

Wire Rod, AMM, and 2017

Nat Rudarakanchana (Rudy)

American Metal Market

Brands



The original metals price reporting agency since 1882 with more than 1200 proprietary price assessments in 25 regions across North America



Global Price Reporting Agency with over 950 proprietary price assessments covering every major trade region



Research and consulting business providing a series of short-term and long-term forecasting services to our pricing

Mission Statement

The Metal Bulletin Group aims to provide leading pricing intelligence, including independent industry benchmarks, for the metal and mining industry. The group's global portfolio of news, analysis, conferences and insight services complement these price benchmarks.

Global Price Reporting Network



The world's largest dedicated metals price reporting team with offices in London, New York, Pittsburgh, Shanghai, Hong Kong, Sao Paulo, Melbourne, Singapore, Mumbai, CIS, Istanbul, and 5 other US locations (including Chicago).

Pricing Methodology

Price Discovery Process



1st market reporter collects market data, analyses and sets the price.

2nd market reporter peer reviews the data, notes and the set price. Approves/reject; sends form to the Editor.

Editor's final review; if all is OK the assessment is signed-off for publication.

What's new at AMM?

Sector Wraps

- Long products: rebar, wire rod, SBQ, merchant bar, beams
- First attempt: Jan. 2017 wrap
- Information on spreads, scrap, imports
- Data-heavy, new presentation formats

American Metal Market

Stainless Steel Wrap

FEBRUARY 2017

RAGS BUT NOT QUITE RICHES IN 2016

U.S. stainless steel prices kicked off 2016 at a 12-year low, but rose steadily as the year progressed thanks in large part to the positive impacts from trade cases, according to market participants.

Type 304 stainless cold-rolled sheet, for example, stood at 91.5 cents per pound Jan. 1, 2016, which was the lowest level seen all year and since 2004, according to AMM's assessments, which date back to 1995.

The rock-bottom prices were largely driven by dumping from China, a domestic distributor said.

"The trade case that went into effect against China this year has helped a lot," he said, referring to the steep preliminary countervailing duties on U.S. imports of stainless sheet and strip from China. "Some of the domestic mills are even exporting now because there's a bit of overcapacity here and not so many imports from Asia."

Stainless steel consumption also increased slightly in 2016, while nickel stocks fell, leaving buyers with fewer options and naturally pushing up prices, he continued.

"Brighter times are ahead for the U.S. domestic mills," the distributor said. "The full effect of the dumping duties and lower import levels encouraged prices."

The sustainability of recent price jumps remain in question, however, as the spikes seen in January could erode in coming months, according to the distributor.

"If service centers expect prices to go down next month, they will hold off on buying," he said. "We're waiting to see if there's any pushback."

Indeed, U.S. demand for stainless steel is expected to be ho-hum in 2017, particularly for flat and tubular products, according to analysts. ■

Look back at prices and highlights in 2016

Source: AMM price archives of Type 304 stainless cold-rolled sheet.

Recovery mode. AMM's monthly assessment of Type 304 stainless cold-rolled sheet showcases the overall upward trend in stainless prices throughout 2016, though prices were coming off a 12-year bottom. U.S. trade cases against stainless importers in particular helped buoy prices last year, sources said.

FastMarkets Acquisition

**American
Metal Market**

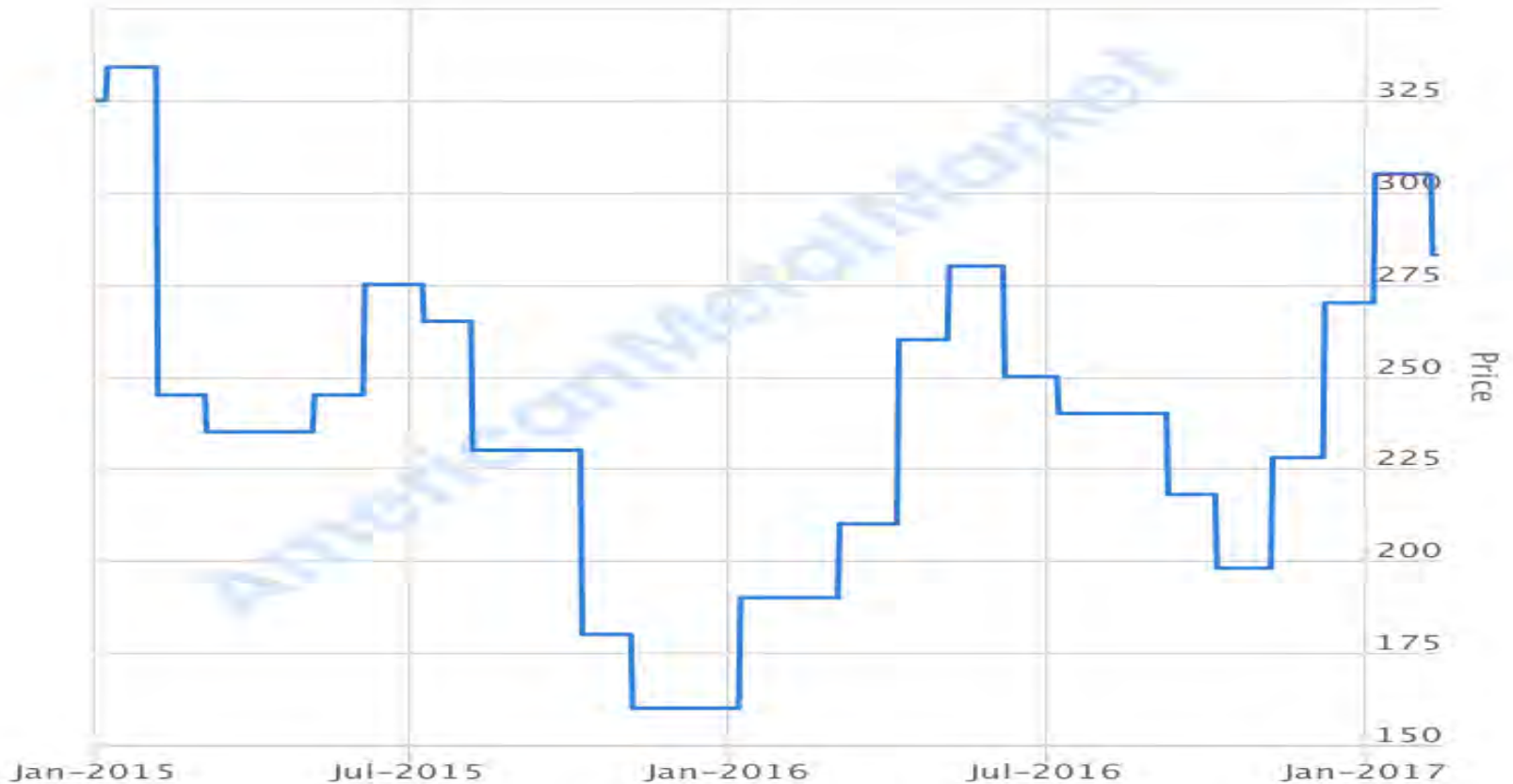
- 13.1m GBP cash acquisition closed Sept. 2016
- Takes MB closer to a “metals terminal” model
- Real-time metals prices, news, data
- The goal: the most comprehensive, global metals information platform in the world

Wire Rod - 2016, 2017, and beyond

American Metal Market

Past Daily Prices

— Chicago Shredded auto scrap consumer buying price \$/gross ton

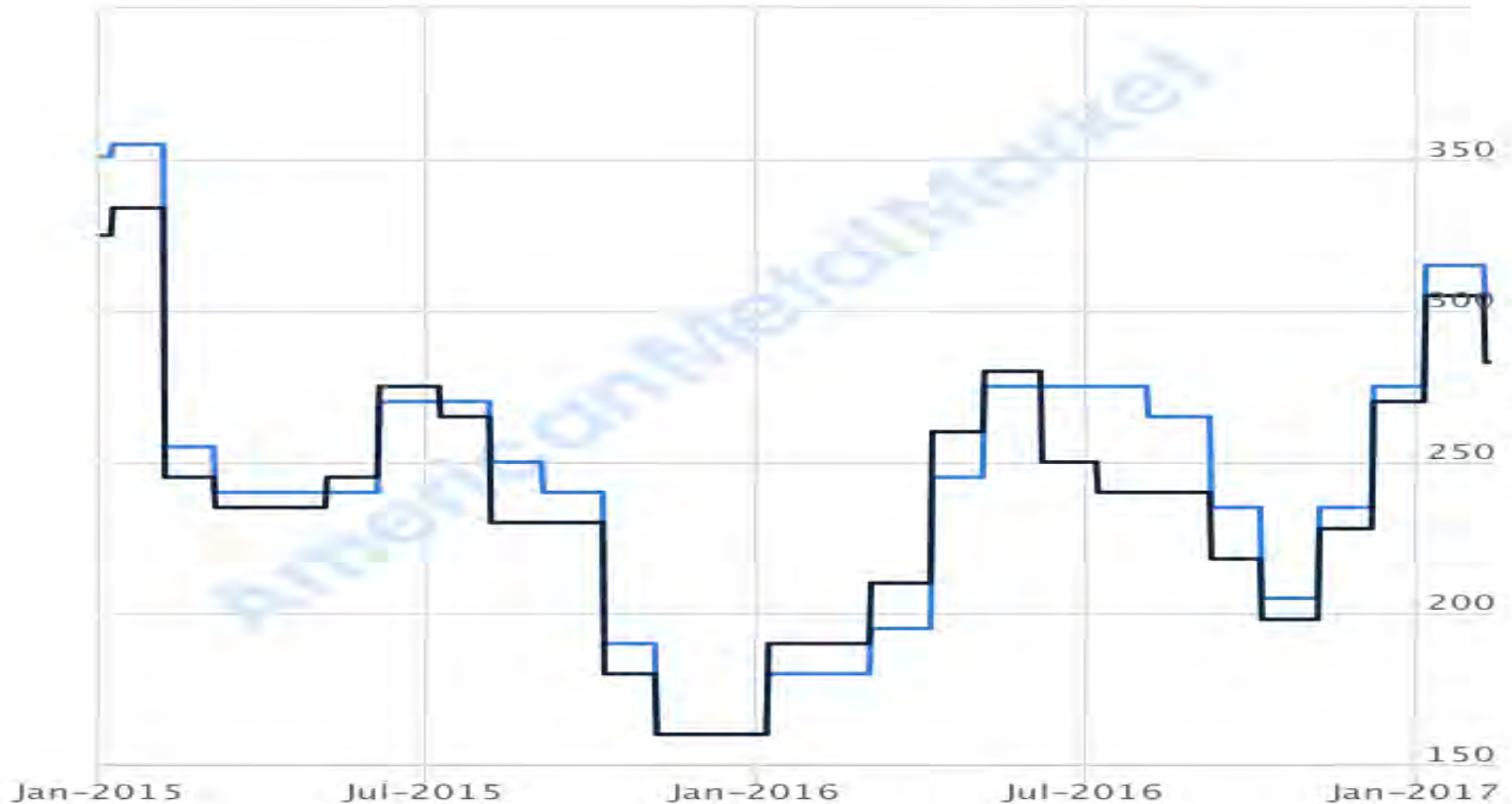


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Past Daily Prices

- Chicago No. 1 busheling scrap consumer buying price \$/gross ton
- Chicago Shredded auto scrap consumer buying price \$/gross ton



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Past Daily Prices

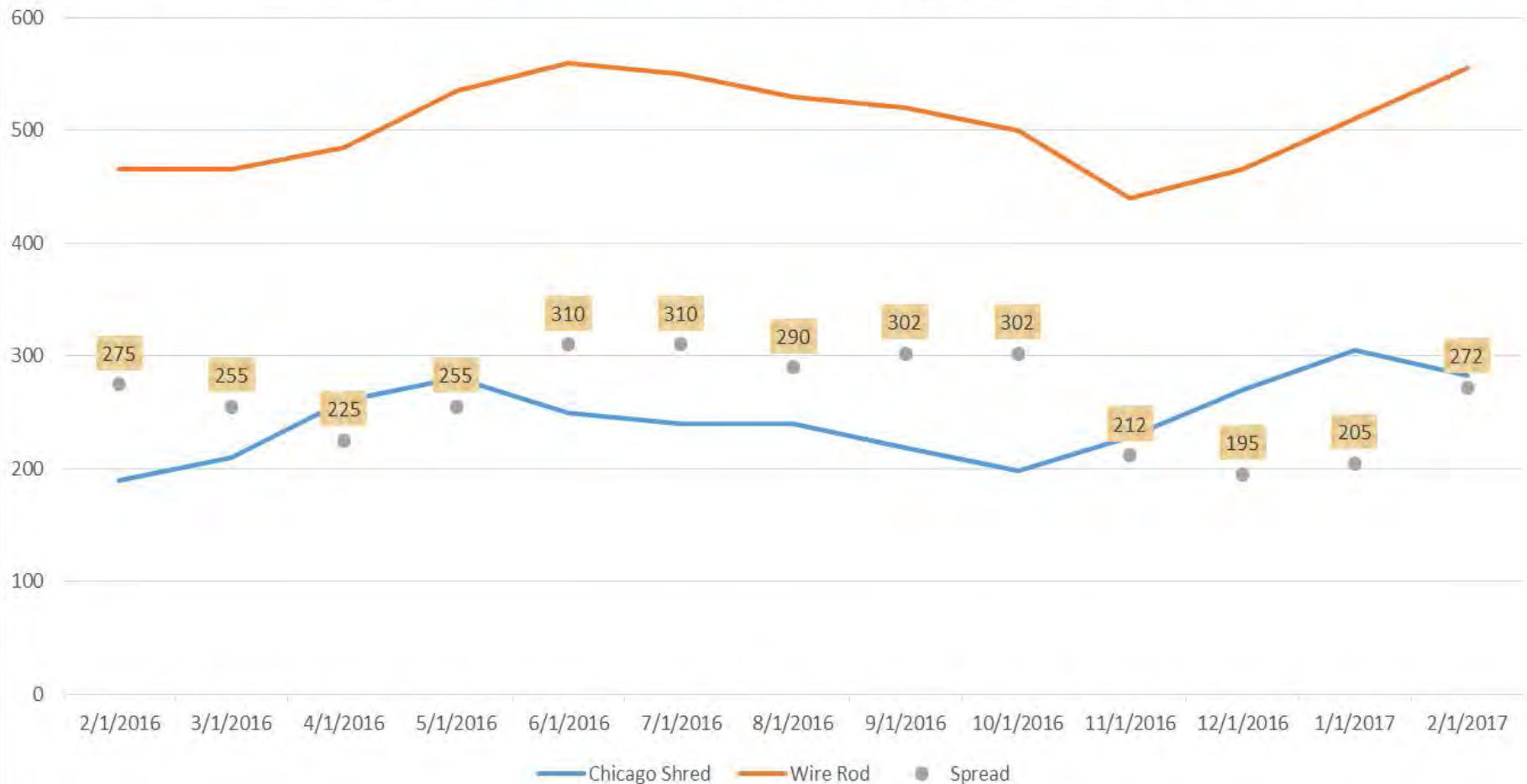
— Chicago Shredded auto scrap consumer buying price \$/gross ton



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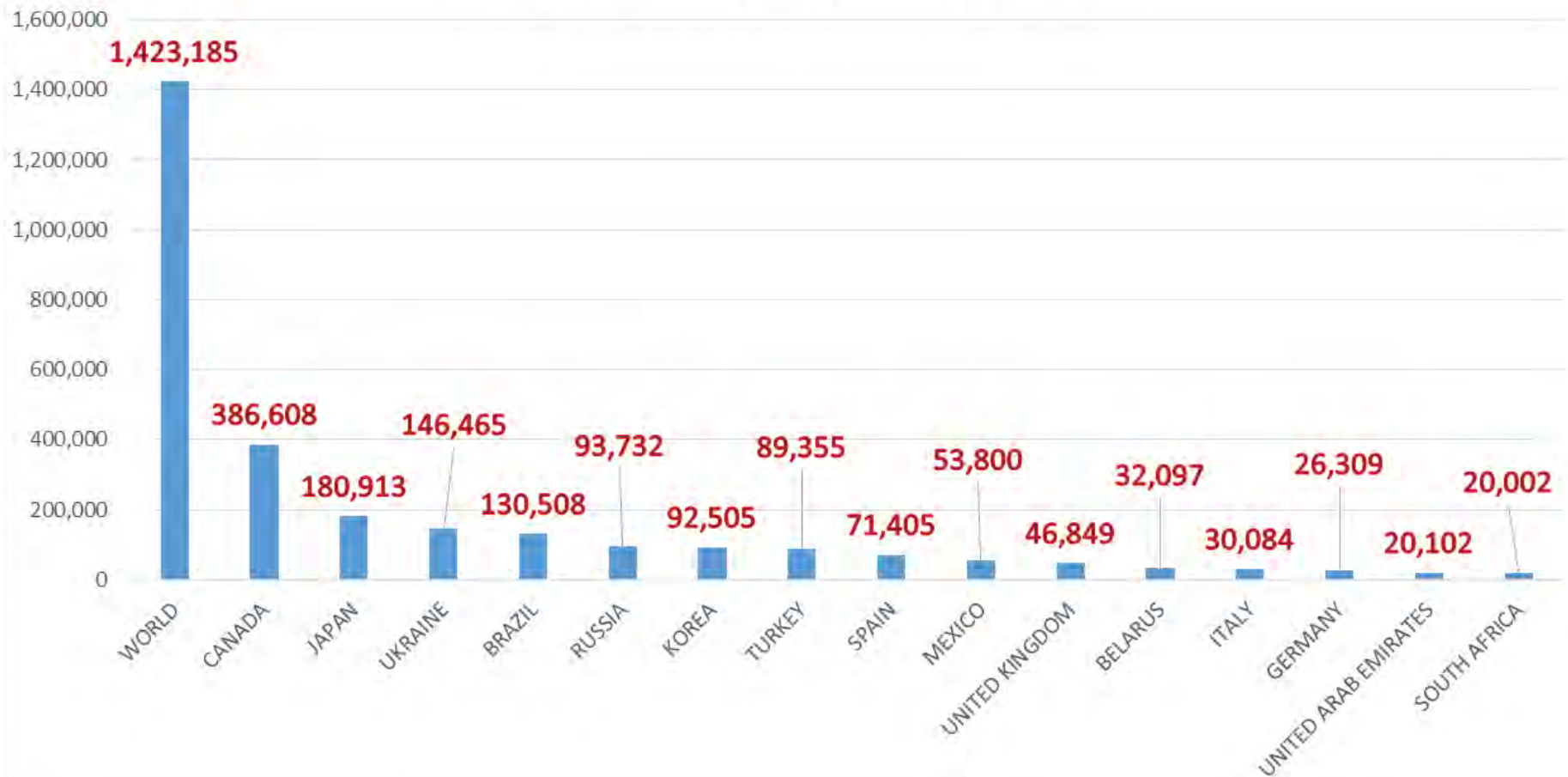
Shred vs. IQ rod

AMM Chicago Shred & Industrial Wire Rod Prices f.o.b. mill 2016-2017



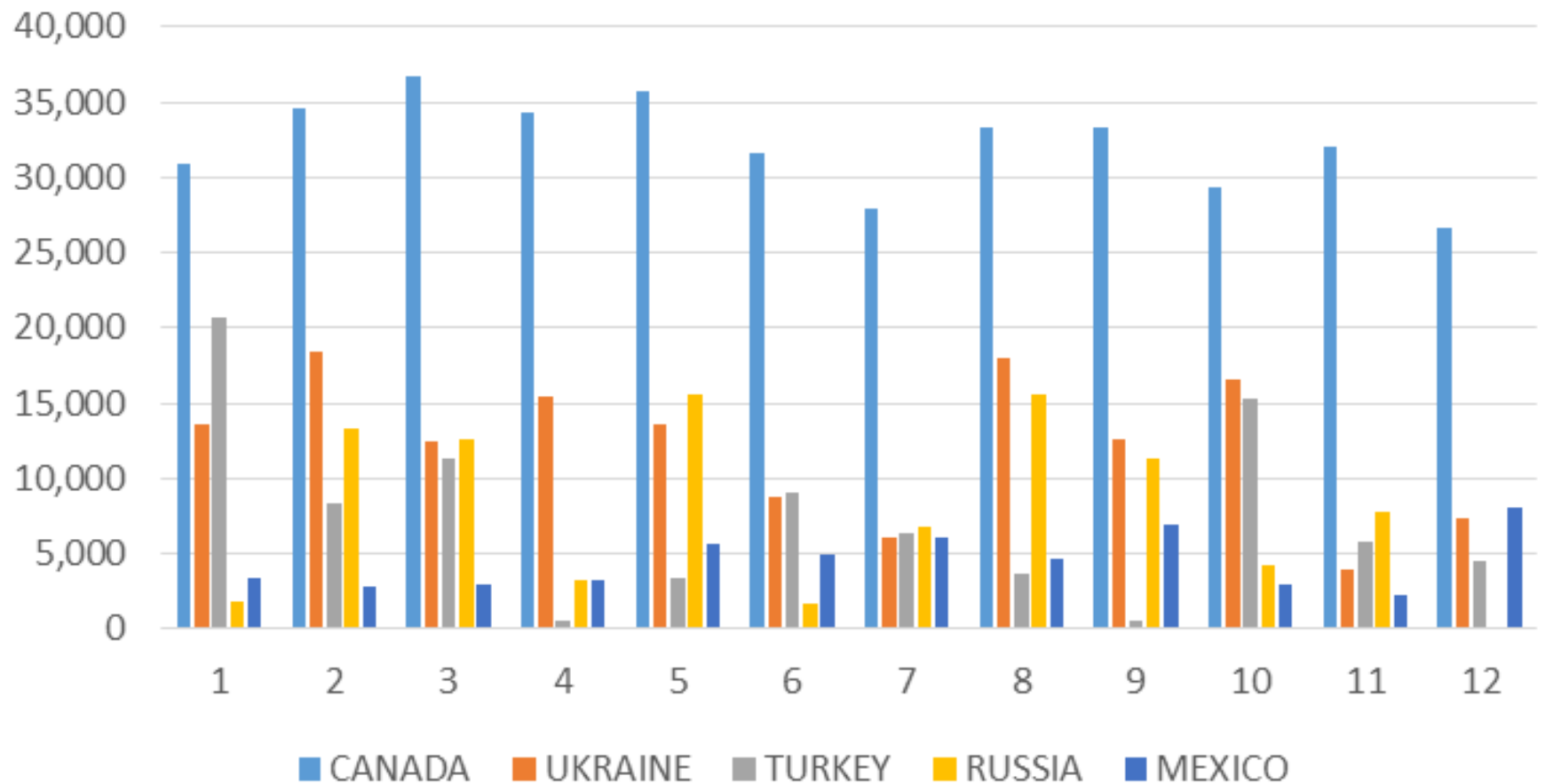
Annual Imports

U.S. Wire Rod Imports (MTonnes) in 2016



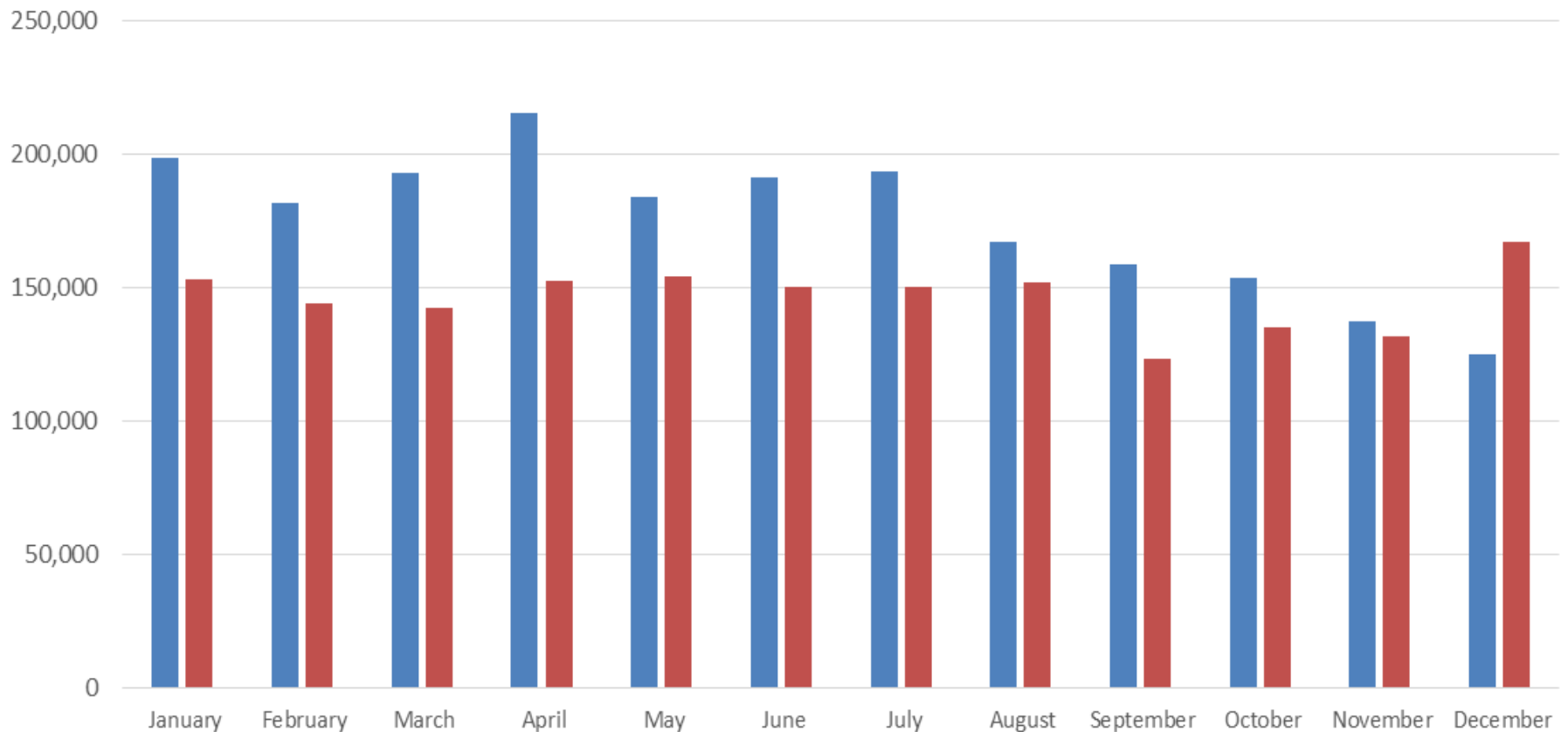
Monthly Imports

Monthly Imports from Spot Exporters (tonnes) in 2016



U.S. Rod Shipments

Domestic Wire Rod Shipments incl. Exports 2015-2016 (net tons)

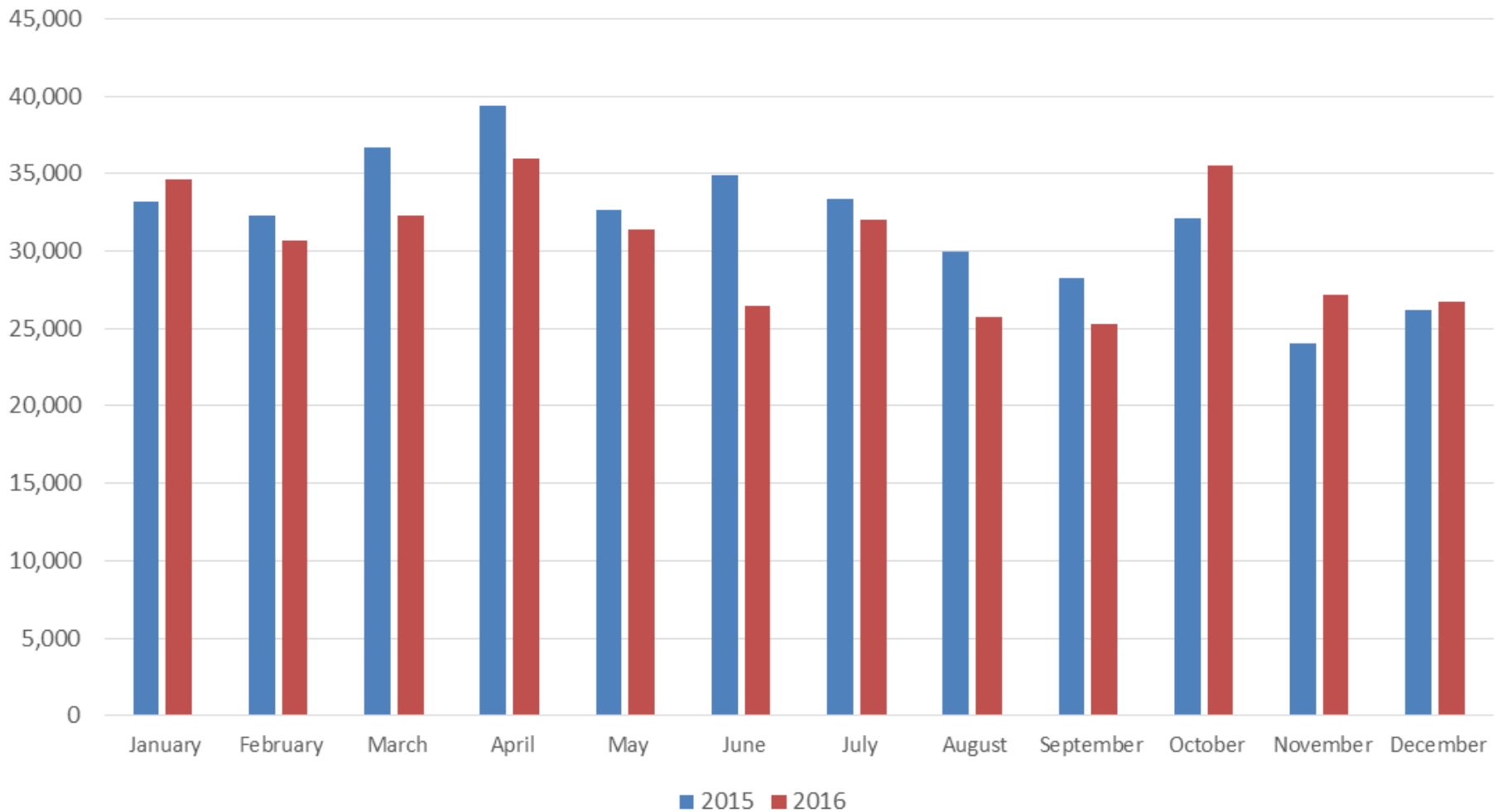


Source: American Iron and Steel Institute (AISI data)

■ 2015 ■ 2016

Drawn Wire Shipments

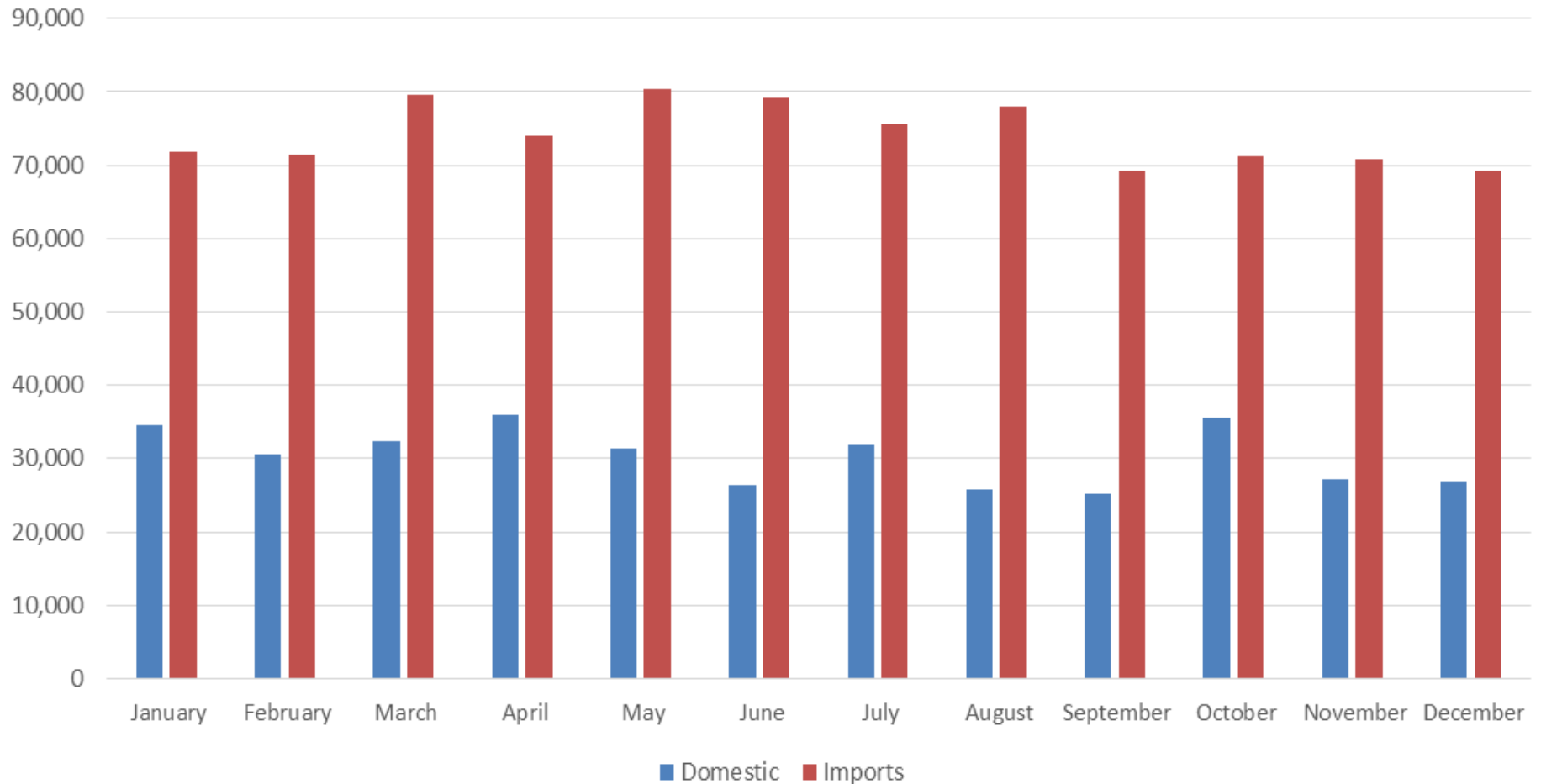
Drawn Wire Shipments incl. Exports 2015-2016 (net tons)



Imports vs. Domestic Wire



Drawn Wire Domestic Shipments vs. Imports in 2016 (net tons)



News

Georgetown mill to re-open...?

- Foreign steelmakers said to show interest
- ArcelorMittal favors steelmaking use
- Community could push rezoning for mixed use
- USW union backs mill restart
- 750,000 tons-per-year mill idled in 2015
- Recently, output at 300,000 tons-per-year
- Updates to follow

President Trump on Infrastructure

- Called for \$1 trillion investment over 10 yrs
- Ambitious: Experts predict less in stimulus
- Could see legislative action in 2017
- Tax reform could turn out as the major Congressional focus this year
- Mid-term elections in 2018!

Market reports

- Published every 2nd Thursday
- Anonymous sourcing
- Feedback always welcome



Monterrey tags remain elevated amid scrap fight

Jan 18, 2017 | 06:00 PM | Grace Lavigne

Tags Mexican scrap, ferrous scrap, Monterrey, Bajio, No. 1 heavy melt, machine shop turnings, Grace Lavigne

NEW YORK — Ferrous scrap prices in Monterrey, Mexico, were largely steady at higher levels last week, with some items up slightly as mills there continued to box out Bajio competition and fight for U.S. material, according to market participants.

No. 1 heavy melt prices in Monterrey moved to 5,200 pesos for the week ended Jan. 13, up from 5,100 pesos the previous week. Meanwhile, prices for the material in Bajio held steady at 5,000 pesos in the same comparison.

Similarly, prices for machine shop turnings in Monterrey rose to 4,700 pesos last week from 4,500 pesos, while those in Bajio were flat at 4,500 pesos vs. the previous week.

"The mills in Monterrey stepped up because they needed scrap," according to one U.S. supplier into Mexico, noting that competition between the Monterrey and Bajio markets has subsided, at least for now.

"We haven't seen an uptick in Bajio pricing yet," he said. "We're not really selling anything into Bajio."

Monterrey mills also are trying to compete with U.S. scrap buyers, this supplier said.

"The Monterrey market typically buys out of southern Texas and Louisiana, and a lot of the U.S. mill prices are up so scrap that would have originally gone into Monterrey is now moving north," he said. "Monterrey buyers are firing up their prices to make sure they're competing with the U.S. market too."

Movement in Mexico's ferrous scrap market typically lags that in the United States, so there are expectations of higher prices for the week ending Jan. 20 after **recent U.S. gains**, the supplier said.

"Mexican markets responded (Jan. 16)," he said. "There is an expectation that pricing (for the week of Jan. 16) will be up."

Indeed, "additional increases are being confirmed (the week beginning Jan. 16)," a Mexican supplier said.

Mexico's currency lost further ground vs. the U.S. dollar last week, **adding to weeks of continued erosion**, moving to 21.58 pesos per dollar compared with 20.90 pesos per dollar the previous week.

"We keep getting references of price increases in the peso in all regions of Mexico," the Mexican supplier said. "It is very noticeable that not only final consumers (steel mills) are passing on the price increases, but big processors as well."

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Thank you!

For questions or to participate:

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