16/06/26

Yesterday Nucor increased its weekly CSP by another $10 to $1,125/st, extending its disciplined and methodical price advance. The move failed to generate significant enthusiasm in the futures market, however, as nearby contracts softened modestly while forward months attracted selective buying interest, including January 2027 trading as much as $18 above Friday's close.

This morning, sentiment receives fresh support as Platts raised its daily HRC assessment another $10 to $1,140/st, firmly leading the spot-price cluster. At the same time, domestic mill capability utilization slipped to 80.3% from 81.3%, reinforcing the perception that supply remains tight despite historically elevated production levels.

Current benchmark pricing remains tightly clustered:

- **Weekly Index: $1,114/st**
- **Platts: $1,140/st**
- **SMU: $1,115/st**
- **Nucor CSP: $1,125/st**

While Platts has moved ahead of the pack, the relatively narrow spread among major benchmarks continues to reflect broad acceptance of higher mill pricing throughout the supply chain.

Fundamentals remain supportive

Domestic sheet markets continue to benefit from constrained spot availability, historically lean service-center inventories, extended mill lead times, and steady-to-improving demand.

Recent market surveys suggest many participants now expect sheet prices to peak later in the third quarter rather than during the traditional summer slowdown, reinforcing the increasingly common “stronger-for-longer” pricing narrative.

The volume of raw steel produced by U.S. mills slipped to a seven-week low last week but remains historically elevated, according to AISI data. Domestic raw steel production totaled 1.854 million short tons during the week ending June 13, down 1.2% from the prior week but still 3.5% above the same week last year and 2.1% above the 2026 weekly average. Year-to-date production now stands at 42.5 million short tons, up 6.3% from the same period in 2025.

Mill capability utilization declined to 80.3%, down from 81.3% the previous week and below the recent four-year high of 82.2% reached earlier this month. Production declined modestly across all five AISI regions, led by the South, which accounted for nearly 40% of total U.S. output

Imports are drawing increased attention.

The United States remains a clear outlier relative to global steel markets. According to CRU, domestic sheet prices continued to strengthen through June as supply remained constrained, and inventories tightened, supported by healthy automotive demand and ongoing data-center construction.

In contrast, sheet prices across Europe and much of Asia continued to weaken amid softer end-use demand, elevated inventories, and abundant production. As domestic prices move higher, imports are drawing increased attention.

Section 232 tariffs continue to support U.S. pricing, but widening domestic premiums are encouraging some service centers and OEMs to selectively return to offshore purchasing where lead times can be accommodated. Several market participants report growing interest in imported HRC, particularly from Southeast Asia, where delivered prices remain materially below domestic offers.

Domestic supply conditions remain tight.

According to this week’s SMU survey, only 26% of respondents reported mills willing to negotiate spot pricing, while lead times continued to extend across flat-rolled products. Hot-rolled lead times now average 7.5 weeks, the longest in more than four years, with cold-rolled and coated products also sitting at multi-year highs.

Imports have begun recovering from historically depressed levels. April steel imports increased 8% month-over-month to 1.91 million short tons, while preliminary May license data suggest another increase. Although import volumes remain well below pre-Section 232 norms, the recent trend bears watching as elevated domestic prices increasingly attract offshore supply.

Trade policy remains an important variable.

Section 232 tariffs continue to underpin domestic pricing, while ongoing discussions surrounding USMCA and broader manufacturing reshoring initiatives reinforce the policy environment supporting North American steel production. Canadian officials remain focused on securing relief from U.S. steel, aluminum, and automotive tariffs, arguing that the duties continue to weigh heavily on investment and manufacturing activity north of the border. While most observers expect USMCA to remain intact, uncertainty surrounding future trade negotiations remains a key consideration for market participants.

Longer term, however, the global backdrop remains less constructive.

The OECD estimates global steel overcapacity at roughly 640 million metric tons in 2025, rising to 745 million metric tons by 2028. China remains the principal source of excess capacity and continues to export large volumes into a global market characterized by only modest demand growth.

Bottom Line

The domestic steel market remains fundamentally constructive.

Tight inventories, extended lead times, disciplined mill pricing, healthy demand, supportive trade policy, and now a modest pullback in mill utilization continue to support higher sheet prices. Platts' move to $1,140/st and reports of transactions at those levels reinforce the view that spot pricing remains on an upward trajectory.

That said, after an eight-week rally that has added nearly $190/st to Q3 futures, the market's focus is gradually shifting from availability to valuation. Imports are becoming increasingly competitive, global overcapacity remains a persistent risk, and future gains may depend less on tightening fundamentals and more on buyers' willingness to continue accepting elevated domestic prices.

For now, the path of least resistance remains higher, but the debate is increasingly centered on how much premium domestic steel can sustain rather than whether supply remains tight.

HRC Stats as of close 15/06/26:

- Volume 899 (Up 474)
- Open Interest 42,880 (Up 424)
- June26 HRC $1,120 -$3
- Jul26 HRC $1,162 -$2
- Aug26 HRC $1,200 -$2
- Sep26 HRC $1,202 -$3
- Q426 HRC $1,135 unch
- Q127 HRC $1,061 +$10
- Q227 HRC $1,042 +$5

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