

# SMU Community Chat

January 11, 2023

Starting at 11 AM Eastern

Michael Cowden, Steel Market Update

Philip Bell, Steel Manufacturers Association (SMA)



[SteelMarketUpdate.com/Blog/SMU-Community-Chat-Webinars](https://SteelMarketUpdate.com/Blog/SMU-Community-Chat-Webinars)

# Steel Market Update Team



SMU Newsletter developed for active buyers and sellers of flat rolled steel.

**Prices – Momentum –  
Trends – Analysis**

For more information visit  
[www.SteelMarketUpdate.com](http://www.SteelMarketUpdate.com)

# Upcoming Events

Date	Event	Status	Venue
<b>January 17-18</b>	SMU Steel 101 Workshop	<b>Virtual</b>	<a href="https://SteelMarketUpdate.com/Events">SteelMarketUpdate.com/Events</a>
<b>February 5-7</b>	Tampa Steel Conference 2023	<b>Live</b>	Tampa Marriot Water Street

For more information about Tampa Steel, including registration info, visit <https://www.tampasteelconference.com/>  
Or contact our events team directly at [Events@SteelMarketUpdate.com](mailto:Events@SteelMarketUpdate.com)



Steel 101 Workshop, Severstal Dearborn 2012

Our goal is to provide quality information to the flat-rolled steel industry.

We invite more than 800 companies to participate in our surveys.

All responses are kept confidential and are never attributed to the individual or company responding.

To become a data provider, contact [Info@SteelMarketUpdate.com](mailto:Info@SteelMarketUpdate.com)



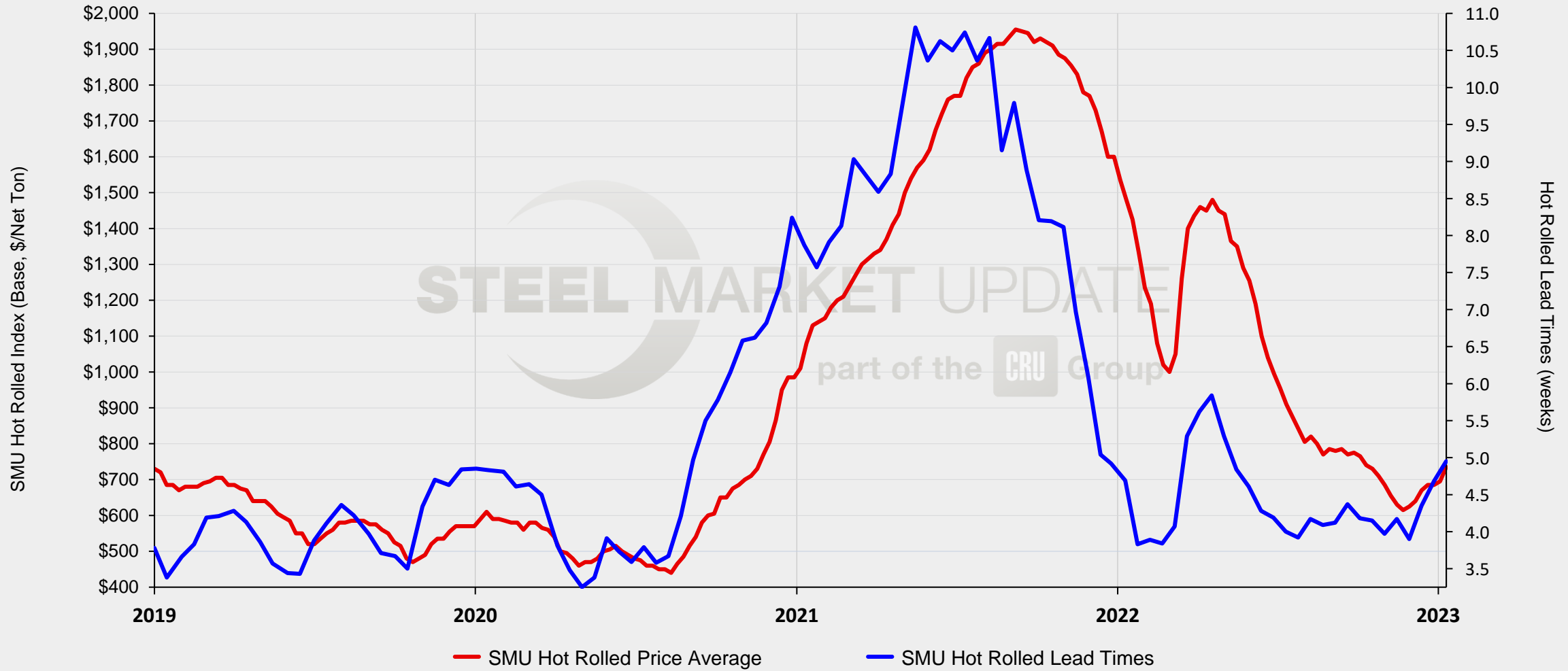
# **STEEL MARKET UPDATE**

part of the  Group

Don't just read our data, see your  
company's experience reflected in it.

Contact [Brett@SteelMarketUpdate.com](mailto:Brett@SteelMarketUpdate.com)  
for participation information.

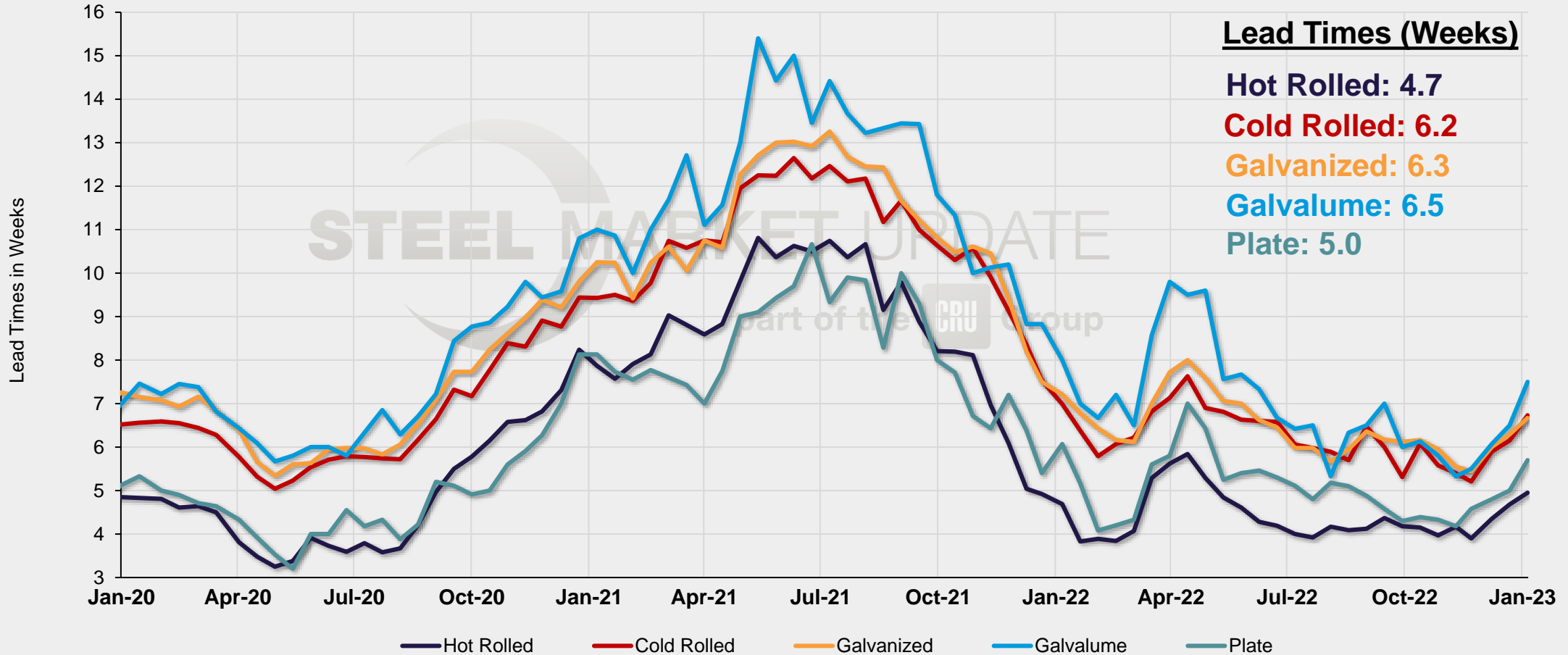
# SMU Hot Rolled Steel Prices vs Lead Times





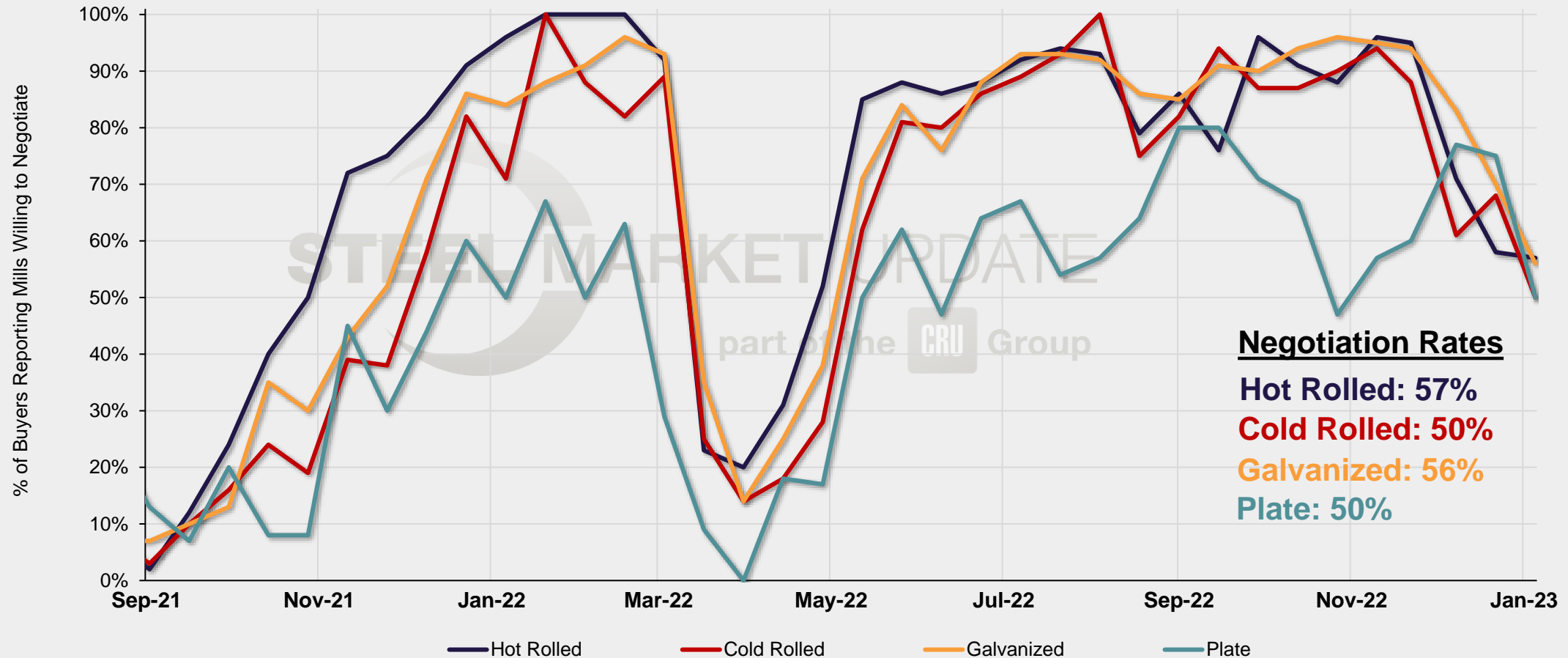
# Steel Mill Lead Times by Product

**SMU Lead Times Comparison**  
Through January 5, 2023



# Steel Mill Negotiations

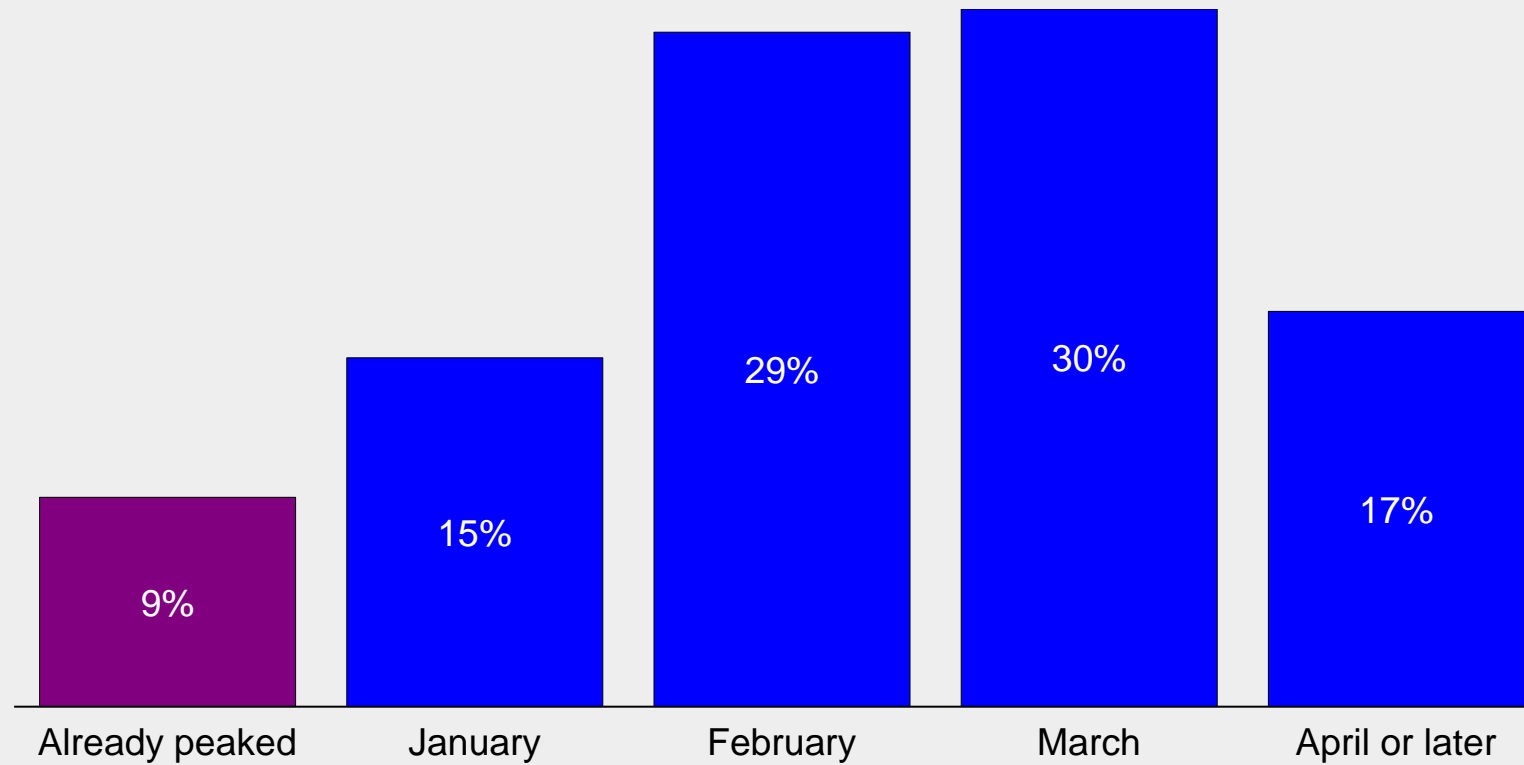
**SMU Price Negotiations on New Steel Orders by Product**  
Through January 5, 2023





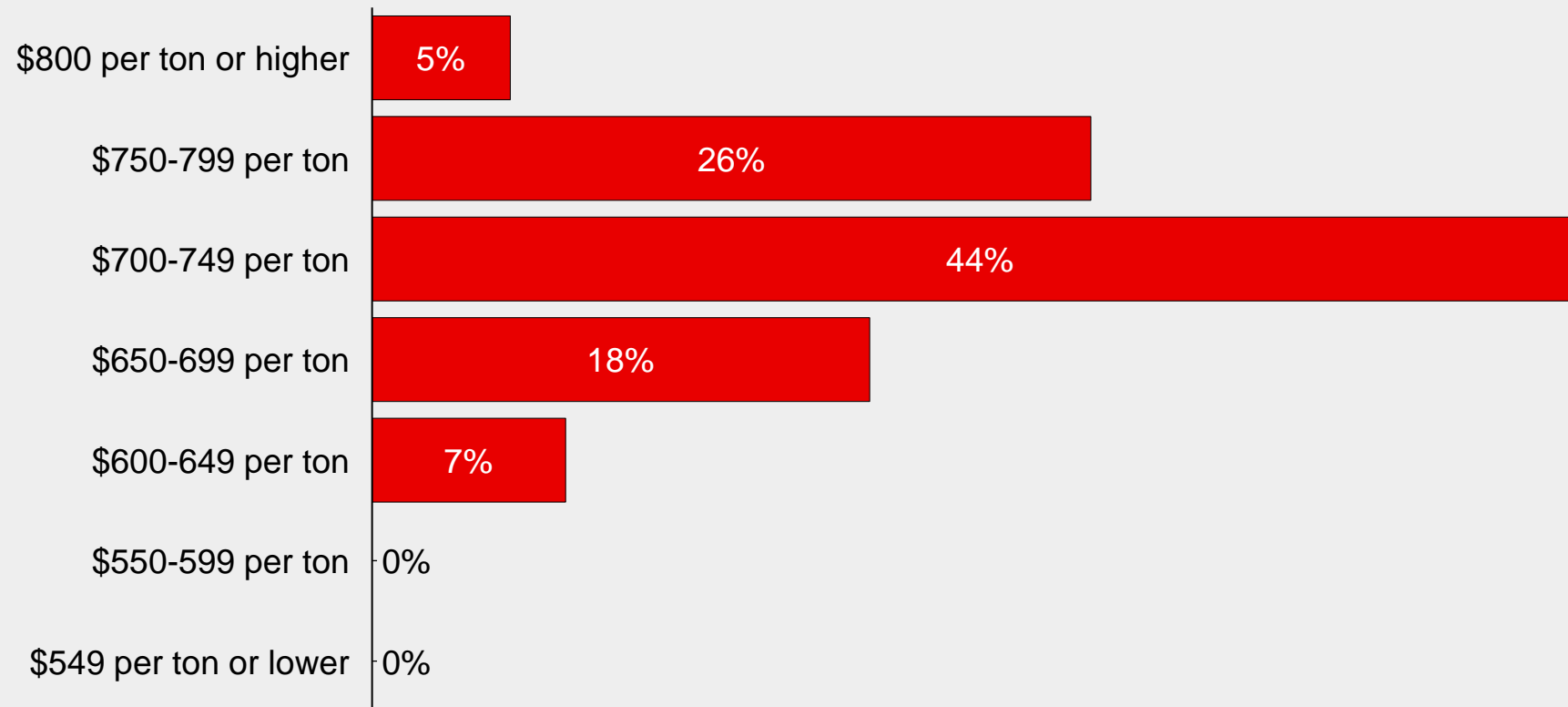
# Hot Rolled Inflection Point

When do you think steel prices will peak, and why?



# Future Hot Rolled Prices

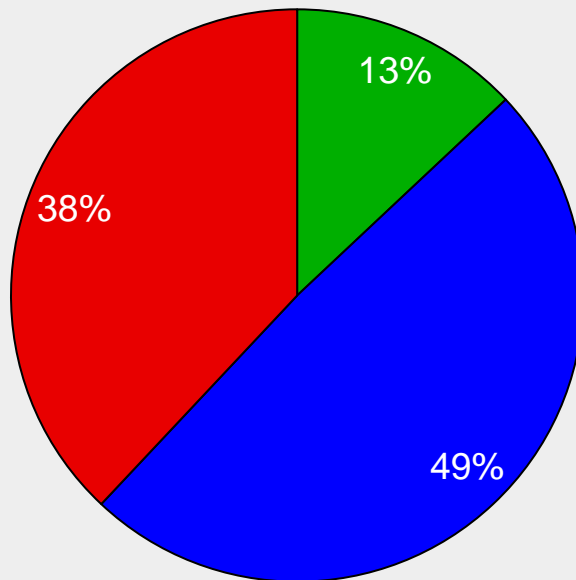
Where do you think HRC prices will be in two months?



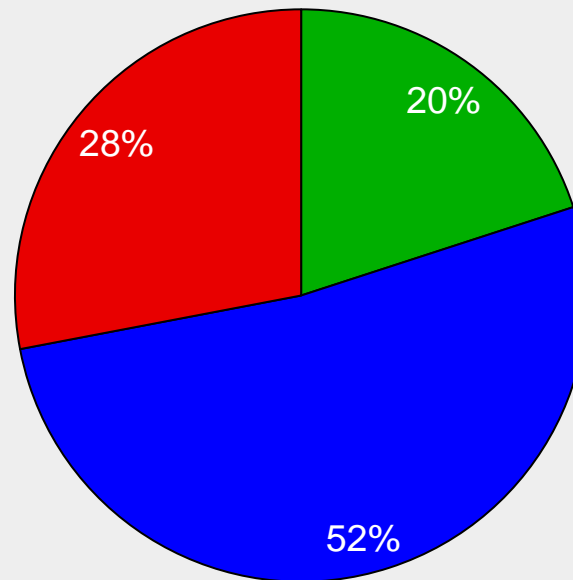
How did your company perform last month compared to your forecast?

- We exceeded forecast
- We met forecast
- We did not meet forecast

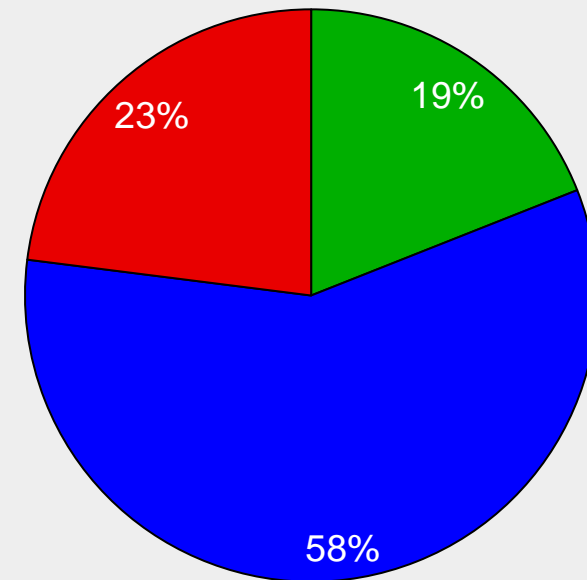
November 10, 2022



December 6, 2022



January 5, 2023

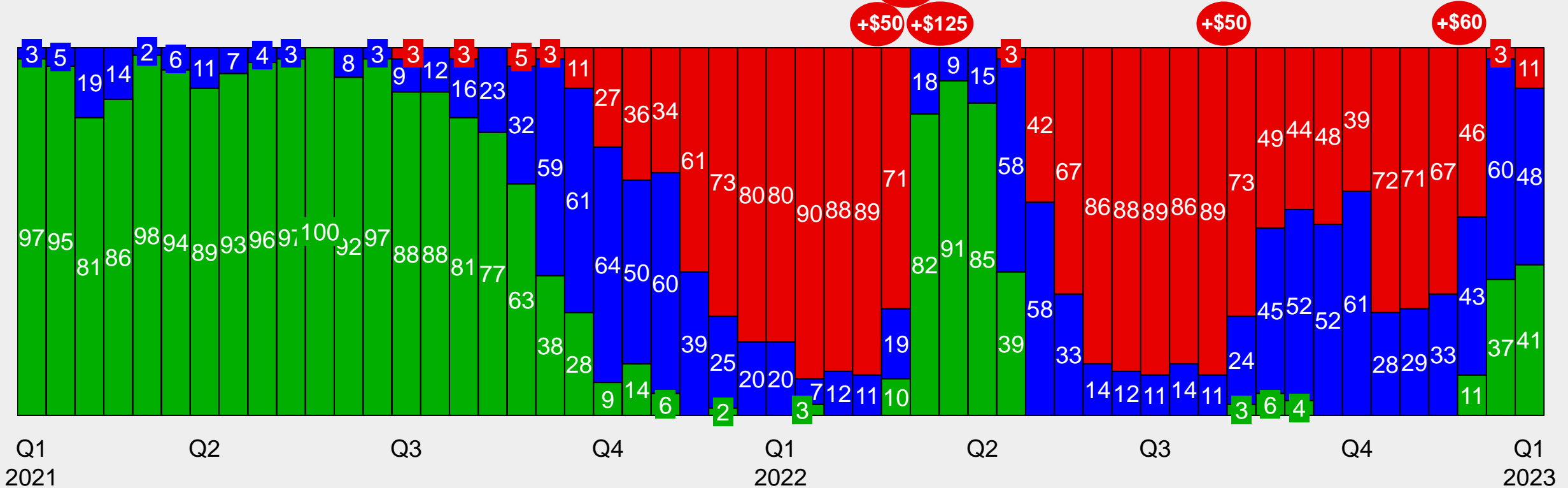


# Service Center View of Selling Prices History

**Service Centers:** Compared to two weeks ago, how is your company handling spot pricing to your customers?

**Historical Nucor Flat Rolled Price Increase Announcements**

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

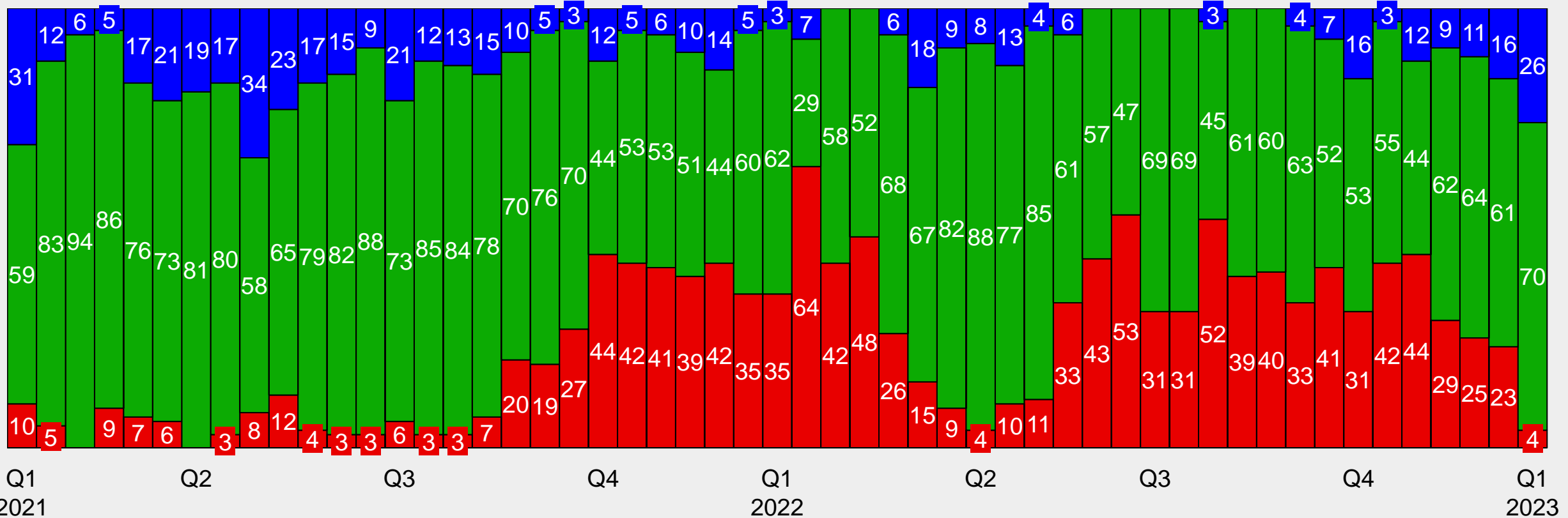


# Service Center Inventory Buying History

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

■ Building Inventory 
 ■ Maintaining Inventory 
 ■ Reducing Inventory

out of 100%

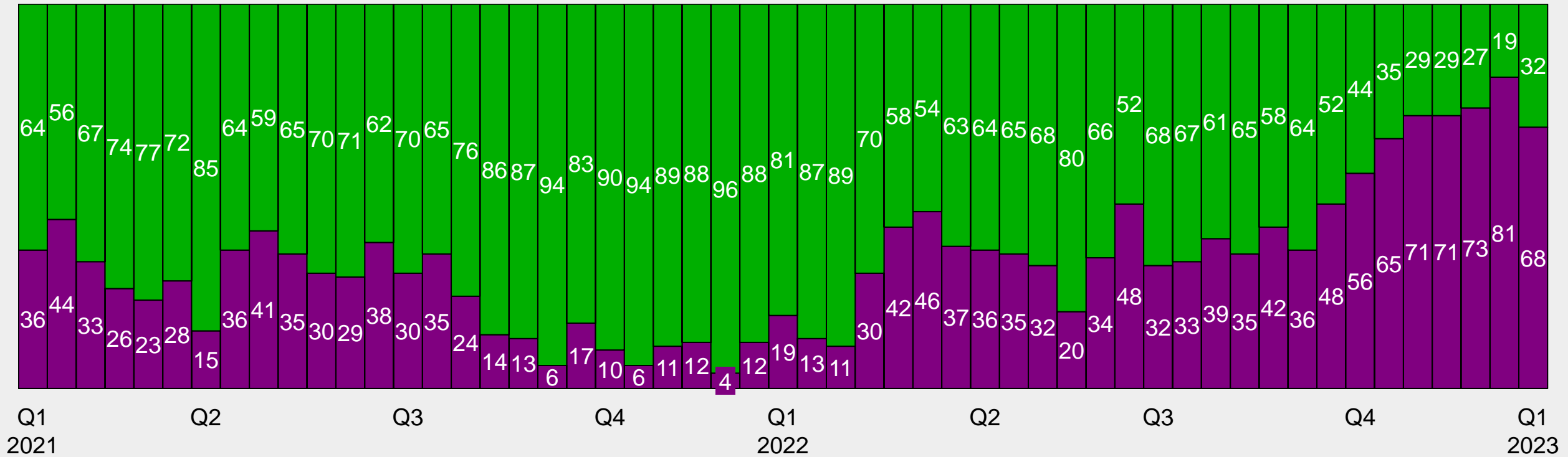


# Foreign Steel Competitiveness History

**Service Centers:** Are your foreign steel suppliers quoting you competitive prices for new orders for future delivery?

Yes No

out of 100%





- Philip K. Bell is President of the Steel Manufacturers Association (SMA). SMA is the largest steel industry trade association in the United States, representing electric arc furnace (EAF) steel producers that account for more than 70% of U.S. steel production.
- Prior to joining the SMA in 2013, Bell served as Director of External Communications and Public Affairs for Gerdau North America. A 30-year industry veteran, he became interested in steel while serving as a production and maintenance supervisor at Elementis Chromium in Corpus Christi, Texas, in the 1980s.
- Bell also serves on the U.S. Department of Commerce International Trade Advisory Committee on Steel (ITAC 11), a role in which he advises the Secretary of Commerce and United States Trade Representative (USTR) on trade policy, trade agreements, and other trade-related matters.



# SMU Community Chat

## January, 11 2023



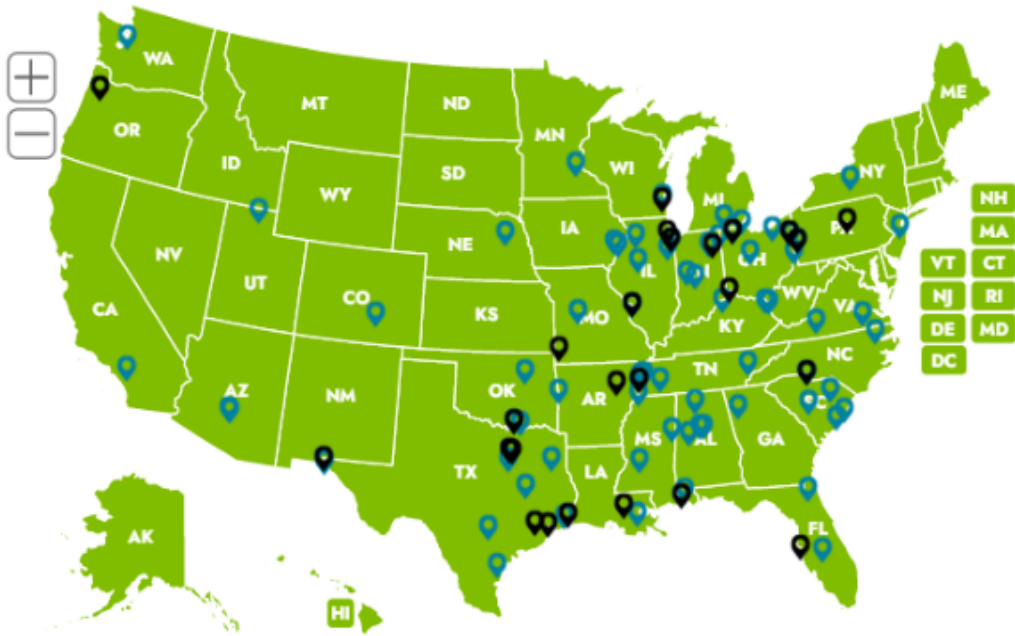
STEEL MANUFACTURERS  
ASSOCIATION

# Presentation Outline

- About the SMA
- New North American Capacity: What does it Really Mean?
- Impact on Scrap and OBMs
- The U.S. Carbon Advantage
- Steelmaking Routes – The EAF Advantage
- Decarbonization Standards
- Discussion

Source: worldsteel

# SMA Members



**Alton Steel**  
Alton, IL



**Charter Manufacturing**  
Mequon, WI



**Jersey Shore Steel**  
Jersey Shore, PA



**North Star BlueScope Steel**  
Delta, OH



**Sterling Steel (Leggett & Platt)**  
Carthage, MO



**Arkansas Steel**  
Newport, AR



**Chicago Heights Steel**  
Chicago Heights, IL



**JSW Steel USA - Baytown**  
Baytown, TX



**Nucor Corporation**  
Charlotte, NC



**Stupp Corporation**  
Baton Rouge, LA



**Big River Steel**  
Osceola, AR



**Commercial Metals Company**  
Irving, TX



**Liberty Steel**  
Dallas, TX



**Optimus Steel**  
Vidor, TX



**Tenaris**  
Bay City, TX



**Byer Steel**  
Cincinnati, Ohio



**EVRAZ NA**  
Chicago, IL



**McDonald Steel**  
McDonald, OH



**SSAB**  
Mobile, AL



**Vallourec Star USA**  
Houston, TX



**Cascade Steel**  
McMinnville, OR



**Gerdaul NA**  
Tampa, FL



**Mid-American Steel & Wire**  
Madill, OK



**Steel Dynamics, Inc.**  
Fort Wayne, IN



**W.Silver**  
Vinton, TX

# New Capacity: What does it Really Mean?

$$X = A + B$$

X = Resulting Capacity (Excess?)

A = Current Capacity

B = New Capacity

# New Capacity: What does it Really Mean?

$$X = (A + B) - (C + D + E)$$

- X = Resulting Capacity (Excess?)
- A = Current Capacity
- B = New Capacity
- C = Closures
- D = Displacements
- E = Exits

# North America Flat Rolled Capacity 2020 - 2025

Target Date	Company	Capacity (Mst/yr)	Operations
Q4 2020	Stelco - Lake Erie Works	0.30	Blast furnace upgraded
Q4 2020	U.S. Steel - Big River Steel expansion	1.65	Doubled capacity via 2nd EAF at existing sheet mill
Q2 2021	Ternium	4.40	New hot rolling mill
Q4 2021	ArcelorMittal Mexico	2.76	New hot rolling mill
Q4 2021	Steel Dynamics Inc. (SDI)	3.00	Greenfield EAF sheet mill
Q4 2021	Nucor (Gallatin)	1.40	Expansion of existing EAF sheet mill
H1 2022	North Star BlueScope	0.85	Expansion of existing EAF sheet mill
H2 2022	AHMSA	1.60	Blast furnace restart
Q4 2022	Nucor	1.20	Greenfield EAF plate mill
H1 2023	AM/NS Calvert	1.50	Addition of EAF and slab casting capability
2024/2025	Nucor	3.00	Greenfield EAF sheet mill
2024	U.S. Steel	3.00	Greenfield EAF sheet mill
2024	Algoma	3.70	Greenfield EAF sheet mill
	<b>Total new capacity</b>	<b>28.36</b>	
2024	U.S. Steel	1.60	Assumed Gary furnace to offset new EAF capacity
2024	U.S. Steel	1.40	Assumed Granite City B idled to offset new EAF capacity
H1 2023	AM/NS Calvert	1.50	Replacing slab imports
2022/2023	Ternium	0.90	Planned idling of older capacity
2024	Algoma	2.80	Algoma BF replacement
	<b>Net new capacity</b>	<b>20.16</b>	

Sources: Wolfe Research, Company Reports

# Impact on Raw Materials

## Acquisitions

Est. added  
scrap/substitute demand

Year	Capacity (Mt/yr)
2022	5.78
2023	2.97
2024	10.67

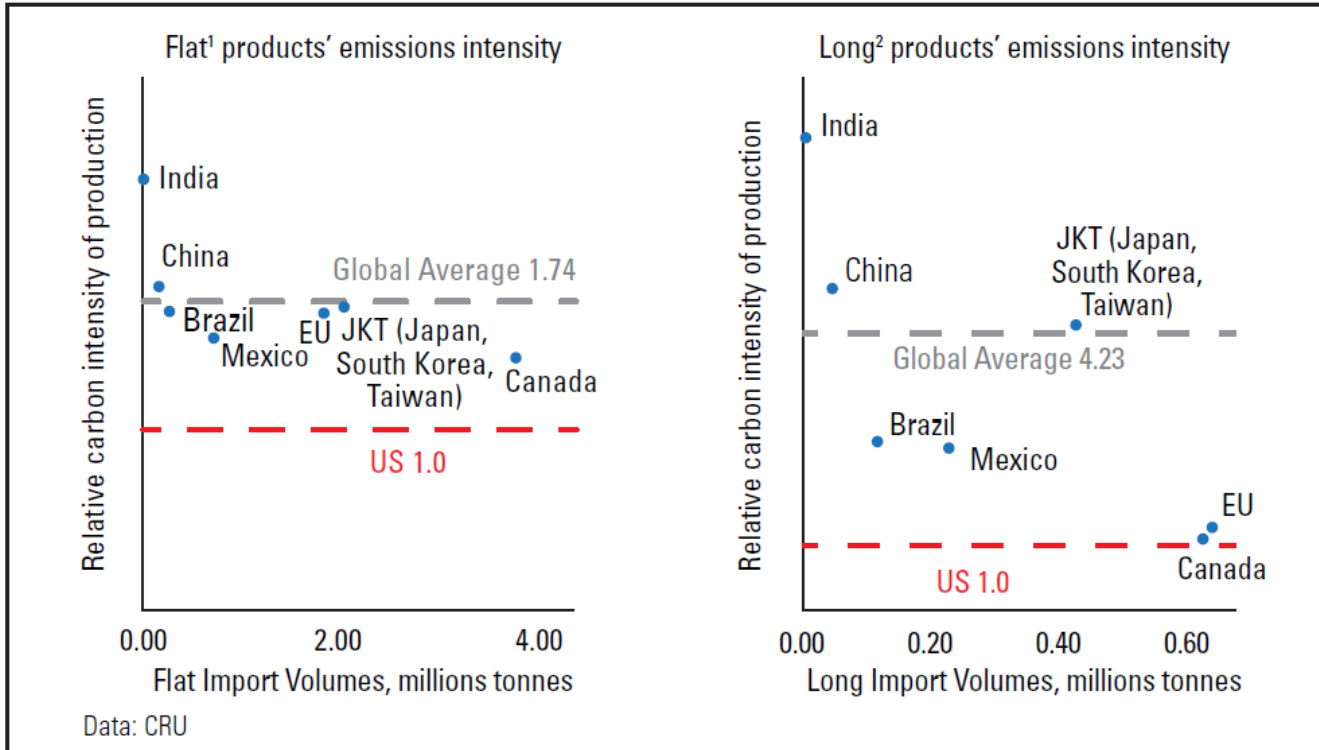
Company	Date	Acquisition
ArcelorMittal	Apr 2022	Voestalpine HBI
Cliffs	Oct 2021	Ferrous Processing and Trading Company
North Star BlueScope	Nov 2021	Metal X
Nucor	Oct 2021	Grossman Iron & Steel/Garden Street Iron & Metal
Schnitzer	Apr 2022	Encore Recycling
Schnitzer	Aug 2022	Columbus Recycling
Steel Dynamics	Aug 2021	Zimmer SA de CV
Steel Dynamics	May 2022	Roca Acero S.A.

Sources: Company Reports, SMA



# American Steel's Carbon Advantage

## Carbon Competitiveness of U.S. Steel Industry



1 Flat products means hot rolled coil ("HRC"), cold rolled coil ("CRC"), coil plate, tinplate and galvanized products. Plate products are not included.

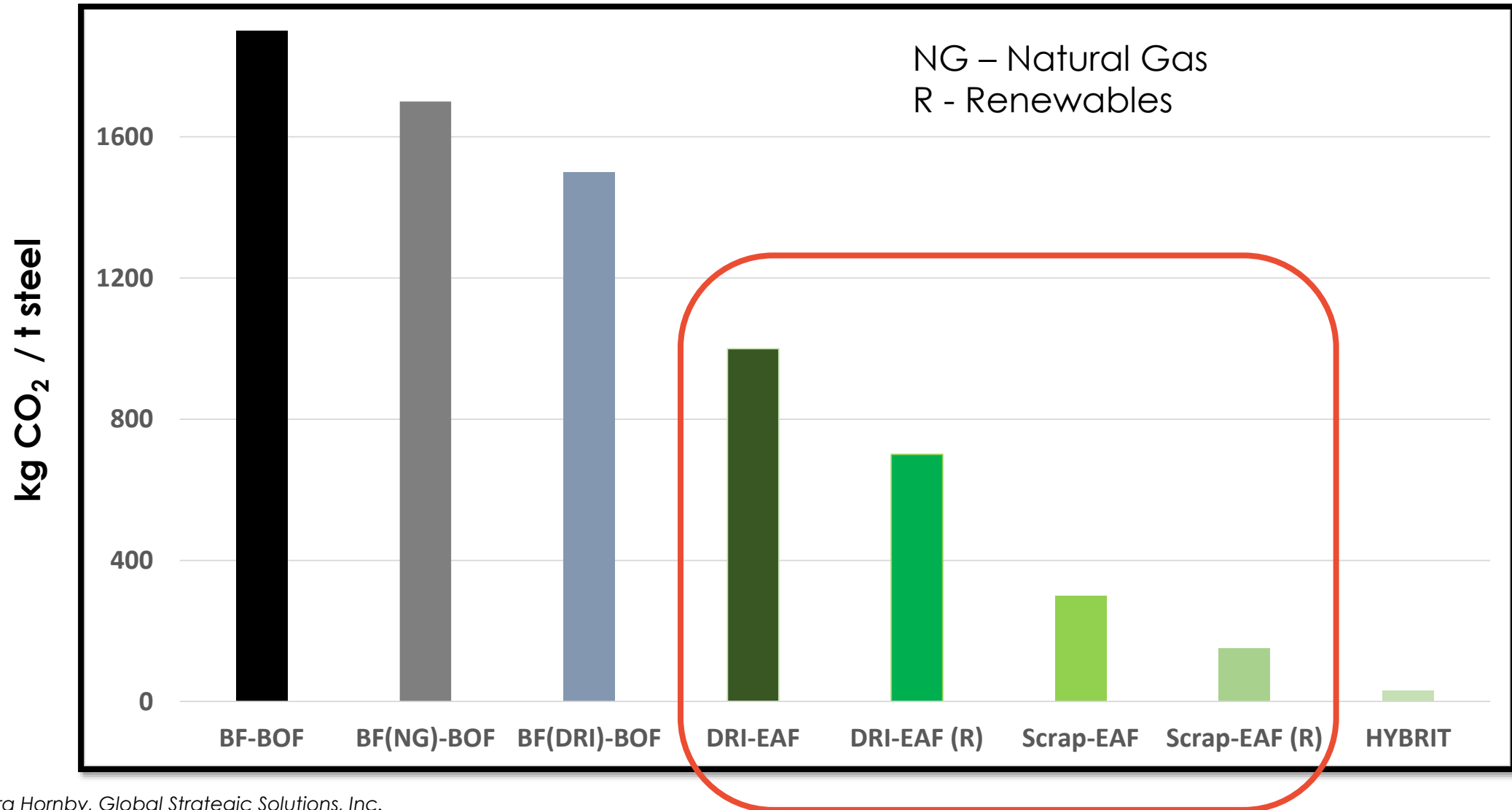
2 Long products means rebar, wire rod and merchant bar. Sections, rail and seamless pipe are not included.

## Key Points

- U.S. steel producers are 75% - 320% more carbon efficient than global producers
- America produces steel while emitting less carbon dioxide than all of our major competitors
- Current climate and trade rules do not give American steel producers credit for their cleaner operations
- The US steel industry has a major carbon advantage. Steel exporters to the US emit 50-100+% more CO2 emissions per tonne than US producers on average
- The U.S. economy is three times more carbon efficient than that of China and nearly four times as efficient as India

Source: Climate Leadership Council, CRU

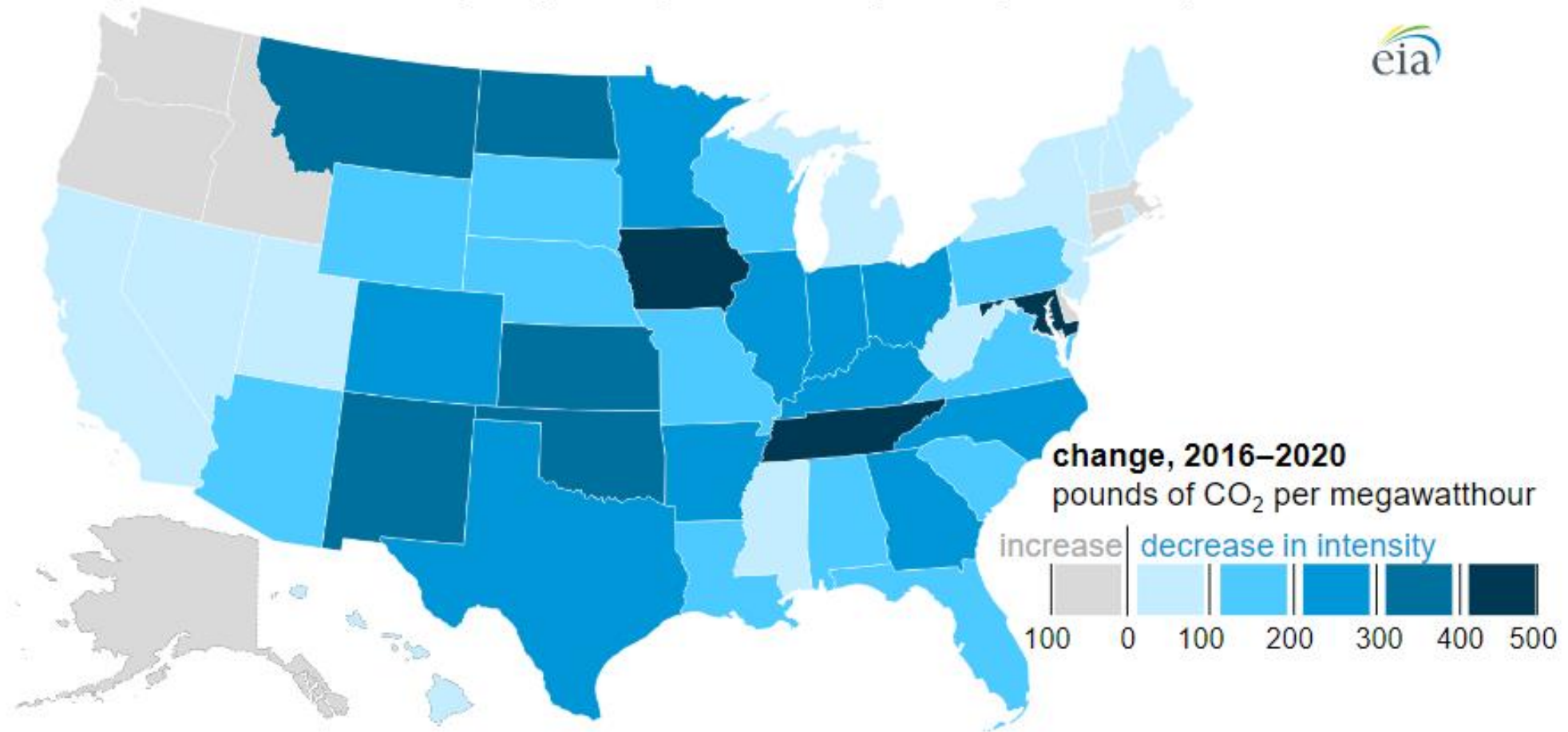
# Carbon Emissions by Steelmaking Route



Source: Dr. Sara Hornby, Global Strategic Solutions, Inc.

# American EAFs Use an Electric Grid That Gets Greener Each Year

Change in carbon intensity of power generation by state (2016–2020)



Source: EIA Power Plant Operations Report



Global Steel  
Climate Council

THE MISSION

THE ISSUE

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# A Steel Coalition for Change

We believe environmental standards should accelerate steel's progress to reduce emissions.

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American Steel Redefined

1/11/2023

26

# Discussion?

**Philip K. Bell**  
**President**  
**Steel Manufacturers Association**  
**1150 Connecticut Ave. NW, Ste. 1125**  
**Washington, DC 20036**







# Q & A

Don't just read our data, see your company's experience reflected in it.  
Contact [Brett@SteelMarketUpdate.com](mailto:Brett@SteelMarketUpdate.com) for participation information



# Thank You

Thanks for attending our Community Chat. A special thanks to Tom Derry for his participation.

For information on subscribing to SMU, contact Lindsey Fox: [Lindsey@SteelMarketUpdate.com](mailto:Lindsey@SteelMarketUpdate.com)

To participate in our survey, contact us: [Info@SteelMarketUpdate.com](mailto:Info@SteelMarketUpdate.com)

To become a data provider for our service center inventory report, contact Estelle Tran: [Estelle.Tran@CRUGroup.com](mailto:Estelle.Tran@CRUGroup.com)

To contact Michael Cowden: [Michael@SteelMarketUpdate.com](mailto:Michael@SteelMarketUpdate.com)

To contact Philip Bell: [Bell@SteelNet.org](mailto:Bell@SteelNet.org)

Stay safe and stay tuned to Steel Market Update!



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

# STEEL MARKET UPDATE

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The CRU logo consists of the letters 'CRU' in a white, bold, sans-serif font, enclosed within a white square.

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