

# STEEL PRICES



## Steel Prices & Market News - Customer Update

### Introduction

As you will most certainly be aware Steel prices have risen relentlessly since late 2020. Steel costs are at an all time high and we are fully aware of the impact that this has on our customers and down the supply chain. This information is to provide our customers with some insight as to the reasons for the increases and how TVS have responded to the challenges of steel supply over the last few months.

### Background

When Covid hit early last year, several mills that produce the flat rolled products shut down. Demand remained stable throughout the summer months but when economies and construction began to open up, steel demand became high again. Because the mills were shut down for such a long time, they could not produce enough steel to meet with the growing demand. This resulted in an upsurge in prices at the end of 2020 and the continued shortages of steel globally has now pushed prices to record high levels.

At the moment the upward trend in price looks set to continue with a number of combining factors that are having a significant effect on availability and keeping prices elevated:

### Current issues affecting availability and prices

- Producers continue to offer limited volumes with short validity - tightening availability.
- Imports are restricted by safeguards.
- Increased Freight costs and Shipping Delays (exacerbated by the Suez blockage)
- Credit Limits and Financing issues within the steel industry
- The price of Iron Ore has risen by over 40% in past 12 months.
- New environmental regulations that limit supply.
- Increased demand in the automotive sector.

Unreliable delivery of confirmed orders and exhausted credit limits all add to buyers frustrations and are keeping shortages prevalent in the market.

### TVS Impact

Fortunately as a Company we have forged very good relationships with our suppliers over the years and this has enabled us to keep continued sources of supply. In response to steel shortages and price increases, TVS are committed to servicing our existing customers and they have continued to take priority with supply ensuring that their steel requirements continue to be met. We are experiencing longer lead times and are not always getting our required volumes, however overall we are managing to keep good stock levels and our regular customers should not see too many supply problems.

Overall steel demand is forecast to remain strong. It has been reported that producers are considering extended summer shutdowns, to control market supply. These factors and limited imports will keep prices firm. Should you need to discuss anything further, please do not hesitate to give us a call.