

SMU Community Chat

May 26, 2021

Starting at 11 AM Eastern

Michael Cowden, Steel Market Update

Philip Bell, Steel Manufacturers Association (SMA)



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

Steel Market Update



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

Prices – Momentum – Trends – Analysis – with a guarantee

For more information visit www.SteelMarketUpdate.com

Date	Conference	Status	Venue
June 2-3	Steel Hedging 101	Virtual	Online
July 14	Galvanized Hedging	Virtual	Online
July 20-21	Steel 101	Virtual	Online
August 3-4	Steel Hedging 201	Virtual	Online
August 23-25	SMU Steel Summit	Live	Georgia International Convention Center
September TBD	Steel 201	Virtual	Online

If you would like more information about any of our workshops, you may visit SteelMarketUpdate.com/Events or e-mail our team at Events@SteelMarketUpdate.com



Steel 101 Workshop, Severstal Dearborn 2012

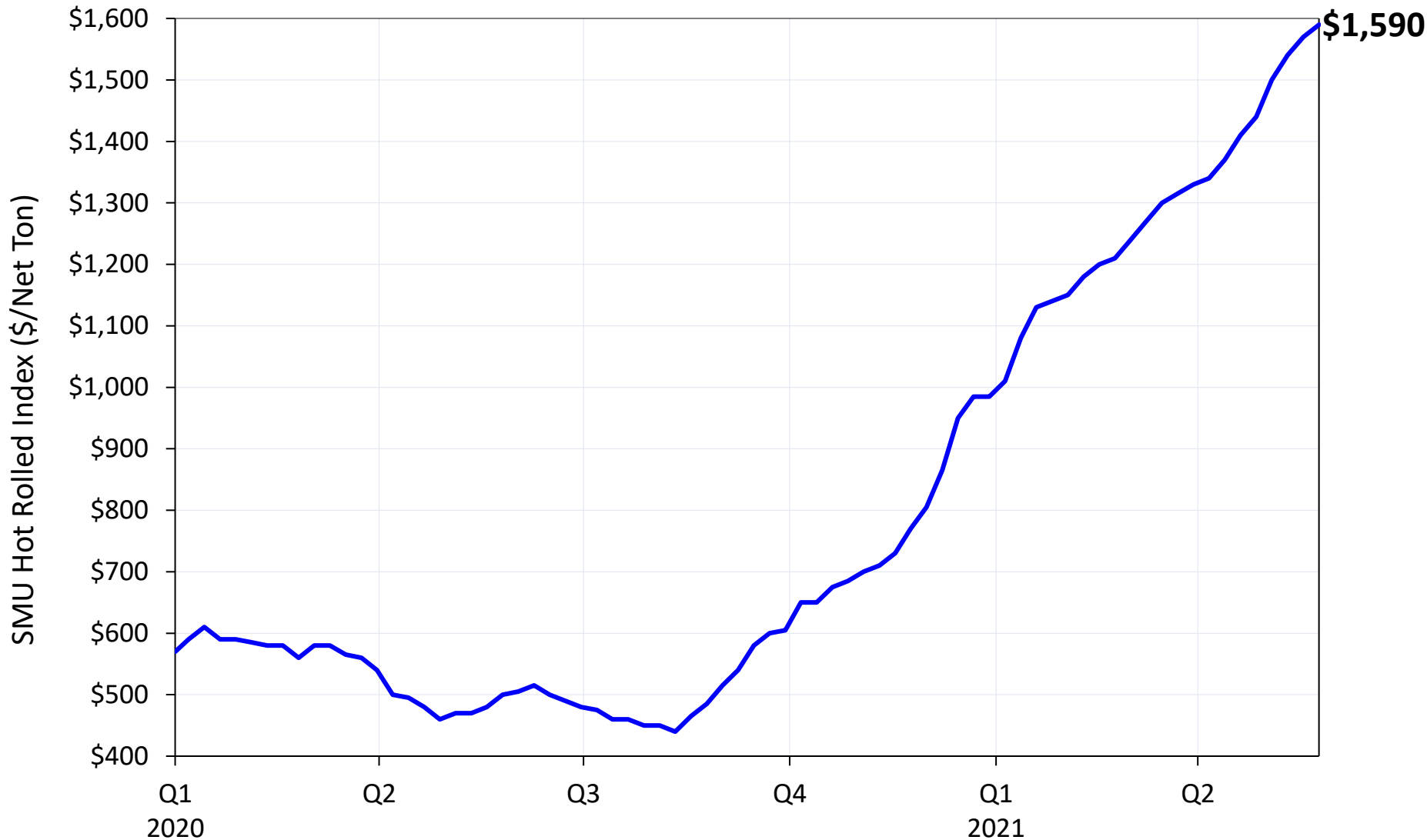
Our goal is to provide quality information to the flat rolled steel industry.

We invite over 600 companies to participate in our surveys.

Normal response rate is 100-150 individuals on any one survey.

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

SMU Hot Rolled Price Average



Blast Furnaces Are Back, Sort Of

BLAST FURNACE STATUS

LAST UPDATED: MAY 21, 2021

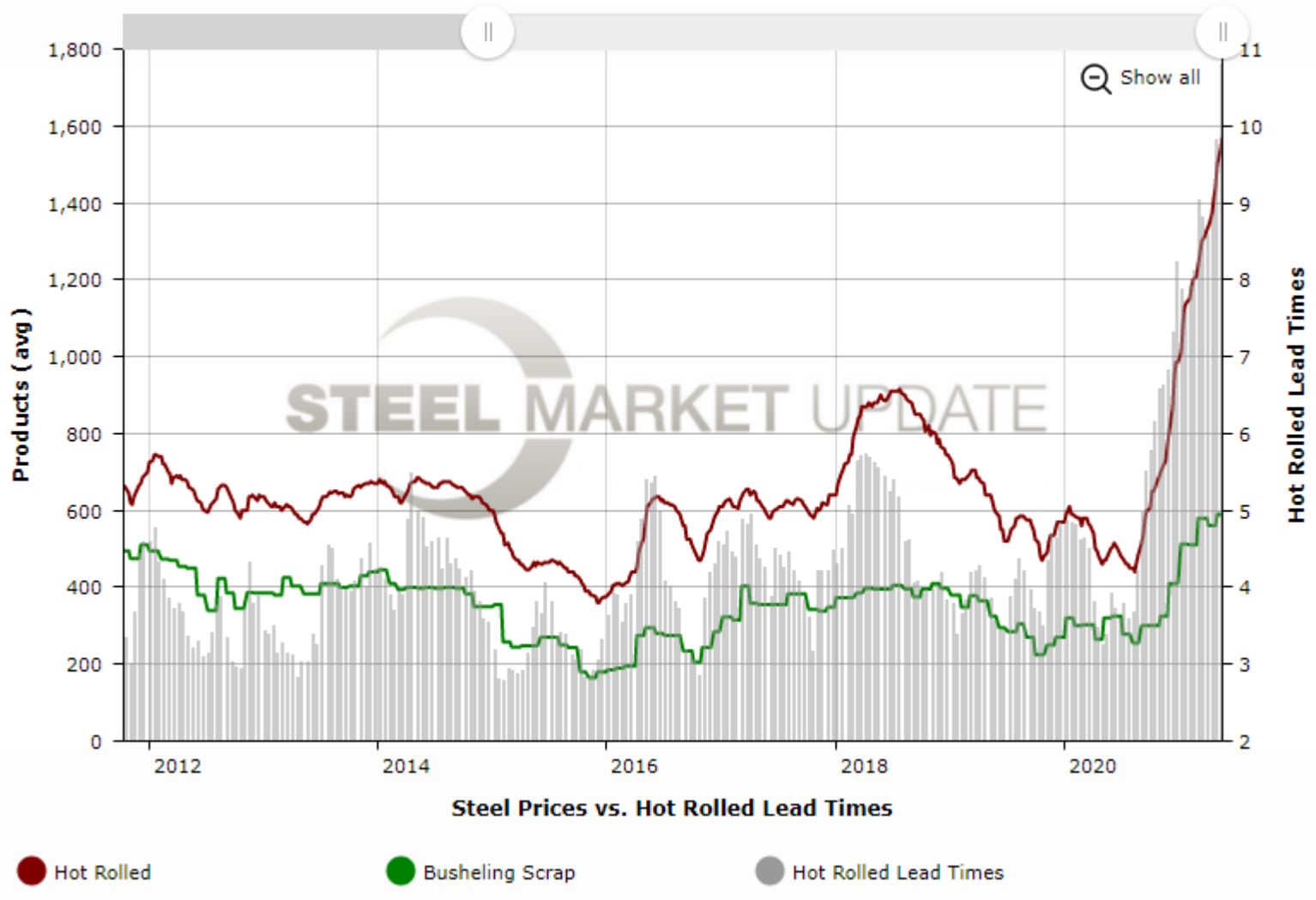
Mill Name / Plant	Furnace I.D.	Daily Capacity (Net Tons)	Running?	Comments
Cleveland-Cliffs				
Ashland	Amanda	6000	No	Former AK Steel temporarily idled in 2015, since permanently idled
Burns Harbor	C Furnace	7400	Yes	
	D Furnace	7400	Yes	
Cleveland	C-5	4350	Yes	
	C-6	4150	Yes	
Dearborn	C Furnace	6000	Yes	
Indiana Harbor	IH-3 W	2500	No	Permanently idled
	IH-4 W	4900	Yes	
	IH-5 E	2900	No	Not operated since 2010. Decommissioned in 2015. Since demolished.
	IH-6 E	5000	No	Not operated since 2010. Decommissioned in 2015. Since demolished.
	IH-7 E	11500	Yes	
Middletown	No. 3	6500	Yes	
United States Steel				
Edgar Thomson (Mon Valley)	No. 1	3200	Yes	25-day maintenance outage started on April 30
	No. 3	2900	Yes	
Fairfield	No. 8	6000	No	Permanently idled in August 2015 & removed from active status
Gary Works	No. 4	3800	Yes	
	No. 6	3450	Yes	
	No. 8	3000	Yes	
	No. 14	7450	Yes	
Granite City	A Furnace	3600	No	A Furnace indefinitely idled in April 2020
	B Furnace	3600	Yes	
Great Lakes (Ecorse, MI)	A-1	4100	No	Permanently idled June 2019 & April 2020
	B-2	3700	No	
	D-4	3650	No	

- Big River Steel expansion: 1.65M tpy - COMPLETED
- SDI Sinton: 3M tpy – late summer
- Nucor Gallatin: 1.4M tpy – 2022-23
- North Star BlueScope: ~1M tpy – 2022

- Total US EAF capacity add: 7M tpy
- Total US BF capacity Removed: 8.59M tpy

- Ternium (Mexico): 4.5M tpy – but limited exports
- Stelco (Canada): 300,000 tpy – Q4 furnace upgrade

Got (Prime) Scrap?





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 7), 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.

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SMU Community Chat

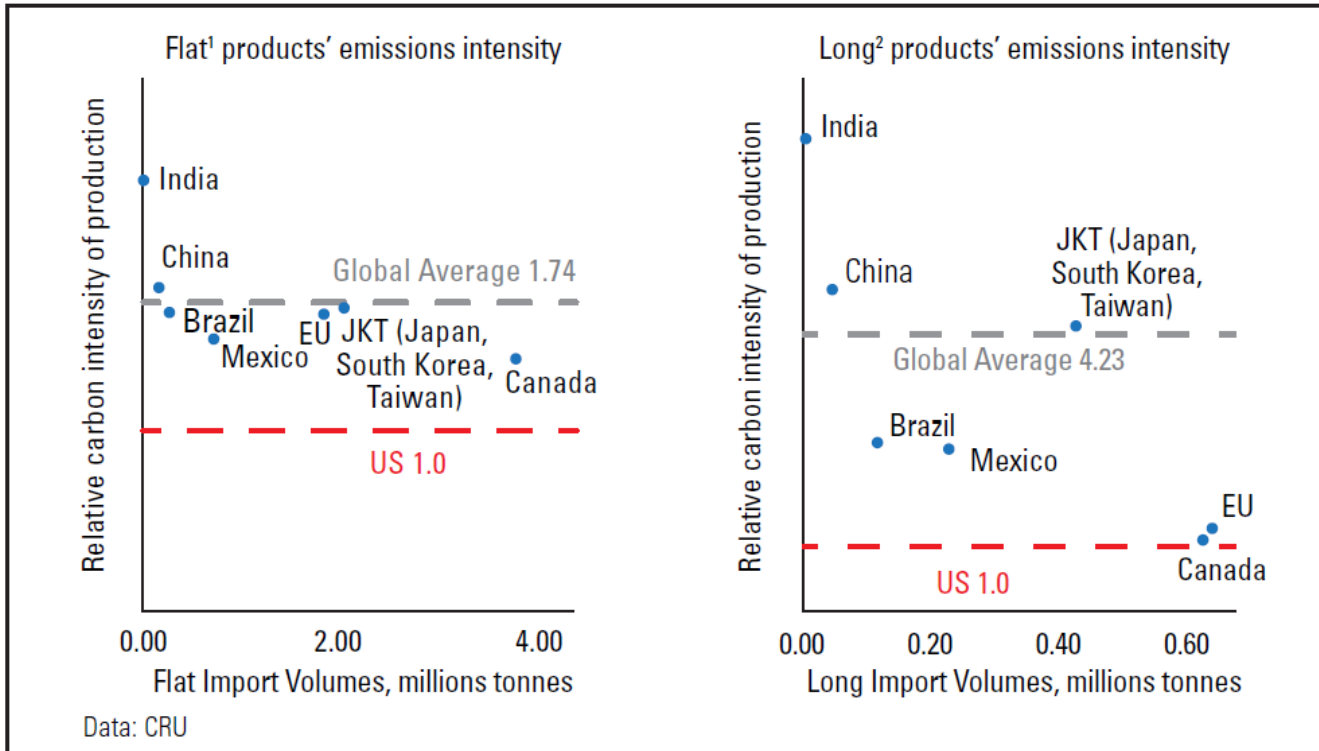
American Steel Redefined



STEEL MANUFACTURERS
ASSOCIATION

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 steel producers credit for their cleaner operations

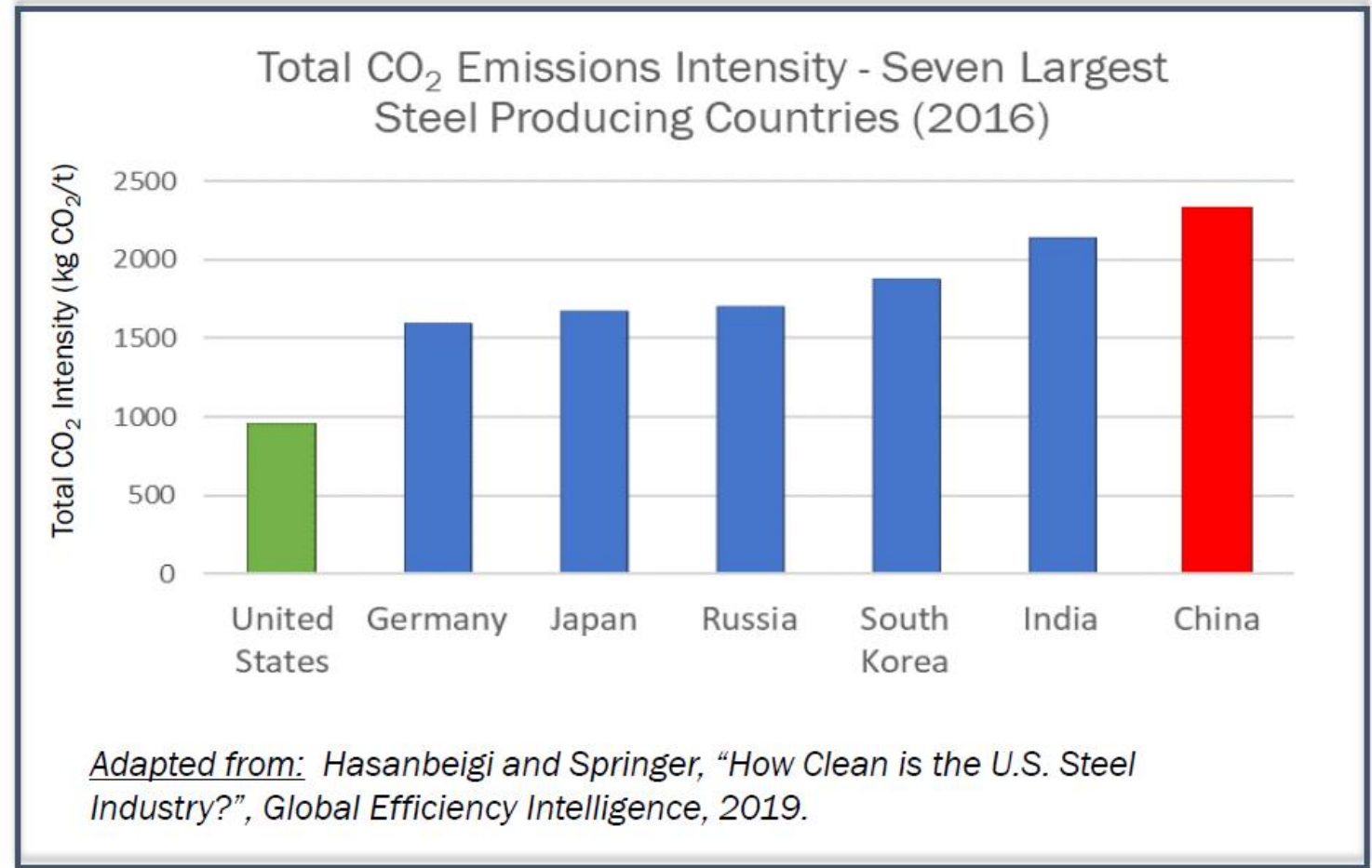

Source: Climate Leadership Council, CRU

U.S. Low CO₂ Emissions Intensity

HOW CLEAN IS THE U.S. STEEL INDUSTRY?
An International Benchmarking of Energy and CO₂ Intensities



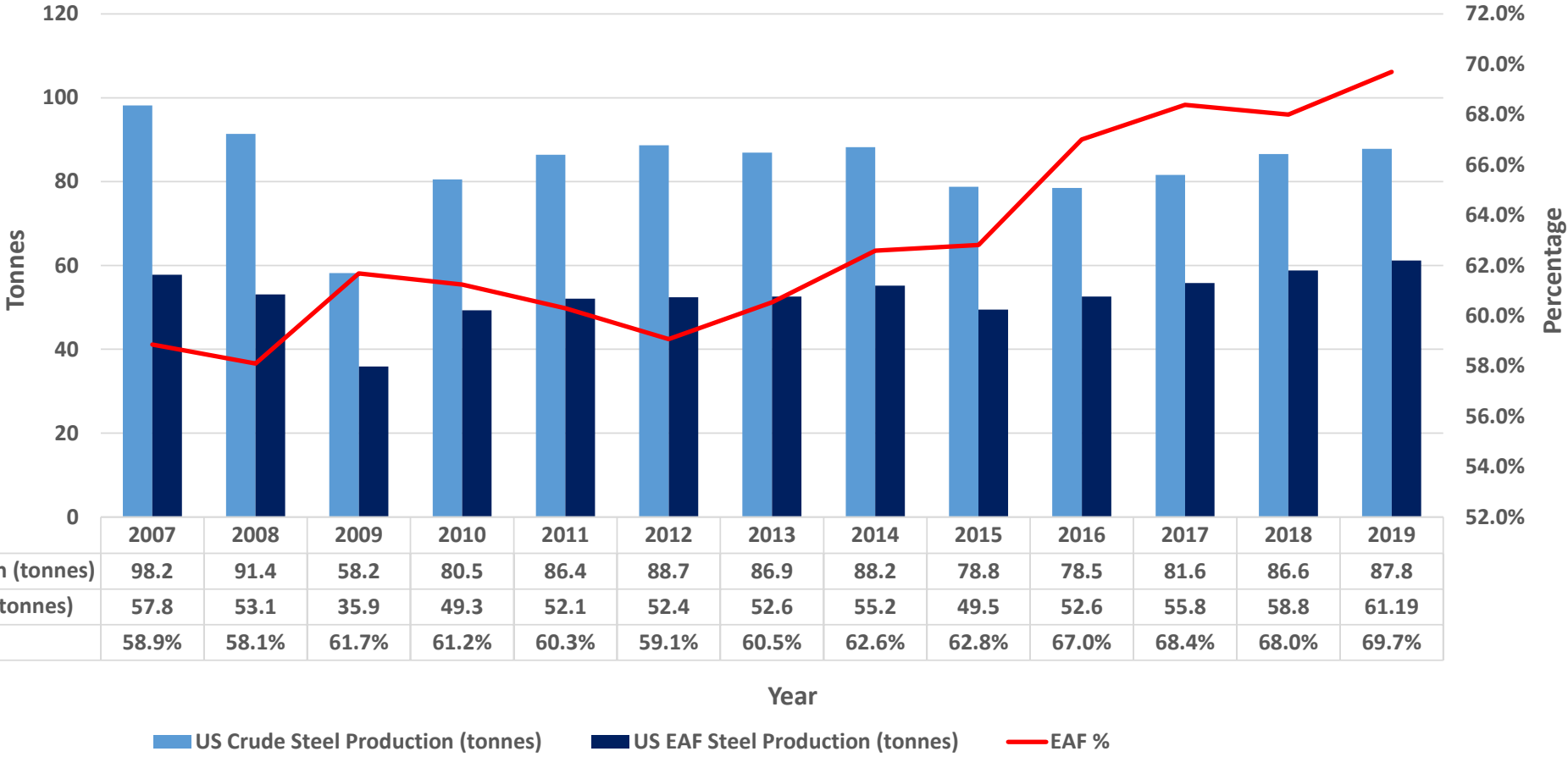
Ali Hasanbeigi & Cecilia Springer
Global Efficiency Intelligence



Source: Blue Green Alliance, Global Efficiency Intelligence

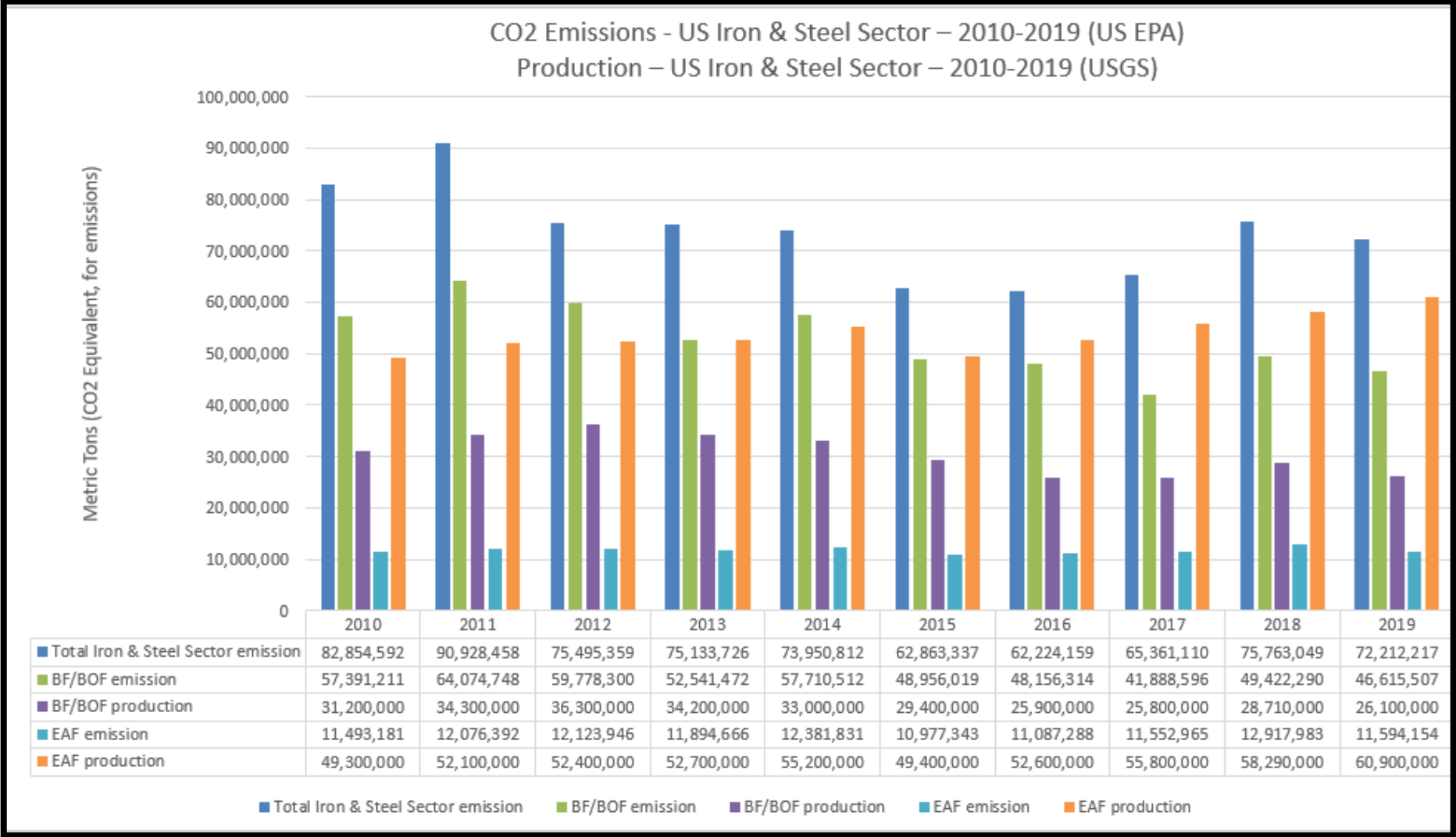
EAF Dominance in the United States

U.S. EAF Steel Production 2007-2019



Source: worldsteel, AIST, SMA

EAF Production vs. Traditional Steelmaking



Source: EPA, USGS

Steel Production Routes

Total CO ₂ Per Ton of Steel Produced						
Data Source	BF/BOF Min	BF/BOF Max	EAF Min	EAF Max	NG/DRI EAF Min	NG/DRI EAF Max
International Energy Agency (IEA)	1.62	2.20	0.56	0.91	1.38	NA
Carbon Trust	1.80	3.00	0.20	0.40	0.70	1.20
Source Average	1.71	2.60	0.38	0.66	1.04	1.20
Min/Max Average	2.15		0.52		1.12	

- The NG/DRI route would reduce $\approx 50\%$ of the CO₂ produced by the BF/BOF route
- The EAF route would reduce $\approx 75\%$ of the CO₂ produced by the BF/BOF route

Source: IEA, Carbon Trust, Tenova

Domestic Steel Sustainability

- The U.S. produces over 70% of its steel via EAFs the rest of the world has about 30% EAF production
- The domestic steel industry has the dual benefit of ferrous scrap recycling
- Lesser reliance on seaborne raw materials such as coke, coal and iron ore which already have high CO₂ intensity and add additional CO₂ through mining, extraction and transport
- Use of pelletized iron ore
- Increased use of natural gas and ore based metallics in steel production
- Increased use of renewable energy
- An energy grid that gets greener each year

Renewables

COMMERCIAL METALS COMPANY ANNOUNCES CMC STEEL ARIZONA TO BEGIN RECEIVING RENEWABLE SOLAR ENERGY

December 16, 2020 - Commercial Metals Company Announcement

SMART ENERGY DECISIONS
Industrial, Wind - December 9, 2019

Nucor plans first wind-powered steel plant



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SSAB Americas to Produce First Fossil-Free Steel in North America

Monday, 23 December 2019



One of the Largest Behind-the-Meter Solar Facilities in the Nation Now Under Development

JUNE 2, 2020 BY EMILY HOLBROOK

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(Credit: Pixabay)

174 Power Global, a solar energy company, and Gerdau Long Steel North America (Gerdau), a steel producer, have entered into a 20-year Power Purchase Agreement (PPA) to develop one of the largest behind-the-meter (BTM) solar facilities in the nation.

The 80-megawatt Gerdau Solar project in Midlothian, Texas, will be comprised of more than 231,000 solar panels, spanning more than 700 acres.

Making steel with solar energy

August 7, 2020 by Allen Best



American Steel Redefined

5/26/2021

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Investments

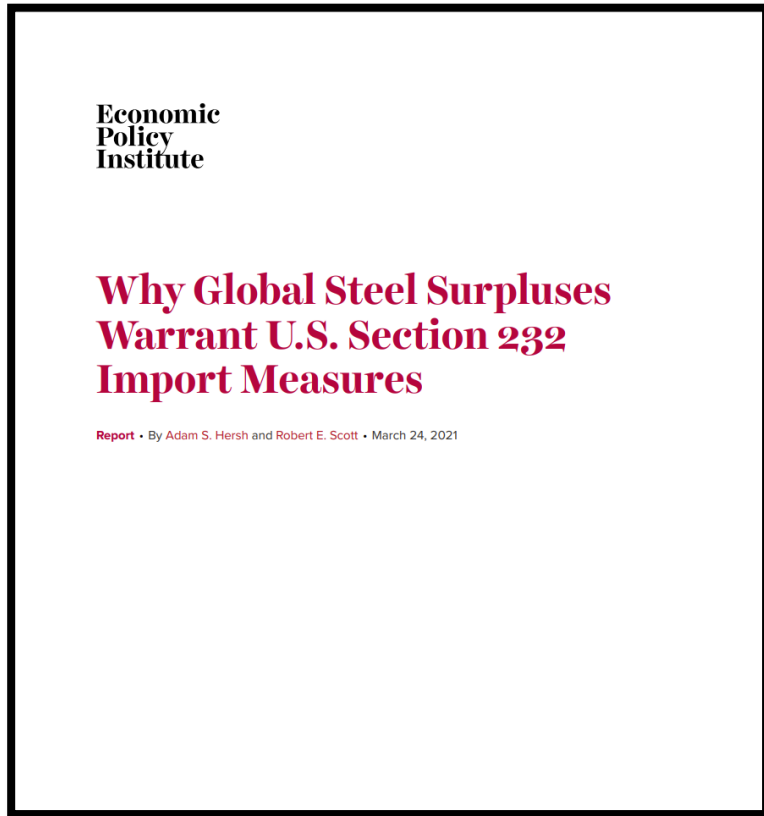
Announced Project	Capacity (Short Tons)	Type	Product/Project	Start
Big River Steel – Osceola, AR	1.5M	EAF	Sheet	2020
Nucor – Frostproof, FL	0.4M	EAF	Rebar	2020
U.S. Steel – Fairfield, AL	1.6M	EAF	Rounds/Tube	2020
Stelco – Lake Erie Works, Canada	0.3M	BOF	Furnace Upgrade	2020
Cleveland Cliffs – Toledo, OH	NA	Raw Matl.	HBI Plant	2020
Tenaris – Koppel, PA	0.0M	EAF	Slab/Tube	2021
Steel Dynamics – Sinton, TX	1.6M	EAF	Sheet	2021
Nucor– Gent, Ky	1.3M	EAF	Sheet/Plate	2021
Nucor – Brandenburg, KY	1.2M	EAF	Plate	2022
U.S. Steel – Mon Valley, PA	0.0M	BOF	Sheet	2022
North Star BlueScope – Delta, OH	0.9M	EAF	Sheet	2022
ArcelorMittal – Calvert, AL	1.5M	EAF	Slab	2022
Commercial Metals – Mesa, AZ	0.5M	EAF	Rebar	2022
Big River Steel – Brownsville, TX	3.0M	EAF	Sheet	2023

\$15.7B

Source: Company Reports



232 Import Measures



Steel Imports Not Subject to 232 Tariffs



39.9% of 2020 U.S. Imports



28.6% of 2020 of U.S. Imports

Exclusions, Court Settlements, GAEs

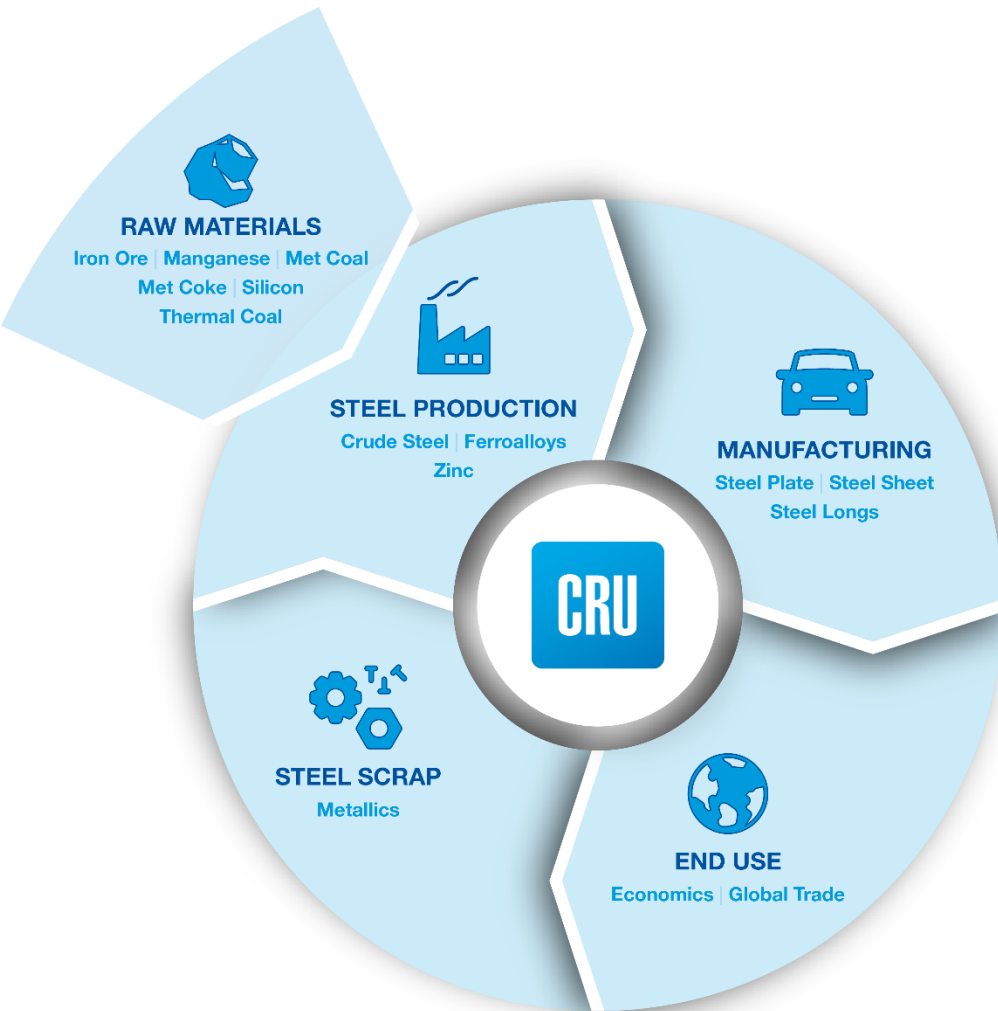
Source: Mercatus, Wiley Law

Questions?

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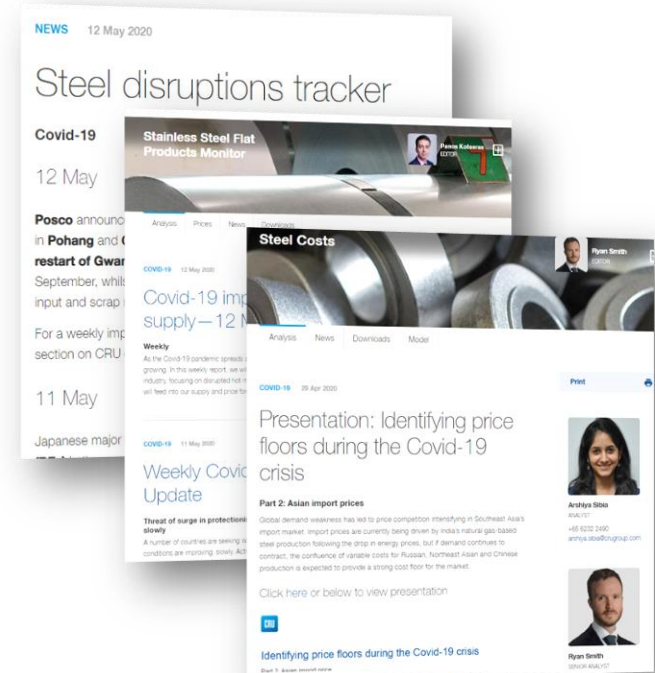


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Thank You

Thank you for attending our SMU Community Chat.

A special thank you to Mr. Bell for his participation today. Our next webinar will be **Wednesday, June 9 at 11 AM ET** with **Timna Tanners of Bank of America**.

To contact Michael Cowden – Michael@SteelMarketUpdate.com

To contact Philip Bell – Bell@SteelNet.org

For information about subscribing to SMU, contact Paige Mayhair at Paige@SteelMarketUpdate.com

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 image, with the circular element partially overlapping the word 'STEEL'.

STEEL MARKET UPDATE

part of the  Group

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