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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.

For more information, email [wsd@worldsteeldynamics.com](mailto:wsd@worldsteeldynamics.com).



**Authors**

**Philipp Englin** (top row, left)  
Chief Executive Officer, World Steel Dynamics, Englewood Cliffs, N.J., USA

**Adam Green** (top row, right)  
Managing Director, World Steel Dynamics, Englewood Cliffs, N.J., USA

**John Villa** (bottom)  
Senior Research and Operations Director, World Steel Dynamics, Englewood Cliffs, N.J., USA

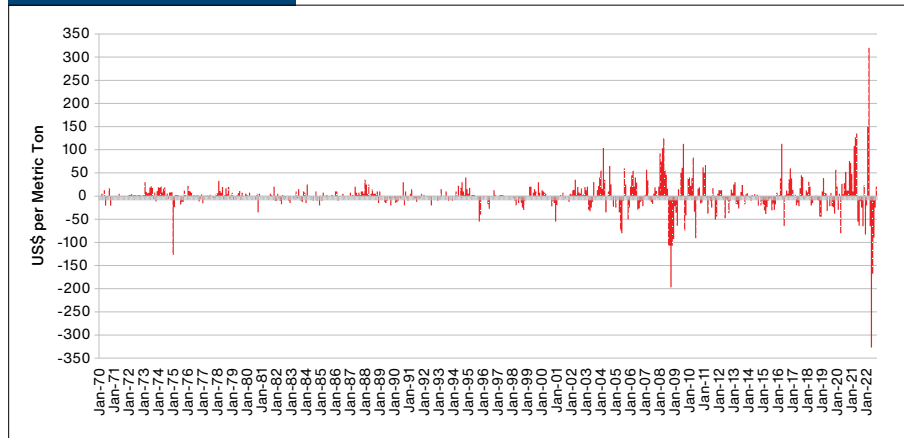
**Steel Price Volatility: Where's the Bottom? Recovery on the Horizon?**

As has often been the case in the past, pricing developments in the steel industry tend to unfold at "warp speed." In its report published in early June, WSD predicted the world price of hot-rolled band (HRB) could see a collapse to about US\$600/metric ton, FOB the port of export, by late-Q3 of this year. This is precisely what has transpired in the past few weeks, as the price has

plummeted from a recent high of about US\$1,300/metric ton in mid-April to a low of about US\$585/metric ton, with signs of price rebound on the horizon. The price in early September was about US\$615/metric ton.

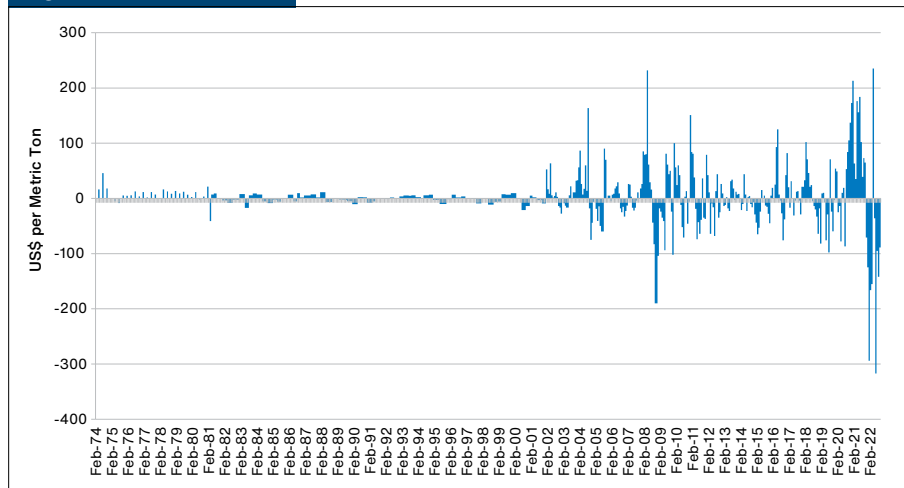
Time and again over the past two decades, and usually irrespective of the trend in underlying steel demand, the HRB export price has

**Figure 1**



*World export steel buyer/seller cardiac arrest. World export price for hot-rolled band, FOB port of export (month-to-month price change).*

**Figure 2**



*U.S. export steel buyer/seller cardiac arrest. U.S. export price for hot-rolled band, FOB the steel plant (month-to-month price change). Sources: Price Track and SteelBenchmark™.*

plummeted and rallied about every six to 10 months. Since 2000, the HRB export price trend has changed directions about 38 times, for an average duration of 10 months (Figs. 1 and 2). Interestingly, since the HRB export price declined from the summer of 2021 until early 2022, it rebounded to an all-time high of about US\$1,300/metric ton in April 2022 and then went back on a downward spiral for the past five months.

Products for which prices are highly volatile include prime scrap, obsolete scrap, iron ore, coking coal, metallurgical coal and commodity grade steel products — all of which have risen and fallen numerous times in the past few months.

However, just as downside forces can emerge unexpectedly and impact steel markets at warp speed, so

could upside forces that might seem equally unlikely amidst the apparent calamity that belies today's steel markets. As WSD sees it, there is a growing likelihood that by early 2023 a number of potentially coincident forces could conspire to surprise buyers and send steel prices surging unexpectedly, despite a still-depressed overall economic environment and perhaps still mediocre underlying steel demand conditions.

Coincidentally, U.S. prices have been on a steady upward rise since the pandemic began in March 2020. It hit an all-time high at the end of 2021 at about US\$2,070/metric ton and has been on a slow decline for most of 2022.

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