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Specialty Metals Market Update

OCTOBER 2022

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40+ facilities
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OUR VALUES

Korean Stainless Shutdown Due to Typhoon

POSCO's Pohang steel mill was unexpectedly shut down due to severe flooding in South Korea caused by Typhoon Hinnamnor on September 6. While stainless steel production is expected to resume in December, output could be reduced by approximately 100,000 tons in that timeframe.

On September 12, three Pohang blast furnaces resumed operation, along with three converters and four continuous casters, as some of its steel-making plants returned to normal.

POSCO is working to stabilize the supply chains for stainless steel products, securing inventory from other mills in South Korea, China and Thailand, to fulfill orders of the Pohang mill and converting export products into to the domestic market.

Aluminum Supply Affected by Global Issues

The popularity of aluminum cans in the U.S. has increased in recent years. Brewing and bottling companies prefer aluminum over glass, because it is less expensive and easier to package. However, aluminum can supply has been impacted by ongoing supply chain issues and global manufacturing shutdowns, which will likely continue to raise aluminum prices, countering any short-term downward trend.

Power shortages and heatwaves, coupled with cutbacks on aluminum imports in China, energy shortages causing smelter shutdowns in Europe, and the ongoing Russian-Ukrainian conflict have affected global demand and impacted prices. Yet, China showed record-high domestic production compared to a year ago, and European producers are looking to China for their needs, causing an oversupply of ingot and a decline in the ingot value.

Aluminum ingot pricing on the London Metal Exchange (LME) with the Midwest premium continued to decline in September closing with an average of $1.2530 versus August aluminum that averaged $1.3666/lb.

We've grown – again! New Facility in Bartlett, IL

We are expanding in Illinois to support increasing demand out of Olympic Steel's Schaumburg facility. The new 81,400 sq. ft. facility will support value-added manufacturing services. Newly available capacity in the Schaumburg facility will allow for more first-stage cut-to-length processing.

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Specialty Metals Market Timeline

Month	November 2021	December 2021	January 2022	February 2022	March 2022	April 2022	May 2022
Surcharge Trend	304 SC up $78.0/ton 430 SC up $112.6/ton	304 SC up $115.0/ton 430 SC up $44.6/ton	304 SC up $25.8/ton 430 SC down $3.0/ton	304 SC up $65.0/ton 430 SC down $43.8/ton	304 SC up $201.4/ton 430 SC up $8.6/ton	304 SC up $482.6/ton 430 SC up $127.2/ton	304 SC up $710.2/ton 430 SC up $214.8/ton
Important Market News		NAS announces price increase effective 1/1/22 2DP on all CR $0.04/lb. on non-430 ferritic CR 10% increase to polish discount $0.15/lb. on 201 series CMP A&T Stainless resubmits Section 232 Exclusion Request	NAS removed hot rolled allocations starting with their March order book December stainless import data is released and import nearly reached 45,000 tons, an eight-year high OTK announces price increase effective 2/1/22 2DP on all 304/316L CR 3DP on all 201/301/430 CR 4DP on non-430 ferritic CR 10% increase to polish discount $0.02/lb. - $0.04/lb. increase to LG adder	NAS announces price increase effective 3/1/22 2DP on 201/301 CR 4DP on 430 CR $0.08/lb. on non-430 ferritic CR 20% increase to polish discount $0.04/lb. on width adder $0.04/lb. to $0.05/lb. on light gauge adder NAS makes change to trigger price for silicon surcharge. This results in an increase to the surcharge calculation. Russia/Ukraine conflict sends spot nickel prices to levels not seen since 2011. OTK announces price increase effective 3/1/22 1DP on 201 CR 2DP on non301 CR 3DP on 430 CR 4DP on non-430 ferritic CR 30% increase to polish discount $0.04/lb. on 201/301 light gauge adder	Single largest one-day increase for nickel in the history of the LME on 3/7. Nickel reaches an all-time high causing the LME to suspend trading. The LME reopens nickel trading on 3/16.	OTK announces price increase effective 5/1/22 3DP on 430 CR 4DP on non-430 ferritic CR $0.02/lb. to $0.04/lb. on non 201/301 light gauge adder	Stainless cold rolled import levels continue to be elevated. For the month of April, there was over 54,000 tons of imports. A&T Stainless third exclusion request denied.

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Specialty Metals Market Timeline

Month	June 2022	July 2022	August 2022	September 2022	October 2022	Cumulative S/C Impact Since Nov 2021
Surcharge Trend	304 SC down $350.2/ton 430 SC down $45.6/ton	304 SC down $247.4/ton 430 SC down $34.2/ton	304 SC down $706.8/ton 430 SC down $272.0/ton	304 SC down $48.6/ton 430 SC down $34.8/ton	304 SC down $3.2/ton 430 SC down $16.0/ton	Grade 304 up $243.8/ton Grade 430 down $54.2/ton
Important Market News	OTK announces change to freight rates. OTK will apply standard full truck freight to all deliveries and eliminate the fuel surcharge component of the price. India implements a 15% export duty on stainless steel products.	For the second time in three months, stainless cold rolled imports eclipse 54,000 tons (in June). Starting with the September order book, NAS removes allocation for the Austenitic 2B/2D/BA category. All ferritic and polished/temper material remains on allocation.	Starting with the October order book, NAS removes allocation for the Ferritic 2B/2D/BA category. All polished/temper material remains on allocation.	Stainless cold rolled import levels for the month of August are the lowest in 12 months (~35,000 tons). Typhoon in S. Korean disrupts operations at Posco. Expected to resume normal operations in 2-3 months. Energy crisis in Europe causes major stainless steel and aluminum producers to make production adjustments. The London Metal Exchange to consider trade ban on Russian metals.		

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Stainless Steel Flat Imports - 2019 / 2020 / 2021 / 2022

Monthly Nickel Price

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History of Aluminum Ingot LME & MWT

Monthly Chrome Price

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Stainless Steel Surcharge Trends

Month	201	301	304	316L	430
October-22	$ 0.8715	$ 1.0175	$ 1.2250	$ 1.6979	$ 0.4262
September-22	$ 0.8833	$ 1.0205	$ 1.2266	$ 1.6669	$ 0.4342
August-22	$ 0.9039	$ 1.0426	$ 1.2509	$ 1.7423	$ 0.4516
July-22	$ 1.1471	$ 1.3391	$ 1.6043	$ 2.1548	$ 0.5876
June-22	$ 1.2171	$ 1.4359	$ 1.7280	$ 2.3401	$ 0.6047
May-22	$ 1.3140	$ 1.5724	$ 1.9031	$ 2.5595	$ 0.6275
April-22	$ 1.0807	$ 1.2812	$ 1.5480	$ 2.1484	$ 0.5201
March-22	$ 0.9266	$ 1.0855	$ 1.3067	$ 1.8613	$ 0.4565
February-22	$ 0.8737	$ 1.0086	$ 1.2060	$ 1.7307	$ 0.4522
January-22	$ 0.8669	$ 0.9894	$ 1.1735	$ 1.6809	$ 0.4741
December-21	$ 0.8612	$ 0.9801	$ 1.1606	$ 1.6755	$ 0.4756
November-21	$ 0.8198	$ 0.9317	$ 1.1031	$ 1.6069	$ 0.4533
October-21	$ 0.7734	$ 0.8893	$ 1.0641	$ 1.6002	$ 0.3970

Month / Month	-1.34%	-0.29%	-0.13%	1.86%	-1.84%
Year / Year	12.68%	14.42%	15.12%	6.11%	7.36%

Note: Stainless surcharges are based upon North American Stainless published figures.

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- Cutting-to-Length
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Aluminum Ingot / Midwest Premium Trend

Month	2018	2019	2020	2021	2022
January	$ 1.0338	$ 1.0673	$ 0.9478	$ 1.0571	$ 1.4970
February	$ 1.1123	$ 1.0282	$ 0.9440	$ 1.0586	$ 1.6879
March	$ 1.1274	$ 1.0371	$ 0.9009	$ 1.0989	$ 1.8412
April	$ 1.1301	$ 1.0413	$ 0.8624	$ 1.1829	$ 1.9974
May	$ 1.2333	$ 1.0282	$ 0.7588	$ 1.2887	$ 1.8754
June	$ 1.2578	$ 0.9958	$ 0.7432	$ 1.3692	$ 1.6534
July	$ 1.2330	$ 0.9829	$ 0.7953	$ 1.3821	$ 1.4879
August	$ 1.1567	$ 0.9920	$ 0.8452	$ 1.4372	$ 1.3763
September	$ 1.1353	$ 0.9655	$ 0.9310	$ 1.5286	$ 1.3666
October	$ 1.1240	$ 0.9719	$ 0.9330	$ 1.6350	$ 1.2530
November	$ 1.1210	$ 0.9565	$ 0.9389	$ 1.6870	
December	$ 1.0734	$ 0.9596	$ 1.0063	$ 1.4743	

Month / Month	-8.31%
Year / Year	-23.36%

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