



Re: Urgent Notice- Status of Steel Material Prices

January 22, 2021 (2 pgs.)

Dear OSSFA Members and General Construction Industry,

We wish to notify our OSSFA Members and the construction Industry on the present material pricing conditions for structural steel. While we have seen a historic rise in prices last year (2020)- right up to December. We have now entered a new phase in Q1. Prices continue to climb higher, as we receive price increases from Mills almost on a weekly basis and booked material orders are taking longer to produce and to receive. Market analysts have stated that globally, commodity prices in general will continue to rise in 2021.

Here are some key Facts with respect to present market conditions:

1. Billet steel (metal blocks- ready for melting) lead dates have been spread farther apart from Mill rolling dates (the date molten steel is cast into steel products).
What does this mean? Orders placed (billets) and then generally produced (rolled) within the usual 2-3 weeks, has been extended to 6-8 weeks. This also means we cannot change orders during this booking and production window.
2. The typical price guarantees warehouses receive from Mills on firm orders was 30 days. It has been lowered by Mills to 21 days, and some Mills have entirely cancelled any guarantees. Meaning we can expect to receive price increases (maybe 2 or 3 or 4 ??) over the 6-8 weeks it takes to get the steel rolled and landed at the warehouse yard!
3. Delivery dates have been extended from Mills without warning and material is arriving late. Which is very unusual. We often do not receive a firm delivery date until weeks after placing orders. How can structural steel fabricators deliver to client expectations and reach project delivery dates, if we do not even know when we will receive the steel material?
4. Our direct suppliers have just instituted new policies to protect themselves and will NOT-guarantee any prices on any orders. Yet prices continue to climb. (Iron Ore is at all-time highs).

We caution all members and the general construction Industry that these conditions may continue and may even get worse. The situation is quite complex and hurts the entire construction industry. This is a global issue, affecting everyone buying steel. Members need to caution clients, consultants, developers-owners on this issue immediately.

We would remind all parties (Owner-General Contractor and fabricator) working on present construction projects, to understand the issues and impact, work together, adjust expectations, and find ways to minimize any negative impact to everyone.

At our members discretion, they may consider a general statement to their clients, such as: These steel material issues are beyond anyone's control. Due to these current market conditions, we are not able to quote firm pricing, and all prices are subject to review at time of order and prior to shipment from Mill. Any rolling dates are subject to change at Mills discretion and project delivery dates may need to be extended at no-fault to the fabricator.

Regards,

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