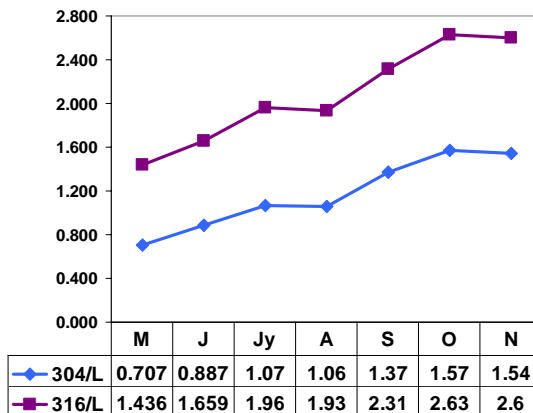


Base prices on stainless pipe have not changed since the August 7th increase. There was an increase actually published but it was later rescinded due to misinterpretations between the raw material mills and the pipe manufacturers. We do, however, expect another base increase between now and the end of the year.

Surcharges for October increased another 14% (see graph) but will come back slightly in

both alloys in November. At this writing, December surcharges have not been released.

SURCHARGES



Lead times for large diameter (14" and up), if not in stock, are now running 36 to 42 weeks. Lead times for commodity sizes (1/2" to 12"), if not in stock, are running 8 to 12 weeks on average. There is very little inventory of stainless pipe currently available

at the mill level and inventories do not appear to be rising.

The business climate remains very strong. Ethanol plants, waste water treatment plants and refineries head the list of the many projects scheduled for construction in the coming year. The fabrication business is also very active due to these projects. We anxiously look forward to the opportunities ahead for the remainder of this year and 2007.

About the Author

Tom Sheeler has been involved in the PVF industry for over 36 years and is currently the General Manager for **American Stainless and 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.

From his daily discussions with leaders of international companies and major domestic manufacturers, he keeps his finger on the pulse of the commodity markets and guides the company in its purchasing decisions. "I've seen several business cycles come full circle," Tom says, "and the one thing I know for sure is that no trend lasts forever... Things change."

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