

# A MARKET FORGED IN CHANGE

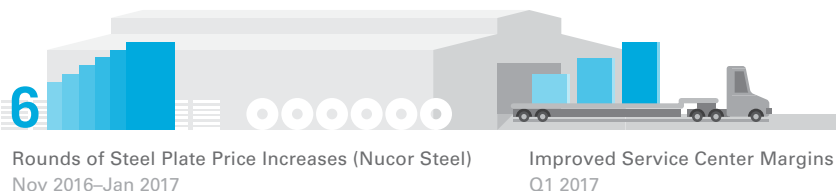
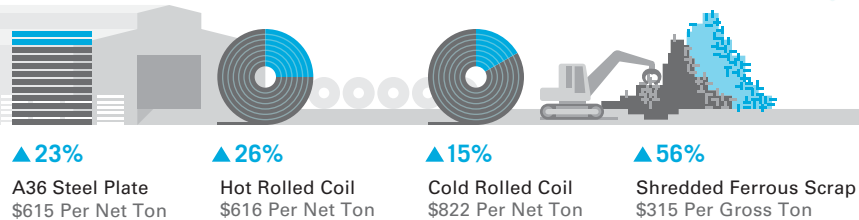
FEBRUARY 2017



Since October 2016, the market has seen significant price hikes for steel and ferrous scrap, aluminum, and copper. While the election results helped to drive these new highs, it's not yet clear whether pricing strength will be sustainable.

## IS STEEL'S PRICE CLIMB NEARING A PEAK?

AVERAGE MONTHLY PRICES  
Q4 2016–JANUARY 2017



## FLAT ROLLED STEEL: ANYTHING BUT FLAT

Following tepid buying from June to October, buyers short on flat rolled steel inventory scrambled to place orders ahead of further price hikes.

▲ BASE PRICES IN JANUARY 2017  
RAISED BY:



Sources: Steel Business Briefing and American Metals Market

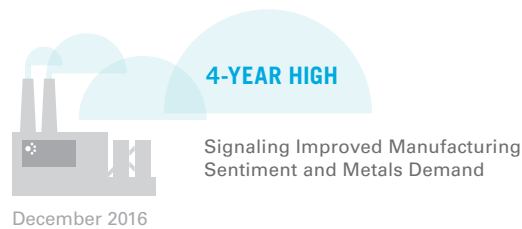
## LOOKING EAST: HOW WILL CHINA INFLUENCE METALS MARKETS?

China sets the floor for global steel pricing. In late 2016, China's price increases were aided by the country's efforts to curb production amid trade cases, and by the expectation that China will consume more of its own steel production this year.

AVERAGE PRICE OF CHINESE HRC



## CHINA'S MANUFACTURING PURCHASING MANAGERS' INDEX (PMI)

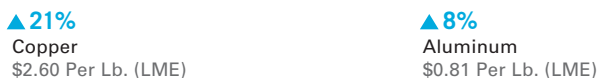


Sources: SBB, AMM, MarketWatch, ISM, BMI Research, MBR

## ALUMINUM AND COPPER REFLECT THE MARKET'S GLOW

Both metals saw prices rise on falling supply, reduced capacity, production disruptions, higher energy costs, and stronger auto sales. As a result, warehouses have stocked up.

AVERAGE MONTHLY PRICES  
Q4 2016–JANUARY 2017



Sources: SBB, AMM, MarketWatch, ISM, BMI Research, London Metal Exchange

## ELEMENTS OF THE ELECTION: Fe AND Cu

Talk of infrastructure spending and executive orders on pipelines turned investors bullish on metals vital to construction.

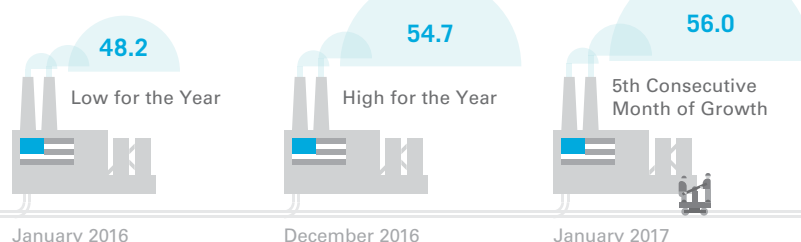
IRON ORE AND COPPER PRICES TWO DAYS POST-ELECTION



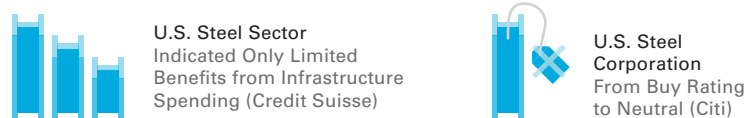
Sources: Business Insider, AMM, Mining.com

## MATERIAL GAINS—OR JUST THEORETICAL?

U.S. MANUFACTURING PURCHASING MANAGERS' INDEX (PMI)



DOWNGRADED  
JANUARY 2017



## KEY U.S. MARKET PROJECTIONS



Sources: AMM, Street Insider, Autodata

# MINING THE FUTURE, OR BETTING ON IT?

While price hikes have been influenced by U.S. infrastructure plans, it's not yet clear how those projects will unfold. Not only is China's steel industry a key variable, but domestic protectionist measures bear watching. If such measures are enacted, American manufacturers may pay a premium on materials, which could send ripple effects through broader metals markets.

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