

# ACE STEEL SUPPLY METAL MANIA



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**VETERAN**  
**OWNED BUSINESS**

**Welcome to 2021! On behalf of Ace Steel Supply, we thank you for your business and wish you the very best for the New Year.**

**PEOPLE DO BUSINESS WITH  
PEOPLE THEY KNOW, LIKE,  
AND TRUST, SO LET'S GET TO  
KNOW EACH OTHER!**  
Let's **TALK** Month

For those of you whom we do not service routinely, the present supply shortage coupled with rising prices is clear evidence that companies require both primary & secondary suppliers. While you might not have considered us in the past, we are passionate about our business and continue to evolve. Lately customers tell us "we have gotten better and better". The emphasis going forward should be on continuity of supply, so let's get to know each other & talk about a way forward for mutual, "on-going" collaboration!

*It's Time  
to Talk.*

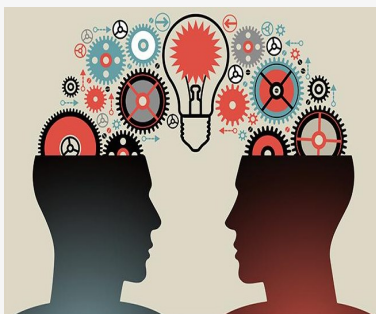
## Do you know where the flat rolled market is headed?



"There is a steel shortage as we speak, and the situation will get more drastic going into the first quarter. If you do not have a deal that guarantees availability, you are on the outside looking in. This is all just a culmination of a couple months of reduced capacity, and that's not going away," as reported by various media sources.

The root of the problem is the reduction in production capacity at the domestic sheet mills earlier this year, in the face of the current strong demand from the automotive industry, construction suppliers and other manufacturing customers. Import restrictions including 232 tariffs, trade quotas and COVID all contribute to the perfect storm. Steel is a global commodity, and we live in a global economy. Moreover, service centers did not sufficiently replenish their stock during the period when the Covid-19 pandemic and US federal elections were creating uncertainty and a reluctance to buy steel, according to some sources.

For the first time, sources stated that the shortage of spot availability for approximately the next two months - or longer - is beginning to slow down manufacturing activity in the United States, because distributors and steel consumers cannot procure enough tonnage to satisfy orders from their downstream customers. Mills are even putting a lid on contract volumes by holding buyers to a minimum or placing them on allocation. "The truth of the matter is suppliers cannot find enough steel. Most mills are not even sure how many tons they will be able to offer".



**Shared thoughts:** Keep your seat belt on and focus on continuity of supply. Simply put, make sure you have an arrangement to guarantee material availability. Price is not the top concern right now. As they say, "what goes up, must come down", but this will take time. The general impression is that mill price reductions will not break until sometime in Q2. This is a roller coaster ride and together we need to ride this out. It appears that this is not a time to speculate, simply buy what you need and assure supply reliability. Once the new administration's import posture is better known, domestic mills come online, supply levels increase and COVID is better contained, we will all better understand the market direction and expectations for future stability. When we attain a better sense of "normalcy", it is then that future supply strategies should be further explored. Eventually prices will come down, but the million-dollar question is "when" and "how quickly".

Protectionist Section 232 tariffs, which took effect in March 2018 and subsequently were adjusted for a handful of countries appear likely to be adjusted, but not eliminated, under US president-elect Biden. These tariffs have hampered global access to the US market as the 25% tariff made most steel imports uncompetitive with domestic steel. That may change under the Biden administration, which could use the tariffs as a bargaining chip, particularly with the EU, according to analysts. Relaxing the tariffs on Europe could quickly regain allies for the new administration seeking to face down an ever more aggressive China. It is said that Biden is not inclined to remove Section 232 tariffs or quotas immediately and, even if he were to do so, import volumes would not arrive until the second half of 2021. "Are we going to see more foreign steel in the market?" Perhaps later this year.

## HR, CRC, HDG PRICES KEEP RISING IN THE NEW YEAR

**HOT ROLLED** - Prices have risen almost 70% from the bottom over 15 weeks - the question is how much higher do they go? This is the fastest rate of increase for HRC since CRU began analyzing 41 years ago, Unprecedented times.

**COLD ROLLED** - Fob mill US rose to \$58.50 cwt per on Thursday January 7.

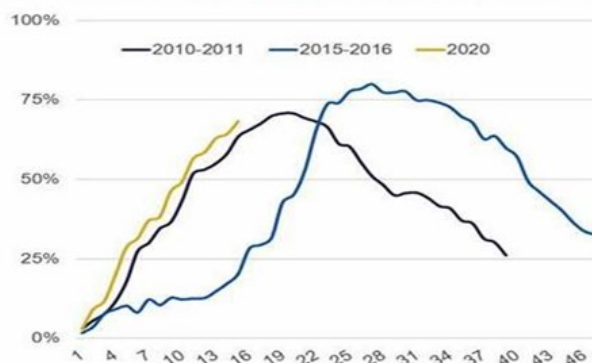
The assessment has gained 88.71% since commencing its rebound from the 2020 low of \$31 cwt in August, and now stands at its highest since the price peaked at \$62.25 cwt in May 2008.

**GALVANIZED** - The price assessment for HDG coil (cold-rolled base), fob mill increased to \$59 per cwt on Thursday. The assessment is now up for the 22nd week in a row, gaining 90.32% during that period.

**BRAZILIAN SLAB EXPORT PRICES JUMP \$80-95/t** - Brazilian slab producers are fully focused on the US market, where prices are higher. Last week The US Customs and Border Protection agency (CBP) renewed the import quota for Q1, which will allow 1.05 million tonnes of semi-finished steel products, including billet and slab, to enter the US from Brazil Jan to March. Soaring iron ore prices have also contributed to the uptrend in slab.

**VIETNAM AS A SOURCE FOR HDG** - According to Trade attorney and Steel Market Update contributor Lewis Leibowitz the Trump administration responded by initiating a Section 301 inquiry in October on the degree to which Vietnam manipulates its currency to reduce its value to the dollar. The usual pro-tariff suspects urged the administration to levy tariffs on Vietnamese imports. The U.S. Trade Representative could decide to impose tariffs at any time.

Cumulative weekly % change from bottom, US HR coil



Good-Bye 2020.... Hello 2021!!! I'm pretty sure ALL of us are wishing-hoping-wanting a better year from this last one. 2020 will go into the record books as one of the worst years in history worldwide. So how do we make 2021 better? With the COVID vaccine making our lives a little easier to move around, a few things we'll all look forward to..... see loved ones more often, work 'at work', travel!!! But, here are a few other things you might like for 2021:

1. The Summer Olympics in Tokyo. Keep your fingers crossed they WILL happen.
2. The Mars Mission—the new rover will land on the Red Planet in February.
3. Movies!!! - Dune, Fast and Furious 9, Black Widow and Top Gun: Maverick
4. T20 World Cup in India
5. 50th Anniversary of Walt Disney World—2021 would be THE year to go!
6. Get your COVID vaccine ! ☺ I know none of us forgot about this, but had to put it on the list
7. Blood Moon and full lunar eclipse in May
8. Broadway comes back sometime mid to late year
9. Houston Livestock Show and Rodeo in May \*\* fingers crossed again \*\*
10. The Eiffel Tower should reopen early 2021 after having the longest shut down since WWII

There's no doubt that we've all gone through a lot this past year. A global crisis literally took over our lives at the beginning of 2020, confining us to our homes almost the entire year. This is something we couldn't have imagined, even in our wildest dreams. In hindsight, it has also taught us a lot of important lessons — of being mindful, living in the moment, and never taking anything for granted. Bring on 2021!!! The year of slowly returning to normal. Happy New Year to all of you!

## HEARD IN THE MARKET

- ⇒ "Prices continue to rise – mills have shut off the spot-market tonnage."
  - ⇒ "Things are really out of control. A very small amount of tons will establish the price. The mills are having a heyday with the lack of supply"
  - ⇒ One mill source confirmed that some production locations are unable to offer spot tonnage for as long as three months for certain coated grades. Even regular contract customers are facing "minimum" or "nominal" deliveries in the first quarter, other sources said.
  - ⇒ "Rising scrap prices are certainly adding some oxygen to this rally. The mini-mills are acting as if they can maintain their margins now that scrap is rallying. This causes things to peak and crash real fast and not move in a reasonable manner."
  - ⇒ "There is also a lack of foreign cargoes to help relieve the supply shortfall. Participants expect South Korean mills to make offers this week."
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## CHANCES DOG RESCUE & RELOCATION



After an incredibly trying 2020, I think we are all ready for a fresh start and a renewed sense of hope and purpose. Everyone at Chances Dog Rescue and Relocation is certainly ready to jump into the new year and get to work!

We closed 2020 with two transports during the week of December 13. Between the two trips, 83 dogs left behind their hard lives and sad stories, and headed north to forever families and lifetimes of love. Over half of the dogs were rescued from the streets - cold and hungry and in imminent danger - and now they will only know safety and love for the rest of their lives.

Our goal for 2021 is to continue to grow the number of dogs we transport yearly. This is a goal we have reached every year since our founding (even in 2020)! We would love to hit 1000 dogs in 2021, but this past year – with its nearly 3 month shut down - taught us to be grateful for each rescue and each life changed, as opposed to overall numbers.

We are also excited to deepen our new relationship with a well established, foster-based rescue in Wisconsin. For nearly 10 years they partnered with a small rural shelter in Georgia. Amazingly, the shelter, community and county officials began working together on a solution – one step at a time - and ultimately changed things 180 degrees. The shelter is now self sustaining, no-kill, and supported by the county and community. Victorious in Georgia, but still wanting to help, Tailwaggers 911, set their sites on Houston. We are honored and excited to work with them.

We hope that this new year brings everyone happiness, health and joy. Should you want to follow or support our rescue mission, please look us up on Facebook at [www.facebook.com/chancesrescue](https://www.facebook.com/chancesrescue) or email us at [info@chancesrescue.org](mailto:info@chancesrescue.org).

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**ACE STEEL SUPPLY**  
*We can all do something –  
Donate / Foster / Sponsor!*



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## Rig Count Overview & Summary Count

Area	Last Count	Count	Change from Prior Count	Date of Prior Count	Change from Last Year	Date of Last Year's Count
U.S.	8 Jan 2021	360	+9	30 Dec 2020	-421	10 Jan 2020

## MATERIAL COSTS JANUARY 2021 (prices continue to climb)



Stainless: Prices climbing - surcharges up again



Galvanized sheet: Prices climbing



Domestic 60" Galvanized: Prices climbing



Hot Rolled: Prices continue to climb



Cold Rolled: Prices climbing



Aluminum: Prices climbing



Ace is passionate about its business and strives to provide the very best in customer service. We are working diligently to be the best in our field and cannot wait for the opportunity to serve you. We humbly thank you for the discerning taste you have shown in utilizing our Company and aim to contribute to your success. It is a privilege to serve you and we look forward to our future together.

DISCLAIMER: The thoughts, views and opinions expressed in this newsletter belong solely to the authors.