# SingleSource SOLUTION

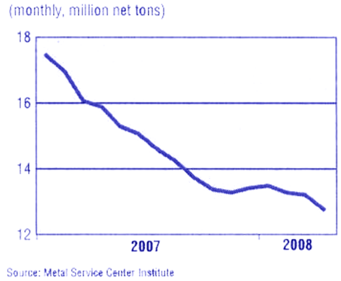
CR Metal Products Inc. | 3rd Quarter 2008

## Metal Market highlights

- The half dozen flat-rolled mill products tracked by Purchasingdata.com sold this month above $1,000/ton for the first time ever.
- Total service center shipments of flat-rolled steel, the product most impacted by housing and automotive slowdowns, showed a decline of 7% through April when compared with the first four months of 2007.
- Since energy, wind turbine, and agricultural machinery markets continue to be described as buoyant, Ipsco, ArcelorMittal USA, and Nucor are looking to boost midsummer prices for steel plate by another $250 on average.

**Steel service center operators aren't stockpiling**

(monthly, million net tons)




Source: Metal Service Center Institute

North American steel service center inventories have fallen to a 12-month low.

## Market Prices Are Ratcheting Higher

In their recent market forecast, the editors at Kiplinger.com suggest that the largest steel users can expect to pay as much as $1,200 a ton for hot-rolled steel and $1,300 for cold-rolled by July. Small companies should figure prices will be about $200 higher than those.

- Cold-rolled sheet averaged $1,103/ton from $929 in April, a 19% month-to-month increase and a 74% explosion from $633 last May.
- Electrogalvanized sheet at $1,060 this month is 14% stronger than in April and 51% higher than May of last year.

Michael Willemse, an analyst at CIBC Capital Markets in Toronto, says in a note to clients that "recent price increases have been more than was warranted from raw material cost increases" so "a correction over the summer months is possible." North American steel service center inventories continue to be at multi-year lows at 12.7 million tons in April (the lowest since the same amount was posted in February 1997). (*See graph below left*)

## Metal Pricing Index

CR wants to keep you in the loop when it comes to metal pricing. We will provide a condensed quarterly index in each newsletter so that you can stay on top of the pricing that affects your cost structure.

| Items: | 2nd Qtr 2007 | 3rd Qtr 2007 | 4th Qtr 2007 | 1st Qtr 2008 | 2nd Qtr 2008 |
|---|---|---|---|---|---|
| Cold-rolled steel sheet (Midwest, $/net ton) | 615 | 629 | 598 | 615 | 946 |
| Electrogalvanized steel sheet (Midwest, $/net ton) | 700 | 697 | 678 | 661 | 938 |
| Stainless steel sheet (CR, Type 304, $/ton) | 4428 | 5416 | 5670 | 3961 | 4293 |
| Aluminum (.063) $ per lb. | 2.12 | 2.20 | 2.25 | 1.98 | 2.04 |
| Aluminum (.090) $ per lb. | 2.15 | 2.10 | 2.25 | 1.95 | 2.08 |
| Steel scrap (auto bundles, $/gross ton) | 296 | 293 | 290 | 295 | 548 |
| Steel scrap (#1 heavy melt, Chicago, $/gross ton) | 234 | 267 | 257 | 267 | 452 |

*Purchasingdata.com*

Available statistical data supports another view that steel buying overall already is steady-to-down. It's not so obvious because there's less metal coming from offshore, with first quarter imports down 7% from a year earlier (and down 12.5% from the first quarter of 2006). High maritime shipping costs and a weak U.S. dollar have reduced the cost advantages of foreign producers and kept their prices high, thus reducing import competition. "Due to the slumping economy, U.S. steel demand is terrible with a capital T, but domestic mills' business is strong because companies aren't buying much imported steel," says Charles Bradford, president of Bradford Research/Soleil Securities, the New York-based steel consulting firm.