PACESETTER

OUR PEOPLE, YOUR ADVANTAGE

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YOUR RELIABLE ADVANTAGE

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YOUR RELIABLE ADVANTAGE | 4.12.2016 - 4.18.2016

April is the month in which we celebrate administrative assistants and the pivotal role they play in every organization. This makes it the perfect time to share insights on how to best utilize the invaluable assistance they provide every day.

First and foremost, having an open and honest relationship is key when working with your admin, as they are your right hand person.

They need to be aware of everything that you are facing in your position, as well as what is going on in the organization, most of the time having just as much knowledge and insight as you.

There needs to be a level of confidence and trust between you in order to have frank discussions about the business, and your admin needs to know you on a personal level so that they understand how you work and how to most effectively work with you.

If your admin is like most, they are working on many tasks, from ordering office supplies and business cards, to compiling detailed spreadsheets, processing expenses, networking at conferences, and collaborating with other areas of the business on projects.

This is common practice for assistants and it is their nature to take on things that others can't fit into their day.

This is where calendar utilization and outlining task items become key. My CEO and I personally use Outlook. It's "tasks" feature is a great tool; not only do we list out all of my tasks and hers, but we also categorize all of the associates that report to her and keep a running list so that I am able to follow up with those people before a task becomes overdue. We meet two to three times per week to have check-ins just to review the tasks and calendar.

Your admin probably has additional skills and knowledge that you may not have tapped into yet. Make sure that you are including your admin in coaching and mentoring meetings. Have discussions about what they may want to get involved in and see what other ways they may want to contribute to the success of your organization.

Find out what outside associations they may want to be involved in, encourage them to develop and find out what educational tools they need to grow and continue to be successful in order to benefit both them and you.

Don't forget to celebrate your admin. While April 27th is Administrative Professional's Day, a thank you goes a long way all of the other days of the year as well. When you have an admin who loves what they do, their career path, and the company they work for – hold on to them.

STEEL | 4.12.2016 - 4.18.2016

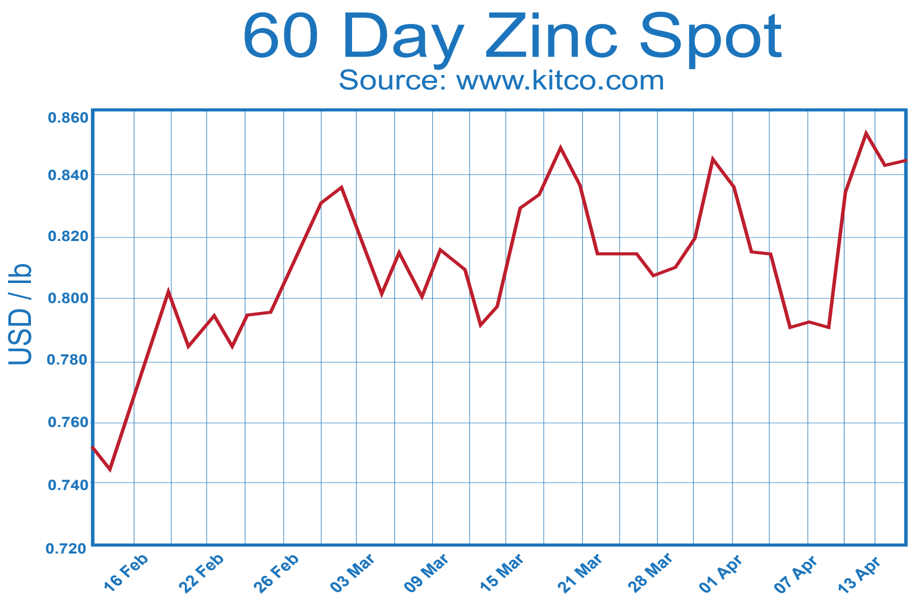
- #1 heavy melt scrap rose to $183 per ton and #1 busheling scrap is steady at $194 per ton. Market watchers say scrap prices will rise sharply soon as demand from the mills is tempting scrap yards to let go of some of the inventory they have been building over the winter. Scrap export volume has also increased recently.

+ Raw steel production last week pulled back to 70.6% of capacity.

- Domestic mill lead times have been steady at around 9 weeks, but last week pushed out to 10 weeks. New orders for galvanized products won't ship until June and new orders for imports won't arrive until as late as October.

- Iron ore FOB Chinese ports is up to $56 per dry metric ton.

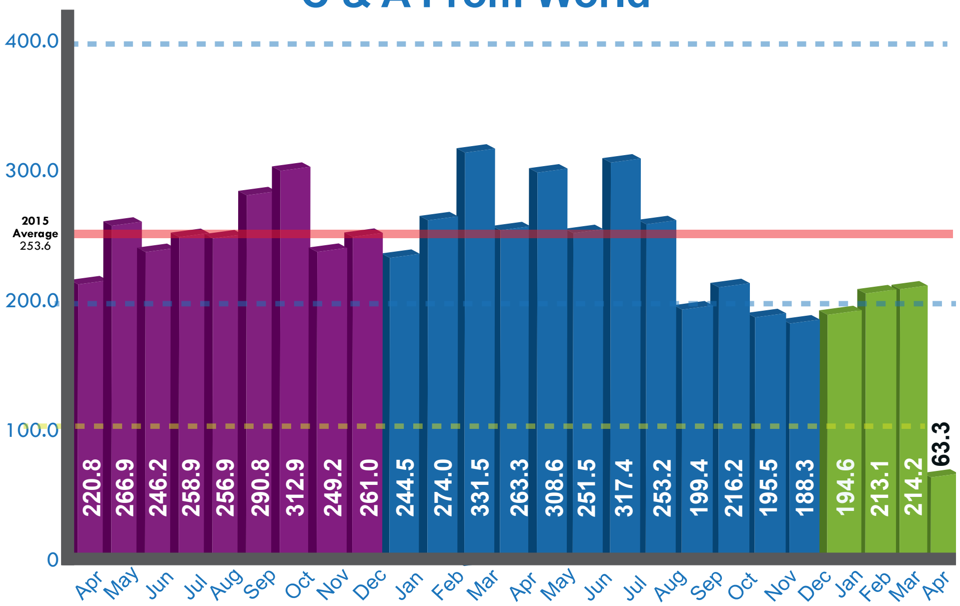
- Zinc prices continue to bounce around.



STEEL | 4.12.2016 - 4.18.2016

- Galvanized imports for March ended up better than expected, but are starting out slow in April.

U.S. Imports of Sheets & Strip Galv Hot Dipped C & A From World



Source: US Department of Commerce, Enforement and Compliance | Graph last modified on: April 13, 2016
with Licensing Data colleleted through April 13, 2016. Commerece license data use for the last month appears in a different color
Data extracted from the import licenses are not official Census data

+ NLMK announced a $40 per ton price increase last week, kicking off the 5th round of price increases domestically since December 2015.

+ USS-Posco on the West coast announced a $50 per ton increase.

+ ArcelorMittal announced new minimum prices, effective immediately- $26.00 base for hot rolled and $35.00 base for cold rolled and galvanized products.

+ AK Steel announced a $50 per ton increase on carbon steel products.

+ US Steel followed up with a $60 per ton increase.

- US Steel Gary Indiana Works took their #8 blast furnace down for a 45 day maintenance outage. That takes 3,300 tons per day out of our market.

- US Steel is planning to lay off 25% of their salaried work force as the company struggles to right size themselves back to profitability. They expect to post more losses when their Q1 earnings report is published. In 2015 they lost $1.5 billion.

STEEL | 4.12.2016 - 4.18.2016

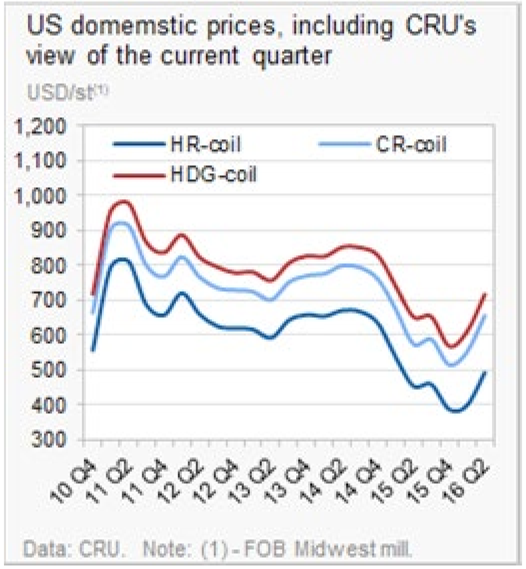
- Vale, one of the largest iron ore miners in the world, is selling their stake in the CSA slab mill (brazil) to ThyssenKrupp. TKS already owns 73% of that mill and after the sale they will have complete control. Vale will remain the sole supplier of iron ore to that mill. CSA has the capacity to produce 5 million tons of slabs per year. They sell their product to the AM/NS mill in Calvert, Alabama.

- Australian iron ore mining company, Arrium, went into bankruptcy last week. 8,500 jobs are at risk. Arrium owes over $3.25 billion to their lenders. The global price correction of iron ore put them in a huge bind.

- Steelmaking in Japan fell to a little over 25 million tons in Q1, the lowest output since the 2009 global financial crisis. The construction and manufacturing sectors in Japan continue to slow down. Slack steel demand in Asia and anti-dumping protectionism by many countries is decreasing export demand from there as well.

- The CISA (Chinese Steel Makers Association) reported 2015 was their worst year on record. Collectively they lost $10 billion versus a $3.5 billion profit in 2014. Overcapacity is the problem and they have not done enough to fix it. The South China Morning Post reported that significant overcapacity will remain in China's steel sector for many years. Even though closures are planned, the government really doesn't know what to do about the associated job losses and bank debts. China's capacity to make steel is estimated to be 1.2 billion metric tons per year and by their own admission, they have 400 million tons of unused capacity.

+ Here is a graph of steel prices in the U.S. over the last 5 years.



The supply situation for sheet products in the U.S. has quickly tightened as falling inventories and imports have led to rapid sheet price increases. Rising seasonal demand has emerged to support this trend. Sheet prices will continue to increase over the near term as limited supply and rising scrap costs provide mills with enough confidence to work back towards positive margins. Competitively priced supply has quickly become scarce. The rising trend has extended into April as sheet prices have continued to increase at a strong rate.

These price gains have not come in isolation to the global market as sheet prices in other key regions have also risen at a strong rate from March. The Far East Asia HR coil price has risen by $55 /t while the CIS export price, primarily Russia and Ukraine, has risen by $113 /t. The primary driver behind these global price rises has been the lack of availability of Chinese exports which quickly stimulated global prices.

This is having a positive effect for North America as well. Due to domestic prices rising, buyers are looking at imports and they are finding high prices, limited availability and long lead times. Meanwhile, import arrivals have continued to fall versus year-ago levels with arrivals through 2016 Q1 estimated to be lower by 26% YTD. The current rate of sheet imports has been slowed due to the trade cases, and there is still more room for sheet imports to fall further. Sheet imports through March are down by an annual rate of 2 million tons compared to arrivals in 2014-15, yet if arrivals fall back to the 2011-13 level, this figure would double to 4 million tons.

The current situation at service centers is also supporting this environment of higher prices as the recent excessive levels of supply have now been destocked. In February, US service centers showed shipments were lower by 5.1% YTD, yet inventories and the receipt of new supply were both lower by nearly 17% year on year. Even with demand at service centers lower than year-ago levels, inventory is balanced and set to tighten further as current demand continues to remain strong. The outcome of the rapid price gains, lower import arrivals, falling inventory throughout the supply chain and extended domestic and foreign lead times has given rise to panic among buyers. Active destocking throughout the supply chain has abruptly come to a halt, and the lack of availability has some service centers scrambling to fill holes in their inventory as well as service current demand levels of their customers. On the West Coast, these same trends are also being seen. The trade cases have been very effective at quickly cutting back not only the low priced Chinese exports, but they are also said to be affecting the availability of substrate supply to US domestic steel mills. For these reasons, we expect further gains in sheet prices in the coming weeks.

- Steel shipments from service centers in the US totaled 3.33 million tons in March, down 9.2% from last year. Inventories at the end of March were 7.68 million tons, down 19.6% representing 2.3 months' worth. Canadian service centers shipped 392,200 tons in March, down 11.3% from last year. Steel inventories were 1.19 million tons, down a whopping 28.8% from last year, representing 3 months' worth at the end of March.

+ Ford Motor Company announced they are building a new $1.6 billion assembly plant in San Luis Potosi, Mexico which will create 2,800 jobs by 2020. They plan to build small cars there for shipment into the US market.

Here are six reasons why:

1. Mexico's numerous free-trade agreements provide flexibility: We're not talking just about the North American Free Trade Agreement which was signed into law in December 1993 by President Bill Clinton. NAFTA is just one of several trade agreements Mexico has with other countries. In addition to NAFTA, Mexico has 10 other free trade agreements covering 43 countries, according to ProMexico, an economic development arm of the Mexican government. This gives Ford the flexibility to ship cars from Mexico to the U.S., Canada and to countries in South America.

2. Efficient logistics: Automotive executives also say Mexico's ports and rail systems make it easy to export cars out of the country. Joe Hinrichs, Ford's Vice President and President of the Americas, said Mexico's robust transportation logistics are among the reasons Ford is expanding in Mexico.

3. Lower wages: Ford's labor costs in Mexico have always been much lower than in the U.S.. U.S. autoworkers made, on average, just under $30 per hour compared to just more than $5 per hour in 2014, according to Kristin Dziczek, Director of the Labor and Industry group at the Center for Automotive Research in Ann Arbor. In November, the UAW pushed Ford as well as General Motors and Fiat Chrysler Automobiles to agree to essentially eliminate an entry-level wage structure put in place in 2007 that lowered the automaker's U.S. labor costs and led to the addition of thousands of jobs in the U.S.. Over time, all of Ford's entry-level workers in the U.S. will see their wages increase to about $29 per hour. While the UAW has touted the raises as a huge win for U.S. workers, it also widens the labor cost gap with Mexico.

4. Keeping up with the competition: Ford is hardly alone in its decision to invest more in Mexico, and Ford cannot allow political pressure to interfere with its ability to compete with other automakers that are also expanding in Mexico. In recent years, General Motors, Honda, Hyundai, Nissan, Mazda, Toyota and Volkswagen have all announced plans to either expand existing plants or build new ones in Mexico. Fiat Chrysler Automobiles also has said it is considering an expansion of its production there. Currently, four other automakers produce more vehicles in Mexico than Ford. They are: Nissan, GM, Fiat Chrysler and Volkswagen Group.

5. Existing presence in Mexico: Ford has been building cars in Mexico since 1925, and it's been working pretty well. Ford already operates two assembly plants, two stamping plants and an engine plant in Mexico. It builds the Fiesta, Fusion, Fusion Hybrid, Lincoln MKZ, Lincoln MKZ Hybrid, four-cylinder and diesel engines in Mexico, and the quality of those products has long been on par with its American-made products.

6. Still committed to the U.S.: It's not like Ford is pulling up stakes and moving to Mexico. The automaker is still investing heavily in the U.S., and It's worth noting Ford's talking points on this issue.

• Last year, Ford built 2.5 million cars and trucks in the U.S. — more than any other automaker.

• Since 2011, Ford has invested $10.2 billion in its U.S. plants. Over the next four years, Ford will invest $9 billion more. That investment is expected to create or retain 8,500 U.S. jobs.

• Last year, Ford invested $168 million at its Ohio Assembly plant to build heavy-duty trucks at that plant that were previously made in Mexico. The investment helped to keep more than 1,000 hourly workers employed. The UAW and Ford negotiated the move of the truck production to Ohio way back in 2011, as part of their last round of contract talks.

GENERAL | 4.12.2016 - 4.18.2016

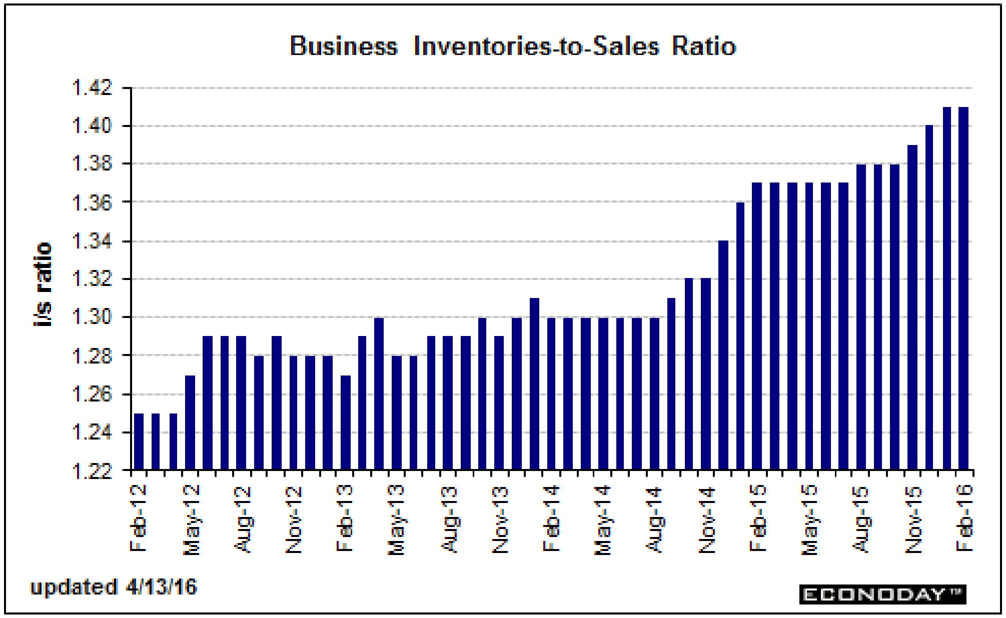
+ The ISM Non-Manufacturing Index rose to a reading of 54.5 in March. New orders and order backlogs are growing.

- Factory Orders were down 1.7% in February.

- Industrial Production fell .6% in March, pulled down by slowing automobile production, utilities output, and mining output.

- The Producer Price Index fell .1% in March even though energy prices increased. A global deflationary pull is what's keeping prices down.

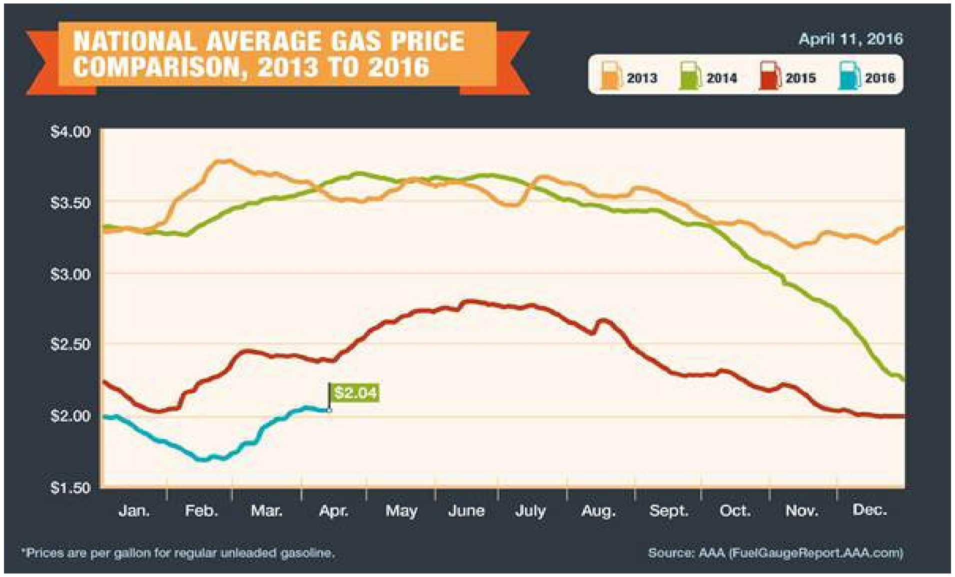
- Business Inventories fell .1% in February, but sales fell .4% which is keeping the inventory to sales ratio at 1.41 to 1 which is too high.



GENERAL | 4.12.2016 - 4.18.2016

+ The Consumer Price Index (inflation) rose only .1% in March, showing that inflation remains under control.

+ Gasoline prices are leveling off. The switch to summer blend fuels has been completed so it is possible that gas prices will stay low for a while. The petroleum Status report showed another record 536.5 million barrels of crude oil in stock in the USA. Refineries operated at 89.2% of capacity which is a little lower than recent history.



- The International Monetary Fund on Tuesday again lowered its estimate for global growth, citing volatility in financial markets, slowing momentum in developed economies and continued difficulty for emerging-market nations, as it also highlighted a growing backlash against trade and global ties.

Geographic Area	2016 Growth Estimate	2017 Estimate
United States	2.4%	2.5%
Euro Area	1.5%	1.6%
Japan	0.5%	-0.1%
United Kingdom	1.9%	2.2%
Canada	1.5%	1.9%
Russia	-1.8%	0.8%
China	6.5%	6.2%
India	7.5%	7.5%
Brazil	-3.8%	0%

GENERAL | 4.12.2016 - 4.18.2016

- Japan suffered their largest earthquake since 2011. The magnitude 6.2 quake struck at 21:26 on Thursday, near Kumamoto City, on the island of Kyushu. This is an industrial area. Toyota and Nissan automobile assembly lines have been shut down (among others).

- The Fight for $15 movement is picking up momentum. The national minimum wage has been $7.25 per hour since 2009. The states of California and New York have decided to raise their minimum wages to $15.00 per hour. In cities all around the US, people are marching and waving signs looking for the same $15.00 per hour. I wonder what a hamburger at McDonalds will cost in California by next year. On the other hand, I wonder if I'll be giving my hamburger order to a computer screen instead of a person. The old people used to say "Watch what you ask for. You might just get it".

BILL'S ROUND-UP | 4.12.2016 - 4.18.2016

"Service industries are doing well but industrial production is slowing. Business inventories are growing which will lead to lack of demand and less need for manufacturing. Inflation is under control and gas prices are staying low, which should stimulate consumer spending. Global industrial growth is forecasted to be weak. A large earthquake last week in Japan is affecting industrial output in that region. I'm wondering how the $15 minimum wage will affect the economy. Will the higher wage lead to job losses, and if so, would it still be considered a good idea? Raw material costs for steel making are all creeping upwards. Lead times for galvanized products are out to 10 weeks. Steel imports are coming in at lower volumes, but compared to recent history are still doing pretty well. Our domestic mills launched their 5th round of price increases since December 2015. Trade cases, buying patterns and capacity manipulation have created a buying flurry in the US market that continues to amaze everyone. How long will this last? Service center shipments are not reflecting a demand increase. More auto making capacity is being moved to Mexico for many reasons."

Bill Feier, World Sourcing Manager

PARTING SHOT:

"A laugh is worth a hundred groans in any market."

– Charles Lamb (1775 to 1834)

'TIL NEXT TIME | 4.26.2016

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