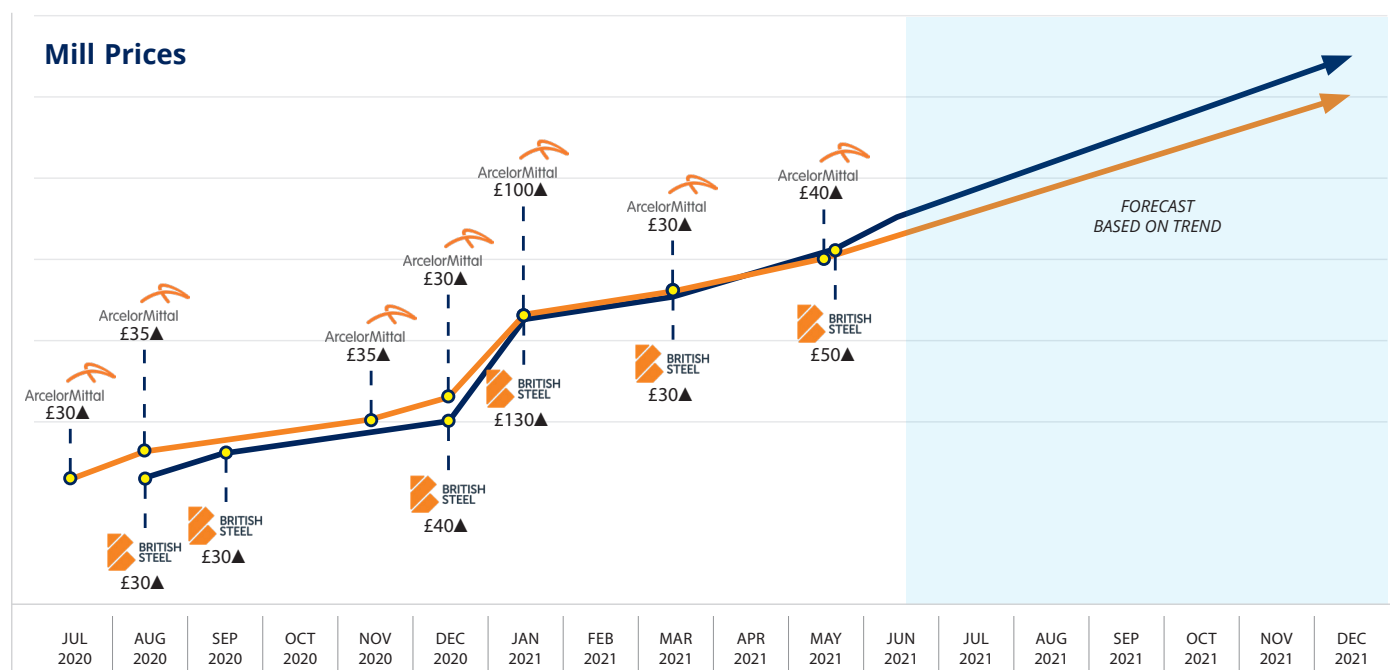


## STEEL MARKET INSIGHT - MAY 2021

The rising cost of raw materials associated with steelmaking has contributed to yet another structural steel price increase, which we would like to share with our customers.

British Steel has announced another big price rise for structural steel with immediate effect. The £50 per tonne increase is the seventh rise since last summer. The latest increase takes the overall amount of increases from July 2020 to c£300/tonne, with more increases expected over the coming weeks and months. This is in line with other structural building materials which have also sky-rocketed in price over recent months. ArcelorMittal, the other major structural steel supplier in the UK, have announced very similar increases.



## Steel Supply Demand

Several factors have created a steel supply and demand imbalance both at a macro and micro level, here are just a few listed below:

- Demand in 2021 is set to grow substantially and both construction and manufacturing PMIs are reaching record highs compared to the last decade. This is due to many countries planning to inject huge financial stimulus packages into construction projects to effectively build countries out of recession. Some views are that we are about to experience the biggest economic boom since the post WWII era;
- In our local market the difficulties for Liberty Steels regarding their financial situation result in uncertainty for many steel manufacturing facilities in the UK and will remain badly restricted;
- China is entering enforced steel production restrictions to convert mills to electric arc using scrap rather than iron-ore as their primary ingredient, in part environmentally driven;
- Demand in the EU is forecast to have fallen by 13% in 2020 and to rebound to +13% in 2021 and whilst quick transition in apparent demand can occur steel producers just cannot react so quickly;
- Safeguard quotas will start to be exceeded on many products resulting in large duty payments that we as a UK trader are already starting to experience.

## STEEL MARKET INSIGHT - MAY 2021

### Raw Material Costs

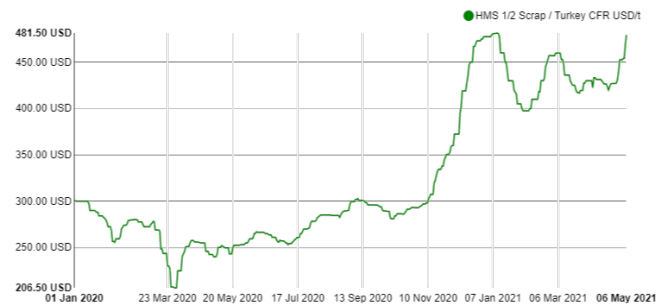
#### Iron Ore Prices

KORE 62% Fe / Qingdao CFR USD/t



#### Scrap Metal Prices

HMS 1/2 Scrap / Turkey CFR USD/t



### The Future

World steel demand is likely to sky-rocket as we move into a safer world. Base materials that influence steel prices will remain strong off the back of forecasts that global crude steel production will grow to an all-time world record high over Q3 and Q4 of 2021. Other products outside structural sections have experienced even larger price increases and subject to even tougher availability issues. For example, hollow section and strip mill, where prices have more than effectively doubled in the last year, are likely to triple by the end of the year if the current trends persist. Additional costs associated with steel manufacturing and distribution are all increasing, and look set to continue with further rises ahead i.e. raw materials, energy, all taxes including environmental, road transport, shipping, trade insurance, employment, mill housing/warehousing, port handling charges, etc.

### Our Position

While there are undoubtedly a lot of unknowns for the future, ParkerSteel remains well positioned in the market. With secure supply chains in place domestically, within the EU and worldwide, we can adapt to all eventualities.

We have kept stock levels high, supply chain permitting, and have increased planned deliveries throughout Q3, spread across suppliers to negate any issues and allow us to be prepared for further increases in demand.

### What it means for you

We are encouraging all our customers to review their order book and ensure they cover their material costs projections adequately, and beat any further price or availability issues that may compound over the coming months. We have secured stock to prevent as much negative impact upon our customers as possible. However, to avoid any unexpected delays and further price rises associated with potential tariff charges we urge you to plan accordingly.

For any large project work planned, please speak to your Account Manager. We understand the importance of both lead times being met and securing the best prices. We're already working with large material requirements with fabricators and contractors and would urge customers to get in contact and start discussions sooner rather than later to plan ahead.

*Please note these are the views and opinions of ParkerSteel Limited based on experience and market condition data supplied by third parties.*