

U.S. ECONOMIC NEWS

Jobless Claims in U.S. Fell More Than Forecast

The number of Americans filing applications for unemployment benefits fell more than forecast last week, a sign that the U.S. labor market continues to make progress.

Jobless claims in the week ended Aug. 24 dropped 6,000 to 331,000 from a revised 337,000 the week before that was higher than initially reported, the Labor Department said today in Washington. The median forecast of 50 economists surveyed by Bloomberg called for a drop to 332,000.

As the effects of higher taxes and federal budget cuts begin to fade, employers are preparing for rising demand and improved growth by maintaining their workforces.

Source: Bloomberg, 8.29.13

Consumer Confidence Increases Slightly

The Conference Board Consumer Confidence Index®, which had declined in July, increased slightly in August. The Index now stands at 81.5 (1985=100), up from 81.0 in July.

Says Lynn Franco, Director of Economic Indicators: "Consumer Confidence increased slightly in August, a result of improving short-term expectations. Consumers were moderately more upbeat about business, job and earning prospects. In fact, income expectations, which had declined sharply earlier this year with the payroll tax hike, have rebounded to their highest level in two and a half years."

Source: Conference Board, 8.27.13

Home Prices in 20 U.S. Cities Increased at Slower Pace

Residential real-estate prices increased in June at a slower pace, a sign the rate of improvement in the housing market is cooling. The S&P/Case-Shiller index of property values in 20 cities rose 12.1 percent in June from the same month in 2012 after rising 12.2 percent in the year ended in May, which was the biggest gain since March 2006.

Increasing property values are boosting household wealth, helping underpin consumer spending, which accounts for about 70 percent of the economy. At the same time, a jump in mortgage rates shows signs of curbing sales and refinancing, which will make it more difficult to tap home equity.

Source: Bloomberg, 8.27.13

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U.S. Manufacturing Growth

Stronger-than-expected data on U.S. manufacturing and construction spending on Tuesday hinted the world's biggest economy was gaining traction, potentially adding to views that the Federal Reserve will soon slow its massive bond-buying program.

The U.S. manufacturing sector grew last month at its fastest pace in more than two years, with the Institute for Supply Management's (ISM) index of national factory activity rising to 55.7 in August from 55.4 the prior month.

That comfortably beat expectations for 54, with the index at its highest since June 2011. A reading above 50 indicates expansion in the sector. "This was an unambiguously positive report, signaling a further acceleration in manufacturing momentum in August," said Millan Mulraine, director of U.S. research and strategy at TD Securities in New York.

New orders also marked their best level in more than two years, with that sub-index jumping to 63.2 from 58.3. Employment, however, slipped to 53.3 from 54.4. Jobs data are especially important to the Fed, which wants to see the unemployment rate closer to 6.5 percent from its current 7.4 percent.

U.S. construction spending rose in July, too, climbing 0.6 percent to an annual rate of \$901 billion, the Commerce Department said. The growth rate was above the median forecast in a Reuters poll of analysts. In addition, demand picked up in the U.S. manufacturing sector in August, a separate report showed.

Financial data firm Markit said that while its final U.S. Manufacturing Purchasing Managers Index eased to 53.1 from July's reading of 53.7, a pickup in new orders and a drop in inventories pointed to faster growth ahead.

Source: Reuters, 9.3.13

Major Stainless Mills Increase Prices

AK Steel announced August price increases in 200, 300 and 400 series flat rolled stainless steel products. AK also announced October price increases on all stainless products.

North American Stainless (NAS) announced it will also increase prices for 200, 300 and 430 cold rolled products for both August and October.

Allegheny Ludlum (ATI) has announced an increase in base-selling prices for all 200 and 300 series grades as well as ATI 430™ cold rolled sheet and strip, hot roll and cold rolled tubular quality sheet and strip, and Precision Rolled Strip® products. Increases will occur in both August and October.

Outokumpu Stainless Coil Americas announced a price increase for 200, 300 and 430 cold rolled stainless effective both August and October.

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Stainless

- Mill surcharges increased in September:

304/304L	\$.6518/lb
316/316L	\$.8907/lb
201/201LN	\$.4376/lb
- Lead time from domestic producers for CMP range is from 4 to 6 weeks.
- Lead time from domestic producers for CR range is from 6 to 8 weeks, depending on the mill.
- The mills have announced a base price increase for all 200, 300, and 400 series cold rolled stainless products, polished products, and 200 and 300 series Hot Rolled CMP stainless products effective October 1st. Actual effective transaction prices to be determined after implementation.

Plate

- Discrete plate mills have announced price increases for August.
- Lead times at most mills are around 5 to 6 weeks on as-rolled; normalized products are about 7 to 8 weeks.
- Scrap pricing increased in July.

Flat-Rolled

- HR coil lead times at most mills are around 3 to 4 weeks, sometimes quicker depending on size of inquiry and producing mill.
- Demand at the mill level continues to show some improvement.
- July CRU index for flat-rolled increased as follows:

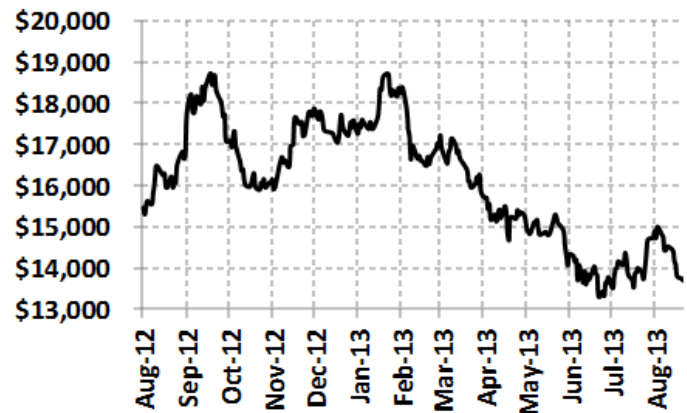
HR up \$40/ton to \$636
CR up \$44/ton to \$749
HDG up \$36/ton to \$797

Aluminum

- Ingot average in August for common alloy and Tread Brite is up .02/lb.
- Mill production lead time for common alloy and Tread Brite is running into October.
- The ingot for August extruded products is up .015/lb.

September 2013

LME 3M Nickel \$/mt



June Steel Shipments Down 3.0 Percent

The American Iron and Steel Institute (AISI) reported that for the month of June 2013, U.S. steel mills shipped 7,806,319 net tons, a 3 percent decrease from the 8,047,245 net tons shipped in the previous month, May 2013, and a 2.6 percent decrease from the 8,016,834 net tons shipped in June 2012. Shipments year-to-date in 2013 are 47,401,474 net tons, a 5.4 percent decrease vs. 2012 shipments of 50,117,104 net tons for six months.

A comparison of June shipments to the previous month of May shows the following changes: hot rolled sheet, down 2 percent, hot dipped galvanized sheets and strip, down 5 percent and cold rolled sheet, down 5 percent. **Source: AISI, 8.16.13**

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