

US STEEL NEWSREEL

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Yesterday, Nucor raised its weekly CSP another \$10/st to \$1,090/st, placing its spot print at the top end of the current pricing cluster. Later in the day, Platts followed with a \$10/st increase to \$1,080/st. Despite the physical market firming further, futures reaction remained muted, with the curve gaining only about \$1/st on average. Attention now shifts to tomorrow's weekly index print (last: \$1,074/st) to determine whether the broader market catches up to Nucor — or whether Nucor is beginning to outpace underlying spot fundamentals in its push toward \$1,100/st.

Current benchmark pricing now stands at:

- Weekly Index: \$1,074/st
- Platts: \$1,080/st
- SMU: \$1,080/st
- Nucor CSP: \$1,090/st

The narrow \$16/st spread across major benchmarks reflects one of the most efficient pricing environments we've seen in some time, with buyers and sellers largely aligned on current market value. Beneath that apparent balance, however, fundamentals continue tightening.

According to the latest AISI data, U.S. raw steel production climbed to 1.898 million short tons in the week ending May 16 — the highest weekly output since March 2020. Production increased 1.0% week over week and is now up 11% year-to-date. Mill capability utilization rose to 82.2%, the strongest weekly rate since May 2022, versus 76.6% during the same week last year.

Regional production gains were led by the Great Lakes and South, both up 11,000 st week over week, while the Northeast and West posted modest declines.

At the same time, apparent steel supply surged in March. According to SMU analysis of Commerce and AISI data, finished steel entering the U.S. market rose 11% month over month to 8.87 million st — the highest level since July 2025. Domestic mill shipments accounted for the majority of the increase, jumping 809,000 st to a four-year high of 8.20 million st. Finished imports also increased 10% to 1.33 million st, with April license data pointing to another 7% rise.

Even with supply increasing, inventories remain historically lean. U.S. service center flat-rolled supply declined for a fourth consecutive month in April, with adjusted shipping days of supply falling to 45.7 days — down 20% year over year and the lowest level since May 2021. Sheet inventories now sit at just 2.17 months of supply.

That tightening inventory environment continues reinforcing the “stronger for longer” narrative across the flat rolled market. More importantly, signs of a broader service center restocking cycle are beginning to emerge. With mill lead times stretching deeper into summer and inventories near multi-year lows, many buyers appear increasingly focused on securing tons rather than waiting for lower prices.

As one market participant put it: “The most expensive steel is the steel you don’t have.”

Demand indicators also continue improving. SMU reported that 44% of survey respondents now see demand conditions improving — the strongest reading since June 2021 — despite ongoing concerns tied to inflation and geopolitical tensions.

Imports are beginning to re-enter the conversation as domestic pricing and lead times continue rising. Several market participants noted that imported HRC arriving in late summer or early fall is becoming increasingly attractive, particularly for smaller service centers attempting to remain competitive against larger distributors with stronger mill relationships.

One mill source confirmed producers are selectively limiting lower-priced contract tons in order to preserve availability for higher-priced spot business, noting that few expected HRC to approach \$1,100/st when annual contracts were negotiated.

Trade policy also remains a major structural support for domestic pricing. Existing tariffs on steel and downstream steel-containing products continue limiting lower-cost imports while reinforcing domestic mill pricing power. Recent rhetoric surrounding additional tariffs on European autos, along with uncertainty surrounding future North American trade negotiations, continues encouraging buyers to prioritize domestic supply.

Overall, the physical HRC market remains fundamentally strong.

Key supports remain firmly intact:

- Tight benchmark alignment
- Lean inventories and improving demand
- Broadening strength across flat rolled products
- Supportive trade policy backdrop
- Strong domestic production
- Still-limited import competition

For now, momentum continues to favor the bulls, and the physical market still appears healthier than the futures market currently implies. The primary near-term risk is not collapsing demand, but rather the possibility that tariff-driven tightness has already been substantially priced into the market, potentially limiting further upside absent a fresh catalyst.

HRC Stats as of close 05/18/26

Volume 1,736 (Up 215)

Open Interest 39,555 (Up 580)

May26 HRC \$1,080 +\$1

June26 HRC \$1,109 unch

Q326 HRC \$1,142 +\$1

Q426 HRC \$1,076 +\$1

Q127 HRC \$1,023 unch

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