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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. The views and opinions expressed in this article are solely those of World Steel Dynamics and not necessarily those of AIST.



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Steel Is War

World Steel Dynamics (WSD) often highlights the never-ending psychological warfare between steel buyers and sellers. This circumstance is why we are witness to "buyers' panics" when the price is soaring and pricing "death spirals" when the price is plummeting.

In the hand-game called Rochambeau, in which the two opponents, when the "Beau" is spoken after "Ro" and "Cham," each put forth a hand in the form of a rock, a paper or a scissor. The rock can't be cut by the scissors; but, it's covered by paper. The fist is the rock; the outspread hand is the paper; and, extending the pointer and middle fingers is the scissor. Employing the principles of Rochambeau may prove useful in today's world of survivability.

Let's apply Rochambeau to the global economy (Table 1). In this case, the three items are mercantilism (the fist), globalization (the outspread hand) and the scissor (two extended figures).

Currently, president Trump (fist) is seeking to make use of mercantilism in order to "make America great again" and overcome the spread of globalization. However, he must beware the power of the invisible hand (price allocates resource).

What about the steel industry? The fist is steel production, the paper is competing materials and the scissor is the never-ending power of price allocates resource.

How might we use this imagery in the sprouting world of steel futures? The fist represents transactions, the paper is hedging and the scissor is illiquidity.

Table 1

Rochambeau

Item	Hand position	Global economy	Steel industry	Steel futures
		Representation		
Rock	Fist	Mercantilism	Global steel trade	Transactions
Paper	Outspread hands	Globalization	Protectionism	Hedging
Scissor	Two extended fingers	Invisible hand (price allocates resource)	Price competition	Illiquidity

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