

The UPM Market Informer

Monthly Intelligence for Customers of United Performance Metals

United Performance Metals Announces Integration of Four ONI Companies

United Performance Metals is pleased to announce the integration of Aero-dyne Alloys, Plus Ten Stainless, United Performance Metals and Vulcanium Metals International, to form a single high performance metals company, United Performance Metals (UPM).

As a result of the integration, UPM’s inventory will include stainless steel, duplex stainless steel, Prodec®, nickel alloys, cobalt alloys, cobalt chrome moly, titanium, aluminum and alloy steel in coil, sheet, strip, plate, bar and near net shapes. The newly formed high performance metals company serves a broad range of customers in industries including, but not limited to: aerospace, fastener, medical, power generation, oil and gas, and semi-conductors among others.

“We are committed to long-term success for the customers and markets we serve,” says UPM President Tom Kennard. “The merger of our companies allows us to offer a broader range of products and services through integrated sales and operations, providing quality solutions to each customer we serve.”

UPM uses proprietary FIRSTCUT+® Processing Services that include cut-to-length, leveling, slitting, edging, chamfering & facing, shearing, laser cutting, laser gauge measurement, water jet cutting, plasma cutting, sawing, precision cold saw cutting, precision blanks, first stage machining, heat treating, ultrasonic testing, boring, trepanning, and deburring.

Headquartered in Cincinnati, Ohio, UPM has facilities in: Oakland, California; Los Angeles, California; Hartford, Connecticut; Chicago, Illinois; Cincinnati, Ohio; Greenville, South Carolina; Houston, Texas; with international facilities in Singapore, Hungary, and Northern Ireland.

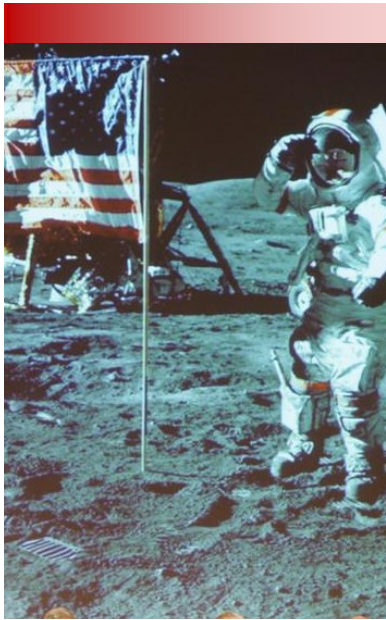
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Special points of interest

North American Stainless and ATI Flat Rolled Products are changing the index used to calculate the ferrochrome portion of the surcharge tables from Platts to the quarterly European ferrochrome benchmark effective 11.1.16 for stainless grades and 2.1.17 for nickel grades.

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Gene Cernan, Last Person to Walk on the Moon, Passed Away in January, at Age 82

Gene Cernan passed away January 16th, 2017. He will always be remembered as the last man to set foot on the surface of the moon.

Cernan served as commander of Apollo 17 which took part in the final Lunar Mission in December of 1972.

Gene Cernan and his crewmate Harrison Schmidt, spent 3 days on the moon that December while their third crewmate, Ronald Evans remained on Apollo 17 and orbited above the surface. Cernan and Schmidt, a geologist, explored nearly 7 hours each day, moonwalking and driving the lunar

lander, exploring craters and hills, and collecting more than 220 pounds of rocks.

He famously returned to Earth with a message of peace and hope for all mankind.

"I knew that I had changed in the past three days and that I no longer belonged solely to the Earth," Cernan wrote in a memoir titled "The Last Man on the Moon." "Forever more, I would belong to the universe."

The trip was Cernan's third space flight. In total, he logged 566 hours, 15 minutes in space.

"We leave as we came and, God willing, as we shall return, with peace, and hope for all mankind." Eugene Cernan

Price Volatility Ahead

Stainless MMI fell by two points in December after a mixed performance. Nickel prices fell in December but the overall sentiment in the metals complex is still bullish. The mill announced price increases combined with higher surcharges marks the largest month-on-month increase seen in recent history.

Nickel prices are now at attractive levels wherein we could see investors pushing prices back up.

If Indonesia keeps its export ban in place and The Philippines suspend more mines, investors will significantly lift prices from current levels.

Source: MetalMinor Raul de Frutos

Stainless Surcharges Jump in January, Construction Index Rises

Rising raw material surcharges are driving up U.S. steel prices, particularly stainless surcharges. The Allegheny Ludlum 304 and 316 stainless surcharges rose 34% and 25% respectively, on the MetalMiner IndX from December to January.

MetalMiner Price Benchmarking: Current and Historical Prices for the Metals You Buy, showed that the chrome portion of our prices jumped month on month and Platts reported that the same thing happened to its stainless benchmarks.

In the *Turner Construction Index*, the Turner Construction Company reported recently that its *Fourth Quarter Turner Building Cost Index*, which measures costs in the nonresidential building construction market in the U.S., has increased to a value of 1006. This represents a 1.11% quarterly increase from the *Third Quarter 2016* and a 4.90% yearly increase from the *Fourth Quarter 2015*.

The U.S. construction market continues to experience broad growth, with the West and Southeast regions seeing more significant gains, and the Northeast and Central regions seeing more moderate gains. While raw material prices have remained flat, they have experienced an overall gain this year and fabricated material prices have seen a continuous growth this quarter.

Source: MetalMiner Jeff Yoders



Stainless Steel & Cobalt Alloy Surcharge Totals
November 2016—February 2017
High Temp Surcharge Totals
November 2016—April 2017

Grades	Nov	Dec	Jan	Feb	Mar	Apr
15-5	0.3311	0.3555	0.4842	0.4773	*	*
15-7	0.4509	0.4692	0.5980	0.5863	*	*
17-4	0.3271	0.3511	0.4865	0.4820	*	*
17-7	0.4047	0.4313	0.5795	0.5517	*	*
18SR	0.1258	0.1880	0.3182	0.3344	*	*
201	0.3151	0.3415	0.4891	0.4857	*	*
301 7.0%	0.3550	0.4318	0.5844	0.5581	*	*
302/304/304L	0.4418	0.4698	0.6285	0.5955	*	*
304-8.5%	0.4580	0.4869	0.6469	0.6109	*	*
305	0.5751	0.6106	0.7835	0.7260	*	*
309	0.6056	0.6406	0.8358	0.7776	*	*
310	0.8485	0.8967	1.1240	1.0224	*	*
316/316L	0.5811	0.6058	0.7570	0.7235	*	*
317L	0.6768	0.6996	0.8662	0.8317	*	*
321	0.4652	0.4952	0.6503	0.6113	*	*
347	0.7331	0.7630	0.9180	0.8789	*	*
409/409 Mod	0.1209	0.1345	0.2248	0.2423	*	*
410/410S	0.1274	0.1410	0.2362	0.2535	*	*
430	0.1667	0.1795	0.3034	0.3199	*	*
434	0.2013	0.2114	0.3351	0.3558	*	*
439	0.1753	0.1879	0.3181	0.3343	*	*
440A	0.1667	0.1795	0.3034	0.3199	*	*
2205	0.5282	0.5402	0.7185	0.7195	*	*
2507	0.5665	0.4407	0.5802	0.7713	*	
20	1.3205	1.3530	1.3031	1.3511	1.5248	1.6467
263	2.7917	3.1369	3.1170	3.2744	3.6196	3.8044
276	3.1985	3.3612	3.2250	3.2347	3.4967	3.5832
A286	0.8561	0.8755	0.8384	0.8700	0.9927	1.0824
330	1.0823	1.0995	1.0591	1.1096	1.2808	1.3848
400	1.9275	1.9475	1.8828	1.9130	2.3223	2.3123
600	2.1701	2.2097	2.1406	2.2060	2.5506	2.6038
601	1.9025	1.9345	1.8746	1.9525	2.2362	2.3541
617	2.2710	2.5142	2.4488	2.5450	2.8741	3.0035
625	3.8913	3.9934	3.8960	3.9472	4.2190	4.3440
718	3.9944	4.0475	3.9805	4.0368	4.2763	4.3855
X-750	2.7267	2.7652	2.6977	2.7641	3.0994	3.1598
800H/HT	1.0143	1.0288	0.9911	1.0465	1.1969	1.3259
825	1.4678	1.5129	1.4547	1.5060	1.6958	1.8221
HX	2.0268	2.1285	2.0415	2.0852	2.3046	2.4337
188	4.8100	5.1600	5.6000	*	*	*
L-605	5.5800	5.9500	6.5100	*	*	*

*Surcharge currently not available

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US Flash January Manufacturing PMI Hits 22-Month High, Exports Subdued

The Markit flash US PMI manufacturing index rose to 55.1 for January from 54.3 the previous month. This was above consensus expectations of a slight increase of 54.6 and the strongest figure since March 2015.

The production index increased at the fastest pace for 22 months and the rate of new orders growth was the strongest since September 2014. The improvement was led by domestic demand and there was only a marginal increase in export orders, maintaining the pattern seen over the last few months with dollar strength sapping overseas orders.

The 12-month overall business outlook strengthened to the strongest level for 10 months.

There was further increase in employment for the month even though the rate of growth eased from 18-month highs seen in December. Vendor performance deteriorated further for the month with suppliers struggling to keep up with demand, which should underpin further short-term employment growth.

Companies increased their purchases on inputs, which increased inventories, and stocks of finished goods also rose as companies anticipated stronger orders.

Source: Economic Calendar Tim Clayton



Trump Defense Plan Seen as Chance to Signal U.S. Strength

The Trump administration's first long-range defense spending plan covering fiscal years 2018-22 is a "critical opportunity" to signal U.S. strength and resolve as well as reassure wary allies, members of three leading Washington think tanks told the Senate Armed Services Committee (SASC) on Jan. 24.

President Donald Trump was elected on a platform that included rebuilding the U.S. military and repealing arbitrary spending limits enforced by the Budget Control Act of 2011, and many defense analysts in Washington and members of Congress are anticipating a ramp-up in military spending as part of Trump's forthcoming fiscal 2018 budget request for more troops and equipment.

Trump's national security pledges include 1,200 total combat-ready fighter aircraft for the U.S. Air Force and 350 surface ships for the U.S. Navy, plus a "state-of-the-art" missile system to thwart attacks by Iran and North Korea. He also wants to raise the U.S. Army's active end strength to 540,000 personnel and grow the U.S. Marine Corps to 36 battalions.

Source: Aerospace Daily & Defense Report 1.25.17