

# The UPM Market Informer

Monthly Market Intelligence for Customers of United Performance Metals

December 2014

## Aerospace Suppliers Ramping Up To Meet Surging Orders

The aerospace supply industry is still in the early days of a long-term boom in orders, say industry participants at a recent suppliers summit hosted by GE Capital at GE Aviation's headquarters in Cincinnati, OH.

The large majority of participants, who were split about evenly in serving wide-body and narrow-body commercial aircraft platforms said they plan to increase their workforce over the next 12 months (84%), expect to win new long-term supply agreements in the next three years (91%), and expect aircraft deliveries to continue to grow at least through 2016 (76%).

When asked about their manufacturing future, 87% said they will be investing in new manufacturing equipment over the next 3 years. Regarding incorporating additive manufacturing, 27 percent are already doing it, 10 percent expect it to happen within the next year and 37 percent expect it in the next one to five years. M&A activity is expected to be very robust over the next 12-24 months, with 92 percent of respondents expecting it to increase.

Plane makers want suppliers to become both stronger and leaner, which encourages and rewards consolidation. And defense spending, a significant thorn for the industry in recent years, is showing signs of stabilizing. GE Capital's survey was conducted on October 28, 2014 at the company's Commercial Aerospace Leadership Forum, held at the GE Aviation Learning Center in Cincinnati, OH.

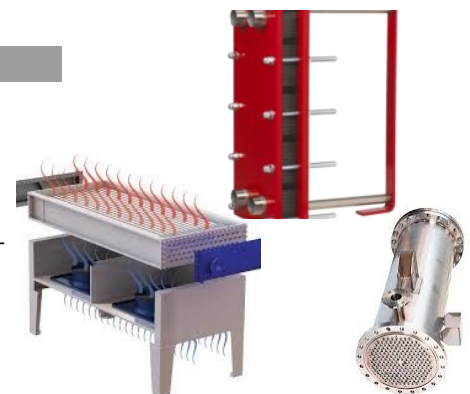
Source—*manufacturing.net* 11.11.14

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## Heat Exchanger Applications

Heat exchangers use containment vessels to heat or cool one fluid by transferring heat between it and another fluid. Users of heat exchangers include chemical, petrochemical, oil & gas, power generation, refrigeration, pharmaceuticals, HVAC, food & beverage processing and pulp & paper industries.



Application	Type
Plate Heat Exchangers	Alloy 59, C-22, C-276, 254SMO, 304, 316L, 400, 904L
Shell & Tube Heat Exchangers	Alloy 20, 304/304L, 316/316L, 317L, 321, 347, 400, 410, 800H, 825, 2205, 2507
Air Cooled Heat Exchangers	304/304L, 316/316L, 400, 800H, 825, 2205, 2507

## Flat Rolled Steel Stabilizes

Flat rolled steel prices began to stabilize after having peaked in the middle of August at \$675 per ton (hot rolled) and then slowly sliding to a low of \$630 per ton during the week ending November 1, 2014. The SMU HRC average actually rose slightly to \$635 per ton while CRU dropped \$3 to \$637 and Platts remained unchanged at \$640 per ton.

Source—Steel Market Update 11.09.14



## Nonresidential Construction Indicator Jumps 7.6% in October

Los Angeles—A nonresidential construction index jumped 7.6 percent last month from September reversing a decline in each of the previous three months, according to the Dodge Data & Analytics (formerly McGraw-Hill Construction) division of New York-based McGraw-Hill Financial.

The Dodge momentum index, which measures initial reports of nonresidential building projects in planning, is 18 percent ahead of October 2013, Dodge Data and Analytics said.

The October increase was attributed to greater planning activity in the index's two main segments: institutional construction, which rose 8.8 percent for the month, and commercial building, up 6.8 percent.

The year's overall rise reflects healthy economic growth that is "working its way through to the construction sector," Dodge Data said, adding the momentum index typically leads nonresidential construction spending by a year.

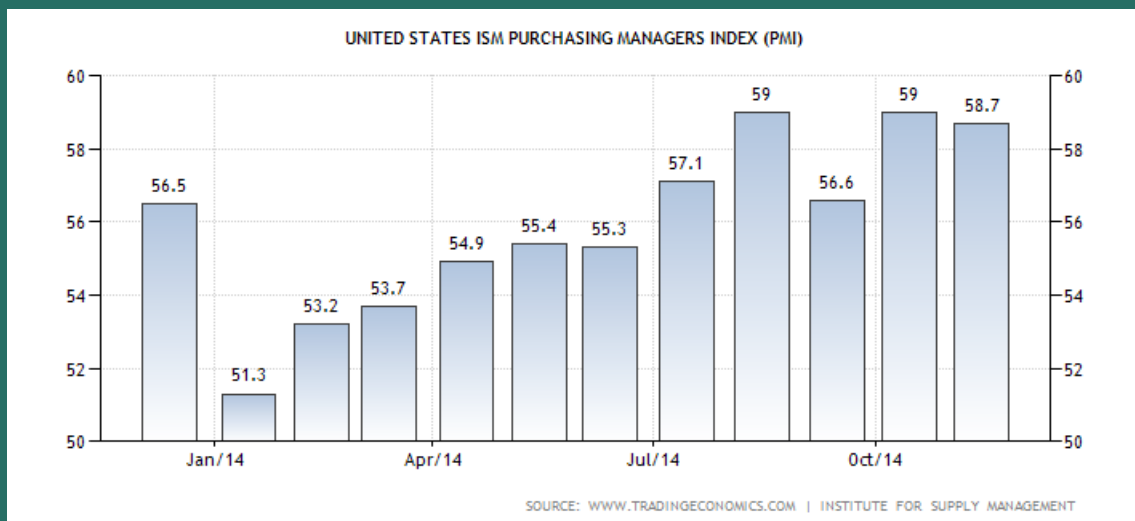
Source—American metal Market 11.11.14

## United States ISM Purchasing Managers Index (PMI)

The Institute for Supply Management manufacturing PMI registered 58.7 percent in November of 2014, slightly down from 59 percent in October. While the gauge of new orders rose, the indexes for production, employment and prices fell.

The New Orders Index registered 66 percent, an increase of 0.2 percentage points from the reading of 65.8 percent in October. The Production Index registered 64.4 percent, 0.4 percentage points below the October reading of 64.8 percent. The Employment Index registered 54.9 percent, a decrease of 0.6 percentage points below the October reading of 55.6 percent. Inventories of raw materials registered 51.5 percent, a decrease of 1 percentage point from October.

Source—Institute for Supply Management 12.01.14





Stainless Steel & Cobalt Alloy Surcharge Totals  
September 2014—December 2014  
High Temp Surcharge Totals  
September 2014—March 2015

Grades	Sep	Oct	Nov	Dec	Jan	Feb	Mar
15-5	0.6070	0.6055	0.5532	0.5183	*	*	*
15-7	0.9781	0.9654	0.8214	0.7521	*	*	*
17-4	0.5859	0.5844	0.5375	0.5059	*	*	*
17-7	0.8142	0.8130	0.7196	0.6637	*	*	*
18SR	0.2671	0.2681	0.2599	0.2451	*	*	*
201	0.5995	0.5992	0.5407	0.5024	*	*	*
301 7.0%	0.8102	0.8090	0.7176	0.6632	*	*	*
302/304/304L	0.8858	0.8845	0.7818	0.7216	*	*	*
304-8.5%	0.9240	0.9225	0.8139	0.7507	*	*	*
305	1.1952	1.1926	1.0427	0.9596	*	*	*
309	1.2240	1.2216	1.0718	0.9893	*	*	*
310	1.7745	1.7701	1.5376	1.4156	*	*	*
316/316L	1.2614	1.2479	1.0626	0.9738	*	*	*
317L	1.4740	1.4544	1.2280	1.1254	*	*	*
321	0.9535	0.9518	0.8373	0.7712	*	*	*
347	1.2209	1.2192	1.1048	1.0388	*	*	*
409/409 Mod	0.2156	0.2162	0.2079	0.1919	*	*	*
410/410S	0.2221	0.2228	0.2143	0.1986	*	*	*
430	0.2591	0.2601	0.2518	0.2368	*	*	*
434	0.3490	0.3457	0.3152	0.2939	*	*	*
439	0.2669	0.2679	0.2597	0.2448	*	*	*
440A	0.2591	0.2601	0.2518	0.2368	*	*	*
2205	1.0706	1.0530	0.8947	0.8254	*	*	*
2507	1.1420	1.1244	0.9572	*	*	*	*
20	3.2596	3.1115	3.1711	3.0855	2.9699	2.4911	*
263	7.0800	6.8900	6.5976	6.6404	6.4026	5.4841	*
276	7.8477	7.6392	7.5358	7.3927	7.0490	5.9081	*
A286	2.2204	2.1120	2.1594	2.0983	2.0213	1.6852	*
330	2.8812	2.7194	2.8115	2.7233	2.6309	2.1918	*
400	5.3889	5.0800	5.2890	5.1104	4.9206	4.1084	*
600	5.8135	5.4747	5.6638	5.4787	5.2848	4.3779	*
601	4.9206	4.6434	4.7999	4.6488	4.4904	3.7453	*
625	7.5714	7.3307	7.3493	7.2024	6.9453	5.9882	*
718	6.8286	6.6058	6.6878	6.5603	6.3880	5.6714	*
X-750	6.2727	5.9433	6.1274	5.9474	5.7590	4.8771	*
800H/HT	3.0600	2.9900	2.5391	2.4627	2.3826	1.9994	*
825	3.7283	3.5613	3.6146	3.5173	3.3765	2.8085	*
HX	5.1582	4.9729	4.9650	4.8538	4.6281	3.8182	*
188	8.5800	8.4000	7.6000	*	*	*	*
L-605	9.2000	9.0400	8.2700	*	*	*	*

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## Rig Count Overview & Summary Count

Area	Last Count	Count	Change from Prior	Date of Prior Count	Change from Last Year	Date of Last Year's Count
U.S.	November 26, 2014	1917	-12	November 21, 2014	+154	November 26, 2013
Canada	November 26, 2014	438	+4	November 21, 2014	+53	November 26, 2013
International	October, 2014	1308	-15	September, 2014	-7	October, 2014

## US Factory Activity Beats Forecasts

Of the 18 manufacturing industries, 16 are reporting growth in October in the following order: Plastics & Rubber Products, Textile Mills, Fabricated Metal Products, Miscellaneous Manufacturing; Primary Metals; Electrical Equipment; Appliances & Components; Nonmetallic Mineral Products; Food, Beverage & Tobacco Products; Chemical Products; Apparel, Leather & Allied Products; Printing & Related Support Activities; Transportation Equipment; Furniture & Related Products, Paper Products; Machinery; and Computer Electronics. The only industry reporting contraction in October is Petroleum & Coal products.

Source—Institute for Supply Management 11.3.14

## US Raw Steel Production Rises 1.3%

New York—U.S. raw steel output totaled an estimated 1,839,000 net tons last week, up 1.3 percent from 1,815,000 tons the previous week, as mills operated at an average capacity utilization rate of 76.5 percent.

In the corresponding week last year, mills produced 1,826,000 tons at an average capacity utilization rate of 77.0 percent, up 0.5 percent from 82,100,000 tons at an average capacity utilization rate of 76.9 percent, up 0.5 percent in the same period last year.

Source—American metal Market 11.11.14

## Mill Lead Times

Stainless cold rolled - 18 weeks

Nickel cold rolled - 15 weeks

Stainless plate - 8 weeks

Nickel plate - 10 weeks

