Outlook – Near, Far and Structural

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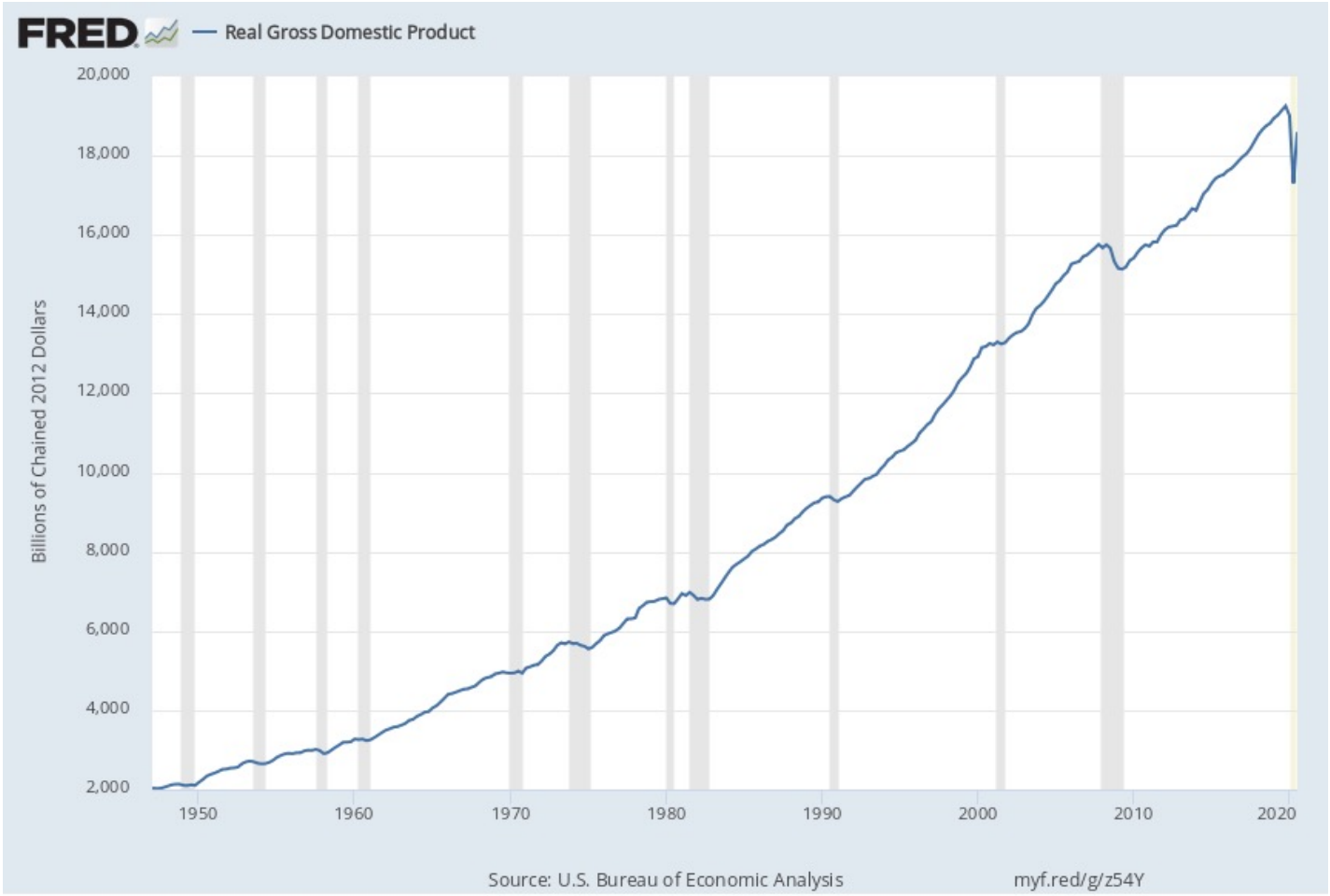
By the end of 2022, US GDP is expected to be back above its 2019 level

Gross Domestic Product*

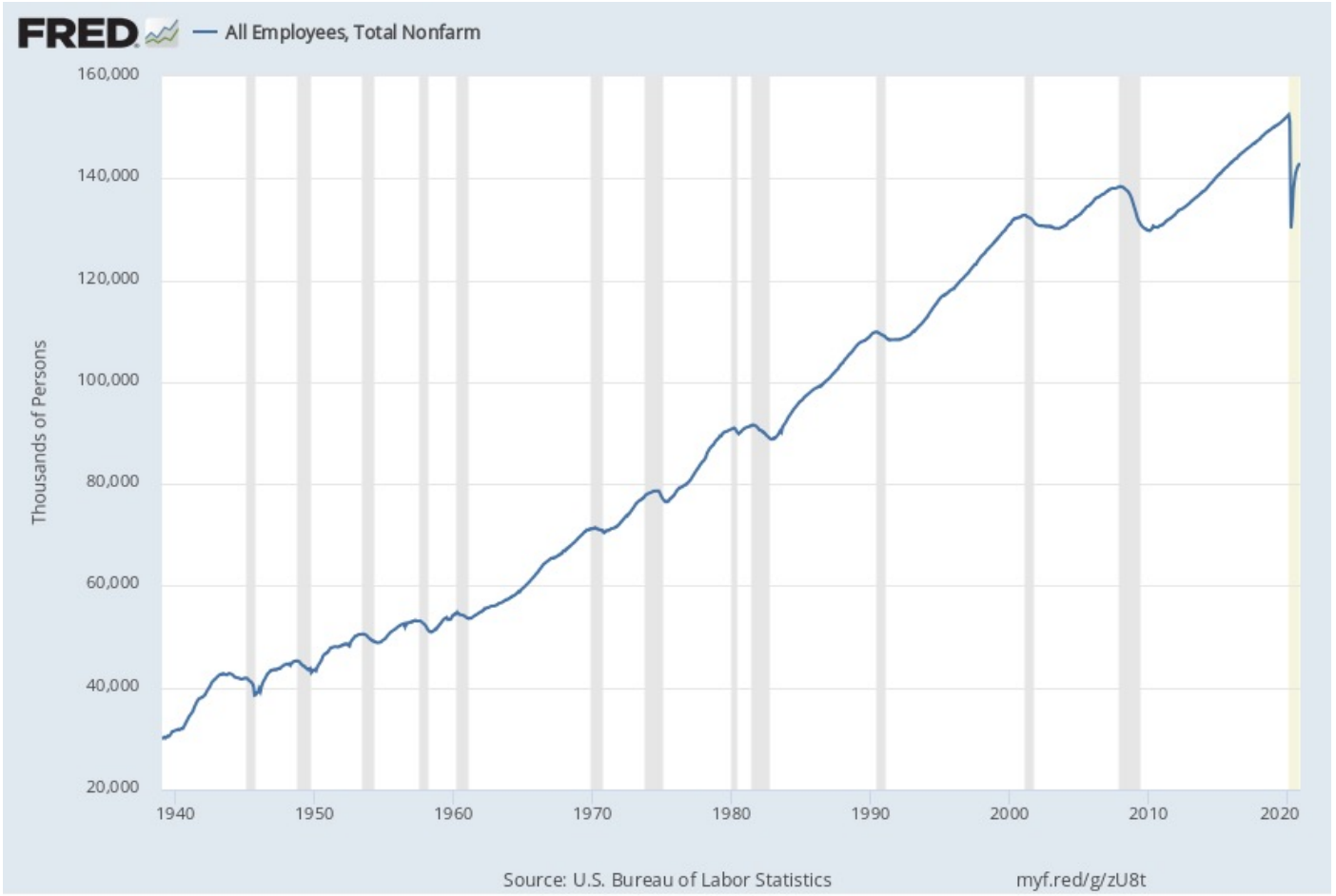
** % change on previous year*

	Historical Data			Consensus Forecasts for 2021 from Survey of:					
	2018	2019	2020	Aug '20	Sep	Oct	Nov	Dec	Jan '21
United States	3.0	2.2	**-3.5** e	**4.0**	**3.8**	**3.7**	**3.8**	**4.0**	**4.4**



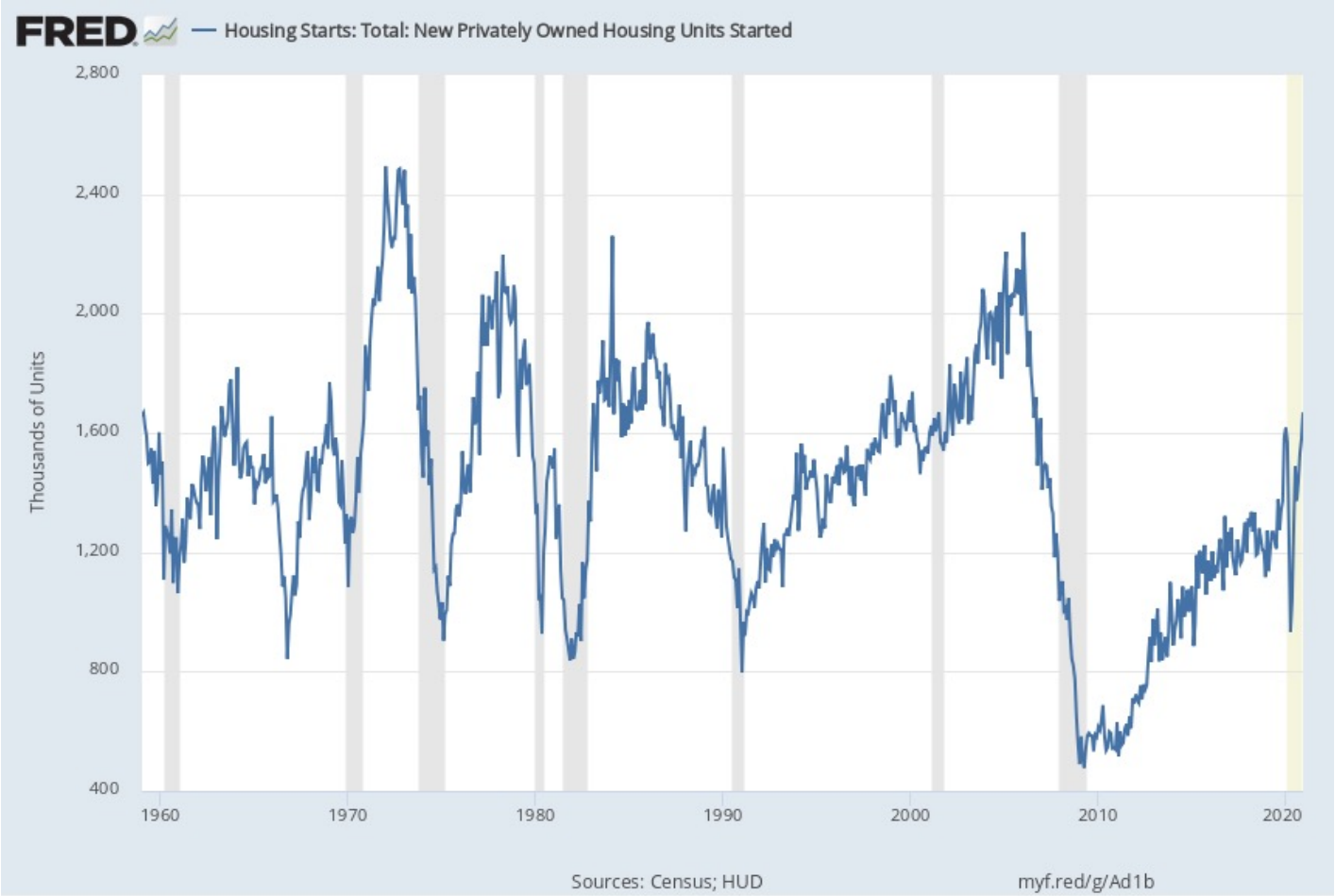
Employment is expected to return to the Feb 2020 level by mid-2022

- Employment trends lag GDP trends
- Employment recovery outlook = Herd immunity expectations



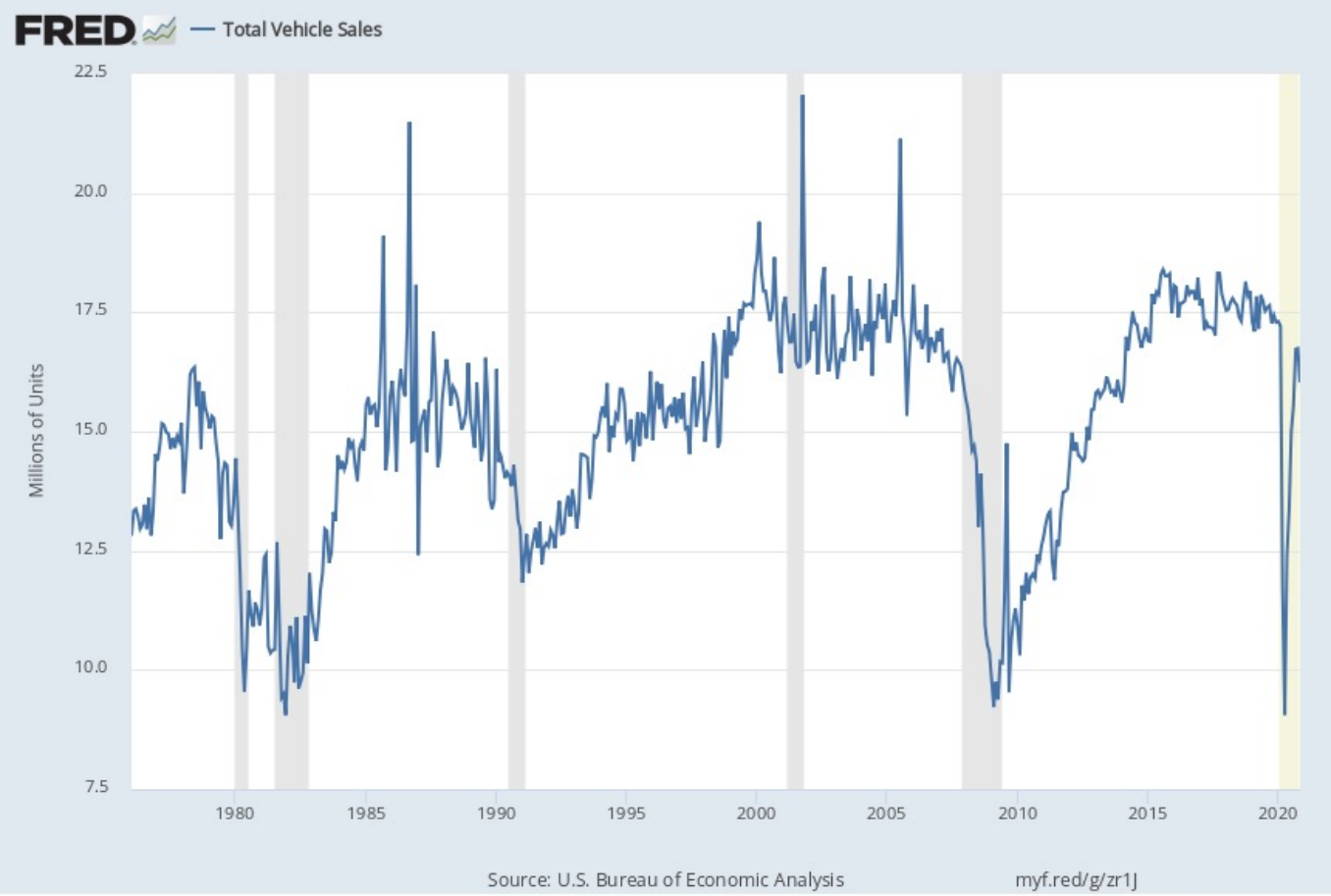
Residential real estate investment grew 5.9% in 2020, adding +0.23% to GDP growth

- Jump to 1.6 million units occurred in December 2019, before the pandemic began
- Increasing new home building will continue as long as the Fed doesn't aggressively raise interest rates

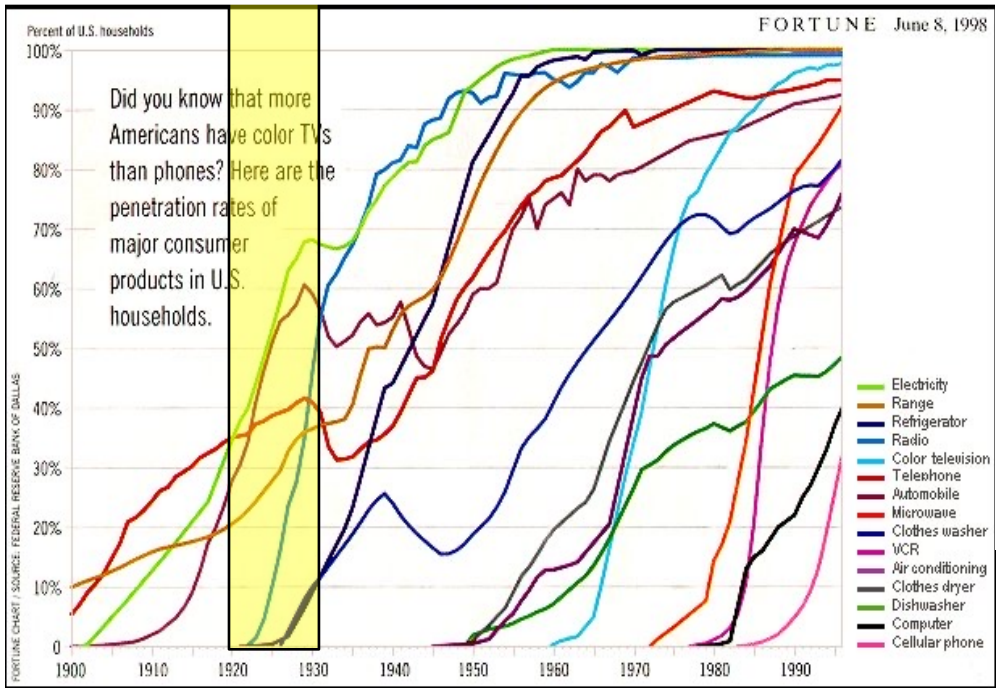


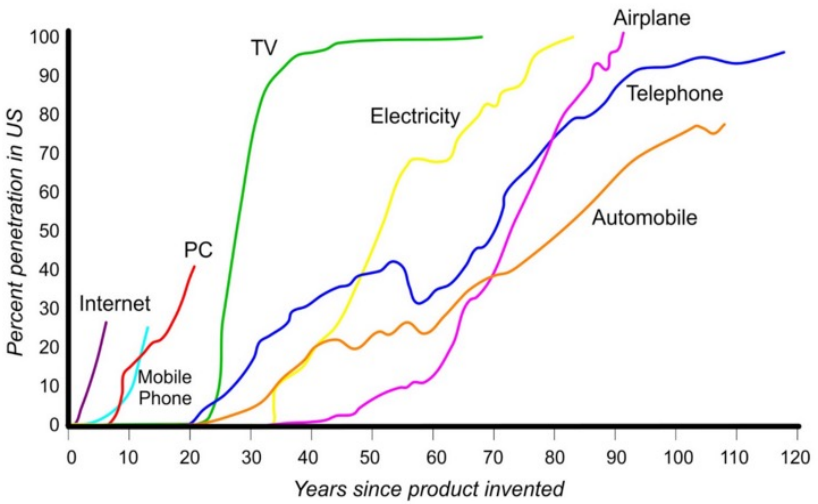
Vehicle sales rebounded in Q3-2020 but remain below pre-pandemic levels

- Its not clear whether factory shut-downs impacted sales trends in 2020
- Returning to the office, eating out again, and other “dense” activities will help sales
- Increasing employment and low interest rates will also support increasing sales



Looking back – what drove the Roaring 1920s?





Items Adopted by Households between 1920 and 1930

Electricity: 34% to 68%

Autos: 27% to 60%

Range: 20% to 35%

Telephone: 20% to 35%

Clothes Washer: 0% to 10%

Private and public sector trends underlying structural demand for steel

- What are the existing and emerging non-cyclical drivers of metals demand?
  - Oil & gas fracking
  - Ecommerce
  - Public infrastructure
  - Changes in policy and regulations

- How will this demand be met?
  - Private sector capital from manufacturers, operational service providers and investment funds
  - Public sector grants and loans
  - Release of federal infrastructure trust funds from sequestering
  - User fees: tolls, fuel tax increases and potentially per mile/per ton mile charges

- How will this impact metals demand structurally?
  - Varies by type of infrastructure, design (technology, environment), and location (regionally and urban/rural)

Minimum incremental demand for metals: 2021-2025

- Rail - Steel = 92 thousand tons of replacement/new track + 50 thousand tons of moving stock
- Highways (Bridges) – Steel = 9.3 million tons
- Ports (Cranes, Rail) – Steel = 50 thousand tons
- Inland Waterways (Locks) – Steel = negligible at this point but could change
- Water Systems (Pipes) - Metals = 129.4 million tons
- Electricity (Aluminum) = 28.9 million tons high voltage transmission
- Distribution Centers = 49.4 million tons
- Total = 218 million tons

Summing up…

- Near term growth: driven path to herd immunity
- Medium term (cyclical) growth: residential real estate
- Long term (secular)
  - 5G and increased broadband penetration of households and businesses
  - Increased domestic manufacturing
  - Potentially infrastructure

Thank you for your time