



# **Industrial Economy 2006: Trends of Steel and Utilities Pricing**

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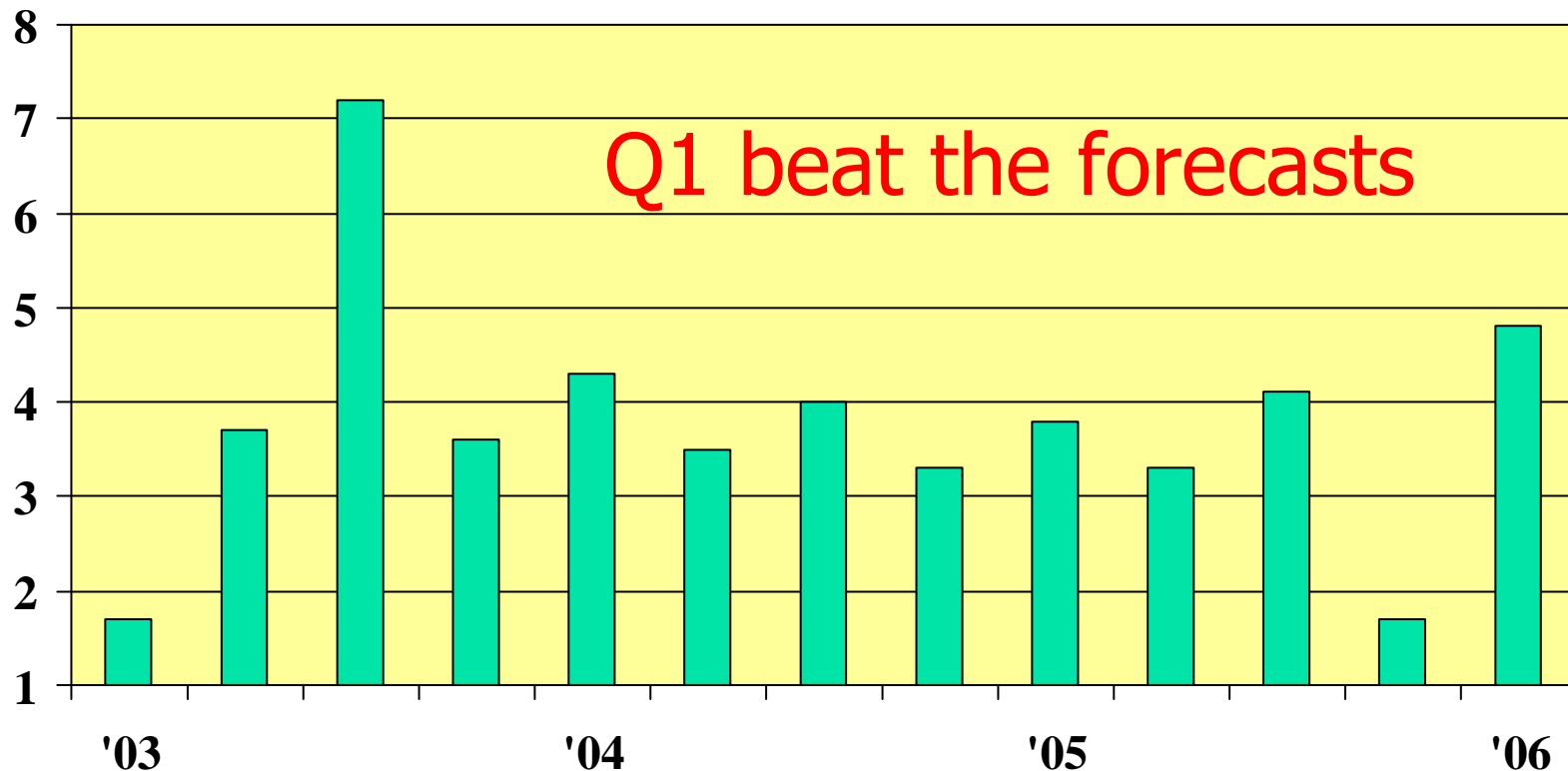
**International Metal Decorators Association  
Chicago Holiday Inn,  
Willow Brook, Ill.  
May 18, 2006**

**Tom Stundza  
Executive Editor  
Purchasing Magazine**

# Gross domestic product

(quarterly, % change from quarter before\*)

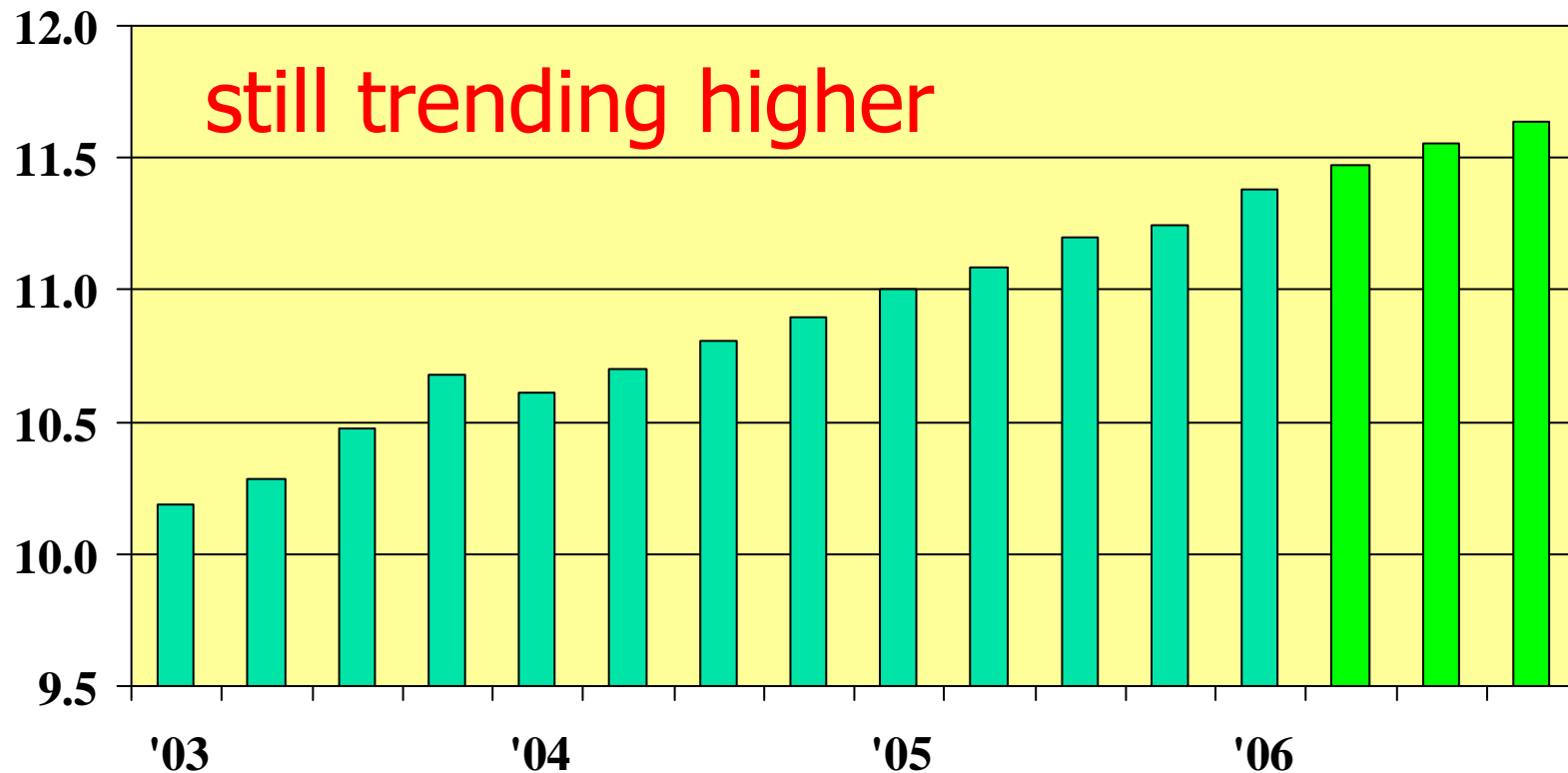
\* Chained 2000 dollars



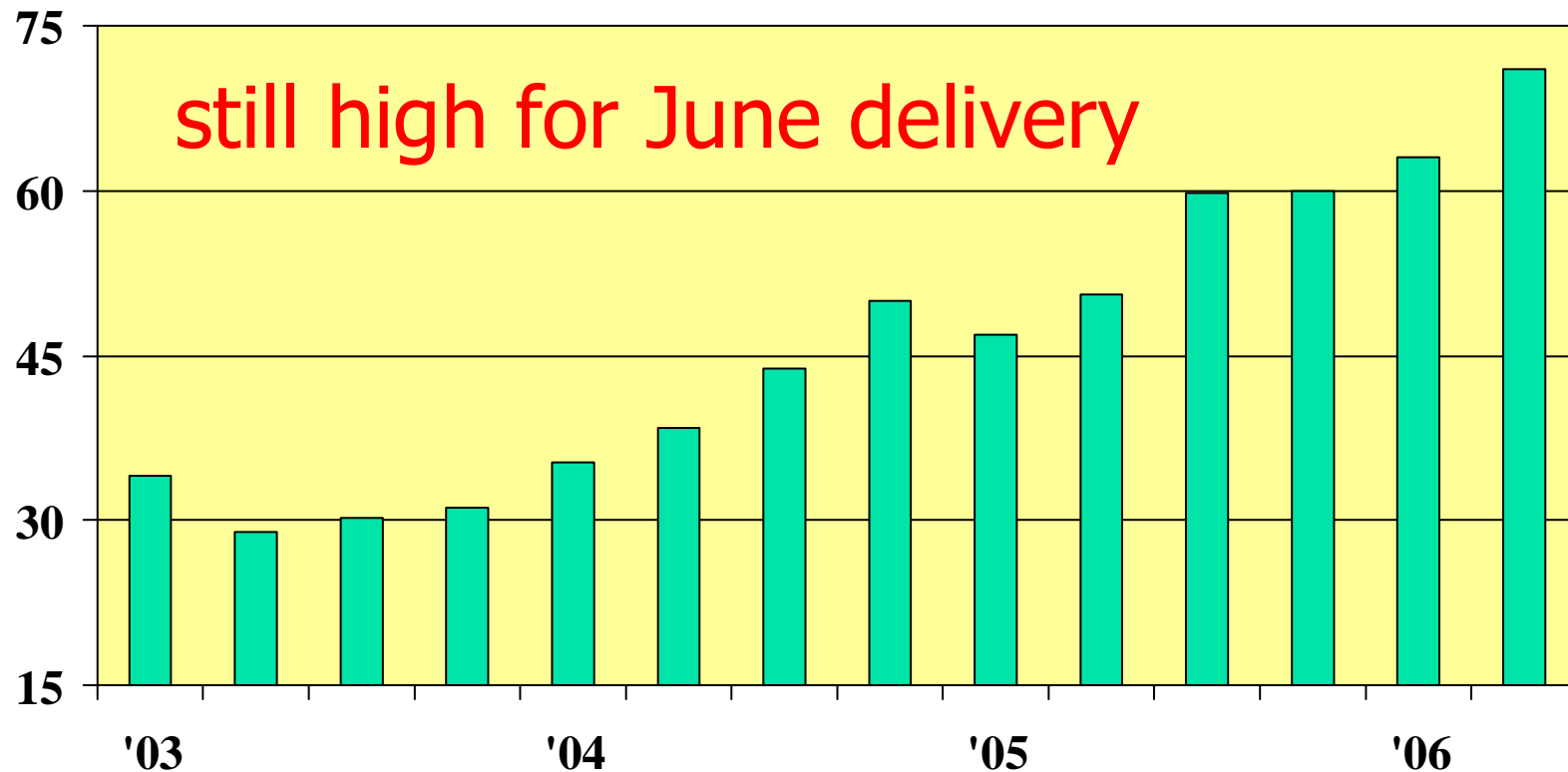
# Gross domestic product

(quarterly, annualized rate, \$, trillions\*)

\* Chained 2000 dollars

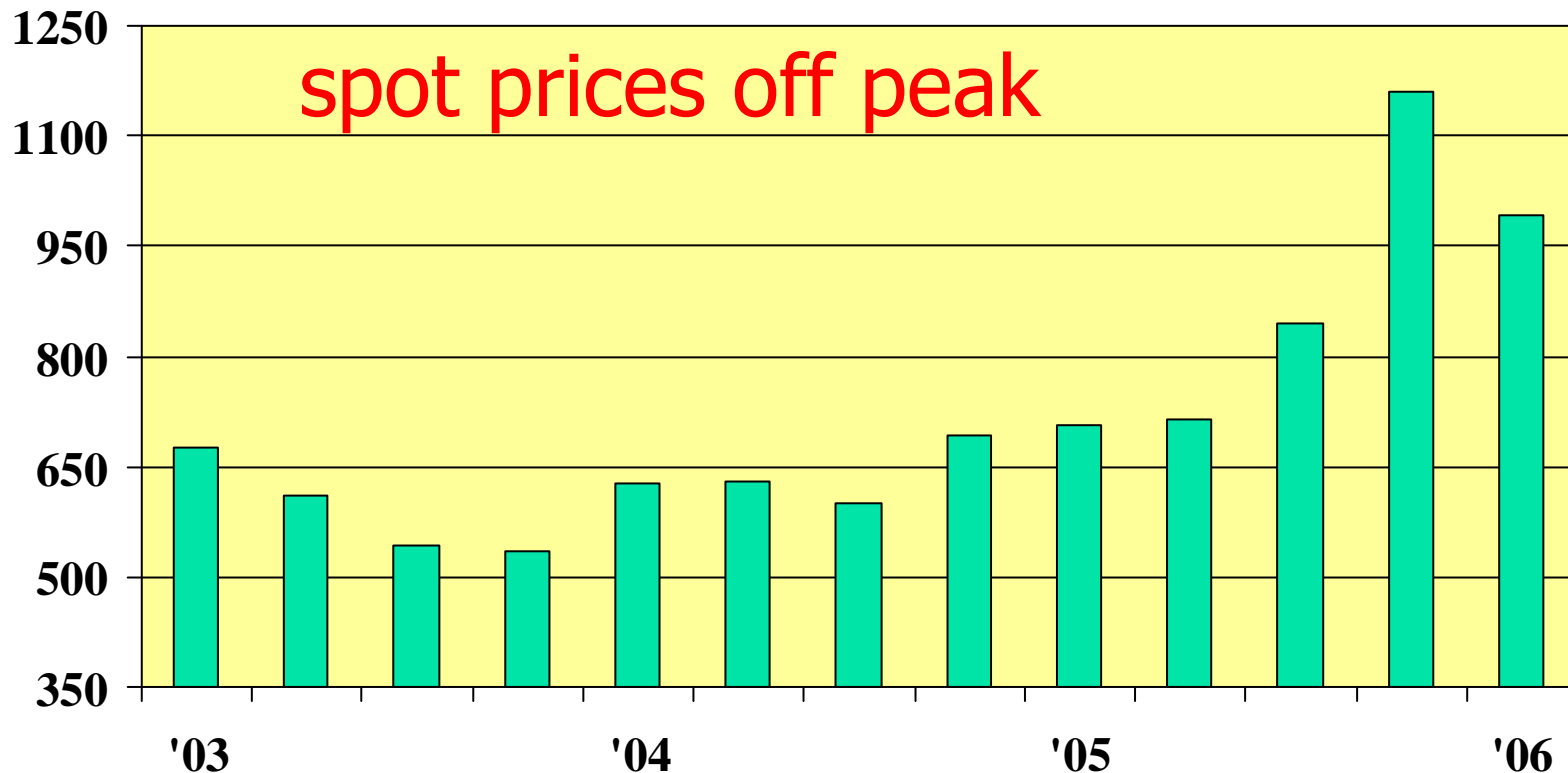


# Crude oil (West Texas Intermediate) (quarterly, \$/barrel)



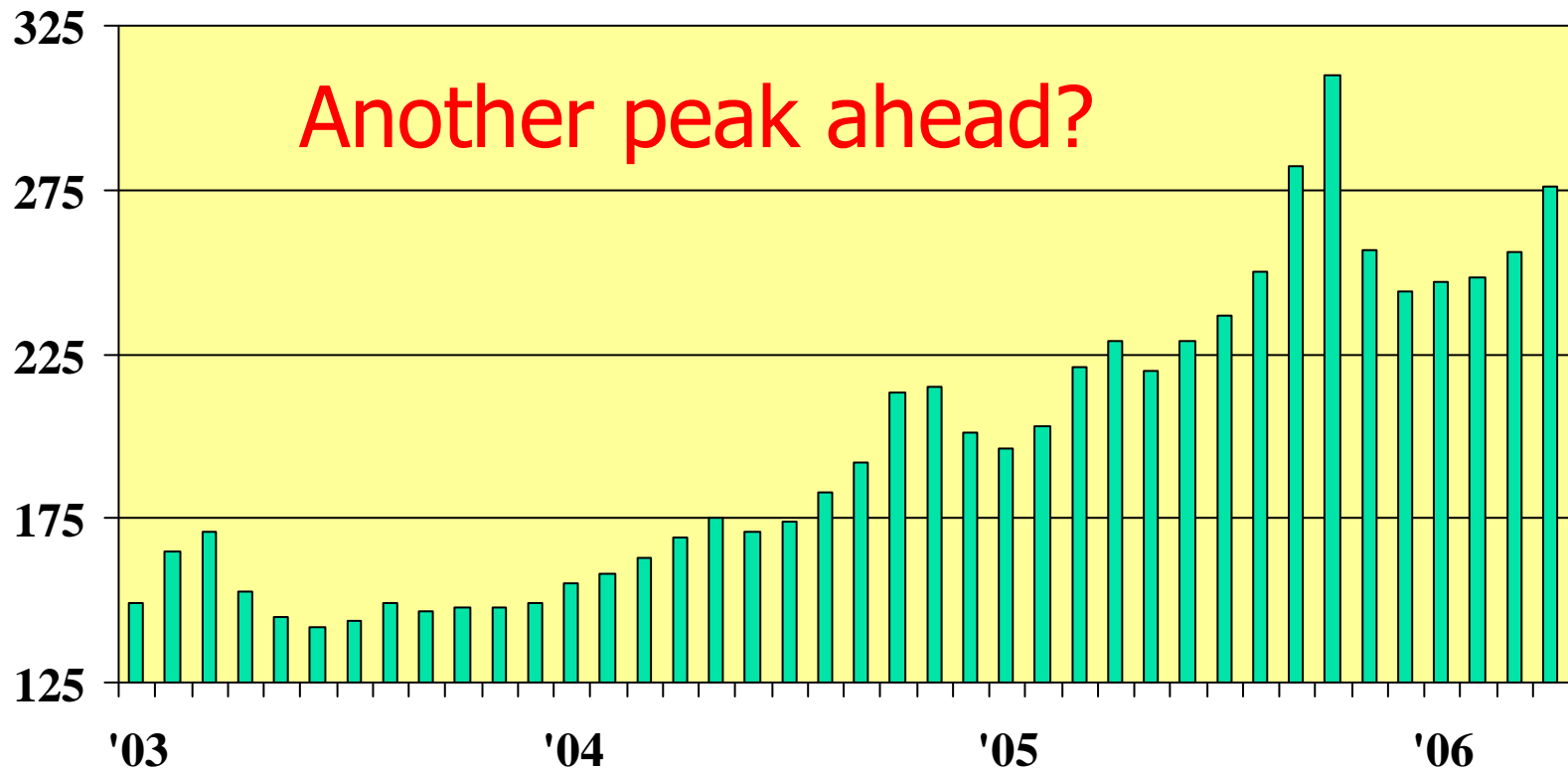
# Natural gas, industrial users

(quarterly, ¢/thousand cubic feet)



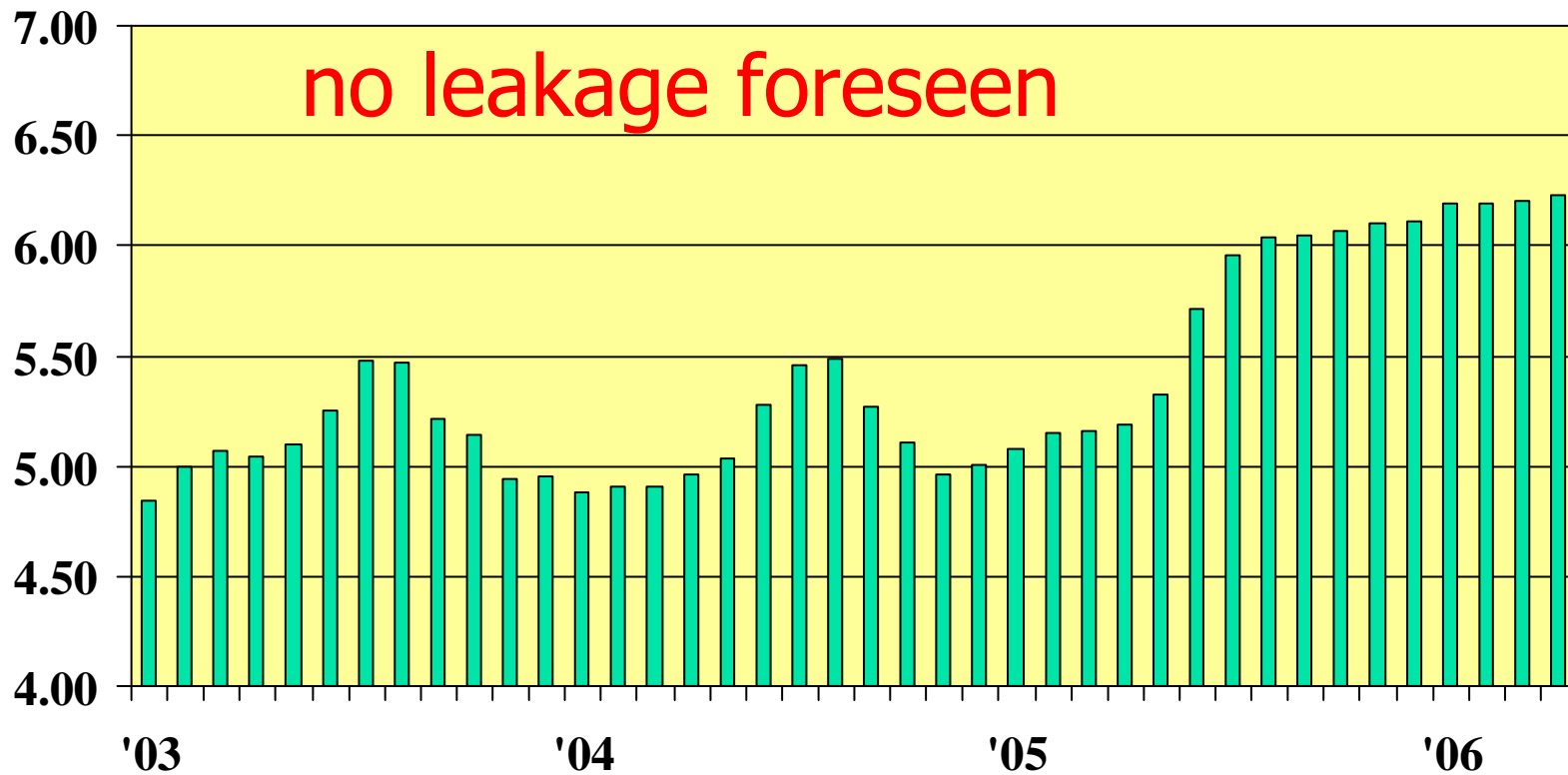
# On-highway diesel fuel

(monthly, national average ¢/gallon)



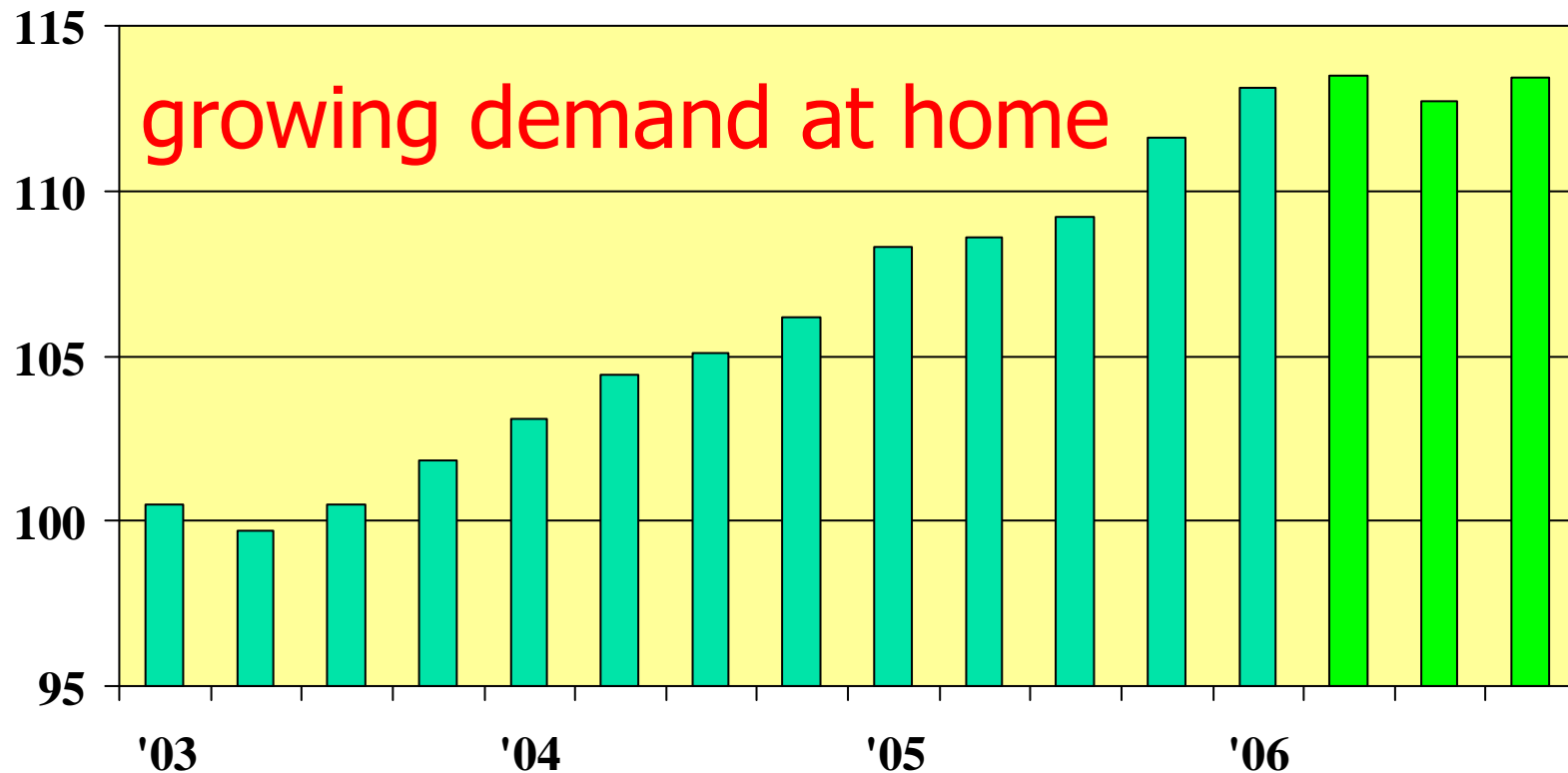
# Electricity to industry

(monthly, national average, \$/100 kilowatt hours)

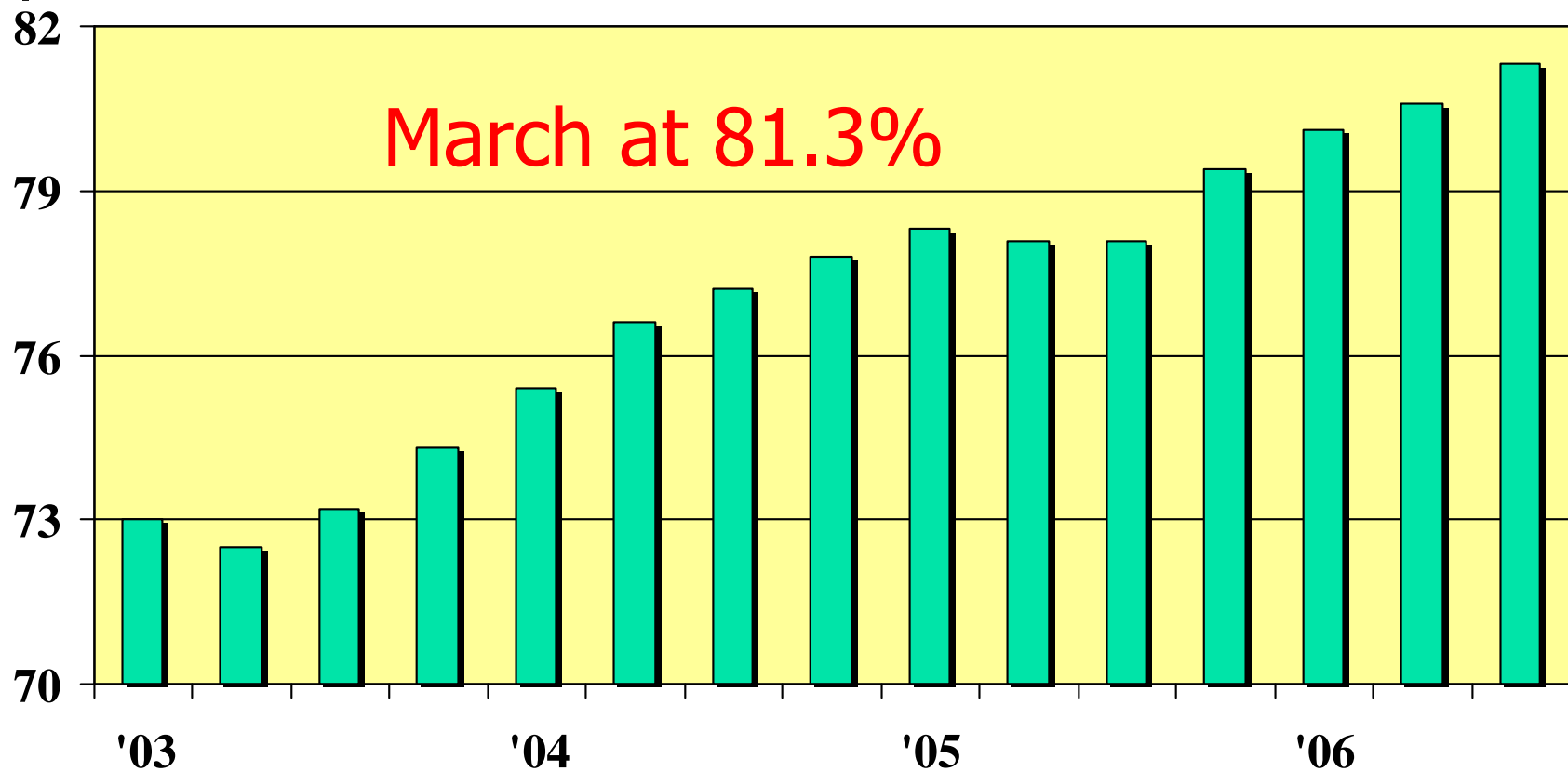


# Industrial production index

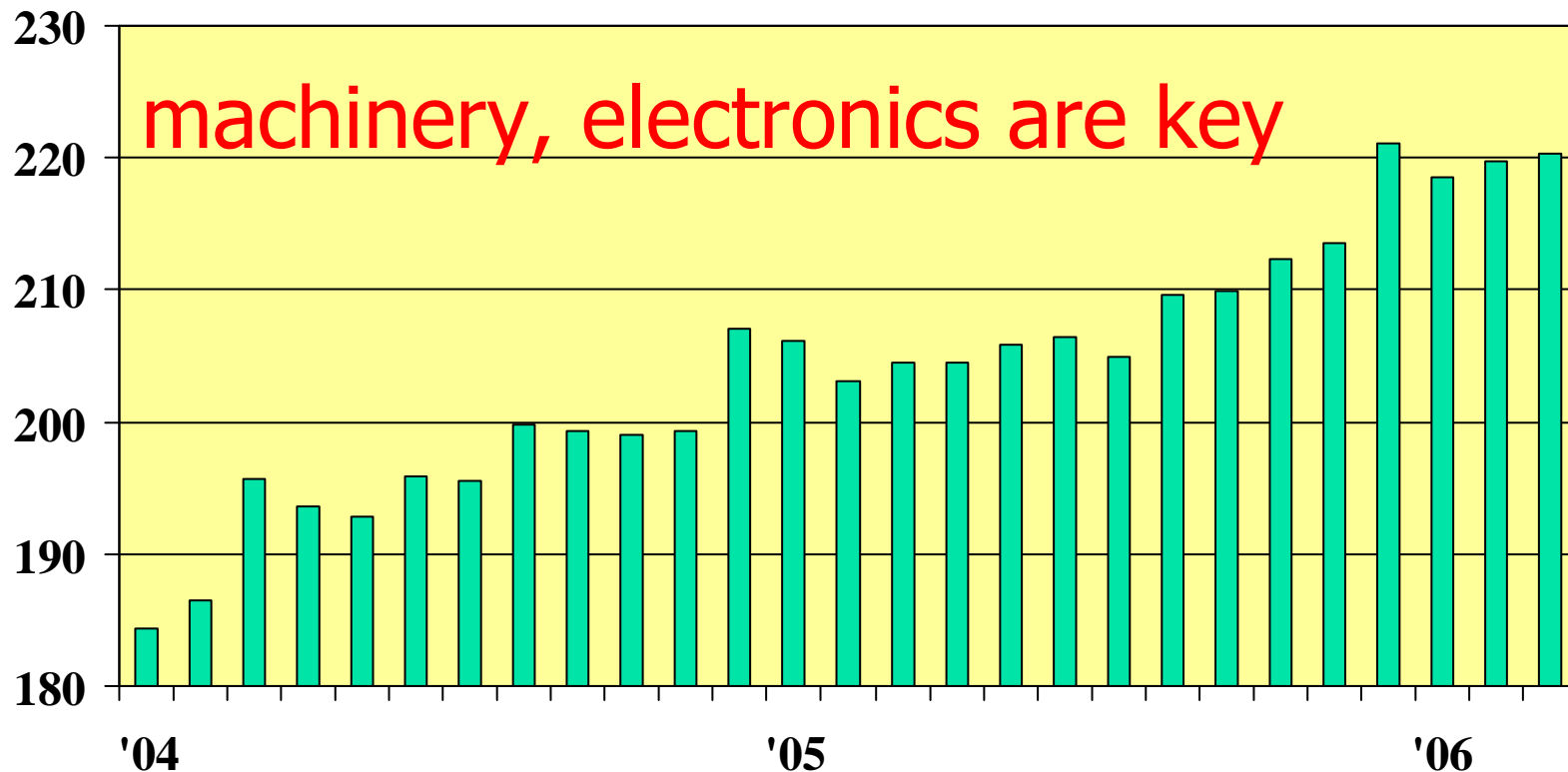
(quarterly, 2002=100, SAAR)



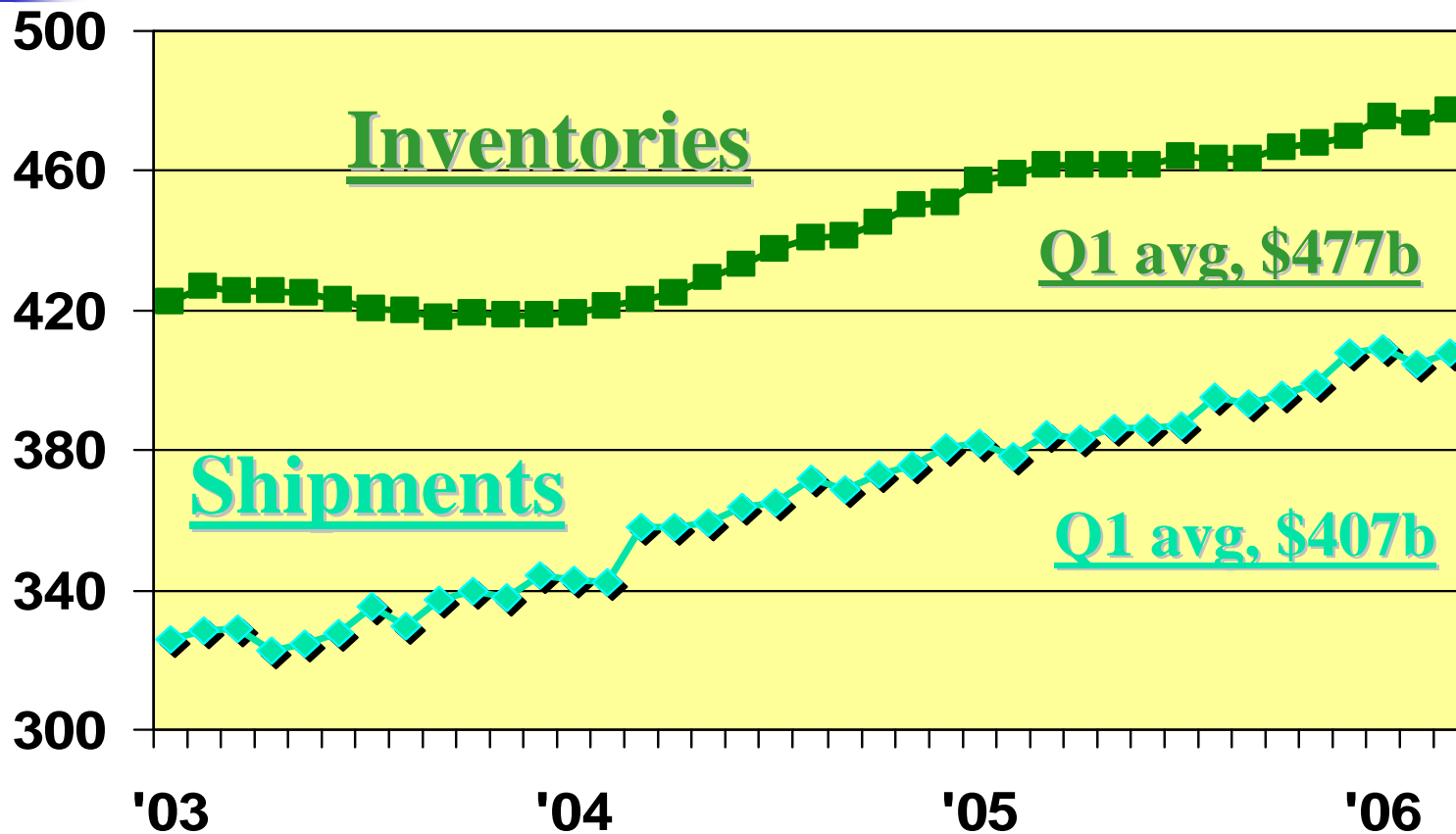
# Capacity use, manufacturing (monthly, % capacity, SAAR)



# Durable goods shipments (monthly, \$ billions, SAAR)

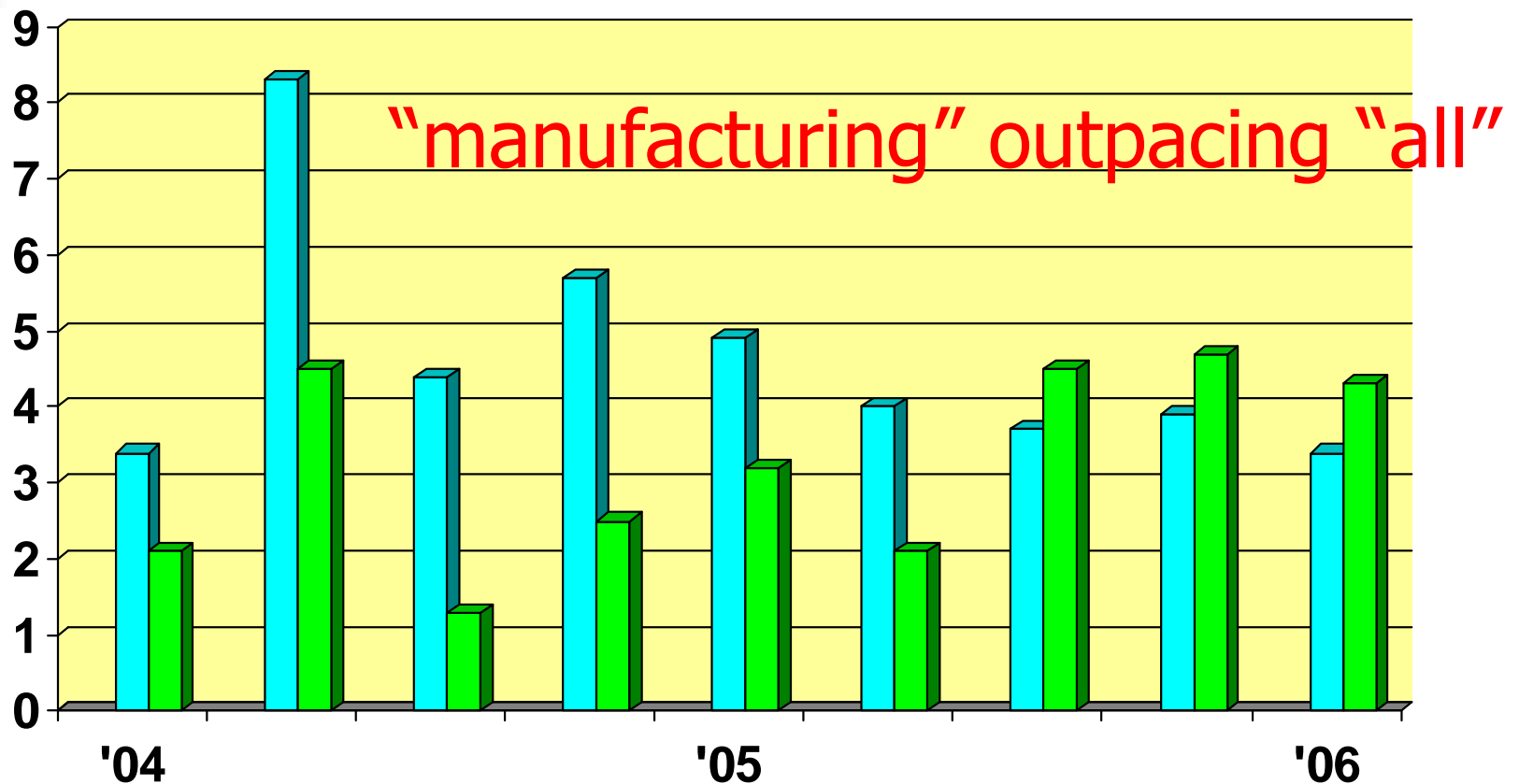


# Manufacturing shipments & inventories (monthly, \$ billions, SAAR)



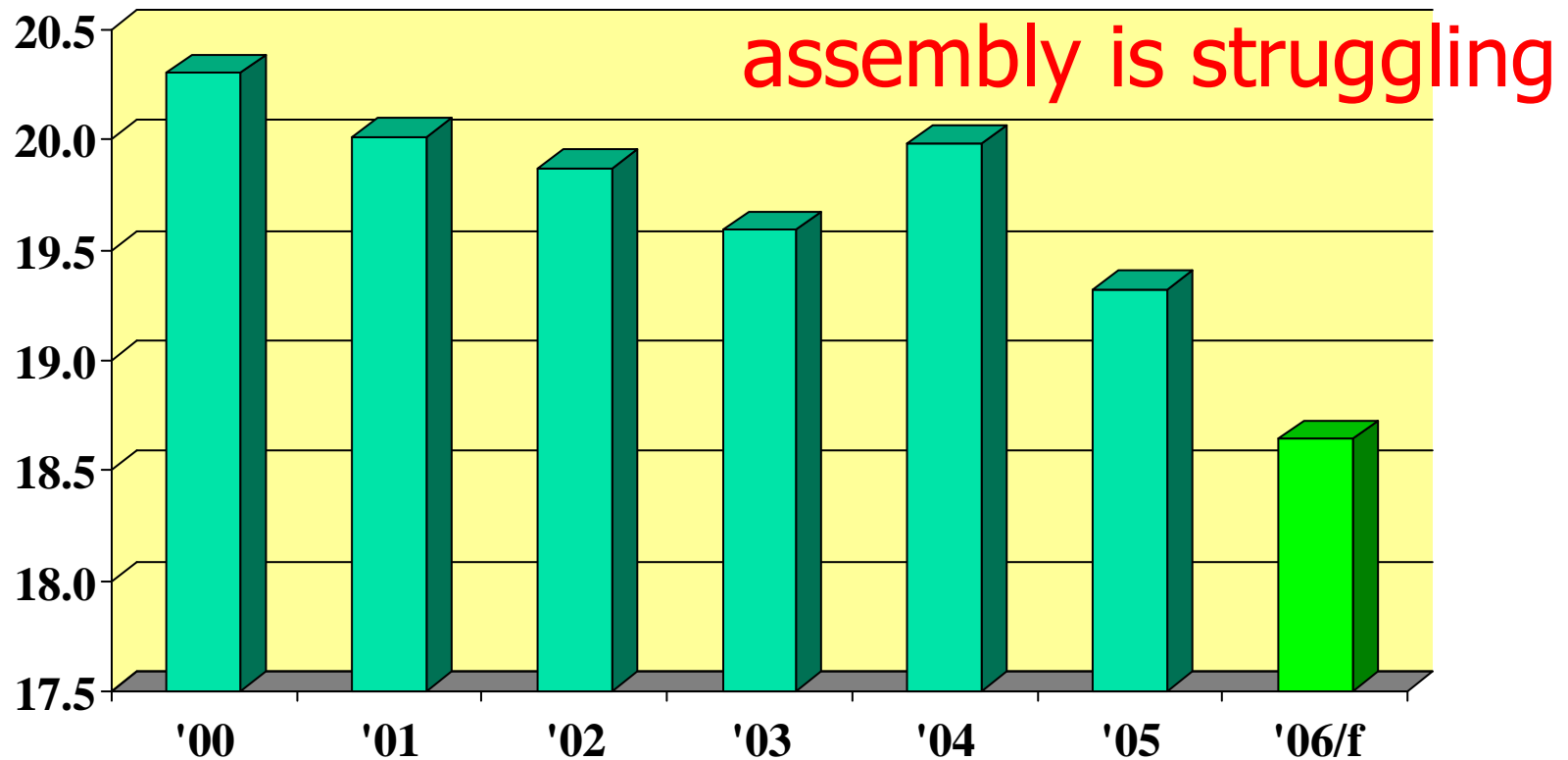
# Productivity growth

(quarterly, % change)



# Motor vehicle production

(annual, millions of cars, trucks, SUVs)

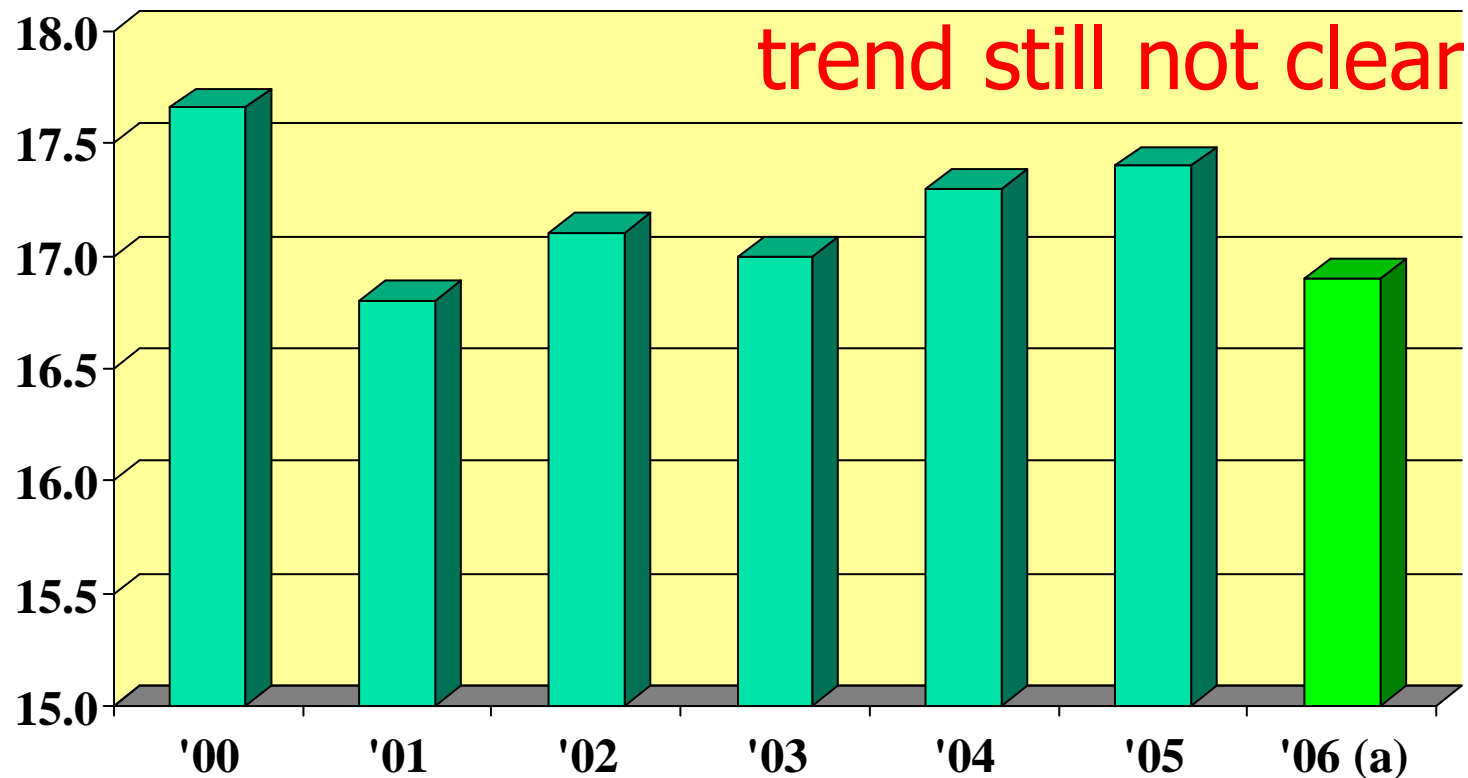


Bureau of Transportation Statistics

**Purchasing**  
The magazine for chief procurement officers and supply chain executives

# Motor vehicle sales

(annual, millions of cars, trucks, SUVs)

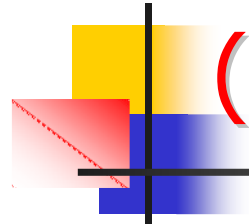


Bureau of Transportation Statistics

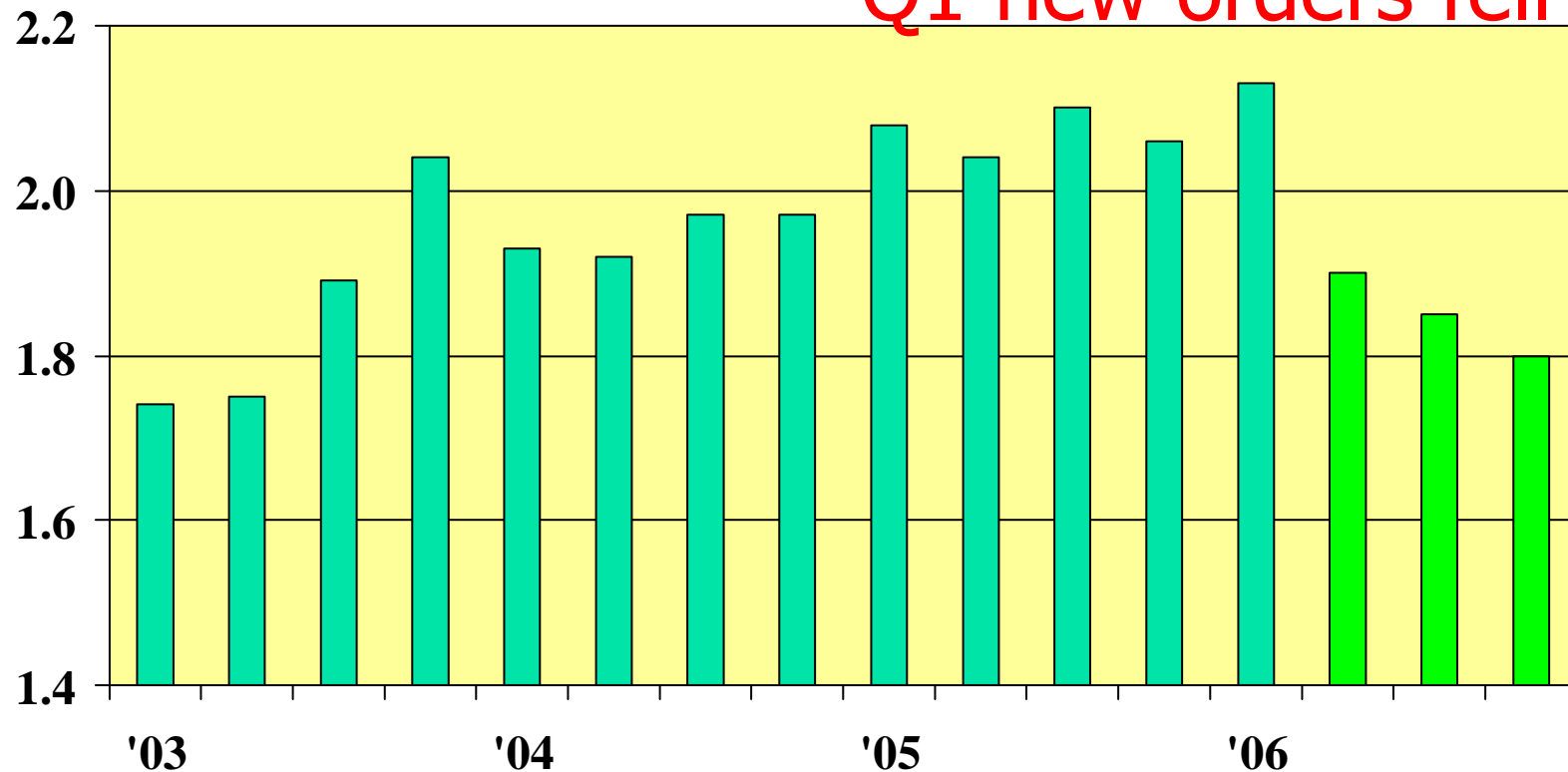
**Purchasing**  
The magazine for chief procurement officers and supply chain executives

# New housing starts

(quarterly, million units annualized)



Q1 new orders fell



# Forecasts of key indicators

(U.S., % change)

	<u>'03</u>	<u>'04</u>	<u>'05</u>	<u>'06</u>
Gross domestic product	2.7	4.2	3.5	3.4
GDP price index	2.0	2.6	2.8	2.7
Consumer price index	2.3	2.7	3.4	2.9
Consumer spending	2.9	3.9	3.6	3.2
Equipment spending	1.3	9.4	8.5	7.9
Industrial production	0.0	4.1	3.2	3.8
Residential starts	8.2	4.9	4.6	(7.2)

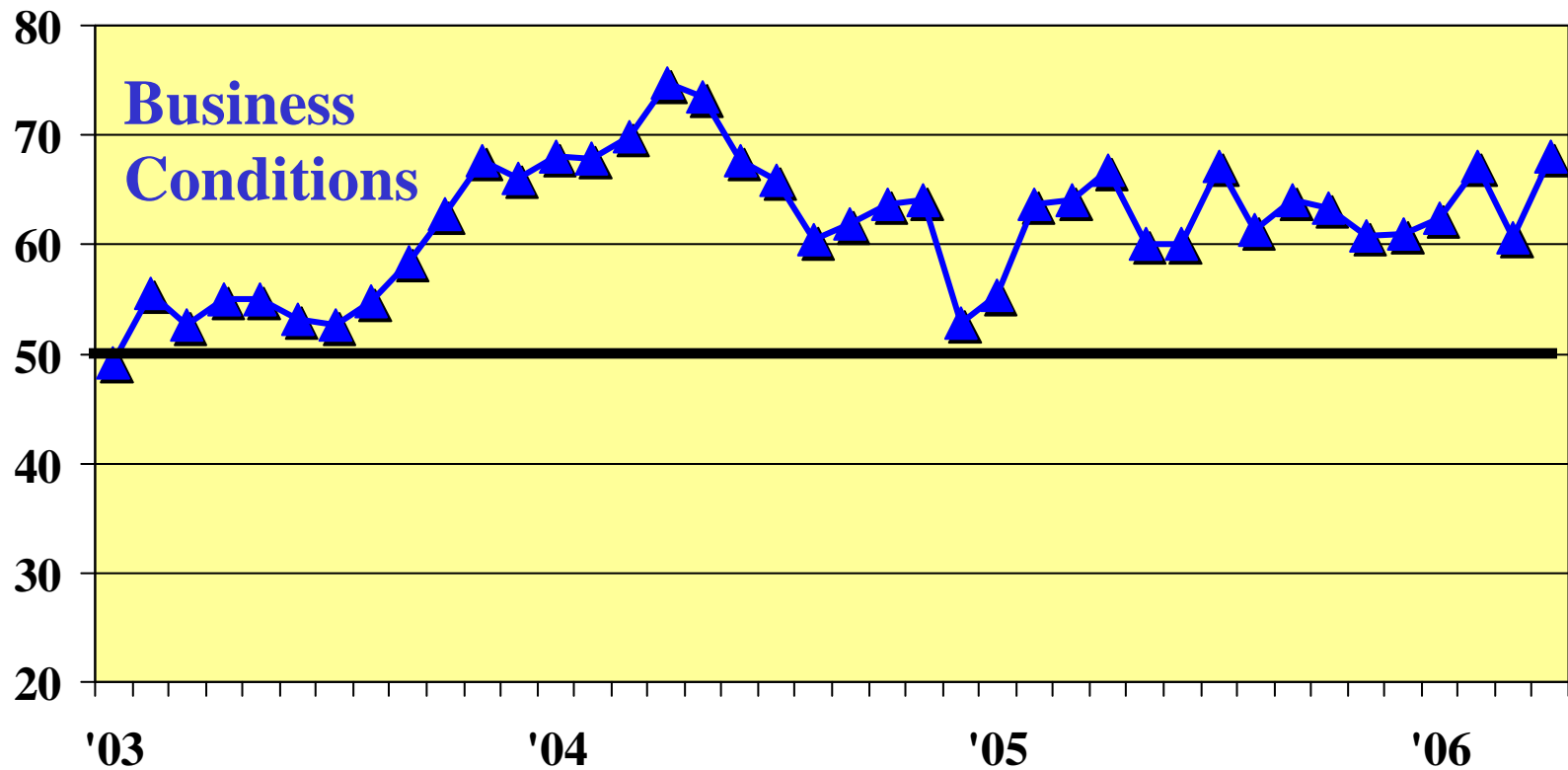
# Forecasts of Key Indicators

(U.S., % change)

	<u>'03</u>	<u>'04</u>	<u>'05</u>	<u>'06</u>
Capacity utilization, mfg	(2.0)	(1.1)	0.9	1.6
Motor vehicle sales	(2.3)	8.2	(1.2)	(2.9)
Off-road vehicle sales	0.1	20.6	9.7	3.0
Machinery assembly	(7.4)	(0.8)	10.8	5.5
Major appliance sales	5.1	2.0	(4.8)	2.0
Transportation services	0.5	0.4	6.3	5.2
Unemployment rate	5.8	6.0	(7.2)	(3.9)

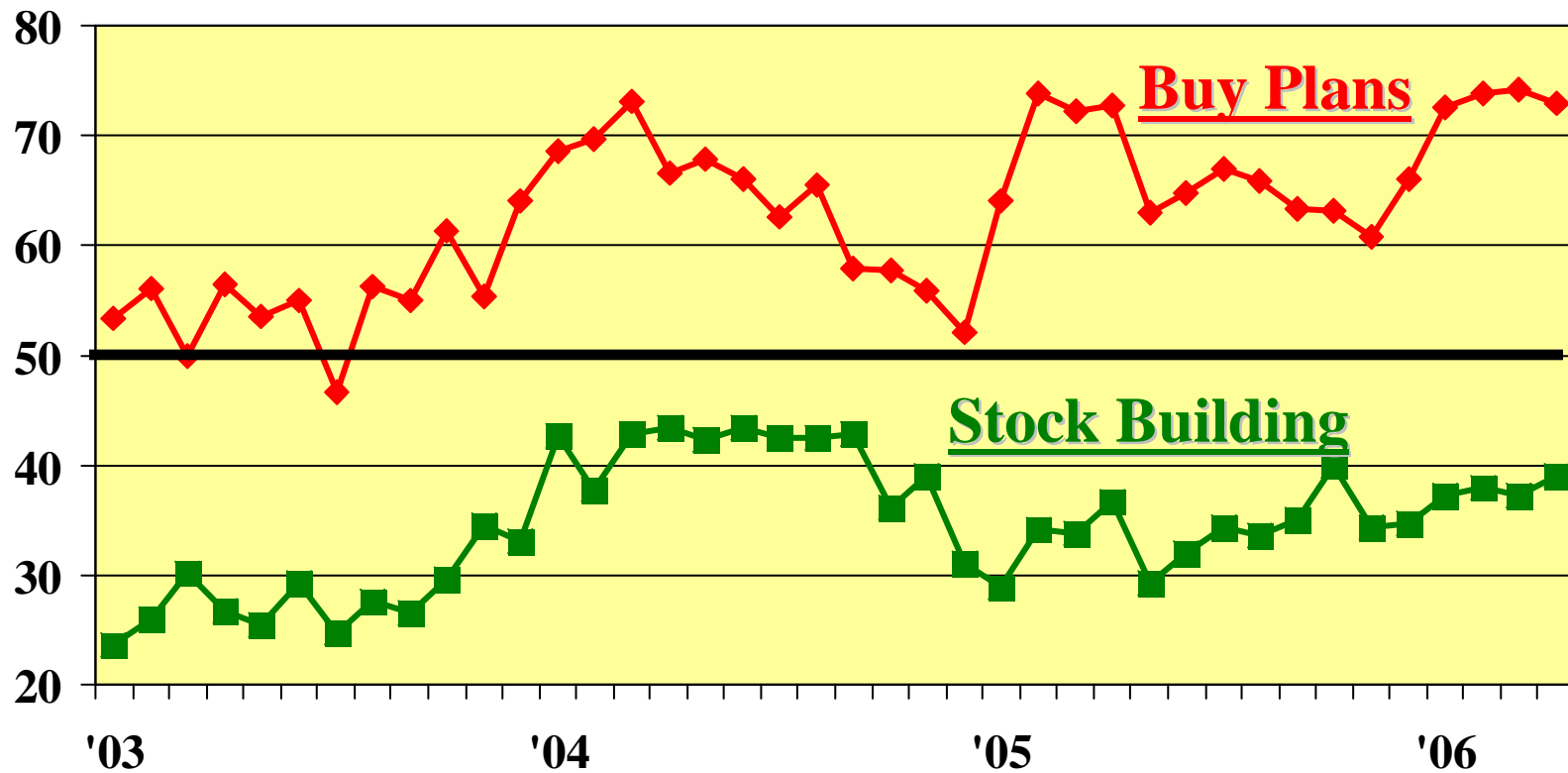
# Purchasing managers' indexes (monthly, diffusion index)

Less than 50 = falling; greater than 50 = rising



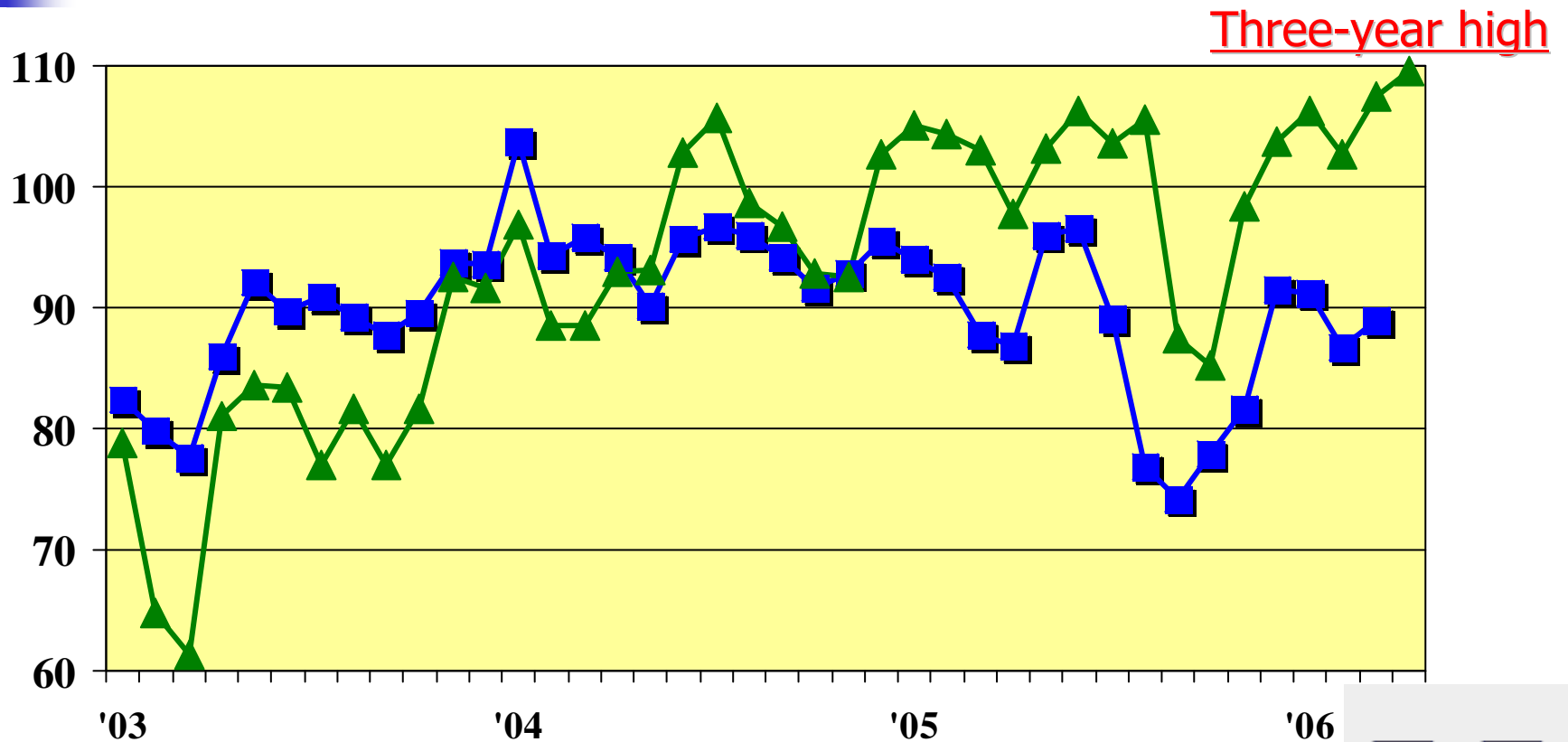
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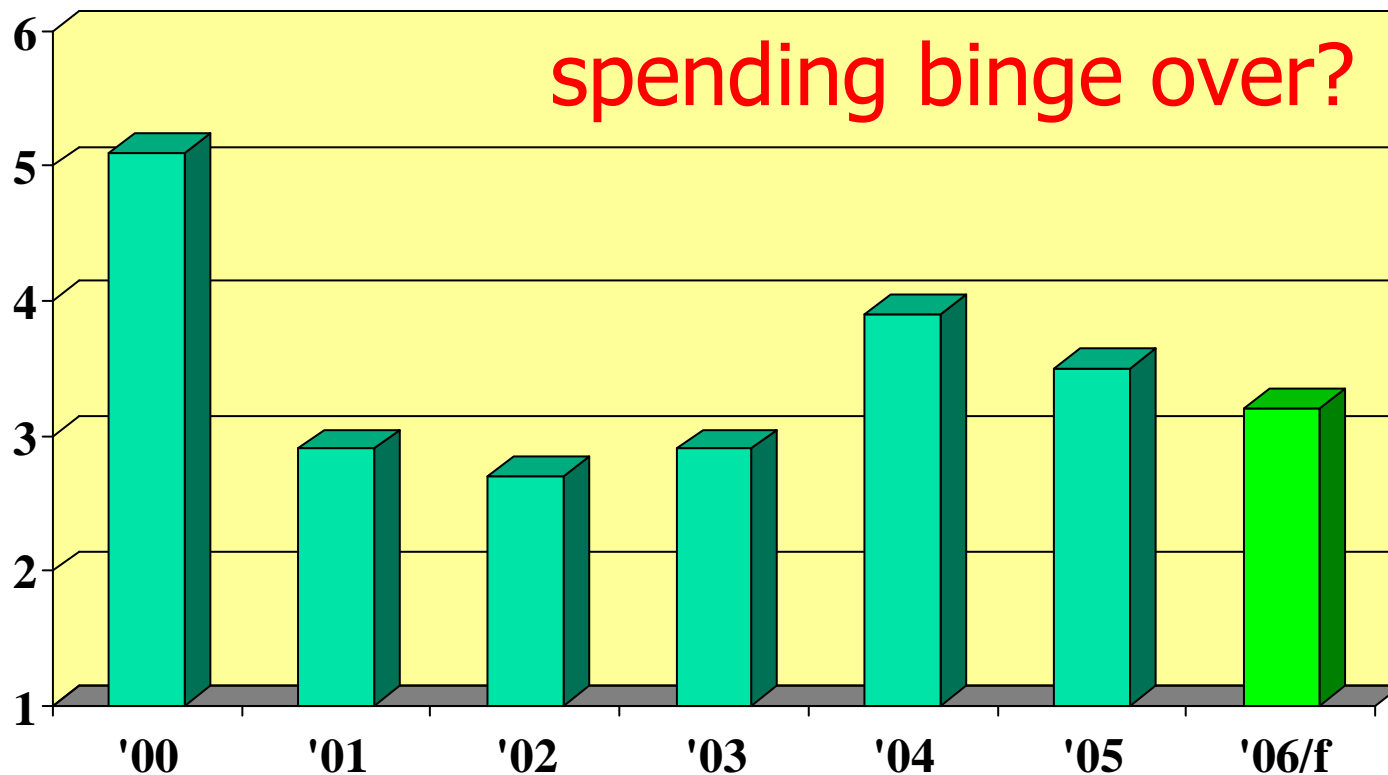
# Consumer sentiment indexes

(monthly, 100 = Q1 / 1966)



# Consumer expenditures

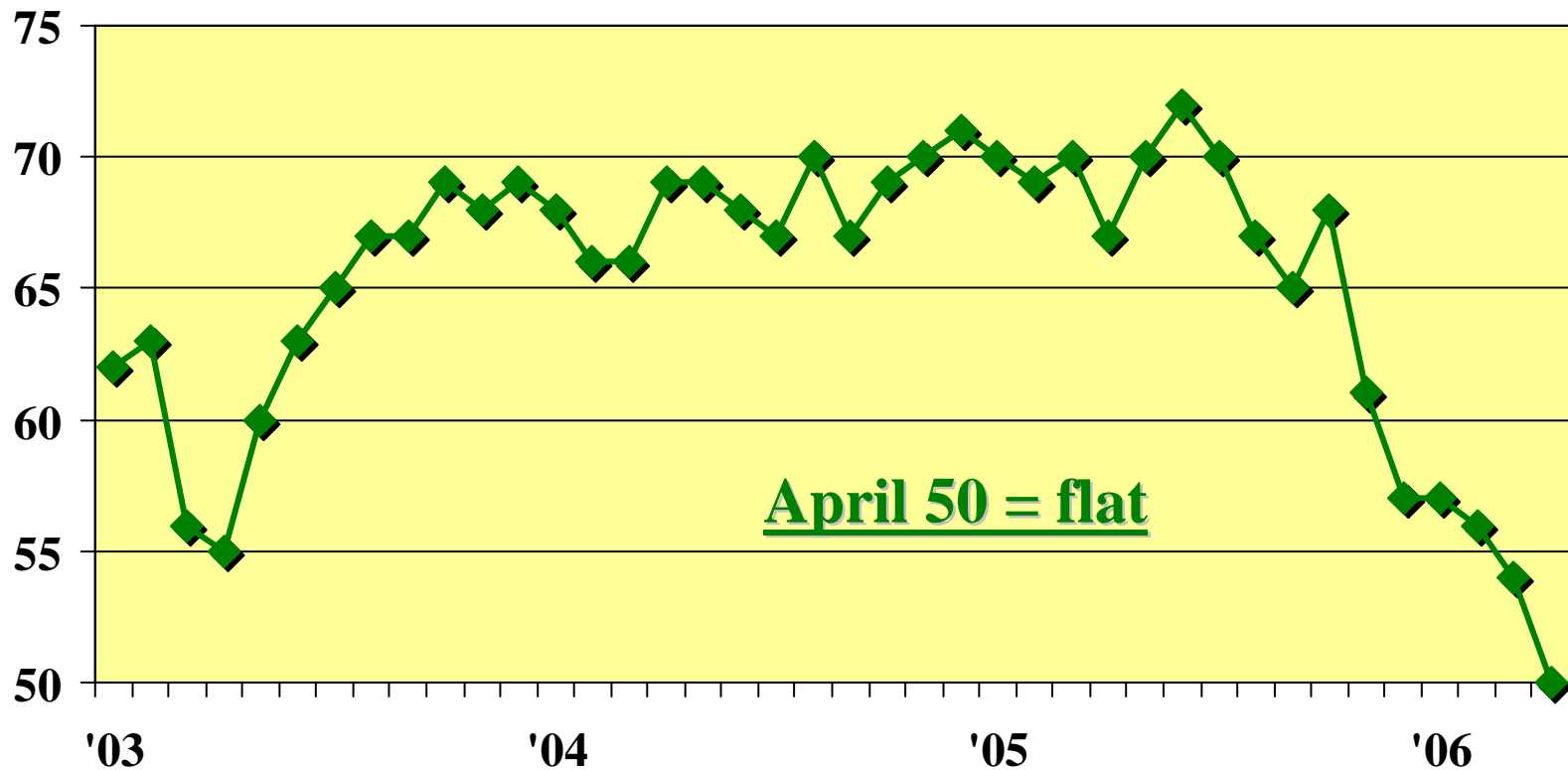
(annual, average % change)



# Housing market index

## (monthly, diffusion)

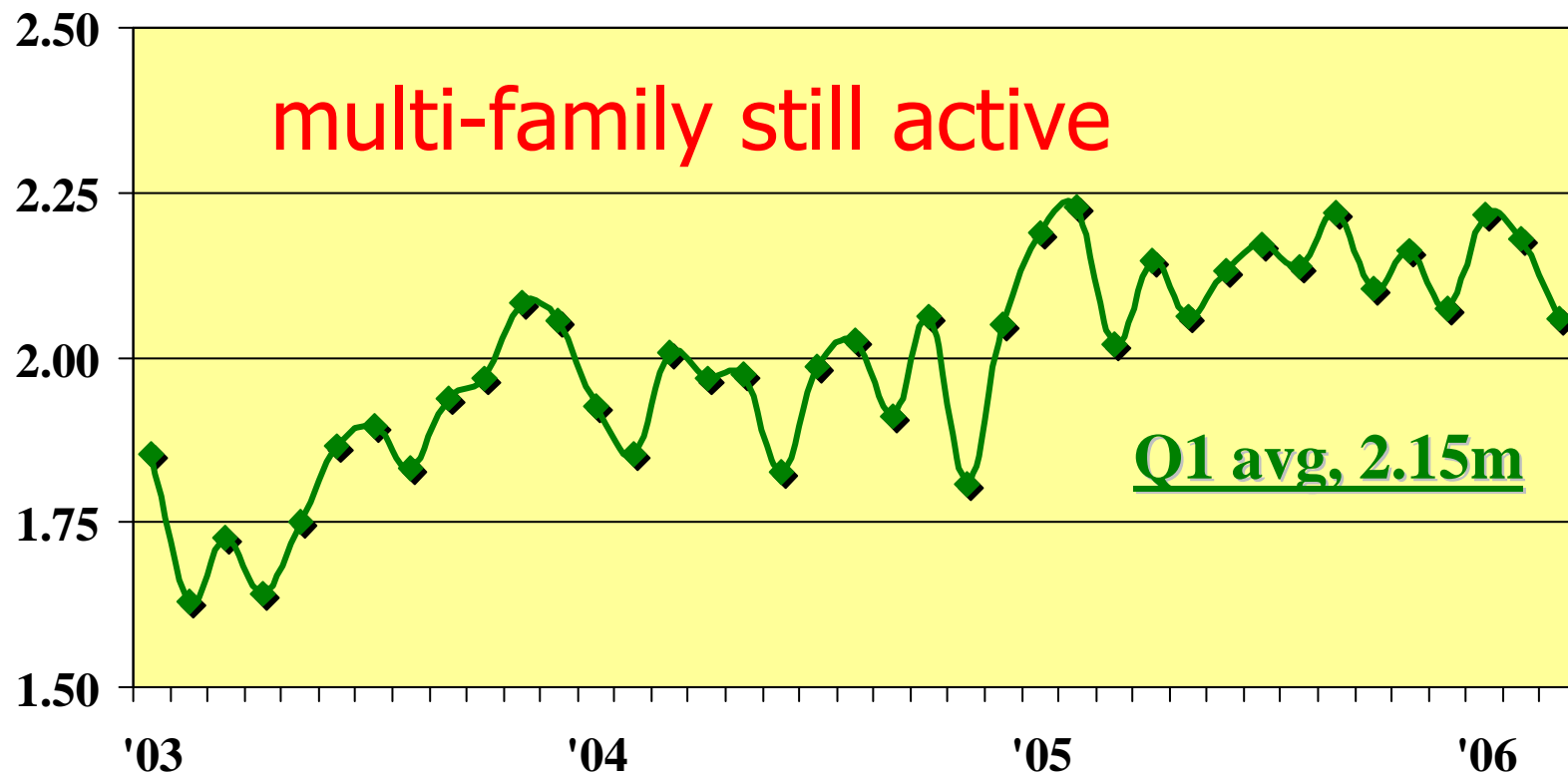
Less than 50 = falling; greater than 50 = rising



**NAHB**  
NATIONAL ASSOCIATION  
OF HOME BUILDERS

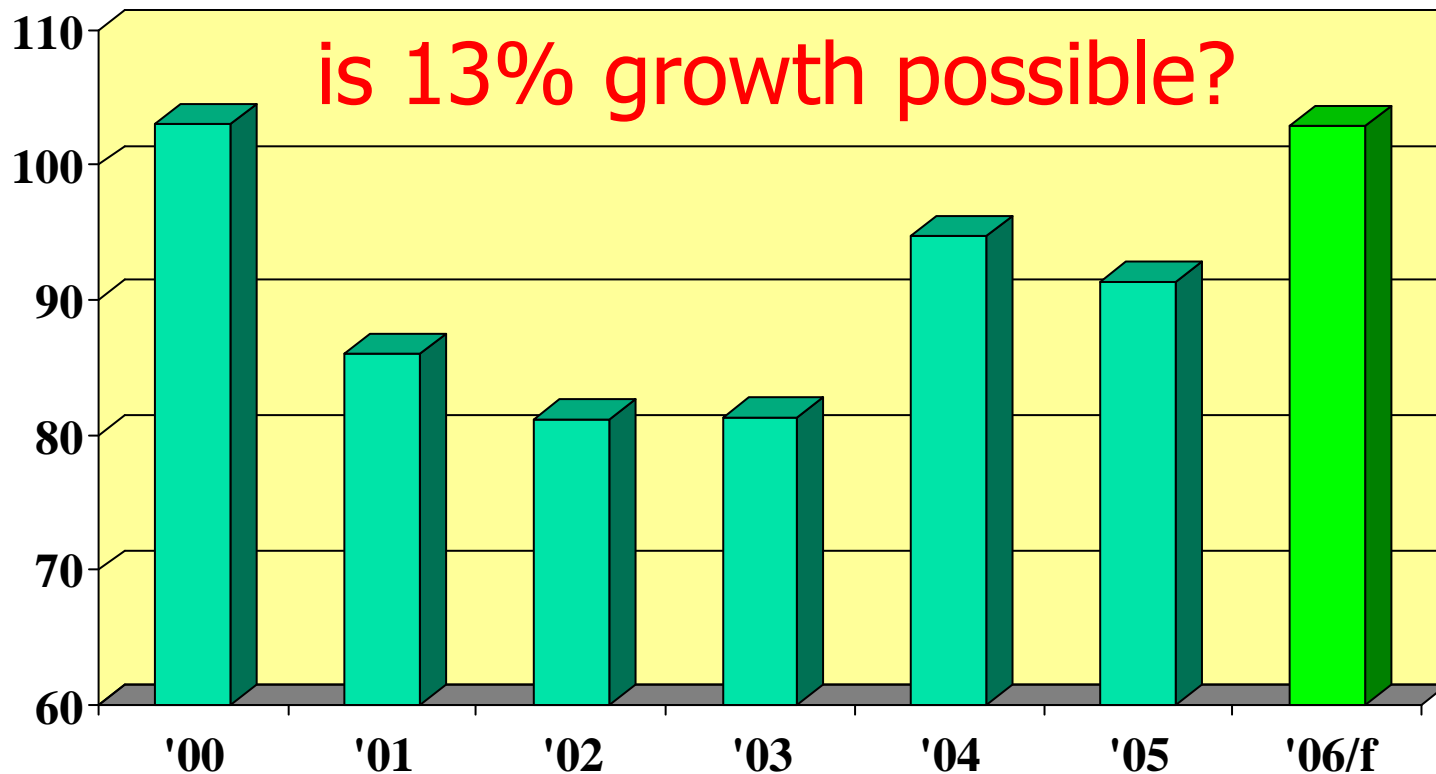
# Housing construction starts

(monthly, all types)



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NATIONAL ASSOCIATION  
OF HOME BUILDERS

# U.S. steel consumption (annual, million net tons)



# Steel marketplace update

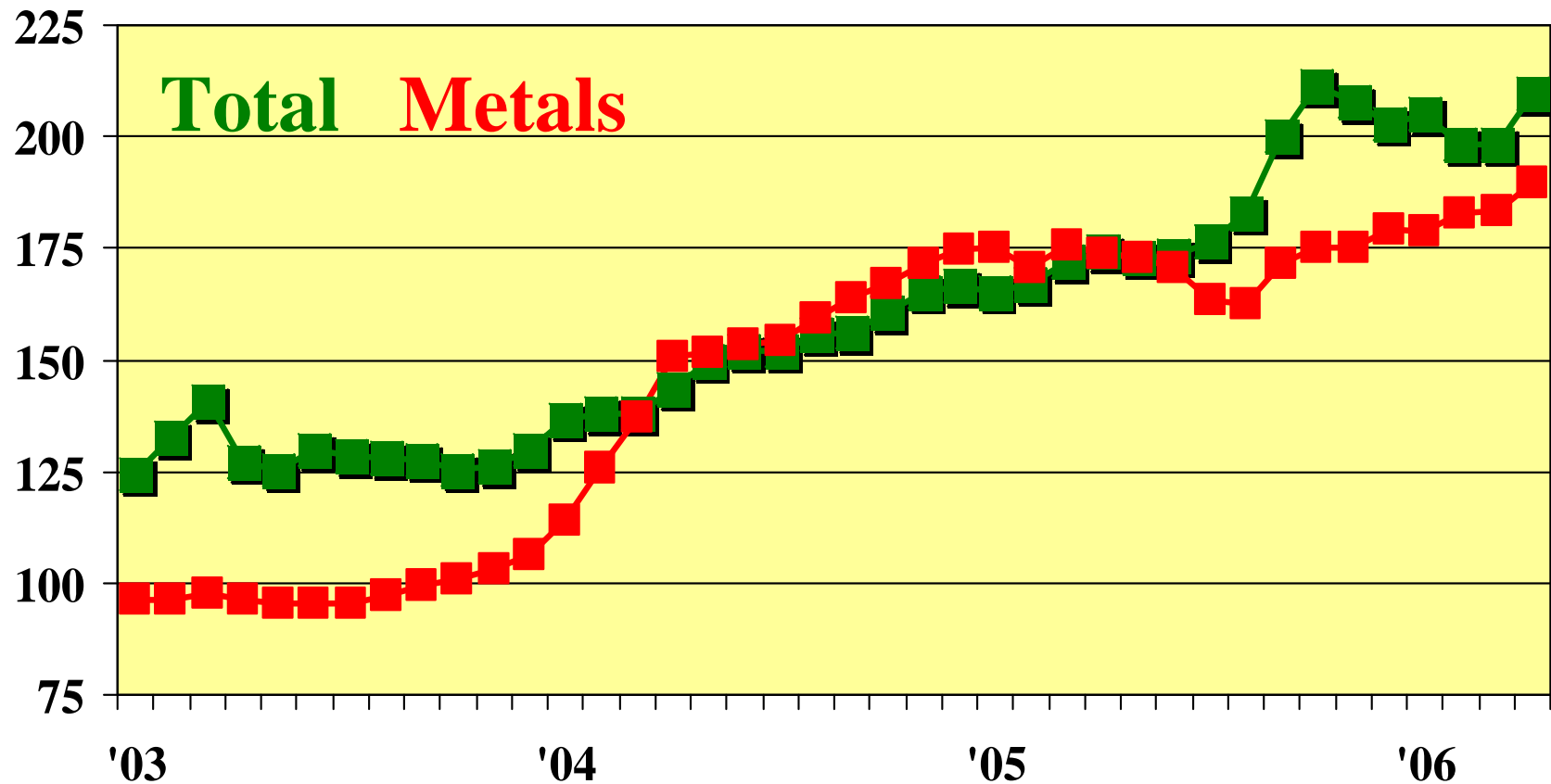
(annual, million net tons)

	<u>'03</u>	<u>'04</u>	<u>'05</u>	<u>'06</u>
Mills to U.S. customers	97	104	94	<b>100</b>
Net imports	19	28	25	<b>29</b>
Inventory change	1	(2)	3	--
Apparent supply	117	130	122	<b>129</b>
Calculated use *	81	95	91	<b>103</b>

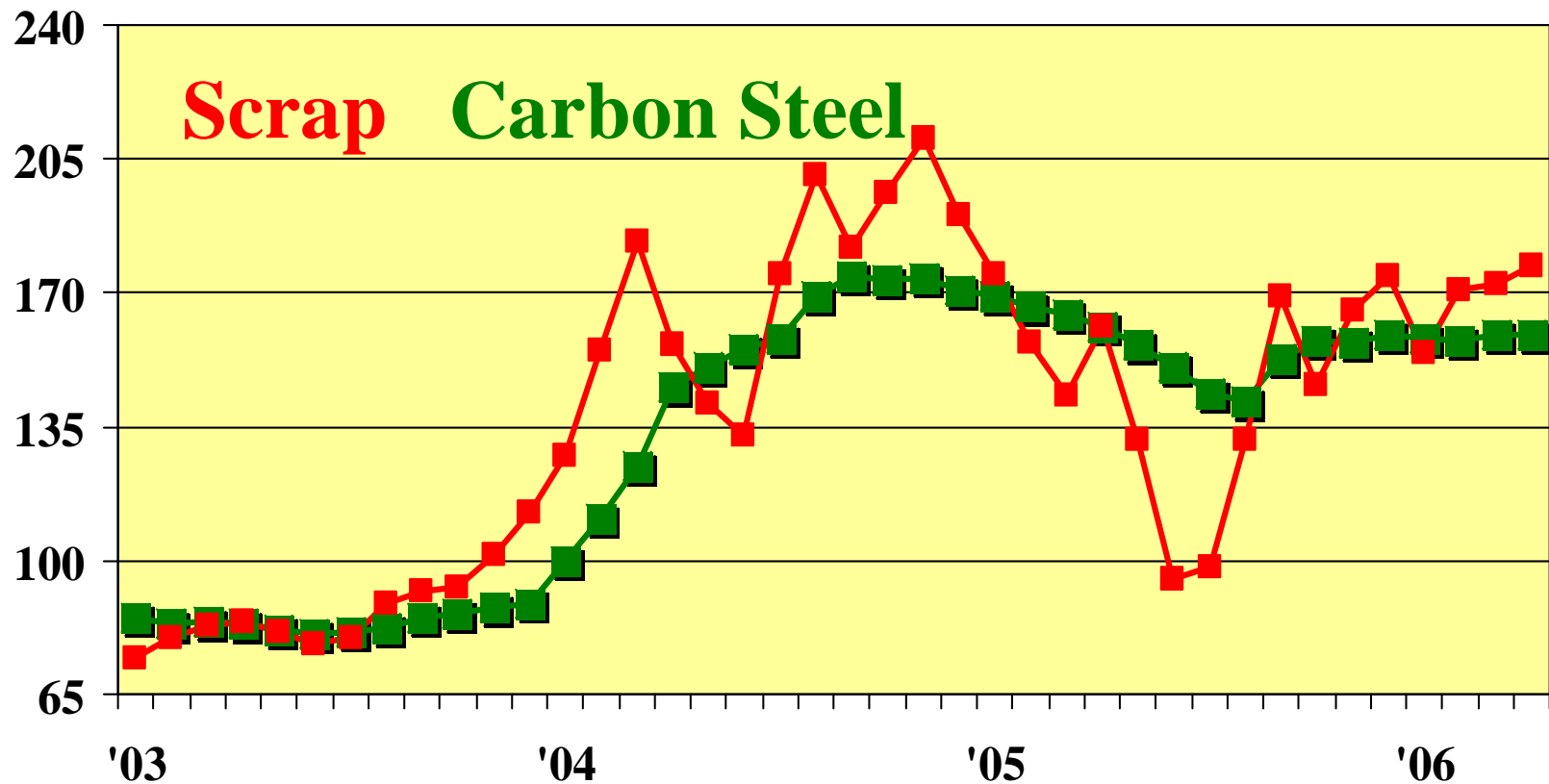
\* Supply x metalworking activity calculated by Federal Reserve Board

# Transaction price indices

(monthly, base index 100 = Jan. '92)

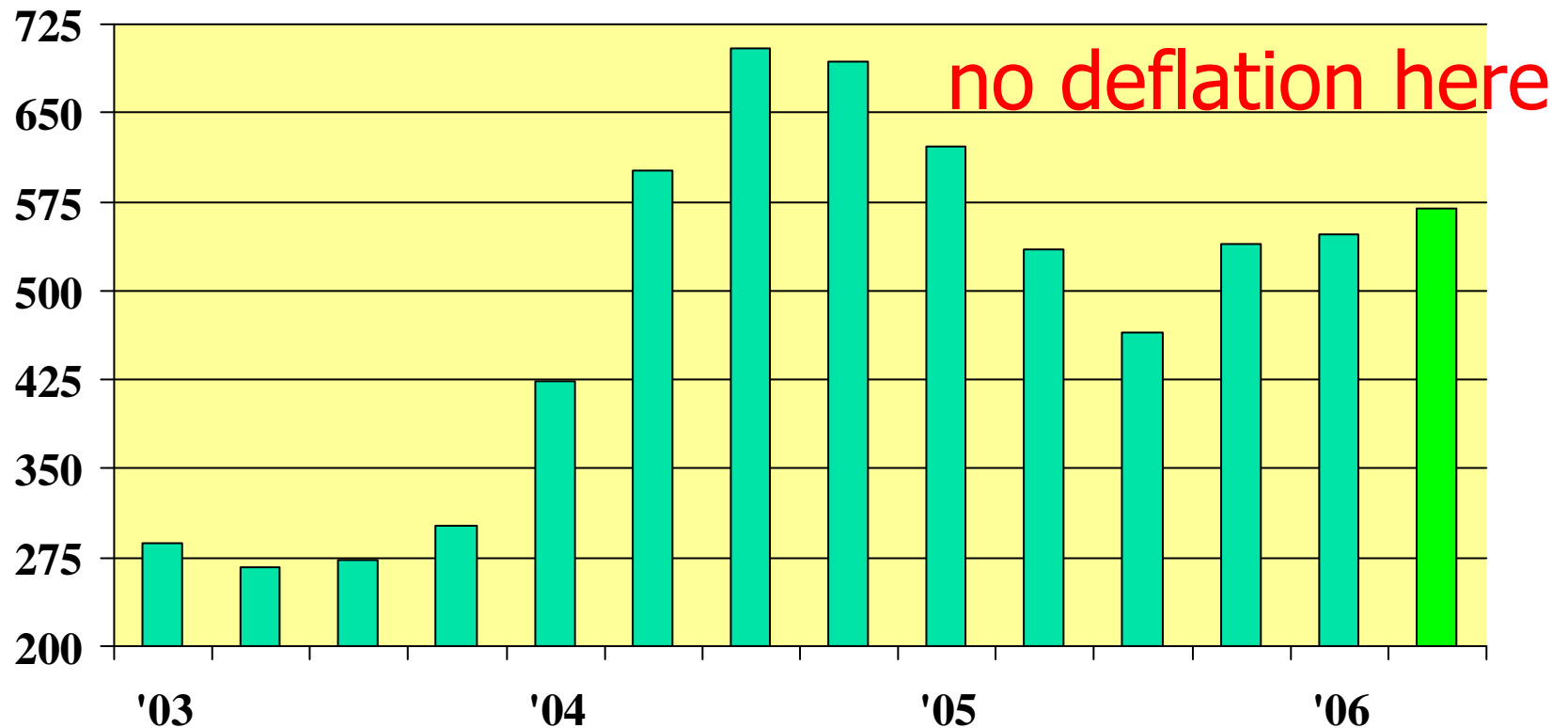


# Carbon steel price indexes (monthly, 100 = 1992)



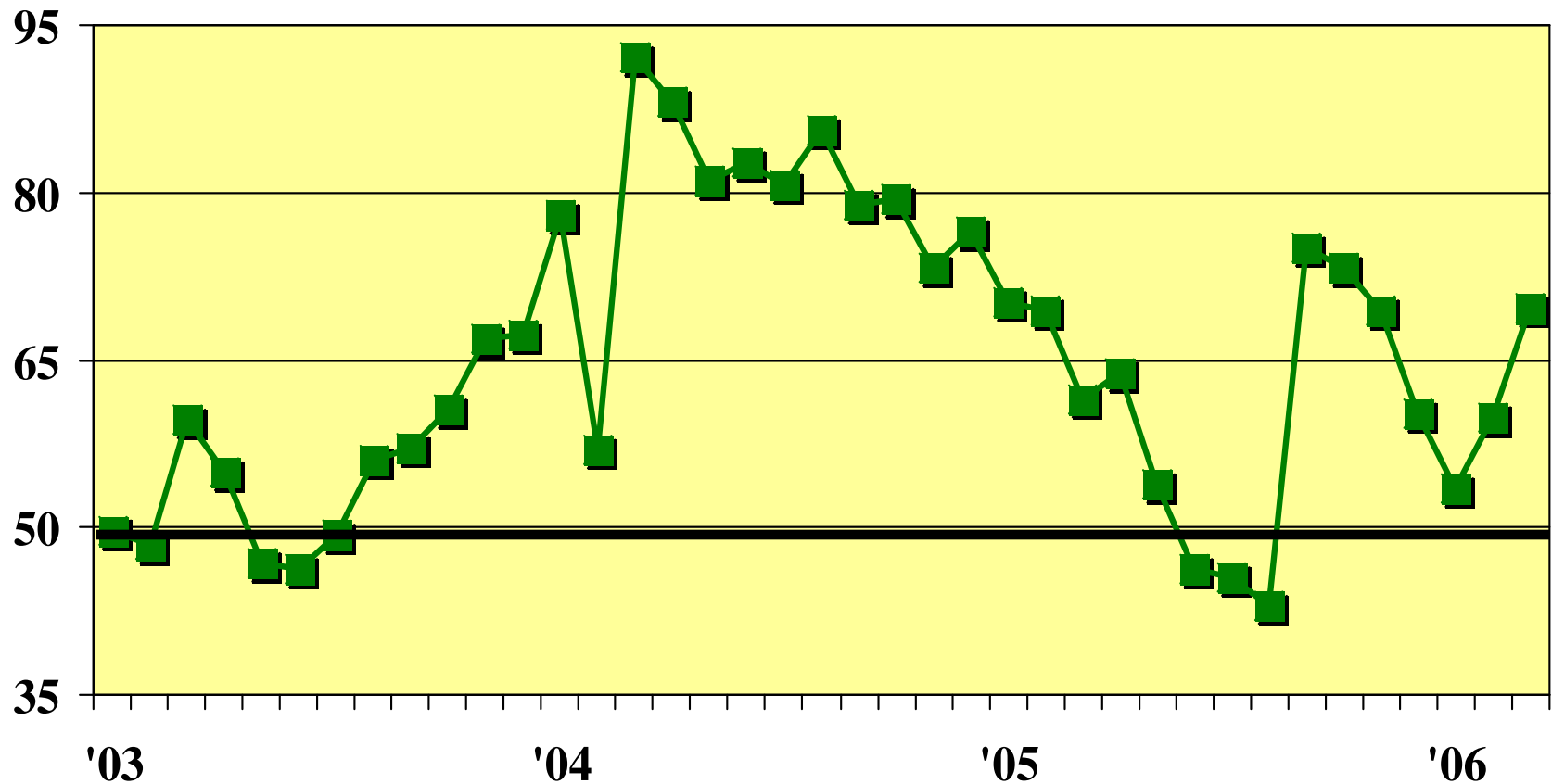
# HR sheet steel prices

(quarterly, Midwest spot, \$/ton)

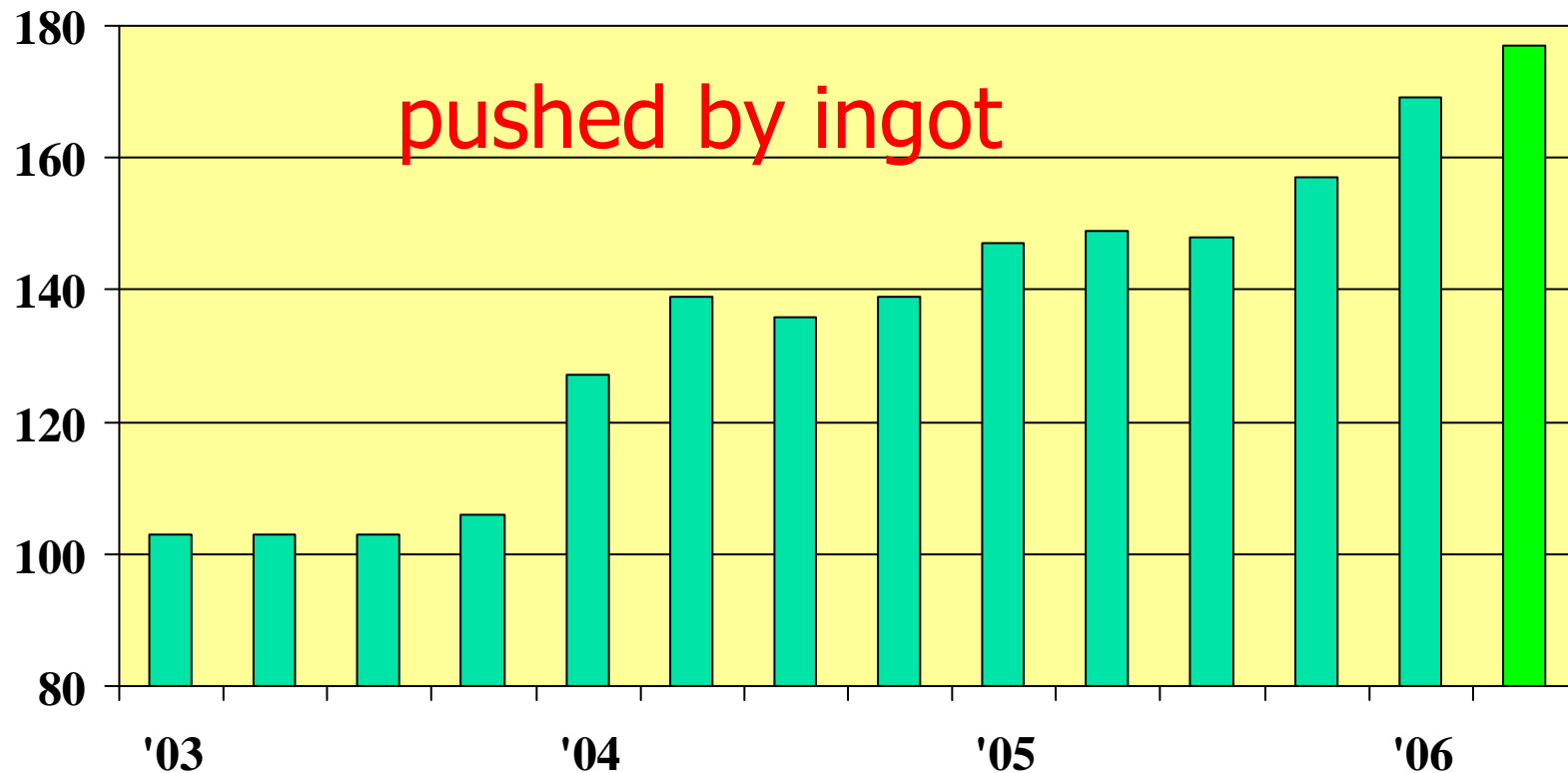


# Buyer 90-day expectations, steel prices (monthly, diffusion index)

Less than 50 = falling; greater than 50 = rising

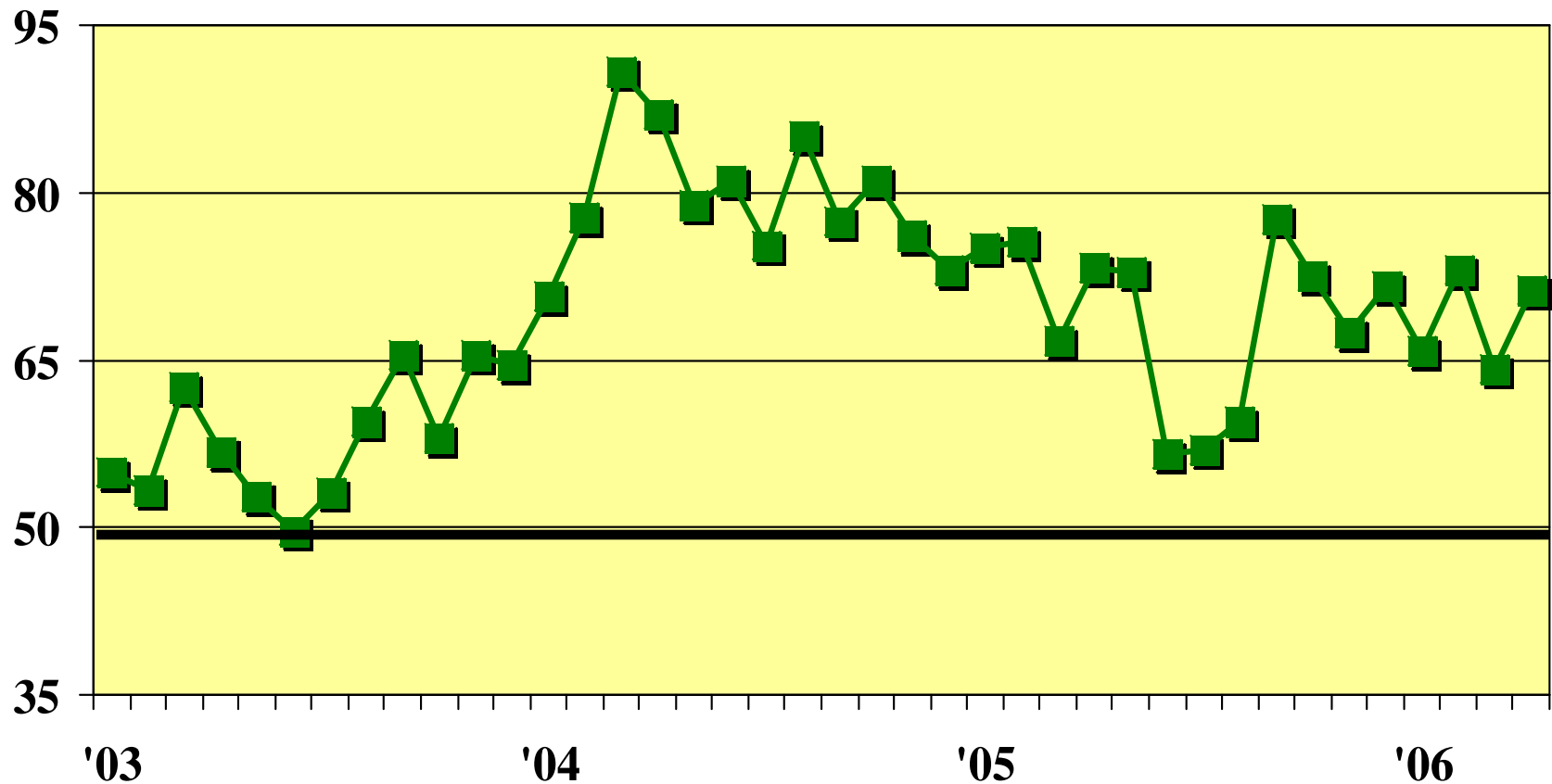


# 3003 aluminum sheet prices (quarterly, Midwest spot, \$/ton)



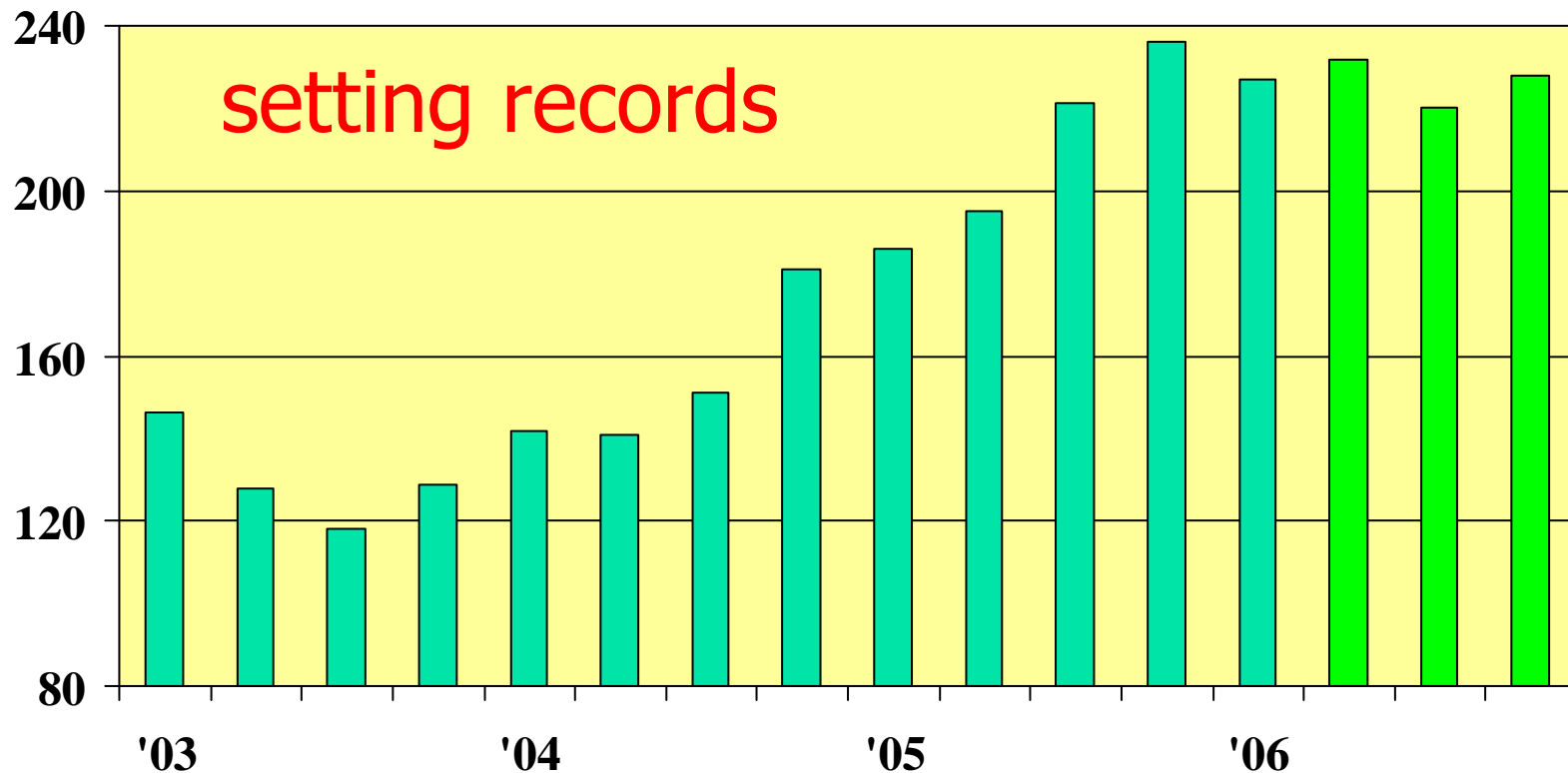
# Buyer 90-day expectations, aluminum prices (monthly, diffusion index)

Less than 50 = falling; greater than 50 = rising



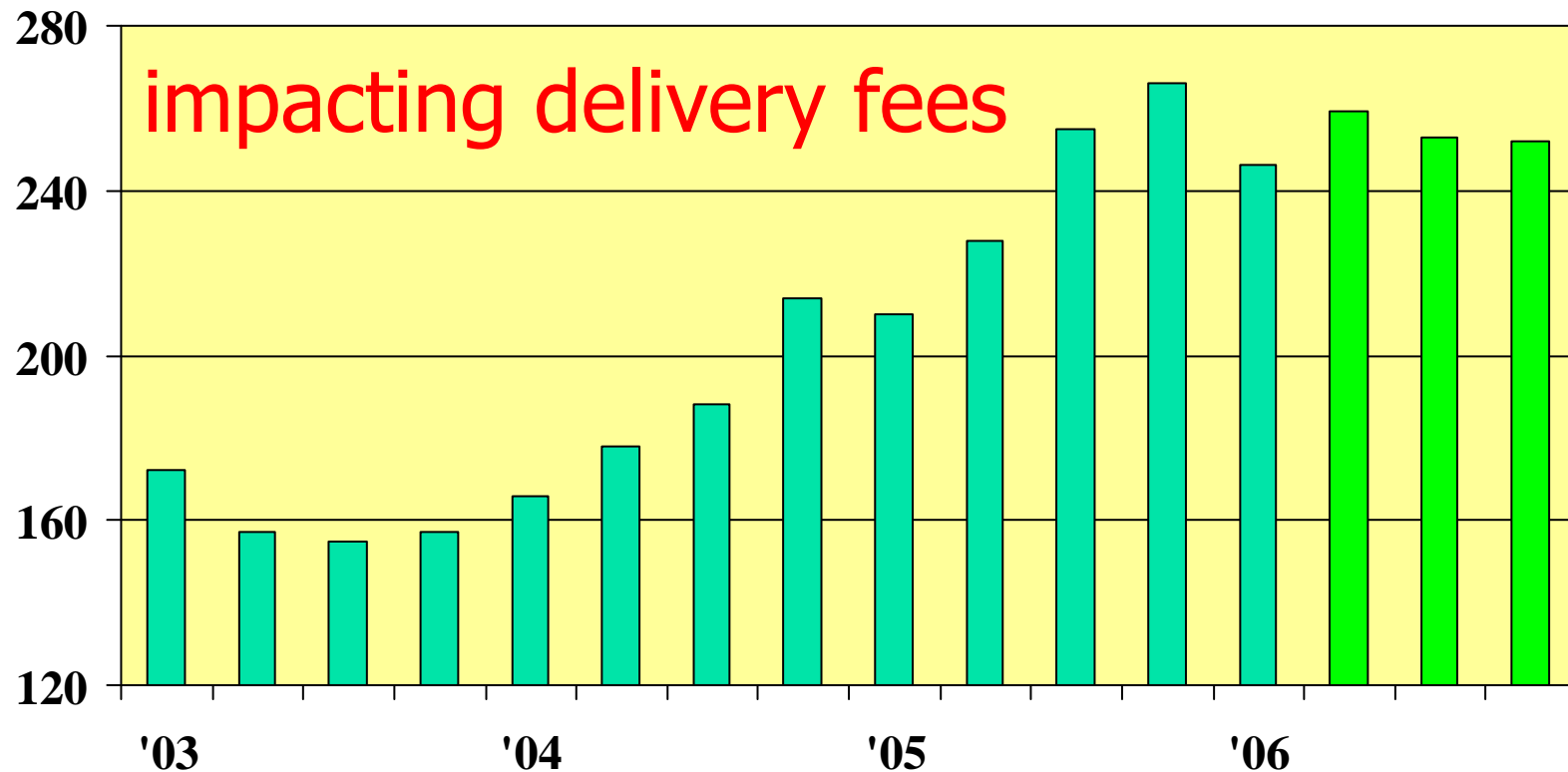
# U.S. heating fuel prices

(quarterly, nationwide spot, ¢/gallon)



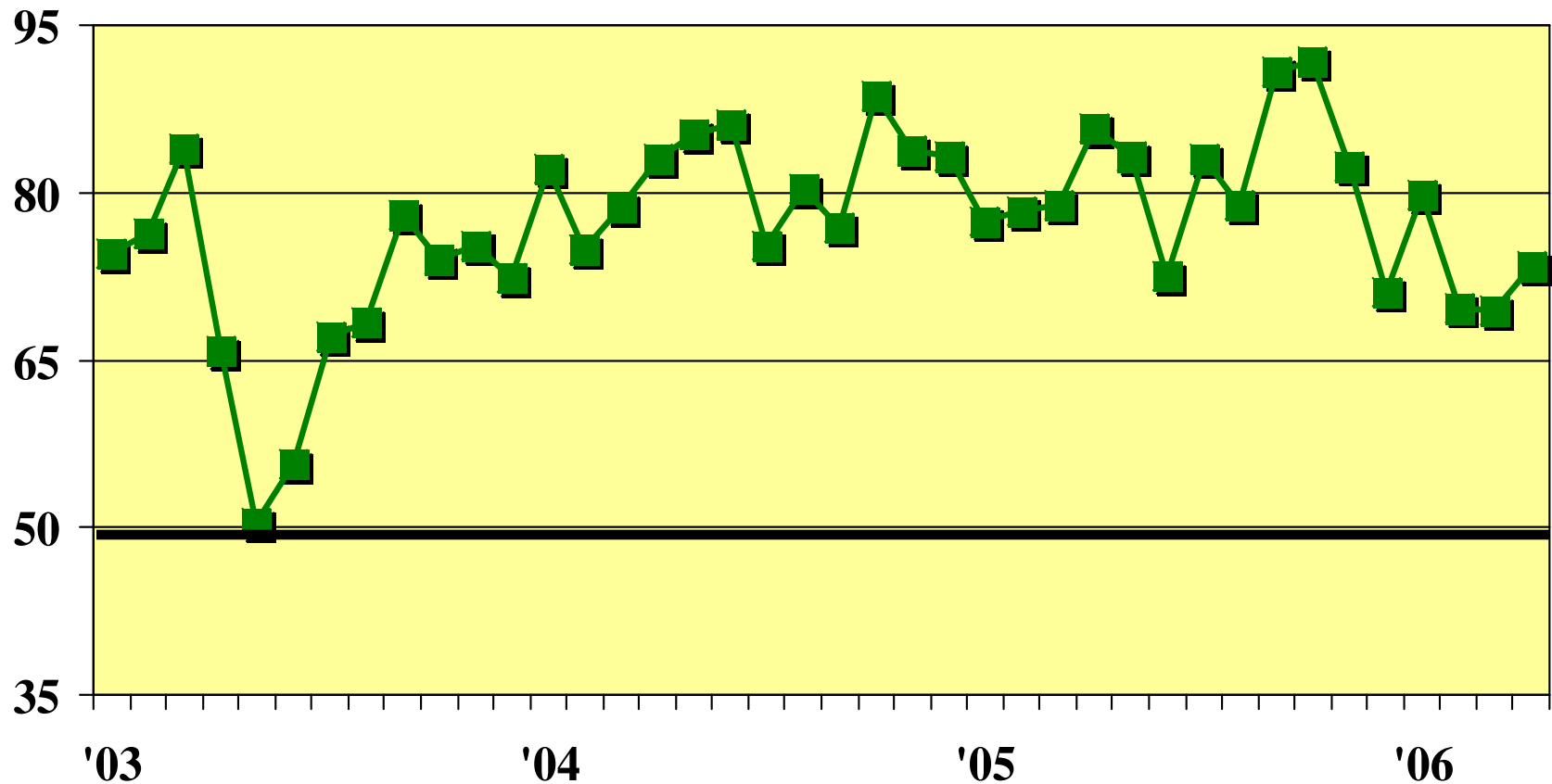
# On-highway diesel prices

(quarterly, nationwide spot, ¢/gallon)



# Buyer 90-day expectations, energy prices (monthly, diffusion index)

Less than 50 = falling; greater than 50 = rising





# DOE short-term forecast

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	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
WTI Crude [a] (\$/barrel)	41.44	56.49	64.65	60.63
Gasoline [b] (\$/gal)	1.85	2.27	2.50	2.4
Diesel [c] (\$/gal)	1.81	2.41	2.59	2.44
Heating Oil [d] (\$/gal)	1.54	2.04	2.28	2.18
Natural Gas [d] (\$/mcf)	10.75	12.82	13.12	13.16

- <sup>a</sup> West Texas Intermediate.**
- <sup>b</sup> Average regular pump price.**
- <sup>c</sup> On-highway retail.**
- <sup>d</sup> Residential average.**

**April 11th, 2006    *Next Update: May 9th, 2006***



# Thank you for your attention

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## ■ Questions?

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