

UPDATE:

US STEEL ANNOUNCED LAST WEEK THAT BEGINNING JULY 1, THEIR PRICES FOR ALL STEEL TUBULAR PRODUCTS WILL BE RAISED AT LEAST \$800.00 PER TON, AN AMOUNT COMPARABLE TO A SUMMATION OF ALL THEIR PRICE INCREASES OVER THE PAST 6 MONTHS.

PIPELINE NEWS HAS BEEN BANGING THE DRUM ON THIS FOR SEVERAL MONTHS, WARNING OUR CUSTOMERS THAT CARBON PRICES ARE ESCALATING. WHILE WE SEE THIS INFLATION AS A SUPPLY-DRIVEN ISSUE, WE DO NOT ANTICIPATE ANY RELIEF FROM HIGH PRICES THRU THE END OF THIS YEAR.

THIS IS BECAUSE THE FORCES CAUSING THE INFLATION, THOSE POINTED OUT IN OUR PAST TWO RELEASES, ARE STILL IN PLAY AND HAVE NOT BEEN CORRECTED. HIGH ENERGY PRICES, LOW DOLLAR VALUE, HIGH COST OF SCRAP, AND RESTRICTED IMPORTS ARE ALL TO BLAME.

ADDING INSULT TO INJURY, WE ARE NOW SEEING SHORTAGES IN SOME PRODUCTS, INCREASING THE LIKELIHOOD OF ADDITIONAL PRICE HIKES. WE WILL CONTINUE TO STAY ON TOP OF THIS DEVELOPING CONCERN AND KEEP YOU INFORMED.

Tom Sheeler has been involved in the PVF industry for over 36 years and is currently the General Manager for **American Stainless & Supply** located in Cheraw, SC. With his extensive experience in inventory management, sales and most importantly, purchasing, Tom has developed a passion for discovering where the market is and where it is headed. He can be reached via email at TSheeler@amerstain.com.

Pipeline News is a publication of American Stainless & Supply, a national distributor of pipe, valves, fittings and structural shapes. Please visit www.AmericanStainless.com to learn more about how this company can add value to your supply chain.

MARKET ANALYSIS

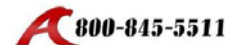
June, 2008

CARBON STEEL PRICES CONTINUE TO RISE

Carbon steel products, primarily pipe (ERW & SMLS), weld fittings and flanges continue to increase in cost at an unprecedented pace.

- 🕒 Carbon ERW pipe popped up another \$200.00/ton.
- 🕒 Carbon SMLS increased 10% on May 19th.
- 🕒 Carbon steel weld fittings experienced increases in March and May. On June 1st, costs of CS fittings increased 7.5% and CS flanges ballooned 16 – 18%.

Why is this happening?



- World-wide demand for steel products continues to grow due to expanding economies in India and China.
- Steel scrap prices are up 80% since January.
- The dollar remains very weak, improving our competitiveness abroad but increasing the costs of imported goods.
- Chinese steel manufactures have been removed from the American supply chain through anti-dumping duties. This has put much greater demand on the domestic manufacturers contributing to extended lead times and some shortages. We expect this situation to worsen as we move through the year.

MARKET ANALYSIS

March, 2008

ALERT...Carbon Material Becoming Scarce!!

With the assessment of anti-dumping duties on imported pipe from China, we are beginning to see some delivery issues on carbon ERW pipe. There have also been several price

increases on ERW and seamless carbon pipe, and additional increases have been announced for March and April. Price increases on carbon fittings and flanges were announced effective March 1st. Also contributing to the sudden surge in carbon prices:

- 🕒 Iron ore prices have drastically increased.
- 🕒 Energy and shipping costs have escalated.
- 🕒 The value of the dollar is at an all-time low.

WASHINGTON, Jan 4 (Reuters) - The U.S. Commerce Department set preliminary anti-dumping duties ranging up to 51.34 percent on Friday on certain steel pipe from China that it said was being sold in the United States at below-market prices.

A low dollar value equates to higher prices for commodities and imports

