

# US STEEL NEWSREEL

**26/05/26**

This morning, we wait on Nucor's Weekly CSP delayed by the Memorial Day Holiday. Last week saw indices increasing and futures markets continuing to rise. Closing Friday at the peak of the move. Over the past seven weeks, both Q3 and Q4 contracts have rallied sharply:

- Q3 increased from \$1,006 to \$1,164 (+\$158)
- Q4 increased from \$969 to \$1,102 (+\$133)

#### Current Benchmark Pricing

- Weekly Index: \$1,086/st
- Platts: \$1,085/st
- SMU: \$1,090/st
- Nucor CSP: \$1,090/st

The narrow \$5/st spread across major benchmarks reflects one of the most efficient pricing environments the market has seen in some time, with buyers and sellers largely aligned on current value. Beneath that equilibrium, however, fundamentals continue tightening.

The physical sheet market remains supported by:

- Extremely limited spot availability
- Solid underlying demand
- Extended mill lead times
- The leanest sheet inventories since May 2021

SMU's hot-rolled coil average now stands at \$1,090/st, up another \$10/st week over week and at its highest level since May 2023. Increasingly, market participants view \$1,100/st HRC as inevitable, with some discussing a potential move toward \$1,200/st.

Import discussions are beginning to re-emerge at these higher price levels, though several participants noted that foreign tons may ultimately be needed simply to replenish depleted inventories and supplement domestic supply as mills push lead times deeper into summer.

## **Demand Strength Becoming More Visible**

According to SMU's latest survey, 44% of respondents reported increasing demand — the strongest reading since June 2021, one of the tightest steel markets on record.

Unlike 2021, however, current strength is more concentrated than broad-based. Data center construction, energy infrastructure, and border-wall related demand remain exceptionally strong, while most other sectors are stable rather than explosive.

While the market is not officially on allocation, many buyers describe conditions as feeling similar due to the difficulty securing meaningful spot tonnage or receiving full contract volumes.

That dynamic continues reinforcing restocking behavior. As one participant summarized:

“The most expensive steel is the steel you don't have.”

## **Lead Times and Inventories Continue Supporting the Market**

SMU's current HRC range stands at:

- \$1,070–1,110/st
- Average: \$1,090/st

Hot-rolled lead times now range from 5–11 weeks, averaging roughly seven weeks as of the May 14 survey.

At the same time, service center inventories remain historically lean:

- Flat rolled supply declined for a fourth consecutive month in April
- Adjusted shipping days of supply fell to 45.7 days
- Sheet inventories sit at just 2.17 months of supply
- Lowest inventory environment since May 2021

These conditions continue reinforcing the “stronger for longer” narrative dominating flat rolled sentiment.

## **Scrap Market Remains Quietly Supportive**

The June ferrous scrap outlook remains broadly sideways, though underlying conditions appear incrementally firmer beneath the surface.

Several traders across Ohio and Pennsylvania noted:

- Prime scrap flows have softened modestly
- Freight, fuel, and energy costs continue rising
- Demand is gradually improving

One trader summarized the setup succinctly:

“It should go up in June, but it won’t.”

Most participants continue expecting larger mill-owned brokers to keep June pricing largely sideways despite tightening fundamentals.

Across the Southeast, Texas, Chicago, and the broader Midwest, expectations similarly center around stable pricing with little evidence of either major weakness or a sharp upward move — at least for now.

### **Domestic Production Rising - But Inventories Still Tight**

According to the latest American Iron and Steel Institute data, U.S. raw steel production climbed to 1.898 million short tons in the week ending May 16:

- Highest weekly output since March 2020
- Up 1.0% week over week
- Up 11% year-to-date
- Mill utilization rose to 82.2%, highest since May 2022

At the same time, apparent steel supply surged in March as both domestic shipments and imports increased. Finished steel entering the U.S. market rose 11% month over month to 8.87 million st, while finished imports climbed 10% to 1.33 million st, with April licenses pointing even higher.

Despite improving supply, inventories remain too lean to materially loosen current conditions — particularly with lead times extending deeper into Q3.

### **Bottom Line**

The physical HRC market remains fundamentally strong.

Key supports remain firmly intact:

- Tight benchmark alignment
- Lean inventories
- Improving demand trends
- Long lead times
- Supportive trade policy backdrop

- Strong domestic production
- Still-limited import competition

For now, momentum continues favoring the bulls, and the physical market appears healthier than current futures pricing implies.

The primary near-term risk is not collapsing demand, but whether tariff-driven tightness and scarcity premiums have already been substantially priced into the market — potentially limiting additional upside unless a fresh catalyst emerges.

### **HRC Stats as of close 22/05/26**

Volume 1,653 (Down 411)

Open Interest 42,260 (Up 618)

May26 HRC \$1,080 unch

June26 HRC \$1,127 +\$10

Q326 HRC \$1,164 +\$6

Q426 HRC \$1,102 +\$5

Q127 HRC \$1,030 -\$1

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