Wire Rod, AMM, and 2017

Nat Rudarakanchana (Rudy)
American Metal Market
Brands

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

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

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

3. Assessment Produced
   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
FastMarkets Acquisition

• 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
American Metal Market

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

Graph showing the price trends of Chicago Shred and Wire Rod from 2/1/2016 to 2/1/2017.
Annual Imports

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

- WORLD: 1,423,185
- CANADA: 386,608
- JAPAN: 180,913
- UKRAINE: 146,465
- BRAZIL: 130,508
- RUSSIA: 93,732
- KOREA: 89,355
- TURKEY: 92,505
- SPAIN: 71,405
- MEXICO: 53,800
- UNITED KINGDOM: 46,849
- BELARUS: 32,097
- ITALY: 30,084
- GERMANY: 26,309
- UNITED ARAB EMIRATES: 20,102
- SOUTH AFRICA: 20,002
Monthly Imports from Spot Exporters (tonnes) in 2016
Domestic Wire Rod Shipments incl. Exports 2015-2016 (net tons)

Source: American Iron and Steel Institute (AISI data)
Imports vs. Domestic Wire

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

The graph compares the monthly domestic shipments of drawn wire to imports from January to December 2016. The data shows a consistent trend with domestic shipments remaining relatively stable throughout the year, while imports vary more significantly. The graph indicates that domestic shipment volumes are lower compared to imports but remain relatively consistent from month to month.
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!
Monterrey tags remain elevated amid scrap fight

Jan 10, 2017 | 06:00 PM | Grace Lavigne

Tags: Mexican scrap, ferrous scrap, Monterrey, Bajo, 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 Bajo 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 Bajo 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 Bajo 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 Bajo markets has subsided, at least for now.

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

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 filing 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 21.68 pesos per dollar compared with 20.80 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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