



AMERICAN STEEL INDEX – UPDATE

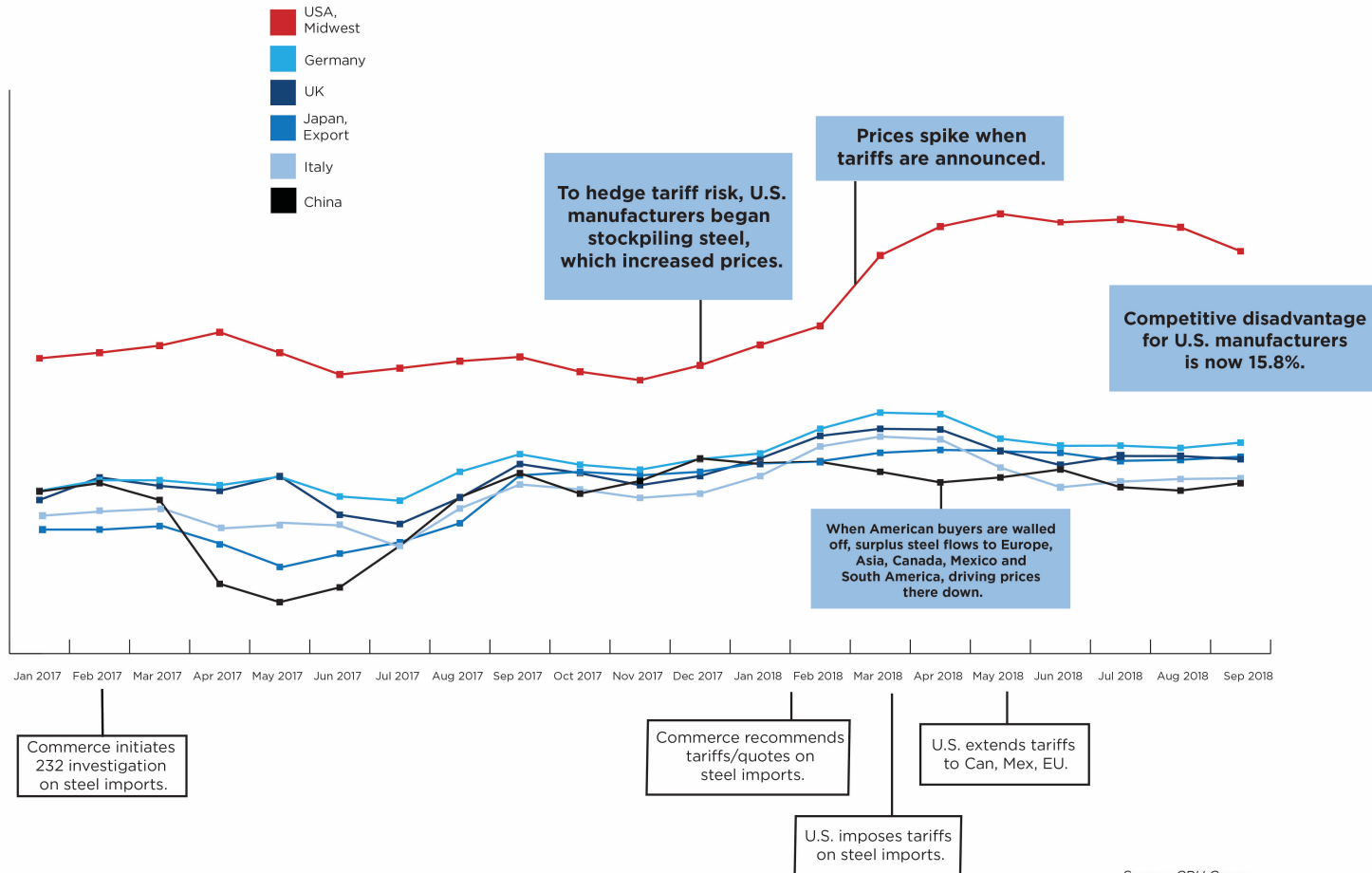
September 25, 2018

TOP LINE

- U.S. steel prices have risen 14.8% since February, while competitors' prices have fallen 3.2%
- Difference between U.S. and competitors' prices is nearly twice as large as it was in February
- Putting steelmakers ahead of manufacturers is backfiring, because companies that buy steel employ 46 times more workers across the U.S. than companies that produce steel
- Increase in U.S. prices alone could wipe out 37% of a manufacturer's profit (assuming steel represents 20% of its total costs and profit margin is 10%)
- The Tax Foundation has measured the potential impact of both new and threatened tariffs: U.S. GDP could fall by \$148 billion. Employment could fall by 459,816

COLD-ROLLED STEEL

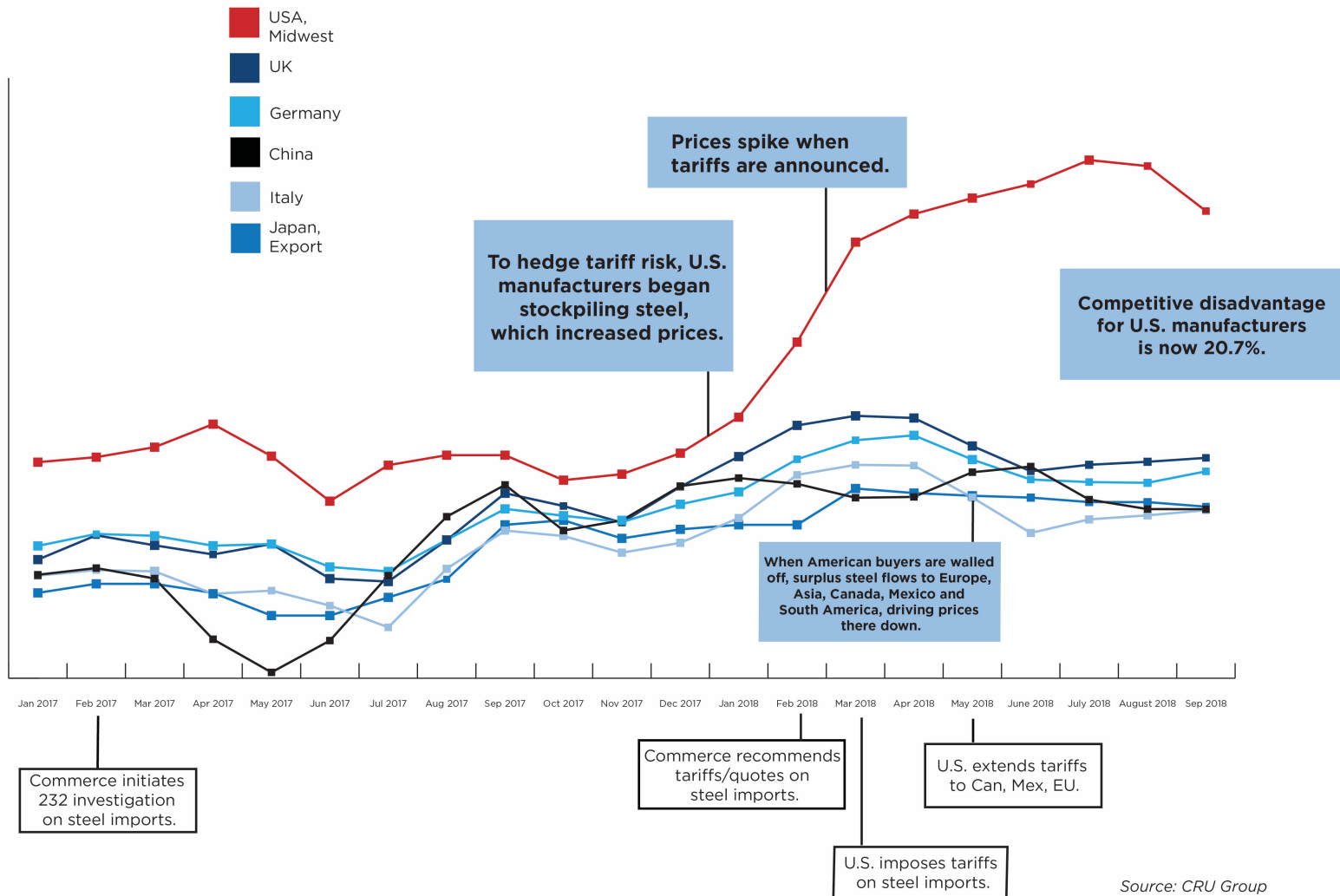
Monthly cold-rolled coil prices, by country



Source: CRU Group

HOT- ROLLED STEEL

Monthly hot-rolled coil prices, by country

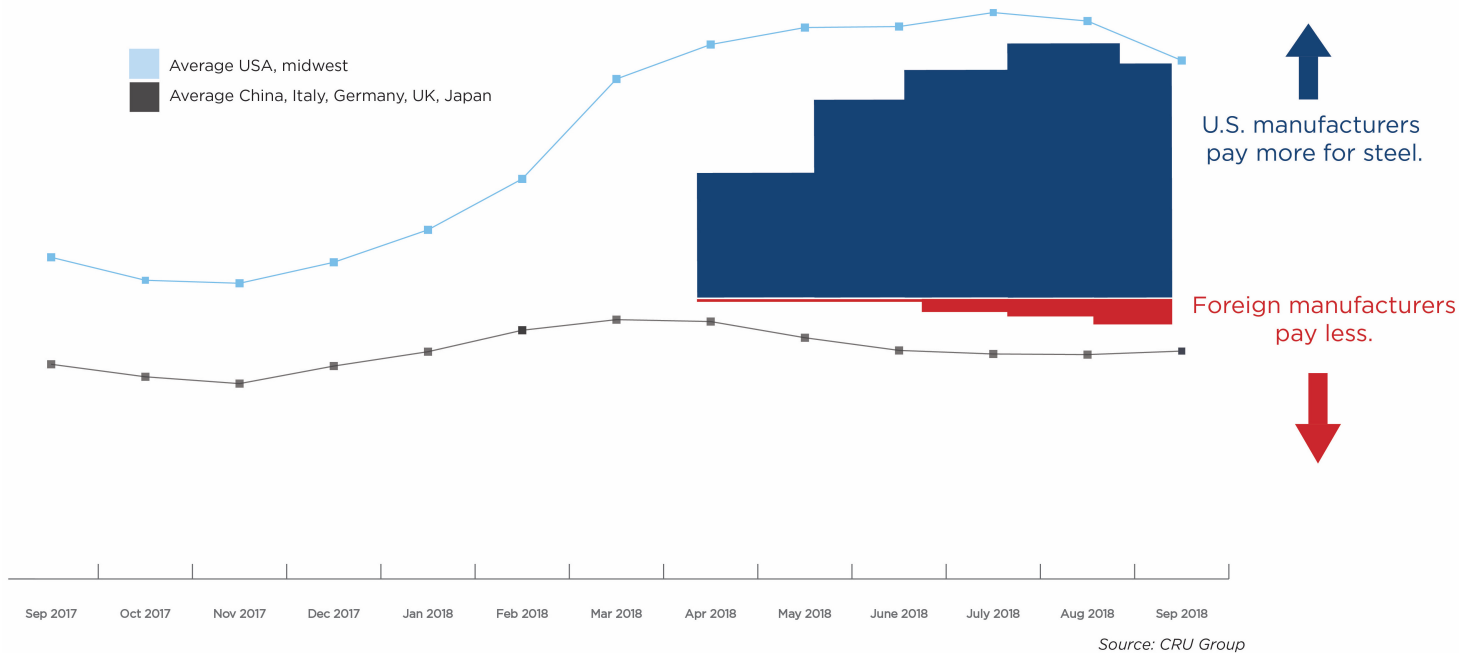


Source: CRU Group

GROWING PRICE GAP

Prices in the U.S. rose 14.8% from February to September, on average, while prices in the UK, Italy, China, Germany, and Japan dropped 3.2%, on average. The difference between prices here and in those markets has almost doubled since February (192%)

Comparison of average hot- and cold-rolled coil prices

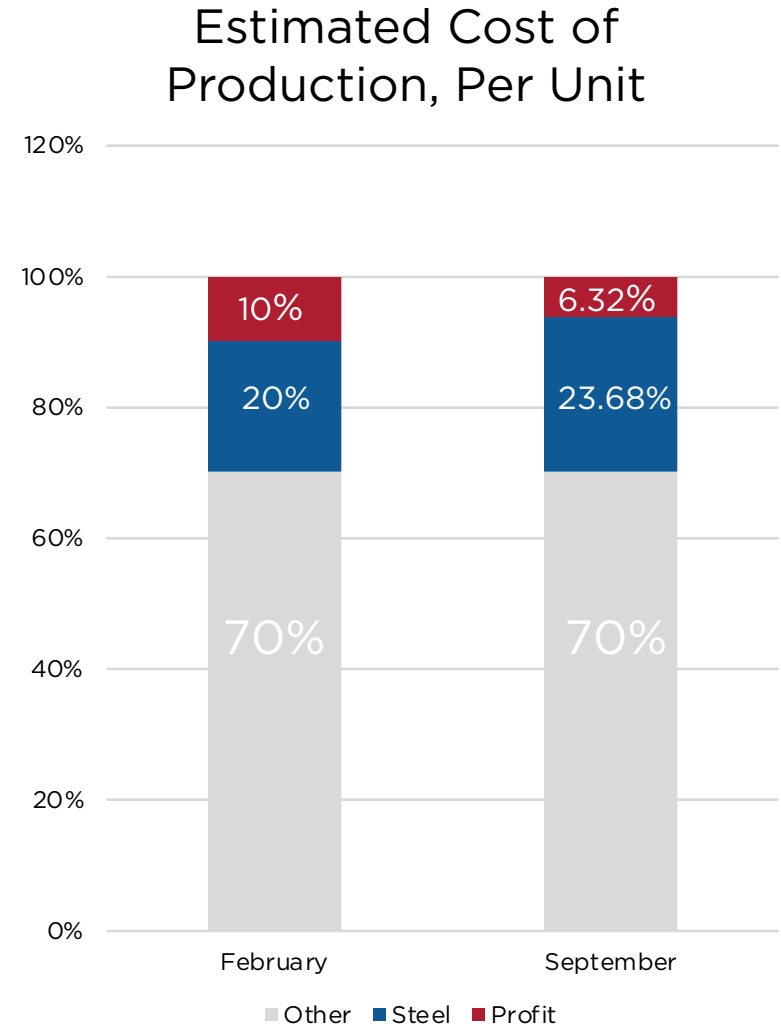


IMPACT ON PROFITS

Trump officials defend their tariffs by comparing price increases for steel with finished product prices. They should compare price increases with a manufacturer's profit margin.

Since February, U.S. steel prices have increased 18.4%, on average.

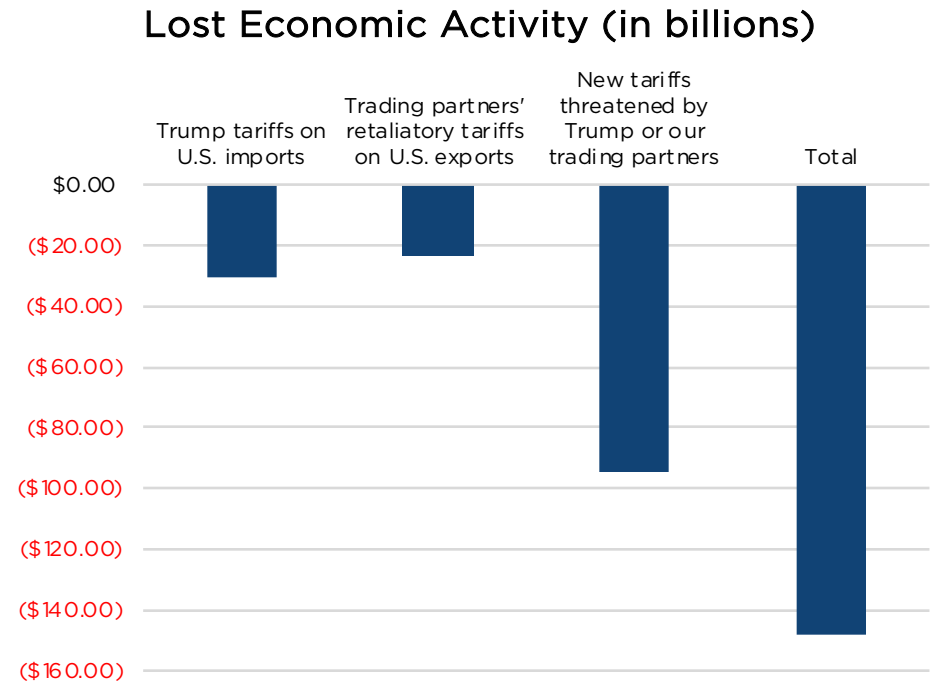
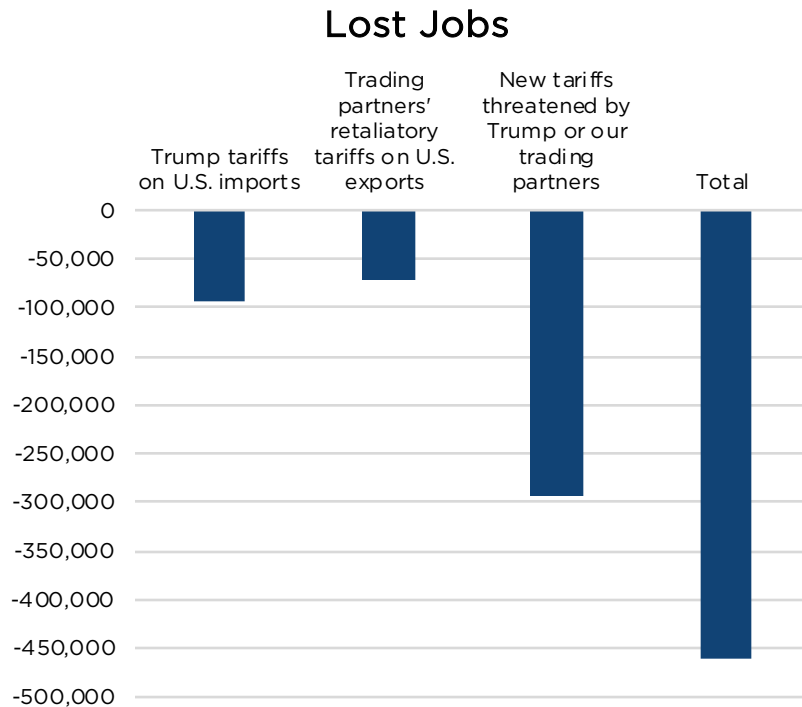
If steel represented 20% of your cost of production in February, and your profit margin was 10%, these price increases wiped out 37% of your profit.



POTENTIAL TRADE WAR COSTS

Tariffs raise prices and reduce the quantity of goods and services for U.S. businesses and consumers. This reduces income, employment, and economic output. The Trump Administration has added tariffs on hundreds of products and commodities over the past year. Our trading partners have retaliated.

The Tax Foundation has tracked both new and potential tariffs and measured their cumulative economic impact: U.S. GDP could fall by \$148 billion. Employment could fall by 459,816.





With the help of more than 60 of America's most respected companies, Business Forward is making it easier for more than 100,000 business leaders from across America to advise Washington on how to create jobs and accelerate our economy. Business Forward is active in over 125 cities and has worked with more than 600 mayors, governors, members of Congress, and senior Administration officials.

Business leaders who have participated in our briefings have seen their suggestions implemented in the Affordable Care Act, the JOBS Act, the Clean Power Plan, the Toxic Substances Control Act, three trade agreements, and the President's budgets. Many have also shared their recommendations with their representatives in Congress and through phone calls, op-eds, and interviews with local media. Ninety-eight out of 100 business leaders who have participated in a Business Forward briefing would be interested in participating in another one.

For more information, please contact:
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