



**PACESETTER**  
OUR PEOPLE, YOUR ADVANTAGE

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# YOUR **IMPACTFUL** ADVANTAGE

OUR PEOPLE, YOUR ADVANTAGE



PACESETTER 2016

# PACESETTER Contributor

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### YOUR IMPACTFUL ADVANTAGE | 4.26.2016 - 5.2.2016

Corporate Community Involvement is a way of increasing employee morale and establishing your company as an ethical partner in your community. There are endless articles that discuss the advantages of Corporate Community Involvement from Forbes, Entrepreneur and even the Harvard Business Review, which study and analyze data to find the correlation between community involvement, employee morale and competitive advantage. In almost every article, they discuss the effects of Community Involvement on:

- **Employee Morale**
- **Impact and Relationships in the Community; and**
- **Customers (for retention, loyalty and acquisition)**

“Companies that encourage community involvement distinguish themselves from their competitors, and see many benefits, including loyal customers and happier employees. According to a May 2013 study by Cone Communications and Echo Research, 82 percent of U.S. consumers consider corporate social responsibility (CSR) when deciding which products or services to buy and where to shop.” - Entrepreneur.com

Below are four steps suggested by Entrepreneur.com that we have implemented at Pacesetter that should help increase community involvement in your company as well:

**1. Build relationships within your community.** Let your community know you and your associates are there and willing and able to help. Share what your company does and learn what others do in the community around you. By building those relationships, you can create strategic partnerships to help increase awareness of a certain cause and pool resources to make the most beneficial impact.

**2. Get your employees on board.** Research has shown companies with the highest employee retention, satisfaction and ROI owe a good portion of their success to keeping employee morale high and keeping employees engaged through Corporate Community Involvement Programs.

Pacesetter encourages our associates to be the voice for our outreach efforts. Our associates share what matters to them and we support their goals by making financial contributions, allowing them paid time off to volunteer, and encouraging them to share additional initiatives so we can support them as a team. We even created a contest for associates to come up with the new Community Involvement Program name, with the winner receiving a \$50 donation to the charity of their choice. We will then partner with a local school to have them create the new logo for our program.

#### Sources:

19 Compelling Business Reasons for Corporate Community Involvement. (n.d.). Retrieved May 02, 2016, from <http://www.business4better.org/blog/?p=737>

**3. Create a custom volunteer plan.** Create a plan that works for your company and your associates. It should support the culture of your company and strategically align with your mission and goals. The format that you choose, such as the hours and allotment of time, can be based on the schedule of your company and what will work best to ensure you still have team members available to take care of your customers. Openness to feedback about your volunteer plan from your associates will help you adjust and implement new strategies as needed.

For example, here at Pacesetter, associates can currently use up to 4 paid days per year for volunteering. The hours can be utilized in 4 or 8 hour increments. With increased participation, we will gradually increase the allowed time per associate to a total of 6 paid days by 2017.

**4. Let your customers know how you're giving back.** Although some may want to keep their philanthropic efforts to themselves, you may also want to consider how purposeful your impact can be if you shared it within your community of associates, customers and business partners.

Being able to share your participation in support of a particular cause can allow others to participate with you in order to raise awareness and become partners for positive change. Not to mention, you may find that others share the same passions and philanthropic initiatives as you, which will allow you to build stronger relationships and trust amongst your associates, partners and peers.

Pacesetter has consistently participated in the Susan G. Komen walk in support of care and research to help those affected with breast cancer. We initiate fundraising in our corporate office and at our service centers to prepare for the walk and share our mission on our website and with our customers. Through our efforts, and being vocal about a cause that is important to us, we have gained support from our customers and have been able to encourage others who we never would have known were experiencing the effects of this disease personally or with a family member. Although we are saddened by the diagnosis, it helps us pull more determination to fight harder and raise additional awareness to support them in their efforts to overcome breast cancer.

The incentive for being involved in the community is not for the bragging rights or publicity that you may receive, but for Corporate Responsibility – the additional awareness and education that you bring, the voice that you share with someone to let them know they are not alone, and the values that your company stands for. By genuinely supporting the initiatives that are valued by your associates and customers, you prove that they are not facing their battles alone and that they matter to you as an individual and not just a resource.

The Power of Giving Back: How Community Involvement Can Boost Your Bottom Line. (2013). Retrieved May 02, 2016, from <https://www.entrepreneur.com/article/226974>



## STEEL | 4.26.2016 - 5.2.2016

- #1 heavy melt scrap is steady at \$218 per ton and #1 busheling scrap is \$244 per ton.

+ Raw steel production slowed to 72% of capacity.

+ Domestic mill lead times for galvanized pulled back a little, averaging 9-1/2 weeks.

- Iron ore FOB Chinese ports is up to \$59 per dry metric ton. Apparently, this price is being driven not by demand, but by a Chinese commodities market called the Dalian Commodity Exchange. Chinese investors have poured in \$330 billion, which is as much Dollar volume as the gold futures exchange in the New York stock market. Despite an expected glut of iron ore in 2016, prices are surging. It is creating a price bubble that is making hedging difficult.

### China's Iron-Ore Binge

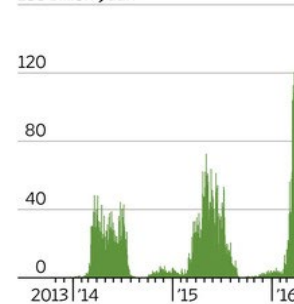
Chinese investors have poured into trading iron-ore futures this year...

...leading to a spike in prices....

...which in turn has helped push up the price of physical iron ore traded around the world.

#### Daily trading volumes

160 billion yuan



1 billion yuan = \$154.4 million

Sources: Wind Info (trading volumes, Dalian's iron-ore price); Steel Index (iron-ore price)

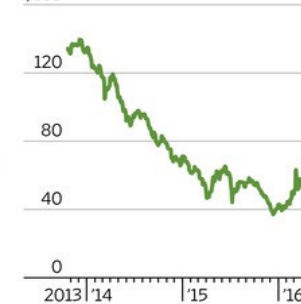
#### Dalian's iron-ore futures price

1,000 yuan a metric ton



#### Iron-ore price

\$160



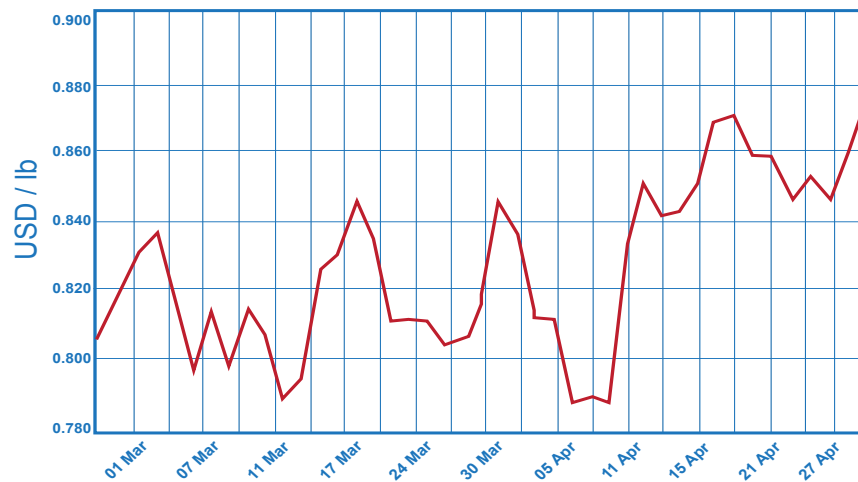
THE WALL STREET JOURNAL.

## STEEL | 4.26.2016 - 5.2.2016

+ Zinc prices are staying high.

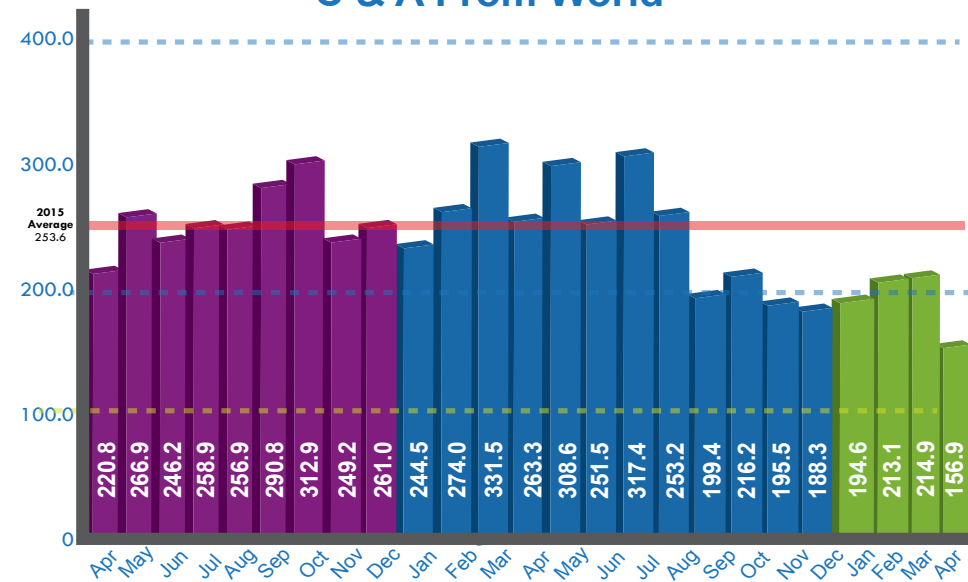
### 60 Day Zinc Spot

Source: [www.kitco.com](http://www.kitco.com)



- Galvanized imports are coming in slow for April.

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



Source: US Department of Commerce, Enforcement and Compliance | Graph last modified on: April 26, 2016  
with Licensing Data collected through April 26, 2016. Commerce license data use for the last month appears in a different color  
Data extracted from the import licenses are not official Census data



## STEEL | 4.26.2016 - 5.2.2016

- AK Steel mentioned that the recent price spike in carbon steel is not enough to motivate them to bring the Ashland blast furnace back on line. There is still a chance the furnace could be utilized, but it would take more positive variables than current pricing alone. AK is looking at making long term decisions about capacity utilization.

- AK Steel posted a Q1 loss of \$13.6 million versus a \$306 million loss a year ago. Net sales fell 13% to \$1.52 billion. Steel shipments fell 5.3% to 1.66 million tons.

- US Steel posted a Q1 loss of \$340 million versus a \$75 million loss last year. Q1 net sales were \$2.34 billion, 28% lower than last year.

- Hebei Province, the largest steel producing Province in China, is planning to eliminate 150,000 steel workers' positions to reduce the overcapacity situation. They claim all of the workers will be resettled in other industries.

- In the face of all the plans to permanently close steel making capacity in China, it has been reported that at least 41 blast furnaces with a combined capacity to produce 50 million tons annually in China, have been put back on line to take advantage of the current global buying flurry. They are reporting that Chinese steel mills are making the most profit per ton since 2008.

+ Ternium announced a \$300 million expansion at its Tenigal galvanizing facility to bring total capacity to 830,000 tons per year. The plant currently caters to automobile manufacturers, but the expansion could allow them to expand into other industries. The project could be finished by 2019.

- Brazilian steel maker, Usiminas, posted a Q1 loss of \$42.5 million, its 7th consecutive quarterly loss. Usiminas is the largest sheet steel producer in Brazil and they have been suffering through weak market conditions in South America as well as internal disputes between their major shareholders Ternium and NSSMC (Japan).

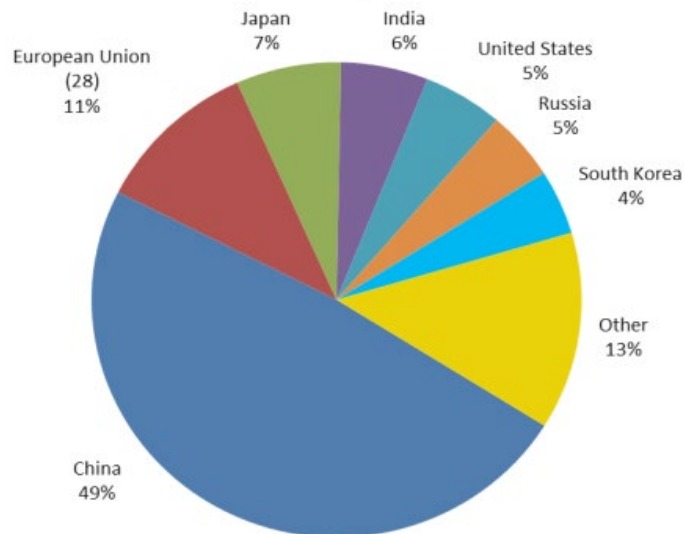
+ After running 8 months with no official labor contact, ArcelorMittal USA and the USW have tentatively agreed to a new 3 year deal.



## STEEL | 4.26.2016 - 5.2.2016

- This pie chart shows China's dominance of the global steel market. The U.S. market isn't what it used to be.

**Share of World Crude Steel Production  
February 2016**



Total World Production: 120.4 million metric tons  
Source: World Steel Association

+ The American Metal Market reported Hot rolled prices are up \$8.75 to \$26.50 cwt from December '15 lows of \$17.75, but domestic mill prices continue to rocket upwards. AMM reports new hot rolled business is being quoted at \$29.00 or higher. Cold rolled and coated products are up over \$11.00 cwt from December lows of \$24.00 cwt, and new business is being quoted at prices nearing \$40.00 cwt. One Midwest service center source was quoted saying "every time you go out for a cup of coffee, they raise the price."



## AUTOMOTIVE | 4.26.2016 - 5.2.2016

+ Ford will invest \$1.4 billion in their Livonia, Ohio transmission and assembly plants, creating 650 more jobs. They will be producing a 10 speed automatic transmission for their trucks, which will be available in 2017.



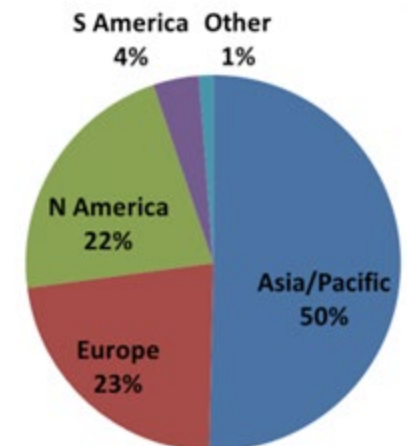
+ GM is investing \$789 million into their Spring Hill, TN plant to build more engines. The project will create 792 new jobs. This will bring total investment in the Spring Hill plant since 2010 up to \$2 billion.

+ Ford recorded its best ever Q1 net profit of \$2.5 billion. Their pre-tax profit was a record \$3.8 billion. Ford's North American business contributed to most of the good fortune. They posted a record 12.9% operating margin.

+ Global automobile production totaled 8.87 million units in March, beating the old record by 2.8%. European demand was up 4.4%. U.S. demand was up 4%. The Asian market was up 3.4%. South American sales fell 16.4%.

### World Vehicle Sales by Region

Jan-March 2016



Source: WardsAuto.com



## GENERAL | 4.26.2016 - 5.2.2016

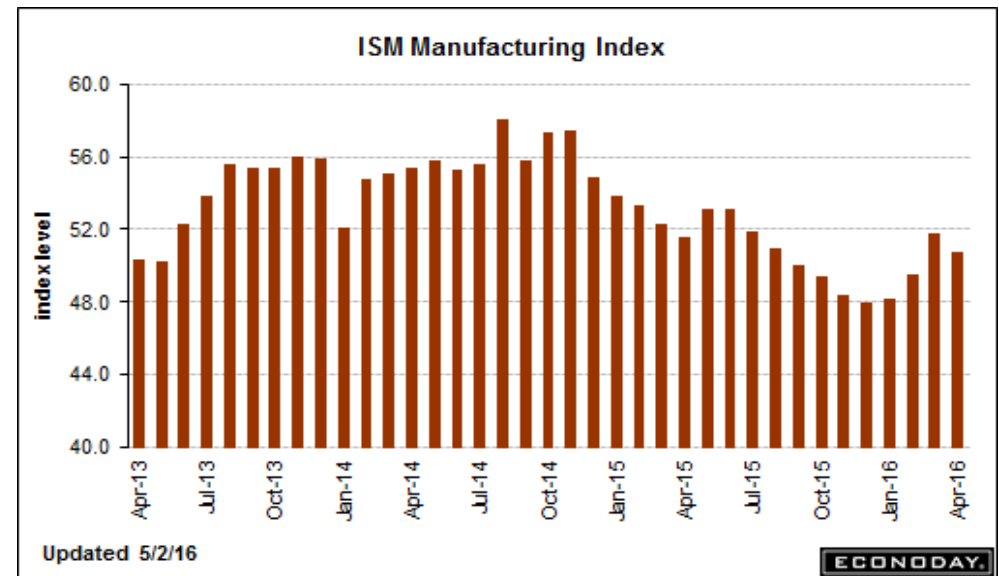
+ Durable Goods Orders rose slightly (.8%) in March, driven by defense spending. Weakness in commercial aircraft and motor vehicle demand is keeping this index subdued.

- The Fed left interest rates unchanged at .25% to .5%. They were expected to raise it a little, but chose not to. Their comment was “the economy appears to have slowed.” Household spending has moderated and exports and business spending are slowing. The labor market is holding up for now.

- The U.S. GDP for the first quarter was a very weak at .5%. Consumer spending and services propped up the index.

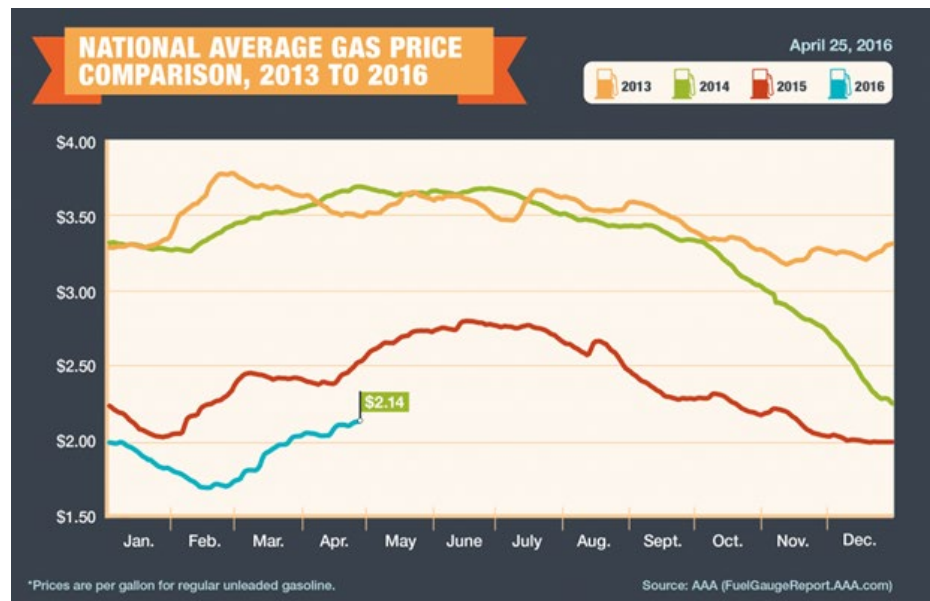
+ Construction Spending grew only .3% in March. Multi-family housing and construction for vehicle manufacturing and general manufacturing plants kept this index propped up.

- The ISM Manufacturing Index fell to a reading of 50.8 in April. Anything over 50 shows growth, but at this level, it’s not much. The “new orders” and “export orders” components are keeping this index above water.



## GENERAL | 4.26.2016 - 5.2.2016

- Gasoline prices continue to creep up. Crude oil inventory has hit another record at 540.6 million barrels. Refineries are operating at 88.1% of capacity. Oil futures are down slightly to \$44.25 per barrel. Plants kept this index propped up.



- Samsung Heavy Industries had a \$4.6 billion contract cancelled on them from Royal Dutch Shell. The order for three floating liquefied natural gas production facilities was cancelled due to the global fall of oil prices.



- Caterpillar is closing 5 plants in the US, cutting 800 jobs due to continuing lack of demand for their construction related products. This adds to the 5,300 positions eliminated already at Cat. Their goal is to eliminate 10,000 jobs globally and consolidate 20 facilities by 2018.



## BILL'S ROUND-UP | 4.26.2016 - 5.2.2016

"Manufacturing, durable goods, and construction are growing slightly, but the Fed and the latest GDP reports say our economy is slowing. Gasoline prices continue to rise. Cheap oil prices are still having a negative effect on that industry's investment strategies as projects are being cancelled. Lack of demand for heavy equipment is forcing Caterpillar to right size it's company. Steel scrap prices are steady at the moment but are forecast to rise soon. Steel mill production slowed a little and lead times pulled in. The recent iron ore price increases seem to be tied to a futures market in China. Zinc prices are staying high. Galvanized imports are still slowing. AK Steel and US Steel posted Q1 losses and neither company is showing interest in putting any blast furnaces back on line. The global market is in chaos. Some mills are shutting capacity, and others are expanding. China still dominates global steel making. After 8 months without an agreement, ArcelorMittal steel workers are soon going to vote on a new 3 year agreement. Ford Motor Co. posted a record Q1 profit and both Ford and GM are expanding production capacity at assembly lines located in the USA. Global car and truck production hit a record in March."

### PARTING SHOT:

"Speak clearly if you speak at all; carve every word before you let it fall."

- Oliver Wendell Holmes Sr. (1809 to 1894)



Bill Feier, World Sourcing Manager



'TIL NEXT TIME | 5.10.2016



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