

ACE STEEL SUPPLY

METAL MANIA



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VETERAN
OWNED BUSINESS

Coated Material Shortage Starts to Bite

“Perceiving a potentially crisis-level shortage of Hot Dipped Galvanized (HDG)”

The surge in demand during the past few months has led to uncharted territory for many US steel market participants. Months of destocking, during the height of the pandemic, followed by such a rapid uptick in demand, quickly depleted distributors' inventories.

Market participants report a worsening outlook for spot volumes of the HDG grades, and contract buying of cold roll remains brisk to feed the automotive sector. US distributors and end users - extremely lean on inventories - are scrounging nationwide and all over the world for alternatives.

"Spot is nearly non-existent," one service center source said. "Looks like the first half of 2021 is a seller's market. Imports are minor volumes and really won't have much impact."

The extraordinarily long delivery lead times offered by the US mills are resulting in delayed customer supplies.

Furthermore, local steelmakers are refusing requests for additional material, as they attempt to manage their order books.



The recent adverse weather conditions in parts of the US have caused further disruption to the already struggling supply chain. Companies in the worst affected areas comment that they have lost one week of normal business activity.

Higher raw material costs coupled with increasing scrap prices also indicate the pricing rally will continue longer than initially expected.

Add to this the high ocean transport container costs, coupled with the ongoing Section 232 tariffs, both continuing to deter imports.

However, with such tight conditions in the domestic market, US buyers are becoming increasingly interested in procuring material from overseas suppliers, even at a higher cost than local supply, simply for availability.

Automotive demand is still high, but the effects of the planned production cuts at the domestic carmakers, due to reduced availability of semiconductors, is likely to restrict steel demand from this sector, in the short term.

The consensus is material availability will remain scarce and prices are expected to remain firm in the second quarter. You might say we are experiencing "the perfect storm".

US Stainless Steel Prices Forecast to Reach 9-Year High

Prices highest since July 2018

Supply-related bottlenecks are driving up prices. Steelmakers are faced with rising input costs, which are demonstrated by ever-increasing alloy surcharges. Daily nickel values continue to strengthen, due to the latest round of electric vehicle hype, and supply concerns.

The past twelve months were a turbulent time for all those involved in the US stainless steel market. In a dramatic turnaround, the unprecedented pandemic-induced slump in steel requirements was superseded by strong demand, stock shortages and soaring prices. This was most notable in 300 and 400 series coil products, destined for the automotive and white goods sectors. Moreover, the rebound in manufacturing activity is leaving manufacturers, in the automotive, white goods and agricultural segments, short of material and parts to maintain their production schedules.

Worldwide Global logistical difficulties, especially with shipments from Chile, led to a surge in molybdenum prices, in the past few weeks. Furthermore, recent gains in the spot market value of chromium are likely to result in a significant rise in the second quarter contract figure. Moreover, stainless steel scrap prices are increasing. In addition to the upturn in alloy surcharges, US stainless steel producers have reduced their price discounts three times during the past six months. Consequently, transaction values for stainless cold rolled coil are now at their highest levels since July 2018.





LEADERSHIP MATTERS

In Praise of Humility

Whenever we speak about the disciplines of leadership, it is always humility that gives people the hardest time. The courage to move forward, take risks and weather criticism seems obviously necessary for leadership. The character to keep going when the going gets tough - and the going always gets tough - seems self-explanatory as well. There is an intuitive understanding why leaders see and focus on possibilities, even as they are realistic about barriers and constraints. And we can easily grasp why empathy encourages collaboration, even though both are far more difficult in practice.

But humility? Aren't leaders supposed to project strength and confidence? Behind this frequently asked question is the assumption that humility is somehow associated with weakness and insecurity. Strength and confidence are necessary for leadership, but they must be balanced with humility.

It is strength that pushes us forward in the face of difficulty. **It is humility that keeps us open to course-correction when required.** It is strength that allows us to tackle the difficult problems. **It is humility that reminds us others can help find solutions.** It is strength that pushes us to ask the necessary, tough questions everyone fears. **It is humility that allows us to hear the answers.**

Leaders that are confident can add real value. **Humility reminds leaders that others can also add value.** A leader must be confident enough to speak their mind. **Humility invites others to do the same.** It is confidence that allows a leader to decide in a timely manner, even when much is still unknown. **It is humility that allows a leader to say, "I don't know" or "I need more information to decide."** A confident leader understands their own capacities and interests and leans on them. A humble leader understands equally well where they are less capable or interested and leans on others who bring different, complementary capabilities.

Without the leavening of humility, strength and confidence become arrogance. Over time, arrogance can become a huge problem - both for the leader and for those around the leader. An arrogant leader thinks they know better, can figure things out faster, have the right answer sooner and have a vision no one else truly understands. An arrogant leader believes their own strengths will always compensate for their weaknesses. An arrogant leader becomes isolated quickly. When you know it all and can figure it all out, why seek input or advice from anyone else? An arrogant leader prizes loyalty over candor. An arrogant leader directs and declares but rarely asks or reflects.

There are real consequences to arrogance. Arrogance creates an environment where people learn to say what is expected - not necessarily what is true. Arrogance builds an organization that waits for the leader to decide, does not question, and relies on the leader too much. That kind of organization does not learn or adapt. While it may not happen right away, arrogance leads to a situation where something important will be missed, a big mistake will be made, a necessary pivot will never occur. When strength and confidence become arrogance, failure will eventually be the result. Sustained success demands the practice of humility.



MARCH... AND THE FOUR-LEAF CLOVER

Ever wonder what's up with four-leaf clovers? I mean, you can never find them, so if you do, they are special.. But WHY are they special? Here's a little history.

The four-leaf clover is the universally accepted symbol of 'good luck'. If you are ever 'lucky' enough to find one of these gems, know that each leaf has it's own significance. One leaf is for Faith, the second is for Hope, the third is for Love, and the fourth is for LUCK. A three-leaf clover represents the Holy Trinity: One leaf for the Father, second leaf for the Son and third for the Holy Spirit. These particular clovers are called shamrocks. There are plenty of 3 leaf clovers around! Today, the chance of finding a four-leaf clover is 1 in 10,000 three-leaf clovers. If you're in a field full of clover, you can find that many plants in a 3'X4' area. So you don't need a crazy number of plants to have good odds.

Irish legend says that four-leaf clovers "ward off bad luck" and provide security and protection. However, some clovers are not the genuine item. There are a lot of fakes out there. The real four-leaf clover is the White Clover or Trifolium Repens. The 4th leaf will be smaller than the other three blades. There are no clover plants that naturally produce 4 leaves, this is why four-leaf clovers are so scarce. Unfortunately for all of us in the States, this rare clover is mostly found in Ireland, but they can be found all over the world. If you DO find one, keep looking in the same patch where you found the first one. It's a genetic mutation and you 'may' find another in the area.

After the "snowpocalypse" we all endured in February here in Houston, we could all use a little luck to get back up and running as we thaw out from the deep freeze.

HAPPY ST. PATRICK'S DAY!!!



CHANCES DOG RESCUE AND RELOCATION SNO-VID 2021

What a start to 2021. Political turmoil, COVID spikes, weather disasters...SNO-VID! The year has barely started and many of us are ready for a "do over." Despite the hardships and bad news, there are wonderful stories out there to be shared. This month, we want to share a few of Chances' happy ending stories with you in hopes of brightening your day.

First, Scarlet, our very special intake at the beginning of 2021, has found her forever family. This lucky girl will never again need to be scared or fend for herself. She will spend her days romping with her canine sibling, and cuddling with her mom and dad, far from her painful beginnings in Texas.

Lokie had an amazing and wonderful change of life recently too. In Texas, he lived 24/7 in a too small crate, outdoors, with no shelter. Now, he is a star at the local Boston dog park and is the first to greet friends and visitors to his home with a kiss and a stuffed toy.

Alfie was his parents' first baby. They showered him with cuddles and toys and adventures. Now he has a human sibling that he is head over heels for. When his baby brother cries, he is quick with a snuggle or to share a squeaky toy. His baby brother never needs to worry about doing "tummy time" alone, since Alfie is more than happy to keep him company.

Slater was adopted back in 2019 and is now semi-famous in Massachusetts. His adorable face graces the newest IPA release from Night Shift Brewery in Everett, MA.

Finally, Cooper, a dog who was living outside a warehouse north of Houston, was adopted recently by a dog loving family in Massachusetts. He has two human siblings and 2 canine siblings. Feeling nostalgic, Copper's mom went searching for his canine sister, Daisy's, adoption paperwork. Come to find out, she was a Chances dog too and transported during our very first year – 2017.

We hope there are many, many more happy endings and updates to share this year.



Scarlet



Lokie



Alfie



Slater



Daisy & Cooper

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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.	5 Mar 2021	403	+1	26 Feb 2021	-390	6 Mar 2020

MATERIAL COSTS MARCH 2021 (prices still increasing)

 Stainless: Sheet highest since 2012—surcharges up

 Galvanized sheet: Prices up

 Domestic 60" Galvanized: Prices continue to increase

 Hot Rolled: Increasing slowly

 Cold Rolled: Stable for the moment but scarce

 Aluminum: Prices up

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