Evolving dynamics of the North American Steel Market

Ferroalloys Connections Summit

October 26, 2026

Josh Spoores, Research Principal

CRU. Independent *expert* intelligence

CRU *Legal Notice*

This presentation is private and confidential. It must not be disclosed in whole or in part, directly or indirectly or in any other format without the prior written permission of CRU International Limited.

CRU International Limited's responsibility is solely to its clients and its liability is limited to the amount of the fees actually paid for professional services.

Although reasonable care and diligence has been used in the preparation of this presentation, we do not guarantee the accuracy of any data, assumptions, forecasts or other forward-looking statements. CRU cannot be held responsible for the views of third parties or any associated data and charts provided. Where references are made to CRU Prices, our methodologies are available on www.crugroup.com We accept no liability to third parties, howsoever arising.

CRU follows all applicable information security compliance and the relevant laws and regulations on personal information protection. Our privacy policy can be viewed at https://www.crugroup.com/privacy-policy/

Copyright CRU International Limited 2026. All rights reserved.

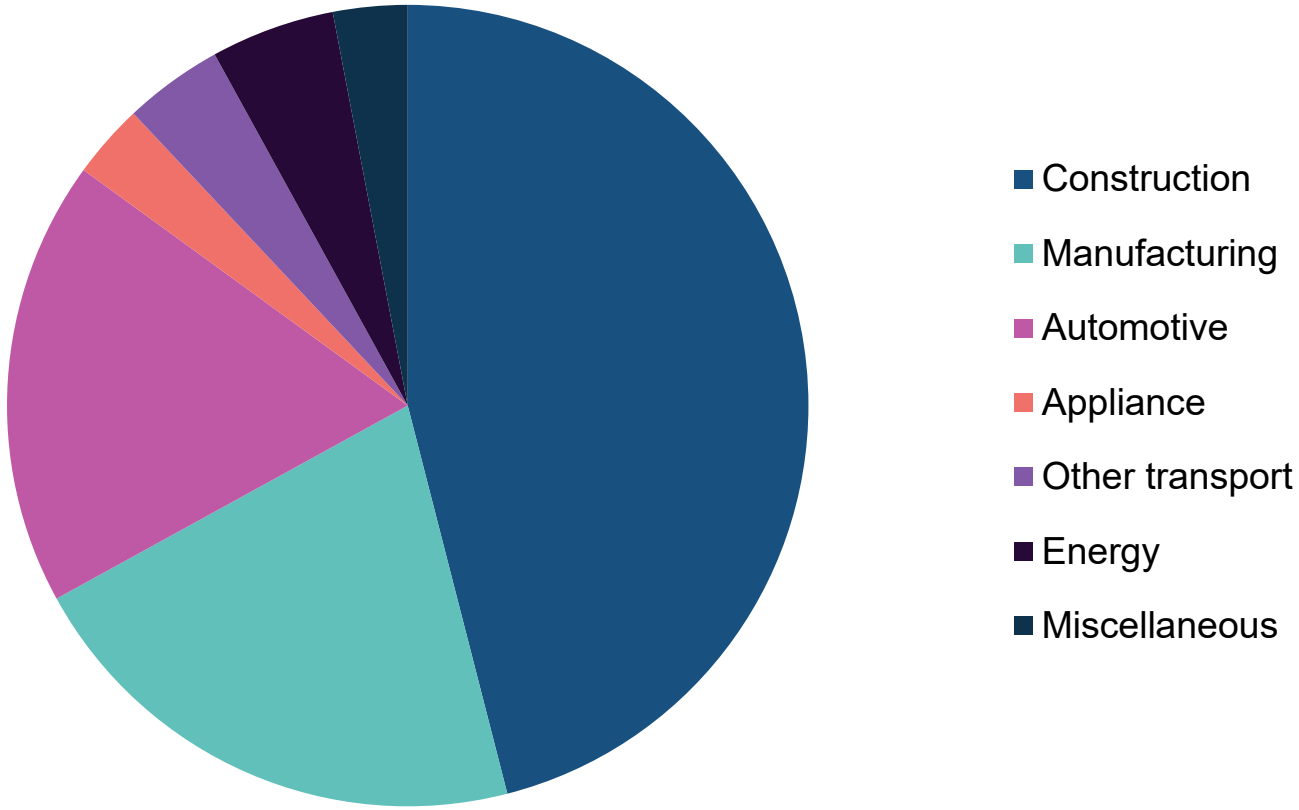
Agenda

Steel demand
Steel supply
Tariffs & Price cycles
Near term risks

Steel Demand

Steel demand is dominated by construction and manufacturing

Steel end use consumption, North America



DATA: CRU

Steel consumption is nearly equally split between construction and manufacturing

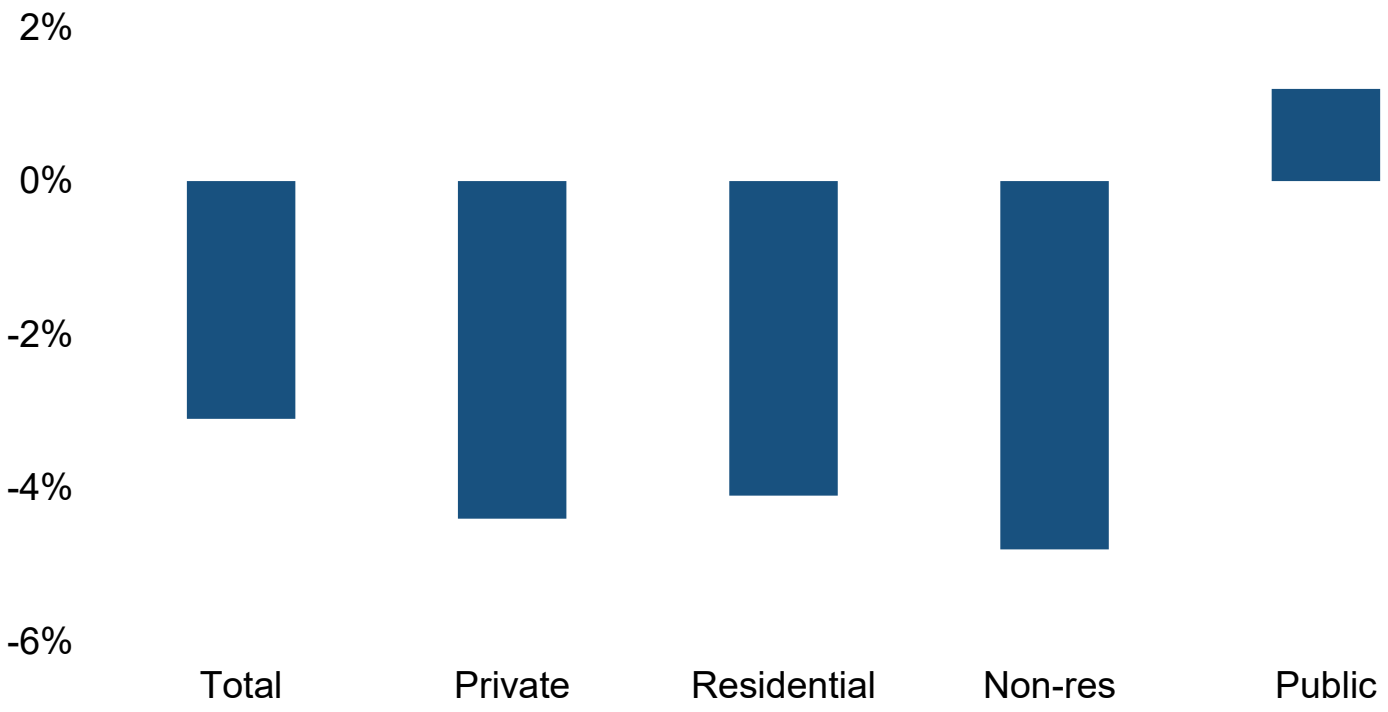
Automotive and appliance, which both could be considered in the broader “Manufactured Goods” category are the easiest to follow in terms of steel consumption.

Broader categories such as construction and manufacturing are more challenging as steel consumption is very project or product-specific.

But overall, combining construction with manufacturing and including automotive, appliance, and other transport, these two major categories reflect 92% of steel demand.

Construction, the largest segment, shows spending is down YTD

Construction spending YTD through August 2026



DATA: Census, CRU

Overall construction spending continues to struggle, though there are some bright spots

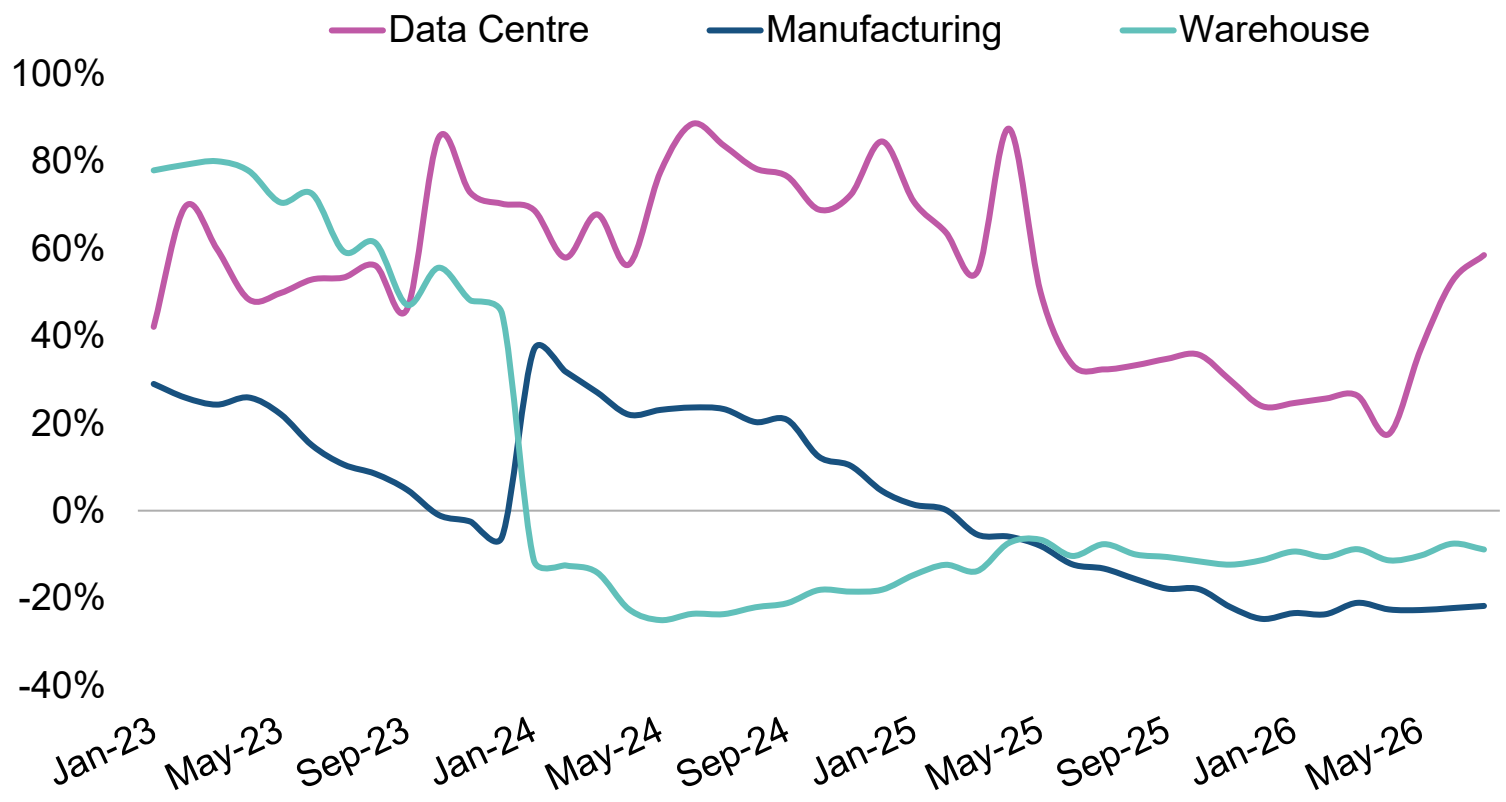
While pandemic-era weakness remains for commercial/office construction, 7%+ mortgage rates and 5%+ 10-year treasuries have increased market headwinds for traditional construction projects.

Overall construction spending is down overall, even before you factor in a 10%+ y/y change in PPI construction materials.

One steel-intense bright spot is the border wall located in the 'Highway and Street' category.

Data centers continue to grow at a strong rate

Construction spending, not seasonally adjusted, y/y change, %



DATA: Census, CRU

Data centers have seen sustained growth over the last three years

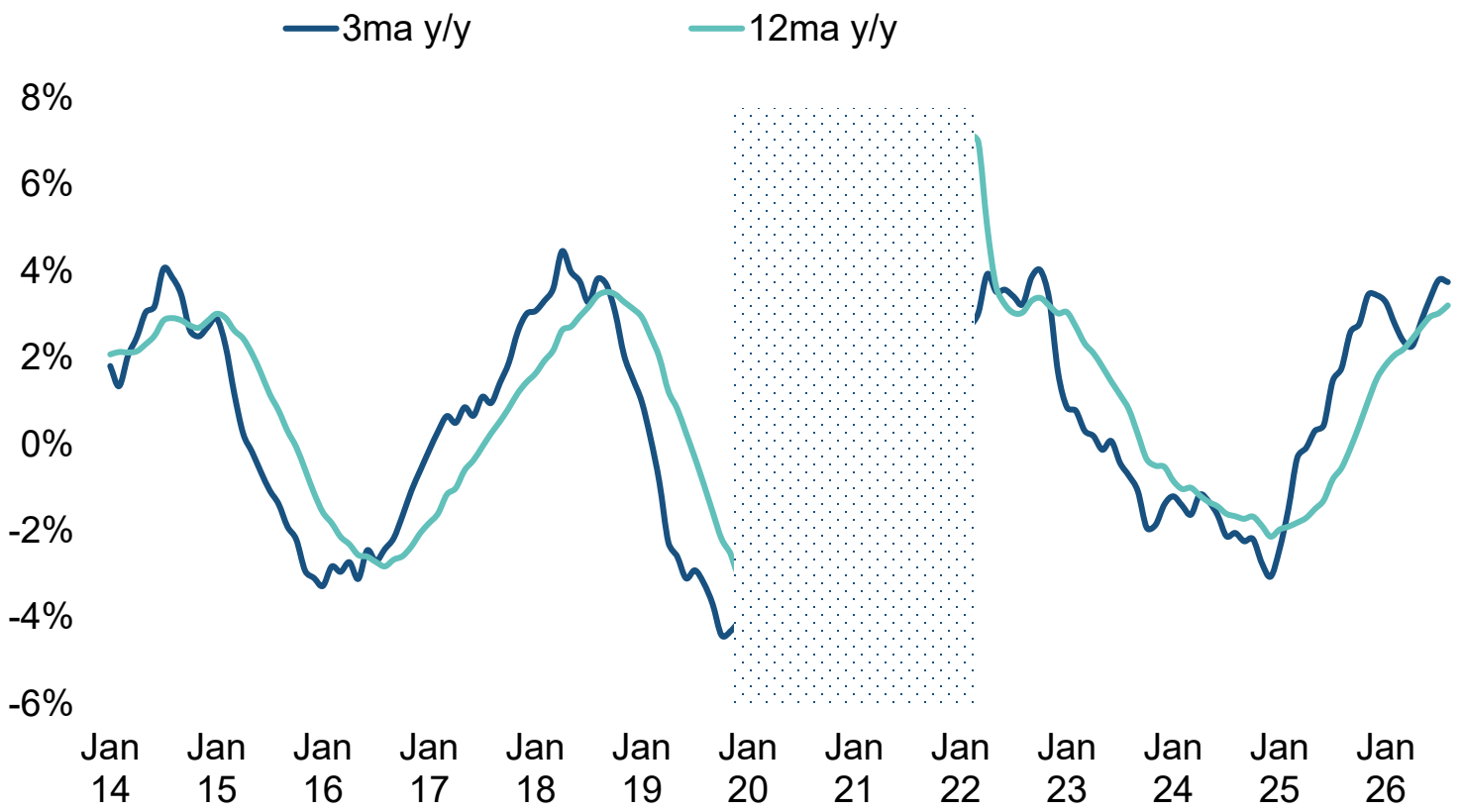
The data center buildout boom has outlasted trends in other sectors in recent years. Warehousing construction was up 80% y/y in early 2023 alongside logistics expansion in the US. This plummeted to permanent contraction from January 2024. Similarly, manufacturing construction surged in 2024 alongside the CHIPS Act, which funded semiconductor chip production in the US, and fell to negative growth from 2025 Q1. By comparison, spending on data centres construction has been growing since 2023.

Data center construction was up 59% y/y in July 2026

AI infrastructure and data centers construction largely support long products consumption, particularly rebar, merchant bar, and structurals.

Manufacturing activity continues to rise

Industrial production of durable goods, momentum, 3ma vs 12 ma, y/y



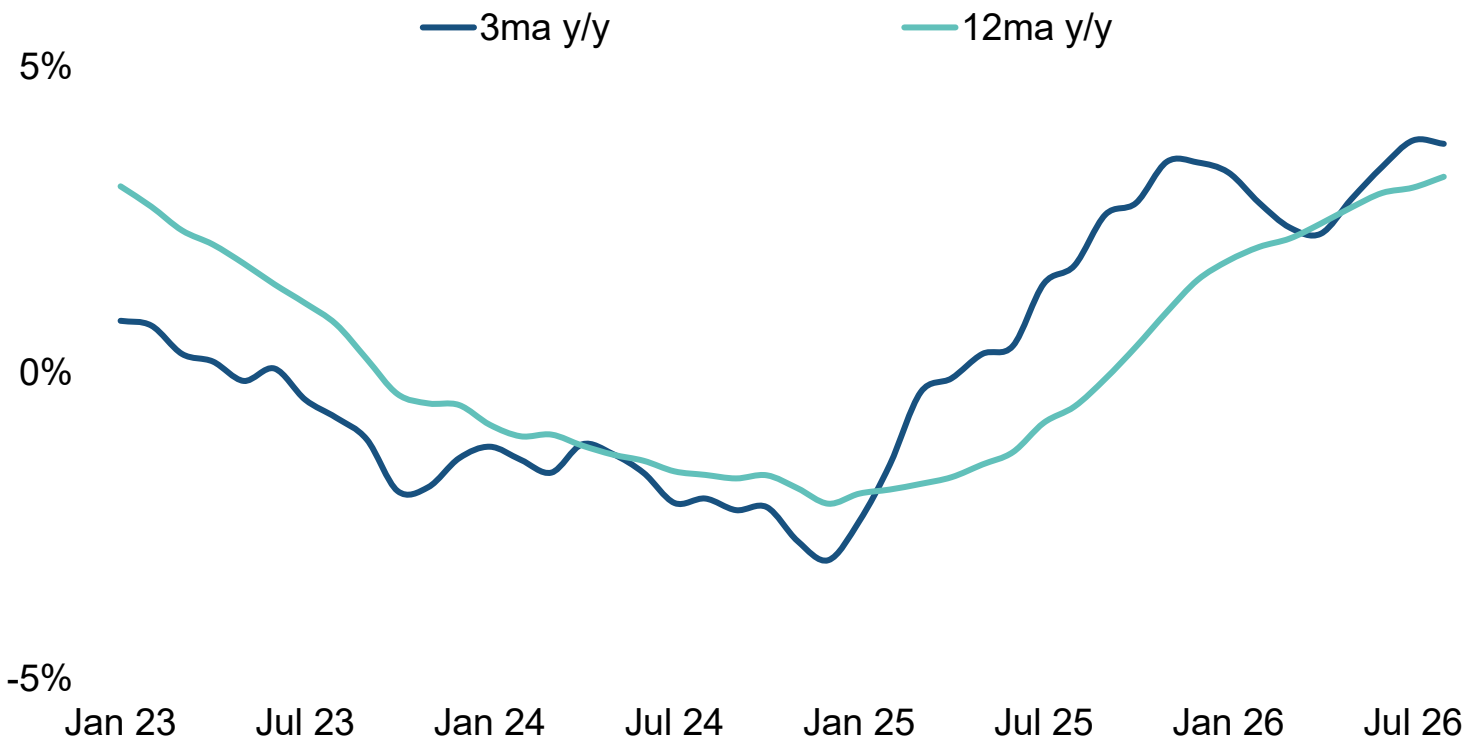
Steel consumption related to manufacturing is more consistent, yet also cyclical

Over the past dozen years, this comparison between 3-month and 12-month output shows four cycles.

DATA: Federal Reserve, CRU

Manufacturing shows rising momentum and positive demand growth

Industrial production of durable goods, momentum, 3ma vs 12 ma, y/y



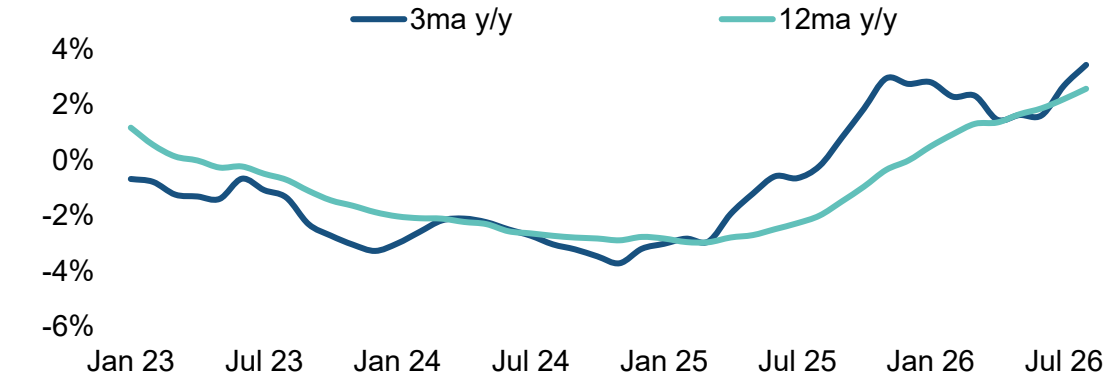
Manufacturing clearly rebounded with the 3ma showing growth ahead of PMI data

Currently, **industrial production of durable goods is up 3.6% y/y** while the 12-month average up 3.2% y/y. Momentum here remains positive, though it may be starting to slow.

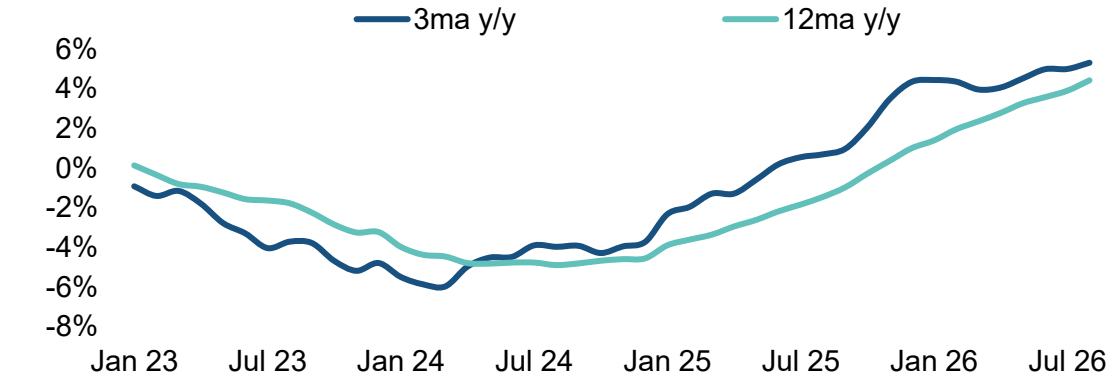
DATA: Federal Reserve, CRU

Steel-intensive manufacturing is somewhat split

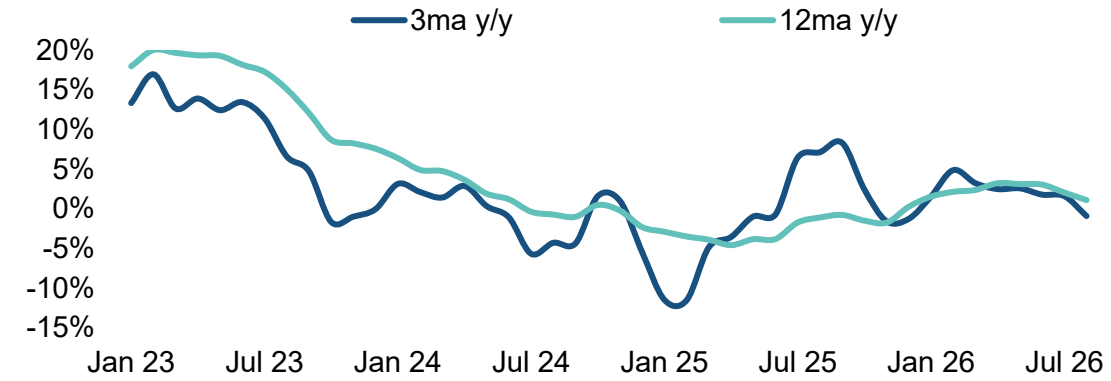
Fabricated Metal Products



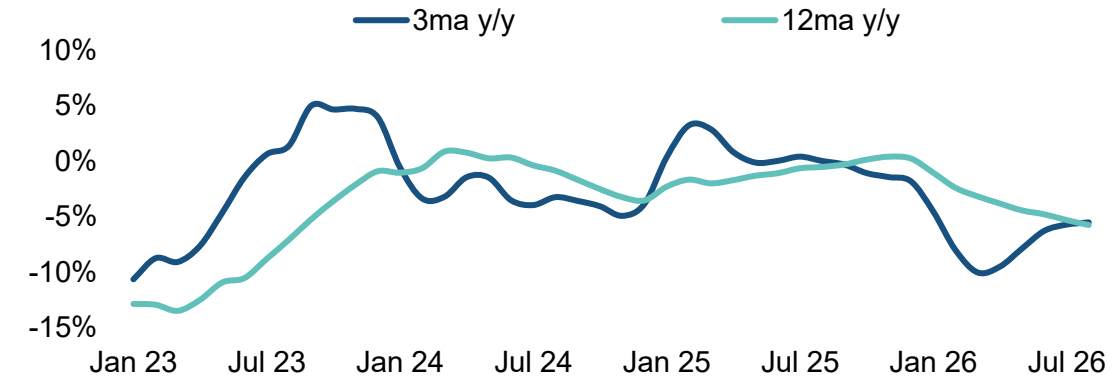
Machinery



Automotive



Appliances



DATA: Federal Reserve, CRU

Forecast: Steel-intensive growth to rise, yet downside risk emerging

Steel intensive economic variables, y/y



Incremental growth from end use demand will support steel consumption

End use demand will rise across the three major sectors: manufacturing, construction, and automotive. However, significant risk is emerging in the near term around this forecast.

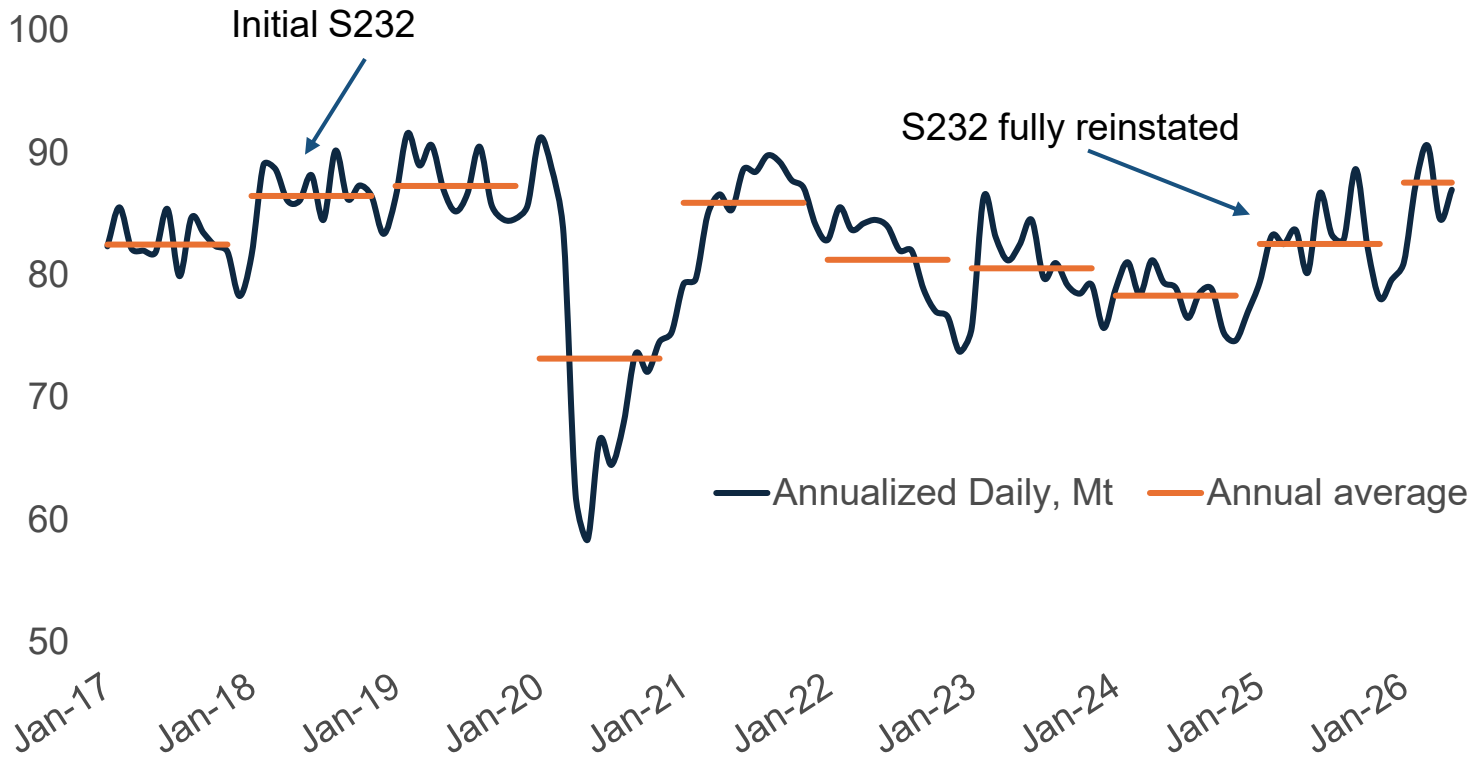
Higher fuel and financing costs are today creating headwinds in this economic forecast, particularly for 2027.

DATA: Oxford Economics, CRU

Steel Supply

US mill shipments rise above pandemic and 2019 era highs

Monthly US steel shipments, annualized, Mt



DATA: AISI, CRU

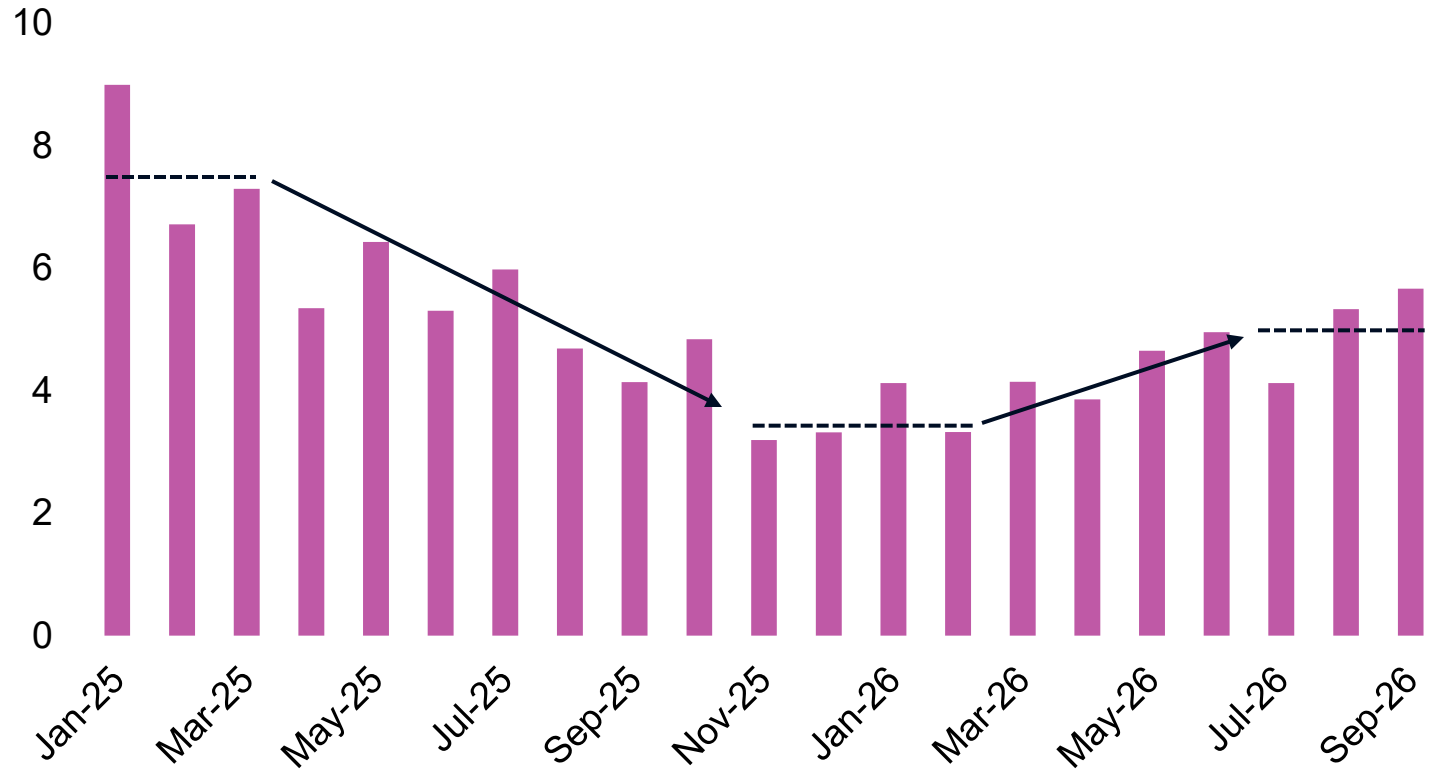
Mill shipments through August 2026 are up 5.4% YTD

Annualized, shipments are running about 5 Mt higher y/y, or 2% above the post pandemic period of inventory rebuilding (2021).

Shipments in 2026 are also narrowly surpassing recent 2019 high, which came from the initial S232 being put in place in 2018.

Light flat rolled imports picked up, yet remain too low to support demand

Light flat rolled imports, monthly annualized, Mt



DATA: DOC/ITA, CRU, September is estimated , data includes all flat rolled sheet plus coiled plate, but less electrical and tin plate

Import arrivals have struggled to rebound from recent lows

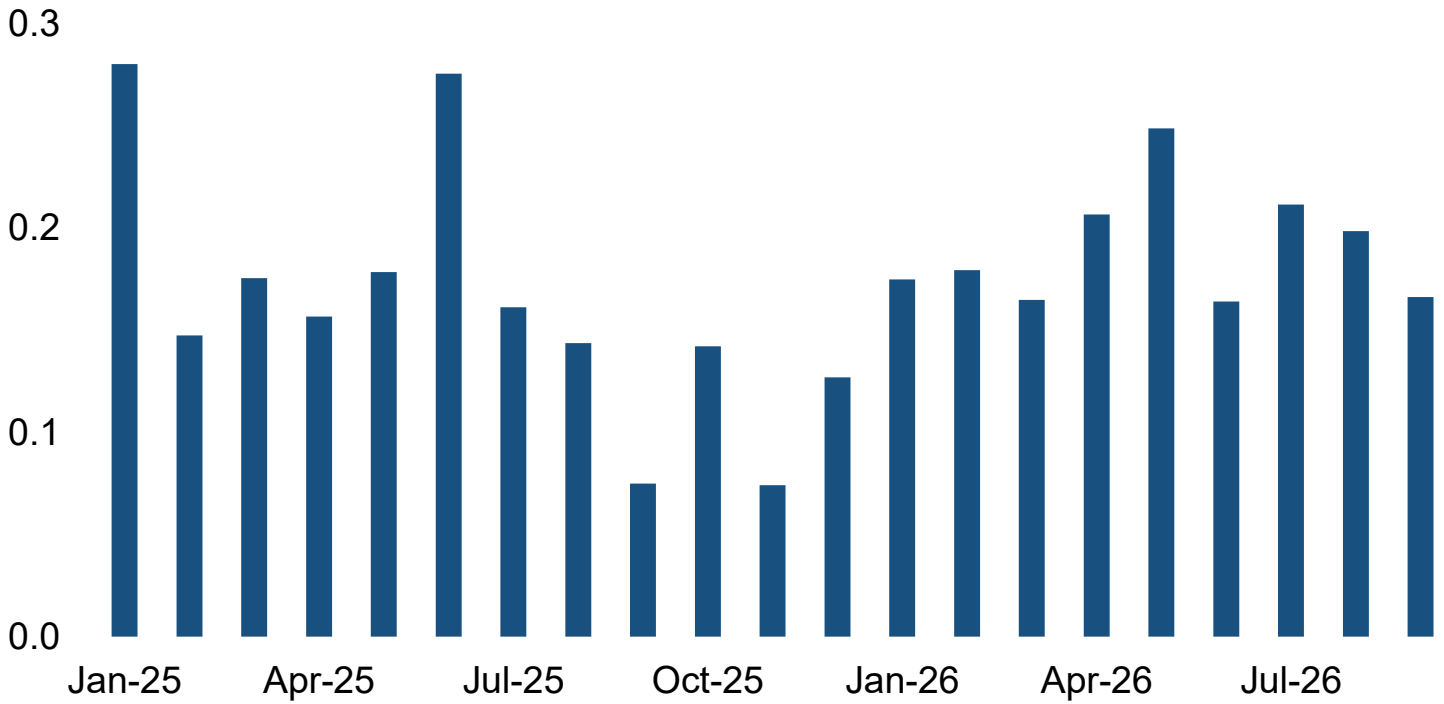
Light flat rolled imports fell sharply from 2025 Q1 to the November 2025 through February 2026 period. Using annualized data, **arrivals fell from 7.7 Mt to 3.5 Mt, a decline of 4.2 Mt, reflecting 8% of US sheet consumption**.

The S232 tariff at 50% played a key role here, but more so, domestic prices a year ago were simply not high enough to incentivize new import orders.

Today, we estimate that light flat rolled imports have picked up to an annualized average of about 5 Mt in 2026 Q3.

Key long product imports have largely rebounded from late 2025 lows

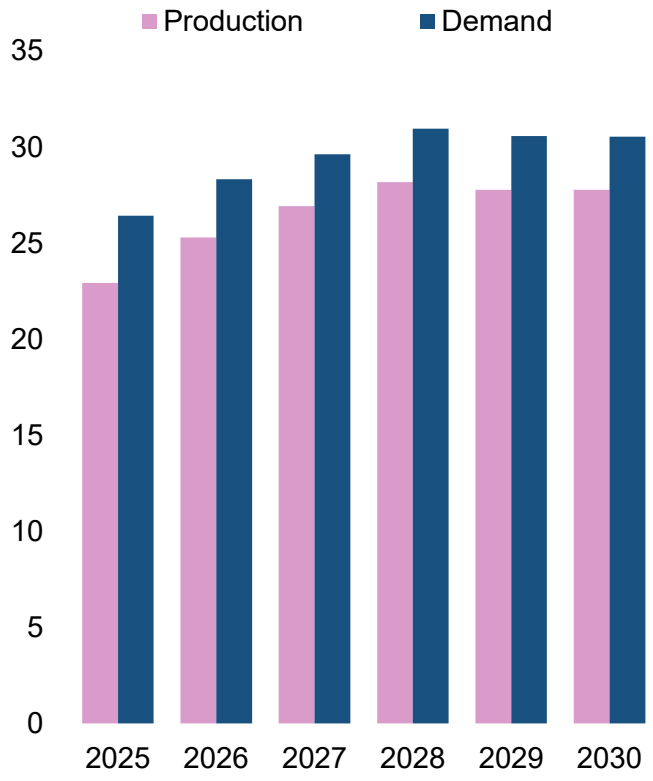
Rebar and wire rod imports, monthly annualized, Mt



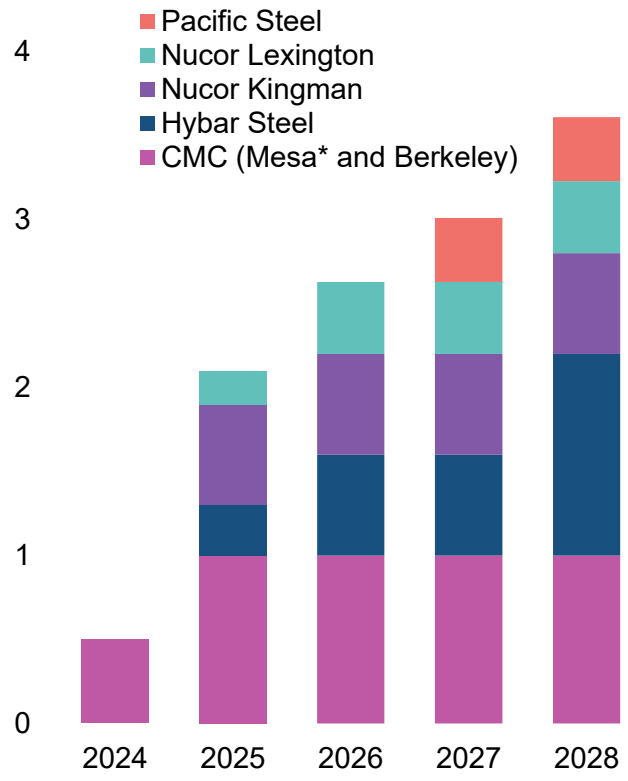
DATA: DOC/ITA, CRU

Longs: Production rising faster than demand, yet imports are still required

US longs production and demand, Mt



US new and expanded bar capacity, Mt/y



Hybar will add a second rebar mill in 2028, doubling its capacity

Between 2026–2030, US longs production will rise at a CAGR of 2.4%, while demand grows at 1.9%. The stronger growth in domestic supply will be supported by the ramp up of recently added capacity and commissioning of new plants.

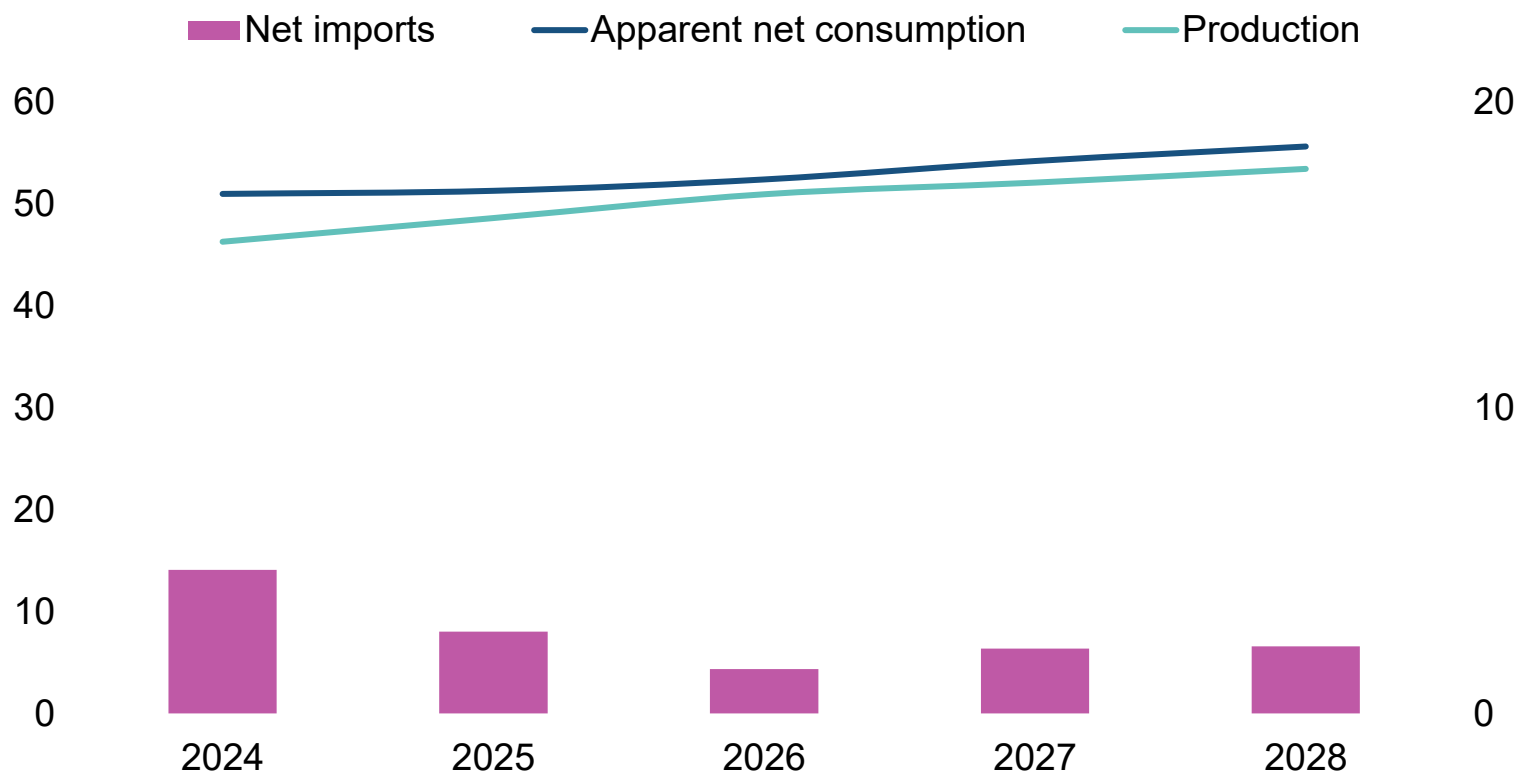
Pacific Steel will commission its micro mill in Mojave, California in 2027. Hybar also broke ground on a second rebar mill in Osceola, Arkansas that should be completed in 2028.

DATA: CRU, World Steel Association, company reports

NOTE: *CMC Mesa can produce either merchant bar or rebar

Sheet production will also rise, lessening the need for imports

LHS: Consumption, production, RHS: net imports, Mt



Fewer imports required, yet price volatility may increase

The US will remain a net importer of sheet products. Rising domestic capacity will reduce but not eliminate the need for imports as a source of marginal supply. **Imports will still be required for all products, notably during periods of seasonally stronger demand**.

As seen in 2025 H2-2026 Q3, the timing of import arrivals vs demand may not line up as needed due to long lead times or affordability. Any mismatch in the timing of import arrivals with demand will quickly be reflected in domestic prices.

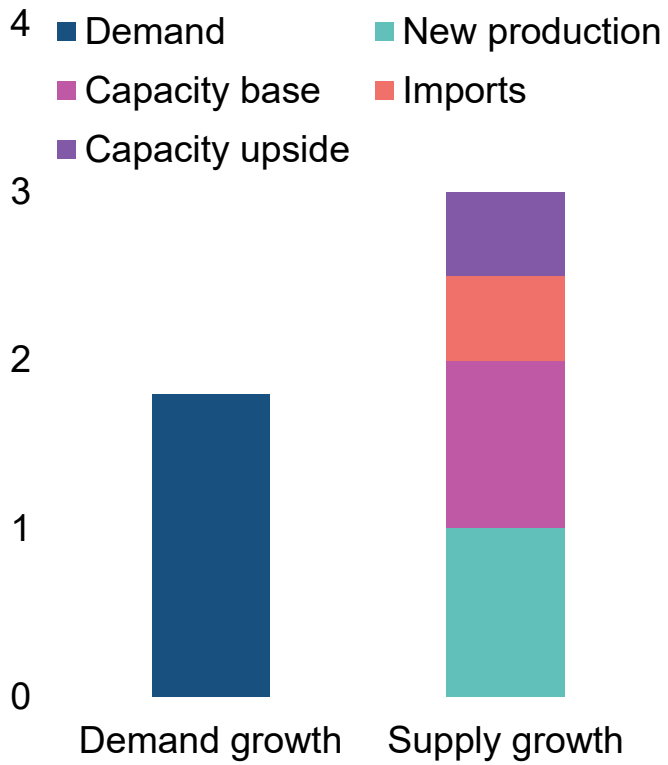
DATA: CRU, World Steel.

Sheet 2027: Demand rises, yet supply deficit reverts to a surplus

Forecast market balance

2027 y/y change	Components	Total
Demand	Specific industrial demand	**+1.8 Mt**
Supply	New steel production +0.9 Mt Domestic capacity growth/rebound +1.0-1.5 Mt Imports +0.5 Mt	**+2.4-2.9 Mt**
Implied balance	Supply less demand	**+0.6-1.1 Mt**

2027 Sheet demand versus supply growth, Mt, y/y



Growth of supply across multiple sources will eliminate the current supply deficit

We forecast sheet demand to rise by 1.8 Mt in 2027, though supply will rise faster with growth coming from a variety of sources. Nucor's new West Virginia mill should run at around 1/3rd of capacity for the year, adding 1 Mt of supply.

In addition, previously established domestic capacity will run faster y/y as one-time outages are not repeated. Some mills are now able to produce more due to recent outages, while production at other recently started EAF mills will not be limited by ramp up or qualification.

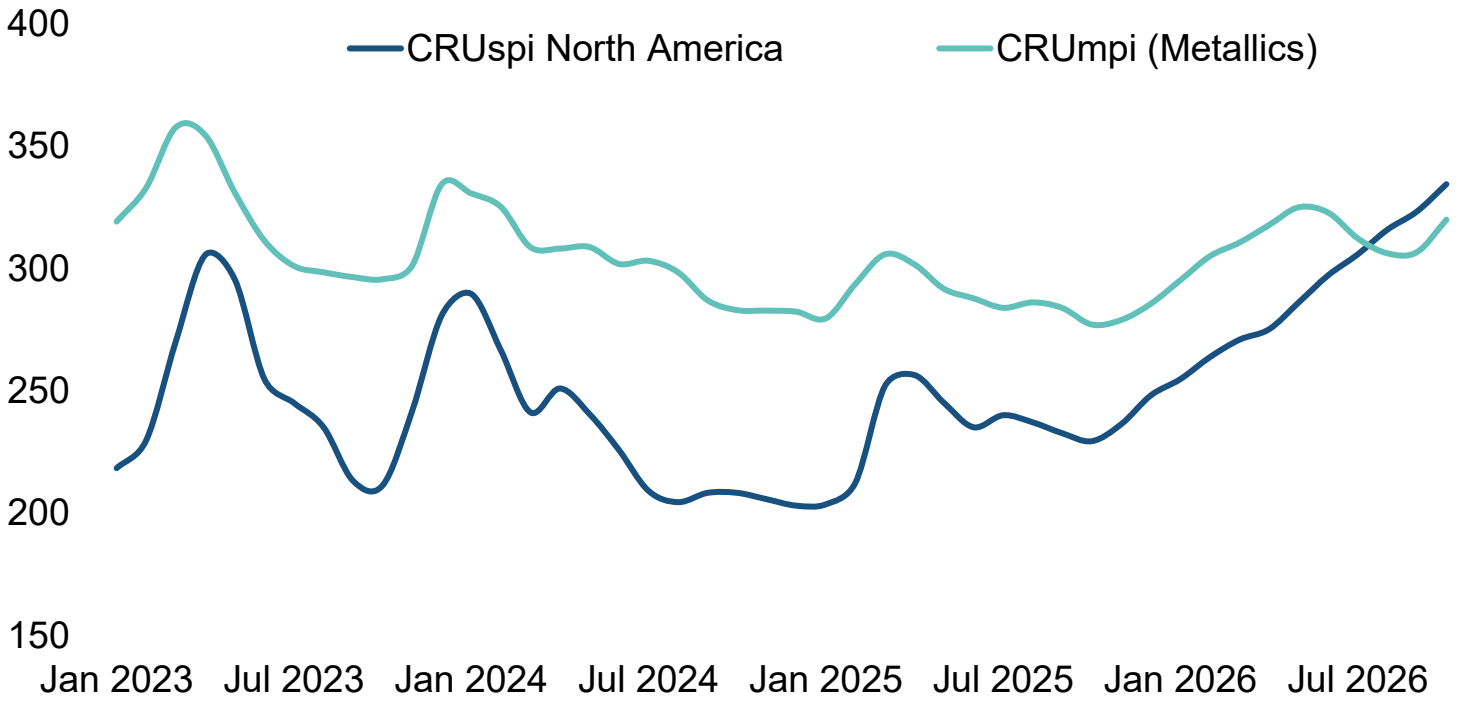
Imports will continue to rise from the recent bottom yet remain well below 2025 Q1 levels.

DATA: CRU.

Tariffs & Price cycles

Finished steel prices move higher through 2026

CRUspi: North America (April 1994=100), Metallics (Jan 1997=100)



Policy support and mill strategy have driven steel prices higher in 2026

The full reinstatement of S232 and subsequent increase to a 50% tariff rate is the primary reason for steel price gains in 2026.

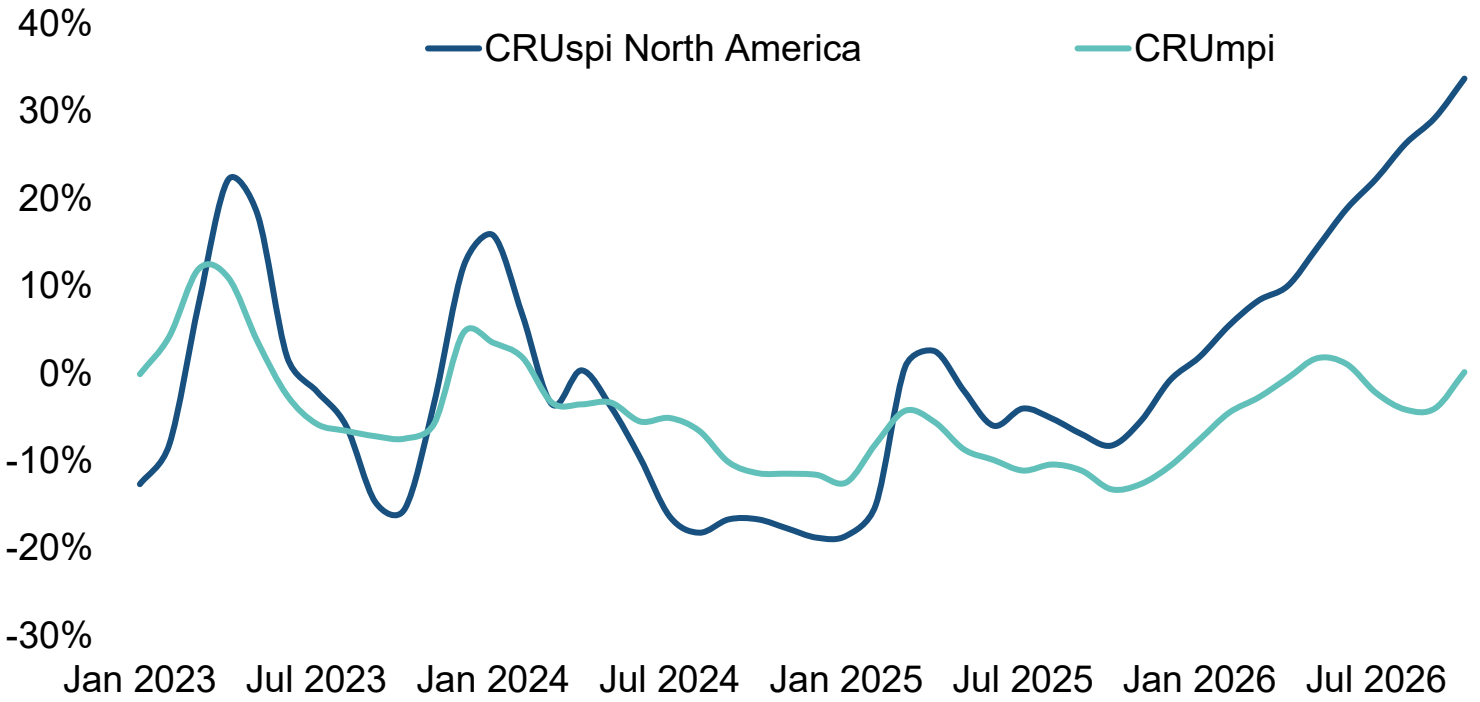
The US is a net importer across a variety of steel products, which means the domestic price is set by a tariffed import. The 50% S232 tariff has set a new floor price for steel products in the US.

However, metallics prices generally remain immune to tariffs.

DATA: CRU

Tariffs have disrupted scrap-based revenue streams

Monthly index vs. 2023 average



Buyers lose twice on S232 with higher steel prices, while revenue from scrap has not responded.

In 2026, metallics prices averaged 2.3% below 2023 levels while finished steel prices are 17% higher.

Metallics also includes pig iron, which has risen. For buyers, the disconnect between scrap and finished steel prices has hurt a revenue stream that in years past would provide some relief from higher steel prices.

DATA: CRU

Near term risks

Primary downside risks:

- Inflation such as how $7 Diesel works through the economy
- Expensive financing like 7%+ Mortgage rates and 5%+ 10-year Treasuries
- AI funding crowding out other investment opportunities (such as construction projects)
- Tariff-related supply chain issues (shortage of goods or materials hurts economic growth and employment)

Key takeaways

Rising domestic supply will reduce reliance on imports, but not replace them

Demand is improving, yet **risks to the forecast may severely alter the forecast**

As domestic steelmakers gain market share, **the US will consume more ferroalloys**

Thank you.

Josh Spoores
Research Principal
josh.spoores@crugroup.com

CRU. Independent *expert* intelligence