

STEEL MARKET INSIGHT - OCTOBER 2021

Steel is a vital foundation sector establishing a base for a huge number of high-value industries such as automotive, construction, energy, aerospace and yellow goods. Over the last 12 months the industry has gone through turbulent times due to rising costs of raw materials associated with steelmaking. UK steel prices jumped to multi-year highs in late June as demand recovered swiftly from a COVID-19-related slump in 2020.

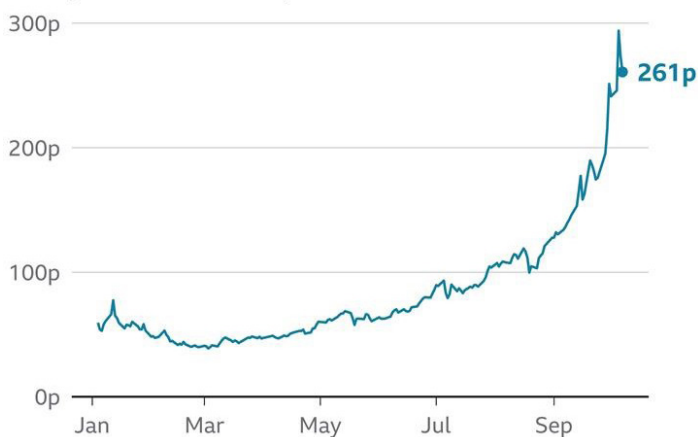
The Industry Facing More Challenges

Energy

A shortage of natural gas in Europe has sent prices for electricity and gas soaring, triggering sharp rises in the prices for heating homes and operating major heavy industrial plants.

Wholesale electricity prices increased by 300% and natural gas prices by almost 400% since the end of 2020.

Price per therm in 2021, pence



Transport

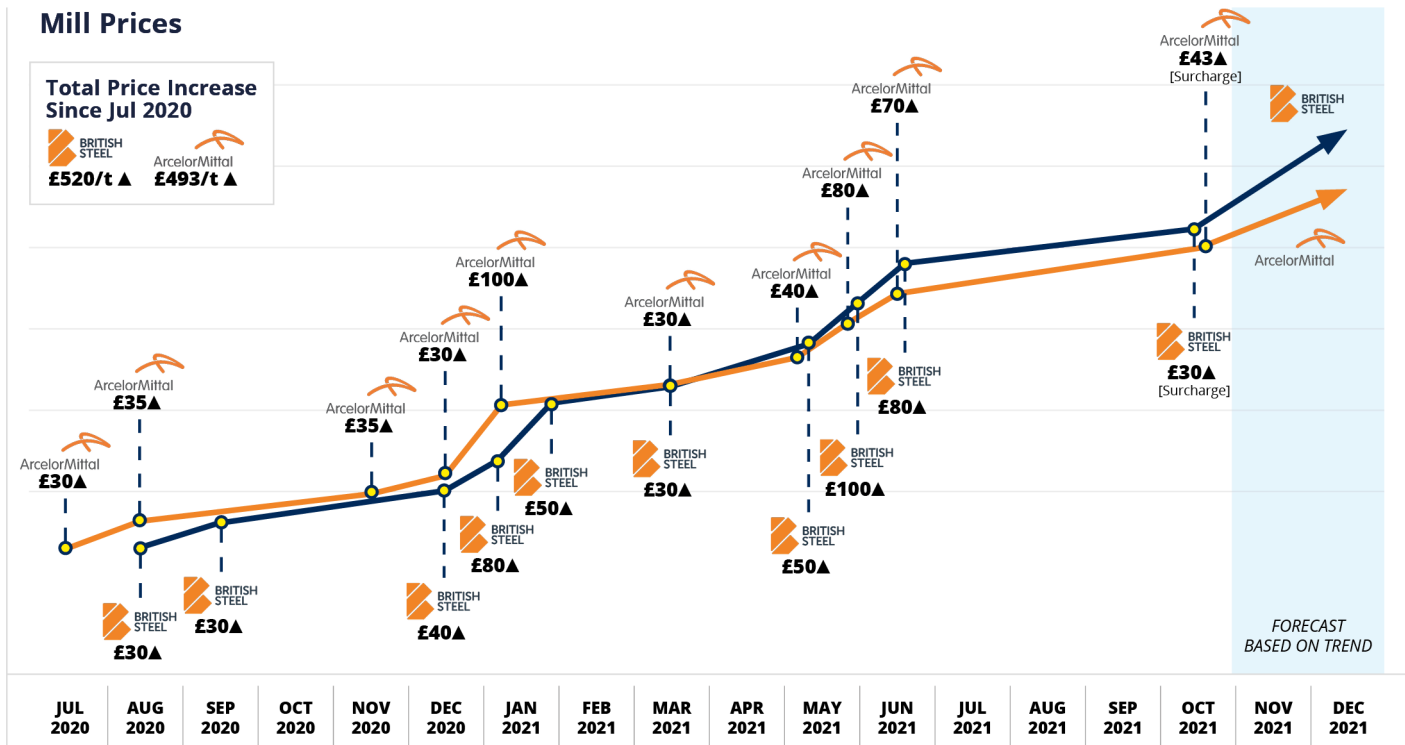
The transport and logistics sector has experienced significant availability constraints since the start of this year, which in turn has caused HGV salary inflation and haulier prices have risen as a result.

As part of our commitment to tackle a shortage of drivers in the UK and assist LGV drivers with advancing their careers, Guy Parker - Chairman of ParkerSteel, in partnership with TrainFor Group - Kent's Commercial Driving School, launched in September a 12 week Driver Academy training programme designed to take novice car drivers through to LGV Class 2. This scheme will ensure we are in a position to provide uninterrupted delivery of steel to our customers.

Major Steel Suppliers

British Steel is maintaining production at normal levels of around 3 million mt/year in the UK but due to the energy and transport price rises have had to apply a temporary surcharge of £30/t to recover a part of their actual cost increases. ArcelorMittal, the other major structural steel supplier in the UK, has announced an increase of £43/t.

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Our Position

While there are undoubtedly a lot of unknowns for the future, ParkerSteel remains well positioned in the market. With secure supply chains in place domestically, within the EU and worldwide, we can adapt to all eventualities.

With our largest shipments of structural steel and plate that we received recently, we have kept stock levels high and have increased planned deliveries throughout Q4, spread across suppliers to negate any issues and allow us to be prepared for further increases in demand.

What It Means For You

We have secured stock to prevent as much negative impact upon our customers as possible and are encouraging all our customers to review their order book and ensure there are no availability issues that may compound over the coming months. To avoid any unexpected delays and further price rises associated with energy costs or potential tariff charges, we urge you to plan accordingly and speak to your Account Manager should you require any assistance with any larger projects.

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