Market Condition & Activity Bulletin

PIPING & EQUIPMENT— A Member of AD & supplyFORCE.com

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Minus 95 Degree F Service Conditions

Why did the Air Force choose Pande Controls of Mobile, Alabama, a division of Piping and Equipment, Inc., and the EIM Series 2000 Electric Actuator for the toughest service in the world? Because we are the only one that passed the test!

The operators at the McKinley Climatic Lab, Eglin Air Force Base, needed reliable electric actuators to operate plenum doors used to vary environmental conditions inside their huge lab. The lab simulates severe conditions of snow, rain, sand, dust storms and most all other extreme weather conditions. McKinley is the test site for military and commercial aircraft including the Experimental X and Stealth Aircraft. Commercial customers such as Goodyear, General Motors, William Trane and others also use the facility.

The high failure rate of the existing actuators was causing the operators to suit-up and manually open the plenum doors in a –95 degree F environment with winds up to sixty mph creating a dangerous safety situation. The safety concern prompted a comparison test of other available actuators.

Mike Williams, General Manager of Pande Controls, and Gary Cartright, President of Piping and Equipment, took a chance and bought an EIM 2000 to furnish as a test unit with no guarantees from the Air Force.

The test consisted of operating the actuators over a period of five days at –95 degrees.

This condition causes the actuators to be totally encased in ice. When the power was applied, the EIM 2000 Series actuator was the only one that moved. The EIM shattered the ice with little effort causing the test inspectors to flee the flying ice. The successful test resulted in the decision to purchase forty-five EIM actuators. Additionally, Pande Controls was awarded the contract to install the equipment as well.

Typical applications don't involve such extreme conditions, but this application demonstrates EIM'S refusal to compromise on the robustness and strength of their motor and main drive assembly. It should be noted that the field engineers at McKinley provided the most vital information needed to pass the test, and that was the name and type of grease needed to operate in these conditions. The most important factor in obtaining this order was listening to our customer and responding to their needs. Offering a quality product and providing excellent, reliable, and technical service resulted in a satisfied customer. We thank the engineers and personnel at McKinley Climatic Lab, Eglin Air Force Base for this opportunity, as well as EIM for their product.

STAINLESS STEEL PIPE

Pricing ↘ Manufacturers of welded stainless steel pipe are predicting a decrease during this quarter of 3% – 10% due to raw material costs, foreign pressure, demand, and competition. All manufacturers are predicting the decrease to be industry wide.
↗ Seamless manufacturers predict a possible increase of 1 – 2½% due to capacity. The major change for welded stainless is due to the declining price of nickel with a drop of 40% over the past year.
Lead Times – Stock lead times are running 3 – 6 weeks for commodity items with fill rates of 60% – 80%. The production lead-times are stable as indicated by manufacturers. Manufacturers claim stock availability is appropriate for market conditions. Forecasted lead times for non-stock specials are 8 – 16 weeks.
Comments – One manufacturer quotes, "we are optimistic that with the de-stocking phase complete in the global stainless industry, the price will stabilize by the end of the second quarter 2001." Foreign competition remains a significant market factor particularly in ½" – 6." Manufacturers note that capital spending by the process industries is spotty. They are seeing some encouraging signs from power generation and the oil and gas segments. Nickel surcharges continue their downward trend. The nickel forecast remains bearish. Chrome and moly prices are down slightly, but they are far less volatile.

STAINLESS STEEL WELD FITTINGS

Pricing ↘ One manufacturer reports a decrease of 3% – 5% due to supply, foreign pressure, and demand. Others say there will be no price change this quarter; however, they expect projects to drop as much as 6%. This follows a decrease of 3% – 5% over the fourth quarter of 2000.
Lead Times – With fill rate of 80% – 100%, the lead times are 2 – 3 weeks. Commodity products remain good at manufacturers level. Non stock specials are shipping in 3 – 6 weeks.
Comments – The first quarter ended with activity reported to be average at best. Manufacturers are feeling the pinch. Some had to drop prices to be assured of an order. They report that lead times remain constant, but the problem is moving material from the manufacturer's shelf to the distributor or end user This has caused major problems for distributors to quote against questionable supplies according to a manufacturer report. Manufacturers are hopeful for some project work to take place in the 2nd and 3rd quarters. With the slowing economy, end user production levels will be curtailed to allow for maintenance repair work to take place. If the market does not improve, one manufacturer is looking for a reduction in distributors and manufacturers.

STAINLESS 150 AND HI-PRESSURE FITTINGS

Pricing → Manufacturers predict no price for this quarter.
Lead Times – Lead times are forecast for 1 – 3 weeks. Fill rates are strong at 80% – 100%. The lead times on special forgings is 4 – 6 weeks.
Comments – Foreign competition is seen as increasing. China, Taiwan, Japan and Italy are all sending plenty of stainless fittings to this country reports one manufacturer. As a result, they report that the domestic market is eroding. One manufacturer wonders whether the industrial plants are measuring the cost of "downtime" that occurs when they have to replace leaking fittings.

STAINLESS STEEL FLANGES

Pricing → Numerous manufacturers indicate no change this quarter. One manufacturer notes that this quarter will have a 1 – 2½% drop in pricing.
Lead Times – Lead times are running 1 – 4 weeks with fill rates of 60 – 80%. Non-stock specials are out 6 – 10 weeks.
Comments – Dumping suits are in effect with India and Taiwan. Foreign competition still strong from India, Korea, Italy, Germany, and Malaysia. Manufacturers report that Nickel averaged $3.49 / lb. in October 2000, $2.78 / lb. in March 2001, and $2.61 / lb. as of April 2, 2001. Nickel continues to be weak. A manufacturer quotes that "we are getting close to the bottom."

CARBON STEEL PIPE (CONTINUOUS WELD)

Pricing ↗ Manufacturers forecast a price increase of 2% – 5% during this quarter with energy costs pushing the change.
Lead Times – Forecast lead times are 2 – 6 weeks. Fill rates are high. Non-stock specials are shipping in 4 – 6 weeks.
Comments – Foreign manufacturers have increased their market share to about 55% of the standard pipe market for 2000 reports one manufacturer. Ferrous scrap is fairly low now because steel mills are very slow. However, the increase in energy costs have more than offset material costs.

CARBON STEEL PIPE (ERW & SEAMLESS)

Pricing ↗ Manufacturers report an increase in prices of 3% to 5% during this quarter. Again there are reports of the rising energy costs in production.
Lead Times – The lead times are forecast for 4 – 6 weeks with fill rates of 50% to 70%. Non-stock specials are ranging from 8 – 16 weeks.
Comments – Foreign competition is reported to be increasing on ERW. The line pipe market is noted as being extremely soft. The delivery of larger diameter seamless (10"+) is extended due to reduced production reports one manufacturer.

Please note that arrows inserted after pricing is only a "Best Guess" of pricing direction after compiling information from select suppliers. It does not reflect input from all mgfs. nor does it include study of national economic indicators.

CARBON STEEL WELD FITTINGS AND FLANGES

Pricing ➔ Several manufacturers predict no change in the price of domestic weld fittings and flanges. Import fittings are expected to increase 5 – 7½% this quarter following the domestic increase last quarter. Last quarter's increase was largely due to the cost of natural gas and transportation increases. Imports are seeing the same problem with ocean freight increases

Lead Times – Fill rates remain strong at 80 – 90% with delivery times running 2 – 4 weeks.

Comments – Foreign competition is seen as increasing from Europe, Mexico and Thailand. Carbon steel pipe prices are up since last October; however, the prices seem to have stabilized now.

FORGED STEEL FITTINGS

Pricing ➔ Several manufacturers predict no price change this quarter, while one manufacturer reports a possible reduction of 1% – 2½%. This decrease is predicted especially for projects and MRO bids.

Lead Times – Manufacturers are predicting fill rates of 90% – 100%. The lead times for commodity items not in stock is anywhere from 2 – 8 weeks. Non-stock specials are running 6 – 12 weeks.

Comments – Manufacturers are reporting an expected price increase during the early part of the third quarter by 7% – 10%. Foreign competition is seen as increasing with emphasis on China and India. That increase is primarily in the industrial market. The energy / oilfield side of business continues to demand domestic. It is reported to be extremely competitive among the domestic manufacturers. The industrial market is somewhat soft since manufacturers say they are not seeing many projects.

STAINLESS GATES, GLOBES, CHECKS

Pricing ➔ Manufacturers predict no price change for this quarter.

Lead Times – Lead times are forecast out to 8 – 12 weeks. Fill rates are running 50% – 60%. The special exotic items are forecast for 12 – 16 weeks.

Comments – One manufacturer notes an increase in the demand for stainless steel gates over last year.

FORGED STEEL GATES, GLOBES, CHECKS

Pricing ➔ Manufacturers see no immediate price change in the forged steel valve market; however, pricing may be up 1% – 3% at the end of this second quarter or the beginning of the third quarter.

Lead Times – Forecast lead times of 3 – 4 weeks are expected by manufacturers on commodity valve shipments with fill rates of 90% – 100%. Non-stock specials are reported to be shipping in 16 – 20 weeks due to the increase in demand which is expected to continue from the power generation market.

Comments – Alloy material continues to be the most sensitive to price changes according to manufacturers. The power generation market growth is continuing. Base load units are expected to be built.

BRONZE AND IRON GATES, GLOBES, CHECKS

Pricing ↘ Manufacturers predict a decrease in bronze only of 3% to 5% due to raw material costs and labor.

Lead Times – Forecast lead times are 4 – 6 weeks with fill rates of 80% to 90%.

CAST STEEL GATES, GLOBES, CHECKS

Pricing ➔ Several manufacturers predict no change for cast steel valve pricing this quarter. Another manufacturer indicates a possible decrease of 3% to 5%.

Lead Times – Commodity cast steel fill rates are reported to be 60 – 90% with shipments in 1 – 2 weeks. Non-stock special valves shipments are reported to be 12 – 16 weeks.

QUARTER TURN VALVES — BALL AND WAFER

Pricing ➔ Manufacturers are predicting no price change this quarter.

Lead Times – Forecast lead times on commodity items are 80% shipping in 1 – 2 weeks and 20% shipping in 4 – 6 weeks. Non stock special are forecast for 12 – 16 weeks.

Comments – Manufacturers are reporting a pure market share battle going on today. The industrial segment is shrinking in the U.S.

Memorial Day
May 28