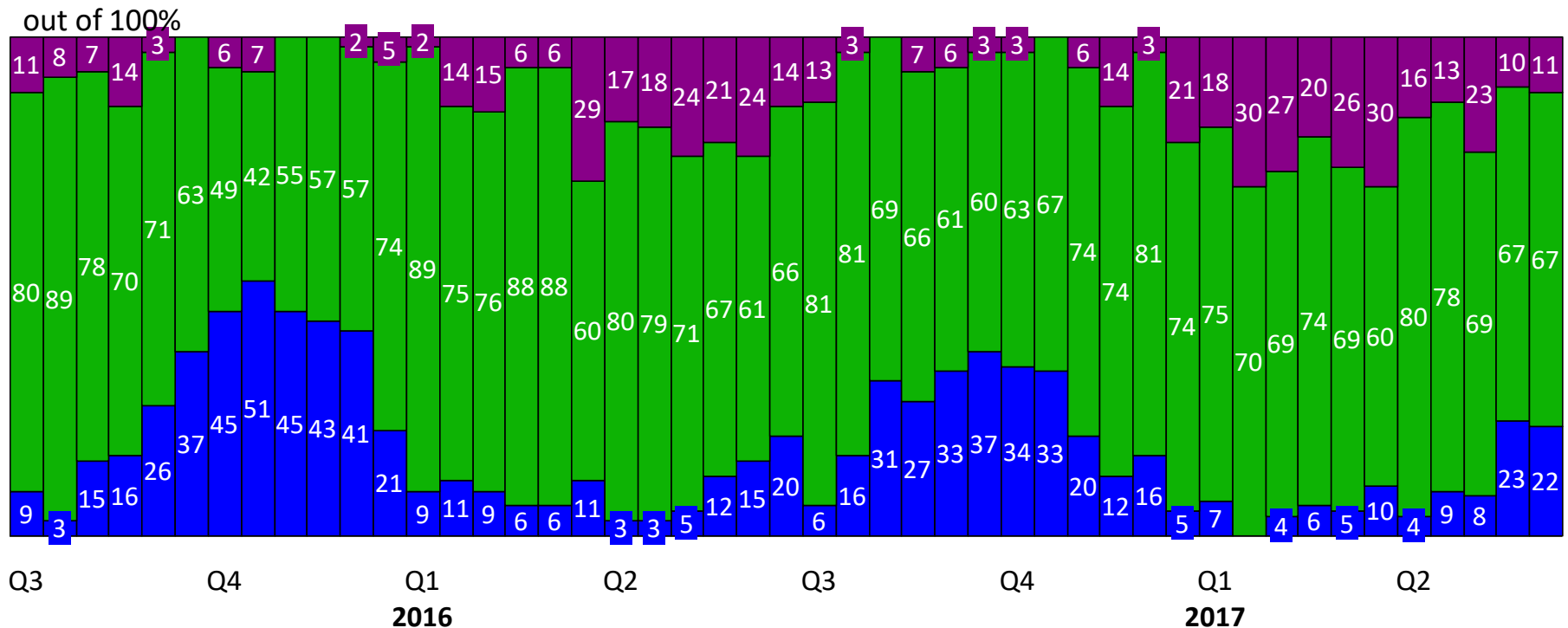
- Our manufacturing customers are increasing orders
- Our manufacturing customers are maintaining their orders
- Our manufacturing customers are reducing their orders



# Service Centers on Manufacturer Orders History

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

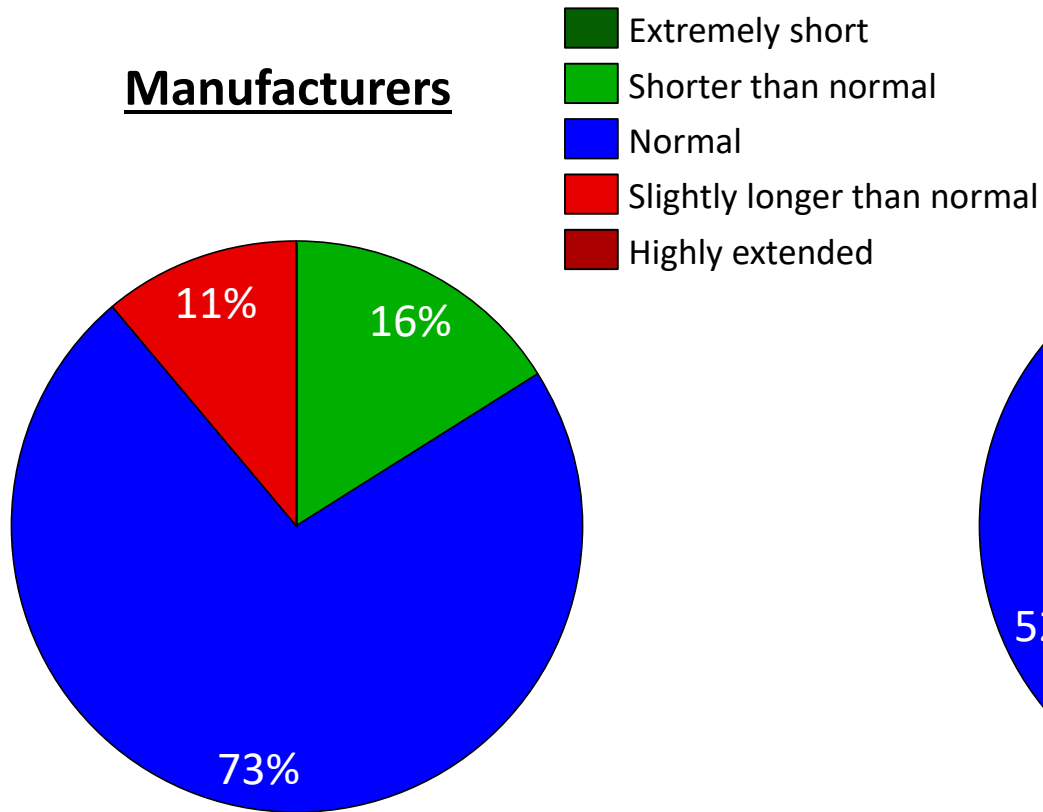
- Our manufacturing customers are increasing orders
- Our manufacturing customers are maintaining their orders
- Our manufacturing customers are reducing their orders



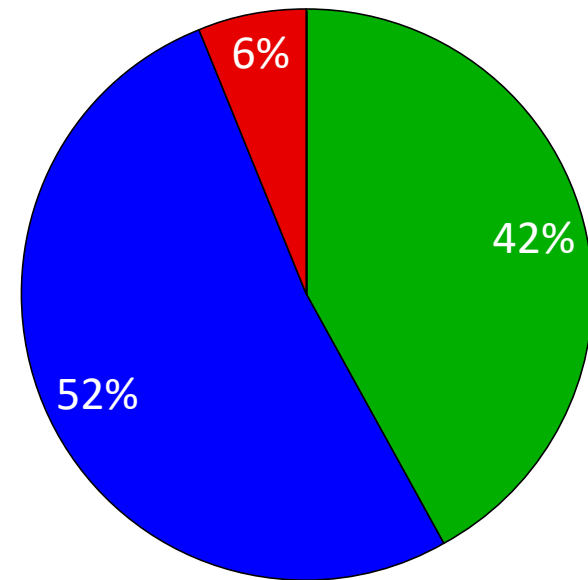
# Mill Lead Times

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

## Manufacturers

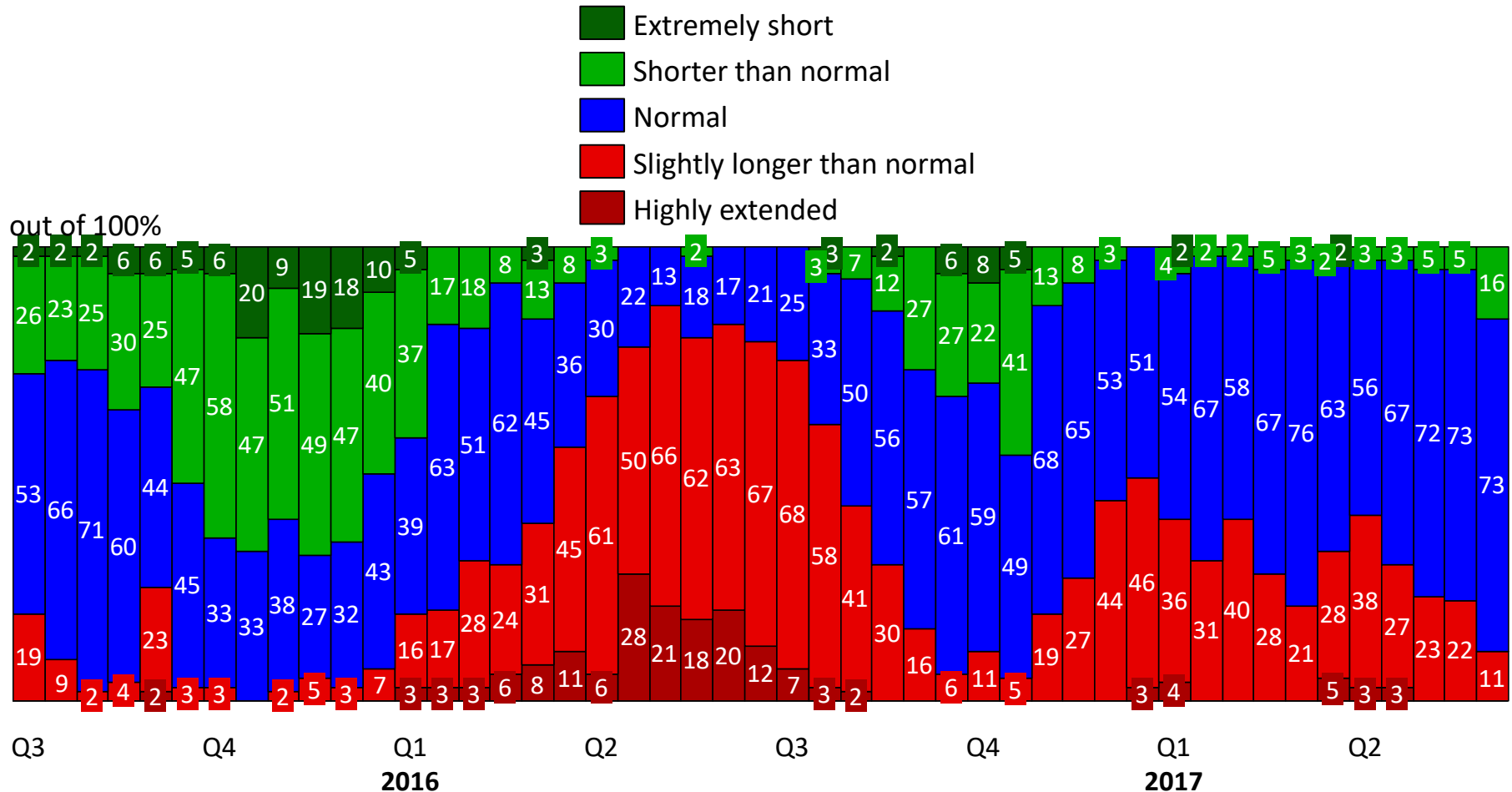


## Service Centers



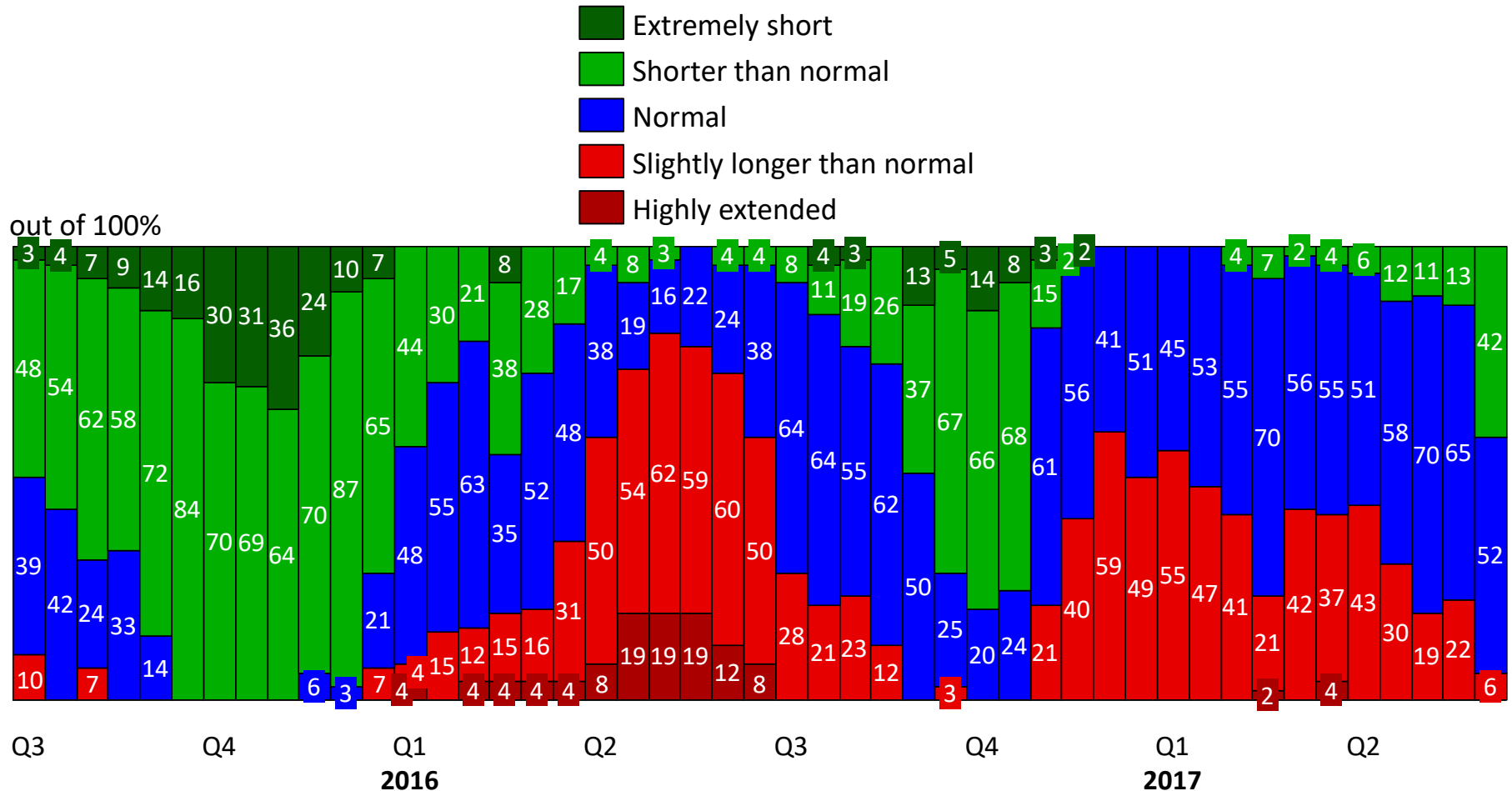
# Mill Lead Times History

**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?



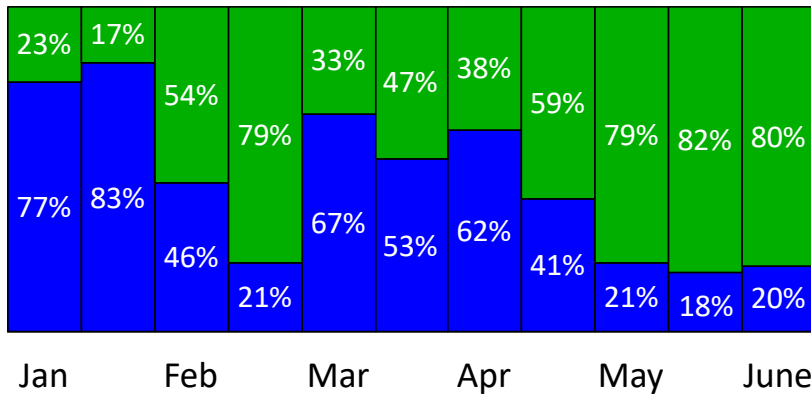


# Mill Negotiations

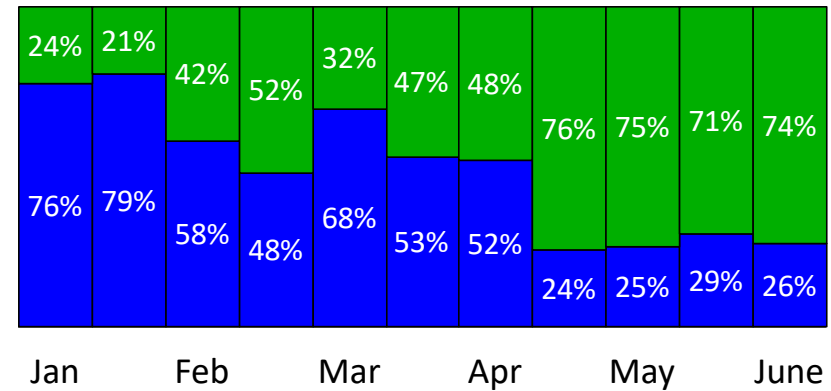
Are you finding the domestic mills are willing to negotiate pricing on brand new orders placed this week?

Yes No

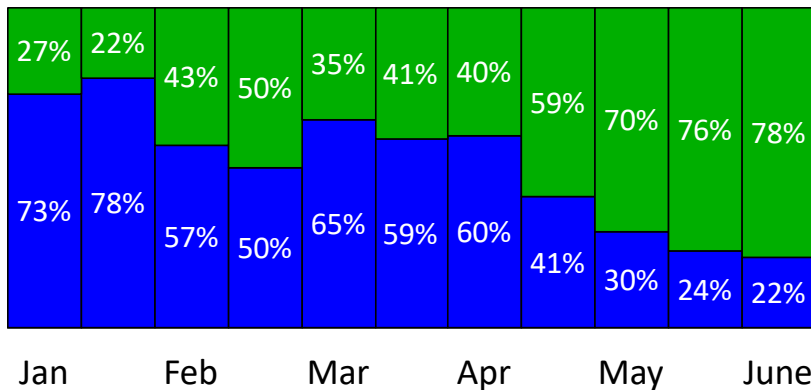
Hot Rolled Orders



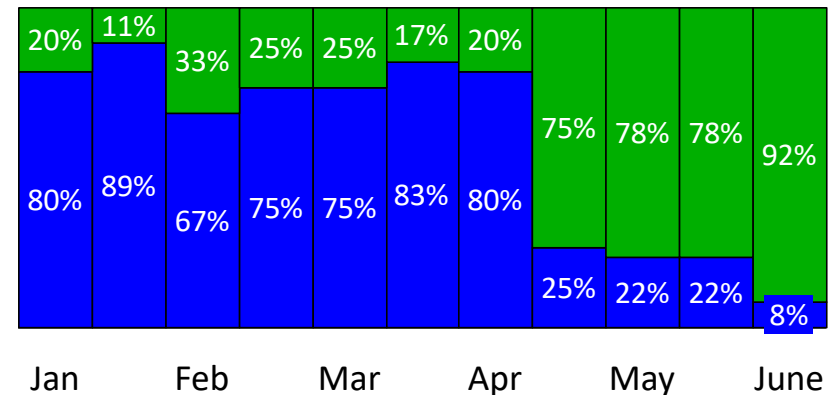
Cold Rolled Orders



Galvanized Orders

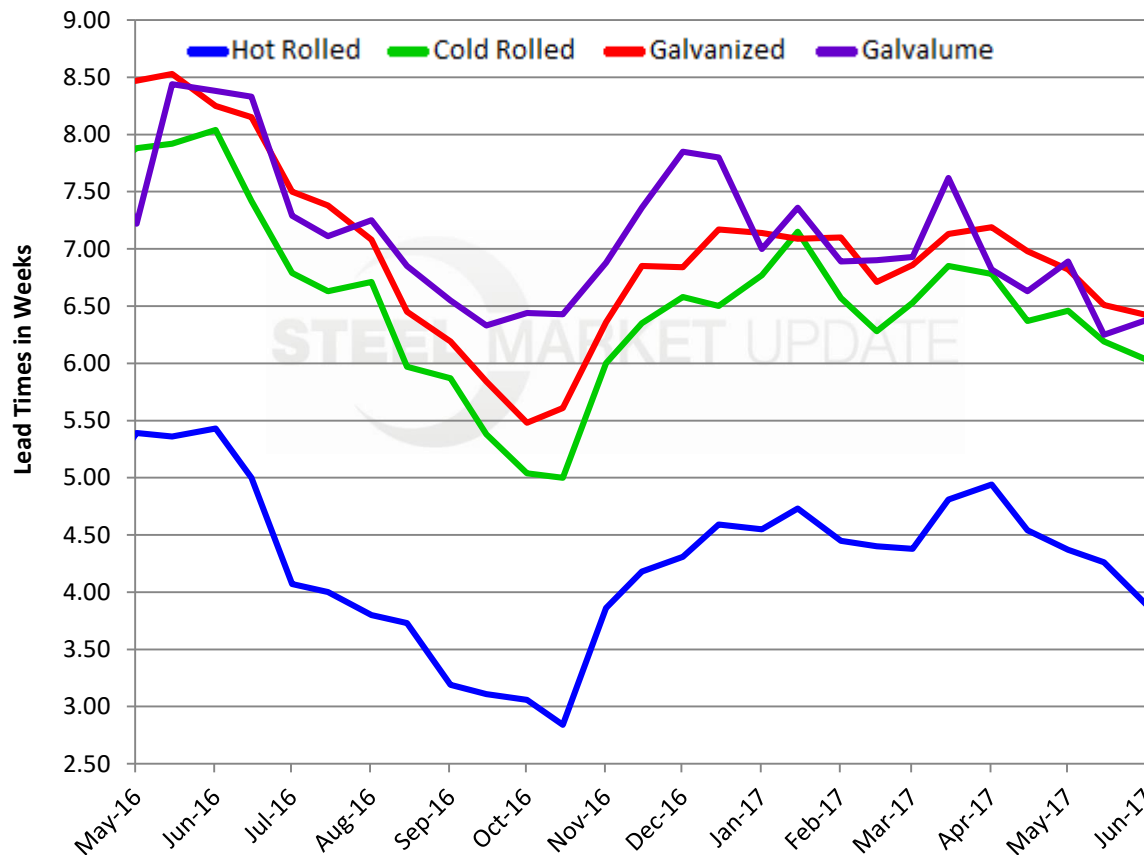


Galvalume Orders



# Lead Times (Weeks)

Steel Market Update Lead Times Comparison

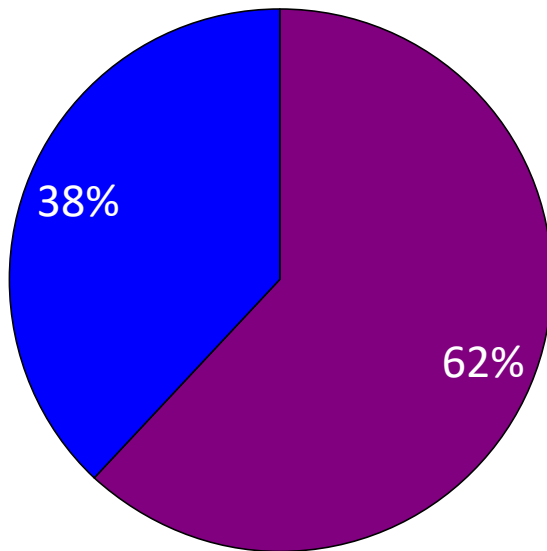


**Hot Rolled:** 3.88  
**Cold Rolled:** 6.03  
**Galvanized:** 6.42  
**Galvalume:** 6.38

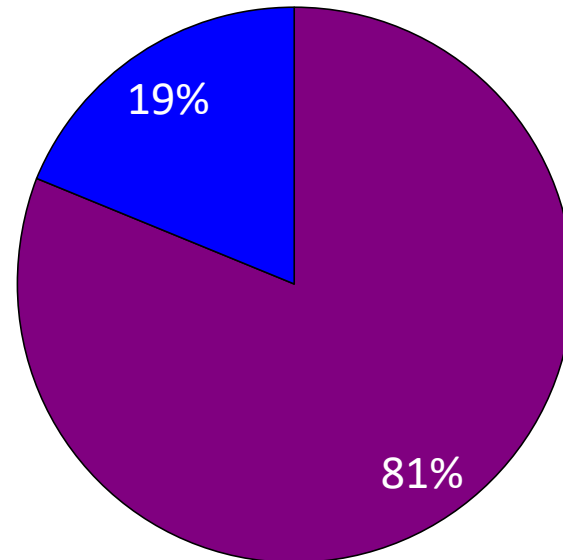
Does your company buy foreign steel?

■ Yes ■ No

## Manufacturers



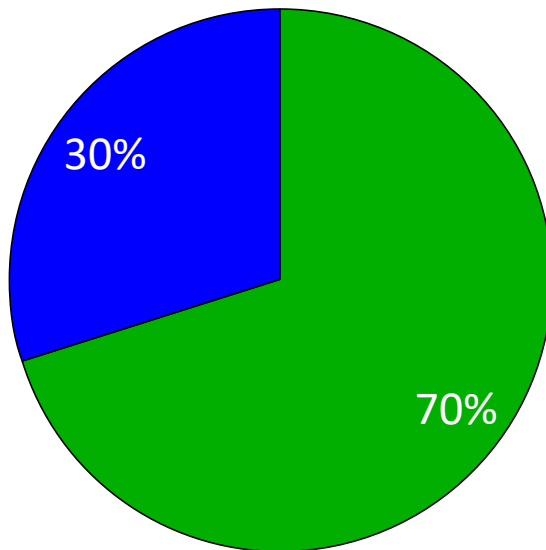
## Service Centers



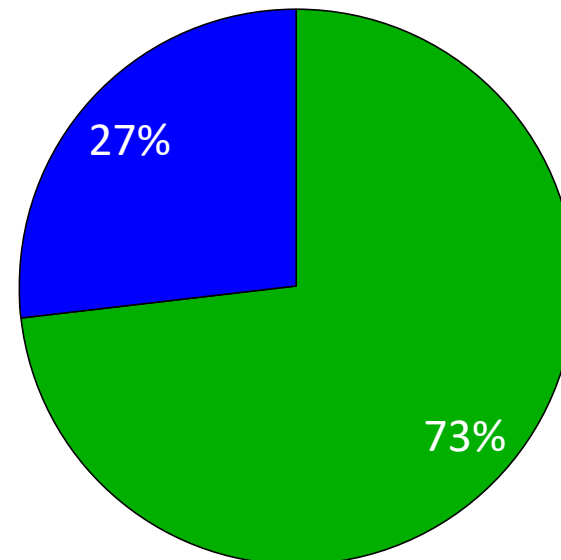
Is the spread between domestic and foreign prices  
wide enough to justify buying foreign steel?

■ Yes ■ No

## Manufacturers

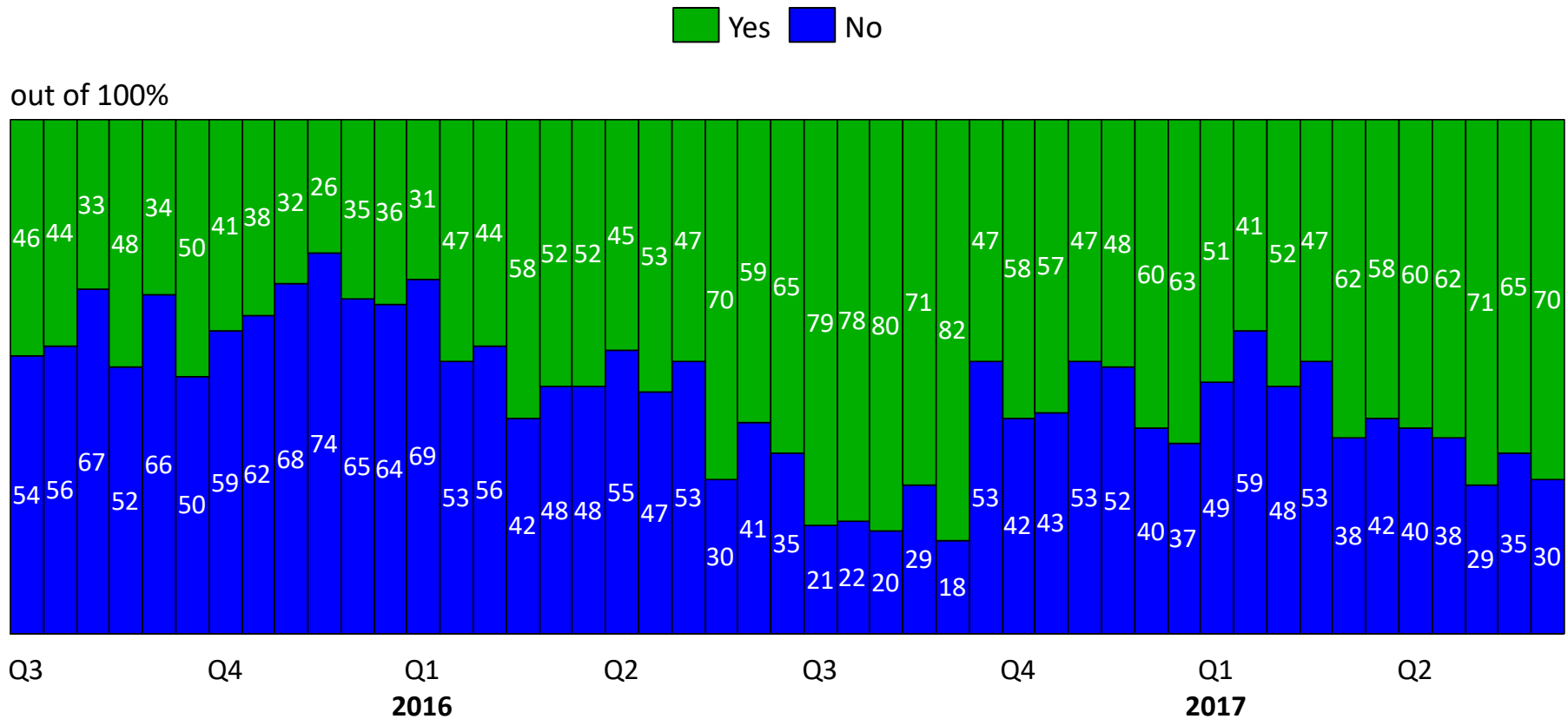


## Service Centers



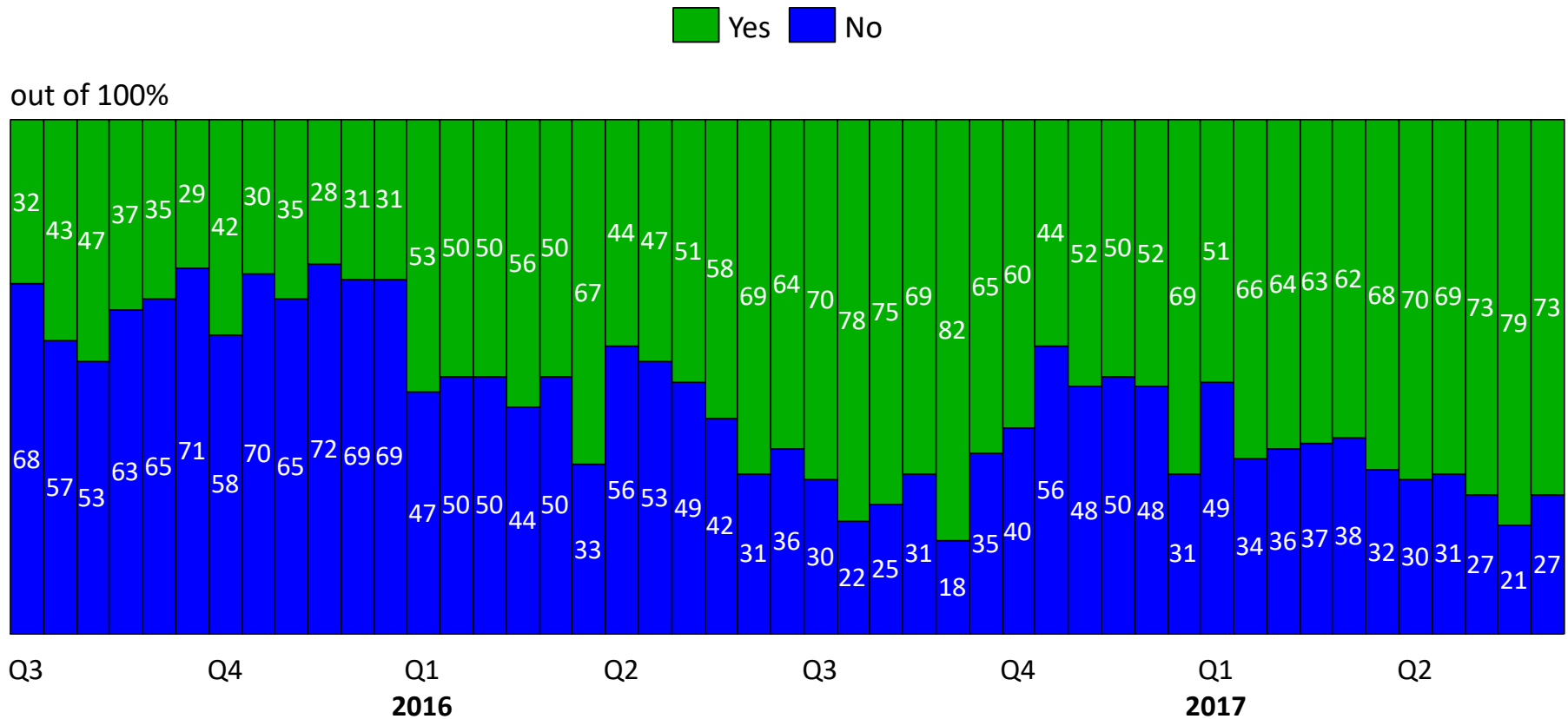
# Domestic and Foreign Price Spread

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



# Domestic and Foreign Price Spread

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

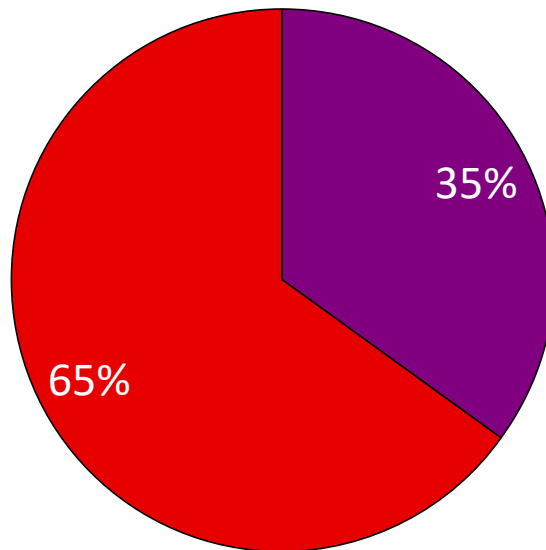


# New Foreign Orders

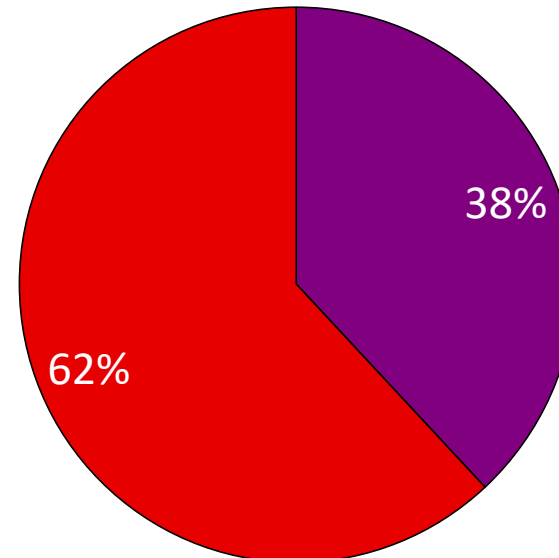
Is your company entering new foreign orders right now?

■ Yes ■ No

## Manufacturers

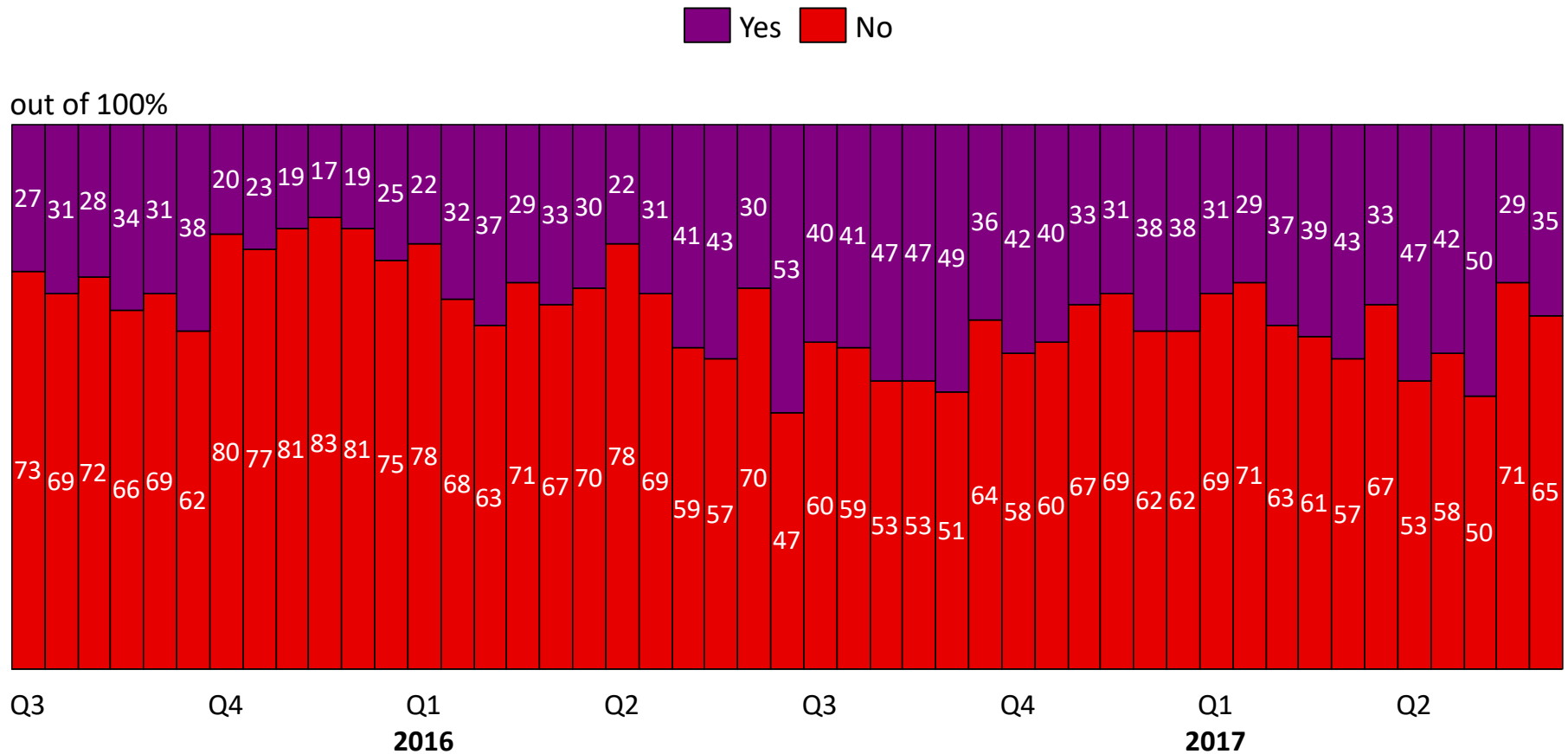


## Service Centers



# New Foreign Orders

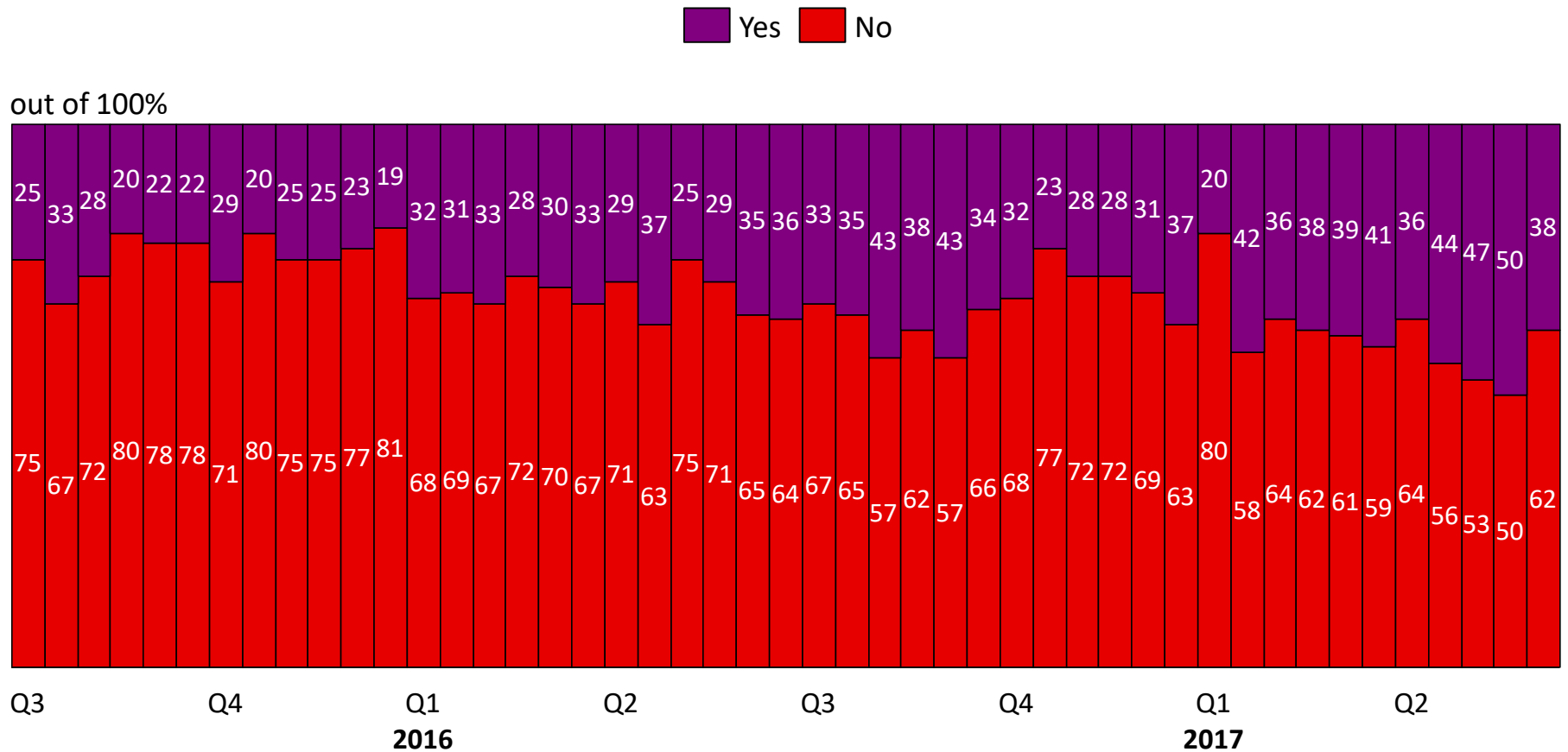
**Manufacturers-** Is your company entering new foreign orders right now?





# New Foreign Orders

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

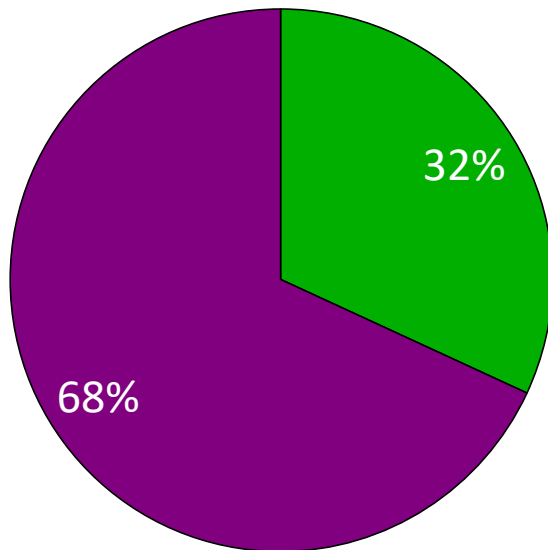


# Foreign Difficulties

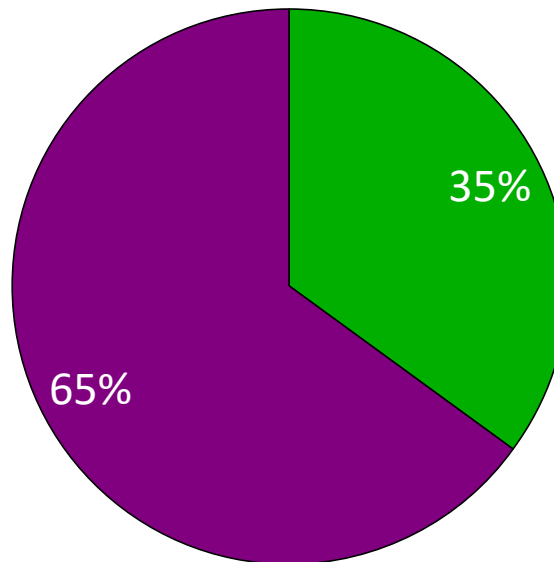
Are you having any difficulties sourcing foreign flat rolled steel products at competitive prices?

Yes No

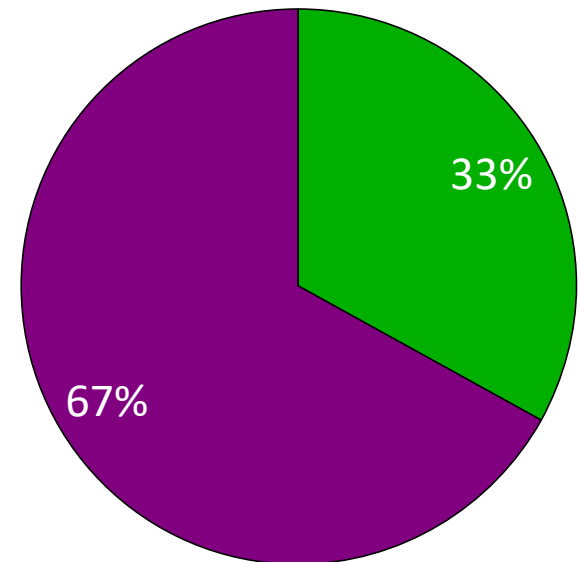
## Manufacturers



## Service Centers



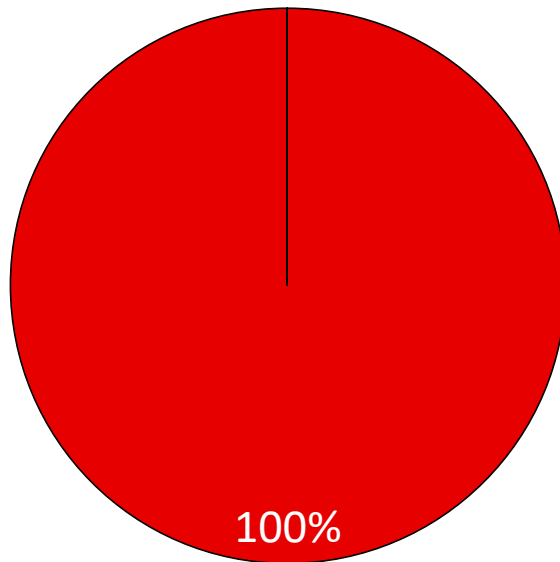
## Trading Companies



# Trading Companies

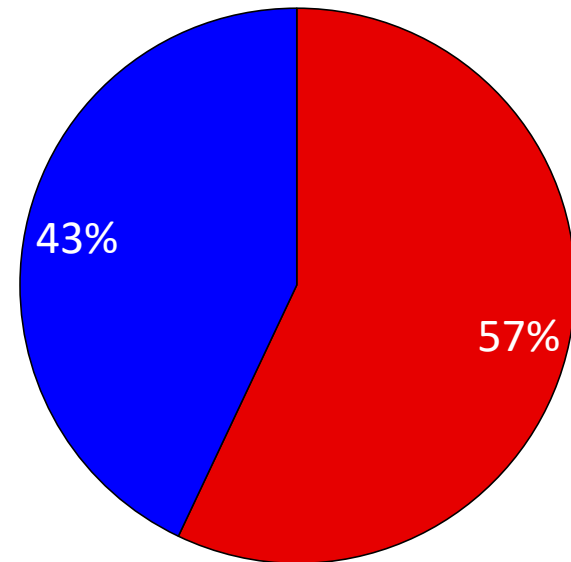
At this time, are you seeing an increase in requests for quotes from North American buyers for foreign steel?

■ Yes ■ No



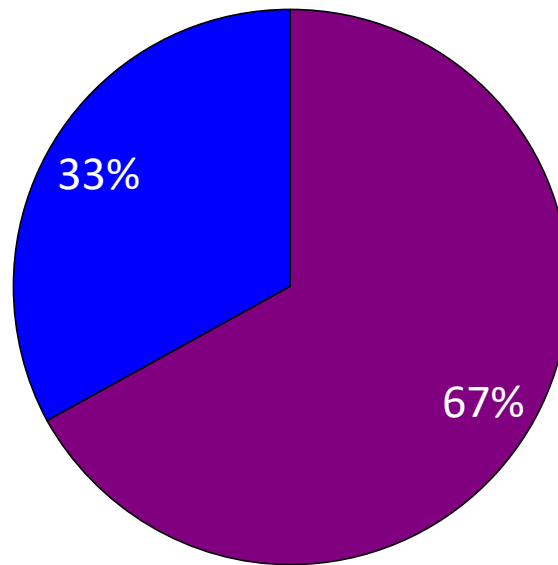
Are foreign steel prices rising compared to one month ago?

■ Yes  
■ No  
■ Remaining the same



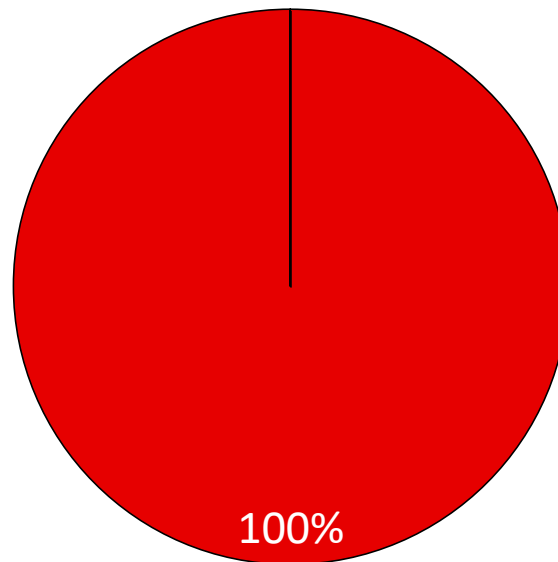
Are the foreign offers being made  
priced at levels where you are  
confident business can be transacted?

■ Yes ■ No



The first few months have seen high levels of cold rolled and coated steels being imported in the USA. Will this continue as the year goes on or will we see a reduction in imports of these products?

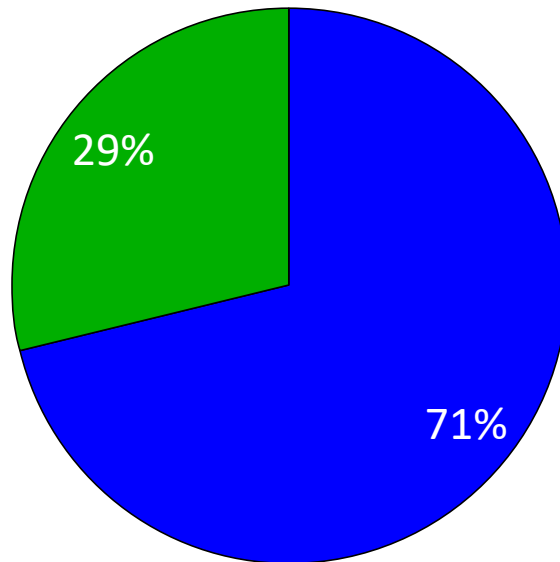
- Imports will continue at high levels
- Imports will drop off in the coming months
- Unsure



# Trading Companies

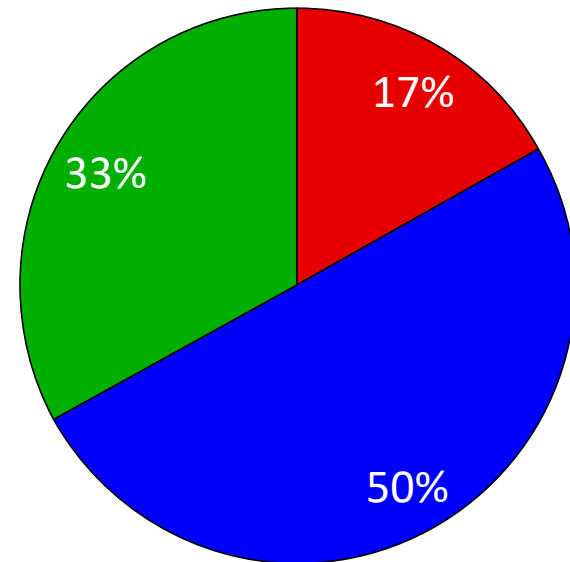
Are foreign galvanized prices more competitive, same, or less competitive than one month ago?

More competitive  
Same  
Less competitive

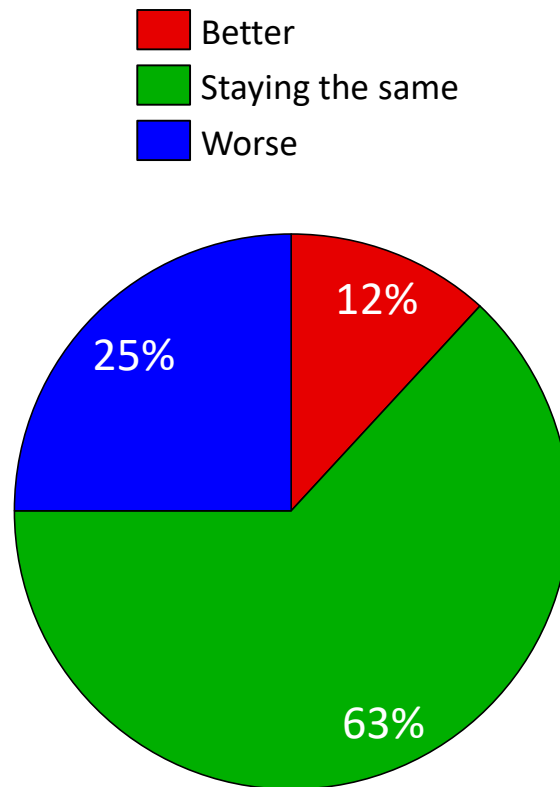


Are foreign Galvalume prices more competitive, same or less competitive than one month ago?

More competitive  
Same  
Less competitive



Are you seeing business conditions as worsening, getting better or staying the same compared to this time last year?



# 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](https://SteelMarketUpdate.com).



# Look for Our Next Survey



Our next survey  
will be conducted  
the week of  
**June 19<sup>th</sup>, 2017**



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