

January 27, 2021

PRICE INCREASE ANNOUNCEMENT - March 29, 2021

To Our Valued Customers,

For the seventh consecutive month, our suppliers have announced a price increase. This installment will affect April shipments and represents the largest month-over-month increase during this span and has further contributed to an unprecedented sharp rate of price inflation.

In response to these announcements, CEMCO has no choice but to **increase prices on ALL PRODUCTS FOR ALL MARKETS**, effective with shipments on or after **March 29, 2021**. This increase IN ADDITION to our price increase announcements for February 1 and March 1, 2021.

There are several root causes working to exert extreme pressure on the domestic steel supply. Factors affecting supply are as follows:

- Mill consolidation decreased the number of domestic steel providers.
- Mills idled capacity in response to the Covid-19 pandemic.
- Buyers leaned inventories as the 2020 economy constricted.
- Section 232 tariffs, combined with increased international demand, led to a reduction of competitively priced imports.
- Growing demand for autos and appliances continues to pressure the spot market.
- Current demand for construction products remains brisk after a late 2020 rebound.

This tightened supply has supercharged the competitive market for available tons. Steel buyers must now bid for the limited spot tonnage available to the open market. Since August of 2020, the average published price for hot-dipped galvanized coil will have more than doubled.

We understand the need for price transparency for planning purposes in the construction industry. As always, we promise to do our best to keep you informed as new information becomes available.

As noted in our letter dated December 22, the **timeline to commit to quoted jobs is 10 days from the date of the quote**. As before, both parties to a “committed” job quote shall honor quoted prices regardless of market conditions at time of order.

Please refer to CEMCO’s job quote policy posted as follows:

<https://cemcosteel.com/terms-and-conditions>

Thank you for your continued support.

Sincerely,

CEMCO Sales Management Team