Market Condition & Activity Bulletin

PIPING & EQUIPMENT— A Member of AD & supplyFORCE.com April • May • June 2002

CREATING OPPORTUNITIES / NEW PRODUCTS

Having the widest range of solutions possible to solve customer problems, especially those dealing with steam systems, is at the heart of Piping & Equipment's position in the marketplace. Watson McDaniel, in support of its distributors like P&E, continues to expand it's offering with new products, the following released this year:

- An extension to the Watson McDaniel "D Valve" offering, the **"HD Range"** is now available. This new range of pilot operated valves, initially offered in 2", 2 1/2", 3" & 4" and 150 & 250 flange sizes have the same face-to-face dimensions as Spence "E" valves. With its Ductile Iron body construction in the new "HD Valve" will assure maximum strength and long life.
- In concert with the new "HD Valve" Watson McDaniel is launching the **"TRP"** Temperature Pilot. This unit will perform similarly to the Spence T-14 and offer tighter temperature control through 10 temperature ranges. The "TRP" will offer the same responsive control as the Watson McDaniel 175 Series Valves in a pilot operated configuration.
- A new Thermodynamic Disc Trap, the **WD-700** is a replaceable capsule disc trap that directly replaces the Yarway 721. The large installed base of 721s offers Watson McDaniel tremendous opportunities for replacement business. Also, the WD-700 capsule can be retrofitted into a Yarway 721 body.
- **Series WSIB-450.** A stainless steel inverted bucket trap in the "Universal Connector" configuration. There are literally thousands of Armstrong 2011s and Spirax Sarco UIB-30s installed and with customers looking for the Watson McDaniel alternative. This trap will fit onto the Armstrong connector with special longer bolts, provided.
- Low profile Watson McDaniel **"PMPM."** This new 13" high pressure motive pump continues the Watson McDaniel tradition of customer driven responses to pump user needs. The PMPM will provide the ability in areas where little headroom is available to take advantage of non-electric pump style capabilities. With the addition of a Watson McDaniel Float & thermostatic trap downstream from the PMPM it will function in a closed loop Pump Trap mode.
- **Bimetallic Steam Traps**, including the WBM-40. Watson McDaniel is launching this range of high-pressure steam traps in response to market requirements in the HPI, CPI, and powerhouse installations. With operating pressures able to reach 3,800 psi this new range will offer P&E customers an affordable trap for high-pressure superheat applications.
- **Freeze protection.** The new WFPV freeze protection devise adds P&E customers support for those applications where freezing of pipe and equipment is a concern, and where the specifications call for these style units.

This information was provided by and printed with the permission of Paul Jenkins of Watson McDaniel.

STAINLESS STEEL PIPE

Pricing ↗ Welded stainless steel manufacturers are forecasting price increases of 3% – 10% this quarter due to raw material costs. This follows a smaller increase last quarter of 2% – 5%. The price increases are expected to be industry wide according to several manufacturers. Seamless stainless manufacturers also expect increases of 1% – 2½% from increased demand. Stainless steel coil is increasing 3% – 5% due to increasing demand and low supply.

Lead Times – Lead times are running 4 – 6 weeks for commodity items with fill rates of 50% – 70%. Lead times can vary by size and grade; however, generally speaking manufacturers report backlogs and raw material deliveries are more "extended" at this time.

Comments – One manufacturer comments that Nickel prices have surged 35% since the 1st quarter of 2001 yielding a five-fold increase in alloy surcharges. Nickel is currently trading at $3.10/lb. Raw material price increases are forcing increases in stainless pipe and tube products. Manufacturers are encouraged by a slight increase in demand, and they are hoping to see further demand increases which will be important to achieve their price increases and improve their economic situations. Dumping suits are reported against Taiwan and Korea for welded stainless and Japan for seamless stainless. Foreign competition from Chinese products concern manufacturers, plus others who have moved equipment to non-dumping countries.

STAINLESS STEEL WELD FITTINGS

Pricing ↗ Manufacturers indicate price increases of 4% – 7% this quarter. Stainless steel fitting prices have been stable over the past several quarters because of the anticipated 201 outcome.

Lead Times – Commodity lead times are reported to be 2 – 4 weeks with fill rates 80% – 100%.

Comments – A comment from one manufacturer concerning the failure of anticipated relief from "201" and increasing raw material costs are forcing manufacturers to increase prices in order to stop the bleeding. Manufacturers are hoping demand will pick up to allow an increase to be implemented and stick. One manufacturer reports they are expanding their alloy market to include AL6XN, Hast C, 321 and Monel.

STAINLESS 150 AND HI-PRESSURE FITTINGS

Pricing ↗ Manufacturers predict an increase of 3% – 5% industry wide.

Lead Times – 80% to 100% fill rates continue with lead times of 1 – 2 weeks on commodity items. Non-stock special lead times are 2 – 3 weeks.

Comments – Foreign competition continues to increase reports one manufacturer.

STAINLESS STEEL FLANGES

Pricing →↘ Several manufacturers predict no planned price changes; however, one manufacturer indicates a decrease of 3% – 5% due to foreign pressure and demand.

Lead Times – Lead times are reported at 2 – 3 weeks on commodity material not in stock. Fill rates are 60% – 80%. Non-stock special lead times are 4 – 6 weeks.

Comments – The Section 201 ruling provided no affect for stainless flanges. The Country of Origin marking issues is still on the table. Manufacturers are reporting increasing foreign competition from India, Korea, Italy, Germany, and Mexico.

CARBON STEEL PIPE (CONTINUOUS WELD)

Pricing ↗ Manufacturers forecast a price increase of 5% – 10% due to raw material costs.

Lead Times – Lead times are running 1 – 3 weeks with inventory fill rates of 87 – 90% for commodity items. Non-stock specials are shipping in 8 – 12 weeks.

Comments – One manufacturer comments that raw carbon steel will continue to escalate into the third quarter of 2002. Continuous weld domestic pipe will increase due to the 201 Trade Case.

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 this quarter for seamless carbon steel pipe. ERW manufacturers indicate an increase of 5% – 7$^1/_2$%

Lead Times – Manufacturers report fill rates of 60% to 80% with deliveries in 6 – 12 weeks on commodity items not in stock. Non-stock specials are forecast for 12 – 16 week deliveries .

Comments – Flat rolled prices will continue to increase into the third quarter of 2002. With dumping suits filed on Oil Country Tubular against 12 countries, we could see increases in line pipe prices during the second half of the year. There are reports that less expensive foreign steel imports are being hit with new tariffs of up to 30%. Both Mexico and Canada are exempt from the tariffs. The domestic mills will be raising prices to meet increased demand and there has even been talk of rationing steel. One manufacturer states that they are not taking advantage of the pressure on foreign mills, but that they are reacting to the market. Manufacturers are reporting that it will take about twice as long to fill some orders as this time last year.

CARBON STEEL WELD FITTINGS AND FLANGES

Pricing ➔➚ Manufacturers of carbon steel fittings predict stable pricing through the 2nd quarter of 2002. However, carbon steel flanges are reported to be increasing 10% or more due to the Section 201 duty of 13%.

Lead Times – Fill rates are strong at 90% – 100%. Forecast lead times for commodity items not in stock is 2 – 3 weeks. Lead times for non-stock specials are 3 – 6 weeks for fittings and 16 – 20 weeks on special carbon steel flanges.

Comments – Japan has a dumping suit in effect for carbon steel weld fittings. One carbon steel weld fitting manufacturer reports that prices are fairly stable on seamless pipe. There is some indication that the pipe mills are willing to deal. Weld fitting foreign competition is reportedly increasing from Mexico, Canada, Thailand, Korea, and Malaysia. The carbon steel flange market manufacturers indicate decreasing foreign competition.

FORGED STEEL FITTINGS

Pricing ➚➔ Manufacturers report no change from some and an increase of 5% – 7% from others. Increases are indicated due to raw material costs. However, one manufacturer indicates that price changes are project driven.

Lead Times – Commodity product are shipping in 2 – 6 weeks. Fill rates remain strong at 80% – 100%. Non-stock specials are shipping in 4 – 12 weeks.

Comments – One manufacturer indicates that due to "201," the import duty should be passed on to the carbon import forged steel fitting buyers.

STAINLESS GATES, GLOBES, CHECKS

Pricing ➔ Manufacturers forecast no price change this quarter.

Lead Times – Lead times remain at 4 – 6 weeks with fill rates of 50% – 60%. Non-stock special items are forecast for lead times of 12 – 16 weeks.

Comments – One manufacturer notes that capital projects are slow to pull the trigger on releases and maintenance dollars are still being restricted.

FORGED STEEL GATES, GLOBES, CHECKS

Pricing ➔ Manufacturers predict no price change during the second quarter of 2002. All pricing is project driven.

Lead Times – Deliveries are 3 – 6 weeks for commodity items. 80% – 90% of commodity items are shipping from factory stock. The stock of forged steel is holding with shorts available in less time. Lead time on non-stock specials is 12 – 16 weeks. Certain manufacturers are running into delivery issues, but they have not affected stock.

Comments – Manufacturers are anticipating an increase in MRO activity thru August. Competition is seen as increasing from Korea and China is becoming more of a player.

BRONZE AND IRON GATES, GLOBES, CHECKS

Pricing ➔ Manufacturers are predicting no price change for this quarter.

Lead Times – Fill rates are 70% to 90% with forecast lead times of 2 – 4 weeks. Non-stock specials are shipping in 16 – 20 weeks.

CAST STEEL GATES, GLOBES, CHECKS

Pricing ➔➚ Manufacturers predict no change for cast steel valve pricing from some and a 1% – 2 1/2% increase from others this second quarter 2002.

Lead Times – Lead times are 6 to 16 weeks with fill rates reported to be 40% – 50% for commodity cast steel valves Lead times of 12 – 20 weeks for non-stock special valves.

Comments – Manufacturers are predicting some increased activity through the third quarter.

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 60% – 80% fill rates with shipments in 6 – 16 weeks for items not in stock. Deliveries for non-stock specials are 10 – 16 weeks.

Comments – Foreign competition is increasing from Asia and Europe. One manufacturer notes that they are seeing business improvement.

PIPING & EQUIPMENT WAREHOUSES

www.pipingequipment.com

ALABAMA

4210 Halls Mill Rd.
Mobile, AL 36693
(251) 666-6770
Fax (251) 666-7073

FLORIDA

3448 E. Business 98
Panama City, FL 32401
(850) 785-7733
Fax (850) 785-9741

LOUISIANA

2030 South Phillipe Ave.
Gonzales, LA 70737
(225) 644-5330
Fax (225) 647-0282

TEXAS

P. O. Box 1448
Beaumont, TX 77704
110 N. 13th St.
Beaumont, TX 77702
(409) 838-6775
Fax (409) 838-6671

2730 FM 523
Oyster Creek, TX 77541
(979) 233-6500
Fax (979) 233-7265

P. O. Box 87649
Houston, TX 77287
9100 Canniff St.
Houston, TX 77017
(713) 947-9393
Fax (713) 947-9202
Fax (713) 948-9595

TRANSPORTATION PRODUCTS GROUP

P. O. Box 87649
Houston, TX 77287
9100 Canniff St.
Houston, TX 77017
1-800-364-9384
(713) 947-9393
Fax (713) 948-9594

IT & FINANCE

P. O. Box 10947
Pensacola, FL 32524
8781 Paul Starr Dr.
Ellyson Industrial Park
Pensacola, FL 32514
(850) 484-3994
Fax (850) 474-0552
Fax (850) 484-8378

FOR COMMENTS CONTACT:

Gary J. Cartright, President • gcartright@pipingequipment.com
9100 Canniff St. • Houston, TX 77017 • (713) 947-9393 • Fax (713) 948-9559

THE INFORMATION CONTAINED HEREIN IS THAT GATHERED FROM MAJOR USA MANUFACTURERS AND NOT NECESSARILY THE OPINION OF PIPING & EQUIPMENT