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U.S. Steel to Invest \$750 Million to Revitalize Flagship Gary Plant in Wake of Trump Tariffs

U.S. Steel announced Thursday that it is investing \$750 million to revitalize its flagship Gary plant to gear up for increased demand in the wake of President Donald Trump’s tariffs on imported steel. The company said the investment will make “significant upgrades” to increase efficiencies at the 110-year-old Northwest Indiana plant, which is U.S. Steel’s largest, employing 3,800 workers.

The investment in the Gary plant is part of a \$2 billion asset revitalization program at Pittsburgh-based U.S. Steel. The five-year Gary project will include building expansion and the installation of new production equipment and technology. No new hires were announced as part of the plant improvements.

“There are no committed new jobs at this point, but the project will retain the more than 3,800 jobs in Gary,” Abby Gras, a spokeswoman for the Indiana Economic Development Corp., said Thursday. U.S. Steel Corp. President and CEO David Burritt credited favorable trade policies on steel imports as instrumental to the company’s facility modernization program.

“We are pleased to be making this significant investment at Gary Works, which will improve the facility’s environmental performance, bolster our competitiveness and benefit the local community for years to come,” Burritt said in a news release. “We are experiencing a renaissance at U.S. Steel,” he added.

Earlier this year, U.S. Steel announced it was restarting two blast furnaces and hiring 800 workers at a previously idled steel plant in downstate Granite City, near St. Louis. Trump visited the Illinois plant last month to celebrate its reopening as “a great victory” and a sign that his protectionist trade policies were working. Trump imposed tariffs of 25 percent on imported steel and 10 percent on imported aluminum in March, launching an escalating trade war with China and other countries. The domestic steel industry has emerged as an early winner, but others may be hurt by retaliatory tariffs.

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U.S. Oil Drilling Rig Count Holds Steady This Week: Baker Hughes

U.S. energy kept the oil rig count unchanged this week amid a steady decline in crude prices, which hit a near two-month low earlier this week. The rig count, an early indicator of future output, held at 869 in the week to Aug. 17, General Electric Co's Baker Hughes energy services firm said in its closely followed report on Friday.



U.S. crude futures were on track to fall for the seventh straight week as global trade disputes fueled concerns about slowing economic growth, which could hurt the demand for energy. The U.S. rig count, an early indicator of future output, is much higher than a year ago when 763 rigs were active as energy companies have been ramping up production in tandem with OPEC's efforts since the start of 2017 to cut global output.

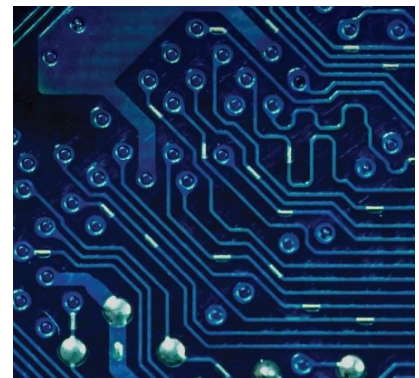
So far this year, U.S. oil futures have averaged \$66.30 per barrel. That compares with averages of \$50.85 in 2017 and \$43.47 in 2016.

Looking ahead, crude futures were trading at \$65 for the balance of 2018 and \$63 for calendar 2019. In anticipation of higher prices in 2018 than 2017, U.S. financial services firm Cowen & Co this week said the exploration and production (E&P) companies they track have provided guidance indicating a 18 percent increase this year in planned capital spending. *Source: Reuters; Photo credit: Shannon Stapleton, Reuters*

Global Semiconductor Sales Hit Record in 2018, Says SIA

Worldwide sales of semiconductors reached \$117.9 billion during the second quarter of 2018, up 6% sequentially and 20.5% on year, according to the Semiconductor Industry Association (SIA). Sales for June 2018 increased 1.5% on month and 20.5% from a year earlier to \$39.3 billion.

"Halfway through 2018, the global semiconductor industry continues to post impressive sales totals, notching its highest-ever quarterly sales in Q2 and record monthly sales in June," said John Neuffer, president and CEO of SIA. "Global sales have increased year-to-year by more than 20% for 15 consecutive months, and sales of every major product category increased year-to-year in June."



Semiconductor sales increased compared to June 2017 in China (30.7%), the Americas (26.7%), Europe (15.9%), Japan (14.0%), and Asia Pacific/All Other (8.6%). June sales were also up compared to May in China (3.2%), Japan (1.3%), the Americas (1.2%), and Asia Pacific/All Other (0.5%), but down slightly in Europe (-0.8%).

Worldwide sales of semiconductors during the first half of 2018 were 20.4% higher than they were at the same point in 2017, SIA indicated. *Source: Jessie Shen, DIGITIMES*

Investors Have Pumped Nearly \$1 Billion Into Aerospace Start-Ups This Year

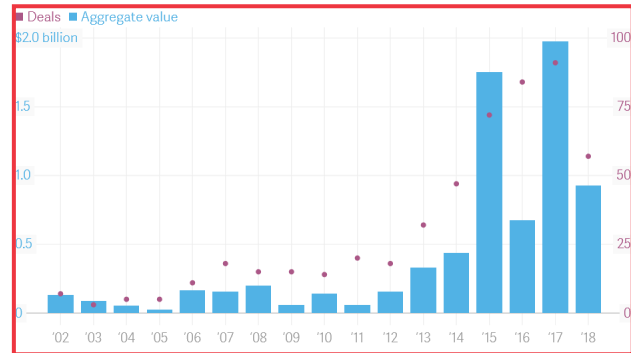
A U.S. space radar company raised \$13 million. A Chinese satellite-maker garnered \$22 million. A European rocket-builder took in \$35 million. Heck, a plan to send a robot to the moon received a \$5 million capital injection. And that was just July.

Money is pouring into start-ups making spacecraft, aircraft, or building businesses around them; this year, financial data firm Preqin tracked venture investment totaling \$927 million in the sector through July 26. It's an industry dominated by enormous public conglomerates like Boeing or Airbus, but venture investors are increasingly ready to take the risk that a disruptive new entrant can out-hustle the big players.

Technological advances that make it cheaper than ever to design, test and build sophisticated hardware are part of the story—the same tools that make autonomous cars feasible for start-ups do the same for planes and spacecraft.

But the business models for aerospace companies, which traditionally rely on big government contracts or major global airlines as customers, are less clear. Some, like Elon Musk's SpaceX, hope to compete directly with the establishment. Others, like earth imaging company Planet, are trying to create new markets for data collected in space. New "flying car" companies want you to live the 1960s vision of the future today.

The last time tech investors got excited about space, in the midst of the 1990s tech bubble, they got burned.



Venture investment in the aerospace sector through 7/26/18; Data from Preqin

Is this time different? Judging by the flow of capital, some investors think so.

The bulk of the new space companies are youthful and privately held, so it's hard to say whether they will gain traction or sink into the mire. Some truly aspirational businesses, like the asteroid mining venture Planetary Resources, are having trouble plotting a path to profit. Others, like Swarm Technologies, have taken an Uber-like approach to regulators, and find themselves in limbo.

But that's what makes venture capital venture capital: If their goals were easy, the rewards would be far smaller.

Still, the visionaries are interested: The chart above doesn't reflect the investment of billions of dollars in the space firm Blue Origin by founder Jeff Bezos, the world's richest human (on paper). If the commercial marketplace fails, the far-thinking entrepreneur could well sustain the private space industry himself.

U.S. Steel Continued *Source: Robert Channick; Chicago Tribune; Photo credit: John Smierciak; Chicago Tribune*

For example, Milwaukee-based manufacturer Harley-Davidson announced in June it would move some production overseas to avoid tariffs on American-made motorcycles imposed by the European Union in response to Trump's measures. China dominates the global steel market, but Trump's tariffs on imported steel are seen as a catalyst for domestic manufacturers such as U.S. Steel.

U.S. and Chinese officials said Thursday they would hold talks later this month in a bid to ease the escalating trade war. Located on the southern shore of Lake Michigan, Gary Works is U.S. Steel's largest manufacturing plant, with an annual raw steelmaking capability of 7.5 million net tons. The facility makes sheet products, strip mill plate in coils and tin products.

"Today's news is a major step forward that will have a lasting positive impact on the city of Gary, the northwest region and the state of Indiana for years to come," Indiana Gov. Eric Holcomb said in the release.



Surcharge Totals June 2018— November 2018

3D Hubs releases its quarterly report, Digital Manufacturing Trends, that shows real world data on which CNC materials are requested the most by engineers globally. Here are the top 10 most requested CNC materials from Q2, 2018:

1. Aluminum 6061—53.9%
2. Stainless 304—6.8%
3. Delrin—5.0%
4. Mild Steel 1018—5.0%
5. Alloy Steel 4140—3.4%
6. Brass C360—3.3%
7. ABS—3.2%
8. Stainless 316—2.6%
9. Polycarbonate 0 2.0%
10. Other—11.1%

Source: Alkios Bournias Verotsis, 3D Hubs

	Jun	Jul	Aug	Sep	Oct	Nov
15-5	0.5769	0.6097	0.5897	0.5682	*	*
15-7	0.8410	0.8718	0.8335	0.8372	*	*
17-4	0.5713	0.6014	0.5803	0.5617	*	*
17-7	0.6959	0.7447	0.7137	0.6843	*	*
201	0.5778	0.6091	0.5871	0.5672	*	*
301 7.0%	0.6892	0.7367	0.7067	0.6780	*	*
302/304/304L	0.7524	0.8048	0.7699	0.7376	*	*
304-8.5%	0.7781	0.8332	0.7959	0.7618	*	*
305	0.9641	1.0375	0.9834	0.9368	*	*
309	1.0052	1.0767	1.0223	0.9760	*	*
310	1.3892	1.4967	1.4086	1.3372	*	*
316/316L	1.0445	1.0930	1.0378	1.0291	*	*
316LS/316LVM	1.3800	1.4200	1.3200	*	*	*
317L	1.2258	1.2708	1.2053	1.2084	*	*
321	0.7918	0.8500	0.8103	0.7744	*	*
347	1.1014	1.5696	1.1199	1.0840	*	*
409/409 Mod	0.2251	0.2689	0.2728	0.2689	*	*
410/410S	0.2642	0.2775	0.2814	0.2775	*	*
430	0.3169	0.3280	0.3316	0.3280	*	*
434	0.3967	0.4019	0.4015	0.4094	*	*
439	0.3283	0.3387	0.3423	0.3387	*	*
440A	0.3169	0.3280	0.3316	0.3280	*	*
2205	0.9835	0.9953	0.9565	0.9802	*	*
263	10.2029	11.1034	11.7569	11.8171	11.6936	10.8405
276	5.6690	5.7616	5.8231	5.8395	6.0286	5.6411
A286	1.5171	1.5406	1.6053	1.6528	1.7822	1.6116
330	1.8860	1.9053	2.0069	2.0861	2.2611	2.0116
400	3.5440	3.4534	3.6420	3.7841	4.1032	3.5365
455	0.8000	0.8300	0.7600	*	*	*
465	0.9600	1.0100	0.9200	*	*	*
600	3.6864	3.6633	3.8717	4.0371	4.3656	3.8412
601	3.1917	3.2043	3.3755	3.5110	3.7825	3.3532
617	7.8691	8.3732	8.7729	8.8389	8.8917	8.2215
625	5.8802	5.9397	6.0507	6.1228	6.3487	5.9410
718	5.5832	5.6130	5.7371	5.8290	6.0499	5.6919
X-750	4.2455	4.2267	4.4293	4.5901	4.9101	4.4003
825	2.5689	2.6100	2.7003	2.7645	2.9375	2.6616
HX	3.7769	3.8670	3.9584	4.0024	4.1715	3.8391
188	21.0200	19.8900	18.2600	*	*	*
CCM	33.8200	31.8600	28.1700	*	*	*
L-605	25.5300	24.0400	22.1000	*	*	*

*Surcharge currently not available