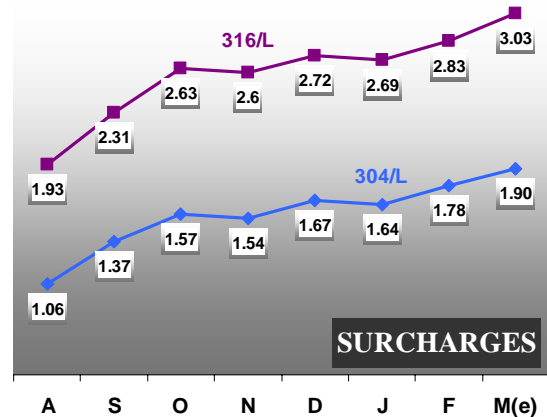


MARKET ANALYSIS

February, 2007

Surcharges for Nickel continue to escalate.

Nearly 20% of the world supply of nickel is sitting on a container ship that was intentionally run aground off the coast of Britain to keep it from sinking. This on-going saga, coupled with potential strike worries at the former Falconbridge Ltd. Operations in Sudbury, Ont., has pushed the price of nickel to an all-time high of almost \$41,000 per Tonne on the London Metal Exchange at the market's close on Monday, Jan. 29th. The **current world supply of nickel** is only 4,278 tonnes which represents less than two days of global consumption. The resulting surcharges are detailed in the graph.



After a slight slow down in late December and early January, business is back to full throttle. Projects in all segments of industry remain strong. We anticipate 2007 to be an excellent year even surpassing that of a booming 2006.

Inventories of raw materials are dangerously low.

The threat of a nickel shortage and the anticipated spikes in demand will likely tighten the supply of domestic stainless steel pipe in the near future. Deliveries are currently running from stock to 10-12 weeks on commodity sizes. Deliveries on larger diameters have improved from 28-32 weeks to

18-20 weeks. Prices and availabilities for all other commodities remain fairly steady at this point.



Tom Sheeler has been involved in the PVF industry for over 36 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.

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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