



PEERLESS STEEL NEWSLETTER

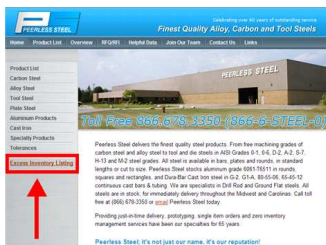
November 2009 Tel (800) 482-3947 Fax (248) 528-9144 sales@peerlesssteel.com www.peerlesssteel.com

Market Information

- Find out about our Deer Hunter's Special!!! Check out page 2!
- U.S. GDP rose 3.5% in the third quarter. That marks the first time in over a year it has risen.
- U.S. steel imports were 1.09M tons in September – the highest figure since April.
- The U.S. was a net steel exporter for the first time in over 50 years.
- Tool steel surcharges have leveled in November.

Peerless Quick Hits

- View our excess inventory listings at www.peerlesssteel.com



BASE PRICES UP AS SCRAP PEAKS

Scrap surcharges have peaked for the time being and have dropped for the first time since May. November's \$150/cwt decrease announcement marked an end to the five month run up in published surcharges when prices hit zero in May. Low demand and increasing supply are forcing both domestic and export prices down; export prices are falling faster due to the weak dollar. This trend could continue as U.S. steel producers are expected to limit production activity for November and December. Both buyers and sellers have also having a difficult time accessing working capital to broker deals.

In an effort to maintain prices, U.S. steel mills were quick to announce **base price increases effective with all November shipments** on both carbon and alloy products. The increases were greater than the fall in scrap surcharges, creating a net price increase on carbon products. Nucor announced multiple increases on all their leaded and 1215 products. Net alloy price changes will be contingent upon the direction of element surcharges which went both up and down for November.

SERVICE CENTER STOCKS RISE IN SEPTEMBER

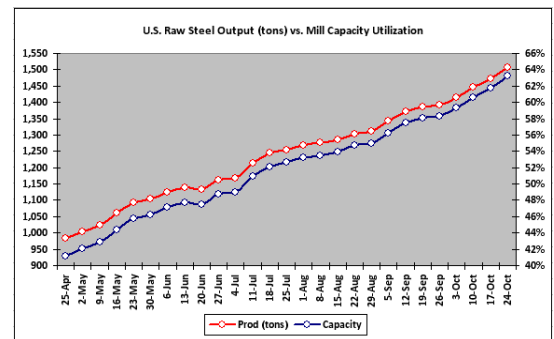
Steel service center inventories, in decline the entire year, rose for the first time in September. Inventories peaked at just over 11M tons in August of 2008, checked in at just less than 5.8M tons in September. This marks a 3% uptick from 5.6M tons in August and represents 2.3 months of supply at current shipping levels. The increase can be partly attributed to a back up of flat-rolled inventory that has resulted from the wind down of the "Cash for Clunkers" program.

Steel shipments from U.S. service centers were up to 2.56M tons in September as well. Average daily shipment of bars were up 5.1%, pipe and tubing were up 4.6%, plate by 0.8%, and structural steel by 0.2%. Year to date shipments are still down 38.1% from the first three quarters of 2008.

Canadian distributor shipments were up 9.5% to 0.455M tons compared to last month.

DOMESTIC RAW STEEL OUTPUT UP AGAIN

U.S. raw steel output rose 2.3% to 1.51M tons, as mills ran at an average of 63.2% capacity. This marks the 18th consecutive weekly rise and the 25th in the past 26 weeks. During the same week in 2008, domestic mills produced 1.68M tons and ran at an average of 70.5%. Year to date, U.S. mills have produced 49.2M tons vs. 89.1 year to date in 2008. This is a dramatic 44.8% decline year over year.



STEELMAKERS WORRIED BY LATEST CLIMATE BILL

The American Iron and Steel Institute expressed concern over the Boxer– Kerry climate bill known as the "Clean Energy Jobs And American Power Act". The bill intends on cutting greenhouse gas emissions (from 2005 levels) 20% by 2020 and 83% by 2050. It is expected the latest, more ambitious bill will face strong opposition from the industry sector, including the steel producers. The bill's originators are adamant that is a strictly a pollution reduction plan and not a "cap and trade" plan. A cap and trade system would require companies to have a permit for every ton of carbon dioxide they release into the atmosphere. Efficient companies who are able to reduce their emissions below their mandated levels would be eligible to trade or sell their excess ton permits to companies having difficulty lowering their emissions to levels specified by the bill.

There are not any specific provisions written that would address the growing concerns of productivity and job losses that could occur in the U.S. because competitors in other parts of the world would not be required to meet the same carbon emission restrictions that domestic companies are required to meet. Unless significant revisions are made with the bill, the U.S. economy will be harmed, we will see a drastic shift of U.S. manufacturing to China, and see global emissions increase. This would be the exact opposite of what the bill intended.

Peerless Steel
Presents...

The Deer Hunter's Special

November 2009

1st prize (1) \$500 value
2nd prize (5) \$250 value
3rd prize (10) \$100 value

For every \$1,000.00 you spend with us in the month of November you will be entered to win.

Spend \$10,000.00 get 11 chances to win!!

That's right an extra chance!!

Call us Today!!!

(800) 482-3947

fx: (248) 528-9144

sales@peerlesssteel.com



Finest Quality Alloy and Carbon Steels