



PEERLESS STEEL NEWSLETTER

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Market Information

- Arcelor Mittal has increased base prices on carbon sheet products by \$60/ton. This is their 4th increase this year.
- Domestic steel imports break 5 month downward trend, up 14% in July.
- Ferrochrome prices have risen as high as \$0.93/lb, up from \$0.70/lb in May.
- Gerdau MacSteel to reopen Jackson, Michigan facility in early September.
- GM adds 60,000 cars to their second half output forecast.
- Junkyards are paying \$400-\$450/ton for "clunkers".
- US Manganese prices up \$300/ton in the past month.
- Domestic steel production up for 9th consecutive week and 17 out the past 18 weeks.
- Crucible to auction all assets in late September.
- U.S. Steel to reopen Hamilton, Ontario operations.

Peerless Quick Hits

- We will be posting an excess inventory list that you will be able to access directly from our website (www.peerlesssteel.com).

DOMESTIC PRESSURE BOLSTERS U.S. FERROUS SCRAP PRICES

Ferrous scrap prices driven by East Coast activity are seeing buy tags jump \$20-\$30/ton. The East Coast acts as a barometer for the upcoming month due to its' position between domestic mills to the west and the export market to the east. Contrary to most of 2009, the activity is being driven by domestic mills rather than from overseas.

Most buyers don't expect the influx of scrap generated from the "Cash for Clunkers" program to become a factor for another 2-3 months. Demolition scrap has dried up over the last 4-5 years as well. This supply shortage could be coupled with a demand surge as well. Integrated mills have restarted five blast furnaces that were idled to service anticipated spikes in demand from automakers and service centers, both of which are sitting on low inventories. The general consensus is that September will be much stronger than August. Mills are cur-

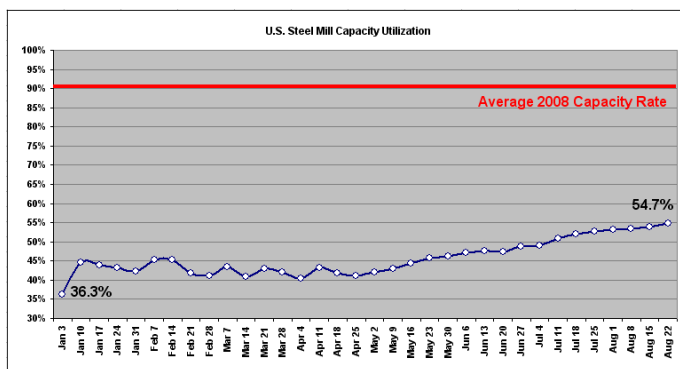
Region	Aug 1	Aug 8	Aug 15
Northeast	107	111	99
Pittsburgh-Youngstown	86	89	91
Lake Erie	8	10	11
Detroit	39	37	39
Indiana-Chicago	386	396	402
Midwest	133	130	127
Southern	441	435	444
Western	69	69	72
Total	1,269	1,277	1,285

Source: American Iron and Steel Institute

rently running at 54.7% capacity, up from the mid 40's that was seen throughout the first part of

the year. Although there is speculation that some mills are running in the 70% range, but trying to keep it quiet. Domestic steel production is up for the 17th time in past 18 weeks and most are hopeful that the up tick will last at least another 60 days.

Scrap yards are walking away from orders as high as \$20/ton over August prices in fear that they will oversell and not fully capitalize on September prices. Steel producers were unable to take advantage of lower prices earlier in the year due to cash constraints.



STUDY SHOWS CAP-AND-TRADE LEGISLATION WILL HURT INDUSTRY

The House of Representatives has approved the Waxman-Markey bill which will aim to reduce greenhouse gas emissions by 83% by 2050. A study shows this bill will lead to declines in manufacturing, job losses, higher energy costs, and lower household incomes. With

countries like China and India refusing to reduce their emissions, overseas competitors will hold a tremendous cost advantage over domestic manufacturers.

The Science Applications International Corp. study revealed the bill could ultimately lead to a \$3.1 trillion

reduction in the U.S. GDP by 2030. The impact on manufacturing would begin as early as 2012 and lead a 5.3% decrease in production, making a recession more likely. The restrictions will lead to permanent reductions of about 2.4M jobs, 2/3 coming directly from manufacturing.