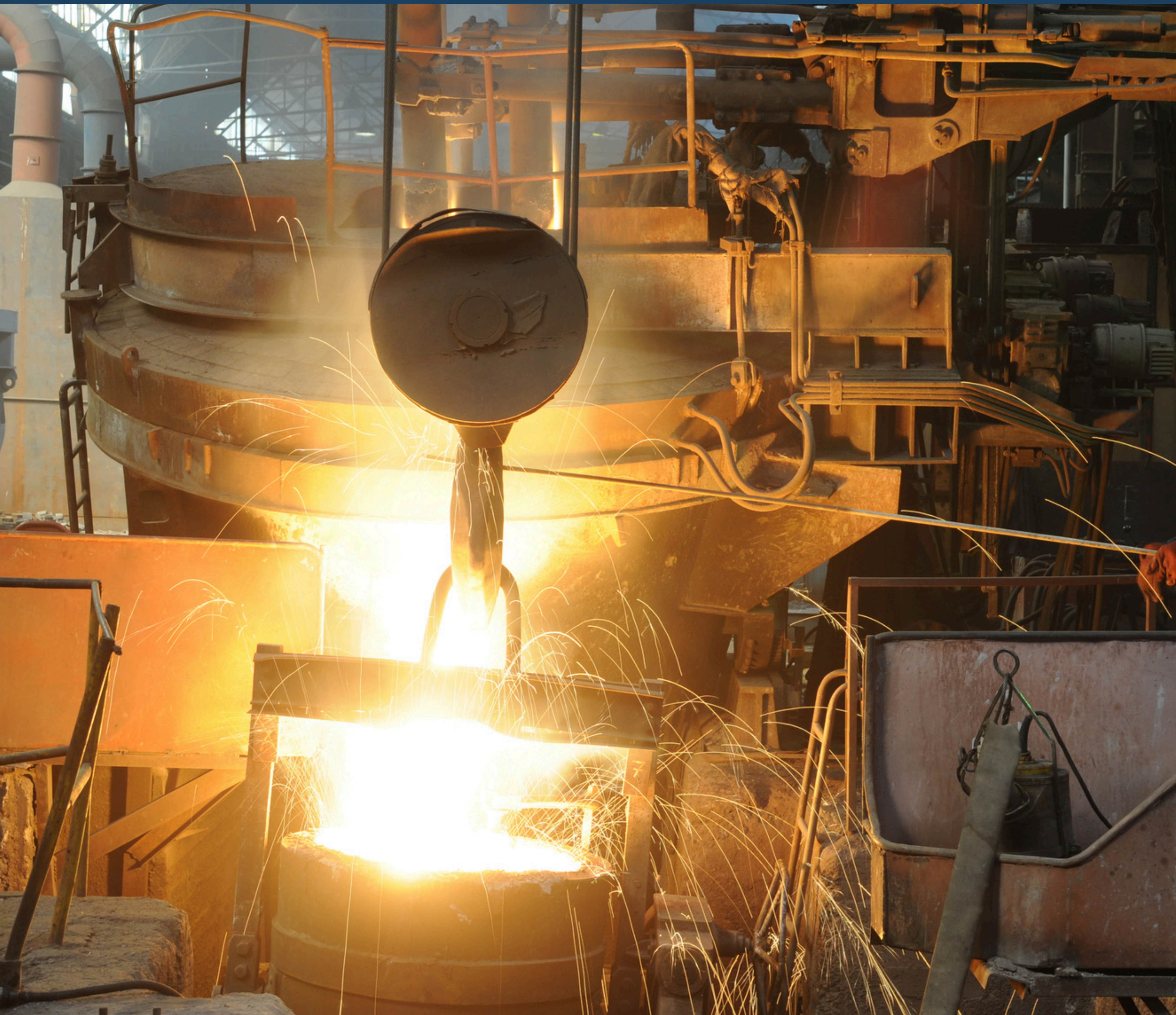
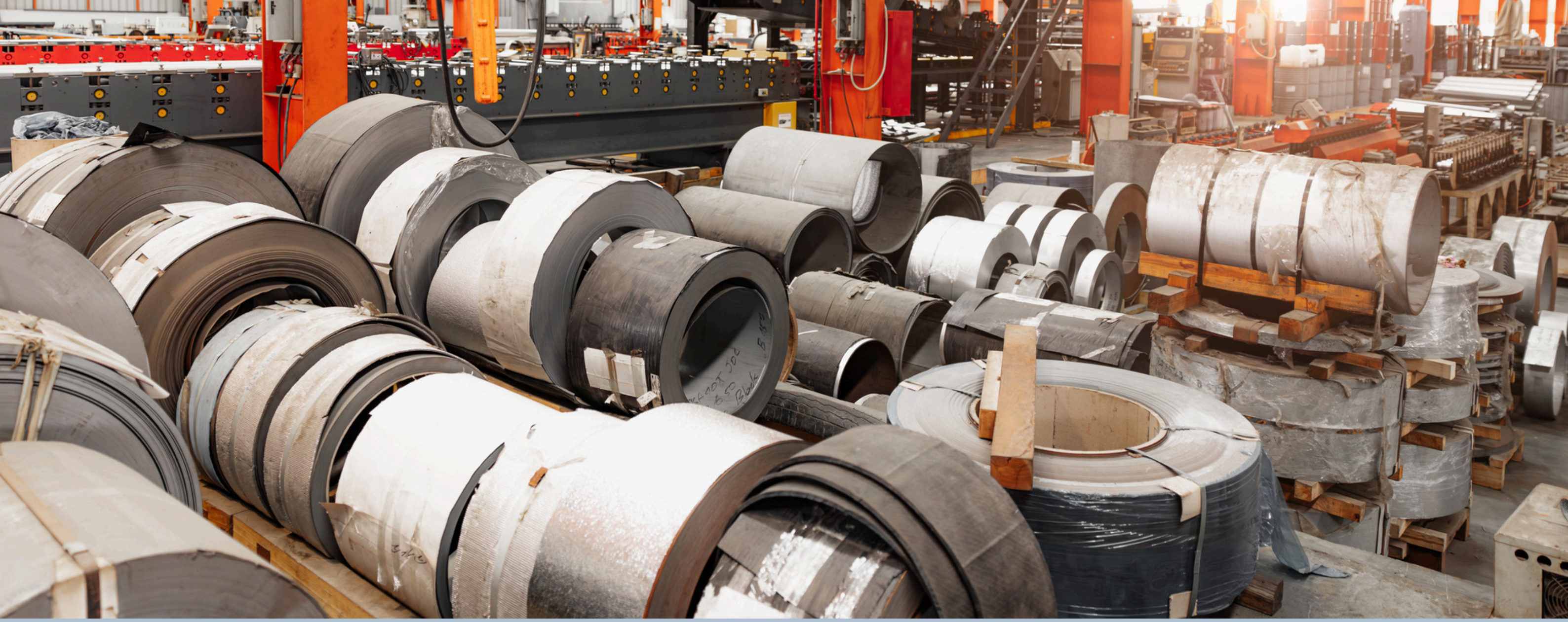
US STEEL NEWSREEL

05 May 2026

HRC REMAINS FIRM WITH TIGHT SUPPLY CONDITIONS





HRC Market Update

Nucor Raises CSP; Market Reaction Muted
As expected, Nucor increased its weekly CSP by $5 to $1,070/st, aligning with SMU at the top of the spot range. Market reaction was muted due to extended May Day holidays across Europe and Asia. Futures activity was light, with just 124 lots traded—primarily by smaller screen buyers.

Since March 31, forward pricing has moved materially higher:

- Q3 futures: $1,006 → $1,130/st (+$124)
- Q4 futures: $969 → $1,066/st (+$97)

Momentum Remains Intact

The rally has persisted longer than expected, supported by seasonal demand, disciplined inventory management, and ongoing supply constraints. While flat-rolled imports have begun to recover modestly, volumes remain historically low—preserving domestic mills' pricing power.

There are few signs of fatigue. The market has seen no meaningful consolidation or correction, and profit-taking has been limited. While futures may be running ahead of near-term fundamentals, the absence of a clear bearish catalyst suggests momentum will continue.

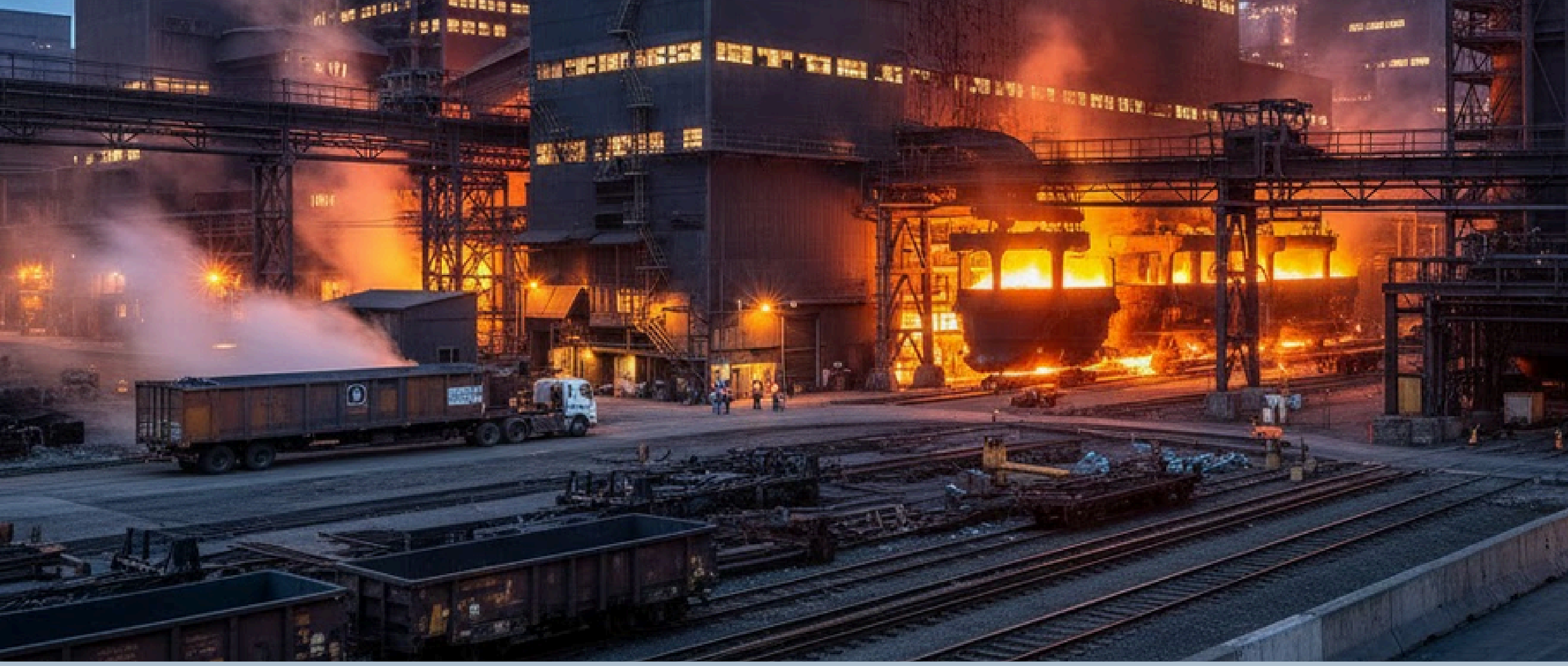
Incremental spot increases of $5–10/st per week continue to reinforce the trend.

Price Convergence: Unusual Alignment

Benchmark pricing remains tightly clustered:

- Weekly Index: $1,062/st
- Platts: $1,055/st
- SMU: $1,070/st
- Nucor CSP: $1,070/st

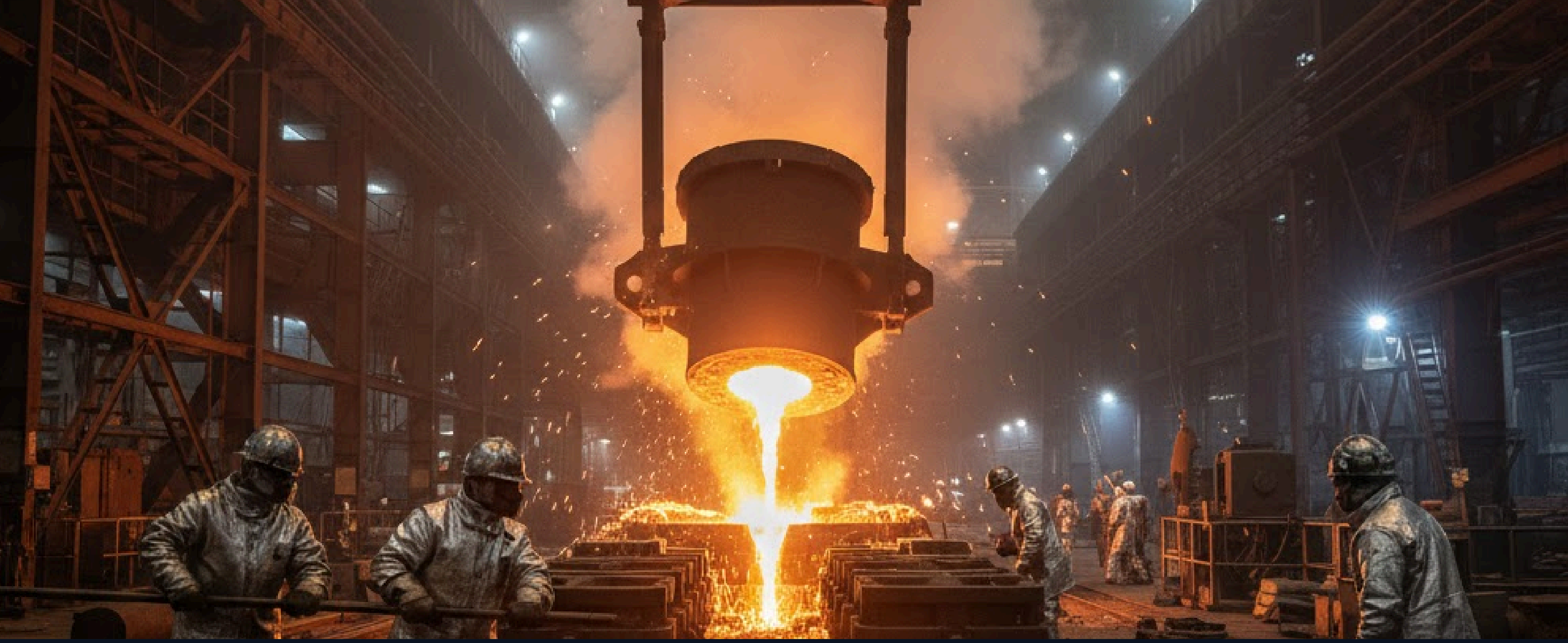
A narrow $15/st range reflects a high degree of pricing efficiency, with buyers and sellers closely aligned on fair value. While this may suggest balance on the surface, underlying fundamentals continue to tighten.



Stable Demand, Leaner Operations

Demand remains steady but unspectacular. Service centers are operating leaner and emphasizing cost control to offset rising input prices, while competitive pressures-particularly among smaller distributors-remain elevated.

Mill lead times are stable at elevated levels, though variability persists across producers as some work through order backlogs.



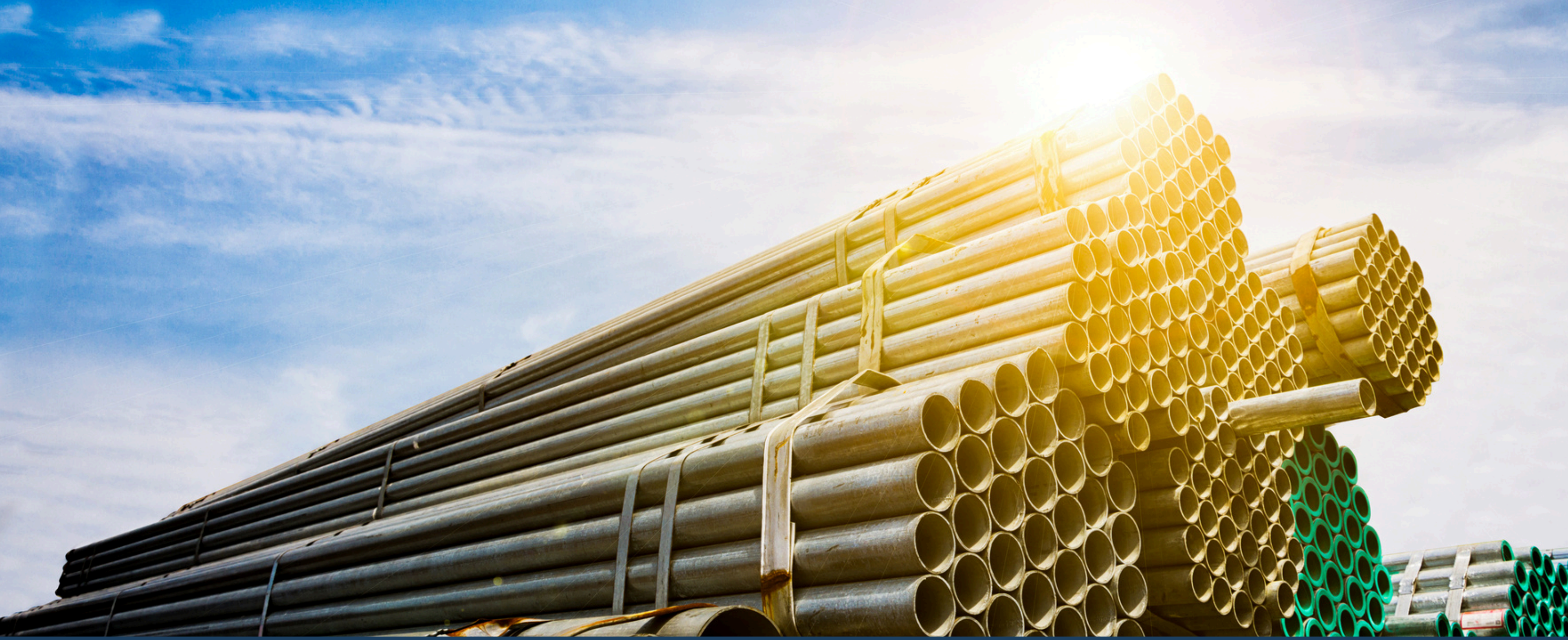
Production Hits Multi-Year High

US raw steel production reached 1.856 million tons in the week ending May 2-the highest level since November 2021:

- +1.4% w/w, +9.6% y/y
- YTD: 31.4 million tons (+6.2% y/y)
- Utilization: 80.4% (highest since July 2022; 77.9% YTD avg)

Regional output was broadly higher, led by gains in the South and Midwest.

Despite increased production, supply continues to be absorbed without meaningful inventory build.

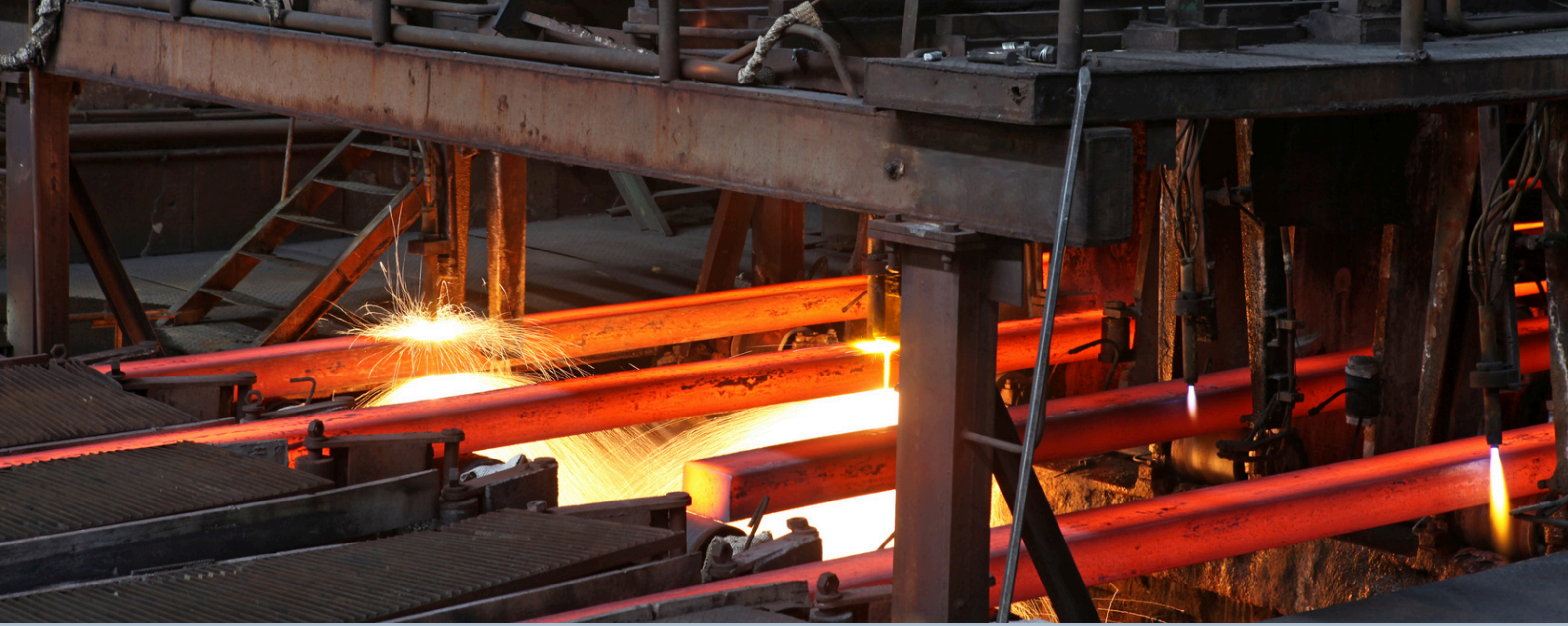


Lead Times Reinforce Firm Conditions

Lead times remain elevated:

- Hot rolled: ~6.5 weeks
- Cold rolled / galvanized: ~8 weeks
- Galvalume: ~8.5 weeks
- Plate: just over 7 weeks

Sheet lead times are modestly longer than earlier this year and consistent with late-2023 levels. Plate has eased slightly but remains elevated.



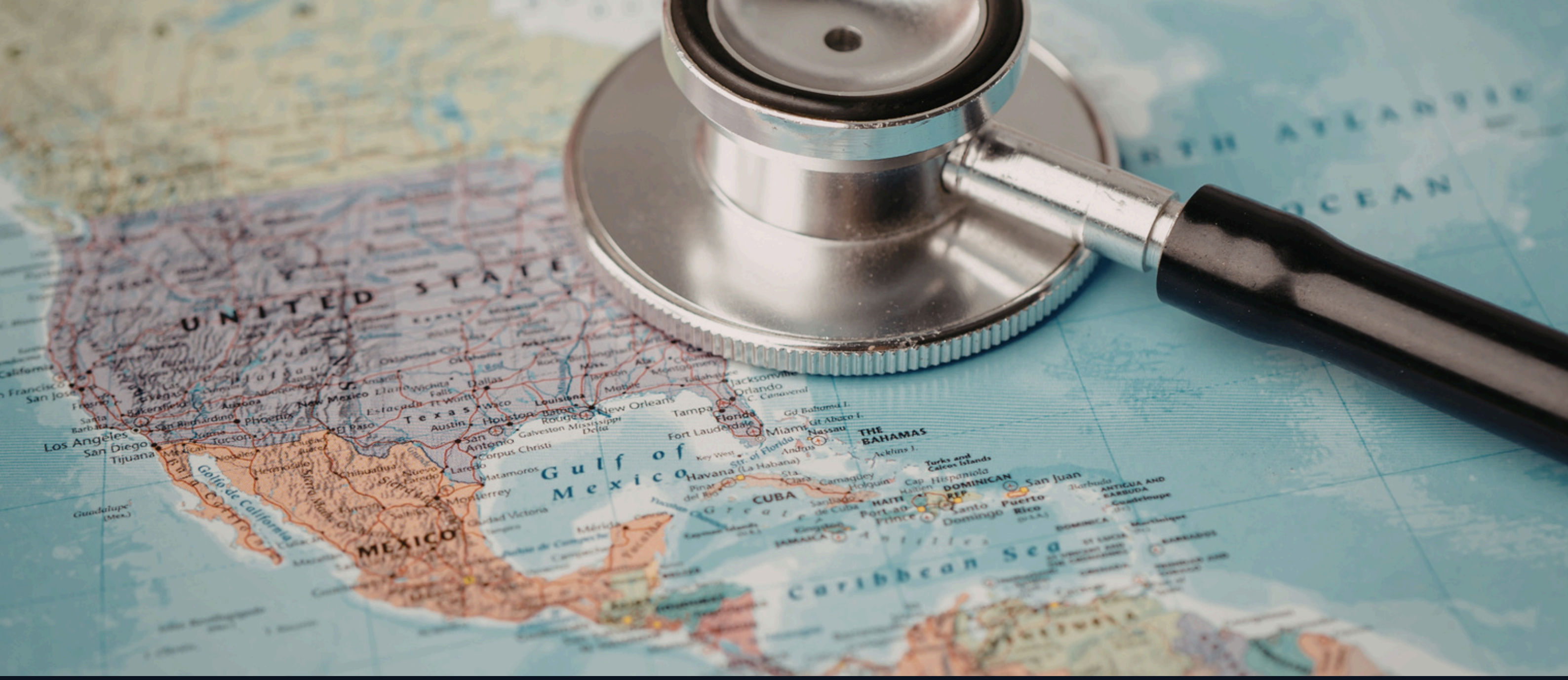
Mill Discipline Supports Pricing

Pricing discipline remains strong. Only 22% of buyers report any willingness from mills to negotiate spot pricing-near the lowest level in over a year.

Negotiation rates:

- Hot rolled: 20%
- Cold rolled: 18%
- Galvanized: 29%
- Galvalume: 31%
- Plate: 11% (lowest in three years)

This underscores strong order books and continued mill confidence.



Policy and Trade Developments

Canada announced CAD$1.5 billion in support for industries impacted by US metals tariffs, including a CAD$1 billion program via the Business Development Bank of Canada.

US tariffs-now applied to the full value of certain steel-containing goods-remain a key support for domestic pricing by limiting lower-cost imports.

Emerging Tightness

Signs of tightening are building:

- Spot transactions increasingly occurring above published CSP levels
- Strength broadening into cold-rolled and coated products
- Mills maintaining firm pricing with limited flexibility

Outlook

The HRC market remains fundamentally strong but may be nearing a period of consolidation. Futures reflect continued forward strength, while the physical market is advancing more gradually.

Key supports remain intact:

- Tight benchmark alignment
- Stable demand and lean inventories
- Broadening product strength
- Supportive trade policy and robust domestic production

A near-term pause would likely be constructive-allowing prices to consolidate and better align with demand-without undermining the broader uptrend.

HRC Stats as of close 04/05/26

Volume	124	↓295
Open Interest	37,021	↑48
May 26	$1,084	Unch.
Jun 26	$1,132	↑$2
Q3 26	$1,130	↑$5
Q4 26	$1,066	↑$6
Q1 27	$1,038	↑$10

Source: FIS

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