

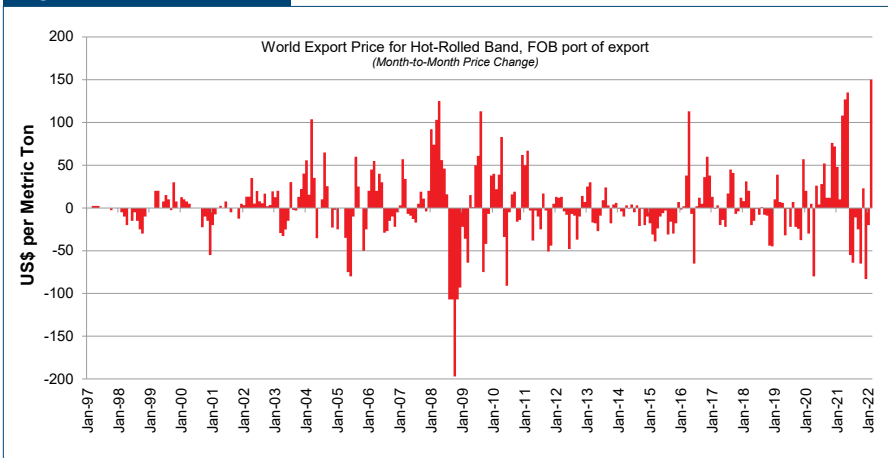
## Steel Price Volatility = Cardiac Arrest

### Time for Revival?

The hot-rolled band (HRB) export price has switched directions about every 6–12 months over the past 25 years and usually regardless of the trend in underlying steel demand. Since 2010, the HRB export price trend has reversed roughly 36 times, for an average duration of 10 months (Fig. 1). Interestingly, the HRB export price declined from the February 2019 and bottomed in

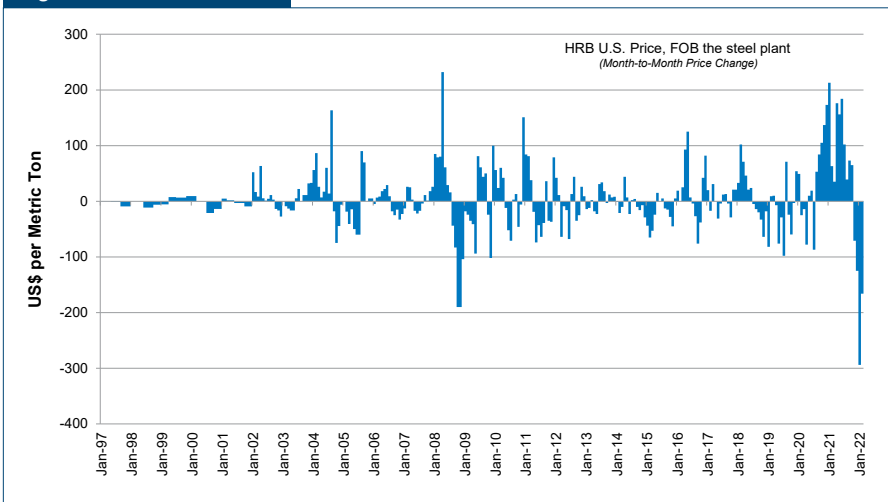
the height of the pandemic in April 2020 for a duration of 14 months; from there it rallied for a full 13 months until May 2021. It has been on a downward trend for the past 8 months; hence, if by May 2022 there’s no improvement, this would be a duration of about 12 months. However, steel’s “last hurrah” as WSD discussed previously began to show signs of rallying in February 2022.

Figure 1



World export steel buyer/seller cardiac arrest.

Figure 2



U.S. steel buyer/seller cardiac arrest. Sources: Price Track and SteelBenchmark™.



is a leading steel information service in Englewood Cliffs, N.J., USA.

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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Products for which prices are highly volatile include prime scrap, obsolete scrap, iron ore, coking coal, metallurgical coal and commodity grade steel products.

Hence, given the regularity of swings in price direction, this is one of the reasons in December 2021 that WSD was forecasting a sizable rise in the HRB export price by about spring 2022 as steel's "last hurrah" before a significant downturn for the rest of the year.

As for the U.S. HRB price (Fig. 2 on the previous page), the price trend has reversed roughly 46

times, for an average duration of 6–10 months since 2010. The U.S. mills have enjoyed a significant time of profitability since the Section 232 tariffs were implemented in 2018 and prices skyrocketed in the 18 months following July 2020, where it bottomed from a few months of downturn because of the COVID-19 pandemic. The U.S. price only showed signs of retreat beginning in November 2021.

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