Now that we have a better understanding of what has caused prices to inflate, what do the experts predict for this year? Unfortunately, many questions remain in order to know the answer to this question. Will the pandemic and lockdowns continue into the year? Will inflation taper down and will supply chains improve from where they currently stand? There are currently over 400 ships awaiting to be unloaded throughout the ports in the U.S. The majority are here in California. According to experts, North American transaction values are expected to continue to decline in the coming months. Procurement activity is weakening, amid rising inventory levels at distributors and service centers. Domestic steelmakers will eventually offer discounts to boost sales. This should create some relief for steel end users. Into the second half of 2022 there should be a continuing weakening of the market. It is not believed that there will be a crash of prices, even though there is some fear mongering going on. Even if that does not occur, prices will have risen by 60% over the prices from 2019.

The economic forecast overall is optimistic, but with Covid being the X factor, it is hard to make a good forecast. I keep using the analogy of keeping your seat belts fastened, because its hard to predict what tomorrow may bring. In the meantime, let’s try and enjoy the ride.
am often asked what is causing the great increases in steel pricing? Is it due to demand surges or a lack of supply? Is it the inflation and the supply chain bottleneck? Or is it the labor shortages that we have been reading about? The answer is YES — to all of the above.

In addition, I came upon an interesting article in the Wall Street Journal which provided a wholly different reason for the prices to rise. The Biden administration has blamed industrial “greed” as to the cause of higher prices. Yet the villains aren’t the companies the Biden administration is targeting. Rather the real culprit is closer to home — the White House’s own “worker-centric” trade policies are gouging American consumers and helping to stoke inflationary price increases.

It began with the Trump administration when they placed tariffs on imported steel and aluminum. This significantly altered the supply lines, particularly for us on the west coast as we rely upon imported steel to keep domestic steel producers in check. Mr. Biden can claim his policies are “worker-centric” only because, in his eyes, some workers are more equal than others. Those of us who aren’t unionized steelworkers and metal producers — whose wages are propped up with high tariffs and quotas — are the ones paying more for our cars and appliances. As the Wall Street Journal concludes, evidently, we don’t count. In Biden’s world, it’s okay to shower favors on Mr. Biden’s workers while forcing consumers and other workers to foot the bill. Instead of greed, the White House and others have the nerve to call this “fair trade”.

Now they are dressing it up as part of the planet saving mission to reduce climate change. In November, the Biden administration agreed to convert some tariffs on European steel and aluminum into quotas, but real price relief waits for new agreements of steel made from environmentally friendly production techniques. The new so-called green imports will get a break from the tariffs, while consumers continue to pay artificially higher prices.

American consumers and workers aren’t the only ones being stiff-armed. The Biden White House has thumbed its nose at other governments by refusing to join trade agreements aimed at curbing China. It has also punished American consumers to continuing Trump’s tariffs on Chinese imports of U.S. goods. American trade policies used to be traditionally bipartisan and aimed at reducing prices and increasing choices for consumers. Sadly, both parties have abandoned this approach. Instead, American consumers are being held hostage by tariff-led trade policies initiated by Trump and now institutionalized by Biden.

This scenario proves that the rise in prices is more complicated that what meets the eye. But it does go a long way to help understand the why.