

MEPS Research Methodology

About MEPS

MEPS International Ltd. is a privately owned, independent company. It was founded in 1979 as a consultancy business serving the steel and engineering sectors. Since 1984, MEPS International Ltd. has been a leading provider of steel price assessments and steel market analysis. The company has no commercial or financial interests in any steel buying or selling organisation.

Introduction

The aim of this document is to provide clients with a clear understanding of how the company researches and formulates its published prices.

Base of Reference

MEPS International's published price assessments relate to regular business, between buyers and steel mills, for newly produced, prime, commercial quality material, negotiated during the current month, for forward delivery.

Research Methodology

Research is conducted, primarily, by telephone and VoIP calls. MEPS International's strategy is based on the concept that dialogue with respondents is an important factor in obtaining accurate information. Through confidential discussions, the company's research staff are able to ascertain the price at which market participants have negotiated their recent business.

Dialogue also enables research staff to corroborate the information received and clarify any anomalies. Furthermore, it provides an opportunity to challenge any prices submitted that show a significant variation from the figures provided by other respondents. MEPS International Ltd. has the absolute discretion to exclude price and market information from its analysis. It will omit information that fails to meet the required level of quality and accuracy.

Other forms of communication are used, where appropriate. These include email and digital messaging. However, the main feature of the research programme is that dialogue is undertaken with steel buyers. This exchange of information, whilst retaining the confidentiality of contributors, is an essential part of the company's research policy.

Discussions with respondents are wide-ranging and include prices for concluded transactions, import offers, short-term price projections, availability of material, delivery lead times, inventory levels, order intake and purchasing activity. Demand across steel-consuming sectors, the price and availability of steelmaking raw materials, and other important topics are also discussed. Non-confidential, market intelligence is shared with respondents, as required.

MEPS Researchers and Analysts

The majority of MEPS International's employees, involved in a research and analytical capacity, joined the company having had previous experience of working in the steel supply chain – typically for steel producers, distributors and service centres. Research staff and analysts are, primarily, based in the United Kingdom.

MEPS International Ltd. also employs local correspondents in a number of countries, worldwide, to supplement its research. All staff conduct their research in accordance with the specified methodology to ensure that the price and market information collected is reliable and accurate.

All employees are contractually required to uphold the integrity of any confidential information that they obtain during their work at MEPS International Ltd., and uphold all aspects of GDPR, confidentiality agreements, MEPS Competition Compliance Policy and MEPS Anti-Bribery & Anti-Corruption Policy.

Data Providers

Since its inception, MEPS International Ltd. has built a longstanding and wide-ranging contact base. Data providers operate, primarily, at steel distributors, service centres and stockholders. MEPS International's researchers also speak with a range of senior executives at other companies involved in steel purchasing, including steel traders, processors, fabricators, original equipment manufacturers and end-users.

MEPS International Ltd. has dialogue with contacts at the steel producers, as part of its regular research, to provide a rounded view of the market. Data received from steel producers is, explicitly, not incorporated in MEPS International's published price assessments. It is, however, used to corroborate the figures collected from steel buyers.

Due to its extensive research base, MEPS International Ltd. is able to validate all price and market information. Furthermore, regular contact with respondents ensures that all price data received is consistent, from month to month.

The number of data providers varies across each country and for each product form. MEPS International Ltd. establishes no minimum threshold for the number of data points or respondents required for any specific price assessment. This is due to the differing structure of the steel market across countries and product forms, together with variable activity levels dependent on prevailing market conditions.

Data providers are expected to provide accurate and timely price and market information and comply with MEPS Data Provider Code of Conduct and competition law. MEPS International Ltd. regularly reviews its list of data providers, and only maintains dialogue with those which fulfil these expectations.

Confidentiality

MEPS International Ltd. protects the confidentiality of data providers and the information that they submit. MEPS International Ltd. never discloses personal or company details, or any other information which could breach the confidentiality of respondents. All price and market information is collated, analysed and presented as MEPS International's assessment of prevailing market prices and conditions.

All information related to data providers, including contact details, and the price and market data that they submit, is stored on a secure network, and is never shared with third parties. MEPS International Ltd. will offer

confidentiality agreements at the request of data providers.

Formulation of Price Assessments

Once a research period has been completed, all price and market information is collated and reviewed. Any information requiring further clarification is double-checked with data providers. Respondents' prices that deviate substantially from the consensus of data collected are omitted from the formulation of MEPS International's price assessments.

The accuracy, reliability and regularity of each respondent's previous submissions are taken into account when formulating the price assessments. Additionally, more weight is given to data collected towards the end of the research period. This ensures that published prices are as up to date as possible.

The formulation of MEPS International's price assessments involves discussions by internal researchers, analysts and other assigned, experienced employees. This process ensures that the published figures accurately reflect the data submitted by respondents and are formulated in a consistent manner, each month.

Price Range

A price range, consisting of low and high values, is determined for each published assessment. The figures are judged to be representative of the range of prices witnessed in the market. Low and high values are provided in MEPS International's reports to reflect the range of prices paid by major and minor customers of the steel producers. Large buyers are, in many cases, able to attract discounts even for small quantities of steel. Prices agreed during negotiations are often determined by the annual demand from a customer and not necessarily the size of the specific lot of steel delivered in a single order.

Adjustment of Input Data

MEPS International Ltd. collects and publishes prices for popular grades and dimensions of steel products. Prices for products that differ slightly from those detailed in the published specifications are occasionally obtained, during the course of research. Where appropriate, such prices are adjusted to the published specifications, using applicable extras and differentials prevailing in the market. These may be included in the formulation of MEPS International's price assessments.

Procedure for Periods of Low Market Activity

In the event of low market activity, where a negligible number of transactions are concluded, a range of other information will be considered, if appropriate, in the formulation of MEPS International's price assessments. This includes firm bids, firm offers, respondents' own assessment of current market prices and deals heard in the market. Additionally, prevailing price differentials between related products in a specified country and prices for a specified product in a neighbouring country will be considered.

Corrections Procedure

MEPS International Ltd. makes every effort to ensure its price assessments are accurate and correct. Should a technical error occur in a published price, MEPS International Ltd. would investigate the circumstances, amend the relevant figure and reissue the pertinent document or price series at the earliest opportunity.

Disclaimer

All price and market data is researched by MEPS International's staff and its local correspondents. The information has been obtained from respondents who the company consider provide accurate intelligence on the steel market. The company makes its best endeavours to be assured that the information is correct and that its analysis is reliable. MEPS International Ltd. cannot be made liable for any loss resulting from the use of the published data, however it may arise.

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