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## MSCI releases new data for metals service center channel in US and Canada

Monday, 13 Oct, 2008

The Metals Service Center Institute has completed a robust, data driven benchmark revision of the amount of steel and aluminum distributed by metals service centers in the United States and Canada.

Based on the new estimates, which will be used first in the September 2008 metals activity report released later this month, the total amount of steel distributed by US metals service centers in 2007 is now estimated at 52.35 million tonnes, essentially unchanged from previous estimates, while the total amount of aluminum distributed was raised to 1.86 million tonnes as compared with 1.15 million tonnes in previous estimates. In Canada, steel delivered by metals service centers in 2007 is now estimated at 7.5 million tonnes, up from 3.7 million tonnes in previous estimates, while total deliveries of aluminum products are now estimated at 171,000 tonnes as compared with 120,000 tonnes in previous estimates.

The benchmark is important for at least two reasons. First, it serves as the foundation for the Metals Activity Report and is the basis for industry estimates that are derived from data submitted for MAR by participating member companies. Second, it gives the metals industry a timely way to track ongoing product shipment trends. The underlying assumptions that had previously served as the basis for market sizes in the MAR reports since 2003 were built on the data available at the time. Since then, MSCI has reviewed all relevant publicly available information to determine the best quantitative methodology to establish benchmarks for the metals service center industry. Reviews will be undertaken periodically going forward.

The US benchmarks are derived primarily from US Census Bureau's Economic Census, while the Canadian benchmarks have been derived primarily from Statistics Canada sources. The US Census and Statistics Canada offer the most comprehensive and detailed information on metals service center shipping activity.

Mr Norman E Gottschalk Jr president & GM of Marmon Keystone Corporation and also chairman of MSCI said that "With this new benchmark, MSCI improves on a data series that was already the most accurate and timely snapshot of metals service center industry activity. MAR is an invaluable resource that helps participating companies, other MSCI members, economists, analysts and economic policymakers, to understand the metals market, the relationship of the service center sector to the economy as a whole and the trends that occur in our industry throughout the business cycle."

Mr M Robert Weidner III president & CEO of MSCI said that "The methodology used to create this benchmark is clearly improved over the information we had available to us when we began to prepare and distribute the Metals Activity Report in 2003. We are and will remain focused on continuous improvement in our proprietary data program. The new benchmark will be used to update our historic shipment time series and can be used by the industry beginning immediately."

Among the more important findings of the 5 year MAR review are as follows

1. The amount of metal shipped by service centers in the United States has been growing steadily. Since 1977, the average annual rate of shipment growth by service centers has been 2.6% for steel products. In Canada, steel shipments have grown by 1.0% per year since 1995 when MSCI started reporting the data. Growth at more rapid rates occurred in Canada before 1995. Aluminum shipments have risen at an average annual rate of 3.6% in the US and 1.5% in Canada since 2001, when MSCI started reporting on aluminum service center shipments.
2. US aluminum shipments by service centers were found to be larger than previously estimated because previous estimates were based on information from sources with less coverage than the US Census Bureau's data. The census data shows a more significant role for service centers in the aluminum market.
3. In 2003, the available Canadian estimates were based only on domestically produced shipments from 1997. Canadian steel and aluminum shipment figures now reflect MSCI's first extensive assessment of the Canadian steel and aluminum market and within that the role of service centers. Since 1994, Canada has become a net importer of metal and the new methodology now captures changes in import and export activity.
4. The new benchmark process will allow MSCI to review and, if necessary, revise industry estimates on an annual basis going forward.

Mr Chris Marti VP of MSCI said that since 2003 the number of companies that contribute to and use the MAR has grown dramatically and coverage by tonnage shipped has more than doubled. He added that "Most importantly, while the estimated

benchmark has changed, the trends that have been reported for shipments and inventories over time have not. We have greatly simplified how we benchmark the Metals Activity Report and improved our industry size estimation methodology which can now be used over and over again and we have based the benchmark on US Economic Census and Statistics Canada data."

Founded in 1909, the Metals Service Center Institute has more than 420 members operating from about 1,200 locations in the US, Canada, Mexico, and elsewhere in the world. Together, MSCI members constitute the largest single group of metals purchasers in North America, amounting each year to more than 60 million tonnes of steel, aluminum, and other metals, with about 300,000 manufacturers and fabricators as customers.

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