

## STEEL SUPPLY AND DEMAND TO COME BACK IN LINE, BUT NOT UNTIL LATER THIS YEAR

Demand is currently outstripping supply, keeping steel prices elevated. Additional capacity is on the way this year, and market participants are divided on whether the additional tonnage will provide enough relief for the elevated demand.

While the overall economy has been significantly impacted by COVID-19, industries that consume steel are doing quite well and are eagerly awaiting the new capacity to come on-line. Tight supply and service center inventories well below normal levels will continue to impact pricing for ASME pressure vessels, API shop fabricated tanks, steel stacks, rolled and welded (R&W) large diameter pipe, and other plate fabricated products in the near term.

However, relief is on the way and supply/demand will equalize, moderating prices later this year and into 2022. According to The Fabricator, some capacity additions are on-line or imminent:

- Big River Steel started a second electric arc furnace (EAF) and caster at its mill in Osceola, AR. last year and is already running at 90% of its rated capacity.
- Steel Dynamics Inc. reports that it remains on track to start the hot end of its new, \$1.9 billion flat-rolled mill in Sinton, Texas, this summer. The EAF mill will have an annual capacity of 3 million tons. The same mill also has two coating lines.
- The \$650 million expansion at Nucor's mill in Ghent, KY. is slated to start up in the second half of 2021. The expansion nearly doubles the mill's annual hot-rolled coil capacity to 3 million tons.
- North Star BlueScope expects to finish work late this year on a third EAF and a second caster at its sheet mill in Delta, Ohio. This will contribute about 1 million more tons to the hot-rolled market over the next few years.

The Dixie Southern commitment to provide our customers with high-quality, competitively priced fabricated steel plate products is resolute as we continue to support our valued clients and their projects' success.

### **Sources:**

thefabricator.com

