OEM challenges

**Price volatility** double whammy: uncertainty with material costs means companies can’t forecast margins and no effective method to manage volatility.

**Cost reduction** and sourcing (often via new methods) that drive implemented and sustainable savings that beats the benchmark.

How best to **share price and market risk** with supplier partners using existing contracting mechanisms?

**Capture component price decreases** suppliers always tell you when prices go up but never when they come down! This results in missed savings opportunities.
SHFE Nickel
LME Nickel Primary 3 Month
Surcharges are adding volatility to stainless prices (note these are Aug and not Sept surcharges)

Adders/extras holding steady

Should cost models combined with a forecast can mitigate price risk
Things that buyers should look out for in the short term are:

- The RoW demand comeback, including any government stimulus programs that might further support metal prices.

- Oil price movements. Oil prices seem to have stabilized for now and this could mean that the economic recovery has also stalled for now.

- Further coronavirus shutdowns, particularly in the US. From the supply side, Latin America should remain on the radar.

- And finally, buyer should keep an eye on the US dollar
Long term outlook
Key takeaways from a long term perspective:

➤ Look for signs that the metals can “break” out of trend

➤ U.S. consumer spending in support of US demand

➤ Higher oil prices

➤ The USD
MetalMiner Insights:
The only metals procurement platform

MetalMiner clients use Insights to:

• Understand how they’re buying relative to market
• Tell suppliers what the cost should be (based on real-time cost models)
• Build sourcing strategies based on accurate and actionable steel, stainless and aluminum price forecasts
• Reduce costs and lower average purchase prices (inclusive of parts and components that contain high metal content)
• Manage metal price volatility (steel prices, stainless steel prices, aluminum prices, and more) and mitigate price risk
• Turn scrap data to your advantage in contracting (Note: MetalMiner is the exclusive distributor of RMDAS scrap data)
• Replace expensive alternatives for pricing data
Questions?

Lisa Reisman, Executive Editor:
lreisman@metalminer.com
773.865.0387

Don Hauser, VP Business Solutions:
dhauser@metalminer.com
309.883.9448

Nick Athanis, Client Services Manager:
nathanis@metalminer.com
773.710.3326