



That's right! ISW is back with the December (Holiday?!) edition of our Newsletter!

AS ALWAYS.... the purpose of the newsletter is to provide valuable information for our customers! We aim to make sure each newsletter isn't just going to fill your inbox with irrelevant content - Instead, we want it to be something you look forward to receiving each month, with content that YOU find valuable- and a little fun as well! ("Orange" you glad?!)

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- Stainless Update
- Scrapper's Alley
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Economic Update:

Yes, It Happened.....

- The U.S. economy grew at the fastest pace in nearly two years last quarter on a burst of consumer spending. GDP accelerated to a 4.9% annualized rate, more than double the 2023 2nd Qtr pace.
- U.S. manufacturing contracted sharply in October after showing signs of improvement in prior months, as new orders and employment slumped, likely reflecting strikes by the UAW against Detroit's Big Three car makers.
 - The ISM manufacturing PMI dropped to 46.7 from 49.0 in September. It was the 12th consecutive month that the PMI remained below 50, which indicates contraction. That is the longest such stretch since the 2007-2009 Great Recession.
- Nonfarm payrolls increased by 150,000 jobs, and the unemployment rate rose slightly to 3.9% as compared to the 3.8% reported in September.
- U.S. consumer confidence declined for a third straight month in October amid persistent worries about inflation, higher borrowing costs and the political environment. The Conference Board said survey responses showed that consumers continued to be preoccupied with rising prices in general, and for grocery and gasoline prices in particular.
- U.S. consumer prices increased 0.4% in September, due to factors such as higher costs for rent and gasoline, but underlying inflation is slowing.
- Existing home sales fell 2.0% in September to an annual rate of 3.96mn units, which marked a 13-year low. Surging mortgage rates and tight supply of homes for sale combined to reduce affordability for many first-time buyers. Sales of NEW single-family homes surged to a 19-month high as builders offered price discounts and other incentives to woo buyers, but mortgage rates approaching 8% dampened demand. The median new house price was \$418,800, a 12.3% drop from a year ago. Housing starts accelerated 7.0% to a rate of 1.358mn units.



Economic Update:

Yes, It's Happening....

Metals & Commodities

Total world crude steel production was 149.3mn tons (Mt) in September, a 1.5% drop YOY. China's output was 82.1Mt, down 5.6% YOY. India produced 11.6Mt, up 18.2%. Japan cast 7.0Mt, down 1.7%. The U.S. produced 6.7Mt, up 2.6%.

Steel imports in September totaled 2.185mn tons, including 1.579mn tons of finished steel, down 4.1% and 15.1% respectively vs. August. Total and finished steel imports were down 9.8% and 15.0% respectively YTD vs. 2022. Finished steel import market share is estimated at 22% over the first nine months of 2023.

Sweden's H2 Green Steel is in talks with governments in Canada to build a factory in northern Quebec. The Quebec green steel project would be located in the city of Sept-Iles, near Montreal, and require an investment of between €3bn and €6bn. One plan would see H2GS build a "green iron" plant and a giant electrolyzer powered by renewable energy that would supply the site with hydrogen, replacing carbon-intensive coal. The iron would then be exported. A more ambitious scenario would include a full steel mill requiring as many as 2,000 workers.



United States Steel reported 3rdQtr revenues of \$4.43bn. Average realized price for flat-rolled product declined to \$1,036/ton from \$1,232/ton a year ago. Mini Mill price fell to \$901/ton vs. \$1,096/ton prior year and U. S. Steel Europe to \$852/ton from \$1,021/ton. Adjusted EBITDA of \$578mn in the quarter compared to \$861mn a year ago.

Nucor Announces US\$280M Plate Mill Improvement - Nucor Corp.'s board of directors have greenlighted a US\$280 million modernization of its Tuscaloosa, Ala., plate mill, the company announced Friday.

"This modernization project will bolster the plate group's position as the most diverse and comprehensive product mix in the industry," said Al Behr, executive vice president for plate and structural products. Nucor didn't reveal many details about the project, except to say that it will include a new rolling mill stand. "The modernization and upgrade of the rolling mill at Tuscaloosa is an important investment that will keep our mill competitive in the global steel industry and open up new market opportunities for our team," said Brian Phillippi, vice president and general manager of Nucor Steel Tuscaloosa Inc.

Jindal Stainless, India's largest stainless steel producer, will exit its Indonesian operations due to "unfavorable market conditions", caused primarily by Chinese dumping rendering operations there untenable and high tax on exports into key geographies like the U.S. and EU. Jindal Stainless Indonesia has an installed capacity of 12,000 tonnes/month but is operating at a utilization rate of 15%.



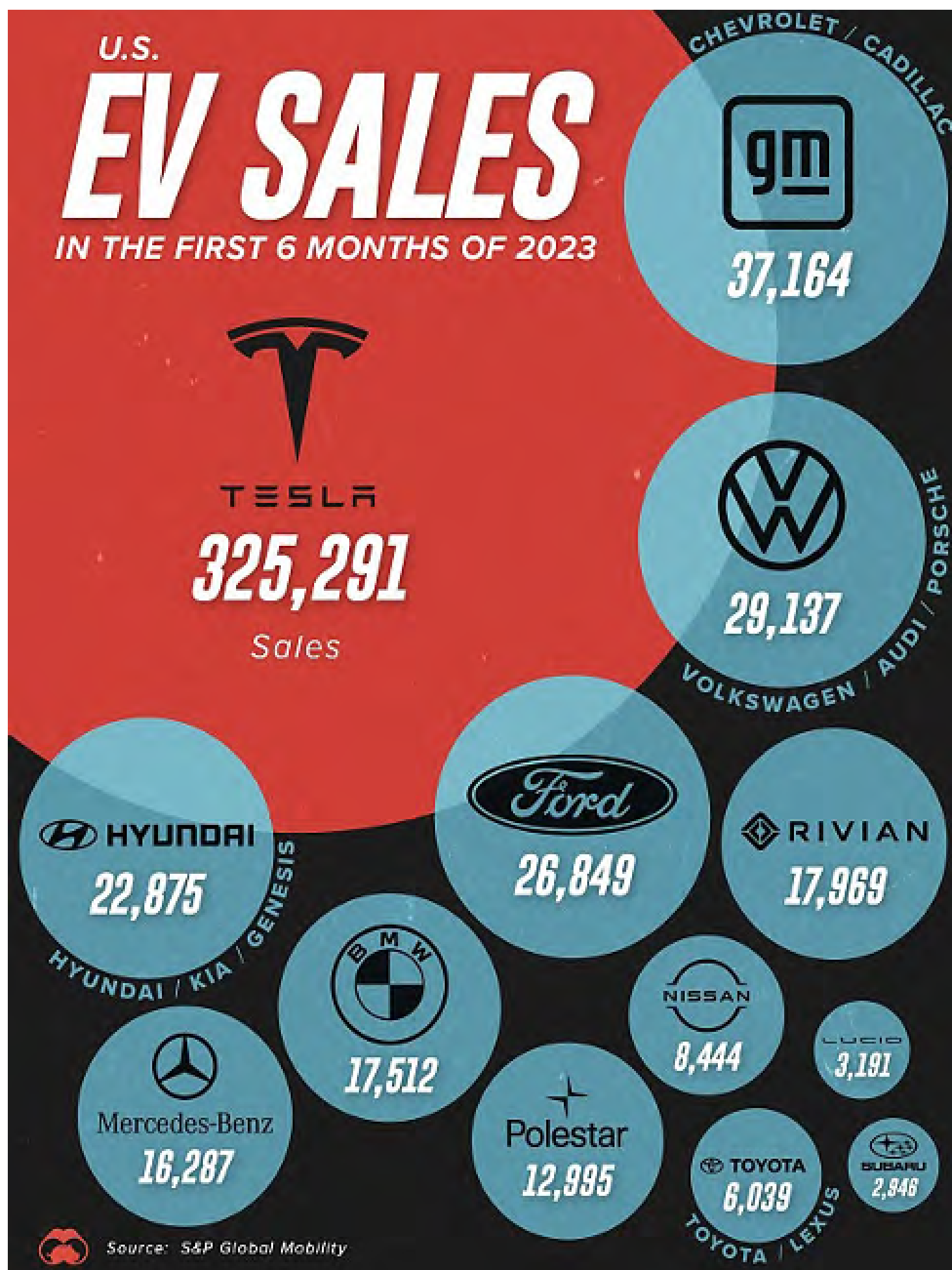
Automotive

Electric vehicle sales in the U.S. jumped 50% YOY to more than 300,000 units for the first time this past quarter, equating to 7.9% of industry sales (a new record). Tesla now dominates half of the market, down from its 62% hold in the beginning of 2023.

Toyota will invest \$8bn more and add 3,000 jobs at its EV battery manufacturing plant in North Carolina, adding a major boost to its EV lineup of cars. The company, which plans to have electrified options for all of its models available by 2025, said the latest move will bring its total investment in the plant to \$13.9bn and jobs to more than 5,000.

As you have probably heard, GM and the UAW union reached a tentative agreement on Oct. 30, winning record pay hikes to end six weeks of a coordinated strike against the Detroit Big Three automakers. The new 4½ year accord follows deals reached by the UAW with Ford and Stellantis, significant victories for auto workers after years of stagnant wages and concessions made by the union following the 2008 financial crisis.

Tesla far exceeds EV sales compared to any other automaker in the US market. Tesla is sticking with its full-year production forecast and promising its new Cybertruck by November 30, even as it reported worse-than-expected 3rdQtr net income. Revenue reached \$23.4bn. Tesla has repeatedly slashed prices of its cars this year. The EV market leader's adjusted profit margin fell to 16.1%, down for the fifth consecutive quarter.



The collapse of sales across several different auto groups in China has caused rumors about a consolidation that would leave only a handful of companies in the largest car market. While some of China's carmakers are becoming household names, such as Warren Buffett-backed BYD, hundreds of others that proliferated during an investment boom over the past decade now face an uncertain future. There are around 50 domestic EV brands in China which produce pure-electric cars and plug-in hybrids. By 2030, there will be between 10 and 12 major Chinese automakers operating on a large scale, according to UBS analysts.

Energy & The Environment

Nuclear power plants are considered by some experts to be the most efficient transitional solution for achieving global climate goals. China is committing to a nuclear future more than any other country, with 24 new nuclear reactors currently planned or being built, and one new power plant to be connected to the grid this year. In second place is India, which plans to have eight new nuclear power plants built and connected to the grid by 2027.



Holtec filed an application with the Nuclear Regulatory Commission (NRC) to secure re-authorization of the 800MW Palisades nuclear power plant in Covert Township, MI (seen above). Palisades was a safe and reliable power plant before it was shut down in May 2022. Holtec a supplier for the energy industry, acquired the power plant and also plans to install two small modular reactors (SMRs), each with 300MW of capacity. With the addition of the two SMRs, Palisades will eliminate 7mn tons of CO₂ emissions annually.

Chevron agreed to buy U.S. rival Hess for \$53 billion in stock in a deal that reflects top U.S. energy companies drive for oil and gas assets in a world seeking lower-risk future fossil supplies and higher shareholder returns.

The recipients of \$7bn in federal grants for the development of seven regional hydrogen hubs were announced in October, advancing a key part of a plan to decarbonize the U.S. economy. The seven proposed hubs involving companies ranging from ExxonMobil to Amazon were selected, with their projects spanning 16 states from Pennsylvania to California. The program is intended to jump-start the production of "clean hydrogen" along with the infrastructure needed to get it to industrial users like steelmakers and cement plants.

Aerospace

Deliveries of Boeing's 737 MAX jets fell in September to the lowest level in more than two years. Operations have been disrupted by snafus at a key supplier. The latest problem is mis-drilled holes on the fuselage of its bestselling 737s. As a result, production of the more than \$100mn jet—which accounts for the bulk of Boeing's output—is running at half the company's target. Boeing said earlier this year that it was moving to complete an average of 38 new 737s a month. It made 22 in September and delivered 15 new 737 jets to the world's airlines. Boeing had net losses of \$2.2bn for the first nine months of 2023.



United Airlines is going all-in on its cheapest fares, saying its higher-quality product will lure the most price-sensitive travelers away from deep discount rivals. Revenue from those tickets rose 50% in the 3rdQtr YOY. It expects those numbers to grow as it brings larger aircraft into its fleet, making it affordable for United to offer more seats at the low-end fare. Basic economy is now 12% of UA domestic passengers, and the carrier expects to be even more competitive in this segment of the market in the future.

American Airlines beat estimates for 3rdQtr adjusted profit and said bookings for the upcoming holiday season have been steady. AA noted that domestic demand remains steady, while international demand continues to drive revenue growth. U.S. airlines with international operations are seeing relentless demand for long-haul flights as a stronger dollar encourages more Americans to plan holidays abroad. American said it expects the pilot shortage to persist for at least another two years.

Stainless Update

The Downward Pressure on Nickel

If projections hold, the market is in for an excess nickel supply over the next three years. But is that a good thing? Let's unpack the situation as it stands today.

Projections from J.P. Morgan call for a surplus in nickel production over the next three years, mainly due to Indonesia's increasing production of class one nickel.

The new low-cost nickel supply influx could drive nickel prices, currently above \$8/lb., to a multi-year bottom, possibly reaching as low as \$6 to \$6.50/lb. The price of nickel has been slowly unwinding following the significant short squeeze in March 2022.

But could that price point be one in which nickel producers deem unprofitable? If nickel prices continue to decline, Indonesia may consider rationing production to avoid flooding the market.

Demand could take a hit since Ford and GM announced plans to curtail investments in the EV space in the aftermath of the autoworkers strike. This could contribute to a short-term dent in the growth of EVs, affecting demand for nickel and other materials used in batteries, including lithium. This additional factor further complicates the overall supply-demand dynamics in the nickel market.

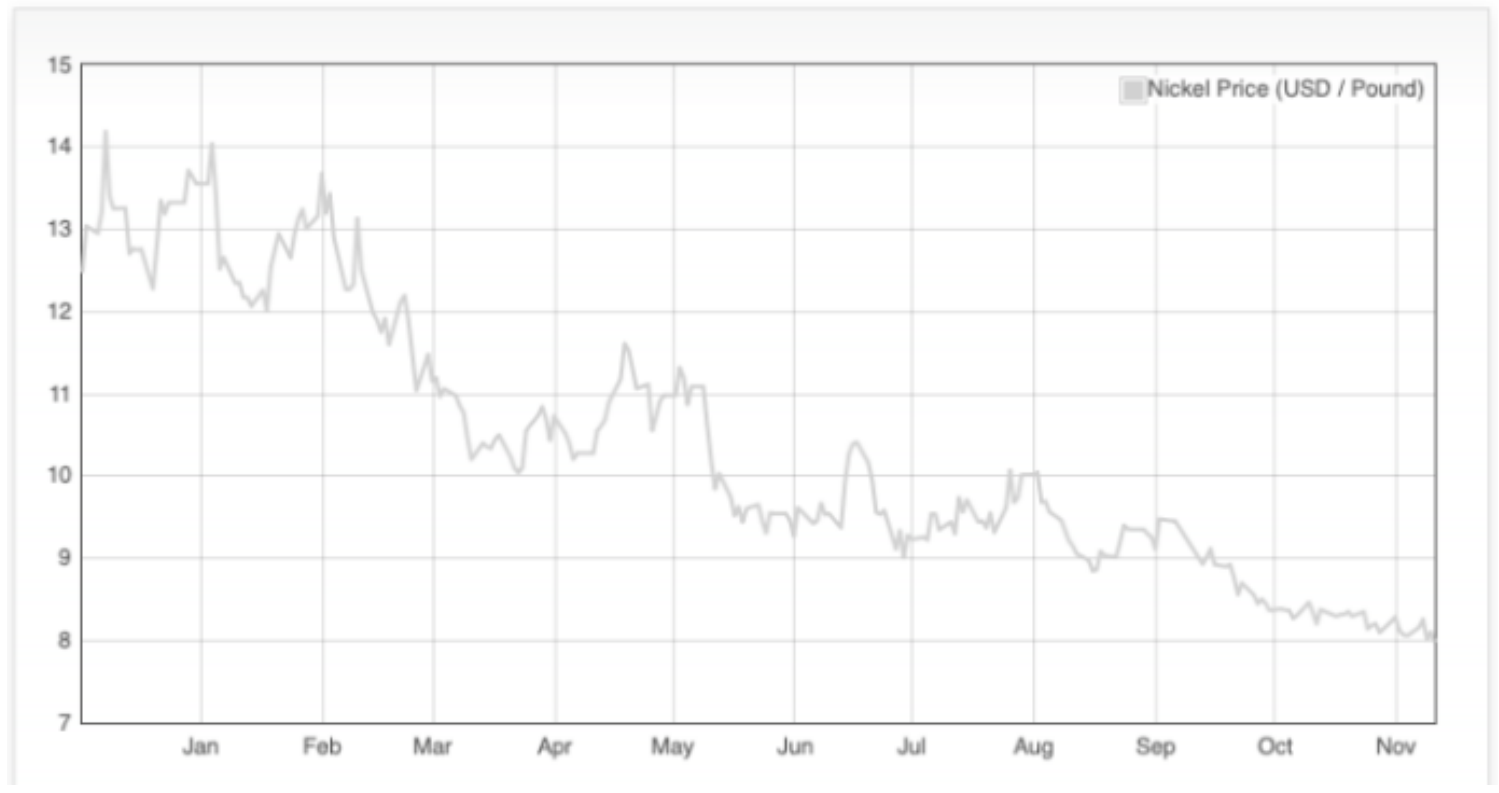
The Impact on Stainless

The stainless steel market is expected to be stable this month into next month, with prices gradually increasing. Demand for stainless steel is expected to be modest, but there is some optimism that it will pick up in the fall.

It is important to note that nickel is a significant factor in the stainless surcharge, which influences stainless steel prices. While surcharges are decreasing, the base prices of stainless steel may not drop as quickly due to the formulaic pricing and the limited number of major stainless steel producers in the United States.

There may be some pressure on base pricing in 2024 compared to 2023 but highlights a few dominant players' slower base price adjustments in the domestic market.

Nickel Prices for the Last Year



Historical Stainless Surcharge Data

	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
SSB	\$ 1.5800	\$ 1.6300	\$ 1.6900	\$ 1.7800	\$ 2.2900	\$ 2.4300	\$ 2.2100	\$ 2.1000	\$ 1.7800	\$ 1.7700	\$ 1.7000	\$ 1.6200
S6B	\$ 2.2000	\$ 2.2400	\$ 2.3600	\$ 2.4900	\$ 3.1600	\$ 3.3200	\$ 3.0100	\$ 2.8100	\$ 2.3800	\$ 2.3300	\$ 2.3400	\$ 2.3000
17B	\$ 1.8700	\$ 1.9200	\$ 1.9600	\$ 2.0400	\$ 2.5400	\$ 2.6700	\$ 2.4900	\$ 2.3800	\$ 2.0900	\$ 2.0600	\$ 2.0000	\$ 2.1500

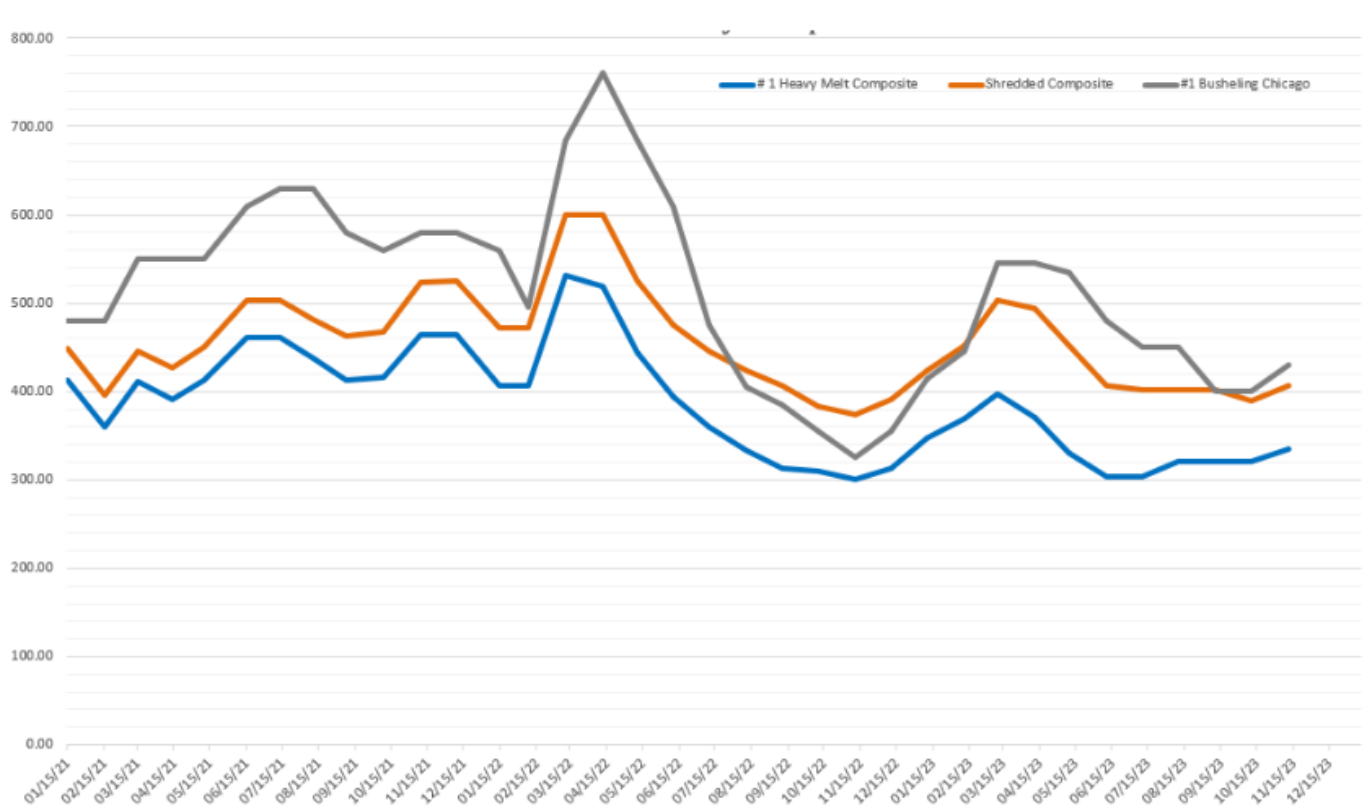
	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
SSB	\$ 1.7500	\$ 1.9200	\$ 1.9000	\$ 1.8200	\$ 1.6900	\$ 1.7100	\$ 1.6200	\$ 1.5400	\$ 1.5200	\$ 1.4900	\$ 1.4200	\$ 1.3600
S6B	\$ 2.4900	\$ 2.8800	\$ 3.0500	\$ 3.1100	\$ 2.7600	\$ 2.4700	\$ 2.3800	\$ 2.3100	\$ 2.2700	\$ 2.3100	\$ 2.2000	\$ 2.0200
17B	\$ 2.2100	\$ 2.1800	\$ 2.1600	\$ 2.1000	\$ 1.9700	\$ 2.0000	\$ 1.9200	\$ 1.8500	\$ 1.8200	\$ 1.8000	\$ 1.7400	\$ 1.6800

Scrapper's Alley

The following continues to ring true when it comes to scrap:

- **Tight supply:** The supply of scrap metal has been tight in recent months due to a number of factors, including a decline in construction activity and a slowdown in manufacturing.
- **Strong demand:** Demand for scrap metal remains strong from both domestic and international buyers. Domestic steel mills are operating at high capacity and are in need of scrap metal to produce steel. International buyers are also looking to purchase scrap metal from the US, as prices in other countries are even higher.
- **Rising prices:** The rising price of finished steel products is also supporting scrap metal prices. Steel producers are willing to pay higher prices for scrap metal as they can pass on those costs to their customers in the form of higher prices for steel products.

Date	# 1 Heavy Melt Composite	Shredded Composite	#1 Busheling Chicago
01/14/22	406.67	472.00	560.00
02/08/22	406.67	472.00	495.00
03/11/22	531.67	600.00	685.00
04/11/22	518.33	600.00	760.00
05/10/22	443.33	525.00	685.00
06/10/22	393.33	475.00	610.00
07/10/22	360.00	445.00	475.00
08/10/22	333.33	423.75	405.00
09/10/22	313.33	406.25	385.00
10/10/22	310.00	383.75	355.00
11/10/22	300.00	373.75	325.00
12/10/22	313.33	391.25	355.00
01/10/23	346.67	423.75	415.00
02/10/23	368.33	451.35	445.00
03/10/23	396.67	502.50	545.00
04/10/23	370.00	493.75	545.00
05/10/23	330.00	451.25	535.00
06/10/23	303.33	406.25	480.00
07/10/23	303.33	401.25	450.00
08/10/23	320.00	401.25	450.00
09/10/23	320.00	401.25	400.00
10/10/23	320.00	388.75	400.00
11/10/23	335.00	406.25	430.00



ISW....Around the Watercooler

This past month ISW wished Larry Lieberum a much deserved and very happy retirement!

This is a very bittersweet moment- we will miss Larry dearly, but we are excited to see he and his wife Terrie embark on a new chapter in Arizona filled with sunshine, golf, hiking and music!

Larry has been an invaluable asset to the ISW team- his dedication, passion and unwavering commitment to excellence set him apart as a true super star.

Larry has always gone above and beyond to build relationships with everyone he encounters, and always ensures that all their needs are met. Larry is a true joy to be around, and easily transforms business relationships into lifelong friends.

Larry has been a source of inspiration for everyone at ISW, with his positive attitude, compassion for others, genuine kindness, and infectious enthusiasm.

He has been an incredible ambassador for ISW in the 17 years he has been with us.

Larry, you will be missed dearly. We wish you all the best!



Does slow moving inventory have your business in a squeeze? With a negative impact on profit margin and business performance, excess inventory can be a real headache! While this inventory was intended to grow sales, these slow moving products are an unwelcome cost to any business. Even with the best inventory management, there's no guarantee a business won't end up with excess or slow moving inventory.

If you find yourself with slow moving inventory, ISW is here to help! With a vast network of wire consuming companies, we can help connect you with a business who can benefit from your overstock position.

ISW is pleased to provide this free service that allows customers to access these opportunities- all at no cost to the buyer or seller!

To List Your Slow Moving Inventory:

Simply send your list of excess material to INeedHelp@industeel.com. Your listing will be posted in the above exchange, which is updated on a weekly basis. You can choose to remain anonymous or include your own contact information.

To Purchase Material Listed on the Exchange:

If you are interested in purchasing material listed on ISW's Raw Material Exchange for Wire, simply reach out to the ISW representative who manages the listing, and they will provide the company and contact details associated with the listing. The buyer and seller can arrange a private sale from there. Again, all for no charge from ISW!

Our goal is to ensure that everyone has Wire to Keep Your Business Moving Forward®

[View The Exchange](#)

Need A Break? Here Are Some Random Factoids

- The name December is derived from the latin word decem, meaning 10. But wait? Isn't December the 12th month of the year? It is now. But the early Roman calendar consisted of only 10 months before January and February were added later by Roman ruler Numa Pompilius, so it used to be the 10th and final month of the year. We just don't think Duodecember (the latin word for twelve) has the same ring to it.
- The constellation Orion dominates the sky in December. Look southeast to find three stars lined up in a row. This is Orion's Belt.
- It was on December 7th, 1941 that the Imperial Japanese Navy Air Service descended on the Pearl Harbor naval base on the Hawaiian island of Oahu.
- The surprise attack left over 2,300 Americans dead and led to the USA formally entering World War II on the side of the Allies.
- Do you feel the chill in December? It's not just winter setting in. In the Northern Hemisphere, December brings the year's shortest days.
- The first Nobel Prizes were awarded on 10 December 1901
- December starts on the same day of the week as September starts every year, and ends on the same day of the week as April ends every year.

**YOU wanted a dog!!
YOU walk him!!**



As we close out 2023, we want to take a moment to express our gratitude for your business, your partnership and your friendship.

We look forward to a prosperous 2024!

