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Steel ■ Tanks ■ Welding

Update on the steel industry and section 232.

The section 232 quotas and tariffs that first threatened our industry in the first quarter of 2018 had a steep price on steel supplies, both in terms of pricing and lead times. Although pricing climbed steeply through the second quarter it has remained steady over the last few weeks. This is not expected to continue.

On June 1st tariffs and quotas on Canada, Mexico and other NAFTA countries went into effect. There is now a 25% tariff on hot roll steel products and a 10% tariff on aluminum products from these countries. Canada accounts for about 40% of the import for US suppliers.

Industry experts had been thinking that pricing and lead times would begin to soften a bit through the summer as they typically do. However, with this new development they are changing their stance on this. Right now, it is looking like we will see another round of price increases. Beam mills have already increased pricing by 5.00/CWT. Domestic mills have imposed higher transportation costs across the country. We could be looking at another 6.00-10.00 per CWT increase through the summer months. If Canada holds true to its threat of retaliatory tariffs on imports from the US beginning July 1st, we could see even higher increases.

The immediate affect will likely be longer lead times for hot roll and aluminum products as suppliers are not going to want to quote material until they know what is going to happen over the next month. We, at Greer, are dedicated to providing our customers the best service and products. We will continue to do what we can to keep costs down for our customers. And continue to keep you informed with what is going on in our industry.

David Kapla

General Manger
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