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US scrap markets search for the new normal

SC Recyclers Association Annual Meeting

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Agenda

- About Argus
- Covid-19 impact and recovery on ferrous scrap
- 4Q ferrous expectations
- Steel mill capacity expansion update
- Nonferrous overview – What's up with China?
- Concluding thoughts

A view of Argus

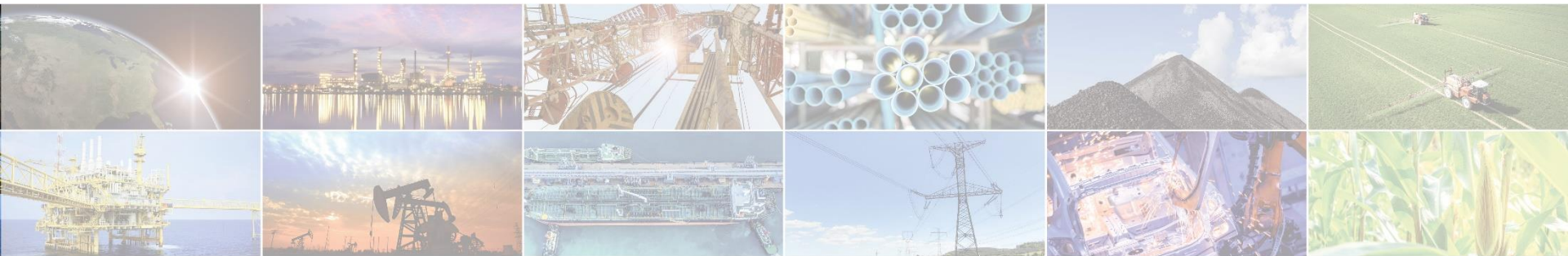
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Covid-19 impacts on US ferrous scrap market



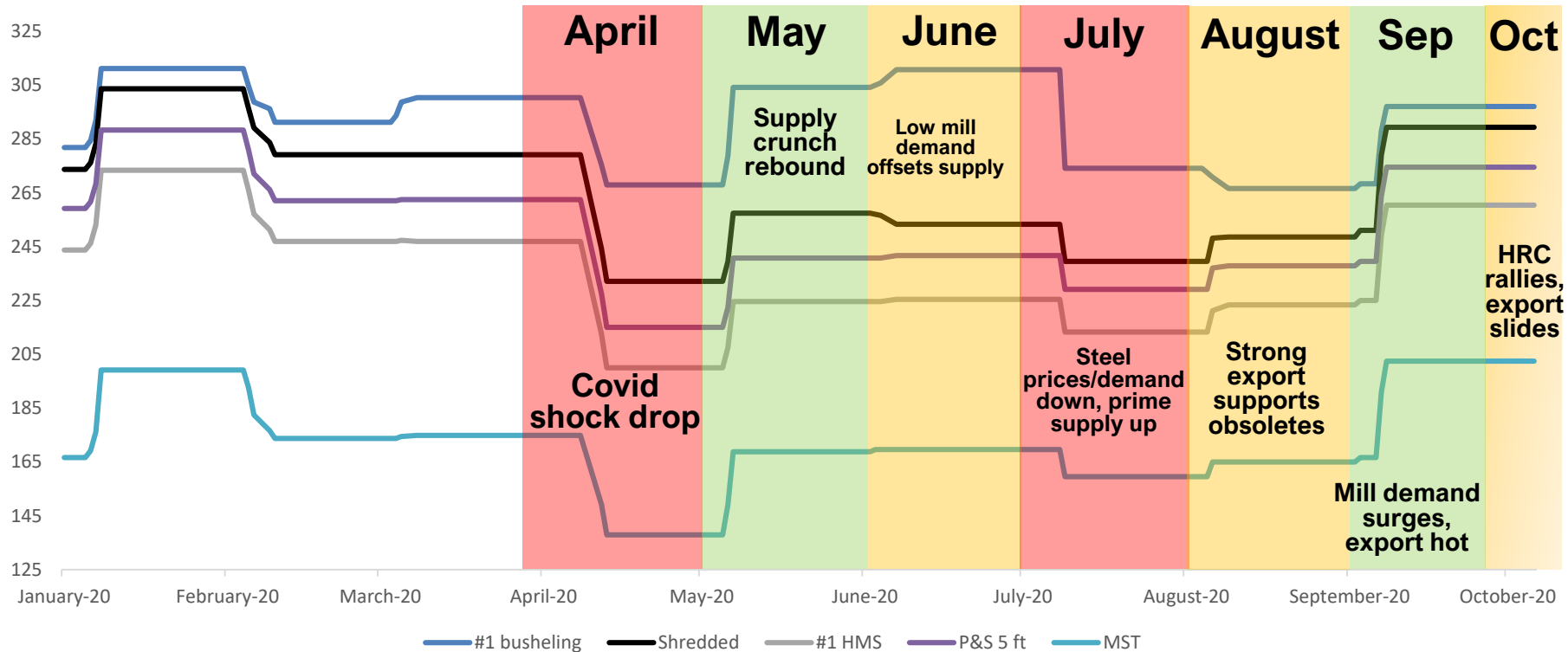
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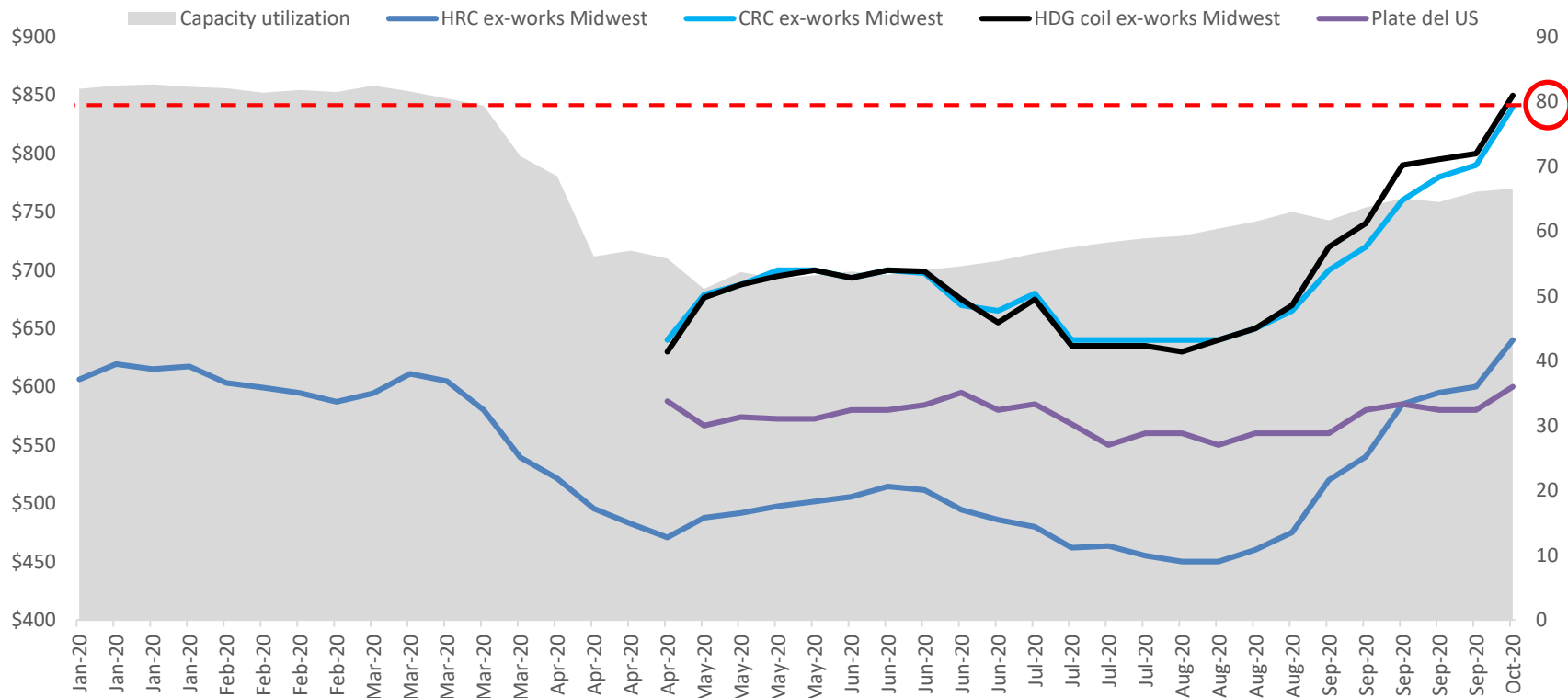
Events

US average ferrous scrap prices, del mill \$/gt



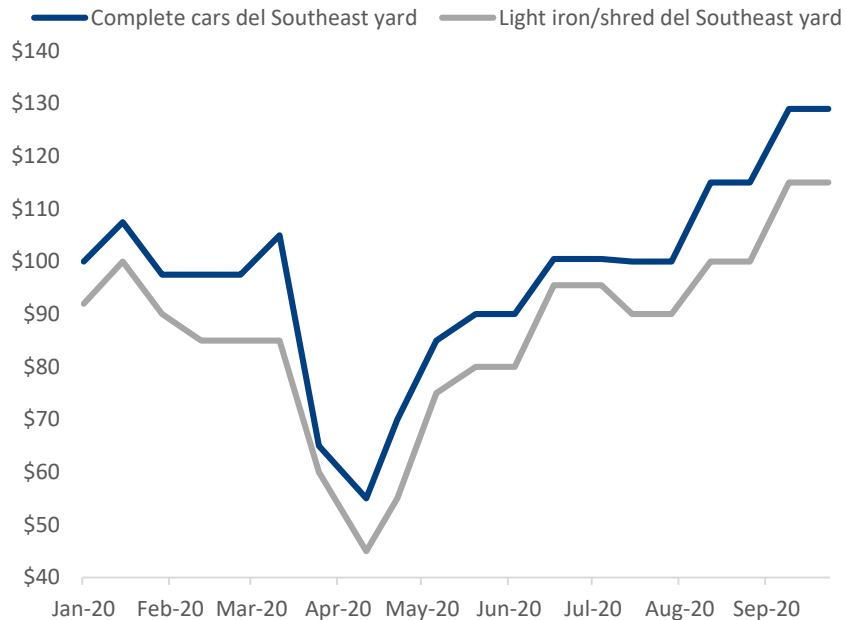
Steel prices, capacity begin recovery

- Argus, AISI

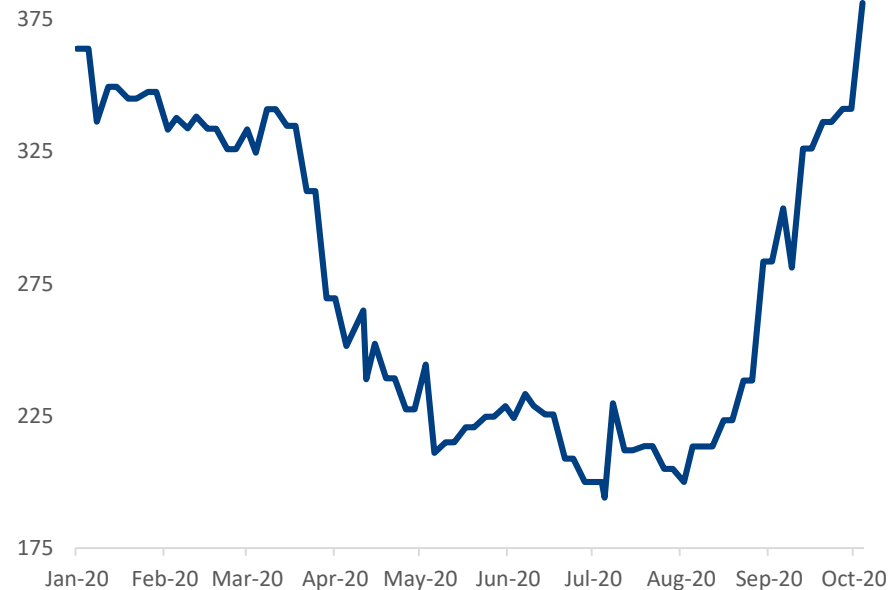


4Q outlook: Eyes on supply, finished steel prices

Shredder feed yard buying prices, \$/gt



Midwest HRC/bush spread, \$/st



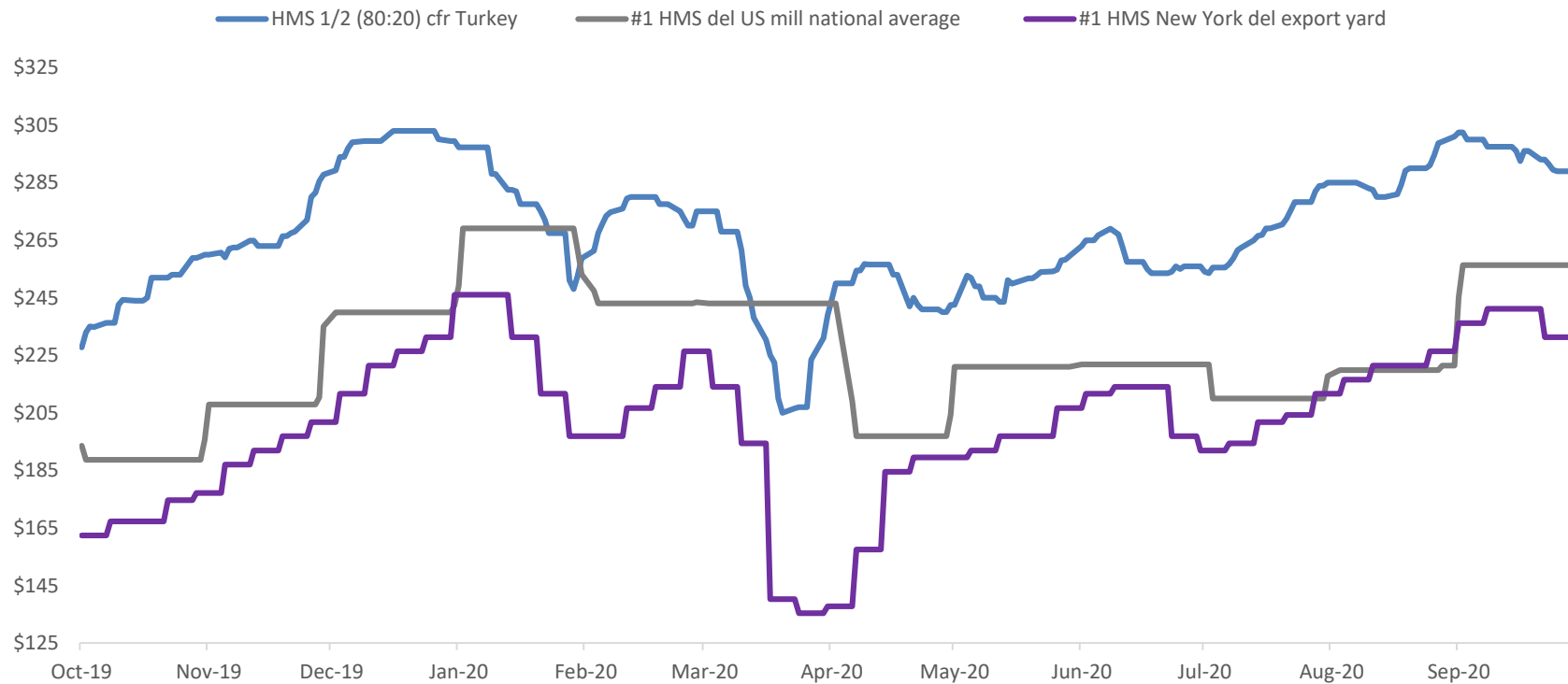
EAF capacity expansions grow amid Covid-19

Company	Location	Type	Product	Capacity (st/yr)	Start-up
Nucor	Sedalia, Missouri	Greenfield	Rebar	450,000	1Q 2020
Nucor	Frostproof, Florida	Greenfield	Rebar	450,000	4Q 2020
US Steel	Fairfield, Alabama	Brownfield	Tubular	1.6 million	2H 2020
SDI	Sinton, Texas	Greenfield	Sheet	3 million	Mid-2021
Big River Steel	Osceola, Arkansas	Brownfield	Sheet	1.6 million	4Q 2020
Nucor	Gallatin, Kentucky	Brownfield	Sheet	1.4 million	Mid-2021
Nucor	Brandenburg, Kentucky	Greenfield	Plate	1.2 million	2022
North Star BlueScope	Delta, Ohio	Brownfield	Sheet	850,000	2022
ArcelorMittal	Calvert, Alabama	Brownfield	Sheet	1.6 million	2H 2022
CMC	Mesa, Arizona	Brownfield	MBQ	500,000	2023

OTHER POTENTIALS

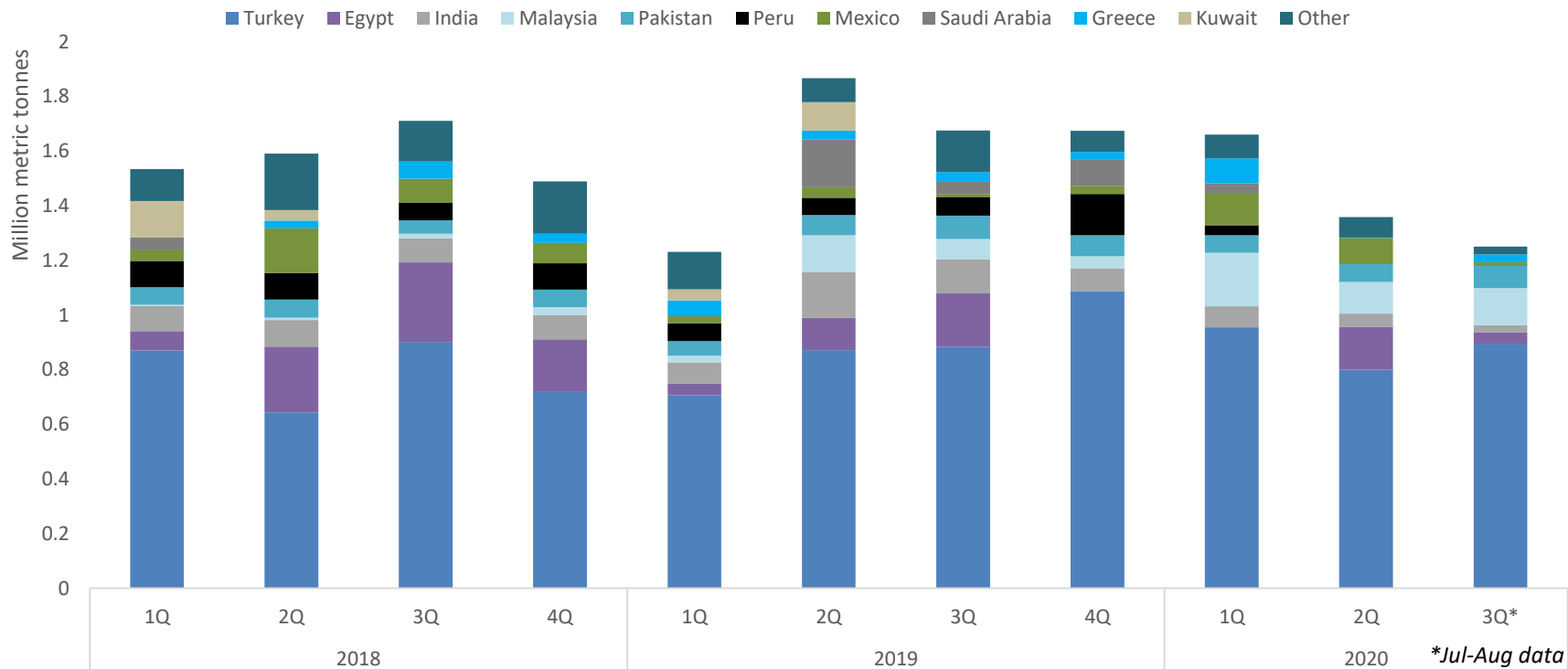
Big River Steel	Brownsville, Texas	Greenfield	Sheet	Announced post-Covid-19
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Turkey shows summer resilience, eases off



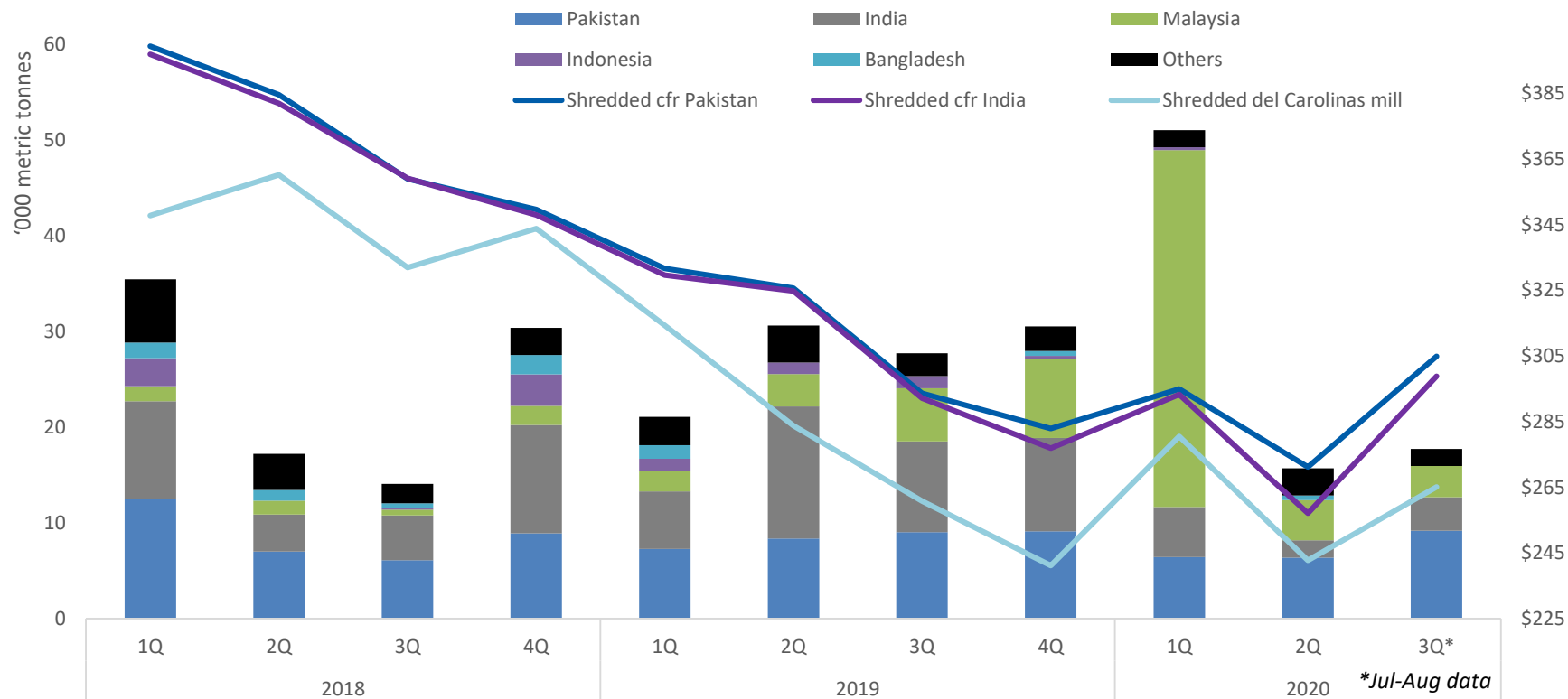
US east coast ferrous exports by country

- US Commerce



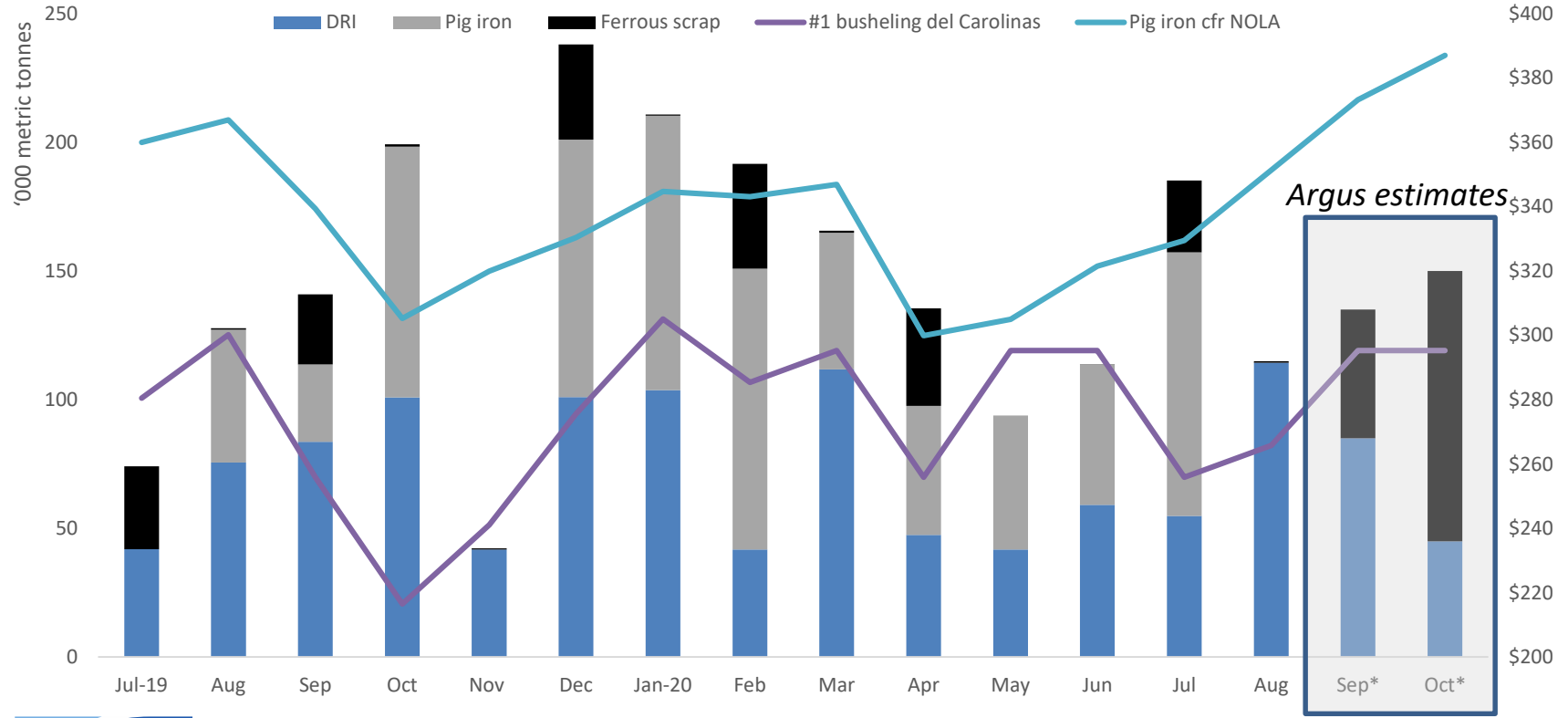
Charleston ferrous exports by country

- US Commerce



Charleston ferrous imports

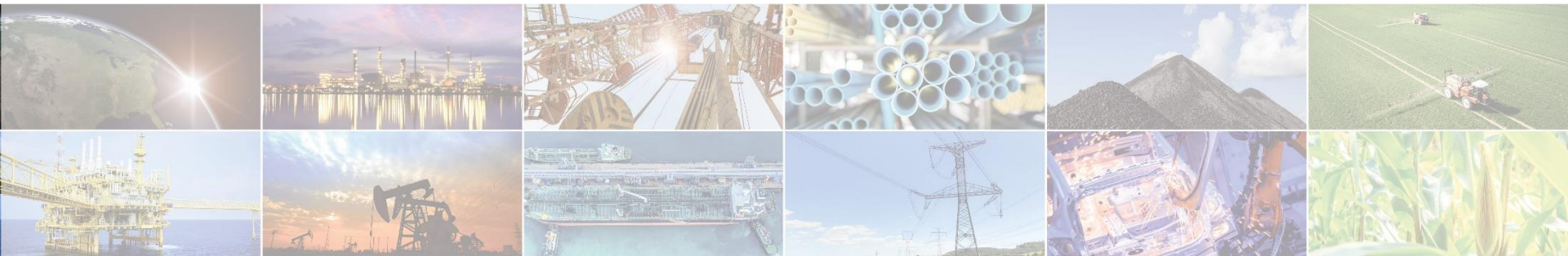
- US Commerce, Fleetmon



Concluding ferrous thoughts...more like questions

- Can Turkey maintain momentum through year end?
- Domestic mill demand continue to climb?
- More mill consolidation? Recycler consolidation?
- Macroeconomic factors—construction/energy slowdown, election

Nonferrous market updates



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So what's up with China?

- China has approved recategorization of high-grade nonferrous scrap as raw material with no import restrictions
- Was originally supposed to go into effect in July...then September...now...? Delay causing uncertainty.
- For now, import quotas the norm
 - 2020 to-date:
 - 879,475t copper scrap
 - 818,664t aluminum scrap
 - 23,110t ferrous scrap

Malaysia becomes top outlet for US NF scrap



US exports of aluminum and copper scrap, mt

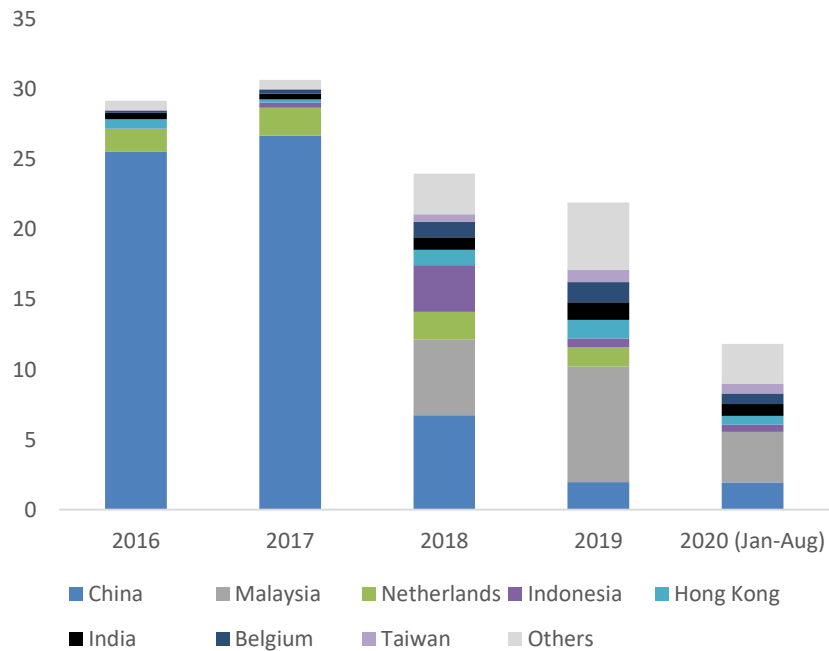
	2019 Jan-Aug	2020 Jan-Aug	% change
Malaysia	294,362	361,434	23%
South Korea	222,368	232,272	4%
China	351,873	208,024	-41%
India	215,093	200,375	-7%
Indonesia	71,171	68,207	-4%
Thailand	30,424	63,811	110%
Hong Kong	114,158	61,037	-47%
Taiwan	66,777	54,071	-19%
Japan	40,886	27,178	-34%
Vietnam	2,609	19,889	662%
Pakistan	22,164	17,481	-21%
Philippines	10,289	5,243	-49%
Singapore	8,697	4,146	-52%
Bangladesh	0	3,557	--
ALL COUNTRIES	1,824,066	1,644,542	-10%

- US Commerce

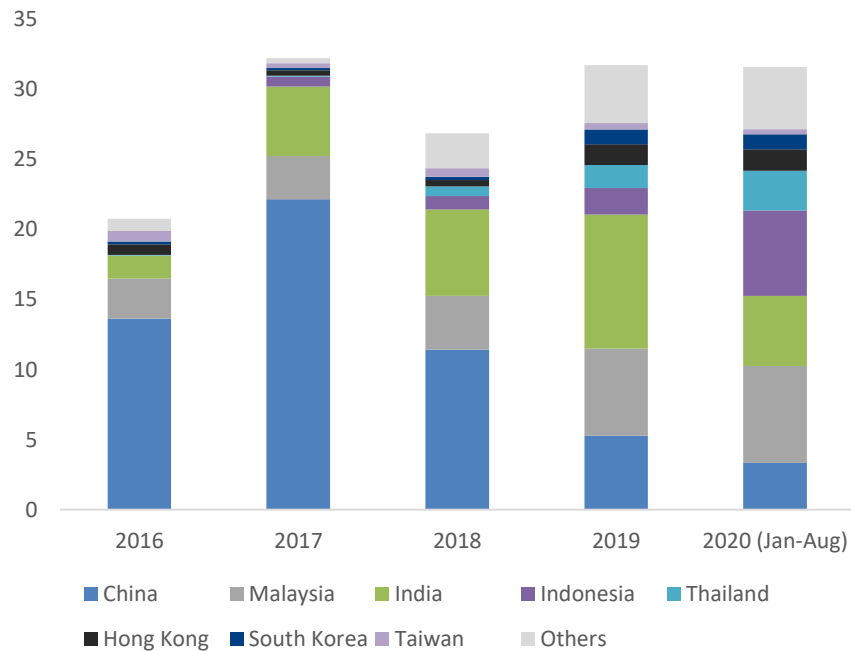
And South Carolina?

- US Commerce

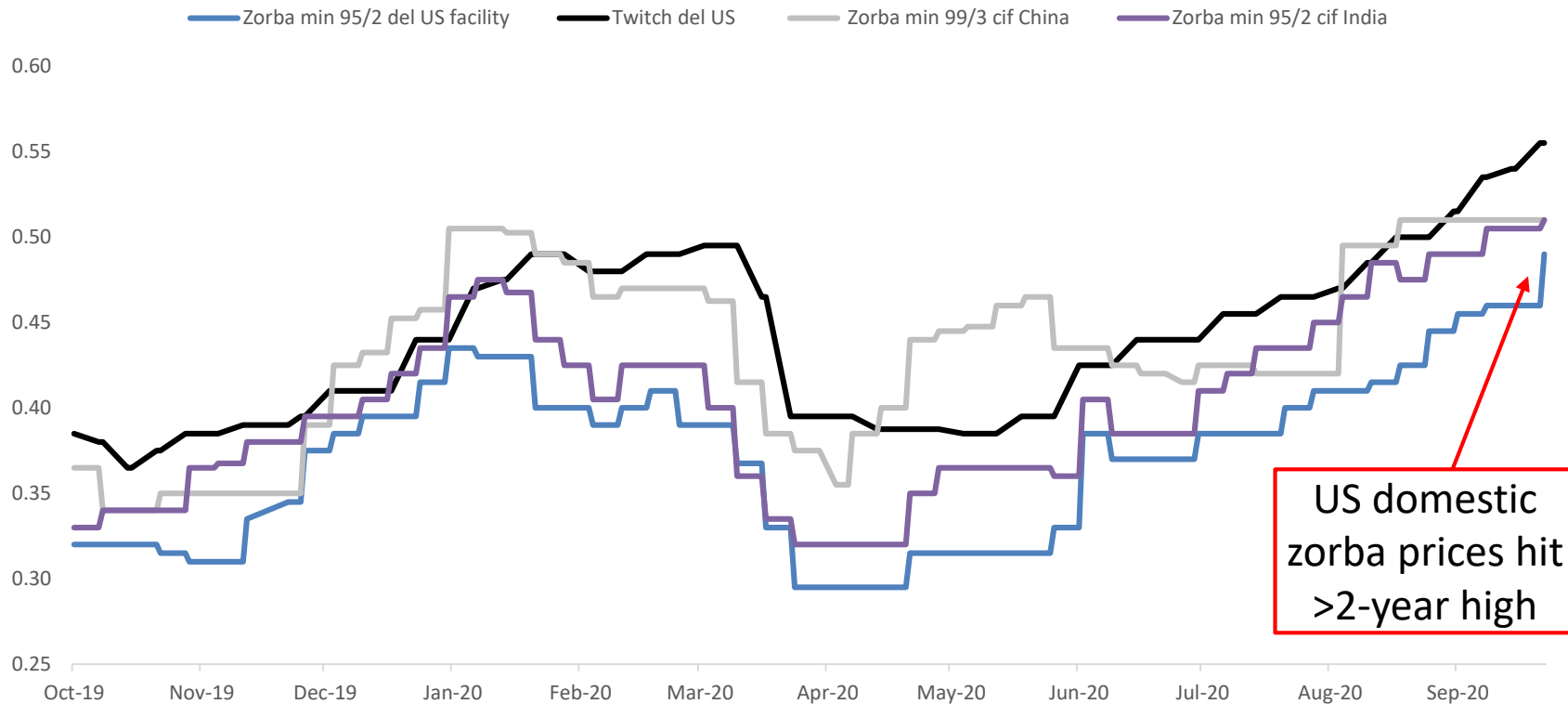
SC copper scrap exports, '000mt



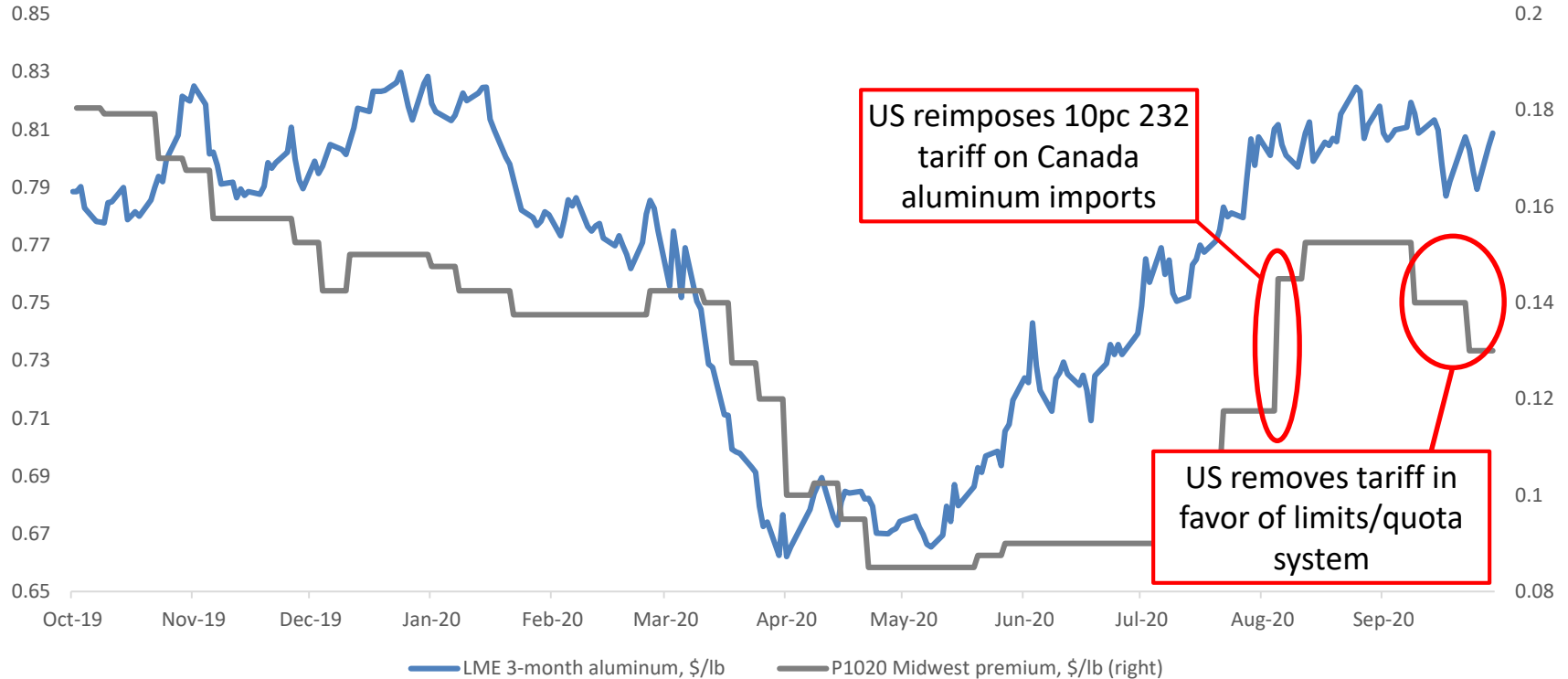
SC aluminum scrap exports, '000mt



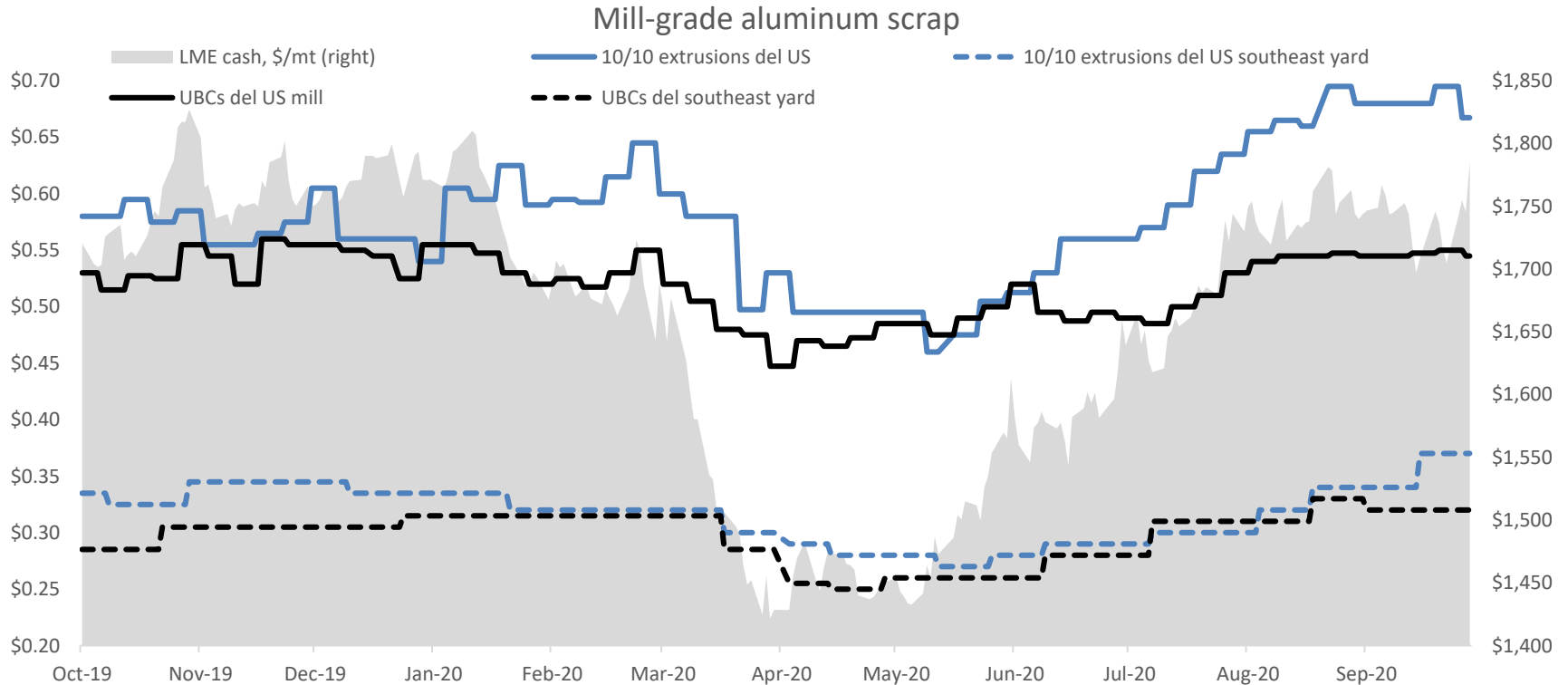
China fades from zorba market



Aluminum: Midwest premium reacts to 232

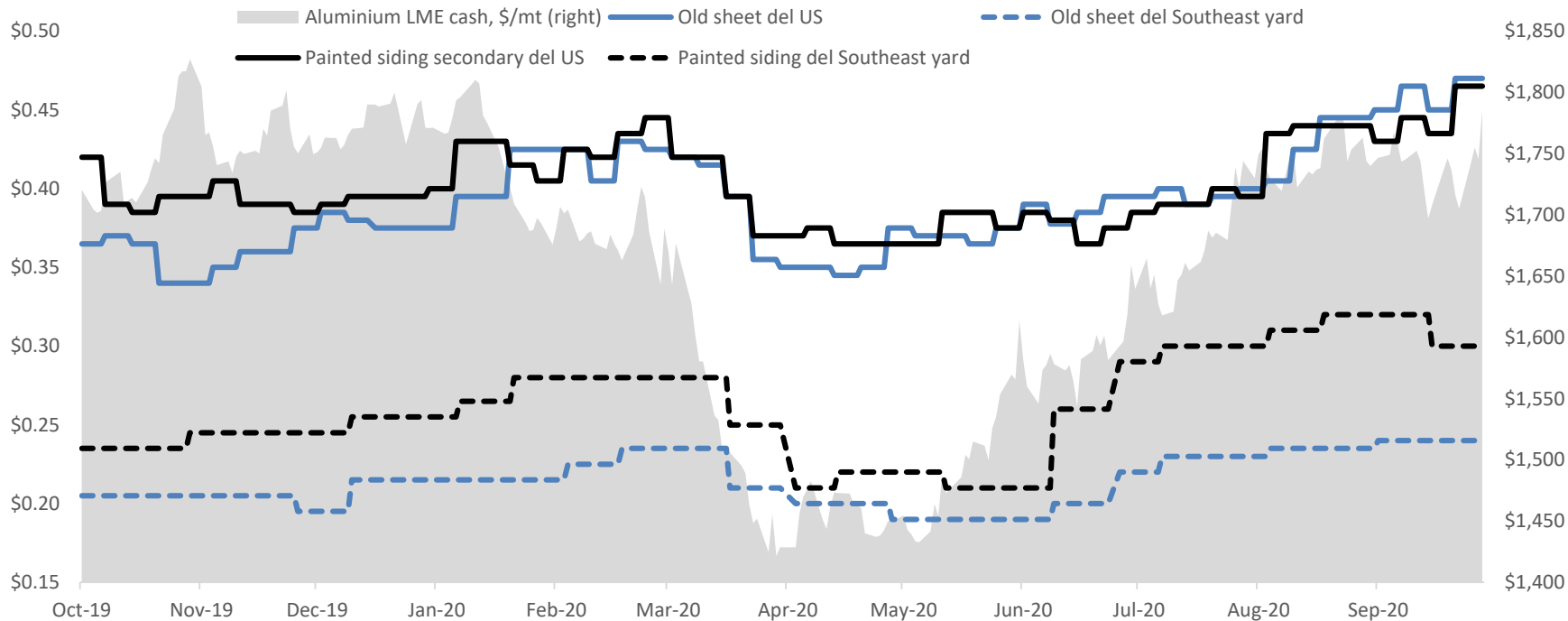


Aluminum scrap rallies with LME

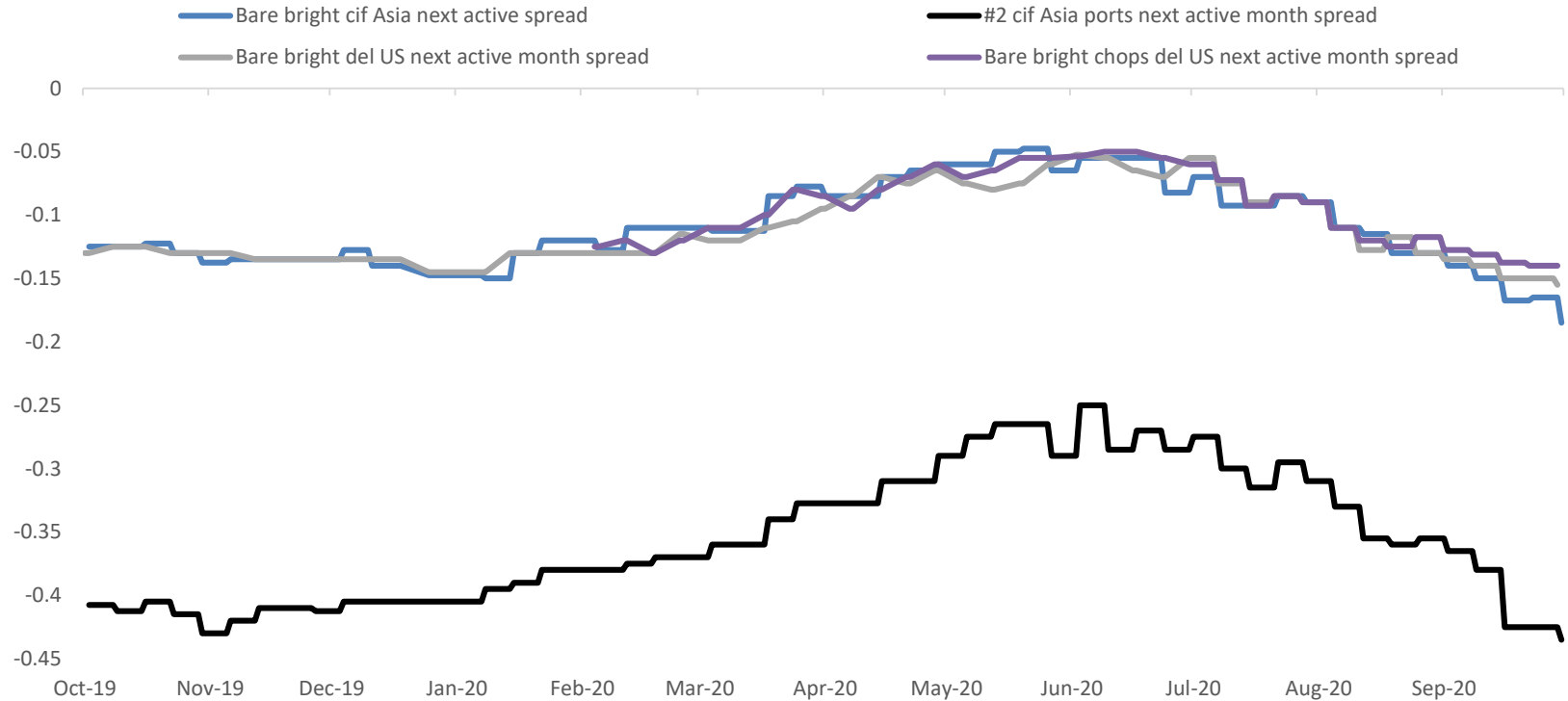


Aluminum scrap rallies with LME

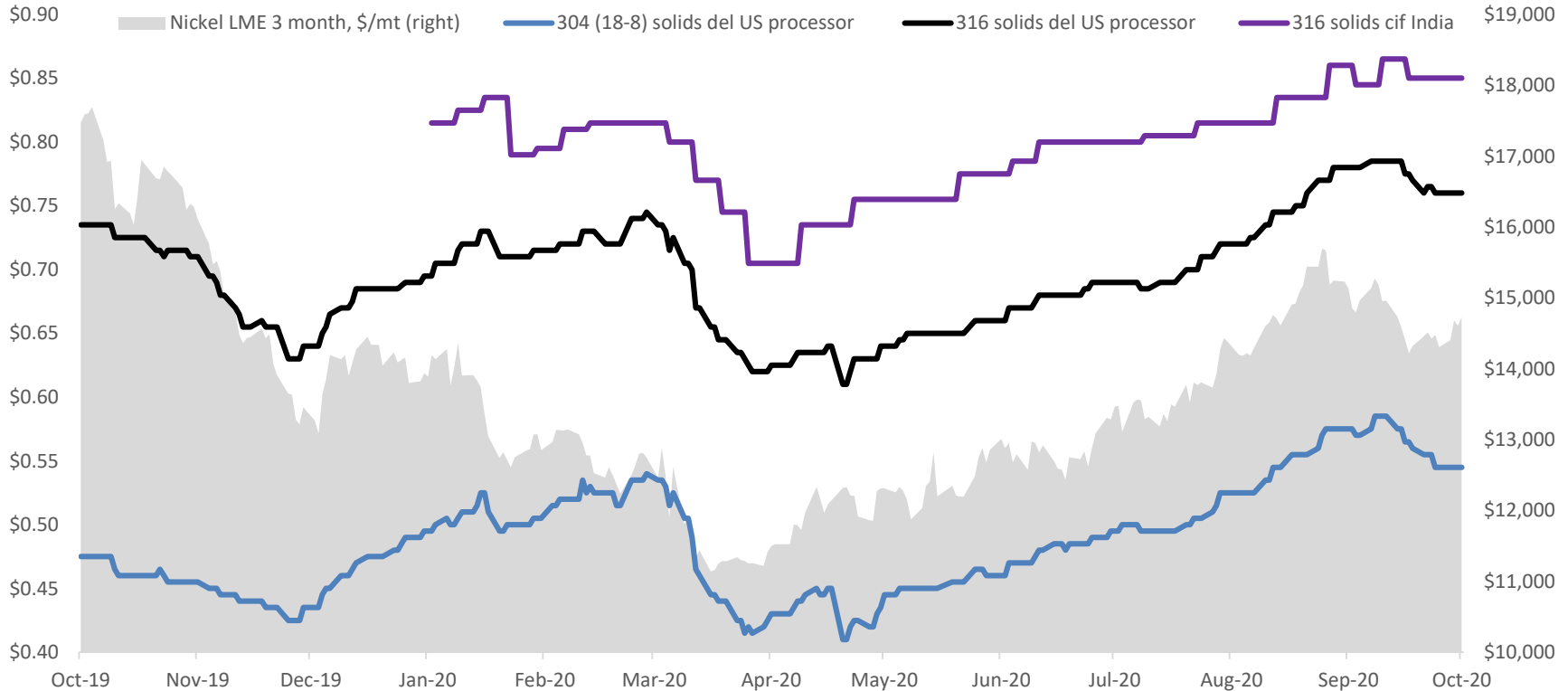
Secondary smelter aluminum scrap



Copper: Low demand home and abroad widens spreads



Stainless steel rises, falls with LME nickel



Concluding thoughts...more like questions

- When does China officially roll out new import standards
- Does Indian demand rebound steadily?
- How does the zorba market evolve?
- Need for nonferrous scrap futures?

Thank you!

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