



The UPM Market Informer

Airbus May Consider Abandoning UK Over Brexit

Europe’s biggest plane maker has announced that it might abandon the United Kingdom entirely if it sees a bad deal when the country exits the European Union in March next year. Airbus says it would consider pulling the trigger if Brexit happened without a trade deal in place. But even a plan to split Britain more gradually away from the EU’s market, ending in December 2020 wouldn’t be enough, because Airbus says it still wouldn’t give them enough time to adapt their supply chain. They’ve previously said that they’re trying to stockpile more spare parts for their planes to build a buffer in case there’s a big disruption when Brexit officially hits. The company is headquartered in France, and the lack of certainty around



Brexit has been a headache for it and other big multinationals. Airbus claims it employs 15,000 people in the UK, and its presence there supports an additional 117,000 British jobs.

Source: MSN, reported by Matthew Laratonda Link to video: <https://www.msn.com/en-us/video/news/airbus-may-consider-abandoning-uk-over-brexit/vp-AAyZWgB>

Mill Base Prices Continue to Climb

Finnish stainless steel maker Outokumpu’s alloy steel surcharges for July deliveries of grade 304 CR stainless steel sheet have risen for the sixth consecutive month.

Carpenter Technology Corporation announced that it will increase base prices 3% to 5% on new non-contract orders across all premium products.

Special Metals PCC Metals Group raised base prices 3% - 5% in early June, 2018. The TIMET business unit of the PCC Metals Group is reviewing possible pricing actions due to increasing costs of titanium raw material inputs.

North American Stainless increased prices on 304, 304L, 316L, 201, 301 and 430 by reducing the functional discount 1-2 points. NAS also reduced the functional discount 3 points on all other cold rolled alloys and increased costs on hot rolled products with July shipments.

Universal Stainless & Alloy Products, Inc. announced a base price increase of 3%-7% on all specialty and premium products beginning July 1st.



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Look for UPM at the Farnborough Airshow July 16-22. Invest Northern Ireland Hall #1, Stand 1310

Global Market for Automotive Fasteners to Grow

The speculative fever for electric-car metals is pushing to nearly four-year high prices for nickel—a key ingredient in stainless steel. Nickel is the top industrial metal and among the best-performing assets of 2018, with futures contracts on the London Metal Exchange up 21%, as battery manufacturers, mostly in China, and investors across the world hoard the metal in anticipation of a shortage.

For years, nickel was one of the worst-performing commodities as supply far outpaced demand from industries like auto manufacturing and construction. Its dramatic rally this year is the latest sign of the hype surrounding emerging technologies like car batteries. Currently, batteries only account for a tiny slice of total nickel demand, about 3%, according to analysts. But some in



the metals industry expect that figure to ramp up as more consumers switch to electric cars. Analysts at Citigroup estimate battery usage could hit as much as 40% in the next 15 years.

“These sort of longer-term generational changes don’t happen that often, and when they do, investors and speculators want to anticipate,” said Robin Bhar, head of metals research at Société Générale. “If battery usage increases as it could, you’re not going to have enough supply.”

Worries that the U.S. might sanction nickel giant Norilsk Nickel Mining & Metallurgical Co., part-owned by Russian oligarch Oleg Deripaska, triggered turbulence in prices during April. But the U.S. didn’t end up levying

sanctions against Norilsk, and other metals markets that faced uncertainty surrounding sanctions, like aluminum, have also calmed down. Helping fuel nickel’s latest leg up, more companies have come to favor batteries that use more nickel than cobalt, as prices for the latter have spiked amid struggles extracting it from Congo, the world’s largest supplier. China, the country at the center of the rechargeable battery supply chain, has also gotten behind nickel-heavy batteries, since they can give cars a greater driving range while taking up less space.

Battery-grade nickel compounds also require a higher-quality material than the metal used to produce stainless steel. That’s causing some analysts to predict prices need to move higher to incentivize large producers. Société Générale’s Mr. Bhar thinks prices will need to increase another 17% to \$18,000 to boost supply. Nickel is outperforming other industrial metals this year for the first time since 2013, according to an analysis by WSJ Market Data Group of comparable periods. Prices more than halved between 2014 and 2016—a period when investors broadly dumped commodities. The selloff crimped investment in nickel production, which is exacerbating current constraints.

In a market where inventories are heading lower, the downside risk for prices is relatively limited, according to Marwan Younes, chief investment officer of New York-based hedge fund Massar Capital Management. Meanwhile, “If EV adoption is anywhere close to being in line with industry forecasts,” investors positioned bullishly will benefit, he said. *Source: Amrith Ramkumar for the Wall Street Journal. Photo by Marco Destejanis/Pacific Press/Suma Press*

**Look for United Performance Metals
at the Farnborough Airshow July 16-22.
Invest Northern Ireland Hall #1, Stand 1310**



While Offshore Wind Gets Developed, Texas Will Likely Stay Onshore



One of the world's largest power companies is planning to pump \$1 billion into new wind projects in Texas, confirming the state's place as the nation's largest producer of wind-driven energy. The Spanish utility Iberdrola says the money will finance new wind farms with a combined generating capacity of 700 megawatts — enough to power some 140,000 Texas homes on a hot summer day. Those projects are part of the 33,000 megawatts of new wind resources that are under consideration or development in the state, according to the Electric Reliability Council of Texas, which manages about 90 percent of the state's power grid.

Iberdrola's new Texas projects will add to the 725 megawatts of wind power the company already operates in Texas through its American subsidiaries, Avangrid, Inc. of Orange, Connecticut and Avangrid Renewables of Portland, Oregon. Iberdrola's largest wind farm, the 606-megawatt South Texas Coast Wind Farm, is located in Kenedy County, about 80 miles north of Brownsville. Avangrid Renewables is developing the 286-megawatt Karankawa wind farm in Bee and San Patricio counties, which are just inland from Port Aransas and Aransas Pass north of Corpus Christi. Two other wind farms under development by Avangrid, the 200-megawatt Karankawa 2 in San Patricio County and 500-megawatt Comanche Run Wind farm in between Lubbock and Amarillo are listed in the state's power generation development queue.

"I think you are already doing things very well (in Texas)," Iberdrola's CEO Ignacio Galán said while visiting San Antonio this week. "You are using all of the natural resources. This state has oil, gas, wind and sun." Iberdrola is a global energy company with a stock market value of \$47 billion in 2017. In the first quarter of 2018 the company reported that it had over 13 million electricity customers worldwide and more than 48,000 megawatts of generation installed in 12 countries including the United Kingdom, the United States, Mexico and Brazil. About 60 percent of its power is generated from renewable sources, including wind, solar and hydroelectricity. In the United States the company operates some 6,400 megawatts of wind energy, enough to power some 1.3 million Texas homes. Galán was in San Antonio Monday as part of a business delegation that met with Spain's King Felipe VI and Queen Letizia. The royal couple were visiting San Antonio as part of the city's celebrations related to the 300th anniversary of Spain's founding of a colonial mission and presidio where the city is now.

Galán said that his company sees opportunities in offshore wind projects, which account for 544 megawatts or 3.3 percent of Iberdrola's global wind fleet. The company operates about 15,533 megawatts of onshore wind. The Spanish company is part of joint venture to develop a massive 800 megawatt offshore wind project 14 miles south of Martha's Vineyard island in Massachusetts. Work on the Vineyard Wind project, a 50-50 partnership between Avangrid Renewables and Danish investment firm Copenhagen Infrastructure Partners, is expected to begin next year.

In Texas, however, offshore wind farms are likely a long way off, largely because of the strength of its onshore wind sector, which is concentrated on the plains of West Texas. Galán said there are still plenty of onshore resources in Texas that can be developed at much lower costs than offshore projects. An offshore wind farm can cost nearly triple that of a onshore project, according to the International Energy Agency. Anthony Logan of the energy consultancy Wood Mackenzie said the United States has lagged Europe in the development of offshore windfarms in large part because it's so much cheaper to build onshore, where equipment is more readily available and easier to transport. It's also easier to recruit workers. Developing offshore wind resources still relies on European expertise and equipment, Logan said, but companies willing to take on U.S. offshore projects now could have an advantage as that segment of the industry grows. *Source: express-news.net*

US Raw Steel Production ↑ 1.8%

According to the American Iron and Steel Institute (AISI), in the week ending on June 23, 2018, US domestic raw steel production was 1,772,000 net tons while the capability utilization rate was 75.6%.

Production for the week ending June 23, 2018 is up 1.8% from the previous week ending June 16, 2018 when production was 1,740,000 net tons and the rate of capacity utilization was 74.2%.

Production was 1,747,000 net tons in the week ending June 23, 2017 while the capability utilization then was 74.9%. The current week production represents a 1.4% increase from the same period in the previous year.

Adjusted year-to-date production through June 23, 2018 was 43,833,000 net tons, at a capability utilization rate of 75.4%. That is up 1.7% from the 43,091,000 net tons during the same period last year, when capacity utilization rate was 74.4%.

New Residential Home Sales in the US ↑ 6.7% in May

Sales of new single-family houses in May 2018 were at a seasonally adjusted annual rate of 689,000, according to estimates released jointly today by the US Census Bureau and the Department of Housing and Urban Development. This is 6.7% above the revised April rate of 646,000 and is 14.1% above the May 2017 estimate of 604,000.

The median sales price of new houses sold in May 2018 was \$313,000. The average sales price was \$368,500. The seasonally adjusted estimate of new houses for sale at the end of May was 299,000. This represents a supply of 5.2 months at the current sales rate.

Source: Steel Orbis Bulletin



Surcharge Totals April 2018— September 2018

	Apr	May	Jun	Jul	Aug	Sep
15-5	0.5662	0.5677	0.5769	0.6097	*	*
15-7	0.8407	0.8336	0.8410	0.8718	*	*
17-4	0.5622	0.5631	0.5713	0.6014	*	*
17-7	0.6745	0.6788	0.6959	0.7447	*	*
201	0.5632	0.5668	0.5778	0.6091	*	*
301 7.0%	0.6683	0.6725	0.6892	0.7367	*	*
302/304/304L	0.7290	0.7334	0.7524	0.8048	*	*
304-8.5%	0.7535	0.7579	0.7781	0.8332	*	*
305	0.9309	0.9356	0.9641	1.0375	*	*
309	0.9722	0.9767	1.0052	1.0767	*	*
310	1.3389	1.3440	1.3892	1.4967	*	*
316/316L	1.0358	1.0288	1.0445	1.0930	*	*
316LS/316LVM	1.3400	1.3700	1.3800	*	*	*
317L	1.2244	1.2119	1.2258	1.2708	*	*
321	0.7660	0.7704	0.7918	0.8500	*	*
347	1.0756	1.0800	1.1014	1.5696	*	*
409/409 Mod	0.2512	0.2551	0.2251	0.2689	*	*
410/410S	0.2604	0.2642	0.2642	0.2775	*	*
430	0.3133	0.3169	0.3169	0.3280	*	*
434	0.4004	0.3997	0.3967	0.4019	*	*
439	0.3247	0.3283	0.3283	0.3387	*	*
440A	0.3133	0.3169	0.3169	0.3280	*	*
2205	0.9965	0.9831	0.9835	0.9953	*	*
263	8.7194	9.5493	10.2029	11.1034	11.7569	11.8171
276	4.4253	5.2620	5.6690	5.7616	5.8231	5.8395
A286	1.1441	1.3667	1.5171	1.5406	1.6053	1.6528
330	1.4251	1.7052	1.8860	1.9053	2.0069	2.0861
400	2.7200	3.2672	3.5440	3.4534	3.6420	3.7841
455	0.7500	0.7800	0.8000	*	*	*
465	0.9200	0.9400	0.9600	*	*	*
600	2.7863	3.3635	3.6864	3.6633	3.8717	4.0371
601	2.4443	2.9180	3.1917	3.2043	3.3755	3.5110
617	6.5170	7.3342	7.8691	8.3732	8.7729	8.8389
625	4.8678	5.5352	5.8802	5.9397	6.0507	6.1228
718	4.8374	5.3154	5.5832	5.6130	5.7371	5.8290
X-750	3.3689	3.9301	4.2455	4.2267	4.4293	4.5901
825	1.9619	2.3473	2.5689	2.6100	2.7003	2.7645
HX	2.8885	3.4680	3.7769	3.8670	3.9584	4.0024
188	19.9700	21.3600	21.0200	*	*	*
CCM	33.3100	34.2600	33.8200	*	*	*
L-605	24.3700	26.0500	25.5300	*	*	*

*Surcharge currently not available