

### US steel plate prices increase amid extending lead times

US steel plate prices continued to inch higher on Nov. 6 amid significantly longer plate mill lead times.

The daily Platts TSI US plate index was \$6 higher week on week at \$680.50/st on a delivered Midwest basis and was at a nine-month high on Nov. 6.

Amid ongoing tightness in the hot-rolled coil market and the expectation of higher pricing when January order books for the product are opened, sources in the plate market anticipated plate prices would continue to rise.

A Midwest service center source saw the tradable range at \$660-\$690/st on a delivered basis, depending on the producer. While demand from the construction industry was strong and other markets were seeing small improvements, buyers were also “buying a little extra,” according to the source. The firm hot-rolled coil market would continue to support the plate market, the source added.

Although order entry had improved and some buyers were replenishing their inventories, the existence of any year-end deals was unlikely as mills were closing out most of their 2020 availability, according to a mill source. The source cited a tradable value for spot tons at \$670/st and an offer at \$690/st on a delivered basis.

“Unless there is some type of windfall demand factor, the bubble will burst [in] Q1,” said a second service center source, who noted a tradable range at \$670-\$700/st on a delivered basis. The source added that “increased service center purchases coupled with mills controlling the order books” were among the reasons for markedly longer mill lead times.

The average lead time of domestic plate mills jumped by 1.3 weeks to 7.2 weeks, according to Platts data. While all mills had lead times extended into December, one mill had closed its order books for December and was not accepting non-contract orders for January. Plate lead times have not surpassed a seven-week average since late December 2018.

The plate market was also digesting Nucor’s new approach to plate pricing for 2021, which the producer announced on Nov. 2. The company plans to sell its plate on an ex-works basis and will detail freight rates for orders, which will be revised on a quarterly basis. The first ex-works base price is scheduled to be announced the week of Nov. 29.

While some sources indicated the change would bring more transparency to the market, others were waiting to see how the announcement would be implemented and whether other producers would follow. Several sources also noted that the announced freight rates were higher than current rates.

“Not only does this system create more specific pricing per customer, but also per each customer’s location,” said a third service center source. “It now goes back to each customer being priced differently based on the mill’s discretion.” Still, the source added that he would embrace the change “if there is a published base price plus the freight matrix and Nucor sticks with that.”

A fourth service center source said it was “a large change to the market,” particularly if other producers followed the move.

It was “too early to know if this will be an improvement to what has been done historically,” according to a fifth service center source, who added that the new approach resembled how Nucor prices other products.

*Example commentary—published November 2020 on steelbb.com*

The combined Platts TSI price index uses a volume-weighted average calculation – according to TSI's standard – to determine value on a delivered Midwest basis.