

**12/05/26**

Trader reaction to Nucor's \$10/st price increase yesterday, lifting CSP to \$1,080/st, was relatively muted. While the back end of the futures curve moved higher, the gains appeared driven primarily by screen buying in Q3 contracts. Meanwhile, the June '26 HRC contract continued to weaken, settling at \$1,099/st — down more than \$30 over the past week.

**Current benchmark pricing stands at:**

- Weekly Index: \$1,067/st
- Platts: \$1,070/st
- SMU: \$1,075/st
- Nucor CSP: \$1,080/st

The narrow \$13/st spread across the major benchmarks reflects a highly efficient pricing environment, with buyers and sellers largely aligned on current market value. While that convergence suggests balance on the surface, underlying fundamentals continue tightening.

**Spot Market Conditions Remain Stable**

Sheet market participants reported modest spot price increases over the past week, though most described overall market conditions as stable.

Across the U.S., sources cited little change in lead times, pricing, or buyer demand. Many continue questioning whether this year's market can avoid the typical summer showdown.

A West Coast steel service center executive remained encouraged by the market's unusual stability: "Business is good. It can always be better, but I'm not sure whether it's easier to stay this way or handle peaks and troughs."

A Midwest mill source confirmed sustained strength in spot order activity, particularly in hot-rolled coil: "We had a good book of new spot orders for hot-rolled coils. Cold rolled isn't as robust. I do see this lasting for quite some time, but not likely a persistent rise in prices through the rest of the summer."

Another Midwest service center source described a market that continues grinding higher in small increments: “It’s like Groundhog Day over and over again. We’ve added incremental price increases each week. I’m hoping current sales levels continue as long as pricing remains firm.”

### **Raw Steel Output Continues Rising**

U.S. steel mills continue increasing production, with weekly output again reaching multi-year highs.

The latest data from the American Iron and Steel Institute (AISI) show raw steel output rising 1.3% week over week to 1.88 million short tons in the week ending May 9. Production is now up 9.3% year over year.

Mill capability utilization reached 81.4% last week, up from 80.4% the prior week and 76.6% a year ago.

Adjusted year-to-date production totals 33.3 million short tons, up 6.3% from last year, while year-to-date capability utilization stands at 78.1% versus 76.2% in 2025.

### **Regional production changes were as follows:**

- Northeast: 140,000 st (+6,000)
- Great Lakes: 522,000 st (+11,000)
- Midwest: 309,000 st (-2,000)
- South: 842,000 st (+4,000)
- West: 67,000 st (+5,000)

### **Plate Market Developments**

SSAB Americas announced a \$40/st increase in plate transaction prices for new non-contract orders confirmed for shipment beginning June 28.

The move follows Nucor Plate Group’s May 8 decision to leave plate pricing unchanged. Nucor will begin accepting July production orders on May 15, with both mills establishing June 5 as the cutoff date for July order consideration.

One East Coast service center source expressed surprise at Nucor’s decision not to raise prices:

“It was certainly a surprise. It’s unlike them to miss opportunities to increase prices.”

A West Coast distributor suggested Nucor’s strategy is tied to managing import risk:

“My understanding is that Nucor does not want to lose business if imports enter the market. You can bet the other mills will follow suit.”

Meanwhile, Oregon Steel Mills recently announced a \$60/st increase in spot plate pricing.

SMU last assessed plate prices in a range of \$1,190–1,260/st on May 5.

### **Imports Recover Modestly**

After falling to historic lows earlier this year, steel imports posted modest recoveries in March and April.

Final March import data showed U.S. steel imports rising 5% month over month to 1.77 million short tons, while April license data currently point to another 10% increase to approximately 1.95 million short tons.

March imports were concentrated among a handful of suppliers:

- South Korea: 16%
- Brazil: 16%
- Canada: 16%
- Vietnam: 10%
- Mexico: 8%

Combined, the top 13 supplier countries accounted for roughly 90% of total March imports.

Despite the recent rebound, imports remain well below early-2025 highs, with tariffs, long lead times, and elevated landed costs continuing to limit offshore competitiveness.

### **Trade Policy Continues Supporting Domestic Pricing**

Trade policy remains one of the strongest underlying supports for the domestic steel market.

Current U.S. tariffs on steel and downstream steel-containing products continue limiting lower-cost imports and reinforcing domestic pricing power.

Political rhetoric surrounding trade has intensified again, with President Donald Trump recently threatening to raise tariffs on European auto imports to 25% from 15%. While implementation details remain unclear, markets continue interpreting the broader policy backdrop as supportive for domestic steel pricing.

Canada also announced CAD\$1.5 billion in support measures for industries impacted by U.S. metals tariffs, underscoring the growing economic implications of escalating trade tensions.

For domestic producers, however, the environment remains constructive, as buyers continue prioritizing domestic supply amid ongoing trade uncertainty.

## Outlook

The HRC market remains fundamentally strong, although recent futures price action suggests the market may be entering a period of consolidation following the aggressive rally seen earlier this year.

### Key supports remain firmly intact:

- Tight benchmark alignment
- Stable demand and lean inventories
- Broadening strength across products
- Supportive trade policy
- Robust domestic production
- Limited import competition

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

For now, momentum continues to favor the bulls, and the market still shows few signs of a meaningful reversal.

### HRC Stats as of close 05/11/26:

- Volume 1,645 (Up 1,244)
- Open Interest 39,540 (Down 24)
- May26 HRC \$1,078 unch
- June26 HRC \$1,099 -\$2
- Q326 HRC \$1,133 +\$7
- Q426 HRC \$1,067 +\$8
- Q127 HRC \$1,031 +\$8

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