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WSD's steel experience, steel database and availability of steel statistics are the principles for performing steel forecasts, studies and analysis for international clients. WSD seeks to understand how the "pricing power" of steel companies the world over will be impacted by changes in the steel industry's structure.

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U.S. Steel-Consuming Industries Activity Index (IDX) Doing Well: Where's the Bottom?

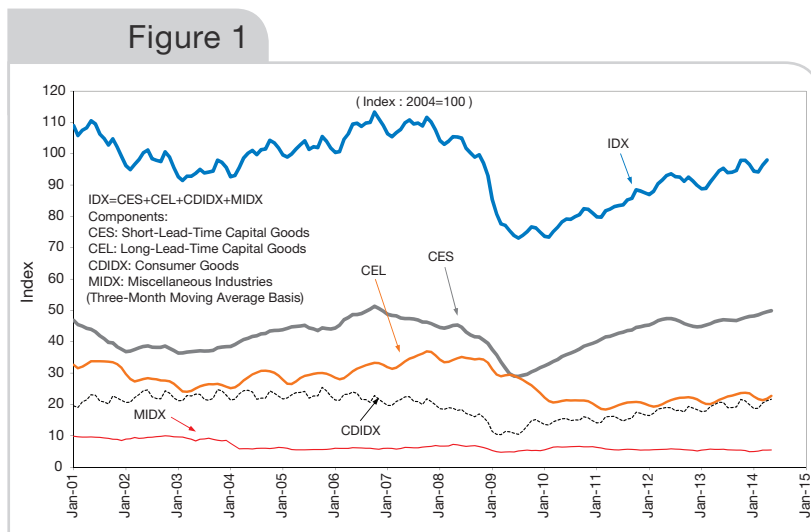
As of May 2014, WSD's IDX was up 5.2% year-on-year, which compares to a 6.7% rise in December 2013 and a 3.6% increase for all of 2013. The CES (short-lead-time capital goods index) was up 7.0% year-on-year, the CEL (long-lead time capital goods index) was up 6.3%, and the CDIDX (consumer goods index) was up 2.1%. The CES portion of the index accounts for about 50% of the IDX.

Since 2007, the largest year-on-year decline for the index was 30.3% in May 2009, while the

greatest year-on-year gain was 13.6% in April 2012.

The IDX figures provide support for the concept that, at least for the moment, the U.S. is the economy, and the U.S. steel market is the market, whose near-term outlook is better than most others (Table 1).

From 2008 to 2011, all components of the IDX underwent extreme year-on-year volatility. For example, in late 2009, the long-lead-time capital goods index, which tends to lag behind the



U.S. components of WSD Index of Steel Activity (year-on-year change).

Table 1

Components of IDX (2004=100) as of May 2014 and 2013

Indicator	Index figure		Weighted index		y-o-y % chg	Share of index (%)		Y/Y First 5 months % chg
	May P 2014	May 2013	May P 2014	May 2013	May		May P 2014	
CES: Short-lead-time capital goods								
Oil and gas well drilling	133.3	126.0	4.00	3.78	5.8	3.0	3.9	
Railroad rail and miscellaneous	127.4	123.5	3.82	3.71	3.1	3.0	3.8	
Business equipment	163.0	154.5	8.15	7.72	5.5	5.0	8.0	
Trucks (not seasonally adjusted)	82.6	75.6	5.78	5.30	9.2	7.0	5.7	
Fabricated metals	120.3	114.6	14.44	13.75	5.0	12.0	14.3	
Non-electrical machinery	117.7	106.3	14.12	12.76	10.7	12.0	13.9	
Total			50.31	47.01	7.0	42.0	49.7	7.0
CEL: Long-lead-time capital goods								
Ships and boats construction	101.2	90.0	1.01	0.90	12.5	1.0	1.0	
Electrical equipment	122.9	117.8	6.15	5.89	4.4	5.0	6.1	
Non-residential construction (not seasonally adjusted)	72.7	68.1	16.72	15.66	6.7	23.0	16.5	
Total			23.87	22.45	6.3	29.0	23.6	6.1
CDIDX: Consumer goods								
Residential housing (not seasonally adjusted)	56.6	50.3	1.70	1.51	12.5	3.0	1.7	
Household appliance	92.4	86.4	3.69	3.45	7.0	4.0	3.6	
Automobiles (not seasonally adjusted)	101.5	101.4	16.24	16.23	0.1	16.0	16.0	
Total			21.63	21.19	2.1	23.0	21.4	4.2
MIDX: Miscellaneous industries								
Defense and space equipment	131.6	127.3	1.32	1.27	3.4	1.0	1.3	
Farm equipment	90.0	98.9	1.80	1.98	(9.0)	2.0	1.8	
Metal cans	78.8	80.4	2.36	2.41	(2.0)	3.0	2.3	
Total			5.48	5.66	(3.2)	6.0	5.4	(4.8)
Total			101.30	96.31	5.2	100.0	100.0	5.5

P = Preliminary

others, was down about 30%; the consumer goods index was down just over 40%; while the short-lead-time capital goods index was down about 37%. In the summer of 2010, on a year-on-year basis, the long-lead-time capital goods index was still down 25%; but the consumer goods

index was up about 55% and the short-lead-time capital goods index was up almost 30%. Presently, on a year-to-date basis, the three IDX components are all up 4–7%.

