

# WELDBEND CORPORATION

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December, 2017

To All Our Customers:

As 2017 winds down, most of us are very thankful for the way our industry has performed over the last twelve months, especially compared to the beginning and middle of 2016. If I am understanding it right, an average number would be 35-40% up over the previous year for our PVF industry as a whole.

During the days leading up to the Christmas holidays, I have had an influx of calls asking my opinion on 2018. I am expecting 2018 to be better than 2017, and the new tax bill should provide a boost for our economy with special emphasis on tax relief for companies. With those extra dollars that companies will have, I see an increase in all sorts of improvements, equipment, and infrastructure, and we, at Weldbend, will also continue to make improvements and invest in new equipment.

It has also come to our attention that the price for scrap metal is going up and is predicted to rise even further in the first quarter of 2018. We have heard that raw steel material for our industry has recently increased, not only in the United States, but also overseas as the global economy starts to heat up again. It is my understanding that prices have jumped 25-30% in the past month and are expected to go higher in the first half of 2018. In the U.S., I am told that billet material used in the production of flanges is going up \$30 a ton in January and the mills are predicting increases somewhere between \$20 and \$50 a ton starting in February. We have also had increases in our seamless pipe prices, with the prediction of pipe pricing going up \$65-\$100 per ton in the next few months. In my industry, we have not had a price increase in ten years.

Besides the rise in steel pricing and the expected bump in the economy with lower taxes, several areas of our industry have also seen Government actions against dumping of imported products, restoring fairer pricing to our industry. We are also awaiting a presidential decision on the so-called Section 232 investigation of the national security impact of steel imports, which could result in further relief and firmer U.S. prices.

In the fall of 2017, we were so busy that lead time for shipping was about two weeks. If predictions are true, with the increase in steel prices, the increase of business, and the implementation of trade remedies, we would expect business in 2018 to be even better than 2017, with some product seeing **much tighter** supplies than in the past. It would be my suggestion for you, the distributors, to reassess your inventories and communicate with **your** customers regarding predicted price increases and possibly even **longer** lead times.

Wishing everyone a happy, healthy, and prosperous New Year!

James J. Coulas,  
President