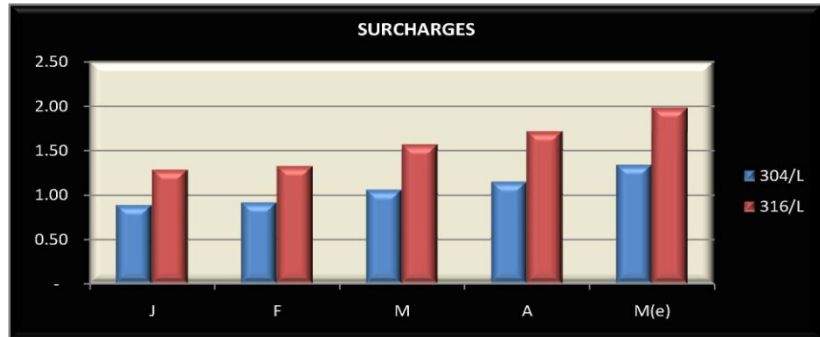


Surcharges for May could possibly represent a 35% increase in surcharges for both 304/L and 316/L alloys since December 2009.

Base prices of stainless steel (welded) increased 7 to 9% in January 2010. There is also rumbling of another base increase in the next few months. This remains to be seen.



Prices of stainless fittings and flanges have remained pretty much idle; however, it has been a long time since fittings have increased and with the pipe and surcharge increases, they are sure to follow soon.

Deliveries on SS welded pipe are running an average of about 6 weeks—some items sooner, some later. Mill inventories on stainless welded pipe sizes 1/2” – 12” are extremely low right now due to prices and surcharges going up and the large volume of purchases by distributors hedging on these increases.

Carbon steel ERW pipe has gone up \$210.00/ton since December 1, 2009. Expect another \$50.00/ton by month end. This converts to an approximate 25% increase since December 1st.

This pricing is due to raw material increases generated by the steel mills which are not currently producing at full capacity.

If demand should kick in, then look out!

Prices of scrap are on the rise. China and India have started consuming a lot of scrap again. Also, elements that go into the production of steel such as nickel, chrome, and moly are up.

In closing, the headwaters are inflating, putting upward pressure on commodity prices on every front, especially in carbon steel.



Tom Sheeler has been involved in the PVF industry for over 40 years and is currently the General Manager for **American Stainless & Supply** located in Cheraw, SC. With his extensive experience in inventory management, sales and most importantly, purchasing, Tom has developed a passion for discovering where the market is and where it is headed. He can be reached via email at TSheeler@AmericanStainless.com.

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