

The UPM Market Informer

Monthly Market Intelligence for Customers of United Performance Metals

September 2015

Labor Talks in Steel Industry

The United Steelworkers union turned up the heat on top steel producers amid contentious contract talks. Analysts, however, said that steel companies appear to be holding firm on demands to curb labor costs, and that the union doesn't have much leverage to combat them in what all sides agree are tough times for the industry. Allegheny Technologies Inc. locked out more than 2,000 workers at plants in six states whose contract expired at the end of June. USW officials issued materials to thousands of members at U.S. Steel and ArcelorMittal plants in anticipation of potential work stoppages when those contracts expire in September. Union officials anticipated difficult talks at the onset of negotiations earlier this summer. USW leaders said that company officials should not respond to the challenging economic conditions by enacting sweeping cuts in benefits won by their predecessors. Steel producers responded that labor costs need to be reduced to compete with foreign rivals; ArcelorMittal argued that "the USAW response would actually increase benefit costs." Industry experts, meanwhile, said the current state of the industry would likely allow the companies to endure a protracted strike. *Source: manufacturing.net*

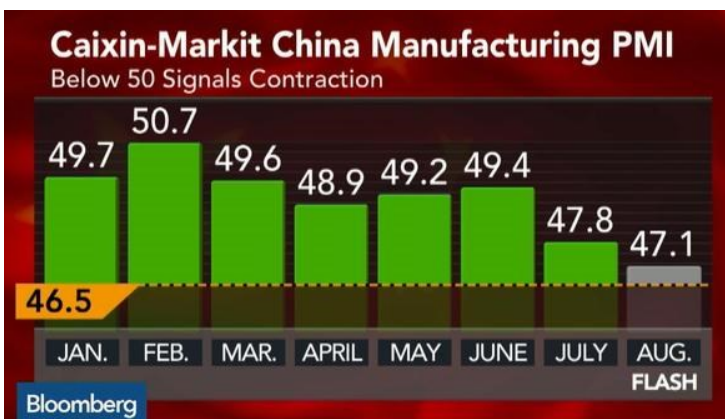


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China Manufacturing Index tumbles to a More than Six-Year Low

A key indicator of China's manufacturing activity slumped to a 77-month low in August, fueling concerns of further deceleration in the world's second-largest economy. A preliminary reading of Caixin's Purchasing Manager's Index (PMI) came in at 47.1 in August. The figure which fell from July's final reading of 47.8 was the worst since a reading of 44.8 in March 2009, according to financial information services provider, Markit. The index, which tracks activity in factories and workshops, is seen as a key barometer of the country's economic health. A figure above 50 signals growth, while anything below indicated contraction. China's economy, a key driver of global growth, expanded 7.4 percent last year, its weakest since 1990, and has slowed further this year, growing 7.0 percent in each of the first two quarters. *Source: AFP*



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United States Manufacturing PMI

The Flash Market Manufacturing PMI in the US unexpectedly dropped to 52.9 in August from a final reading of 53.8 in July. It is the lowest figure since October of 2013 as output, new orders and employment all grew at a slower pace. Manufacturing PMI in the United States averaged 54.17 from 2012 until 2015, reaching an all time high of 57.90 in August 2014 and record low of 51 in November of 2012.

US Factory Activity at 2-Year Low

- ◆ Latest data indicated a solid expansion of overall new order volume received by manufacturers, but the rate of growth moderated slightly since July
- ◆ Subdued export sales remained a drag on new business intakes in August
- ◆ Firms attributed decrease in new work from abroad to competitive pressures related to the stronger exchange rate
- ◆ Softer rates of output and new business growth contributed to greater caution regarding staff hiring in August
- ◆ Stocks of finished goods fell for the first time in 2015 so far

Source: Markit Economics

Titanium Surcharge Update

Source: ATI Specialty Metals

Titanium Alloy	Standard Surcharge Q3, 2015		
	Bar	Billet	Flat
ATI 6-2-4-2 Alloy	\$6.22	\$5.66	\$6.22
ATI 6-4 Alloy	\$5.10	\$4.64	\$5.10
ATI 6-4 ELI Alloy	\$5.10	\$4.64	\$5.10
ATI CP Grade 1	\$4.94	\$4.50	\$4.94
ATI CP Grade 2	\$3.70	\$3.37	\$3.70
ATI CP Grade 4	\$3.70	\$3.37	\$3.70

Rig Count Summary

Source: Baker Hughes

Area	Last Count	Count	Change	Prior Count
U.S	8/21/15	885	+1	8/14/15
Canada	8/21/15	208	-3	8/14/15
Int'l	7/15	1118	-28	6/15



Stainless Steel & Cobalt Alloy Surcharge Totals
June 2015—September 2015
High Temp Surcharge Totals
June 2015—November 2015

Grades	June	July	Aug	Sep	Oct	Nov
15-5	0.4252	0.4180	0.3890	0.3576	*	*
15-7	0.5961	0.5740	0.4994	0.4561	*	*
17-4	0.4158	0.4095	0.3829	0.3532	*	*
17-7	0.5411	0.5245	0.4779	0.4334	*	*
18SR	0.1882	0.1984	0.1950	0.1867	*	*
201	0.4050	0.3984	0.3662	0.3370	*	*
301 7.0%	0.5410	0.5247	0.4782	0.4336	*	*
302/304/304L	0.5911	0.5716	0.5204	0.4720	*	*
304-8.5%	0.6157	0.5944	0.5402	0.4893	*	*
305	0.7924	0.7583	0.6830	0.6145	*	*
309	0.8209	0.7865	0.7118	0.6437	*	*
310	1.1823	1.1223	1.0057	0.9027	*	*
316/316L	0.7848	0.7500	0.6546	0.5939	*	*
317L	0.9062	0.8633	0.7465	0.6800	*	*
321	0.6322	0.6091	0.5515	0.4980	*	*
347	0.9000	0.8768	0.8193	0.7658	*	*
409/409 Mod	0.1376	0.1478	0.1433	0.1344	*	*
410/410S	0.1438	0.1540	0.1497	0.1408	*	*
430	0.1803	0.1903	0.1869	0.1784	*	*
434	0.2221	0.2290	0.2137	0.2045	*	*
439	0.1883	0.1981	0.1949	0.1866	*	*
440A	0.1803	0.1903	0.1869	0.1784	*	*
2205	0.6574	0.6351	0.5532	0.5161	*	*
2507	0.7084	0.6834	0.5980	*	*	*
20	2.1786	2.0408	1.8573	1.9846	1.8358	1.5524
263	4.8541	4.4188	4.0922	4.5332	4.3212	3.8512
276	5.2299	5.0069	4.6452	4.8266	4.1877	3.5258
A286	1.4611	1.3558	1.2230	1.3137	1.2178	1.0202
330	1.9228	1.7719	1.5872	1.7218	1.5914	1.3285
400	3.5251	3.2886	2.9740	3.2645	2.9435	2.4079
600	3.8800	3.5704	3.1898	3.4728	3.1895	2.6439
601	3.3261	3.0717	2.7575	2.9883	2.7582	2.3116
625	5.4314	5.1938	4.8531	5.0576	4.7636	4.2216
718	5.2544	5.0428	4.7645	4.9517	4.7325	4.3148
X-750	4.3917	4.0906	3.7203	3.9954	3.7201	3.1900
800H/HT	1.7564	1.6245	1.4627	1.5791	1.4674	1.2385
825	2.4564	2.2973	2.0825	2.2243	2.0503	1.7198
HX	3.3298	3.1370	2.8589	3.0226	2.7595	2.3048
188	6.4400	6.3400	6.2000	*	*	*
L-605	7.1500	7.1000	7.0800	*	*	*

*Surcharge currently not available

Construction Employment Rises in 37 States in July

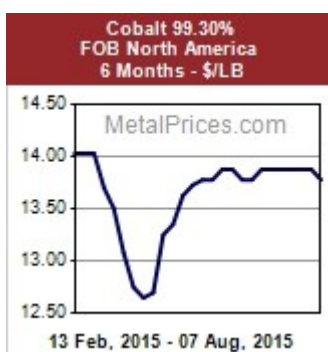
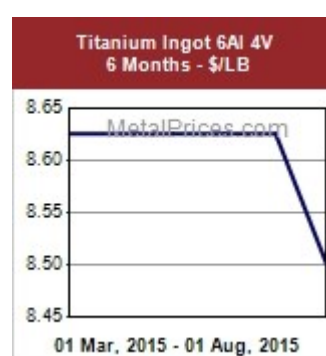
Construction employment expanded in 37 states and the District of Columbia between July 2014 and July 2015 while only 28 states and D.C. added jobs between June and July, according to an analysis of Labor Department data by the Associated General Contractors of America. Association officials noted that the construction industry appears caught between divergent economic trends that help employment in some areas and hurt in others.

“Construction continues to grow overall but fewer states are participating in the expansion than was true a year ago,” said Ken Simonson, the association’s chief economist. “The uneven growth reflects the cross-cutting trends in the overall economy, as tight government budgets, plunging commodity prices and weak overseas demand lead to project cancellations in some states even while activity accelerated elsewhere.”

California added more new construction jobs (48,900 jobs, 7.3 percent) between July 2014 and July 2015 than any other state. Other states adding a high number of new construction jobs for the past 12 months include Florida (26,500 jobs, 6.6 percent), Washington (15,300 jobs, 9.6 percent), Texas (14,400 jobs, 2.2 percent) and Michigan (12,400 jobs, 8.7 percent). Arkansas (14.9 percent, 6,800 jobs) added the highest percentage of new construction jobs during the past year, followed by Idaho (13.7 percent, 4,900 jobs), Nevada (10.7 percent, 6,800 jobs), Washington and Michigan. *Source: Steel Market Update*

Metal Price Charts

Source: MetalPrices.com



Welcome New Staffers!

United Performance Metals welcomed two new staff members: Curt Gillingham joined UPM as Director of Sales, and Luaysha Maldonado as Staff Accountant. Specialty division, Vulcanium welcomed Deborah Freitag as Director of Sales, Madhu Bieber as Quality Manager, and Thomas Stites as Production Planning Specialist.