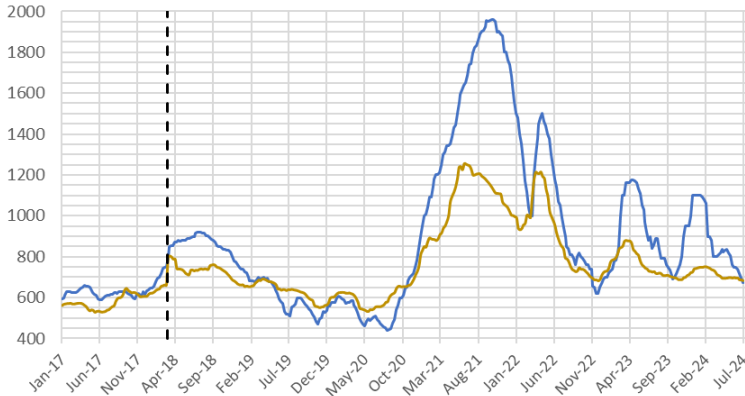


July 3, 2024

Supply-Side Takeaway:

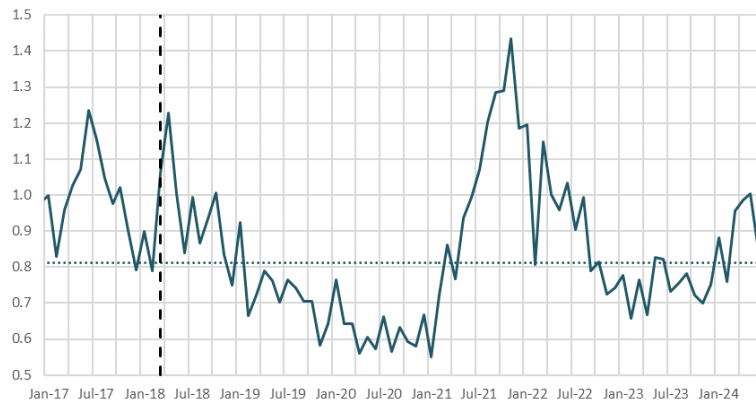
The domestic market remains in a surplus with elevated levels of production, but imports are clearly trending lower. Softer than anticipated demand will likely prolong the surplus and keep pressure on prices this summer.

Imports and the Domestic – Global HRC price differential contracted to a negative spread, the first time since September 2023. This week’s convergence was the result of the domestic spot price dropping further than slight decline in the global average. On the imports side, this week’s preliminary data show June arrivals receding from their earlier estimates, albeit still above the long-term average, and a notable downturn from May’s high. Additionally, May’s import census data came in, and shows that imports were just above 1M st./m. Finally, domestic production ticked up for the second consecutive week, rising to its highest level since May.



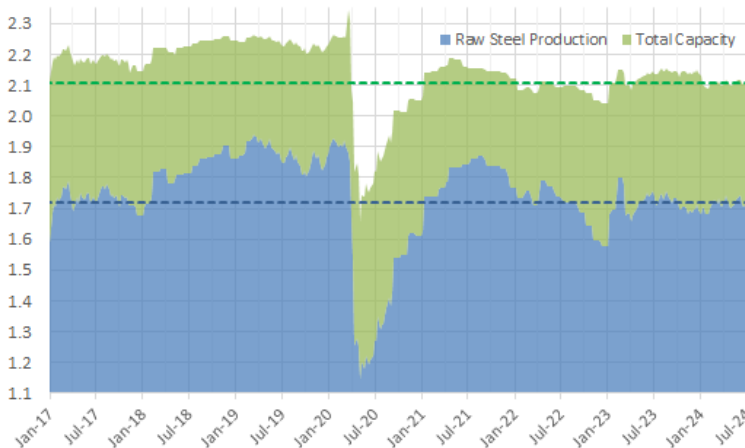
HRC Spot Prices – US Domestic & Global

- The **global HRC spot price** declined to \$682 from \$687. This fall was mainly due to a -\$11 drop in China, a -\$8 decrease in Europe, and a -\$6 dip in Korea.
- The **Domestic – Global HRC spread** contracted further this week, narrowing from \$8 to -\$7. This marks the first negative differential since September 2023.



Total Sheet Imports (s.ton)

- This week’s **imports** estimated sheet arrivals for **June** indicate an easing for imports, declining to 846k tons from **May’s** estimate figure of 1004k.
- We have likely begun seeing the impact/roll over from the shipping delays which have subsided. That said, expect volatility as we move towards the long run average.



Domestic Production (s.ton)

- For the week ending on June 29th, **capacity utilization** ticked up by 0.5% to 77.5% and **domestic raw steel production** climbed to 1.721m from 1.710m/tpw.
- This brings the year-to-date production to 43.925m, operating at a rate of 76.5%, -2.6% below this point last year.



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