

PEERLESS STEEL NEWSLETTER

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Market Information

- **AMM BREAKING NEWS:** OAO Severstal set to exit the United States
- AK Steel announced \$40/ton price increases on carbon products due to ship in September and October. This followed a U.S. Steel \$30/ton increase announcement last week.
- Turkish billet exporters raised prices \$30/ton.
- U.S. steel imports down 18% in June
- June primary metal orders up 8.9% from May.
- Tool steel flat and round prices have begun to rebound.

Peerless Quick Hits

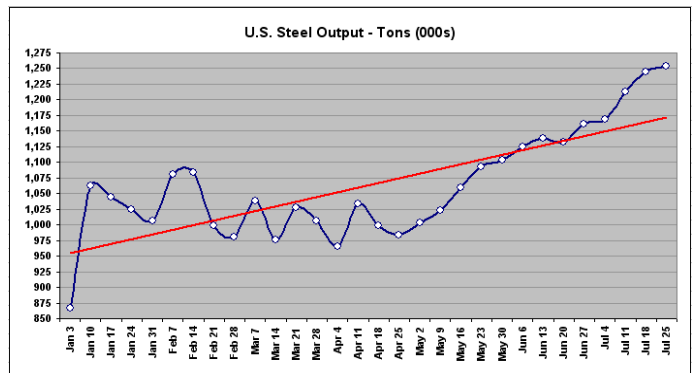
- Call Peerless Steel for your 1144 CD round (3/4" thru 6") and 12L14 (1/2" thru 4") round requirements.
- Senate to vote on supplemental funding for "Cash For Clunkers" program.



PRICES UP, WILL THEY HOLD?

As expected, scrap and element surcharges soared in August. Scrap prices are currently at their highest levels (\$6.75/cwt) since October of 2008. Initial indications are that prices will hold or dip slightly in September. Domestic raw steel output rose again for the 12th time in 13 weeks and fifth in a row, up 0.8% to 1,254,000 tons. Although encouraging, these figures are still off roughly 50% from the output we saw in the summer of 2008.

Arcelor Mittal has restarted a Chicago blast furnace and plans on starting



up additional furnaces as demand continues to slowly increase in the 3rd quarter. An executive indicated they would bolster capacity 15% up to around 47%. Capacity

has been below 40% for much of 2009. Mittal's Flat Carbon America's Segment reduced 1st quarter operating losses by 43% from \$700M to \$400 (losses included exceptional charges in both quarters).

Mittal continues to see signs of recovery, although gradual, they are steady. Provided there are no more economic downturns, this progress is expected to continue, will a full recovery lying somewhere on the horizon. Lets hope that the worst is behind us and we all emerge better because of it.

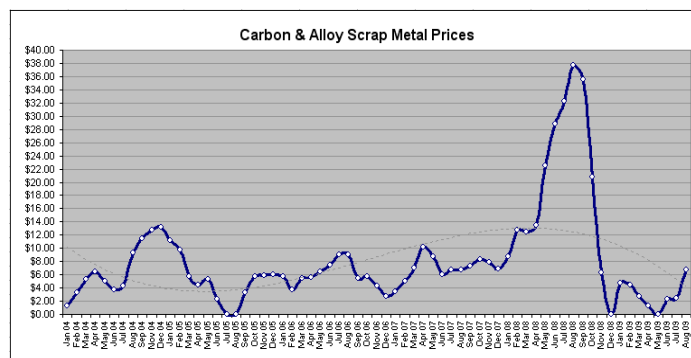


PLATE PRICES ON THE MOVE

Decreases in plate prices seen throughout the first half of 2008 have come to a complete halt. Olympic Steel is seeing price increases stick in the market as production, steel inventories, and imports remain very low. There has been little resis-

tance from customers to the immediate pass through increases. Ervaz Claymont also announced a \$40/ton price increase effective on all new carbon plate orders.

Service center activity has picked up, as many holes in inventory are being

filled, but it isn't expected to take off as most companies are striving to remain lean on inventories. Peerless is seeing plate lead times balloon quickly and the fact that the slight demand increases came during the automotive shutdowns is encouraging.