



STEEL MARKET UPDATE

Steel Trends in a Turbulent Market

Responses from our July 21st 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.



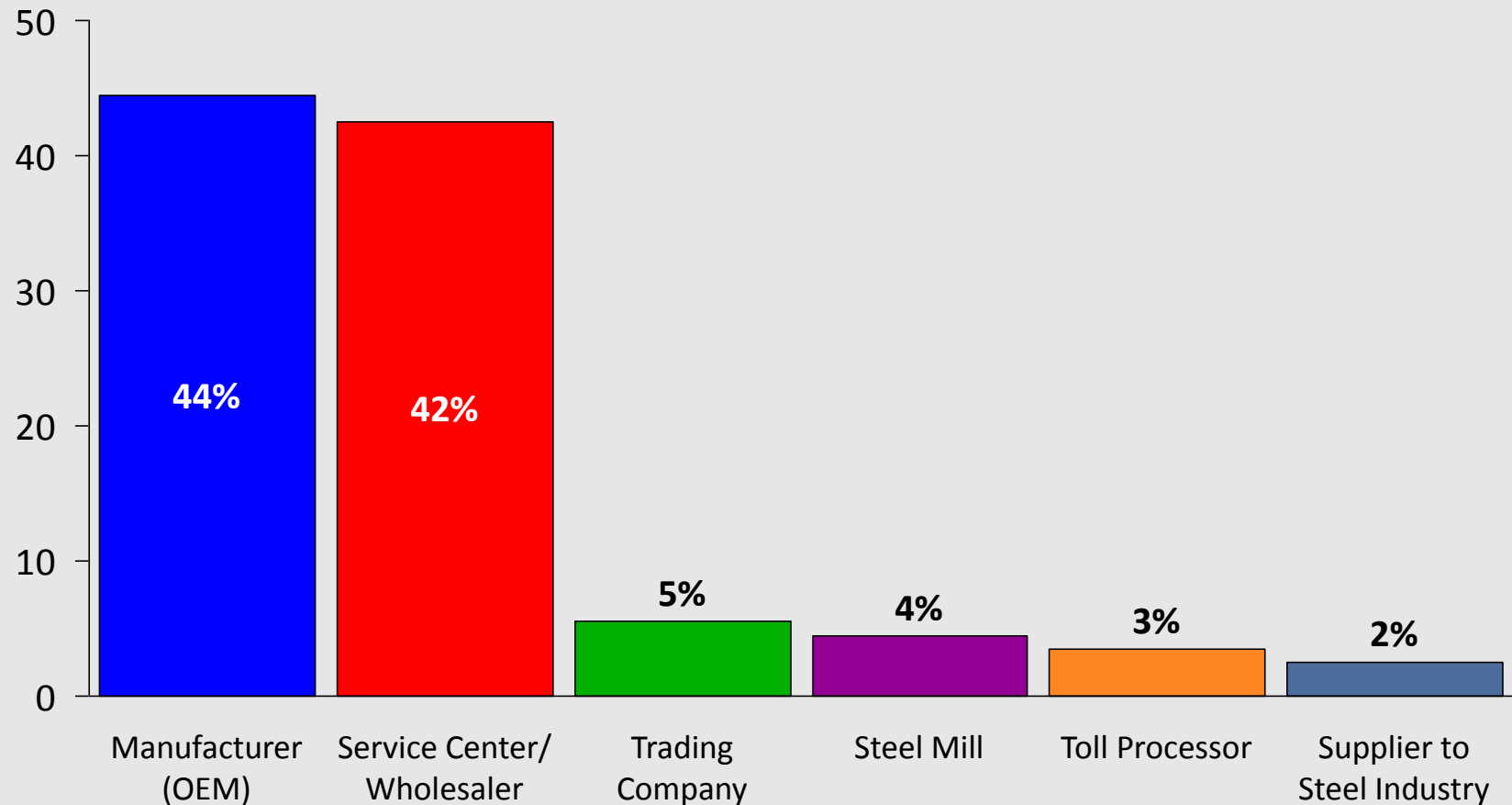
This years conference will focus on current risk in both the global and domestic steel industry as well as provide forecasting from a number of steel related industry sectors.

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

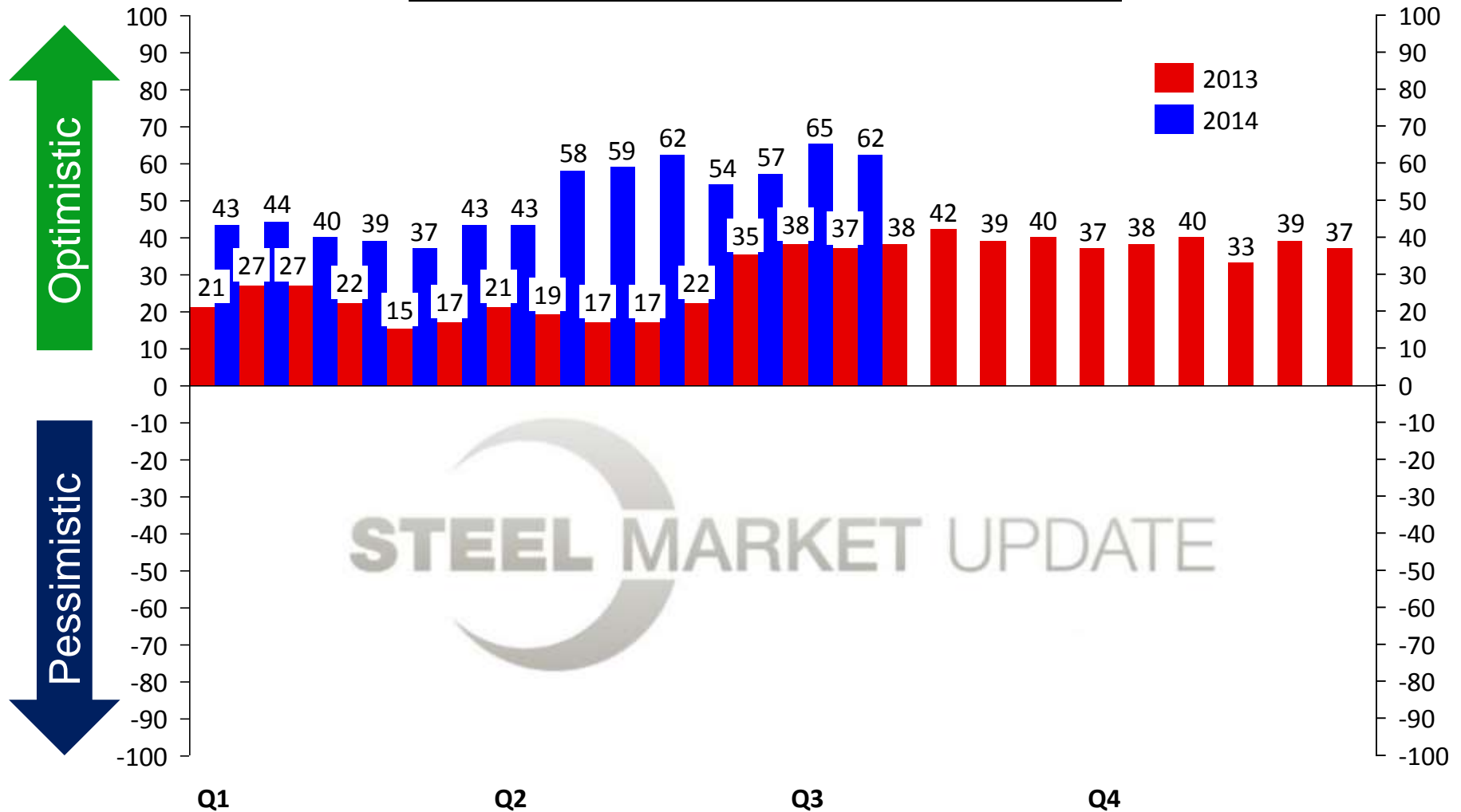
Our survey is by invitation only- Over 600 companies, mostly in the manufacturing or distribution industries, are asked to participate. Here are the percentages of participation in this week's survey by market sector.



SMU Buyers Sentiment Index

Down 3 points to +62

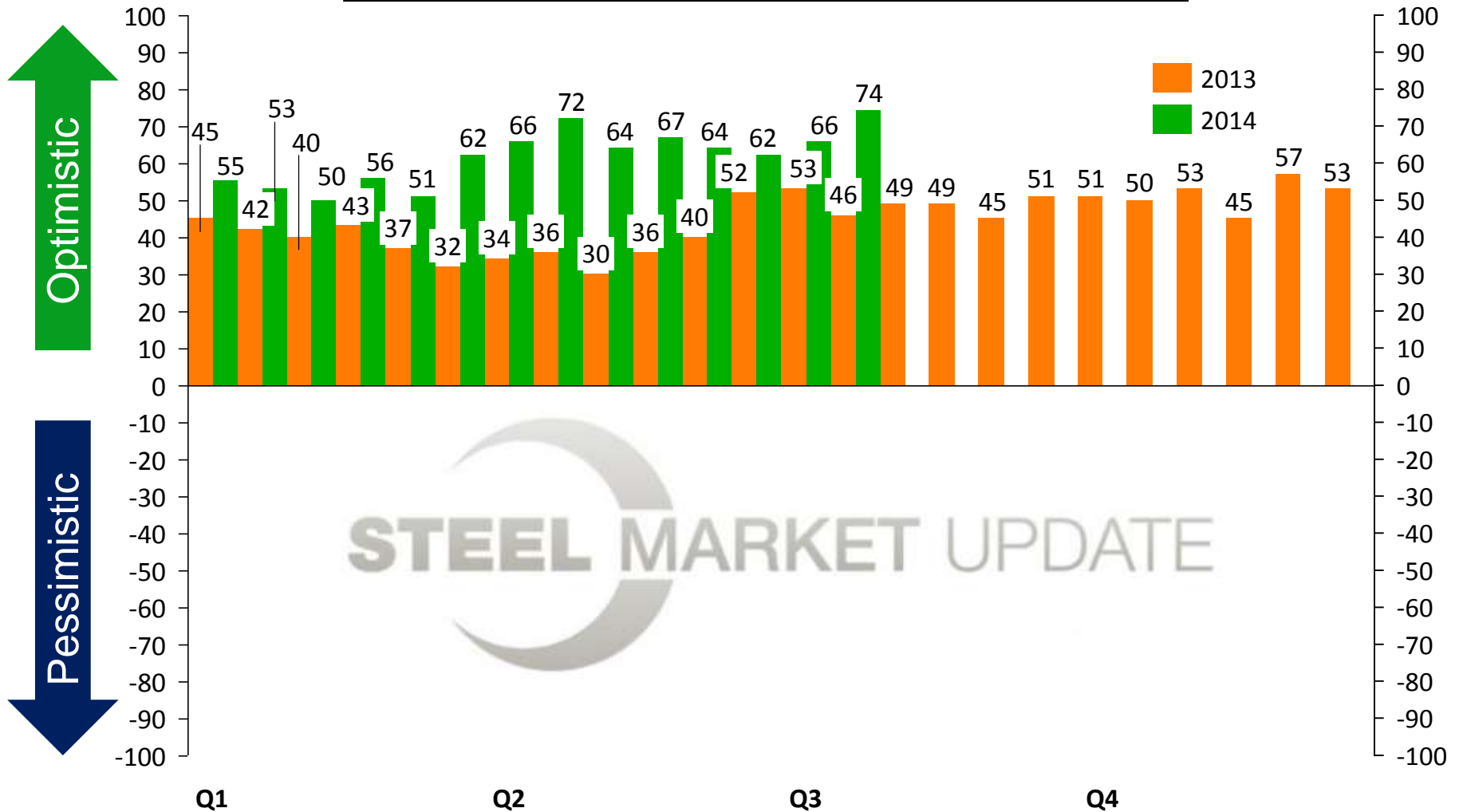
Steel Market Update Buyers Sentiment Index



SMU Future Buyers Sentiment Index

Up 8 points to +74

Steel Market Update 'Future' Buyers Sentiment Index

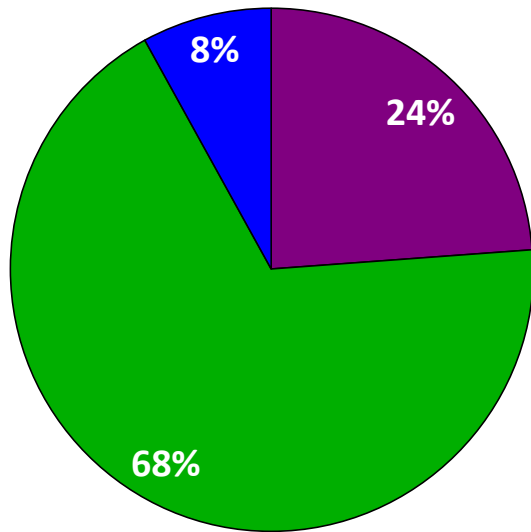


Overall Demand

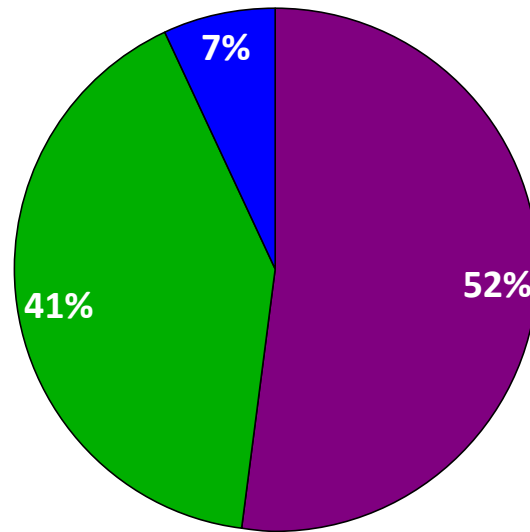
Are you seeing demand for your products improving, remaining the same or declining?

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

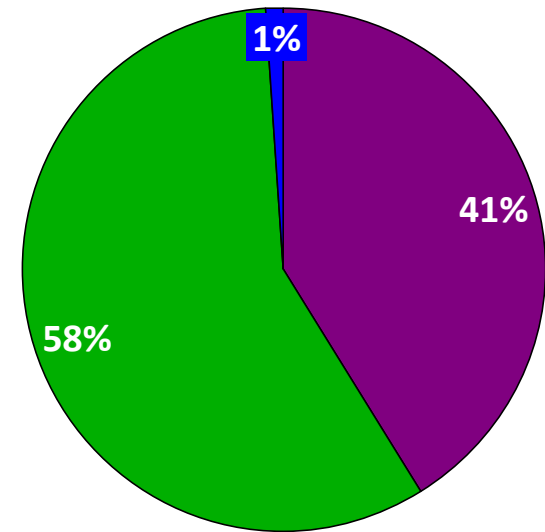
March 6th 2014



May 9th 2014



July 24th 2014

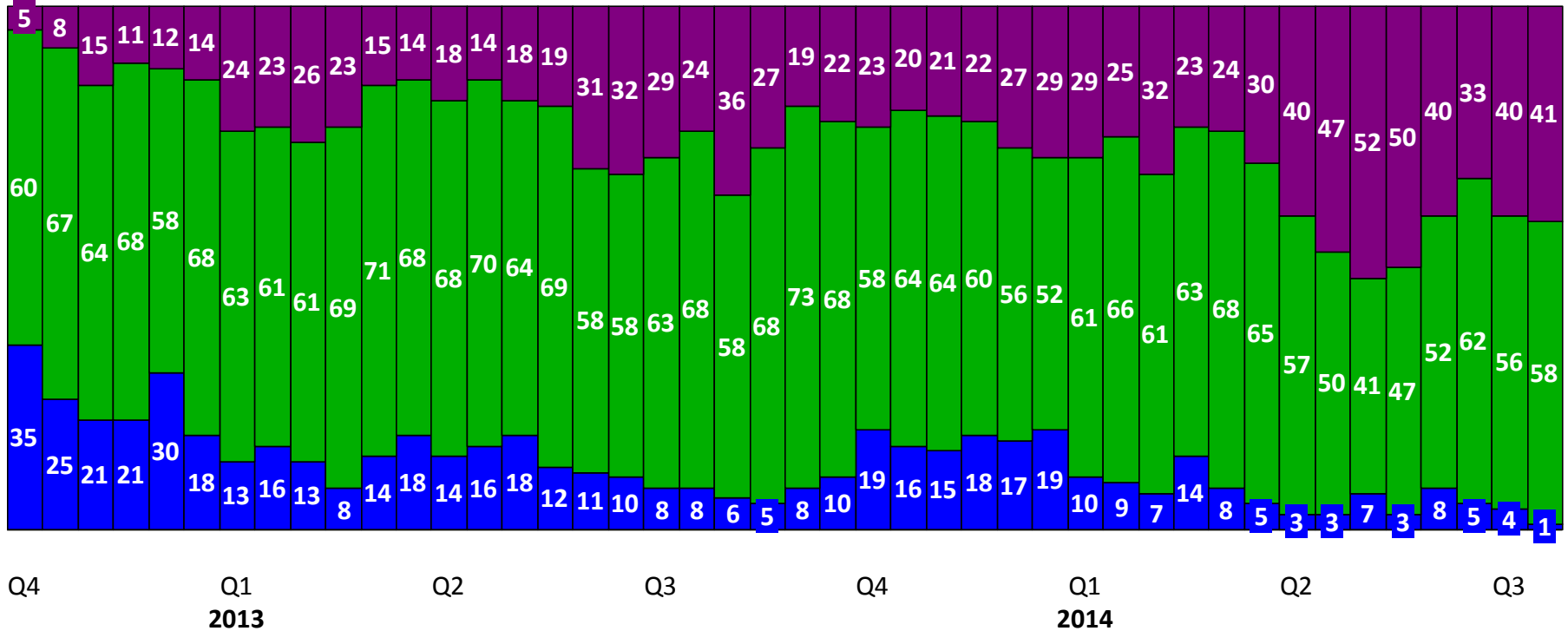


Overall Demand History

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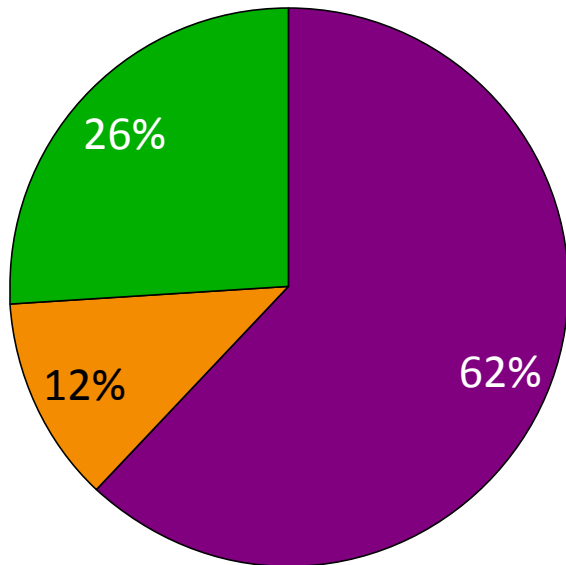
out of 100%



Steel Industry Consolidation

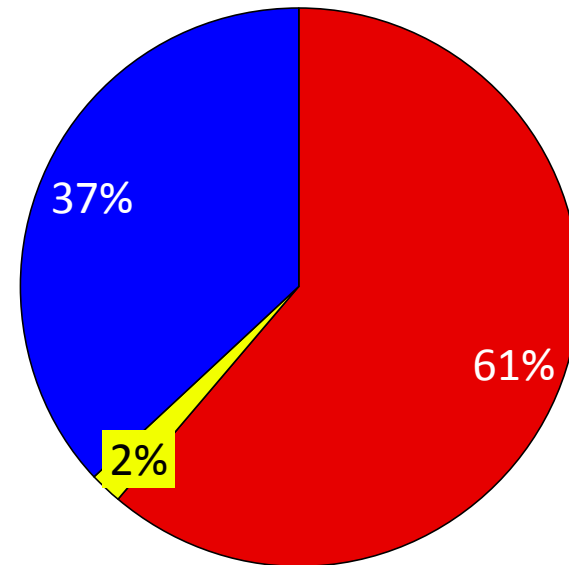
Severstal Announced the sale of the Dearborn and Columbus mills this week.
Is this sale to AK Steel and SDI a good thing for the industry?

- Yes
- No
- No Opinion



Will consolidation of the steel industry results in higher, lower or no change to flat rolled steel prices?

- Prices will rise
- Prices will fall
- It will not affect prices

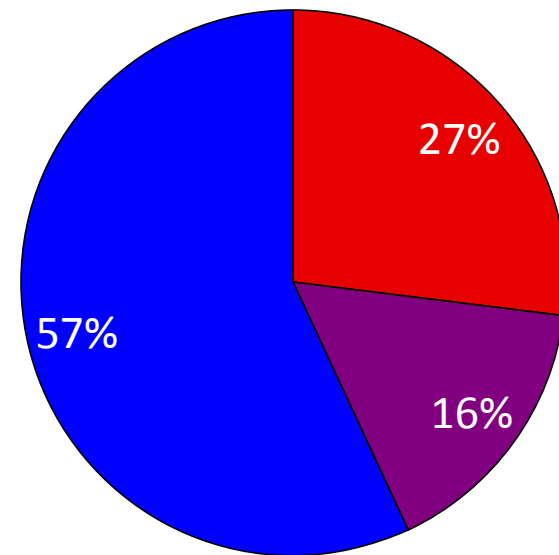
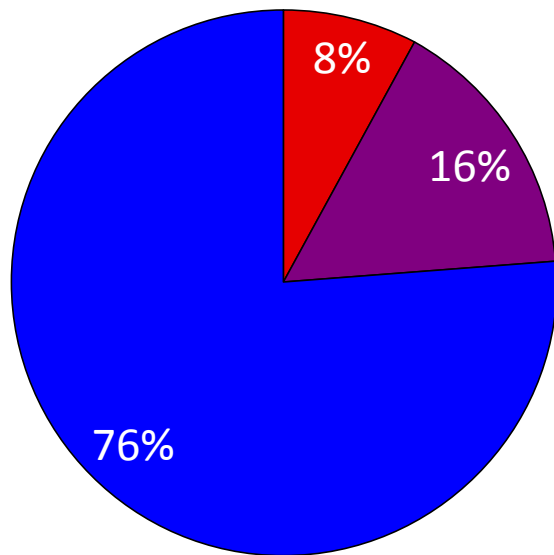


Views on Consolidation

Manufacturers

Is the purchase of Severstal Dearborn by AK Steel good or bad news for your company?

Is the purchase of Severstal Columbus by SDI good news or bad news for your company?

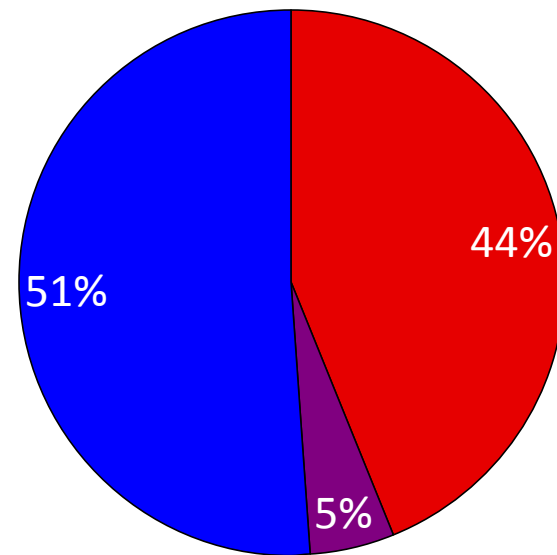
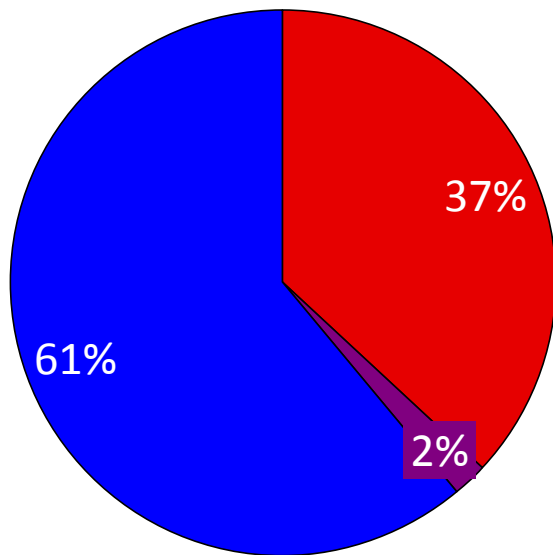


Views on Consolidation

Service Centers

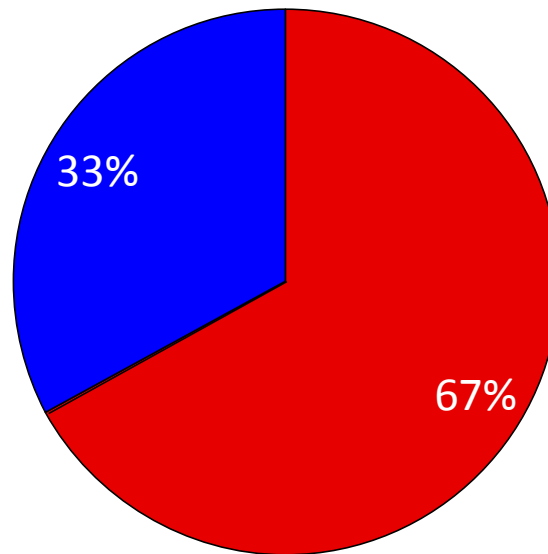
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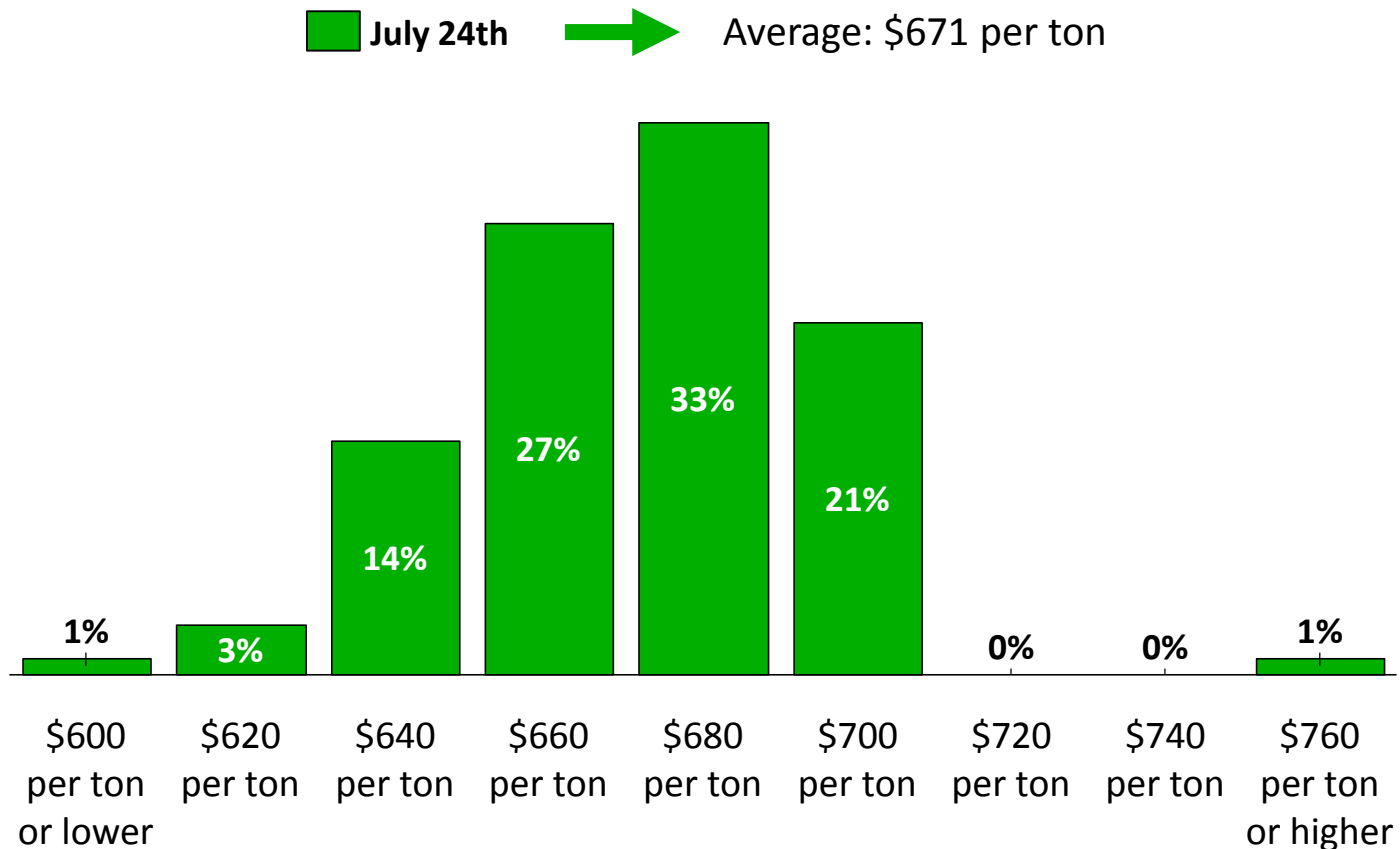
Trading Companies

Do you think consolidation of the steel mills in the United States will be good or bad for your business?



Prices on September 1st

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

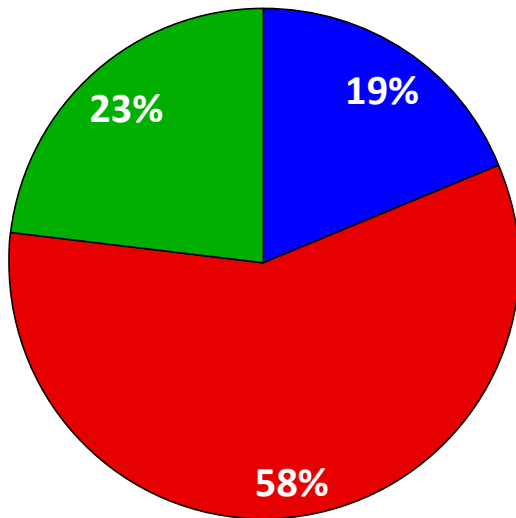


Manufacturer Purchases

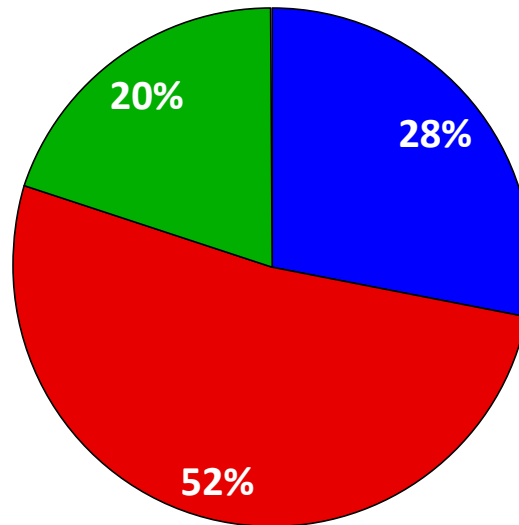
Manufacturers- Compared to this time last year –
is your company buying more, less or the same
amount of flat rolled steel as one year ago?

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

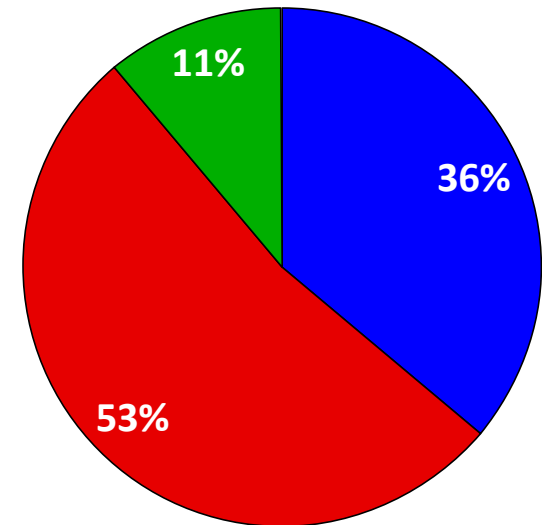
March 6th 2014



May 9th 2014



July 24th 2014

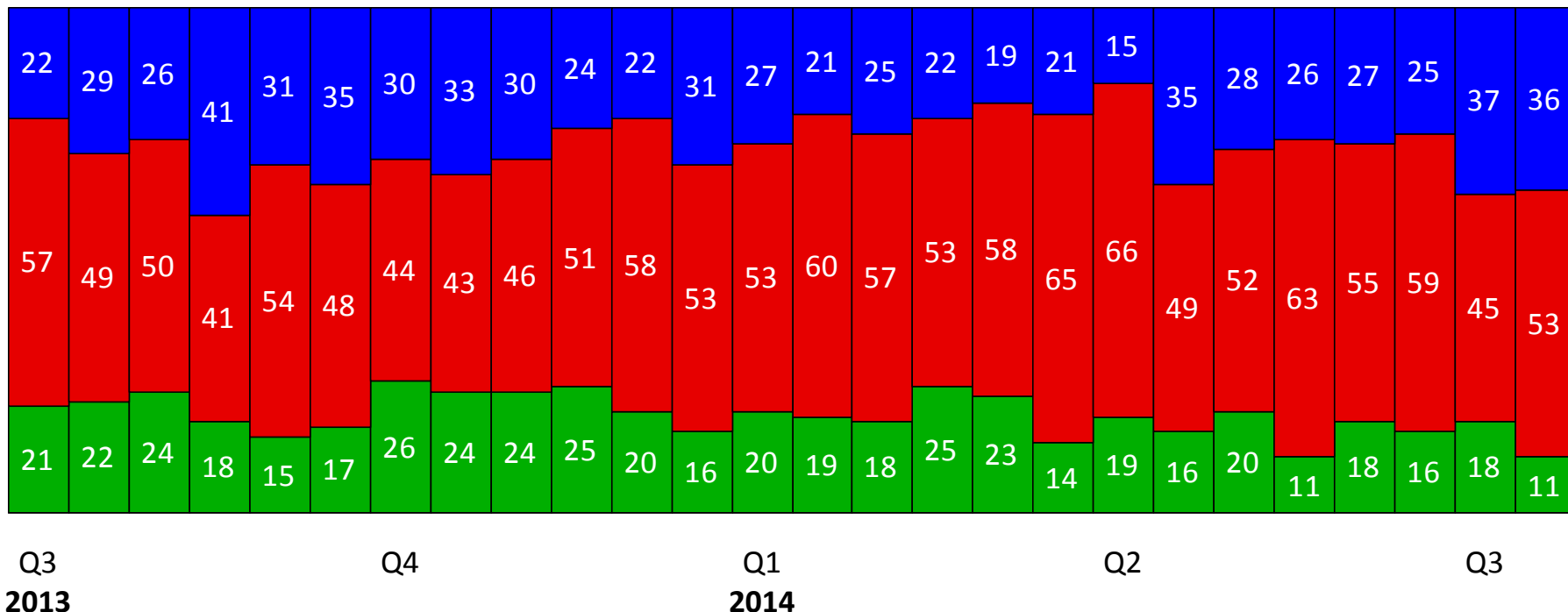


History of Manufacturer Purchases

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%

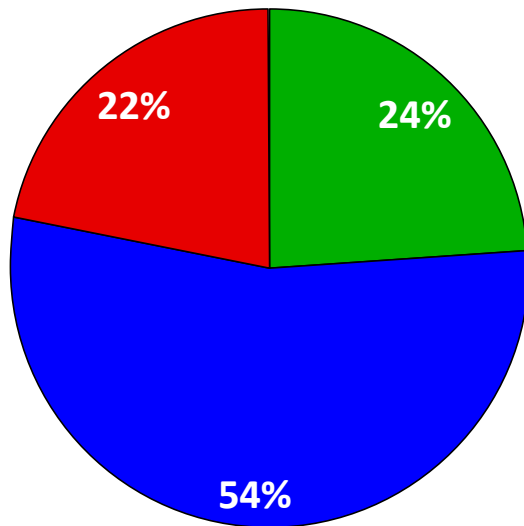


Service Center Releases

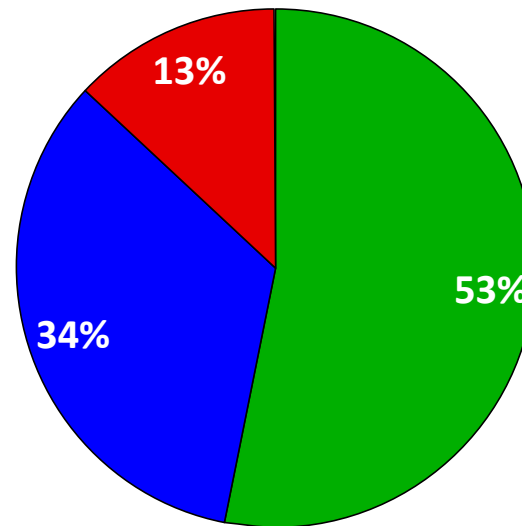
Service Centers- How do you see your customers releases (demand) for the products your company provides this year compared to this time last year?

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

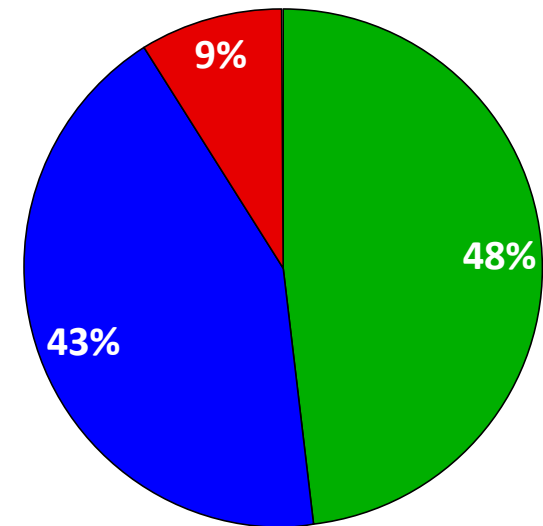
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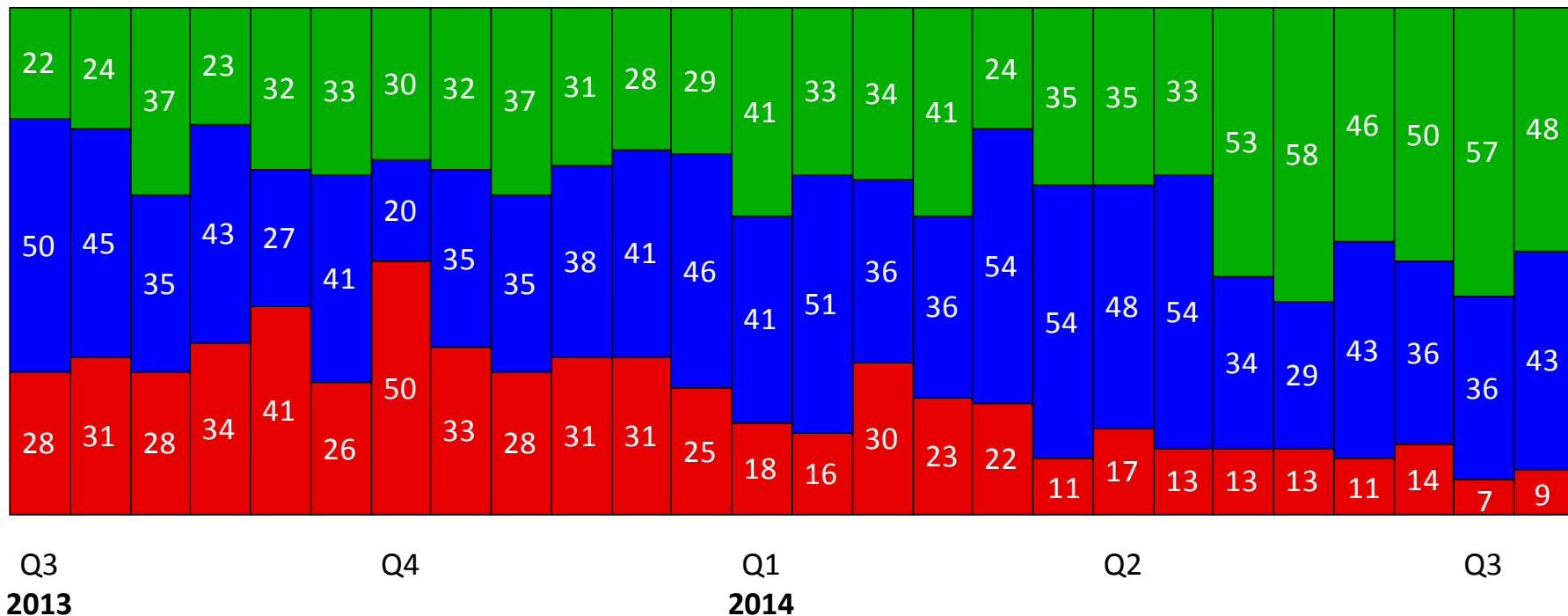


Service Center Release History

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

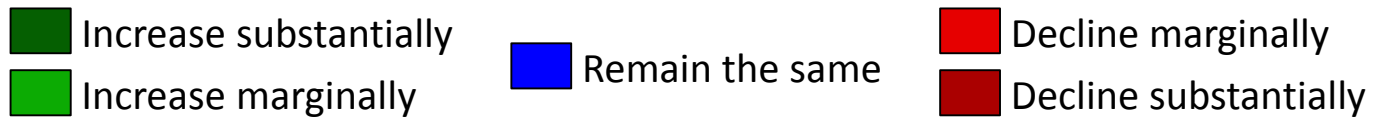
- Releasing more steel
- Releasing the same amount of steel
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out of 100%

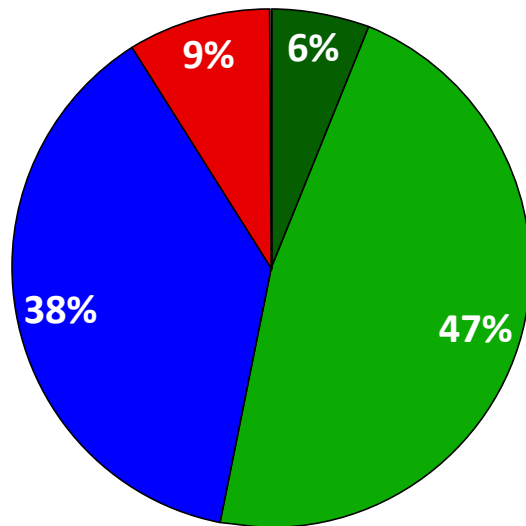


Manufacturer Demand

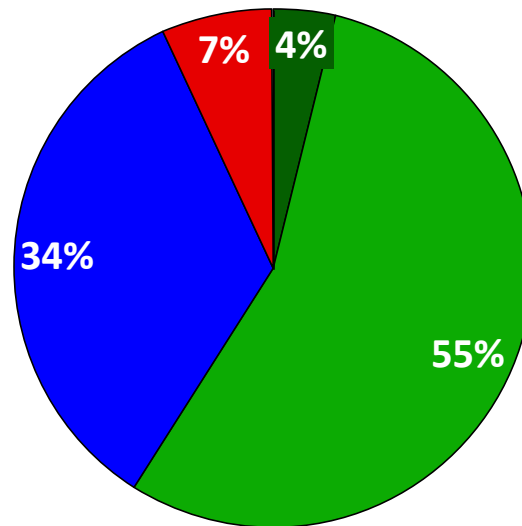
Manufacturers- Demand for your products will _____
over the next 3 months based on current order flows.



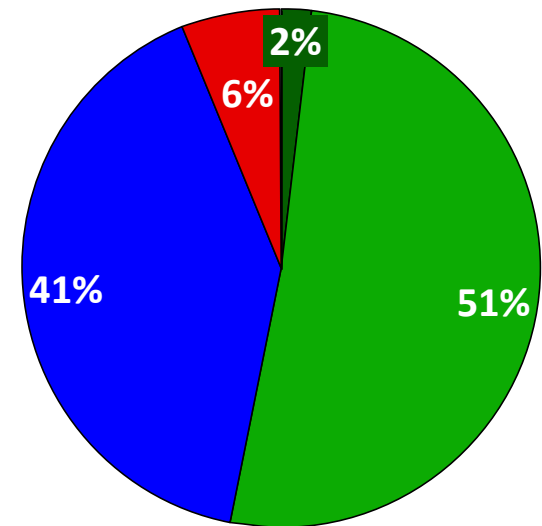
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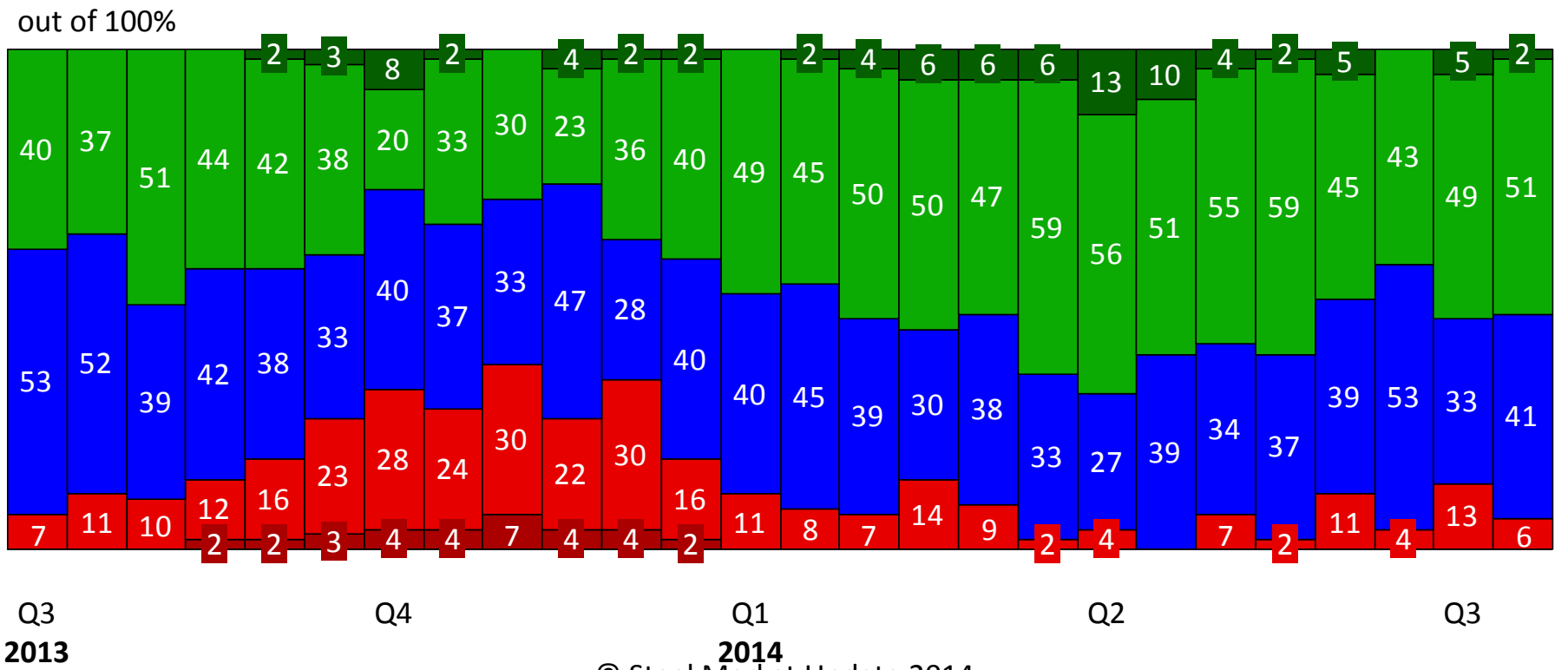
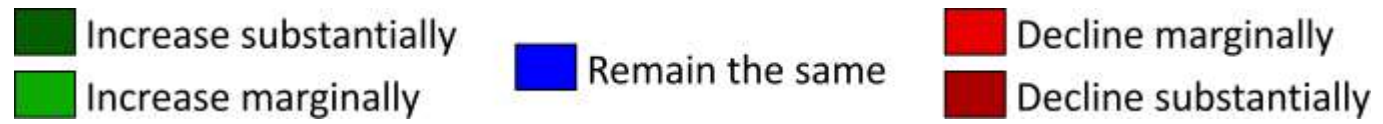


July 24th 2014



Manufacturer Demand History

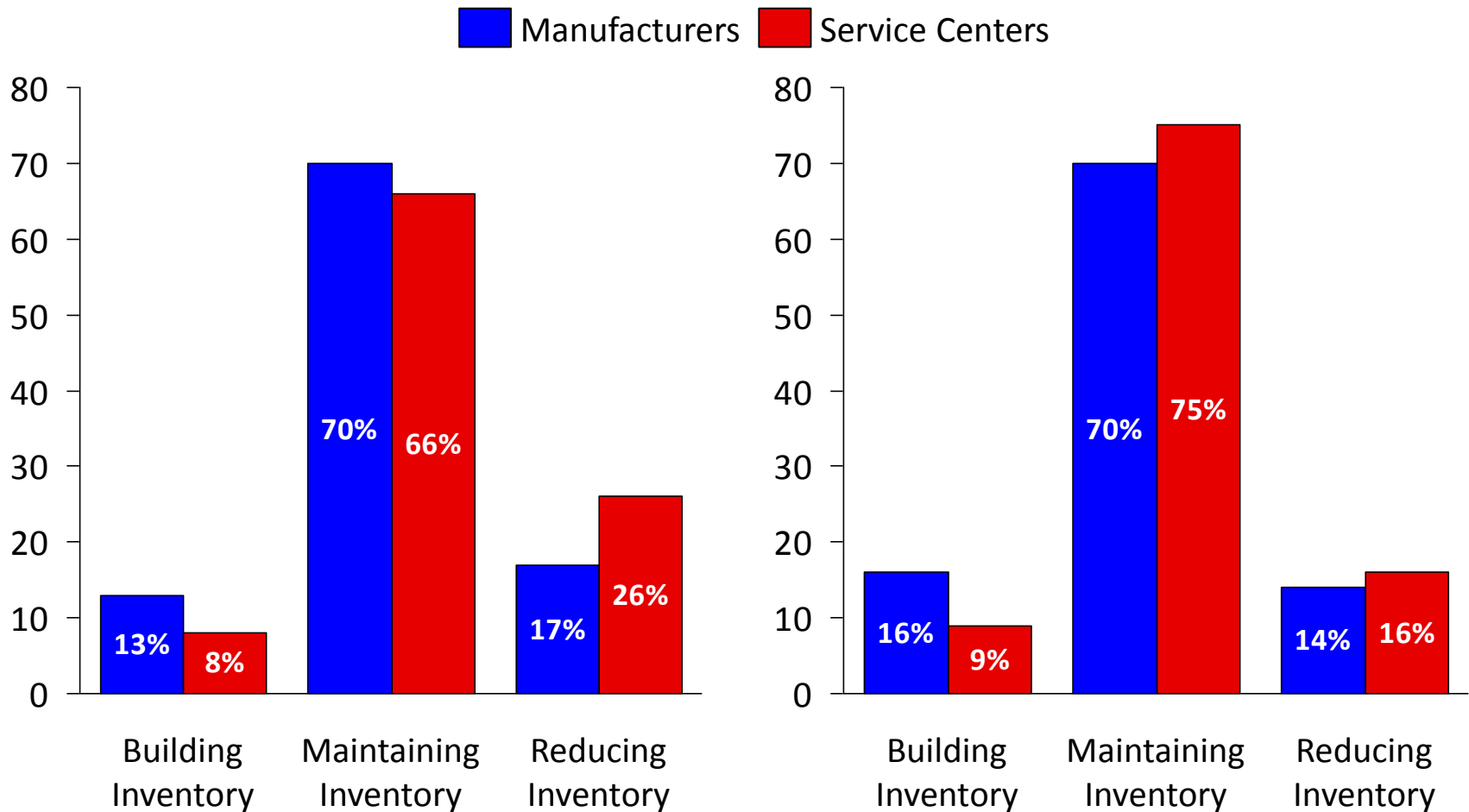
Manufacturers- Demand for your products will _____ over the next 3 months based on current order flows.



Manufacturer and Service Center Inventory Buying Patterns

May 9th 2014

July 24th 2014

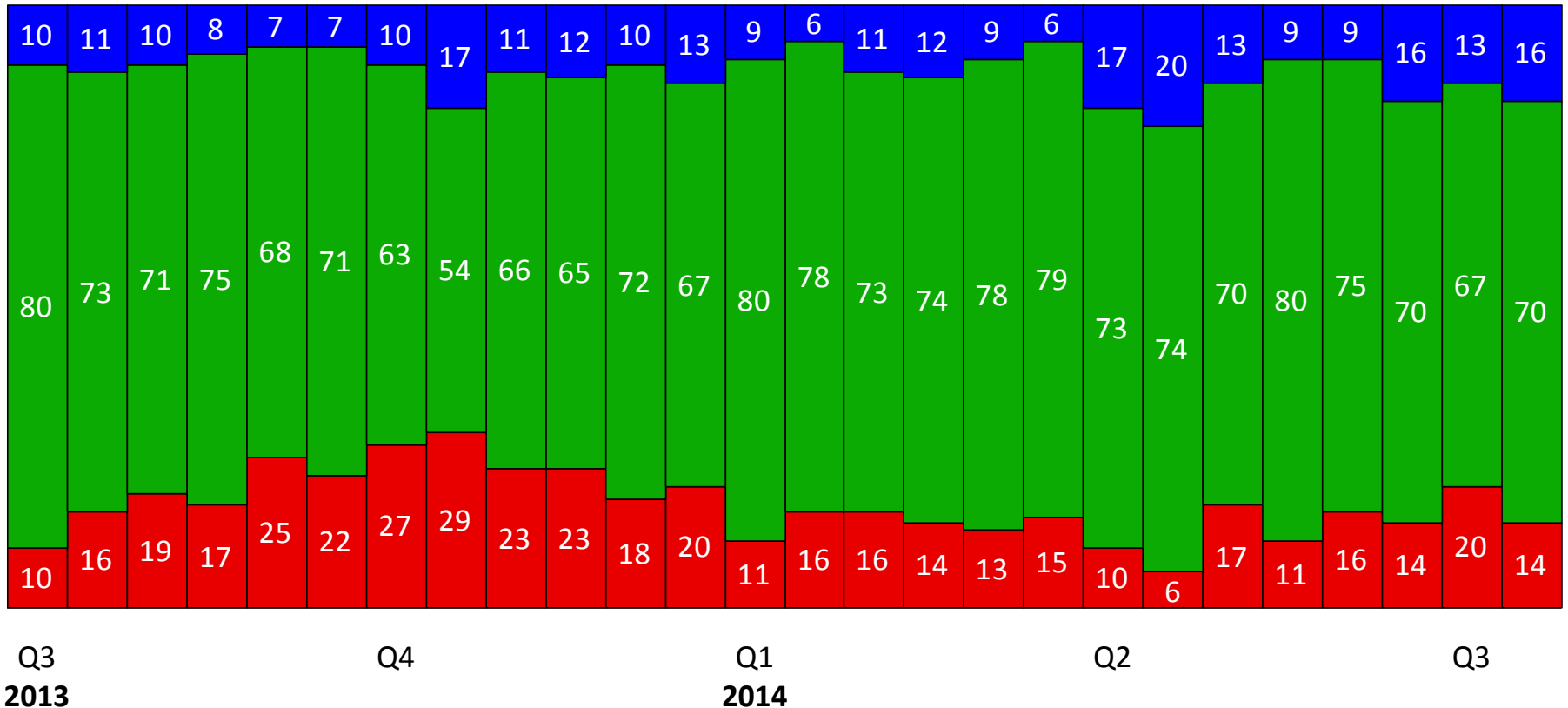


Manufacturer Inventory Buying History

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

■ Building Inventory
 ■ Maintaining Inventory
 ■ Reducing Inventory

out of 100%

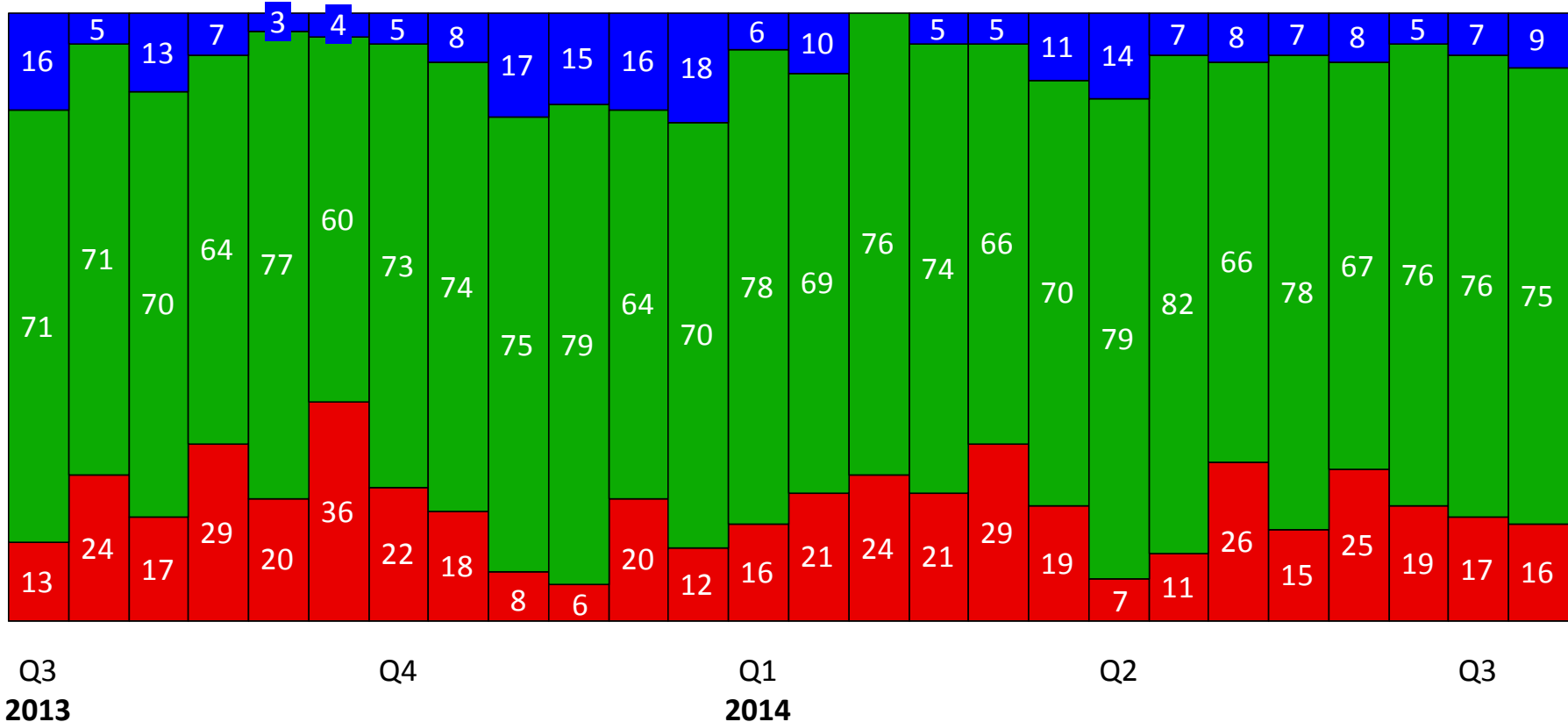


Service Center Inventory Buying History

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

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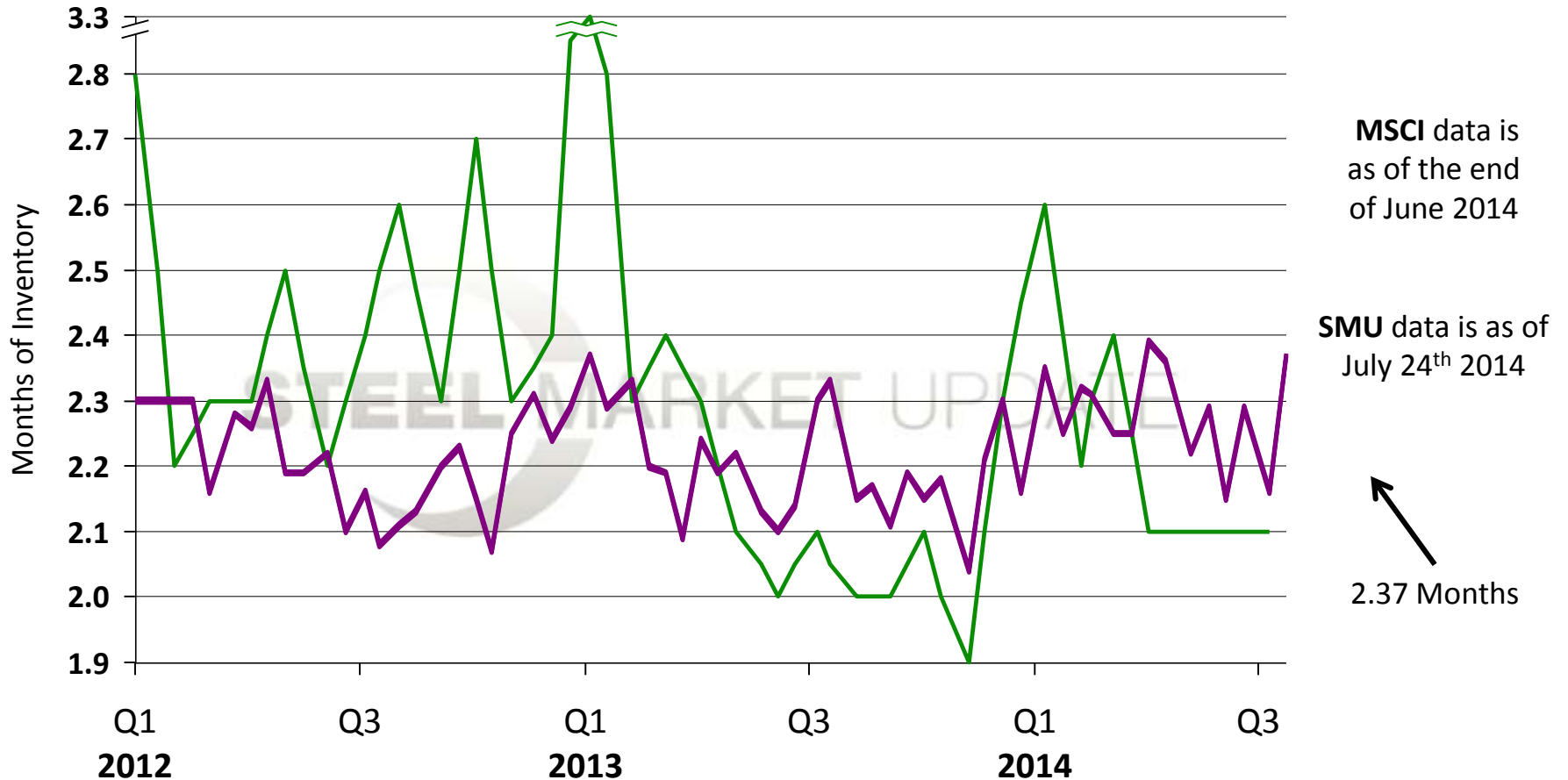
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Service Center Months on Hand History

SMU Service Center & MSCI Inventory Level History Comparison

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

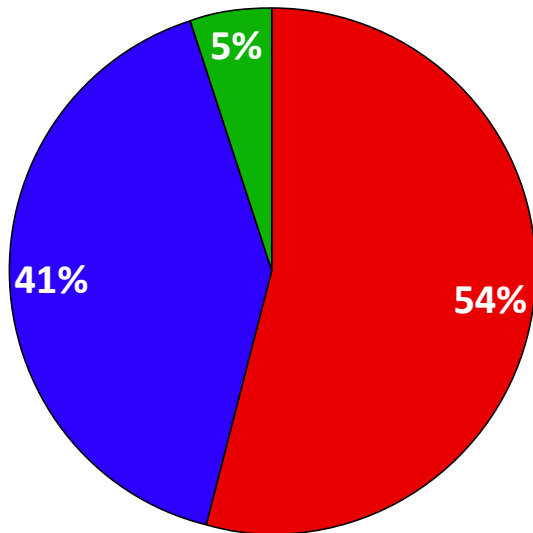


Manufacturer's View of Service Center Selling Prices

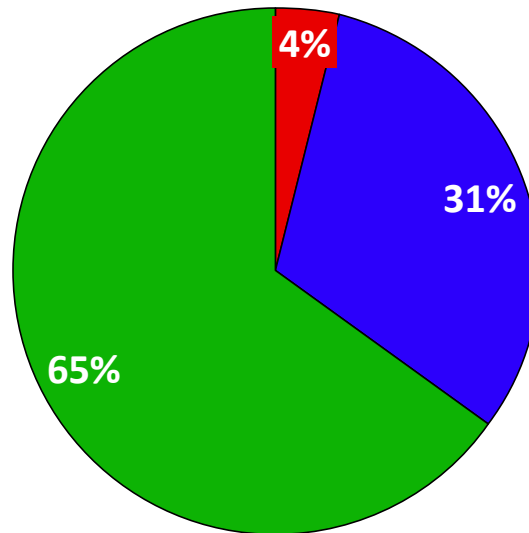
Manufacturers- Which comment do you feel is representative of service center pricing right now?

- 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

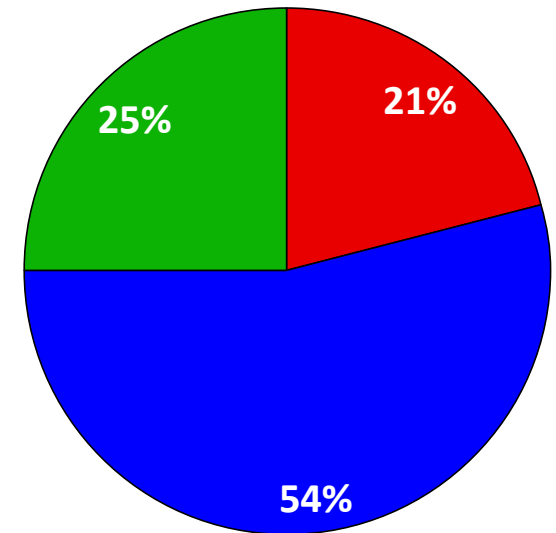
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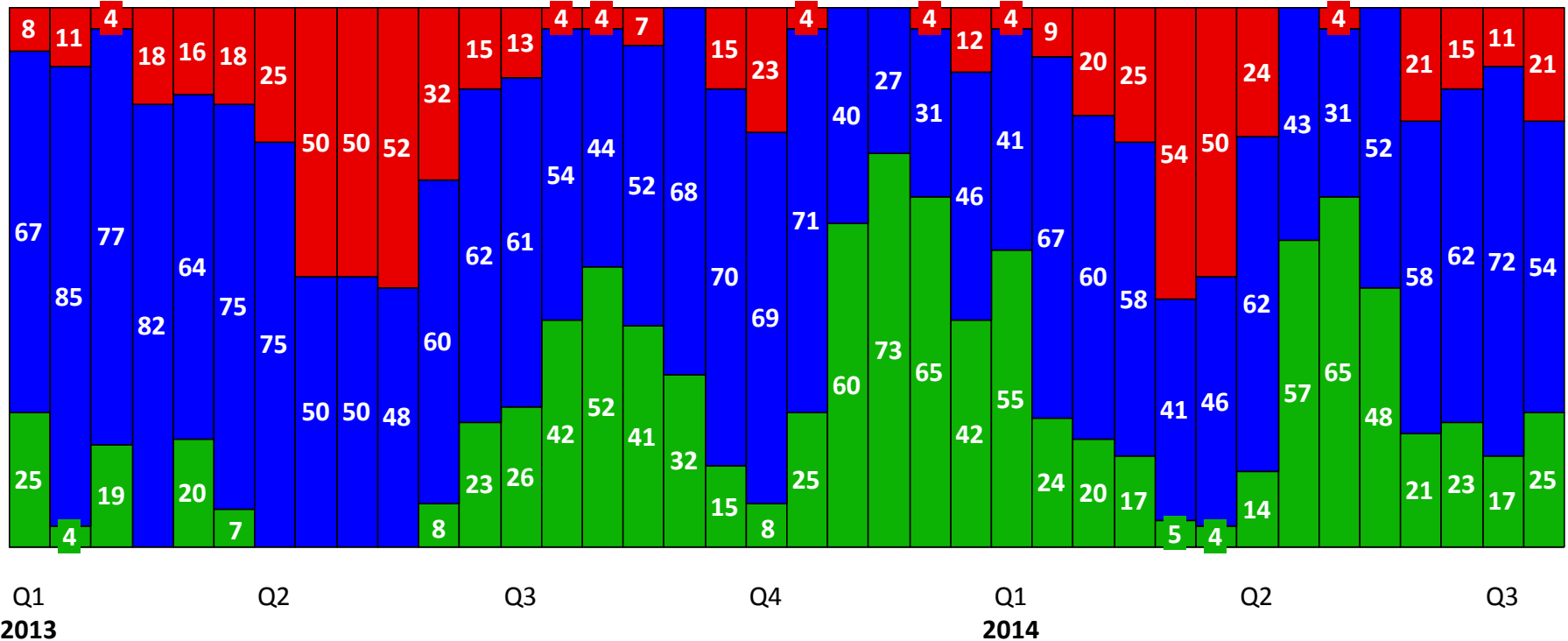


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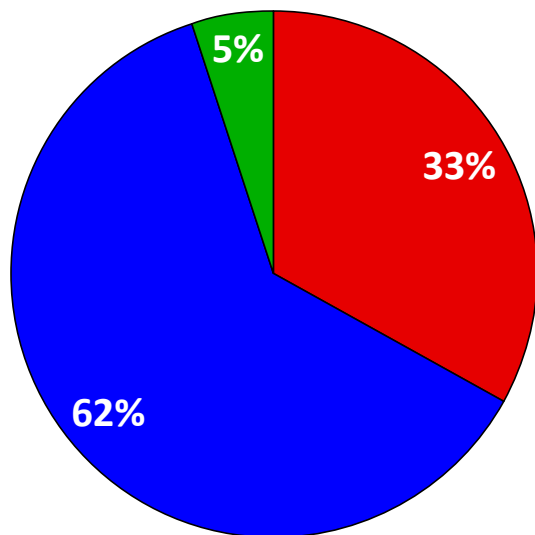
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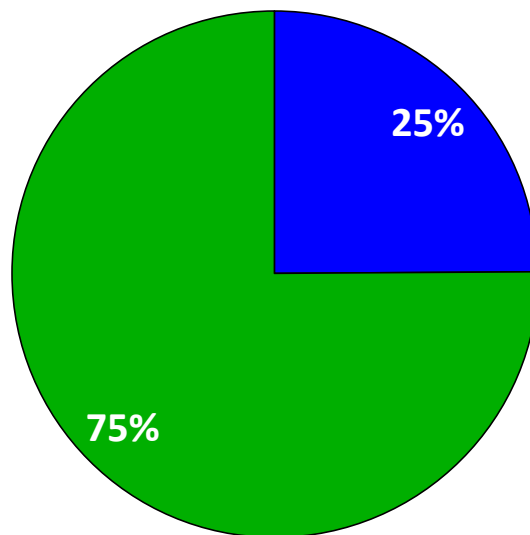
Service Centers- How is your company handling spot pricing to your customers at this time?

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

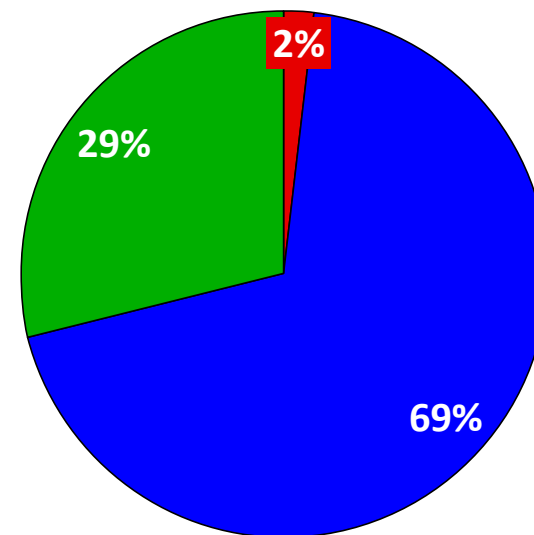
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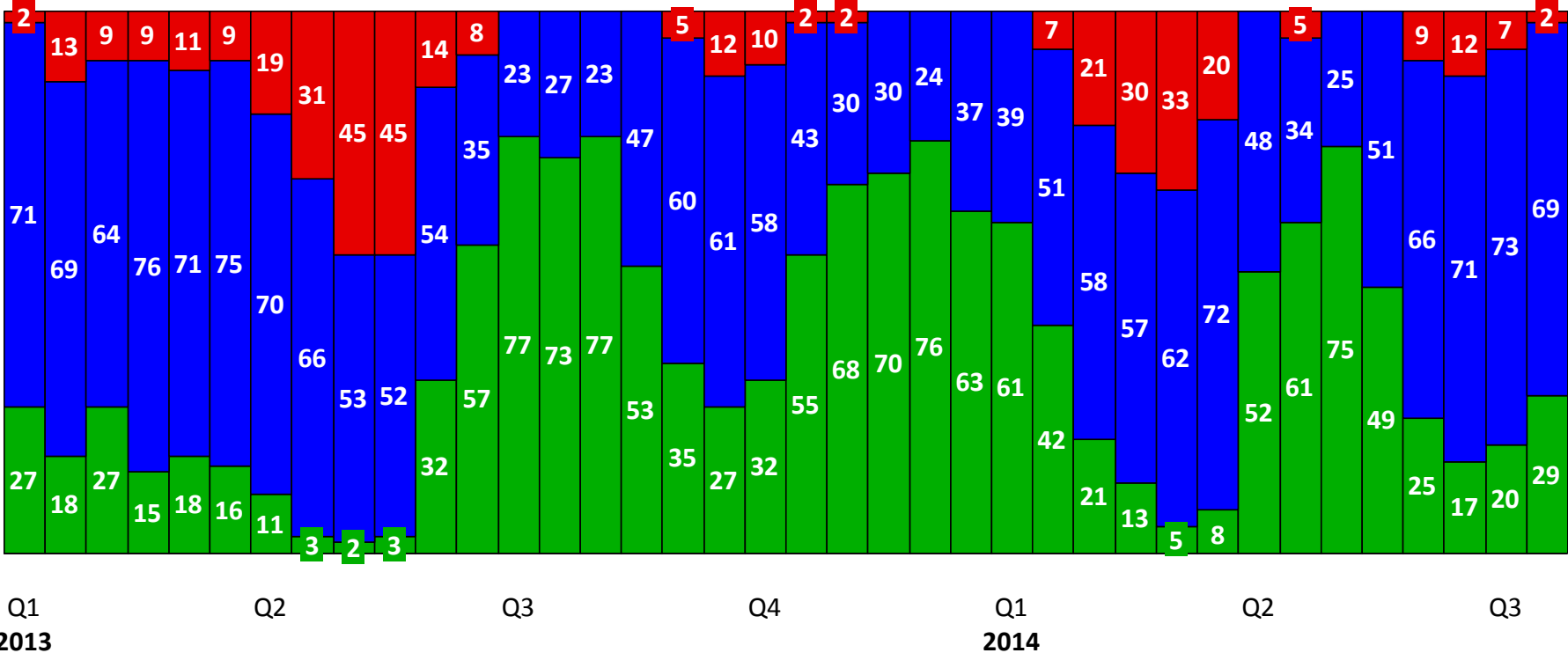


Service Center View of Selling Prices History

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out of 100%



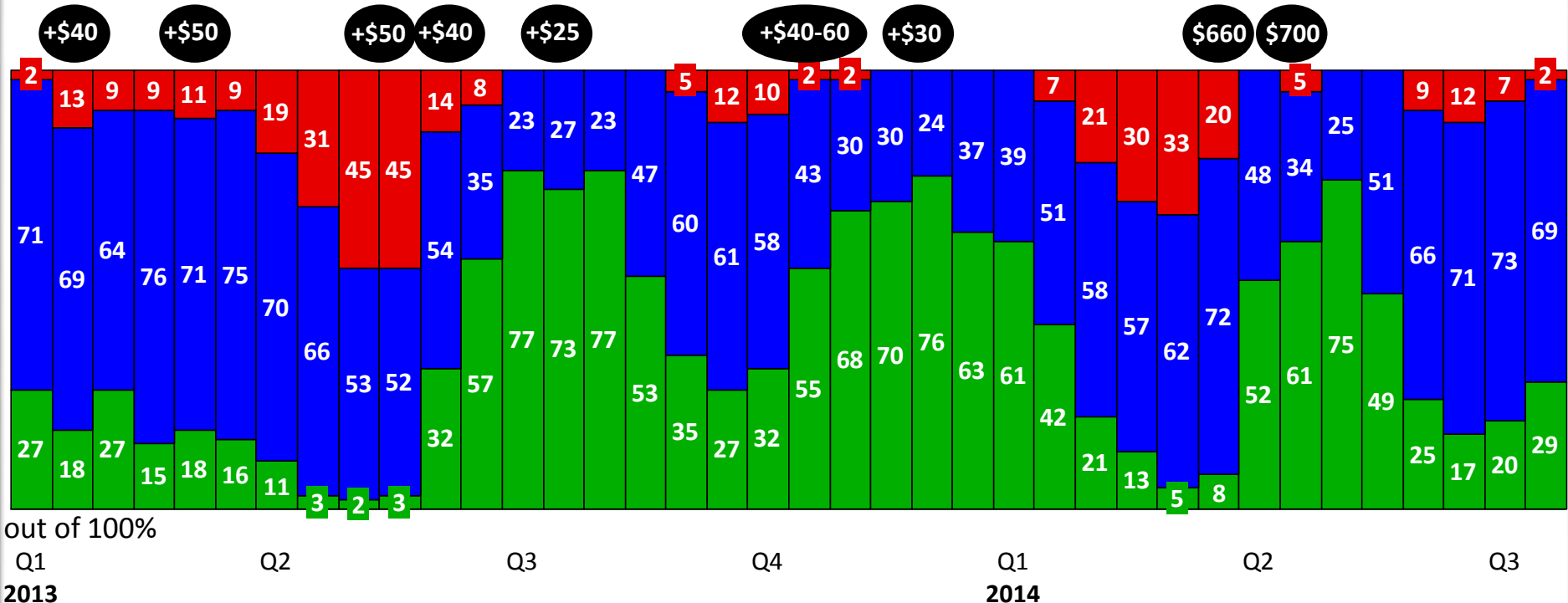
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Historical AK Steel Price Announcements



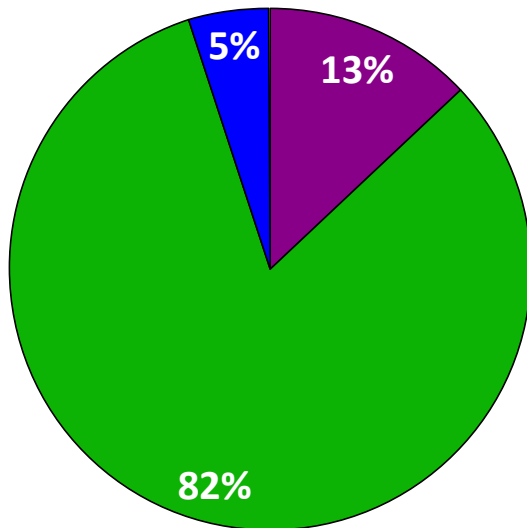
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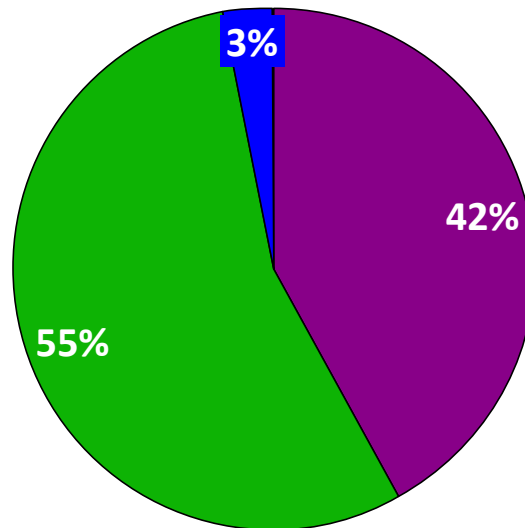
Service Centers- Are your manufacturing customers increasing orders, keeping them the same or reducing orders at this time?

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

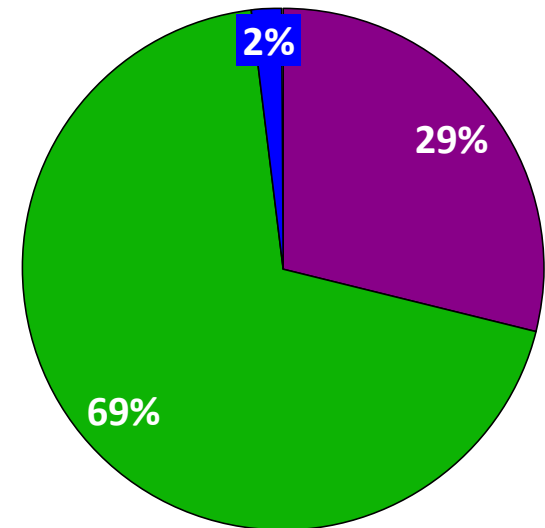
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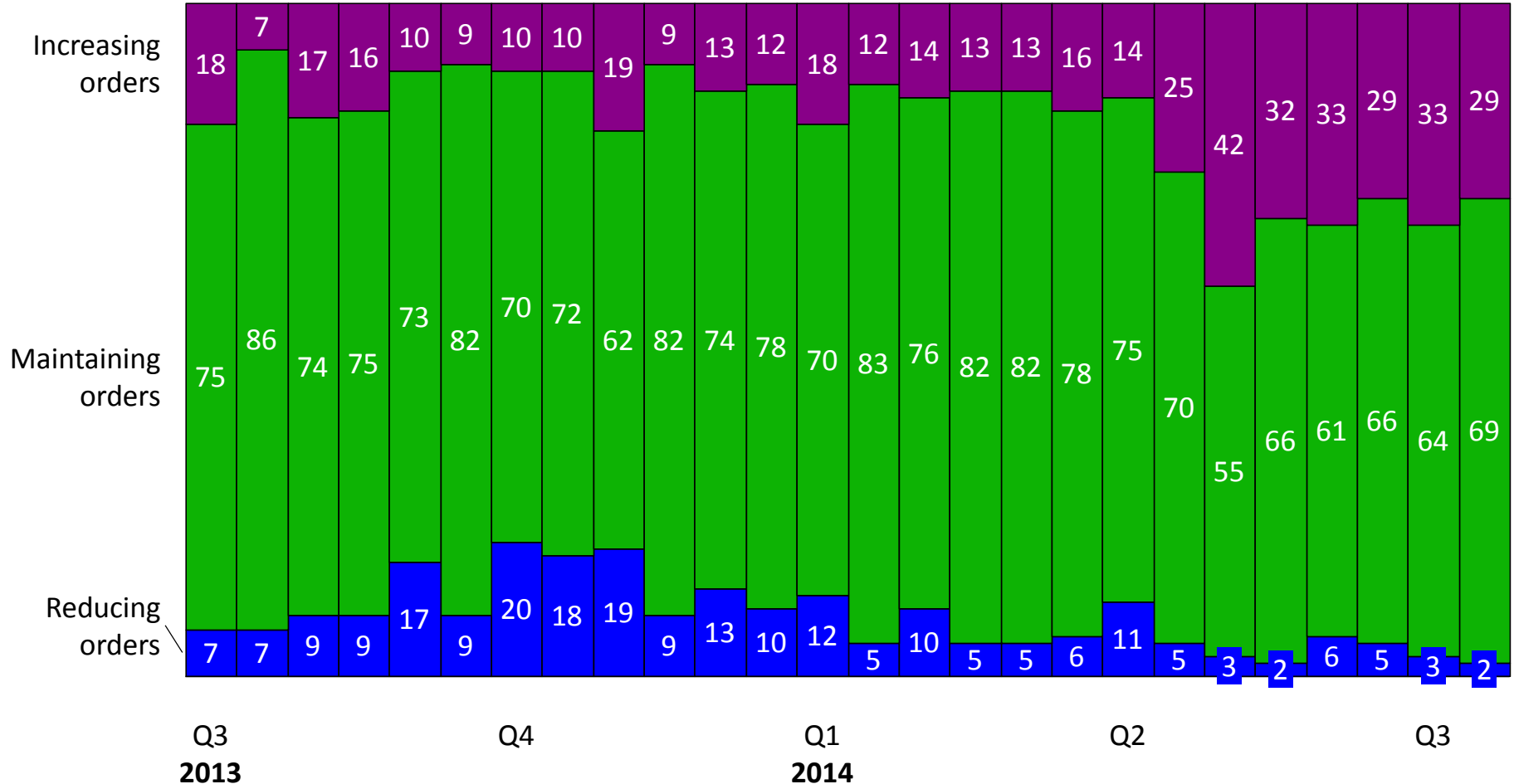
July 24th 2014



Service Centers on Manufacturer Orders History

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

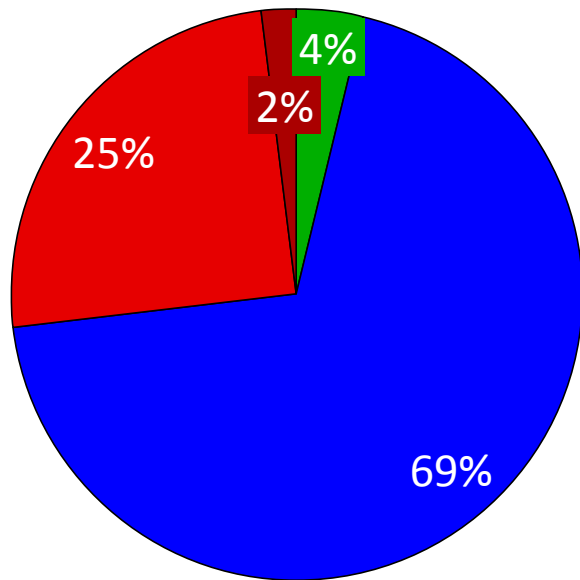
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Mill Lead Times

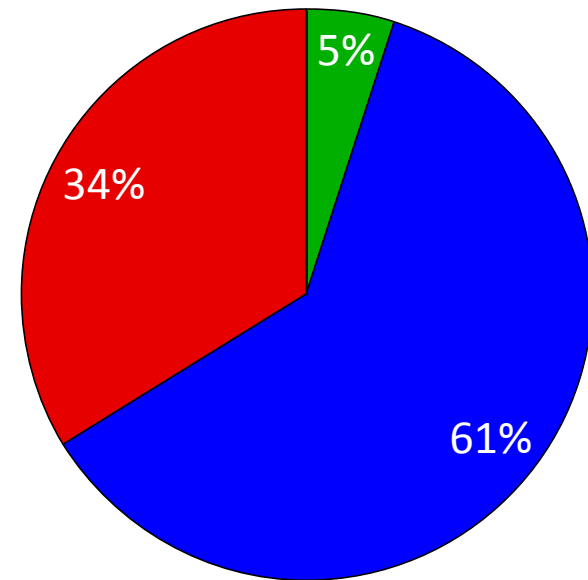
How would you describe domestic mill lead times for new orders placed right now?

Manufacturers



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

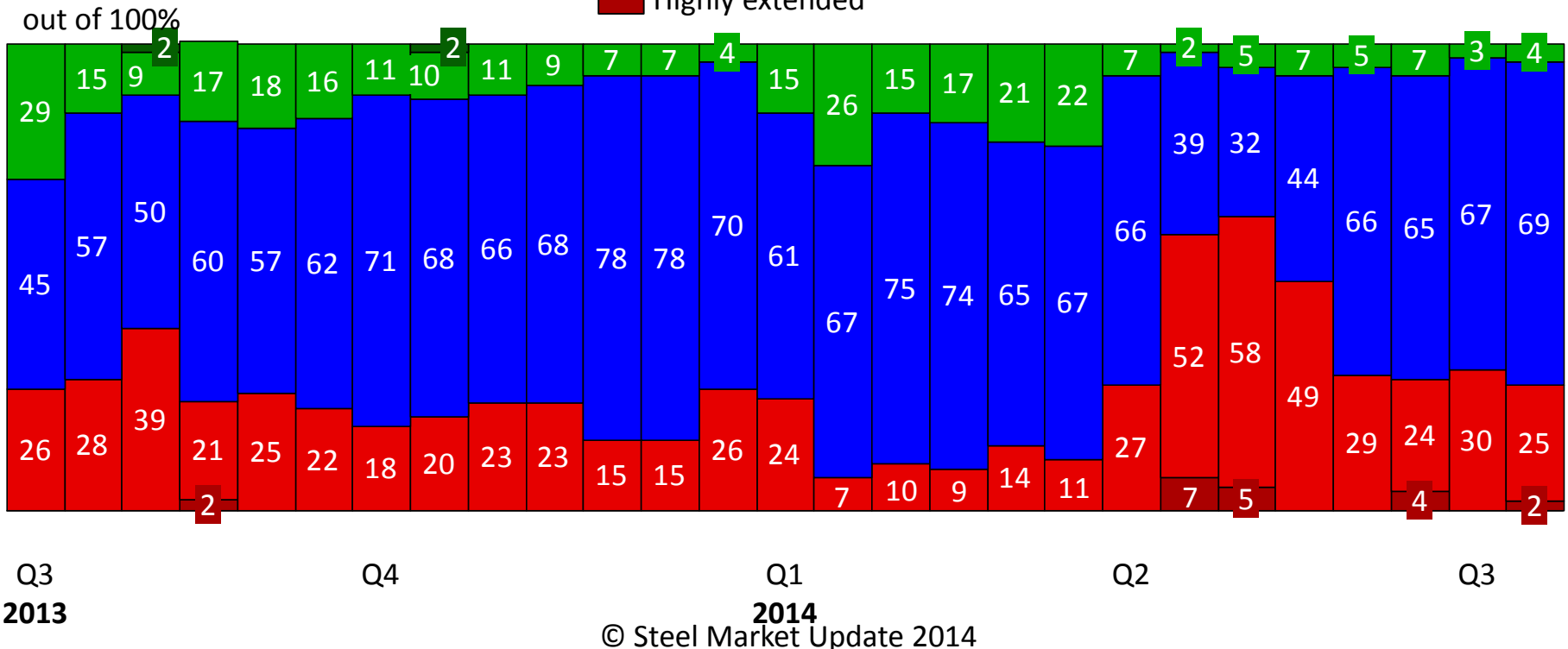
Service Centers



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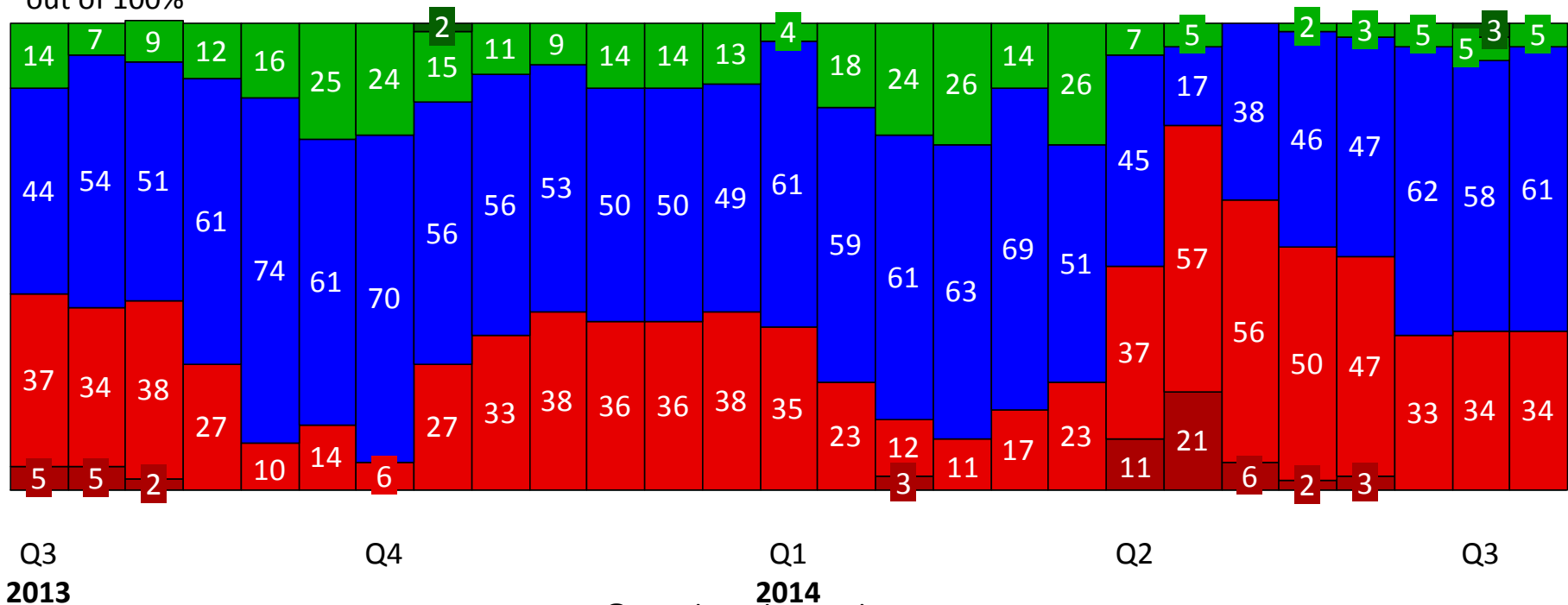


Mill Lead Times History

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out of 100%

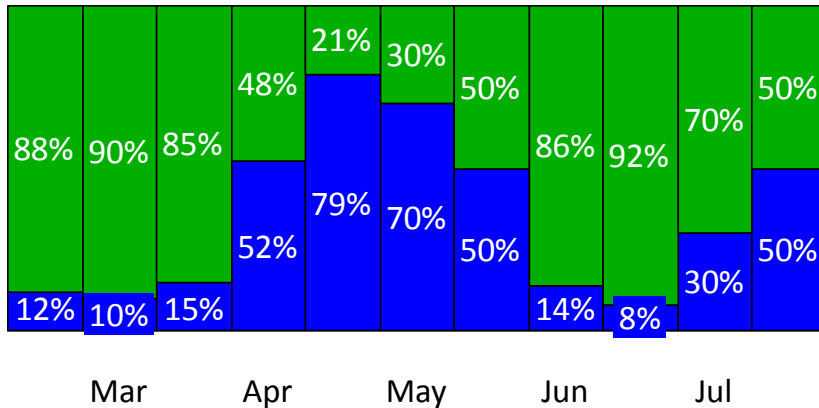


Mill Negotiations

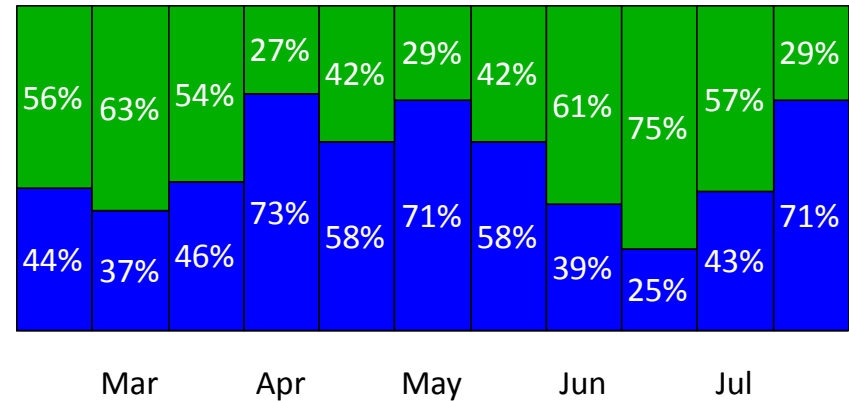
Are you finding the domestic mills are willing to negotiate pricing on brand new orders placed this week?

Yes No

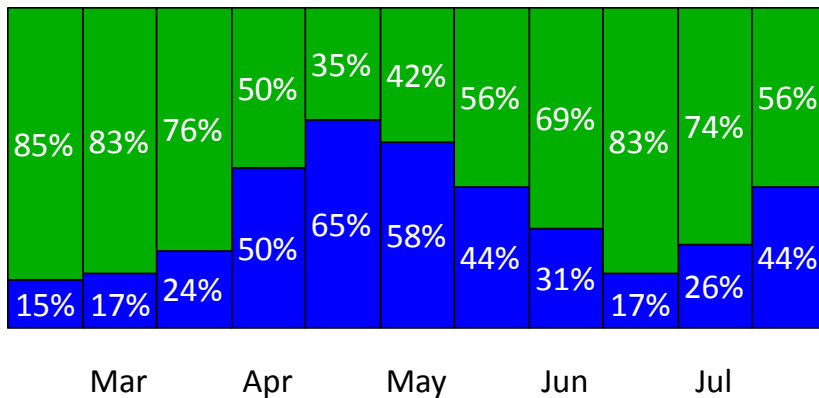
Hot Rolled Orders



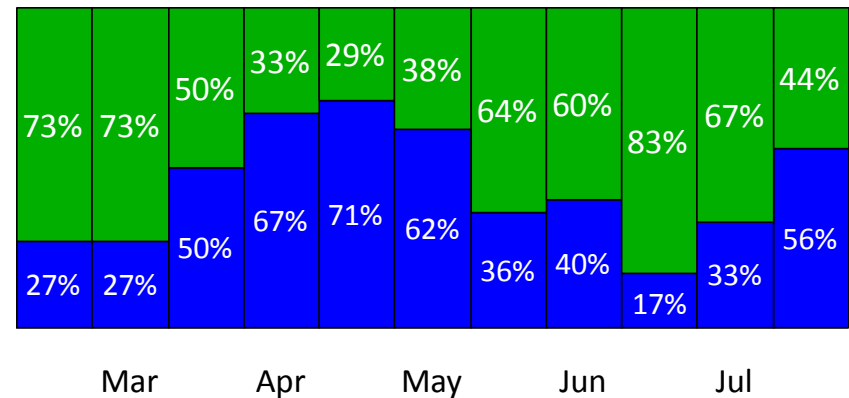
Cold Rolled Orders



Galvanized Orders

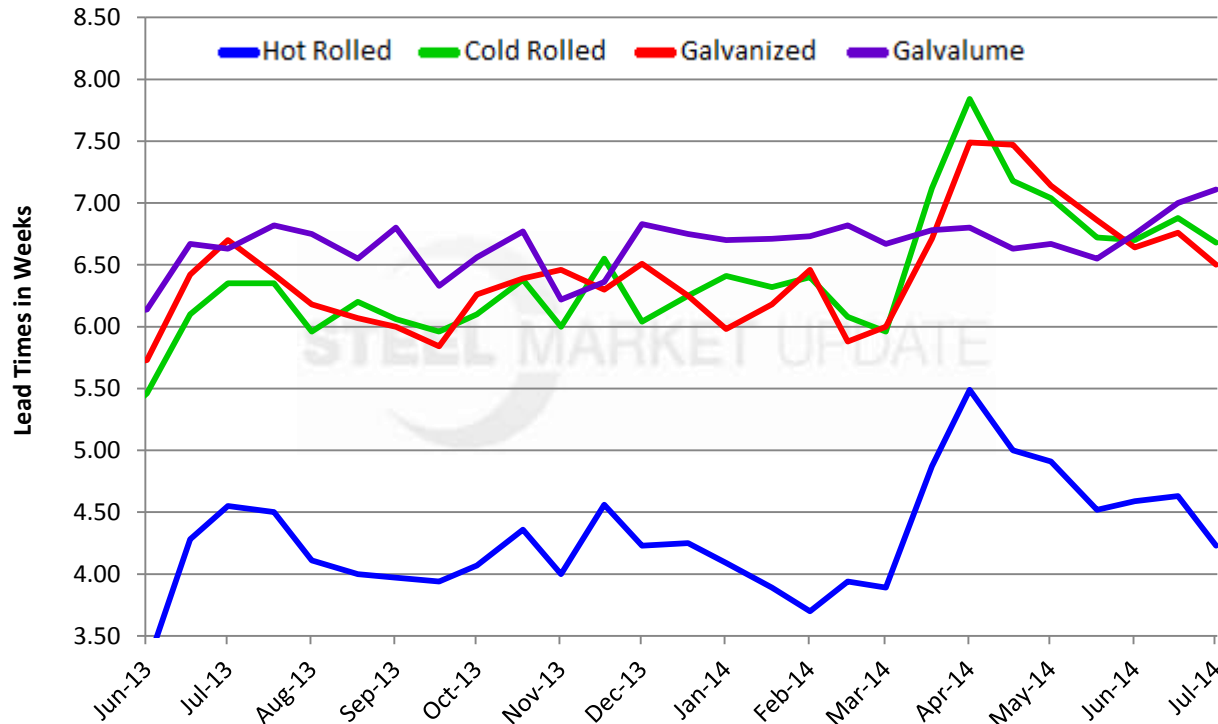


Galvalume Orders



Lead Times (Weeks)

Steel Market Update Lead Times Comparison



Hot Rolled: 4.23
Cold Rolled: 6.68
Galvanized: 6.50
Galvalume: 7.11

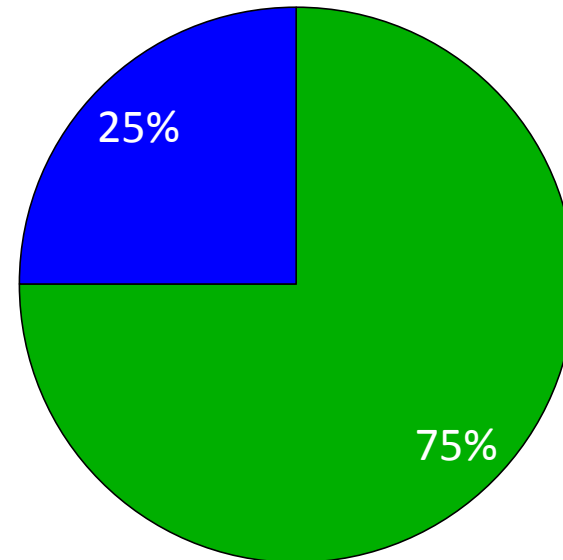
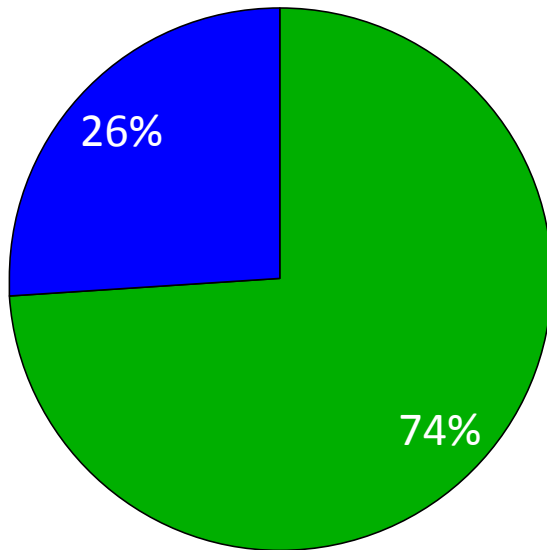
Domestic and Foreign Price Spread

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

Manufacturers

Service Centers

Yes No

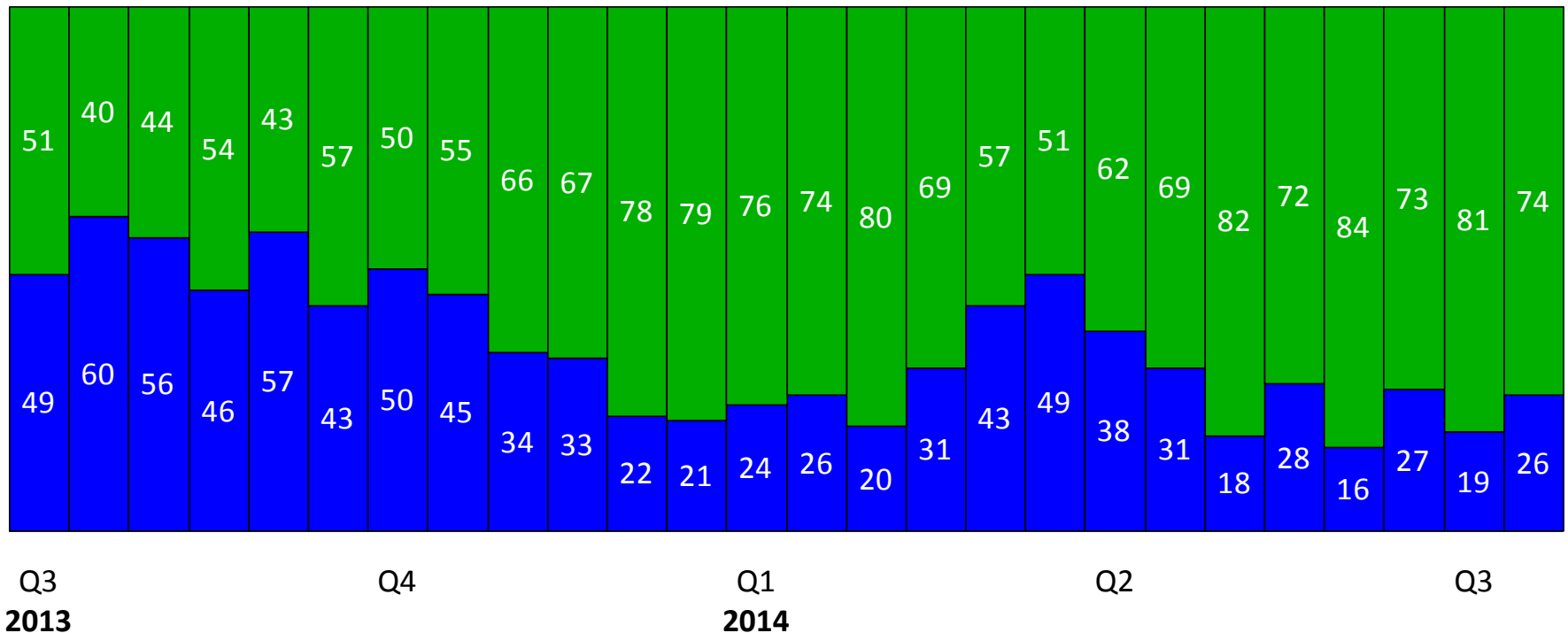


Domestic and Foreign Price Spread

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Yes No

out of 100%

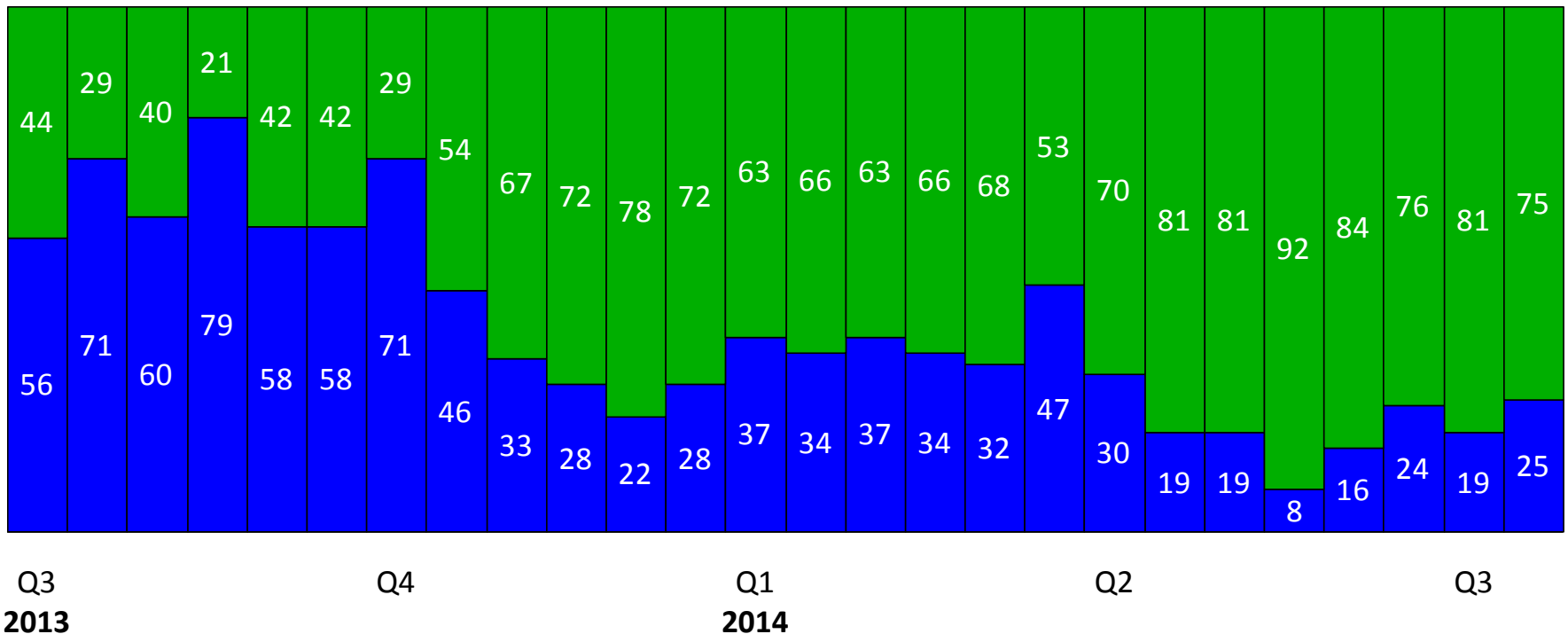


Domestic and Foreign Price Spread

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Yes No

out of 100%



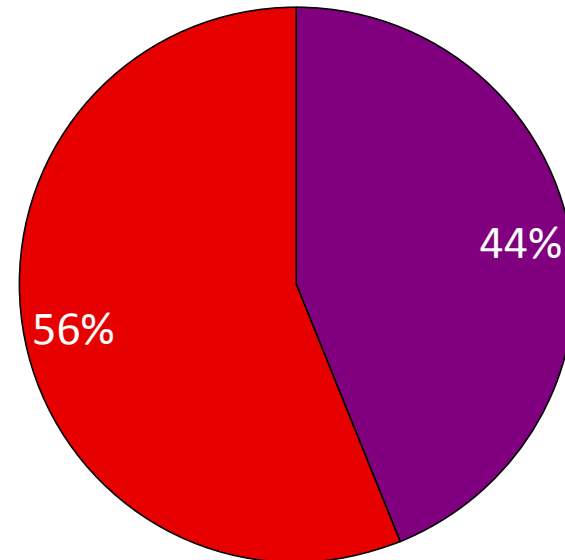
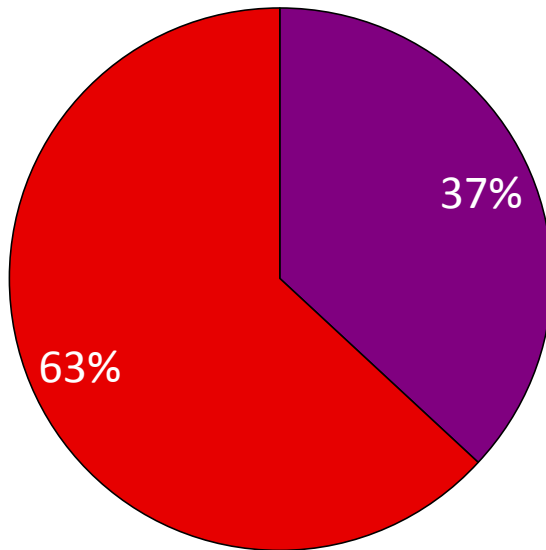
New Foreign Orders

Is your company entering new foreign orders right now?

Manufacturers

Service Centers

Yes No

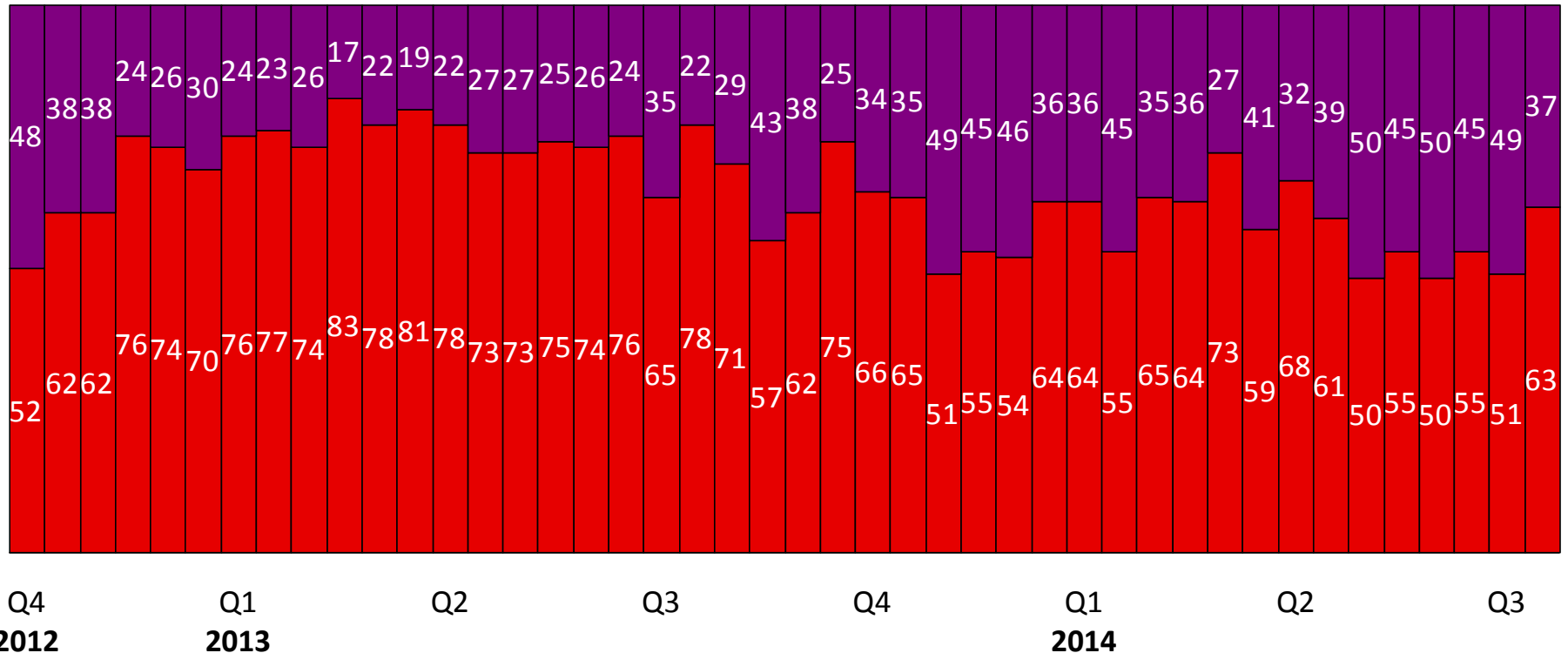


New Foreign Orders

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

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out of 100%

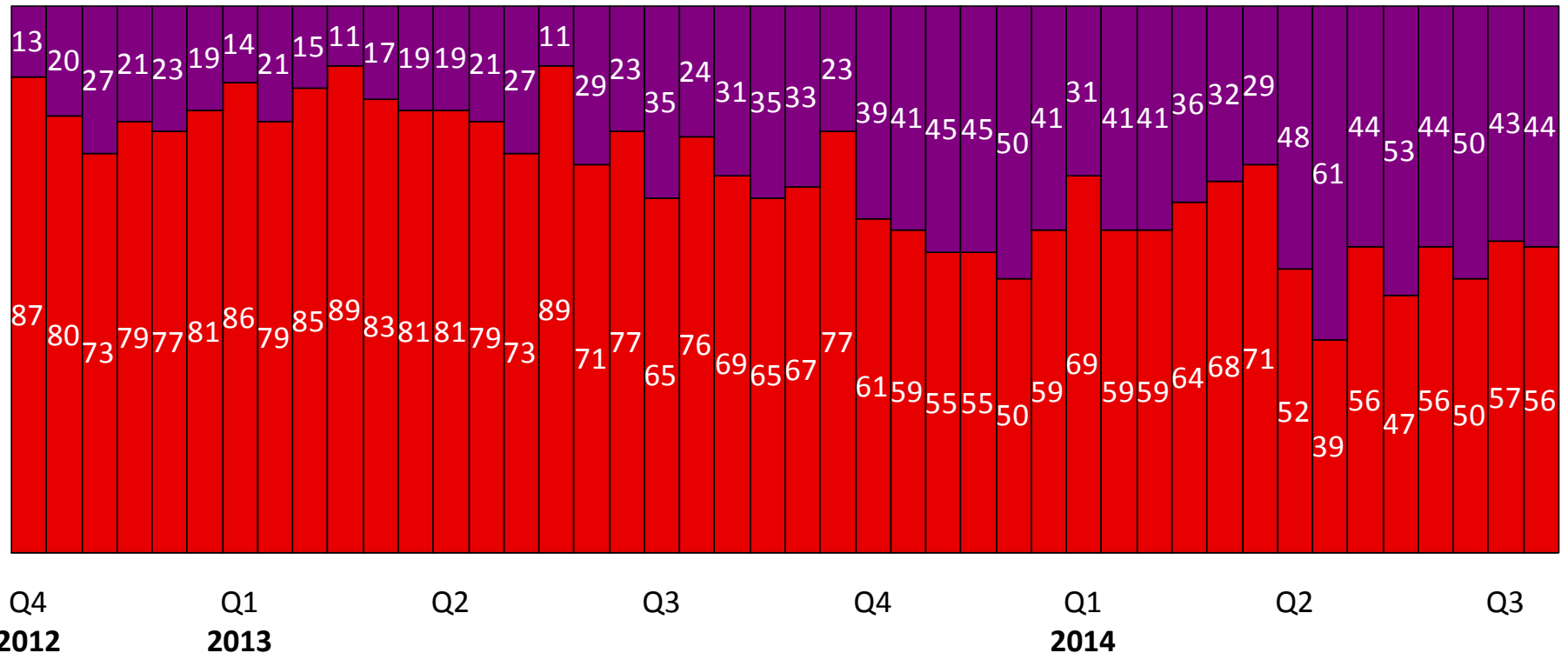


New Foreign Orders

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out of 100%



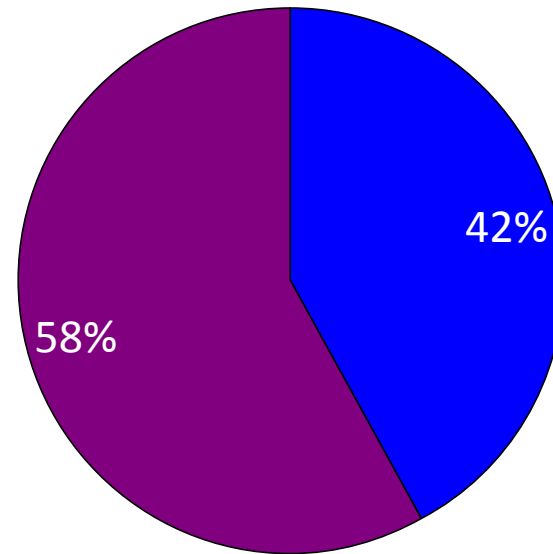
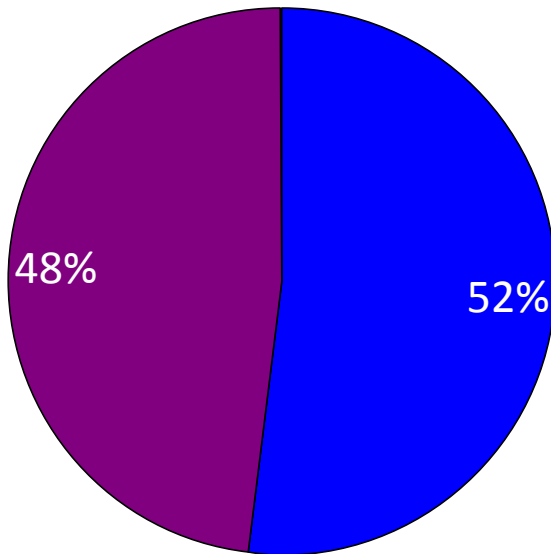
Reduction of Domestic Orders

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

Manufacturers

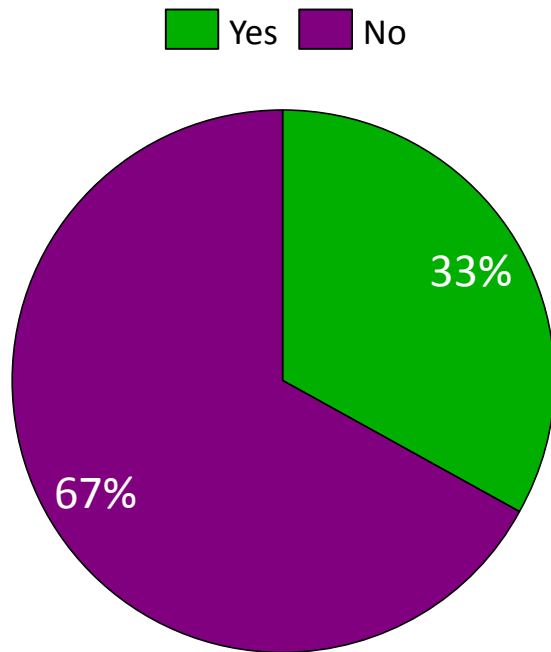
Service Centers

Yes No

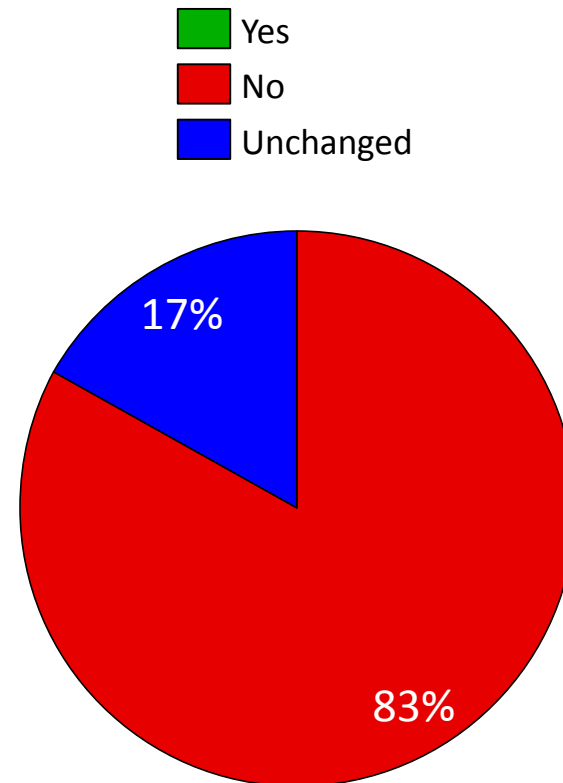


Trading Companies

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



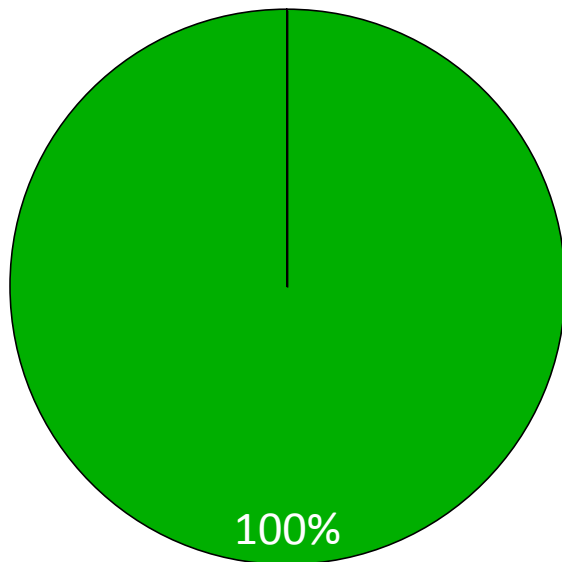
Are foreign steel prices rising compared to one month ago?



Trading Companies

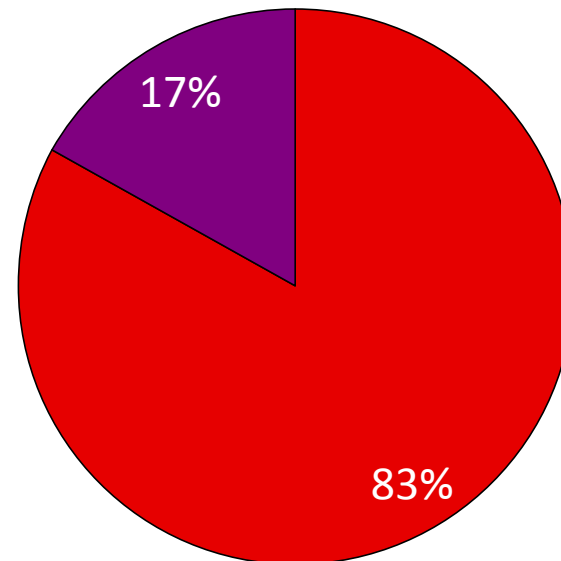
Are the foreign offers being made priced at levels where you are confident business can be transacted?

Yes No



Has your company stopped offering CR or Coated steel out of China due to potential dumping suits?

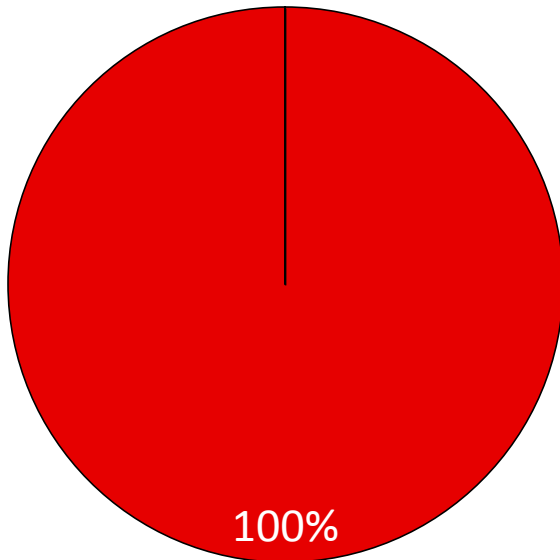
Yes No



Trading Companies

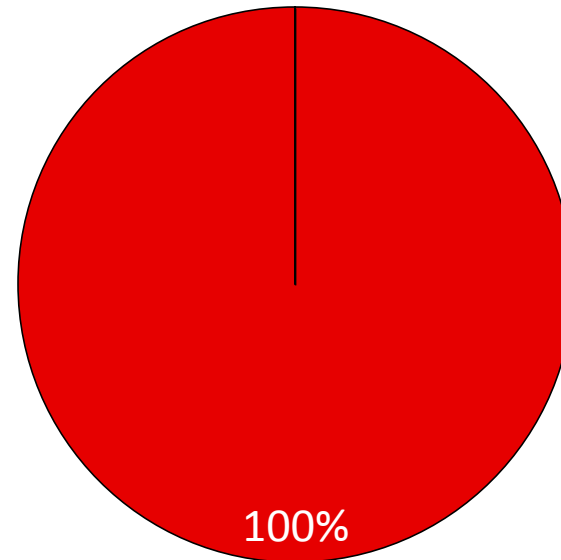
Are foreign galvanized prices more competitive, same, or less competitive than one month ago?

- More competitive
- Same
- Less competitive



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

- More competitive
- Same
- Less competitive



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.

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Look for Our Next Survey



Our next survey
will be conducted
the week of
August 4th 2014



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