



STEEL MARKET UPDATE

Steel Trends in a Turbulent Market

Responses from our August 18th 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.



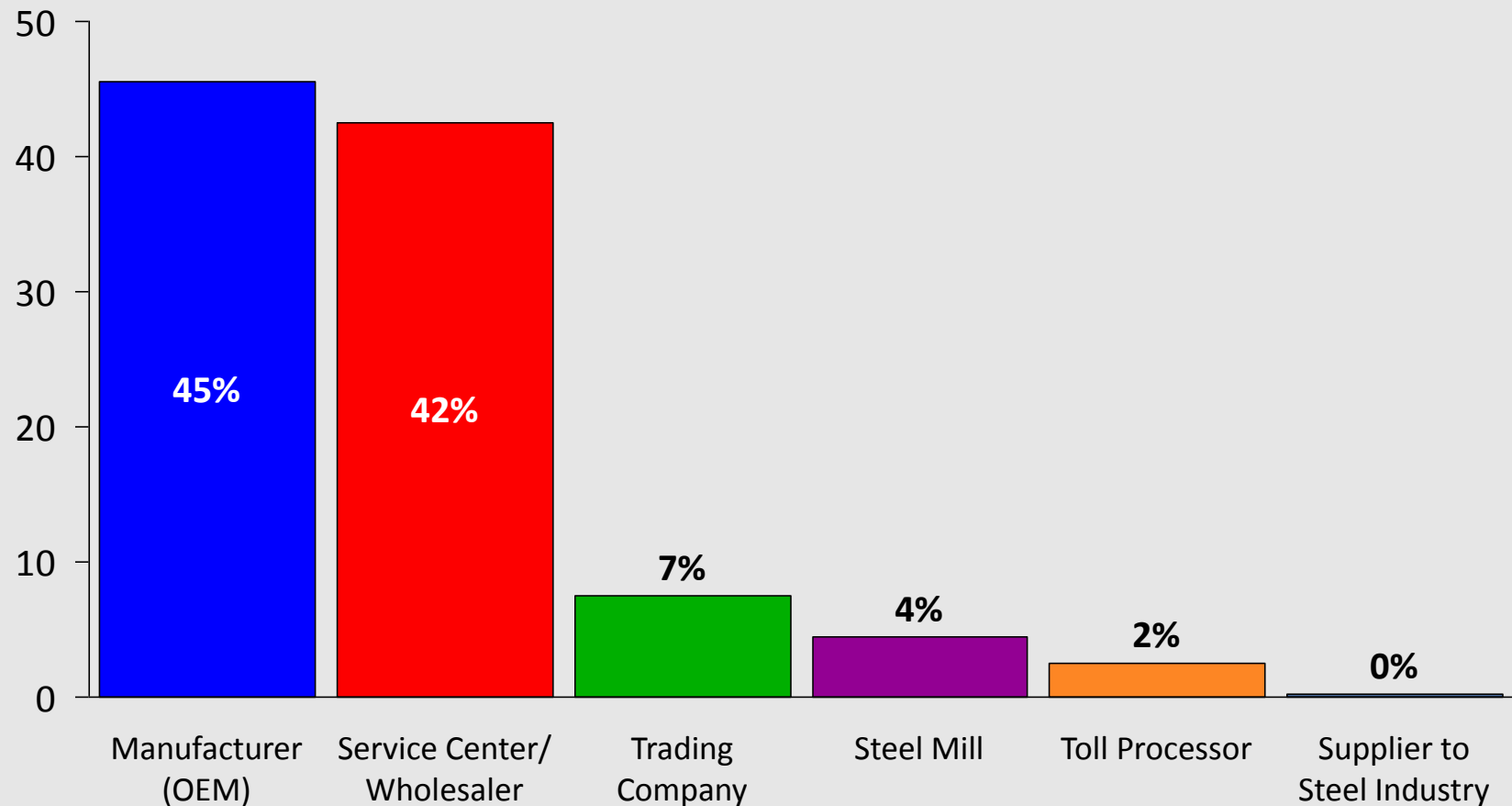
This years conference will focus on current risk in both the global and domestic steel industry as well as provide forecasting from a number of steel related industry sectors.

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

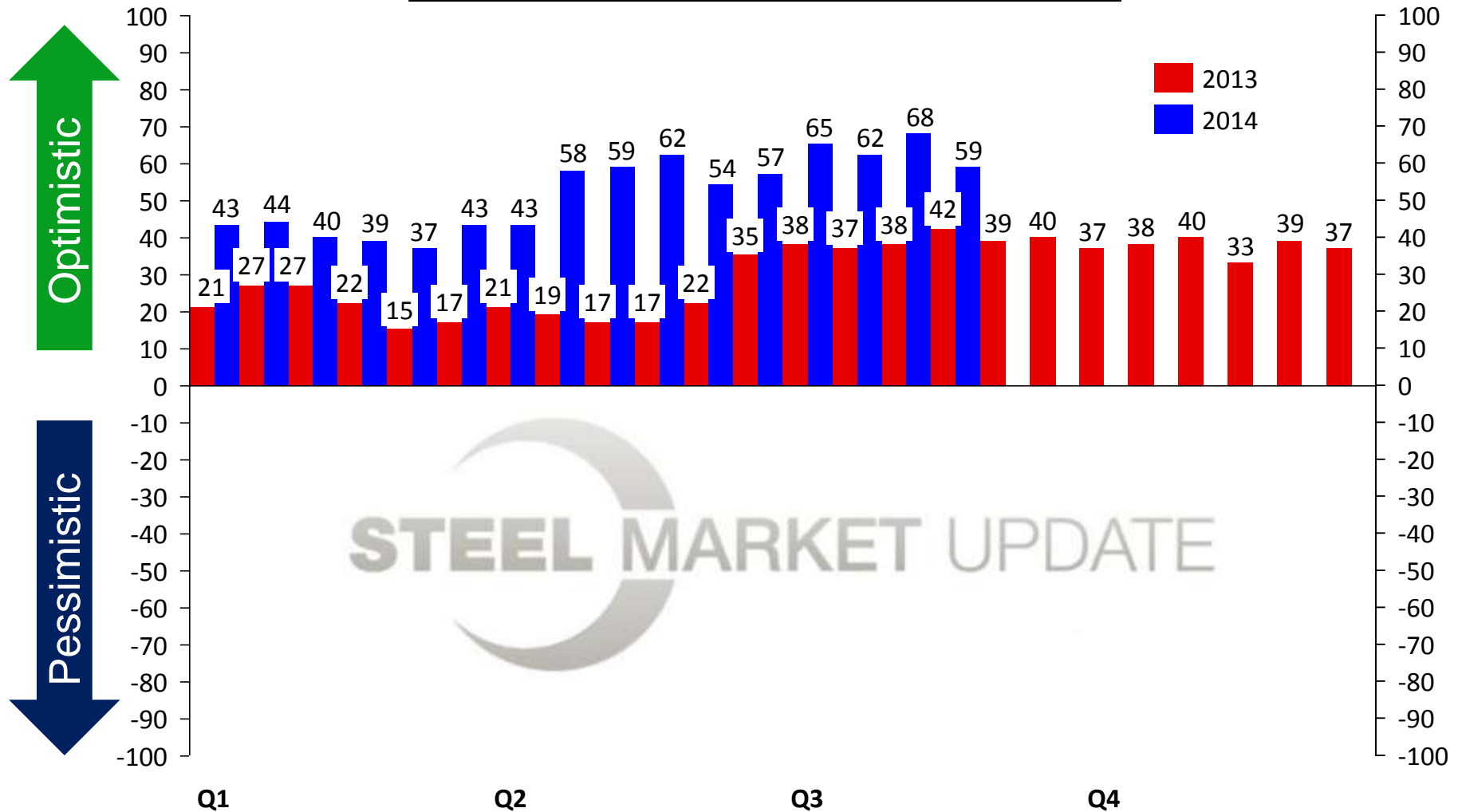
Our survey is by invitation only- Over 600 companies, mostly in the manufacturing or distribution industries, are asked to participate. Here are the percentages of participation in this week's survey by market sector.



SMU Buyers Sentiment Index

Down 9 points to +59

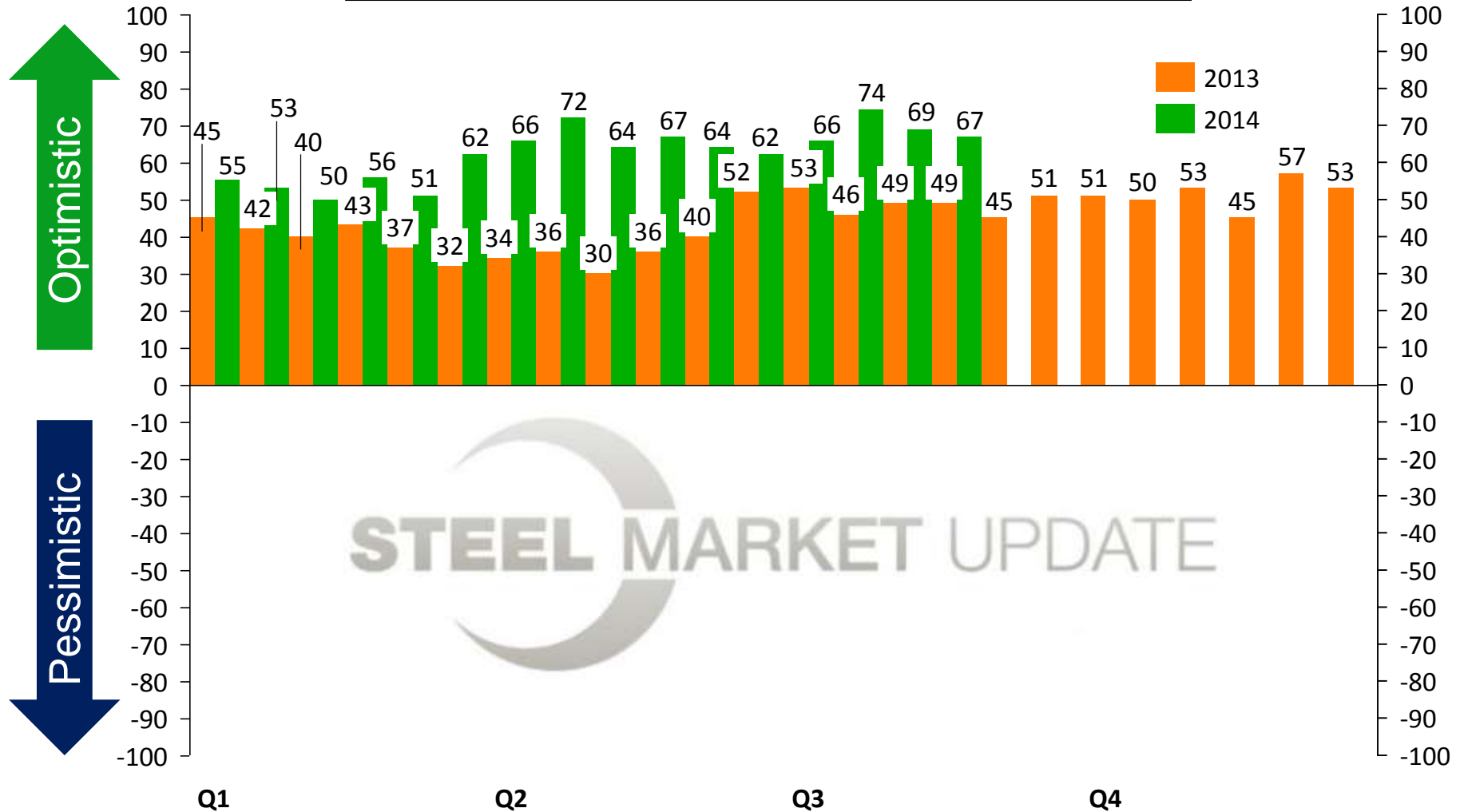
Steel Market Update Buyers Sentiment Index



SMU Future Buyers Sentiment Index

Down 2 points to +67

Steel Market Update 'Future' Buyers Sentiment Index

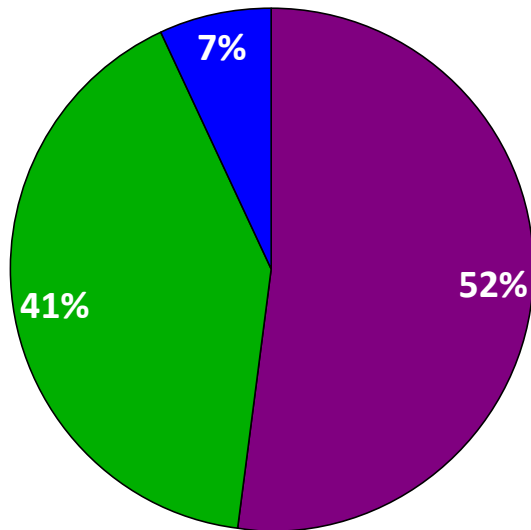


Overall Demand

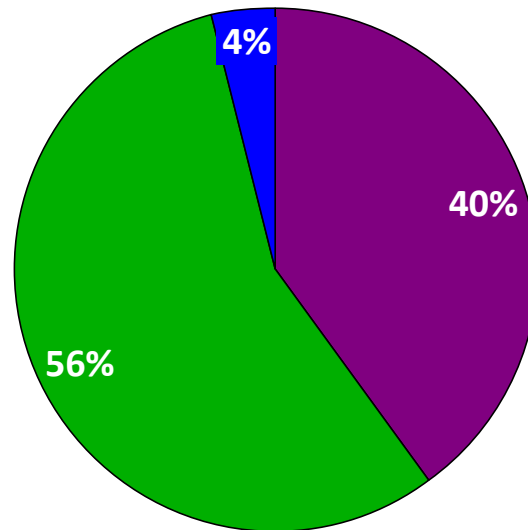
Are you seeing demand for your products improving, remaining the same or declining?

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

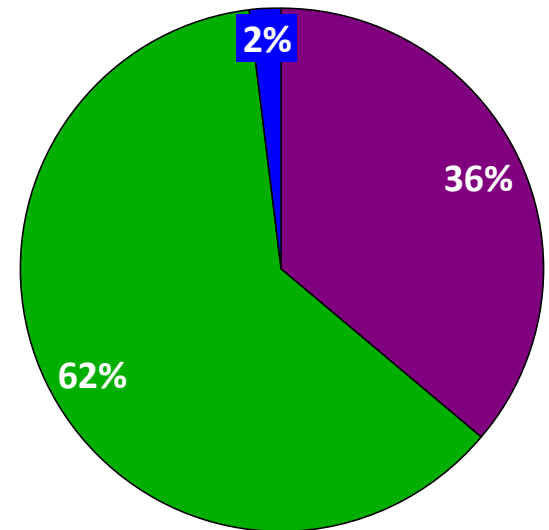
May 9th 2014



July 10th 2014



August 22nd 2014

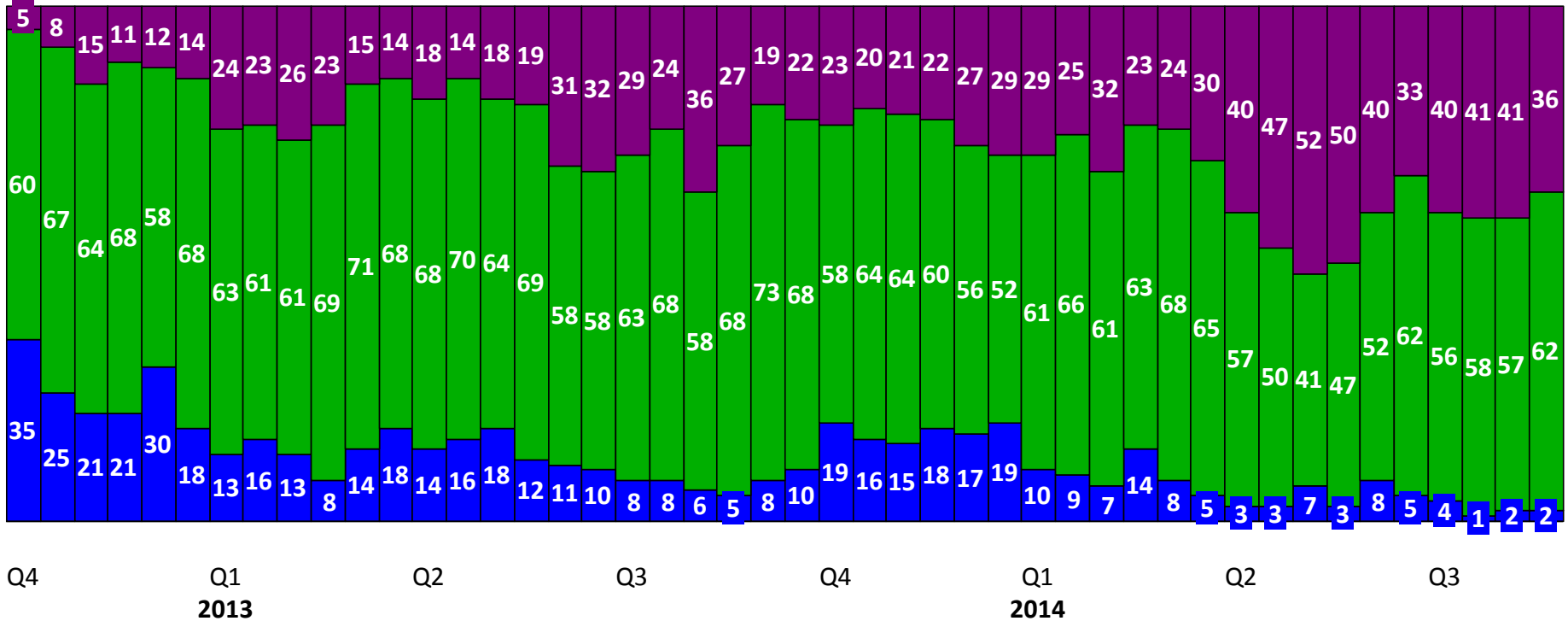


Overall Demand History

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

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

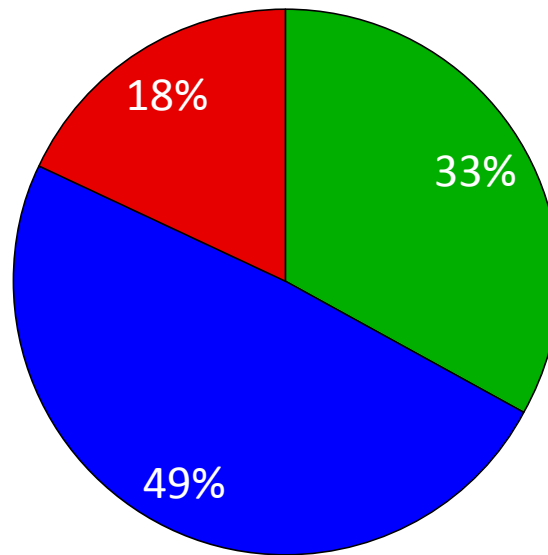
out of 100%



Price Direction

By the end of September 2014 the direction mill spot prices will be headed will be ___?

- Higher
- Sideways
- Lower

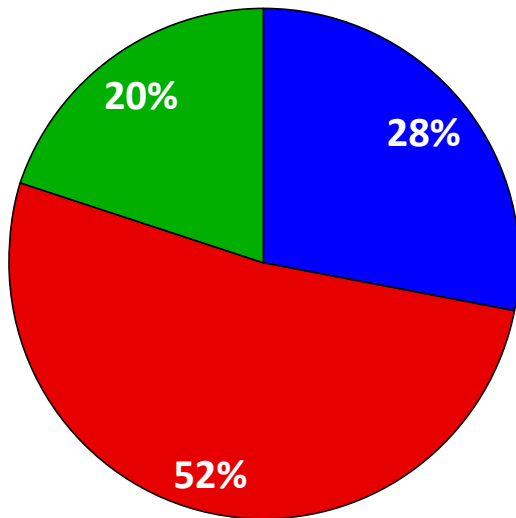


Manufacturer Purchases

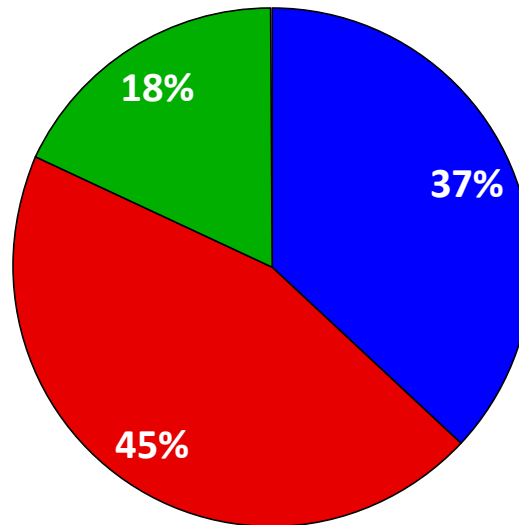
Manufacturers- Compared to this time last year –
is your company buying more, less or the same
amount of flat rolled steel as one year ago?

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

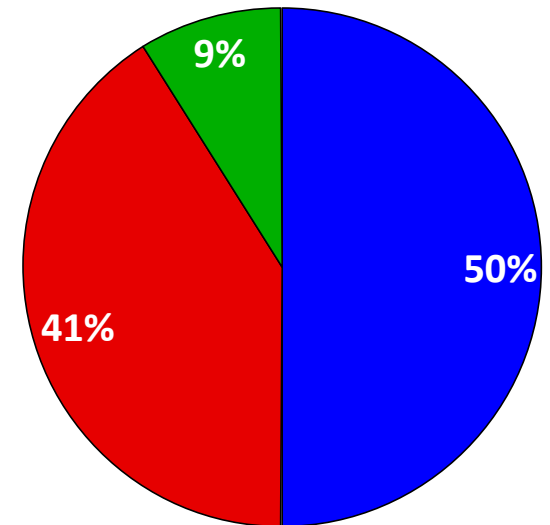
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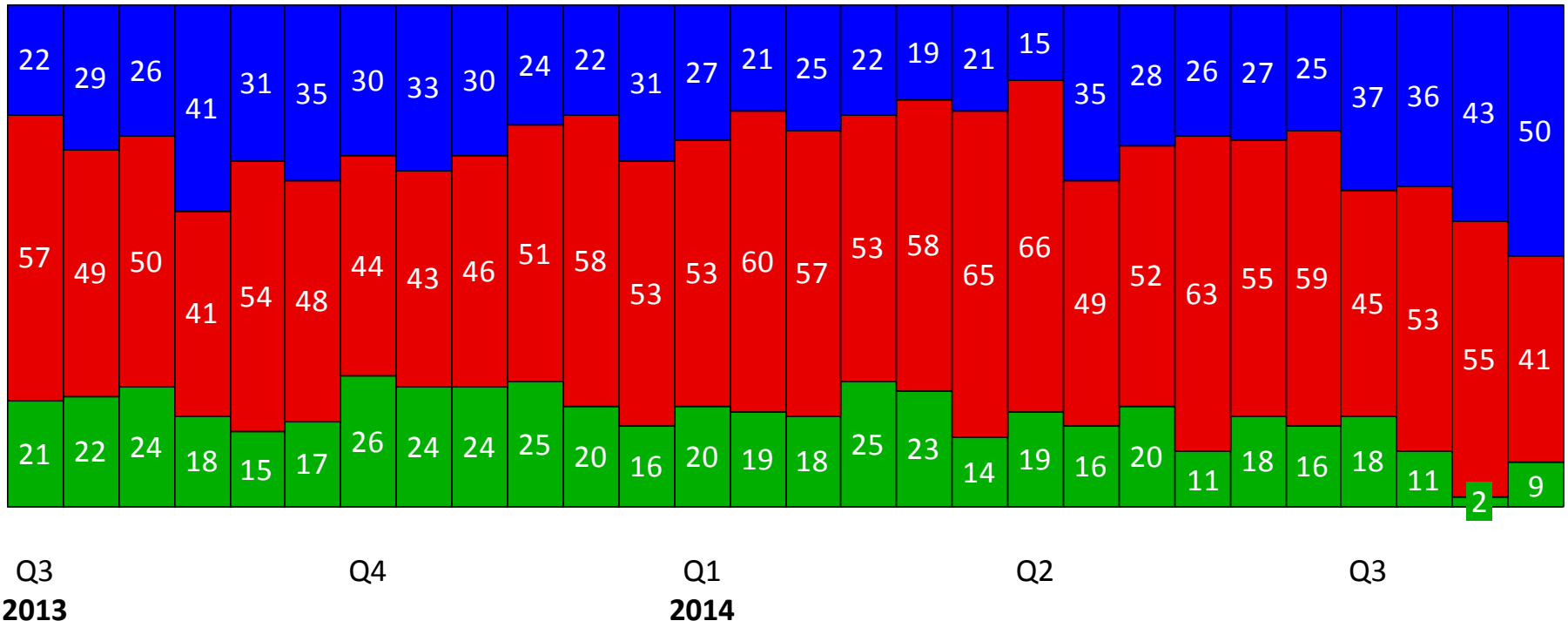


History of Manufacturer Purchases

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
- Buying the same amount of steel
- Buying less steel

out of 100%

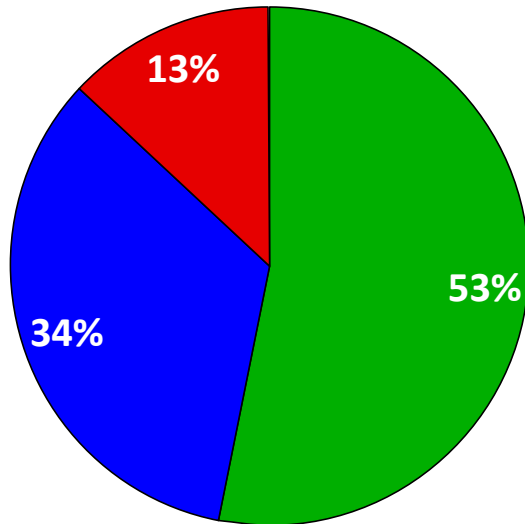


Service Center Releases

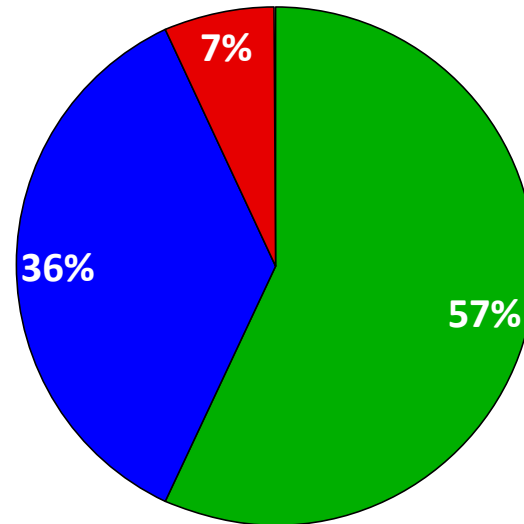
Service Centers- How do you see your customers releases (demand) for the products your company provides this year compared to this time last year?

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

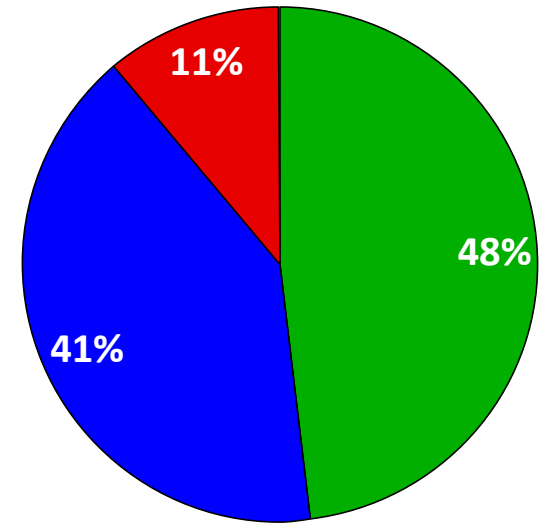
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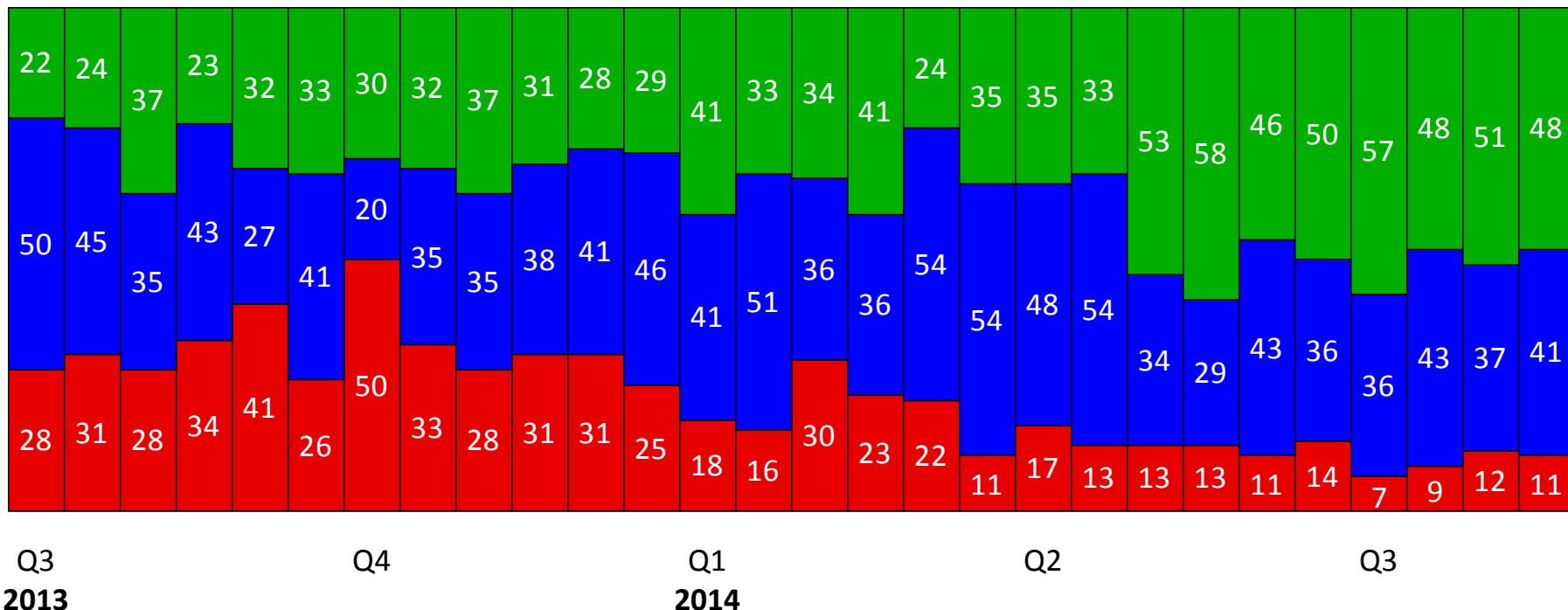


Service Center Release History

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

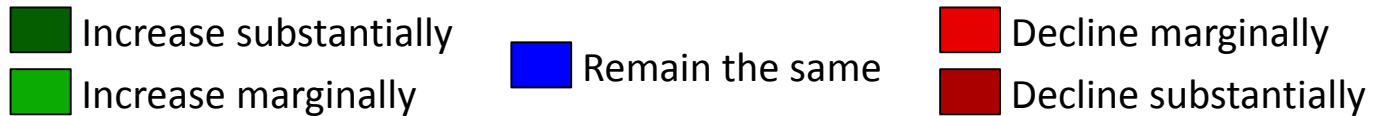
- Releasing more steel
- Releasing the same amount of steel
- Releasing less steel

out of 100%

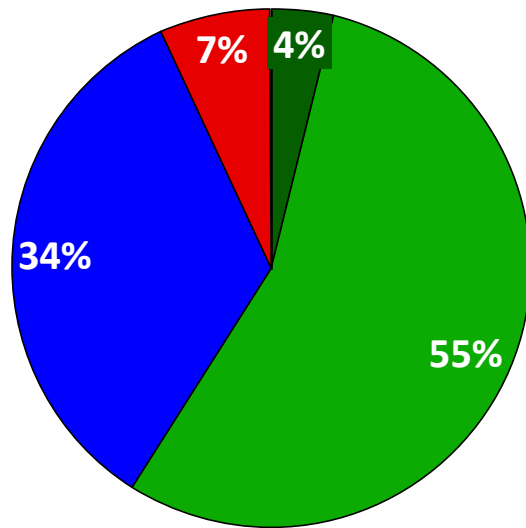


Manufacturer Demand

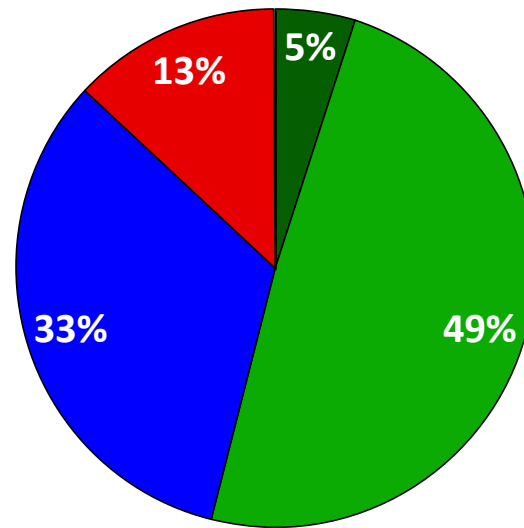
Manufacturers- Demand for your products will _____
over the next 3 months based on current order flows.



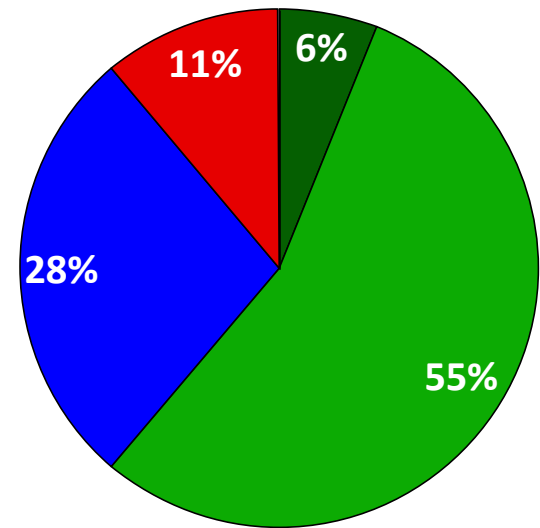
May 9th 2014



July 10th 2014

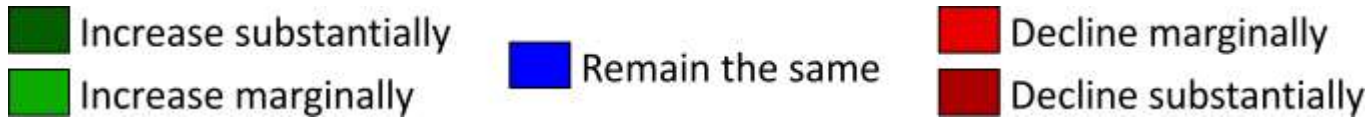


August 22nd 2014

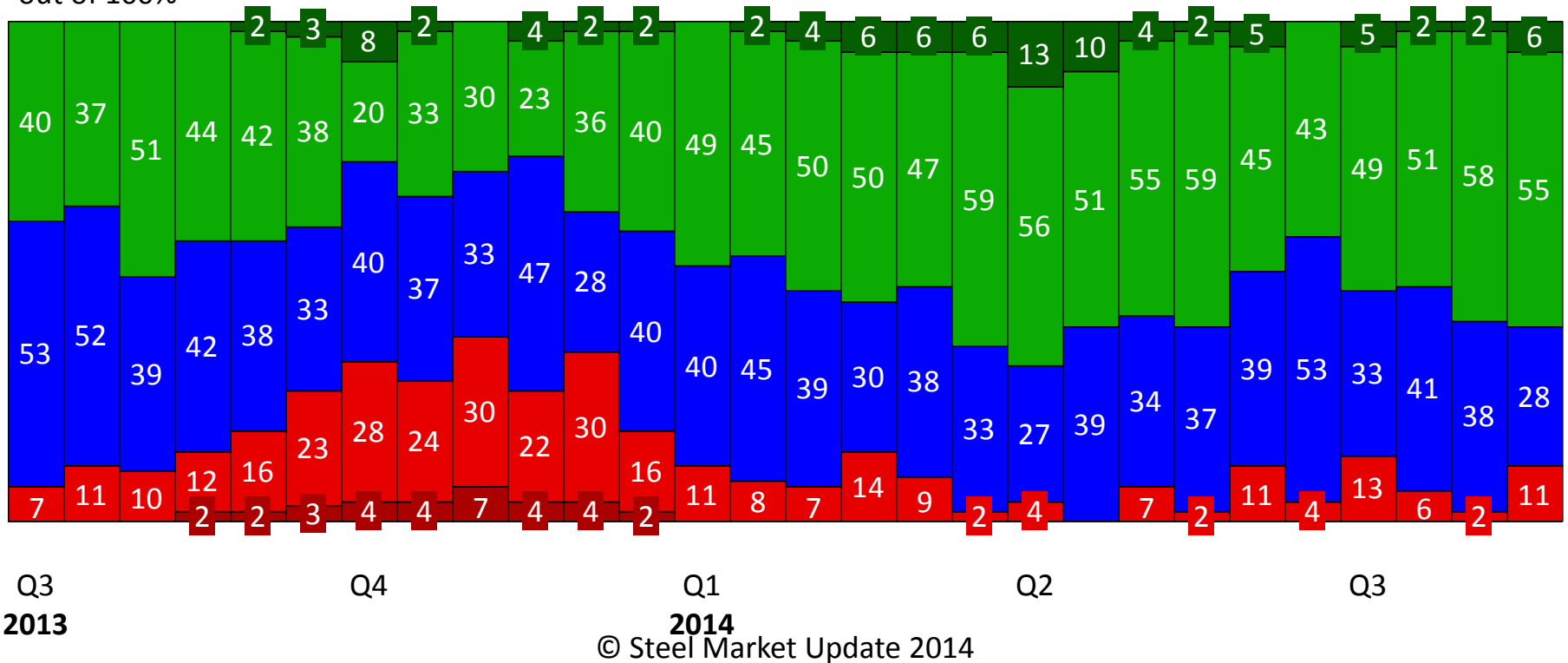


Manufacturer Demand History

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



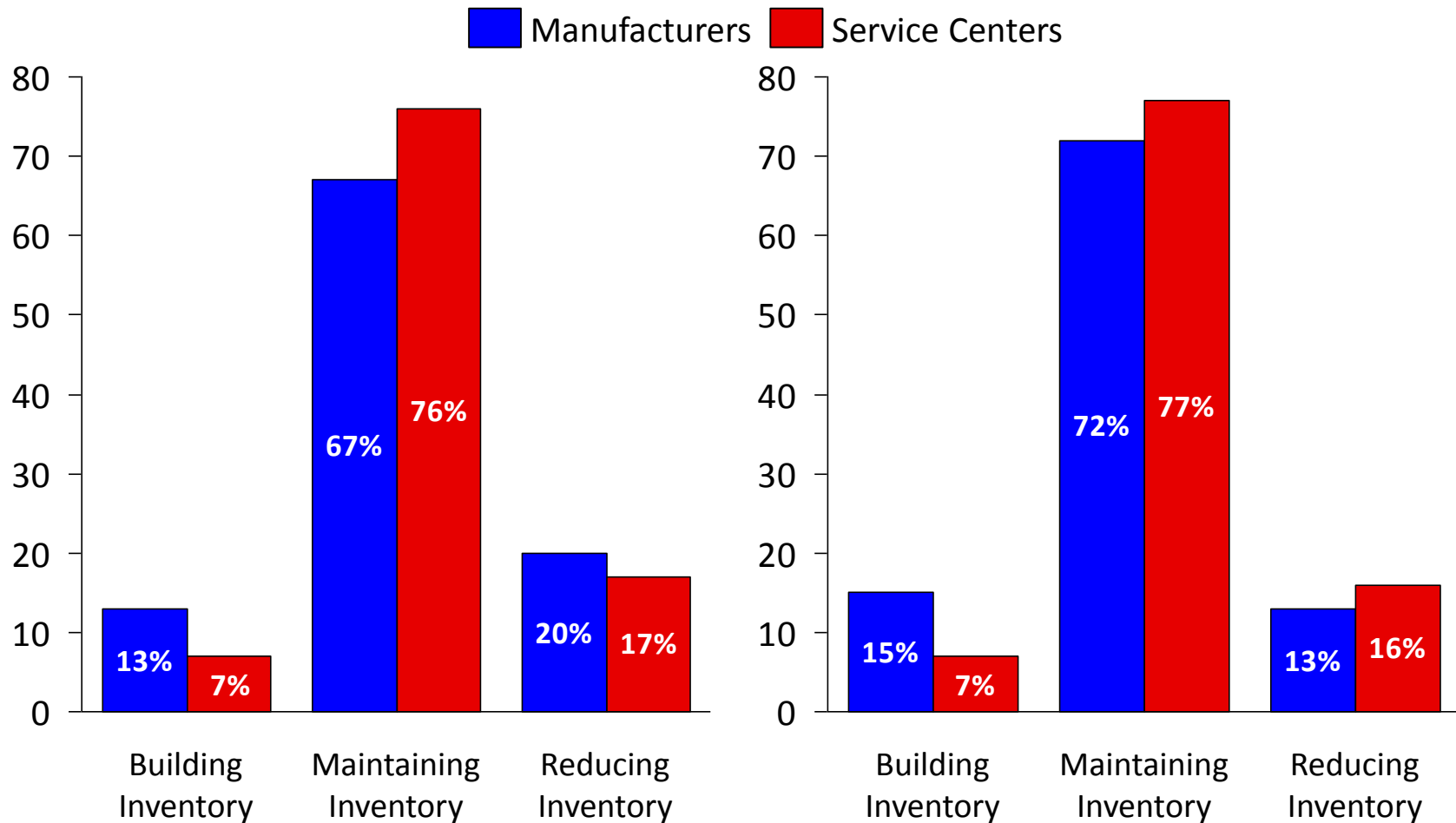
out of 100%



Manufacturer and Service Center Inventory Buying Patterns

July 10th 2014

August 22nd 2014

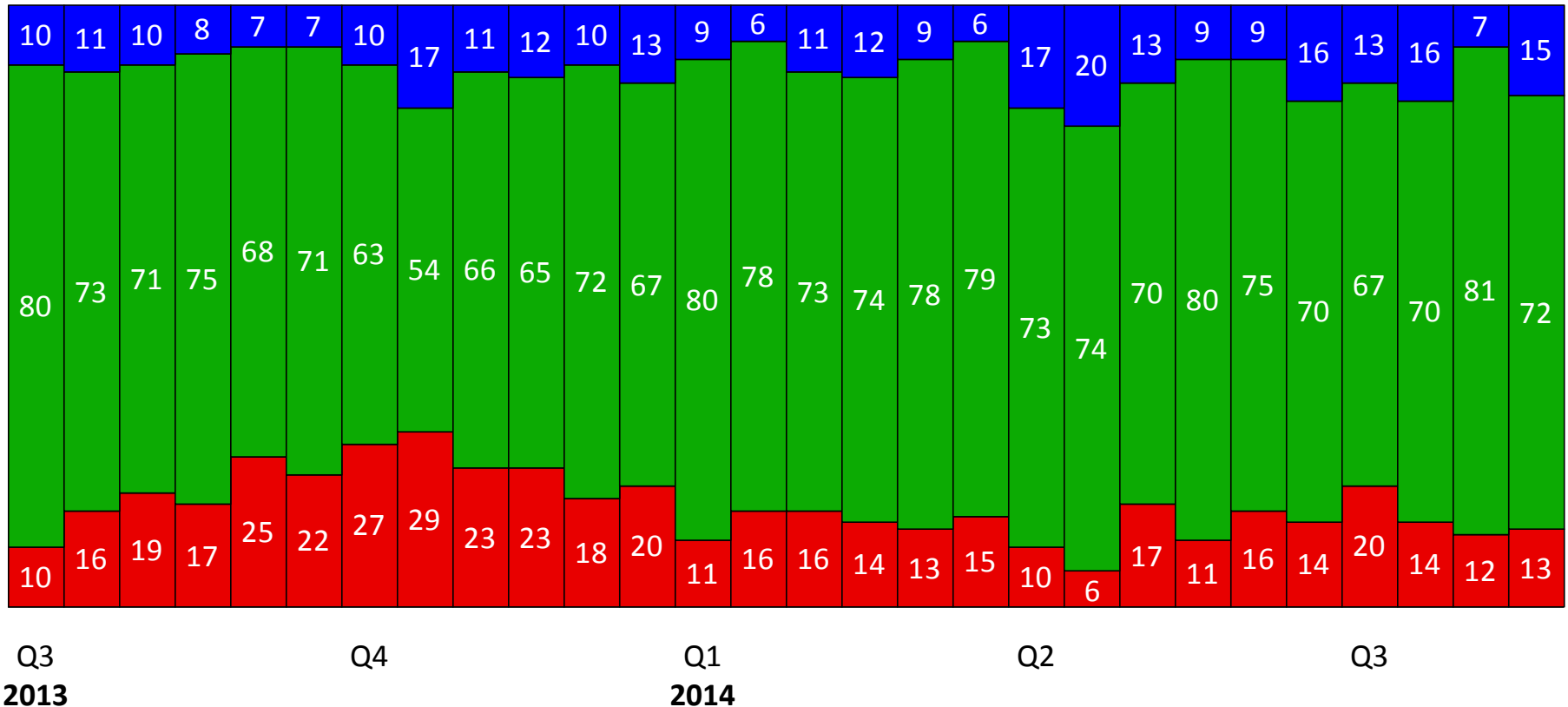


Manufacturer Inventory Buying History

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

■ Building Inventory
 ■ Maintaining Inventory
 ■ Reducing Inventory

out of 100%

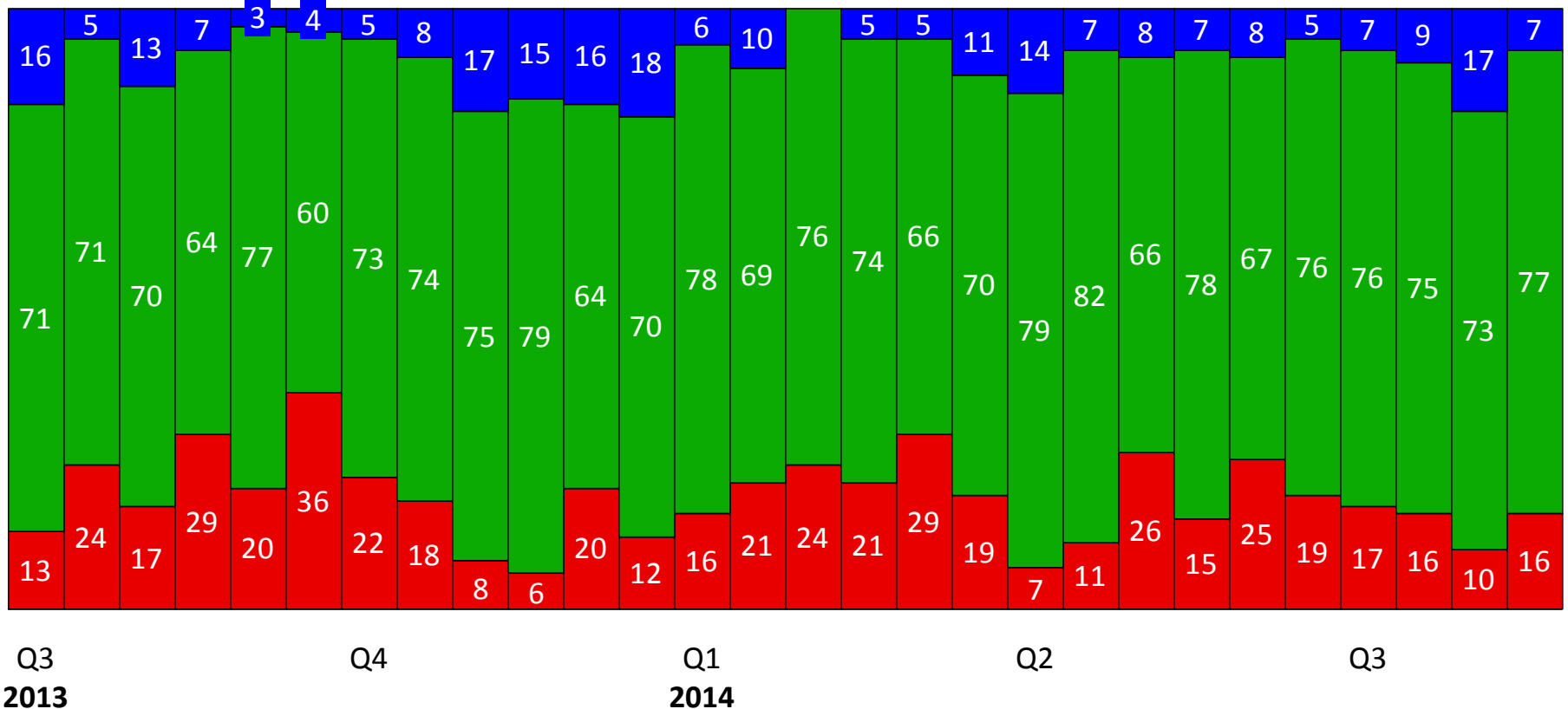


Service Center Inventory Buying History

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

■ Building Inventory
 ■ Maintaining Inventory
 ■ Reducing Inventory

out of 100%

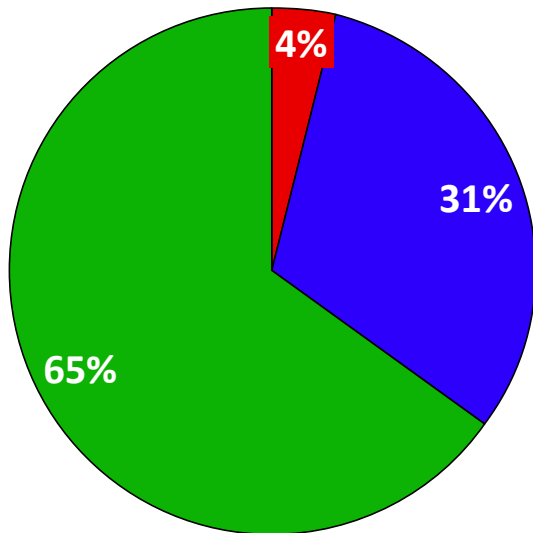


Manufacturer's View of Service Center Selling Prices

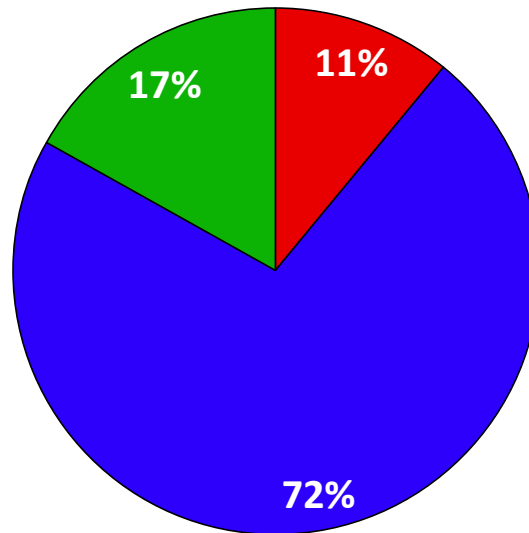
Manufacturers- Which comment do you feel is representative of service center pricing right now?

- 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

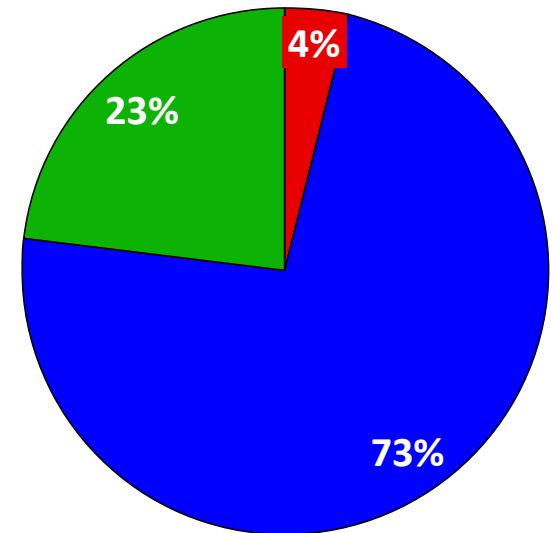
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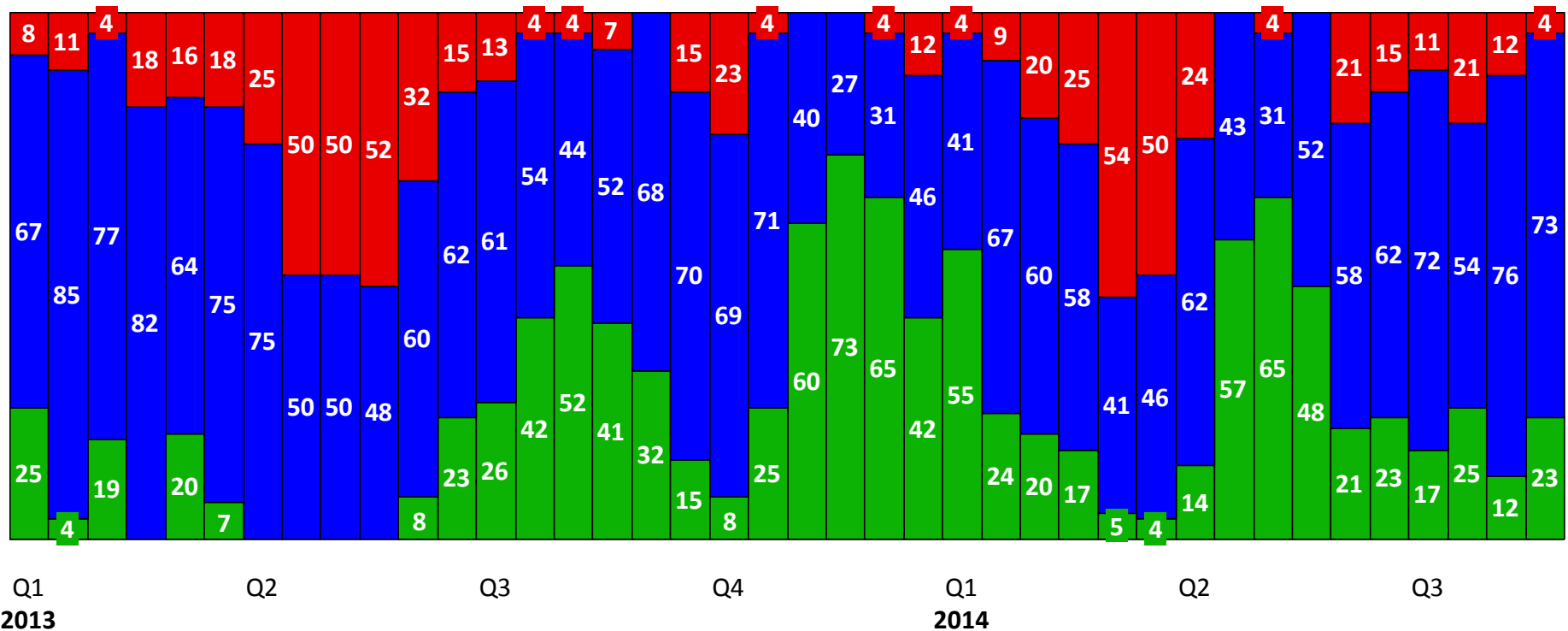


Manufacturer's View of Service Center Selling Prices History

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




- 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%

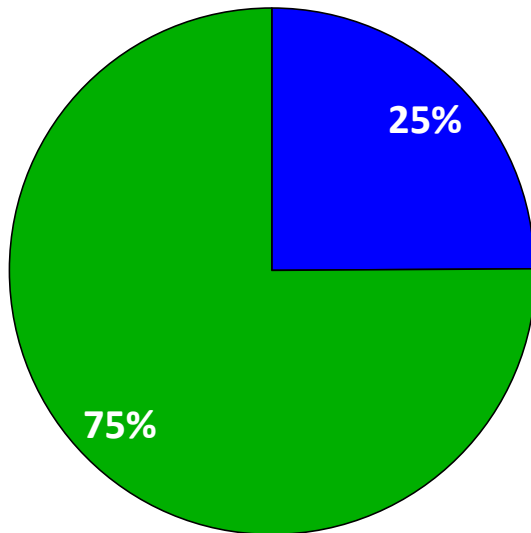


Service Center View of Selling Prices

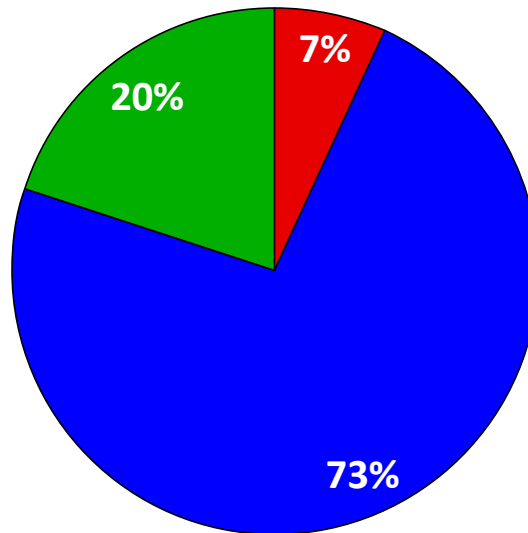
Service Centers- How is your company handling spot pricing to your customers at this time?

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

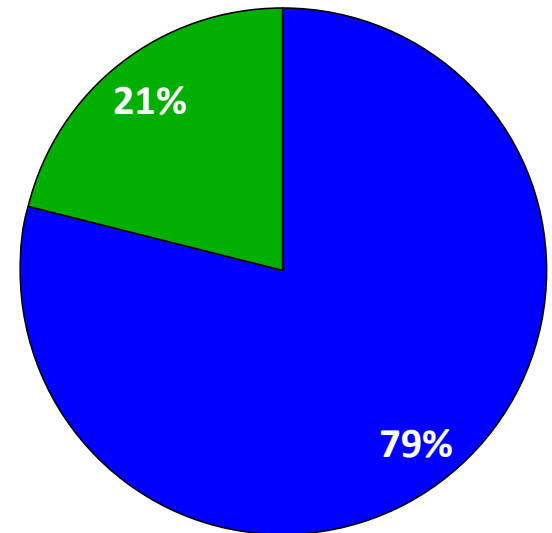
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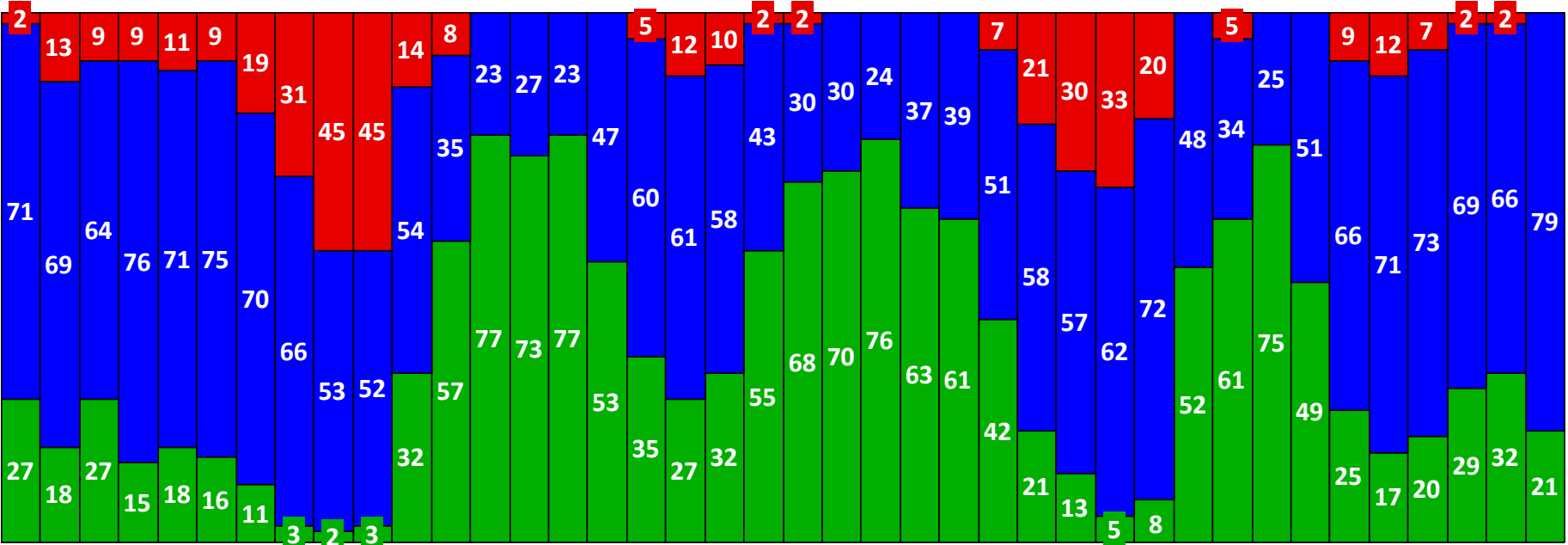


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out of 100%



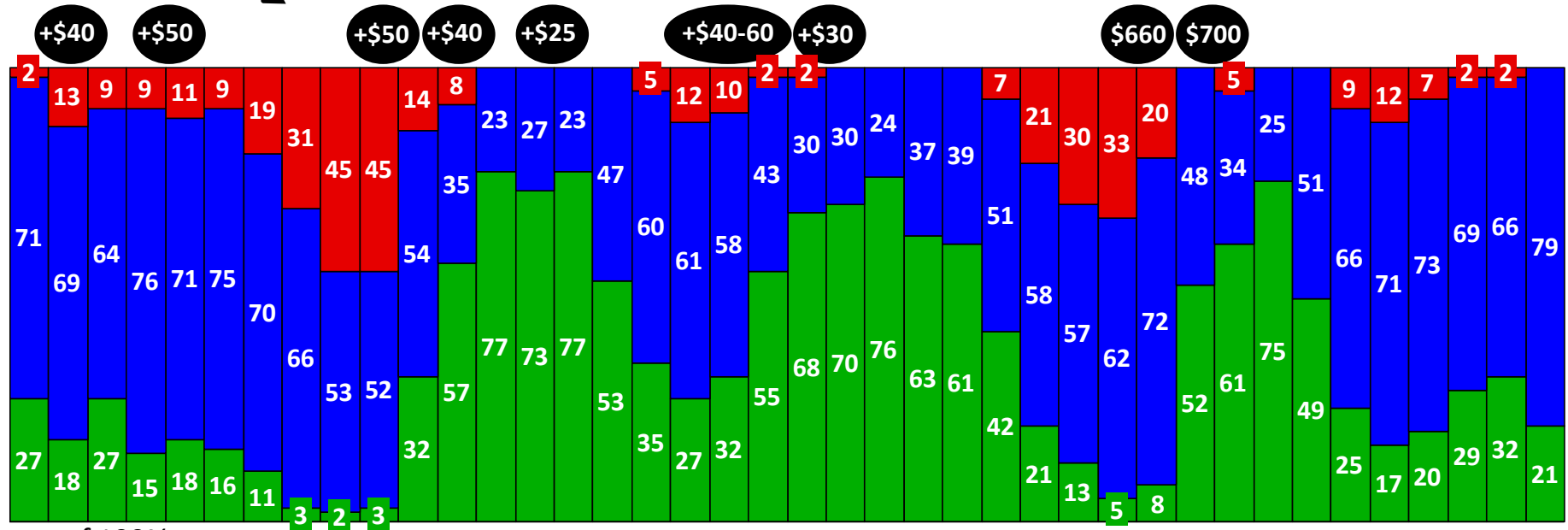
Q1 2013 Q2 Q3 Q4 Q1 2014 Q2 Q3

Service Center View of Selling Prices History

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Historical AK Steel Price Announcements



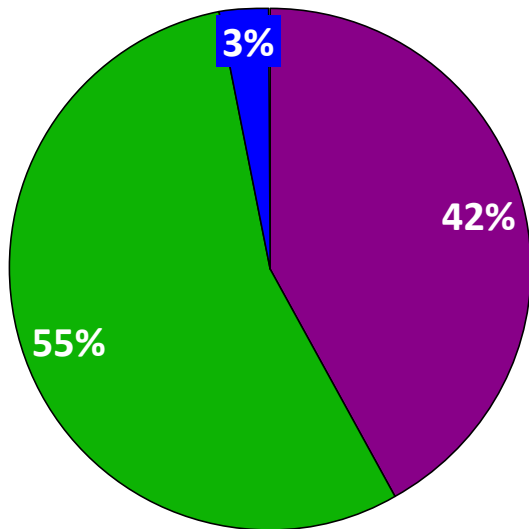
out of 100%

Q1 2013 Q2 Q3 Q4 Q1 2014 Q2 Q3

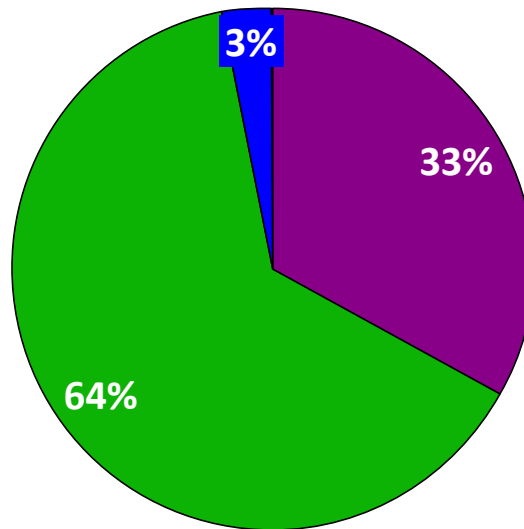
Service Centers- Are your manufacturing customers increasing orders, keeping them the same or reducing orders at this time?

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

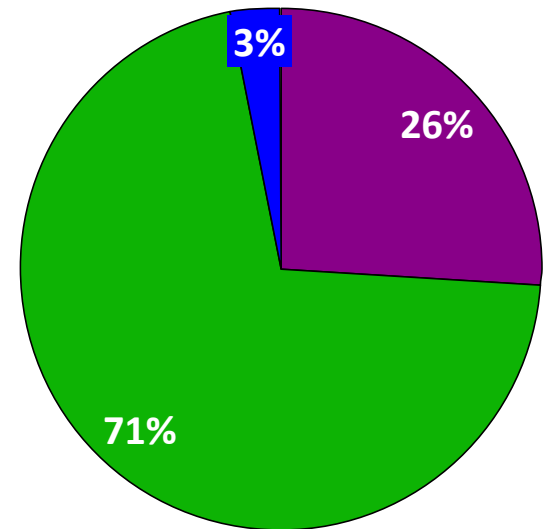
May 9th 2014



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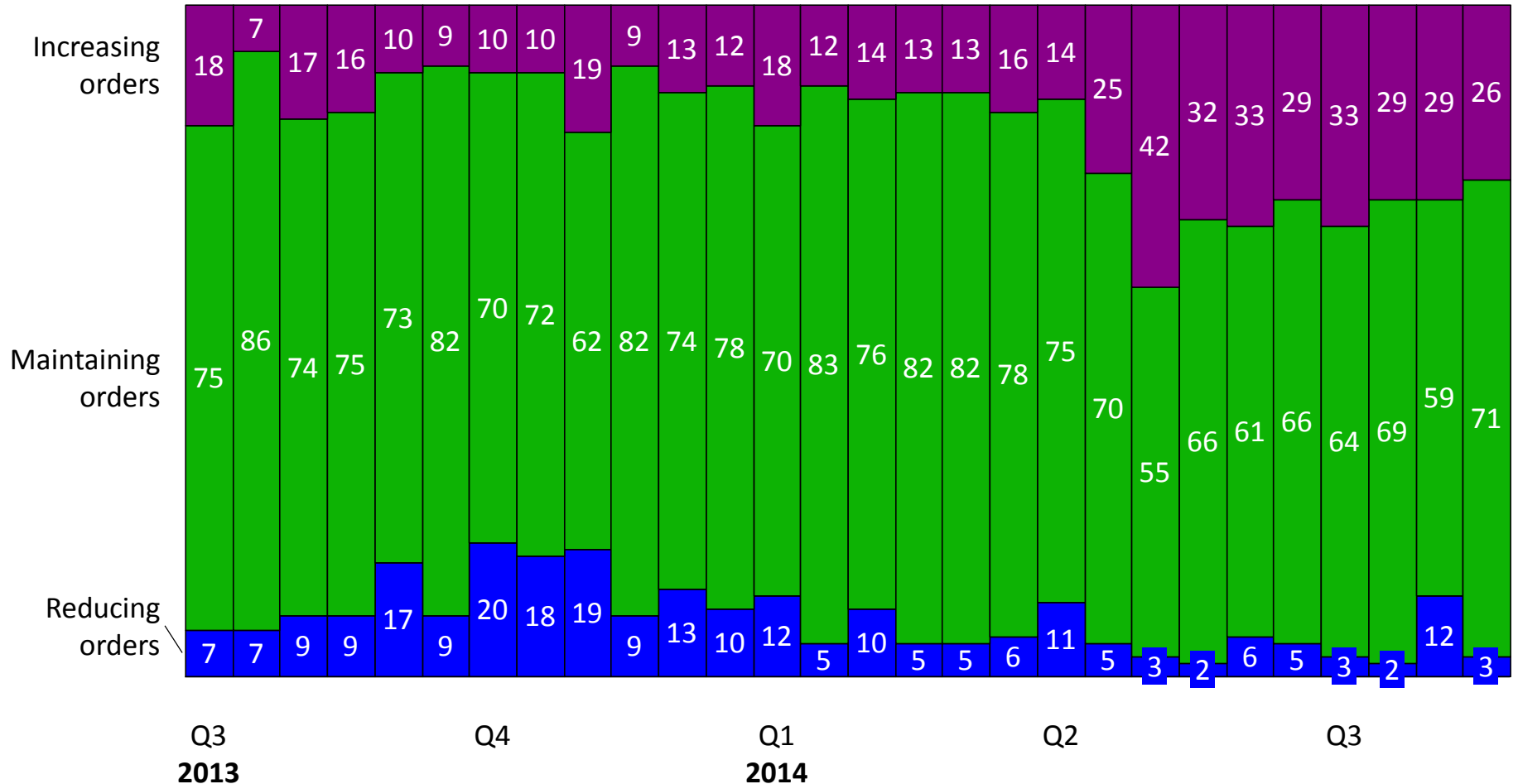
August 22nd 2014



Service Centers on Manufacturer Orders History

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

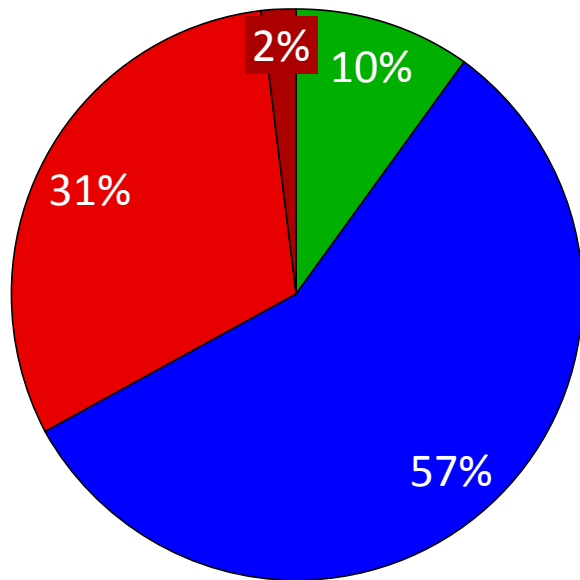
out of 100%



Mill Lead Times

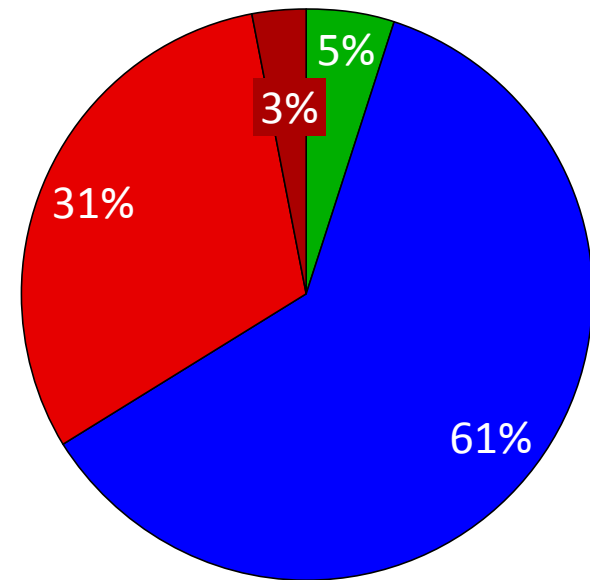
How would you describe domestic mill lead times for new orders placed right now?

Manufacturers



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

Service Centers

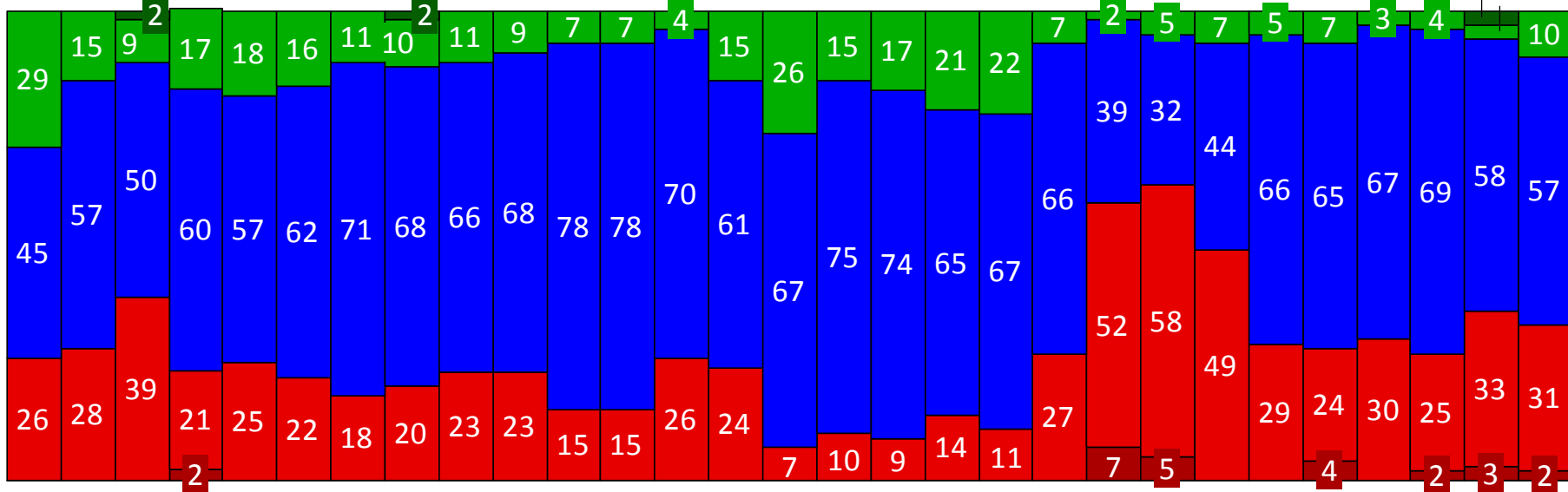


Mill Lead Times History

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

- Extremely short
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- Highly extended

out of 100%



Q3
2013

Q4

Q1
2014

Q2

Q3

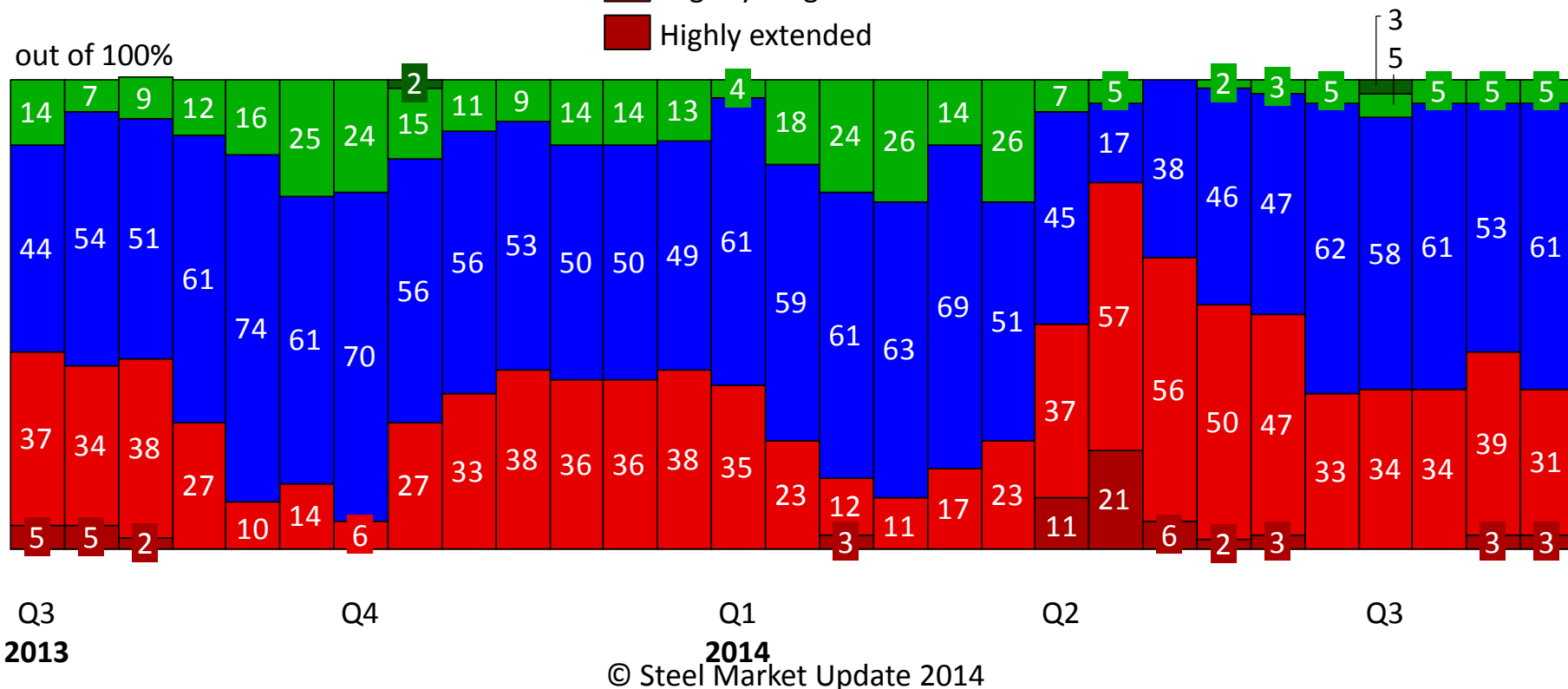
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Mill Lead Times History

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

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out of 100%

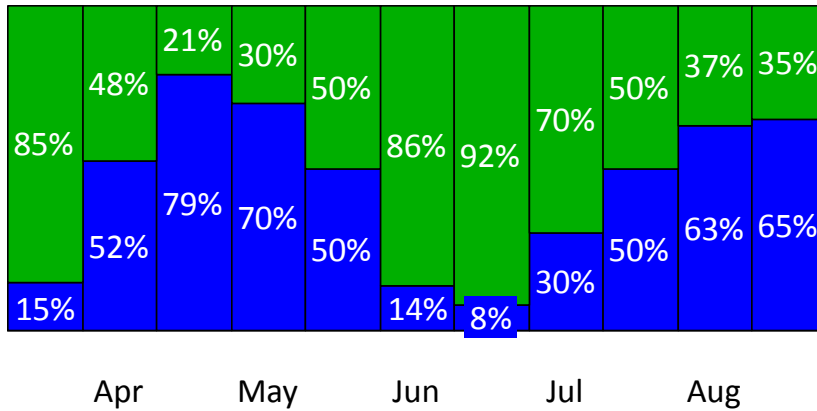


Mill Negotiations

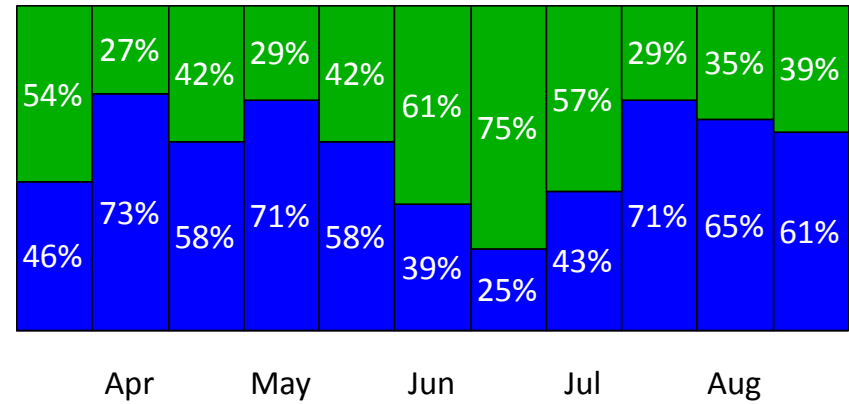
Are you finding the domestic mills are willing to negotiate pricing on brand new orders placed this week?

Yes No

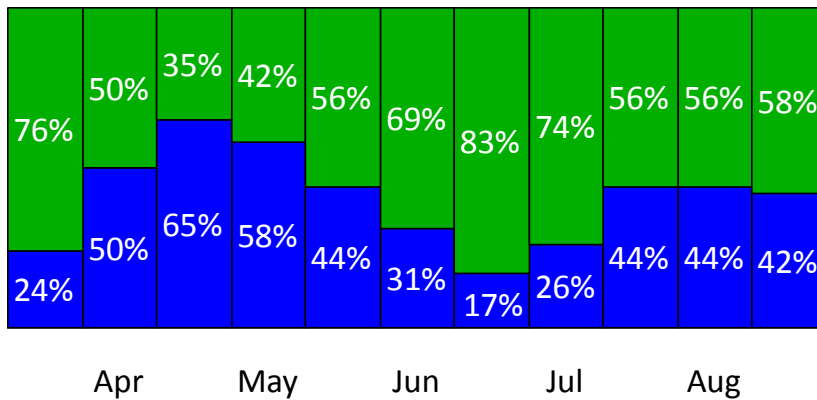
Hot Rolled Orders



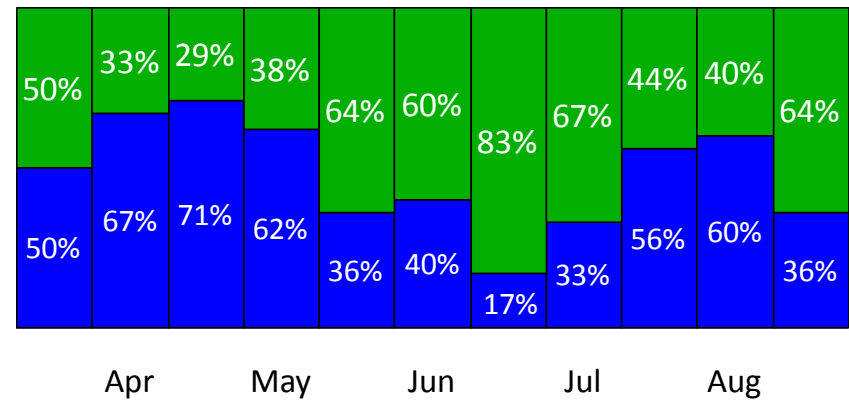
Cold Rolled Orders



Galvanized Orders

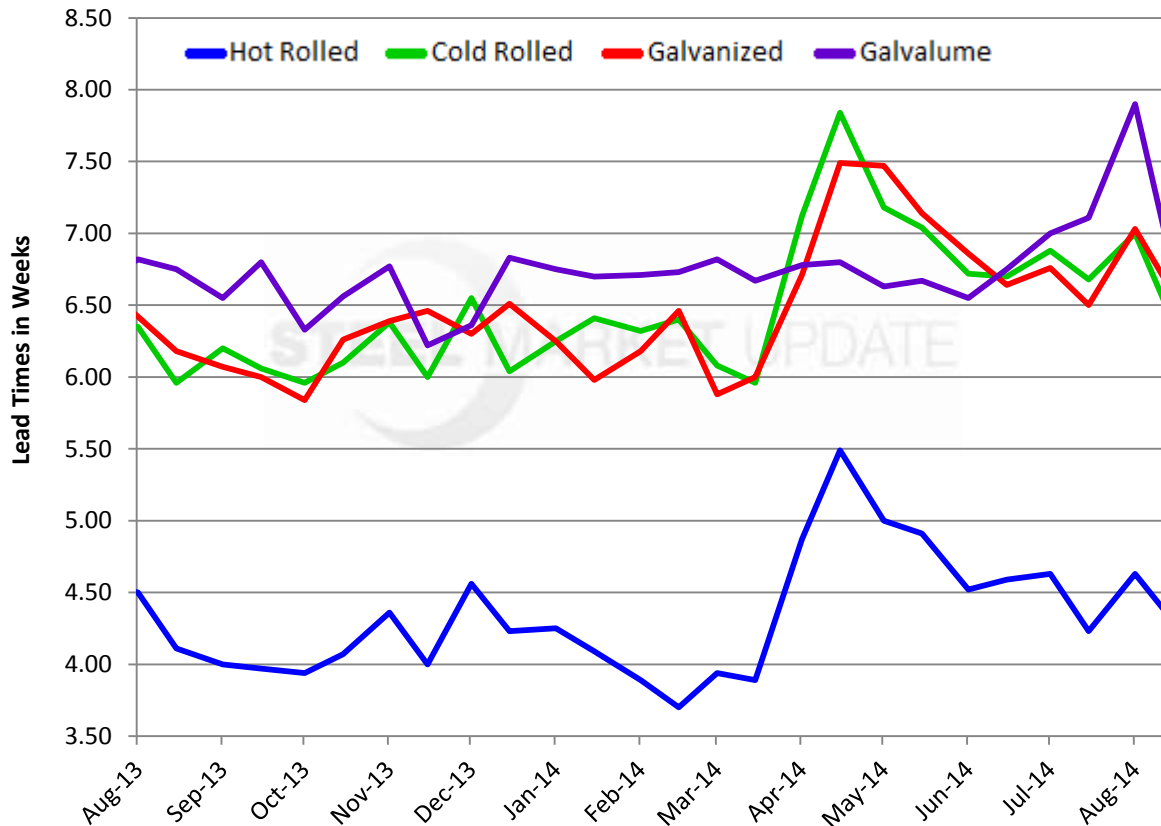


Galvalume Orders



Lead Times (Weeks)

Steel Market Update Lead Times Comparison



Hot Rolled: 4.30
Cold Rolled: 6.38
Galvanized: 6.58
Galvalume: 6.75

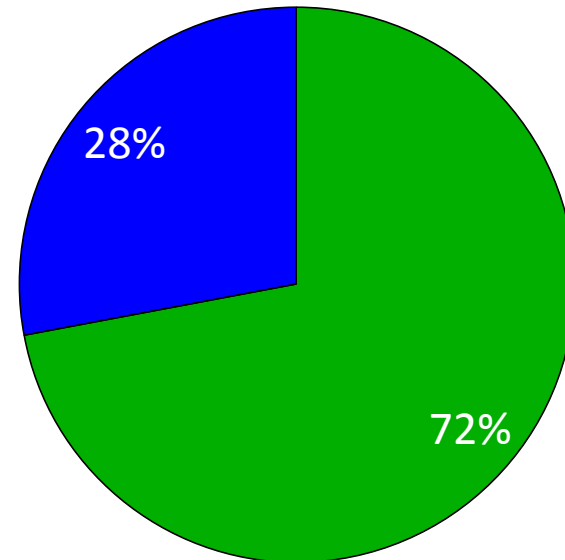
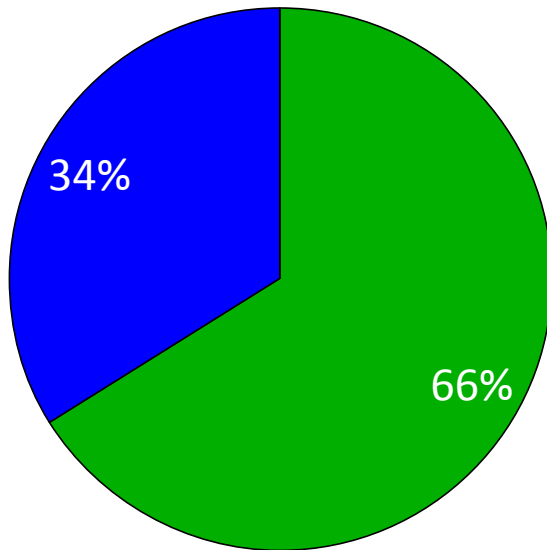
Domestic and Foreign Price Spread

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

Manufacturers

Service Centers

Yes No

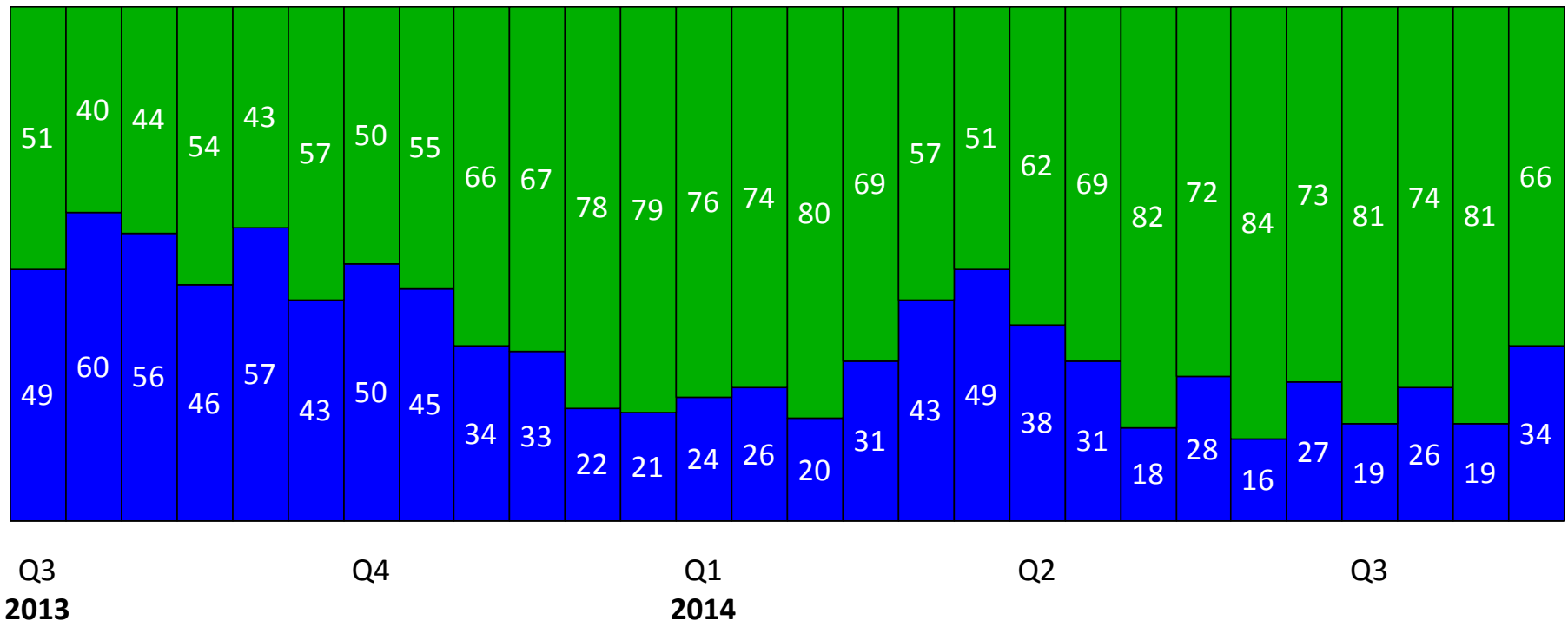


Domestic and Foreign Price Spread

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

Yes No

out of 100%

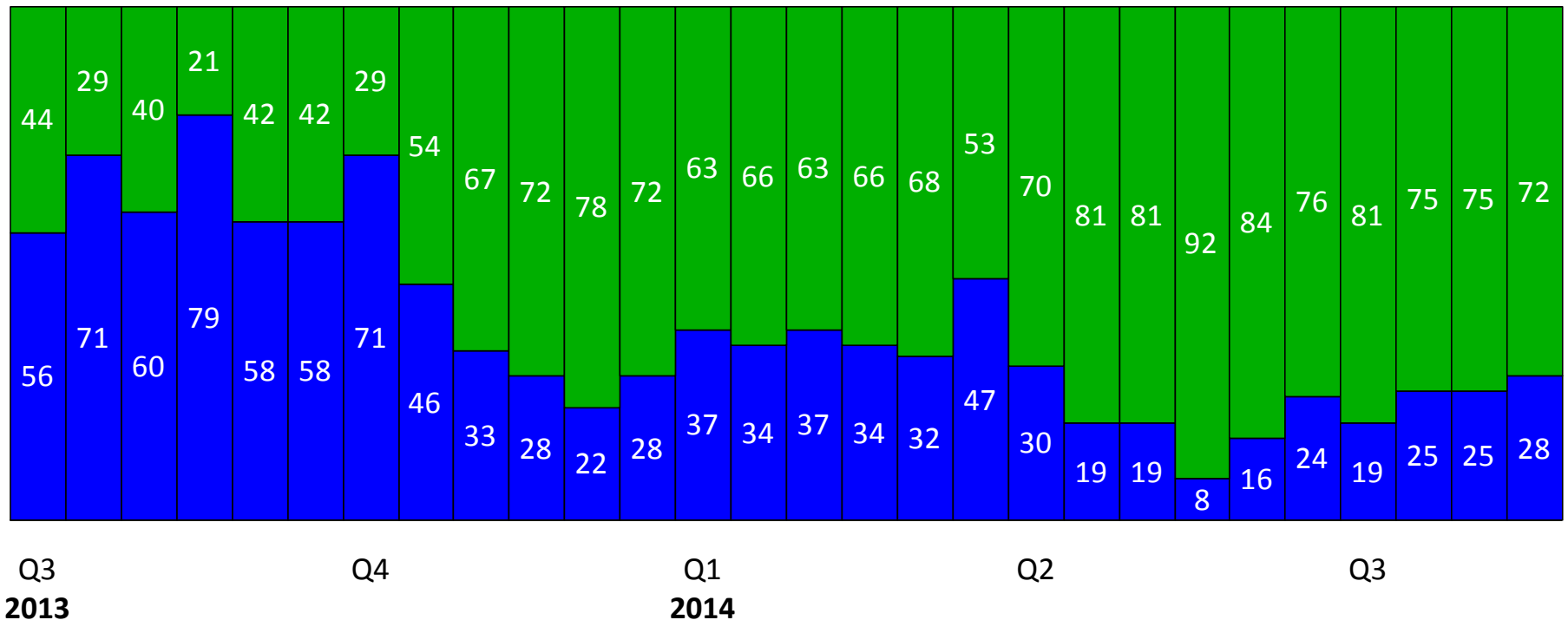


Domestic and Foreign Price Spread

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

Yes No

out of 100%



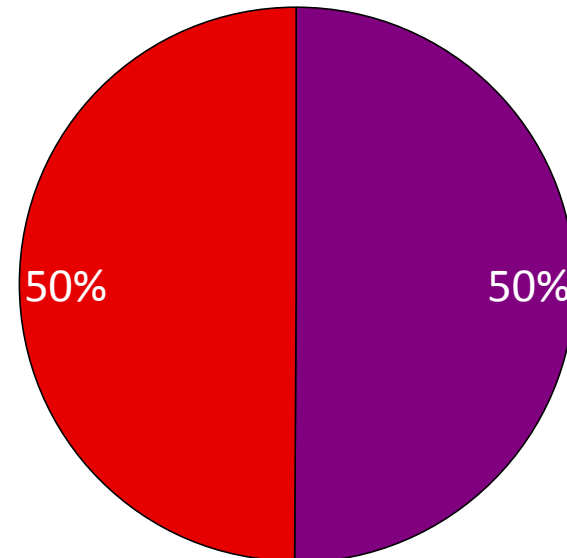
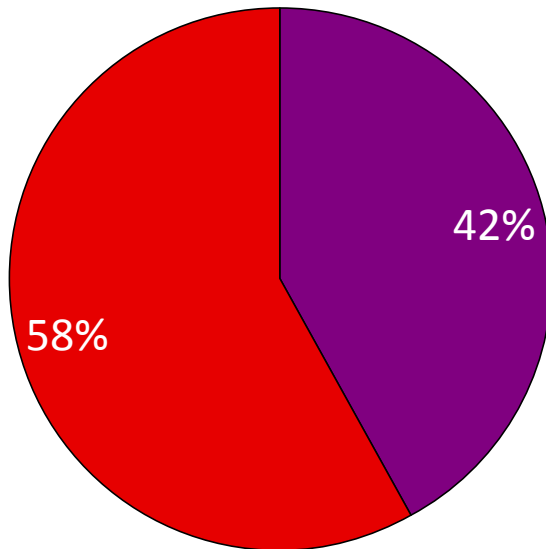
New Foreign Orders

Is your company entering new foreign orders right now?

Manufacturers

Service Centers

Yes No

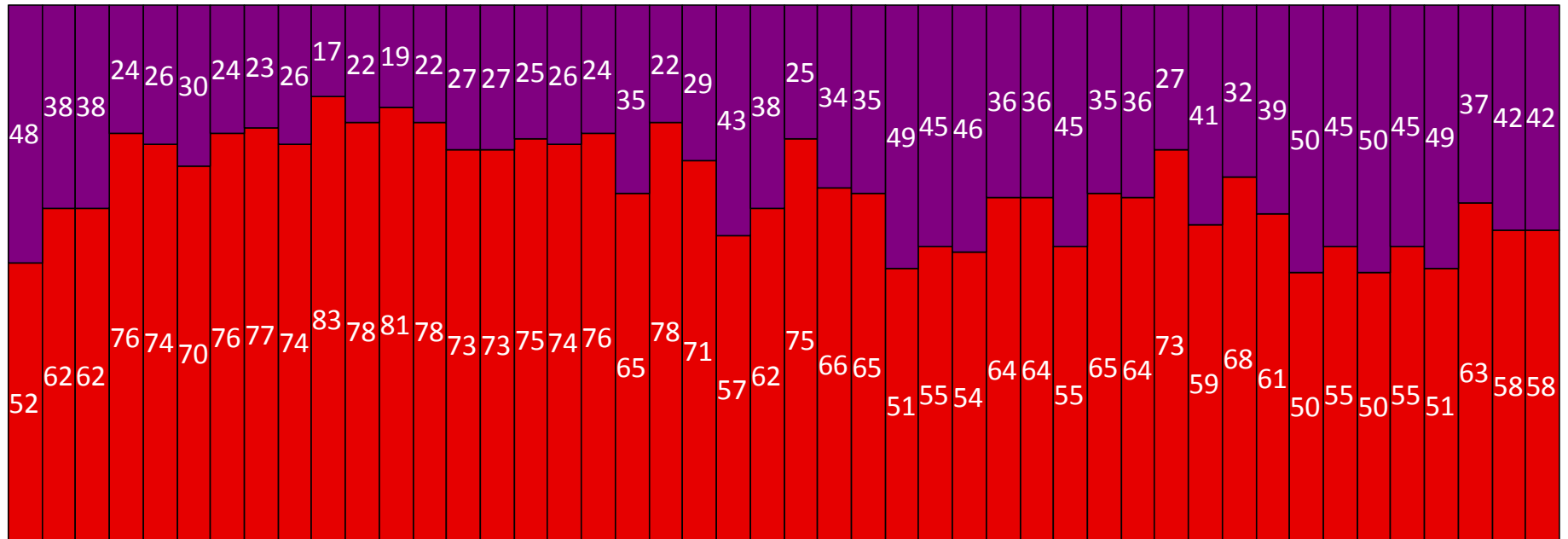


New Foreign Orders

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

■ Yes
 ■ No

out of 100%

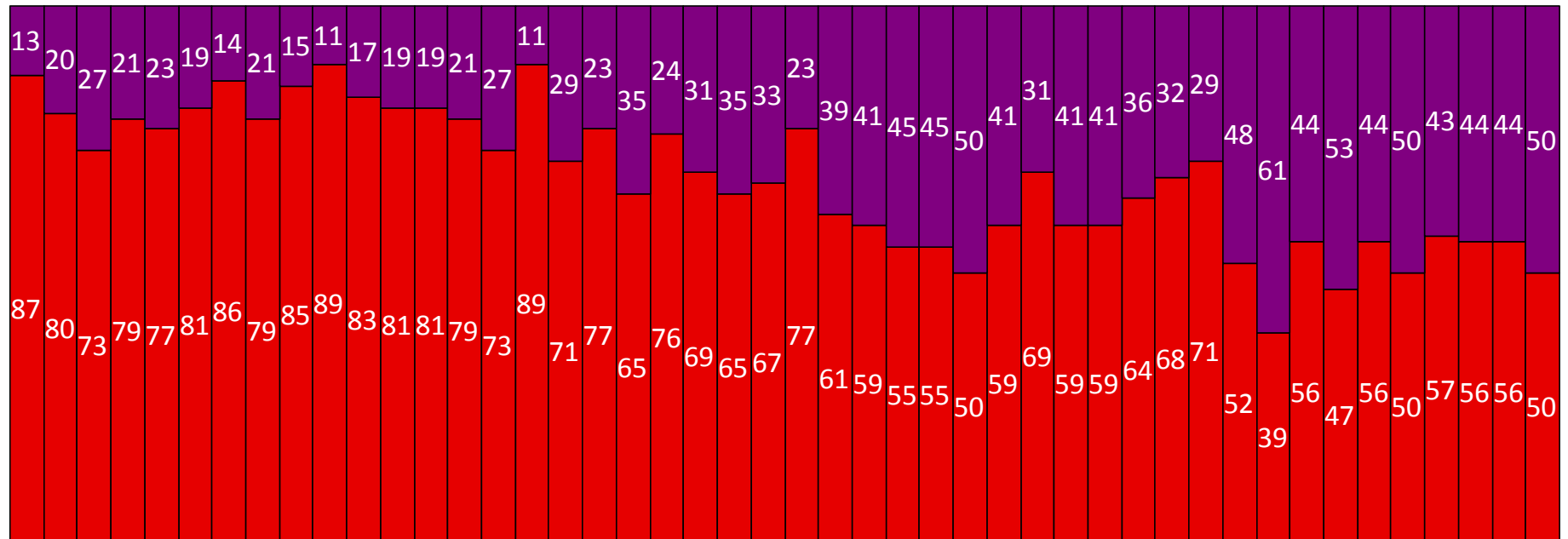


New Foreign Orders

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

Yes No

out of 100%



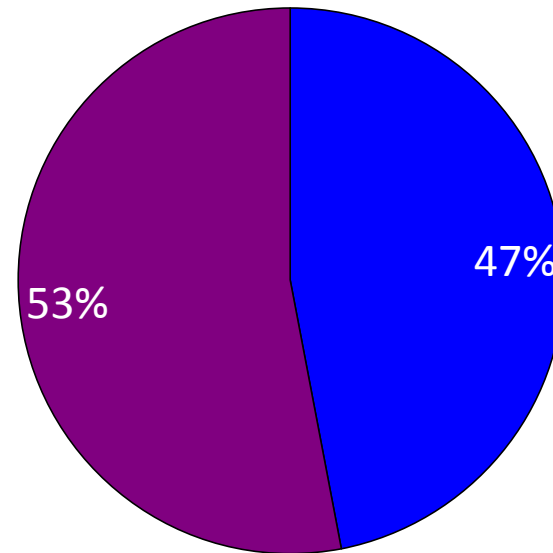
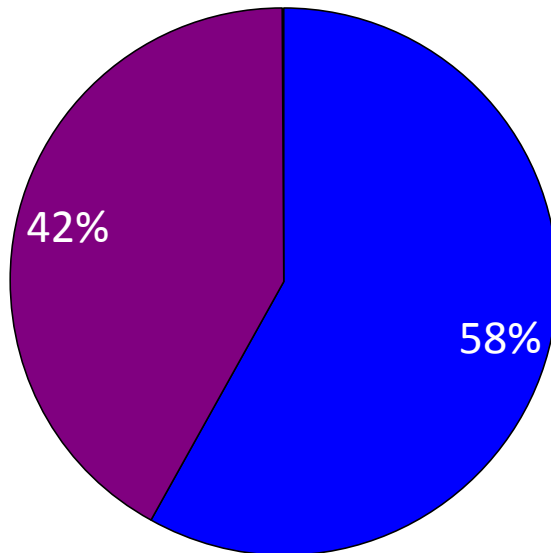
Reduction of Domestic Orders

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

Manufacturers

Service Centers

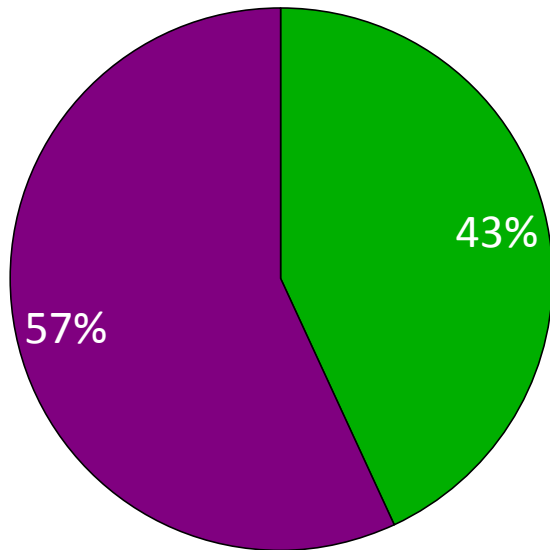
Yes No



Trading Companies

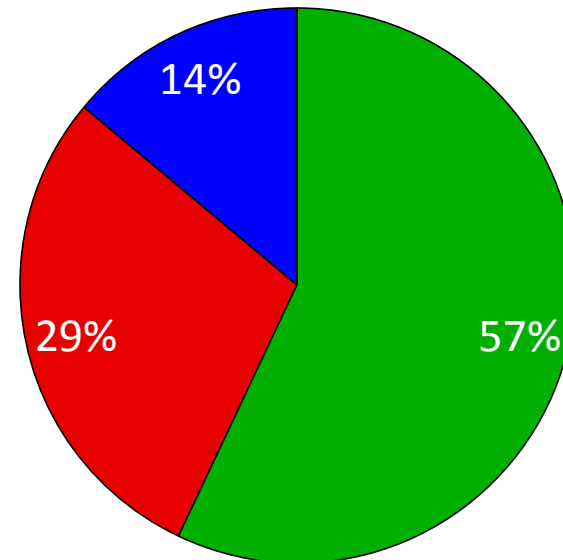
At this time, are you seeing an increase in requests for quotes from North American buyers for foreign steel?

Yes No



Are foreign steel prices rising compared to one month ago?

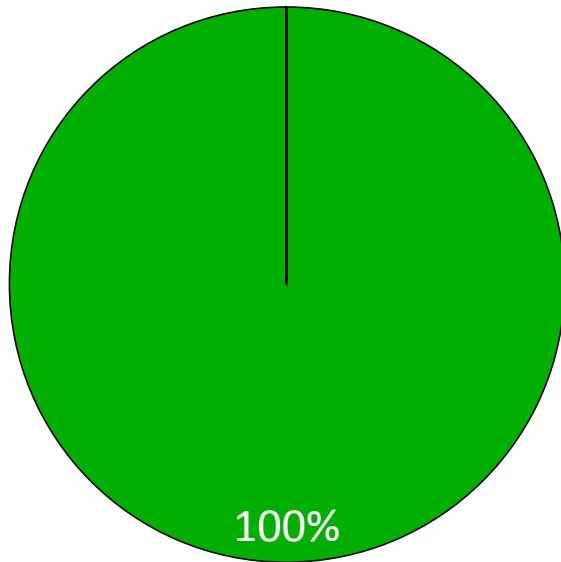
Yes
No
Unchanged



Trading Companies

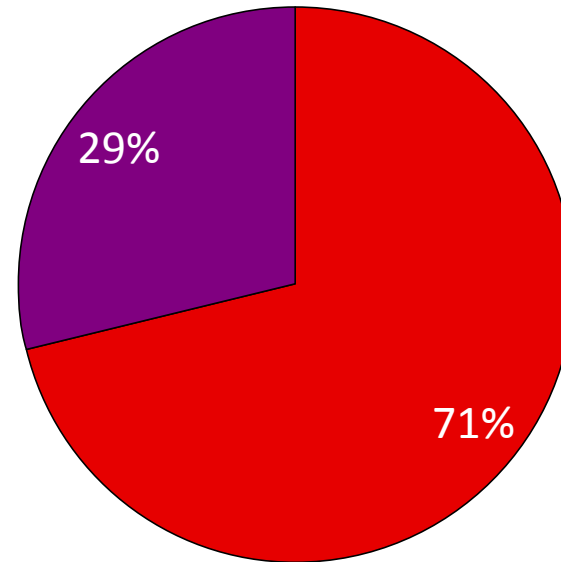
Are the foreign offers being made priced at levels where you are confident business can be transacted?

Yes No



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

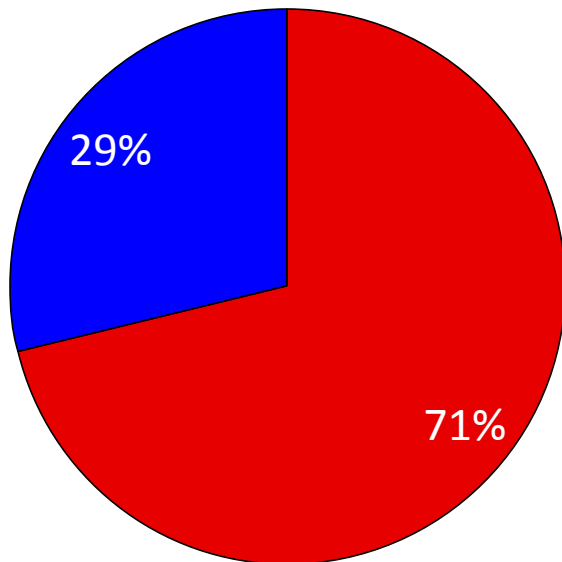
Yes No



Trading Companies

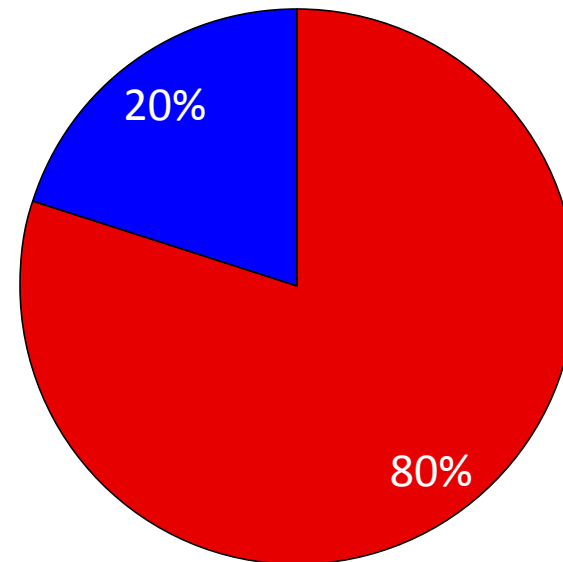
Are foreign galvanized prices more competitive, same, or less competitive than one month ago?

- More competitive
- Same
- Less competitive

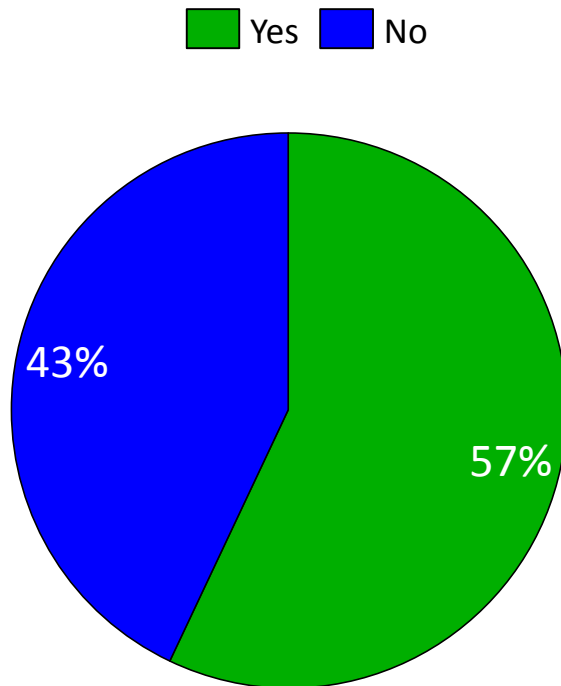


Are foreign Galvalume prices more competitive, same or less competitive than one month ago?

- More competitive
- Same
- Less competitive



Are you having issues moving steel out of the ports to your customers?



What port facilities are the most congested at this time?

1. Port of Houston
2. Port of Los Angeles
Port of New Orleans
3. Port of Savannah

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
September 2nd 2014



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