



Market Condition & Activity Bulletin

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

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“THE BEST”

Too often we forget to take the time to say thank you for the exceptional job or deed. We take for granted our partners and get caught up in the politics of the moment.

Problems tend to growl at us like cowardly dogs. If we face them and challenge them, they back away. If we run from them, they run after us, snapping at our heels.

Fortunately, the relationship between Piping and Equipment, Inc. and Metso (Jamesbury) has always been open and honest, but certainly at times taken for granted.

Recently, we had a chance to see each other in crisis. We had a problem, which could have been catastrophic, or best, crippling to both Piping and Equipment, Inc. and Metso. I soon learned again what I knew, but took for granted. How good Piping and Equipment, Inc. (the people) are. Especially during disaster, pressure and stress. Those who contributed (too many to name) have forever solidified for me what “The Best” really means.

Thank you, Piping and Equipment, Inc. for being our partner all these years and for being “The Best.” You never backed away, you never ran, and in this case your diligence was far beyond the call of duty. You truly showed what partnership is all about and cemented for me your enduring loyalty.



The Metso Automation reputation is their most valuable asset. It is built on more than 40 years of providing dependable, technically superior valve solutions to industries as diverse as Pulp and Paper, Transportation, Industrial Gas, Petrochemical, Chemicals, Pharmaceuticals, Cosmetics, Iron and Steel, Power Generation, Oil and Gas, Refining, and Food and Beverage. Included in their offering are well-known product and service brands including Jamesbury valves and actuators and Neles valves. They provide innovative automation solutions and services that continuously add value by improving performance, productivity and eco-efficiency. They have always worked very closely with end users, original equipment manufacturers, and distributors. They are trusted for their application expertise and high-quality products needed to overcome the toughest challenges. Piping and Equipment, Inc. has been a Jamesbury distributor since their beginning in 1969. The above is an unsolicited editorial from Don Mahon, Regional Manager of Metso.

Excerpts for this editorial were reprinted with the permission of Don Mahon, Regional Vice President of Metso.

STAINLESS STEEL PIPE

Pricing ↗ Stainless pipe manufacturers are predicting a 3% to 5% increase in stainless pricing during this quarter. Suppliers of stainless steel are firm in their resolve to increase prices due to raw material costs. One manufacturer of seamless stainless expects no change this quarter. One manufacturer comments they have been absorbing over 10% increase in raw material since June 2001. Flat rolled producers remain firm in their resolve to maintain current pricing structure. All welded pipe producers are paying more for raw material.

Lead Times – Lead times are running 3 – 6 weeks for commodity items with fill rates of 50% – 70%. Producer lead times remain stable and stock availability seems appropriate for market conditions. Non-stock specials are shipping in 10 – 14 weeks. Times are based on raw material availability, mill times and set ups.

Comments – The failed Section 201 investigation for the stainless pipe commodity and very little chance of proving dumping given the strong U. S. dollar will keep import pressure unchanged. One manufacturer indicates their concern over a new player marketing Chinese pipe up through 4". Manufacturers are planning to see improvement in demand throughout the first quarter of 2002 with substantial improvement beginning the second quarter of 2002. Major questions continue to surround the global and U. S. economic outlook. The consensus does seem to be building that the fourth quarter of 2001 was the low point of the current cycle. The stainless steel seamless pipe market won a dumping suit appeal against Japan. The coming year could set the stage for major activity in this market in 2003 with refinery expansions.

STAINLESS STEEL WELD FITTINGS

Pricing → Manufacturers indicate no change in pricing for this quarter. The butt weld fitting prices have been somewhat stable. Activity level remains slow and any opportunity for an order is handled by lowering prices according to manufacturers.

Lead Times – Lead times remain at 2 – 3 weeks with fill rates 80% – 100%. Deliveries are still good. Lead times for alloy specials are 4 – 6 weeks.

Comments – Nickel was at \$2.80 / lb as of 01/07/02. Based on the decision received from the Section 201 case, demand for domestic fittings could increase by the end of

the first quarter of 2002. The ITC has forwarded their recommendation to President Bush regarding the Section 201. The final ruling due out in February will determine the direction of fitting prices. If relief is granted, fitting prices should increase. Manufacturers are also awaiting the "Midwood" ruling for product origin marking. That is currently back on the table for discussion. A current marketing publication believes that production cuts and an increasing number of bankrupt steel makers will likely reduce steel supply and boost steel prices in the second half of 2002.

STAINLESS 150 AND HI-PRESSURE FITTINGS

Pricing → Manufacturers predict no change in pricing this quarter.

Lead Times – Fill rates are 80% – 100% with lead times of 2 – 3 weeks. Lead times on special forgings are 2 – 3 weeks.

Comments – Imports are expected to be decreasing as a result of the Section 201 ruling. This impact is expected by the second half of 2002, and it may bring a 4 – 6% price increase

STAINLESS STEEL FLANGES

Pricing → Manufacturers predict no pricing change during this quarter.

Lead Times – Lead times remain constant at 2 – 4 weeks with fill rates of 60 – 80%. Non-stock specials are shipping

in 6 – 12 weeks.

Comments – The Section 201 ruling should increase domestic volume and prices later this year according to manufacturers.

CARBON STEEL PIPE (CONTINUOUS WELD)

Pricing ↗ Manufacturers indicate an increase of 5% – 7½% due to raw material costs.

Lead Times – Lead times are running 2 – 3 weeks with inventory fill rates of 80 – 90% for commodity items.

Non-stock specials are forecast for 4 – 6 week deliveries.

Comments – Dumping suits are in effect for Asian countries.

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 PIPE (ERW & SEAMLESS)

Pricing → Several manufacturers indicate no price change for this quarter for seamless carbon steel pipe. ERW manufacturers are planning an increase of 2% – 5%. ↗ However, the small sizes of seamless 1½” and smaller will be increasing by 10% or more.

Lead Times – Fill rates of 60% to 80% with deliveries in 4 – 6 weeks on commodity items not in stock. Non-stock

specials are forecast from 8 – 16 weeks.

Comments – This market is expected to soften by mid-February and stay weak until probably early May. Then a full recovery is expected. Prices are expected to increase this year because of higher steel costs. With the closing of a mill, there is now only one manufacturer of 1½” and smaller seamless pipe.

CARBON STEEL WELD FITTINGS AND FLANGES

Pricing → ↗ Manufacturers of carbon steel fittings predict no change in pricing, and sources for welded pipe nipples predict an increase of 8% – 10% due to labor and raw material costs. The carbon steel flange manufacturers predict a 3% – 5% increase during this quarter with comments on the section 201 ruling pushing the change.

Lead Times – Deliveries are forecast for 2 – 3 weeks with

strong fill rates at 80 – 100%. Non-stock special items forecast deliveries of 4 – 6 weeks.

Comments – A dumping suit is in effect with Japan. Section 201 Actions due in February are causing a lot of speculation. Seamless carbon steel pipe prices seem stable with a few delivery problems due to production cut backs on oil country tubular goods.

FORGED STEEL FITTINGS

Pricing → Manufacturers expect no price change for this quarter.

Lead Times – Commodity product are shipping in 1 – 3 weeks. Fill rates remain strong at 90% – 100%. Non-stock specials are shipping in 3 – 6 weeks.

Comments – Watch for the Section 201 final decision. Any additional duties for import forged steel fittings could

trigger a domestic price increase during the second quarter. This may also affect a tighter supply as most domestic manufacturers are buying foreign forgings. Still a positive ruling on the Section 201 for domestic manufacturers cannot reverse the damage already done to our steel industry notes one manufacturer.

STAINLESS GATES, GLOBES, CHECKS

Pricing → Manufacturers are not indicating any price change this quarter.

Lead Times – Lead times are 8 – 16 weeks with fill rates

of 60% – 70%. The non-stock special items are forecast for 10 – 18 weeks.

Comments – This market remains flat

FORGED STEEL GATES, GLOBES, CHECKS

Pricing ↗ Manufacturers are predicting a price increase of 1% – 2½% this quarter due to supply and demand.

Lead Times – Deliveries are 3 – 4 weeks for commodity

items. The stock of forged steel is holding with shorts available in less time. Lead time on non-stock specials is 8 – 12 weeks.

BRONZE AND IRON GATES, GLOBES, CHECKS

Pricing ↗→ Manufacturers are giving mixed signals. From several sources we are hearing a 3% – 5% increase, and from another we are hearing no change.

Lead Times – Fill rates are 70% to 90% with forecast lead times of 3 – 4 weeks. Non-stock specials are shipping in 10 – 16 weeks.

Comments – Rising health premiums, labor costs, and

increased security measures are contributing to increases in pricing. Copper prices have stabilized and are trading within a normal range, but they are capable of extreme volatility. Commercial construction will improve before industrial as plants continue to downsize. Foreign competition is seen as increasing from Thailand, Mexico, and China.

CAST STEEL GATES, GLOBES, CHECKS

Pricing → No change for cast steel valve pricing from some and a 1% – 2½% increase from others is the prediction from manufacturers for the first quarter of 2002.

Lead Times – Lead times are 10 – 18 weeks with fill rates reported to be 50% – 60% for commodity cast steel valves

Lead times of 10 – 20 weeks for non-stock special valves.

Comments – One manufacturer reports that F91 pricing and availability is being extended. This market is seeing some increased activity with the Power suppliers providing the strongest activity.

QUARTER TURN VALVES — BALL AND WAFER

Pricing → All manufacturers are reporting no price changes expected this quarter.

Lead Times – The forecast for commodity items is 80% fill rates with shipments in 4 – 6 weeks for items not in

stock. Deliveries for non-stock specials are 6 – 12 weeks.

Comments – Foreign competition is seen as increasing. Italy, Taiwan, China and Korea hit various parts of the product lines.



“PARADE, PARTY,
EAT, DRINK
AND BE MERRY”

Mardi Gras, or Fat Tuesday, is the day before Ash Wednesday, the beginning of Lent. The Lenten season is dedicated to repentance and fasting in preparation for Easter. This season of frolic between Twelfth Night (January 6) and Ash Wednesday is called Carnival (from the Latin “farewell to flesh”). The exact date is always 46 days before Easter. This year Mardi Gras is February 12.



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