

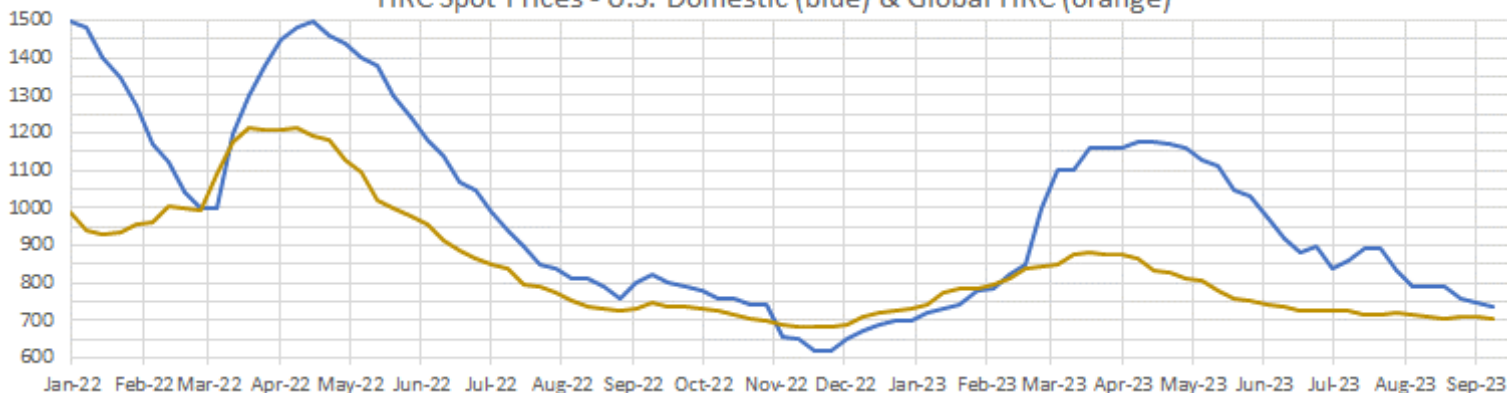
## Supply-Side Takeaway:

Global prices have stalled out and falling domestic prices have caused the U.S. – Global HRC spread to converge to its tightest level since mid-February. Imports data remains subdued and weekly domestic production ticked lower again this week. Given the recent reduction in supply and our outlook of stable to seasonally higher demand in the 4<sup>th</sup> quarter, we do not believe the market has fully factored in the upside price risk that exists.

## Notes:

- The global HRC price was slightly lower and have been down 19 of the last 23 weeks. The current spread decreased to \$29, the lowest level since February 17th.
- Our first look at September imports suggests that arrivals remain subdued - mostly likely through the end of the year, given the risk of holding excess inventory in many of the port cities.
- Capacity Utilization fell further last week, down another 0.2% to 76%. This translates to 1.729M tons per week of raw steel but total capacity available (production + excess) remains elevated. Through the beginning of November, announced maintenance outages will mean that up to 10% of all available production will be offline over the next 9 weeks.

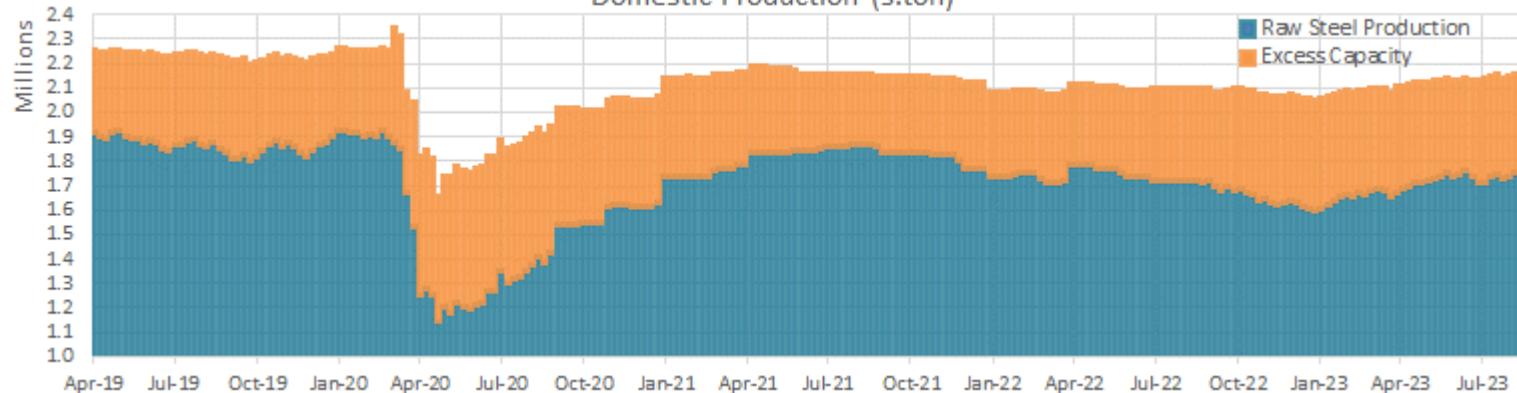
HRC Spot Prices - U.S. Domestic (blue) & Global HRC (orange)



Total Sheet Imports (s.ton)



Domestic Production (s.ton)





## PROGRAMS AND SERVICES

### NEED TO ACCESS FUTURES AND OPTIONS MARKETS?

FMB offers a variety of methods for accessing the derivatives market and can help choose which is the best fit for your business. If you're already utilizing futures and options, FMB can provide the liquidity you need to manage your price risk efficiently and cost-effectively.



### PREFER A FIXED OR FLOATING PRICE?

FMB can provide the pricing terms you want no matter who sources the material. The details of the contract are not disclosed, existing supply chains are not interrupted, and it can be as simple as issuing a purchase order.



### WANT TO CAP YOUR PURCHASE PRICE, OR LIMIT YOUR DOWNSIDE?

Partnering with FMB can enable you to reap the benefits if the market moves favorably but protect you if the market moves unfavorably. FMB will give you the option to buy or sell at a price only if it's better for you in the future.



### HOLDING EXCESS INVENTORY IN A FALLING MARKET?

If your company is holding material that is at risk of declining in value, FMB can protect the value of your material while enabling you to have JIT inventory. Additionally, this solution helps raise capital on your balance sheet.



### NEED HELP PROTECTING VALUE WHILE IMPORTING MATERIAL?

FMB can help manage price risk while your material is in transit, ensuring that you are not holding mispriced material by the time the material arrives at its destination.



### BIDDING ON A PROJECT AND NEED TO HOLD A FIRM PRICE?

FMB can hold a fixed price while you wait to hear back about a contract tender, ensuring that cost estimates remain unchanged in the meantime.



### NEED TO MEET ESG MANDATES?

FMB can supply and retire voluntary carbon offset credits on your behalf, as well as consult, advise, and execute carbon neutrality strategies. FMB is a member of all the major registries and sources offsets directly from project developers all over the world.

