

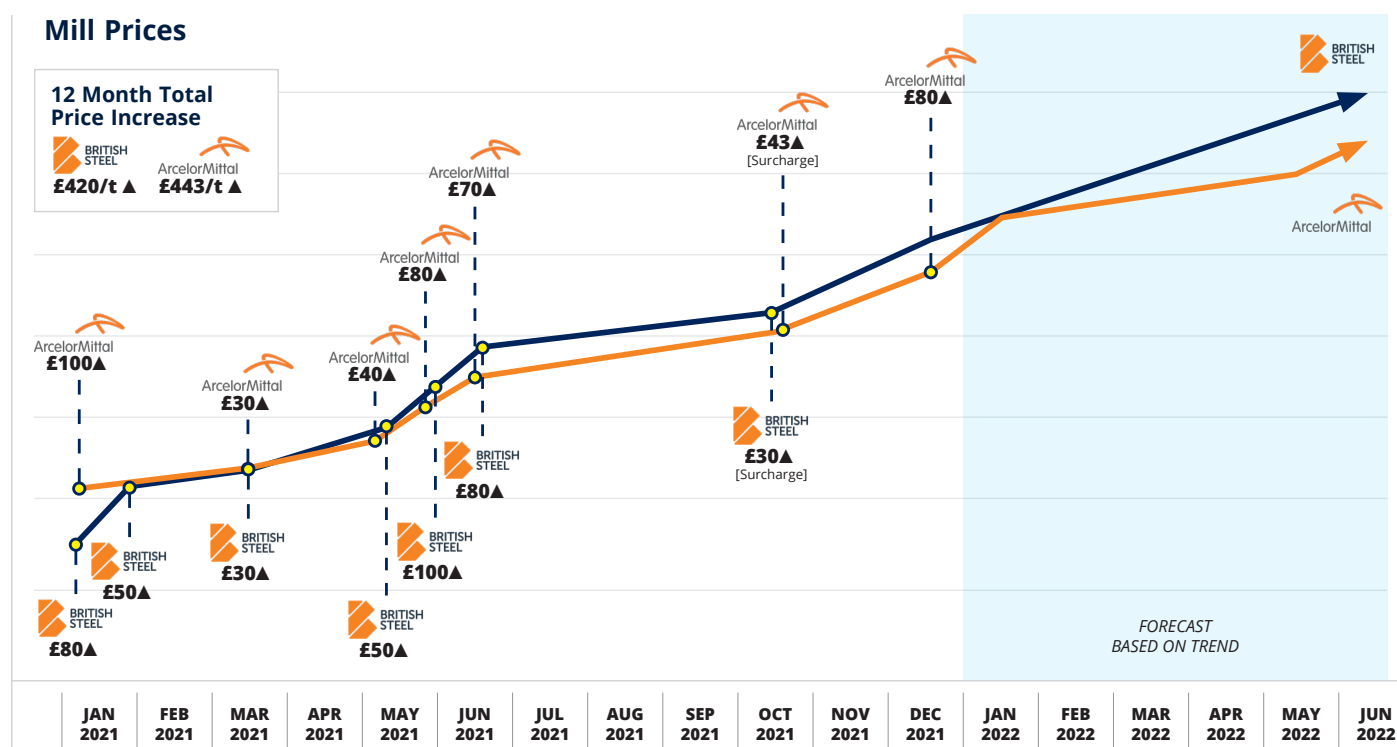
STEEL MARKET INSIGHT - JANUARY 2022

The steel industry has experienced a record increase in demand despite an unpredictable year marked by the effects of the pandemic, supply chain issues, energy and transport crises. The World Steel Association (WSA) has predicted further growth of 2.2% to come in 2022, along with an expected increase in steel prices due to rising input costs.

Major Steel Suppliers

Due to the accelerated rise in energy prices and other input costs, British Steel have announced a withdrawal of all current offers for sections and we are expecting further communications regarding their pricing.

Another major steel supplier, ArcelorMittal, reported an increase of £80/t on steel beams, wire rod and rebar, citing the rising input costs for the surge in prices with further price increase announcements expected this month.



Since the summer of 2020 we have seen steel price increases totalling £520/t from British Steel and £573/t from ArcelorMittal.

Industry Challenges

Brexit - EU/USA Tariff Deal

The UK steel industry is expected to feel the effects of the European Union's tariff-free agreement with the US reached last October. The terms of this deal give the EU a 25% price advantage over the UK when selling to the US, and could also affect the UK's export of steel to the EU, due to a clause which states that any steel of UK origin will be subject to tariffs, even if it is an EU company that is exporting it.



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Energy

The ongoing energy crisis has led to a dramatic spike in electricity and gas prices over the past year, affecting operational costs for businesses throughout Europe. An unseasonably cold winter combined with global supply issues have led to wholesale gas prices rising by over 250%, reaching a peak in December 2021. Industry predictions suggest a similar trend in 2022, as costs are expected to increase up to 50% in the approaching spring months.

Price per therm in 2021, pence



Our Position

ParkerSteel's strong performance throughout 2021 demonstrates that we have the ability to adapt and thrive regardless of what circumstances may arise this year. Our secure network of supply chains in the UK, EU and worldwide ensure that our stock levels remain high in preparation for increased demand in the coming months.

In Autumn 2021, we received large shipments of stock from our suppliers, and with the addition of another delivery arriving in February, we will have plenty of steel available throughout 2022.

What It Means For You

While we have taken steps to prepare for the predicted rise in steel prices and demand, we strongly advise our customers to be proactive in their procurement to avoid any price or availability issues that may occur. We encourage you to speak to your Account Manager for any additional information and assistance you may require, so that you can secure the necessary steel for your upcoming projects without delay.

Please note these are the views and opinions of ParkerSteel Limited based on experience and market condition data supplied by third parties.