

METALS — 01 Jul 2021 | 20:38 UTC

US steelmakers hustling to meet roaring demand after pandemic-hit 2020: executives

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HIGHLIGHTS

Demand has pushed steel inventories to historic lows

Interest in local supplies presents opportunity

US steelmakers are working overtime to fill orders and find new solutions to meet customer demand and minimize supply chain disruptions caused by the coronavirus pandemic, executives said July 1.

"When all your customers are running at 130% of where they normally are, it's hard to make enough tons, so we're really trying to make sure we're not hurting our customers by not filling their orders," Barry Schneider, senior vice president of Steel Dynamics' flat roll steel group, said during a forum hosted by the Association for Iron and Steel Technology. "We're working on solutions to address that going forward, and we've invested quite a bit of money here the last couple of years to be able to bring that to fruition in 2022."

Many steel operations are now operating at high capacities to satisfy the resilient demand trends amid historic low steel inventories, according to MaryEmily Slate, executive vice president of commercial operations at Nucor.

"Right now, we're running at about 95% capacity, and we have our partners, and we're working very hard to take care of their needs," Slate said. "I will tell you it's roaring about as heavy as it can roar right now," she said of demand, particularly in the automotive industry.

However, the pandemic and its subsequent impact on supply chains has afforded the steel industry an opportunity to reconfigure strategies with customers and take advantage of renewed interest in local supply sources, SSAB Chief Commercial Officer Jeffery Moskaluk said.

"We're working together to go to businesses that we know we want to work with more, and we're listening to them, and we understand that we have to think globally to understand what their options are," Moskaluk said.

"They're looking to redesign their supply chain, and while they think globally about what's available to them, they want to act locally. This is a huge opportunity for us to provide a solution.

Recovering auto output will sustain demand

Automakers have struggled to maintain vehicle production in 2021 due to supply chain constraints, notably caused by semiconductor chip shortages, even as vehicle sales in the US and other regions soar.

The curtailed automobile production in the US has limited the full potential of the already strong steel demand from the sector, and this presents a bullish opportunity for the steel industry once automakers are able to return to full capacity, said Brian Bishop, Cleveland-Cliffs senior vice president-commercial.

"Provided that the supply chain issues that [the automotive] space is currently struggling with get largely resolved, we should see an uptick in build rates that should get back what we saw in 2019 because there is a lot of inventory to get back," Bishop said. "Folks are buying cars at a pretty rapid clip, but there is just not enough availability, so I think there are folks that are just waiting to buy, so demand should be strong there."

Nucor's Slate said the ongoing rise of steel demand from the auto sector in the coming years will allow Nucor to take full advantage of its recent capacity investments.

"We've invested over \$10 billion targeted for the automotive industry to expand capabilities and really partner with our automotive customers, and that is really coming to fruition," Slate said.