



The State of the U.S. Steel Wire Industry

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THE WIRE ASSOCIATION INTERNATIONAL, INC.



✓ **Insteel Industries**

Who we are

✓ **State of the Economy**

✓ **Current status for the Steel Industry**
Specifically, Rod and Wire



Insteel Industries

Who we are

Insteel Industries

- ***Insteel Industries is the nation's largest manufacturer of steel wire reinforcing products for concrete construction applications.***
- 10 production facilities strategically located across the country.
- 3 Main products
 - Prestressed concrete strand
 - Engineered structural mesh
 - Standard welded wire reinforcement
- Publicly traded on the NYSE (IIN)
- Revenues of ~ \$750 million
- 1000 Employees

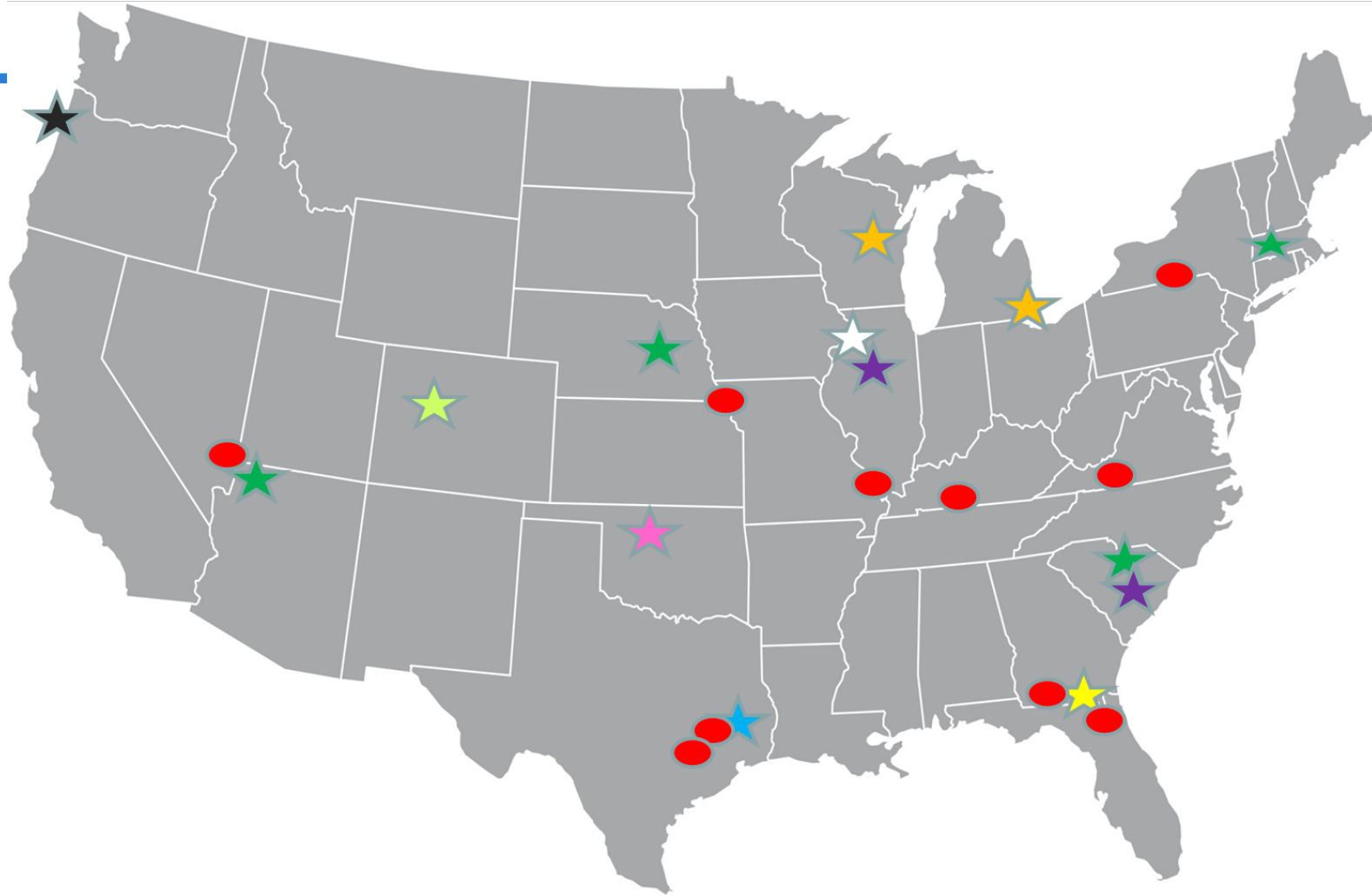


14 Domestic Rod Mills



10 IWP Locations

Manufacturing footprint



State of the Economy

Our Destination is determined by our
direction, not our intentions.

Our intentions determine how
quickly we arrive.

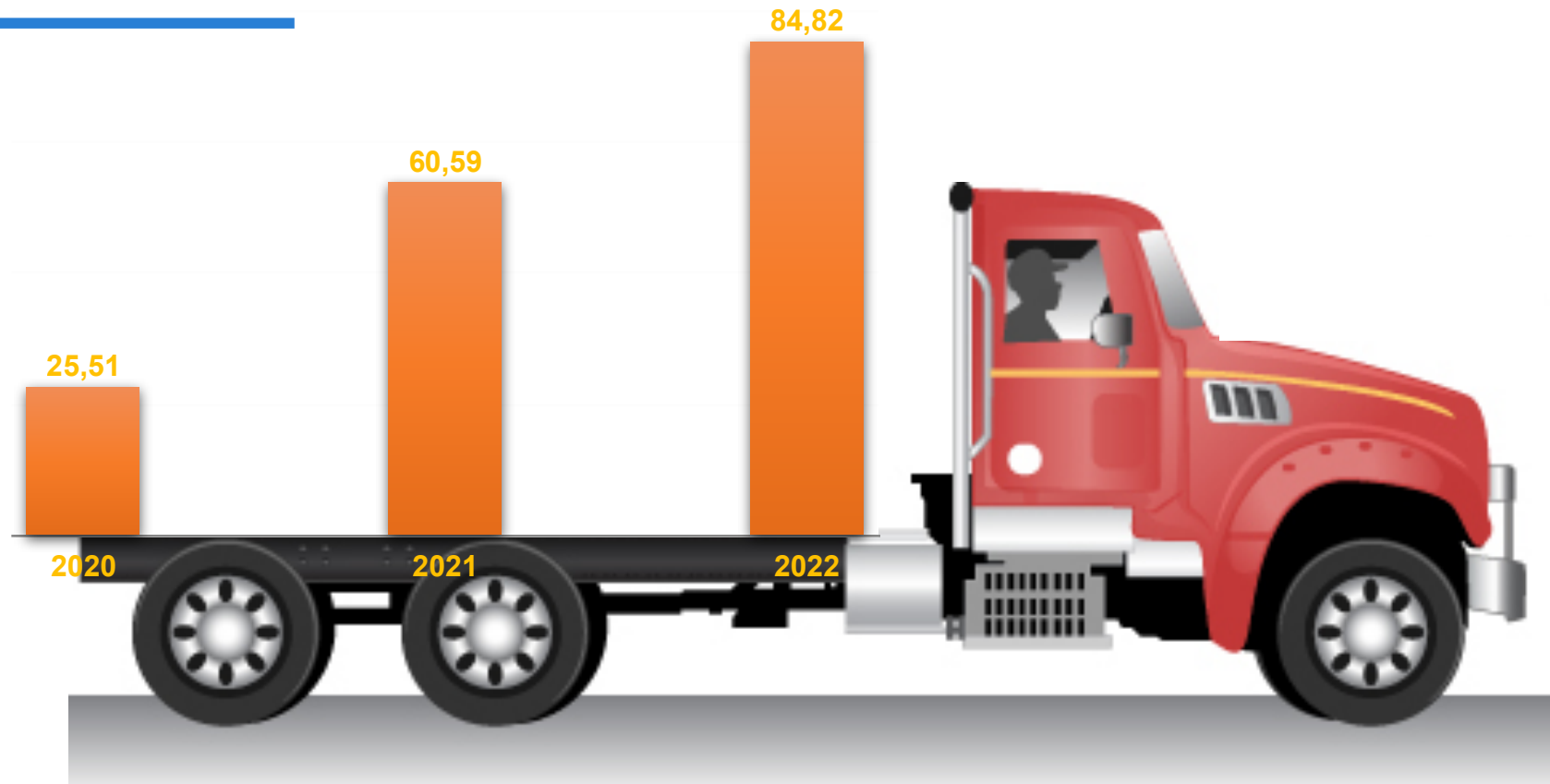
But there is a lot of fog...



State of the Economy

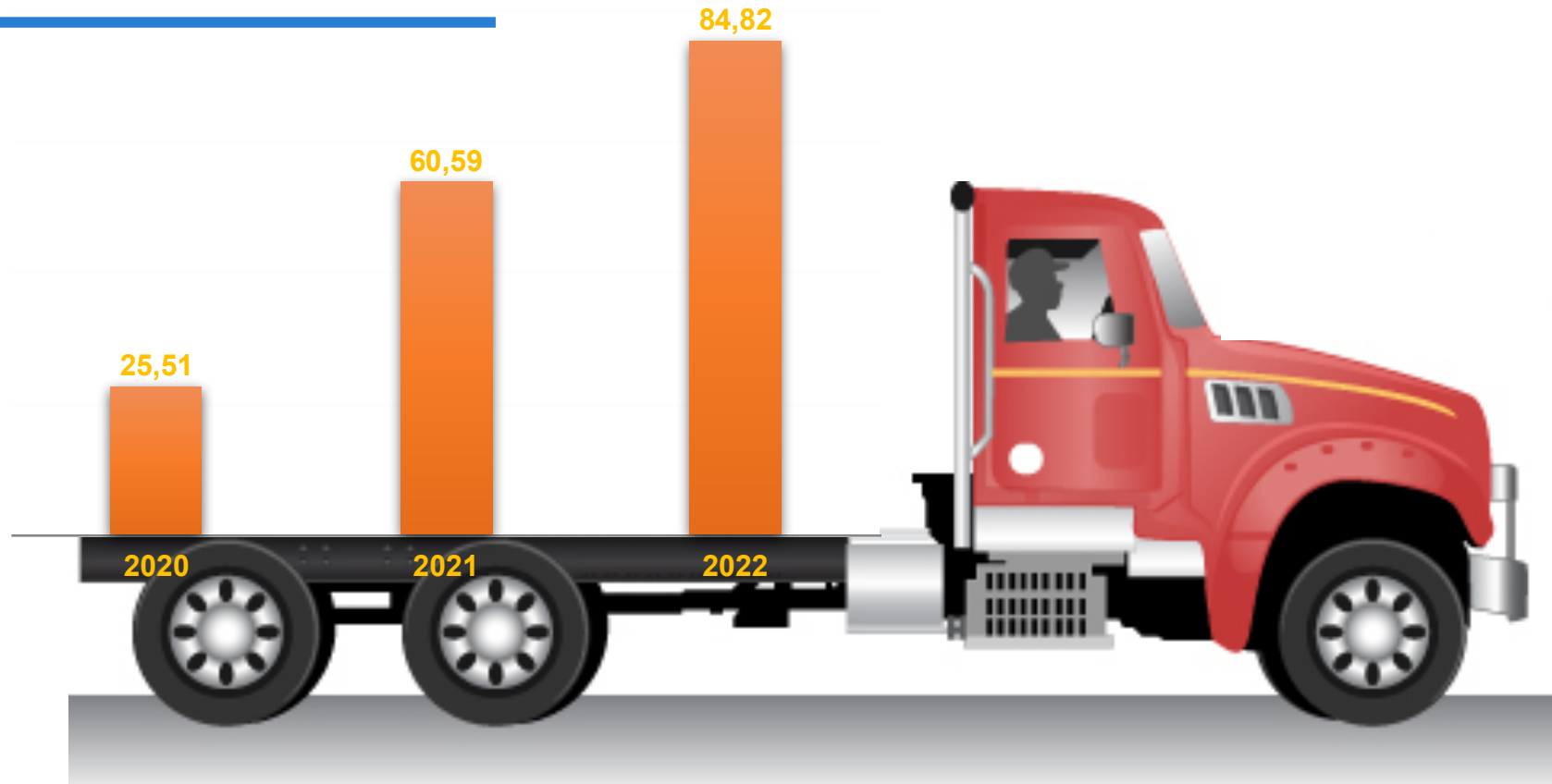
- For all the noise, the US economy remains strong.
 - Many measures of economic activity are growing, even if at a slower pace.
- Consumer spending remains positive.
- Transportation remains robust but appears to be softening.

Flatbed Load to Truck Ratio



- There are currently 28 available loads for every 1 available flatbed.

Flatbed Load to Truck Ratio last QTR



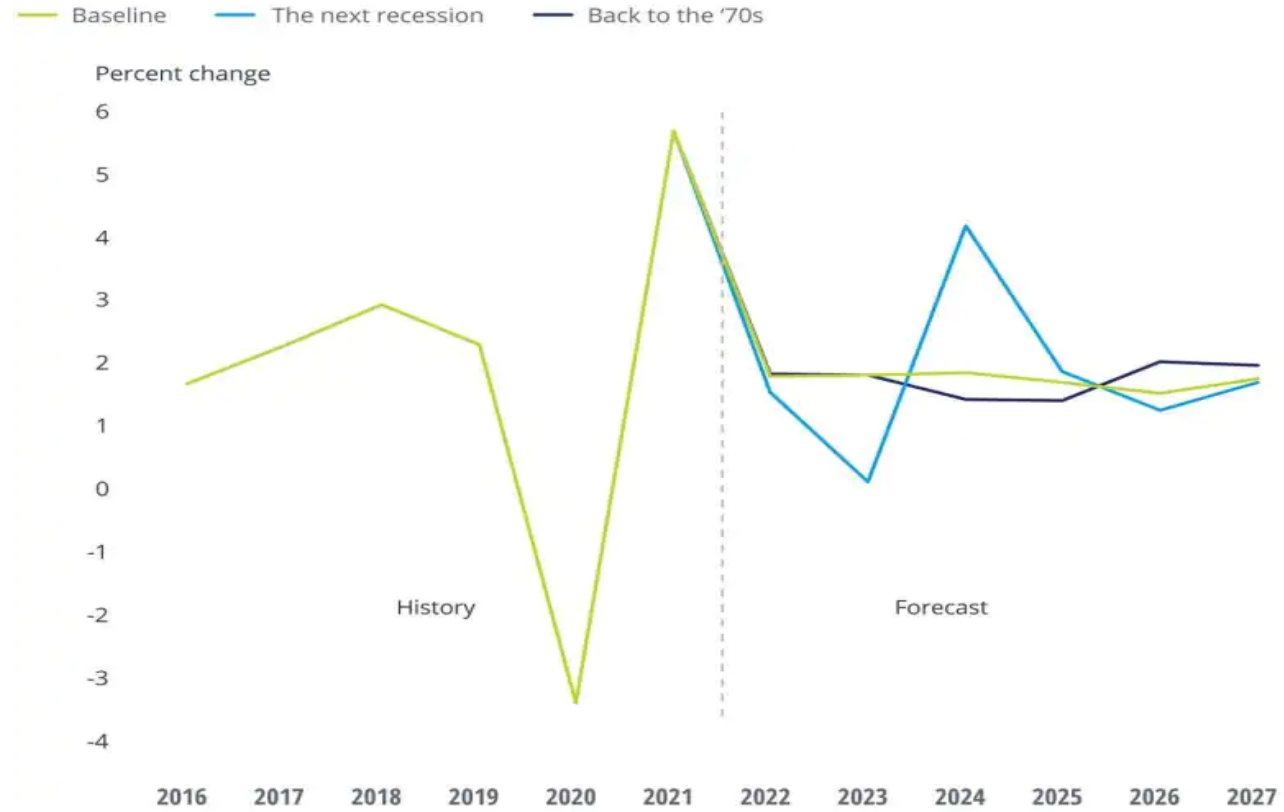
- There are currently 70 available loads for every 1 available flatbed.

State of the Economy

- However...
- Inflation is a major concern.
 - Driven mostly by:
 - Housing – Cost of rentals and ownership
 - Labor costs - Across all product & service segments.
- What will some of the key indicators look like in 2023?

State of the Economy

FIGURE 1
Real GDP, US\$ trillion



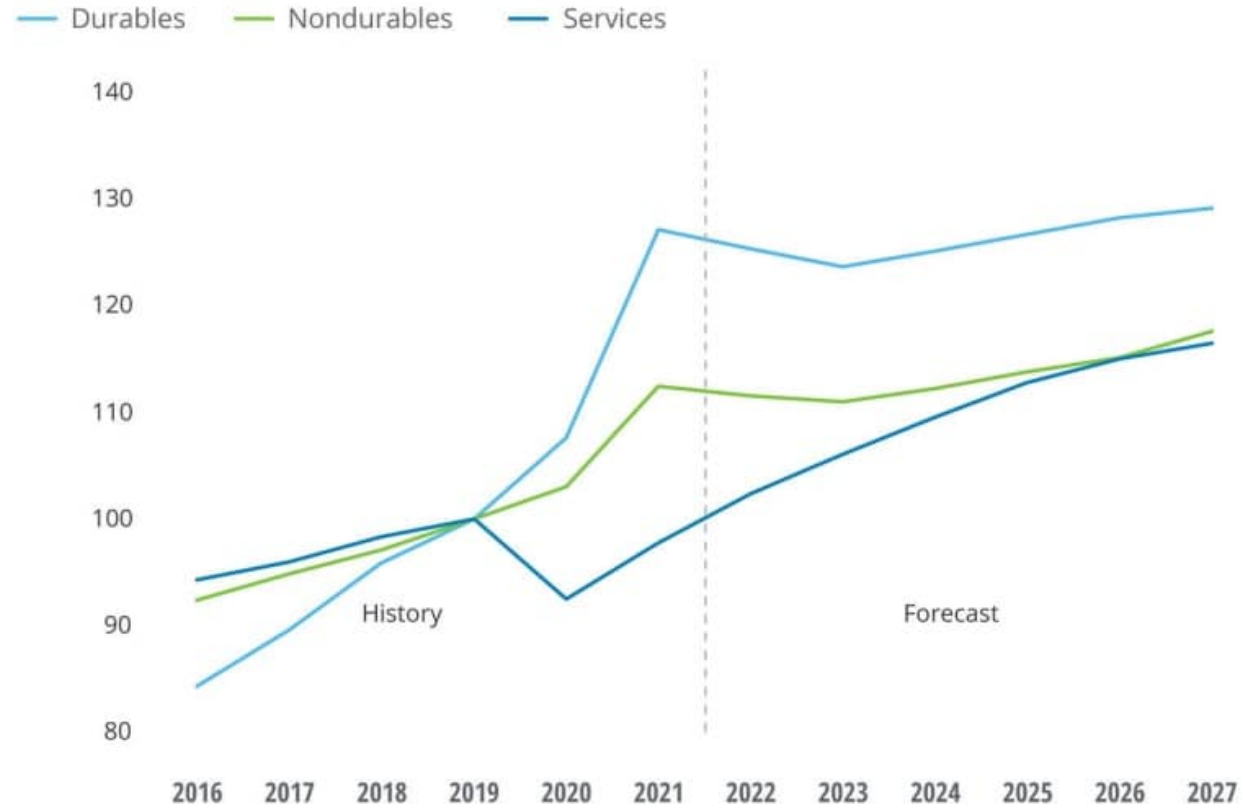
Source: Deloitte analysis.

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State of the Economy

FIGURE 2
Consumer spending, index, 2019=100



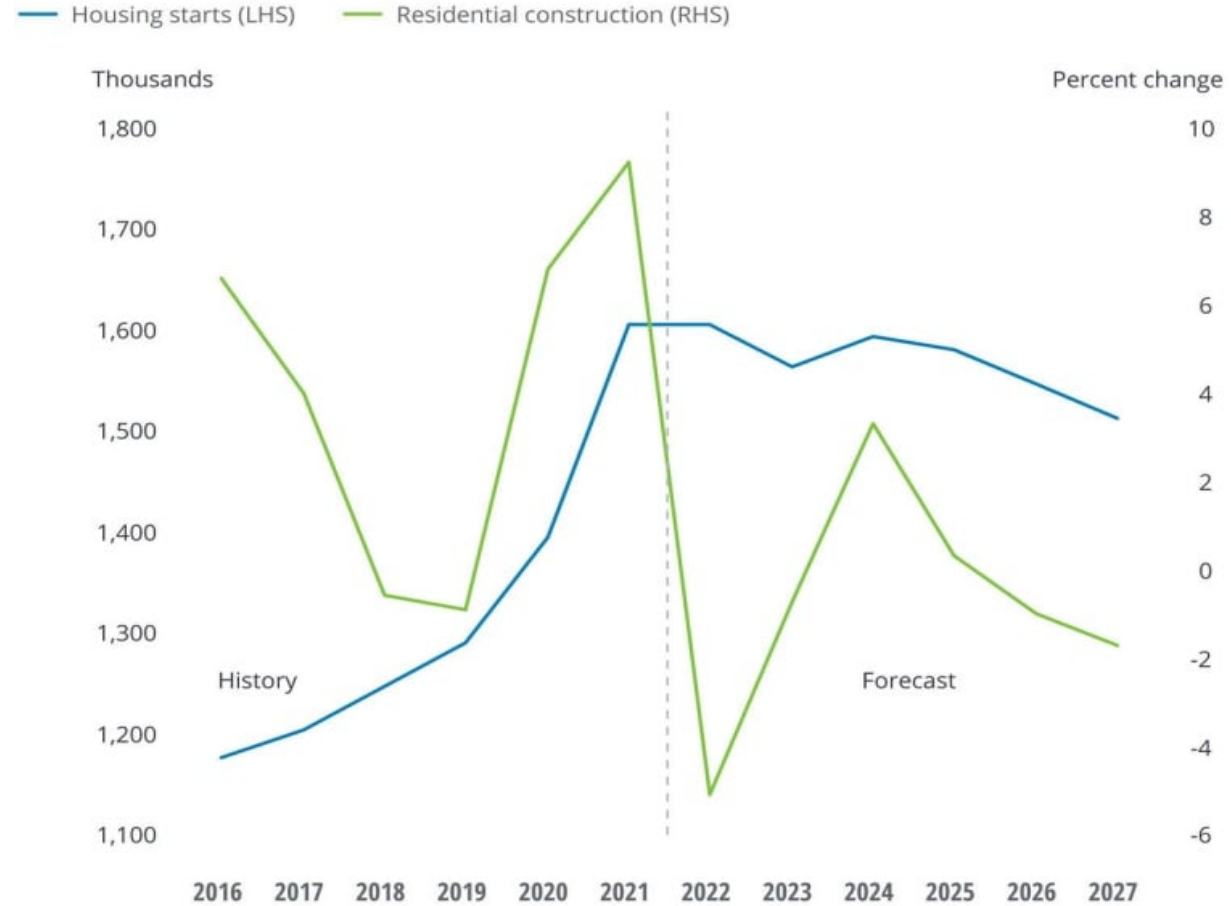
Source: Deloitte analysis.

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State of the Economy

FIGURE 4
Housing



Source: Deloitte analysis.

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State of the Economy

FIGURE 6

Business sector

— Corporate profits

— Real nonresidential investment

Percent change

26

22

18

14

10

6

2

-2

-6

2016

2017

2018

2019

2020

2021

2022

2023

2024

2025

2026

2027

History

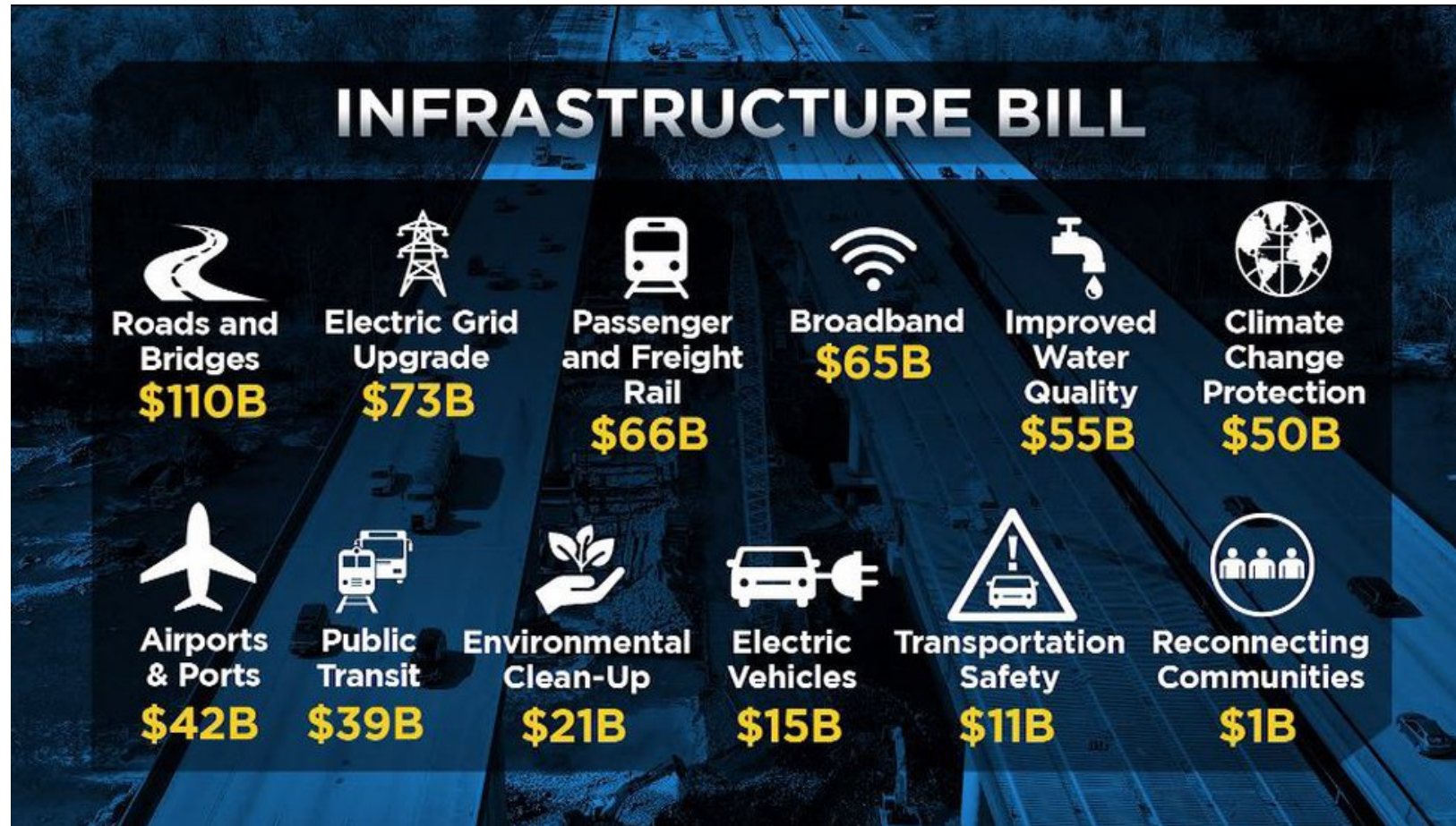
Forecast

Source: Deloitte analysis.

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An upside? Approved Infrastructure Bill



A black and white photograph showing a dense, overlapping pile of steel rods and wires, creating a complex, textured pattern of lines and shadows.

Current status for the Steel Industry

Specifically, Rod and Wire

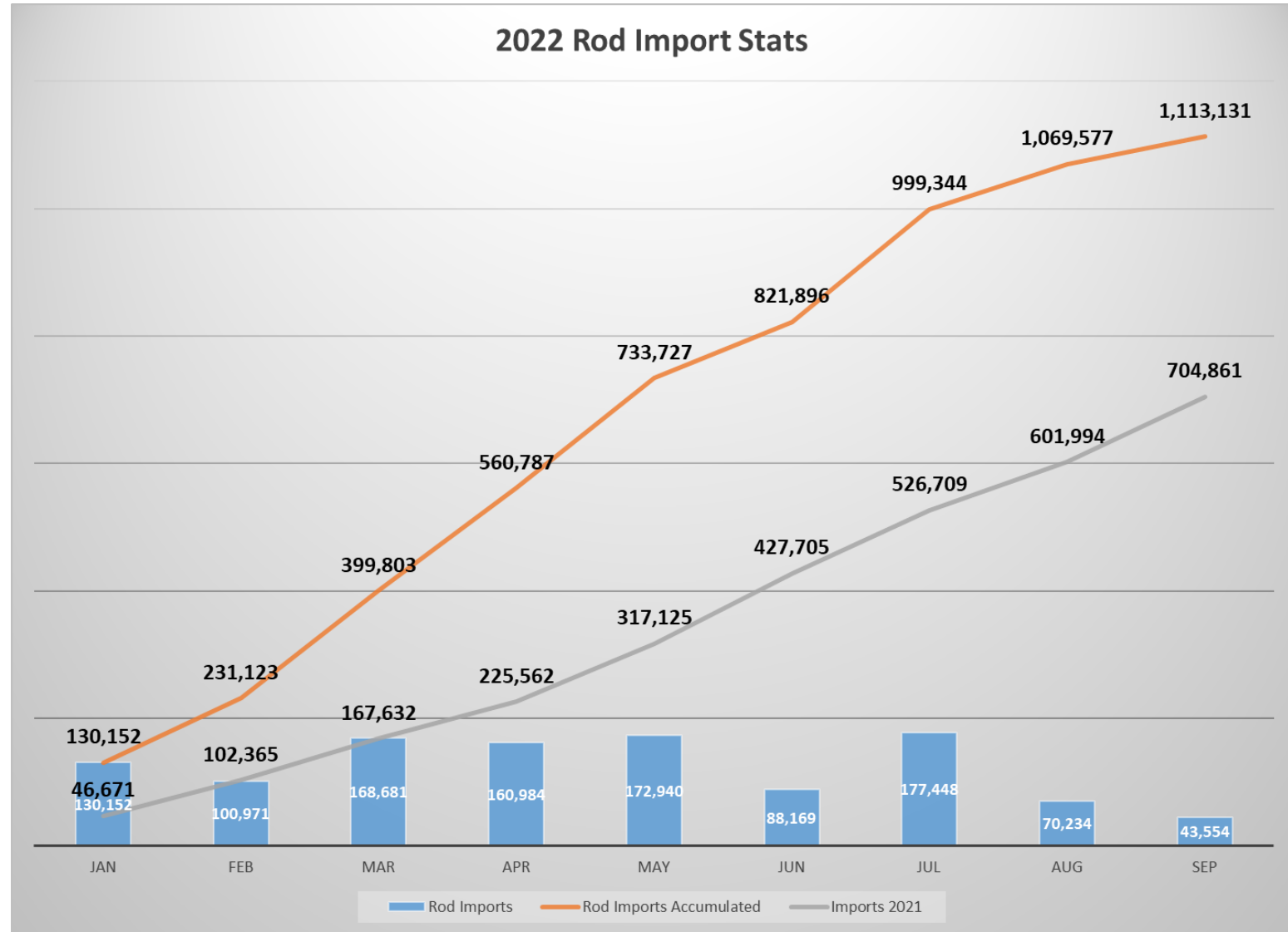
Current Rod Supply

- **Imbalance of Supply vs. Demand has corrected and actually moved in the other direction**
 - **Elevated inventory levels industrywide have adversely affected order books for domestic producers, resulting in an imbalance of rod supply vs. rod purchases.**
- **Prices are deteriorating. Why? Scrap reductions, more competitive landscape.**

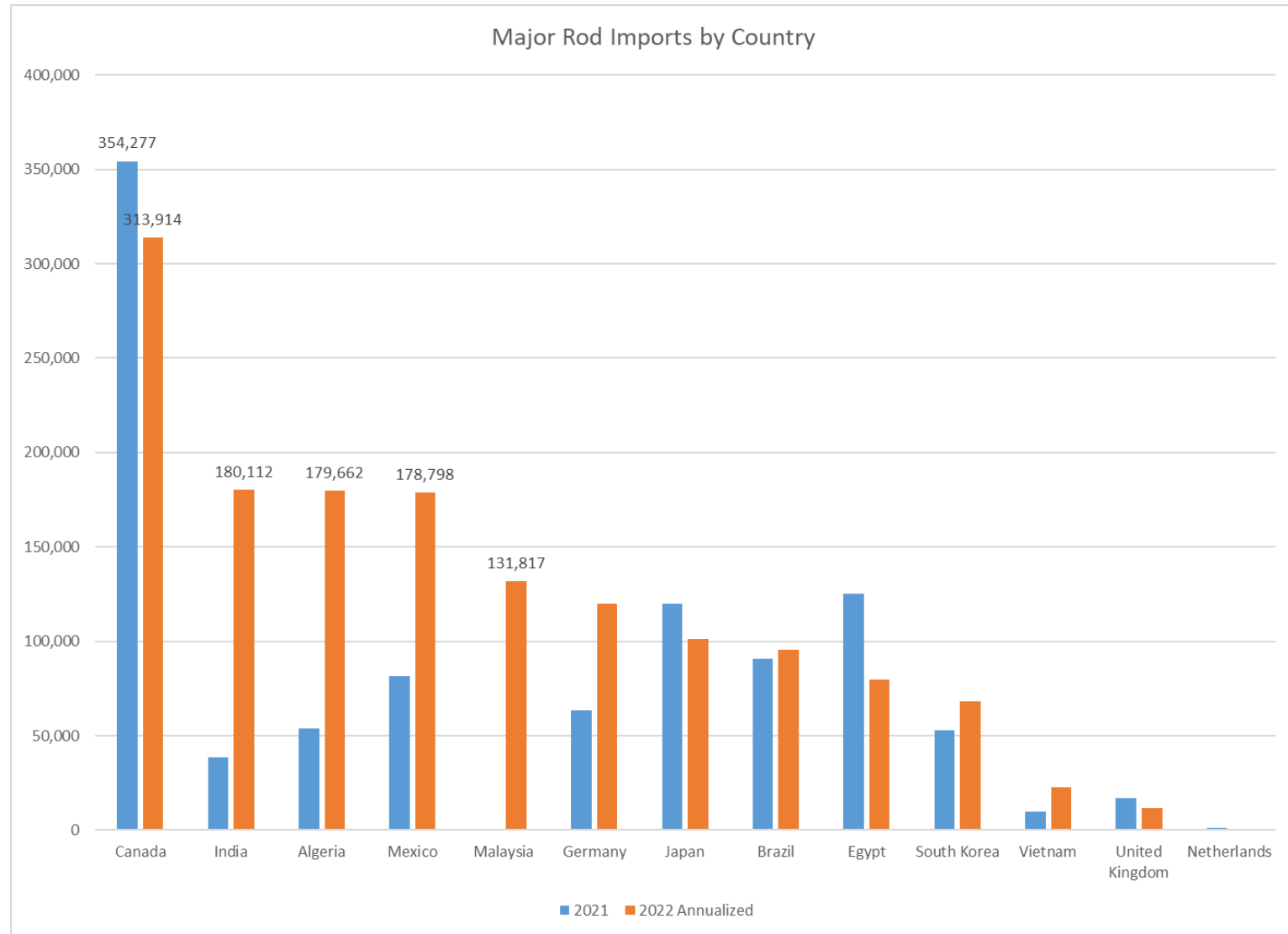
Current Rod Supply

- **What has changed?**
 - Rod inventories have surged.
 - ~1 million import tons arrived through July.
 - Domestic rod mills are finally performing after upgrades.
 - End market demand in some segments has softened.
 - Creating irregularity throughout the supply chain.
 - The Domestic ASP for rod vs. the Global ASP has become a liability for the domestic industry.

Rod Imports into the US



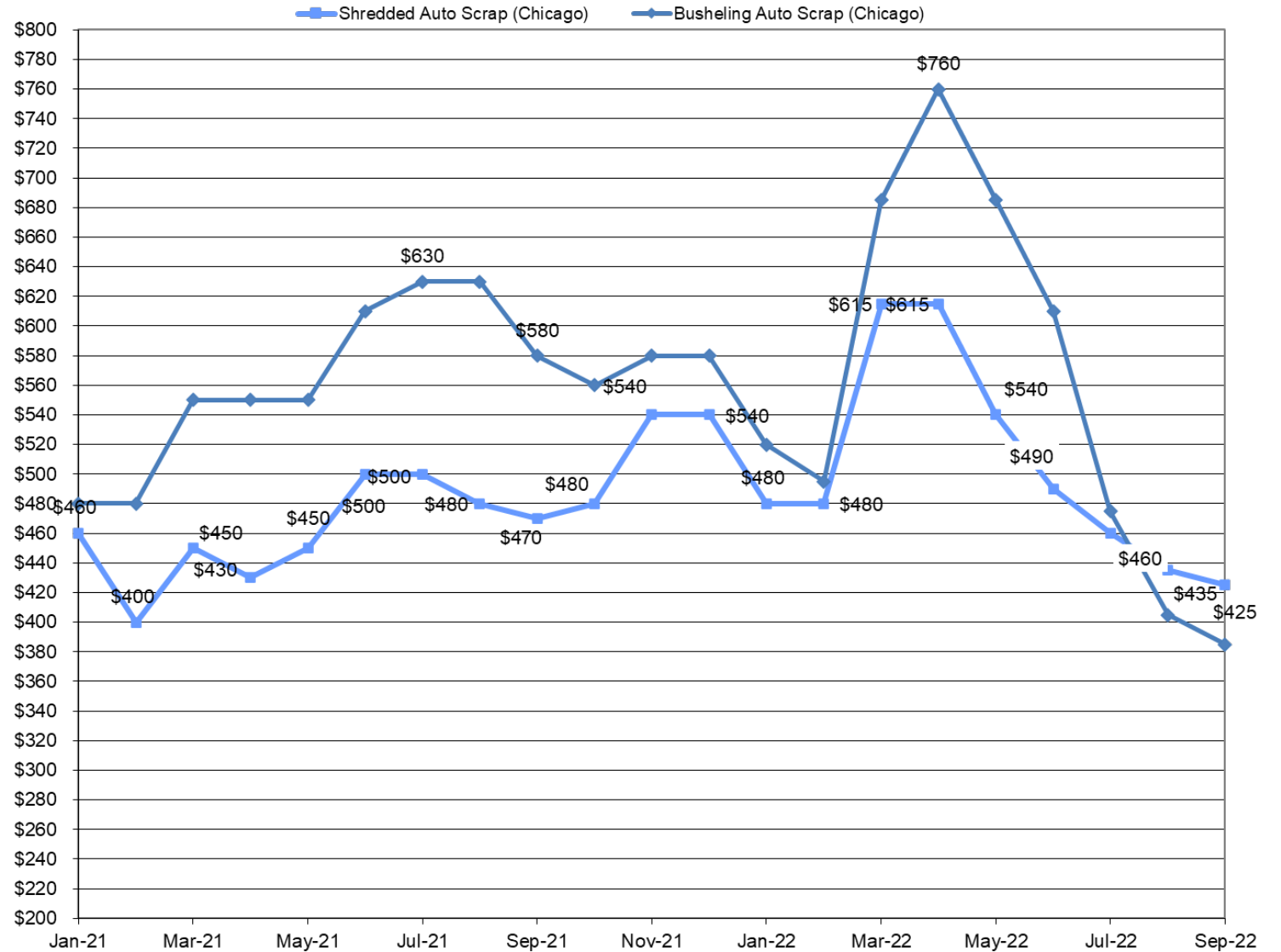
Rod Imports into the US



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Scrap Movements in the US (Shred & Busheling)

Steel Scrap Price Trends - Chicago Shred & Busheling Index (\$/ton)



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Current Published Rod Price Trends

5 consecutive months of flat or decreased rod price movements following 19 consecutive months of flat or increased rod price movements
Published rod prices have increased \$590 since January 2021.

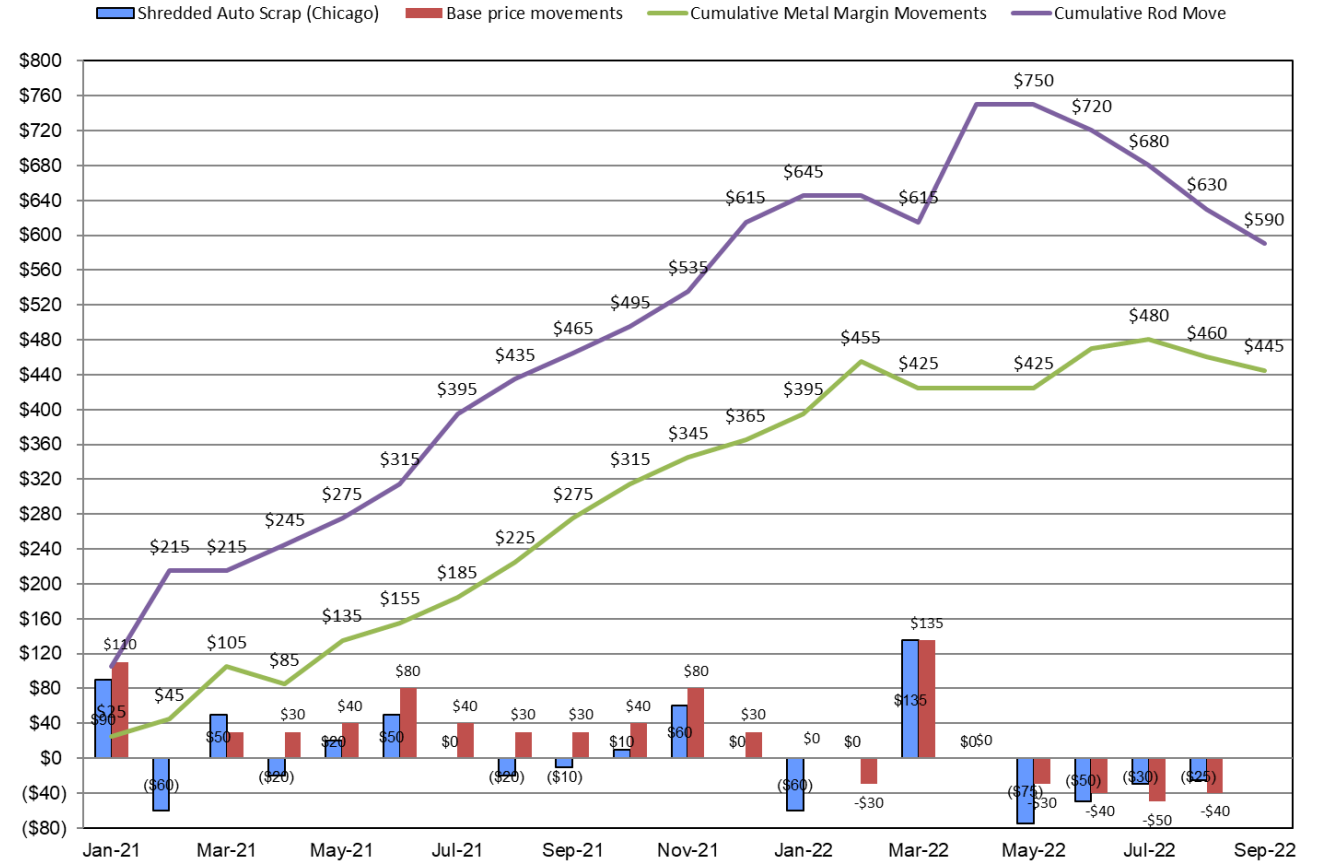
Driven by:

- \$145 in scrap movements
- \$445 in MM improvements for the rod vendors.

Industry prices remain generally decoupled from scrap movements as rod producers hunt to secure volumes.[exception: IJIN is coupled]
This trend is projected to continue through Q4 of 2022 as the supply/demand imbalance is resolved.
These downward ASPs are likely to follow through to all downstream product segments with a lag.

ROD COST (\$ per ton)

Steel Scrap Price Trends + Published Rod movements - Chicago Shredded Index (\$/ton Change From Prior Month)



Rod Outlook for the balance of Calendar 2022 & 2023

Rod Demand

2022 Projected purchases of rod to soften in calendar Q4, due to high inventory levels.

2023 Calendar year projected to soften overall compared to 2022.

- Construction demand in markets adjacent to the housing market forecast to soften.
- Associated products adjacent to new housing also to soften (appliances, bedding, etc.)

Rod Supply forward looking

Sufficient availability projected throughout the balance of calendar 2023.

- Domestic supply is much improved in 2022 vs. 2021.
- Imports **could** provide additional supply options if:
 - Soft regional conditions exist globally.
 - 232 tariffs being removed or modified.



THANK YOU



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