

# The UPM Market Informer

Monthly Market Intelligence for Customers of United Performance Metals

July 2016



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## Oil Rig Count Rises Further—Crude Oil Price Update

Houston oilfield services company Baker Hughes reported that the count for U.S. rigs exploring for oil and natural gas rose by 10 this past week to 424, the third-straight week the count has increased. The streak follows a slide that pushed the rig count to a record low of 404. The 426 number is still less than half the count of 857 active rigs at this time a year ago, but a positive nonetheless. Baker Hughes said last week that 337 rigs sought oil and 87 explored for natural gas.

WTI Crude oil prices closed at \$49.37 per barrel at midday Monday. Prices have hovered around the high \$40's for the better part of the past months, peaking at \$51.67 on June 8th, its highest mark since October 9, 2015. Prices bottomed out below \$27 per barrel this past January and February.

For Industrial distributors and manufacturers, the oil rig count is arguably of more importance than the price, though the two obviously coincide. A higher rig count means more industrial products like pipes, valves and fittings, hose products, safety products and other oil & gas maintenance products needed to support those rigs.

*Source: Industrial Distribution*

## Expected Mill Lead Times for July 2016

Stainless Cold Rolled—10 weeks

Nickel Plate—10-12 weeks

Stainless Plate—7-9 weeks

Nickel Cold Rolled 625—8-10 weeks

Aluminum—8 weeks

Nickel Cold Rolled 718—12-14 weeks

Nickel Cold Rolled HX/800—12-14 weeks

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## Ford Cuts Summer Shutdowns, Cites SUV Demand

Ford Motor Co. is shortening the traditional summer shutdown period for its North American sports utility vehicle (SUV) assembly plants in order to meet increased demand, the company said.



"Strong customer demand for our SUVs means we will operate some of our North American plants during the traditional two-week summer shutdown," Gary Johnson, Vice President of North American Manufacturing said in a statement June 17th. "Our SUV assembly plants will continue to build vehicles to make sure we have enough of our popular SUVs to meet customer demand."

Ford is limiting the shutdown of assembly plants in Chicago, IL, Louisville, KY and Oakville, Ontario as well as their associated stamping facilities to the week of July 4th. The shortened break will allow the company to produce an additional 22,000 SUVs.

A spokeswoman for Dearborn, Michigan-based Ford confirmed that the Louisville truck assembly plant, which will be building Ford's Super Duty line of F-Series trucks, will only be down for the week of July 4th, adding that "workers there will be preparing for the launch of the all-new Super Duty later this year."

Ford's SUV and truck offerings have continued to thrive in 2016. Sales of 325,475 SUVs and 435,146 trucks through May were up 8.9% respectively from 2015 levels as sales of the Escape and F-Series remained high, and the Transit van saw a 40.7% year-on-year increase in demand.

This marks the fourth consecutive year that Ford has shortened its summer shutdowns due to increased customer demand, the company said. Last year, the shutdown at its truck production plant was cut by a week.

*Source: AMM.com*

## Steel Mills Increase Prices

On June 14, AK Steel announced an increase on all specialty sheet and strip stainless steel products by 3%-6% effective July 5, 2016.

On June 14th, North American Stainless informed customers that a price increase will be going into effect immediately on stock sales and effective July 1st on production orders. The increase affects the price of CMP and PMP by \$.02/lb.

Outokumpu Stainless Americas also released a price announcement, increasing prices on CMP by \$0.02/lb. on production orders beginning July 1st and on stock sales beginning July 15th.

Last month, AK Steel, U.S. Steel, North American Stainless, Outokumpu, and Allegheny Technologies shared price increases. For more information on pricing, please contact [sales@upmet.com](mailto:sales@upmet.com) or call 888.282.3292.

## Vehicles Sales Increase in the EU

In May, 2016, demand for new commercial vehicles in the EU increased for the 17th consecutive month. Total commercial vehicle registrations grew by 16.4%, totaling 187,134 units.

The European passenger car market saw strong growth for the 33rd consecutive month. Registrations during the month of May, 2016 grew by 16% compared to May, 2015, reaching 1,288,220 units. In volume terms, these results come close to May 2008, just before the economic crisis hit the automobile industry. Among the major markets, Italy (+27.3%), France (+22.3%), Spain (+20.9%) and Germany (+11.9%) all recorded strong performances with double-digit percentage gains.

*Source: European Automobile Manufacturing Association*



**Stainless Steel & Cobalt Alloy Surcharge Totals**  
**April 2016—July 2016**  
**High Temp Surcharge Totals**  
**April 2016—September 2016**

Grades	Apr	May	June	July	Aug	Sept
15-5	0.2701	0.2855	0.3009	0.2927	*	*
15-7	0.3242	0.3414	0.3944	0.4174	*	*
17-4	0.2688	0.2844	0.2985	0.2904	*	*
17-7	0.3041	0.3167	0.3391	0.3272	*	*
18SR	0.1391	0.1565	0.1669	0.1669	*	*
201	0.2391	0.2538	0.2708	0.2639	*	*
301 7.0%	0.3053	0.3175	0.3395	0.327415	*	*
302/304/304L	0.3315	0.3433	0.3668	0.3536	*	*
304-8.5%	0.3431	0.3546	0.3789	0.3649	*	*
305	0.4278	0.4365	0.4667	0.4469	*	*
309	0.4518	0.4596	0.4891	0.4693	*	*
310	0.6278	0.6303	0.6712	0.6398	*	*
316/316L	0.4190	0.4333	0.4918	0.5090	*	*
317L	0.4834	0.4982	0.5737	0.6060	*	*
321	0.3478	0.3591	0.3844	0.3695	*	*
347	0.6157	0.6269	0.6521	0.6372	*	*
409/409 Mod	0.0963	0.1154	0.1268	0.1268	*	*
410/410S	0.1015	0.1205	0.1317	0.1317	*	*
430	0.1323	0.1501	0.1606	0.1606	*	*
434	0.1529	0.1720	0.1942	0.2068	*	*
439	0.1391	0.1566	0.1668	0.1668	*	*
440A	0.1323	0.1501	0.1606	0.1606	*	*
2205	0.3787	0.3964	0.4615	0.5033	*	*
2507	0.4085	0.4248	0.4914	0.5320	*	*
20	0.9979	0.9648	0.9287	1.0010	1.0407	1.0590
263	2.0237	2.0914	2.0917	2.1889	2.2589	2.3413
276	2.4467	2.4246	2.3485	2.4842	2.5749	2.8598
A286	0.6185	0.5974	0.5703	0.6196	0.6547	0.6633
330	0.7853	0.7471	0.7105	0.7787	0.8161	0.7911
400	1.3570	1.2601	1.2208	1.4099	1.4467	1.3692
600	1.5694	1.4859	1.4144	1.5626	1.6225	1.5595
601	1.4165	1.3471	1.2861	1.4031	1.4541	1.4036
617	1.5108	1.5255	1.4879	1.6101	1.6866	1.8141
625	3.2682	3.2249	3.1550	3.2796	3.3502	3.4778
718	3.5229	3.4745	3.4190	3.5219	3.5753	3.6004
X-750	2.1437	2.0623	1.9924	2.1361	2.1944	2.1333
800H/HT	0.7564	0.7232	0.6901	0.7474	0.7821	0.7616
825	1.0914	1.0561	1.0127	1.0931	1.1385	1.1748
HX	1.4911	1.4656	1.4089	1.5086	1.5731	1.7134
188	3.8000	3.6900	3.7700	*	*	*
L-605	4.4200	4.3000	4.4100	*	*	*

\*Surcharge currently not available

## Titanium Surcharge Update

Source: ATI Specialty Metals

Titanium Alloy	Standard Surcharge Q2, 2016		
	Bar	Billet	Flat
ATI 6-2-4-2 Alloy	\$5.31	\$4.84	\$5.31
ATI 6-4 Alloy	\$4.30	\$3.91	\$4.30
ATI 6-4 ELI Alloy	\$4.30	\$3.91	\$4.30
ATI CP Grade 1	\$4.09	\$3.72	\$4.09
ATI CP Grade 2	\$2.88	\$2.62	\$2.88
ATI CP Grade 4	\$2.88	\$2.62	\$2.88

### Take our Survey!

Complete the survey, and we'll send you a thank you gift for your participation. Follow this link to begin:

<http://bit.ly/298ftJH>

## UPM Installs Falls Deburr Model 131

United Performance Metals is excited to announce the installation of its latest piece of equipment, the Falls 131 Deburr. This versatile power tool deburrs the top and bottom edges and smooths the vertical edges of shaker parts in one pass. It eliminates "scallop" marks as it deburrs. Capable of deburring stainless steel, nickel and aluminum parts, this equipment will be essential to customers requiring a burr free edge for safe handling.

This process is appropriate for 4" minimum width up to 48" maximum and lengths of 48" maximum and can accommodate .020-.250" plate.

Contact [sales@upmet.com](mailto:sales@upmet.com) for more information.



## US. Cities Winning the Battle for Manufacturing Jobs

According to a recent study from *Forbes Magazine*, the manufacturing sector has generated 3.3% labor productivity growth per year from 1997-2012—a third higher than the rest of the economy. The impact of manufacturing on local economies is profound, as it has the highest multiplier effect of any sector of the economy. According to the Commerce Department, \$1.00 of final demand for manufacturing generates \$1.33 in output from other sectors of the economy. *Forbes* put together a list of the top cities winning the battle for manufacturing jobs. The list is based on employment growth in the sector out of 48 metropolitan statistical areas with at least 50,000 manufacturing positions.

Here are the top five:

1. Grand Rapids-Wyoming, MI	Share of Manufacturing Jobs in Local Economy 20.7% Growth, 2010-2015: 29.05%
2. Elkhart-Goshen, IN	Share of Manufacturing Jobs in Local Economy 47.3% Growth, 2010-2015: 37.11%
3. Louisville/Jefferson County, KY-IN	Share of Manufacturing Jobs in Local Economy 11.9% Growth, 2010-2015: 25.59%
4. Detroit-Dearborn-Livonia, MI Metropolitan Division	Share of Manufacturing Jobs in Local Economy 12.2% Growth, 2010-2015: 26.95%
5. Warren-Troy-Farmington Hills, MI Metropolitan Division	Share of Manufacturing Jobs in Local Economy 12.3% Growth, 2010-2015: 30.63%