



Steel Market Update

CRU

Community Chat with CRU Senior Analyst Ryan McKinley

May 15, 2024 | Michael Cowden, Managing Editor

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The SMU newsletter was developed for active buyers and sellers of flat-rolled steel.

Prices | Lead times | Sentiment | Trends | Analysis

For more information visit www.steelmarketupdate.com

Upcoming events



Live Steel 101 Workshop

June 11-12, 2024 | Fort Wayne, Ind.
Includes tour of SDI Butler



SMU Steel Summit 2024

August 26-28, 2024 | Atlanta
Georgia International Convention Center

For more information about our workshops and conferences visit:
www.steelmarketupdate.com/events-and-training/ or e-mail our team at events@steelmarketupdate.com.



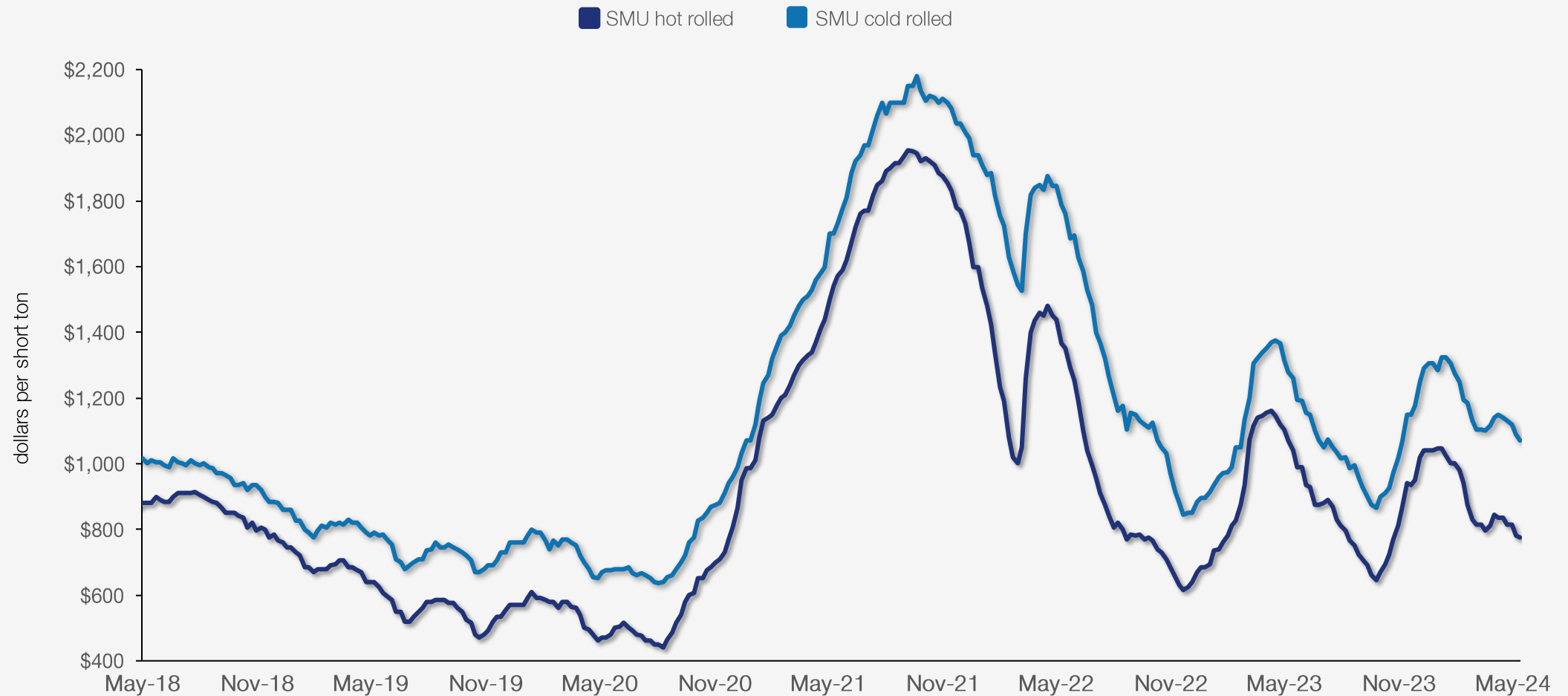
Don't just read our data,
**see your company's
experience reflected in it.**

Contact david@steelmarketupdate.com for participation information.



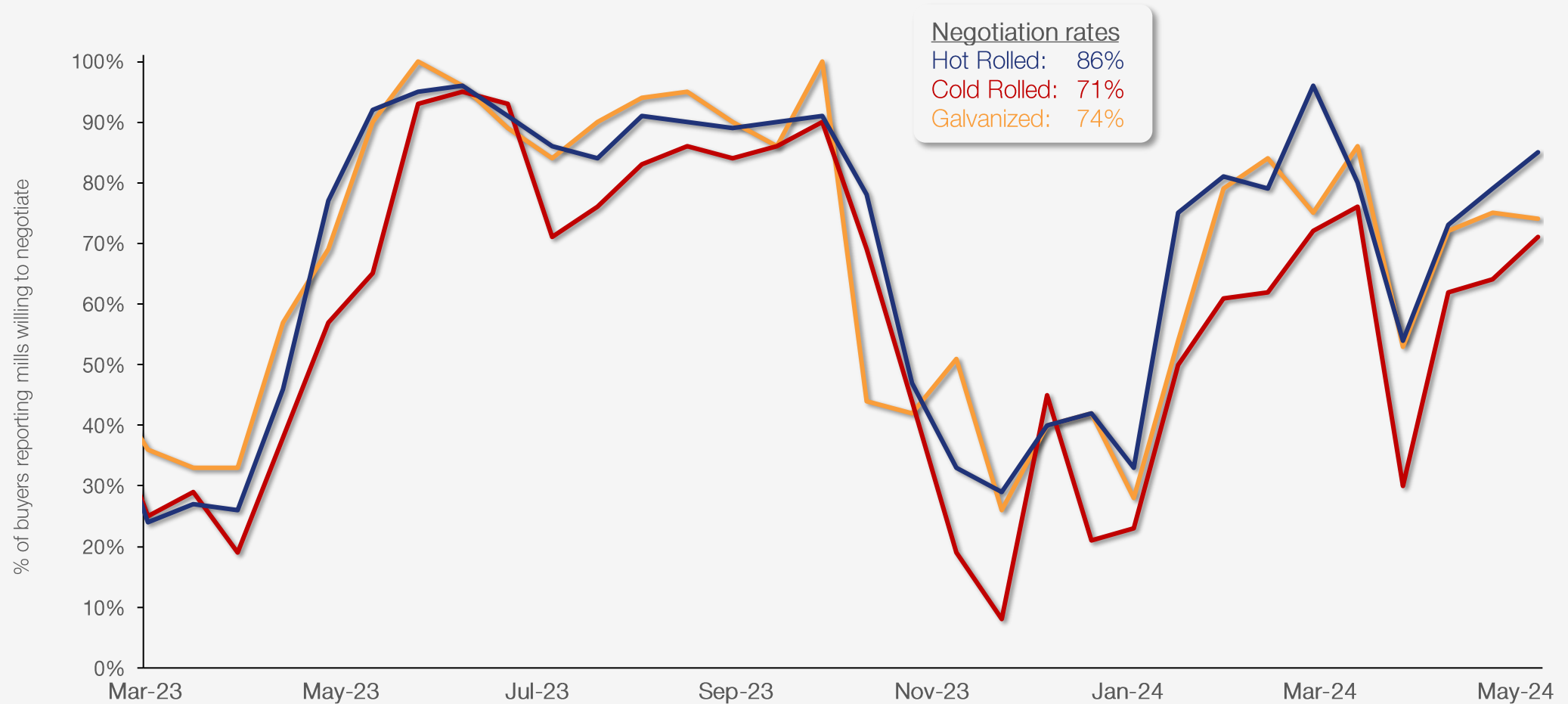
Hot rolled coil vs. cold rolled coil

SMU's hot rolled coil price vs. cold rolled coil price, with data through May 14, 2024.



Steel mill negotiations

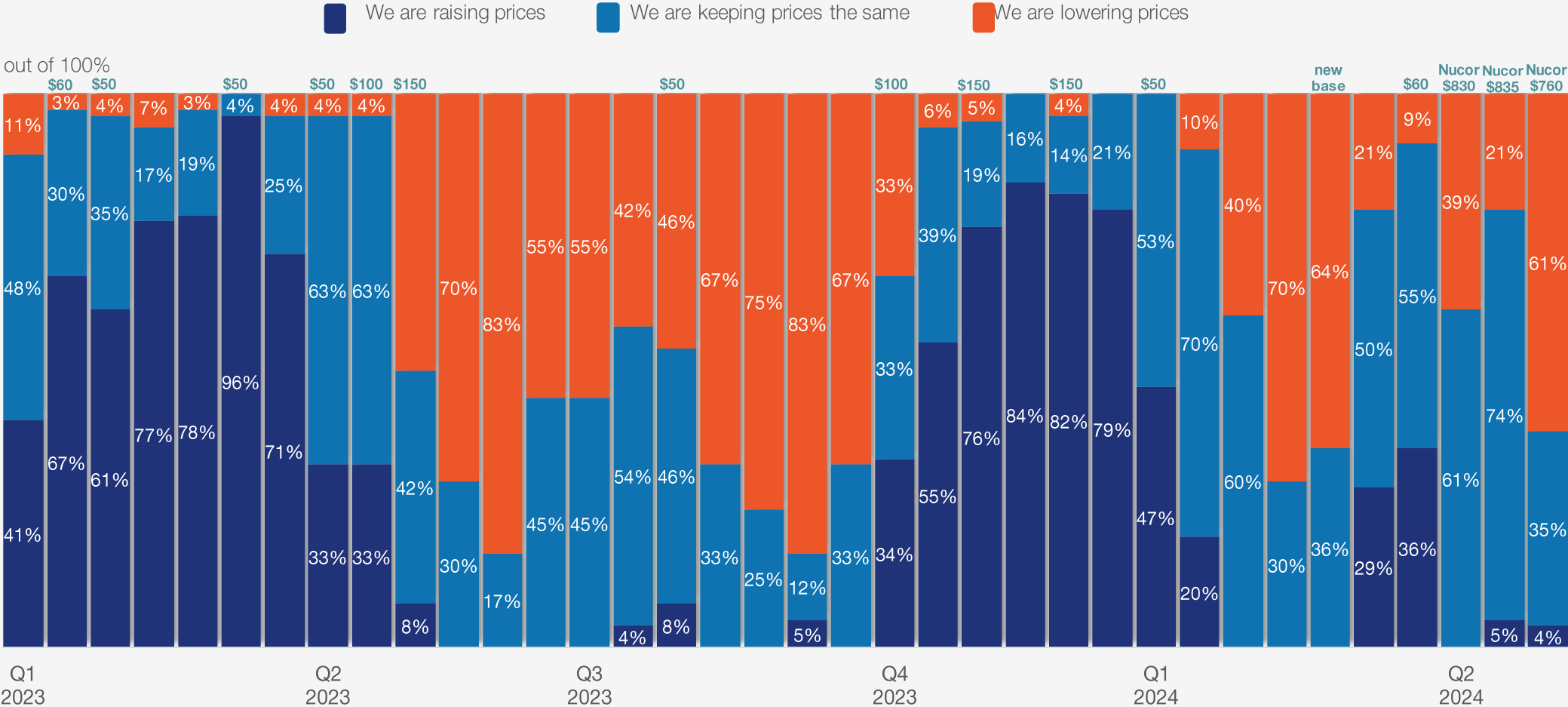
SMU's price negotiations on new steel orders by product through May 8, 2024.



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 leading flat rolled price increase announcements)

CME HRC futures: Friday, May 3

MONTH	OPTIONS	CHART	LAST	CHANGE	PRIOR SETTLE	OPEN	HIGH	LOW	VOLUME	UPDATED
 MAY 2024 HRCK4			813.00	+3.00 (+0.37%)	810.00	813.00	813.00	813.00	2	16:38:04 CT 03 May 2024
 JUN 2024 HRCM4			796.00	-3.00 (-0.38%)	799.00	795.00	808.00	795.00	25	16:38:15 CT 03 May 2024
 JUL 2024 HRCN4			820.00	UNCH (UNCH)	820.00	833.00	833.00	820.00	14	16:38:04 CT 03 May 2024
 AUG 2024 HRCQ4			835.00	+3.00 (+0.36%)	832.00	835.00	835.00	835.00	1	16:38:19 CT 03 May 2024
 SEP 2024 HRCU4			-	-	845.00	-	-	-	0	16:38:27 CT 03 May 2024
 OCT 2024 HRCV4			841.00	-4.00 (-0.47%)	845.00	850.00	850.00	841.00	15	16:38:27 CT 03 May 2024
 NOV 2024 HRCX4			840.00	-4.00 (-0.47%)	844.00	850.00	850.00	840.00	15	16:38:08 CT 03 May 2024
 DEC 2024 HRCZ4			850.00	+10.00 (+1.19%)	840.00	850.00	850.00	850.00	5	16:38:23 CT 03 May 2024

CME HRC futures: May 5, Nucor HR spot price down \$65/t

U.S. MIDWEST DOMESTIC HOT-ROLLED COIL STEEL (CRU) INDEX FUTURES - QUOTES

VENUE: GLOBEX

AUTO-REFRESH IS OFF

Last Updated 06 May 2024 11:39:12 AM CT. Market data is delayed by at least 10 minutes.

MONTH	OPTIONS	CHART	LAST	CHANGE	PRIOR SETTLE	OPEN	HIGH	LOW	VOLUME	UPDATED
MAY 2024 HRCK4	OPT		779.00	-34.00 (-4.18%)	813.00	800.00	800.00	779.00	60	11:20:05 CT 06 May 2024
JUN 2024 HRCM4	OPT		768.00	-28.00 (-3.52%)	796.00	795.00	800.00	766.00	146	11:20:05 CT 06 May 2024
JUL 2024 HRCN4	OPT		795.00	-25.00 (-3.05%)	820.00	815.00	815.00	793.00	83	11:20:05 CT 06 May 2024
AUG 2024 HRCQ4	OPT		817.00	-18.00 (-2.16%)	835.00	830.00	830.00	817.00	66	11:20:05 CT 06 May 2024
SEP 2024 HRCU4	OPT		835.00	-5.00 (-0.60%)	840.00	840.00	842.00	835.00	31	11:20:05 CT 06 May 2024
OCT 2024 HRCV4	OPT		836.00	-4.00 (-0.48%)	840.00	837.00	837.00	830.00	33	11:20:05 CT 06 May 2024
NOV 2024 HRCX4	OPT		835.00	-5.00 (-0.60%)	840.00	836.00	839.00	830.00	43	11:20:05 CT 06 May 2024
DEC 2024 HRCZ4	OPT		835.00	-5.00 (-0.60%)	840.00	839.00	839.00	830.00	8	11:20:05 CT 06 May 2024

CME HRC futures: April 8, first Nucor spot HR price

U.S. MIDWEST DOMESTIC HOT-ROLLED COIL STEEL (CRU) INDEX FUTURES - QUOTES

VENUE: GLOBEX

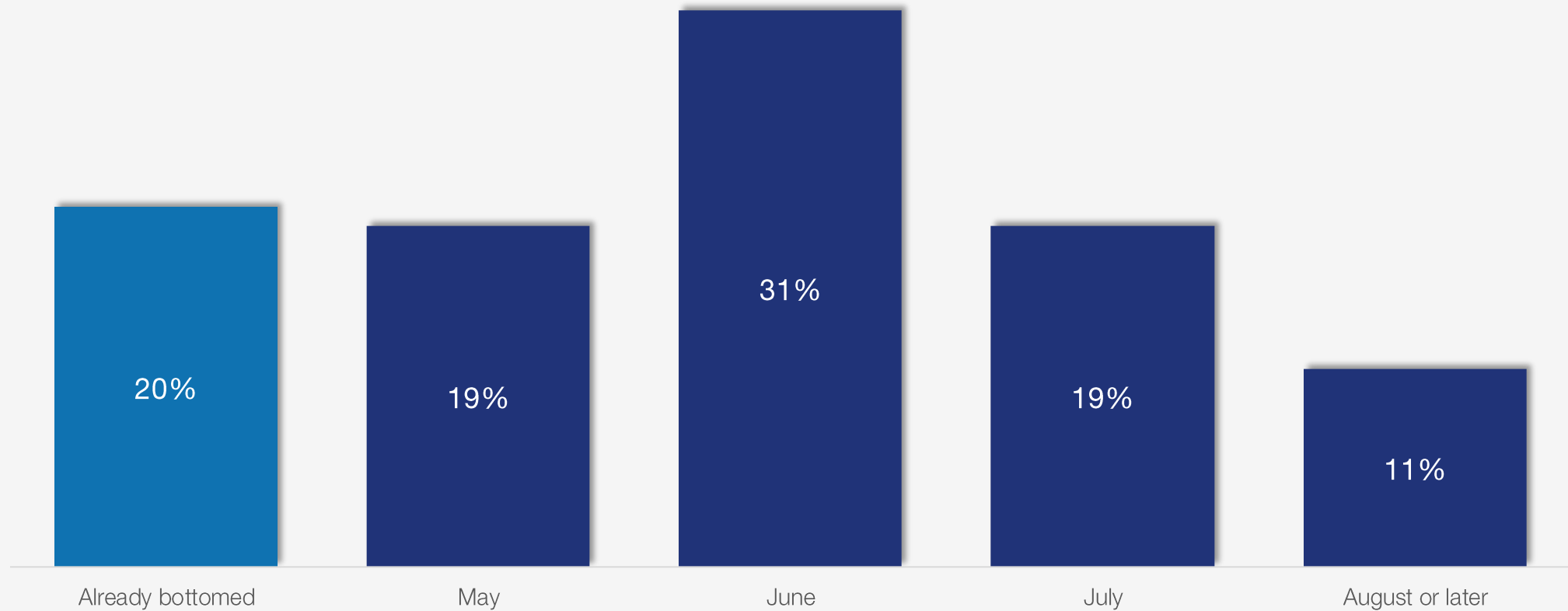
  AUTO-REFRESH IS OFF

Last Updated 08 Apr 2024 04:51:21 PM CT. Market data is delayed by at least 10 minutes.

MONTH	OPTIONS	CHART	LAST	CHANGE	PRIOR SETTLE	OPEN	HIGH	LOW	VOLUME	UPDATED
 APR 2024 HRCJ4	 OPT		845.00	-8.00 (-0.94%)	853.00	852.00	854.00	845.00	35	16:38:48 CT 08 Apr 2024
 MAY 2024 HRCK4	 OPT		845.00	-37.00 (-4.20%)	882.00	878.00	880.00	845.00	172	16:38:21 CT 08 Apr 2024
 JUN 2024 HRCM4	 OPT		822.00	-35.00 (-4.08%)	857.00	850.00	850.00	822.00	63	16:38:33 CT 08 Apr 2024
 JUL 2024 HRCN4	 OPT		824.00	-8.00 (-0.96%)	832.00	830.00	830.00	820.00	31	16:38:21 CT 08 Apr 2024
 AUG 2024 HRCQ4	 OPT		826.00	-5.00 (-0.60%)	831.00	830.00	830.00	826.00	9	16:38:39 CT 08 Apr 2024
 SEP 2024 HRCU4	 OPT		831.00	-11.00 (-1.31%)	842.00	831.00	831.00	831.00	3	16:38:48 CT 08 Apr 2024

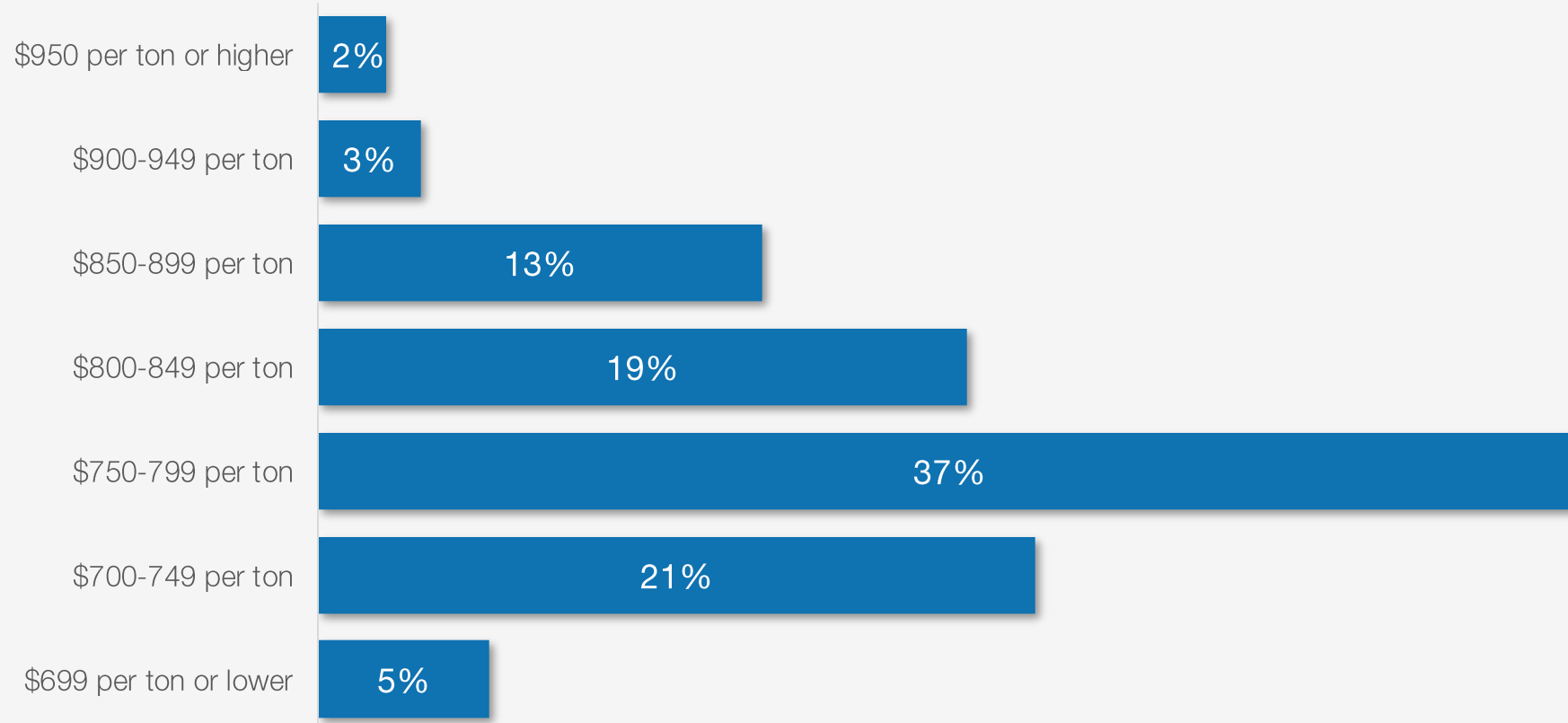
Hot rolled inflection point

When do you think steel prices will bottom?



Future hot rolled prices

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

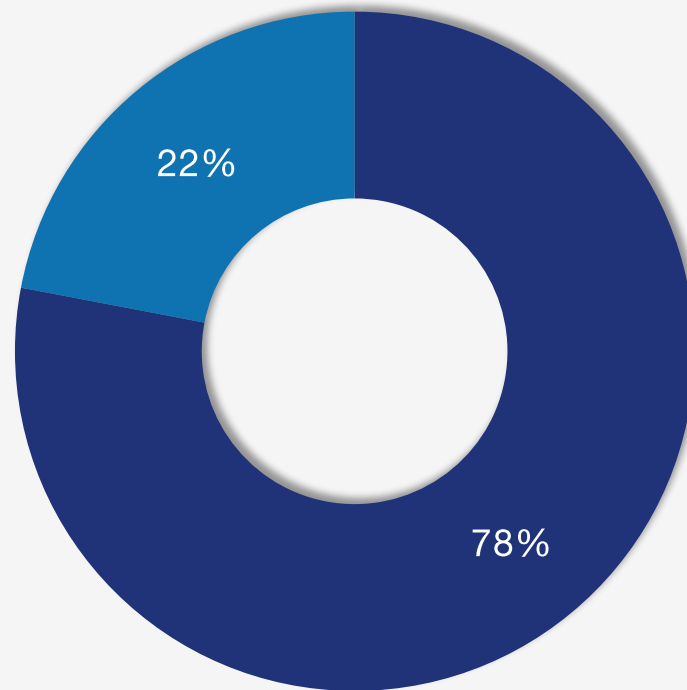


Trading companies

Are foreign products attractive to US buyers?*

■ Yes ■ No

May 8, 2024

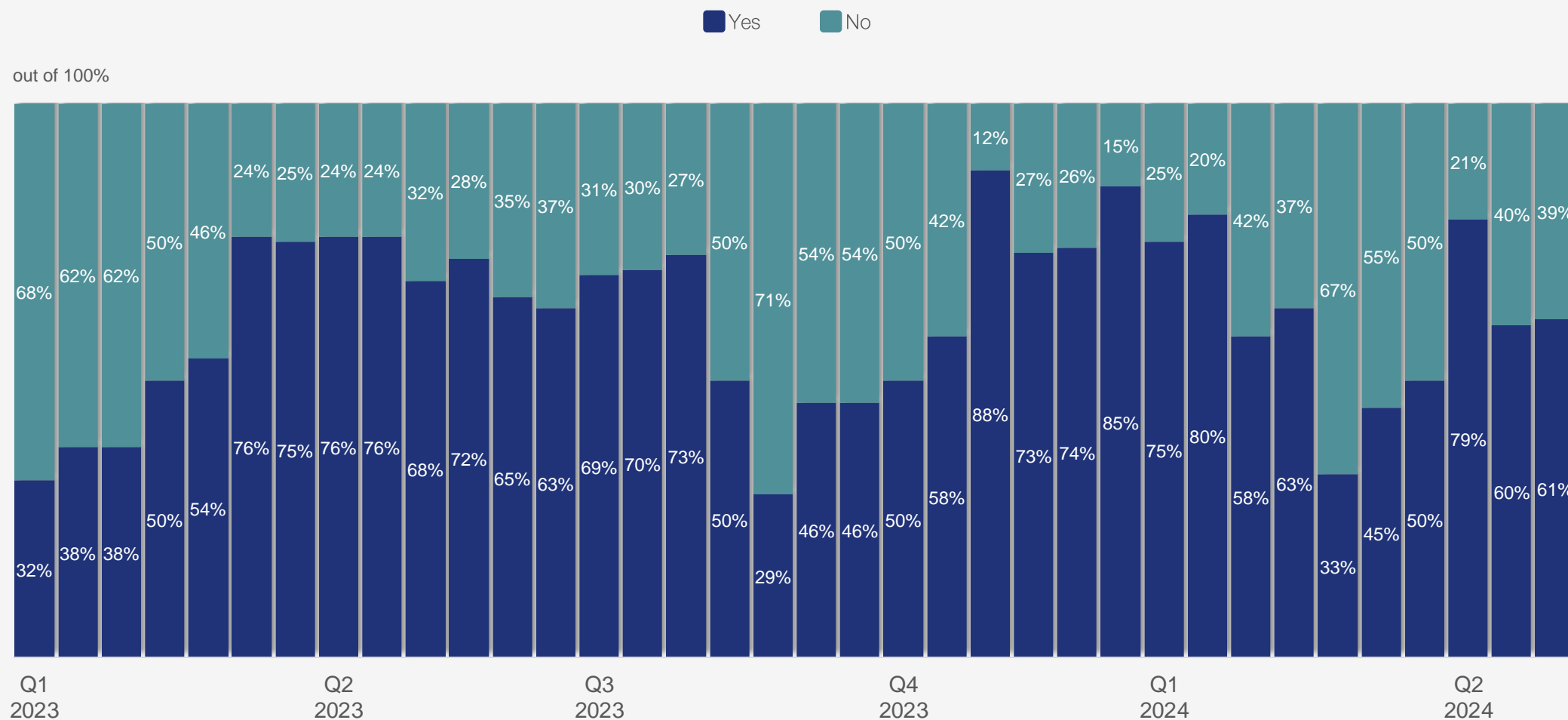


*Limited number of responses to this question

Foreign steel competitiveness

Service centers

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

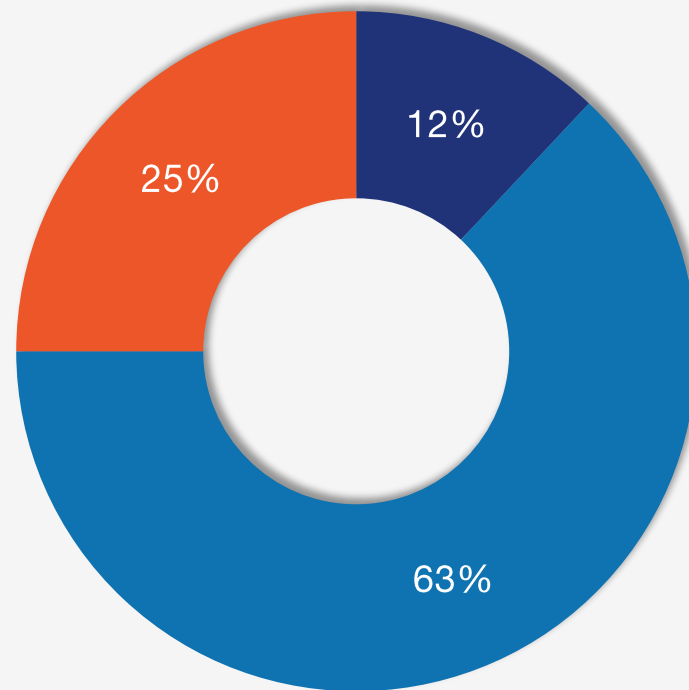


Overall demand

How is demand for your products?

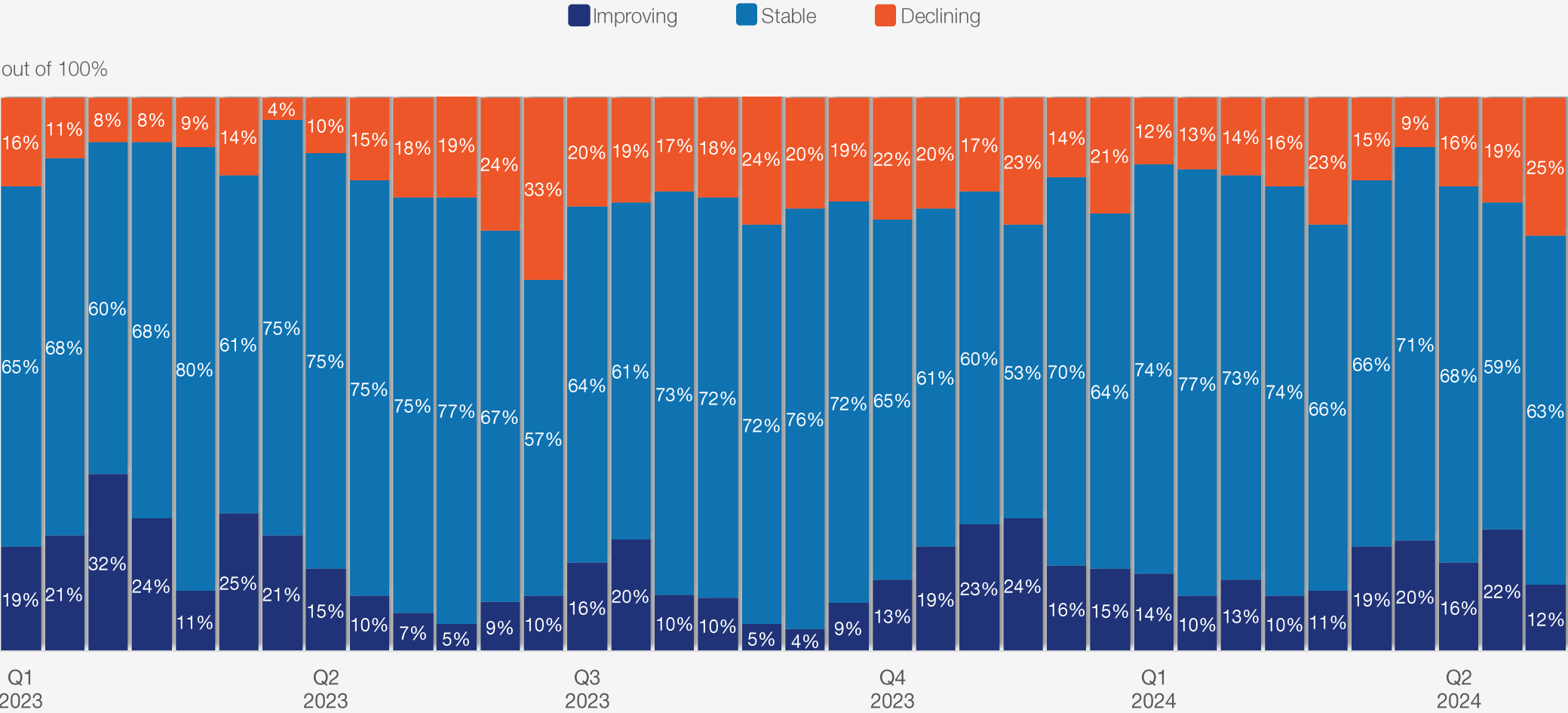
■ Improving
■ Stable
■ Declining

May 8, 2024



Overall demand history

How is demand for your products?

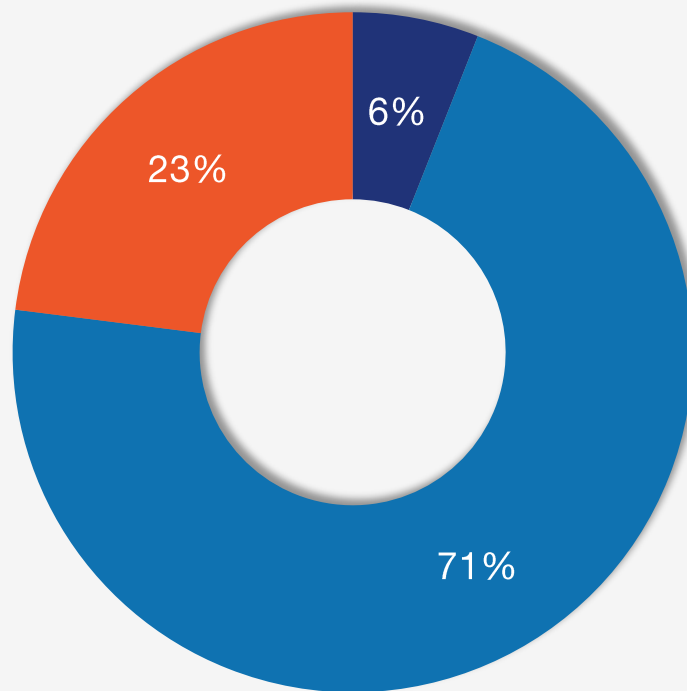


Business forecasts

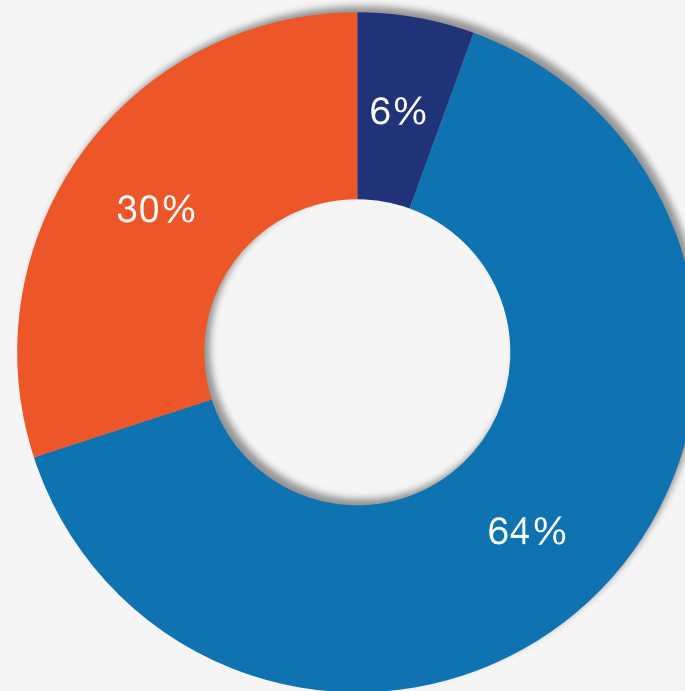
How did your company perform last month compared to your forecast?

■ We exceeded forecast
 ■ We met forecast
 ■ We did not meet forecast

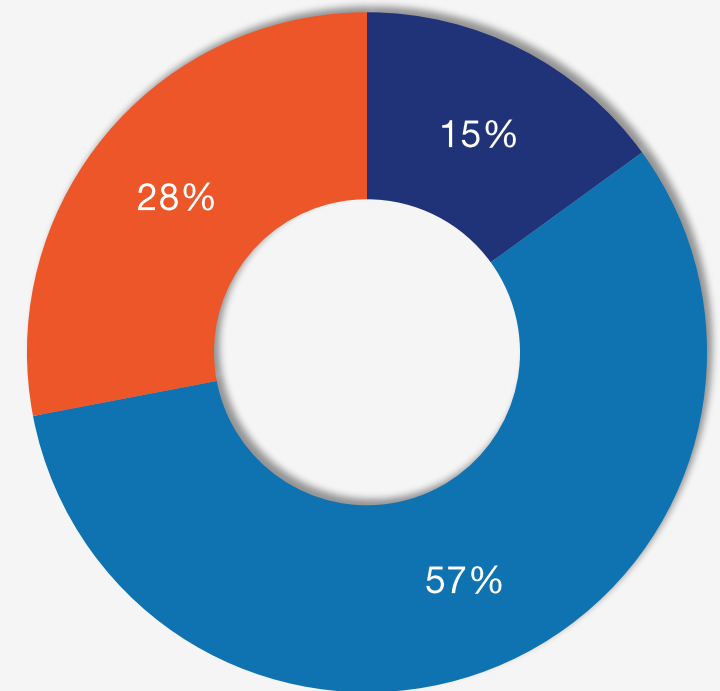
March 13, 2024



April 10, 2024



May 8, 2024

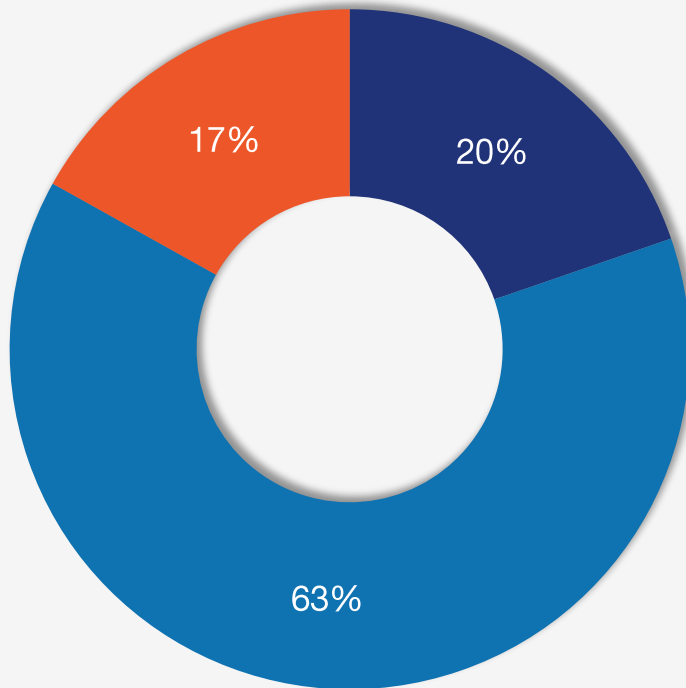


Business forecasts

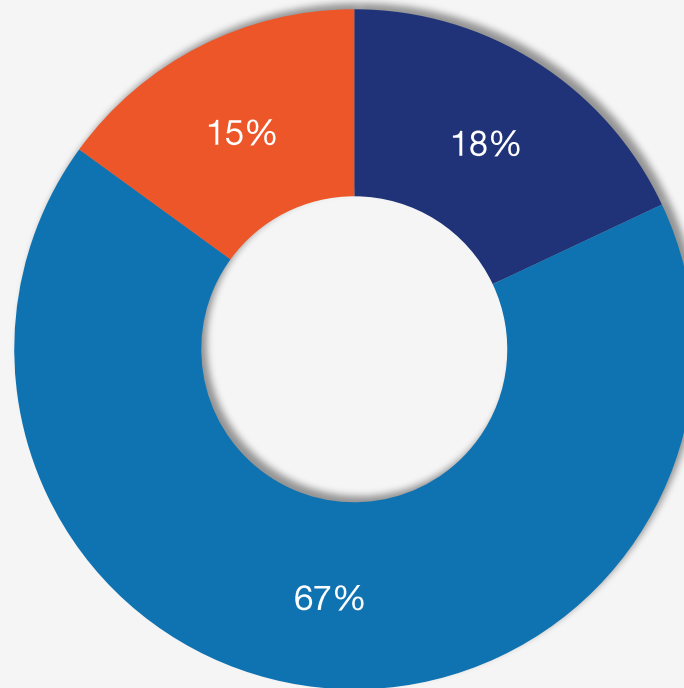
How will your company perform this month compared to your forecast?

■ We will exceed forecast
 ■ We will meet forecast
 ■ We will not meet forecast

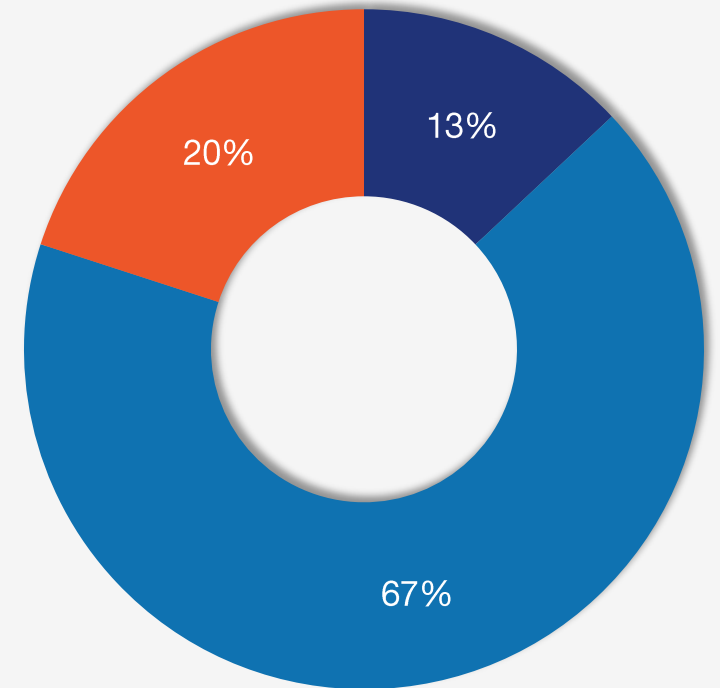
Dec. 20, 2023



Jan. 17, 2024



Feb. 14, 2024



Ryan McKinley



Ryan McKinley is a senior analyst at CRU, SMU's parent company.

In that role, McKinley is instrumental in determining CRU's benchmark hot-rolled (HR) coil price.

He'll discuss his job, his background in steel, and how the index works.

He'll also talk about trends in global steel markets and how those dynamics could impact the US.

McKinley will in addition provide a one-year outlook for steel. He'll discuss the factors that go into making such a forecast. He'll also discuss some wildcards he's keeping his eyes on.



Sheet market is cooling, but demand outlook is strong in 2025

SMU Community Chat

Ryan McKinley



15 May 2024

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Market intelligence that empowers confident decision-making - today, tomorrow and for the future

Market Analysis and Prices

Independent and transparent

- In-depth analysis of global demand, production, trade and stocks for 50+ commodity markets
- Historical and forecast prices, news and analysis of commodity market developments
- Short, mid and long-term outlooks for production, demand, price outlook, scenario and risk analysis
- Independent cost information and analysis of cost drivers by asset
- 1000+ independently assessed prices
- Robust and transparent methodologies
- Compliance with IOSCO code of best practice
- Seamless integration of price data into in-house data analytics stacks through API delivery
- Regular access to analysts

Consulting

Bespoke project advisory

- Bespoke advisory tailored to specific needs
- Strategy development
- Market assessment
- Due diligence
- Policy advice and support

Events

Connecting industry communities

- Technical and commercial events and training
- Conferences and exhibitions
- Briefings
- Webinars

Sustainability

Advisory and analytics

- Analysis of carbon emissions through the value chain
- Policy and regulation assessment
- Forecast carbon prices
- Scenario planning
- Tailored advisory

Resources

3 Definitions

North American Market Prices

USA, Midwest; HR coil FOB mill

DataLab name:

Grade/type:

Price basis:

Loading/arrival location:

Delivery charges:

Type:

Currency:

Weight Unit:

Size/tolerance:

Timing:

Duties/tariffs:

Hot-rolled Coil, Spot price: USA, Midwest, FOB

Commercial quality; prime; base price; width and gauge extras excluded

FOB

Midwest mill (East of the Rockies)

Excluded

Spot

US dollar

Short tons

Coils of at least 40,000lb each; standard packaging; standard tolerances

Forward delivery based on current lead times

Taxes excluded; raw materials surcharge (where applicable) included

USA, Midwest; CR Coil FOB mill

DataLab name:

Grade/type:

Price basis:

Loading/arrival location:

Delivery charges:

Type:

Currency:

Weight Unit:

Size/tolerance:

Timing:

Duties/tariffs:

Cold-rolled Coil, Spot price: USA, Midwest, FOB

Commercial quality; prime; annealed and tempered; base price; width and gauge extras excluded

FOB

Midwest mill (East of the Rockies)

Excluded

Spot

US dollar

Short tons

Coils of at least 20,000lb each; standard packaging; standard tolerances

Forward delivery based on current lead times

Taxes excluded; raw materials surcharge (where applicable) included

USA, Midwest; HDG coil FOB mill

DataLab name:

Grade/type:

Price basis:

Loading/arrival location:

Delivery charges:

Type:

Currency:

Weight Unit:

Size/tolerance:

Timing:

Duties/tariffs:

Hot-dipped Galvanized Coil, Spot price: USA, Midwest, FOB

Commercial quality; prime; base price; 0.06" gauge; pure zinc coating of 0.90oz/ft²; normal surface finish; further width and gauge extras excluded

FOB

Midwest mill (East of the Rockies)

Excluded

Spot

US dollar

Short tons

Coils of at least 20,000lb each; standard packaging; standard tolerances

Forward delivery based on current lead times

Taxes excluded; raw materials surcharge (where applicable) included

Independent research: Trusted, established HRC benchmark

Estelle Tran

Prices Analyst

00:06

01:52

Steel

CRU's steel team

INDEX REFLEX

Steel market analyst **JOSH SPOORES** talks with *Modern Metals* about CRU steel prices

Q: Josh, you have been involved in the steel industry for quite a while. Can you give *MM's* readers a quick summary of your experience?

A: I joined the industry in 2005 and worked at a mill, service center, my own research company and then have been at CRU since 2012. I started learning the industry at Majestic Steel USA. They bought and sold in the spot market and carry a huge amount of inventory in anticipation of sales. Working there taught me an incredible amount about procurement strategy as well as how to develop a unique brand of market analysis. It's this real-world analysis that matters—immersing yourself in data points and information, but, at the same time, making sure to eliminate any excess noise.

Q: How are CRU's steel prices used by the industry?

A: CRU is a privately held company based in London that focuses on market analysis, costs, prices and forecasting across the wider metals and mining industry. Our steel sheet prices have been assessed for over 43 years, and they are the benchmark in North America. In fact, over 95 percent of all companies in the U.S. that use a HRC price benchmark for physical contract settlement choose CRU.

Often, you will see mentions of CRU on earnings calls or in SEC filings for mills, service centers and large OEMs, as our price has become the gold standard. We estimate that CRU was used to price nearly \$40 billion in mill sales of steel sheet. In addition to this, our price is not only used for settling processed steel but also as the price that settles the CME Group's HRC steel futures contract. That contract has had open interest of around 600,000 tons recently.



“CRU'S STEEL PRICE INDEX CONSISTS OF TENS OF THOUSANDS OF TONS IN ACTUAL TRANSACTIONS.”

Q: Why do you think the North American industry has adopted these prices so widely?

A: CRU brings transparency to the market. Our weekly price is a volume-weighted index that typically consists of tens of thousands of tons in actual transactions. Our sheet and plate prices are restricted to spot transactions at the mill, as reported directly to CRU via either the mill or the mill-direct buyer. There are no bids, offers or opinions.

For the index price to be considered reliable, CRU requires these transactions to be deemed repeatable, where this price is available either from multiple mills or is offered from one mill to multiple buyers.

Because we only take into account actual transactions, our price can lag by a few days. However, this has been a key reason why our price is so widely adopted: It is a real price transacted by buyers and sellers.

Another key point is our price assessment is handled by an experienced market analyst. I have personally handled our price assessment for a decade, and I still oversee the process today.

Q: Who are the price providers, and what benefits do they get?

A: Historically, the volume we receive on hot-rolled coil has been near 50 percent from mills and 50 percent from mill-direct buyers. This balance has shifted some over the past couple of years as the majority of domestic mills are data providers, with the balance being mill-direct buyers, primarily service centers.

One benefit is that our data providers receive a weekly report on our prices, a chart showing a quartile view of distribution, and insight on overall volume among other items.

There are checks and balances built into our model. Our data providers often agree to provide prices so their reality is reflected in our price, which sets the price for over 50 percent of mill-based contracts. This benefit is a balance for both buyers and sellers to be sure our spot price and their contract price are a true reflection of actual transactions in the market.

In addition to this balance, we also have an audit clause, under which we can audit submissions. We are the only commodity price assessment company to have such a clause.

We have conducted a couple audits where we used KPMG and PwC to audit data providers with some on-site visits. Our dedication to this is a reflection of our level of seriousness behind our prices. We are always open to accepting new data providers, so buyers and sellers are encouraged to get in contact with CRU to start the conversation. ■

Josh Spoors has been a market analyst in the steel industry since 2005. He joined CRU in 2012 as principal analyst. Today, he leads a team responsible for steel market analysis and forecasting for the wider Americas region.

JULY 2023 / MODERN METALS 11

Link: [Methodology](#) (PDF including our full process and product definitions)

Video Link: [How the index is created](#)

Article Link: [Modern Metals write up on key facts of the CRU index](#)

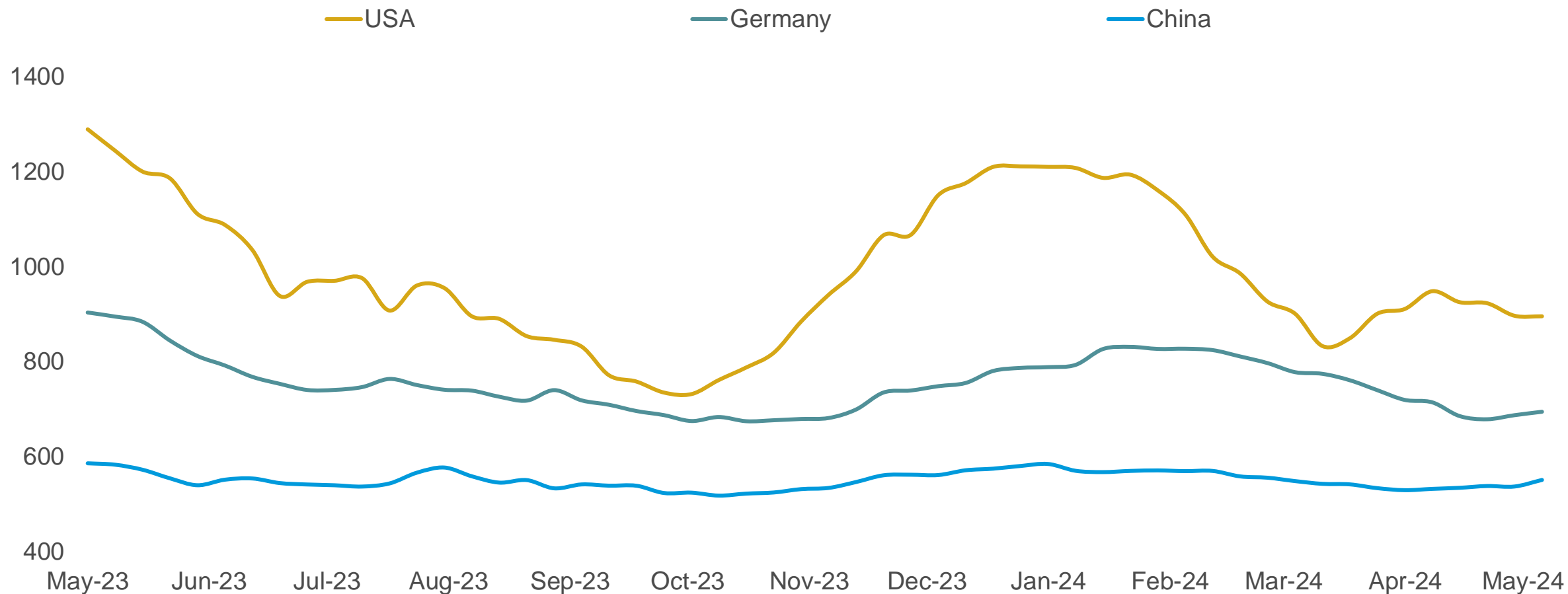
How we create The CRU

CRU is the index of choice for physical contract settlement

Recent independent research confirmed more North American companies choose to trust CRU prices than any other price-reporting agency (PRA) as the providers of their physical contract settlement price.

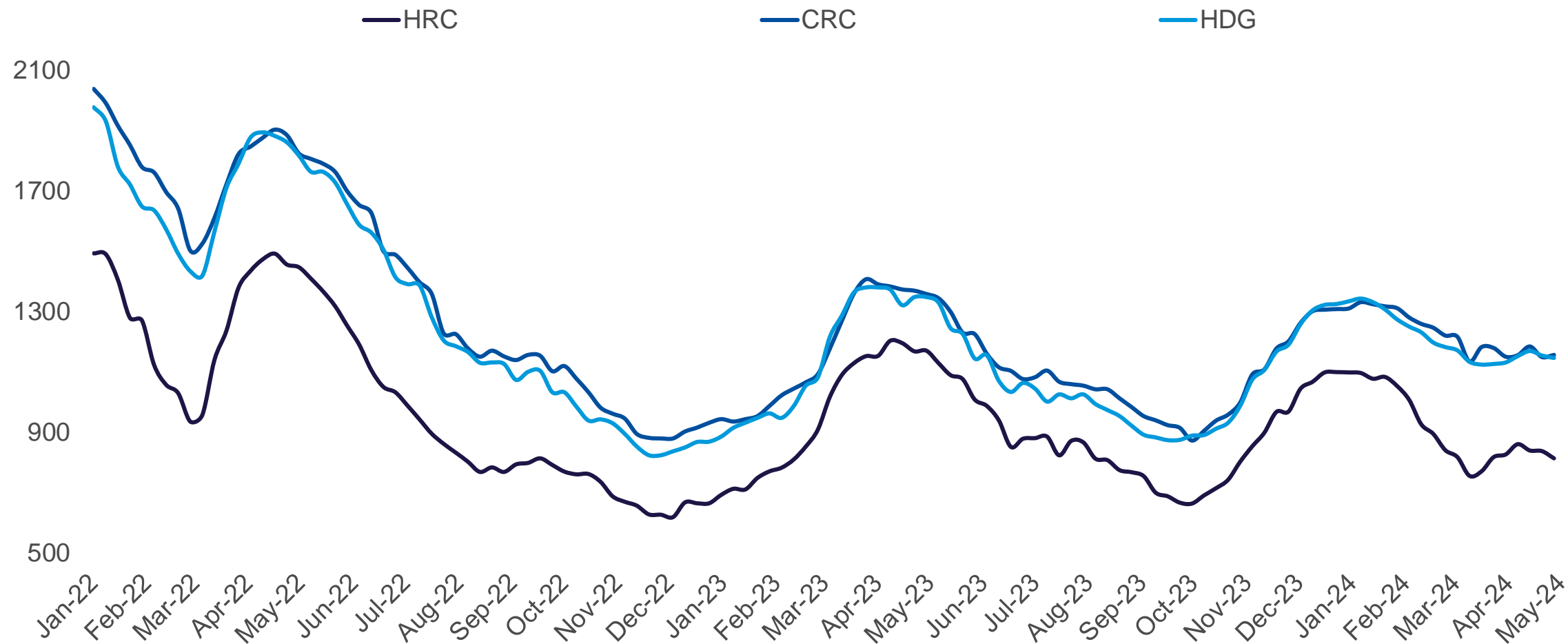
A brief update on global sheet markets

HR coil prices in select markets, \$/t



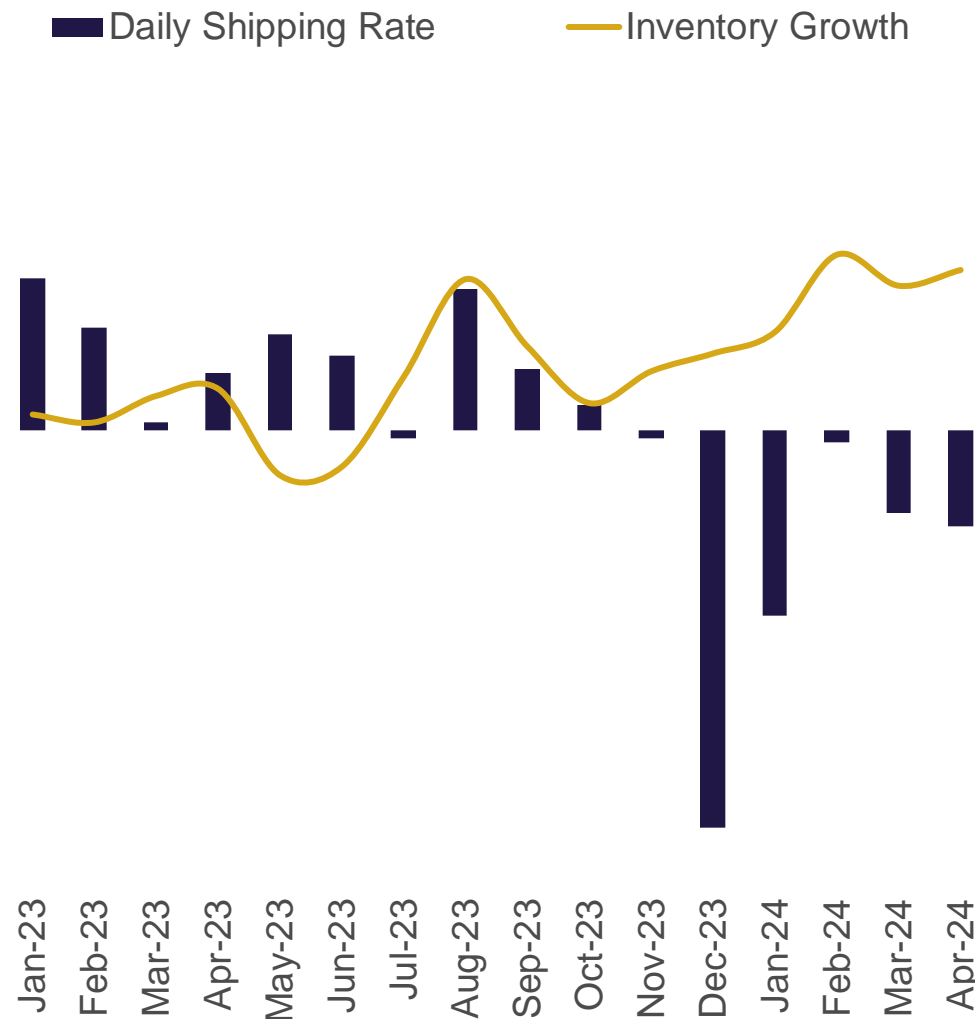
Recent US sheet prices increases were short lived...

US Midwest sheet prices, \$/st

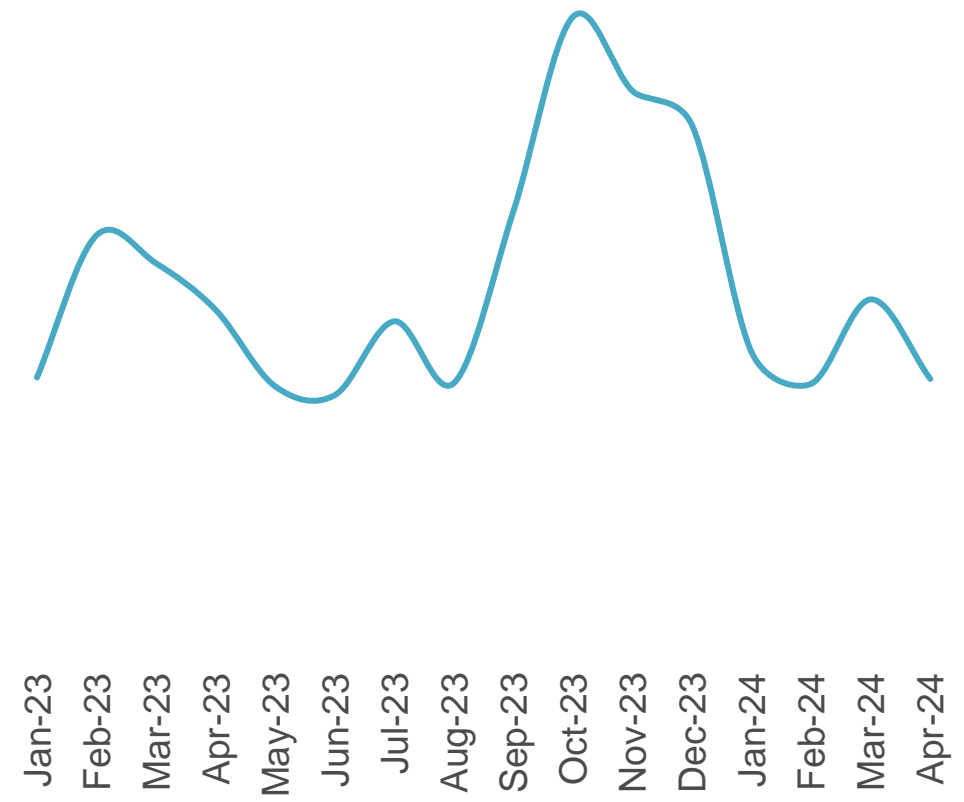


... after demand slowed and material on order rose

Service centre inventory growth vs. shipments y/y, %

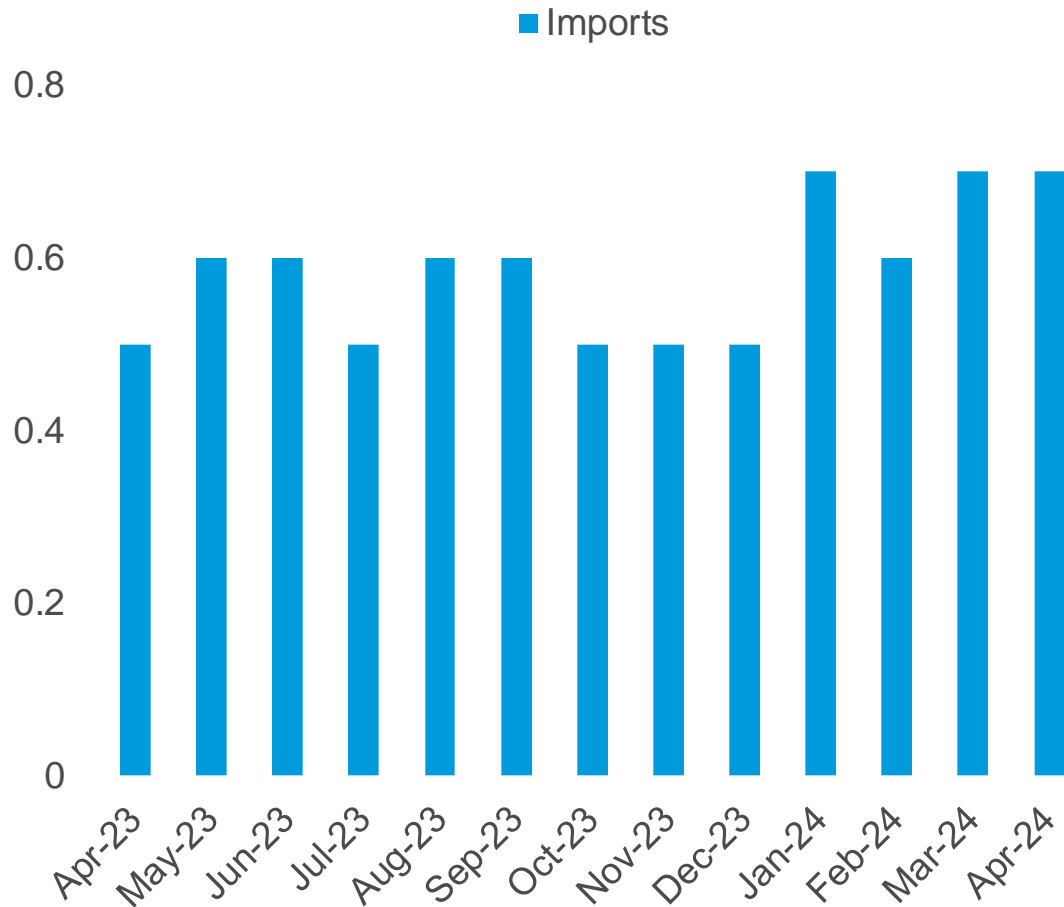


Service Centre Material on Order

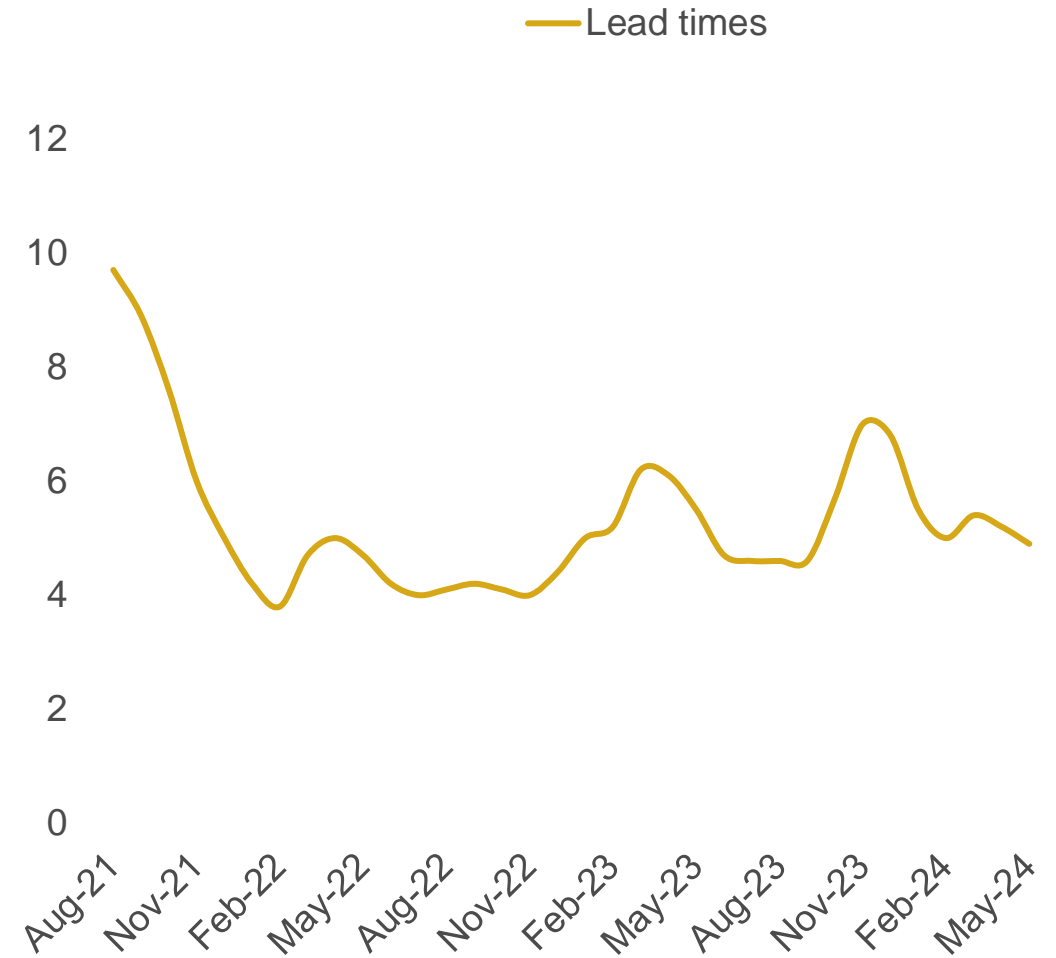


Imports are still arriving at a quick pace, while lead times are falling

US light-gauge flat roll imports, Mt

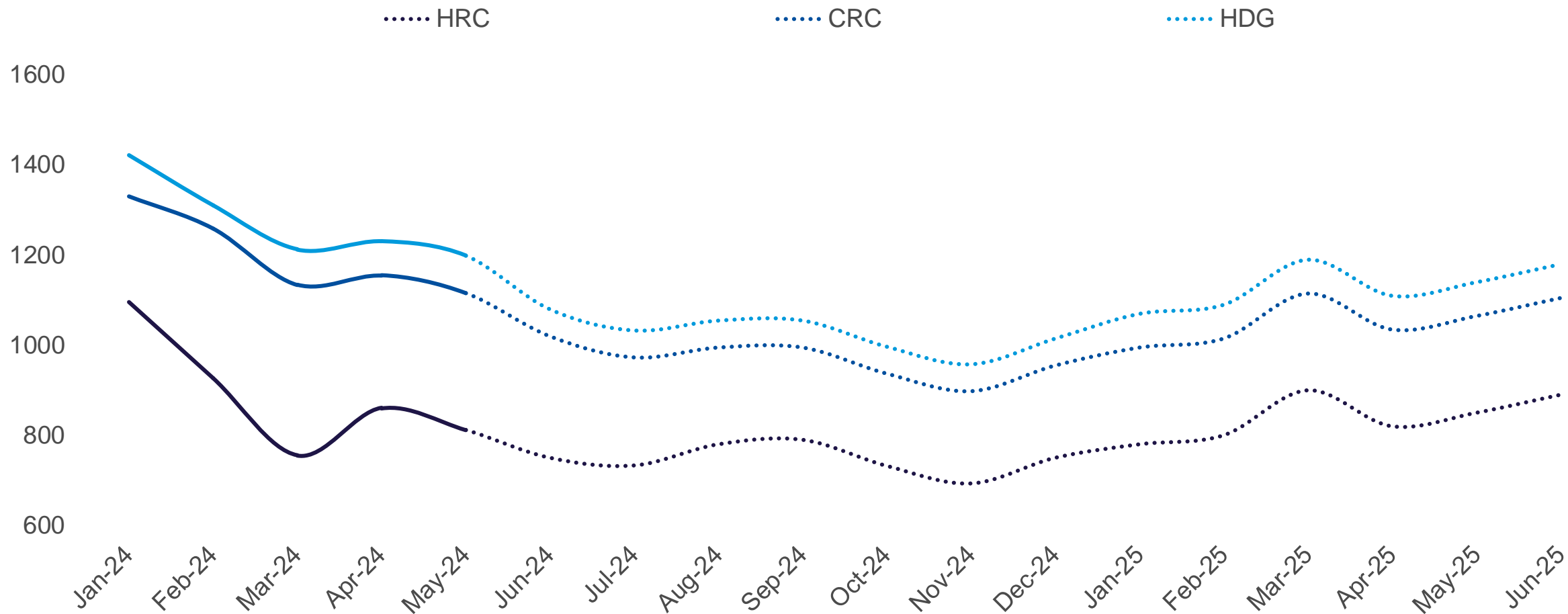


HR coil lead times, weeks



We expect 2024 to be a “write off” year for steel...

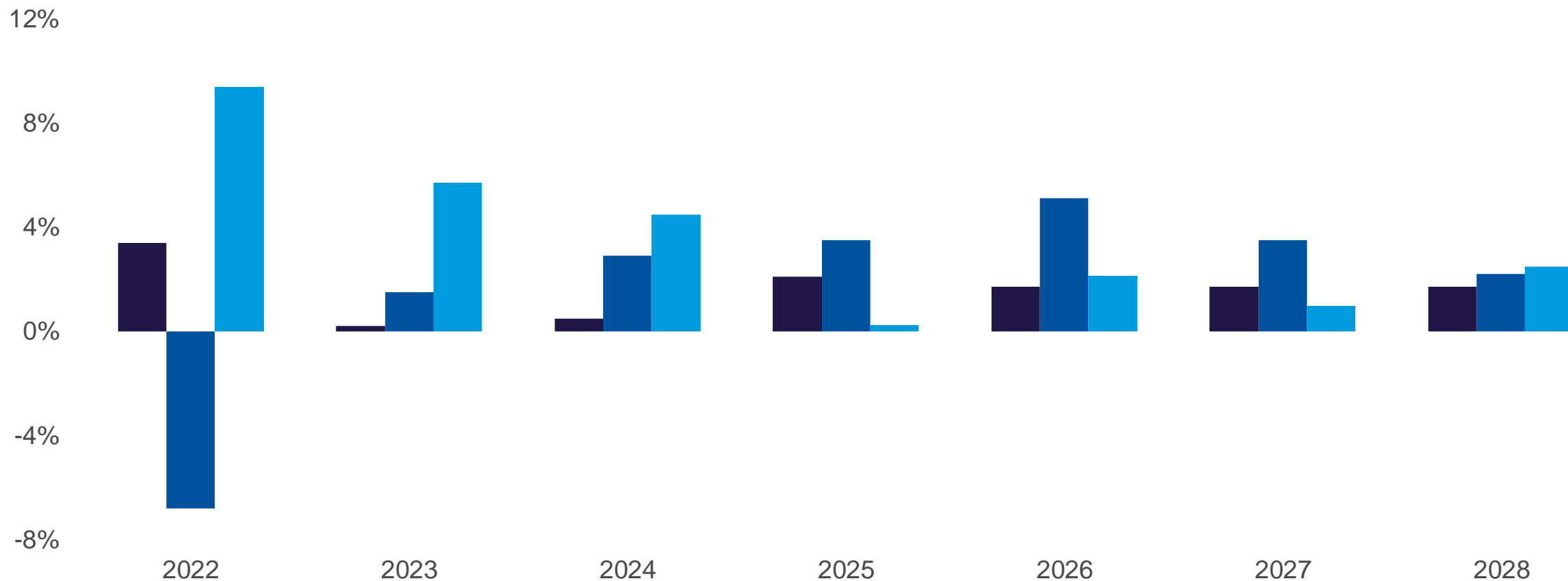
US Midwest sheet prices, \$/st



... and while the macroeconomic situation looks bright longer term...

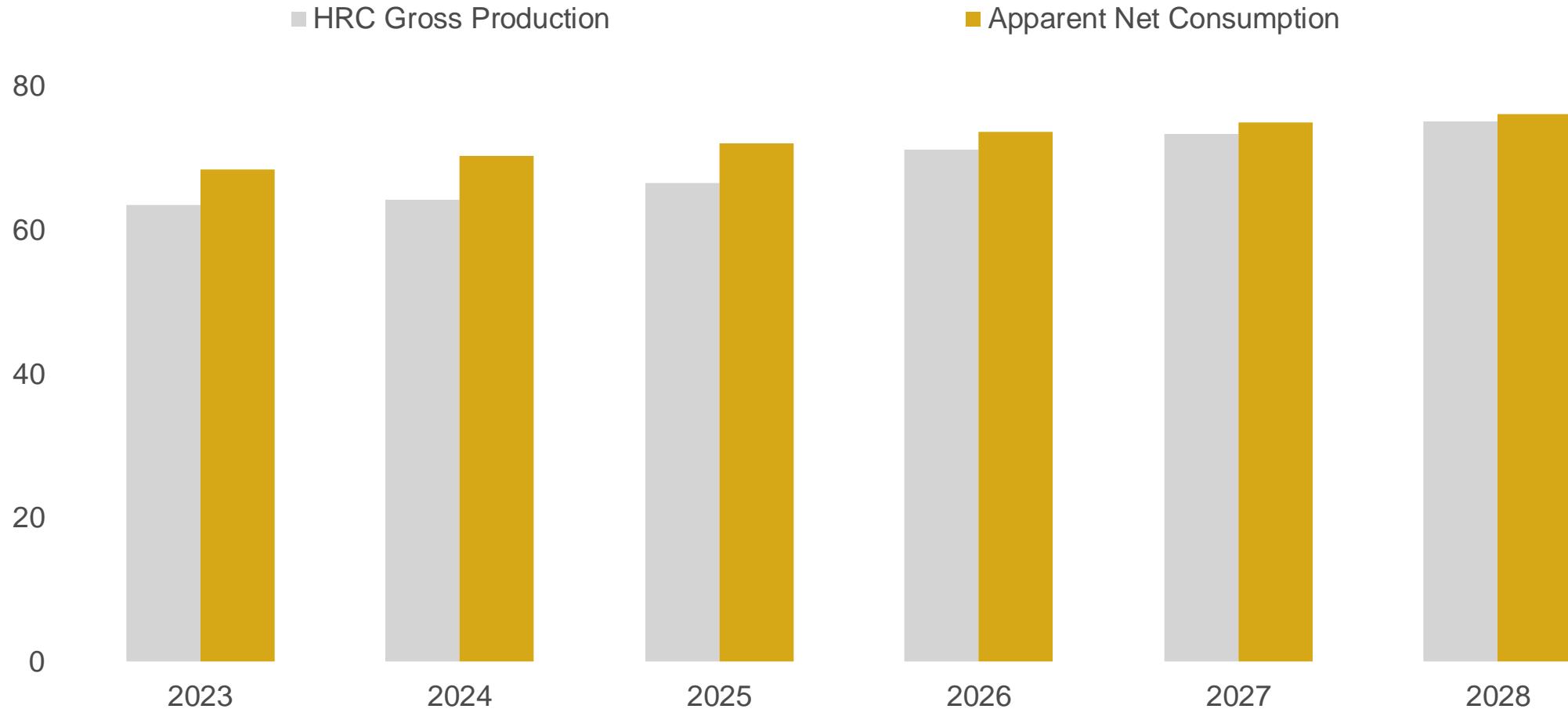
Growth in key end use sectors y/y, %

■ US IP ■ Construction ■ Automotive



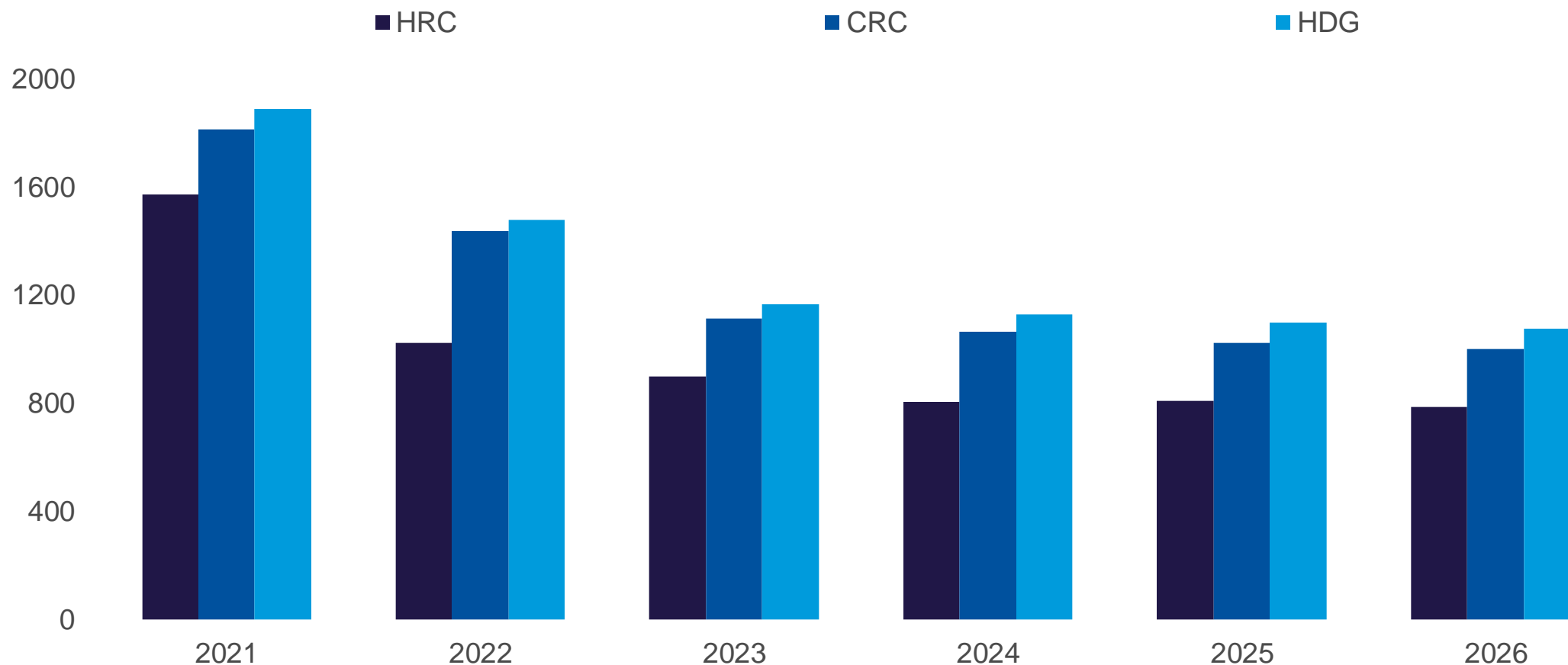
... North American production is also rising

HRC gross production and apparent net consumption, Mt



US prices will fall for a third year in 2024, but will rise after

FOB Midwest sheet prices, \$/s.ton





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Appendix



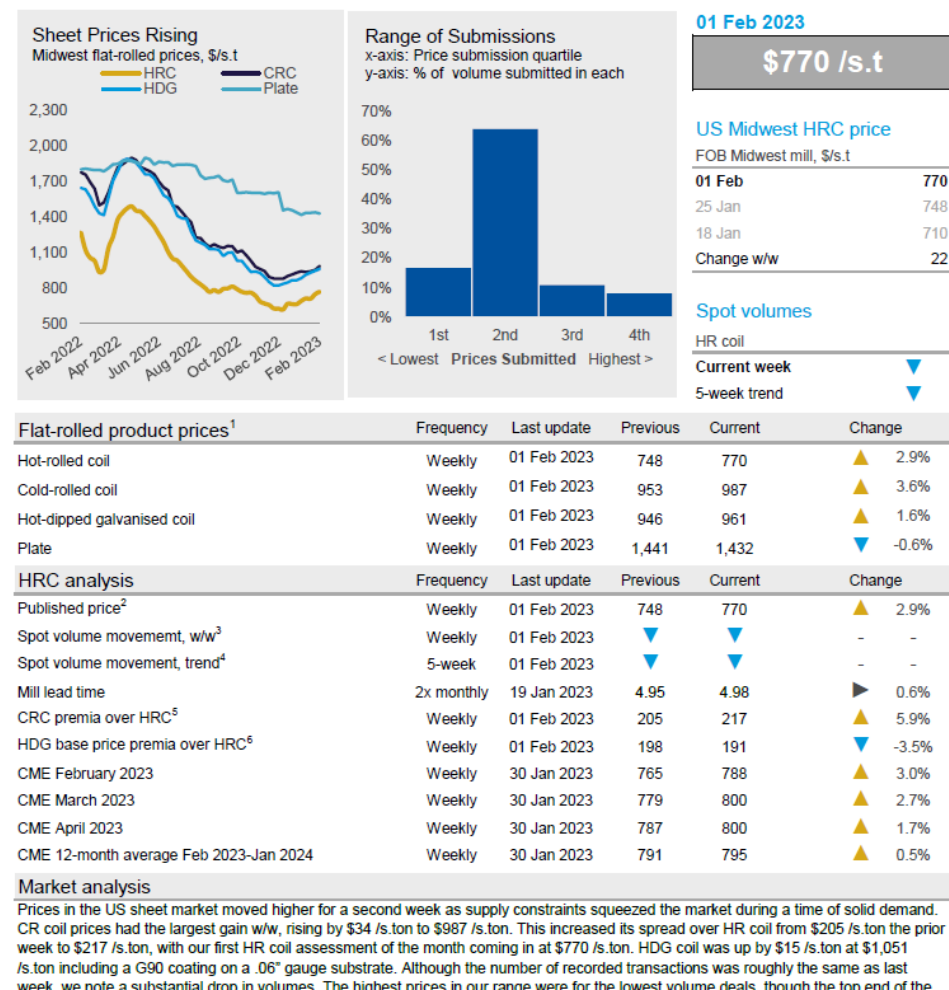
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What benefits do data providers receive?

- Weekly view of CRU prices to which you contribute with historical data and a charting tool
- All eight CRUspi (CRU Steel Price Indicators)
- Access to CRU experts for market insights and presentations
- Exclusive insights via the Data Provider Dashboard
 - Includes:
 - Insights into volume trends
 - Visual representation of the range of data submissions in the quartiles chart
 - Market analysis
- Your business reflected in the most-referenced price index in the physical market



Key points

Our US Midwest sheet prices represent:

- Repeatable, spot transaction only
- Volume-weighted weekly price
- FOB US mill East of the Rockies
- Prime material with current lead times
- Base price, commercial quality
- Excluding all extras, freight, surcharges

Base price on a mill price book (\$/cwt):

Width/Thickness (inches)						
Minimum Thickness		Nominal Thickness				
Under	Thru	Under	Thru	36- < 42	42- < 48	48- < 72
Thicker than	0.625		0.640	\$5.00	\$2.50	\$2.00
0.625	0.501	0.640	0.511	\$4.50	\$2.00	\$0.50
0.501	0.083	0.511	0.090	\$4.00	\$1.50	Base
0.083	0.071	0.090	0.077	\$5.00	\$2.50	\$1.50
0.071	0.061	0.077	0.067	\$6.00	\$3.50	\$3.00
0.061	0.054	0.067	0.060	\$7.00	\$4.50	\$4.00

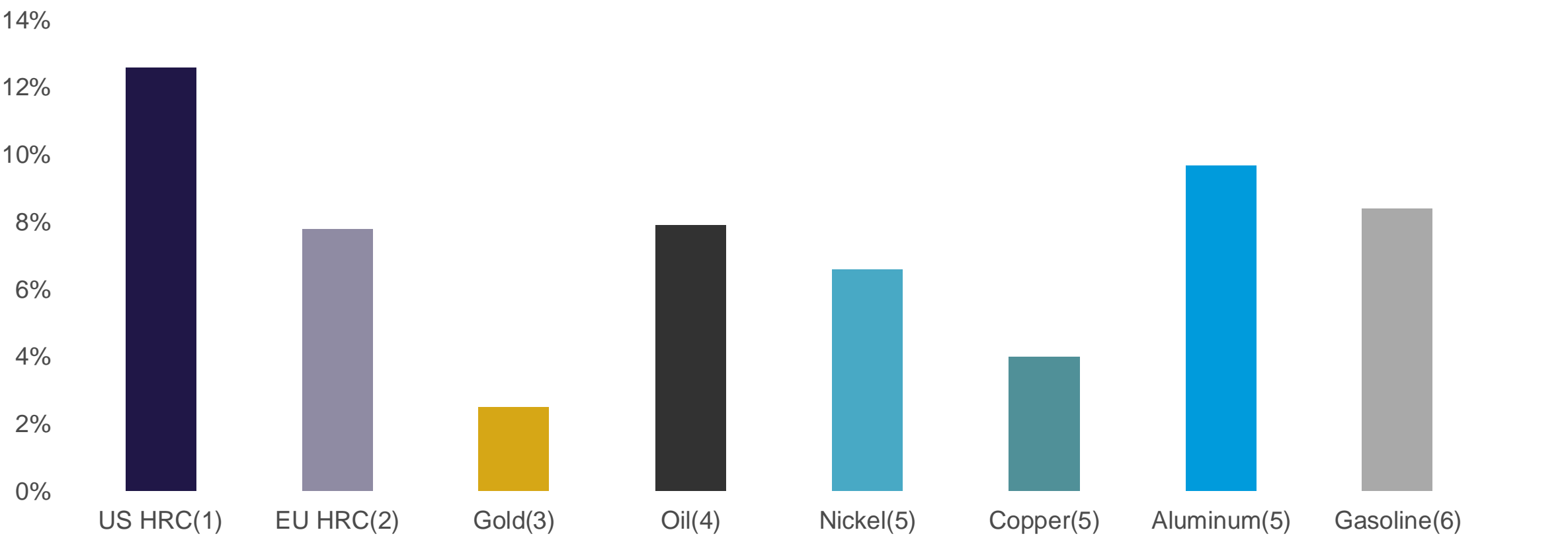
Quality & Grade/Chemistry Extras

Steel Designation:

Commercial Steel (CS Type B)	Base
Drawing Steel (DS Type B)	\$0.60
Deep Drawing Steel (DDS)	\$1.50
Extra Deep Drawing Steel (EDDS)	\$2.75

US sheet has been one of the most volatile commodities in the world

Average monthly price change in select commodities (June 2020 – January 2024)



(1) US Midwest FOB (2) German price FOB (3) Per troy ounce (4) WTI (5) LME Cash (6) RBOB

Thank You!

Thanks for listening!

To contact Michael Cowden: michael@steelmarketupdate.com

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Join us on May 29th at 11 a.m. ET for our next Community Chat with Spencer Johnson of StoneX



Where the *steel* community
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