

SEPTEMBER 7, 2021

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INDICES	Location	Measure	Weekly Average	Previous Week Average	Change	Monthly Average	Previous Month	Quarter Average	Previous Quarter
HRC Index	fob mill US	\$/cwt	96.75	96.46	+0.29	96.89	95.48	93.41	79.01

### MARKET COMMENTARY

Hot-rolled coil prices in the United States will be pressured lower by imports and muted automotive demand in coming months, but whether that is enough to offset the impact of upcoming mill maintenance outages remains to be seen, according to market participants.

Fastmarkets' daily steel hot-rolled coil index, fob mill US averaged \$96.75 per hundredweight (\$1,935 per short ton) for the week ended Friday September 3, up by 0.30% from \$96.46 per cwt the previous week and more than triple the \$26 per cwt recorded in the equivalent week last year.

This is the highest weekly average recorded by Fastmarkets since 1960, overtaking the previous week's record and marking the 32nd week in a row of record-breaking highs.

#### Heard in the market

Shipment dates for reported deals were in late September to mid-October, meaning lead times have narrowed to approximately four to eight weeks.

Market participants remained divided over when this price rally will run out of steam. Some sources said they continue to see a lack of spot availability and were concerned that mill outages slated for September and October will further tighten market supply. Some do not expect a significant price correction until next year.

However, a growing chorus of sources believes that prices could level off soon after nearly doubling since the beginning of this year, given a plateauing of HRC pricing already in the second half of August. Some reported that the shutdown of automotive assembly plants due to the semiconductor chip shortage has made steel more obtainable. While they acknowledged that mill maintenance outages in September and October could support HRC prices in the near term, they said material should become more available then in November and December.

Higher import volumes also are expected by year's end. Some distributors and consumers have been purchasing imports because foreign material is, on average, around \$400 per short ton less expensive than domestic material. A growing number of foreign steel producers have been looking to gain a toehold in the US because hot-rolled coil prices in North America are higher than elsewhere, sources said. The spread between import and domestic HRC prices is wide enough that some buyers are willing to overlook delayed deliveries and transportation bottlenecks, according to market participants.

#### Quote of the week

"Hot-rolled offers are coming from all over [the world]," a West Coast trader said. "Prices are so high here compared with elsewhere that we are going to continue seeing other foreign producers trying to profit from it."

*Dom Yanchunas, Rijuta Dey Bera and Mark Shenk, all in New York, contributed to this report.*

GRACE LAVIGNE ASENOV

Thorsten Schier  
Managing editor, Americas  
646-274-6240  
tschier@fastmarkets.com

Grace Lavigne Asenov  
North American steel editor  
212-224-3908  
grace.asenov@fastmarkets.com

### HRC INDEX INDICATORS

