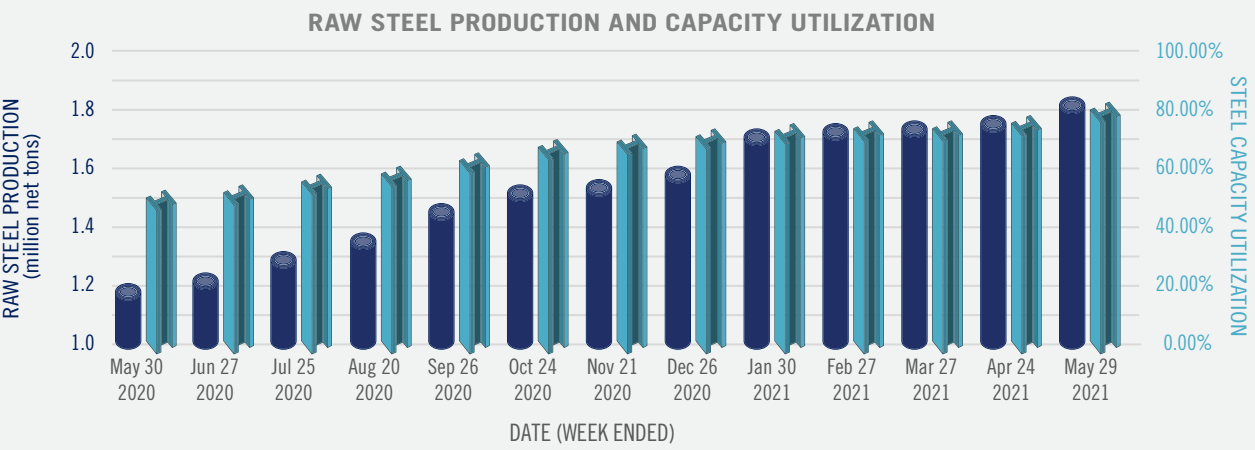


Steel prices skyrocketed in the first half of 2021. After the COVID-19 pandemic spurred plant idling and capacity curtailments across the steel industry in the first half of 2020, an earlier-than-anticipated demand rebound caused a supply imbalance. That, along with higher ferrous scrap costs, boosted steel prices to record levels.

Non-ferrous metals experienced a similar rally in pricing, particularly copper and aluminum, driven by China’s strong economic recovery and slower mining activity.



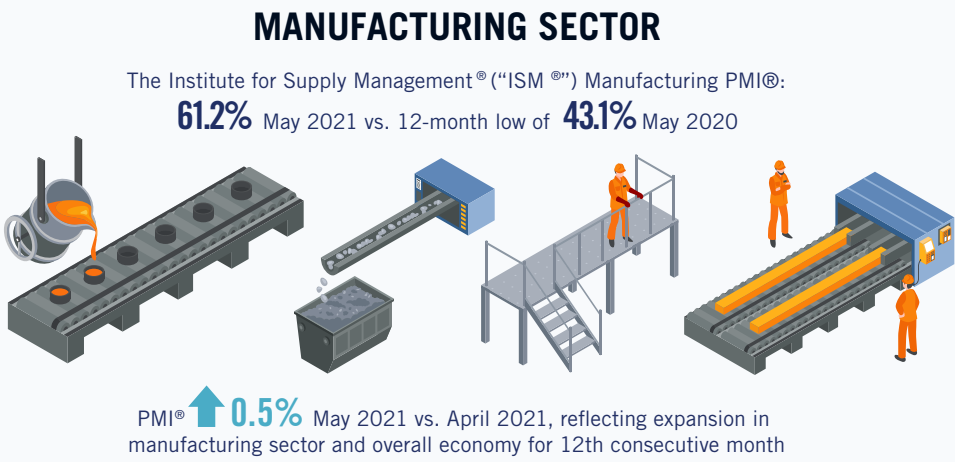
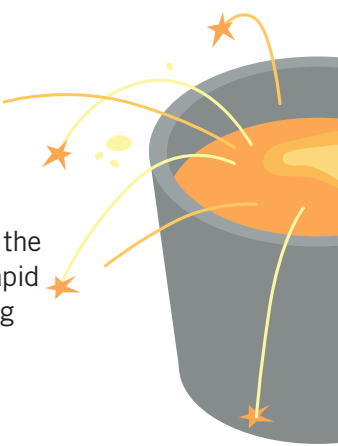
PRODUCTION PRESSURE

Low capacity utilization rates in mid-2020 resulted in a steel shortage once demand rebounded. Although steel mills have since ramped up production, reaching optimal rates of 80% or above in June 2021, a supply deficit persists in the current market.

Source: American Iron and Steel Institute

MANUFACTURING STEELS THE SHOW

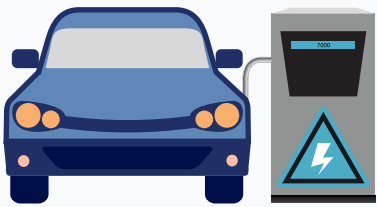
U.S. demand for steel and other metals recovered quickly after the initial pandemic shutdowns, led by the restart of the automotive plants in May 2020 and rapid recovery of automotive demand. Other manufacturing sectors also resumed activity relatively quickly, including the appliance and RV markets.



AUTOMOTIVE

U.S. AUTO SALES (MAY 2021 VS. 2020)

↑ 40% highest total ever recorded for the month due to strong demand, tighter inventories and poor prior-year sales at onset of the pandemic



ELECTRIFIED VEHICLE (EV) SALES (Q1 2021)

All (including hybrid): **↑ 81%**

Battery-only EVs: **↑ 45%**

Sources: Forbes, Cox Automotive

APPLIANCES

Appliance demand boomed during the pandemic as consumers spent more time at home and invested in home improvement, aided by stimulus funds, and given climbing home sales and construction activity

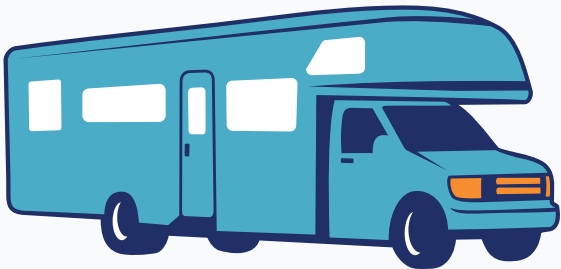


February 2021: 90% of builders reported difficulty securing appliances in last 6 months

SAMSUNG **↑ 30-50%** in production and adding lines to meet demand

RV

RV demand surged as consumers sought safe travel and recreation activities amid pandemic-related limitations

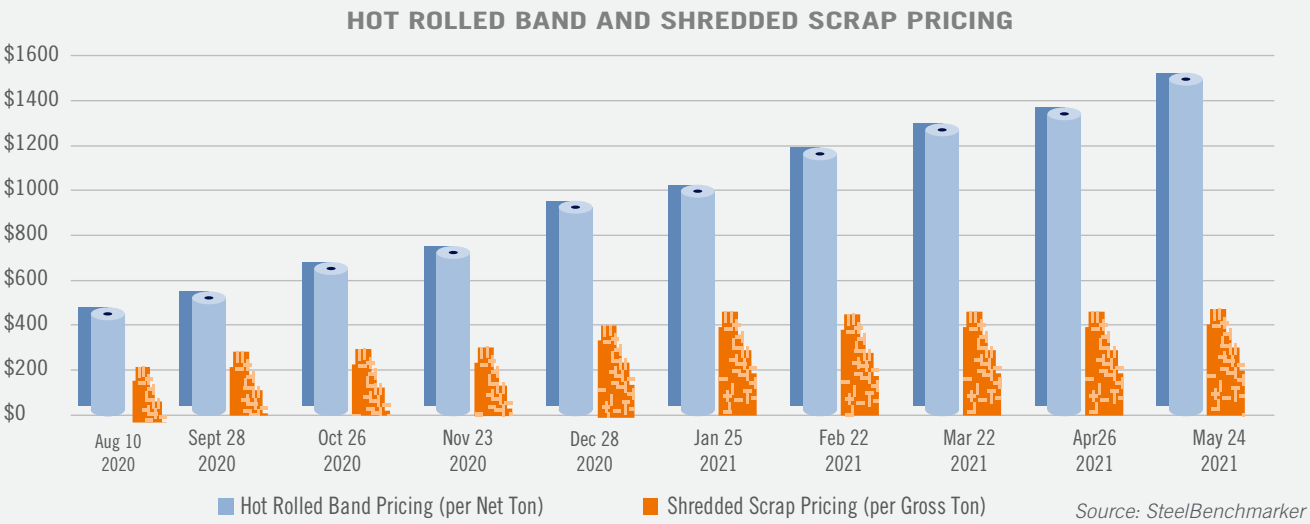


February 2021 RV shipments

↑ 30.1% vs. 2020 = best February on record

PRICING POWER

Hot rolled band pricing serves as a bellwether for overall steel price trends. Since mid-August 2020, hot rolled band prices have more than tripled, reaching all-time highs for multiple weeks in a row.



A PRETTY PENNY

The strong rally in copper and aluminum prices suggests the steel boom is part of a broader recovery. Prices climbed as demand rebounded earlier than anticipated, with supplies playing catch-up; copper is seeing a severe supply crunch.

AVERAGE MONTHLY PRICES (MAY 2021 VS. 2020)



BOOM TO BUST?

The surge in steel pricing defied predictions of a peak earlier this spring, with prices instead reaching record highs amid a continued supply imbalance. Some analysts are worried that the steel boom may be a bubble that will burst once supplies catch up with demand. It remains to be seen whether other market variables emerge to delay a price peak yet again, or whether a peak is indeed in sight for steel.