



U.S. Economic and Steel Market Update

Global Forum on Steel Excess Capacity

American Iron and Steel Institute

July 7, 2020

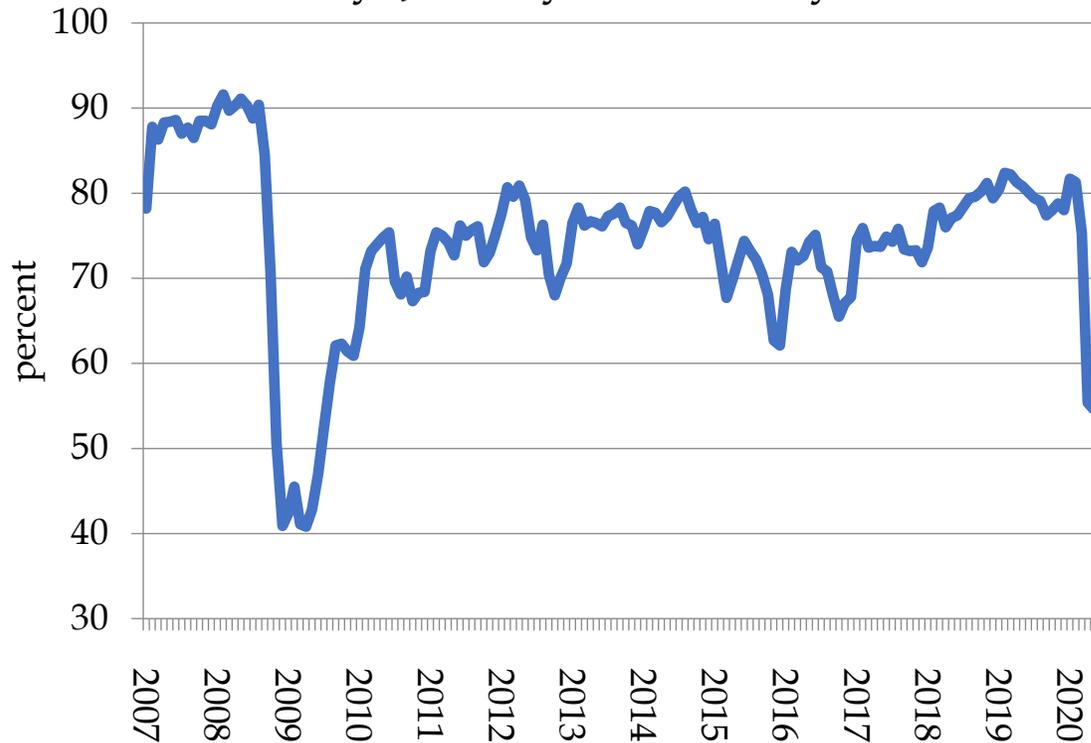


Effects of the COVID-19 Crisis Are Apparent in Capacity Utilization Data

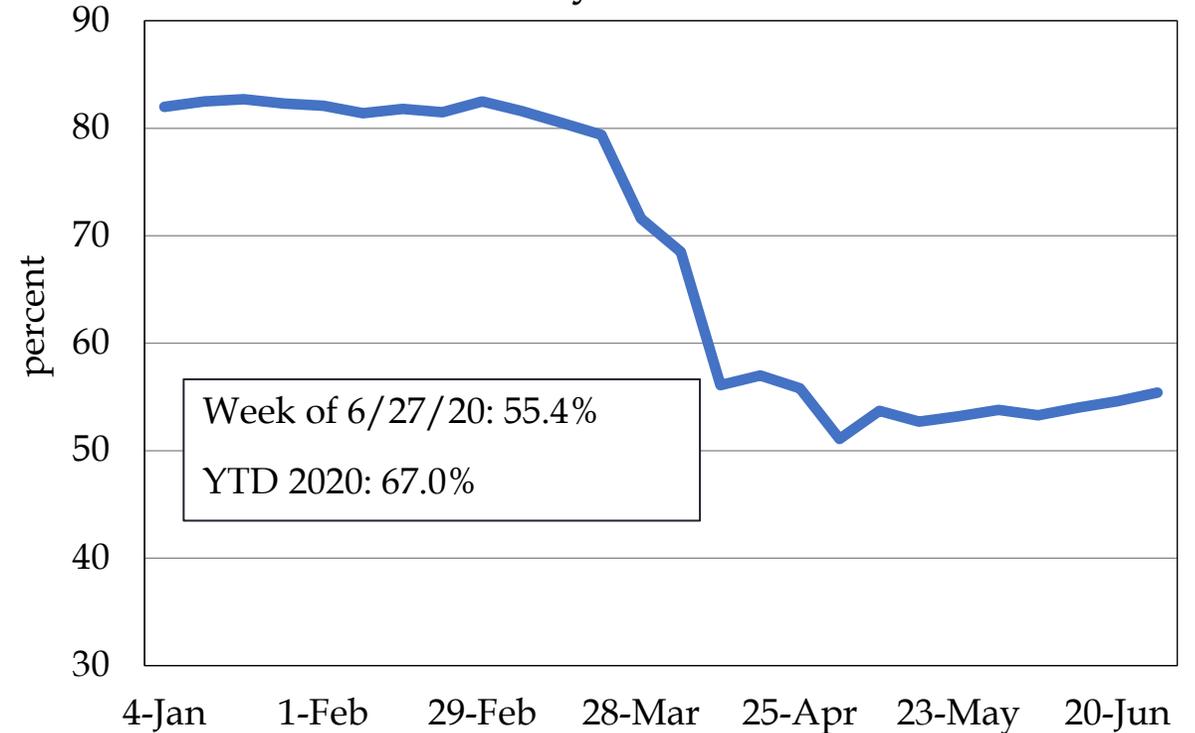
Raw Steelmaking Capacity Utilization

Source: AISI

Monthly, January 2007 to May 2020



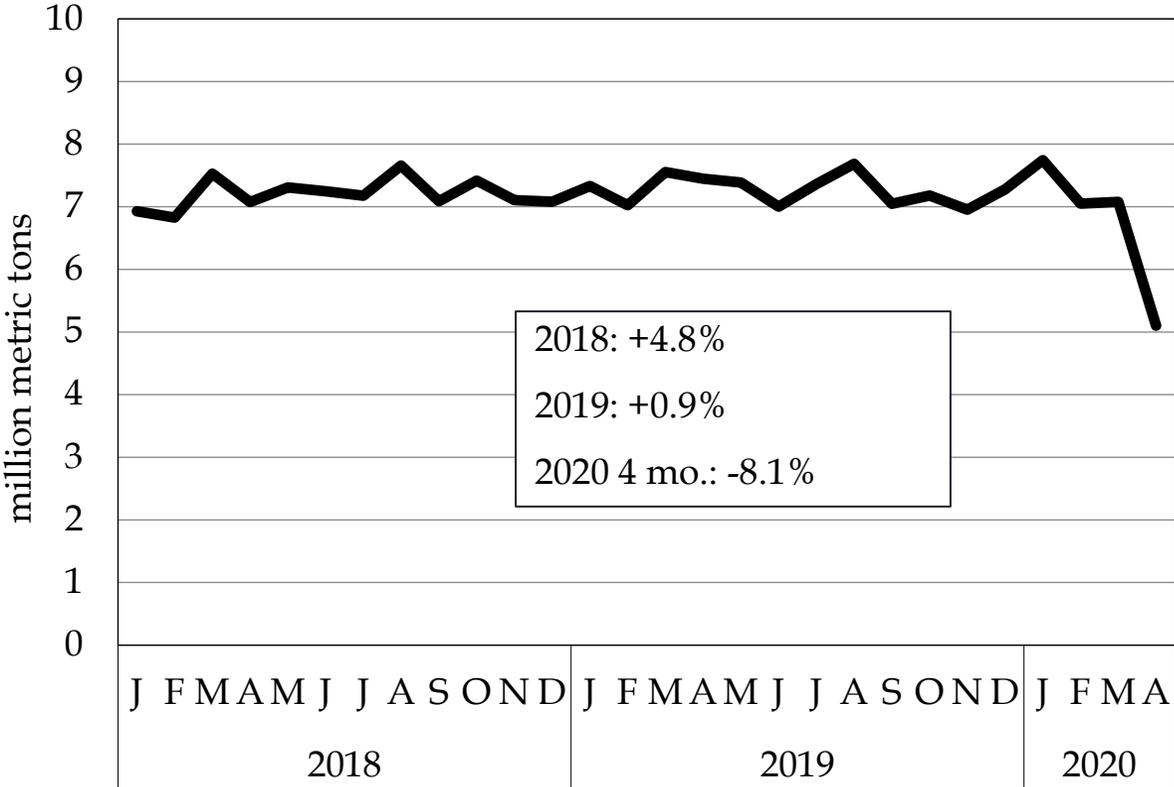
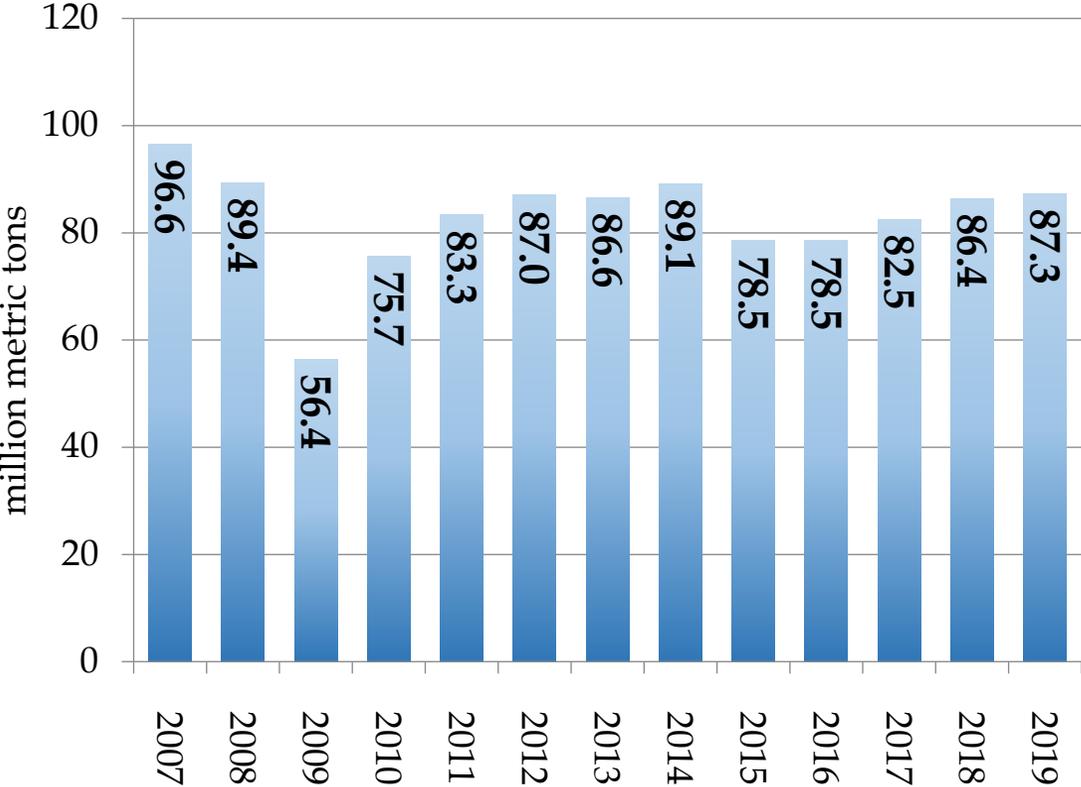
Weekly, 2020 YTD



Steel Shipments Are Down More Than 8 Percent through April 2020

Steel Mill Product Shipments

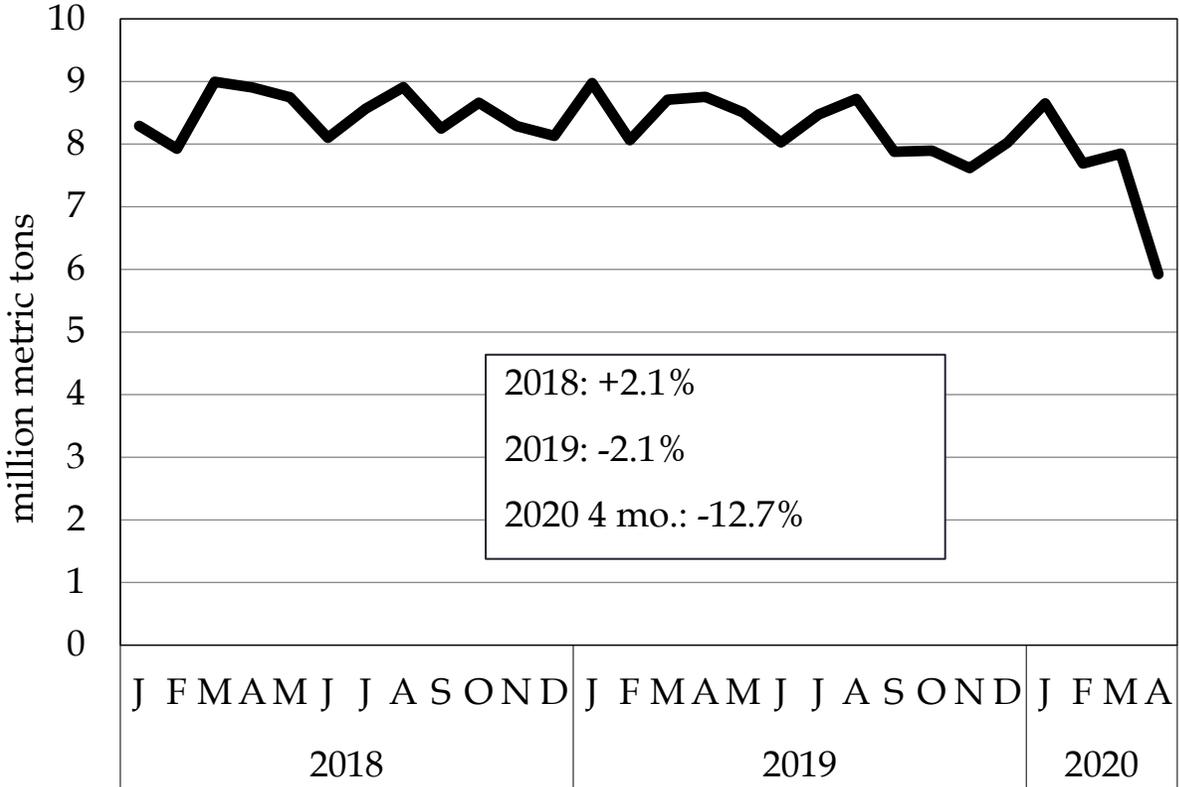
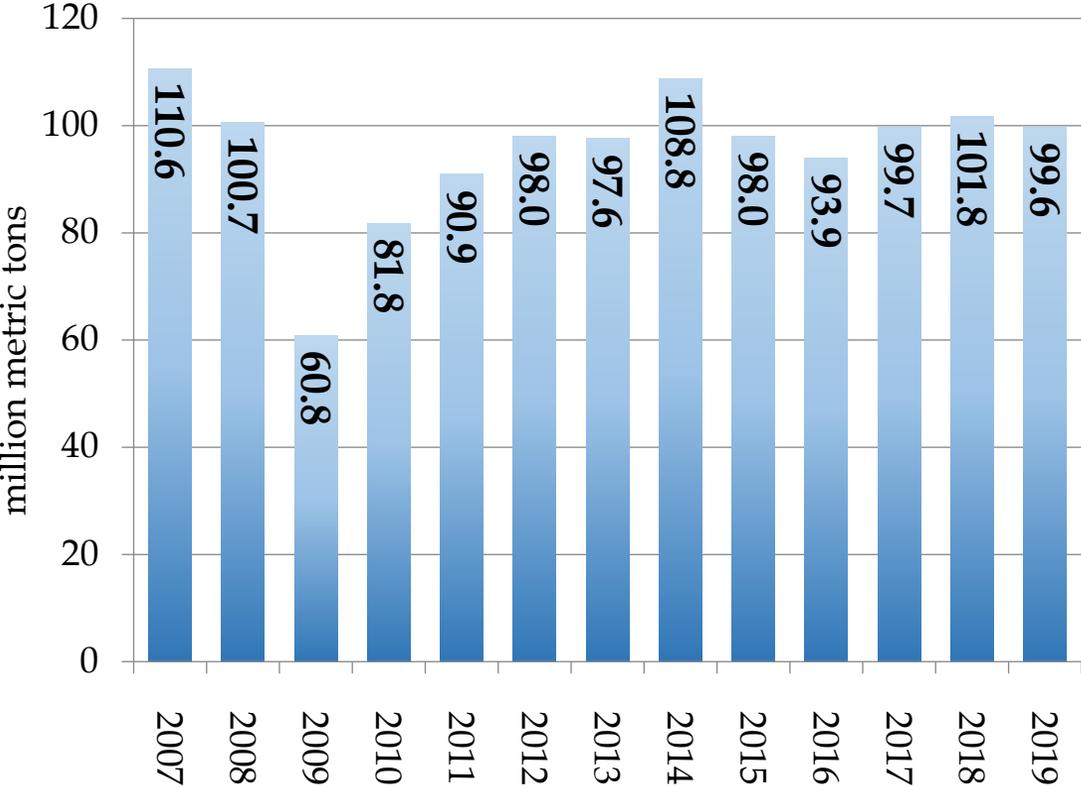
Source: AISI



Apparent Steel Use Is Down Nearly 13 Percent YTD in 2020

Apparent Steel Use

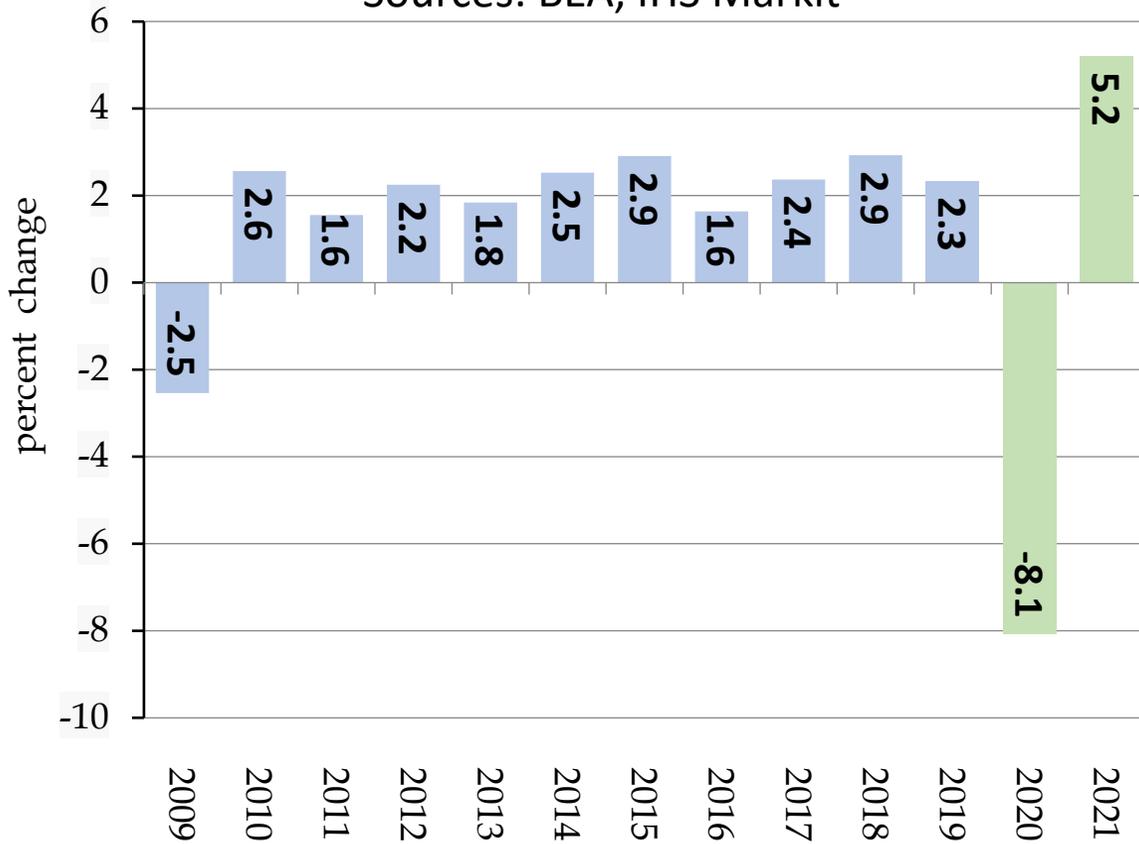
Source: AISI



Substantial Contraction in U.S. Economic Activity Likely in 2020

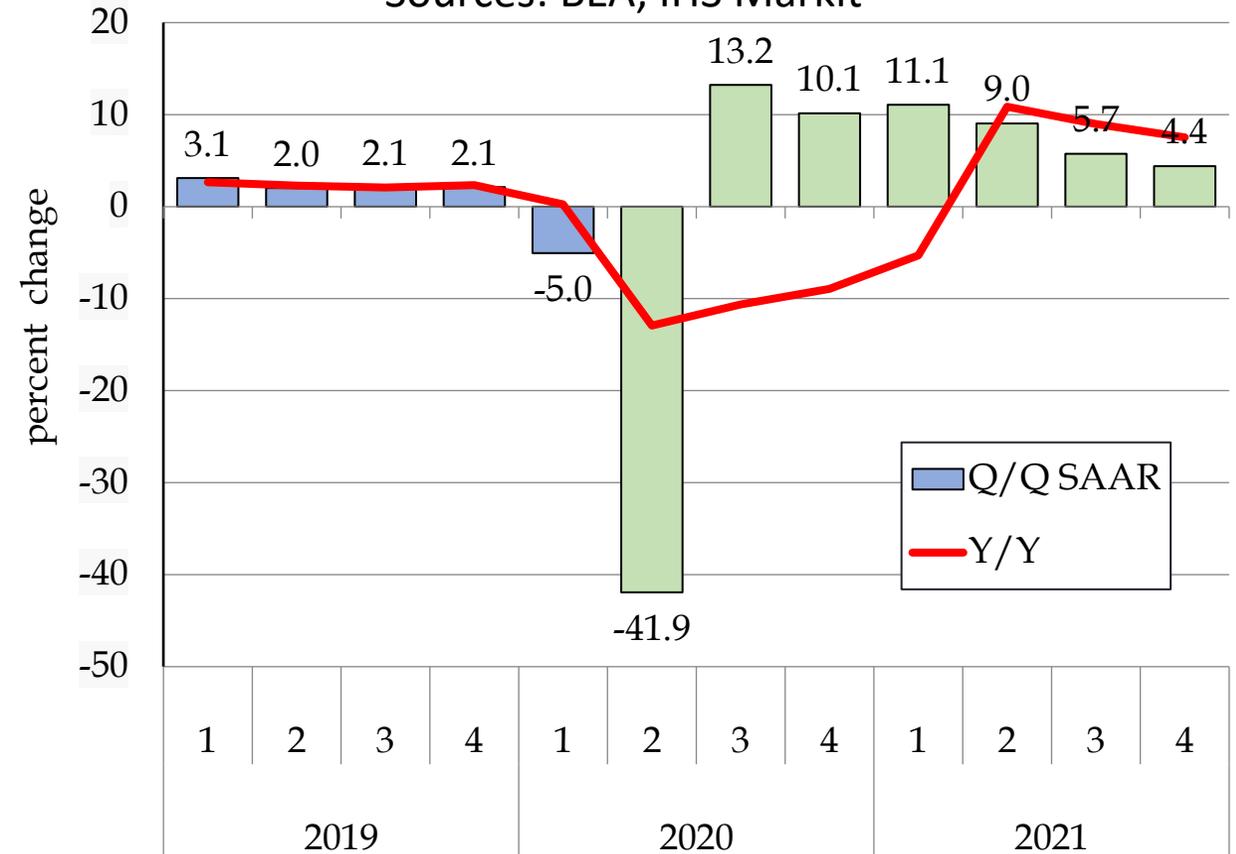
Real GDP

Sources: BEA, IHS Markit



Real GDP

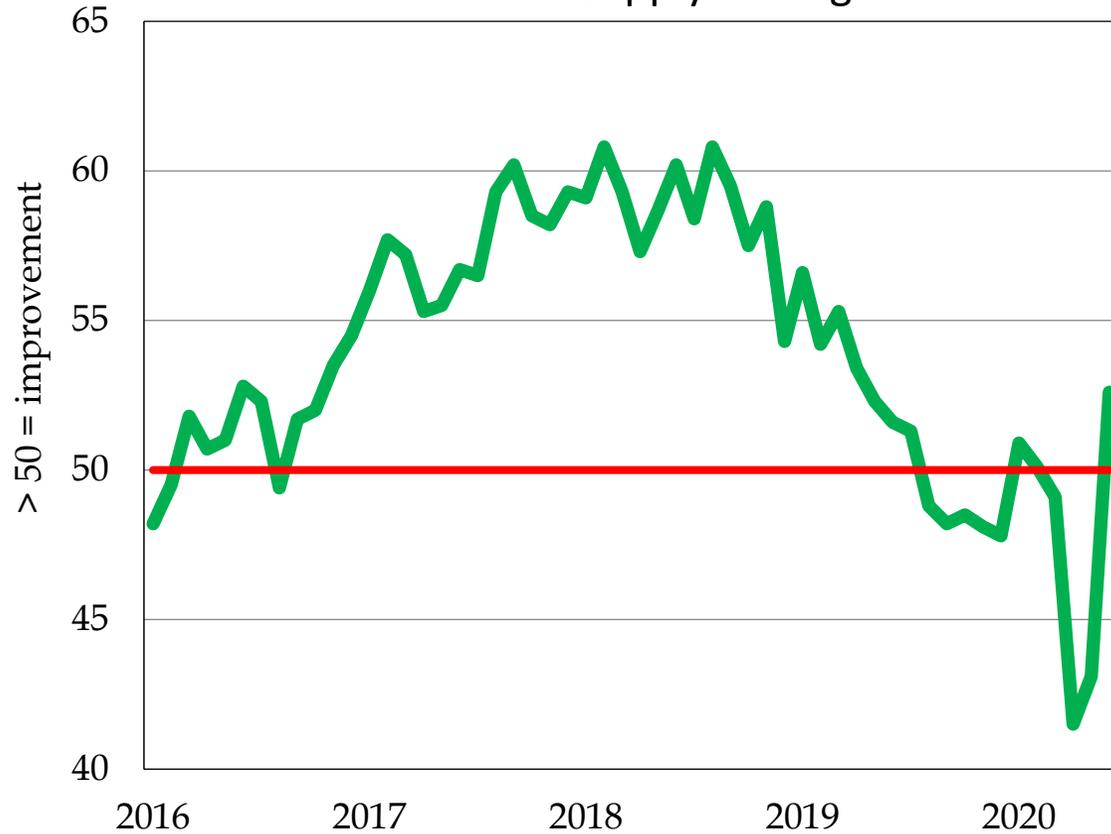
Sources: BEA, IHS Markit



Manufacturing Sector Data Point to Deep But Short Downturn

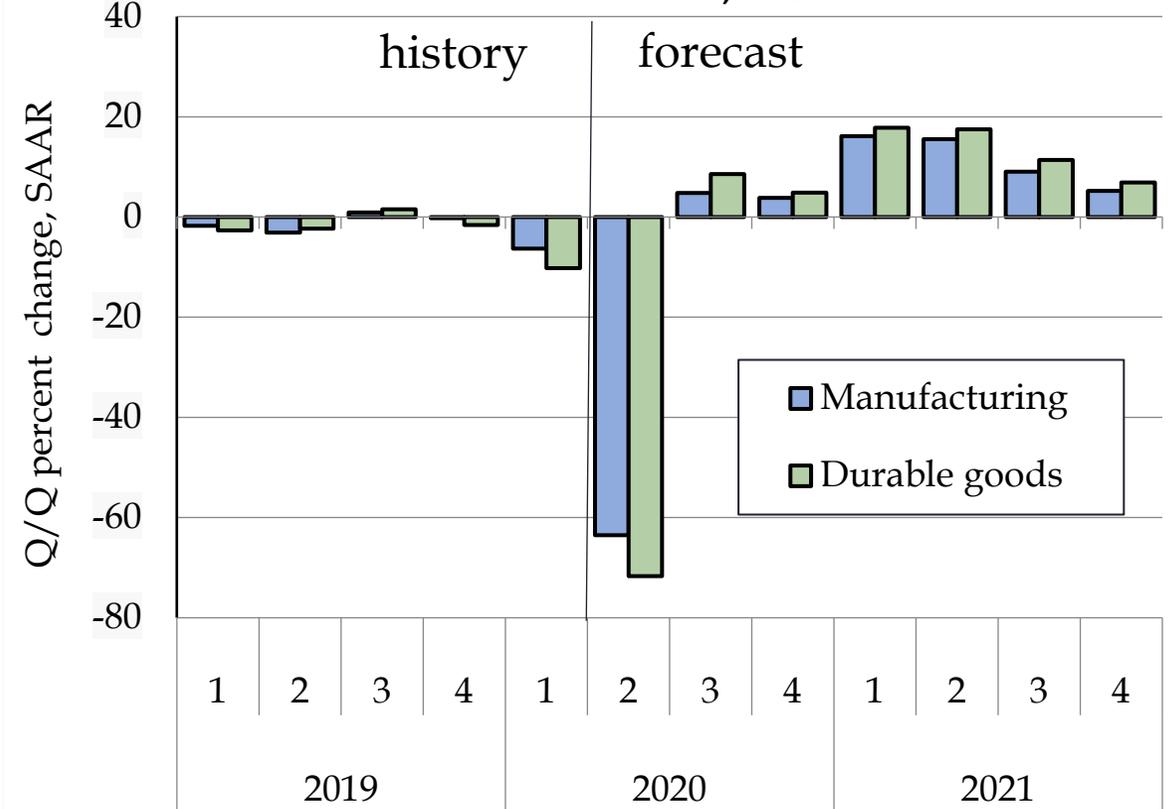
ISM Manufacturing Index

Source: Institute for Supply Management



Industrial Production, Mfg.

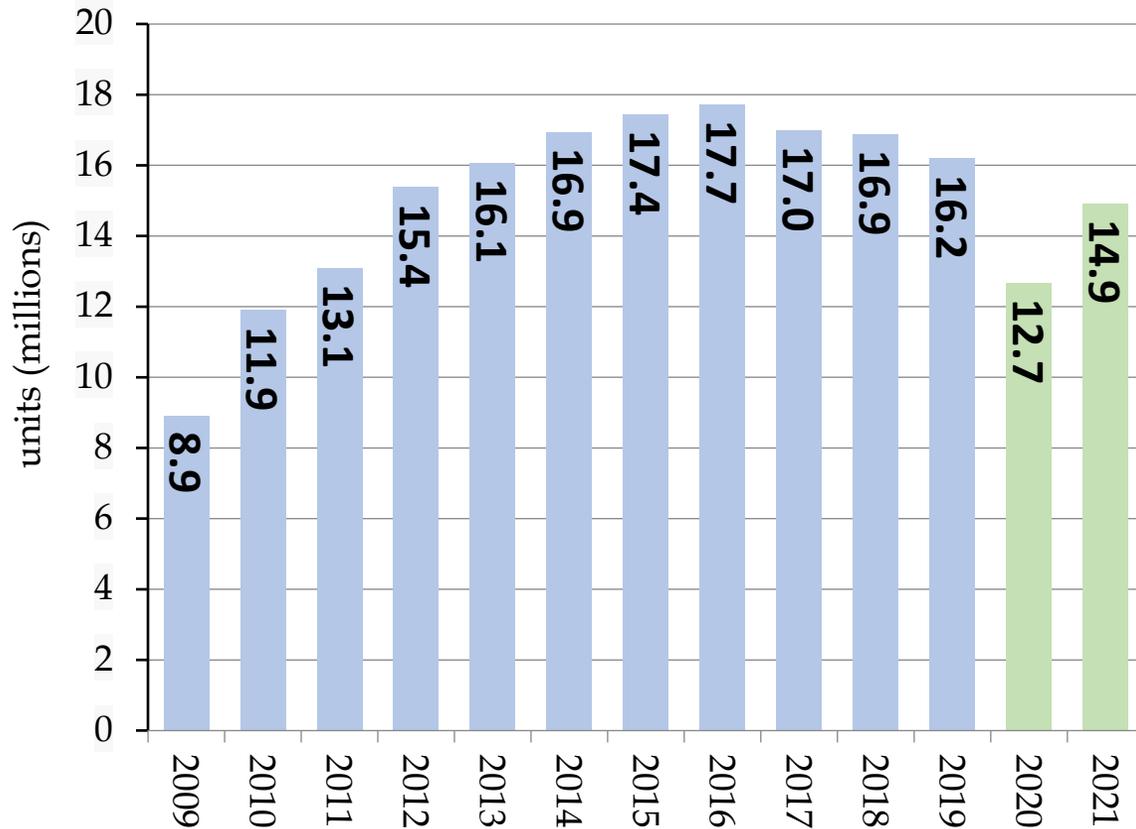
Sources: Federal Reserve, IHS Markit



Automotive Sector Expected to See Deeper, But Shorter, Downturn than Nonresidential Construction

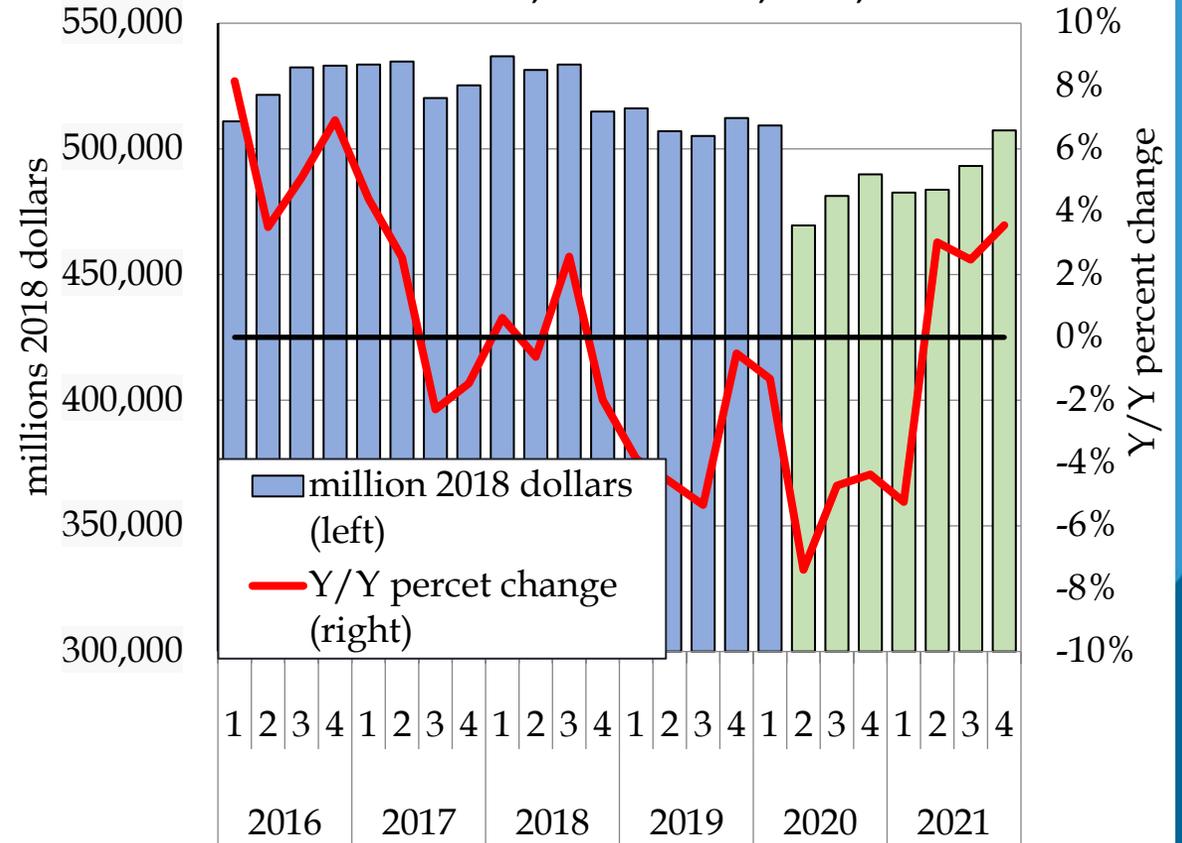
NAFTA Light Vehicle Production

Source: Wards



Real Nonres. Building Construction

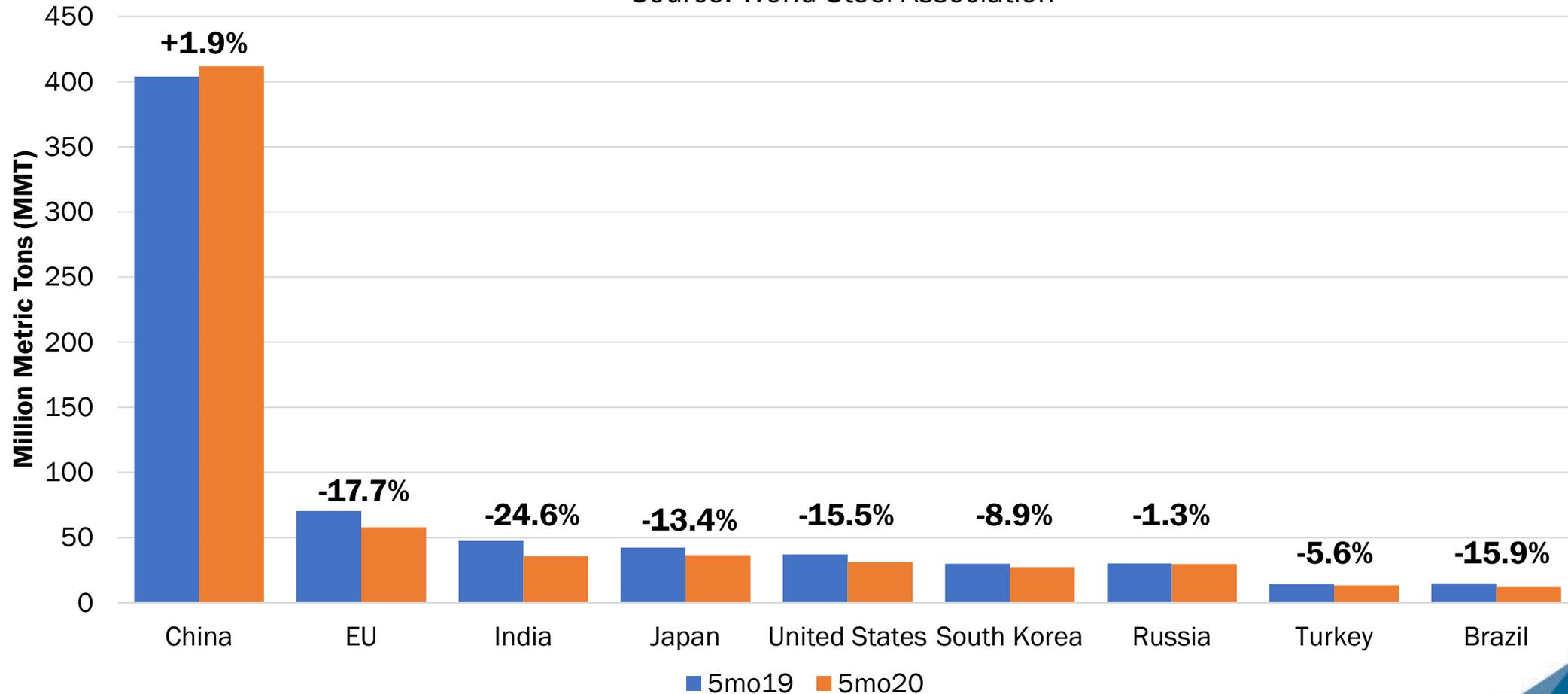
Sources: Census, IHS Markit, FMI, AISI



Excluding China, Global Steel Production Declined by 13.1 Percent through May 2020

Raw Steel Production – Top Global Steel Producers

Source: World Steel Association



Summary

- The COVID-19 pandemic pushed the U.S. economy into recession
- Raw steel production is down 18.9% YTD through June 27 and capacity utilization has been below 60% since early April
- U.S. real GDP growth is projected to fall 8.1 percent this year (reaching a trough in Q2) and rebound 5.2 percent next year
 - A sharp contraction with relatively speedy rebound is expected for durables manufacturing, including light vehicles
 - Construction activity is likely to see milder downturn but slower recovery
- Apparent steel use faces a sharp contraction in 2020 and partial rebound in 2021
- Global overcapacity remains a significant threat