

The UPM Market Informer

Monthly Market Intelligence for Customers of United Performance Metals

September 2014

How the Metals Industry Adds to the U.S. Economy

According to a study commissioned by MSCI and conducted by John Dunham and Associates, the metals industry contributes more than \$550 billion to the U.S. economy— more than each of the aircraft, film or software industries.



2.5 million Americans, are directly or indirectly employed by the U.S. metals industry.

MSCI developed a creative video based on the study findings which can be viewed at <http://bit.ly/1tknqgF>.

Source—MSCI

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The U.S. Economic Data

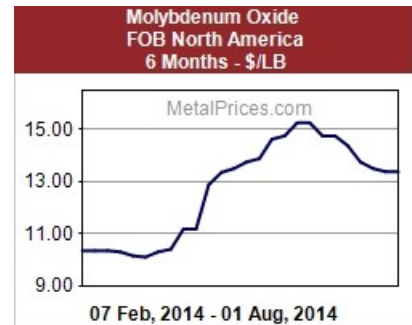
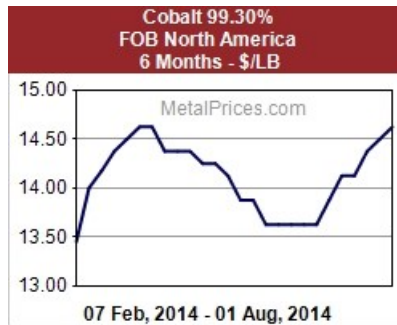
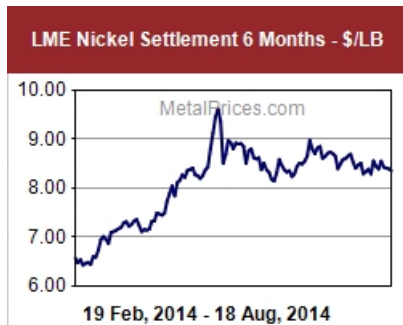
August 18—The U.S. Federal Reserve announced that industrial production rose 4.0 percent between June 2014 and July 2014. Manufacturing production was up one percent while mining output improved 0.3 percent. Utility output declined 3.4 percent. Source—MSCI

Manufacturing pushed U.S. industrial production higher in July in the sixth straight month of gains, according to the Federal Reserve. Leading the increase was production of motor vehicles and parts, revving up 10.1 percent, while other production rose 0.4 percent. Capacity utilization crept higher by a tenth point for the second straight month, reaching 79.2 percent. Source—Washington AFP

Institute for Supply Management Findings

August 1—Manufacturing expanded as the PMI® registered 57.1 percent, an increase of 1.8 percentage points when compared to June's reading of 55.3 percent. A PMI® in excess of 43.2 percent generally indicates an expansion of the overall economy. ISM®'s New Orders Index registered 63.4 percent in July, an increase of 4.5 percentage points when compared with 58.9 percent reported in June, indicating growth in new orders for the 14th consecutive month. ISM®'s Production Index registered 61.2 percent in July, which is an increase of 1.2 percentage points when compared to the 60 percent reported in June, indicating growth for the fifth consecutive month. Source—ISM





US Raw Steel Production Increases 1.2%

NEW YORK, Aug 19—U.S. raw steel output totaled an estimated 1,919,000 net tons, up 1.2 percent from the previous week, as mills operated at an average capacity utilization rate of 79.8 percent.

To date, mills have produced 60,263,000 tons so far this year, with an average capacity utilization rate of 77.6 percent, up .05 percent from 59,959,000 tons at an average capacity utilization rate of 76.9 percent in the same period last year.

Source—AMM



Mill Lead Times

Stainless cold rolled - 13 weeks

Stainless plate - 8 weeks

Nickel cold rolled - 15 weeks

Nickel plate - 10 weeks

Sheet Prices Steady Despite Strong Demand

NEW YORK, Aug 15—Sheet steel prices held steady this past week amid what sources describe as surprisingly robust demand during the typically slower summer months.

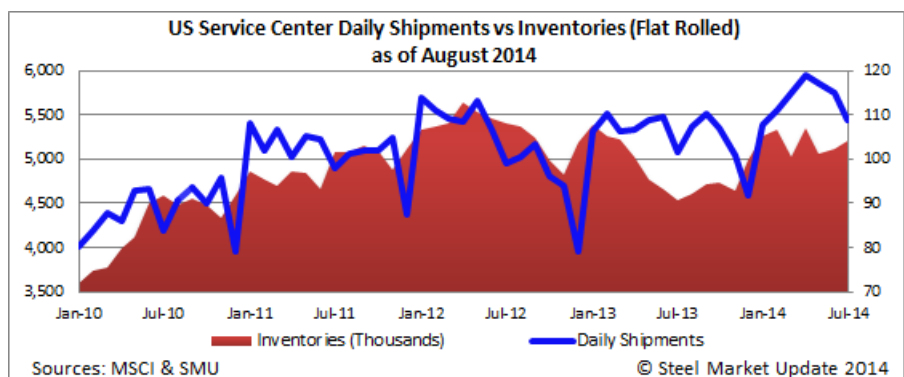
AMM's hot rolled sheet price remained unchanged at \$675 per ton, with some transactions also reported in the \$680 per ton range and significant volumes and areas with import competition seeing lower prices. Cold-rolled prices held at \$795 per ton.

Distributor inventories also are at relatively low levels considering demand, sources said, spurring buying activity.

AMM's domestic plate price has held steady at \$860 per ton for nearly two months despite high import levels. Sources attributed this to robust demand, particularly from the energy and transportation sectors.

Meanwhile, U.S. service centers' steel shipments increased 6.9 percent in July compared with the same month last year, while inventories jumped 11.4 percent year on year, according to the latest MSCI data.

Source—AMM





Stainless Steel & Cobalt Alloy Surcharge Totals

May 2014—September 2014

High Temp Surcharge Totals

May 2014—November 2014

Grades	May	June	July	Aug	Sep	Oct	Nov
15-5	0.5549	0.6058	0.6052	0.6118	0.6070	*	*
15-7	0.8630	0.9955	1.0218	0.9897	0.9781	*	*
17-4	0.5382	0.5828	0.5829	0.5899	0.5859	*	*
17-7	0.7239	0.8239	0.8191	0.8249	0.8142	*	*
18SR	0.2527	0.2599	0.2612	0.2656	0.2671	*	*
201	0.5446	0.6048	0.6024	0.6061	0.5995	*	*
301 7.0%	0.7211	0.8186	0.8143	0.8207	0.8102	*	*
302/304/304L	0.7858	0.8967	0.8914	0.8979	0.8858	*	*
304-8.5%	0.8183	0.9360	0.9302	0.9369	0.9240	*	*
305	1.0486	1.2144	1.2051	1.2139	1.1952	*	*
309	1.0759	1.2420	1.2332	1.2424	1.2240	*	*
310	1.5447	1.8068	1.7910	1.8047	1.7745	*	*
316/316L	1.1051	1.2857	1.3088	1.2789	1.2614	*	*
317L	1.2882	1.5039	1.5417	1.4938	1.4740	*	*
321	0.8423	0.9669	0.9603	0.9673	0.9535	*	*
347	1.1097	1.2343	1.2277	1.2347	1.2209	*	*
409/409 Mod	0.2110	0.2119	0.2136	0.2146	0.2156	*	*
410/410S	0.2173	0.2181	0.2200	0.2211	0.2221	*	*
430	0.2524	0.2536	0.2563	0.2577	0.2591	*	*
434	0.3295	0.3466	0.3609	0.3483	0.3490	*	*
439	0.2597	0.2610	0.2638	0.2654	0.2669	*	*
440A	0.2524	0.2536	0.2563	0.2577	0.2591	*	*
2205	0.9498	1.0870	1.1314	1.0803	1.0706	*	*
2507	1.0085	1.1612	1.2031	1.1529	*	*	*
20	2.1931	2.2135	2.4739	2.8367	3.2596	3.1115	3.1711
263	6.4200	7.0300	6.8500	7.0800	*	*	*
276	5.4269	5.4587	5.9637	6.8695	7.8477	7.6392	7.5358
A286	1.4660	1.4787	1.6712	1.9258	2.2204	2.1120	2.1594
330	1.8655	1.8909	2.1641	2.4900	2.8812	2.7194	2.8115
400	3.6136	3.6310	4.0596	4.6484	5.3889	5.0800	5.2890
600	3.7019	3.7546	4.3286	5.0014	5.8135	5.4747	5.6638
601	3.1826	3.2308	3.7007	4.2528	4.9206	4.6434	4.7999
625	5.4625	5.4996	5.9898	6.7366	7.5714	7.3307	7.3493
718	5.2065	5.2420	5.6504	6.1958	6.8286	6.6058	6.6878
X-750	4.2186	4.2705	4.8286	5.4828	6.2727	5.9433	6.1274
800H/HT	2.7900	3.1900	3.0400	3.1500	*	*	*
825	2.4604	2.4856	2.7938	3.2283	3.7283	3.5613	3.6146
HX	3.3920	3.4314	3.8272	4.4625	5.1582	4.9729	4.9650
188	8.2600	8.2900	8.1700	8.5500	*	*	*
L-605	8.8800	8.6800	8.6200	9.0700	*	*	*

Nucor Announces Plate Price Increase

AUGUST 14—Nucor Plate Mill Group announced an increase on transaction prices for all new spot orders of carbon, alloy and heat-treated plate.

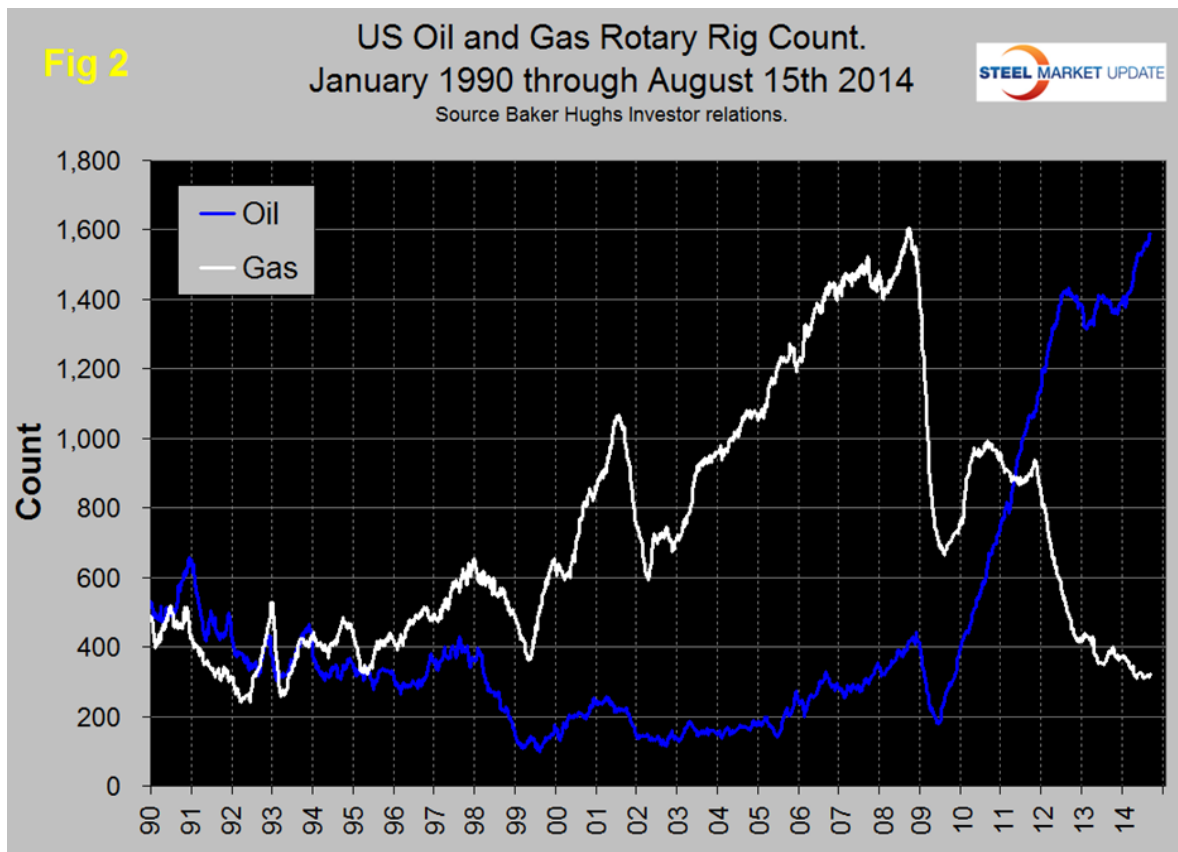
Carbon and alloy plate prices were increased by \$30 per ton (\$1.50/cwt).

Heat-treated plate prices were increased by \$40 per ton (\$2.00/cwt).

Nucor Plate Mill Group advised in their letter to their plate customers that the new transaction prices would be effective immediately. *Source Steel Market Update*

Baker Hughes Rig Count

The total number of operating rigs is now 1,913, and increase of 55 since June. Land rigs increased by 52 in this time frame to 1,851 and off shore by 3 to 62. On a regional basis, the big three states for operating rigs are Texas at 899, up by 13 since June, Oklahoma at 209, up by 9 and North Dakota at 185, up by 15. Off shore drilling has now recovered from the Deep Water Horizon oil spill in April 2010, but is still less than half it was in January 2000. *Source SMU*



UPM Houston Branch Has Been Granted AS9100/ISO Certification

The Houston branch of United Performance Metals has been audited in accordance with the requirements of AS 9104-1 by ISOQAR Inc. and conforms to the Quality Management System Standards ISO 9001 : 2008 Incorporating the requirements of AS9100-C. The Quality Management System is applicable to: Supply, process, stock and distribute stainless steel and high temperature alloy plate for the aerospace, petrochemical and commercial markets.

View past issues of the UPM Market Informer: <http://bit.ly/1haedRF>