

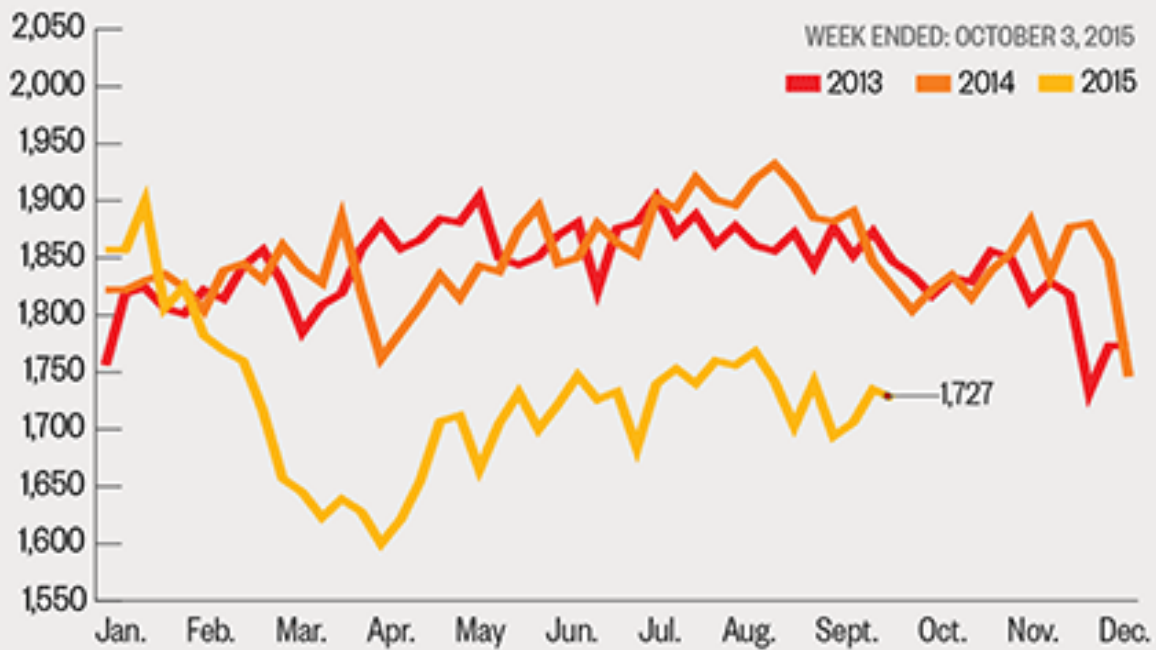
This is the Scrap Metal & Commodities Recycling report, brought to you by BENLEE the industry leader in Roll off Trailers and Open Top Scrap Gondola Trailers, as well as Raleigh and Goldsboro Metal Recycling, the leaders in North Carolina for Scrap Metal, Cardboard, Computers, Batteries and Junk Cars.

Today is Monday October 12th, 2015. My name is Greg Brown.

Last week was filled with some very good news and some very bad news. Finished goods steel, continues to fall to new multi-year lows which is clearly helping reduce manufacturing costs and increase profits. Also, scrap steel fell significantly which will mean even further reductions in finished goods steel prices yet will be a major negative to recycling companies.

## WEEKLY TONNAGE OF RAW STEEL PRODUCTION

(thousands of net tons)



SOURCE: COMPILED BY AMM USING DATA FROM AMERICAN IRON AND STEEL INSTITUTE.

U.S. steel production was slightly down in the last reporting week and has been trending down for the past two months. Imports of finished goods steel are continuing to drive down prices and hurt U.S. steel production.

Last year China exported 94 million metric tons of steel, which is more than the total combined output of the U.S., India and South Korea, which are the world's third, fourth and fifth largest producers. China and Japan are the #1 and #2 producers.

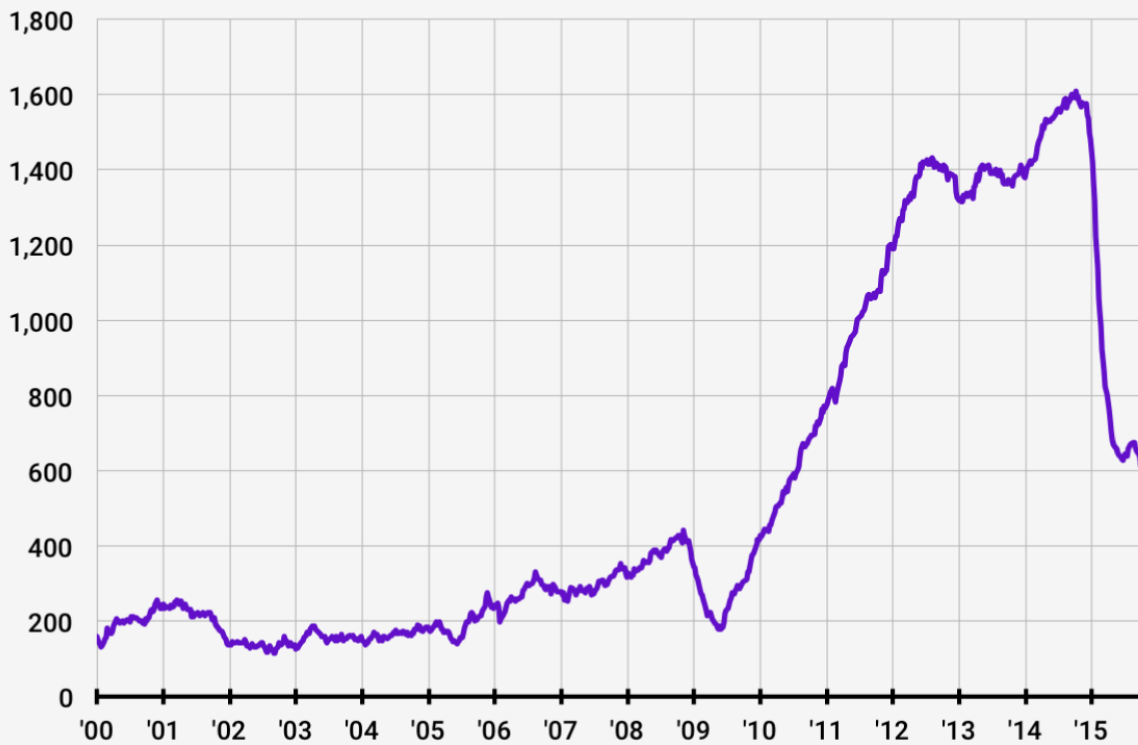
## Weekly Raw Steel Capacity Utilization Rate: 2015 (%)

Source: American Iron and Steel Institute



Capacity utilization at U.S. steel mills pretty much followed the production chart we showed. The low capacity utilization is clearly hurting U.S. steel mill profitability.

# US OIL RIG COUNT



SOURCE: Baker Hughes

BUSINESS INSIDER

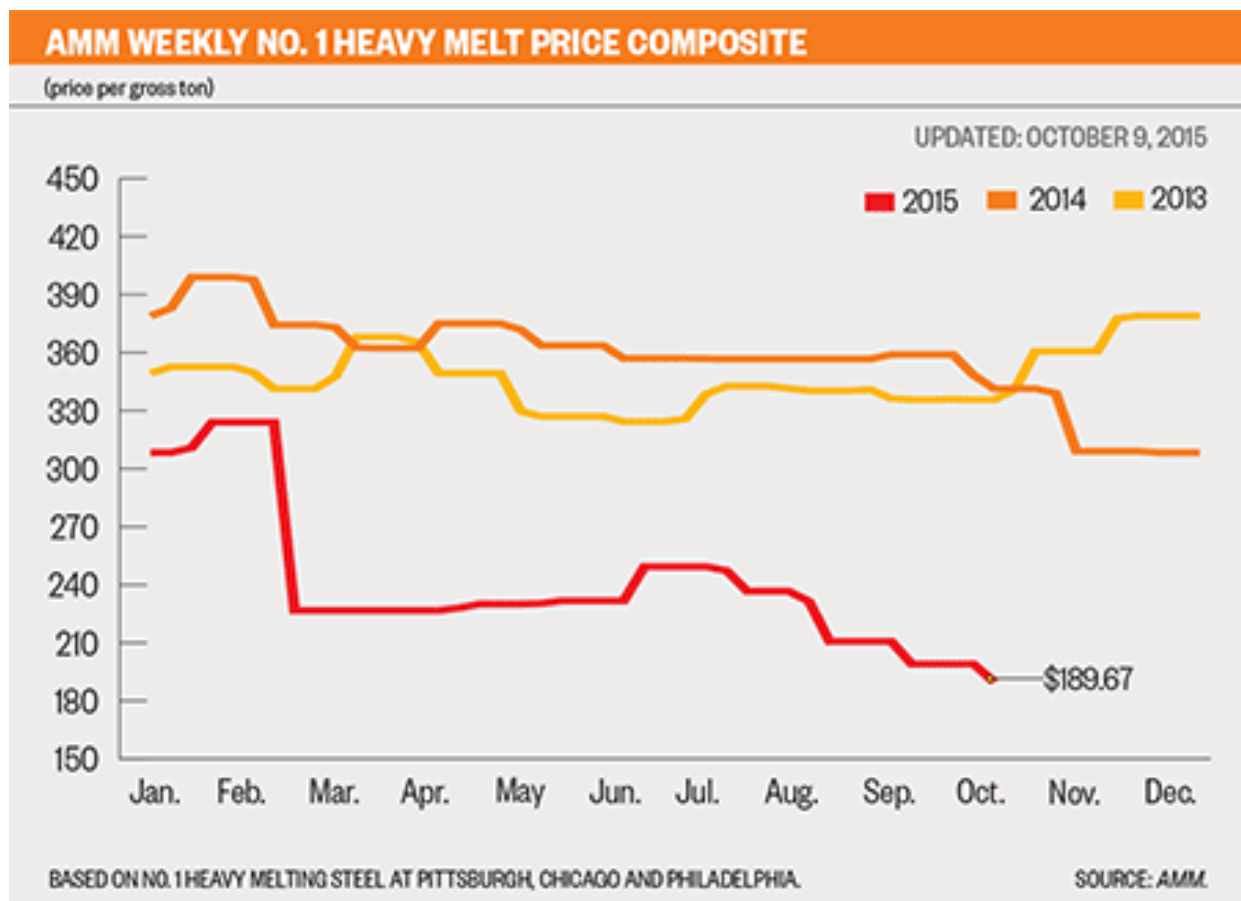
The U.S. oil drilling rig count was not only down again last week, it hit a 5 year low. Another terrible statistic is that when the number of oil and gas rigs are combined, the number of drilling rigs in the U.S. hit a 13.5 year low.

This is reversing the energy independence plan of the U.S. and means the steel mills supplying the steel for these rigs will remain running at low utilization.

The only good news here is that exports of scrap metal from the U.S. to Saudi Arabia and

Turkey are up significantly this year, partly due to the Saudi Arabia oil rig count is near record levels so they are consuming more steel.

Yet another negative impact on scrap steel prices has been that some scrap yards and demolition projects have been holding material for months, which they are now partly selling, so there is a lot of scrap for sale, driving down prices.



This scrap steel price chart tells a bad story for recycling companies, yet when updated next week it will be worse. It will show that scrap steel fell last week on average about \$55/GT

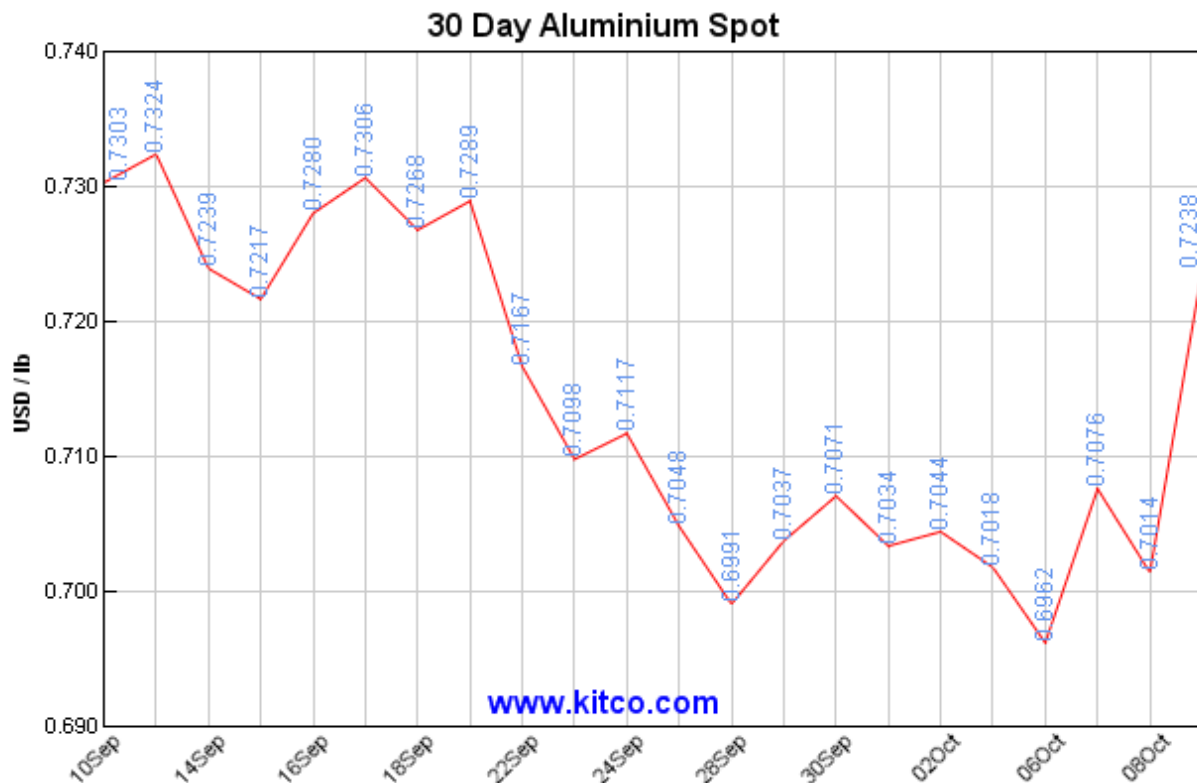
which is \$2.45/hundred pounds and was about a 24% decline.



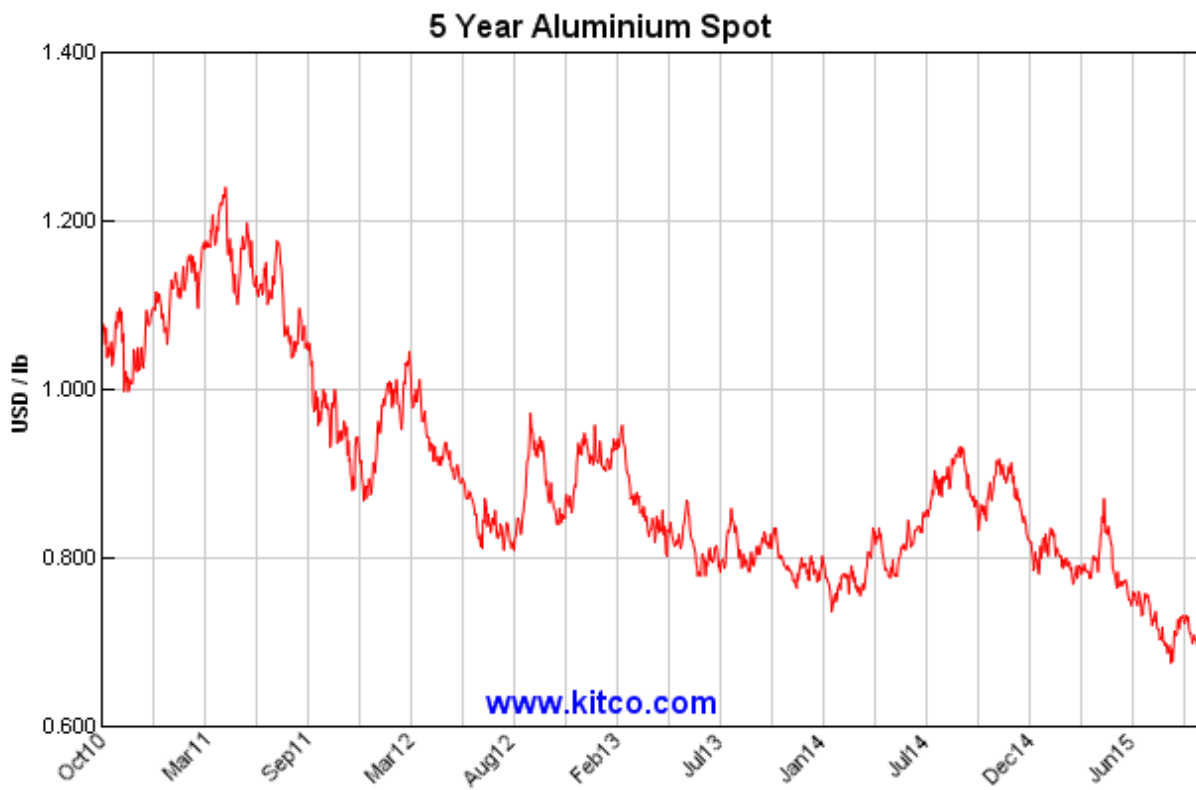
Copper prices when looking at this daily chart have been rising, which as said last week, is heavily due to major closings of copper mines that is restricting supplies.



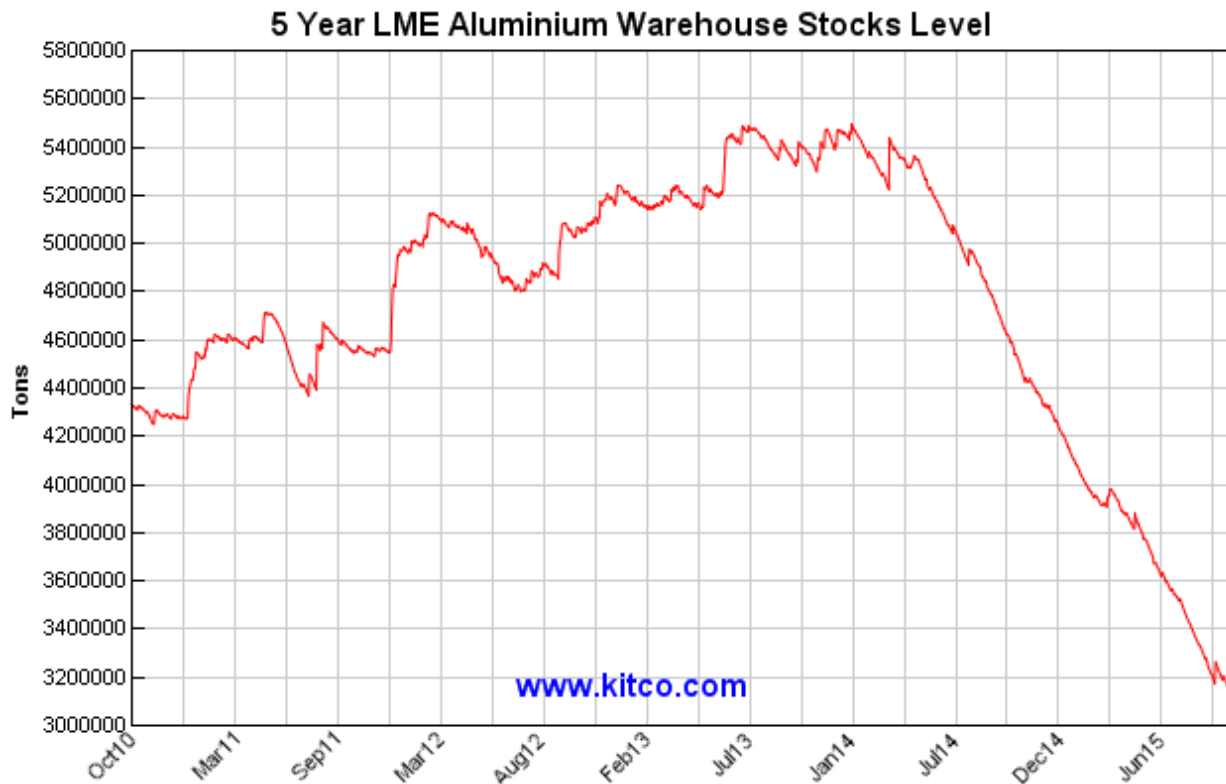
When looking at this 5 year chart, one sees that copper prices have stabilized in the past two months at near 5 year lows.



Aluminum prices finished up for the week. Alcoa, the world's largest aluminum producer while not having a great earnings report last week, said that global aluminum demand will grow a solid 6.5% this year and they remain forecasting that aluminum demand will double between 2010 and 2020.



The 5 year chart shows Aluminium prices at very low levels, but Alcoa also said that in 2016 there will be a supply deficit, which may lead to higher prices.





This 5 year aluminum inventory chart tells quite a story. Aluminum inventories have been falling for about 18 months. This means that unless something changes, higher aluminum prices are coming.

If you are in the business of consuming metal and manufacturing equipment, devices or parts, with prices at multi year lows, now is the time to ensure your supply chain is working and you are getting lower material prices. If you are in recycling, now is the time to do all you can to reduce costs in the worst times the industry has seen in more than a decade.

With that we hope all have a Safe and Profitable week. Tune in next week for the Scrap Metal & Commodity Recycling report.