



**STEEL MARKET UPDATE**

# Steel Trends in a Turbulent Market

Responses from our July 7<sup>th</sup> 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](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 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.



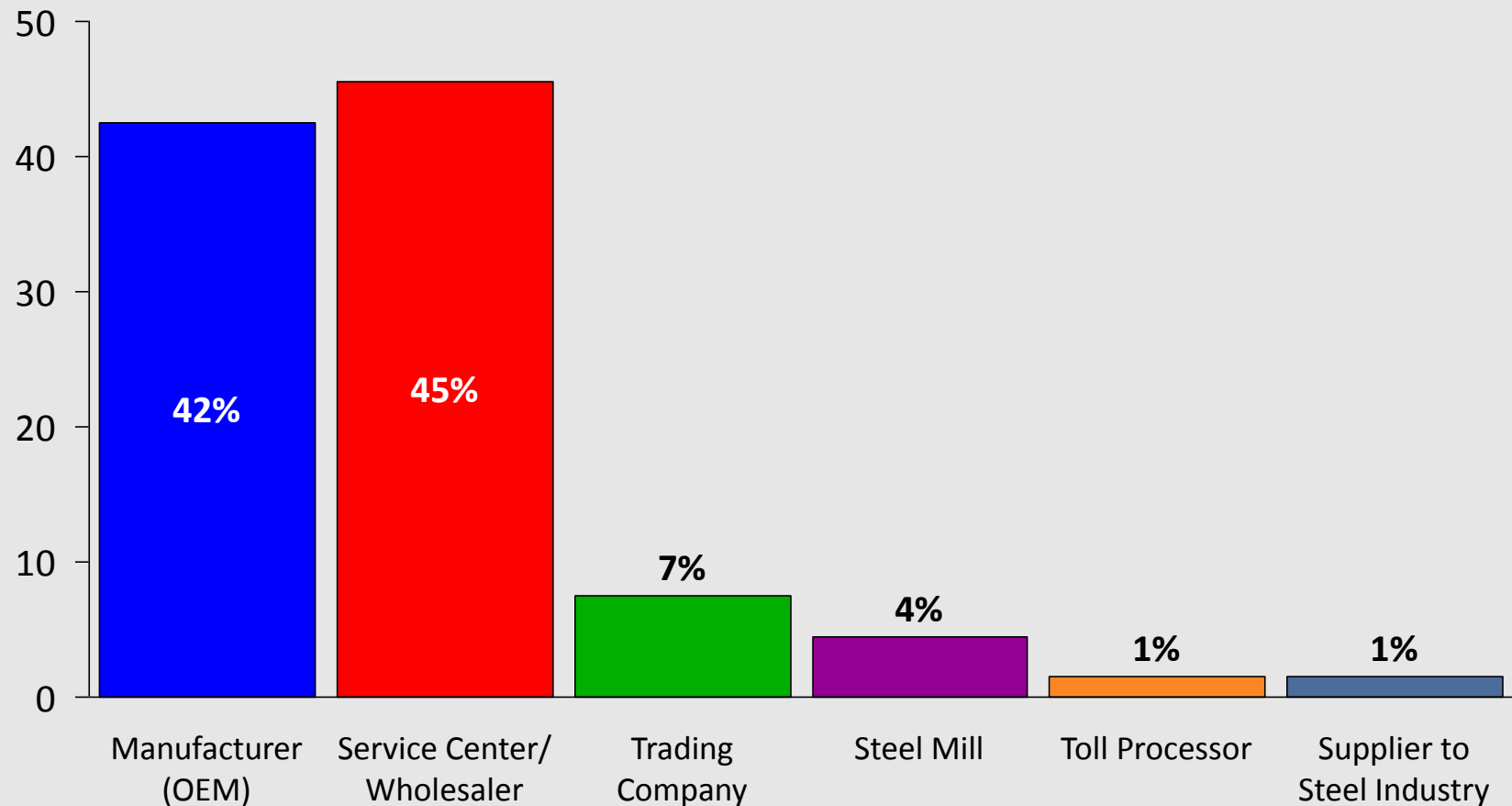
This years conference will focus on current risk in both the global and domestic steel industry as well as provide forecasting from a number of steel related industry sectors.

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](http://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.

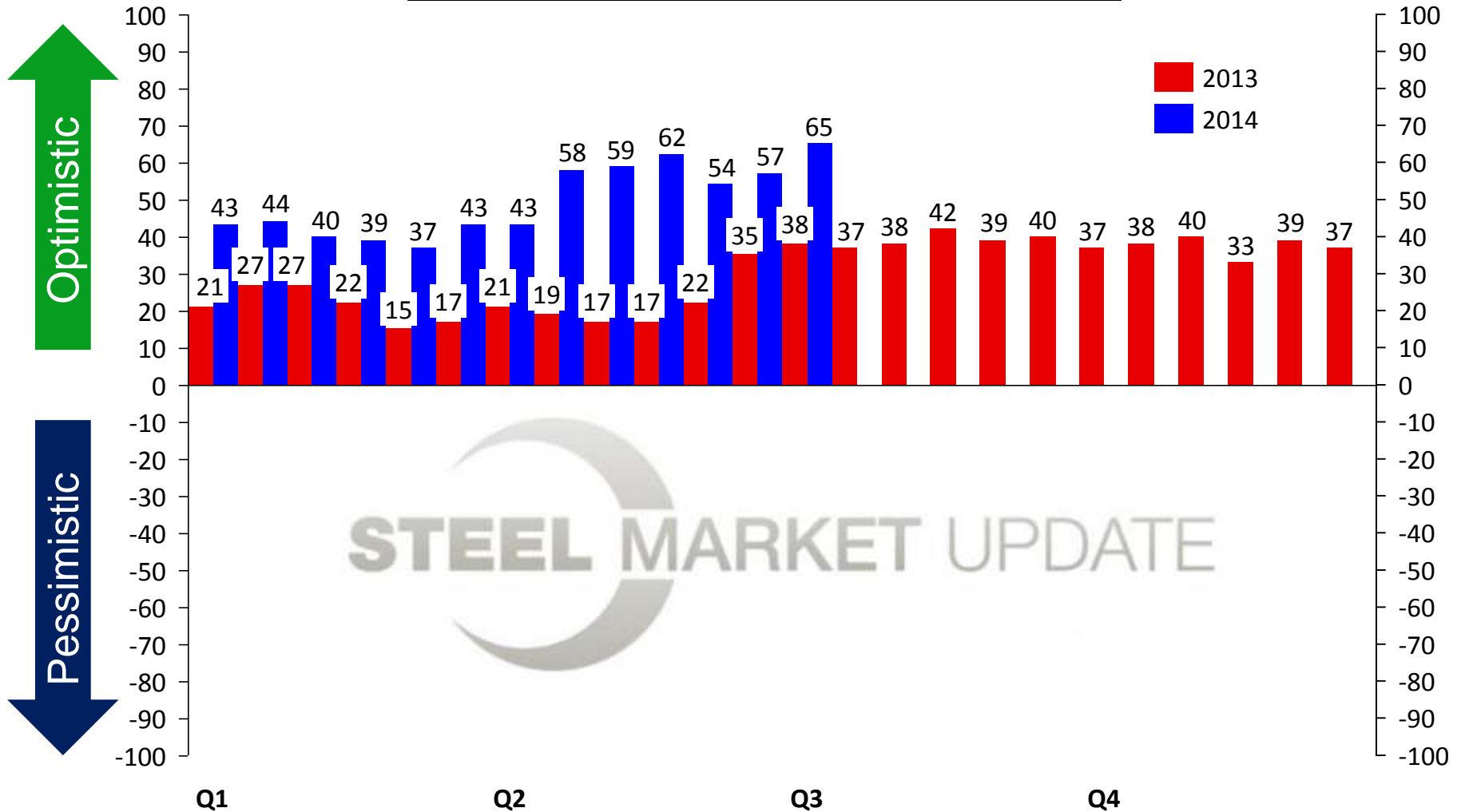


# SMU Buyers Sentiment Index

Up 8 points to +65



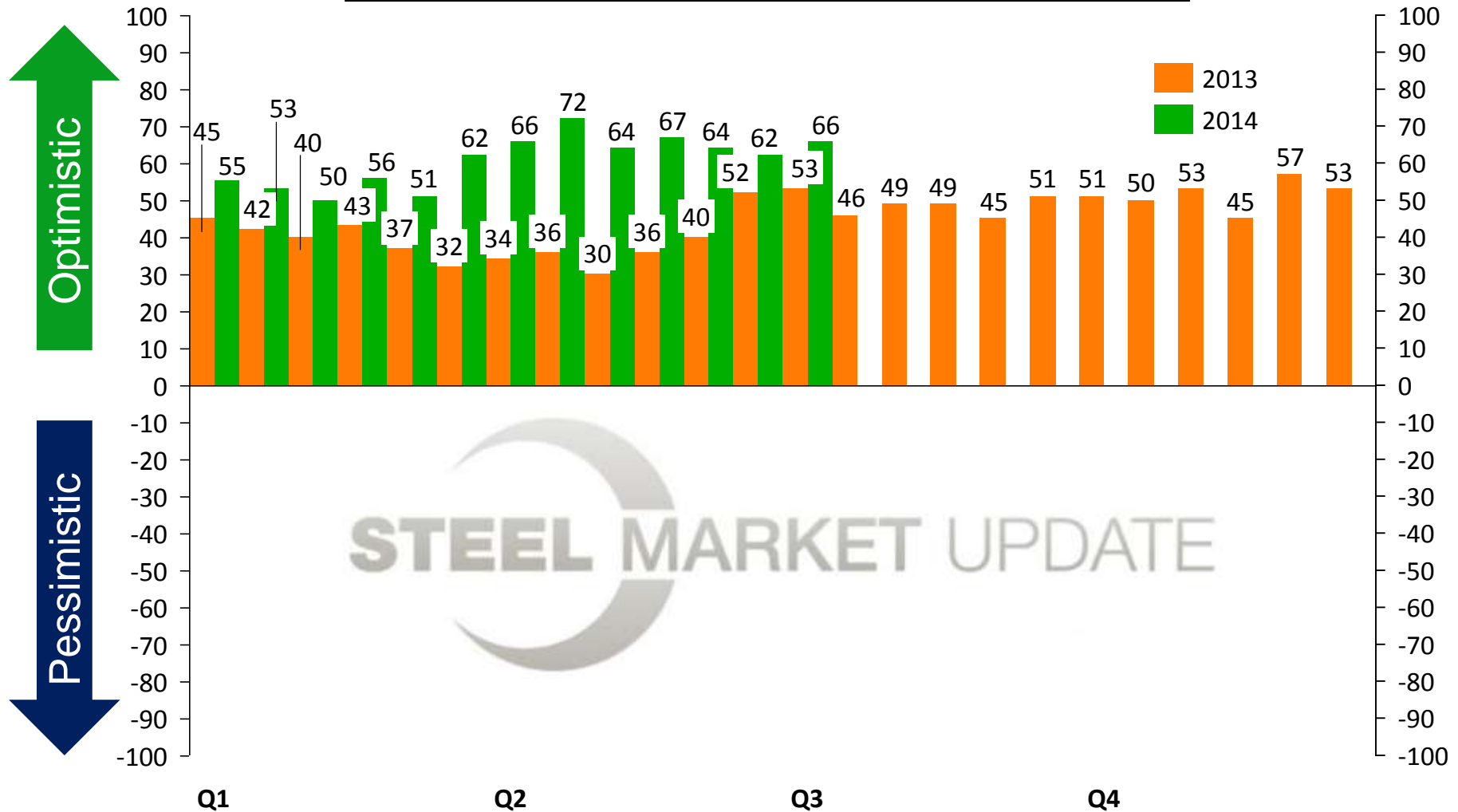
## Steel Market Update Buyers Sentiment Index



# SMU Future Buyers Sentiment Index

Up 4 points to +66

## Steel Market Update 'Future' Buyers Sentiment Index

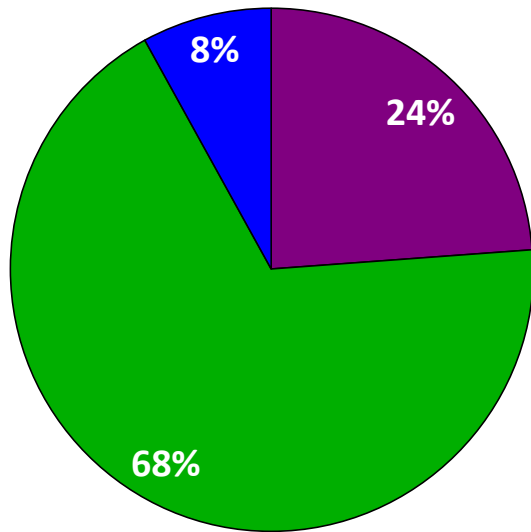


# Overall Demand

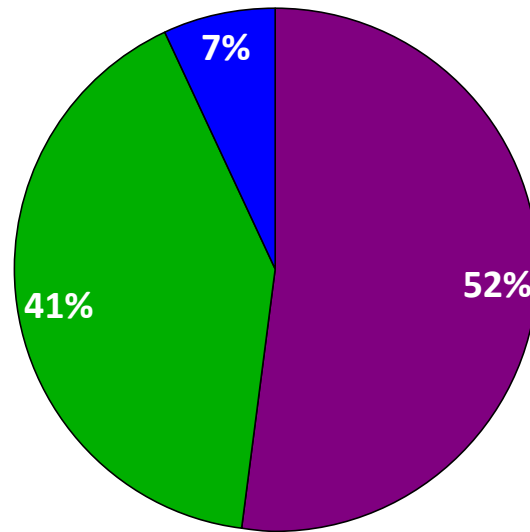
Are you seeing demand for your products improving, remaining the same or declining?

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

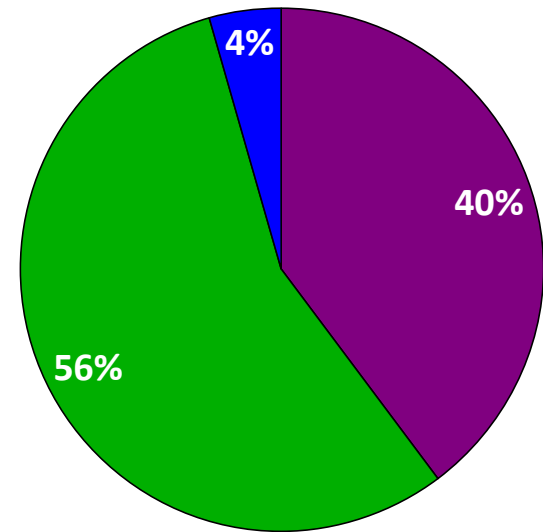
March 6<sup>th</sup> 2014



May 9<sup>th</sup> 2014



July 10<sup>th</sup> 2014



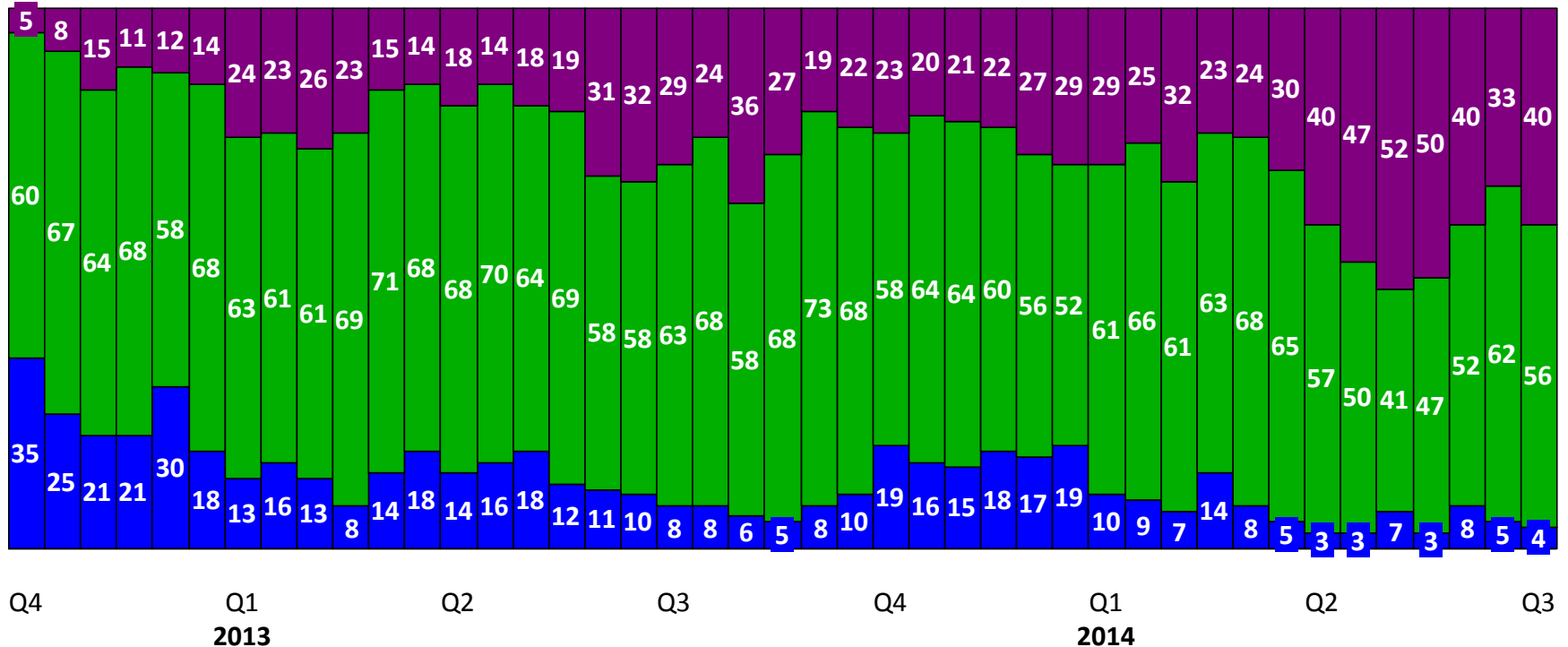


# Overall Demand History

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%



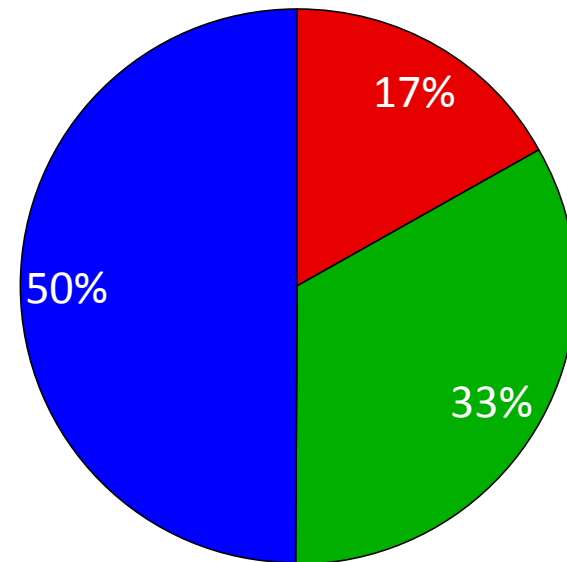
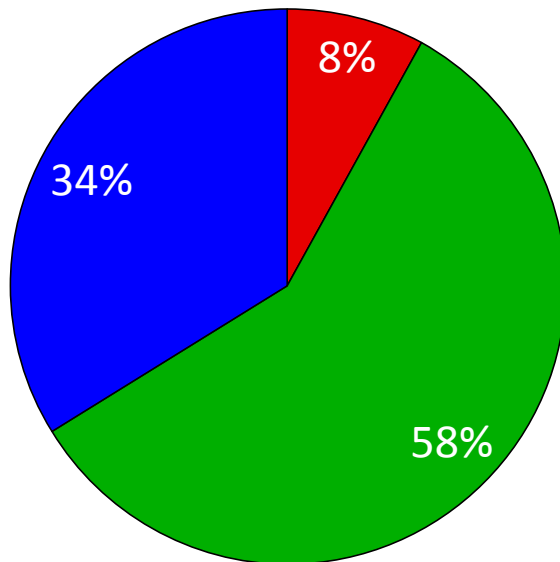
# Price Expectations

By the end of this month, the direction mill spot prices will be headed will be \_\_\_?

June 20<sup>th</sup> 2014

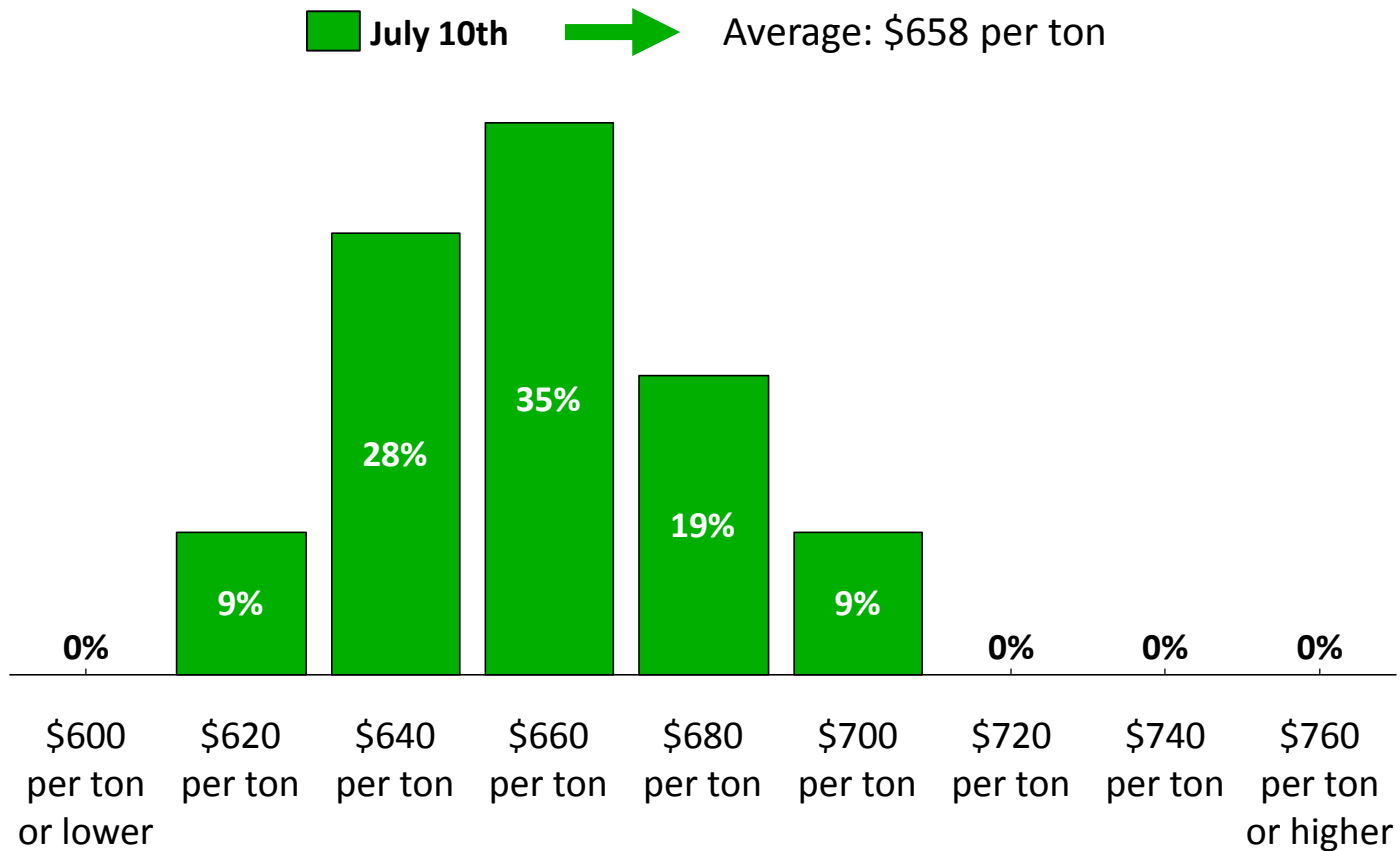
July 10<sup>th</sup> 2014

Higher Lower Sideways



# Prices on August 1<sup>st</sup>

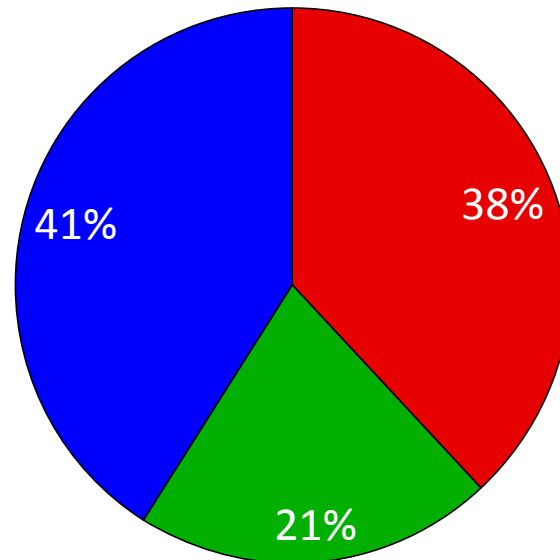
Where do you think benchmark hot rolled coil base price offers will be on August 1, 2014 (August 1 order placement date for future delivery)?



# Potential Industry Consolidation

Severstal, Evraz and Gallatin may be on the "for sale" block.  
How do you feel about the potential consolidation of the U.S. steel industry?




- We are concerned
- We are happy
- We don't care one way or the other

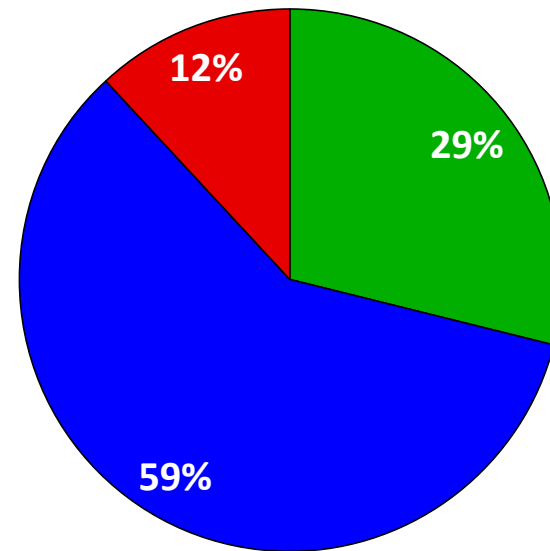
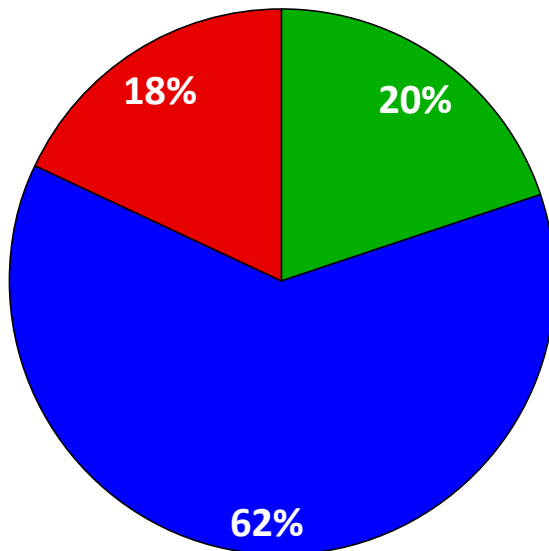


Did your company meet forecast last month?

## Manufacturers

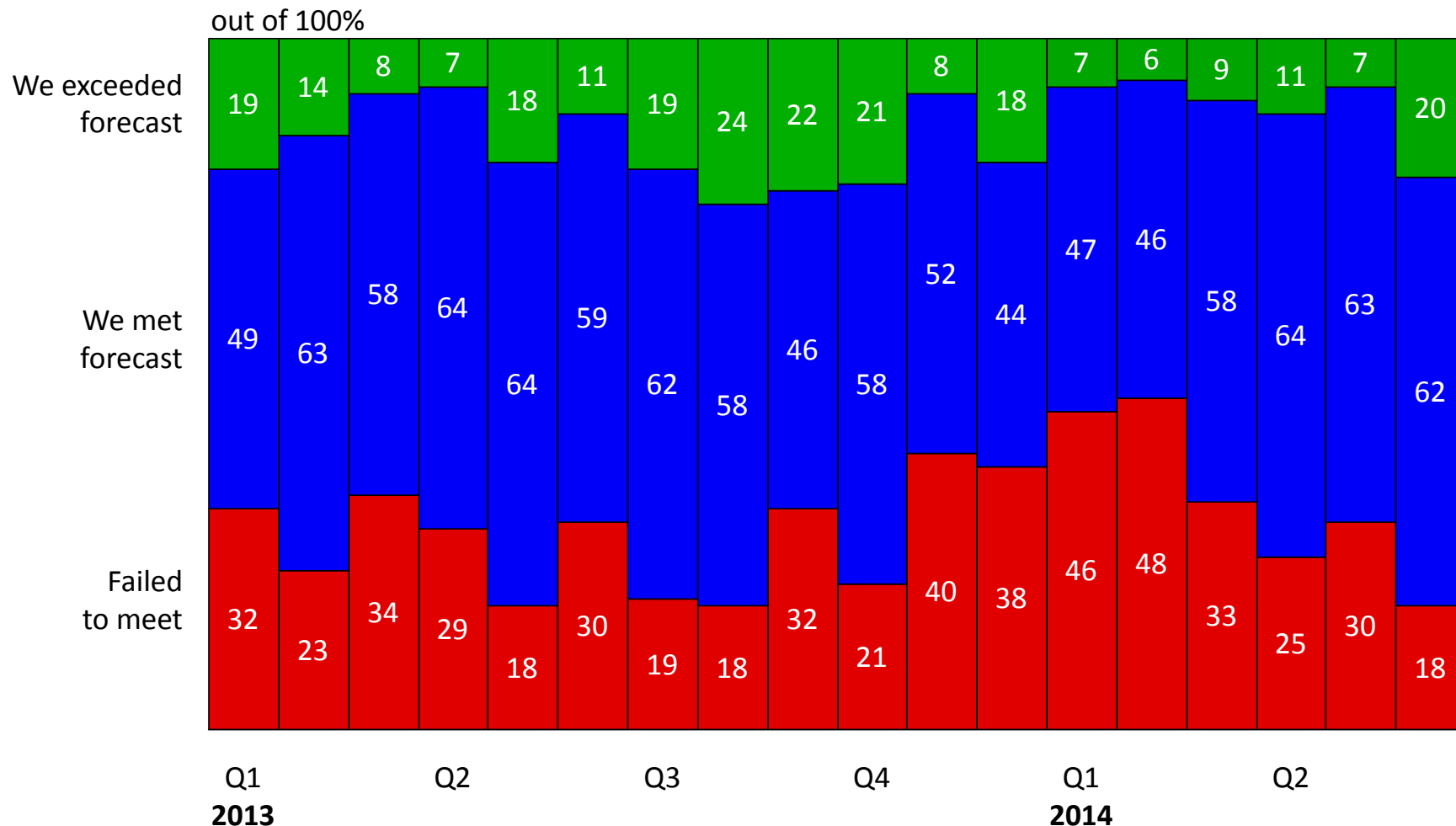
## Service Centers

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



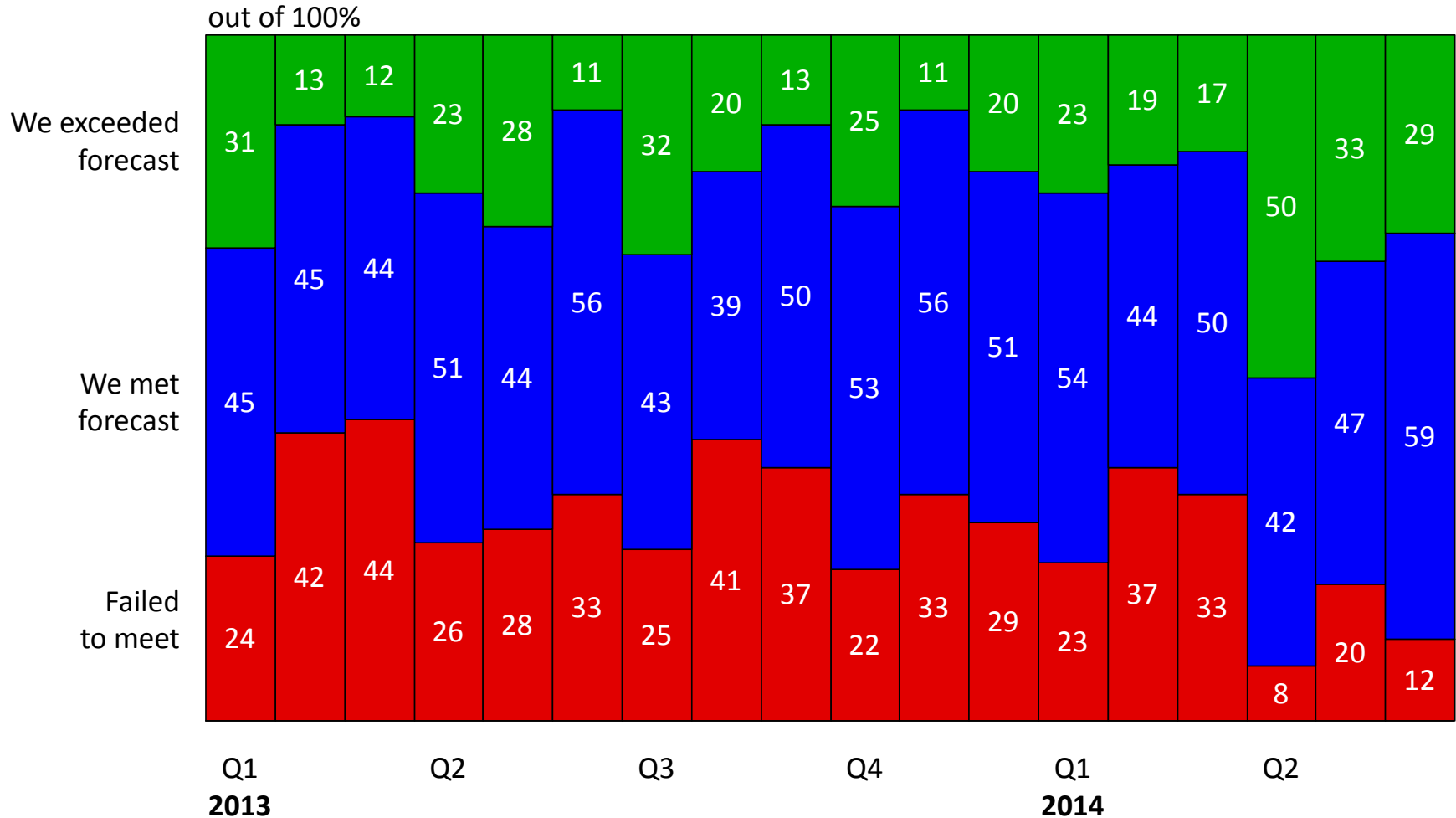
# Manufacturer Comparison of Business Level Forecast

**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...

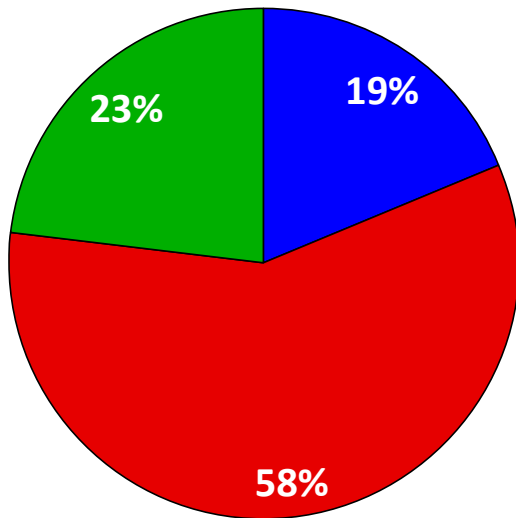


# Manufacturer Purchases

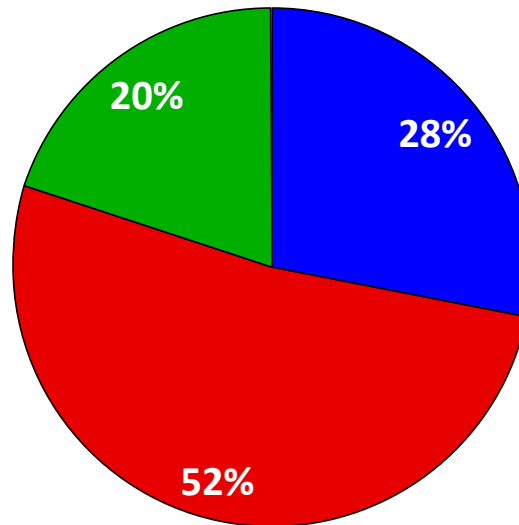
**Manufacturers-** Compared to this time last year – is your company buying more, less or the same amount of flat rolled steel as one year ago?

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

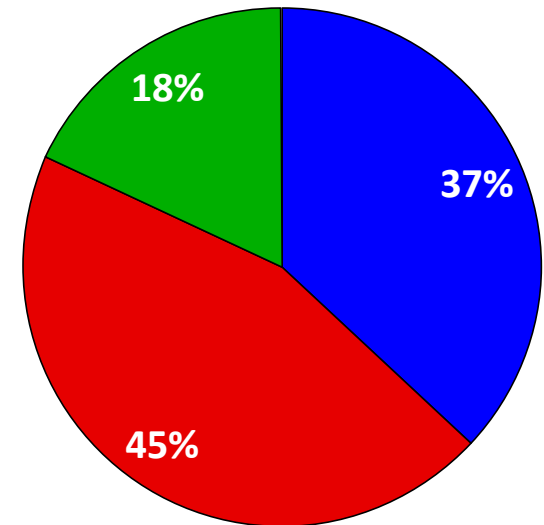
March 6<sup>th</sup> 2014



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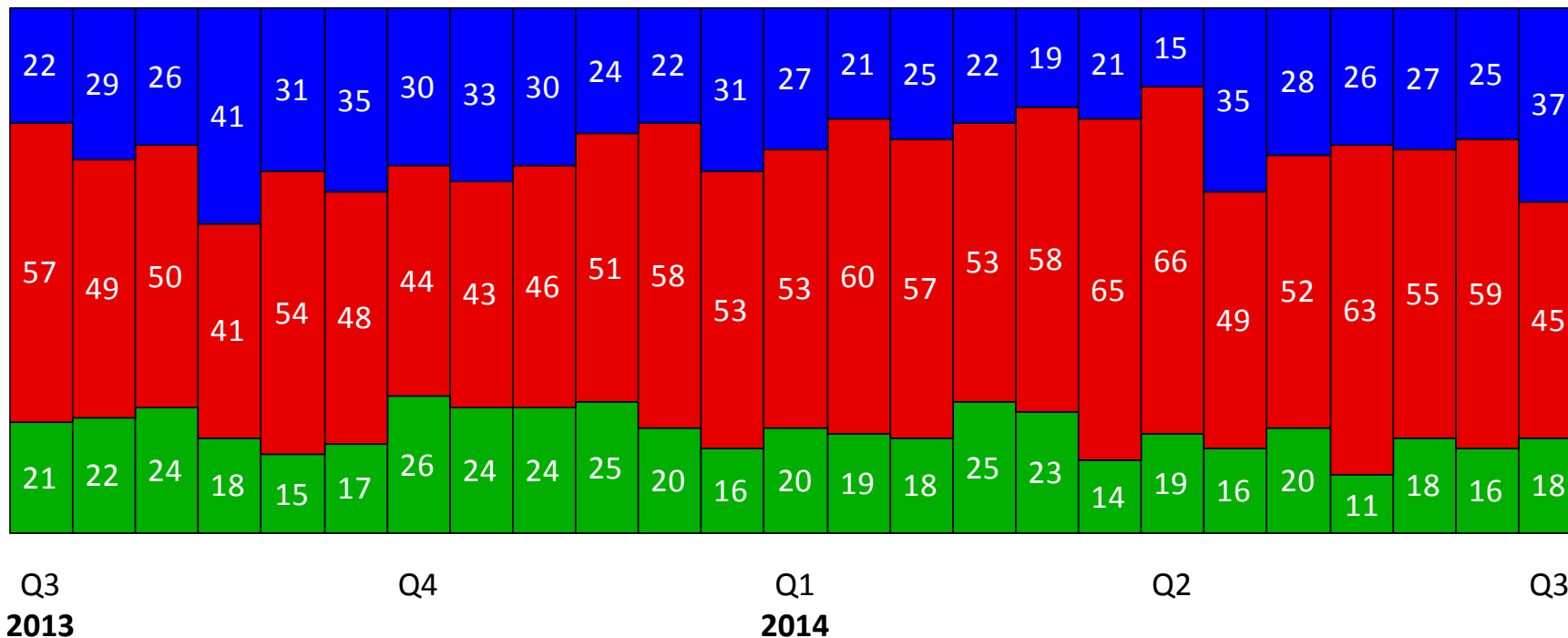


# History of Manufacturer Purchases

**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%

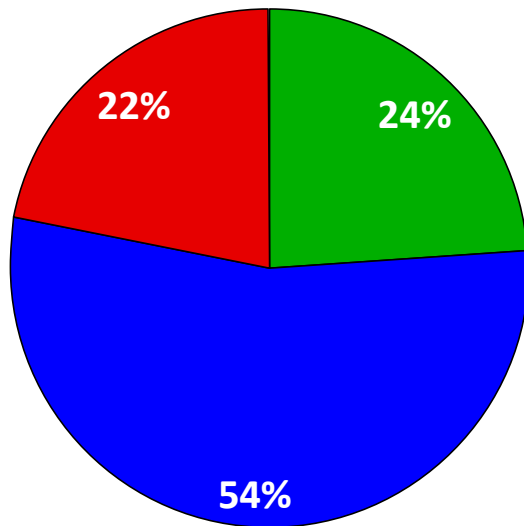


# Service Center Releases

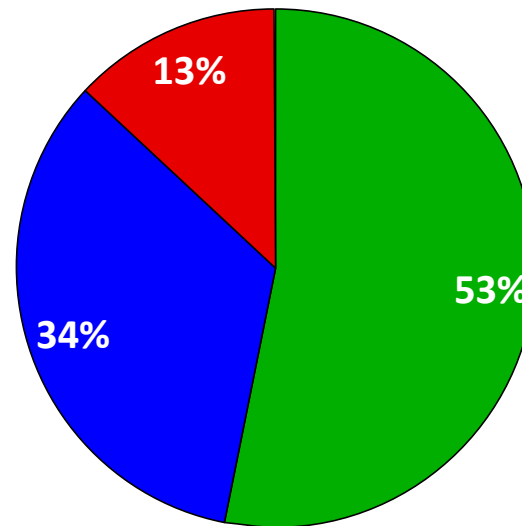
**Service Centers-** How do you see your customers releases (demand) for the products your company provides this year compared to this time last year?

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

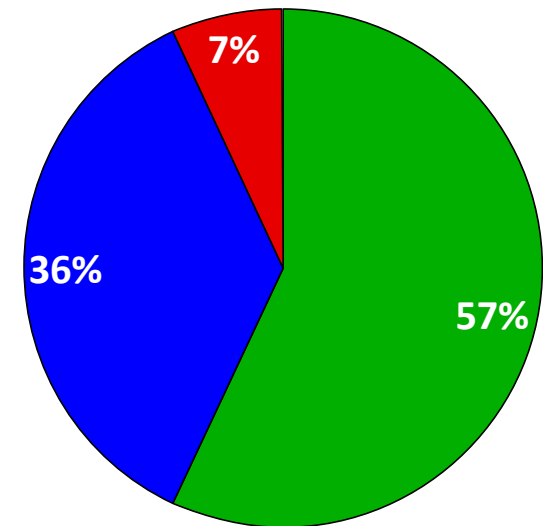
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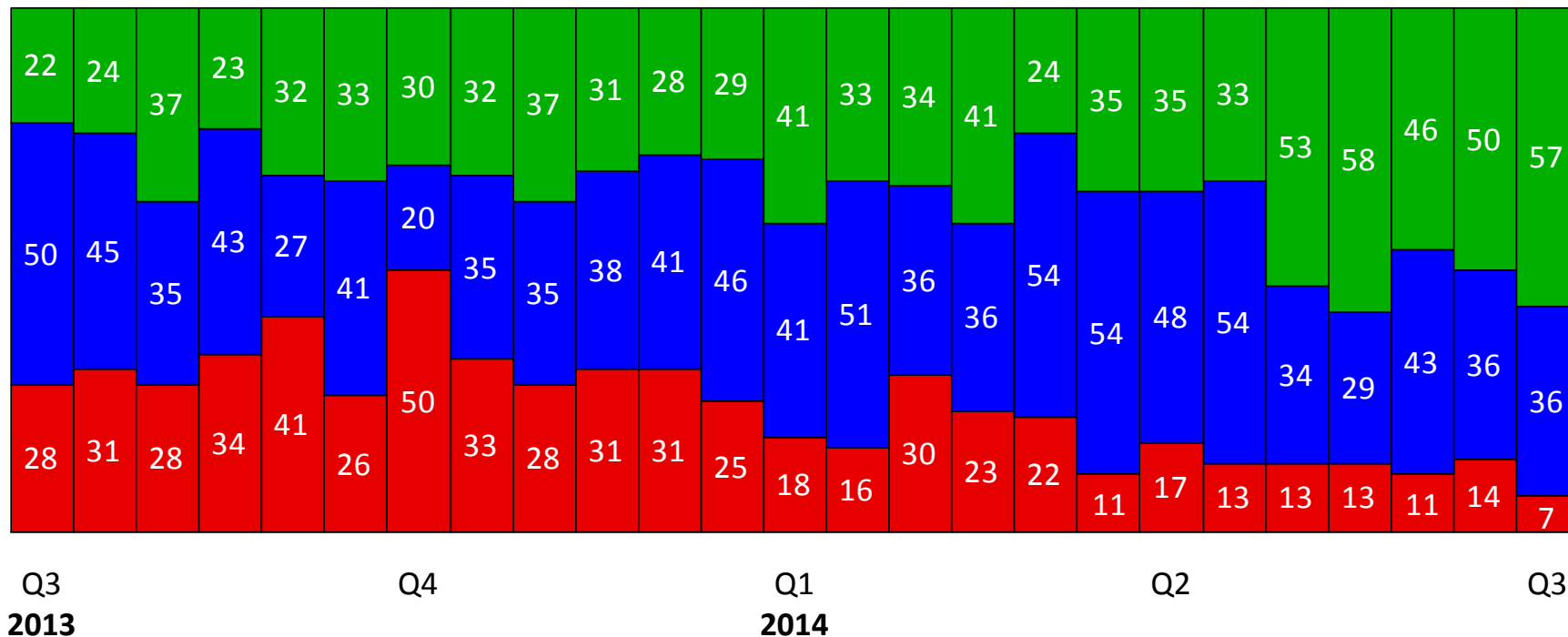


# Service Center Release History

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

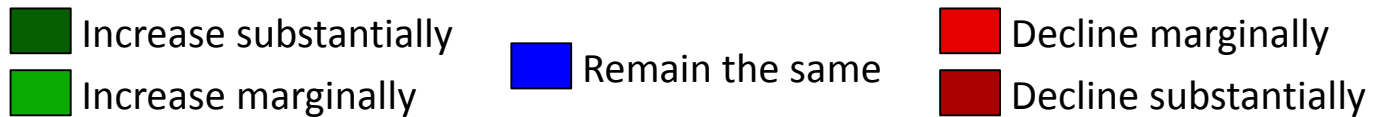
- Releasing more steel
- Releasing the same amount of steel
- Releasing less steel

out of 100%

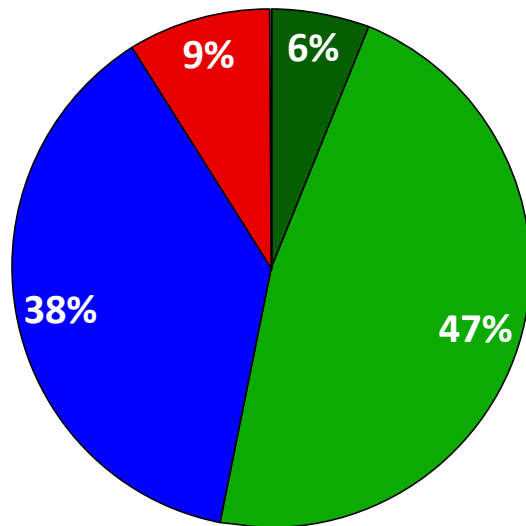


# Manufacturer Demand

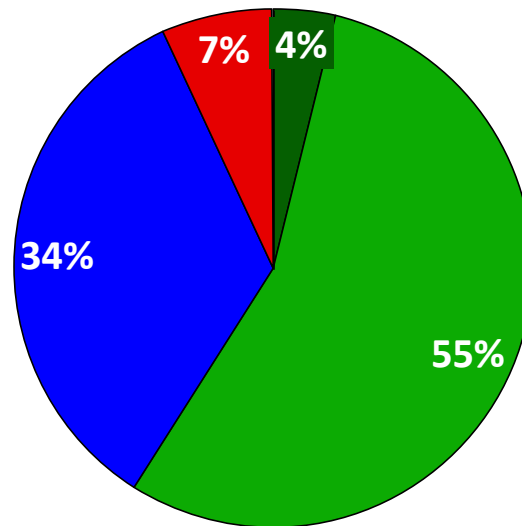
**Manufacturers-** Demand for your products will \_\_\_\_\_  
over the next 3 months based on current order flows.



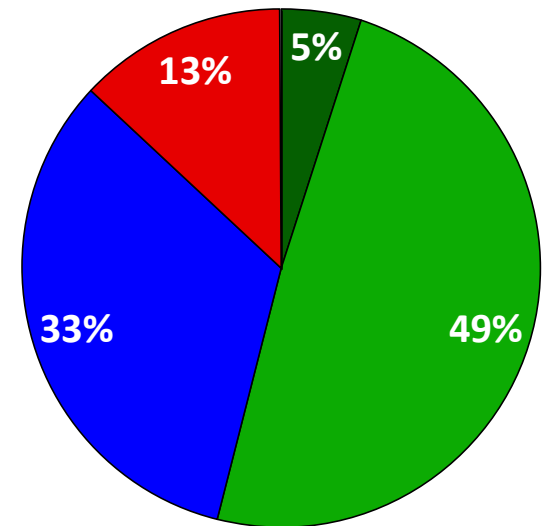
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May 9<sup>th</sup> 2014

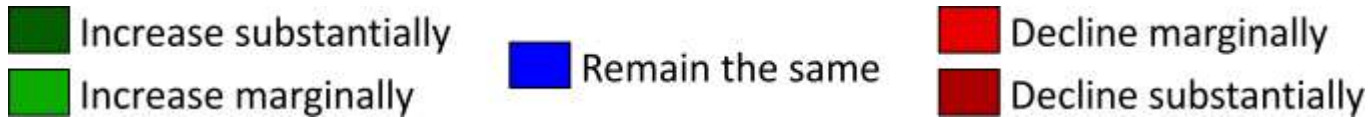


July 10<sup>th</sup> 2014

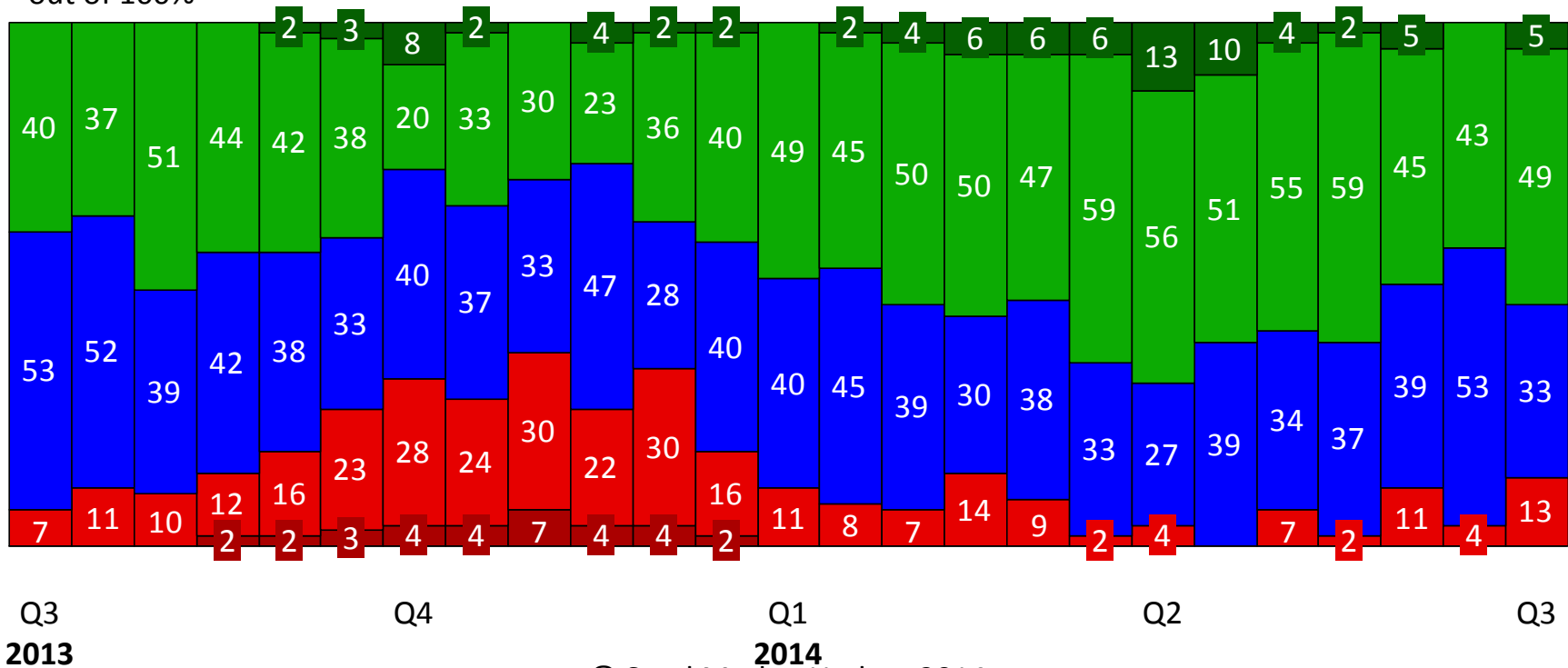


# Manufacturer Demand History

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



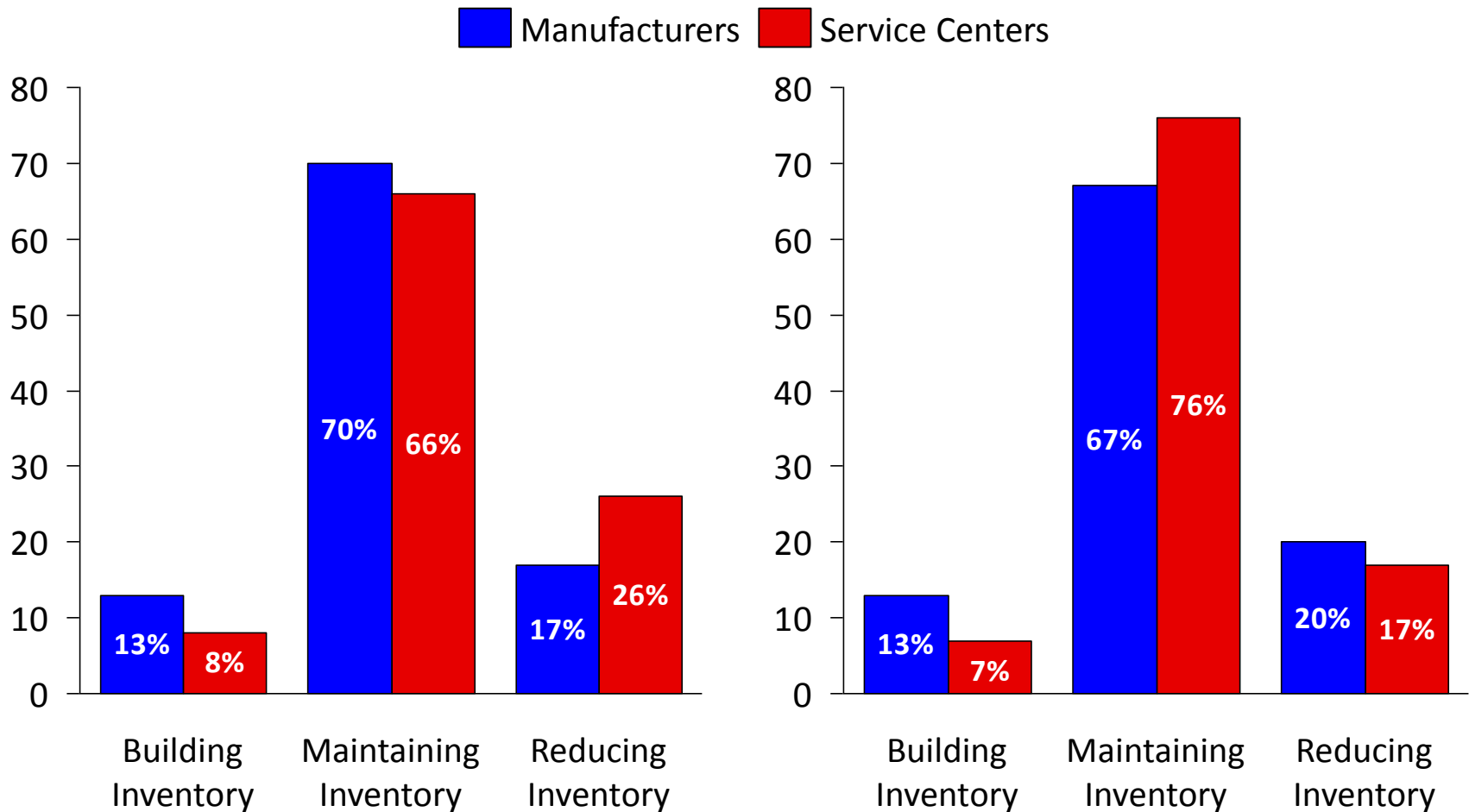
out of 100%



# Manufacturer and Service Center Inventory Buying Patterns

May 9<sup>th</sup> 2014

July 10<sup>th</sup> 2014

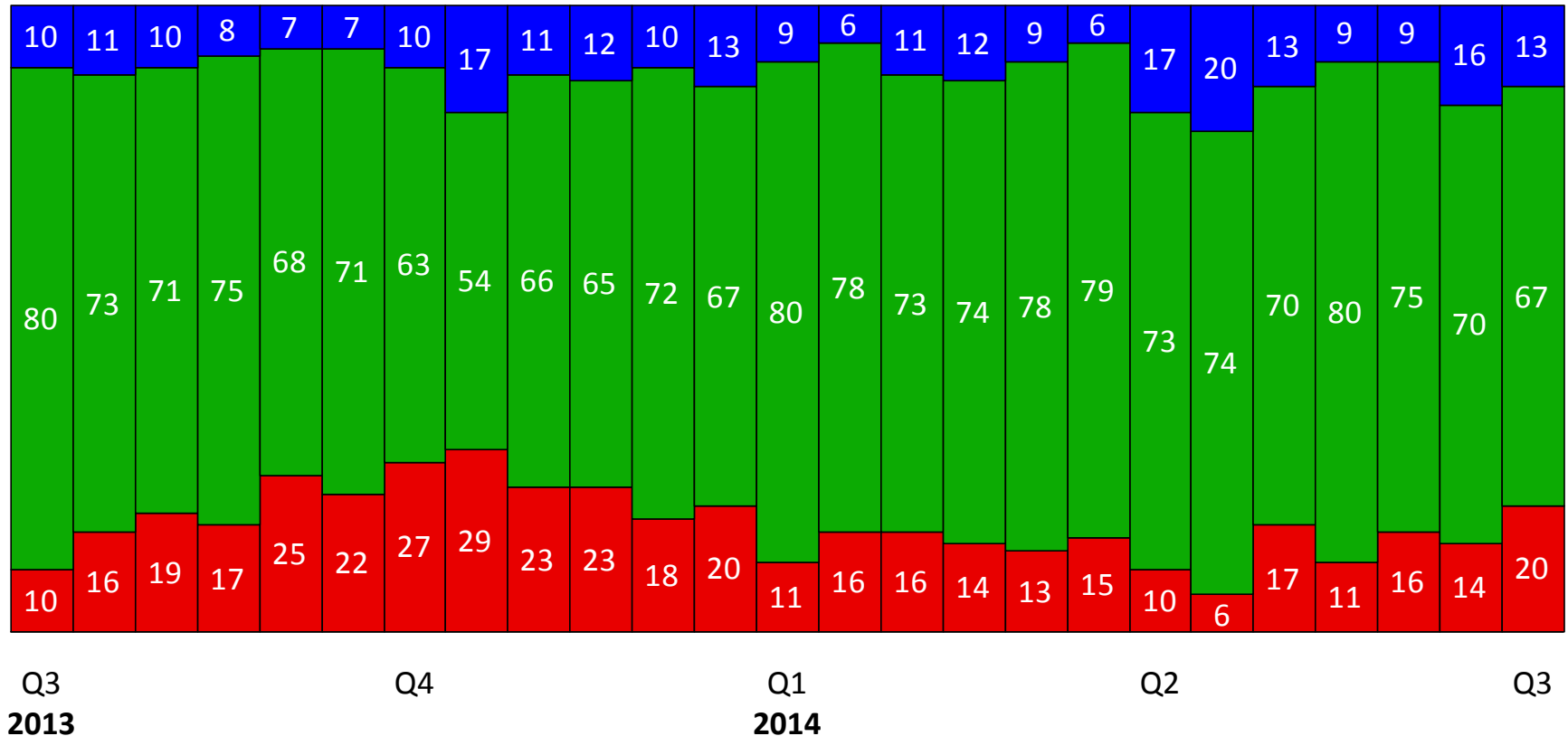


# Manufacturer Inventory Buying History

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

■ Building Inventory 
 ■ Maintaining Inventory 
 ■ Reducing Inventory

out of 100%

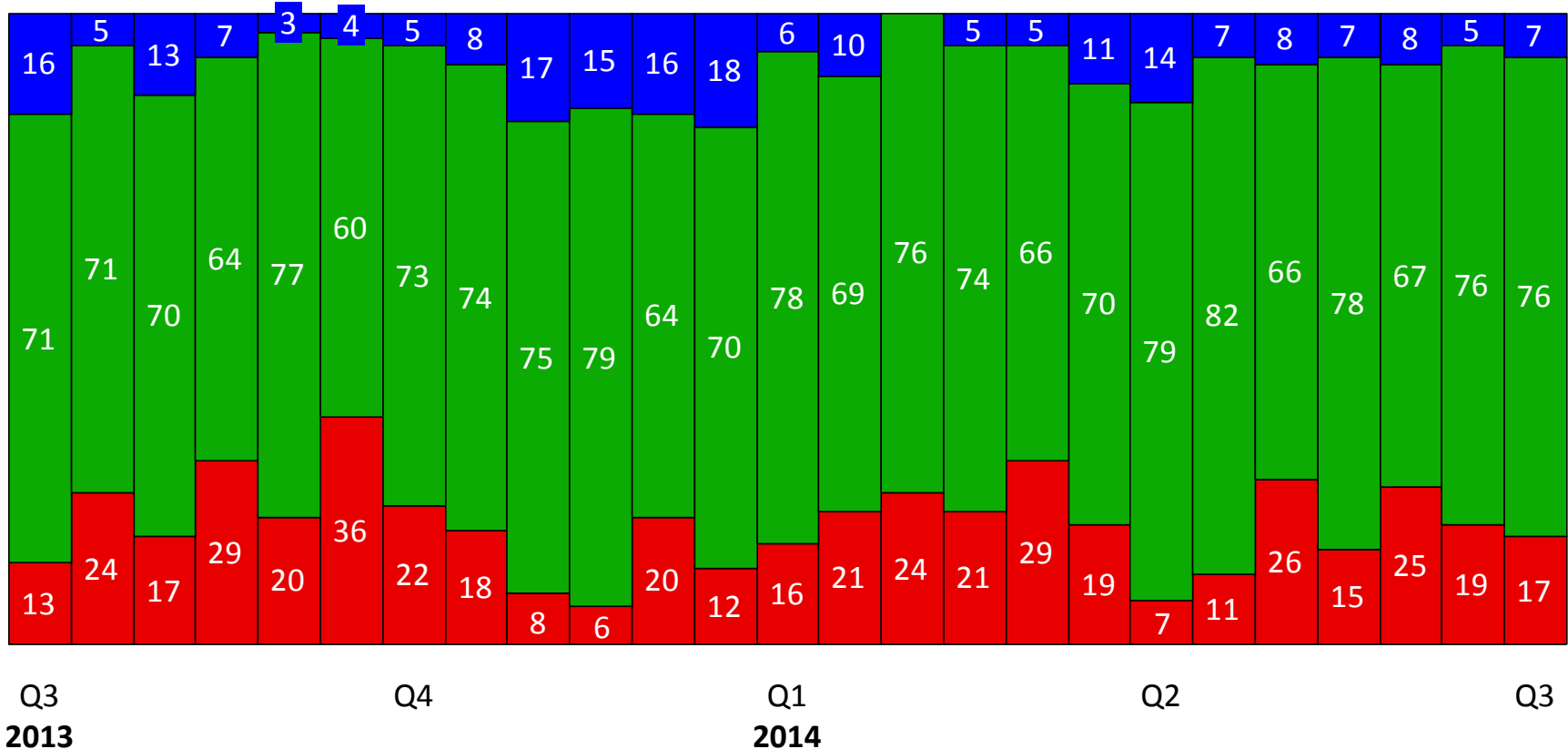


# Service Center Inventory Buying History

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

■ Building Inventory 
 ■ Maintaining Inventory 
 ■ Reducing Inventory

out of 100%

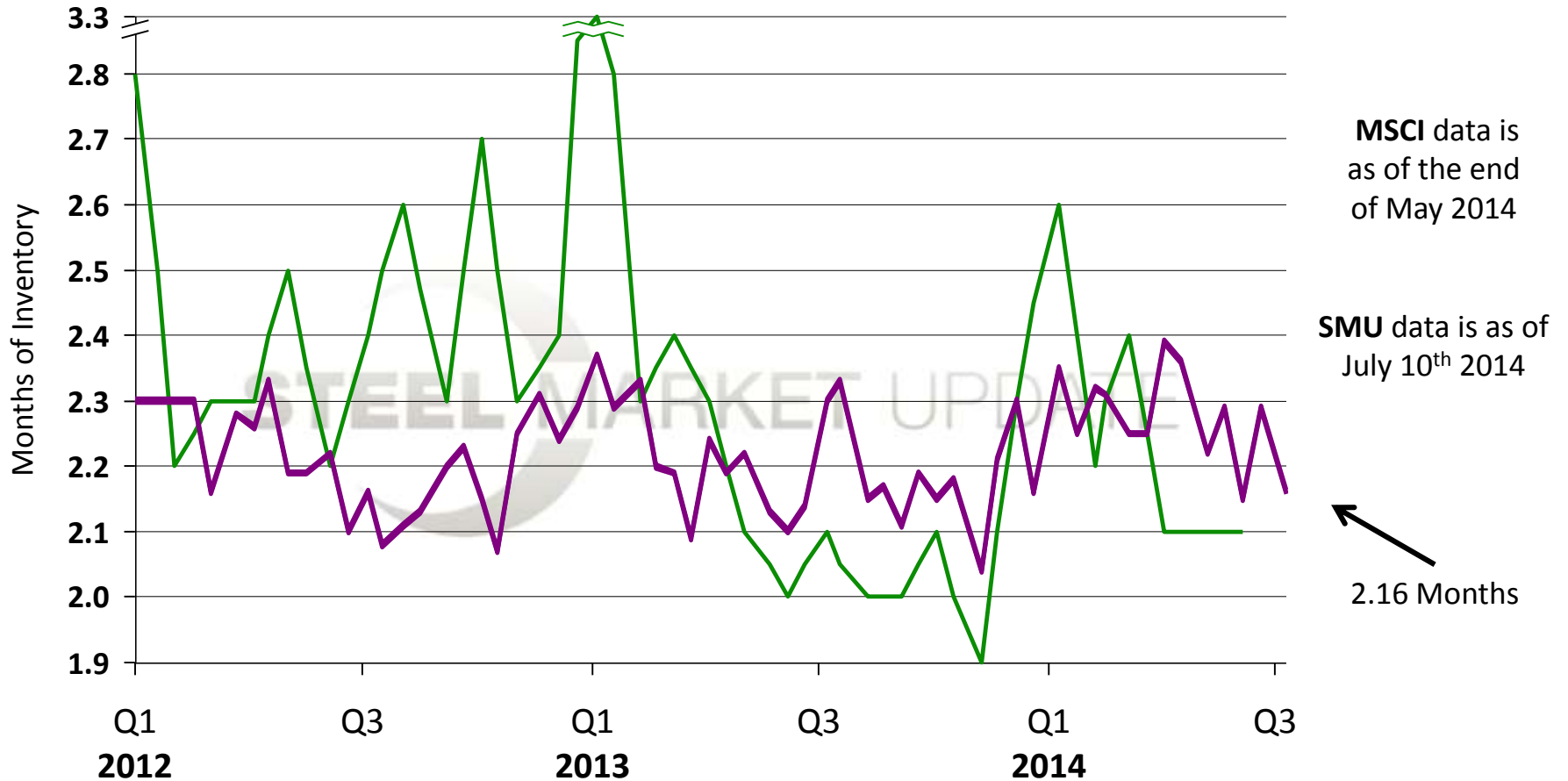




# Service Center Months on Hand History

## SMU Service Center & MSCI Inventory Level History Comparison

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

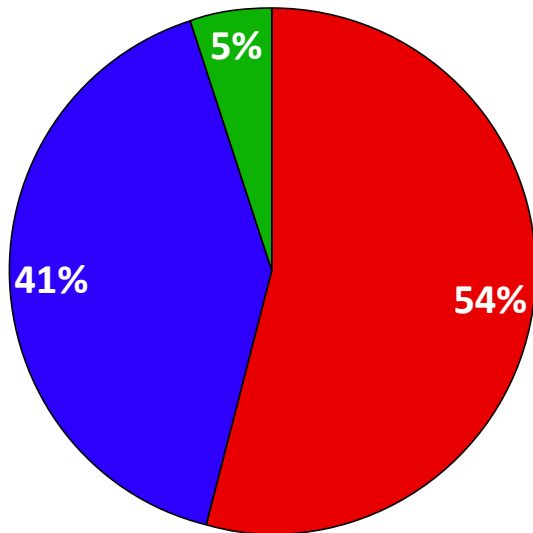


# Manufacturer's View of Service Center Selling Prices

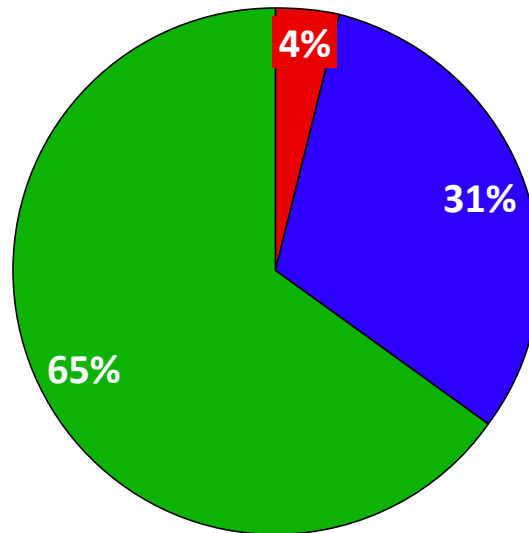
**Manufacturers-** Which comment do you feel is representative of service center pricing right now?

- 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

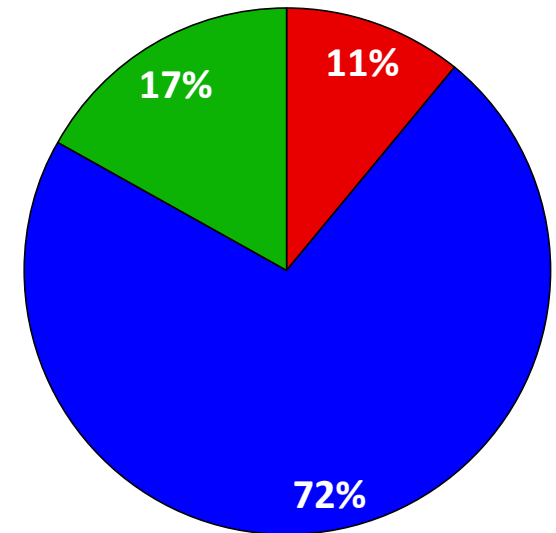
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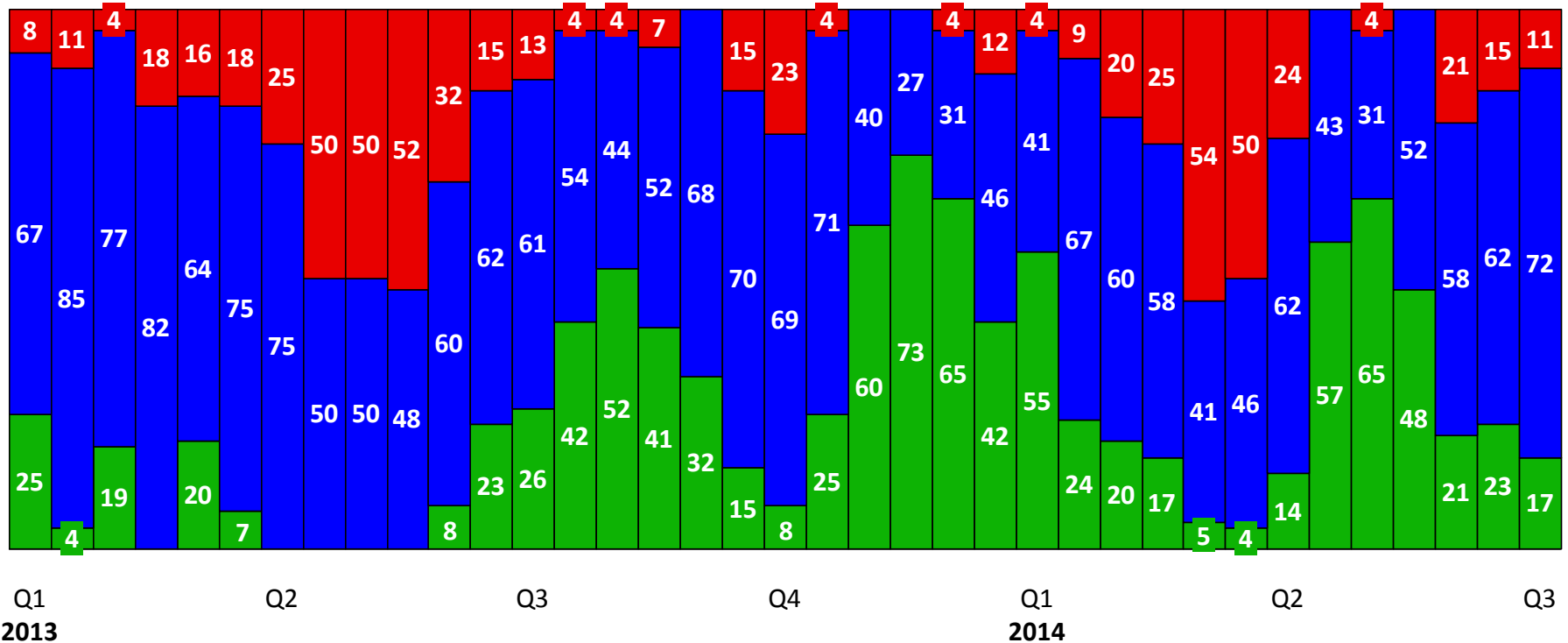


# Manufacturer's View of Service Center Selling Prices History




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

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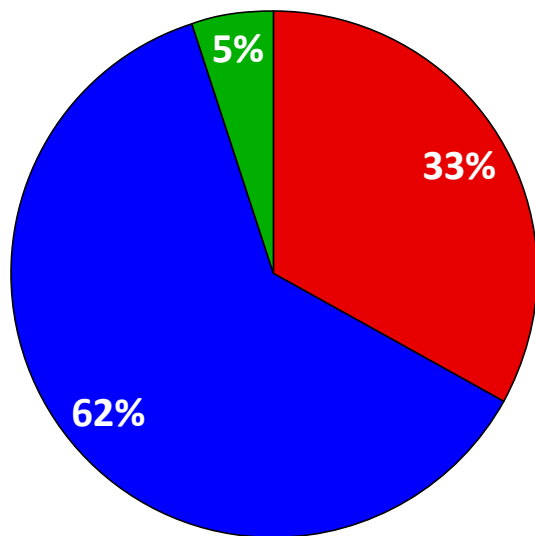
out of 100%



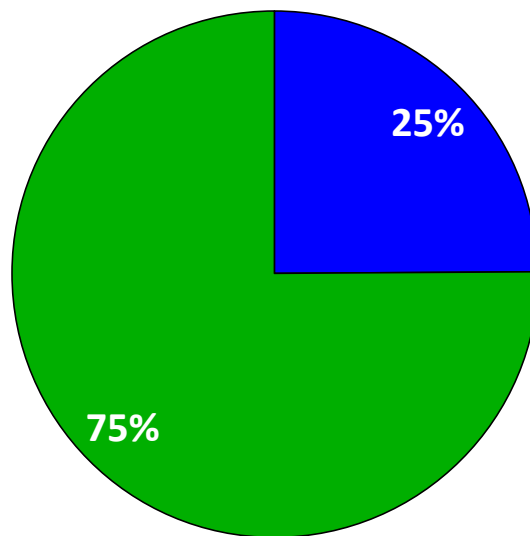
**Service Centers-** How is your company handling spot pricing to your customers at this time?

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

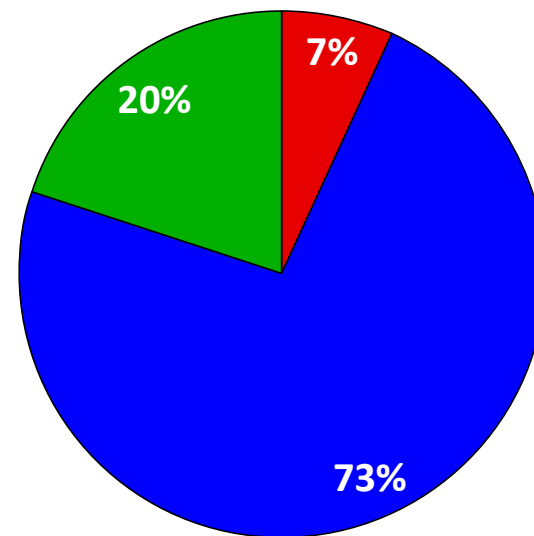
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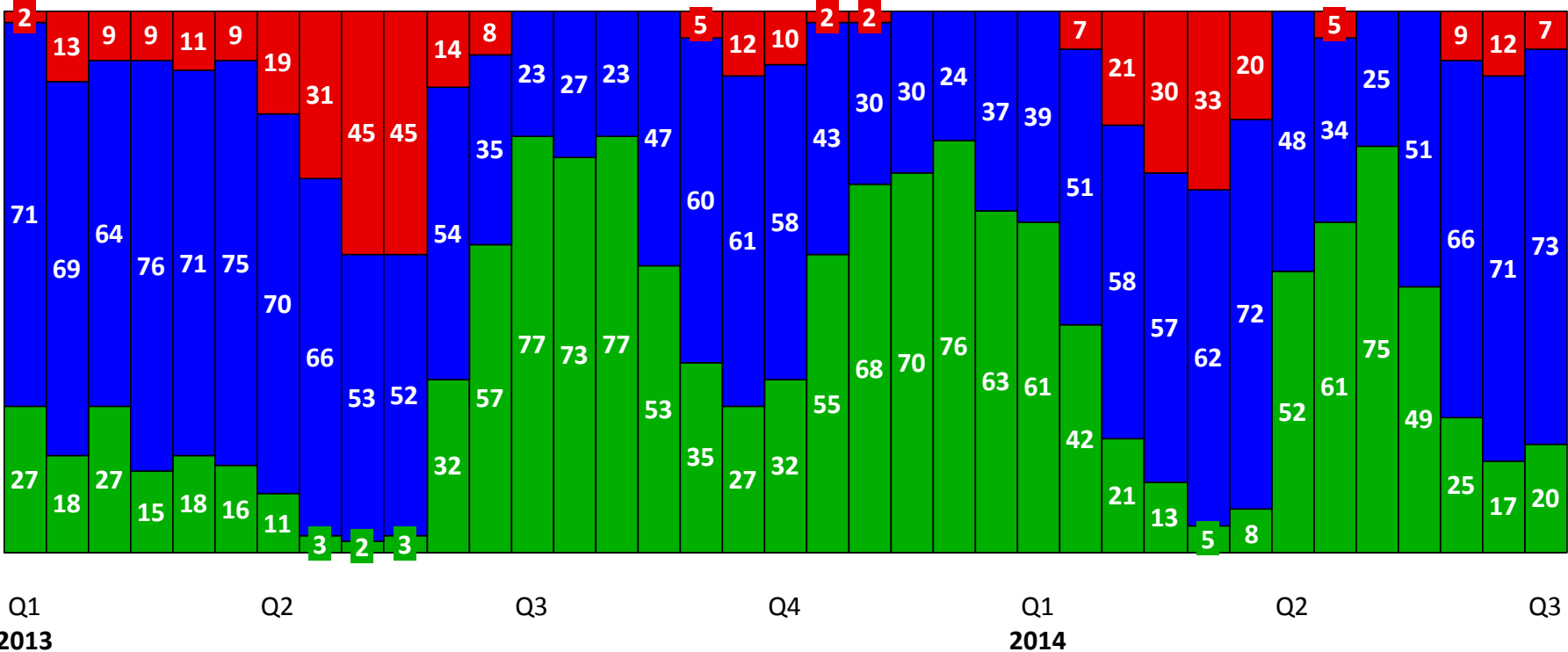


# Service Center View of Selling Prices History

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

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

out of 100%



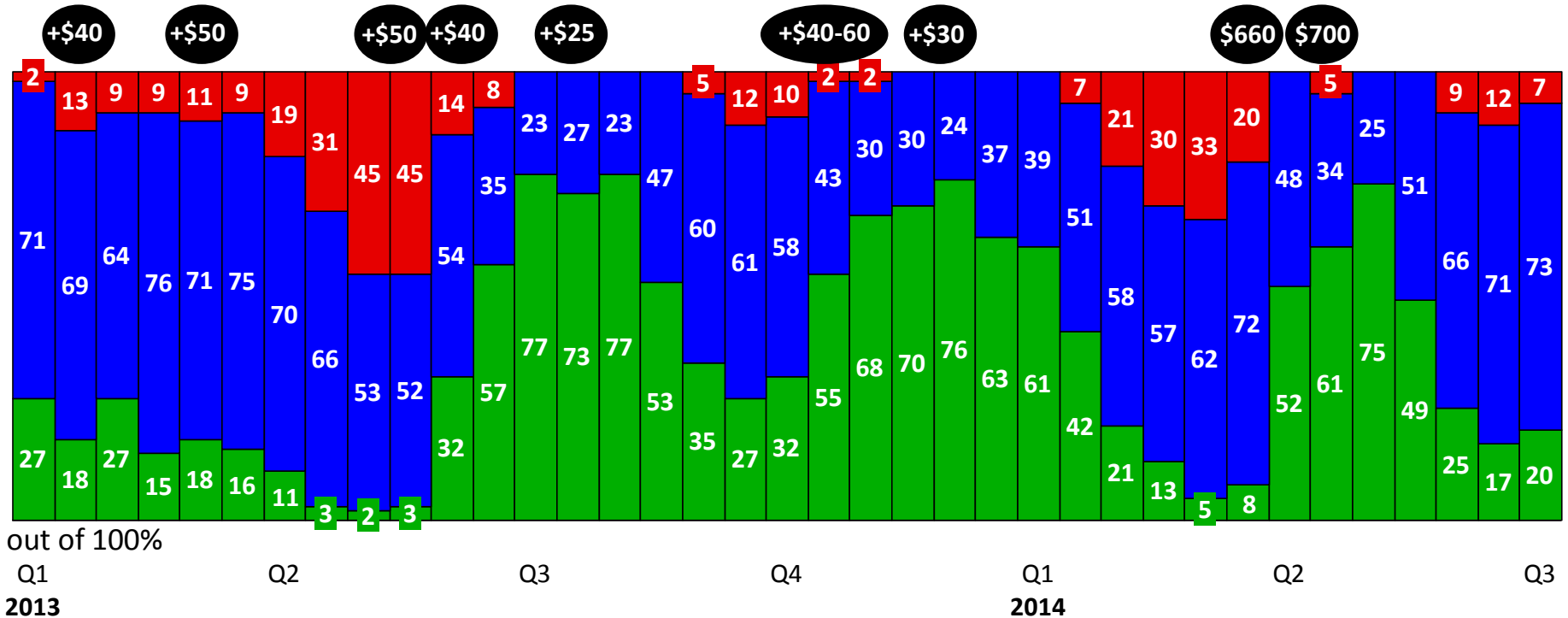
# Service Center View of Selling Prices History

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




## Historical AK Steel Price Announcements



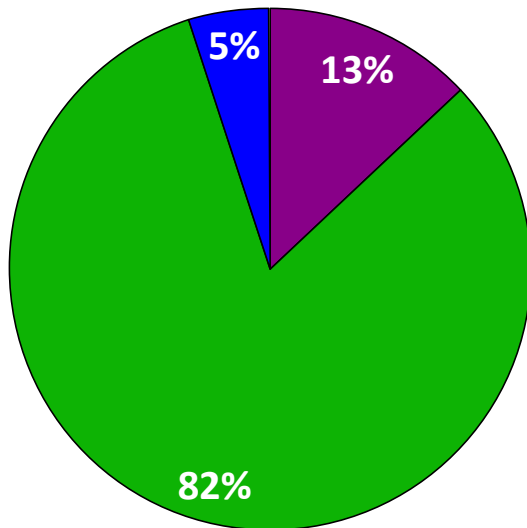
- We are lowering prices
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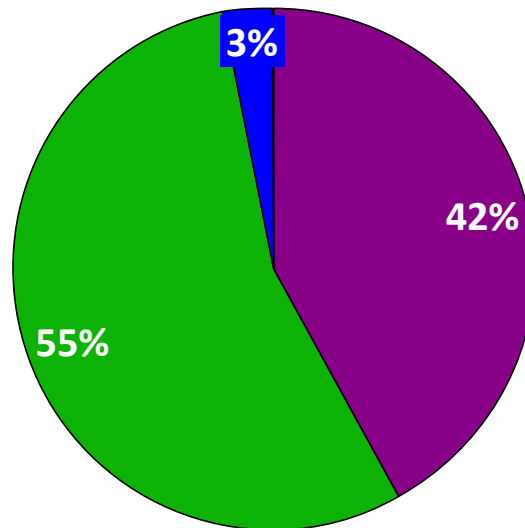
**Service Centers-** Are your manufacturing customers increasing orders, keeping them the same or reducing orders at this time?

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

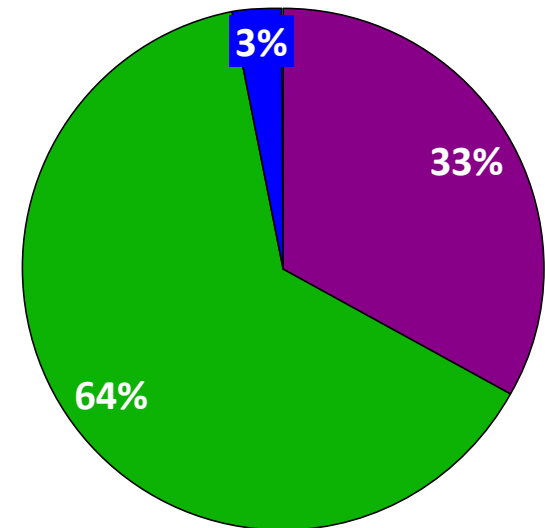
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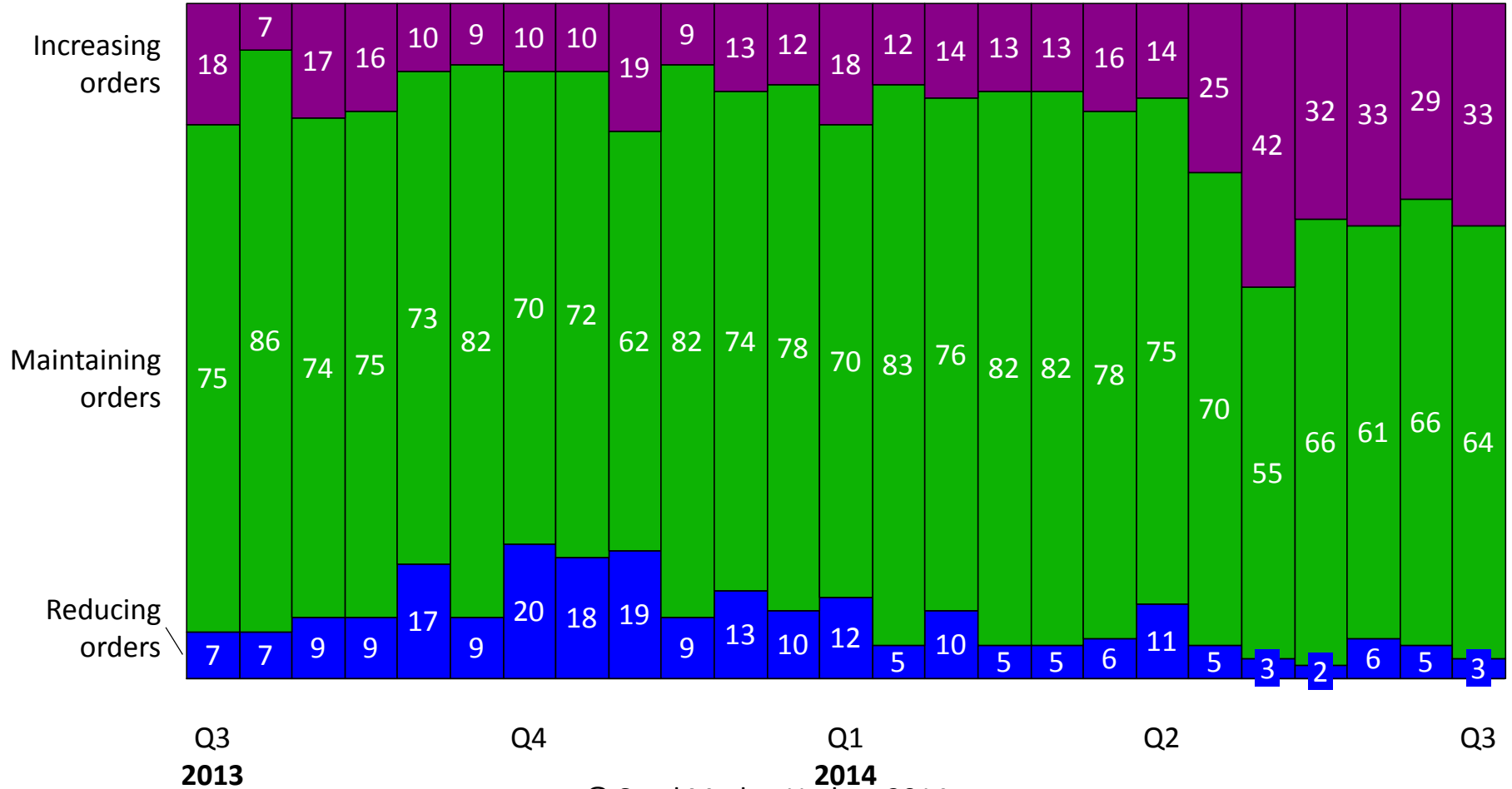
July 10<sup>th</sup> 2014



# Service Centers on Manufacturer Orders History

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

out of 100%

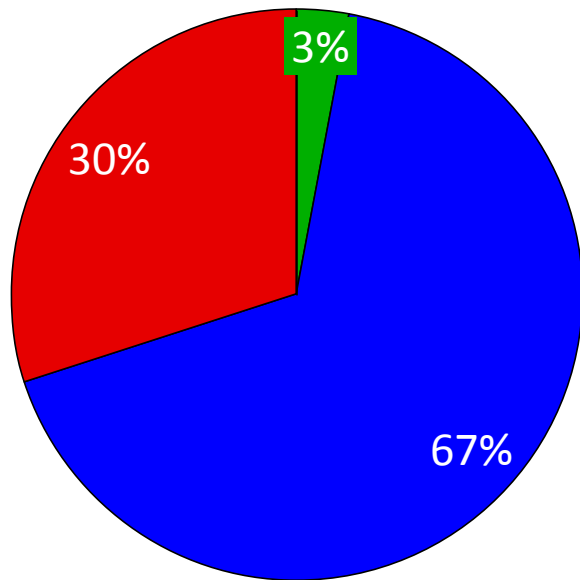




# Mill Lead Times

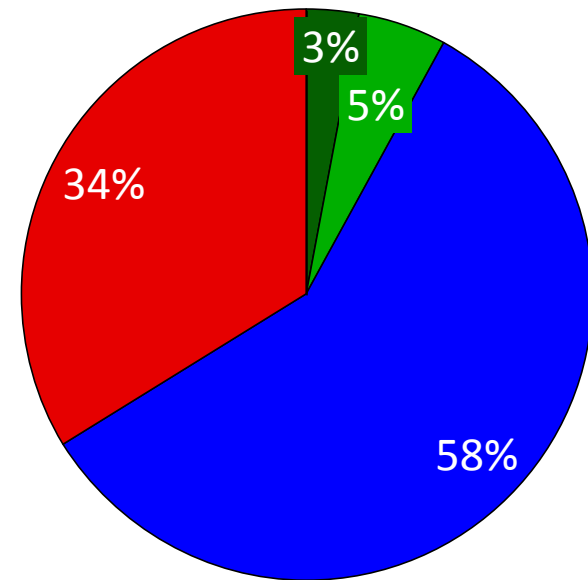
How would you describe domestic mill lead times for new orders placed right now?

## Manufacturers



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

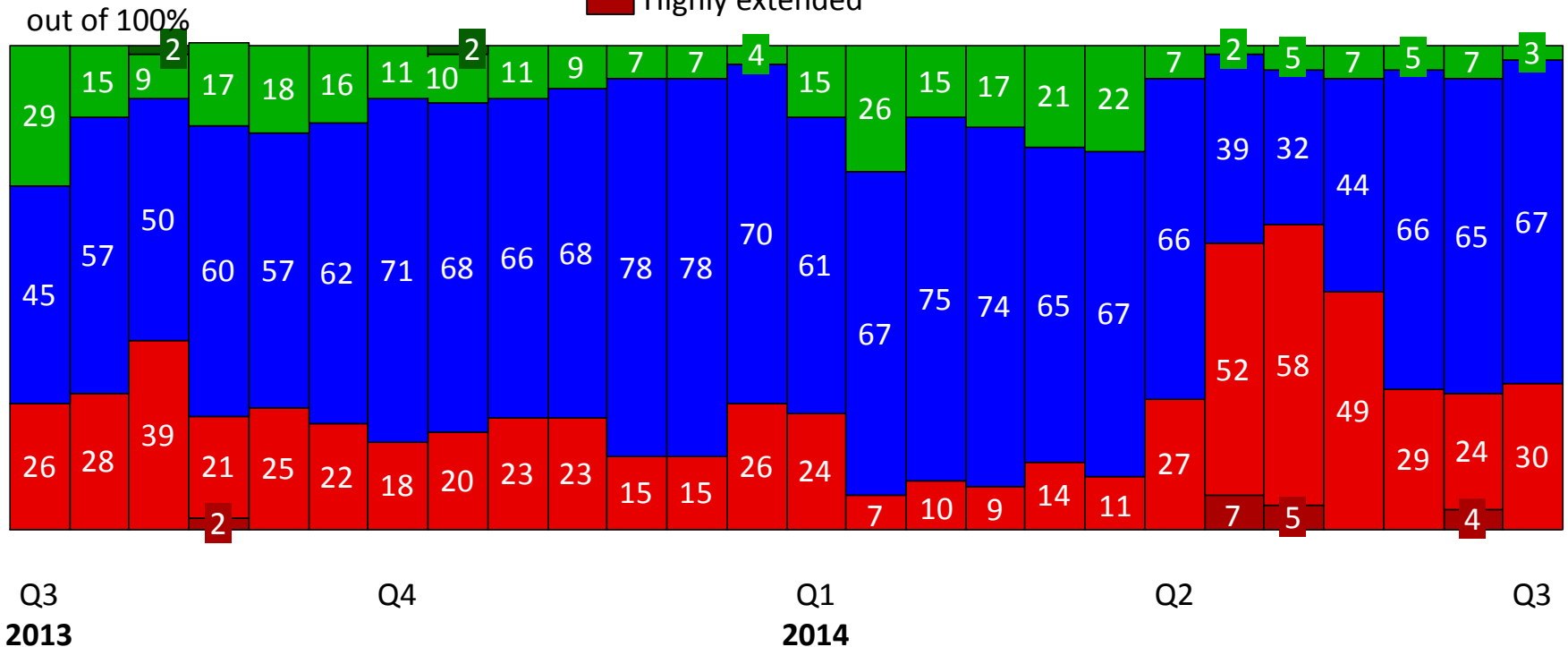
## Service Centers



# Mill Lead Times History

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

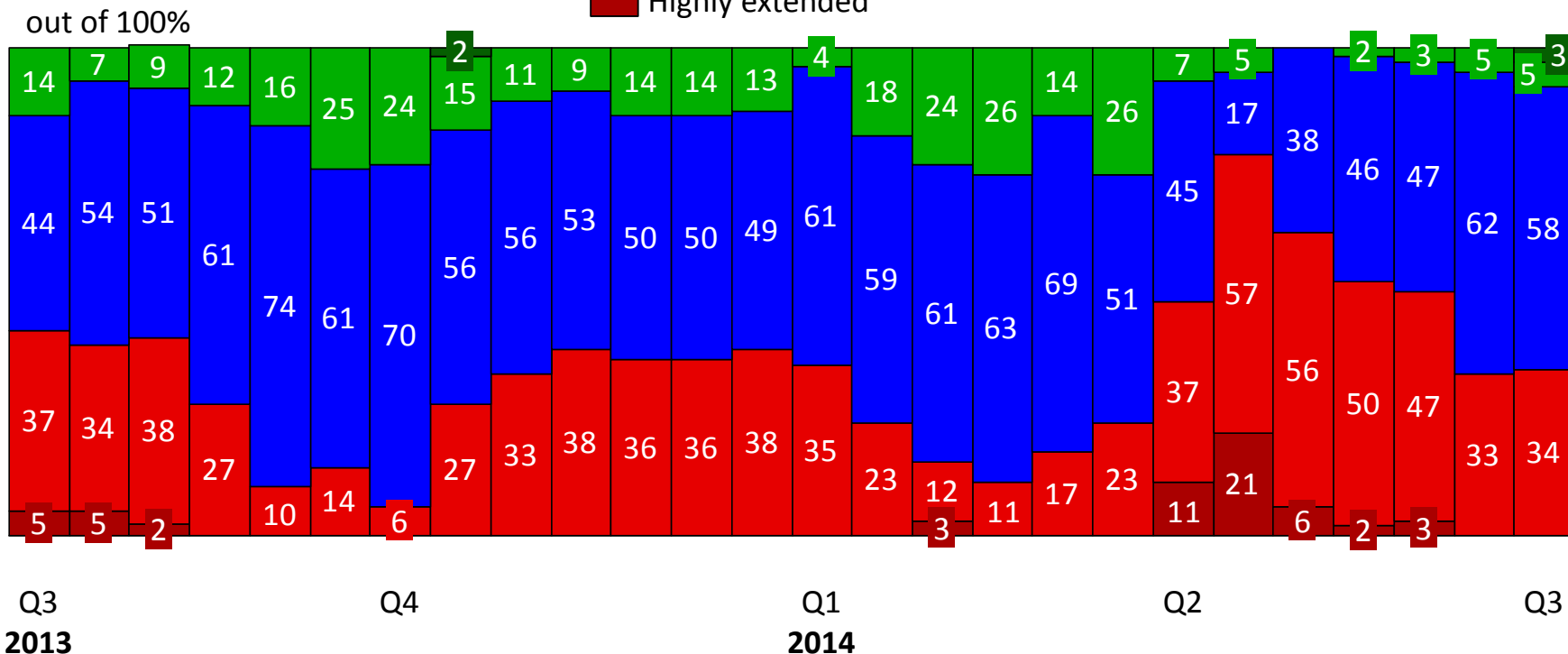
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# Mill Lead Times History

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

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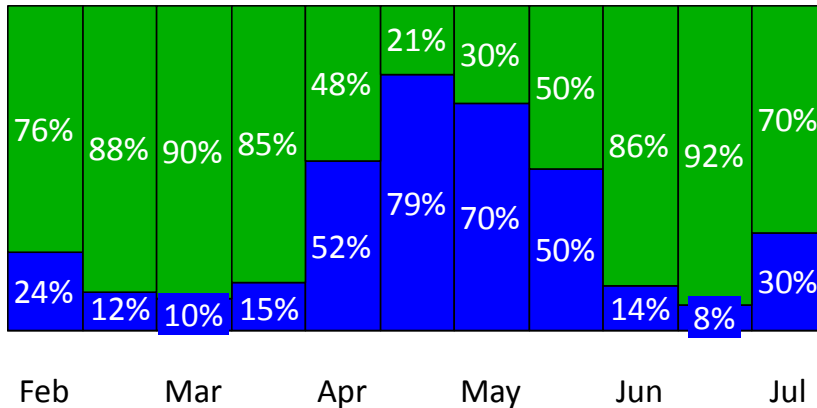


# Mill Negotiations

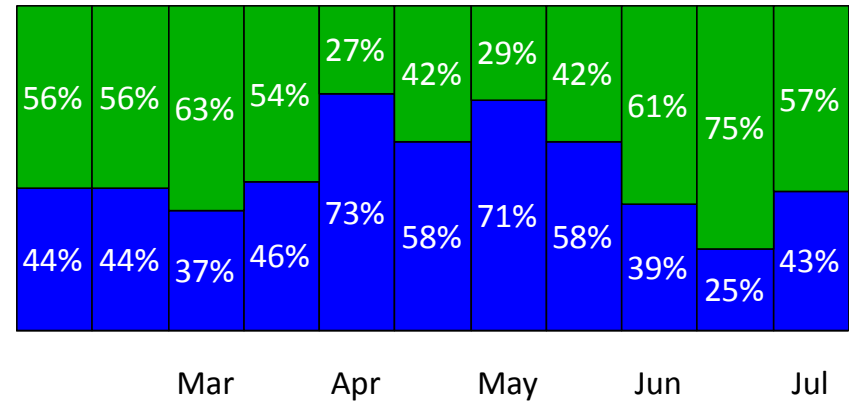
Are you finding the domestic mills are willing to negotiate pricing on brand new orders placed this week?

Yes No

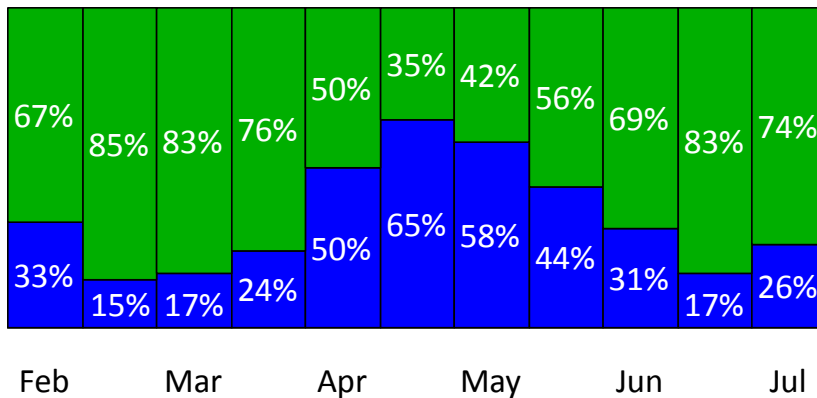
Hot Rolled Orders



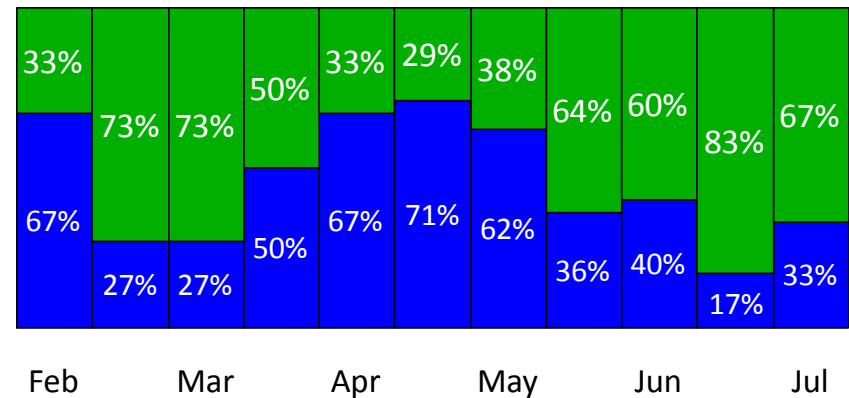
Cold Rolled Orders



Galvanized Orders

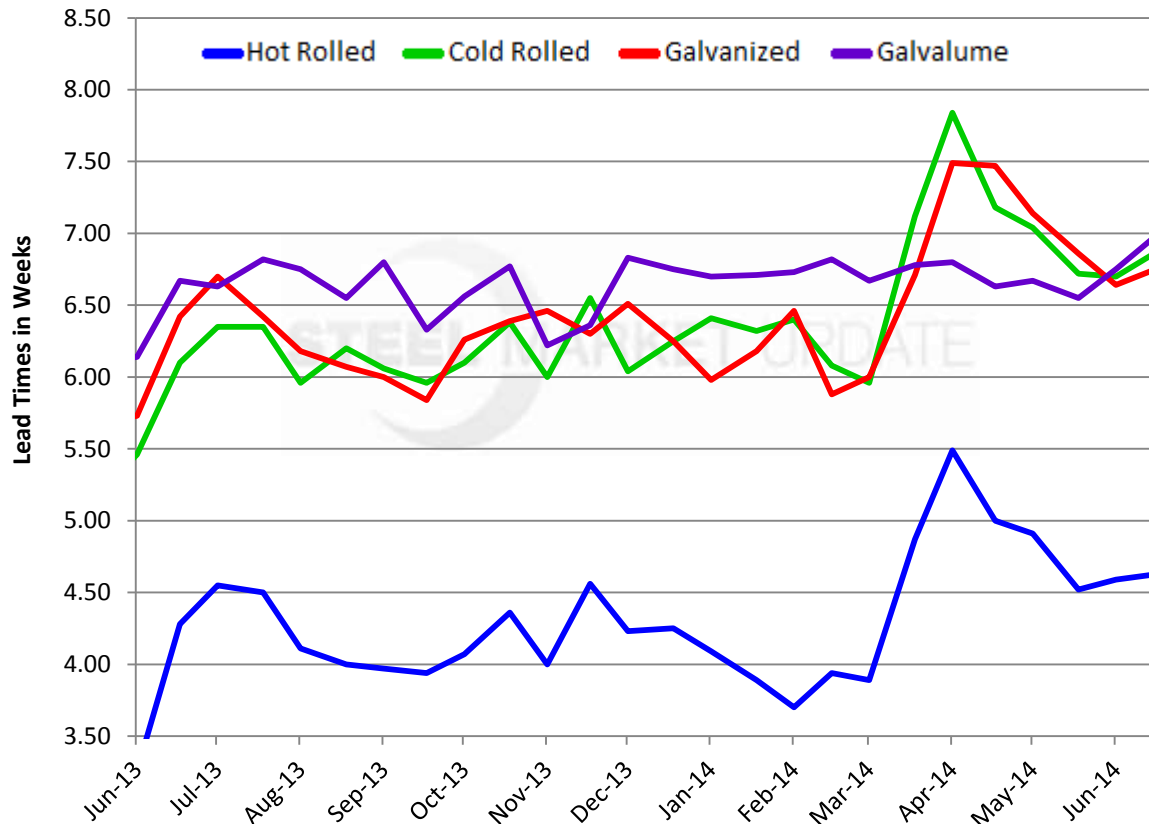


Galvalume Orders



# Lead Times (Weeks)

### Steel Market Update Lead Times Comparison



**Hot Rolled: 4.63**  
**Cold Rolled: 6.88**  
**Galvanized: 6.76**  
**Galvalume: 7.00**

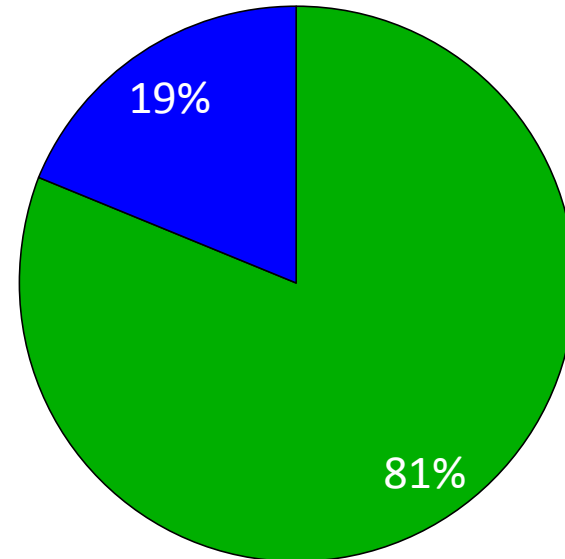
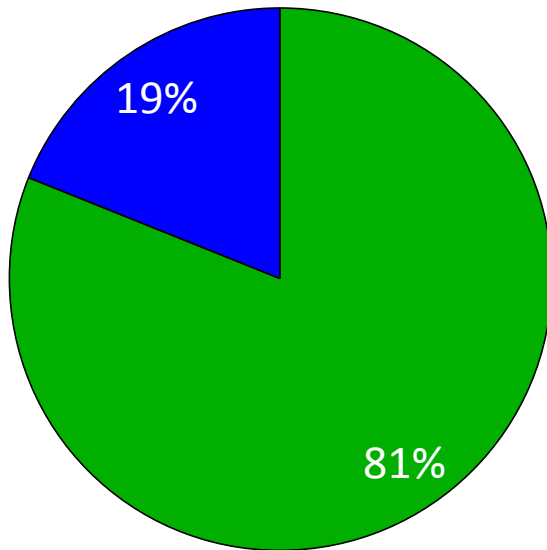
# Domestic and Foreign Price Spread

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

## Manufacturers

## Service Centers

Yes No

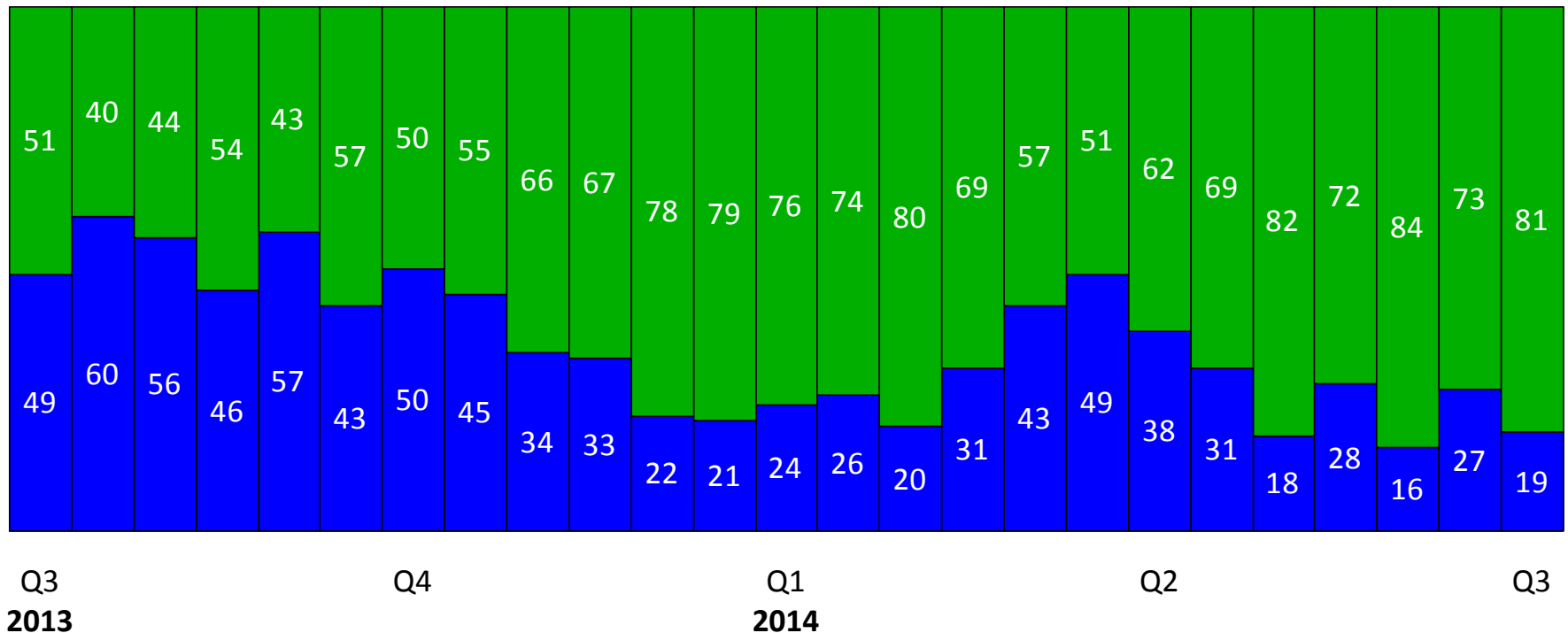


# Domestic and Foreign Price Spread

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

Yes No

out of 100%

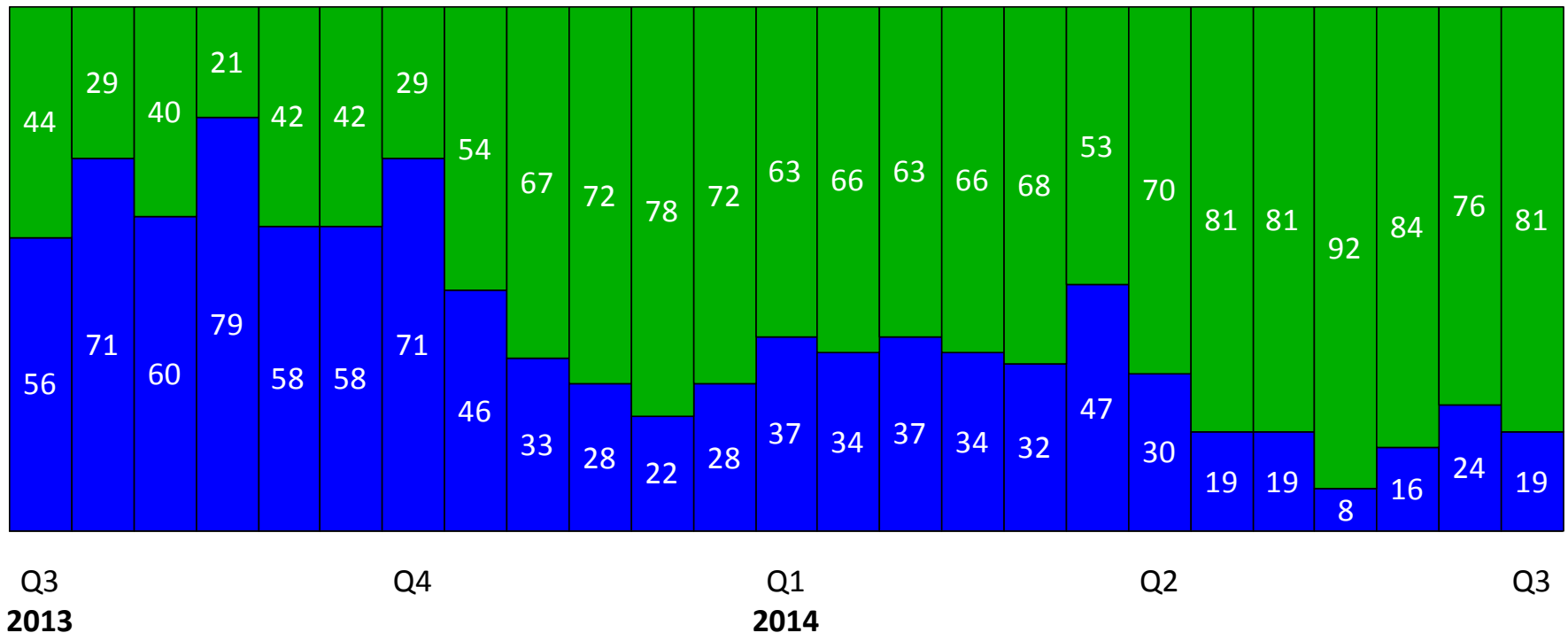


# Domestic and Foreign Price Spread

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

Yes No

out of 100%





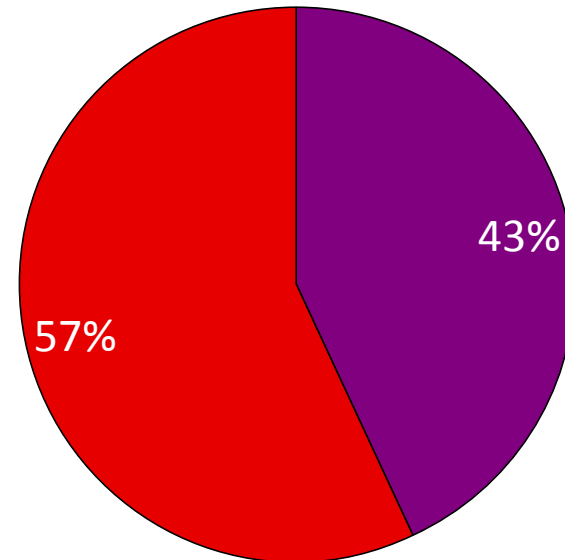
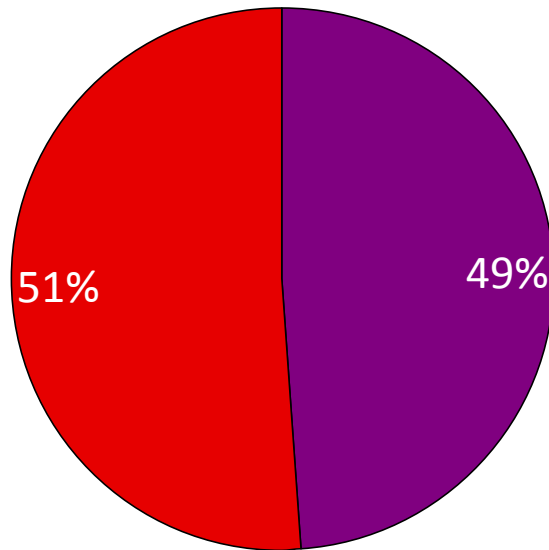
# New Foreign Orders

Is your company entering new foreign orders right now?

## Manufacturers

## Service Centers

Yes No

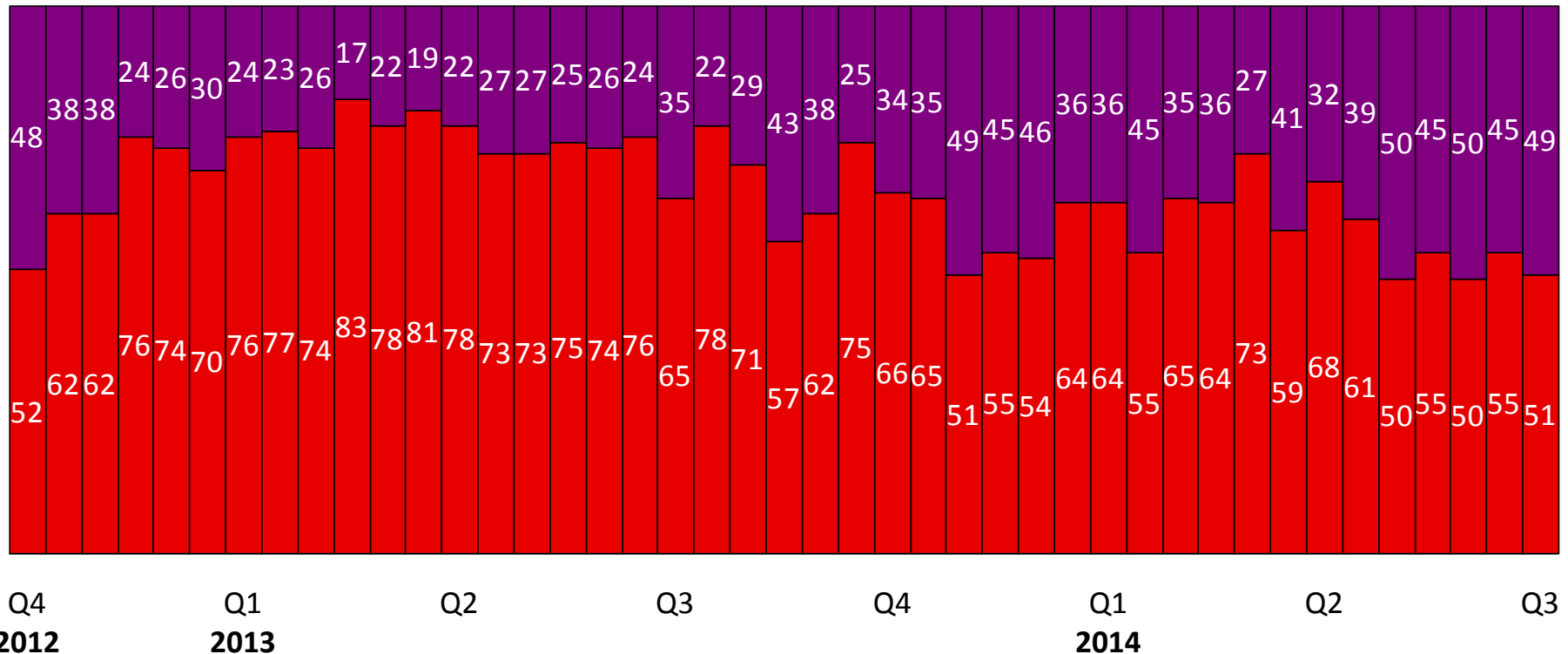


# New Foreign Orders

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

■ Yes
 ■ No

out of 100%

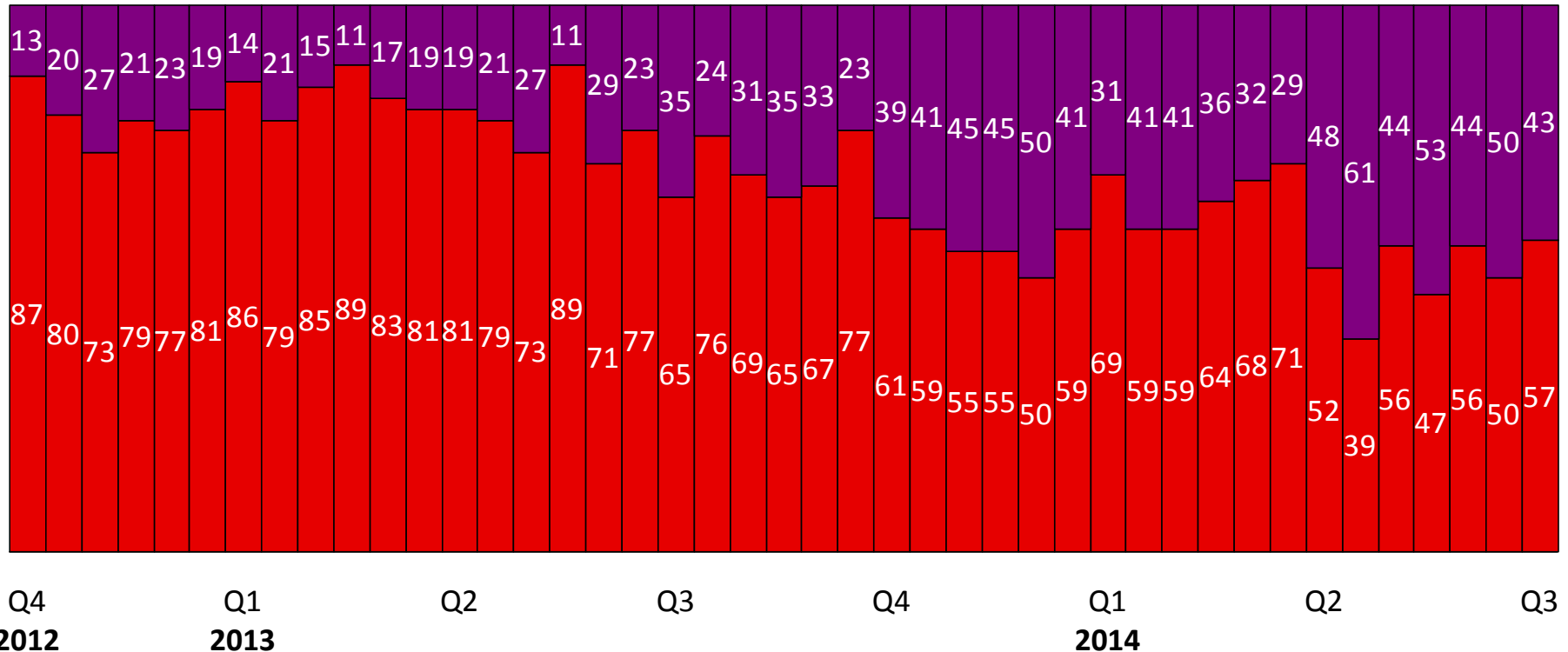


# New Foreign Orders

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

■ Yes
 ■ No

out of 100%



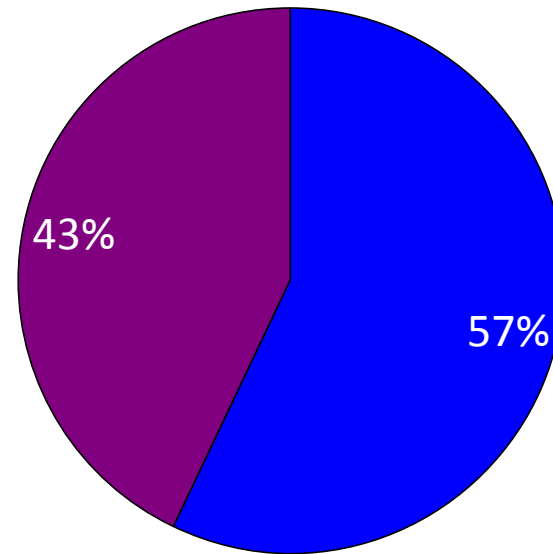
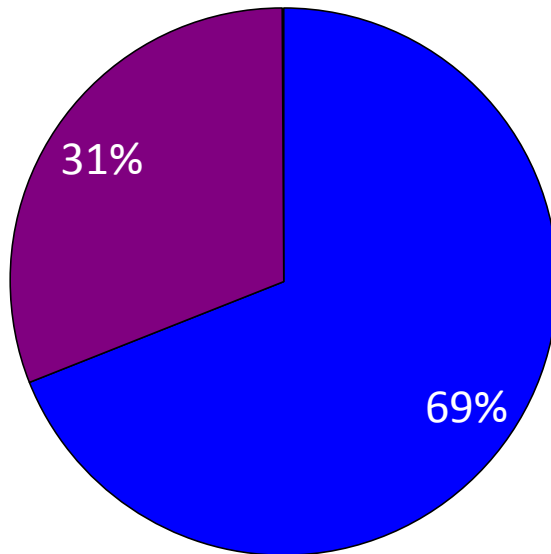
# Reduction of Domestic Orders

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

## Manufacturers

## Service Centers

Yes No



# Questions?

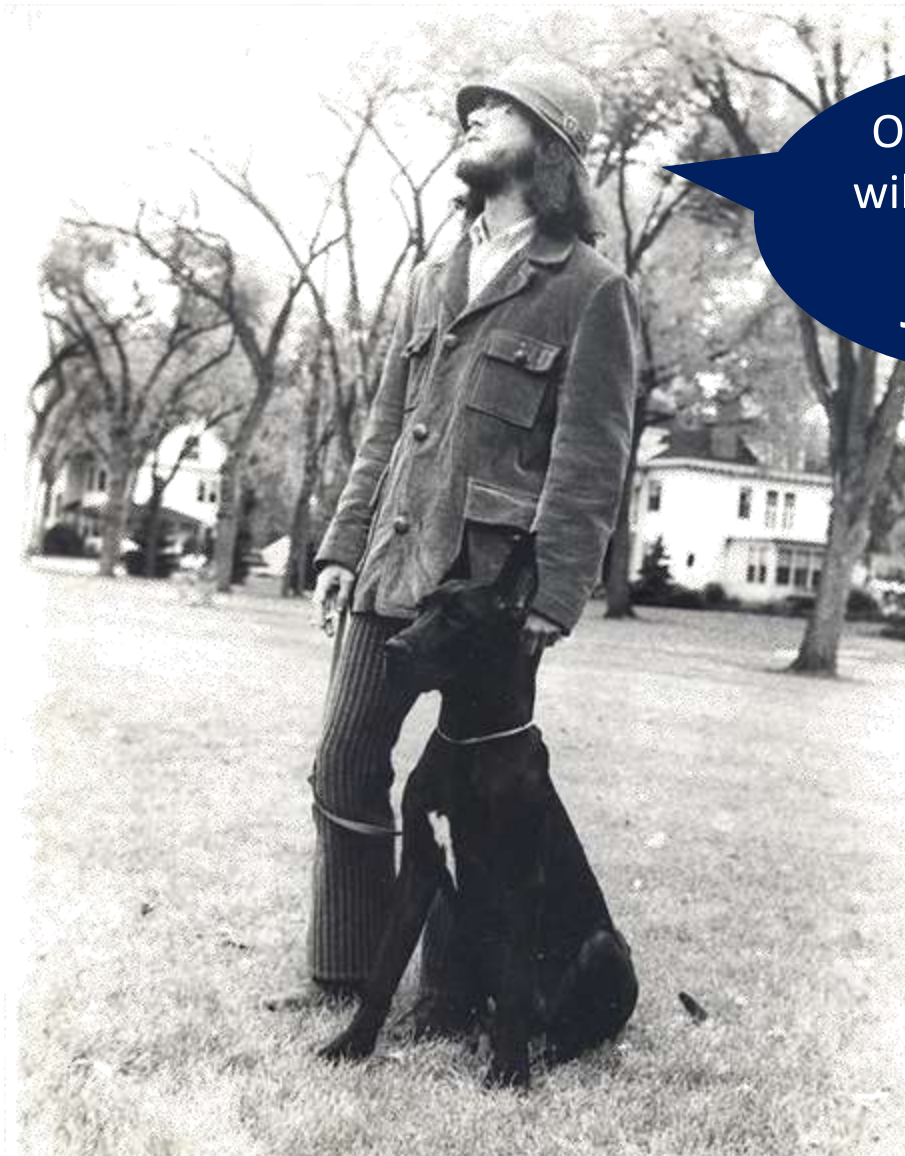


If you have any questions regarding the information presented here, please contact us at [info@SteelMarketUpdate.com](mailto:info@SteelMarketUpdate.com).

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# Look for Our Next Survey



Our next survey  
will be conducted  
the week of  
**July 21<sup>st</sup> 2014**



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