

# Locker Associates

## Where is the Steel Industry Heading?

The past few years have been remarkable ones for the steel industry. Surging demand from China for steel and raw materials, continued restructuring and consolidation in North America and internationally, the weakening dollar and the U.S. economic upturn all contributed to an extraordinary recovery in the steel market in 2003-2004. However, after historically high profits in 2004, 2005 looks more uncertain, as customer inventory levels have increased and steel prices have slid, raw materials costs have also dropped some and imports have returned to the market in greater numbers. The sustainability of China's blistering growth rate and its internal steel supply-demand balance, further consolidation of the industry, both domestically and internationally, price and supplies for raw materials, new technological developments and continued access to capital are just a few of the issues which will shape the industry in the near future.

To keep abreast of these changes, you need Locker Associates' **Steel Industry Update**. This concise monthly newsletter summarizes the trade press and charts timely industry data -- on U.S. and Canadian shipments and trade, production, forecast steel prices, raw material costs, and quarterly company performance -- in an easy-to-read format, saving you hours of research. And the **Update** looks beyond the data to examine their strategic implications for North American and global steel markets.

Each issue of the **Steel Industry Update** is jam-packed with information that you won't find anywhere else. The **Update's** exclusive semi-annual shipment forecast, for example, tracks the projections of North America's leading steel analysts (see table below). Book reviews are frequent additions in the **Update**, while special issues feature in-depth interviews with leading industry decision-makers. Hard-to-find information on the Canadian steel industry also regularly appears in the **Update**. Finally, our annual comprehensive **Round-Up** issue, published each spring, is must reading.

Each issue contains feature articles on one or more of the following subjects:

- Shipment forecasts by top analysts
- Price changes and forecasts
- Quarterly company performance data
- Trade issues and actions
- Advances in steel technology
- Labor/Management relations
- Monthly Canadian steel data
- Raw material trends
- Country cost comparison
- Analysis of end-use markets
- Special year-end overview
- Annual executive compensation
- Imports and exports

U.S. Steel Shipment Forecasts				
Firm/Forecaster (mil tons)	'04	'05	'06	'07
AIIS/von Bulow .....	108	109	--	--
DRI-WEFA/Anton .....	109	111	111	--
Prudential Sec/Saha.....	108	--	--	--
Purchasing Mag/Stundza ..	112	111	109	--
TN Consulting/Mueller.....	112	114	110	115
UBS Warburg/Graham .....	109	110	109	--
World Steel Dyn/Kirsis.....	107	110	--	--
Locker Associates .....	110	113	109	112
<b>Consensus Forecast .....</b>	<b>109</b>	<b>111</b>	<b>110</b>	<b>114</b>

Compiled by Locker Associates

Forecast as of 7/04

The **Steel Industry Update** is published by Locker Associates, a private consulting firm that has been tracking the steel industry for the last 20 years.

*As a former investment banker who recently joined the USWA, "I rely heavily on the **Update** to keep me informed about crucial trends throughout the steel industry. I view the **Update** as essential reading."*

**-- Ron Bloom**  
**Special Assistant to the President, United Steelworkers of America**

"As management and technical consultants, E&E Corp has been a subscriber to **Steel Industry Update** for many years. This concise compendium of key industry data is one of the most valued reference sources in our library."

-- **Barry Rhody**  
President, E&E Corporation

"The monthly price, product, and market data keeps our negotiators well informed. We find the data very useful for our Steelworker locals. The **Steel Industry Update** serves as a guide for navigating through the North American steel industry and is read throughout Canada."

-- **Leo Gerard**  
President, United Steelworkers of America

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