



# THE METAL PERSPECTIVE

August 2021

# RYERSON

# What We Learned

We're back, and we have some concerns. That was the overarching message that came from participants of The Metal Perspective, Ryerson's twice-annual customer survey, about the current state of their business.

The majority of the nearly 400 manufacturers, fabricators, and machine shops who participated indicated that their business is either back or close to being back to pre-COVID-19 levels.

Many, however, have concerns with regards to sourcing material, finding labor, and carrying out processing/fabrication in-house, among others.

Not surprisingly, material was one of the primary concerns in the first half of the year. When asked which factors have had the greatest impact on their business thus far in 2021, most respondents pointed to higher prices (44%) and material shortages (38%).

Shifting focus to the second half of the year, it seems the primary concerns for many are moving more in-house—and their in-house labor capabilities. Roughly 41% of respondents cited their ability to find skilled labor as their biggest concern for the remainder of 2021. Furthermore, 62% of respondents are concerned with the cost/resources associated with fabricating parts in-house.

Other concerns were pointed in a different direction, towards Washington, D.C. Roughly 33% believe the U.S. government played the biggest role in rising price/shortage of metals over the past 12 months. Another roughly 30% are dissatisfied with the current administration specifically, saying the change in administration has hurt their business thus far in 2021.

Overall, while a growing number of respondents are bouncing back to pre-COVID business conditions, the struggles that have plagued them from both a material sourcing and production perspective remain prevalent. As the saying goes, the more things change, the more they stay the same.



# Back to Business

Headed into 2021, our previous survey asked customers when they anticipated their business levels would recover to pre-COVID-19 levels.

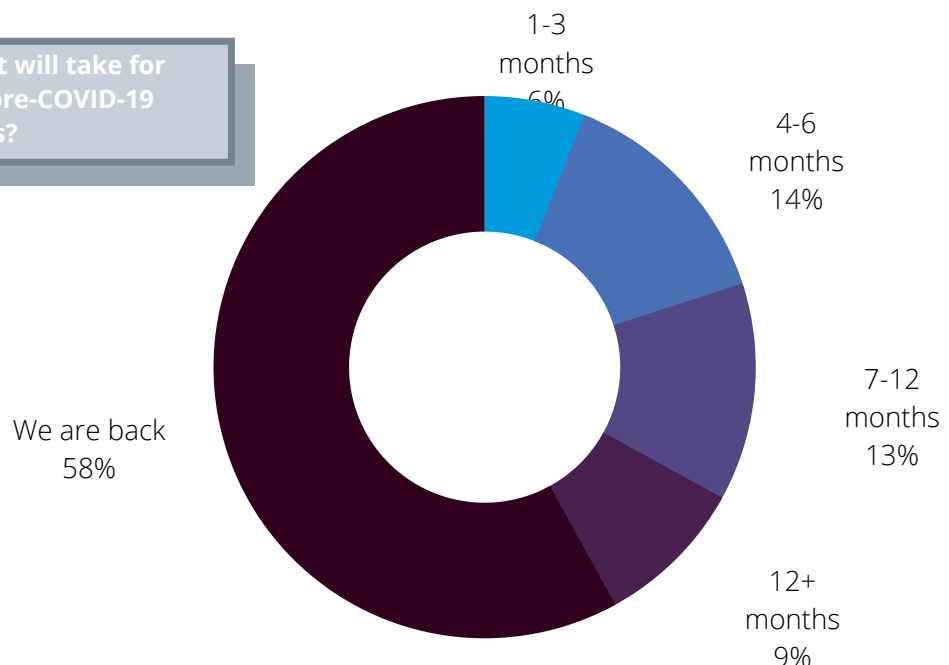
Here is what they told us:

- 1-3 months 9%
- 4-6 months 19%
- 7-12 months 14%
- 12+ months 9%
- Uncertain 51%

**Fast forward roughly six months later** to the current survey, and it looks as if customers are recovering at a faster rate than previously anticipated. Consider the following:

- Roughly 60% of respondents say their business levels have returned to those experienced prior to the pandemic. Compare that to the 28% who believed their business would return within six months at the beginning of the year.
- Approximately 14% believe their business will return to such levels in roughly 4-6 months. That aligns with the 14% that believed their business would return in the latter half of 2021 (7-12 months at that time).
- Those who were less optimistic (12+ months) at the beginning of the year remain in that camp, at 9%.

How long do you anticipate it will take for your business to return to pre-COVID-19 production levels?



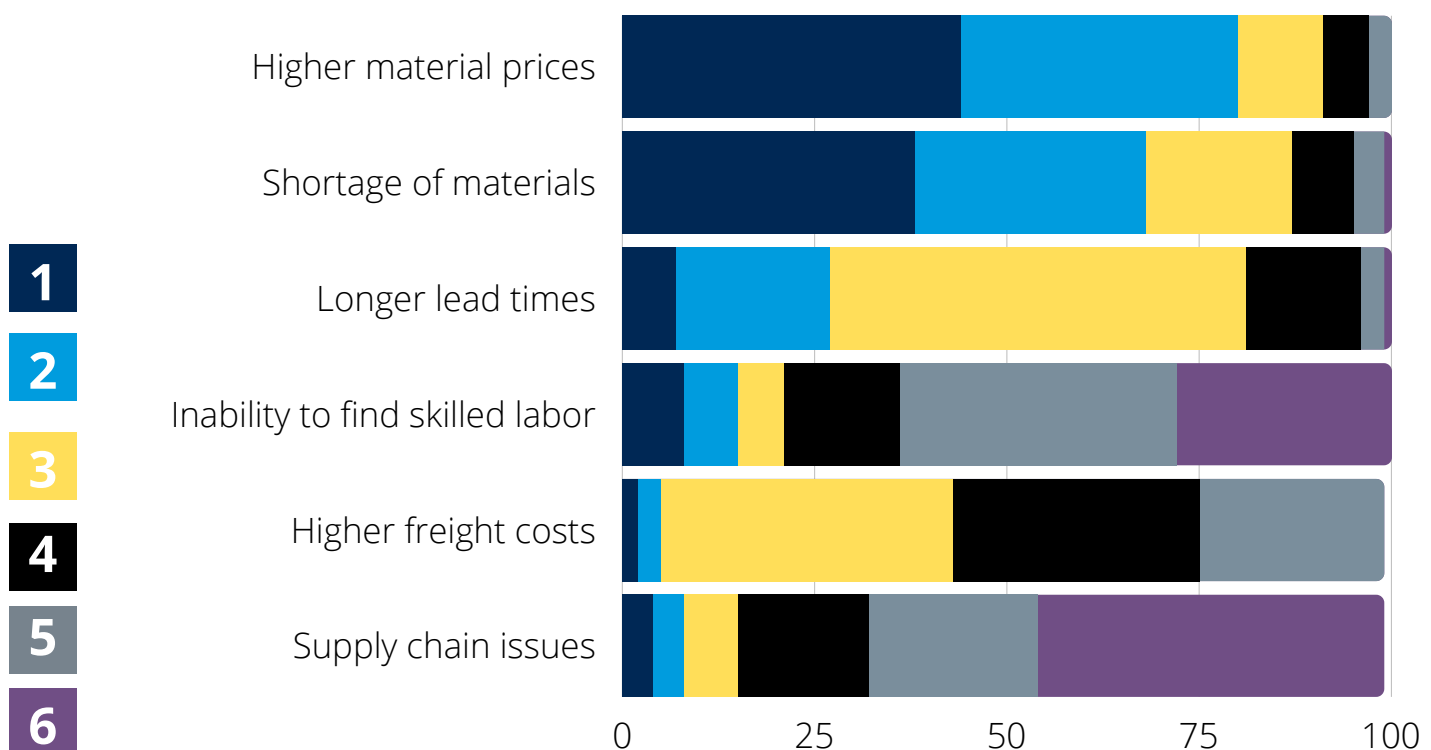
# Material Matters

Regardless of where current business levels stand, nearly all respondents have been feeling the pain of tighter supply and higher material prices.

Respondents were asked to rate the impact of six market factors to their business thus far in 2021 from 1-6 with 1 having the greatest impact. Higher material prices ranked either a 1 or 2 for 80%, while the shortage of materials ranked similarly for 68%.

Looking specifically material shortages, when asked which caused the greatest pain, roughly 46% struggled most with a shortage in carbon steel, while the shortage of stainless steel impacted 29%, followed by aluminum (25%).

Thus far in 2021, which factors have had the greatest impact on your business? (rank 1-6 with 1 indicating the greatest impact) Refer to scale on left.



# Role Playing

So, where do respondents stand when it comes to placing blame for higher prices and material shortages? More than half (55%) pointed to steel mills as primary party, while 31% laid blame to the government. Only 6% believed service centers are the primary party to blame.

Roughly 8% believed “other” was the primary party to blame, with most of these respondents citing a combination of all three of the named parties or foreign producers such as China.

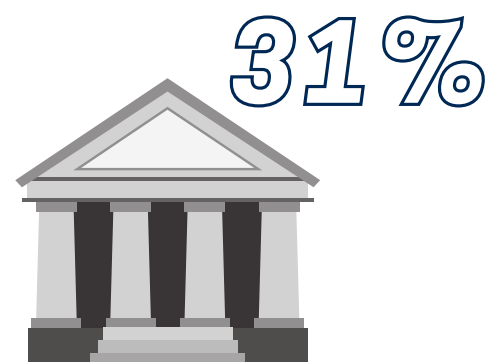
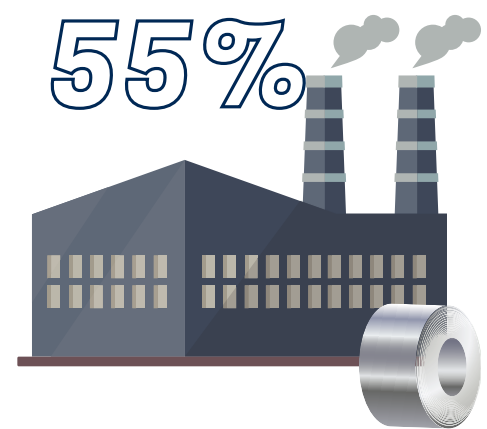
When we polled customers at the beginning of the year, ahead of the Biden Administration officially taking office, about the anticipated impact that the change in Washington would have on their business, 33% believed it would hurt their business with only 12% saying it should help.

Additionally, 32% were unsure about the impact, while 13% didn't expect any change.

Roughly six months into the new administration's time in office those initial sentiments seem to be holding true for many. A slightly higher percentage of respondents (34%) believed the Biden Administration is indeed hurting their ability to compete, with only 9% saying it is helping.

Nearly half (48%) are taking a wait-and-see approach, saying it is too early to tell the impact it is having on business, while 14% are seeing no change thus far.

In your opinion, which party has played the biggest role in rising price/shortage of metals?\*



*\*6% said service centers and 30% said other.*

# Living the FAB Life

A new question we asked with this survey centered on metal processing and fabrication capabilities.

Given the concerns related to finding skilled labor, coupled with the potential for higher costs or additional resources needed to conduct these processes in-house, the idea was to gain greater insight into the challenges customers are having in producing final product.

Roughly 38% of respondents ranked the cost of carrying out these processes in-house as their number-one concern in this area. Perhaps speaking to the greater emphasis being placed on going green and minimizing waste, the need to reduce scrap was cited by 23% of respondents as their biggest concern.

Interestingly, roughly 45% (combining the ratings of 1 and 2) are struggling to find qualified partners to help with cutting/fabricating parts.

Which fabrication factors are you most concerned with? (rank 1-4 with 1 most concerned.\*

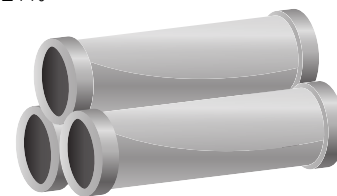
Finding qualified partners to help with cutting/fabricating parts  
18%



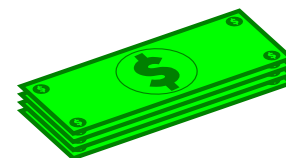
Minimizing scrap/waste  
23%



Getting parts cut/fabricated to my specifications  
21%



The cost/resources associated with fabricating parts in-house  
38%



\*percentages are those who ranked it as 1

# What Lies Ahead

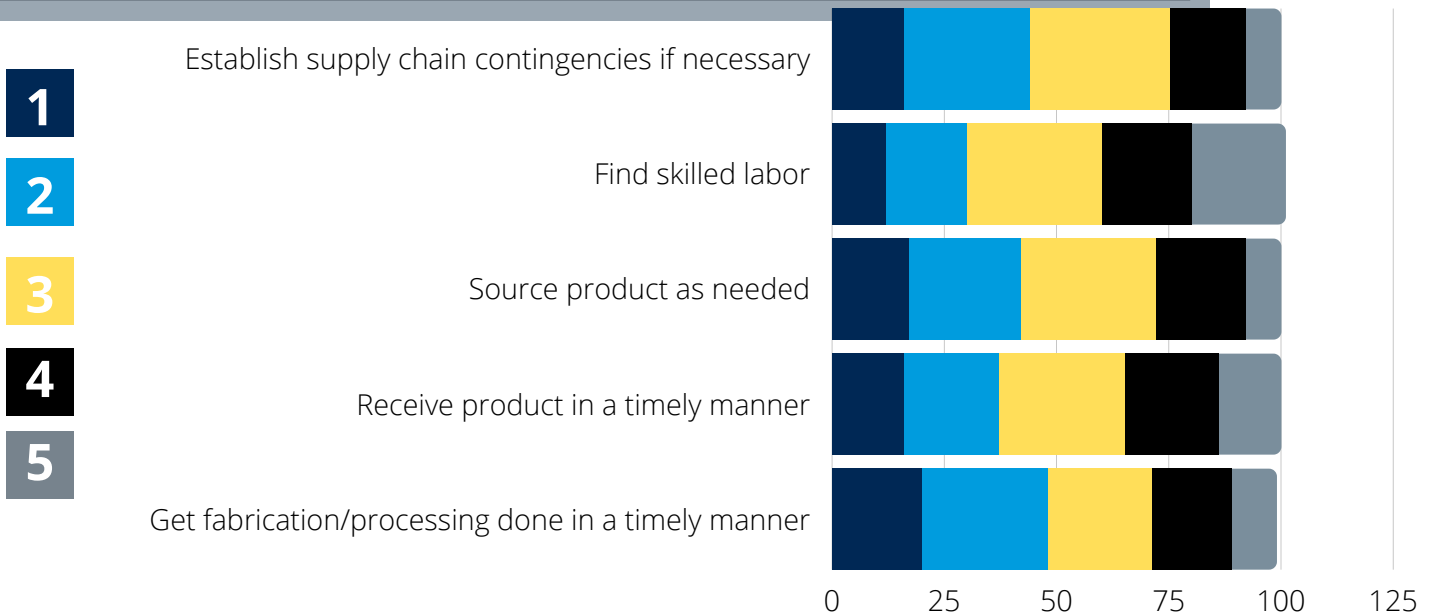
We asked respondents to rank their level of confidence in five factors (1-5, with 1 being highly confident) as we head into the back half of the year. We asked the same question in the last survey with regards to their outlook in the year ahead. When comparing the answers to both, sentiment remained relatively similar.

Roughly 41% ranked their ability to find skilled labor as either 4 or 5 (low) on their confidence scale. This aligns with the 39% who ranked it similarly in the beginning of the year.

Of respondents who were manufacturers, those in the Midwest (41%), West (21%), and Canada (15%) were particularly pessimistic about their ability to find skilled labor. Similarly, fabricators in the Midwest (33%), South (24%), and East (24%) were least confident.

Interestingly, only 15% of respondents ranked the lack in skilled labor among the top factors that impacted their business thus far in 2021 (see page 4). Also ranking low was the ability to receive product in a timely manner in the coming months, as 34% ranked it at or near the bottom of their confidence scale. In comparison, only 20% from the previous survey weren't confident in their ability to obtain material in a timely manner.

*Looking at the latter half of 2021, please rank your confidence (from 1-5 with 1 being highly confident) in the following. Refer to scale on the left.*





Information contained in this report is the result of a customer survey conducted by Ryerson via email in July 2021 aimed at collecting information related to customer opinions on current market conditions. It is the collated responses of 388 respondents during this period and not the opinion of Ryerson, its employees/officers/directors, or affiliates.

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