



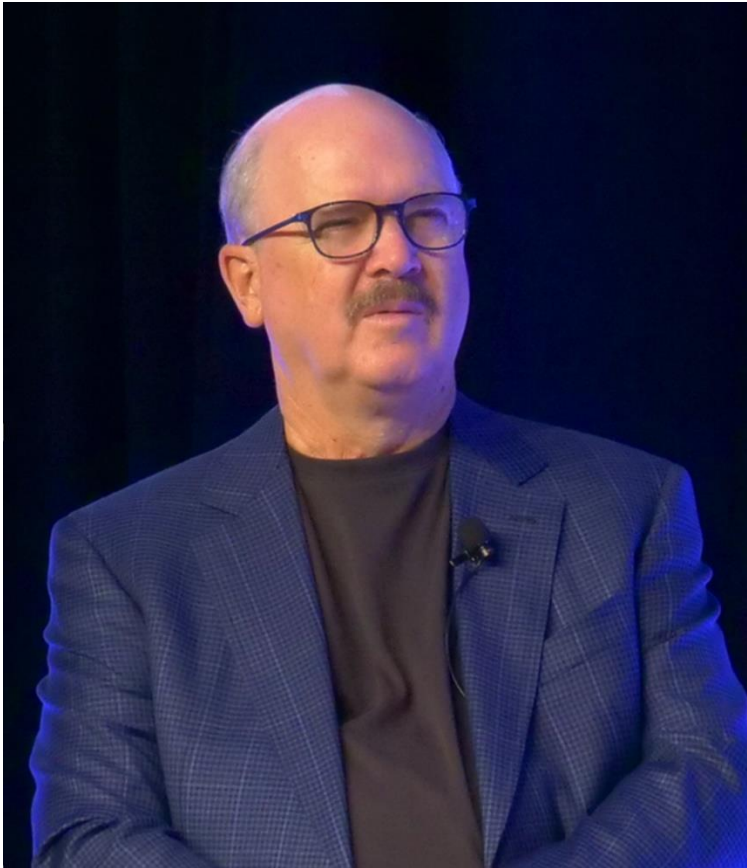
STEEL MARKET UPDATE

part of the  Group

SMU Flat Rolled Market Trends Analysis

Responses from our August 20, 2018 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 visit 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 650 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 Summit 2018

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 27-29, 2018

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

Lead 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



Steel 201: Introduction to Advanced High Strength & Other New Steels Workshop



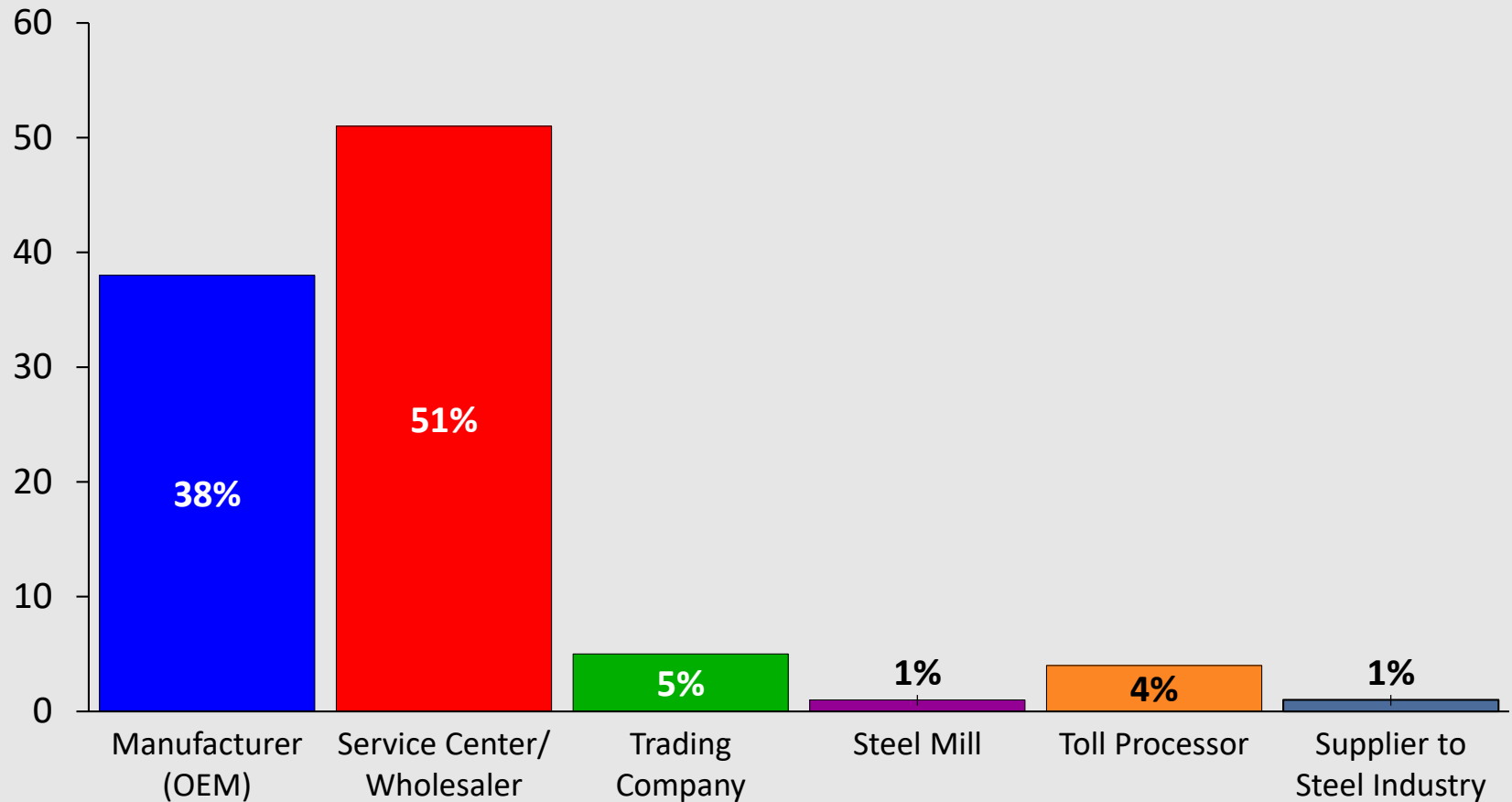
Steel Market Update is working with AK Steel as we present our first Steel 201: Introduction to Advanced High Strength & Other New Steels workshop. This workshop is meant to be a continuing education course focused on how steel is made with a special focus on advanced high-strength steels for automotive and other “lightweighting” applications. We will also work through how a manufacturing company can create a part and then go to a mill like AK Steel to see what engineering needs to be done to match the part with the right steel.

This workshop will be held on **September 11-12, 2018 in Middletown, Ohio**

Additional details can be found at www.SteelMarketUpdate.com/Events/Steel-201

Survey Participants

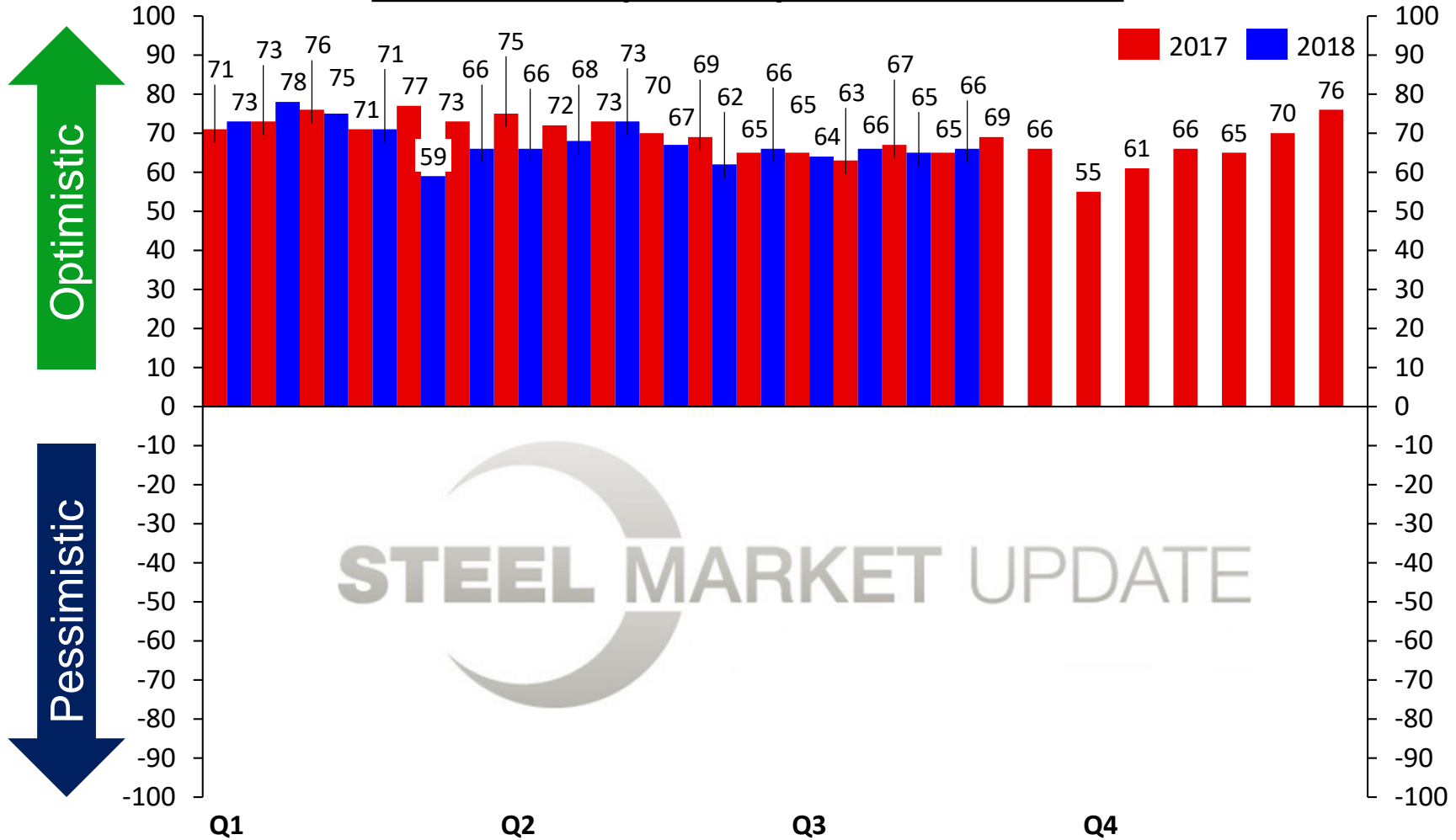
Our survey is by invitation only- Over 650 companies, mostly in the manufacturing or distribution industries, are asked to participate. Here are the percentages of participation in this week's survey by market sector.



SMU Buyers Sentiment Index

Up 1 point to +66

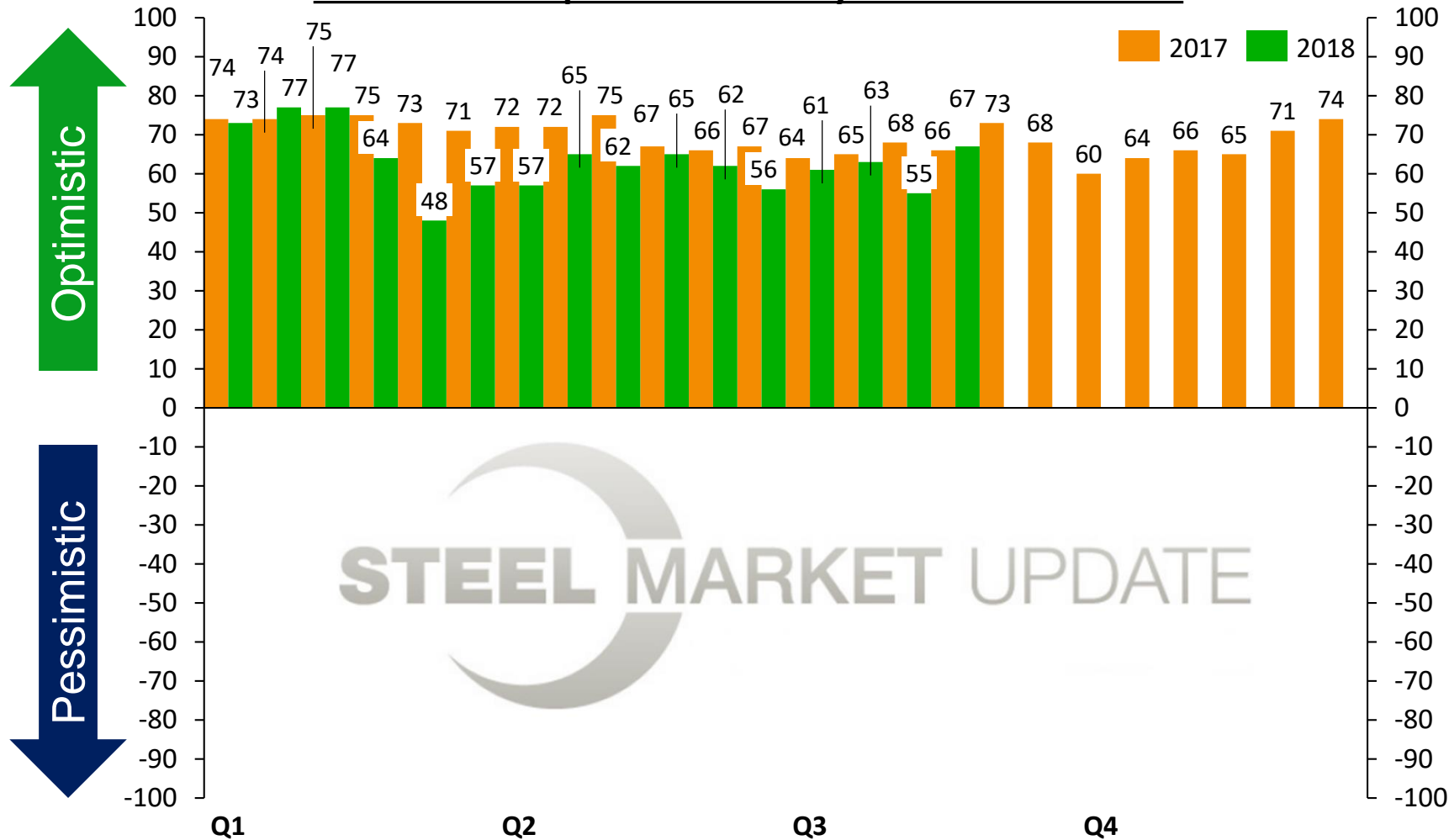
Steel Market Update Buyers Sentiment Index



SMU Future Buyers Sentiment Index

Up 12 points to +67

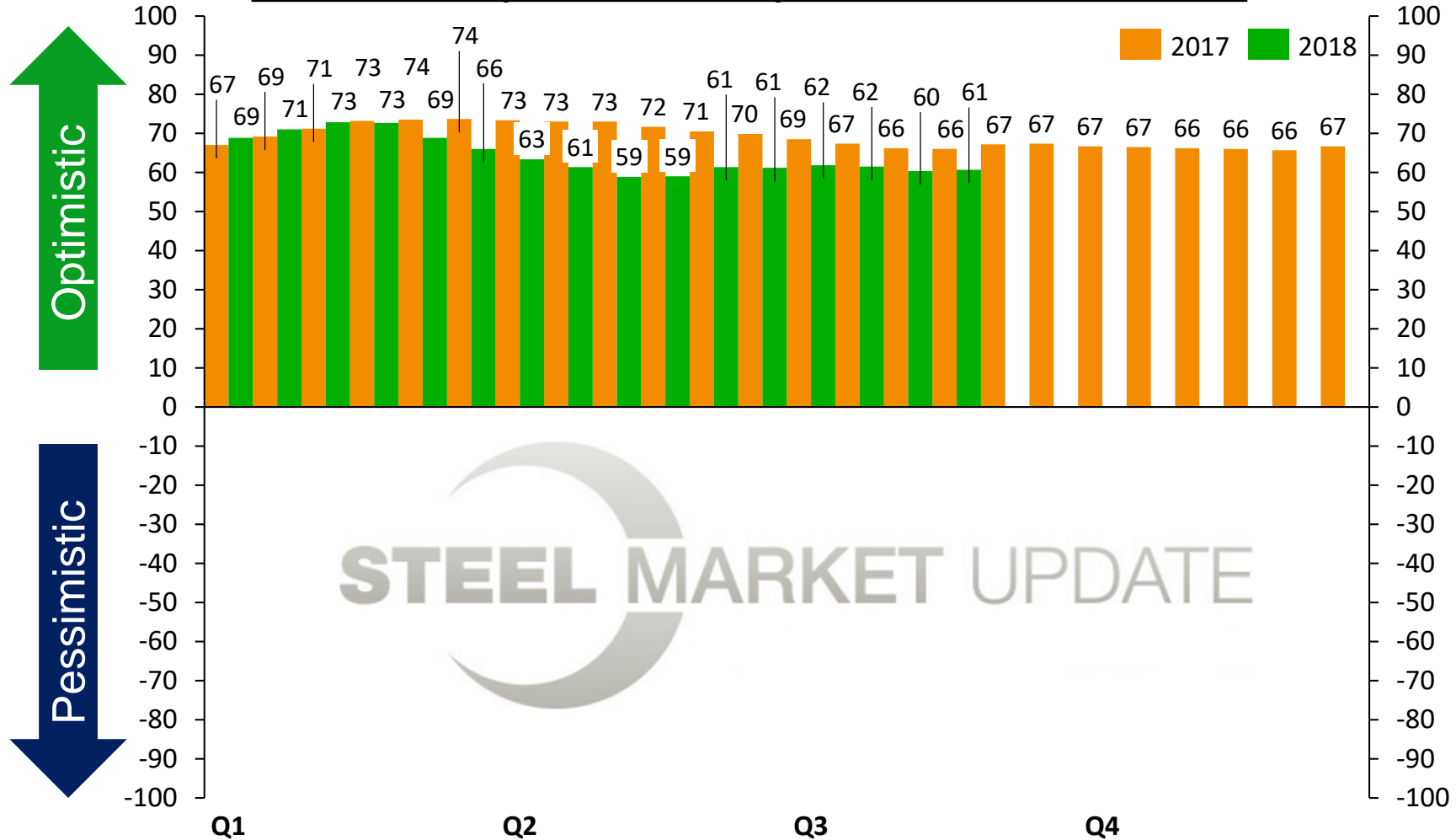
Steel Market Update Future Buyers Sentiment Index



SMU Future Buyers Sentiment Index

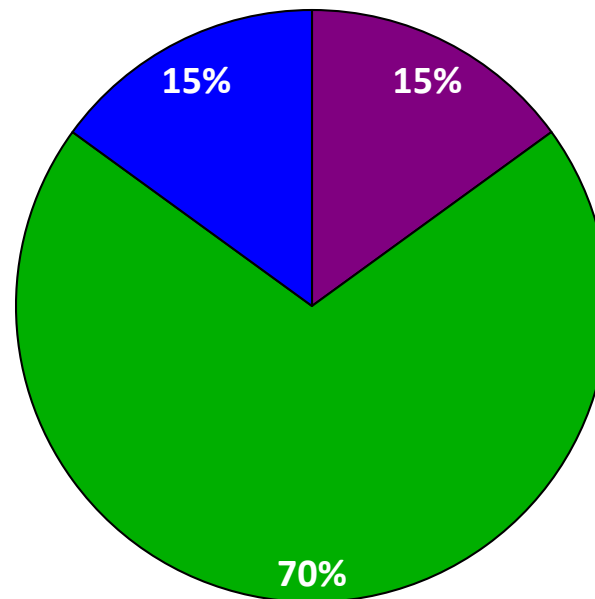
Three Month Moving Average at +60.67

Steel Market Update Future Buyers Sentiment Index 3MMA



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

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

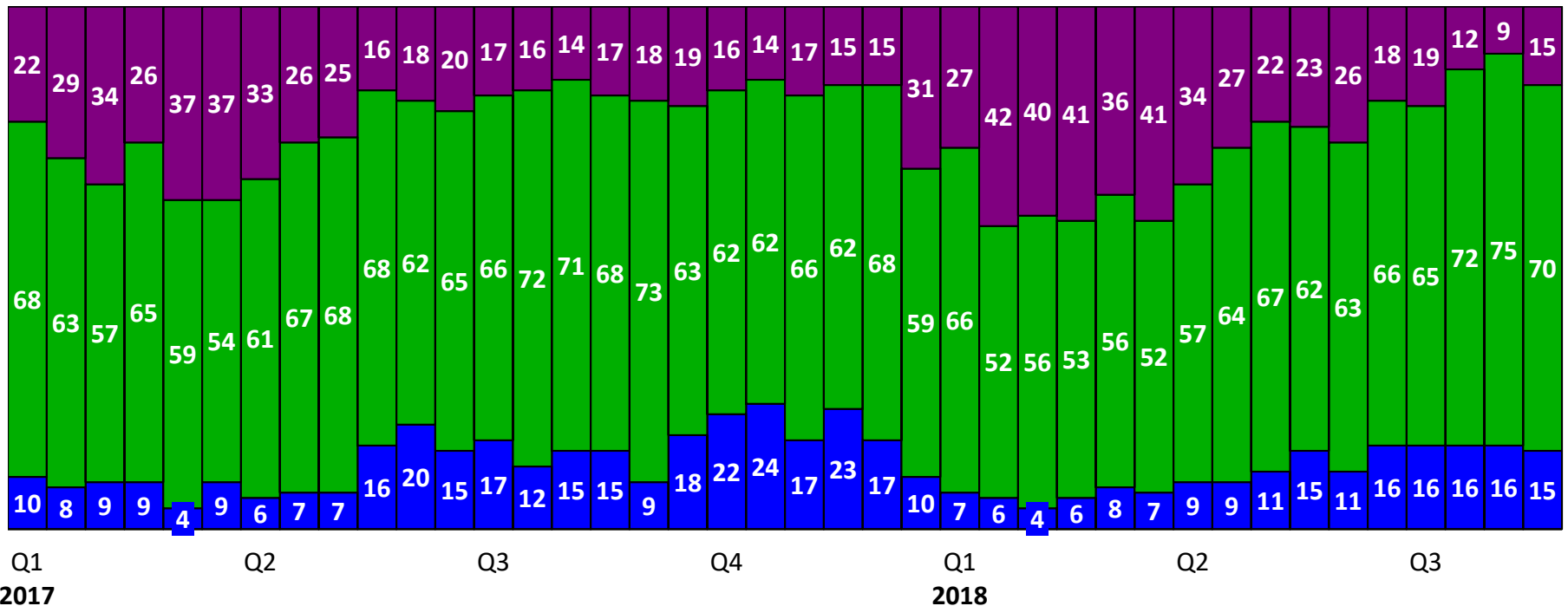


Overall Demand History

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

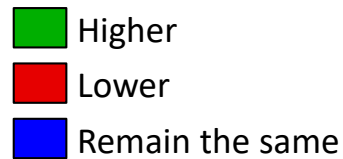
- Demand is improving
- Demand is remaining the same
- Demand is declining

out of 100%

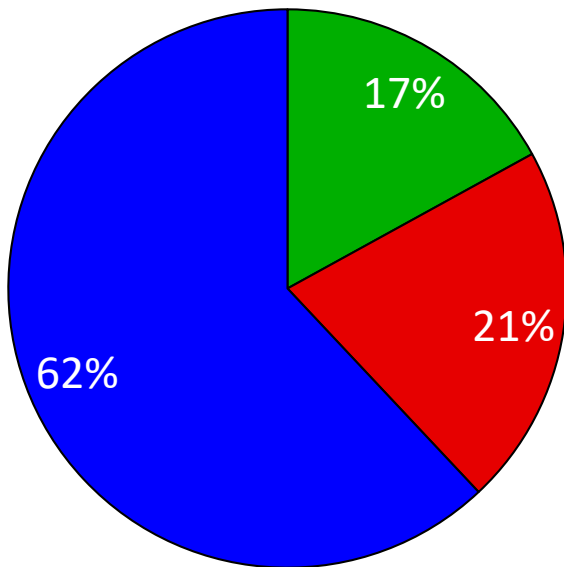


Price Expectations

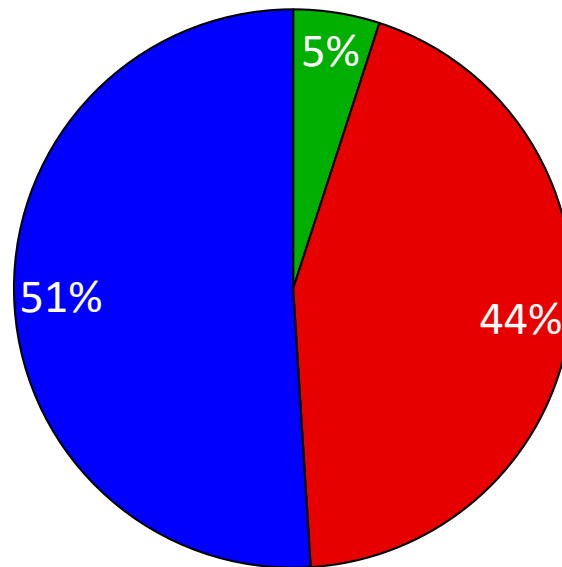
What direction do you expect steel mill spot flat rolled steel prices to go from here?



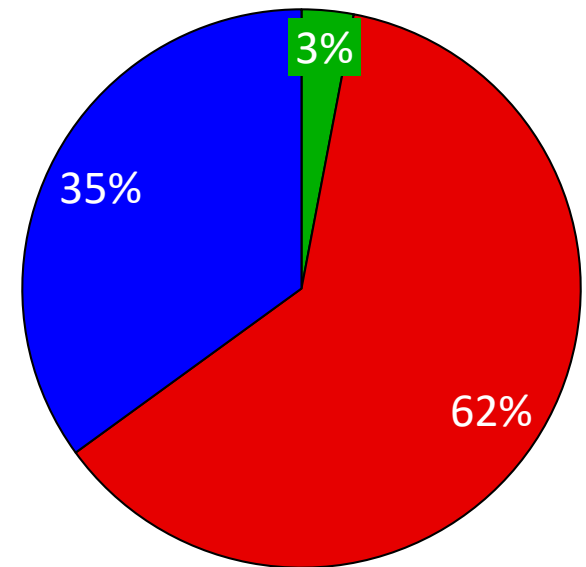
July 20, 2018



August 10, 2018

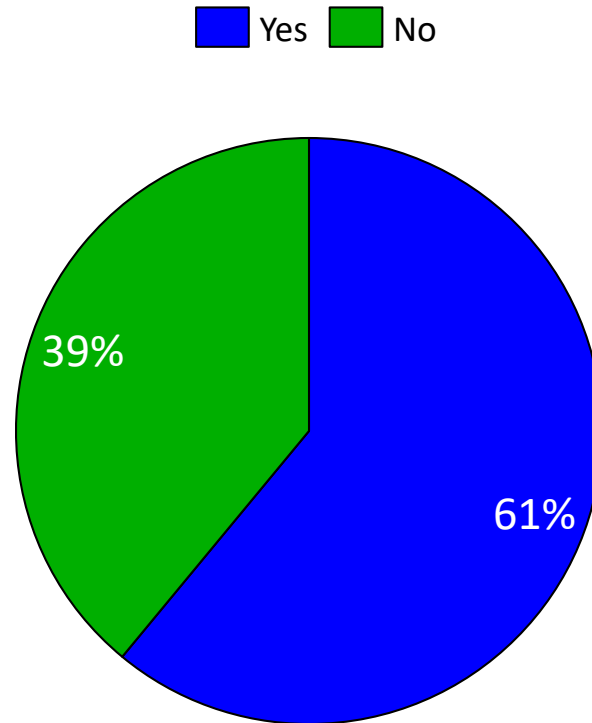


August 24, 2018



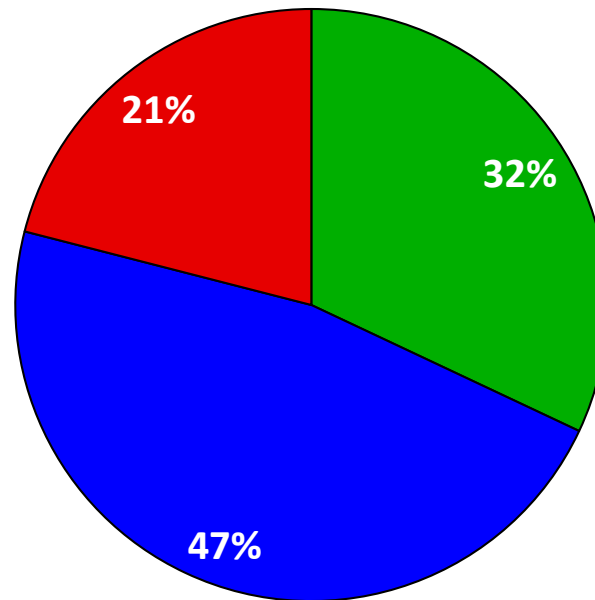
Higher Tariffs

Do you think President Trump will hit other countries with higher tariffs as he did with Turkey?



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

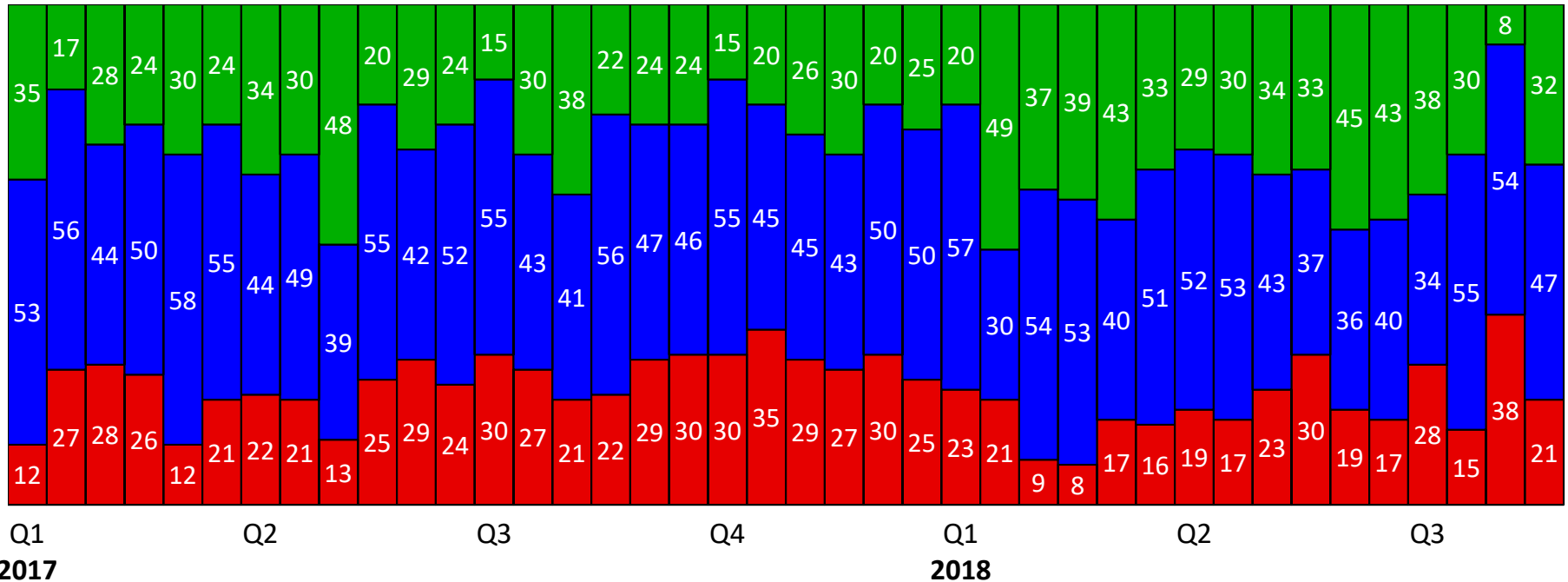


History of Manufacturer Purchases

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?

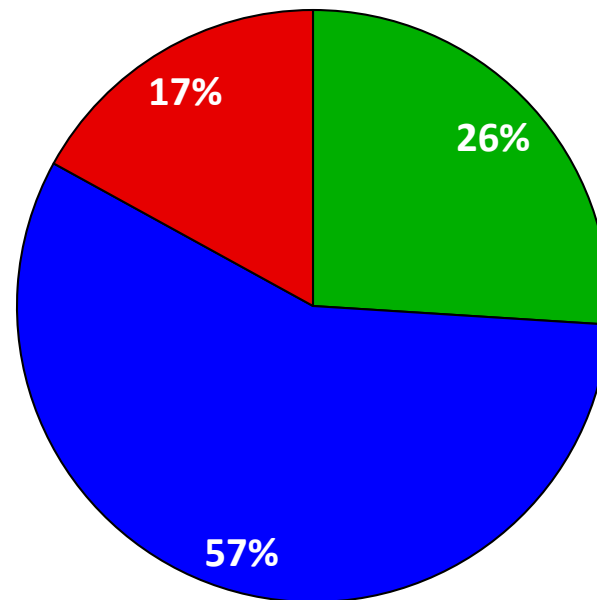
- Buying more steel
- Buying the same amount of steel
- Buying less steel

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

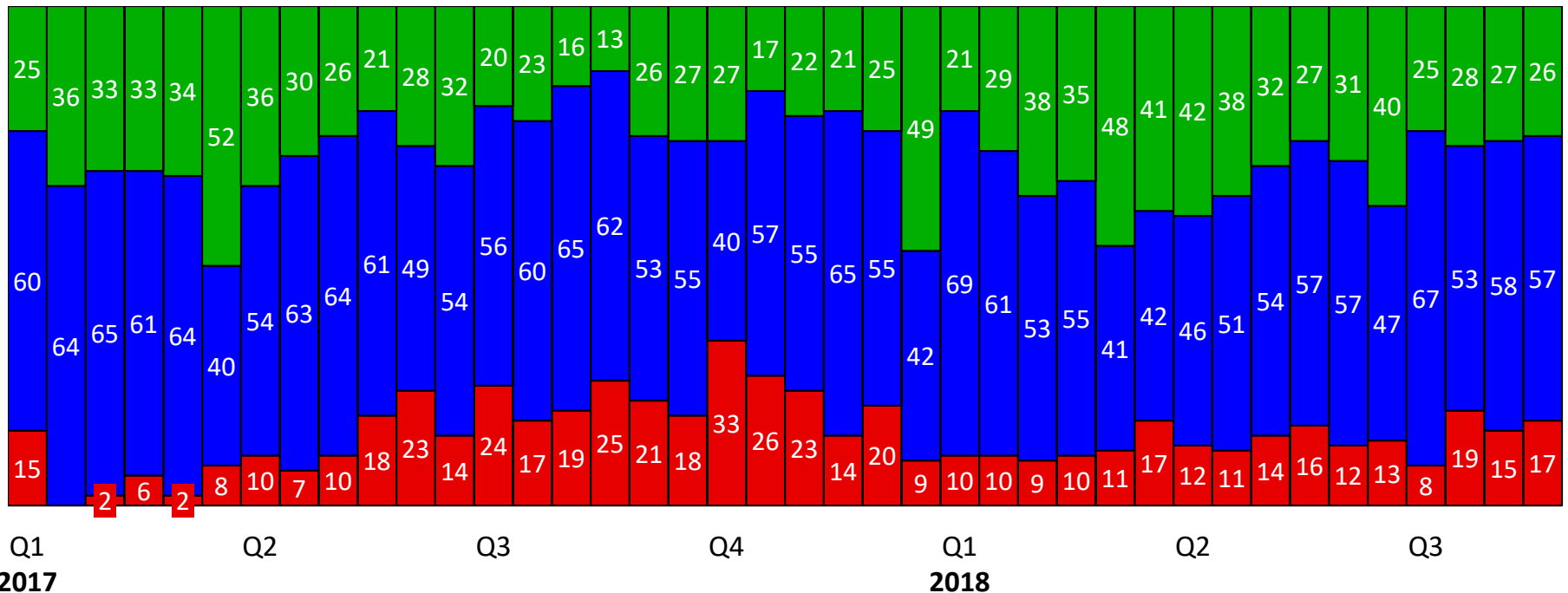


Service Center Release History

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

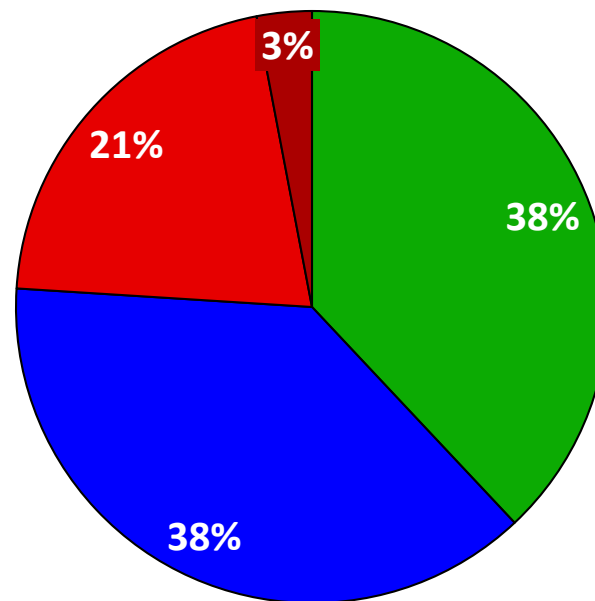
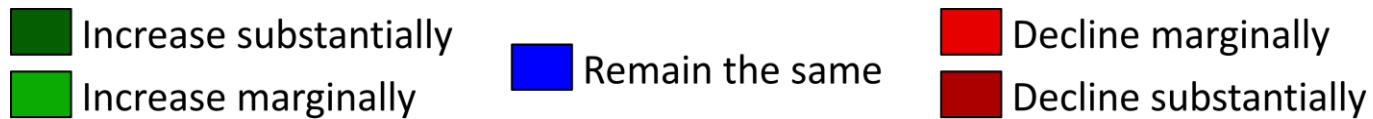
- Releasing more steel
- Releasing the same amount of steel
- Releasing less steel

out of 100%



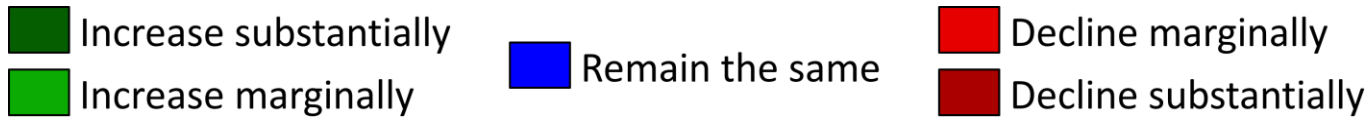
Manufacturer Demand

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

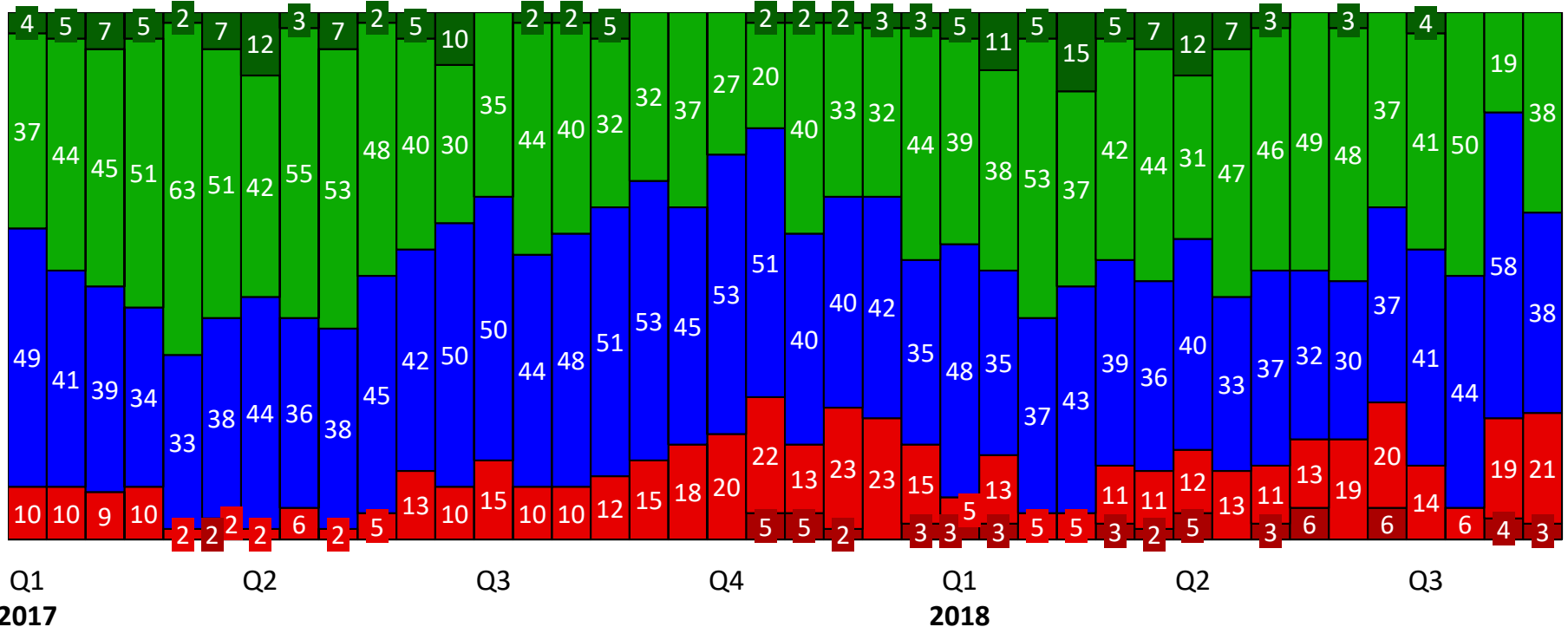


Manufacturer Demand History

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



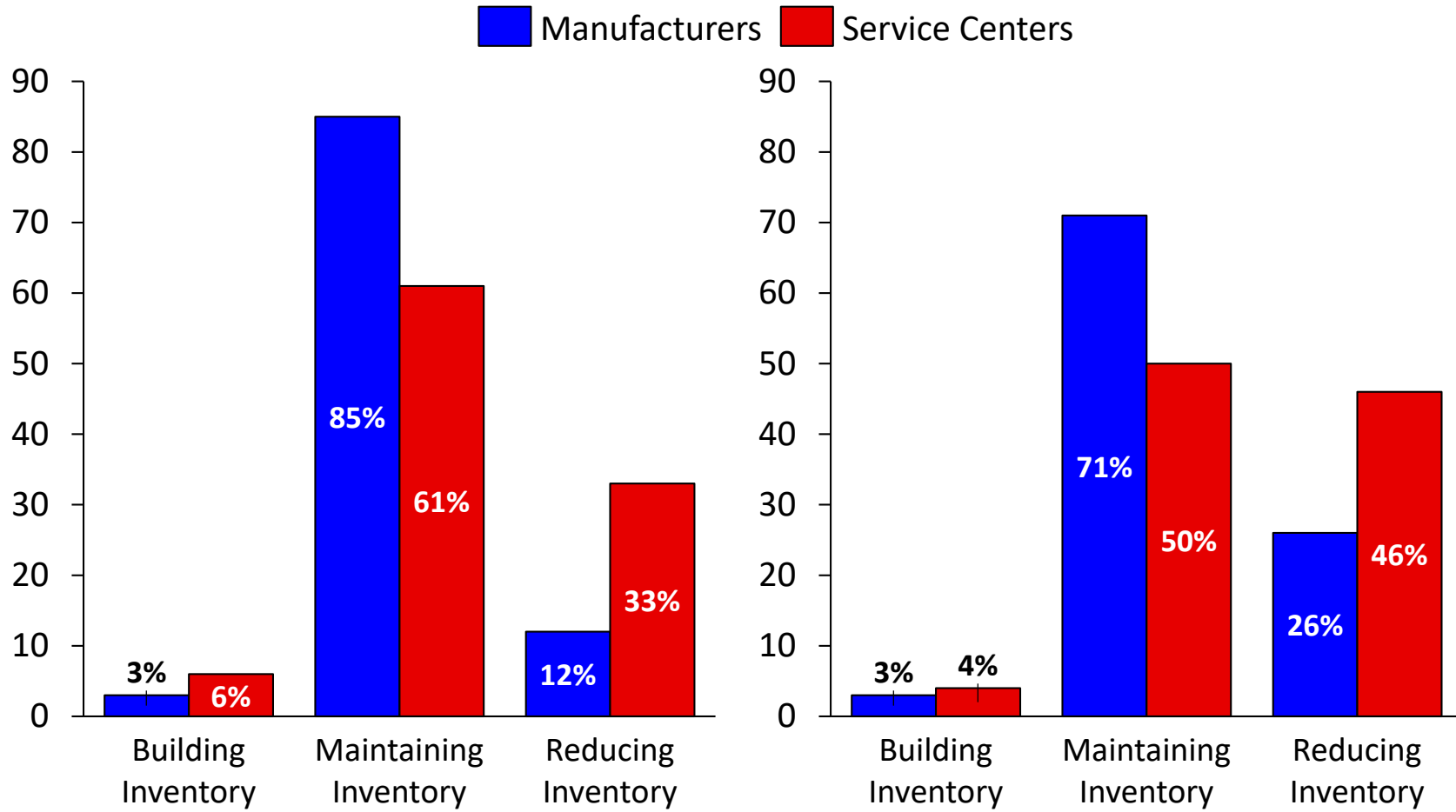
out of 100%



Manufacturer and Service Center Inventory Buying Patterns

July 20, 2018

August 24, 2018

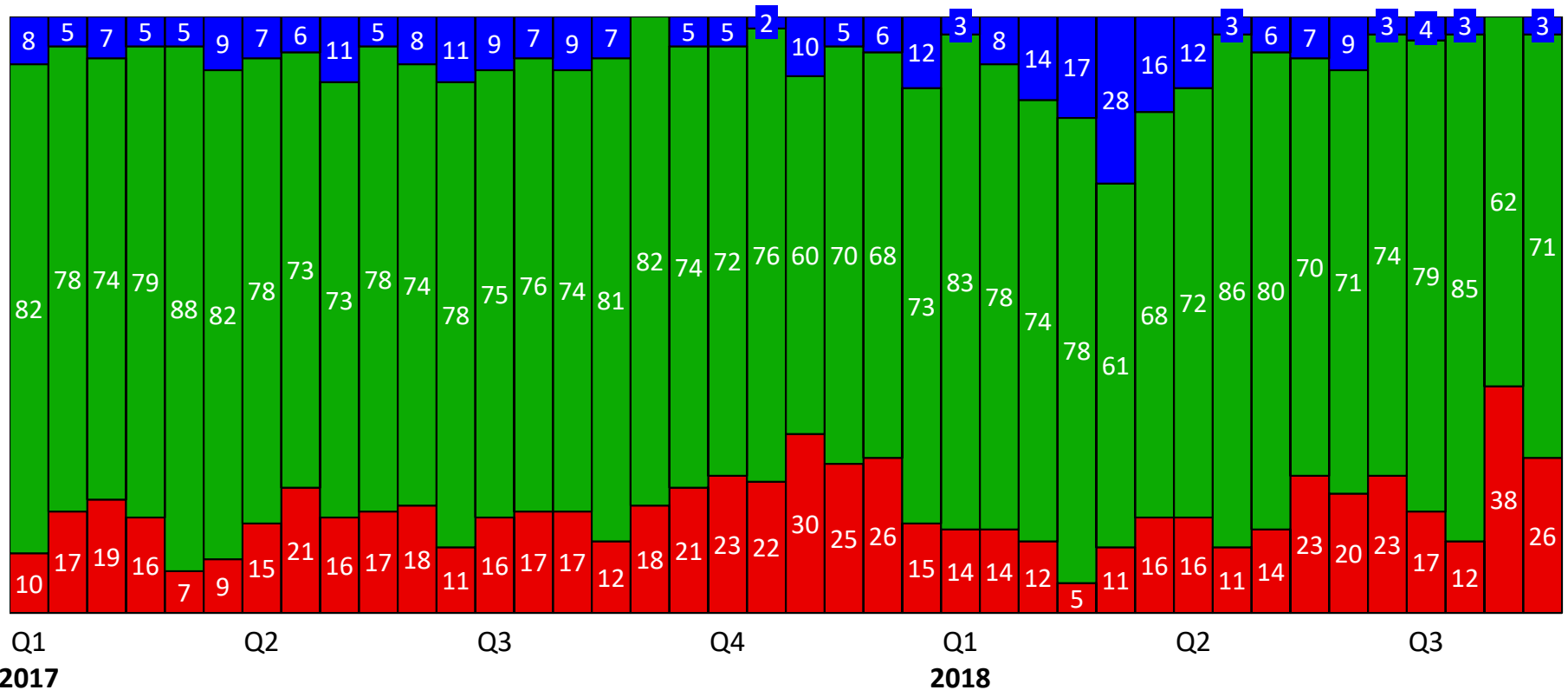


Manufacturer Inventory Buying History

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

■ Building Inventory
 ■ Maintaining Inventory
 ■ Reducing Inventory

out of 100%

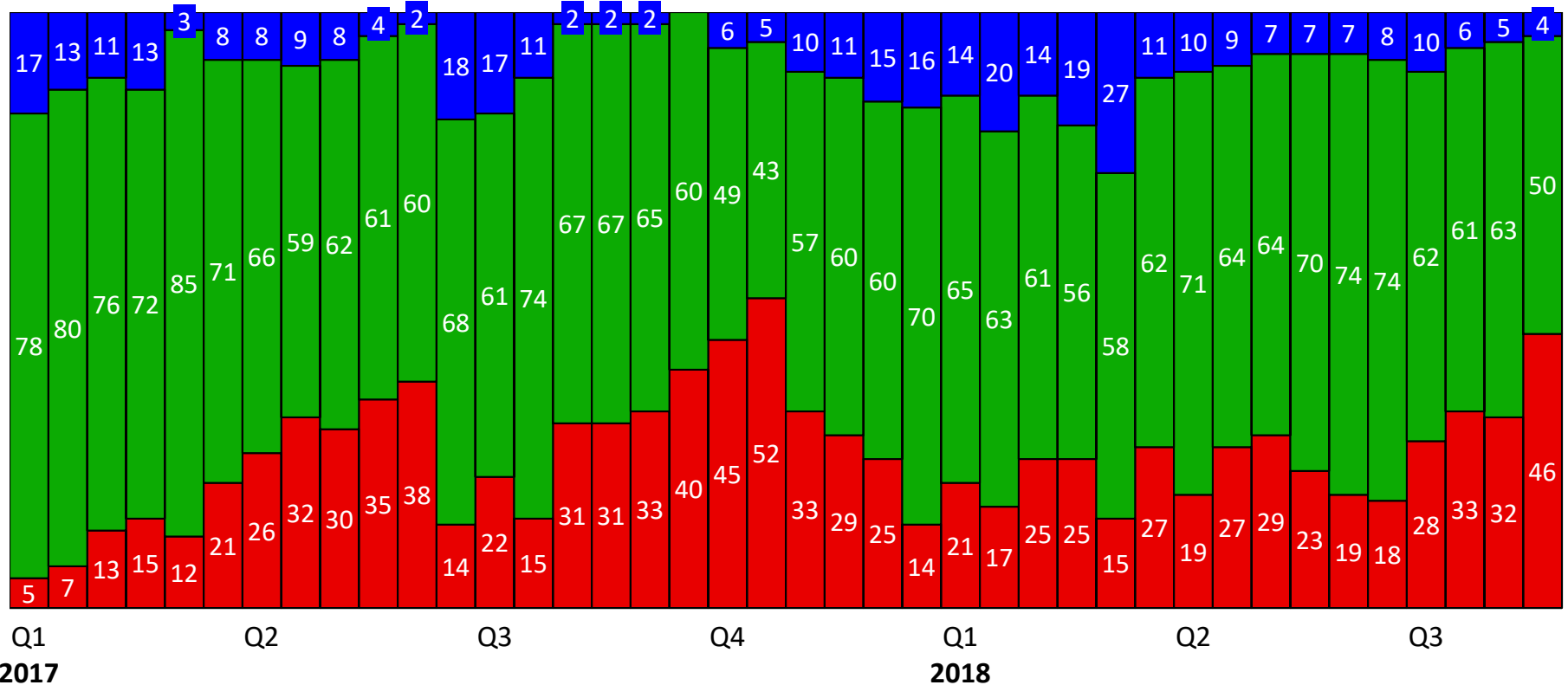


Service Center Inventory Buying History

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

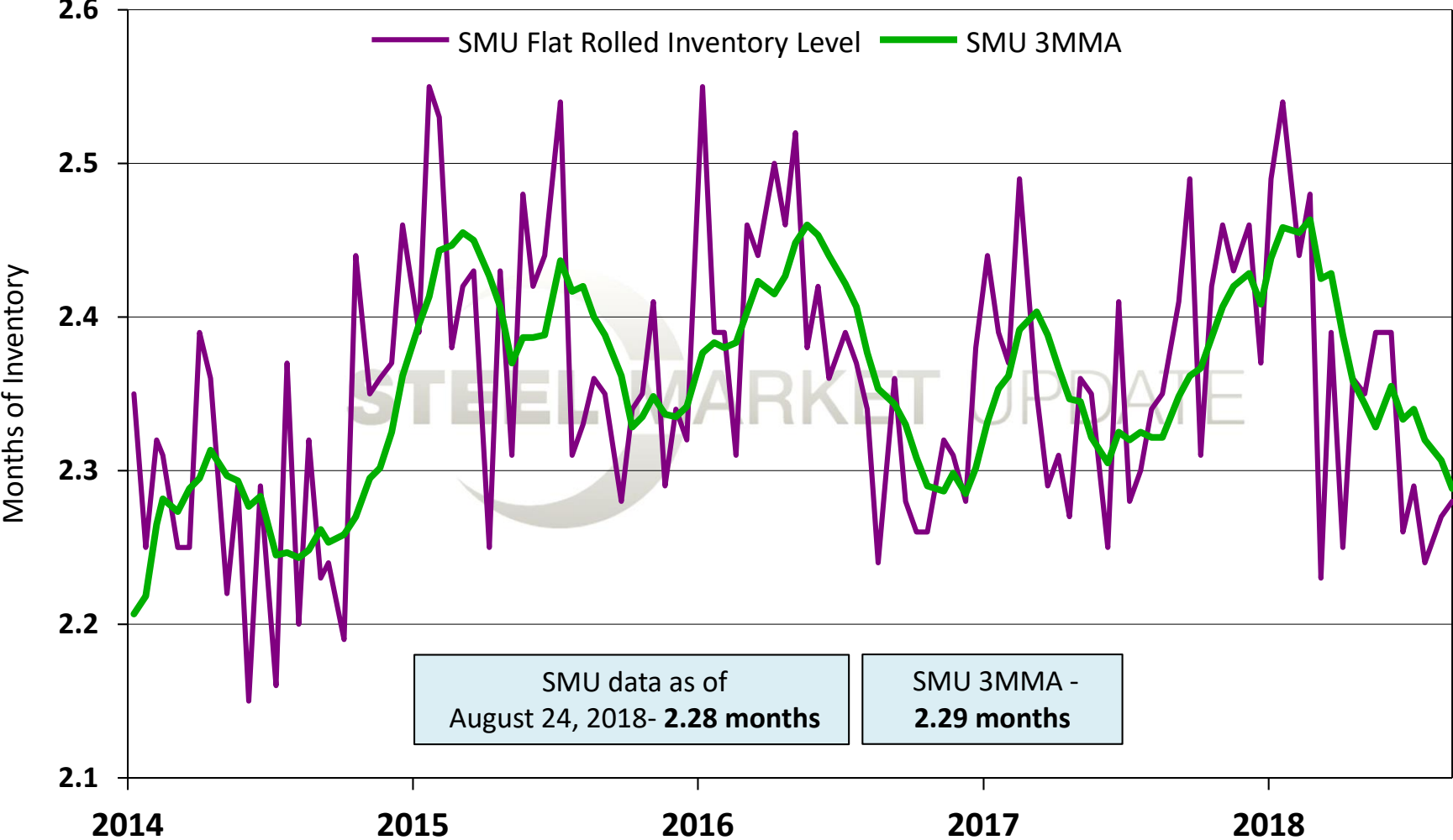
■ Building Inventory
 ■ Maintaining Inventory
 ■ Reducing Inventory

out of 100%



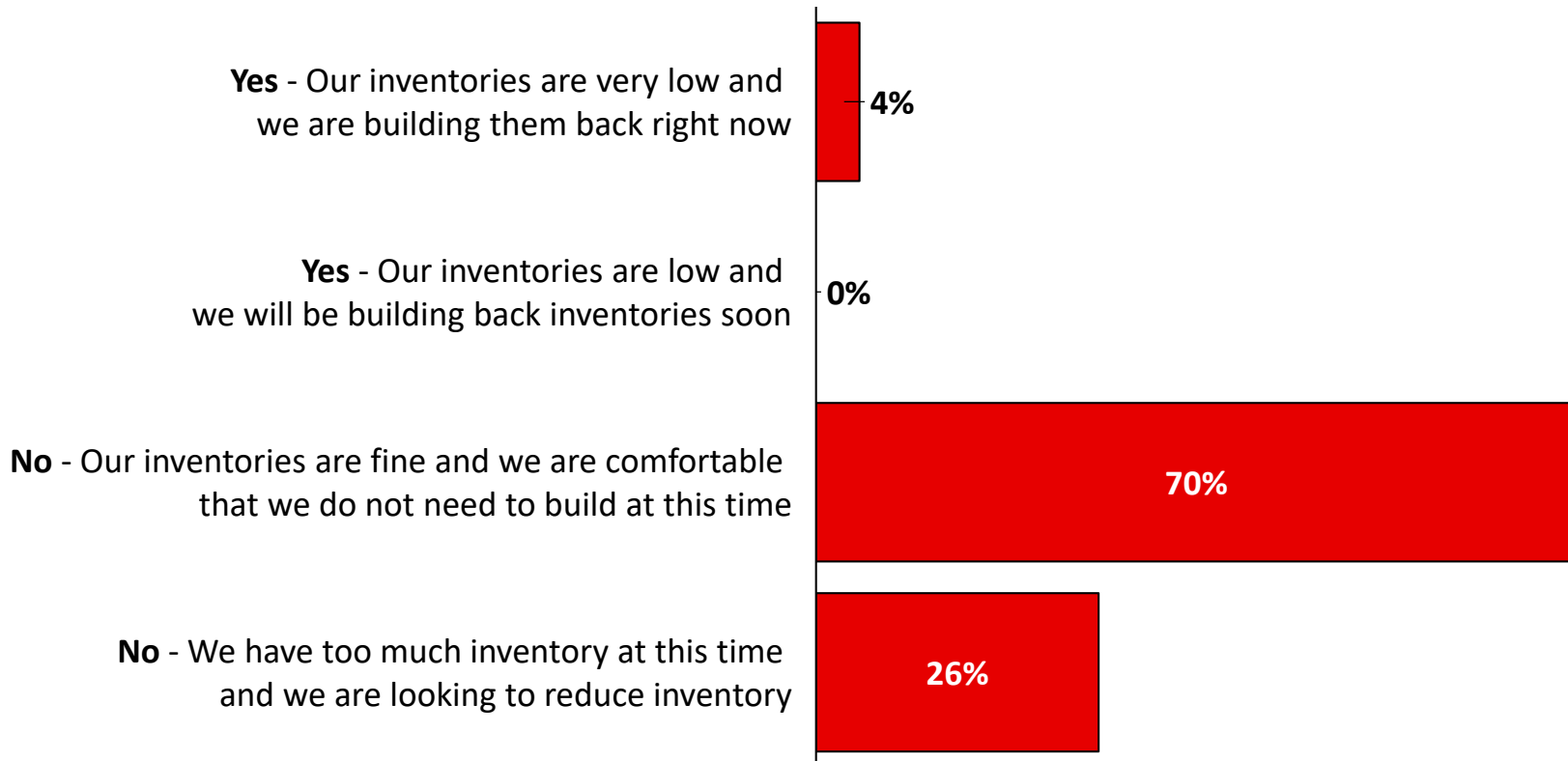
Service Center Months on Hand

SMU Service Center Inventory Level Comparison



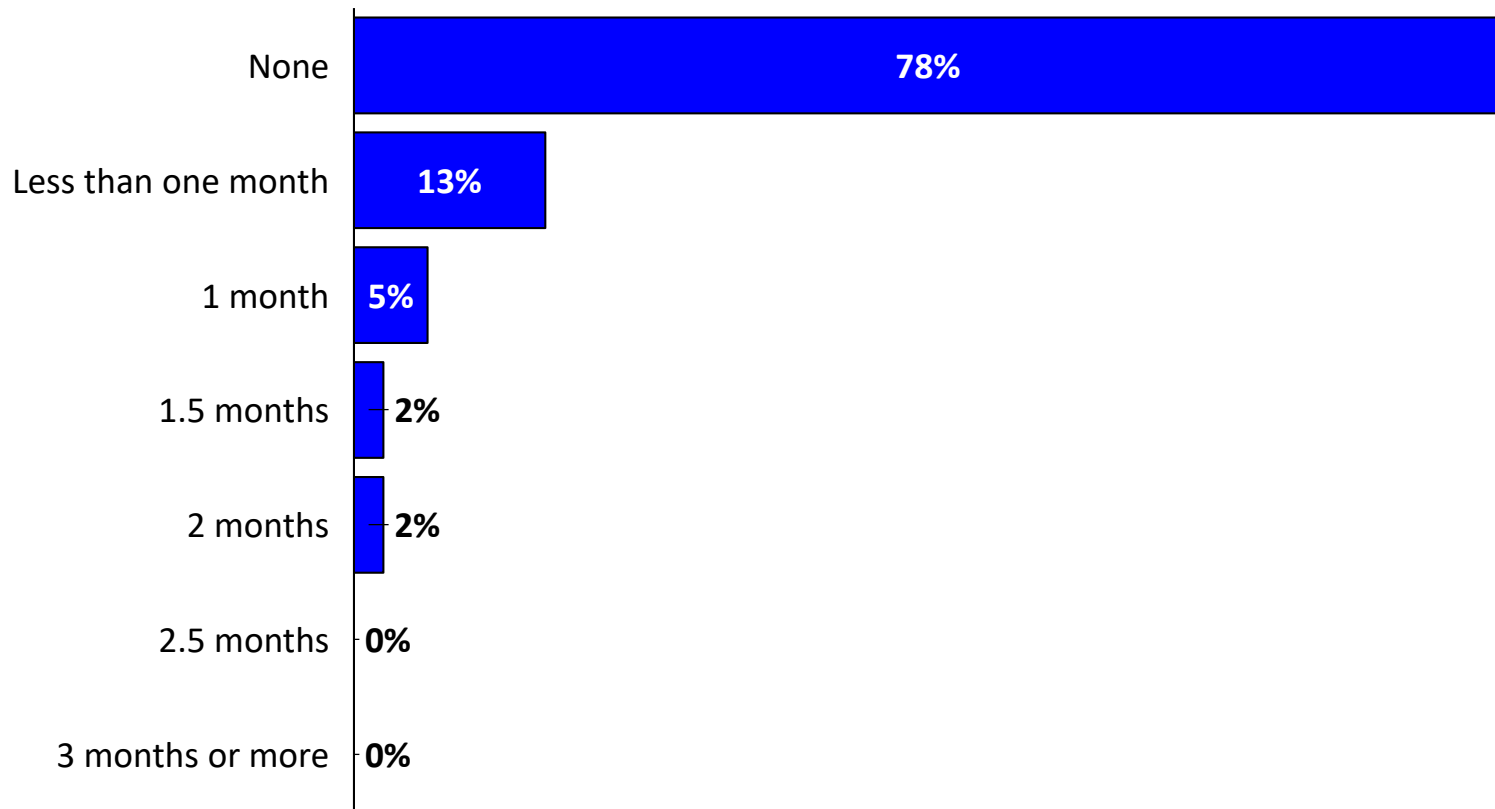
Service Center Inventories

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

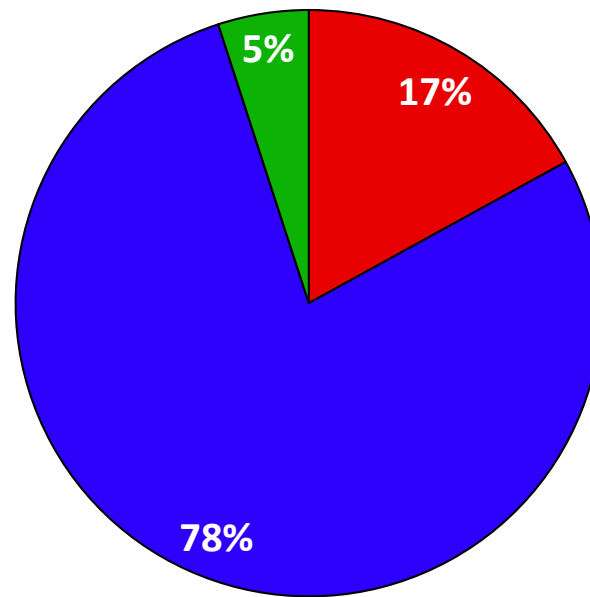
Service Centers- How many months of inventory do you have “off the books” in roll & hold and other arrangements where the steel is on the floor and available should you need it?



Manufacturer's View of Service Center Selling Prices

Manufacturers- Which comment do you feel is representative of service center pricing right now compared to two weeks ago?

- 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

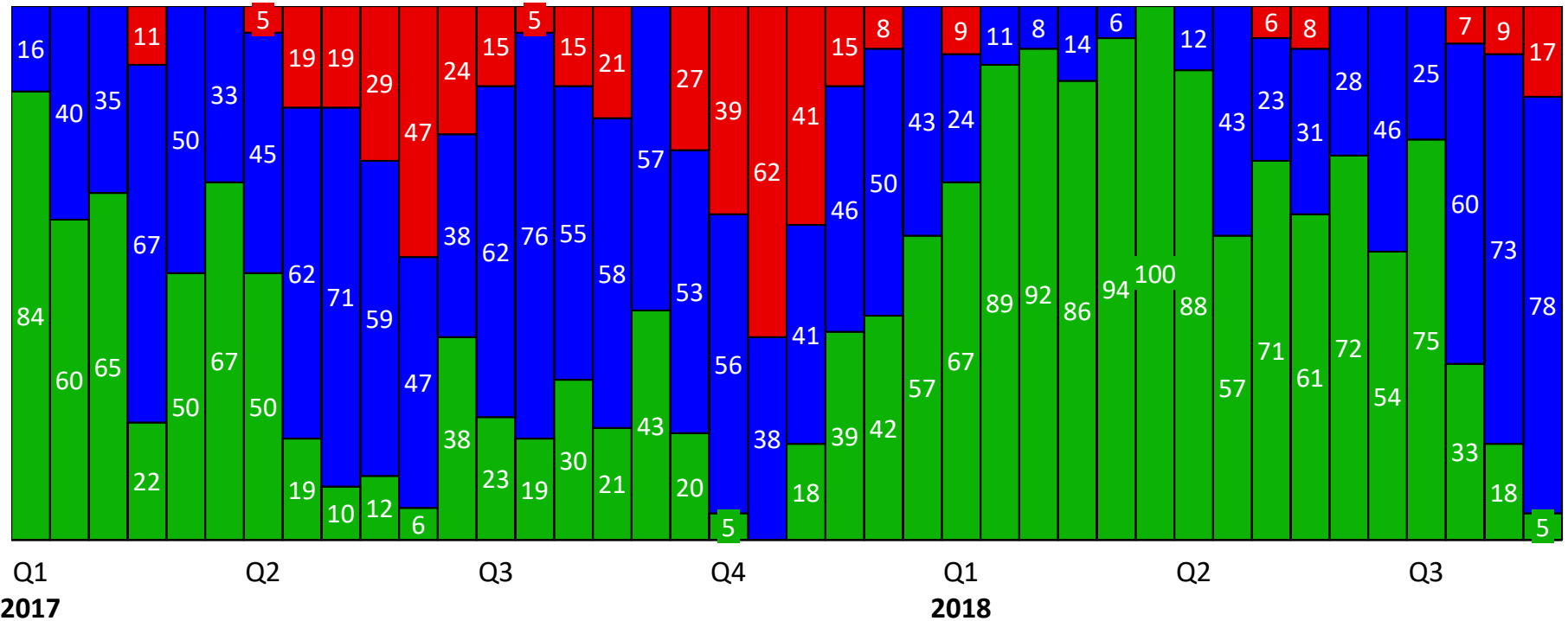


Manufacturer's View of Service Center Selling Prices History

Manufacturers- Which comment do you feel is representative of service center pricing right now compared to two weeks ago?

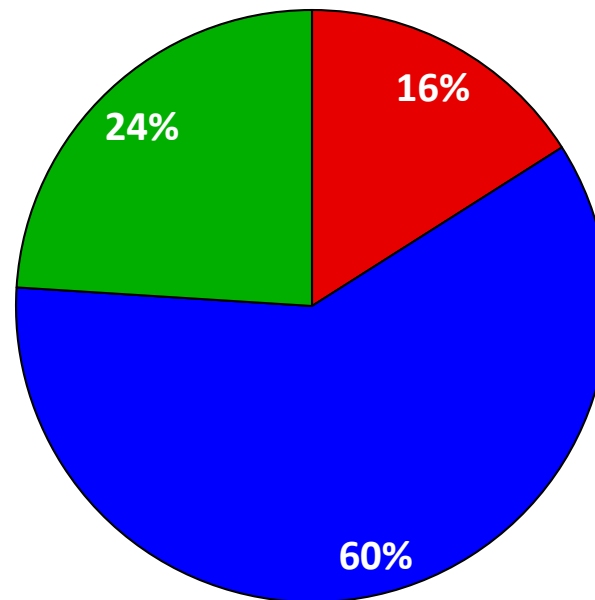
- We are seeing prices decreasing from our service centers
- We are seeing prices stable from our service centers
- We are seeing prices rising from our service centers

out of 100%



Service Centers- Compared to two weeks ago, how is your company handling spot pricing to your customers at this time?

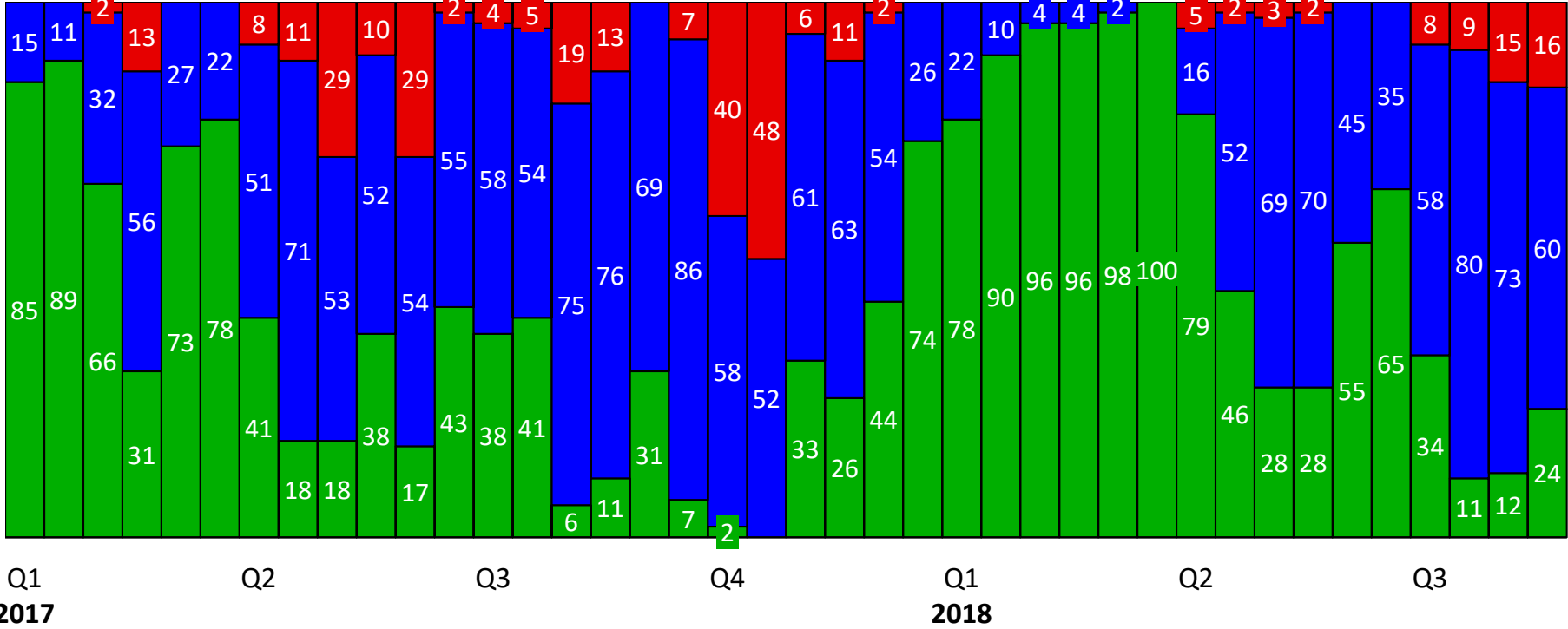
- We are lowering prices
- We are keeping prices the same
- We are raising prices



Service Centers- Compared to two weeks ago, 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

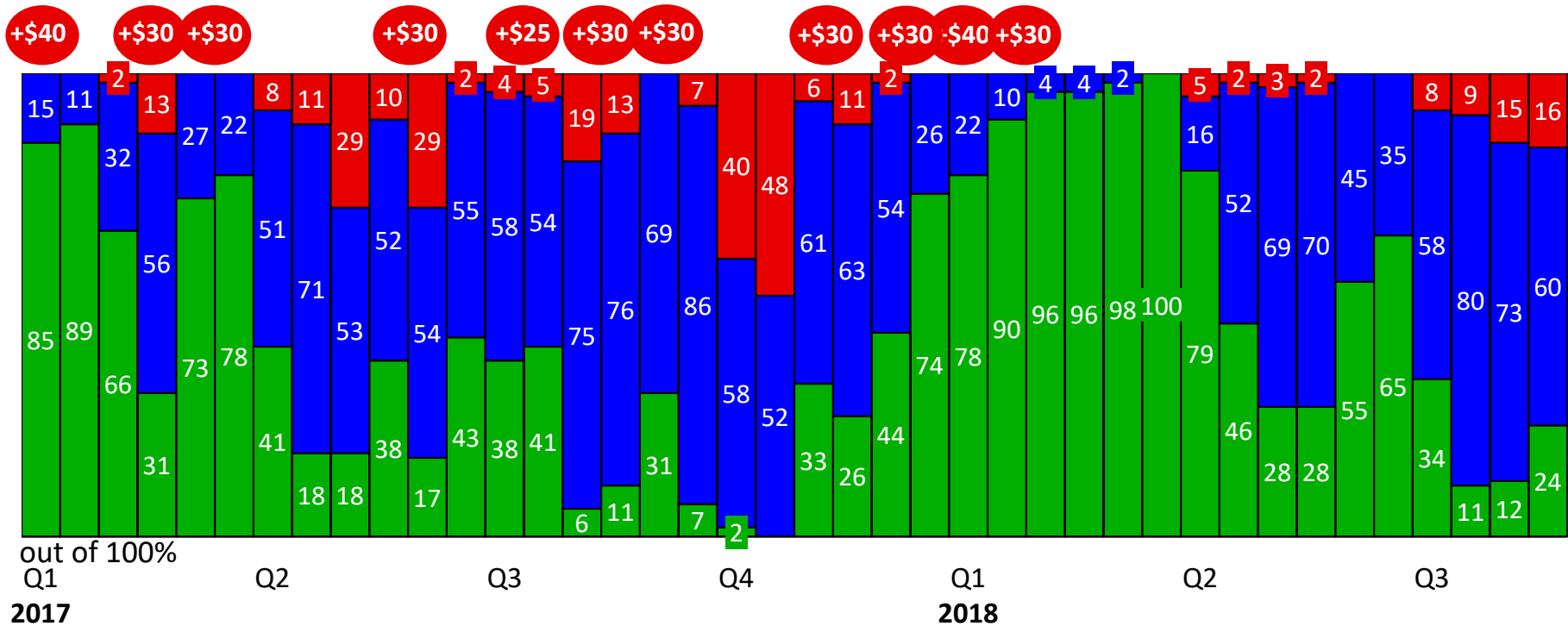
out of 100%



Service Centers- Compared to two weeks ago, 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

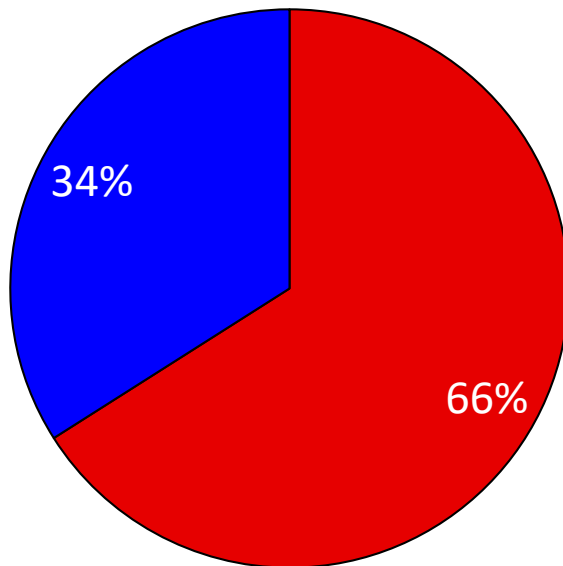


Passing Along Higher Prices

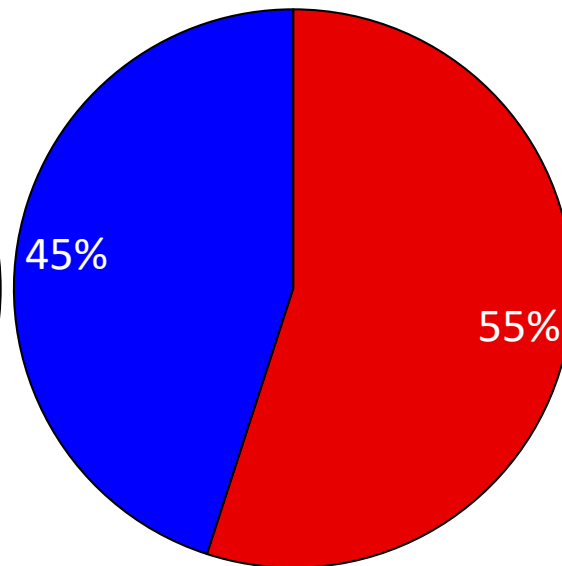
Service Centers- Are you having any difficulties in passing along the new higher prices to your customers?

Yes No

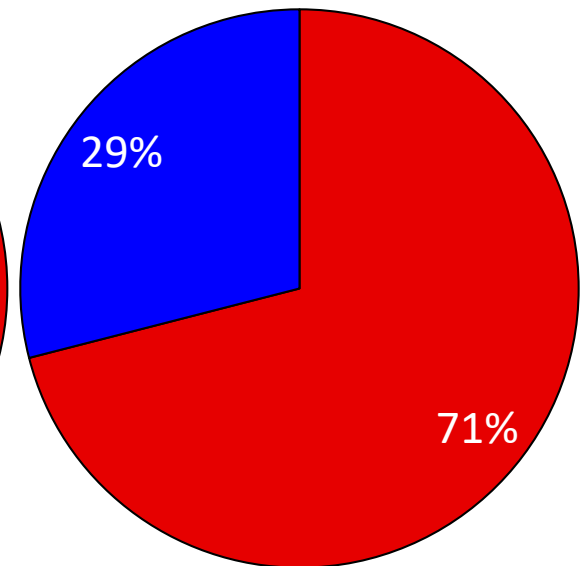
July 6, 2018






August 10, 2018

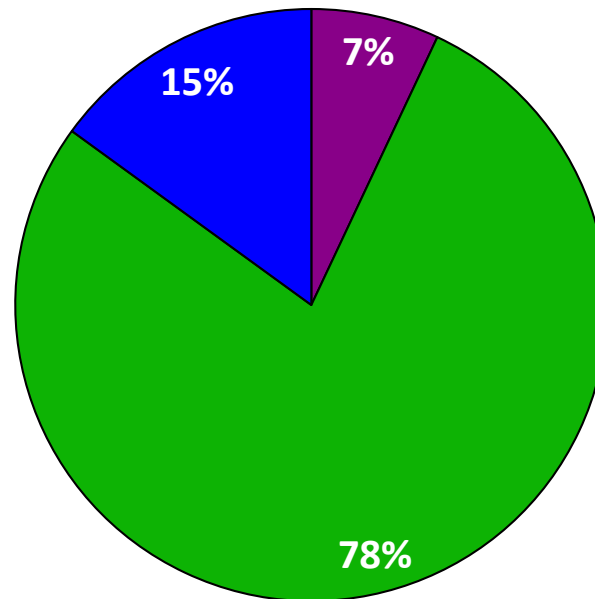


August 24, 2018



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

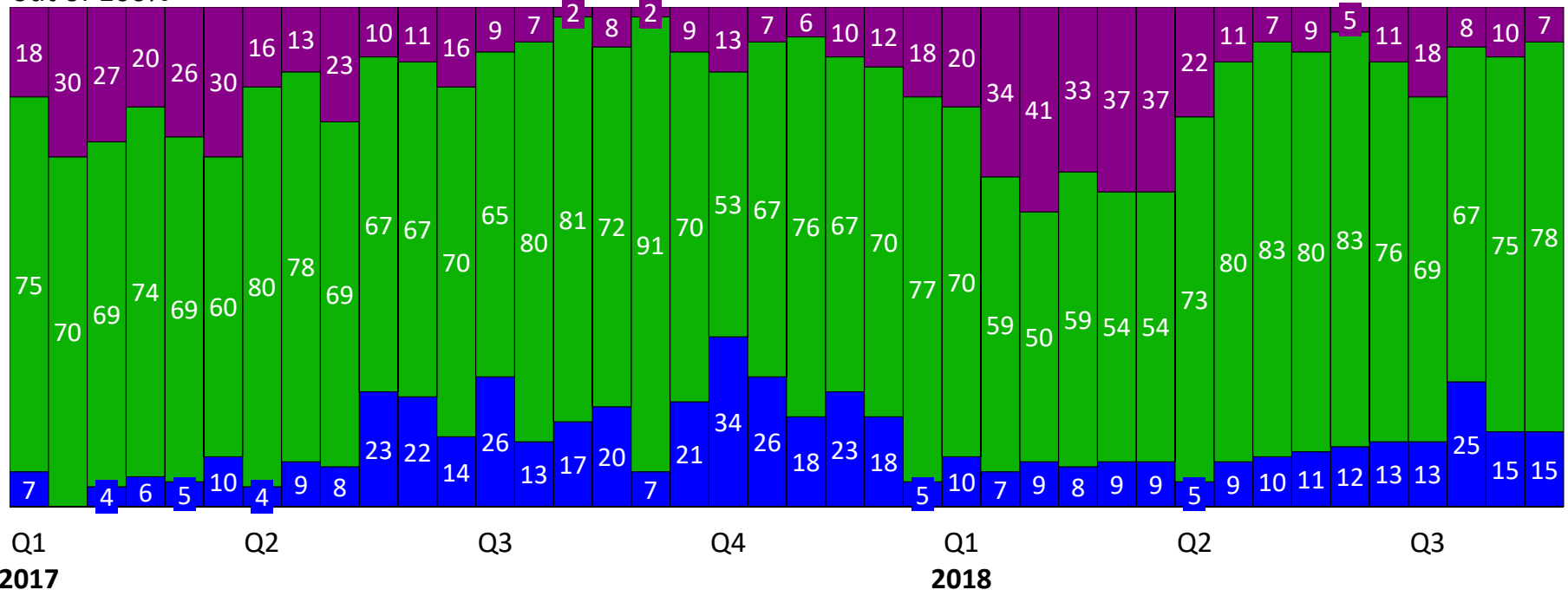


Service Centers on Manufacturer Orders History

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

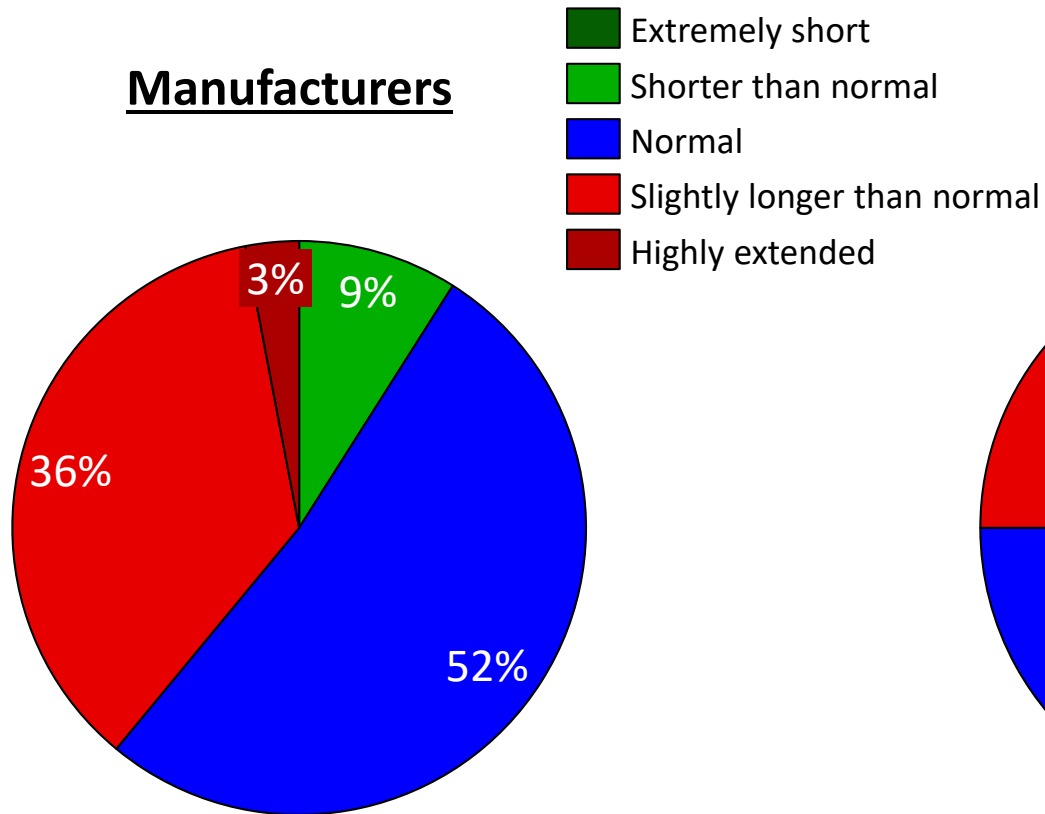
out of 100%



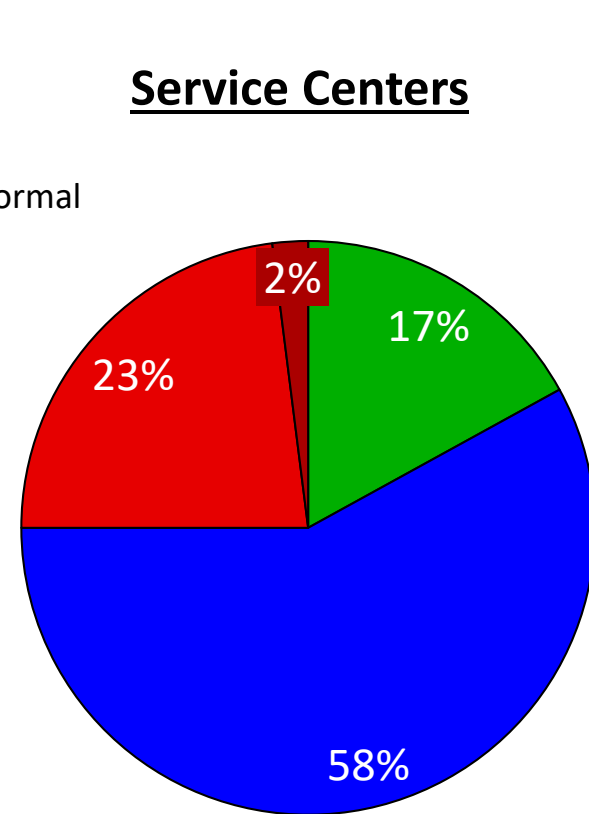
Mill Lead Times

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

Manufacturers

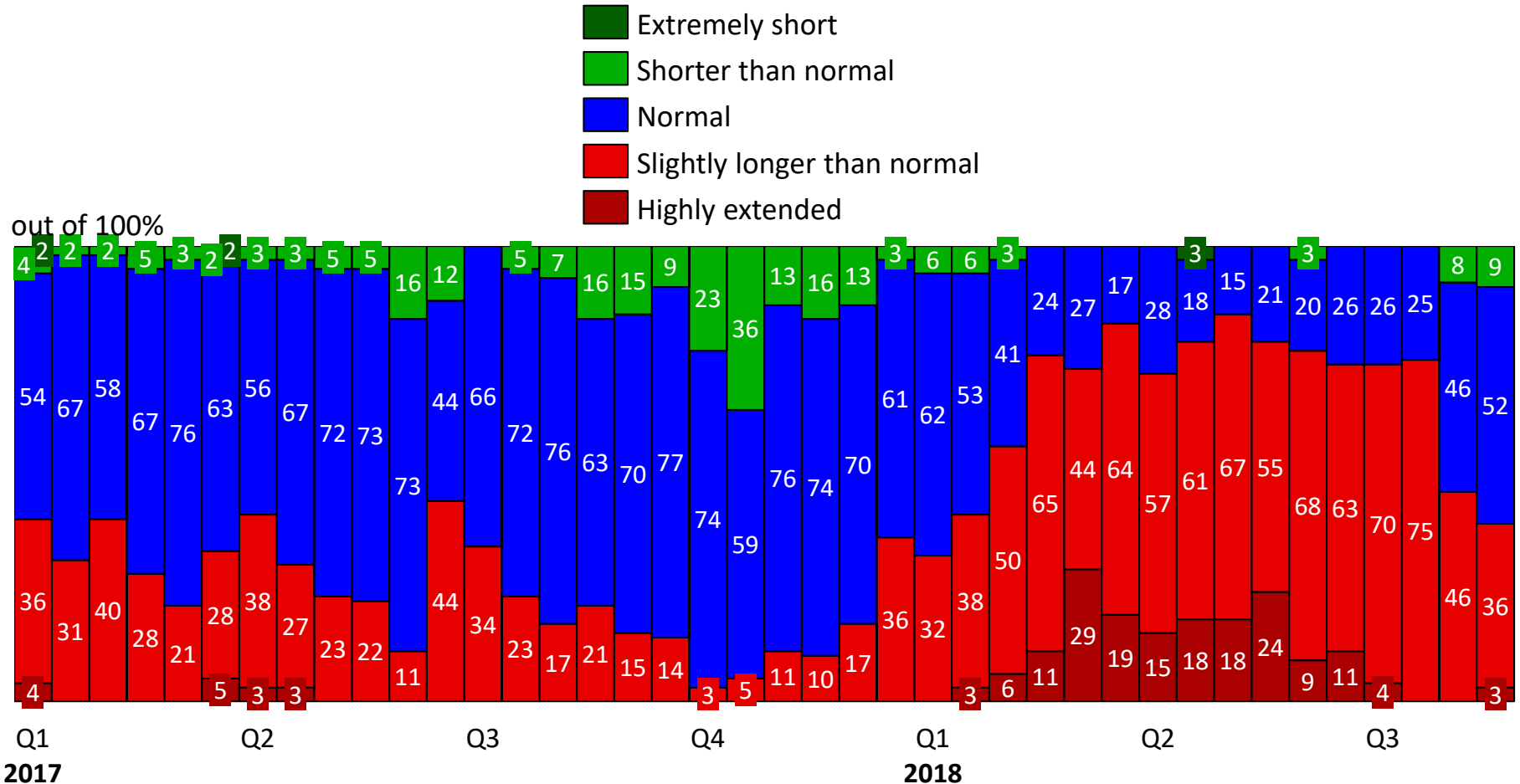


Service Centers



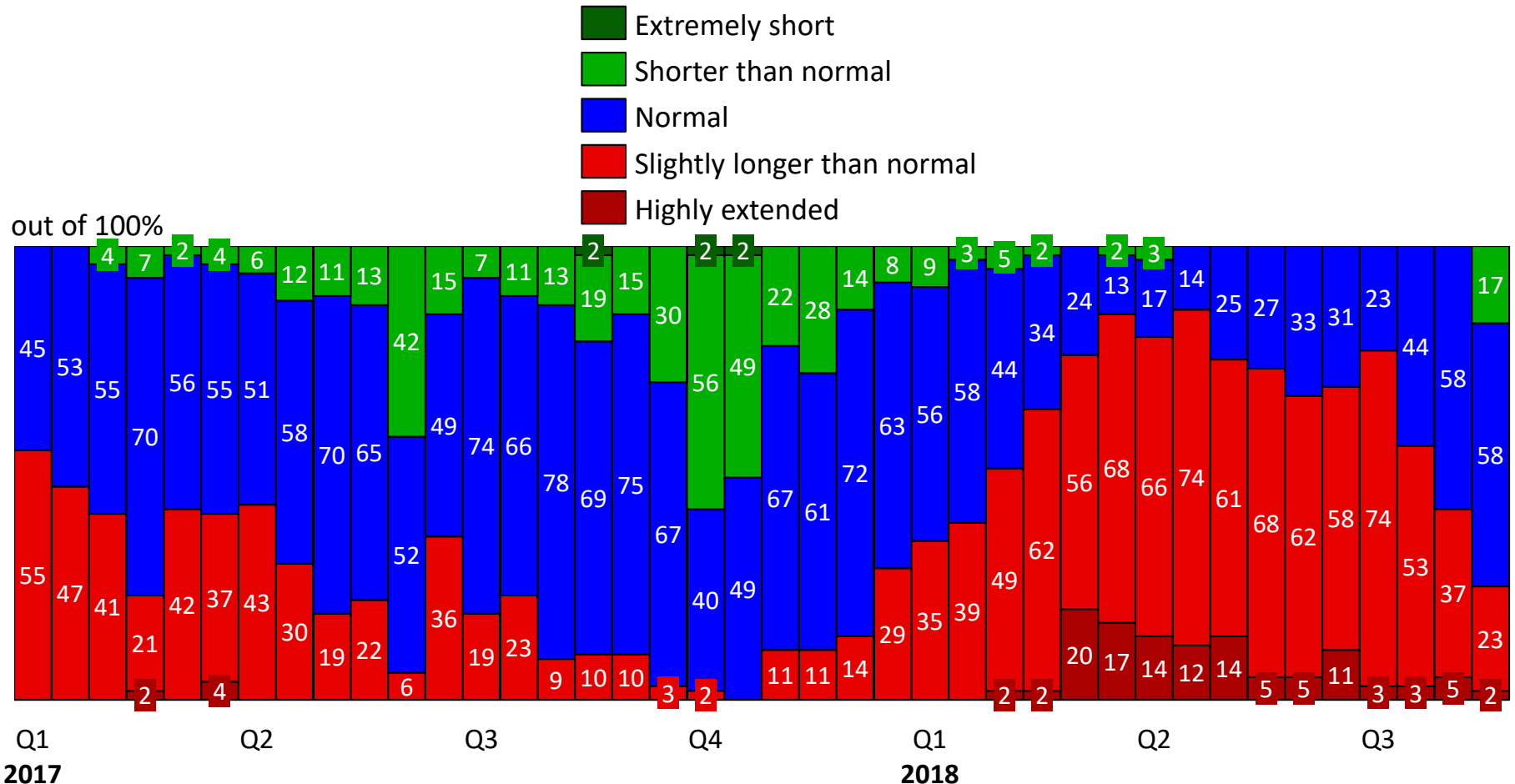
Mill Lead Times History

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?

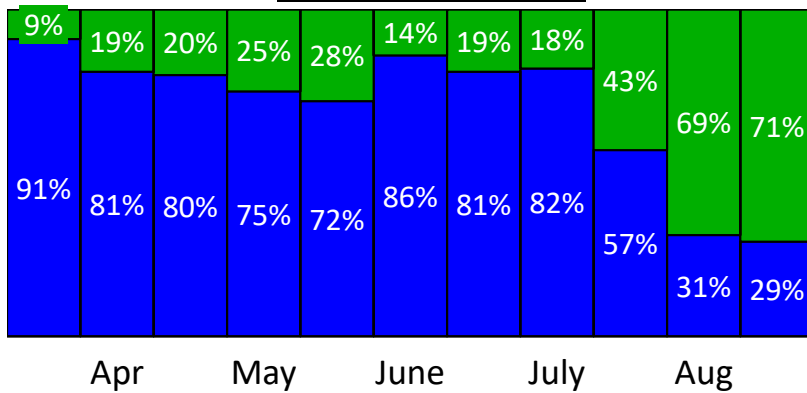


Mill Negotiations

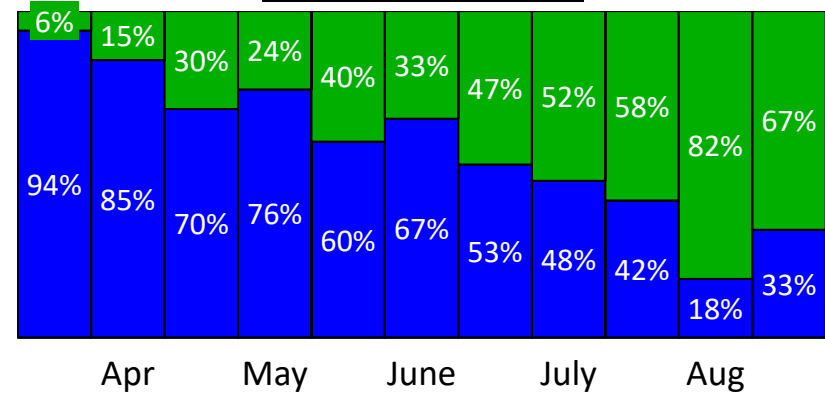
Are you finding the domestic mills are willing to negotiate pricing on brand new orders placed this week?

Yes No

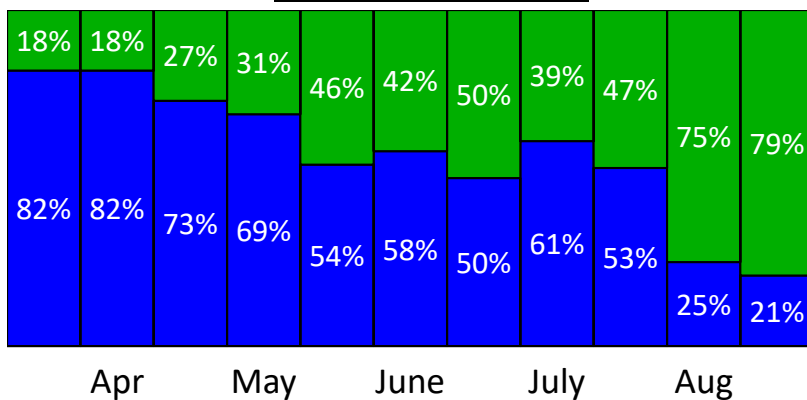
Hot Rolled Orders



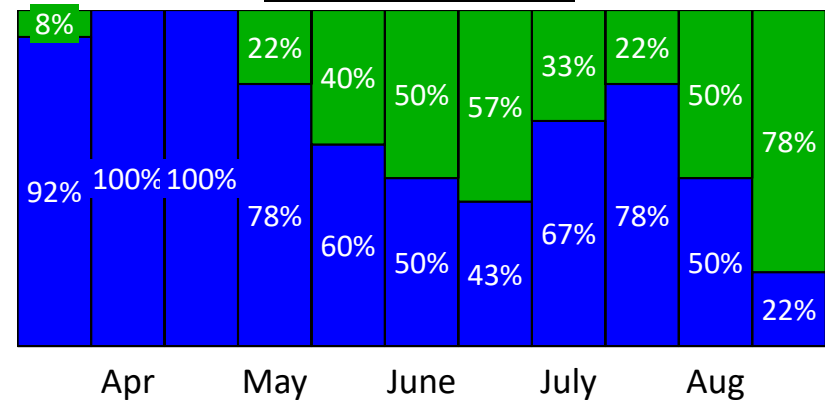
Cold Rolled Orders



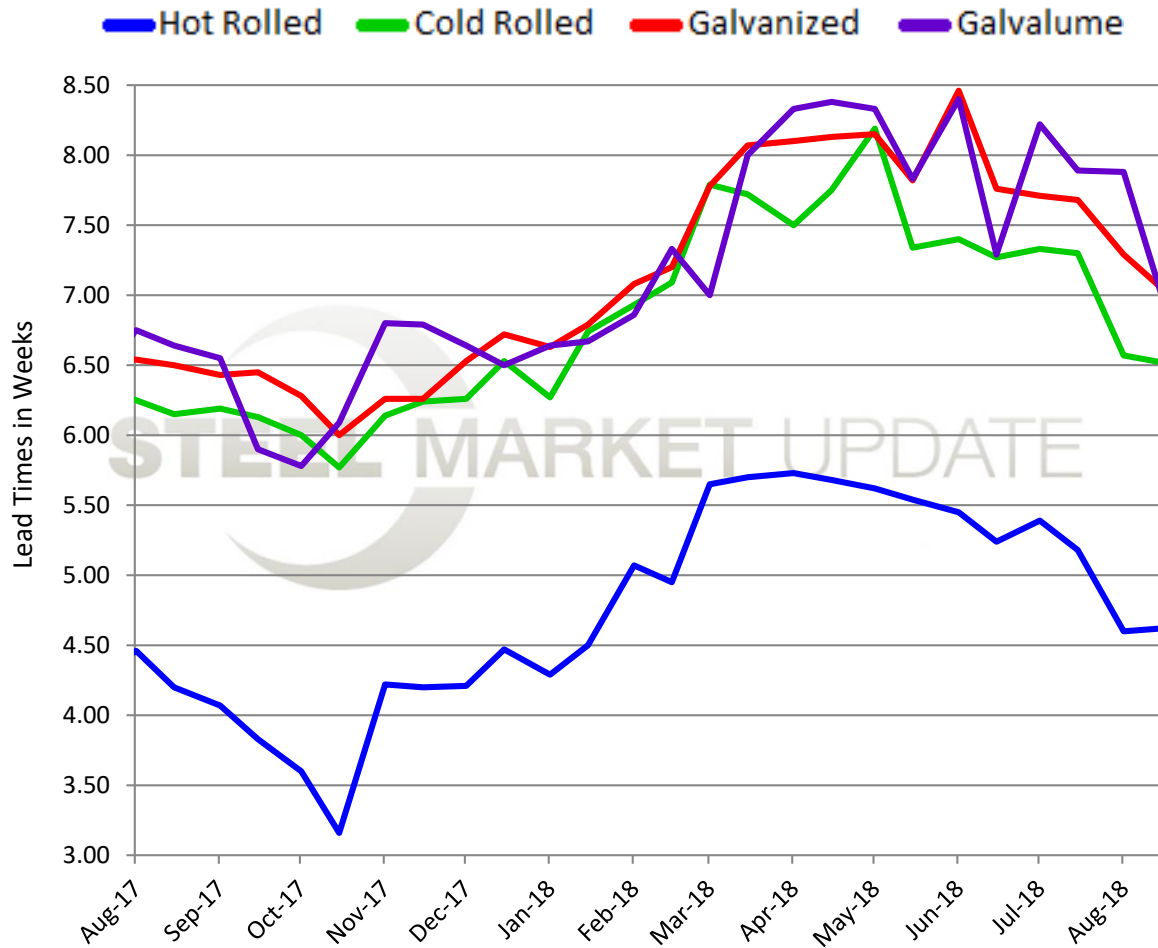
Galvanized Orders



Galvalume Orders



Mill Lead Times

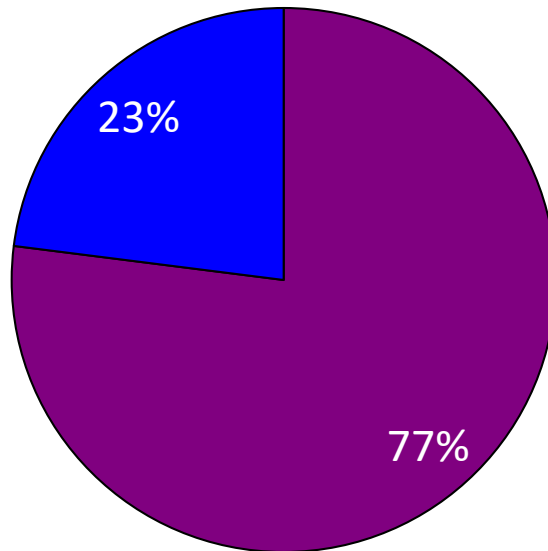


Hot Rolled: 4.62
Cold Rolled: 6.52
Galvanized: 7.05
Galvalume: 7.00

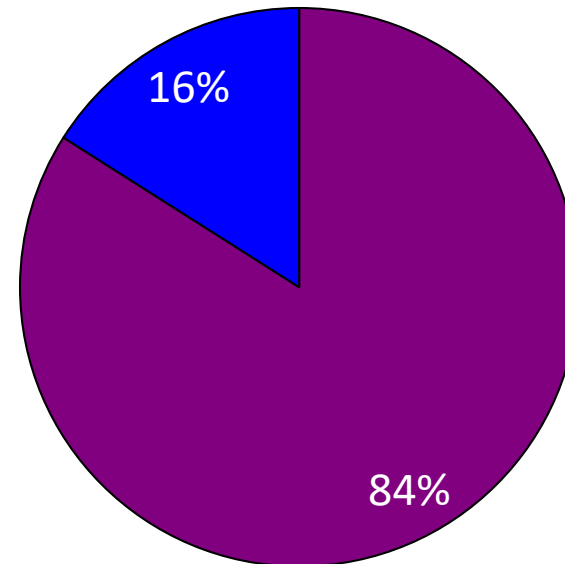
Does your company buy foreign steel?

 Yes  No

Manufacturers



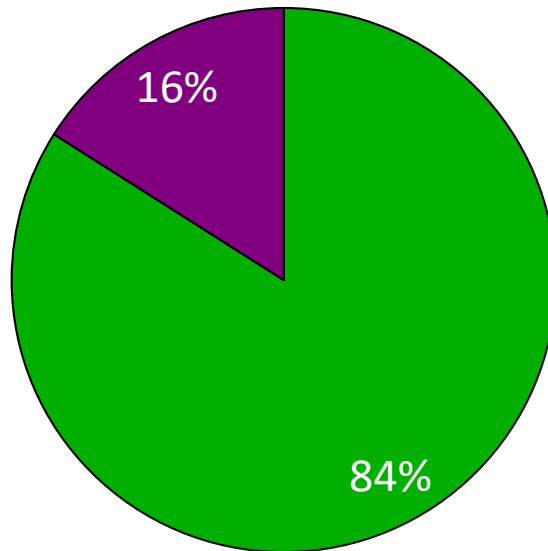
Service Centers



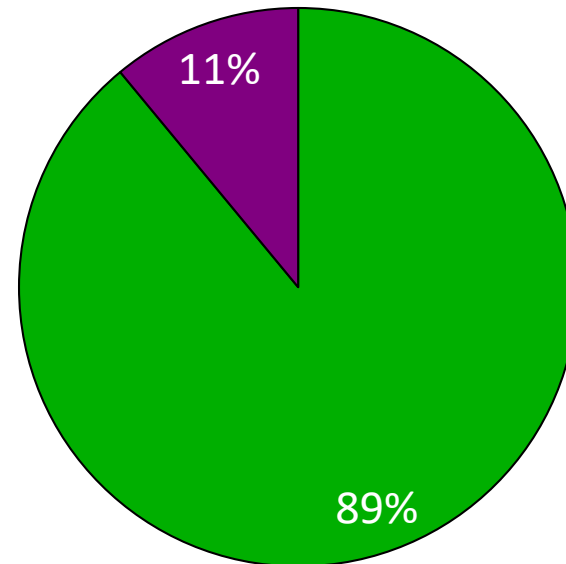
Are your foreign steel suppliers quoting you prices for new orders for future delivery?

Yes No

Manufacturers



Service Centers

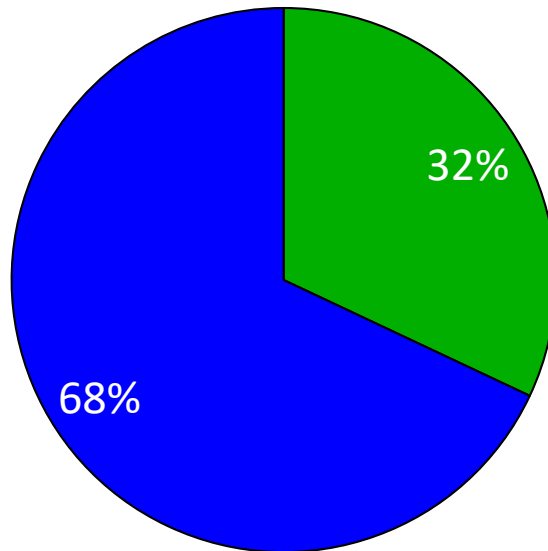


Foreign Steel

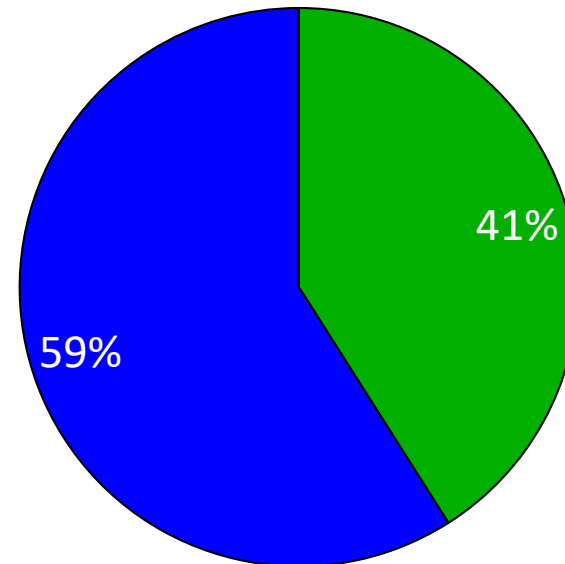
Are you moving foreign orders to the domestic steel mills?

Yes No

Manufacturers



Service Centers

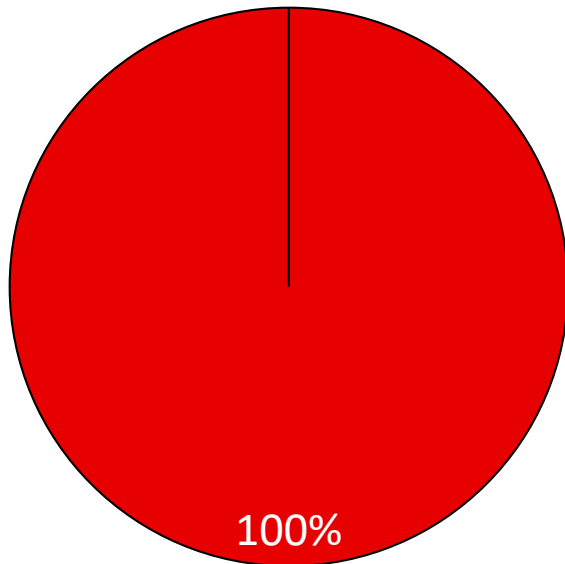


Trading Companies

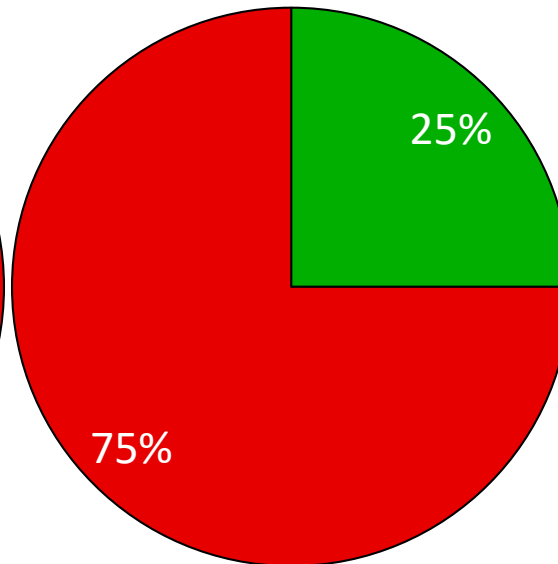
At this time, are you seeing an increase in requests for quotes from North American buyers for foreign steel?

Yes No

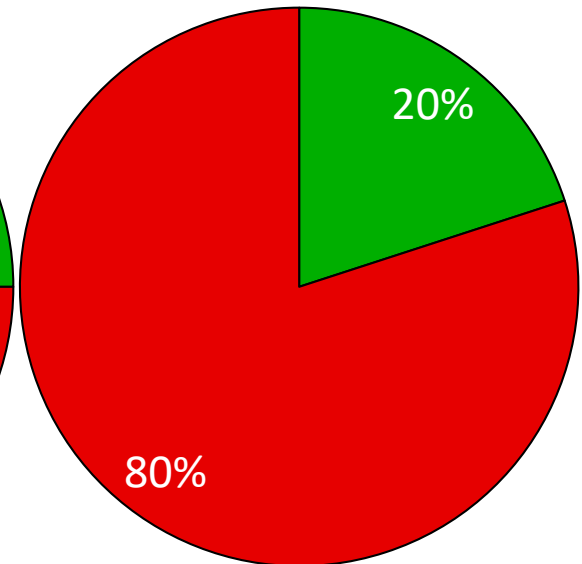
July 6, 2018



August 10, 2018



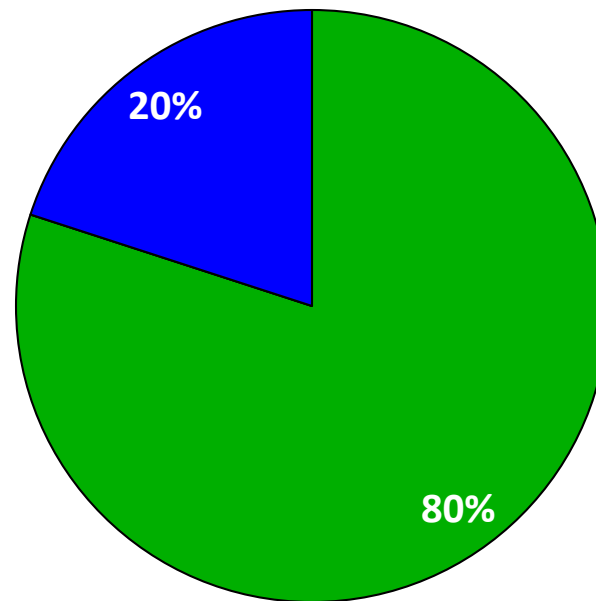
August 24, 2018



Trading Companies

Based on your company's order flows do you believe there will be less foreign steel coming into the United States in late third and fourth quarter 2018?

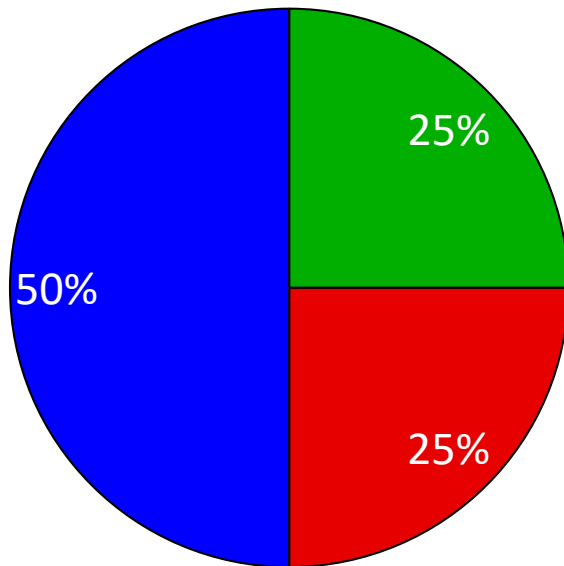
Less More Same as now



Trading Companies

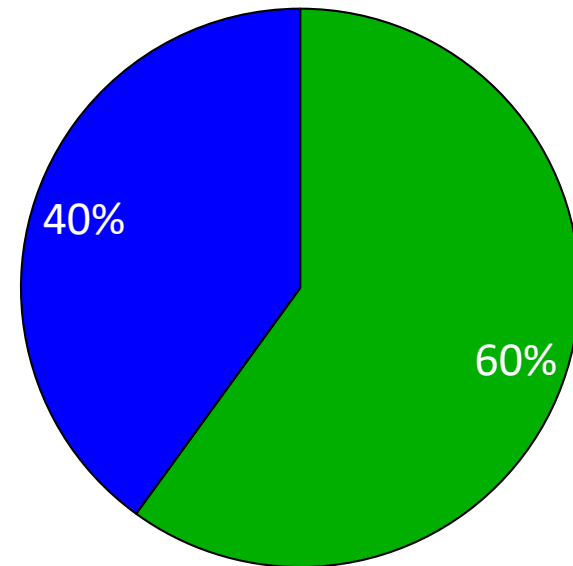
Will your galvanized prices be competitive enough to get new orders (once duties are added)?

- Yes
- No
- Too early to tell



Will your Galvalume prices be competitive enough to get new orders (once duties are added)?

- Yes
- No
- Too early to tell



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 3, 2018

The logo features a stylized circular shape on the left, composed of two curved segments. The top segment is orange and the bottom segment is red, meeting at a central point. The text 'STEEL MARKET UPDATE' is written in a bold, white, sans-serif font across the middle of the image, with the circular logo partially overlapping the word 'STEEL'.

STEEL MARKET UPDATE

part of the  Group

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