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

Week of 6/27/20: 55.4%
YTD 2020: 67.0%
Steel Shipments Are Down More Than 8 Percent through April 2020

Steel Mill Product Shipments
Source: AISI

- 2018: +4.8%
- 2019: +0.9%
- 2020 4 mo.: -8.1%
Apparent Steel Use Is Down Nearly 13 Percent YTD in 2020

Apparent Steel Use
Source: AISI

- 2018: +2.1%
- 2019: -2.1%
- 2020 4 mo.: -12.7%
Substantial Contraction in U.S. Economic Activity Likely in 2020

Real GDP
Sources: BEA, IHS Markit

<table>
<thead>
<tr>
<th>Year</th>
<th>Percent Change</th>
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<tbody>
<tr>
<td>2009</td>
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Real GDP
Sources: BEA, IHS Markit

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<tr>
<th>Year</th>
<th>Q/Q SAAR</th>
<th>Y/Y</th>
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<td>2021</td>
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</tbody>
</table>
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

> 50 = improvement

Q/Q percent change, SAAR

Manufacturing
Durable goods

history forecast
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

- China: +1.9%
- EU: -17.7%
- India: -24.6%
- Japan: -13.4%
- United States: -15.5%
- South Korea: -8.9%
- Russia: -1.3%
- Turkey: -5.6%
- Brazil: -15.9%
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
  o A sharp contraction with relatively speedy rebound is expected for durables manufacturing, including light vehicles
  o 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