

A complex background image featuring a grid of financial data, including various fund names like 'Foreign Large Blend', 'Foreign Large Value', and 'Foreign Small/Mid Growth', along with their respective performance metrics such as percentages and dollar amounts. Overlaid on this data are several line charts and bar graphs, all rendered in a blue, semi-transparent style that gives a sense of depth and digital connectivity.

MONTHLY MARKET REPORT

A grayscale photograph of a modern building's architectural details, showing sharp, angular concrete or metal structures that create a geometric pattern. The lighting is dramatic, with strong highlights and deep shadows that emphasize the building's form.

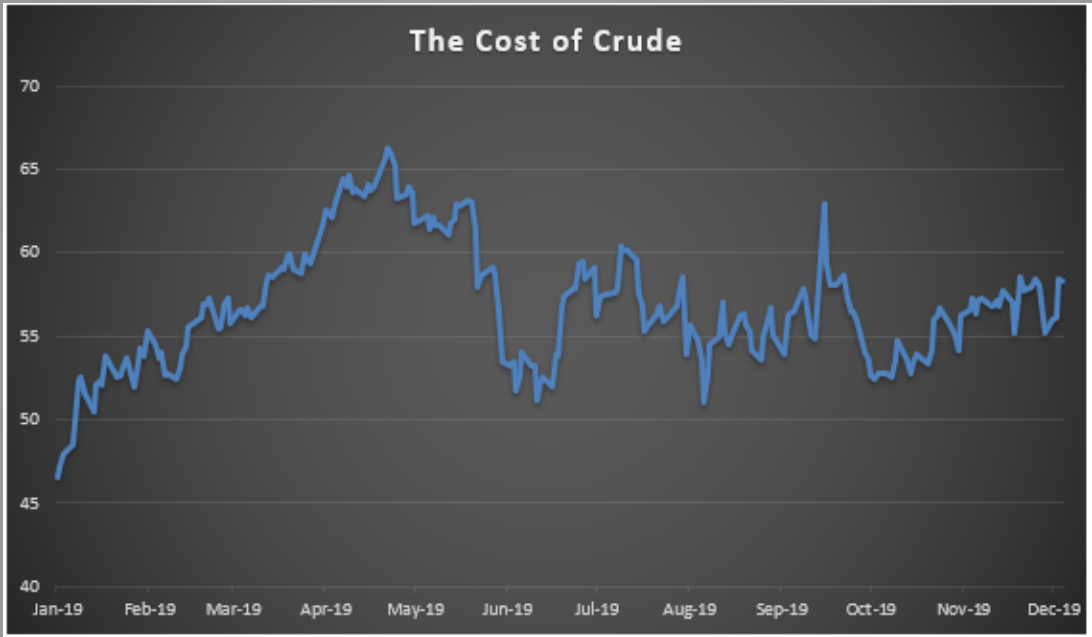
MARKET INTELLIGENCE POWERED BY
RYERSON

December 2019

Price Push for Crude Oil

Following a month in which prices hovered around \$54/barrel, crude oil is approaching \$59/barrel in December. A few recent announcements have contributed to this price push:

- During the week of November 29, the Energy Information Administration reported a crude oil inventory draw of 4.9 million barrels. This followed a 1.6 million-barrel increase the previous week. Additionally, The American Petroleum Institute announced that U.S. crude oil inventories fell by 3.7 million barrels, higher than analyst projections.
- OPEC+ stated it is looking to reduce total oil output by 1.7 million barrels/day.



The price per barrel of crude oil reached a low for the year of \$46.5 in January and a high of \$65.7 in April.

As an important metric of the overall economy, crude oil pricing can impact metal in a variety of ways:

Production: Oil is considered a raw material that goes into the production of goods. Watching the price of oil—both current and future—could help better forecast the cost of production.

Shipping: Higher oil prices have a direct impact on the cost to transport goods throughout the supply chain. As you factor for freight costs, keep an eye on oil prices which could cause a spike in price.

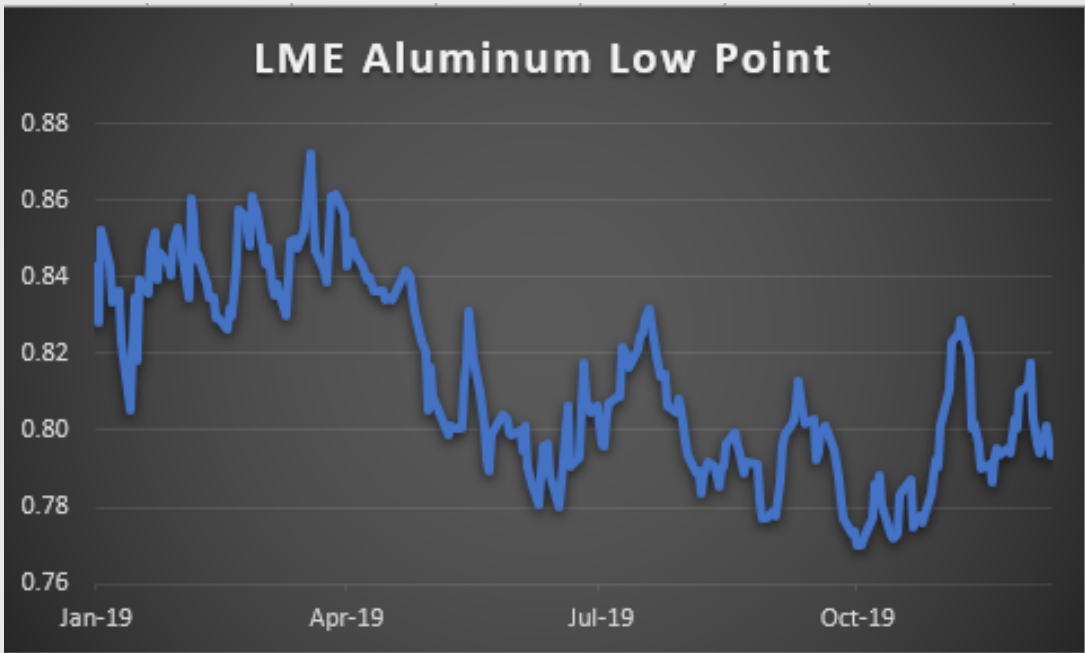
End market: While not immediate, higher oil prices have demand implications on markets like energy. A strong market for energy often correlates with better demand for steel (e.g., tubing for the transport of product, plate/bar for infrastructure).

	Latest Period	Prior Period	MoM Change	Prior Year	YoY Change
U.S. GDP	1.66	1.46	↑	2.62	↓
Durable Goods Orders	248,366	247,059	↑	250,552	↓
PMI	48.1	48.3	↓	58.8	↓
Crude Oil	55.2	54.2	↑	50.9	↑
U.S. Auto Sales	17.1	16.6	↑	17.4	↓

Ending on a Low

As we near the end of 2019, the prices of some key materials are reaching their lowest points for the year.

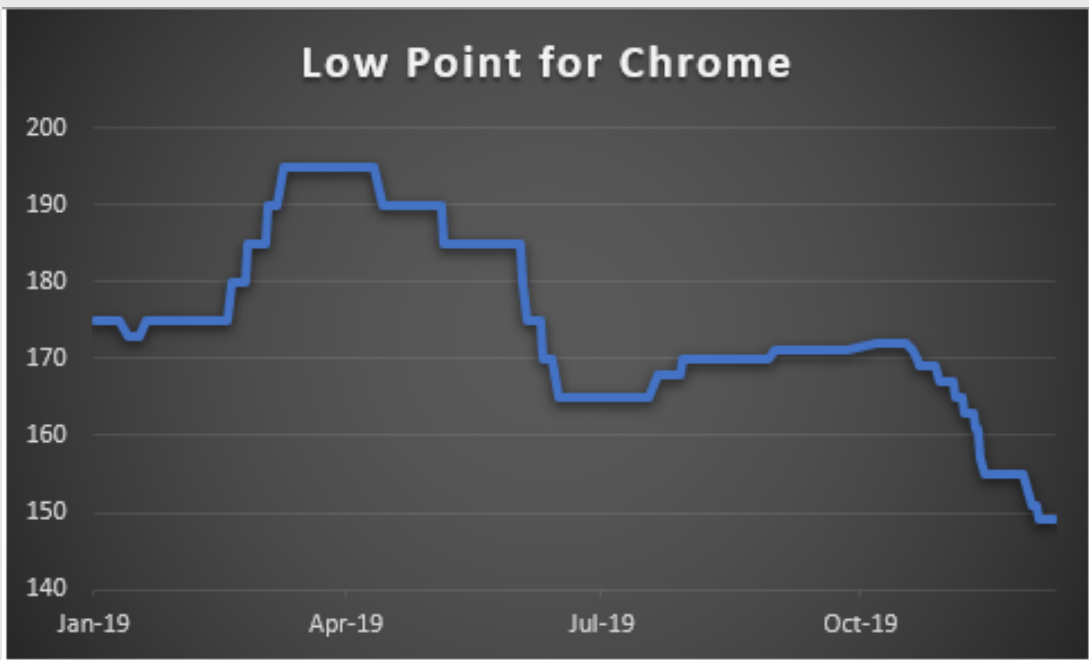
LME aluminum prices, for example, are trading near their 52-week lows, and below the 200-day moving average. Could this signal that prices will remain weak in the coming months, with momentum remaining somewhat bearish?



Source: Bloomberg

One of the major narratives for stainless steel throughout the year was the price of nickel, which soared 20% from July to August on its way to a high point in October. This contributed to a 56% decline in inventories during the month.

Since that time, nickel prices are down 30% and demand overall has weakened. This has impacted chrome prices, which recently reached a 52-week low. Both nickel and chrome contribute to stainless surcharges.



Source: Bloomberg

Material Movers

The monthly snapshot of some factors driving the price of aluminum, carbon, and stainless steel.

Check out the 'What's Trending' page on [The Gauge](#) for daily updates on some of the key material movers noted here.



Aluminum	Latest Period	Prior Period	Change	Prior Year	YoY change
LME Aluminum	0.8029	0.7961	↑	0.8881	↓
Midwest Aluminum Premium	0.1557	0.1769	↓	0.1944	↓
Midwest Aluminum Ingot	0.9586	0.9729	↓	1.0825	↓

Sources: LME, CME, Calculated

Lead times:

- Domestic sheet: 5-12 weeks
 - Domestic plate: 13-18 weeks
- Off-shore sheet/plate: 15-22 weeks
 - Extrusions: 3-20 weeks

Carbon	Latest Period	Prior Period	Change	Prior Year	YoY change
Busheling Scrap	267	219	↑	399	↓
Iron Ore	83.8	84.7	↓	64.7	↑
Capacity Utilization	80.4	80.7	↓	81.2	↓

Sources: Bloomberg, CME, American Iron & Steel Institute

Lead Times:

- Hot rolled: 3-5 weeks
 - Cold rolled: 5-6 weeks
- Coated: 7-9 weeks
 - Plate: 2-4 weeks

Stainless Steel	Latest Period	Prior Period	Change	Prior Year	YoY change
LME Nickel	6.2006	7.5500	↓	5.0802	↑
304 Surcharge	0.7374	0.7434	↓	0.6316	↑
316 Surcharge	1.0635	1.0792	↓	0.9111	↑

Lead Times:

- CR: 4-6 weeks
 - CMP: 3-5 weeks
- PMP: 4-12 weeks
 - Long: 5-9 weeks

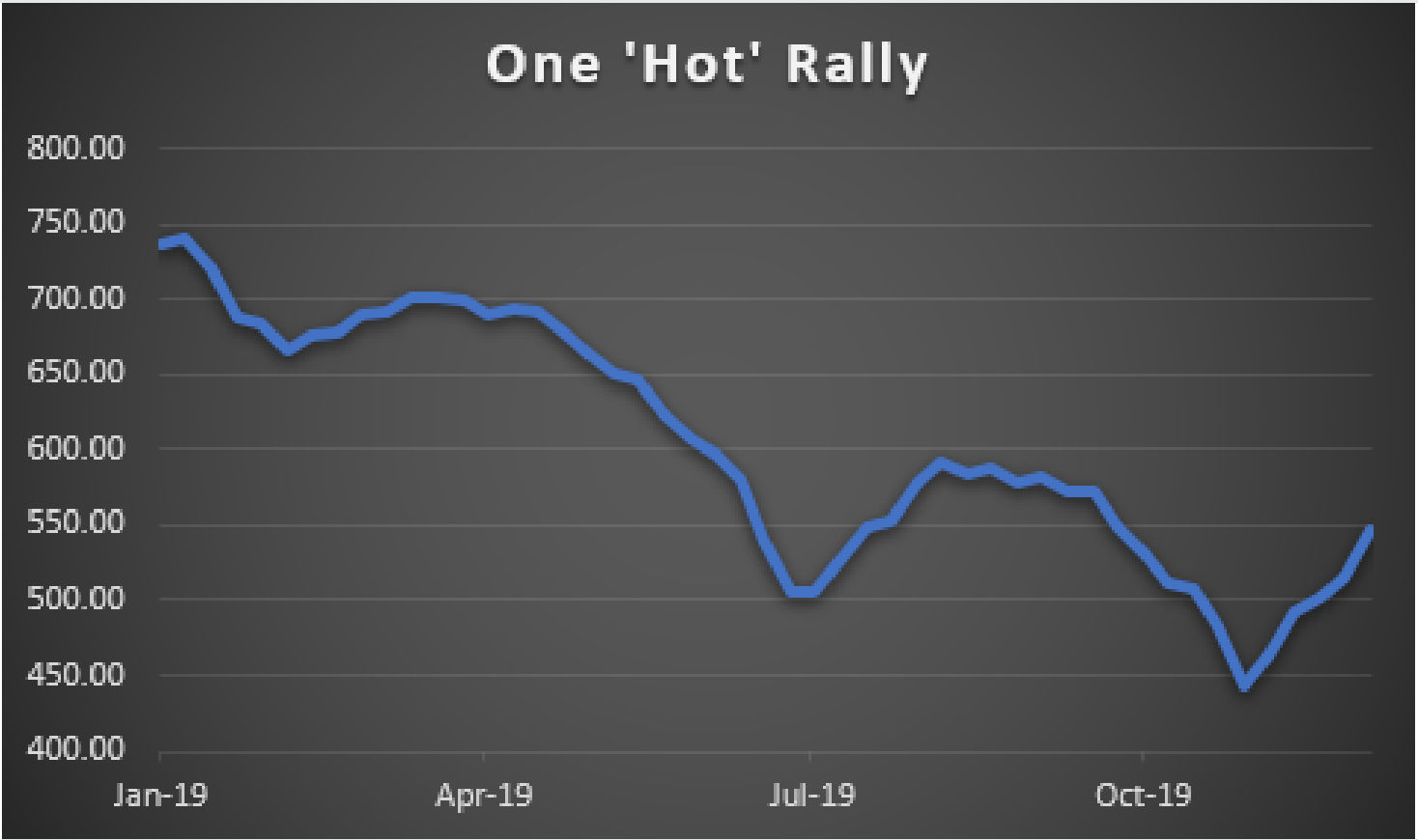
Sources: LME, NAS

Ryerson risk managers weigh in on a trend they are keeping an eye on this month.

HRC Rallying Points

Since bottoming in October at \$444/st, HRC prices have rallied by over \$100/st as of late, driven by a confluence of supporting factors.

- 1. Mills lead times extended on the back of increased buying from service centers and OEMs (original equipment manufacturers).
- 2. Following a six-week strike, General Motors has resumed metal consumption.
- 3. A number of announced outages (and one unannounced outage) by U.S. steel mills in Q4.
- 4. Flooding at US Steel's Gary Works facility during the last week of November, which shut down blast furnaces at the facility. It is expected that this impact will be temporary.
- 5. Scrap prices have rallied by \$50/mt, meaning at least a portion of this rally appears to be supported by cost-push factors.



Source: Bloomberg

After starting the year strong, HRC bottomed in November before turning in a sharp rally to end 2019.

Adding fuel, or perhaps confusion, to the fire, President Donald Trump tweeted that he would immediately "reinstate" [Section 232 tariffs of 25%](#) on steel and aluminum imported from Brazil and Argentina, citing devalued currencies in both countries.

Brazil is the largest exporter of slabs to the U.S., meaning the move has the potential to be highly disruptive to U.S. steel supply chains. That said, some market participants said that the tweet was not enforceable, expressing skepticism over its legality, as there has not yet been a filing with the federal register.