

# The UPM Market Informer

Monthly Market Intelligence for Customers of United Performance Metals

August 2016

## Mill Price Announcements

United Performance Metals has recently been informed of upcoming increases in base prices from ATI Flat Rolled Products: Effective with shipments August 1, 2016, ATI Flat Rolled Products is increasing base selling prices by \$0.02/lb. on Stainless Plate Mill Plate products for all 200, 300 and 400 series, Duplex, and Precipitation Hardening (PH) grades.

Outokumpu Stainless Plate, LLC followed with their own price announcement. Effective with shipments on August 1, Outokumpu will increase base prices by \$.02 per pound on Quarto Plate/Plate Mill Plate products. This applies to all standard grades, special grades and duplex stainless steels.

Please contact your United Performance Metals representative for information on product availability and processing capabilities by calling **888.282.3292** or visiting our website at [www.upmet.com](http://www.upmet.com).

## In This Issue

- Mill Price Increase
- Nickel Price Update
- Farnborough Airshow Sales
- Surcharge Update
- Mill Lead Times

## Philippines Disputes with China Having Positive Affect on Nickel Price

The Philippine government's recent shut down of key nickel mines has given a boost to the nickel market here in the United States. With nearly a 15 percent increase in the price of nickel per pound from where it traded just one month ago, this increase in the nickel base price may be an early repercussion of the dispute between the Philippines and China. In just the last month, the Philippine government issued orders to shut down key nickel mines after the International Court of Justice ruled in favor of the Philippines over China in their South China Seas dispute; the first of what may be many trade issues that will arise in this key trade route. *Source: Robert Gottlieb, Business Spectator columnist*

## A Closer Look at Nickel Pig Iron

Nickel pig iron is a low grade ferronickel utilized by China as a less expensive alternative to pure nickel for the production of stainless steel used in buildings and handrails, some kitchen and bathroom equipment. This particular kind of nickel is not an acceptable substitute for the stainless steel used in chemical plants, oil refineries and nuclear power plants. China sourced its nickel from Indonesia and later from the Philippines in order to produce its nickel pig iron. After an economic slowdown in China, excess supply of nickel pig in the world market has driven the price of nickel down from over \$10 per pound to less than \$5 per pound. Once Indonesia ceased exporting nickel and now the Philippines has suspended operations at two nickel ore mines, the global nickel price has slowly started to pick up again.



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## Orders at Farnborough Airshow Top \$53 Billion

Just when you thought the backlog of orders for commercial aircraft could get no larger, a torrent of new deals emerged at the Farnborough Airshow.



Orders for a total of 478 firm sales and 38 options for commercial aircraft were announced during the first day of the show, for a total of \$54 billion.

The largest deal was by AirAsia for 100 Airbus A321 neos, worth \$12.44 billion, as they upgrade to larger aircraft.

By close of the show Tuesday, announced orders and commitments for airliners totaled 478 firm sales, plus a total of 38 options, letters of intent and memoranda of understanding. *Source: Aviation Week*

- Air Asia 100 A321neos, list value US\$12.44 billion.
- Air Lease Corporation Six B737 MAX 8s, list value US\$660 million.
- Air Côte d'Ivoire One A320neo valued at US\$107.3 million.
- Arkia Israeli Airlines Four A330-900neos valued at US\$1.15 billion, plus Lol for six E195-E2s, four purchase rights, total value US\$650 million.
- AWAS 10 A320ceos, list value US\$1.06 billion.
- China Aircraft Leasing 60 ARJ21-700s, list price US\$2.3 billion.
- Donghai Airlines 25 737 MAX 800s valued at US\$2.75 billion, plus five Dreamliners valued at US\$1.323 billion.
- Germania Group 25 A320neos, plus 15 options, total value US\$2.7 billion.
- GoAir 72 Airbus A320neos, list price US\$7.65 billion.
- Gulf Air 10 787-9 Dreamliners firm, plus six options, firm order list value US\$2.646 billion.
- Japan Airlines One E190-E1 valued at US\$49.75 million.
- Jetstar Pacific of Vietnam MoU for 10 A320ceos valued at US\$980 million.
- Kalstar Indonesia Five E190-E2s valued at US\$275 million, plus rights for five more.
- Kunming Airlines MoU for 10 737 MAX 7s, list value US\$902 million.
- Nordic Aviation Capital Four E190-E1s valued at US\$199 million.
- Porter Airlines Three Bombardier Q400s valued at US\$93 million.
- Rockton Aviation Lol for 10 MRJ90s valued at US\$473 million.
- Standard Chartered Bank 10 737-800 NGs for unnamed customer, value US\$960 million.
- TUI Group 10 737 MAX 8s, list value US\$1.1 billion, plus one 787-900 Dreamliner, list value US\$64.6 million.
- Unnamed Chinese customer 30 737 MAXs and NGs.
- Virgin Atlantic 12 A350-1000s, list value US\$4.2 billion, plus four leased.
- Volga-Dnepr 20 B747-8 Freighters, list value US\$7.58 billion.
- WOW Air Iceland Four Airbus A321s, list value US\$455 million.
- Xiamen Airlines MoU for 30 737 MAX 200s, list value US\$3.39 billion.

## Engine Orders

- Air Lease Corporation CFM LEAP-1Bs for B737 MAXs, value US\$150 million.
- AWAS CFM56-5Bs for A320ceos, value US\$320 million.
- Gulf Air RR Trent 1000s for B787-9s, value US\$900 million.
- TUI CFM International LEAP-1Bs for B737 MAXs, value US\$200 million.



**Stainless Steel & Cobalt Alloy Surcharge Totals**  
**May 2016—August 2016**  
**High Temp Surcharge Totals**  
**May 2016—October 2016**

Grades	May	June	July	Aug	Sept	Oct
15-5	0.2855	0.3009	0.2927	0.3150	*	*
15-7	0.3414	0.3944	0.4174	0.4297	*	*
17-4	0.2844	0.2985	0.2904	0.3102	*	*
17-7	0.3167	0.3391	0.3272	0.3699	*	*
18SR	0.1565	0.1669	0.1669	0.1653	*	*
201	0.2538	0.2708	0.2639	0.2896	*	*
301 7.0%	0.3175	0.3395	0.3274	0.3693	*	*
302/304/304L	0.3433	0.3668	0.3536	0.4010	*	*
304-8.5%	0.3546	0.3789	0.3649	0.4153	*	*
305	0.4365	0.4667	0.4469	0.5188	*	*
309	0.4596	0.4891	0.4693	0.5410	*	*
310	0.6303	0.6712	0.6398	0.7541	*	*
316/316L	0.4333	0.4918	0.5090	0.5427	*	*
317L	0.4982	0.5737	0.6060	0.6324	*	*
321	0.3591	0.3844	0.3695	0.4232	*	*
347	0.6269	0.6521	0.6372	0.6909	*	*
409/409 Mod	0.1154	0.1268	0.1268	0.1258	*	*
410/410S	0.1205	0.1317	0.1317	0.1307	*	*
430	0.1501	0.1606	0.1606	0.1592	*	*
434	0.1720	0.1942	0.2068	0.1956	*	*
439	0.1566	0.1668	0.1668	0.1653	*	*
440A	0.1501	0.1606	0.1606	0.1592	*	*
2205	0.3964	0.4615	0.5033	0.4944	*	*
2507	0.4248	0.4914	0.5320	*	*	*
20	0.9648	0.9287	1.0010	1.0407	1.0590	1.1075
263	2.0914	2.0917	2.1889	2.2589	2.3413	2.4288
276	2.4246	2.3485	2.4842	2.5749	2.8598	3.0021
A286	0.5974	0.5703	0.6196	0.6547	0.6633	0.6972
330	0.7471	0.7105	0.7787	0.8161	0.7911	0.8330
400	1.2601	1.2208	1.4099	1.4467	1.3692	1.4349
600	1.4859	1.4144	1.5626	1.6225	1.5595	1.6478
601	1.3471	1.2861	1.4031	1.4541	1.4036	1.4756
617	1.5255	1.4879	1.6101	1.6866	1.8141	1.9232
625	3.2249	3.1550	3.2796	3.3502	3.4778	3.5873
718	3.4745	3.4190	3.5219	3.5753	3.6004	3.6760
X-750	2.0623	1.9924	2.1361	2.1944	2.1333	2.2191
800H/HT	0.7232	0.6901	0.7474	0.7821	0.7616	0.7980
825	1.0561	1.0127	1.0931	1.1385	1.1748	1.2349
HX	1.4656	1.4089	1.5086	1.5731	1.7134	1.8080
188	3.6900	3.7700	3.7500	*	*	*
L-605	4.3000	4.4100	4.3400	*	*	*

\*Surcharge currently not available

## United States Manufacturing PMI

The Markit Flash US Manufacturing PMI came in at 52.9 in July of 2016, up from 51.3 in June and much better than market expectations of 51.6. It is the highest reading since October last year as output and new business growth accelerated and payrolls rose the most in 12 months. Manufacturing PMI in the United States averaged 53.70 from 2012 until 2016, reaching an all time high of 57.90 in August of 2014 and a record low in May of 2016.

Source: Markit Economics



## Titanium Surcharge Update

Titanium Alloy	Standard Surcharge Q3, 2016		
	Bar	Billet	Flat
ATI 6-2-4-2 Alloy	\$5.13	\$4.67	\$5.13
ATI 6-4 Alloy	\$4.06	\$3.69	\$4.06
ATI 6-4 ELI Alloy	\$4.06	\$3.69	\$4.06
ATI CP Grade 1	\$4.09	\$3.72	\$4.09
ATI CP Grade 2	\$2.89	\$2.63	\$2.89
ATI CP Grade 4	\$2.89	\$2.63	\$2.89

Source: ATI Specialty Metals

## US, Canadian Rig Counts Continue to Climb

New York—The number of drill rigs running in the United States rose by 15 last week, led by Texas (up 15), as Canadian drilling activity increased by seven rigs compared with the previous week. Source: Baker Hughes

	Last Week	Previous Week	% Change	Last Year	% Change
United States	462	447	+3.4	876	-47.3
Canada	102	95	+7.4	200	-49.0

## Expected Mill Lead Times for August 2016

**Stainless Cold Rolled—10-12 weeks**    **Nickel Plate—10-12 weeks**  
**Stainless Plate—6-8 weeks**            **Nickel Cold Rolled 625—10-12 weeks**  
**Aluminum— 8 weeks**                    **Nickel Cold Rolled 718—12-14 weeks**  
**Nickel Cold Rolled HX/800—12-14 weeks**

