

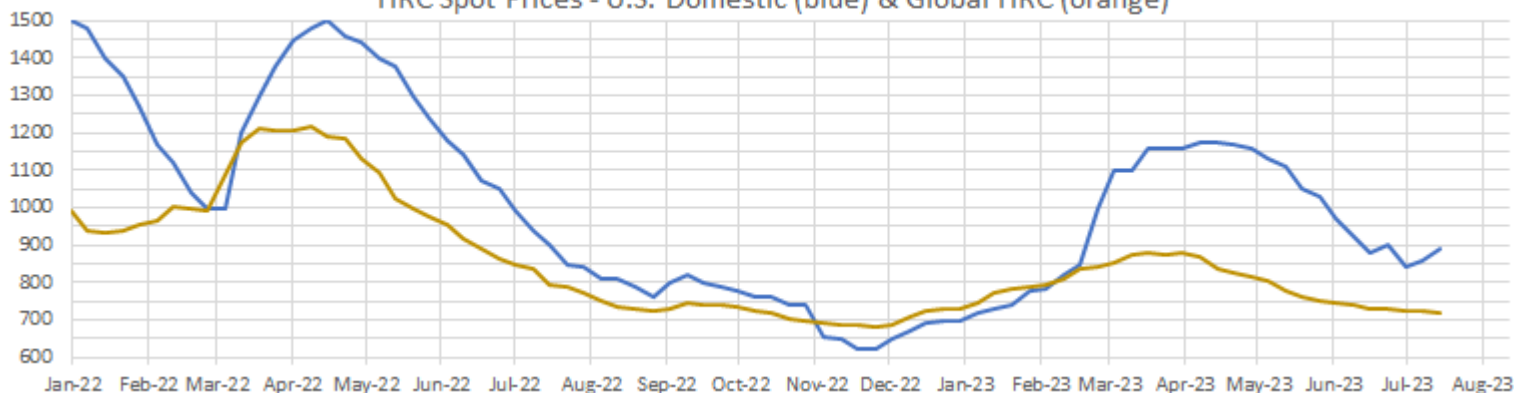
Supply-Side Takeaway:

Imports and domestic production showed growth in the first half of the year but began rolling over in July. These levels and low inventory across the supply chain suggest that buyers are mainly concerned about the outlook for demand. Despite recent price increases from domestic mills, spot prices are struggling to maintain upward momentum and remain below the announced targets of \$900-950.

Notes:

- Global differentials expanded for the 3rd week in a row as the two prices continue to diverge and global prices weaken.
- Preliminary import data for July is projected to come in at 669k tons, down sharply by 214k compared to June. The current level of arrivals are well below the post-232 pre-pandemic average (dotted), which we view as the neutral level for imports.
- Capacity Utilization ticked slightly higher last week, up 0.3% to 75.5%. This translates to 1.72M tons per week of raw steel. Additionally, although overall production has dipped, total capacity available remains just below its highest level since the end of October 2021, suggesting this throttle back may only be temporary.

HRC Spot Prices - U.S. Domestic (blue) & Global HRC (orange)



Total Sheet Imports (s.ton)



Domestic Production (s.ton)

