

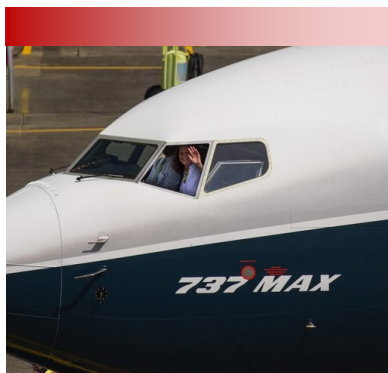


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The UPM Market Informer

Monthly Intelligence for Customers of United Performance Metals



Boeing’s New 737 MAX 9 Completes 2 1/2 Hour First Flight

The first flight of Boeing’s 737 MAX 9 took off at 10:52 a.m., piloted by Boeing chief deputy test pilot Capt. Christine Walsh, and headed north over Lake Washington into partly-cloudy skies. The plane, which rolled out of Boeing’s Renton factory March 7, flew across Washington state for about 2 hours and 45 minutes before landing at Seattle’s Boeing Field, where its flight testing will be based. The flight covered more than 800 miles and reached a top altitude of approximately 23,500 feet, and a top speed of 328 knots, according to the tracking site FlightAware.

The event marked the 50th anniversary of the original 737’s first flight. This version follows the MAX 8, which by next month is expected to be delivered to its first airline customer, probably Southwest. The MAX 9 model is almost 9 feet longer than the MAX 8’s 129 feet 8 inches, and it carries 178 passengers in two classes compared with the MAX 8’s 162 in a similar configuration. Boeing last month also affirmed its intention to launch a slightly larger MAX 10 variant—seating around 188 passengers in two classes—with aim of better competing with the Airbus A321neo. *Source: The Seattle Times*

Boeing 737, Which ‘Took the Aviation World by Storm,’ Marks 50 years of Flight

The first flight of Being’s original 737 took place 50 years ago, and Seattle’s Museum of Flight will mark the anniversary with a celebration . The occasion comes just weeks before the first delivery of the newest version of that jet, the Boeing 737 MAX. Brien Wygle, the pilot who commanded that first flight on April 9, 1967, and who two years later was co-pilot on the first flight of the 747 jumbo jet, will participate in a panel discussion at noon in the museum theater. “Fifty years ago we had no idea,” Wygle, 92, said in an interview this week. “We were hoping to eventually sell enough to break even.” As it turned out, the longevity and success of the 737 proved astounding. Boeing as of last month had delivered 9,448 of the single-aisle twinjets, with 4,506 more still on order. And with the delivery of the first MAX, Boeing plans to ramp up production in Renton later this year to 47 jets per month and up to 52 per month next year.



“The 737 took the aviation world by storm and has been improved steadily since,” Wygle said. “It obviously filled an incredible need.” *Source: The Seattle Times, April 7th , 2017*



US and Offshore Rig Count

The US Rig Count for last week was 1,728 up 4 from the prior week, and up 246 from a year ago. The Rocky Mountain Rig count for last week is 297, prior week total was 299, and up 50 from a year ago.

The worldwide contracted offshore rig count is unchanged this week, with rig demand keeping utilization rates as high as 100 percent, according to ODS-Petrodata's weekly mobile offshore rig count. In the US Gulf of Mexico, 119 rigs remain under contract out of 145 mobile offshore drilling units available, keeping the fleet's utilization rate at 82.1 percent. *Source: Baker Hughes*

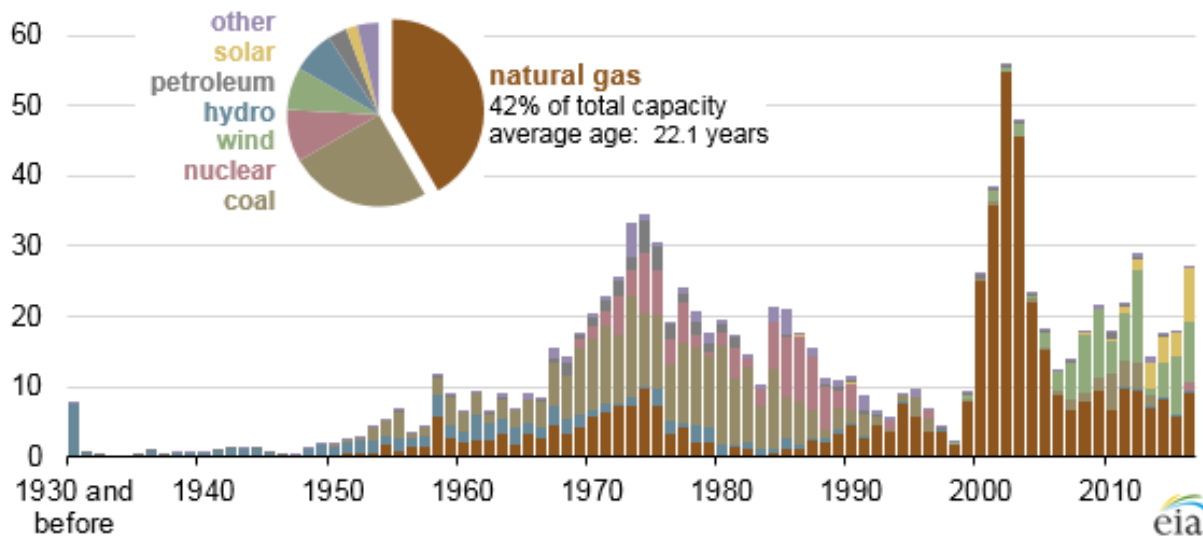
Natural Gas Accounted for 42 Percent of U.S. capacity in 2016

Natural gas-fired generators accounted for 42 percent of all electrical generating capacity in the United States last year, according to the Energy Information Administration. Though in terms of actual electricity produced, natural gas provided 34 percent of the total, surpassing coal.

Combined-cycle units accounted for 53 percent of the 449 GW total natural gas capacity, as the method made up a large share of the capacity added between 2000 and 2005. Combined-cycle units are also a top choice for baseload generation.

Combustion turbines made up 28 percent of gas capacity, and steam turbines made up 17 percent. Gas is widely distributed across the United States, with at least one in every state except Vermont. However, 38 percent of all gas capacity is located in Texas, California, Florida and New York. Texas has the most natural gas capacity of any state, with 69 GW or 15 percent of the national total. *Source: Power Engineering, April 20, 2017*

U.S. utility-scale electric generating capacity by initial operating year (as of Dec 2016) gigawatts





Surcharge Totals February, 2017—July, 2017

Grades	Feb	Mar	Apr	May	June	July
15-5	0.4773	0.4781	0.4853	0.4673	*	*
15-7	0.5863	0.5955	0.6210	0.6120	*	*
17-4	0.4820	0.4833	0.4882	0.4719	*	*
17-7	0.5517	0.5493	0.5587	0.5286	*	*
18SR	0.3344	0.3308	0.3293	0.3257	*	*
201	0.4857	0.4838	0.4881	0.4677	*	*
301 7.0%	0.5581	0.5568	0.5650	0.5355	*	*
302/304/304L	0.5955	0.5933	0.6016	0.5687	*	*
304-8.5%	0.6109	0.6087	0.6178	0.5759	*	*
305	0.7260	0.7244	0.7378	0.6902	*	*
309	0.7776	0.7762	0.7841	0.7366	*	*
310	1.0224	1.0223	1.0369	0.9640	*	*
316/316L	0.7235	0.7335	0.7608	0.7390	*	*
316LS/LVM	0.8500	0.9200	0.9100	*	*	*
317L	0.8317	0.8478	0.8799	0.8639	*	*
321	0.6113	0.6092	0.6205	0.5839	*	*
347	0.8789	0.8768	0.8880	0.8514	*	*
409/409 Mod	0.2423	0.2384	0.2467	0.2428	*	*
410/410S	0.2535	0.2497	0.2569	0.2530	*	*
430	0.3199	0.3162	0.3164	0.3127	*	*
434	0.3558	0.3567	0.3617	0.3649	*	*
439	0.3343	0.3307	0.3292	0.3256	*	*
440A	0.3199	0.3162	0.3164	0.3127	*	*
2205	0.7195	0.7352	0.7523	0.7574	*	*
263	3.2744	3.6196	3.8044	3.9435	5.0868	6.4771
276	3.2347	3.4967	3.5832	3.3826	3.6396	3.6576
A286	0.8700	0.9927	1.0824	0.9675	1.0519	1.0079
330	1.1096	1.2808	1.3848	1.2000	1.3174	1.2315
400	1.9130	2.3223	2.3123	1.9708	2.2196	2.0685
455	0.5200	0.5600	0.5500	*	*	*
465	0.6000	0.6400	0.6300	*	*	*
600	2.2060	2.5506	2.6038	2.2021	2.4507	2.2798
601	1.9525	2.2362	2.3541	2.0264	2.2298	2.0773
617	2.5450	2.8741	3.0035	2.9397	3.6710	5.0783
625	3.9472	4.2190	4.3440	4.0843	4.3166	4.2492
718	4.0368	4.2763	4.3855	4.1335	4.3175	4.2214
X-750	2.7641	3.0994	3.1598	2.7694	3.0110	2.8433
800H/HT	1.0465	1.1969	1.3259	1.1673	1.2689	1.1894
825	1.5060	1.6958	1.8221	1.6401	1.7838	1.7143
HX	2.0852	2.3046	2.4337	2.2540	2.4689	2.4709
188	6.2300	8.1500	*	*	*	*
CCM	8.1000	12.1100	18.7200	*	*	*
L-605	7.3900	9.8000	*	*	*	*

* Surcharge not currently available

United States Manufacturing PMI

The Markit US Manufacturing PMI fell to 52.8 in April of 2017 from 53.3 in March and well below market expectations of 53.5, flash figures showed. It is the lowest reading since September of 2016, indicating another slowdown in manufacturing growth from the near two-year high in January, mainly due to slower expansion in output and new orders.

Source: Markit Economics, Trading Economics

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- ◆ **Paris Air Show** June 19-23 in Le Bourget, France—Booth #3-E150

Lower Volume, Value for Recent Med Device M&A

In the medical device subsector, both the volume and total value of deals in the first quarter of 2017 were lower than in the prior year ago quarters. Venture capital funding for medical device companies may have rallied during the first quarter of 2017, but deal volume and value for mergers and acquisitions for the medtech industry declined during the same time period. Deal value for life sciences mergers and acquisitions announced in the first quarter of 2017 rose, according to PwC's Health Research Institute Deals Insights Q1 2017 report. However, that increase was because of Johnson & Johnson's \$30 billion bid for Actelion. Looking specifically at the medical device subsector—which was second only to pharmaceuticals in the life sciences industry—the report authors found the volume and value of transactions in the quarter declined from the fourth quarter of 2016.

There were 25 medical device deals, worth a total \$8.163 billion, announced during the first quarter of 2017. That was slightly below the \$9 billion total value of the 31 deals announced in the fourth quarter of 2016 and lower than the 11 medtech deals worth a total \$10.8 billion announced during the first quarter of 2016. The largest deal in the medical device arena during the quarter was an inbound transaction, with Ireland-based Allergan plc announcing the \$2.475 billion acquisition of U.S.-based Zeltiq Aesthetics, Inc. Brian Geiger, a director at PwC, told *Qmed* that roughly half of medical device deals were between U.S. companies while the other half were between U.S. and foreign companies or between two foreign companies. What's behind the lower deal volume? The report authors wrote that political uncertainty is playing a role. "Continued uncertainty in the market around tax reform and the future of the Affordable Care Act have been contributing factors to the constrained deal activity in the PLS (Pharma and Life Sciences) sector," they wrote. "These factors, combined with higher share prices, will continue to make it challenging for buyers and sellers to agree on deal values."

Still, there's reason for optimism, Dimitri Drone, partner, Global Pharmaceutical & Life Sciences Leader in PwC's Deals Practice, explained in the report. "While market uncertainty, pressure on drug pricing, and higher share prices slowed down deal making, the rationale for completing deals continues to be as strong as ever," he said. "As sector-specific uncertainties are either resolved or mitigated, it should be easier for buyers and sellers to agree on deal values which will lead to greater deal activity." Source:

Marie Thibault, *Medical Device Business*